



MAKING MOBILE SHOPPERS LOYAL SHOPPERS

For retailers, mobile technology is providing new strategic opportunities to overcome

problems associated with traditional loyalty programs—but there's more to mobile loyalty than simply offering coupons. Retailers are finding more creative ways to tap into customer loyalty and satiate the consumer's immediate need for reward distribution. In this burgeoning era of instant gratification, brands are finding easier ways to overcome the traditional problems associated with loyalty programs.

So while both digital rewards and mobile loyalty certainly complement each other, in what way (other than the obvious locale-oriented benefits and real-time couponing) does the mobile device solve traditional loyalty problems?

One traditional loyalty hurdle, and the primary reason for high loyalty fallout rates, has been the delay between purchase/point accumulation and reward redemption. Studies have found that there is a direct relationship between customer loyalty

and redemption rates; as redemption increases so does loyalty program member retention.

Cue the mobile device.

The advent of digital rewards—downloadable music, videos, games, etc.—has provided a solution to most of the classic problems associated with loyalty and CRM programs. Digital content is a low-cost solution to maintain the low-threshold customer: companies now have an affordable solution to keep these customers “burning” points, thus re-engaging them in a program in which they had become idle.

But while digital rewards have solved most of the traditional problems with loyalty programs, there is still the issue of discounting to the company's customer base.... and this is one of the areas where mobile loyalty will change the face of loyalty and CRM programs.

At the beginning of 2011, 85% of U.S. consumers owned mobile phones, of which 31% were smartphones, and by 2015 smartphone ownership is expected to reach 43%. Each of these devices provides unique

identification of its user, which, in turn, provides the retailer with a unique identification of its loyal mobile customer. Through mobile loyalty tracking, the retailer can customize the messages and deals that it offers to its already-loyal customers.

For example, instead of heavily discounting a product that the loyal customer routinely buys through an in-store mobile coupon, the retailer can incentivize purchases closely matched to but outside of the customer's usual buying habits. Because the customer's mobile device is directly linked to past purchases and offers, the retailer can instantly adjust offers based on behavior. This is something that no other iteration of loyalty/CRM programs has been able to accomplish. The mobile platform has given retailers the ability to instantly identify customers when they are within reach of a product; to immediately identify past spending behavior; and to instantly recommend an item that spurs incremental spending.

Mobile loyalty is more than just a mobile couponing platform. It gives loyal customers redemption access from anywhere, at the time of their choosing. But where it really starts to shine is when companies start taking mobile loyalty to the strategic level. —BRYON MORRISON, president of mobile practice for digital agency The Marketing Arm.

QUICK TIP: Remember— Texts Cost

While carriers such as AT&T are moving to unlimited messaging plans, many users still have text limits, and cost-conscious users seem more prone than ever to get litigious about SMS campaigns that cost more than they expected or that they did not opt into. NBC and Fox just settled a drawn-out class action suit against games for “American Idol” and “Deal or No Deal” that pushed users to enter a sweepstakes using premium text messaging at about 99 cents a message. The suit



alleged that making players pay that message fee to enter a random drawing constituted an illegal lottery.

Mobile users are also getting irate about getting texts they didn't opt into. A class action suit filed in August alleges that NASCAR sent a woman an unsolicited text message, thereby violating the

Telephone Consumer Protection Act. The suit seeks what could be \$5 million in damages—\$1500 for each unrequested message sent in the campaign.

As with all litigation, there's a silly fringe. A suit brought against Twitter in

May seeks damages for unpermitted texts. Twitter lets users request a text alert when someone sends them a direct message over the service; subscribers can stop the service by replying STOP. Problem is, Twitter then sends a text confirming the stop. Hence the lawsuit. It doesn't always pay to be nice. —BRIAN QUINTON

Slow Traffic in the Check-in Lane

Location-based services such as Foursquare and Gowalla have been lauded by marketers for their capacity to know where a mobile user is and how often he or she returns and to serve up special offers or rewards to encourage visits and other behavior.

But a new study from the Pew Research Center has found that only 12% of U.S. smartphone owners use their devices to tell their social circle where they are and what they're doing. Compared to the percentages who do other things on their smartphones, such as accessing social media (59%) or getting directions or recommendations specific to their locations (55%), that's pretty small.

The percentage rises somewhat among those smartphone owners 18-29, but even among that group, only 15% of users check in on these geosocial platforms.

