FOR: eBusiness & Channel Strategy Professionals

A Systematic Approach To Mobile Strategy

by Julie A. Ask and Charles S. Golvin, May 10, 2012

KEY TAKEAWAYS

Forrester's POST Methodology Sets The Path For A Core Strategic Approach To Mobile

In the rush to be in the mobile game, eBusinesses often dive into initiatives before they have considered how mobile fits into overall customer engagement strategies. eBusiness professionals need to remember that mobile is a long-term component of their go to market strategy. As such, it requires a programmatic approach to setting direction.

Mobile Strategies Fail Because They Focus On The Technology First, Not The Customer

In this rush to market, businesses are more often tempted to ask, "What can I do with this technology?" rather than, "What do my customers need?" The former approach results in programs that miss target audiences or scrap highly used services like SMS. Starting with what your customer's doing with mobile is core to setting a successful approach.

Even With A Strategic Approach, Testing And Failure Are Expected

Mobile is changing rapidly. While daunting, eBusiness pros who embrace this fact will free themselves to take a test, learn, and fail fast mentality within their mobile strategy. This allows them to gather insights faster than their slower competitors and to have processes in place to adapt to the inevitable coming change.

Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140 USA
Tel: +1 617.613.6000 | Fax: +1 617.613.5000 | www.forrester.com

A Systematic Approach To Mobile Strategy

Strategic Plan: The Mobile eBusiness Playbook

by Julie A. Ask and Charles S. Golvin
with Patti Freeman Evans and Doug Roberge

WHY READ THIS REPORT

Mobile is hot, but too many executives take a backward approach to developing a mobile initiative and begin with technology decisions such as "We need an iPhone application" or "Let's do something with SMS." Success in mobile demands a systematic approach, beginning with understanding your customers or target audience via their Mobile Techno graphics® Profile. Next, determine your objectives — to grow revenues or cut costs — and then build a strategy based on your desired offering, willingness to engage distribution partners, and level of corporate commitment to mobile in order to achieve those objectives. Once you have completed these three steps, then — and only then — should you choose technologies to implement these strategies and achieve your objectives. This report is an update to "The POST Method: A Systematic Approach To Mobile Strategy" originally published April 9, 2009, and outlines the full POST process. This report outlines the strategic plan of Forrester's solution for eBusiness and channel strategy executives working on their mobile eBusiness strategy and is designed to help you boost customer value through mobile services.

Table Of Contents

Notes & Resources

This report outlines Forrester's POST methodology.

Related Research Documents

Forrester's Mobile Maturity Model
May 10, 2012

Strategic Staffing For Mobile eBusiness
May 10, 2012

Mobile eBusiness Ecosystem
May 9, 2012

THE POST METHOD: A SYSTEMATIC APPROACH TO MOBILE STRATEGY

Consumers are increasingly reliant on their mobile phones, not only for communications but also for access to information, media consumption, commerce, and social connections. Talking and texting are now mainstream, while more and more mobile subscribers access the Internet, shop, get directions, watch video, and download music on their handheld device. Brands that seek a persistent presence with their customers must look to connect to them on the device that's always with them and always on — their mobile phone. We field many questions from professionals tasked with "doing something with mobile," but far too often these questions focus on the wrong thing: technology. Instead, firms should first ask which consumers they want to reach and how they use mobile, then establish clear objectives and lay out a strategy. Only then must they consider what technologies to use.

Many brands are familiar with the POST method for social strategy design and its underpinnings in Social Technographics®.[1] We have adapted that methodology for professionals developing a mobile strategy, in this case using Mobile Technographics.[2] Mobile POST relies on the same four steps of strategy formation:

1. **People.** Review the Mobile Technographics Profile of your target audience.

2. **Objectives.** Decide on your goals.

3. **Strategy.** Determine your approach to meet your objectives.

4. **Technology.** Choose the technologies that will enable you to implement your strategy.

Step 1: Review Your Mobile Technographics Profile

Mobile strategies fail because firms do not understand how *their* customers or target audience use a mobile phone. Most mobile initiatives from consumer brands are a response to a wider market trend: Firms see consumers — or competitors — adopting new mobile technologies, such as automatic location, and act on the urge to keep up. They rely on the profile of the average mobile phone user rather than that of their own customers or audience. Forrester's Mobile Technographics provides a means to comprehend the mobile behavior of a specific audience; understanding a brand's Mobile Technographics Profile is the first step to defining its mobile strategy. Forrester uses the following six profiles of cell phone users to guide mobile strategy development (see Figure 1)[3]:

- **Inactives.** These consumers do not own or use mobile phones and represent 11% of US adults.

