

Mobile

Real Opportunities
In Mobile Marketing

For

Profit

Updated Edition



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Mobile For Profit

Ben DeLeon
BRANDEL, INC.

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MOBILE FOR PROFIT

REAL OPPORTUNITIES IN MOBILE MARKETING

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“Mobile Marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network.”

Mobile Marketing Association

Updated Definition of Mobile Marketing

(November 2009)

<http://mmaglobal.com/news/mma-updates-definition-mobile-marketing>

INTRO

Opportunities In Mobile Marketing

The economy might be trending up, but one thing remains clear: Business owners are looking for better ways to reach their customers. In difficult economic times, it becomes extremely critical for business owners to have direct access to their customers and to be able to drum-up more business whenever they need to. They need a new marketing tool that is flexible, easy to use, and available on-demand.

Welcome to "Mobile Marketing". It's hip. It's hot. And it's an advertiser's most direct link to its customers.

In a wireless culture, mobile marketing has proven to be an invaluable tool for reaching pressed-for-time, hyper-tasking, highly mobile American consumers.

Mobile: The Next Evolution In Marketing

Mobile is available virtually everywhere. With more than 250 million mobile subscribers in the U.S. alone, the mobile phone is ripe and ready to become the most powerful marketing tool for brand owners, small businesses, and professionals. Today's consumers are easily more accessible through their mobile phones than they are via print, radio, television or the Internet.

Mobile is new and hot. And it offers several money-making and business opportunities in advertising and marketing-related applications. Furthermore, mobile advertising is no longer just for big brands with big budgets. Having a mobile presence is now very affordable even for small businesses with small advertising budgets - bringing you a bigger market base, which means bigger opportunities.

Monetizing Mobile

This book focuses primarily on the two fundamental platforms for making money in mobile marketing: SMS (Text Messaging) and APPs (Mobile Applications).

All types of mobile campaigns are implemented using these platforms, either singly or in combination. All other elements used in mobile marketing - from Short Codes to Mobile Web to Location-Based Services - fall under the domain of either SMS or APPs or both.

Mobile can be a very lucrative business and relatively easy to get into. But mobile - particularly its use in marketing and advertising - is moving rapidly, powered by new ideas and a growing assortment of devices, software, platforms, and structures that offer a variety of applications and opportunities.

If you're ready to start your own mobile advertising business, this book should guide you through important factors, features and ideas that you should investigate, evaluate, and compare before making your decision.

The Most Timely Opportunity

Remember when the Internet was first starting to get commercial in the 90's? The people who made the most money were the ones who rode the wave early on. You see, every once in a while, a new mega-opportunity comes around, and it's up to you to quickly grab it and make the most of it.

Now, your opportunity to make your mark has come again.

Our growing "on-the-go" culture makes mobile advertising an essential marketing tool every business owner and professional must have. Mobile has opened a new door for you; don't let this opportunity pass you by.

Your Financial Boom starts right here, right now.

SMS

Opportunities In Text Messaging

Short Message Service (SMS) is the mechanism behind text messaging for mobile phones. This globally accepted communication component of wireless service enables the transmission of alphanumeric messages to and from mobile devices as well as fixed-base and wireless sources and destinations.

SMS text messaging has become the default system for mobile marketing, enabling advertisers to use interactive qualities of text messaging either as a direct response or as a "push" channel.

The Value of SMS

An SMS message is transmitted using short bursts of data that require very low bandwidth. SMS messages are supported by all mobile networks currently in use in the US market.

A single SMS text message can hold up to 160 characters, containing any combination of letters, numbers and symbols. Using acronyms and abbreviations - in what can only be considered as a new lexicon unique to SMS, users can compose complete, comprehensive messages with the fewest keystrokes possible.

Since alphanumeric messaging capability is standard in all of the roughly 500 models of mobile phones in the market today, text messaging has quickly become the most popular form of communication via the mobile phone.

SMS empowers businesses to send "just-in-time" messages when it is most critical for customers to have it. With a 95% Read-Rate - which is better than Print, TV, or Email - SMS can be used to directly reach customers — anytime and anywhere.

The Popularity of SMS

"Texting has overtaken voice!"

Reports from research giants, Nielsen and Pew Research suggest that, in terms of mobile phone usage, "texting has overtaken voice". Highlights from their reports show that the average U.S. mobile phone user now sends and receives more text messages than voice calls.

- Teens between the ages of 13 and 17 lead in SMS usage.
- A typical U.S. teen currently sends or receives around 1,742 text messages per month, compared to making or receiving just 231 voice calls.
- A survey by Pew Research found that about 72% of American adult mobile phone users send and receive SMS text messages, compared to 87% of teen mobile phone users.
- Adults send an average of 10 SMS text messages per day, while teens send and receive an average of 50 SMS text messages a day.

MORE STATS...

