

MARKETING INSIGHTS



A Challenging Channel

Mobile marketing presents many opportunities, but big issues remain

By Michael J. McDermott

MOBILE TECHNOLOGIES are creating enormous opportunities for marketer engagement with customers and prospects anywhere and at any time. In effect, mobile marketing neutralizes the strictures of time and place that encumber more traditional marketing channels. A survey by the ANA and the Mobile Marketing Association shows that about 90 percent of marketers currently use or plan to include mobile marketing as part of their overall mix.

“Mobile marketing is one of the most powerful tools we have in our marketing arsenal today,” says Brian Gearhart, lead communications manager at Unilever. “It has the reach of television, the addressability of direct mail, and the immediacy of location. And the smartphone is the only multimedia device that consumers carry around with them all day.”

BIA/Kelsey, a consulting and research firm based in Chantilly, Va., predicts that mobile marketing spending in the

U.S. will grow from \$790 million in 2010 to \$4 billion by 2015. But as promising as the mobile channel may be, marketers face a number of challenges that must be resolved if they are to realize its full potential.

According to Gearhart, the tracking of mobile user behavior by marketers, agencies, and third-party partners to intelligently target ads and maintain consumer privacy protection poses unique challenges not found online. Cookies are not universal across mobile devices and not always compatible with operating systems and platforms currently in place. In response, many marketers are turning to a variety of mobile unique user identifiers (UUIs), many of which — and the various uses of which — have not been classified in regard to personally identifiable information (PII).

The fragmentation between operating systems, browsers, and mobile devices is another hurdle in the establishment of

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consumer privacy standards and best practices, especially as it relates to the application ecosystem, while the smaller screens of mobile devices make adopting online notification solutions, such as the AdChoices privacy icon, difficult. Unilever is working with its largest mobile partners, urging them to adopt effective solutions to the questions surrounding privacy protection. “Our goal is to support those partners who demonstrate to us and our agency they are taking positive steps to ensure consumer privacy is protected,” Gearhart says.

Strategic and Operational Issues

Mark Kaplan, founder and CEO of New York-based GEM, which manages global interactive messaging capabilities for enterprise marketers, cites three strategic and operational issues marketers are grappling with in their search for mobile marketing nirvana: understanding what mobile marketing’s capabilities really are, enterprise ownership, and perceived complexity.

Regarding the first point, “buying a banner ad on a mobile site or game is not mobile marketing,” Kaplan says. Many companies, he argues, don’t understand that mobile devices have the same functionality as a website, with the added benefit that they’re with consumers all the time. Those that do understand this — companies Kaplan describes as being truly integrated — have apps, websites, and messages that reconcile in near real-time. “A very simple methodology is to follow the consumer,” he advises. “Marketers become relevant when they engage with consumers in the manner in which they [consumers] use technology.”

The enterprise ownership issue is one of the tail wagging the dog — i.e., mobile marketing is treated as a technical function inside an enterprise rather than as a marketing function. But technologists generally lack a good grasp of consumer sensibilities or experience in engaging in the marketing cycle from traditional media through point of sale. “This reality is catastrophic for marketers because it prevents the development of proprietary mobile properties,” Kaplan warns. Taking ownership of mobile within the marketing organization and

prescribing the agenda can help address both the enterprise ownership issue and the problem of perceived complexity, he adds.

Cautionary Tales

Three things about mobile marketing that keep Helen Galasso awake at night are consistency of branding, business rules, and content across multiple devices with varying degrees of adjustments to take advantage of each platform’s capabilities. The vice president of interactive development at Coldwell Banker Real Estate also frets about dealing with multiple operating systems and making sure the company’s apps and websites maintain a consistent experience across all of them. Additional challenges include deciding on the best mobile platform to provide the greatest impact given limited budgets and resources, and integrating all platforms while taking advantage of each one’s uniqueness.

As one of the early adopters of smartphone and tablet apps, WAP sites, content portability, and other mobile marketing technologies, Coldwell Banker has some cautionary tales to share. “Often, before we launch one mobile channel, we are working on the next one without even having a chance to learn and gain insights from what we have just launched,” Galasso relates. “We gain desirable first-mover recognition, and experimenting eventually helps us gain the knowledge to fine-tune and improve. However, making sure everything is efficiently integrated is a challenge. The only way we can overcome it is to make sure that we are disciplined through reviewing our decisions and key performance indicators (KPIs) to ensure we are on strategy.”

Galasso’s advice to other mobile marketers is that they regularly take a step back to evaluate KPIs and rethink their marketing/communications and business strategy with portability as the core of their vision. “Adjust and retool as needed to make sure all tactics, including mobile, are integrating into a cohesive rollout plan,” she says. “Continue to test and experiment, since learning is a consistent part of the strategy.” ■

HERSHEY’S TEST-AND-LEARN APPROACH

The Hershey Company faces many of the same mobile marketing challenges bedeviling other marketers, including integration with the rest of the digital/marketing mix. But the question that most concerns Edward Gerhard Martin, the company’s director of marketing excellence and CSR insights, is a more traditional one: which tactics drive the best ROI?

There’s no simple answer to that question, Martin admits, but Hershey’s strategy is to do a lot of “test-and-learn” pilots and to keep tabs on what’s working for other enterprises through organizations such as the ANA and the Conference Board. “For example, we worked with GEM to pilot a T-Mobile campaign in Bronx bodegas,” he says. “The idea was to drive the community into stores to buy Hershey products via mobile deals. In return they would get rewards, and a certain amount would go toward helping support community initiatives.”

The strategy aligns nicely with Hershey’s longstanding commitment to philanthropy. Like other test-and-learn pilots the company has conducted, it will be monitored for its impact on ROI and other benchmarks, Martin says.

— M.J.M.