

The mobile video market, with its still-uncertain platforms and standards, is both perilous and promising for advertisers, but one thing is clear: if you haven't yet plotted a strategy for the "third screen," you're already behind

BY ROB O'REGAN

**THIS IS WHAT YOU'VE BEEN YEARNING FOR:**

one consumer, fully engaged with a short video linked to your brand, forwarding it to friends, and sharing information with you as the relationship deepens. The interaction is personal because it takes place on the most coveted consumer electronics device: a mobile phone.

If only video advertising over cell phones were that simple. In truth, the mobile marketing universe is a complex ecosystem of multiple channels, emerging technology, and an intricate web of potential partners (see "A Complex Ecosystem," page 60). It is one in which wireless operators are morphing into media companies, advertisers are creating their own programming, and a new market of content aggregators and video service providers is popping up to assist both sides.

While brand marketers and media planners, many of whom are still cutting their digital video teeth on the Internet, view the mobile

# CHANGING CHANNELS





channel with some uncertainty, the prospect of highly interactive (and highly measurable) encounters with consumers has major appeal. "There's so much opportunity here that it's sometimes baffling to get your arms around the potential," says Jon Raj, vice president of advertising and emerging media platforms for San Francisco-based Visa USA, which has been experimenting in the mobile space since 2002. "None of us has discovered the magic we can do with it."

### REBROADCASTING THE WHEEL

For a medium that seems to lend itself to a completely new advertising model targeting the individual, mobile video has, in the first tangible steps, taken a surprisingly mass-market approach: the rebroadcasting of TV programming — and the ads embedded in it — to cell phone subscribers.

Consider the early success of MobiTV, the privately held Emeryville, Calif.-based company whose mobile TV service doubled to more than 1 million customers since April. The company streams programming from Fox Sports, MSNBC, Discovery Channel, and other cable channels, along with the national spots that run in those programs, through wireless networks from Sprint, Cingular, and Alltel. In place of the local spots that run on cable, MobiTV offers more relevant 30-second advertisements. "We're an affiliate in the technical sense," says Jack Hallahan, vice president of

## Best Practices

- 1** The length of a pre/post-roll on a mobile device should be determined as a percentage of the total content. Short-form programming requires shorter ads.
- 2** User control over how, when, and for how long they access the content implies a different architecture: engage and disengage.
- 3** Advertisers must take into account basic geography, as in the small screen size of the mobile handset, when planning their creative.
- 4** Many experts believe the real winners in the mobile space will be the ones who devote resources to creating original videos and other unique content specifically for the third screen.
- 5** Good metrics for the mobile space are still evolving and will probably suffer under the weight of unrealistic expectations.

advertising for MobiTV. "We have control of the commercial pods that have the local breaks — four 30-second spots per hour on the channels that we're broadcasting, in effect, live." MobiTV counts Daimler-Chrysler, Visa USA, and Axe Shower Gel among its initial advertisers.

Part of the appeal for these advertisers

is that MobiTV's subscribers represent a demographic that daytime cable programming can't touch: primarily males in the 18-39 age group. This means a commute-time airing of MSNBC's *Hardball* might draw two distinct audiences: retirees and work-at-home moms viewing on cable and young male commuters viewing from their Treos.

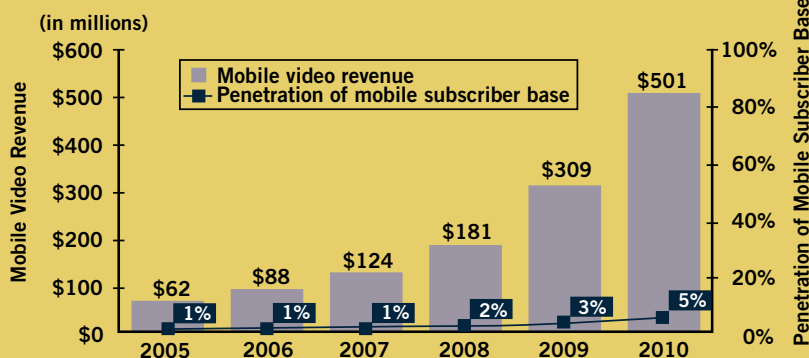
In addition, as MobiTV's programming lineup expands and the viewing experience improves, subscribers are spending more time watching, Hallahan says. Average viewing time per session has increased from five to seven minutes (in November 2005) to its current range of seven to 15 minutes.

And when mobile subscribers are watching, it's a safe bet that they're paying attention. "Mobile viewing is a very engaged experience," says Dave Whetstone, vice president and director of mobile marketing for San Francisco-based Publicis & Hal Riney. "If you're watching TV on it, you're watching. It's not running in the background."

