



Mobile Market Insights

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Special Topic

- Mobile Marketing & Advertising

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“Third screen” ready for advertising

The “Third Screen,” as mobile is increasingly described, is a medium that is unique in its penetration and personalization, characterized by “always-on” and “always-with” the end user. With mobile subscriber penetration approaching and even exceeding 100 percent in many developed countries, the opportunity to put messages in front of the mobile audience is immense.

- Mobile phones now have the processing power and memory to handle the type of rich multimedia required for eye-catching, high-quality advertising. Consequently, the mobile phone is now a viable choice for advertisers wanting to create advertisements of the quality that is available on other digital media.

- With a need for new revenue streams, mobile advertising figures prominently in the minds of operators as a

means of providing a new message to consumers as well as a much needed additional revenue stream.

- Operators are increasingly embracing flat-rate data plans to encourage consumption of mobile content. Subscribers are therefore liberated to explore data services without being

concerned with “having the meter running.”

- To date, pilots that have been run by operators and advertisers have demonstrated the correlation between advertising exposure and increased product consumption, whether that is to purchase goods and services online or in a retail store.

According to a survey conducted by Vanson Bourne,

for Airwide Solutions, a mobile infrastructure software provider, 40% of major European brands have already deployed SMS campaigns, and 18% have deployed MMS campaigns.

By 2008 89% of brands in Europe will use SMS and MMS messaging to reach their

Response Rates	
Standard campaign	2-4%
Third Screen Media Mobile Campaign	21% (Dunkin' Donuts)
Banner Ad Click-through	
Internet	1%
Mobile phone	4%

Source: Third Screen Media

audience, with nearly one-third planning to spend more than 10% of their marketing budgets on the mobile channel. In five years 52% expect to spend between 5% and 25% of their total marketing budget on mobile marketing.

Source: Pyramid Research, Visiongain

The mobile advertising value chain

Pyramid Research identified six parties which have a stake in the mobile advertising value chain. They are:

- The Brand
- The Advertising Agency
- The Advertising Enabler
- The Media Company
- The Mobile Operator/MVNO
- The Subscriber



Source: Pyramid Research



Yahoo has found that mobile users are receptive to search ads because they are relevant and tend to enhance the user experience rather than detract from it.

Yahoo to show search ads on mobile devices in US,UK

Yahoo began to show keyword-based advertisements on mobile phones in the United States and the United Kingdom, in the Internet giant's first effort to establish a mobile-advertising business outside of Japan.

The Sunnyvale, Calif., company will launch the "beta," or test, advertising programs for its Mobile Web service, which allows people to perform keyword Web searches on most mobile phones and handheld devices using Web browsers, starting with a select group of less than 100 advertisers, which Yahoo declined to identify.

As with the search-based ads

Yahoo displays on Web pages on personal computers, Yahoo will charge advertisers each time a consumer clicks on the link shown in their ad at rates established by advertisers in online auctions. Yahoo said, so far, ad rates appear to be comparable to those seen for the PC, but in time could prove to be even more lucrative.

"There are hundreds of millions, if not billions, of consumers who have mobile phones," said Steve Boom, senior vice president of broadband and mobile at Yahoo. "Advertisers want to be where the consumer is."

Under Yahoo's mobile program, consumers who see

ads and click on a link to get more information will be routed to the mobile version of the advertiser's Web site, if it has one, or to a Yahoo-provided "landing page," if it does not. On the landing page, *advertisers will be able to provide a phone number that consumers can click on to initiate a phone call.* For now, advertisers will not pay for those calls. However, Yahoo said it plans to charge for them in the future and that adding that feature is a top priority on its development agenda.

Source: Cellular news

Peugeot mobile marketing campaign

The mobile marketing firm, Puca has announced that it has completed a mobile phone based advertising campaign in Ireland, to launch the new Peugeot 207 motorcar. The campaign, which included billboard, mailing, press and radio advertising, encouraged target customers to download a link to a mobile internet website which they could view

on their handset. It has resulted in a large volume of responses, and with 40% of respondents providing personal contact details, the campaign has proven to be very successful in generating test drives.

Vincent Delettre, CRM manager, Peugeot Ireland said, "The real advantage of

mobile internet marketing was being able to introduce much more creativity, colour, interactivity and fun to our mobile marketing. The results have been very strong to date. They certainly justify our plan to allocate a larger proportion of our advertising budget to mobile."

Source: Cellular news

Verizon to allow ads on its mobile phones

Verizon wireless, among the most widely advertised brands in the US, is poised to become the advertising medium itself.

