



WHITE PAPER

YOUR MESSAGE ON THE MOVE

**AN INTRODUCTION TO MOBILE MARKETING AND
MOBILE ADVERTISING**

PREPARED BY: BOB BENTZ
84444.COM
DECEMBER, 2008
BOBB@ADVANCEDTELE.COM
610-688-6000
AIM- BALLPARKBOB
MSN- BALLPARKBOB

BACKGROUND

Remember when e-mail marketing was all the rage?

It was marketing at its best. It cost close to nothing to send out an email. Plus, companies were able to gauge results of a campaign quickly by measuring open rates, click-throughs, bounced messages, and, most importantly, conversions.

It didn't take long for the SPAM'ers to figure that one out, however. Suddenly, our mailboxes were all inundated with Viagra, Asian girls, and mysterious personal letters from princes in Nigeria. In total, 88% of the e-mail that reaches your computer is SPAM (Secure Computing).

So, the United States government made it illegal for businesses to send e-mail messages to citizens, apparently forgetting that "www" stood for "worldwide" web. I'll bet not too many of you have seen a decrease in SPAM messages sent to your computer, have you? Well, at least not until you installed that SPAM filter.

E-mail is so yesterday. Just try to correspond with a teenager by e-mail. You'll be lucky if your message gets answered in a week!

Mobile marketing, on the other hand, carries the power that e-mail used to have, only with the immediacy of instant messaging and the selling power of television.

That's why the New York Times called mobile marketing: "The most powerful advertising medium of all-time."

TIMELINESS: REACH YOUR BEST PROSPECTS WHEN THEY ARE MOST LIKELY TO BUY

When you send an email, getting an immediate return to your message is not imperative. Otherwise, you would have called...or sent a text message.

By its very nature, text messaging is intrusive. It has a sense of immediacy to which e-mail can't compare. The mobile phone is with us 24 hours a day; in fact, 80% of consumers keep their mobile on and with them all day. Can you say the same thing about your computer?

Savvy marketers then, can utilize text message promotions for times when it is needed most. Is there a small crowd at the nightclub tonight? Send a text message with a drink special. Have extra tickets for the hockey game tonight? Send a text message to those who have purchased hockey tickets in the past and let them know that tickets are half price for the game tonight. Want to increase traffic to your restaurant after the game?

Send a text message when the game ends and reach your target audience as they are walking out to their cars.

PERMISSION BASED MARKETING: IT'S AN OPT-IN WORLD

Let's face it. The most important medium that people have today is their cell phone. It's what people can least likely afford to be without.

While it's hard to imagine that a two inch screen can have the same power of persuasion as the new projection TV you just put in your basement, it does. The reason is media fragmentation.

We are bombarded with promotional messages every hour of every day. The days of the three major network channels having a combined 100% market share are over. There are so many channels available today that it's difficult to break through the babble of television advertisements. Consumers are bombarded with messages and becoming more selective about the ones they pay attention to. That is, if they haven't already skipped through your advertising message on their personal video recording device.

The biggest factor, however, is the mobile phone itself. Consumers personalize it with their own unique ringtones and wallpapers. It's a device so personal that even a husband and wife don't share it. It's the unique personalization of a mobile phone, unprecedented in our history, which makes it such a powerful marketing tool.

So how does mobile marketing break through this din of advertisements of which Americans are pummeled with every day? The key is that mobile marketing is permission-based. Mobile marketers must always request and gain the consumer's permission to communicate with them. Otherwise, you are violating SPAM laws and you just might go to jail.

Many mobile marketing programs have shown that consumers are perfectly happy to be marketed to via text message so long as it's a brand or service that the consumers know and trust.

The carriers have made it a point to become the guardians of the mobile marketing world and they monitor it with diligence. After all, it's in their best interest to protect the loyalty of their subscriber; customer retention is the single most important part of the carrier-customer relationship. When the rogue SPAM'er does appear, the carriers move quickly to shut them down.

With mobile marketing, you are "always connected" to your best prospects and customers.

