New Technology Briefing

Video mobile as a marketing tool

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Abstract

Video mobile is fast becoming commonplace amongst the 18–35-year-old demographic, but few have realised the potential of this new media to act as a route for targeted direct marketing. This paper examines how marketers can overcome their technical phobias and reach an untapped audience through a fast-growing medium. It seeks to demystify video mobile and its capability, clearly outlining the players in the market, the options available and the lessons learnt. In so doing, it aims to open up to brands and marketers a new opportunity for marketing strategies.

Introduction

Eighty-eight per cent of all handsets sold today are video enabled; and all five networks in the UK have launched 2.5G services, with 3G services to follow. This tells us that video mobile is a reality today — and that the market is growing at such a rate that a viable new marketing medium is being created. The question is how do marketers make the most of what is being called the 'fourth screen' and what value can it add?

What is video mobile?

Video mobile is the ability to view moving pictures on mobile phones or mobile handsets (smart phones, PDAs). It is possible to do this now on all four GSM networks in the UK (Vodafone, Orange, O2 and T-Mobile) as well as on '3', Hutchison's 3G network.

The video capability of 3G networks is better than that of the so-called 2.5G GSM networks, so it is good news that all four GSM operators expect to launch a 3G service this year.

Video mobile excludes peer-to-peer video messaging, which is only available on 3G networks; and picture messaging, which is one or more still photos. Video mobile is moving, sequential shots that have been specifically created or adapted and encoded for mobile. Each clip needs to be purpose-produced, optimised and encoded for delivery to mobile handsets. Typically it is 50 to 120 seconds long. Current offerings include news, sport, entertainment, comedy and weather. Video content needs to be timely, relevant and pertinent.

How does the technology work?

The technology used to access video mobile clips is WAP across 2.5G. Each operator has its own WAP (mobile internet) site. For example, Vodafone has Vodafone Live! and O2 has O2 Active. These sites have

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Video mobile clip

varying services on them, including ringtone downloads, text information and pictures. Video mobile is a service extension to these WAP sites. Essentially, video clips reside on a WAP site as individual assets categorised under relevant headings. They can be either streamed or downloaded from these WAP sites to the end user's handset.

Most commonly, customers access these videos via their operator's mobile portals by clicking on the internet function on their handsets and entering the specific operator services.

These stand-alone services are usually accessed by the customer sending an SMS to the portal and receiving one back which contains a player and URL linking to a play list or individual video asset (WAP push). These video services sit outside of an operator service and are marketed by the portal provider.

Mobile handsets require a 'player' technology to view the clip, in the same way that we use Real, Windows Media or Quick Time to view video on our PCs. Common examples include Windows Media, Packet Video, Real and Oplayo. These are usually either pre-installed on the handset or downloaded once and used every time video is played, without user intervention.

The content needs to be optimised for mobile use to render a clip accessible on a mobile handset and able to be viewed by a user. A number of variables come into play such as use of network, player technology, handset requirements, and restrictions on file size, audio and frame rate. Video mobile clips are not simply the same clips that are used for TV or broadband; they need to be adapted for each varying mobile device.

How many people are there in the video mobile value chain?

Essentially there are four key players: content owners; producers; technology providers/enablers; and network operators.

Each video clip, regardless of the content, requires bespoke editing for the mobile. It is not as simple as taking TV content, reducing the length and sending it to a WAP site for consumers to pick up on their handsets. Each handset has varying screen sizes, resolutions and file capacities. Each operator has file restrictions and preferences for style, encoding and handsets. Every content owner has a varying message to convey, with content shot in particular formats. The requirement for the 'middle players' — producers and technology companies — increases as the market evolves.

All four functions are required to deliver quality video mobile clips in order to maximise this new area of media. To date the market has not seen a coalition of this kind. Content owners have had other media channels to focus on. Mobile operators have built up their network infrastructure on voice traffic. So far, only technology companies have tried to bridge the gap between content and delivery.

How does the revenue share work?