### GETTING THE SPOTS OUT

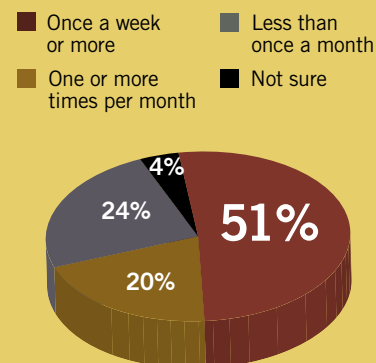
Not everyone, however, is convinced that traditional pre/post-roll advertising is the best way to maintain that attention. "Thirty-second spots have no place in mobile," says David Bluhm, CEO of GoTV Networks, a Sherman Oaks, Calif.-based provider of on-demand television programming for

## Mobile Video Revenue and Penetration of Mobile Subscriber Base



SOURCE: JUPITERRESEARCH WIRELESS MODEL, 2005 (U.S. ONLY)

## Frequency of Mobile Video Usage



\*This chart does not add up to 100% due to rounding  
SOURCE: THE NPD GROUP, APRIL 2006

mobile devices. "In TV, it's a broken model, so hoping for the best on mobile — even if you reduce those spots to five to 15 seconds — is not a winning strategy."

Bluhm and others contend that rebroadcasted TV in general is not the optimal viewing experience for mobile users. "The idea that some guy in New York tells me when and how I can watch a show is old-school thinking," Bluhm says. "The user has to have a lot of control about how and when they access the content and when they shut it down. You don't know when you'll have to stop to get on the bus or take a call. The model that works accepts a different architecture: engage and disengage."

GoTV emphasizes product integration or sponsorship for brands looking to reach subscribers to its on-demand programming. Another emerging option is branded programming, in which advertisers create their own short-form videos. "The mobile platform is ideal for branded entertainment, perhaps even more powerful than

the Internet," Whetstone suggests.

Looking beyond the 30-second spot, MobiTV also sees branded programming as an emerging channel for its service. Hallahan points to the success of DaimlerChrysler's Jeep group, which ran a series of short-form videos called "Meet the Mudds" on a branded MobiTV channel earlier this year. The series did quite well, with average viewing time around two minutes — almost the length of an entire "mobisode," Hallahan says.

"The mobile market is a very good opportunity for branded content because of the viewing habits of the mobile user," says Tom Burgess, CEO of Third Screen Media, a Boston-based provider of mobile advertising software and services. "If a brand is delivering valuable content, it should do very well."

#### VALUE VERSUS VISION

The key word here is *valuable*. Whether it's creating a five-second clip or a two-minute mobisode, the advertiser's

mindset needs to be one of, "I'm here to be helpful, informative, or entertaining," Bluhm says. This approach, many observers contend, is critical to developing that coveted one-to-one relationship with consumers on the other end of the phone.

But it's only the first step. In reality, mobile video is not the Holy Grail for advertisers; it is simply a means to an end, a way to begin or extend a relationship by engaging a consumer with interesting content affiliated with a brand. "Video is a way to get people into your franchise," Whetstone says. "But you need all the other elements of mobile as places to land once you've brought them in."

Those additional elements include banner advertising, text messaging, and downloadable applications. As with any good integrated campaign, marketers must view video as one part of a broader experience with a brand. The danger arises when these elements cross over from conversation into intrusion, a distinct possibility in the mobile space. "A mobile



## A Complex Ecosystem

**AS WITH ANY EMERGING TECHNOLOGY MARKET**, the mobile video environment is marked by hardware and software companies and service providers jockeying for position over standards. What makes mobile video different from the Internet and cable television is the complexity of the ecosystem, from the competing delivery platforms to the multitude of handsets. "In those industries [Web, cable TV] you have standards, and the players mostly adhere to them," says Tom Burgess, CEO of Third Screen Media. "In mobile, we haven't reached that level of standard and efficiency; you have a lot more moving parts."

Burgess and others point to the hundreds of handsets, sporting various screen sizes, running any of a half-dozen different operating systems, and offering unique subfunctions for which content must be optimized. What's more, the different networks, backed by competing wireless carriers, make it difficult to broadly test campaigns and new creative. "Mobile is 10 times more complex than current channels," says David Bluhm, CEO of GoTV Networks. "It's a nightmare, and it's not getting better anytime soon."

A standards battle destined to have ramifications for marketers involves the emerging platforms for transmitting TV-quality video to mobile phones. In one corner is DVB-H (Digital Video Broadcasting for Handhelds), backed by handset maker Nokia, mobile TV service provider Modeo, and other members of a group called the Mobile DTV Alliance. The group has been testing its technology since 2005 and plans to launch it in major U.S. markets beginning late this year and continuing throughout 2007.