- **Talkers.** Consumers in this group own a mobile phone but only use voice services. Thirty percent of US adults fall into this category.

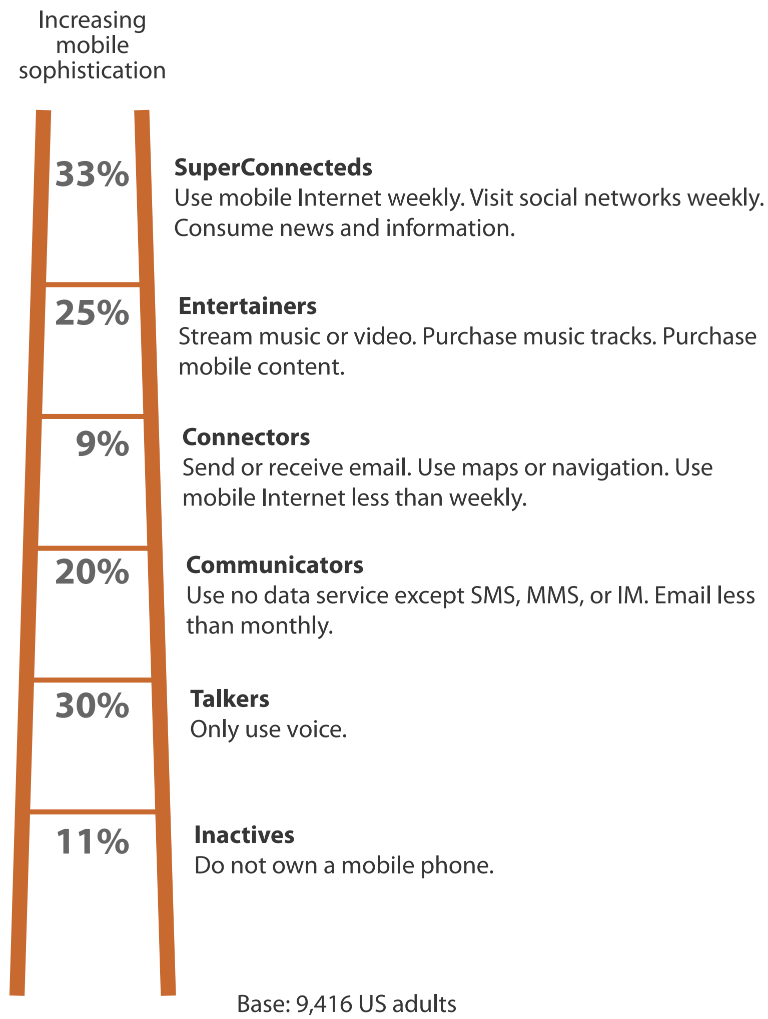
- **Communicators.** In addition to voice, these subscribers use mobile messaging services such as SMS, MMS, or IM at least monthly. However, with the exception of occasional (less than monthly) email access, they do not regularly use any other data services on their mobile phone. They represent 20% of US adults.

- **Connectors.** Connectors are defined by their use of applications that improve productivity and efficiency, such as email (at least monthly) and mapping, and by infrequent (less than weekly) use of the mobile Internet. Connectors comprise 9% of US adults.

- **Entertainers.** Entertainers are defined by their purchase of paid personalization and entertainment content and applications for their mobile phones. This group represents 25% of US adults.

- **SuperConnecteds.** These consumers extend their mobile phones far beyond communications, using them to consume media, get information, and shop. They access the mobile Internet and/or social networking sites such as Facebook and MySpace.com at least weekly on their mobile phones, and they may also research products, check stock quotes, check financial accounts, or read news at least once a month. SuperConnecteds make up 33% of US adults.

Figure 1 Mobile Technographics: Understanding The Connected Consumer



Note: While Inactives, Talkers, and Communicators are distinct, Connectors, Entertainers, and SuperConnecteds may overlap.
Activities are monthly unless otherwise noted.
Source: North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada)

53677 Source: Forrester Research, Inc.

Step 2: Set Objectives

By itself, the Mobile Technographics Profile only indicates what is possible based on the mobile behavior of the target audience. Brands must decide *what* they want to accomplish with their mobile initiatives. Mobile objectives must align with business objectives and ultimately drive profitability.

