Mobile Marketing

Solutions emerge for permission-based marketing, entertainment fare

BY MADANMOHAN RAO

Mobile marketing, advertising and commerce continue to make steady inroads into the consumer ecosystem. A number of companies have unveiled innovative mobile marketing campaigns – but aspiring mobile marketers are well advised to tread carefully, according to industry experts.

Though consumers are not wildly enthusiastic about mobile advertising, about 20% of wireless phone users in a recent survey would find some form of advertising on their mobile handsets to be acceptable, according to a new report by research firm In-Stat titled 'Mobile Advertising, Brands and Affinity Marketing.'

Of that group, roughly ½ were open to having advertisers subsidise the cost of premium services such as directory assistance, ringtones and messaging, according to In-Stat. Location-based ads and opt-in advertising will also find some acceptance. Wireless users were most favourable toward 'opt-in' advertising.

"Over 1/3 of respondents indicated they would be willing to provide their carrier or advertisers with personal preferences in order to receive targeted advertising messages," said David Chamberlain, senior analyst with In-Stat. In addition, nearly 1/3 of respondents cited high prices as a reason they did not use premium services, making them ripe targets for advertisers who wish to subsidise the cost of picture messaging, ringtones, directory assistance and other premium services.

Other findings by In-Stat include:

The most important categories of brands for consumers were musical artists (most spending was in the form of ringtones) and the general category of sports.

Survey respondents indicate an increasing acceptance of the mobile handset as a device used to access voice and non-voice information services.

40% of mobile users are paying for non-voice communication services such as text messaging, picture messaging and mobile e-mail as part of their wireless phone service.

The report covers the US market for mobile phone advertising and related services. It includes the results of a June 2005 survey of mobile phone users concerning their use of, and willingness to accept, mobile advertising and advertising-supported premium services. Data includes demographic breakdowns of these areas.

Companies in the entertainment space continue to set the pace in the arena of mobile marketing, thanks to a natural fit between the characteristics of entertainment and mobile ecosystems.

Still, for many marketers and their advertising agencies, wireless represents a mysterious and challenging new component of the marketing mix, observed Rick Matheson, author of the newly released book "Branding Unbound."

Mobile marketing has many advantages over virtually every other medium today, according to Matheson: immediacy, intimacy, interactivity, mobility and immersion.

Enpocket (www.enpocket.com), a mobile media company, announced the availability of the Enpocket Marketing Engine 5. The Enpocket Marketing Engine 5 is a mobile marketing platform that powers permission-based marketing and behaviour-based campaign management on the mobile handset. The Marketing Engine enables carriers, content providers and consumer brands to promote the content and services that are most relevant to customers.

Enpocket, active in mobile marketing campaigns in numerous countries since 2001, hopes to help clients more effectively drive the discovery and usage of all types of mobile media. This can be done via a multi-format campaign management system that combines tools to harvest and manage consumer opt-ins, segment

and target customers by preference, deliver relevant marketing messages via SMS, MMS and clickable mobile banners, and measure results with integrated reports and analytics.

A number of other vendors and consulting firms offer related and competing firms. Marketers should ensure that such tools allow for a number of features in a convenient, cost-effective and trustworthy manner. They should include the following capabilities:

Cross-sell and up-sell content and services. For example, a carrier should be able to promote ring-back tones to ring tone downloaders or prompt messaging customers to subscribe to a bundle -- all from the handset.

Profile audiences. The system should be able to capture all mobile activity (from pages viewed to content purchased) for better consumer insight and targeting.

Build new non-subscriber revenue streams. Mobile ad banner inventory management services should enable media owners to raise revenues from 3rd party banner advertising.

Given that youth – especially students – are the most mobile and connected user groups, mobile messaging works well for marketing to campus-based communities.

For instance, University of Florida students can now receive free text messages on their cell phones from student leaders, professors, campus organisations and local businesses. Mobile Campus, a Gainesville-based start-up company, launched the text-messaging communications service in mid-September.

