

# CHAPTER 1

## The Basics and the Big Picture

*No matter how mobile advertising messages are delivered, our research shows that consumers demand that if a company is going to invade their personal space with advertising, it better be for something of interest to them. Personalization is hyper-critical.*

—Judith Ricker, division president, Harris Interactive

### What Is Mobile Marketing?

Businesses and their brands can reap big rewards from mobile marketing under the right circumstances. When mobile marketing is done right, you can reach your customers via mobile with a message they actually want to hear but might not even know it yet. And the real kicker is that your customers will reach out to you for the message.

But perhaps I'm getting ahead of myself. First, I should rule out what mobile marketing is not. Contrary to what many consumers dread (and what shady opportunists fantasize about), mobile marketing is not a barrage of unwanted text messages sent via cell phone to someone who may not want, need, or have any connection with the business sending the messages. That's just spam.

The Mobile Marketing Association defines mobile marketing as: "A set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network."

My definition of mobile marketing is slightly different: "Mobile marketing is how businesses communicate with consumers on their mobile

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devices, *with their explicit permission*, at the right time, at the right place while providing *relevant value*.”

Based on either definition, smart mobile marketing isn't randomly marketing to people who may or may not be interested in receiving a message. Instead, smart mobile marketing is all about reaching your customers or being reached by them in a way that adds value to their day. You've undoubtedly noticed that a core component of my definition involves permission. Mobile marketing will never work well as an invasive marketing method, and it shouldn't be undertaken as such under any circumstances. It's likely to backfire every time. When mobile is used as a marketing tool, the end user must provide explicit permission for the communication to happen or it will fail. Any mobile outreach that is sent without permission not only impacts the business that is doing it, but it also casts a negative light on the entire industry. (Clearly, this does not eliminate mobile web advertising because anyone who goes online, even with a mobile device, naturally assumes that advertising will be interwoven with content somewhere.)

### ***Mobile Devices Defined***

Mobile devices can be any type of cell phone, from basic feature phones to more elaborate smartphones such as iPhones, Android-powered phones, and BlackBerries. Other devices such as iPads or other tablets, ereaders (Kindle), or PDAs (personal digital assistants) are also options. Even gaming units such as Sony's handheld game device PSPs (PlayStation Portables) can be considered mobile devices because they can access the internet through Wi-Fi and are often used remotely. For the most part in this book, we will be discussing marketing strategies to reach consumers through their cell phones, but remember, there are many ways to market to consumers via mobile. For your reference, when the phrase "cell phone" is used, I am referring specifically to cell phones and not mobile devices universally. When I use the term "mobile devices," I'm referring to cell phones and other devices as well.

With mobile, a business can interact with customers at any time but only if those customers agree to receive a message. Customers can pick up their cell phones to request a text message when they're out or even at home

watching TV or reading a magazine. Customers can also search on their mobile devices to find your business's mobile website. They can also call your business spontaneously wherever they are. Customers can use their phones to track where they are and use that data to request information and coupons from nearby businesses. Under the right circumstances, mobile marketing is likely to be so deeply interwoven into people's daily lives that they won't be able to imagine life without it.

While consumers have always been able to respond directly to advertising, the process has never been so fluid or so immediate as it is with mobile. The majority of those who use mobile devices have the device with them at all times, even while they're driving, walking down the street, shopping, or even sleeping. Most people will even return home to pick up their device if they leave it there. While some people only have a mobile device "for emergencies" or one that they "never turn on," most people have their phones with them and ready to use at all times. Because of mobile, your customers can and will choose to interact with you at any given moment. The key to a successful mobile marketing campaign is making your customers *want* to interact with you. That's what this book is all about. If you can create a mobile marketing campaign that makes people want to interact with your business, then you will be well on the road to success.

