



Mobile Advertising and Marketing USA

Consumer Acceptance Understanding Subscriber Receptivity *(A peek behind the curtain)*



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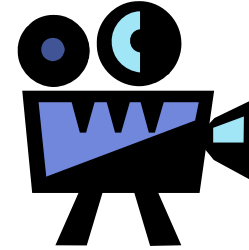
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Who is Harris Interactive?

Full service global market research firm with 40+ years experience. Recognized as the pioneer in Internet-based research methods.



Serves hundreds of Fortune 500 companies via traditional and online research methods



Brand and Communications solutions delivered to B2B and B2C segments



Conducts more *Research on Internet Research* than any other company in the world, and is the leader in the science and technology of Internet-related market research.



Conducted over 67 million interviews around the world >12M in 2006



Invested over \$70M in intellectual and technological capabilities to become the leader in using the Internet to conduct research

Joseph Porus - Who is this guy?

- The early years...
 - Engineer with “The wrong profile” (Dean of Students - Lehigh University)
 - AT&T / Bell Labs - Engineer / Designer, Data Specialist, Product Management - Business Systems, Micro Electronics, Human Factors Design
 - Highlights: Pebble Beach, EPCOT, CIA, US. Navy, 1st Robotic Factory
- Market Research based on *Frustration...*
 - Pricing Strategy, Product Line Optimization, Product Line Planning
 - Lucent Wireless - Price Elasticity, Segmentation, Product Design, Customer Loyalty and Satisfaction, End User Research, Competitive Analysis
- Research Architect...
 - Results driven based on Telecom DNA
 - A potent blend of industry expertise & researching skills with a “client side” orientation

Judith Ricker - The Untold Story

- The early years...
 - Degrees in music performance and education from the Eastman School of Music
 - Professional orchestral oboist and teacher
- Back to School and the Road to Market Research at the Eastman Kodak Company...
 - Digital product forecasting and market analysis
 - New product development, competitive positioning, adoption and loyalty research
 - Emerging markets and scenario analysis
 - Brand and Advertising research leading to Gold Effie Award
- On to Innovation – Harris Interactive...
 - Founded Marketing Communications practice
 - Innovative Communications solutions
 - Pioneering validated “Consumer Connection” approach

Study Objectives

Examine consumer acceptance of mobile advertising...



- What's the level of interest?
- What incentives will work best?
- What kind of ads are most desirable?
- What about media and format...?
- Privacy and Profiling issues...?
- Will profile based advertising be accepted?

Background

- Each quarter, Harris Interactive conducts research on hot topics facing the Technology industry
 - Analysis of current industry trends and challenges
 - Questions from industry insiders on future research to ensure the topics are relevant
 - What you don't know could hurt you!
- We interview ~1,000 consumers from our multi-million person online panel
- The purpose is to bring value to our clients by dissecting data from every angle, enabling us to deliver not just information, but true, actionable insight
 - Simply stated, our difference is what we discover
- This quarter, the focus was on

Consumer Sentiment to Mobile Advertising

Methodology

- Respondent Qualifications:
 - Reside in the US
 - Age 18+
- N=903
 - *Note: This study is with adults only. Youth market expected to be huge for mobile advertising (these results could therefore be conservative).*
- Weighting
 - The data were weighted to reflect the total U.S. adult population.
- General Information
 - An Internet survey was administered to members of the Harris Interactive Online Database in February 2007.
 - Data collection was conducted entirely online.
 - All results are weighted; sample sizes unweighted

Technology Trends

(Putting mobile advertising trends in context)

■ The Perfect Storm (1977-2007)

- PC - “the second screen”
- Web - higher viewership than TV
- Cellular – two times more phones than PC’s (the 3rd screen)



■ Mobiles – the most personal device in history

- Reflection of who we are (*the 24 month renewable self image*)
- Mobiles redefined after 9/11 (*a phone on steroids*)
- The new remote control of our lives (*Apple iphone and beyond*)

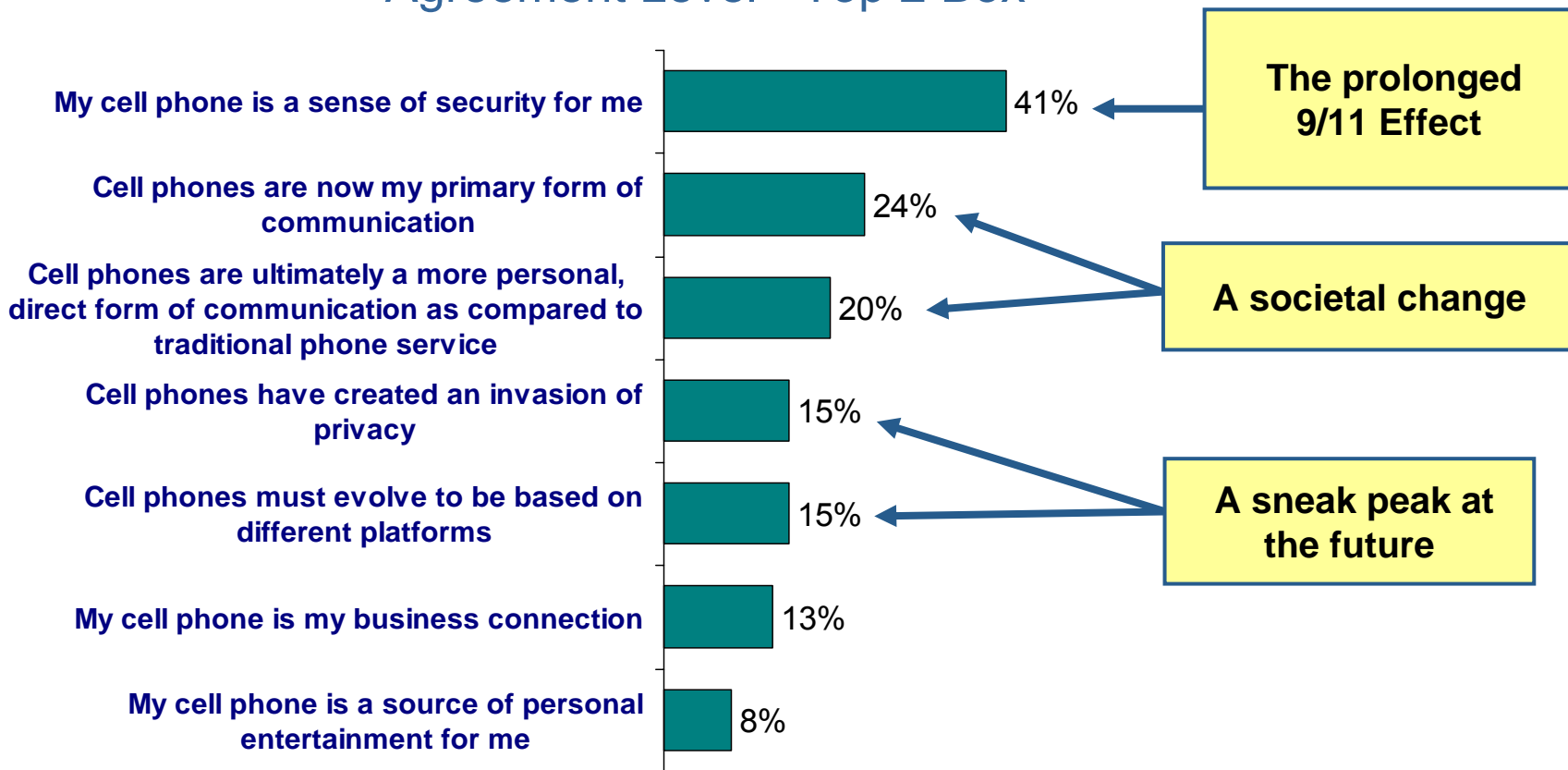
■ The m- Society

- Wireless only households and businesses on the rise...(13% today, 50% considering)*
- Hottest m- trends (banking 39%, watching videos 26%, GPS services 25%)*
(fundamental behavior change)
- 4G (“*Everything, all the time*”); *What they want next (GPS Navigation 57%, Watch exclusive Premium channels 41%, Ads based on location 41%)**

