
From armed to charmed

*Preparing for and profiting from the
new mobile-enabled point of sale*

Martin Lange
Executive Marketing Director
Mobile@Ogilvy

Gareth Ellen
Director of Digital
OgilvyAction

Contents

Introduction	3
Our research	5
The path to mainstream adoption	7
How to charm the armed	19
Your 30-day action plan	23
Conclusion	27
Mobile@Ogilvy	29
References	30
Expert Panel	31
Acknowledgments	33

Introduction

Two separate shoppers — let's call them Ira Innovator and Marge Majority — head out to buy a new TV. Both Ira and Marge, having done some basic online research, have a pretty good idea of what they want, the price they are comfortable paying and the features they consider important. But no review or stat list can replace experiencing your choices in the flesh. How else can you evaluate how products look to *your* eye?

So, Ira and Marge head off one Saturday morning to the same electronics retailer. Each walks in the door, makes a right turn toward the din of 50 televisions all playing at once and starts to browse.

Retailers want loyalty, and that comes from trust. Interact with them, respond to their comments, whether they are good or bad, and speak authentically. When they see you treat them seriously, you build up more and more trust. This changes the relationship from being armed to just coming in with an expectation of good service. All I have to do as a retailer at that point is fulfill that expectation of good service.

JON FUGNER
Associate, Ads Product Marketing
Facebook Places

The similarities end there. Ira is armed with a smartphone groaning under the weight of consumer information apps. As soon as he stepped foot in the store, Ira checked in on Foursquare and Facebook Places to see if there were loyalty points or deals to take advantage of. He scanned TV bar codes to read reviews and to compare prices. When he was ready to talk to a human, he did another quick smartphone check to look for any in-aisle specials and then sent a request for assistance. While waiting for a sales clerk, he noticed that the TV he wanted — the one with the knockout price — appeared to be sold out. Undeterred, he checked the store's stock. It wasn't in the storeroom either, but he figured he'd wait for the clerk anyway and learn more about his options. The salesperson took him through various models that could possibly fit his needs, and

Ira took note of features and prices. After about 20 minutes of discussion, Ira thanked the salesperson politely and stepped away. But he didn't leave the store. Ira didn't find what he was looking for, but he knew a whole lot more than he did before. So, while no one had a screaming deal on the TV that had originally drawn him into the store, Ira did notice that an online retailer had another perfect model at a great price — significantly better than what he was seeing in front of him. He bought it from his cell phone, right there and then, and marched off to grab lunch at the burrito place two doors down. Ira got a new TV. The store, despite having provided great education and a free Wi-Fi connection, got nothing.

Marge's story runs a different course. Marge Majority, even if she has a smartphone, isn't much of mobile ninja. Sure, she did her online research and also saw the door-buster special that drew her into the store. She knows what she wants, or so she thinks. Marge's cell phone stays firmly in her pocket as she walks toward the bank of TVs. Looking around for a while, Marge compares prices and attributes until she attracts the eye of a salesperson. While she's disappointed that the TV she had originally wanted was sold out, she saw more than a few alternatives that she could be quite happy with. One was a little better...and a little beyond her budget. But the salesperson, sensing where she was leaning, gave her innumerable tools to enable her to feel comfortable with the more expensive model that she really wanted. Marge considered heading home and trolling through all the online retailers, but she knew that this store had good prices. So, why bother? Anyway, once she saw how nice these new TVs looked, she wanted hers now. She took a deep breath and told the salesperson, "I'll take it." At the point of sale, the checkout clerk made a compelling case for the extended warranty, and Marge anted up for that as well. Marge left happy, never thinking to double-check if she could have gotten a better price someplace else.

The moral of the story isn't what you might expect. Retailers can't run scared from the Iras of the world. The Innovators are always going to be ahead of our efforts and are perfectly able to out-compete the retailer in the control and use of information. Even so, we must not react with short-term solutions that damage the retail environment or the brands we are trying to sell. Ira may always be ahead of us by a step, but a good strategic approach will still give him great value.

We're not frightened of Marge, but if we keep on the path we're on now, we soon will be. She won't stay unsophisticated forever, and as her mobile adeptness grows, retailers will have an opportunity to meet her needs at whatever point of sale she uses. The challenge will be to ensure she becomes a customer charmed by mobile possibilities, rather than an antagonist armed with a rival storefront in her pocket.

The consumer is blissfully unaware and does not really have any requirements.

MAARTEN ALBARDA
Vice President Global Connections
Anheuser-Busch InBev

OgilvyOne and OgilvyAction set out to discover how the growing penetration of smartphones influences the way people build brand preference and select, purchase and experience products in three representative international markets: the United States, the United Kingdom and Singapore. Retailers need to know where

to focus their energies during this transition to mobile and how they can make the biggest impact on their bottom lines. Here, too, we uncovered surprising insights — conclusions that go against conventional wisdom — and have created a 30-day action plan, based on those ideas, for retailers to follow.

Our research

In order to get at what retailers, not to mention brand and product marketers, need to know about the mobile world, we needed to talk to a wide variety of people. Talking to consumers alone, while essential, would not give us enough information. This field is changing too rapidly. Innovators, savvy retailers, and mobile platform

In Southeast Asia, they are much more receptive to things big and small on their mobile device.

BARNEY LOEHNIS
Chair
Mobile Marketing Association, Asia Pacific

and service providers are the ones leading the bulk of consumers to explore new mobile behaviors. Therefore, we started our work with 15 hour-long interviews with senior retailers, product marketers, industry experts, point-of-sale agencies, digital platform providers and mobile service providers. To the knowledge obtained from these interviews, we added findings from 60 in-store video interviews in communities

heavy with Innovators: San Francisco, Singapore and London. An online survey of 1,500 people worldwide — 500 each in Singapore, the U.K. and the U.S. — rounded out our data collection.

We analyzed our data from multiple perspectives in order to understand the distribution of mobile behaviors and how those behaviors are manifested by shoppers and catered to by retailers and brand marketers.

DEFINING MOBILE BEHAVIORS

Our first task was to understand who we were talking about, and to do that we modified Everett Rogers' *Diffusion of Innovations* bell curve to reflect the realities of the mobile marketplace in the U.K., the U.S. and Singapore.

Innovators are the top 5% of our sample. They are the sort of consumers who are using leading-edge services such as RedLaser and Nextag, and who post ratings on Rotten Tomatoes or tweet (often negatively) about a brand.

Opinion Leaders aren't quite there yet. They may be iPhone owners and they may even scan bar codes with the device, but they are not using their iPhones as intensively as Innovators are. Opinion Leaders may shop at retail stores and then buy online, or they may ask retailers to match prices shown on their phones. Opinion Leaders may be on Bizrate, LinkedIn or Twitter.

