Content.
Commerce.
Context:

The Year of the Mobile Roadmap:
12 Trends for 2012

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2012: The Year of the Mobile Roadmap

This will NOT be the year of mobile. That year has come and gone. For the 106 million smartphone users projected this year, mobile is already in the here and now.

Instead, 2012 will be the year of the "mobile roadmap." Brands would do well to strap themselves in and get ready to speed down the road to mobile marketing.

The past few years have seen some truly revolutionary milestones for mobile: the introduction of the smartphone, iPad and Android-based consumer tablets, the development of HTML5 and the introduction of Long Term Evolution networks. More change is headed mobile's way in 2012.

Smartphone usage is growing in astounding numbers. In February 2011, comScore reported that U.S. smartphone usage had grown by 60% in the previous 12 months. In addition, the total number of Americans using smartphones rose to 63.2 million in 4Q 2010. Those numbers are anticipated to grow even higher this year.

The question now becomes "Is your marketing team ready to serve the needs of these mobile-dependent customers?" It's not enough to want to do "something with mobile." Today, marketers need a viable, long-term mobile technology roadmap.

There'll be lots of curves and tight turns along the way. Marketers will need to navigate everything from mobile payments and mobile apps, to localization, customer privacy and content publishing.

It's time that marketers truly embrace mobile---not as a channel, but as a platform. They must understand how to integrate mobile throughout other marketing channels in order to truly engage customers in relevant, personal ways.

Even while mobile is getting more complicated—not less—marketers understand that they can no longer wait for another day to think about their mobile strategy. Indeed, according to a study from Unica, "*The State of Marketing 2011*," 43% of marketers currently use mobile technology, and another 25% plan to do so within the next 12 months.

While marketers, mobile experts and brand strategists may differ on where the mobile road will lead they can agree on one thing. Turning back is not an option. To stay relevant, to engage customers, today's organizations must move full speed ahead in engaging customers through the mobile devices they've become so dependent on.

What's ahead this year? We've identified the 12 trends in 2012 you'll need to become aware of if you want to make this year the one in which you get serious about mobile.

Get ready. It's going to be a bumpy but thrilling ride.

Nancy Pekala
Senior Director, Online Content
American Marketing Association

1: Mobile Usage on the Rise

One hour and five minutes. That's the average amount of time we spend on our mobile phones daily. According to eMarketer's *US Digital Media Usage* report, that exceeds the 44 minutes devoted to print magazines and newspapers combined.

Today's consumers are surfing more, shopping more, socializing more and just doing more on their mobile devices. Faster network speeds, feature-rich smartphones and tablets, an ever growing menu of applications, more engaging ad formats are all helping to engage consumers via mobile.

Mobile network company Ericsson reported that the total number of Smartphone users tripled in 2011, mobile broadband subscriptions increased by 60% to 900 million and the projected number of subscribers will exceed 5 billion by 2015.

As a result, mobile marketing and advertising is increasing at a faster rate than other marketing types. According to A1Technology, it's estimated that the world estimate for mobile marketing and advertising revenues will reach $50 billion by 2014.

Until now, it's the big brands that have been driving mobile marketing spend. However, that is likely to soon change as smaller organizations of all types enter the mobile game.

In fact, according to the *Mobile Marketer*, mobile channels such as advertising (search and display), apps and mobile Web sites will rake in the most in spend for brands and retailers.

Mobile Usage: By the Numbers

- There are 1.2 billion mobile Web users worldwide.*

- All mobile phone users will reach 242.6 million in 2012, up 2.3% from 2011.

- In 2012, 94% of smartphones users will be mobile internet users.

- Mobile internet users will reach 113.9 million in 2012, up 17.1% from 97.3 million in 2011.

- Mobile shoppers will reach 72.8 million in 2012.

- Tablet users will reach 54.8 million in 2012, up 62.8% from 33.7 million in 2011.

- iPad users will reach 41.9 million in 2012.

- In the U.S., 25% of mobile Web users are mobile-only.*

Sources: *US Digital Media Usage Report*, Emarketer; *Mobithinking

By 2014, mobile internet is expected to take over desktop internet usage.

2: International Mobile Adoption

American consumers may be addicted to their iPhones and Blackberrys but mobile dependency is even more entrenched beyond U.S. borders. Nearly a third of the world's mobile users, in fact, reside in India and China. By all accounts, Asia will continue to dominate the mobile Web.

With more than 900 million mobile subscribers, China's mobile adoption rate is being helped along by government policies and subsidies and a strong push on 3G technology. According to a recent McKinsey & Company report, subsidy strategies are designed to nudge customers to move from basic phones to data-enabled smartphones.

E-commerce, helped along by strong consumer-to-consumer platforms and an increasing comfort on the part of Chinese consumers to shop online has help increase mobile usage. As the McKinsey report notes, the emergence of Tgaobao (China's Amazon) as an online platform has educated consumers on ecommerce. However, thus far, e-commerce has focused on Tier 1 and 2 cities, where deliveries are more reliable. Nevertheless, McKinsey estimates that e-commerce sales in China could triple to 1.2 trillion (RMB) by 2014. As a result, e-commerce should account for at least 15% of total mobile phone retail sales by 2014 and could reach as much as 20%.

India has also been experiencing off-the-chart mobile usage. As of December 2011, there were 894 million mobile subscribers in the country, second only to China, driven by a highly competitive mobile market with low rates and handset prices. As a result, agencies like WPP and Ogilvy & Mather are

In Germany, where cell phones are referred to as a "handy", total mobile phone

subscriptions are at about 108 million, giving the country a market penetration of 130%, by population (compared to 90% in the U.S.). A number of Germany-based big brands have embraced mobile including BMW, Deutsche Post and Lufthansa.

Global Mobile Usage

- 30 percent of the world's mobile users live in India (884m subscribers) and China (963 million subscribers).
- South Korea and Japan lead in mobile broadband penetration with 91 and 88 percent respectively.
- There are more mobile Internet users (277M) in China than any other country.
- Japan has 122 million mobile subscribers (95 percent of the population)
- The percentage of people regularly accessing the mobile Web in Japan and urban China is more than double the US according to surveys by Forrester (June 2011)
- According to an *eMarketer* report last year, the number of mobile Internet users in China will reach 957 million by 2014, while total mobile subscribers will grow to 1.3 billion
- Mobile phone subscriptions in Germany are estimated at 108 million, which gives Germany a market penetration of over 130 percent, by population.