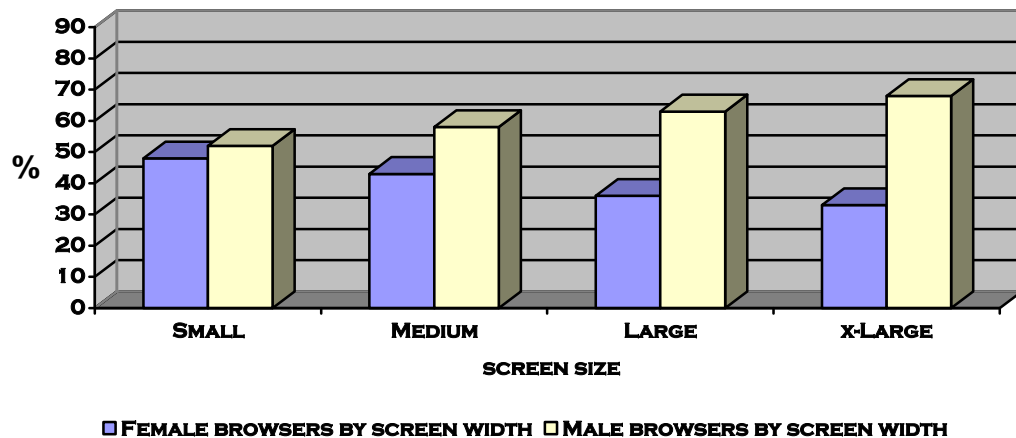
SMALLER REALLY IS BETTER

Generation Y has been called the MTV Generation. They've been brought up on video games and they have short attention spans.

So, what better way to reach Generation Y than through a short message! Mobile text messages are by their very nature...short. No more than 160 characters in length. Short messages mean higher impact messages that must be compact so as to be remembered.

Short messages can actually be an advantage to mobile marketers. Short message lengths are better able to build highly targeted frequency with lower cost and little waste since all recipients have already requested the messages.

MEN PREFER LARGER SCREEN SIZES BUT TEXT MESSAGING WORKS EASILY WITH BOTH LARGE AND SMALL



Source: dotMobi Advisory Group 2007, *Mobile advertising in a .mobi World*

MOBILE'S VIRAL EFFECT

Mobile's viral effect is one of the great bonuses of a mobile marketing campaign.

When you got that funny joke on email, or on your mobile phone, what did you do? Sent it to your friends, right? The same thing happens with a mobile coupon. What that means for you is more new customers and ultimately a bigger opt-in database at no additional cost.

Viral marketing, in fact, was part of the cell phone world even before anybody knew what text messaging was. The networks never thought text messages would become a

revenue source for them. It was simply embedded in the mobile phone so that telecom engineers could check whether or not the line was working.

Customers soon learned about the messaging tool and started using it just to see what it was all about. By 1999, text messaging was proving so popular that the carriers made it into a new revenue source.

Now, that's viral marketing!

IS THIS "THE YEAR OF MOBILE?"

The new American business is lean and marketing is usually one of the first departments where cutbacks occur. Therefore, most marketers are simply too busy to spend the time needed to research something like mobile marketing. Hopefully, this white paper will cut some of the research time marketers need to make a presentation to the boss about why their company should be involved in mobile marketing.

When a consumer participates in a mobile campaign, or opts-in through another method, the marketer captures his cell phone number. This becomes a very valuable database indeed. The consumer has now given you permission to receive future relevant promotions. Those who build their mobile databases today will be way ahead of the curve when mobile marketing use reaches its zenith.

Like any medium, however, mobile marketing is not a means to an end. Mobile is best utilized as one tool in the overall marketing mix. While it may very well be the most significant and valuable tool, it is best utilized in close cooperation with other forms of marketing.

