

How marketers can exploit new mobile services

As mobile phone technology develops and usage broadens, **Dan Steinbock**, Columbia University, describes the huge developing potential of mobile marketing

‘WERE MOVING AWAY from the business of ears to the business of eyes.’

During CeBIT 1998 (a trade show for solutions, products and services from IT and telecommunications) these words from Anssi Vanjoki, Nokia's legendary marketing chief, electrified the trade conference crowd. Now that data communications are replacing voice communications, new mobile services are becoming possible.

How can marketers and advertisers take advantage of the new mobile services?

The challenge of mobility

Amid a triple convergence, traditional mobile vendors and operators in Europe and worldwide, US-based IT enablers and Asian-based consumer electronics giants have been rushing to the mobile marketplace. With new products and processes, new services are also attracting music and record companies, newspaper and magazine publishers, content aggregators, broadcast and cable networks, Hollywood studios, ad agency networks, global marketers, and so on.

New opportunities come with complexity

1. Overcoming geographic complexity

Until the early 1990s, mobile innovation took place primarily in the US. With GSM (global system for mobile communications) mobile innovation migrated to Nordic countries; software innovation is in Silicon Valley, CDMA (the most recent digital cellular technology) development in San Diego; Japan dominates service innovation; South Korea excels in broadband innovation. Meanwhile, massive growth markets have migrated to China and India (see box, right). 'In the past it was fairly easy to pick up the trends,' says Mike Windsor, former CEO of OgilvyInteractive Worldwide, responsible for Ogilvy's interactive resources in 42 markets around the world. 'With mobility, we try to keep an eye on each market to find out what is going on. For the first time, we

might want to bring to New York something that is going on in Europe or in Asia. That didn't happen in the past' (1).

2. Managing technological complexity

Despite the 1990s triumph of the European GSM, the US CDMA is the core technology of 3G. As the internet has diffused worldwide, US-based IT enablers (Microsoft, Intel, IBM) have entered the business, promoting smart phones and complementary solutions, from Wi-Fi to

WiMAX. 'The new growth engine is broadband wireless', says Sean Maloney, Intel's executive VP and chief of the Communications Group. Instead of a single solution for all markets, there are now many solutions for a single market. With rapid technology advancements, the potential for mobile marketing and advertising is accelerating accordingly.

3. Moving from hype to reality The flop of WAP (wireless application protocol) in the late 1990s left European service providers, including marketers and advertisers, disillusioned about next-generation mobile services. Furthermore, the idea of a mobile device ringing as a user walks by a Starbucks to offer a 20% discount on a latte was a misguided vision for wireless advertising. In reality, such an annoying tactic would only cause a tremendous customer backlash, and one that would not be outweighed by increased sales from the promotion.

All of these factors - technological and geographic complexity, as well as hype - are real. Still, mobility offers greater opportunities than threats.

The mobility opportunity

Neither marketers nor advertisers can afford to be bystanders in this business, for three reasons: reach, intimacy and the promise of the medium.

Reach In 1998, there were some 200 million mobile customers worldwide. Towards the end of 2004, the figure had climbed to some 1.6 billion. By 2006, it is expected to be close to 2.6 billion. Some 10m PDAs are sold annually, as against hundreds of millions of mobile handsets. The reach of the mobile device is extraordinary. No other medium can match it. **Intimacy** The new handset has grown into a trusted personal device, a management tool for life, business and play. It serves as an application platform for transaction-related services, including banking, payment and loyalty schemes. As a lifestyle accessory, it reflects our identity. In this way, while serving as our extended capability, says Geoffrey ▶

Lead markets

Europe: mobile innovation

- ▶ Aggregate population over 457 million (EU 25).
- ▶ Penetration over 90% in largest/pioneering Euro countries (maturing).
- ▶ Pioneering the transition to mobile media.

USA: software innovation

- ▶ Population over 290 million.
- ▶ Penetration over 55% (maturing).
- ▶ World's most advanced IT and media markets.

Japan: service innovation

- ▶ Population 127 million (87 million mobile users).
- ▶ Penetration over 70% (maturing).
- ▶ World's most advanced mobile services and media.

South Korea: CDMA/broadband innovation

- ▶ Population 48 million.
- ▶ Penetration 69% (maturing).
- ▶ World's most advanced mobile broadband.

China: massive growth markets

- ▶ Population over 1.3 billion (269 million users).
- ▶ Penetration still less than 30% (emerging).
- ▶ World's most populous mobile market, emphasis on SMS and voice.

India: massive growth markets

- ▶ Population over 1.1 billion (26 million users).
- ▶ Penetration still very low (emerging).
- ▶ World's second-populous mobile market, with emphasis on SMS and voice.

Note: population figures are from 2004/2005, penetration figures are from 2003.

Frost, marketing chief of Motorola. The former brand wizard of Nike (and the architect behind the Michael Jordan and Tiger Woods campaigns) no longer talks about handsets, but about 'the device formerly known as the cell phone'.

