



With more and more mobile numbers becoming available to marketers, Robert Buckley finds that the latest handset technology still has a long way to go to beat SMS as a marketing medium.

Got the Message?

SMS messaging was the surprise hit amongst consumers of the first generation of digital mobile phones. No one expected that sending 160 character messages would become more popular with some phone users than making calls. There are now 186 billion messages sent annually and, with 90 per cent penetration of the market, almost anyone worth targeting has a mobile.

Marketers have not been slow to see the potential and have been integrating text messaging with other channels like direct mail and email for some time, both for relationship building and for contacting prospects. But as the next generation of phones emerges with always-on Internet access and multimedia messaging, has mobile marketing yet found its niche and what is its future?

Getting better all the time

The benefits of SMS are compelling for marketers: an instant response mechanism that customers can use wherever they are and double-digit response rate. Over 80 per cent of broadcasting, publishing and multimedia companies are now using text as part of their brand awareness and marketing campaigns (Benchmark Research). Many have used it as a relationship tool, with more than 40 per cent having tried to run regular

quizzes via SMS; sports updates and voting by text have also proven popular ways to keep their brand uppermost in their customers minds.

The demand for prospects has now been met with millions of numbers, though some have approached this market with greater conscientiousness than others. One of the chief complaints about mobile data has been the low quality and narrow reach of bulk lists: impoverished teenagers buying ringtones might be useful for products such as games and alcopops but are unlikely to buy higher priced offerings.

John Farmer, director of Carbon Partners, reckons that lists have been getting better over the last year. "Access to good data is definitely improving a lot. Going back a year, you couldn't get information for all the right demographic slots and it was pretty poor. A lot of it was opt-in by default – the prospects had opted in for information from other sources but no mobile data was collected. Now you can get quality data that's been acquired in the right way and checked off by a third party."

Pamir Gelenbe, co-founder of mobile marketing agency Flytxt, agrees. "It's a little better than it was a year ago. We finally have professional players such as Claritas getting in on the action. That's where we get some of our names. But we still need better targeting in



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Pamir Gelenbe, co-founder, Flytxt.

some areas. The data market still has some way to go.”

But Ben Johnson, managing director of Satsuma Solutions, a technology company that provides consultancy services for mobile and Internet campaigns, says that most lists are still poor.

“Most [rental] lists are still variable though so most of our clients are still working with their own data,” he says. John Corbett, managing director of Opera Telecom, says that his clients still do not trust agency lists and have been improving their own data acquisition as well, ensuring that registration forms and other acquisition tools include mobile phone numbers. But getting hold of mobile numbers is about to become a lot simpler.

As of February next year, millions of mobile numbers will become available in a standard format, making the job of validating existing databases far easier and also potentially opening up millions of prospects for mobile contact by text and by phone. After protracted negotiations with operators, Ofcom is getting closer to realising its ambition of creating a central directory of the names and addresses of UK phone numbers with all relevant phone numbers, including mobile numbers, attached.

BT Wholesale Directory Solutions will add the new data to the industry-standard OSIS database and take responsibility for its maintenance and sale. It has already acquired nearly ten million mobile numbers from Vodaphone, half of which are ex-directory and can only be used for verification purposes, leaving five million available to OSIS licensed resellers and their clients to append to their customers and prospects. The other ten million mobile numbers from other operators should be released soon.

“These numbers can be used for contact once appended to a customer or prospect database,” says Antony Allen, managing director of GB Group’s DataCare and DataCapture divisions (one of the licensees reselling the data). “But you can only add the number if you already have the name and address – you can’t just buy a list of numbers.” At the moment, 50 per cent of numbers are ex-directory which means that you can validate that those customers are ex-directory, but cannot contact them.

While this directory will help clean existing databases and fill some gaps for companies that have not yet started to collect mobile numbers, experienced SMS marketers advise restraint. A mobile phone is something very personal to its user and should be treated with respect. Guidelines from the Mobile Marketing Association suggest regular checks against the Telephone Preference Service and rigorous compliance with 1998 Data Protection Act should represent the minimum; soliciting full opt-in before texting or calling would be better practice.

And to further deter mobile spammers, the regulatory authorities are increasingly on the lookout too.

MobyMonkey was fined £50,000 by ICSTIS last August after receiving 200 complaints over unsolicited messages for a premium rate phone line. Some people had received it 40 times in one day.

SMS or MMS?

In light of the above, campaigns which use a variety of media to pull in customer responses via their mobiles are proving far more successful than outbound campaigns. Not only are they opt in by default, but they can also be publicised through other channels as part of an existing campaign, without the cost of mass outbound SMS. The advent of more memorable unified “shortcodes” – special four-, five- or six-digit numbers rather than the 11-digit numbers of regular mobile phones – is also making direct response campaigns easier than before.

But despite the current popularity of SMS, its shine may soon disappear. Carbon Partners’s Farmer says that he has recently seen the response rates of campaigns flattening off. While rates are still good, consumers are getting more savvy about marketing and the newer messaging technologies now available may be making SMS look like yesterday’s technology.



You just can't do an MMS campaign yet

Ben Johnson, managing director, Satsuma Solutions.



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With their built-in graphics capabilities, Multimedia Messaging Service (MMS) and Extended Messaging Service (EMS) are both competitors to supersede SMS as the messaging system of choice. EMS only provides basic logos and pictures while MMS offers support for photos as well as sound and video on faster GPRS phones (General Packet Radio Service – an “always on” mobile data connection), though the handsets to send and receive sound and video are not yet available. Until their arrival, mobile network operators are pushing the photo messaging aspect of MMS strongly, providing it on many entry-level phones and setting up special tariffs for MMS messages.

