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InfoCom shows where opportunities lay with Location-Based Mobile Advertising.

When executed properly, LBMA has the potential to generate considerable revenue streams — LBMA is more personalised and targeted than other ad campaigns — LBMA programmes can outperform other marketing initiatives — The experience shows LBMA must be executed in different mobile platforms.

Stuttgart, Germany — The interest for Location-Based Mobile Advertising is increasing exponentially as retailers look for alternative marketing channels that can significantly increase visits in stores and sales. The increasing adoption of smartphones as well as the ubiquitous Internet connectivity have opened large new horizons for mobile ad campaigns, especially Location-Based Mobile Advertising (LBMA), which reveals not only as an opportunity for retailers. If managed and executed properly, LBMA has the potential to provide additional, considerable revenue streams for mobile carriers as well, who can leverage on their infrastructure and their “audience” to deliver very targeted advertising. To maximise the advertising effect of direct mobile-based advertisements, carriers can offer access to other “service” channels such as their Internet and TV services. SingTel, for instance, provides advertisement services throughout its different “service” platforms — mobile, Internet and TV — as a sort of one-stop-shop through different channels.

Some successful strategies have been already executed. The experience shows that LBMA must be deployed as a free add-on. This already eliminates users' hesitation of having to pay without knowing if the deal is worth it. All of Telefónica's LBMA offers in the UK, for instance, are provided for free in order to compete with other OTT LBMA providers and online companies that offer free alternatives.

The results of several LBMA campaigns show also that thanks to the granularity of the users' information available, LBMA is much more personalised and targeted to the user, which translates into quite an effective advertisement programme. Telefónica's LBMA programmes in the UK, for instance, have around 2.05% click-through-rate (CTR), against, for instance, Facebook desktop ads' CTR of 0.08% to 0.6%. For its part, the average redemption rate (number of

times a mobile coupon has been redeemed over the number of impressions generated) of O2 Priority Moments programme is more than 40%, higher than the market average of less than 10% for other ad channels (i.e. redemption rate of coupons delivered via direct mail is about 5%, just over 2% for Internet-issued coupons and around 4% for in-store coupons). The ad campaign of Bulmer (a producer of bottled cider beverages in the UK) in O2's You Are Here, for example, has successfully enticed 25% of its ad recipients while the House of Fraser (a department store in the UK) witnessed more than 17 000 Priority Moments redemption in over 4 weeks, which was doubled when the campaign was combined with other LBMA offers.

These case studies indicate that LBMA programmes, if correctly executed, are quite successful and, in some instances, can even outperform other marketing initiatives. According to Pizza Hut UK, their SMS campaign with Telefónica is considered as the number 1 performing marketing channel, at least more than 4 times more effective than TV campaigns.

To intensify the effect of a LBMA campaign, the experience shows that it is beneficial to offer LBMA in different mobile platforms. Telefónica, for example, has an SMS/MMS-Based LBMA service (O2 More and You Are Here) and an LBMA app (O2 Priority Moments) in the UK. This allows the carrier to effectively reach both smartphone and feature phone users and it provides options for consumers, enabling them to receive notifications with or without mobile data coverage (since LBMA app requires users to launch the app before receiving notifications).

Finally, one of the most important lessons illustrated by Telefónica's case is the importance of offering exclusive offers to reinforce service differentiation. With the proliferation and availability of so many different alternative and competing services, LBMA platforms must rely on the exclusivity of the marketed offers to effectively drive adoption and usage.

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