

COLUMNS

How to determine ROI on mobile marketing

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Whether you are a seasoned mobile marketer or just getting your feet wet in the mobile space, the issue of return on investment is always top of mind, or it should be.

Yet when it comes to ROI, there are no standards and few best-practice examples to emulate. Why do you suppose this is the case?

I suggest the term "mobile marketing" is too broad to describe the methods marketers employ within the mobile medium.

Smartphone applications, with few exceptions, are branding exercises. Some pundits have gone so far to label mobile apps as interactive advertisements more so than directly funneling business toward the marketer's brand.

At the other end of the spectrum lies the Holy Grail of any marketing activity facilitating actual, measurable sales within the confines of the mobile experience.

But these cases are few and far between, and largely the domain of established brands with the presence and technological might to create sophisticated mobile buying experiences.

Consider as well that Forrester Research issued research last year showing consumers' most preferred mobile commerce activity is simply finding a store to make a purchase. It makes you wonder where the best ROI for your mobile marketing dollar can be found.

Return on engagement

Somewhere on the ROI spectrum between mobile as a branding vehicle and transaction generator lies engagement, a flavor of direct marketing intended to drive consumers to take some desired action while "on the go" such as receive and redeem a coupon or participate in a promotion.

The ease by which text messaging services can be sourced by marketers makes these tactics attractive for virtually any size business or agency. Sort of like email.

Unlike email, text messaging is sent through the wireless carriers and therefore network access costs are a material component of any mobile project, for both the sender and the consumer on the receiving end.

This is where I think a key point of different between email and text messaging exists, and which is glossed over by marketers and vendors alike when it comes to making the most of mobile investments.

I am opted into too many email subscription lists to count and I do not foresee that changing.

Although inconvenient and occasionally time consuming to sort through, a jammed-up email inbox does not really cost me anything, time to separate the legitimate messages from junk notwithstanding. Filtering helps here, too.

Text messages instead present themselves in real time to the consumer's handset, like a phone call.

No matter what they are doing at any given time, consumers cannot help but be alerted to these messages.

The messages can be instantly distracting or annoying. Marketers obviously hope they are not. And even if a consumer has an unlimited text plan, there is the perception of a real cost to receiving the messages, so they better present desired and relevant information.

These dual conditions disruption and cost present the biggest challenge to marketers seeking the best return on their mobile efforts.

Whether real or perceived, they introduce concepts of relevance and targeting that have been sorely lacking in many text message marketing programs, contribute to the difficulty in proving ROI, and fuel the "one and done" mobile project that brand and agency marketers are all too familiar with.

Relevance and targeting

Mobile ROI is hugely impacted by maintaining the opt-in status of consumers, and a poorly executed program will fail in this regard.

On a daily basis, news reports profile businesses that have created an opt-in database of mobile subscribers using a "mobile club" or contest as incentive.

These are completely legitimate acquisition techniques, but cannot maintain positive consumer attention and opt-in status over time without a plan for developing the relationship beyond knowing an individual's mobile phone number.

Otherwise, mobile marketing is simply an expense, a cost of doing business that presents no expectation of a measurable return.

No matter what the cost of the program, and all the elements involved, from media buys to training staff, to creating point of sale materials, adopting a CRM mindset will yield the greatest ROI and make ongoing mobile efforts easier to justify while impacting the business in ways a less thoughtful approach could never achieve.

This requires data, and lots of it, organized in such a way that messages can be related to a tangible business result.

In the prior example, taking steps in the acquisition stage to obtain customer attributes beyond the mobile number can fuel a segmentation and re-targeting effort designed to drive higher response or promote a more relevant product or service offer based on the customer profile.

Software and technology solutions to facilitate these types of interactions were scarce in the past, but that is no longer the case.

Where more work is needed is around tying these actions to transactions, plain and simple.

The question remains what types of firms will take the lead in helping marketers prove the value of mobile marketing investments.

As those in the legal profession follow the money, you can similarly expect in mobile that the winners will follow the data.

With ROI a function of many variables, but weighted heavily toward a long-term view, marketers and their agency partners would be wise to approach text messaging marketing with an eye on cultivating customer relationships beyond the opt-in step.

Relevant and timely messages will have customers expressing appreciation with their wallets.

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