



PATH TO PURCHASE  
**INSTITUTE**

PRESENTS:

# Mobile Marketing: Strategies for Personalizing the User Experience

Written by the Institute  
in collaboration with

**CATALINA**<sup>®</sup>  
Personalized Digital Media

## EXECUTIVE SUMMARY

- Nearly 100-year-old **Del Monte** is using mobile to fulfill its mission of “making life” easier; its marketers got the license (via new corporate leadership) to move fast with the new channel.
- **Lowe’s** practices what it preaches in mobile as it “Never Stops Improving” – the retailer believes that mobile is the “evolution of the experience economy.”
- **Recent data** indicates that shoppers are using their phones in stores far more often than many people previously believed, and industry leaders think the ramifications for their businesses could be enormous.
- There is a **low correlation** between click-through rate and sales impact, experts say, and they advise marketing executives to consider migrating to a more measured, mobile approach.
- **Mondelez** has made “the biggest bet to date” on mobile; its brand teams are learning how to “act like start-ups” and help deliver on the company’s “mobile-first” strategy.
- **Kellogg’s** has been a digital leader for some time, and has developed a set of “key considerations in creating a mobile roadmap.”

By Jeff Hasen

For many, the “go-to” expert for gaining an education in mobile is a “digital native.” For most of us, that’s the teenager who considers the phone an appendage as important as an arm or leg. For CPG marketers, however, sometimes the opposite is true: You just can’t beat the lessons from a 97-year-old from the Bay Area and a 67-year-old Southeasterner that practices what it preaches and “*Never Stops Improving.*”

The Bay Area near-centenarian is **Del Monte Foods**, one of the largest producers, distributors and marketers of pet and food products for the U.S. retail market, generating \$3.7 billion in net sales in fiscal 2012. “Our history was in crops and getting things into the field because if you don’t get it into the ground, you’ve lost the only opportunity you have,” says Mac Tillman, vice president of marketing and creative services. “We were efficiency driven, and marketing was less of an important thing.”



With a broad and familiar portfolio of brands, Del Monte products are found in eight out of 10 U.S. households with brand names ranging from Meow Mix and Milk-Bone to Contadina, S&W and College Inn. Still, it was a digital laggard. “Two years ago, we were not in mobile,” Tillman explains, “and we did no social at all, either. But then private equity came in and said we needed to make investments to be consumer-focused. We were freed from quarter-to-quarter dollar expectations and began to really understand consumers and innovation and the resources needed for the investment and for the measurement of the new marketing efforts. We could apply innovative principles in marketing.”

Although some companies manage the digital parts of their businesses as a separate discipline, mobile marketing needs to be fully integrated into the marketing mix, Tillman says. When Del Monte achieved a newfound level

of corporate autonomy, it enabled his team to “go down the consumer journey and change old ways to new ways. What we do is make life easier. Our brands need to be relevant. And mobile is proving to be one of the most important factors in getting there.”

## Lowe’s Improves

Then there’s the case of **Lowe’s**, the second-largest home improvement retailer in the world and No. 56 on the Fortune 100 list. Lowe’s serves approximately 15 million customers a week at approximately 1,750 home improvement stores in the U.S., Canada and Mexico.

Sean Bartlett, director of mobile strategy and platforms, says that an initiative by the chain put 42,000 iPhones into the hands of sales associates as a way to help customers get a more satisfying experience from its iPhone app. The exercise was all about “creating a virtuous circle” by helping sales people to help their customers, who’d already made mobile a big part of their daily routine.

The outcome was a solid relationship, he says. At a deeper level, this can strengthen the ties between the customer and the retailer and boost involvement and interest in the My-Lowe’s loyalty program.

Marketers need to be careful to calibrate their expectations – and those of their own bosses – when predicting the kinds of business results a mobile media initiative is expected to produce. “What we are doing is not just about commerce – it is about the overall experience and the user experience,” Bartlett says. “And it goes way beyond simply recreating the desktop experience on a mobile device and hoping we’ll sell some refrigerators. The fundamental belief is that commerce is a byproduct of the greater experience. Whether that commerce occurs via a smartphone, a desktop, a store or a

call center, ultimately it is good for the company.”

