

Get down to business with mobile ads

Mobile advertising has been slow to deliver. But **the industry has learned** from its initial mistakes. Supported by standards and brokering functions, advertising now looks set to become a bastion of growth for the operator community.

► **MOBILE ADVERTISING** is one of the hottest areas of interest in the telecoms industry. The idea of switching on a virtual tap and having a new revenue stream flood into the network operator business is not the only appeal. Those of us on the telecom side of the fence look at the glamorous advertising industry and imagine award-winning Cadbury and Guinness campaigns viewed on mobile handsets. The thought of being on set with an A-list celebrity shooting a 30-second mobile commercial is more than enough to lure the sensationists among us.

In reality, mobile advertising is beset with difficulties. There has been a lot of over-claiming and under-delivering of mobile services to the consumer, and advertising services have been affected by this. At the end of the day, we all have a phone, we're all consumers and if we can't have a video conference with someone, as footballer David Beckham was supposedly doing at a supermarket checkout on an operator's TV ad many years ago, we're going to have rather conservative expectations going forward.

Large players such as Vodafone, Telefónica, and Orange have been looking at mobile advertising for many years, but the journey for all pioneers in this space has been difficult as operator business culture has to adjust to accommodate and support this new revenue stream. The telecoms business has been built on the "consumer pays" model, and that must change as there is a limit to the amount the individual is prepared to pay for content. On the one hand, you have an industry that is looking to charge consumers for content, and on the other you have an industry that would prefer a simple way of spending advertiser money. It was so much easier for advertising planners when there was only TV, radio and print to consider.

Ericsson decided in 2008 that the time was right to put effort into mobile advertising. We felt something needed to be done to help telecom operators make mobile advertising a reality, and not be

overrun by internet companies. Our kick-off point was to build an ad-serving platform, avoiding the pitfalls and including the value pieces learned from studying start-up businesses in this space.

There are strong arguments for continuing to invest in this area, despite the economic downturn. The realities of advertising remain, even during difficult economic times. For example, the impact of traditional media has been decreasing for many years, and this will continue. Television and the press are struggling as consumers spend less time at home and are becoming more difficult to reach. Significantly, internet advertising is weathering the storm, and digital media is continuing to do well as advertisers look for new ways of engaging with consumers. Naturally the mobile phone is a key focus of interest... if only we could all pull in the same direction.

Here is a step-by-step guide to activating the mobile advertising business:

- 1 **ESTABLISH MARKET POTENTIAL.** Analyze the advertising spending patterns in the local market, including the digital spend levels and the interest in mobile advertising. Forecast return on investment based on a growth-rate model.
- 2 **IDENTIFY AD CHANNELS.** Look at the content solutions available to consumers, such as the operator portal, SMS alerts, and video content. See where the potential ad space could be placed.
- 3 **PRICE AND PACKAGE AD INVENTORY.** Develop a pricing model and package the advertising with clear descriptions of the opportunity for advertising buyers.
- 4 **DEVELOP SALES CHANNEL.** Identify and deliver the best sales channel to market – direct, platform or third-party sales.
- 5 **AUTOMATE AD BUYING.** Use a platform with a user interface to automate the buying process.
- 6 **OPTIMISE SOLUTION.** Provide reporting and ad-buying optimization tools.

The appeal of mobile advertising compared with other channels is the ability to



put brand messages in the palm of a consumer's hand, anytime and anywhere. Advertisers value the impact that a brand message delivered to a mobile phone will have, and look for providers that can manage that process. A unique value-add for advertisers is the prospect of leveraging subscriber profile data to make targeting more effective. Essentially, it is important to adhere to strict codes of conduct and best practice; when that is done then the advertisers have the most powerful advertising channel ever.

Although mobile advertising is taking off slowly, everyone recognizes that it will be a significant revenue stream due to the proliferation of advanced phones and the decline of traditional media. However there have been some key obstacles along the way. Besides the obvious cultural differences between the advertising world and the telecoms industry, there are other issues to overcome.

THE NEED FOR A BROKER

Ad-serving technology is not rocket science. A more central issue at present is the openness of operators to allow third-party access to data management. Not surpris-

ingly operators have been reluctant to allow small start-ups to integrate directly with their own systems. There has also been a significant amount of distrust and nervousness about allowing the major internet players access to subscriber profile information. Advertisers want to know what ad space they are buying and who views it, and they will pay a premium if the operator can provide them with generic information about the ad viewer, such as age, gender, or location.

New findings taken from interviews with agency advertising buyers in New York, Hong Kong and the UK reveal that media agencies will get onboard if the targeting potential of the mobile channel is released and the process of executing mobile advertising is made efficient. With this targeting information, a broker can help operators sell the right space at a premium. But the future of mobile advertising relies upon the ability of agencies to buy ad space across networks in a matter of minutes. This is a key stumbling block that is affecting the growth of mobile advertising as a business.

