

## **The Mobile Entertainment Forum (MEF) Roundtable on Mobile Advertising**

The Mobile Entertainment Forum teamed up with the Institute of Advertising Practitioners and asked panellists from Vodafone, Sky, Starcom MediaVest, agency.com and aerodeon to debate where mobile advertising is, where it needs to go and how to get there.



**BKI Media's Annie Turner** was privileged to moderate the event on 12<sup>th</sup> April, in London. The panel and a well-informed audience disagreed about everything from CPM for mobile TV advertising to the effectiveness of mobile search and advertisers' interest in highly targeted audiences. If you couldn't make it, here are some of the highlights. Clearly, big changes are afoot.

The panellists were:

**Kieran Bourke**, creative director, aerodeon online & mobile ad agency, [www.aerodeon.com](http://www.aerodeon.com)

**Mark Hopwood**, head of technology, agency.com, a global, full service, interactive agency, [www.agency.com](http://www.agency.com)

**Al Russell**, head of mobile Internet and content services, Vodafone Limited, [www.vodafone.co.uk](http://www.vodafone.co.uk)

**Nigel Sheldon**, director of digital, Starcom MediaVest, the world's largest media agency, [www.starcomww.com](http://www.starcomww.com)

**Paul Wright**, director of sales, Sky Digital Media (new division set up to commercialise Sky's web and mobile offerings), [www.skydigitalmedia.co.uk](http://www.skydigitalmedia.co.uk)

**Al Russell:** I'm very **bullish** about **advertising**. It is a **central** part of our strategy going forward, alongside an open portal enabling mobile Internet access and also enabling third parties to innovate quickly on our network.

**Mark Hopwood:** Our clients are very interested in mobile opportunities, but right now I think we're interested rather than busy.

**Al Russell:** I can recognise Mark's point about being interested not busy. I think it is now time to deliver a comprehensive and clinical execution of mobile advertising, which means that formats are standardised, and, crucially, that **metrics** and **measurements** are at least on a par with what you get on the **fixed Internet**. We've partnered with Yahoo! to deliver us that level of metrics on mobile...and we are now creating standard formats. We are going to couple it with our new portal, which is a mobile Internet portal, not a **walled garden**.

We think allowing a customer to find whatever they want on the mobile Internet, like they do on the fixed Internet, is part of the **new business model** we will be embracing.

And advertising is completely **integrated** into that, rather than just being a pasted on addition to a walled garden portal. So advertising is part of a very big delivery for us this coming summer.

**Annie Turner:** Data charges have been a big **inhibitor**. What are you going to do about them?

**Al Russell:** We're going to go to **flat rate pricing** in early summer. You won't necessarily have to subscribe to a flat rate tariff, if you want to dip in and dip out, you'll be able to do that, we'll put a **no-worries** mechanism in place. 3 can do what they like, we're going to take a different strategy from 3.

**Mark Hopwood:** The measures depend on what your **objectives** are.

Online, everything we do is measurable by our clients; we know how many people saw it, how many people clicked on it, how much they interacted, how much they spent on line, all those kind of things.

These are measures you need in place if you are going to use mobile for **direct response advertising**, but I think there are other sorts of measures needed. For instance, we've done some work with BA where it was downloadable content that used bluecasting [using Bluetooth], which was **viral** and passed along. Then the measurement of brand impact, the measurement of how many people saw it and **forwarded** it is very relevant and important too.

**Annie Turner:** Do you get this sort of information from different operators and is the information they deliver **comparable**, or it is like trying to compare apples and oranges?

**Mark Hopwood:** My sense is, at the moment, that the availability of inventory and ability of setting out national campaigns is difficult. I think the Yahoo! relationship [with Vodafone] is interesting and there are other relationships that are happening, but until these things are in place, reporting will be fragmented. People in the media department are going to have to be **pastings things together** for a while yet.

**Member of the audience:** But surely the **whole point** of mobile is that you know exactly who saw an ad, how old they are, etc and what action they took? That's what the operators keep saying, that through mobile advertising we can reach **specific individuals**, which is more powerful than the usual, generic advertising.

