

THE FUTURE OF ADVERTISING, SALES, AND  
THE BRAND EXPERIENCE IN THE WIRELESS AGE

# BRANDING UNBOUNDED



RICK MATHIESON

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AND THE BRAND EXPERIENCE IN THE WIRELESS AGE**

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**AMACOM**

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*Library of Congress Cataloging-in-Publication Data*

*Mathieson, Rick.*

*Branding unbound : the future of advertising, sales, and the brand experience in the wireless age / Rick Mathieson.— 1st ed.*

*p. cm.*

*Includes bibliographical references and index.*

*ISBN 0-8144-7287-7*

*1. Mobile commerce. 2. Product management. I. Title.*

*HF5548.34.M38 2005*

*658.8'72—dc22*

2005002544

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Printed in the United States of America.

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Printing number

10 9 8 7 6 5 4 3 2 1

**FOR JUDY AND KATE,  
MY REASONS**

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# Introduction

*Advertising displays that call out to you on a first-name basis.*

*Services that let you shop for pizza, music, books, and movies—anywhere, anytime.*

*Stores where the costs of goods is automatically deducted from your bank account—without you ever writing a check, doling out cash, swiping a card, or standing in line.*

*And commercials broadcast so only you can hear them—seemingly from inside your own head.*

**MARKETING'S WIRELESS FUTURE IS HERE.  
READY TO MAKE THE MOST OF IT?**

It turns out that the Internet was just a warm-up act. A decade ago, the Internet hype machine pitched the World Wide Web as a marketer's dream come true—an interactive, one-to-one utopia,

linking shoppers and their quarry in the electronically enabled Elysium Fields of 24-7 commerce.

Of course, Google, Amazon, and eBay notwithstanding, banner ads, online “communities of interest,” and click-and-mortar “e-tailing” have yet to truly deliver the eyeballs, interest, or sales they promised—tethered as they’ve been to a cumbersome, confounding device called the desktop PC.

Now, all that’s changing. A new generation of wireless Internet technology is finally liberating the Net from its deskbound subjugation. Thanks to new wireless devices and high-speed mobile networks, the Information Superhighway and its advertising “billboards,” applications, and services are finally hitting the road with you. Along the way, they’re delivering on two tenets, heretofore unfulfilled, that are central to the Internet’s promise. The first: anywhere. The second: anytime.

Today, there are over 1.7 billion Internet-enabled cell phones worldwide, allowing users to browse the Web, take pictures, send e-mail, watch TV, play games, and yes, even talk.<sup>1</sup> By 2007, there will be a billion more—one for every three people on the planet—each sporting computing power that rivals that of NASA’s original Apollo space program.<sup>2, 3</sup> Meanwhile, nearly 600 million wireless-enabled laptop computers, PDAs, and “smart phones” (cell phone/PDA hybrids) feature new forms of wireless connectivity—“wireless fidelity” (Wi-Fi), ultra-wideband, Bluetooth, and “third generation” (3G) cellular, among others—many only now becoming familiar to the average consumer.<sup>4</sup> Factor in emerging new fuel-cell batteries that will untether devices for longer and longer periods of time and, say experts, these whole new levels of connectivity and computing power will fundamentally redefine how—and where—people live, work, learn, and play.

“This confluence of technologies is really unprecedented in the short history of electronic technology,” says Gene Becker, program director for the Mobile and Media Systems Lab at Hewlett-Packard. “The end result is a lot of opportunity for innovation and experimentation in the ways that people use this stuff. Clearly the mobile

experience is going to be one of them that is transformed quite extraordinarily.”\*

In fact, it has already begun.

## FROM HERE TO UBIQUITY

To most marketers outside Japan, the word DoCoMo may still evoke the name of a particularly unfortunate Beach Boys song. But to the world’s high-tech digerati, the name of Japan’s dominant mobile services carrier has long been synonymous for high-speed, high-bandwidth, high-octane wireless innovation.

Train-bound Japanese commuters watch TV, play games, and shop from their 3G-enabled NTT DoCoMo *i-mode* handsets. *Keiti* (handset)-crazed teenagers videoconference with their far-flung *tomodachi*. And a society short on landline Internet connections, and shorter on personal living space, has embraced the Internet—many without ever logging on to a PC.

