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Five Rules for Creating the Perfect Mobile Storm

Unleashing the Full Power of Mobile Marketing
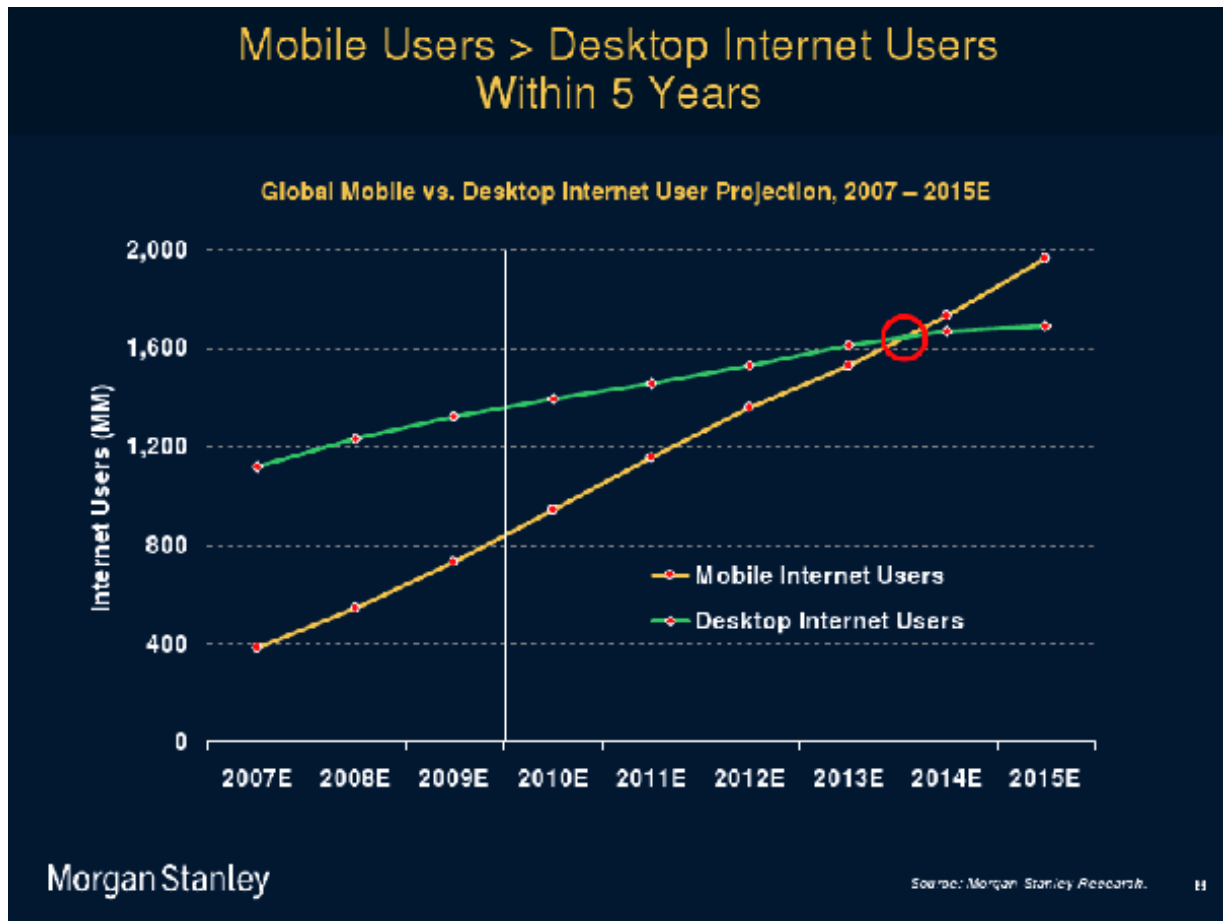
Overview

Mobile is one of the most effective marketing channels available to brands, providing a unique, one-to-one connection to the customer. But the potential of mobile goes far beyond one-off promotions; leveraged effectively, mobile can achieve an impact level of magnitude beyond traditional and fixed Internet marketing in terms of both individual tactics, and profitable ongoing customer relationships.

How do you cause the perfect mobile storm? It begins with a holistic approach that spans the campaign lifecycle, from media to customer interaction to results, analytics, and optimization. Every step of the way, you need to understand and harness the unique characteristics of mobile vs. fixed Internet, learn from established best practices, and identify emerging trends that can deliver the impact you need. To power your perfect mobile storm, you need a platform with the capabilities and flexibility to support end-to-end campaigns, unify all your mobile initiatives within a single, consistent framework, and allow the flexibility to optimize campaigns on-the-fly as well as adapt to new needs and technologies in the future. With these elements in place, the power of mobile is yours to unleash.