The 700 or so organisations on campus can send messages directly to their members at no charge while businesses pay to send out promotional messages. The company is negotiating similar revenue-sharing contracts with other universities including the University of Texas-Austin and the University of Maryland.

Mobile Campus offers text-message coupons in categories such as food and drink, entertainment, and health and style. UF officials require that any discounts provide value to the students. Members can reportedly receive coupons on their phones that offer items such as free food, an iPod Shuffle or the chance to win a vacation for Spring Break. Students never receive more than 2 coupons per day and always have the option to cancel their membership at any time.

Companies like Mattel of Barbie fame are even tapping into the cellphone craze among pre-teens. Mattel is reportedly

vying to connect with the preteen and younger market and build brand loyalty early through mobile phones, services and accessories – though some critics are wary of such early onslaughts of marketing materials.

In the US, about 16m teens and younger kids have cell phones, with the bulk of them older teens, according to the researcher GFK's NOP World Technology. In February 2002, 13% of 12-to-14-year-olds had cell phones. That number jumped to 40% in December 2004, according to NOP. Some 14% of 10-to-11-year-olds now own cell phones. Even kids under 10 are using personal cells to call for rides home.

Walt Disney will also be launching a Disney Mobile service through US operators, for families with children. Educational tech company LeapFrog and wireless firm Enfora are also developing phones for children ages 6 and older.

When parents put phones in kids' hands, they're likely creating a lifelong cell phone customer, say experts. That gives both the service providers and brand names access to new customers and sets the stage for future sales. And as the kids get older they are likely to upgrade to more advanced phones.

To educate the media industry, mobile marketing companies like Flytxt are

conducting seminars and demonstrations on how the technology works. Its events cover consumer insights (recall, response, interests), mobile couponing cycles (engage, reward, redeem, learn), mobile direct response, mobile advertising via WAP portals, and multimedia content.

Third Screen Media and Crisp Wireless have tied up to provide mobile applications for advertising and promotions. Earlier, NBC leveraged the Third Screen Media Network to provide opportunities for consumers to interact during the Olympic Games. Today, publishers including CBS SportsLine, TV Guide, MSN and USA Today run advertisements through the Third Screen Media Network on their WAP portals.

"These applications make advertising on mobile phones work the same way they do on a television or on a computer," said Thomas Burgess, CEO of Third Screen Media.

Revenue from mobile information and entertainment in the US is expected to grow to $43.8bn by 2007, from only $18.6bn at the end of 2004, according to Ovum.

"Major brands, publishers and their creative and media-buying agencies, are clearly aware of the impact that a solid mobile marketing campaign can have on

phone customers, who are never without their mobile devices," said Boris Fridman, CEO of Crisp Wireless.

Other interesting applications of mobile marketing include recruitment and hiring campaigns, as well as social services.

Syniverse Technologies and LM&O Advertising have devised a mobile marketing solution for the US Army National Guard. LM&O Advertising created the Army National Guard's current national recruiting multi-media campaign, which includes direct mail, print advertisements, radio ads, TV and movie theatre spots and sales support materials. LM&O plans to supplement the campaign with the use of opt-in, short codes delivered by Syniverse.

Earlier this year, Syniverse's Alert Notification service was selected by wireless carrier members of CTIA to distribute AMBER Alert messages from the National Centre for Missing and Exploited Children to wireless devices.

Syniverse has offices in major cities throughout North America, Netherlands and UK and a global sales force in the UK, Luxembourg, Italy, China, Hong Kong, Brazil, Slovakia and India.

Movies are a natural choice for mobile marketing via GSM, CDMA and even Bluetooth networks. For example, MindMatics, a mobile marketing company, working in cooperation with 20th Century Fox, made it possible to download to cellphones a preview of the movie Night Watch weeks before the movie officially opened.