The Early Majority is moving toward Opinion Leader behavior, but for now they are more limited in their mobile behavior. They are likely to have a smartphone and visit Groupon, and they may take advantage of coupons delivered via text message.

Consumers are using their mobile devices more and more to enhance their shopping experience. As we move forward, consumers are going to be demanding more and more out of their cell phones to really enhance their lives.

ANTONIA BANUELOS
Hispanic Advertising Specialist, IKEA

The Late Majority is still largely PC based. They'll befriend a brand on Facebook, use *Consumer Reports* online or maybe even ask a store to match a price from an online printout.

And finally, Laggards have not moved past early online shopping behaviors. Amazon, eBay and PayPal are as far as they're going to go. If they use their phone while shopping, they most likely use it as a means to call a friend to ask for an opinion.

THREE MARKETS, BUT ONLY TWO PATTERNS

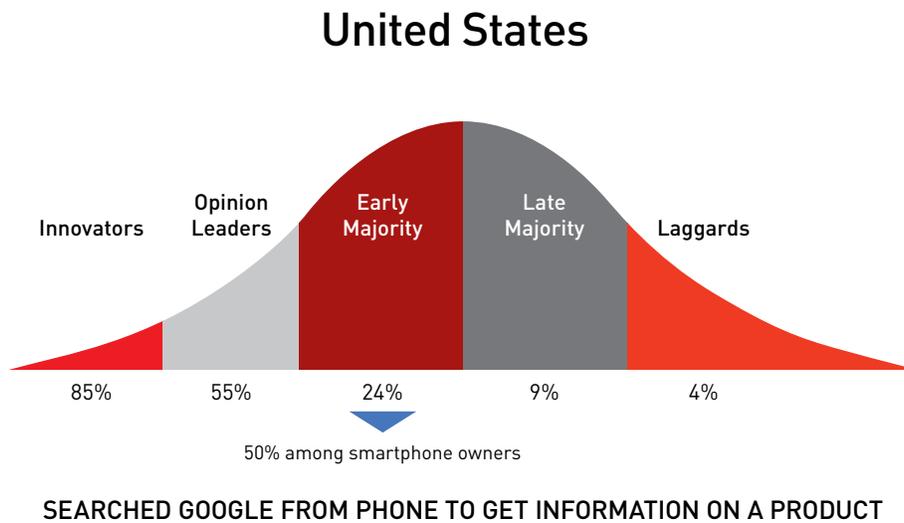
Our research showed strikingly different patterns in mobile shopping behaviors between more developed and less developed mobile markets. Though it will surprise some Westerners, the most advanced mobile markets are in the Far East, with Singapore in the vanguard. By comparison, shoppers in the U.S. and the U.K. have not yet exhibited nearly as many mobile behaviors. As happens with online behaviors, mobile activities seem to follow a predictable development pattern as the population becomes savvier to the technology. The U.S. and U.K., in other words, will eventually become like Singapore, at least when it comes to the fatter parts of our modified bell curve. The Innovators are already fairly consistent in their behaviors across all three markets.

But despite this trend, marketers cannot adopt one strategy across all countries, plugging in the same pieces as the mobile market matures, especially when it comes to executions and platform adaptations.

And even in more advanced markets such as Singapore, the fact is that most mobile behaviors have us running panicked for no good reason. The Majorities are just now coming around to the mobile behaviors that will stress the retail environment. The time to act is now, to be sure, but marketers are not late — at least not yet.

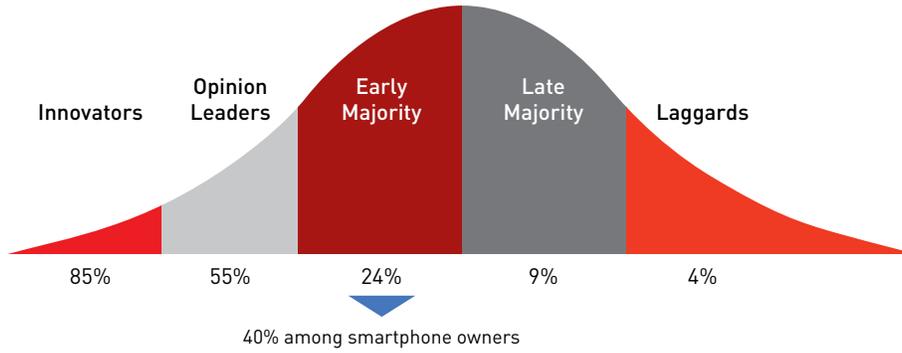
The path to mainstream adoption

We were not surprised to find that Innovators foreshadowed mainstream consumer behavior in their advanced use of mobile phones in the retail environment. In the U.S., 85% of Innovators searched Google for product information from their phone while they were in a store. Twenty-four percent of the Early Majority is also already doing this, a number that rises to 50% among smartphone-owning Early Majority members. The numbers are approximately the same in the U.K. but are much higher in Singapore.



Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

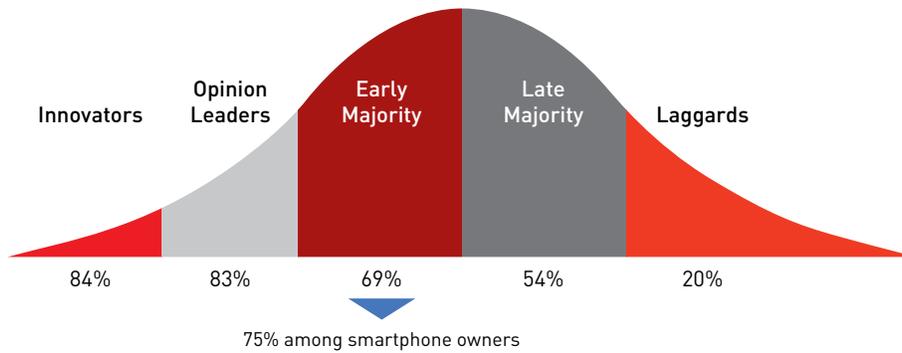
United Kingdom



SEARCHED GOOGLE FROM PHONE TO GET INFORMATION ON A PRODUCT

Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

Singapore



SEARCHED GOOGLE FROM PHONE TO GET INFORMATION ON A PRODUCT

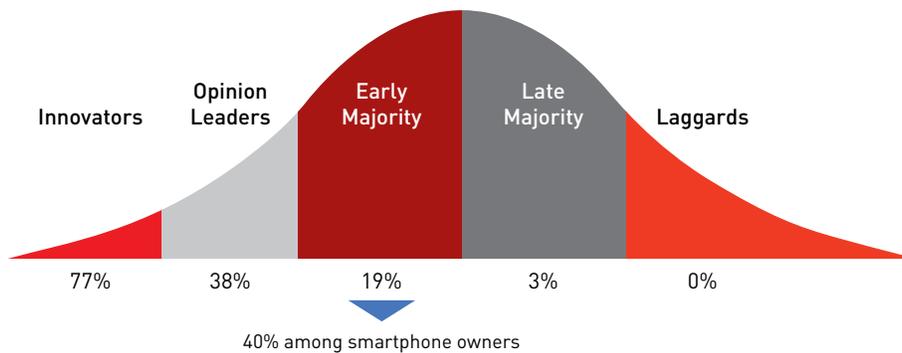
Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

The adoption of commerce on the mobile is much quicker than people had anticipated.

