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What is This?
'Waiting for the Kiss of Life'
Mobile Media and Advertising

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Abstract / Mobile media, especially cellphones, are now seen and heard everywhere, forming an intrinsic part of the daily lives and habits of billions of people worldwide. Curiously, despite this wide diffusion and remarkable rate of adoption, as an advertising platform the cellphone is, in the words of one commentator, still very much ‘a mass medium waiting for the kiss of life’. This article examines why this is the case, by exploring the ‘complex mobile phone ecosystem’ and the factors that contribute to the rather hesitant adoption of mobile advertising, with particular attention to the inherent conflicts amongst the interested parties in the system. It does this through a meta-analysis of themes and issues evinced in mainstream media and the advertising trade press. Study of this data is supplemented by drawing on a number of critical studies within the available research literature on the subject.

Key Words / advertising / cellphone / mobile media / phone

Mobile media, especially cellphones, are now seen and heard everywhere, forming an intrinsic part of the daily lives and habits of billions of people worldwide. Driving this wide diffusion has been a remarkable rate of adoption. In the space of just over two and a half decades of commercial availability, the mobile phone, or cellphone, has overtaken the fixed-line telephone and outstripped the internet in terms of new connections (Goggin, 2006: 1). For instance, to cite US research, since autumn 2001 there has been a significant levelling off in the number of North Americans who use the internet (Rainie and Bell, 2004: 44, 47). In contrast to this, worldwide mobile phone connections are growing exponentially. Global mobile connections stood at 426 million in 2000, with predictions that this figure will rise to over 3 billion by the end of 2007 (Philipson, 2006).

Given this rapid rise of mobile phone adoption and ownership, where does this leave advertising? One might reasonably expect such phenomenal growth to result in the mobile phone being the global marketers’ advertising medium of choice – especially when combined with reported declines in the advertising revenues of established media, notably free-to-air TV (Creamer, 2007). To date, however, any explosion in mobile media...
advertising – that is, advertising placed on mobile handsets or targeted to mobile phone users – is yet to eventuate. Rather, as one commentator puts it, the mobile phone is still very much ‘a mass medium waiting for the kiss of life’ (quoted in ‘Mobile Marketing Pitfalls’, 2006). That is to say, it is a ‘sleeper’ advertising medium, like Snow White or Sleeping Beauty, an emerging advertising market with an enormous potential which is still far from being realized (O’Shea, 2007b).

Research Rationale and Design

This article examines why this is the case, by exploring the factors that contribute to the rather hesitant adoption of mobile advertising. It does this through a meta-analysis of themes and issues evinced in mainstream media and the advertising trade press, with particular attention to the inherent conflicts amongst the interested parties who comprise the ‘complicated mobile phone ecosystem’ (Stone, 2007: 18). Study of this data is supplemented by reference to a number of critical studies within the available research literature on mobile telephony and advertising. Both kinds of material are drawn from sources in major mobile markets in the advanced countries. The article also reviews the ambiguous potential of 3G technology for advertising, considers recent developments in location-sensitive advertising, and analyses the implications for the global mobile advertising industry.

The theoretical framework, which gives structure and direction to the analysis here, is the political economy of communications. This is an approach which is well-established in the study of traditional media, where it has yielded an abundant and insightful research literature with a critical focus upon the economic interests and the political environment in which technological development and commercialization shape media development (Wasko, 2004). When applied to the question of the mobile phone as an advertising medium, a political economy approach directs our attention to the different vested interests with a stake in commercializing the medium in this way. Since these interests can be seen to be in actual or latent conflict, the research question then becomes: How far do these conflicts explain the apparent lag between the boom in mobile phone diffusion and the relatively retarded realization of its potential as an advertising medium? A political economy approach also opens up questions of social structure and the respatialization of capitalist society, and invites critique of a commercialized mobile culture.

As to the data sources and research method, the article draws on an extensive search of recent issues of the advertising and related trade press – notably Advertising Age, Television Week, Marketing Week, and Telephony in the US, B&T in Australia, and Campaign in the UK – as well as the business and technology sections of The New York Times and The Australian daily newspapers. The trade sources in particular permit an examination of how mobile media advertising is being discussed within the advertising and telecommunications industries themselves. A critical reading of how these sources treat themes and issues over time not only enables a desirable continuity of data collection, a diachronic as opposed to a synchronic perspective, but also makes possible an examination of the narratives and other discursive strategies that are being constructed about and around mobile advertising by the industry. That is, at the same time as this study has drawn upon its various sources for the privileged data about the industry to which they have access, it also has been observing how the industry interprets this information, and
how it talks about itself more generally. It is in this sense that we refer to our method as a meta-analysis.