Many marketers mistakenly regard the mobile marketing environment as a smaller version of the internet or television, but that isn't the case. Mobile is more than its own unique marketing channel; it is a unique mass medium. As with print, audio recording, radio, cinema, TV, and the internet that came before it, mobile has its own characteristics that make it part of mass media. Even as the newest service for consumers, it is the most widespread worldwide, it is the most personal (giving it the ability to closely target individuals and not general demographics), and it is always on with a built-in payment mechanism. But mobile is unlike the internet because people interact with the mobile web differently, using a much smaller interface than on a full-size computer. It also isn't similar to television because its content (and your marketing) is consumed by one individual at a time. Individuals search for and find specific information; they don't browse on mobile. And the big difference is that people are usually on the go when they are using mobile and in a "mobile mindset," which means that they are either in a hurry (need information quickly) or are bored (using the device for entertainment). Either way, they are using mobile purposefully and are not in the same frame of mind as they are when using their desktop browsers. Mobile users are often in a distraction-filled environment, so marketers must be aware of the consumers' mobile

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mindset when creating campaigns. The better aligned your campaign is with what your customers want and where they are, the more successful your initiatives will be.

Marketers also tend to underutilize mobile. Your complete, full-size website can be rendered reasonably well on most mobile devices by miniaturizing it, but is that really what your customers want? Some marketers see mobile as the ultimate brand-awareness tool. And while you can use mobile marketing for branding, it is not the most comprehensive use for it. That's comparable to buying a Ferrari and only driving it 20 mph to church once a week. Its potential is wasted. This book can help you tap into mobile's full potential as a marketing tool.

### ***How Smartphones Impact Mobile Marketing***

The release of the iPhone in 2007 had a huge impact on mobile marketing. This powerful mobile device and the brilliant marketing behind it catapulted mobile use and mobile marketing into the forefront of marketing strategies in North America. Of course, there are now a multitude of smartphones (Android phones, BlackBerries, and others) that continue to impact mobile marketing. According to a May 2011 survey of U.S. consumers by Nielsen, 55 percent of new phones purchased are smartphones. While it will take awhile for feature phones to become extinct worldwide, it will happen.

This rapid adoption of smartphones is a factor in how quickly mobile marketing is being accepted. Since today's mobile devices have more functionality, consumers are doing more with them and connecting with businesses in more interactive ways. Consumers are expecting more from businesses as well. If they can use their phones in the process, they want to try it, from mobile apps and mobile websites to the ability to pay for products and services. No doubt about it, the more powerful the devices become, the more businesses must implement mobile marketing.

## How Big Is the Mobile Market?

The mobile marketplace is big and getting bigger. There are more than 5 billion active cell phone subscriptions worldwide, which accounts for 73 percent of the world's population. When you consider that this mobile adoption rate includes the very young and the very old who are not typical cell phone users, this statistic is truly amazing. Even more astonishing is the news that there are more than 60 countries with more than 100 percent penetration rate (more than one device per person), according to TomiAhonen Consulting.

On his blog titled *Communities Dominate Brands* (communities-dominate.blogs.com), Tomi Ahonen writes, "UAE (United Arab Emirates) became the first country with 200 percent penetration rate already. Italy, Israel, Hong Kong, Russia are at 150% and climbing. Europe is past 125%. The USA will approach but probably not yet pass 100% in 2010. It is now racing with Vietnam, Morocco, Mexico and Dominican Republic for this 'honor.' Canada and Japan are holding the tail end for mobile phone penetration level among industrialized countries. Japan will pass 90% in 2010, Canada will approach that level. Meanwhile Africa will pass 50% mobile phone penetration level this year [2010]."

In comparison, some countries have a much lower internet usage rate. According to InternetWorldStats.com, only 10.9 percent of the African population uses the internet. Europe has a 58.4 percent rate of internet use, and Asia has 21.5 percent, a surprising contrast to its high mobile use. The bottom line is that mobile is used much more than the internet on a global scale.

It is interesting to note that North America is still lagging behind much of Asia and Europe in adopting mobile. This is useful because we can look at these mobile leaders for trends in the mobile space. Interestingly, the exact opposite happened with the internet in the late 1990s because North America was well ahead of the curve in adopting internet technology. Still, the North American internet adoption rate is lower than mobile at just 77.4 percent. Mobile is used more frequently than the internet even where internet usage rates are the highest.

Clearly, mobile users represent a huge market. The next time you are in a public place, look around and see how many people are using cell phones or other mobile devices. Many people around you will be using their mobile devices to make calls, search online, send text messages, check email, adjust their calendars, take pictures, or listen to music. If the people you see are not actively using a phone, they probably have one strapped to their belt, tucked in their purse, or gripped in their hand. Compare this to the

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number of people who are reading or carrying a newspaper or magazine, or listening to the radio or watching television. Mobile is the only mass media that offers this level of continuous interconnectivity to individuals in their daily lives.

