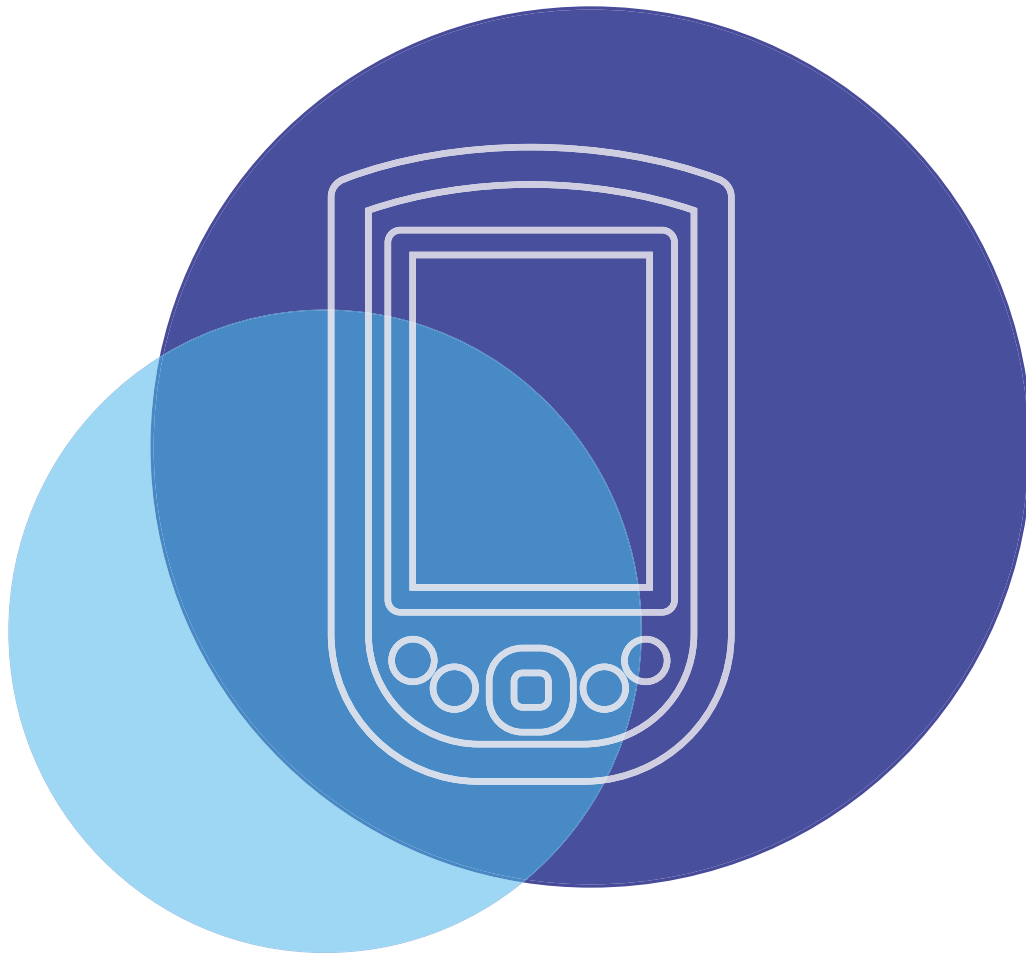


Hello, are you there?

Marketing in a smartphone world



Shikatani Lacroix is a leading branding and design firm located in Toronto, Canada. The company commissions assignments from all around the world, across CPG, retail and service industries, helping clients achieve success within their operating markets. It does this by enabling its clients' brands to better connect with their consumers through a variety of core services including corporate identity and communication, brand experience design, packaging, naming and product design.



About the Author

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Jean-Pierre (JP) Lacroix provides leadership and direction to his firm, which was founded in 1990. He has spent the last 30 years helping organizations better connect their brands with consumers in ways that impact the overall performance of their business. Mr. Lacroix was the first to coin and trademark the statement “The Blink Factor” in 1990, which today is a cornerstone principle to how brands succeed in the marketplace. JP has authored several papers, has been quoted in numerous branding and design articles and, in 2001, he co-authored the book “The Business of Graphic Design,” which has sold over 10,000 copies. JP can be reached at jpacroix@sld.com and you can follow his blog at: www.belongingexperiences.com and www.sldesignlounge.com.