At the meta level of discourse analysis, two key figures stand out. The first of these is a recurrent theme of hope tempered by caution. This forms the dominant (double) narrative in industry reportage on mobile advertising. Gone is the out-and-out optimism – indeed, the boosterism – that characterized much of the early literature on, say, the internet. In its place is a much more cautious narrative, albeit one which nevertheless entreats mobile marketers to never lose sight of ‘the land of wealth abounding’ that many see as promised by mobile media. The second, is the use of metaphor in industry reportage, particularly the evocative characterization of the mobile market as an ‘ecosystem’. Pickett and Cadenasso (2002: 6) write that in its metaphorical usage, ‘the concept of the ecosystem can be used to stand for equilibrium, resistance or resilience, diversity, and adaptability’. To describe mobile media advertising as a ‘complicated ecosystem’ suggests an emphasis on the second term in Pickett and Cadenasso’s list – resistance – and an understanding of this field as involving a range of factors that ‘may constrain the behavior of system components’ (Pickett and Cadenasso, 2002: 4). Furthermore, the metaphor captures the delicate and complex structural relation of the stakeholders in their global context.

Thus, the ecosystem metaphor has been chosen for this article because it expresses the tension in the interrelationship of the several interest groups involved, and does so in preference to various other conceptions extant in the mobile marketing literature. For instance, while Kavassalis et al. touch upon a dependent aspect to the relation between mobile advertising and traditional media (2003), Barnes’ value chain approach to the whole field of ‘m-commerce’ is too linear (2002), while Barwise and Farley’s take on ‘interactive marketing’ (2005) is based on business models which are still very much in the process of formation, as this article hopes to demonstrate.

Advertising to the Mobile Masses: The Marketers’ Cause for Optimism

The mobile phone has been described by advertisers as the ‘next great conduit between consumers and advertisers’ (‘The Sell, Sell, Sell Phone’, 2007). The present section analyses the context in which this view has flourished, giving some insight into the grounds for the optimism that surrounds mobile advertising. However, the remainder of the article is then concerned with mapping the ‘ecosystem’ of the various interests involved, and, in particular, the factors that contribute to the apparent promise and perils that the medium holds for advertisers. One of the key features of this system is the convoluted and at times tense relationships between the mobile operators (the telcos who provide the mobile services and handle the billing), the advertisers, the content providers, and the handset manufacturers. These complex tensions influence all efforts to develop mobile advertising as will become apparent in the following meta-analysis of the key themes and issues.

It should become evident that although the identifiable groups of players in the system might share a common interest in fostering the growth of mobile telephony, each of them has their own rationale for seeing that growth happen, and their own different commercial purposes that they are seeking to achieve. In particular, the telcos and handset
manufacturers on the one side want to expand the market for their services and hardware
without the consumer turn-off which they fear would result from allowing advertisers
and their agencies, on the other side, to have unlimited access to mobile customers,
however cautious the marketers may be in reality. Content providers are caught in
between, wanting to commercialize 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 anxious about each other, not to mention their competi-
tors in the same group. That is, there are fundamental conflicts between and within the
interest groups involved, and it is really these conflicts that are preventing the full
realization of the potential of mobile telephony as an advertising medium.

Yet, stakeholder tensions seem submerged in the optimism fired by and reflected in
the industry’s predictions for growth, even if the various interest groups see different
opportunities in the figures. For instance, a UK study, conducted by Informa Telecoms
and Media and reported in the trade journal Marketing Week, predicts that the global
mobile advertising market will be worth US$11.3 billion by 2011, a significant increase
on the earlier forecast of around US$871 million for the year 2006 (Lester, 2006a). Mean-
while, within individual markets, research by Frost and Sullivan estimated expenditure on
mobile advertising in Australia for 2006 to ‘reach above’ AUD$500 million, or around
US$445 (Howarth, 2006a). This is up from AUD$130 million (US$115) in 2004 and
AUD$250–300 million (US$222–266) in 2005, despite the perception of growth having
slowed slightly by the beginning of 2006 ‘due to the exclusion of certain content types
from some capped and pre-paid plans’ (2006a). In the USA, meanwhile, 2007 figures put
the amount spent on mobile advertising for the preceding year at around US$421 million,
with predictions that this will rise to around US$4.8 billion by 2011 (or nearly half the
predicted global mobile advertising expenditure mentioned earlier, see ‘Clicks’, 2007).
Furthermore, US mobile video subscriptions increased from 2.5 to 6.2 million by the end
of 2006, although this take-up is comparatively small compared to some European and
Asian markets (Whitney, 2007a).

As a further and related sign of optimism and expected mobile advertisement
growth, in June 2007 media research giant Nielsen announced the purchase of the
privately owned USA-based mobile media research company, Telephia (Story, 2007d). The
acquisition builds on Nielsen’s earlier decision to create a new service called Nielsen
Wireless for the express purpose of ‘developing tools to track cellphone use’ (2007d),
and points to the increasing seriousness with which mobile content consumption is being
treated and monitored.