But here's one word of caution: Even if huge numbers of people have mobile devices, it does not mean that they are waiting for marketing campaigns to be delivered to them on this highly personal device. It simply means that there is an opportunity for you to reach your customers more easily and more personally than ever before. Likewise, it means your customers have a way to reach you more easily than ever before too. They have a way to connect to your business and with each other directly or indirectly at all times. You just need to give them the opportunity to engage with your business via mobile, and it may be easier than you think. These devices are in more people's hands (literally) than any other mass media for those who want to find local resources, and your business may be one of those resources.

According to IDC's Worldwide Digital Marketplace Model and Forecast, mobile web users are growing rapidly: There were 450 million mobile web users in 2009, a figure that will exceed 1 billion by 2013. Mobile web users are actively searching for information about something in their immediate vicinity. According to Cindy Krum, author of *Mobile Marketing: Finding Your Customers No Matter Where They Are*, mobile searchers are "ready to spend money and just need to know where to spend it."

As impressive as the mobile web statistics are, they pale in comparison to SMS (text messaging) use. More than 4.2 billion people use SMS and collectively sent 8 trillion text messages in 2011 around the world. You may think text messaging is only for young people, or you may know people who claim they have no intention of learning how to text. However, a September 2011 study by Pew Research Center finds nearly three-quarters (73 percent) of American cell phone owners are texting, and nearly one-third (31 percent) prefer texting to talking.

In addition to the sheer number of consumers who have mobile access and actively use it, advertisers are tapping into the growing investment in mobile marketing. Mobile advertising revenue grew from \$3.1 billion to \$5.9 billion in 2009, according to Tomi Ahonen. This figure represents an impressive 85 percent growth rate in a troubled year for the global economy when advertising budgets were slashed. At this same time, as nondigital advertising budgets were sliced and even internet advertising was flat for the year, mobile grew by an impressive 85 percent.

## **Opportunities in Mobile Marketing**

If you don't use your mobile device all the time and can't see how businesses can easily engage you via mobile, you may be wondering how viable this marketing strategy actually is. Maybe you have been charged with launching a mobile campaign and justifying the return on investment (ROI) for the marketing budget allocated for mobile. Or perhaps you realize the full potential of mobile marketing, as I did on the night of May 23, 2007, when the thought of the future of mobile marketing literally woke me up in the middle of the night. That's when I decided to start my mobile marketing business. In any case, you should be aware of the growing opportunities in mobile marketing.

### ***Local Businesses***

Local businesses, such as restaurants, spas, salons, night clubs, and retail stores, hold the best opportunities for mobile marketing. This powerful tool can be used to attract new customers and increase the number of purchases from your current customers. The time is right to mobilize your business and consider marketing with mobile proactively.

### ***Marketing Professionals***

Having the ability to strategize and implement a dynamic mobile marketing campaign based on smart marketing principles is a unique skill set to have. Learning what you need to succeed in mobile marketing is potentially a huge opportunity for your career.

### ***Agencies***

If your clients haven't asked you to implement mobile campaigns for them already, they will be asking soon. Your biggest opportunity is being able to integrate mobile with the rest of the marketing efforts you are doing for them. Mobile can be a sizable addition to your revenue stream, especially if you use a vendor's private label and bill your clients at retail prices for mobile campaigns while you pay wholesale rates to the vendor.

### ***Mobile Marketing Entrepreneurs***

As reported by Entrepreneur.com, "Results from Challenger, Gray & Christmas's job market index revealed that 8.7 percent of job seekers gained employment by starting their own businesses in second quarter 2009, way

up from the record low of 2.7 percent during the last quarter of 2008.” If you want to start a mobile marketing business, your timing is perfect. The aforementioned local businesses are your ideal target market. Be sure to read more about this in the Appendix, “How to Start a Mobile Marketing Business.”

