

The Reason Why Mobile Marketing Matters

The emergence of mobile as a marketing channel has been accompanied by confusion and skepticism about its viability. As Forrester Research observed about the mobile space, “despite increasing activity and more strategic spending, inconsistent data and analytics will plague mobile marketers hoping to make a business case for testing emerging opportunities.”

As marketers continue to venture into the mobile space and adoption rates of smartphones grow, the need for a reliable measurement platform is imperative. By 2011, mobile internet users are predicted to eclipse \$1 billion worldwide with mobile commerce expected to reach \$2.4 billion in sales. Figure 1 breaks down the U.S. market into feature phones and smartphones as of October 2010 and, of those smartphones, what operating systems are the most prevalent.

Mobile measurement belongs alongside other online marketing channels when evaluating performance, return on investment and, ultimately, investment allocation. Understanding the volume of traffic and visitor behavior from your mobile marketing efforts will uncover areas of improvement and opportunity. Figure 2 provides a high-level view of site traffic and sales from mobile devices over the 2010 holiday season for the retail vertical.

Mobile Matters Despite Spend, Vertical, or Platform

Spend: Whether it’s a \$10 million budget or a \$10,000 budget, having a mobile presence is a must to ensure that every opportunity is taken to engage with customers. While apps for smartphones are the latest craze, the deluge of apps into app-stores has made it a crowded space. Unless an app is functional, practical, and engaging, it will get lost in the sea of others that have entered the marketplace.

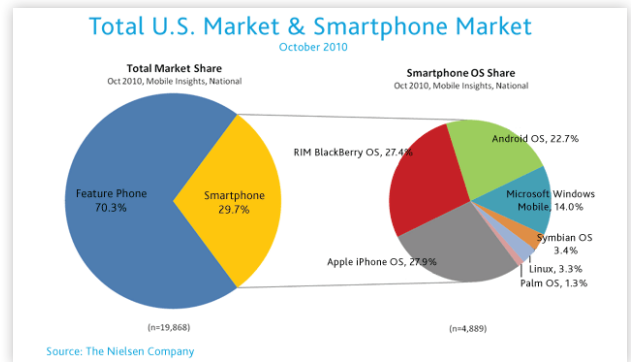


Figure 1. The total U.S. mobile and smartphone market as of October 2010

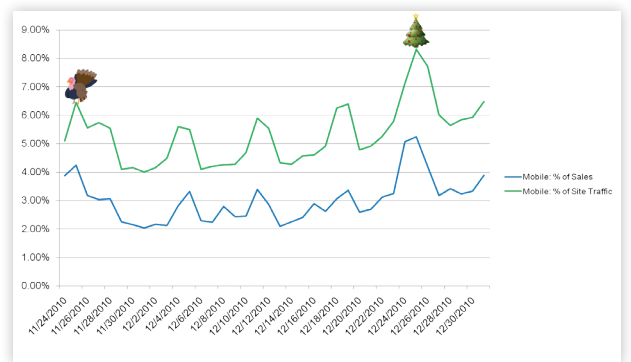


Figure 2. Mobile site traffic and sales rose during the 2010 holiday season, Coremetrics Benchmark data shows.

The simplest way to keep top of mind for customers on the go is through web site compatibility on a mobile device. On average, the bounce rate for site visits from a mobile device is nearly 10 percent higher than online site visits. A user interface designed for smaller screens and easy navigation are necessary features to attract visitors and keep their attention. Having the ability to track how mobile visitors interact with the site is the first step in understanding what areas may need improvement. Figure 3 shows an example of the traffic funnel for all sessions from mobile devices for a women's retail site.

Beyond the website, search and display advertising on mobile are other areas to explore for investment opportunities. Many online marketers put mobile in a bucket of its own, yet many existing online campaigns can be catered to a mobile audience.

Vertical: Retail is a prominent vertical in which visitor engagement comes from a number of different channels: barcode apps, location-based advertising, and product information resources for both online and offline shopping. However, many other verticals are venturing into the mobile realm and, in some cases, mobile traffic is predicted to surpass online traffic. Mobile banking is estimated to be the norm within the next five years. Those financial institutions that provide the convenience and flexibility of online banking options for their customers will claim victory.

Travel is another area that has begun to embrace mobile. As customers become more accustomed to immediate gratification and the age of telecommuting is upon us, having the flexibility to book, change, and check availability for airline, train, or hotel reservations while on the go is and will be a necessary convenience.

Regardless of the vertical, the mobile marketing channel will play an important role in the success of any company. It is critical to know what the volume of mobile traffic is and what it will be for your site and your industry and peers to gauge overall performance from this ever-growing channel.

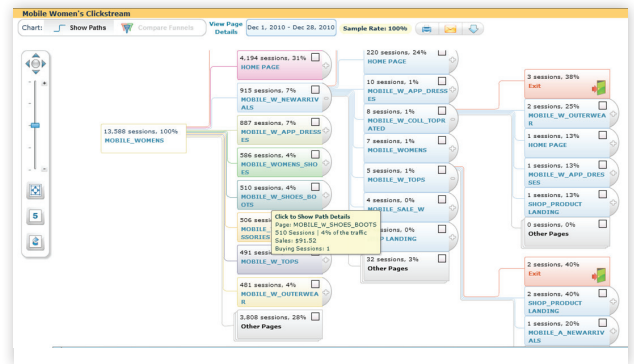


Figure 3. The traffic funnel from mobile devices for a women's retail site.

