Mobile Outlook 2008

New Year's resolution:

Gain more weight

Read Mobile Marketer

Subscribe to the free Mobile Marketer Daily newsletter at http://www.mobilemarketer.com/newsletter.php

MobileMarketer.com   Mobile Marketer Daily   blog.mobilemarketer.com

Mobile Marketer
THE NEWS LEADER IN MOBILE MARKETING, MEDIA AND COMMERCE

Mobile Marketer

Mobile Outlook 2008

Mickey Alam Khan
Editor in chief
mickey@mobilemarketer.com
Coverage areas: advertising agencies, associations, research, column submissions

Giselle Abramovich
Associate editor
giselle@mobilemarketer.com
Coverage areas: ad networks, advertising, search, social networks, software and technology, television, video

Reva S. McEachern
Staff reporter
reva@mobilemarketer.com
Coverage areas: carrier networks, email, gaming, legal/privacy, manufacturers, messaging

Lauren Mooney
Editorial assistant
lauren@mobilemarketer.com
Coverage areas: banking and payments, commerce, content, database/CRM, media, music

Miguel Rosario
Online producer
miguel@mobilemarketer.com
Coverage areas: careers, events

CONTENTS

The mobile scramble begins

From the way things look, 2008 is the year when mobile marketing trades hype and skepticism for respect and budget.

Several trends emerge in Mobile Marketer's Mobile Outlook 2008 edition. Top among them is awareness of mobile's potential. The ubiquity of the mobile phone and the growing sophistication with each handset launch allows consumers to do what comes naturally to them on other channels such as the desktop-based Internet. Marketers too will want to do what comes naturally to them: reach out to mobile users with relevant offers, ads and content.

Mobile Marketer's staff interviewed top executives in mobile and interactive marketing to get their take on what to expect this year. Based on that intelligence and our reporting, here are the some of the trends we anticipate this year in no particular order:

Mickey Alam Khan

- Education is key to driving mobile marketing acceptance. Every mobile marketer is an evangelist. Don't simply promote; convince with fact and reality
- Apple's iPhone was the catalyst in 2007 with its Safari browser. Expect more smarts from this company even as it defends its products from equally adept handset makers such as Nokia, LG, Motorola, Samsung, Sony Ericsson, Research In Motion and Helio
- Local search will find its calling on mobile. This category has the potential to explode. Yahoo oneSearch and Microsoft's Live Search Mobile are key players in this space. Google – don't even ask
- The location-based services category will take off. Everyone wants GPS on their phone
- The Open Handset Alliance will report progress. Good – mobile needs the equivalent of a Linux to level the playing field
- Mobile banking will gain more customers as security issues are addressed. Bank of America is a trendsetter in this area
- Social networks will flourish on mobile, with some of the key players in the Internet world – Facebook, flickr, MySpace and LinkedIn – branching out to the mobile Web
- Entertainment options on mobile will proliferate. Hollywood will take a second look. Recent Deloitte & Touche research already shows Gen Xers and Yers have ramped up use of the mobile phone for entertainment
- Content providers, particularly media owners, will develop stripped-down versions of their Web sites for mobile. Do better, please
- The Internet Big Four – Google, Yahoo, Microsoft and Apple – will take their turf battles to mobile. The consumer benefits
- Almost all interactive marketers will have mobile strategies. Fumble initially, yes – but they'll get it right. But it'll have to be sooner than later since the barriers to entry fall with each succeeding technology's arrival
- Smart marketers will develop CRM programs to retain their ties with loyal customers over the most personal marketing channel available
- A talent search for mobile marketing expertise will intensify
- Yes, targeting and marketing to mobile users will increase. But tread with caution and don't abuse consumer trust and permission
- Mobile commerce may not experience a surge in mass-market acceptance, but expect more music and video sales. The trick is to move sales from one-off ringtones or songs to an album or a movie
- Which brings us to the wireless carriers. AT&T, Verizon Wireless, Sprint Nextel, T-Mobile and AllTel have the keys to the mobile gate – and they have no intention of handing them over. But they'll struggle to justify their own on-deck – walled-garden proprietary portals – as consumers access the regular Web on their mobile phones. They'll have to avoid becoming simply airwave carriers and nothing else, while at the same time spending gobs of money to maintain the infrastructure that wireless rich media will entail
- Data plans. We don't expect to see any changes toward lower pricing for fancier features – not this year and not with five multi-billion-dollar giants controlling the wireless market
- Metrics, metrics, metrics. Marketers will demand more. How else to justify spending? Today, the measure of a medium is measurement. The tracking and targeting capabilities are there …
- … but standards need to be applied. Thankfully, the Mobile Marketing Association is on the job. Follow the association's guidelines. Mobile advertising is in a fragile positioning space, at least to the general public – wedged between telemarketing and Internet marketing, susceptible to the ills of both
- For legal, you should read an article in our Mobile Outlook 2008 on what happens when you start with the best of intentions with text messaging. Of course, there's the much-publicized Verizon Wireless back-down in free speech issue. We've got an article on that too in this edition

Well, it's safe to say that – barring terrorism, recession or some Act of God – mobile marketing has nowhere to go but up. It will have to prove itself to

brand marketers for its ability to create trust with the consumer and with direct marketers for its return on investment. It'll take time, but marketers who don't have mobile in their 2008 media plan – even a half-cent on the dollar – will have to play catch-up with a constantly moving goalpost.

Tide piper. Even Procter & Gamble Co. gets it. The consumer packaged goods giant spent $6.7 billion last year on advertising. It is the world's largest advertiser. Two years ago the company is said to have spent 85 percent of its global marketing budget on 30-second television commercials, according to Fortune magazine. Not so anymore, based on an interview Fortune's Geoff Colvin conducted for the Sept. 17, 2007 issue with P&G global marketing officer Jim Stengel.

Here's what Mr. Stengel said in response to a question on how P&G will split its marketing budgets in five years:

"You are going to see us more and more fragmented in our spending. We are spending a lot more on interactive and a lot more on mobile as that makes its way around the world.

"The trend of the past five years will continue, which is that TV advertising will go down as a percentage of our spending, and we will continue to move money to where the consumers are.

"The interesting news in all of this is that consumers are spending more time with media than ever. If the content is good, consumers will spend an awful lot of time with media. That is what Harry Potter proved."

Move money to where the consumers are. Simple, powerful logic. There are an estimated 243 million mobile phone users in the U.S. – each and every one of them with data to support their behavior on the phone. Done right and with the right permissions, mobile marketing has the potential to become the biggest CRM tool of all.

By the way, P&G is said to have spent $1 million on U.S. mobile advertising last year. U.S. marketers are estimated to have spent $76 million on mobile advertising over the same period.

We want to thank all the marketing executives who took the time to talk to Mobile Marketer about their expectations for 2008. Please read what they have to say and reach out to them. They know how mobile works.

Also, many thanks to Mobile Marketer's dedicated editorial staff – Giselle Abramovich, Reva McEachern, Lauren Mooney and Miguel Rosario. They know they are defining a new genre of marketing journalism with their coverage of mobile marketing. Our reporting mandate is simple: How are marketers using the mobile channel alone or in conjunction with others for branding or customer acquisition or customer retention?

We hope you enjoy reading this issue and that it helps you make better mobile marketing decisions in 2008. Feel free to contact us with ideas and tips. Also, we'd love for you to sign up for our free newsletters to receive the latest mobile marketing news and analysis first thing in the morning. Simply click here to subscribe or visit http://www.mobilemarketer.com/newsletter.php – it takes only a few seconds. And please spread the word, too. Thank you.

If you have to start somewhere in Mobile Outlook 2008, the interview with the Mobile Marketing Association's Laura Marriott is a good place.

Another piece not to miss in Mobile Outlook 2008 is the huge exclusive we have: an in-depth interview with Sophia Stuart, the executive who runs mobile at Hearst Magazines, one of the world's largest magazine publishers. She defines mobile as we'd like to and as marketers should: "Delightful Solutions on the Go." ∎

Mickey

Mickey Alam Khan   mickey@mobilemarketer.com
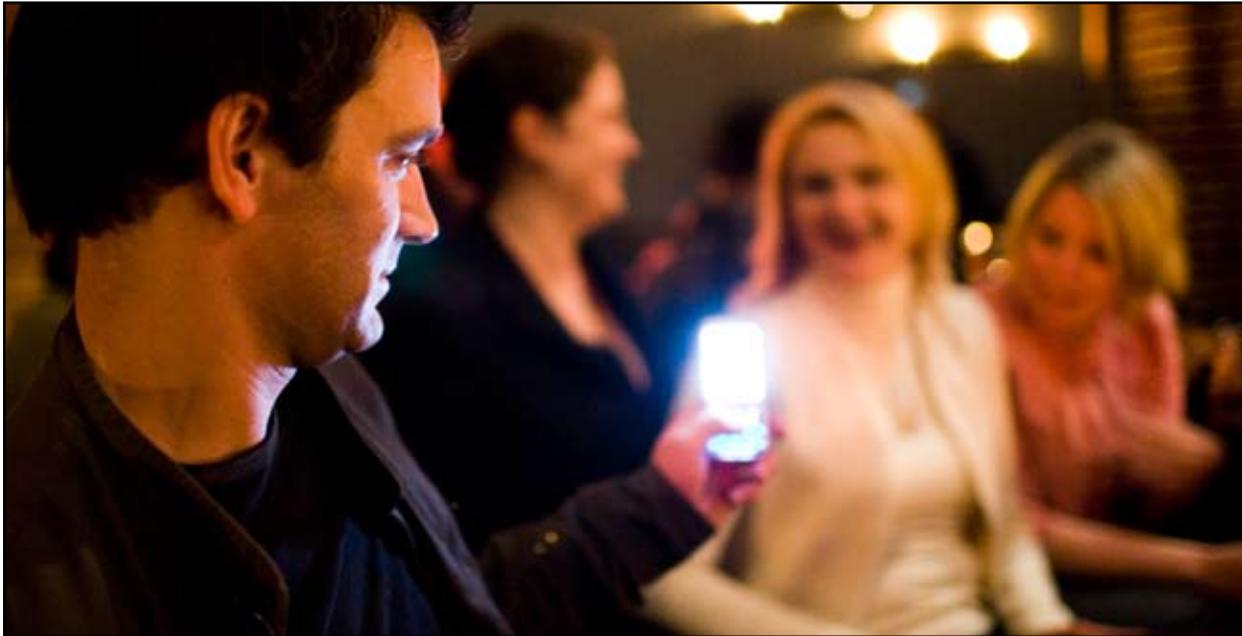
2008 is year of image-based campaigns: MMA's Marriott

By Mickey Alam Khan

As marketers and consumers realize the full potential of the mobile channel, expect more smart marketing to take off on the handset. In a way, mobile marketing's growth trajectory is similar to Internet marketing's in the late 1990s. But the mobile channel will benefit from the Internet as it coops interactivity in its applications.

Laura Marriott is president of the Mobile Marketing Association, the premier trade body for the industry. Not only is membership growing, but so are the number of campaigns and the size of budgets allocated to mobile marketing. The key challenge, though, is to convince the majority of global marketers to get off the fence and have skin in the mobile game.

In this exclusive interview with Mobile Marketer's **Mickey Alam Khan**, the peripatetic **Ms. Marriott** discusses mobile trends, issues, standards, market acceptance and opportunities. One thing she'd like to see less of: trade shows. Excerpts from the interview.

What's the outlook for mobile marketing in 2008?

Mobile marketing has started to take off worldwide. In the last few years we have seen campaigns grow from the single digits to the tens of thousands and I expect that 2008 will be no different.

Worldwide, we have seen a predominant number of text-based campaigns and as new handsets and networks are deployed, I expect that 2008 will be the year of image-based campaigns – video, television, MMS, mobile Web and so on.

These image-rich experiences will not only attract more brands to offer innovative and compelling mobile marketing campaigns, but we should also see an increase in consumer adoption – hence an expansion to reach – as wireless operators offer more aggressive data-pricing packages in order to encourage adoption. 2008 will be an exciting year.

Any key trends stand out?

Trends we can expect to hear a lot about next year include:

- Mobile commerce for couponing, ticketing, bar codes and loyalty programs
- Mobile advertising via all media types: voice, messaging, video and television, mobile Web and downloadables
- Mobile search
- Voice-based mobile marketing campaigns. Often regarded as a forgotten media channel, voice is returning consistent high-figure consumer response rates
- Measurement – the key to measuring the success of all of these initiatives in a consistent manner to drive brand adoption of the mobile channel
- Profiling and targeting. As an industry, we are working collectively with the operators to determine how to extract customer profile data to offer more relevant information and campaigns to the consumer
- Education. We are focusing on overall education. Educating the brands on how to use the mobile channel in a manner which protects consumer privacy and consumer experience. Also, educating the con-

sumer on how to use the more advanced data functionality on their devices and how to interact with mobile marketing campaigns as controlled by them and their experiences.

- Location-based services. Something we have talked about for years, but is 2008 really the year for LBS?

Has mobile marketing finally gained market acceptance? Or is it still striving to make a case?

For those early adopters, mobile marketing has definitely gained acceptance and we are beginning to see multimillion-dollar budgets allocated to mobile. In fact, in many cases, mobile has become a line item in a brand's budget and not simply a portion of interactive or digital spend.

Overall, however, experience with mobile has not reached the large majority of brands. We are still seeing a large number of trials globally.

The brands that tend to get involved seem to be those that want to be in front of the consumers more – travel, entertainment, quick-service restaurants, consumer packaged goods, automotive, financial services. To these types of brands, mobile marketing has definitely gained acceptance.

The entry of Google, Yahoo and Microsoft: does that signify anything for the mobile channel and mobile marketing?

It is great to see these large players involved in the mobile marketing arena. Each has long been a participant in mobile. But to see them ramping their investments – a la acquisitions – around mobile marketing and advertising, it helps increase the focus and opportunities for the broader industry.

How far behind or ahead is the United States in its use of mobile marketing, media and commerce? If it's behind Europe and Asia, what are some of the reasons?

A long-time debate. I believe it is less about who is ahead or behind and more along the lines of how we are collaborating across local and regional boundaries to drive creative and innovative campaigns globally.

Each region has now begun to learn from the other and global brands can now work across geographic boundaries to launch campaigns. We are seeing creativity and innovation worldwide.

