MOBILE MARKETING

CHANNEL OVERVIEW

The role of marketing is to help organizations find customers, encourage customers to purchase, encourage customers to purchase more and more often, and to build the company brand within the marketplace.

In recent years, technological advancements in mobile devices, network bandwidth, databases, social media and identity services have irrevocably changed consumer behavior and, as a consequence, every aspect of marketing.

Consumers have gone digital and mobile, and these developments are impacting marketing. According to Google, 90% of all consumer media consumption now occurs through one of four screens: television, computer, tablet or smartphone. Television media consumption is in decline and was recently surpassed by mobile and online.

In the United States, studies show that consumers spend 38% of their time consuming media through TV, while 20% of their media time is spent on mobile devices and 20% online. In other words, 40% of consumer media consumption is digital, with the majority of Internet, e-mail and social media consumption now happening through a mobile device. In fact, 65% of all email is first opened via a mobile phone, 73% of Facebook's daily active users are coming from mobile, 80% of smartphone users are spending their time in mobile apps with the remainder of their time in the mobile web.

Consumers are not using their mobile device to simply consume media; they're also using them to shop. Industry estimates report that in 2013, US consumers spent $13 billion on goods and services through their mobile device, but this is the tip of the iceberg. Mobile is influencing nearly every aspect of the customer journey. Mobile is influencing upwards of $670 billion in sales in the United States. Mobile users are using their phones and tablets throughout the day to check product and pricing information, locate stores, source the best offer, read and make reviews, access customer service and more, all in real time.

Due to these changes in consumer behavior, to follow the consumer marketers must go mobile. In 2014 and beyond, we'll see these consumer trends continue as mobile becomes even more ingrained into people's everyday lives.

To compete, businesses will turn to mobile and integrate mobile throughout all online and offline customer journey touch points. Leading marketers will optimize for mobile web, email and apps and add mobile call-to-actions to all their traditional media. Leading retailers will install beacons, Bluetooth low-energy access points, within their stores to provide hyper-local consumer engagement. Beacons are incredibly accurate. If a consumer is within 10 feet of a beacon access point, a marketer can know if that person is the 2nd or 6th person in line and personalize the app messaging accordingly.

In 2014, the industry will also see advancements in payments and commerce as well as an increased adoption of augmented reality both for marketing and customer care. Augmented reality will turn every surface into interactive media and generate over one billion new advertising impressions by 2019. Finally, over the next five years, advancement in research, data collection and analytics will enable marketers to collect, refine, append, analyze, make sense of and act on vast amounts of data generated by mobile consumers and their phones, tablets, wearable and related connected computing devices, including cars, wrist brands, rings, glasses, clothing, refrigerators, thermostats, pills, teeth and more.

While data and analytics will increasingly drive better results for marketers, markets must also listen to the consumer's digital signals and actions. Privacy considerations will drive the marketing conversation for the foreseeable future, although in potentially unexpected and contradictory ways. For example, studies report that young people 18~25 year olds are increasingly sharing personal information through social and digital media channels. However, it is this same group that has the greatest propensity to take action to protect their digital footprint, to anatomize their behavior. This suggests that people are interested in the benefits that data sharing yields—personalized offers and engagement, convenience and social recognition, yet also want a sense of control over their digital footprint. In the digitally led economy, marketers must learn to listen to and make sense of these seemingly contradictory signals.

Marketers must also learn to put mobile at the heart of their marketing, which will help them better connect, engage and influence customers. Listening to the customer and their digital signals, adopting mobile marketing best practices, and following the trends above are no longer a "nice to have" but a strategic imperative for future commercial success.

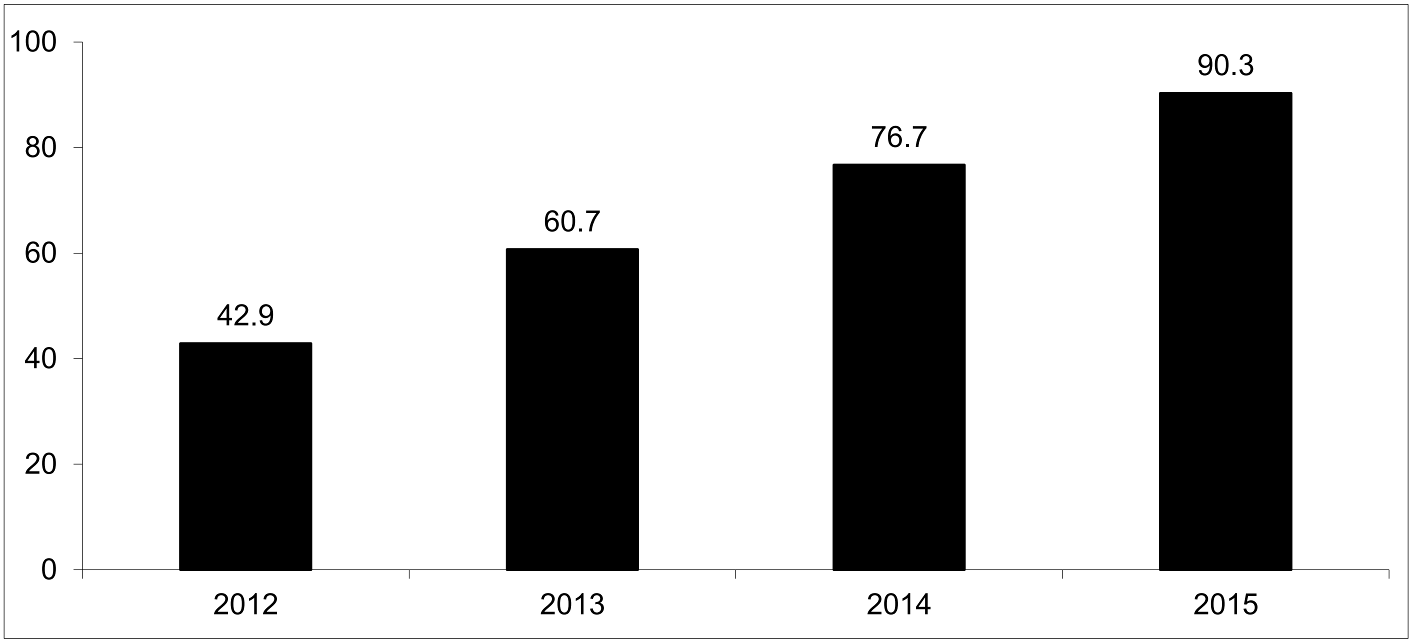
Authored by: Michael J. Becker
Managing Partner & NA CEO, mCordis, LCC

CHAPTER HIGHLIGHTS

- US Retail M-commerce sales will reach $56.72 billion in 2014.
- Nearly 77 million US adults will use mobile coupons this year.
- 32% of American adults own an e-reader and 42% own a tablet computer.
- 90% of American adults own a cell phone. Almost 60% of those are smartphones.
- The average smartphone user spends 2 hours 22 minutes using their phone daily and during a typical day, 77% of them SMS/MMS, the most common mobile activity.

