

MEDIA & MARKETING

ADVERTISING

Alcatel Gets Into Mobile Ads

Service Will Target Cellphone Users Based on Location

BY SARA SILVER
AND EMILY STEEL

ALCATEL-LUCENT is entering the much-hyped market for mobile advertising with a service that will let cellphone carriers offer their customers tailored alerts about a sale at a favorite store or a bank's closest ATM.

The new service, which the big French telecom-equipment maker plans to announce Thursday, will be managed by 1020 Placecast, a San Francisco-based developer of cellphone and online ads tied to a user's location. The closely held firm's clients include Hyatt, FedEx and Avis Rent A Car System.

Alcatel-Lucent's technology identifies cellphone users within a specified distance of an advertiser's nearest outlet and notifies them of the address and phone number. The ad can also include a link to a coupon or other promotion.

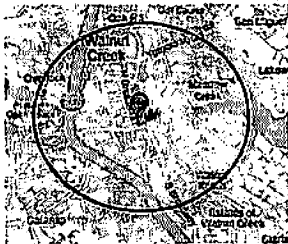
The service might be programmed to reach drivers within five miles of a Walnut Creek, Calif., bank or pedestrians within a five-minute walk of a Manhattan shoe store.

The service's debut comes as phone-gear makers are turning to developing services to make up for declining profits from selling equipment. Last fall, Nokia started selling mobile display ads targeted to consumers in 10 metro areas in the U.S. Navteq, a digital-map data company owned by Nokia, has started selling targeted mobile ads based on a consumer's location.

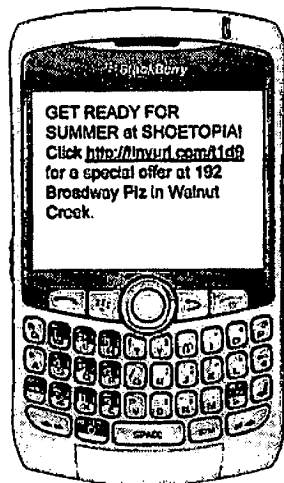
Wireless carriers, meanwhile, are seeking a cut of the revenues from these services.

"This is a vehicle that lets [carriers] extend their network assets" and "grab a share of the revenues that would normally be outside of their reach," says Gani Nayaack, president of Alcatel's Rich Communications business. Alcatel will host the new service, testing revenue-sharing models.

Alcatel's service differs from most mobile-ad set-ups because its ads will be beamed only to cellular customers who sign up for them. They can specify when and how frequently they want to re-



The new Alcatel service will send ads to participating cellphone users within a prescribed distance from the advertiser.



1020 Placecast

ceive ads, and from which vendors. A customer could elect to get retail announcements at lunchtime and movie promotions on evenings and weekends.

Amid privacy concerns, marketers are under increasing pressure to limit their digital ads to customers who "opt in," and to make their ads more relevant to those customers. "If [consumers] opt out, the odds that you hear from them ever again are low," says Phuc Truong, managing director at Mobext, a mobile-marketing network of French ad company Havas. "You have one shot to do things right."

In recent years, dozens of companies have raised capital on the premise that advertisers are eager to reach cellphone consumers, whether through text messages or mobile Web sites. If such advertising is targeted to a specific location, rather than city-wide, consumers there are three to 10 times as likely to click through the ads, according to Michael Boland, program director of research firm Kelsey Group.

"I call it marketing as a service, not marketing as an intrusion," says Alistair Goodman, chief executive of 1020 Placecast, which uses such factors as neighborhood demographics and the weather to target its ads.

Alcatel and 1020 Placecast hope the service can overcome some of the barriers that have kept mobile advertising a minuscule,

though fast-growing, slice of the online-ad market. U.S. mobile ad spending this year is expected to grow 17% from a year earlier to \$760 million, according to research firm eMarketer. That compares with a projected \$24.5 billion for the U.S. online-ad market.

The spread of high-speed wireless networks and devices with global-positioning chips that pinpoint a user's location hold the promise of creating enough of an audience to justify location-based ad spending. And the popularity of applications running on Apple's iPhone, Research In Motion's BlackBerry devices and other smartphones shows that consumers are accessing mobile information in droves.

For now, however, the technology for location-based ads is running ahead of demand. Ad executives say they need to see more research on how targeting ads based on location translates into sales.

"The question is always the same: Can we drive more sales?" says Alexandre Mars, head of mobile advertising at ad holding company Publicis Groupe and chief executive of its Phonevalley mobile-marketing agency.

Alcatel-Lucent says it is in talks with carriers to start trials this summer, but it declined to identify them. Placecast is also seeking initial advertisers through ad agencies such as AKQA, which runs mobile campaigns for Target, Gap and Diageo's Smirnoff vodka.

who br

- engaged viewers who
- higher income
- people who live
- women a

does your media schedule

