

Mobile messaging: how a new medium is developing

Oscar Jenkins, Dynmark, reviews the growth of SMS messaging as an ad medium in the UK and Europe, and discusses some of the issues that will affect its future

THE INTERNET IS heading for a digital stroke unless it changes its diet and gets fit fast! Will the mobile networks travel the same path?

Email offers of items from the 'hottest hardcore' to 'the latest prescription drugs (Viagra) for less' are indicative of the bulk of internet traffic today. And the vast majority of it is unsolicited, unwanted, unnecessary and a complete waste of resources. This traffic is digital cholesterol and it is clogging the net's arteries to such an extent that the very health of the internet is at stake. Mobile carriers the world over must take heed of this crisis and ensure the mobile networks do not suffer the same congestion.

According to the respected Spamhaus Project, '200 known spam operations are responsible for 80% of spam'. Internet spam is not just annoying and costly: it has greatly reduced the effectiveness of email as a marketing medium and consumes inordinate technical, financial and human resources. Governments worldwide are now making efforts to combat spam.

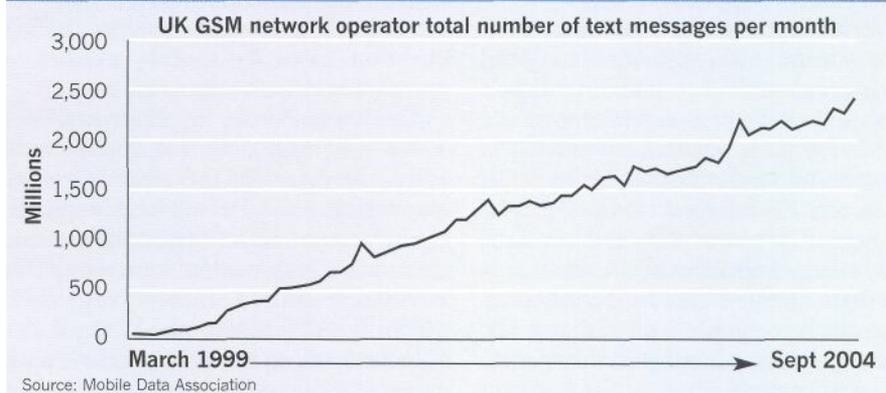
In 2004, research by technology company Empower Interactive found that 65% of European mobile users receive up to five spam text messages a week. The study showed that 70% of mobile users find all spam unacceptable and ICSTIS (the Independent Committee for the Supervision of Standards of Telephone Information Services), the UK regulator for premium rate services, received more than 10,000 consumer complaints about mobile spam in the UK during 2003.

Over the past decade the number of mobile phone users worldwide has risen from 5.6 million to 2.53 billion - a staggering 45,178% growth (GSM Association, 2004). In the UK the number of phone users has risen from approximately 3 million in 1994 to 53 million in 2004 (Mintel, 2003). Mobile handsets on the planet vastly outnumber PCs. The potential for mobile spam is therefore enormous.

The key drivers for SMS text message growth are the simplicity of sending and

FIGURE 1

Text messaging growth



receiving text messages and the preference for written rather than voice communications in certain situations. Combined with the far lower cost of sending a message than making a call, and the ability to send SMS messages between networks, this has sparked a dramatic increase in SMS usage and continued growth (see Figure 1).

Pioneering mobile ads and promotions

Where did it all begin? Given the obvious willingness and preference of the public, particularly mobile youth, to communicate via text messages, it is no wonder that marketers and entrepreneurs have seized upon the medium's potential for advertising and promotion. Since the turn of the century, several forward-thinking organisations in the UK - mostly start-ups - have pioneered text message advertising and promotion. Dynmark International, FlyTxt, 12 Snap, Mindmatics and Nightfly were companies at the front of the pack. They quickly realised that even with permission, recipients were extremely sensitive to receiving advertising and promotional text messages. The level of intimacy associated with a user's mobile phone was underestimated and it was evident that it was greater than for any other device or personal belonging. It was

clear that using the medium would not be as simple as it first appeared.

Nightfly, a company set up by Diageo to learn about mobile relationships, went as far as employing promotions teams proactively to obtain permission from pub, club and bar patrons, in order to send them text messages about forthcoming events and promotions, and venue information. Dan Radici, the former managing director of Nightfly, was responsible for building Nightfly's list into one of the most coveted opt-in youth lists in the UK at the time. Subscribers to the service would receive text messages about events and promotions in bars, pubs and clubs, in geographical areas of their preference. Those receiving Nightfly text messages were completely unaware that some were paid-for promotions. Research undertaken by advertisers using the list established that recipients of their messages valued what they were sent.