Source: Mobithinking.com

3: **Putting Your Money Where Your Mobile Is**

Mobile ad spending in the U.S. is expected to surge to $1.24 billion this year and worldwide mobile ad revenues are projected to reach $5.78 billion. With that amount of money at stake, the mobile ad sector is set not only to grow but also mature and diversify this year.
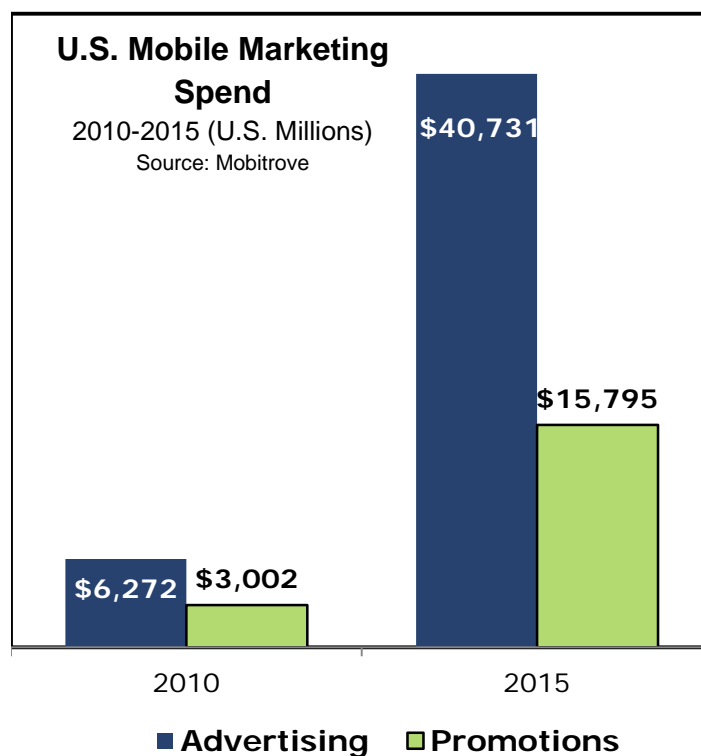
Advertisers interested in reaching mobile consumers have a menu of mobile ad formats at their disposal—from simple SMS and MMS messages to banner ads, mobile coupons, in-app ads and full page video. But advertisers today are faced with a myriad of advertising platforms from which to choose, too many to be truly sustainable. Google, Apple, Millennial Media and others will continue to be the major players but consolidation will likely occur among some of the smaller and independent networks which will add more clarity for advertisers.

Look for other signs of mobile advertising changes in 2012 including:

- **Better behavioral targeting.** Moving forward, mobile ad targeting will have to progress beyond the traditional methods of device, demographic or content and become more relevant to the mobile user's behavior and location.

- **Real-time mobile ad bidding.** Real-time bidding is a recent change in the way that advertisers buy advertising. By participating in a competitive auction, advertisers can set their own price and have a better understanding of what they're buying.

- **Increased interactivity.** Until now, most mobile ads were simple formats, lacking in interactivity and creativity. That will change as greater interactivity and flexibility in ad formats will be developed allowing advertisers to better engage mobile users. In the foreseeable future,

users will be able to manipulate interactive ads in ways that will allow them to better interact with brands.

- **Advanced mobile search.** As mobile users increasingly use their devices to search for products and services, search advertisers will look to deliver more relevant ads based on behavior, location, keywords and predictability engines.

U.S. Mobile Marketing Spend
2010-2015 (U.S. Millions)
Source: Mobitrove

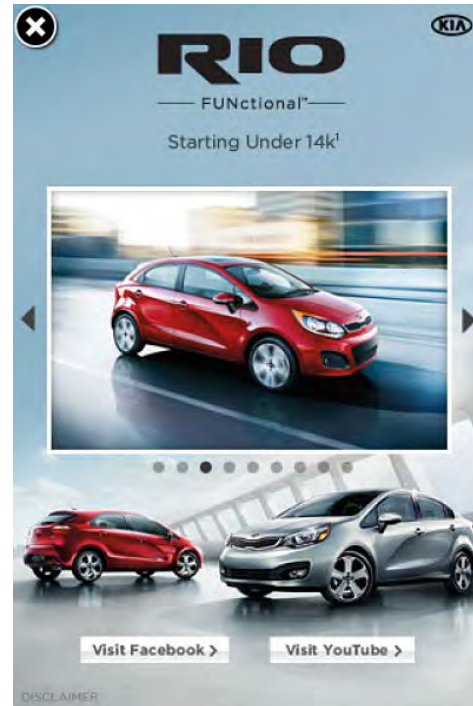|	2010	2015
Advertising	$6,272	$40,731
Promotions	$3,002	$15,795

■ **Advertising**   ▢ **Promotions**

Kia's Mobile Ad Strategy: Virtual Test Drive

The auto industry is a natural fit for mobile, with its need to connect online and offline experiences for would-be car buyers. International auto manufacturer Kia has effectively used mobile to target its key 21-34 year-old demographic.

In its new campaign Kia is running two types of mobile ads to promote its Rio line of cars. The first type of mobile ad drives users to the company's social media sites. Once there, users tap on the ads and are directed to a mobile-optimized page where they can browse through photos of the car.
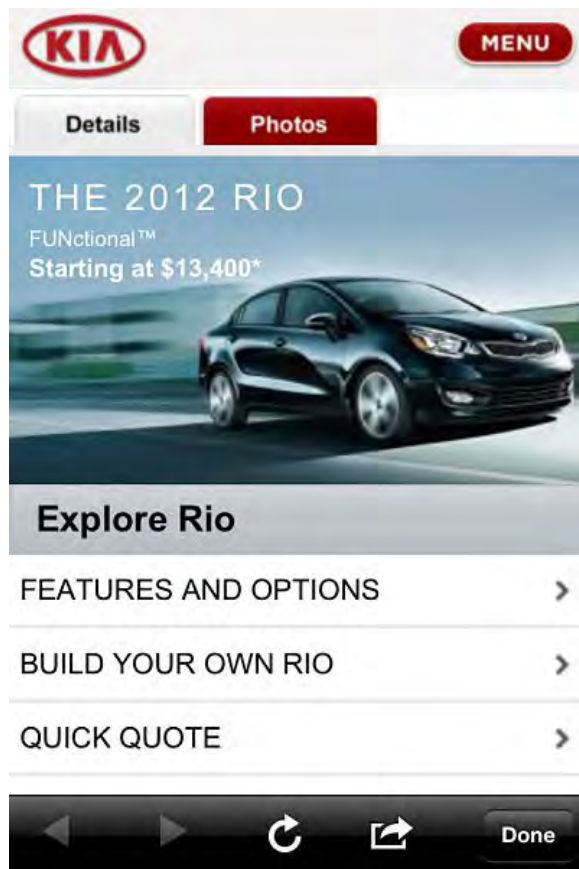
In the second mobile ad, consumers can learn more about the car's features and build their own Rio car by picking a color. The ad drives consumers to a mobile-

optimized landing page where additional information about the car can be accessed.