Beginning early this year, Verizon Wireless will allow placement of banner advertisements on news, weather, sports and other Internet sites that users visit and display on their mobile phones, company executives said.

The development is a substantive and symbolic advance toward the widespread appearance of marketing messages on the smallest of screens. Advertisers have been increas-

ing the amount they spent on mobile marketing, despite lingering questions about the effectiveness of ads on portable phones.

Verizon officials said their initial foray would be a cautious one – they will limit where ads can appear, and exclude certain kinds of video clips – and thus may invite greater demand to place ads then they can accommodate.

In absolute terms, the amount of money spent on advertising on mobile phones has been small but it has been growing rapidly. In 2005, advertisers

spent \$45 million on such messages, and should spend around \$150 million this year, according to Ovum Research, which projects that such spending will reach \$1.3 billion by 2010.

The interest of advertisers in the medium stems from a theory that ads placed on mobile phones could create a particularly intimate bond with consumers. The gadgets are ubiquitous, personal, and messages could theoretically be tailored to individuals based on demographics like age, gender and location.

Source: Factiva

"We know we can make significant dollars in mobile web advertising in 2007, we want to take it carefully and methodically, and enable the right experience. Mobile advertising is going to take off in 2007."

*John Harrobin,
Vice President Marketing and
Digital Media-Verizon
Wireless*

Mobilizing community

An online community can be described simply as a platform that offers some sort of person-to-person interaction. But the variations on that concept platform are quite broad and can encompass blogs, message boards, photo-sharing sites, video-sharing sites, and fan sites, among other things. They are, in general, driven by user-generated content of some sort, centered on one or more themes.

Lunarstorm, a Swedish community portal started in 2000, is a good example of the reach these community sites have. Three out of four Swedes between the ages of 12 and 20 are on Lunarstorm. The service has 375,000 unique visitors who make 3.5 million text en-

tries every day. The average user spends 56 minutes a day on the site. The daily penetration in the age group of 15 to 24-year-olds rivals that of MTV Nordic.

According to Mark Jefford-Baker, business innovation manager at Ericsson Mobility World, Lunarstorm has a great deal of valuable information about user demographics, interests, and usage patterns. The majority of Lunarstorm users tend to opt for pre-paid mobile subscriptions, which means that their operators don't have the same insights about them as Lunarstorm.

The success of these sites is not limited to the web; inroads are being made into the mo-

bile sphere. A good example of this is NASCAR, the auto racing organization in the US.

Users of the Nextel mobile network can subscribe to Nextel Fanscan, which allows fans to listen to communications over the driver and pit intercoms via a mobile phone call. Subscribers use the service on their mobile while simultaneously watching the race on TV. Four out of five NASCAR fans polled have said they would be willing to switch to Nextel because of Fanscan. The service has been so successful since its launch in June 2004 that Nextel has added capacity to serve more customers.

Source: Ericsson

SMS gets the party dancing

US-Spanish start-up company myStrands is bringing online and physical communities together with partyStrands. The interactive music service for bars, clubs and private parties lets guests influence the music they hear by sending an SMS.

With partyStrands, when a customer gets to a bar or club they send an SMS with their alias and the name of their favorite artist to a screen. From that point on they are influencing the music being played because the partyStrands service chooses music based on the input it receives from everyone at the party. Guests can also send text messages to appear on the screens or vote on topics. After just a couple of weeks live, many venues are averaging 100 text messages a night.

PartyStrands is already available in Spain and parts of the US, and is looking to

expand. Gabriel Aldamiz-echevarria, vice president of communications, expects the service to grow because anyone can get involved. "There are lots of countries where internet penetration is not very high but mobile penetration and SMS usage are immense. This is a universal system, meaning there are no entry barriers for end users to join a partyStrands party. Online communities can come to life with the help of mobility.

The partyStrands service grew out of online community myStrands where hundreds of thousands members have created music profiles. The community helps people find new songs, artists or music genres based on their profiles. Users install software on their PCs that keeps track of the music they buy or listen to with iTunes or Windows Media Player. The data is compared to find patterns with other community members, using

complex algorithms.

PartyStrands' business model makes it easy for venues to take part. There is no cost for bar or club owners, but they must have a digital music system in order for the music selection to work. Partygoers pay a USD 0.50 or EUR 0.30 surcharge per SMS sent to the partyStrands system.

Michael Hoekx runs Barcelona's Belchica Bar, which is popular with exchange students. "We started using partyStrands because it is a completely new type of jukebox and something interesting to try out. My customers like being able to influence the music and send messages that appear on the screen." He started using the service in October because he believes his customers like to be at the forefront of technology and that they are willing to try new things.

