

# Mobile comes of age as a mainstream media channel

**Robert Thurner**, Incentivated, argues that mobile marketing is the heart of digital's third age, and poised to grow dramatically

IT IS THE VOUCHER in the pocket of every discount-hungry diner, it is the entry ticket for the clubber who hates queuing at the door and the bar, it is the 'red button' in the hand of every TV viewer, it is the instant response path for every poster.

The dynamics are compelling. Mobile network operators are under pressure to generate new revenue streams to monetise massive investments in 3G licences. Manufacturers are producing ever-more-sophisticated handsets to secure market share. Consumers demand instant access to friends, family, news and entertainment, whenever and wherever they are. And advertisers seek intimate marketing encounters with their customers. The stars are aligned for mobile marketing to play a leading role in today's complex communications mix.

In this paper I describe the formats included under the mobile banner. Drawing on examples of early-adopting clients from multiple sectors, I explain the role mobile is playing throughout the consumer journey and the results it delivers. I then comment on the US market,

predict drivers for future growth and end with tips on getting the most from mobile.

## The ultimate 'me, here and now' medium

There are more phones than people in the UK, and over two billion users globally (source: Informa). The mobile ranks alongside wallet and keys as an essential companion as we work, shop, socialise and travel.

Text messaging (SMS) has emerged as the pre-eminent non-verbal communication channel. Among 15-24s, 48% prefer SMS to any other form of written communication, compared with 28% who favour email, and 20% who opt for instant messaging (source: IPA Touchpoints 2006). But it is not just about teens. SMS now accounts for 36% of total written communication for all women (only 23% for men). Text is a way of life. We chat, argue, flirt, praise and ditch one another every day via text. The mobile is the ultimate 'me medium'.

Text messages reach you, wherever you are. Whether you want a reminder that

your flight has been cancelled, or to enter a competition to win free VIP access to a gig using a mobile barcode, or request a safe ride home in your nearest licensed minicab, SMS is illuminating more areas of your life. Mobile is the ultimate 'here medium'.

Our mobiles are forever with us and seldom turned off. The mobile delivers time-sensitive messages at all times of day or night, providing pin-point day-part targeting. Clients find themselves asking for advice as to when is the best time to send their messages, which is rare for other media. Mobile is the ultimate 'now medium'.

## Mobile's place in the information age

There are macro factors that make mobile marketing a compelling and forceful proposition. Today's world economy is in the boom phase of a long technology cycle, also called the 'information age'. This cycle has three phases, of which mobility is the third, current phase (1).

Phase 1 was the 'microprocessor age', driven by Moore's Law – computer chips double in power every 18 months despite getting smaller and cheaper. This enabled computers to move from mainframe to desktop.

Phase 2 was the 'internet age', driven by Metcalfe's Law – the value of a network increases exponentially with the number of nodes. The internet was of little value to most people until enough computers, and people, were connected to it. Now you cannot operate without it.

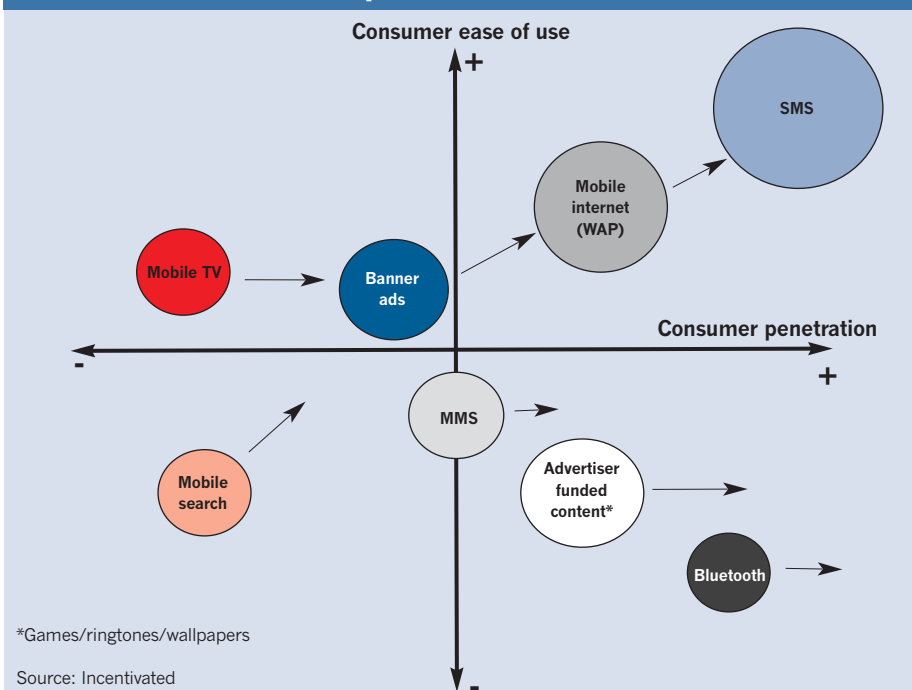
Phase 3 is the 'mobility age', driven by McGuire's Law – the value of a product increases with its mobility. I suggest this also means that the value of a marketing campaign increases as mobile is added. People no longer need a PC on their desk, they can use a mobile device to interact with brands.