US ADULT MOBILE COUPON USERS, 2012 — 2015

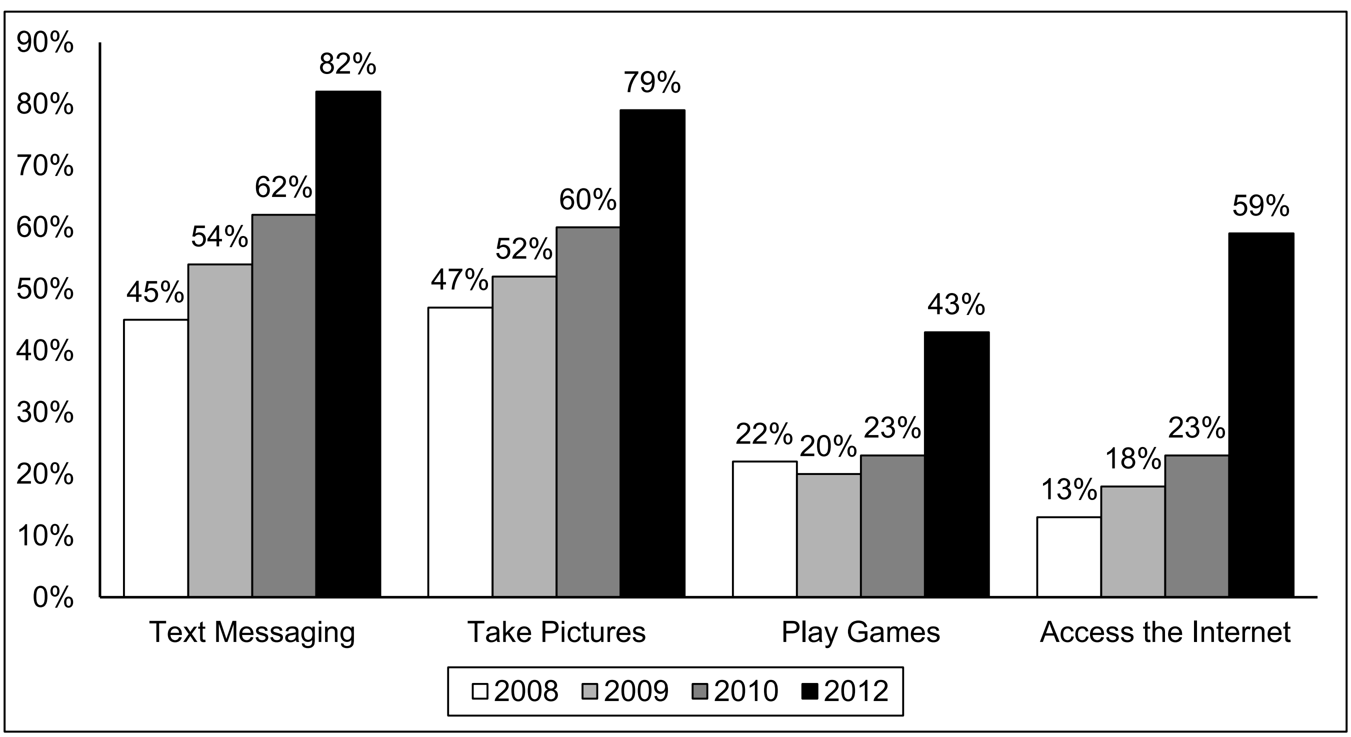
Millions of Adult Cell Phone Users



Note: Age 18+; used mobile device to redeem coupon/code obtained from app, mobile internet, QR code or other mobile barcode, or SMS for online or offline shopping at least once during the calendar year; includes group buying coupons purchased via mobile device.

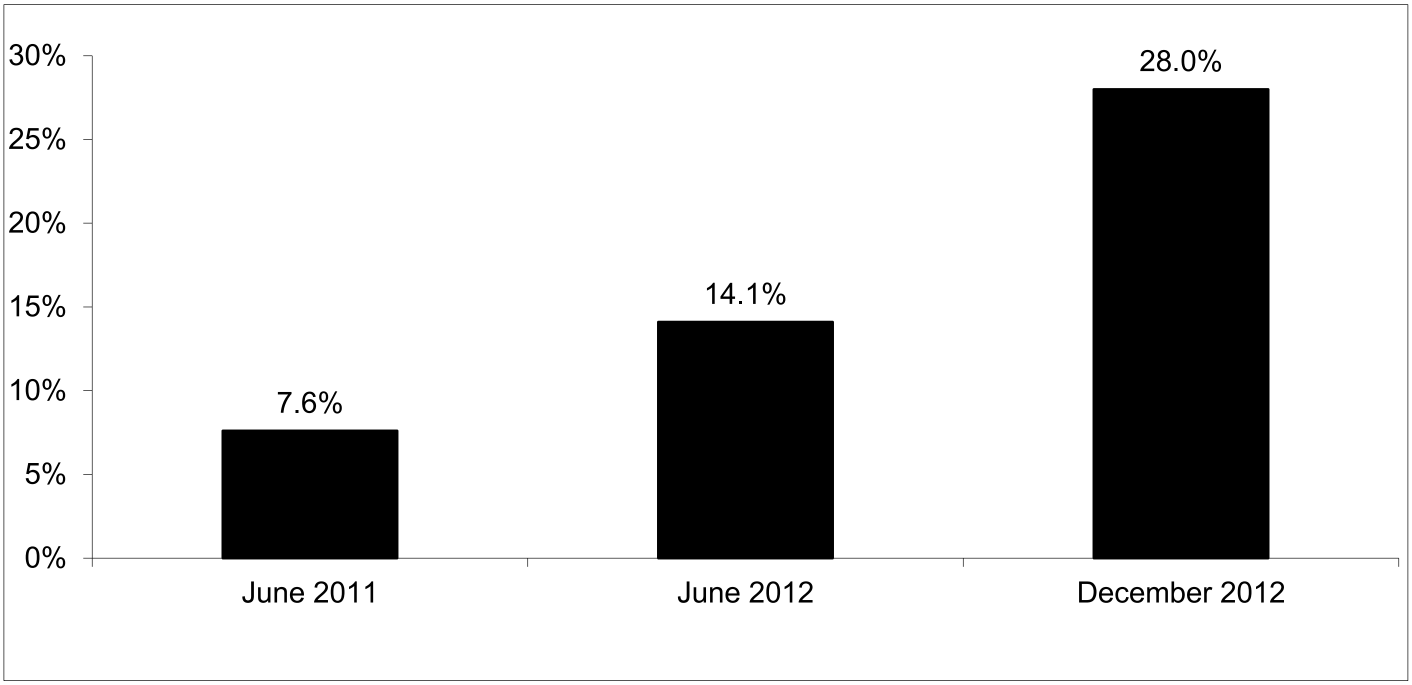
Source: eMarketer, October, 2013.

