

## MOBIL MARKETING AND THE USAGE OF A SMART-PHONE

The following article is focusing on the topic of mobile marketing, its role of today's customer communication and the role of smart-phones in this context.

How can you use smart-phones and the new behaviour of customer to be online, anywhere and always, inside your mobile marketing approach and which alternatives are on the market?

The development of smart-phones shows a great increase in the last 2 years. A few years ago the market and customer smiled at the devices due to the fact that their requirement towards a cell-phone was: "smaller", "lighter", "slimmer". Customer, in the old days, only used a phone to be able to make a call or write a short message. The area of the mobile world had been not very successful, due to technical issues or problems. Market and customer behaviour changed with the introduction of Apple's iPhone within months [1].

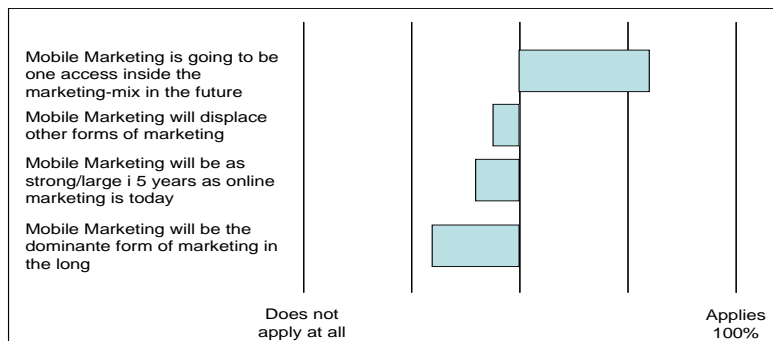
Since then the development of smart-phones regarding market share and also number of units which were sold, we can see an increase by 43 % in Q2 in 2010 compared with the previous year. In total 60 million smart-phones were sold in Q2 2011 [2].

In total, smart-phones have a market share of 19%. Major players are Blackberry producer RIM and Apple, whereas Apple shows a very strong positive development, with an increase of sold products by 61% in Q2 vs PY.

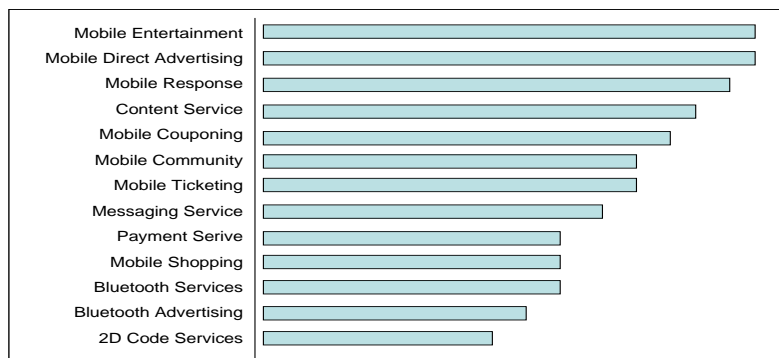
For companies smart-phones are a great change to get closer to the customer. Analysing the area in which the customer is using the smartphone New York Times presented a study in 2010 which shows a different between an Android user and a iphone user regarding opening an advertisement in an app.

The analysis shows also the focus on the user. In general you can state that smart-phone user use their device for gaming but also for every day issues, like weather forecast and shopping.

The graph 2 out of the same report focuses on the behaviour of young people and what is the chance for companies to get closer to the customer. Companies have to build up a communication line with its customer/potential customer. Due to the direct contact with the customer companies have to careful how and in which way they communicate with customers.



Graphics 01: Growth potential of mobile marketing [3]



Graphics 02: Indication of usage and distribution of mobile marketing services [4]

### Evolution of mobile web

If we look back on the evolution of PCs we will see similar development and movement on the market as today with mobile devices. While we take it for granted that Microsoft's Windows operating system underpins hardware from countless manufacturers, it was not always that way. Before the emergence of Microsoft's DOS and then Windows, PC users faced a tough decision about which technology to adopt, because that determined the games and utilities they could

use, as well as the general usefulness of their computers. The same occurs today with mobile devices. Users must weight the hardware and software merits and commit themselves to a technology, either it is a device from manufacturers such as Apple or Research in Motion, the ever-increasing array of tablets and smartphones running Google's Android operating system, or from Nokia, running on Microsoft's Windows Phone 7 operating system [5].

The next generation of HTML, called as HTML5, may narrow these differences between mobile devices. HTML5, the most significant evolution yet in Web standards, is designed to allow programs to run through a Web browser, complete with video and other multimedia content that today requires plug-in software and other workarounds. In theory, this will make the browser a universal computing platform – without leaving it, users could do everything from editing documents to accessing social networks, watching movies, playing games, or listening to music. Moreover not only would any device with a Web browser have these capabilities, but consumers would also have access to all content stored remotely “in the cloud”, independent of locations and devices.

If you revise the reasons this was the first reason out of two. The second is that it helps overcome the relatively weak processing power of smartphones and tablets compared with PCs and laptops. It is partly this lack of “horsepower” that has fuelled the explosive growth in applications (or called “apps”) to optimize the performance of specific devices. The average smartphone user now spends more than 11 hours a month using apps, more time than either Web browsing or talking, according to a March 2011 study by research firm Zokem. HTML5 has the potential to improve the mobile experience – its specifications enable browsers to locally store 1.000 times more data than they currently do, so users can work when offline – for e.g writing emails, and their devices will automatically update when a network becomes available. Another reason for the new standards is that programs and applications run faster because complex processing tasks are handled by network servers [6].