The Outlook: Mobile is Big—and Getting Bigger

As mobile technologies proliferate and consumers embrace new mobile-oriented lifestyles, smartphones and other connected mobile devices are becoming an essential accessory for ever-growing numbers of people. There were already an estimated 5.3 billion mobile phone subscriptions worldwide in 2010—a figure projected to reach 7.3 billion in 2016 (Seed Planning Inc., 2011).

Voice calls and text messages are only the beginning. While traditional computers remain at the office and at home, and even laptops emerge only at limited times and destinations, mobile devices are always on and always available, allowing users to go online anywhere, anytime. It's no wonder that they're projected to become the most common method of online access over the next few years (Morgan Stanley Research, 2010).

Mobile Users > Desktop Internet Users Within 5 Years

Global Mobile vs. Desktop Internet User Projection, 2007 – 2015E

Morgan Stanley

Source: Morgan Stanley Research.

For many people, mobile is already the only way to go online. Mobile was the exclusive online access method for 14 million worldwide in 2010, projected to more than double this year and reach 788.2 million in 2015 (Cisco Systems, 2011). As people use mobile devices in more ways to do more things, mobile app store revenues worldwide have already reached $15.1 billion (Gartner 2011) and are expected to reach $32 billion by 2015 (Juniper Research, 2010).

In this light, it's only natural that marketers are flocking to the mobile channel. Global spending on mobile marketing and advertising is projected to pass $21 billion annually in 2010 (ABI Research, 2009). This spend goes far beyond traditional desktop Internet tactics like web text and banner ads. While these still command the largest share of mobile marketing, the fastest-growing tactics include in-app advertising, video, and search advertising. Beyond display, marketers are also leveraging a wide array of strategies and initiatives that leverage the full potential of the mobile channel to engage consumers, build relationships, drive conversions, support ongoing communication, and generate value for customers.

While the mobile landscape is evolving and changing as fast as it is growing, one thing remains certain: mobile is a powerful, indispensible, and highly effective channel for marketers who know how to put it to work.

Causing the Perfect Mobile Storm

Mobile marketing encompasses a broad and dynamic range of customer engagement activities. New tactics emerge constantly, offering brands new ways to make an impact—as well as posing new pitfalls for marketers who are unable to distinguish an important opportunity from an irrelevant distraction. In practice, mobile marketing is inevitably a learn-as-you go proposition in which each marketer must develop the right strategy for their own unique needs, and identify the right mix of tactics for their own market, customers, and brand. While each brand's recipe for success will be unique, Velti's position as a global leader in mobile advertising and marketing, and our firsthand experience delivering campaigns of all kinds for brands and agencies worldwide, has helped us identify trends and best practices that every mobile marketer should consider as they develop their mobile strategy and initiatives.

The Elements of the Perfect Mobile Storm: Media to Interaction to Results

Marketers often fall into the trap of a singular focus on the core element of a mobile initiative—an app, ad, SMS contest, etc.—and fail to give enough thought to the end-to-end campaign it is designed to drive. Every mobile initiative needs to encompass three elements:

- Media: the ads, SMS messages, emails, apps, etc. through which the campaign is delivered;
- Interaction: the conversation in which you engage your customer to increase their product consideration and win conversions;
- Results: both in-flight analysis to optimize your campaign on-the-fly, and post-response analysis to help remarket to customers to build loyalty and create brand advocates.

If you're running mobile ads, you need to have a post-click site and customer path in place to avoid wasting the impressions and responses you're generating. If you're creating a mobile app, you need to think through how you'll get people to download it (mobile-only promotion? Cross-channel tactics incorporating traditional media and short codes?) Once a customer has downloaded the app, it can serve

as an integrated reinforcement vehicle for all your marketing contacts through both traditional and mobile media—but only if you've designed it that way from the beginning.

To support a new HP cloud-based printing solution that enables users to print wirelessly from laptops and mobile devices on printers, Velti helped develop a campaign incorporating a mobile website with store locator and video streaming capabilities, mobile community creation, a mobile alerts service, and a dashboard reporting interface providing tracking and reporting over the full campaign. The integrated campaign has helped HP move beyond one-off impressions to drive customers from awareness to conversion to purchase, and sustain the customer relationship after purchase as well.

A holistic approach to campaign planning is essential for realizing the best return on marketing investment and transforming one-off tactics with limited impact into true strategic opportunities to win customers and move markets.