Laura Marriott, Mobile Marketing Association

When I do reference global, we always need to remove Japan and South Korea as these are climates excelling on their own schedules – in some cases far ahead of every region of the world.

Is mobile at a point where you can run a stand-alone campaign? Or is it still reliant on other channels in the media mix? It seems that a multichannel approach would be preferable.

The MMA always counsels to use mobile as part of a cross-media marketing initiative. Integrating the mobile call to action within traditional print or digital media is key to its success.

Thus, integrate mobile into print, radio, television, online, etc., in order to maximize the opportunity to create a dialogue of engagement between brand and consumer.

Who's leading the charge in mobile -- handset manufacturers, wireless carriers, advertisers, service providers or consumers?

The great thing about mobile is that we have a complex ecosystem which requires the cooperation and collaboration of all in the ecosystem.

As an industry, we have been working together for years to drive the development of a sustainable ecosystem where all players are collaborating to drive the success and adoption of mobile for marketing purposes. The MMA's membership of over 500 companies globally is a good indicator of this collaboration.

Any mobile campaigns that you liked this year?

There have been some excellent campaigns from all over the world. In our annual awards program for 2007, we received over 260 applications across 12 categories profiling some of the best of the best globally – double the number of submissions from 2006.

I would recommend looking at the MMA Awards Program 2007 winners and finalists, which are profiled in our Mobile Marketing Guide. All represent excellent initiatives across automotive, retailer, travel and so on.

I can't wait to see the submissions this year. In fact, we received so many submissions last year that we will more than likely move to a regional awards program in order to deal with the sheer volume of applicants. Truly outstanding and a reflection of the success of our industry.

What milestones did mobile marketing achieve in

2007?

Tough question, there have been so many. From a Mobile Marketing Association perspective, we have launched global guidelines for mobile advertising for the mobile Web, which define creative formats to help ensure a consistent consumer experience.

We have updated and re-launched our Code of Conduct which protects the privacy of the consumer interaction. We have launched over 10 new educational white papers and guidelines documents. We have expanded the association into regional chapters including EMEA [Europe Middle East and Africa] and APAC [Asia-Pacific].

And we have expanded our membership to over 500 members worldwide. It was a significant year of growth for all in the industry.

From an industry perspective, I believe 2007 was the first year that brands actually started to share their success stories for mobile. Not only details of their campaigns but their success rates. The campaigns have seen enormous success and sharing the case studies only helps to drive adoption.

A successful channel requires marketing, media and commerce capabilities. Does mobile qualify?

Absolutely.

What are the Mobile Marketing Association's plans for 2008?

In the past, we have defined our growth based on membership acquisition and diversification of membership classification, getting our diversify ecosystem represented appropriately.

In 2008, we will be heavily focused on ensuring the guidelines that we produce are in front of the market, protecting consumer experience, for all mobile media types worldwide so that we can ensure a self-regulated industry.

Measurement also plays a significant role for us in 2008 and we are collaborating with organizations like the GSM Association to ensure we represent the needs of our broad and unique mobile community. Stay tuned for more on our 2008 plans.

For all the excitement around mobile, there are challenges to face as well. What would you say are mobile's biggest challenges in 2008?

Reach. Ensuring consumer adoption of richer data services will provide marketers the reach that they are looking for through the mobile channel.

Also, measurement. Consistent definitions and reporting to ensure campaign success can be measured similarly across operators, vendors and geographies.

Finally, there's education. Educating all in the ecosystem how to follow the rules and offer campaigns that adhere to the rules, as well as educating the consumer on device capabilities and services adoption.

Will the issue of common industry standards be resolved next year?

It is one of the goals of the Mobile Marketing Association. A consistent set of guidelines and best practices will facilitate ease of market development and entrance for all.

The MMA is at the forefront of this development for
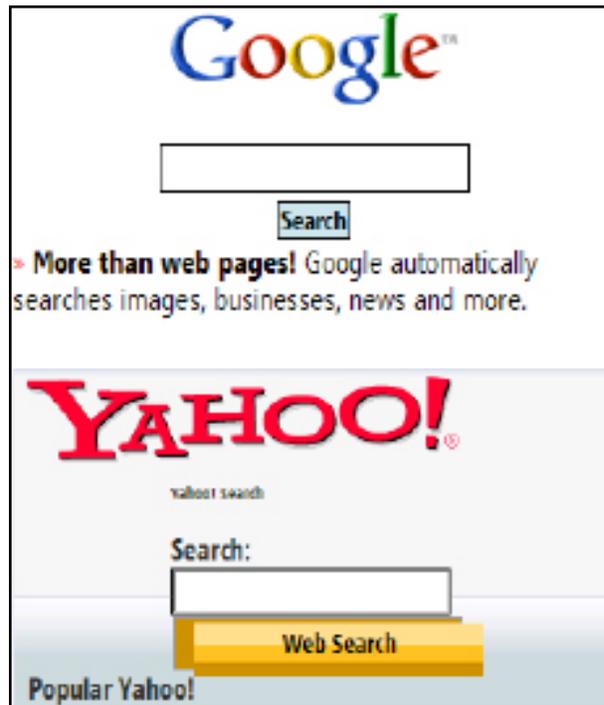
mobile marketing including guidelines for cross-carrier mobile content programs, code of conduct, mobile advertising, mobile search, mobile commerce, mobile video and so on.

Ensuring consistency will encourage rapid adoption and, ultimately, revenue generation for all players in the space. Lack of collaboration across players and industry bodies will only cause confusion and lead to the overall delay in adoption. The MMA is working with global and regional industry associations in order to ensure consistency of guidelines and best practices.

What are marketers doing right in mobile? And where are they erring?

Tough question, Mickey. This is so specific to each campaign and each media. I think an overall message is to keep it simple and keep it relevant. We want the consumer to keep coming back and derive value from their interactions. As long as we can do this, we can ensure success.

So if you had to change one thing in mobile marketing in 2008, what would that be? And the one thing you wouldn't change?

The one thing I would change – fewer shows! Maybe it is just that it is a yearend thing, but I believe a common complaint across our industry is that there are too many trade shows and conferences. Let's work together to ensure higher quality programs and fewer shows.

Wouldn't change – community! The mobile industry is a tight-knit community of folks who are working together to create new opportunities for consumers and marketers. It is an exciting place to be, and the passion, commitment and enthusiasm that pours from the faces of those in the space is like nothing I have ever experienced before. Mobile marketing is a great place to be.Thank you all for your determination and commitment in 2007, it has been a blast.

Reach Ms. Marriott at laura.marriott@mmaglobal.com. ∎

More targeted and creative mobile campaigns

By Giselle Abramovich

Direct marketing or brand advertising – the march toward more sophisticated mobile advertising is gathering strength.

Experts predict that mobile ad campaigns will reflect a more extensive use of SMS-oriented PIN code transactions, increased numbers of WAP sites and a jump in the amount of event- and artist-driven mobile efforts.

"There will likely be more event- and community-specific campaign initiation," said Peter Diemer, executive vice president of strategy and development of Hip Digital Media, Vancouver, British Columbia, Canada.

"There will be more direct targeting of the consumer through various channels – age, demographics, individual stats and preferences," he said.

Hip Digital is a digital music marketing company that works with marketers to create digital music promotions. The company offers CRM services and incentives such as music gift cards, direct marketing, retail bonuses and loyalty rewards.

To better target mobile consumers, Mr. Diemer anticipates strong use of existing database marketing. In addition, loyalty plans will allow marketers to be more directly engaged with the consumer.

With the increasing number of artist-driven mobile marketing campaigns, the audience base might be smaller in aggregate terms. However, the total audience reached through these types of campaigns will sharply increase, said Greg Scholl, president/CEO of The Orchard, New York.

"Today, few artists reach their fans through operator portals," Mr. Scholl said. "As platforms continue to open and toolsets evolve, artists will begin to use the phone as a more integral part of cultivating and building their audiences.

"This will strengthen artists' relationships with their core fan bases, which logically should drive digital music sales, ticket sales and the like," he said.

The Orchard provides digital music, video and new media services. It has a catalog of more than 1 million music recordings for sale and 4,000 hours of video content under management from artists, producers and labels.

Targeting? Bull's aye

Mr. Scholl believes that addressable networks of artists will emerge, with the opportunity for brands to buy

Greg Scholl, The Orchard

across them and message to highly targeted audiences. In turn, artists could even participate in the advertising revenue.

"It's something we're working on at The Orchard," he said.

For marketers, increased use of the mobile channel as a marketing medium means broader reach of the mobile consumer, with very targeted campaigns, said Nick Montes, president of Viva Vision, San Diego.

"This means huge opportunities to speak to, and engage with, their target audience," he said.

Viva Vision provides branded, user-generated and original mobile video programming worldwide.

The rapid evolution of traditional marketing channels will shift the allocation of marketing dollars. In addition, as these channels fragment and fracture, audiences are becoming more sophisticated and are raising the bar in terms of creativity, production and context.

More importantly, the degree to which campaign effectiveness can be measured is increasing, so the return on a brand's marketing spend is becoming more transparent, Mr. Scholl said.

"It is a formidable challenge for marketers, and especially for agencies," Mr. Scholl said.

"While brand marketing will remain important, direct and targeted marketing will become more sophisticated and more a core part of the marketing campaign: more programs with smaller reach, more expensive from a CPC or CPM standpoint but presumably, more productive and measurable in term of effectiveness," he said.

Technical limitations will begin to become less of a point of contention with marketers, as there is currently an abundance of technology and software.

Rule call

A common lament from mobile marketers is the lack of operator guidelines and how it constrains the channel.

This is changing.

"Google has contributed by giving developers tools to innovate, following the path Facebook took with regards to opening their platform on the PC and distributing a Facebook application for BlackBerry," Mr. Scholl said.

"Even Verizon, a company that has traditionally been very top-down in controlling its marketing, made a similar announcement recently, the broad theme being, it's good for operators to let third-parties create value, because that creates value for operators' subscribers," he said.

Developing meaningful promotions that will work across platforms that target a mass audience is one of the challenges Viva Vision's Mr. Montes predicts for 2008.

"This may create a unique opportunity to micro-target and micro-manage smaller and more highly targeted and less costly campaigns," Mr. Montes said.

"The flood of new devices coming into the marketplace will confuse the average consumer," he said. "Another challenge will be to find a way to make delivery and fulfillment cost more effective."

Here are some other issues to expect this year: Getting smart about how to aggregate large audiences from lots of smaller, more targeted ones, and rolling out cost-effective programs in that context.

"Agencies must develop campaigns that prove consumers respond to mobile ads and are reading and responding to opt-in text messages and the like, let alone more sophisticated and ambitious types of programs," The Orchard's Mr. Scholl said.

Put simply, marketers need to clearly define their mobile goals and objectives.

Consumers need to be given more than just one reason to use their portable device for more than just communication. Converging mobile devices as media players, games and PDAs – they become more important in everyday life and will therefore be used more.

"One good rule of thumb might be to make sure campaigns work ubiquitously across all operators," Mr. Scholl said. "Ubiquity is critical – to reach and accomplish objectives, and to ensuring a good user experience." ∎

A Google face-off with Apple? Bite me

By Lauren Mooney

Smarter phones and smarter companies – that's the combination that **Tony Hilton** is betting on for next year.

Apple's iPhone and Google's insatiable ambition are going to influence mobile advertising and commerce in 2008, according to Mr. Hilton, president and general counsel at ICE Innovative Technologies, a marketing service for the entertainment industry. Mobile Marketer's **Lauren Mooney** interviewed Mr. Hilton. Excerpts:

What is the key trend in mobile advertising in 2008?

With Google stepping into the cell phone business with their offer, the mobile industry is going to respond with an entire host of capabilities to compete. The mobile industry will do everything from developing their own capabilities to using new technologies that pop up, all to squeeze Google into a corner and maintain their long-standing control.

How will 2008 differ from 2007 in mobile advertising?

Many economists say we are entering a recession now, so money is going to get a little tight when it comes to spending.

However, there is opportunity that still remains in mobile. Apple has set a new standard for the mobile industry, and the next-generation iPhone will raise the bar even higher. We're already seeing new phones with an iPhone look-and-feel but offering more features, so to see what comes out in 2008 should be interesting.

However, more than that is the newfound surge of interest in mobile advertising. Some might think it isn't new at all, but much of the offerings to date have been a little lackluster.

Google's influence, once again, is at the heart of what will be a major wave in new advertising models. A lot of money will be put into competing with Google, and a lot of money will be made by the right type of model. Though I think you won't see a model step to the front until the latter half of 2008, if one manages to appear

What does this mean for marketers?

The most obvious answer is new opportunity. There will be a major flow of marketing efforts to take advantage of new channels into consumer brains through mobile.

Much like how banner advertising experienced its surge in the mid- to late '90s as a new channel for mar-

Tony Hilton, ICE Innovative Technologies

keting, every advertiser and marketer will fall all over each other to snatch up the opportunity to make use of new mobile marketing channels.

Every single model that comes forward will be tested and used, including, and because of, Google. Then, we'll see which one will rule in mobile – Google or something else.

What other trends do you anticipate in 2008?

I believe the trend is, and will remain, convergence. Phones are getting smarter and smarter, and this trend has led to a consumer expectation that requires the mobile device to be a mini-desktop computer in your pocket.

Consumers are looking for their mobile device to be everything the traditional desktop computer is and everything the laptop isn't – a connection to the world, and tool for work, and a toy for play, all in their pocket.

"An iPod, a cell phone, an Internet communicator" – these were the words that got the crowd roaring when Steve Jobs announced the iPhone, and what made the iPhone a big seller on release day. Now it's going to be more: an iPod, a cell phone, an Internet communicator, a movie theater, a word processor, a book [and] a gateway to the universe.

What were some key developments in 2007?

Once again, though some would find other movements forward more prevalent, the key development in mobile commerce for 2007 is convergence. Why? Because it's the herald to 2008-2010. Merging [the] iPod into a phone with total Internet capability is the pathway to the future.

Mobile advertising is becoming more and more prominent, and the iPhone opens the field to bigger and better efforts. As new mobile technologies are released, you will see a true emergence of mobile marketing beyond the text-message campaign.

Who do you anticipate will be key players in this area in 2008?

Apple will remain a key player, as will Nokia, but Google will emerge as the next big player. It remains to be seen, however, as to whether their role will simply be as an impetus for bigger and better things, like TiVo, or if they will become a major force in the mobile world as they became in the Internet universe. The former is more likely.