Seven hundred fifteen miles to the northeast, wireless is the rage for 34 million South Koreans who use their cell phones to do everything from making purchases, to trading securities, to checking closed-circuit traffic cameras before making the trip home. In 2004, 500 Korean families moved into homes wired with Samsung’s “hometiva” technology.<sup>5</sup> Using a tablet-like “Home Pad” or a cell phone, they can call up a movie to their plasma screen TVs, brew coffee, or even tap into surveillance cameras to monitor for prowlers. By 2007, Korea’s Ministry of Information and Communications hopes to expand this level of connectivity to over 10 million households.<sup>6</sup>

Meanwhile, from Manila to Helsinki to London, teenagers use cell phones, pagers, and PDAs to send text messages, also called SMS for “short message services,” to coordinate protests, to stage

\*Note: Quotations without sources come from interviews conducted specifically for *Branding Unbound*; those with sources are from the author’s previously published work or from the sources specified.

raves, or simply to connect with friends in what techno-anthropologist Howard Rheingold famously described as “Thumb Tribes.”

The craze even has its first malady—a condition called “Texter’s Thumb,” a form of tenosynovitis that causes inflammation of the tendons that snake along the hand and wrist due to pecking out excessive numbers of messages.<sup>7</sup>

In 2006, consumers will send an estimated 700 billion text messages worldwide, according to industry trade group GSM Association. And as mobile IM, or Instant Messaging via cell phones, proliferates, the number of messages could prove quite staggering.

These same sorts of technologies are taking off in the United States.

Over 40 million Americans actively use text messaging, including 57 percent of all eighteen- to twenty-five-year-old mobile subscribers, according to mobile marketing firm Enpocket.<sup>8</sup> Over 13.5 million people regularly send text messages to vote for contestants on Fox-TV’s *American Idol* talent show.<sup>9</sup> And American cell phone subscribers are spending nearly \$250 million to download the latest hit music-clip “ringtone.”<sup>10</sup>

But this digital revolution is much, much more than just Internet-enabled handsets, music downloads, and SMS-wielding adolescents. Increasingly, it’s about everyday products being embedded with ubiquitous, “always-on” wireless connectivity and intelligence.

The OnStar service in your car, for instance, uses global positioning system (GPS) technologies to pinpoint your location with an accuracy of within ten meters, gives you verbal directions to your next destination, unlocks your door if your toddler locks himself in with the keys, and calls 911 if your airbags are deployed in a crash. Similar GPS technologies in “Personal Locator Devices,” like those from Wherify, can help you monitor your child’s every move from a secure Web site, and alert you if Johnny doesn’t make his 3 p.m. piano lesson or if Sally ventures too far from the neighborhood. The Bluetooth connection in your digital camera transmits the pictures from Mom’s birthday party to the nearest desktop printer. The Wi-Fi-based Apple Airport Express hub connected to your home computer broadcasts your collection of Maroon 5 MP3s from any stereo system in the house. And the radio frequency identifica-

tion (RFID)-based transponder affixed to your car electronically pays for toll roads and bridges without you ever having to let up on the accelerator.

As 3G cellular networks begin to proliferate here, they will enable unified voice, video, and data connections that let you use your mobile phone to videoconference your kids and see how they're doing—quite literally. Soon, “smart clothes” will routinely monitor heart patients and alert doctors to impending heart attacks.<sup>11</sup> Tiny “smart dust” sensors, less than one hundred cubic millimeters in size, will monitor the nation's food supply for chemical and biological agents—and provide video, audio, and troop movement analysis on the battlefield. And projects like Korea's Smart Home initiative presage an age of intelligent homes, buildings, and stores that react to your every command, or offer you up services and goods based on your personal preferences.<sup>12</sup>

Yet for all the frissons these possibilities may inspire, the second chapter of the Internet is quite different from the first. Hobbled by the dot-com implosion and hyperlink-inspired hyperbole, the Internet's emerging wireless era is predicated on using practical, inexpensive technology to simply extend proven business solutions from the virtual world into the real one.

And while wireless has many applications, from health care, to defense, to supply chain management, to education, the impact may be most profound and promising—and perilous—for those at the front lines of twenty-first-century business: marketers.

## THE BURGER KING SYNDROME

Already, the convergence of high-speed networks and new digital devices is dramatically reshaping the cultural and media landscapes.

A generation weaned on TiVo, video on demand (VOD), chat rooms, and instant messaging has grown accustomed to living seamlessly and simultaneously on- and offline. American teens and twenty-somethings are gravitating to new “social networking” services like Dodgeball, which lets them send text messages to alert



friends of their current whereabouts so they can meet up, make plans, or just get their gossip on.

Managers surf the Web while trapped in interminable meetings. Moms call home while standing in line for groceries. We've all grown accustomed to time-shifting our consumption of media—watching our favorite TV shows when we get a spare moment, instead of the second they're broadcast. And we're increasingly skipping the advertising all together.

