How to Develop a Mobile Marketing Strategy

Integrating mobile into the mix to increase brand awareness, generate leads and win sales

Chris Bourke, Managing Director, Aerodeon
July 2006

"In a couple of years, most of the information you share, most of the advertising you read, most of the messages you send and most of the music you listen to will transit through your cell phone,"

Maurice Levy, CEO, Publicis

It's August 2000 and on the three main stages Underworld, Groove Armada and the Bloodhound Gang ensure that the young, up-for-it crowd are dancing their sandals off in the sweaty covered tent. Thousands of music lovers are filtering through the gates at Virgins' V-2000 festival clutching the event programme and hundreds more ahead of them anxiously eye the double page ad at its centre. The call to action prompts them to draw their mobile phones and fire off an SMS containing the word 'Wasssuppp!' to a prescribed number. A minute later, a lucky individual is punching the air; they've just won two thousand pounds in the UK's first major SMS competition courtesy of Budweiser. Later that week Anheuser Busch air the now infamous 'Wasssuppp!' TV ad during the final of Big Brother. Simultaneously the V-2000 mobile campaign participants receive an SMS message from Budweiser to forward virally onto their friends. By Monday morning thousands of mobile phones up and down the UK are beeping to signal the delivery of one of the most famous advertising hooks of the 21st century. Mobile marketing is born.

Fast forward to 2006 and Audi are launching the TT Quattro Sport. A targeted database of high-net-worth consumer's are sent SMS invitations to see the new model on their mobile phones. But phones have now evolved into rich media handsets and participating consumers are treated to a rich multimedia experience that allows them to zoom-in and pan around high impact visuals of the car before calling to book a test drive.

Mobile is finally beginning to deliver on its promise to advertisers. The mobile marketing industry long predicted the arrival of broadband mobile internet and rich multimedia phones, and we are now seeing British consumer's usage of these technologies deepening daily *(Fig 1.)* This is transforming the mobile content industry into a multi-million pound concern and some of the UK's biggest traditional media owners including ITV, Channel4, EMAP and MSN are now deploying 'made-for-mobile' media to capitalize on the public's appetite for mobile content. And as history has demonstrated on more than one occasion, whenever we witness a concentration of media and consumers, advertising soon follows.

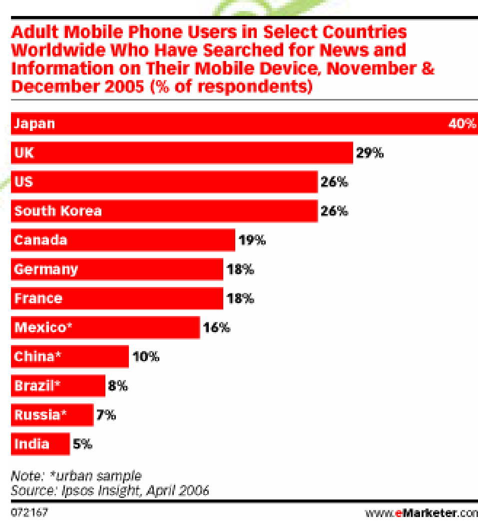


Figure 1 UK WAP usage (Ipos, 2006)

Using mobile, advertisers can now go beyond pure exposure and recall and expect more than brand impact – they can now deliver brand engagement. The unparalleled depth of interaction between consumers and their mobile phones, together with the ability afforded by mobile advertising to control the viewing environment provides advertisers with an opportunity to build more meaningful brand relationships than at anytime in advertising history.

But how can brand owners exploit this opportunity? What sectors is mobile most relevant to? How can mobile integrate into the established mix to support overall marketing objectives, and, how do we measure its effectiveness? These questions and many others will be answered in this paper as we attempt to define a framework for brands that wish to develop a mobile marketing & advertising strategy.

A Mobile for Every Man, Woman and Child

In the UK 3.2 billion SMS messages are sent and 1.4 billion mobile internet pages are viewed each month [1]. There are more mobile phones in circulation than the population of the UK suggesting that many consumers now own multiple phones. Mobile handset penetration exceeds 80% and multimedia phone penetration amongst the hard-to-reach youth market is 70% [1]. Mobile operator portals in aggregate attract 8m unique visitors per month and in 2004 mobile operator revenues, at £12.3 billion, overtook fixed-line voice revenues for the first time. These figures indicate that mobile, as a potential advertiser medium, is wide reaching, pervasive and massive.

Since 2000, the exponential growth in SMS has encouraged hundreds of UK brands to communicate with their prospects and customers through mobile. Brands today use mobile to create interactive above-the-line advertising, provide instant and creative responses to sales promotions and deliver direct marketing messages to consumers that are actually read. Many of these activities are now line of business for brands and their agencies, and it would be almost inconceivable to construct, for example, a sales promotion mechanic targeted at the youth market without placing mobile at its center. Automotive manufacturers regularly include mobile as a direct response mechanism to extend the traditional ad-impression impact to 'in market' prospects and provide an instant channel to consumers who want to learn more about the advertised car - all from the comfort of their sofa. And the financial sector - with First Direct leading the charge - have recognized the power of mobile to add consumer value cost effectively, increase loyalty and cross sell new products to frenetically busy 21st century banking customers.

Yet mobile still sits on the fringe of most if not all advertisers' media expenditure and represents a small percentage of the 7% spent annually in the UK on new media. But this should be expected as every ‘new media’ must pass through the ‘innovator’ and ‘early adopter’ phases of the technology adoption curve. The author believes however that mobile operator market forces, consumer demand for mobile content and changing socio-cultural patterns (which are forcing consumers to spend more time in ‘mobile mode’) are now fueling a significant shift into the exponential ‘early majority’ phase of mobile marketing & advertising. The momentum of this shift will be accelerated by the explosive growth of the mobile Internet. But if we are preparing to develop a mobile marketing strategy, we must ask, when will this happen?

