Mobile marketing: The time is now

Tactics and technologies to understand and engage mobile customers

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Introduction

Consumers are leveraging innovative and richly functional mobile devices to become connected and empowered like never before, reshaping the consumer/marketer relationship and raising the stakes for marketers to utilize the mobile channel to engage shoppers and drive revenue.

Consider: the mobile slice of retail site traffic on Black Friday 2013 leapt to 39.7 percent, a stunning 34 percent increase over 2012 according to IBM Digital Analytics Benchmark data aggregated from approximately 800 US retail sites. Meanwhile, mobile as a percentage of overall online sales surged to 21.8 percent, an increase of nearly 43 percent over 2012.

With higher mobile use comes more opportunities to reach consumers in different ways. For example, consumers are more comfortable using retailers' mobile applications that can help them find specific products and brands, or just find their way around the brick and mortar store. We found that consumers installed 23 percent more retail applications over Thanksgiving and Black Friday than the daily average over the last two months. This allowed retailers to push more timely notifications to users that opted to receive alerts—such as nearby sales, special mobile-only coupons or even a price change for a watched item. Online retailers sent 37 percent more alerts to mobile devices in this same time frame.

And while consumers are increasing mobile usage dramatically, adoption by marketers is still relatively low. As of 2012, just 21 percent of marketers had been using mobile as part of integrated campaigns across email, websites, advertising and other channels, according to an IBM study.[1]

Confusion over mobile technologies, funding limitations and a "wait and see" mindset have kept mobile from a fast start with marketers. As Forrester Research noted, "While consumers are rapidly adopting smartphones and tablets… retail executives are taking a measured view of the immediate benefits of these efforts—in part because of the myriad of challenges that must be considered when investing in mobile for their company."[2]

Leading marketers today are leveraging innovative marketing technology to capitalize on the fast-emerging mobile space. This white paper outlines critical challenges and opportunities facing mobile marketers, and advanced marketing solutions that can help meet growing customer demand for mobile interactions that are part of a rich and relevant cross-channel experience.

The state of mobile marketing

What are marketers doing to drive engagement and sales with mobile device users? The IBM study found the top three initiatives to be mobile versions of websites (46 percent), mobile applications (45 percent) and mobile versions of email (35 percent), followed by mobile text messaging, location-based targeting and mobile ads.

Mobile marketing is clearly on the radar screen for a majority of organizations in retail, financial services, travel and hospitality, food and beverage, and others. For instance, 96 percent of marketers expect to run mobile-optimized websites over the next several years, according to the IBM study. About 88 percent plan to roll out mobile apps and mobile email over the same time frame. Streamlining paths to purchase over

1 IBM, "The State of Marketing 2012," June 2012
2 Shop.org and Forrester Research, "Retailers' Mobile Financial Investments Remain Conservative, According to Shop.org/Forrester Research Survey," press release, September 11, 2012.

Adoption of Mobile Marketing Tactics

(% of global marketers)

June 2012

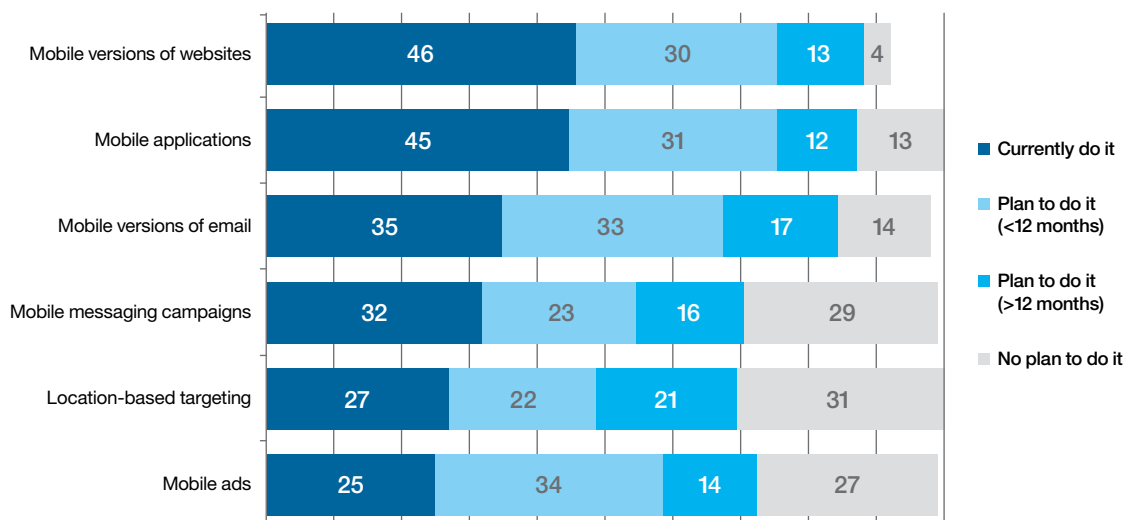| Tactic	Currently do it	Plan to do it (<12 months)	Plan to do it (>12 months)	No plan to do it
Mobile versions of websites	46	30	13	4
Mobile applications	45	31	12	13
Mobile versions of email	35	33	17	14
Mobile messaging campaigns	32	23	16	29
Location-based targeting	27	22	21	31
Mobile ads	25	34	14	27

