

Wireless Innovations Create Value

By Ed Ho, Chief Technology Office and Co-founder, SkyGo, Inc.

Advertising: It's a key element to success in today's fast-moving competitive marketplace. But are your campaigns really grabbing the attention of the customers you want to attract? With the buzz of slogans and jingles, billboards, banner ads and coupons that consumers face each day, the answer might be no.

But what if your messages were something a consumer was waiting for? Imagine an ad that offers a consumer a 20 percent discount on a dinner at her favorite restaurant, or informs her about a special sale at the fashion store where she loves to shop? In these cases, we bet your ad commands the consumer's full attention.

Wireless Internet — A New Frontier but Tread Lightly

The adoption of wireless mobile devices, such as cell phones and personal digital assistants (PDAs), is showing phenomenal growth. According to forecasts by Dataquest/Gartner Group there will be 900 million mobile phone users by 2003, 80 percent of which will have Web-enabled devices.

Businesses anxious for a piece of the booming Internet economy look at the explosion of wireless communication media as a new opportunity to reach consumers. But advertisers face the risk of consumer frustration as well as bad reputation if they don't take extra precautions to respect consumer interests and privacy.

Increasingly, people rely on mobile phones as a primary communication link. However, no one wants to be "spammed" with hundreds of unwanted promotional messages via their phone or PDA, logging memory and adding unnecessary costs. U.S. legislators share this concern. Rep. Rush Holt (D-New Jersey) for instance, wants to introduce a bill to ban unsolicited advertisements on cell phones altogether.

Yet, if applied wisely, marketing over wireless devices holds great promise for both consumers and marketers. It can be an entirely new way of advertising if marketers turn their promotional efforts into highly targeted, value-added information that consumers want. While consumers will appreciate getting information without research, the marketing dollar spent will most likely result in a better return of investment than any unsolicited mass messaging, since the advertisement's recipients can be pre-qualified.

The key is understanding the reason behind the enormous growth of mobile devices' dissemination – convenience. The faster the pace of our lives, the more we want and need unrestricted access to services and information. Mobile phones allow us to stay informed and communicate no matter where we are.

For the advertiser, successful campaigns over wireless devices will only be truly effective when messages are customized to the recipients' particular purchasing interests.

Consumers must want to receive marketing messages as valuable information – potentially offering time and money saving alternatives – which they can take advantage of at the touch of a few buttons. Here is a likely scenario: the skiing enthusiast who has decided to invest in new gear will welcome the alert of a special offer on his favorite brand of skis. The movie lover will be happy to learn about the opening of a long awaited film and the opportunity to instantly purchase tickets by simply pushing a button on his phone without waiting in line.

The Technology Behind Customization

While most attention is usually drawn to the software behind the delivery of wireless Internet advertising – two-way short messaging service (SMS) and wireless application protocol (WAP) – that's just the front-end of the equation.

To be successful in the wireless arena, direct marketing firms need a sophisticated back-end solution that enables the system to perform a range of tasks, such as:

- Profiling and capturing of demographic data
- Sending targeted messages to the appropriate addressee
- Offering messaging options so recipients can respond instantly
- Pinpointing, managing and adjusting to consumer behavior

Key components behind a customized direct marketing system are:

An ad campaign manager: This system creates and manages the set of features to be sent out to consumers. It can offer such options as interactive voice response, coupons, trivia and polls, banner ads and mobile commerce promotions. It ensures the appropriate ads go to the intended audience, per both advertiser instructions and consumer parameters.

A targeting program: To be effective in meeting the goal of customized marketing, targeting is everything. Housed in the ad campaign manager, the targeting program captures the initial demographic data and personal interests submitted by users when they sign up. The system must then be able to track user preferences so adjustments can be made to the user's profile. For example, a user may express a general interest in sports, but in practice she tends to respond only to tennis ads in summer and skiing promotions in winter. In addition, perhaps this user responds most often to coupons and banner ads and rarely to interactive voice response. The system also captures this important information for future messaging.

A reporting and tracking database: Reporting is central to the effectiveness of any ad campaign. This system quickly measures user response to ads. So, if a business wants to try a new ad campaign, it can send out a sample of 100 test ads and within hours see the effectiveness of the campaign. Needed adjustments can then be made before a major distribution.

An inventory manager: This feature manages the messaging flow. Users tell the direct marketing provider how many messages they can tolerate a day. For some it may be one a day, while others might be fine with three. The inventory manager helps schedule when ads go to what users based on how many ads they are willing to read a day. This ensures marketers don't violate users needs.

Beta Testing and the Tests of Time

Right now, wireless advertising is still very young. As with the implementation of any new technology, beta testing and trials – such as the wireless marketing studies that are currently being conducted regionally, nation-wide and internationally – are extremely important. That's where we as direct marketers learn what works, what doesn't and what's missing.

Through industry studies, we not only test the robustness of our technology, we also develop richer databases that help develop better customization of marketing messages based on statistical evaluation of consumer preferences. As time goes on and we learn more and more about our users – while strictly respecting and safeguarding the privacy rights of all consumers – our databases will become more useful to both advertisers and consumers. A comprehensive database means businesses' advertising dollars will be spent more effectively by targeting ads to a specific, desired audience. And that means higher response rate to marketing efforts. For consumers, a fluid profile of their purchasing habits means they no longer have to spend hours researching where to find skis on sale or waiting in line for movie tickets. Their mobile phone or PDA will provide all the information they need to make informed decisions right at their fingertips.

As exciting as the advances are in this new medium, wireless advertising is far from replacing display advertising, direct mail or the traditional marketing media. It will, however, give consumers highly personalized information that is relevant to their

purchasing interests. And when you think about it, that's really what the Internet age is all about — convenience and control on the user's side.

Ed Ho, Chief Technology Officer and Co-Founder

Mr. Ho continues his outstanding track record of technology development as CTO, co-founder and a member of SkyGo' s Board of Directors. Prior to founding SkyGo, he was the vice president of product development at X.com, an Internet person-to-person payment company. Before joining X.com, he was responsible for the development of the core platform technology at Zip2. Prior to joining AltaVista, Mr. Ho spent four years at Silicon Graphics, where he designed and developed InPerson™, the first commercialized desktop video conferencing system. Ed holds an MS in computer science from Stanford University and a BS in electrical engineering and computer science from the University of California, Berkeley. In addition, he frequently presents on the topic of developing wireless marketing infrastructure at events such as PCIA and DEMOmobile.

Ed Ho can be reached at eho@skygo.com, or at (650)-655-2730.