

## MOBILE MARKETING – A PRIMER

What Is Mobile Marketing and Why You Should Care

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Mobile marketing is hot.

According to Forrester Research, 43% of US marketers are using, piloting, or expecting to use mobile marketing in the next 12 months. We'd say it's getting mighty toasty out there.

It is time to take a hard look at this burgeoning marketing tool to make sure that we *at least* consider the benefits of the mobile marketing channel in every program we research and develop. This white paper reviews the mobile market, the marketing opportunity and examines some success stories.

### What is mobile marketing?

Mobile Marketing is the term that refers to direct marketing to mobile phones and PDAs. We'll concentrate on the mobile phone.

Mobile marketing is comprised of the following delivery systems (key terms care of the Mobile Marketing Association - MMA):

**SMS** (short message service): This is often referred to as "text" or "text messaging." It's the ability to send text-based messages person to person (P2P); from person to application, such as a voting application (P2A); or application to person, as with an acknowledgement or information (A2P).

**PSMS** (premium SMS): Premium means the service user will be charged an incremental fee instead of the basic text charge. The transaction usually involves participation in a program, purchase of a ring tone or wallpaper, or something similar.

**WAP** (wireless application protocol): WAP is simply the wireless Web. When you access an Internet session on your mobile device, you access via a WAP session.

**MMS** (multimedia messaging service): Ever taken pictures with your phone and sent them to friends or emailed them? That's MMS.

**Mobile video:** It's exactly what it sounds like: watching TV, music videos, commercials, and so on from your mobile device.

**Mobile advertising:** Like Internet or TV advertising initiatives, this is the ability to offer a call to action or brand banner within the mobile application, whether it's mobile Web (WAP), text messaging (SMS), pictures (MMS), or video.

It is important to note that mobile marketing is just one channel in the world of media options. However, it is unique in its ability to be always-present, always-on and anywhere. This makes mobile marketing a strong candidate for integrated programs where active participation and relationship building are desired.

When you consider the ubiquity of mobile phones, their presence in the daily lives of users, advances in the wireless networks and improved handset technology, it is easy to see why marketers are becoming hooked on the idea of mobile marketing. In fact, mobile marketing is one of the fastest growth areas in media adoption.

According to *visiongain*, a mobile consultancy, marketing and advertising over U.S. mobile networks is expected to grow from \$104.4 million in 2005 to \$602 million in 2009.

The mobile marketing firm *ipsh* reports that 12% of major U.S. brands including usual suspects like McDonalds, Coca-Cola and American Express have created mobile marketing and advertising programs.

Again, according to the Mobile Marketing Association, "In the U.S. alone, text (SMS) campaigns experienced approximately 200% growth." This is not surprising when you consider the growth of text messaging itself; there were 48.7 billion consumer-generated SMS text messages in the last six months of 2005, up 97% from 24.7 billion in the last six months of 2004 (CTIA – The Wireless Association).

In addition to sheer numbers, mobile marketing delivers advanced one-to-one marketing opportunities for marketers. Few marketing channels offer such a direct and personal connection from a brand to its customers and prospective market. We suggest that the mobile phone has the potential of being the ultimate relationship tool when you consider that mobile phones are personal; deliver a one-to-one communication with mass market efficiencies; can deliver timely messages and mobile marketing programs are measurable. Furthermore, mobile marketing includes voice, text, web, social marketing and video service messaging options.

### **The U.S. Mobile Market**

It is easy to see why mobile marketing is quickly moving from early adolescence to maturity when you consider the size of the mobile market.

There were 207.9 million individual wireless subscribers in the U.S. at the end of 2005. This represents 69% of all households (CTIA).

In addition to voice, non-voice technologies are becoming standard on mobile phones. Over 67 million people in the U.S. send text messages every month and almost 75% of all mobile phones are text message ready (M:Metrics Study).

Over 115 million users have web-enabled phones. The number of multimedia phones doubled in 2005 (CTIA).

The perception that mobile phone usage is youth oriented is both correct and incorrect. This is not a static market.

80% of Adults 18-24 and 77% of Adults 25-34 are mobile phone users (MMA).

65% of Adults 18-29 use text messaging. 37% of Adults 30-49 use text messaging but another 14% say that they want this feature (PEW/Internet study). Text messaging is like the early days of email. You begin to use it because others are starting to text you.

28% of U.S. Adults 18-49 access the Internet on their phones. 11% of U.S. Adults 30-49 use the Internet but another 14% are interested in this feature (PEW/Internet study).

### **Content – The Growth Engine**

As was the case with World Wide Web adoption, the introduction of new communications channels and desirable/useful content will drive the adoption of new mobile services.

In the area of text, growth is coming from the introduction of branded promotions based on Common Short Codes (see examples below), the introduction of text-based information including weather, directions and restaurant reviews and the simple need for the older generation to communicate with the text-using teen population.

Internet usage is driven by large media companies pushing their content to the mobile environment. Print publishers including Conde Nast, Time Inc. and Hearst are creating mobile content and television networks like HBO and CBS are creating video for the phone.

Both Yahoo! And Google are launching mobile services. Yahoo! Launched Yahoo Go For Mobile, an information service that will be preloaded on millions of Motorola handsets and Google now has a mobile version of its personalized home page including Google maps with traffic updates for even more distracted drivers.

