Mobile Marketing Strategy
Agenda:

Hour 1: Here's what we're talking about
1. What you need to know: the important stats
2. Where the market is going: trends and forecasts
3. Review of the tactics: e.g., SMS, Mobile Web, QR Codes, Mobile Apps, Augmented Reality and more,
4. Case studies: how some of iLoop’s clients have put these tactics to work
5. What can mobile do: examples of aspiring brands

Hour 2: Here’s what it means to you
1. The difference between leaders and followers in mobile
2. What are the right questions to ask
3. How to operationalize mobile in your company
4. The right questions to ask e.g., questionnaire, the first steps
5. Business/profit models
6. Measurement and analytics
7. Process, the right way to do it
8. Best practices

Hour 3: Here’s how to use it
1. Attendees are split into teams
2. Teams are given a mobile challenge to solve using what they’ve learned
3. Team leaders report/present approach to larger group
4. Fellow attendees add comments and questions
Stats and Trends
The Important Stats:

- By 2014, mobile will surpass PCs as the primary method for accessing the internet - Nielsen
- 5.7 Billion Daily in the United States - CTIA
- Smartphones will make up half of all mobile subscribers in the U.S. by the end of 2011 - Nielsen
- Mobile devices outnumber TVs almost 3:1 - comScore
- “In the U.S., m-commerce sales are expected to more than triple to upward of $7 billion by 2014 from about $2 billion today.” Booz & Company, 2010
The Important Trends for 2011:

- Less experimentation in mobile, more mass market deployment (SMS, mobile Internet) Marketers looking for programs with scale

- More mass market tactics and less niche tactics using “beta” technologies, especially for enterprise level businesses

- Senior level marketers will be asked to progress from “toe dipping” to rolling out a mobile strategy across their organizations

- The transactional component of mCommerce is growing quickly—worldwide. Ebay mobile sales tripled to $13M on its busiest shopping day Dec. 12 this year, part of their 1.5B mobile sales projection.

- Consumer privacy will increasingly important with the question “what information can I capture, and who owns it” coming to the fore. SMS has a legacy of excellent privacy overall (to a fault)—Internet based marketing will be dealing with privacy and “information leakage” in a big way.
Mobile Phone Capabilities Use

Despite the number of individual mobile technologies, only a few have mass audience adoption in the U.S.

Source: comScore Mobilens November data 2010
Mobile has shown double or triple the percentage of online (desktop) ad effectiveness across multiple metrics.

Mobile still has an edge, but for how long?

Source: InsightExpress' Mobile InsightNorms January 2011
Social networks are fast becoming the primary way mobile users exchange information. Use of social applications in 2010 grew 240% year over year, according to Nielsen, making it the fastest-growing category by far. Facebook’s app is at or near the top of the list for all major smartphone platforms in the US. But Twitter is gaining ground, with Edison Research reporting that Twitter users are nearly twice as likely as all social network users to access the networks on their phones (63% vs. 34%).

### Fastest-Growing US Mobile Application Categories, April 2009 & April 2010

<table>
<thead>
<tr>
<th>Category</th>
<th>April 2009</th>
<th>April 2010</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social networking</td>
<td>4,270</td>
<td>14,518</td>
<td>240%</td>
</tr>
<tr>
<td>Weather</td>
<td>8,557</td>
<td>18,063</td>
<td>111%</td>
</tr>
<tr>
<td>News</td>
<td>4,148</td>
<td>9,292</td>
<td>124%</td>
</tr>
<tr>
<td>Sports information</td>
<td>3,598</td>
<td>7,672</td>
<td>113%</td>
</tr>
<tr>
<td>Bank accounts</td>
<td>2,340</td>
<td>4,974</td>
<td>113%</td>
</tr>
<tr>
<td>Maps</td>
<td>8,708</td>
<td>16,773</td>
<td>93%</td>
</tr>
<tr>
<td>Movie information</td>
<td>3,296</td>
<td>6,359</td>
<td>93%</td>
</tr>
<tr>
<td>Online retail</td>
<td>1,416</td>
<td>2,701</td>
<td>91%</td>
</tr>
<tr>
<td>Search</td>
<td>5,434</td>
<td>10,315</td>
<td>90%</td>
</tr>
<tr>
<td>Photo- or video-sharing service</td>
<td>3,131</td>
<td>5,950</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Total application users</strong></td>
<td><strong>54,414</strong></td>
<td><strong>69,639</strong></td>
<td><strong>28%</strong></td>
</tr>
</tbody>
</table>

Note: ages 13+; three-month average for period ending April 2009 and April 2010; *excludes games preloaded on device
Source: comScore MobiLens as cited in press release, June 2, 2010

Source: eMarketer “Seven Key Trends in Mobile Usage” September 2010

**Trends:** mobile/social integration will be a critical success factor moving forward
The mobile-social nexus is all about location, location, location.

