



THE DIGITAL MARKETING COMPANY



2010 MID YEAR
MOBILE MARKETING REPORT

Introduction - State of the Industry

Definition of the Concept & Understanding Mobile Marketing

Mobile marketing can be defined as a “set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network¹.” As the industry evolves, so too does its definition. The concept of mobile marketing has come a long way in a relatively short period of time and gone are the days of simply associating mobile marketing with SMS.

The term “mobile device” now includes a new category of devices that function well beyond the confines of simple voice and text capabilities. With this new functionality, a new era of mobile marketing has also emerged and laid the ground work for a wide range of new marketing opportunities. To understand mobile marketing as a whole, you have to understand the range of technologies that are involved, the reach and varying audiences for different types of mobile campaigns and the overall limitations and challenges that are presented.

One reason mobile marketing is so effective is that it provides brands with a way to reach their target audiences/demographics throughout the day, instead of just when they’re at a computer, watching TV, or reading a magazine. In addition, mobile marketing can leverage traditional as well as new media for additional interactions such as including a text-in short code on a billboard or in a commercial so consumers can choose to interact further with the brand.

The attributes that define mobile marketing are what make it so effective. For example, a mobile device is unique to one single person, which differs greatly from traditional media such as TV and radio where a brand must market to an entire demographic with one campaign. With mobile, you have the ability to target your message down to an individual level if you choose. This gives mobile marketing targeting and relevancy capabilities that far exceed more traditional forms.

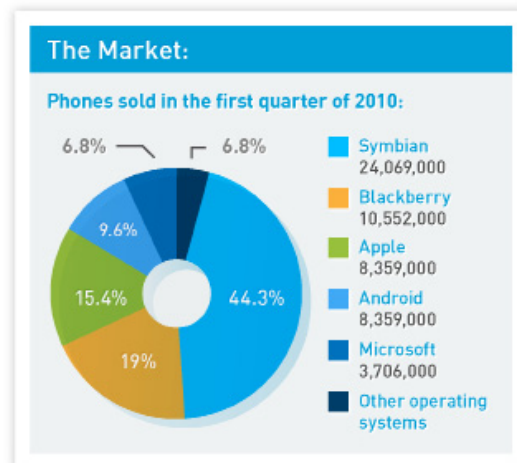
Where the Industry Has Been and Where it’s Going

As cell phones evolved and eventually became ubiquitous, the idea of using them as a marketing medium began to take shape. Given the limited functionality of early cell phones, the concept of mobile marketing revolved primarily around the use of text messaging or SMS. Though SMS technology was originally developed in 1992, the concept of using it as a marketing medium wasn’t introduced until the early 2000s when businesses started to collect mobile phone numbers and deliver content to consumers. The practice began in Europe and parts of Asia and quickly spread throughout the world.



When the initial concept of mobile marketing was introduced, it was generally perceived as another form of spam by consumers and marketers alike. However, once guidelines and best practices from the likes of the Interactive Advertising Bureau (IAB) and the Mobile Marketing Association (MMA) were put in place, the concept quickly evolved into the highly effective, accepted and regulated marketing practice that it is today.

As mobile devices began to evolve, so did their capabilities. Soon after SMS became ubiquitous, the mobile Web started to become the primary aspect of mobile devices. This opened up yet another new realm of possibilities for marketers. Soon we started seeing mobile-optimized Websites and their subsequent mobile-optimized display advertising that took advantage of the go-anywhere abilities, but lacked deep engagement and the rich media that was flourishing Online. As carriers boosted speeds and more powerful smartphones began to take shape, the mobile Web experience began to emulate its traditional counterpart more and more. This has resulted in much faster response times and higher response rates to SMS campaigns by allowing recipients to visit web links embedded in the mobile messages.



Mobile applications are the current emerging trend within the mobile ecosystem, and as such, are the primary drivers of information and services being delivered to mobile phones and devices. Going forward, mobile apps will play a pivotal role in how consumers interact with their devices, and how marketers subsequently reach consumer demographics.

In addition to the proliferation of mobile applications, user location has become a central aspect of mobile marketing and mobile technology in general. Most services being developed for mobile in today's industry takes user location into account one way or another, whether it's using mobile apps, the mobile Web or even SMS.

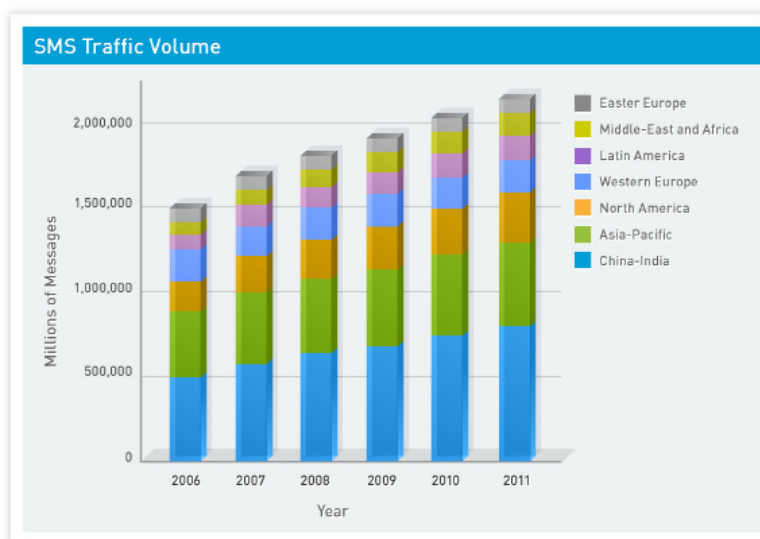
The idea of most consumers having their mobile device with them at all times combined with the emerging technologies being built into today's devices bring a wealth of opportunity to marketers. With the resources available today, marketers are able to fine-tune their campaigns based on a never-ending stream of metrics. This includes specific demographics, interests, where they've been, what they purchase, what their social graph looks like, and most importantly, real-time location data.