**Paul Wright:** I disagree. I think every new medium that comes along, people say it's about **personalised marketing** and that's what everyone wants. I've yet to meet an advertiser who says that's what they want. They want a targeted group of people who are likely to purchase a product, not going down to one individual, it doesn't make any sense.

I think national reach is important, more generally though, **reach** is important. If you look at the Internet, 80% of my revenue goes to the top ten sales points, who have targeting within them. Most advertisers want to buy reach. [Highly targeted advertising] **hasn't happened** on the Internet, so why is it going to happen on mobile? Also, if you want to make money from advertising, you don't want to **buck the trend** for all the other outlets you might have.

**Nigel Sheldon:** I **disagree** with that. It depends what you're advertising, what you're trying to achieve.

**Paul Wright:** Listen, I've sold a lot of things for a long time. I've sold ads in newspapers, on TV and online for ten years. The **reality** is that advertisers are **behind the curve**, most of the time, relative to where the **consumers** are. There are those who will do something random, wonderful and fantastic, but most won't and you've just got to sell to what you are going to make **money** out of.

**Kieran Bourke:** In our experience, it's a case of **integrating** both those approaches to some degree.

**Patrick Parodi, MEF, from the audience:** What about building brands to use a medium, to help **reduce** the **cost** of delivery of mobile **entertainment** – music, ringtones, games, video? We are looking at advertising as a way to help the growth of mobile entertainment. Just looking at mobile as another direct response medium isn't the whole story.

The mobile entertainment industry is **USD 20bn** worldwide a year, the mobile industry is **USD 600bn** worldwide annually. USD20bn from ringtones, video, wallpaper, games was generated by people looking directly for that information, it's **100% premium** products that people were willing to pay for.

If advertising is going to **fit** into this space needs to be a way to **fund** the growth of that entertainment and that medium. That's how mobile can happen differently. You can talk about flat-rate, but that's not necessarily going to **tempt** the kids to pay for games or a pay-for TV service. How are advertisers going to do that, how are they going to find the **scale** to make them do that?

**Mark Hopwood:** I think it's important to come back to this question of advertising, response advertising and its effectiveness and contrasting it with content that people want to use and **share**, and perhaps to create some of themselves, which is far more interesting and engaging for most people.

You'll find direct response, **banner** advertising somewhere towards the **bottom** of the pile of acceptability and interesting content that people have forwarded to you – from a brand, perhaps supporting a brand message – a long way up the pile. That's very **interesting**.

**Al Russell:** I totally agree with your view, Patrick, that advertising will stimulate the growth of mobile entertainment. We know that advertising is a means of **discounting** content, that the order of magnitude of increased usage is unbelievable, that's the first thing. Then a lot of the big, fixed Internet brands, we've got to make them work effectively on a mobile. If we create advertising for them, then they will create good services for mobile, then the whole pie will grow.

**Nigel Sheldon:** On the one hand, I agree with Paul that agencies are very **conservative** and advertisers generally lag behind the consumer. On the other hand, mobile means that you can understand much, much more about consumer **behaviour** and you don't have to think about them in broadcast terms if you can start to understand it.

Which brings us to the whole word of metrics and I think what Mark said is absolutely right. It's about much **smarter** metrics. You might want to understand how much time they use something for, let's say.

In this landscape things are complex, more so than in other types of advertising. You do need to be **brave** in mobile because at the moment so much is intangible, but some are. You need to think about who you are trying to reach and what means is the most appropriate and mobile might well be it for some things, such as a young person's movie we worked on recently. You might have **interactive games** kids send to each other, so people **align** themselves with content.

Advertisers are trying to associate themselves with content and their first line of approach is typically going to be banners.

**Annie Turner:** Do you ever imagine doing a mobile-only **campaign** or will it always be part of an integrated campaign?

**Paul Wright:** From an advertiser's **perspective**, we see it as part of the process, of what we do generally. We did a lot around texting with [the television programme] 24, which was very **successful**. The trick is using mobile in the right bit, according to the audience. With 24, it's for the 16-24s. If you do something with sport, it's completely **different**.

It might well be providing **sports** content at a time the viewer can't usually get to see it. Saturday afternoon is a very **popular** time for people to watch sport clips on their mobiles that is also on another platform, such as **TV**, at the same time. So when you're thinking about advertising, you need to be thinking about where does advertising fit into the consumers' **experience** for that piece of content, and it's not one platform on its own.

