Chapter 4.27
Mobile Advertising:
A European Perspective

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ABSTRACT

This chapter is based on research conducted in cooperation with 12Snap, the leading European mobile marketing company, which has implemented large-scale mobile advertising campaigns with companies such as McDonald's, Nestlé, Microsoft, Coca-Cola, Adidas, and Sony. To set the overall stage, we first discuss the advantages and disadvantages of the mobile phone in comparison to other marketing media. Then we propose a framework of different types of advertising campaigns that can be supported through the usage of mobile devices. These campaign types include (1) mobile push campaigns, (2) mobile pull campaigns, and (3) mobile dialogue campaigns. Building on this framework, we analyze different campaigns that 12Snap implemented for different consumer goods and media companies. Drawing from these experiences we then discuss a number of key management issues that need to be considered when implementing mobile marketing campaigns. They include the following themes: (1) the choice of campaign type, (2) the design of a campaign, (3) the targeting of the youth market, and (4) the combination of different media types to create integrated campaigns.

INTRODUCTION

The market for mobile phones has expanded rapidly during the past decade and continues to grow quickly. In some European countries such as Finland, Sweden, Norway, and Italy, the mobile phone has reached almost ubiquitous penetration with levels of 80% and higher (*Economist*, 2001). In Germany, mobile phones are more widely used than fixed-line connections (Brechtel, 2002). In addition to voice communications, German users send out 2.2 billion text messages through their mobile phone every month (Brinkhaus, 2002).

The fast spread of mobile phones has created immense profit expectations in the telecommunications industry. Telecommunication companies in many countries have invested large sums of money into acquiring third-generation licenses and building the necessary infrastructure. Yet, as it turns out, it is more difficult to generate revenues than initially anticipated.

In addition to call charges, there are three main revenue sources in mobile communications: (1) **transactions**, (2) **information**, and (3) **advertising**. Transactions are of high interest, yet as of now only to a limited extent, because of the small size of the screen and the clumsy usage of the keypad. With information services (such as weather forecasts or banking services) the crucial issue is the user's willingness to pay for these types of services.

Does mobile advertising have the potential to be a significant source of revenue in the future? First studies on this new advertising medium indicate that mobile advertisement campaigns can be very successful, generating response rates as high as 40%, compared with the 3% response rate generally expected for direct mail and less than 1% for Internet banner ads (Borzo, 2002).

Because of the novelty of the technology, using mobile phones for advertising campaigns presents some challenging questions for marketing departments:

- What are the strategic advantages of the mobile phone in comparison to other advertising media?
- What campaign types can leverage these characteristics?
- What critical issues need to be considered when launching a mobile advertising campaign?

In the remainder of this chapter, we discuss these questions drawing on field research conducted in cooperation with the German mobile marketing company 12Snap.

ADVERTISING THROUGH MOBILE PHONES

With the increasing number of media types, it has become more and more difficult for marketing managers to find appropriate strategies to target potential customers with their messages. First, while it was possible in the past to capture a large segment of society by placing advertisements with the main TV networks, the rise of private channels has led to a high degree of fragmentation, thereby complicating access to consumers. Similar fragmentation can be observed with other mass-media types such as print or radio. As a result, getting time and attention from their audience has turned into a major challenge for advertisers (Davenport & Beck, 2000).

Second, different media types require different approaches because of differences regarding their reach or richness. **Reach** is a function of how easily customers, or in this case, participants in advertising campaigns, can be contacted through a given medium. **Richness**, on the other hand, is defined by (1) bandwidth, that is, the amount of information that can be moved from sender to receiver in a given time, (2) the degree of individual customization of the information, and (3) interactivity, that is, the possibility to communicate bidirectionally (Evans & Wurster, 1997). The communication of rich marketing information, that is, information that ranks high on all three aspects, has traditionally required physical proximity to customers and/or channels specifically dedicated to transmitting the information (see Figure 1).

How does the mobile phone fare within the richness versus reach framework? It can serve as a powerful platform to get in touch with end consumers because it simultaneously provides expanded reach and a number of richness advantages vis-à-vis most other media types:

- **Ubiquitous Access:** Mobile phone users always have their phone with them and

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