



MOBILE MARKETING ASSOCIATION

Getting Started —
**A Brand Marketer's
Guide to the Mobile
Web and Mobile Apps:
Not an Either/or Proposition**

June 2011

INTRODUCTION:

When the Apple iPhone was released in June of 2007, it ushered in an era of excitement towards all of the innovative things that an "app" could do. The app, a simple piece of software downloaded onto a phone, took the device beyond talk, text and utilities like email, to higher levels of consumer engagement that came along with sophisticated graphics, video, mapping capabilities and social networking integration. For marketers, the app was an incredible attention-getting device: just having one was PR worthy, and it made mobile marketing tangible to CMOs and CEOs. In contrast, phones had "browsers" capable of

accessing the web, but due to painfully slow access speeds and a multiplicity of device formats, content appeared less than optimal. They accessed sites built for computer-based browsers, and content could appear unreadable or a jumbled mess that reflected poorly on a brand.

But in just four short years, the mobile smartphone world exploded and Apple became one of four major platforms that sold/enabled download of apps. As of June there are now billions of apps downloaded per year and over 425,000 individual apps available in the Apple App store and 200,000 for Android devices. In parallel, access speeds to the mobile web increased (3G, the rough equivalent of

broadband, is now the standard for smartphones and 4G is growing in adoption), and mobile web browsers themselves have gotten more sophisticated. Global mobile web traffic, according to sources like Morgan Stanley and Gartner is expected to exceed wired web traffic by 2013. Many companies have realized that having a mobile web optimized site (or landing page for a campaign or sub-brand) was no longer a nice-to-have, but a necessity akin to registering the right URL at the end of the '90s.

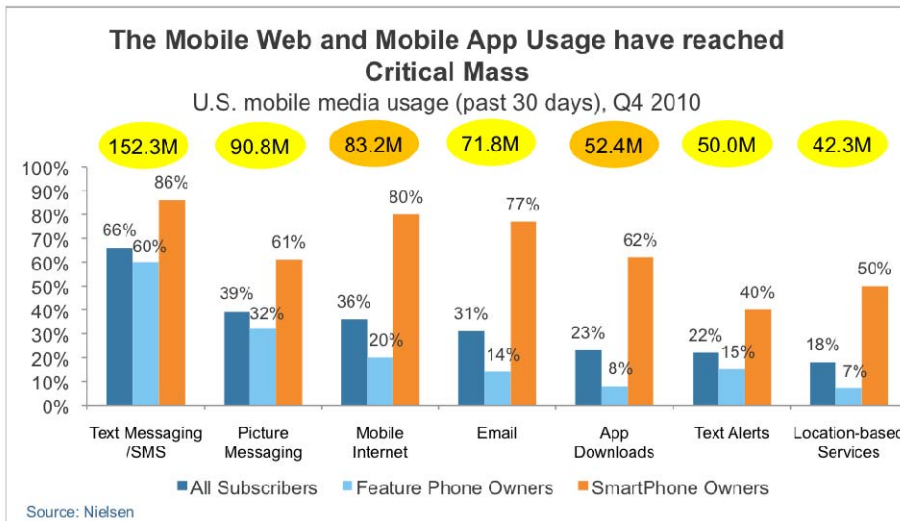


Chart 1

Apps and the Mobile Web: A Complementary Approach

As marketers approach the array of opportunities in the mobile marketing world, they are trying to make the right decisions and set priorities for their own marketing and development efforts in a complex space with little uniformity. The goal of this MMA report is to help them:

- I. **Understand:** Differences, strengths and challenges of both app and mobile web development/optimization
- II. **Develop:** Approaches to both that fits their company's marketing goals
- III. **Market:** Each form so that consumers discover the app or in the case of the mobile web, are driven to the most applicable content
- IV. **Measure:** Performance/results in a way that takes into account the fast-changing nature of these marketing forms, but also syncs up with overarching goals for measuring consumer engagement and usage metrics that relate to other digital media activity
- V. **Monetize:** Develop strategies that either directly or indirectly contribute to ROI.
- VI. **Conclusions and Best Practices:** Are we there yet?

I. Understand

a. Apps

An app is a piece of software that a consumer downloads onto their phone from a specific location or store created by either their cell carrier, the device manufacturer or third party app stores (such as GetJar). Simple apps exist for standard feature phones, but today's mobile apps are typically associated with smartphones where their functionality is enhanced by rich graphics, animations, video and the ability to trigger phone functionality such as the GPS or the camera. Apps are specific to a phone platform and must be developed for them: iPhone, Android, BlackBerry and Windows are the current major platforms in the US (see chart 2).

Depending on what type of a company you are, there are three main types of apps that marketers can be concerned with:

Branded Apps: These apps are specifically developed to enhance some aspect of the company's product and while not typically used to sell that product, they encourage use of it. Examples of this might be the Zippo Lighter App (the phone looks like a lighter), Coke's Spin the Bottle (play the iconic game with a Coke bottle), the Weber's On the Grill (get recipes and grilling advice) or KRAFT's iFoodAssistant (menu planning with grocery list functionality), or the BMW M Power Meter (measure the vehicle's acceleration and G-forces.)