So where are mobile products and services headed? Bartlett believes that success will rise or fall squarely on the value they can deliver. He believes that when analyzing any mobile /marketing initiative, the top-of-mind questions to be addressed, first and foremost, include:

- *Is it compelling?*
- *Is it incremental?*
- *Is it friendly?*
- *Is it personal?*

“Consumers are going to choose whatever makes the most sense for them,” Bartlett says. That said, however, “Mobile is the evolution of the experience economy.” And we’re as likely to go backward as the toothpaste oozing from the tube.



**“Content is becoming the primary driver of usage – and by content, I mean offers available to shoppers that are both relevant and personalized.”**

**Patrick Moorhead**, vice president of mobile, Catalina

men and 41% of women used their phones to research consumer products.

The pull of consumer adoption is balanced by the push of capital investment in mobile, which is becoming a far more meaningful expenditure for stores as well. According to a study from research firm **IHL Group**, 28% of North American retailers plan to adopt mobile POS in some form by the end of 2013. The mobile POS market, in fact, will surpass \$2 billion in equipment hardware and software sales in North America alone this year.

### By the Numbers

Any discussion of mobile’s effect on consumer packaged goods companies would be incomplete without a look at the numbers. According to **Millennial Media** and **comScore**, CPG companies are adopting mobile faster than the other leading categories. In the last year, spending was up 235%.

What’s more, today’s shoppers are using their phones in stores far more than many people believe. Over a three-month period, 40% of women and 47% of men used their phones in stores to find coupons or deals, while 29% of

Trailing but gaining ground are budgets for marketing and advertising programs that are intended to provide personalized and monetizable interactions with mobile users. “Consumers want more,” says Patrick Moorhead, vice president of mobile for **Catalina**. “We did 22 brand pilot programs in Q4 last year. There was a robust spectrum of findings on such things as how offers performed and sales lift. We also did intercepts and focus groups. We got it from the horse’s mouths – from those who were using mobile and from those who weren’t.”

## Kellogg’s Mobile Roadmap

While taking things deliberately, **Kellogg Co.** has been ahead of the CPG industry curve in carving out and executing on a mobile strategy. Dan Cooke, director, e-business & digital shopper marketing, says one of the most important questions to ask is the most fundamental of all: “Why mobile?” He cites the ongoing challenge of the chains’ clean-store policies that are limiting a brand’s messaging opportunities through signage and displays out on the sales floor; the competitive need to get Kellogg products onto “shopper mom’s” shopping list early and often; and mobile’s potential for delivering relevant content at a time of need.

Cooke says that when considering a new mobile initiative, he thinks in terms of “creating a mobile roadmap” that begins by asking, “What does the day look like” for Kellogg’s consumers and shoppers. Once a profile is compiled, Cooke’s exploration process asks:

- *What’s their path to purchase?*
- *What other products do they use or buy?*
- *What kind of product information are they seeking?*
- *How do their purchase habits vary by retailer or retail channel?*
- *What are the opportunities for mobile engagement, interaction?*

Whether it’s a mobile initiative or one designed for another channel, Kellogg marketers seek to “Desire, Decide, and Delight,” he says. To drive “desire” for Cheez-It, for example, Kellogg used mobile advertising and applications, in-store sampling and a voting system that asked shoppers to choose a top cheese



of the year. For the “decide” phase, the company employs POS, on-shelf, and mobile couponing. The company then “delights” through entertainment and social advocacy. Among its highest profile campaigns, Kellogg created an integrated “It’s Morning Somewhere” program to promote the consumption of cereal at all points of the day and night. Tracking and measurement varies by campaign, Cooke says, but has included QR scans, SMS requests, site visits, page views, video views, votes, entries and product sales.