Source: Ericsson

"Mobile communities are the new way for young people to communicate. PartyStrands mixes mobile experiences with online and physical communities, and this is an extremely powerful, fun and easy way to engage young customers in the possibilities of the mobile world."

South Park comes to the mobile phone

Mobile communities are the new way for young people to communicate. PartyStrands mixes mobile experiences with online and physical communities, and this is an extremely powerful, fun and easy way to engage young customers in the possibilities of the mobile world.

The "South Park Mobile" application will be available cross-carrier in the USA later this year.

"South Park Mobile" was developed in close collaboration with South Park Studios to provide fans with a constant connection to the "South Park" community. Mobile consumers using the application can directly access message boards, streaming video, behind-the-

scenes news and blogs, ringtones, graphics and much more. "South Park Mobile" was designed to incorporate standard online conventions from southparkstudios.com and comedycentral.com to allow new users to seamlessly navigate through the show's mobile content via innovative, made-for-mobile interfaces.

"South Park Mobile" is the ultimate wireless hub giving fans an interactive, personal and community experience," said Erik Flannigan, senior vice president, Digital Media, Comedy Central. "With the launch of the 'South Park Mobile' application, we are providing mobile consumers with a constant 'South Park' fix and access to exclusive content – all

in one central location."

The new application features the "South Park" character creator which allows users to build their own avatar to be displayed on the message boards and within their personal profiles, fresh video content updated weekly and delivered through a built-in media player, production blogs from South Park Studios, exclusive news, Q&A's with show creators Parker and Stone and other key players, flipbooks from exclusive "South Park" events, favorite episodes, as well as storyboard art and behind-the-scenes photos.



Source: Cellular news

Subscription-based purchases of mobile games gain ground by 2010

Mobile gaming for wireless devices is providing new revenue opportunities for game developers, network operators, and other players in the value chain reports IDC. At the close of 2006, the mobile gaming market is taking on a new dimension, literally, as it explores three dimensional (3D) games and all of the accompanying hardware and software requirements. Improved handset technology, flexible billing

will grow more than 16% annually reaching nearly 50 million customers by 2010, which will substantially increase total mobile gaming revenue by the end of the decade.

A recent IDC survey shows that 11% of respondents purchased at least one game for their wireless device in the third quarter of 2006. Teens and adults under 24 years of

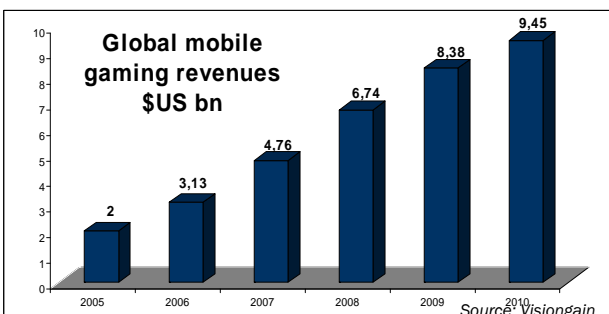
age with reported spending inversely correlated with the purchaser's age. IDC predicts that the price per mobile game will rise more than \$2.50 by 2010 due in part to the impact of growing subscription revenues.

According to this survey, more than three quarters of all games being purchased by respondents as of 3Q06 were based on a one-time unlimited use model. IDC says one-time purchased games is the largest category and will remain that way over the next four years. However, IDC models suggest that subscription-based channels will gain traction and represent a third of total revenue by the end of the decade.

"Flexible discovery and billing mechanisms are emerging trends making mobile game purchases easier and more attractive to consumers. Game bundles, flat subscription fees that include access to multiple games, weekly game rentals, pay-per-play and other models today compliment the standard one-time purchasing model or single-game monthly subscription model."

*Lewis Ward,
Research Manager IDC*

Source: Cellular news



mechanisms, and the availability of wireless broadband (3G) networks is helping to improve the mobile gaming experience, enticing more consumers to jump on board. According to IDC, mobile game purchasers

made up the core of this gaming constituency. For 3Q06, IDC survey respondents reported spending an average of \$13.00 on wireless games,

Vodafone and Yahoo! to launch advertising on mobile devices

Vodafone and Yahoo! have formed a strategic alliance to pool their expertise to create an innovative mobile advertising business that will enhance the customer experience on mobile phones while providing both companies with a new revenue stream.