We can draw many parallels between the growth of the Web and the expected growth of the mobile Internet. A number of critical factors had to be fulfilled before the Internet became an accepted medium for advertisers to reach their customers. Before the broadband and Macromedia Flash explosion, bandwidth and Internet browser technology restrictions meant that dial-up ‘pay-per-minute’ consumers resented downloading display advertising and advertisers were frustrated that they couldn’t deliver the rich emotionally engaging advertising that study-after-study tells them is essential to create consumer impact. The Internet advertising explosion only really started when media owners began to publish online destinations that offered the kind of coverage that advertisers’ need to meet audience reach thresholds. And to maintain momentum it was essential that industry wide online planning currencies were developed in conjunction with independent studies demonstrating online’s effectiveness.

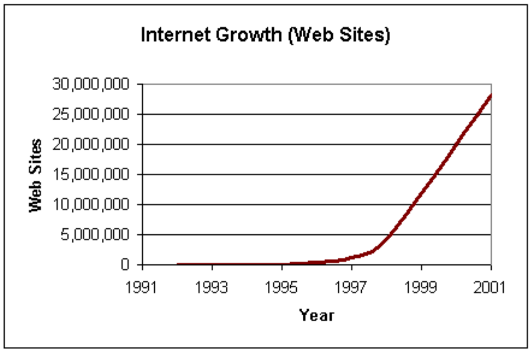


Figure 2 Web Growth

The arguments for Web media expenditure are now overwhelming and a recent study by the Face Consultancy exemplifies this by showing that consumers aged 16-25 now spend more time online than watching TV (2). Interestingly some of this online time, according to a recent study by IPSOS (3) can be attributed to the mobile Internet.

The demands of the mobile Internet before it grows will be no different to its fixed parent but the factors that will guarantee its growth will create a brand new opportunity for advertisers; mobile advertising. Mobile advertising specifically refers to display advertising, that is, any advertising inserted into the stream of mobile media (WAP sites, video, games and music) consumed by your customers using their mobile handsets. Four developments are necessary to create an environment in which mobile advertising will flourish.

i. The adoption of flat rate mobile broadband Internet access by all UK operators.
ii. The wholesale migration of Web media inventory to the mobile internet. This may be achieved by the development of new made-for-mobile content or existing online content may be repurposed and optimised for mobile browsing.
iii. The development of a mobile media planning currency.
iv. The publication of large scale, peer reviewed independent studies that demonstrate the effectiveness of mobile advertising in a language that brands understand.

Let’s look at these tipping point factors in more detail:

i) Flat rate

T-Mobile in the UK has recently launched a flat rate mobile Internet package offering unlimited access for £7.50 p/m. Competing operators will soon follow this gambit and drop their so called ‘walled gardens’ that attempt to prevent consumers from browsing outside of the operators own portal. We suspect that this will happen quickly as operators recognize that to accelerate the growth of the mobile Internet (and lift so called ARPU or Average Revenue Per User) they must offer consumers a pricing model that is pay-and-forget. This was instrumental in the growth of the fixed Internet and will be no different on mobile.

One could argue that the mobile operators control scarce access to the mobile Internet (there are only five major operators in the UK after all) and economists would advise that that they should maximize profits through a pay-per-use model for as long as they maintain this position. The author believes however that this position is already under threat from Mobile Virtual Network Operators (MVNO’s) such as Virgin Mobile, Easy Mobile and Tesco and will be further threatened when traditional ISP’s begin to provide mobile Internet access by becoming MVNO’s themselves. Some critics of fixed rate mobile Internet tariffs argue that operators will quickly reach an ARPU ceiling beyond which it will be impossible to grow. We think this fear is unfounded as incremental operator revenue in the next five years will come from the massive growth in premium content (e.g. licensed music), event downloads (e.g. live sports) and innovative applications that meet the unique needs of the mobile consumer. Moreover, the mobile Internet will increase commercial text messaging volumes as companies begin to use it to communicate directly with consumers that have browsed their WAP sites. Consumers will also find that SMS is a surrogate ‘instant messaging’ application that integrates easily with popular mobile internet destinations; think of the way that email and instant messaging act as the glue for the viral distribution of cool web content such as YouTube videos or MySpace music. SMS and WAP will have the same symbiotic relationship and this will drive SMS volumes.

ii) Mobile Inventory

The development of made-for-mobile media will be a significant prerequisite to the growth of mobile advertising. ITV launched ITV-Mobile in September 2005 and is now close to announcing a landmark deal with a mobile phone network company that will allow television channels to be broadcast direct to mobile handsets. It also has signaled its intention to commission independent producers to create made-for-mobile programming. Sky followed this move with the development of its own portal in October, and in November Channel 4 indicated it would be ploughing a seven-figure sum into mobile phone initiatives in 2006 to build on its launch of the UK's first terrestrial mobile TV channel with Vodafone. And it is not only television that is finding a home on mobile. Radio and print are too. Emap’s male lifestyle brand FHM has added mobile TV to its range of platforms with programming that will air on the Orange, 3 and Vodafone networks and Chrysallis Group announced the launch of Chrysallis Mobile last year with a remit to explore how its stations can make the move to mobile and work with advertisers to fund this transition.

Mobile has also developed its own media industry, albeit almost exclusively funded by subscriptions. But the recurring monthly payment model pioneered by Jamster, Monstermob et al is beginning to buckle. Consumers now resent the over-inflated price models associated with mobile content downloads and are voting with their wallets. The mobile content industry can only stand by as they witness quarter-on-quarter falls in content consumption, and the peer-to-peer sharing of mobile content using technologies such as Bluetooth (particularly popular in British school playgrounds) will only serve to accelerate this downward trend.

