

[Whitepaper]



Debunking Four Mobile Marketing Myths

Dispelling erroneous assumptions that are hamstringing your mobile media efforts

If there is one area that marketers find supremely confusing, it's mobile. The pace is changing so fast, it's nearly impossible to know how to effectively leverage this highly profitable outreach channel. How do you find the best prospects and customers? How do you measure effectively? How do you integrate mobile into the greater marketing strategy?



Read on as we peel back the layers of confusion surrounding four common mobile marketing myths that may be holding you back from capitalizing on mobile media.

- Uncover what's keeping companies from fully committing to mobile advertising and embracing it in ways they commit to other media channels.
- Cut through assumptions, claims, and presumed "absolutes" about various mobile audience targeting approaches and integrated campaign strategies.
- Explore how to measure what matters most in success metrics and why currently accepted methods fall short.
- Discover the truth about what's really working and where you should focus your attention now.

Today's Consumers Are "Perpetually Connected"

The Yankee group says that "Mobile advertising is under-performing mobile's position as the linchpin channel for personalized marketing." To understand why, look at a day in the life of today's mobile customer; this may look like your own day:

- The mobile phone is probably the first thing you pick up when you wake up in the morning.
- You check the weather, the news, your email, etc.
- If you use public transportation, you're on the phone, checking your social media, checking for high profile stuff in your work e-mail.
- In your office, you're on your PC, but when you want to check personal stuff, you hop on your personal device.
- On the way home, statistics show that nearly 40 percent of us use our mobile phone, such as while we are in a store.
- After dinner, stats show that mobile device usage skyrockets. Often you're on your iPad, maybe watching TV while you're on a second screen with an iPad, checking the news or checking social media.

The point: If you are a marketer and you are not reaching people on mobile, you are missing a big portion of their day. When you combine smart phones, tablets, and PC usage throughout the day, you start to see what Forrester calls the "Always Addressable Consumer."

Today, people often own and use at least three connected devices, such as PCs, smart phones, and tablets, and they access them frequently from multiple physical locations, including at least one on-the-go location.

"Mobile advertising is under-performing mobile's position as the linchpin channel for personalized marketing"

– Jason Armitage, Yankee Group





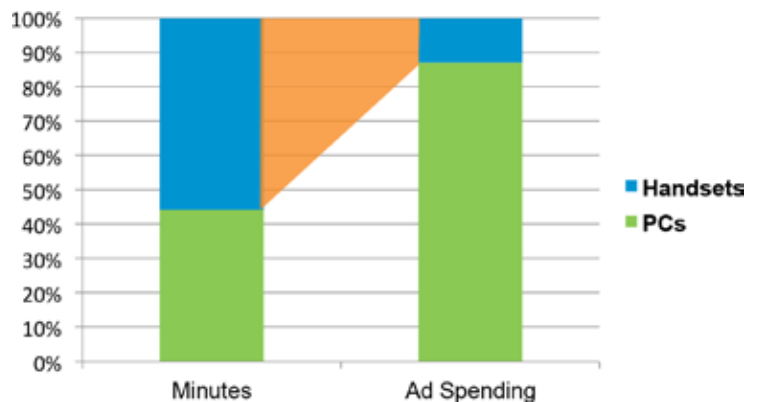
1 Mobile Mindset Study, Lookout, 6/12; 2 comScore Device Essentials, U.S. Monday, Jan 21, 2013; comScore MobiLens and TabLens, U.S.; 3 Google Shopper Marketing Agency Council Research, April 2013; 4eMarketer 8/1/13

That's the always addressable customer. And with nearly half of the US online adults being perpetually connected at the end of 2013, the power of the mobile device is clear.

But Marketers are way behind in mobile ad spending

When you contrast the time consumers spend on the PC versus the time spent on handsets and compare that to the amount of advertising dollars, we see a huge deficit in the ratios, as these Yankee Group stats show.

Clearly, marketers are not spending on mobile advertising at levels that match the pervasiveness of mobile devices.



Source: Yankee Group's Digital Advertising Forecast Mode, June 2013. Note: US annual average spending per device. Average time spent in PCs (web) and handsets (apps and mobile web).



Myth #1: Mobile targeting is more guesswork than science

Many marketers are asking: How targeted can I be or should I be in mobile? How do I verify that my mobile campaign is working the way it's supposed to? How can I make the message and advertising relevant? And what about physical location of the user and matching that to the mobile ad – how important is that?

