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THE NEWS LEADER IN MOBILE MARKETING, MEDIA AND COMMERCE

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Mobile Outlook 2010

CONTENTS

Mobile marketing gains stature

By Mickey Alam Khan

The outlook for mobile marketing, media and commerce in 2010 is just like this edition's cover: peachy.

As Mobile Marketer editors and reporters Giselle Tsirulnik, Dan Butcher and Chris Harnick explain in their succinct analysis of mobile marketing, brands and agencies are now completely alert to the potential of the medium to influence branding and customer acquisition and retention.

Mobile Marketer's Mobile Outlook 2010 is designed to supply brands, agencies, publishers, retailers and mobile marketing firms with the necessary intelligence to make smart decisions to include mobile into the multichannel marketing and retailing mix.

It is quite clear from recent market activity – Google buying AdMob and Apple absorbing Quattro Wireless, Apple iPad and Google Nexus One launches, eBay's record $500 million in mobile commerce last year – that mobile is no longer considered a niche medium.

Buoyed by results of mobile campaigns initiated last year, many brands are expected to ramp up their spending from six figures to seven. Richard Ting, mobile chief at No. 1 interactive agency R/GA, projects that mobile budgets will grow this year between 100 percent and 150 percent.

On a tear ...

Of course, with growth comes upheaval and a change in status quo. So expect some mobile sectors such as ad networks to undergo more consolidation.

Wireless carriers will face even more pressure with the increased consumption of mobile Web. The jury is still out whether consumers will pay for mobile news content, while not hesitating to fork out 99 cents for a song or application.

Phones from all sorts of manufacturers, new and old, will dominate headlines. So will new mobile devices such as the Apple iPad and others of its ilk.

The big story this year will be the growing consumer acceptance of mobile commerce. Better phones, easily navigable mobile sites with transaction capabilities, more confidence in mobile payment security and hyperbolic press will simply boost the prospects for mobile shopping and buying.

Retailers and marketers will discover fresh uses of SMS, mobile sites, applications and mobile coupons to drive traffic in-store. Opted-in SMS databases will continue to build.

Overseas, mobile marketing is at various stages of development, as Draftfcb's excellent international roundup shows. That chapter is a must-read.

... but tears as well

With all the hype and exuberance, expect some pinpricks.

Concerns over privacy and targeting will be further heightened. Carriers will need more pushing to accelerate the common short code provisioning process. Carrier networks will strain to bear data traffic that is growing almost in line with Moore's Law.

Also, Apple, Amazon, Google, Microsoft, Nokia, Dell and other manufacturers and software companies will vie to promote their own walled-garden mobile devices. So standards for mobile content and commerce will rend apart.

And let's not forget the maze of lawsuits that these same manufacturers are lobbing at each other, crying foul over copyright law. Expect more legal wrangling.

In other words, mobile is beginning to look just like a regular marketing medium.

We hope you enjoy this read, and are emboldened to take the next step in mobile marketing.

Many thanks to our editorial staff, Mobile Outlook 2010 columnists and ad sales director Jodie Solomon, as well as art director Rob DiGioia, who worked on this edition and, as usual, summed this effort best: "It's not Outlook – it's look out!"

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Expect 100–150 percent growth in mobile budgets

By Richard Ting

Goodbye, 2009 – you were a great year for the mobile industry. The amount of chatter, buzz and general awareness of the arena skyrocketed to previously unseen levels.

As more brands began to better understand the strength, effect and ubiquity of mobile, they also began to reserve thin slices of marketing budgets specifically for the medium.

On top of that, technological advances in handsets and carrier network speeds, along with the proliferation of application stores, helped to open the doors of a once-creatively stagnant arm of advertising.

Let us reflect on the monumental progress the industry has made over the past 12 months, and spend a moment looking forward to what may come in 2010.

My top thoughts for 2009:

R.I.P. dumbphones
In 2009, smartphone growth was unprecedented.

Every major carrier nationwide now has a go-to smartphone with access to an application store, enhanced browsing features, GPS capability, an unlimited data plan and connectivity into existing social networks such as Twitter and Facebook.

Even non-smartphones (also known as "dumbphones") have begun to deliver on these more advanced features, thus fostering an even more widespread adoption of mobile Web and mobile application services.

Price points for smartphones have also significantly dropped, making the barrier of entry into the smartphone world almost non-existent.

IPhone application explosion
There is not much that can be said here that the general population does not already know. More than 3 billion downloads, 140,000-plus applications – the numbers speak for themselves.

However, the iPhone revolutionized the mobile industry and forced the hand of everyone – from handset manufacturers and carriers to application developers – to be more creative and innovative in order to stay in the game.

The iPhone also gave industry creatives reason to pause and imagine the infinite possibilities of this burgeoning medium.

Who would have thought that one year ago I would be using a mobile phone to shop for clothes through the Gilt Groupe application, watch live baseball games through the Major League Baseball application, and unlock rental cars using the Zipcar application?

Richard Ting, VP/executive creative director of mobile & emerging platforms, R/GA

The progress is mindboggling, inspirational and incomparable.

Brands building digital ecosystems
Gone are the days when mobile was treated as just a stand-alone medium. Smart brands and agencies understand the importance of creating fully integrated and complementary experiences across various digital mediums.

By integrating channels, brands can get more bang for their buck through the re-use of media assets, which leads to easier long-term maintenance.

Marketers want consistency of brand message and experience across each digital channel.

Consumers now expect to be able to type in a brand's Web address into their mobile browser and view a fully mobile-optimized site. Brands that are not delivering on this base-level experience risk alienating their mobile-savvy consumers.

Mobile can outperform other mediums
Due to increased recessionary pressures in 2009, marketers began to shift budgets from traditional advertising to more measurable digital mediums such as mobile.

Accountability and ROI were paramount this past year, and countless case studies emerged from the mobile landscape to showcase the industry's ability to outperform other mediums.

One important case study to highlight was the launch of the 2010 Volkswagen GTI.

As an industry first, Volkswagen decided to forego traditional advertising, relying solely on an iPhone application to promote and launch the new model. To date, the application has seen more than 2.1 million downloads.

Whether or not this is a trend for the industry remains to be seen, but it could be the campaign that leads to more copycat executions in the near future.

Google buys AdMob, Apple nabs Quattro Wireless

The effect of Google's purchase of mobile ad network AdMob and Apple's buy of Quattro Wireless remains to be determined. But at $750 million and $275 million respectively, it is hard to ignore the importance of Google's third-largest acquisition and Apple's first mobile ad buy.

Mobile display advertising is growing, and while it still faces challenges centered on effectiveness, this acquisition serves as validation to the industry-at-large that there is a future for paid display advertising in mobile – an idea that has caused tremendous excitement in the mobile realm.

Google sees the future of mobile advertising taking off. However, in my opinion, brands in the mobile space must look beyond paid media and embrace owned and earned media, as well.

Overall, 2009 was a great year, but we have barely scratched the surface of what is possible in mobile.

Top predictions for 2010

While mobile has been slow to take hold for several years now, 2009 saw the perfect convergence of factors that encouraged the industry to feverishly embrace this next great medium. Expect to an even greater explosion of growth in 2010. Here are my top predictions for what to expect:

The return of marketing in mobile marketing

For the last few years, the mobile industry has mostly relied on standalone, one-off mobile campaigns based on ill-funded requests by clients with surplus budgets at year's end.

As mobile gains in strategic importance, we will begin to see sounder, insight-driven mobile marketing campaigns that tie back into the larger strategic and creative brand experience.

The discourse in the mobile marketing industry will shift from being overly focused on carriers and technology vendors to more focused on creative and marketing strategy.

With that said, I am not discounting the importance of understanding carrier restrictions, standards and the various assortments of technology platforms out there.

But the No. 1 question we all need to ask ourselves in 2010 is, "What is the best experience that we can build for consumers that creates a deeper brand engagement for that consumer?"

It is a question that has been ignored for too long by mobile marketing practitioners.

Larger budgets for mobile

In terms of growth, 2009 was unprecedented for the industry, but it was just the beginning. In 2010, I predict close to 100 percent to 150 percent growth in mobile budgets.

Brands will begin to increase their mobile marketing spend to fund better planning, strategy, creative work and analytics – allowing for more quality, integrated work to take place in the medium.

By the end of 2010, expect to see a doubling of mobile staff size, budgets and the number of projects that agencies will produce.

Create fluid solutions

Massive fragmentation still exists across the industry. There are still many different platforms, devices, carriers and varied regional mobile adoption rates.

Providing multiple entry points into a mobile campaign will allow brands to access larger audiences. Brands must provide the right solutions for the appropriate audience.
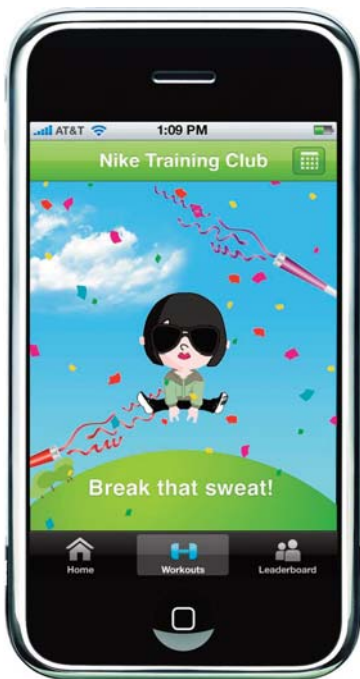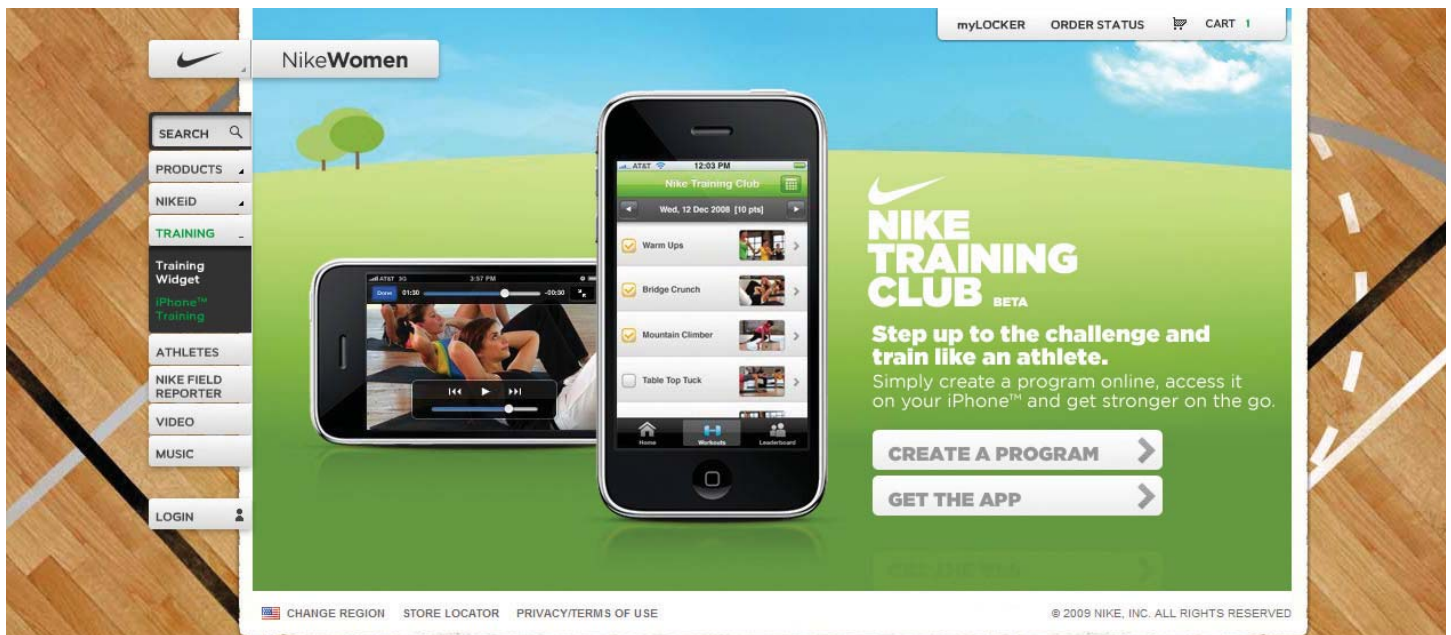
IPhone applications work for some audiences, but SMS and mobile Web need to be leveraged for those without iPhones or other smartphones.

Understand your audience and design and build accordingly. There is rarely a one-size-fits-all solution available for mobile.

Mobile and commerce converge and grow
Expect retailers to continue to leverage mobile to convert shoppers into buyers.

The ability to influence and aid a purchase decision at that crucial point of sale will drive growth in this area.

The statistical evidence so far is staggering. According to a recent Deloitte survey, 55 percent of users said that they will use their mobile device to find store locations and 45 percent of users will use their devices to research prices.

