



HipCricket: SMS Is Still the Wave of the Future

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ADOTAS EXCLUSIVE — Hipcricket, a mobile marketing company, has been changing the way advertisers think about reaching their audiences since 2004. The company has created an awareness of mobile marketing that has helped legitimize this portion of the industry. CEO of Hipcricket, Ivan Braiker spoke with Adotas about the evolution of the company and this challenging space.

ADOTAS: What inspired Hipcricket's creation?

IVAN BRAIKER: Back in 2004, well before marketers saw the realistic potential of mobile, we recognized some challenges that were specifically impacting traditional media. These were not temporary hurdles but rather big issues that needed to be addressed quickly. The threats I am talking about are things like increased competition (i.e. the Internet), new entertainment options (TiVo, MP3 players), more demanding and sophisticated clients and warp-speed changes taking place in media.

At this time the solutions being presented to traditional media were temporary band-aids at best. Beyond these quick fixes we noticed that there was a complete void of solutions for traditional media. Having a long and rewarding background with traditional media, this lack of an answer not only was a great cause of concern but it also created an even more intense drive to come up with the answer.

That year, one of the members of our team told us that the constant chirping emanating from his friends' pants pockets and handbags had brought about a new slang term for cell phones: Hipcrickets. To many this might not have even raised an eyebrow but for those of us gathered around the table, the word said everything about the potential of mobile marketing and specifically the impact it could have on helping address the challenges of traditional media.

Our decision to focus specifically on the SMS side of things was driven in part by the simple fact that text messaging is hugely popular. In fact, SMS is the fastest growing communication channel in history. That's a pretty hard fact to ignore. We knew that an effective SMS driven mobile marketing solution had the potential to bring advertisers

closer to prospects and broadcasters closer to their audiences. We also knew this would ultimately allow these traditional media players to fight back.

Since day one this potential has turned into a reality with more and more traditional players knocking on our door for assistance. In fact, we have established a successful track record in working marquee broadcasters and leading brands such as Jameson, Wiley, Guinness and Coca-Cola. In addition to our customer growth, we have also expanded our offering beyond just SMS, which is often a foundation to a so-called richer integrated marketing campaign that now might include other key components such as the mobile Web, mobile advertising, as well as an online component.

ADOTAS: How has the audience for mobile marketing shifted since 2004?

IVAN BRAIKER: Well to put it simply, more people are texting now than ever. Like I said earlier, texting is the fastest growing communications channel in history. This year alone there will be more than 380 billion text messages sent in the U.S. and that number is growing exponentially. That's pretty impressive and something that often surprises people. On top of that, the makeup of who is texting and what is being texted is far different than it was in 2004.

In terms of "the who," the massive adoption has left the sole purview of younger generations. The teens certainly were the pioneers who paved the way in the early years but they are no longer alone. Today the average age of a "texter" is 38 years old. On top of that the 45-61 year old age group is currently the fastest-growing segment.

The content of the texts have also evolved. It's not just TV viewers texting in their vote on American Idol or kids sending friends fun messages. SMS has become a vital communications tool that allows friends, families and colleagues to maintain a connection and share important information, almost instantly. Businesses are also jumping on board. For example, radio and television stations are using text messages to communicate important information, such as traffic updates and school closings. These same stations along with brands are also leveraging SMS to conduct marketing campaigns such as contest giveaways.

ADOTAS: Who is your audience and who makes up your clientele?

IVAN BRAIKER: Our audience is primarily made up of broadcasters, which includes both television and radio stations, and brands. In all areas we have had tremendous success. In fact to date we have delivered more than 17,000 successful campaigns for broadcasters including Clear Channel Radio, Premiere Radio Networks and NBC, as well as leading brands including Coca Cola, Staples, Hershey's and Jameson.