USE OF CELL PHONE FUNCTIONS



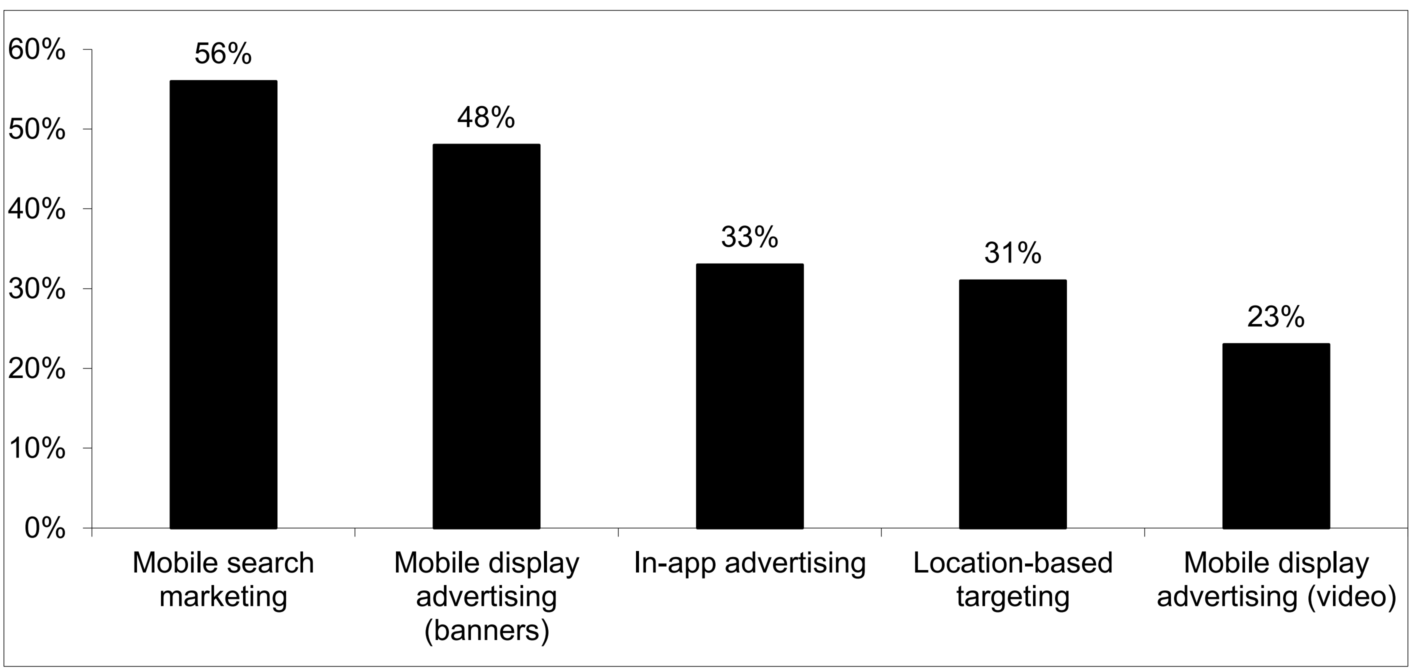
Source: USC Annenberg School Center for the Digital Future, “The 2013 Digital Future Report.”

PERCENTAGE OF SMARTPHONE AUDIENCE ALSO OWNING A TABLET



Source: comScore, Inc., "U.S. Digital Future in Focus", 2013.

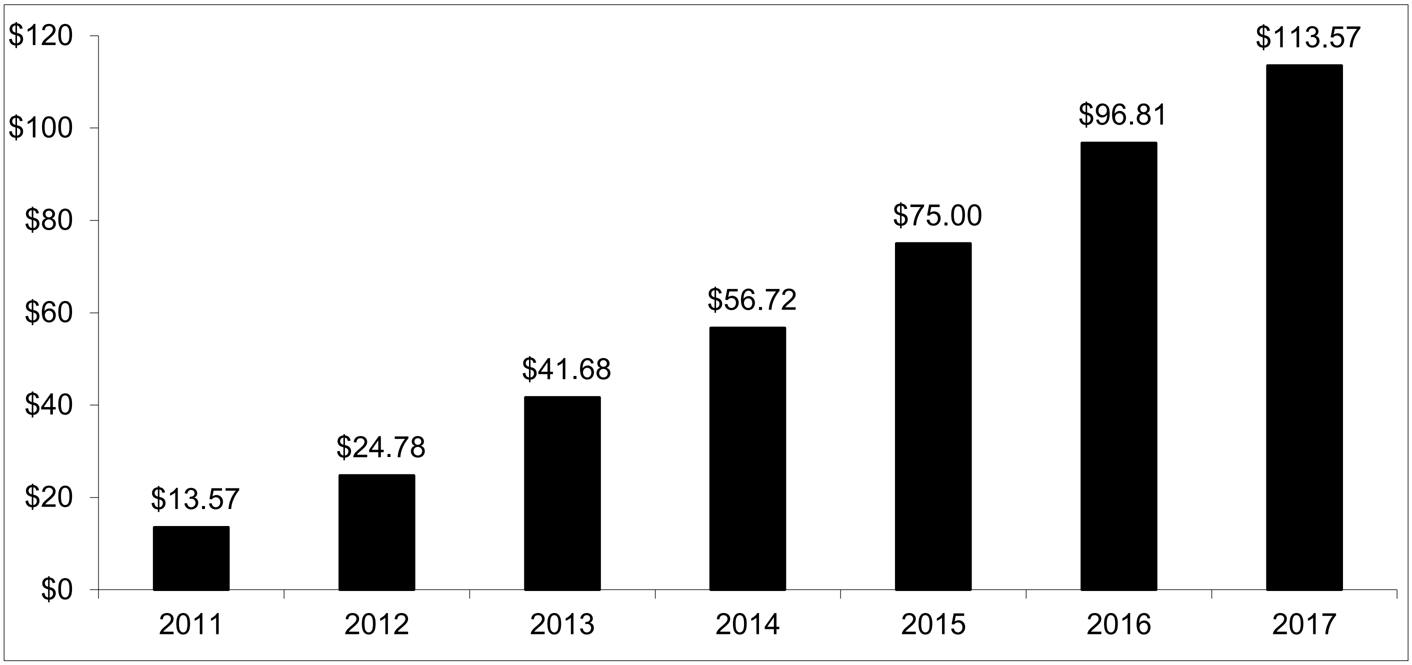
WHAT TYPES OF MOBILE ADVERTISING IS YOUR COMPANY ENGAGED IN?



Source: Econsultancy/Responsys Cross-Channel Marketing Report, 2013.

US RETAIL MCOMMERCE SALES, 2011—2017

NUMBERS IN BILLIONS



Note: Includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; excludes travel and event ticket sales; includes sales on tablets.

Source: eMarketer, September 2013.

US RETAIL MCOMMERCE SALES, BY DEVICE, 2011—2017

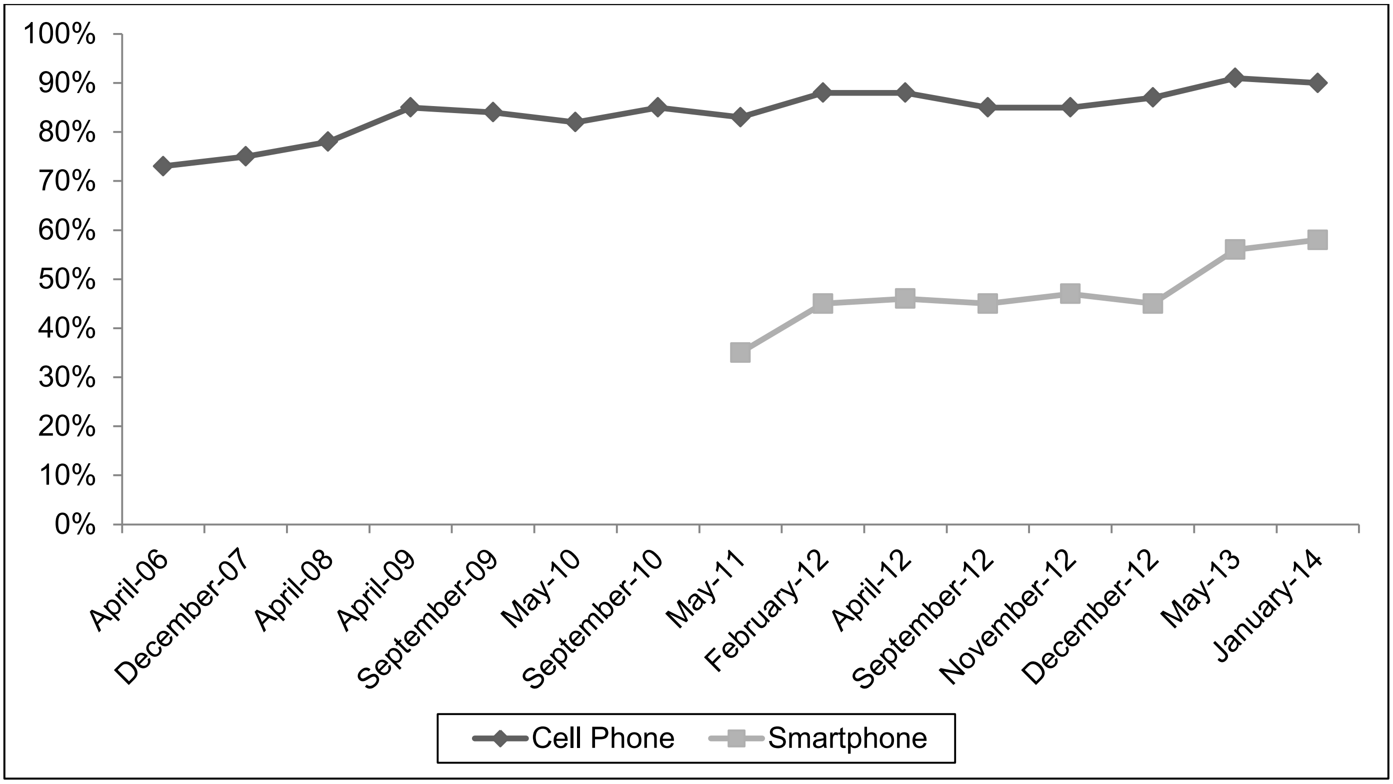
	2011	2012	2013	2014	2015	2016	2017
Tablet	**$5.43**	**$13.93**	**$26.05**	**$37.32**	**$51.00**	**$68.06**	**$81.20**
% change	352.8%	156.5%	87.0%	43.3%	36.7%	33.5%	19.3%
Smartphone	**$7.47**	**$9.91**	**$14.59**	**$18.15**	**$22.50**	**$27.11**	**$30.66**
% change	119.8%	32.8%	47.1%	24.4%	24.0%	20.5%	13.1%
Other mobile devices	**$0.68**	**$0.94**	**$1.04**	**$1.25**	**$1.50**	**$1.65**	**$1.70**
% change	69.8%	38.8%	10.6%	19.8%	20.2%	9.7%	3.5%
Total	**$13.57**	**$24.78**	**$41.68**	**$56.72**	**$75.00**	**$96.81**	**$113.57**
% change	171.7%	82.6%	68.2%	36.1%	32.2%	29.1%	17.3%