* Data from Harris Interactive Technology Webcast 12/2006

Wireless: Changing our Social Fabric

Agreement Level - Top 2 Box



Base: Current Mobile Phone User (n=857)

Q - Please indicate how much do you agree or disagree with the following statements. Please use a scale from 1 to 7, where 1 means "Not Agree at all" and 7 means "Completely agree".

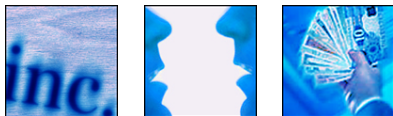
So.... How can we continue to talk to consumers during this period of change?

- The purpose of marketing communications is to build or strengthen the bond between the brand and the customer
- Regardless of media, we can never lose sight of that fact
- Every touch point must focus on enhancing the relationship between the consumer and the brand

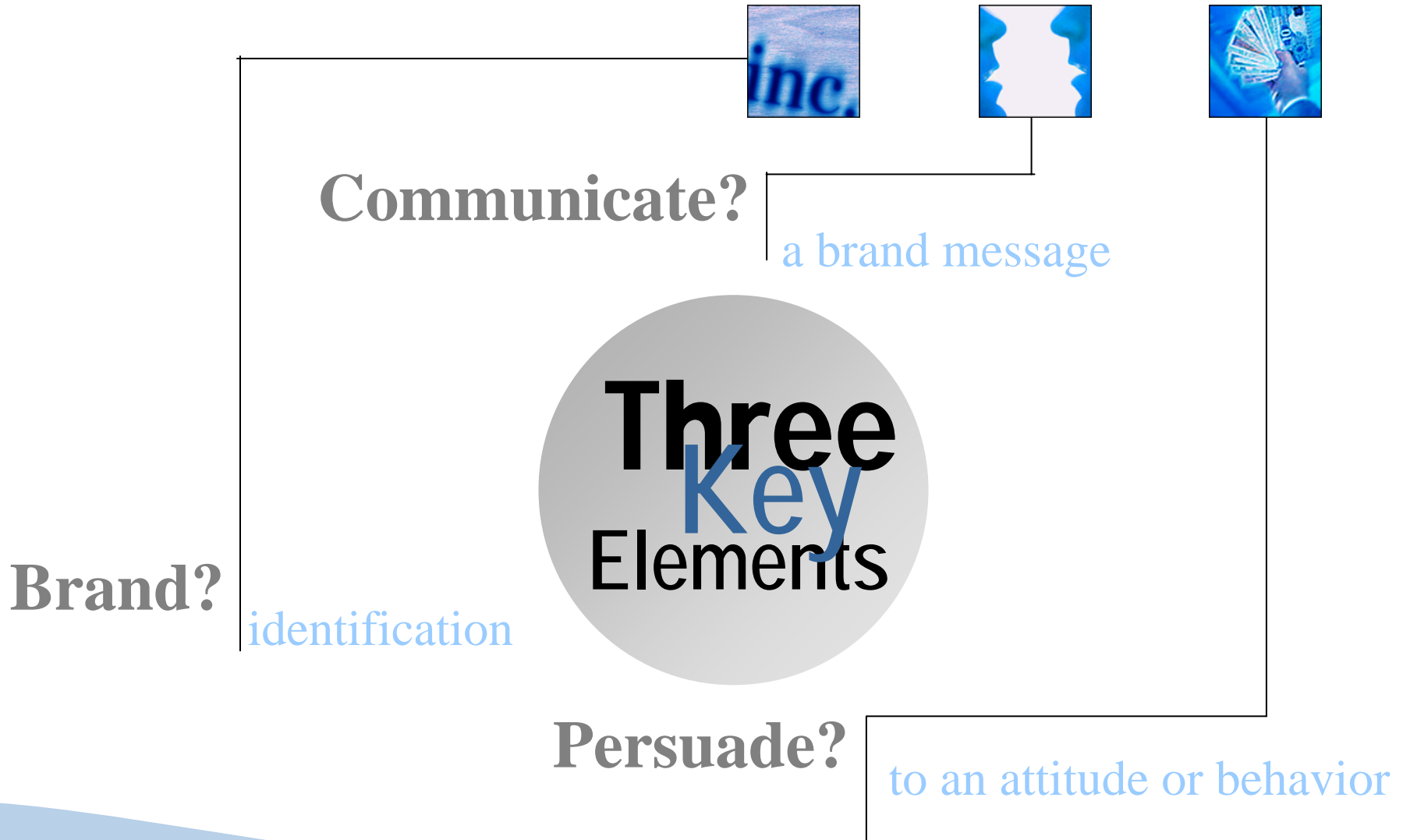
Integrated Communications



It is critical to understand how each medium and each creative treatment contribute to building that bond, and to ensure that the campaign strategy is tightly integrated across media



Is the Strategy of the Mobile Campaign to...



Important to Remember...

Each element of the communication fabric can work across any or all three dimensions, therefore each execution may have a different express purpose.

Branding?

Communication?

Persuasion?

What are we trying to achieve with our mobile campaign, and how does it fit into brand strategy?

Connecting to Consumers is Key

Understanding how each mobile ad moves target consumers toward (or away) from the brand is critical.

Cognitive

Emotional

Aspirational

Behavioral



In the end,
the **success** of any communication is how well
it **connects** the **customer** to the **brand**.

Finally....