## Holy grail or fatal attraction?

In the era of time-shifted media consumption and the culture of ad avoidance that technology and choice have spawned, today's marketing directors face a tough challenge delivering novel,

FIGURE 1

### The effectiveness of multiple mobile formats



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relevant and targeted communication to consumers.

The mobile channel provides immediacy, engagement, interactivity and instant measurement. But here is the rub: the mobile is intensely private. Today an estimated 95% of text messages are opened, compared with 25% of emails (source: IAB). The next growth phase for SMS is very delicate, so we must tread carefully. Campaigns must be permission-based, respect privacy and adhere to legislation (2). Consumers need to 'opt in' to receive mobile marketing, and must be able to 'opt out' with ease.

### Guide to mobile formats

The vast array of formats may seem baffling. Some are well established, others are yet to achieve serious scale. The effectiveness of each lies in the convergence of consumer take-up and ease of use (see Figure 1).

Analysts are making bullish estimates about likely growth of mobile marketing. Informa estimates the value of the global market at \$871 million in 2006, rising to \$11.35 billion in 2011.

Figure 2 shows how these figures split by format. We estimate SMS will retain the largest share of the enlarged sector, while proportions for other formats will grow.

### SMS

SMS remains the dominant format. Over 120 million text messages are sent in the

UK each day and volumes reflect major events: on 1 July 2006, the day England clashed with Portugal in the World Cup, messages peaked at 140 million. Brands from multiple sectors are harnessing texting to provide SMS-based campaigns that make our lives easier, like telling us when our credit card bill is due to be paid. SMS campaigns rely on memorable keywords and five-digit short codes, which provide respondents with a shortcut to enter competitions, launch mobile internet sites and source targeted brands.

### Mobile internet (WAP)

Forget WAP 1.0, and the text-heavy mobile sites developed under that protocol, which launched a false dawn for the mobile internet. Today's WAP 2.0 sites look every bit as good as their internet counterparts, albeit smaller, and have been repurposed for browsing on mobile handsets. Some 15 billion page impressions were served to UK mobiles in 2005; 60% of 15-25 year olds and 29% of all users accessed the internet via their mobile in Q1 2006 (source: comScore Networks). With 68% of Brits, up from less than 10% now, expected to have subscribed to 3G services by 2010, broadband

will do for mobile internet what it has done for the web (source: Forrester).

### MMS

MMS – which enables savvy consumers to produce pictures and video clips with their mobiles and send them to portals, or their friends – was expected by the networks to become as popular as SMS. Price has deterred significant take-up, but this remains the main way consumers can submit user-generated content to brands as part of a promotion.

### Bluetooth

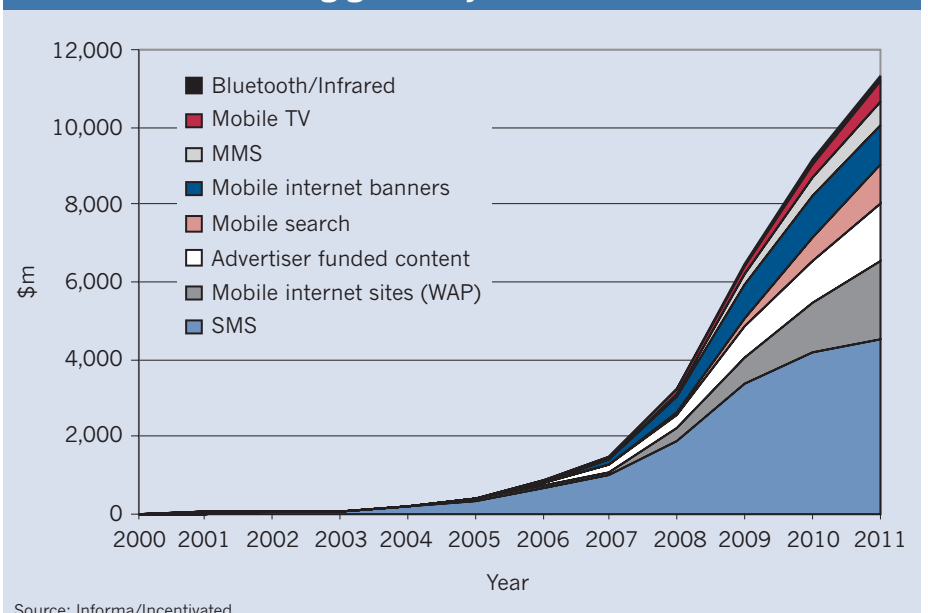
Despite the hype and penetration of Bluetooth-enabled devices in western Europe, the US and Australia, Bluetooth has attracted only 2 million interfaces over five years. Proximity limitations and intrusiveness have hampered it and it will remain the smallest part of the market.