Figure 1: Mobile websites and applications are the top two mobile marketing tactics. Source: IBM, "The State of Marketing 2012."

mobile devices is a critical objective, especially for mobile websites and apps, but it's not the only one. Smart marketers recognize the need to blend mobile into the overall brand experience, enabling on-the-go smartphone and tablet users to access product reviews, pricing, stock availability and more, whether shopping in a store or relaxing over a drink at a coffee shop.

Mobile also opens new frontiers for interaction through such techniques as QR and barcode scanning, checking product details by snapping and uploading a photo, using mobile devices as "wallets" for digital payments and reaching a service agent with a "click to call" feature in a mobile app. Three key challenges are inherent in these initiatives:

Mobile adds a new layer of data and complexity. The wide variety of devices and large volumes of complex location and activity data generated by mobile introduce new complexity that can frustrate mobile marketing and increase the need to incorporate this type of big data into integrated cross-channel marketing.

Mobile is not a single channel. Though frequently thought of as a channel unto itself, mobile comprises the full range of previously "stationary" digital experiences, including email, web and social media, as well as newer texting and location-based marketing engagements.

Mobile needs to align with interactive cross-channel marketing. Mobile delivers the greatest returns when incorporated with progressive outbound and inbound campaigns orchestrated across channels, using analytics to devise tactics, track and segment customer response and measure success.

The challenges cannot be solved overnight, but with the right strategy, processes and technology, mobile can be rapidly and effectively onboarded into the broader marketing ecosystem to meet consumer demand for a uniformly rewarding experience across mobile and other touchpoints.

Key focus areas for mobile marketing

Mobile analytics, customer experience management, mobile email optimization, text and location-based marketing, and mobile advertising and recommendations are among the top focus areas for marketers pursuing the mobile opportunity.

Mobile analytics

The success of a mobile strategy depends on knowing how device users interact with your brand and what content they find most appealing. However, it's important to recognize that not all mobile users and devices are created equal.

To understand the distinctions, the best digital analytics solutions give marketers insights into make and model of smartphone, tablet, e-reader or game console, as well as operating system, screen size and resolution, and other characteristics. This technology enables you to track and analyze every interaction in real time to support mobile websites and applications.

Just as it is important to understand what traffic is being driven by mobile, it's important to ensure that data about mobile users and usage augments the customer database so that it can be used in targeting, and so there's a comprehensive view of an individual's interactions across channels.

Optimize mobile websites

Segment visitors by device type and track time on site, page views, repeat visitors, purchasing and other key metrics. These insights are essential to identifying problem areas and determining which content is most attractive to which mobile visitors. They also let you assess mobile paths to purchase and understand revenue streams of smartphone versus tablet users.

Improve mobile applications

To deepen engagement with mobile apps, digital analytics reveals usage patterns, conversion funnels, in-app purchasing, subscriptions or ad response and more. Supported by A/B testing, analytics is the key to continuous mobile app optimization through pinpointing roadblocks, comparing performance of multiple apps for iOS, Android and other platforms, and delivering functionality that users value.

Insights from mobile analytics provide a basis for customer segmentation to personalize communications over both mobile devices and PCs. As shown in Figure 2, device pathing functionality delivers insights into the various mobile devices and PCs that shoppers use over multiple interactions through the conversion funnel.
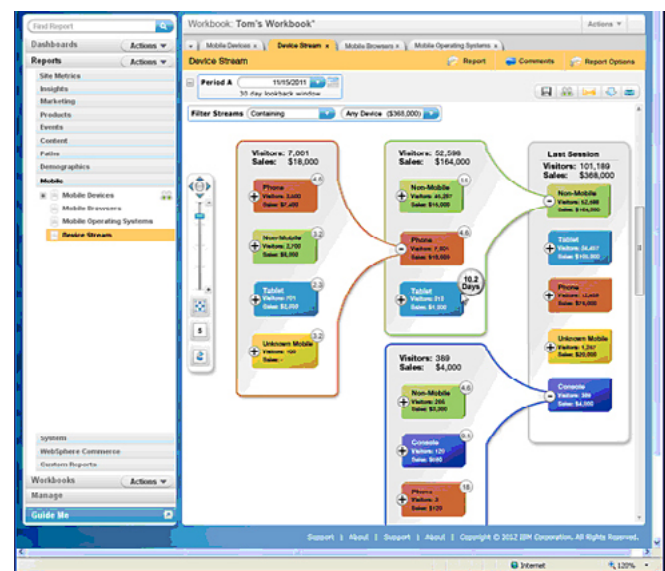

