

Research Project Report

MRKT 4177 – R10: Contemporary Issues in Marketing

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Academic Honesty Verification

The authors verify this document was prepared in accordance with my signed Academic Honesty Statement. This document was prepared by me specifically for this course. The thoughts, ideas and writing in this report reflect our work and our work only unless we have properly attributed credit to other sources.

Executive Summary

There are over 4 billion mobile phones around the world and over half of local searches are said to be conducted through a mobile phone¹. It is said that mobile marketing will grow from \$1.56 billion in 2013 as compared to \$320 million in 2008 (Clow, 2010). Based on our research, mobile marketing is growing at a rapid pace and it will continue to grow and become the number one marketing platform.

Mobile applications continue to grow and are one of most popular channels of advertising on mobile phones. Mrs. Samy a marketing executive from Future Shop has hinted that there is an increase in the number of mobile users; and believes companies need to focus on this growing market. Companies without mobile friendly website are losing out on potential visitors. Although mobile applications come with certain drawbacks such as market noise and personal security; apps are still a valuable tool for many businesses. Pamela Ip, our guest speaker was shocked to hear that 47 of the top 100 apps had tracked her location without her knowledge (Thurm & Kane, 2011). Issues of personal security will continue to be a topic to watch closely in the coming years as new technology creates new risks.

The number of smartphone users is also on a rise, the group saw an increase from 10% to 33% in worldwide users. Nokia is the worldwide leader in mobile phone market share with 23.7%; the Android operating system is the leading platform across the world. New technology such as NFC (near field communication), will continue to grow and transform the way we live our daily lives. NFC technology is currently being tested with the “Google Wallet” which allows your mobile phone to act as a form of payment.

QR codes and geo-location are two current trends that have received mixed reviews. QR codes are the little bar codes you are asked to scan through your mobile phone. These little codes are often hard to use and require you to have a QR code reader. Geo-location applications are constantly evolving and will continue to grow. Shop Kick, a mobile rewards program, rewards individuals for entering participating stores. The company has been using geo-location technology successfully².

Mobile technology has been evolving alongside of mobile marketing and has seen amazing advances in technology in the last few years. AT&T and Verizon have introduced 4G technology in select cities in the US. 4G technology is a faster platform of cellular communication that precedes 3G technology. These platforms of technology are used to transmit data to and from the phone, 4G technology will provides speeds and connectivity that is equivalent to that of a WIFI network (Rissen, 2009).

Based on our research and analysis, we have confirmed our thesis and believe mobile marketing will become the world’s number one marketing platform in the coming years. Our stats and research have shown that mobile marketing will experience tremendous growth in the near future.

¹ http://blogs.hbr.org/cs/2011/09/retool_your_business_with_a_mo.html

² www.shopkick.com

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Thesis Statement

Advances in technology and corresponding shifts in consumer behaviour and expectations point to elevated levels of customization, accessibility and convenience; thus mobile marketing must grow to be the number one marketing platform.

Purpose

The purpose of this research report is to carefully analyze the trends and stats on mobile marketing. Based on our research, we will either prove or disapprove our thesis statement.

Summary of Positions For and Against Thesis

Based on our research and thorough analysis, our group stands firmly with our thesis statement. Individuals are constantly on the go and the one device that they always have on them is their mobile phones. With an increasing number of smartphones available in the market, mobile marketing will continue to grow to be the world's largest marketing medium.

Mobile Marketing

"Mobile Marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network."
(Mobile Marketing Association, 2009)

Key Terms

Please see *Appendix-Key Terms*, for a description of the key terms identified in this research report.

Drivers of Mobile Marketing

There are over 4 billion mobile phones being used today around the world. Over half of all local searches are conducted on mobile phones and it is estimated that in 2014, mobile internet users will surpass desktop internet users (Kessler, 2011). Therefore, mobile marketing is expected to increase as this is becoming a key method of getting in touch with users on a one to one basis. It is estimated that total mobile advertising will be \$1.56 billion in 2013 as compared to \$320 million in 2008 (Clow, 2010). This shows great potential for the marketing platform.

