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INSIDE MOBILE: Innovations of Mobile Marketing

Mobile marketing has now gone mainstream. In fact, mobile marketing is poised to become the most important marketing vehicle of all time. There are simply too many mobile phones and too many people carrying them around all day for it not to become the primary focus of marketing professionals. Here, Knowledge Center mobile and wireless analyst J. Gerry Purdy outlines the four mobile marketing innovations that are taking mobile marketing to the next level.

Mobile is now being thought of as a major marketing platform alongside print (including billboards), radio and television (broadcasting), and online. You now see billboard and bus ads with "Text 'CAR' to 12345" for information on the latest hot car or many other innovative marketing campaigns. Ads now appear on mobile phones—sometimes as banners and sometimes embedded in a product but not often as a total screen that takes over the phone.

Mobile, however, is now poised to become the most important marketing vehicle of all time. Marketing on a mobile device is more personal than any other form of marketing promotion. And it gives the brand doing the promotion a way to track demographics on the behavior of those who respond that no other marketing process is able to do.

In addition, the mobile phone is the only two-way marketing medium that can be fully customized to the subscriber's specific interest and precise location. And the mobile phone is the only device that participates directly in the marketing promotions (coupons to the phone) and the redemption (phone used for loyalty identification and payment).

Here are the four innovations that are taking mobile marketing to the next level:

Innovation No. 1: Near Field Communication (NFC)

You've likely seen the latest generation of credit card payment terminals in major retailers; they have a contactless wireless reader at the top of the terminal. The card or phone contains a radio-frequency identification (RFID) chip much like the one used for highway tolls. With the chip and wallet software, consumers can select which card they want to use on the phone's screen, wand it over the contactless terminal and the purchase is completed. Major players here include ViVOtech, First Data, Visa, MasterCard and the major handset manufacturers.

All it will take for this to enable the mobile phone to replace most credit and debit cards is for leading handset manufacturers such as Apple, Nokia, Motorola, Samsung, RIM,

HTC and LG to begin installing the small NFC chip in each phone. That will happen over the next few years.

Innovation No. 2: Mobile as part of integrated marketing campaigns

The use of a mobile phone in marketing campaigns has typically been narrowly focused, such as responding to a short code (for example, voting for our choices in popular shows such as "American Idol" and "Dancing with the Stars"). The latest innovation is to use mobile as part of a broader, integrated marketing campaign so that mobile becomes an accepted vehicle for marketing professionals to use. For example, Coca-Cola might create an integrated campaign that puts short codes in print and on television, uses the mobile for response, and then issues a coupon via the mobile phone that can be redeemed at retail for a discount.

Mobile marketing firms such as Air2Web, iLoopMobile, VeriSign, Singlepoint and others are now working more closely with major advertising and marketing promotion firms to make mobile an integral part of their plans.

Innovation No. 3: Mobile coupons and retail loyalty

Mobile coupons were introduced by Cellfire a few years ago. Now, mobile phones are considered viable to replace paper coupons. They allow digital coupons to be used by major brands that mobile subscribers then retain and redeem at retail. An example would be for a customer to respond to a short code to get a discount off a drink at Starbucks, and the reply would be a bar code that is scanned at the retail counter and the discount applied.

Zavers Networks has taken that concept one step further: they are working with major retailers and marketing promotions firms to allow the mobile subscribers to manage their digital coupons using both the Web and mobile phone, and then allow the consumer to use their loyalty card or phone number at retail.

A similar mobile loyalty program is offered by Tetherball in the United States and Zapa in Europe. Working with ViVOtech, a contactless sticker carrying a loyalty number is added at the back of subscribers' existing phones to associate with the personalized coupons they receive through text messages. Subscribers tap their loyalty sticker-enabled phones near and in store environments, opting in to receive coupons tailored specifically for them. They then tap the phone to redeem coupons for a purchase. This allows information about the purchase (who, where and what) to be collected for the first time and summarized for the companies doing the promotion.

Innovation No. 4: Ad exchanges

Mobile advertising has been around for a few years. One big problem has been the proliferation of mobile advertising firms such as AdMob. Now, a new innovation in mobile marketing has come about from firms such as AdMarvel and Mobclix that act as

advertising intermediaries or exchanges. Instead of a major brand having to go out and negotiate with different mobile ad agencies (which can get quite complex), mobile ad exchanges such as Mobclix allow brands to have one relationship (with the ad exchange) and make media buys based on data segments for each ad network that is participating in the exchange.

From these examples, it's easy to understand that you're going to see more marketing promotions integrated within mobile going forward. And, as I've said in the past, mobile is likely to eventually be the largest media market of all time.

J. Gerry Purdy, Ph.D., is the VP and Chief Analyst with the Frost & Sullivan North American Information & Communication Technologies Practice. As a nationally recognized industry authority, he focuses on monitoring and analyzing emerging trends, technologies and market behavior in the mobile computing and wireless data communications industry in North America. Since joining Frost & Sullivan in 2006, Dr. Purdy has been specializing in mobile and wireless devices, wireless data communications and connection to the infrastructure that powers the data in the wireless handheld.

He is author of Inside Mobile & Wireless, which provides industry insights and reaches over 100,000 readers per month. For more than 16 years, Dr. Purdy has been consulting, speaking, researching, networking, writing and developing state-of-the-art concepts that challenge people's mind-sets, and developing new ways of thinking and forecasting in the mobile computing and wireless data arenas. Often quoted, his ideas and opinions are followed closely by thought leaders in the mobile & wireless industry. He has a Ph.D. in Computer Science from Stanford University. He can be reached at gerry.purdy@frost.com.