This is clearly a depressing position for the mobile content industry but it is good news for advertisers. Mobile Content firms have quietly developed powerful channels that attract the difficult to reach youth market through what is arguably the most intimate of mediums, the mobile handset. They are also in possession of CRM databases that profile millions of young UK consumers demographically and behaviorally. We therefore believe that mobile content brands will seek to work with traditional advertisers to subsidize the high costs of mobile content production and distribution and offset the fall in subscription sales.

Indeed research conducted by the Mobile Marketing Association (MMA) supports our contention. The MMA concluded, following nine in-depth focus groups with UK consumers aged 18-34, that the “British public have an insatiable need to consume more and more mobile content and will accept advertising if the content is paid for by a sponsor” [(4)]. In the study each participant was given a multimedia mobile handset which they used to view mobile media prepared specifically for their handset. The content included sponsored soaps/dramas, reality TV, sports clips and games, on-demand video ads, "web-style" mobile ads, Java applications with an advertising component, and coupons and vouchers. The study also produced a list of critical success factors for sponsored mobile content campaigns:

- *Relevance:* Advertising content must be targeted. The participants said they would consider downloading and paying for the sponsored content as long as it was relevant.
- *Cost:* While participants were extremely price sensitive, they indicated their willingness to pay for content that they perceive as valuable.
- *Awareness:* Participants immediately recognized that there was a relationship between brands and associated content that they have experienced via other channels, "This is just like on TV."
- *Brand Loyalty:* Participants perceived some brands as "trusted," and would enjoy receiving content they requested via opt-in customer acquisition methods.
- *Appropriate:* Video content must be designed to meet the needs of the mobile handset. Participants did not like the ads that were originally filmed for television and not formatted to their phone.

Participants in the study liked receiving content immediately; being "the first to know" delivered on the "coolness" factor. The participants that viewed ads while browsing commented that the experience was "just like the Internet" and were pleased to watch a video ad that delivered a voucher for a discount at the end of the video clip.

iv) Mobile Planning Currency

We've looked at how flat rate mobile Internet plans and the development of sponsored media will contribute to the growth of the mobile advertising opportunity. We now turn our attention to its next building block – the development of a mobile media currency.

Advertisers need systems that tell them who, when and where people are accessing the media they wish to buy space in. This allows them to transparently negotiate their media buys - TV broadcasters have BARB, Radio, RAJAR and Publishers, NRS. Many factors contribute to the cost of the space or the time that is purchased and these include the size and characteristics of the audience and where or when the ad will appear. These audience measurement systems are universally agreed by UK advertisers to be the gold standard (although not by implication perfect) of media value. The Internet has a number of audience measurement systems including TGI, Nielsen and Comscore but no singularly recognized gold standard against which all media buys are made. But this may be a reflection of the unique characteristics of the Internet – that it is interactive and engagement can be accurately measured – rather than the inability of the industry to get its act together. The online industry knows that basic media metrics - reach and frequency – need to be measured and delivered to advertisers through a system that represents the interests of all stakeholders.

A joint industry committee, led by the Internet Advertising Bureau (IAB), are making strides toward this having recently formed an agreement with the NRS to launch a quarterly Internet audience survey for implementation in 2007.

But the online industry also knows that interactive media can offer, by its nature, far more to help advertisers appreciate its power to increase brand effectiveness. Mobile, by its interactive nature (and interactivity that is increasingly tied to TV advertising and programming) arguably has more power than online to increase this effectiveness and extend the impact and ROI of above-the-line spend. To this end the mobile advertising industry and the Mobile Marketing Association are now developing plans that aim to deliver a single planning currency for mobile media.

v) Mobile Effectiveness

The final catalyst of the mobile advertising opportunity will be universally accepted proof that mobile is an effective marketing and advertising medium. No large scale mobile marketing & advertising effectiveness studies have been conducted to date but several small studies suggest that the medium shows immense promise. The authors own experience of running in excess of five hundred direct mobile marketing campaigns places us in an authoritative position to state that response rates are typically four times greater when compared to traditional direct marketing techniques. A study by Kavassalis [5] reports increased effectiveness of mobile marketing over traditional media, with text messaging campaign response rates in the range of 10-20% being common, as opposed to email (5%), direct mail (1 - 2%) and print advertising (0.15 - 0.60%). Kavassalis also reports that brand recall is high (46 - 64%) and redemption of in store coupons can reach 80% with mobile marketing campaigns.

Another study, by Rettie, Grandcolas & Deakins,[6] cites mobile marketing's positive effect on reach and intent to purchase. Rettie's study asserts that 89% of all text messages are read and that 85.7% of respondents "who felt more positively towards the brand" claimed they were "more likely to make a purchase". Rettie also highlighted the viral capabilities of mobile campaigns – her study indicated that messages were forwarded to others at a rate of 5 - 32% which demonstrates that digital word-of-mouth is a key by-product of mobile marketing.

In reaction to the growing body of evidence illustrating mobile marketing's effectiveness, the established advertising industry is finally waking up to the idea that mobile may become more important to brands than the Web. Andrew Robertson, CEO of BBDO, recently voiced his belief in mobile advertising by stating that, *"Mobile phones will soon become the most important medium for advertisers to reach technology-savvy consumers and we are rapidly getting to* *the point where the single most important medium that people have is their wireless device. It's with them every single moment of the day. It's genuinely the convergence box that everyone has been talking about for so many years."*

Mobile Marketing Strategy Development

Thus far we have demonstrated that the opportunity for brands to reach and influence consumers via mobile is significant. We concede that the mobile advertising industry is in its infancy and we agree that there are obstacles that must be overcome before it can become a mainstream advertising medium, but brands such as Adidas, Microsoft and News Corp are increasing brand equity through mobile media now; they are learning fast and potentially leapfrogging their competitors. This opportunity must however be shaped through the development of a coherent mobile marketing strategy that is fully integrated with your brands primary marketing strategy and clearly supports your businesses objectives by demonstrating unquestionable ROI.