Bobby Dhillon, Vice-President, Marketing & Communications at Aldergrove Financial Group, identified mobile marketing as one of the top contemporary issues facing marketers today, including herself. She argues that mobile marketing is relevant and will become a major marketing platform because everyone uses mobile devices (Dhillon, 2012). She continues that "...it takes away so much time from consumers' interaction with other mediums" (Dhillon, 2012). With this in mind, it only seems natural for marketers to move to this emerging platform as a way to communicate with consumers.

From an attitude-intent-behaviour survey of 440 American students in April 2010, it was concluded that younger consumers are in fact more apt to receiving communications from companies via mobile devices (Yang & Zhou, 2011). This is especially true when the communications are interesting and something they would want to share with their friends (Yang & Zhou, 2011). This strengthens the argument that demographics are a driving force of mobile marketing's growth.

Facets of Mobile Marketing

Mobile Marketing

With the increased number of mobile phones in the market today, it is becoming more and more popular to connect with consumers using a personalized message system. Mobile marketing includes ads on mobile sites/apps (i.e. banner, or loading page ad on an app) and SMS/notifications (e.g. text message ad or notification ad using geo-location).

Mobile Sites & Apps

As smart phones increase in demand, companies are developing phone applications for users to have customized information sent to them direct via a company sponsored app on their phone (Martin, 2011).

We asked the class how many people were using a smartphone and 100% responded that they were now using some form of smartphone. Not only that, but every one of them had also used a mobile app, which gave a good example of how the technology is booming.

Mrs. Samy, Senior Marketing Manager at Future shop & Ms. Naves, SEO Consultant from The Online Strategy House both believe that there is an increased trend of mobile users. They believe that companies need to be creating personalized apps and mobile friendly sites to increase business. By catering to the mobile users, brands will be able to connect with their target market and spread marketing messages rapidly through the direct and personalized options mobile marketing offers (Samy, 2012) (Naves, 2012).

As a class we discussed how important being mobile friendly was and that companies that are not, will lose a considerable advantage as mobile phones grow.

Benefits

The mobile customer requires engagement and a value proposition because, without this offering, mobile marketing cannot be successful (Martin, 2011).

A mobile marketing book gives us the following outlook of mobile advertising:

- Broadband search and display ad revenue in the US will reach \$4.2 billion in 2015, up from \$1 billion in 2010. Over 400% increase
- An estimated \$8.2 billion will be spent on mobile marketing in 2016, up 38% from last year (Olenski, 2011)
- Growth in social networking and blogging sites, up 427% between January 2008 and 2009 (Varnali, Toker, & Yilmaz, 2011). This has continued to grow; for example, Facebook now has over 800 million users, which is a massive database that allows micro-targeting ability with their ad service

This is an area the cosmetics industry will be able to capitalize on. By using geo-location, companies can send targeted ads to consumers giving discounts or incentives to come into nearby stores that are selling their products.

As a class we were not entirely against mobile ads being sent to our phone, but decided that it must be done strategically to benefit the consumer. If we bombard them like online banner ads, consumers are going to begin ignoring anything sent to their phones as an ad. Something like an opt-in was discussed in order to generate higher returns on the ads sent.

Mobile Advertising is growing rapidly and with the forecast saying there will be more mobile internet users than desktop in the near future, marketers need to get on top of this new trend.

Drawbacks

A research study conducted in Finland evaluated how consumers see messages through all of the noise and advertising bombardment on their mobile phones. According to their study:

- Consumers were not always very receptive to mobile marketing unless it was highly relevant to them
- Responsiveness from consumers varies and mobile advertising is not always as effective as traditional mail and commercial email (Heinonen & Strandvik, 2003)

When we discussed this with the class, we showed scholarly articles that identified consumers being both more receptive and less receptive to mobile marketing. The class seemed to agree that it was a younger demographic that was more receptive to mobile ads because of our acceptance of the new technology.