Note: Includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; excludes travel and event ticket sales.

Source: eMarketer, September 2013.

Cell Phone and Smartphone Ownership, Over Time

% of American Adults who own a cell phone or smartphone



Source: Pew Research Center's Internet & American Life Project, 2014

E-Reader and Tablet Ownership

32%

Of Americans Ages 18+
Own an E-Reader

42%

Of Americans Ages 18+
Own a Tablet Computer

Source: Pew Research Center's Internet & American Life, 2014.

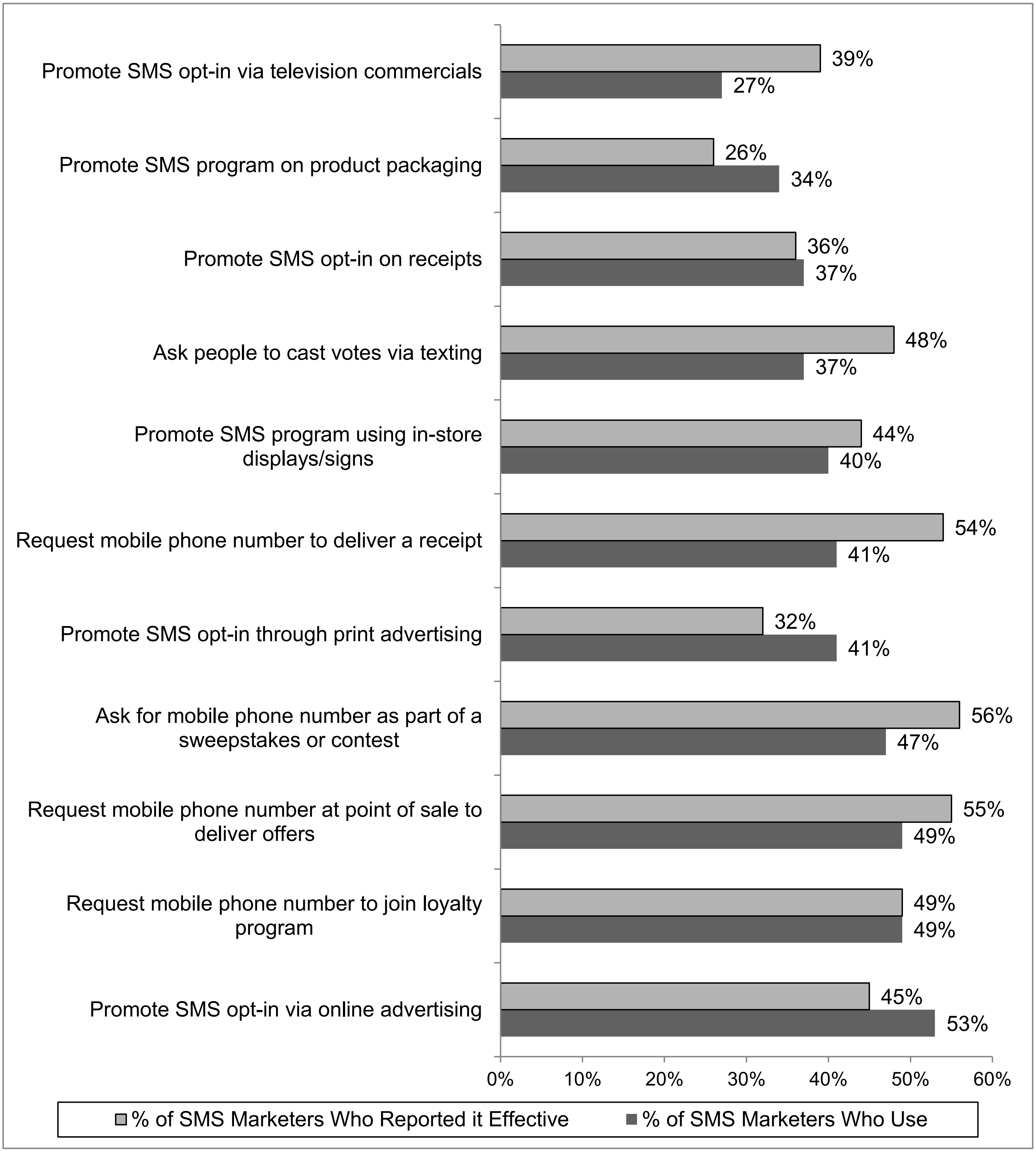
Cell Phone and Smartphone Ownership

% of American adults within each group who own a cell phone and the % who own a smartphone

	Cell Phone	Smartphone
All Adults	90%	58%
Gender		
Male	93%	61%
Female	88%	57%
Race/ethnicity		
White, Non-Hispanic	90%	53%
Black, Non-Hispanic	90%	59%
Hispanic	92%	61%
Age		
18 - 29	98%	83%
30 - 49	97%	74%
50 - 64	88%	49%
65+	74%	19%
Education attainment		
High school grad or less	87%	44%
Some college	93%	67%
College+	93%	71%
Household income		
Less than $30,000/year	84%	47%
$30,000 - $49,999	90%	53%
$50,000 - $74,999	99%	61%
$75,000+	98%	81%
Urbanity		
Urban	88%	64%
Suburban	92%	60%
Rural	88%	43%

