

# Cell phone tech drives marketing innovation

Ubiquitous, personal, devices let firms reach customers one-on-one

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**H**andy, high-tech and always connected are features making mobile phones a dream for marketers, always on the lookout for effective ways to approach consumers. An increasing number of retailers have been using mobile phones as a marketing tool and software vendors are offering new services that better suit the needs of consumer businesses.

Compared with personal computer-based online marketing, the use of mobile phones as a sales promotion tool is still in the embryonic stage. Recent technological progress, however, has been making the mobile phone a strong contender.

An outlet of the Beard Papa cream puff chain operated by Muginoh Co. in Umeda, Osaka, started a mobile phone-based customer loyalty service. Each registered customer receives a member's card with a two-dimensional bar code on their mobile phone via e-mail. Every time the customer shops at a Beard Papa outlet, a scanner reads the bar code on the display and accumulates points for the customer.

The points are effective for three months and when the expiration date nears, the system sends a message to the customer's mobile phone suggesting the points should be used. The system also enables the firm to learn the customers' age, sex and preferred shopping times, thus permitting a more thorough marketing analysis.

**Matchup**  
Comparison of advertising media

	Mobile phones	PCs	Direct mail
Prompt reaction	A	C	B
Steady access	B	C	B
Meets individual needs	A	B	B
Range of customers	A	B	C
Amount of information	C	A	A
Interactiveness	A	A	C
Low cost	A	A	B
Easy presentation	C	B	A
Easy to gather personal data	C	B	C

A is highest ranking

been testing Global Area Network's system at some outlets.

Higa Industries, the Domino's Pizza franchiser in Japan, offers timely discount coupons via mobile phone networks. The coupons are sent to some 100,000 customers who are registered on MyDomino's online pizza ordering system, ahead of birthdays and other events.

Around 70% of customers loyal to Domino's Pizza are in their 20s and 30s. Higa Industries also offers the same discount coupons through e-mail via PCs. However, President Earnest Higa said, "The marketing efficiency of mobile phone networks is far superior." The coupons are usually sent on the day special events are held and the offer is effective for only three to four days.

Higa Industries, however, has learned many lessons from its mobile phone marketing. "We restrict sending e-mail messages to three to four times per month at a maximum and avoid pushy words or expressions," said Kenji Ikeda, who heads the business development division.

Too many e-mail coupons can drive members to unsubscribe from the service, as some mobile phone carriers charge

Source: The Nikkei Marketing Journal

their address or postal code and place order by selecting from the listed items. In June, the 15,000 orders it received via mobile phones accounted for 10% of the total orders. In addition to food delivery, Denaecan offers a laundry pickup-and-delivery service. Some customers place orders while commuting to schedule a food delivery for when they arrive home.

## Bar code data

With 3.3 million members, Eye-Data Network System, the mobile phone-based customer retention system developed by major contact lens retailer Nihon Optical Co., enables the company to better serve them without incurring extra service costs. Detailed data on all members' eyesight and contact lens prescriptions can be read from bar codes registered in their mobile phone handsets.

Members can thus buy contact lenses at any outlet in the chain at anytime. The firm has 124 large branches and 50 smaller shops and plans to open



A consumer takes delivery of pizzas placed through his mobile phone on MyDomino's online ordering system for registered customers.

about 20 mini-outlets with only 7 sq. meters of floor space.

The mobile phone customer retention program is essential for the company's retail network expansion strategy.

Nihon Optical had used magnetic cards for customer retention, but the cards cost ¥80 (71 cents) each to issue and customers often lost or forgot their cards. The mobile phone-based customer retention system has enabled the firm to save about ¥10 million a year on customer service costs.

"We can send e-mail messages to customers whose sup-

ply of contact lenses is running out," said a company official in charge of marketing.

Happy Inc., a Kyoto laundry service company with a nationwide door-to-door pickup-and-delivery network, also offers clothing storage services.

Since January, the company has been building a database of photos of clothing in custody for customers who want to check items in its storage rooms via their mobile phone. Customers who want to remove some clothing from storage can confirm the items they want and ask for delivery.

**E**xplosive potential foreseen

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The points are effective for three months and when the expiration date nears, the system sends a message to the customer's mobile phone suggesting the points should be used. The system also enables the firm to learn the customers' age, sex and preferred shopping times, thus permitting a more thorough marketing analysis.