While the majority of companies active in the mobile marketing sector were interested in nurturing the medium's potential, there were, and still are, some organisations looking for quick earnings are that have no interest in the longer-term ramifications of their actions. This darker side of mobile promotion relies on only a few respondents to a ►

campaign, which may number hundreds of thousands of unsolicited messages, calling a premium-rate number. These promoters prey on mobile users with competitions and claims that recipients have won prizes but require the lucky contestants' to call a premium-rate number to obtain details of their win. There are many more types of scam out there, all of which generate large quantities of unsolicited text messages (see Box 1).

Unlike Nightfly, which relied on third-party message aggregators to send the messages, FlyTxt had established independent direct connections to the four UK mobile-network operators. Its investment in technology paid dividends and in 2001 FlyTxt pioneered the 'Text In' mechanic. This was possible because it could receive messages sent to the same four-digit or five-digit number on each network. Few people realise that a UK short code is actually five separate numbers, each of which is the same on each network. This co-ordination was undertaken by the networks at the insistence of the mobile marketers and content providers who could see the potential for advertising and promotional campaigns. Having gained a mobile user's expressed permission, by way of a

text message request sent to a short code, the FlyTxt marketing correspondence could begin. Two major campaigns of the time that used this mechanic were McDonald's and Cadbury. Pamir Gelenbe, a founder of FlyTxt, explained that 'the Cadbury's campaign was a landmark for mobile sales promotion - it generated over five million entries and opened the floodgates for further mobile activities' (see Box 2).

Despite the seeming success, the big question faced by mobile marketing agencies is 'What business are we in?'

On the one hand, providing specialised advertising agency services, mobile marketing agencies are the creative houses responsible for winning mobile-specific business from advertisers. They provide them with fresh creative ideas using this new but simple (albeit restricted) medium. Advertisers are charged for creative services and this is in line with expected industry practice.

On the other hand, agencies with direct connections to mobile operators for message receipt and delivery charge significant margin on every message they send and receive. This presents an obvious conflict of interest, which influences the creative process in a way not necessarily beneficial to advertisers. A successful campaign for an advertiser is usually one that generates lots of new business or has loyalty and brand-strengthening effects. A successful campaign as categorised by this type of mobile marketing agency, however, is one that generates copious volumes of message traffic. These two objectives, while in many cases may be aligned, in others most certainly are not.

For example, it would not make sense for this type of mobile agency to suggest a campaign that relied on viral distribution of text messages, even though it could prove extremely successful for a fraction of the cost of a campaign that generates large volumes of messages.

A viral campaign mechanic was used by Dynmark International to launch e-txt, the company's bulk text messages application, which allows users to send and receive text messages and deploy sophisticated text-message campaigns. The campaign relied on a few willing users sending a message to a host of their colleagues and then these people sending the text on. The message compelled them

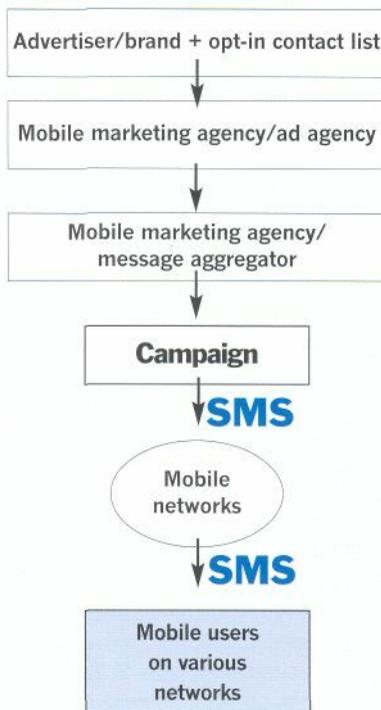
Box 2: Text and win campaign



to visit a website under false pretences and resulted in a humorous conclusion and promotion of e-txt. The campaign was started by sending approximately 300 messages and resulted in over 6,000 unique visits in a three-week period to the nominated website and, ultimately the sale of over 800 copies of e-txt.