New technology companies like mSpot are proving platforms for the delivery of radio and video to the mobile phone. Examples include mSpot Radio, an all-format mobile radio service from popular sources such as NPR, ESPN, Radio Disney and MarketWatch. mSpot's Movies streams full-length films, television and concerts to mobile phones.

We will also soon see brand new applications including the delivery of scheduled RSS feeds -- think audio and video Podcasts -- to the mobile environment. Nokia recently discussed their Podcasting plan and mobile clients on Ralston360's *360View* marketing Podcast ([www.ralston360view.com](http://www.ralston360view.com).)

### **Some Mini-Case Studies:**

First a definition of Common Short Codes (CSC's). CSC's are short phone numbers, usually four to six digits, that mobile phone users use as 'addresses' to send text messages to marketers in order to enter contests, ask for and receive information like weather reports and sports scores and to receive electronic coupons. Short codes can be numbers (12345) or a brand name (Napa1).

There are mobile gurus who suggest that every package and ad have an advertiser's short code to stimulate brand dialog and stronger relationships. It is quite possible that at some point, short codes will be as popular in traditional advertising as 800#'s and URL's.

Imagine the use of a short code on a NYC bus shelter. I'm rambling down Madison Avenue or just waiting for my bus with time on my hands. I look up and see that the bus shelter poster has a short code to enter to win a month of free limousine service from Saks. I call the number and enter. Fast, easy, targeted and active brand building.

A brief word on mobile spam and opt-in. Many marketers fear that mobile marketing may be perceived as spam – a downfall of email marketing. Note that the following case studies all ask users to text or call in to the promotion. They are all opt-in programs where consumers choose to interact with the brand or promotion. Believe me, the last thing that the carriers want is to upset their subscribers. Unlike the free-for-all of Internet email, the carriers actually have control over their networks.

- McDonalds.

Last summer McDonalds put a short code on 50 million Big Mac packages. Burger chompers could dial a special short code to enter to win concert tickets. McDonalds attributed a 3% sales increase to the promotion.

- Credit cards.

During September 2005 VISA USA offered a short code for users to receive weather reports. The reports came back with a VISA ad banner.

MasterCard International sent text messages to consumers who searched for restaurants, offering them a chance to win free lunches at restaurants in their neighborhood.

- Epicurious.com's Epi-To-Go.

You visit epicurious.com and locate a recipe. You could print it out or you could have it sent to your phone (care of a little button on the website) so you have your ingredients list in your palm when you visit the supermarket. In its first year, Epi-To-Go registered 30,000 users. The recipe was supported by advertising. Epicurious.com generated ad revenues and loyal customers. Juice Wireless built the back-end.

- Killington Ski Resort

During the 2005-2006 ski season, Killington encouraged skiers to register for "Killington Mobile". More than 300,000 drink coasters were distributed in New York bars and nightclubs encouraging patrons to "text in" and sign up via texting "kski" or "kride" to 22122.) Users received instant offers as well as other exclusive opportunities throughout the ski season.

- Sprite

Banner ads with a question about a new Sprite TV commercial were placed on various web sites before the commercial was aired on TV. When consumers clicked on the banner, they were directed to a microsite where they could answer the question and fill out a registration form which earned them 5 sponsored SMS text messages from Sprite. They then received a mobile video of the commercial on their mobile phone, allowing them to watch the commercial before its release on TV. More than 12,000 people signed up for the campaign. Huge numbers? No. But Sprite is now smarter and according to word-of-mouth math, those 12,000 showed the commercial to another 48,000.....

- Sponsorship

There is also the sponsorship model where a brand simply sponsors the content being delivered by a publisher. Put your banner on ESPN's mobile WAP service and it can be clicked on just as it would if you placed the banner on a web page.

### **Is It Prime Time?**

Is mobile marketing Prime time? No. This is still an early-stage medium.

However, it *is* time to experiment if your marketing objectives include reaching the under 40 and under age group, delivering one-to-one marketing messages, creating stronger relationships with your customers, building databases, creating integrated cross-platform marketing programs and experimenting with and learning about the range of mobile marketing opportunities today for roll-out next year. Frankly, that should be all of us.

Conversations with mobile marketing experts suggest that you also consider if your marketing message can fit on the little screen (we think that most can), if you are capable of keeping your messaging simple (not easy for some marketers) and if you have the time and effort to learn this new medium. Of course, that's where we can help.

There is always the cost factor. A well designed national or local program would fall in the \$50,000 plus range. Like website development, the devil and the cost structure is in the details of what you want to achieve and what applications you choose to use.

Since I have mentioned short codes, these are typical fees for registering and maintaining a short code and for sending outbound messages from a server for a SMS text program.

Vanity short code (Napa1) - \$1,000/month

Standard short code (12345) - \$800/month

Per text SMS charge – typically between \$0.04 and \$0.05 per SMS

The bottom line: There is absolutely no question that mobile marketing will become a major marketing tool. It simply has to grow given mobile phone penetration, technology adoption by the carriers and consumers, the fact that this stuff works and can be measured.

There are two ways to approach a campaign. One is to go to a mobile marketing firm. These are usually technology driven.

The other is to go to your favorite advertising agency (hopefully a smart one) who understands your brand and market and have them work in sync with the mobile technology firm to create an integrated program that fits in with your 360° marketing objectives. Of course, Ralston360 thinks 360°.

I hope that you have enjoyed this overview of mobile marketing. As usual, give me a call at 541-550-4220 or via email at [peter@ralston360.com](mailto:peter@ralston360.com) if you have any questions.