

Advertising on mobile phones: Speaking to Asian consumers

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Author: Countries and Consumers - Date published: 4 Mar 2008 The global consumer romance with mobile phones and other mobile devices has driven a rising interest in mobile advertising, with brands eager to communicate to consumers through their beloved communications channel. Already a popular form of advertising in Europe and the United States, Asia-Pacific is the latest region to jump on the bandwagon, with retailers and mobile phone operators all wanting a slice of the action. So what exactly is mobile advertising? It refers to advertisements sent to and presented on mobile devices such as mobile phones, personal digital assistants and other handheld devices. Technological innovations have enabled cell phone users to utilise them as more than a communication device, attracting advertisers to provide finely targeted and time sensitive information to their target audience. Mobile advertising is one of the most unique developments in the mobile sphere since mobile messaging gained mass consumer adoption and has emerged as one of the most important and effective advertising media in the region. Key trends

- Ads prevalent in countries with high mobile penetration; Japan and Korea at the forefront;
- Customer rewards;
- Willing customers.

Commercial opportunities

- Obtain fine-tuned insight into mobile users and their preferences, not just user demographics. More detailed customer preference information will enable better tailoring of advertising packages and customer services;
- Provide relevant and timely advertisements, using location, customer identity and preferences to ensure relevant advertising sent to customers is appreciated. For example, a coffee coupon for Starbucks in Japan sent five weeks after an Australian tourist has returned home is of no value;
- Design a business process for media buyers or advertisers, buying media space on a range of mobile services. Do not restrict campaigns to text messages;

To date, most operators have typically focused their efforts on the average individual consumer rather than businesses. Virgin Mobile in the USA has introduced one of the more interesting examples with its "Sugar Mama" service, offering users free voice minutes or texts in return for accepting advertising messages or taking part in market research surveys; When offering design tools and services for mobile advertising, bear in mind that retailers are looking for simple yet effective solutions for creating ads to reach out to their customers; designing in minutes to upload straightaway.

With technologically advanced mobile phone services in Asia providing customers with data services such as SMS, MMS, video and mobile internet, games, downloads and mobile TV, mobile advertising can take advantage of the "third screen" (alongside the TV and the PC) to reach out to customers. The rapid rise of mobile advertising in the Asia-Pacific region is being fuelled by a surge in mobile phone subscriptions. According to Frost and Sullivan, an international consultancy, the number of mobile phone subscribers in the region jumped from 677.5 million to 826.6 million between 2005 and 2006 alone. The study also shows that Korea has the world's highest percentage of mobile users on the 3G network and is the second largest mobile market in terms of penetration in the Asia-Pacific area.

In general, advertising on mobile devices has great potential due to the very personal nature of the devices and fine-tuned targeting possibilities. Mobile advertising provides retailers with a complete and cost-effective channel through which to build customer relationships and drive sales. Retailers can "mobilise" and build upon existing customer acquisition and retention programmes through a variety of mobile mechanics such as mobile alerts to update customers of sales, new products and deliveries or extended hours and "mobile coupons" to attract customers with deals. The Asia-Pacific region is expected to account for 47.9% of global mobile phone subscribers by 2011. According to figures released by Strategy Analytics, nearly 1 in 3 mobile subscribers will use a mobile broadband connection by 2012. The nature of the mobile phone makes it a powerful advertising medium as it is always there and always on. Ads prevalent in countries with high mobile penetration

The mobile phone is almost omnipresent in Asia Pacific, where mobile phone penetration is steadily growing in fast developing markets like India and China, and already near or at full penetration in mature markets like Singapore, Hong Kong and South Korea. These market conditions were believed by many to be one of the key factors in the appeal of the mobile phone as an advertising mechanism. According to a survey conducted by Acision at Asia-Pacific's premier technology event CommunicAsia, the industry is ready to embrace mobile advertising in the region. Respondents to the survey believed that advertisers are looking at it as the newest channel through which to reach their target audiences and to drive brand awareness. Mr. Boudewijn Pesch, Managing Director of Acision Asia-Pacific, commented, "Global brands are looking to the mobile platform to reach out to increasingly mobile, internet-savvy customers who are looking for relevant and useful marketing messages and greater freedom in the way they use mobile services to make consumer purchases. Mobile advertising is already taking hold in Asia-Pacific with the majority of the respondents (71%) stating that they have received text and multimedia advertisements on their mobile devices, and 32% having stated that they still receive them at least once a week. Japan and Korea at the forefront

