



**MOBILE
MARKETING
ASSOCIATION**

An introduction to Permission Based Mobile Marketing

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The practice of gaining consent from consumers in advance of a continuing marketing dialogue taking place on mobile devices and in return for some kind of value exchange.

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I. INTRODUCTION

This paper sets out the case for permission based mobile marketing by defining what it is, how it works and the benefits to consumers, brands, agencies and mobile network operators. The paper illustrates all of the above through case studies from all over the world, supplied by members of an MMA Task Force.

The MMA believes that permission based mobile marketing should be seen as a separate and distinct part of mobile marketing. It occupies a unique position, in that it secures and maintains the explicit agreement of the consumer to receive communication from and engage in dialogue with the brand.

Permission marketing aims to change the advertising paradigm from interruption to communication. It enables brands to move from a broadcast monologue to a dialogue that offers to continue a deepening engagement with loyal customers. The advent of mobile as the channel of choice for many consumers has allowed marketers to take permission marketing to a new level. The mobile channel is the best medium for permission marketing because it allows brands to finally fulfill CRM's promise of one-to-one marketing; dealing with each person as an individual. Mobile devices create an individual media channel through which consumers can pull personalized, desired content and services.

At the heart of successful and effective permission based mobile marketing lies the concept of a value exchange: Consumers exchange their consent, and sometimes personal demographic and preference information, in advance, for a product, service or offer that they deem of interest, of relevance or of worth to them.

When consumers give permission for brands and companies to interact with them, they expect the agreement to be kept: In return for sharing their contact information and personal preferences, companies must respect their privacy and offer true value. That value may be tangible and provide some commercial value, such as coupons, discounts or samples; or it may provide entertainment, or information, such as apps or content.

Executed correctly, permission based mobile marketing will enable brands to create more long-lasting relationships with consumers and help achieve compelling consumer engagement, higher response rates and superior returns on investment.

THE MOBILE OPPORTUNITY

There is a global shift towards communications between brands and consumers taking place in the mobile channel. Already, in many parts of the world, mobile devices are the primary access point to information and entertainment. As consumer demand for real-time, anywhere information and entertainment via mobile devices soared in the past two years, the mobile medium has become a vital communication channel. It seems clear that consumers are eager to use their mobile phones to keep connected with the brands they love and to receive communications that enhance their lifestyles.

The growing body of evidence for the progress of the mobile channel points to the fact that mobile will become an indispensable part of the marketing mix.

Strategy Analytics estimates the number of users accessing the mobile web on their handsets will exceed 1 billion by 2015.¹ IDC has an even more aggressive position, forecasting that mobile web users will exceed 1 billion by 2013.²

Mobile advertising is growing, as well. Gartner forecasts worldwide mobile advertising revenue will reach \$3.3 billion in 2011, more than double the \$1.6 billion generated in 2010.³

Consumers are not only viewing ads, they are shopping and completing transactions on their mobiles. Yankee Group predicts that global mobile transactions will amount to \$241 billion in 2011, growing to more than \$1 trillion by 2015.⁴

To date, much of permission based mobile marketing is delivered through the messaging channel. As smartphones become the predominant mobile device, the transition towards using apps, the mobile web and other mobile functionality will allow for rich media and increased interactivity.

Even at this early stage, in developed markets in Europe and the United States, as well as in emerging markets throughout the Middle East, Africa and the Far East, consumers have indicated their willingness to enter into some kind of value exchange with mobile network operators and brands whether by opting in to receive marketing communications or by agreeing to receive MNO updates.

1 "Global Active Mobile Broadband Subscribers Forecast: 2008 – 2014," Strategy Analytics, 7 January 2010, <http://www.strategyanalytics.com/default.aspx?mod=reportabstractviewer&a0=5236>

2 "Worldwide New Media Market Model," IDC, 9 December 2009, <http://www.idc.com/about/viewpressrelease.jsp?containerId=prUS22110509>

3 "Gartner Says Worldwide Mobile Advertising Revenue Forecast to Reach \$3.3 Billion in 2011," Gartner Research, 15 June 2011, <http://www.gartner.com/it/page.jsp?id=1726614>

4 "Yankee Group Sees Global Mobile Transactions Exceeding \$1 Trillion by 2015," Yankee Group, 29 June 2011, http://yankeegroup.com/about_us/press_releases/2011-06-29.html

For example, in Brazil, a mobile network operator garnered a 17% click-through rate for its opt-in offer, powered by Gemalto, that read, "Don't miss out! Click OK and receive exclusive promotions and information that XXXXX and its partners prepared for you!"

