Contests of power and place in mobile media advertising

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ABSTRACT: Mobile media, especially mobile cell phones, are now seen and heard everywhere, forming an intrinsic part of the daily lives and habits of billions of people worldwide. Yet, despite this wide diffusion and remarkable rate of adoption, the cell phone is, as an advertising platform, still very much 'a mass medium waiting for the kiss of life' (cited in 'Mobile marketing pitfalls', 2006). This paper examines why this is the case, exploring the factors that contribute to the rather hesitant adoption of mobile advertising. It surveys the obstacles and opportunities for the development of advertising, and the convoluted and, at times, tense relationship between the mobile operators, content providers, advertisers, advertising agencies, handset manufacturers, and other commercial interests. It also examines the role of 3G technology in reshaping these relationships, and the importance of place for marketers' visions of 3G-enabled mobile advertising.

Introduction

Worldwide mobile phone connections are growing exponentially. Global mobile connections stood at 426 million in 2000, with 2008 figures suggesting that this has now reached four billion (ITU, 2008) (see Figure 1 for a global breakdown based on 2007 figures). Meanwhile, global 3G mobile phone user subscriptions topped 100 million in 2006 and are climbing (3G.co.uk, 2007).
Despite such phenomenal growth, however, mobile media advertising—that is, advertising placed on mobile handsets or targeted to mobile phone users—is yet to really take off. Rather, the mobile phone is still very much ‘a mass medium waiting for the kiss of life’ (cited in ‘Mobile marketing pitfalls’, 2006). It is a ‘sleeper’ advertising medium—an emerging advertising market with an enormous potential that is still far from being realised (O’Shea, 2007).

This paper examines why this is the case, exploring the factors that contribute to the rather hesitant adoption of mobile advertising. It surveys the obstacles and opportunities for the development of advertising in the evolving and complicated relationship commonly described in the industry as an ‘ecosystem’ (Stone, 2007; Wilken & Sinclair (in press)).

Mobile advertising is faced with many obstacles. ‘Clunky technology, slow networks and expensive, complicated pricing structures’ are all recognised hindrances (Sainsbury, 2006). Managing unsolicited messages (spam) is also a significant challenge. For example, in light of the significant threat to economic productivity already posed by Internet spam, Spurgeon warns that unsolicited messages ‘could have similarly dire consequences for cell phones’ and that, ‘unless access is based on a clear invitation, direct marketers could very probably kill the mobile golden goose’ (2008, p. 100). For this reason, cautiousness seems to prevail for all concerned.

A further key aspect of the mobile media ‘ecosystem’, and the principal obstacle to mobile advertising examined in this paper, is the convoluted and, at times, tense power relationships between the various players. That is, the mobile operators (the telephone companies that provide the mobile service and handle the billing), the advertisers, the advertising agencies, the content providers, the handset manufacturers, and other commercial concerns. The relationships between these players
influence all facets of mobile marketing efforts and are a crucial factor in explaining the hesitant adoption of mobile advertising.

While identifiable players in the system might share in common an interest in fostering the growth of mobile telephony, each stakeholder has their own rationale and purpose for seeing growth happen. In particular, the telephone companies and handset manufacturers want to expand the market for their services and hardware. However, allowing advertisers and their agencies to have unlimited access to mobile customers generates a fear of consumer turn-off. This is occurring in a context where the marketers want greater access to mobile services, but are particularly cautious about alienating consumers. Content providers are caught in between, wanting to commercialise their assets, but, again, to do so in a way that does not provoke consumer resistance. Thus, as well as being wary about consumer reaction, these various interest groups are also anxious about each other, not to mention their competitors in the same group. There are fundamental conflicts between and within the interest groups involved. It is really these conflicts that are preventing the full realisation of the potential of mobile telephony as an advertising medium, and it is these particular contests of power that are examined in more detail below.

**Corporate control and content provision**

Mobile operators have long been reluctant to make their services available to advertisers and other commercial interests. Carriers are seen to have ‘an intimate relationship’ with customers, worth protecting, ‘given that wireless users tend to associate their cell phone experiences with their provider, regardless of the source’ of the content that customers may access via these devices (Shields, 2005). In addition to minimising the amount of spam, clear commercial benefits result from preserving this control, including, to name the most obvious, a captive audience and the lion’s share of the revenue. It is not surprising, therefore, that so many of the carriers’ key commercial strategies have worked to maintain and further strengthen this control.