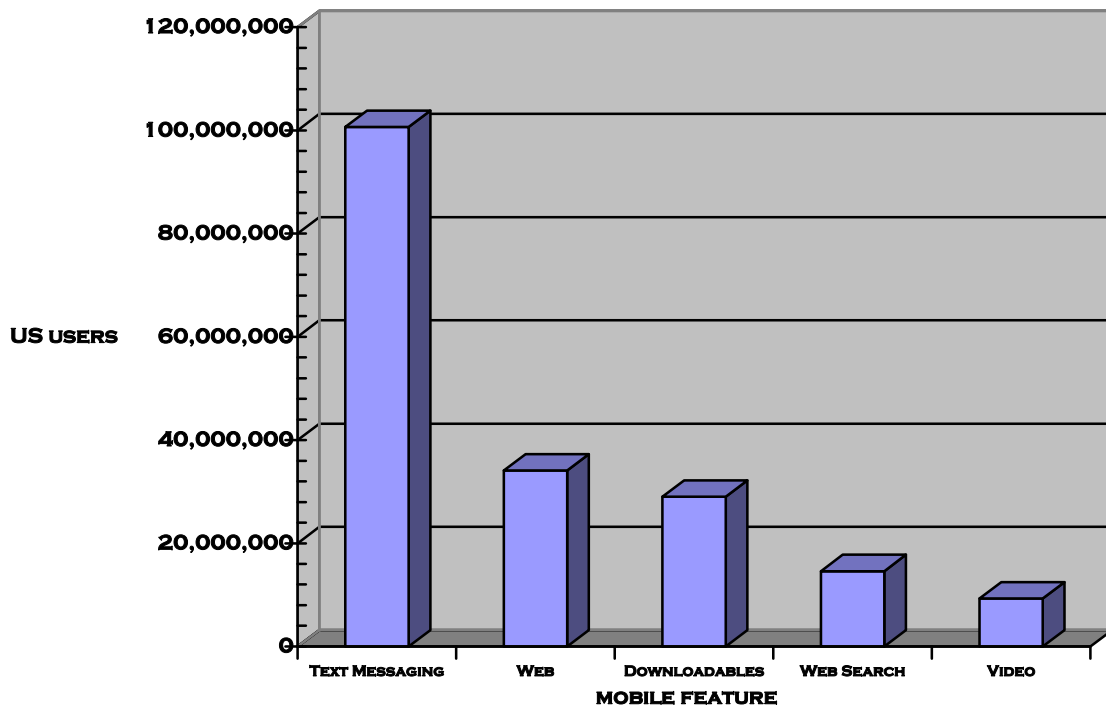
STATISTICS

- Over 270 million Americans subscribe to a wireless service. (For the total number of wireless subscribers today, visit www.ctia.org and you'll see the current number, updated daily.)
- 86% of the US population age 13+ owns a mobile phone. (M:Metrics, August, 2007)
- Mobile phone penetration in the USA will be 100 percent by 2013. (Kagan)
- For every computer sold today, four mobile phones are sold. (GSM Association)
- 2.3 billion people, out of 6.5 billion worldwide, are wireless subscribers. (Informa)
- More people in the world have access to a mobile phone than a computer.
- 79% of Europeans are active text message users. (Jupiter Research, June 2006)



- **89% of all text messages are opened and read immediately upon receipt, including promotional messages.** (Rettie, Grandcolas & Deakins)
- In 2007, text message use among Americans grew by 26.3% (M:Metrics; October, 2007)
- In general, men tend to adopt new technologies quicker than women, but the differences are not great.
- More people worldwide can be reached by text message than via the internet, email, or fax.
- 28 million Americans have unlimited mobile packages on their cell phone service. (Nielson)
- In the UK, there are more mobile phones than people by 102.2%. (Economist Pocket World, 2007)

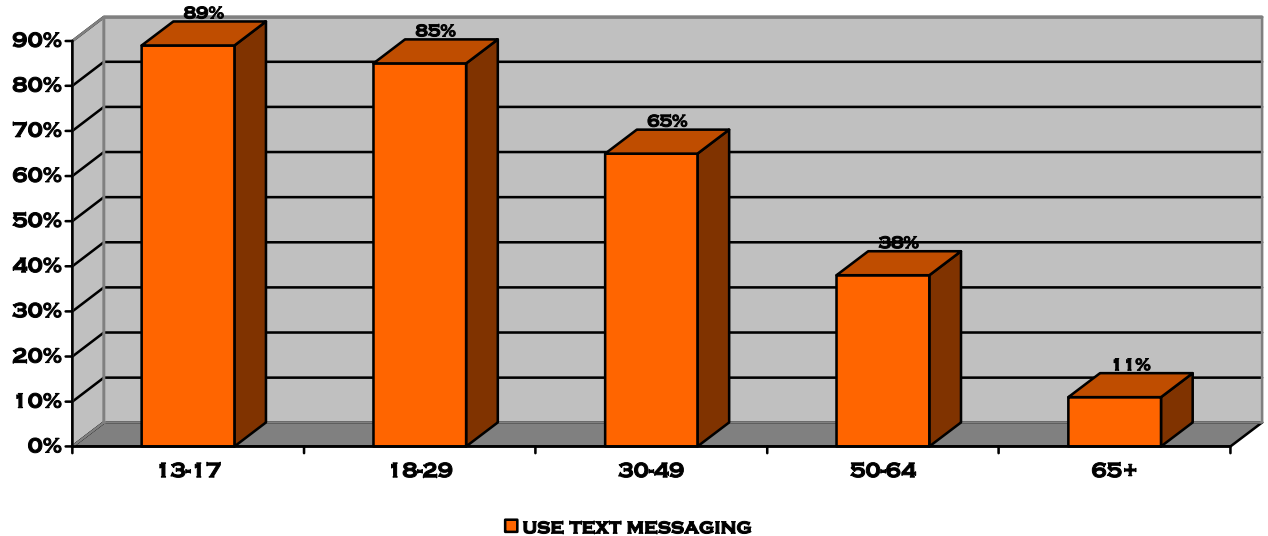
AMERICANS USE TEXT MESSAGE FEATURE MOST
TEXT MESSAGING SHOULD BE THE ANCHOR OF YOUR MOBILE CAMPAIGN



