

Mobile Marketing: awhfy?*

(*are we having fun yet?)

Tapping into the popularity of short codes, marketers are becoming adctd2txt.

MARKETING First came the 800 number. Then the URL. Now, marketers are warming up to a new method for luring consumers into their playpens: the common short code (CSC). And this text-messaging standard could very well be the first killer application for mobile marketing.

Unique in its simplicity (a five- or six-digit code that users type into their mobile handsets) and ubiquity (it's the rare technology that works across most carriers' wireless networks), the common short code is poised to give marketers an important foothold in the mobile space, perhaps more so than any other emerging technology.

Short codes offer "a never-ending opportunity to keep engaging with consumers," says Diane Strahan, vice president of mobile at NeuStar, a communications clearinghouse that operates the official Common Short Code registry (usshortcodes.com) on behalf of the wireless industry. "They are interactive, engaging, and the applications [that employ short codes] are as endless as companies' imaginations," she says.

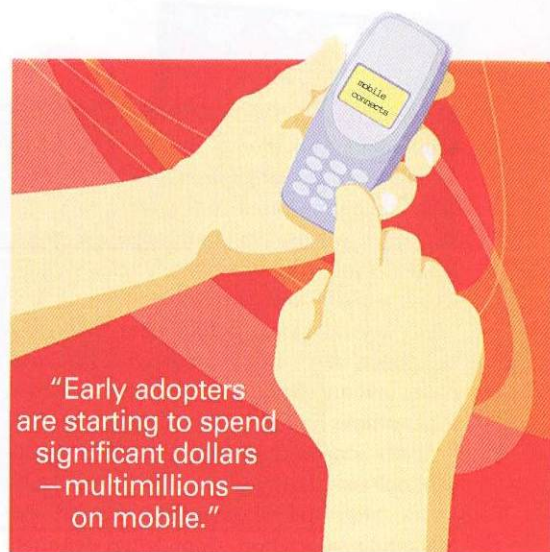
"Short codes are easy to deploy, easy to understand, and implicitly opt-in," adds Scott Ellison, vice president of wireless and mobile communications at IDC. "The key advantage for marketers is that you can reach just about anybody with a cell phone."

CSC-based marketing campaigns offer many benefits. The five most important:

Reach: About 45 percent of the 235 million mobile subscribers in the United States use text messaging, according to IDC. For the 18 to 34

age group, Strahan pegs the percentage of texters at close to 70 percent.

Pull: Requiring a consumer to type in a code (and possibly a keyword as well) to receive information from a brand gives marketers two important advantages: participation by the consumer and permission to interact with her. As such, short codes can be used for myriad purposes, ranging from alerts (traffic, news, sports scores), to promotions (backstage concert passes, daily restaurant specials), to content downloads (ringtones, handset wallpaper, even real estate information on local properties for sale), to contests.



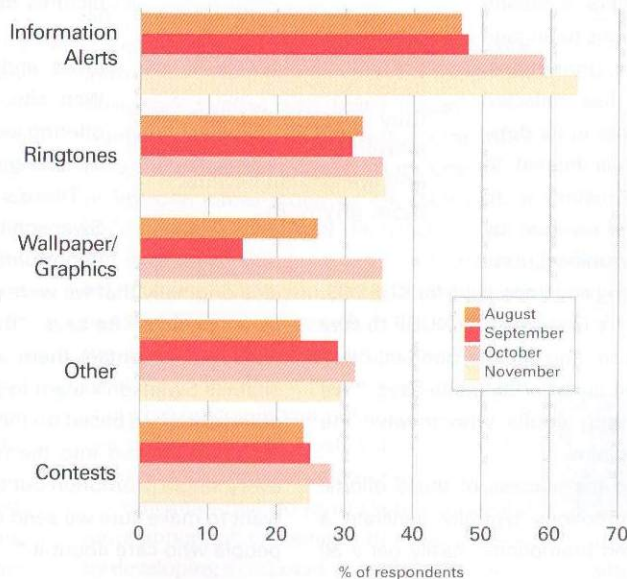
Engagement: The interactive nature of short-code campaigns can help marketers establish a running dialogue with customers. The more consumers participate in promotions, contests, or loyalty programs via their cell phones, the more information they may be willing to share—as long as marketers don't erode that trust by turning customers' handsets into spam receptacles.