What challenges do you think mobile commerce faces in 2008?

The biggest challenge faced by commerce is always the same – an offering that just makes sense to consumers. Many times features are offered with prominence in mobile devices that turn out not to be a significant draw.

What was a significant draw in 2007? An iPod, a cell phone, an Internet communicator. Better versions of old staples. The industry should start there before trying to wow consumers with new features.

Is mobile commerce fully integrated with the other channels or will it be in 2008?

[The] iPhone has provided the convergence into the other channel, but it's still limited. An easy-to-use interface coupled with access to Web content is a drastic step forward in this regard, but until a user has the full range of Internet use available on mobile that they have on their computer, there will always be a limitation to the impact of commerce from the other channel. If I can't play Flash on my iPhone, how will I see some of that Internet video marketing?

What is the one thing marketers should do this year in commerce?

Think outside the box. Marketers know their business well enough, the issue is finding different avenues to use their craft. Don't just use what you know works, find the new stuff you don't yet know works. It's coming, just be open to experimenting. ∎
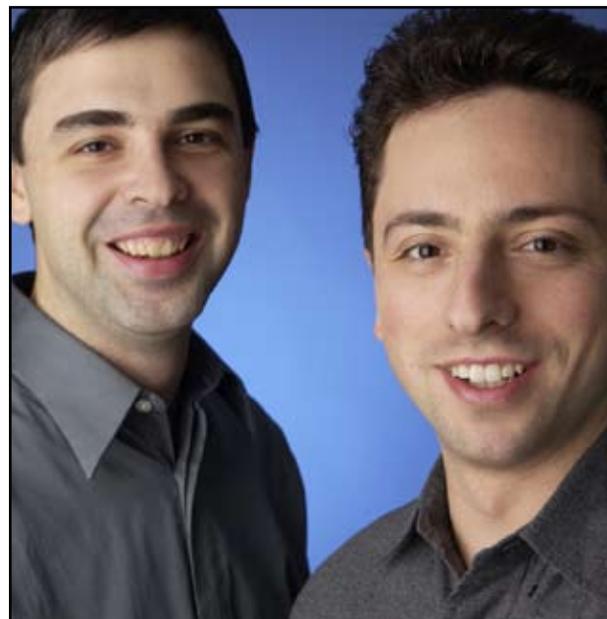
No leaders – only competitors in mobile banking, payments

By Lauren Mooney

An estimated 1.1 million consumers signed on to mobile banking in 2007 as the nation's leading banks offer that option. But the market for mobile payments is currently limited to purchase of content such as games and ringtones.

So says **Charul Vyas**, analyst for the emerging technologies service at TowerGroup, Needham, MA. In an extensive interview with Mobile Marketer's **Lauren Mooney**, Ms. Vyas discusses trends, challenges and opportunities for banks, payment service providers and consumers in the new but promising mobile channel.

As Ms. Vyas said, "Today there are no clear-cut leaders or key players in the mobile banking and payments space – there are only competitors." Excerpts from the interview:

What is the key trend in payments and banking this year?

One of the key trends in mobile banking in 2008 will be midsize to small banks investigating and deploying mobile banking services.

To date, we have seen most of the 10 largest banks in the U.S. offer services and a handful of medium and

small banks have taken the leap. As large banks see continued growth in mobile banking users, other financial institutions will take notice and are sure to follow suit.

As far as mobile payments are concerned, this space is not as developed in the U.S. market, so I think we will see more suppliers enter the space and more expansive offerings by players that are active in the traditional payments space.

Today, mobile payments are limited to the purchase of digital content to be used on the phone itself, such as games and ringtones. I don't see this changing significantly in 2008 and believe it will be a few more years before we see mobile payments that are mainstream.

Regarding both mobile banking and mobile payments, it will be yet another investment year as players in this space continue to work to build the right ecosystem and the right business model.

In addition, this space will garner media attention, as well as more technology suppliers and solution suppliers will enter the market.

How will 2008 differ from 2007 in payments and banking?

2007 was the first year of mobile banking, but some of the systems launched were very basic and limited.

Charul Vyas, TowerGroup

In 2008, there will be a continued evolution of mobile banking services and also more intelligence wrapped around these offerings – for example, more customer analytics, more focus on income opportunities, more attention on attracting and retaining customers.

What does this mean for marketers?

Offering a new product or service is not beneficial if no one knows about it or uses it, therefore marketing will be key to the success of mobile banking and payments.

Consumer education through marketing and advertising will be instrumental in growing this space. The most effective way to reach consumers regarding mobile banking and payments in the near future will be through traditional media outlets such as print and television advertising as well as Internet advertising.

At this point, marketing mobile banking and mobile payments services directly to consumers on the handset may not be the most logical next step, as there seems to be a lack of customer analytics on how to make the mobile phone an effective and relevant advertising channel.

What other trends do you anticipate in payments and banking in 2008?

In November, Qualcomm purchased the mobile banking supplier Firethorn, and we believe that there are more acquisitions and mergers to come.

We believe that the dominant players in the mobile, Internet, payments and information technology space will consider acquisitions that could help drive their own mobile payments and banking strategies.

In addition, we are really just getting started in the mobile banking and payments space, so there is sure to be more investment in the area and more venture-backed companies emerging.

What were some key developments in payments and banking in 2007?

Unlike the mobile banking initiatives at the start of the decade, mobile banking today is a reality and we don't think it will fade away. In fact, we believe the opposite.

In just 2007 alone, there were mobile banking deployments by nearly all of the top 10 banks in the U.S.

In addition, there has been strong uptake in mobile banking adoption. Mobile banking went from near zero at the start of 2007 to ending the year with more than 1 million active customers.

Who do you anticipate will be key players in this area in 2008?

Today there are no clear-cut leaders or key players in the mobile banking and payments space – there are only competitors.

As the ecosystems continue to be defined, mobile operators, incumbent financial firms – credit card companies, card associations, payments processors, etc. – and venture-backed companies will all be key players in the coming year.

What challenges do you think payments and banking faces?

I think consumer education, getting the services into the hands of consumers, as well as consumer concerns about security will continue to be challenges in 2008.

We believe it will largely be up to the banks to educate their customers about new mobile banking offerings.

As mobile banking services continue to evolve and become more dynamic, getting these services to the handset and provisioning the devices will become increasingly important.

Regarding security, banks need to take steps to assure their customers that accessing their personal data via a mobile phone is safe and secure.

This last point will become increasingly important in the coming years as we move down the path toward mobile payments.

Is mobile payments and banking fully integrated with the other channels?

The reality is that neither mobile banking nor mobile payments are fully integrated with the other channel, and while that is ultimately the goal, we are not there yet and we won't likely get there in 2008 either.

It takes time for any new channel to become integrated with a financial institution's other channels and the same will be true for mobile.

What is the one thing marketers should do in 2008 in payments and banking?

Now that mobile banking is a reality, marketers should focus on getting the word out about the services in an effective but non-intrusive way.

In addition, there is opportunity to use smarter analytics and examine customer segmentation to make the service as relevant and useful to consumers as possible. ∎

Click here for TowerGroup's U.S. mobile banking forecast.
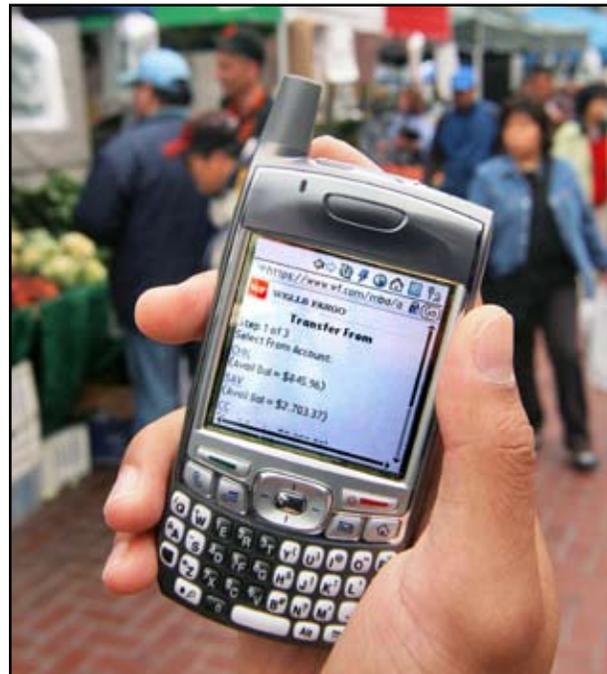
New Year's resolution:

Think big

Buy towers

B-u-d-g-e-t: Yeah, search that on your mobile

By Giselle Abramovich

When volume meets hype and technology, mobile search's day will have arrived. Still, there's no denying that as more people use the mobile phone as their gateway to the Internet, search activity will increase. Local search will be the biggest beneficiary.

Phil Stelter, director of business development at Range Online Media, is a cautious man. Tracking, content, accessibility and audience addressability: these are some of the issues that will determine mobile search's growth. That said, marketers are beginning to experiment with mobile search, he tells Mobile Marketer's **Giselle Abramovich**. Here's the detailed conversation.

What is the key trend you see in mobile search this year?

Watch for an accelerating evolution of mobile use cases. In the U.S., as much as I hate to cite the iPhone as a major driver, people are truly beginning to regard their mobile phone as a gateway to the Web – a means of accessing the information they previously only got via their laptop Internet connection. As this happens, search volume, especially around local or contextual content, will undoubtedly increase.

Already in the U.S., according to ComScore, the average person does 74 searches a month. With an estimated 243 million U.S. mobile subscribers and JupiterResearch reporting at least 10 percent of them browsing the Internet on their phones in the last six months, the potential for mobile search to hit critical mass in the near future is undeniable.

How will 2008 differ from 2007 in mobile search?

I don't know that it will differ much from 2007. Clear-

ly mobile search has garnered more attention from marketers. But as a legitimate channel of significant volume, not to mention capable of satisfying search marketers' direct-response goals, I wouldn't bet on significant budgets being put against it.

As tracking improves and volume increases, marketers will move from testing the waters to truly beginning to understand how mobile search marketing can actually benefit their overall marketing program. It will happen but more gradually than the hype might lead us to believe.

What does this mean for mobile search marketers?

While the revolution will happen, there is considerable groundwork required before we get there. This is

the stage when mobile marketers can get ahead of the curve and prepare. Have you built out content to address mobile audiences? Are you prepared for accessibility issues? Planning to address mobile audiences?

Good preparation from a mobile SEO perspective in the coming year could mean the difference between capitalizing on an emerging channel in the early stages or facing a significant opportunity cost down the line.

Consider the companies that optimized their sites for search engines in the late '90s. They reaped a massive volume of traffic and learned key lessons when it was not costly to do so. There are companies nearly a decade later that are still just beginning to realize the work they need to do and the cost of their delay.

What were some key developments in mobile search advertising in 2007?

Okay, I'll say it again: the iPhone. The iPhone really pushed mobile back into the spotlight legitimately for the first time in over half a decade.

I still think we're seeing a lot of experimentation going on, with mobile search taking a variety of forms including the classic browser search box, SMS searches and Goog411.

The variety of players and strategies at this stage, from Medio to AOL or Yahoo's oneSearch, for mobile versus Google's ubiquitous search box all indicate a focus and momentum that bears attention but also a frustrating landscape of development for an audience that doesn't really yet exist.

Tracking is the other piece that seems to have taken some form in 2007 but still needs to be sorted out in 2008.

What other trends do you anticipate in mobile search for 2008?

In mobile search specifically, I would expect more experimentation.

I would also keep an eye on the impact social networks may have. The right execution to extend social networks into a mobile context could have profound implications on the way in which we use our mobile phones. Search could benefit from such a shift.

Who do you anticipate will be the key players in mobile search in 2008?

Medio, Google, Yahoo, Microsoft, AOL and countless creative mobile search marketers who will unlock the real potential of what these companies are building.

What is the size of this market?

It's not the size, it's the potential. Mobile search today is inconsequential for most marketers.

If the question is, why mobile matters for search, the best company to ask is Google. Did I mention the 243 million U.S. mobile subscribers? According to Media-Mark, the number of households that are mobile-only now outnumbers the households with only landlines.

What challenges does mobile search face in 2008?

The short list is volume to gain legitimacy, education to help marketers understand the opportunities, companies and content providers willing to adapt their sites for mobile platforms, and tracking to bring metrics that justify marketing budgets.

This, of course, excludes the more fundamental challenges of carriers, manufacturers, ad networks, content providers and users all battling for control of the mobile experience.

In terms of growth, expensive carrier data plans are probably the biggest obstacle. JupiterResearch did a study that showed 27 percent of respondents would be motivated to use

Phil Stelter, Range Online Media

Web-based services on their mobile phones if the pricing came down.

Is this medium fully integrated with the other channels? Will it be in 2008?

Mobile search is not fully integrated in most marketing plans. It doesn't carry the critical mass necessary and I would be surprised if it gained that mass in 2008.

What is the one thing marketers should do in 2008 in mobile search?

Adapt their site and content for mobile audiences to access. If you do nothing else to address mobile searchers, make your site accessible and usable. Even if you choose not to invest a single dollar to promote yourself to this growing audience, take a few simple steps to ensure your site can be found and that the experience is a positive one. ∎

A free, ad-supported mobile video model? Possible – and preferable

By Giselle Abramovich

Better handsets and an open mind may make the market for mobile video more appealing in 2008. But a leading online ad network expects Internet television on mobile to outshine video, though speed of delivery will be an issue.

In a conversation with Mobile Marketer's **Giselle Abramovich**, BiggerBoat cofounder and CEO **Adam Lilling** places his bets on a free, ad-supported mobile video model versus a fee-based system. The market gets to decide, but agencies and marketers will begin testing in the months ahead as the masses start consuming TV on mobile.

What is the key trend you expect to see in mobile video in 2008?

I'm going to seem U.S-centric but it's because the U.S. is far behind Europe and Asia in mobile video. It's really hard to talk about trends in Sub-Sahara and New York City at the same time.

Two of the key trends I see are, first, major network television shows appearing on your handset. It won't be enough to call it saturated, but there will be a lot more great programming hitting the mobile phone in the U.S.

Next, great applications to share, discover and connect video. With Android and the Open Handset Alliance, we'll see third-party developers create innovative ways to share, discover and connect to important news, sports clips and other short form mobile video.

How will 2008 differ from 2007?