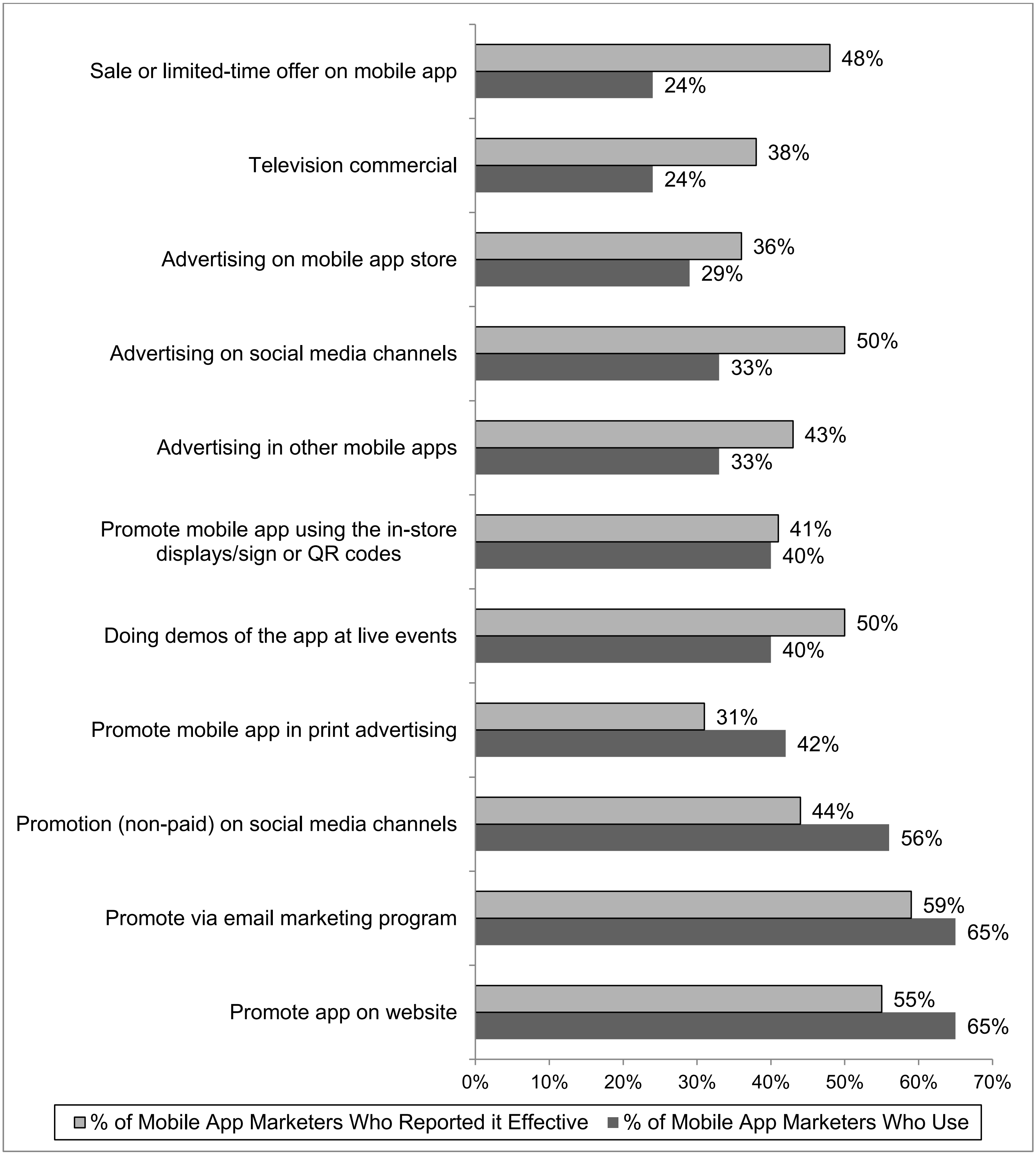
Source: Pew Research Center's Internet & American Life Project survey conducted from January 9-12, 2014. N = 1,006 adults.

All Tactics Considered: SMS



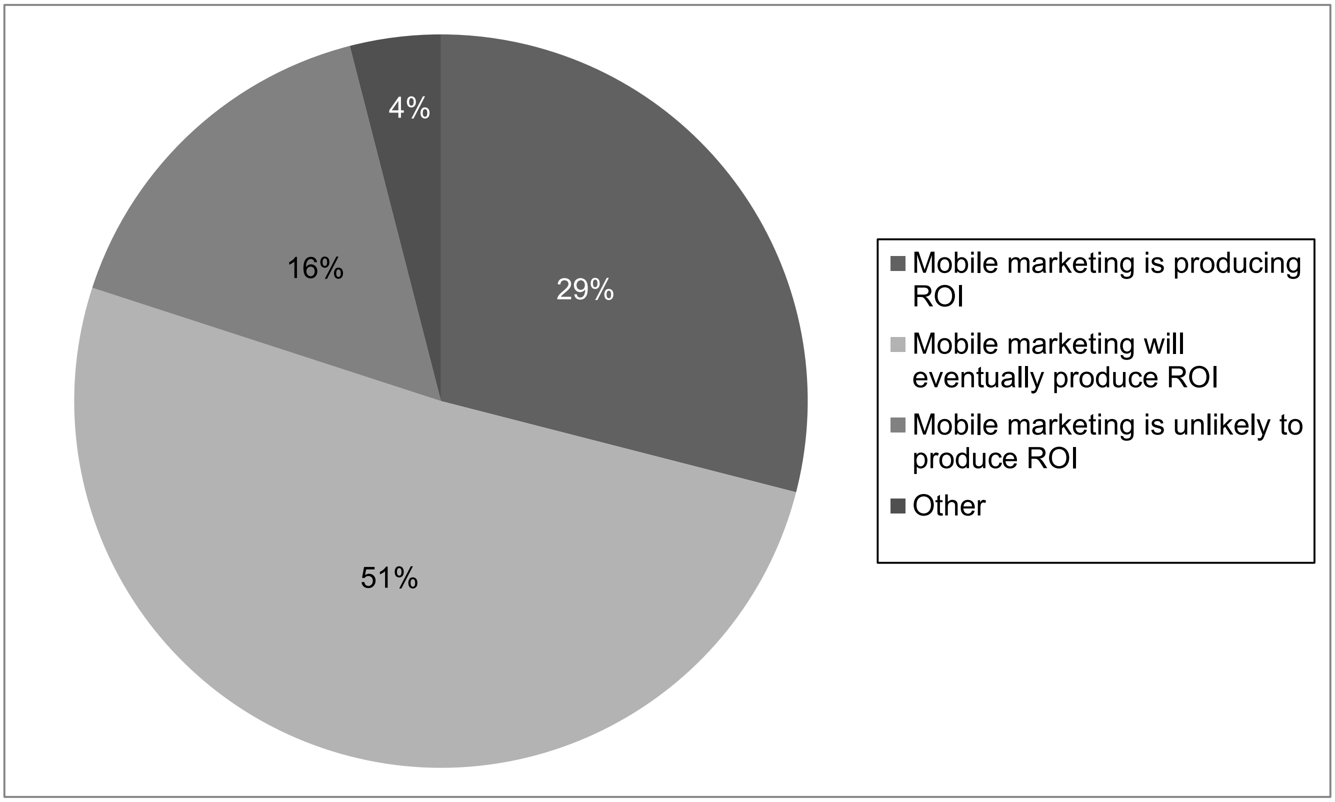
Source: ExactTarget "2013 Audience Growth Survey," August 2013.