Mobile usage data gathered by the The Nielsen Company, over a one year period from April 2009 to March 2010, generated these interesting voice and text consumption results:

- African-Americans use the most voice minutes (more than 1,300 a month average) and also send and receive the most text messages (around 780 SMS text messages a month).
- Hispanics come in second in voice and text consumption, with an average usage of 826 voice minutes a month, and around 767 SMS messages sent and received a month.
- Whites send and receive an average of 566 SMS text messages a month, while Asians/Pacific Islanders send and receive an average of 384 SMS text messages a month.
- Women talk more! The data gathered by Nielsen also confirms that, as far as mobile usage in the U.S. is concerned, women do talk more than men (around 850 minutes a month for women, compared to 650 for men).

Monetizing SMS

There are fundamentally two ways you can monetize SMS: by operating a Premium SMS service or a Standard SMS service. However, before attempting to define these services, it is important to discuss one critical tool you'll need to properly monetize SMS-based services: Common Short Codes.

COMMON SHORT CODES

Common Short Codes (CSCs) are usually five or six-digit numbers which are used in lieu of a regular (10-digit) telephone number. They are designed to be easier to read and remember than regular telephone numbers. Like telephone numbers, short codes are unique to a specific content or service which consumers can access via their mobile phones.

Mobile users send text messages to short codes in order to access a wide variety of mobile content and services. Common short codes are easy to remember and they are compatible across all participating carriers. CSCs can be leased by anyone interested in using SMS to interact with over 250 million mobile subscribers in the U.S.

Depending on the type of SMS service you wish to operate, you can either have a Standard Short Code or a Premium Short Code.

PREMIUM SMS / SHORT CODE

Premium SMS is a type of SMS service that is widely used as a payment mechanism to access digital content and services. For example, Premium SMS are commonly used as a means for consumers to purchase ringtones, pay-per-download content, specialty services (sports tips, handicapping, etc.). To access a Premium SMS service, the consumer must send a text to a (premium) short code number.

The amount charged, which usually does not exceed \$5 per transaction, is determined by the owner of the service based on the content being provided. The charges are included in the consumer's monthly phone bill and are collected by the phone company.

Once payment is collect by the phone company, a portion is remitted to the owner of the PSMS service, less the phone company's share and other applicable charges. Although PSMS are known to encourage high volume sales and impulsive purchases, it has a lot disadvan-

tages which makes it quite unattractive. Primarily, the phone company (including all the other players involved in the process) retain substantial revenue share for themselves. On the average, the owner of a PSMS service receives roughly twenty cents (\$0.20) for every dollar paid by the consumer.

STANDARD SMS / SHORT CODE

The most common model for monetizing Standard SMS is by offering SMS-based mobile marketing services. The popularity of SMS has made it a darling among marketers and business owners who are leading the way in exploring the profitable uses of the mobile media for marketing purposes. The wide reach and acceptance of SMS simply makes it a desirable CRM tool.

SMS offers a variety of marketing applications, enabling advertisers to send promotional offers and sales invitations, as well as launch viral campaigns and digital word-of-mouth promotions. Its low-cost, high-penetration and high-retention make SMS an affordable media that offers a wealth of marketing opportunities to businesses, fundraising groups, political organizations, etc.

Where making money is concerned, we must look at SMS beyond its use in mobile-to-mobile (person-to-person) communications. Instead, we must focus more on the disseminative properties of SMS and its many applications for the "one-to-many" (from one source to many recipients) automatic delivery of commercial messages. In today's competitive marketplace, the benefits that SMS offers advertisers center around price, convenience, and flexibility.

KEY FEATURES OF SMS

- SMS is cheaper than voice.

An SMS message is transmitted using short bursts of data that require very low bandwidth. This is the core reason why text-based SMS messaging is significantly cheaper than voice.

- Guaranteed delivery.

SMS uses the "store and forward" method of transmitting messages. This functionality guarantees delivery even if the destination device is turned off when the message is sent.

- SMS is interactive

SMS can be programmed for interaction. SMS can be sent with a request for return receipt that notifies the sender when the short message was delivered to the intended recipient.

- Versatility.

SMS messages can be sent to a single recipient, broadcasted to multiple recipients, or used as a bounce-back message service. SMS can be used for alert messaging, to deliver infotainment content, or seed viral marketing campaigns.

SMS As Marketing Tool

How SMS Is Used In Marketing

A properly implemented SMS-based marketing campaign requires two fundamental ingredients: a Short Code number and a Keyword.

SHORT CODE

In the preceding section, we defined what Common Short Codes are and how they are designed to be easier to remember and use compared to regular mobile numbers. In mobile marketing, short codes are used as a means by which consumers can join or subscribe to a mobile marketing campaign.

Just like a regular phone number, in a perfect world, every advertiser would be expected to have their own short code number. However, the high cost of setting up and maintaining a short code number makes it quite prohibitive for small advertisers. One common solution is to share the use and the expense of a short code number - a practice known as "Shared Short Code".

Mobile users send text messages to short codes in order to join or subscribe to a mobile campaign of a brand or an advertiser. With a shared short code, the need to further identify a specific mobile campaign is resolved by the use of a keyword.

KEYWORD

A keyword is a word or name used to distinguish a targeted message or content available from a specific short code number. Since a variety of content and services can be delivered via a single short code, a keyword helps categorize and identify these content and services.