We derived as a class that this was important for marketers to understand when deciding whether or not to use a mobile campaign. Mobile marketing to ‘twens’ might be effective, but this same campaign might not work for seniors. The study indicates that we need to tailor our messages to the individual audiences in order to increase effectiveness and overcome all of the noise in the marketplace.

For cosmetics, companies need to be wary of overwhelming bombardment on customers. If a customer enters a cosmetics section of a retail outlet and receives 20 targeted ads, there is a good chance that they won’t even read them.

Shrinking Costs of App Development

When the iPhone was first released, only a select few companies could develop apps. But now with the increasing number of phones that support app use, there has been a large influx of app developers in the marketplace. According to TechCrunch, app costs can vary heavily from:

- Entry level applications costing approximately \$3,000-\$8,000 to develop
- A more advanced app can range from \$50,000-\$150,000³
- And with ‘do-it-yourself’ app capabilities, those who are tech savvy enough can do it for nothing but the cost of their own time (Patel, 2010)

These costs have been coming down over the past few years. An entry level app is now certainly more feasible for businesses to get into the app market.

As a class, we watched the Heineken ‘Star Player’ app that allowed consumers to play alongside one another in a real time game that was linked with Football’s Champion League worldwide. The class initially had a mixed opinion on this application, whether or not it should derive an immediate ROI, or if it was a long-term campaign to build the brand. However, we all agreed that it created interaction among users and brought the Heineken brand name to mind, which may have temporarily caused an influx of sales. We also agreed that because this app got hours of one-on-one interaction with consumers throughout the Champion league, that it was so much more superior over a TV commercial that would cost similar for a 1 minute spot one time during the entire series. The discussion ended with the thought that Heineken might not have seen an immediate sales increase, but it would have built an association and brand name with consumers for long-term growth.

³ <http://osxdaily.com/2010/09/07/iphone-development-costs/>

Near Field Communication & Smartphone Purchases

Near field communication (NFC) is the technology that is responsible for mobile purchasing and the 'virtual wallet' technology. It also allows information transferring between smartphones.

Numbers indicate significant market growth around the world and an increasing presence of mobile purchasing, for stats please refer to Appendix – Mobile Smartphone Purchases. With such an increase in smartphone purchases, it indicates that companies need to have mobile friendly sites to support the mobile commerce trend. Marketers can clearly see the impact marketing has on mobile purchases.

Mobile purchasing could be huge for cosmetic companies. Many women choose a specific product that they re-order every week/month. By creating a re-ordering program with mobile technology, they could take advantage of the trend and make re-ordering easy on one's phone.

Mobile Wallet Technology

The mobile wallet is, in a nutshell, a cellular phone credit card. You can make mobile and in-person retail purchases. The way the new mobile wallet technology works is by using radio waves to connect itself (your phone) with another phone or receiving device (e.g. payment terminal), transferring data as required.

Benefits

From our class discussion, we discovered that everyone looked forward to this technology and none were very skeptical of the drawbacks like personal security hazards. Our initial thoughts were that because of personal information safety, this could raise concerns, but 100% of the class were in favor of having cards (i.e. driver's license, visa, etc.) consolidated on their phone.

A USA Today article has indicated that it is predicted that NFC handsets will grow from 34 million users this year to over 80 million next year⁴ (Thompson, 2012). Currently, Google is the biggest player with this new technology, connecting their Android phone with the mobile app 'Google Wallet'. But now Apple is also talking about releasing their Ipad2 and Iphone5 with NFC technology, which would likely cause a significant increase in demand for NFC technology adoption⁵ (Marketing VOX, 2011).

Drawbacks

The one concern raised was the time lag until this technology becomes main stream or if it would become another 'Bluetooth'. It might be increasing in usage, but the same thing happened with Bluetooth technology, which is now in decline! Consumers will have to wait several years before retailers begin accepting NFC technology and it will have to be user friendly and powerful enough not to fail like we're seeing with the Bluetooth technology.

