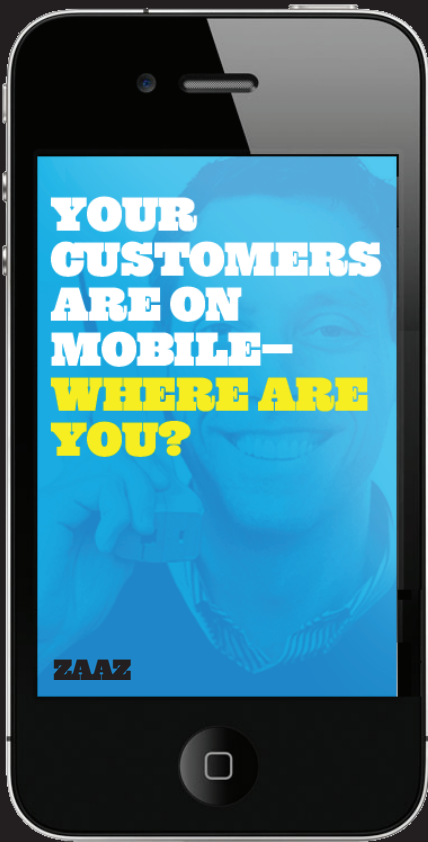


YOUR CUSTOMERS ARE ON MOBILE—WHERE ARE YOU?

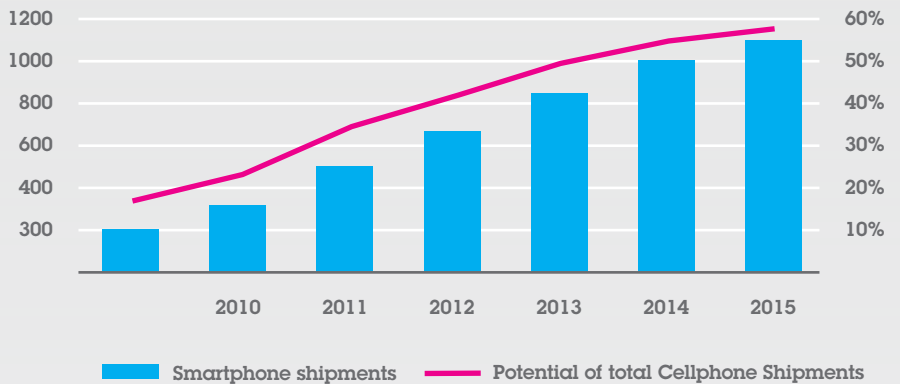
By Anders Rosenquist - Ph.D.

BY ALL MEASURES, MOBILE HAS SEEN EXPLOSIVE CONSUMER GROWTH over the past few years, and will continue to grow in the foreseeable future. Since the introduction of the iPhone in 2007, sales of smartphones have climbed exponentially. Recent numbers show iOS and Android-based devices are topping 750,000 new activations daily.¹



Worldwide Smartphone Shipment Forecast

(Millions of units & percentage of total cell phone shipments)

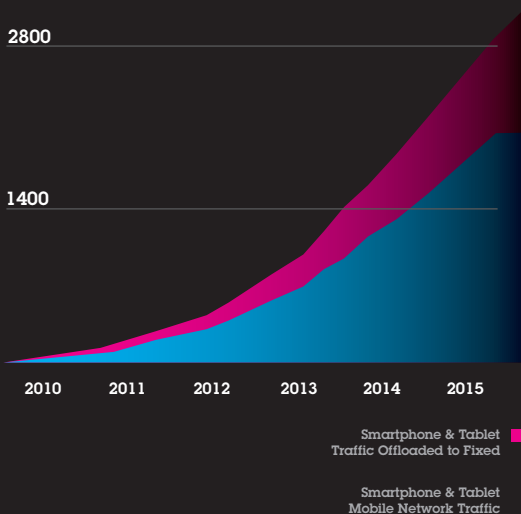


- HS iSuppli, August 2011

Consumers are also using an increasing amount of data, making the smartphone less of a “phone” and more of a key connection to the internet. More than ever, consumers are using search and local to connect with brands. Not only are they looking for immediate connection through mobile tools like maps, store locators, and check-in services, they’re also spending their idle time—the few minutes standing in line for coffee or waiting to pick up the kids—on their mobile device.