Example of categorization by keyword: A local TV station in South Florida enables mobile users to subscribe to hurricane updates by texting the keyword "CONE" to the short code 23000. Mobile users can subscribe to traffic updates by texting the keyword "TRAFFIC".

However, where a short code is shared by several entities, the keyword is primarily used to identify each individual entity - whether the entity is a service provider, publisher, or individual advertisers. Furthermore, with a shared short code number, the use of a second keyword (sub-keyword) is quite common.

All SMS-based marketing campaigns - whether they are using an exclusive short code or a shared short code - are built around the structure known as **"keyword matching"**.

With keyword matching, the mobile user - in order to participate or subscribe to a mobile marketing campaign - is required to send an SMS text message which contains a specific keyword or a set of keywords to a short code number that is associated with the mobile marketing campaign.

Example #1:

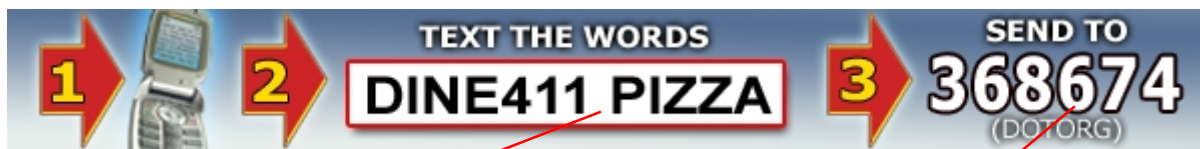
Text the words ADKING to 368266 (spells DOTCOM on your phone). This is an example of a single-word keyword used in an SMS marketing campaign. When you text the keyword (adking) to the short code 368266, you will receive a pre-set message from adking.com, which in this case, is a brief description of the services offered by Adking.



Example #2:

Text the words DINE411 PIZZA to 368674 (spells DOTORG on your phone). This is an example of a keyword-pair used in an SMS mobile marketing campaign. In this example, the first word (dine411) is the master keyword owned by the Publisher who is offering the SMS advertising service, while the second word (pizza) is the keyword being used by the pizza shop that is promoting its business.

When you text the words (dine411 pizza) to the short code number 368674, you will receive a pre-set message from the advertiser (which in this case is a local pizza shop, Alz Pizza). In this example, the message is a discount offer for \$3 off a large pizza if you visit their shop today and tomorrow only.

**Keyword Pair**

Text message must contain both words - only. Must have a **space** between two words. Use all-caps or lower case.

Short Code

To receive "mobile coupon" via SMS, send text message to this short code. Standard carrier charges may apply.

SMS Campaigns

Types of Campaigns Using SMS

When using a short code number with an SMS service, an advertiser has several ways to send commercial text messages to consumers who participate or subscribe to its mobile marketing campaign. The following types of SMS campaigns are defined by the methodology by which messages are sent to consumers.

BOUNCE ADVERTISING

Bounce Advertising is most basic campaign you can implement using SMS text messaging. It is similar to an auto-responder SMS service, which returns a pre-set message (called a Bounce Ad) whenever a consumer sends a text containing a keyword or a set of keywords to a designated Short Code number.

Example: Text the keywords DINE411 PIZZA to 368674.

You will automatically receive a pre-set message from the advertiser (which in this case is a local pizza shop) offering \$3 off any large pizza if you come to their shop today or tomorrow only.

BROADCAST ADVERTISING

SMS Broadcast is a subscription-based text advertising service that enables advertisers to send text messages to consumers who opt-in to receive promotional alerts and updates from the advertiser on a continuing basis.

In order to opt-in directly from their mobile phone, consumers are required to subscribe usually by sending a text message containing a keyword or a set of keywords to a designated short code number.

Once subscribed, the consumer automatically receives all alerts and updates sent by the advertiser. To unsubscribe, consumers usually have to send a text message containing the word "stop" to the same short code number they used to subscribe to the campaign.

Example: Text the keywords MFIND SALON to 368638. In this example, you will be offered the option to subscribe to Hot Pink Beauty Salon, where you can receive discounts and other exclusive offers from this advertiser. Simply follow the instructions on the text message in order to complete your subscription.

SPONSORED CONTENT

One proven way of engaging consumers to subscribe or participate in a mobile marketing campaign is to offer free content that is of interest to the consumer. The content must provide value, whether for its informative or entertainment benefits. Examples of popular content include news (national, local, weather, traffic, etc.), sports scores, horoscopes, joke-of-the-day, daily trivia, and more.

In an SMS campaign, consumers subscribe to receive the content based on a scheduled delivery time and frequency, and the content is usually sent with an accompanying advertising message from the sponsor of the campaign.

To sample a sponsored content service, text the words FONEPRAYERS ADV to 368266. This particular example will automatically send you the featured prayer-of-the-day along with a sample message from the “sponsor” of the service.



SPECIALTY SERVICES

Examples of specialty services include Voting, Sweepstakes, and other custom-designed campaigns that take full advantage of the interactive properties of SMS. The engaging qualities of these services may initially make them look like attractive devices, they carry a built-in risk to over-shadow the advertiser's primary message if they are not properly implemented.