Part of this change is the direct result of the sheer multitude of entertainment choices afforded by digital technology. Thirty-seven percent of Americans say they watch less television due to online activities, according to a report on broadband Internet usage by the Pew Internet and American Life Project.<sup>13</sup>

“Twelve years ago, you could reach 50 percent of the American audience with three TV spots, and today, it takes seventy,” says Chuck Porter, a founder of Miami-based advertising powerhouse Crispin Porter + Bogusky (CPB). “Media fragmentation has absolutely forced advertisers to rethink the way to build brands.”

Indeed, according to one controversial report from Nielsen Media Research, there are indications that up to 13 percent of one of America's most important cohorts, the young male audience, has abandoned network television in recent years—lost, presumably, to cable, the Internet, and video games.<sup>14</sup>

Ah, those video games: By some estimates, they now score over \$11 billion a year. That's more than Hollywood makes at the U.S. box office.<sup>15</sup> Since 1997, the compound annual growth rate in the number of consumers playing video games has topped 14 percent, while watching television and cable has grown only 1.9 percent.<sup>16</sup> As you might imagine, the entire gaming segment is heading into hyperdrive as games go mobile—a burgeoning segment that will top \$1 billion in the United States by 2008, according to IDC analyst Lewis Ward.

And it's not just first-person shooter games for young male punks. In the United States, women 18 and older now make up 40 percent of all Internet gamers, and 58 percent of all mobile gamers.<sup>17, 18</sup> Women of all ages are turning to the Internet, both wireline

and wireless—accounting for 60 percent of all online purchases, according to Nielsen/NetRatings.

Meanwhile, 69 percent of consumers express interest in ad-skipping technologies like TiVo and other digital video recorders (DVRs).<sup>19</sup> Nearly 33.5 million households will adopt the technology by the end of 2008—up dramatically from 7 million homes in early 2005, according to research firm Yankee Group.<sup>20</sup> And new handheld versions, like Microsoft's Media2Go and movies-music-gaming “media center” versions of the Sony PSP and the VIA Eve console, are increasingly popular.

Combine this trend with new satellite-based broadband TV/Internet/phone networks like those from Clearwire and WildBlue, and peer-to-peer networks like Kazaa, Grokster, and eDonkey, and suddenly, content of all kinds—digital TV, movies, music, games, photos, personal information, shopping, and more—takes on a level of portability, accessibility, and personalization previously unimaginable.

Armed and wireless, the most unsatisfied members of our consumer republic will increasingly reject media that fail to meet their interests and increasingly mobile, interconnected lifestyles. Others will enhance their television, radio, and print experiences with the kind of instant, personalized interactivity no other medium can provide.

Like the Burger King commercials of yore, the only rule that matters in this increasingly fragmented mediascape is as simple as it is powerful: Now more than ever, it's your way, or no way at all.

For Madison Avenue, this means change is, quite literally, in the air.

“The creative community is still fixated with thirty-second commercials, and the clock is ticking,” Coca-Cola president Chuck Fruit recently declared, adding that brands like Coke spend roughly three-fourths of their ad budgets on television. “That percentage will go down steadily for the next decade to well under half.”<sup>21</sup>

At issue: accountability. As clients demand more than just brand exposure, the advertising industry finds itself gravitating

toward so-called “performance-based” campaigns, pumping over \$10 billion into imminently measurable media. These include venues such as the Internet and emerging forms of “on-demand advertising” that enable consumers to click through for product information via DVRs and other set-top interactive television technologies.

According to Forrester Research, marketers are already investing nearly \$1 billion into the most measurable, personal, and direct link to consumers ever devised: wireless.<sup>22</sup>

“For the first time ever, brands have the ability to have meaningful interactions with consumers that beat all other media in terms of both breadth and frequency,” says John Ricketts, a strategy director for Ogilvy Asia/Pacific, which has created numerous mobile marketing initiatives for the likes of Unilever’s Lipton’s Tea, Northwest Airlines, and Nestlé. Through two-way wireless communications via SMS and wireless Web sites, “everything in the physical world suddenly becomes interactive,” he says. “Television becomes interactive. Outdoor signage becomes interactive. Point of sale becomes interactive. Even the product itself becomes an invitation to have an interaction and bring value to consumers that is really quite unprecedented.”

Still, for many marketers and their advertising agencies, wireless represents a mysterious and challenging new component of the marketing mix.

“There are a lot of people who have gotten really good at making television commercials and very, very good at buying traditional media,” says CPB’s Porter, whose agency has made a name for itself by capitalizing on decidedly nontraditional advertising venues—most notably with its “Subservient Chicken” interactive online game for Burger King, which was accessed by over 250 million people worldwide. “When they look at this changing media space, there’s a reluctance to say, ‘Holy shit, we have to change everything.’ But marketers had better start embracing other media—including wireless—or they’re going to discover their customers have hit the snooze button.”