When developing any marketing strategy we need, in the simplest of terms, to define where we are and where we want to be. This applies no less to our mobile marketing strategy. When we define where we are we must look at our current market share, sales, profit, customer base, product awareness and brand position. We can also look at our historical and current use of mobile media and the use of mobile media by our competitors.

Then we can determine where we want to be using the same variables. At this point this will include goals that mobile cannot exclusively achieve, or even influence, but brands in most sectors should be able to identify one or more marketing objectives that mobile would be ideally suited to help meet. Examples include lead generation to improve our customer base, brands awareness of a new line extension or CRM with busy, highly mobile twenty something office workers who only use their homes to sleep.

We then come to the description of the process for making the transition. This will largely be dependent on the sector you operate in, the demographics and media consumption habits of your target audience and the resources you can allocate to mobile strategy development. Whatever your position it is essential to be steered by some broad guidelines before we attempt to leverage mobile media.

Much research exists to explain why advertising works across TV, Radio, Press and the Internet. Very little exists for mobile as it is such a nascent medium. We can however draw analogies and inferences based on generally accepted theories of how advertising works. If we accept this assumption we then need to define clear reasons why mobile will be used and what it is supposed to achieve before constructing the Big Idea. The steps involved in this process are summarized in *Fig 3.0* and we consider these to be the fundamental principles for the development of any mobile marketing strategy.

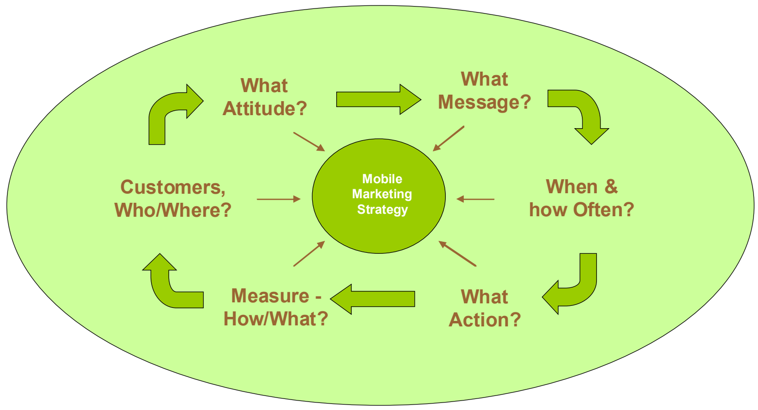


Figure 3 Principles of Mobile Marketing Strategy

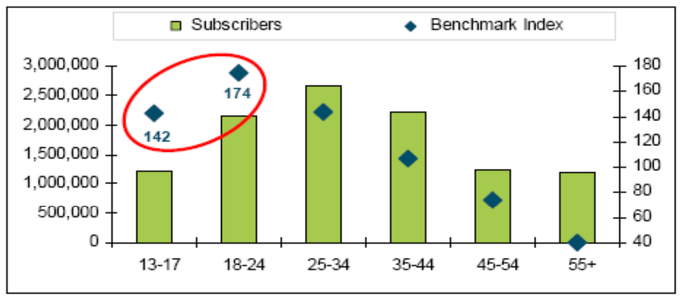
Where are our Customers?

Advertising is directed at a target market to enhance or change its behaviour. They may be heavy users of a competitor, or infrequent users of our brand. They may have low awareness or negative perception of our brand so we may wish to shift the pendulum of consumer perception back in our favour. To reach these consumers we need to track their media behavior, understand their demographics and gain insight into their values, personalities and attitudes

Many traditional media owners such as EMAP, ITV, and GCAP have built big demographically profiled mobile databases of their readers, viewers and listeners and broadcasting mobile campaigns to these databases is now a well established pillar of mobile communication planning. The response rates are usually high, in excess of 5% based on the author's experience. This is likely due to the trust conferred by the media brand delivering the advertising message and the emotionally positive contextual effects of the media in which the message is embedded. Getting an informative or entertaining message from CosmoGirl with an embedded relevant advertisement from Rimmel will be far more effective than a stand alone message using lists from traditional list brokers. These lists produce very disappointing results because they lack the two key features, trust and contextual effects, of traditional media owner mobile databases.

Mobile operators in the UK, who traditionally have charged consumers to buy digital content from their mobile portals, are now beginning to share demographics and mobile media consumption insights with brands as they move to advertiser funded models. Non-operator mobile media sites (or ‘off portal’ mobile sites as they are known) are sharing data on an ad-hoc basis and it is now possible to work with organizations, such as Aerodeon, who aggregate, buy & plan mobile media, including WAP banner ads, in-game ads and video/TV sponsorship in the same way that online media is bought and planned today.

Evidence from M-Metrics (*Fig 4.0*), a UK firm that specializes in helping brands understand where their consumers are and what they are doing on mobile, demonstrates that the mobile content market is indeed an untapped opportunity to reach 13-24 year olds, as they demonstrate the highest depth of usage and mobile content subscriber volumes.



There is evidence, again from M-Metrics, that made-for-mobile video downloads are a growing opportunity for advertisers to reach a broad target audience. *Fig 5.0* illustrates the average monthly spend of frequent video down loaders in the UK. Older audiences demonstrate less price sensitivity spending upwards of £36 p/m on mobile video downloads.