Recent case studies and user studies point to even more success in this area in 2010.

In 2009, eBay CEO John Donahoe said that he expected eBay to generate more than $500 million in mobile-based commerce.

On Black Friday of 2009, eBay's PayPal announced that mobile payments experienced a 650 percent increase from that of the previous year.

Owned and earned media emerge for mobile
Despite the Google/AdMob and Apple/Quattro Wireless deals, paid media is not the only game in town for mobile. In 2010, expect more brands to embrace owned and earned media.

In the same way that brands have owned destinations for the Web, I predict that the same will be true for mobile, as more brands build out their mobile site platforms.

In addition, expect more social brand experiences in mobile to drive mobile-initiated earned media for a brand.

Rise of non–iPhone applications
We are starting to see a bit of competition from Android and Research In Motion as both platforms closed out 2009 on a strong note.

Motorola is on track to sell the one millionth Android-powered Droid, which has surprised many by quickly developing such a large following in a matter of months.

The iPhone may still be king of the hill, but as more brands develop strategies to connect with wider audiences, not developing applications for the Android and BlackBerry platforms

will not be an option by the end of 2010.

For every ad agency out there, now is the time to invest.

Grow your existing creative teams so that they are diverse enough to create and design for mobile.

Start converting your Web-based programmers so that they can also handle mobile programming duties. The demand is there and the growing pains needed to handle this demand will pay huge dividends in 2010 and beyond.

Market researcher Berg Insight predicts that mobile will account for 11.7 percent of the total digital ad spend by 2014. From where I sit, I think those numbers are conservative, and I am sure others in the mobile industry will agree. ■

Richard Ting is vice president and executive creative director for mobile and emerging platforms at R/GA, an Interpublic Group-owned interactive agency in New York. Reach him at richard.ting@rga.com.

Mobile ad networks can expect more consolidation

By Dan Butcher

In 2010, the mobile ad networks space will continue to feel the after-effects of Google's acquisition of AdMob and Apple's purchase of Quattro Wireless.

Expect more consolidation in the space. Moves such as the Google-AdMob and Apple-Quattro deals could encourage more online players to join the mobile advertising space.

"Both deals highlight the need for any strategic player in digital media to have a mobile advertising solution in place," said Michael Chang, CEO of Greystripe, San Francisco.

"We expect big media and carriers who have been on the sidelines for mobile advertising to increase their interest in the space along with the digital media companies like online ad networks and portals," he said.

Deals such as these make big brands aware that mobile advertising dollars are no small potatoes.

"As [Google chairman/CEO] Eric Schmitt has said in the past, mobile advertising will net bigger revenues than online," Mr. Chang said. "Every company needs to make a bold play on mobile or risk being left behind."

Networks in play

While there are parallels between mobile and online, mobile is a medium unto itself, and the ad networks can help provide brands with education, as well as reach.

Google's acquisition of AdMob was significant because a leading Internet company decided it did not have the mobile expertise it needed in-house.

Paran Johar, chief marketing officer of Jumptap, New York, forecasts that Microsoft and Yahoo will also acquire mobile ad networks.

"The carrier play can help them become a more media-centric organization, the Apple play can help them monetize unpaid free apps, while Microsoft and Yahoo recognize that to compete with Google they need experts in the field," Mr. Johar said.

Besides AdMob, Quattro Wireless, Jumptap and Greystripe, other major players in the mobile ad networks space include Millennial Media, Microsoft's MSN Ad Network, Mojiva, Nokia Interactive Advertising, AOL's Advertising.com and InMobi.

Brands rely on networks to attract eyeballs and publishers rely on them to fill their inventory.

The world's biggest brands are working with mobile ad networks for campaigns. For example, Adidas, Nike, Coca-Cola Co., PepsiCo, Jaguar, Procter & Gamble Co.'s CoverGirl and Comedy Central all tapped mobile ad networks in 2009 for their ad campaigns.

"The mobile space is evolving quickly as new competitors enter the space and new devices and operating systems gain traction," said Nicole Leverich, director of corporate communications at AdMob, San Mateo, CA. "This presents our industry with great opportunities, and 2010 will certainly be an exciting year in mobile."

Ads add up

With new devices hitting the market and consumer adoption of smartphones rapidly growing, ad networks are going to see more interest from marketers in the mobile advertising space.

While the various mobile ad networks may disagree about who the top player is in the space, they all agree on one thing: the outlook for mobile advertising in 2010 is bullish.

"We foresee continued growth in mobile advertising in 2010, which will benefit all members of the ecosystem—advertisers, agencies, publishers, app developers and networks," said Lynn Tornabene, New York-based chief marketing officer of Quattro Wireless.

"No matter whom you are trying to reach—gamers, moms, business execs, in-market auto buyers—you can target them effectively on the mobile Web and in applications, at scale," she said. ∎

Agencies, brands prepare for mobile advertising clutter

By Giselle Tsirulnik

Advances in targeting, increased browser and device capabilities, and richer metrics are what will drive the mobile advertising industry forward in 2010.

In 2009 some of the largest brands in entertainment, consumer packaged goods, retail and telecommunications integrated mobile advertising into their media plans. Expect to see even more brands jumping onto the mobile advertising bandwagon in 2010.

"We are bullish on mobile advertising, as we've been year over year since our inception in 2006," said Mack McKelvey, vice president of marketing at Millennial Media, Baltimore. "There won't be a year of mobile because mobile is here."

In 2010 brands will integrate mobile into their media spend, as it was an effective and efficient medium to reach and engage consumers in 2009.

For example, automaker Honda's mobile banner advertising campaign to promote the launch of the Insight hybrid model achieved a click-through rate of 27 percent. Honda was able to build a mobile database of interested consumers and drive them to its mobile site via the mobile banners.

Bigger budgets

A Millennial Media study found that agencies and brands are confident in the mobile campaigns they execute. When asked whether their mobile campaigns met or exceeded expectations, 87 percent of agencies answered yes.

Additionally, 97.8 percent of agencies surveyed said that mobile advertising is a valuable or indispensible part of the media plan, and all the brands felt the same.

When probed for specifics, 25 percent of brands anticipate spending less than $5 million on mobile advertising in 2010, up from 12.5 percent in 2009. Agencies expected increased budgets across nearly all category ranges.

In 2009 some of the largest brands used mobile to reach their target audience. Advertisers and publishers created mobile destinations, as mobile delivers performance on brand impact, interaction and conversion.

A vast developer community grew, which propelled smartphone manufacturers to quickly react to consumer demand, causing disruption in the device industry.

And, when Google and Apple chose to buy versus build a mobile ad network, it confirmed that mobile is a distinct market from the wired Web, with an enormous opportunity for advertisers.

New entrants

Some expectations for 2010:

• Rich media ad units will proliferate
• Augmented reality will become popular
• Number of campaigns will increase
• More multichannel efforts will include mobile advertising
• Mobile Web will become more cluttered with ads
• Metrics and measurement will become better
• Consistency and screen issues will continue to be challenges

"Entering into 2010, we already see huge demand from new entrants into mobile, as well as those advertisers who have run successful campaigns this year," Ms. McKelvey said. "Advertisers will benefit from network buys that help them access more than 70 million unique users, with either precise or broad targeting solutions.

"There are numerous roles that mobile can play in advertisers' overall media planning, several that no other medium can match," she said. "In 2010, mobile will take its place as a prominent and permanent component of the digital media spend." ∎

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Financial institutions to embrace mobile services

By Chris Harnick

In 2010, consumers and financial institutions will become even more comfortable with mobile banking and payments technology.

David Schwartz, head of corporate and product marketing, Obopay

Consumers continue to adopt the services, but security is still an issue. Mobile banking and payments will continue to give global access to underbanked and unbanked consumers.

"We believe the mobile banking and payments industry is a massive market opportunity that has the potential to continue to take off in 2010," said David Schwartz, head of corporate and product marketing at Obopay, Redwood City, CA.

"Mobile technology is already impacting the banking industry, and in the area of payments we believe it can have transformational consequences for people of all economic backgrounds," he said. "Adding mobile payments to the mobile banking offerings in the market will do for mobile banking what bill pay did for online banking.

"Mobile banking will be a useful tool that people frequently take advantage of in their daily lives, and it provides banks with a sticky service to increase their customer satisfaction and reduce their churn.

Banking on mobile

The global mobile banking market will hit $202 billion by 2012, per Edgar and Dunn. More consumers will use mobile banking than online services by 2015, according to Mercatus.

Mercatus also found that banks can improve customer acquisition by 60 percent by including mobile in their suite of services.

Given the growth the mobile banking and payments sector has seen in 2009, more developments will be introduced as the technology continues to improve.

Near Field Communication use has slowly been growing nationwide, but do not expect consumers to fully embrace the technology this year.

"This will not be the year for physical-world purchases using your mobile phone in the United States via Near Field Communication, as chip-prices, handset turnover and point-of-sale build-out will continue to push the vision of buying a soda with your mobile phone to 2011 or 2012," said Ron Hirson, cofounder and senior vice president of products and marketing at Boku, San Francisco.

Small businesses and merchants will continue to benefit from services such as Verifone's iPhone mobile credit card reader.

Last year saw smaller financial institutions such as Texas' Frost Bank and CU*Answers, a credit union organization, roll out mobile banking services such as alerts.

Macrogrowth to micropayments

It is obvious this sector is poised for growth, but will the carriers continue to miss out?

The carrier networks do not want to become banks, but consumers are using micropayment services for virtual goods and social networks. The huge response to SMS appeals for Haiti relief efforts are proof.

Obopay's Mr. Schwartz said in 2010 one of the biggest challenges companies in this market face will be the adoption and increased use of micropayment services and keeping up with demand.

Mike Dulong, cofounder and senior vice president of business development at Billing Revolution, Seattle, said 2010 will be a period of explosive growth for the mobile commerce space.

"Consumers will adopt mobile credit-card-based commerce much more quickly than market researchers have forecasted — this is going to move very quickly," Mr. Dulong said. "Retailers will scramble to create secure, commerce-enabled mobile stores." ■

Wireless carriers to ramp up on-deck advertising

By Dan Butcher

The biggest opportunity for wireless carriers in 2010 will be to generate revenue by ramping up on-deck advertising. If they do so, mobile advertising will experience an explosion.

Carriers face many challenges, not the least of which is dealing with the double-edged sword of surging mobile Web usage, which drives data revenues but at times pushes their networks beyond capacity, affecting the user experience negatively. Carriers expect the upgrade to 4G networks—WiMax and LTE—to eventually solve those issues.

"The increased acceptance and usage of smartphones, including the iPhone, combined with advertisers' increased sophistication in using these devices to reach their customers, is something we're very excited about and see as a growing trend," said Greg McCastle, senior vice president of advanced ad solutions at AT&T, Dallas.

"Mobile is becoming a line-item in marketing budgets—mobile advertising is now on the table and an integral part of the mix," he said. "The outlook for 2010 is exciting."

Carriers want to avoid becoming a dumb pipe at all costs, and they must diversify their revenue streams to compete.

Additionally, carriers have an unbelievable amount of subscriber data to offer brands in terms of targeting options.

Provisioning bugbear

There are issues that need to be resolved, for instance, shortening the approval process for SMS short code provisioning—the long lag times have been a common gripe of marketers for a while.

Carriers have started to cast a wider net out of necessity, taking on the role of publisher and content provider, in addition to advertiser and network operator.

While there are no shortage of challenges and issues that need to be faced, maybe the carriers are actually starting to get it.

"Marketers need to engage with consumers the way they obtain and use information—that's on the go," Mr. McCastle said. "Mobile advertising is here.

"It should be part of every marketer's integrated advertising mix," he said.

One trend to look out for this year is the rise of emerging markets. The sheer number of subscribers cannot be ignored.

"In 2010, we expect that in emerging markets, mobile operators, who are under top-line pressure due to declining ARPU and increasing customer churn, are going to aggressively pursue subscriber data-driven marketing strategies to promote the right products to the right customer segments at the right time," said Vinod Vasudevan, CEO of Flytxt, Trivandrum, Kerala, India.

"They realize that acquiring more customers no longer guarantees higher revenue, as evident from third-quarter revenue reporting of Indian operators," he said. "Focus will be on generating incremental revenue from existing subscribers."

ROI proof

In the end, it all comes down to measuring results and quantifying return on investment.

"Be it in emerging or Western markets, the value of mobile marketing will be fully appreciated only if operators have an accurate method to track responses across channels and measure ROI," Mr. Vasudevan said.

"Once operators are able to demonstrate the intrinsic value of mobile as a marketing channel, mobile advertising as in third-party brands using mobile as a channel for their advertising will also take off in a big way," he said. ■

Vinod Vasudevan,
CEO of Flytxt

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Mobile commerce to evolve consumer shopping habits

By Giselle Tsirulnik

Expect leading retailers to enter the mobile commerce space in 2010 through click-to-buy advertising, SMS drivers and transaction- and shopping-friendly mobile sites and applications.