The prevalence of smartphones has elevated consumers’ expectations of how they connect to brands. Smartphones have raised the bar for small-screen user experience, enabling users to do more and more on their devices. Gone are the days when users relied solely on using their computer or navigating a retail outlet to do their research and make purchases. For example, mobile apps like the iTunes Store and mobile sites like Amazon.com allow users to quickly find options, read product information, and make purchases without ever touching their PC.

Mobile data usage increasing



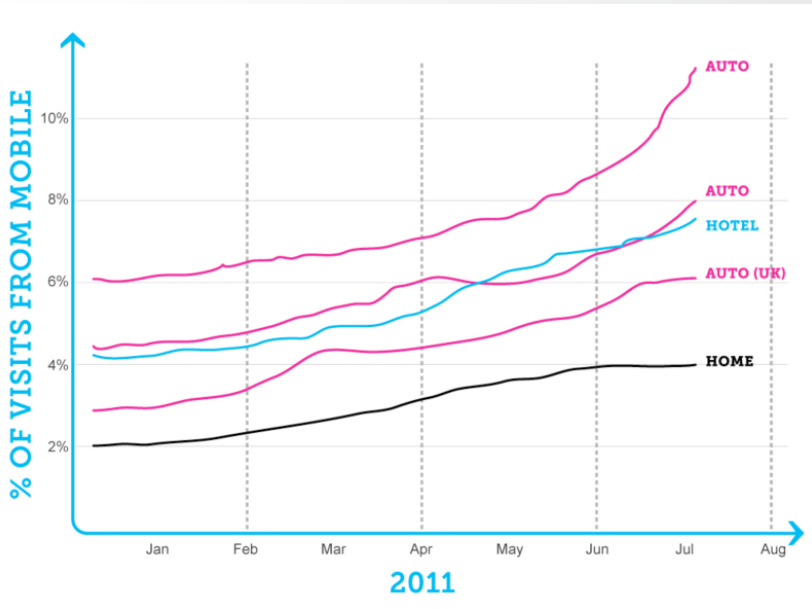
- Cisco VNI Mobile, 2011

¹ Google, June 2011; <http://www.informationweek.com/news/231000573>

At ZAAZ, we've seen a substantial increase in the percentage of mobile web traffic coming to our clients' sites over the past year, approaching 8% to 10% for many clients. This underscores the importance of providing a good mobile experience for users, and reflects a general trend in the industry.

In Q3 2011, more than 10% of web traffic occurred on mobile devices, up from just 4% in third-quarter 2010.²

ZAAZ Client Mobile Traffic Trend



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WE'VE SEEN A SUBSTANTIAL INCREASE IN THE PERCENTAGE OF MOBILE WEB TRAFFIC COMING TO OUR CLIENTS' SITES OVER THE PAST YEAR, APPROACHING DOUBLE DIGITS FOR MANY CLIENTS
 99

Brands are showing increased interest in mobile marketing spend. In a 2011 Econsultancy study, 62% of participant planned to increase their mobile budgets in 2011.³ Additionally, mobile search is a growth area, with the proportion of companies using mobile search as part of their marketing strategy doubling from 8% in 2010 to 16% in 2011.⁴ And Google recently announced that 7% of their overall annualized revenue will come from mobile search advertising in the next year.⁵ **But budgets are still small, offering plenty of room for growth. Only 2% of client-side paid-search budget is spent on mobile search, while supply-side respondents say the average for their clients is 5%.⁶**

