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Mobile commerce will shape retail's future

By Mickey Alam Khan

Welcome to the latest edition of Mobile Commerce Daily's Classic Guide to Mobile Commerce.

A lot has changed since we published our earlier edition: more smartphones are on the market, retailers are increasingly launching mobile-friendly sites, applications and SMS programs, and consumers are cottoning to the idea of shopping on their mobile phones and devices.

That said, retailers have ways to go before mobile commerce becomes a uniformly smooth experience for searching, shopping and buying items. Mobile sites and applications have to be more user-friendly, and transaction friction – and fears – reduced.

Smart retailers such as Best Buy have proved that they can make mobile commerce an experience worth returning to, as our case study in this guide illustrates. Best Buy has turned to mobile not only to drive sales through the medium but also to push traffic to stores.

As Best Buy's Amy Halford says, the company puts customers first and learns along the way.

This guide is designed to help retailers and marketers with their mobile commerce strategies.

Articles from industry experts with tips, best practices and case studies for mobile sites, applications, SMS, social media and videos will help readers make tactical and strategy decisions in an age when consumers expect a seamless shopping experience across channels.

Of course, we would highly recommend that you subscribe to Mobile Commerce Daily, the industry's leading mobile commerce publication, for more content on the subject.

Please read this guide cover to cover. Feel free to reach out to the writers. These experts have worked hard to offer wisdom not found elsewhere and for that they have our thanks. Many thanks as well to Giselle Tsurulnik, Dan Butcher, Rimma Kats and Courtney Muir for their help on this guide. Please reach out to them with story ideas and to this writer for opinion pieces.

Also, thank you to ad sales director Jodie Solomon and to art director Rob DiGioia, who is regularly promised a slim guide but gets the encyclopedia.



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Best Buy's mobile holiday strategy: Putting customers first and learning along the way

By Amy Halford



Amy Halford

Best Buy is a Fortune 100 company with stores in the United States, Canada, China, Mexico, Turkey and Britain. It recognizes that customers use the products and services it sells to entertain themselves and their families, to work more efficiently, and to stay connected to the people most important to them.

Recognizing the rapid adoption of smartphones, unlimited data plans and 3G service, Best Buy launched its mobile Web site and mobile application at the 2009 holidays to help customers through the busy season.

Where should a multichannel retailer start its mobile strategy?

The first step in integrating mobile into a company's strategy is to understand customers, their mobile behavior and what they expect from the brand. Our customers have needs around researching and finding products. They need to be able to connect with real live people to hear what they think about the products that Best Buy sells.

Creating mobile solutions based on not only customers' shopping needs but their mobile adoption and behavior is critically important.

Best Buy's customers are ahead of the general population with regards to their mobile behavior. They are more likely to use their phone to access the Internet, play games and access their social networks. However, not all of Best Buy's customers have smartphones to access the mobile Web.

At holiday, customers have very specific needs around finding the best gifts for their friends and family at a good price. The holiday season is both exciting and stressful for customers. They are more time-starved than usual. Best Buy's customers rely on our Blue Shirt employees and their recommendations to find the perfect gifts for family and friends.

Best Buy's brand strategy is about connecting customers to Blue Shirts, to information and to the support they need to be inspired by and get the most out of their consumer electronic purchases.

Our Blue Shirts, their knowledge and the collective knowledge of our customers are core to that strategy. Mobile is an extension and an enabler of the brand strategy. A mobile commerce experience is critical, but so is a mobile communications strategy that is relevant and accessible to customers, a mobile application and Web site experience that not only facilitates purchasing but provides features such as product specs and ratings and reviews that help customers research.

What does a mobile strategy built against customer needs look like?

Best Buy's holiday 2009 program was entirely focused on customers' need to find the perfect gift for friends and family at a good value.

Best Buy's mobile Web site is designed to be simple and user-friendly to allow customers to quickly search for and find the products they want. Customers can also see ratings and reviews, check local inventories and use a "buy online pick up in store" feature to conveniently navigate through the entire purchase experience.

To ensure customers can access the mobile site regardless of their phone, multiple versions of the site were created for virtually every mobile device. The company also used the Best Buy iPhone application to assist customers in their holiday shopping. Visual browsing and touch navigation features were added to simplify browsing and take advantage of consumers' use of iPhone's touch technology so that customers could search for products easily.

Remix, one of Best Buy's open APIs, is the backbone to the iPhone application. Using Remix is both efficient and ensures consistency in the knowledge and information customers' access about the products Best Buy sells, regardless of where the customers are when they access it.

To connect with customers relevantly, Best Buy introduced an online holiday gift finder that matched the personality of the gift recipient to a list of recommended gifts that were sure to delight them. A mobile version of the gift guide was created and mobile banners and application sponsorship reached customers where they were with gift ideas and links to the site. To provide customers gift ideas while they were out and about, a digital billboard effort was launched that prompted

customers to text keywords for specific personas. In return, they received a texted product recommendation with a link to the mobile gift guide.

In addition to Best Buy's price match policy, a Daily Deal promotion that featured a specific product every day from Thanksgiving through Christmas day was launched to recommend great gifts at a sale price.

The Deal of the Day promotion was promoted on BestBuy.com and customers were offered the option to have the deals sent to them via SMS. Mobile advertising was used to capture SMS opt-ins for the daily notifications.

To meet customers need for support, Twelpforce, a Twitter-specific resource made up of Best Buy's Geek Squad agents and sales associates, was available and accessible through Twitter, Twitter applications, Best Buy's Facebook page and the mobile versions of these sites.

How do you overcome the challenges of operating effectively in a new and evolving space?

We see mobile as not only a commerce opportunity but an opportunity to learn more about our customers and serve them better across the enterprise.

Our approach is to test frequently, learn quickly and scale appropriately. That is what you saw summer 2009 with our beta mobile site, which launched officially with commerce capability in October 2009, and continues to evolve with improved feature sets and experiential elements nearly every month. We try to employ tactics across multiple mobile experiences and to collect rich learning that future initiatives will be built upon.

This past holiday 2009 we learned that customers were definitely looking for Best Buy in the mobile space.

Downloads of the Best Buy iPhone application increased exponentially with virtually no advertising of the application. Millions of customers used the mobile site to browse for products, with the gift guide homepage being a popular destination. Customers were using search to find us and many were simply typing us into their mobile Web address bar.

We face the same multichannel integration challenges as everyone else.

One area of opportunity for us is in the offline integration of mobile. The hope with the holiday digital billboard campaign was to make customers aware of the ability to access Best Buy on their phone while they were out and about, shopping for gifts. The digital billboard effort did not work as well as we would have hoped. However, we captured learnings about how we need to show up outside of the mobile context to be relevant and we will be better next time.

Best Buy does not see mobile as merely another channel for revenue but a significant and personal entry point for customers to interact with the Best Buy brand and an opportunity to meet our customers' needs anywhere, any time. ■

Amy Halford is senior digital brand manager at Best Buy's interactive marketing and emerging media division in Minneapolis, MN. Reach her at amy.halford@bestbuy.com.

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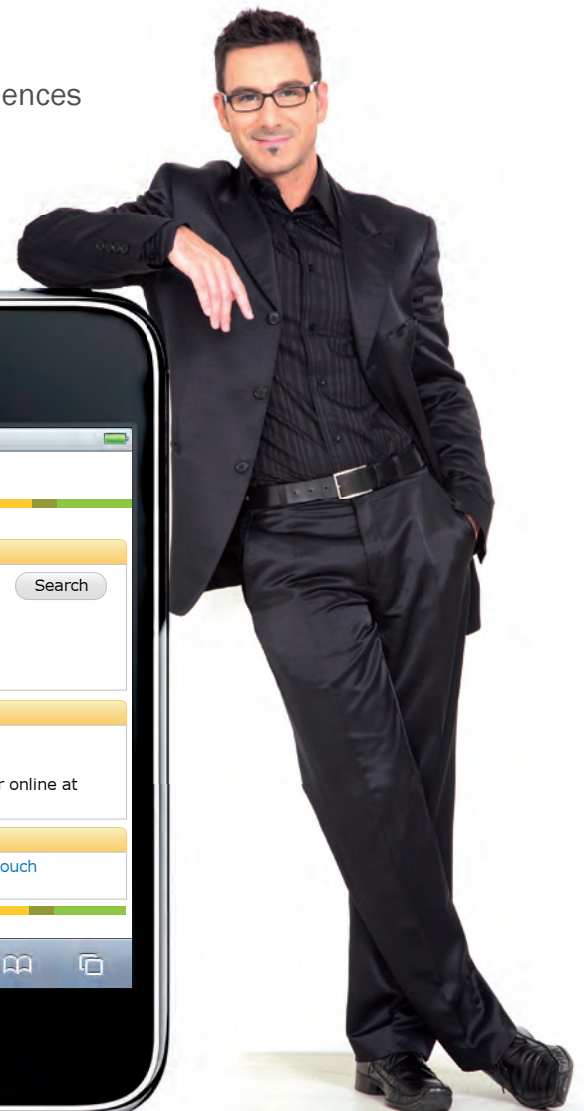
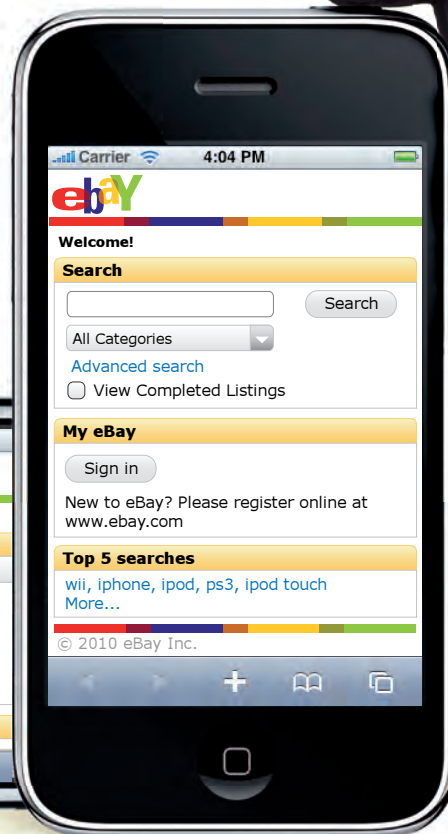
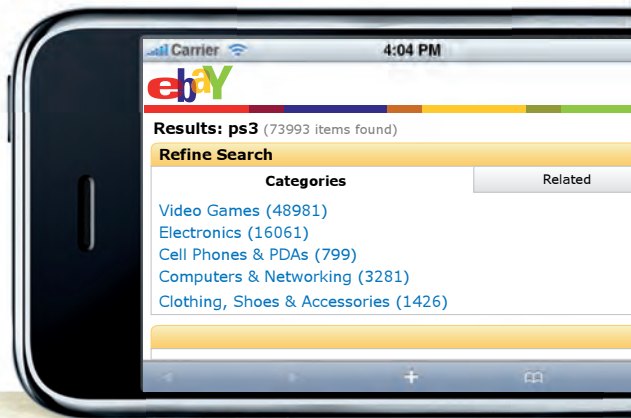
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A case for mobile commerce – and why it makes sense

By James "Jay" Donovan



James "Jay" Donovan

Mobile commerce. What do those words even mean to consumers and retailers? There are many different blueprints for describing it but really, mobile commerce boils down to two concepts: ecommerce on mobile devices and payments presented on mobile devices, with the latter being the more revolutionary and thus partial backdrop to this little blurb.

It seems like we have been on the brink of adoption forever. Nevertheless, mobile commerce still has not reached the masses. Why?

From a retailer standpoint, the expense of legacy integration with financial processes, reasonable legal disclosure availability for transactions and carrier/aggregator hassles are just a few of the typical hold-ups. There are many others.

Given these challenges, should retailers really consider taking their commerce operations to mobile platforms? Is it really worth all the hassle? The answer is yes. It is absolutely worth it. But why? The easy answer would be to talk about shopper multitasking trends or smartphone adoption. But the real answer is clearer and more traditional than you might think. We will come to that.

Before answering "why" for brands, I think it helps to look at ourselves as consumers, and compare our past with our present to see our future – to gain context. For example, 15 years ago, did we ever think we would casually buy so much merchandise online? Ten years ago, did we ever think we would abandon landlines for mobile phones? Five years ago, did we ever think we would "text" our kids daily?

When contemplating these realities, mass adoption of mobile commerce habits by shoppers seems like a no-brainer. This is because, collectively, we humans adapt quickly to technology that surrounds us, especially when that technology fits our natural rhythms so well. What rhythms? See the next paragraph.

Looking further back, many historical modes of commerce

have been "mobile." Think about it. When you go to a store and buy your groceries, you are participating in "mobile commerce." You are going to the location and transacting there. By definition, that is mobile commerce and people are used to experiencing the world in this way. Mobile commerce and payments add a contextual layer of helpful information to a familiar process.

OK, let us go way back. My wife has jokingly pointed out to me that, evolutionarily speaking, I was probably designed to hunt antelope with a spear and she was designed to detail and discern good berries from poisonous ones (I am glad that time has passed). The point I am making is that truly, we are a visceral, physical species and are wired to go out into the environment and interact, not to sit at desks, look at screens and purchase by facsimile.

But back to the original "why" question. Why should retailers adopt mobile platforms for commerce/payment and what are the benefits? The answer has to do with the fact that we are now in the era of "on-demand" consumption. For younger generations it is all they know, and is therefore swiftly becoming the expectation.

Mobile commerce meets this expectation by providing retailers with the best way to get equipped consumers the relevant products and services they desire at the exact moment they are thinking about them – or even when they are not thinking about them. This can be facilitated no matter where the consumers happen to be as long as they are carrying their mobile devices – which, let us face it...they are.

So the benefit this mobile channel gives to retailers is that it allows them to own that ephemeral moment in a purchase life-cycle that counts more than any other – that moment of impulse.

With the help of the mobile channel, the impetus to act on that desire is not lost, no matter when or where it happens. Therefore, the "always on" mobile commerce scenario is the ultimate enabler for consumption, whether that is good or bad. I think it is mostly good and my guess is many brands and retailers out there will agree. ■

James "Jay" Donovan is a mobile strategy specialist at Alliance Data, Columbus, OH. Reach him at james.donovan@alliancedata.com.

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How retailers can develop an effective mobile channel

By Gary Schwartz

Proliferating smartphones, better data plans and a consumer willing to engage on mobile for searching, shopping, buying or going to retail means one thing: retailers have no time to lose. Here is an elementary seven-point checklist that mobile campaign managers may want to reference as they build out and manage their mobile channel:

Leverage existing consumer behavior



Gary Schwartz

How many conference panels have I attended where the line following, "This is the year of mobile," is: "We just need to educate the consumer"? It is pure hubris to say that you will "educate" the user who is far more advanced intuitively than a pack of marauding mobile experts. Consumers are using their phone for mobile Web and SMS seamlessly throughout their day in our stores, hotels and at events. Our humble goal is just try to keep up and capture a small piece of their conversation. They are way ahead of any marketing department.

Leverage the largest mobile install base

If education is not the word of the day, then try to forget anything that looks like a shiny object or new-fangled solution. (Even if there are 200,000 of them on a mobile storefront somewhere.) If consumers are using SMS and the mobile Web as their main channels, then use them. When you think you should walk before you run, start at a crawl.

- Build your SMS opt-in community
- Buy some mobile advertising inventory
- Use both to drive conversion solutions

Reach and frequency are the two words that you need to continually use in the same sentence as mobile advertising and marketing.

Leverage existing promotions and CRM strategies.

Your IT folks will tell you this but I will remind you: mobile should be an extension of business-as-usual in the store, street or office. Use mobile application programming interfaces (APIs) and tie them into your existing communication services and databases. Email, IVR, SMS and MMS should all be fluid two-way opt-in channels.