SHAUN GREGORY
Managing Director, O2 Media

Similarly, 77% of Innovators used a mobile device to scan a QR code or bar code while shopping. Nineteen percent of the Early Majority has also adopted this behavior (40% of the smartphone set). Once again, the numbers are broadly similar for the U.K., but Singapore, where QR penetration is higher, shows a higher proportion of this behavior among smartphone users.

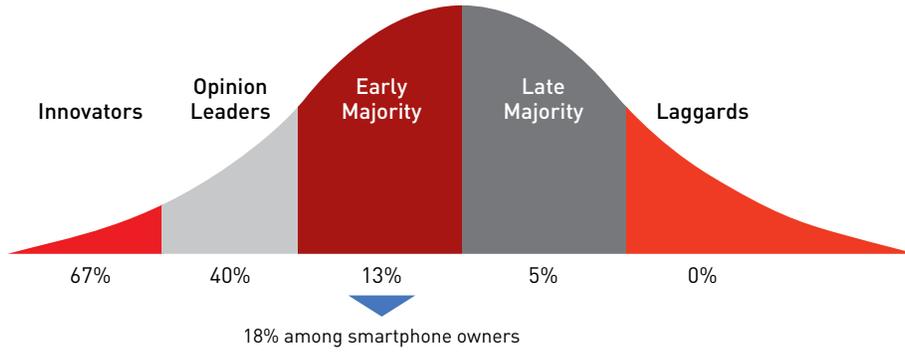
United States



SCANNED A BAR CODE OR QR CODE WITH MOBILE PHONE

Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

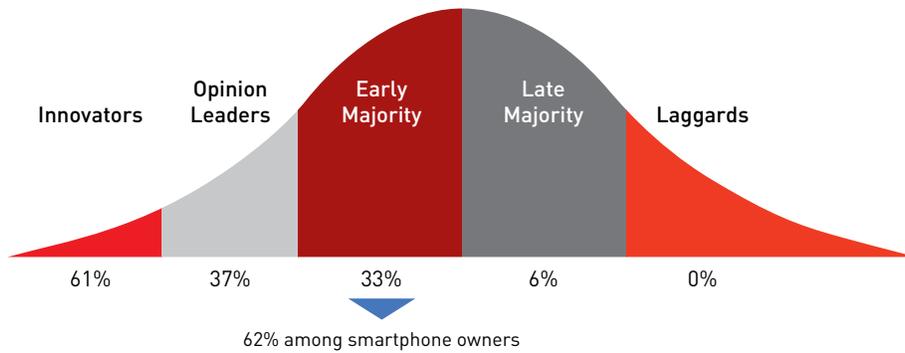
United Kingdom



SCANNED A BAR CODE OR QR CODE WITH MOBILE PHONE

Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

Singapore



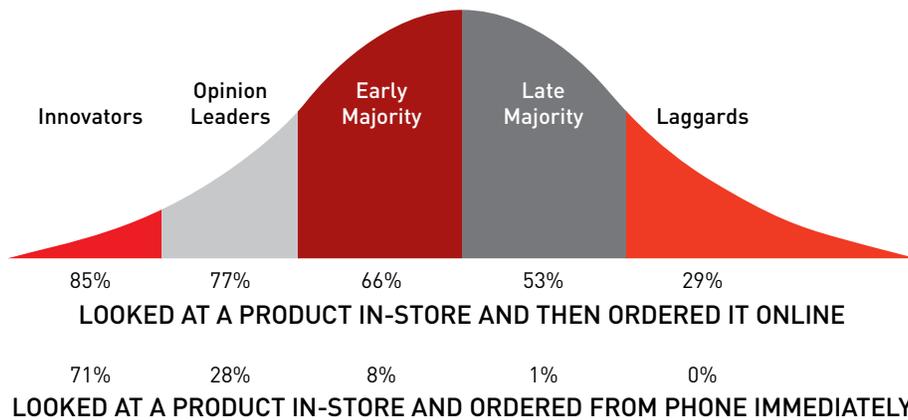
SCANNED A BAR CODE OR QR CODE WITH MOBILE PHONE

Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

ONLINE BUYING BEHAVIORS TRANSFER TO MOBILE ENVIRONMENT

We are also seeing a transfer of online buying habits from computers to mobile devices. Not surprisingly, 85% of Innovators looked at a product in-store and then ordered it online. However, a staggering 71% of that same group looked at a product in-store and then ordered it from their phone. For the Marges of the world, the gap between these two behaviors is much larger: 66% bought a product online after browsing for it in-store, while only 8% did the buying from a phone. The gap is roughly the same in the U.K. and is much smaller in Singapore.

United States



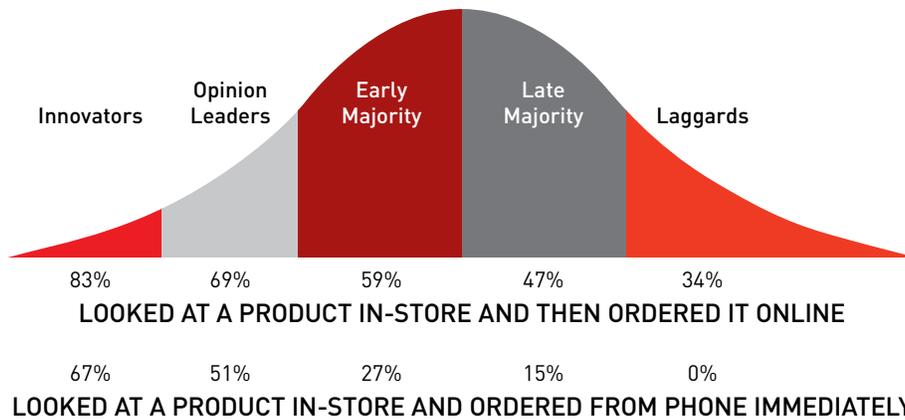
Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