## WINNING WITHOUT WIRES

From McDonald's to Starbucks to MTV to Procter & Gamble to Wal-Mart to Prada and beyond, some of today's top marketers are rising to the challenge—turning to new wireless technologies to create unprecedented differentiation, convenience, and loyalty.

We're not just talking about sales pitches sent to cell phones. It's far more than that. Today, companies of all sizes are using a host of new technologies to enable intelligent, wirelessly connected retail environments, communications, and services that are transforming the way consumers experience—and interact with—their favorite brands.

This book is designed to offer you an inside look at some of the most ingenious strategies these and other marketers are using to reach out and touch consumers in amazing new ways.

First, I'll provide an easy-to-understand field guide to the wireless landscape, one that will help even the most technophobic marketer understand the five key advantages of "mBranding," a term I use to describe the creation of competitive differentiation through wireless/mobile technologies. I hope to demystify the geek-speak behind the technology, and have included a glossary at the end of the book for easy reference.

Next, I'll give you an inside look at how marketers and their partners are putting these solutions to good use. You'll discover how:

- ▶ Marketers at Procter & Gamble, Unilever, McDonald's, Warner Brothers, Dunkin' Donuts, MasterCard, and Coca-Cola use the fusion of online, offline, and wireless advertising to boost the effectiveness of television, print, and radio campaigns upward of 15 percent.
- ▶ MTV, Fox-TV, HBO, Kellogg's, Comedy Central, and Discovery rely on the wireless platform to build unbreakable relationships in ways that put the traditional Internet to shame.

- ▶ E\*TRADE, AOL Moviefone, eBay, Delta Airlines, Subway, Major League Baseball, and others make the most of new forms of “m-commerce”—the ability to buy and sell services and products anywhere, anytime.
- ▶ Suzuki, Pepsi, Yahoo, DaimlerChrysler, Time Warner, Universal, Disney, and Nike extend their branding power to new wireless content, applications, and games aimed at the eighteen- to thirty five-year-old hipsters these advertisers covet most.
- ▶ Prada, Metro AG, Wal-Mart, Borders, and Starbucks use wireless to enhance the actual in-store shopping experience to astonishing effect. See how new applications enable store clerks to offer you products based on past purchase behavior, and electronic transaction technologies that let you throw goods into your cart and walk out the door without ever writing a check, digging for cash, swiping a card—or standing in line.
- ▶ The Venetian Hotel, The Four Seasons, Carlson Hospitality, Disney World, and a growing number of other hotels, restaurants, and amusement parks create transparent, “pervasive” computing environments that anticipate your every need and ensure prompt—even preemptive—service that will redefine the guest experience for an entire generation of leisure and business travelers.

Later on, I’ll show you how many of the 150 million camera phones in use today are being used in such phenomena as “moblogging” (public Web diaries and photo galleries posted by enthusiasts on the go), and collective acts of weirdness known as “flash mobs”—and what they mean to our notions of viral marketing. You’ll discover emerging branded applications that sound like the stuff of science fiction: Designer clothes that tell the washing machine, “Don’t wash me, I’m dry clean only.” And, perhaps a bit more frightening, commercials, broadcast so only you can hear them, seemingly emanating from within your own head.

Along the way, I’ll share insights from some of today’s top marketers and thought leaders, such as Tom Peters, Don Peppers, and

Seth Godin, as they ruminate on how all this technology will enhance the brand experience.

Finally, I'll explore the world of marketing in the year 2020, including the mind-boggling ethical and business challenges marketers will face when everything you can access, anywhere, anytime, also has access to you.

Make no mistake, marketing's wireless revolution is real. By 2007, wireless innovations are expected to help generate \$33 billion in new revenues for the companies that capitalize on them, according to research firm Allied Business Intelligence.<sup>23</sup> As they continue to untether the Internet, these new technologies herald massive opportunities for marketers who judiciously use their power to transform everything from advertising to retailing to customer care—and monumental challenges for those who fall behind.

## TALKING 'BOUT A REVOLUTION

### **Wireless. It's not just for nerds anymore.**

#### *A Cheat Sheet*

3G	Stands for the "Third Generation" of mobile phone technology. Fifty times faster than present-day cellular phone networks, delivers data at 144 kilobits per second—which is essential for video, music, Internet access, and more.
Wi-Fi	Stands for "Wireless Fidelity." An increasingly popular way to connect devices—PCs, printers, TVs—to the Net, and to each other, within a range of up to 300 feet.
Hot Spot	An area where Wi-Fi service is available so you can wirelessly connect to