Keep it very, very simple

Seems like an also-ran statement but somewhere between concept and launch many mobile solution providers lose their simplicity gene. The mobile consumer is on the run: you need one "click2engage," one "click2commerce" and one "click2bricks&tmortar." Add one step and you have lost your consumer.

Make it an intimate, personal, one-to-one channel

Cliché, but if you forget and build your service incorrectly, you will dramatically lose your hard-earned opt-in. While SMS has a nearly 100 percent open-rate – buzz-to-view time will amaze the most-jaded chief marketing officer – SMS also has an equally high opt-out rate if the viewed message is not what the subscriber expected. The SMS channel is digital gold. Consumers are now including you alongside their personal messages. You need to make a commitment to be as targeted and contextual as possible.

Make it a "Trojan" channel

Allow your consumer to reach you directly for product and service information. In a world where you know more about your brand than the in-store sales person, allow consumers to surreptitiously search, surf, text that product directly and learn why they need to buy it – now. Just as the New Balance brand allows the customer to text their new shoes and walks them through a custom in-store experience, every product can be the in-aisle expert guiding the potential consumer reviews, insights and tips. Additionally, allow the consumer to use this channel to post reviews, insights and tips to you. Use it for pop-surveys to gauge just-in-time feedback.

Make it horizontal

Mobile is a perfect medium to add to your existing media touch points. In a world where most of the media plan is bought as vertical push media, mobile is often pull. It allows the consumer to text and get information, rewards and incentives off out-of-home, television, radio, print and other non-interactive media. Do not manage your mobile channel in isolation. THERE ARE many more things to add to this list, but if you get this far, you will join the members-only A-list of "mobile experts" and have the hubris of authoring your own list. ■

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Dos and don'ts of mobile commerce site and application design

By Leo Giel



Leo Giel

Here are some practical tips on what works and what does not in mobile commerce site and application design.

DOs:

1) **Clear call to action.** Keeping your site and application design simple with a clear display of content is essential so that the consumer knows exactly what you are offering and how they can get it.

To ensure this follow these steps:

#1 Make sure the terms of the offer are very clear and the user fully understands the cost for the content

#2 Each transaction should take no more than two steps, fulfilling the double opt-in obligation and making for a simple and easy user experience

#3 A record of the transactions should be logged somewhere for the customer to review and resend should content have been accidentally removed from their handset

2) **Provide search functionality.** This makes it easier for consumers to find exactly what they are looking for within your site. This will increase the customer satisfaction and improve their overall experience.

3) **Integration into main Web site.** We recommend integrating Facebook widgets, tweets, MySpace promotions, YouTube commercials, television, print radio, outdoor and all other relevant marketing channels to drive traffic to the mobile commerce offering.

4) **Clear terms and conditions.** Not everybody reads them although we should, but it is still important to have clear terms and conditions to avoid confusion for the end-user.

The finer the print, the more likely they are to come back and say something along the lines of "I didn't sign up for this" when we know very well they did. Therefore, be clear, go the extra step and bold the most important points (such as price and length of billing cycle). It is also important to have clear terms and conditions to avoid a carrier audit.

5) **Allow for exclusive content.** If applicable, allow the user to receive exclusive content, since this always creates a more personal mobile experience and also serves as an added value for the subscription.

We all have our favorite sports teams, musicians or celebrity. Offering this type of experience creates a real one-to-one connection with fans and their subject matter. Also, by offering alerts, updates and personal messages, fans can feel much more connected to the subject at all times which helps the growth of the brand, increases the customer lifecycle and generates greater revenue.

6) **Maintenance and updating.** We cannot stress this enough. Mobile and digital sales do not market or stay current by themselves. These mobile campaigns and services need to be constantly maintained so that end-users do not feel neglected. They want to know the latest news and get the newest content – this is why they signed up in the first place. Therefore, it is essential to not lose focus on the mobile service after launch because users will opt-out if they feel they are not getting their money's worth.

7) **Interactive experiences.** An interactive experience can take the mobile experience which, in itself, is personal, and make it more intimate by allowing end users to express their opinions or thoughts on the product or service. People love to express themselves and give their opinion, which makes a participation feature such as a survey all the more fun.

In addition to this, offering mobile trivia and contests can also significantly increase the end-users' engagement in the mobile program.

8) **Customer support.** This is critical. An excellent customer service experience shows customers that they are valued and makes them feel important. Beyond this, many people simply do not know how to use their phone and cannot complete a mobile transaction because of ignorance.

Believe it or not, there are people out there that cannot tell the difference between their SMS or MMS folders, let alone know about their device's WAP capabilities.

The mobile illiterate, if you will, still need a chance to participate in the digital world and need our help in doing so.

Helping to educate consumers about mobile commerce is actually a very rewarding experience. Consumers do not forget that you were willing to go the extra mile to teach them how to download content. Providing this type of service will pay huge dividends.

9) **Provide a locker for content to be stored.** This is beneficial to mobile technology providers because this will keep valuable information that you can learn from and use.

Also, it is imperative for every content partner and brand to insist that they have access to analytics in order to track the success of your campaign as well as the conversion of each medium or channel.

If your mobile technology provider does not equip you with these tools, you should look for a replacement. There are plenty of mobile technology players out there that would be happy to give you a clear insight into the analytics of your campaign. Without analytics, you cannot learn from each campaign and are simply not going to improve your mobile marketing and commerce skills. Analytics should be provided in real-time so that you can make quick decisions when making modifications to enhance your program's performance.

10) **Protect your brand.** Work to exceed customer's expectations in customer service, exclusive content and a fulfilling experience. This is a new medium for U.S. consumers and they are just getting comfortable buying online and now we are buying on our phones. Be sensitive to this fact and offer tools

to help them feel more comfortable conducting purchases over their mobile devices.

DON'TS:

1) **Don't be a copy cat.** Create what is right for your demographic. Yes, prices are prices. Ringtones, wallpapers and videos all have their standard price all over the world. But the experience to consume this content and the bundle offerings have to be unique to your brand.

2) **Don't try to fool the consumer.** Do not try deceiving the consumer. While this may help your conversions, it will hurt you in the long run. You will tarnish your brand, have huge refund rates, experience an overwhelming amount of audits and lose in the end.

3) **Don't ignore your refund rates.** Refunds can ruin a business very fast. There are thresholds that have to be watched and if you exceed certain refund rates month after month your short code will be shut down. Work with your aggregator to be proactive.

4) **Don't let your offer get stale.** Stay consistent, keep updating content, news, games, quizzes and prizes. If you do not put forth the effort, the market can tell and sales will decrease. ■

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Site clinic: Tailoring a mobile commerce site to customer needs

By Marci Troutman and Steve Timpson

This year is turning out to be key for retailers in terms of marketing strategy and seasonal product ordering.

Strategic operating and resource plans are underway and it is worth noting how retailers are going to engage in mobile commerce.

Let us start by restating some of the basic market intelligence we have. In rough numbers, about 70 million people get onto the Internet via mobile phone each month and at least 20 million do so daily.

Now these numbers exclude text-only options and non-browser mobile phones, which would increase that number of multichannel customers significantly. This is just about those that get onto the Internet, which is a sizeable and diverse market segment for any retailer in which your customer base resides in some way.

It makes sense that any rapidly deployed technology with double-digit adoption growth that can be adapted to reach your customer should make you sit up and take notice as a retailer.

It still amazes us how many retailers of size – say, \$500 million or better in annualized sales – have not embraced this new channel to acquire, retain and convert customers.

In fact, by the end of 2009, it was estimated that about 15 percent of retailers had a real and robust mobile strategy and some 35 percent really had none at all and do not have plans through 2010.

There are several reasons for this sloth. Retailers have not allotted the capital. They are worried about security. They are concerned with privacy. And the lack of sufficient internal skills.

Any and all of these reasons come into play when looking at how a company approaches a mobile strategy.

So let us talk about the 50 percent of retailers that intend to have some strategy surrounding the mobile space by the end of 2010.

The basic three rules of retail, as we learned them many years ago, was location, location, location. Or said another way, be

where the customers are.

It would seem to us that there is a target-rich environment of customers located wherever they are – we mean, anyplace, anytime, anywhere. Pretty common sense when looked at through the right lens.

What would be the key drivers to get into mobile in a relatively strong way? Simple: customer loyalty and marketing.

These two reasons can be expanded to take on many forms, from brand-building and hitting promotional markets, to allowing the customer to order from anywhere and deliver to anywhere.

What a retailer does depend on is its strategy and strengths, but all of it has to start with a real plan. 2010 is the time to start the ball rolling.

Those that are first movers will learn the lessons faster and become more competent at delivering mobile content and commerce consequently and out-position their competition.

Let us take a look at three examples of retailers that have a strong presence on the Internet and varying degrees of presence on mobile – Walgreens, Target and Whole Foods.

This is more to look at what can be done to enhance that mobile presentation to better interact with their customer to accomplish building stronger loyalty and improve one-on-one marketing, including conversion.

To get a sense of what we are talking about let us compare the current Walgreens WAP site home page to a page with standards Siteminis has developed for the mobile platform.

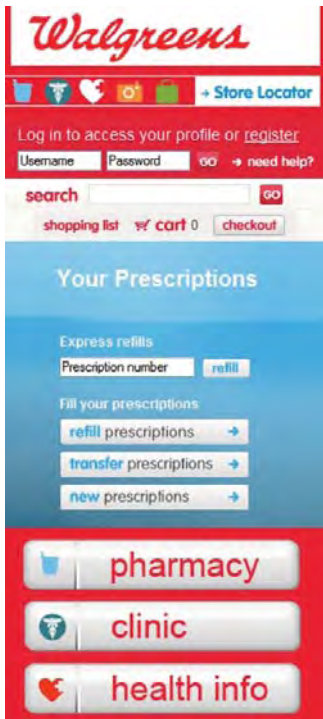
Keep in mind that WAP is used for its ease of implementation and cross-platform ability.



Marci Troutman



Steve Timpson



To start with, one should ask what customer we are talking to and how best to do that.

In the case of Walgreens, it is obvious that the customer is someone who wants to do business with the pharmacy, which is a significant portion of their business. It still, however, does not tap into the majority of its monthly customer shopping base.

Now let us review Target. Not a bad site from a WAP perspective and yes, this site does the basic search, category shop and find a store and weekly ad correctly.

Although its strategy is that all commerce is done through the online store (which makes sense on the platform as it is), when you follow the path to conversion ("I want to buy it now") you have to leave the mobile site and go back to the standard wired Web site to do the transaction.

Now on to the Whole Foods site. This is an iPhone application download that presents recipes and a store locator on the site.

This brings up an interesting dilemma for retailers. How do we approach the various mobile phones in the marketplace and their different browser/operating system issues?

If we use the application download, we run into some problems.

First, we are limiting our market reach to just those phones that



the application is designed for and that can mean costing out two to three applications to take care of key operating systems.

Second, we now need to make sure that we keep on top of the changes in operating systems or legacy systems, such as the Whole Foods application for iPhone that has to have the iPhone Software Update to work.



Whole Foods has a fairly robust wired Web site that talks about sale items, product information and health tips. We will bet the customers that at least have Internet-capable phones would like to get the same opportunity to receive information that the iPhone customers do. All of this helps in developing customer loyalty and working all the marketing angles.

To close off this article, we want to give full disclosure. We work for Siteminis. The purpose of this article was to spur some thinking about how a retailer approaches this growing market channel of mobile users and not to short-change your customer by presenting a mobile site that does not really deliver to your customer's expectations. ■

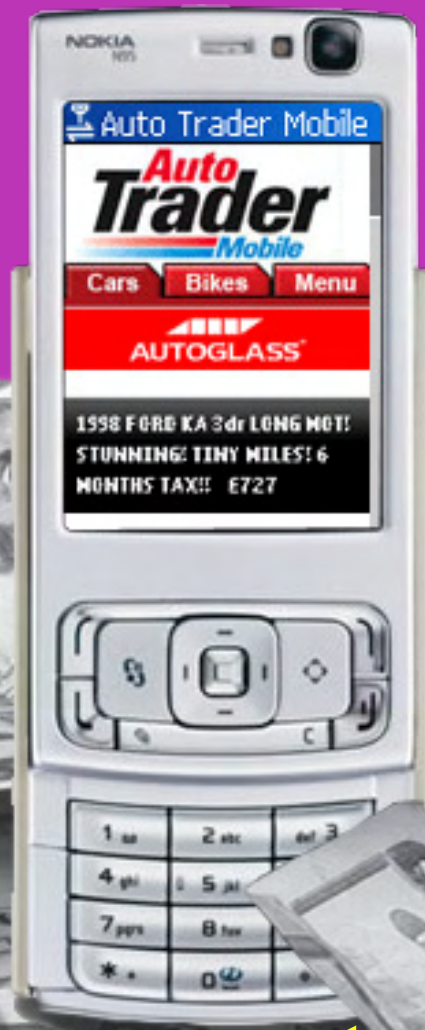
Marci Troutman is founder/CEO and Steve Timpson is chief operating officer of Siteminis Inc., an Atlanta-based mobile site developer. Reach them at marci@siteminis.com and steve@siteminis.com.

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How to nurture channel adoption

By Jonathan Dunn

Conventional wisdom suggests "change is good," but we also know most people tend to take the path of least resistance. For successful mobile commerce efforts, marketers must understand, first, the perception barriers that exist between consumers and mobile commerce. Once those obstacles are removed, marketers can use mobile to reward their best customers with the most personalized, relevant customer experience yet.



Jonathan Dunn

Before deciding on mobile commerce strategies and tactics, marketers should first determine who they want to target. Start with your existing customer database – the one you have worked so hard to develop – and work on migrating this already-engaged crowd toward the mobile channel. Analyze the customer database and transactional data, and create the mobile commerce program as a natural, integrated extension of your ongoing, multichannel marketing programming.

Be sure to match your tactics to your audience. For instance, do not build an iPhone application if your customers do not match the device's user profile. Leverage existing CRM communications to identify and motivate customers who might have a greater propensity to embrace mobile to opt-in to a new mobile commerce program.

For example, include opt-in mechanisms (e.g. an SMS opt-in, a push to a Web form or mobile Web site) in your email marketing program. Your customers who already make online purchases, for instance, are a good bet for early adopters. While coupons and discounts are obvious enticements for inviting consumer participation, marketers need to understand potential reasons for initial resistance to mobile commerce and educate consumers accordingly if they are to move them beyond their traditional channel comfort zone.

Make it easy to opt-in

Your chances of getting customers to embrace your mobile marketing programs will be greater if you make it as easy as possible to make that opt-in decision. Offer an incentive, such as exclusive "member" privileges to help increase mobile con-

version. To help allay potential spam concerns, also let your customers know it is easy to opt-out, as well.

Make it free

Many consumers avoid opting into mobile programs due to fears of add-on texting fees and other service costs. Reassure program prospects that your program has been designed to avoid any additional end-user fees and clearly communicate those that cannot be avoided with a disclaimer along the lines of, "Standard messaging/data rates apply."

Make it optimized for mobile

While mobile Web sites can provide marketers with a highly effective direct-to-consumer channel, it is critical to make sure the Web site you are using for your mobile commerce program is optimized for mobile handheld devices. Many consumers do not understand that mobile Web sites are optimized for mobile devices and avoid engagement due to the expectation of a poor user experience. As industry surveys have suggested that non-optimized sites top the list of consumer complaints about mobile, a well-optimized site will significantly increase your chances for conversion.

Make it relevant

Once customers opt-in, reward your participants with iterative programming that offers increasingly relevant information, recommendations, reviews and offers, based on their personal preferences. Examples would be alerts for exclusive sales, special offers and new product information. Continuously monitor program process by tracking behavioral, attitudinal and transactional data across all data streams to identify additional levers to drive the customer behavior you want, including incremental purchases.

