

Digital marketing: Mobile starts to pay its way

by Andrew Darling [Marketing](#) 09-May-07

Advertiser-funded content is helping brands reach young consumers and the mobile networks make their heavy 3G investments pay off.

Every new year since the millennium has been labelled as the year of mobile marketing. In 2007, those same cries have been heard again, yet both marketers and agencies are cautiously beginning to believe that,

this year, there might just be something in it. The potential is huge - the mobile phone is the most direct marketing route available - but brands have so far failed truly to exploit the opportunities.

There is currently something of a land grab for mobile content and services funded by advertising, allowing viewers free access in exchange for their eyeballs. Brands are trying to discover what will work for them - a task not made any easier by obstacles thrown up by networks, such as different handsets requiring different video formats. Many advertisers are therefore wondering whether to get involved with sponsored mobile content now or wait until the creases have been ironed out.

One pressing argument for early adoption is the numbers. 'There are approximately 1bn WAP page impressions served in the UK and millions of video downloads per month, so the reach is big enough to interest advertisers,' says Mark Slade, managing director of 4th Screen Advertising, a specialist in the mobile space. 'UK operators, in their quest for new revenue streams, are opening their portals to advertising.'

There has been a significant shift by operators in Europe, and in particular the UK, toward advertiser-funded models for their content services that can boost traffic and drive fresh revenue streams. Last month, mobile network 3 announced it would launch an ad-funded video service, offering free video clips to users of its Planet 3 portal, including news, comedy, gossip, animations and film. Not surprisingly, rumours abound that rival UK operators including O2, T-Mobile and Orange are also preparing to include ads on their portals.

'Our view is that it is a great way for us to monetise content as well as getting fresh content,' says Peter Northing, director of products and services for 3. 'The customer gets free content and the advertisers

benefit from targeting users. The decline of traditional media will be counteracted by the growth of mobile, and we have proved the concept by the clickthrough rates on ads. People want free content.'

These claims are backed up by 3's figures. More than 1.2m users viewed Celebrity Big Brother videos over three weeks. On the advertiser side, 70,000 Red Bull ads were viewed through 3's daily magazine programme and 2.5m Canon clips were watched during the 2006 World Cup.

Nevertheless, as an industry, mobile advertising is still in its infancy, and advertisers are understandably wary. Mobile ads generated about £439m globally in 2006, according to Informa Telecoms & Media, which compares with a worldwide advertising market across all media worth billions. But with nearly 3bn mobile phone users in the world - more than 65m in the UK alone - it is clear that mobile advertising represents a huge opportunity for brands.

For brewer Budweiser, media consumption within its core target market of 18- to 24-year-old men is moving away from traditional platforms toward digital, according to Richard Hirst, general manager, Busch Media Group for Anheuser-Busch Europe. Last year, Budweiser was the first alcohol brand to advertise with 3, supporting its World Cup campaign in a user-generated content drive aimed at getting people to take photos of themselves with their bottle of Bud. The company also recently launched an outdoor, TV, online and mobile campaign called 'Bud Bucks'. 'More than 90% of our target audience has a mobile phone; reaching these consumers via this platform is essential,' says Hirst.

The launch of Blyk, the ad-funded free-to-use mobile virtual network operator (MVNO) aimed at kids, could also signal a turning point for mobile advertising. The company's founders are pinning their hopes on kids wanting free calls and texts and, in return, it will serve up ads to the users that are targeted and useful. Advertisers including Buena Vista, Coca-Cola, L'Oreal, recruitment firm Stepstone and Yell.com will be the first brands on board when it goes live this summer in the UK.

'For this industry to go forward and deliver a relevant mobile advertising experience, it is essential to combine the capabilities of an operator and the approach of a media company,' says Antti Ohrling, co-founder of Blyk.