Mobile Media-Related Apps: These are often extensions of well-known media properties that have functionality unique to the apps. Top media-related apps include CNN Mobile, The Weather Channel Mobile, The Los Angeles Times and Chicago Tribune Mobile and Pandora, the mobile version of the popular music service. These apps sometimes have paid or metered versions, but are often ad supported and thus are free for downloading.

Mobile Shopping/Commerce Related Apps: Retailers such as Macy's, Amazon, Best Buy and Target are taking the lead with their customers and trying to establish a continuous on-phone presence on mobile devices through their apps, which offer m-commerce made easy if the consumer has their payment data stored with that provider. CNet, while not a retailer, has created a shopping app that enables consumers to compare reviews for products in store. ShopSavvy is another very popular app (nearly 18 million apps downloaded as of April of 2011) that consumers use to scan a barcode and do comparison price shopping.

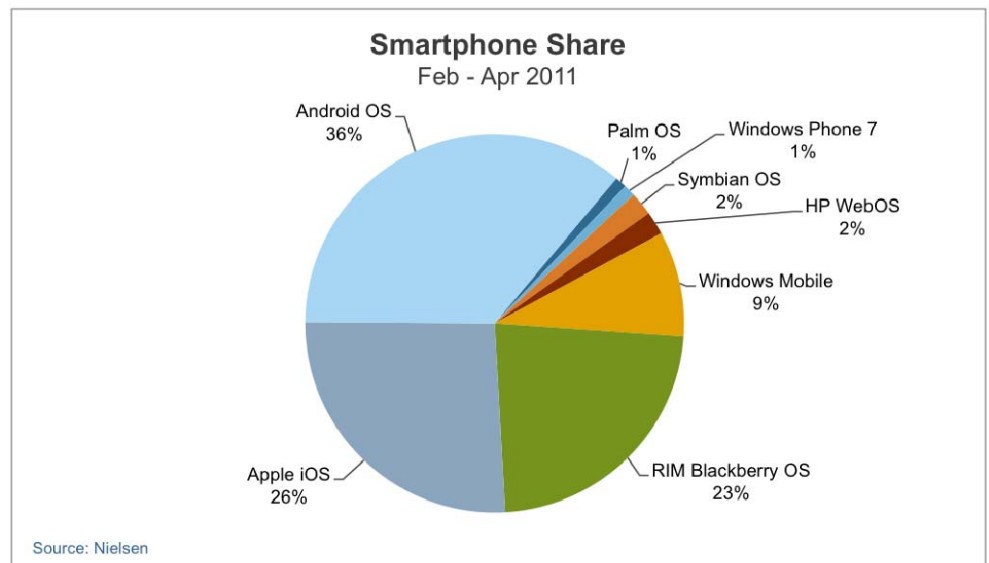


Chart 2

b. The Mobile Web

The mobile web is the Internet accessed through a mobile device. All smartphones and some feature phones have a browser built onto the interface and the browsers are specific to the device, but with some technical work and a mobile UI, a mobile optimized site will be viewable by all the major smartphones. Marketers typically need to be concerned with four forms of mobile web sites:

Branded Mobile Micro Sites or Landing Pages: These are created specifically to focus consumer attention on one aspect of a company's message or brand, such as <http://Huggies.mobi> or <http://slimfast321.mobi> or are used as a "landing page" or simple payoff to the consumer to get more information from a larger marketing campaign. Tara Scarlett, Senior Manager of CRM and Mobile Marketing for Coca-Cola reports that at any given time, Coke has several different mobile web sites/landing pages operating that tie into various campaigns. She cites recent programs for Diet Coke and "Heart Truth" (a health educational program) and their "Stay Extraordinary" campaign. In the same way the marketers typically tag their company URL in broad scale ad campaigns, they can now actively promote their mobile web presence through their "m.URLs" or drive to them through mobile ad campaigns that click directly to these landing pages.

Corporate Mobile Sites: Basic corporate sites featuring a mixture of static and dynamic content. May include secure, membership area or even be a pure B2B site. Examples include Hunter Douglas (<http://hdfab.com>) or AutoVantage (<http://autovantage.com>).

Mobile-Media Web Sites: This could be a media-driven site optimized or created specifically for the mobile web (major media companies mentioned above as well as Gannett, FoxNews, CBS, NBC, MTV among others) have mobile sites and generate millions of views per month through them.

