

Five trends driving mobile marketing and commerce this year

By Mickey Alam Khan

Thanks to Steve Jobs, mobile is no longer an afterthought in most marketing budgets, but a well-deserved line item. Indeed, the more controversy that the Apple CEO stirs, the higher the ratings for mobile content, marketing and commerce.

Apple's growing dominance of mobile, and its attempts to turn its niche market into mass, will shape the debate over on-the-go devices and marketing this year and beyond. Read first how Apple is setting the agenda this year and then keep an eye on other market-shaping trends.

Apple's Steve Jobs is the Macdaddy of mobile

Apple dominates the mobile discussion as online giants jostle for market share. Steve Jobs is single-handedly doing for mobile what years of work by more experienced mobile marketers failed to do: win serious attention for mobile.

Be it through the number of skyrocketing number of iPhone subscriptions or mindboggling downloads of applications – more than 4 billion in less than two years – Apple has redefined the mobile debate.

Now, with the iPad – 1 million sold in one month and 12 million applications downloaded since the tablet's launch – Apple is redefining the computing experience and blurring the lines between mobile devices and computers.

Apple has advertisers, publishers and retailers worshipping at its altar, although its tight noose around hardware, software, content and commerce in-house standards may attract the attention of regulatory agencies.

Expect Apple to change the face of mobile ad campaigns once its first \$10 million inaugural campaign for its iPad application breaks. Mobile budgets will move from six and seven digits to eight.

Google, Microsoft and Yahoo – the other four online giants with mobile skin – in the game will have to figure out their mobile strategy.

Google's Android is on its way to becoming the PC of mobile, while Apple's iPhone and iPad operating system will take over the closed role that the Mac OS plays in computers. The Google Nexus One hasn't taken off as expected, however.

Microsoft is pursuing an operating system, mobile advertising and handset strategy, while Yahoo is focused on mobile content.

What these competitors to Apple lack is the charisma of a forceful personality behind the product and a design element that completely bowls over consumers and advertisers for user-friendliness.

Rapid transition to smartphones

It's become de rigeur to criticize marketers who are enthralled by the many features of smartphones – voice, SMS, MMS, content, commerce, email, mobile Web, applications, photography, video, location, games, maps, search and flashlight. Critics say that smartphone subscribers are still a small slice of the mobile handset market – about 20 percent, inching towards 25 percent.

Well, by 2013, one out of two mobile phones in subscriber hands will be smartphones. Not those flip phones with text and voice that whodunit TV programs always like to show. Imagine the effect on Web usage, content consumption, search, store locating, shopping and buying, and most important of all, advertising and marketing.

More affordable data plans, carrier-encouraged upgrades to smartphones for data revenue and a more sophisticated consumer will drive smartphone sales. Be prepared for another golden age of advertising to kick off in two years with mobile's rapid maturity.

Smartphones from Apple, Research In Motion, Motorola and Samsung will dominate nationwide, while Nokia will face increasing threat to its market share overseas from these players.

Brands include mobile in multichannel marketing

Interestingly enough, brands are driving the push toward mobile advertising and marketing, more so than advertising agencies.

Agencies are still trying to figure out where the profit margin lies in creating 4x1 and 6x1 banner ads and 160-character text messages, along with media buys that are even small compared to online, forget offline media.

But brands are on a roll.

Brands such as Pepsi, Heineken, Coca-Cola, MillerCoors, KFC, McDonald's, Papa John's, Domino's Pizza, Burger King, Chipotle, Gap, Levi Strauss, Steve Madden, Warner Bros., Universal, 20th Century Fox, General Motors, Ford, Procter & Gamble, Unilever, Crate & Barrel, Walmart, Target, Best Buy, REI, Wet Seal, Coldwell Banker, Major League Baseball and National Football League are all spending millions behind mobile advertising campaigns and programs that tie in with promotions and other multichannel efforts.

Where applicable, these brands are also building mobile commerce sites and applications, along with SMS-backed mobile loyalty programs that tie in with email and direct mail CRM.

Mobile ad spending last year was estimated at \$416 million by eMarketer. In another three years, that number is expected to cross \$1.5 billion. It may happen sooner.

Advertisers know one thing for sure: their audience is mobile, so they have to be mobile – communicating messages and offers, convincing subscribers to shop on phone or go to stores, online or call.

The banner ad will continue to live on, both online and on mobile. Search ads will continue as text results or via image-recognition programs such as Google Goggles. SMS will be the best tool for CRM and loyalty efforts, with store alerts, news updates, coupons and reminders. Rich media commercials for entertainment-oriented ads will proliferate.

Apple, Google and Microsoft will change the face of mobile advertising – through their technology, multichannel clout, market reach and acquisitions of established mobile players.

Mobile commerce will take off

This is literally year one in the Mobile Commerce Era. But this aspect of mobile

shows the most promise. While fewer than 100 retailers currently have mobile commerce sites or applications – where consumers can search, shop and buy – expect more to launch mobile operations.

Consumers are already conducting research on mobile before they walk into the store. Amazon, in fact, is the biggest beneficiary of this behavior – consumers comparing prices in store with prices on Amazon and then ending up buying from the online retailer if the price is lower.

Every single retailer will need a mobile site or application within three years. Or they will risk losing business to their competitors. The trick is to develop a mobile presence that has several factors: intuitive navigation, accurate search capability, pleasing design, enticing merchandising and easy, frictionless checkout.

The growth of mobile commerce will spur an explosion in mobile advertising. After all, now the ads can link directly to the pertinent item on the mobile commerce site.

The debate between mobile site and mobile application is false. Retailers will need both. Consumers who have downloaded the retailer's application on their handset are allocating valuable real estate on their most personal device – a sure badge of loyalty. And yet, the mobile Web's ease of use will complement the application and other SMS-related pushes.

While numbers are hard to come by, mobile will have an oversize influence on ecommerce and store sales – kind of like the role that the wired Web played a decade ago.

Mobile commerce will revolutionize retail, even more than ecommerce. Combining ease of purchase with location awareness and ready access to information is the true promise of mobile commerce.

However, retailers will need to reassure consumers, customers and regulators that mobile transactions are secure. Well, they can cite eBay: the auction platform last year closed \$500 million in mobile commerce transactions. Projections for this year are \$1.5 billion.

Location services and advertising will spur concern over privacy from regulator and advocacy groups

Privacy groups' nose is already out of joint with online content, advertising and marketing. And Facebook does the world no favors when it amends its privacy policy every few months to figure out how to monetize its 450 million users.

Location-based advertising is being closely watched by these privacy groups, especially concerning the use of data for commercial purposes if the mobile subscriber is not aware of the end use.

To kill behavior-based targeted advertising online and on mobile would seem to be the end goal of these privacy groups. And, of course, they are concerned about consumers.

However, agencies, advertisers and wireless carriers have to reassure the Federal Trade Commission and the Federal Communications Commission that the potential for abuse is checkmated by the many safeguards in place. He who speaks loudest in Washington gets heard. Marketers must find their voice.

Mickey Alam Khan is editor in chief of Mobile Marketer and Mobile Commerce Daily, New York. Reach him at mickey@napean.com.