SMS

SMS was, and still is, a primary driver of mobile marketing. SMS was the first mobile phone technology that was used for marketing purposes, and still acts as the primary means to communicate with a mobile user.

SMS, or “Short Message Service,” is the most widely used data application in the world, with 2.4 billion active users, or 74% of all mobile phone subscribers². The concept of SMS originated from technology developed for radio-based memo pagers, using phone-based protocols that were later standardized as part of the Global System for Mobile Communications, or “GSM” series of standards, in 1985. Since then, support for SMS has become ubiquitous among all mobile technologies, including CDMA-based wireless carriers and even satellite and landline networks. SMS was originally developed as a means to send short, 160-character messages from one device to another, and still retains this limiting attribute today. SMS is perfectly geared towards mobile marketing applications given its highly personal nature, nearly 100% open rate, ability for highly targeted content based on numerous metrics and its inherent reach in terms of two way communication with consumers.



The high degree of regulation in terms of user-privacy, together with numerous industry best practices and independent governing bodies make SMS a highly effective and powerful marketing medium. As the concept has matured, so too have consumer expectations and sentiment regarding SMS marketing. This is due in large part to the regulation and best practices that most marketers adhere to which require that all marketing messages be highly relevant, requested, and expected by the end-user.

In comparison, SMS is a cost-effective marketing solution compared to others and provides a much higher response rate and subsequent return-on-investment. As such, SMS is widely used to complement other forms of media. Adding an SMS call-to-action can make any campaign instantly interactive and measurable.



Types of SMS Marketing

Mobile Coupons

Digital coupons sent via SMS offer several advantages. Mobile coupons engage recipients through time-sensitive offers, meaning a store could send a 20-percent-off coupon immediately upon a customer entering the door, for example. Since most people carry their phone with them at all times, any mobile coupons stored on the device through SMS are also with them at all times. Mobile coupons are easily targeted and can be efficiently redeemed through a variety of mainstream methods.

Branding & Customer Relationship Management (CRM)

SMS provides a powerful means for customer relationship activities and branding initiatives. SMS can be used to send free newsletters, rewards programs and coupons after someone joins a customer program. Even service-based customer relationship activities such as SMS reminders can be vital in providing added value and on-going branded communication with customers. Using SMS for “virtual branding” is important in the digital world where you can influence mobile purchases and generate customer loyalty.

Ad-Funded Content Services

SMS is a primary driver in getting information to mobile users. As such, ad-funded content services using SMS have become very popular with consumers. Whether the content being delivered is news, weather, sports scores, or traffic information, the user requests it and ads within the content can be contextually relevant to the user’s interest. Being ad-funded, these content services are usually provided at no cost to the consumer as well, creating a win-win for all parties involved.

Entertainment

Engaging mobile users through entertainment-based campaigns is a highly effective practice. Creating mobile contests, polls, quizzes, sweepstakes and other interactive campaigns can drive customer loyalty and retention while driving deep user engagement. Two-way campaigns such as text-in polls and sweepstakes also provide a perfect opportunity to build a mobile database to market to in the future.

SMS + Location (LBS)

With the introduction and wide availability of user-location data, it’s increasingly being used to enhance SMS campaigns in terms of relevancy. A concept known as “geo-fencing” involves setting a digital perimeter around a given location, such as a retail store or restaurant, and then SMS messages can be dispatched to users entering that perimeter. Opted-in subscribers of a deli’s mobile program could automatically receive a time-sensitive coupon anytime they come within a mile of the restaurant, for example, providing instant value to the user and driving instant sales for the deli.



mobileStorm's Takeaway

As the single most widely accepted form of written communication on the planet, SMS will always remain relevant within the mobile marketing industry and be at the core of mobileStorm's business. SMS has always been, and will continue to be, a primary response mechanism for marketers as well, making it an essential component of campaigns of all shapes and sizes, ranging from mobile coupons, to location-based services and more.

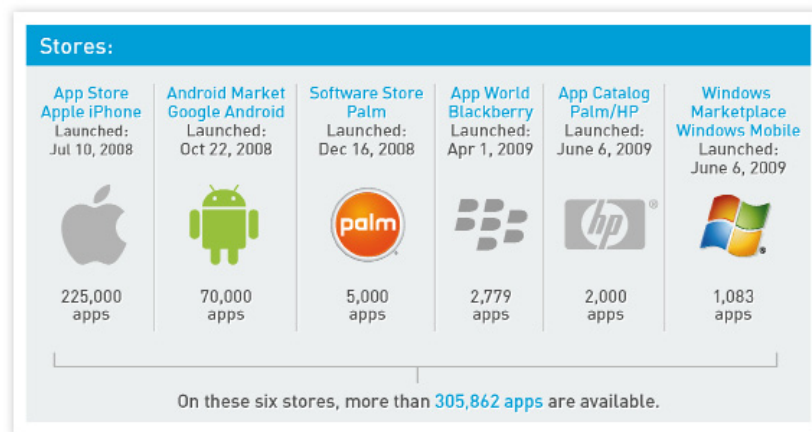
Going forward, location targeting will become a primary component of SMS. With concepts like geo-fencing increasing in use and popularity, location based messaging is the way of the future