The expansion of mobile media offers advertisers increasing reach, and the addition of consumer permission will provide increasing effectiveness. These factors will continue to fuel the development of permission based marketing in the mobile sector.

Finally, it's worth considering that mobile is not really just one channel but multiple ones and permission based mobile marketing has the potential to use almost any mobile format:

- Messaging Channels: SMS, MMS, email, USSD
- Browsing Channel: mobile web
- Apps Channel: downloadable applications and widgets
- Download Channel: Mobile Apps (various OS)
- Proximity Channels: Bluetooth, Wi-Fi, RFID, NFC, LBS proprietary channels
- Content Channels: streaming/hosted video, audio, games



II. PERMISSION BASED MOBILE MARKETING = ENGAGEMENT AND TRUST

In essence, permission marketing is simply the practice of obtaining permission from a consumer in advance of sending marketing communications. Permission marketing has been a cornerstone of brand advertising via email since the early 1990s.

Former Yahoo marketer and author Seth Godin, who coined the term in his first book, writes,

“Permission marketing is the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them.

It recognizes the new power of the best consumers to ignore marketing. It realizes that treating people with respect is the best way to earn their attention.

Pay attention is a key phrase here, because permission marketers understand that when someone chooses to pay attention they are actually paying you with something precious. And there's no way they can get their attention back if they change their mind. Attention becomes an important asset, something to be valued, not wasted.”⁵

Permission based mobile marketing allows consumers to overtly identify the branded communications they consider valuable. Its ultimate objective is to build a one-to-one relationship, via continuing engagement, on a mobile device.

The MMA, therefore, defines Permission Based Mobile Marketing as:

“The practice of gaining consent from consumers in advance of a continuing marketing dialogue taking place on mobile devices and in return for some kind of value exchange.”

THE VALUE EXCHANGE

Targeted, interactive advertising increases the response rate by presenting consumers with communications they're more likely to be interested in. Permission marketing takes this a step further by inviting them to give explicit permission for future engagement in exchange for some pre-agreed benefit or value. Consumers have demonstrated that they're very willing to share personal information if this is the case.

Value is subjective, of course, and understanding what it is that your customers value, and then communicating clearly to them how your product or service matches that value, are cornerstones of permission marketing in any channel, including mobile.

⁵ "Permission Marketing," Seth Godin, 31 January 2008, http://sethgodin.typepad.com/seths_blog/2008/01/permission-mark.html

VALUE TO CONSUMERS

As has already been noted, the increased desire of consumers to control the frequency and timing of marketing messages and their data being held by a third party means that permission marketing as a whole is becoming more attractive to consumers – even if they wouldn't use the term themselves to describe it.

Permission based mobile marketing relies on using the most personal medium available and, therefore, allows consumers a greater degree of control over marketing messaging than ever before.

The benefits to consumers of permission based mobile marketing include:

- A more personalized experience based on the fact that communications are sent to them as an individual and (should be) based on their expressed preferences.
- As a two-way channel, mobile offers the opportunity to engage in dialogue with a brand of their choice and at a time and in a format of their choosing.
- Many consumers desire a deeper connection with brands with which they feel a connection.
- The information shared with a brand should ensure that communications are more relevant.
- In many instances, consumers are able to choose an appropriate time for them to receive messages from brands of their choice, meaning an end to interruption.
- Reduced advertising clutter
- The potential content of the brand messages and dialogue is of inherent value and may include
 - o Games and contests
 - o Alerts on sales or special deals
 - o Preferred customer discounts
 - o Access to exclusive, branded content
 - o MNO incentives such as voice, text or data upgrades

Research from Alcatel-Lucent with 2,223 mobile youth in 11 countries showed that 63% said they would have an increased likelihood of purchasing products and services from preferred brands using a permission based mobile marketing service; 76% indicated that it is important for

mobile ads to be based on their interests and preferences; 81% considered it very/extremely important to ask permission before sending ad messages on mobiles. ⁶

⁶"Alcatel-Lucent Market Advantage Research, October 2009," Alcatel-Lucent, November 2009, <http://www.alcatel-lucent.com/advertising/AdSol-ORANGE-learning.htm>

KEY BENEFITS FOR BRANDS AND AGENCIES

INCREASED EFFECTIVENESS

First and foremost, permission based mobile marketing offers the potential to reduce waste in advertising spending by focusing on the consumers who are most interested in the advertiser's products or services. It builds on the advantages that mobile brings as a channel to the marketing mix as a whole, in that mobile is the only media channel that combines all of the following:

- Bridges above and below-the-line communications
- Takes a consumer from awareness through to conversion via engagement and through its inherent display, dialogue and payment capabilities
- Offers contextual relevance and real-time interaction

