

The changing face of the mobile phone – and its implication for marketing

The ubiquitous mobile phone

The Irish love affair with the mobile phone is a well documented story. The most recent report from the Irish Communications Regulator, ComReg, puts mobile phone penetration at over 108% at the end of December 2009 (this figure includes the use of multiple handsets by single individuals), and research by Millward Brown Lansdowne at the end of 2009 found that 95% of adults personally owned a mobile phone. Back in 2000, only 37% of adults owned one, so the growth and pervasiveness of the mobile phone is certainly clear.

ComReg data also shows that the volume of mobile traffic is still growing. The number of text messages sent by mobile users in Ireland totalled over 3 billion in the last quarter of 2009 up nearly 11% on the same period in the previous year. This equates to an average of 193 text messages per subscription per month – that’s a lot of texting. The number of mobile voice minutes has also grown and in the last quarter of 2009 we clocked up over 2.6 billion voice minutes – an impressive amount of time spent talking on our mobiles.

Whilst this growth is in part driven by the increasingly competitive mobile market where providers are pitted against each other to offer the most compelling deals to hold onto their customers, with a plethora of free text message and voice minute bundles in combinations to suit every pocket, **it still points to a device that is increasingly used, and constantly present on the person. That is what makes mobile such an exciting opportunity for marketers.** Unlike other consumer electronics it is personal, and is always in our pockets unlike the home fixed line phone, PC, or TV. Even individually owned laptops with mobile broadband connections are not as portable or as constantly present as the mobile phone. Indeed our connection with our mobile phone is such that when asked in a ComReg survey of Irish adults in 2009 which was the one communications device we could not live without, 45% of us chose our mobile phone, the highest of any technology on the list. Our next choice at 20% was the TV, with only 10% choosing the Internet as our top priority technology – clearly, we are inextricably linked to our mobile phones.

<Insert chart on technology priorities here>

It is this connection with our phones that makes it such a valuable tool for marketers, providing the opportunity to speak directly to your customers, one to one. What makes mobile even more valuable now is the increase in the take-up of mobile internet, allowing people to be fully connected wherever they are. This is in part driven by the sharp increase in popularity of social networking websites.

A recent study (European Interactive Advertising Association) found that Europeans are spending more time on Internet on the move (6.4 hours) compared with reading newspapers (4.8 hours) or magazines (4.1 hours), and 71 million Europeans use the Internet on their mobile each week for an average of an hour a day. The research also suggests that those who are using mobile internet are technologically sophisticated and deeply engaged individuals. This growth in mobile internet use can in part be attributed to better data plans from mobile operators, the increased use of social media and the emergence of more sophisticated smartphones such as Apple's iPhone with its multitude of apps and richer mobile web experience. Sales of smartphones are forecast to rise from 13% of all handsets in 2008 to 23% in 2013, with higher proportion of sales expected in Western Europe (Juniper Research).

Current Mobile Marketing

Many marketers currently use the mobile phone as a tool for tactical SMS campaigns and mobile internet advertising campaigns, and the newly emerging use of in-app advertising where ads are served within applications downloaded to smartphones. There is also recognised that this "third screen" is growing in importance, and increased marketing budgets in Europe and the US are being earmarked for this platform. For the full potential of mobile marketing to be realised however, **we need to understand what makes it different from any other medium – namely it's personal, it's nearly always to hand, it's not fixed to a single location and it knows your location.**

Possibilities for marketing on mobile

Location

Mobile location changes the marketing game completely. Mobile phones offer the marketer the opportunity to pinpoint the location of their customer either through a triangulation of mobile phone masts, or through the GPS available on an increasingly large number of

mobile phones. This in turn provides a brand with an opportunity to interact with each customer in a one-to-one, personalised and meaningful way like never before. Already the likes of Foursquare and Gowalla exist for the purpose of tagging peoples' location, as users "check-in" through their mobile phones at various places with the purpose of letting their friends know where they are, finding out about places their friends are, and getting tips on special events, offers, or recommendations on things to do at specific location. Facebook has also recently confirmed rumours that it will add a location feature to its service. Foursquare rewards loyalty by giving badges to those who visit places, the most sought after being the "mayor" badge which signifies a high frequency of visiting a certain location, store etc. As this badge can only be earned by visiting a place on a very regular basis, in more popular locations with more customer traffic there would be high numbers of users vying for mayoral status by increased visits and check-ins in an attempt to usurp the existing mayor.