Mobile Applications

The use of mobile applications as a mobile marketing medium is still a relatively new concept that has grown out of the sheer popularity of mobile apps and is being driven in large part by the proliferation of smartphones like the iPhone and Android-based devices. Mobile apps can provide utilitarian functionality, gaming, multimedia streaming and much more. The limitations of apps are based solely on the devices they're running on.

Mobile apps are increasingly being used for branding purposes and as a means to engage consumers without the limitations of more traditional methods. For example, an automaker can develop a branded mobile app in the form of a game, where users race around a track in a new model being introduced by that automaker. The app can also teach the consumer about the new model while being exposed to the automaker's brand in the process. This high level of engagement is what makes mobile apps powerful as a marketing medium.



Mobile advertising also plays an important role within the mobile application ecosystem. Providing ads as part of, or within mobile apps creates revenue streams for application publishers, distributors and service-providers, and in doing so, partially or completely subsidizes the price of the apps for consumers.

Advertising models for mobile apps range from traditional mobile-optimized banner ads to in-game brand placement and pre- and post-roll ads. Since the sky's the limit in terms of what's possible with mobile apps, especially as smartphones get more and more sophisticated, so too will the supported advertising models. Highly engaging and interactive in-app advertising is the primary emerging model going forward. Advertisements that mimic the apps they reside in, complete with all the same interactive functionality, are the way of the future in terms of the marketing potential mobile apps will provide.



mobileStorm's Takeaway

Consumers have more than demonstrated their enthusiasm for the concept of mobile apps, and brands have taken notice by using them for indirect engagement, branding and other marketing endeavors. We recognize a major roadblock that remains, however, in the form of fragmentation, which will continue to make the case for the mobile Web being better suited for content dissemination. At present, it still makes more sense for a brand to build a mobile Website or "Web app" that's deployable to anyone with mobile Web capabilities, rather than create the same experience within a mobile app that then needs to be downloaded on each device. Even so, the popularity surrounding the iPhone, Android and other smartphones seem to push brands towards mobile apps simply because they think that's what consumers prefer to interact with. Through the advent of HTML5, the debate between mobile apps and Web apps will continue to heat up.

Cost remains a barrier as well. Mobile app development isn't cheap, especially with the need to recreate the same app on numerous platforms. Though cost is no object for big brands wanting to get in on the mobile apps craze, it's far different for the little guy who has the same aspirations, but is limited by budget constraints. Another issue is sheer quantity. As the market evolves, we'll soon see millions of mobile apps available to consumers, which will make it almost impossible for a single app to be noticed.



Mobile Location

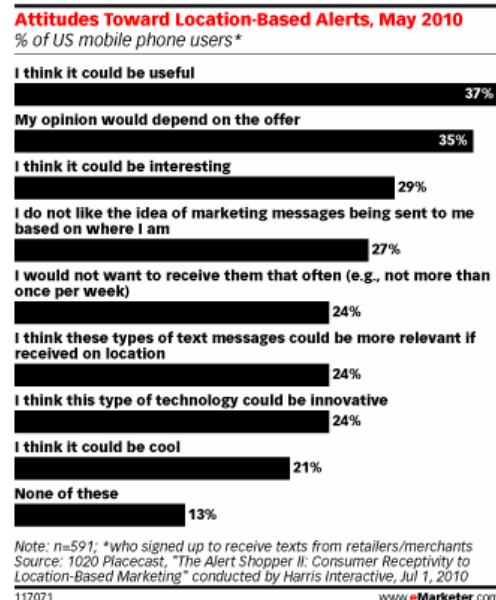
Location-Based Services (LBS) & Advertising (LBA)

One of the most powerful aspects of mobile marketing is the ability to acquire and leverage the real-time location of the individuals you're targeting. Location and time-sensitive targeting are two important factors that help mobile marketing as a whole stand out from other, more traditional forms of marketing. Having the ability to know exactly where your target audience is at any given time, as well as the ability to instantly distribute content to that audience through a variety of channels, is an extremely powerful tool for marketers.

Knowing the location of a target audience allows a marketer to send highly relevant content at the exact moment it may be most useful for the recipient. Location-based services (LBS) are advantageous to consumers as well as they provide unique value in the form of a relevant coupon or offer, for example, or by alerting you of a sale just around the corner and directions on how to get there.

Location-based advertising (LBA) is utilized in one of two ways; either a "push" or a "pull" approach. The "push approach" delivers information and advertisements to the user by determining the device's location. For example, a theater could use their opted-in SMS database to send SMS messages to any subscriber who came within a certain perimeter of the theater, enticing them with an offer.

In contrast, the "pull approach" occurs when users request some form of information directly. In other words, users are seeking information (pulling) rather than information seeking them (pushing). As an example, a traveler visiting New York could use a local search application to find the nearest local Chinese restaurant in Manhattan. After he selects one of the restaurants, a map is provided as well as an offer of a free appetizer good for the next hour.



