



Mobilenet Promises to Be the Next Big Medium

by Al Ries

We are on the verge of witnessing the birth of a new mass-communications medium. It's the second new mass medium to appear in the last two decades.

The Internet arrived in the 1990s, joining the other four mass media: (1) The book. (2) The periodical. (3) Radio. (4) Television. Each new mass medium has created enormous upheavals in society.

- The book ignited the knowledge explosion.
- The periodical planted the seeds of democracy.
- Radio created a celebrity-oriented society.
- Television homogenized the culture.

The Internet, the latest and newest mass medium, continues to make waves. "We are not witnessing the beginning of the end of old media, wrote Advertising Age's Bob Garfield recently. "We are witnessing the middle of the end of old media,"

"Both print and broadcast -- burdened with unwieldy, archaic and crushingly expensive means of distribution -- are experiencing the disintegration of the audience critical mass they require to operate profitably, continued Mr. Garfield. "Moreover, they are losing that audience to the infinitely fragmented digital media, which have near-zero distribution costs and are overwhelmingly free to the user."

Fasten your seat belts. On the horizon, there's another storm coming for old media. In the near future we are likely to welcome the arrival of a sixth mass-communications medium.

And what is this earth-shaking new medium? It's the Mobilenet.

The what? Surely you are joking, Al. The Mobilenet is just a subset of the Internet. Just another way of going online. Just another way of surfing the Net without using a computer. That's why mobile devices are commonly called the "third screen."

Third-screen thinking is going to cause you and your company to miss the boat. What big brands were created by moving content from one medium to another?

Very, very few.

- Moving The Wall Street Journal online didn't save Dow Jones from the clutches of Rupert Murdoch for just \$5 billion.
- Moving [ESPN](#) onto cellphones didn't make it to the big leagues.
- So far, moving television shows to the Internet hasn't created as much value as one Internet site, YouTube.com. Less than 20 months after its launch, YouTube was bought by Google for \$1.65 billion.

Google can afford to splurge. In the first quarter of this year, Google had net income of \$1.3 billion. In the same quarter, The New York Times Company lost \$350,000.

Moving the Times to the Internet didn't solve the company's financial problems. Last year, NYTimes.com had estimated revenues of \$27.6 million, pretty small potatoes for a site that was launched more than 11 years ago.

In spite of its dubious record, the content movement continues to gain momentum. The telecoms plus the television industry are making massive efforts to move TV to cellphones, in spite of surveys that show, according to Yankee Group analyst Linda Barrabee, only 5 percent of U.S. consumers are willing to pay for mobile TV.

The software industry is also spending a fortune developing programs to permit these inter-medium transfers. Two weeks ago, Microsoft unveiled "Live Mesh," a software program to link all Internet-enabled devices. "Not just PCs and phones," reported Ray Ozzie, the company's chief software architect, "but TVs, game consoles,

digital picture frames, DVRs, media players, cameras and camcorders, home servers . . . our car's entertainment and navigation systems and more.”

That's the wrong approach. A new medium calls for new brands, not for line extensions of existing brands. The Internet didn't reward traditional brands like The Wall Street Journal, The New York Times, ABC, NBC, CBS, Barnes & Noble and Hallmark. It rewarded new brands created especially for the Net. DotCom brands like Amazon, eBay, Yahoo, Expedia, Netflix, MySpace, Facebook, AOL and many others.

The Mobilenet will also reward new brands created especially for the medium. Like Loopt, a service that lets people with GPS-equipped phones share their real-time locations with friends.

A slimmed-down, warmed-over dotCom brand isn't going to make it on the Mobilenet. That's the same mistake newspaper, magazine and television brands have made with the Internet.

The Mobilenet, of course, isn't going to become an overnight success. (The Internet didn't either.) A number of developments need to come first.

On the sending side, the missing ingredients are the dotMobi's that will make the receiving device a universal, carry-everywhere product much like the cellphone.

On the receiving side, the missing ingredient is a gadget that integrates telecom service with three technologies in an attractive and convenient package. The technologies are: (1) GPS, global-positioning-system receiver. (2) Scanner. (3) Voice-recognition software.

Oddly enough, the most heavily-hyped new product of the 21st century (Apple's iPhone) doesn't include any of those three technologies. Too bad. With all of Apple's brilliant design and technology skills, the company could have pioneered and dominated the Mobilenet for decades to come.

Instead, Apple perfected the smartphone, a convergence device destined to remain a niche product. The first smartphone (the Nokia 9000) was introduced 12 years ago. Yet today the smartphone accounts for only 10 percent of the global cellphone market.

In the last quarter, Apple sold 1,703,000 iPhones, about 6 percent of the global smartphone market. Not exactly earth-shaking results. In the same quarter, Apple sold 10,644,000 iPods, about 70 percent of the MP3-player market.

