

Breaking Through the Mobile Threshold: A Look at the Future of Mobile Marketing in the United States

Michael J. Becker
Principal, MettaTech

The question is not if, but when, will Mobile Marketing prevail in the United States. At the end of 2002, the number of mobile subscribers worldwide reached 1.15 billion, actually surpassing fixed-line phone subscribers for the first time; and by 2006 almost one out of every three people around the world, or 1.8 billion, will subscribe to a mobile service.^{1,2} These are staggering numbers, numbers that Marketers need to grapple with. Mobile Marketing is a relatively new concept. It first appeared on the global stage soon after the December 1992 sending of the first Short Message Service (SMS) message³, and since then marketers have never looked back. Marketers can reap huge benefits for their companies by leveraging this nascent channel, which has been shown to dramatically increase brand awareness, product sales, campaign response rates and ROI. It is still early, but United States marketers should start preparing themselves now for this new frontier in Marketing. Marketers need to learn how to break through the mobile threshold and how to interactively engage their customers one on one over the mobile channel.

Mobile marketing is not about picking up the phone and calling. It is about reaching out to the customer on their mobile device—cell phone, smart phone, or wirelessly enabled personal digital assistant. Mobile marketers from companies like Coca Cola, McDonalds, Sony, Miss Florida USA Pageant, New Line Cinema and others have run successful mobile campaigns to engage, entertain and inform their prospects and customers. The most popular mobile campaigns include contests, pictures, audio clips, coupons, discounted tickets, and more. This content is delivered via SMS (Short Message Service), mobile email, or MMS (multimedia messaging service). Through these campaigns, mobile marketers build viral communities that welcome their messages. Actually, it is not unheard of for mobile marketing campaign participants to reply with a “Thank You” to a received marketing message.

It would be easy to turn a blind eye to mobile marketing. To throw up the privacy flag, discount it, and say mobile marketing is fluke, that is will never happen; although, after you look at the numbers you’ll see that it is happening. Marketers that use the mobile channel appropriately, i.e. get permission first, are timely, add value, and target their customer with relevant messages are very successful.⁴ A 2002 study by Nightfly, a mobile marketing agency in the U.K. reported that “39% of its client base prefers SMS marketing [or texting] to TV or radio, and another agency, Enpocket, says it found permission-based mobile marketing to be 50% better at brand building than TV and 130% better than radio.”⁵

Response rates to mobile marketing campaigns are as impressive as the acceptance rates, regularly coming in at 14%~25%, and often higher.⁶ For instance, during the 2001 World Cup, 44% of the people that received a special offer from Guinness via SMS took advantage of it.⁷ Or, we can look at another example. During a six week period starting November 2002 and running into December 2002 Elektra Entertainment ran a U.S. mobile marketing campaign to promote Missy Elliot's latest album, Under Construction. The campaign, The Missy \$Million, was promoted through TV (MTV and urban music channel BET), radio, outdoor, print and CD stickers, and generated a database of over 115,000 registered mobile users, 72% of which opted-in to participate in future Elektra mobile marketing campaigns. These are amazing results, especially when you also take into account that "Under Construction surpassed its original targets, selling over 1.5m copies in the US in its first three months."⁸

Mobile marketing is an add-on to a strategic marketing plan, it does not stand alone. As shown above, the mobile campaign incorporates traditional channels—TV, newspapers, billboards, flyers, CDs, Internet, email, and radio—to expose prospects and customers to the campaign and invite them to opt-in. Practicing permission based marketing, making it easy for subscribers to opt-in and out of your campaigns, is critical to the success of any mobile campaign; you should never market to someone on their mobile without first gaining explicit permission; and, don't assume that having permission to send a customer an email newsletter equates to permission to communicate with them on their mobile. It doesn't.

Over 50% of the 150 million mobile phone users in the U.S. have data enabled phones that support two-way messaging⁹, and it is just a matter of time before mobile campaigns become common here; however, there are a few critical impediments that must be overcome first. Unlike Europe and Asia, where almost all mobile networks follow the GSM standard and interoperated seamlessly, U.S. mobile networks are deployed on a plethora of incompatible technologies, thus making interoperability difficult. Furthermore, the mobile billing practices in the U.S. do not lend themselves to mobile marketing, since the recipient pays for incoming messages, while in Europe they don't. Lastly, U.S. mobile users are just beginning to get comfortable with the data services now becoming available, it will take a little more time for the GenY community to pave the way and show us all how it is done.

Never the less, these hurdles will be overcome in time, and until that time comes, which will probably be sooner rather than later, it behooves us all to spend the effort to learn how this new channel works. We need to evaluate the success of our European and Asian marketing brethren. We need to consider what steps we'll use here in the Untied States to successfully break through to the other side of the mobile threshold, and reflect on how we'll nurture the intimate 1 to 1 interactive relationship we'll have with our mobile customers.

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- ³ GSM Association. . Retrieved 11/6/03, from <http://www.gsmworld.com/technology/sms/index.shtml>.
- ⁴ Russell Buckley. (2003, 3/25). Mobile Marketing - R U up 4 It? MarketingProfs.com. Retrieved 11/10/03, from <http://www.marketingprofs.com/3/buckley1.asp>.
- ⁵ Carlo Longino. (2002, Nov 28). Getting the Message. The Feature. Retrieved 11/09/03, from <http://www.thefeature.com/article?articleid=25316>.
- ⁶ A review of numerous sources, include Footnote #5.
- ⁷ Carlo Longino. (2002, Nov 28). Getting the Message. The Feature. Retrieved 11/09/03, from <http://www.thefeature.com/article?articleid=25316>.
- ⁸ SMS campaign by not13 for Elektra Entertainment Group. (2003, 6/26). New Media Age (United Kingdom).
- ⁹ Yankee Group. (2002, 10/30). Wireless Advertising: Still Waiting for Takeoff. Retrieved 11/8/03, from http://www.yankeegroup.com/public/products/research_note.jsp?ID=8907.