In 2009 big brands such as Polo Ralph Lauren launched applications and sites, turning the mobile medium into an additional sales channel. In 2010, smarter phones with more user-friendly Web browsing will move the needle for mobile commerce.

David Lauren, SVP of advertising, marketing and corporate communications, Polo Ralph Lauren

"From our perspective, the success of mobile commerce will be dependent on the evolution of smartphone technology, the speed of the mobile Web, a richer Web-like user experience, the convenience of one-click, stored-account checkout and a brand's willingness to invest in an exclusive, branded content experience, merchandising strategy and offer strategy," said David Lauren, senior vice president of advertising, marketing and corporate communications at Polo Ralph Lauren, New York.

"We expect to see a big trend toward more robust mobile CRM programs – a brand's ability to leverage consumer data to drive relevant messages, products and offers to your mobile device," he said.

Impulse purchase channel

Without doubt, mobile commerce is going to change the way that consumers shop in 2010 and beyond.

Impulse purchases and in-store price comparisons with mobile commerce-enabled sites and applications will determine the fate of multichannel retail this decade.

Mirroring ecommerce's growth in the last decade, apparel and accessories, entertainment, books, music and travel will be among the key sectors to migrate to mobile. Items that require steady replenishments are also good candidates for mobile commerce.

Consumers are already used to making micropayments for ringtones and donations in times of crises, so the resistance to transacting on the phone will wear away with more use and confidence of transaction security.

"2009 was definitely the year of mobile but what we find is that a lot of retailers felt as if they needed to take off from mobile in 2009 because of the economy," said Nikki Baird, Denver-based managing partner at RSR Research.

"But consumer expectations are going to drive most of these companies into the mobile commerce space in 2010," she said. "Expect to see a lot of the latecomers moving into the mobile commerce space in the first half of 2010."

In 2009, Polo Ralph Lauren, Tommy Hilfiger, Gilt Groupe and American Eagle Outfitters entered mobile commerce. Target, Amazon, eBay and Best Buy were among the leaders who accelerated their mobile efforts to provide a seamless shopping experience.

Bridging PC and store

In 2010, retailers and brands will employ mobile coupons, bar codes, product comparisons and user reviews to help consumers make purchase decisions.

Brands and retailers will realize that mobile bar codes are an easy and measurable way to mobilize any traditional media from print to packaging. The key to driving results is to give the consumer something of value and communicate clearly with a strong call-to-action.

However, the limitations of screen size, device capability and the user experience on mobile sites and applications will determine the growth trajectory of mobile commerce. Consumer expectations of digital media are high thanks to ecommerce.

"The biggest challenge we see for mobile commerce is its inability to deliver a simple, Web-like user experience and the technology behind most U.S. phones," Mr. Lauren said.

"The biggest opportunity for mobile in the near-term will actually be its ability to leverage customer data to successfully bridge the digital commerce and physical retail experiences, like its ability to influence multichannel commerce versus just mobile commerce," he said. ∎

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Struggling to stand out in the mobile content arena

By Chris Harnick

As more applications stream into the various smartphone marketplaces, the challenge for mobile discovery grows exponentially.

In 2010 companies and marketers will continue to struggle to find their footing, making search capabilities all the more important. Now that major brands are getting into the game, discovery of mobile content will be the trickiest issue.

"I think 2010 is going to be a great year for mobile content, particularly in the United States," said Scott Dunlap, CEO of NearbyNow, Mountain View, CA. "Smartphones have reached critical mass, the tablet is changing the game and we're seeing media and gaming companies responding with more mobile-optimized content."

Scott Dunlap, CEO, NearbyNow

NearbyNow has developed numerous applications for various media companies including GQ and Seventeen.

Because of the proliferation of applications and other mobile content such as ringtones, content developers are finding it easier to get paid for their work thanks to ad-supported models and paid content.

Sideliners will get nowhere

Media companies know the rules have changed. Standing on the sidelines is no longer an option with Google and Apple aggressively investing in research and development.

"The level of innovation in mobile devices will be staggering in 2010 and the rate of adoption will be faster than ever," Mr. Dunlap said.

This will be the year of the handset. Manufacturers will focus on features, design and other aspects based on the success of the iPhone. Devices will need more memory for more capacity because of the expanding content market.

"2010 is when we should expect handset manufacturers to finally start making smartphones that are going to be really revolutionary in every respect and, as a result, we're likely to see a much more competitive and level playing field," said Patrick Mork, vice president of marketing at GetJar, San Mateo, CA.

"The battle of the app stores will culminate in a dramatic change to the market over the next 12-18 months," he said.

Many application stores may fail because they will not have solved the main issues of billing, discovery by consumers and providing adequate return on investment for developers.

Conquering the trinity

In 2010, mobile marketers will need to attack the challenges of reach, privacy and retention.

The dam will not break on mobile advertising until there are multiple vendors with a reach of more than 10 million users, or the advertising industry begins to focus on personalized messages optimized for conversion and engagement rather than reach. Mobile privacy is also going to be tested and refined.

Most applications are abandoned within 60 days and mobile Web sites have a hard time retaining and lengthening visits.

In 2010, there will be a struggle for eyeballs as content and devices hit the market.

"My first advice to content developers would be start with the iPhone and iPod touch," Mr. Dunlap said. "It's a great platform, the user base is well aware of how to download and use apps, and it's showing no signs of stopping." ■

Mobile coupons will make the cut for consumers

By Jim Buckley

The current economic climate has changed the spending behavior of American consumers. As people adapt to recessionary times by cutting spending and tightening belts, a new type of consumerism has been born.

Top economists believe this shift to conservative spending is not a passing trend but will actually become the "new normal," much like the change that occurred in consumer spending after the Great Depression of the 1930s.

The ranks of Americans who state they have permanently reduced spending are continuing to rise, pointing toward a more frugal consumer environment once the current recession ends.

A June 2009 Business Wire survey showed that 20 percent of Americans say they have cut back for good on spending. To capitalize on the demand for savings, businesses are increasingly using coupons as a promotional tool to maintain or increase market share, attract consumers to their locations and introduce new products and services in this new economy.

In addition to their attractiveness to consumers, coupon promotions are also winning favor with marketers who are being held accountable to track and measure program effectiveness and demonstrate the return on investment for programs.

The trackability of coupons helps marketers use their budget dollars efficiently and with clear, tangible results at a time when ad spend is more closely scrutinized.

Beyond traditional print couponing, mobile couponing has been growing along with other forms of digital coupons including emailed coupons, online coupon Web sites and even discount offers marketing by social media channels.

According to Experian Simmons 2009, since last summer, the growth in digital coupons has increased markedly: some 44 million adults printed coupons from the Internet, which is a 21 percent increase from the same period last year.

In 2010, Yankee Group expects the number of mobile coupons redeemed in North America to rise tenfold, with triple-digit increases to follow in 2011 and 2012.

Mobile couponing is on pace to continue to increase in distribution, use and redemption. This is largely due to the increase in Internet use, SMS texting, smartphone adoption and mobile applications leveraging the promotional vehicle as part of a content offering.

SMS text and MMS rich media couponing

Harris Interactive conducted a survey and discovered that 42 percent of adults ages 18-34 and 33 percent of 35-to-44-year-olds are interested in getting opt-in mobile alerts from their favorite places.

Jim Buckley, new media business owner at Valpak/ Cox Target Media

The study also revealed that about 90 percent of mobile users have made impulse purchases while shopping due to a sale, with 22 percent of these shoppers doing so on a weekly basis.

The findings of the study pose implications for advertisers as these businesses can build their database of consumer contacts in the form of opt-in mobile numbers and additional information captured from registrations which can then be used to advertise new products, specials and promotions.

To be successful in this space, a recent Valpak study of Echo Boomers, also known as Generation Y or millennials, suggests that adults ages 18-27 are extremely interested in mobile marketing – but with some reservations.

When asked about mobile marketing in a Valpak-sponsored survey managed by Cox Enterprises Inc. and Communispace through its shared Project Echo program, respondents reported some fear of disclosing their personal mobile number, handing strangers their mobile phone and the potential expense to them if they are too heavily messaged. However, more than half said they would be interested in receiving offers from businesses that they frequented or were of interest to them.

Study participants stated that dining and entertainment coupons were among their most preferred categories. Overall, the quality of the text offer and its relevance to their lifestyle were key to their satisfaction and willingness to participate in mobile marketing.

The challenges associated with both SMS and MMS

(multimedia messaging service) couponing facing advertisers is how to reach consumers with their messages and offers.

Legal restrictions surrounding messaging can hinder businesses, so a pull-strategy with double opt-in is the best practice to avoid pushing unwanted messages to consumers.

Used in conjunction with a print ad campaign, getting the SMS pull campaign out to consumers has the added critical advantage of an integrated media effort, which helps increase ROI and response result.

Mobile campaign challenges and opportunities

The first challenge to any mobile messaging campaign is obtaining mobile opt-ins. This can be achieved by leveraging a best-practice approach with pull campaigns and using common marketing channels such as direct mail, print ads, point-of-sale display and email messages.

Providing a targeted, compelling and relevant offer to a targeted audience which clearly understands what mobile messaging they will receive and how often they will receive it is the key to building a qualified and receptive opt-in mobile database.

Budget and frequency are potential challenges when it comes to planning. In short, it is best to expect the unexpected.

It is critical to consider the number of customers and messaging frequency when there is a limited budget for SMS/MMS messaging. And if businesses are paying for each response with a double opt-in, they must be sure to budget for a better-than-expected response.

These issues should be planned for in advance by the media firm, agency or messaging service provider, which should provide an adequate estimate of response and thus help with potential staffing, product and service delivery and other planning issues.

By tracking coupon use and redemption, as well as leveraging customer-provided preferences collected at registration, advertisers can tailor their messaging to provide customers the right offer, at the right time, at the right location.

By measuring redemptions, businesses can monitor and track time-of-day and day-of-week to see peak use of the offer and correlate that information to the success of an advertising campaign.

Redemptions can also reveal promotional success by looking at upsells and cross-sells as a result of the coupon or offer.

SMS text message coupons will continue to grow in their usage. But as more consumers adopt smartphones, the trend toward providing rich media coupons – electronic versions of print coupons, bar coding or video ads with offers – such as those provided with mobile applications will also continue to grow.

According to Scarborough Research, 8.6 million, or 8 percent, of U.S. households currently acquire coupons via text messages or email.

Whether businesses use SMS texts, MMS images or videos to provide coupons that incentivize consumers to make purchases at their locations, mobile couponing is here to stay. But perhaps the most important aspect is that businesses can learn more about their customers to develop loyalty programs based on customer-provided information and track response and redemptions associated with mobile coupons.

Mobile application growth

Market research firm IDC projects the number of applications for the iPhone will nearly triple to an estimated 300,000 by the end of 2010 and that there will be 50,000 to 75,000 Google Android applications, up from 17,000 in 2009.

Mobile coupon applications should see similar growth rates as retailers and other industries look to reach consumers closer to the point of sale.

Location-based services (LBS) use GPS to serve consumers coupons, offers and discounts within a given location and are a logical fit for businesses looking to increase their advertising reach and target consumers with intent-to-purchase behavior.

Mobile coupon applications that use geotargeting are an effective way for businesses of all sizes to promote their products and services to consumers looking to save at their favorite stores.

Mobile applications featuring coupon content have the added advantage of being able to track when and where offers are searched for, served up, viewed and redeemed.

The mobile application market is currently highly fragmented and is complicated by a combination of closed and open source mobile operating systems, device-dependent systems and applications, and wireless carrier rules and control desires.

Many other mobile applications will increasingly incorporate coupon content as a content value-add as platforms become more open.

In the future, as mobile coupon, discount and offer data feeds are implemented across open platforms, these data pushes will help drive the growth in mobile applications.

Coupon clickers

According to a December 2009 Borrell Associates study, some 400 billion coupons will have been distributed nationwide in 2009, with a 2 percent average redemption totaling $40 billion in consumer savings – $87 million of that from mobile couponing – and resulting total purchases exceeding that value by a large factor.

The increase in coupon use will likely outlast the economic downturn as marketers gain a deeper understanding of how coupons affect shopping behavior and as more companies learn how to successfully employ them.

Local businesses are embracing coupons this year, with the value of their coupons jumping more than 50 percent, according to Borrell Associates.

Consumers are interacting more with mobile marketing as they learn their phone capabilities and acquire newer technology.

In November 2009, a comScore MobiLens study revealed that

U.S. smartphone adoption increased 63 percent to more than 33 million users and touch-screen mobile phone adoption grew 159 percent to 23.8 million users in August 2009 from the year-ago period.

Media buyers are using mobile advertising more, as it is interactive and allows them to do more with less.

