

As Location-Based Mobile Heats Up, Advertiser Reception Cold

By [Jack Marshall](#) , May 28, 2009



For years, the mobile phone has been touted as the potential jewel in the crown of interactive advertising. Now, thanks to the proliferation of smartphones, driven largely by the launch of Apple's iPhone and the Google Android-based G1, users are gravitating to mobile media more than ever. But it remains to be seen whether advertisers and agencies are aware of the latest location-based platforms, or whether they will provide the scale, functionality, and reach advertisers crave.

According to research by Forrester, 24 percent of European users are now accessing the Internet regularly from their mobile devices.

In an attempt to capitalize on that increased user-base and subsequent advertiser interest, Vodafone, Alcatel-Lucent, and Navteq have all unveiled technologies that can help personalize ads by targeting users based on their real-time location.

Vodafone [said last week](#) that it intends to conduct large scale trials of a range of location-based products later this year.

Alcatel-Lucent and Placecast also announced the availability of their own location-based ad platform which will utilize the same tracking technology as Vodafone's system. Finally, Nokia's Navteq [is launching](#) a similar location-based platform for Nokia's Navigator application, which makes use of GPS location data to serve points of interest into mapping content, allowing users to "click to navigate" or "click for coupon."

Agencies are already showing "a lot of interest" in the firm's proposed offerings, according to Vodafone's International Development Manager for Mobile Advertising Jeremy Makin. "People can see the power of these solutions. Location-awareness makes for a more powerful and engaging form of advertising," he said.

Agency interest is, of course, a positive sign for the practice, but meaningless unless it evolves into advertiser spend. Alcatel-Lucent and Navteq also have yet to confirm any European clients for their newly launched services.

Neil Strother, a mobile analyst at Forrester, thinks location-based technology is still far ahead of advertiser demand. "At a high level, I keep seeing new efforts related to location-based advertising, and these latest ones are very encouraging. But I don't also hear about companies that should want to advertise putting big budgets behind campaigns involving location on mobile phones just yet. It seems like this tactic is in perpetual 'waiting to take off' mode. I sense it's going to take a few years to build that kind of audience," he said.

Mick Rigby, managing director of London-based mobile media agency Yodel Digital agrees that location-awareness ads an intriguing new dimension to mobile advertising, although he too admitted that it's still a technology very much in its infancy. "It's one of the golden bullets of mobile. It's one of the things that will make the mobile web famous, and it will be a key driver in the progress of the medium. When it becomes easy to buy, I think it will really begin to take off," he said.

To date, Yodel hasn't run any location-based campaigns for its clients, and it's a similar story for rival mobile agency, Ring Ring Media. "Yes, in the future you'll be able to do great things involving location, and I can't wait. But let's cut the crap. Today, people aren't doing that. At the moment, the type of clients that are using mobile don't really care about location," said the firm's Managing Director Ben Tatton-Brown.

Added Tatton-Brown, despite the fact it is currently booking around £400,000 a month on mobile media for its clients, Ring Ring Media has yet to be approached by any location-based providers.

Indeed, even Vodafone's Makin acknowledges that advertisers are few and far between. "Part of the reasoning behind our initial trials is to go out and see what people want," he said. "We don't have advertisers knocking down our door, but there is interest there. The initial trials will last around three to four months, but it could take up to a year or 18 months before we start to see advertisers really start to come on board," he estimated.

However, when advertisers do realize the potential of the technology, and can begin to achieve the scale they need, Makin believes location data will inform virtually all mobile media, and that location-aware ads should not be viewed in isolation of existing mobile marketing formats, such as mobile display or SMS marketing. "We don't see them as separate elements; we believe location data will be relevant to all of these mediums," he said.

Tatton-Brown said he doesn't believe location data will play quite such an integral role in the future of mobile advertising, but said it will become another tool for mobile marketers. He does, however, recognize the appeal for location-centric advertisers, such as retail outlets. Similarly, Yodel's Rigby placed emphasis on the ability for even the smallest spending independent

advertisers to make effective use of accurate location-specific opportunities.

According to Makin Vodafone's trials will commence this summer, spearheaded by the release of its Power Search application across a range of Vodafone handsets. An iPhone version has been available since January. Alcatel, Lucent and Placecast are currently in the process of pitching their technology to agencies and prospective carrier partners, and Navteq is currently in discussions with a number of potential partners.

UPDATE: A previous version of this story stated that Vodafone's Power Search iPhone application would be released in June. In fact, Wayfinder launched the application in January 2009, before Vodafone acquired the company. Vodafone will be launching the Power Search application across other devices in June.

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