United Kingdom



Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

Singapore



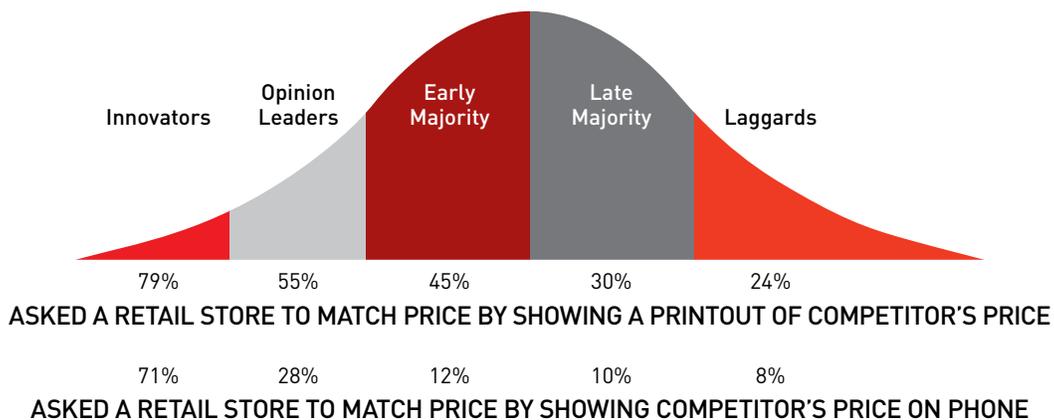
Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

Probably 30 to 40 percent of smartphone users are doing a lot of comparison shopping, particularly for hard goods, electronics, toys — things that are easily categorizable. You're not seeing as much for apparel or groceries, which are much more frequent purchases.

RICHARD HUNG
Senior Product Manager
Mobile Commerce, Google

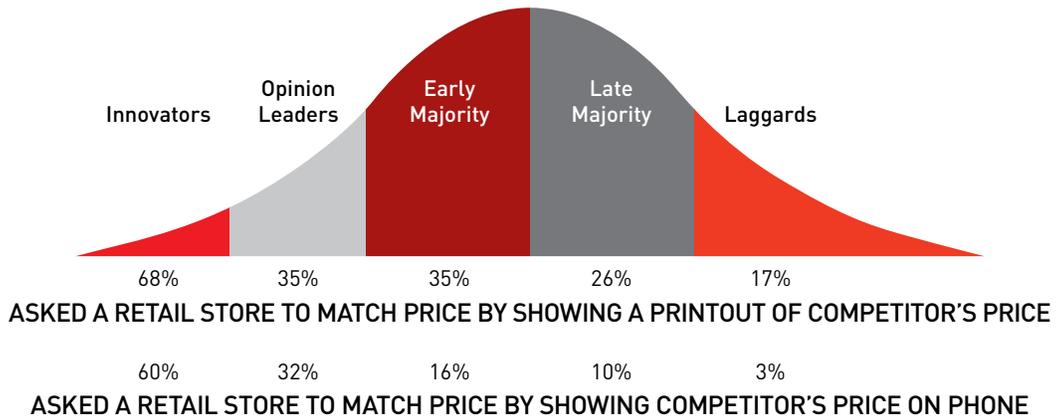
Similarly, both Innovators and the Early Majority ask stores to price-match based on a web printout, but Innovators ask stores to price-match based on information displayed on a phone much more often than do the Early Majority. The spread between the Innovators' behavior and the Early Majority's behavior makes clear that this area is about to grow tremendously.

United States



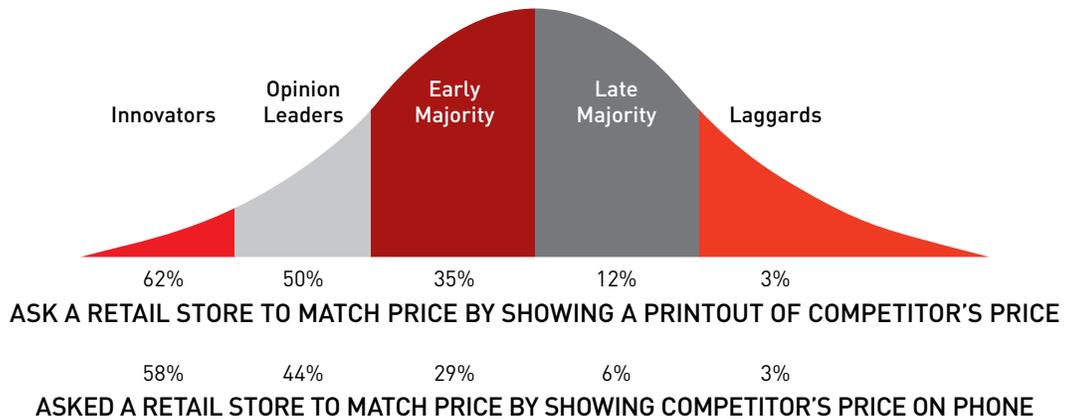
Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

United Kingdom



Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

Singapore



Source: OgilvyOne and OgilvyAction Global Mobile Retail Study, March 2011, n=1,500, United States, United Kingdom, Singapore

It is a cliché that the behavior of Innovators foreshadows the actions of the majority — and the familiarity of the concept makes it no less true. In mobile, however, we have more to go on. From what we have perceived in the past, and from other leading indicators, we know that mobile activities follow online behavior, giving us a very clear pathway to predicting the mobile actions of the majority in the retail environment. Mary Meeker, coauthor of Morgan Stanley’s “The Internet Retailing Report,” has demonstrated this pathway best.

As we look toward mainstream adoption of mobile purchasing, we need to understand what accelerates the adoption of new technologies and new capabilities and what hinders them.

Influencers:

- **Learned Behavior:** Does the new capability reflect a behavior I have already learned from my desktop — such as search?
- **Trust:** Do I trust a new service with what they are offering? Our research shows, for example, that consumers do not yet trust Facebook with their financial data (no surprise). The absence of trust can be a barrier for some services to gain quick critical mass.
- **Needs-Oriented:** Does the new service cater to some of my needs — such as recognition, convenience, belonging or entertainment? FarmVille took off because it caters to exactly those things.
- **Easing of Commodity Actions:** If a service or technology eases a previously cumbersome but necessary behavior, it may gain fast adoption rates. Google Maps is a prime example of this. Consumers flock to it because it helps them navigate in a strange city. On the other hand, there are quite a few services, mostly in the form of apps in the market, that do provide some value, but the cost of using them offsets any incremental time-saving benefit they may offer.