Openness and even more phone-crashing. We'll see the Wild West get crowded through third-party applica-

tions, but our phones crash a lot more, not less.

If you expect Verizon to deal with the integration of an independent app on its network, you're kidding yourself. But with an open platform comes better broadband video.

Internationally it's amazing. Look at the new Sling Media SlingPlayer that hits the U.K. this month.

I also think the [Beijing] Olympics play a role in 2008. At some point in the evolution of mobile video – probably in 2008 – there will be a moment, maybe it's a gold-medal moment at the Olympics, maybe it's unfortunately related to terrorism, but mobile video will begin to show its value when people want immediate access and all they have connected to the Internet is their mobile phone. I think 2008 will have that inflection point.

What does this mean for marketers? What opportunities arise?

For U.S. marketers, interesting branded content delivered over mobile should begin to get notice. But I don't think 2008 will be about the marketers.

I know, we're an ad network, but our bets are on Internet television breaking out to the masses in 2008, not mobile video. I think the opportunities for marketers will be more testing and curiosity than a line item in the marketing plan.

Our goal for 2008 is to experiment and get metrics on what people respond to. To us, someone wanting to reach a specific audience while they're watching NBC's "Scrubs" works on the mobile phone as well as the PC.

The two issues are format of the ad and length of the content. Since it's only clips and not the whole shows being transmitted – though Sprint has ABC shows in their

entirety, so watch out world, here we come – I think 2008 isn't the year of the marketer in mobile video here in the U.S.

What other trends do you anticipate in mobile video?

Free. I think MobiTV is great but I'm not ready to pay $9.99 for clips from NBC comedies. I'm not even getting the whole show. I should get the whole show ad-supported while I'm waiting at the airport.

Now that the networks are getting 40 to 50 cents per viewer hour on the PC, free, ad-supported is coming to U.S. mobile phones.

I think television networks and video suppliers have learned from the record labels' mistakes and are seeing great success from ad-supported Internet television. I think a lot of that will translate to mobile.

I know people say, "Who wants to watch TV on a two-inch screen?" but I would have said the same thing about grainy videos on YouTube.com.

What were some key developments in mobile video in 2007?

I think the three developments were iPhone, YouTube on iPhone and iPhone.

Who do you anticipate will be key players in this area in 2008?

Google, Verizon, Nokia and Apple are my bets. But the great thing about mobile video is that the YouTube for mobile video isn't necessarily going to be YouTube.

MobiTV is a great example of progress in the U.S. mobile video market, but someone will come along and offer it for free, ad-supported, even without the ads for now just to own the market share.

There's too much money out there, it will accelerate the market faster than organic demand. The same thing happened with the Internet bubble in the late '90s. Only this time, there is a real economic value in the worldwide handset market which can help avoid the pitfalls of the late '90s.

What challenges do you think mobile video faces in 2008?

Speed. If you look at the growth of broadband video to the PC, it tracked the adoption rate of cable and DSL. I have the hardest time watching a one-minute clip on my Verizon phone – EVDO – and it reminds me of my Internet ventures of 1996-1997.

Adam Lilling, BiggerBoat

Is mobile video fully integrated with the other channels or will it be in 2008?

Definitely. However, I don't think it will be 2008. We're spending a lot of our efforts on Internet television in 2008 and though I think the conversation is reaching critical mass, marketers will still be in testing mode in 2008.

There are great opportunities for mobile advertising internationally right now, but in the U.S. I see more opportunity with coupons and other interesting ad units within mobile, just not surrounding video.

I do think mobile video will get its Second Life moments in 2008, which to me is just the rush for press and to make sure when a marketer is asking the agency if there are any mobile video opportunities they can then say, "Yes we're testing that."

What's the one thing marketers should do this year in mobile video?

Try something. Anything. Customize some video content, sponsor some of the greatest movie moments of all time. Most importantly, don't miss out on the Olympics. Basically, learn. ∎

Mobile music will thrive on ad support, sponsorship

By Lauren Mooney

If the mobile music market is to grow, it has to go beyond single song or ringtone sales toward a model more reliant on advertising and support – just like radio.

That advice, from eMarketer senior analyst John du Pre Gauntt, is key as the music business struggles to survive the impact of the Internet on packaged music sales. It is imperative for music companies to get the mobile channel right, not fighting consumer trends but responding to them. Mobile Marketer's **Lauren Mooney** interviewed Mr. Gauntt. Excerpts:

What key trend do you see in mobile music in 2008?

Much more ad-supported. For example, the MySpace and Sprint deal. It will get more sophisticated. The ad-support may not be as sophisticated [now] because of how many places there are to download.

How will 2008 differ from 2007 in mobile music?

Overall, the price plan for mobile music is going down, down, down. The days of $1.99 songs are in the last legs. Sprint supports 99 cents for full downloads. The [price] decline is happening earlier.

What does this mean for marketers?

The mobile music economy will become much more ad-supported, like the present state of radio.

What other trends do you anticipate in mobile music in 2008?

Mobile music has been sold as an individual song or ringtone. Some of the developments in mobile music in 2008 will be mobile music integrating itself into part of a larger campaign. Not mobile-specific, but have a mobile component.

What were some key developments in mobile music in 2007?

The MySpace and Sprint deal. I still believe that MySpace is mainly a community for discussing music and music lifestyle. The music lifestyle market and the music market are not entirely separate, but they are different.

Who do you anticipate will be key players in this area in 2008?

Apple, Nokia, MySpace, Sprint, Universal.

What challenges do you think mobile music faces in 2008?

The iTunes music economy is much more sophisticated than the mobile music economy. A challenge is to finally get a value chain of carriers and enablers and to get a nearly standardized deal for the Internet music economy.

Is mobile music fully integrated with the other channels?

The music industry fought the digital music industry in a way that wasn't smart. The global music industry has shrunk 20 percent.

John du Pre Gauntt, eMarketer

What's the one thing marketers should do in 2008 in mobile music?

Music marketers need to switch to more ad support and sponsorship. They have got to find more sponsorship-type of deals. They can't retail their way into saving the music industry.

Other marketers, such as food and beverage marketers, have already proved that sponsorship definitely works. For example, Bacardi started a radio station that plays dance music. Instead of buying radio spots, Bacardi is the radio. Then there's the Nokia and Universal business deal that is all-you-can-eat mobile music. ∎

Tune into music's potential for customer acquisition

By Lauren Mooney

Will mobile be music to the ears of many in 2008?

Irv Remedios, vice president of marketing at mobile networking service Mozes, said that every year the promise of mobile marketing seems "just a few years away." But marketers are starting to realize the channel's potential for memorable campaigns targeted at music fans.

"Consumers are also willing to interact with the bands and artists that they love," Mr. Remedios said from Palo Alto, CA. "There's really no need to wait for some whiz-bang mobile technology that functions on just 3 percent of devices to become mainstream years from now."

Mr. Remedios said marketers should provide customers with a complete experience by integrating some element of mobile – SMS, IVR or the mobile Web – into every campaign they run. By doing this they will be able to connect and create a conversation with their most passionate customers.

"There is going to be a larger number of artist-driven mobile marketing campaigns with artists that have smaller audience bases," said Greg Scholl, president/CEO of The Orchard, a digital distributor for independent record labels.

Because of this phenomenon, expect the total audience for such campaigns to grow.

In essence, the mobile device will become a way for artists to connect, cultivate and build their audiences – just like their Web sites are meant to do. Overall music sales should jump as well, taking a market that is led by one-off transactions into one that is relationship-driven.

Mr. Scholl thinks the other trend to note is how wire-less carriers will get smarter about marketing to foreign nationals living in other countries, using music intelligently as a way of increasing revenue-per-user.

Keeping aside the billing and mobile storefront integration issues, carriers are aware that music is a powerful customer acquisition and retention tool. But the offers have to be relevant and contextual.

"Certainly Verizon has been a great example in the U.S. in taking leadership with V Cast, kind of disintermediating what had been traditionally called the mobile content aggregators," Mr. Scholl said. ∎

Sophisticated handsets, more bandwidth are winning combo for mobile gaming

By Reva McEachern

Expect nothing radically different for the mobile gaming market in 2008, according to Eberhard Schoneburg, chairman/CEO of Artificial Life Inc., a Hong Kong-based mobile broadband technology and games provider. Instead, he expects to see more better-quality games and more people playing them on their mobile phones.

Still, Mr. Schoneburg worries about the increasing number of handsets that mobile games must support, as he tells Mobile Marketer's **Reva McEachern** in this interview. Excerpts:

What is the key trend in mobile gaming for 2008?

There are essentially four major trends in mobile gaming right now: interactive real-time 3D games, massive multi-player games and social networking games. This means a trend towards more complex and more sophisticated, richer game play.

On the other side, there are the so-called casual games, i.e. games that are very simple and very easy to play. Most mobile games today are such casual games and this will

probably stay so for quite a while to come.

Any other trends that you noticed?

Other trends in mobile are the increasing penetration of 3G, 3.5G and 4G networks and devices, i.e. more broadband technology and networks will be available pretty much everywhere in the world.

What are the implications of these trends for mobile marketers?

The handsets are becoming increasingly more powerful and sophisticated. With a 4G network, for example, a phone can have a 50 Mbit wireless data connection which allows many times higher data transfer rates than the current DSL or broadband connections most home PCs have.

How will 2008 differ from 2007 for the mobile gaming industry?

There will not be any major differences, mostly just gradual shifts.

In general, one will see more games, better-quality games and more people playing games on their phones in the future then they have in the past.

With more sophisticated phones and more smartphones out there in the market and more advanced user interfaces

Eberhard Schoneburg,
Artificial Life

like on the iPhone, people will have more options for game play then they have had so far.

What were some key developments in mobile gaming in 2007?

Again, the most important things are more sophisticated handsets and more bandwidth becomes available for mobile phones and hence the games can as well get much more entertaining, have better graphics, better interfaces, connectivity, streaming video, etc.

Who do you anticipate will be the key industry players in mobile gaming?

Besides Artificial Life there are only very few global players in the market. The biggest one is Electronic Arts and the new Vivendi entity.

What is the size of the market?

Estimates vary strongly. The global number of current mobile handsets is estimated usually in the range of 3 billion. For 2010 this number is expected to be in the range of 5 billion, of which the number of game players will be around 15 percent to 20 percent. So the potential market should be in the range of 450 million to 1 billion mobile gamers per year by 2010.

It's a huge market, much bigger than the PC game or console gaming market, which are in the 100-million [player] range.

What challenges will the mobile gaming industry face in 2008?

There are an ever-increasing number of handsets in the market that need to be supported. The market is very fragmented and the effort to support literally thousands of different handset types is very high for mobile content producers and game companies.

What are the implications for handset manufacturers?

The competition for handset manufacturers is getting increasingly intense and prices seem to go down for handsets, which is good for the end user, but bad for the manufacturers as it becomes a real margin business.

For the gaming industry, however, this provides an opportunity as the handset manufacturers will need to provide more pre-installed games and applications to differentiate handsets from each other.

What is the one thing marketers should do to take advantage of the mobile gaming market?

It's product placements. A clearly recognizable trend in the industry is to either offer free games that are sponsored by brands or to include marketing messages within games in the form of product placements as it is already quite common in the console and PC gaming markets.

This option only recently became available on phones as the better phones now allow the kind of high-resolution graphics and color screens for more sophisticated product placements. ∎
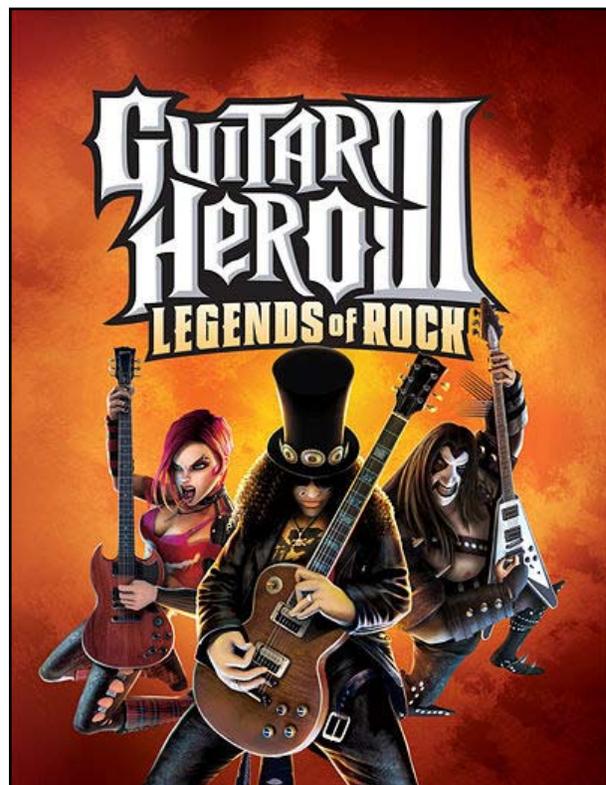
Mobile social computing not an extension of desktop: Forrester analyst

By Mickey Alam Khan

The combination of Web-based social networks such as Facebook and Yahoo Inc.'s flickr offering mobile capabilities with the pervasive use of mobile phones by young consumers will lead to the inevitable: a surge in mobile computing.

That analysis, from Forrester Research analyst **Vidya Lakshmipathy**, is the centerpiece of a new study called "Social Computing Goes Mobile." The research unearthed five types of mobile social technologies: mobile social networking, media-sharing environments, microblogging, social mapping services and mobile tagging. Expect all five to change social networking on mobile in 2008.

Ms. Lakshmipathy advises against treating mobile social computing as an extension of the desktop version. Marketers are also behind the consumer in this trend, she points out to Mobile Marketer's **Mickey Alam Khan.** The interview:

What's the key finding of the study?

Mobile social computing is becoming an interesting and viable way to reach young consumers, but both designers and marketers need to know how to design these services right, or risk alienating already picky consumers.

Is mobile social computing simply an extension of computer-based social computing? Or should it be treated differently?

Mobile social computing is not just an extension of computer-based social computing.

In fact, the most successful forms of mobile social computing will leverage the mobile element by providing added value to users that are away from their desktops but will leverage the desktop – most likely their Web sites or networks from more established sites – to provide a more usable interface for users to do the more heavy lifting like creating their network, editing large amounts of content, etc.

Are users leading the push toward mobile social computing or are social networks such as Facebook or flickr?