### Ringtones, wallpapers, games

These allow advertiser-funded content and achieved great penetration among younger groups, generating profits – as well as complaints; we all remember 'Crazy Frog', not necessarily with pleasure. According to Informa, fewer than 5% of

FIGURE 2

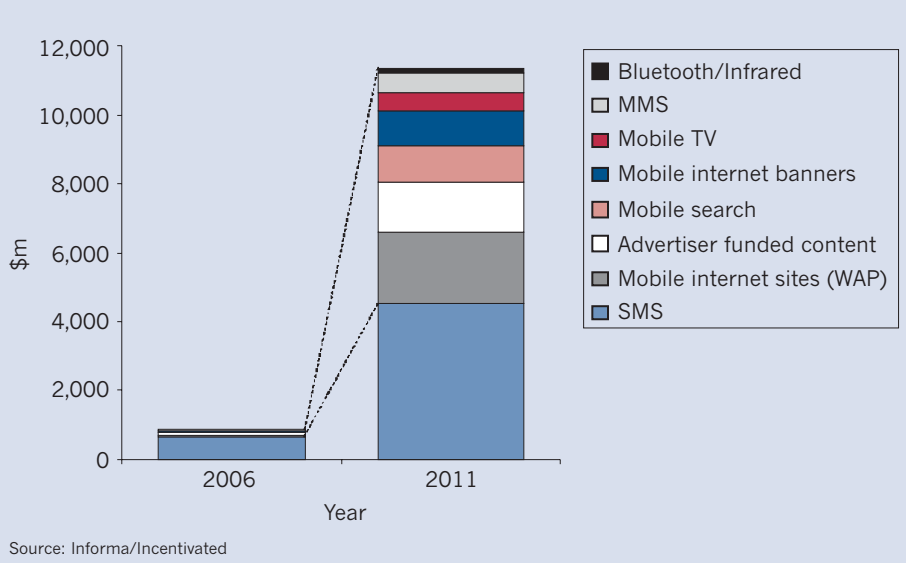
Global mobile marketing growth by format



Source: Informa/Incentivated

FIGURE 3

**Global mobile marketing split by format**



respondents would be unwilling to receive advertising to their phones in exchange for cheaper content, including TV.

**On-portal banner ads**

The major UK operator portals – Vodafone Live!, Orange World, O2 Active, T-Zone and Planet 3 – account for the majority of mobile internet traffic. Portals are a significant outlet for operators to distribute content: 3 sold 3.6 million full-track audio and video downloads in the second quarter of 2006, surpassed only by iTunes, showing that they host enough eyeballs to sell banner ads on a CPT basis.

**Off-portal banner ads**

Ads on independent WAPsites are yet to take off in the UK, due to the relatively small number of sites and limited traffic. More sophisticated sites will attract greater audiences, which budgets will chase. Since most mobiles are still 2.5G, some of these ‘banner’ ads are in fact text links.

**Mobile TV**

Mobile TV offers immense potential for consumer engagement, but is yet to achieve widespread adoption. For example, ITV1 achieved only 1,800 viewings a

day three weeks after launch. Besides being relatively new, mobile TV has been hampered by low take-up of 3G, without which it cannot be viewed.

**Mobile search**

Search on mobile is yet to get going. But when people get used to using Google Local through the Google mobile portal we will never need to print a map or write down directions again. Until then Google, Yahoo! and MSN battle to sign up the networks as well as the main off-portal destination sites (see Figure 3).

**Mobile delivers results throughout the customer journey**

Mobile plays a key role throughout the consumer journey, from acquisition to retention and transaction. We must ask two questions: why would consumers accept marketing messages on their mobile, which they guard as an intensely personal device; and how can advertisers harness mobile’s exclusive and unique characteristics to deliver services their targets will welcome? The following examples illustrate how consumers have benefited, and the approaches advertisers have adopted to deliver effective campaigns.

**Customer acquisition: Walkers and Jaguar**

Mobile campaigns enable brands to acquire new leads by running promotions inviting prospects to text to win a prize. The world’s most heavily subscribed sales promotion campaign, for Walkers, invited consumers to enter to win a free iPod by sending a text message with the unique number printed on crisp packets. The campaign encouraged 17 million responses, sold 40 million extra packets and contributed to the demise of Golden Wonder.

