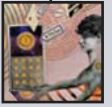


Mobile and marketers: Finally a good connection

If there's any doubt that 2008 was a significant year for mobile marketing, consider this. The emergence of arguably the planet's most prominent brand was fueled over the past year in large part by a robust, groundbreaking and multifaceted mobile marketing presence.



The brand? U.S. President-elect Barack Obama, of course.

The widely covered ingenuity and cohesiveness of the Obama campaign's mobile outreach and communications efforts are emblematic of a shift that has taken place in 2008. The success of the campaign's mobile program wasn't just about the buzz it generated or its symbolic novelty; it was also about getting the job done. The campaign's mobile program actually accomplished what the industry has long promised: the ability to engage and motivate individuals in a uniquely personal, interactive and immediate way – anywhere they go. And especially in the case of Barack Obama, the results speak volumes.

Indeed, despite continued growing pains when it comes to infrastructure and technology standards, 2008 appears to have been a year when mainstream marketers got serious with mobile, using voice, SMS and mobile Internet to reach audiences in new ways.

Michael Becker, executive vice president of business development at iLoop Mobile, Inc., shares this perspective. "In 2008, we've actually seen marketers saying, 'Not only have I heard about it, I'm going to start investing in my organization to actually be able to do it.'" (Read the full interview).

Here, Keynote looks at a few major developments in 2008, some remaining hurdles, and what may be ahead in 2009.

BRANDS GET ON BOARD

According to Nielsen Mobile, as of Q2 2008, 43 million U.S. mobile subscribers use the mobile Internet. Approximately 33 million receive text alerts, and 32 million use instant messaging. But continued growth on the user side is not really the news for 2008. More revealing is the spectrum of brands that are embracing what Becker refers to as the "multimodality" of the mobile phone.

The Weather Channel Interactive, for example, is a well-designed and fully realized mobile presence. At this popular mobile site, users can access a variety of customizable tools, content and services including downloads, messaging, mobile web and mobile video.

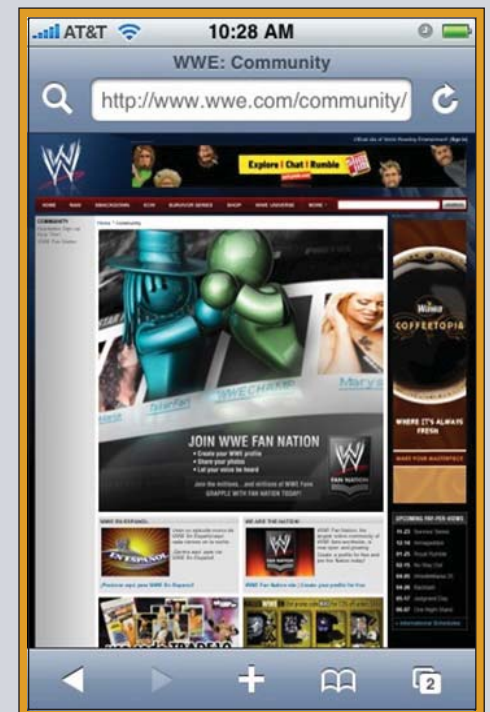
Another success cited by Becker is Worldwide Wrestling Entertainment's mobile site, which offers up the usual ringtones, wallpaper and fan polls in addition to shortcode-driven alerts for breaking news, show previews and results, promotions and a host of other features designed to keep fan interest at fever pitch.



The Weather Channel is one of the best-performing mobile Web sites, making it quick and easy to dress for the weather wherever you are.

Similarly, Paris Hilton, Kim Kardashian and their ilk are quite self-consciously using mobile to build their personal brands – alerting fans to their latest

foibles in real-time. According to an October *New York Times* article, "the cellphone has become the latest medium to feed the appetite for up-to-the-second celebrity gossip."² Celebrity news drives the popularity of the mobile counterparts of E! and People.com, which, as the *Times* points out, is great for celebs who thrive on nonstop exposure. For the privacy-minded, however, it opens up a whole new can of paparazzi.



Fans are never far from the action with Worldwide Wrestling Entertainment's mobile site, which leverages all of mobile's capabilities to deliver content.

But it's not just the tabloid crowd who has taken to mobile in a big way this year. Blue-blooded luxury retailer Ralph Lauren now provides shopping direct from mobile devices at m.ralphlauren.com, and is utilizing QR codes to drive mobile commerce. Common in other parts of the world, QR codes are 2-D graphic codes – similar in



concept to barcodes – that can be scanned by a mobile devices. Ralph Lauren locates the codes in ads and store windows, so its deep-pocket consumers can simply scan the code, instantly link to the company’s mobile site, and make a purchase on the spot.