Source: M:Metrics, November 2007

TEXT MESSAGE USE BY AGE

PERCENTAGE OF DEMOGRAPHIC AGE CONTINUES TO BE A MAJOR PREDICTOR OF TEXT MESSAGE USE



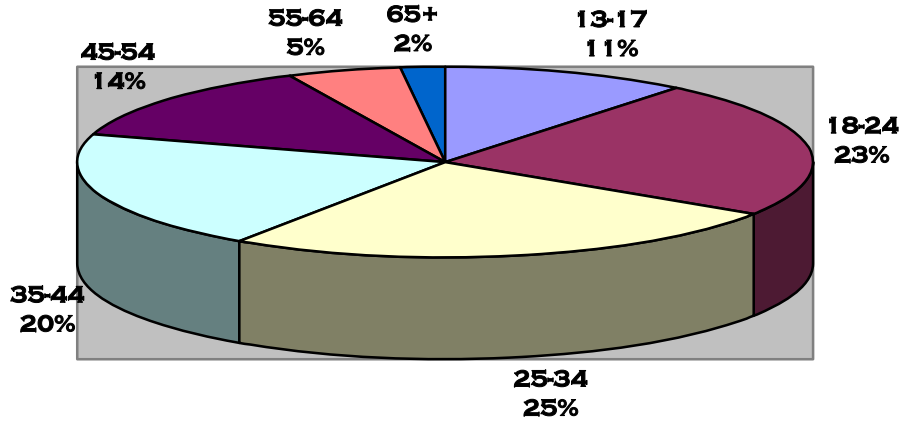
Source: Catalyst Reports: Fundamentals of Mobile and Mobile Marketing, 2008

As you can see, text message service is not just for teens and young adults any more. Text message use grew by 17.5% in the 30-49 age group between 2006 and 2007 and by 15% in the 50-64 age group.*

*Source: BIGresearch, LLC Examines Text Messaging, 2007

MOBILE SUBSCRIBERS BY AGE

YOUNG ADULTS ARE ADVERTISERS' MOST COVETED DEMOGRAPHIC



Source: M:Metrics, November 2007

TEXT MESSAGE USE BY RACE

If your brand targets African-Americans or Hispanics, there's even more reason to use mobile marketing. Use of text messaging by minorities is even greater than by Caucasians.

MINORITIES USE MOBILE FEATURES MOST

THE BEST WAY TO REACH BLACKS AND HISPANICS IS THROUGH THEIR CELL PHONES

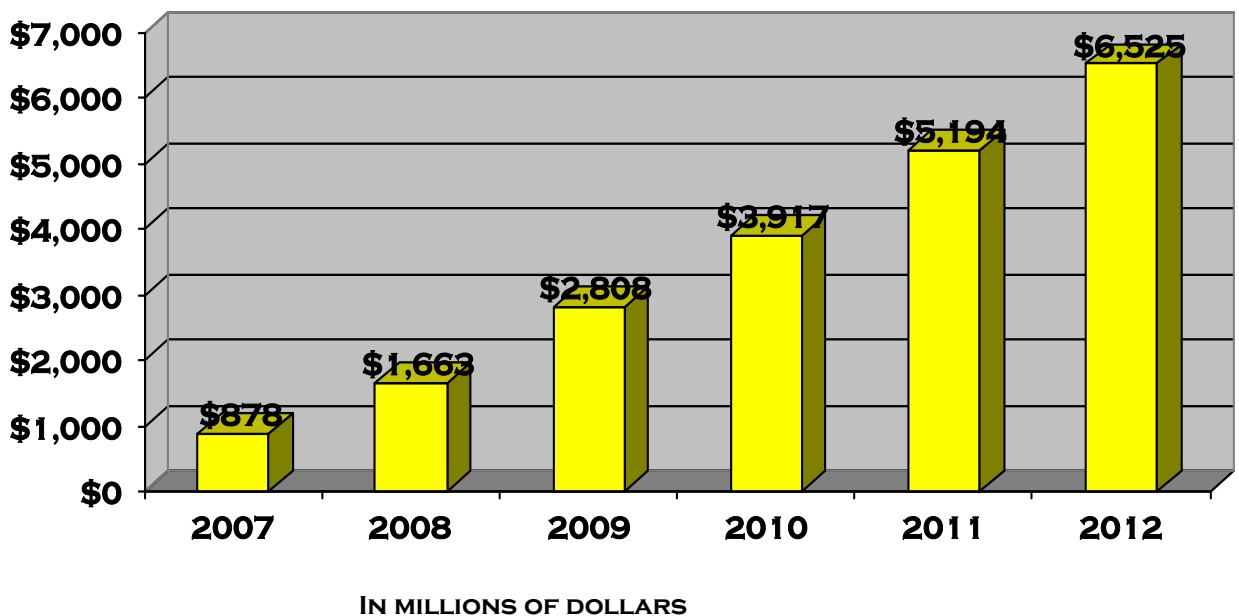
	WHITE	BLACK	HISPANIC
<u>TEXT MESSAGING</u>	53%	68%	73%
<u>TAKE A PICTURE</u>	56%	57%	71%
<u>ACCESS INTERNET FOR NEWS SPORTS AND OTHER INFO</u>	18%	27%	22%
<u>GET MAP/DIRECTIONS</u>	12%	12%	20%
<u>WATCH VIDEO</u>	9%	10%	17%