A Steady Downpour Can Beat a Few Flashes in the Sky

While the temptation can be strong to undertake flashy initiatives based on the latest mobile capabilities, this isn't necessarily the best way to get results. It's often best—especially for marketers new to mobile, or in markets with unproven receptivity to mobile campaigns—to start with simple tactics proven to deliver high ROI. In other words: SMS. One recent study showed that 88 percent of mobile users worldwide had sent a text message—while only 41 percent had watched a video (Oracle 2010). After all, anyone with a mobile device can access SMS, regardless of location, platform, or device type—outdated mobile phone, next-generation smartphone, tablet, you name it. This broad consumer adoption and familiarity with SMS, coupled with ample flexibility, simple execution, and low costs, has helped make SMS a mainstay of mobile marketing. High penetration is matched by an open rate as high as 90 percent—far beyond any other direct marketing medium, mobile, online, or traditional. The ease and convenience of delivering a steady stream of frequent interactions helps you build relationships with customers over time for even greater impact.

A campaign Velti delivered for Argos, the largest general-goods retailer in the UK, illustrates the proven potency of a simple SMS campaign. The company wanted to provide customers with instant, anytime, anywhere brand interaction and deliver high-value services to support their shopping experience. Specifically, Argos wanted to:

- Give its customers a quick and instant medium to interact with their brand wherever they are
- Provide customers with a valuable service that allows them to learn the price, availability and nearest location of any catalogue item
- Retain customers when their desired item is out of stock
- Build brand loyalty by providing additional benefits to customers in the form of mobile promotions and coupons

At first glance, such an ambitious set of objectives might seem to call for a custom app. Instead, Velti designed and developed Argos Text and Take Home, an entirely SMS-based mobile solution that allows Argos customers to query and reserve a product from the Argos catalogue by sending a text message to a short code or a long code. Consumers can do a price check for any specific product, and can opt in for a notification if an out of stock product comes back in stock. Consumers are further rewarded through mobile promotions and discount coupons sent directly to their mobile phone.

The results speak for themselves:

- Of all online reservations, over 60% of customers opt to have SMS confirmation sent to their mobile phones. These reminders increased the reservations to purchase by 15%
- 21 million SMS traffic (reservations and notifications) sent in the first year; projected 70+ million messages to be sent in 2011
- £560 million worth products reserved
- 90% year-on-year growth
- Total Number of Users: 4 million +
- Users who used system more than twice: 37%

Make Your Own Weather

Just because your competitors are doing something, it doesn't necessarily mean you should, too. For one thing, you have no way of knowing how well it's working for them. Wasting your own money the same way they're wasting theirs is no way to win. Make sure the strategies and campaigns you embrace are based on your own market analysis, customer base, brand identity, and marketing objectives.

Quick-response barcodes offer a perfect example. In many cases, they can help integrate online and offline advertising and marketing, as well as provide new ways for customers to access coupons and value-added information. Still, they're not always practical for a given region or brand. While QR codes work well in places where customers understand how they work and how to use them—in Asian markets

in particular—many other regions simply aren't as prepared for this kind of campaign. The required code-reading functionality isn't typically pre-installed on phones, and the multiple steps required to send a response imposes a burden of consumer education that can quickly bog down even the best campaign. For many consumers, the code will register as nothing more than an inscrutable pattern of black-and-white squares. Both penetration and participation will be limited. It's important to consider challenges like these before you undertake this type of campaign.

Indeed, you should ask similar questions for every initiative: is it appropriate for the established usage habits, sophistication, and mobile handset capabilities of my target market? Will it be clear and easy for consumers to participate? Is there a simpler, more straightforward way to accomplish the same objectives? Has this approach been proven in my market, or in similar markets?

In Mobile as in Weather, It's Local, Local, Local

Location data can be one of the best ways to leverage the unique capabilities of mobile to drive conversions and impel customer action. Consumers already use mobile sites, apps, and utilities to help them shop, both before reaching the store and in the retail environment itself. Marketers can enhance retail activation by providing content and services relevant to the shopper's actual location—product location and inventory levels, in-store sales and promotion opportunities, expedited checkout, and more. Even something as simple as delivering a mobile coupon at the point of purchase can be a powerful boost. The number of mobile coupon users had already reached 2.7 million in 2010; this is projected to reach 35 million 2014 (Yankee Group). Velti ran a mobile couponing test for one beverage company which delivered more conversions in 90 days than they'd seen in a full year of offline couponing.