BUT IS THE GLUE DRY?

The attitude shift among marketers is evident. But what of the other parts of the equation? As discussed earlier this year in *Benchmark (It’s a Phone, It’s a Computer, It’s a TV...It’s Where the Future of Mobile is Headed)*,³ “there remain content, carrier and handset issues to be resolved before mobile can reach its full potential.” In Becker’s view, factors necessary for true maturation of the mobile “ecosystem” include interoperability of traffic among carriers, establishing common technical and business standards, handset and feature adoption, and good geographic support. As for areas of progress, Becker notes that VoIP and interoperable text messaging between carriers have developed to the point of being “absolutely viable for mass market mobile marketing.” And clearly, SMS is on solid ground. Nielsen Mobile reported in late 2007 that for the first time, the typical U.S. mobile subscriber sent and received more SMS text messages than mobile telephone calls; and the gap has only widened through 2008.⁴

SHORTCODE, BIG GAINS

Marketing via shortcode is another area that has gained noticeable traction in 2008. Shortcodes, those short strings of numbers to which text messages can be addressed, provide the backbone of popular mobile capabilities such as voting and polling, contests, surveys, direct marketing and other interactive applications. And of course, many of the 2.9 million US mobile subscribers⁵ who received Barack Obama’s SMS VP announcement

opted in at shortcode 62262 (O-B-A-M-A).

With increased investment in shortcodes has come the desire for measurement, which is one reason Keynote recently conducted a study of common shortcode performance. The study emulated the experience of a user sending a help inquiry to a sampling of popular shortcodes and receiving a response. Tests were conducted from sites in San Francisco and New York across ATT, Sprint, tMobile and Verizon networks.

reliability and capacity problems, underscoring the need for technical upgrades and standardization that is apparent across many areas of mobile marketing.

According to Manny Gonzalez, senior director of mobile technology at Keynote Systems, the industry has essentially gone from zero to 60 in the past year in terms of interest in shortcode performance. “In the past year we’ve seen a great demand for shortcode monitoring,” he says. “The challenge is that because the shortcode delivery channel

Short Codes Profiled			
Site	Short code	Site	Short code
CBS	99888	Paypal	729725
Chase	24273	Pepsi	73774
Coca-Cola	2653	Reuters	25669
Cosmopolitan	26766	Seventeen	83200
Elle Girl	74625	Starbucks	697289
Fandango	36346	Thumbplay	48000
Flycell	69999	Universal Music Group	30303
Google	46645	UPS	69877
CNBC	46833	4Info	44636
NBC	62288	Weather Channel	42278
NY Times	698698	Wells Fargo	93557
Obopay	62729	Yahoo!	92466

Common short codes are proliferating as marketers leverage them to interact with consumers on the go; these are the popular sites recently studied by Keynote.

The study assessed:

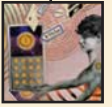
- Average Performance
- Carrier Consistency
- Performance Variability
- Load Handling

Codes that performed in the top five for both categories include NYTimes, Chase and Obopay, with an overall industry average of about nine seconds for a shortcode roundtrip. But the study also revealed that many shortcodes have carrier-related

is so long, with multiple hand-off points, shortcode providers have limited visibility when problems occur. Our shortcode study gave providers a benchmark to know how well they’re performing compared to the industry as a whole.”

AWAITING PICK-UP

Even with a new pro-mobile marketing mentality in place and exciting applications emerging all the time, hurdles remain. As Keynote has reported previously, 3G networks



Overall Reliability				Overall Responsiveness			
Site	Score	Rank	Site	Score	Rank		
CBS	99888	1000	Obopay	62729	984	1	
Coca-Cola	2653	1000	Wells Fargo	93557	938	2	
Chase	24273	991	NY Times	698698	924	3	
NY Times	698698	988	Thumbplay	48000	895	4	
Obopay	62729	988	Chase	24273	891	5	

Common Short Code Rankings: Based on average performance, consistency, availability, and outages, these were the top-performing CSC sites during the Keynote study in May 2008.