Never forget

Good advertising

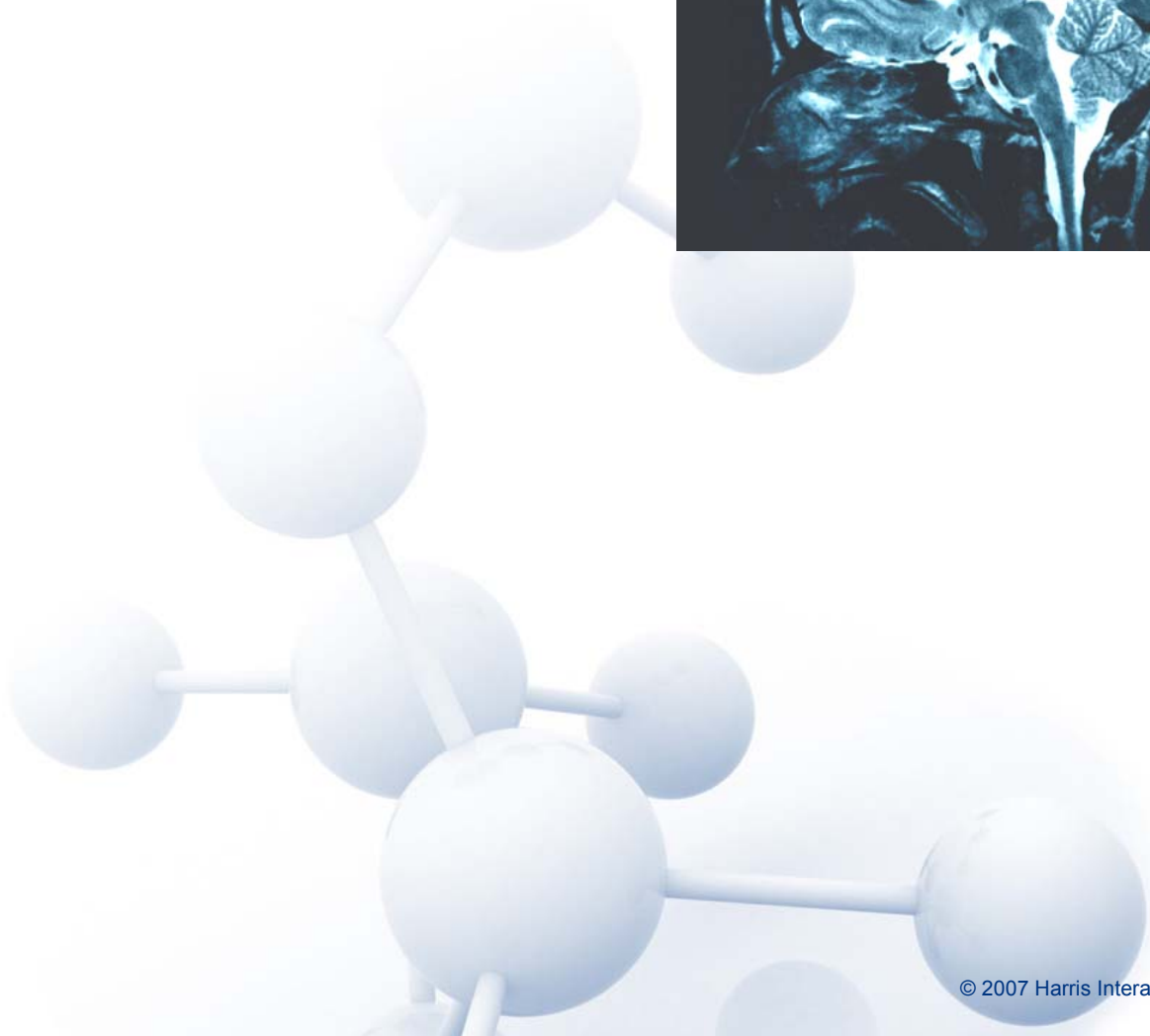
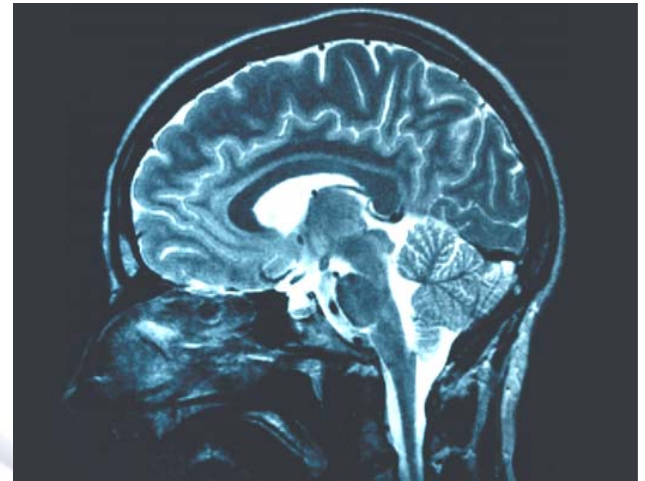
is

Good advertising

Regardless of media!

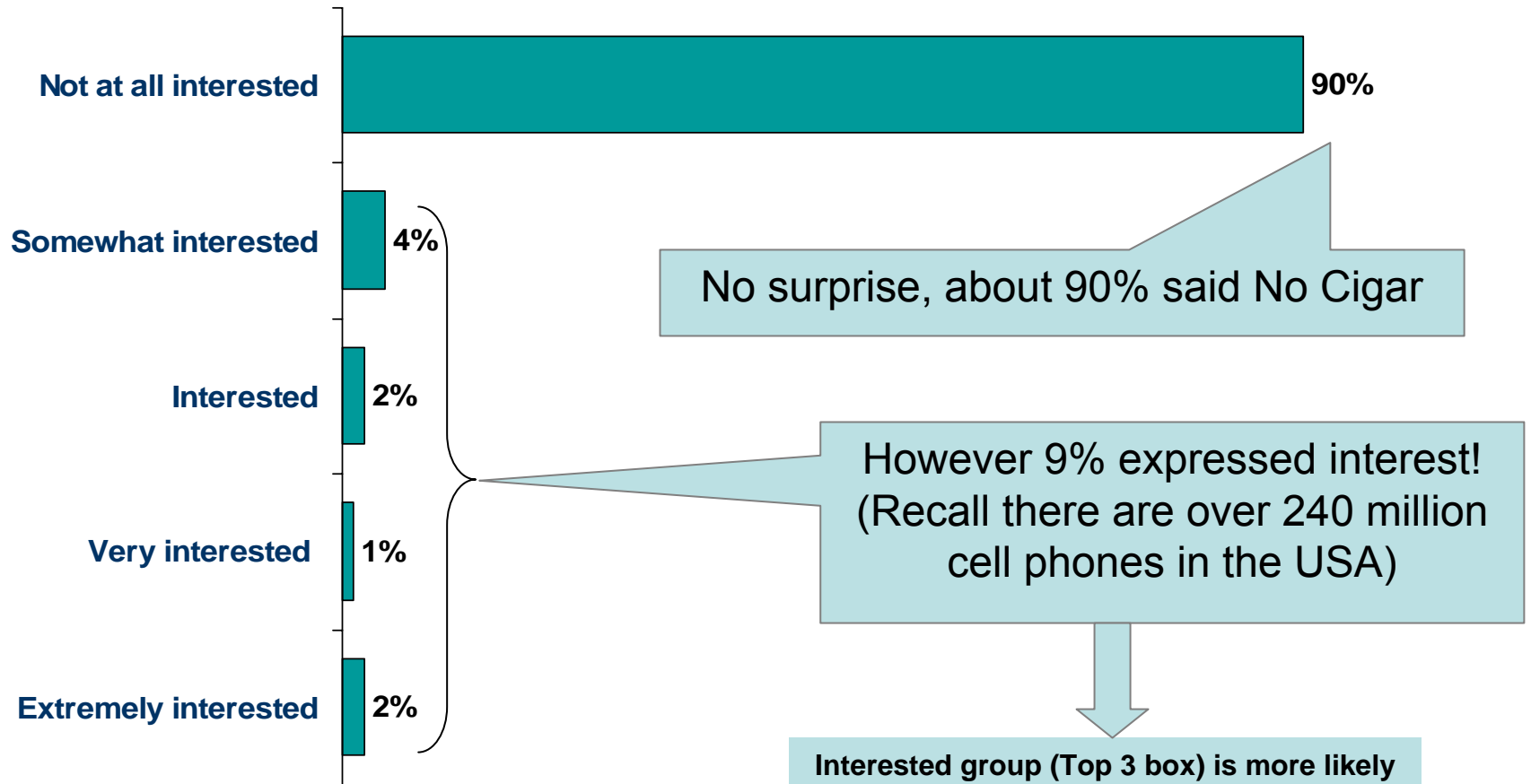
Research Findings

What Consumers Are Thinking



Who's Interested in Receiving Mobile Ads?