Platform: Adding even more complexity to the mobile space with the multitude of different handset types is the slew of operating platforms including Google Android, Apple iOS, RIM BlackBerry, and others. Each of these operating platforms requires its own programming and functionality. While a shotgun approach may seem like the easiest method to making sure you hit the right mobile audience, benchmarking what devices (and, ultimately, platforms) are driving the most traffic for your industry will help to focus where you should target your initial mobile investment. Figure 4 gives an overview of performance by mobile device for a retailer over the holiday season. iPhone (iOS operating system) led the pack with Android not far behind.

mROI

Mobile return on investment (mROI) has been an elusive objective among marketers. In most organizations, mobile has been sequestered into its own department separate from online marketing and infused with significant investment without any insight into the performance of mobile marketing efforts. In fact, mobile marketing data analysis should not vary much from the same key performance indicators and analytics used to track performance of online marketing efforts.

Among the wide array of web analytics providers, online marketers need to be cognizant of those providers that offer the most comprehensive view of their online marketing efforts, including mobile. Leverage your analytics platform to first get a snapshot of traffic from the mobile channel for your site relative to that of your peers and competitors in your industry. Figure 5 is an analytics report providing an overview of mobile conversion rates for a web site versus the overall retail industry.

Based on the evaluation of those metrics, dig deeper into mobile and device-level data to pinpoint areas of opportunity. Figure 6 illustrates mobile adoption for a web site highlighting that visitors from Apple iPhones are the most prevalent. With this information in hand, begin to understand those aspects of your mobile marketing that you can cater to those visitors. The next level of execution would be to start customizing your search, display advertising, and other marketing efforts to those designated mobile devices and platforms while continuing to measure and optimize those campaigns through your web analytics platform.

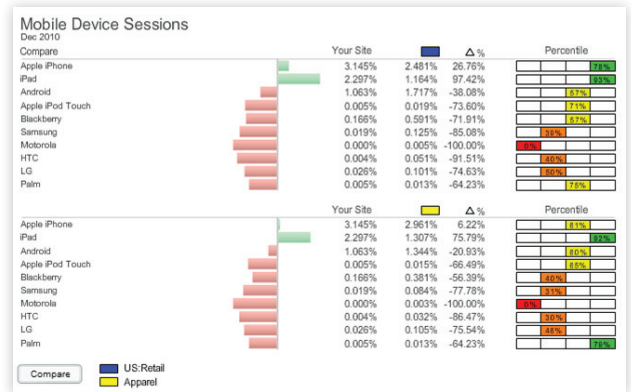


Figure 4. Apple iPhone was the leading mobile device in retail site visits during the 2010 holidays.

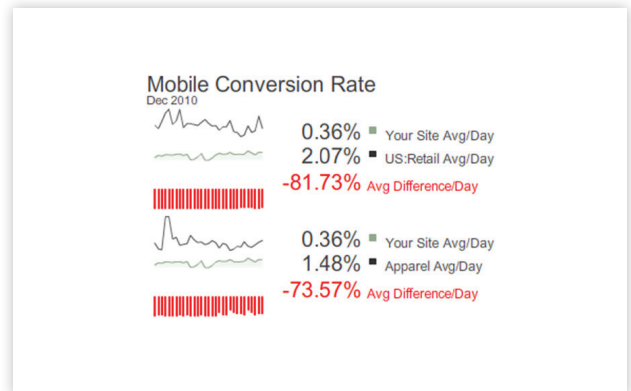


Figure 5. Mobile conversion rate for a web site versus the overall retail industry.

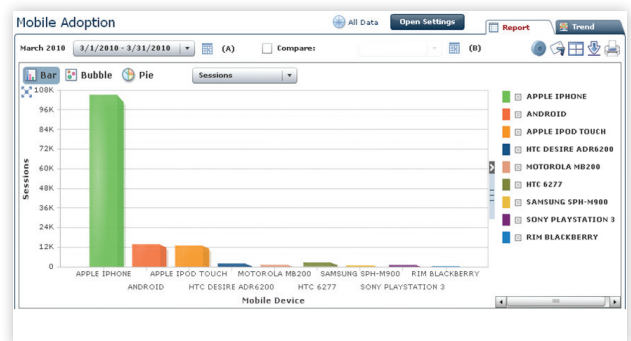


Figure 6. Mobile usage data for one web site shows Apple iPhone ahead by a large margin.

Summary

Mobile is becoming more and more pervasive as a marketing channel by which to reach and attract customers. Without a strategic approach to evaluate the opportunities before you, execute mobile campaigns, and, ultimately, measure and optimize the performance of those efforts, marketers will continue to be frustrated by this channel. Ensure that when you work within the mobile realm, you align your efforts with your online marketing campaigns and that your web analytics provider enables you to have a comprehensive view of your performance across both mobile and online sites.

About Coremetrics®, an IBM Company

Coremetrics®, an IBM Company, a leading provider of web analytics and marketing optimization solutions helps businesses relentlessly optimize their marketing programs to make the best offer, every time, anywhere, automatically. More than 2,100 online brands globally use Coremetrics Software as a Service (SaaS) to optimize their online marketing. Coremetrics integrated marketing optimization solutions include real-time personalized recommendations, email targeting, display ad targeting across leading ad networks, and search engine bid management. The company's solutions are delivered on the only online analytics platform designed to anticipate the needs of every customer, automate marketing decisions in real time, and syndicate information across all customer channels.

Find more information at www.coremetrics.com or call +1-866-493-2673.

Coremetrics has strongly supported online privacy since its inception. To learn more, visit www.coremetrics.com/privacy.php

- i Forrester Research, "2011 US Mobile Marketing Predictions," January 4, 2011
- ii IDC
- iii ABI Research



Corporate Headquarters

1840 Gateway Drive, Suite 320
San Mateo, CA 94404
Tel: 877.721.2673

Coremetrics Europe Ltd.

Wellington House
20 Queensmere
Slough
Berkshire
SL1 1DB
U.K.
Tel: +44 (0)20 3393 3450

Coremetrics.com