For a channel as nascent as mobile commerce, best practices are still forming. However, industry experts suggest that consumers who transact over mobile devices spend more and are also willing to pay more for products that offer convenience. Remember that any customer who has opted-in to your program is already highly engaged and highly valuable. Successful marketers will identify and engage these early adopters and strike a balance between measurable programming and experimentation. ■

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You dream it. We deliver it.

Top Web 2.0 activities for mobile commerce

By Linda Bustos



Linda Bustos

In a day and age where everyday activities such as shopping and banking can be accomplished with just a few quick clicks of the mouse, whether it be on a computer or a PDA, the ease with which retailers are able to reach their consumers has increased exponentially.

It is vital that retailers explore ways to incorporate their Web 2.0/social media strategies into

the world of mobile commerce to stay competitive in today's electronic marketplace.

In the ecommerce context, Web 2.0 includes leveraging social commerce on your own site, blogging/podcasting and participating in social networks such as YouTube, Facebook, Twitter and anywhere you or your customers can create and share content, all of which can be accessed from any number of mobile phones or promoted through technology road shows or moving billboards.

Many retailers will find themselves wondering how to best translate Web 2.0 activities onto a mobile platform. This article will explore five Web 2.0 activities for ecommerce and how they can be best applied to mobile commerce.

Shopping widgets

Shopping widgets are pieces of portable content that can be displayed (almost) anywhere on the Web.

Widgets allow retailers to push an interactive experience to affiliate sites, customer sites and social networks.

Due to the fact that many widgets are designed in Flash, a platform not universally accepted on mobile devices, retailers should ensure that their widgets are created in Flash Light or with dynamically placed images instead.

Factors to be considered include intermittent connections, bandwidth limitations, the need for data storage on the client and, most importantly, how a local application provides a richer user experience.

Twitter

Another way to ask and answer questions is through Twitter. A high percentage of Tweepers use the service through mobile applications. Users can get nearly instant answers to questions directed at a retailer or the general Twitter universe and retailers can monitor what is being said about them.

Twitter can also be used as an alternative form of RSS/email marketing, a way to share deals and coupons, promote contests or simply put a human face to your company. To best use Twitter as a mobile marketing tool, retailers need to first build a following and then have their followers turn on their device notification for that Twitter account. This will allow each tweet you make to easily be sent via SMS to your group of followers.

Facebook pages

The best Facebook pages have taken advantage of the platform to create a social network for their most raving fans who live where they play, not on the retailer's Web site. This makes it much easier to share and invite other friends to participate, rather than forwarding emails or product pages to friends that drive people to the retailer's Web site.

With two mobile platforms (m.facebook.com, which works from any mobile browser and x.facebook.com, which is enabled for Androids and iPhones), plus devices manufactured by Nokia and Palm, it is easier than ever for retailers to reach their mobile audiences on the go.

Through Facebook Mobile texts, consumers are able to receive notifications, and send and receive SMS as well.

Retail blogging

Blogs can be a great way to connect with customers, talk about new products, share interviews, videos, podcasts, news, photos and jokes. They can be a branding/loyalty vehicle used to attract links and search engine traffic and it can easily be carried out through mobile blogging or moblogging, a tool that allows an author to publish entries directly to the Web from a mobile phone or other handheld devices while on the move. It is the perfect tool for the phone-camera-equipped consumer who likes to email/MMS or SMS photos.

A mobile blogging platform offers the capability to use a

mobile phone for administration, editing and writing from a mobile phone or smartphone browser.

Video sharing

Video sharing can greatly improve conversion rates and reduce returns and is simple to set up.

Adding video to YouTube and other video sharing sites can help retailers obtain additional search engine exposure, since Google likes to mix video results in with regular Web pages, news stories and image results (blended search). And like widgets, people can put your video on their blogs and Web sites if it is interesting.

Although mobile-oriented Web-based front-ends for video-hosting services that possess equal access and capability to desktop-oriented Web services have not yet been developed, retailers can employ mobile live streaming software such as

Qik to upload videos from their mobile phones to the Internet where they will be stored online and shared to social networking sites.

Conclusion

In today's online retail environment, social tools and how they integrate with mobile marketing has become more important as the Web itself becomes more social – yet retailers struggle to find social tactics that drive real sales and ROI.

Not every social activity is appropriate for a retailer – it depends on the product it sells, the competitive industry, consumer behavior and the retailer's commitment to invest in the resources to develop and maintain social initiatives. ■

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9 steps for SMS marketing

By Gib Bassett

Chief marketing officers familiar with text messaging as a real-time alternative to talking to someone on a mobile phone may not fully grasp the power of these interactions as part of their broader charter.

At first glance, text messaging – or, technically, Short Message Service (SMS) – is a gimmick used by television talent shows to collect votes or a registration tactic advertised on store signs or billboards. At best, it is like email, another avenue to broadcast messages and calls to action, except worse because you are limited to sending and receiving only 160 characters.



Gib Bassett

In practice, SMS can power highly effective customer relationship and development strategies. The key is working with firms which have developed technology around SMS that masks the complexity of initiating mobile interactions or dialogues.

Firms that address this properly will walk you through the following nine steps.

1. They will advise you that mobile marketing best practices, as prescribed by the Mobile Marketing Association, that dictate your initial foray into mobile requires creation of a new class of customers – your mobile subscribers.

It is not sufficient to possess or buy customer or prospect mobile phone numbers without also having their expressed consent to communicate with them via text messaging. Marketers are free to do so but at their own peril, as mobile device users have come to expect this opt-in step and are likely to punish those who do not.

2. What this means is that you must create a mobile marketing strategy in line with your overall customer retention and acquisition plans.

Engagement with the mobile audience requires thoughtful, relevant and ongoing communications so that your business, product or brand remains top of mind. Without such a programmatic approach, you risk wasting the effort.

Thoughtful providers may prescribe a trial to determine what works or does not, but as part of a longer-term plan for leveraging mobile strategically.

3. This step can take many forms, but some businesses will drive opt-in email contacts to a Web form where they are incented to opt into mobile communications.

Others may advertise a new loyalty program in traditional media such as billboards, signage or print that encourages an opt-in text message interaction or double opt-in, as is becoming increasingly common.

And remember, you can embed pointers to mobile Web sites or even application downloads in text messages, so you need to think more holistically about what actions you hope to drive based on your objectives.

4. To do so requires use of something called a short code, which is simply a short form – more easily entered without errors – phone number that people use to send and receive text message communications.

Good providers will mask the complexity of obtaining short codes, and successful firms already possess multiple shared codes which can be used by any business almost immediately.

These numbers are able to be shared by different businesses because text communications are segmented by keyword – the phrase that people send via short code to a text message marketing system.

This is cost- and time-effective, but many businesses are moving toward obtaining a “dedicated” short code which aligns with their brand, and is then placed everywhere customers engage the business.

Providers should be able to help you obtain these vanity numbers without exposing the messy details around acquiring them.

This process can take up to a couple of months. It is not instantaneous like domain name registration, so if mobile is even remotely on your radar for 2010 and branding your short code may be important, securing it now via a knowledgeable provider may make sense.

5. With a baseline group of customers and prospects interested in receiving messages, now you have the opportunity to call them to action, based on your marketing objectives.

To do this most intelligently – like you would with any other marketing channel – you want to segment your audience based on what you know about them, but also what you would like to know about them and how you want them to act.

6. Providers with flexible solutions allow you to append opt-in subscriber data with internal and third-party data to create groupings of customers and prospects for targeting with relevant messages – for example, unique offers tiered by expected lifetime value and geographic segments for regional promotions.

7. Forward-looking providers will also advise you to take the opportunity to learn more about your prospects and customers within the mobile channel.

Stitching data capture requirements into marketing programs is an effective approach to gaining valuable insights into consumers who are willing to engage in mobile interactions.

Indeed, it is like adding a mobile attribute to your existing customer understanding, but is a multidimensional view inclusive of demographic, attitudinal and transactional data all collected as part of mobile interactions.

8. Providers should also alleviate any concerns over limited reach given the diverse carrier networks which provide access to mobile device users.

The good ones work with third parties or aggregators that, in turn, offer turnkey access to virtually all mobile phone users. There is no need to work with these third parties yourselves. Providers should have these integrations pre-built in their offerings.

9. Speaking of offerings, text message interactions have become highly sophisticated thanks to the creation of mobile campaign management" platforms.

Like similar technologies used to develop Web, email, direct mail, teleservices or point-of-sale marketing programs, these

dedicated systems should provide a variety of methods for taking an interaction idea and rolling it out to the mobile channel.

Better providers make this easy to do, and the majority are offered as a service – software-as-a-service – so there is no software or hardware to buy.

All signs point to mobile as a key channel to drive business across many industries in 2010.

Marketing leaders should seize on this new opportunity to help their businesses compete more effectively for scarce consumer dollars by partnering with the right provider. ■

Gib Bassett is director of marketing for Interactive Mediums, a Chicago-based provider of mobile customer engagement services. Reach him at gib@interactivemediums.com.



How to use SMS to engage retail in-store shoppers

By Amanda Berkey

Bricks-and-mortar retailers have a unique difference versus their online counterpart – limited shelf space to display and sell products.

During the holiday season retailers receive additional product inventory to ensure sufficient on-hand inventory to meet consumer demand. The inventory supply chain from the distribution centers to the store-front can range from an exact



Amanda Berkey

science to a guess of what buyers are looking for when they are in their store.

Retailers always run a risk of having excessive inventory of the underselling products that take up valuable display real estate, while running out of the top-selling "cool" product. What if retailers used SMS mobile messaging campaigns to run special promotions to help move the slow-moving products off the shelves,

yielding higher profits next holiday season?

The ultimate goal for retailers is to provide an engaging in-store environment to drive an impulse purchase, successfully converting browsers into buyers.

Most retailers, whether national in-scope or a small boutique, have perfected the shopping experience with music, visual effects, lighting, customer service standards and product displays. Few, however, have identified unique in-store marketing tactics such as mobile marketing with SMS to enhance shopper engagement.

A recent study by Harris Interactive shows that an estimated 27 percent of girls ages 18-24 with mobile phones will make at least one weekly impulse purchase. In today's digital world nearly every consumer has a mobile phone on-hand while shopping in-store. As retailers are looking to capture the shopper's attention, leveraging SMS messaging strategies can help drive engagement and ultimately turn more browsers into buyers.

Following are four practical ways to take advantage of SMS to drive in-store purchase:

- **Text capture.** Offer a sweepstakes promotion to encourage in-store shoppers to text in their email address for a chance to win.

Offering an incentive to participate is a unique way to capture a shopper's information who may not purchase that day, but may respond to future email marketing campaigns.

Pier 1 Imports conducted an SMS campaign by partnering with Barnes & Noble College Bookstores, offering its most popular dorm-room chair as the free giveaway. The retailer, in turn, sent a follow-up email campaign targeting college-age consumers.

- **Regional incentives.** Segment your subscribers regionally to offer meaningful content to drive shoppers into their closest store.

Since SMS works well for time-sensitive alerts, the channel can be used for reminder messaging the day of an event.

For example, bookstores can promote an author's book signing event to local subscribers using a reminder text message as follow-up to an earlier email invitation.



Additionally, retailers can use SMS to announce limited inventory of an item, driving a sense of urgency to visit the store for a purchase today.

- **Exclusive promotions and loyalty campaigns.** Retail marketers can offer unique promotional coupons only received through SMS messaging.

Exclusive offers make customers feel special, and can in turn create buzz, drive loyalty and encourage repeat in-store visits. Redeeming coupons can be made easier with promotional codes on customers' mobile phone because they are not likely to leave home without it.

- **Sneak peeks to product information.** London-based fashion retailer Oasis uses an iPhone application to share style tips

and product information to its target market of young women, as well as to reveal the latest inventory to reach the store's shelves. Promotional offers can be integrated directly in these applications along with locators to find the closest store.

Oasis has created a one-to-one relationship with its target demographic of younger women by creating an integrated marketing strategy with email, SMS and its iPhone application.

Email inboxes are crowded places these days. But sending SMS messages directly to customers can help give retail marketers an edge in building a personal connection, driving in-store traffic and ultimately incentive to purchase. ■

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Key tips to avoid unsubscribes from SMS programs

By Kirsten McMullen

As you create and manage an SMS marketing program, you are probably more focused on bringing consumers to the program than on how to avoid losing them in the future.

Whether it is a CRM program, a text message advertising campaign or simply an additional mobile feature of your primary product offering, you will invest time and money in developing your subscriber base.

At the same time, it is well worth giving consideration to reducing opt-outs from your SMS program as well.

Here are a few best practices that minimize unsubscribes from short code and text message programs.

Get the opt-in right

Start off on the right foot by bringing on subscribers the right way. That means inviting them to explicitly opt-in to your program, with a clear description of what they will be getting and how often they will be getting it.

Even if you have a database of customer-provided mobile phone numbers, it is not wise to start sending messages to those people until they have specifically requested them. At best you will see a few unhappy customers and a slew of opt-outs, but at worst you could face charges of spamming.

Don't bait and switch

This seems obvious, but a surprising number of marketers succumb to the temptation to change their SMS programs as time moves along – either decreasing or replacing the original content with advertising, or changing the frequency of sending messages.

If your SMS program was promoted as a weekly tip on dog grooming, then a pitch for your dog food brand will not be welcomed, and will result in opt outs.

If you have promised sales alerts, but your messages are daily fashion tips with no special deals, you will see the result in your declining subscriber base.

Keep it relevant

Keep the quality of your SMS program content high. Construct program text messages to be short enough to fit into a single

SMS, and only use text-speak when it is absolutely necessary for length, or relevant to your target audience. Give people what you sold them when they signed up. The bottom line: a high opt-out rate indicates a lack of relevant content in your program.



Kirsten McMullen

Maintain a consistent schedule

Determine how often your SMS program will be sending messages, and then maintain that schedule. Do not send extra messages and do not fall short on messages either. The frequency of your messaging will depend on the content of your program.

The sweet spot for the frequency of SMS messaging tends to be either one message per week or one message per day. At higher frequencies, you risk opt-outs due to the annoyance factor of too much interruption, even by normally welcomed messages. At lower frequencies, you risk the consumer forgetting about your program or losing interest.

Do not screw up

Nobody plans to have technical problems, but it happens anyway. When a technical glitch strikes, consumers may put up with duplicate emails or a Web site "down for maintenance" message from their favorite brand. But consumers are exceedingly intolerant of technical problems that reach their mobile phones.

The mobile phone is such a personal device that consumers are quick to react to invasions of that channel.

Duplicate text messages or messages that arrive too late to be of use are typically met with a nearly immediate opt-out for a large percentage of users.

Make sure your vendors are top-notch because nothing will create a wave of opt-outs faster than technical delivery problems.

Ask users what they want

If you are starting to feel like your program is getting stale, then ask your users what they want from the program. One of the great benefits of having an SMS program is the availability

of instant interactivity.

When we were concerned that our celebrity gossip alerts might be going out too often for consumer tastes, we simply asked this question after one of the alert headlines, "How often do you want to get celeb gossip? Reply MORE, SAME or LESS."

We got instant feedback on our program and were able to tailor it to build the loyalty of our consumers to the program.

Follow the rules

Believe it or not, the guidelines and standards put in place by the carriers and the Mobile Marketing Association will actually help you avoid opt-outs.

The most important element in this area is the HELP message. Mobile-savvy consumers will use the HELP message to determine the legitimacy of your service.

Your program information should be delivered whenever a consumer sends a text message with the word HELP to the short code that your program is running on.

Although a person might trial your SMS program based on a brief call to action, "Text X to (short code)," the security provided by knowing the sponsor of the program and where to access the full terms and conditions on the service reduces fear of unexpected premium service charges or unwanted text messages, and will correspondingly reduce your opt-out rate.

