



The Retailer's Guide to Mobile Advertising



Table of Contents

Executive Summary	2
Introduction to Mobile Advertising for Retailers	2
The Retail Opportunity.....	3
Mobile is Transforming Retail	5
Customer Success Stories.....	7
Best Practices for Retail	10
Partnering with Microsoft for Mobile Advertising Success.....	11

Executive Summary

Retailers can benefit from a properly crafted and executed mobile advertising strategy. Mobile advertising helps:

- Drive brand loyalty
- Drive consumers in-store
- Enhance multichannel campaign efforts
- Drive sales

The mobile Web is also affecting the way consumers behave online: mobile ad engagement, search, shopping and purchasing.

A significant number of people are using their mobile devices to scan product bar codes, use location-based services to find nearby store sales, and employ their mobile browsers to tap into user recommendations or price comparisons while in-store.

This mobile advertising white paper is designed to help retailers get started in mobile advertising. Please read on to get expert advice for retailers on how to create, deploy and measure mobile advertising campaigns.

*An estimated **15 percent** of consumers are already said to be buying products on their phone, according to Deloitte.*

An Introduction to Mobile Advertising for Retailers

Mobile advertising is grabbing the attention of leading retailers throughout the world, and rightfully so. With a properly executed mobile advertising strategy retailers can engage their audience in a non-intrusive manner and generate tangible results in ways that traditional and new media channels cannot.

With mobile advertising, retailers can:

Drive brand loyalty:

- Build brand awareness and purchase intent with their target audience
- Efficiently promote unique, timely and personalized offers
- Stimulate existing customer loyalty
- Improve customer service

Drive consumers into stores:

- Drive increased store, kiosk and online portal traffic
- Increase basket size at point-of-sale

Achieve better campaign results:

- Develop an opt-in database for future direct response marketing initiatives
- Regularly see higher response rates from mobile advertising compared to the average traditional media marketing program
- Integrate mobile into traditional marketing, giving legs to print, TV, radio and insert media, making their campaigns work better



Drive sales:

- Increase the velocity of sales and enhance the convenience of shopping
- Create immediate commerce transactions

“ For Target, mobile isn't merely a marketing channel, it is also a service channel. In addition to promoting products, building brand awareness and engaging guests with our brand, we view mobile as an important channel to help our guests make the most of their Target and Target.com shopping experience. ”

– Sarah Boehle,
Target (Mobile Marketer, Dec. 23, 2009)

Mobile advertising is the practice of placing a marketing message, promotion or sponsorship call-to-action within various media properties that make up the mobile channel, including mobile Web, search, applications, text messaging (SMS), multimedia messaging (MMS), email, Bluetooth and content.

The most common methods of mobile advertising are:

- **Display** – the inclusion of static, animated and rich media banners within mobile Web sites, multimedia messages, video feeds and applications
- **Search** – the placing of a retailer's targeted sponsored search listing at the point of consumer-expressed need
- **Messaging** – the inclusion of a text ad within an SMS, MMS, email or Bluetooth message
- **Voice** – the inclusion of audio ads within automated voice services

The Retail Opportunity

There is great opportunity for retailers who use mobile advertising correctly. Targeted mobile display, search and text ads are helping retailers such as Target and Walmart build brand awareness and purchase intent with their target audience.

Mobile advertising serves as an additional way for retailers to efficiently promote unique, timely and personalized offers. Retailers regularly see higher response rates from mobile advertising compared to the average traditional media marketing programs, which include online, print and direct mail.

As a result, many retailers are increasing their mobile advertising budgets.



The average mobile marketing campaign budget will triple by 2011, according to the IAB Mobile Buyer's Guide. Moreover, according to eMarketer, mobile advertising spending is expected to reach **\$1.56 billion** in 2013, up from **\$416 million** in 2009, with the spending being equally distributed across messaging, display and search mobile advertising.

There are more than 4.1 billion mobile phone subscribers worldwide, of which **237 million** unique subscribers are in the United States (84 percent of the population).