The success of mobile advertising is linked directly to the relevance of the interaction between a brand and the consumer. 'It is relevance that comes when you really know the consumer and can deliver information, an offer or an experience based on their wants and needs,' says Ohrling. 'We believe that the combination of user-profiling capabilities and behavioural tracking will give advertisers the insight on which to build more relevant communications to engage their core audience.'

However, Blyk is an MVNO and will only market its services and manage customers. It has no direct live data link from its operator partner Orange relating to customer usage, so it may be difficult for it effectively to target users with relevant real-time ads, as it will have to rely on old-fashioned CRM and historical customer usage data. This means that what it offers advertisers is far more commoditised than might be expected.

Joy Whitehead, communications director at Zed Media, believes that there is still too little information available about how much these mobile campaigns can really deliver, so careful planning and a clearly defined strategy is essential. 'We have heard a lot about what will happen when the technology is in place, but not many good examples of mobile campaigns,' she says. 'While clients should be encouraged to be early adopters, they need to make informed choices. The first question being where does this fit with my wider media strategy and the second, can I deliver on brand messages?'

The fact that a mobile device is so personal can be both a strength and a weakness. It allows advertisers fantastic reach, as people almost always have their phone with them. But the message needs to be right to avoid alienating people.

Busch Media Group's Hirst believes the strength of mobile advertising is being able to segment audiences and allow brands to become part of their lifestyles. 'Feedback and participation are immediate, so it becomes easy to measure. Like online, it is an extremely accountable medium,' he says.

The value to brands is that the advanced demographic profiling supplied by the operators allows them to conduct targeted advertising with little waste. However, there are limits to how creative activity can be on such a small-screen medium. 'It can also be perceived as intrusive, which is why brand owners need to identify their consumers and what appeals to them - and also to have clear opt-in choices,' adds Hirst.

In terms of return on investment, he believes it is dependent on the creativity of the execution and how engaging the content is. 'What we found with our World Cup campaign was that mobile advertising can provide an effective awareness and direct response channel if done right.'

One key issue that has been holding the market back is a lack of standards for mobile advertising. Different handsets and networks all prevent a one-size-fits-all approach to measurement and rules of engagement with mobile users. This is now being addressed, as the global mobile trade group, GSM Association, is forming a committee that will set standards and practices for the industry, defining measurement tactics and establish rulings for mobile marketers. In addition to advertising companies, carriers and service providers will be included

in the rule-making process. 'There are plenty of intermediaries that can sort out problems with standards,' says Martin Browley, chief executive of mobile marketing agency Pitch. 'And with HTML arriving on handsets, the user experience will be far richer and easier for brands to exploit.'

As the obstacles fall away, the onus will be on networks and agencies to develop relevant, engaging content that users will want to access, and that brands will be keen to pay for to reach more consumers. While 2007 might not be the year mobile advertising dominates, it is certainly a step closer.

CASE STUDY - ELECTRONIC ARTS

Electronic Arts (EA) uses a range of media to promote its UK games business. However, with its ubiquitous but fickle target audience moving away from traditional channels, EA is keen to explore new ways to promote its games as well as its brand values.

Digital TV content provider etv works with media shops and brand owners to secure commercial partnerships on all platforms, including mobile. It has created an advertising model that goes beyond the commissioning of a spot ad; Today on 3 Live, for example, is a daily mobile free-to-view show on the 3 network, aimed at 16- to 26-year-olds.

EA's media agency, MediaCom, was approached by etv with mobile advertising opportunities, allowing the games firm to test the concept. Initially EA ran 30-second spot ads before, during and after Berlin or Bust, etv's World Cup show for 3 last summer. More than 650,000 unique visitors viewed the content.

Building on that campaign, etv proposed the next step - sponsorship credits around Today on 3 Live, as well as creating branded content that would form an integral part of the show's line-up. The 12-minute show includes interviews with musicians, sneak previews of videos, chart information, competitions and gossip. On average, viewers tune into Today on 3 Live for five minutes and, as part of the six-figure sponsorship deal, EA's content features at least once within this time bracket.