OVERPROMISING THE FUTURE

Despite the unmistakable trend toward greater consumer use of mobile retailing tools, we run the real risk of overhyping the future. The direction we are traveling in is clear, but let us have no illusions about where we are now. Studies suggest that consumers show strong adoption rates of services rendered on smartphones. Furthermore, they point toward these services as having a strong influence on shopping behavior. But it is important to read these studies correctly. They often

What are the unmet needs of the shopper that technology has to solve?

MIKE HORNIGOLD
Director, Shopper Solutions
The Coca-Cola Company

survey only fractions of the population (e.g., smartphone users), and thus give a distorted picture of the current market situation. Now, that’s not to say that we shouldn’t plan for the mainstreaming of Innovator behavior, but it does argue for an understanding of where the market is now and how we need to prepare for the future.

Essentially, we at Ogilvy believe that marketers must focus on preparing for the changing behavior of the Early Majority, rather than on trying to react to the cutting-edge actions of the Innovators.

FEAR IS THE MARKET KILLER

The mobile retail environment is still a very early adopter market. Despite hype, only the Innovators and Early Majority make frequent use of cutting-edge mobile technology such as bar code scanners, mobile coupons and check-ins. Even though there are a burgeoning number of mobile solutions available, the mass market has yet to pay attention to them. Consumers don't understand the benefit of checking in, and even those who do are making only partial use of its potential. They are taking advantage of loyalty points, customer service, and product availability and pricing, rather than of more sophisticated apps. We know, however, from indicators and from observing the Innovators, where the shopper is headed. Moreover, we've seen where things are in Singapore – a market with the highest smartphone penetration and most mobile-savvy Early Majority.

If we can drive consumers to know they can use their phone number as their loyalty card, that could be huge.

GREG FOX
Senior Vice President
Sales and Business Development, Infinian

Even with this foreknowledge, marketers and retailers are struggling to understand the impact that the mobile phone will have in the future, and they are responding with tactical trials to mitigate perceived risks that “armed shoppers” may bring. As a result, the mobile market is very reactive in its communications. Marketers recognize with no small amount of trepidation that

purchase intent and brand preference can change at any point during the purchase journey – and that with the advent of new mobile tools, this journey never ends. There are triggers everywhere generating new product needs, and these needs can be satisfied seamlessly simply by going to an mCommerce site – anytime, anyplace. A secondary, virtual and pocked-sized point of sale (POS) is emerging before our (frightened) eyes. This Third POS – the one consumers carry in their pockets – means that there is always hungry competition from other brands and other retailers nearby.

This POS is rife with simple, new ways to gather information and compare prices, and as the Iras of the world have shown us, consumers are going to confront physical retail staff with what they learn. And if consumers don't hear what they want, they can make a purchase without ever having to go through a physical checkout. To make things even more disquieting for a retailer, this new virtual POS is brought into the middle of their own store, enabling a customer to patronize a direct competitor even if the retailer was the one who provoked the final purchase.

Retailers recognize the need to build out their mCommerce capabilities, and they understand that their shoppers will soon be a lot more knowledgeable than they are now. But rather than looking forward strategically, retailers are mired in tactical reactions.

I haven't seen the major mobile breakthrough. Building apps: a tactic in search of a strategy.

MAARTEN ALBARDA
Vice President Global Connections
Anheuser-Busch InBev

Given this, is it any wonder that tactics to remedy the potential loss of a shopper at this last stretch are unsophisticated, short term and cost intensive? Of course they lead to competitive retaliation and an upward trajectory of cost-intensive promotion and a downward spiral of margins. Tactics are reactive to the competition rather than

strategically appropriate. Often they are rushed to market for fear of missing a big trend ("Go to Groupon...NOW!"), and the hurried development shows.

If you're in a store, and you want to buy the product then, do you really want to hear that it's \$5 cheaper across town?

DREW IANNI
Founder and Event Chairman, AppNation

While short-term initiatives have their place, marketers hamper their mobile aspirations if they do not build a strategic framework for mCommerce, within which they can design, pilot and execute their mobile plan in concert with the brand's overarching business strategy. Purely tactical and promotional thinking can

obscure the potential that mobile has to serve communications objectives, product service extensions and even procedural changes in organizations.

While brand marketers may be in a similar dilemma, their reaction differs. Their tactics are driven by trial and error and include apps that battle for space on the Third Screen without much chance of getting noticed. (Studies show that average smartphone users have 30 apps on their phone but have used only nine in the last

When the technologists drive the consumer experience, we all lose. When retailers outsource the capabilities to people who don't understand the retail experience, we all lose.

JEFF PULVER
Founder, 140 Character Conference

30 days, according to the latest Google research.) It turns out that it is just as much of a battle to get attention on a smartphone screen as it is at the POS in a retail store or shopping mall. There are few examples of mobile tactics being tied into overall long-term programs or even basic CRM efforts. So, while they may not move the marketing earth, these efforts do not help the cause much either.

Many organizations do not feel they are ready for mobile. They neither have the right people nor do they understand how and where to integrate mobile into their marketing efforts. But mobile is not a new silo, and it should not be treated as such. Like digital, it is now a part of every marketing communications interaction, and it needs to be developed with shopper and consumer needs taken very seriously at the outset, not as an afterthought.

How to charm the armed

The future of retail and brands is at an interesting inflection point, and marketers should heed the lessons learned by the music industry. Rather than adopt an adversarial approach by taking defensive action, brands and retailers should turn customers from armed to charmed by understanding and addressing unmet shopper needs. What you win is trust, which is the basis for maximizing lifetime customer value. This has the potential to elevate mobile shopper marketing from being a price-driven, tactical, one-off channel to being an activation and loyalty-building tool. Our research shows that shoppers are using mobile sites, apps and utilities to assist in their purchase decisions. But we are not advocating for the invention of cumbersome new services; rather, we must keep our focus firmly on the shoppers' needs. Our research tells us that they are looking for loyalty, customer service and inventory transparency when checking in. This desire for information is a need that marketers and retailers have not sufficiently met.

We have the opportunity now, as shoppers like Marge grow ever more comfortable with mobile, to activate sales and build loyalty without being drawn into the downward spiral of reactionary tactics — such as price-offs — that erode margins over the long term. We need to recognize our customers' information needs and provide tools to satisfy them. And we must remember that even though customers now know more than ever, they still want what a brand stands for far more than they want simple price-offs or other tactical promotions; loyalty is, after all, a shopper's biggest gift to the brand.

Customers are tired of bargain hunting, tired of having to give the emotional benefits of purchasing away.

SETH FARBMAN
Chief Marketing Officer, Gap

As with other arenas of marketing, a strategic approach that focuses on long-term customer value is the best solution for the mobile customer. Much like in traditional CRM thinking, elegantly implemented mCRM provides value to both the customer and the brand.