In other words, mobile advertising has a reach far beyond the mobile phone. Retailers can use it to engage billions of people via numerous devices and networks to deliver targeted, personalized and relevant interactive messaging, and employ it as a medium to stimulate immediate commercial transactions.

People are using their mobile devices to stay connected with their friends, colleagues, customers and even their favorite retailers. Mobile users are embracing a wide range of mobile media services to stay connected to the retail brands they love most, including:



- **Text messaging** – Retailers such as Walmart and Sears are seeing a lot of success building a database of faithful customers for future marketing via SMS. Consumers are opting-in to receive SMS communications from these retailers which include mobile coupons and special sale alerts, ultimately driving people in-store. SMS is an effective channel for retailers because consumers exchanged more than **4.1 billion** text messages per day as of December 2009.
- **Mobile Web** – Consumers are shopping retailers' mobile Web sites, looking for store locations and browsing products and reviews. Retailers need to have mobile commerce-enabled sites as an additional revenue stream. EBay, for example, made \$500 million in revenue in 2009 through its mobile site and application. Twenty percent of mobile consumers are using the mobile Internet regularly and if they have a smartphone, e.g. a phone running Microsoft Windows, BlackBerry, iPhone and Android, this number increases to more than **85 percent**. According to Nielsen Mobile, more than half—**55 percent**—of all consumers who bought a mobile phone within the second half of 2009 bought a smartphone or broadband-capable device.
- **Search** – Walmart, Target and Pizza Hut topped the list of the top 10 brands searched for via mobile search in 2009, according to data from uLocate. This and other research confirms that brands play a key role in local mobile search. McDonald's, Starbucks, Walgreens, Subway, GameStop, Best Buy and IHOP rounded the list of the top 10 searches of 2009. The number of local searches per user in the past year has increased **300 percent**. For retailers, this means that they need to focus on the market beyond just smartphones. Also, there is some seasonal impact on mobile local search.
- **Applications** – Retailers are also using applications to drive brand loyalty and as an additional sales vehicle. For example, Best Buy lets consumers purchase products from the store's mobile application. Additionally coupons can be included within applications, driving consumers in-store to redeem special offers. There are numerous application stores with hundreds of thousands of applications generating billions of application downloads. As the saying goes, "there is an app for that."

According to Nielsen, U.S. active mobile Internet reach grew **22 percent** YoY from 55 million to **67 million** unique users in November 2009.

“ Our consumers are mobile; therefore, it's critical that we communicate with them where they are. Our customers use their phones up to 18 hours per day and, to a growing population, it's replacing their computer and home phone. **”**

- Daniel May,
7-Eleven (Mobile Marketer, Dec. 10, 2009)

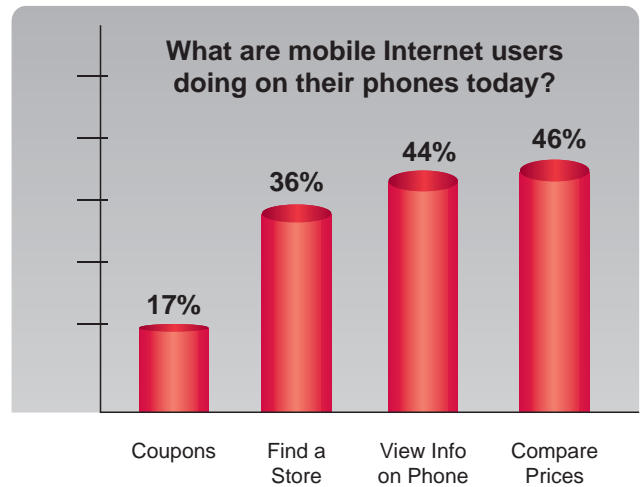
- **Voice** – Retailers are using click-to-call functionality on their mobile sites and within mobile advertising to connect consumers with their call centers. Consumers often make purchases or get customer service via retailer call centers. For many consumers, the mobile phone has become the primary phone. Nearly **35 percent** of U.S. consumers have shut off or no longer use their landline phone as their primary phone, according to the Center for Disease Control.