The medium can improve the return on investment of an advertising budget by increasing response and conversion rates. When marketing campaigns are run in accordance with the principles of permission based mobile marketing as outlined in this document, there is evidence to show response and conversion rates tend to be significantly higher than for all other media channels. A study of consumers in Asia by Out There Media found that the average conversion rate for opt-in mobile advertising campaigns was 25.15%. Opt-in messaging campaigns also received more than 20 times the response rate for direct marketing.⁷

In the UK, advertising-supported mobile virtual network operator Blyk achieved an average response rate of 26% for its SMS and MMS campaigns. The Blyk platform partnered with Orange, and the service's successor, Orange Shots, now claims response rates of an average of 25%.⁸



⁷ Permission, Privacy, Measurement: The Way Forward, MMA and Out There Media, May 2011, <http://www.out-there-media.com/index.php?id=83>

⁸ Conversational Advertising, Mobile Squared, June 2010

In South Africa, credit retailer Mr Price used mobile as a channel to communicate personalized financial information to its customers, with a campaign designed and executed by Lenco Mobile. The company found that the mobile medium outperformed other more traditional channels such as email and post, while simultaneously reducing the cost of communication and providing higher returns on advertising spend.⁹



⁹ MMA Global Mobile Marketing Awards, November 2010

IMPROVED TARGETING

Traditionally marketers segment their customer base through demographics like age and gender. Through building an opted-in base of consumers with profiles, brands will be able to tailor their messages based on consumers' stated interests and/or ongoing behavior. Over time, this becomes a much richer way of segmenting customer bases, offering even more value to consumers and producing a better return on investment.

Brands and agencies report these additional potential benefits:

- The mobile medium encourages quick response; 90% of SMS messages are read within three minutes of receipt.¹⁰
- Ability to provide targeted and contextually relevant messages
- Ability to fine-tune campaigns in close to real time
- Creation of long-term client relationships instead of single campaigns
- Entry into interactive dialogue instead of one-way communication
- Ability to remarket or retarget
- Creation of communities and fan groups
- Improved tracking and accountability

Vodacom, a subsidiary of the Vodafone Group, used an integrated media campaign to drive traffic to its upgrade mobi site in order to notify subscribers about their eligibility for an upgrade. The site experienced significant and sustainable traffic with an exceptional return on investment. Over a single month, the call to action, delivered via an MMS message, led to a 600% uptake.¹¹

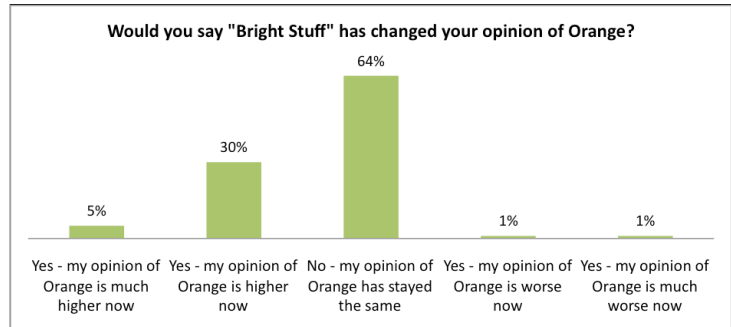


¹⁰ Ibid.

¹¹ "VCUpgrade.mobi - Vodacom South Africa's Mobile Upgrade Portal," Vodacom, <http://mmaglobal.com/studies/vcupgrademobi-vodacom-south-africas-mobile-upgrade-portal-multimedia-solutions> See also www.vcupgrade.mobi

KEY BENEFITS FOR MOBILE NETWORK OPERATORS (MNOs)

MNOs, of course, already have existing relationships with millions of consumers, storing their information in databases which, in many cases, require user consent. Their direct billing relationship offers them the opportunity to collect more data on individuals in order to enhance their preference profiles.



MNOs have the opportunity to gain on two broad counts through permission based mobile marketing: They can increase customer satisfaction and also open up new revenue streams by partnering with content creators and advertisers.