It's like when the **Internet** came along, that gives us a bit of perspective because everyone thought it was different. **It's not**. Part of the problem with it might have been the **boom** and **bust** – even now, there's a massive **disparity** between the amount of money being spent

generally and the amount spent **online**. It's going to take quite a while to catch up, if it ever does.

We are now seeing a lot of **brands** coming on to the Internet, which is what we've been trying to get for ten years. They are finally getting in there with much **bigger budgets**. When you see the likes of Unilever using the Internet very effectively, then that's a **major shift**. They had been very driven by response-based advertising – that change in investment levels jumping up has happened over the last 18 months.

**Jessica Sandin, Fathom, from the audience:** How do you think that's going to pan out? EMAP has set up cross-platform advertising, how do you think the mobile advertising industry is going to **shape up**? Who will make sure that ultimately the **consumer** is not bombarded with ads from all the players so that they have a bad experience that turns them off mobile?

**Nigel Sheldon:** There are a number of **drivers** pushing it. I think the proliferation of broadband has been a huge driver of online ad spend over the last couple of years. I think there is going to be a lot of **consolidation** – just look at the way Microsoft and Google are trying to get together around DoubleClick in the UK. There will be key partnerships. The ones who **don't succeed** are the ones who forget the consumer.

**Al Russell:** From the mobile advertiser perspective, we see no single answer. First of all, we want to be a serve-all **access** point for the mobile Internet. The Yahoo!s and Googles are going to come in and play in that space and we've just got to **compete**. Fine. They are **monetising** that through advertising, but we have an open philosophy, based on the fact that we have **complete capabilities** that Yahoo!, Google and **Skype** will want, whether it's location, handset recognition, are they age-authenticated or over 18 and can you pass me a unique identifier of this customer?

Our strategy is to be very open and **enable competition** to happen, but in doing so, obviously, we take a piece of the **value chain** in that process even if they happen outside our portal. The important thing is that we become the bedrock on that.

**Annie Turner:** We've heard all this about openness and the mobile Internet for years, why should we **believe** you now?

**Al Russell:** For a long time the notion was that the **common** person in the street didn't know what mobile data was, but I believe we reached the **tipping point** on that. We've taken mobile networks forward to a point where we need to break out of it – a bit like AOL in the late 90's, if you like.

Vodafone live! has more than **3.5m active** users every month. We want to make that bigger and think the way to do it is by enabling more services so that the Internet works **properly** on mobile. It's about **reallocating** our investment in this area. We are taking it very, very seriously. We talk to our City stockholders regularly on mobile data; it's not just puff, there's **significant investment** going into it.

There is a big **opportunity** for operators with handset makers, obviously, arguably they drive the marketplace, they drive customer numbers. But also, we can remove the **complexities** that handset manufacturers are creating in the industry, by creating a layer of **protection** for the

**content players.** That's the positive side of it, but it's a difficult dynamic with handset manufacturers because they want to put as many **widgets** in the **handset** as possible. We, the mobile network operators, always have to subsidise those widgets, although the majority are not used by consumers.

**Kieran Bourke:** The value chain is going to be about a few things. Consumers do want tariffs for whole families as well as flat rates for data. I don't think the **ecosystem** will be about operators providing great content, that will be third parties. With TV, you do a **pilot** and adjust it and **tweak** it before you go on to sell advertising space around it. How's that going to work on mobile? How are you going to get content that's appropriate? There's lots of content off-portal, but how do you go about delivering it to the right **demographic**?

**Mark Hopwood:** Something that makes me **optimistic** about how close we are to this tipping point is the Web 2.0 cliché. There's just so much more **interactivity** going on than there was a couple of years ago. People are using the Internet in a much more engaging and interesting way – **YouTube** and **MySpace** made the headlines in the same week as Yahoo! and Vodafone's partnership. The mobile has a camera, a computer, email, a phone – all are about interactivity and they are in a device you carry with you **everywhere**.

**Paul Wright:** As far as the timing goes, it's about being able to provide some basic metrics and scale. The issue then is consumers' experience, what it is and what they gain. If they get **good things**, they'll come back again. The main thing that is slowing everything down is those **metrics**. If you look at what happened on the Internet, there were several different **standards** of technology that were out there, but standard metrics developed and the market **progressed**.