**“In 12 months, savvy advertisers will know what mobile solutions work for them. The people waiting on the sidelines will flat out be behind.”**

**Todd Morris**, executive vice president of corporate development and marketing, Catalina

Moorhead agrees with many leading industry analysts that content is becoming the primary driver of usage. “And by content, I mean offers available to shoppers that are both relevant and personalized,” he says. “There is a bias in this business with certain executives saying things like, ‘I don’t know if people really want any of this stuff.’ Yes, they do want this stuff. However, what users are telling us is, ‘Don’t give me 50 cents off on cat food when I only buy dog food. But if you give me the right offer for a dog food that I’ll like, I’m interested.’”

Figuring out just how to derive this information and then apply it has made more than one marketer scratch his or her head in frustration, however. Cookies? Location-based services? Geo-fences? And then there are those who assert that mobile advertising isn’t really doable, at scale, by CPGs.

But in-store purchase histories may be the key that enables more precision in targeted marketing. Last spring, Catalina launched BuyerVision Mobile, a personalized ad network with closed loop measurement that utilizes in-store purchase histories to personalize and measure mobile advertising to 70 million households. Relying on brand and category insights from the largest database of shopper histories in the world, Catalina’s BuyerVision Mobile is said to enable CPG brands to target their most valuable consumers via mobile based on what they like, need and buy, wherever they are on the path to purchase.

BuyerVision Mobile, developed by Catalina in partnership with long time mobile provider 4INFO, attempts to solve the mobile targeting problem by delivering personalized mobile advertising to anonymized mobile IDs based on their in-store purchase history. The tool can bring personalized advertising to both iOS and Android users via mobile delivered in apps or on mobile web pages, enabling CPG marketers to reach their most valuable shoppers on the devices they use the most.

“Rather than relying on the cheap reach media models of the past,” says Catalina’s Todd Morris, executive vice

president of corporate development and marketing, “advertisers today are finding ways to bridge off-line sales to online media delivery and back again.”

Morris thinks that savvy CPG marketers are beginning to re-evaluate traditional approaches. “I’m seeing leading marketers move away from spray and pray marketing.” As solutions emerge that tie online media to in-store behavior, marketers are able to unlock the next frontier of media efficiency. Citing findings from a recent study of traditional demographic

advertising, Morris posed the question: “Would a CMO feel good about spending 64% of his/her media against just 2% of their sales? With new solutions available, they don’t have to.”

Some marketing executives would hold to the increasingly discredited view that clicks and purchases are intrinsically tied together, Morris says. But new research is showing that the opposite may be true: There is a very low correlation between a metric such as click-through rate and actual sales impact. When Catalina executives reviewed the findings of one study, they observed that demographic-based media targeting plans treated all buyer groups equally, no matter what their value was to a brand:

- *The plans delivered a large portion of ad exposures to low-value households. The average brand delivered 64% of television media exposures to households that account for only 2% of sales.*
- *These same plans also delivered 30% of ad exposures to non-category buyers.*

Therefore, higher value households were undervalued. Moorhead says that more than anything, poor results like these make the most compelling argument for an alternative method of targeting and delivery that reaches households based on purchasing behavior – not demographics.

**Understanding Customer Wants and Needs**

“We know mobile is important in the pre-shop experience, in the store, and in the post-shop experience,” Del Monte’s Tillman says. “We also know that if you don’t get it right, what was supposed to be a solution becomes an annoy-

**“American consumers spend 23% of their daily media consumption on a mobile device, yet most marketers dedicate less than 1% of their media spend to mobile. This is a huge gap.”**

**Bonin Bough**, vice president of global media and consumer engagement, Mondelez



## Relying on Instinct

Del Monte's Mac Tillman believes that the new age of mobile and digital calls for smarts and good instincts. "In the new emerging media, if it feels right and lines up with the brands and the company, and you can keep the risk low, you can get out and learn," he says. "Brands need to have ideas as well as products."