It's a little of both at this point. Both the social computing and mobile trends are growing independently and it took a while for both consumers and companies to connect the two.

Users are going to be increasingly looking for their social networks through their mobile phone, so its provides a lot of opportunity for companies like Facebook,

Google, Yahoo, etc., to provide users both with mobile access to their desktop social networks, but also go above and beyond that by providing valuable mobile services and features.

Who are the typical mobile social networkers?

The primary mobile social networkers are Gen Y or younger Gen Xers. They have mobile phones, text frequently, use mobile data and are active with social networking.

Gen Yers seem more active with mobile social networking sites like Facebook Mobile or MocoSpace, while the younger Gen X also use social mapping and tagging as a way to stay connected to their friends and local information.

How can social networks monetize this mobile social networking trend?

The most common ways right now are advertising and premium SMS, where users pay a fee for specific content sent to them by SMS. In addition, some sites charge a fee for services.

Are marketers prepared for this phenomena?

Not at all. There are plenty of creative ways to reach younger consumers using these new mobile social technologies.

For example, marketers can provide channels on Socialight. The key will be to provide specific, valuable content to mobile users without bombarding them with ads or information they don't want or need on their mobile phone. Consumers are already less trusting of advertising and infiltrating their personal space if done incorrectly could easily drive them away. ∎

Reach Ms. Lakshmipathy at vlakshmipathy@forrester.com.

Vidya Lakshmipathy, Forrester Research

Immediacy triggers growth in mobile social networking

By Giselle Abramovich

Social networks such as Facebook, MySpace and YouTube will strengthen their presence in mobile as consumers increasingly are charmed by the immediacy offered by social networking on the phone.

These sites will use texting primarily as an alert system so that users can ensure that their community knows when they have added a new picture, uploaded a favorite video or that a new friend has accessed their site, according to Ron Galardi, vice president of mobile strategies for online ad network CPX Interactive, Westbury, NY.

"One thing I have not seen, but would be great for social networks is to offer reverse auctions to their subscribers using SMS," Mr. Galardi said.

As better technology goes into play, such as 3G, GPS and Wi-Fi, marketers will be able to run more effective and efficient marketing via mobile social networks. For example, location-based services (LBS) will allow for geographically targeted ads.

"It's going to come down to the technology in the handsets," said Ryan Babenzien, vice president of marketing at social media portal eCirkit. "On my HTC Tilt, I can do everything I need from my phone via a real 3G connection on AT&T or switch over to Wi-Fi if a 3G signal is not available.

"So managing my eCirkit profile would be simple from my phone," he said. "We'll be seeing more and more of this across all social networks. Facebook has done a really good job at this."

Social network sites will take advantage of mobile technology to expand and even brand their properties apart from purely Web-based competitors.

Mr. Galardi said that if wireless carriers in the United States revise any of their restrictions on the type of content that can be sent via SMS, mobile social networks will experience growth opportunity.

Social mapping is going to be huge in 2008 as well. ECirkit is looking at a variety of options in this space,

Mr. Babenzien said.

"We trust our friends and associates more than a company promoting itself," Mr. Babenzien said. "When you say this restaurant is good and you map it from your phone via a geotag, that shows up on your friend's phone when he's near that restaurant. That's a very powerful message.

"Marketers are going to try and get into that space," he said.

Ron Galardi, CPX Interactive

Mr. Galardi expects to see more niche communities designed for middle-age or young social site users. For example, a host of family-oriented social networking sites has cropped up already.

So who is ruling this space?

Both Mr. Galardi and Mr. Babenzien agree that Facebook, MySpace and YouTube are doing a good job.

"The Google guys are going to be the 800-pound gorilla here," Mr. Babenzien said.

"With their OpenSocial project already launched, their new My Location feature in Google Maps for mobile phones and them buying their own wireless spectrum, it's going to be interesting to see how it all plays out," he said.

New data from JupiterResearch shows that 48 percent of advertisers will have invested in marketing on social networking channels in 2007, up from about 38 percent from in 2006.

Also, social networking ad spending will have reached $865 million in 2007 and nearly $2.2 billion in 2010, according to interactive marketing research publisher eMarketer, New York.

"The phone is now just a small TV, phone and computer all in one, so you can imagine how powerful a tool that is and what marketers will pay when trying to reach someone," Mr. Babenzien said. ∎

Challenges for 2008

• Interoperability will be a challenge.

• Making sure that kids don't get swept up in the mobile marketing blitz. It wouldn't be good if a 15-year-old kid got a message or a video clip for discount porn at a shop he was walking by

• Stringent carrier requirements

• The perception that carriers are limited in what they can offer subscribers on mobile.

Free speech issues to further test legal boundaries

By Reva McEachern

Last September Verizon Wireless rejected a request from the abortion rights group NARAL Pro-Choice America for a five-digit, text messaging short code. A week later, the telecoms giant reversed course by announcing that it would allow the group to send text messages to its supporters on the Verizon wireless network.

This case is a foretaste of issues to come in the legal sector, said Jane Hinds-Miller, chief operating officer and vice president of mobile operations for mobile services company Gold Mobile, Clark, NJ.

"The reason Verizon didn't approve it is because it took a specific political stance," Ms. Hinds-Miller said.

"I don't think the carriers should be liable for the content of messages any more than they are liable for the content of emails, phone conversations or instant messages," she said.

Some in the legal field are concerned that carriers may have too much control over short code programs. One reason why carriers exercise a high level of discretion when allotting short codes is that the liability issues are still unclear.

"I think it is new territory for everyone," Ms. Hinds-Miller said. "Everyone is treading very carefully."

Take the short code process, for example. Short code programs must first be submitted to aggregators and carriers for approval. It is a difficult process that takes between six and 10 weeks.

Although Verizon, the nation's No. 2 carrier after AT&T, originally did not approve NARAL's request for the short code, other leading carriers had accepted its request.

Some of Verizon's customers said they were outraged by the company's initial stance. Some even considered canceling or did cancel their service.

In fact, Verizon received more than 20,000 messages in less than two hours of its decision, calling on the carrier to reverse its text-messaging policy.

Ultimately, Verizon said that its decision to not allow text messaging on an important, though sensitive

Jane Hinds-Miller, Gold Mobile

public policy issue, was incorrect. However, the company did not retreat from its position that it is entitled to decide what messages to transmit.

Some argue that the carrier should not have taken a political stance either way.

"By approving the program it doesn't mean that Verizon is endorsing pro-choice anymore than if someone speaks about it over the phone," Mrs. Hinds-Miller said.

The reality is that text messaging programs are tightly regulated. The program requested by NARAL would have sent messages only to people who had asked to receive them.

"Most people don't know that they won't get texted if they don't opt-in," Ms. Hinds-Miller said. "I think it's a matter of education, because with text it is policed. The carriers police it very tightly but perhaps too tightly."

Legal experts said Verizon's position is probably correct under current law. But some call for regulations that would require wireless carriers to act like common carriers, making their services available to all, regardless of the messages being delivered.

Currently, the implications reach beyond political messages. Companies offering adult content face the same challenges in gaining approval for short codes.

Although the online methodology for liquor or adult sites is to request a simple birth date before a user can gain access to the content, there are limited methods available for such companies to meet the standards for short code programs.

"Liquor companies have Web sites that restrict users under 21 – you must certify that you are over 21 and then can see the contents of the site," Ms. Hinds-Miller said. "There needs to be an equivalent process so that they can use short codes."

Expect such issues to play out more on the political stage this year.

 "I think it will continue to be a problem," Ms. Hinds-Miller said. "Laws should be passed to protect the carriers so that text marketing can be used more widely." ∎

Class actions against premium SMS sweepstakes promos to stay

By Andrew B. Lustigman

Contests incorporated into popular television shows such as "American Idol," "Deal or No Deal," "1 vs. 100" and "The Apprentice" have generated lawsuits by people claiming the contests are illegal lotteries.

Now that four lawsuits have survived the first round of attempts to get them thrown out, it looks like they will become part of the new reality for the producers of these shows.

The recently issued decisions out of the federal court in Los Angeles denying defendants' motions to dismiss class and representative action claims demonstrates the risk in having a "pay to play" component in SMS game promotions.

This is true even where there is a free, no-purchase alternative method of entry that is readily taken the vadvantage of by consumers. Rather, the risk appears when promotion has a pay component and there is a claim of insufficient economic value provided in return for the payment.

The four cases at issue involve premium text message sweepstakes run in connection with the four popular reality shows.

The promotions were included as supplemental contests in connection with these shows. Viewers were offered the opportunity to enter either a trivia contest or guessing game through text messaging or a designated Web site.

Although the Web site entry method was free, if an entrant wished to enter via text messaging, there was a 99 cents charge per entry, plus standard text message rates.

Consumers from around the country filed lawsuits as representative actions under California's liberal Business and Professions code as well as class actions under Connecticut and Massachusetts law.

The suits were filed against the television networks, producers and game promoters. The plaintiffs have alleged that because they were charged a fee to enter without receiving anything of substance in return, the contest sponsors were violating the law by running an illegal lottery.

The contest sponsors tried to convince the courts to throw out the claims by arguing that they were conducting a legal contest, not an illegal lottery.

Under California law, which is typical of state anti-lottery laws, a contest becomes an illegal lottery when it has three components: prize, chance and consideration (usually the payment of money).

All of the reality show promotions clearly had the prize and chance components. But the sponsors argued that there was no consideration required be-

Andrew B. Lustigman

cause the Web offered a no-purchase necessary method of entry, which has consistently been permitted in sweepstakes promotions to avoid the anti-lottery laws.

The court, however, rejected the argument, holding that in sweepstakes promotions, consideration is normally paid for something of economic value i.e., purchase a product and automatically receive a free entry into the sweepstakes.

Here, the court found that plaintiffs could go forward with their claim that the reality show sweepstakes were an illegal lottery because the 99 cents charges were merely to play the game and that there was nothing of economic value received in return.

The court rejected the contest sponsors' procedural challenges on lack of standing and the fact that the consumers were not located residents of California.

While a ruling on a motion to dismiss is only the beginning of a lawsuit and does not mean that the plaintiffs will ever win their case or ever collect a dime, the court's ruling ensures that the contest sponsors will incur significant legal fees and have potential significant exposure.

Therefore, these lawsuits send a strong message to those companies who are running SMS or text message promotions, particularly ones that assess premium charges to players.

Game promoters should make sure that not only is a free method of entry available, but that an entrant who has paid to play receives something of reasonable economic value in return. ∎

Andrew B. Lustigman is attorney and principal at The Lustigman Firm, New York. Reach him at andy@lustigmanfirm.com.

Traffic, revenue: Twin goals of Hearst Magazines' mobile strategy

By Lauren Mooney

Hearst Magazines has developed nine mobile sites for its key magazine brands. The mobile versions are not exact knockoffs of their online or print counterparts, but tailored to the constraints of a small screen and the mindset of an on-the-go consumer. There's no other way.

In an exclusive interview, **Sophia Stuart**, director of mobile at Hearst Digital Media, discusses the New York-based publisher's mobile strategy for magazines such as Cosmopolitan, Harper's Bazaar, Good Housekeeping, Seventeen, Esquire and Marie Claire. She told Mobile Marketer's **Lauren Mooney** that "women would rather leave home without their lipstick than without their cell phone."

Read along to find out how one of the world's largest publishers of women's titles is treating mobile – from content, commerce and carrier relations to advertising, technology and mobile's role within the organization.

What is Hearst Magazines' view of mobile media?

Hearst Magazines [has] 19 brands in the U.S. and almost 200 international editions, so we think we know a lot about how to talk to women and we know that women are out there and using their mobile phones. And we know that we can be a great source of information. We call it "Delightful Solutions on the Go."

We think we should be surrounding her with content now, so we have magazines, television, live events, radio – Cosmo radio on Sirius – and now we have mobile.

So we have nine mobile sites and we have nine text clubs as well, so we're using SMS as well as mobile Web.

We just want to be wherever she is and sometimes I say that women would rather leave home without their lipstick than without their cell phone. But don't tell that to Harper's Bazaar.

Which nine Hearst magazines have a mobile edition?

Harper's Bazaar, which is m.bazaar.com – that's what you type in on your phone. Then we have Cosmo Girl, Cosmopolitan, Esquire, Good Housekeeping, House Beautiful, Marie Claire, Redbook and Seventeen.

So many young people today communicate on their phones via text messaging. Do you have any research on the willingness of women to access the mobile publications on their mobile phones?

I don't have any official research that I can quote to you. But obviously we did a lot of research before we launched all of our sites and we found out that women are on the go constantly.

We have a tag-line which is, "I had no idea my phone could do that," because generally nine times out of 10 that's exactly what women say when we demo any of our mobile products – they had no idea they could get this on their phone.

So, on Good Housekeeping's [mobile site] one of the biggest page views for us is Recipe of the Day.

We have blogs, which are written by editors, so you follow along with another woman's life. And it's just that couple of minutes in your day, where you're sitting on the bus or you're in carpool, so you just have a couple of minutes in the car while you're waiting for the children outside school.

I'll tell you the best thing about – as you can tell I'm from the U.K. – I used to run digital media for Hearst in England and the first mobile product for Hearst, back in '99 in the U.K.

And the thing you noticed almost overnight in London was that women when they were queuing up to get their sandwich at lunchtime, they were all staring at their phones. They weren't making phone calls. And they were either picking up text messages or they were using the mobile Web.

And that gave us an idea, particularly for Cosmo. We have the bedroom blog, which is updated regularly. It's a young woman in her 20s – it's her torrid tale of dating and her job in LA. And it's wonderful. It's like a soap opera, and this has become enormously popular for us.

Women are at lunchtime getting their sandwich, and they're reading the bedroom blog or their checking their horoscope or they're looking at the fashion tips on Marie Claire [where] we have a great section, which is called "What to Wear." And it's what to wear for all occasions.

In Good Housekeeping in the magazine this month, you'll see they run a little promo which says, "Don't know what to cook at 4 p.m.? Neither do we. So we check out m.goodhousekeeping.com."

And it's all about – you know most moms don't know what they're cooking this evening, so we're there for them. So they're at the grocery store, they look at their Good Housekeeping mobile site on their phone and there's the grocery list and the step-by-step instructions and the nutrition facts, everything they need.

Do you feel like the country is there yet, in terms of consuming leisure-oriented content on a small screen such as the mobile device?