In designing mCRM, marketers must keep in mind the new market tools customers can access. Because of these tools, customer needs have changed slightly. Sure, they are still looking for loyalty programs, but those can now be served easily through mobile programs and tightly integrated with larger programs from retailers or multibrand shopping communities such as Simon Malls or Gilt.com.

Many of your customers are choosing to check in, but rather than reflexively offer them price-offs or other promotions, think about what they are really after. Were this a traditional marketing channel, we'd all instantly recognize that check-in behavior like this is indicative of a desire for a relationship with the retailer and the brand. So why should it be any different for mobile? You have the opportunity to connect to your customers via a very personal channel — the cell phone. The mobile data you have access to enables you to understand your customer across more dimensions than ever before: sociodemographic niche, location, friends, music taste, purchase history and so much more. With this trove, you can analyze context to anticipate purchase intent or make ultratargeted, personally relevant offers through multiple mobile channels, while also taking into account the plethora of knowledge around the situation the user is in at that moment.

Customers are multimodal. We need to allow them to pick which and how many channels they want to participate with. If all you're doing is asking for email, you're missing a set of customers. We fundamentally believe that the choice should be the consumer's.

PATRICK FLANAGAN
Vice President of Digital Strategy and
Marketing, Simon Property Group

For example, imagine a consumer named Martin, age 25. Martin and his three buddies checked in at a hot new watering hole at 9:00 pm on Friday. His iPhone is loaded with indie rock, and his credit card shows the frequent purchase of concert tickets. Just from that, we know quite a bit about Martin, and we know that he is enormously different from, say, Elena, age 29. She may occupy the same general demographic group — young, middle-class urban dwellers — but her electronic habits tell a different story. She didn't check in at all over the weekend, but come Monday

morning she did, from her office, as did plenty of her coworkers at a financial company. Her credit card reveals that she spent handsomely on clothes over the weekend.

But when using this data, be careful not to be too intrusive. People are already getting more than a little skittish about online mining of their personal data, a reaction that becomes downright panic when they consider the mobile data crumbs that trail behind them.

SHOPPER JOURNEY

The familiar “store back” or “shelf back” planning concepts were conceived to ensure that marketing programs better connect brand awareness efforts with what happens at the sharp end when shoppers are presented with a decision at shelf. If a communications platform or idea does not compel a shopper to buy, the theory goes, then that idea should not be pursued. We recognize, however, that digital in general has created points along the shopper journey that allows brand and shopper marketers to “connect the dots” on the path to purchase.

This path, however, is not the idealized linear progression that appears on many agency PowerPoint slides. Consumers don't become shoppers when they enter a store. They can switch modes with the flick of a switch — or the touch of a smartphone — when stimulated by a TV spot, magazine ad or bus back. Today's "shopsumers," as we like to call them, do not follow conventional paths. They jump from channel to channel, and we must be ready to react to their needs wherever and whenever they express them. And when those needs pop up, it's their loaded mobile devices that get unholstered.

EIGHT STEPS FOR CHARMING THE ARMED

1. Shoppers are on a constant journey, and lasting engagement comes only if you deliver for them throughout the journey and within each specific context.
2. Location, location, location! With mobile, the POS is now in the consumer's pocket. The customer journey no longer starts somewhere else and then directs consumers to the POS. Rather, we have a constant chance to influence preference and trigger purchase at any given moment and location.
3. From a retailer and marketer perspective, shoppers come armed and dangerous. We'll disarm them (figuratively and literally) if we understand and embrace their behavior rather than fight it. Give them the information and transparency they crave, and you will gain trust in return.
4. Shoppers want more than deals, and we need to understand that shoppers want value beyond price promotions.
5. Data delivers context and intent. Follow new developments in devices and data, and be ready to reap rewards of enhanced personalization while maintaining a healthy respect for your customer's privacy.
6. The in-store front line has not changed, but you must empower your staff to support and augment mobile experiences.
7. Known platforms dominate usage. Don't chase after the shiny new thing. Stick like glue to the majority of customers for scale and reach.
8. Earn the intimacy of the device. Become a go-to mobile presence by giving the consumer both value and utility. That is the surest route to trust. The mobile shopper and his or her needs should always be the first consideration when developing programs.

FOUR RECOMMENDATIONS FOR EFFECTIVE mCRM

1. Be holistic

Mobile, even more than online, forces marketing to refocus from pure messaging to offering unprecedented levels of service, utility and value in an open and transparent manner.

- Integrate mobile into the overall CRM and marketing program.
- Use mobile as an accelerator; don't stick it in a separate silo.

2. Assimilate data

All the new data that mobile connectedness generates is a gift to savvy marketers. If we use it well (and respectfully), we can divine our customers' intent more accurately and specifically. And that is a gift to them as well.

- New details (location, companions, etc.) have been added to the already existing set of data, allowing for much better consumer predictions.
- Data collected via mobile is integrated into broader CRM channels (and vice versa).

3. Integrate into social strategy

Our social lives are intimately tied in with our electronic companions, and as more of us acquire smartphones, that social aspect is often the first to migrate. This makes sense. After all, a smartphone is first and foremost a communications device, and, recognizing this, hardware and software developers are integrating social services ever deeper into the user experience. We should take a page from their book.

- Nurture recommendations through existing social platforms via the mobile device.
- Monitor sentiment around the brand, understanding that sentiment changes with location and time during the course of a day or week. Target appropriately through services like Local Response.
- Use social media as service channel. Touch base after a customer checks in or as a means to understand complaints and answer them fast (based on the data you gathered from mobile devices).

4. Provide value beyond price

In the highly tactical and reactive mCommerce space, we seem to have forgotten that consumers want far more than price promotion from their brands. They don't leave all their brand associations and desires behind when they pick up their mobile. We should strive to give them a rich, high-voltage brand experience through mobile marketing, rather than just a set of brand-devaluing, hypercompetitive tactics.

- Extend the perception of value beyond price to encompass utility, information and education (inventory, origin, ingredients, etc.), and customer service.

Your 30-day action plan

Many marketers react to the mobile opportunity just as consumers do: with paralysis. There are so many options, so many changes and so many consumer behaviors to consider that it may seem prudent to just wait until things settle down before you make your play. That's a bad idea. You can only turn your customers from armed to charmed by being ready for their mobile transformation.

In the preceding pages, we laid out our framework for thinking about the shift to mobile. Now it is time to look at how to make that shift a reality.

Let's keep things simple: Five steps. Thirty days.

Now assemble your cross-functional team with members from marketing, sales and customer service. Ready? Your 30-day action plan begins now.

STEP ONE: MAP OUT YOUR CUSTOMER JOURNEY AS A THREE-PART CIRCLE — PRESHOPPING, SHOPPING AND POSTSHOPPING.