Figure 2: Powerful ad hoc and intuitive out-of-the-box reports, dashboards and workbooks help you analyze portal content, marketing and site design.

Leading US utility optimizes for mobile

A recognized leader in the utility industry wanted to provide mobile services as part of its initiative to improve ease of use and efficiency for its online customers. For example, it enabled mobile customers to view and pay their bills, receive emails with account updates, and report outages by text messages. To help with its mobile initiative, the utility leveraged IBM Tealeaf customer experience management technology to develop a mobile-optimized site that would be engaging and easy to navigate.

IBM Tealeaf CX Mobile allowed the utility to capture device attributes to prioritize development in line with the most frequently used mobile devices on its site. In addition, IBM Tealeaf dashboards helped the utility quantify conversion rates and task effectiveness for key user activities and focus its efforts on optimizing the user experience. Finally, by analyzing user sessions, the utility identified mobile features most often used to prioritize the features it would add or enhance in the future.
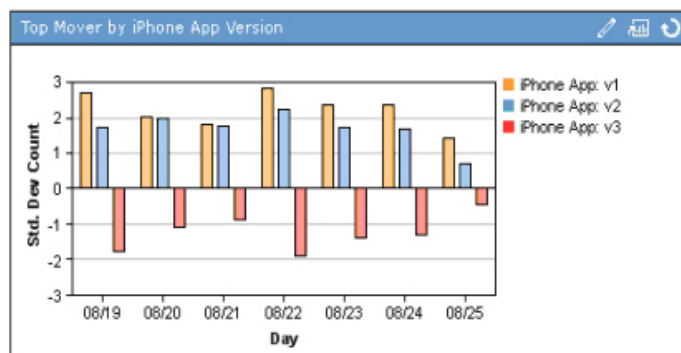

Figure 3: A top movers and drivers dashboard in IBM Tealeaf Mobile CX lets marketers identify key drivers of activities and assess trends over time.

Customer experience management

Traditional digital analytics solutions tailored for mobile devices let marketers report on quantitative data and answer questions about what is happening. Building on that foundation, customer experience management software is geared for qualitative discovery to address such difficult questions as "why are our mobile conversion rates down?" and "why are Android users bouncing after a single page view while iPhone users average five page views per session?"

For example, a retailer may identify an issue of mobile coupons not being recognized at checkout in their online store. By quickly pinpointing the issue, the retailer can resolve the problem and proactively engage those who may have abandoned their carts to maintain their loyalty to the brand. Customer experience management solutions are increasingly used to:

- **Make the right mobile investment decisions.** Quantify the business impact of issues to prioritize mobile investment decisions and see how customers use your mobile services in both expected and unintended ways.

- **Accelerate time-to-market for winning mobile services.** Rapidly iterate and evaluate new mobile features that become successful or should be removed with insights across users, apps, sites and back-end behaviors.

- **Raise conversion rates and revenues.** Leverage real-time analytics and alerts to detect obstacles and issues in your mobile environment that cause users to struggle.

Figure 4: Emails render differently on an Android (left) and an iPhone.

Tips for mobile email marketing

- **Optimize emails for small form factors.** Use brief subject lines and "From:" names, avoid columns and tables, position calls to action and branding as high as possible.

- **Keep mobile emails light.** Less than 20 KB is recommended, and be sure that linked landing pages are mobile-optimized.

- **Encourage customers to sign up for mobile emails.** Compared to texting, email gives you a richer medium and avoids per-text charges.

Mobile email rendering and deliverability

Customers are increasingly using mobile devices to open email, and often interact with the same email on multiple platforms, from a smartphone to a tablet to a laptop. Many marketers, however, lack systematic methods to ensure their emails render attractively across various devices, risking low clickthrough and conversion. As Figure 4 shows, emails can display quite differently depending on device characteristics.

Similarly, email deliverability—your success at reaching the inbox rather than landing in the spam folder, being quarantined or blocked by an ISP—is frequently overlooked. With IBM email benchmark data showing that one in five emails doesn't reach the inbox, monitoring deliverability is important to sizing up roadblocks and broadening your mobile marketing reach.