Interest in receiving ads

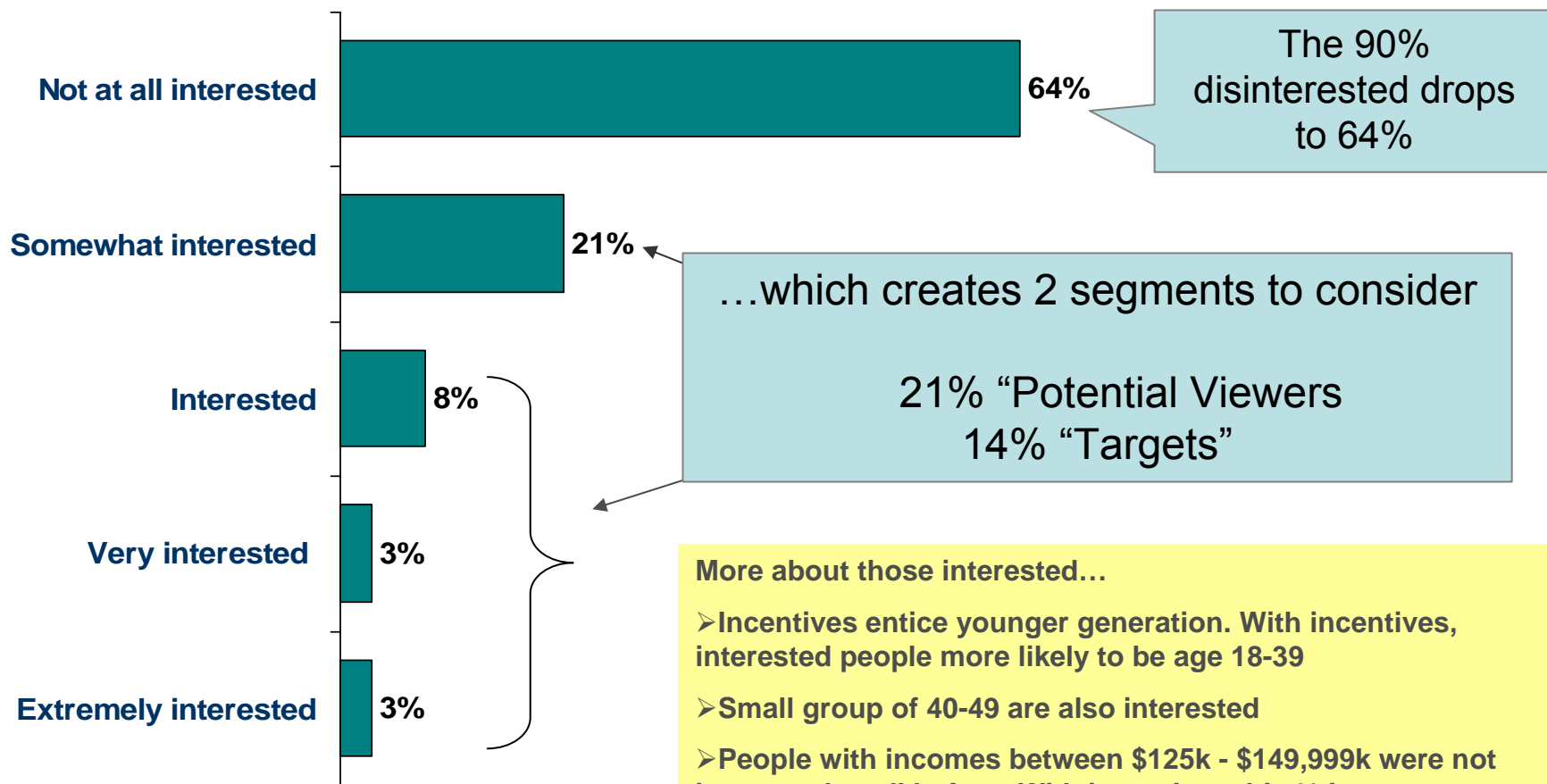


Base: Current Mobile phone user (n = 903)

Q - How interested would you be to receive advertisements on your cell phone?

Incentive-Based Ads – The Plot Thickens

Interest in receiving ads if incentive



More about those interested...

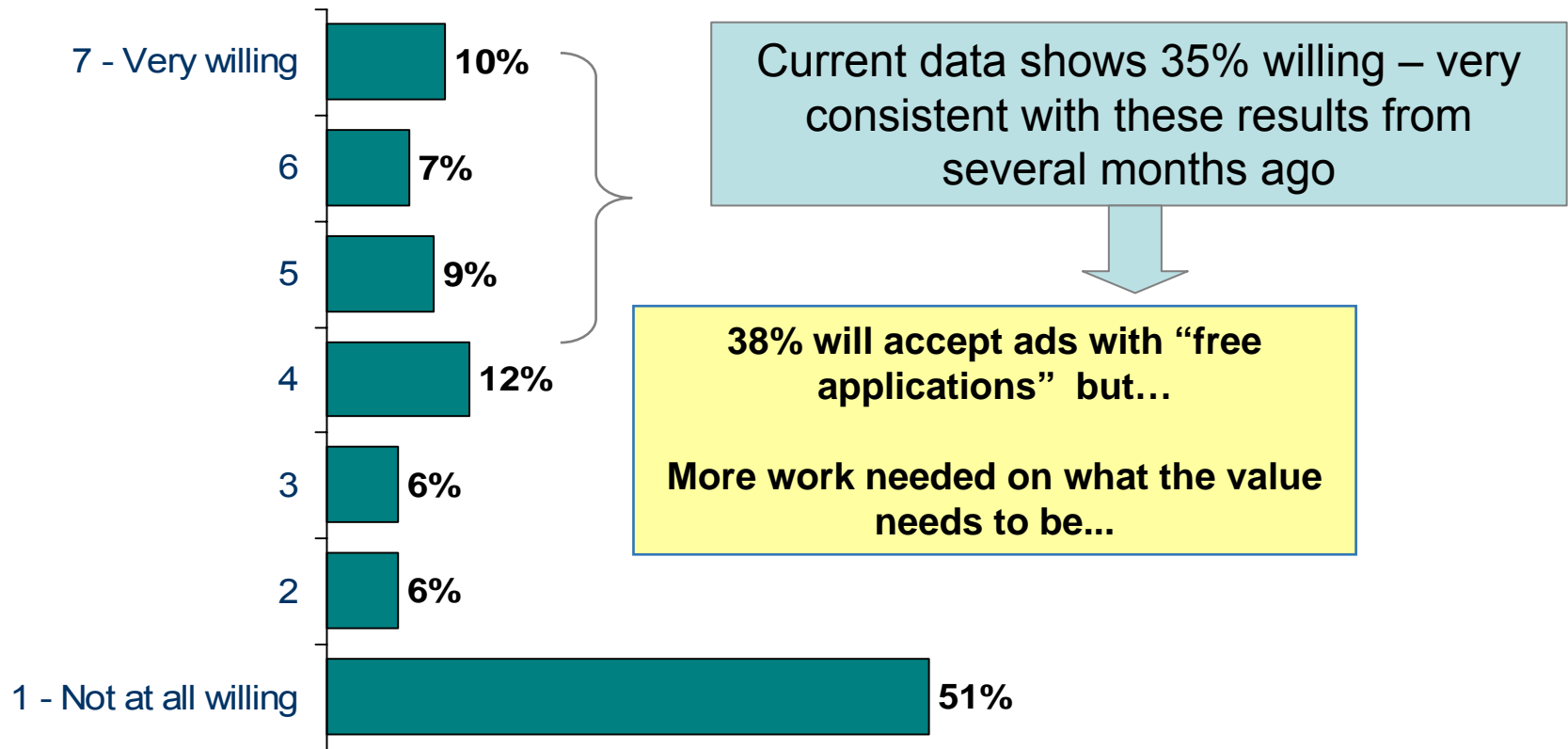
- Incentives entice younger generation. With incentives, interested people more likely to be age 18-39
- Small group of 40-49 are also interested
- People with incomes between \$125k - \$149,999k were not interested at all before; With incentives this % increases to 13% from 0%
- Mobile broadband users are also likely to receive ads with incentives (top 3 box – 26%)