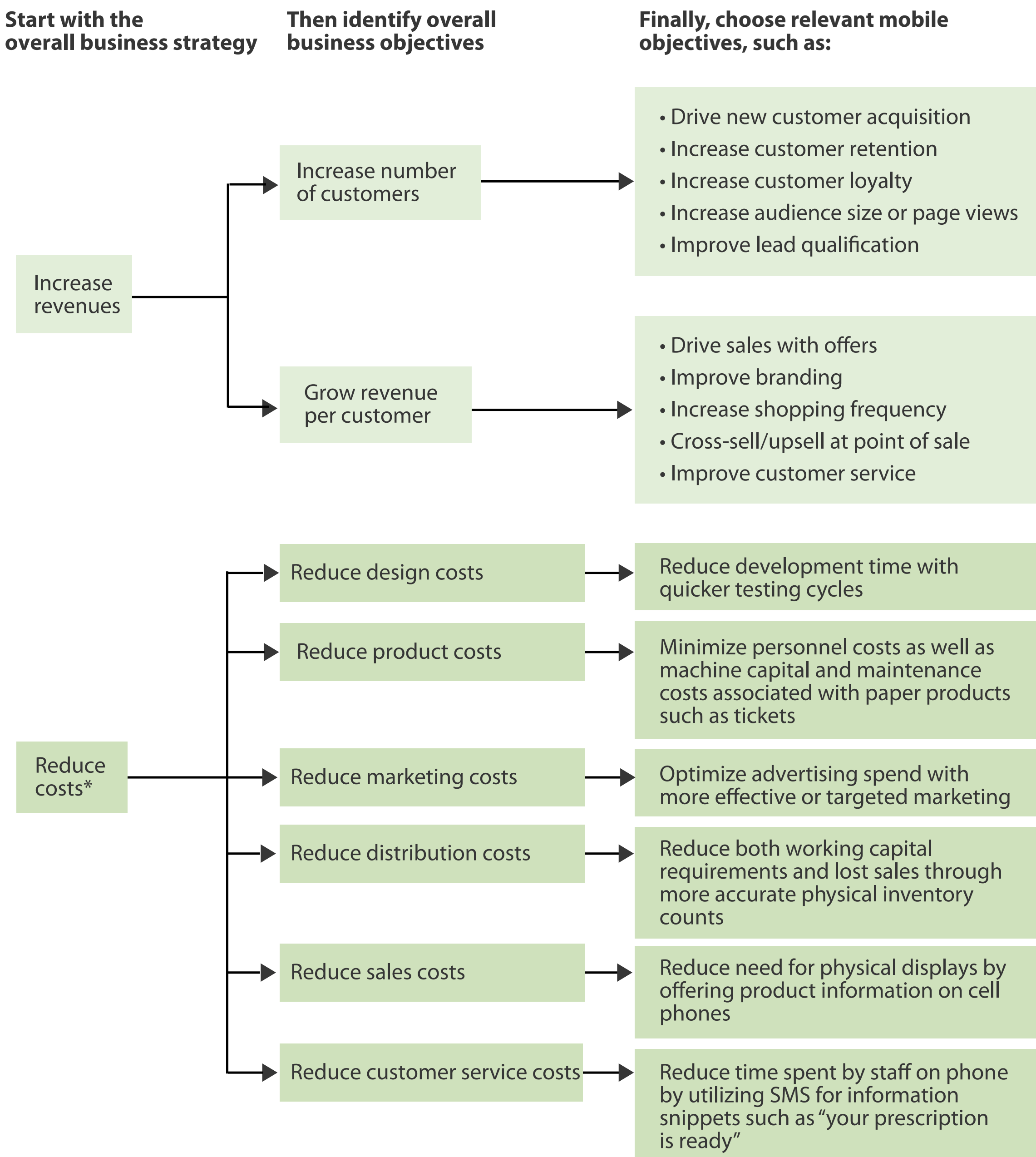
Setting objectives is a three-step process. The first two steps derive from the existing corporate strategy and objectives that senior management has outlined, while the third and more tactical step — choosing mobile objectives — will fall to product and service strategists tasked with creating mobile strategies. Forrester recommends that mobile strategists (see Figure 2):

1. **Start with the overall business strategy.** Is the corporate emphasis on growing revenues or on reducing costs? For example, many companies are focusing on keeping the bottom line healthy via tight expense management, but this may shift to revenue growth as the economy continues to expand. Business objectives may differ across business units: For example, a new product division such as Intel's Atom group needs to drive revenues, while the desktop group focuses more on reducing costs. Even in nonprofit organizations, where revenue growth may not be the mandate, business objectives will be tied to income and costs.

