

Ads will fund all mobile use

Mobile phones took a step closer to becoming cost-free communications devices this week, when mobile services upstart mobiK launched what it says is the world's first free mobile-to-mobile SMS service.

Eight months after its soft launch in October last year, with no marketing spend, mobiK boasts 400,000 members from Australia, Malaysia, Singapore and India, with plans to expand the service to Europe and North America in due course.

they can redeem in the form of mobile handsets and pre-paid credit, among other things, potentially making consumers' total mobile usage free of charge.

But there is one serious impediment to the full potential of mobiK's services – expensive data charges. mobiK operates by taking members off-deck and onto the mobile internet to send their messages. While sending the message through mobiK is free for the user, they need to pay

access to mobile users through targeted ads," Peters said.

Peters' company is currently working with an undisclosed overseas telco, on a system that will allow it to send targeted messages to its customer base on behalf of advertisers. The customers must opt in, but are rewarded with free SMS, MMS and even voice calls based on the amount of advertising the customer is willing to accept.

Peters said it was inevitable that Australian telcos would introduce such schemes in Australia – especially as pressure from service providers like mobiK increase

customer demands for free services. Although emagine's current clients in Australia include Telstra and AAPT, Peters said he would prefer to wait and see results from overseas before trying to implement such a scheme locally.

In the UK, mobile outfit Blyk is set to be the first mobile phone operator in the world to offer free phone calls for all its customers when it launches during the European summer.

Initially targeting 16 to 24 year-olds, customers must agree to receive ads on the screens of their handsets before receiving free calls. The service is widely tipped to revolutionise the mobile telecommunications industry and is fronted by several mobile industry heavyweights, including its CEO Pekka Alä-Pietila, former president of Nokia.

Mark Chenery

Our focus is on getting users and advertisers on board.

"Our focus for the next six months is on Australia – getting users and advertisers on board," said Damian Thompson, mobiK CEO. "We're currently adding about 4,000 members a day and we're hoping to have 750,000 Australian members by the end of the year."

Understandably, the idea of being able to send free SMS to friends and family is an attractive option for mobile phone users used to being slugged up to 22 cents per message for a service that costs the telcos only a fraction of that to transmit.

MobiK places banner and video ads alongside its SMS send facility and includes a 40 character ad at the end of each message to fund the service. Members are also encouraged to accept further advertising and complete questionnaires from advertisers in return for credit

data-charges to their carrier for accessing the mobile internet – in some cases this could end up costing the user more than sending a normal SMS.

Thompson said this was not an issue for users on capped plans that included unlimited or large volumes of bandwidth per month, but conceded few mobile phone users were yet on such plans in Australia – although this is gradually changing as operators such as 3 and Vodafone introduce affordable flat-fee mobile broadband plans.

David Peters, CEO of mobile marketing company emagine, said a better model for the provision of free or ad-subsidised mobile services was for the telcos themselves to open up their databases to advertisers.

"The logic [for telcos] is both to attract customers by providing free services and to give advertisers



By placing banner and video ads alongside its SMS send facility, and including ads at the end of each text message, mobiK provides users with free SMS.

Sensis not mellow about Yellow

In the face of dramatically increased competition from search engines, Sensis is far from mellow about its venerable directories business, Yellow.

Telstra's directories arm has been forced to fight back against the likes of Google, ninemsn and Yahoo!, and is ramping up its marketing spend for Yellow (previously called Yellow Pages) and developing new products to compete.

Stephen Harvy, group manager Yellow marketing, said the brand's history of great advertising will stand it in good stead. "I want to rattle the subconscious of the market to show

how critically important the Yellow brand is to Australian businesses," he said.

"There's no denying that there are lots of search engines in the marketplace now, but the role of the marketer is to build healthy propositions that are useful and relevant and then communicate that to the marketplace," he added.

"Over the next few years we aim to sustain and hold our position and build on that."

Sensis spent \$13.4 million on main media advertising in the year to March 2007; up from \$11.5 million the previous year, according to Nielsen

Not Happy Jan itself followed an acclaimed campaign featuring Tommy Dysart making a series of phone calls using his Yellow Pages directory to find a repairer for his Goggomobil.

The value the company places on its advertising was demonstrated when Yellow Pages went to the Federal Court to stop insurer Royal & Sun Alliance from piggy-backing on this campaign to promote its subsidiary, Shannons Insurance.

Yellow Pages won, and told the media after the hearing in 2004 that other brands should not be able to springboard off its hard work, expertise and expense.