⁴ <http://www.usatoday.com/tech/news/story/2012-01-08/cnbc-near-field-communication-mobile/52443756/1>

⁵ <http://www.marketingvox.com/if-apple-says-so-it-must-be-true-near-field-communications-is-coming-now-what-does-that-mean-for-marketers-048570>

Personal Information Safety

Drawbacks

The Wall Street Journal contains research conducted on how smartphone applications are sending out private user information across the net. Please see Appendix – Personal Security for more details.

This discussion was rather interesting. The class seemed quite perturbed by the amount of information applications released about users to various companies. However, when questioned, none of them indicated that they would quit using an app like Facebook. As we move into this world of apps and mobile site browsing, we're also relinquishing our privacy rights. This might be a major concern for some people that could cause problems as the market evolves with things such as near field communication (virtual credit card). Increased identity fraud and scams may be something to watch for in the near future.

However, from our class discussions, even though these applications are releasing information about us and we find it disturbing, we're still not willing to give up use. While this may be the case, we derived that marketers still need to be aware of this, because it could have an impact on the market of how users react to the new applications being offered.

New Trends

Mr. Stewart, a business owner of Express Employment Professionals, expressed a growing need for companies to advance with technology and stay on top of the growing trends. He indicated that as users adopt technology into their lifestyles, it becomes increasingly more popular to connect with them via the new trend.

He also stated that it is very important for a company to be creative and not always 'follow others'. By attempting to contact users via a channel that is currently booming, our message might get lost in the noise. Therefore, we need to be ahead of the curve and connecting with our market using new and innovative ways (Stewart, 2012). If everyone is going mobile, what's to say that our message won't just be lost in translation and never heard?

Mobile Devices

The complexity of mobile devices has been growing increasingly in the past few years as companies compete in a highly competitive market. The Google Nexus is an example of a phone that has revolutionized the mobile phone market. The Google Nexus uses near field communication (NFC) and geo-location which will help marketers interact with potential clients. Based on our research and analysis, the increasing functions and features on smartphones will help mobile marketing become the leading platform. A new rewards program, Shop Kick uses geo-location on iPhones to reward users when they walk in to a participating store. Applications and devices are becoming very advanced, and "soon will be able to carry on advanced tasks in the medical field" (Topol, 2010).

Benefits

Mobile devices are rapidly changing and evolving as companies struggle to find the next "best" device. Companies are able to market to users on the go through engaging content. Currently Nokia is the leader in worldwide market share, leading the way with a 23.9% market share in Q3 of 2011 (Carey, 2011). There are thousands of devices that are capable of accessing the internet, sending text messages and accessing social media websites. The most popular cellphones in Canada are the Blackberry by Rim and the iPhone by Apple. At the end of 2011, Blackberry held a 32.6% of the market share whereas

iPhone held 31.2%. The new coming Android software has been increasing its market share annually and currently owns 27.8% of the market share of mobile devices (Globe & Mail, 2012).

During our class discussion the class was surprised to hear that Nokia was the worldwide market leader in mobile devices. Peter Van Weeme stated that “Nokia is popular in India; because of the rudimentary style of marketing they have conducted there” (Van Weeme, 2012). As nations such as India continue to grow and advance, companies such as Apple will be able to gain a larger market share. As marketers, the shift in market share will need to be closely followed, as a change in devices will lead to a change in the marketing strategies we put in place.

Blackberry were the leaders in mobile devices. This common misconception is privy to North Americans, as the market share is dominated by Blackberry and Apple. The class made comments that they believed Android would be gaining steam in the North American market; they were correct about this assumption. Android has been steadily increasing its market share in North America by grasping 27.8% of the market share in North America.