To get users closer to the point of sale, Kia has also launched a mobile site that is designed specifically for tablets. The site uses location to find a nearby dealer and car shoppers can learn about all of Kia's lines of cars. An iPad app also includes interactive features such as a car key that users must swipe to activate the app. Users can then view photos of the car from multiple angles and learn about its features with interactive elements.

4: Convenience, Context and Customer Experience

If the mobile phone is the customer's connection to their world, then marketers must craft mobile experiences that are personal and relevant. In short, as Forrester analyst Julie Ask notes, "The future of mobile is context."

Mobile users will increasingly demand more highly contextual experiences from brands. With new technological advancements, phones will have the ability to collect increasing amounts of information about a consumer. In order to maximize these opportunities to engage with the customer, Ask suggests that marketers work through four key phases of providing context:

- **Master the basics.** Forrester reported that the use of location, time-of-day, and past behavior was leveraged by less than half of professionals interviewed.

- **Layer in intelligence.** A user's location, for example, can be integrated with a retailer's shopping app. Content or pricing can be targeted to the customer based on additional location information.

- **Define a separate mobile experience from the PC.** New sensor technologies will allow brands to deliver entirely new innovative and revenue-generating services and products. For example, sensors and other advancements will detect smells such as body odor and make specific recommendations on deodorants and perfumes.

- **Embrace motion as a control mechanism.** Phones can be controlled with motion today and enhancements will continue to be made in this area in the next few years. Motion-detecting sensors will simplify the use of them in applications. You'll answer your phone by flipping it over rather than opening a "slide." You'll make payments by tapping your phone to a point of sale rather than using a screen shot of a prepaid card to mimic a physical one.

In addition to context, marketers will need to add layers of personalization into every element of their mobile strategy in order to remain relevant to consumers. Many retailers are already successfully doing so. The next generation of mobile app will be more sophisticated, allowing brands to roll in their loyalty programs to engage their best customers.

Mobile messaging will also become more personalized in order to better drive sales. Instead of merely getting a 20% off mobile coupon, customers can receive a message alerting them their favorite shoe retailer has a new pair of shoes that perfectly match the outfit they bought last week. Achieving this level of personalization will require attention to list segmentation and data mining. Marketers will need to become even more familiar with their database.

The last layer of the mobile customer experience centers around convenience. Consider movie theater operator Fandango which has expanded its network of mobile ticketing to 1,200 screens with plans to add 1,000 more this year. More than 20% of Fandango's tickets are sold via mobile devices, a number which is anticipated to increase 30% by year's end, according to Fandango Chief Product Officer Jessica Yi. The company plans to add reserved seating to its list of conveniences available via mobile device.

5: Mobile Apps Get Creative, Interactive

No mobile roadmap these days would be complete without addressing the need for an organization to have a mobile app. Mobile users are downloading apps at an amazing rate. In fact, according to projections by Flurry, users will download 50 billion Android and iPhone apps this year. For sake of comparison, last year users downloaded about 1 billion apps per month.

A September 2010 study from the Pew Internet Project estimates that 32% of U.S. adult mobile phone users have downloaded mobile applications, and 24% use them actively. As prices drop, word-of-mouth spreads and choice of device and provider increases, those numbers will likely grow.

Yet, not everyone agrees on the brand value of developing a mobile app. The fact is that most branded apps fail. According to a study last year by Deloitte, 80% of the branded apps it analyzed had been downloaded fewer than 100 times. Two primary reasons branded apps fail are low quality and overt marketing. Deloitte suggests that brands that perceive apps as an advertising vehicle are missing the point. To be successful, a branded app must deliver real, functional value to the consumer. In addition, today's app users expect that apps will continually be updated and improved over time which can be costly.

That said, when executed well, mobile applications can go a long way in engaging customers and prospects. The key is for marketers to think broadly about how customers use mobile technologies and how the mobile app can provide a relevant, personalized experience. Here are a few brands that are getting it right:

- Apple Store. With the Apple Store app, users can, among other features, make reservations for the retailer's Genius Bar one-to-one assistance, sign up for workshops and events, research, configure and purchase Apple products and receive meet-up alerts

- GE Moodometer
  With GE's Moodometer, users can take a picture of any room or scene and watch mood change as they shift lighting using the app. They can learn how to create the look at home and save a shopping list for light bulbs.

- Gap StyleMixer. The Gap's StyleMixer app maximizes interactivity, allowing users to build their own outfits, explore trends in a "Lookbook" and view videos from trendsetters. The app also allows users to make shopping lists, view looks from the StyleMixer community and receive exclusive offers.

Cancel **Your outfit** Save

- [Redbox](). Hate it when your Redbox kiosk is out of your favorite movie? With the Redbox app, you can reserve a movie so the DVD is waiting for you when you arrive at the kiosk. You can also locate the closest Redbox kiosk near you.

- [PlaceCast]() sends opt-in ShopAlerts based on virtually bounded target areas. After opting in to ShopAlerts, consumers receive discount alerts based on "geo-fenced" or virtual boundaries.

- [Buy Back](). Best Buy's app which transforms your mobile phone into a telephone "time machine", from a vintage rotary phone to a future phone that requires your fingerprint. The app also features Buybaculator, which calculates your Buy Back gift card amount from electronic trade-ins, and an upgrade checker to let you know when you should upgrade your phone.

- [Nestle Purina](). Purina's "Petcentric" app provides pet lovers a guide to finding pet-friendly places and information. Users can view Top Pet Videos, Pet Photos and the latest pet news stories.

- [Walgreens](). More than 1 million Walgreens customers have subscribed to the retailer's prescription text alerts. The app allows customers to refill prescriptions via scan.

- [Kraft](). The top-selling iFood app provides users with recipes, coupons and sharing features.

- [North Face](). For skiers, North Face's app provides weather and snow updates as well as tweets from and about their favorite resorts.

- [Hollister](). This app contains a jeans guide, which displays the right fit for each style. Swipe the jeans image to flip between front and back view.

- [ShopRite](). Users can view and add weekly sales items to their ShopRite shopping list—and sync between mobile and website.