Base: Current Mobile phone user (n = 903)

Q - How interested would you be to receive ads on your cell phone if some incentives were offered by the cell phone provider in return?

A Historical Perspective on Incentive Based Mobile Ads

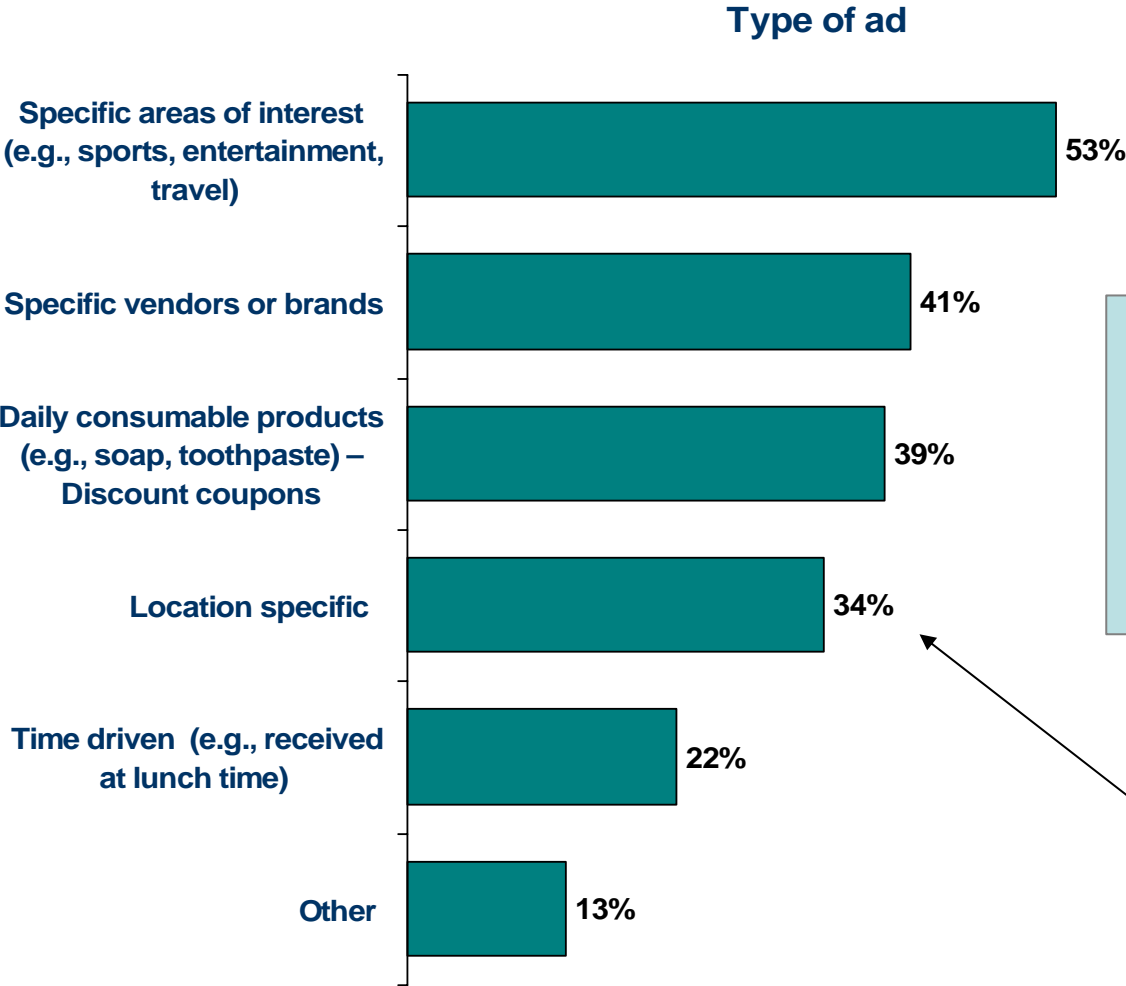
Willingness to watch advertisements on mobile phone



Base: Current Mobile Phone User (n=857)

Q - How willing would you be to watch advertising on your cell phone if in return you were to receive free applications for your cell phone?

Interest in Types of Ads Vary



Males are more likely to prefer Ads based on specific areas of interest.