The most important thing is that you have to design it for the device that you're looking at it on. So what we have done is, everything we're using on mobile we have re-edited, re-formatted. It's absolutely perfect for the mobile device. It's a quick recipe, a horoscope, a fashion tip, it's the key looks from the runway in Bazaar.

And I do think that the American woman is ready for this, because our traffic – I can't give you numbers at the moment – but our traffic is doubling every single month, so obviously we've really hit something here. You know she's looking for content on the go and now she has it from us.

Is Hearst creating special mobile-only content?

Most of it has appeared elsewhere, but in very different forms. So, for example, when we sat down with Stacy Morrison, editor in chief of Redbook, we said, "OK we want 150 tips on relationships." And all of this stuff has appeared at some point or another, but we had it all re-edited into just tip form and you can just go through and it's incredibly useful.

The mobile-specific content that we have: we also have a wallpaper business, which we're doing with a partner, so we have all of the vintage covers from 1900 to 1930, because people often requested these. So we've gone into the archives and made them into wallpapers you can use on your phone. So that's mobile-specific.

But also Alberto Vargas, the illustrator was on staff at

Esquire from 1941-1943 – so we own 20 of the original Vargas girls – the pin-ups – which are so wonderful in miniature, so again that's mobile-specific.

And the other thing that's mobile-specific is our Cosmo Fake Call service. In Adweek we were in the Brand Leaders 2007 Hot List, and the quote from them was, "A call-back service [that] for 99 cents lets women escape from a bad

Sophia Stuart, Hearst Digital Media

date has to be one of the cleverest brand extensions of the year."

So if you're inside m.cosmopolitan.com you'll see there's a link for a fake call. And what you can do is maybe you're heading to a date and you're really not sure about this date so you hedge your bet.

So you can book a call from us and you can select the flavor of the call. It could be a boyfriend, girlfriend, work, your French lover, and then you ask us when to call you, ASAP, 5 minutes, 30 minutes, or an hour – maybe you're going to give the date a little bit longer than you thought.

And we will call you, and the whole thing is scripted, it will tell you when to throw back your head and laugh. Basically it will get you out.

Is the same strategy in place for the Web sites as it is for the mobile content? Or would you say the strategies are different?

The strategies are very parallel. I report into the general manager of Hearst Digital Media, which I think you

know is a new division that was set up less than a year ago at Hearst. And we're within Hearst Magazines.

So I report into the general manager, and then the Web sites run parallel to the mobile sites. We talk all the time to the Web site editors, and talk to them about what's really working on the Web – what can we re-edit and re-publish for mobile.

We also take a lot of direct feeds from the Web site. The idea being, let's say Good Housekeeping, for example. Maybe a woman has been checking her computer in the morning and she's been reading the blog, "Good Grief," and it's a mom of two tween boys, it's a wonderful blog and she's a very, very talented writer.

So maybe the woman has been catching up with that in the morning on her computer and suddenly the phone rings and she needs to go out to a meeting or she needs to pick up the children – whatever it is – but she really wants to finish reading the blog. Well, she can, because once she's in the car and she's waiting maybe outside the grocery store, she can actually finish reading the blog on her phone.

So we're following – that's the really important thing for us – we're following her wherever she goes.

What purpose does mobile serve for Hearst – subscription venue, advertising platform, brand extension? Or is it a marketing tool?

It's all of them.

We have signed a deal with Sprint and we're talking to all of the others. As you know, there are many carriers in the U.S. and we view them as – we'd like to have our magazines on every newsstand – so we'd like to be on every carrier if we can.

So we signed a deal with Sprint fairly recently and Sprint took all nine of our sites and we are running advertising across those sites on-deck. And you will see us make other announcements with other carriers early in 2008.

At the bottom of the screen on every single page of every single one of our mobile sites is a click-to-call to subscribe to one of our magazines. Because often through digital you are reaching the audiences who weren't necessarily reading the magazines before, and we have found that through online, [digital] is a big subscription generator. And we think that will be the same with mobile.

You know they'll see some of the content and think, "I really like this, I think I want the magazine as well." So there's a click-to-call and [it will] be sent straight to our subscription department.

In terms of marketing, we do a lot of work in print and mobile.

So let's say in Seventeen you see a full-page ad which will be from one of our major advertisers. You know we've done work with Clinique, Garnier, Adidas, J.C. Penney, Macy's, and all of these have done repeat business with us with SMS campaigns.

So maybe you see an ad for one of those advertisers and there will be send, and a keyword will be sent to one of our short codes at Hearst, and you will be entered into a sweepstakes. We did one with a hair care product where you could do a quiz to find out what hair care product

from that advertiser was perfect for your hair and that drove traffic into retail stores.

We also do sign-up for tips. You can get four tips a month from an advertiser and you do that straight from the page. So it's a big marketing vehicle for us.

How do advertisers make media buys on Hearst's mobile properties?

We have historical relationships with all the major advertisers in the U.S. So what's been fun for us is all of these big advertisers have been doing sort of a wait-and-see about mobile.

And then once they saw that Hearst was getting into the picture, often these advertisers have come to us with a media buy and said, "We know you have mobile as well, so we are buying print, and we're buying online, and we're buying presence at one of your events, we'd like to book mobile as well." And we do that with them.

Who do you think your likely mobile readers will be?

All of our sites are free. You don't have to subscribe to them. That's really important because I've been working in emerging technologies for many, many years now, and I think one of the classic mistakes is to put a price on something right at the beginning when people still aren't familiar with it.

So we made our sites free to use – there's nothing to download, nothing to install. Purely you start the mobile Web session on your phone, you type in the URL and you can save it into your favorites and there you are – very very simple.

So we are finding a whole new audience because of our relationships with the carriers. If you are on-deck with Sprint, and maybe you haven't picked up a copy of Cosmo just recently, but you would really like to

check out the content. We have Cosmo Mobile on Sprint and you actually see some marketing messages on the homepage of Sprint, which we produce for Sprint. They ask us for certain messages every month. And they are like teasers, just one-line teasers.

I do think mobile is great copywriting. I do think it's going back to the great heyday of copywriting, because it's such a small screen and you have to get your message across in five words or less.

So that's what we do with the carriers. So we're reaching a whole new audience. You know they're on-deck with Sprint and they are looking for mobile entertainment or for information or for solutions. So we are getting a whole new audience and it's really exciting for us.

Should magazine publishers make an extra special effort for mobile or should they focus more on the desktop Web since mobile phones soon will have regular HTML browsers that let them see sites the way they do on computers?

When the iPhone came out, lots of our publishers and editors asked me, "How is that going to change our business?"

And I said, we've just got millions more potential in the market, because our mobile sites are designed specifically for the mobile phone.

Trying to access a regular Web site often is a very poor consumer experience. Regular Web sites aren't designed for a tiny screen. Often you are trying to look at a regular Web site on a smartphone, which can pull up a full Web site.

Obviously most phones like the Motorola Razr can't pull up a full Web site, so the consumer experience isn't that great – you're scrolling down to try to find the menu, then you're scrolling across to try to find the content.

And I always show – I have a whole range of demo phones – and I always show our sites and I always show other sites that are full Web sites on the iPhone and I

promise you, all of our publishers and editors say our Web sites look so beautiful, because we design specifically for mobile.

How has Hearst organized its mobile efforts internally?

The structure is, I head up mobile for Hearst Magazines and I report to Chuck Cordray, general manager of Hearst Digital Media. So everything digital comes under Chuck.

And the way it works is, we have site editors per brand and they sit within Hearst Digital Media and they also have a reporting line out to the editors on the magazines as well. So it's a dual reporting line and it works really well for us.

So we meet with our site editors very regularly to find out what's working online and to re-publish some of that for mobile. And then to have mobile-only specific conversations with the brand.

What trends do you see happening in 2008 in mobile media?

I think a lot of people are going to realize that mobile is about "Delightful Solutions on the Go." It's about "I need to check the weather, I need to find a recipe, I need to find a date night idea, I need to get out of a date by using Cosmo Fake Call, I want to pick up my horoscope, I want to find out what's 'in' in fashion, I'm heading to San Francisco for the weekend – I've never been there before – I want find out what to wear in San Francisco and I'm going to be on my phone to do [all] of this."

That was me plugging everything shamelessly, of course, because "What to Wear in San Francisco" is part of our "What to Wear" list on Marie Claire – it's everything from what to wear to a first client dinner to what to wear for a weekend in Paris. It's very directional.

I think people are going to realize that women are out there on their phones and they need this information and traditionally they haven't been able to get it on the go.
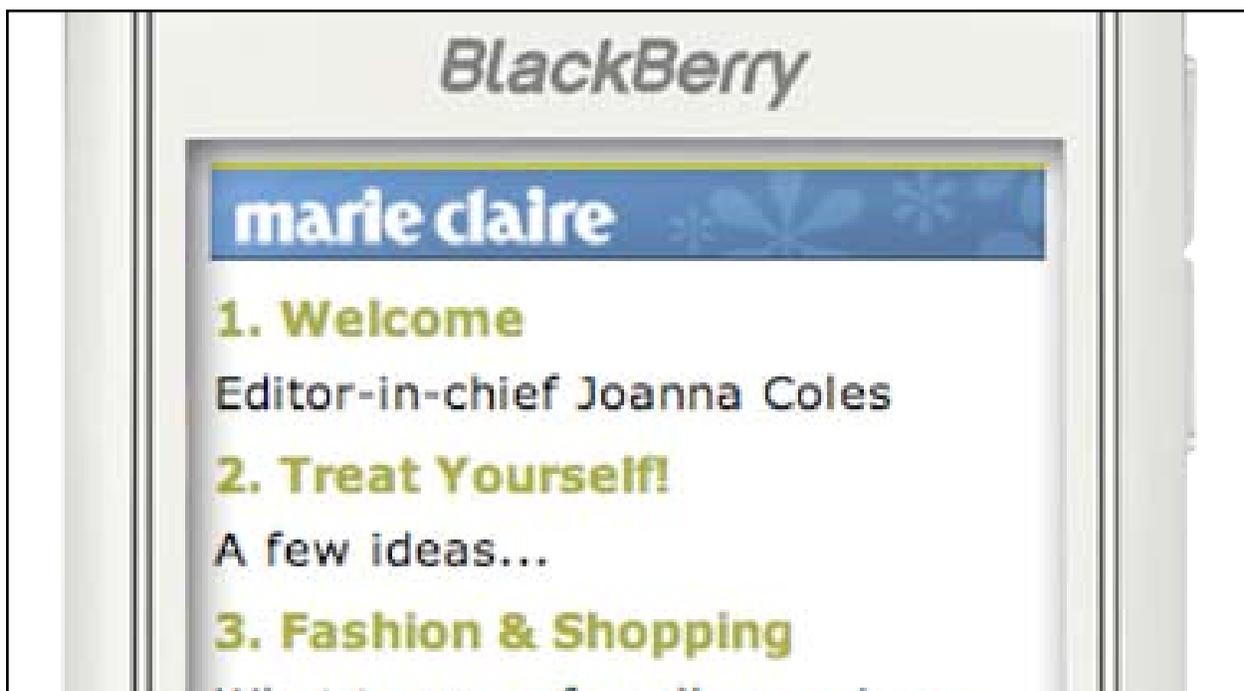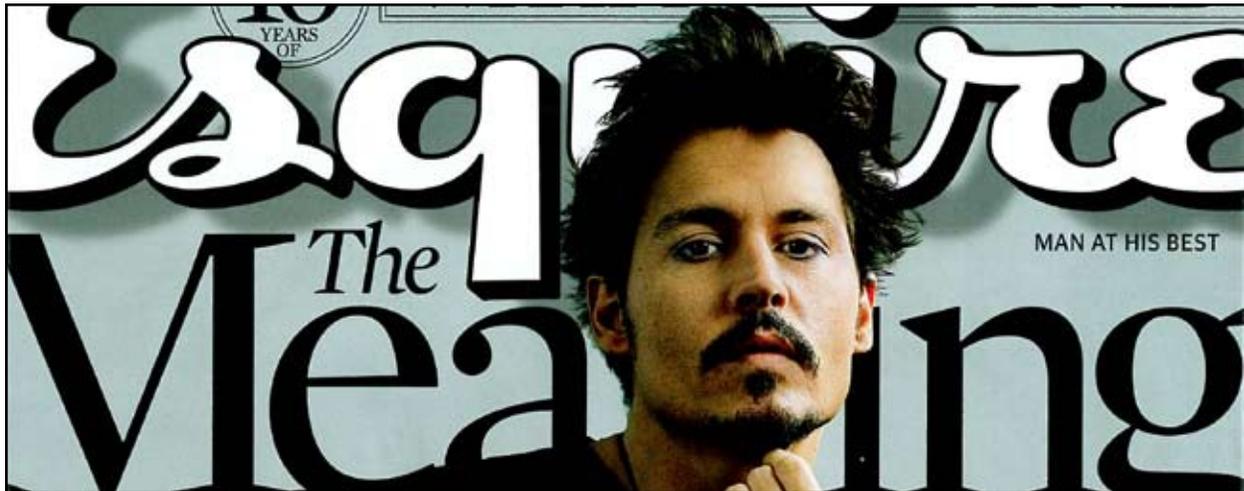
And I think that's going to be very exciting.

Are there any lessons from online media that apply to mobile media?

Yes. If you want to work in mobile – the thing I've really learned, because I've been in technology for a while – is that it's all about the user, it's all about the consumer.

However, you have to know everything about the technology to know what not to use. Because there's so much technology out there in mobile and we are very clear at Hearst that unless it worked out of the box, unless it works across all carriers, and as you know, all the different carriers have different technology backgrounds, so something that works on Sprint might not necessarily work on Verizon. But there are ways of doing it.

So we only work with technology that works on all the different platforms.

For mobile you have to test for 1,600 browsers, because that's how many browsers are in the marketplace through the different handsets and the different carriers. So it's very important to really understand the technology and then to make it very seamless for the end user.

I don't think the end user should have to download stuff to use an application. I don't think they should be told, "Oh I'm sorry, you can only use that if you're on AT&T." I think that's just wrong.

I think that if this market is really going to grow, then you have to have people that really understand the technology and then know enough to make that seamless for the end user.

Do you think carriers still hold the key for mobile media's success here? What role do data plans play?

I think they are incredibly crucial and Hearst, as one of the largest media companies in the world, works very closely with carriers. The carriers have spent millions on upgrading those networks and they've spent millions on acquiring subscribers. And we really respect that, so we work hand in hand with them.