Gamification is another trend worth watching—or adopting. Mobile games like Angry Birds and Bejeweled have become wildly popular across a broad swath of consumers—including women, older consumers, and others beyond the traditional "gamer" profile. Mobile In-game advertising is already growing fast, estimated to rise from $87 million in 2010 to $894 million in 2015 (Jupiter Research 2011). Gamification takes game-play beyond games themselves by introducing game-play mechanics such as badges, achievement levels, leader boards, virtual currency, and peer challenges into other types of mobile sites and apps. In this way, marketers can tap into the love of play and reach new levels of engagement, interaction, influence, and ROI for their mobile experiences.

The Forecast: Apps with Increasing HTML5—Prepare for Both

In recent years, mobile apps have dominated much of the conversation around mobile marketing and advertising. In 2010, nearly two-thirds of marketers and publishers reported that they were planning to invest in mobile apps (eMarketer 2010). This can make it easy to lose perspective on actual practices: the same year, another survey found that, while 40 percent of marketing professionals had developed apps to support their mobile campaigns, more than 52 percent had created a mobile website (R2integrated 2010). Clearly, apps are not the only answer.

While apps are often seen as the latest and greatest way to deliver mobile experiences, they're also expensive to develop, test, and update. They also need to be ported to multiple devices and operating systems, draining resources that could otherwise go toward polishing the user experience provided through a browser. Approval through multiple app stores poses another hurdle and can delay campaign execution; after the initial release, customers have to download updates themselves—and many or most won't, eroding the app's value over time. While apps do offer some compelling advantages, such as app store discovery and complete control over branding, they must be weighed against these costs and challenges.

Meanwhile, HTML5 has emerged to offer many of the same capabilities once limited to apps—geo-sensing, camera, microphone, accelerometer—at a fraction of the development cost and time, with no need to port across multiple platforms or seek approval through app stores. Updates happen on your end, so customers always enjoy the latest experience that reflects your latest marketing themes and objectives.

Ultimately, there's no one right answer today about the best way to deliver a rich mobile experience. The best approach may be to leverage both apps and mobile web, or to combine these platforms in hybrid experiences in which apps are delivered through an HTML5 wrapper, or an app wrapper calls out to an HTML5-based mobile site. To ensure a full range of options and avoid getting locked into the "wrong" approach, it's important to base your mobile marketing on a platform that provides the flexibility to create both apps and websites today, while providing a simple way for you to build HTML5 into your business moving forward.

Don't Confuse Outdoors with Indoors

The similarities between mobile and fixed Internet only go so far; what matters more to marketers are the differences. You can think of it in terms of hunters and gatherers: When people go online in the comfort of their home or office, they like to browse, explore, and curate content. In this "gathering" mode, they have the patience to example in-depth information and follow their curiosity through deeper fixed Internet sites. When they're out and on the go, though, they use the mobile Internet to pursue a single, specific thing—a piece of information, a registration page, a contest entry, a coupon. In this "hunting" mode, they don't want to have to sift through a lot of product information, navigate a lot of pages, or watch endless videos. Not only does this waste their time—it also eats up their data plan, another annoyance marketers can ill afford to impose.

Simply put, mobile consumers want things faster than ever. Make sure you're the fastest. Make it simple for them to access what they want without jumping through a lot of hoops. Take the UK's Yellow Pages mobile site, for example: a simple, fast-loading screen where you can enter what you're looking for, press "search," and get exactly what you're after in seconds. It's optimized for hunting, and perfect for mobile.

Don't Strike Twice in the Wrong Place

Mobile has always been the most accountable channel available to marketers. Each device provides a one-to-one connection to a specific consumer, and it's almost always available. This means that the campaign performance information you can collect, including activity by specific user types and segments, can be quite accurate and enable a higher degree of success for optimization—but only if you're equipped to take advantage of it.

Make sure you have a way to capture complete performance information in real-time across your entire campaign. This is much more difficult if different elements of the campaign are delivered through different solutions—a strong argument in favor of a single, end-to-end platform. A complete solution is essential for you to be able to make changes on-the-fly while there's still time to increase your impact—rather than just trying to reconcile separate data silos after the fact.

Measure everything—not just your successes. Brands typically focus on KPIs such as the number of opens, downloads, activations, and registrations, but they don't always account for the number of people who didn't respond. These "failures" can be just as telling: each one might represent a consumer who was actively annoyed by your Bluetooth or SMS contact, and registered a negative impression of your

brand. This is important context to consider; is a higher rate of successes worth a much higher rate of failures? Only by evaluating both sides together can you consider the overall impact and value of your campaign with meaning and accuracy.

Go from Individual Storms to a Year-Round Climate

The highly personal and engaging nature of mobile make it especially valuable as brands focus increasingly on loyalty programs. Customer retention is far less expensive than acquisition, especially compared with the need to repeatedly re-convert previous customers whose loyalty had faded. Mobile provides a ready channel to build durable, long-term customer relationships by having a one-to-one conversation over time.