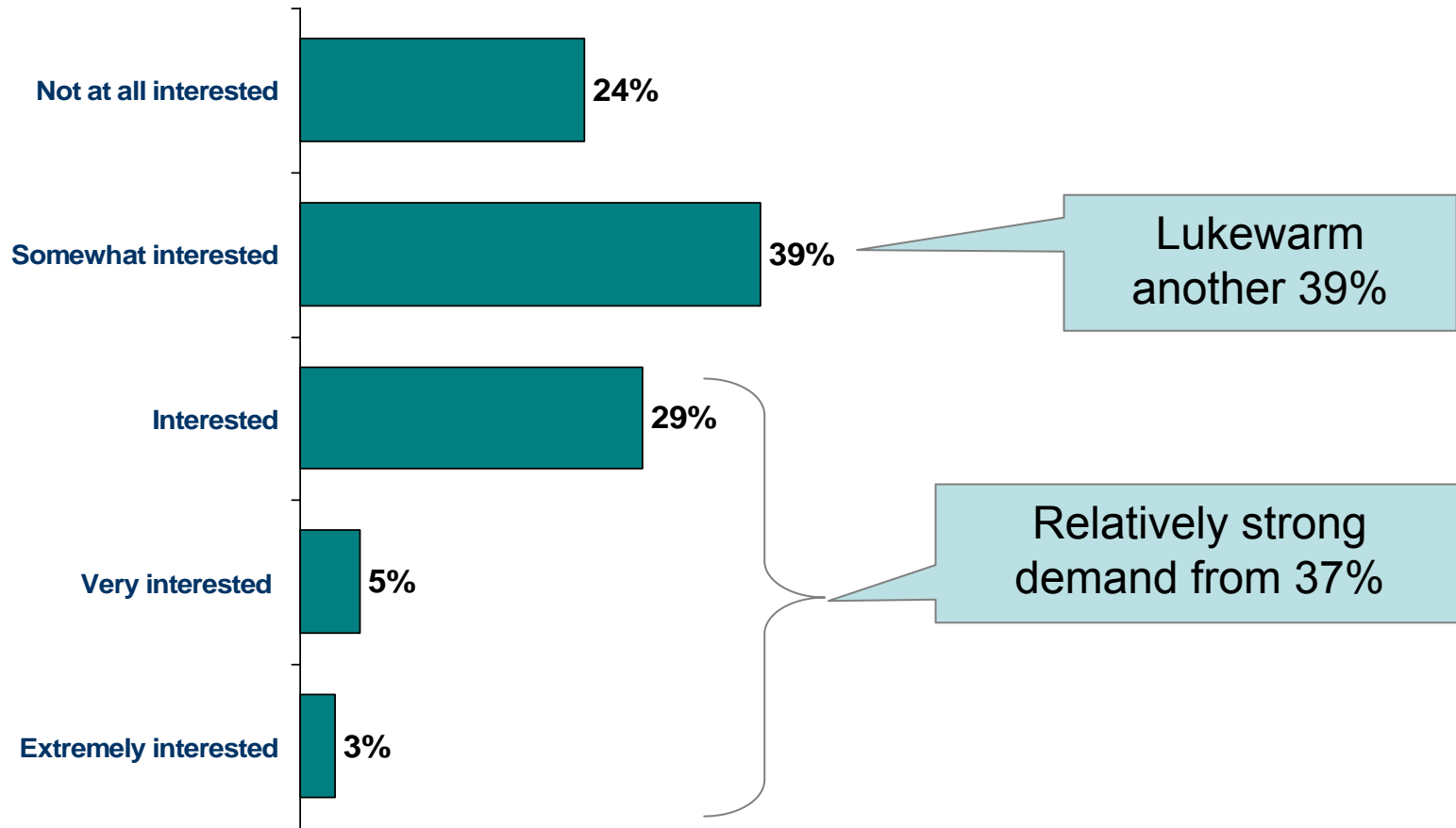
There are multiple roads to success...
Understanding market segments is key!

The sleeper....
Not all consumers have thought this through ... yet!

Base: At least somewhat interested to receive ads (n = 344)
Q - What kind of advertisements would you like to receive on your cell phone? Please select all that apply.

Special Requested Ads- In Demand

Interest for special requests for ad content

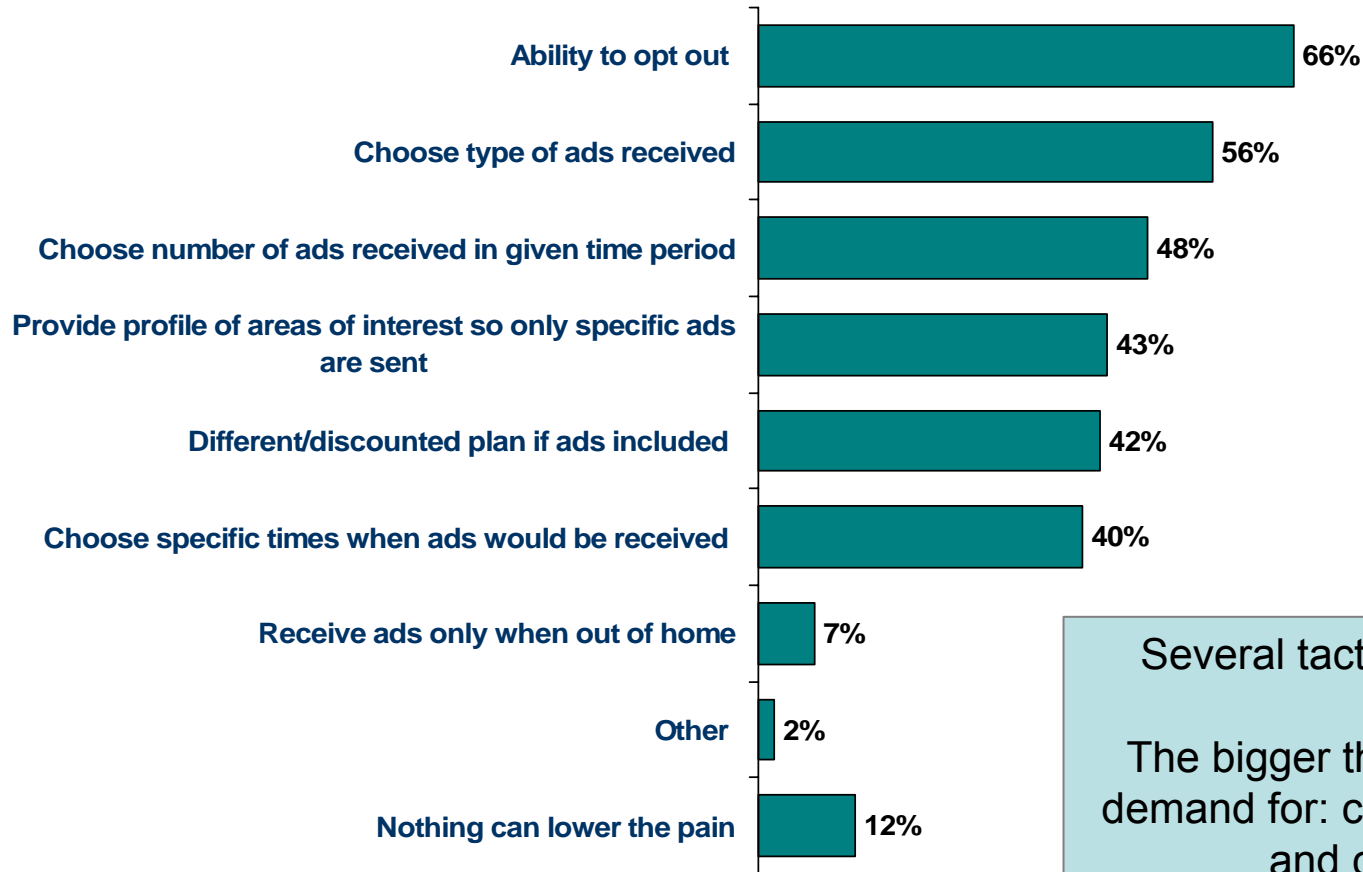


Base: At least somewhat interested to receive ads (n = 344)

Q - How interested are you in a feature that would let you put special requests for ads (e.g., If looking to buy a new car, you can put in a request to receive hot deals on Honda in your zip code for a specific amount of time)?