### **Why You Need to Take Action Now, Even If You’re Not Ready**

You may not think you are ready to launch a mobile marketing campaign, but that is not actually relevant. Your customers are already accessing your website via their mobile phone (or trying to, anyway). Your customers are likely to be reading your email messages on their phones; they are using mobile to interact on their social media networks and may stumble upon your company’s name or website on their mobile devices. The fact is that whether you are proactively reaching out with mobile marketing or not, your business is already interacting with customers in the mobile environment. If you are not paying attention to this, your business may be failing at mobile marketing already by simply ignoring it.

Being one of the first in your industry or your neighborhood to create a mobile marketing campaign will give you the hometown advantage. You will be able to grab a good share of the audience because you’ll be one of the first to break ground on the process. Your customers are counting on you to be there when they reach out via mobile, and they will be likely to reward you by responding to what you offer.

#### ***See the Mobile Web in Action***

If you want to see proof that people around the world are consuming the mobile web and all it has to offer, check out Bango Analytics Live ([www.bango.com/live](http://www.bango.com/live)). You can watch the mobile web in action. This site shows a live sampling of people worldwide using their mobile phones to browse websites, interact with ads or marketing campaigns, and even buy downloadable content. You may have to scroll down to see it, but check the continually updated list of handsets and how they are using mobile. Seeing this continuous stream of mobile buyers in action gives you insight into the scope of mobile’s reach and the level of actual buying activity.

For example, let's say you own a restaurant in a neighborhood, and you start a text message campaign to alert people about Two-for-One nights (on those slower nights when you could use more people coming in the door). On those slow nights, this text message blast becomes a tool to get more customers than your competitors. The same thing holds true for the mobile web. If you have a mobile website and your competitors don't, you are ahead of the game. The best way to guarantee that is to start now. Make sure that your customers aren't frustrated by trying to access your desktop site on their mobile device; this can work to your advantage. The more quickly you begin to build your SMS opt-in contact list, the better the opportunity to build a robust following. And the easier it is for your contacts to read your email on their mobile phones, the better the response rate you will get from your email. So this is the right time to mobilize your business.

## Who Is Using Mobile the Most: The Savvy Markets

Mobile use is growing in many dynamic ways. One study by the Pew Internet & American Life Project titled "Mobile Access 2010" revealed some amazing statistics that demonstrate this growth and provide insight into various groups of people in the U.S. who are using mobile.

As expected, the young adults (ages 18–29) who have grown up with a cell phone use mobile most voraciously. In addition to making calls, these young people actively participated in mobile in the following ways as reported in "Mobile Access 2010":

- 95 percent send or receive text messages
- 93 percent use their phone to take pictures
- 81 percent send photos or videos to others
- 65 percent access the internet on their mobile devices
- 64 percent play music on their phones
- 60 percent use their phones to play games or record a video
- 52 percent have used their phones to send or receive emails
- 48 percent have accessed social networking sites on their phones
- 46 percent use instant messaging on their mobile devices
- 40 percent have watched a video on their phone
- 33 percent have posted a photo or video online from their phones

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- 21 percent have used a status update service such as Twitter from their phones
- 20 percent have purchased something using their mobile phones
- 19 percent have made a charitable donation by text messages

These 76 million Generation Y/Millennials (the under-30 crowd) are the prime market for mobile marketing. But this is also the same generation that is wary of advertising, marketing, and anything commercial. You will need to provide solid value to engage this group and to overcome a natural skepticism toward marketing. You will find that reaching the Millennials via mobile will be more about fun, entertainment, and connection than efficiency or making life easier. This group will be the easiest to get involved in the technology of your campaign because members of this group already know how to use it. But the Millennials may be the least responsive if your marketing starts to feel like old-school advertising in any way.

Generation Xers (ages 30–49) are not far behind Millennials in mobile use, and Baby Boomers are using mobile for more than making phone calls, too (Figure 1.1). The days of saying that mobile is just for teenagers are long gone. The key to reaching the over-30 crowd is to provide value. These older users who have lived well without mobile so far must have a powerful and compelling reason to interact with your business on mobile, or they simply won't.