BIA/Kelsey predicts that mobile local search ad revenues will grow to $130 million by 2013, and that mobile local searches will increase to 35 percent of all searches by 2013.

More companies are leveraging mobile couponing as a vehicle for engaging consumers, given that they are highly desired incentives that drive transactions at the point of sale.

According to a November 2009 Juniper Research study, the availability and convenience of digital coupons are attracting a newer and younger base of consumers, many of whom use Twitter, Facebook and other forms of social media.

These trends are expected to contribute to a projected 300 million global coupon users, who will generate close to $6 billion globally in retail redemption value by 2014.

The outlook for mobile couponing is bright due to the new economy, growing consumer demand for mobile coupons, the increased availability of mobile messaging platforms and emerging technological trends.

As more rich media applications such as Adobe Flash – projected to be supported on most smartphones by the third quarter of 2010 – are distributed, and the number of open source operating systems such as Android increases to facilitate mobile application development, technology and communications innovations will undoubtedly increase the application and use of mobile coupons.

Also aiding in the growing acceptance of mobile coupons is the role of broadband 4G/LTE wireless networks deployed to support HD video, gaming and more powerful mobile applications. Expect mobile coupons to grow at a fast clip. ■

Jim Buckley is new media business owner at Valpak/Cox Target Media, Largo, FL. Reach him at jim_buckley@valpak.com.

Mobile database/CRM initiatives to help drive sales

By Dan Butcher

Brands large and small are using the mobile channel as a customer relationship management tool to build their opt-in database and inspire consumer loyalty, and that trend will increase exponentially in 2010.

When used properly, mobile enhances the database/CRM initiatives of every business sector, from consumer packaged goods, food-and-beverage and hospitality companies to big-box retailers, sports teams and high-fashion labels.

"We expect to see mobile marketing and mobile commerce continue to grow in importance and adoption as retailers focus on their most loyal customers and stickiness," said Kevin Grieve, CEO of Mocapay, Denver. "The industry experts are predicting mobile commerce and SMS marketing are going to take off in 2010, and given our own indicators, we do too."

Database-building and CRM are two essential aspects of marketing, and both fit naturally with the mobile medium. When executed properly, database/CRM initiatives drive sales in a big way.

Mobile CRM tactics range from asking consumers to opt-in to an SMS club via a keyword and a short code to receive promotions and alerts, mobile coupons and virtual mobile loyalty cards, which are often associated with VIP clubs or frequent-buyer programs.

Loyalty plays

So what are the vital components of a multichannel database/CRM strategy? The answer is seamless integration across each channel and consistent consumer experience.

Marketers must avoid making mobile an island or standalone medium. Make mobile part of the overall marketing mix. It is also important integrate mobile with a brand's social media strategy.

Another tried-and-true piece of advice is to keep it simple for consumers, especially when it comes to database registration and redemption of coupons.

Despite fast growth in the space, there will be challenges.

Retailers with a trusted brand and pre-existing relationships with consumers will have an advantage over lesser-known brands.

Businesses and consumers are still going to have trust and security concerns about opting into mobile marketing and mobile payment programs.

First and foremost, marketers must follow the Mobile Marketing Association's best practices to make sure their messages are not perceived as spam.

Another challenge is to understand ROI, which typically means some level of integration with the point of sale during consumer redemption of an offer.

"A challenge will come from how to migrate a customer from a one-time mobile marketing campaign to an ongoing relationship," Mr. Grieve said. "This can be accomplished by rewarding profitable consumer behavior with incentives, which can easily be wrapped into their loyalty program."

Consumer control

To overcome these challenges, marketers need to make sure they put control into the consumers' hands — allow them to adjust the frequency of messages that they receive from the retailer or brand.

As a direct channel that people opt into, marketers must be sensitive to their mobile messages so they are not wearing out their welcome to the point where a customer chooses to opt out.

Marketers need to make sure the providers they work with are focused on the end-consumer experience.

"Consider what reporting will you receive, how often can you touch the customer and what innovative services can you add into the mix to build and retain customers to ultimately increase your sales," Mr. Grieve said. ∎

Email marketers to focus more on the small screen

By Dan Butcher

Brands and marketers will be more focussed on mobile-optimizing their email campaigns in 2010. This will ensure better customer experiences and higher response rates.

Deborah Hall, managing director, Web2Mobile

A Radicati Group study found that 139 million people around the world accessed email via their handhelds in 2009 and this number is going to grow to more than 1 billion users by 2013. With mobile phone owners outnumbering PC owners four to one, marketers that do not mobile-optimize emails will be left in the dust.

"The mobile email space is keeping pace with the explosive growth of mobile Web browsing," said Deborah Hall, managing director at Web2Mobile, Toronto.

"The first companies that embrace optimizing their content for mobile will not only improve the performance of their communications, but also gain insight as to what platforms users are consuming content on their sites — Research In Motion, iPhone and Android," she said.

Measurement is important because analytics that tell marketers what devices are visiting these properties help to shape a strategy for application platform choices.

Email is killer app

When 80 percent of the traffic to an email newsletter comes from iPhone devices, it might make sense to optimize for this platform and look at building an iPhone application or iPhone-friendly Web presence.

Marketers need to consider whether their customers are reading emails on a smartphone. Additionally, the device and operating system of choice is also important to know.

Based on that, marketers need to figure out if their email campaigns are designed to look well and perform well on the small screen.

"By always being on, and with the customer, mobile is reinventing email as the killer app," said Deirdre Baird, president/CEO of Pivotal Veracity, Phoenix. "Marketers who leverage the efficiency and convenience afforded to consumers by mobile email will be able to use the channel to drive significant incremental Web and in-store sales.

"The time to optimize email campaigns for mobile devices is now — both in terms of design and the customer experience," she said.

More marketers are expected to identify mobile users and implement mobile email marketing design and coding best practices.

Smart email

Many marketers in the space believe that mobile has the ability to overcome the difficulties facing PC-centric email marketing.

"We at Yesmail are optimistic that mobile email adoption will only increase in the coming year," said Manny Ju, director of product management at Yesmail, Portland, OR. "All industry studies have shown that reading of email remains among the top data usages of smartphones.

"As the market for smartphones continues to expand worldwide, we see the importance of marketers to properly address mobile email not only in terms of screen layout, but also in terms of timeliness of offer," he said. ∎

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Monetization strategy key issue for game developers

By Chris Harnick

The mobile gaming sector, dominated by the Apple iPhone in 2009, will continue to battle its biggest problem in 2010: monetization.

The iPhone changed the face of mobile gaming with applications from brands such as Volkswagen and video game manufactures including Electronic Arts. But the question for many still remains: Do consumers prefer free, ad-supported games or pay-per-download?

"Without a doubt 2010 will be a rocket ship for mobile gaming and we will see the continued growth of mobile gaming companies that nail the platform and user experience," said Michael Chang, founder/CEO of Greystripe, San Francisco.

"All through 2009 we saw thousands of developers jump into mobile with incredible innovation," he said. "Hit games like Tower Bloxx 3D by Digital Chocolate, Sheep Launcher by Kronos and Tower Madness by Limbic were both simple and hugely addictive.

"Gaming will be the tip of the spear for broader app genres and content types in mobile."

Greystripe is a mobile ad network and game developer.

Brands in-hand
In 2009, Electronic Arts' EA Games division launched mobile versions of several well-known games such as Connect 4 and Monopoly.

Paid game applications that acted as brand extensions dominated the charts of Apple's App Store.

In 2009 movie studios used the mobile gaming space to market films with both paid and free applications and that trend will continue as more entertainment entities go mobile to promote properties.

EA and fellow game publisher Glu Mobile will continue to cannibalize the demographic, but where are the traditional video game big players such as Microsoft and Nintendo?

Sony has the Playstation Portable and Nintendo has the Nintendo DSi, but Microsoft is missing from the dedicated hand-held gaming device world.

Playstation's parent company Sony has gotten into the mobile gaming application arena with various properties, but Nintendo is nowhere to be seen. There is no Super Mario Brothers application for the iPhone.

As devices gain in popularity and capabilities, could they eventually act as the video game system controller? Not in 2010, but it is a possibility.

Stepping up to the plate
Greystripe said 2010 is already starting off with a bang. It has seen first-quarter bookings grow even after the holiday season. More brands are recognizing the space, especially mobile games, and budgets are reflecting it.

Growth comes from fundamentals such as more brands allocating online and traditional media budgets into mobile.

Mr. Chang said companies in the industry should be looking at convergence strategies in 2010.

As mobile joins with online, companies that just think of themselves as pure mobile advertising services are going to be in trouble.

"Mobile advertising has finally become about buying an audience and delivering rich media," Mr. Chang said. "Greystripe's opportunity in 2010 is that we can demonstrate to brands that mobile advertising can be more effective and engaging than their online media buys.

"Mobile advertising is a huge opportunity for brand advertising," he said. "2010 is looking bright." ∎

A global snapshot of mobile marketing's evolution

By Draftfcb

The world will be a more hospitable place for mobile advertising, marketing, media and commerce in 2010. The reasons are obvious: better handsets, more affordable data plans, wireless carrier efforts and growing marketer acceptance of evolving consumer behavior on the go.

Challenges remain, as this international sweep of the outlook for mobile will show. But that is only expected as mobile finds a place on the marketing table, with the requisite elbowing from skeptics.

To create a snapshot of the current mobile scene around the world, select experts in advertising agency Draftfcb's global network offered perspectives on the current and expected state of mobile advertising, marketing, media and commerce in their respective markets. The questions asked included:

• What is the state of mobile marketing and media in your market?
• Are consumers receptive to mobile advertising and marketing?
• What are the local challenges for mobile marketing, media and commerce?
• What is next for mobile in your country?

Here are responses from Draftfcb executives in key markets engaged in mobile advertising, marketing, media and commerce. Thank-you to the Draftfcb executives for their time and insight. – *Mickey Alam Khan*

AUSTRALIA
Alex Roper
Head of digital & direct
Draftfcb Melbourne

Major mobile services providers have recently completed upgrades to their mobile networks based on High Speed Packet Access (HSPA) technologies.

High-speed mobile broadband coverage has also been expanded to many regional centers in Australia.

In 2009 there were roughly 25 million mobile subscriptions in Australia for a population of around 22 million individuals. The country's mobile industry roughly generated $15.5 billion in revenue in 2009, and a stronger infrastructure for mobile has meant mobile media has continued to grow.

With iPhones now offered by all major network providers and retailers in the Australian market, the uptake of the device has been swift and will continue.

Users are becoming accustomed to 3G services and content and downloading iPhone applications, with many local brands now producing applications for their product or service.

Official figures show that 45 percent of phone owners have 3G-enabled phones. Over half use their mobile phone to get information at least once a month and 51 percent use it to source entertainment content.

There are growing opportunities for brands to provide branded content around search.

That said, one-third of 3G handset users type URLs directly in to the phone browser with maps being the main information they seek. This all points to huge opportunities for clients to integrate mobile marketing into their campaign activity as people become more comfortable with using their mobile phone to seek information.

Figures show 50 percent of users purchased content for their mobile phones in the last 12 months.

Browsing the mobile Internet from a handset is in its infancy in Australia relative to other advanced economies, but 3G handset uptake in the last 12 months is growing – now at around 60 percent of users – and mobile browsing and mobile content will soon be an expectation for most mobile users here.

Network providers are seeing the trend and are making data packages more affordable – one-third of users now have data included in their plan – to win customers over after making data packages unaffordable for some time.

Overall, there has been an increase in the acceptance of advertising on mobile devices since 2007 and the numbers are set to continue upward.

Users of mobile devices are happy to receive advertising in exchange for free mobile content or special offers. It is very much about a fair exchange with brands. Users want something of value if marketers are going to contact them on their personal communication device.

The primary challenge for mobile marketing is in competing with the Internet and television, both which continue to be the primary portals for information.

With users still coming to terms with relying on their handsets to conduct many of the day-to-day tasks they still assign to the Internet, mobile marketing must still gain traction in Australia.

As more key information, banking and news sites become optimized for mobile, it will become an increasingly effective channel for marketers. And the outlook is extremely positive.

Although mobile service subscription rates are now between 110 percent and 115 percent of the population, growth is likely to continue for the foreseeable future.

Australian carriers are likely to have more than 25 million mobile subscribers in 2011 as migration and business adoption continue to drive these figures.

AUSTRIA
Florian Zelmanovics-Perl
Chief operating officer
Draftfcb Partners

There are 10.68 million mobile users in Austria and a mere 4

percent are using their phone solely for its talk capabilities. SMS, videos, photos, music, Internet surfing, emailing and even paying with the mobile device is becoming much more common.

In a few instances, performance-based mobile marketing has been very successful and is beginning to influence traditional thinkers.

Consumers in Austria have become very receptive to mobile advertising and marketing, especially if marketers are able to provide them with an added value through special promotions.