#### Customer loyalty

The mobile phone-based customer retention system was developed by Global Area Network Co. "Our system helps users discover more effective sales promotion techniques, such as encouraging students on their summer holidays to visit the outlets before noon when there is less customer traffic," said President Yasuhisa Okuyama.

Watami Food Service Co., a pub-eatery chain operator, has

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Too many e-mail coupons can drive members to unsubscribe from the service, as some mobile phone carriers charge subscribers for receiving e-mail messages. The company also plans to offer special discounts on days when the final episodes of the popular TV drama series are aired.

Yumenomachi Souzou Inkai Co., which operates Denae-can, an online portal site for food delivery services, has started accepting orders via its mobile-phone Web site and is seeing demand surging. Mobile phone users can find available food delivery services from

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## Explosive potential foreseen

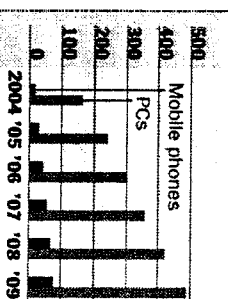
"Mobile phone marketing is still in its early formative stage," said Masahito Kajino, a senior consultant at Nomura Research Institute. According to an estimate by Dentusu Communication

Institute, the mobile-phone advertising market was worth ¥18 billion in 2004, compared with ¥163.4 billion for the PC-oriented market. Most mobile-phone ads take the form of one-way e-mail. "Unique, hit ads have yet to be created, and advertisers are still exploring attractive ad formats," said Hitoshi Nagasawa, a director at Marudeni Telecom Co.

Mobile phone networks allow advertisers to reach consumers faster than online marketing via PCs, but the amount of data sent over the mobile networks is relatively small and users pay to open every e-mail message. At the same time, collecting the e-mail addresses of prospective customers is not easy, although there are some optimists.

"There is the possibility of an explosive expansion in mobile phone marketing," said Toru Nishida, president of Email Marketing Institute. "The wallet phone will be a

#### New media



Source: The Nikkei Marketing Journal

big help to retailers in their marketing efforts," Atsushi Hirano, executive director of the multimedia service division of NTT DoCoMo Inc., stressed in his speech at the Expo Comm Wireless Japan 2005, a three-day trade show of wireless networking held July 13-15 at Tokyo Big Sight exhibition center.

The wallet phone or the Mobile Felica technology is a modification of the Felica non-contact IC chip smart card system for use in mobile phones. The technology makes it possible for retailers to obtain detailed

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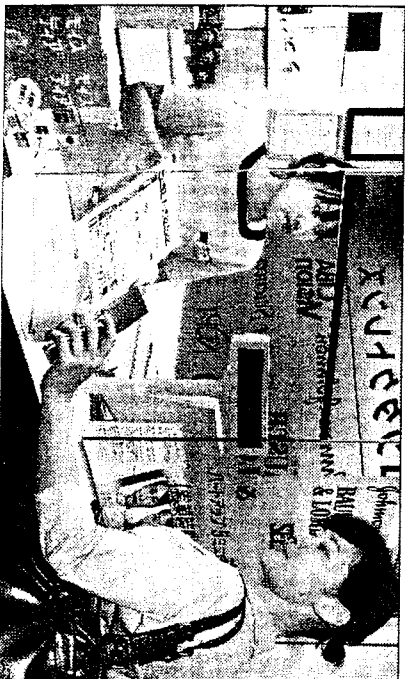
data on consumer behavior. With the consent of the customers, the retailer will know when a certain customer makes a purchase on a real-time basis.

"Our new wallet phone system will provide any retailer with in-depth data to which only online merchandisers and big convenience store chains currently have access to," said a DoCoMo official.

In fact, the popularization of mobile phone handsets containing a Felica chip is expected to be faster than the i-mode handsets. About 4

million wallet phones with a Felica chip are currently in use and by the end of this year the number is estimated to reach 10 million. Both KDDI Corp. and Vodafone KK will release wallet phones based on the licensed Felica technology.

A flat rate system for packet data transmission is spreading, which is lowering costs for users. Digital broadcasting and high-speed data transmission services for mobile phones are scheduled for 2006, which will greatly increase the amount of data transmitted via cell phones.



Nihon Optical's customer retention system stores data on members' contact lens prescriptions in bar code form on their mobile phones.