6: Mobile Content Publishing: UGC and DIY

When it comes to mobile, marketers are fast learning what publishers have known all along---content is king. But today's organizations are challenged with creating a viable content strategy for mobile devices and adapting Web content for the mobile platform.
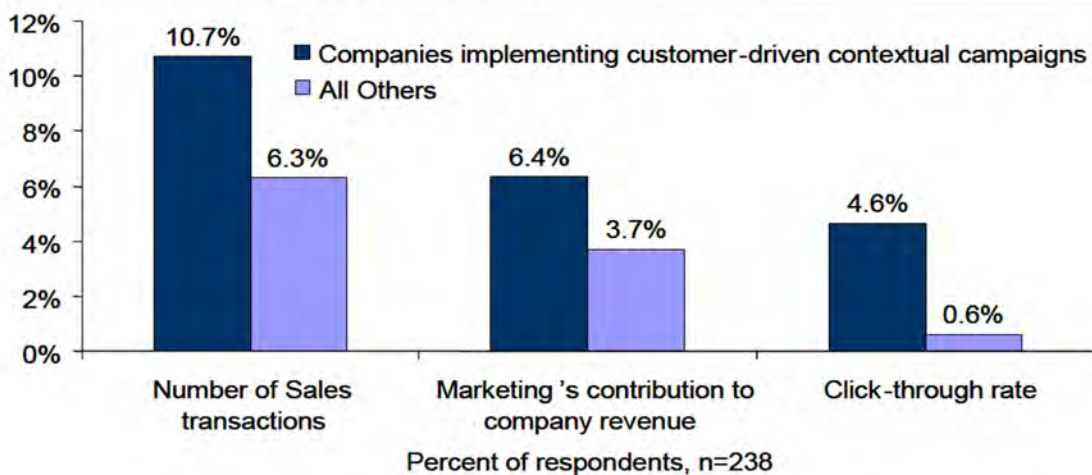
Despite the steady increase in adoption of mobile marketing, about half of companies surveyed by Aberdeen for its 2011 Metric-Driven Mobile Marketing study revealed they are challenged with adapting their content to the mobile Web. The good news is they are focusing resources on this challenge as they achieve the performance benefits.

In its study, Aberdeen found that companies that optimize their mobile web content outperform those that don't by 80% in the year-over-year increase in web traffic. In addition, they also achieve a 55% greater year-over-year increase in the number of repeat visitors, when compared to companies that do not optimize their mobile web content. Companies that effectively optimize mobile web content experience greater growth in top-line revenue.

As organizations being to craft a strategic mobile roadmap, adapting web content for the mobile channel will be critical. This requires redesigning marketing content to ensure that it is rendered appropriately on targeted mobile devices and creating content that is relevant and personal to the end user. Customizing mobile content based on unique customer profiles is one important way organizations can engage customers with relevant marketing messages based on behavioral data. In fact, organizations that effectively do so are 15% more likely to increase customer satisfaction year-over-year.

Figure I: Year-over-Year Performance Gains

- Companies implementing customer-driven contextual campaigns
- All Others

	Number of Sales transactions	Marketing's contribution to company revenue	Click-through rate
Companies implementing customer-driven contextual campaigns	10.7%	6.4%	4.6%
All Others	6.3%	3.7%	0.6%

Percent of respondents, n=238

Source: Aberdeen Group, August 2011

Unfortunately, many organizations today are still failing to properly configure or test how their sites are performing when accessed by a smartphone or tablet. An Equation Research study conducted last summer which surveyed 4,014 global mobile Web users found that 57% of mobile Web users had a problem accessing a Website, and 47% had a problem accessing an app on their phone.

What's more, 46% of mobile Web users reported they were unlikely to return to a Website they had trouble accessing from their phone and 57% are unlikely to recommend the site. Thirty-four percent said they'd likely visit a competitor's mobile site instead.

As content plays an increasingly critical role in marketers' mobile strategies, it's likely that some new content-driven trends will emerge this year:

- **The rise of DIY mobile content publishing tools.** New platforms and tools will pave the way for true peer-to-peer (P2P) content sharing via mobile. During the 2011 holiday season, for example, JC Penney's launched a "Santa Tag" program which allowed consumers to send personalized messages to a gift's recipients via a gift tag with a purchase. Using text opt-in and a QR code, gift givers could send a mobile audio message to the recipient.

46% of mobile Web users are unlikely to return to a Website they had trouble accessing from their phone
(*Equation Research, 2011*)

- **Personalized Devices.** The development of mobile app creation tools is on the way which will provide users the ability to personalize their own devices. Just as consumers became publishers when blogs and social networks emerged on the digital scene, mobile users will now be able to control and customize content and their mobile experience.

- **Growth of User-Generated Content Models.** UGC will be the name of the mobile game this year. Look for businesses of all types to get in the game via a variety of innovative methods such as sponsoring a local content feed.

To generate new revenue opportunities from a community-wide mobile content publishing model, marketers will need to develop strategic content, tools and awareness both within and outside their organizations.

7: **SMS Rules with App Integration**

In the world of mobile messaging, SMS (Short Message Service) still reigns supreme. Last year, 8 trillion text messages were sent, according to Portio Research. With 98% of mobile phones, smartphone and otherwise, SMS-enabled out of the box, texting provides a very wide reach. Moreover, nearly all phones can receive multimedia messages (MMS).

Last year, the worldwide SMS market, according to Portio, was valued at $127 billion with worldwide mobile messaging expected to reach $334 billion by 2015. SMS is a valuable tool for marketers and one that, when used effectively, can lead to permission-based, monetizable databases.

Text messaging alone earns 7-15 times the response rate of an email and has a 97% open rate, according to YepText.com. With SMS, messages are often opened within four minutes of receipt.

Given these results, it's no wonder that SMS use continues to grow in popularity among marketers. Brands are using SMS and MMS in creative ways to engage consumers. This year, look for these trends in maximizing the benefits of SMS:

- **Application-to-Person (A2P) Messaging.** Juniper Research reports that by 2016, A2P messaging will overtake person-to-person messaging (texting) and will be valued at more than U.S. $70 billion. A2P messaging includes messages to or from an application to or from a large number of customers. Financial services, advertising, marketing, business administration, ticketing, and television voting are just some of the uses for A2P messaging.

- **SMS Coupon Marketing**. Retailers will invest more time and money in developing creative ways to expand
- their use of SMS coupons by adding

layers of context and personalization into their SMS campaigns.

- **Text Voting and Contests**. A number of brands have successfully used text messaging as part of contest and sweepstakes promotions. Mountain Dew launched a text messaging-based promotion for its "Dewmocracy" campaign in which consumers were asked to vote for their choice for the next Mountain Dew flavor. Winners received a year's supply of the new flavor and a new flavor launch party. Consumers texted their vote and could add comments (38% of voters included comments with their vote). Look for more multi-channel integration with text messaging campaigns for contests, sweepstakes, and polling.