With current mobile advertising rates as low as they are, you may be tempted to just "spray and pray" – blanketing entire consumer groups or segments regardless of their interest or relevance to your product, brand or offer. This approach allows you to check the box on having a mobile campaign, and again, given how inexpensive mobile seems you may assume you'll do just fine. If you think so, you've succumbed to Myth #1: that mobile targeting is more guesswork than science.



Most marketers already understand that cookies are not effective in mobile, and assume that look-alike modeling (guesswork) is the next-best solution for precise audience targeting.

The truth: You really can target precisely today

A recent Forrester report identified three methods being employed to attempt precise mobile ad targeting:

- **Cookie-based targeting** – Using some form of cookies to identify the ad viewer
- **Person-based targeting** – Identifying the person who the mobile device belongs to
- **Inference-based targeting** – Using theoretical formulas or methods to infer a connection between one device and another.

The challenge with cookie-based targeting, Forrester finds, is that cookies are commonly and frequently blocked, leaving no persistent ID. And the problem with the inference-based approach is that you really don't know who is seeing the ad, which prevents you from doing any kind of accurate measurement of ad efficacy.

The conclusion Forrester reached: your key to unlocking precise mobile ad targeting is to start by knowing who.

We couldn't agree more. Because once you know who the person is, then you can tap into rich data for targeting. How? By using the same data sources and methods of targeting you use for traditional and digital channels, including purchase-based data, demographics, or CRM data.

If starting with who is the key, then how do I figure out who owns the mobile device?

Forrester recommends that you seek a company that can provide a person-based approach. But because no standard exists, service providers employ very different methods. The vendor needs a "match key" to create the link between the device and its owner. The two most commonly used match keys today include:

- **Email address.** Using this method, registered users provide their email address, which can then be used to figure out who that person is, and deliver the ads to their device.
- **Household ID.** This is the method we employ at 4INFO. We have connected data tying 152 million mobile devices to 101 million households, which makes an effective match key to confidently identify that this device belongs to this household, and then target ads accordingly. We do this without exposing personal information.

Person-Based



Source: Forrester Research Report "Solving The Cross-Platform Targeting Riddle", August 2013

Why households excel over email addresses for targeting.

How many email addresses do you have? Most of us have at least one work email address, one or two personal email addresses, maybe a family email address, another one we use for marketing letter subscriptions to reduce spam in our personal accounts, and sometimes another one related to a hobby.

Studies show the average person has six different email addresses, and they last about three years.

With so many email addresses, there are no guarantees the one provided matches up to the person's home address. Why? With each email account, the user must update the profile information, but often doesn't. A marketer may be serving up ads to what they think is a Northern Californian, and yet the person may now live in Arizona. Or they may be serving up ads to an email account that the target user never looks at.

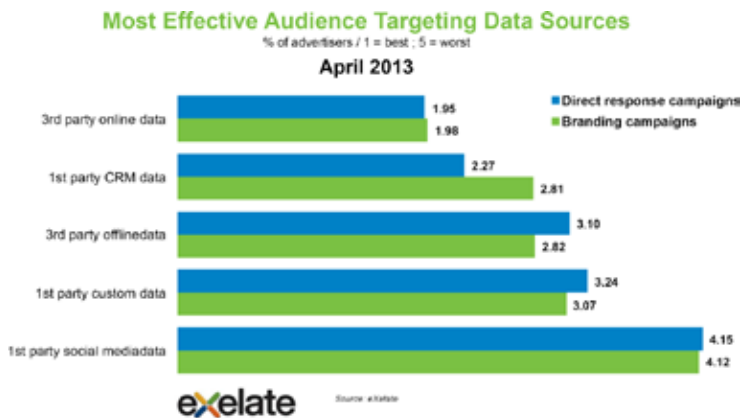
By comparison, most people have just one home, and move on average every seven years. So, as a match key, and a persistent ID, the home address is more reliable than an e-mail address.

Now that I know who, how do I know what to use for targeting?

If you have ever watched Doctor Phil then you already know the answer; "The best predictor of future behavior is past behavior." This is just as true for mobile ad targeting; if consumers have purchased certain products, it predictably influences what they are likely to purchase in the future.

For instance, if you bought a Ford sedan five years ago, it's a good bet that you're a strong candidate a new car, and that you'll be considering a Ford. Likewise, past loyal buyers of a frozen food entrée are strong candidates for an ad introducing the brand's new product line.