Source: Catalyst Reports, Fundamentals of Mobile Marketing, 2008

MOBILE ADVERTISING

- 23% of mobile users saw a mobile advertisement. (AC Nielsen; March, 2008).
- Of those who are active text message users, 43% recall receiving a mobile advertisement in the past month. (M:Metrics; October, 2007)
- The US mobile advertising spend in 2006 was \$871 million. (CWTA)
- The US mobile marketing advertising spend will reach \$5 billion by 2011 (eMarketer)
- 42% of mobile customers are open to mobile advertising if it is relevant or they get coupons for free services. (Yankee Group)

PROJECTED TOTAL MOBILE ADVERTISING SPEND MOBILE WILL REPRESENT OVER 10% OF ALL ADVERTISING INVESTMENT BY 2010



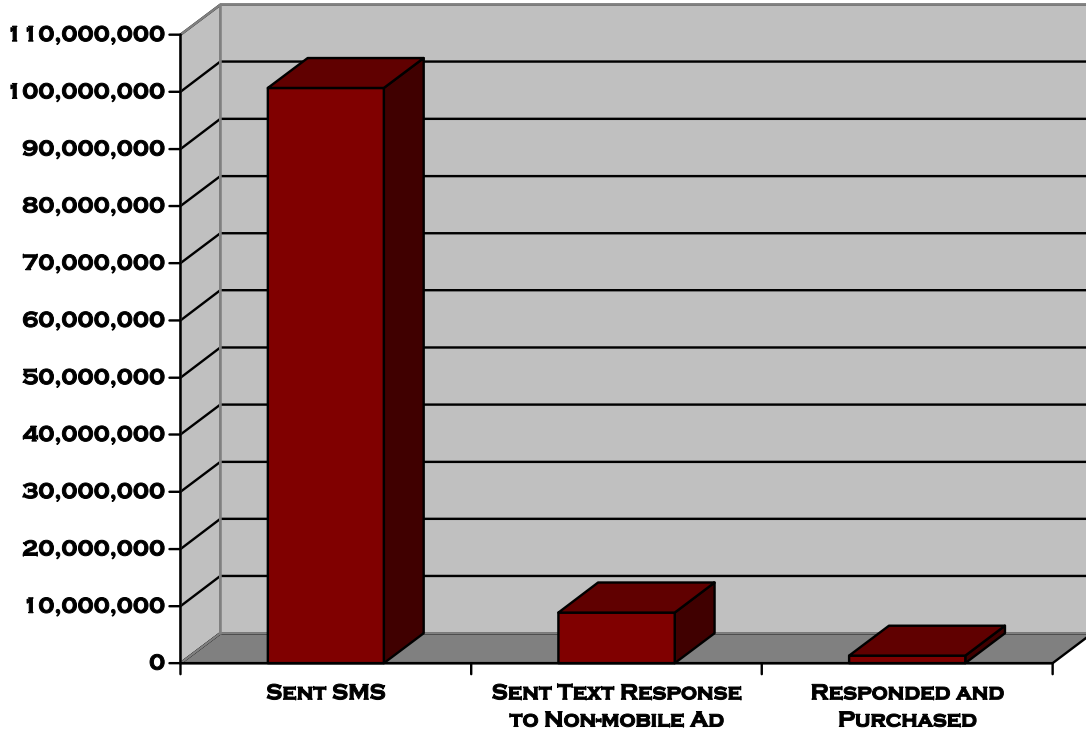
Source: Catalyst Reports: Fundamentals of Mobile and Mobile Marketing, April 2008