- Think about your customer's activities as s/he plans to buy your products. Look at Google mobile search data. Think about how online planning connects to in-store action.
- Assess how your customers shop in-store, how the retail staff supports their needs, and what questions shoppers may have to ask in order to make informed decisions.
- Think about what happens after the purchase is made. How complicated is your product? Do your customers need support? Could this be an opportunity to invite them into a deeper relationship or comment on their purchase?
- Your customer can be at any stage at any time. Postshopping can seamlessly morph into preshopping, shopping into preshopping. And you can no longer deduce what stage your customer is at by virtue of where s/he is physically. The phase the shopper is in is no longer location dependent.

Apps have grown massively in the last few years, but browsers are still dominant. In the U.K., search has increased by 172%. 30 percent of all searches for restaurants are through the mobile device now.

JON MEW
Director of Mobile and Operations, IAB U.K.

STEP TWO: TAKE A CLOSER LOOK AT THE MOBILE BEHAVIOR OF YOUR CUSTOMERS.

- What devices do they have?
- What are their usage habits?
- Map these insights to your existing customer segmentation. There are some great free sources out there from the MMA to eMarketer.

STEP THREE: ASSESS THE MOBILE-COMPETITIVE LANDSCAPE.

- Focus on your own category, but also pay attention to other brands or retailers in your customers' lives.
- What experiences are your customers exposed to from other brands? Knowing this will set the bar to be attained or surpassed. Pin these on your wall and assign someone to follow their activity so that you are constantly advised of developments.

STEP FOUR: GENERATE YOUR LIST OF OPPORTUNITIES. WITH THE ABOVE INPUTS IN MIND, LOOK AT THE JOURNEY AND FOCUS ON TWO THINGS.

- Establish where mobile can support your customers' planning, decision making and product usage through the journey. Specific outputs would include mobile search, your mobile website, mobile connection (through SMS or MMS) to your brand or retail website, and applications.
- Review your current marketing communications and establish where a mobile

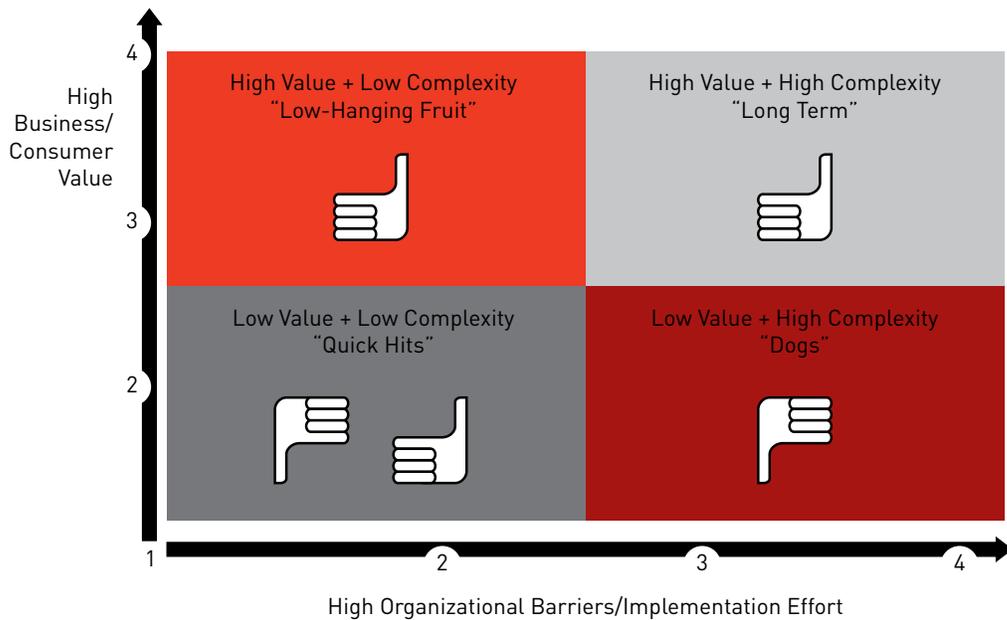
The consumer wants the retail experience to be easy, quick and seamless. If I were a retailer, I would want to give my consumer what s/he needs. At the same time, I'm retaining them and adding profitability because I'm giving them something they want.

TRACY MOONIER
Director, AT&T Industry Solutions
Retail, CPG, & Mobile Marketing

call to action or response mechanism would make sense for your customers. For example, consider the case of a print or OOH advertising piece delivering a coupon or information about a limited-time offer held on the mobile phone and redeemed in-store. This review also affords you the opportunity to integrate mobile into your CRM efforts. Offer mobile as a touchpoint to consumers (being sure to clearly establish the value proposition of the mobile connection over and above that of email, such as timeliness of offer delivery based on insights about when and where s/he shops).

STEP FIVE: PRIORITIZE THE OPPORTUNITIES AND DEVELOP A ROAD MAP SHOWING WHAT YOU WILL IMPLEMENT OVER TIME.

- To do this, assess each idea against four measures: consumer value, business value, organizational complexity, and technical complexity and cost. Score each on a 1-4 scale to get the data you need to plot your opportunities on a 2x2 grid. Tackle those of high value and low complexity first. High value and high complexity opportunities should be assessed further and considered for longer-term implementation. Of course, anything of low value, regardless of complexity, should be discounted as a distraction.



Process note: This examination of consumer value is an ideal time to look again at the mobile behavior of your customers. If the opportunity you have surfaced is not relevant or accessible to your largest segments, then it should be discounted for lack of reach.

We are seeing real value from integrating mobile into our CRM efforts both in email and on Facebook. We started offering a text call-to-action within our email communications in parallel to the mouse-click action. We are seeing 30% of campaign responses coming through the text channel. It's a marked difference, and it offers a level of measurement.

PATRICK FLANAGAN
Vice President of Digital Strategy
& Marketing, Simon Property Group

With your list of priorities in hand, you can assign and kick off specific projects designed to realize them to full effect.

HERE IS HOW YOU CAN ORGANIZE YOUR PLAN IN 30 DAYS:

- Week 1
- Project kickoff (bring stakeholders together to explain project objectives, roles and responsibilities).
 - Stakeholder Work Session #1 (meet with all stakeholders and map out your consumer journey as directed in steps one through five).
 - Write up the journey and circulate it for comment/approval.
-
- Week 2
- Desk research (assign team members to review competitive landscape, mobile market trends and your consumers' mobile behavior).
-
- Week 3
- Stakeholder Work Session #2 (review key findings from your desk research to inform your team's ideation, revisit your customer journey and plot the mobile opportunities along the journey).
-
- Week 4
- Stakeholder Work Session #3 (using the method outlined in steps one through five, coordinate a prioritization exercise to determine an opportunity score for each idea).
-
- Week 5
- Final Action Plan (map out your ideas based on their score and organize the ones of value in a phased road map; assign business owners for each initiative).

