

## ***Leading Voices***

### **Why Mobile Marketers Shouldn't Bet the Farm On The iPhone**

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"Don't put all your eggs in one basket" is an idiom members of the marketing fraternity should be familiar with, especially when you take into account new limitations brought on by the economy. It advises that we avoid risking all of our resources in a single venture for the fear that we end up penniless. A hypothetical example would be an up-and-coming brand looking to leverage the next Super Bowl to vault its name into the consciousness of its target audience.

The marketing team takes its entire broadcast budget and bets it on a 30-second spot. The problem, other than the asking price for one of these 30-second ads (\$3 million in 2009), is that only 25 percent of their target audience is comprised of sports fans and the vast majority of the remaining 75 percent is not going to tune in for kickoff.

Again, this is an extreme example, as the vast majority of companies could never afford such an expense (and we all know how it turned out for companies that literally spent everything on an ad—2000-era companies like Computer.com). However, it sets the stage for a discussion about the fact that many mobile marketers today are taking a major gamble by betting an imprudent portion of their marketing budgets on the iPhone.

Much of what you read about the iPhone is true. It's a groundbreaking device that provides a glimpse of what the mobile experience will resemble for all of us in the future. On top of that, its adoption rate and the growth of the App Store are both unprecedented in the industry.

But all of this must be kept in perspective. It goes without question that success requires a business to keep an eye looking towards the future. Consider the following: As of Q1 of this year, the iPhone was not the most-purchased consumer smartphone. That title went to RIM's BlackBerry Curve 8300 series. The NDP Group went on the state that in Q1 of this year, the top-five-selling mobile smartphones were:

1. RIM BlackBerry Curve (all 83XX models)
2. Apple (NSDQ: AAPL) iPhone 3G (all models)
3. RIM BlackBerry Storm

4. RIM BlackBerry Pearl (all models, except flip)
5. T-Mobile G1

The iPhone is on a meteoric trajectory (21 million devices sold as of April), but the fact is that it owns just under 11% of the global smartphone market share (Gartner), which puts Apple third after Nokia (NYSE: NOK) and RIM (NSDQ: RIMM). If you look at the worldwide sales for all mobile phones in Q1, you see that Apple and the iPhone are not even in the top three. (Nokia, Samsung and LG (SEO: 066570) held those spots.)

Now is when mobile marketers must fight the urge to ignore their better judgment to go “all in” in favor of a more sensible, “device agnostic” approach. Go back to the Super Bowl example above. Instead of spending their budget on one all-or-nothing commercial, what if the company had looked more closely at its audience and spread its budget over several different marketing vehicles, one of which catered to a sporting audience and another to the CNN news crowd, and a third that targeted reality-TV fanatics? Additionally what if it also tied its TV spend to efforts in other mediums such as mobile or interactive?

In the mobile-marketing world, this means taking that cutting-edge iPhone application and perhaps going in a different direction, one that focuses on more than 11% of the global smartphone market share. Take Short Message Service (SMS), for instance. There were more than one trillion text messages sent in the U.S. last year (CTIA). In fact, according to Nielsen Media, text messaging is even more prevalent than phone calls (the typical U.S. mobile subscriber sends or receives 357 text messages per month, compared to placing or receiving 204 monthly phone calls). SMS messages are supported by 100% GSM Mobile Phones and can be exchanged between different wireless carriers all over the world, at any time. Add to that the low cost, fast-to-market element and it’s an option that must be considered.

Next are mobile Web and WAP sites. According to Nielsen, consumer mobile Web experiences vary often depending on the quality of their phone, but the fact remains that 72 percent of all phones in the U.S. are browsing the Web. And, despite what many believe, it’s not that costly or difficult to produce these sites. Similar to SMS, where the message is conveyed in a short 160-character note, the key to mobile Web and WAP effectiveness is to “keep it simple.” Many businesses look to create mobile experiences that mirror their online properties, which ultimately scare off potential visitors.

Other mobile options at the disposal of today’s marketers include launching a social-media component in the mobile realm or rolling out a mobile banner-ad campaign—both tools are driving results now. According to ABI Research, mobile social networks, those sites that allow consumers to create and share content over their mobile phones, will be used by over 140 million people worldwide by 2013. Since these social networking sites are free, and those using them are reportedly consuming two to three

times the content of everyone else, mobile advertisements, including banner ads, will be an opportunity that marketers can and should examine.

In the end, not putting all your eggs in one basket isn't meant to deter marketers from launching an iPhone application. It's also not meant to suggest that brands put all their money toward the marketing solution with the broadest reach. (Full disclosure: HipCricket specializes in mobile-marketing solutions with the broadest reach). The answer is to find a balance—start with the basics and work your way up. Try allocating a small percentage of your budget to the iPhone app—perhaps relative to the small percentage of iPhone owners.