This was clearly a successful mobile campaign, but it did not rely on the advertiser sending or receiving large volumes of messages, and so would not be attractive for mobile-marketing agencies that generate revenue from message traffic. Mobile advertising and marketing agencies can develop and deploy sophisticated and creative mobile-marketing campaigns using products like e-txt and third-party message aggregators, and remove the obvious conflict of interest. The added benefit of viral campaigns is that recipients' hostility to receiving advertising messages is overcome, because they are in fact receiving these messages from friends and colleagues (see Box 3).

Box 1: The mobile mail shot



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The current state of mobile marketing

At the end of 2003 the Privacy and Electronic Communications (EC Directive) Regulations came into force in the UK. They impose restrictions on who may be contacted and for what purpose. The regulations specifically cover text message marketing and promotion. Prior to the regulations, organisations could send unsolicited electronic communications, provided the recipients had not opted out of receiving them. The regulations have reversed this position for email, SMS and fax communications, so recipients now have to opt in before they may be sent messages.

In a recent example of ICSTIS baring its teeth, Data Store Trading, a company registered in the British Virgin Islands, was fined £15,000 and had its service banned for one year. The public complaints received, leading to the fine and ban, were regarding an unsolicited text message that claimed someone was trying to contact the recipient of the message and invited them to call a number to find out more. The number was a premium-rate number charged at £1.50 per minute. This is not an isolated case, and for every one fine there are many more such scams still operating.

One would expect leaders in the mobile sector to use their utmost efforts and experience of internet marketing to ensure that the integrity of mobile as a medium is not compromised. One of the key strengths of mobile messaging is that the mobile-network operators act as gatekeepers and have the power to prevent all bad practices that thrive on the largely unregulated internet.

Sadly, this has proved not to be the case. It is infuriating that rather than setting a good example many of the mobile-network operators are still responsible for sending a raft of unsolicited messages to their users. Also, the mobile-network operators do not seem to be particularly interested in preventing others from using their networks to send illegal, unsolicited messages, which are doing untold damage to a medium with enormous potential.

To ensure the mobile market does not travel the same path as the internet, the onus must be completely on the mobile carriers, and their aggregator partners

who provide SMS gateways, to ensure that systems are not abused.

Despite mixed messages in the press, the future is bright for mobile marketing. Above all, text messaging remains a low-cost, quick and efficient method of direct marketing. Even as its honeymoon comes to an end, text-message marketing and promotion have evolved sufficiently to grow as the dominant mobile medium that links other mobile content with traditional media and the internet.

A good example demonstrating the power and huge potential of mobile messaging is text voting, as popularised in the UK by reality TV programmes like *Big Brother* and *Pop Idol*. Text voting is now successfully used by brand marketers. In 2003 Heinz ran a cross-media campaign asking the public to vote on whether or not it should update its 'Beanz Meanz Heinz' slogan. The campaign resulted in more than 100,000 votes via SMS, which Heinz claimed showed strong depth of feeling for the brand.

Further uses of text to pull other media together were highlighted in November last year when Universal Pictures rolled

out a global text-message campaign to support the launch of the *Bourne Supremacy* DVD and video game. The campaign involved daily games, quizzes and competitions, all conducted using simple text messages. A Universal Pictures spokeswoman remarked at the time, 'We are excited about how the mobile campaign will build a connection between the audience and the Jason Bourne character.'

The future of mobile marketing

Mobile marketing will continue to be dominated by the humble text message for the foreseeable future, regardless of claims that Multimedia Messaging Services or MMS messages and more exotic types of message content are possible. Users are not really interested in anything more exotic than texts and it will take a great deal of marketing to convince them otherwise. The ways of using text messages to interact with mobile users will continue to evolve and innovative promotions will be well received by mobile users.

It is expected that mobile-marketing agencies will find their offerings severely undermined as traditional agencies and organisations themselves discover ever more sophisticated, low-cost, PC-based SMS software applications, like Dynmark's e-txt, that can be used to send and receive standard and premium SMS messages. These software applications allow users to set up sophisticated rules for scheduling and filtering messages and automating responses, and allow mobile users to subscribe and to unsubscribe from services as well as a host of other functions for creating games, polls and quizzes. Furthermore, organisations using in-house systems for communicating with their existing or potential customers are far more likely to treat each recipient with more respect than might be the case if third parties are used.

Provided that ICSTIS continues to pursue and fine errant mobile promoters, and industry bodies co-ordinate efforts with mobile operators in a drive to weed out the few bad apples engaged in mobile spam, the future of mobile marketing is extremely promising and will see its evolution in third and even fourth-generation mobile handsets. ■

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