Mobile Commerce Sites: For any retailer, the last three years have been a wake-up call to the fact that consumers want to connect with them through the mobile web. One major department store chain interviewed for this report noted that simply looking at their web log files and parsing out "user agents" (devices that access the web which show up as operating systems such as Windows, Mac, Android, IOS or Apple) showed them just how much activity was coming directly from mobile devices – and what brands of mobile devices their customers tended to have. Mobile web activity can often be driven by a consumer wanting to know a store location on the go or a phone number to check product availability and can often lead to a mobile commerce transaction. In this category in particular, understanding customer need and determining optimal content strategy is essential as is the ability to tie into overall company promotional efforts. If your company is dropping millions of circulars or running a national television campaign in a given week, chances are

People are equally likely to use Browsers as Apps

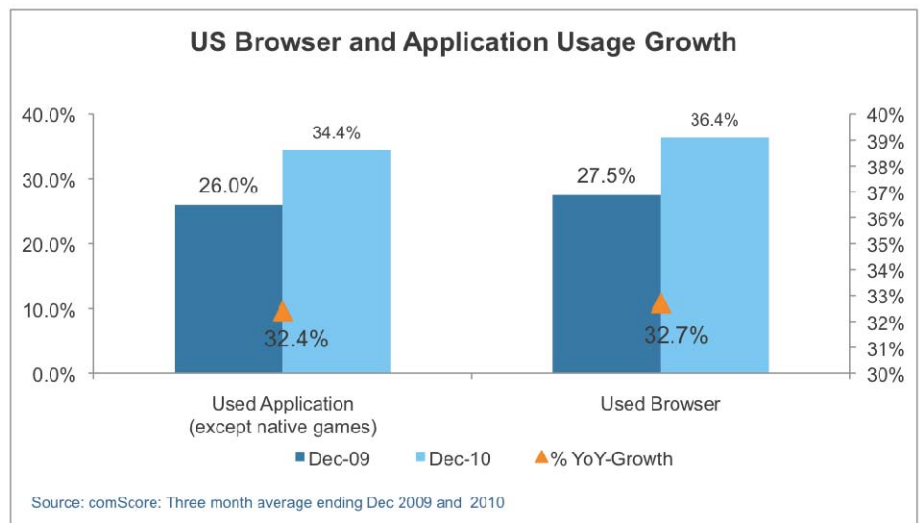


Chart 3

that specific content is what consumers may be looking for on the mobile web. Retailers interviewed have noted higher order sizes and conversion rates with mobile optimized sites, as compared to non-optimized mobile sites.

While to marketers, it may seem that a distinct choice between focusing on one mode or another should be made, the reality is that consumers have voted on this issue with their phones: consumers do both and marketers need to do parallel path development. Chart 3 (previous page) from comScore shows the percent of the mobile universe that does each activity.

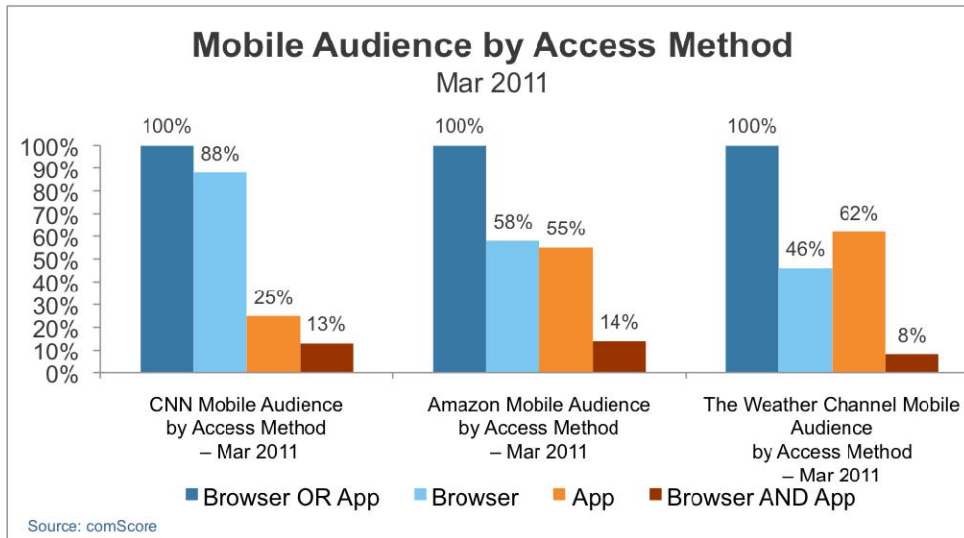


Chart 4 shows how the users of both app and mobile web content for some of the top mobile properties overlap.

Chart 4

Here are some of the overall strengths and challenges of apps and the mobile web that can be used for marketers to develop their own priorities.

