Mobile Operators: the natural players in M-Advertising

Fernando Vasco♦, Tecnhology Services Manager, Capgemini Portugal

There's no doubt that traditional advertising, such as the one based on the power of advertisers to "interrupt" viewers as they enjoy television or radio, is in decline. Despite these interruptions have increased, the consumers' attention to advertisements is decreasing and consequently, they retain very little information about products that are being advertised.

On the contrary, mobile advertising, due to its characteristics of customized offer providing to customers personalized content with embedded and targeted promotions, is in ascending curve.

However, the growth of this new tendency has been slower than the initial previsions expected. Despite the actual crisis, analysts believe that 2009 will be the year of mobile advertising and that during the next years m-advertising will be the election channel for advertisers. This opinion is based on predictions that mobile advertising revenue forecast surpass the US$12.8-billion in 2011 (Gartner, 2008).
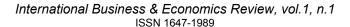
Due to the large growth of mobile penetration, to the technological development of mobile devices and network speeds, new services are provided. In this context, Mobile Operators are well positioned to have an important role in mobile advertising business.

In fact, Mobile Operators have a set of key-aspects that enable them to assume a crucial role; based on the fact their customers are always "sticked" to their mobile phone, as it is "always on".

One of these key aspects is the possibility of user device control, which promotes the chance to do Mobile Tag Advertising or Interactive advertising like, for example, click-to-call or IPTV ad.

The biggest challenge for m-advertising is to meet the customer expectations. Accordingly, the service should be intelligent, given that consumers will not be interested in non-specific advertisements.

To accomplish this purpose, Mobile Operators hold another key aspect: the capacity to perform User Data Analysis by providing Location Advertising (using geographic

♦ Corresponding Author: Fernando Vasco, Av. Colégio Militar, nº 37 F, Torre Colombo Oriente, Piso 10, 1500-180 Lisboa, Tel.: +351214122200, e-mail: geral.pt@capgemini.com

positioning information) alongside with behavioral targeted advertising, based on consumer preferences. These capacities (related to targeted promotions tied to content, location and usage profile) are major determinants of a successful advertising campaign.

Mobile Operators' main goal is to promote the best relationship with their customers in order to increase ARPU and, as already done for other contents, to rely on third parties to the creation of this new type of contents.

From advertisers' point a view, multi-channel advertising can entail advantages that lead to the success of their business. To them, main interests in this media rely on low investment (cheaper than other media), the optimized advertising targeting capacity and the possibility of campaign real-time measurement.

Mobile Advertising tends to become an increasingly important source of revenue to Mobile Operators, in a Mobile Merchandiser perspective. In order to maximize this potential, it is important that operator provide a strong multi advertiser platform where a third party can target, launch and track campaigns (a 360 degrees service) and, simultaneously, provide confidence and convenience to customers concerning advertising content delivery.

Due to the complexity of such operations and in order to accomplish ROI and time to market, it's necessary that the launch of these platforms is well planned to avoid information silos (that normally emerge). Besides, the needs of a correct definition of revenue models, the strategic definition of what contents and customers segment, the architecture (SOA) and integration, have a primordial importance. Other related aspects, such as internal systems (Real Time Billing, Business Intelligence, Real Time Marketing/Decision amongst others) and third parties involved, should also be carefully assessed. A powerful management program ought to be implemented in order to handle several impacts on systems and business processes.

References

Gartner (2008). *Gartner Says Worldwide Mobile Advertising Revenue to Surpass $2.7 Billion in 2008*. 31/03/2008 (Accessed 15/05/2009 at http://www.gartner.com/it/page.jsp?id=634928).

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