Medium A few years ago, Philip Kotler and his colleagues argued that as markets are changing more rapidly than marketing, 'marketers need to get more involved in deciding what goods to pump out. Smart firms are adopting a sense-and-respond marketing mind-set' (2). This, of course, makes sense. However, how on earth can marketers and advertisers truly sense and respond, unless they possess the technology for doing so - unless they truly can reach people anytime and anywhere?

In the 1990s, the internet boom was accompanied by the rhetoric of the web changing the way we live, work and play. Strictly speaking, interconnected PCs empower places that people inhabit. It is mobility that empowers people - us.

Due to its extraordinary reach and intimacy, mobility is the ultimate marketing and advertising medium.

Mobile ad campaigns

Relying on results in short message service (SMS)-based wireless advertising, Gartner Dataquest, already in 2001 expected mobile marketing to become a key consumer-marketing channel within three years (3). Until recently, most mobile campaigns have primarily used SMS, which is constrained to text and 160 characters.

Despite the inherent limitations of SMS, it has proved very effective and generated high brand recall and response rates, particularly in youth markets. However, it would be naive to think that texting is just something for kids. It has also demonstrated its power in political campaigns.

In the Philippines, SMS messages steered some 700,000 demonstrators to Manila's People Power shrine to demand the removal of then-President Joseph Estrada in 2001. In the US, the Dean campaign launched wireless news releases two years later. After the terrorist bombings in Madrid in spring 2004, Spanish activists seized SMS messages to overthrow the ruling Popular Party, only three days before the general election. In India, the ruling Bharatiya Janata Party (BJP) and the opposition Congress Party both targeted

Case study: Cadbury 'Txt'n'Win'

Objectives: Cadbury was faced with the problem of teenagers spending pocket money on mobile phone cards instead of Crunchies and Fuse bars. Cadbury needed to drive sales, rejuvenate the brand among younger audiences and accumulate intelligence about chocolate-eating behaviour.



Solution: Flytxt and Triangle Communications developed a competition to run on chocolate wrappers, inviting consumers to 'Txt'n'Win'. Cadbury launched this first SMS-based on-pack promotion on 65 million chocolate bars. Each Cadbury bar had a unique code, which consumers sent in by SMS to see if they had won a prize. There was more than £1 million in prizes, across the ten participating brands.

Results: Cadbury received more than five million messages from 'Text'n'Win' - a response rate of 8%. The campaign provided critical data on consumer behaviour. ► Cadbury enjoyed a strong Christmas, and Dairy Milk increased its market share.

Awards: No 1 Wireless Marketing Campaign' Campaign
Source: Flytxt

India's 30m mobile phone users in the parliamentary campaign in April 2004.

How do SMS-driven campaigns work?

In push campaigns, marketing services are delivered directly to the user on the mobile device. The service provider initiates communications. A push campaign is predicated on a list of targeted users with a marketing message that is compelling and preferably interactive. One of the first successful large-scale on-pack campaigns was carried out in the UK for Cadbury by Fly-Txt and Triangle Communications (see the Cadbury's case study above).

Single-response push campaigns represent a simple mobile marketing campaign. In the past, they were often used to experiment with the new medium. These are giving way to more sophisticated campaigns, which rely on pull and multiple response. The effort is to build and deepen relationships over time.

Today, multiple-response pull campaigns request user participation through various incentives, including games, ringtones and icons, and coupons.

New mobile services

Until the mid-1990s, mobile services were driven by voice communications and, to some extent, by text messaging (SMS). Today, multimedia cellular and wireless broadband (and, over time, voice over internet, VoIP) enable vast new opportunities. In effect, the new services represent four broad groups of connectivity.

1. Rich voice In the past, these services

have enabled marketers and advertisers to take advantage of simple voice communications. New services enable rich voice communications, videophones and videoconferences - more advanced data functionalities.

2. Mobile internet, intranet/extranet These services facilitate marketing and advertising via mobile portals, banners, interstitials and the like. They provide mobile internet for consumer markets. Take, for instance, the great success of NTT DoCoMo's high-speed services (i-mode, followed by FOMA in Japan), the rise of Vodafone Live! in Europe, and Get it! by Verizon Wireless in the US. By the same token, mobile intranets/extranets enable new mobile services for business markets.

3. Messaging These services allow marketers and advertisers to deploy location-based services, people communications, such as mobile instant messaging, SMS and multimedia messaging service (MMS), which provide for non-real-time transmission of a wide array of multimedia content (electronic postcards, audio and video clips). Most importantly, location-based services (LBS) enable users or machines to find other people or machines, enabling location (personal navigation, route finding) and people connectivity (friend finder), and personal links (infotainment).

4. Personalised content With the launch of i-mode in 1999, NTT DoCoMo developed four personalised content service categories: information, entertainment, database and transactions.