Yet, despite clear growth for mobile advertising, these figures do need to be put into
a larger perspective. For instance, the predictions for global mobile ‘ad-spend’ for 2011
will still represent only around 2 per cent of world-wide advertising expenditure. Simi-
larly, in the USA, the ratio of 2006 expenditure for online advertising versus mobile
advertising was a disproportionate 38:1 in favour of the former (‘Clicks’, 2007). These
discrepancies draw out two important points: on the one hand, the mobile advertising
market is miniscule at present in overall global ad-spend terms; on the other hand, when
coupled with high global penetration rates for mobile handsets and accompanying
subscription plans, the room for potential growth is indeed enormous.
Manufacturing Consent? A Dr Dolittle Dilemma

The inherent stakeholder conflicts begin to be seen once we turn to consider the obstacles in the way of realizing that potential. Impediments to the development of mobile phones as a ‘new platform for content’ viable for advertisers are numerous and complex: ‘clunky technology, slow networks and expensive, complicated pricing’ structures are all recognized hindrances (Sainsbury, 2006). These and other hurdles will now be examined, beginning in this section with the dilemma over ‘push versus pull’ advertising and the fraught issue of consumer consent. It should become apparent that conflict amongst stakeholders is in major respects a by-product of conflict between the industry and its consumers, or what different stakeholders want of them.

Mobile advertising is generally split into two basic forms: ‘on-deck’ and ‘off-deck’. On-deck advertising is usually taken to mean that a site or the browsing experience is on the carrier portal (that is, the mobile internet site of a given mobile operator or service provider). Often the term ‘on-deck’ is also used in a more general sense to refer to marketing messages received and viewed directly on the mobile handset. This includes SMS messages, which continue to constitute the dominant form of mobile advertising message in many markets (Deign, 2006; Haig, 2002). Off-deck advertising, on the other hand, refers increasingly to advertising messages that are accessed through the mobile internet at sites outside of carrier portals.

In simple terms, mobile advertising strategy pivots on the question of whether to adopt a ‘push’ or a ‘pull’ model of advertising, what might be dubbed as a Dr Dolittle dilemma. The difference between the two strategies is quite straightforward: the two terms differentiate between a ‘subscription-based campaign where recipients are sent mass messages over an ongoing period (push), and information or services sent instantly as the result of a specific, often personalized request (pull)’ (Haig, 2002: 31). Typically, in the push model, ‘each message promotes a product’ (like Coke). In the pull model, the advertising message ‘enables the relevant transaction to occur’ (Haig, 2002) by drawing consumers to a promotional website, for example, often through incentives. In the past, the push approach has been the strategy most commonly adopted by text message marketers, and involves consumers signing up to receive promotional offers and other forms of communication direct from a company (2002: 32).

Irrespective of which approach is favoured, obtaining consumer consent is considered vital. Indeed, mobile advertising is sometimes referred to in the professional literature as ‘permission-based marketing’ (Barnes and Sconavacca, 2004: Kavassalis et al., 2003). Many governments have stepped in to ensure that obtaining consent is required by law. For instance, in Europe, mobile advertising is regulated by EU law, which stipulates that users’ permission must be obtained in order to send information via electronic communication for marketing purposes (Cleff, 2007: 265). In Australia, the Spam Act (2003) also stipulates that consent must be obtained and states that ‘unsolicited commercial electronic messages must not be sent’. Australian and global mobile advertising authorities and industry associations generally applaud these initiatives (AMTA, 2003) and have made the need to obtain consent a feature in most industry-generated guidelines. In addition to the various national codes of practice which have been formulated over the last several years, the global Mobile Marketing Association’s Global Code of Conduct states that mobile marketers ‘must ask for and obtain consent by obtaining an explicit
opt-in from the user for all mobile-messaging programs’ and that ‘Consent is not carried into other programs unless the user has consented’ to a new messaging program (MMA, 2008).

However, and despite legislative protective measures and industry advocacy for them, the issue of how ‘consent’ is defined, registered and acknowledged on an ongoing basis nevertheless remains something of a grey area and point of contention. In the case of EU law, for instance, it is ‘not specified what form an appropriate and effective disclosure should look like in order to obtain meaningful consent from the mobile user’ (Cleff, 2007: 263). The terms of reference of the Australian Spam Act 2003 are similarly opaque (Spam Act, 2003: 40). In addition to definitional obscurity, the task of registering and receiving consent is made difficult given the interactional and operational complexities of the new computing environment (Cleff, 2007: 263). What is more, with the projected growth in mobile advertising, the sheer volume of ‘collection events’ (advertising messages sent to consumers) has the potential to overwhelm mobile users, advertisers and operators, especially when every such ‘event’ requires consent (Cleff, 2007: 263). The logistical challenges involved in managing multiple and ongoing requests for, and receipt of, consent should not be understated.

Structuring this debate over consent is an ongoing tension between the rights of the consumer and ‘the regulation of data protection’ on the one hand, and ‘commercial practices to maximize advertising via mobile technologies’ on the other hand (Cleff, 2007: 263). Initiatives such as the Australian Spam Act 2003, with its requirement for an opt-out clause (‘functional unsubscribe facility’), would suggest that individual mobile users do have some measure of consumer protection. Even so, caution would seem to prevail on both sides.