ALL TACTICS CONSIDERED: MOBILE APP



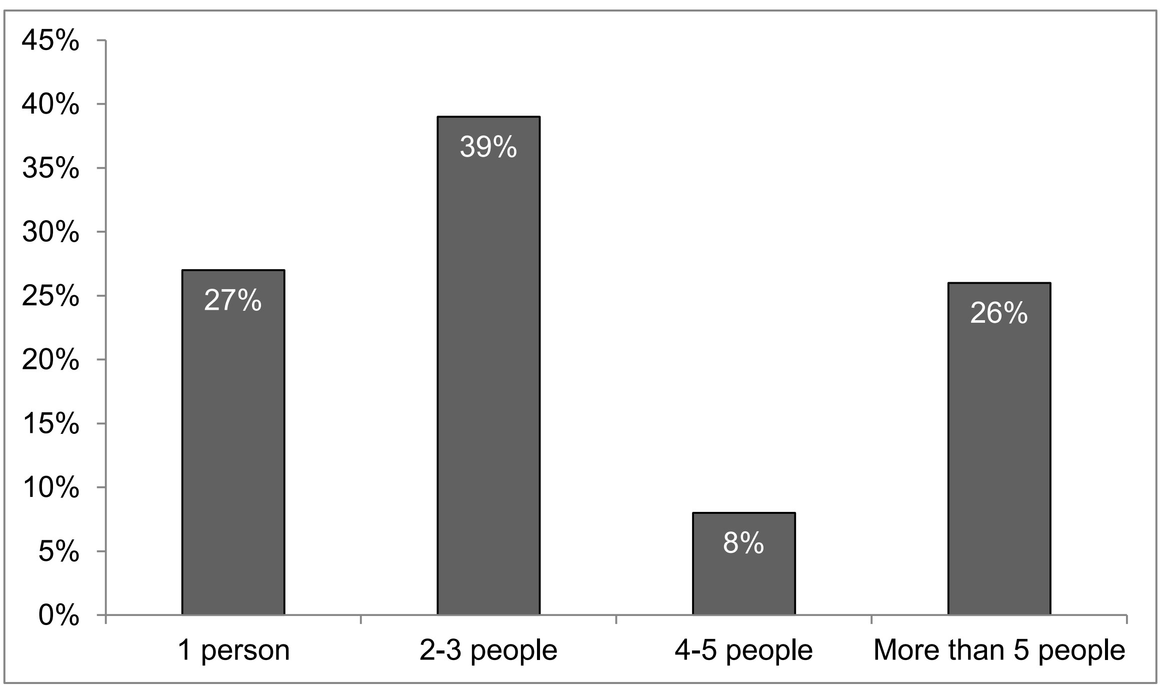
Source: ExactTarget "2013 Audience Growth Survey," August 2013.

MOBILE MARKETING ROI



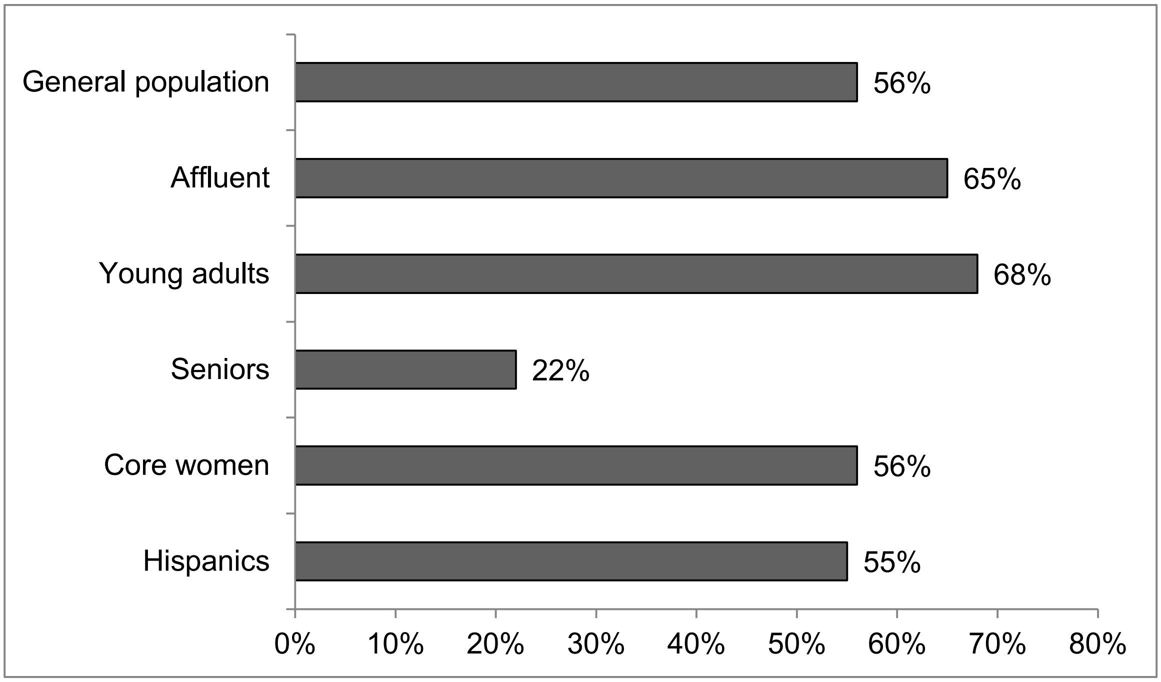
Source: ExactTarget "2014 State of Marketing".

MOBILE MARKETING TEAM SIZE



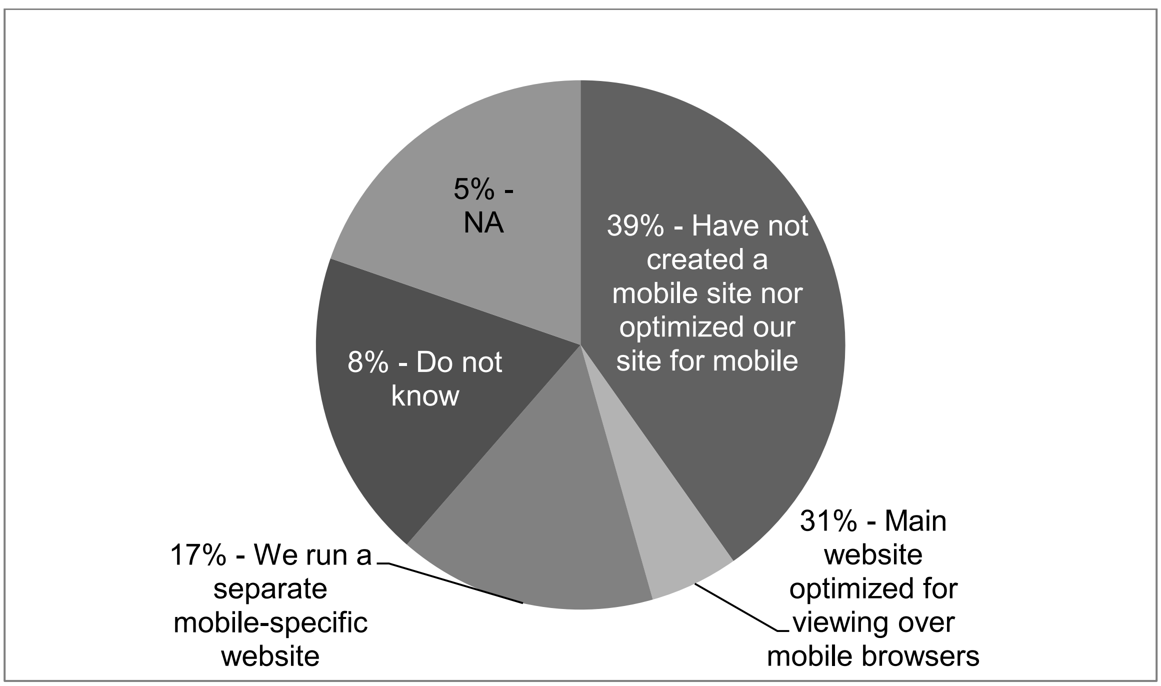
Source: ExactTarget "2014 State of Marketing".