Globally, mobile advertising has been regarded as a new way to fund services and to develop new sources of revenue for mobile operators. Japanese and South Korean operators are building upon existing technologies and consumer preferences to pioneer this new medium. By 2012, the value of all mobile advertising and marketing will reach US\$1.2 billion and US\$684 million in the two countries respectively. With closely-targeted marketing using demographic data from existing mobile subscribers, mobile advertising will be highly effective in reaching consumers who are open to

receiving commercial messages. One of the key reasons for mobile advertising market growth is the well-established range of 3G and HASDPA-based handsets available in both countries. Compared to other Asian countries, these markets are entering a new, advanced phase. SMS-based mobile advertisements are still the norm, but consumers in Japan and South Korea are ready to accept rich format advertising that utilises multimedia capabilities. Customer rewards

In order to get an advertisement to the mobile screen, advertisers have to convince the user that the ad is not only worth watching but also worth going to the effort of downloading and watching as well. To date, the only kind of mobile advertising in Malaysia is the intrusive type which involves SMS and MMS. The more advanced form, mobile display ads, does not work there due to the unavailability of WAP sites. A new venture, Gigaphone Malaysia, aims to change this with a new form of mobile advertising that involve getting customers to sign up to receive advertising in return for rewards. Mobile advertising content is said to be in the form of text, banner or video that is downloaded to a user's mobile phone. In Australia, Vodafone is allowing customers to surf content on their phones, ranging from mobile TV shows to entertainment guides, for free, as long as customers are viewing ads. Vodafone's mobile advertising general manager, David Green, said that subscribers can expect free ringtones, wallpapers or music downloads for taking part in a campaign. About 190,000 Vodafone customers have elected to receive the service. "It is a trial to get consumers to spend for their content and I think it will be a long-term trend until they really work out how to catch consumers via 'must-have' content," Mr. Green added. Willing customers

Several blue-chip brands like Nokia and McDonald's have been experimenting with interactive ads on cell phones by taking advantage of the device's ability to know where users are. Customers have the option of finding the nearest retail or restaurant outlet with the press of a key. Although subscribers had felt they were wasting their time and money going through ads while conducting searches on their phones, those concerns have diminished with faster speeds and flat-rate pricing for web access. Yahoo Inc. took the plunge with a mapping service that combines search and location-based mobile technology. All one has to do is to enter a keyword to search, and advertisers registered on Yahoo's database pop up on a digital map. Rebecca Ye, a 22-year-old Singaporean, said she does not mind having ads sent to her phone as long as she has subscribed for them, like "a notification on upcoming sales". MobileOne, Singapore's second largest mobile communications provider, promises to cater only to the "willing customer" as with them, subscribers can choose to receive offers, free news headlines and advanced functions with an interactive ad-based text messaging service. Chief Executive Neil Montefiore of MobileOne said that the customer completely controls what they want to receive, ensuring relevancy. According to Southeast Asia's largest operator, SingTel, their customers are fully aware that they will be receiving the ads. Outlook

Advertising on mobile phones is primarily a new form of direct response advertising. Going beyond a more straightforward approach of inundating consumers with SMSs, more SMS-linked ads are encouraging interaction with mobile phone users, giving consumers the chance to actively respond - e.g. by answering a short quiz or expressing interest in an event to get a discount coupon via SMS.

Print advertising is set to face a further challenge with the rapid rise of mobile phone advertising, a medium which is advancing beyond plain-text formats. According to a statement made by Google Inc's chief executive, Eric Schmidt, there may even come a time when mobile phones will be given out for free to consumers willing to watch targeted forms of advertising. It may take time, though, for mobile ads to gain enhanced esteem among consumers as some parts of Asia have yet to embrace 3G phones that can carry multimedia ads. For further detail about this article and other related findings, please visit [Euromonitor International](#) by clicking here.