Despite privacy concerns, mobile users are beginning to share their locations in many ways. The trend that began with players like Brightkite, Loopt, Foursquare and Gowalla has now reached Facebook, which could give mobile check-ins critical mass. Location-based services provide marketers with compelling data that can enable them to present relevant offers and rewards right when consumers are at the point of decision. Marketers should keep in mind that consumers expect a value exchange in return for sharing location information.

<table>
<thead>
<tr>
<th>US Internet Users Who Would Be Interested in Allowing Automatic Mobile Location Sharing for Select Capabilities, March 2010</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of free mobile applications</td>
<td>32%</td>
</tr>
<tr>
<td>Receive coupons to redeem in nearby stores</td>
<td>26%</td>
</tr>
<tr>
<td>Make faster payments while on the move (for example, paying highway tolls without stopping at a toll booth)</td>
<td>22%</td>
</tr>
<tr>
<td>Receive directions to nearby merchants carrying products you want to buy</td>
<td>21%</td>
</tr>
<tr>
<td>Find nearby merchants carrying products you are searching for</td>
<td>21%</td>
</tr>
<tr>
<td>Receive text message alerts about sales in nearby stores</td>
<td>14%</td>
</tr>
<tr>
<td>Receive promotional offers or advertisements for products or services tailored to your current location</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: n=1,104 ages 18+; too two box scores of 5-point scale
Source: Mobile Marketing Association (MMA), "Consumer Use of Location-Based Services: United States" conducted by Luth Research, April 20, 2010

Location will play an increasingly important role for most mobile strategies.
Betting on New Technologies

New technologies are like QR codes, HTML 5 and check-in apps are rapidly emerging with some brands placing early bets.
Mobile Tactics
Remember one thing:

The tactic doesn’t make you stand out, it’s the experience (relevant and engaging content) behind it that does.
Mobile Apps

Summary

› Leading edge for interactivity and rich media

› Apps dominate mobile web for premium video: Video views per unique user are more than five times higher in apps than on the mobile web.

› Platform specific, which gets costly

› Offer rich media formats e.g., iAds

› High abandonment rates

› Top 10 Mobile applications by category:

  1. Games
  2. Social Networking
  3. Music/Entertainment
  4. Mail/Messaging
  5. Education & Employment
  6. Weather
  7. Sports
  8. Maps/Navigation
  9. News
  10. Travel
Tablet Apps

Summary

- iPad apps currently a competitive differentiator, but not is “step 3” not a “step 1”
- Tablets have low adoption still but quickly rising
- Approximately 8-11 tablets expected by year’s end
- iPad owners spend a longer amount of time with their content - Nielsen
- Many don’t mind seeing advertising on tablets. As a result, iPad CTRs for pre-roll video ads are even higher than iPhone, iPod Touch and Android
SMS/MMS

Summary

› SMS reaches “hard to reach” demos, and majority of age groups text more than call now

› Cannot “push” messages to customers without express permission

› Use customer profile data and preferences to personalize messaging and create rule sets that increase relevance and conversion

› Low difficulty in integrating with existing campaigns

› Integrates with your existing reporting systems—send data from the mobile platform to external reports and view reports in your reporting systems

› Biggest hurdle is usually integrating with existing customer databases
Mobile Web

Summary

- If you build one thing, build a mobile site
- Survey: 9 Out Of 10 mobile shoppers use the mobile web while in-store - Nielsen/Yahoo Study
- Consistent functionality for both feature phone and smart phone
- Part of ingrained consumer search behavior
- Although many users access content via an application, most key content is found through a browser in U.S., EU5, Japan
- Overwhelming preference for mobile web access across many sectors. Whether researching product and price info or sharing that information socially, many prefer mobile browsers to apps - eMarketer Study

Key
Mobile web is the “always” on mobile tactic
QR Codes

Summary

‣ Cost effective way to bridge the gap between offline retail store and digital content