SMARTPHONE USAGE



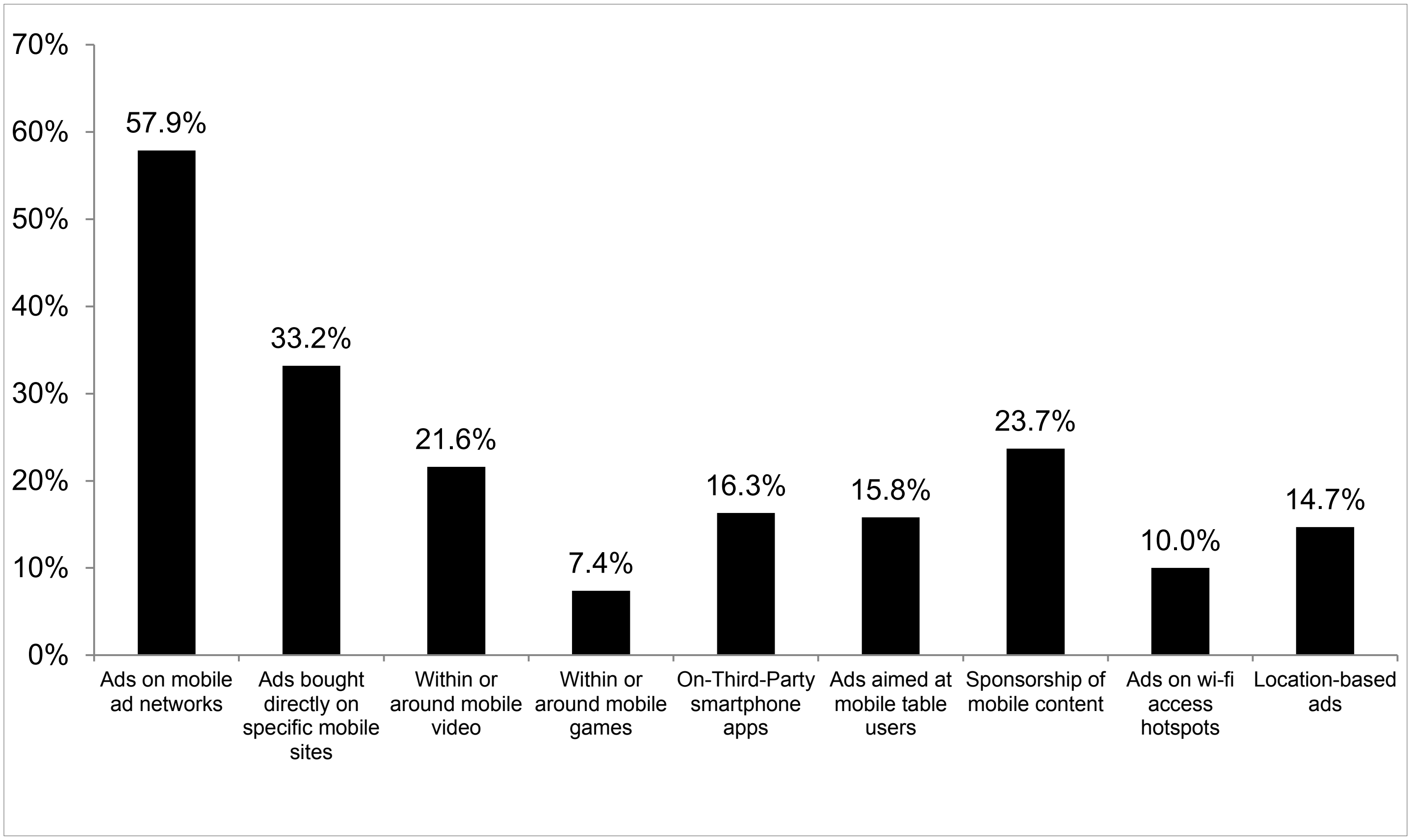
Source: COLLOQUY, "Social Word-of-Mouth Study," 2013

HOW DO YOU DESCRIBE YOUR PRESENT USE OF MOBILE DISPLAY ADVERTISING?



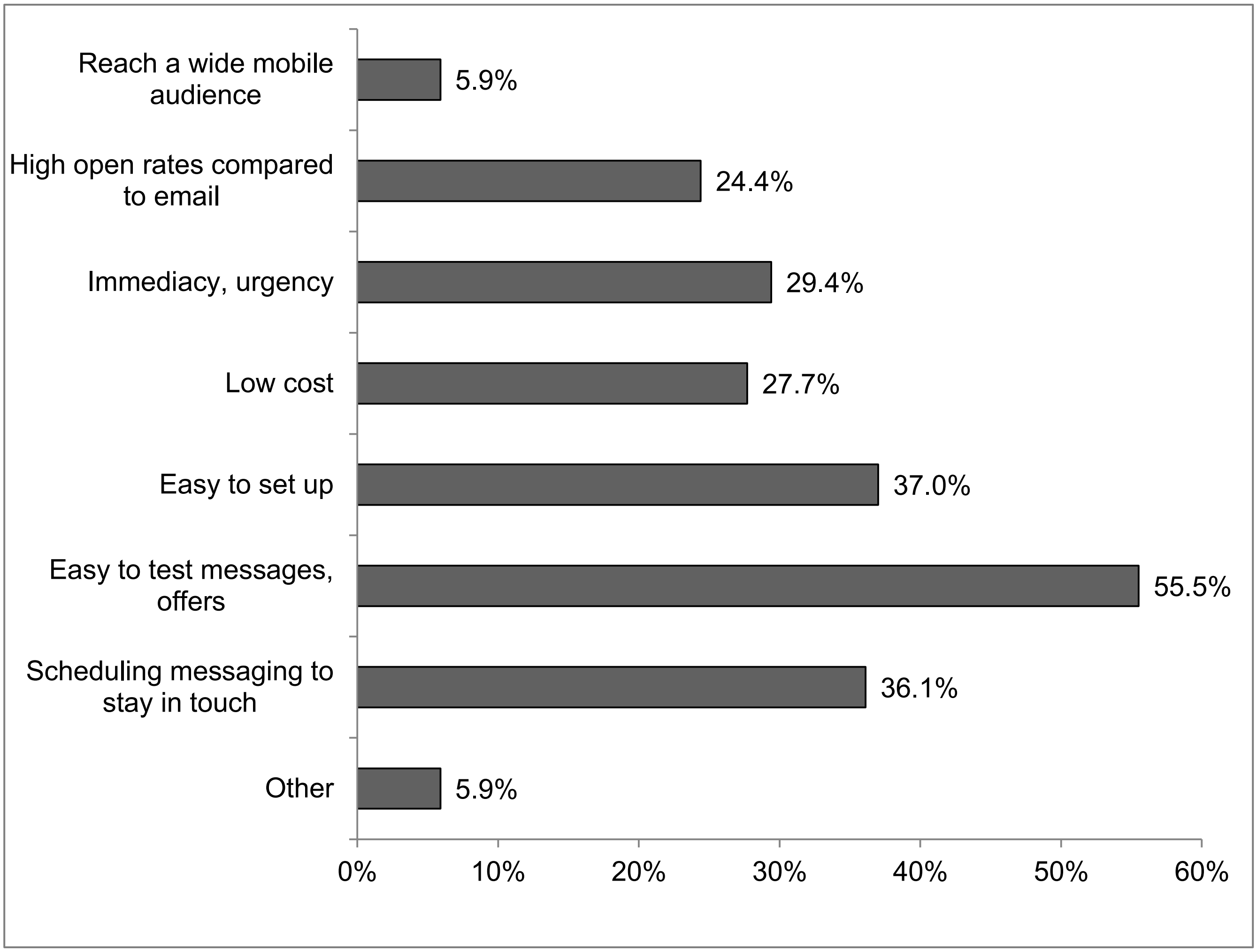
Source: ChiefMarketer.com, 2013.

WHAT KIND OF MOBILE ADS HAVE/WILL YOU RUN?