2. **Identify the overall objectives that support the business strategy.** These objectives directly tie to the business strategy: Revenue growth comes from selling more to existing clients or from selling to new clients. Organizations may seek cost reductions in one or more corporate functions, such as marketing, sales, or distribution. For instance, in January 2009, Procter & Gamble announced a huge cost-cutting program designed to save $50 million per year; it included purchasing more advertising at a lower cost.[4]

3. **Choose mobile objectives that support the business goals.** Based on the overall business objectives, mobile strategists must then select the specific outcomes that the mobile channel can enable. For example, mobile can support overall customer growth goals by driving leads while reducing customer churn via improved customer service. KLM aims to improve customer satisfaction by offering check-in and boarding pass services on mobile phones.[5] Similarly, Broadway Markets reduces its cost of sales by delivering personalized mobile coupons to customers based on purchase history or a loyalty rewards programs.

Figure 2 Mobile Objectives Follow Overall Business Objectives



*Companies can reduce costs throughout their operations. Here we call out six likely areas related to the value chain.

53677 Source: Forrester Research, Inc.

Step 3: Define The Strategy

A strategy is simply a plan of action to meet stated objectives — where the objectives are the "what," the strategy is the "how." A brand's strategy for achieving its mobile objectives will impact the cost of development today and over time, the time-to-market, and the quality of the foundation laid to deliver mobile services going forward. eBusiness & channel strategy professionals should answer the following four basic questions in order to formulate their brand's mobile strategy (see Figure 3):

- **How many of my customers do I want to reach?** Strategists who focus on a technology choice, such as MMS versus the mobile web, determine their reach implicitly, but reach should be a conscious decision that then dictates a technology choice. As part of this reach decision, strategists at brands must consider the support they will need to put in place. For example, E-Trade's mobile banking and mobile brokering offering requires its customer service center staff to develop mobile expertise. Similarly, having product or customer reviews available in retail outlets makes it compulsory to train in-store personnel in the use of such services.

- **What will my mobile offering be?** A desktop experience force-fitted onto a small, handheld device is a recipe for disaster — mobile experiences are fundamentally different and need to take advantage of unique attributes such as location and timely delivery. As part of defining the offering, firms must decide how and to what extent to integrate the mobile service with other channels, processes, and infrastructure. For example, a downloadable mobile game works well as a standalone feature for a brand like adidas, but a retailer like Gap will eventually want to tie together coupons, loyalty, receipting, and purchases, which will require integration with point-of-sale (POS) systems and its customer database.

- **How will I work within the mobile value chain to deliver my product or service?** This question entails a choice of business model and distribution model, which are linked. If the mobile offering needs to drive revenues, prevailing business models are ad-driven or based on end user payments, such as subscriptions or one-off fees. Mobile operators generally offer billing services and therefore make good distribution partners for one-off services. Device and platform makers such as Apple and RIM have their own branded mobile applications stores and offer a more flexible — both in payment and business models — distribution channel to the customer for downloadable content or applications.

- **What is my level of commitment to mobile?** The answer to this question has a direct impact on resources — time and money — and the duration of your commitment. For instance, M&Ms' one-time SMS vote to choose the next color of the candy represented a relatively small investment and had a finite duration. At the other extreme, media firms including ESPN and Disney became mobile virtual network operators (MVNOs) in the US.[6] This is a costly venture that entails a long-term commitment to infrastructure, such as billing and CRM systems, as well as staffing a customer service center — and therefore to mobile itself.

Figure 3 Strategic Decisions Fall Into Four Main Categories

Reach	• Which of my customers do I want to reach on the mobile channel? • How quickly should we drive adoption of the new mobile services? • What speed of implementation can we support?
Offering	• What information, services, and products should be delivered on the mobile channel? • How much integration do I need to have with my other channels? And where do I prioritize?
Value chain	• Will we distribute an application directly? Or should we distribute it through telcos, device manufacturers, or other third parties? • Will the services, information, or applications be free, ad-sponsored, or paid? If paid, subscription or one-time?
Commitment	• Do I go for a quick and simple solution for the short term? Or one that will endure? • How much should we invest in the mobile channel today? And in the next 12 to 24 months?