We also just recently launched the first-ever comprehensive Hispanic mobile marketing network comprised of a family of Hispanic media properties. The idea here is that, with a single buy, these properties can be leveraged by brand marketers to deliver highly targeted and interactive mobile marketing programs directly to the handsets of opted-in, engaged mobile users. Customers include Spanish Broadcasting System, Bustos

Media, Fisher Communications, Lotus Communications and Davidson Media Group, among others.

Our reach into the Hispanic marketplace extends to over nine million consumers in 14 of the top 15 Hispanic markets across the country, including Los Angeles, Miami, Chicago and New York.

ADOTAS: What are the misconceptions about active mobile users?

IVAN BRAIKER: As I mentioned previously, perhaps the biggest misconception centers on the age of these users and how it has evolved in just a short period of time. Active mobile users come in all shapes and sizes. It's not just the teen segment that is fueling it all. In fact the biggest group of SMS users fall into the 35-54 years of age segment.

Another myth is that these users do not welcome and will not be receptive to marketing campaigns delivered right into their handset. The truth is quite the opposite. There are more than 136 million people texting on a regular basis. Nielsen released a study which found that the number of mobile data users who recalled seeing advertising jumped 38% between the second and fourth quarters of 2007. The study also found that more than half of mobile data subscribers (51%) who saw an ad responded. According to the Mobile Marketing Association's attitude and usage study, 32 percent of Hispanics are receptive or highly receptive to receiving offers on their phone. These numbers really tell it all. The mobile opportunity is real and it is now.

ADOTAS: What innovations have Hipcricket come up with that have changed the standards of mobile marketing?

IVAN BRAIKER: Hipcricket innovations can be found in both our Hipcricket platform and our service. We created a flexible, Web-based system that meets the needs of all customers, whether a television or radio station or a brand. The system is also extremely easy-to-use, which means that customers can literally move as quickly as they want to.

The Hipcricket system also pushes the needle with its strong measurement component that allows customers to easily review a campaign to see how it is performing at any given point. After all, when all is said and done, marketers need to know how their campaign is performing as it is taking place. With our system customers can access hard data which they can then review and share with their team to justify their investment. If the campaign is not going as expected, changes can be made on the fly, with the assistance of our next innovation, our team.

In addition to our technology, Hipcricket demonstrates great innovation with our services. In an era where the human element is being minimized in favor of automated services, Hipcricket really stands alone. Our service model offers all clients a dedicated account manager – professionals who came from the broadcast and brand world — and 48 hour turnaround on briefs. Our customer service team is also free to work one-on-

one with customers to help them create pitches and campaigns. The ability to give this high touch assistance again helps clients fine-tune their campaigns, move with unmatched speed and ultimately generate results. It's also just what they need to assuage any hesitancy and successfully make the move into the world of mobile marketing.

ADOTAS: What should a brand consider when choosing mobile marketing partner?

IVAN BRAIKER: Many brands understand that mobile is important. In fact many believe that it will inevitably become a part of their marketing program. The problem is that they lack a clear familiarity and understanding of the role and impact it can have on their overall marketing efforts as well as how to take the first step. Many brands also look at mobile as a big investment that may require a significant time and financial commitment and if not successful could have major long term ramifications on their job and the company's performance. Brands need to find those mobile marketing players that have already established a proven track record of delivering results across a variety of industries. Going mobile can be a tough sell to many in the organization so having a partner with proven experience is critical. They also need a partner that allows them to make the move without having to break the bank. I can't say it enough. This is a big move for many marketers so lowering the financial risks will help them ultimately make the correct decision.

ADOTAS: Have there been any difficulties with getting new brands on board with your services?

IVAN BRAIKER: To say that brands are embracing our mobile marketing solutions is an understatement. In a short period of times we have attracted the attention of big name companies such as Coca-Cola, Disney, Dunkin' Donuts, General Motors, Hershey's and Nokia. Each of these companies quickly recognized the ability of our mobile marketing solutions to cut through the noise, deliver the right message to the right person and ultimately help to further elevate their brands.