Analysts Frost & Sullivan predict the eventual triumph of MMS over both EMS and SMS. It foresees continued growth of SMS into 2004, after which it will level off, with revenues declining as MMS rises in popularity approximately 900 per cent between 2004 and 2007. SMS’s eventual demise at the hands of MMS seems inevitable, but beware of jumping onto the bandwagon before it is ready to roll.

At the moment, MMS is far more expensive than SMS, typically four times as much. Benchmark

Research's survey showed that while SMS is popular with marketers, 31 per cent believe the costs associated with MMS are prohibitive and will stunt the growth of the market. The networks have also used slightly incompatible versions of MMS, and have not yet implemented gateways between their networks – as they did with SMS – to enable messages to cross network boundaries. It will be spring 2003 at least before there are such gateways and sending separate contact lists to each network operator is no longer necessary.

Ben Johnson of Satsuma also points out the main challenge that MMS marketers face: the recipient pays for the download as well as the sender. In the US, where recipients as well as callers have to pay for mobile phone calls, take-up of handsets has been notoriously weak compared to other countries. The same could happen to MMS and for the same reasons. If prospects consider unwanted SMS messages invasive now, consider how they will feel about unwanted MMS messages if they have to pay to receive them. Even opt-in messages will need to provide more value than they do now if consumers are going to be willing to pay for them.

Operators may eventually offer tariffs to marketers so they can bear the cost of receiving the message as well as sending it. But it will be some time before consumers understand which messages they have to pay for and for which they do not. And incorporating extra text to advise them would certainly detract from the core message.

Are we ready for MMS?

Nevertheless, despite these obstacles, Johnson advises trialing MMS services with a small target market now, "just to learn the lessons". The data cleansing involved in creating an SMS opt-in database will have to be repeated again for an MMS database with even greater rigour. The incompatibilities of networks, the differences between handsets plus the fact that unlike SMS messages, not all handsets will be able to understand MMS messages, mean that without an opt-in with details of network provider and handset, an MMS campaign will not even be technically possible.

"We did a campaign for a big nightclub chain in which everyone who registered to receive SMS messages would get a logo for their handset which they could show to the club doormen to get free entry," recalls Johnson. "But the logos would only work on Nokia phones. Now imagine that times ten. You just can't do an MMS campaign yet – people getting gibberish from you is worse than no marketing at all."

Farmer suggests holding back for even longer from adopting MMS, for the same reason. "Past Christmas, we'll have a good idea of how much handset penetration there's been," he says. "Until then, it's not worth it. It's going to be the first quarter of 2003 at least before we can look at it as a realistic communications option.

There has to be a market out there before you put plans together and you have to have a reason for using it. Don't use it just for the sake of it."

Pamir Gelenbe of Flytxt remains optimistic that if and when MMS takes off, the opportunities to create better campaigns will be far greater. "Critical mass will be an issue with MMS adoption. But MMS will bring the whole medium to life and you'll be able to do so much more. It's a natural evolution. Just as PCs started off as just black and white text and now do sound, pictures and colour, exactly the same thing will happen with mobile phones."

Though the extra capabilities of MMS look tempting, the immaturity of the market and its as-yet low penetration mean it is too early for anyone, except the truly adventurous with highly targeted lists, to run an MMS campaign. But by doing the homework now and building on the knowledge acquired in using SMS as a marketing tool, companies will be ready for MMS, if and when it ever really takes off. ■

Is it time for MMS? Not just yet it seems

New media agency YourRelease would like to say it was the first to launch an MMS marketing campaign for the games industry.

Unfortunately, says the company's technical director Mark Panay, its ambitions far outstripped the current marketing potential of MMS.

"At the moment, it's ridiculously hard to do it," he complains. "Hardly anyone has it. There's one little MMS server out there somewhere that can send messages to all the networks. There's no cooperation between operators and it would cost a silly amount to do." Instead, to raise awareness of Rock Star Games's latest release, titled "Grand Theft Auto Vice City", YourRelease created a WAP push campaign. "It's a little known secret that MMS is just SMS with WAP," Panay confesses. "We put a link into an SMS message that leads to a WAP site. It's not 100 per cent true MMS though."

The incentive for recipients to click through on the message was £100,000 worth of ringtones, logos and picture messages for Nokia handsets, available at a specially created wireless portal. There, users could customise the picture messages with their own text and then send them on as true MMS messages to friends with suitable handsets.

YourRelease runs its own ringtones and logos site from which it has compiled a database of opt-in customers and the handsets they use. The database has in excess of 120,000 names of under 25-year-old music and gaming fans that have opted in for mobile and email contact. From this database, it selected 10,000 numbers to text with the initial message.

"The principal aim was to get the kids out there creating a street-level buzz," explains Seth Jackson, marketing manager at YourRelease. "Everyone who has a GTA or Vice City logo ringtone or MMS image on their phone is promoting the brand. The data capture will allow us to re-contact this group and use this promotional base once again through a follow-up email campaign after Christmas when the hype surrounding the game has died down a little."

The multi-channel campaign for the game started slowly in early November, but the mobile campaign did well from the outset. "We've had a 50 per cent response rate," says Panay. "Of those, we currently have an opt in rate of 69 per cent to receive future mailings via text message and email, with the database growing by thousands each day."

Jackson agrees that the mobile campaign has been a hit, but not all aspects of the MMS offer have been taken up. "The logos, ringtones and picture messages flew off the shelves but only a small percentage of these people took up the MMS backgrounds offer. That said, the full colour backgrounds were what attracted the most interest and served to promote the campaign as a whole. It also allowed us to claim a first in the games industry."