In another corner is FLO (Forward Link Only), proprietary technology developed by wireless heavyweight Qualcomm through its MediaFLO subsidiary. Verizon Wireless has signed on as the first major wireless carrier planning to offer mobile TV services over the MediaFLO network, which Qualcomm is expected to roll out later this year.

Both platforms stand to improve the quality of video transmissions over mobile phones. Each will be able to deliver video at up to 30 frames per second. And each enables multicast transmissions, similar to broadcast television, in which a signal is transmitted once to multiple devices. Current mobile TV solutions over cellular are unicast, meaning signals must be sent individually to each user on the network, which can degrade performance as the number of viewers increases. — R.O'R.



## ANA MEMBER Q&A

# Test Pattern

phone is a very personal piece, almost an extension of the person," Raj points out. "There's a very fine line between [being allowed] into their space and being intrusive. If you cross the line, you're asking for trouble."

Because of the short bursts of attention subscribers can devote to viewing content, many marketing experts believe that overt, in-your-face advertising won't work. They call for a more subtle approach to branding. "You have a very limited time. You want to make sure that you're not tainting that experience in a negative way," says Lydia Loizides, vice president and director of technology and media experience for Interpublic Media's consumer experience practice in New York. "You have to be creative in how and where and what you're asking that customer to do."

When it comes to video, advertisers must also take into account basic geography, as in the small screen size of the mobile handset. "What you do on a 52-inch plasma is different than what you do on a 2-by-2-inch screen," Raj says. "You have to really consider the creative based on the limitations of the smaller screen."

Many observers believe the ultimate winners in the mobile space will be the ones who devote resources to creating original videos and other unique content specifically for the third screen. "Taking existing creative and altering it to fit this medium is a less than optimal model," Burgess says.

The challenge, as with any other marketing initiative, is determining the payoff. Good metrics for the mobile space are still evolving and will probably suffer under the weight of unrealistic expectations. Media planners' eyes may widen at the prospect of connecting with, and gathering information from, individual phone subscribers, but the reality is that the data may not be a whole lot better than what they're getting now online. Wireless carriers aren't likely to turn over subscriber information to advertisers, leaving the task of data gathering to the marketers themselves. "Because all mobile campaigns are opt-in, at the point when subscribers establish that interaction with the brand, [advertisers] have an

**AS ONE OF THE WORLD'S LARGEST ADVERTISERS**, Procter & Gamble has significant sway when it comes to marketing trends. Will it lead the way in the mobile advertising space as well? The company recently tapped one of its own, **Jean Berberich**, to shepherd its mobile initiatives around the globe. Berberich, whose title is innovation manager for mobile marketing, recently provided *The Advertiser* with insights into P&G's early efforts.

### **Q. How would you describe P&G's mobile marketing efforts: test stage, fully engaged, or somewhere in between?**

**A.** This is a difficult question to answer because we are at varying stages in different parts of the world. For example, while mobile marketing is still broadening in the U.S., it is already a mature capability in much of Asia. Overall, I'd say that P&G as a company is in the "test and learn" stage.

### **Q. Your mobile team is relatively new. What is its charter?**

**A.** The charter is to help establish mobile as a viable marketing channel by bringing together a global team that shares knowledge and experiences about mobile campaigns. We are holistically piloting mobile in a measurable, strategic environment so we can share common best practices across brands and regions and integrate mobile into brand-building overall.

### **Q. Is P&G actively involved in any mobile video campaigns in the U.S.?**

**A.** We are exploring the possibility of some small pilots with mobile video in the U.S., specifically sponsorship of established channels.

### **Q. Are you exploring traditional advertising, sponsorship, original content, product integration, or all of the above?**

**A.** We are always exploring new ways to connect with our consumers, so it's safe to say we are looking into all of the above.

### **Q. What makes the mobile channel unique compared with other advertising channels?**

**A.** Real-time, targeted marketing where and when the consumer chooses to receive it is what mobile is all about. I believe mobile video will better enable this channel by offering visual content that consumers can act upon. But we recognize that the content must be relevant and the benefits great enough to engage our consumers in this new medium.

### **Q. What's the revenue model for mobile marketing? Is it primarily for brand awareness?**

**A.** I think it's too early to define the revenue channel, but brand awareness seems to be on the top of the list. We have also seen mobile be successful in other areas, for example, trial, repeat purchase, and relationship building.

opportunity to ask the key demographic questions," says Laura Marriott, executive director of the Mobile Marketing Association in Boulder, Colo., which is developing a best-practice guide for mobile video.

If done right, the possibilities are intriguing. The vision of a consumer accepting a brand into his distinctly personal space

and, eventually, engaging in an extended conversation has advertisers paying close attention to the brave new world of mobile video. "[Video] is used to create a relationship vehicle," Bluhm says. "Through that relationship, you'll get a long-term, loyal customer who's talking to you." ■