How Can your Target Audience be enlarged?

Incentives to overcome barriers



Several tactics may be effective

The bigger themes are consumer demand for: control, personalization and customization

Base: At least somewhat interested to receive ads (n = 344)

Q - Which, if any, of the following can lower the pain associated with watching ads on your cell phone?

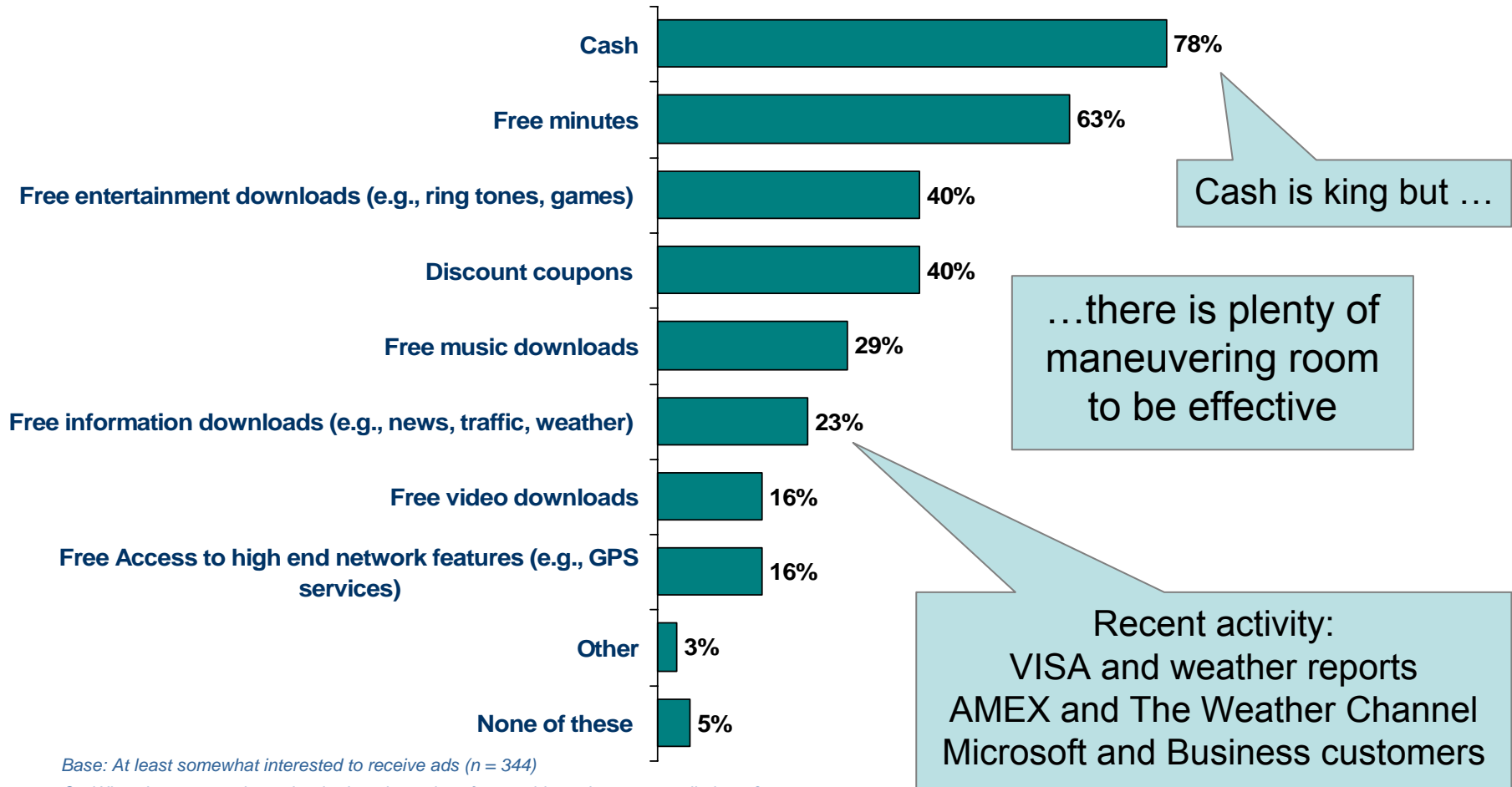
Please select all that apply.

The Minority Report-
Science Fiction within reach?



What Type of Incentives May Work Best?

