



Planning and implementing effective mobile marketing programs



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Abstract Mobile marketing is an ever increasingly important component of a firm's overall promotional strategy. The importance of this medium can be seen through time spent on mobile media, number of searches, and direct and indirect mobile-generated sales. Despite its increased importance, the effectiveness of mobile marketing needs to be improved based on such metrics as bounce rates, add-to-cart rates, shopping cart abandonment, and average order size. Strategies to increase the effectiveness of mobile marketing are discussed. Firms need to capitalize on the three major strategic advantages of mobile marketing: (1) the fact that mobile marketing devices are always on, always connected, and always with the consumer; (2) the ability to generate location-sensitive offers; and (3) the ability to send relevant personalized messages and offers. Firms also need to develop and implement an effective mobile marketing strategy through a series of activities. These include understanding and reacting to the complexity of mobile marketing, designing sites based on ease of use versus 'bells and whistles,' increasing opt-in rates, using effective customer engagement strategies, and developing effective mobile coupons. Criteria to evaluate the effectiveness of mobile marketing are discussed.

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1. The current state of mobile marketing

For a majority of consumers, mobile devices have surpassed both desktop and laptop computers as the principal gateway to the Internet (O'Kane, 2013). Mobile phones and tablets now account

for about 44% of all personal computing time, twice the level of 2008 (Duncan, Hazan, & Roche, 2014). According to one source, just over one-half of all searches on Google are now performed on mobile sites (Graham, 2015). A recent Deloitte study found that smartphone devices influenced almost \$600 billion of in-store purchases, up from \$159 billion in 2012 (Haims, 2015).

According to Shop.org/Forrester Research Inc.'s State of Retailing Online study, 58% of the retailers surveyed placed mobile marketing as their highest

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priority. The second-highest rated priority was omnichannel efforts, such as buying online and picking up in-store and ship-from-store (Forrester, 2015). The rapid growth of mobile marketing, as well as its impact on traditional shopping behavior, contribute to its overall importance as a promotional medium.

Despite the increased usage of mobile marketing by firms and consumers, there is evidence of poor planning, poor implementation, and the need for firms to adapt to fast-changing dynamics. The following sections document problem areas that mobile marketers need to overcome.

A 2013 study of 745 business leaders found that while 56% of these leaders were using mobile marketing in their firms, 43% stated that they have not determined the correct mobile strategy despite their seeing a value in mobile marketing (StrongMail, 2013). A major concern is the need to improve the effectiveness of mobile marketing based on such performance metrics as bounce rates, add-to-cart rates, shopping cart abandonment, completion rates, and average order value for mobile devices versus laptops and desktops.

A website's bounce rate represents the percentage of visitors who entered the site and then leave ('bounce') rather than viewing other pages within the same site. One study found that the bounce rate is 50% higher for mobile devices as compared with desktops. Add-to-cart rates (the percent of visitors adding a product to a site's shopping cart) are 30% lower than desktops as well. Shopping cart abandonment (placing items in a shopping cart but not completing the transaction) is 10% higher on mobile devices than on desktops (Bakay, 2014).

Another study found that while desktop completion rates are 13.5%, the completion rates for mobile devices is only 8.5% versus 13.4% for tablets (Bolton, 2015). Lastly, the average order value is \$116.48 for mobile users, versus \$149.53 for tablets and \$180.91 for desktops (Bakay, 2014).

According to Mobiquity, a mobile solutions provider, many consumers are not having a good experience with mobile shopping apps. Indeed, 54% of consumers stated that retailers only meet expectations or inconsistently meet expectations, 42% of consumers noted slow mobile download times, 37% stated they had inconsistent experiences with mobile marketing retail sites, and 26% found a lack of accessible information relating to their mobile marketing experiences (Berr, 2014).

This article is divided into two sections. The first section describes how firms can capitalize on the major strategic advantages of mobile marketing as compared to other forms of marketing; the second

discusses how a firm can develop an effective mobile marketing strategy.

2. Capitalizing on the strategic advantages of mobile marketing

A good mobile marketing campaign needs to capitalize on the advantages of mobile marketing. These advantages include (1) mobile marketing devices always being on, always connected, and always with the consumer; (2) mobile marketing's ability to generate location-sensitive offers; and (3) the ability to offer mobile marketing messages that are highly personalized. See Table 1 for an expansion of these topics.

Table 1. Advantages of mobile marketing as compared with other marketing programs

- Mobile marketing is always on, always connected, and always with the consumer
 - ❖ Marketers can generate offers based on special weather conditions and natural disasters.
 - ❖ Marketers can quickly match a competitor's price offer or use short-term price reductions to reduce inventory levels.
 - ❖ Marketers can quickly assess the effectiveness of different campaigns.
- Mobile marketing is able to generate location-sensitive offers
 - ❖ Marketers can develop special offers to consumers within a given distance to both its own and competitors' retail locations.
 - ❖ Marketers can provide special product information to consumers within a specific aisle.
- Mobile marketing can send relevant personalized messages and offers
 - ❖ Marketers can tailor messages and offers can be tailored to each consumer based on their purchase history, social media usage, demographic data, and usage data.
 - ❖ Marketers can present different offers to current consumers, heavy users, lapsed users, relationship customers, and transactional customers.

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