‣ Tactic being reinforced by retailers

‣ QR still has relatively low adoption (>10% for smartphone owners), but rising

‣ Not a differentiator in the retail space, many brands using some form of code

‣ Adoption to increase over next two years

‣ QR codes represent less commitment for customers than SMS and is

‣ Integrated into many apps already, like Amazon and BestBuy
Video

Summary

› One of the only formats that can cross over to multiple screens

› A key attribute of HTML 5

› Can still be expensive to produce and deploy

› Caters entirely to smartphone owners

› Mobile video retention rate superior to online video: Viewer retention rate after 60 seconds was 81% on Rhythm’s network vs. 55% online.
Augmented Reality

Summary

• Augmented Reality technology overlays geo-relevant info and graphics in real time over what you are looking at using your phone camera

• Only works via mobile application

• GPS used for phone’s location to get geo-relevant info

• Get information, reviews and customer ratings

• Augmented reality works for iPhone 3GS/4G, for earlier models there is a 2D listing function
Social Integration

Summary

› Mobile/Social up over 350% in 2010 (Nielsen)

› Users that access Facebook on their phones are twice as active

› Twitter has only 7% penetration amongst all SMS users—it’s a great start but may be leveling out

› While some success metrics do exist, there is still a lack of industry-wide benchmarks

› Not all social networks created equal, many with less than 1% adoption
Summary

‣ Microsoft says (53%) of mobile searches on Bing have a local intent

‣ Tasks initiated on mobile search are completed much faster than traditional online searches

‣ While mobile search works the same way, there are significant differences in areas like user intent, keyword selection, targeting options, etc

‣ Just like regular search, SEM and SEO must be taken into account
Mobile Couponing

Summary

‣ Uses the first personal mass media, extending the brand or store into the most dynamic and ubiquitous communications channel today

‣ A highly measurable way to drive direct sales

‣ Easily integrates into existing traditional marketing programs

‣ Offers compelling campaigns with value the consumer understands

‣ Crosses over multiple age groups

‣ Redemption can be as easy as just using the user phone number
Ad Units

Summary

- Not just a smaller version of a web banner
- Important mobile tactic as display is one of the only ways to establish reach and scale in mobile
- Various formats and networks including gaming networks
- Biggest ad players: Millennial, Google, iAd
- One of the few tactics in mobile that can be used for awareness
Example Brands: AAP

- Works for all devices
- Store location functionality
- Features DIY videos with step-by-step instructions
- Supports in-store programs e.g., barcode coupons
Example Brands: Coke

- Product awareness and brand building in the mobile channel
- “Collect the Cans” reinforced product packaging marketing and in-store product awareness
- Brings Olympic sponsorship into an “anytime, anywhere” environment
- Engaging video content “Web” experience in mobile
- Sticky brand experience with branded content downloads
Example Brands: Amazon

Shopping carts automatically transfer to both mobile site and mobile app

Embedded functionality that shoppers are using
Example Brands: The Auto Industry

- Focus owners can schedule charging times from their smartphone.
- Toyota Entune has dashboard integrated mobile apps like Pandora and Bing.
- Drivers can have their twitter streams read aloud to them.
- Update facebook information via voice command from the driver’s seat.
Leaders & Followers
“The man who removes a mountain begins by carrying away small stones.”

- Chinese proverb
Leaders and Followers

1. Leaders define how mobile is operationalized in their company

2. Leaders have real marketing objectives

3. Leaders have measurement and analytics in place

4. Leaders have a platform implementation strategy

5. Leaders always have the customer in mind
Leaders define how mobile is operationalized in their company

1. Create cross-functional teams

2. Start with test and learn phases, but don’t linger

3. Use a phased-approach, not everything all at once
“Evaluation” is how we move out of “Test and Learn”
**80/20 Rule**: 80% percent of marketing dollars should go to tactics that have 20% or more of customer adoption.

Source: comScore Mobilens U.S. November 2010

Note: Mobile adoption is determined by smartphone usage not all U.S. mobile subscribers.
Leaders have real marketing objectives

1. Outsource to a reliable vendor and use managed services

2. Bring it in-house using a vendor’s platform and toolset

3. Hybrid, eventually move towards self service

Note: Relying on an agency is not a model
Leaders have real marketing objectives

<table>
<thead>
<tr>
<th>MARKETING FUNCTION</th>
<th>Lead Generation</th>
<th>Direct Sales</th>
<th>Branding</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Messaging</td>
<td>1. SMS</td>
<td>2. MMS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banner</td>
<td>1. WAP</td>
<td>2. Image w/link</td>
<td>3. Full screen</td>
<td></td>
</tr>
<tr>
<td>Video &amp; Audio</td>
<td>1. Pre/Post roll</td>
<td>2. Trailer</td>
<td>3. Streaming audio</td>
<td></td>
</tr>
<tr>
<td>Gaming</td>
<td>1. In-game ads</td>
<td>2. Downloads</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Applications</td>
<td>1. iPhone &amp; RIM</td>
<td>2. Social Network</td>
<td>3. QR codes</td>
<td></td>
</tr>
</tbody>
</table>