Measure, measure, measure

It is not enough to simply track the current number of subscribers to your program. You need to check your churn rate – the percentage of subscribers that opt-out in a given time period.

To grow, you need to bring in more customers than churn out. It is generally easier to keep a subscriber than to get a new one, so investing some time in understanding your churn rate and what affects that churn, may be more cost-effective in building your audience than continuous promotions to bring in new users. ■

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Marketing boldly goes one-on-one with mobile coupons

By Laura Jackson Kenton

To boldly go where no man has gone before." This was the mission of the Starship Enterprise. Captain James T. Kirk and his crew captivated audiences with their adventures to make Star Trek the most popular and influential science fiction series ever seen on American network television. It also may have influenced technology, making the once-futuristic gadgets current realities. One particular gadget featured on the show was a handheld flip communications device which can be compared to the current mobile phone.

Today, the mobile phone is the new marketing medium.

Getting back to Star Trek, emerging marketing and media companies have embraced the mission of the Starship crew employing technology to advance its objectives of promoting products and services. Specifically, coupons, introduced in the late 1800s, were seemingly forever trapped in a time warp within the pages of the Sunday newspaper as freestanding inserts. Companies are now boldly taking coupons into the 21st century and using technology in a way that was once unimaginable.

According to ecommerce consulting firm Acquity Group LLC, 5 percent of the top 500 online retailers offer mobile sites. That figure is predicted to jump to more than 50 percent within five years.

We report a similar trend with mobile coupons. While traditional freestanding inserts still dominate promotional budgets, redemption rates of paper coupons are virtually non-existent, at 1.27 percent. However, mobile coupons are gaining significant traction with double-digit redemption rates.

Mobile is attractive because the phone has become a very personal, indispensable part of the consumer's everyday life. It connects consumers to family, work, friends and everything we need and want – from ordering a pizza on the way home, selecting a dress for a special occasion to saving money on the go when we need to stop at the grocery store.

The power of analytics

The many ways of going digital to help businesses was unimaginable a decade ago. From a business perspective, mobile's ability to measure a campaign's

effectiveness is its best attribute hands down. Instead of predicting success using opportunity-to-see methodologies, mobile phones allow direct interaction.

Ultimately, the driving force that will move mobile forward is consumer experience. Eliminating the need for scissors, or printing and remembering the coupons opens the gateway for coupon use, appealing to a broader, more diverse consumer base. Couple it with an easy, convenient and inviting experience can help make the future of mobile exciting. ■

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Marketing and coupons: the gateway to mobile commerce

By Eric Holmen

Two prominent aspects of the mobile commerce ecosystem – mobile marketing and mobile couponing – have been gaining significant traction in the retail industry.

Yet these two strategies, powerful in their own right, are often considered independently of one another. For mobile industry insiders, this may seem counterintuitive. After all, what is mobile couponing if not an extension of mobile marketing? But stories abound of retail marketers engaging in either mobile marketing and advertising or mobile couponing – rarely both as part of a comprehensive mobile strategy.



Eric Holmen

Slowly, however, this is changing. Increasingly, retailers are waking up to the power of an integrated mobile strategy, and in the not-too-distant future we will begin to see retailers engage in holistic, robust combinations of mobile initiatives. This is in the retail industry's best interest.

Why? Because the future of retail lies squarely at the intersection of the mobile, online and in-store sales channels, and the surest way to get there is to engage in comprehensive mobile marketing strategies (inclusive of mobile couponing). In short, mobile marketing and mobile couponing are retailers' gateways to full-fledged mobile commerce.

Fortunately for retailers, the relationship between mobile marketing and mobile couponing runs deep, and unifying them under an all-encompassing mobile strategy is relatively straightforward.

Mobile coupons can be viewed as a subset of mobile marketing, just as print coupons have been a time-honored component of traditional marketing plans.

Yet there are distinctions. Mobile marketing is about generating awareness, building a brand, encouraging loyalty and generating sales and store traffic. Mobile coupons are generally limited, from a strategic standpoint, to the last of these, though they are exceedingly effective at generating both sales and traffic.

The size and growth rate of both the mobile coupon market

and the audience for mobile marketing reflect the tremendous potential the mobile channel represents for the retail industry.

The best-known statistics, which apply to the entire mobile ecosystem, are that almost two-thirds of the world's population has access to a mobile phone, and 82 percent of Americans never leave home without their mobile devices, both of which speak to the size of the mobile marketplace [Synovate].

And consider this: nearly 3 billion mobile coupons will be issued to mobile users and just under \$7 billion discounts redeemed by 2011, according to Juniper Research. What does that tell you?

Coupons click

In terms of mobile marketing and mobile couponing, the numbers are equally impressive. Twenty-four percent of U.S. mobile phone users who have participated in a mobile marketing campaign receive alerts for special sales or discounts for products and services. Mobile marketing and advertising is already a \$650 million industry, and is projected to surpass \$1 billion in the next two years, according to eMarketer.

Additionally, 57 percent of American consumers want and welcome mobile coupons received through their mobile devices. Mobile coupons also boast high redemption rates – ranging up to 20 percent – which is a significant improvement over print or even online coupons.

By these numbers alone, the effective and efficient combination of these two popular mobile strategies should quickly become a high priority for retailers and marketers. In practice, both of these strategies can complement and reinforce one another.

Mobile coupons can be an integral part of a large mobile marketing strategy, serving as a beacon-like call to action for consumers amidst a larger effort of brand building or awareness generation.

Likewise, mobile coupons perform best when they are not one-off initiatives, but part of an ongoing dialogue between consumers and the company marketing to them.

Integration breeds long-term interaction and sustainability, and these in turn are the building blocks of mobile commerce.

If mobile commerce is, simply, the creation and actualization of a functional marketplace based on the mobile device, then the integration of mobile coupons and mobile marketing is already laying its foundation.

Mobile marketing sets the stage by starting a dialogue between consumers, retailers and other businesses, mobile coupons translate that dialogue into something actionable (in-store sales), and the combination of the two are helping establish the legitimacy of conducting entire transactions exclusively through the mobile device.

This is not to say that integrated mobile strategies - even those that incorporate both mobile marketing and mobile couponing - can usher in the age of mobile commerce on their own.

To be sure, many of the roadblocks currently impeding the critical mass of mobile commerce have little if anything to do

with mobile marketing and mobile coupons.

Secure, convenient payment systems and uniform privacy measures must become adopted much more widely before mobile commerce can enjoy the success that the online sales channel has.

When they do, it is the familiarity and sustainability cultivated through integrated mobile strategies that will be recognized as the gatekeepers to age of mobile commerce for the majority of U.S. retailers.

And when that age arrives, we can say that mobile coupons and mobile marketing - once separate, but now working in concert - will have paved the way. ■

Eric Holmen is president of SmartReply, Irvine, CA. Reach him at eholmen@smartreply.com.



Five tips for using mobile coupons to drive in-store traffic

By Joel Book



Joel Book

Are mobile coupons ready for prime time? Not quite, but we are getting there fast. According to a recent mobile marketing survey of 511 consumers by Hipcricket, some 83 percent of U.S. consumers say their favorite brand has yet to market to them via their mobile phone, even though 37 percent say they would be interested in participating in a mobile customer loyalty program from a brand they trust.

This indicates growing consumer interest in mobile marketing and represents a significant – but largely untapped – opportunity for brands to connect with customers on mobile devices.

"With consumer interest in mobile marketing continuing to steadily increase, it's clear that now is the time for brands to launch and execute their mobile strategy and programs," said Scott Debson, Hipcricket's vice president of brand solutions.

It seems that brands are starting to listen. Ten million digital coupons were redeemed in the first six months of 2009, up 25 percent from a year ago, according to Inmar, a coupon-processing company. But they still account for less than a half-percent of all coupons distributed.

If you are thinking about using mobile coupons, here are five things you absolutely must know about planning and managing a successful mobile coupon strategy.

1. Make the offer relevant to the consumer. "Opt-in mobile marketing has enormous potential if done responsibly and is specifically focused on the stores/restaurants that matter to each consumer," said Alistair Goodman, CEO of 1020 Placecast. "There is an opportunity to design an opt-in service for consumers that alerts them about the brands they are interested in when they are near that brand's physical location."

A recent study conducted by Harris Interactive of more than 2,000 adults measured mobile phone owner preference levels and receptivity for opt-in mobile marketing messages from bricks-and-mortar businesses. The study revealed that 51

percent of mobile phone-owning men ages 18-34, and 34 percent of women in the same age group were interested in receiving opt-in shopping alerts on their mobile phones.

The ability to deliver mobile coupons that "personalize offers" to the profile, needs or purchase history of the consumer is a huge advantage for marketers because it drives traffic to stores. But like all things in database marketing, the key is having the right customer data and the right mobile marketing technology to deliver relevant and timely communications.

2. Integrate front-end and back-end systems. One of the cardinal sins – and death traps – of any direct marketing campaign is not having your back-end systems and processes in place to properly redeem coupons and capture customer data.

Integrating back-end databases, CRM systems, call centers and customer communications software such as email with your front-end mobile couponing technology is an absolute must.

One company on the leading edge of systems integration is Cellfire, a San Jose, CA-based mobile couponing service provider. Cellfire has begun matching store loyalty card numbers with mobile phone applications in an effort to solve some of the back- and front-end IT integration problems, according to August Trometer, co-creator of Yowza, which provides location-based coupons.

Cellfire's software application lets customers scan mobile coupons directly from their phones at checkout. The company is currently working with Kroger in Dallas, as well as JCPenney in the Houston, TX, area.

Starbucks has also announced that it has begun using Cellfire's application to test a mobile payment option that lets people buy products by swiping an on-screen bar code that is scanned similar to a plastic Starbucks Card.

3. Use smart POS technology. Today's smartphones are wonderful tools for delivering mobile coupons to consumers. But everything can fall apart if your POS technology cannot read the bar code and accept the coupon.

JCPenney has begun testing a new system at Houston area stores that lets customers scan mobile coupons directly from

their phones at checkout.

The program, launched in late September 2009 at 16 JCPenney locations, is enabled through new imaging scanners installed at registers that can read the 2D bar code coupons and save sales clerks from having to manually enter promotional codes for coupons.

4. Use bar-coded coupons to track customer purchase data. Using bar-coded coupons to capture the identity of the customer making the purchase, the promotional code and the amount of the transaction is smart marketing. And we are about to see an explosion in the use of bar-coded coupons nationwide.

Bar codes save time and eliminate errors in data entry. And for marketers focused on using customer purchase data to model customer product preferences and predict future product interests, bar-coded coupons provide an ideal method for capturing the data needed for predictive modeling and offer targeting.

The key to using bar-coded mobile coupons is to use standard, familiar SMS, MMS and WAP technologies to deliver a scannable bar-coded message to consumers' mobile phones.

Water Wheel Car Wash in California uses mobile coupon technology from OzNet Systems to provide mobile coupons for its customers. The company sends bar-coded coupons to its customers' mobile phones, eliminating the need for customers to print out paper coupons, therefore reducing waste. To get their mobile coupon, all customers have to do is Text WATERWHEEL to 84045. Customers can choose which product and coupon they desire from any location.

"We are a small business and we have to be conservative about our marketing dollars," said second-generation Water Wheel Car Wash owner Alex Naber. "As a small business you always have to be looking for something different."

Users of the system can also pull an electronic report showing exactly how effective their marketing campaign has been.

5. Use mobile email-rendering software. The mobile smartphone market is evolving at a fever pitch. Because the cost of smartphones, the most robust and powerful of the mo-

bile market, is falling almost as quickly as the companies are innovating, the rate of adoption is skyrocketing.

More powerful handsets mean more people accessing email on their mobile devices. More varied devices means there are more challenges for email marketers than ever to getting email to render correctly.

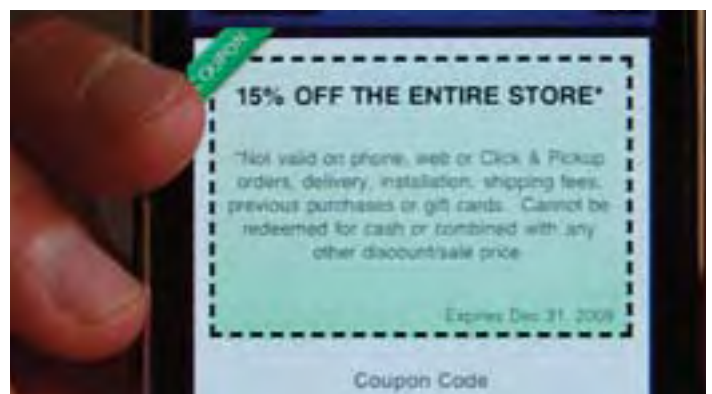
For mobile coupon campaigns to be successful, you must have the right software to ensure your coupon offer and bar code appear the same regardless of whether the consumer is receiving the mobile coupon on smartphones such as the BlackBerry, iPhone or Palm.

What should you do? Check out eDesign Optimizer and the Design Guide from Unica's Pivotal Veracity. These design tools and guidelines will enable you to verify that your links and images work, validate your code, and visually ensure that your mobile email and coupons appear the same regardless of the mobile phone your customer uses.

My take

What we are witnessing in the mobile space is unprecedented. Having the Web in the palm of your hand is in demand like no other technology in human history, and it is fueling the biggest revolution in computing in at least 15 years. I have said it before, and now will say it again: The time to adopt a mobile email marketing strategy is now. Blink one or two more times and your competitors might just leave you in the dust. ■

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Challenges of mobile coupons in retail stores

By Lyle Sprinkle

Mobile coupons are only one facet of a truly mobile-enabled shopping experience. The integration of the mobile phone into a retail outlet still has challenges to overcome in order to help both consumers and retailers.

Until both of these groups can be shown satisfactory results (read: ROI for retailers and RO time for consumers), one will lag, holding back the other and stunting the growth of the entire ecosystem.

In terms of a final goal, the state of mobile-enabled shopping today does not reach far beyond where we started. There is significantly more yet to do than has been done, and this provides an open playing field for new innovations and companies to flourish.

Have you tried to use mobile coupon applications or mobile application grocery lists in real-world shopping centers? At your local corner grocery store? How did that go? Were you impressed with the results and would you recommend the service to your friends? Sure, you were able to make it work, but was it easy?

Remember that grocery shopping is a fairly universal necessity. Everyone, no matter what their technology background and market savvy, must be able to use solutions at a consumer goods retail store for the population base to support the scale of grocery IT projects.

Consider the classical Maslow's Hierarchy of Needs, and an updated view of the diagram in the illustration to the right: "Maslow for Mobile."

Now, think back to again to your experience in the grocery store test and

answer these questions:

Did you have any concerns about your data connection and how much your experiment might cost?