Other Articles and Books

Belonging Experiences...Designing Engaged Brands

Business of Graphic Design

“Mobile is a highly measurable medium and as brand marketers are being asked to prove the ROI effectiveness, **strong case studies are now being developed** which show how mobile is outperforming online as well as other traditional mediums”

Is mobile marketing changing the game?

Our firm was recently asked to help an organization elevate their online presence which included the development of a location based mobile application that would allow customers to make purchases via their smartphones. The need for a mobile application uncovered some interesting insights that differ from the online world most firms have been living within.

Online platforms have been merging and integrating while the cost of developing fully dynamic and CRM enabled websites have decreased significantly. The same cannot be said regarding the development of mobile enabled applications with the need for different programming platforms between iPhone, Android and BlackBerry smartphones. The complexity raises the issue of whether the investment is worth the opportunity.

This white paper will leverage some recent research and insights on the industry, namely:

1. Where is the smartphone heading?
2. What are the key opportunities within mobile marketing?
3. What are the strategies available to organizations?

Interpublic R/GA 2009

Mobile marketing statistics

5.3 billion mobile subscribers (77% of the world population) in 2010

Half a billion people accessed mobile internet worldwide in 2009

6.1 trillion SMS messages sent in 2010

10 trillion SMS messages projected by 2013

\$1 billion in annual mobile revenues for Google

300,000 mobile apps

10.9 billion app downloads

1 billion people will access financial services by mobile by 2015

\$2 billion worth of merchandise sold via mobile in 2010

The industry is on a steep growth trajectory

If you are a marketer, the ability to effectively reach your target market, prior or during the moment of truth, is one of the most critical factors that will drive marketing ROI. Based on statistics from The International Telecommunication Union (October 2010), featured in the MobiThinking website, there are 5.3 billion mobile users, 77% of the world's population, with 90% of the world now living areas with access to a mobile network. Mobile growth is being driven by India and China, with the world's most populated countries having the most mobile subscriptions:

- China: 747.4 million subscribers in 2009, growing to 1,311.7 million in 2014 ([eMarketer](#), February 2010)
- India: 525.2 million subscribers in 2009, growing to 853.0 million in 2014 ([eMarketer](#), February 2010)
- USA: 292.8 million subscribers in June 2010 ([CTIA](#)).

The leading mobile manufacturers by market penetration are Samsung (24.8%), LG (20.9%) and Motorola (16.7%), according to ComScore (February 2011), with a total of 302.6 million units shipped in 2010, a 74.4% increase from 2009. The marketplace does shift when comparing the smartphone segment, with the ranking in order of market share being lead by Nokia (33.1%), RIM (16.1%), Apple (15.7%), followed by Samsung, HTC and other well established brands. Based on a recent Gartner report (2011), Android is forecasted to become the number one smartphone operating system in 2011, with an estimated 468 million units sold, a 57.7% increase from 2010 — not a bad feat considering it was only launched in 2009. Other operating systems include BlackBerry (13.4%), iOS (19.2%), Symbian (19.2%) and Windows Mobile (5.6%).

“In the last twelve months, customers around the world have ordered more than **US\$1 billion of products** from Amazon using a mobile device.”

Jeff Bezos, founder and CEO of Amazon.com (July 2010)