- **Snap, Text & Win**. A fairly recent extension of the "text to win" SMS format is "snap, text and win." With more than 80% of 18-29 year-old consumers possessing camera-enabled phones, this method encourages deeper interaction with the brand. Consumers snap photos which they send along with text messages. Images can then be added to a feed which can be accessed by all those who opt in to the campaign.
- **Text 2 Screen**. A new form of text messaging being adopted by some

brands is "text to screen." This allows consumers to text messages to branded screens on a variety of channels including interactive television, social media, live outdoor advertising and live events.

There are 2.5 SMS messages for every live person on the planet every day or 11.6 million messages every minute.

(*MobileMarch 2011*

- **Video Integration**. In 2012, marketers will be experimenting with the integration of multimedia applications and channels in SMS campaigns. This may include streaming video and chat capabilities. Users can opt in for video sound-bites and breaking news alerts. Text descriptions can be provided to the user with links to a streaming video site.

- **SMS Management Platforms**. Look for new management platforms that will allow brands to manage their text messaging campaigns and integrate them with a host of applications. Textingly announced last year the launch of a new App platform that allows businesses to chat with their customers in real time via text and provides users with contact management, reporting and auto responders while they're offline. In addition, businesses using MailChimp for email marketing can import their lists into the platform to reach their customers by SMS and WordPress users can embed a phone number capture widget to allow readers to opt into SMS polls and news alerts as well as sending out reminders and tickets via text for Eventbrite events.

Allstate Fan Fest: Connecting Mobile and Social

In 2012 brands will increasingly be engaging customers by connecting their mobile and social campaigns. Allstate Insurance recently launched a campaign to promote the brand's BCS Championship football sponsorship which generated more than 2,000 live video streams of a live Cee Lo Green convert via mobile. The brand developed online social content leading up to the game which was tied to mobile alerts that provided fans with updates and encouraging them to participate in social media including the Allstate Fan Fest Facebook tab and #AllstateFanFest Tweet chat.

Mobile was integrated into every facet of the campaign. Fans received mobile alerts with content updates including information related to the Championship game, the Cee Lo Green live concert, links to the concert's live-stream that was formatted especially for mobile viewing, hashtag alerts for the Fan Fest Tweet chats and live updates during the game.

Following the January 9, 2012 game, fans could continue to receive mobile alerts leading up to the Super Bowl. The social elements of the campaign included a custom Facebook app that provided a countdown to the concert, a Facebook streaming page for the Cee Lo Green concert and a FanFest VIP mobile opt-in page.

Fans received mobile alerts surrounding the Championship game including Cee Lo Green live-concert updates; links to the concerts' live-stream formatted for mobile viewing, hashtag alerts for #AllstateFanFest Tweet chats and live updates during the BCS Championship game.

In addition to the 2,000 live video streams, the campaign generated more than 16 million impressions for the Facebook ads, 13 million impressions for the Facebook page and 20 million impressions for the Twitter page. A total of 80,000 fans tuned in on computers and mobile devices for the live-stream of the Cee Lo Green concert.

8: **Localization Trumps Local**

For some time now, local has been all the rage in mobile marketing. But 2012 may be the year that localization trumps local. Marketers will need to focus on customizing their mobile campaigns for each specific geographic target.

According to MobiThinking.com which tracks mobile stats, users of targeted-audience campaigns (48%) including local market, demographic and behavioral audience grew 23% month-over-month last year. Of those targeted campaigns, 56% targeted a local market, while 34% targeted a demographic and 10% targeted a behavioral audience.

An increasing number of mobile subscribers are using location-based check-ins as well. According to a comScore report, 16.7 million mobile subscribers, including 12.7 million smartphone subscribers (76% of the smartphone owners), used location-based check-in. Android accounted for the largest share, with about 37% checking-in, while about 34% of users checked in from an iPhone.

This trend is significant as location-based apps are twice as likely to share product information with others, according to Forrester Research, and therefore are a valued audience. In 2012, it's anticipated that more brands will take a deeper dive in location-awareness technologies including check-in platforms, augmented reality, map-based services, meet-up apps and geo-triggered promotions. Juniper Research projects revenue for mobile location-based services to reach $13 billion by 2014.

In particular, geo-fencing, a process where a customer opts in to a service that sends marketing messages based on the mobile device's proximity to a location (the device and its GPS function must be turned on) will be playing a more visible role in 2012

mobile strategies. According to Placecast, a location-based platform which is used by more than 6 million consumers, reports that 74% of its participants appreciate that their location is used to deliver messages. Moreover, 53% of participants reported visiting a specific retailer after receiving a location-based alert and for nearly 50% of shoppers, the retail visit prompted by the text was unplanned. Twenty-two percent of shoppers in similar programs reported actually making purchases based on receiving a location-based alert.

An increase in location-based marketing will be helped by technology advancements in mobile devices. Apple's latest iPhone, for example, includes built-in location triggers. Called Reminders, it's controlled by the iPhone user but it may open the door for geo-fencing by authorized third parties.

Results from the *Mobile Audience Insights Report,* conducted by JiWire, a location-based mobile media company, also reveal that 80% of the on-the-go audience prefers locally relevant advertising and 75% are more likely to take an action after seeing a location-specific message. The top three actions taken by mobile users include clicking on location-specific ads (31%), searching for the nearest location (21%) and/or conducting additional research (21%). However, behavior tends to vary by smartphone device type. After clicking on an ad, iPhone users are most likely to conduct additional research (22%) while Android users search for the nearest location (25%), and Blackberry users immediately make a purchase (21%).

Personalization and relevancy are at the core of a successful marketing strategy and localization will play an important role in creating value for today's mobile users.

With a wave of their phone at a check-out terminal, consumers are able to forfeit their credit card and pay with their mobile phone instead. Without question, the most significant trend for 2012 will be the broad adoption of mobile payment services.

The demise of the cash register may not far off. The merging of mobile and money is revolutionizing the way we buy. Forrester Research projects that mobile commerce will hit $10 billion by the end of this year and $31 billion by 2016 with an annual compound growth rate of 39% for the next five years.

What's ahead for m-payments? The retailing landscape itself will be transformed due to m-commerce. Retailers will not have to stock large inventories. Purchases will be made in-store, in real time. Many purchases will be shipped directly to the customer. Cash registers, salesclerks and checkout lines will disappear. Traditional point of sale models will also be transformed. Apple is one brand that's on its way to transitioning to new payment models. Apple customers can now buy computer accessories in-store through their iTunes account. Square customers can make payments with their mobile phones using the company's Card Case feature without ever removing their phone from their pocket.

As more brands adopt mobile payment systems, we can expect to see the roll-out of loyalty rewards and m-coupon programs that are executed through a single tap of a smartphone.

