WHAT'S
NEXT

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GETTING STARTED WITH MOBILE: WHAT MARKETERS NEED TO KNOW

BY JEFF SMITH AND DOROTHY TSE

Mobile matters. Already a powerful presence, it continues to grow. But it is a new medium, and many of the measures brand marketers have come to rely on to guide their investments in other media are not present or not mature in mobile. Marketers must, however, resist the temptation to measure what is easy to measure, and stick with their core principles: focus on measurement they can compare across media and tie to performance, seek agency and media partners with similar philosophies, and rely on proven metrics for determining results.

Right now, mobile is hot. Few devices – indeed, few products – have increased their penetration of any market at the kind of speed with which smartphones have proliferated. This ought to be a godsend for brand marketers: a new device on which they can reach consumers practically any time of day, and one adding users by the millions annually in the U.S. alone.

Instead, marketers have struggled to find the best way to integrate this evolving technology into their strategies. A key aspect of this quandary is the need to understand the extent to which the mobile medium can generate brand lift – and ultimately sales lift – with a desired audience, both in absolute terms and compared to investments in other media such as television and online.[1] Because of the importance of these measures, marketers should be very cautious about metrics such as click-through rates unique to mobile (or digital) – however granular they may be – that

[1] *Brand lift quantifies the extent to which advertising has shifted consumer perception, and is a precursor to sales lift. It is best calculated using a concurrent test and control methodology, in which a consumer perception is measured for a group of people who have been exposed to the advertising – the test group – and for a group of people who have not – the control group; the difference is the "lift" that can be attributed to exposure to the advertising.*

monitor media activity more than business performance, and that cannot be used in cross-media comparisons. They are not viable substitutes for proven ways to measure a media campaign's effect on one's brand and business.

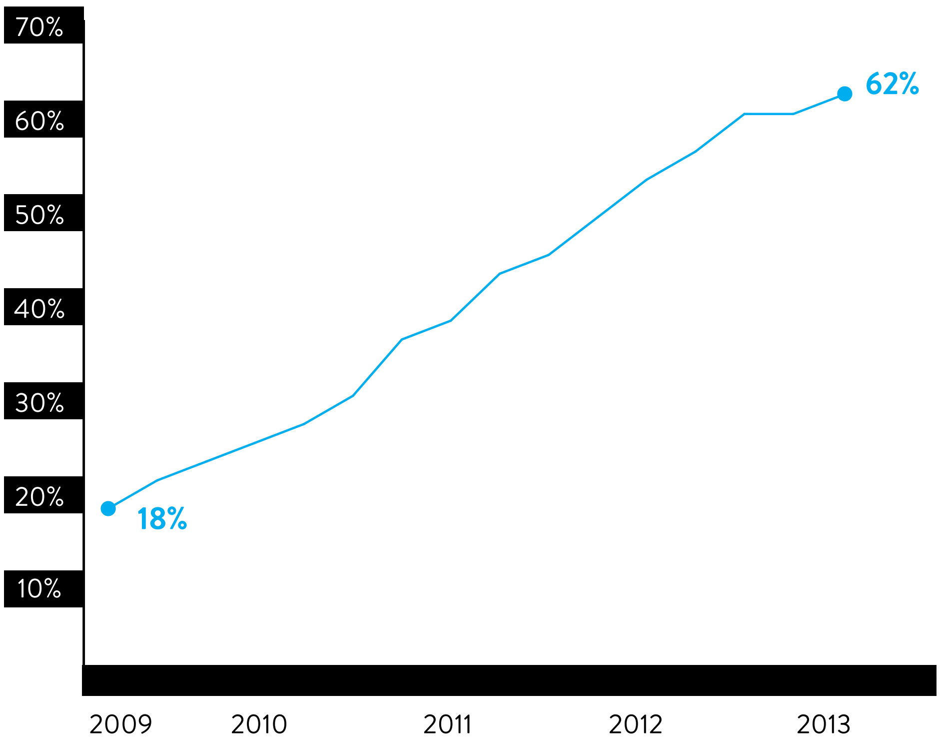
While mobile advertising spending will surely grow in the near term regardless of how it is measured, only sound, comparable performance metrics will lead marketers to invest in the medium to its full potential, and capitalize on the full opportunity this new medium affords. Only metrics that allow you to compare performance across different media can enable you to determine the combination of spend across those media that will generate the most powerful synergies and produce the best results.

