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The Mobile Economy

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Advanced mobile-device technology is changing the game on mobile marketing. SMS, MMS and idle-screen phone advertising are out, and new mobile marketing trends are in.

The funny thing is, these new trends are the same ones that have come to dominate the tethered Internet.

The use of mobile devices as a means to push information has been on the horizon for years -- which is, unfortunately, where the effort has consistently remained. Even though European companies have had the benefit of fewer restrictions on cost and technology, mobile ad ventures simply haven't taken hold. And because the U.S. has so many more wireless carriers -- each with its own pricing, restrictions and technology systems -- successfully delivering ads via mobile devices has been cumbersome and complicated.

Remember the last time you went to your wireless carrier's storefront and tried to perform a fairly simple task like changing your phone number or transferring to a new phone? You may have experienced a bevy of blank stares before being told to talk to the store manager or to customer service. And just like that, an errand that should have taken a few minutes turns into days of hassle just to get your phone to make a call.

Now imagine doing that for every carrier in the country, and you can begin to appreciate what it might take to implement a nationwide mobile advertising campaign in the U.S. As a result of these difficulties, much of SMS/text messaging marketing to this point has been restricted to very local markets or used purely as a means of soliciting communication from an audience to a company (like voting for your choice for the next *American Idol*).

Enter the new mobile economy, one that has moved beyond the technical and economic limitations of the various carriers. For the first time, the newest technology available is being used to reach a large percentage of the U.S. wireless market. The iPhone and other wireless handheld Internet devices have essentially bypassed the more traditional media push methods created by wireless companies.

MediaNet (Cingular/AT&T), VCast (Verizon) and other similar offerings are being pushed aside now that users can essentially use their new devices as computers. And as "me-too" device manufacturers flood the market with similar gadgets, these products will get cheaper, better and more prevalent.

Content providers operating under the older mobile model struggled to find ways to make money by providing video, music and other media to customers. Their solution? Charge the consumer. Not surprisingly, this model never really took off. No matter how much people wanted to watch video clips, they weren't going to pay to watch on tiny screens on their phones.

For-pay content models were widespread a few years ago on the tethered Internet as well, but when companies like YouTube and Pandora started providing content for free, the for-pay service idea became increasingly obsolete. These sites are free to use because advertising covers their costs. Today, Americans simply don't expect to pay for these features.

Now that mobile devices are capable of providing the same access and similar amounts of content as the tethered Internet, the same ad-based model will expand into this new environment. So instead of persuading clients to use old and less effective mobile advertising and communication techniques like SMS, the trend will be toward more familiar approaches like mobile-application advertising, sponsored search and geo-targeted advertising offerings.

It's also important to note that the tools and applications that mobile devices now use are virtually the same as those on work and home computers. As a result, they offer an extension of something with which users are already familiar, not a new set of features. People know and trust brands such as iTunes, Safari, Twitter and others. The mobile economy is now giving users more of what they know and like. That's why, at least in the near term, current big players and trusted brands (Google, Yahoo and the like) will continue to own the market -- wherever that market lives. Photo, CHRISTIAN OLSEN

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