The location element is being utilized in all forms of mobile marketing, from SMS to mobile apps and even the mobile Web and new-age mobile Web apps using HTML5 technology. Location is by far the most important technology in the future success of the mobile marketing industry. Its relevancy extends to all forms, and boosts the effectiveness of almost all campaigns that use it.

mobileStorm's Takeaway

Location is increasingly becoming a central attribute in almost all mobile campaigns and concepts, and will undoubtedly continue to evolve along with its supporting technology. Mobile in general is inherently location-aware, and now that almost all mobile devices use some form of location-acquiring technology, the mobile marketing industry can finally leverage the concept for mainstream initiatives. Prime examples of this are the proliferation of LBS apps like Foursquare, Gowalla, Loopt and many others. Combining social interaction with location awareness creates the opportunity for highly personalized and relevant offers and signifies the future of how location can enhance mobile marketing across the board.



Mobile Web

The mobile Web has advanced by leaps and bounds in recent years, thanks in large part to increasingly advanced smartphones, capable of rendering and displaying a so-called “full Web experience” which emulates that of the traditional Web, in addition to faster mobile networks that provide faster access to the mobile Web in general.

Through the use of new coding technologies like HTML5, mobile optimized Websites can take on functionality that rival that of native apps, even making use of the local capabilities of the devices themselves. This makes for a potentially powerful combination of attributes when matched with the fact that mobile optimized Websites – or “Web apps” – are device agnostic and can run on any device with a mobile browser. From a marketing standpoint, producing a Web app in lieu of a native app for each mobile platform can be highly preferable and cheaper to accomplish.

The location element plays a huge role in the mobile Web and its subsequent advertising potential as well. Mobile websites that can take into account a user’s location can substantially increase its functionality for both the user and the marketer, and go well beyond the potential that the traditional Web can offer the same Website. For example, searching for “pizza” Online would give you a myriad of options that are most likely not relevant to why you originally searched for “pizza.” Performing that same search on the mobile Web will produce results for pizza places around you at that very moment, as well as provide one-click access to maps and navigation tools to get you there.

This targeting and relevancy potential is what sets the mobile Web apart from its traditional counterpart. Being device agnostic and widely available in terms of reach is equally as powerful for marketers.



mobileStorm's Takeaway

The mobile Web, much like SMS, will always remain a staple in the mobile marketing industry. It not only provides a primary means to access information, but can also play a vital role in any mobile marketing campaigns. SMS can facilitate the ongoing interaction with users by providing a simple and flexible link between the marketer and recipient that the mobile Web does not have on its own.

We also recognize the shift in functionality the mobile Web is providing, especially as the concept of the "full Web experience" matures on smartphones. As the mobile Web emulates its traditional counterpart more and more, a wider variety of marketing techniques can be put into play. We see HTML5 as a primary driver for the future of the mobile Web's functionality and potential, and SMS as the perfect notification complement to it. We also predict that as phone screens become bigger and/or have projection capabilities, the mobile web and wired web will become one and the same. This is likely to happen within the next 10 years.



Mobile Commerce

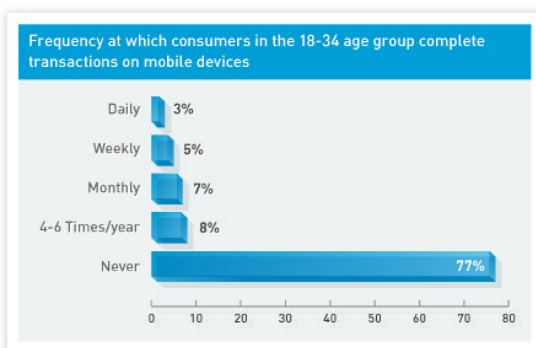
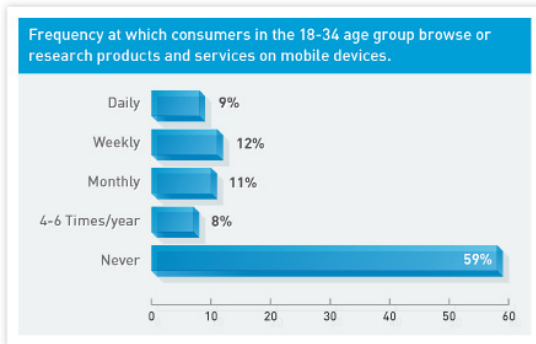
Mobile commerce, or the means of conducting financial transactions via mobile devices, is an emerging capability that will have far-reaching implications in the future of mobile marketing. The use of mobile payments, mobile banking and even mobile loyalty programs are set to change the way we interact with POS systems and commerce in general. This shift is already beginning to take place.

Mobile commerce, or “m-commerce,” builds on the advances made by e-commerce such as automated electronic processes, but makes interaction available to a wider audience in a more personalized way. We’re moving into a world where digital goods are becoming as important as physical goods and due to the internet, value is created not just by goods themselves but by the exchanges of those goods.

Mobile commerce can be facilitated through SMS, the mobile Web and even mobile applications through a variety of means including mobile coupons, mobile ticketing, in-app purchases and virtual goods and currency. Mobile ticketing, for example, was one of the first broad examples of mobile commerce, whereby a user has the ability to search for, purchase and redeem a ticket all from the mobile device itself. The same is true for mobile coupons, whereby a brand can deliver a digitized coupon to a user that’s instantly redeemable by scanning a barcode directly from the device’s screen or entering a special code associated with the digital coupon.