On the marketing side of things, advertising agencies, the advertisers they represent and the mobile operators, are all extremely sensitive about alienating consumers by inundating them with unwanted advertising appeals: the agencies do not want to risk losing their clients, the companies do not want a brand or product backlash, and the mobile operators do not want a consumer revolt and migration to their competitors. On the consumer side of things, fear of spam, in combination with the widely held judgement that ‘the mobile phone is arguably the most private medium there is’ (Deign, 2006: 34), forms a key reason for consumer reluctance in accepting mobile advertising messages. For mobile advertisers, the peril is that ‘any commercial message, particularly an unsolicited one’, has the potential ‘to be deemed intrusive, met with suspicion and, quite possibly, ignored’ (Deign, 2006). As Spurgeon (2008: 100) puts it, while advertisers are ‘extremely keen to gain access to this intimate personal space, there is also a shared understanding that, unless access is based on a clear invitation, direct marketers could very probably kill the mobile golden goose’. Thus, balancing the tension between the ‘right to privacy’ and the ‘right to advertise’, and overcoming consumer resistance to mobile advertising, has proven and continues to prove to be a particularly challenging hurdle for mobile advertisers to negotiate. For its part, however, the mobile manufacturing industry is less bothered by such consumer issues, so long as mobile usage continues to grow by whatever means.
Message Customization and Consumer Attitudes to Mobile Advertising

One approach that has been advocated as a way of easing consumer concern over spam is to develop advertising strategies and messages tailored for and targeted to individual mobile users (‘The Sell, Sell, Sell Phone’, 2007). Known as ‘behavioural targeting’ (Story, 2007e), this faces a number of sizeable logistical challenges, not the least of these being large-scale data analysis and matching requirements (Gopal and Tripathi, 2006: 5). Nevertheless, it is a concept that has attracted high-profile, wider industry support. For example, the French-based global advertising conglomerate Publicis Groupe has announced plans to transform all advertising into ‘personalized messages for each potential customer’ (Story, 2007b). The strategy is ‘to build a global digital ad network that uses offshore labor to create thousands of versions of ads’. Then, through analysis of consumer data, ‘the network will decide which advertising message to show at which moment to every person who turns on a computer, cellphone or – eventually – television’ (2007b). An even more fanciful, and flagrantly intrusive proposal, comes from a Californian company who want to offer an internet (as opposed to mobile) phone system, similar to Skype, but supported by advertising which is matched to what people are talking about during their calls (Story, 2007a).

Until these fantastic visions become a reality, if ever, opt-in or permission-based marketing will likely continue to be the dominant mobile advertising model of choice. Indicative of this approach is the service offered by Australian web-based company HooHaa which acts as an advertising portal linking marketers with mobile phone users. HooHaa offers permission-based, highly targeted messages via SMS to Australian mobile phone users. Consumers register their interest in receiving advertising messages through the HooHaa website; once registered, these users can expect to receive up to six text messages per week within restricted hours (Addington, 2007).

Even so, evidence of a shift in consumer attitudes to mobile advertising is emerging, and mobile marketers would receive considerable encouragement from more recent academic and industry research in this area. In particular, a number of studies have found that, while privacy and anti-spam concerns continue to be important (Pfanner, 2007b), a variety of factors have been found to positively influence consumer responsiveness to mobile advertising. The most important factors appear to be the provision of entertaining, credible and relevant content (Barwise and Strong, 2002; Haghirian and Inoue, 2007; Leppäniemi and Karjaluoto, 2005; Tsang, et al., 2004; Xu, 2006–2007), and also commercial incentives, such as subsidized access in exchange for receiving advertisements (O’Shea, 2007a; Lester, 2006b; Cuneo, 2007b). Individual technological ability is also found to favourably influence attitudes to mobile advertising. So-called ‘early adopters’ and the technologically savvy are more likely to be open to receiving advertisements (Muk, 2007). Similarly, it has been noted that resistance to ads by later adopters tends to subside as they develop greater familiarity and confidence with device operability (Muk, 2007: 193). Findings such as these have prompted speculation that industry concern over consumer resistance to mobile advertisements itself appears to be abating also (Cuneo, 2006b). Even so, evidence would still seem to suggest an ongoing reluctance on the part of mobile advertisers to tempt fate by overstepping the mark.
Corporate Control, Cost and Content Provision

Those research findings also point to another, equally complex set of issues that have to do with questions of corporate control of mobile media, and its concomitant issues of cost recovery and content provision. At the heart of both sets of issues is a contest over gaining access to mobile consumers, especially for advertising purposes, and here we find carriers’ interests counterposed to those of the advertisers.

Mobile operators are reluctant to make their services available to advertisers and other commercial interests. As one commentator puts it, ‘Carriers have an intimate relationship with customers that they want to protect, 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 minimizing the amount of unwanted content (spam), there are clear commercial benefits in 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 USA, 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 in the USA to work towards loosening the grip of carriers by demanding universal handset standards and provision for greater consumer freedom and mobility (Levins, 2007). In Europe, meanwhile, phone companies have been making forays into other forms of digital media ownership by investing in internet protocol television (IPTV). The aim is to function as a one-stop shop for digital service provision by offering consumers ‘triple-play’ bill packages that bundle together TV, internet and telephone services (O’Brien, 2007). Strategic investments such as this have prompted some commentators to suggest that carriers may in fact become the next media companies in their own right (Cuneo, 2006b).