Mobile is Transforming Retail

Consumer traditional media use is in decline and many retailers are experiencing reduced advertising response rates and high costs associated with direct mail and other traditional channels. Industry-leading retailers such as Best Buy, Walmart, Target, Polo Ralph Lauren and others are engaging their customers where their customers are engaging each other – via mobile devices.

In the retail context, mobile consumers are increasingly using mobile media to enhance their in-store shopping experience and mobile commerce. Per Microsoft research, they are using mobile to:

- **Read product reviews** – **40 percent** of smartphone users use their mobile phone to search for product information.
- **Compare prices while in the store** – **46 percent** of smartphone users use their handset to compare prices while in a store. Additionally, 44 percent store information on their phones for in-store viewing
- **Look up store locations and get directions** – **34 percent** of smartphone users rely on their handsets to look up store locations
- **Collect and store coupons and engage in related incentives** – The study found that 29 percent of smartphone users rely on their phone for finding sales offers and **17 percent** use their smartphones to search for coupons.
- **Store and retrieve their loyalty cards** – The same research found that **44 percent** store information on their phones for in-store usage.
- **Buy goods and services** - A quarterly study by Compete found that **37 percent** of smartphone owners have purchased something non-mobile with their handset in the past six months.



Source: ROI Research, Inc. & Microsoft "Future of Mobile", November 2009

Mobile search is important as it enables these key retail trends. According to Microsoft, **4 in 10** mobile Internet users conducted mobile searches at least once per day.

Mobile Search Advertising is On the Rise

Mobile search is actively used in the purchase process – 40 percent of mobile Internet users use a mobile phone to search for product information. Mobile search helps drive in-store traffic – nearly **34 percent** search for offline store locations on their phone.

In 2009, one in four Americans used a mobile device to access the Internet every month. That is roughly 77 million people looking to discover new things, stay connected and keep informed while on the go. A shopper with a location-

“If you're a smart marketer today, you have to be looking at all the different ways you can communicate with people — traditional, in-store, out-of-home, online and mobile. You have to be tapping into all of the resources you have available.”

based mobile phone is most likely looking for something nearby or wanting to purchase something. Retailers need to revamp their mobile search efforts to make sure that shoppers can find and buy from them on mobile.

Retailers need to have their mobile Web presence developed to be relevant in mobile searches. As use of mobile phone search evolves it is important for local merchants or local outlets for major chains and brands to use a certain amount of Web presence and search engine optimization to get their messages out to consumers in the vicinity.

– Susan Stribling,
Coca-Cola North America
(Mobile Marketer, Dec. 24, 2009)

Retailers need to take the following first steps for effective search engine optimization:

- Make sure to include in text all contact information with name, address, ZIP code, geographic location, phone numbers, emails and points of contact
- Create unique site maps specifically for mobile browsers.
- Create unique pages specifically for mobile devices

Mobile Web search engine optimization follows the same technical rules as that of Web SEO and importance is placed on page structure, use of headers, keywords and titles, along with XHTML browser support.

Retailers that do not take heed of this trend are missing out on a huge opportunity to embrace their customers.

Mobile advertising puts your brand in the hands of your audience and enables immediate and engaging interaction that leads to measurable results. The result of this is that marketers – retailers, specifically – are increasing their spending in mobile advertising.

Multi-screen Campaigns Becoming Mainstream

Many leading retailers are consistently making use of mobile advertising for branding, customer acquisition and customer retention or a combination of them.

Retailers are using mobile display, text and search advertising to acquire new customers, diversify their user base and drive incremental revenue.

While some retailers prefer standalone mobile advertising efforts, others see success in incorporating mobile into a multichannel plan. With an integrated campaign approach, advertisers can drive sustained impact and results including greater audience reach, deeper consumer engagement and improved campaign results compared to standalone initiatives.

Mobile advertising's role in giving legs to print, TV, radio, insert media and the Internet is what makes it a standout medium. SMS can drive store traffic and maintain customer loyalty.



Customer Success Stories

Numerous retailers are achieving significant success through their use of mobile advertising and the integration of mobile into their traditional marketing programs and strategy.