In a recent report published by Gartner³, the concept of “Money Transfer” is set to become the “number one killer app” in the US, even though it’s already widely available elsewhere in the world. More specifically, SMS-based money transfer is set to become “the next big thing for smartphones,” signaling the increased emphasis on mobile commerce in general in North America.

In terms of mobile marketing, mobile commerce plays a role in how mobile campaigns can become instantly actionable, meaning a user can respond to a marketing campaign on-the-spot by purchasing a product or service from within an app or on the mobile Web. Marketers are in a position to create campaigns that can be acted upon in real-time, creating a sales cycle that takes place completely on the mobile device.



mobileStorm's Takeaway

While we fully understand the future potential of mobile commerce, we also recognize the many barriers that must be overcome before the concept hits mainstream acceptance. Unless you're a big box retailer or a major brand, it's still a very expensive proposition to implement at this point. Technology remains another barrier, both from a consumer perspective and POS. Similarly, the user experience has yet to fully evolve, and still has a couple more years before mobile purchases become seamless. 3rd party companies are quickly developing universal payment capabilities, but other barriers still exist, such as consumer trust. Because of ongoing security and privacy concerns, universal payment services have been slow to reach mainstream acceptance. However, that could also once be said about things that we take for granted today, such as credit cards and online banking.

We see the advancement of Near Field Communication (NFC) being a primary driver in mobile commerce as well, as it will sew up the user experience and bridge the gap from a technological standpoint. Many big players in the space are already perfecting their use of NFC in mobile, and it's increasingly becoming the standard for mobile commerce. In addition to NFC, we see SMS playing a huge role in the future of mobile commerce as well. In terms of money-transfers and mobile payments, SMS already is, and will continue to play a pivotal role.



Social Media

Though still an emerging concept in its own right, social media has grown to become an inherently mobile technology, and thus a powerful medium for mobile marketing integration. The location aspect of mobile technology changed the landscape of social media altogether and created an indirect opportunity for marketers to leverage. For example, LBS providers like Foursquare, Gowalla, Loopt and countless others leverage location to enhance social networking utility and in the process, created opportunities for location-based rewards and loyalty programs as well as numerous other emerging advertising models.

Social media and mobile continue to converge in a big way. According to a recent study by Ruder Finn⁴, the mobile phone is becoming the primary means for consumers to utilize social networking (91%), surpassing the desktop (79%) in terms of usage. From a marketing perspective, brands can “listen in” on the conversation happening around their brand and utilize the information to tailor outbound messaging accordingly, making it more relevant and thus more successful.



mobileStorm's Takeaway

Social media provides a link between the “outbound” nature of campaigns and the “inbound” conversation about one’s brand that can be leveraged to make the campaign well rounded and successful.

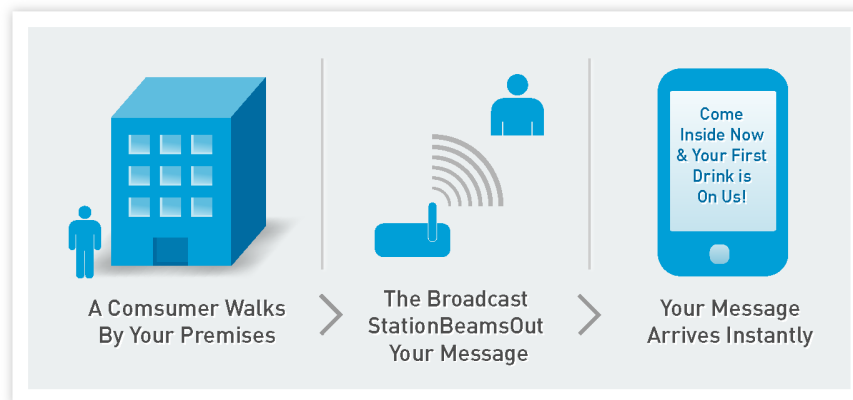
We see the biggest benefit being the advent of mobile social communities that leverage location and rewards programs, like Foursquare and Yelp. Going forward, the increasingly mobile nature of social networking combined with the location aspect will play a pivotal role in a shift in thinking about how to use social media for mobile marketing and lead-generation.



Proximity Marketing

The concept of proximity marketing has raised both concern and interest within the mobile marketing industry, based largely on its methods and “push” nature of the messages that recipients receive. The concept of “proximity marketing” can be defined as the “localized wireless distribution of advertising content associated with a particular place,” and usually involves the use of Bluetooth or a GSM technology known as SMS-CB or “Short Message Service – Cell Broadcast,” for the sending of messages⁵.

The concept revolves around a marketer setting up calls-to-action in a localized venue, such as a local store, that encourage users at or near the venue to “turn on their Bluetooth to receive messages,” for example. When a user does so, the proximity marketing system recognizes that user and pushes an opt-in message via Bluetooth that asks something like “do you wish to receive/download content from us?” The content usually comes in the form of a coupon or some other offer that’s automatically downloaded to the user’s device, subsequently encouraging them to enter the store, shop and redeem during checkout.



