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Brands have been trying out mobile ads, but what will it take to get them to spend more, asks **Heather McLean**

Hungry for more?

Mobile advertising is currently enjoying a promising period of trials. Its challenge now is to maintain the momentum gathered and convince brands to invest in ongoing media spend. Big brands like Diageo, Jaguar, McDonald's and Tesco have dabbled in mobile ad campaigns over the past 12 months, but not all are ready to officially commit to long-term spend on the platform.

The question is particularly vital to operators, keen to offset flattening voice revenues. Other organisations pinning hopes on the channel include ad agency Aegis, which has invested in Marvellous, and Nokia, which has bought into mobile ads via its acquisition of Enpocket. Added to this is a nascent ecosystem of mobile advertising focused companies.

Making the future less certain still is the wide discrepancies in market forecasts. In September 2006, Informa Telecoms & Media predicted that there would be \$11.35bn of mobile ad spend globally by 2011. But last month rival analyst Screen Digest pegged the growth of mobile advertising around rich-content formats at around \$2.8bn by 2012.

Maintaining momentum

The challenge for operators and mobile companies is to upsell more campaigns to the brands that have invested to date to shift the market's early momentum up a gear. At the same time they need to continue tempting new brands and sectors to the platform through a combination of hard sales and education.

Media buyers, which control the bulk of ad spend that finds its way onto mobile, are aware that brands remain nervous of mobile advertising because it's so new to them. It's tough to convince clients to allocate serious budget to a channel when it's still unproven.

Amanda Fawcett, associate director of Carat Digital, which is part of Aegis, supports mobile but says the platform won't become standard within a brand's marketing budget for some time. "Many brands are still nervous of this

channel," she says. "There's a sense of security in the familiar, so until something has been tried, tested and proven to work, major ad spend won't be invested."

One of the biggest hurdles has been the lack of a cross-industry measurement tool that buyers can use to calculate the return on investment a mobile campaign delivers. Without this hard data, it's tricky to show both brands and buyers the actual results of a campaign and convince them to reinvest accordingly.

While Fawcett says she has seen some encouraging results from mobile ad campaigns, such as good click-through rates and brand awareness results, measurement needs to be tighter still. "The available data is very top line and we can't integrate it with our in-house measurement tools," she says. "Some mobile companies can't report on impressions served, only clicks. Advertisers will be unwilling to invest significant budgets until common metrics are addressed by mobile operators."

Her comments are echoed by Giovanni Maruca, EMEA director of interactive and mobile at Paramount. It was an early adopter of mobile advertising, using click-through banner ads to encourage people to view film clips in an immersive environment. The studio continues to use mobile to target specific users whom it believes are cruising the web, and runs promotions to encourage people to click through.

One of the biggest issues with mobile advertising is proving its usefulness, says Maruca. "We just measure unique users. Mobile operators have a greater level of information that will become more useful as we go further into marketing on this. When you have this type of detail, you can do some fun stuff," he says.

Theo Theodorou is head of UK sales at mobile ad agency Screen Tonic, which is owned by Microsoft and handles inventory for clients including Microsoft Mobile and Orange World. He agrees that while it's the personal nature of mobile that gives it power, this opportunity will only be realised if it can be used effectively.



There needs to be a focus on more than click-throughs, says Theodorou. "Attention should be turned to what users are doing once they've clicked through. Once people consider this aspect, they'll be able to create ad campaigns that concentrate on the experience of the site."

Rival mobile ad agency 4th Screen, which handles sales for clients including ITV and O2 Active, has found that most of the ad campaigns it has run to date have been trials for brands. MD Mark Slade says mobile advertising will only be taken to the next level once agencies and brands grasp the value of the medium. He's confident this will come about when the industry gets the metrics it requires to understand who the user is and what they're doing.

Measurement is an area that operators' association the GSMA is highly conscious of and is attempting to tackle, with widespread support from across the industry. In February it pledged to collect accurate census data directly from the operators to develop a set of metrics that are agreed industry-wide. It has charged Henry Stevens, its director of media and entertain- ▶

QUICK FACTS ■ In September 2006 Informa Telecoms & Media predicted that mobile ad spend would reach \$11.35bn globally by 2011 ■ More recently Screen Digest pegged the growth of rich-content mobile advertising at around \$2.8bn by 2012 ■ Advertisers are enthusiastic triallers of mobile ads but face hurdles when trying to build momentum ■ The biggest barrier is a lack of commonly agreed metrics, now being addressed by the GSMA ■ Consumer attitudes and advertiser education are also problem areas



Jaguar's campaign for its XF model resulted in over 42,000 people visiting its WAP site

EARLY MOBILE SUCCESSES

Diageo-owned Smirnoff has announced its intentions to commit to mobile for the long term following the success of its mobile site, built by AKQA Mobile, which went live in October. The drinks brand says it has been visited by more than 90,000 consumers and has gathered a database of 200 numbers.