TEXT MESSAGE MARKETING RESPONSE RATES
AMERICANS RESPOND BEST TO MOBILE ADVERTISING

COUNTRY	RECEIVED TEXT AD	PERCENT OF SUBSCRIBERS RECEIVING TEXT AD	PERCENT RESPONDING TO TEXT AD
FRANCE	27,743,916	62.3%	7.6%
GERMANY	15,089,753	32.5%	5.7%
ITALY	25,567,895	56.8%	8.0%
SPAIN	24,122,581	75.4%	6.1%
UNITED KINGDOM	18,648,786	41.4%	9.2%
UNITED STATES	36,671,828	17.2%	12.0%

Source: Tanla Mobile Marketing and Advertising Guide, May 2007

**TEXT MESSAGING MAKES YOUR ADVERTISING INTERACTIVE
ALMOST 10 MILLION AMERICANS HAVE ACTED ON MOBILE ADVERTISING**



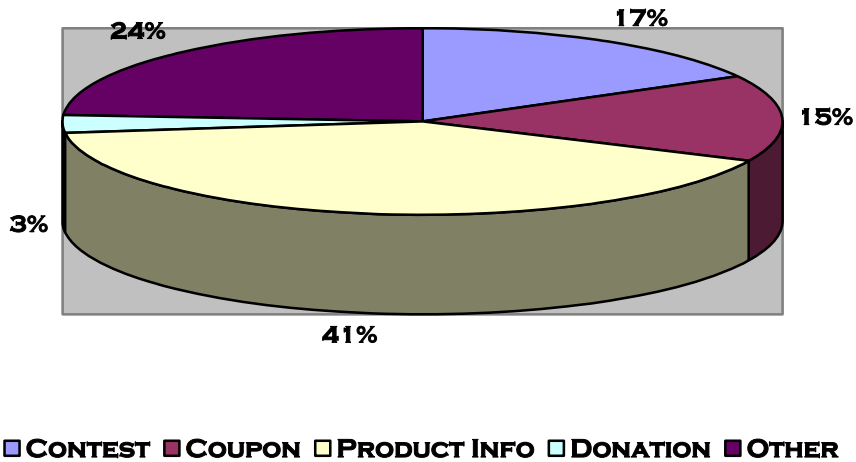
Source: M:Metrics MobiLens survey, November 2007.

**IMPRESSIVE TEXT MESSAGE ADVERTISING RESPONSE
OVER 12% RESPOND TO TEXT ADVERTISEMENTS**

TOTAL SUBSCRIBERS	%OF TOTAL POPULATION	RECEIVED TEXT ADVERTISEMENT	AS A % OF POPULATION	% RESPONDING TO TEXT	PURCHASED ITEM FROM TEXT MESSAGE ADVERTISEMENT	% PURCHASED BY TEXT
215,000,000	86%	36,671,828	17.2%	12.0%	3,758,207	1.8%

Source: Common Short Codes: Cracking the Mobile Marketing Code, October 2007

THE TYPES OF TEXT MESSAGE ADS RECEIVED
ADVERTISERS KNOW THAT TEXTING UPDATES ON SALES AND NEW PRODUCTS HELP
RETAIN CUSTOMERS



Source: M:Metrics, October 2007

APPLICATIONS

Wallet, keys, cell phone. It's what we carry with us every time we walk out of the house. A consumer's cell phone is a walking billboard and your brand has the ability to get into your consumers pocket any time you wish.

CONTESTS

Text and Win sweepstakes account for the majority of the initial mobile marketing campaigns that have been most successful in the United States. Contests offer an extremely successful method in building an opt-in database of mobile numbers for future marketing campaigns. Contests should be a mainstay of most brand mobile marketing promotions.

COUPONS

How many times have you gone to the store and remembered that you had a coupon at home or that you saw a coupon in the Sunday newspaper for the item you are going to buy? Frustrating, isn't it? With mobile coupons, however, the consumer will always have your coupon with him; it's right there in his pocket! Not only will he use it, he'll probably send it to a friend also.

EMERGENCY ALERTS

How do you prevent another catastrophic event from becoming worse? Text messaging is the answer. It reaches people on the move...any time, any place, anywhere. With one click of the mouse from a laptop, security personnel can immediately notify their students, employees, or citizens of a dangerous problem before it becomes worse.

GREETINGS

Loyalty marketing is a buzz word of the 2000's and is a dynamic way to make your brand stand out. Send a greeting to your customers on their birthday or the anniversary of their product purchase. It's always easier to retain a customer than to find a new one.

REMINDERS

We all have busy lives and we can all use a reminder. A Princeton study showed that reminders on Election Day increased voting participation by 6%. Remind your audience about your events. It will increase participation and they will appreciate it.