The other key strategy long favoured by mobile operators to maintain control has been to secure the best available content for their own mobile portals in their ‘desire to boost revenues from data services’ (Howarth, 2006b). This creates what are referred to as a series of ‘walled gardens’ or ‘locked portals’ which, through the provision of exclusive content, work to ‘keep their own subscribers in and others out’ (Howarth, 2006b). It has been suggested that the walled garden model does hold some merit for a marketing channel still in its infancy, at least to the extent that it can ‘educate’ and protect novice consumers by allowing them to browse content freely without incurring ‘bill-shock’ (2006b).

While the ‘walled garden’ model favours the carriers, the problem from an advertisers’ perspective is that, once the medium begins to grow, the ‘walled garden’ will only serve to ‘stifle growth of content outside of those walls’ (Howarth, 2006b). The risk for advertisers is that, if mobile operators stick with the ‘walled garden’ approach they are taking to exclusive mobile content, then ‘marketing messages will have to take a back seat’ (‘Mobile Marketing Pitfalls’, 2006).

One point on which advertisers and mobile operators are in agreement, however, is in holding to the belief that content should never be free. To permit free content is, to
mobile marketers, to fall back into the trap to which the internet succumbed (‘Mobile Marketing Pitfalls’, 2006). However, the point on which the operators cannot seem to agree with advertisers is how best to charge for content. Advertisers have accused mobile companies of ‘hampering the development of mobile marketing . . . due to their high fees and charges’ (Livesley, 2007). From an advertisers’ perspective, while the traditional model of advertising-supported content is favoured (Bonello, 2006), other options – such as an ‘all you can eat approach’ adopted by some UK operators (Howarth, 2006b), or a payment system similar to broadband provision favoured by some Australian operators – are acknowledged to be ‘steps in the right direction’ (Livesley, 2007). If there is an overall sticking point, though, it would be advertisers’ desire for greater direct access to the ‘mobile masses’, especially in the form of ‘on-deck’ advertising (in this case, marketing messages that are received and viewed on the mobile handset itself).

As a result of these attempts to maintain control by mobile operators, there is growing friction with other interested parties, all of whom want greater direct access to mobile consumers. In short, as the commercial value of the mobile marketing pie increases in size, so does the number of players wanting a slice. Content providers, advertisers and their agencies, and handset manufacturers, are all taking steps to better position themselves for a greater share of the global mobile media market pie. For example, some of the USA’s biggest providers of free-to-air and subscription TV content are ‘repurposing’ their content for the mobile video market. In the USA for instance, MTV Networks has made deals with Pepsi-Cola and Intel to sponsor MTV and Comedy Central mobile channels, while NBC Universal is planning to sell ads for its mobile video programming, including prime-time material like Heroes (Whitney, 2007a). News Corporation’s Fox television network in Australia made a similar arrangement in 2006 by signing a deal with Toyota to sponsor a spin-off series of Prison Break specifically for mobile phones (Lehmann, 2006). Indeed, as one article notes, ‘in the two years since Fox Mobile and MTV Networks pioneered the market for cellphone programming, almost every major film and television studio is developing projects’ (Holston, 2007), with Discovery Communications in the USA among the more aggressive of these (Whitney, 2007b).

Meanwhile, advertising agencies are also active in developing their mobile strategies, with major British-based global advertising holding company WPP appearing to lead the way. In October 2007, WPP launched what it calls the Mobile Alliance, ‘a group that brings together more than 10 WPP-owned technology, media and creative advertising companies’ in an attempt to ‘grow the nascent mobile advertising market’ (Coleman and Canning, 2007). This signals a seismic shift in the former hands-off relationship that agencies traditionally have had with the media in which they place clients’ advertising.

Further, handset manufacturers are equally determined to increase their stake in the mobile advertisement market. These companies want their ‘content desks’ to be the destinations for mobile advertising, and, in the words of one commentator, are ‘doing everything they can to make that happen’ (O’Shea, 2007b: 34). Nokia is a prime example, with the company moving into areas traditionally serviced by advertisers and content providers. In September 2007, for instance, Nokia acquired Endpocket, a USA-based company that develops technology for viewing ads on cellphones. This move, it is argued, positions the handset maker ‘up against traditional online ad sellers’ (Cuneo, 2007a). In other developments, Nokia is also launching its own digital music service (Planner, 2007c), relaunching a multiplayer gaming service (Stone, 2007), and is increasing its involvement...
in locative media by acquiring map and navigational software maker Navteq (Holson, 2007). Vodafone is also working to maximize its stake in the mobile advertisement market by setting up a company division ‘to push mobile phones as a marketing platform to the advertising industry’ (Bryan-Low, 2006; Koremans, 2007).