Drawbacks

The class became actively involved in discussing the implications of the data presented. The class mentioned previous presentations in which individuals in India were being bombarded with SMS ads. The class debated the future of marketing on mobile devices and how they would be opposed to receiving text message ads from companies on their phones. An article from Mashable mentions that “Usually the older a technology, the less frequently it will be used, but text will be around for a long time” (Sniderman, 2010).

The issue of opting in and opting out will be a hot topic of debate as the mobile marketing industry is estimated to grow more than 100% every year (Pousttchi, 2010). SMS popularity in turn will remain popular in emerging markets such as Asia, where mobile phones such as Nokia and Samsung are the market leaders. It is important to note that SMS messages are limited to 160 characters in North America and 70 characters in Asia, which significantly impacts the information that can be passed on to a customer.

During an interview with Jonathan Longworth, we discussed the divide between digital media agencies and the knowledge a normal consumer. Jonathan had stated when we develop marketing strategies; we often forget that the market isn’t always as advanced as we are” (Longworth, 2012). These views are valid and are an important point that a marketer must remember when creating mobile marketing plans. Even though NFC maybe a cool feature that your phone has, it may not be a feature that the market is ready to adapt too.

Geo-Location

Geo-location is an emerging facet of mobile marketing that is attracting lots of attention and has evolved dramatically. Marketers are now able to determine when someone is interacting with their brand (or has the possibility to do so) and determine the most appropriate message for the situation (Olander, 2010). There are different viewpoints on this topic that both support and refute our thesis.

Benefits

In an article on Forbes.com, the benefits of geo-location were discussed. It was noted that “80 percent of consumers’ disposable income is [still] spent on businesses within 10 miles of their homes...” (Cook & Sampat, 2011). This provides a huge opportunity for geo-location as local companies can use this technology to their advantage to attract members of the community who could potentially be repeat customers. This applies greatly to the cosmetics and clothing industry that is graced with repeat

purchases. If local companies can encourage consumers to try their products via geo-location, they could see substantial benefits.

Geo-location is all about getting the right products presented to the right people at the right time (Cook & Sampat, 2011). Relevancy is key in order to develop effective geo-location efforts. If a non-relevant message is sent to someone, they may develop negative feelings towards the brand. Conversely, if a relevant message is sent to an individual, they may be delighted at the offering which could foster positive feelings towards the brand. It was noted that 51% of respondents in a mobile study indicated they would be open to sharing their location for relevant messaging directed toward their mobile device (Farb, 2011). When this stat was shared during our class presentation, members of the class seemed surprised that it was so high. The class came to a conclusion that this stat didn't apply to them which was surprising and contradicts points in this study which indicate that younger consumers are more open to receiving mobile communications.

Murray Pratt (Pratt), the CRM Practice Manager at Nextec Group, identified "Segmentation to Personalization" as a contemporary issue facing marketers. He argued that marketers have to communicate one-on-one with each consumer (Pratt, Contemporary Issues Interview Report, 2012). Geo-location enables this individualization of marketing messages. Although members of the class indicated they enjoy customized messages, many were still wary to receiving these messages via mobile device which remains a very personal device.

With geo-location, there is an aspect of "immediacy" (Farb, 2011). This appeals to the younger consumers who are used to instant gratification (Farb, 2011). As consumers age, inevitably these characteristics of the younger generation will spread, and the demand for benefits given by geo-location will rise. Demographics are a contemporary marketing issue that marketers need to be aware of. Historically, most companies have spent a lot of their marketing focused on the baby boomers. But now, marketers much shift some of their focus to Generation Y if they want to remain profitable (Dhillon, 2012). Appealing to the desires of this generation in terms of marketing efforts will prove to be a wise decision. This marketing communication and the desires of Generation Y align nicely with cosmetics and clothing companies which are generation specific.

Drawbacks

Geo-location however, may just simply be a fad, as with so many other technological trends (Farb, 2011). Consumers get excited about something "new" and "trendy", and this positions the trend as something that will be integrated into daily life, where in reality, its popularity will die off once consumers realize the lack of value it provides (Farb, 2011). It is still unknown if geo-location will become a mainstream marketing platform, but one thing is for sure, when used correctly, geo-location takes extreme individualization to the next level rivaling that shown in the movie *Minority Report*.