VOTING

The best way to interact with your audience for immediate feedback is through polling. Gauge public opinion and get your audience involved with your media.

ELEMENTS OF A SUCCESSFUL MOBILE MARKETING CAMPAIGN

- Advertiser Sponsorship – we recommend a sponsor get 40 of the 160 characters in a text message announcement.
- Database Creation
- Loyalty
- Measurement allowing for real-time campaign changes
- Sales
- Segmentation allowing for highly targeted messages
- Value
- Viral Marketing

WHAT IS A TYPICAL RESPONSE RATE?

Mobile marketing is a nascent medium just a few years old. There is no typical response rate that you can expect.

After all, it's not the medium that dictates the response rate, but the message that dictates the actual response rate.

Measurement, however, is one of the tremendous benefits of using mobile marketing. It is important that you benchmark your response rates over time so you can create your own goals.

These are just some of the things you can measure with mobile marketing:

- Number of entries into a competition
- Number of replies
- Amount of data captured
- Click-throughs to WAP sites
- Opt-Outs
- Sales increases
- Coupon redemptions

OTHER SERVICES

PREMIUM SMS

Text messages can become an additional revenue stream for some mobile marketers or it can be used to liquidate costs or simply get rid of marginal prospects.

With Premium SMS, you can charge from .10 per message to \$9.99 per message. The payouts from the carriers vary based on the price points. At the lower price points, there may be little or no revenue share; at the higher price points, you will receive a larger percentage of the revenue.

At a price point of .99, for example, you should expect the carriers to take 45% of the revenue off the top. The remainder after the carrier take is split (usually about 70% to you) in some fashion between you and the service bureau.

One word of caution about Premium SMS services: they can take a long time to be approved by the carriers. If your aggregator does not have your desired price point and

application approved, you can be looking at eight weeks or more for approval. So, plan ahead.

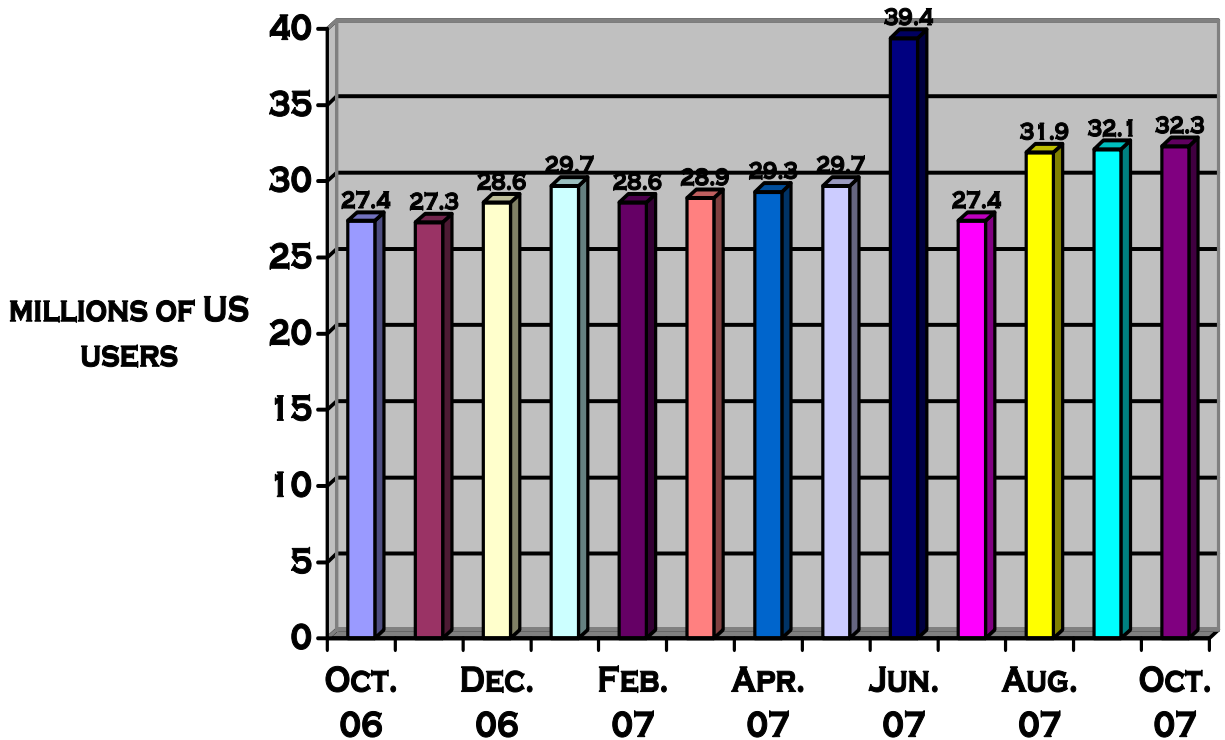
MOBILE WEB SITE DEVELOPMENT (WAP)

An alarming 92% of the top brands in the United States do not have a mobile-compatible version of its web site. Of the top 100 web sites, 26 have mobile versions, with only 16 having mobile versions with auto-detect of all handsets. (Brandweek, January 2007)

84444.com solves the problem of not having a mobile-compatible web site. In addition to offering our do-it-yourself text message promotions, 84444.com also gives advertisers the tools to develop a mobile version of your web site.