TARGET AUDIENCE THROUGH

<table>
<thead>
<tr>
<th>Location</th>
<th>Ad Network</th>
<th>Content Provider</th>
<th>Search</th>
<th>Customer Data Base</th>
</tr>
</thead>
</table>

- Location: 
- Ad Network: 
- Content Provider: 
- Search: 
- Customer Data Base:
Leaders have real marketing objectives

**MARKETING FUNCTION**

<table>
<thead>
<tr>
<th>Lead Generation</th>
<th>Direct Sales</th>
<th>Branding</th>
<th>Loyalty</th>
</tr>
</thead>
</table>

**FORMATS**

<table>
<thead>
<tr>
<th>Messaging</th>
<th>Banner</th>
<th>Video &amp; Audio</th>
<th>Gaming</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SMS</td>
<td>1. WAP</td>
<td>1. Pre/Post roll</td>
<td>1. In-game ads</td>
<td>1. iPhone &amp; RIM</td>
</tr>
<tr>
<td>2. MMS</td>
<td>2. Image w/link</td>
<td>2. Trailer</td>
<td>2. Downloads</td>
<td>2. Social Network</td>
</tr>
<tr>
<td></td>
<td>3. Full screen</td>
<td>3. Streaming audio</td>
<td></td>
<td>3. QR codes</td>
</tr>
</tbody>
</table>

**TARGET AUDIENCE THROUGH**

<table>
<thead>
<tr>
<th>Location</th>
<th>Ad Network</th>
<th>Content Provider</th>
<th>Search</th>
<th>Customer Data Base</th>
</tr>
</thead>
</table>
Leaders have have measurement and analytics in place

1. Use a vendor that has reliable reporting

2. Bring it in-house using a vendor’s platform and toolset

3. Hybrid, eventually move towards self service

Note: What gets measured gets funded
“What gets measured gets funded”

Mobile Web Metrics
1. Bounce rate .03%
2. Top traffic sources
3. Conversion .03%
4. Unique visitors X,XXX,XXX
5. Page views XXX,XXX
6. Top pages “Name of page”
7. Top functionality “click to call”
8. Top Devices

Mobile Applications
1. Total Downloads XXX,XXX
2. Active users XX,XXX
3. Most popular features .03%
4. Average use time .03%
5. Times shared e.g., twitter XX,XXX

Notes: Separate proprietary success metrics e.g., check-ins by vendor, but make sure they ladder up to a larger business objective

Display/Banner
1. CPC .XX%
2. CPM .XX%
3. Impressions XX,XXX,XXX
4. Engagement ex: click to expand
5. Top performing ad unit “Name”

Notes: Important to evaluate most successful ad networks ex: Millennial VS. admob VS. iAd

Social/Community
1. How many times shared XX,XXX
2. Mobile community opt-ins via mobile site XX,XXX
3. Mobile community opt-ins via SMS XX,XXX
4. Month/month community growth .03%
5. Check ins XX,XXX

Notes: Social currency e.g., Facebook credits likely to see upside growth

SMS/MMS
1. Total messages sent XX,XXX
2. Unique opt-ins XX,XXX
3. Unique opt-outs XX,XXX
4. Month-over month database growth .XX%
5. CTR for CTAs .XX%

Notes: SMS and MMS share similar success metrics

Content e.g., Video
1. Impressions .XX%
2. Click to video .XX%
3. Avg. engagement time XX min
4. Times shared e.g., facebook X,XXX

Notes: Video is one of the few formats that work across all platforms: TV, web and mobile
Leaders have a platform implementation strategy

1. Outsource to a reliable vendor and use managed services

2. Bring it in-house using a vendor’s platform and toolset

3. Hybrid, eventually move towards self service

Note: Relying on an agency is not a model
Leaders always have the customer in mind

1. Use customer-specific information, not free industry stats

2. Think about the entire customer lifecycle, not just the campaign

3. Make sure that mobile adds intrinsic value to the customer

4. Don’t “over-mobile”
Behavioral Modeling

**Tanya**

**Overview:** A mother of one, and an RN at a local hospital, Tanya is short on time and sometimes money. While keeping up with current fashion trends is somewhat important to her, price ultimately plays the largest role in purchasing decisions. She’s both prudent and adventuresome with money and regularly reads/accesses financial information sites to form opinions of her own. She carries a mobile device with her at all times, but uses it primarily for news and information-based services and secondarily as a communication tool.