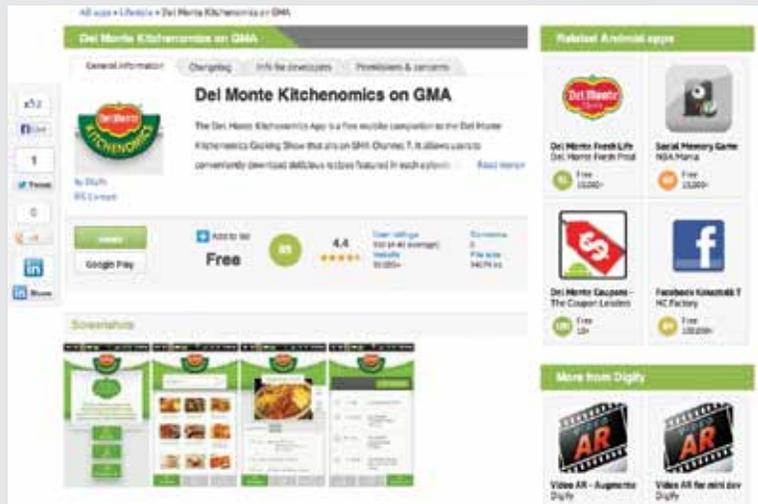
Tillman has no illusions that the task is either easy or simple. The biggest challenge: "How to be part of a consumer's life and not to be intrusive," especially in a medium – mobile – where attention spans are so short. "We need more content," he says. "And you can't just use a 30-second commercial. On mobile, some consumers object to 15-second commercials, even for products they really like. But managing complexities is making us all better marketers."

Will marketers get the job done with fewer, but more effective advertisements? "As consumers, we're inundated with cheap ads," says Catalina's Morris. "We shut them off... we opt out... we sign up for 'Do Not Call.'"

Morris wonders: "When consumers are opting out, are we providing a good service to them? Picture a world

where we have half the amount of advertising. When personalization is applied to advertising, the ads that you see will really be relevant and help you solve life's problems."

He predicts that in a year, "Savvy advertisers will know what mobile solutions work for them. They'll make big bets – major investments – and the people waiting on the sidelines will flat out be behind. Those who are a year smarter than will take it to the next level."



ance. 'You're getting in the way of me and my objective.' You need to understand what the consumer wants from you."

By way of example, Tillman cites the mobile approach Del Monte has taken with "Healthy Explorers," a very specific shopper segment that the company has identified as critical: "They love to cook, but what really defines them is 'experimental cooking.' On mobile, they are looking for recipes. They already know the ingredients of the chili that they've made in the past, of course, so we might offer them a chili recipe where they can take things up a notch with a can of corn that adds texture and sweetness. If you can do that, then you can deliver an offer. But if you provide an offer that's out of context, it's merely transactional – it's just like the person who's giving out coupons in the front of the store."

Mobile's limitations in terms of measurement have proven a barrier for some – well, actually for many. "You can measure advertising, consumer purchases, Sunday FSIs," Tillman says. "But digital doesn't have a long history of analytics. We struggle in the red zone, from the 20-yard-line to the goal line, but we're doing some different things in different platforms, working with tech startups in San Francisco. We're following Coca-Cola's lead in

that they spend 70% on what's *proven*, 20% on *new technology* and 10% on *unproven*. Our percentages are a bit different, but they're close. So we're testing and learning."

Catalina has been playing a big role in Del Monte's test & learn efforts. Tillman says his company has registered "strong results" using BuyerVision's digital program, which takes past behavior into account. And next up, he notes, is a test with the mobile version of the tool.

### Lessons From A Veteran

**Microsoft's** Barbara Williams, a veteran CPG marketer, has been evangelizing about mobile for years. "The key to great marketing – and it's even more imperative for mobile," she says, "is to look at the user's entire journey and understand the role that mobile can play to continue that journey along the path. You have to strengthen and connect mobile with other parts of your digital campaign as well as your traditional campaign. That's why it's so complex – you have to think in different ways."

Williams is one of those who believe that everything – and nothing – has changed with mobile: "We still have to sell stuff."

It's the *how* of selling that's different. "If you're not sure if you should be doing mobile," she says, "take a page

## The 'Benevolence' of Starbucks?

Ease of use is behind one of the strongest mobile plays to date. **Starbucks** now sees that more than 10% of its transactions in the U.S. are made via a phone, so the company is installing wireless charging mats in more of its stores. This is not only extending its digital offerings but raising the expectations of a Venti-size group of heavily caffeinated consumers.