Leveraging past purchase data is among the most preferred approaches by advertisers today. Statistics bear this out: As the following eXelate chart shows: 3rd-party online data, followed by 1st-party CRM data and 3rd-party off-line data, work best for targeting. You can get this kind of purchase data from a variety of sources including Nielsen Catalina Solutions, Acxiom, Datalogix, and others.



Alternatively, if you have your own customer data, such as CRM or other first party data, you can target, say, the top 3 deciles of shoe buyers with a shoe promotion.

To sum it up, step one is to start with who. Step two is to employ past purchase data to identify your best prospects.

“The best predictor of future behavior is past behavior.”

- Dr. Phil



It's important to also realize that leveraging more precise and accurate targeting means you'll likely end up paying higher CPM rates, but the improved quality is actually a more cost effective approach since you won't be paying for a lot of hay (waste) to get the few needles you actually want.

How do I choose mobile campaign providers?

If you determine more precise targeting and measurement is right, ask the vendor if they are doing true one-to-one targeting, as opposed to some sort of inferred targeting. The provider's marketing materials may not be clear on this, even implying that they are targeting individuals. You may have to dig to find out whether their match key is an inferred or a person-based approach.



Myth #2: When it comes to mobile advertising, location is everything.

Marketers often see location as the most compelling value within mobile advertising, and that geo-fencing is therefore everything. After all, mobile is the one marketing medium that people take everywhere, including to the store where they are making a purchase. So, the promise of reaching a person who is in or near your store or a competitor's store is very alluring -

so much so that industry research indicates that as many as 90 percent of mobile campaigns are built with some kind of geo-targeting technique.

The evolution of geo-targeting approaches:

With basic geo-fencing, you can usually set a radius as tight as 50 meters or go as wide as 5 or 10 miles. With a finer radius, you'll reach fewer people and everyone inside that geo-fence gets your ad when they are on their device, using an ad-driven application or website. Marketers often use geo-fencing to reach people when they are near their store or a competitor's store.

While using geo-fencing based upon the mobile user's current location is an upgraded targeting approach, it still lacks effectiveness on its own.

The simple fact is location doesn't determine relevance or accuracy. You can designate a target area, but you won't know if your mobile ad is reaching a relevant buyer, current customers or complete strangers. You simply don't know because your ad targets everyone within that geo-fence area.

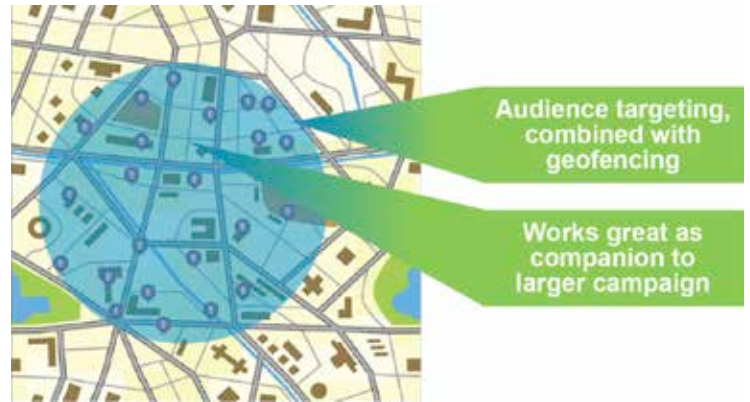
Geo-targeting: targeting people based on geography

Geo-fencing: creating a virtual boundary based on GPS or RFID technology

Target precisely with HyperLocal audience targeting

Today's most effective location targeting combines geo-fencing with the same person-based targeting approach described earlier -- leveraging proven first-party and third-party past-purchase, CRM or loyalty data.

Using this HyperLocal targeting approach, marketers narrow their campaign audience to only people who meet their criteria within a designated geo-fence. As this image shows, HyperLocal audience targeting means you are only reaching the green dots - within a geo-fence. In an actual campaign, this could represent your desire to reach only cat owners in a particular area with a relevant cat food offer.



Myth #3: Measure mobile campaign effectiveness with taps, downloads, mobile purchases, and other typical mobile or digital KPI's

The Yankee Group says "difficulties of demonstrating a return on investment (ROI) ... has led to hesitation in reallocating marketing budget to mobile advertising." This measurement challenge is pervasive across sectors, as marketers continue to lack confidence in mobile advertising's ability to drive real results. And as long as metrics are lacking, marketers continue viewing mobile as more experimental or less strategic than other channels.