53677 Source: Forrester Research, Inc.

Step 4: Select And Deploy Appropriate Technologies

Armed with customer understanding, objectives, and a strategy, it is now time to choose technologies, a stop often confounded by lack of familiarity with the technology and vendors. Technology choices are not mutually exclusive: Most mobile strategists will combine two or more because technologies differ in reach, supported functionality within offerings, likely value chain partners, and required commitment. Brands can leverage the following types of technologies to implement their strategies (see Figure 4):

- **Messaging.** Messaging offers the broadest reach — 73% of US cell phone users use SMS, and 37% use MMS at least monthly— but it offers only limited functionality.[7] SMS is suited to the timely delivery of perishable information, such as a flight's delay or being outbid on an eBay auction; information retrieval, such as checking a bank balance; and simple interactions, such as voting or sweepstakes. MMS works well when the information being delivered is richer in content, such as a product bar code, or an image or a video clip, like a just-scored Premier League goal. The level of commitment for messaging need not be high, and the value chain decisions are straightforward — essentially the choice of a single vendor such as VeriSign or MX Telecom.

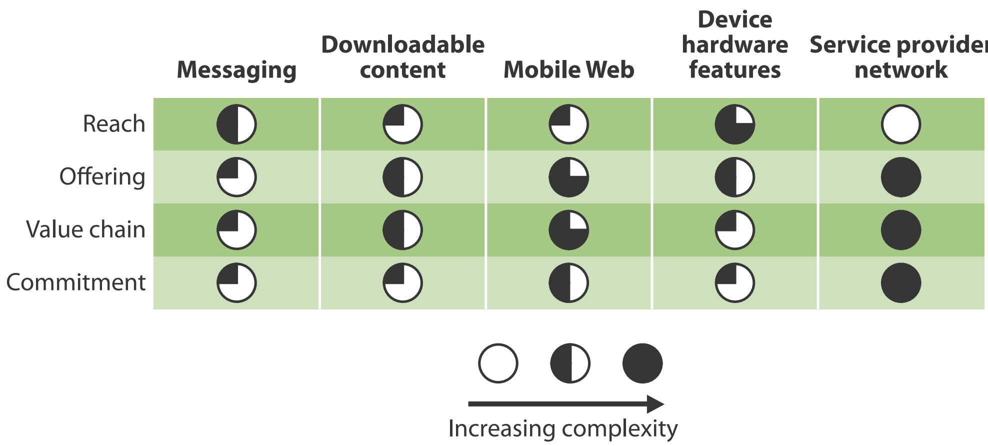
- **Downloadable content.** Downloadable content, such as ring tones, wallpapers, and music or video, can be a rich experience for customers on mobile devices. Reach has expanded: the number of US adults who watch video on their phones has increased by three times the amount from 2008 to 2011.[8] Content is relatively inexpensive to offer but will require a platform that can optimize its delivery for the wide variety of phones in the market. Value chain relationships are key: If you're MTV and want to push your content to mobile phone users, you need relationships with the telcos, either directly or through content aggregators like Buongiorno.

- **The mobile Web.** Browsers, applications, and widgets — single-purpose applications — all fall into this technology bucket. They open more possibilities to brands but reach far fewer consumers than messaging. Most phones in the market contain a browser; 38% of US subscribers browse the Web from their phones monthly, and 27% do so daily.[9] While Apple's App Store has raised consumers' awareness of the value of applications and increased their appetite for new apps, few consumers extend their phone's capabilities in this way today. The mobile Web mandates a substantial level of commitment and engagement with the value chain in order to support the fragmented mix of browsers and device platforms, while carriers control the distribution to the majority of devices. Third-party aggregators with carrier distribution, such as uLocate for location-based services, will play a role for downloadable applications for those without the resources to sign direct deals with service providers.