**Annie Turner:** Who is going to take **responsibility** for developing these standards?

**Paul Wright:** Partly it's **media sellers** who deal in this anyway. We'd just like to be able to have a campaign that runs on TV, the mobile and a website, but you can't do that right now. Partly it's guys like AI and the **operators** who have to get involved. Once we get a group of people involved with some proper output, the rest is relatively **straightforward**, but we don't want 14 different systems saying completely different things.

**Annie Turner:** Is there a **danger** of that?

**Al Russell:** We think standardisation is important so we're **leaning** on industries' bodies to incorporate it through their members. That's happening now. [See separate article on advertising standards bodies in this issue.]

**Nigel Gwilliam media business manager, IPA, from the audience:** Online ad spend is growing fantastically, but what we are seeing in the UK is that 43% of it is through Google. Talking about the mobile Internet, isn't it just a case of when **Google** gets its act together in **mobile**?

**Nigel Sheldon:** Search on mobile is a huge opportunity. Consumers will take to it. Google is a hugely monstrous company and very **dominant**. I think your inference that what's happened online is migrating to mobile is right. The other area this is happening in is **social networking**. Consumers are using **content for communication**. Younger people especially like to be able to send things, share things. If you look at MySpace linking up with **Fox** and other producers to

produce shows for the online broadband world, such as **Prom Queen**. They've done 90 episodes on MySpace.

People who use **MySpace** can interact and engage about it all. At the moment, you have ads and go straight in. In future, you might have **Bebo** and the like are going to link up with the big networks. That's reassuring for some of the advertisers. They know all about YouTube user generated content, but suddenly to have **professionally** produced assets that people want to engage with is a new **dimension**, and I can see all of that migrating across to mobile.

**Mark Hopwood:** That whole debate about Google and **search** is about on-portal and off-portal and the stance portals are striking. If you [an operator] partner with Yahoo!, you're probably going to put their **results** up there first. The second thing that is striking is I don't think people have cracked how to use mobile for search yet.

There's been a lot in the news about **wilfing** this week; that is spending **two days a month** when you're not really conscious of what you're doing, you're using the Internet. It stands for What Was I Looking For? [Also known as aimless surf syndrome].

It's something people will do much **less** of with a handset. A lot of it will be about location, finding something wherever you are or more information on the **restaurant** you can see over the road. I don't think it is a given that Google has the **answer** to this. There are different tasks and experiences that need to be solved and talked about on mobile.

**Annie Turner:** Google and Yahoo! have found life a lot **tougher** on mobile than they expected. They have spent fabulous amounts of money without getting anywhere near what some of the **white label** search engines can do.

**Al Russell:** I just want to clear up something. Yahoo! has a business to business relationship with us and will have no contact with the consumer at all. We have a deal with Google to deliver search.

**Annie Turner:** Why did you sign up with Yahoo!, an **online specialist**, to help you with mobile?

**Al Russell:** The UK probably has the most **mature** ad market in Europe, at GBP2bn a year by far. Yahoo! is strong in display advertising and delivers rock-solid, **industrial-strength** reporting, which is what our agencies tell us they want. Yahoo! also has immediate connections into all the media firms.

So Google has a **branded** presence to deliver search results and Yahoo! handles the display advertising...the business model is **evolving** and I think revenue streams are going to get much wider, beyond just entertainment downloads, which frankly have been the **mainstay**.

From our perspective, at the moment mobile data is a **nice-to-have**; within two or three years' time, we have to have mobile data being an essential service, like people see voice and SMS **today** on every network.

We are looking at current online behaviour and working to **mobilise** that, given it will be the mobile version. So checking your email will move from corporate to the **mass market**, checking

your bank balance online is huge in the UK, why not on mobile and MySpace, or whatever it is **races** a consumer's motor should be on mobile. That's what we've got to enable.

**Member of the audience:** What should I say to an advertiser are the benefits of advertising on mobile?

**Annie Turner:** Also, what about the **cost implications** for an advertiser?

**Kieran Bourke:** This device is with them all the time, not just when they're in front of a screen. It allows them to interact with an advertiser in lots of ways, such as in-store and newspaper campaigns. A lot of it is about **timing**, where they are in their day. There are lots of ways that you can say to a mobile advertiser that their impact is strong.