A good email rendering tool enables you to preview and test how a mobile marketing email displays across more than 100 devices, browsers and email clients, offering wizard-driven automation to guide you through best practice steps to test and optimize mobile emails in all major languages. A rendering tool will also align with email deliverability monitoring to illustrate your mobile email success in more than 150 domains across nearly 70 countries. A sound email deliverability program also shows you the time of day your email was opened, helping you to time delivery for the greatest returns.

Mobile apps and app push

Many businesses are turning to mobile apps as a means of engaging with their customers. Apps can serve a variety of purposes, including a means to buy products or services, a mechanism to deliver content or offers, and also a vehicle for games and other forms of entertainment. Mobile apps provide a terrific opportunity to target users with relevant messages that enrich a user's engagement, improving conversion, monetization, usage and loyalty.

Mobile app push notifications alert app users to new content or offers, and then direct the users back to the relevant part of the app for action. Like other digital channels, mobile apps can target offers and content by customer segment, time zone, context of interaction as well as an individual's behavior, purchase history or profile. However, mobile adds a new dimension — a customer's location — to the mix, enabling businesses to send messages targeted to customers on their mobile device based on where they are located now or their location history.

There are three core ways of targeting app users. App push notifications can be broadcasted. For example, a retailer could notify all app users of a flash sale. Notifications could also be narrowcasted, or targeted to a segment of customers. For example, an airline could notify app users booked on a specific flight of a delay. Finally, notifications can be personalized based on individual user profile or behavior. For example, a financial institution could notify a specific user that a large transaction has been posted to their account.

Regardless of how they are deployed, mobile app push notifications that target users with relevant, actionable content and offers improve conversion, monetization, usage and loyalty.

Mobile web push

Not all individuals will interact with a business through an app. Many will simply visit the mobile website. Leading marketers are using web push to dynamically trigger content for display on mobile websites based on the actions — both passive and active — of the visitor. This ability to target and shape the mobile web experience to an individual improves the customer experience, driving loyalty, increasing conversions and improving business performance.

With mobile push technology, marketers can deliver messages that are prominently displayed on the mobile site visitor's screen, which are also saved in an inbox on the website so users

Engaging fans in context

A leading sports team uses mobile app push to deliver game-day promotions based on a fan's location. They send promotional push notifications when app users are near key sports venues, and the fans are prompted to participate on game day. This messaging delights the fans and helps supplement the team's CRM database for further outreach.

Communicating time-bound flash sales

A lifestyle brand uses mobile app push to send notifications to app users alerting them to new flash sales. Each day at noon, this brand opens three to four new sales to its users. This engagement provides brand reinforcement, allows for digital engagement, and allows the brand to monetize the engagement.

can access these notifications when they are ready. This allows marketers to directly message a visitor with relevant content and offers, including inventory, time-bound offers, new content, or special events.

Whether via app, mobile web site, SMS messaging, or mobile email, a unified, a consistent multi-channel strategy is the best way to create a brand engagement that drives loyalty as well as profitability.

SMS Text marketing

The range of SMS text marketing campaigns is broad, using both one-way broadcast messages and two-way interaction to offer coupons, survey participation, "text to win" promotions and more. The lesser-used MMS (multimedia messaging service) lets marketers send images and videos to consumers.

Engaging customers during key shopping days

A leading US office supplies retailer leveraged mobile push technology to engage their customers with targeted offers for Black Friday. When a visitor came to the mobile site, they were presented with a notification of an offer. Once the notification was cleared (manually or automatically after 45 seconds), the offer followed the visitor throughout their engagement on the mobile site via a "my deals" tab. These offers, whether accessed through notifications or my deals, drove to deal-specific pages that could be redeemed online or in store. This provided customers relevant, timely offers in an engaging way improving customer satisfaction and driving Black Friday sales.

But the practice can involve cost, complexity and risk. Securing opt-in is essential and best achieved through email and other channels. Spam texts are a surefire way to lose customers and damage your brand. Case in point: A large US pizza chain was named in a USD250 million class action in November 2012 from customers who claimed the company sent them more than 500,000 unsolicited text messages in 2010, in violation of anti-spam regulations.[3]

With per-message pricing often as high as two cents per SMS, the costs of text marketing add up quickly. In addition, mobile messaging move through telecommunication infrastructures, introducing complexity such as securing carrier approval. To minimize complexity, a text marketing solution vendor should be supported by a mobile aggregator who acts as an intermediary with the telecommunications providers.