- **Device hardware features.** Cameras, location, and Bluetooth are examples of technologies that fall into the category of device hardware features, and their reach depends on how many phones carry the feature and how brands want to use it. For example, Yahoo's Flickr service relies on one of the most prevalent device features — a camera — but its reach is limited by the requirement that the customer have a data plan to transfer images and by the complexity of configuring the service. Location presents exciting opportunities to enhance applications but, depending on the underlying location technology in the phone, applications exploiting location may require the cooperation of the mobile operator. Further, location introduces questions around privacy and the precision of the technology. In Bluetooth's case, while the device feature is widespread, taking advantage of it requires the presence of additional hardware, such as a Bluetooth beacon in a theater lobby.

- **Service provider networks.** Several consumer-facing firms have already plunged into the ultimate commitment to mobile by launching their own MVNO, with varying levels of success.[10] The list spans brands like Disney, banks such as the Netherlands' Rabobank, media firms like Virgin, and retailers like France's Carrefour. As the brands offer the full range of mobile services — in direct competition with the mobile operator from which they buy network capacity — this option includes all of the technologies listed above. This level of commitment is extreme considering the need for billing, customer care, distribution, and device management, but it does enable the ultimate control over customers' experience. However, reach is limited due to the high level of saturation in most developed economies.

Figure 4 Technology Choices Will Depend On Strategic Choices



53677 Source: Forrester Research, Inc.

RECOMMENDATIONS

ANTICIPATE AND ANALYZE FAILURE POINTS

Creating and implementing a sound mobile strategy is challenging. First, there are few precedents and few examples of sustained, profitable initiatives — most mobile efforts today are scattershot and carry low expectations. Second, the technology and the implications of device and platform fragmentation, network diversity, and consumer behavior are difficult to assemble into a cohesive picture. Mobile has more dimensions and "moving parts" than, for example, the PC-based Internet, which also lacks a parallel to the mobile operators that exercise significant control in the ecosystem. Road maps are hard to come by and make expectation-setting a challenge. Professionals tasked with mobile strategy development should look for best practices but must also understand that there will be some "learning through mistakes" in the process. Professionals tasked with mobile services definition or mobile strategy design should be aware of the following common missteps in the mobile POST process:

- **Profile mismatches.** These occur when companies build strategies that are ill-suited to the mobile phone usage of their customers. Fifty percent of US cell phone users may be sending and receiving text messages, but your customers may be in the 50% who aren't. iPhone applications generate buzz but do little to help you reach your customers if 95% of them use a basic feature phone. That's why every mobile strategy design should start with an accurate audience profile.

- **A lack of defined objectives.** Brands too often set their sights too low *or* move forward without clear goals. Failure to articulate goals will result in wasted resources. Also, more often than not, even if goals have been defined, they are vague and limited to "learning about the mobile channel" or "doing something on the iPhone." Mobile phone users are getting increasingly sophisticated, and their expectations are rising. Experimentation is a fair objective in the near term but one that will fall far short for most brands in 2012. If executives are pushing for deployments without clear objectives, eBusiness and channel strategy professionals should push back and insist on clear objectives. Mobile strategy professionals should also establish clear metrics to gauge the success of their objectives. These metrics should be similar to those already used for the corresponding business objectives, such as audience size or revenues generated by the channel.

- **Strategic indecisiveness.** An unwillingness to make explicit decisions for each of the major strategy components will hinder technology choice, waste capital, and give mobile a bad reputation in the organization. Successful mobile initiatives require difficult decisions, for example, around reach. Brand managers seldom say, "We aren't going to bother with trying to reach 70% of our audience." Indecisiveness will hinder time-to-market objectives while minimizing the likelihood of a positive return on investment. Successful mobile initiatives have strong C-level champions with realistic expectations based on data.

- **Flawed technology implementation.** Both poor technology choices and implementation will derail the best-laid plans. The Mobile Technographics Profile of customers will change as consumers upgrade their handsets and adopt new services. Mobile eBusiness professionals must be willing to reassess their strategies and have plans in place to develop their initiatives in parallel with their customers' mobile maturity. Service-oriented, quick-to-market solutions may seem like an easy and inexpensive path to a mobile presence today but may not best serve customers in three to five years.