Besides market share, there's another striking difference between the two products. The iPod, a divergence device, pioneered a new category. The iPhone, a convergence device, was not designed to create a new category, but to improve on an existing category, always a risky strategy for a would-be market leader.

If the Mobilenet is a new mass medium, what would you call the receiving device? The logical name is "MobiPhone," to reflect the millions of dotMobi websites sure to come.



Names don't always describe what a device is really used for. Most people do little "computing" on a computer. (I do my computing on a printing calculator.) A MobiPhone may not necessarily include a cellphone. Many people might like a separate device to make telephone calls.

Obviously some people are thinking along similar lines. To me, the most interesting news item of the month was Nokia's purchase of Navteq, a firm that collects map data from around the world for \$8.1 billion.

Eight-point-one billion? That's one-and-a-half Wall Street Journals for a company with revenues of just \$853 million last year. That mind-boggling number tells you what the folks in Finland are thinking about. It ties in with the thought that the GPS receiver will be the key function of future telecom devices.

The global positioning system, like every technological change, creates the conditions for a product or a medium to diverge in the same way that environmental changes create the conditions for a species to diverge.

First the Internet; now the Mobilenet. That's how divergence works. Furthermore, the Mobilenet promises to make the dream of mobile marketing a reality.

Up till now, mobile marketing has captured a trivial slice of the advertising market (\$708 million last year) even though the cellphone predates the worldwide web.

The potential Mobilenet marketplace dwarfs the Internet. Last year more than 1.15 billion mobile phones were sold worldwide compared to only 271.2 million personal computers. In other words, more than four times as many mobile phones were bought

than PCs. And, in my opinion, most consumers will find a GPS-equipped MobiPhone to be a device they can't live without.

The MobiPhone is not just another device, of course. It's the receiving end of another medium. Unique and different than the Internet. And one that is most likely to be larger and more universal than the Internet. Companies that want to take advantage of this new medium will quickly register their company and brand names as dotMobi domain names.

Furthermore, each dotMobi website should be considered separately from the company or the brand's dotCom website. Two different media demand two different approaches.

(You wouldn't run a radio advertisement on television so why would you run a dotCom program for a dotMobi audience.)

Long term, "mobile" is going to become a very important part of the overall marketing environment in America. What kinds of advertising approaches are best suited to the new mobile medium?

In my opinion, there are two types of advertising. One type might be described as "passive" advertising and the other type as "active" advertising.

Passive advertising is conventional advertising found in newspapers, magazines, radio and television. It interrupts the reader, listener or viewer in order to present "a message from the sponsor" of the medium.

Active advertising, on the other hand, is advertising initiated by the consumer. Search advertising on the Internet is a typical example. But there's also active advertising in conventional media, too. In particular, classified advertising in newspapers and telephone directories.

Roughly 40 percent of all advertising on the Internet is "active" advertising. This is what has made Google such a big success.

Long term, the Mobilenet is going to be an even bigger medium for active advertising than the Internet. That's why there is a golden opportunity for a Google-like brand especially designed to search dotMobi websites and coordinated with the user's exact location.

But that's only the beginning.

A MobiPhone with a 2D barcode scanner will enable consumers to get a wealth of information by scanning products in supermarkets, drug stores, clothing stores.



MobiPhone users might be able to arrange for “alerts” to notify them when certain things occur. For example, when a celebrity shows up at a restaurant or nightclub.

It's easy to visualize what a useful device a MobiPhone could be if it is served by appropriate dotMobi websites.

- What's the speed limit? (Maybe we can avoid those huge pileups that sometimes occur in heavy fog by automatically lowering speed limits when visibility is impaired.)
- How far is the next exit and what facilities can be found there?
- Without stopping to read them, what do those historic markers actually say?
- Location of nearest hotel/motel and the price of a room?
- Location of nearest gas station and the price of gasoline?
- Location of nearest restaurant by type and price level?
- What's the Parker number on that bottle of wine? (One of the many facts that might be available by simply scanning a label.)

What consumers can do with the receiving device is not the most significant aspect of the Mobilenet. More significant are the changes in structure the new medium will facilitate.

For example, taxicab dispatcher systems are likely to disappear since a consumer will be able to see the location of the nearest available cab and call one directly. Similar changes are likely in all types of dispatching systems.



Consumers will find many other ways to use a MobiPhone. Every August for the last eight years, my wife and I have driven around the scenic areas of the Southwest. Every afternoon on those trips, we would keep an eagle-eye out for a **Dairy Queen** in order to snare a couple of their chocolate-dipped cones.



Hopefully, next year we'll be able to check **D-Q.Mobi** instead.

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