It's followed by a further success story from the US. Jaguar says the results of its campaign to drive users to its mobile site (built by mobile agency Incentivated) promoting the Jaguar XF have been outstanding. The campaign, which launched last November, resulted in 8m ad impressions delivering 42,472 unique visitors to the WAP site, representing a click-through rate of 0.53%. Due to this success, Jaguar now has a specific mobile advertising budget.

ment, with managing the process. Preliminary steps have already been taken with the operators to understand the feasibility of publishing regular results, with ABC Electronic appointed to independently verify any findings.

Further hold-ups

Other factors aside from metrics conspire to hobble the growth of mobile advertising. While click-through rates from mobile banner ads remain relatively high compared to online, due to their novel format and usefulness as discovery tools, once users reach a site they can quickly be turned off and suffer a poor experience owing to slow connection speeds.

Diageo-owned Guinness recently took its first steps into mobile advertising with its guinness.mobi site, built by Marvellous, and ran a through-the-line campaign around St Patrick's Day to promote it (see Site Review, page 25). Kate Hill, brand manager for Guinness, says that because alcohol brands have to show an age-verification page ahead of the main site, adding an extra page and therefore click to the offering, this stunts the user experience and negatively affects click-through rates.

"It's just a challenge we face," she says. "The

problem is, we need a gateway page to make sure people are of legal drinking age. Our drop-off online because of that is quite high. However, the people who go through to the mobile site click on most of the active pages." She still intends to ramp up the drinks brand's mobile ad spend and activity over the coming financial year, despite these teething problems.

Chris Lock, marketing manager for sister Diageo company Smirnoff, says the gateway page it uses for its mobile site, built by AKQA Mobile, has been visited by 90,000 visitors but sees a 70-75% drop-off rate. "It's a shame," he says. "It's a waste of ad spend, but those who go through are definitely interested, so that 25% does justify our ROI."

This ROI on mobile advertising remains low as Smirnoff continues to work out how best to use the medium, according to Lock. However, it can now see how its early investment can drive harder ROI in real cash terms. "In the next four months we'll start a cash-generating promotion with a more transactional model," he says.

While Smirnoff is spending just a small amount of its total ad spend on mobile, within 12 months that will grow significantly and Lock estimates that in under two years its mobile ad spend should match its internet ad spend, as users and technology grow together.

Another ongoing issue that contributes to making brands and buyers wary of investing too heavily in mobile is fears over data cost. These continue to dog the industry despite attempts by operators to introduce and market flat-rate and daily-access data rates. With these initiatives, which are generally praised, only taking place over the past few months, the industry must accept that it will take some time for consumers' fear of high costs to fade.

Yet Melissa Goodwin, head of mobile for ITV, believes these fears were over-stated. "With our portal you have to pay data charges, but I don't think people are concerned with that," she told NMA in March. "They just want to watch content."

Carat's Fawcett sums up the real concerns she sees consumers as having. "We want them to engage with the brand, but they're cautious," she says. "As a consumer myself, I'm nervous about engaging with mobile ads. I wonder what it's costing me. If I click will my mobile be inundated with unwanted messages? How much is

“THERE'S A SENSE OF SECURITY IN THE FAMILIAR, SO UNTIL SOMETHING HAS BEEN TRIED, TESTED AND PROVEN TO WORK, MAJOR AD SPEND WON'T BE INVESTED”

Amanda Fawcett, Carat Digital

mobile internet access really costing me? How much memory will the ad take up? Will it interfere with my phone calls? If this is how I feel and I'm working in the digital arena, then I'm sure the general public feels much the same."

Betting limits

Legal requirements are a further stumbling block, with ad networks like Nokia's and publishers like O2 refusing to carry gambling ads. This prevents heavy investment from those companies that are ready to fuel the market and prove its worth through real investment.

Gambling companies are particularly keen to embrace mobile because it can deliver a direct and easily calculated ROI. Any success would reverberate around the industry to generate interest from a wider variety of sectors.

Legal age requirements dictate that ad space can only be bought for times that under age users aren't likely to be viewing sites. For Ladbrokes, gambling ads must operate after 9pm and only on sites for over-18-year-olds. One way it has managed to get around this is by running a promotion to win VIP tickets to the Grand National that allowed it to place ads without using the word 'bet', which is banned at set times of day.

Clare Barry, head of new channels at Ladbrokes, says that running mobile marketing campaigns via its mobile media buying agency Inside is still worth the effort. And she sees the industry relaxing as it comes to terms with what the market demands.

"At the moment this is experimental for us, but our gut feeling is that we're gaining customers," says Barry. "We're feeling our way and there are lots of restrictions for gambling, so we have to make sure we follow the guidelines, but this is a fast-moving industry that's progressing all the time. A year ago we would have found it hard to advertise betting at all."

The future of mobile advertising lies in the hands of both operators and brands. It's down to them to work together to create an environment in which compelling advertising can be created and distributed. For operators, not only must they provide the metrics to provide the user information that brands demand, but the onus still lies with them to create, price and market data packages that encourage the mobile surfer.