What is important to recognize, though, is that in each of these cases, the motivation for greater access to mobile services and consumers by content providers, advertisers and handset manufacturers differs in key ways. For instance, for content providers, the interest in the mobile market is reported to lie in the medium as a ‘back channel or return path for broadcast media’ (Spurgeon and Goggin, 2007: 323). According to News Corporation’s News Interactive, ‘the mobile phone is really a tool to drive traffic around all our business properties’ (quoted in Nguyen, 2005), while a CBS spokesman declares his company’s desire is ‘to be as ubiquitous as possible and be in as many formats as possible’ (Whitney, 2007c). For handset manufacturers, this means encouraging on-deck advertising and ‘value-adding’ through games and other device-supported applications. For advertising agencies, this means a slice of the revenue for advertisement creation and delivery. Lastly, for marketers, particularly large multinational corporations, the mobile phone appears to be valued primarily as a branding mechanism (Okazaki, 2005: 178).

Despite these differences in motivation, the overall desire for a greater slice of the mobile advertising pie is leading to mounting pressure on mobile operators. In the face of this pressure, operators are slowly – if rather reluctantly – giving ground and opening up their services to advertising. For the most part, this continues to be in the form of ‘off-deck’, ‘pull’ advertising which draws consumers to an outside mobile website. There are exceptions, however. In the USA, for example, Sprint Nextel, Cingular and Verizon are all taking steps to open up their services to ‘on-deck’ (handset-based) ‘push’ advertising. In the case of Verizon, this is said to involve a two-tiered pricing structure, offering a premium rate without ads, or a cheaper, ad-supported service (Cuneo, 2006b). This is just one example of mobile operators opening their services to advertising – a move resulting, at least in part, from the competitive strategies of content providers, advertisers, and handset manufacturers. However, the extent to which this emerges as a wider trend remains to be seen.

The Promise of 3G: Next Generation Advertising?

However, there are two further, interrelated developments that have the potential to dramatically reshape the overall mobile advertising landscape and force mobile operators to soften their stance on mobile advertising vis-à-vis the other interested parties in the industry. These are the introduction and increased uptake of 3G mobile technology, and associated improvements in interaction design and device capability, as well as the embrace of the ‘mobile internet’ by marketers and consumers as a result.

The term 3G refers to a ‘third generation’ of mobile phone standards. These standards effectively combine wide-area voice telephony with internet access and allow network operators and consumers a much wider range of ‘multimedia’ services, including the ability to access the mobile internet, and send and receive mobile video and TV, and other forms of data in addition to text. It follows that 3G opens up several more channels for mobile advertising, far beyond the text-based SMS still typically used at present, and offering considerable enhancements of the multimedia capabilities of MMS.
With 2G technology, clunky interaction design and substantial handset differences posed significant challenges for advertisers. For example, in order to mount large-scale, consistent, ‘on-deck’ advertising campaigns using this earlier technology, global mobile advertisers would have had to negotiate hundreds of different handsets, all potentially with varying standards and at times basic device capabilities (Robertson, 2007).

In some senses, handset differences continue to be an issue for advertisers (AIMIA, 2007). But, the fact that ‘networks are finally putting their weight behind 3G’, and with improvements in handset design and reliability that can ‘deliver the promise of 3G’, advertisers regard 3G technology as ‘an essential element to the delivery of engaging marketing messages’ (‘Mobile Marketing Pitfalls’, 2006). In short, this technology enables advertisers to move beyond text-based SMS messages, embracing an array of alternatives, from cut-down versions of television commercials, to mobile TV and video-on-demand, branded mobile content, and so on. The industry view is that, as mobile phones (like the Apple iPhone) merge into a single multifunction device – becoming ‘the Swiss Army knives of technology’ (Story, 2007c) – they will also rapidly become ‘more subservient to advertising’ (Cleff, 2007: 263).

Fundamentally, 3G technology is about facilitating access, ideally at fast bandwidth rates, to a greater variety of content and content formats. In Australia, for example, the Telstra-owned search company Sensis claims that mobile phone users are ‘lapping up’ its mobile internet services (Chenery, 2007). The benefits of this for mobile operators are increased revenue through new subscriptions by those wanting to access this content, as well as associated revenue increases from data access and download fees. However, facilitating greater access to a range of content options and formats also poses significant longer-term problems for mobile operators in that it creates a ‘whole new kind of mobile marketplace’ (Levins, 2007).

It does this in two key ways. First, 3G technology puts mobile media content squarely in the broader realm of digital content provision. This has the result of bringing the mobile carriers into close proximity – and conflict – with some of the biggest global players in digital media, such as Google, Yahoo, News Corporation, and Microsoft (‘Google Ads Go Mobile’, 2006; Helft, 2007; Shannon, 2007). Each of these corporations has a number of mobile media strategies in place. In some instances, this has included deals struck in collaboration with mobile operators. For instance, Yahoo has ‘reached a deal to feature its search engine on mobile portals run by Telefónica’ in 15 countries in Europe and Latin America (Pfanner, 2007d). Nevertheless, it is their sheer size and financial clout which positions these companies as the biggest long-term threat to the mobile operators’ present levels of control. One pundit already writes (rather melodramatically) of a ‘raging battle’ that is ‘going to be war’ between ‘the Web world and the wireless world for control of mobile advertising revenue’ (Pfanner, 2007a). Indeed, moves like AOL’s acquisition in 2007 of established mobile advertising network, Third Screen Media (Sharma, 2007), 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, along with what one critic calls the ‘law of diminishing returns’ for push advertising (Haig, 2002: 32), provides advertisers with an attractive alternative means of interacting directly with consumers. In other words, the mobile internet (web-based services accessed by mobile devices) means ‘content providers are turning away from mobile operator portals’ and are ‘targeting mobile users directly instead’ (Gray,
In addition to overcoming the limitations on content imposed by ‘walled gardens’, the mobile internet gives both content providers and advertisers the ability to negotiate around carrier control and billing issues as well as interaction design problems (a significant issue for ‘push’ advertising, as noted). It also enables greater user-led flexibility and access options for consumers. Given this flexibility, it is not at all surprising that the mobile internet is fast emerging as the most popular channel for mobile advertising in Australia and the USA, with most global marketers and content providers operating ‘off-deck’ m-sites, as they have been dubbed.