Austria's digital market seems to be behind other international markets and, therefore, it will take more time to increase the awareness of the importance and impact of mobile marketing investments.

Meanwhile, due to the rise of smartphones and iPhones promoted through very attractive provider packages, an increase in mobile applications and mobile data traffic can be expected in the coming months.

BRITAIN
Leo Ryan
Planning director for digital
Draftfcb London

The state of mobile marketing and media in Britain could best be described as "developing."

Despite years of interest and enthusiasm, it is really only the recent advent of all-you-can-eat data plans that has made mobile affordable for consumers to access the Web regularly and for longer periods of time.

Consumer reception levels seem to reflect those of other media. Banners receive low click-through rates, but surely that

is to be expected from a format adapted badly from print to online and now even more poorly to a mobile device.

Consumer-shared viral messages achieve cut-through but are hard to predict. The costs associated with forwarding MMS messages tend to inhibit the most likely audiences – teens – from passing them on as they tend to be on pay-as-you-go packages.

The mobile version of direct – SMS – is effective depending on how targeted it is and the quality of the offer provided. The interesting exception to standard media behavior is the way that mobile applications have changed the marketing landscape.

Essentially the same as widgets are to the Web, applications have really taken off in conjunction with the popularity of the iPhone and subsequent offers from Nokia's Ovi, Google's Android Marketplace and Research In Motion's BlackBerry AppWorld applications stores.

Challenges for mobile in Britain are not necessarily any different from those in other markets, but there will need to be balance in the space – balancing marketers' need to gain access to their target audiences and people's need for privacy in a highly personal environment.

Mobile spam is already regarded far more negatively than spam over email, so British regulator OFCOM is likely to step in very quickly if mobile marketing is being abused.

The future belongs to useful marketing – applications – and not shouty broadcast advertising. This is especially true on a device that is ubiquitous, pervasive and personal.

We currently describe this as a mobile phone, but it will morph into something that looks more like a Web-enabled thingy than a voice-enabled whatsit.

CHINA
Patrick Ko
General manager – CRM/interactive/data
Draftfcb Shanghai

Mobile marketing in China includs SMS, MMS, telemarketing and mobile Internet, though the first three are much more popular as they are often part of direct marketing programs.

With the release last year of the 3G license of China Mobile, China Unicom and China Telecom, many stated that China has finally entered the 3G era.

In the next few years the industry expects more consumers to adopt 3G mobile phones. In turn, mobile Internet marketing, as well as media, will be much more popular and developed.

Even while SMS and MMS marketing are more popular among marketers, consumers are much more receptive to mobile Internet marketing.

Statistics indicate that 38.4 percent of mobile users in China are receptive to mobile advertising and marketing; 9.3 percent of users say they can absolutely accept it; and 19.4 percent of users say they do not accept it.

Moving forward, mobile in China faces three main challenges: The first is measurement of mobile marketing programs, which is not fully developed yet.

The second is the access speed of China's mobile Internet. The majority of China's mobile phone users are still using non-3G devices and networks, which means the Internet access speed is very slow, setting obstacles for users as well as advertisers.

The final challenge is the demographic structure of mobile Internet users. Compared to computer Internet users, the mobile Internet user base includes more students and blue-collar

workers who, because of educational background and lower income, alter the learning curve.

The next trend for mobile in China centers around 3G.

Because of the faster access speed of the 3G network, Web browsing, movie/music downloading, mobile commerce, gaming and GPS have all increased.

Also, as the price of 3G mobile phones decreases in the next few years, more users will be switching devices. As of October 2009, the total number of 3G mobile users had reached 9.77 million.

Increased iPhone usage is another possible trend in China's mobile industry, though the price is high (4,999 renminbi, or $730), and there is currently no WiFi function on the China Unicom iPhone.

FRANCE
Clemence Alengrin
Junior strategic planner
Draftfcb Paris

In France, 12 million to 15 million mobile Internet users, or "mobinautes," are surfing the Web each month, but mobile marketing remains discreet.

Mobile marketing market is just starting in France, and it is going to grow slowly.

While companies such as Coca-Cola, McDonald's and INPES have begun mobile advertising initiatives, there are two types of marketers in the space: those that have Web sites and want to promote them and those who are just starting in the space.

A new tool called Evaliant Mobile was created by TNS Media Intelligence and provides a good snapshot of mobile in the country. Seventy-nine active marketers accounted for the 1,083 mobile advertisements created.

While basic mobile advertising formats such as SMS and MMS are used, consumers do not appreciate these formats because they are too intrusive. Instead, they prefer 2D bar codes, which give them information when they ask and want.

Thirty-three percent of mobile Internet users prefer going to a brand's Web site as opposed to receiving mobile advertising, and 60 percent of consumers expect good service and value offerings from mobile advertising.

Pumbby, a company that pays mobile users for receiving advertising, currently has 12,000 subscribers in France.

The current problem with mobile advertising in France lies in the format. Marketers need to be innovative and offer solutions that clients like. Creatively, French marketers are still are in a prehistoric stage.

And moving forward, 2D bar codes will get another look in France. LG's association with Scanbuy integrates a bar code reader with the mobile device, making it easier to get information on brands. This new technology may enable wider use of mobile tags, which is not really the case in France.

INDIA
Bharat Wadhwa
Interactive head
Draftfcb+Ulka New Delhi

To a majority of Indians, mobile phones are their primary personal gadget and no longer a shared device.

Mobile phones are expanding their zone of influence in a consumer's life beyond communication to life management – social networking – and entertainment including gaming.

About 25 million mobile users are active GPRS users, indicating the growth of browsing. Consider the following:

• On average, Indians use their mobile handset to access the Internet more than two days per week, which is slightly below the number of times in a given week they spend browsing the Internet on a computer
• Ninety-two percent of mobile Web users in metros access the mobile Web when at home
• Fifty-six percent of mobile Web users who noticed a banner ad went on to visit the mobile site of the advertiser

Marketers seem to be lagging behind consumers in embracing the mobile platform.

Overall mobile advertising spend is a paltry 2 percent of total advertising spends, not considering the VAS-based revenue generated by wireless carriers. But signs are evident the mobile platform is gaining acceptance.

SMS is the favored delivery mechanism. About 37 percent of urban mobile users have been solicited with marketing messages involving ringtone downloads, wallpapers and games.

The Indian telecoms industry regulator stipulates mobile marketing intervention only with user permission, which has acted as a deterrent for marketers since a database is not easily forthcoming.

The volume of SMS spam that subverts regulations has created a situation where consumers are shutting out marketing messages on SMS or other delivery mechanisms.

Other current mobile marketing practices include:

• Information about special promotions
• Promotional response mechanism
• Lead generation
• Voice ads
• Downloading ringtones, wallpapers and games
• Entertainment products such as movies and music
• Financial products including banking, investment and insurance
• Travel products such as airline and railway tickets

From a pure media perspective, mobile as a platform is seen as direct contact and partial engagement.

Technology is holding back marketers and advertisers from leveraging the medium in a more engaging fashion. The delay of the 3G rollout has been the biggest damper from this perspective.

Compounding the technology issue is the complexity of rolling out mobile commerce even in the current technology platform.

Mobile commerce is also affected by low bandwidth, which is preventing banks from setting up mobile payment gateways and establishing a secure back-end for the mobile commerce proliferation.

Another infrastructural task that marketers need to take up to make mobile commerce work is developing a merchant base that will accept mobile commerce transactions.

Voice-to-data is the biggest shift expected in the Indian mobile industry in the future and this is expected to be driven by 3G.

The urban mobile user is expected to aggregate his or her digital presence through the handset, allowing marketers to extend their digital engagement strategy on to the mobile platform with contextual and behavioral targeting.

The rural mobile audience is rather underleveraged by marketers across media. Given the mobile subscriber growth in rural markets, it presents an opportunity to reach out and engage the rural audience in their own language. Voice delivery can circumvent the literacy issue.

MUMBAI
Satish Ramachandran
Vice president
Draftfcb+Ulka Mumbai

Mobile as a media platform is opening up in a variety of ways in India.

While explosive growth in the subscriber base – averaging 14 million new users per month in 2009 – has been the norm, trends such as the emergence of the mobile Web, mobile commerce, downloadable applications and customer service applications are key areas to watch.

Mobile subscribers in India totaled 488.4 million at the end of October 2009, according to the Telecom Regulatory Authority of India.

The Indian mobile marketing industry is currently valued at approximately $27 million, a number that is expected to reach $75 million in 2012, per the Mobile Marketing Association, Asia-Pacific. That means 17.5 percent of all digital advertising spend in 2012 will be mobile-led – exciting growth, especially if you consider it currently stands at a mere 2 percent of digital advertising, per JC Digital Outlook, India, 2009.

Brands that have done exceeding well in the space have approached mobile as an integrated brand messaging platform, but locally, there are some fundamental challenges that hinder the growth of mobile as a viable marketing channel.

Lack of knowledge and information among users, low level of smartphone penetration and lack of regulations and guidelines all offer their own unique challenges for marketers.

Five key trends are on the horizon for mobile in India:

1. The much-awaited 3G revolution
2. Emergence of mobile as a targeted medium
3. Mobile payments and commerce
4. The coming era of VAS operators
5. Localization of content

ISRAEL
Eyal Korzen
Strategic planner
Shimoni Finkelstein Draftfcb

Israel's mobile communications market is saturated and includes four major wireless carriers.

In fact, there are more mobile subscribers than people in Israel.

Merrill Lynch figures show that in 2008 there were 8.909 million subscribers with a penetration rate of 123.7 percent. Many adults in Israel have more than one mobile phone.

Difficulties in growth through new customer acquisition and voice tariff competition have led the carriers to focus on mobile data, regularly launching new value-added products.

Many 3G services have been launched by three major carriers with significant numbers of subscribers.

Apple's iPhone was only officially launched in December 2009 and is expected to increase the application's usage. Success in selling mobile content and applications is essential to combat falling average revenue per user (ARPU).

Mobile advertising in Israel continues to lag behind other countries.

Most advertisers are still unfamiliar with this new media, and the budgets allocated to it are relatively low.

However, in 2009 there was an increase in the number of campaigns using mobile phones.

One of the major mobile advertising companies announced that during 2009 it launched more than 100 mobile campaigns and activities, a 60 percent growth from the year-ago period.

In a highly-regulated market where customers can easily block or cancel an advertising service, the main challenge is to find a platform that will encourage customers to receive mobile advertisements.

Entertaining and creative content, coupled with free giveaways, will help Israeli consumers become more receptive to this platform.

A large-scale mobile campaign usually includes SMS messages

sent to subscribers, banners on mobile Internet portals, and the establishment of a mobile site. Usually, this site offers marketing ringtones, games and textual content.

Experts claim that mobile marketing in Israel is just a step away from a breakthrough. In just a few years it will be a standard medium used in every major campaign.

PUERTO RICO
Carmen Cedré
Vice president and general manager
Draftfcb San Juan

There is a lot of buzz about the potential of mobile marketing in Puerto Rico. However, actual growth has been slow due to limited budgets and mixed reactions from consumers.

A recent study conducted by the Sales and Marketing Executives Association found that consumers react negatively to promotional text messages as well as any mobile marketing program that is intrusive and delivered without their consent.

Mobile marketing's biggest opportunities and challenges moving forward go hand-in-hand.

First, advertisers and marketers need to find ways to use the technology to develop programs that attract consumer participation without creating negative reactions with unwanted text messages.

We also need to determine how to monetize mobile to create opportunities that generate revenue for agencies and results for our clients.

SAUDI ARABIA
Gregory Bauarschi
Account director
Horizon Draftfcb Riyadh

Mobile marketing in Saudi Arabia is still in its early growth stages and the market presents immense potential for brands to reach out and connect with consumers on a personal level.

Mobile marketing currently exists solely in the forms of SMS and MMS messaging – both of which are very abundant in the market.

Throughout the country, companies are using SMS and MMS marketing as a part of their tactical strategies for promotions, discounts, real-time notifications and alerts. We have yet to see mobile used as part of an integrated solution to build brands.

In terms of public perception, consumers are very receptive to mobile advertising as a whole, but tend to view it in a negative manner. Their main concern is the bulk of SMS messages received, which are as many as 10 messages to 15 messages daily.

As a result of the sheer volume of messages, changing public perception is the primary challenge that marketers face.

Many mobile marketers still use bulk SMS messaging to reach their consumers with no regard to psychographic, social or gender segmentation whatsoever. This needs to be resolved for mobile to succeed.

Marketers must invest in the technology to introduce new mobile marketing tools – audiovisual format, applications from iPhone catering to the Saudi Arabia market – while also personalizing content for consumers.

If these challenges are met, then mobile marketing has a real chance to compete and make a difference in the advertising space in Saudi Arabia.