According to the Aberdeen Group Survey, "*The Mobile Payment Opportunity: Get Paid Anytime Anywhere"*, 24% of companies

Starbucks Brews Up Grande M-Commerce Revenues

Starbucks gets mobile. The coffee retailer racked up 26 million mobile payments in nearly a year. It doubled its transaction rate between January and October 2011. Its mobile payments program prompted one in four customers to pay with a Starbucks loyalty card. U.S. customers loaded $0.5 billion onto their Starbucks Cards in December 2011, a 23 percent increase over the previous December. Starbucks also gained 413,000 new members to the My Starbucks Rewards program in December, bringing total membership to more than 3.7 million. $110.5 million was loaded onto Starbucks Cards using its mobile app. Starbucks Cards were used for 1 in 4 U.S. transactions.

Indeed, Starbucks is now the number one company in the world in terms of mobile payment, transactions and dollars, according to Starbucks CEO and President Howard Schultz.

In 2011, Starbucks introduced a smartphone app with a built-in Starbucks Card that led to an impressive adoption rate. Offering mobile payments has proved to be a true competitive advantage for the Seattle-based brand. The mobile payment app is playing an important role in driving revenue growth for the company.

The Starbucks app for iPhone and Android enables customers to check their balance, reload their card with any major credit card and view their transactions. It delivers a bar code to users that can be downloaded onto a phone and scanned at the point of sale.

M-Commerce: By the Numbers

- The Yankee Group reports the U.S. m-commerce market is expected to reach U.S. $119 billion by 2015.

- 1 in 8 mobile subscribers will use m-ticketing in 2015 for airline, rail and bus travel, entertainment and sports events.

- The number of people worldwide using mobile devices to make payments increased from 81.3 million in 2009 to a projected 490 million by 2014 (**Portio Research**). The volume of m-payments (face value of purchases and transactions) was U.S. $68.7 billion in 2009, rising to U.S. $633.4 billion by year-end 2014.

- **ComScore** (February 2011) research indicates that in December 2010 alone, 9.8 million or 10 percent of Japanese mobile subscribers used their mobile wallet to make a purchase.

- 91 percent of online retailers in the U.S. have a mobile strategy in place or in development, according to **Shop.org/Forrester Research** (May 2011). 48% of U.S. retailers surveyed had a mobile-optimized website; 35% had deployed an iPhone app; 15% deployed an Android app; 15%had deployed an iPad app.

- 4 out of 5 U.S. smartphone owners use their phone to help with shopping (**Google/Ipsos**, April 2011). 79% use the smartphone with shopping and 70% use the phone in store. 74% of smartphone shoppers have made purchases following phone research.

- On eBay, in 2011, customers purchased $5 billion of goods using their mobile, a number projected to increase to $8 billion in 2012. (**eBay**, January 2012)

- PayPal anticipates $7 billion in mobile payment volume in 2012. (**PayPal**, January 2012).

surveyed have currently deployed m-payments related technologies and business processes. Another 50% have launched initiatives. There's a strong awareness by these companies of m-commerce technologies such as direct mobile billing, mobile pre-paid and mobile gift cards. Direct mobile billing allows customers to make a purchase on an e-commerce website applying user authentication codes provided by the payment provider.

The sheer convenience of m-payments and the opportunity for retailers to provide added value to customers via coupons, loyalty programs and gift cards within the same experience or transition are two reasons mobile payments will continue to be on every market's to-do list this year.

Marketers cannot afford to put off mobile payment strategies. It's no longer a wish list concept to be developed sometime in the future. Mobile payment technology is here today and is expected to grow quickly within the next three years.

The global mobile payment market is predicted to reach $556 billion in 2016.
(VistionGain)

10: **Mobile Wallet: Cash, Credit, or Cell?**

Imagine a day when everything you need before heading out the door is in your smartphone. That leather wallet you tuck into your pants pocket or purse will soon be replaced by your iPhone or Blackberry.

One of the biggest mobile trends to emerge this year will be the development of digital wallets that go beyond just payments. Digital or mobile wallets tie payments, receipts, vouchers, loyalty schemes, location-based coupons, enhanced product information and more to mobile handsets.

Brands are already zeroing in on the major convenience benefits digital wallets offer consumers. For instance, Jamba Juice is already implementing some of this
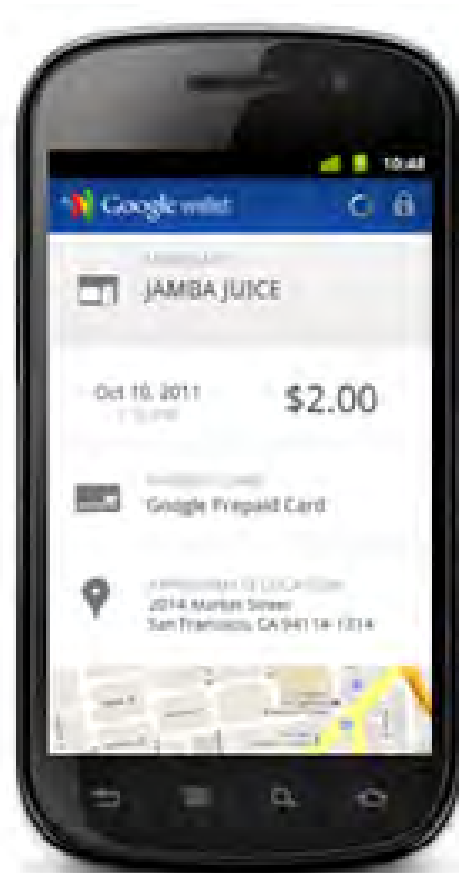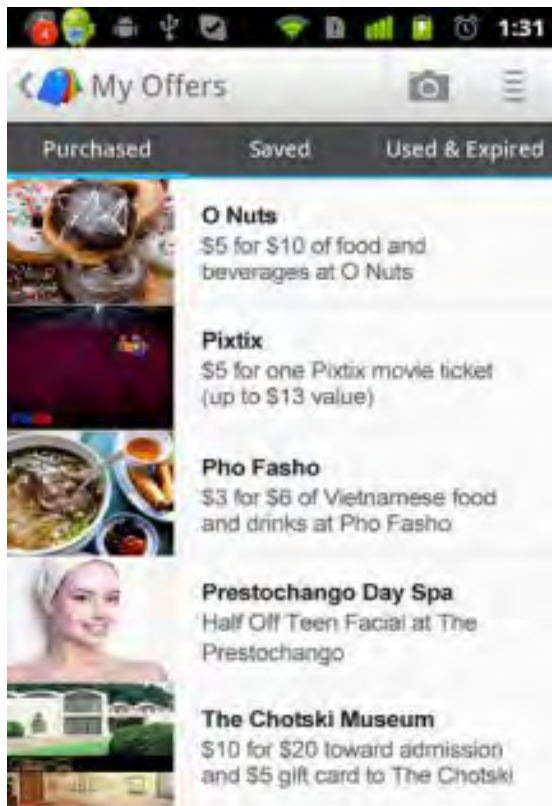
technology. When paying for their favorite smoothie, customers need only tap their phone on a reader to process their payment. No credit cards. No cash. They can even redeem an electronic coupon stored in their phone.

