

Does Your Brand Need a Mobile Application?

iPhone, BlackBerry, Windows Mobile, Android and Beyond

A WHITEPAPER BY: [GREG TOZIAN](#), VP OF STRATEGIC PLANNING



Anyone who follows marketing knows that even the best tactical innovations suffer from flavor-of-the-month hype in their early stages. As soon as a new type of marketing has some success, companies race to get involved, spurred on by visions of overnight riches. In the interactive space in recent years we've seen gold rushes around such tactics as e-mail marketing and social media marketing.

Of course, logic tells us that the winning companies are those that know their customers best and give them what they want or need with the most insight and innovation. Companies that use marketing tools the smartest, informed by the best planning and strategies, gain the most.

A tool is just a tool. But it's also true that gold rushes only happen because some people actually have struck gold. And there is plenty of profit to be found in the hottest new marketing platform: mobile applications, whether you are most interested in a brand lift, or direct sales.

Just as people are using mobile devices to find products and services (instead of going to a computer, newspaper, or yellow pages), they are looking in the same place to find time-, money-saving and entertainment tools: on the applications right on their smartphone.

Mobile apps are providing the fastest and best digital user experiences today. That's something leading brands are leveraging.

And the ascent of mobile apps falls right in line with how companies are thinking in the current economic environment. As an Association of National Advertisers study in mid 2009 found, as reported by eMarketer, "the No. 1 strategy for marketers who wanted to improve effectiveness without spending more was shifting from traditional to digital media." In fact, the study showed 70 percent of marketers are in the process of making that traditional-to-digital shift.

Apps, with more than 80,000 in the marketplace in a little over a year, are becoming a big part of the shift to digital media.

Unlimited Potential, Lots of Questions

Perhaps the most intriguing thing about mobile apps is their unlimited potential to engage consumers and business-to-business clients. An app can be created to do just about anything that may capture the fancy of, or make life easier for, anyone with enough money to carry a mobile device. Is it any wonder that, intrigued by some early success stories, so many companies that sell products nationally and internationally now think they've got to have a mobile application?

Before you go seeking an app developer, however, there are many questions to ask:

- How do you even know if you need an app?
- What works in mobile apps for companies and what doesn't?
- How much will it cost to build, launch and promote the right application?
- Is it better to launch a freestanding app, or work it into an integrated marketing effort?
- What's the best way to support your app with marketing tie-ins?
- How would you measure success if you had an app?

This whitepaper is a snapshot of some of the early successes that have arisen out of mobile applications for brands. We'll also examine some of the clear, frankly logical, best practices emerging in this exciting new field of marketing.

What is a Mobile App?

Strictly speaking, a mobile application (app), is software that runs on a handheld device. The hottest things going today, of course, are mobile apps running on smartphones — and the iPhone app, with more than 60,000 iterations that also work on the iPod touch, owns more than 75 percent of the market.

However, if you work for a company contemplating a mobile app, you have to at least know that there are other platforms besides the iPhone. Other app platforms may be important to companies, depending upon their target-user base and the devices they use. These platforms include the ones for RIM BlackBerry Storm, Google Android, Windows Mobile, and Symbian (associated with Nokia and Sony Ericsson).

Still, nobody can deny the dominance of the iPhone. Apple launched their app tsunami in the summer of 2008. In just nine short months, a 13-year-old kid in Connecticut had won a \$10,000 iTunes gift card, iPod touch, Time Capsule and a MacBook Pro for having been the one billionth human to download an app. Now, the company is approaching the 2-billion app download mark.

To be sure, a lot of iPhone apps for sale on Apple's iTunes store are silly, or at best mildly amusing: including games like Crash Bandicoot (the #1 seller in the world), or the tip-and-pretend-to-drink iBeer (#5). Some paid apps, of course, like ones that help you learn to speak Spanish, or assist in navigating your car through voice-commands, can be extremely useful and command decent per-app charges.

Free apps, on the other hand, are often among the most useful. For instance, in the Top 10 among the freebies, at least half are extremely helpful: such as Facebook (connecting with your friends), Google Earth (finding your way around the globe), Pandora (listening to the radio), Urbanspoon (finding restaurants), and Flixster (finding movies).