Just this past spring we were approached by yet another big name, Jamesons, which looked to us to help with their St. Patrick's Day "Jameson Full-On Irish" Sweepstakes campaign. The campaign was designed to send Irish toasts via text message to opted-in consumers. The campaign featured on-premise marketing materials (in bars, restaurants, etc...) which requested that consumers text in the word "Jameson" to 80782 while the brand's off-premise (on package) materials prompted consumers to text in the word "Irish" to the same number. The campaign generated thousands of text messages that connected the brand directly to their consumer. In the end it was deemed an unquestioned success.

Another example is Wiley, which turned to us to help promote its annual "Dummies Month" during the month of March. Wiley was looking to drive awareness for the popular books while engaging consumers at the point of sale. The campaign leveraged a text-to-win sweepstakes via SMS (keyword DUMMIES) and mobile banner ads

designed to drive consumers to a Dummies mobile Web site (www.dummies.hipcricket.com). In the end Wiley received more than 12.3 million impressions, 330,000 more than they had planned, achieved an average click through rate of 1.4% on their mobile ads and saw a 34% conversation rate on the text entries they received. The success of the campaign was even recognized by the industry, as it was recently named a finalist for the Summit Marketing Effectiveness Award, which recognizes creative excellence in companies and individuals in all media industries.

These are the types of results that our brand customers are seeing on a regular basis and this consistent success is what makes our solution so compelling to others looking to make the move.

ADOTAS: What are the strengths and weaknesses in mobile marketing right now and how do you see it growing in comparison to other forms of marketing?

IVAN BRAIKER: The biggest weakness with mobile marketing right now is the simple fact that most companies are waiting for the big mobile marketing bang to take place. This comes back to a lack of education regarding the options that deliver and are also available now. For example there has been a great deal of talk around the iPhone and how it will impact the mobile marketing space. As a result many marketers have been taking their time to see how this all plays out. The problem is that by taking a “wait and see” approach they fail to recognize the biggest strength of mobile marketing which is here right now, SMS. This is a misconception that we have been working diligently to correct through our participation at major industry events such as the National Association of Broadcasters (NAB) annual convention, NAB Radio and CTIA’s events, work with key industry groups such as the Mobile Marketing Association, and through our own efforts to trumpet the success of clients such as KISS Cleveland, KUBE Seattle, Guinness, Jameson and Wiley.

As our education process continues, marketers will quickly discover the biggest strength of mobile marketing via SMS—currently more than 96 percent of all active cell phone users in the US can be reached using text messaging and through SMS they have a chance to connect one on one with their audience. The personalization of the text message lets them deliver highly targeted messages that are far more appealing to the recipient than other marketing vehicles that spam them with messages that are of little to no interest.

The next major strength involves customer database creation. Essentially as companies conduct campaigns and get customers to opt-in, they are able to create a highly targeted database, one which continues to grow with the launch of each campaign. This database then becomes a key tool for the marketing team because it gives them unfettered, one-to-one connectivity to customers, all of who are extremely receptive since they have opted into receiving the emails in the first place. Being able to cut through the noise and reach receptive customers on the device that never leaves their side is, to say the least, a marketers dream.

The final strength is measurability. When all is said and done marketers need to know that their campaign is succeeding. SMS allows brands to accurately and easily gauge how a campaign is performing at any given time and then make any needed adjustments on the fly to further fine-tune its execution and prove its return on investment, something all marketers are required to demonstrate to justify their investment.

The bottom line is that SMS marketing delivers superior results for broadcasters as well as brands and those that have already taken action have been able to quickly transform their marketing efforts by developing valuable one-on-one relationship with the audience members. These connections have ultimately helped their companies solidify their place in the market. I really believe that as many forms of marketing suffer, whether due to the declining effectiveness of the medium or the poor condition of the economy, mobile marketing via SMS will without question continue to gain traction within the marketing community. It just makes too much sense.