Mobile network operators, therefore, find potential value in permission based mobile marketing through:

- Improved brand image and subscriber loyalty: Orange (UK) found that Bright Stuff, its permission based messaging service, increased satisfaction among 35% of its customers.¹² Additionally, a study by Alcatel-Lucent indicated that 48% of mobile youth would remain loyal to their operator if offered access to permission based mobile marketing.¹³
- A reduction in churn and potential to migrate subscribers to higher-value services
- The creation of new service offerings for specific subscriber segments
- Increased insight into subscribers and their preferences
- Increased ARPU: revenue from the advertising spend can outweigh the cost to deliver the media
- Acting as the mechanism for connecting consumers to valued brands
- Increase in paid-for, on-net, data network usage from subscribers and advertisers rather than losing revenue to over-the-top players

¹² "Never mind protecting, what about enhancing operators' subscriber investments?" Blyk Media, 14 December 2010, <http://blog.blyk.com/2010/12/never-mind-protecting/>

¹³ Alcatel-Lucent

III. FIRST PRINCIPLES

Permission based mobile marketing can be seen as a four-stage process:



STEP I. GAINING CONSENT

Following the principles of permission marketing for gaining consumer consent will enhance value for consumers and effectiveness for advertisers. The benefits include:

Choice. Building trust and engagement through permission based mobile marketing begins with offering the consumer a clear choice to opt in. It should be very clear to consumers why they are being asked to opt in and what giving permission means. (In the United States, the MMA Consumer Best Practices Guide prescribes a double opt-in system, wherein consumers give their initial consent only to a specific program. They should be asked again for permission before they are enrolled into subsequent messaging programs.)¹⁴

Value. At this initial stage, the value of what they will receive should be communicated clearly, such as the opportunity to connect with their favorite brands, get timely information, save money, etc.

Transparency. The owner of the opt-in database (this could be an MNO or an advertiser) should state clearly how it intends to use the consumer's data and provide a link to a clear and simple privacy policy during the opt-in process.

Ease. Make the act of giving permission as easy as possible. The initial opt-in request may be made via any channel, including fixed web, SMS, Interactive-SMS, MMS or email. When feasible, allow opting in within content or applications, instead of sending consumers to a mobile web site. Research has shown that increasing the amount of personal information asked for up front decreases the number of opt ins. Alcatel-Lucent research shows that 71% of consumers would be willing to answer at least four questions to help determine their preferences for personally- relevant ads.¹⁵

¹⁴ "U.S. Consumer Best Practices," MMA, March 1 2011, www.mmaglobal.com/bestpractices.pdf

¹⁵ Alcatel-Lucent

Relevance. The perception of value differs among consumers, and relevance is relative. To increase the number of opt-ins, use a combination of actual consumer feedback and data analytics to tailor different offerings to different segments of customers.

Control. Consumers remain in control of their data and should be able to easily change permission and the information they share. They should be able to access and modify their preference profiles, as well as determine the frequency of messaging.

Opting Out. Each message should include the ability to opt out via immediate full unsubscribe or to unsubscribe from certain categories of messaging. Consumers should also have the ability to opt out from where they have access to their profiles, as well as within the messages, etc.

STEP 2. CREATING A DATABASE OF PREFERENCE PROFILES

Companies must find a balance between keeping the registration barrier low to encourage opt in and gaining enough information at opt in to create a rich database. The amount of personal information collected from consumers at registration should be limited. Over time and with the consumer's consent, companies can combine this initial information with insight gleaned through user behavior to enhance each consumer's preference profile in the database.

Categories of data that can be collected include:

- Basic demographics: gender, age and income or spending habits
- Interests: content categories such as news, entertainment, travel, dining
- Attitudes: values, opinions and lifestyle
- Location: home, workplace and real-time location
- Behavior: tendency to use coupons, enter contests or engage with content

In permission based mobile marketing, the user's current location is often a key data point. It allows for the delivery of contextually targeted messages. Location information can be obtained through the mobile network operator or directly from the mobile phone's GPS. Once again, permission must be obtained to activate location-based services.

“Contextual relevance allows marketers to deliver a message to mobile consumers based upon who they are, where they are, what they are doing and when the message is both convenient and valuable. Location-based services allow brands and mobile network operators to know where an

individual is and what time of day it is, so they can target messages based on exactly where someone is and the time of day. It should be noted that time and location can also be treated separately to deliver contextual relevance. In addition, the mobile device allows a marketer to understand the need state of individuals based upon what they are doing on their handsets and any personal preferences the consumer has chosen to share”.¹⁶

STEP 3. ESTABLISHING MOBILE AS A COMMERCIAL MEDIA CHANNEL

Preference profiles of opted-in users may be sold as media directly to brands, media agencies or ad networks. They may be sold or resold through a variety of entities:

- Media agencies
- Media companies
- MNOs
- Technology providers
- Mobile advertising networks

Permission based mobile media can be sold using pricing schemes that are already familiar to advertising and media agencies: cost per mille (CPM) or cost per action (CPA).

Cost per mille (CPM): The advertiser pays for every thousand messages or ad impressions delivered, specifying how many impressions should be served.