A little research into the real world of business teaches us that the most successful companies are experimenting with where they should be on the utility and cost scales.

Free and Useful Prevails

One of the lessons our connected-everywhere, 365-24/7 world has taught us is that when information, education and tools are free for the asking on the web, it's difficult to charge for similar services. Daily newspapers and the music industry record labels — once so powerful — learned that lesson to their horror.

Now, companies are learning that in a world already awash in tens of thousands of free apps it's a challenge to get somebody to pay for a mobile-device tool.

It's probably best, if you are a company trying to get traction in mobile apps to give it away — regardless of your platform(s). Then, if you have a popular app, perhaps down the road you can "monetize" the app with added features that consumers will pay for. Zippo Lighters, with their famous app that emulates a lighter being ignited on the iPhone, is experimenting with such a release 2.0 pay model, for instance. (Of course, there are also many notable exceptions to the give-it-away philosophy, a few of which we'll outline in the success stories below).

True to form, if you analyze Apple's statistics for downloads, you'll see that free apps are chosen nine times out of ten over paid ones by consumers — even though freebies only make up about a fourth of the apps on iTunes. Who likes paying for something when you can get something similar for free?

Monetization Strategies

The possibility exists, of course, that you can monetize your app, even if it is technically free. For instance, when ESPN rolled out version 2.0 of its ScoreCenter, free, ad-supported iPhone application, it was sponsored by Lexus and went on to contain banner ads for such products as the popular Madden 10 game (by EA).

Naturally, if you're going to be able to carry paid-advertising, you had better — like ESPN's score-delivery tool — have some pretty exclusive content that translates into an indispensable application in the hearts and minds of your target audience. Otherwise, a mobile device is such a personal platform, most people are not going to readily accept ad campaigns coming between them and the tool.

If you do not plan on offering advertising on your application, you may still advertise your own app on somebody else's. For instance, Bank of America used that monetization strategy, when it promoted its iPhone offering by running mobile banners within the Fox Sports iPhone application. Consumers who clicked the ad were routed to a landing page where they could download the free bank app, and learn about mobile banking. BofA customers could also opt-into signing into their bank account via a link. Other brands that advertised within the same Fox Sports iPhone app included Jaguar and Land Rover. And that app not only allows for banners, but also in-screen video sponsorships (not pre-rolls), which inset advertising within the sports videos themselves. These ads are sold on pure click, expanding banners, click-to-call, click to a WAP (a specific-URL, mobile-optimized website), click to an application store and click to play video forms.

However, before your brand contemplates advertising on another app, or even building an app for which you can sell ad space, you'd better understand your users, and, as noted, know whether they would sit still for advertising in their utility or entertainment application. Each brand is different, of course.

As far as how much an iPhone app costs, it's like asking, "How much does a fish weigh?"

If you were asking a reliable development company to make a simple, two-screen app with one button to accomplish a task or amuse someone, it might only cost several thousand to have something ready for launch. If you wanted a deep, interactive, brand-supporting application that requires a complex database structure that will integrate into other software or ecommerce, it might cost in the six figures to develop that offering.

A better question to ask is, "What do we want to accomplish?" Then, solutions can be crafted to reach those goals. The number of bells and whistles should only be agreed upon, and a budget drafted, in the cause of serving brand objectives.

Branded Apps: 12 Winning Examples

If you look at the long list of major brands that have scored with their mobile applications (most for the iPhone either exclusively, or in combo with another platform or two), you'll see that the majority have been free. It's the brand recognition, consumer loyalty, and in some cases sales-driving usefulness, that has justified the expenditure of creating, launching and promoting the application. Whether they are selling paint, food, books, workouts, sports, clothing, or toilet paper — check out these impressive dozen early success stories:

Pizza Hut — this "first" app in the fast-food space lets consumers order pizza directly from the iPhone. The onscreen pizza-visualizer lets you "build your own," adding toppings, which you can then "shake off" if you change your mind, and a game to pass the time while you're waiting for the pie to cook: the "Pizza Hut Racer." **Bottom line: 100,000 downloads at the app store in two weeks. Then Apple featured the app on a TV commercial, and downloads really went wild.**

