

Preface

Mobile advertising is the stuff of which great cocktail party conversations are made. Some research houses are telling us to expect a \$12 billion market by 2011. Online advertising has grown to look like a business to print money, so it's only natural for there to be a little envy among us all. But that shouldn't cause us to forget that online advertising didn't exactly happen overnight—it was tough sledding. And while there are obvious winners today, we all tend to forget the carnage left in the wake of unrealistic expectations.

This book is about assessing the market opportunity and understanding its challenges and issues so as to make money and create long-term value with mobile advertising. We're convinced there's a market here but developing it to its full potential won't be easy. It never is.

Mobile Advertising: Supercharge Your Brand in the Exploding Wireless Market is the first comprehensive book on the business of mobile advertising, and we hope it is useful to anyone involved in the Web or wireless industries, from either the technology or marketing/advertising side.

Because the market is nascent, we focus on the unique advertising capabilities of this emerging medium. And we evaluate the structural obstacles currently in the way of this potential and evaluate possible remedies and solutions.

Figuring out what mobile advertising means at this early stage and what you may want to do about it is best served by incorporating several distinct perspectives—the conceptual, the analytic, and the practical. This is why the three of us decided to collaborate on this initiative.

Because we all have a passionate interest in going from buzz to biz, we've interviewed many prominent and relevant thought leaders to round out our perspectives.

For the purposes of our discussion, we use the term *mobile advertising* broadly. By mobile advertising we mean any way

to message a person while they're mobile through any mobile device, so as to influence their behavior. This includes space advertising such as a mobile banner in an application, promotional treatments such as an SMS "coupon," or even a mobile search model.

Mobile technology has the opportunity to turn a lot of image advertising into direct response treatments. It can provide remarkably valuable targeting capabilities and the kind of interactivity required to get people's attention. Because of these inherent capabilities, the traditional lines between marketing, direct response marketing, database marketing, and promotion converge in creative ways.

So in this book, we use the term mobile advertising as meaning the systematic planning and implementation of a mix of activities designed to bring together mobile consumers and sellers. Given this definition, we discuss and include:

- Direct response, including promotions requiring a consumer response.
- Search advertising and marketing and its derivatives around pricing and auction types.
- Brand campaigns and all the implementation possibilities regardless of mobile technology.

Our basic thesis is that mobile advertising shows great potential due to the compelling nature of the medium and the fact that advertisers want to see this happen. Once any new advertising medium is established, such as the Internet, it's always easy to forget how long it took and that its success was not guaranteed. There are significant obstacles to overcome for mobile advertising to become meaningful. We want to offer a detailed and honest analysis of those hurdles and offer a perspective on how they can be managed.

Learning lessons from the past is important—hence *Chapter 1*. As new technologies have driven new media, it has always taken a while for the technologists and advertisers to understand each other. In putting mobile advertising into a basic historical framework, we hope to show that the basic

objective of getting people's attention and trying to influence their behavior has not changed. All that ever changes is the *way* the objective can be reached.

In *Chapter 2*, we look at the powerful dynamics that the Internet drove around digital advertising and consumer control, and their overall impacts on the world of media and advertising. There were critical tipping points on the Internet that helped large-scale digital advertising become possible. The advent of a true digital age, as defined and driven by the Internet, is a powerful, positive undercurrent for the eventual success of mobile media and advertising. We begin to lay out a baseline of how mobile advertising is affected by these dynamics and how we can leverage them.

Once the world moves to digital media, a whole new set of metrics can be applied. In *Chapter 3*, we cover the measurement effects of the powerful new baseline shift toward digital that was put in place by the Internet advertising ecosystems. With this powerful paradigm shift comes media audience fragmentation. And new media rock stars, the analytics geeks. We have a new benefit of mobile interactivity being rolled out and combined with the new consumer paradigms of engagement and viral media sharing and have come up with a five-points measurement paradigm for reach, targeting, engagement, viral effects, and transactions.

In *Chapter 4*, we discuss the basics of mobile advertising and dive into what is working today in the world of mobile advertising. Mobile has some unique aspects and differentiators as a media platform versus other media. Mobile phones are high volume, personal fashion statements. They are always carried and always on, unlike computers. They enable unique user input experiences of cameras and voice, and they have built-in payment mechanisms. In theory, these have powerful enabling effects for mobile media and advertising, but we are not yet fully realizing them. Throughout this chapter, we begin to lay out a fabric of underlying issues as well.

The major structural issues and mobile market accelerators are discussed in *Chapter 5*. All is not the glossy, hype-happy smiley picture painted in many analyst or industry

media reports around mobile advertising. There are some major, perhaps irreversible, structural flaws in the way of campaigns getting from experimental budgets of \$50,000 to over a million and running many of those in parallel. The potential is huge, and the mobile-specific accelerators are massive, but the realities are complex, confusing, and sometimes involve head-popping implementation and measurements or metrics problems. Despite these issues, mobile presents some amazing accelerators. To get to these accelerators, we need to remove major barriers and hurdles.

In *Chapter 6*, we cover the various business model shifts that have to happen in mobile media to get to massive consumer usage scales. These eyeballs will then be the base for attractive advertising to major brands. When it all comes in right as a model, a consumer value proposition, and a revenue generator—it can be massive in its impact.

Mobile advertising is geographically complex and looks very different in many regions of the world. In *Chapter 7*, we provide several case studies discussing facets of mobile advertising such as user experience, and off- and on-deck. The studies include companies from around the world. We hope these examples give you a good sense of the potential and creative and technical elements of various campaigns.

Technology is the lifeblood of digital advertising. In *Chapter 8*, we delve deep into the technology issues that need to be resolved and the processes that will need to be put in place to kick-start the industry. We discuss the opportunities available to entrepreneurs, operators, and other players in the industry who will innovate and solve some of the thorny technical problems.

In *Chapter 9*, we take a look at “a day in the life of” consumers—what will their advertising experience be like in the future? We also discuss the major trends that will have a significant impact on the business of mobile advertising. The convergence of “three screens” and the “always-on” era is upon us and their role in changing the user experience will be profound. A focus on youth will continue to drive advertisers to use the new mediums creatively. We also

discuss the tensions in the ecosystem and how they might evolve in the next few years.

Over the course of this project, we had the good fortune to confer with the key movers and shakers in the industry. Some top-notch executives also contributed to the project. *Chapter 10* complements our work with 13 thought-provoking pieces from some of the most brilliant minds in this emerging industry. The reader can gain insights from executives at Ogilvy, Microsoft, Nokia, Qualcomm, Rhythm New Media, Reliance Infocomm, Yahoo, NTT DoCoMo, Nielsen Mobile, Diageo, Vodafone, Mobile Marketing Association (MMA), Disney, and MTV Networks.

This book is about the journey of the mobile advertising industry from the phase of *cautious optimism* to the transcendental state of *contextual nirvana*. This medium provides context, immediacy, and personalization like no other. In *Chapter 11*, we summarize our thoughts with a review of the text as well as offer recommendations for key constituents of the value chain.