The content is available at selected movie theatres to anyone with a Bluetooth-enabled mobile device. In addition to the movie trailer, 4 wallpapers and a ringtone are also included. The downloads are free and available for the duration of the movie promotion.

Those who express interest can experiment with this novelty by accepting a Bluetooth download from the "FoxBox," a transmitter in the theatre capable of locating and sending to every Bluetooth device within 30 meters. In addition, the system can set an automatic reminder alarm in the mobile handset's calendar for the movie start.

MindMatics clients include Unilever, T-Mobile, Coca-Cola, Procter & Gamble, ProSieben, Budweiser, McDonald's and Ferrero.

And it is not just the heavyweights that are tuning in to mobile marketing. Business SMS provider Textalert.com reports that some 36% of surveyed SMBs say they intend using SMS to reach their customers in the next 12 months. 77% of those using SMS report increased revenue.

Textalert's Tim Hatton says that the smaller businesses are fast becoming aware of the benefits of utilising bulk SMS to communicate with their customers. He said the survey results confirm that "businesses are finding that SMS can give them a significant competitive advantage, for very little outlay."

While much has been made of "closing the sales loop with mobile marketing," a key challenge has been convenient and accurate use of SMS coupons at the point of sale. Solutions are beginning to emerge: marketing company I-movo has devised a new voucher system which allows vouchers sent to consumers by SMS to be redeemed at retail outlets using existing payment terminal infrastructures such as stand-alone point of sale terminals and retail EPOS systems. Detailed reports and analysis are available in real time, so campaign managers can keep track of results as they happen.

And while the holy grail of "location based services" (LBS) and LB-marketing seems a bit more distant than early enthusiastic predictions, permission-based local mobile marketing seems to work just fine.

For instance, SMS marketing company TxtLocal.com has come up with creative solutions to enable nightclub managers to announce special promotions to patrons on the days of events, and hairdressers to announce special deals during off hours.

On the blockbuster front, THQ Wireless, a subsidiary of THQ Inc., has unveiled the company's biggest multiplayer endeavour to date, Star Wars Battlefront Mobile. Developed in association with Lucasfilm, LucasArts and Singapore-based developer Mikoishi, Star Wars Battlefront Mobile is based on LucasArt's Star Wars Battlefront, the best-selling Star Wars game ever, and features for the 1st time in a mobile environment head-to-head gameplay within the Star Wars universe.

Star Wars Battlefront Mobile is reportedly one of the most feature-rich multiplayer games ever made for cell phones. Taking place in real-time, players can also track the progress of their character and faction in-game using the comprehensive ranking and award systems.

Despite all this momentum and buzz in the world of mobile marketing, words of caution must be raised with respect to the "dark side of the force" of mobile marketing: spam. A number of government agencies around the world are weighing in on this issue, in addition to codes of ethics devised by operators and marketers.

In Singapore, the Infocomm Development Authority (IDA) has called for public feedback on its proposed Spam Control Bill which seeks to allow spam victims to take legal action. Written in collaboration with the Attorney-General's Chambers of Singapore, the draft bill proposes that anyone "who suffers damages" arising from non-compliant spam has the right to take legal action against the alleged spammers.

If proven guilty, spammers can be ordered to stop, or made to pay damages suffered by the affected party or statutory damages of up to S$25 (US$14.90) per spam message with a maximum penalty of S$1m (US$595,500).

"While IDA recognises that the cost of sending mobile spam may be sufficient to deter indiscriminate mobile spamming, it is also aware of the difficulty for any mobile user to switch his mobile phone number for the purpose of avoiding mobile spam," according to IDA. The physical closeness and personal attachment of the mobile phone to the user further amplifies the negative effects caused by indiscriminate mobile spam activities.

Mobile branding can be tremendously powerful way to enhance the way consumers interact with and experience the brands they know and trust. "But that last word – trust – is indeed the operative word," cautioned Matheson.