Cost per response/engagement (CPR/CPE): This is also known as pay-for-performance or performance advertising. The advertiser only pays when consumers take a desired action. Pay-per-click or PPC is the most familiar type of performance advertising but almost any interaction can be set as the criterion.

Cost per acquisition (CPA): The advertiser pays a set fee for each conversion which may be defined in a number of ways including making a sale or registering.

¹⁶"The Future of Mobile Marketing: Contextual Relevance," Paul Berney, <http://blog.marketing-soc.org.uk/?s=paul+berney>

Advertisers and media companies plan and buy media based on reach and target audience. The challenge for providers of opt-in databases is achieving enough volume to provide the reach that advertisers demand. The goal for those creating databases of permission based preference profiles will be to:

- Get permission from as many people as possible in order to achieve reach
- Gather as much valuable personal and/or preference data as possible on which to base targeting

The categories of preference and behavioral data that will provide the most effective permission marketing database depend on the requirements of the company. Profiles must be rich enough to determine message relevance without being so restrictive that sufficient audience volume can't be obtained. Third-party providers of databases of opted-in consumer preference profiles should work with brands, agencies and mobile marketing companies to determine the best mix of demographic, psychographic and behavior data points to meet brands' objectives.

For example, MTV in the United States sends several million SMS messages per month to its opt-in database, and it aims to expand this activity to levels approaching 30 to 40 million texts per month to create sufficient inventory to attract advertisers. The response rate ranges from high single digits to around 50%, with a median response rate of 16%.¹⁷

Because of the greater accuracy of targeting, increased relevance to consumers and higher return on investment of this medium, the price of inventory tends to be higher. Sellers in this marketplace should provide case studies to prove the worth of permission based mobile media and identify its role in the marketing mix.

STEP 4. ONGOING ENHANCEMENT OF PREFERENCE PROFILES

To achieve the greatest relevance for consumers while providing the best response for brands and advertisers, it's essential to continue to build and modify each preference profile. To maintain a high-quality database of engaged consumers that can be used for successful permission based mobile marketing, it's important to check, maintain and, if necessary, reestablish value with consenting consumers on an ongoing basis.

The database manager can build the profiles by adding information gleaned from each consumer's actions and responses, or lack thereof. The data could also be enhanced with

¹⁷ Conversational Advertising, Mobile Squared, June 2010

information from other sources but any usage of additional information has to be counter-checked with the respective legal environment!

Once a relationship is established, brands can invite the consumer to help fine-tune his preference profile. This can be accomplished directly by giving him access to the profile, along with a menu of items to check off, or he can be presented with subsequent offers that include the request for more information.

Analytics applications and services can deepen the preference profile by examining each consumer's propensities to engage with different kinds of mobile media. For example, one individual may be very responsive to contests, while another often clicks on links to streaming video. Behavioral analytics can then be used to tailor messages and media to different segments.

Each consumer's response during the conversation with the brand will provide the latest and most up-to-date preference information.

MAINTAINING CONSENT

As noted, consumers should have control of when and how they receive marketing messaging and must be allowed to easily terminate or opt out of an unwanted program or individual campaign. Therefore, the maintenance of permission is hugely important to the ongoing quality of the database preference profile and consequently the success of the proposition.

Response and conversion rates tend to be significantly higher than for all other media channels when principles are followed. These are best principles for maintaining consent:

Continuing communication of value: Sponsored content or services should come with a reminder that they are free to the consumer because of the sponsor. Messages such as, "Exclusive to mobile club members," or, "You just won 500 free minutes!" remind consumers of why they have given their permission.

Careful targeting to preferences: Understanding a consumer's interests or preferences and only communicating about them has been a key element in the success of permission based mobile marketing.

Privacy: Respecting consumer privacy by not passing the data to any third parties is crucial and should be explicitly and continually explained to consumers.

IV. SUCCESS STORIES

Permission based mobile marketing is applicable to all industry verticals. The industry types that have been the most active are:

- Fast-moving consumer goods
- Fashion and beauty
- Financial services
- Automotive
- Consumer electronics
- Entertainment
- Sports
- Travel and tourism

Permission based mobile marketing is a burgeoning segment, with new and exciting campaigns launching all the time. There already is a substantial body of case studies showing the effectiveness and reach of this medium. Let's take a look at a few campaigns that illustrate the potential for engaging consumers and calling them to action.

FAST-MOVING CONSUMER GOODS

Dynamo, a maker of laundry detergent, wanted to encourage Malays to trade up from the powder to the liquid version. It used the permission marketing base of network operator Maxis, built by Out There Media, for a campaign with two goals: awareness of the liquid product and trial. The seven-day campaign targeted women 20 to 49 years old with SMS and MMS messages.