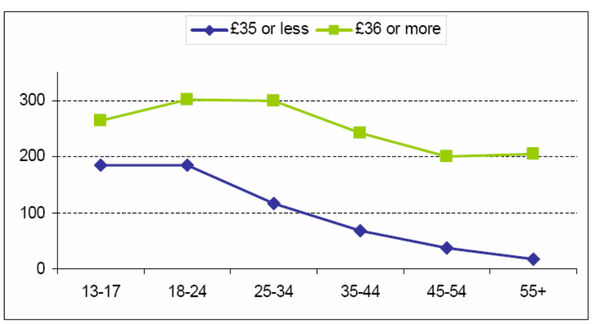


Figure 5 UK Mobile Video Download Spend (M-Metrics)

When targeting consumers on mobile we need to be mindful of media context effects. Norris and Colman describe the influence of media on advertising effects thus: “The same source delivering the same message to the same audience on separate occasions might produce different effects depending on the differing programming or editorial contexts in which the message appears”. This is particularly true of mobile as the context may also be environmental not just editorial.

Innovative firms such as Ad-Mob have launched contextual text based advertising networks in the US and Europe that mimick the paid-for contextual advertising on Google or Yahoo! Inventory currently is focused around mobile content providers but these media owners command significant volumes of youth mobile ‘thumbshare’ and leading brands such as Adidas are beginning to trial. The click through does not necessarily have to replicate the Web model by taking the consumer to a mobile web destination - it is possible, for example, for the click to generate an immediate call to, or from, a call centre.

Of final mention is a new technique to locate highly influential consumers, who have a disproportionate influence on the perception of brands in their ‘digital social networks.’ Aerodeon has pioneered Social Network Influencer Analysis (SoNIA) to help brands find these influencers. SoNIA takes methods developed to track influencers in academic journals (so called citation analysis) and uses them in a brand new way to determine who influences brand category purchase decisions online. If we can identify individuals who wield powerful and disproportionate influence over their friends & family then we can tailor communications to them that will improve the favorable perception of our brand and increase the likelihood that they will recommend it to their social network. We can track this tide of influence across WAP sites, mobile communities, and closed group qualitative SMS studies.

What Should they Feel?

Brand owners generally believe that to be effective, their advertising has to affect what people believe about their brand before they can expect a change in their purchasing behaviour.

Some modern marketing practitioners however hold the contrasting view, first discussed by Erenberg and Barnard in their 1998 paper *Advertising and Brand Attitudes,* that advertising is a weak force that serves to maintain brand salience, and it is this salience that determines how many consumers have the brand in their ‘consideration set.’

Erenberg and Barnard assert that advertising influences how many people have any positive feelings about a brand and would consider buying it, rather than that it influences what they feel about the brand or how much they feel it. A big brand simply has more people to whom it is salient. They contend however that for new brands, advertising can create brand awareness leading to product trial.

So when developing our mobile marketing & advertising strategy we must decide where our brand sits in its lifecycle to determine if we seek brand awareness or brand salience. Whichever route we choose, mobile advertising production costs are very low compared to traditional media so developing and testing your advertising can be very efficient. Mobile therefore allows us to develop highly targeted campaigns with minimum wastage. This improves the chance that we are influencing the right target with the right message to elicit the desired attitude toward our brand.

We must also take into consideration the way that our consumers use their mobiles, and understand the attitudes they have towards them, before creating a mobile communications plan that influences how they should fee about our brand. A recent Yougov report, (MobileLife 2006) segmented UK mobile phone users thus:

- Generation Mobile - single style conscious 18 to 24-year-old students or young adults in their first job
- Phonatics - single 18 to 34-year-olds who see a mobile as their most important electronic possession.
- Practical Parents - cost-conscious young families under the age of 34 who choose their mobiles on price grounds
- Fingers and Thumbs - married, middle-aged or retired people with children or grandchildren
- Smart Connected - affluent families and professionals aged 25 to 44 who use mobiles to organise their work and social lives
- Silver Cynics - affluent, married parents who are approaching retirement

Studies indicate that older educated consumers are far more prudent in the value they attribute to mobile advertising (Kaasinen, 2003) therefore our expectations of how far we may shift perceptions of the 'Smart Connected' group, for example, should be tempered by this.

What's our Message to them?

The message will largely be determined by the overall marketing strategy and whether our product is 'high consumer involvement' or 'low involvement.' This will determine whether the message will be informational or emotional. Whatever the message, unique skills will be required to translate it, and the accompanying advertising metaphors, to the small screen whilst ensuring that the message stays true to brand personality.

Mobile consumers share common characteristics that need to be considered when developing the message. The mobile context means they have short attention spans so communication must be compact and high impact to be remembered. Short message lengths however can actually be an advantage to the advertiser - they stretch media funds as they build frequency with less expenditure. The message must also be relevant (as mobile is considered to be the most personal of digital devices) and it can be made even more relevant if we can deduce, either technically or intuitively, the context that the message will be received in. For example, is the consumer at the shopping centre, at school or in their bedroom when they receive our message? Will they be talking, texting or watching TV? Some of these behaviors are more likely to occur at particular times of the day and technology exists that allows us to track the approximate location of a consumer (with permission) so the relevance of our communication to time and context can be very precise.

The limited screen size of mobile may make some communication messages inappropriate so 'made-for-mobile' communications need to be developed rather than the wholesale repurposing of TV or online advertising. This will increase production budgets but the consumer experience will be far more gratifying and the resulting contribution to brand equity will, arguably, be far more valuable.

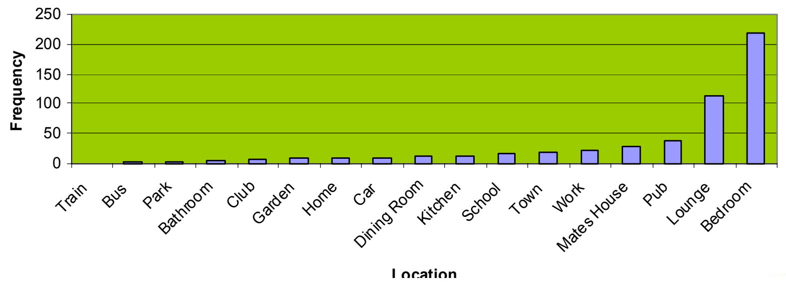


Figure 6 Locations where British 13-25 yr olds use their Mobiles (Aerodeon)

The message will also be determined by the capability of the target consumers' mobile handset. Mobile Marketing campaigns with broad demographic reach will need to include copy for SMS, artwork for MMS, and film for Video. Campaigns targeted at the youth market, who own a much higher proportion of camera/video phones relative to the rest of UK population, can focus production on higher end technology such as mobile java and streaming video.