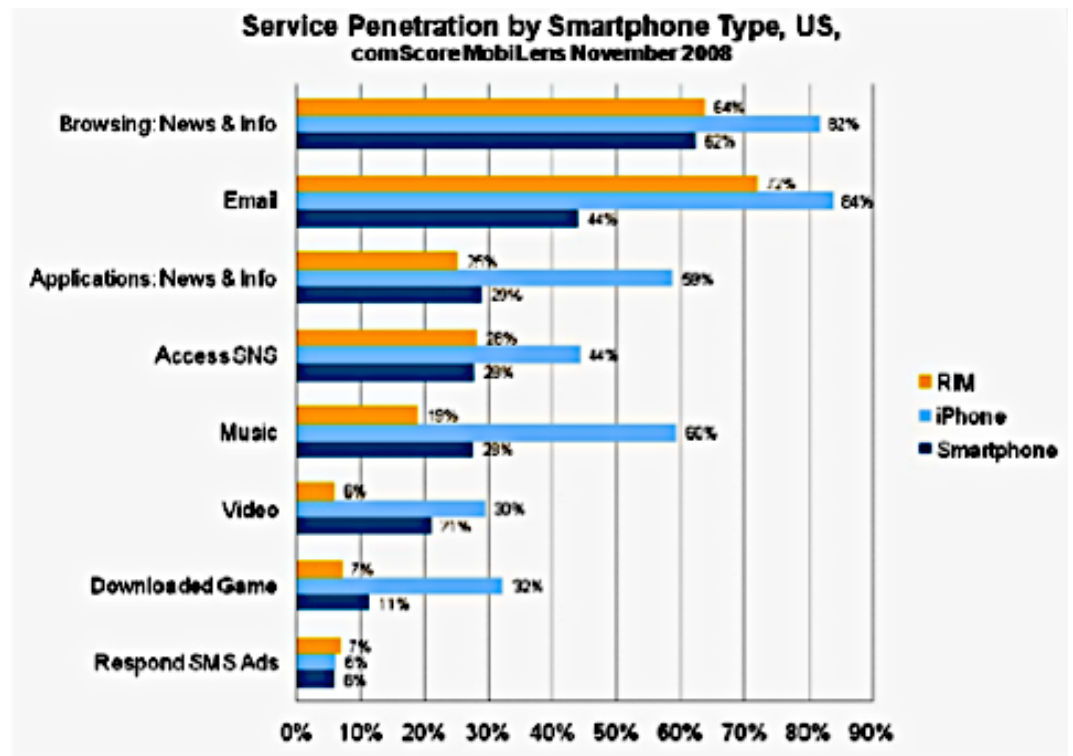
The rise of the smartphone as a platform for accessing the web will see it overtake the computer as the primary conduit to online networks within five years. It is interesting to note that more than 530 million users browsed the mobile web in 2010, with that number expecting to grow to 1 billion by 2013. In many developing countries, the majority of mobile web users are mobile-only (70% in Egypt and 85% in Africa) versus developed nations such as the U.S. which only has 25% of mobile-only users.

Gartner (March 2010) also predicts that in 2011, over 85% of handsets shipped globally will include some form of a browser. A key factor that will be driving the use of smartphones to access the internet will be the growth of unlimited plans from the leading carriers who are trying to compete by reducing their churn and gaining longer term contracts.

In Canada, based on a Neilson Q1 2009 study, 21% of Canadian mobile subscribers use their cell phone to browse the internet, consistent with the U.S. market. Top categories accessed via the mobile web include: portals, e-mail, weather, news and current event, and searches. Consumers who use mobile media tend to be younger (47% are 18 to 34), male (54%), and have kids. This segment is dominated by early adopters, 39% of which use search engines to access mobile media.

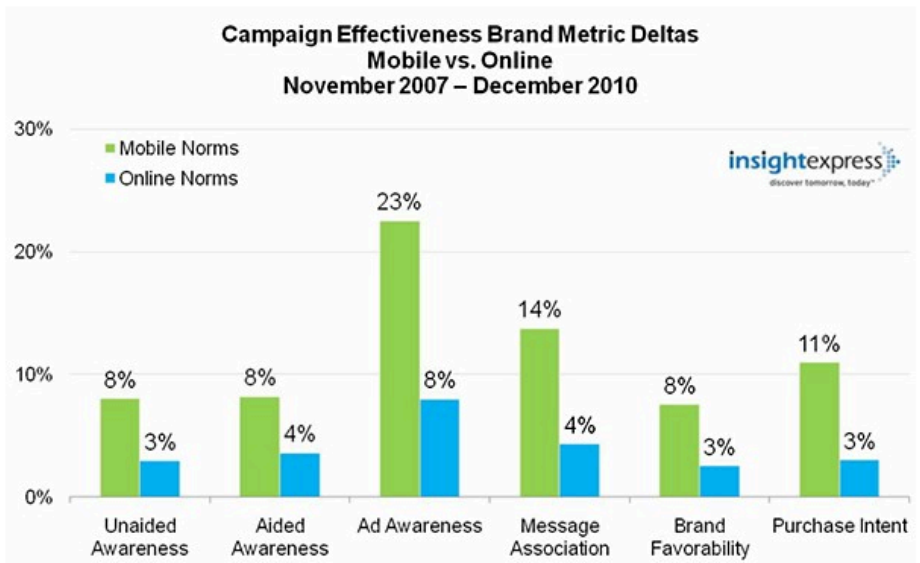
Other interesting statistics featured on the 60 Second Marketer website (60secondmarketer.com):

- The average person has their cellphone within reach 14 hours a day. [Impiger Mobile](#)
- 90% of text messages are read within three minutes of being delivered. [Singlepoint](#)
- Nine out of 10 mobile searches lead to action, over half lead to purchase. [Google](#)
- 79% of smartphone users use their phone to help with shopping, with 74% ultimately making a purchase as a result. [Google](#)



The opportunities for mobile marketing

Based on a variety of studies and statistics, mobile marketing outperforms other types of media. In the area of coupon usage, mobile coupons through websites such as Groupon generate 10 times higher redemption rates than print. And mobile ads perform two to three times better than online ads in key metrics such as brand favorability, awareness and purchase intent (Insight Express). Interesting that 70% of mobile searches lead to action within one hour as opposed to online searches, 70% of which lead to action within one month (Microsoft).



