

Advertisers lure youth market with free calls

News Story

Cash-strapped students will be able to save their money for books and more likely beer with the launch on Monday of a new mobile service which offers free calls and texts if customers agree to receive advertising on their phone.

Blyk, a startup run by the former president of Finnish mobile firm Nokia, is targeting the key 16-to-24-year old market with 217 free texts and 43 minutes of talktime every month. It has signed up 45 brands from McDonald's and Coca Cola to Boots and L'Oreal who want to target this key demographic.

"There's no contract, no cash, no hooks. You don't have to do anything and you get it every month for free," said cofounder and chief executive Pekka Ala-Pietila. "This could mean for up to 4.5 million young people in the UK no more phone bills." But the launch of Blyk, which uses the Orange network for its service and can be used by anyone with a mobile phone that can receive picture messages, will raise further concerns about the way that advertisers are circumventing traditional regulated advertising markets such as TV to get at the youth market.

Not just advertising

Industry analysts also remain to be convinced that a business with fixed costs such as running a mobile network will be able to support itself with revenues generated in the traditionally cyclical advertising market.

But Mr Ala-Pietila reckons that his service will add so much value to advertisers that it will be immune from the vicissitudes of the general advertising market. "It's not just advertising, it's a valuable communication and members will get a certain amount of texts and minutes free every month for taking part," he said.

Blyk is operating on an invitation-only basis, putting invites in Fresher's Week packs at 30 UK universities and plans to distribute invites at other events such as concerts. Users or "members", as Blyk terms them can also recommend their friends to the service.

Once a new user has texted FRESH to a special five digit number they are given an entry code which they can use on the Blyk website. After answering a number of demographic and lifestyle questions they will be sent a new SIM card for their existing phone but can keep their old number.

Blyk maintains that it has links with a number of databases that will help it weed out any applicants who are outside its 16-to-24 range. Anyone under 18 will also have access to certain advertising content such as dating blocked.

Members can track their usage on the Blyk website and if they exceed the free monthly allowance the phone reverts to the basic Orange pay-as-you-go tariff of 10p a text and 15p a minute calls.

"While still a good deal, most customers will use their free minutes quickly, and then need to top up," predicted Jonathan Arber, analyst at industry experts Ovum. "Blyk's voice and text rates are aligned with those of all the other UK operators, so this shouldn't be too much of an issue, but we wonder if some users will simply swap out their SIM card once they've used their free minutes to take advantage of a lowcost mobile virtual network operator such as Tesco."

Text and respond

Blyk has been researching the 16-to-24-year old market since January 2006 and while it has plans to roll out in other EU countries it is starting this side of the Channel as "the UK is the largest advertising market in Europe, it is the hub for advertisers in Europe".

In its early phase, Blyk expects campaigns to fit into three rough categories: text and respond, text to web, and intext adverts. One example of the first category would be a female member receiving a text from L'Oreal with a picture of five celebrities asking the member which one they most closely look like. Using the member's response L'Oreal would then recommend certain products such as lipsticks and also know for future campaign which skin group that users falls into. Over time these campaigns would allow advertisers to build up a detailed profile of members. Another early Blyk partner, Stepstone, is looking at text adverts that ask whether members are looking for a job, allowing the member to respond giving details of whether full-time, part-time or holiday work is required. Stepstone would then direct them to their website so they can sign up for further job information. Text responses to adverts do not come out of a member's monthly allowance. The third category of advertising involves embedding advertising messages into text messages sent by members, rather like the "footer" on an email. These adverts correspond to the preferences the member gave when they signed up such as travel adverts for people who like travel or CD adverts for music fans.