Another interesting find by the Pew Internet & American Life Project's "Mobile Access 2010" study is that mobile use by ethnic minorities is very robust. The report shows that:

Continuing a trend we first identified in 2009, minority Americans lead the way when it comes to mobile access—especially mobile access using handheld devices. Nearly two-thirds of African-Americans (64%) and Latinos (63%) are wireless internet users, and minority Americans are significantly more likely to own a cell phone than their white counterparts (87% of blacks and Hispanics own a cell phone, compared with 80% of whites). Additionally, black and Latino cell phone owners take advantage of a much wider array of their phones' data functions compared to white cell phone owners. It is important to note that our data for Hispanics represents English-speaking Hispanics only, as our survey did not provide a Spanish-language option.

## Young adults lead the way in the use of mobile data applications

|  | 18-29      | 30-49      | 50-64      | 65+        |
|--|------------|------------|------------|------------|
| Own a cell phone   | 90%**      | 88%**      | 82%*       | 57%        |
| <b>% of cell owners within each group who do the following on their phones</b> |            |            |            |            |
| Send/receive text messages   | 95***      | 82**       | 57*        | 19         |
| Take a picture   | 93***      | 83**       | 67*        | 34         |
| Access the internet  | 65***      | 43**       | 18*        | 10         |
| Play music   | 64***      | 36**       | 13*        | 6          |
| Play a game  | 60***      | 37**       | 17*        | 9          |
| Record a video   | 60***      | 39**       | 14*        | 5          |
| Send/receive email   | 52***      | 37**       | 22*        | 11         |
| Use a social networking site   | 48***      | 23**       | 8*         | 3          |
| Send/receive instant messages  | 46***      | 35**       | 17*        | 10         |
| Watch a video  | 40***      | 20**       | 6          | 4          |
| Post a photo or video online   | 33***      | 15**       | 5          | 2          |
| Use a status update service  | 21***      | 9**        | 3          | 2          |
| Make a purchase  | 20***      | 11**       | 4          | 5          |
| <b>Mean number of cell activities</b>  | <b>6.9</b> | <b>4.7</b> | <b>2.5</b> | <b>1.2</b> |

Source: Pew Research Center's Internet & American Life Project, April 29-May 30, 2010 Tracking Survey. N=2,252 adults 18 and older, including 1,917 cell phone users. \*\*\* = significant difference compared with all other age groups; \*\* = significant difference compared with 50-64 and 65+; \* = significant difference compared with 65+; n/a = sample size too small to analyze



*Figure 1.1 As expected, younger adults have the highest usage rates of mobile data, but other age groups are active on mobile as well.*

Women are undoubtedly a big target for mobile marketing. As reported by Mashable.com in April 2010, “Mobile shopping company miBuys conducted a survey of 1,600 women on mobile phones and found that the overwhelming majority of them are open to more mobile marketing and mobile shopping. These respondents love using the mobile web overall, this study shows; 94% said they use their phones to surf even when they’re at home and can access much more powerful devices, such as laptops and desktop PCs. These heavy mobile users are big on social sites—86% access Facebook, Twitter or similar networks on their mobiles—and 93% said they’d feel lost without their cell phones.”

Many women who are active mobile users are also part of the under-30 crowd and/or the corporate data plan market, but the use of mobile to keep multiple components (business, family, personal, and kids) in their busy lives has quickly driven this group to be savvy mobile users. Who needs the convenience of mobile more than a busy woman wearing many hats during the day? Don't forget that women are the primary buying force in America, and reaching this powerful group via mobile could certainly prove worthwhile. According to a Mediamark Research & Intelligence survey in 2009, women are responsible for making 75 percent of the buying decisions in the home.

Niche markets, or groups of people with the same interest, are another prime target for mobile marketing initiatives. A niche market can include people who belong to a particular association, subscribe to a certain magazine, or work in a specific industry. Because there is a built-in way to reach this group, it is a good match for mobile marketing if you can provide a significant value to them via mobile. For example, mobile marketing can be used as a direct response tool at an industry trade show where everyone is gathered and interested in the same topics. For the right marketing efforts, the results could be the same as shooting fish in a barrel.

### The Big Picture

There is a legend about an artist who was asked whether it was easier to draw a dog or a demon. He said that it is easier to draw a demon because everyone knows what a dog is supposed to look like, so any errors in the drawing are obvious to everyone concerned. However, as a mythological creature, a demon could look like anything. So an artist can draw it however he likes, and no one can really find any fault. When I heard this story, as part of an introduction by Justin Oberman of mopocket.com before a Mobile Web Americas conference, I was immediately struck by how true it is for mobile marketing.