As a good friend once told me: if you want to catch fish, you need to go where the fish are. The smartphone market is rapidly growing to become one of the most effective channels for marketers — and the numbers speak for themselves. According to the U.K. Interactive Advertising Bureau, mobile ad spend grew by 32% in 2009. By the end of 2011, the global mobile advertising market will be valued at over \$16 billion (M:Metrics, Common Short Codes: Cracking the Mobile Marketing Code).

Smart marketers who have embraced mobile marketing have leveraged four key strategies, namely:

The mobile website

More and more marketers are noticing that traffic to their online properties is being driven by smartphones. To capitalize on this trend, marketers are designing mobile sites that leverage their online presence while making browsing easier for mobile phone users.

According to web design and development magazine SmashingMagazine.com, there are key rules you need to follow when creating a mobile website:

- Simplify the options: When it comes to mobile websites, simplicity is key due to a lack of space on the screen and internet connections that tend to be slower.
- White space: Due to the smaller screen size, typefaces tend to be harder to read on coloured backgrounds or over complex images. Leveraging the white space to allow for ease of navigation will make the experience positive for visitors.
- Lack of images: Due to bandwidth issues, heavy reliance on images will reduce the speed of the browser and its convenience for the user. Keeping images to a minimum will allow faster download times and ease of navigation.
- Sub-domain: Although there exists an opportunity to use .mobi domains, it is more common to see mobile versions of a website as mobile.example.com
- Prioritized content: Based on the need to easily navigate mobile sites, the content will need to be prioritized based on the typical needs of the user. For restaurant chains, it may mean accessing the location of the restaurant and viewing the menu is more critical than the background story and other supporting elements of the site.

Creating a mobile app

With the rise of mobile app downloads and increased usage by smartphone users, it's important that you consider the development of a mobile application for your organization, but only if the application makes sense for your brand and your target market. Our experience has shown that it's best to start with the platform that is used most frequently by your intended audience, such as iOS, and then evolve the programming to Android and Blackberry to reduce the development costs associated with developing an application across three platforms.

A mobile app needs to explore a different user interface and new content as they are typically focused on a narrow user benefit. For example, one of our clients, Cineplex Entertainment, has launched an app that allows users to select the theatre and movie nearest to their smartphone's GPS location. Cineplex has created a platform that includes all of its competitors, ensuring their brand becomes the source for all things related to movie theatres in Canada.

Advertising on mobile devices

According to Wikipedia, mobile phone content advertising is the promotion of ring tones, games and other mobile phone services. Such services are usually subscription-based where subscribers use the short message service (SMS) system to sign up. Another method is broadcasting messages to the mobile phone's idle screen, enabling the mobile operators or advertisers to reach millions of people in real time.

A new trend in mobile phone content advertising is the "ad-supported" mobile phone service model. Mobile virtual network operators (MVNOs) such as Virgin Mobile USA, Xero Mobile and Blyk offer, or plan to offer, free or subsidized mobile phone service in exchange for subscribers viewing a number of targeted advertisements that are relevant to the subscriber.

In fact, the Mobile Entertainment Forum (MEF) carried out a survey of its members in 2006 where 81% of respondents expected successful advertising models to cut prices or fund the consumption of entertainment content on mobile phones.

Another new approach to mobile content advertising is the use of viral marketing. Through specially designed programs, users can send recommendations for mobile content they enjoy to their contact lists.

The growth of mobile coupons

In 2005, only 12% of the population used digital coupons. Now that number has nearly doubled. Approximately 22% of the U.S. population is currently using digital coupons, almost a quarter of the total U.S. population (Optit.com).

