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## Virgin Mobile Begins a Campaign

By NAT IVES

**V**IRGIN MOBILE USA hopes to jump-start its cellphone business among teenage and young adult customers with a campaign beginning tonight during the MTV Movie Awards.

The spots, which carry the theme "Live without a plan," will seek to demonstrate that the company truly understands young people, down to the kind of billing plans that they prefer.

Brand and telecommunications analysts say they think the effort will be a winner because the youth market feels underserved by the big companies like Verizon Wireless and AT&T Wireless. But they cautioned that Virgin would have to speak consistently and carefully to maintain the loyalty of young people, who are considered fickle. And after committing itself so thoroughly to youth, any expansion into the general market would be difficult.

"The challenge is in the size of the market," said David Martin, president for the United States at Interbrand in New York, part of the Omnicom Group. "They made a strategic bet and if they niche it too strongly, then they've constrained their growth opportunities."

But such problems seem far off for now for Virgin Mobile USA, a joint venture of the Virgin Group, the British venture capital company founded by Richard Branson, and the Sprint PCS division of Sprint. Despite signing up more than 500,000 subscribers since it began operations in August, the company remains among the smallest in its field.

In-Stat/MDR, a research company that compiled data from the companies, said Verizon Wireless led the field, with 33.3 million users. The next-closest competitors are Cingular Wireless, with 22 million users; AT&T Wireless, with 21.1 million; and Sprint PCS, with 15 million.

In its advertising budget, too, Virgin is playing with giants. Although Virgin would not say what it would spend on the campaign beginning today, the money is coming from about \$50 million allocated for marketing this year.

By comparison, Verizon Wireless spent \$661 million last year advertising in major media, according to TNS Media Intelligence/CMR, part of Taylor Nelson Sofres.

But Virgin does not need to meet the lofty goals of a Verizon or AT&T, analysts said, and rapid growth may be enough to keep its corporate parents satisfied for now.

The campaign represents the first big push from Virgin since it named a new chief marketing officer in January and a new ad agency three months later. Its inaugural campaign last year was criticized for lacking focus and simplicity.

In the new spots, which are straightforward but are shot with a vivid visual style, young people take orders by remote control and nearly drown in confusing bills until Virgin sets them free with a prepaid billing plan, the only plan it offers.

"Virgin Group operates at its best when it comes into a category that's very loud, very confusing and very consumer unfriendly and offers simplicity," said Howard Handler, the chief marketing officer at Virgin. "We wanted to build this company around a very specific audience that wasn't being addressed properly."

The commercials are scheduled to be broadcast at least through the summer on cable channels like the Cartoon Network, Comedy Central, MTV, Much Music and VH1. The campaign will also have ads on the radio, in theaters before movies and online, as well as some form of television programming for the back-to-school season.

The campaign is intended to find young people when they are watching shows alone or with their friends, in unsupervised moments, said Anne Bologna, who is president at the New York office of Fallon Worldwide, which created the campaign. Fallon is part of the Publicis Groupe.

The credibility of the advertising is greater than during shows that teenagers might watch with their parents, like "American Idol," she said.

Aiming at young people specifically offers one potentially lucrative way into such a bitterly competitive sector, said Gary Stibel, chief executive at the New England Consulting Group in Westport, Conn. "Everybody else is targeting the mass market," Mr. Stibel said.

In every aspect, Virgin is trying to stand out from the phones-of-your-parents, which have traditionally had names like the 6310i, A2218z or SCH-A530.

Virgin is emphasizing handsets with names like the Party Animal and the Super Model (both made by Kyocera). They sell at Virgin Megastores, of course, as well as chains including Best Buy, Circuit City and Target.

The service includes optional features like a Deep Sea Thought of the Day from SpongeBob SquarePants, the star of an animated series on the Nickelodeon cable channel, and the Rescue Ring, which permits users to arrange to receive a call at a time when an escape might be handy — say, two hours into a blind date.

But cute gimmicks and tie-ins to MTV content, also a major part of Virgin's plans, will pale in importance compared with transparency and consistency, said Austin McGhie, a managing partner for strategy at the San Francisco office of the Sterling Group, a brand consulting company.

To hold the trust of the young, Virgin must ensure that its claims are accurate and that the attitude in the new campaign is consistently delivered from the company to its young customers.

"These guys sniff out inconsistencies very quickly," Mr. McGhie said.

Keeping customers, moreover, may be complicated by the pay-as-you-go billing system being offered, another analyst cautioned.

With perhaps 30 million people in the target group, Virgin will probably succeed if it can connect and hold onto just two million or three million of them, said Ken Hyers, a senior analyst at In-Stat/MDR.

But without contracts, any or all of them are free to jump to another provider for a better offer, or on a whim.

"Youth is a highly volatile market," he said.