Creating a mobile marketing campaign is much the same as drawing a mythological creature. While it is easy to create a fun, elaborate, and highly technical campaign on paper, it may not be as easy to implement it in real life. While technology is just starting to come up to speed, some ideas are cost prohibitive to implement. Or perhaps providing the necessary education to get consumers to participate may curtail some of the potential ROI of the campaign. It is still important to dream big and draw the demon because even if technology is not ready for your idea yet, it will be soon. And you may be surprised to find out that what you want to do is already

possible with existing technology. The marketers who take risks to create campaigns that are new and bold are likely to reap the biggest rewards.

On the other hand, marketers who don't want to create something new or bold can stick to drawing dogs. There are plenty of mobile marketing artists who have gone before you, so you can model your campaign after a known entity. There is still ample room to launch solid campaigns that bring a respectable return without using completely new and untried ideas.

For your benefit, I have organized Part 2 of this book so the easiest technologies to implement (the dogs) are explored first. Later in the book, I have included tools that are more futuristic (the demons), even if that future is coming quickly. This way, you know which artist's shoes you are stepping into so you can plan your strategies accordingly.

So what is the big picture for you? Mobile marketing can take a one-dimensional, deadbeat ad and turn it into a hyper-responsive marketing tool. Almost any business can jump into the mobile world and make a difference in its bottom line with an effective mobile marketing campaign. All it takes is creativity and a campaign that is designed around your customers' wants and needs. Mobile campaigns work quickly, and the response can be phenomenal if you stay focused on the customers' needs. This book can guide you through all the steps, generate ideas, and put the tools into your hands to build truly dynamic mobile marketing campaigns.

## Online Resource Guide

Find updated content, audios, videos, and mobile marketing vendor recommendations at [www.mobilemarketinghandbook.com](http://www.mobilemarketinghandbook.com).

## Additional Reading

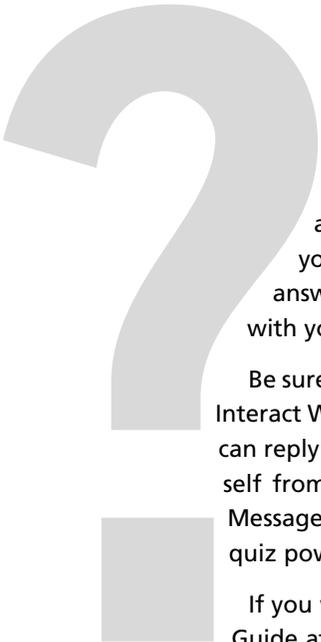
Tomi T. Ahonen and Jim O'Reilly, *Digital Korea: Convergence of Broadband Internet, 3G Cell Phones, Multiplayer Gaming, Digital TV, Virtual Reality, Electronic Cash, Telematics, Robotics, E-Government and the Intelligent Home* (futuretext, 2007)

Michael Becker and John Arnold, *Mobile Marketing for Dummies* (For Dummies, 2010)

Cindy Krum, *Mobile Marketing: Finding Your Customers No Matter Where They Are* (Que, 2010)

Chetan Sharma, Joe Herzog, and Victor Melfi, *Mobile Advertising: Supercharge Your Brand in the Exploding Wireless Market* (Wiley, 2008)

# M O B I L E Q U I Z



To take the Mobile Quiz for Chapter 1, text MMHQIZ1 to 21970. You will receive the first question and the choices for your answer. Send a reply text with your answer of A, B, or C. Once you send the first answer back, you will receive the second question. After you have answered all three questions, you will receive a text message with your score for this chapter and your cumulative results.

Be sure to register your phone for the Mobile Quiz first (see the Interact With This Book section at the beginning of the book). You can reply STOP at any time to stop all messages and remove yourself from the quiz process. If you need help, simply text HELP. Message and data rates apply; U.S. phone numbers only. Mobile quiz powered by TextingForward.com, LLC.

If you want to take the quiz online, go to the Online Resource Guide at [www.mobilemarketinghandbook.com](http://www.mobilemarketinghandbook.com).