How brands use this type of data is where it gets interesting. Starbucks in the US has started to use these mayorships as a way to reward its most frequent Foursquare customers. Mayors of individual Starbucks stores can unlock the Mayor Offer and enjoy a money-off voucher for their frequent store check-ins. An example of a standalone service outside of a social location based service is MasterCard which has developed an iPhone app called ATM Hunter that allows iPhone users to find MasterCard ATMs worldwide using their current location. Knowing a customer's location gives brands the opportunity to be immediately relevant to the customer by allowing possibilities such as offering money off mobile coupons when customers are at the coalface of interaction with your brand. **Therefore mobile phones increasingly have the ability to connect users to places, to other users and content and brands that are location specific, in ways that have not been seen before.**

The opportunity for more automated, location-based messages by brands activated by the customer's proximity to a shop or other place of business will provide a new way to engage with a customer at a very local, and very individual level. Consider also - after having these very personal interactions with brands - getting feedback on the specific product, experience or store just visited through a short mobile survey providing timely and interaction specific feedback.

Augmented Reality

The concept of Augmented Reality (AR) has been around a while. Remember the film *Minority Report* where Tom Cruise enters a shopping mall and receives ads targeted directly at him, based on information about him triggered by the scanning of his eyes. Fortunately, the emergence of the smartphone with its compass, GPS and camera precludes the need for retina scanning, and is also the reason this technology is now moving into the mainstream. AR companies like Layar have developed browsers that sit on top of a real-time image of your immediate surroundings as shown on a smartphone screen using the camera. This browser superimposes real-time digital information over the real world. Imagine being on a house hunt and using an AR browser to scan a street in the area that you are hoping to buy. In Ireland, Daft.ie uses Layar in this way to provide information on the properties advertised to sell or rent on its website. A non-commercial application of this has recently been used in London by the “Get London Reading” campaign, whereby you point your camera down a street in London and the book covers of novels based in that street, or featuring that specific street, appear on your screen. **Consider the possible application of this for brands.** As a keen Grafton street shopper, you could use your AR browser to look down the street to see if any of your favourite shopping haunts have geo-tagged any information such as specific offers that day, news that their new summer collection has arrived, or the time and date of a book signing by a high profile author in their nearby book store.

While this is still at its early stages of application, and relies on the fine tuning of GPS and mobile triangulation, **it has huge potential to create an entirely new way for brands/shops to provide information and compelling reasons to get their customers in the door.**

NFC

Near Field Communications (NFC) is a short range wireless connectivity technology that enables the exchange of data between devices. It has a number of uses including contactless mobile payments, public transport, concert or sports game ticketing and loyalty cards.

NFC services are currently offered in Ireland by Zapa Technologies and are used in various cafes and restaurants around Ireland for loyalty programmes. An example of this is coffee chain Insomnia. When joining the loyalty programme customers are given a sticker with a smart chip and antenna inside to stick on the back of their mobile phone. This chip enables

their mobile phone to communicate with other devices such as retail point of sale terminals. To activate the ZAPA tag, the user simply taps their mobile phone on a ZAPA reader when purchasing a coffee to build up loyalty points.

NFC-enabled devices like mobile phones could also have the ability to receive more detailed information from an ad via NFC, by tapping a smart poster with the mobile phone and being provided with a list of options relating to that ad on the mobile phone screen e.g. links to look at product reviews, product information or indeed the ability to buy the product over the mobile. For higher ticket items this, in conjunction with the mobile internet, would give consumers the ability to research the product at the point of purchase, and could help encourage a more immediate purchasing decision.

The future

So, the mobile phone has evolved from its humble beginnings of only being a device to enable us to make calls while away from home or the office. From a marketing perspective it provides multiple points of interactions with a brand through a number of channels including SMS, mobile advertising, Apps, coupons, and location based brand information.

The use of these new technologies hinges on the thorny issue of the privacy of customer data. What is of key importance is getting customers on-side and providing them with a compelling reason for allowing you to speak to them directly over their most personal device.

Mobile marketing...it's a whole new world.