JEDDAH
Johnny Henoud
Planning director and acting general manager
Horizon Draftfcb, Jeddah

Joseph Rabbat
General manager for media services
Horizon Draftfcb, Jeddah

Mobile marketing is still in its infancy in Saudi Arabia. For instance, commercial SMS was illegal up until a few years ago and marketers had to book SMS through various external hubs.

SMS messages were then sent randomly through Internet servers, without accurate data about the recipients. Marketers had a very bad experience with the deliverables.

Today, SMS is included in every media plan we propose.

Bluetooth messaging has recently been launched in Saudi Arabia but is still in development, and will take some time before it becomes adopted by the marketers.

There are other positive signs that mobile marketing will continue to grow.

Saudi Arabian consumers are eager to embrace the latest technology and latest methods of communication – as evidenced by the iPhone and BlackBerry.

The infrastructure has also improved to a great extent with 3G connections available and very competitive data-streaming packages being offered by the major telecoms players.

Similar to other markets, you can find consumers in Saudi Arabia who are receptive to mobile advertising and marketing, and those who are not.

When it comes to straightforward advertising, consumers' willingness to accept the ad all depends on the relevance and creativity of the particular message.

However, in terms of marketing such as CRM, consumers tend to be more receptive because it educates them about means of convenience and practicality.

In general, advertisers and marketers are pleased with the outcome they receive from their campaigns and mobile services.

Services and development are the main challenges for mobile in our country.

The services that are currently available via mobile channels are not yet comprehensive or intuitively engineered, but they are at least available for consumers.

Even so, with technology constantly evolving at a rapid pace, it will not take long before forward-looking companies start improving their mobile services, whether it is plain service or commercial platforms. Until then, as consumers we have to settle for some basics.

SINGAPORE
Caroline Lim
General manager
Draftfcb Singapore

Singapore's mobile advertising capabilities are high, but actual impetus to use it is low.

There is difficulty obtaining buy-in or implementation from brand advertisers as the traditional media conditions here are unique given the media owners. There is one major English newspaper – The Straits Times – that literally reaches almost the total population.

In terms of technology, there is a high penetration of smartphones and 3G/3.5G phones. As a direct result, there is high mobile Web usage on 3G data plans or WLAN around the island.

Bluetooth technology from sending news alerts from newspaper stands to location-based vouchers for retailers is common. Signs of "Turn on your Bluetooth" can be seen in malls and across all areas of interest.

Consumers are big into SMS because of the structure of the phone plans.

For advertisers, SMS is primarily used for data collection and joining promotions via SMS blasts or mobile subscriptions.

Mobile banking is also catching up. Citibank leads in providing fund transfers and real-time account information.
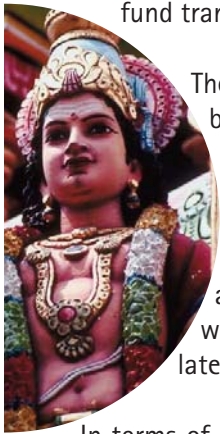
The country's consumers are receptive to mobile marketing with high click-through rates and participation, albeit on limited trials.

Consumers are mobile-savvy, and they are willing to subscribe to SMS alerts as long as they are free or they find real value. They want to be ahead in getting news and the latest deals, and they know SMS delivers that.

In terms of mobile banners, the click-through rate is reportedly high – double that of online ads.

Getting buy-in from advertisers is a primary challenge because of the small market size, limited data and media conditions of Singapore.

Two additional challenges include using mobile as a tool through which to pay at retail – this may not be necessary as card services are well-established – and paying for value-added services such as ringtones, wallpapers and non-application games, which may fall out of favor since users can download and create their own using online tools.

Since Singapore is rolling out a national fiber-to-the-home broadband network, mobile will be an important access point for Web and rich media digital activities.

Web access through smartphones will overtake time spent online using the PC. Chat, email, Web browsing and even paying bills through electronic banking will all be done on smartphones.

SPAIN
Marian Garcia
Digital account supervisor
Draftfcb Madrid

Despite a deep advertising crisis in Spain, the 2009 mobile marketing investment increased 13 percent versus 2008.

According to the Mobile Marketing Association Spain, the forecast for 2010 is optimistic, with an estimated average growth of 40 percent. Mobile penetration rate is currently 120 percent – many people have more than one device.

The 2009 investment breakdown is the following: 36 percent in mobile Internet (display 94 percent and search 6 percent); 28 percent in application and advergaming, which play a bigger role with the new devices development; 18 percent in SMS and MMS (81 percent the former, 19 percent the latter); 11 percent in proximity (Bluetooth and geomarketing); 4 percent in voice; and 3 percent in social networks.

Automotive and travel are the most active sectors, followed by beauty and care.

Mobile Internet is a reality but price is still the main entrance barrier. Approximately 50 percent of mobile users have used this capability once; roughly 40 percent are heavy users.

The main mobile Internet function is email, followed by browsing, content download and social networks. The big success of the iPhone and its applications is noteworthy.

Consumers in Spain are receptive to mobile, with SMS/MMS campaigns serving as the most popular and well-accepted forms.

Displays on mobile Web sites tend to make the navigation difficult for users and are less accepted. Consumers would be

more open to the sites if they were compensated for receiving advertising with services and discounts, exclusive content and promotions.

Local challenges for mobile include flat rates that allow value-added services such as TV or Internet on the handsets, as well as increasing marketers' knowledge to fully integrate the channel into their communications strategies.

From the agency perspective, agencies need to be more creative, developing original formats and focusing specifically on creative solutions for mobile. Applications and adapted contents are also crucial.

Next up for mobile in Spain are location-based services, mobile television and a larger mobile Internet market penetration. Formats with a bright outlook are, in order: content and application (advergaming and widgets included), advertising on mobile Internet (search and display), SMS/MMS, proximity (Bluetooth and LBS geomarketing) and couponing.
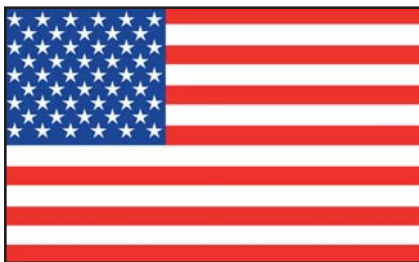
UNITED STATES
Kim Luegers
Director of media innovations
Draftfcb Chicago's MC Media

Patrick Moorhead
Vice president and director of mobile platforms
Draftfcb Chicago

Mobile marketing has really grown up in the past few years in the United States.

There is real scale to be had. Consumers are adopting the advanced functions of the handsets – mobile Web, applications, video – at a rapid rate.

As all good marketers know, dollars follow the eyeballs. Most,

if not all, clients are asking about how and where mobile fits into their ecosystem.

Many clients are further down the path than just asking, and the experimentation and testing behavior of years past will surely evolve into larger and more integrated ongoing efforts. Expect to see major investment growth in mobile from U.S. brands over the next 12 months to 18 months.

Consumers are absolutely receptive to mobile marketing programs that offer relevant utility. Just look at how popular useful relevant mobile applications have become in the U.S.

Negative sentiment toward mobile advertising and marketing programs can, and should, be expected when a program delivers non-relevant content that offers zero value to the user. This is nothing new – consumers have been sharing their positive experiences with a brand through word-of-mouth, as well as expressing their negative reactions to poor marketing programs in every medium for quite some time.

Client campaign data clearly shows that when a brand ad message reaches the right target consumer at the right moment with a relevant and compelling message on their mobile phone, they respond in large numbers.

It is common to see response rates to some types of mobile ad media come in at 2 percent to 3 percent, and in some cases, even higher. You just cannot drive that type of engagement with any other medium right now.

A huge challenge that U.S. marketers continue to face as it relates to mobile marketing and mobile media is measurement.

Until the same level of diligence that is available for digital media becomes available for the mobile space, brands will struggle to commit investment dollars on par with that of online.

A second challenge is the stigma among brand clients that mobile is either a "fad" or that it is "emerging" and "something teens do."

This kind of prejudice towards mobile opportunities limits marketers' ability to really look at the performance and real

possibilities that exist today.

Too many clients have a predisposition towards mobile as a way to avoid rolling up their sleeves and getting to really know what it can do for them.

The reality is this: mobile is a unique medium, unlike any other we have seen before in marketing and advertising. It is not easy, and is going to take some work and some skill to figure it out.

But we have to figure mobile out, because we know it is only going to figure more in the daily lives of customers.

Finally, until consumers become comfortable executing commerce via the mobile handset, the mobile commerce category will struggle to take off.

The wired Web saw the same lag in adoption based on consumer's perception of security. Mobile commerce will be a function that consumers adopt – it is just going to take some time.

As for what is next for mobile in the U.S., there are a handful of opportunities on the horizon.

On the one hand, we have location awareness. The advanced handsets penetrating the market will make it possible for marketers to increase the relevance of their programs with location-enabled functionality.

This function will be a key growth driver, because it enables a stronger link geographically to the point of sale and thus produces a higher level of marketing efficacy.

We also have the aforementioned idea of mobile commerce. Together along with guided selling in retail, the personal mobile device will soon be the central point of action at the heart of all retail shopping experiences. ■

Expect additional legal challenges as mobile matures

By Gonzalo E. Mon

As more companies engaged in mobile marketing last year, many struggled to figure out how laws written before mobile phones existed apply in the wireless world.

Consequently, 2009 saw some significant legal challenges against mobile campaigns. The biggest problems had to do with failure to disclose offer terms or get consent, and two cases, in particular, will have a significant effect on campaigns in 2010.

Advertising laws require companies to "clearly and conspicuously" disclose important offer terms. In recent years, the Florida Attorney General has challenged various companies for failing to meet this standard.

Fined print

For example, the AG challenged companies that advertised "free" services, but buried costs in the fine print. The companies challenged by the AG have each had to pay at least $1 million to settle the investigations.

In 2009, the AG announced a settlement with Verizon Wireless over these types of ads, even though the wireless carrier did not create them. As part of the settlement, Verizon Wireless agreed to include various provisions in contracts with third parties. These provisions impose requirements about how and where disclosures must appear.

For example, certain disclosures must be made in 12-point font, with a minimum color contrast value of 125, and within 125 pixels of the cell submit field.

Expect these types of challenges to continue in 2010.

To avoid being a target, you should pay close attention to the terms of the Verizon Wireless settlement.

Regardless of whether or not you sign a contract with Verizon Wireless, the settlement provides a good summary of what the AG thinks is required by law. Companies that fail adhere to the provisions of the settlement risk legal actions from regulators or wireless carriers.

Opt for opt–in

In recent years, many companies have also gotten in trouble for failing to get consent from consumers before sending them text messages.

In 2009, the Ninth Circuit Court of Appeals held that this failure could violate the Telephone Consumer Protection Act, a law that predates SMS messaging.

The Ninth Circuit remanded the case so that the lower court could develop more facts, so we are likely to get additional clarification when the lower court finishes its analysis.

Gonzalo E. Mon, attorney at Kelley Drye and Warren

Expect these types of cases to continue, as well.

To avoid being a target, you must get specific consent before you send SMS messages, even if a consumer has agreed to receive messages in other mediums such as email.

The costs of getting this wrong can be high. For example, one company paid $7 million to settle accusations of sending unsolicited text messages.

Law eyes phone

Review the Mobile Marketing Association Guidelines for instructions on getting consent.

In 2010, marketers will continue to push the boundaries of what is possible with mobile marketing.

As with most new technologies, there are likely to be some growing pains and complaints.

Expect regulators to pay close attention as the technology develops, and to pass new regulations or challenge practices they consider deceptive. You must remain vigilant so that you can quickly identify and adapt to changes in the legal landscape. ■

Gonzalo E. Mon is a Washington-based attorney in Kelley Drye & Warren's advertising and marketing law practice. Reach him at gmon@kelleydrye.com.

Will all mobile phones be smartphones in 2010?

By Dan Butcher

While the recession definitely took its toll on handset manufacturers' bottom line in 2009, analysts are expecting a strong 2010.

Michael Morgan, mobile devices analyst, ABI Research

The push towards producing smartphones is adding to the already competitive smartphone space, and manufacturers are going to have a tough time differentiating themselves. On the plus side, smartphones are leading to higher margins for original-equipment manufacturers.

"The smartphone market is very attractive with high margins and growth," said Michael Morgan, Winooski, VT-based industry analyst of mobile devices at ABI Research. "Although the growth is only expected to be around 4 percent over 2009 sales, it is still an improvement.

"Smartphone and low-cost handset segments will show the greatest growth in 2010," he said. "Many vendors will be improving and retooling the user interface experience as a differentiating factor.

"In other words, the software will be leveraged more than it has been historically as a value-driver."

Mobile Internet devices threaten smartphone
Uptake of mobile Internet devices (MIDs), netbooks, personal media players (PMPs) and cameras with WiFi are going to be challengers of smartphones.

These emerging devices deliver a better experience in their respective segments. The subpar experience for mobile Web browsing needs to improve to keep these adjacent markets from grabbing smartphone customers away.