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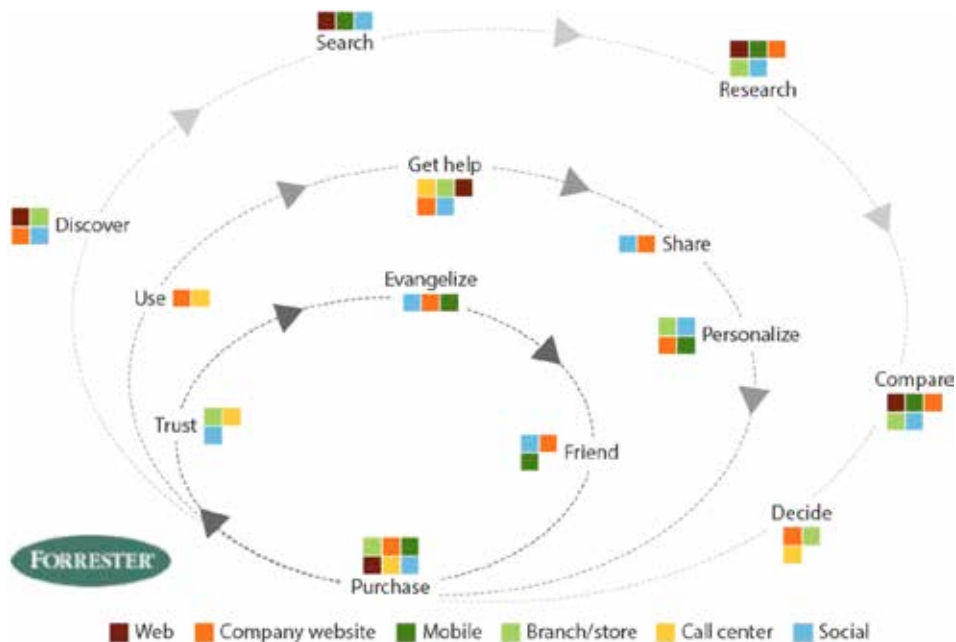
- Jason Armitage, Yankee Group



So what metrics should you be using? Traditionally, the path to purchase was simple, allowing metrics to be measured using the traditional sales funnel. You simply needed to generate awareness, go through some sort of consideration process - maybe discussing with family-- and then, if the consumer was convinced, they purchased your product or service.

Most marketers realize that today's path-to-purchase is far more complex -- having obliterated the traditional purchase funnel, and replacing it with what Forrester defines as a complex set of concentric circles. As consumers get closer to the point-of-purchase, the circle gets tighter and tighter, as the following chart shows.





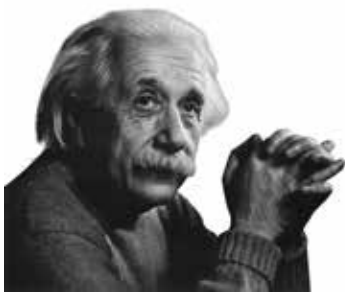
Measurement along this new path often involves various, traditional key performance indicators (KPIs), including: ad clicks, page views, downloads, and store visits. Certainly, these KPIs provide useful campaign insights that help marketers with a variety of campaign adjustments and optimization on specific behaviors.

However, in the end, only one KPI can justify your mobile ad spend and demonstrate true ROI, and that is sales.

You can track the number of people clicking through to your ad, or track store visits, but can you justify your mobile advertising spend if you cannot concretely tie actual sales to your mobile campaign? Not likely.

This is consistent with survey results by CMO Council, asking marketers what metrics they want to use to measure their digital campaigns. The clear winner: 90 percent said they wanted to use the same metrics they use for their off-line spending, as well as for digital. And how do you justify a TV ad, print ad, or radio ad campaign? Sales lift.

Albert Einstein summed it up best: "Not everything that can be counted counts." In mobile marketing, as with any other channel, what really matters is sales. So, while traditional KPIs provide useful campaign insights, marketers should insist on sales lift measurement with their mobile ad campaigns.



"Not everything that can be counted counts."

A word of caution: Too often, marketers get hung up on how many purchases were made from mobile devices after an ad is shown, or on complex attribution formulas to determine the last click or like. But in relative terms, mobile commerce is just a tiny sliver of total US retail sales. Only \$25 billion out of \$4 trillion was transacted in mobile devices in 2012, according to data from eMarketer.