Yahoo! will become Vodafone's exclusive display advertising partner in the UK. Yahoo! will use the latest technology to provide a variety of mobile advertising formats across Vodafone's rich and varied content services. Yahoo!'s sales force and technology team will work with Vodafone to derive benefit from mobile's unique advertis-

ing opportunities while delivering the best possible experience for both consumers and advertisers. Vodafone and Yahoo! intend to roll out the initiative in the UK in the first half of 2007.

Under the plans, customers who agree to accept carefully targeted display advertisements can expect to enjoy savings on certain Vodafone services. This proposition could extend to key Vodafone mobile assets including the Vodafone live! portal, games, television and picture messaging services.

Nick Read, chief executive of

Vodafone UK said: "Since we announced our intention to develop revenue from mobile advertising as part of our mobile plus strategy unveiled in May, we have carried out extensive customer trials. We will now use the experience to determine with Yahoo! how best to ensure customers, who choose to receive targeted messages, get better value as well as a richer mobile experience. This will also ensure that advertisers are given a compelling proposition."

Source: Vodafone newsletter

Industry's mobile marketing metrics

Metrics Measurement firm finds that 36.5 million mobile subscribers responded via SMS to an ad. Across the five countries for which it measures mobile content consumption, M:Metrics found that monthly use of text message short codes in response to ads was as high as 29.1 percent of mobile subscribers.

The firm found that a sizable percentage of mobile subscribers are responding to short codes placed in advertisements or in other

media, with Spain topping the list at 29.1 percent, followed



by the UK at 18.5 percent, France at 10.1 percent, the United States at 7 percent and Germany at 3.4 percent. "These numbers are not unlike what we saw in e-mail

response during the mid-1990's as the Web emerged an advertising medium," said Will Hodgman, CEO, M:Metrics, who also founded AdRelevance, the global standard for advertising measurement on the Internet. "The growing adoption of major brands using SMS and the substantial consumer response rates indicate a couple of important trends: mobile as a commercial medium is on steroids; and multimedia convergence is real."

Source: M:Metrics

Christina Aguilera concert sees high levels of interactions

At a series of recent Christina Aguilera concerts Sony Ericsson used wearable Hypertags to add mobile interactivity to their promotional activities. The campaign, organised through agency Iris Experience, helped the brand target consumers by context reaching them with relevant content at a time when they were at their most receptive. Fans that interacted using Bluetooth or infra-red on their mobile phone received free mobile wallpapers and the



chance to win free Sony Ericsson merchandise.

Using Hypertags in this way created a memorable experience for consumers that

helped Sony Ericsson to reinforce their associations with music and created positive perceptions around its Walkman brand. This campaign builds on a number of successful past Hypertag campaigns at music events for brands such as Nokia, O2 and MTN.

Source: Hypertag

Ericsson and NRK launch world first - customized mobile TV advertising

Ericsson and the Norwegian Broadcasting Corporation (NRK) have launched a trial of personalized mobile TV advertising. The trial sees advertisers employ customized marketing with individual mobile TV viewers, with content provided by agency partner, Proximity Oslo, a part of the Global BBDO network.

The two-month trial is commencing in Norway early this month and is open to the public. Volunteers will be able to access NRK's two TV channels and five of its radio channels. A made-for-mobile 24/7 TV program based on the popular Norwegian TV show På tråden (On the Line) will also be available during the trial. Customers can use their handsets to interact with the show's host via voting and chatting, and can contribute content by uploading photos and video clips.

Advertisements will be

interactive, customized to ensure their relevance to individual users, and tailored to the user's age, gender, location and personal interests. Advertising content will also span an array of formats including videos, banners, ticker texts and branded downloadable content.



Content will be accessed via a downloadable client, a Java application providing fast channel switching, interactivity and the new personal advertising features.

Gunnar Garfors, director of Developments at NRK, says: "We are now welcoming the mobile TV of tomorrow. Bonuses include fast channel-switching, built-in interactivity and easy access to new services. And many viewers even appreciate adverts, as long as they are relevant and may help lower the price of the service."

The new interactive mobile TV advertising application is an end-to-end solution based on existing technology. It enables mobile phone users to watch live or on-demand streamed TV programs and interact with preferred brands or shows.

Twenty domestic and international companies across the range of industries are taking part as advertisers.

Source: Ericsson

"Customized mobile advertising adds value to existing mobile TV services. Our solution makes it possible for viewers to interact with their trusted brands, and it provides the advertising industry with an innovative, high-involvement customer marketing tool"

Kurt Sillén, Vice President, Ericsson Mobility World



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In each issues we will provide insights about a specific topic and telecom tidbits.

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We will try to address your requests within the following issues.

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