In what follows, we look at the explosive growth of mobile media consumption among consumers and discuss how marketers have wrestled with different aspects of the mobile experience. We also look at the evolution of advertising in the medium, focusing specifically on measurement strategies that allow brand marketers to evaluate the degree to which mobile advertising fits their overall mix, and on technical challenges to implementing these strategies. We close with advice for brand marketers on how to move forward today.

GROWING LIKE GANGBUSTERS

In just four years, the share of smartphones in the US has risen from 18 percent to 62 percent of all mobile phones, driving feature phone share down to just 38 percent. Kudzu aside, you would be hard pressed to identify anything that grew at that speed (Exhibit 1). Because the total number of phones increased enormously, the absolute growth rate of smartphones has been even higher.

EXHIBIT 1
U.S. SMARTPHONE PENETRATION, Q3, 2009 – Q2, 2013

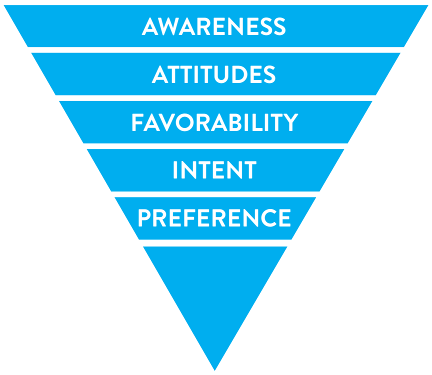


Source: Nielsen Mobile Insights Survey data

Unfortunately, what should have been a gift to brand marketers (imagine if TV had spread at such a rate in the 1950s) has not been nearly so straightforward. Indeed, the story of marketers and smartphones is like the story of Lewis Carroll's Red Queen in *Alice Through the Looking Glass*: you have to run faster and faster just to stay in place.

Brand marketers were not even the first to step into the new medium. Direct response marketers were quicker to take advantage of this burgeoning opportunity, inviting consumers to click on offers that provided immediate gratification – for example, a free music download or a coupon for coffee. They could connect their advertising with sales – something brand marketers have found much more challenging, as we discuss below.

EXHIBIT 2



Many believe direct response will ultimately dominate this medium. It offers a real reward for just one click, and can offer it in a location-relevant context, while the consumer is out near or in stores. But there are limits to the use of coupons. Consider the auto companies, who are big advertisers. Given the price of a new car, dealerships aren't going to serve up mobile coupons and expect people walking by to pick up an SUV or new sedan. Nor can coupons help brand marketers guide consumers down the classic purchase funnel, first by creating awareness of their products, then by fostering and shaping favorable attitudes, and finally by driving purchase intent and preference (Exhibit 2). Nevertheless, as consumers flock to mobile devices, brand managers cannot afford to be absent from this screen, or ineffective on it.

That said, the question of what exactly "this screen" represents for advertisers is one reason mobile is challenging. The answer has been changing quickly.

Brand marketers' first answer was that smartphones had web-browsing capabilities, so mobile advertising must be like online advertising. However, it quickly became apparent that transferring browser advertising to the mobile web was clumsy. What worked on a large screen did not work well on a small one. The response was to take the existing browser advertising and optimize it for phone screens. But people generally turn to their mobile browsers only to glean information quickly, and by treating mobile phones as if they were small PCs, advertisers missed the particular situation of mobile users on the move.

As brand marketers struggled to find a good solution, they were hit with the creation and explosive growth of a new phenomenon – apps. Even as mobile web use climbed into the stratosphere, apps climbed much higher. Between July 2011 and July 2012, mobile web users grew at 82 percent, from 52.4 million to 95.2 million – but mobile app users grew 85 percent, from 55.0 million to 101.8 million.[2] Further, by the beginning of 2013, people were spending over 80 percent of their mobile time using apps. Anyone limiting themselves to an in-browser mobile advertising model is finding its customers for just a fraction of their mobile-screen time.[3]

Of course, in change lies opportunity. Mobile apps can be customized to support much richer ad formats more seamlessly integrated with the consumer's experience. This opened up new possibilities for brand marketers to engage their audience in a manner most appropriate to the branding experience: through a video game that promotes the marketer's key messages, or by sharing a user-generated video that becomes an element of the marketer's campaign, and so on.