Conclusion

Before too long, Marge Majority's shopping trip is going to look a lot more like Ira Innovator's. But by that time, Ira will have moved on to yet more cutting-edge behaviors. While we mustn't ignore his needs, Marge will always remain the target of our efforts. She's the one with the most market potential, and if we give her what she wants, we'll satisfy a fair bit of what Ira's after too.

We are not there yet. As our research shows, we are at the beginning of the mobile transformation, particularly in markets such as the U.S. and the U.K. Everyone doesn't have a smartphone — far from it — and those who do are not yet universally exhibiting advanced mobile behavior. In some particularly interesting target markets, smartphone penetration is low, and ideas for the future will have to work via WAP or text. But even though it will have an uneven debut, the new world is coming.

Getting ready for Marge's digital transformation offers us a remarkable opportunity. We are at the birth of a new POS, and it is up to us — retailers and brand marketers — to determine its character. Just as in the physical world, we are seeing the rise of a virtual shelf in eCommerce and mCommerce applications. With retailers rising to the challenge of providing this shelf space, there is an opportunity for marketers to claim a premium position here, just as in an actual supermarket. For retailers, there is the chance for a new way of monetizing their shelf space. Retailers have the opportunity to deploy or participate in mCommerce apps with a whole range of new digital shelf space opportunities. And brand marketers will be able to enjoy the benefits of a new contact point with consumers.

You have to embrace the openness and transparency and have enough confidence in your product and your brand.

GARY SCHWARTZ
CEO, President, Impact Mobile

The new mobile reality doesn't suspend the laws of human behavior. People still shop for gratification and self-reward. Price, though always a driver, isn't the only factor playing into a consumer's decision. If we're smart, we can use the mobile device to feed more than just the urge for the best price.

Mobile will, after all, bring complete transparency to price, recommendations, specifications and ingredients. This will have an enormous impact on curious consumers who are demanding more sustainability and more information when they buy. But it will have another effect as well: this transparency forces all of us marketers to remember that we also have to woo our customers via mobile.

Checking in is not just a hunt for a good price. It is that, but beneath that it is also a plea for connection with the brand. It will soon become a nearly universal behavior. Marketers must incentivize this, both carefully and constantly, understanding that a check-in must always yield more value to the consumer than the cost of doing it, which is time.

Note that this is the Third POS. It's not the only one. We must remember that the shopper journey is unending now, and the moment of truth may happen on a PC, on a phone or in a conventional retail environment. Our goal as marketers must be to make mobile an accelerator of all of our strategies and, therefore, tactics. Communications are easy, but the challenge comes in extending the product offering through the value mobile adds to a consumer's life. Have a mobile-enabled automatic checkout. Use mobile technology to streamline the organization in the name of providing a better customer experience, no matter where the POS is. Treating mobile like a siloed stand-alone will ensure that none of this happens and that we degrade the channel into a battleground of price-offs.

I think mobile will become a way to respond to more timely things and a primary device for doing a lot of your shopping. The real power is that it's there with you all the time. The mobile phone makes a lot of things that used to be clunky kind of seamless.

RICHARD HUNG
Senior Product Manager
Mobile Commerce, Google

Mobile, the Third Screen, is revolutionizing the way we interact with our world. It has become an extension of our social circle and entertainment sphere. And now it is about to change shopping forever, too. Ask yourself: Are you already on this POS? Do you have an mCommerce presence yet? Can people find you on that digital shelf? Or, if you are a retailer, do you have your digital shelf yet?

The Third Screen is spawning a Third POS. You have no choice but to be there.

Mobile@Ogilvy

Mobile@Ogilvy is a fully integrated capability that infuses mobile technology throughout all Ogilvy disciplines, and draws upon all of our specialty expertise, ranging from traditional advertising and CRM programs, to performance marketing and SEO/SEM, to shopper marketing. Mobile is not a new channel or touchpoint, but rather an accelerator within our core business, brand and digital strategies.

Our services range from enterprise-level mobile strategy (including research), to creating mobile properties across all interfaces (mobile web, applications, SMS), to campaign acceleration and integration into third-party platforms (Foursquare, Facebook, iAd, etc.). Neo@Ogilvy, our performance marketing and media arm, has a dedicated mobile group specializing in mobile advertising buys alongside a well-developed SEM and SEO practice to support mobile-specific search marketing.

References

The Mobile Internet Report, Morgan Stanley & Co. Inc., December 15, 2009

Diffusion of Innovations, Everett Rogers, 1962

Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers (1991, revised 1999), Geoffrey A. Moore, 1991

Expert Panel

Maarten Albarda
Vice President Global Connections, Anheuser-Busch InBev

Antonia Banuelos
Hispanic Advertising Specialist, IKEA

Seth Farbman
Chief Marketing Officer, GAP

Patrick Flanagan
Vice President of Digital Strategy & Marketing, Simon Property Group

Jon Fougner
Associate, Ads Product Marketing, Facebook Places

Greg Fox
Senior Vice President, Sales & Business Development, Infinian

Shaun Gregory
Managing Director, O2 Media

Mike Hornigold
Director, Shopper Solutions, The Coca-Cola Company

Richard Hung
Senior Product Manager, Mobile Commerce, Google

Drew Ianni
Founder & Event Chairman, AppNation

Barney Loehnis
Chair, Mobile Marketing Association, Asia Pacific

Jon Mew
Director of Mobile & Operations, IAB U.K.

Tracy Moonier
Director, AT&T Industry Solutions, Retail, CPG, & Mobile Marketing

Jeff Pulver
Founder, 140 Character Conference

Gary Schwartz
CEO, President, Impact Mobile

Andrew Warren
Manager, AT&T Industry Solutions, Retail, CPG, & Mobile Marketing

Acknowledgments

Authors

Martin Lange
Gareth Ellen

Editor

Mish Fletcher

Research

Phil Buehler
Jenn Blum
James Baluyut — U.S.
Hugh Boyle — U.K.
Lucy McCabe— Singapore

Production

Stefan Mreczko
Jared Fink

OgilvyOne
worldwide

OgilvyAction

© OgilvyOne Worldwide & OgilvyAction, 2011. All rights reserved. Neither this publication nor any part of it may be reproduced, stored in a retrieval system or transmitted in any form or by any means, whether electronic, mechanical, photocopied, recorded or otherwise, without the prior permission of OgilvyOne Worldwide and OgilvyAction.

Agilwy