



Advisory Report

# Wireless Carriers Fumble the Super Bowl Challenge

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## ■ Summary

### Issue

Wireless multimedia content (be it video, music, or something else) requires a new marketing approach from the wireless carriers. Simply saying that customers can watch live TV or access all the sports content they could possibly imagine is simply not enough. The problem is that most carriers are still focusing primarily on shipping voice service and handsets, and they have not come to understand that a significant shift in advertising practice is necessary in order to highlight differentiation through content rather than technology. Mobile ESPN has entered the market with a content-first focus and it is already highlighting its ability to move beyond the standard tenets of wireless marketing. As other content-focused MVNOs enter the market, the incumbent carriers will need to adapt, or they risk being sidelined as the dumb pipes they have worked so hard to avoid being.

### Analytical Summary

The beginning of the year should be the perfect time for a marketing blitz by the major carriers. The public fervor for American Idol still rides high, to the benefit of Cingular, while the Super Bowl and Valentine's Day are perfect marketing opportunities for all wireless carriers. Unfortunately, the wireless carriers approached this year's events with the same mindset they have used in previous years, failing to highlight the mobile multimedia experience for football or Valentine's Day. This left the playing field wide open for Mobile ESPN, which enjoyed an easy touchdown with its sports-focused advertising both on TV and in print. The major carriers need to shake up their marketing focus quickly before Mobile ESPN is perceived as the only sports-focused carrier in town, regardless of which carrier is an event's official sponsor.

**Current Analysis**

Report:

■ Perspective

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**Current Perspective**

The Super Bowl is over and the Seahawks failed to bring their “A” game to Detroit. They were hardly alone; the major wireless carriers had a lackluster range of ads this weekend, a time when they should be leveraging the double whammy of the Super Bowl and Valentine’s Day to show differentiation on many wireless fronts. As a result, the major carriers are playing like a football team with no defensive strategy and an offensive that has only one or two plays based mainly around the old favorite of standard voice calling services.

The poor advertising would not be so much of an issue if it were not for the new upstart, Mobile ESPN. The MVNO successfully portrayed the message that all sports content – ranging from football to strongman competitions – can be viewed via the Mobile ESPN service. Mobile ESPN successfully complemented this TV ad with its Best Buy circular, in which Mobile ESPN showed a direct correlation between big screen sports content and the ability to watch the same content via the small, mobile screen. While other carriers have attempted to demonstrate the ability to view sports – or other “live” content – via the mobile screen, none has been successful in creating this feeling of synergy in the consumer’s mind. Take, for example, Sprint’s advertising at the Super Bowl, which certainly mentioned the ability to watch live TV on the mobile phone, but failed to show it. Instead, consumers will remember the ad for the “anti-theft” feature (i.e., throwing the phone at the supposed thief). While certainly amusing, the Sprint ad failed to cement in a customer’s mind quite what “live TV” means or what it looks like. Sprint fared much better in the music download space, with a direct demonstration of how the phone can be used to download music to suit the particular mood, but this paled in comparison to the Sports-centric Mobile ESPN showing. What makes this worse still is that Sprint was the official telecommunications service sponsor of the NFL.

The challenge for wireless carriers is that, while they need data revenue to boost ARPU and differentiate their overall service from the competition, none of them seems to have worked out how to promote these services without detracting from the overall message of phones and voice service. The Super Bowl is hardly the only example of a fumble by the carriers; Cingular’s sponsorship of American Idol has failed to grow with the changing technology. This has been a very successful deal for Cingular (and originally AT&T Wireless) that has helped increase the visibility of text messaging. However, with mobile TV, downloadable videos, and an array of other multimedia applications on the cusp of making it to the big time, it is somewhat surprising that the latest installment of American Idol has not resulted in more video-type focus, or even a stronger music download service to complement the iTunes association. Of course, Cingular’s lack of a national UMTS network certainly acts as a major limiting factor within this area (although its EDGE network provides the capability to support more multimedia content if so desired). However, anyone that watched the Rockstar-INXS reality saga will remember that Verizon Wireless offered video clips of the performances, bios of the performers, and so on. Compared to this, simply texting your vote seems so passé.

The other significant February event is, of course, Valentine’s Day, a time when one and all should consider purchasing a phone for loved ones. So far, however, only T-Mobile has done well with advertising in this category, highlighting the magenta (AKA “pink”) RAZR as the must-have purchase. Sprint and Cingular have also begun their Valentine’s focus, but neither has shown off pink devices (even though Cingular now has a Pink RAZR that it could leverage), instead focusing on the standard array of BOGO phones, but mentioning Valentine’s Day in the tag line. The exception to this is in New York, where Cingular is highlighting the results of a recent study

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that claims it has less dropped calls than any other carrier, thus allowing Cingular to go head-to-head with Verizon Wireless' "Reliable" advertising. For its part, Verizon Wireless has so far been relatively low-key on advertising, alluding to Valentine's Day with a picture of a couple hugging on the phone screen, rather than highlighting its own version of the Pink RAZR, or any other "romantic" tie-in. Presumably, the carrier will pick up the pace in time for the coming weekend with a hefty barrage of Valentine advertising.

However, even the Valentine's Day promotional activity lacks an edge, and – with the exception of different device colors – it is a re-run of previous years. In the age of mobile multimedia, phones and networks need to become enablers for the ultimate service. More importantly, the carriers need to focus on how best to educate the customer base through powerful advertising – targeting specific applications or services at specific audiences – in order to drive demand for these nascent services. Otherwise, it is like watching a football team that has stopped adapting to the game. In addition, there is a limit to how many times you can get to the Super Bowl with the same old team.

### Recommended Actions

#### Vendor Actions

- In general, the major carriers need to focus more heavily on content, not pipes or devices, in their marketing campaigns. With Mobile ESPN now officially launched and Amp'd poised to roll out service any day now, the carriers run the risk of being perceived as out-dated in their approach.
- Sprint and Verizon Wireless have all the necessary technology pieces in place, and they need to do a much better job of educating the consumer base as to what is possible with mobile multimedia. Targeting specific events, be it a sporting event or a holiday such as Valentine's Day, is key in gaining the attention of the customer base, working better than generic "you can do anything"-type advertising.
- From a technology perspective, T-Mobile is clearly a laggard at this time, and the carrier needs to develop a stronger array of content in a more compelling format in order to attract content-focused customers. As a sponsor of the NBA, T-Mobile has a strong opportunity moving forward, if it can create compelling content.
- Cingular needs to make better use of the American Idol opportunity, moving well beyond the banal option of voting via text messaging. Furthermore, Cingular should prepare content-focused campaigns to coincide with significant upcoming sports events, such as March Madness.