Starbucks, of course, is not doing all of this for benevolent reasons. "Our internal measures tell us that these various digital initiatives have added demonstrable impact to our U.S. business in the third quarter, with the promise of even greater growth in the months and years to come," says Starbucks chief digital officer Adam Brotman.

And other brands are relying primarily on offers. It has been proven pre-recession, during the recession, and post-recession that consumers want deals. Indeed, eMarketer estimates that mobile coupon users will grow to 53.2 million by 2014. In a summer 2013 study completed with **Shopper Sciences**, Google found that

while women and moms have traditionally been the typical coupon users, men are quickly catching up. They now represent about a third of all coupon users across all categories.

Millennials also represent an expanding segment of the digital coupon market. According to the research, Millennials are more likely to use a mobile device to receive a percentage-off discount than any other age group. Millennials are also more likely to embrace digital solutions that help them manage coupons and offers.

Indeed, more than 40% of shoppers report that they exited a retail store without purchasing because they knew they left a coupon at home. Another 54% of shoppers said that the ability to load digital coupons to a loyalty card or personal identifier (such as a smart phone) was "very" or "extremely useful." Solutions are being built – Catalina, for example, already has thousands of stores in its personalized load-to-card network – that are enabling shoppers to easily access their coupons whenever and wherever they are.



out of the classic consumer research model and do ethnographic research. You can do it on your own. Go to the store, or the mall, or out to dinner and sit back and watch people. Just watch. Old school. You'll see that everyone is spending quite a bit of time on their devices, and they're not making phone calls necessarily, or just doing SMS... they're doing a lot of things.

"Listen to young people who grew up in the digital age – their behaviors are completely different," she adds. "When you see all this happening around you, think about this: 'How can I insert my product, or my brand, or my message, into these experiences?'"

### Mondelez Moves to Mobile

In late 2012, **Mondelez International**, the world's largest maker of chocolate, biscuits, gum and candy, announced "Mobile Futures," a mobile marketing initiative aimed at igniting the company's consumer connections by working and collaborating with start-up entrepreneurs in the mobile space.

With the announcement came word that Mondelez would invest 10% of its global marketing budget in mobile activations and channels across the entire customer journey. "American consumers spend more than 23% of their

daily media consumption on a mobile device," says Bonin Bough, vice president of global media and consumer engagement at Mondelez International. "Yet most marketers dedicate less than 1% of their media spend to mobile. This is a huge gap, and it's driving us at Mondelez to think differently about consumer engagement and path to purchase."

Taking its cue from Sean Bartlett's belief that commerce is a byproduct of the greater experience, Mondelez is launching pilots focused on mobile-at-retail, social TV and So-Lo-Mo technology to enhance consumer experiences and drive impulse purchasing across multiple brands:

- *Stride gum and Waze launched a crowd-sourced **traffic/navigation** app that delivers coupons for Stride gum at nearby retailers.*
- *Chips Ahoy! and Shelby.tv created a brand page with video content from Tongal, a social content development start-up that offered college students NCAA "**March Madness**" footage in a custom, interactive Chips Ahoy! environment ("The Sweetest Bracket" program).*
- *Halls and mobile app Dailybreak created a custom **gaming** challenge that introduces consumers to the brand's suite of products with their cooling benefits.*



**“We’re just at the tip of the iceberg on capabilities. The true value is a value exchange with the consumer... one of utility.”**

**Angela Steele, CEO, Ansible**

- Trident gum leveraged Roximity’s place-based proximity notification technology and database to drive impulse purchases, sending a **radius-based alert** with a Trident offer via SMS or mobile app (or in their Ford SYNC Applink-equipped vehicles), redeemable via mobile device with a personalized barcode for Trident products.
- Trident is working with Lisnr to give consumers exclusive **music content** via TV and social media.
- Sour Patch Kids and Kiip, a mobile network for in-app achievement **rewards**, delivers rewards to consumers in brand-unique places and moments.
- Oreo is working with Banjo, a So-Lo-Mo app that curates social feeds based on location to create streams of **real-time, social content**.
- BelVita Breakfast Biscuits partnered with inMarket, a startup in developing mobile apps used **in-store** and **at-shelf**, to understand the impact of mobile technology on shopping conversion.

