

COLUMNS

## Valuing mobile marketing in an age of ad blocking

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After much talk about it over the last few years, the use of big data to improve consumers' lives seems to finally be poised to become reality.

Yet while this new vast and detailed data promises to open a new level of engagement between brands and their customers, two recent studies highlight a need for brands to manage this data more strategically to make better use of it.

The first of these studies identifies a huge underserved opportunity for mobile advertising, while the second study uncovers consumers' increasing distrust of sharing their personal data with brands in return for customized services.

Examined more closely, both studies reveal the imperative for brands to refocus their mobile engagement strategies in a time of changing consumer trends.

Using mobile engagement to address ad blocking

Mary Meeker's recently published annual Internet trends report has become something of an annual event for the technology industry. And, as usual, this year's report uncovers some compelling opportunities for mobile, specifically mobile engagement.

Among the more interesting findings in the report is that there is a huge unmet opportunity for mobile marketing.

Mobile ads grew by 66 percent from 2014, compared to just 5 percent for desktop ads, and the mobile ad market in the United States is now estimated at \$22 billion, based on data that shows consumers spending 25 percent of their time on mobile devices.

However, spending on mobile ads still only accounts for 12 percent of the advertising pie. This discrepancy points to a tremendous opportunity for mobile marketing.

Yet before wireless carriers, Internet companies and consumer brands can seize this opportunity, they will have to

contend with the rising challenge of ad blocking.

Consider how this practice has risen.

One in five smartphone users, or almost 420 million consumers worldwide, now block advertising when browsing the Web on mobile phones, a 90 percent annual increase, according to PageFair and Priori Data.

And in some major markets, ad blocking has a huge potential to take off since, in the U.S., for example, only 4.3 million people, or 2 percent of smartphone owners, now use ad blocking.

Critically, while the Meeker report reveals a mobile advertising underinvestment, carriers, OTT companies and consumer brands must devise a dedicated strategy to reap the value of mobile marketing in an age of ad blocking.

A crucial part of this will require marketers to accelerate their evolution from pushing generic, mass-distribution messages that can be irrelevant to customers.

Instead, marketers must focus on engaging customers better with richer, more personal experiences so that they have less incentive to turn on ad blocking.

One key to this lies in the use of a customer's actual context information, such as location or purchasing history, to more precisely hone messages and cater to specific customer needs.

Building consumer trust to gain access to personal data

As described above, the amount of data we have the capability to collect today is eye-opening.

From connected cars, to smart homes, to body-monitoring applications, we have technologies that are producing avalanches of data.

According to Gartner, by 2020 there will be an astounding 26 billion connected devices that are not PCs or phones in the world, up from less than 1 billion in 2009.

If we can harness data such as demographic, location and interaction history information, it will be game changing in our ability to personalize services.

But one question that those of us in the mobile industry and consumer sector have been grappling with is, to what extent are consumers willing to share data in return for more customized services along their mobile journey?

For this reason, we conducted a study of 8,000 consumers in eight countries and attempted to uncover their attitudes toward mobile privacy. The results are surprising to say the least:

Seventy-five percent of consumers say they do not trust brands to take care of their data

Seventy-one percent say they do not trust wireless carriers to take care of their data

Eighty-nine percent to 94 percent admit to having at least some concern when sharing data with brands in the retail, financial services, travel and hospitality vertical markets, as well as with carriers

The findings make it clear that consumers do not feel that their experiences have been improved by the sharing of personal data.

But to this end, how can brands begin to tackle this issue of privacy to be able to better engage with consumers?

Based on our work, here are two approaches for brands that we see as holding great promise:

1. Strengthen mobile privacy control by ensuring customer opt-in. Since 75 percent of respondents say they do not trust brands to take care of their data, brands must upgrade their mobile privacy control.

One crucial part of this is establishing a rigorous process for determining proof that the customer wants to engage with your brand.

The two questions that the process must address are "What was the last known agreement in which the customer opted to receive something?" and "When was this agreement made?"

Implementing an ironclad process for ensuring opt-in will go a long way in building trust and ensuring that customers do not get surprised.

2. Deliver value with a mobile loyalty reward program. With respondents saying they do not think their mobile experiences have been improved by the sharing of personal data, brands must prove the value of customers giving consent to allow their data to be used. Loyalty reward programs offer a powerful tool for this

consent to allow their data to be used. Loyalty reward programs offer a powerful tool for this.

Now that more customers are convinced to pay with their mobile devices, figuring out how to combine payments and loyalty rewards offers a more seamless process for enriching customers' experiences with their favorite brands.

In return for registering for a loyalty program and agreeing to share their mobile usage data as part of this registration, customers can gain the opportunity to receive gifts, discounts and other rewards.

WITH OPPORTUNITIES for the use of mobile data set to explode, brands must achieve the right balance in the value exchange between marketing to consumers and providing them with an enriched experience in return.

The studies here reveal two important areas where brands must refocus their mobile engagement strategies to serve the latest consumer trends.

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