As for cost, in CPM [cost per thousand] terms it can be expensive – it's about targeting. **GBP 35 to GBP 50 CPM** compared with TV is **horrendously expensive** and you can only justify it by going after particular target groups. The fun generation who started off SMSing ten years ago is now 21, so SMS is likely to have a big impact on them, they understand it.

**Annie Turner:** You hope.

**Kieran Bourke:** It's not about hope, you **test** it.

**Paul Wright:** TV can cost anything from GBP5 to G150 CPM, depending on your target market. It's difficult to **compare**, but if you can do the same target market in the press, watching TV, online or via mobile, it should all be the same price.

There's no reason to believe there's going to be much of a difference. The cost isn't the biggest **deciding factor** about all this at the moment. That only really comes into play once it becomes a mass market medium, then everyone's trying to buy it at a **good price**, like everything else. I think we shouldn't get too het up about CPM, it's not that relevant at the moment.

**Lady in the audience:** Well, how do you price it? I currently look at online ad prices on the Internet and take them **down** a bit to try and sell mobile.

**Paul Wright:** I think that if it's **comparable** with other media, then you are not far out. If you think in the long term, this is going to be a fantastic ad channel worth GBP 50 or GBP 100 CPM, then you should stick with that rate from the beginning, but **unfortunately**, you aren't going to get people buying in.

**Tony Pearce, CEO, Player X Mobile Entertainment, from the audience:** I agree with you Paul. Just to give you an idea of my experience with games and my limited experience with mobile TV at the moment. I'm very **excited** about selling games on mobile and I've certainly pushed my partners and brands into that area. 80% of people who buy my games are **14-25 year olds**, not on contract, who can't afford the GBP 5 for a game.

If there's a free game available, I think they'd have it. For the advertiser, it's **fantastic** news because that **demographic** is hard to get. For the operator, it could be an issue, because where's

that revenue going? There's also an issue there from a publisher's point of view because of how much the operator will take of the free game he's supplying.

We've just launched a great mobile TV channel, which is doing very well. It's a **difficult proposition** though because if you have to pay GBP5 to subscribe to the channel, but then you get ads in it, you may not be very happy. Is the consumer getting a good experience?

And yet I cannot believe how many big brands have come to us, wanting to be part of a mobile channel that probably hit **100,000 users** within weeks of launching. Right now it's hard to come up with any numbers about **exactly** how it's all working. This is a market where I hope [consumers] will accept advertising, but I don't want to **upset** my customers, and that's what you've got to be careful about.

**Member of the audience:** Is advertising on mobile following the Internet model or the TV model?

**Paul Wright:** We provide mobile TV channels to Vodafone live! and various others. It has been **successful** from our point of view. The interesting thing about it is that the most successful channels are not necessarily the most **obvious** channels.

Sky Sports News is the most viewed channel we have, which is not necessarily the most viewed channel we'd have on a normal platform [TV]. I think the reason is that the content is **designed** for people on the **move** – it's a different experience. We see mobile TV as a growth area. Mobile TV is different from the mobile Internet in several ways.

Do you run a simulcast from ordinary TV, which is what's already being done, and therefore what is the **value** to the advertiser for that? They've already **booked** space on a TV channel and now it's on a mobile handset in a very different way, on a **much smaller screen** and all the other things that go with it. There's a big debate there and I don't know the answer to that one at the moment.

The mobile Internet space is a little **clearer**, I think. We have some understanding of what works on the mobile Internet, which is why we're talking about it a lot at the moment. That doesn't mean the two things won't **work together** in future, I'm sure they will. It will find its own space. It's the entry point people make into the content. If you look at video online as well, that's where a lot of things are going on and where the advertiser can get **involved**. I think that's the opportunity for mobile.

**Mark Hopwood:** CPMs and adverts are **important**, but coming up with ideas for great pass-along content and exciting ideas for SMS and integrated campaigns that include SMS like the 24 campaign that Paul mentioned earlier, that's much more interesting and **effective** for a lot of our audiences, and that's what we are most focused on.