Another key factor to consider is the quality of content itself. Keep in mind that a specialty SMS campaign is just another type of sponsored content. Take a "vote" or "polling" campaign for example, where the mobile user is required to make a selection from a number of choices.

As a publisher, promoter, or advertiser, it is your responsibility to make sure that whatever subject you ask consumers to vote on is something of interest not just to you, but to them as well. A boring subject matter will yield poor results.

The Players

What You Can Do To Make Money

Depending on your skills, your business experience, and the amount of money you are prepared to invest, there are several ways you can profit by using SMS in mobile marketing. In simple terms, you can either become a System Provider, a Publisher, or an Affiliate Marketer.

SYSTEM PROVIDER

Becoming a System Provider demands that you have a strong working knowledge of the infrastructure and technologies involving SMS. And because it requires a fair amount of investment in hardware, proprietary programming, and telephonic properties (including leasing and maintaining a Short Code number), becoming a system provider can be very financially challenging.

- Offer services direct to Advertisers

As a system provider, you can make money by providing SMS-based messaging services directly to brands and individual advertisers. You can structure your pricing to include a one-time set-up charge, a

monthly minimum charge, and a per message charge for messages sent and received through your system.

- Offer services to Publishers

In addition to marketing directly to advertisers, system providers can also market their services to publishers. System providers can structure their pricing for publishers on a wholesale basis, according to the number of keywords allocated to a publisher. Of course, set-up charges, monthly fees, and usage charges should also be considered.

SMS PUBLISHERS

Low investment requirements make becoming a Publisher in the SMS space relatively attractive. For under \$1,000, publishers can get a (shared) short code and bulk keywords from a system provider. They can buy keywords either in quantity or secure a license to create sub-keywords under a primary keyword.

For example, publishers who use Adking's private-label SMS systems can secure the use of a shared short code and create **up to 1,000 sub-keywords** (which means they can have up to 1,000 advertis-

ers) under their primary keyword, all for around \$395 one-time activation charge plus an \$80 flat monthly fee for **unlimited** messaging.

To make money, most publishers offer pre-packaged SMS-based marketing services directly to advertisers, particularly small businesses such as restaurants, retail shops, and other local merchants with smaller advertising budgets.

MARKETING AFFILIATE

With little or almost no investment cost, marketing professionals can easily and inexpensively get into SMS-based marketing by representing a publisher's services to advertisers in a given market area.

Publishers generally create affiliate programs to attract marketers who seek to earn commissions by marketing the publisher's services. In many cases, publishers even provide a marketing website which their marketing affiliate can use to promote and market the services of a publisher. Where direct selling is involved, many publishers resort to using marketing affiliates to boost business.

Becoming A Publisher

Getting Started In Your Own SMS Service

Of all the possible ways you can play in the SMS Marketing space, becoming a Publisher probably offers you the easiest way to get started at the lowest cost possible, yet enables you to grow your own business under your own brand.

Mobile advertising is moving rapidly, powered by new ideas and a growing assortment of devices, software, platforms, and structures that offer a variety of applications and opportunities. If you're ready to become an SMS Publisher and start your own mobile advertising business, here are the most important factors, features and ideas that you should investigate, evaluate, and compare before making your decision.

For comparison purposes, I will use the features of Adking.com's SMS-based Advertising Systems as reference. Adking.com private-labels SMS Systems for Publishers who seek to offer SMS-based mobile advertising services to businesses, professionals, institutions, and individuals anywhere in the U.S.

SYSTEM

SMTP vs. True SMS

When investigating opportunities available to you in the SMS space, the question of "system" is usually where a lot of confusion and misinformation can happen.

SMTP/EMAIL-BASED: Systems that use SMTP or Email usually require mobile customers to subscribe to a mobile campaign by opting in via the Web, where they must enter their phone number and identify their carrier. Messages from advertisers are sent to consumers via email, using the consumer's mobile email address.

Examples: • 000-000-0000@mobile.att.net (for ATT customers)
• 000-000-0000@vtext.com (For Verizon customers)

Calls sent this way are of the lowest priority to or sometimes blocked outright by carriers.

SHORT CODE-BASED: Systems that use true SMS use Short Codes for requesting and sending text messages. Mobile customers can use their phones to subscribe to a mobile campaign by dialing the short code number of a specific campaign. For example, try this: Text the word ADKING to 368266 (which spells DOTCOM).

SOURCING

Make Sure You Are Dealing Directly With The Source.

Brandel, Inc., the owner of Adking.com, is the sole developer and direct-provider of the multi-advertiser Mobile Advertising Systems offered EXCLUSIVELY through the Adking website. All programming and custom work are done in-house, so by dealing directly with Adking, you know exactly who created, maintains, and supports your Mobile Advertising System.

PRIVATE-LABEL

Is Your SMS Service Branded Under Your Own Identity?

The SMS System that Adking.com developed uses the keyword/sub-keyword pairing which can be structured (aka Private-Labeled) using your own domain name as your brand.