Barnes & Noble — their iPhone, Blackberry, Android and Windows Mobile app uses photo recognition to deliver ratings, reviews and other book information. **Bottom line: their app broke into the Top 10 of free apps right after launch.**

Sherwin-Williams — the noted consumer paint brand had an early hit with their ColorSnap app that allows people to choose paint colors and palettes. **Bottom line: The company was able to break into the Top 25 of free apps by supporting the mobile tool through SEM, a reportedly modest amount of paid-search text ads.**

Kraft — one of the truly stellar early app success stories is from one of America's most beloved food brands. Kraft's iFood Assistant lets people access some 7,000 recipes and has a useful feature that lets you "tap" your shopping list. **Bottom line: the app is so handy, it breaks the no-pay mold and goes for a whopping 99 cents. The company claims 50% of people who downloaded the app continue to interact with it three months later (bucking the download-but-quickly-ignore trend that the fickle majority of consumers maintain).**

Major League Baseball — this app, appropriately, hit a big home run; it's another solution that is so desired it thumbs its nose at the notion of "free." MLB.com's At Bat 2009 app dominates in a vertical (baseball-related) where there are already reportedly 6,000 app offerings. At Bat sells for a hefty \$9.99, with a 99-cents-each price tag for games you watch on your phone. **Bottom line: MLB claims to have 400,000 people using the paid app daily. (Another 350,000 daily use a "free" MLB app, that doesn't allow users to see and hear live games).**

Men's Health — With a healthy six apps already under its weight belt, Men's Health has found a new way to leverage content they already have for their magazines. (Other publications might take a hint.) **Bottom line: the magazine's Men's Health Workouts is so popular the brand charges \$1.99 for it.**

adidas — the German-based sports apparel giant has more than one successful app, including one that serves as an urban art guide for people on walking tours of Berlin. Another of the brand's apps (which we created at this company) sends attractive percentage-off deals on adidas Outlet Store products to iPhones, complete with scannable coupons that do away with the messy and environmentally impactful use of paper. **Bottom line: foot traffic to stores is steady year-round, driven by on-screen scannable coupons.**

Charmin — their humorously titled "Sit or Squat" app, for the iPhone and BlackBerry, allows people to find the nearest bathroom wherever they travel in the U.S. **Bottom line (if you'll excuse the expression): won the P&G Global Media Award.**

GAP — the famous fashion brand's mobile application let's consumers take photos of their own wardrobe, and then "mix" in visual images of pieces of clothing, shoes, and accessories from the GAP, to see what goes well together. These combinations may also be sent to friends on Facebook, etc. **Bottom line: An accessory the clothing company has added to their app is that when you open the application near a GAP store you can access special discounts on products, too.**

Zagat — the famous innovator in regular-people-reviewed restaurants is another brand that has snubbed the free mentality, and found success in charging (\$9.99) for utility. Zagat To Go, available for iPhone and BlackBerry, rates some 40,000 restaurants, bars, hotels and golf courses. It also lets you add reservations to your device's calendar, do advanced searches by cuisine, locate restaurants, and more. **Bottom line: the app is now solidly in the Top 100 of iPhone apps.**

Benjamin Moore — the national paint brand's Ben Color Capture allows people to take a photo of something they like the color of in real life: an apple, the sky, another house, and then match that color to achievable color palettes in Benjamin Moore's paint line. **Bottom line: the app is so useful that even company spokespeople admitted to being surprised when downloads surpassed the 50,000 mark. And the brand's marketing department is convinced that the app has spiked their in-store sales.**

Dominos — The well-known pizza chain created a mobile-ordering web application that is iPhone optimized. That means that you don't have to download/install the application. By visiting Dominos.com on the Safari browser on your phone you can access an ordering system designed specifically for iPhones or an iPod touch. You can then create an order by tapping "Express Ordering" or "Create Your Own Pizza." You can also track your pizza's creation. **Bottom line: How a mobile application actually works, or shows up on a mobile device is not as important as that it actually does work, and supports the brand and its goals.**

How Do You Get Recognized?

Don't forget strategies to drive people to download your great new app!

As with any brand you're promoting, it's not necessarily the quality of your products and services that are crucial to your success but how well you can sell them. The same is true of apps. You may have what you consider to be a killer application. But if you don't roll it out right, and promote it properly, the world may never know.