MOBILE INTERNET USERS

WHY YOU NEED TO MAKE YOUR WEB SITE MOBILE COMPATABLE



Source: Interactive Advertising Bureau 2008

COUPONING

Mobile coupons may be the single most important application in a retailer's mobile marketing campaign. 84444.com offers a special couponing section that allows its customers to create a special MMS coupon that includes graphics and other special effects to make your coupon more than just a text message with a promo code.

TERMS

Aggregator – Since the carriers won't deal with individual marketers, the role of mobile aggregators was created. A mobile aggregator has a direct connection to the cellular carriers.

Carrier – The company that provides phone service to the consumer. Verizon and AT&T Wireless, for example, are carriers.

Deck – The deck contains the mobile applications that are already on the cell phone when the consumer buys them. These are often essentials like news, weather, sports, ringtones, and wallpapers.

MMS – Multi-Media Messaging Service. This includes messages that go beyond simply SMS text messages and include photos, videos, or audio.

Mobile Web – The Mobile Web refers to the mobile access of internet web sites. This is often done with a WAP Push text message as explained below.

Off Deck – This is mobile content that is not available on the deck of the phone and requires the consumer to either text to a short code, or download information, usually from a WAP web site.

On Deck – Mobile content that is available directly from the cell phone itself.

Opt-In – Typically, to be opted-in to a database, a consumer must confirm his or her desire to do so. Some applications and carriers may require a "double opt-in" in which the consumer must confirm his or her desire to opt-in twice to become part of the database.

Opt-Out – Just as important as the opt-in, is the ability for a consumer to opt-out of a program if he so desires. The universal command for a consumer to opt-out of a mobile program is to simply send the word STOP or REMOVE in reply to a promotional text message received. Be sure that the mobile marketing service you choose has this ability automated as part of the system or you'll be removing opt-outs individually.

Premium SMS – Premium text message services that charge the consumer, much like a 900 number would on a home phone. Charges for premium SMS services appear on the consumer's cell phone bill.

Service Bureau – Mobile service bureaus, like our company, provide the marketer with the tools like 84444.com that are necessary to send and receive text messages.

Shared Short Code – 84444.com utilizes a shared short code. This means that many different marketers are using the same short code. The advantage to this is that you don't

have to pay the start-up fees or the monthly fees (\$500 - \$1000) for the leasing of the short code. The negative of the shared short code is that there is a possibility that the keyword you wish to use is already taken by another user.

Short Code – A string of numbers, usually five or six digits long, that consumers use to send text messages to rather than a string of ten digit numbers. Short codes are required by the carriers for promotional programs. Short codes are often referred to as “CSC” (Common Short Codes) and are administered by the Common Short Code Administration.

SMPP – Short Message Peer-To-Peer protocol. SMPP is the technology used to send text messages. This requires a hook-up to all of the carriers in the marketplace, usually from an SMS aggregator. SMPP includes a per-text message fee to send and receive messages through the carriers’ networks.

SMS – Short Message Service is better known as “text.” It is considered “short,” because a message length cannot exceed 160 characters.

WAP – Wireless Application Protocol. WAP refers to the delivery of web pages to a mobile phone through a mobile web browser.

WAP Push – These are text messages with a URL link embedded into the text message. With WAP Push, users can easily “go to” the URL on their cell phone via the mobile web.

LINKS

Advanced Telecom Services – www.advancedtele.com

Advanced Mobile Solutions – www.advancedmobile.us

Spark Network Services – www.sparkns.com

CAN-SPAM Act – www.fcc.gov/cgb/policy/canspam.html

Common Short Code Administration – www.usshortcodes.com

CTIA – www.ctia.org

dotMobi Advisory Group – www.advisorygroup.mobi

M:Metrics – www.mmetrics.com

Mobile Marketing Association Best Practices Guide –
www.mmaglobal.com/bestpractices

We have made an attempt to ensure complete accuracy of this information, but we do not warrant the correctness of this white paper and we assume no responsibility for errors or omissions.