So, if your focus is only measuring mobile commerce sales, you'll miss the bigger opportunity. To accurately apply the right amount of money into your mobile advertising budget, consider the whole pie.

- Albert Einstein

Another word of caution: Many products simply can't be bought on mobile devices or online. Consider frozen foods; the manufacturer isn't going to see direct sales from their mobile campaign. However, the campaign can motivate consumers to go in to grocery stores and buy the advertised frozen entrées.

How do you measure both online and off-line sales comparatively?

4INFO recommends using a proven approach of leveraging actual transaction data (in store and online) to compare exposed vs. unexposed sales lift. Here is a real-world example:

1. The advertiser defines a new target audience – say, loyal buyers of a frozen food product.
2. Using data from frequent shopper cards and purchases, our data partner analyzes the previous 52 weeks of buyer activity (past purchases).
3. The mobile campaign is then developed and run.
4. Our data partner then groups buyers exposed to the mobile campaign and delivers the data to 4INFO.
5. Combining this data, 4INFO tells our data partner exactly which devices received an ad and which devices belong to which household.
6. Our data partner then looks at households that were exposed to an ad and those that were not. They watch for next eight weeks as the campaign runs to see which sales from the frequent shopper cards result from the mobile ads.

This approach works effectively within many categories and vertical sectors, including retail, financial services, auto and travel.

Does sales-lift measurement in mobile really work for brands?

Major brand marketers across the country are experiencing the kind of results that have them committing significantly more to their mobile advertising and seeing greater strategic value from their mobile channels. For example:

- A 5% sales increase on average
- Return on Ad Spend average of 382 percent
- Every mobile ad dollar spent generated four dollars in sales lift.
- Marketing share often grows for the mobile advertiser at the expense of competitor

These kinds of results allow marketers to invest confidently in mobile.





VS



Myth #4: Mobile campaigns are best managed separately/uniquely

Where does mobile fit into your organization? As a separate functional channel and silo? As part of an all-encompassing budget? We queried marketers and learned that 71 percent manage them as one. Good for the 71 percent; because consumers don't operate in silos. Stats show that they split their time between PCs and mobile devices fairly evenly, and move easily between devices.

A recent study from Microsoft shows that multi-screening makes people more efficient. Consider how we often watch a DVD even as we are checking reviews on Rotten Tomato on the iPad. Many people start an action on one screen and finish on another, such as shopping on your mobile phone, but completing the purchase on your PC. This is efficient and effective.

Other studies have found that mixing multiple screens in ad campaigns can drive overall sales lift. Is this any surprise? For many years now, we've known that integrated marketing – combining multiple channels like TV, print, and direct mail – multiplies campaign success in terms of sales lift.

Smart marketers today are building media mix models to determine the optimum budget they should spend on each media type across a single campaign, and measuring on sales lift based on people exposed to one, two, or more screens. Suddenly, concepts like last click attribution and counting page views become inadequate measuring tools.

To summarize: forget silos and focus instead on the consumer. Design your campaigns around your target audience and how they interact with your brand along the path to purchase, regardless of which channel or screen these interactions take place.

Myths busted: Do mobile advertising the right way and drive real results

With common but erroneous assumptions now identified as the myths that they are, let's summarize the steps to successful mobile advertising campaigns:

- Build your strategy around who first, then what, where, why, and when.
- Make that strategy as relevant as possible in the context what your consumer is doing.
- Seek vendors who are able to flight multiscreen campaigns; several are doing so.
- Ask a lot of questions – find out how they know they are reaching the same target (person/household) in mobile and online display.
- Measure using the one metric that matters – sales.

If some of the methods discussed are not clear to you yet, we understand; the concepts are revolutionary. The goal of a company such as 4INFO is to do the heavy lifting of mobile media targeting and metrics, simplifying the work for the marketer.

If you still have questions or need guidance, contact 4INFO at 800.206.8818.

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Jamie Turner is the co-author of *How to Make Money with Social Media*, the world's best-selling marketing textbook, and *Go Mobile*, a U.S. #1 best-selling mobile marketing book. He is a regular guest on CNN and HLN. His 60SecondMarketer.com magazine provides tips and techniques for marketers around the globe. He also writes for Mashable, HubSpot, and Social Media Examiner. He is an internationally-recognized keynote speaker.



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