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Chapter VI

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.

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