Best Practice

Jet Blue is an airline company offering flights all over the world. It has utilized geo-location to encourage customer loyalty. On the company Facebook page, Jet Blue promotes its "Go Places" campaign whereby customers are encouraged to "check-in" at one of their terminals to earn credits (eMarketer, 2011).

QR Codes

QR codes have been around for a little while, and it seems that everyone is jumping on the QR code bandwagon, but is it really something to jump on to? Through searching for information that both supports and refutes our thesis, we discovered there are widely held views on QR codes.

Benefits

In the September / October 2011 issue of the Information Management Journal, an article discussed the infinite possibilities for QR code usage due to their ability to hold a lot more information than standard bar codes. It points to a personal health records management company and commercial records storage and management firm as good examples of the evolution of this form of mobile marketing and its application to diverse industries. Cosmetics and clothing companies could possibly use QR codes to hold pairing ideas (i.e. which pants the scanned top will look best with, or which eye shadow matched the blush chosen).

Another huge benefit for QR codes is the relative level of ease and expense in executing them (Information Management Journal, 2011). A marketer can simply visit one of the many free QR code generators (such as Kaywa, Qurify or Delivr), insert their specified landing page, generate their personalized QR code, and insert it into their creative. The only cost that occurs is that of time.

QR codes also have the ability to cater to the B2B market. QR codes can make sending information from one business to another easy and simple via mobile devices (Simmons, 2010). For both the B2C and B2B markets, analytics are possible allowing QR codes to provide measureable results. Marketers can see who scanned the QR codes (Simmons, 2010), and with website analytics, what they did on the website and where they exited.

Drawbacks

There are drawbacks to QR codes however. The major drawback is the reality that no one seems to understand how to properly execute QR codes. Scott Stratten, the president of UnMarketing, believes that QR codes are a very useful tool, when used properly. When marketers don't think through the execution of a QR code, they are just wasting their time and their consumers' time.

Through class discussion and experiential exercises, we discovered a lot about the class' perception of QR codes. It was noted that QR codes pose another step in the process of obtaining information. Consumers have to take out their phone, open up their QR code application, scan the QR code (which often doesn't work), and then wait for the link to load and hope they are directed to a mobile friendly page. Because of all of these steps, many members of the class didn't see QR codes as being a marketing tactic in the future.

In an interview, Brani Todorova (Todorova), the Director of Marketing at Cefa Systems Inc., warns marketers to be selective in the activities they pursue. There is a lot of information available and many marketers think they need to have it all (Todorova, Contemporary Issues Interview Report, 2012). This applies also to the marketing platforms readily available to marketers. Marketers may not need to use QR codes if they don't provide any real benefit of doing so. Marketers must be wary of using marketing platforms for the mere novelty they provide (Farb, 2011). Carly Ferguson, the Advertising and Creative Services Manager at Maple Ridge Pit Meadows News, supports the position by Todorova, indicating that there is a large variety of marketing options available to companies and these companies may be overwhelmed by these options and believe they need to execute them all (Ferguson, 2012).

Another drawback to QR codes is their narrow application. In reality, QR codes are just simply links (Stratten, 2011). There are only so many applications that call for the use of a QR code, and this raises the question whether there is an alternative that has a wider application or provides value above what QR codes provide.

Through testing out a wide variety of QR codes during class, we discovered that there were problems with a lot of the samples. Some didn't scan and others directed users to an irrelevant page. This strengthened the argument that QR codes can be poorly executed.

4G Technology

Benefits

4G technology is the 4th generation of cellular communication which is a successor to the current network, 3G (Sullivan, 2011). During our class discussion, students were intrigued at the new technology and the capabilities it provides. The advances in this technology will be available with new mobile devices such as the Google Nexus phone. The Google Nexus phone will include 4G technology and the new NFC technology.