Proximity marketing is mobile marketing that’s location-targeted and designed to drive foot traffic into local stores, engage passers-by at a large event or involve them in some other real world activity. The concept has seen controversy due the push-nature of Bluetooth messages, which some argue is a violation of user-privacy and opt-in standards. Through the same best practices that govern all aspects of mobile marketing, proximity marketing can also be a highly effective and compliant medium, if done correctly. The concept is used prevalently in Europe and Asia, but minimally in North America.

Like SMS, the use of proximity marketing allows the marketer to build a database around the opts-ins they acquire, which can then be used for future marketing initiatives. An example of this is the use of proximity marketing systems in malls and shopping centers, which has been widely implemented across Europe. Using a GSM-based system, a shopping center can utilize SMS-CB to not only provide a coverage boost for those roaming the shopping center, but also track each user as they move throughout the center and record how much time they spend in each store. This allows the shopping center to send location and time-specific marketing messages to anyone inside the center.



mobileStorm's Takeaway

Proximity marketing has, in large part, been a failure in the US due to a lack of consumer awareness and education. Bluetooth communication provides a poor user experience and the “push” nature of most proximity marketing campaigns raises many privacy and regulatory issues.

We see other forms of location-based marketing, such as LBS-based SMS, proving much more useful than proximity marketing campaigns that use Bluetooth or otherwise. Geo-fencing and other “proximity” based concepts work much better with mainstream technologies like SMS, which has already been proven to be popular among consumers and is widely available and accepted as a means to receive marketing messages.



Mobile Barcodes

Mobile barcodes come in all shapes and sizes, but the primary technology used is what's called 2D barcodes or QR codes. The concept uses square barcodes that can store information such as a URL or image, and be read via a mobile phone for quick access to the stored content. While the concept of mobile barcodes has been around for a while, it's still relatively underutilized in North America, even though it's widely used in Asia and across Europe.

QR Codes storing addresses and URLs may appear in magazines, on signs, buses, business cards, or just about any object that users might need information about. Users with a camera phone equipped with the correct reader application can scan the image of the QR Code to display text, contact information, connect to a wireless network, or open a web page in the phone's browser. This act of linking from physical world objects is known as a "hardlink" or physical world hyperlinks.

In mobile marketing, the most common use of mobile barcodes is to request information, a service or content from a Web site. It could be details of a promotion, a discount voucher via SMS or MMS, activation of a download such as a ringtone, song or game, or even click-to-call an IVR or human agent. The advertiser pays the set-up costs as well as its operator partner on a per-click, download, view, redeemed coupon, ticket sale or call, depending on the campaign.

Some large inhibiting factors to the use of mobile barcodes are interoperability, proprietary barcode technologies and a lack of a standardized and widely available means to read and decode mobile barcodes. Since many brands have opted to develop their own proprietary barcodes instead of using the standardized QR code, interoperability problems have long been associated with the medium. Microsoft is a prime example of this with their creation of "Microsoft Tags," a 2D barcode technology that serves the same function as all other forms of 2D codes.

Widely available applications to read and decode barcodes on mainstream devices are another inhibiting factor. Before a cell phone's camera could be used to recognize barcodes, specialty apps were needed to read them. Since many OEMs didn't include such functionality out-of-the-box, consumers were forced to actively seek out barcode readers and install them on their phones, which acted as a huge barrier to the advancement of the concept altogether.



mobileStorm's Takeaway

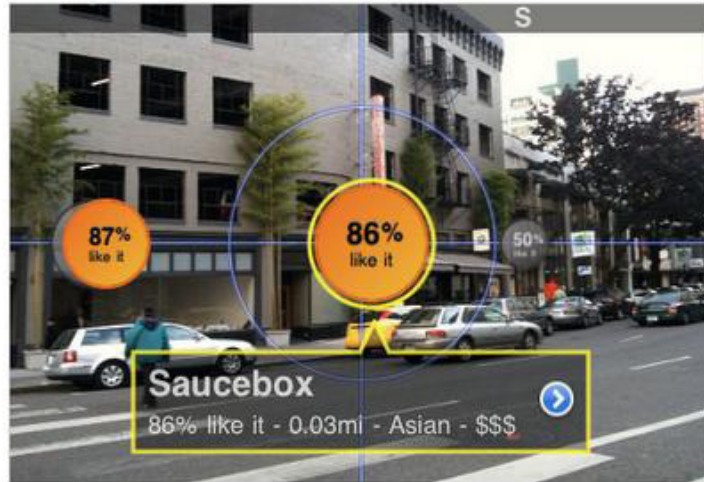
The use of mobile barcodes is another concept that hasn't yet seen much traction in the US, simply because other technologies work better for the same purposes. Near Field Communication (NFC) serves many of the same functions mobile barcodes provide, and isn't hindered by fragmentation in terms of the types of barcodes in use. Image recognition using camera phones is another example of a technology that's more widely available and accepted than barcodes.

Still, we don't anticipate the use of mobile barcodes diminishing completely as they're increasingly being used in mobile coupon and ticketing applications, but again, NFC and other technologies will likely replace barcodes in the next couple years. Another inhibitor is the fact that barcodes can't really take off with bad cell phone screens. Smartphones are helping the images be read easier, but it still needs time to evolve.



Augmented Reality (AR)

Augmented reality is the concept of viewing a physical real-world environment whose elements are “augmented” by virtual computer-generated imagery. This augmentation happens in real-time and in semantic context with environmental elements, such as sports scores on TV during a match, for example.