This development has various impacts on the industry, software developers, telecom operators, content providers, device makers but also on senior executives and the companies themselves.

Marketing and strategies have to take those developments into account and have to very careful how, or better how not, to interact with its customer.

#### **Way of communication**

Now I would like to answer the question on how to communicate and in which phases with the customer.

In this chapter I would like to introduce a method to have a very strong interaction with a customer who covers a push-pull communication flow from both side, customer and company.

Promotions or other customer orientated interactions were always common and looking back into the history of large companies you will find good examples of successful tool. One of the most successful tools were/are coupons, introduced by CocaCola on a piece of paper in 1887/8. The coupon in it self were very successful and frequently used by companies but more important also by the customer.

Coupon has not only become a promotion tool it also has become a reward tool to build up customer relationship and trust. Companies could use coupons to build up a kind of loyalty management and to bond customer to its brand.

Customers benefit from the system, on the one hand due to financial promotions and on the other hand they can include into a special customer orientated reward system based on coupon.

Taking the very positive development of smartphones into account and putting the question to the table how smartphones can be used in the direct marketing approach the combination of smartphone and coupons seems to be a reasonable way forward.

Doing an analysis of the market we could find a service which explicit focuses on this combination, called iButterfly [7]. The commercial agency ‘dentso’ designed this tool which will be explained in the following:

The service iButterfly is an application with combines the old system of couponing and the new technology used with smartphones (apps). It is therefore a coupon entertainment app with coupons attached to butterflies.

The users of the service are stores, with multiple outlets, and distributors.

Using augmented reality, motion sensor and GPS technology, the app engages its audience through 'coupon' entertainment', where consumers can decide when and where they wish to collect promotional offers and market information.

Each butterfly is unique to each brand and when a user catches one it gets added to their collection which can then be used for a variety of things such as promotional offers, product information and more.

The iButterfly Plus [8] social game incorporates four game elements - augmented reality, motion sensors, location information and social gaming. The object of the game is to catch the butterflies seen through a smartphone's camera viewfinder by swinging the smartphone like a butterfly net, and then put them in a collection. The butterflies are air tags that are created using the augmented reality and location information elements, and the smartphone's motion sensor function is used to capture them. iButterfly Plus also comes with a function that enables players to register other users met through the game as friends, and to disseminate information regarding captured butterflies on Facebook and Twitter. In order to make the iButterfly Plus game even more enjoyable, players can purchase additional items on a pay-per-item basis. One such item is a flower seed, which the player sows and nurtures. When the flower opens, it will attract rare butterflies, giving the game a unique characteristic and story.

Beside the direct contact with the customer the customer can send butterflies to each other and therefore the tool can also be used as a word-of-mouth promotion tool from customer to customer.

#### **Validation of the iButterfly-system**

The iButterfly application received widespread media coverage, and attracted a lot of attention. It also won an Award for Excellence in the Marketing Category of the 9th Mobile Ad Awards in Japan, therefore it was a new way forward inside Marketing.

But what are the chances and risks of such a new tool?

Tablet 01: Chances & Risks of iButterfly towards the way of communication with the customer [9]

Validation	Customer	Company
Chances	- Personalises communication with	- Direct contact with the customer

	<p>the customer</p> <ul style="list-style-type: none"> <li>- Connection between the online and offline world due to the coupons with positive impact on sales by used companies.</li> <li>- Communications with the customer without losing time due to the fact that advertising is only send to the customer while passing by</li> <li>- Customer feels rewarded and honoured due to high personally effect of the application</li> </ul>	<ul style="list-style-type: none"> <li>- High degree of online and offline communication</li> <li>- Get close to the customer and offer products to the customer which might not be on his list</li> <li>- Strong interaction</li> <li>- Develop the collection mode on customer side</li> <li>- Build up a customer relationship management based on the coupons</li> <li>- Able to promote new products on a more frequent way compared to the old way of direct communication</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>- Movement and shopping behaviour can be tracked by the company</li> <li>- Reduced flow of information due to high focus on promotion articles</li> </ul>	<ul style="list-style-type: none"> <li>- The word-of month promotions can be used in a negative way</li> <li>- Customer only approach the company using the coupons which a negative effect on margin</li> </ul> <p>Need to be up-to-date with technical developments and go beyond merely inserting ads.</p>

### Result

The smartphone is already changing our life's and it will change the life of each customer even more in the future.

Organizations will have to make IT investments, particularly for cloud-based computing and mobile platforms. Employees, especially in sales and operations, will need training in the art and science of mobility if companies are to maximize cost savings and productivity improvements. Yet new technology standards also promise to make the mobile-internet experience more open, complex, and dynamic. It may change the way consumers and enterprises behave. Even if companies do not understand the technical aspects of this transition, they must master the technology's potential and possible ramifications.

In this context it might become more and more important to take over a lead position as a company in the way to communicate with its customer. The tool iButterfly shows the first way of not only having a direct and immediate reply to customer behaviour or interaction. Furthermore it is one of the first tools which is able, since the start of the internet, to connect the online world with the offline world and only embrace the customer at the Point-of-sale. Therefore the tool can lead to a competitive strategy which will make the little difference to the competitor.

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