This is accomplished by turning your domain name into a primary keyword, under which you can create multiple sub-keywords for your advertisers. For example, if your domain name is DINE411.ORG, your primary keyword would be DINE411. If an advertiser wants to use

the word PIZZA as its keyword, then it will have to use the keyword pair DINE411 PIZZA for its SMS marketing campaign.

For this purpose, you can use an existing domain name that you already own, or you can register a new domain name which you will be using exclusively for your mobile advertising service. Regardless, you will not be marketing your services under another person's or another company's name. Your mobile advertising service will be branded under your own identity.

LICENSING

Single-Advertiser vs. Multi-Advertiser System

Another critical factor to consider when choosing a mobile advertising system is the number of advertisers you can hold (host) with a system, for this will determine how far you can grow your business. A single-advertiser system generally works only if you're planning to use it only for your own advertising needs. However, if your objective is to offer mobile advertising to other businesses, you need a system that can host multiple advertisers at the same time.

Owning a "multi-advertiser" system means you can host several paying advertising clients simultaneously. The more advertisers you can host with your System, the more money you can make. For example, ALL the SMS-based Advertising Systems offered by Adking.com are multi-advertiser systems. You can get a system that can host up to 1,000 advertisers, private-labeled under your own brand, for around \$395 one-time activation plus \$88 per month for UNLIMITED SMS.

USAGE PRICING

Metered Use vs. Flat-Rate/Unlimited Use

How much you can competitively charge for your service will depend largely on what you pay for your mobile advertising system, depending on who you order your system from, and how they structure their pricing. In this matter, however, you basically have two options:

METERED-USE: With most System Providers, you may have to pay a one-time set-up fee, a monthly fee, plus per message charges of 10¢ to 25¢ for every message that each of your advertisers sends to their customers. This could quickly get very expensive, especially when

your advertisers become successful with their mobile campaign and have more subscribers to send more text messages.

UNLIMITED USE: Comparatively structured, Adking's SMS Systems are Flat-Rate / Unlimited-Use -- you never have to pay any per message charges! This means you can be extremely competitive and offer mobile advertising on an Unlimited-Use basis, with absolutely NO Per Message Fees and NO Telco Charges whatsoever. Your advertisers will be able to send UNLIMITED ad text messages to an UNLIMITED number of subscribers, without having to worry about paying any per message charge.

BACK OFFICE SYSTEM

You're Open For Business - Instantly!

Probably the #1 reason mobile publishers prefer Adking's SMS System over other mobile systems in the market is that Adking's SMS Systems "automatically come with a complete back-office structure that is ready-to-use by your advertisers". This means that YOU'RE OPEN FOR BUSINESS right from day-one!

Many providers offer SMS systems that come ONLY with a back-office system for the Publisher, expecting the Publisher to do everything else - either build their own advertiser back-office or do the of work the advertiser -- tasks such as typing, editing, and sending out text messages for their marketing campaigns.

When you get any of Adking's SMS-based Mobile Advertising Systems, the price you pay already includes an e-commerce enabled marketing website which you can use to promote your service and accept credit card payments from your advertisers. Your e-commerce enabled marketing website will also have its own Publisher Back Office and a password-protected Advertiser Back Office for EACH of your advertisers.

MARKETING SUPPORT

Materials For Print and For Web Use Included - Free!

As a Publisher using Adking's SMS System, you will have access to marketing ideas, tools, and customizable materials (brochures, business cards, postcards, and rack cards) that you can use to promote

your mobile advertising service, as well as have your advertisers use to promote their individual mobile marketing campaigns. You can access these and other marketing support materials by visiting Adking's Publisher Support site at <http://www.adking.com/support/>.

Make Money With SMS

Adking.com provides private-labeled Mobile Advertising Systems to individuals and organizations seeking to offer mobile advertising services as a business.

Use our system to provide the hottest, most timely and most highly-desired marketing tool in this booming mobile market.

UNLIMITED MESSAGING: Make money offering text-based SMS advertising services on a Flat-Rate, Unlimited-Use basis — with NO Per Message Fees and NO Telco Charges.

SMS PUBLISHERS, VISIT US FOR MORE INFORMATION...

ADKING.COM

APPS

Opportunities In Mobile Applications

The impressive projected 40% Compound Annual Growth Rate for mobile marketing as a whole over the next five years can be attributed to the projected growth of mobile apps, which is fueled further by the growth in the ownership of smartphones.

While smartphones were once only the playground of businesspeople on-the-go, the population of smartphone users continue to grow steadily. In fact, the number of smartphones is expected to exceed those of feature phones by the end of 2011. All this growth has opened the door to a host of new opportunities in mobile marketing.

Mobile Applications

What Are “Mobile Applications”?

More popularly called “Mobile Apps” or just “Apps”, mobile applications refers to a wide collection of software, with a clearly defined informational, entertainment, or task-oriented purpose, that run on smartphones and other mobile devices.

Whether you want to check the weather, play a game, look for money-saving coupons, or study a new language - as the punchline goes, “there's an app for that”. Whether for-free or for-pay, there's a lot of mobile applications that you can access regardless of the brand and model of smartphone you are using.

