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A push too far for mobile coupons

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Tags: Advertising Business Models contextual advertising couponing Feature LBS localized advertising location based advertising location based services mobile coupons

Coupons have become a way of mobile life. They controversially include push-based coupons. **Christopher Backeberg** investigates whether the push system is taking mobile advertising in the wrong direction...

Many mobile industry commentators, companies and organisations like the Mobile Marketing Association (MMA) advocate the "right" way of mobile couponing and are less enthusiastic about the "wrong" way. For *right*, read *pull*; for *wrong*, read *push*.



By this measure, Italian location-based services (LBS) provider modomodo will be doing it right. modomodo has teamed up with online discount website Cittàshop to provide customers with an easy way to find discounted items and services in locations around them with a few clicks on their mobile phones.

The application developed by modomodo lets consumers select the nearest coupons based on the GPS position of the phone. This is the key - the app offers the choice of looking at coupons or ignoring them for ever.

The user can browse coupons by categories and distance and display a map of the location. Coupons are redeemed in the shops when displayed on the phone screen. But no coupons will display on the phone unless the user opens the modomodo app.

By the same measure, then, Yoose is doing it wrong, and so are its clients.

The mobile coupon system created by Yoose highlights the contribution LBS can make towards transforming marketing by adding a new level of specific targeting. Retail clients like Starbucks will be able to push location-specific SMS texts to their customers with relevant coupon offerings. With push-based coupons, stores and other merchants can send their commercial messages directly to your phone whether you want them or not.

One outspoken commentator on the mobile industry, who had best not be named right here, pulls no punches about push-based couponing: "It's the scourge of the industry. Imagine everybody passing a Starbucks and getting an SMS at the same time... the stuff of horror!"

He continues: "How it's going to be done without irritating the hell out of everybody is yet to be seen.

The business model under which Starbucks will offer coupons is also completely wrong. Why advertise that way? If you have enough street shops, then chances are people know where your shops are or can see them. What's the value of spending on advertising to draw people to the shop when they're already looking at it?"

Push or pull?

Everyone who owns a mobile phone has almost certainly received a mobile coupon or a coupon-type ad. These commercials can be delivered by SMS to old-model phones and by Bluetooth and MMS to smarter phones.

An SMS coupon will obviously be a plain-text message on the lines of: "Buy 10 gizmos at XYZ Store and receive two free." On a phone without GPS the ad or coupon is unlikely to be location-based.

The smartphone MMS coupon may include a map and a prettily presented message: "While you're enjoying shopping here at XYZ Mall, pop into our shop on the mezzanine level and get 10 percent off a refreshing cappuccino."

In essence these messages are very similar. So are the ways in which they are delivered to you.

You receive pull-based coupons in the same way you usually find any information on the Internet - you look for it. An LBS app on a smartphone may show you where to find the nearby coffee shops. A dedicated coupon app will show you the special offers at stores that use the app. You have to open the app to view the coupons.

Push-based couponing doesn't wait for you to make such a decision for yourself. You'll stroll past a row of stores and your phone will go "bleep... bleep... bleep" (or whatever you've set it to squawk) as it automatically downloads coupons from all the nearby stores that want to tell you: "Now there is no need to make up your mind! We'll choose for you!"

Forthcoming Conferences

METAPLACES 2009 September 22-23, San Jose

A new series of events bringing together LBS enablers, location technologies, devices, advertising and geo content to discuss how to monetise location data and services.

Issues: Free map data, Context, Privacy, channels to markets, advertising models
Speakers: Yahoo! Geo, Google, Loopt, Mozilla, Palm, Nokia, Publicis...
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NAVIGATION & LOCATION USA 2009 December 1-2, San Jose, CA

Your annual fix of Nav&Loc research, networking and trend finding.

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PEOPLE TRACKING & LOCATION 2009 December 2-3, Amsterdam

Our first ever personal tracking conference! Looking at lone worker, friend finding, child, emergency and **much** more; this event will breakdown the business and profit opportunities while addressing technology, privacy and application issues.

Issues: Business models and profit, vertical applications, privacy, legislation, enabling technologies, data...
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The 3rd annual Navigation Day @ CeBIT conference will pull together the top execs from the huge CeBIT exhibition in one room at one time.

Issues: 'Eco-navigation', mobile and smart phone opportunities, intelligent traffic, connected services and VAS, the latest market data
Speakers: [Click here](#) to speak!
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Telematics Conferences

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TELEMATICS MUNICH 2009 November 10th - 11th Munich



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The MMA publishes an [Introduction to Mobile Coupons](#). Here's what the MMA says about coupons and coupon apps in the 2007 edition: "At a minimum, programmes should be run in a manner that is congruous with the letter and spirit of the MMA Code of Conduct for Mobile Marketing and the Consumer Best Practices Guidelines for Cross-Carrier Mobile Content programmes."

The latest version of the MMA code of conduct urges the adoption of opt-in advertising systems for all mobile ads including coupons. That looks clearly enough like discouragement of push-based coupons.

Who's using push-based coupons?

Some of the bigger players are offering push-based coupon systems. We've reported on some of them recently.

[Alcatel-Lucent and Placecast](#) will jointly provide mobile service providers and brands with a unique location-based service - hosted by Alcatel-Lucent - that delivers highly relevant messaging and advertising to mobile consumers who opt into the service. The service enables brands and advertising agencies to push location-relevant marketing campaigns to US consumers' mobile devices in SMS and MMS formats. Although the system is opt-in, it comes to you without further invitation.

[Aloga](#) has released a beta of its application for handsets that use Google's Android operating system. Users automatically get information on their mobile devices about friends, events and local offers based on their location without having to launch a browser or search application.

Who's going for pull-based couponing?

Other businesses have shown a preference for pull. Some examples:

Coupious works by using your phone's GPS to provide location-based coupons relevant to your immediate whereabouts. You have to launch the app to find deals within walking distance or up to 50 miles away. It is currently being beta tested with users in Lafayette, Indiana.

GameStop is using mobile coupons to drive consumers into the retailer's 4,200 locations in the US and Puerto Rico. The video game and entertainment software retailer is partnering with Cellfire to deliver mobile coupons that will give the user a discount. Users must subscribe to the Cellfire mobile coupon service.

Many pull-based systems follow the lead set by the collaboration between MyScreen Mobile and WISEKey to define a new standard in the delivery of high-quality, personalised and secure ads and coupons. Subscribers can securely opt in to coupons and other commercial messages.

A word to the wise

One of the more vocal critics of push-based systems is Andrew Grill, who blogs through [London Calling](#). He argues that push provides a lesson in how not to use mobile as a commercial channel. He has also come out on the side of the more sensible proponents of mobile privacy.

Grill would like advertisers and operators to follow the 3 P's of mobile - permission, privacy, and preference.

- Permission - people will decide what they see/receive/engage with
 - Privacy - people will decide where their data is and how it is used
 - Preference - people will decide what content they find relevant.
- Inference and assumption have limited lifespan.

Grill says: "Marketers that adhere to the 3 P's may find that it leads to fewer messages being sent, but the advertising will be welcome and expected - leading to an increase in sales.

"We need to remember mobile is not a broadcast channel... it's personal and we need a new approach to marketing."

- Hear Kristine Van Dillen of the MMA talking about mobile advertising at [MetaPlaces 09](#).

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