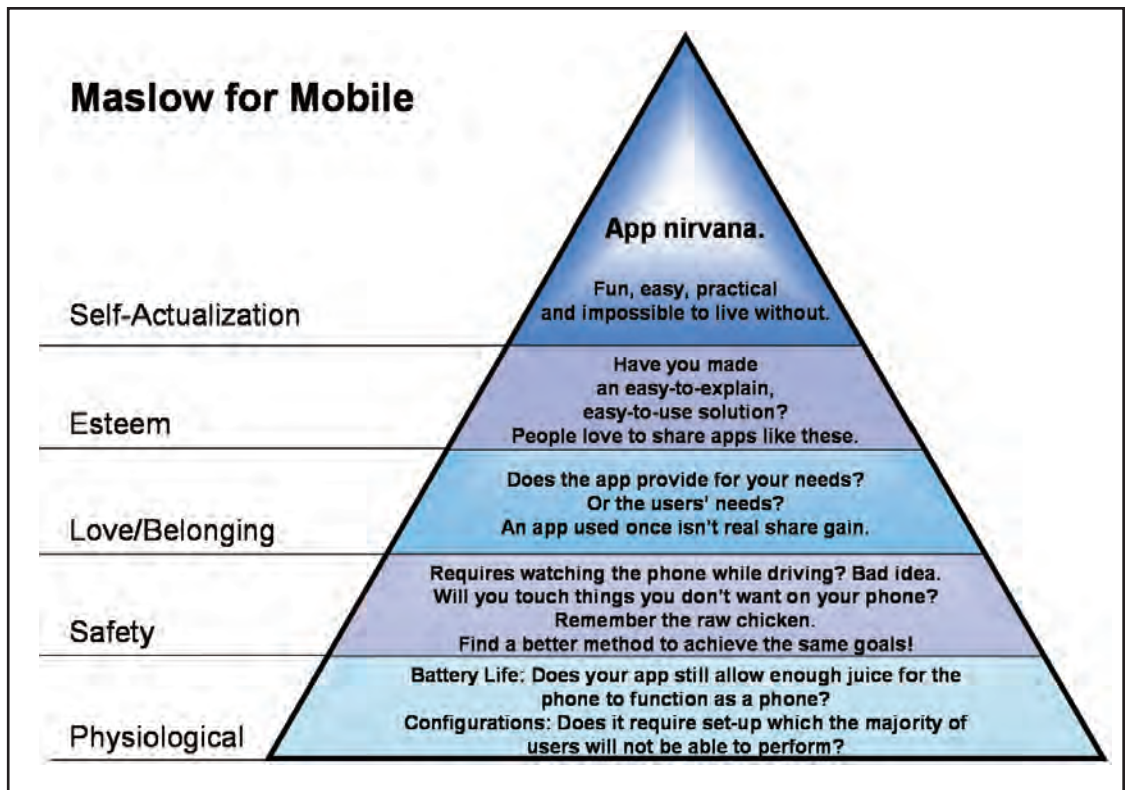
No? Were you using your company's paid-up unlimited data plan? Today, many plans are still not priced economically for the masses who consumer packaged goods companies and retailers want to convert to mobile coupons.



Lyle Sprinkle

Did your screen keep going to screen saver black-out?

Did you quickly jump to preferences, change the timeout value, and go back to the application? Sure. But would most consumers have made this change so quickly and easily? The preferences menus are often buried and require changes at the start of each shopping trip. Many consumers will wonder whether a mobile shopping approach really holds advantages over pen and paper.



How many times did your phone slip through the shiny chrome bars or off the plastic kiddie seat of the grocery cart before you decided to just constantly pull the phone in and out of your pocket?

No harm ended coming to any of our test devices during their four-foot spills, but none of our volunteers wanted to test this same scenario week after week, grocery trip after trip. And if the pocket-stuffing/holster-clipping solution seems reasonable as a long-term solution, see the next question. Retailers wanting to embrace in-store mobile device usage need to make upgrades to their carts.

At the end of your hour or two of shopping, backlight on the entire time, how was your remaining battery life?

You did not shop for an hour or two? Just a 15-minute test? Re-evaluate the retailer's core constituency, the ones racking up weekly \$200-plus bills who grocers simply cannot afford to alienate. Now go back and try your tests again and determine if the harried mother might want to risk her phone not working for a phone call by 5 p.m., because she used it for shopping from 9 a.m. – 11 a.m.

When you grabbed the package of raw chicken off the shelf, put it in your basket, and then picked up your phone to "cross-off" that item from your list, did you hesitate before picking up your handset?

People do not often put the grocery list pad up against their face, but a mobile phone is infinitely more intimate than the paper envelope or stack of Post-It Notes. Hygiene needs to be a consideration.

Truly understanding the underlying user behavior is more critical than getting first solutions to market. Do not risk alienating those first adopters instead of nourishing them. Consider developing stronger suites of test cases and consumer insight research work on the mobile shopping experience.

Starting your mobile shopping development project with "Maslow for Mobile" considerations provides an easy way to map the traditional consumers' needs to the solution being created and is guaranteed to improve usability. ■

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Mobilizing coupons is not enough – supporting infrastructure is key

By Ade Bamigboye

Coupons are an effective tool for retailers seeking to retain customers and increase brand loyalty. As an increasing number of retailers go mobile with their marketing, so have coupons. However, once adjustments for novelty have been made the full potential does not carry through.



Ade Bamigboye

What is missing is the ability to capture the redemption process as it happens, feed this data into merchandising and CRM systems, provide instant feedback to the customer via their mobile loyalty program and provide feedback to the marketing team regarding the ongoing outcome of their campaign.

Retail systems infrastructure

required to deliver real commercial value from mobile lags the functionality that mobile coupons can offer.

Investment must be made to fully integrate mobile into the retail systems architecture. Investing in the ability to deliver 2D coupons such as QR codes and Data Matrix along with optical scanners that are better suited to reading phone-based coupons is part of that investment.

Systems integration to push data from scanned coupons through the retail value chain in real time is another part of that investment. Once this is done, a wide range of mobile commerce initiatives can be supported including coupons, loyalty programs and payments. Furthermore, the benefits to the marketer in terms of really understanding consumer behaviour are enormous. ■

Ade Bamigboye is CEO of Mobile Flow, London. Reach him at ade@mobile-flow.com.



Building a central registry for global mobile bar codes

By Mickey Alam Khan

Neustar, the common short code registry for the United States, is working on building a central registry for the global mobile bar codes ecosystem.

In this Q&A, Matthew Valleskey, senior marketing manager for mobile services at Neustar, Sterling, VA, discusses the potential and benefits of the mobile bar code. Mobile Marketer and Mobile Commerce Daily's Mickey Alam Khan interviewed him.

What's the promise of bar codes for mobile?

To make access to relevant services through the mobile device frictionless. Bar codes will allow consumers access to rich, relevant content, quickly through the scan of a bar code.

What do bar codes offer that other mobile media do not?

A simpler and more convenient user experience, and the optimal blend between ubiquity and personalization.

You do not have to open your mobile browser, type in a URL or search for content you want. With just a click of your camera you are taken to the content you want almost instantly.

Are bar codes an opportunity just for retailers or beyond that market segment?

Bar codes are an opportunity for almost any consumer and business sector, wanting provide content or information. Retailing and marketing are the tip of the iceberg.

So how would bar codes work on mobile?

One can use the camera in a mobile phone to scan codes that exist out in the wild.

Inversely, one can present codes on the mobile screen that can be scanned by specialized scanning devices.

These codes could be coupons, tickets or any other number of

retail or marketing media.

Marketers complain about the complexity in this area. Is that really the case?

Complaints about complexity are surmountable with the appropriate ecosystem and business model.



Neustar is at the forefront in building a system that is interoperable, and provides a central registry for a global bar code ecosystem.

What is Neustar doing with bar codes?

Neustar is gathering like-minded participants to enable diverse platforms to interoperate. The result is a ubiquitous solution that crosses boundaries, technologies and functions.

Which marketers do you think are incorporating bar codes in a manner worth following?

Some remarkable work has been done in print media, motion pictures, retail and financial services. I think companies like Target, JCPenney and Papa John's all have used bar codes with success.

Any best-practice tips for marketers and retailers seeking to incorporate bar codes into their marketing mix?

First, use bar codes to extend the reach of your existing mobile assets.

Second, think of codes as a connector between dead and live media.

Third, think of codes as enabling experiences rather than the experience itself.

Finally, use your imagination. The list of potential use cases is endless.



What challenge does the bar code address?

It reduces friction in the mobile data space, and allows easy one-click access to relevant content, quickly. ■



Barnes & Noble, Coty case studies

By Elizabeth Matthews and Tony Spencer



Tony Spencer

Barnes & Noble iPhone app – powered by LinkMe Mobile – rockets past 800,000 downloads in just 120 days

Background: In April 2009, Barnes & Noble (bn.com), the world's largest bookseller and a Fortune 500 company, partnered with LinkMe Mobile to develop its now widely-acclaimed bookstore application for iPhone. Since its launch in June 2009,

the bookstore application remains among iTunes' top applications.

Strategy: By applying LinkMe Mobile's mobile image search technology to its new application, consumers would have the ability to instantly access information on any of Barnes & Noble's 2 million products.

With a tap of the finger, consumers could use their iPhone's camera to search and shop for millions of books, DVDs or music CDs. By snapping a photo of the front cover of the item, the image search feature of the application would instantly return valuable information to their phone – from product details to editorial reviews, top seller lists, customer ratings, video interviews with authors, maps and directions to the nearest store and event calendars – even the ability to reserve items for in-store pick-up or purchase directly through their phones. This depth of information and ability to engage the consumer had never before been seen in a bookstore iPhone application.

Results: Barnes & Noble's very first iPhone application captured the No. 1 spot in the books category on iTunes just three days after its release. Amongst the more than 150,000 applications currently available for the iPhone, ratings continue to place the Barnes & Noble Bookstore application into the top tier of all applications. The application has crossed 1 million downloads.

To download the Barnes & Noble Bookstore application, please follow this link:

<http://www.barnesandnoble.com/iphone/>

Barnes & Noble, Coty find payoff in image search campaigns

Background: In Fall 2008, Coty Inc., the world's largest fragrance company, wished to implement a cutting-edge mobile marketing campaign for the launch of Gwen Stefani's Harajuku Lovers collection of five signature fragrances.

Strategy: Coty partnered with LinkMe Mobile (previously SnapNow) to bring a mobile technology platform to the Harajuku Lovers campaign to be run in top-tier magazines such as People, Cosmopolitan, Allure and Glamour. The Harajuku Lovers ad in each magazine became interactive by adding a call-to-action (CTA). This CTA prompted readers to "snap a photo of the ad" using the cameras on their mobile phones and send their photos to a specified address. By doing so, readers received a text message containing a link to the HL mobile Web site (harajuku-lovers.com/mobile). Upon arriving at the site, readers could request a Harajuku Lovers fragrance sample be sent to their homes, receive a coupon for a free deluxe Harajuku Lovers fragrance sample available at Macy's department stores, download free Gwen Stefani ringtones and mobile wallpaper, as well as take the "Which Harajuku Girl Are You?" personality quiz for other free items.

Results: Coty anticipated receiving 10,000 snaps during the six-month campaign, but projections were rapidly exceeded



Elizabeth Matthews



when excited consumers passed the 10,000-marker in just two weeks – and with three months still left in the campaign 70,000 snaps had already been made. To date, the campaign has received more than 130,000 snaps – an unheard-of 1,000 percent increase in expected mobile consumer engagements. Dennis Keogh, senior vice president of marketing for Coty U.S., stated that Coty anticipated the need for 30,000 free Gwen Stefani ringtones, but the success of the campaign required them to reorder – something he was more than happy to do. The Harajuku Lovers fragrance collection was immediately ranked as a Top-10 fragrance by Shopstyle, and recently awarded a FIFI (comparable to an Oscar in the Motion Picture Industry) as one of the top fragrances for all of 2009. The partnership between Coty and LinkMe Mobile continues today with editorial and in-mall advertising campaigns enticing consumers to use their mobile phones to explore their world.

Coty Prestige and Clear Channel Malls partnership triggers 25 percent jump in point-of-sale purchases

Background: In September 2009, LinkMe Mobile partnered with Coty Inc. and Clear Channel Malls to evaluate the effectiveness of employing LinkMe Mobile's patented image recognition technology in promoting and driving in-store sales of Coty Prestige's Harajuku Lovers fragrances, created by pop star Gwen Stefani.

This partnership focused on transforming traditional marketing into real and measurable engagement and conversion opportunities by enabling consumers to interact directly with in-mall advertising displays in a retail environment.

Strategy: Each Harajuku Lovers display included a call to action (CTA) in the upper right-hand corner of the image. This call to action instructed consumers to take a photo of the ad with their mobile phone and email their picture to a specified email address to "Receive a Free Sample." Participating

consumers received a coupon response sent directly to their mobile phone. Within the body of the message, consumers were instructed to present the displayed coupon at the fragrance counter of the Macy's department store in the mall to instantly receive a free deluxe Harajuku Lovers fragrance sample set.

Two versions of the backlit advertising display were used – one provided a call to action in a more pronounced typography and positioning (e.g., the "test"

call to action was just above the image and presented in bright pink lettering) and a second "control" call to action used standard black typography that appeared within the frame of the advertisement.

The purpose of providing two different calls to action was to determine how bolder, more pronounced, messaging affects consumers' interest in interacting with the displays.

In total, three to four link-enabled Harajuku Lovers advertisements were placed into backlit advertising displays within each mall in 11 select Top 10 DMA Clear Channel malls across the country.

The goal of this test campaign was to entice consumers to engage with in-mall advertising – ultimately purchasing product and driving retail traffic sales.

Results: This four-week campaign during September 2009 reached approximately 12 million mall visitors across four Top 10 DMAs in Los Angeles, New York, Philadelphia and Miami. A consumer survey was created to evaluate the effectiveness of the campaign, and distributed to respondents selected randomly.

Survey data indicate that a staggering 25 percent of participants who snapped on the backlit advertisement and received the mobile coupon made purchases after receiving the free deluxe Harajuku Lovers fragrance sample set; 7 percent made



purchases over \$20 and 18 percent made purchases over \$40. This conversion rate is more than four times that seen through a recent in-mall campaign, in which BlueTooth was used to deliver mobile coupons to consumers as they neared the location of participating retailers.

An additional 7 percent of survey participants said they would be making future purchases solely due to the product introduction made via this LinkMe Mobile promotion.

Data also show that 75 percent of respondents were more attracted to the test call to action using a bolder call to action. In fact, multiple survey participants indicated they would have preferred a call to action that was "larger with a bigger font." Respondents also described the importance of eye-catching graphics within the advertisement to elicit their interaction with future campaigns.

The range of age in consumers who interacted with the campaign was fascinating – as young as 15 and up to 54 years old.

In rating their overall experience, consumers chose "A Fun Way To Use Phone!" and "Ease of Use" as the two best aspects of the promotion. The majority of survey respondents (82 percent) opted-in to be part of the LinkMe Mobile User Group to test future products and participate in upcoming campaigns.

Further, 64 percent of respondents indicated their desire for future link-enabled promotions using their mobile phones – and a whopping 86 percent of survey participants said they would recommend our campaigns to friends and family. ■

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Getting customers to pay on mobile is easy – or is it?

By Andy Bovingdon

If you have digital content, games or services to sell to mobile customers, you need to consider the best ways for your customers to pay. You want to make sure they can always get to your content quick and easily. But even more important is to ensure that your customers get a consistent and familiar payment experience every time. By doing so is the best way to build consumer confidence and get people coming back for more content.

So how can you get more of your customers to pay? Delivering the best mobile payment experience to their users is the answer. Let us go back to the basics and look at the payment methods available to see how they compare.



Andy Bovingdon

Direct carrier billing. Also known as "on bill," this is the optimal way for consumers to pay on their mobile phone. It is the fastest and easiest mobile billing method and yields more successful transactions than any other method, with conversion rates as high as 90 percent.

Customers simply browse your site on their phone, find the content they want and click to pay and download. There is no need to enter any details as the payment is done automatically through the carrier network. Because this method has the fewest number of steps and obstacles, it is very well-suited to lower-cost impulse purchases.

Credit/debit card billing. Credit card billing offers a familiar alternative way for your customers to pay. They get a secure Web-like experience similar to the one they are familiar with on the PC. Mobile billing providers such as Bango have the capability to deliver a single click checkout after the first purchase. It uses an intelligent, optimized payment flow that eliminates unnecessary steps for the user, such as entering card type and full billing address.