are falling into place, but 3G-enabled phones are required to take advantage of them – and there aren't that many in circulation yet. As of Q2 2008, Nielsen Mobile reported that more than 26 million mobile subscribers use a smartphone device, representing just 16 percent of recent mobile device acquisitions in the US. Current economic woes may dampen progress on that front, and may undermine somewhat the smartphone upgrades Nielsen estimated at 30 percent for the coming year.⁶

Becker sees growth in handset and feature adoption as crucial to industry maturity, and perceives a lingering disconnect between what users have in their hands and what they actually use. Ron Czerny, CEO of global mobile entertainment provider PlayPhone, also sees handsets as the primary key to forward progress. "I don't think there's anything that can be a game changer bigger than the smartphone going forward – for both content providers and users," he notes. "[PlayPhone] concentrates on branded content and very rich content from large media companies, and that requires fast processors, good devices with large screens, and so forth. So this demand that's coming for better quality handsets will allow us to move content through those phones."

MOBILE INTERNET – IN SEARCH OF A STANDARD

Marketing Mobile Internet is another area where the industry is still feeling its way. No real performance standard exists today from a design perspective; mobile site blueprints and resulting performance are highly variable. Keynote's weekly Mobile Performance Index provides a basic comparative benchmark for mobile content providers, and the results are revealing.

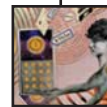
Even among the index' more consistent performers, a wide range of strategies is represented – with publishers navigating the trade-offs between speed and content density in different ways. "If we just look at the top four for a given index report, all have basically taken very different approaches for the construction of their mobile sites," says Nisheeth Mohan, product manager, mobile quality test & measurement at Keynote Systems. "If I look at AOL, it's almost five times heavier than Google in terms of number of bytes. It's slower, but users can get to the content with fewer clicks."

Mohan believes that performance today is influenced by at least three key factors – the network, content size, and the backend systems serving up the content. It appears that not even the top mobile performers have

found the ideal mix, and the challenge isn't getting easier. Rich email and other fat formats will up the ante when it comes to throughput capabilities. "With some of these smartphones coming out, you're starting to send a lot more data mail back and forth," says Gonzalez. "SMS doesn't have huge throughput requirements, but with rich content it's different. Consumers want to see it formatted properly and want HTML to look right."

PlayPhone's business in some ways tracks throughput supply/demand over the past decade. "We definitely started with the lowest common denominator, which at the time was monosonic ring tones," says Czerny. "From there we launched polyphonic ring tones and wallpapers, when binary content became compatible with the cell phones. Then, as the network started to support games over 100K, we'd launch games. Now, we're in full motion, heavy, rich games, and streaming video that can go from two minutes to 30 minutes – so there has been a huge evolution over the past six years."

Even as standards and infrastructure lag, there are ways developers can enhance performance and user experience on their mobile sites. Keynote's MITE solution is designed for just that purpose, helping developers manage their real estate and site designs within the constraints of today's devices and networks. MITE is a desktop development tool that incorporates nearly 2,000 device profiles – parameters such as LCD screen size and header, feature and image support. With that information, developers can quickly evaluate how their content performs on a wide array of devices and troubleshoot before go-live. Until standards and infrastructure are perfected industry-wide, tools like these will be critical to developing mobile destinations that make the most of content on a variety of handsets.



2009 AND BEYOND

What's in store in the coming year? Although the economy will undoubtedly have its own say, continued infrastructure development is likely, as is progress in consumer adoption of new handsets, features, data plans and application models. Marketer momentum seen in 2008 will undoubtedly build as brands continue to mobile-enhance traditional media and marketing channels.

Czerny sees full-track songs exploding in 2009. And macro-thinking

Becker predicts the emergence of full-lifecycle consumer marketing, where mobile plays a core role in everything from couponing the customer care – guided by better behavioral targeting and a new paradigm of consumer data ownership.

Meet us here again next November, and we'll see where mobile ends up taking us next.

FOOTNOTES

1. <http://www.nielsenmobile.com/html/press%20releases/PoliticalDataPoints.html>
2. <http://www.nytimes.com/2008/10/20/business/media/20celeb.html>
3. http://www.keynote.com/benchmark/mobile_wireless/article_industry_focus.shtml
4. <http://www.marketingcharts.com/interactive/mobile-texting-up-450-in-two-years-outpaces-voice-calling-6154/>
5. <http://www.nielsenmobile.com/html/press%20releases/ObamaSMSVPMMessage.html>
6. <http://www.nielsenmobile.com/html/press%20releases/iPhone3GandSmartphoneStats.html>