Example of the Urban Spoon iPhone app's use of AR⁸

When combined with innovative thinking, unique and highly engaging mobile marketing and advertising campaigns can utilize augmented reality to provide a truly immersive element to otherwise traditional campaigns. Through the growing popularity of augmented reality mobile applications, a phone's camera can view one's physical environment in real-time and the app itself can add augmented layers on top of that imagery. Forward thinking marketers are already leveraging this ability to enhance print advertising or engage audiences at events and other venues.

For example, viewing a print advertisement through an augmented reality application on a mobile device can show the user an interactive portrait of the image of that advertisement, with things like 3D imagery, video and other highly interactive content.

mobileStorm's Takeaway

We see Augmented Reality playing a huge role in the future of mobile marketing, even though we're still a few years away from widespread adoption. Though the concept has been around for a while, the supporting technology hasn't evolved yet. AR provides deep engagement from a marketing standpoint and provides the all-important “wow-factor” from a consumer standpoint, though it will take a heavy dose of creativity to implement the potential of AR effectively. With the rapid evolution of increasingly powerful smartphones, mainstream AR adoption is right around the corner, but several barriers still exist that must be overcome.



Near Field Communication (NFC)

Near Field Communication, or NFC, is a wireless communication technology that enables the exchange of data between devices that are roughly 4 inches apart or closer⁶. It's similar in concept to Bluetooth, but is being implemented in many more applications, and has been deemed a superior technology. Instead of having to search for, and pair two Bluetooth devices, NFC allows the same devices to simply be in close proximity to each other to produce the same results.

There are many uses for NFC in mobile commerce and mobile marketing, including contactless payments and the concept of making print advertising interactive by including an NFC component. For example, a large poster on the street can be NFC-enabled, and passers-by can simply hold their phone to the poster to receive interactive content.

mobileStorm's Takeaway

We see NFC emerging quickly in the industry thanks to many big players throwing their weight behind the concept. Many OEMs are beginning to build-in NFC compatibility out-of-the-box and NFC's use in conjunction with mobile commerce and payments will only help further its mainstream acceptance. As NFC becomes a central element in mobile commerce, the widespread availability of the technology will work perfectly for integration in other areas of the mobile ecosystem.



Mobile Marketing Infrastructure

The many technologies and aspects of the mobile ecosystem rely heavily on a highly integrated infrastructure that consists of voice and data networks, various platforms and protocols, and numerous governing bodies that produce regulation, best practices and general guidance to the industry as a whole.

Wireless Carriers & Mobile Broadband

Wireless carriers are the backbone of the mobile industry, carrying voice and data throughout vast networks across the world. The carriers deliver the fuel that powers the many services now available on mobile devices through the advent of fast mobile data connections.

Though voice is still an important aspect, mobile data is the foundation of mobile marketing. The introduction of 3G data speeds brought the concept of “mobile broadband” to mobile devices, and made way for many of the same services we enjoy Online. As data speeds increased, what was possible through mobile services did as well, including mobile video, streaming music and other bandwidth-intensive applications.

As mobile applications became prolific, so too did their data usage, leaving carriers scrambling to keep up to user’s demand. We’re currently in yet another transition from 3G data networks to fourth generation or 4G, which promises even faster speeds and wider bandwidth to position the industry for the continued surge of mobile data usage. 4G promises true broadband speeds through wireless technologies like WiMax and Long Term Evolution (LTE).

Platforms & Development

While there are numerous mobile platforms on the market, a few stand out as the primary drivers of the industry, including Apple’s iOS which drives the iPhone, iPod Touch and iPad, and Google’s Android OS which powers a growing number of smartphones and future tablet devices. RIM’s Blackberry platform remains a major player in the enterprise-device sector, but is also coming on strong in the consumer sector as well.

Legacy platforms like Symbian and Palm still maintain relevancy around the world, but as the shift to smartphones has continued, the emphasis away from so-called “feature phones” has shifted as well. Sophisticated smartphone OSs are driving the industry with access to app stores, full video and more. The iPhone was the first smartphone that began the shift to what we’re seeing now, which is an ecosystem driven by applications that expand the usefulness of the devices themselves.

Forward thinking platforms have emulated what Apple introduced through the iPhone and its App Store, with both Android and Blackberry introducing their own app stores and growing development communities. Unlike before, the functionality we enjoy on mobile phones comes from apps, not the device OS itself, which OEMs used to dictate. This shift has helped the likes of Apple, Google, RIM and others to advance well beyond platforms like Symbian.



Industry Groups & Governing Bodies

Like all industries, mobile marketing and advertising is governed by a select group of industry associations, groups and regulatory bodies that help maintain organization, standardization and best practices for marketers engaging in mobile activities. The primary groups in existence are the Mobile Marketing Association (MMA), the Wireless Association (CTIA) and the Common Short Code Association (CSCA), which manages the registration and distribution of Short Codes for the industry.

Mobile Marketing Association (MMA)

The MMA embodies the mobile marketing industry through members that represent all facets of the ecosystem; from agencies, advertisers, hand held device manufacturers and wireless operators and service providers, to retailers, software and services providers, as well as any company focused on the potential of marketing via the mobile channel.