We have off-deck as well, which is just as important to us as a media player.

But the carriers are definitely our strategic partners. And the more great content that the carriers can bring on-deck, the easier it will be for them to persuade their subscribers to upgrade to greater all-you-can-eat data plans.

What's your goal for Hearst's mobile efforts in 2008?

We want to grow the business. Traffic and revenue are two of our major goals.

We want to make sure than the end-user experience is just exquisite in terms of design and in terms of the content that they can really access.

We also want to increase our response rate from the end user. We have a "Talk to us" link on every single page and we're starting to gather in content from the users themselves, which is wonderful.

An example of this: we have something on Esquire called Best Bars in America. And it's a wonderful franchise from Esquire – they've been running it for many years, all of the bars that they really think are the great bars in America. And so we have their entire database on the Esquire mobile site.

And then what we did [was] David Granger, editor in chief of Esquire, said, "I really want guys to be able to tell us if they're at a bar in Chicago and they really think that we should check it out."

So we came up with a Java script form, with just drop-down menus. You're on your phone and you can just tell us exactly what you like about the bar you're sitting in and that information will come to us and then we hand that over to the editors. So next time they do the big upload of the Best Bars in America, they can go check out some of the bars that guys have been recommending.

This is such a success for us that we also replicated it on Cosmo. We have 100 Hot Cities on Cosmo. So if you're going out of town with a bunch of your girlfriends next weekend and you're heading to Miami, then you might want to check out Cosmo's 100 Hot Cities, because we have all the places in Miami that we really love.

And then what we did was, we thought well, if you're in Miami maybe you found a great café or a great restaurant or a great place just to hang out that's very beautiful. And so again we've replicated the form we used on Best Bars and women from all over the U.S. are now replying to those forms and they're sending us that information.

Again we're giving that to the editors so next time they do the big upload of 100 Hot Cities for 2008, they're going to check out what some of women have been saying themselves. ∎

New Year's resolution:

Have a banner year

Advertise with Mobile Marketer

Take leaderboards and footerboards on MobileMarketer.com, the Mobile Marketer Daily newsletter and blog.mobilemarketer.com

Email John Roegner at ads@mobilemarketer.com. He might also flag your interest with rectangles

MobileMarketer.com   Mobile Marketer Daily   blog.mobilemarketer.com

Mobile Marketer
THE NEWS LEADER IN MOBILE MARKETING, MEDIA AND COMMERCE

Mobile messaging will complement email

By Reva McEachern

It is undisputed now that mobile phones are nearly ubiquitous, offering marketers a highly personalized platform for targeting consumers through mobile messaging.

Market researcher JupiterResearch has forecast that advertisers will spend $2.9 billion by 2011 on mobile messaging and display ads.

"Instant messaging is taking root in a big way," said Senthil Krishnapillai, director of product management at Sybase iAnywhere.

Three out of four organizations have already established a corporate standard for mobile messaging devices. Although most organizations today have not taken significant steps toward integrating presence with mobile messaging platforms and applications, nearly two-thirds will want mobile messaging to be presence-enabled at some point.

"It is complementing the email solution," Mr. Krishnapillai said. "People are jumping between instant messaging and email."

JupiterResearch data shows that one out of five employees is expected by their employers to be reachable on a personal mobile device. Sometime this year, however, nearly one out of four employees will need to be reachable via their personal mobile device.

The vast majority of organizational decision makers believe that mobile messaging can significantly improve users' productivity. About two-thirds of companies take the view that ensuring employees use mobile devices properly is a serious or very serious problem, per JupiterResearch.

As more companies are providing these mobile tools, the issue becomes how to protect the information, Mr. Krishnapillai said.

According to JupiterResearch, almost as serious a problem are accessing corporate data repositories from a mobile device and data loss resulting from employees losing mobile devices.
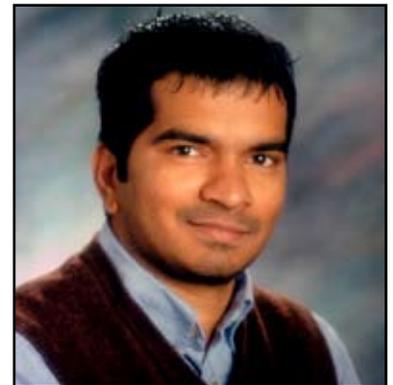
A significant proportion of organizations view protection against liability in the event of the loss of a mobile device, as well as reporting and analysis capabilities, to be a difficult problem.

Senthil Krishnapillai, Sybase iAnywhere

JupiterResearch estimates that BlackBerry devices and the growing variety of Windows Mobile devices are the most desired of the mobile messaging platforms in the workplace.

The majority of organizations currently support BlackBerry and Windows Mobile devices and will continue to do so into 2008, the firm claims.

While BlackBerry support will continue to dominate organizations' support plans for the next several years, support for Windows Mobile devices will increase significantly as well.

"This is the year when you have multiple ways of communicating with your colleagues through the mobile device," Mr. Krishnapillai said. "We will see more trends where all of these communications need to be working together." ∎

Made-for-mobile software will drive device, data-plan adoption

By Giselle Abramovich

The Apple iPhone's arrival in 2007 showed consumers the mobile phone's potential beyond voice, text and email. That device and copycats will spawn a rash of made-for-mobile software applications, which, in turn, will push device and data-plan adoption.

That assessment comes from **Robert Jones**, director of marketing at Rave Wireless, a New York-based mobile software and managed services provider for colleges and universities. He tells Mobile Marketer's **Giselle Abramovich**, the device-application-adoption cycle will take off in 2008. But carriers better be careful or else they might turn into another AOL, he cautions. Excerpts from the interview:

How will 2008 differ from 2007 in regards to mobile software and technology?

The launch and initial wave of sales of the iPhone in 2007 will start to change people's expectations of a mobile device in 2008.

Apple's marketing campaign showing that the phone can do many more things than just voice and text will start to awaken the middle portion of the market, i.e. it will creep slowly past the early adopters in 2008.

That device and its competitors will drive a wave of applications made for the device, and some of those applications may in turn be good enough to drive device and data-plan adoption. This cycle – again, I expect it will happen slower than many seem to think as consumers are a stubborn bunch and need compelling value – will really start to take off in 2008.

What does this mean for marketers?

Two implications for marketers. First, the mobile device continues to be the most private, protected device that consumers own. That will not change quickly. Get over it. Traditional advertising, like most traditional big-screen media, won't work on the phone. Most people don't want your text or banner ads on their phone, unless it's a really compelling offer for the low, low cost of free.

Next, I believe there is room, however, for cleverly designed contextual marketing in the guise of applications. Google Maps on the phone – what a great way to sneak in restaurant reviews, etc.

Imagine a mobile application that could help you find someone to share the $50 cab ride from the airport to downtown, and that application brought to you by, say,

the most aggressive cab company.

Marketers will need to get really creative in the mobile world and wrap their offers in something of real value to consumers.

What other trends do you anticipate in mobile software and technology?

Location awareness is going to be a big new thing in 2008. The carriers are slowly opening up their GPS location services to select vendors – Rave Wireless is one – and really compelling made-for-mobile applications can be created with location awareness.

For example, our Rave Guardian product allows college students to share their location and travel progress – think of walking across campus late at night – with campus police, so the police know exactly where they are if they need help. Students and parents love this application and so do campus administrators.

That is one example of a valuable location-based application. The trend of carriers making location assets available and others like Google mimicking location awareness through their My Location feature will open up a lot of creativity in 2008 on the part of application developers.

What were some key developments in mobile software and technology in 2007?

Launch of iPhone for symbolic purposes and to open consumers' minds. All the buzz about Google's entry into the mobile space means it's becoming real. What doesn't Google do these days? Their My Location feature is a tiny preview, I believe. The death of most MVNOs proves that that business model can't compete with the big powers.

Who do you anticipate will be key players in this area in 2008?

The big four carriers will still rule the roost for now, maybe five as Alltel seems to be picking up steam. But they really need to reassess their business models quickly or they will become the AOL of the mobile industry.

From a device perspective, I like Apple. I didn't get an iPod until the Nano came out. Imagine what their Nano equivalent of the iPhone will be? [Also] Samsung, which makes great products but just doesn't get the attention that Apple does because they don't have the folklore of Apple in this country.

Robert Jones, Rave Wireless

From an application perspective, I like Google – just such deep resources – and Microsoft, who you never out.

What challenges do you think mobile software and technology providers face in 2008?

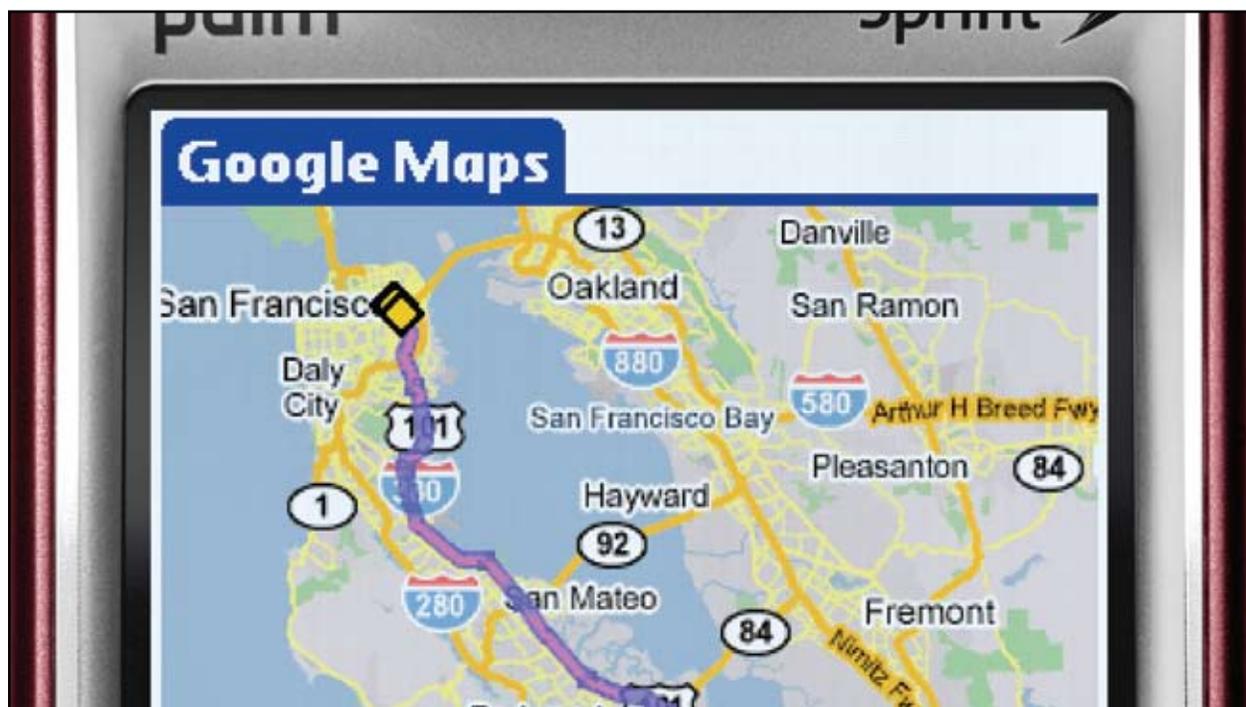The big challenges are that consumer adoption of data plans remains sluggish.

The big carriers continue to complicate the industry and keep pricing high, which means barrier to innovation in mobile apps remains high. Not good for the consumer.

Mobile application providers really need to wake up and live in the consumer's shoes and understand that an application has to be three things to have any chance: a) it has to provide really compelling value to be done on such a limited or small device as a phone, b) it has to be really easy to find and use; don't forget the find in this equation.

And c) it has to be free or cheap as long as consumers are paying outrageously high cell phone bills. That will change in time and free up more disposable income but for now it's reality. ∎

Mobile CRM to integrate with other channels

By Lauren Mooney

While mobile CRM is still in its infancy, trends indicate that marketers in 2008 will slowly but surely add a mobile component to their loyalty marketing efforts.

Bob Gold, CEO of mobile marketing services firm Gold Mobile, Clark, NJ, expects that Fortune 500 companies will integrate mobile with their direct mail and call center programs. But a case will have to be made, as Mr. Gold told Mobile Marketer's **Lauren Mooney**. Excerpts from the interview:

What is the key trend in mobile CRM?

The key trend is first that integrating mobile into a company's CRM strategy will start to be a major initiative with the Fortune 500.

Brands will start to recognize the genius of MyCokeRewards and integrate mobile into their loyalty and rewards programs as well as add mobile touch points within their direct mail and call center programs.

Do marketers really understand the concept of mobile CRM?

Not at all. We are pioneering many of the strategies and developing mobile CRM methods. This will start to gain traction in 2008 amongst both the vendor and client marketing and customer service communities.

What is mobile CRM? How would you define it?

Mobile CRM has two major aspects. First, the recognition that many customers are mobile when they want access to information, purchase, training or instructions, order status and other time-critical content.

Next, use of mobile technologies specifically to provide a true two-way relationship with the customer based on their preferences, preferred way of communicating and location.

Any good practitioners of mobile CRM?

It is so new I have not had the time to study all the players. But we can certainly learn from Europe and examples include eBay, Kicker and Funkticket.

In the U.S., we have been working in the auto industry and have a great example in a leading car dealership, Preston GMC, and a rapidly growing manufacturer, SIGG. Also, a new exciting use in online social communities.

What strides do you expect to be made in mobile CRM in 2008? What is the size of the market?

Strides include helping establish best practices, industry metrics and educating CRM and marketing executives on the power of mobile and how it can significantly increase sales and loyalty.

We are currently just beginning to determine the size of the market, but it is huge in that it is the CRM marketplace.

What's the purpose of building a mobile database?

Do not think of the mobile database as separate and distinct but as an integrated way of enhancing a relationship with customers. The purposes of using mobile are many:

Bob Gold, Gold Mobile

- Adds significant value and productivity to call centers
- Adds immediate engagement in direct mail
- Adds a much-needed dimension to almost every loyalty program
- Adds a preference-based model to customer newsletters and updates
- Adds a whole new dimension to customer events

Do consumers actually want to build a relationship with marketers over the mobile phone?

Again, the real question is, when are customers looking for information or to take action? Is it on the beach? On the train? Between appointments? When traveling?