SMARTPHONES

The Driving Force Behind Apps

Mobile apps became mainstream with the introduction of the iPhone in January 2007. Although mobile apps existed with so-called “feature phones”, the few apps available for those older phones were

quite inadequate compared to apps available on today's "smartphones".

Although smartphones have roots from IBM's Simon back in 1992 to PDAs and other advanced mobile devices, Apple's iPhone is the first concrete example of a new breed of "smart" mobile phones which are both Internet and multimedia-enabled, and can run third-party applications with diverse functionalities, including games, reference, GPS navigation, social networking, and advertising.

Smartphones are the primary driving force behind the growth of mobile apps. Without smartphones, there would be no mobile apps as we know them today. And as more smartphones come to market, mobile apps will continue to grow.

"smartphones expected to overtake
feature phones in 2011"

As mobile accelerates into the future, you should think beyond low-feature cell phones with limited capabilities, and focus more on

smartphones, where they are in the marketplace today, and how they will significantly influence the immediate future of how we monetize mobile.

Although a majority of consumers still use limited-feature cell phones, this scenario is expected to change very soon, especially since leading device manufacturers are shifting their production and sales efforts to market more smartphones than to the old-technology, low-feature cell phones.

According to reports from Nielsen, smartphones are expected to overtake feature phones in the U.S. by 2011. Data show that by Christmas 2011, slightly more than 1 of every 2 wireless customers in the U.S. will be using a smartphone. Nielsen expects acceleration of that growth rate to continue due to a number of factors, including the declining prices for smartphone devices. With the eminent adoption of smartphones, the popularity of mobile apps will only grow.

SMARTPHONE OS

What Flavor Is Your App?

The word 'smart' in smart phones is usually defined by the phone's capabilities, power, and usability. Today's smart phones are Net-centric mini personal computers, and the operating system (OS) on which they run have a huge impact on their power, their features, and the apps they have available.

Apps are developed to work on a specific operating system (OS). Generally speaking, an app built for one OS will not work on a smartphone running a different OS. Just like the distinctions between the Windows OS and the Apple OS exist in the world of desktop and laptop computers, the same is true with operating systems for smartphones. Eventually, the more widely used an OS is, the more apps will be available. Currently, there are four major operating systems that dominate the smartphone market.

1. Android
2. RIM Blackberry
3. Apple iOS
4. Symbian

According to global market research firm, NPD, Google's Android was the operating system on 33% of all smartphones purchased in the second quarter of 2010. The reason for this simple and important to the future of apps: Compared to RIM's OS which is only used in the BlackBerry smartphones and Apple's iOS used only in iPhones, Google's Android is found in smartphones from multiple vendors, including HTC, Motorola and Samsung.

Android's open-source design and lack of restrictions for third-party developers give it a clear edge over Apple's more restrictive approach. This factor is the primary reason why an increasing number of software developers are enthusiastically allocating more resources for developing apps for the Android rather than other operating systems.

Monetizing Apps

There are fundamentally three ways you can monetize Apps:

- You can develop apps that can be sold via app stores.
- Develop apps with built-in e-commerce features designed to market products and services to users. Example includes a free fashion & beauty tips app that sells fashion, beauty, and health products.
- Develop advertising-supported free apps.

Because the primary scope of this book is "mobile marketing and advertising", a large portion of our discussion will focus on advertising-supported mobile apps that are distributed free of charge to smartphone users.

However, since it is difficult to isolate any discussion about free-apps without touching on paid-apps, for the benefit of this section, we will cover key issues regarding paid-apps as well.

NATIVE APPS vs WEB APPS

What Format Is Your App?

There are fundamentally two formats by which you can develop an app: you can develop your app as a "Web App" or as a "Native App".

Without going into the details of programming, a Web-based App is designed primarily as a mobile website, usually wrapped or enhanced to look like a regular app. A Native App is built using the prescribed development tools of a specific OS, usually for the purpose of harnessing the native functionalities built-in to the smart handset - such as the gyroscope, motion detection, GPS, and camera.

If you are developing an app that you intend to sell to consumers, whether or not you intend to use any or all the functionalities built-in to the smartphone, you will need to develop your app "native" to the specific OS to which you intend to market your app.

Native apps are platform-dependent and hardware-dependent. So, if you wish to market your paid-app to iPhone users and users of Motorola Droid (which uses the Android OS), you will have to create two separate versions of your app, one for each operating system.

DISTRIBUTING YOUR APP

The success of your app will depend largely on its uniqueness and quality, as well as its distribution and promotion - whether your app is a paid-app or one that is available at no charge. Where distribution is concerned, paid-apps face more restrictions than free-apps when it comes to where and how it gets distributed. However, whether you have a paid-app or a free-app, the following considerations weigh into how and where your app gets distributed.

OPERATING SYSTEM: Obviously, the OS for which you develop your app dictates the venue and the audience to whom you can offer your app. You can't offer a native iPhone app to owners of smartphones using the Android OS.