**Goals:**
- Find the lowest price on premarket items in local stores
- Save time by not shopping in multiple retail stores
- Be rewarded for customer loyalty
- Have access to (relevant) product and pricing information

**Shopping Behavior:**
- Will make a single purchase based on mobile alert
- Habitsually shops during lunch breaks and after work
- Prices matter more than designer names
- Toggles between app-based and browser-based search for finding local information and deals
- Accesses online retail sites at least once per week

**How She Uses Her Phone:**
- Unlikely to use a check-in service e.g., Foursquare, Gowalla, but likely to use Facebook
- Majority of the apps on her phone are for repeat utility, everything else e.g., reference and directory brands are browser-based, likely due to device type
- Checks her bank account balance (via app) prior to, or while shopping in stores
- May adopt barcode scanning once she upgrades her phone in 6 months

**Acquisition & Loyalty:**
- Best acquisition method for acquiring customer via short code, local radio, product packaging, magazines
- Worst acquisition method: Billboard and newspaper
- Most likely to respond to fashion/clothing offers
- Least likely to respond to consumer electronics offers
- Responds well to rewards and likely to join a m-ARM program that gives further discounts
- Will not respond to a barrage of SMS alerts or coupons
  - Max amount of MTS per month: 4

**Preferred Mobile Brands:**

- Ask
- Drug Report
- Village
- BNF
- In Style
- Slate
Customer Journey for Printer Purchase

My friend Jason says HP and Epson are good and that HP has something called ePrint. Sounds cool.

HP is kind of expensive through, not sure it's worth it

There's ePrint thing, I wonder what it does

Still more expensive than some others though

Oh wait, that thing I scanned has a coupon on it I think

Let me ask Jason again to make sure

Seems like there's three that would work

I'll go to BestBuy to look at some this weekend

That's cool! I get it now

I do need one, Not sure which brands are good

There's a lot of printers though.

Negative Experience

Neutral

Negative Experience
Customer Journey for Printer Purchase

I think I need a new printer, how long should they last?

My friend Jason says HP and Epson are good and that HP has something called ePrint. Sounds cool.

HP is kind of expensive through, not sure it’s worth it.

There’s that ePrint thing, I wonder what it does.

I do need one, not sure which brands are good.

I’ll go to BestBuy to look at some this weekend.

That’s cool! Now I get it.

Still more expensive than some others though.

Oh wait, that thing I scanned has a coupon on it I think.

There’s a lot of printers though.

I’ll go to BestBuy to look at some this weekend.

Seems like there’s three that would work.

Mobile Banner
Drive awareness of ePrint technology. Use rich media experience to illustrate the advanced functionality.

Facebook Connect
Allow customers to socialize brands from mobile sites and apps. Currently not part of the hpofcdepot.com site.

SMS Coupon
Setup geo-fence around stores targeting customer the moment before they make a decision.

Shopper Assist Mobile Site
Equip users with a link to the HP shopper assist page before they enter the store by adding a link to the coupon you send.

Integrated in-store Demos
Allow customers to use their own phones as part of the demonstration i.e., real emails for printers.

(Example Only)
Now it’s Your Turn
The Challenges

**Challenge 1: Customer acquisition**
Helly Hanson has a new high-tech jacket targeted at women (25-34) in urban areas. While they have other products for women, the current segmentation strategy does not have a female-specific segment. Knowing that women are likely to use their mobile phone to assist with making purchases, HH has asked for a mobile approach in order to acquire new customers in this segment.

**Challenge 2: m-CRM strategy**
Canon Office Printers have been losing market share in the SMB market for the past two years. Knowing that many of their existing customers have leases that are about to expire on their current printers, Canon has decided to launch a mobile CRM program. The goal is to get current customers to either sign up for a new office printer or extend the lease on their current one for 10% off the regular price. While Canon has an extensive database with names, office titles, email addresses and office mailing addresses, they do not have customer phone numbers.

**Challenge 3: Increase foot traffic**
El Pollo Loco, a 1000 store chain of fast food mexican restaurants has recently began seeing declining store visits for its weekday lunch sales. While the stores are all located in areas with ample foot traffic, they almost all have a bevy of competitors all vying for the same lunchtime crowd. El Pollo Loco is looking for ways to use mobile to increase store traffic and win back market share.
Contact:

Angel Evan
Director of Mobile Strategy
angel.evan@iloopmobile.com
415-297-8649