This push towards mobile websites has had the side effect of reigniting debates over domain names and, in particular, the question of whether to persist with the ‘.com’ suffix, or promote the mobile-specific ‘.mob’ suffix. Critics argue that to use the latter not only forces a doubling up of content and labour, which increase costs, but it also requires extensive consumer re-education (Cuneo, 2006a). Advocates, on the other hand, argue the benefit is that mobile consumers will only encounter content tailored specifically for mobile handsets (2006a). An Australian example of this is News Interactive’s launch in mid-2007 of their first off-deck m-site for their CARSguide web-based automotive sales service (Stavrinos, 2007).

Interestingly, though, the obvious potential and 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 both advertisers and content providers. For advertisers, at least, this hesitancy is in large part the result of more general challenges that attend and further complicate mobile advertising. For example, in developing mobile strategies, advertisers argue that there must be high bandwidth speed, simplicity of device interaction design (the very reason that the iPhone has been greeted with such enthusiasm by many marketers), simplicity of strategy, simplicity of execution, and simplicity of engagement for the end consumer. The ‘zero-one-two-three’ 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’ (quoted in ‘The Sell, Sell, Sell Phone’, 2007).

What is more, increased uptake of 3G technologies does nothing to obviate the need for advertising agencies and the corporations they service to pay close attention to market differences, especially when it comes to patterns of technology use. For example, Europe continues to constitute a thriving market for short messaging because of uniform standards, with over 75 per cent of subscribers using SMS services (Gopal and Tripathi, 2006: 3). In contrast, only 40 per cent of US subscribers regularly use SMS, with 65 per cent of all US mobile-phone usage reputedly made up of phone calls (Mcilroy, 2007). This is to say nothing of the broader intra-market complexities that complicate all forms of advertising strategy, including manifold cultural and other demographic differences (Wilken and Sinclair, 2007).

**Personal, Portable and Potentially Lucrative: Location-Aware Advertising**

Nevertheless, a further key promise of 3G technology for mobile advertisers, and one that makes overcoming the aforementioned hurdles all the more desirable, is the possibility that these devices will permit location-sensitive one-to-one marketing communications,
of ‘location-based services’ (LBS). The prospect of one-to-one marketing communications using presence and context-aware systems has been described as ‘the Holy Grail’ of advertising (‘On the Radar’, 2006). The reason is simple: it promises to connect the advertiser/marketer directly with an individual consumer at a crucial site of consumption: the point of purchase.

In Australia, tentative steps have been taken towards realizing this goal by utilizing the Bluetooth protocol (which enables proximate, similarly configured wireless devices to communicate with one another) for mobile marketing purposes. Preliminary tests have been carried out on transit buses in Perth, Western Australia (Alarcon, 2006), and by setting up ‘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). For marketers, the key in both cases is a location that has significant ‘dwell time’ – a crucial factor for mobile content consumption.

Other, related technologies – while not strictly location-sensitive – also have advertisers excited. One is Quick Response codes ‘that allow a camera on a mobile device to scan and connect directly to the mobile internet, making the phone a “physical hyperlink”’ (Parsons, 2007) – a technology which, in Japan, is already standard issue on many new phones (Story, 2007c). Another is what is called ‘near field communications’, a process soon to be trialled in Australia by Telstra and various banks ‘that lets consumers pay for goods simply by passing a mobile handset across a merchant’s payment terminal’ (Walters, 2007).

Some marketers are boasting of what can already be achieved with such technologies. For example, the Australian-based mobile content provider HWW claims that, by combining ‘behavioural targeting’ techniques and location-based services, they can 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’ (quoted in ‘On the Radar’, 2006). The ultimate aim of such messages, in many cases, is actually to pull the consumer into a ‘brick and mortar store’ (Gopal and Tripathi, 2006: 4). There is even talk of the mobile being used to ‘revolutionize media measurement’. By installing specific software, the device ‘can pick up audio signals that have been pre-encoded into the radio or TV broadcast the audience is currently watching or listening to’ and these signals are then sent to a data centre for processing and statistical analysis (Nguyen, 2006).

Again, however, despite the potential there is still considerable hesitancy amongst all parties because of the risk of overuse and spam and the fear that these messages will drive customers away. The argument 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: 263).