PayPal. PayPal is a leading Web payment solution where consumers can sign up for a PayPal account and register a number of ways to pay. They can also choose to turn on mobile PayPal to pay for things on their phone. PayPal has seen most success

with sites such as eBay. Users need to have a PayPal account to be able to pay for mobile content. PayPal gives great payout rates, but a customer needs to have an account set up and working from mobile before they can pay, so impulse buys are out of the question.

Premium SMS. This is a traditional way to bill mobile customers. The payment is simply made by sending a text message to your short code. This may sound simple, but since SMS was never designed as a payment solution it has many flaws. Messages are prone to delays which affect the customer experience. Messages can get totally lost leaving your customer without their goods and you without payment. Leakage such as this is believed to account for 18 percent of lost revenues, according to research by iGillottResearch.

Carrier billing over WiFi. With the increasing popularity of smartphones such as BlackBerry, Android and iPhone, more people are choosing to connect to access the Internet and buy mobile content via WiFi. Until now these smartphone consumers were limited to making purchases using credit card or PayPal. With a carrier billing over WiFi solution, customers can now swap between their carrier network and WiFi as much as they like and still get a consistent billing experience allowing them to place the payment directly on their carrier phone bill. This is revolutionizing the way consumers can pay on mobile, helping both carriers and content providers to capture revenue that in the past they were not able.

The more choice the better

The Internet does not adhere to global boundaries and companies often find customers browsing on their mobile phones from around the world. This makes it crucial to have a single payment solution that works for everyone, internationally.

So when looking at mobile billing providers look for one that has genuine direct carrier integration. Select a solution that is international and offers multiple ways for your customers to pay. Ensure that your solution can handle the modern mobile world, accounting for smartphones and WiFi. Not only will you increase your revenues but you will gain many happy, long-term customers along the way. ■

Andy Bovingdon is vice president of product marketing at Bango, Cambridge, England. Reach him at andy@bango.com.

What payment options do retailers have for mobile sites, apps?

By Dan Butcher

Mobile payments offer retailers the promise of closing the loop on their marketing initiatives and drive revenue via the mobile Web and applications. But what options are out there?

As the world awaits the coming revolution that will result when Near Field Communication technology is preinstalled in every handset and RFID readers are incorporated at every point of sale, retailers should consider launching mobile commerce-enabled sites. Established players such as Amazon.com and eBay's PayPal have reaped the rewards of getting the mobile payments experience right, and start-up vendors are currently jockeying for position.

"I feel this is broken into two categories, that of major retail with a mobile storefront, and retail for the small and medium business that does the transaction face-to-face but processes said transaction via the mobile device," said Scott Michaels, vice president at Atimi Software, Vancouver, BC.

This year, the expectation is that all decent ecommerce providers which power a mobile storefront for the sale of goods that are not application-related — being clear that in-application purchases from systems such as iTunes are in a separate category as they cannot be used for physical shipment of goods — will have a storefront that is specifically targeted for mobile.

"Right now there is a real lack of serious ecommerce solutions that cater to the smartphone market, ones that implement a touch-interface such as what we see with the Facebook touch site and all those announcements from SXSW," Mr. Michaels said.

"You will also see those providers that have clients that are making native applications on the various platforms providing an SDK—not a mobile site for said check-out," he said. "This allows the creator of the application to be much more creative about how, and when the 'buy' actions are exercised within the application.

"This will mean providing both a decent advanced mobile page check-out process, likely a hybrid of Web and native controls to make the experience as fast as possible to combat the biggest downside of mobile commerce—that of me completing my purchase before I get interrupted by this chirping device—

oh wait, right, it's my phone, not a dedicated shopping or Internet device—a fact that the current efforts into mobile ecommerce unbelievably seem to really overlook."

Mobile payments players

On the more nimble retail front, Verrus, Square and a host of others are creating the mobile payment systems that provide that "pay me anywhere" feature for the small business, the hobbyist and person-to-person payments.

"These systems are the ones that are undergoing the most change, and in this year clear winners will emerge," Mr. Michaels said. "Will it be Square?

"I honestly can't tell you, but I can say that that category of payment system will be here to stay, and it's one that really did not exist in any substantive form till this year," he said.

Echovox's Zong is a mobile payments service used by social networking Web sites such as Facebook, MySpace and Hi5. It is also featured in online gaming sites and virtual worlds such as Gaia Online, IMVU, Mochi Media and Outspark.

Competitors include Billing Revolution, mPayy, Bango and Boku.

The company said that Square is an interesting option for mom-and-pop shopkeepers who currently do not accept credit cards.



"The main problem that Square solves for these retailers is the hassle and costs associated with opening and maintaining a merchant bank account," said Hill Ferguson, vice president of product management and marketing at Zong, Palo Alto, CA.

"Of course, iPhones are required to serve as POS terminal, so there is some upfront costs for the merchant if you don't have an iPhone already," he said.

Zong also said that Bling Nation is potentially appealing for both consumers and merchants.

"Consumers just need to put a small sticker on their mobile phone and pass it over a reader at the merchant's POS, making payments more convenient," Mr. Ferguson said. "The merchants need to do some integration work, but the economics improve dramatically as Bling Nation connects directly to the consumer's bank's processor, bypassing expensive card networks.

"It's the classic network chicken-and-egg problem here, but the value proposition is strong on both sides," he said. "I'd recommend Square for small retailers who are currently cash-only.

"I'd recommend Bling Nation to merchants where local banks and credit unions are currently offering—or planning to offer—the pieces of 'bling' for account holders to stick on their mobile phones."

Square solves some interesting problems associated with "cash-only" businesses—think parking lot ticket sales—while Bling Nation arms merchants in the constant battle between card issuing banks and merchants over card association transaction fees.

"Square is not creating a network, so its challenges are a little more straightforward, while Bling Nation must build out a network of merchants and banks in order to make the consumer proposition compelling," he said.

"I still think we're a few years away from widespread adoption of any technology facilitating mobile payments for retailers."

PayPal

PayPal, an eBay company, is the mobile payments platform for

its parent company's mobile site and applications, as well as Research In Motion's BlackBerry App World. It has also launched its Send Money application for Apple's iPhone and Google's Android.

"It seems to me that PayPal is likely one of the best options for mobile sites—it helps to reduce the number of keystrokes and most Web buyers already have established PayPal accounts," said Sucharita Mulpuru, vice president and principal analyst of ebusiness and retail at Forrester Research, Cambridge, MA.

"Ultimately, I think we will evolve to a mobile wallet or some sort of stored data tool—that's what I think Felica in Japan is, but that's still many years away," she said. "People are still concerned about security and retailers have not yet adopted ways to access those payments in a broad form yet.

"The security aspect is one of the biggest issues now – even among diehard Web-buyers – and psychologically we're with mobile payments where we were with ecommerce back in 1996."

Obopay

Obopay is a mobile payments service with a number of tools that let people add Obopay either to a Web site or a mobile experience.

A button, link or custom widget allows merchants to accept a payment through a Obopay check-out portal, letting them log in if they are an Obopay customer or pay by entering their debit or credit card number.

"Merchants wanting to enable mobile payments tend to be small sellers that have not been accepting debit or credit cards, and they come to us looking for their first way to accept credit card payments," said David Schwartz, head of product and corporate marketing for Obopay, Redwood City, CA.

"Small businesses, people outside of traditional retail environments, nonprofits and charities – mobile payments are starting to take off in that regard," he said.

Obopay operates via two different models, the first being its direct-to-consumer service, which provides merchants with the option to get paid via the consumer's debit or credit card bank account or through stored value, adding funds to the

Obopay account through direct deposit or cash loading.

Obopay's second model is partnering with MasterCard for the Money Send Service and Fidelity National Information Systems, which is offering Obopay's product through bank channels, letting consumers connect their back account directly to the payments service.

"Where we have seen the most traction on the payments side is early-adopter retailers, smaller retailers, people looking for payment acceptance," Mr. Schwartz said. "It's not Walmart at this point—it is more the mom-and-pop stores.

"We're seeing a lot of interest and traction from that end of the retail spectrum, whereas the bigger retailers are going to be slower to adopt," he said.

"As you get more build-up and integration required for larger retailers, there will be trials this year, but we will not see it take off until next year or the year after."

Global Bay

Global Bay is another vendor which provides a mobile technology platform for retailers.

The company recommends that retailers should leverage their existing payment infrastructure that is currently being used for their ecommerce site to enable mobile payments.

"There is no reason why either the retailer or the payment processor can't extend this payment-processing functionality as a standard Web service for use as a native mobile application," said Sandeep Bhanote, CEO of Global Bay, South Plainfield, NJ.

Mr. Bhanote said that retailers can use one of the many established payment processors out there today, including Chase PaymentTech and Authorize.Net, among others.

The company believes that the future of mobile payments is bright.

"We believe that mobile POS represents the future of in-store mobile payments and that all retailers will offer this kind of functionality in the near future to decrease long lines and offer a better customer experience," Mr. Bhanote said.

"Don't be surprised if retailers also venture outside of the 'four walls' to sell its products beyond the store environment," he said. "In addition, we will continue to see the evolution of mobile commerce and the use of innovative technologies to offer new kinds of services to consumers."

Mocapay

Mocapay is a Denver, CO-based end-to-end mobile payments and experience platform for issuers.

The platform addresses merchants' need for a new channel that will broaden their loyalty and gift programs by mobilizing sales and marketing to reach customers anytime, encourage purchases and build a stronger brand affinity.

The company was issued patent U.S. 7,657,489 B2 on Feb. 2, 2010 for this service.

Mocapay offers its mobile platform to merchant issuers of closed-loop loyalty, gift and private-label credit, as well as financial institutions that issue open-loop prepaid, debit and credit.

The company provides issuers three methods to use its patented mobile payments: out-of-the-box, software-as-a-service (SaaS) platform; white-label, issuer-branded wallet and SaaS platform; or technology licensing giving issuers various services to match their business needs.

Mocapay's platform simplifies deployment and support by offering a single service for multichannel and multi-location



mobile payment acceptance.

The company offers issuers, depending upon tender type, three-modes of mobile connectivity: SMS/text, Internet/browser-enabled phones (WAP) and handset applications (iPhone, Android and BlackBerry).

The service can also be deployed by merchants for their own merchant-branded mobile loyalty and gift programs and used to accept funds from financial institutions that issue mobile open-loop tender.

Mocapay works with all the major U.S. carriers and has integrated its product with most of the major POS vendors.

Obstacles remain

While offering mobile payments will soon be indispensable for all retailers, some barriers to mass-market adoption remain.

The options that a retailer has tend to be somewhat limited today as there is no broadly deployed in-store payment system standard.

"NFC will win in the long term as a 'touch to act' technology, of which 'touch to pay' is but one application, but there are very few NFC handsets in the market today and there's a lot of complexity for the retailer as it involves changes to point of sale," said Nick Jones, analyst at Gartner, London.

"Also, the numbers depend on the region, but you have to remember that only about 75 percent of mobile users do anything much other than voice or SMS with their handsets," he said. "So most of them wouldn't use mobile payment in any case.

"In mature markets such as the U.S. or western European Union there is actually little latent demand for mobile payment because most consumers have no shortage of ways to pay, and mobile doesn't add much."

There is much more consumer interest in using mobile for tasks such as discount vouchers, finding stores and checking stock levels before they go to the store, according to Gartner. Because of this, Mr. Jones believes that most retailers in mature markets would be better advised to focus on the mobile channel for marketing or the tasks he mentioned, rather

than payment.

"For mobile sites, you can enter credit cards onto a mobile in the way you do on a PC but many people do not like doing this in public," Mr. Jones said.

"Interestingly, one of the most ubiquitous ways for smart-phone users to pay for things is through their application stores, which have mature payment systems, although they are more aimed at intangibles such as applications, games, music or ebooks," he said.

"So bottom line, I would advise most retailers to avoid mobile payment for the next couple of years and focus on all the other interesting things you can do with a mobile phone." ■



Best practices for ensuring high-quality mobile Web experiences

By Matthew Poepsel



Matthew Poepsel

While mobile Web users may be willing to trade some functionality for the "anytime, anywhere" convenience of the mobile Web, they are not as willing to sacrifice performance in key areas such as availability and speed.

For example, a recent Gomez study found that two out of three mobile Web users have encountered problems when accessing Web sites on their mobile phones in the last 12 months, with slow load time being the No. 1 performance issue.

Expectations for performance were made even clearer by a majority of study participants who said they expect to be able complete simple transactions such as checking their bank balance in a minute or less, or they will abandon the site.

Clearly, mobile Web experiences are not yet matching visitor expectations, which can put revenues, customer relationships and brand loyalty at risk. Consider these additional findings:

- 85 percent of participants said they are only willing to retry a mobile Web site two times or less if it does not work initially.
- More than half are unlikely to return to a Web site they had trouble accessing from their phone.
- 40 percent said they would likely visit a competitor's mobile Web site instead.

Within this context, the following best practices are designed to help businesses maximize mobile Web performance and investments in mobile Web initiatives.

- **Bring all stakeholders into the quality of experience (QoE) process.** All individuals with a stake in end-users' mobile Web experiences should have a clear understanding of existing performance levels versus "expected performance," which helps enhance collaboration and productivity among functional teams.

For example, online business/mobile business executives can

make a stronger case as to why certain priority applications may require more infrastructure support (and why others could suffice with less support), which helps IT teams make smarter resource allocation decisions.

IT can also help online business/mobile business teams see what effect, if any, new functionalities may have on the end-user experience, which enables greater discretion when adding new features.

- **Share common experience management technologies, metrics and best practices across your mobile and Web initiatives.** Today's Web performance management solutions are available in a software-as-a-service model, which makes them significantly more accessible, affordable and easy-to-use than they have been in the past. By applying tools and established best practices from the PC Web to the mobile Web, businesses can measure and monitor performance across a shared set of key criteria. This helps create a more unified approach to Web performance management, which elevates the growing importance of the mobile Web, while fueling greater efficiencies and cost savings and leveraging existing expertise.

- **Establish a baseline for historical analysis and benchmark yourself against the competition.** Today there are mobile Web performance benchmarks for several industries, which are updated on a regular basis and allow businesses to compare and contrast their performance with their industry counterparts and overall industry norms. Businesses can also determine how well they are satisfying high end-user expectations, compared to the competition.

- **Test and monitor from your end-users' perspective.** Any effort to optimize mobile Web performance must begin with a true understanding of end-user experiences in different geographies, and with different Internet service providers, carriers, content delivery networks, browsers and devices.

Today, worldwide testing networks include thousands of device profiles (for example, an Android user on T-Mobile in Seattle; a BlackBerry user on Verizon in Chicago) and offer businesses a quick and easy view into these experiences.

Armed with this knowledge, businesses can understand which end-user segments may be experiencing a performance issue; and then proactively identify, isolate and fix a wide range of

performance-impacting variables.

- **Test across the entire Web application delivery chain.**

Like the PC Web, mobile Web sites and applications have grown increasingly complex, incorporating numerous third-party services (for example, mobile advertising providers and mobile analytics) from beyond the firewall. This is known as the Web application delivery chain and, unfortunately, if an end-user has a poor experience with your mobile Web site or application, she will not care what is the root cause; she will simply hold you responsible. For this reason, businesses need to drill-down to understand the performance of all the individual touch-points making up the whole of their mobile Web experiences, and validate third-party SLAs.

- **Test and monitor at a frequency to ensure you can resolve issues before end-users are affected.** Up to 80 percent of Web performance problems are identified by end-users. To avoid this scenario, businesses should test their mobile Web

sites and applications not only before deployment, but also afterwards and frequently to pinpoint and resolve issues quickly – before they impact end-users – and drive continuous optimizations.

In addition, businesses should consider first testing existing applications and services to ensure they are performing optimally before deploying any new ones.