APP STORES: If you want to sell your app, placement of your app in the various operator and handset stores is the first step in the process. Among app stores Apple's App Store and Android Market are the two largest and should be your primary focus. If you plan to sell your app, these are the two stores to consider first, of course, depending on which OS your app was designed to work on. Next on your list, independent app stores.

INDEPENDENT APP STORES: There are other app stores out there where you can distribute your app whether they are for-pay or for-free. Even better, because these are independent stores, they can distribute your app for most major smartphone OS. Some stores may charge for registration, while others offer their service for free. Contact these stores directly by visiting their respective websites:

GETJAR (www.getjar.com)

APPCITY (www.appcity.com)

POCKETGEAR (www.pocketgear.com)

WEBSITES: If you are distributing a free app and if you built your app as a Web App, you enjoy the advantage of being able to distribute your app via the World Wide Web, more specifically your own mobile website. You can design your app in such a way that iPhone users can save an enhanced version of your mobile website as a mobile app and have your app icon saved on their home screen. Android and other smartphone users can also save your app icon on their home screens as a browser launcher which will open directly to your mobile website.

PAID APPS

The Challenge of A Crowded Space

Where paid-apps are concerned, one of the biggest challenges facing developers and publishers is that this space is getting really crowded and somewhat expensive to get into. You simply cannot survive developing the one-thousandth weight-loss app in the market and expect to be competitive. A publisher submitting an app needs to make sure its product is highly unique to stand out in all that noise. Furthermore, this competitive atmosphere also makes marketing and promoting an app quite difficult and expensive.

Consider this: Across all the current app stores, there's an estimated half a million (500,000) total number of mobile apps, with Apple's App Store alone having the lion's share with 250,000 total apps available - either for-free or for-pay. Not only that...

According to the website 148apps.biz, which monitors app sales, almost 42% of all paid-apps are priced at \$0.99, while 77% of all apps sold are at \$1.99 or less.

Where monetizing apps is concerned, the paid-app space is not only crowded, it has become quite cut-throat as well.

AD-SUPPORTED APPS

Making Money With Free Apps

The mobile app has transformed the way we use mobile for marketing and advertising, taking us beyond the limitations of SMS and WAP. Mobile apps have become the catalyst for the renewed growth in mobile marketing.

Smartphone features such as geolocation, motion-detection, multimedia, and the Mobile Web have become intertwined with and extended the capabilities of mobile telephony - a trend many marketers refer to as Mobile 2.0.

The types of mobile applications, operating systems and communications protocols that can be harnessed for marketing purposes have rapidly expanded over the past few years and are changing the landscape of how anyone can profit with mobile marketing.

The effectiveness of apps as a mobile marketing tool has made it possible for developers and publishers to create mobile apps that can be financially lucrative, not through the sale of the app itself, but through revenues generated via sponsorships and advertising.

MOBILE APPS & MOBILE WEB

The Dynamic Duo of Mobile Marketing

It is no longer possible to discuss advertising-supported mobile apps without having to also discuss the Mobile Web. The new, accelerated growth of mobile marketing can definitely be traced to the introduction of mobile apps as well as the Mobile Web. In fact, in many cases, the two have enriched each other, especially because mobile websites can easily be enhanced and distributed as non-native mobile apps.

Even though there are a lot of "native" mobile apps that thrive on the business model of being advertising-supported (coupon apps, restaurant review apps, etc.), the same can be accomplished with web-apps, and there are key factors that make Web-based mobile apps equally attractive and profitable.

The rising number of smartphones have directly caused the growth of Mobile Web browsing, and the growth in smartphone owners accessing mobile websites - for information or entertainment - is creating a new boom in mobile marketing. Furthermore, features such as search relevance, hyperlocal targeting, and specialized content, accelerate Mobile 2.0 and the monetization of the Mobile Web.

Since as recently as 2007, mobile app developers were resigned to a single mobile platform (Apple iOS). Soon enough, the opportunity has expanded, with new apps being developed for several other operating systems, including Android, BlackBerry, Palm, and Symbian.

Today, the Mobile Web has further changed the landscape for mobile apps. With advertising support, free Web-based mobile apps offer lucrative opportunities to developers and app publishers, as the Mobile Web seems primed to take the lead as the preferred development platform for mobile apps.

Since the launch of the iPhone and iPod-Touch, there's been an increased buzz about mobile Web Apps, non-native apps that are primarily built upon mobile websites. With the introduction of the Webkit and the growth in smartphone users, turning mobile websites into mobile apps has become conveniently easy, and the path to monetizing the Mobile Web has gotten clearer.

Advertising Apps

The Race For The Home Screen

The smartphone home screen (where users have all their app icons displayed) is the single most important piece of mobile real estate that is available to advertisers to constantly remain within easy reach of their customers. For advertisers, the question is simple: Whose business logo (app icon) would you rather appear on your customer's smartphone? Yours or the competition's?

ATTN: Advertisers!

**Put Your
Business Logo
Here...**

- **where your customers can always find you 24/7**
- **where your info is always just one-click away**
- **where you can stay ahead of the competition**



Publishing Your App

As Mobile Apps continue to grow in popularity and acceptance, owning your own advertising app can put you in an elite and exclusive level of marketers who can offer businesses app-based advertising.