This hesitancy notwithstanding, place continues to be regarded by some as ‘the most important concept’ for mobile advertisers (Gopal and Tripathi, 2006: 4; Parsons, 2007). However, such is the overall enthusiasm with which location-sensitive advertising is talked about that much of this talk seems insensitive to the complexities of basic pedestrian mobility patterns (de Certeau, 1988: 91–110; Whyte, 1988: 56–67). It also seems insensitive to the socio-spatial complexities of much mobile phone use, many of which
have been documented in the research literature (Wilken, 2005). These include the ‘softening of time’ through ‘micro-coordination’ (Ling and Haddon, 2003), and other behaviours which reveal a complex set of interactions and negotiations between place, physical co-presence and ‘virtual’ presence (Ito and Okabe, 2005: 264–71) – or what Morse (1990: 203) refers to as the ‘copresence of multiple worlds in different modes’ experienced as an ‘ontology of everyday distraction’. These complicated socio-spatial interactions also include counter-intuitive uses of the mobile phone, such as where young South Korean mobile phone users ‘immobilize’ (switch off) their devices in response to perceived sensitivities between peers concerning place, time, etiquette, and content (Yoon, 2003). All these examples highlight the complexity of place-based uses of mobile media. The key lesson in this for mobile advertisers, and for the design of location-sensitive devices and applications, is that ‘pure geographical location is rarely of users’ interest’ (Arminen, 2006: 322).

Conclusion

This examination of mobile advertising develops a fuller picture of what has been described as a ‘complicated mobile phone ecosystem’. From this examination, three key observations can be made that are significant for how we understand this ‘ecosystem’. The first of these is to note the ongoing importance of the convoluted and at times tense relationship between mobile operators (telcos), advertising agencies and marketers, content providers, and handset manufacturers, and the crucial if fraught role this relationship plays in shaping the present and future directions of mobile advertising. The second key observation, or finding, is that the internet – in the broadest sense of a worldwide, publicly accessible network of interconnected computer networks – remains a leading medium. This is despite statistics that show a plateauing of worldwide new internet connections, which contrast with rapid growth in new mobile phone connections. With the arrival of 3G technology, the mobile phone – at least from a marketing perspective – works increasingly as a kind of mobile ‘portal’ to connect consumers with the mobile internet, and thus, by extension, advertisers and content providers more directly with consumers. Even beyond the advent of mobile advertising itself, this development represents a further respatialization of the relationship between producers and consumers, a state of affairs not anticipated in the traditional political economy of communications (Mosco, 1996).

The third and final point to emerge from this picture of the mobile phone ecology concerns the ongoing difficulties marketers face in negotiating the complexities of the medium, given their desire for increased simplicity. To a large extent, the hurdles facing mobile advertisers and impeding ‘effective’ mobile advertising strategies can be seen as ‘structural’ and are not easily overcome. 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.

There is a more theoretical conclusion to be drawn from the observed structural complexities, specifically with regard to the emergent critical perspective, the ‘global
the capitalism thesis’, which argues that a coalescence of national and international ‘class fractions’, or a ‘transnational capitalist class’ (Robinson, 2005: 5), is driving global capitalist development, including that of telecommunications and new technologies in general (Simpson and Wilkinson, 2002). However, while the Gramscian concept of class fractions is appropriate in recognizing that there are divisions within this new ruling class, the case of mobile telephone advertising suggests that these divisions, even within the one industry, can be based on quite antagonistic interests, and be the cause of conflict. Thus, rather than seeing fractions as based on broad divisions between industrial and financial capital, it would appear from this case that the ensemble of distinct corporate interests which surround the commercialization of mobile telephony demands a more nuanced understanding of how contradictions can develop in just one industrial sector, especially when it is structured on a global scale. If such conflicts are to be found across many other sectors of corporate activity, that would imply that the transnational capitalist class is too fractured to be a ‘ruling class’ in any meaningful sense.

There are further theoretical implications that could be drawn from an analysis of the mobile advertising ecosystem for our understanding of the social structure and culture of capitalist societies in the era of personalized communication technologies, but that would go far beyond the scope of the present work. Suffice it to say that, given the degree to which concern over users’ resistance appears to be responsible for the evident reluctance in the nascent industry to fully exploit its new commercial technology, there seems to be a certain shift in the balance of power between producers and consumers, at least in comparison to traditional mass media. This situation would require the political economy of communications to incorporate more of a cultural studies perspective to arrive at an adequate account.

Finally then, given the many structural complexities attending mobile media use and mobile advertising, as they have been documented in this article, the proverbial ‘land of plenty’ sought by advertisers could well remain a distant vision for some time, a promised land somewhere over the horizon. All the while, mobile marketers continue to speak and write with cautious optimism of this ‘golden land of opportunity’ awaiting. Yet to return to the metaphor with which this article began, truly effective and lucrative mobile media advertising would appear to be still waiting for a truly breath-giving kiss of life, but where is the prince who will hack through the thorns to reach the Sleeping Beauty?

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References


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