The key question for a company is: What percent of time are people mobile when they could engage? And, more importantly, are companies losing orders or not upselling because they are not present at the point of search?

Does mobile CRM have to work in conjunction with other channels?

Absolutely. ∎

Education is key for mobile database marketing

By Lauren Mooney

Carriers are leading the drive toward mobile database marketing for obvious reasons – they have all the data on subscribers. But the opportunity to use this data for relevant and permission-based offers is growing.

Leland Kroll, president of Kroll Direct Marketing Inc., Plainsboro, NJ, is a direct marketing industry veteran. He sees multichannel use of mobile consumer data for outreach via mail, text and online marketing. He discusses the prospects of mobile database marketing with Mobile Marketer's **Lauren Mooney**. Excerpts:

What is the key trend in mobile database marketing?

From our perspective, we're seeing activity coming from mobile carriers looking for postal data so they can conduct competitive carrier campaigns. Traction has yet to come from national advertisers as of yet to conduct mobile campaigns.

Do marketers really understand the concept of mobile database CRM?

Not at all. Seems to be a lack of educational outlets or resources. There is a lot to be absorbed with new players, suppliers and terms being introduced into the mix.

What is mobile CRM? How would you define it?

Mobile CRM will be the result of communicating with an individual via their own personal communications network or their cell phone and providing them with content that is relevant and has value to them. The opportunities are unlimited.

Are there any good practitioners of mobile database marketing?

We haven't run across any as of yet. Probably too early in the lifecycle of mobile.

What strides do you expect to be made in mobile database marketing in 2008?

Once more players enter the marketplace from many different marketing sectors it will dramatically increase on the marketing side.

For non-marketing purposes – those seeking data to be used as an additional touch-point – they understand the value and use of the data. Dramatic increases will continue to come from that sector as well. More data will become available as well.

What is the size of the market?

We currently have about 90 million domestic and over 76 million international records to utilize. There are tens of millions of additional records being tested, unduplicated and validated as we speak.

What's the purpose of building this database?

For both marketing and non-marketing applications. Mobile alert programs, premium content, polling, con-

tests, political and driving retail or Web site traffic can all be conducted.

Do consumers actually want to build a relationship with marketers over mobile?

Good question. There is a 100 percent deliverability rate, 90 percent-plus open rate, 25 percent viral marketing and upwards of 6 percent to 12 percent action rate. Yes, it does need to be relevant but the audience right now is receptive.

Leland Kroll, Kroll Direct Marketing

Does mobile database marketing have to work in conjunction with other channels?

It doesn't have to but it certainly can't stand alone. The privacy policy needs to be posted somewhere so immediately a Web site is drawn into the equation.

What challenges do you see ahead for mobile database marketing?

Education, education and education. Once the current hurdle is crossed, the perception that mobile is like email and that it should be priced real low, which it's not or shouldn't be or will be perceived as spam to the consumer. The only direction for mobile to go is up. The entire marketing channel is in its infancy.

At the same time, what's the risk that marketers run if they don't have a mobile CRM plan?

They need to secure a vanity 5- or 6-digit short code and integrate it into all marketing channels. Collect opt-in data and start deploying CRM or value-added campaigns. ∎

New business models, metric measurement help ad networks

By Giselle Abramovich

Ad networks have been vital to the growth of Internet advertising and now with the growth of the mobile channel, mobile ad networks are expected to evolve as well.

A major trend expected for mobile ad networks in 2008 will be the evolution of business models and the creation of new success metrics that fit mobile, according to Barry Chu, general manager of advertising for Medio Systems Inc., Seattle.

"This is key to building an ecosystem that produces positive results for advertisers and also increase adoption of mobile advertising as one of the staples of the marketing mix," Mr. Chu said.

Marketers this year will start to understand that simply adapting online campaigns for mobile won't cut the mustard. Mobile requires a different mindset.

"They should think about driving actions that are intuitive to someone who is on-the-go," Mr. Chu said.

He said that driving click-to-call or asking for just a phone entry, rather than filling out a long form, is an example of that.

The new mobile marketplace has spawned companies such as Medio, a provider of mobile search and mobile advertising services for wireless carriers and mobile publishers such as Verizon Wireless, T-Mobile, Canada's Telus Mobility and CBS Sports Mobile.

MedioNow is the company's mobile ad network that integrates ads into mobile searches.

"Specific to mobile search ad networks, we believe 2008 will bring increased participation from the operator community to implement mobile search advertising where possible to provide more volume to networks like us and, in turn, to advertisers," Mr. Chu said.

"[By] the same token, mobile strategies are atop of many publishers' mind, and as they mobilize their content and provide a search solution as a means of enabling their users to find this content, we see that as a huge opportunity for growth and volume for our network, which means more scale for advertiser campaigns on- and off-deck," he said.

Taking this into consideration, it's important that marketers distinguish and understand the different types of mobile advertising and test to see which model works best for their objectives.

Barry Chu, Medio Systems

So, banner advertising may work for one type of campaign, while mobile search advertising or non-search mobile advertising may do the magic for other campaigns.

Mr. Chu said that brand advertisers may be more inclined to buy banner ads. Direct marketers may buy mobile search advertising, where they pay only when they drive an action from their audience.

"Mobile data consumption is growing fast and marketers need to embrace mobile as the new medium in 2008 to reach their audience 24/7," Mr. Chu said.

"While volume may be low at first compared to online campaign volumes," he said, "this is a good time to perform test campaigns to better understand mobile and what drives response and success for their business." ∎

Off-deck market, ease-of-use will drive mobile content

By Lauren Mooney

The key to mobile content's growth in 2008 lies in the consumer experience. WAP sites will have to mirror Web sites in their functionality and content offered on mobile should match online.

Evan Schwartz, chief marketing officer of Thumbplay, a leading mobile content provider, is gung-ho about the future of content consumed on the phone. Mobile Marketer's **Lauren Mooney** interviewed Mr. Schwartz. Excerpts:

What is the key trend in mobile content in 2008?

A shift to more sophisticated content-like video. Thumbplay is excited, especially with the new handsets out on the market. Also, expanded content, longer tail. The key to expanding the market is to make it simple.

How will 2008 differ from 2007?

More content delivery is happening on WAP sites. There are much more sophisticated handsets. For our own WAP site we have deals with MSN and AOL Mobile. There will be consistency in the two experiences [WAP versus regular Web sites].

What does this mean for marketers?

Marketers can't ignore the mobile channel anymore. Users switch channels for what's more convenient. And there needs to be consistency. It's not OK for just a two-page WAP site – there needs to be something of value offered.

What other trends do you anticipate in mobile content in 2008?

Consumers will want to get more sophisticated content – video, games and ringtones. The ringtone market is absolutely booming. So are personal entertainment services, such as longer video duration.

What were some key developments in mobile content last year?

Growth of the off-deck market. Major online players Google Android and Verizon are opening up [the market for content]. And handsets like the Apple iPhone are teaching consumers.

Who do you anticipate will be key players in this area in 2008?

Social networks, such as Facebook, MySpace, iLike, all of those apps and widgets are new ways to entertain. Google, MSN and AOL will take mobile more seriously. Consumers are realizing they can have a great mobile experience.

What challenges do you think mobile content faces in 2008?

Biggest challenge is ease of use. Making sure the experience is easy. You have one shot with the consumer. When someone tries to download something it has to work. Thumbplay has made a huge investment in customer service.

Is mobile content fully integrated with the other channels and will it be in 2008?

It is already. Music, movies – mobile is a part of all of all the hype that's built up. Single ringtones, exclusive ringtones help to extend the life of albums and help drive sales.

What is the one thing marketers should do this year in mobile content?

Deliver a great consumer experience. Load pages fast and make content relevant. ∎

Evan Schwartz, Thumbplay

Per-device content optimization is key mobile email trend

By Reva McEachern

Email's importance in the computer-based world will migrate to the mobile channel as more consumers move into mobile messaging. Business-to-consumer markets will struggle less in 2008 as they better understand the application of mobile email to their marketing mix, says **Tricia Robinson**, vice president of product and market strategy for StrongMail Systems Inc., a Redwood Shores, CA-based marketing and transactional email software and server specialist.

Content optimization is the next frontier, Ms. Robinson tells Mobile Marketer's **Reva McEachern** in this interview. Here is the dialogue.

How will 2008 differ from 2007 in the mobile email sector?

We'll see more marketers adding mobile email to their marketing mix. JupiterResearch reports that only 27 percent of the U.S. population is using SMS/text messaging, up from the previous year. As we see more consumers move into mobile messaging, the mobile marketing segment will grow in correspondence.

What's your forecast on the key mobile email trend for 2008?

Testing. We'll see more testing of mobile marketing to determine where it fits in their own marketing mix and if it should be a part of a larger integrated strategy.

What's the implication of this trend for marketers?

More text messaging and the establishment of sending and response benchmark data.

What were some key developments in the mobile email sector in 2007?

Business application of the channel. Most business-to-consumer marketers struggled with how to apply the channel to their business model. Not all have yet, but for those that have an application we'll start to see testing take over.

Who are the key players for 2008?

Mobile users, Clickatell, Sybase 365 and Vibes Media will be key players in 2008.

What challenges do you think mobile email faces in 2008 insofar as legal/privacy issues?

Possible stricter FTC guidelines are not out of the question, but data privacy and security of enterprise customer data is the bigger issue.

What is the outlook for mobile email applications and mobile Internet email for 2008?

Content optimization is the next frontier. For emailers that still spray-and-pray and show little device segmentation, the mobile experience will not be a positive one.

Content must be optimized by device. Desktop-optimized email marketing needs handheld-viewing-encouragement language at the top of every message and mobile

email triaging will continue to rise. So keep the "From" line recognizable and the "Subject" line relevant and engaging.

Is one trend stronger than the other?

Per-device content optimization is the strongest mobile email trend.

What is the one thing marketers should do in 2008 to successfully take advantage of mobile email opportunities?

Tricia Robinson, StrongMail Systems

Start with the handheld-viewing-encouragement language at the top of every message and a link to a simple version or deliver a standalone text message.

After desktop-optimized content is addressed, start collecting device preference and type to include in your customer-content database. Then content can be customized automatically based on customer contact and device preferences. ∎

U.S. marketers to go beyond mobile pilots

By Bob Gold

Is the United States catching up to Europe and Asia in its sophisticated use of mobile in sales, marketing, customer service and operations? My answer is no. But 2008 will see a significant increase in major U.S. companies going beyond pilots and deploying mobile solutions as part of their overall budgets.

So, sitting in front of my fireplace with a chilled mug of beer (and please do not tell anyone that I purposely turned off my cell phone) I present my crystal ball for 2008.

Carriers: Strong business-to-business push

Most people do not realize the level of investment the wireless carriers must make to support value-added data and multimedia services as well as traditional voice functions that are carried over their networks. Carriers need to discover new ways to monetize their network investments or they may not to be able to keep up with demand.

In 2008, carriers will get much more aggressive in going after vertical industry B2B applications and partnering with B2B application solution providers to grab a portion of this growing segment of the mobile market. After all, how does a carrier monetize the small to midsize business market for high-margin data services?

Handset manufacturers: More direct-to-consumer strategies

Handset manufacturers are in a very tough position. First, hardware is typically viewed and priced as a commodity. Next, as a mobile device supplier, most of their sales and distribution is through a handful of carriers.

Imagine if Nokia or Motorola was dropped by a couple carriers – the effect on their revenue, profitability and stock price is enormous. Therefore, handset manufacturers will get much more creative in two ways.

First, be more aggressive in offering bundled carrier services through their own Web sites as part of a broader initiative to have direct consumer relationships. Second, acquire more value-added software applications in both the B2B and consumer space.

Web portals: Become very aggressive in serious mobile integration

For an online community or portal to truly be part of a person's daily social life, there is nothing more important than ensuring they can stay tuned in and actively participate when their members are mobile.

Portals will begin to deploy a combination of mobile messaging, companion WAP sites and handset widgets that enable bi-directional communications between their Web site and mobile members. Those digital communities and portals that understand this will gain more market share and highly engaged members (sponsors love that).

Content owners: Brands as content partners

Who pays for content anymore? Is advertising the only model that can work? How do content owners demonstrate to Wall Street the new emerging revenue models?

Bob Gold, Gold Mobile

The new consumer is creating an interesting dilemma for both content owners and marketers.

For marketers, in order to be part of the consumer communities and gain favorable brand exposure, they can no longer just interrupt content with ads, but must become part of the consumers' content experience.

For content owners, marketers and consumers want more engagement and are no longer satisfied with the CPM [cost-per-thousand] model but would rather have a CPP formula (cost per participation, a la Google).

Media companies will derive more revenue from brands by offering a new form of sponsorship that has the two sides as true partners in content delivery.

A great example is Second Life and applications where brands are part of the overall user experience. Since mobile has a limited-size screen and requires less content to deliver a complete experience, it will prove to be a great starting point for opt-in mobile messages, entertainment, Mobisodes and training and self-improvement content, as well as new applications that are jointly delivered by content owners and brands.

Short-form content is ideal for mobile and makes sense anyway given the attention span of today's consumer and business audience.

Brands: Loyalty, loyalty, loyalty

Mobile devices have become true lifestyle products, similar to the other most popular mobile device – the automobile. Companies will begin to recognize that brands which have the most visibility and footprint on a person's mobile device will gain market share. Therefore, more and more loyalty programs will integrate mobile into how their customers interact, communicate and purchase.

Bob Gold is CEO of Gold Mobile, a Clark, NJ-based provider of mobile marketing and technology services. Reach Mr. Gold at bgold@gold-mobile.com or text "bob" plus your contact information or short message to "51684". ∎

New Year's resolution:

Keep no secrets

Try classifieds

Advertise in the respected Mobile Marketer Daily newsletter

Email John Roegner at ads@mobilemarketer.com.
He will disclose the rates

MobileMarketer.com   Mobile Marketer Daily   blog.mobilemarketer.com

Mobile Marketer
THE NEWS LEADER IN MOBILE MARKETING, MEDIA AND COMMERCE

New Year's resolution:

Change the job

Post new one

**Advertise your jobs on MobileMarketer.com at
http://www.mobilemarketer.com/jobs.php**

MobileMarketer.com   Mobile Marketer Daily   blog.mobilemarketer.com

Mobile Marketer
THE NEWS LEADER IN MOBILE MARKETING, MEDIA AND COMMERCE