The plan to promote your application may include advertising (see below), press releases, social networking strategies, and multiple independent product reviews on blogs and review sites.

According to various research sources, the average iPhone user will download between 20 and 30 different apps, which increases a company's potential for getting on the radar — or at least the mobile-device screen. But then again, with well over 80,000 apps already available (if you count all mobile device platforms), 30 apps isn't the best per-consumer odds of getting downloaded.

To get recognized initially, you are going to have to do some good, old-fashioned promotion.

We already mentioned the possibility of advertising your app on other apps, and of course, you can always try banner ads, and promotion of your app on your own website and through your own customer service people and in-store promotions. And you should not ignore your opt-in e-mail list, where you have a built-in market of people who already have some affection for your brand.

Word-of-mouth is also just as strong a promotional tool for apps as it is for your products and services. So, use social media and PR prudently (strategies that were, for instance, in the iFood Assistant marketing arsenal for the popular Kraft application.)

One strategy that has worked successfully for brands is the one Sherwin-Williams employed. It's been reported that the company saw its ColorScan app languishing at number 70 on the iPhone apps store — not bad, but not in the upper echelon either. (According to Apple, to get into the Top 100, an app has to achieve about 2,500 downloads a day.) A two-day "burst" of paid text-ad support (reportedly a modestly priced pay-per-click campaign to some six million iPhone users) was then apparently able to drive the app into the Apple Top 25 list. With that distinction accomplished, a spill-over benefit of being in that preferential category in the iTunes App Store (the only place which the apps are sold) helped the brand eventually reach the 18th most popular utility app for a while.

One client, for whom we built an iPhone app, was able to drive initial interest in the application through viral digital means, and in-store point-of-purchase promotions. If you add a little PPC to the mix, your results will be a lot higher than if you trust in the tenaciousness of users on iTunes, or another app service, to dig down and “find” you in the throng.

So, to recap, a dozen-strong to-do list for promoting your mobile application might include that you market:

- on your website
- to your opt-in e-mail list
- through social networking (Facebook, Twitter, YouTube, Flickr, et al)
- as advertising in others’ mobile applications
- in press releases/social media releases
- by submitting to product-review sites
- by notifying key bloggers
- in your stores (signage/posters/bag-stuffers)
- through your customer service representatives
- with pay-per-click text ads
- through banner ads (on your site, others’ and networks)
- through public relations

Downloads Aren’t Everything

Ironically, the ultimate goal is not, necessarily, always the highest number of downloads.

Downloads in themselves are a bit of a Catch 22. Apple ranks apps by the number of downloads, and the top way people find apps in the first place is their “ranking” in the online apps store. So, if you can drive enough people to download the app, it will raise your ranking; when you get up high enough in the ranks, success escalates.

But it is possible — depending on the purpose of your app — that the quality of the consumers with your app trumps the total number of downloads.

For instance, with an app that exists to drive retail food traffic, it’s probably more important that a sustainable number of app-holders use the mobile tool frequently to save on deals in your stores than that you obtain ever-increasing numbers of consumers who have the app but don’t use it. Ultimately, it may be that every 1,000 customers who use the app multiple times for purchases are more valuable to your brand than each 10,000 app down-loaders who never use their phones to save money in your brick-and-mortar locations. You would have to ask yourself if the brand lift from lots of people having the app but not “redeeming” it in the stores is solid enough ROI.

In other words, you have to know the end purpose of the app to know how much importance to place on the sheer number of downloads. Success will be measured differently depending on business goals, and, indeed, your brand.

Update and Extend Your App's Power

A sad statistic about mobile apps is that people tend to abandon them pretty quickly. Studies suggest that there is as much as a 70% drop-off rate for people abandoning an app shortly after download.

One strategy to prevent this high abandonment rate (in order to keep your brand top-of-mind, and/or keep sales going) is to frequently update the app not just with fresh and more topical content, but with features that users want. If you make using your application increasingly attractive in usefulness, or extend the savings possible from its use, it may serve as a legitimate, on-going marketing vehicle.