"We have to look at better planning and buying tools, I would love to see the day

Global Survey 2009

► Highlights from Ericsson Consumer Labs "Mobile Advertising Global Survey 2009", a global qualitative survey based on in-depth interviews and focus groups.

CONSUMER ATTITUDES

If mobile advertising is executed according to the prerequisite demanded by consumers, their attitude to mobile advertising becomes positive.

PREREQUISITES ARE: Opt-in / Consumer control / Relevance / Immediate value / Uncomplicated / No cost for ads.

Consumers perceive a value to advertising that includes the following: Interesting information / Convenience / Entertainment / Positive Surprise / Exclusivity / Money Saving.

"If advertising is good, it succeeds in engaging me in a feeling or lifestyle that I'm attracted to. Then I get a positive feeling out of it and that kick in my stomach. I want advertising to make me feel beautiful, I want to feel that I'm a cool girl doing cool things. If advertising manages to engage its brand name to me, I am up for buying!" Amanda, 23 years, Stockholm.

AD BUYER ATTITUDES

The collective media agency attitude to mobile advertising is that it is currently a "complicated channel, and labor intensive" – they are looking to the telecom industry to "make it easy" to buy mobile advertising.

TARGETING "Advertisers typically feel that if I want to run a mobile campaign I would like all the mobile phone users to see it. Mobile operators should give us a chance to talk to the target consumers, so we can do precise marketing." Independent, Media Agency, Hong Kong.

REACH "One of the critical things that people need to understand is that we want a clear scale and until today there's not been any easy way to scale mobile." IPG, Media Buying Agency, New York.

CONTROL "The carriers have the data, they own the relations with the consumers, they monetize it." WPP, Mobile Agency, New York.

Industry Associations

- ▶ **THE GSM ASSOCIATION (GSMA)** has announced a measurement standard that involves operators in each local market committing to providing a research house with data that is then presented in a uniform way to advertisers who want to see what browser content has been viewed and by whom. This is a step in the right direction and evidence of operators seeing the benefit of working together.
- ▶ **THE MOBILE MARKETING ASSOCIATION (MMA)** has taken the lead on producing global advertising standards that mean operators can provide uniform ad space. This will facilitate the creative process and remove issues of size and specifications. The MMA also has a code of conduct that applies to mobile advertising and is a useful best-practice guide for marketers.
- ▶ **THE INTERNET ADVERTISING BOARD (IAB)** has a strong local market focus and is key to facilitating objective discussions amongst operators who see the value in working together to make mobile advertising happen.

▶ when it's simple and clear," says the CEO of a mobile agency in New York in an Ericsson Consumer Lab survey from May 2009.

This global research study produced by Ericsson Consumer Lab also found that consumer reactions to mobile advertising were favorable when certain "best practice" requirements were met. By adhering to industry guidelines on best practice and working together, it is clear from the study that agencies and operators can overcome the barriers to mobile advertising and kick start real revenue generation.

We need to look to our industry associations to guide us objectively through this maze, and it is encouraging that after lots of blood, sweat and tears a handful of these associations have made real progress recently in helping this industry grow. We now have the support of three global industry associations, the GSM Association (GSMA), the Mobile Marketing Association (MMA) and the Internet Advertising Board (IAB), which have defined standards in the areas of metrics, formats, best practice and cooperation.

The next step for operators to agree on collectively is who they can work with to aggregate the entire mobile advertising industry for the benefit of the agency community. There is an obvious need for a new role in this market – a broker. At Ericsson we have stepped in and focused our attention on connecting relevant media buying and ad-serving applications in a managed service model, acting as the broker between advertising demand and supply.

Clearly when advertisers can buy targeted advertising across networks combined with a reliable optimization and reporting tool, they will increase the volume of spending.

WARNING

A word of warning, though. As the mobile advertising industry sprouts and grows, the operator community cannot afford to dawdle. Internet giants such as Google,

Microsoft and Yahoo are keen to own this new advertising revenue stream, as are handset manufacturers, such as Nokia, which have their own aspirations. A mobile advertising future dictated by these global players naturally would not sit well with operators, who should be very afraid of the impact these companies could have and their ability to move fast and aggressively. Everyone remembers the days when we first accessed the World Wide Web through our internet browsers, but those days are gone, and I expect that more than 50 percent of readers instead have Google as a home page on their personal laptops.

The one mainstay that the operator community will have left when voice and data revenues decline in the future, as voice-over-IP and other solutions take off, is the subscriber profile and relationship. I would urge operators to take threats to this advantage seriously and work to lead mobile advertising rather than be lead by it. ●

AUTHOR



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