First, message recipients were asked whether they used liquid or powder detergent, for a chance to win a washing machine. Those who already used liquid were directed to a WAP site where they could register for the contest. Those who used powder received a mobile coupon for a discount on a bottle of liquid soap.

The campaign successfully reached 135,628 women, with a response rate of 6.8%. Click-through to the WAP site was 17.6%. The average number of page views per visit was 2.21, registration rate was 15%, and 209 consumers downloaded a coupon, for a total downloads rate of 42%.

FASHION AND BEAUTY

Unilever wanted to create awareness of its new Best-Ever Sunsilk Co-Creations line of hair care products to women aged 18 to 35, as well as to drive traffic and likes on its Sunsilk Hair Experts Facebook page.

Out There Media engaged the target audience with an SMS dialog, pointing them to both the campaign's Facebook Page and a mobile site where more information could be obtained. Consumers could participate in a contest and win weekly prizes by liking the brand's Facebook page and voting for their favorite Sunsilk Expert Makeover finalists. A web banner campaign also created awareness and directed consumers to Facebook.

Among the message recipients, 24.7% responded to the initial message, and 3.1% clicked through to the WAP site. This CTR rate is much lower than the benchmark for similar campaigns, because Unilever's primary goal was sending consumers to Facebook as the next link in the engagement train. The advertisers saw a spike in Facebook activity and contest participation during the message broadcast period.

AUTOMOTIVE

In Ghana, car dealers bring in a shipload of vehicles, sell them, and only then order another shipload. The sooner word gets out, the faster the dealer can complete transactions. Universal Motors, the exclusive dealer for Volkswagen, wanted to use direct mobile marketing to alert customers to the availability of the new Volkswagen Touareg.

Tigo, a mobile network operator in Ghana, used the Optism solution from Alcatel-Lucent to send interactive text dialogue ads to the mobile phones of subscribers who had opted-in and indicated they were interested in cars. The initial message said, "The new VW Touareg has been unleashed by Universal Motors, do you want to know more? 1=Yes 2=No." Consumers who wanted more information received a second message about the car's features and a no-charge contact number.

The ads were sent out just before a holiday weekend, when people would have time to shop. The ads complemented print and billboard marketing campaigns for the car in Ghana.

Of the recipients, 30% responded to the campaign, and of those, 90% asked for more information. Universal Motors gained important insights from this campaign. It found that consumers 35 and older were most responsive, and men and women were equally likely to respond.

In addition to the immediate benefit of notifying people of the new car's availability, the company can use the campaign to gauge interest in a particular vehicle and plan its next shipment accordingly.

CONSUMER ELECTRONICS

To launch the new Nokia C3 handset and drive traffic to the Ovi store in Greece, Nokia sent SMS messages with a link to a WAP site where consumers could enter a contest to win the device. The campaign garnered a 46% response rate and a 35% conversion rate based on total messages sent.

ENTERTAINMENT

Atonality Mobile is the developer of TuneMe, a free mobile app that adds fun effects to a user's recorded voice. TuneMe needed to generate revenue, and the company also wanted to connect to fans and get feedback.

Atonality Mobile worked with Pontiflex to enable mobile sign-up ads. First, users are presented with a registration page, allowing the developer to build an email database of people who have downloaded the app. The company can use this opted-in database to test new features, cross-sell other apps, and get valuable feedback.

In the second step, the user is presented with three offers from top brands. At every step the user is presented with clear links to the Privacy Policy, and a chance to skip the registration page and/or advertising. Pontiflex serves ads at non-disruptive points, such as when the app is opened, in between game levels or while a song is being processed.



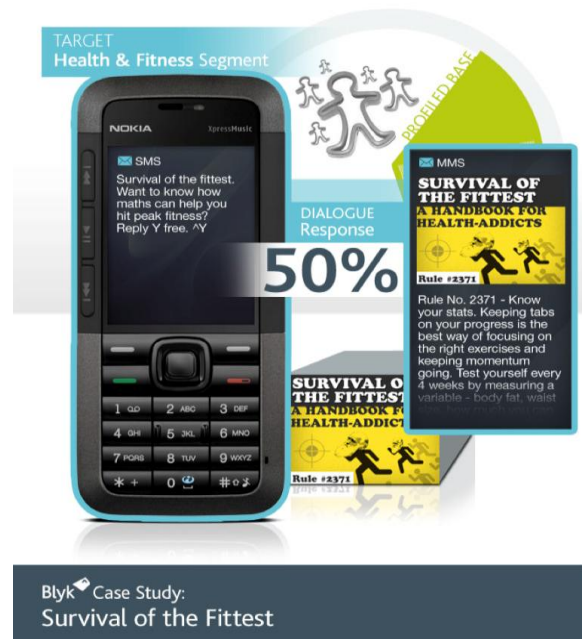
TuneMe increased its revenue eight-fold, earning an average effective CPM of \$81, while creating a database of customers with whom Atonality Mobile can continue to engage via a newsletter and beta tests of new features.

