

Mobile Marketing: Retail's Next Frontier



Executive Summary:

- Mobile devices have become a new platform for retailers to reach consumers with marketing messages.
- Advancements in bar code scanning technology have made it possible for bar codes to be read directly off the screen of a mobile device.
- Mobile couponing is increasing in popularity, along with e-loyalty and mobile ticketing applications.
- The right bar code scanner is required for retailers to be able to deploy mobile marketing initiatives.

Introduction

Retailers are constantly trying to attract new consumers. Through the use of traditional marketing methods (e.g., direct mailings, print coupons, advertisements, billboards, television and radio), information and promotions can be disseminated in the hopes of enticing the consumer to buy. The proliferation of personal computers and the internet has allowed for new types of marketing. Through promotional emails or website advertisements, a casual user can be immediately turned into a customer making an online purchase. Now, as cell phones and mobile devices have become ubiquitous, they are also rapidly becoming a new platform through which retailers can increase their reach and interaction with consumers.

Advancements in bar code scanning technology, such as the emergence of area-imaging scanners that can read bar codes off of mobile phone displays, are now making it possible for consumers to receive and redeem coupons on their mobile phones via email or SMS/MMS messages. Retailers scan the coupon directly from the digital display of the consumer's mobile device at the point-of-sale, which eliminates the need to carry paper print outs and ultimately increases customer satisfaction. These advancements provide retailers with new opportunities to engage with their customer base in real time, while saving costs and waste associated with paper coupons.

This new use of the mobile device is much more than just a 'neat trick'. Coupons are a time-tested and effective marketing tool. In the "Mobile Couponing Survey" conducted by Harris Interactive on behalf of Honeywell (December 2009), 86% of adults polled have redeemed traditional paper coupons from a newspaper or magazine and 65% of adults have redeemed electronic coupons from the Internet or through email. The same survey showed that 46% of adults polled who own a mobile phone are at least somewhat likely to try receiving and redeeming bar coded coupons via their mobile phones. Jupiter Research estimates that by 2011, over \$7 billion dollars in sales will be generated by three billion mobile coupons.

Additionally, there is a significant increase in mobile coupon redemption rate when compared to their printed counterparts. While printed coupons are redeemed at a rate of 1% (according to CMS Inc, a coupon processing agent and promotions logistics service), Jupiter Research finds a 5% redemption rate for mobile coupons. In addition to the 500% increase in redemption rate, mobile coupons save on printing cost, and gives the retailer a positive image, of one who provides 'green' marketing promotions to their customers. Attempting to take advantage of this phenomenon, Target made news in March 2010 as the first major retailer to deploy a nationwide bar-coded mobile couponing solution in all of its stores.

Consumers interested in getting mobile coupons from Target must “opt in” by registering on their website or texting a keyword to the designated short code. Enrolled consumers will receive exclusive coupon offers once a month from the retailer.

More Advantages and Benefits

ABI Research reports that 63% of consumers feel a coupon is the most valuable form of mobile marketing, yet retailers have so much more to be excited about. With consumers’ lifestyles becoming increasingly phone-centric, more functions are migrating there. Starbucks has launched a mobile device application that would replace the plastic gift card, allowing the bar code to be scanned directly from the mobile device screen. Similarly, several large supermarket chains have begun to offer loyalty cards as a bar code on a mobile device, instead of the traditional plastic card.

The mobile device allows retailers to truly interact with consumers in unique ways. Billboards and displays on a grocery shelf can prompt consumers to send an SMS message in order to receive an instantaneous coupon. For example, a ‘15% sale, off anything in the store’ offer that is valid during a limited window of time can be sent directly to a consumer’s mobile device. This type of promotion provides consumers with an additional incentive to make a purchase, or to make a purchase that is worth more than what they initially intended to spend.

Other interactions that go beyond the mobile coupon include mobile ticketing. In St. Paul, Minnesota, the Saints baseball club allows purchased event tickets to be sent to the customer’s cell phone in the form of a 2D bar code. To enter the event, the gate attendant scans the bar code directly from the mobile device display. Airlines, such as Continental and Delta, have deployed similar tactics for check-in at the boarding gate.

Bringing it All Together

The key to successful mobile marketing is getting all the pieces working together. Well-designed marketing campaigns need to target the correct customer with the right promotion. Next, the right bar code needs to be delivered by the right mobile marketing solution provider to ensure that it will be properly displayed on each customer’s mobile device. And of equal importance, the proper bar code scanner must be utilized. Laser scanners that require reflection from spaces in bar codes will not work, since LCD screens do not reflect light. Only scanning devices that use area-imaging technology will correctly scan bar codes from the screen of a mobile device.

Given the increasing popularity of mobile couponing, mobile ticketing and e-loyalty applications (applications that replace traditional loyalty cards with electronic loyalty cards), enterprises would be wise to begin implementing devices that are capable of reading bar codes directly off the screen of a mobile device. Honeywell Scanning & Mobility offers a fleet of area-imaging scanners that fulfill the bar code scanning needs of retailers interested in pursuing mobile marketing:

- Hand-Held Scanners: Focus® 1600 Series, 4600g & 4820
- Presentation Scanners: Genesis™ 7580
- Fixed Position Scanners: 4800p & Vuquest™ 4980

For more information on our products:

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