The MMA is an action-oriented association designed to clear obstacles to market development, to establish guidelines and best practices for sustainable growth, and to evangelize the mobile channel for use by brands and third party content providers. Its overall goal is to stimulate the growth of mobile marketing and its associated technology.

The MMA frequently publishes comprehensive documentation on industry best practices, standardized methods and carrier-specific guidelines, rules and regulation for the use of mobile marketing activities.

The Wireless Association (CTIA)

The CTIA is an international nonprofit membership organization that has represented the wireless communications industry since 1984. Membership in the association includes wireless carriers and their suppliers, as well as providers and manufacturers of wireless data services and products.

The association advocates on behalf of its members at all levels of government, and the CTIA also coordinates the industry's voluntary efforts to provide consumers with a variety of choices and information regarding their wireless products and services. This includes the voluntary industry guidelines; programs that promote mobile device recycling and reusing; and wireless accessibility for individuals with disabilities, for example.

The association also operates the industry's leading trade shows, as well as equipment testing and certification programs to ensure a high standard of quality for consumers in all facets of the ecosystem.



Common Short Code Association (CSCA)

The CSCA is the sole administrator of common short codes (CSC) for the entire wireless industry, and is an extension of the CTIA. The CSCA oversees the technical and operational aspects of Short Code functions and maintains a single database of available, reserved, and registered Short Codes.

All service providers who wish to register Short Codes for use in mobile marketing campaigns, mobile content initiatives and other uses must register and obtain their Short Code via the CSCA.

Mobile Internet Content Coalition (MICC)

The MICC consists of entrepreneurial technology and marketing companies that share a common vision of enabling consumers to access the mobile Internet, mobile messaging and mobile content with freedom and convenience equal to that of the traditional Internet. The MICC believes that consumers should have the unfettered ability to access the mobile content of their choice via a web browser, SMS message, or any other technologically feasible means. All “open” Internet standards and practices that would apply to the wired web should equally apply to the wireless web.

The MICC hopes to educate, inform and ultimately convince the Federal Communications Commission and other relevant parties that technology-neutral rules are the best way to level the playing field between the wireless providers and the companies that have developed new ways for consumers to obtain content and information over the mobile Internet. There is no reason to treat wireless networks any different than the wired Internet, in the MICC’s view. Accordingly, the MICC members believe that the FCC should develop rules to encourage competition and innovation and reduce the ability of the big wireless carriers to influence and control the content that consumers can easily access on their mobile devices.



Mobile Marketing Measurement & Analytics

A key aspect to mobile marketing in general is that it's a highly measurable medium, capable of comprehensive metrics that allow the marketer to know exactly how a campaign is performing throughout its entire cycle. Whether it's SMS, the mobile Web, or mobile applications, a variety of analytics is available to help track ROI from beginning to end and allow the ability to constantly monitor and optimize a campaign to ensure it's as successful as possible.

SMS is inherently measurable by tracking the number of opt-ins for your campaign, the number of responses to your calls-to-action and the percentage of those who follow through on the offer you distribute. Taking these and other metrics into consideration allow you to paint an effective picture of how SMS is working towards your objectives. The mobile Web, much like the traditional Web, allows for enhanced measurement through metrics such as impressions, click-through rates, download tracking and others, while advertising within mobile apps share many of the same attributes. An application developer can track the number of downloads, the percentage of those who deleted an app, the amount of usage per user on average, and even the level the engagement within the app. Measurement and reporting is a central element in all mobile marketing campaigns, and numerous startups and services have emerged to tackle the concept.



Mobile Marketing Industry Challenges

Though the industry as a whole has grown by leaps and bounds, there remain several aspects that are hindering its advancement. Whether it's the stronghold wireless carriers have on mobile content providers, the unnecessary barriers associated with obtaining a Short Code and other time-to-market issues, or user-privacy implications, the industry still has its work cut out for it.

Carrier Control

In North America, there are currently four major wireless carriers; AT&T, Verizon, Sprint and T-Mobile. These carriers control all facets of the ecosystem that rely on their networks to conduct business and advance towards the future. Because of this control, mobile content and service providers have been, and continue to be, severely limited in what they can do, and must live with the fear of being completely shut down if and when a carrier deems their actions unacceptable to their terms.

Because carriers are largely self-governed, they can institute any regulation, rule or term that works for the betterment of their business models, and not necessarily the betterment of the mobile industry as a whole or consumers in general. Several groups and trade organizations have begun to lobby against such carrier control, with the latest being the Mobile Internet Content Coalition (MICC).

Time-to-Market Barriers

When a consumer or business wants to build a website or develop an online presence or promotion, it's as simple as registering a domain name, acquiring hosting and begin building the business or service. The process is cheap, quick and easily obtainable for anyone. The same isn't true in the mobile marketing ecosystem.

A prime example is the processes surrounding Short Codes. Short Codes are the basis of many SMS and mobile content services and campaigns, and are similar to domain names. The process of obtaining one, however, is very costly and time-intensive because it's tightly controlled by one organization: the CSCA.

There are two kinds of short codes, shared and dedicated. Dedicated Short Codes are dedicated for one customer, and are costly and take awhile to set up⁷ – in the U.S. it can cost anywhere from \$15,000 to \$30,000 per year and take two months to get setup. Shared short codes cost roughly \$500 to \$1,000 per month and are equally time intensive to acquire. These cost and time-based barriers are unnecessary and stifling to the industry as a whole.