The 4G technology is based on the model of "always on" instead of dialing in; this enables the user to be consistently connected to the internet, like a WIFI network (Rissen, 2009). 4G technology will enhance the user experience through the speed and connectivity it brings. Based on the information obtained from scholarly journals, 4G's best comparison will be made to a WIFI network. As a marketer the 4G network will allow us to create high quality messages without worrying about the size of the message. For example, phones on the 4G network will be able to transmit data at speeds of 50 Mbps (Pachal, 2012).

Drawbacks

When new technology is released, the cost of acquiring the new product or service is expensive. 4G technology is making network providers race to provide 4G coverage across North America in order to gain a competitive advantage amongst their competition. Companies in the US such as AT&T and Verizon are competing against each other in the 4G network, with each company introducing new cities sporadically.

4G technologies also suffer from the beer bottle and bottle opener syndrome that was discussed in class; you can only use 4G technology if you have a 4G enabled phone. Phones such as the Google Nexus and Apple iPhone are capable of using the new 4G networks.

Implications, Opportunities and Threats

Please refer to *Appendix-Implications, Opportunities and Threats* for a chart listing the implications, opportunities and threats facing mobile marketing.

Conclusion

Smartphones and the increased mobile technology trend are outstanding. However, being bombarded day in and day out and using our mobile phones for everything is making us less human and more robotic in our daily activities. The more we move to incorporate technology with every aspect of our lives, the lazier we get and more inclined we are to live through our online image. As we move forward with technology, we should develop technology that makes people more human and not less (Gleeson, 2009).

Transferability of mobile apps could tie in with 'Canada's Top Model' or a fashion design reality TV show. By creating an interactive app that works with the ever so popular reality TV, cosmetic companies could create more interaction and retention of their core messages. A cosmetic ad would tie in perfectly with one of these reality TV shows, presenting a strong opportunity for a new advertising

campaign that would last 10-20 weeks based on the series, rather than a basic TV commercial that costs the same and runs once per day

New trends in the market are expected which are likely to help the cosmetics industry. Cosmetics Design points to trends of mobile couponing as a form of mobile marketing; they expect the redemption rate of coupons will increase (Pitman, 2012). Based on our research, it is clear that mobile marketing will have a positive effect on the cosmetics industry. By providing individuals with promotions and deals on the go, a business has the ability to increase the likelihood of impulse purchases. With new technology “allows viewers and potential consumers to screen-out television commercial(s)”, therefore mobile marketing will continue to grow until one day it becomes the number one marketing platform.

Appendix

Appendix-Key Terms

1. Mobile Sites & Apps:

- | | |
|--------------------------------------|---|
| a. Access via smartphones. | d. Overwhelming ‘noise’. |
| b. Increases traffic and purchasing. | e. Mobile sites never as user friendly as desktop versions. |
| c. Shrinking costs. | |

2. New Mobile Devices:

- | | |
|---------------------------------|-------------------------------------|
| a. Apple iPhone 4GS popularity. | c. Google Nexus phone capabilities? |
| b. What is Android? | d. Market trends. |

3. Geo-Location:

- | | |
|---|---|
| a. Determining an individual’s location via smartphone. | b. Relevant marketing and communications based on location. |
|---|---|

4. QR Codes:

- | | |
|------------------------------------|---|
| a. Barcode scanned by smartphones. | b. Directs scanner to specified landing page. |
|------------------------------------|---|

5. 4G:

- | | |
|--|------------------------------|
| a. What is 4G technology; what is it used for? | b. Is 4G any better than 3G? |
|--|------------------------------|

6. Near Field Communication:

- | | |
|--|--|
| a) Growing trend of purchasing via smartphone. | c) Ease of virtual transactions. |
| b) Mobile wallet growth. | d) Safety precautions regarding personal information released via smartphones. |