Where publishing your own app is concerned, you have two options to choose from: develop your own app from scratch, or use a software service that will enable you to create your own apps based on standard structure and layout. Needless to say, the latter is the easier, more affordable option.

SHOWCASE APP vs. SOLO APP

When it comes to offering potential advertisers the opportunity to advertise in an app, you have two possible strategies:

(1) You can publish your own Showcase App.

In a showcase app, you can feature various advertisers that fit the theme of your showcase. For example, if you create a "travel & entertainment" app for your city, you can feature multiple advertisers - such as local hotels, restaurants, etc. - in your single showcase app.

(2) You can offer your advertisers their own Solo Apps.

Instead of featuring multiple advertisers in a single showcase app, you can make money offering advertisers their own individual business app which has the following key features:

- Each app works like a mini-brochure with multiple pages and spots for multiple custom images.
- Each app will have its own icon that smartphone users can add to their phone's home screen.
- Advertisers can instantly update text and images in their app from their individual password-protected back office.
- The app works on all iPhones and iPod-Touch.
- The app is also accessible as a Mobile Website on Android and other smartphones.

WHOLESALE: On a wholesale basis, each individual app would cost you around \$5.00 per year - which you can then offer to advertisers for as much as \$50/month or \$600/year. Of course, you can charge whatever prices you want and market the service wherever you want. To be the first in your area, you must contact Brandel immediately by visiting www.adking.com.

GLOSSARY

3G

The Third Generation wireless service designed to provide high data speeds with always-on data access, easily enabling full motion video and high speed Internet access along with greater voice capacity.

Acquisition Rate

Percentage of respondents who participate or subscribe to a mobile campaign. Acquisition Rate = total participants / total audience.

Ad Space

Any space within an application that has been reserved for the display of advertising, its dimension and location within an application typically define an ad space.

Ad Unit

Any defined advertising vehicle that can appear in an ad space inside of an application. For example, a rectangular banner is considered to be a common type of ad unit.

Aggregator

An organization that provides message traffic throughput to wireless operators; provides mobile campaign oversight, administrative, as well as billing services.

ARPU

A commonly used financial benchmark to measure the Average Revenue Per User generated by a mobile carrier.

Bluetooth

A communication protocol that enables mobile devices equipped with a special chip to send and receive information wirelessly over short ranges, using the 2.4GHz spectrum band.

Cloud Computing

Refers to any service, software, or process that is made available via the Internet, where both data storage and processing occur outside

of the client. Where services are provisioned over the Web or applications that are strictly Web-based are generally considered cloud-based applications.

Double Opt-in

The process used for "verifying" a mobile subscriber's intention, and for gaining the subscriber's explicit agreement to participate in a mobile campaign. (see Opt-in)

FMC

Fixed Mobile Convergence. Refers to a mobile device that supports both carrier network and WiFi and can switch between each seamlessly.

GPS

Global Positioning System. A system of satellites, computers and receivers that can determine the latitude and longitude of a given receiver located on Earth.

IVR

Interactive Voice Response. A phone technology that allows a computer to detect and interpret a user's response using voice and/or touch tones.

LBS

Location-Based Services. A range of services that are provided to a mobile user based on the geographical location of their handsets within a cellular network.

Examples of LBS include driving directions, permissioned tracking of other LBS users, and information regarding targeted resources within current vicinity, such as locating ATMs, restaurants, shopping outlets within a targeted range.

Mobile Coupon

A ticket, message, document, or image - delivered via SMS, Mobile App or Mobile Web - that can be exchanged for a financial discount on a product or service.

Mobile Carrier

A company that provides wireless telecommunications services.

Mobile Marketer

All entities within the mobile ecosystem, including Advertisers, Aggregators, Distributors, Carriers, Content Providers, Service Providers, and Publishers.

Mobile Web

A website optimized for mobile viewing and applications, used for the delivery of targeted content that harness the features of the Web and available resources inherent within the mobile device.

Opt-in

The process where a mobile user provides explicit consent in response to a notice from a mobile marketer. (See Double Opt-in).

Opt-out

The process where a mobile user revokes consent to participate or subscribe to a mobile campaign.

Premium Content

Content for which the provider levies a charge separate and in addition to any fixed charges made by the network operator to access the content.

Relevance

The likelihood that a given Web page or search result will be of interest or useful to the mobile user based on a given keyword.

Rider Ads

A static prepended or appended text attached to an advertisement.

Social Web

Any application or service that uses social computing tools to gather, manage, and distribute generated content back to the users. Social Web embraces blogs, social networking, crowd sourcing, dating, gaming, and content syndication, among others.

Sub-keyword

A secondary keyword used to further define a targeted search or request for response.

Tap To Call

On a Mobile App or Mobile Website, a feature that enables mobile subscribers to initiate a voice call to a specific number by simply tapping on the number displayed on the screen.

Zero Rated Messaging

A brand or marketer assumes payment for the standard rate message fee on behalf of the mobile user. Common examples include "free-to-end-user" (FTEU) messages sent by the mobile carrier to its subscribers.

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