The following provides an example of three different approaches to launching a mobile advertising program. The three approaches differ by their complexity and potential for consumer reach.

Mobile Search Provides Additional Reach



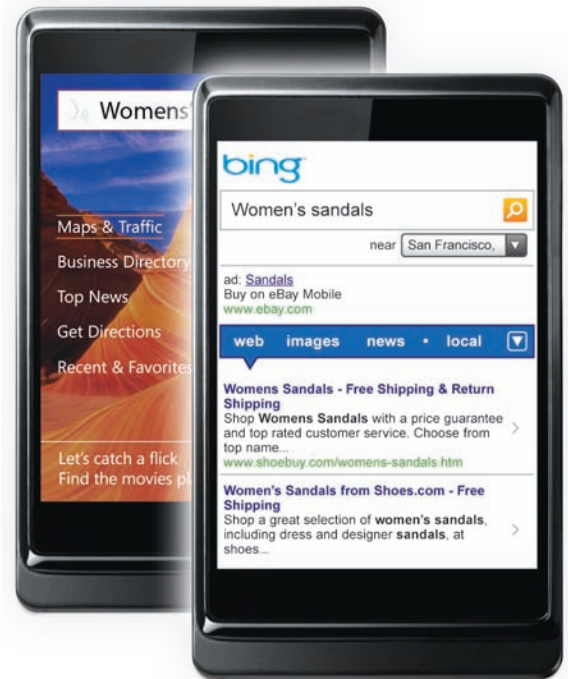
eBay Inc. approached Microsoft Advertising to understand if mobile search could provide additional reach beyond what it was seeing with online search alone.

The online auction platform ran a mobile search campaign using high-value generic and brand-specific search keywords on Microsoft Advertising's Bing for Mobile search platform.

Bing is a solution that provides text and voice search, free maps, local dynamic listings and suggestions. The program ran for a period of one year, from May 2008 through May 2009, and resulted in an astounding:

- **389,000-plus** clicks on the search advertising
- **2.2 percent** average click-through rate

During the first month of launching its mobile campaign with Microsoft Advertising, eBay experienced a **14.5 percent CTR**. Over a period of eight months since, eBay experienced an average CTR of around 2.2 percent. The Microsoft mobile search ad program holds great relevance and promise for retail platforms like eBay in reaching out to and engaging with mobile users.



eBay text ad screenshot

“ Bing for mobile represents an effective complement to our existing paid search advertising campaigns ”

- Jed Clevenger,
Search Marketing Director at eBay



Mobile Display Advertising Can Increase Store Traffic

Ace Hardware and Microsoft Mobile Advertising partnered during the 2009 holiday season to drive increased store traffic and keep up with the demand of loyal customers.

Ace came to Microsoft Mobile Advertising to develop a targeted and comprehensive strategy to reach primarily homeowners with four distinct offerings. Over the course of the month-long campaign, Ace's goal was to engage its loyal users on the go and use new media to reinforce Ace's neighborhood appeal to drive in-store traffic.

Based on in-store promotions, Ace targeted users during the Holiday Sales Series with four distinct promotions:

- 20 percent Off Bag Sale
- 'Tis The Season
- After Thanksgiving Sale
- Your Holiday Helpful Place

In addition, Ace drove consumers to a branded landing page that contained an assortment of content including in-store sale information, a store locator, branded videos and an SMS sign-up page for users to hear more about future promotions.



Ace Hardware banner and landing page screenshots

Microsoft Mobile Advertising developed a targeted media solution that engaged users through Behavioral Targeting and displayed media across both the Verizon Wireless Deck and Microsoft's Windows Live mobile properties.

Mobile display banners ran over a 2-6 day timeframe for each flight for maximum brand awareness on MSN Mobile, Windows Live Messenger, Windows Live Hotmail, Verizon Wireless, MSNBC, CNBC, FOX Sports and Wonderwall.

Behavioral-targeted media to "Home Improvement Enthusiasts" and "Tools and Hardware Shoppers" helped reinforce Ace's neighborhood appeal to its target audience.

