

CHINA'S MOBILE

Q&A WITH 21 COMMUNICATIONS & MADHOUSE

THE MOBILE MARKETING INDUSTRY IN CHINA IS ARGUABLY MORE ADVANCED THAN ANY OTHER IN THE WORLD. MATTHEW CARLTON SPOKE TO THE HEADS OF TWO OF THE COUNTRY'S LEADING MOBILE MARKETING AGENCIES - DAVID TURCHETTI AT 21 COMMUNICATIONS AND JOSHUA MAA AT MADHOUSE - TO CANVASS THEIR THOUGHTS ON THE EFFECTIVENESS OF THIS COMMUNICATION TOOL AND HOW THEY BELIEVE THE MARKET WILL ADVANCE. / **INTERVIEW BY MATTHEW CARLTON**

MC: Much has been made of the fact that the Chinese are technologically savvy. Is this the main reason why mobile marketing has taken off at a great pace in China, something which has not been experienced in many other nations?

DT: It is true that Chinese people love gadgets, but more to the point, China is the largest mobile market in the world with over 500 million subscribers. This is an extremely fast-paced society where instant communication by mobile is a must. Brands operating in China are under enormous competitive pressure and have recognised that mobile is a highly effective way to communicate with consumers.

JM: China is the number one mobile market in the world in terms of the manufacturing of mobile phones, domestic sales and mobile phone subscribers. Chinese consumers are allowed to purchase their mobile phone based on their own favorite, while in some of the other countries, mobile phones are customized and distributed by operators, giving the consumer a limited choice. Currently in China, there are over 80 different mobile brands and more than 6,000 mobile phones of various models. Of these, 50.8 percent support WAP 2.0 and 49.2 percent support WAP version below 2.0. These facts make China's mobile marketing landscape unique and provide a valuable insight to launch precise and highly effective marketing campaigns.

MC: Does the fact that consumers have a deeper, emotional relationship with their mobiles than any other media/communication device affect the way mobile campaigns are constructed?

DT: Yes. 21 Communications advises clients planning mobile campaigns to focus above all on delivering real value to consumers. In PC-based internet campaigns, brands can get away with mediocre value propositions because the web is often used to kill time. Before launching a mobile campaign, we need to be able to successfully answer the question: "Why would a customer want to spend their time and money on this mobile

interaction?' Consumers typically do not want to be bothered on their mobile phones unless a brand has something significant to offer – whether a mobile game, free exclusive content, a cool prize like an iPod, or some money-can't-buy opportunity like the chance to meet a pop star.

JM: Mobile is now evolving to be the most personal device in consumers' daily life. The mobile screen is probably the first and the last screen people are looking at everyday. In some Western countries, consumers treat their mobile phone as an extension of their PCs, while in most Asian countries mobile is the personal communication hub and the PC becomes the extension. Because space on a mobile screen is very limited, the consumer will be inclined to focus on the ad that is specifically served to him/her.

MC: When mobile marketing campaigns first appeared, they were mainly SMS-based and were often perceived as being unwanted and intrusive. Has mobile marketing been able to shed this image?

DT: The mobile operators have gone to great lengths to reduce the amount of mobile spam, but they still have a long way to go. Most of the mobile spam in China is generated by small service providers. Few major brands engage in spamming today, especially now that marketers are aware of the risks to their reputation and customer relationships. The Mobile Marketing Association recently established an Asia-Pacific arm which is setting guidelines for mobile marketing best practices.

JM: Mobile marketing and SMS spamming are two different things. SMS-based marketing can be effective to certain businesses but it has the limitation of lacking interaction and can result in an intrusive consumer experience. Madhouse does not engage in this form of marketing. Today's mobile phones are becoming increasingly sophisticated and can act as a standalone medium. New technology now enables advertisers to serve targeted, highly-interactive and rich-media mobile ads based on users' mobile phone types, browser characteristics and screen resolutions. We have developed a mobile web advertising guideline together with the MMA, APAC, and organized workshops with brands and agencies to further the importance of providing consistent and non-intrusive user experience on mobile. Now we are happy to see more and more advertisers are using mobile as an appropriate media channel to engage their consumers.

MC: How do you expect the medium to develop once 3G licences are given out in China?

DT: Transmission speeds will improve dramatically for 3G subscribers. Most fundamentally, the mobile phone will advance from a voice and messaging device to a true multimedia platform for real-time internet and TV-like experience. For example, brands will be able to deliver TV commercials and other video-based content to mobile phones, which is challenging on the current 2.5G network.

JM: The arrival of 3G offers more rich-media content and advertising applications will be able to create greater business opportunities. More carriers and more types of mobile media, with more ad presentation and devices are welcomed, all of which all contribute to an exciting market growth.

MC: How can mobile marketing drives complement traditional advertising forms?

DT: Brands typically use mobile in three main ways: engagement, activation and measurement. For example, an automobile brand may supplement its TV commercials by adding an interactive mobile component. Customers

can be invited to learn more about a particular car model by sending a keyword by SMS to connect to a mobile internet site. The mobile site can provide a 360-degree tour of the car and connect to a car dealer call centre for scheduling test drives. The automobile dealer may build up an opt-in database of car enthusiasts for distributions which activate those consumers to attend car shows and other PR events. In each case, the auto brand may segment its data collection channels to measure the effectiveness and ROI of each media. 21 Communications has run a similar mobile program for BMW with great success.