How do mobile wallet transactions work? To enable a mobile transaction, consumers must have a native software application on their mobile phone device. They can then register by providing their phone number and other information, and the payment provider sends them a personal identification number (PIN) via short message service (SMS).

Pocket Payments with Google Wallet

A number of brands have hopped on the digital wallet bandwagon thanks to a Google-based application. Google Wallet is a mobile app that securely stores credit cards in the Cloud and offers on mobile devices. When customers check out at brick-and-mortar stores that accept Google Wallet, they can pay by signing into their Google Wallet account and redeem offers quickly by tapping their phone at point of sale. Google estimates that 80% of credit card transactions will be replaced with this type of technology.

Merchants use a PayPass terminal in their stores to enable tap of their smart phone. Currently, PayPass-enabled customers include The Coca-Cola Company, CVS/Pharmacy, Sports Authority, RadioShack, Peets Coffee & Tea, Jack in the Box, Walgreens, Sunoco and others. Retailers also have the ability to "Push Offers" to potential customers who are actively searching their products in the area.

Among those retailers that have or will soon be integrating the service are: American Eagle, Macy's, Jamba Juice, OfficeMax, Old Navy, Toys R Us, Pinkberry and others.

The Offers tab in Google Wallet now includes a "Featured Offers" section with discounts that are exclusive to Google Wallet. Consumers can save their favorites in Google Wallet so they're automatically applied at check out. Brands like Foot Locker, American Eagle Outfitters, OfficeMax and others are providing loyalty cards in Google Wallet so customers can earn reward points automatically.   Look for more brands to be added to Google Wallet this year.

While long on convenience, the digital wallet concept is not without its detractors. Security is a critical concern for making the switch to a mobile wallet. In early February 2012, security researchers discovered a vulnerability in the Google Inc. mobile payments platform which is currently available in phones sold by Sprint Nextel Corp. Google has been working to resolve the issues. Clearly, brands that participate in digital wallet programs will need to address security and privacy issues in order to educate and protect their customers.
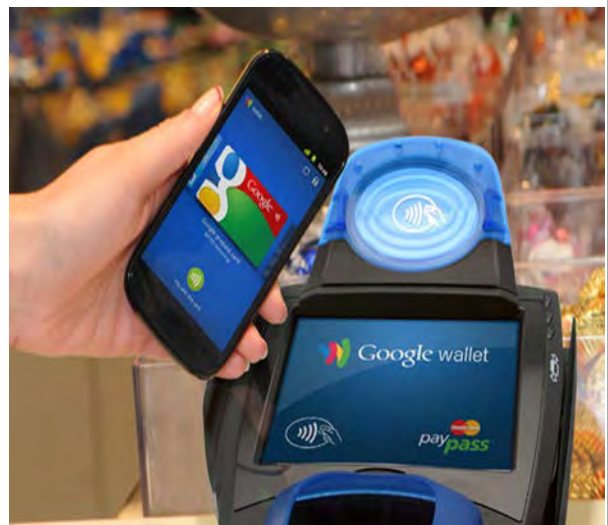
11: NFC: Nearly Here

Brands interested in following the money in mobile this year will no doubt be keeping track of the latest developments with NFC, or near field communications. NFC is a short-range (2 to 10 cm) broadcast technology that allows smartphones to interact with other devices when held close together, or "tapped". Google, Apple, AT&T, Verizon and MasterCard are all investing heavily in this new technology.

Apple has received a patent for NF for retail is working to bring NFC to its iPhone series. Google is integrating NFC with its Google Wallet and other companies are working diligently on initiatives that would allow its customers to seamlessly use NFC to purchase products, access promotions and incentives and other features.

Research firm Frost & Sullivan projects that by 2015, NFC will enable worldwide transactions totaling about $151.7 billion. Gartner expects NFC to go mainstream by 2015 after the industry addresses issues related to ease-of-use and ease-of-implementation without compromising security.

However, there's a ways to go before NFC can be readily adapted by brands. Standards are still being worked out and security issues have yet to be effectively addressed. But near-field communications technology will be essential to a brand's strategy moving forward if it wants to connect the dots between mobile content, convenience and commerce.

NFC: By the Numbers

Tap-and-go mobile payments are well on its way in other parts of the world and are scheduled to make a significant appearance in the U.S. over the next few years as more NFC (near field communications)-enabled phones hit the market. Below are some projections for the NFC market assembled by MobiThinking.com.

• Global NFC m-payment transactions will reach almost $50 billion worldwide by 2014. 20 countries are expected to launch NFC services in the next 18 months. (**Juniper Research**, June 2011).

• There will be 203 million NFC-enabled phones by 2015. (**Yankee Group**, June 2011)

• Almost 300 million or 1 in 5 or smartphones worldwide will be NFC-enabled by 2014. (**Juniper Research**, April 2011)

• NFC will be 32.8 percent of global m-payments transactions – estimated at $1.13 trillion – by 2014. (**IE Market Research**, July 2010)

• 863 million units or 53 percent of new handsets will be NFC-enabled by 2015. The total payment value for NFC globally will exceed €110 billion in 2015. (**Frost & Sullivan**, February 2011)

• There will be 169 million users of mobile contactless payments in China by 2013. Total number of m-payment users will be 410 million, making China the largest m-payments market in the world. (**Celent**, November 2010)

• NFC Chip Makers predicted there will be at least 40-50 million NFC phones on the market by year-end 2011, based on orders for NFC chip sets (**NFC Times, October 2010**).

12: Mobile Standards: A Global Approach

The mobile market is moving at lightning speed. From mobile commerce to content to app development and integration, new technologies, platforms and processes are emerging at what seems like a daily basis.

Marketers who are hesitating wading into the mobile waters until it all gets sorted out will find themselves falling far behind their competitors. Mobile is getting more complicated---not less.

As a result, this year the industry will start taking a hard look at standards that need to be developed for global adoption. For example, currently m-payment standards vary greatly among the early adopters like Japan and South Korea next-wave adopters like Europe, North America and fast-track adopters like India and China. The development of a unified set of standards is complicated by varying regulatory requirements, country-specific mobile requirements and market conditions associated with consumer data.