Consumers may opt-out of a smartphone for a basic phone and purchase an MID instead.

In 2010 manufacturers will rush to release the latest and greatest devices based on Google's Android operating system, especially now that three of the big four U.S. carriers either currently offer or plan to offer multiple Android smartphones.

Google is already making waves with its Nexus One handset.

ABI research expects to see a plethora of Android devices released in 2010 from many handset manufacturers.

"With its free licensing and consumer appeal, there is a very compelling reason to build Android smartphones," Mr. Morgan said. "For operating system market share, Android will be a big winner and Apple's OSX will also continue to climb in market share, while Microsoft's Windows Mobile will likely continue to decline.

"In terms of handset vendors' market share, winners will be RIM, Apple and Huawei," he said. "While not a large gain, but with potential for forward momentum, I would say Palm has a chance to slowly grow their business over 2010 and beyond.

"In terms of market share losers, while not a big loss, Nokia will continue to decline, and another that may continue its decline is Sony Ericsson."

Androgynous Android?
Despite the many upsides of Android, handset manufacturers must keep differentiating their products from those of competitors so they do not get lumped in with the pack.

With so many different Android devices on the market, consumers may become confused into thinking that one Android device is like another. It will be important to highlight what a manufacturer has added to Android to make it a unique experience.

"Try to keep in mind that the landscape is changing rapidly with netbooks and mobile devices substantially impacting viewing habits and technologies — think Kindle," said Tim McLaughlin, president and chief technology officer of Siteworx, Reston, VA.

"When making a substantial investment in broad campaigns, ask yourself if the approach will be portable as the device landscape shifts," he said. "If it is a very short and targeted campaign, then focusing on a particular technology is no problem." ■

Mobile will not save the print industry in 2010

By Chris Harnick

Mobile will not compensate for what is lacking in print and online monetization, business models and advertiser or reader interest.

One thing is for sure, though: expect more consumers to get their news on-the-go from their mobile devices as more Web-enabled smartphones hit the market.

"If 2009 was the breakout year in terms of truly capturing the attention of both consumers and the focus of the technology and media industries, I think 2010 will be the year of innovation," said Yaron Oren, director of mobile strategy and operations at Hachette Filipacchi Media, New York. "New hardware, new software, new services and new business models will all start to take hold.

"It's hard to change," he said. "That has been and will continue to be the biggest challenge for us as a large publisher.

"At the same time, therein lies the great opportunity. The reason we are battling through the pains of change is because mobile is a new battlefield with many new business opportunities."

Hachette Filipacchi Media recently launched new iPhone applications for several of its different media brands including Elle and Women's Day.

The mobile issue
The announcement of Next Issue Media, the joint venture between Time Inc., Meredith, Hearst, News Corp. and Condé Nast to launch a digital storefront for the collective publications, has been met with speculation – is it too late?

Condé Nast's GQ launched a monthly iPhone application version of its magazine. It acts as a direct replica of the publication and sales count towards its circulation total.

But not every magazine can reach a digital audience on a monthly basis, especially on an iPhone.

As more consumers get their news from the Internet, and now the mobile Internet, why would they go back to print? If the Internet cannibalized print publications, mobile is going to seal the deal.

In reality only three models work in media:

1. Paid subscription, complemented by advertising
2. Paid subscription, such as the Consumer Reports model
3. Free content supported by advertising

Readers know no better and neither do advertisers. Forget the metered reading.

Catching the wave
Other media brands such as cable network Bravo have successfully integrated mobile to their digital marketing strategy.

"Mobile is a key component of our digital strategy in 2010," said Lisa Hsia, senior vice president of digital media at Bravo, New York. "Mobile is essential because a phone is a personal belonging that travels everywhere with Bravo's users, giving us an opportunity to reach individuals and give them access and interactivity with Bravo on-the-go wherever they are, whenever they want."

In 2010 more media companies will use mobile as the latest spaghetti tossed at the ceiling, but will it stick?

Hachette Filipacchi's Mr. Oren said 2010 is not the hockey-stick year where billions of dollars will shift towards mobile advertising.

"Our excitement as an industry about the potential of mobile has bred an unattainable 'year of mobile' goal," Mr. Oren said. "However, I do think we've already reached the toughest milestone. Mobile is now high on everyone's radar, not just the early adopters.

"We've seen unprecedented growth towards the end of 2009 in terms of frequency and size of ad buys, and we expect that trend to continue into next year," he said. ■
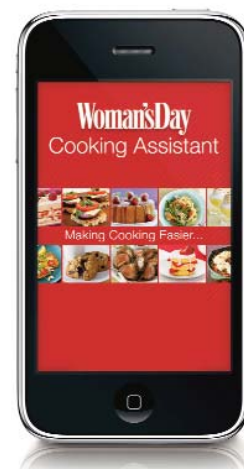
Nothing compares to ubiquity of SMS marketing

By Giselle Tsirulnik

As brands complete analyzing their 2009 campaigns, they will shift to more solid mobile messaging strategies in 2010.

SMS is becoming more recognized and accepted, as evidenced by increased brand adoption and budgets.

"In terms of opportunities, as location-based services increase, mobile coupons, wallets and ticketing will be more commonly used," said Shira Simmonds, president of Ping Mobile, Englewood Cliffs, NJ.

"With more smartphones in use and more advertisers adopting mobile marketing strategies and custom mobile applications, the industry will continue to grow," she said.

Provisioning time a major hurdle

There are several challenges that marketers will face in 2010.

The first is that digital bar codes cannot be scanned by regular scanners. Until handset manufacturers modify handsets or retailers replace all their scanners, this will continue to be an issue.

Short code provisioning will continue to be an impediment in 2010, as it was in 2009. Carriers better get their acts together because marketers will not accept more delays in provisioning common short codes.

Also, an increasing amount of noise in the mobile messaging space will make it more difficult for marketers to breakthrough and be noticed, per Cindy Tai, vice president of product and marketing at OpenMarket, Seattle.

Marketers, in some cases, will have to overcome poor mobile programs that preceded them, reducing consumer willingness to participate in new programs.

Some industry experts argue that SMS will become irrelevant with the growth of the mobile Web, which is expected to reach nearly 100 million unique users per month in 2010, according to Millennial Media.

But nothing will beat the ubiquity and reach of SMS.

Discount retailer Target taps SMS on an ongoing basis to connect with consumers. Target has used text messaging in select

advertising and marketing campaigns to be fresh and innovative, connecting with consumers to reflect their wants and needs.

"Text messaging is layered into a campaign if we believe it aligns with our overall strategy or adds an element of interest or surprise for our guests," said Sara Boehle, spokeswoman at Target, Minneapolis.

Data plans key for SMS marketing

There will be several SMS opportunities in 2010.

Ms. Tai predicts that wireless carriers will continue to push unlimited text plans leading to even greater SMS usage.

"The U.S. mobile market is stabilizing with stronger regulations and policies in place," Ms. Tai said. "Streamlining industry guidelines will make it easier for newcomers to understand and enter the mobile messaging space

"The industry is overcoming some of the legal challenges, and opportunities for innovative services will continue to grow at a faster rate," she said.

A HipCricket survey on SMS shows that 37 percent of consumers would participate in a mobile customer loyalty program from a brand they trust. However, 83 percent say their favorite brand has yet to market to them via their mobile phone.

This will change in 2010, as more brands will recognize the value of SMS and will use it to target consumers.

"I strongly urge advertisers to work with an experienced, accessible mobile marketing company that provides the support, technology, knowledge and creative input to create an effective campaign," Ms. Simmonds said. ■

Mobile will continue to drive innovation in music

By Chris Harnick

In 2010, mobile music will become more innovative as wireless devices get smarter and the rate of consumer adoption takes off.

Record labels will expand marketing on the platform and there will be more mobile fan clubs and programs incorporating SMS alerts. Mobile radio also has increased in popularity and will continue to do so.

"I know this has been said many times, but 2010 really is going to be the year of mobile, at least it is for us," said Tim Westergren, founder of Pandora, Oakland, CA. "In 2009 our mobile audience went from under 2 million to well over 15 million, and that growth is accelerating."

Pandora is a personalized Internet radio and music discovery service.

Gimmie, gimmie more

In 2010 artists and record labels will continue to integrate mobile.

Britney Spears launched an official iPhone application in 2009 and Rihanna partnered with Nokia, MTV and VH1 for several mobile initiatives to promote a new album.

Evan Schwartz, cofounder/CEO of Thumbplay, New York, said the 2009 boom of smartphones helped create opportunities for applications such as Thumbplay Music.

"People can leave their homes with just one device that does everything," Mr. Schwartz said. "We fully expect consumer usage of music on their mobile devices to take off in a very big way this year."

The main challenge for 2010 is to create simple, gratifying experiences that are intuitive at the same time.

Consumers increasingly view their mobile devices as something more akin to a mini-PC with rich data services that can also make phone calls.

As perceptions have changed, consumers are starting to use their devices as their primary means to listen to and discover music.

Pandora's Mr. Westergren thinks the adoption rate of consumer-marketed smartphones will increase and in turn drive the prices for these devices down.

"This will mean that more users will be consuming data services and, in particular, music services like Pandora, in a much more meaningful way," Mr. Westergren said.

"The challenge for us will be in making sure that our mobile applications work seamlessly across all of the new devices that will be released this year," he said.

The industry helped pave the way for mobile commerce with MP3 purchasing, but will mobile make the album irrelevant? Mobile commerce is all about convenience. Hear a song and want it? Download it to your phone with a few clicks.

The iTunes store made consumers comfortable and it will continue to have the same effect while consumers begin to make more music-related purchases over their wireless devices.

Mobile brought back the singles and in turn took apart the concept of albums. Once again, singles are easier to monetize.

Need for speed

John Trimble, chief revenue officer of Pandora, said a constant challenge in the mobile market in the near future is the speed of innovation.

Pandora got into the mobile radio market early. Mr. Trimble said it has benefited from fast cycles of innovation and adoption.

Mr. Trimble said 2010 will let Pandora provide consumers with options to use its service however they want, rather than trying to steer consumers to one or two devices.

"We believe 2010 will be the year Pandora really delivers on providing the best free music discovery service to people wherever they are — whether at home, at work, on mobile phones or in the car," Mr. Trimble said. ■
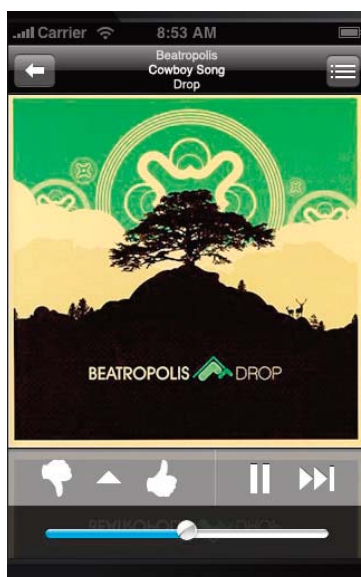
Will 2010 be the year of mobile search marketing?

By Giselle Tsirulnik

This year is shaping up to be a real break-through year for mobile search, as brands learn more about consumers.

The vast majority of large advertisers are quickly moving to be included in the mobile search results of Bing, Google and Yahoo. This year will be pivotal for Fortune 500 brands to begin solidifying their overall mobile strategy and Web presence with mobile search advertising.

"Buying mobile search is one of the most effective tactics to helping engaged customers locate and interact with your brand via their mobile device," said Douglas McMillen, New York-based national mobile search specialist of advertiser and publisher solutions at Microsoft.

"This year will also be a pivotal year for consumer adoption of smartphone technology, which will enable consumers to incorporate many common tasks we associate with PC usage, such as search and Web browsing, into their daily mobile phone habits," he said.

Mobile, online searches different

Last year was rather quiet for mobile search, with not a lot of media surrounding marketers' use of the channel. In 2010 expect to get more case-study examples in terms of how mobile search fared well for large brands and publishers who are trying to drive site visitors and even application downloads.

Mobile searchers differ greatly from online searchers. Mobile searchers are looking for immediate answers, while online searchers are usually in no rush.

Online searchers are usually researching something, while mobile searchers are looking for an answer on the go. Mobile searchers expect answers immediately.

Since consumers are increasingly relying on their handsets while on the go, mobile search is most effective and has great potential if it is location- and proximity-based.

There is enormous opportunity for the early adopters of mobile search.

The current search marketplace is similar in many ways to the early pay-per-click online search marketplace, circa 2002.

What this means is that those who have their mobile strategy ironed out and are ready to get serious about investing in PPC mobile search will gain significant advantage in terms of market share and overall learning of consumer behavior in the space.

"The biggest challenges we see are weaknesses in an advertiser's speed-to-market building a mobile Web site that consumers are excited to engage with, as well as the complexities surrounding conversion tracking due to the nature of all the various mobile devices in the marketplace," Mr. McMillen said.