Best incentives to watch ads

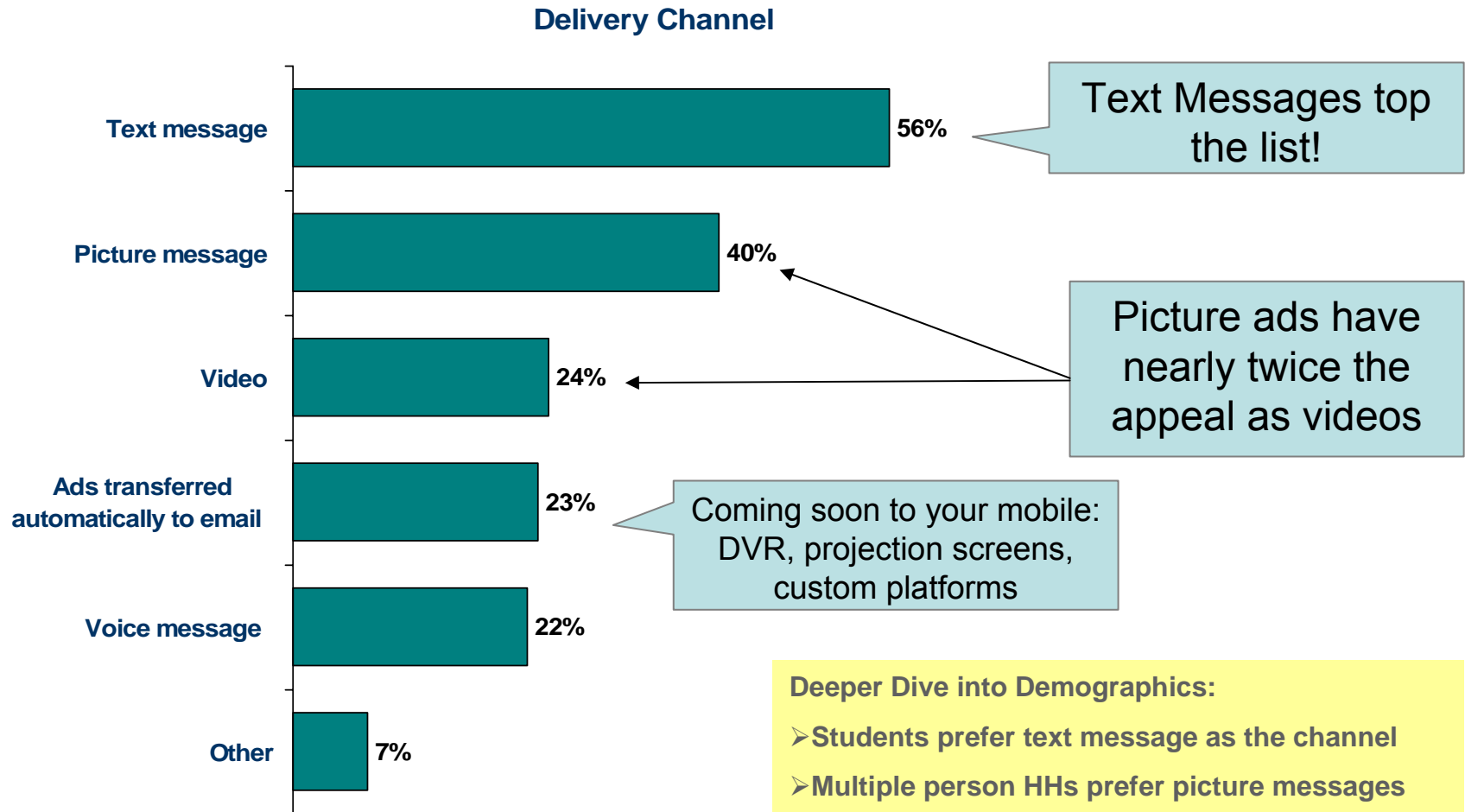


Base: At least somewhat interested to receive ads (n = 344)

Q - What do you perceive to be the best incentives for watching ads on your cell phone?

Please select all that apply.

Media of Choice: Some Surprises!



Deeper Dive into Demographics:

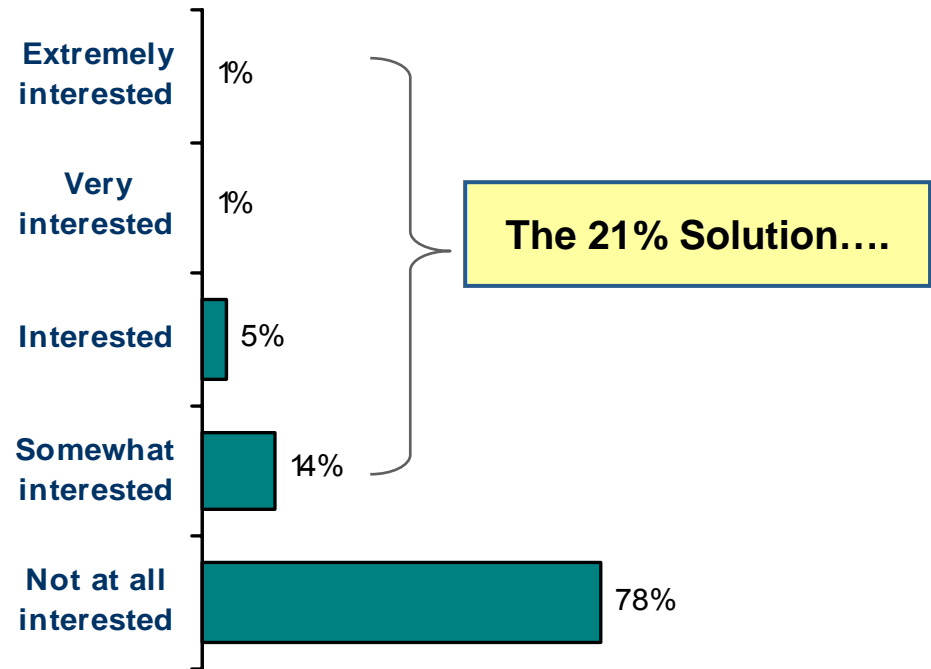
- Students prefer text message as the channel
- Multiple person HHs prefer picture messages
- Single person HHs would like ads to be transferred automatically to the email

Base: At least somewhat interested to receive ads (n = 344)
Q - In which of the following ways would you like to receive an ad on your cell phone?
Please select all that apply.

A Historical Perspective on Promotional Text Messages

Some of our previous research revealed a 21% level of interest in promotional Text messages...higher than the 9% we found for all promotional ads.

Interest in Receiving Promotional Text Messages to Cell Phone



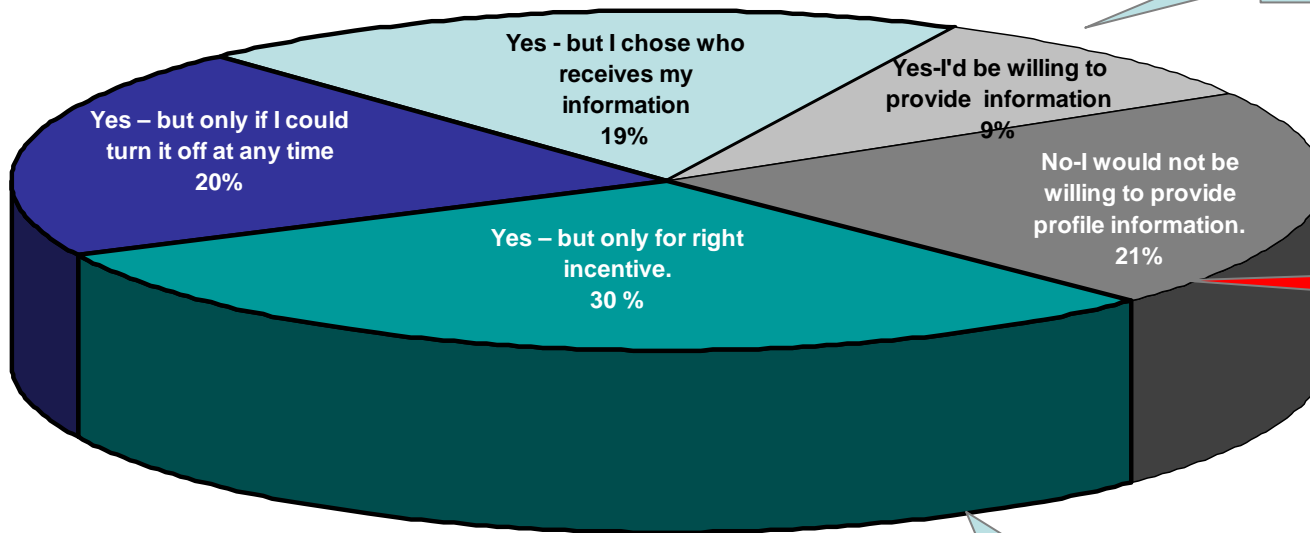
FACT: 18-39 years are most responsive to text message promotions

Base: Current Mobile Phone User (n=857)

Q - Would you be interested in receiving promotional text messages to your cell phone (assuming relevant to you)?

Privacy vs. Profiling – A Balancing Act

Willingness to provide personal information



About 9% say YES-unconditionally



Only 21% say NO



Wow! Nearly 70% give conditional "yes" to profiling!



Base: At least somewhat interested to receive ads (n = 344)

Q - Would you be willing to provide profile information about yourself to your wireless provider so that ads could be custom tailored to your needs?

In Summary...

- The environment is ripe for the growth of mobile advertising
- Consumers will accept mobile advertising if:
 - There is a pay-off / value proposition
 - The ads are relevant
 - They control what they get and how they are profiled
- Understand the objective of the campaign and how it will work to build the brand integrated with the entire communications strategy
- *Good advertising is good advertising!*