SPORTS

Bright Stuff creates content streams comprised of messaging from sponsors along with content from partners including Condé Nast that are tailored to the self-reported interests of Orange's opt-in subscribers.

Survival of the Fittest was a program designed to maximize engagement with the Health and Fitness preference profile group.

An SMS message asked, "Survival of the fittest. Want to know how maths can help you hit peak fitness?" A "Yes" response returned an MMS message with a workout tip. The message received a 50% response rate.



TRAVEL AND TOURISM

Malaysia Air wanted to promote a sale for three specific destinations and to increase sales overall by using the Maxis permission marketing base managed by Out There Media. It sent SMS messages saying, "RM0. [myDeals] Want great deals on flights for your next holiday? Tell us where U would like to go: A. Bangkok B. Hong Kong or C. London. Reply A, B or C for FREE." The response rate for the initial message was 22%.

As we see from these success stories, response and engagement with consumers via permission based mobile media is substantially higher than for interruptive advertising. It offers brands the ability to reach consumers when they are near a point of purchase, to entertain them during down time in the course of their day and to keep them connected to their favorite products and brands via one of the most personal communication channels.

V. MEASURING THE MEDIUM

Permission based mobile marketing can be effectively measured and, over time, should provide better response rates because the level of engagement with an opted-in consumer is generally much higher than with one who has not opted in. The measurement criteria available must be tied to the goals of each advertiser and each campaign or relationship.

Impressions: Advertisers desiring reach and brand awareness may want to measure impressions, the number of times a message or ad has been viewed.

Delivery rate: SMS and MMS campaigns delivered via mobile network operators can be tracked via a return path delivery report. The open rate of all SMS and MMS messages is typically high with most studies showing that over 90% of messages are opened in minutes, however the open rate cannot currently be tracked

Action: Advertiser-defined actions employ a variety of consumer engagement tools and creative to incite consumers to do something specific. Actions that can be measured include:

- Click-through
- Referral/sharing
- Application download
- Enroll/sign up/subscribe
- Shopping/m-commerce
- Play a game
- Place a call
- Search mobile website
- Locate store
- View map
- Watch video
- Engage with mobile social media
- Interact with rich media
- Hover over or expand an ad
- Redeem coupon

Beyond measuring specific actions or receipt of messages, advertisers can measure the effectiveness of their mobile campaigns by correlating them with indicators including increases in traffic to websites, sales online and in stores, and mentions in social media.

VI. KEY CHALLENGES AND CONCERNS

As with any other new and developing medium, permission based mobile marketing must overcome some technical and market challenges. Mobile Marketing Association members are collaborating to address issues in order to realize the full potential of this engagement channel.

CHALLENGES FOR BRANDS AND AGENCIES

Limited number of opt-in databases: In order to achieve desired reach for a campaign, brands and agencies may need access to millions of consumers. For some initiatives, there may not be a sufficient number of databases of preference profiles available. In order to maximize the benefits of the mobile channel, brands should develop strategies that will help them build a database of opted-in subscribers. The limitations on database sizes may be helped in future by the availability of aggregated databases from multiple sources

Limited number of consumers within permission databases: Agencies often prefer not to work with multiple providers of preference profile databases. However, some databases may not provide the necessary volume, especially for some preference categories. The same strategies mentioned above may be used to achieve this volume. To get the desired reach agencies may have to work with multiple operators, which may not be ideal. Specialized technology provider support advertisers and brands when it comes to aggregation of campaigns via multiple operators

Limited customer knowledge in some segments: As discussed earlier, it is preferable to continue to build and deepen the preference profiles of consumers over time. Because there is no current standard for the method of collecting this data or, indeed, for which data to capture, profiles may not currently provide enough knowledge to suit certain initiatives.

Lack of integration into media planning and buying tools: Permission based mobile marketing can play a vital role in integrated marketing campaigns conducted across multiple channels. Agencies need integration into industry-standard media planning and buying tools in order to effectively plan and buy this medium. Agencies will have to devote time and resources to understanding the mobile channel and the role of permission based mobile marketing.

Development of Best Practices: Advertisers need to be able to answer questions such as, how should campaigns be worded to increase engagement? What is the best frequency for messaging? When is the most effective time of day to engage with consumers? Which creative tools deliver the best response? How accurate is the preference profile information if consumer preference changes?