All media pointed to the Ace mobile Web site to drive further engagement. Through the use of broad media and best-in-class targeting, Ace achieved:

- **60 percent** increase in brand awareness
- **14 percent** increase in purchase intent over the average mobile audience
- **7 percent** lift in consumers planning to visit Ace Hardware in the near future

“Microsoft Mobile Advertising's media strategy and comprehensive targeting capabilities doubled top-of-mind brand awareness, which is significant given the economic landscape.”

- Domingo Gonzalez Ponce,
Supervisor, Mobile Strategy and CRM, Horizon Media



In-App Video and Banner Ads Connect Retailers with Savvy Smartphone Users

Walmart's advertising within NBC's Today Show Recipes iPhone application and Food and Recipe site is an example of the opportunities and various ad formats that a brand can take advantage of when targeting savvy smartphone users.

The Walmart campaign consisted of click-to-download banners, which led consumers to Walmart's iPhone application, and click-to-WAP banners that pointed to Walmart's mobile Web site. The sponsorships showcase that

while banner advertisements are available to brands within applications, there are a multitude of advertising units that can be weaved into a user's experience.



Walmart banner screenshot



Today Recipe app and Walmart banner screenshot

The click-to-download banners route consumers to Walmart's iPhone application, making it more discoverable and giving consumers the option of downloading it. The Walmart iPhone application was designed to help consumers find great deals on products that fit their budgets while also making the Walmart shopping experience, quick, easy and fun.

Walmart's secondary set of banners focused on driving clickers to the retailer's mobile site where they could find savings, order a prescription, view and create a shopping list or find stores near their location. The banner creative also urged consumers to learn more about Walmart's deals on no-contract phones which have become increasingly popular in the midst of the economic slowdown.

On the Today Recipe application, which included video of special event and holiday recipes from famous chefs and food experts, the mobile campaign's goal was to extend and enhance the wealth of lifestyle advice and ideas featured on Today's popular digital properties.

Since the campaign is still running at the time of publication, there are no results as of yet. However, these campaigns demonstrate the power of mobile beyond just traditional mobile WAP ads.

“ We wanted to create an editorially driven Today experience that also gives the sponsor an appropriate way to reach consumers with not just a branding message, but also useful ideas on how to use their products. ”

- Randy Stearns,
Deputy Editor of the East Coast at MSNBC.com, New York

Mobile Advertising Best Practices for Retail

Size does not matter when it comes to succeeding in mobile. Many well-established best practices from retailers big and small can be adopted today to generate immediate results:

1. **Mobile-optimize your site for search engines.** Make sure to include in text all contact information with name, address, ZIP code, geographic location, phone numbers, emails and points of contact. Also, create unique site maps specifically for mobile browsers. Create unique pages specifically for mobile devices. For mobile search engine marketing, choose your keywords wisely, keeping in mind the mobile searcher who is much more different than the online searcher.
2. **Use mobile display banners to make other marketing work harder.** Mobile ads should be used to support other marketing mediums. For example, run mobile ads to lead consumers to your mobile commerce application and ultimately drive sales.
3. **Use your advertising to drive consumers in-store.** Coupons and deals that need to be redeemed at the point of sale are great ways to drive consumers in-store.
4. **Help consumers find you.** It is always wise to have a store locator option on your landing page, as on-the-go consumers will be thankful that you provided them with an address and even directions to your nearest location.
5. **Let them buy.** For retailers promoting a specific product, including the option to click-to-buy or click-to-call to buy is a smart idea. It is a great way of generating sales and if the experience is a good one, more consumers will be willing to buy from you in the future via mobile.
6. **Obtain their information.** Always include an opt-in option on the landing page or in the ad creative. Consumers who are willing and eager to hear from you are a prized possession, so compile a database of interested consumers. Double opt-ins in mobile are very important and should be in place before the start of an acquisition campaign.
7. **Leverage mobile partners.** Choose appropriate mobile partners that can help you leverage the power of the various mobile media and mobile advertising practices. Ask for references from successful campaigns. Find a vendor that aligns with your needs.
8. **Adopt the Mobile Marketing Association's guidelines.** The Mobile Marketing Association (<http://www.mmaglobal.com>) is an industry-leading global trade association focused on helping marketers and retailers effectively engage consumers with mobile marketing and advertising practices. The MMA's guidelines help marketers and retailers support the rights and privacy of consumers, stay compliant with industry best practices and regulations, and get the most out of the practice of mobile advertising.
9. **Keep your program call-to-actions clear and simple.** Remember that simplicity works. Consumers should not have to think about what it is the marketer wants them to do. The call-to-action should be clear and easily understood.
10. **Make sure your message is targeted.** Targeted and relevant messages will increase the response rate of any campaign.
11. **Think past the click. Once consumers respond to your advertisement, what next?** Will they receive a message, be taken to a mobile Web site, or invited to download an application? Consider the complete 360-degree experience and make sure the total experience is consistent and on point with campaign objectives and message.
12. **Track, measure and analyze. Mobile advertising is extremely measurable.** Be sure to continuously track, measure and analyze the results of a program and make adjustments as necessary throughout the life of your mobile advertising campaign. Do this and you will see improved results. Additionally, using the wrong analytics tools and assuming that PC analytics would work on mobile causes retailers to miss key and vital information about their customers. Mobile traffic is often either over-counted or undercounted or, in the case of WiFi traffic, completely missed, leading to wasted marketing investment.