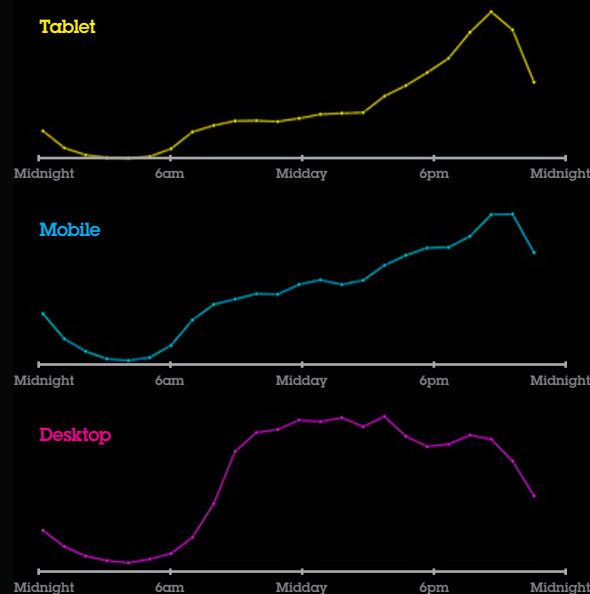
Just because brands are increasing mobile marketing and search spend doesn't mean their mobile destinations always do justice to their investments. Consumers are often led to poor mobile site experiences that detract from the brand. At IAB Mobile Engage 2011, Ian Carrington, Google's head of mobile, noted that nearly 80% of brands that work with Google are not optimized for mobile interaction. Consumers are becoming less and less tolerant of a poor showing on mobile. They expect to be able to find the products and information they desire from their handheld devices. **"In fact, users are less likely to buy from the same company via other channels if they experience a problem conducting a transaction on mobile."⁷**

Percentage of day's queries by hour
 - tablet, mobile, desktop

Tablet

Mobile

Desktop



² Walker Sands Q3 Mobile Website Traffic Report, Sept 2011.

^{3,4,5} Econsultancy Marketing Budgets Report, 2011

⁶ http://investor.google.com/earnings/2011/Q3_google_earnings.html

⁷ Tealeaf/Harris Interactive, Feb, 2011

BY CHANGING THEIR MOBILE EXPERIENCE FROM A BASIC, TEXT-HEAVY SITE TO A MORE TOUCH-BASED EXPERIENCE THAT SIMPLIFIES NAVIGATION AND HIGHLIGHTS PRODUCTS AN AUTOMOTIVE MANUFACTURER SAW AN INCREASE OF OVER 90% IN KEY MONETIZED ACTIONS SUCH AS INVENTORY SEARCHES, DEALER LOCATES, AND QUOTE REQUESTS.

Brands that are not building optimal mobile experiences aren't just leaving money on the table. They're also hurting their image. This isn't just a tactical issue; it often stems from a dearth of strategic direction. Marketers often lack an overall digital strategy that includes mobile and they don't feel they can get their heads around ROI. **63% of marketers admit that they haven't measured ROI for mobile or don't know how to.**⁸

As with any digital effort, data is key to showing ROI. With a mobile site or app, appropriate tagging and data collection using tools such as Webtrends, Omniture, and Google Analytics can allow you to understand user behavior. And usability testing can provide insights into how you can continually improve the overall experience for your customers. Without the data you are not realizing the impact—positive or negative—of your efforts on your customers and your brand.

As you establish and refine your mobile presence, consider the following:

- **ensure your mobile efforts align with your overall digital strategy** - an app by itself is not a strategy.
- **understand your business goals** - how can mobile support these?
- **understand your users** - what do they need and expect from your brand in a mobile context?
- **measure and optimize** - establish KPI's and improve your efforts based on data, both behavioral (analytics) and attitudinal (user feedback and testing.)

It is important to note that providing a good mobile experience doesn't need to be a major undertaking. But it does require dedicated effort. Determining the key information and functionality that your customers require on mobile and providing these in a simple and efficient way that works across smart phone and tablet devices, will provide a key marketing channel with important ROI implications.

If you don't have a mobile presence, start now. If you already have a mobile presence, optimize. It often takes three to six months for a mobile initiative to be completed, and waiting will only afford missed opportunities.

The opportunity is clear. It's time for brands to properly appropriate efforts across channels by increasing mobile budget and/or reallocating digital marketing spend. Only then can they take steps to ensure that their customers can find them on mobile, and are left with a positive brand impression.

About The Author

Anders is the Director of Emerging Media at ZAAZ. He has spent most of his career understanding how people engage with mobile and computer interfaces. He did his doctoral work at Stanford University and was part of the Information Management (MSIM) program at the University of Washington. **Email him for more information: andersr@zaaz.com**

⁸ The State of Mobile ROI, eMarketer, June 2011

ZAAZ MOBILE

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