CHALLENGES FOR VENDORS

Lack of established measures of success: Vendors must be able to offer advertisers the ability to measure campaigns in as much detail as they can in other media. They must create industry-wide benchmarks for this medium against which advertisers can compare individual initiatives.

Limited number of successful case studies: Early adopters of this medium may be unwilling to share their success stories with competitors, but it is crucial to provide proof that brands can achieve their marketing goals.

Costs may not offset revenue: Will the cost and technical challenge of gaining consumer permission outweigh the increased pricing they can receive for preference profiles?

Awareness within the advertising community: Limited understanding of permission based mobile marketing opportunities among brands and agencies may limit acceptance while vendors build out their preference profiles and offerings.

Challenging business case to develop targeting enablers: Advertisers often desire to include other targeting mechanisms in addition to the preference profile, for example, real-time location.

Ownership of the database: Brands, agencies, mobile network operators and mobile marketing companies all may play a role in gaining consent, creating and building preference profiles. If the core asset value is the data held in the database of preference profiles, who owns that data?

CONSUMER CONCERNS

Unless these concerns are addressed by every part of the industry, it may restrict the growth of the channel. Many of these concerns are perceptions that are not validated by experience.

Spam and unwanted messages: To date, permission based mobile marketing messages garner a high open and response rate, indicating that they are desired by consumers. As the use of this medium grows, it will be important to limit the frequency of messaging and to consider the timing. For example, in Vietnam, the industry has implemented a best practice of ceasing messaging-based advertising at 7 p.m. and limited the number of messages per day to five.¹⁸

Control: To fully accept and engage with brands, consumers need to be able to control the level of as many elements of the engagement as practical. According to research by Velti, as long as

¹⁸ "Conversational Marketing," Mobile Squared.

customers have control over the frequency of their offers and can easily switch them on and off, they are not concerned how many times mobile network operators send SMS or MMS with offers.

Privacy: All those involved in the creation, sale and use of permission databases should create a privacy policy that is transparent to consumers, covering;

- Rules for permission
- Categories of information collected
- Third-parties with whom information is shared
- Consumer reviews and requests for changes
- Process for notifications
- Effective date of the policy

REGULATORY CONCERNS

Avoiding the perception of spam: In addition to clear communication of a privacy policy, the industry must work with regulatory bodies to follow anti-spam rules. For example, in the United States, mobile operators strictly regulate the SMS market to ensure texting remains spam free. Marketers have to operate with SMS certificates and can only communicate with consumers that have opted in.¹⁹

In emerging markets like China, India and Russia, where there are currently no laws against unsolicited mobile messages, an estimated 30% of mobile advertising messages are unwanted spam. Even in the U.S., where unsolicited mobile messages are theoretically illegal, as much as 0.5% of messages or 9 billion messages a year are unsolicited spam. This means the average mobile user receives no fewer than 40 unwanted messages a year.²⁰

Varying regulation: Countries, territories and regions may have different regulations for messaging, privacy and database security, all of which require compliance. Additionally, many countries in developing markets do not have any regulations at all for these areas, but careful consideration about protecting consumers should still be given.

¹⁹ Ibid.

²⁰ "Taking Mobile Marketing to the Next Level: Engaged Mobile Marketing," IDC May 2011

Gaining consent: The rules for obtaining explicit or implicit consent to receive a message differ, as do requirements for informing consumers. Sending messages to consumers inviting them to give their permission also may be regulated in some areas.

Data security and Privacy: Which entity will be held responsible for breaches of the database or unwanted messages?

Maintenance of Do Not Message database: In the United States, email marketers are required to maintain a suppression file of email addresses that should not receive marketing. Brands and agencies also maintain their own suppression lists. MNOs can maintain suppression file databases of MSISDNs that can be referenced prior to any permission based mobile marketing campaign, but the mobile web may need an independent database.

Future regulation: In any new medium, regulation lags far behind innovation. As permission based mobile marketing grows in volume and technology becomes still more sophisticated, the industry should voluntarily incorporate best practices learned from other interactive media to assure regulatory bodies that marketing is done ethically. The industry should also work closely with regulators and keep them informed of progress in order to make sure that reactive legislation does not inhibit the ability to engage consumers.

THE MMA TASK FORCE

The document was created through the combined efforts of a Task Force of MMA members working together. The MMA has set as a goal of developing permission marketing into a separate and distinct part of mobile marketing. We want brands and agencies to see it as separate from mobile advertising or mobile as part of promotion or direct marketing.

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