Strength & Challenges Overall

Marketing Goal/Challenge	Apps	The Mobile Web
Reach of the Mobile Universe	Typically limited to smartphones; must be "discovered" and downloaded	Accessible from any mobile web-enabled phone though the experience is sub-optimal on feature phones or smartphones with less than 3G connection speeds
Engagement with the Content	Can be highly branded: developed to enhance brand attributes, encourage the consumer to experience some aspect of the brand and share it through their social network. The app can be positioned by the user on the mobile interface and thus encourage repeat engagement	Should tie into an existing campaign (a mobile landing page) or highlight content consumers are most likely to be looking for on mobile. Too often current mobile web content for a brand is "brochure-ware" that does not tie into larger marketing programs/goals
Content Consistency	<ul style="list-style-type: none"> Requires users to manually update to view up-to-date content. 	<ul style="list-style-type: none"> All users see up-to-date content in real-time, no action required.
Development, Complexity of Process, Cost	<ul style="list-style-type: none"> Must be created for multiple platforms. Platforms like Apple have an approval process while Android is simpler. New tools such as Appcelerator and Phonegap enable you to develop one code base that will work on both Apple and Android. It also renders HTML5 	<ul style="list-style-type: none"> With some alterations and a mobile UI, a mobile-optimized site will appear appropriately on various smartphone platforms Updating is similar to updating the wired web Typically \$50 - \$100K to have a specialized

	mobile sites as native apps. <ul style="list-style-type: none"> Updating functionality requires a new development release Typically \$75 - \$200K to have a specialized firm develop a custom app, depending on the depth of content, functionality and number of platforms to be developed for 	firm optimize a site for the mobile web, including a content strategy. Plus monthly hosting with device detection.
Level of Personalization	Can be highly personalized as once a consumer downloads, they can set favorites in terms of location and content preferences	Can apply same level of personalization as you do online.
Discoverability/Marketing Needs	In increasingly crowded app stores, apps must be marketed beyond an initial push to make "top downloads" lists	Consumers find mobile web sites, especially if there is a simple URL. For mobile landing pages, URLs can be added to offline campaigns. Mobile campaigns can click directly through

There are many things that are different about the features and experience between apps and the mobile web – and over time, some of these aspects are diminishing – but here are a few key features and how the users experience them in one mode vs. the other are highlighted on the next page.

Features Supported/User Experience

Features/Experience	Mobile Apps	Mobile Web
Operational Offline: Does it work if the phone is not connected to the web?	Yes, if it is a "native app" that stores its information on the device. (Non-native apps are comparable to book-marks online – they have an icon on the phone but need to access the mobile site through a connected browser.)	No, unless the content is "cached," but to refresh the content, must be connected
GPS Functionality: Does it enable the device's ability to pin-point precise location?	Yes, but may require user permission	Yes, but may require user permission
Camera	Yes	No
Push Notifications: Can a marketer push text notifications that appear on screen?	Yes. These types of notifications are becoming more common and a highly effective way for marketers to draw attention to something in their apps.	No
User Interface: What is the visual/functional experience?	Flexible and most likely to be able to pleasingly reflect brand, include animations and video	More limited with the exception of devices which support HTML5 (the newest version of the most common web-based programming language) and Javascript for iPhone/iPad and Android devices
User Interaction: How can people interact with the content?	Can typically pinch, zoom, shake and otherwise operate the device through the finger gestures. You can also leverage the device accelerometer.	On touchscreen phones, the user can now zoom and pinch content to display.
Graphics: What is the aesthetic experience?	Highly sophisticated capabilities including animations and video. Faster processing.	Same graphics and animations possible on mobile web via HTML5 and JavaScript. Graphics and audio processing not as fast as a local app for gaming purposes.
Speed: How fast does the content render?	Runs seamlessly on phone	Depends on connection speed of phone
Analytics: How do I measure?	Download reports are obtained from individual app stores. For usage, need to be tagged by tools like Google Analytics, Flurry, Adobe SiteCatalyst or Webtrends	Need to be tagged by tools like Google Analytics, Flurry, Adobe SiteCatalyst or Webtrends

"The difference between mobile web functionality and app functionality is simple. Mobile web provides the audience with a destination, an access point and a conduit into our full website(s), or specific content verticals. Conversely apps provide a greater level of community, locality, and specificity to the audience and how they prefer to use specific mobile devices."

- *Andy Vogel, SVP Digital & Mobile*
The Tribune Company

"Target has its mobile web (m.target.com), iPhone/Android apps and iPad app. Target differs mobile web vs. apps based on being contextually relevant. How our guests use them is different, so we want to provide the best experience based on each unique interaction and circumstance. Whatever we deliver, it's critical it's a solution for our guests, not just the creation of a new gimmick for the sake of implementing a digital tactic. For example: Scanning barcodes with built-in smartphone cameras to view item details, read reviews, add to a list or reload a registry; using product finder to locate in the store they're in (down to the aisle number) or another Target store; with Target Mobile Web Pharmacy, guests can transfer prescriptions, refill prescriptions and set-up auto refills anytime, anywhere, on any smartphone."

- *Dan Fine, Director, Digital Experience*
Target

II. Develop

Developing a Brand-Appropriate Approach to App and Mobile Web

Where should a marketer start? The answer goes back to the basics of "marketing 101": what is your customer doing on mobile now and what are they likely to do in the near future. Curt Doty, who runs the Advanced Content Group at TrailerPark, a mobile-focused marketing consultancy/agency (they work with clients like El Pollo Loco, ING Direct and Toshiba) says to "start by analyzing the trends having to do with mobile usage, mesh them with the trends of your business sector and your core consumer behavior and you find the strategy." Here are a few questions to consider:

Who is your core consumer and how mobile are they?