This year, some organizations taking a leadership role in trying to make sense of the standards issue. As part of its MMA Universal Mobile Ad Package, the Mobile Marketing Association added six mobile ad units to those identified as standard for mobile marketers. The objective is to make it easier for marketers to buy, sell and create mobile ad campaigns.

In order to create the new standards, the MMA worked with its members in mobile ad networks, agencies, publishers and rich media vendors and looked at 150 billion ad impressions. Three of the new standards are based around smartphones while the other three target feature phone users.

For feature phones, the three sizes of mobile ads are 120 by 20 pixels, 168 by 28 pixels and 216 by 36 pixels. Given the size and user interaction of smartphones, the sizes of ads are slightly bigger. Three hundred by 250 pixels, 300 by 50 pixels and 320 by 50 pixels are all acceptable. Additionally, audio components to mobile ads are set at 15 seconds, showing how mobile can be effective for letting consumers interact with pieces of multimedia, although its better suited for short messages.

In order to be compliant, ad networks and publishers must agree to incorporate the new sizes with the goal of eventually standardizing all mobile ad sizes. Ad networks and publishers have until April 2012 to become compliant. If they abide by the guidelines, they will be promoted by the MMA and can place stamps on their marketing materials and Web sites.

The Mobile Marketing Research Association (MMRA) is a new global trade association launched January 2012 whose mission is to serve the industry in developing professional standards and ethics to advance the use of mobile devices for marketing research. The MMRA is an action-oriented organization designed to establish mobile research guidelines and best practices for sustainable growth, develop research and advocate for issues that grow the industry and evangelize the mobile marketing research channel for use by clients, researchers and participants.

The organization will be working towards the development of standards and guidelines as they pertain to the ethical use of personal information and making sense of complex data in new mobile technologies.

Your 2012 Mobile Roadmap: Key Takeaways

❶ **Get started now**. For your customers, there is no hesitating. They want and demand to connect and engage with brands via their mobile phones. If you can't deliver mobile strategies that are relevant to your customers, your competitors will.

❷ **Create a long-term mobile roadmap**. Add it to your immediate to-do list and make sure 2012 is the year you demonstrate progress in incorporating new technologies. Take mobile into account when you're making decisions about your current web site, social media programs and data architecture.

❸ **Get your IT organization mobile-ready**. Make sure your IT team is ready to make the changes needed to support a mobile-first strategy within your organization. Consider the development processes they use and skillsets especially as they relate to new technologies such as HTML5, Cloud services, near-field communications, and application development.

❹ **Craft a strategy that extends beyond phones**. While much of today's mobile focus is on smartphones, it's important to also craft a strategy that addresses the needs of your customers who are tablet users.

❺ **Deliver relevancy**. If 2011 was about mobile engagement, 2012 and beyond will be about how well you deliver personal value to your customers. Developing mobile content is not enough. It's "how" you deliver the content that will differentiate you from other brands.

❻ **Create a multi-channel mobile strategy**. Design customer touch-points through multiple channels to support your mobile-enabled activities, including mobile commerce. Ensure your website and social media channels support your mobile strategy.
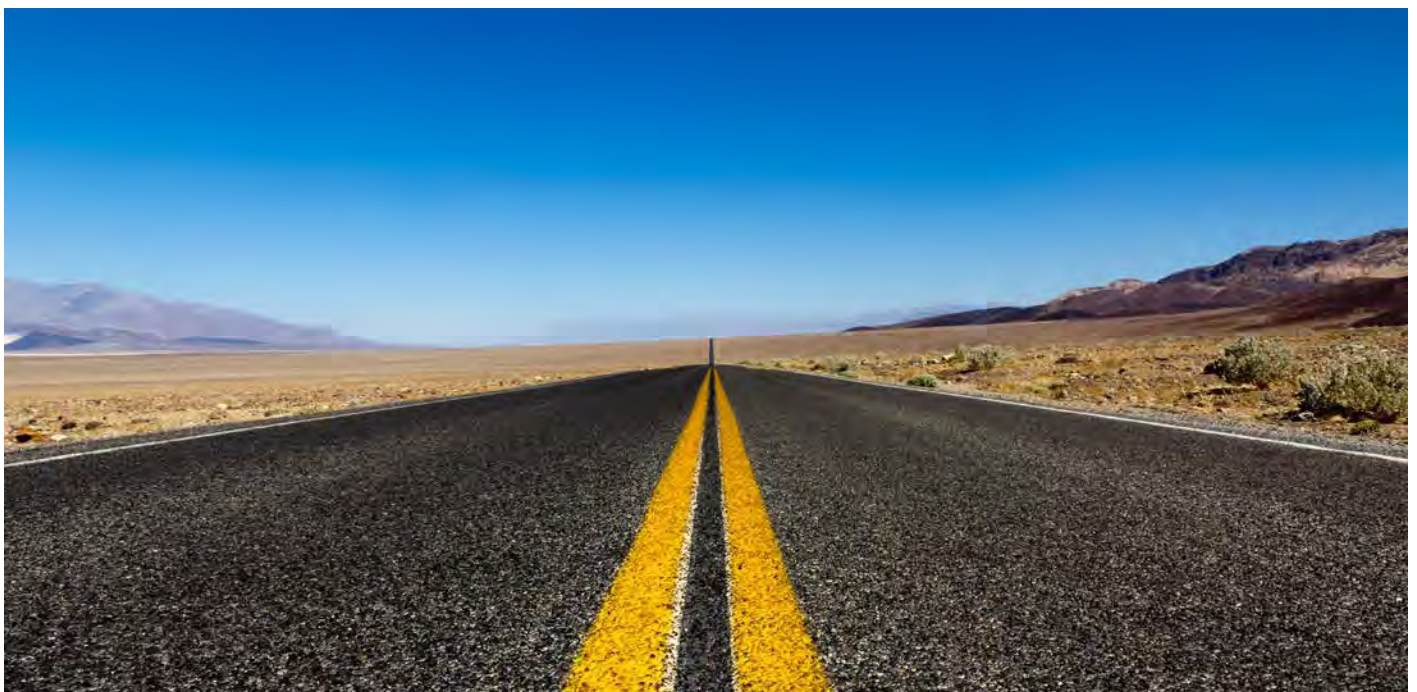
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The American Marketing Association is the largest marketing association in North America. It is a professional association for individuals involved in the practice, teaching and study of marketing worldwide. Through relevant information, comprehensive education and targeted networking, the AMA assists marketers in deepening their marketing expertise, elevating their careers and ultimately, achieving better results. American Marketing Association members are connected to a network of marketing professionals more than 20,000 strong. For more information on the American Marketing Association, please visit www.MarketingPower.com.

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