In the US, for example, it has long been standard practice for operators to deliberately ‘hobble’ their phones ‘to make flight to a competitor difficult, if not impossible’ (Stross, 2007). More recently, however, consumer dissatisfaction (along with the growing influence of wireless net neutrality debates) has led the Federal Communications Commission (FCC) in the US to demand universal handset standards and provision for greater consumer freedom and mobility (Levins,
In Europe, meanwhile, phone companies have been making forays into other forms of digital media ownership. Investment in Internet protocol television (IPTV) has aimed to generate a one-stop shop for digital service provision, offering consumers ‘triple-play’ bill packages that bundle together TV, Internet, and telephone services (O’Brien, 2007). This has prompted some commentators to suggest that carriers may, in fact, become the next media companies in their own right (Cuneo, 2006).

Creating ‘walled gardens’ or ‘locked portals’ is another key strategy long favoured by mobile operators to maintain control, whereby operators secure the best available content for their own mobile portals in their ‘desire to boost revenues from data services’ (Howarth, 2006). Provision of exclusive content keeps ‘subscribers in and others out’ (Howarth, 2006). However, once the medium begins to grow, the ‘walled garden’ can ‘stifle growth of content outside of those walls’ (Howarth, 2006). The risk for advertisers is that, if mobile operators stick with the ‘walled garden’ approach to exclusive mobile content, then ‘marketing messages will have to be content with taking a back seat’ (‘Mobile marketing pitfalls’, 2006).

A result of these attempts to maintain control by mobile operators is a growing friction with other interested parties, all of whom want greater direct access to mobile consumers. Content providers, advertisers, advertising agencies, and handset manufacturers are all taking steps to better position themselves for a greater share of the global mobile media market pie. To give some indication of market size, in the US, for example, the amount spent on mobile advertising for 2006 was said to be in the order of US$421 million, with predictions that this will rise to around US$4.8 billion by 2011 (‘Clicks’, 2007)—nearly half the predicted global advertising expenditure of US$11.3 billion (Lester, 2006). In response to this expanding market, some of the US’s biggest providers of free-to-air and subscription TV content are ‘repurposing’ their content for the mobile video market (Whitney, 2007a, 2007b; Lehmann, 2006). Advertising agencies are also active in developing mobile strategies. Major advertising holding company WPP launched what it calls the Mobile Alliance, a group of over 10 WPP-owned companies to ‘grow the nascent mobile advertising market’ (Coleman & Canning, 2007).

Equally determined to increase their stake in the mobile advertising market are handset manufacturers, who want their ‘content desks’ to be the destinations for mobile advertising (O’Shea, 2007, p. 34).
Nokia, a prime example, is moving into areas traditionally serviced by advertisers and content providers. In 2007, for instance, Nokia acquired cell phone ad viewing technology company Endpocket (Cuneo, 2007). It is also launching its own digital music service (Pfanner, 2007a), relaunching a multiplayer gaming service (Stone, 2007), and increasing its acquisitions in locative media through map and navigational software maker Navteq (Holson, 2007).

In each of the above cases, motivation for greater access to mobile services and consumers differs in key ways. For content providers, interest in the mobile market appears to be as a ‘back channel or return path for broadcast media’ (Spurgeon & Coggin, 2007, p. 323)—‘a tool to drive traffic around [other] business properties’ (cited in Nguyen, 2005). For handset manufacturers, encouraging ‘on-deck advertising’ (in this case, advertising messages received and viewed directly on the mobile handset) and ‘value-adding’ through games and other device-supported applications is the key. For advertising agencies, the motivation is revenue for ad creation and delivery. Lastly, for marketers, particularly large multinational corporations, the mobile phone appears to be valued primarily as a branding mechanism (Okazaki, 2005, p. 178). Despite these subtle differences in motivation, pressure on mobile operators is mounting. In the face of this pressure, operators are slowly—if rather reluctantly—giving ground and opening up their services to advertising (Cuneo, 2006). The extent to which this emerges as a wider trend remains to be seen.