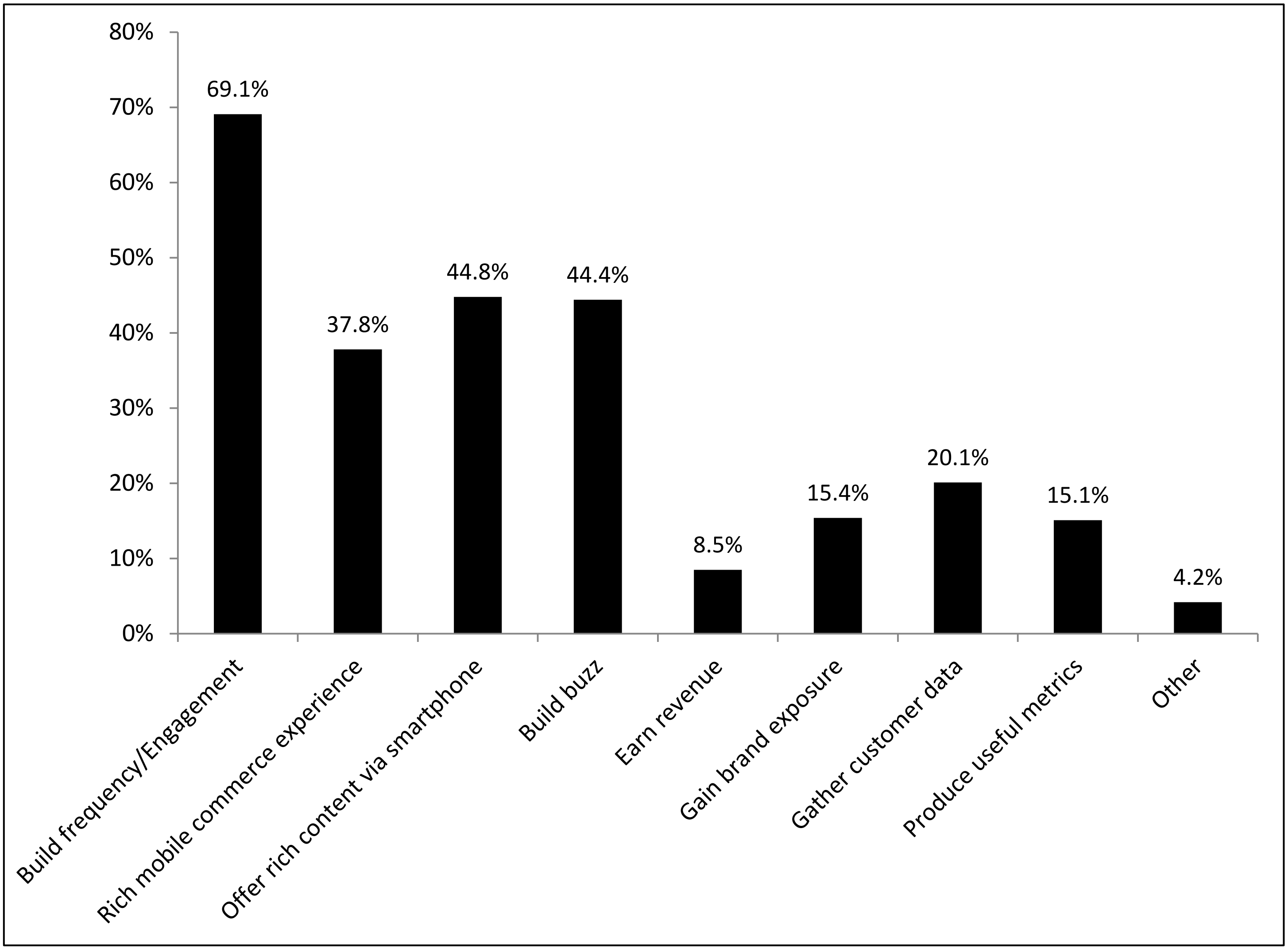
Source: ChiefMarketer.com, 2013.

What Benefits Do You Perceive in Text Messaging Campaigns



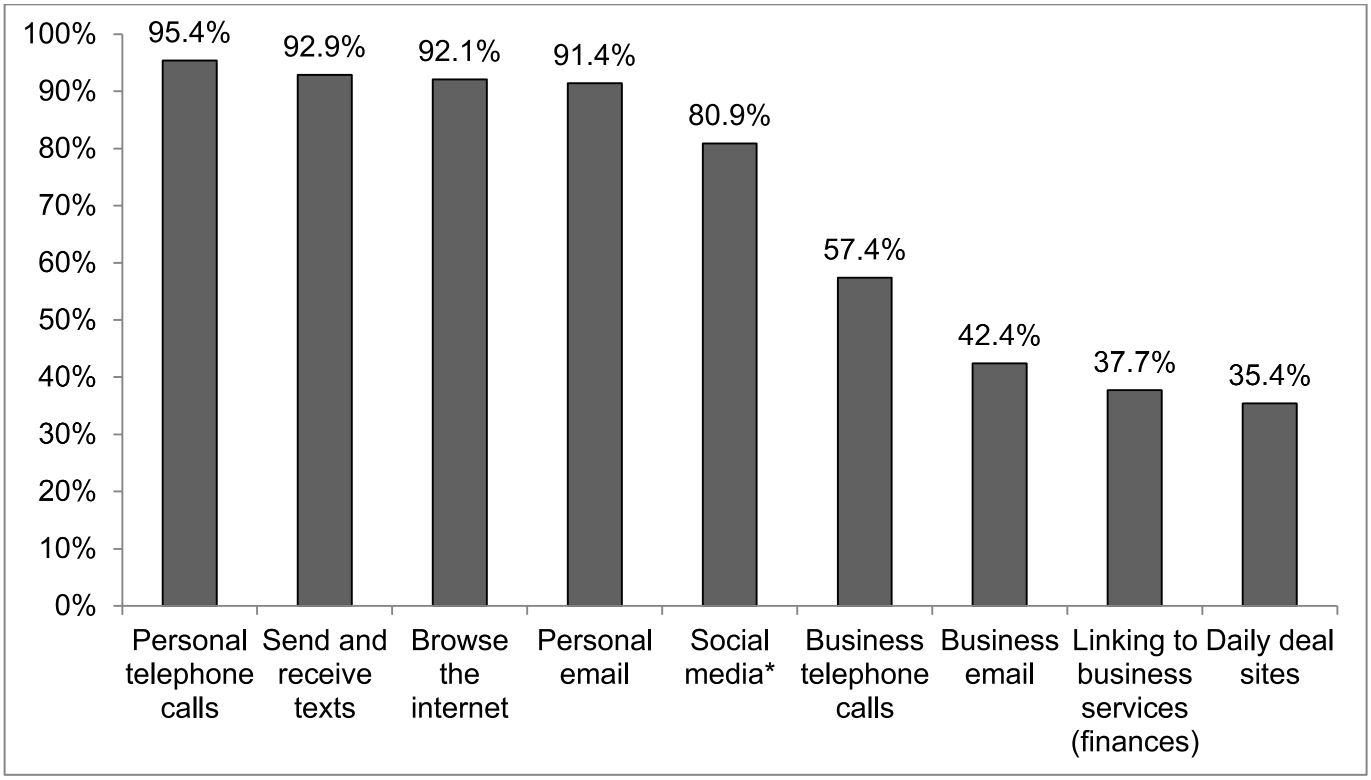
Source: ChiefMarketer.com, 2013.

WHAT ARE YOUR AIMS FOR YOUR MOBILE APPS?



Source: ChiefMarketer.com, 2013.

Activities Smartphones Are Used For



*Social media includes Facebook, Twitter, Pinterest
Source: Acxiom, "Digital Impact 2013 Consumer Email Survey."