JM: Mobile marketing can play a vital role when fully integrated into cross-media campaigns including TV, press, radio, outdoor, cinema, online and direct mail as well. Initiated via another media, mobile can provide a powerful instant and interactive response path. For example, SMS interactive platforms can change any kind of media into a real-time interactive channel; QR-codes provide printed or outdoor media a one-step-access to mobile internet; while Bluetooth, like in the Nike Run campaign, enabled its light boxes and outlets to become an interactive broadcasting channel. Using these examples, I want to say that mobile marketing is just perfect to leverage our clients' existing media buy due to its efficiency and effectiveness.

MC: Using mobile to target consumers was widely heralded as potentially the most effective way to engage with a specific target audience, has it lived up to this expectation in China?

DT: Yes. Mobile marketing provides the most advanced targeting available today. No other media can match mobile for targeting.

JM: At Madhouse, we allow our advertisers to target the audience based on multiple criteria, which includes geography, handset brand, models, price and features. Our in-house intelligent mobile ad management system - MadServing - also offers ad performance optimization as well as frequency caps on unique users. MadServing delivers ad banners in an optimized size and format to fit each individual's mobile screen resolutions. By the end of 2007, we launched our SME advertiser arm MadSmart to serve contextual ad products (MadSense and MadWords), which is an alternative options for the massive SME market in China.

MC: When it's done properly, is mobile the most effective form of niche / segmented / targeted advertising? How straightforward is it for a brand to target a specific consumer group?

DT: Yes, mobile provides the most advanced targeting and segmentation. The best way for a brand to target a specific group is to test all available mobile channels – from operators to off-deck mobile sites to traditional media tie-ins – and compare their effectiveness and efficiency. It is imperative to focus resources on top performing media and to cut the bottom performers – this is an iterative process. Once a brand has built up its own mobile database, mobile CRM programs can be launched to turn those database entries into customers and advocates.

JM: I would like to use a Nokia campaign we conducted recently to answer this question. In this campaign, multi-intelligent Ad Serving was placed on the mobile internet, targeting desired audiences with different communications according to four user segments. Nokia communicated with current Nseries users with a value add loyalty program; drove up-sales to a target section of non-Nseries users; delivered brand messages to non-Nokia high-end users; and also informed potential consumers of today's non-Nokia middle-end handset products. For brands, targeted advertising on mobile saves resources and reduces time and effort on designing different campaigns to achieve different marketing objectives.

MC: Are mobile campaigns exclusive to young consumers - those aged under 35 - or is the medium a useful tool to engage with consumers older than this age range?

DT: Chinese consumers of all ages use mobile phones. Certain mobile services are more popular than others among different age groups. With 99 percent penetration, SMS is popular among consumers of all ages. Mobile internet is used by two distinct groups: young consumers who enjoy downloading pictures, games and ringtones, and mature, affluent professionals who need wireless access to travel, news and financial information.

JM: Yes, both age ranges can be engaged. Most mobile internet users are the so-called 'next generation', aged around 18-25, but, for example, by targeting business mobile phones such as smart phones or PDAs, iPhones and Blackberries, we will be able to find more sophisticated business professionals to interact with.

MC: The vast majority of the mobile campaigns we've featured in Insight China have come from international brands. Is this generally the case in China or are Chinese brands also using mobile as a way to connect with consumers?

DT: Domestic Chinese brands are deploying mobile marketing campaigns, but they are covered less in the international press. For example, most of the major domestic mobile handset, dairy, airline and FMCG brands have launched mobile programs.

JM: Both mobile operators in China are now our clients and use mobile marketing, but international brands are without doubt the pioneers in this sector. We are working with domestic companies though and have recently received a brief from Daphne, the women's footwear chain. We also assist a number of SME advertisers who use our contextual ad serving platform MadSmart, which offers a simple and cost-effective way to enable their marketing on mobile.

MC: Will the Beijing Olympics have any bearing on mobile campaigns this year and where do you see the market heading in 2008?

DT: Many of the Olympic sponsors are incorporating mobile into their communications plans. 2008 should be the year when 3G is launched in China, but no one knows for sure whether it will finally happen.

JM: The Beijing Olympics brings with it a huge marketing spend for all kinds of media in China. Brands are always seeking the most advanced approach to communicate with their desired audience and mobile media fits this need well. While outdoor or traditional media channels are almost occupied by the official sponsors, mobile provides advertisers an alternative way to connect with consumers. In 2008, mobile media will become a key component of the cross-media campaign.

MC: Looking at your individual agency, what is your most effective campaign in terms of results and what is the campaign you're most proud of?

DT: The Sprite Mobile Music program reminded 21 Communications about the power of combining a simple mechanic with a compelling offer. In China, the Sprite brand is closely associated with music. Through our research, we found that Chinese consumers love mobile music but dislike paying for it. For Sprite, 21

Communications developed a simple mobile program which rewards consumers with free mobile music content every time they purchase Sprite. Unique pin-codes printed under every Sprite bottle-cap last summer could be submitted by mobile for free downloads of MP3s, ringtones, musician photos and music videos. The 'music in every bottle' creative concept was easy enough for any customer to grasp. Because the Sprite mobile content offer changed daily, customers repeatedly sent codes for new music throughout the summer.

JM: Using the MadServing model, the Nokia Nseries campaign we conducted achieved multiple marketing objectives. The Nike Zoom campaign was the first of its kind the world, using Bluetooth to time participants and leverage its outdoor media. Mobile was the key element in this campaign.

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