

# Mobile Momentum

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ARC WORLDWIDE

**S**ince April 1973 when Motorola researcher Martin Cooper made his initial call on the brick-sized, hand-held contraption he developed, the mobile phone has conquered the world. No longer a luxury, it is a necessity. More people own one now than do not. One in five doesn't even maintain a landline anymore. Three-of-four never leave home without theirs, and 36 percent claim they can't live without it.

And why not? The cell phone enables countless convenient services beyond its original voice function. We now expect phones that can send and receive email; text message; function as a camera and video recorder; interact on Facebook and other social networks; act as an MP3 player, radio, TV and GPS; and surf the web.

With location-based services, you can receive an alert that the boutique you just passed has a new shipment of shoes in your size. Or, standing at a bus stop, you can not only view an ad for the latest flat-screen TV; you can locate retailers that stock it; compare prices; download a coupon; and then buy the TV—all via your cell phone—all in the time it takes you to board the bus. That's mCommerce, and these are but two of the innovations in the burgeoning mobile space developed to help shoppers find and buy exactly what they want, how and when they want it.

Marketers eager for a presence in this new mobile shopping mall must identify where mobile functionality can best provide value to their shoppers, the obstacles to trial and adoption that can emerge, and the mobile shopping behaviors that will determine or deter their success.

## WHY NOW?

The mobile channel is exploding with growth for three major reasons: better hardware, faster connectivity and cheaper data. The result is an increasingly powerful and influential assistant at your shopper's side 24/7. Start with the hardware—the phone itself. The device market is shifting decisively toward smartphones, which are built on unique operating systems such as Apple, Android and RIM.

Not only do these full-featured handsets deliver myriad bells and whistles, they also permit the enhanced functionality of custom applications, or "apps," that are downloaded to them. The apps tap into the smartphone's native features to turn it into just about anything from a guitar tuner or restaurant locator to a flashlight.

Once \$600 each, smartphone devices are now available for only \$100. They are proliferating so quickly that Gartner researchers predict smartphones will comprise nearly half of all worldwide handset sales in 2013, or five times as many as in 2008. In the U.S., smartphone sales are seen doubling to 67.3 million in 2012 from 32.5 million in 2009, according to the Yankee Group's predictions.

In addition to smarter phones, mobile-connection speeds are returning information at a much faster rate, improving the user experience on mobile web and apps. Some phones offer Wi-Fi connectivity to access broadband-speed internet, and others are connecting to faster mobile carrier networks such as 3G and 4G.

Reflecting the competitive mobile-carrier ecosystem, operators began dropping prices on unlimited data plans and, as a result, these types of plans grew 35 percent in 2008, according to ComScore estimates.

With better phones, connectivity and data plans, it should come as no surprise that smartphone owners are more than three times as interested in accessing the mobile web, downloading an app and paying via mobile than owners of standard cell phones (also known as feature phones).

Because these owners are more open to taking advantage of the many perceived conveniences, marketers now need to plan for a new channel that can influence the purchase process anytime, anywhere.

#### RECOGNIZE THE CHALLENGES

While mobile is hot, marketing to mobile shoppers presents challenges best represented by the familiar Russian nesting dolls, with one doll inside another inside another inside another. Everyone talks of targeting “mobile shoppers,” but when these two components are teased apart they reveal the challenges within challenges that will prove the keys to winning—or losing—in the mobile shopping arena.

Let’s start with the “mobile” aspect of the equation. To grasp the complexities and challenges for marketers, contemplate the broad range of mobile shopping-related functions that currently exist. These include receiving sale notifications; conducting web research; reading user and expert reviews; searching local retailers, prices and availability; browsing products; soliciting recommendations; managing gift registries; redeeming gift cards; and ultimately purchasing with an mCommerce transaction.

These activities can occur in several different environments, not just in-store, and are potentially complicated by various advertised and peer influences. While all of these shopping functions can be served on mobile through text messaging, mobile web browsing, and downloadable apps, no one approach works for every shopper. The challenge rests in selecting the right solution that balances creativity and reach for the right target.

Text messaging, for example, has high adoption, but it lacks creative real estate and limits engagement

to 160 characters. So while Target Corp., the nation’s second-largest discount retailer, offers text alerts, it must include a link to its mobile website to display any content because space is so limited. If shoppers don’t have access to the mobile web, or a satisfying mobile web experience, they cannot or will not view the savings.

Viewing the internet from a mobile phone, however, is a behavior that’s growing rapidly. Today, about 60 million Americans access the web from their phones. This figure should double by 2011, estimates Nielsen, resulting in 120 million web-enabled mobile users. While mobile sites started as simple text links and very limited imagery, today’s smartphone-targeted mobile websites are incredibly rich and often designed with specific phones in mind.

## Dissecting “the shopper” can be every bit as complex and nuanced as dissecting “mobile.”

ESPN’s mobile site, for example, has several design templates—one that is basic, to work with mobile web-enabled feature phones, and another that is visually and technically superior, specifically maximized for higher-end devices such as the iPhone.

Mobile web functionality has also improved considerably. Retailers such as Walmart serve up their product catalog with consumer reviews and a store locator on the mobile web. But other retailers, such as Sears, take those features a step further by adding more shopper-centric tools such as the ability to check local availability of items and purchase via the mobile web, with the option either to pick up in-store or schedule delivery.