The promise of 3G: Next generation advertising?
Given the above hurdles impeding mobile advertising, it is also important to recognise some of its opportunities. Two further, interrelated developments with the potential to dramatically reshape the overall mobile advertising landscape and force mobile operators to soften their stance on mobile advertising are 3G mobile technology and the consequent embrace of the ‘mobile Internet’ by marketers and consumers.

3G is becoming increasingly important to advertisers, who regard it as ‘essential’ (‘Mobile marketing pitfalls’, 2006). 3G technology enables advertisers to move beyond text-based SMS messages to embrace an array of alternatives which, most significantly, are delivered at speed. Examples include cut-down versions of television commercials, mobile TV and video-on-demand, branded mobile content, and so on. What this means for advertisers is more rapid transmission of advertising...
material as well as greater consumer exposure to mobile content with embedded or supporting advertising messages. The industry view is that mobile phones (such as the Apple iPhone) will increasingly merge into a single multifunction device—becoming ‘the Swiss Army knives of technology’ (Story, 2007). As part of this evolution, they will also rapidly become ‘more subservient to advertising’ (Cleff, 2007, p. 263). In Australia, Telstra-owned search company Sensis claims that mobile phone users are ‘lapping up’ its mobile Internet services (Chenery, 2007). Benefits for mobile operators are increased revenue through new subscriptions by those wanting to access content, as well as associated revenue increases from data access and download fees. The promise of 3.5G and above is even faster delivery; however, at present, 3G is the preferred medium for advertising, given the more specialised and limited reach of 3.5G and 3.75G services.

However, facilitating greater access to a range of content options and formats also poses significant longer-term dilemmas, as a ‘whole new kind of mobile marketplace’ is created (Levins, 2007). The difficulty this poses for mobile operators is twofold. First, 3G technology puts mobile media content squarely in the broader realm of digital content provision. This results in mobile carriers in closer proximity—and conflict—with some of the biggest global players in digital media, such as Google, Yahoo, News Corporation, and Microsoft (Helft, 2007a, 2007b; Shannon, 2007). Sheer size and financial clout position these companies as the biggest long-term threat to the mobile operators’ present levels of control. One pundit already forebodes a ‘raging battle’ that is ‘going to be war’ between ‘the Web world and the wireless world for control of mobile advertising revenue’ (Pfanner, 2007b). Indeed, moves like AOL’s acquisition in 2007 of established mobile advertising network Third Screen Media (Sharma, 2007) and Publicis Groupe’s decision to share executive expertise with Google (Wentz, 2008) do lend some credibility to claims of looming conflict.

The second problematic aspect of 3G technology for mobile carriers is that increased access to the mobile Internet provides advertisers with an attractive alternative means of interacting directly with consumers (Gray, 2006). It enables both content providers and advertisers to negotiate around carrier control and billing issues as well as interaction design problems. It also enables greater user-led flexibility and access options for consumers, with the mobile Internet fast emerging as the most popular channel for mobile advertising (via ‘m-sites’) in Australia and the US.
Even so, the obvious potential and increasing embrace of 3G technologies and the mobile internet by advertisers and other industry players has not as yet translated into a flood of mobile advertising messages and campaigns. Rather, caution continues to prevail. For advertisers, at least, this hesitancy is due in large part to more general challenges, such as the need for high bandwidth speed, simplicity of device interaction design (hence the appeal of the iPhone), simplicity of strategy, simplicity of execution, and simplicity of engagement for the end consumer. The ‘0-1-2-3’ approach encapsulates this: ‘zero manuals, one point of entry to the service, no more than a two-second response time and content that is no more than three clicks away’ (‘The sell, sell, sell phone’, 2007).

Nevertheless, in spite of increased consumer uptake of 3G technologies and calls for greater strategic and device interaction streamlining, the effectiveness of mobile marketing is also held back by significant inter-market differences. For instance, 3G subscription penetration rates vary substantially on a country-by-country basis: they stand at 53% in Japan, 25% in Australia, and only 4% in the US (Von Abrams, 2008; ACMA, 2008). Advertising agencies and their clients need to pay close attention to these market differences and variable patterns of technology use, in the same way as with broader intra-market complexities that complicate all forms of advertising strategy, including manifold cultural and other demographic differences (Wilken & Sinclair, 2007).