In phase two, Mondelez has broadened its mission and expectations. “We’re going beyond launching pilots to create entirely new mobile ventures,” Bough says. “This is where our brand teams get to truly act like start-ups and help deliver on our mobile-first strategy.”

“Mondelez is on a mission and they are going to some very interesting places,” says Catalina’s Moorhead. “Look at the famous Super Bowl Oreo tweet, where the company was able to react almost instantly during the stadium blackout to say, ‘You Can Still Dunk In the Dark.’ Would Oreo have been in position to do that without the drive to innovate?”

### The Dark Ages

Mondelez aside, however, there are many industry experts who believe that CPG marketers are still in “the Dark Ages” when it comes to mobile. “We’re just at the tip of the iceberg on capabilities,” says Angela Steele, CEO at **Inter-public’s** mobile marketing agency **Ansible**. “Yes, there are people like Bonin, but he’s the only one doing that.” A lot of brands she sees are only now working in the mobile space for the very first time, and she spends a lot of time “setting up key performance indicators and how to measure.”

A longtime mobile marketer, Steele sees significant differences between the approaches of FMCPG brands and other companies, particularly those that sell bigger-ticket items. “Most CPGs are low price and low consideration,” she says. “But a consumer will want to know which razor is better – and why there’s a 30% premium on one – so they need research and more information. The true value is a value exchange with the consumer... one of utility.” Steele says that one of the earliest of these “utility applications” was one of the best: Charmin’s “Sit or Squat,” a Procter & Gamble app that enables consumers to search for public bathrooms that have been rated as clean and functioning by other users.

Steele says that **General Mills** is looking to develop a “predictive” recipe app, one that she says “will understand the consumer and prescribes for them, like a Pandora [the music recommendation app] for recipes. It will essentially give the consumer an easy assistant at their side the whole time.”

The agency lead believes that the CPG industry has to play catch-up to meet and exceed consumer desires. “2014 is not where we would like it to be,” she says. “Everything consumers can do on a website, they want to do on a mobile site. They just want it easier. There are higher expectations for mobile. If you’re not optimizing for mobile, 65% will bounce to a competitor’s site.” ■

### About the Author

Jeff Hasen has counseled businesses of all sizes, enabling them to define their mobile strategy, establish or further their mobile project roadmap, and identify additional business growth opportunities. Through his work, companies have become equipped to manage the prioritization of mobile cross-channel solutions that facilitate sales and drive customer loyalty.



Jeff is the author of the new book, *Mobilized Marketing: Driving Sales, Engagement, and Loyalty Through Mobile Devices*, from Wiley Publishing. His jeffhasen.com blog on mobile and its impact on marketers is often named one of the top in the category. Jeff co-created the certification program for the Mobile Marketing Association. He is one of two individuals certified by the MMA to train on definitions, techniques and benefits.



Catalina's personalized digital media drives lift and loyalty for the world's leading CPG retailers and brands. Catalina personalizes the consumer's path to purchase through mobile, online and in-store networks powered by the largest shopper history database in the world. Catalina is based in St. Petersburg, FL, with operations in the United States, Europe and Japan.

**Mobile:** Catalina's personalized mobile display and video network reaches 70 million households. Each month, Catalina's mobile commerce network influences 1 million trips, driving more than \$1 billion in annual purchases.

**Online:** Catalina's personalized online display and video network reaches 50 million households.

**In-Store:** Catalina's in-store media network influences 230 million shoppers in the United States, and millions more through an expanding global network.



The Path to Purchase Institute is a global association serving the needs of retailers, brands and the entire ecosystem of solution providers along the path to purchase. Through a variety of platforms, the Institute engages, informs and empowers its members and the industry at large while fostering best practices and a deeper understanding of all marketing efforts and touch-points that influence and culminate in purchase decisions at retail.