Some readers may be concerned about the intrusiveness of mobile advertising. Studies by Tom Kelleher [7] have demonstrated that print and Web media - media that allow receivers to control the 'pacing' of consumption - had a significant advantage over radio and video in affecting tolerance of advertising. Mobile falls under the same category as print and web, as the control of media (and therefore ad consumption) is in the users' hands, so their reaction to advertising across it will be more positive than the typical negative reactions to TV and Radio.

When Should we Deliver our Message?

Timing of our mobile campaigns will be determined by the purchasing habits of the consumer, but the message should have greatest impact when the consumer is deciding to buy. A housewife may create her shopping list and decide what she will buy on a Friday but she may make the purchase on a Saturday. A decision to buy a car might take place during the Christmas holidays but the purchase will take place in January. Our strategy therefore should specifically state what weight of message will be allocated to mobile per time period. The authors own research indicates that mobile SMS and WAP usage patterns differ by age and sex. In a study (Aerodeon, 2006) that examined the mobile habits of twenty boys and girls aged 13 to 25 it was found that both sexes exhibit a peak in mobile usage at midday but boys reached their highest peak at 5pm whilst girls reach theirs at 7pm. *Fig* 7 illustrates the results of research, conducted by Millward Brown, on the day parts when consumers will have the highest opportunity to see or hear our message whilst using different media. The graph supports the findings of the Aerodeon study as it also indicates that 5-7pm (early fringe/prime time) is the best time of day to deliver a mobile communication to consumers. At this time they will be highly engaged with their mobiles and therefore most receptive to our message.

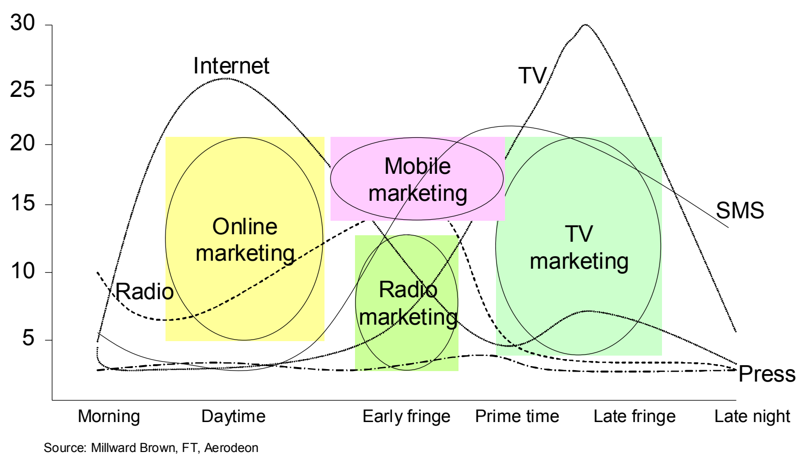


Figure 7 Best Time of Day to use Mobile Marketing (Millward Brown, Aerodeon)

How Often Should we Deliver our Message?

There are two schools of thought on how consumer exposure to advertising works. The 3+/80 model preaches a frequency of 3+ and reach of 80 using pulsing or flighting media schedules.

A more advanced method is Recency Planning. This method aims to expose the consumer right before the purchase decision. This calls for a continuous media schedule with low frequency (1+ exposures) and high reach (85). The reason that a continuous media schedule is required, the method asserts, is because it is not possible to predict when a consumer is 'in the market' for our product so we must advertise constantly and, therefore, increase the likelihood of a direct hit.

Which model is appropriate for mobile? This will depend on the media employed. If we are delivering direct text or photo message communications to consumers then the Recency model is more appropriate as the ad, taking up the entire screen real estate, has a higher chance of irritating the consumer if the frequency is too high. If ads are embedded in WAP sites or we are 'top and tailing' mobile video downloads for example then the advertiser benefits from media context effects and this improves receptivity of message (whether consciously or subconsciously.) In this case the more traditional method of media planning involving a 3+ frequency can be implemented.

What do you want the Consumer to do?

Our strategy must tell us how the consumer should have changed as a result of receiving the mobile communication. For mobile marketing initiatives this is likely to be a move to the 'desire' part of the AIDA[8] continuum and will manifest as a request for sales contact. For mobile advertising this is likely to be increased awareness or a shift in brand perception.

Changing attitudes will not generate sales but mobile is ideally suited to bridging the gap between branding and response. Although these two objectives have traditionally been tackled in isolation, mobile has the ability to raise awareness and elicit a direct response from a consumer. This response can connect the on-the-go consumer to a real person by telephone - so called 'Click-to-Call' is one of the huge benefits of mobile Internet advertising. Imagine your consumers clicking on a text link or a rich banner to request that a sales person call them on their mobile number – right now. This will be an increasingly powerful feature of direct response mobile campaigns.

One of the major social functions of mobile phones is to provide what Fortunati [9] calls "nomadic intimacy". Mobile makes it possible for people on the move to remain embedded in their personal social networks, thus the potential for our message to be passed on virally is high. Mobile has a number of tools to support this including SMS, MMS, email, Bluetooth and infrared. Some are more appropriate for certain target demographics than others. Bluetooth for example is ideal for the youth-market who are price sensitive and don't want to use their SMS credits to forward on cool content. Older audiences on the other hand will happily use SMS or MMS to send our message to a friend if they believe they will appreciate the content or offer.