The updating piece of the puzzle is crucial. One way you can make your app increasingly relevant, and give it longer legs in the marketplace, is to listen to user comments about the apps' usefulness, entertainment value and usability. By allowing feedback loops through a form in the app itself, and tracking web references/reviews of the app on the social networks, forums and the like, you will quickly know what you should be improving, or adding and deleting from your initial offering. Apple allows consumers to rate apps right in the iTunes store, and the feedback you will see there is valuable information for making update decisions.

You can also proactively embed analytics tools in your software, to monitor how users interact with your brand's app, as some of the most forward-looking companies have. Neither should you be oblivious to trends in the marketplace. For instance, more budget consciousness was added to the Kraft iFood Assistant when the economy worsened, making the app even more indispensable for early adopters and expanding the potential user base.

The take away here is: many brands with successful apps either first attained true success, or greatly improved their download numbers (and revenues), by listening to their customers and keeping a close eye on market shifts.

Apps are Valid Today, But in the Future?

As we noted in our introductory comments, apps are the current breaking news in marketing. It makes perfect sense for smart brands to use mobile applications while they are delivering the brand recognition, customer loyalty, and sales. But, as with all innovations, people are wondering if mobile applications may be supplanted by some other next-big-thing.

For instance, it's been suggested by pundits that the web will catch up to app functionalities, allowing mobile devices quick online access to all of the types of tools that now are being driven by downloadable applications. In that case, you would simply click on a web link that would deliver the same tools and entertainment you currently must download an app for. These mobile-optimized web presences, accessed directly from your smartphone, are the WAP's we referred to earlier.

A bonus of that WAP "native phone functionality" for brands would be that it would allow companies to respond quicker to making bug fixes, and adding updates to their popular applications (web-served), because they wouldn't have to rely upon third parties to make repairs and updates and then "publish" them. Nor would brands have to wait for consumers to download an application.

However, that argument tends to disregard the broad bandwidth issues that would be required for a web fast enough to do away with every kind of mobile application.

Secondly, there is convincing disagreement from some of the best informed marketers in the app space. Robert Bowman, president of Major League Baseball, is regarded as an app guru, buoyed by the success of MLB's free and paid mobile applications that bring in a combined 750,000 daily users.

It's Bowman's opinion that smart brands need to diversify in the mobile realm. "You have to have a WAP site and you have to have an application," Bowman told Advertising Age's "Apps for Brands" conference in New York, in late September of 2009. "If you think you can just get by with a WAP site in today's world ... you're mistaken."

Bowman thinks apps will continue being vital marketing tools for years to come, and he sees a day in the not too distant future when the world will have "a million" mobile applications. Bowman said apps are "richer, better ... faster, and you can actually charge for it." He went on to say apps are "cooler" and may even eventually offer broad enough based market penetration to allow for subscription revenues, similar to the way cable TV companies now operate.

Clearly, some of the best business minds today are banking on apps becoming long-term, lucrative tools for brands globally. So, for today and the near future, it seems like the app really is king.

Look carefully at the state of play in mobile apps, study the case studies of the successes (and the things to avoid), and then ask yourself if the power of the iPhone or another platform deserves a place in your marketing budget.

About the Overland Agency

The Overland Agency is an award-winning Portland, Oregon-based brand marketing and interactive agency with deep capabilities in web design and development that combines high-level strategic consulting with smart, passionate creative execution. The agency serves as an online integrated marketing partner: an ad agency, web development shop, search-optimization consultancy, and brand specialists within one company. Clients include adidas, Mutual of Omaha Insurance, Extensis, Lightspeed Technologies, Stash Tea, and Volt Information Sciences. The agency also does pro bono work for such groups as the Oregon Council of Child and Adolescent Psychiatry. [More information is available at www.overlandagency.com.](http://www.overlandagency.com)

About the Author

Greg Tozian, VP Strategic Planning

Greg made the transition to advertising from international newspaper and magazine reporting in 1989. Since that time he has been the creative lead and senior writer on successful national and international campaigns for clients selling high-technology (hardware & software), fitness equipment and apparel, foreign and domestic automobiles, food and drink, insurance, cosmetics, and many other products and services. He joined the Overland Agency in its first year, 2001, and has focused since that time on interactive strategies. Greg has also written half a dozen books on subjects that include innovative business solutions, Fidel Castro's documentary photographers, fiction, religious architecture, Hawaiian shirts, and 20th Century popular music.