

# THE THIRD SCREEN

Why Mobile Is a Game Changer

Chuck Martin

We're in the midst of a revolution bigger than the TV or PC, and businesses of all types and sizes will be faced with how to deal with it. Not only are many businesses not ready, others are totally unaware.

## The new market is mobile and it's about to change everything. Mobile is a game changer.

This is a time similar to the early days of the Web when businesses were plodding along, doing their thing, and along came a totally disruptive technology that rattled companies and their business models. This time it's the mobile phone, of which there are now more than five billion people using worldwide—roughly five times more than there are personal computers.

But while the mobile revolution is enabled by technology, it is fundamentally about behavioral change.

If you think about it from a screens perspective, there have been three main screens. The first screen, television, revolutionized how marketers reached consumers. That screen involved a broadcast model, where a company could reach millions of consumers with well-crafted and fine-tuned messages. It was the age of one-to-many. The company had control of the message.

Then along came the second screen of the personal computer. Now a company could interactively communicate with its customers and gain real-time customer feedback. That was the age of participatory marketing. The customer began to have a say.

With each of these two screens, however, the company and customer were connected to each other, the first by a mass connection and the second by an interactive connection driven by the company. Major behaviors were created and modified during these two screen revolutions.

Now comes the third screen of the mobile device. With the third screen of mobile, no longer is the customer tethered to a TV or PC screen, perfectly positioned to receive your message on your terms. The mobile consumer is on the move, on location, and the company will have to find how and where their customers aggregate in this new digital landscape to reach them.

This is not the lean back of TV or the lean forward of the PC, but the *pull it forward* of mobile. It's up close, it's personal and it's always on.

The first two revolutions pale compared to this third screen revolution. These devices, in which PC-type capabilities converge with mobile technology, are about to revolutionize how people behave, interact, consume and live. Much of the technology for this revolution, in development for years, is now here and already driving dramatic changes in consumer behavior.

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## The Untethered Consumer

This new wave of digital mobility is leading to the creation of the untethered consumer. These individuals are freed from the constraints of awaiting a broadcast message or any form of traditional, online communication from a company. These post-PC consumers are mobile, on the move, and willing and able to use their always-on mobile technology to act and interact on the spot. Businesses ignoring this new untethered behavior do so at their own peril.

The untethered consumer is revolutionizing the entire buying process, from product research all the way through transaction, based on location. Marketing can be hyperlocal, which is what mobile commerce or m-commerce is all about.

It involves the transformation of the entire selling process, including the when and the where. Mobile marketing is beyond providing coupons and discounts. It's about deciding how you will interact with your customers when and where they want and defining the future of your brand in the mobile environment. This is transformational.

And mobile consumers are doing a lot more than talking on their phones. They're checking the weather, sending and receiving photos, checking email, watching videos, sending and receiving text messages, researching and purchasing products, reading restaurant reviews, scanning barcodes in stores, downloading coupons, reading, playing games, checking in to locations, finding directions, checking traffic, following sports, social networking, buying movie tickets, listening to the radio and more.

## The Mobile Market

No matter how you look at it, the growth of mobile has been astounding. It is the fastest adopted technology in history, surpassing even Internet usage every step of the way.

Mobile adoption is being driven by technological advances including Internet access, higher connection speeds, and a flood of applications providing almost any mobile feature imaginable.

- Four out of five people in the United States have a mobile phone and at least half will soon have a smartphone. This is creating the ability for everybody to connect with everybody else at any time.
- Many smartphone owners are willing to view ads on mobile devices, leaving companies who do not adapt disadvantaged.
- Untethered consumers with smartphones text more, use the Internet more, play more games, use more applications, listen to music and watch video more than those without smartphones.

## The Birth of the Mobile Revolution

The third screen revolution has been a long time in the making, driven by two significant aspects. One is technological, the other is behavioral.

In 2007, a turning point in mobile came with the introduction of the iPhone by Apple, which showed the potential of the mobile, handheld device. Google with its Android operating system, Blackberry (from Research in Motion) and others soon introduced new devices that kept moving the technological capabilities forward, with customers quickly catching on and gravitating to new features and applications.