Demographics: Age, sex, income, presence of children in the household all play a defining role in what people do on mobile devices. The first step is knowing who you want to reach (is this your general customer or are you trying to reach out to a younger group) and see mobile as playing a role. Chart 5 shows some of the common activities of mobile users now. You can see that women tend to be heavier social networkers and that usage of the mobile web and downloading apps may not skew as young as you might think. (Note: this will likely change over time with lower prices for older models of iPhones and the broad availability of Android devices is pushing down median age of smartphones over time.)

Where do they live?:

Smartphones have achieved highest penetration in major metropolitan areas for the simple fact that there is competition among carriers (which lowers the monthly fees for data plans) and that cell phone service in general is better. Trying to reach C & D county residents through either a mobile web or especially an app strategy is not very realistic. Think about broader reach mobile tactics like SMS.

Psychographics: Mobile phones in 2008 were the ultimate way to reach early adopters, but now that anywhere

between 31% (comScore, March '11) to 36% (Nielsen, April '11) of all mobile device owners are on smartphones, that's not so true. Early adopters are now proudly showing off their new tablets. But still, ownership of the latest Apple, Android and RIM devices confer a level of experimentation and eagerness to engage in new ways through the devices.

What do they do on mobile now? What will they be doing soon? At TrailerPark, Curt Doty reports that they look at a day in the life of their consumer as it relates to mobile: "We examine each of their mobile touchpoints." Look at their core mobile behaviors as you develop your strategy. Are your customers heavy texters? Do they play casual games – and share them with their kids, or are they hard core mobile gamers interested in virtual goods? Is social networking their number one activity on the phone or are they more inclined to be e-readers? Important for some marketers are the early adopters buying via mobile now and who will likely encourage those within their sphere of influence to do so as well. For a snapshot of how various mobile activities skew by age and gender currently, see chart 5 from comScore.

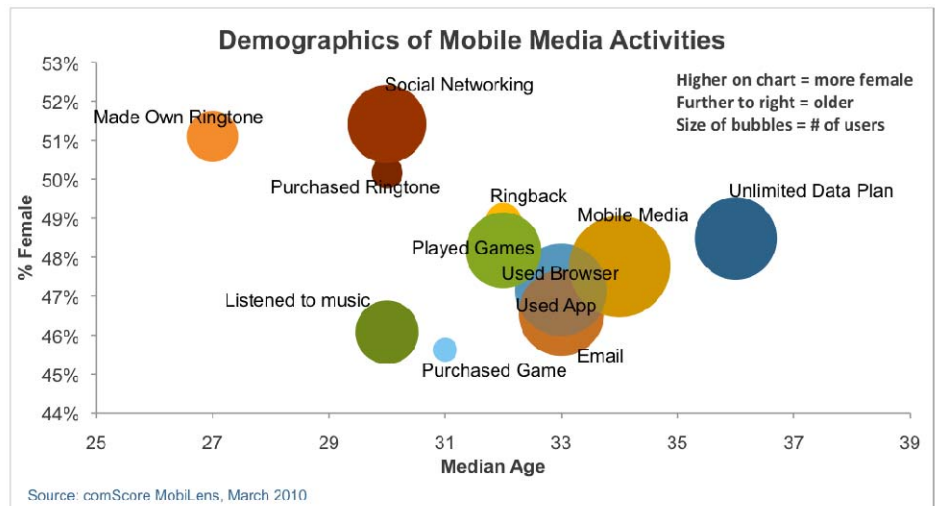


Chart 5

Content Is Still King – Especially With a Mobile Strategy

Now that you've decided who you want to reach and the best modes of doing so, you need to develop a content strategy that fits the specific dynamics of both apps and the mobile web. Is content on the mobile web different than that of the wired web and should app content be different than that of the mobile web? Absolutely. In the case of both the mobile web and apps, form in many ways does follow function. A look at the most frequently-accessed content in apps (search, weather, news, sports, music, entertainment info) makes the argument for "info-snacking" or getting short bites of information. Even a brand like Coca-Cola confers with this idea: they look at all the content they develop for mobile through the lens of "snack-sizing" it, reports Tara Scarlett.

With the exception of tablet usage which encourages more in-depth content consumption, usage of content on portable mobile devices tends towards:

Engage me while I am mobile: Consumers use their mobile phones to play games, catch up on e-reading, listen to music; they are in a highly-engaged entertainment and sometimes informational mindset. In this case, enabling them to get to the content they desire in the most pleasing way possible – and sometimes a lack of connectivity – can favor some sort of app delivery.