Location-based marketing

Location-based marketing is widely regarded as among the most promising mobile marketing initiatives. Growing use of smartphones with GPS accuracy of 20 to 30 meters has given marketers a powerful avenue to reach customers via SMS text messaging (and to a lesser extent, email, mobile apps and display ads) with immediacy and geographic precision not possible by other means.

3 The Los Angeles Times, "Papa John's faces $250 million class action spam lawsuit," November 14, 2012.

From retailers to food and beverage to travel and hospitality, companies in a range of industries are strategizing over location-based marketing. With SMS messages typically opened within minutes of delivery, location-based marketing can substantially impact revenue. Marketers expect value from location-based marketing as more consumers use devices in stores to read product reviews and check competing prices and availability; it also offers a competitive weapon by enabling merchants to deliver offers when a shopper is in a rival store.

Leading marketing technology provides latitude and longitude calculations and combines customer profile information with real-time context to decide what offer to serve to a customer. As part of a broader cross-channel interactive marketing framework, the technology uses customer response to location-based offers in decision making for future outreach and to avoid duplication. A data repository on location-based marketing effectiveness lets marketers analyze results and fine-tune their approaches.

Digital ads and personalized recommendations

Mobile devices open a new avenue for conventional marketing through display and paid search advertising, as well as personalized product and content recommendations. Though conversion rates are lower on mobile devices than on PCs, according to IBM Benchmark data, advertising is an effective means to elevating brand awareness among on-the-go shoppers.

As on a PC, display ads for mobile can retarget browsers and cart abandoners after they leave your site, prompting return visits and purchasing either via the mobile device or a PC. By treating mobile as part of a broader interactive marketing framework, marketers can monitor and incorporate response to display and paid search ads into customer profiles to inform subsequent campaigns.

Along with product recommendations personalized to user history and in-session behavior, content recommendations can be valuable in appealing to customers looking for reviews, store locations and hours, mobile app downloads and more. Digital analytics lets you assess the content most attractive to mobile users and elevate its prominence on your mobile website.

The IBM approach to mobile marketing

IBM mobile marketing and location-based targeting solutions can help you realize mobile's true potential as the anywhere/anyplace extension of your brand-customer relationships. Part of the IBM Enterprise Marketing Management (EMM) suite, IBM mobile marketing technology enables you to:

- Gain customer insight into who is using which devices and how, with deep mobile interaction analytics at both the aggregate and individual levels
- Match mobile users to messages in one coordinated effort that directs the most appropriate offers and messages to the most receptive segments and individuals
- Combine real-time decision making with mobile's geo-location capabilities to target customers with offers and opportunities related to their current activities
- Leverage mobile as part of a broader interactive marketing framework spanning all inbound and outbound interactions

IBM mobile marketing solutions offer a complete toolkit for marketers to pursue engagement and sales with on-the-go consumers. Leading marketers today are realizing returns from mobile marketing, aligning mobile with broader cross-channel initiatives and building a foundation for long-term success with IBM capabilities for mobile analytics, customer experience management, mobile email optimization, SMS text messaging, location-based communications, and mobile ads and recommendations.

About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing and related organizations. Integrating and streamlining all aspects of marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, efficient, timely, and measurable business outcomes.

Delivered on premises or in the cloud, the IBM EMM Suite of software solutions gives marketers the tools and insight they need to create individual customer value at every touch. The IBM EMM Suite helps marketers understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogues across digital, social, and traditional marketing channels.

Designed to address the specific needs of particular marketing and merchandising users, the IBM EMM Suite is comprised of five individual solutions. Digital Marketing Optimization enables digital marketers to orchestrate relevant digital interactions to attract and retain new visitors and grow revenue throughout the customer's lifecycle. With Customer Experience Optimization, e-commerce professionals can turn visitors into repeat customers and loyal advocates by improving the digital experience of every customer. With Cross-Channel Marketing Optimization, customer relationship marketers can engage customers in a one-to-one dialogue across channels to grow revenue throughout the customer's lifecycle. Price, Promotion and Product Mix Optimization allows merchandisers and sales planners to make price, promotion and product mix decisions that maximize profit and inventory utilization. And with Marketing Performance Optimization, marketing leaders, planners and decision-makers can model and assess mix, and manage marketing operations to maximize ROI.

Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results. IBM's time-tested and comprehensive offerings are giving companies such as Dannon, E*TRADE, ING, Orvis, PETCO, Telefonica | Vivo, United Airlines and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today: a more consistent and relevant experience across all channels.

For more information

To learn more about IBM mobile marketing solutions, please contact your IBM sales representative or IBM Business Partner, or visit the following website: **ibm.com/**software/marketing-solutions/mobile-marketing-solution

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