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The smartphone of today can do what a personal computer could do just three years ago. The third generation network known as 3G introduced higher speed networking, which allowed Web surfing and audio/video transmission. As more fourth generation networks (known as 4G) are deployed, with speeds five to ten times faster than the third generation, significantly more interactive data and video will move into the marketplace.

This higher networking speed will be combined with the growth of a new generation of computer processors to speed up smartphones even more. Smartphone sales will exceed sales of personal computers.

And smartphones are far more sophisticated than traditional phones and have attributes that can be leveraged and considered in marketing efforts:

**Networking:** Connected to the network all the time, by cell carrier or Wi-Fi, depending on location.

**Location:** Can determine where the phone is located at any time.

**Camera:** Photo and video resolution nearing or matching those of high-end cameras. Can stream video live to the Net, to a friend, or save to memory.

**Computing power:** It is a small-sized but powerful computer.

**Video:** Can watch video in very high quality.

**Motion:** Can tell which way the phone is pointed, if it is shaken, and how the person is moving it.

**Touch screen:** Highly sensitive to motions and other gestures.

**Portable:** Can (and likely does) go wherever its owner goes.

**Voice:** Some may forget, people can still talk on smartphones.

In this revolution, the consumer is ahead of the company, using more and more phone features every day. While the mobile revolution is like the early days of the Web, the notable difference now is that the network infrastructure of businesses and customers already is in place and everybody is on the Web.

## Mobile Is Global

The mobile revolution is not focused in a single market or location; it is a global phenomenon. For example, nine out of ten Mobile users in China text on their phones, based on research conducted by Sybase 365. In the U.S., they found only 13% use mobile commerce and customer relationship management (CRM) solutions. While that's slightly higher than Canada, nearly half of those in China already use such systems.

In Japan, consumers are accustomed to swiping cell phones rather than credit cards for payment, and in South Korea free mobile TV has been around for more than five years, and broadcasters there say about 30 million people watch TV regularly from their phones.

So the time for companies to get into mobile is now. It is a wave, and you can either be on it or under it. If you wondering if your company is on track with the mobile revolution, here a few questions you may want to see if you have answers to:

- What is the overall mobile strategy of the business?
- Where do your mobile customers aggregate and what mobile platforms do they use?
- What role does your CIO or IT department play in this? Are they on board?
- Can your point of sale system or rewards program be integrated and maximized for your mobile customers?
- How do you plan to deal with your customers on location?
- Are you going to use 2D or QR (Quick Response) codes?

And those are only some of the questions that need to be addressed. Mobile involves determining how you will interact with your customers when and where they want, and defining the future of your brand, product or service in the mobile environment.



## The Mobile Behavioral Change

The untethered consumer will constantly consume content from their smartphone no matter where they are. They will watch movie clips while waiting for a bus, check email at a red light, read parts of a book or magazine in spurts throughout the day, and download an app they just heard about in a text message from a friend.

The mobile consumer has limitless boundaries and can interact wherever they are on their own time-frame. In a world gone mobile, everything is connected to everything and accessible from anywhere.

When an untethered consumer loves or hates something, they will let others know in real time. These consumers will instantly determine from others the collective view of products and services. Purchasing via the third screen will become commonplace, as it already has in some countries.

More than 70 percent of executives and managers already use their phones for sending and receiving email and more than half are texting, according to research we conducted at The Mobile Future Institute. Already, 45 million mobile subscribers regularly use the mobile Internet and that has been growing at a rate of 25 percent for each of the past three years.

Don't make the mistake that this wave is youth focused either, since the bulk of mobile Internet use comes from adults.

The risk for businesses not adapting to this trend of anytime, anywhere is twofold: to miss opportunities to market and relate to these untethered consumers, and also to lose customers who find and interact with a competitor instead of you.