OR

Give me information I want now in the fastest way possible: Consumers use their phones to get information on demand to make decisions about their lives in the moment and in very specific locations. Probably most salient to marketers is that people use their phones in stores (87% of mobile phone owners according to Insight Express – and of those, 26% with smartphones have redeemed a coupon in store with them). They use search as a go-with-them-anywhere directory and info source. Consumers search using both a browser and through search apps, or through sites and apps that deliver specific categories of information such as general news, weather, entertainment reviews and listings, travel and restaurant reviews and listings. Retailers also fall into this category of on-demand usage. Consumers tend to have an idea in mind for what they are looking for and in respect to a retailer it may be a store location, a price on an item or availability. They go in, they search, but they are not likely to be browsing. In this use case, making available top items of the week that are promoted through other marketing channels makes sense. The very different approaches that BestBuy and Macy's have taken through their mobile sites are illustrative of these points. BestBuy is very streamlined and designed to answer specific questions consumers have about products, availability and pricing. Macy's is more all-encompassing and the immediate focus of the content is on that week's particular promotion that is being pushed out through all their media channels.

The final note on content strategy is how to make it as dynamic as possible. In the case of branded apps, this is especially significant. For brand marketers, an app that is a one-time game or not refreshed regularly with relevant information can be the determining factor to whether someone keeps that app or decides that it was a novelty to be ignored or sacrificed for screen space a few weeks after download. An app like Angry Birds, the highly addictive game which has been the top free downloaded app on all major platforms for 2010 into 2011, has shown that through simply changing the graphics or challenges to reflect the season they continually engage and delight their customer base.

In the case of content refresh, the ability to update functionality and layout and simply create and push new information that can be accessed on all platforms favors the ease of updating on the mobile web.

III. Market: Tell Them about It and Why They Need It

"96 applications have been downloaded more than 5 million times in the Google Android Market...20% of all free applications and 80% of all paid applications have been downloaded less than 100 times in the Google Android Market worldwide to date."

Distimo, April 2011

There was a time when having an app was a press-worthy development. Now, with over hundreds of thousands of apps available, app stores have become a "long tail" delivery mechanism where the majority of content goes wanting for more than a few downloads. "Discovery" (as it is often called in the mobile world) or a good old fashioned marketing plan, has become a must have for any company considering an app. Start with the basics:

Use Your Other Media Initiatives to Inform Consumers of both Mobile Web and App Initiatives: Your customers probably know that you have a website at this point. But do they know you have a mobile optimized site? Tag all your media with your "m.URLs" and tell them what to expect. The same is true about mobile apps. You don't need a whole ad campaign around the app, just given them a reason to check it out. In the case of companies with highly functional apps like banks, there are so many customer touchpoints that can push to the app. That app is a benefit to the consumer that goes beyond a simple game and can increase customer loyalty and lower cost of transactions.

For Apps, Top Downloads Lists are Essential...but be Prepared for the Week After: A launch plan that includes traditional PR, social networking initiatives and hopefully an "app store pick" will help apps make the rankings. But the challenge is how to maintain those rankings and convert one-time interest into loyal usage – 26% of app downloaders become loyal users according to a study from Localytics (March, 2011) while 26% use only once. Recent developments at Apple now prevent the practice of offering virtual goods to encourage downloads (and now algorithmically suppresses app rankings for those who are doing so through incentivized clicks). [For an update on the app ranking challenges and changes, see http://news.cnet.com/8301-27076_3-20055123-248.html]. Beyond the initial flurry of interest, brands have to execute sustained marketing for their apps, including:

Advertise Your App Or Mobile Optimized Site On The Device Most Likely To Drive Downloads:

Mobile Phones: It's an incredibly obvious tactic, but if you want to encourage people to do something like download an app or go to a mobile site the simplest way to do it is advertise in the medium where consumers can access with one click. Mobile ad campaigns can be as easy as web display campaigns to implement and highly affordable. The mobile ad networks: some of which provide reach (Millennial and AdMob), some of which focus on specific platforms (Apple's iAd) and some of which are more vertical (Rythmn is focused on mobile video) all provide creative services for ads and mobile optimized landing pages, manage campaigns through ad servers and offer packages specifically designed to drive downloads of apps. For an ad network like Millennial, 26% of all their campaigns in March were used to drive app downloads, a strong statement of how well this tactic works.

To drive app downloads, you typically do not need rich media units, but simple JPGs banners than can work on all smartphones and even some feature phones. App download packages are typically sold on a CPA (cost per acquisition or sometimes called "cost per install" in the gaming app market) basis, so you are paying only for the downloads you generate. Rates "per install" can vary from around \$1 - \$7, according to an industry source. Simple mobile banners have proven to work better than display units on the wired web. Data from both InsightExpress and Dynamic Logic relates high performance on mobile to the relative lack of clutter – there is only one ad per screen of content – and the more focused engagement consumers tend to show with mobile devices. In general, ads in apps have higher click rates than the mobile web, according to Jeff Tennery, SVP, Publisher Services at Millennial Media. This is likely due to the different audience (certain apps skew younger and more male, which research from sources like comScore show are

more likely to click). High click rates could also relate to good match ups of content of the ads with context of the app. For example, what better place to advertise downloads of a casual gaming app than in a casual gaming app.