Measures not the same

Big brands need to lock down a solid strategy for their mobile Web presence and also determine how they are looking to measure success in this new space as quickly as possible this year.

Success may not be measured in exactly the same way as marketers' PC search campaigns.

For example, say a marketer is looking to drive brand interaction or a click-to call-campaign. Mr. McMillen recommends not being narrow-minded in how to measure success.

"Consumers are engaging with brands through their mobile device every day – you'll need to understand how and why they're looking for you and build a framework around that to accurately measure your success in 2010," Mr. McMillen said. ■

Social media networks and mobile go hand-in-hand

By Chris Harnick

This year, social media will continue to mobilize, as consumers demand on-the-go access to their favorite networks. Those that do not will be left behind.

One of the biggest challenges for social networks in 2010 will be monetization. And as more networks mobilize, another challenge will be maintaining and attracting consumers.

"[Social networks will see] continued growth," said Rob Lawson, chief marketing officer of Brightkite, Burlingame, CA. "There will be an increase in the number of pure-play mobile social networks, their feature set and their user bases."

Towards the end of 2010, expect to see the beginning of market consolidation.

Brightkite is a mobile social network that lets users meet people around them and keep up with their friends, as well as explore and discover new places via mobile augmented reality.

Reality warp

Consumers are ready for and clamor for mobile social networks. Social networking is one of the fastest-growing activities among mobile users domestically and worldwide, so marketers must follow the eyeballs and develop a mobile social strategy, according to eMarketer.

As one of the primary ways mobile users communicate with one another, social networking — the exchange and discussion of information, content and media on shared communities such as Facebook, MocoSpace and Foursquare — is proving a significant driver of Internet usage on mobile devices.

In the United States, mobile social networkers will total 56.2 million by 2013, accounting for 45 percent of the mobile Internet user population, eMarketer predicts.

Furthermore, the Facebook application for Apple's iPhone has topped the charts for almost two years, proving that social networking and mobile go hand-in-hand.

With mobile, social networks will continue to embrace technology unique to mobile devices such as GPS and augmented reality.

However, the biggest challenge for social networks on all platforms is monetization and it will not be solved by mobile. The question will still remain as social networks experiment with pay-per-download models, micropayments and advertising.

Consumers will not tolerate any intrusion into their private conversations.

Marketers such as Best Buy have been experimenting with integration into social networks, without being considered intrusive by consumers.

In December the electronics retailer used Brightkite's augmented reality advertising platform to drive consumers in-store. Augmented reality helped to serve consumers store information and deals.

Ante social

The main challenge in the mobile social networking realm remains proof of performance, and for many brands this means proof that mobile can change real-world behavior, versus clicking through to a mobile Web site.

Neil Edwards, CEO of Cellufun, New York, said social networks have been changed by social games.

Social games such as FarmVille have influenced the way consumers use social networks. Consumers now log on both to communicate with friends and to be entertained.

Consumers pay for virtual goods in their social games, but networks such as Facebook are merely the host of the applications.

Mr. Edwards said 2010 will still see social networks being challenged by discovery, access and coverage. Not every consumer has an iPhone.

"As more people use their phones to access the Web, the popularity of social sites on the phone is also increasing," Mr. Edwards said. "Cellufun expects 2010 to be the year of the mobile social and gaming network." ■

Augmented reality, smartphones and bar codes

By Dan Butcher

The biggest trend of 2010 is the continued evolution of smartphones with more sophisticated browsers and functionality spurring the rise in popularity of mobile applications and the mobile Web.

The advent of 2D bar codes, augmented reality and Adobe Flash on certain phones will help support mobile marketing.

"Mobile software is going to become more important this year as a way to not only hook customers, but to also give them real value," said Omar Green, director of strategic mobile initiatives at Intuit, Mountain View, CA.

"I suspect that 2010 will be the year when mainstream consumers begin to expect that their favorite online tools, games and content sites have mobile components that work on their choice of phone," he said.

Omar Green, director of strategic mobile initiatives, Intuit

What this is going to mean for software and technology companies is that they will have to get better about managing the fragmentation that will come from this new target market.

OS wars

In terms of operating systems, Apple's iPhone, Research In Motion's BlackBerry, Google's Android, Palm's WebOS, Microsoft's Windows Mobile and Nokia's Symbian will continue to fight for supremacy.

"We're going to have to add our voices to those others in the industry that are asking for fewer platforms, or for solutions that help us to manage those platforms better," Mr. Green said.

All smartphone operating systems will race to court application developers and encourage them to innovate on their platform.

Application stores were a huge story in mobile in 2009, and this year they will continue to proliferate, as they also begin to transform to be more favorable to developers.

Manufacturers will realize the differentiation possible with treating these retail outlets as real stores. This will result in real merchandising, community development and more monetization components.

The crossover and cross-pollination between desktop, laptop and mobile software will be interesting to monitor in 2010.

Expect to see a larger resurgence in desktop software for the Macintosh, as the iPhone halo expands the overall Mac user base, said Scott Michaels, vice president at Atimi Software, Vancouver, British Columbia.

Small application developers will decline in 2010, as they struggle to get noticed.

Bar codes, bar none

A trend that is starting to really move in mobile applications is around payment processing. This trend will continue throughout 2010.

"It will be supported by consumers, small businesses and the mobile industry as it finally starts to look like the roadblocks to getting to true mobile wallets begin to crumble," Mr. Green said.

Another hot trend that will grow significantly in 2010 is 2D bar codes for use in marketing campaigns, promotions and couponing, publishing, on-the-go product information and commerce.

"I know all of the major publishers are aggressively pursuing forms of 2D bar codes in 2010, and I think of any medium, the print medium is going to move the fastest, driven by the publishers," said Dudley Fitzpatrick, CEO of Jagtag, New York.

"Brands and retailers are also driving in-store 2D bar code programs, and event marketers are early adopters of 2D bar codes and will continue to drive usage," he said. "We also have packaging programs in planning for 2010, and programs on digital signage coming up." ∎

2010 will be about keeping up with the audience

By Chris Harnick

Television programming content on mobile can engage and entertain audiences when they are not in front of their TV sets.

However, mobile television will not make up for fleeing eyeballs from TV sets. Instead, mobile TV can act as a complement, especially if it is monetized.

Several networks have launched applications that include streaming live TV and full episodes while others, such as The CW, have used the platform to drive consumers to purchase its content. Marketers will also continue to use TV to promote mobile programs.

"We definitely believe that mobile is where online was three to four years ago and following the same trajectory,"

Rick Haskins, EVP of marketing and brand strategy, The CW

said Rick Haskins, executive vice president of marketing and brand strategy at The CW, Burbank, CA. "Video is going to play a pivotal role in the expansion of mobile, much like it has online, whether it's streaming, downloading, extra features or exclusive video for mobile."

The CW has developed several applications for its television properties and like other networks it has SMS programs to alert viewers when new episodes of their favorite programs will be on.

Marketers have had success and will continue to succeed by advertising their mobile programs on TV.

Screaming for streaming

Networks can continue to monetize content by selling episodes on mobile devices through platforms such as iTunes and Verizon Wireless' V Cast.

Mobile TV content appeals to consumers on the go since they can plug in while commuting and not miss a beat.

Vicki Mealer, senior director of product management at Flo TV and Qualcomm Flo Technologies, San Diego , said mass adoption of mobile TV is imminent.

In 2009 Flo TV launched its own direct-to-consumer business. It believes the critical elements of mass consumer adoption are coming together in 2010.

"Consumer awareness and acceptance are integral factors in mobile TV taking off and reports have already shown a steep increase," Ms. Mealer said. "Imperative to the mass adoption of mobile TV is that consumers across the country have access to high-quality TV from a network built to scale as consumption grows."

Ms. Mealer said the current mobile TV market is crowded and the industry, as a whole, needs to continue to educate the market on all forms of potential TV content.

Selling mobile TV content could lead to the replacement of DVDs – only if the memory of smartphones improves.

In 2009, TV shows and networks integrated mobile into marketing tactics to reach consumers. In 2010, networks will continue to use the mobile channel to bring more content to viewers, including streaming of live TV.

Mr. Haskins said the biggest challenge for The CW is advertising within its applications.

"The mobile market is being flooded with a wide variety of new and different applications, so the challenge is knowing which one is going to be popular, which one is going to break through the clutter," Mr. Haskins said.∎
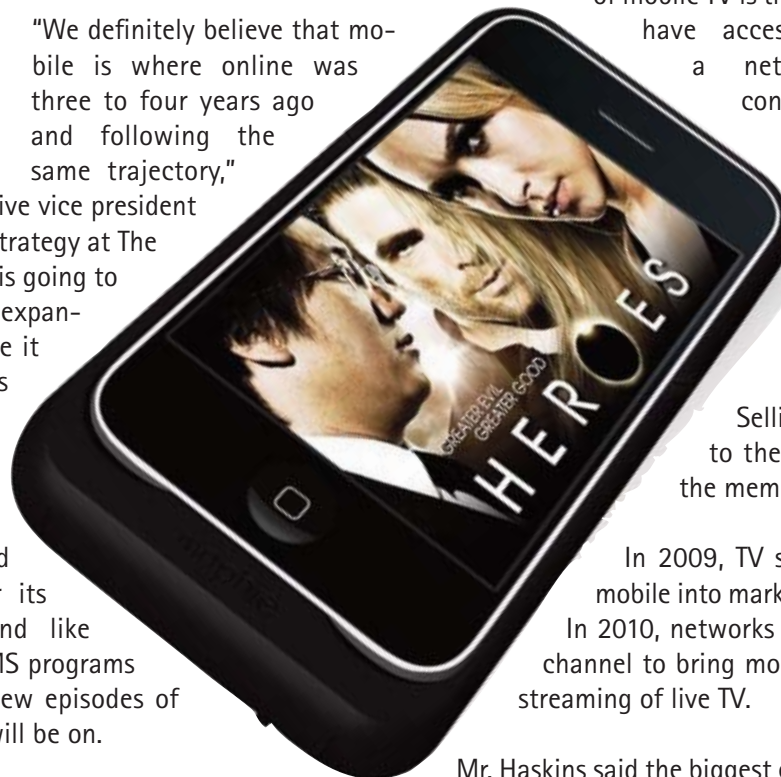
Mobile video gets into marketing's big picture

By Giselle Tsirulnik

Mobile video is going to be big in 2010 because of the rise of smartphones and consumer demand for on-the-go snackable content.

With the proliferation of smartphones and increased MMS and mobile Web usage, major brands will realize that they can no longer avoid serving, delivering and advertising using mobile video.

"Mobile video will become pervasive for all players within the ecosystem, from consumers with feature phones receiving video MMS, to smartphone users watching full-length television shows on their device and brands using video advertising to engage their audiences," said James Citron, CEO of Mogreet, Venice, CA.

"With mobile video now accessible through a number of platforms to a wide audience – 200 million consumers – we expect to see the first mobile video viral phenomenon to hit and spread in 2010," he said.

Video gaga

There will be several opportunities in 2010. Marketers already using SMS can breathe life into their campaigns with MMS video.

Expect to start seeing companies delivering video via MMS to their consumers as a substitute for standard SMS campaigns.

"Who doesn't want to see a sneak peek of the next '24' or 'Gossip Girl'?" Mr. Citron said. "Consumers want to see Jack Bauer or Serena van der Woodsen on their phones, not 160 characters of text."

Additionally, in 2010 the mobile Web will change drastically. It will no longer look like the Internet, circa 1998. Mobile Web sites will need mobile video to stay relevant as consumers' thirst for it spikes due to cheaper data plans and fast-growing smartphone penetration.

With video capture devices everywhere, including hundreds of millions of phones, iPod Nanos and Flip cameras, consumers are able to send and receive mobile video en masse. Expect to see the beginning of viral videos captured and distributed first through mobile social networks.

Mr. Citron anticipates this will extend mobile existing business models – mass media and gossip publications – and create new ones such as citizen journalism.

"We've already seen one major carrier threaten to price data access on a per-bit basis as it struggles to keep up with consumer demand," Mr. Citron said.

"Just like AOL struggled with network capacity years ago when it moved to unlimited Internet plans, several carrier networks will struggle keeping up with the network demand as millions of consumers' use their mobile phones for data-intensive services, such as viewing and sharing mobile video," he said.

Data issue

Data plans are expensive today and largely the domain of early adopters and corporate users. For the feature phone audience, which is still three times bigger than the smartphone audience, the price of data plans must come down for them to start consuming mobile video.

Additionally, the best mobile video content is not just repurposed traditional video content, which is often what is currently most accessible.

Content providers, media companies and advertisers will need to start creating compelling video content specifically for the mobile medium.

"Without question, mobile video spend will increase as 2010 is starting to see bigger advertising budgets, and brand interest in mobile video is incredibly high," Mr. Citron said. ■