Partnering with Microsoft for Mobile Advertising Success

Retailers and manufacturers ready to leverage mobile advertising can turn to Microsoft for mobile display, rich media, text and search advertising to acquire new customers, diversify their user base and drive incremental revenue. In addition, mobile app developers focused on mobile commerce can turn to Microsoft Mobile Media Network to extend the reach of their applications.

We're driving extraordinary results for our advertisers by combining audience insights harnessed across multiple screens with the powerful reach of mobile MSN®, Bing™ and our unparalleled relationship with Verizon Wireless.

Microsoft Mobile Advertising's offering includes:

Mobile Solutions That Go Beyond Advertising

- Made-to-order post-click elements incorporate mobile web, apps, downloads, video, rich media, SMS and more
- Mobile advertising campaigns tailored for retailer needs including sweepstakes, interactive voice, click-to-call, click-to-buy and related promotional elements, data capture, apps and consumer polls and surveys.
- Campaign measurement and analytics to help retailers monitor campaign performance and adjust their program and budget as needed for optimal results.

Only Microsoft® Advertising connects brands to over half **(54%)** of the US wireless web audience with integrated experiences across mobile, PC and gaming.

Microsoft Mobile Media Network

- U.S. Audience reach: Microsoft Mobile Media Network reaches **36 million** unique users or **54 percent** of the U.S. wireless web audience (Nielsen, Nov09)
- U.S. Premium mobile properties: Bing, MSN Mobile, Windows Live Messenger, Windows Live Hotmail, MSNBC, CNBC, FOX Sports and Wonderwall

U.S. Carrier inventory (on-deck): Verizon Wireless

Microsoft Offices: New York, USA; Paris, France; London, UK; Madrid, Spain

Engage with a Qualified Mobile Audience

- Only Microsoft Advertising draws insights from user behaviors across mobile, PC and gaming
- Reach your target in over 100 high value segments, from "Apparel and Shoe Shoppers" to "Consumer Electronics Researchers"

Mobile Advertising at the Point of Decision

- Engage and influence millions of consumers making real time purchase decisions on-the-go with Bing for mobile
- Easily extend your online search campaign to Bing for mobile without having to invest in mobile-specific resources
- Bing for mobile is available on any phone with an internet connection and is the default search box on most phones on the Verizon Wireless network

Microsoft is committed to innovation as evidenced by its constant additions of new ad formats and placements (e.g. location-based services, mobile commerce and rich media) to provide value to consumers and the retail industry in partnership with retailers who embrace mobile advertising.

Microsoft Advertising helps retailers create a compelling, enjoyable experience that customers want to be a part of.

For more information and to get started with Microsoft Advertising, please email mobads@microsoft.com.