Response: NeuStar's Strahan says CSC-based campaigns deliver 3 to 5 percent response rates on average, but some agencies and their clients report rates that are much higher. HipCricket, which produces mobile marketing campaigns, claims its campaigns routinely deliver 40 percent response rates (see sidebar).

Measurability: The immediacy of the cell phone provides marketers nearly instant feedback when launching a mobile campaign using short codes. Using keywords can give them even more information about what medium in particular a consumer is responding to. HipCricket CEO Ivan Braiker cites a campaign his agency developed for General Motors offering consumers a chance to test-drive new GM models on a track in Las Vegas. The automaker ran a promotion for the event across different media, including billboards, print, and buses, using a different keyword for each medium to drive consumers to

How Brands Are Using CSCs

How frequently are consumers responding to companies' common short codes campaigns? The figures below show response rates to brands' most common uses for the mobile marketing technology during the latter half of 2006.



Source: Common Short Code Administration, 2007, IDC

a coupon or a Web site to receive additional information.

"We could track the success of each medium based on what keyword the consumer used," says Braiker. "You very quickly can tell what's working and what's not."

For several global brands, text messaging campaigns have advanced beyond the trial phase and are showing up as part of line-item expenditures on marketing budgets.

"Early adopters are starting to spend significant dollars—multimillions—on mobile," says Laura Marriott, president of the Mobile Marketing Association. "Mobile has definitely become part of a broader cross-media mix."

While text-based campaigns are currently




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driving the bulk of mobile activity, companies continue to test other emerging technologies, including mobile video, 2D, QR (quick response) codes (popular in Japan, these advanced bar codes are embedded in advertising or packaging and enable mobile users to request additional information about a product by scanning or taking a picture of the code), and near-field communications (using the handset as a scannable debit or credit card

to conduct point-of-sale transactions).

Those applications will likely remain tucked in niches at least for the near term, as each lacks both the simplicity of short codes and the broad, standards-based support among most wireless carriers.

"Things like QR codes require people to change their behavior," says IDC's Ellison. "The more you ask them to do that, the less likely they are to do it."  Rob O'Regan



Radio KUBE 93 Spins a Smooth Tune With Mobile Text Campaigns

Radio stations have been early adopters of mobile marketing, and for good reason: The medium is, after all, inherently portable (transferable from the home stereo to the car to the boom box) and known for spontaneous promotions (be the 10th caller for a chance to win!). That's a natural model to extend to listeners' cell phones.

Clear Channel's KUBE 93, Seattle's highest-rated radio station, is already two years into its mobile marketing efforts, and now offers a steady stream of text messaging campaigns to engage with its listeners through contests, promotions, and the like. The R&B station has collected 55,000 unique cell phone numbers in its database, and its use of texting has helped to increase ratings (by alerting listeners to upcoming artist appearances) and revenue (by creating new sponsorship opportunities), says Gus Swanson, director of marketing and interactive for KUBE 93.

With a young-adult audience, it's important for KUBE to stay on the cutting edge of the culture, and mobile phones, obviously, are an integral part of that culture, Swanson says. "We have the luxury of serving young adults who involve the station in their lifestyles," he explains.

KUBE 93's results demonstrate the success of those efforts. Whereas the station's email promotions typically generate a 1 percent response rate, text-based promotions "easily get a 30

to 40 percent response rate, in a shorter amount of time," according to Swanson.

Working with mobile agency HipCricket, KUBE has extended its use of text messaging beyond basic contests and promotions. Listeners who win backstage passes to concerts or tickets to

KUBE 93 events, for example, can now upload pictures from their handsets to the KUBE 93 Web site. Mobile users can download ringtones and other content from the station's Web site. The station also recently began offering local weather alerts. It all adds up to a more engaged listener, Swanson says.

There's one important lesson that Swanson has learned about that engagement opportunity: Don't overdo it. "We had the idea originally that we were going to touch [listeners] a lot once they opted in," he says. "But they started unsubscribing, and we couldn't contact them anymore." HipCricket's technology enables Swanson's team to push specific messages to a subset of the database based on the preferences the listeners indicated when they opted into the mobile alerts. "We no longer send every single promotion out to the entire list," he says. "We now want to make sure we send out relevant information only to the people who care about it."

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