Driving consumers to make a purchase over mobile is difficult for a number of reasons. A major obstacle is that there is no 'cross network' payment mechanism yet that incentivises physical goods merchants with revenue share that encourages them to sell on mobile. A large proportion of premium rate billing revenue ends up in the pockets of the mobile network operators - online retailers operating on razor thin margins understandably don't find this attractive. This is beginning to change with the rollout of X-Pay, the UK operator's new micro billing initiative but experts in the m-commerce industry agree that this a short term solution largely suited to selling ring-tones and other digital content. Real M-commerce will not grow until it is possible to pay easily and securely using a debit card or credit card on mobile.

What should we Measure?

Whatever industry we are in we need criteria against which progress can be measured so that research and measurement can take place.

For brand marketers, the most valuable thing you have is your brand, so don't rely only on response rates - include mobile in your brand tracking studies to determine its impact on recall, message association, awareness and intent to purchase. Direct marketers will want to examine the cost of customer contact and acquisition. In the authors experience mobile demonstrates much lower acquisition costs than print - up to 50% less in fact. And, promotional marketers will want to examine sales uplift, market share movements and compare the cost of consumer participation against traditional methods such as post or fixed-line-telephone.

We also need to ask how our historical mobile campaigns performed (internal benchmarking) and how they measured up to mobile campaigns in our sector (competitive benchmarking). Benchmarking is a crucial discipline that will help us understand what works and what doesn't and what we can change to optimize future mobile campaigns and maximize ROI.

Continuity planning studies demonstrate that short term advertising does not deliver effectiveness but ads that communicate the right message, repeated until consumers believe and act upon it, do. This principle applies no less to mobile, so we need to measure the optimum length of time, and frequency, needed to achieve maximum effectiveness balanced against ROI. It is tempting to assume that traditional 3+/80 models will apply but we encourage brands to experiment and measure as mobile is such a nascent medium. With results from these measurements we can plan our integrated mobile marketing and advertising strategy with confidence.

Mobile Strategy in Action

Strategy can be an ethereal thing and leave us asking how we practically address marketing problems with mobile. Let's look at a number of popular sectors and assess how mobile might be used to tackle typical communication problems in these industries:

Consumer Goods

FMCG manufacturers today face a number of unique challenges; competition from private labels, food lobbyists impacting media placement and dwindling control of the contact point where consumers are most likely to make a brand choice – the aisle. Consumer goods manufacturers have countered this with increased below-the-line spend to improve sales volumes and market share. However, it is generally thought that this dilutes the hard fought for brand equity that manufactures have built up over decades and topping up this 'brand bank' is becoming increasingly expensive as broadcast media costs rise against a back drop of audience fragmentation. In response to this a number of high profile brands, including Heineken, have moved the majority of their budgets from TV to below-the-line and online. So how can mobile help? We have demonstrated in this paper that mobile is fast becoming an effective media delivery tool and is attracting sizable audiences. Mobile video is growing exponentially and made for mobile content is growing fast. We believe that there are unique opportunities for brands to connect with a large number of niche audiences (as opposed to a single mass audience through TV) through sponsorship or even through the production of original mobile programming that resonates with a brand's values.

Retail

The UK high street has had a rocky journey in recent years with spending remaining low and footfall only encouraged by significant discounting. The ONS said prices on the high street in April 2006 were down 1.2% on the same month last year. More disconcerting is the general downward trend in sales. In June 2005, UK retail sales recorded their biggest year-on-year fall in 22 years according to the CBI. Some sectors such a grocery are experiencing growth but the majority are suffering. Competition is fierce, margins are tight and rising consumer debt and the growth of online retail only add fuel to the problem.

Retailers can benefit from using one of mobiles most powerful and unique aspects – it is with their customers when they are on the high street. Retailers would benefit by extending their loyalty programs to mobile to reduce the cost of customer contact and improve the reach and impact of their CRM campaigns. We also believe that retailers should leverage advances in mobile technology, such Bluetooth, to encourage customers to interact with their stores and further encourage footfall. Interactive shop displays that incentivise consumers to visit can create real cut through in the high street.

Automotive

The car market in the UK is highly fragmented, highly competitive, and suffers from massive over-capacity. It's hard to buy a bad car these days, so emotional pull really matters. The problems facing car manufacturers is demonstrated by worldwide marque loyalty levels, from purchase to purchase, averaging below

50%. This is driven by the rise in the quality of cars, such that old distinctions between marques (based on build, performance or reliability) have all but disappeared. Car customers are decreasingly loyal and increasingly discerning. This is escalating the cost of retaining owners and acquiring new ones. And Car communications have to holler through ever-increasing noise to be heard by audiences whose willingness to listen is waning. Consequently, the quality of car marketing and advertising communications has improved greatly in recent years.

The car industry has begun to tentatively use mobile, and the sharp increase in mobile short-codes on TV and print commercials that encourage us to text in for a brochure is evidence of this. But few have integrated mobile with their CRM strategy. We are seeing however bold and innovative moves from firms like Peugeot who are beginning to use rich viral mobile to extend the engagement of their 30-sec spots and to increase the impact and reach of their TV media spend. As phones become smarter we would recommend that auto manufacturers follow Peugeot's lead and integrate and extend the TV, radio and print brand experience with rich mobile engagement. This engagement may begin with a consumer experience that visually demonstrates the car and conclude by providing value added mobile services (e.g. free mobile mapping) or brand relevant entertainment that will be appreciated by the prospect. The auto industry's reliance on direct marketing is significant and mobile can help reduce the cost of customer contact substantially whilst cutting through the deluge of direct mail 'clustered' noise. The author believes therefore that mobile will have a huge impact on automotive CRM programs

Travel

The big airlines have had it tough over the last few years with rising oil prices, passenger numbers down and aggressive competition from low-cost carriers forcing price wars.

