

MOBILE MARKETING AND DIGITAL SIGNAGE



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For those who follow mobility and mobile marketing, the first week of 2010 started with a bang: Google launched their first branded smartphone; the Apple iTunes app store delivered its three billionth download; and Apple entered mobile marketing with its announced purchase of Quattro Wireless.

It is quite likely that if you are not involved in the mobile industry that the import of these events slipped your notice. This article will therefore dissect each of the above points and outline the potential meaning of each to those within the digital signage industry and those thinking about installing digital signage — particularly ad-based digital signage.

Google Launches Nexus One

The Consumer Electronics Show provided the backdrop for Google's launch of its much-anticipated Android-based smartphone, the Nexus One. (Note: Android is Google's web-centric operating system for portable devices. Android's strength lies within its intuitive user interface and its ability to wirelessly integrate with Google's services and information/advertising ecosystem.) Although the announcement was news worthy, many were questioning why Google would produce a phone that would compete directly with the many smartphone manufacturers who had already licensed Google's Android operating system. There are several theories as to why:

- Google wants to demonstrate to its partners, specifically the other manufacturers of Android-based smartphones, that a native, unaltered version of the Android operating system can be more commercially successful than an altered version. (Note: Many of the handset manufacturers who are licensing the Android operating system are making changes/additions to Android's native functionality thereby making it difficult or impossible for users of the altered versions to upgrade when Google releases a new version of Android.)
- Google wants to produce a handset that will take maximum advantage of Android's features and showcase the Android operating system in the most flattering light possible.
- Google wants to escalate their growing competition with Apple by creating a phone that will directly compete against the iPhone and cannibalize its sales.
- Google wants to gain experience in fulfilling mobile

phone orders and supporting mobile customers in preparation for providing free, ad-supported phones to consumers.

It is likely that there may be some element of truth to each of the above theories; however the theory that has the greatest implications to digital signage is theory number 4.

There has been speculation for years that Google would introduce an ad-funded phone that would be free to consumers. Although many have been enticed by the prospect, it has not been readily apparent how Google would implement such a thing. Many years have passed since the original "free phone" concept was postulated, and nothing has happened to support such a model — that is until the iPhone entered the scene. The iPhone ultimately validated some fundamental assumptions that would likely prove to be essential for supporting the "free phone" model:

- Consumers would gravitate to and embrace easy-to-use smartphones
- Consumers would heavily engage with content delivered via their smartphones
- Consumers would download and use applications in mass and applications could house ads
- Consumers would wirelessly buy copious amounts of content and goods via their smartphones

It was not long after the well-publicized success of the iPhone that the Android-enabled devices began appearing on the market. Press reports indicated that Google was working aggressively with its partners to refine the operating system, the devices and connections to the ecosystem to more closely mimic the iPhone experience. At the same time, Android-based applications were being sold by the millions and many of those applications were being sold with embedded logic for displaying ads. Although it cannot be proven, one could hypothesize that Google was using the experiences of its partners to seed the market and learn the lessons necessary for the launch of their own device.

Having refined the technology and the ecosystem, perhaps Google's next step was to learn and refine the processes for taking smartphone orders, fulfilling the orders, managing returns and supporting customer queries. It would seem logical that once the processes were in place, Google would be more than ready to begin using ads to fund the placement of free devices into consumer hands. This would greatly impact the number of smartphones on the market, which would therefore impact what consumers could do with their smartphones.

Market analysts have predicted that nearly fifty percent

of the cell phones in use by 2013 will be smartphones. Some analysts have projected that mobile advertising will quadruple from current levels — largely enabled by the growing number of smartphones. The new generation of smartphones, such as the Nexus One, are very capable of delivering mobile advertising — particularly location-oriented advertising. If smartphones were to become free, one could assume that smartphone penetration would greatly exceed current market forecasts. This would suggest that ad-funded location-based and context oriented mobile information would become the norm. This is all speculation of course, but if this concept were to come to fruition, the implications to the digital signage industry and those who use digital signage could be broad and profound.

Should ad-funded, location-based mobile information become the norm, consumers could receive and respond to ads anytime and anywhere. Ads would be tailored to the consumers' location, past buying habits and smartphone usage patterns. Application utilization would likely skyrocket and consumers would spend more of their time looking at their phones. Digital signage would become less relevant as more and more consumers would turn to their phones for information about their current surroundings. Digital signage would be relegated to serving as an aesthetic enhancement as opposed to a source for information. Ad-funded digital signage would practically go out the window. After all, why would an advertiser direct ad dollars to something that is less able to provide viewer measurements and generally unable to allow consumers to consummate a call-to-action.

Three-billionth Application Download

The first on-line store for allowing consumers to download PDA, and subsequently smartphone, applications opened for business in 1999. In the 9 years between 1999 and 2008, less than 500 million applications were downloaded for every PDA and every smartphone on the market. In the 18 months

between July 2008 and January 2009, over 3 billion smartphone applications were downloaded for the Apple iPhone and iPod Touch alone. Something definitely changed after June 2008.

What changed was the introduction of the iTunes App Store and its supporting ecosystem. The iTunes App Store and the iPhone/iTouch provided an easy way to buy, download and use applications. Other mobile device manufacturers and software companies (e.g. RIM, Google, Microsoft, Palm, etc.), desiring to emulate Apple's model, have since been building new systems, devices, and application stores of their own. So what does this mean to digital

application developers to insert the ads. As noted in the first section of this article, ad revenues could be the catalyst to facilitate the adoption of a "free phone" model. The purchase of Quattro Wireless brings this model one step closer to reality for Apple.

Summary

Recent events suggest that mobile technologies represent a tremendous threat to digital signage — particularly ad-funded digital signage. People will look at digital signage less and less as the capabilities of smartphones increase, as the ubiquity of smartphones takes hold and as the relevance of location and con-



New smartphone technologies represent a threat (or alternative) to digital signage — particularly ad-funded digital signage.

signage? Simply stated, it means a lot more smartphones will come to market and a lot more applications will be sold. It means each new application sold will be a container for delivering an advertisement — not just an ordinary advertisement, but a location-aware, actionable and highly tracked advertisement. It means more competition for ad dollars. It means more competition for eyeballs. It means more competition for consumer mindshare.

Apple Buys Quattro Wireless

It does no good to have a smartphone and application capable of delivering an advertisement without a way to get ads to the mobile device. Google has its system for placing ads on mobile devices via its \$750 million dollar purchase of Admob. With its purchase of Quattro Wireless, Apple now has a way to control the placement of ads on its devices too.

Admob and Quattro Wireless provide application developers with the means for inserting ads in their applications. They also possess the revenue collection and sharing mechanisms to

text-oriented information grows. The actions of Google, Apple and other major brands are a harbinger of the mobile revolution to come. A revolution in which sophisticated smartphones will become ubiquitous and location, time and context oriented information/advertising will become the norm. Those either considering digital signage or in the digital signage industry must be aware of these trends and be prepared to respond accordingly.

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