The market for video mobile is essentially 'work in progress'. Network operators work more and more on the basis of revenue share payments to

Bespoke editing WAP site

content owners and technology providers. Each time a consumer buys a video clip from his or her handset it is added to the monthly bill or deducted from credit (pay as you go). The operator receives revenue and shares it with the other players in the value chain. VAT also needs to be deducted. Revenue flow-back will vary depending on what has been agreed.

So where does this leave video mobile for direct marketing purposes?

One thing is for sure: operators are not prepared to expose their customers to high-pressure marketing campaigns. This does not mean, however, that the smart and adaptable marketer has to ignore video mobile. On the contrary, it provides a highly targeted and effective marketing tool.

Personalisation technology

Over 80 per cent of Britain's population aged 16 and over use the mobile handset every day. The use of video mobile worldwide is set to grow by 20 million users this year. With the advent of personalisation technology this individual targeting will be able to drill down even further into who receives which message. Direct marketing campaigns will become truly direct.

Video mobile is now only able to segment its users on the basis of content preferences, handset take-up and network selection. But soon user information, although protected at the individual level, will be summarised and analysed at the group level in ways that television and radio are unable to achieve. Measuring users is more accurate. Segmentation of the market will be such that marketing can almost cherry-pick its targets.

Direct marketing campaigns

Marketers saw the benefit of cookies for the internet. Take that and multiply it by ten and you will reach the potential of video mobile to pinpoint user activity. Individual transactions are recorded, timings logged and user paths monitored. Direct marketers need only choose the one that suits their campaign best.

The mobile is a personal device that responds directly to the activity of the individual user and is logged — unlike a PC, TV or radio, where content is commonly shared between users. Viewing video mobile clips is one person's choice of data or amusement at varying points in time. So the content needs to be relevant to the time period, optimised for the handset and informative to the user — or he will revert to another medium.

Programme sponsorship

Direct marketing has to fit this prescription to maximise the potential of video mobile. One way is through programme sponsorship. For example, a 90-second clip could be topped and tailed with a 'sting' or 'bumper' with a brand's logo, graphic or messaging. The clips would be priced at an appropriate level depending on the content, the operator or the brand exposure. This form of sponsorship could appear with existing video mobile services, or be used to launch new services.

Video mobile should not be seen as another outlet for TV commercials. Commercials are not shot with the mobile device in mind and do not optimise the viewing experience. Network operators are averse to use of the network and their customers for brand advertising. Video mobile

provides consumers with new content and media products which, in the same way as television programmes, can be sponsored by a brand or brands.

WAP portal

Another approach is to work apart from the network operator. This involves either aligning with an independent WAP portal or building your own portal, which can then be marketed to consumers. This, although, harder, has strategic benefits. It allows greater breadth of campaigns. It returns higher revenue share to the marketer. Last, the brand owns the customer/user data.

Where the marketing company already has access to user information and mobile numbers, video push is the next step. This provides a targeted campaign that uses the latest functionality of mobile handsets.

The brand is creating its own media property in all of these options for video mobile marketing. It is strategically placing itself in a position to reach a targeted audience via a mechanism that is soon to be available to over 80 per cent of the population.

How much does it cost?

As video mobile is currently an embryonic marketing medium it is possible for clients to negotiate very cost-effective agreements. The actual cost will depend upon the content and its penetration, but there is a real opportunity in the next few months for pioneers to use this new way of reaching their target for only a few thousand pounds.

Is anyone using it already? How big is the target audience and who is it?

Cross promotion

So far the users of mobile marketing have been SMS-based campaigns. But content owners are already using video mobile as an extension to their existing broadcasting formats and deriving sizeable cross-promotional and revenue rewards from it. They need not be the only ones. Direct marketing activities are expected on video mobile from some leading brand names in the coming months. They will need to be targeted to the audience they are aimed at. Currently this is 15–35-year-old males, who have been early adopters of the new video mobile handsets. They tend also to be high earners.

When is it expected to have mass-market appeal?

Video-enabled handsets

Video-enabled handsets make up 88 per cent of handsets sold today. With video services being launched by all operators in the UK and 3G network extension already under way, there is no doubt that video mobile will be a natural progression from SMS. Similarly, it will have the potential to drill down into sections of the marketer's chosen demographics. Most crucially, it will allow marketers to use visual and audio messages that best showcase their brand and campaign.