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[2] *"State of the Media: The Social Media Report," Nielsen, 2012.*

[3] *"A Look Across Screens, The Cross-Platform Report," Nielsen, June 2013.*

These types of opportunities to engage have in fact helped bolster brand marketers' creativity, and there is a great deal of buzz around mobile marketing. At any conference that includes "mobile" in its title, you are likely to find a room overflowing with brand marketers hoping to glean insight. But are the dollars keeping pace with the hype?

THE MOBILE OPPORTUNITY

It is often suggested that advertising spend should track time spent on a medium. If this holds for mobile, there appears to be a $12 billion dollar annual opportunity for mobile just in the U.S. Mobile claims 12 percent of people's time, but the $4 billion dollars spent on the medium represent just 3 percent of total advertising spend on print, radio, TV, Internet and mobile.[4]

While some of this gap can be explained by the medium's infancy, there is potentially another reason for the fact that mobile advertising lags the phenomenal growth of mobile use. Many years ago, Arthur Nielsen noted that "an unmeasured medium is an inherently undervalued medium." Until a reliable, broadly accepted, independent source of measurement arrives that leverages metrics consistent with those used to measure advertising in other media, marketers will not fully commit to mobile.

There is plenty of evidence that the absence of a trusted and broadly accepted metric significantly impedes the growth of advertising spend. When, in 1995, a consortium of advertisers and publishers established Postar to develop a standard measurement for United Kingdom outdoor advertising, ad revenue growth doubled.[5] When we ourselves introduced Cinema Audience Measurement in 2003, replacing self-reported attendance numbers by theater, advertising revenues grew by 47 percent in 2003 and 35 percent in 2004.[6]

Marketers need robust, accepted, independent measurement standards comparable to those they use for other media and that speak to ROI, or they will not be able to factor mobile advertising properly into the marketing mix models crucial to how they allocate their marketing investment.

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[4] *2013 Internet Trends, Mary Meeker and Liang Wu, Kleiner, Perkins, Caulfield and Byers, (http://www.kpcb.com/insights/2013-internet-trends).*

[5] *Outdoor Advertising Association of Great Britain, Postar.*

[6] *Cinema Advertising Council.*

EXHIBIT 3

WHICH OF THE FOLLOWING WOULD LEAD YOU TO INCREASE SPENDING IN NEW MEDIA?

IMPROVED CLARITY AROUND THE ACTUAL RETURN ON MY BRAND ADVERTISING INVESTMENT

ABILITY TO VERIFY MY BRAND ADVERTISING CREATED THE DESIRED RESULT (E.G. INCREASED AWARENESS OF MY PRODUCT)

MEASUREMENT STRATEGIES FOR MOBILE

Research we conducted with our customers and the broader industry provides an indication of what particular metrics brand marketers wish to use. Exhibit 3 shows the percentages chosen by those surveyed in one study to the question of what would drive them to invest more in new media. There is a powerful desire for verifiable clarity on the ROI of brand advertising in new media, and for metrics comparable with those used offline. The stated desire to be able to verify results for brand advertising in new media grew by 12 percentage points between 2012 and 2013, which speaks to the frustration marketers are feeling.[7]

And when asked a specific question about metrics across media, more than half of marketers (54 percent) would prefer to use "the exact same metrics to evaluate their digital brand advertising spend as they do for their offline spend, and a few additional metrics specific to the digital medium." They are all for performance metrics particular to mobile – but not at the cost of being unable to evaluate brand advertising effectiveness consistently across platforms. When asked about particular metrics, the majority (78 percent) said "sales generated as a result of the advertising" is the most appropriate metric for digital brand advertising.

Sales lift is often difficult or costly to calculate, so it is not surprising that brand lift, a correlated variable, was the second most chosen answer (55 percent). Also, in the digital medium you can uniquely measure brand lift in real-time, and thus optimize campaigns while still in market, a powerful opportunity and one that several marketers are taking advantage of.