One of the most successful examples of a mobile loyalty club can be found in the UK, where Tesco's Clubcard program puts a wide range of features right into customers' hands as they shop. Clubcard holders are stimulated to buy items related to their usual purchases, either as upgrades or add-ons, through discounts, double reward points, and other incentives. Monthly vouchers are awarded, targeted to each member's profile and purchasing history, to bring customers back into the shop and drive specific purchase activity. A scannable barcode in the app itself even eliminates the need to carry a physical Clubcard—so both customers and Tesco can benefit from the program on every single store visit.

To execute effective loyalty programs, marketers need to be able to complement their campaigns with complete capabilities for CRM and multi-channel communication. In this light, tactical point solutions reveal a critical weakness, leaving customer data siloed and inaccessible for other types of customer programs and initiatives.

BabyCenter, the Internet's leading global interactive parenting network, wanted to use the mobile channel to strengthen brand awareness and increase customer engagement when they are on the go. Velti helped create the BabyCenter mobile offering, catering to young and expectant mothers in the US. Women are invited to text their baby's due date to a short code advertised online and on Johnson & Johnson's products in-store. A text provides the participant with access to the BabyCenter community so they can receive advice, product offers relevant to the exact stage of their pregnancy, and access to conversations with other like-minded women. The BabyCenter audience is broken down into other categories depending on their demographic, access to the Internet, mobile device, etc., enabling the company to send tips and information relevant to customers' pregnancy week-by-week, including a

buying guide and frequently asked questions. This is complemented by comprehensive messaging and alerts services, including helpful text pointers.

Several thousand US women now use BabyCenter's mobile services, with powerful retention and adoption rates for sponsor offers and alerts. These include:

- 94% of alert users remain active after two years
- 80% user retention for "BC Tips" with 20% joining the mobile community for sponsor offers
- 65% month on month growth rate for alerts advising women trying to get pregnant when they are most fertile
- 5.48 unique page visits per user (six month average)

Powering Your Perfect Mobile Storm

To leverage the full potential of the mobile channel, marketers need to make sure they can support the full range of initiatives, tactics, and technologies, and deliver them through an integrated platform with end-to-end campaign reporting across all their mobile customer engagement activities.

In the past, people have invested in solutions that aren't future-proof or are too limited for long-term use. These include:

- Point solutions that can't be integrated effectively into a holistic marketing strategy, posing barriers to unified reporting across channels and initiatives.
- Non-open solutions that can't be integrated easily with other mobile marketing solutions, and can't be adapted flexibly to meet emerging needs.
- Solutions that aren't backed with innovation and leading-edge engineering, locking marketers into current technologies without the ability to incorporate new developments such as HTML5.

For effective mobile marketing, it's essential to implement a solution that supports end-to-end campaign design, planning, execution, tracking, analytics, and optimization through a unified platform, with an open architecture to integrate with new technologies.

The Velti mGage platform

As a global leader in mobile advertising and marketing, Velti has helped brands and agencies worldwide create and execute mobile marketing campaigns of all kinds. Velti's extensive domain expertise and industry-specific best practices are complemented by a complete, proven technology platform designed to

meet the full range of requirements for every type of mobile marketing program. The Velti mGage mobile marketing and advertising platform provides a complete solution to address the full cycle of mobile marketing activities:

- Integrated campaign management tools make it simple to create, implement, and monitor campaigns throughout their lifecycle.
- Content creation tools accelerate program development with an automated process to create messages, connect them to short codes, and launch in minutes. Out-of-the-box templates support mobile initiatives of every kind.
- Analytics and reporting help marketers track and optimize their campaigns based on real-time insight into customer response and behavior to improve marketing efficiency and return on investment.
- Complete ad serving and ad routing capabilities make it possible to deliver highly targeted, relevant messages to customers and prospects.
- An open architecture provides optimal flexibility to integrate new technologies.

Conclusion

The perfect mobile storm is something truly unprecedented in marketing, transforming the way brands interact with consumers—and its full potential is only beginning to be realized. Today, mobile offers powerful and effective ways to engage, convert, and retain customers; tomorrow, its impact will only continue to grow and evolve. For marketers, creating the perfect mobile storm success depends on two things: a continual focus on emerging trends and best practices to identify the right types of campaigns and tactics for your brand—and a complete technology platform that provides the fullest range of options to execute the right initiatives in the right way for your business. Velti provides both. For our customers, the outlook is outstanding.