In March 2010, Target launched the first scannable mobile coupon program. The opt-in program provides Target shoppers with a customized webpage on their mobile phones, with all offers scannable at checkout via a single barcode. The new program is essentially a text message-driven sale. Guests can opt-in to the program on their PC at Target.com/mobile, on their phone at m.target.com or by texting COUPONS to 827438 (TARGET). After opt-in, guests receive a text message with a link to a mobile web page that contains multiple offers, all accessible through a single barcode. Offers are single use and expire on the date listed.

Other mobile coupons are customarily issued by retailers or manufacturers of consumer packaged goods to be used in retail stores as part of a sales promotion. They are often distributed through WAP Push over SMS or MMS, or other mobile means. The customer redeems the coupon at store or online. In some cases, when the customer redeems the mobile coupon at store, retailers forward the redemption to a clearinghouse for final processing.

Strategies for mobile marketing

In a new world of the citizen “i”, the marketing industry is realizing that today’s customer wants customized messaging that fits their exact needs when they need it most. This has created the opportunity to develop location-based offers that are triggered by the proximity of the customer to the given retailer or product. I have outlined a few potential strategies that organizations can leverage today:

1. Change your online focus to mobile

With the increase of mobile web users and their need for speed and access to content, you will need to devise an online strategy that is mobile focused. Your initial approach should consider a mobile web platform that supports your conventional web presence while being simpler to use and navigate. Your second initiative might consist of the development of an app that works on one or more of the three major platforms (iOS, Android and Blackberry) and provides highly interactive and informative content. A great example of a successful mobile strategy is Nike. While its website features information about its products, its Nike+ GPS app tracks your mileage and keeps a record of your performance using your iPhone, iPad or iPod Touch.

2. Leverage QR codes

QR (Quick Response) codes are now being introduced as the number of camera equipped smartphones increase significantly. QR codes are matrix barcodes that consumers can scan using their smartphone to gain instant access to a specific website where responses can be tracked and measured, allowing companies to modify their marketing initiatives. QR codes can be used offline and online; its most prevalent use today is on exterior billboards and on printed posters found in retail establishments.

3. Participate in mobile coupon initiatives

Your organization may have historically moved away from conventional couponing due to their low redemption and usage rates. In addition, conventional couponing appealed to an older demographic which may have limited its appeal amongst the younger generation who have a high disposable income and can easily be swayed by offers. Mobile driven coupons provide the opportunity to appeal to a wide consumer segment, both young and old, while allowing a higher level of convenience of use at store level. Companies such as Starbucks and Target are supporting this initiative with location-based platforms that provide the coupon as customers are making buying decisions, which is where the opportunity to sway the purchase decision is at its highest.

4. Build an SMS opt-in network

A key to all online and offline marketing programs is to create a sense of community where dialogue can occur and consumers can become advocates for their favourite brands. It is imperative that marketers leverage the power of their databases to determine who has an SMS account and how best to reach the smartphone segment. Opt-in programs that link to an incentive or allow the sharing of information is a critical element to building your mobile community. Consider all facets of your marketing mix to drive opt-in participation by consumers in order to allow for more effective segmentation of the marketing message and offer.

5. Integrate with other mediums

The goal of any marketing initiative is to grow sales and brand loyalty. Recently I wrote about an new emerging trend in marketing that goes far beyond conventional thinking and supports the fundamentals of mobile marketing. Brand viBEs or vertically integrated brand engagement strategies underlines the importance of leveraging an integrated marketing communication program around “one big idea” that has a social premise at its core.

Your organization should consider how all facets of the marketing mix, from online to offline, can help build brand engagement and customer loyalty. Significant consideration should be given to how mobile marketing will play a pivotal role in driving sales and building a branded community.

6. Make it fun

The biggest trend today is the use of gaming principles to engage customers. Just offering an incentive is no longer enough to effectively build your brand. How that offer is delivered and the process the customer follows to receive it is becoming a critical factor for success. Brands such as AXE are using gaming principles and technology to engage their audience and create greater participation. As you consider your mobile marketing initiatives, how will you make the entire experience fun? You need to ask yourself one key question: why should someone spend time on your site or app when they can enjoy playing games on their smartphone?

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Conclusion

The rise of mobile marketing is very exciting and will provide marketers with a new form of brand engagement that is measurable and highly effective. It is important that a mobile online presence be established as consumers move away from conventional web access through computers toward the growing trend of accessing the web via smartphones. With 5G networks being launched as this white paper is being published, mobile carriers are also realizing the potential of this new form of marketing and brand engagement as a means to build brand loyalty to their networks.

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