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Why all the wireless hype makes me feel ill



BY JIM CARROLL

Many in the digital marketing world view wireless as the ultimate in advertising: millions of cellphones, each with the potential to receive one-on-one targeted e-ads. Yeah, sure

You'd think that people might have learned a few lessons from the dot-com collapse. Like, anything that is over-hyped likely won't come true. That maybe we should treat with suspicion any research reports that feature lofty numbers from consulting firms that will benefit richly if a high-tech initiative goes forward.

Maybe it's time, in this era of post-Enron spiritual cleansing, for high-tech and telecom companies to be more truthful about the emerging digital world. To realize they need to break away from their addiction to hype.

Particularly with "wireless." As a digital marketer, you are probably being bombarded with wireless hype, and know that it's time to be careful in assessing your unwired plans. In other words, you know that you don't leap before you look–hard. So let's have a look at the reality of wireless, and the underlying hype problem.

Some weeks back, I spoke at a conference and expressed my view that one reason tech spending is on hold is because the corporate world feels it's been lied to by the high-tech sector. It's a favourite theory of mine during these dark days of the post-tech revolution.

At the same conference, a speaker from a large telco talked about the glowing future of wireless, and bandied about numbers showing its massive potential. The speaker made the observation that the company actually gets a "huge" chunk of revenue from wireless games. It even has customers "who spend hundreds and hundreds of dollars on wireless games," and that "this was its biggest area of potential revenue growth." If you buy into this, then you'll rush off to adjust your digital marketing strategy to make sure that wireless games are a big part of your plans. After all, it's a big market with lots of eyeballs.

But in the spirit of post-Enron disclosure, I suggest that any estimate made by any tech or telecom company be subject to a full-disclosure audit. Why should we trust these people? It's not like anyone has a good track record.

The wireless thing seems silly given what we've been through with digital hype. Witness the previous buzz about "m-commerce" (mobile commerce). In November 2000, the Boston Consulting Group suggested that people would spend some US$100 billion (C$160 billion) through wireless commerce applications by 2003. This, at a time when it was said that total online transactions in 1999 totalled but US$22 million (C$35 million). Those were heady times. One Australian government official opined in 2000 that "it won't be long before every train or bus is filled with people reading the newspaper on their phone or hand-held computer."

On such buzz many of the early digital efforts with wireless applications were made. And yet, many of these applications failed. That shouldn't have come as a surprise to any level-headed human. Think about it: Online shopping has been a flop, so what makes us think that people are going to want to shop through their cellphones?

Apparently the Next Big Thing is going to be wireless micropayments. Just a few weeks ago, the industry was abuzz with newly released numbers from the international market research firm Frost & Sullivan–which kept busy during the dot-com years releasing a flood of such estimates–that suggested we'll see US$25 billion (C$40 billion) in mobile payment transactions over the "wireless Internet" by 2006. Potential applications include the ability to pay for items from vending machines, or to pay for parking meters and taxis.

So we've got this exciting future in front of us that will allow me to buy a can of soda pop through my cellphone. Pardon me for not dropping dead from excitement.

I'll put this level of excitement up against the reality that since 1999, telephone companies have paid about US$250 billion (C$400 billion) worldwide buying the government licences necessary to get involved in the wireless game; in some countries, that represents a cost of about $1,000 per potential wireless subscriber. Add to this the hundreds of billions of dollars they've invested in hardware, infrastructure, software, marketing costs and other bits of stuff to make it all work. All to let us buy a can of soda pop–or the business equivalent–through our cellphone.

Of course, many in the digital marketing world view wireless as the ultimate in advertising. Think millions of cellphones, each with the potential to receive one-on-one targeted e-ads. Tie into it location-sensitive wireless marketing, and it's the ultimate dream: Someone walks by a Starbucks, their cellphone rings, and a Starbucks special offer appears on the cellphone screen.

Right. I want to be a part of a wireless world in which Starbucks knows at any given moment where I am on the planet. Forgive me for thinking there are a few privacy barriers still to be crossed.

The point is this: Haven't we been here before? As a digital marketer, you should be prepared to turn a jaded, skeptical eye towards anyone suggesting that you need to dive into wireless apps with both feet. Wireless is hype, and you need to be cautious.

JIM CARROLL is the Mississauga, Ont.-based author of more than 30 books related to the Internet and e-commerce. His latest is Get a (Digital) Life: An Internet Reality Check *(Stoddart Publishing).*