**Personal, portable, and potentially lucrative: Location-aware advertising**

In the context of such power dynamics, it is also prudent to reflect on issues of place. A further key promise of 3G technologies for mobile advertisers is the possibility of location-sensitive one-to-one marketing communications. One-to-one marketing communications using presence and context-aware systems has been described as ‘the Holy Grail’ (cited in ‘On the radar’, 2006) of advertising for a simple reason: it promises to connect the advertiser directly with an individual consumer at a crucial site of consumption: the point of purchase. In Australia, Bluetooth has been tentatively used for mobile marketing purposes. Preliminary tests have been carried out on transit buses in Perth, Western Australia (Alarcon, 2006), and in ‘Bluezones’ in the food courts of select shopping centres, where advertisers can ‘market directly to shoppers via their mobile phones by delivering rich media content such as wallpapers, MP3s, videos or even vouchers’...
(‘Connecting shoppers’, 2007). Some marketers are boasting of what can already be achieved with Bluetooth and related technologies such as so-called Quick Response codes (Parsons, 2007; Story, 2007). For example, one mobile content provider claims an ability to find for their customers ‘somebody who is within an age range, and a demographic, with a source of interest that you want, who’s doing a specific thing at a specific time, and give them a message’ (cited in ‘On the radar’, 2006). In most cases, the end aim is to pull the consumer into a ‘brick and mortar store’ (Gopal & Tripathi, 2006, p. 4). Notwithstanding such approaches, risks of overuse and spam continue to make all parties nervous. The fear is that, unless these messages are solicited (or at least, permission-based), and unless location-aware advertising is ‘carefully monitored and exercised’, it has the potential to become ‘an extremely intrusive practice’ (Cleff, 2007, p. 263).

And yet, place continues to be regarded by some as ‘the most important concept’ for mobile advertisers (Parsons, 2007; Gopal & Tripathi, 2006, p. 4). But, while location-sensitive advertising is enthusiastically talked about, much talk seems insensitive to complexities of basic pedestrian mobility patterns (Whyte, 1988, pp. 56-67; de Certeau, 1988, pp. 91-110), and socio-spatial complexities of much mobile phone use (Wilken, 2005), which are well documented. Such complexities include the ‘softening of time’ through ‘micro-coordination’ (Ling & Haddon, 2003, p. 246), and other behaviours that reveal a complex set of interactions and negotiations between place, physical co-presence, and ‘virtual’ presence (Ito & Okabe, 2005, pp. 264-271). All these examples highlight the complexity of place-based uses of mobile media. For mobile advertisers, the design of location-sensitive devices and applications must account for the fact that ‘pure geographical location is rarely of users’ interest’ (Arminen, 2006, p. 322).

Conclusion
As the various machinations of power and place are explored, a fuller picture emerges of the ‘complicated mobile phone ecosystem’, including three key observations. First, the convoluted and, at times, tense relationship between mobile operators (telephone companies), advertising agencies and marketers, content providers, and handset manufacturers plays a crucial, if fraught, role in shaping the present and future directions of mobile advertising. Secondly, the Internet remains an important medium and end destination for mobile consumers—albeit one that, increasingly, is likely to be accessed via 3G (and above) equipped phones rather than computers. Thus, while
statistics reveal a plateauing of worldwide new Internet connections in contrast to rapid growth in new mobile phone connections, the importance of the Internet to advertisers is unlikely to diminish.

Thirdly, marketers desire increased simplicity but actually face ongoing difficulties in negotiating the complexities of mobile media. To a large extent, the hurdles facing mobile advertisers and impeding 'effective' mobile advertising strategies can be seen as 'structural' and not easily resolved. By structural, we mean that the inherent conflicts and challenges to mobile advertising course through and underpin all facets of mobile media development and use—from interface design, service provision, and the complex socio-cultural and socio-spatial uses of mobile media, to the increasingly divergent content options that are opened up by 3G technology and 'convergent' devices like the iPhone.

Thus, numerous challenges confront mobile advertisers. These include effectively combating the debilitating effects of spam, overcoming consumer resistance to ads or ameliorating this resistance through other means, and resolving the fundamental conflicts between and within the various players involved (which seems unlikely in the short-to medium-term). Without a coordinated and systematic response to these structural issues, mobile advertising will continue to remain a 'sleeper' advertising medium; a market with enormous nascent potential.

Notes
1. The figures provided here are the most detailed non-proprietary figures available at present in the trade press.

References


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