Appendix-Mobile Marketing Figures

- 4 billion mobile phones being used today around the world
- Over 50% of all local searches are conducted on mobile phones
- Estimated in 2014, mobile internet users surpass desktop internet users⁶ (Kessler, 2011).
- Increased number of mobile sites and apps present in the market
- Apps available through all mobile carriers, not just Apple
- Significant growth of mobile apps to an estimated 33 billion in 2014 (Dandage, 2011).
- Over 5 billion handsets used today, up from 2 billion in 2005⁷
- Fundamental to have a mobile friendly website, app, or SMS messaging (Ekekwe, 2011)
- Broadband search and display ad revenue in the US will reach \$4.2 billion in 2015, up from \$1 billion in 2010. Over 400% increase

⁶ <http://mashable.com/2011/03/23/mobile-by-the-numbers-infographic/>

⁷ http://blogs.hbr.org/cs/2011/09/retool_your_business_with_a_mo.html

- An estimated \$8.2 billion will be spent on mobile marketing in 2016, up 38% from last year (Olenski, 2011).
- Growth in social networking and blogging sites, up 427% between January 2008 and 2009 (Varnali, Toker, & Yilmaz, 2011). This has continued to grow; for example, social networking site Facebook now has over 800 million users, which is a massive database that allows micro targeting ability with their ad service.
- Smartphone users grew 10%, to over 33% of all mobile phone users worldwide
- Of that, over 74% of users made purchases on their smartphones
- 31% of those mobile phone purchases are directly because of a mobile marketing initiative⁸ (Dandage, 2011).
- Over 50% of users indicated that they would make purchases on their mobile phone for 2011 Holiday Purchases
- Over 50% of American received gift cards for the Holidays in 2011
- Mobile gift cards grew by over 1000%!⁹

Appendix-Personal Details

Out of 101 popular smartphone apps tested

- 56 transmitted the phone ID to other companies
- 47 shared geo-locations
- 5 sent age, gender and personal information
- All of these WITHOUT user consent! (Thurm & Kane, 2011)

Appendix-Increased Smartphone Purchases

Last year, mobile phone purchasing grew immensely.

- Smartphone users grew 10%, to over 33% of all mobile phone users worldwide
- Of that, over 74% of users made purchases on their smartphones
- 31% of those mobile phone purchases are directly because of a mobile marketing initiative¹⁰ (Dandage, 2011)
- Over 50% of users indicated that they would make purchases on their mobile phone for 2011 holiday purchases
- Over 50% of Americans received gift cards for the holidays in 2011
- Mobile gift cards grew by over 1000%!¹¹

⁸ <http://www.business2community.com/mobile-apps/3-reasons-mobile-apps-are-the-future-of-mobile-marketing-057759>

⁹ <http://www.vancouversun.com/business/Mobile+Gift+Card+Spike+Forecasted+This+Holiday+Season+More+Shopping+Purchasing+Moves+From+Mobile/5749039/story.html>

¹⁰ <http://www.business2community.com/mobile-apps/3-reasons-mobile-apps-are-the-future-of-mobile-marketing-057759>

Appendix-Implications, Opportunities and Threats

Implications	Opportunities	Threats
Mobile marketing will continue to grow and become one of the largest platforms for marketing.	Cost of mobile apps has decreased.	Personal information is being stored by applications.
NFC and Google wallet will transform payment technology.	Devices have increased capabilities.	Advances in geo location may lead to an increased traffic in advertisements on your mobile phone.
Phones running off Android are gaining popularity and will continue to grow.	Google Mobile wallet will provide valuable information regarding consumer behaviour.	Personal security is at risk with the Google wallet if it is stolen.
Cosmetics industry will benefit from marketing to consumers on their mobile phones from an increase of impulse purchases.	Geo location apps will continue to prosper and create an opportunity for small businesses.	

¹¹<http://www.vancouversun.com/business/Mobile+Gift+Card+Spike+Forecasted+This+Holiday+Season+More+Shopping+Purchasing+Moves+From+Mobile/5749039/story.html>

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