

Big brothers

Denver-based siblings Clint and Blake Fayling built a formidable operation out of adult Brickhouse Mobile and mainstream 5280 brands. So why did they re-brand the company as A3 Media? **Tim Green** asks them...

Re-branding is always a bit of a nightmare, so why bother?

Clint: As we went more international, we became aware of the shortcomings of the name (5280 refers to the height above sea level of the company's home city Denver – ed). One time we were in Turkey and a translator was explaining our name to a client – and struggling – so that's when we thought 'let's change it'.

So what does this mean for the 5280 and Brickhouse brands?

Blake: They will carry on under the A3 umbrella. Basically, the change brings us closer to the cable company model where you can offer a range of product types under one entity.

But is there a problem going into a conservative operator with Brickhouse in the repertoire?

Blake: Well, again, it's like the cable companies. Time Warner, Comcast – they all offer mature content. They seem to be okay.

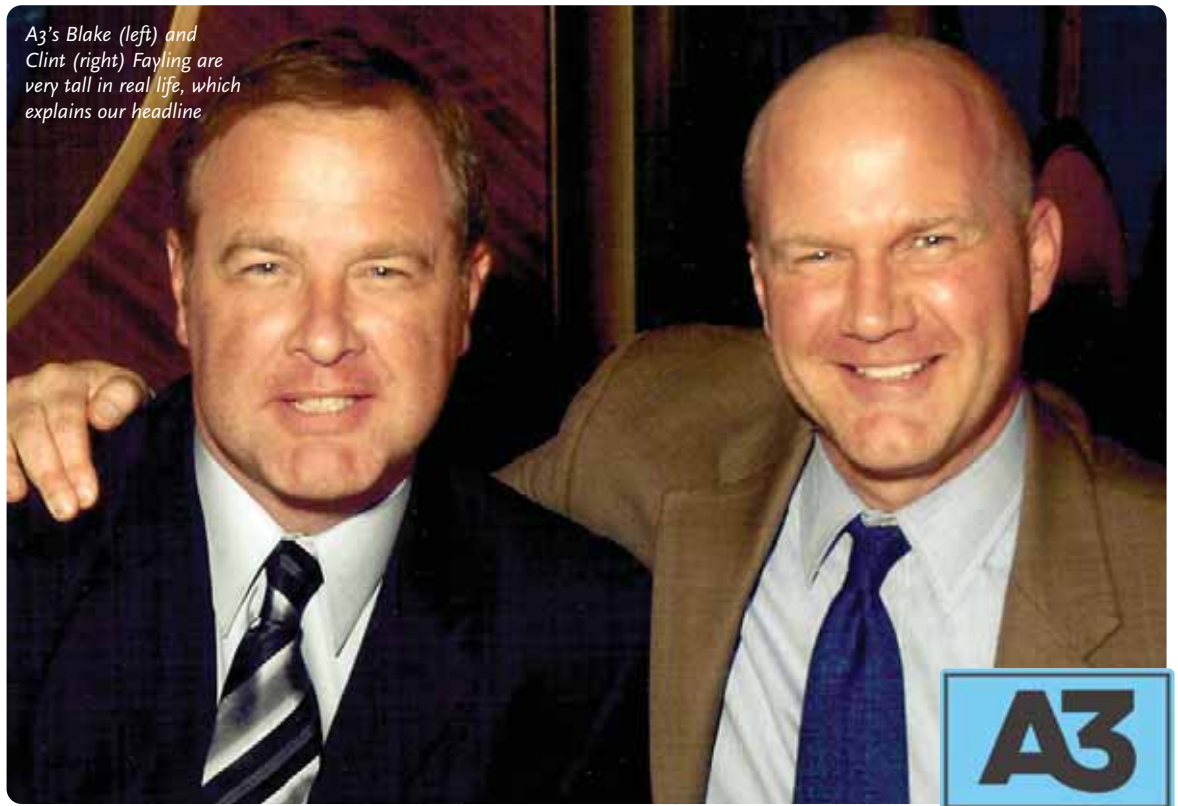
How important to the company is adult content?

Blake: It depends. Outside North America, we lead on the mature content and diversify into other areas. In North America it's the other way round.

Clearly, the US operators are rigidly opposed to mature content. Do you think there will be any change to their stance?

Clint: I know some operators have been speaking to their counterparts in Europe about age verification and how they can make it work. Some operators have been trialling content controls here in the US. They are all aware of the reaction of their subscribers and their commercial partners, but they also know that if they want to maintain three per cent annual growth, then they need to look at all options. Our approach is to segment the portfolio to suit the customer – 70 per cent of our sales are what we categorise as 'clothed'.

A3's Blake (left) and Clint (right) Fayling are very tall in real life, which explains our headline



How healthy is the American content market?

Clint: It's tough. The D2C market is dealing with legal issues, and that's hard when margins are tight and you have to spend a lot on marketing to get a return. And the operators are streamlining. AT&T, for example, slashed its partners from around 50 to four. Fortunately, we're working with pretty much everyone.

How have you managed this?

Blake: You have to go beyond the product to differentiate yourself, and focus on your service. That means

You have to differentiate yourself with service – looking at analytics, refreshing the portfolio and micro-targeting.

looking at analytics to maximise sales, refreshing the portfolio and micro-targeting. We work with local colleges to help us identify new products. They alerted us to the work of fairy artists, for example, who are very popular with younger girls. When you work with 'babe' content it's easy to overlook this stuff. But it's one of our best selling categories now.

How does a B2O company like A3 handle the app store phenomenon? What's to stop your partners creating their own apps and bypassing A3? **Clint:** There are multiple app stores to develop for, and it's hard to ensure high quality, consistent brand experience and multiple relationships unless you're an expert in content. We expect to have our first apps in 60 days.

Nielsen: No pause in the US video boom

US players like A3 should be looking hard at video if they want to grow, according to Nielsen Online. Its *State of Mobile Video: Promise vs. Progress* report says the number of active mobile video viewers leapt to 15.3 million by Q2 2009. That's seven per cent of all subscribers. And although flat rate data packages have reduced ARPU to \$5.73 a month for

access to video compared to \$8.32 in Q2 2009, operators still saw an 11 per cent increase in revenues to \$308 million.

What's more, there's room for growth because half of handsets in use still can't play videos. However, the industry needs to provide a good enough experience to turn trialists into users; seventy-eight per cent of today's audience has been

watching for less than a year. Nic Covey, director of insights at Nielsen Online, says: "It's easy to be a pessimist, but video is a transformational technology that has a way to go before making a dramatic impact. When it does, the beneficiaries will be those who participated in its evolution, and planned for this demand."