The marketing and information opportunities to reach these untethered consumers are varied as long as the company can provide true value, such as providing useful information as the customer shops or fun facts while at sporting event sponsored by a brand. This goes beyond traditional advertising; it means marketers have to become of high use to their customers at more times and in more locations than ever before.

## The Platforms

One of the first issues you will likely hear about if you're just getting started in mobile marketing in any form is the issue of platform. As in traditional marketing, care should be taken before using anecdotal information to make marketing decisions in selecting a mobile strategy approach regarding platform. While it may seem obvious to a person based on what they see and hear locally that everybody has either an iPhone, Android-based phone or a BlackBerry, the real issue is what your customers are using. The first step to move forward with mobile marketing is to answer these questions about your customer' mobile characteristics.

1. What phones do my customers use?
2. What phones do my best customers use?
3. What phones do my potential customers use?
4. What mobile services do my customers use?
5. What are my customers doing with their phones?
6. What will my customers likely do with their phones in the future?
7. Do my customers use my Web site from their phone?
8. Do my customers send and receive text messages?
9. What percentage of my customers have smartphones?

## The Under-the-Radar Revolution

As more people see the value those around them are achieving from smartphone features, they may want to achieve similar results. When they see a shopper scan an item and get an on-the-spot discount, they can become an instant believer. It's not about the phone, it's about the value. Companies can't afford to wait while their customers rapidly adopt mobile or they will have a hard time catching up. Consumers and customers already are moving ahead at great speed. They are driving the market.

The time for companies to get into mobile is now.  
It is a wave, and you can either be on it or under it.

And mobile is the ultimate measurement vehicle since a message can be directly tied to customer action taken. If a customer clicked or tapped a commercial message, it can be determined at what location and what time that action occurred.

But it still comes down to the value the company is providing its customer through their phone. Knowing when and where those customers are gives businesses a totally new opportunity to match time, distance, and supply and demand, since each of those is now measurable. Those who do this win.

Companies must recognize that the mobile revolution is more than just an additional sales channel or one more place to advertise. It involves fundamental changes in consumer and customer behavior at all levels, and changes and heightens customer expectations.

But while many large brands have been experimenting with mobile, many are taking a wait-and-see approach. In a mobile marketing study we conducted at the Center for Media Research at MediaPost Communications, 41% of those not yet doing mobile campaigns do not plan to in the foreseeable future. Another study by Acquity Group showed that only 12% of the top 500 retailers had websites optimized for mobile phones.

Meanwhile, just like at the beginning of the Web, there's an entire mobile industry of companies, many of them startups, in cities like New York, Los Angeles, Chicago, London, Austin, Boston and Toronto, with more than 1,000 funded by venture capital firms in the last few years. In many of the offices we visit, everyone working is heads down or on the phone (mobile, of course), coming for those who aren't looking.

That old adage about a rising tide lifting all boats doesn't hold true to those that are anchored. They sink. The question for businesses is whether they will raise their anchor or remain tethered during the mobile revolution. The ultimate impact of this global phenomenon will be bigger than the impact of television or the personal computer. But many companies still don't see the mobile revolution. But just because you don't see it doesn't mean it isn't happening. It is happening in a big way that will only get bigger.

**Are you ready for the mobile revolution? **



## BUY THE BOOK

Get more details or buy a copy of Chuck Martin's [The Third Screen](#).

## ABOUT THE AUTHOR

Chuck Martin is CEO of the Mobile Future Institute and Director of the Center for Media Research at MediaPost Communications. He has been a leading pioneer in the digital interactive marketplace for more than a decade. The Mobile Future Institute is a U.S.-based think tank that focuses on business strategies and marketing tactics for a world gone mobile. Martin is a New York Times bestselling business author of numerous books, including *The Digital Estate*, *Net Future*, and *Max-e-Marketing in the Net Future* (co-author). He is also a former Vice President of IBM. His latest book is *The Third Screen: Marketing to Your Customers in a World Gone Mobile* (Nicholas Brealey May 2011), in which he defines the implications, strategies and tactics for businesses to thrive in this coming mobile revolution.

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