Bad news, Twitter. On average, only 15% of smartphone owners used them to post messages to the real-time service. —BQ



MOBILE PPC ADVERTISING STRATEGIES

Pay-per-click ads are not identical across platforms—and neither are the marketing strategies behind them. The same ads and methodologies designed for desktop browser campaigns will not be as effective for PPC advertising on mobile devices.

There are several effective strategies for taking advantage of mobile-specific use cases in PPC. But first let's look at why mobile is different

From both the back-end and front-end perspectives, mobile paid search works much like traditional paid search. You set up a campaign based on keywords, and image and text ads are displayed in search results and in the content of mobile sites. The advertising client pays the search provider when an ad is clicked.

The major difference between desktop search marketing and mobile search marketing is not in the "how," but in the "what" and the "why"—the ad copy, the landing page and the different goals that mobile searchers have that

Since Google AdWords automatically includes all search-marketing campaigns in iPhones and other mobile devices with full Internet browsers, you may have to manually adjust your existing campaign settings. With this approach, you may discover that your desktop search campaigns are more cost effective.

Mobile users consume information quickly. They're out and about, and don't have time to do a lot of research—they just want a fast and accurate solution, or something to immediately and temporarily entertain them.

For this reason, mobile advertising typically works well for inexpensive, low-consideration products, immediate intent actions, and local services. Examples include downloading music and ring tones, finding places nearby to shop for specific items or services, or ordering a quick meal like a pizza.

So how do you master mobile PPC advertising? These are four effective strategies.

1) GOOGLE MAPS AND GOOGLE PLACES

An easy way to increase your mobile search presence is to incorporate Google Maps into your PPC mobile advertising. Sending people to your Google Maps listing can be an effective strategy in a number of ways.

First and foremost, make sure your Google Places listing contains up-to-date contact information, payment types, store hours, categories, etc. This will ensure you get the most for your mobile PPC advertising dollars.

Next, make special offers available only to mobile users. This is particularly effective if synced with specific demand or a busy time of year.

Seasonal merchandise or services are a great area to concentrate on. Try advertising around holidays such as Halloween, St. Patrick's Day, Christmas, Hanukkah, etc. A retailer could use mobile PPC advertising to promote an upcoming Halloween sale or event at a location.

Since many mobile users search to find things to do wherever they are, consider focusing your campaign on business location if you have someplace to visit (an actual store, or a booth at a festival). You can even use a temporary or mobile kiosk as a location. Redbox, for instance, recognizes Foursquare check-ins at its DVD rental kiosks.

Try advertising your business location if you're located in a tricky spot and people have a hard time finding you. Include a cool offer or promotion, and it's a win for both you and your potential customer.

2) DEVICE-SPECIFIC APPS

If you don't have a mobile site or a mobile landing page, try sending people directly to the iPhone app store or Android Market. With this strategy, you can encourage people to buy an app or download a free app—which is hopefully tied to a monetization plan or upsell strategy.

When targeting iPhone users, don't forget to segment the iPhone and ensure that other smartphone devices are not selected in the AdWords settings tab.

3) ADWORDS: PHONE EXTENSIONS AND LOCATION EXTENSIONS

Incorporate phone extensions into your mobile ads. Phone extensions make business phone numbers appear as clickable links underneath text ads for smartphone users.

Click-to-call mobile PPC advertising is particularly useful to those who want to drive traffic to a storefront. Use this in conjunction with Google Maps for an awesome one-two, paid-search mobile advertising punch.

4) FOURSQUARE

Foursquare and other similar "check-in" services enable mobile users to tell their social media contacts on Facebook, Twitter, and Google+ where they are and what they're doing. Why not leverage these services to make special offers to people who check in at or near your store or shop?

Foursquare offers both location-based and brand-based campaigns, so there are options available to you even if you have products that aren't specific to a retail location. For instance, HBO and Warner Brothers have both used Foursquare advertising to promote shows and movies, and Pepsi and Starbucks both have successfully run mobile check-in ad campaigns.

—MONA ELESSELY, SEM consultant



require significantly different strategies and tactics from traditional paid search.

There are major differences in areas like user intent, keyword selection and targeting options.

Assuming you already have a successful desktop search marketing strategy in place, your first action in adding or modifying your mobile search marketing initiative is to create a separate campaign for mobile ads. This enables you to tailor your ad copy for mobile users in general, and specific mobile devices or platforms where applicable.