Car brands have embraced mobile to drive traffic to showrooms and encourage test drives. Jaguar carried TV and press ads in the UK where the only action invited was a text response. Respondents received a text reply inviting them to choose any, or all, of three options. Send postcode details to receive a call from their closest dealer; supply an email address to trigger an e-brochure; receive a clip of the TV ad. A total of 83% of initial respondents went on to order one of these, prompting Jaguar to extend the SMS call to action to all internet banner ads.

**Customer retention: BA and Tfl**

In mature industries, brand managers are adopting SMS as a key part of CRM programmes. British Airways is

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committed to digital channels, and mobile in particular, to deliver time-sensitive travel alerts to passengers and cabin crew via text. Travellers have neither the time nor inclination to check flight details online before heading for the airport, but respond to text alerts informing them of disruptions. On average, 30% of passengers receive the alerts, which are sent in languages and character sets matching passenger profiles.

Transport for London used mobile to activate an existing multi-media campaign aimed at combating illegal minicab drivers, who were committing ten sexual assaults each month. The campaign invited people to text the keyword 'HOME' to shortcode 62967 (which spells MAYOR). Within 30 seconds, senders receive a text with numbers of three licensed minicab companies, located within 200 metres of the sender, and open at the time of the text being sent. The service, based on location-based software, has received over 70,000 unique requests.

#### Customer transaction: Scottish Power and Macmillan

Businesses seeking to reduce incoming traffic to call centres are turning to mobile for its efficiencies and cost savings. Energy supplier Scottish Power adopted an SMS-based meter-reading service to reduce the cost of manual readings. The service has achieved 52% participation for opening/closing readings among homeowners. In the process, Scottish Power has cut the average cost per reading from £1.52 to £0.44.

In the competitive non-profit sector, charities seek cost-effective fund-raising channels.

Macmillan Cancer Support developed a campaign that enables donors to make text-based donations where and when they wish. The campaign, promoted in national newspapers with individual keywords corresponding to different titles to allow for precise tracking, invites donations charged to mobile phone bills. A WAPsite link also invites donors to complete a Gift Aid form, allowing Macmillan to claim a 28% top-up government donation. Since its launch, text has generated

#### How to get the most from mobile marketing

##### Do:

1. Respect people's privacy
2. Start with a pilot before rolling out
3. Offer consumers a choice of response – for example, SMS, URL or phone number
4. Monitor responses in real time

##### Don't:

1. Be afraid to make mistakes!
2. Follow old segmentation models
3. Use the wrong creative work
4. Ignore the need to integrate mobile in multi-media planning.

59% of donations, compared with 29% via post and 12% via phone.

Health and fitness clubs have been pioneering users of mobile marketing, combining customer acquisition via membership offers, CRM programmes including appointment reminders and transactions, and membership renewals via text.

Financial services clients are adopting mobile to recruit new customers by providing SMS-based application forms, to support CRM programmes, featuring live balances, card activation, renewals and fraud alerts.

#### US market catches up

Compared with the UK, the US market is just waking up. Awareness levels of mobile's potential were highlighted by text voting for the *American Idol* TV show in 2004, yet there have been few campaigns on any scale since.

Advertisers, agencies and media owners are united in the view that Europe has a two-year lead over the US mobile market, and are pressing to close that gap.

The complexion of the mobile market in the US differs from that of the UK in two significant ways:

1. On average Americans send only 10% as many texts per person compared with their UK counterparts.

2. Mobile operators have widely differing policies on how to grow the market. Verizon, at one extreme, favours a 'walled garden' approach, where subscribers are prevented from receiving content from brands operating outside the Verizon network. This poses a major obstacle to the development of off-portal advertising and cross-network promotions. As a result, on-portal advertising comprises 90% of mobile advertising revenues. Market leader Cingular opts for a more open approach, which allows subscribers access to content regardless of origin.

This division characterised the UK until 2004, and while our major operators have notable differences of opinion, they are now united in citing mobile marketing as a significant contributor to future revenues. The smart money is on the US following suit.

#### Future growth

The mobile market looks set to go from strength to strength, driven by the following factors.

- ▶ Familiarity – more consumers using mobile for more varied purposes.
- ▶ Successful trial – advertisers experimenting with mobile before embracing the channel for mainstream marketing and CRM.
- ▶ Sector growth – early adopters in entertainment, leisure, motor and financial services sectors will be joined by pioneers in fmcg, retail and fashion.
- ▶ Integrated planning – agencies will include mobile at the planning stage, rather than adding it at the last minute if budgets allow.
- ▶ 3G penetration growth will bring mobile TV and search into play.
- ▶ Activation – quick-response barcodes will provide an even easier direct-response path for poster and press ads via cameraphones. ■

1. See <http://www.networkworld.com/columnists/2006/011606briere.html>.

2. See <http://www.incentivated.com/?p=legislation>.

More on mobile marketing at [www.WARC.com](http://www.WARC.com)