Unless performance is addressed, the mobile Web experience will likely remain much like the traditional Web of 15 years ago – slow and unreliable and a nascent opportunity with vast potential yet to be fulfilled. Businesses looking to exploit the full marketing power of the mobile Web must leverage best practices and put performance management squarely at the top of their to-do lists. ■

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Local mobile search lets marketers think nationally

By Deborah Eldred

Local search marketers are used to thinking small. Not small in terms of setting goals or planning, but small in terms of the customers they traditionally target: namely, small to mid-sized businesses (SMB).



Deborah Eldred

out where the nearest Panera Bread is for lunch.

Mobile marketing has opened many doors for local search marketers. One of those doors is the ability to provide services to a corner of the market they may not have put a lot of effort behind before: namely, large, national retail advertisers.

A recent report by Aberdeen Group estimates that 62 percent of leading companies are increasing their budgets for mobile marketing ("The ROI on Mobile Marketing: Why It Pays to Reach Consumers on the Go," September, 2009). Companies as large and diverse as Pizza Hut, Burger King, Walgreens and others have launched everything from SMS campaigns to mobile applications and more – all designed to raise brand awareness, increase sales and drive traffic into local stores.

Conversely, these same national advertisers have generally not been big spenders when it comes to "traditional" local search media, such as print directories, radio or even online sites and search engines. It is not that these outlets are ineffective; for SMBs they are very effective, but consumers looking for a national chain are not necessarily looking for a specialty shop or locally-owned establishment. They want to know if there is a

Walmart in the area or if there is one near the mall they plan on visiting.

Mobile local search makes it easy for consumers to discover this information, and in the process provides a level of consumer interaction that many other types of media do not.

By allowing a person to simply call up a mobile browser or application, type in the name of a retailer and, based upon GPS, find nearby locations, it creates a direct connection with the local retailer. It is exceedingly easy for a consumer to not only find the closest United Artists movie theater, but also how to get there and determine its proximity to their location.

Consumers can also use their mobile devices to find additional relevant information. Not only can they find where that United Artists theater is, they can also check show times, and, in many cases, order tickets – all while out and about.



It is also important to consider the traveling consumer. A person visiting an unfamiliar city may not always have a laptop with her, but she will very likely have her mobile phone, MP3 player or other mobile device. That person may be looking for the local Walgreens or Target. It is certainly helpful for her to be able to refer to a mobile search site or application and find what she is looking for based upon current geographic location. These retailers want to attract such customers – those that are familiar with the brand and want to have access to it while in an unfamiliar place.

In short, while maintaining a focus on SMBs, mobile marketers must also consider the potential that leading companies bring to the table. There is a lot of profit to be found in pursuing large national retail chains as mobile advertising partners. Mobile marketers would be wise to consider making them a key part of their target audience. ■

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Integrating social media with mobile marketing

By Michael Becker

The objectives of marketing are to manage the communication, delivery and mutual exchange of value between a brand and the members of a brand's community – prospects, customers, employees, investors, analysts and journalists.

Marketers employ all kinds methods, practices, tools, tactics, strategies, measurements and media to accomplish these objectives.

In just the last few years, two relatively new marketing practices, social media marketing and mobile marketing, are garnering much attention and are top of mind for most brand marketers. And rightfully so, since both are unique channels that can be used to establish meaningful interactive engagements between consumers and brands which result in high customer retention, brand loyalty and increased profits.

Social media and mobile are unique mediums that foster a connected community and consistent "sticky" behavioral patterns with consumers. They are the primary mediums for the co-creation of value between consumers and brands since they power an interactive, real-time conversation.

Marketers are finding that both social media and mobile marketing can be cost-effective mechanisms for generating and maintaining brand awareness and increasing purchase intent and actual purchases with a new generation of buyers. Moreover, these marketing methods can be used for lead generation, customer acquisition, sales, loyalty and retention, customer care and customer satisfaction programs.

However, for most marketers, mining the value of these methods can be challenging and elusive. Many marketers are unfamiliar with the strategies and tactics required to properly execute on these new marketing channels or even what to really think of them. This article explores both social media and mobile marketing practices and provides a definition of each method. Furthermore, it shows how both can and should be integrated into the marketing mix in order to enable value-generating interactivity with members of your community.

Social media

Social media has taken the world by storm. You hear about it nearly everywhere. Daily, millions, if not billions, of people around the world, within small private groups and large public

forums, are congregating, communicating, collaborating, forming and building relationships, sharing, creating, reviewing and opining, exchanging, sponsoring, evangelizing and commercializing on nearly every topic, service and product imaginable.

In fact, a recent Universal McCann study, "Power to the People – Social Media Tracker Wave 4," reports that nearly two-thirds of the 625 million active Internet users worldwide have joined a social networking site.

This social phenomenon was fueled by the very foundation of the Internet itself (note: as is discussed later in this article, social media has gone mobile as well) and through numerous Internet-powered forums and media that offer a wide range of user experiences and capability, including:

- *Blogs and micro-blogs.* Blogs and micro-blogs are Web sites where invited contributors write articles and journals about their thoughts and ideas (micro-blogs are sites for publishing articles of a couple of hundred words or less and blogs are sites for publishing articles of any length). Blogs have become a cornerstone for active marketing conversations.

- *Widgets.* A widget comes in various forms. However, as it pertains to brand marketing, they may be considered a viral micro-portal, a small Internet-based software applet, with graphically pleasing elements.

The consumer can grab, share and embed the widget into social networking portals and engage in browsing of content, playing games, participate in voting/polling, watching videos and downloading content.

Widgets also provide consumers with the ability to immediately engage the brand by opting in for more product information, receive a coupon or receive special offers.

- *Chat rooms and message boards.* Chat rooms and message boards are meeting places on the Internet where people synchronously interact in real-time to share messages and interact asynchronously by leaving messages and waiting for a response. Marketers will often monitor chat rooms to obtain ideas for their future products and service offers.

- *Wikis.* Wikis are Web sites where members of a community

collaborate on the authoring of an article or a piece of content, i.e. the community writes the piece collaboratively by having each community member contribute their own thoughts and ideas to the piece. Wikis are a wonderful tool for the co-creation of value between the marketer and consumer.

- *Networking sites*: Networking sites are Web sites where people list their profile, find each other and interact.
- *Event sites*: Event sites are Web sites where people share information about events, dates, times, offer comments and opinions about a past or upcoming event.
- *News sharing*: News sharing sites are Web sites that are used to report and disseminate news and that allow members of the community to come together to add commentary and share options around the news.
- *Multimedia sharing sites*: Multimedia sharing sites are Web sites that give people the ability to view and share photos, animation, videos, audio and live broadcasts.
- *Entertainment sites*: Entertainment sites are Web sites that give people the opportunity to play games and congregate in virtual worlds while online. Each site typically is geared to a particular demographic.

There are three approaches that marketers can use to adopt the social media services channels. Marketers can view these services as:

- 1) Standalone product or service offerings
- 2) A feature or capability of a product or service offering
- 3) An element of a marketing promotion or campaign

A core and common thread that is fundamental to all the social media services and programs listed above is content.

Content refers to the text, images, animations, games, videos and related forms of information that is generated by not just the marketer but, and more importantly so, by the consumer.

Consumers engaging with a social media enabled product, service or promotion can view, read, watch, play and interact with the content, and, if they are so inclined, can contribute

content of their own (a process commonly referred to as user-generated content). For example, they may choose to contribute a comment or opinion about a book they have read, rate the hotel they just stayed at, or as in the case of the Hardee's program noted later, suggest a name for the new biscuit hole (you should check out the Hardee's Web site, some of the suggestions are pretty funny).

It is the social interaction, the community element, that brings social media to life. It is also the scariest part of social media for most marketers since it is impossible to know what someone might say. This fear can be mitigated by adding moderation elements.

Mobile marketing

Before we talk about mobile marketing as a practice, we should first ask, why mobile and why now?

The answer is simple. The mobile phone is the most pervasive medium worldwide. Unlike the Internet that has roughly a 24 percent global penetration rate of active users within the world's population, the penetration rate of mobile is 64 percent and growing.

There are more than 4.1 billion mobile phone users worldwide, a number that is expected to reach 5.6 billion by 2013. Increasingly, the mobile phone is being used for information gathering, entertainment, commerce and so much more.

The Mobile Marketing Association (www.mmaglobal.com), the leading trade association supporting marketers in their use of the mobile channel, defines mobile marketing as "the use of wireless media as an integrated content delivery and direct response vehicle with a cross-media or stand-alone marketing communications program." This definition can be quite a mouthful.

Let us break it down into its parts.

- *Wireless media*: Wireless media refers to the many media paths through the mobile channel, including: Short Messaging Service (SMS, or also commonly referred to as text messaging); Multimedia Messaging Service (MMS); Email, Voice (both live-agent and automated interactive response services), Internet, mobile Internet, Bluetooth and applications (including J2ME, iPhone, Palm, Microsoft, BlackBerry, Symbian

and others).

There is not enough room in this article to discuss the unique nature of each one of these mediums, but suffice it to say it is good to remember the lesson from Marshall McLuhan (1964), "The medium is the message." Every one of these mediums is an extension of the brand and the consumer and affect the message, and the interaction with the customer.

- *Integrated content delivery:* Integrated content delivery refers to the fact that each of the wireless media above can be used to deliver content, including text, animation, audio, images, video, MMS and related content types.

The type of content that can be delivered and the file format of this content is dependent on the carrier network and the

mobile device that the mobile subscriber is using – there are literally thousands of possible combinations.



Michael Becker

- *Direct response:* Direct response refers to the capability of mobile to be used as an interactive channel such that when a mobile subscriber contacts the marketer through one of the interactive mobile media noted above the marketer can respond directly.

- *Standalone programs:* Standalone programs refer to marketing programs where mobile is used in ad hoc, mobile-only, marketing campaigns; for example, a text alert service.

- *Cross-media programs:* Cross-media programs refer to integrated marketing programs where traditional, new and social media, and mobile media are integrated in a coordinated approach, also commonly referred to as the mobile enhancement to traditional and new media.

With this understanding of mobile marketing, we can then emphasize a key point of mobile marketing – specifically that mobile marketing enables three approaches to consumer engagement:

1) Direct approach

- 2) Indirect approach
- 3) Product approach

In the direct approach, the numerous media paths (again, SMS, MMS, email, voice, Internet, mobile Internet, Bluetooth and application) are used to directly engage an individual through marketer-initiated communication (push marketing) or consumer-initiated communication (pull marketing) when an individual proactively visits the marketers mobile media property.

In the indirect approach, mobile marketing call-to-actions are integrated within all the media and elements of a traditional or new media marketing campaign. The following list provides some examples of each approach:

- *Direct mobile marketing promotions:* Direct mobile marketing promotions include text alert services, mobile Web sites, integrated voice response services, multimedia alert services, proximity alerts (alerts with Bluetooth and WiFi).

For example, some TCBY yogurt franchises are sending out mobile coupons to drive traffic to their stores.

- *Indirect mobile marketing promotions:* With indirect mobile marketing promotions, mobile call-to-actions are added to television, radio, print, outdoor media, point-of-sale displays, Web sites, email, social media, advertising in mobile content (text, mobile Web sites, mobile television and games) and related traditional and new media.

For example, the Direct Marketing Association is promoting its mobile text service on the Web, in email and in this article: "Text POINT to 47201 to join the Direct Marketing Association Mobile Marketing Council Text Alert Service (std. text messaging rates apply)."

- *Product approach:* Increasingly, marketers are including mobile as part of their product. Hasbro has included the mobile phone as part of its new version of Clue, Clue Secrets & Spies – the mobile phone is a game piece. Western Union sees mobile as core to its offering, as do many other firms that are leveraging the mobile channel to offer branded utilities to service their customers.

Another aspect of mobile marketing to take note of is that

within all mobile marketing approaches mentioned, it is common for many marketers to include any number of different incentives to encourage consumers to participate in mobile marketing programs, including the offering of sweepstakes, voting and polling options, couponing, rebates, sample product offers, free content and loyalty program rewards.

Given all the above, another definition of mobile marketing that may be more useful than the one above is: Mobile Marketing is a direct response vehicle, a set of practices and institutions, for the interactive communication, delivery and mutual exchange of value between marketers and individuals within their community.

Bringing mobile and social together

The above discussion offers a small glimpse into social media and mobile marketing practices and rich interaction that can be had with both marketing methods.

Marketers should not ignore the critical importance and effect that mobile and social media marketing will have on their efforts. As standalone practices, both social media and mobile marketing can be very effective. However, when combined they can drive considerably more value.

It is well known that consumer participation with traditional media channels (television, newspapers and radio) is in steady decline. It is similarly well known that consumer adoption and participation with social and mobile media is on the rise.

No matter how you cut it, you can look at age, gender, ethnicity, social-economic, physiographic, preferences and behavioral factors, and you will find an increased adoption of social media and mobile media by all consumers.

For example, consumers are engaging in social media at an astounding rate. A January 2009 study from the Pew Internet & American Life Project reported that 35 percent of U.S. adults (up from 8 percent in 2005) and 65 percent of U.S. teens are using social media.

The report notes how 85 percent have profiles on multiple social media sites and they are not just using these sites periodically – daily and weekly use is also increasing.

As for mobile media, the numbers are even stronger. There

are 232 million mobile subscribers in the United States, about 76 percent of the population. In the United States, according to the Centers for Disease Control and Prevention (March 2009), nearly 35 percent of the U.S population has shut off or stopped using their landline phone.

ComScore, a leading market researcher, tells us that nearly 60-90 percent of mobile subscribers are using text messaging, 20 percent are using the mobile Internet and applications for platforms such as the iPhone are on the rise.

Furthermore, the comScore data show that for certain demographics, such as Hispanics and African Americans, the mobile phone is a primary channel for news and information as well as social media interaction.

Given these statistics, it is imperative that marketers find a way to bring both mobile marketing and social media into their programs.

By bringing mobile and social media together you get the best of both worlds.

Not only can you create a forum for community engagement and contribution with social media, but by adding a mobile component you enable the contribution and engagement to happen anywhere and at any time the mood hits the consumer, since the mobile phone is nearly always within arms reach. Facebook on the Apple iPhone, for example, is a great experience.

Two great examples of mobile marketing and social media interaction are – one of which has already been mentioned earlier in this article – the Hardee's and Boostup.org marketing programs, both of which have social and mobile media elements.

The Hardee's program not only has a broadband site, but also a mobile Web site (<http://hardees.mtiny.mobi>) which allows visitors to suggest names for the biscuit holes, learn about the product, share mobile greeting cards and the site with friends – all great examples of social media in action within a mobile Web site.

The Ad Council Boostup.org program uses mobile as well. Visitors to the site at <http://boostup.org> can initiate a text

message to encourage kids to stay in schools.

Twitter, the iPhone Facebook application and countless other great examples of mobile and social media interaction can be found. A good place to start looking for more case studies is at the mobile marketing industry's leading trade magazine, Mobile Marketer (<http://www.mobilemarketer.com>).

Conclusion

Mobile marketing and social media are phenomena that cannot be ignored. Consumers embrace them both, and as noted above, their intersection and the interplay between the two can be quite powerful.

We are just getting started. Marketers are just learning how to employ social media and mobile marketing. A recent Aberdeen Group report, "The ROI on Mobile Marketing"

(September 2009), reports that 19 percent of marketers have been using mobile marketing for at least two years and that another 22 percent have just started using it in the last six months.

Moreover, per the report, only 18 percent of marketers have begun integrating social media into their mobile marketing practices. What this tells us is that mobile and social media are new media just now being adopted and learned. It also tells us that they are mediums that are being embraced now, which is good, since it is within these two media that our customers are congregating. ■

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CHARITY: Special Olympics Northern California

Mobile and social media have both become critical elements of any marketing program. One area of marketing where we are seeing increased adoption and the convergence of these two marketing practices is in the realm of cause marketing and giving. Through and with mobile and social media we can now offer micro-donations through our mobile phone. To learn more about this process see the article "How nonprofits can raise funds through the mobile" at <http://www.mobilemarketer.com/cms/opinion/columns/3924.html>.