SUPPLEMENTAL MATERIAL

Methodology

Forrester conducted the North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada) mail survey which was fielded from May to July 2011 and includes responses from 10,802 US households and individuals ages 18 and older. Fieldwork in Canada was delayed due to a national postal workers' strike and was completed in October 2011 with a sample size of 436 Canadian respondents. For results based on randomly chosen samples of these sizes (N = 10,802 in the US and N = 436 in Canada), there is 95% confidence that the results have a statistical precision of plus or minus 0.94% of what they would be if the entire population of US households and individuals ages 18 and older had been surveyed and plus or minus 4.69% of what they would be if the entire population of Canadian households and individuals ages 18 and older had been surveyed. Forrester weighted the US head of household data by age, gender, household income, household size and composition, education level, region, and market size (combined statistical area). The weighting criteria for the US individual respondent data included all of the above with the addition of employment status. The survey sample size, when weighted, was 8,454 US respondents at the household level and 10,802 US respondents at the individual level. Forrester weighted the Canadian head of household data by age, gender, household income, household size, province, city size, and age/presence of children. The weighting criteria for the Canadian individual respondent data included age, gender, household income, household size, province, city size, and employment status. The survey sample size, when weighted, was 386 Canadian respondents at the household level and 436 Canadian respondents at the individual level.(Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in mail panels.) The sample was drawn from members of TNS's panel, and respondents were motivated by a sweepstakes drawing. The sample provided by TNS is not a random sample. While individuals may have been randomly sampled from TNS's panel for this particular survey, they have previously chosen to take part in the TNS panel.

ENDNOTES

[1] Executives are going about social strategy backwards: picking technologies like blogs or communities first instead of focusing on what they want to accomplish. This document introduces our four-step method for social strategy. First, examine the Social Technographics Profile of your customers. Second, choose your objective: listening to, talking with, energizing, supporting, or embracing your customers and their ideas. Third, build a strategy around changing your relationship with your customers. Finally, pick the appropriate technologies to implement. Companies that take these four steps in order and then put success metrics in place are the most likely to succeed. See the October 9, 2007, "Objectives: The Key To Creating A Social Strategy" report.

[2] Consumer adoption and usage of mobile communication and multimedia services has reached critical mass. Any brand that interacts regularly with consumers — from retailers to banks to media companies to airlines — should be considering its mobile strategy. Mobile strategy development begins with a data-based understanding of how mobile-advanced a brand's consumers are and will be, and that insight comes from Mobile Technographics. Regardless of how sophisticated mobile usage is among your customers or target audience, there are opportunities to leverage the mobile channel. See the April 9, 2009, "Mobile Technographics" report.

[3] Source: North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada).

[4] Visit Procter & Gamble's website for more information (http://www.pg.com/investors).

[5] KLM Royal Dutch Airlines announced this new mobile service in March 2009. Visit KLM's website for more information (http://www.klm.nl).

[6] Despite their attempts to be successful as MVNOs, both these companies withdrew their mobile operations.

[7] Source: North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada).

[8] Seven percent of US adults watched video on their phones in 2008, and 24% of US adults watched video on their phones in 2011 Source: North American Technographics Benchmark Survey, 2008, and North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada).

[9] Source: North American Technographics Benchmark Survey, Q2/Q3 2011 (US, Canada).

[10] Over the years, Forrester has written various reports on MVNOs. Because they are tied to individual market regulations, MVNO booms happen at different times across countries — for instance, they recently took place in Southern Europe. See the August 8, 2007, "Southern Europe Awakens To Mobile Virtual Network Operators" report.

About Forrester

Global marketing and strategy leaders turn to Forrester to help them make the tough decisions necessary to capitalize on shifts in marketing, technology, and consumer behavior. We ensure your success by providing:

- Data-driven insight to understand the impact of changing consumer behavior.
- Forward-looking research and analysis to guide your decisions.
- Objective advice on tools and technologies to connect you with customers.
- Best practices for marketing and cross-channel strategy.

FOR MORE INFORMATION

To find out how Forrester Research can help you be successful every day, please contact the office nearest you, or visit us at www.forrester.com, For a complete list of worldwide locations, visit www.forrester.com/about.

CLIENT SUPPORT

For information on hard-copy or electronic reprints, please contact Client Support at +1 866.367.7378, +1 617.613.5730, or clientsupport@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester Focuses On
eBusiness & Channel Strategy Professionals

Responsible for building a multichannel sales and service strategy, you must optimize how people, processes, and technology adapt across a rapidly evolving set of customer touchpoints. Forrester helps you create forward-thinking strategies to justify decisions and optimize your individual, team, and corporate performance.

« **ERIC CHANG,** client persona representing eBusiness & Channel Strategy Professionals