[7] *"2013 Online Advertising Performance Outlook." Vizu, a Nielsen company, collaborated with the CMO Council, which fielded a survey of 287 senior brand leaders. All numbers not otherwise sourced in this article come from this report.*

CHALLENGES TO MOBILE MEASUREMENT

Why, then, is giving marketers what they want so hard? Online, this is all straightforward. Using cookies, one can measure exposure to an advertising campaign, and thus construct an exposed (or "test") group and a control group for the purpose of calculating brand lift. In addition, because cookies record which piece of "creative" each respondent has been exposed to, on what website, and at what frequency, it is relatively easy to acquire the data to support a detailed analysis of advertising impact in a cross-media comparable form.

As anyone working in mobile measurement knows, however, mobile presents a unique challenge: third-party measurers are not always able to use cookies on mobile devices, and they don't exist in the mobile app environment at all. Nor is there an equivalent unique identifier universally usable across mobile web and mobile app.[8] Marketers must look back to older methodologies for calculating brand lift. One such approach, generally referred to as "pre/post," surveys a control group before the campaign runs and a test group after it has started. However, because the responses of the control and test groups are not (cannot be) surveyed concurrently, the potential is created for intervening external influences to affect the results. The less concurrent the groups, the less clear it is that the observed differences between the two groups' responses can be attributed to the advertising.

The apparent way through is via Google's unique Android ID (UDID), which it makes available to app developers, and Apple's IFA, which has done the the same since the release of iOS6. Between them, iOS and Android cover 86 percent of mobile phones, theoretically making it possible for advertisers and agencies to use these identifiers almost as the equivalent of a cookie that spans the bulk of the market.

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[8] *There are some creative ways people are "stitching together" a unique identifier across mobile apps and the mobile web. For instance, it is possible to tie mobile web activity to an IP address and use that IP address to identify apps on the same device. Our preliminary testing, however, has shown that these procedures are not that accurate. Importantly, they are not sufficiently accurate to justify using them to underpin concurrent test and control instead of pre/post.*

Unfortunately, while UDID and IFA may ultimately midwife the emergence of reliable and comparable mobile advertising measurement, many app developers and ad platforms are not yet set up to process those unique IDs. Using UDID and IFA is on the "road map" of many media app inventory providers for use in 3rd party measurement, but most have not begun that process, and some do not even have it on their road map. All the alternative identifiers ad platforms used to identify unique devices (IP addresses, the OS, different "builds" of a phone) suffer from one drawback or another, and even app developers leveraging these IDs still need to build into their apps the ability to pass the ID to third party measurement services before they can be used to measure advertising.

What, then, should marketers do today?

WORKING WITH WHAT YOU'VE GOT

Our own recommendation is that using metrics consistent across media and focused on business outcomes is better than defaulting to metrics, however precise, that measure non-business outcomes such as usage or engagement – or, worse yet, doing no measurement at all. Right now, that means using pre/post most of the time.

The particular value of pre/post is that it is available, it works, and it provides data that can be compared with data from other media. Where it is possible to conduct concurrent test and control analysis, marketers should of course do so, and ensure they are using measurement technology that supports this approach. Today, however, this is only possible if one is working with just the relatively small number of ad platforms that process UDID and IFA.[9]

Companies tempted to buy inventory based on mobile-specific metrics that can't be compared across media should remind themselves of the heady days when social media arrived, and online advertising before it—and the disillusion that followed. They should be wary of vendors who urge measures such as click-throughs (usually because it's all they have to sell), and think about mobile as they do any other medium. What are the best ways to reach the people they want to reach? What is the best environment to influence their opinion? Traditional notions of brand lift and sales lift are what count.

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[9] *We note that some companies are using one or another mechanism for concurrent test and control. The accuracy of measurement does not, however, meet our standards.*

GETTING STARTED

Many marketers feel intimidated by mobile. But mobile is just another channel to reach their desired audience. The basics still apply. And to ensure those basics do not get overwhelmed by 'techno-metrics' peculiar to the medium, we offer some specific recommendations for marketers as they work on their mobile campaigns and mobile strategy.

WHEN THINKING ABOUT ANY INDIVIDUAL CAMPAIGN:

First, **don't lose sight of what you're trying to accomplish**. For a mobile brand advertising campaign to succeed, it is critical, as it is with any kind of advertising, to establish the single marketing objective for the campaign against which success will be measured and ROI calculated – for example, "increase awareness of my products." There is no harm in measuring secondary objectives (for example, improving brand favorability) or progress metrics (shares, engagement, etc), but performance against the primary objective should be used to determine success. As such, the desire to measure other objectives should not be allowed to compromise the assessment of how well a campaign meets the primary objective.