Here is an example of a charity raising money through mobile giving:

Special Olympics Northern California serves more than 13,000 individuals with developmental disabilities. From the Oregon border to Monterey and Tulare counties, its athletes have the opportunity to participate in a wide variety of sports trainings and competitions that take place throughout the year. You can support Special Olympics Northern California by texting SONC to 20222 to donate \$5 via your mobile phone. For more information view the Mobile Giving terms and conditions at <http://www.mobilegiving.org/T/Default.aspx> or visit Special Olympics Northern California at <http://www.sonc.org>.

Bringing augmented reality to mobile

By Ted Hoy

The ecommerce experience is all about taking the shopping environment to the consumer instead of the consumer physically going to the shop. Today, however, this scenario is changing rapidly.



Ted Hoy

As the usage of next-generation handsets grows and mobile technology continues to advance, bringing the experience to the consumer will increasingly mean delivering it to their mobile devices.

Even though mobile commerce is still in its infancy, consumers are already getting a taste of buying in an anytime, anywhere scenario

and using handsets to buy cinema tickets and make travel reservations, among other things.

Online merchants who want to stay ahead of the game should be looking to test the market early or risk being left behind as their competitors take these principles to the next level.

Mobile commerce site for scale

Several global market dynamics already are signaling that mobile commerce is here to stay – just the pure volume of mobile devices coming into the marketplace is an indicator.

In 2008, approximately four times as many mobile devices shipped worldwide as compared to the volume of PCs. Not only are mobile sales up, so is mobile usage.

Many research firms indicate that mobile phone usage in Europe is among the highest of any geography in the world. In fact, Forrester Research suggests that more than 85 percent of European adults use a mobile phone. And in 2008, almost half of these Europeans accessed the Internet from a broadband connection through a mobile device at least once a week, if not every day.

When you add smarter phones, bigger screens and faster networks to these market dynamics, it is not hard to see that many forces are converging to create a considerable growth opportunity for online merchants.

For retailers that already have an online presence, finding a

cost-effective mobile commerce solution may be as simple as getting assistance from their existing ecommerce providers, many of which are now introducing advanced mobile commerce solutions that simply plug into existing online stores.

By detecting when a consumer accesses an e-store via a handheld device, these solutions are able to display only the most relevant features of a mobile shopping experience, including a choice of secure, mobile-friendly payment methods.

Because the mobile store interfaces with the same set of features and information as the online store, the shopping experience is consistent and helps the retailer maintain and build its brand.

As mobile technology continues to advance, merchants need to ensure that their mobile strategies are in sync with their larger business goals to drive the best overall result.

If reaching a large audience is a key goal, companies should consider launching a mobile commerce site which is accessible by anyone with an Internet-enabled mobile device.

Companies wishing for alternative or complementary mobile solutions might consider creating ecommerce applications. These applications also provide a fast, sophisticated shopping experience because software is stored right on the handset; personalized services are available through integration with handset features such as contacts and existing applications; and location-based services can be provided via GPS navigation.

However, the downside to ecommerce applications is that they are specific to certain brands of smartphones and, as a result, are likely to attract a noticeably smaller audience.

While there are differences between ecommerce applications for smartphones and mobile commerce sites, companies need to first determine their mobile goals to choose the approach or combination of approaches that is most appropriate for their business.

Augmenting reality

Beyond mobile sites and pure ecommerce applications, there are other exciting developments in the cards as retailers and developers begin dabbling with technologies such as augmented reality (AR).

AR, which is the combination of computer vision and object recognition, allows information about the user's surroundings to become interactive and digitally usable.

The increasing use of AR in smartphone applications demonstrates not only the strength and usefulness of the technology, but also the added convenience it can offer to smartphone users. It is common today to find applications designed for a variety of smartphones that help users navigate and find their way or desired destination using AR navigation systems, similar to how in-car GPS navigation systems function.

The use of AR technology is not limited to navigation applications, however, and is beginning to emerge in the mobile commerce space. A prime example of a mobile commerce-oriented AR application is designed for Amazon's Android phone. Using the smartphone's camera, the application "reads" bar codes and recognizes simple objects, such as CD or DVD covers, and allows users to do basic price-comparison shopping.

As AR technologies continue to evolve and progress, it is likely

they will become more engrained in mobile commerce applications and used commonly among consumers.

By all indicators, it appears that sometime in the not-so-distant future, mobile shopping is going to be as mainstream as its online counterpart.

Many retailers may take comfort from the fact that the majority of their competitors are either watching from the sidelines or casually beginning to formulate their mobile commerce strategies.

While there are some benefits to learning from mobile trend-setters, businesses serious about embracing new technology and attracting next-generation consumers need to act now to diversify their multichannel sales strategies by testing the mobile commerce waters. ■

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Measuring mobile conversion in a multichannel environment

By Scott Dunlap

The growing adoption of location-aware mobile devices, in particular, the Apple iPhone, has created a powerful new multichannel consumer. Mobile shoppers can actively look for nearby products one moment, and then purchase from a mobile Web site while in the store a few minutes later.

The mobile shopper is connected at all times, creating a hyper-competitive market, as well as a new opportunity to understand multichannel shopping behavior. By tracking conversion both online and in-store, retailers and brands can gain deep insight into their most lucrative shoppers.



Scott Dunlap

In-store conversion is one of the hardest and most important metrics to measure when analyzing the impact of mobile initiatives.

We have launched mobile applications for millions of shoppers, and on average we see 17 times more shoppers convert in-store than online from their mobile phones. This is even the case when the online price was lower. But this

should not be a surprise, since buying locally has its benefits. You can try a product on first, see exactly what you are getting, get the product within the hour, and not have to pay for shipping. For the location-aware shopper, "nearby" is replacing "one click buy" as the new instant gratification.

So how do you measure in-store conversion? Three popular methods are coupons, concierges and by proxy. Depending on the amount of effort you would like invest on measurement, one of these methods will likely give you the accuracy needed.

Mobile coupons

Mobile coupons can be very effective at tracking in-store sales. Coupons or offers delivered via SMS, email or within a mobile application can include numeric or bar codes that can be entered at the point of sale. Asking shoppers to show their coupons to a sales associate is often enough to have the code entered correctly. Average conversion rates for mobile coupons can vary greatly, with most seeing 1-4 percent based on the level of targeting.

Location-based coupons, such as those that are targeted

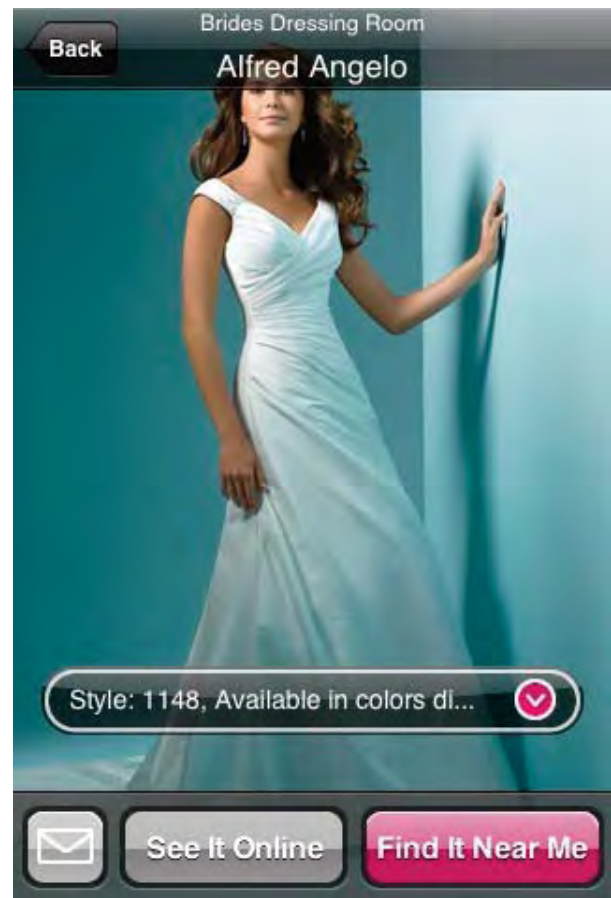
within five miles of a store, can often see conversion topping 30 percent. The mobile coupon does take some infrastructure and preparatory work to initiate, but is one of the most accurate tracking methods.

Concierges

Concierges are another method that can be used, which have the added advantage of providing a value-added service to the shopper.

Products that are viewed on mobile applications can be put "on hold" with the click of a button, prompting a concierge to call the store and put the item on hold. The mobile shopper gets a personalized response (personalization is very important for a mobile media), and can include the name of the sales associate to ask for a map to the right floor/department in the building.

At the end of the day, the sales associates can tally which



products were picked up and which were not, giving further insight into the products that create true conversion.

The concierge method is simpler than couponing, while still providing deep insight into shopper behavior.

Proxy

Most in-store conversion is measured by "proxy," such as "every 100 times somebody gets a list of nearby stores, a sale is made." This benchmark is a simple way to capture the in-store benefit without having to create a lot of infrastructure. The most common proxies are store locators, click-to-call and percentage of overall usage.

One often overlooked input to conversion that is worth measuring is how often a product is forwarded to a friend or posted to Facebook or Twitter. These actions are quite common within mobile applications, with 4-9 percent of users doing

it regularly.

Although these actions are not conversions directly, they can boost online and in-store conversion. It is also fascinating to read what people say when forwarding products to friends, and can often give insight into upcoming fashion trends.

No matter which method you choose, it is important to measure both online and in-store conversion with your mobile initiatives. Those that take a myopic view of "mobile commerce conversion only" will miss the big picture of how location-aware devices can impact the bottom line, and potentially postpone further investment. It is clear that mobile is a key media for today's multichannel shopper, but only trial and measurement will help you understand why. ■

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Ten tips for optimizing mobile marketing for retailers

By Kim Ann King

If you are using the mobile Web to market your brand, you are probably wondering how to optimize your content and campaigns.

Multivariate and A/B testing can help tremendously, but first you have to know how to implement a testing program. Here are some best-practice tips to get you started:

#1: Form a great testing team

Your mobile testing team must have a mandate for improvement. They need to be charged with measurably improving mobile content and campaigns and be able to clearly demonstrate and communicate results to stakeholders.

It is crucial to include your organization's top talent as well as a technically minded project manager and an executive sponsor on the team.



Kim Ann King

#2: Get your stakeholders on board

Like any mobile endeavor, without management's support for your testing initiative, you are doomed to fail.

Illustrate exactly what you wish to achieve and the results they can expect, communicated in bottom-line financial predictions.

#3: Write a formal testing plan

There needs to be a structure through which requests for testing are considered.

Mobile tests can be better justified and prioritized by answering the following questions:

1. What is being tested?
2. Why is it being tested?
3. What are the expectations for the test?
4. What are the measures of the success for the test?
5. What are the risks associated with running the test?
6. What internal resources are required to run the test?
7. Who is requesting the test?
8. By when are the results needed?

#4: Think about measurement

Your mobile testing program should integrate with your overall analytics efforts.

You will want to ensure that data available through analytics tools such as audience segments can be applied to tests.

Metrics that have been established within a mobile analytics program should influence which tests should be undertaken.

#5: Clearly define "success" and "failure"

Success means different things to different stakeholders. It can range from obvious financial gains, to increased user engagement, to fewer support calls.

Even a "failed" test can be considered a success when you have learned what does not work.

#6: Test your test

Testing is not going to solve all the issues of your mobile marketing program in a month, quarter or even year.

Certain technical implementations of tests may be trickier than others. Make sure you isolate factors – individual changes – so you can determine which are responsible for better results.

#7: Clarify your testing timeline

Testers often forget to take day parts and weekends into account.

We recommend a 7+1 or 14+1 strategy so you test over a week or two. But also add one day at the beginning of the test before you actively track results so that testing periods are long enough to yield a statistically significant sample size.

#8: Communicate your test results with actionable analysis

The efforts, updates, successes and even failures of the testing team should be broadcasted throughout the organization, but ensure this is not merely one-way communication. In-person presentations are always best.

Above all, include actionable recommendations along with your results and use this opportunity to suggest additional tests to keep the mobile optimization ball rolling.

#9: Test different audience segments

The most revealing tests will be those that use targeted audience segmentation.

Knowing that a certain change increased conversions by 5 percent for all mobile visitors is somewhat helpful. But knowing that same change resulted in a 20 percent increase for a key target audience is far more valuable.

#10: Mine for deeper opportunities

Once your mobile testing program is up and running, and the team has a few wins under its belt, in-depth data analysis and statistical modeling is the next level for which to strive.

Analysis and comparison of offline data or qualitative voice-of-customer data alongside test results can yield insights that are not immediately obvious through the testing or analytics tools alone. ■

Kim Ann King is chief marketing officer of SiteSpect Inc., Boston. This article is based on research conducted by Eric Peterson of Web Analytics Demystified on behalf of SiteSpect. Reach Ms. King at kking@sitespect.com.



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Understanding the mobile audience and strategy

By Bryce Marshall

The online marketing universe is filled with discussion about mobile as an emerging direct digital marketing channel. Despite all the discussion, many marketers are unclear about what "mobile marketing" really means or they have vastly different working definitions.

The myriad meanings are justified because the term "mobile marketing" generically describes marketing interactions with an individual consumer through the technologies found on a mobile device. The more technologies that are found, the more ways there are to describe "mobile marketing." Combating confusion around the definition requires a high-level breakdown of the various mobile marketing subdivisions and strategies.

Mobile marketing includes many ways of delivering targeted communications to a mobile device, and each tactic has a predominant audience that requires a specific strategy to maximize reach.



Bryce Marshall

SMS technology.

More carriers are offering low cost "all-you-can text" plans, too. This means there is a possibility that SMS will exceed Internet access when it comes to identifying the broadest possible reach in digital channels. SMS is the most used mobile technology across every age group – following only the digital camera. Sixty-five percent of mobile phone users consistently interact with SMS, and the rate jumps to 75 percent for the preferred advertising demographics, 26-42-year-olds.

Mobile Web

The mobile Web supports direct digital marketing tactics such as SMS, MMS and emails containing a mobile-friendly version viewable as a Web page.

The challenge for mobile Web folks is developing pages that function across mobile browsers and devices so that the experience is consistent for the greatest possible consumer base.

The investment in creating a mobile Web experience becomes valuable once it is established that a significant percentage of the target audience is visiting the traditional Web site from a mobile device.

Applications

Applications were made famous by the iPhone and the App Store, but other companies are now getting into the act including BlackBerry with its App World, Palm by making its Palm Software Store accessible from its mobile devices, and Google with its Android Market. Applications are fantastic for providing a rich user experience that far exceeds what is possible with a mobile-browser-friendly Web page. However, because applications serve a dedicated audience only, the rich functionality and consumer experience possibilities must be balanced against the relatively limited audience of all mobile devices that can use the application.

Mobile advertising

While mobile advertising is one of the more complex mobile tactics, mobile ads fall into a couple of primary categories: mobile banners and mobile search. Each is a spinoff of the established online ad channels with virtually the same roster of ad partners creating alternatives for consumers browsing and searching the Internet through a mobile browser.

Ad space is also for sale within some mobile applications. However, the mass audience still is not present for mobile advertising and it is not clear yet if consumers will stay engaged with the mobile experience or if the mobile Web really supports conversion events that work well for mobile commerce. To make the best use of the mobile channel and its various tactical opportunities the strategic plan must consider the value of the content to the consumer and the context of time and place.

SMS has to be a part of any mobile strategy where reach and convenience are part of the marketing equation across demographic groups. ■

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