Leisure travellers now seek the lowest prices and are less concerned with service. Business travellers however want more frequent schedules, a broad range of destinations and service quality, but large corporations using their purchasing power to negotiate big discounts are placing pressure on the business market. So airlines today need to meet the budget needs of leisure travellers and the premium demands of business travellers. The reality up in the skies however is that the short-haul market shows the most vigorous growth prospects.

The major airlines such as BA for example used advertising effectively, in conjunction with a restructure of their business, to shift consumer perception of the BA brand and win back "back-of-plane" market share from the no frills airlines. Now there is an overcapacity of low cost short haul flights and carriers are competing amongst themselves; BA dropping the prices of its European flights by 50% in April to compete with EasyJet and RyanAir is indicative of this.

All airlines now drive sales online to reduce costs and automate the booking process. This helps them sell out their cheapest seats on any given flight as early as possible in order to best manage their yields.

We believe that mobile can play a vital role in airline promotions ensuring that customers are aware of competitive pricing changes in real time. Low cost carriers invest heavily in 'informational' advertising but getting the message out about price offers, amongst so much media clutter, is increasingly difficult. Airlines could encourage consumers to interact with their above-the-line advertising to sign up to alert services that provide short haul price offers and promotions. The immediacy and impact of mobile is such that it has the power to drive consumers online to book.

Finance

The financial services business accounts for a significant proportion of annual advertiser expenditure on advertising and marketing but the ability of the industry to engage and be trusted by consumers is limited. Very few consumers are either interested in, or know about, financial brands and far less care about long term financial planning. This is particularly true of young adults who, burdened by debt, are struggling to get on the first rung of the housing ladder.

Low interest rates make things more difficult for the financial marketer as it becomes harder to sell products to savers that offer low returns. And all of this is compounded by strict regulation that is tightening its grip in the consumers favour.

With the exception of predictable annual renewals such as insurance, many financial decisions are made erratically and are difficult for marketers to track. Branding has become key to help firms stand out in a crowded market. To perpetuate brand difference effectively, financial services businesses need to engage their customers through touch points that best suit the customer. And increasingly this touch point is mobile. Using mobile to cross or up sell products to consumers helps avoid a common problem associated with 'statement direct marketing'. Bank CRM systems are not sophisticated enough to know if the statement is bringing good or bad news to the customer and how the news may impact the reception that the communication will get. Using mobile it is possible to cost effectively disassociate the direct marketing message from the statement and time the delivery of the message to better fit with a point in the consumers monthly financial cycle when they are more likely to be receptive to the message - on the day their salary is transferred for example.

Telecoms

As mobile phone penetration rises, phones are increasingly being sold to replace users' existing handsets rather than to first-time buyers. Replacement sales now account for around 62% of all handset sales in Western Europe and by 2008 this is set to increase to almost 100%. One of the most significant features of this market is the increasing importance of the younger consumer and it is here that the future lies for the mobile industry. Most young consumers don't buy their handset by brand - the purchase decision is usually driven by the features and the tariffs available with the handset. A lack of brand development amongst telecommunication operators has seen distribution and price competition favoured over brand investment. But now mobile operators and handset manufacturers are recognizing that it is critical, in saturated and difficult to differentiate markets, to invest in their brands.

Mobile operators have traditionally taken a highly informational approach to their marketing but we are now seeing investment in emotional brand position particularly from 3 and 02. These operators recognize that connecting with the consumer emotionally to develop their brand is key to long term profits.

Mobile operator's use of mobile marketing to date has been driven largely by their CRM divisions, and text and photo messaging promotion of new tariffs and products feature heavily. We argue that operators should be leading the charge to exploit the rich media capability of new handsets to connect with consumers emotionally and reinforce their above-the-line expenditure. Mobile operator sponsorship of TV programming, festivals and other content should be leveraged to extend the brand to the youth market that they desperately want to attract. These young consumers have a voracious appetite for mobile content and operators that are bold enough to freely distribute licensed content for branding purposes will connect with their target market.

Conclusions

In this paper we have argued that we are at the beginning of a second digital media evolution and that mobile will permeate all aspects of marketing and advertising over the next five years. This will allow brands to deliver their message with such precision that the term wastage will become redundant

We have also attempted to demonstrate the effectiveness of mobile to connect with nomadic, fragmented audiences and have learned that there are a number of ways to get our message to them.

Marketing and advertising over mobile however is far more complex than TV, Radio, and even the Internet because of mobile handset diversity and the multitude of technologies used by different audiences. Developing a mobile marketing strategy, therefore, is essential to help you tame this complexity and ensure that you are delivering your message to your consumers in the most effective and efficient way.

References

(1) The Mobile Data Association
(2) Face Consulting, "Tech Tribes 2005"
(3) IPOS Mori, "The Face of the Web"
(4) MMA research, "Consumers & Mobile Advertising"
(5) Kavassalis et al "Mobile Permission Marketing: Framing the Market Inquiry". International Journal of Electronic Commerce,
(6) Rettie et al, "Text Message Advertising: Dramatic Effect on Purchase Intention".
(7) Kehler, Tom, "Receiver Control of Pacing with Mass Media: Effects on Comprehension and Persuasion"
(8) AIDA - Attention, Interest, Desire, Action
(9) Fortunati et al, "The Mobile Phone: New Social Categories and Relation"
(10) Norris, Christopher "Context Effects on Recall and Recognition of Magazine Advertisements," Journal of Advertising

aerodeon

Aerodeon 2 Sheraton Street London W1F 8BH United Kingdom
Telephone: +44 (0)207 629 0089 Fax: +44 (0) 207 629 3595
www.aerodeon.com