Second, **ensure your agency and media partners are aligned with these business objectives and explicit performance goals**. Unless everyone is aligned in this regard from the get-go, your campaign is almost certain to fail. In a recent study we conducted, eighty-three percent of media sellers surveyed said that agreement on what constitutes success for the performance of a campaign would help them improve campaign results for brand marketers. Unfortunately, only 6 percent of agencies reported that they were always able to establish the primary marketing objective in advance of the campaign. Approximately one in five agencies (22 percent) and publishers (18 percent) say that what constitutes success is not clearly defined.

Third, as discussed above, **don't use idiosyncratic metrics to optimize or measure the success of brand advertising campaigns.** "Click-through" rates are perfectly appropriate as measures of the effectiveness of direct response campaigns, but irrelevant to brand advertising efforts. Brand marketers, agencies and media sellers may all agree that sales and brand lift are the most appropriate metrics to determine the effectiveness of online brand advertising; but 61 percent of media sellers still believe click-through rates are relevant to it.

Finally, **take advantage of the real-time nature of the medium.** Use technologies, and work with ad networks and media owners, that will allow you to monitor campaign performance in flight, and make adjustments as needed. Further, require that your partners proactively make recommendations for improvement to you. Brand marketers are quite clear that they want this – 87 percent of brand marketers rated "in-market optimization of my campaigns against brand metrics" as "very important." In a recent study we conducted, however, only one-third of media sellers reported that they were able to optimize based on brand lift. When they do have the right data, media sellers are proactively providing in-flight optimization recommendations only about half of the time. Less than one-third provide in-flight optimization recommendations for every campaign.

WHEN THINKING ABOUT YOUR BROADER STRATEGY:

Choose an agency partner with mobile experience and a commitment to managing your campaigns proactively, not just launching them. Most brand marketers work with a media agency to execute mobile initiatives, but not all agencies are created equal. Your agency should be able to advise you on the best creative tactics and mobile channels to achieve your objectives. Further, the agency should bring a comprehensive approach to your advertising effort, ensuring your mobile strategy is aligned with your efforts in other channels such as television and online, as well as providing a consistent cross-platform analysis of your advertising performance on a campaign-by-campaign basis and across campaigns. Finally, in line with our previous comment about working with media owners who manage outcomes for you proactively, it is important that your agency partner also engage in the process of monitoring and optimizing brand lift in real-time, adjusting creative, frequency, and placement in order to produce the best possible outcome. Unfortunately, only one in five agencies say they can optimize based on brand lift, even though the technology to do so is readily available. The majority of agencies (68 percent) say they optimize based on click-through rates or other measures of engagement. And twelve percent of agencies say they lack the real-time data on relevant metrics needed to optimize a campaign.

Build relevant benchmarks against which to measure performance over time. A common mistake advertisers make is to focus their attention on the results of a single campaign, particularly when it is a large one. Brands aren't built in a day – or via a single mega-advertising campaign. Your evaluation of the effectiveness of your efforts and the partners you have chosen to work with should be based on a cumulative view of performance. The performance benchmarks that will provide the most powerful understanding of how a mobile strategy is playing out will be benchmarks specific to your own brands. Over time, these benchmarks will allow you to develop best practices for mobile.

Maintain ownership of your mobile advertising effort. Most brand marketers do not have the same level of expertise in mobile advertising as they do in more traditional media, and so end up relying heavily on agencies to manage their mobile advertising efforts. That is fine, as long as they do not remove themselves completely from the details of the development and execution of their mobile strategy. This is especially the case if you want the flexibility to work with different agencies over time, without losing ownership of your historical data or normative benchmarks. Remember that mobile is just another channel for brands to reach and engage with their chosen audience. It is subject to the same general rules and best practices for marketing and advertising as television, online, print, and radio.

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This is what's next. Mobile is a channel – a challenging, new one, but still just another channel. Eventually, as has always been the case, it will be absorbed into the advertising ecosystem, and the day will come when measuring the impact of mobile advertising will be a routine task. Until then, success will come to those who recognize that reasonably accurate performance measurement that can be compared with performance in other media is much more valuable than ultra-precise measurement that can be compared only to itself.

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ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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