While the mobile web offers more creative flexibility and interaction than text messaging, it is built across generic code that cannot leverage native smartphone features like GPS to provide turn-by-turn directions to the store. Mobile apps bring the best shopping experience, both visually and functionally. Apps can tap into a phone’s features, such as the camera to scan a product’s SKU, and the web connection to locate the product’s price and availability.

## Multichannel Shopper Personas

### Strategic Savers

Committed to doing due diligence to find exactly what they are looking for at the best possible price

### Opportunistic Adventurers

Get a thrill from treasure hunting and discovering unbeatable deals

### Savvy Passionistas

Enjoy shopping around to find the latest and greatest

### Quality Devotees

Highly discerning and need to experience products firsthand

### Efficient Sprinters

Readily pay more for convenience

### Dollar Defaulters

Use price as their primary decision criteria, sacrificing both brand and experience

SOURCE: Arc Worldwide

Apps such as the JCPenney Weekly Deals app allows shoppers to browse weekly specials and use a store locator. Other apps bring even more convenience to the shopper. The Walgreens app allows busy consumers to order prescriptions on-the-go as well as prints of the photos they've just taken on their phone.

Apps may be mobile's game-changer with their increased functionality and superior shopping experience, but they have a low reach. Smartphone penetration is about 25 percent in the U.S. currently, and within that population, users are spread across several mobile platforms including Apple, Android, RIM, Windows Mobile, and others.

To reach all of these smartphone owners, retailers need to build their app across each unique platform, which significantly increases development costs and reduces ROI. Even if they do this, launching an app is its own marketing challenge.

Apple's iTunes App Store has about 150,000 apps to date, so standing out hinges on promotion and relevance. If shoppers don't know about the tool, don't find it compelling, or have no incentive for

trial, let alone adoption, marketers have missed their opportunity to hold a conversation with shoppers on their most personal device.

Coupons represent the other missing piece of the mobile puzzle. The race is on to find an easy-to-use solution, but the challenge is scalability. Target recently rolled out mobile coupons that can be scanned directly from the phone, but they required mobile-friendly scanners to be installed at every point-of-sale.

While this investment is laying the foundation for Target's commitment to mobile coupons and payments in the future, not all retailers can afford this scope of operation. Currently these types of coupons are only accessible to savvy shoppers with web-enabled phones, and it is important to recognize that while tech-savvy shoppers are a strong target demographic, they are not the primary shopper for every brand and retailer.

### BEGIN WITH THE SHOPPER

To engage shoppers on mobile, retailers and manufacturers must understand that dissecting "the shopper," can be every bit as complex and nuanced as dissecting "mobile." There is, of course, no single "shopper." Arc Worldwide recently conducted and published research that reveals six distinct multichannel shopper personas (*see sidebar*). We then mapped key shopper-related mobile functionalities against each persona to identify where the best mobile shopping opportunities lie (*see chart*).

It is important to note that shoppers can and do change personas as they shop different products or services or as they shop various channels. As a result, retailers and manufacturers must feature and map mobile functionality that is most likely to resonate with each target persona and address the dynamics within their product category.

### USEFUL SOLUTIONS

It is clear that mobile offers marketers tremendous opportunities to reach shoppers throughout the purchase process, incent behavior, capture data, and build brand affinity. But these are marketers' goals, not shoppers'.

Successful marketers will be unrelentingly shopper-centric, understanding how their consumers use their mobile phones at each stage of the purchase process and where there are openings to add value or improve engagement.

Additionally, tremendous opportunities exist for manufacturers to partner with retailers to understand the mobile shopper better and, in the process, win featured presence and access to leveragable data.

Mobile Phone Functionality	Strategic Saver	Opportunistic Adventurer	Savvy Passionista	Quality Devotee	Efficient Sprinter	Dollar Defaulter
Research & compare product quality/features, view customer reviews		●	●	●		
Visit retailer websites	●	●	●	●	●	
View manufacturer websites	●	●	●	●		
Make a shopping list	●				●	●
Find stores that carry a product	●	●	●	●	●	
Track gift cards, registries & rewards accounts, browse store circulars	●	●				●
Receive ads	●	●				
Use gift guides with search and purchase capabilities		●	●	●	●	
Get directions to a store			●	●		●
Calculate the cost of driving to a store	●					●
Review interactive mall and store maps to find places quicker					●	●
Use GPS to receive coupons for nearby stores	●	●				●
Calculate price comparisons for different-sized products	●	●				●
Compare prices with nearby and online retailers	●	●				
Text or Tweet price details to see if it's a good deal	●	●				
Receive notifications of sales events and special offers	●	●	●			●
Participate in a sweepstakes, game or promotion offer		●	●			
Place orders ahead for quicker pick-up					●	●
Make and pay for purchases	●	●			●	●

SOURCE: Arc Worldwide

While mobile is still in its infancy, few experts doubt that marketing to the “mobile shopper” will continue to develop and expand. It’s clear that consumers are embracing this new shopping center—the one they each create via their own mobile phone—and marketers who expect to prosper there must educate themselves quickly.

Based on the depth of insight they possess into their targets’ personas, they need to identify where their unique opportunities lie quickly and determine how to overcome their barriers to trial and adoption. Successful marketers in the new mobile world of retail, as in the old one, will need to fight for a

prominent location in the mCommerce shopping center of the future. See what Martin Cooper’s brick hath wrought? ■



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