IV. Measure Performance: Develop a Strategy that Fits the Goals

Until quite recently there was a surprising lack of measurement being done with both the mobile web and mobile apps. Since these marketing initiatives were often first forays into the medium, just having an app and generating press associated with that was sufficient, says Curt Doty, of agency TrailerPark. But with the proliferation of mobile apps and the ongoing optimization of sites for the mobile web, the bar has been upped. Measurement should of course reflect the strategy of the mobile initiative. For example:

Engagement: Some brands want to prove a deeper level of consumer engagement through an app whether it is getting consumers to play a game, share the experience through a "Like" posted to Facebook. In the case of apps, the first measurement, but by no means the only, is the download. It is an expression of consumer interest and a strong one: someone wanted that piece of content on their mobile device. But one download means that a consumer found the app and wanted it once, but are they using it? How often, and for how long at a time? How deeply are they going into the app? Are they doing a desired activity? If engagement is your metric, define how you measure the concept of engagement and move beyond the download into usage metrics.

Usage: Just like with the wired web, both apps and the mobile web can be tagged by tools like Google Analytics, Flurry, Adobe SiteCatalyst (formerly Omniture) and Webtrends. These tools will help the marketer understand usage including the path through the content, content most used and little used. They generate reports with metrics familiar from the wired web like unique visitors and pageviews. Perhaps one of the most useful metrics for an app is "% of active users" which can be discerned on a monthly basis. In 2010 Flurry released a stat attesting to the "churn rate" of some apps: 75% of all apps they were tagging were deleted within 90 days. For a marketer, understanding whether you are continuing to engage (and how long) with these hand-raising customers is a must.

Yes, It's All Measureable – And Should Be Strategic: Due to an industry kerfuffle between Apple and a then relatively new 3rd party app analytics vendor, with the introduction of the iPhone 4 in 2010, Apple put a clause in its contract with app developers that stated no third party analytics would be allowed. This led to persistent rumors that it is not possible to measure any Apple devices with third party tools. Those interviewed for this report tend to use one of the top tagging tools that they also use for their wired web properties to tag both apps and mobile web – and yes, it is all perfectly doable on all major platforms.

As Henri Muller, Director of Analysis and Insights for The Weather Channel, attests, they have been tagging and producing usage reports on their mobile web property since August of 2008 and tagged their Apple app six months post the launch of the App store and they continue to do so with Adobe Site Catalyst. She acknowledges that there is a lot of trial and error to the process, but that it is getting easier as SDKs (software development kits that simplify tagging structures) for the individual app platforms have been developed. She notes that the most important thing for any marketer or media company to understand is "upfront planning in the analytics process. You must look at all of the variables needed and determine what you want to understand about usage paths and what may be useful for advertisers." For a brand like The Weather Channel, using metrics to understand how consumers use location is critical: people not only check weather in their current location, but in places they plan to travel for business or pleasure. By assessing the location information, the company can create more relevant content and also deliver ads based on that information.

A company like Target, is "focused on initiatives that help our guests fill their cart (both in-store and digitally), giving our guests all the information they need to make a purchase, in any way that they'd like," says Dan Fine. Their measurement strategy fits this goal: "From a measurement perspective, we look at the number of guests that have downloaded our apps, as well as engagement, sessions, stars in the app store and transactions."

"Because the mobile web is created to be a mobile destination, for us measuring it is focused on where the audience comes from (search, ad, etc.) then optimizing traffic, prolonged engagement with the content, and enhancing the audience profile. Measuring apps is far more specific. App measurement is focused on building community and facilitating conversation with audiences who care deeply about the content."

- o *Andy Vogel, SVP Digital & Mobile
The Tribune Company*

V. Monetize Engage, Entice...and Possibly Charge

How you plan to amortize a mobile app or a mobile website depends very much on what type of a marketer you are and what your mobile goals are. Mobile web optimization and app development cost money and it's the rare CFO that doesn't want to see some sort of ROI. There are several ways that marketers make money off of either form of marketing:

Paid Content: The Apple App store proved that people will pay for content and depending on what you have to offer and just how appealing it is, consumers may pay for it. Check out reports from Distimo to see trends in paid vs. free apps currently and over the past few years (<http://report.distimo.com/metrics/>). On all platforms, with the proliferation of apps, the trend towards free, or partially free (see freemium) is becoming more and more common. If you do sell the content through an app store, the store may take up to 30% of the revenue for the transaction. Apple's policy towards app subscriptions is evolving, see: <http://techcrunch.com/2011/06/09/apple-backpedals-on-app-store-subscription-rules/>.

Freemium: Two versions of an app are created, one stripped down (something of a teaser piece of content) and a fully fleshed out model. This technique is often done with games in hopes of getting someone interested enough to buy a full version. Various brands also can choose to sponsor a free version of a popular app as a form of brand integration or an ad placement. Agency 4INFO created a thorough brand integration of KFC into popular football gaming app Backbreaker and thus delivered a version of the game free. Free versions of popular mobile games are often now opening up with video interstitial ads which command some of the highest CPMs in the mobile ad space: \$25 - \$30, according to Jeff Tennery of Millennial.