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Information, for instance, includes relevant and topical news updates (national and local newspapers, business news, entertainment news, news from foreign media), weather, local information and sports events. All provide great potential for marketing and advertising activities.

From dynamic content to mobile television

As with SMS communications, mobile browsing may be driven by pull or push. In the case of pull, the user consumes the product by clicking links and form buttons to request the next page. In the case of push, the server initiates the action to deliver content to the terminal.

Dynamic advancements - MMS, video messaging, content and telephony, not to mention mobile TV - offer great new potential for marketing and advertising activities.

MMS still pictures and animations The evolution of mobile media services took off with MMS still pictures and animations, which, in the pioneer markets, were launched in the second half of 2002. (See the Club Nokia case study below)

Mobile video messaging With video messaging (or video MMS), users send or receive a multimedia message, which contains a video clip (for example, music videos, sports highlights, press conferences, movie previews, promotional videos), to a mobile device from another device or an application. The clip may be opened and played back for viewing, or saved.

Mobile video content With video content, downloading allows the user to select, save or play back video content, whereas streaming provides access to large video files, which may be real-time.

Mobile video telephony Through video telephony, a kind of mobile version of internet telephony, the mobile user can make or receive a video call. By 2009, mobile video services are expected to generate \$5.4 billion in annual revenues (about 15% of total wireless data revenues) in the United States (4).

Mobile phone television In contrast to some high-end phones that already enable users to download and play back streaming video via mobile internet, the new TV phones pick up signals directly over the air. Through mobile-phone TV, users may watch news, entertainment, explore directories, conduct transactions and enjoy location-based services when, where and however they choose. Mobile broadcast enables cost-efficient mass delivery.

By February 2005, Verizon's 'V Cast' - following in the footsteps of content providers in Japan and Korea - offered one-minute mobile episodes of *24 Conspiracy*, Fox's spin-off of the popular TV show *24*, along with 300 video clips. For \$10 a month, the subscriber can get 20 channels of mobile TV, including CNN and MTV. And this was only the beginning. 'Global multimedia is the next big trend,' says Dr Paul E. Jacobs, Qualcomm's new CEO. The way most people consume multimedia and TV is cable TV. They search through channels and find the one

that looks interesting and watch it. That's the paradigm we're trying to follow.'

The effect will be disruptive', believes Paul Palmieri, director of business development at Verizon Wireless. 'In the US, you have hundreds of different cable channels and 27 different kinds of bagged salad at the grocery store. It's the same with mobile broadcasting, which offers what I want when I want it.'

Cross-media platform?

'Media companies and content suppliers want to go wireless. They want to reach people. For us, that has meant great opportunities - certainly with *American Idol*, but also with the work we've done with Coca-Cola and Nike,' says Brian Levin, CEO of Mobliss, which has provided interactive capabilities to Fox's record-breaking TV show in the US.

While the content is delivered via broadcast channel, potential responses (transactions, voting, requesting additional online information) take place via an interactive channel over the cellular network. The two infrastructures complement each other.

According to Anssi Vanjoki, executive vice president of Nokia, mobility is much more than just another outlet. It is the glue that will tie together different media, he says. 'It will be a cross-media experience, personal media. Small multimedia devices can be cross-media for magazines; you can have a POS camera that takes a barcode read, which automatically drives more information, promotion or discount into your device. It is the mobile device that makes it possible. It's a cross-media platform.'

The decline of mass markets is not just a threat to mass marketers. It is also an opportunity - a mobile opportunity. ■

Case Study: Club Nokia 'Ever been kissed by a reindeer?'

The brief: Develop a fun and edgier application for the Club Nokia end-of-the-year campaign in Belgium and the Netherlands to generate positive emotions towards Club Nokia and inspire non-members to join. Initiate a change of behaviour by encouraging the use of advanced features like the phone's camera.

The idea: Give customers something incredible and let them talk about it. Ever been kissed by a reindeer? Ever partied with a reindeer? Well, if you haven't, it is about time you did. Once the software 'RockyCam' was downloaded to the phone by sending a simple SMS message, the users could add the Rocky the Reindeer character as a mascot to their phone's camera and take pictures together with it.

The result: 17.7% for the RockyCam software downloads from mobile target. Photo messages from the RockyCam were spread free of charge for Nokia. Every user could experience Nokia's 'Connecting People' on his/her mobile device, literally.

Source: 12snap



1. Unless otherwise stated, all quotations are from D Steinbock: *The Mobile Revolution: The Making of Mobile Services Worldwide*. London, Kogan Page, 2005.
2. P Kotler: *Marketing Moves: A New Approach to Profits, Growth, and Renewal*. Boston, MA: Harvard Business School Press, 2002.
3. P Leek *Wireless Advertising: The Ad in Your Pocket*. Research Brief, February, 2001.
4. *Research Points to Natural Demand for Mobile Video*. News Release, In-Stat/MDR, 24 May 2004.

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