Free – No Ad Support: Brands that create branded apps are typically looking for that highly engaged mobile experience and the heightened awareness that comes from a consumer downloading the app. Retailers typically use their mobile apps and web sites to support sales in store and increasingly support simple forms of mobile commerce so are thus not concerned with monetization directly. They may, however, cross promote products throughout either form of media.

Free – Ad Supported: With the legions of apps available there is pressure on pricing and the trend is towards free and thus ad-supported apps according to analysis from firms like Distimo. Millennial reports that 65% of their inventory in 2011 comes from apps, which is a five point increase over 2010. Content producers with enough inventory to go it on their own (mobile optimized mega sites and apps from companies like Pandora, ESPN, CNN, The Tribune Company, The Weather Channel among others) sell directly to agencies. At this stage of the development of the mobile advertising ecosystem there are few purely-mobile focused ad buyers and finding the appropriate person in digital who is expanding into mobile can often be a challenge. There is so much engaging content in mobile apps – especially in gaming and social categories -- that the ad networks have plenty of inventory to go around. They typically do not sell site or app-specific inventory but do allow content producers to set parameters around the sale such as cost floors and whether to accept CPA business. The inventory is typically bucketed and sold into broad categories such as music & entertainment, messaging, weather, social and sports. If the content producers have demographic data from registrations, it is typically used to enrich the buckets of inventory and can increase the value.

VI. Conclusions and Best Practices

Embrace the Variable Modes of Mobile Marketing – And Connect with Engaged/Motivated Consumers

In the United States the ramp up to true mobile marketing was a longer time coming than in markets with either one dominant phone carrier (Japan) or in developing countries with less of an established telecommunications infrastructure (places like Russia, Turkey and South Africa). What we all share is an extraordinary level of consumer excitement about wireless devices. In just four short years the US went from people talking on mobile phones to people doing a huge range of activities on those devices that influence all of marketing. Phones have morphed into portable mini-computers and people use them to comparison shop, e-read, view video and also buy products directly through them.

The rapid adoption of smartphones and then the launch of touchscreen tablets threw marketers and many agencies into a frenzy of having to go mobile quickly. For some, this involved creating great, engaging branded apps, for others, it was simply making existing sites viewable by people on mobile devices. All are finding that the mobile revolution is something unstoppable and faster moving even than the onset of the Internet. Did you have an app? Did you need a mobile site? While these are important questions, they are not isolated ones and should be seen as part of an overall mobilization process rather than a one-off tactic.

As challenging as it is to add another medium/communication form into marketing budgets recovering from a recession, mobile is so dynamic, distinct and consumer engaging that it merits full, strategic consideration. Do we have “best practices” in a marketing form that is changing in adoption and usage so dramatically? Certainly. The first and most overarching one is to approach mobile as your customers do: they don't think “I need an app today” or “perhaps I will browse the mobile web.” They come to mobile for everything they come to other media for, but often more specific demands and higher expectations for delivery of relevant – and sometimes location specific – information. Marketers need to find the meeting point of consumer demand and device capabilities – whether it is delivered through apps or the mobile web – and plan, develop and continually deliver accordingly.

Please check back periodically on MMA's web site – www.mmaglobal.com – for refreshed examples of mobile apps and mobile web sites.

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About The Author:

Kathryn Koegel is a media and marketing consultant who has worked in online, print, TV and most recently, mobile. She is also a regular contributor to Ad Age on topics involving interactive advertising and mobile marketing including a quarterly report series being published throughout 2011. She was the VP of marketing for one of the first ad networks, Phase2Media and Director of Research & Industry Development for DoubleClick and created their first industry trend reports. She has been working with ad effectiveness research since her early career when she worked for media companies such as Conde Nast, US News & World Report and Gemstar TV Guide Television. In her consultancy, Primary Impact, she works with media and interactive marketing companies such as The Weather Channel, Placecast Mobile, FreeWheel TV, Audience Science, The Coalition for Innovative Media Measurement, Collective Media and the National Newspaper Network. Her primary research work has been accepted and published by the ARF and ESOMAR.

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About the Mobile Marketing Association (MMA)

The Mobile Marketing Association (MMA) is the premier global non-profit trade association representing all players in the mobile marketing value chain. With more than 700 member companies, the MMA is an action-oriented organization with global focus, regional actions and local relevance. The MMA's primary focus is to establish mobile as an indispensable part of the marketing mix. The MMA works to promote, educate, measure, guide and protect the mobile marketing industry worldwide. The MMA's global headquarters are located in the United States and it has regional chapters including North America (NA), Europe, Middle East and Africa (EMEA), Latin America (LATAM) and Asia Pacific (APAC) branches. For more information, please visit www.mmaglobal.com.

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