

Mobility Manifesto: The mobile device is changing the customer experience and forcing organizations to rethink how they engage with their customers and employees.

Seizing the mobility moment

May 2012

First in a series of papers on the opportunities and challenges posed by the rise of mobility and how companies can capitalize on them to create experiences that strengthen relationships.

Highlights

- Consumers are in the driver's seat. They are the catalysts for organizations to invest time and resources in mobility solutions.
- Mobile is both multiplying and deepening the way organizations can connect with consumers.
- PwC sees six key areas where mobile can enrich and strengthen interactions with consumers.



Mobile allows for a richer, deeper, and more personal customer experience

Mobility has enabled consumers to carry the Internet in their pocket, and with that power they're more informed, more mobile, less private, and more social than ever before. Businesses have a unique opportunity to stand out—and pull ahead of their competitors—by discovering that mobile devices are not only tools to drive innovation but an ecosystem that can transform customer and employee experiences.

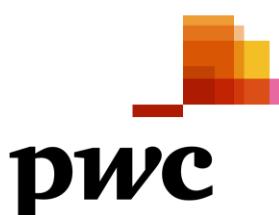
It was a brilliant analogy.

"The smartphone is very much like the athletic shoe," said Motorola's then Chief Marketing Officer Geoffrey Frost back in 2004. Frost, previously Global Director of Advertising and Brand Communications at Nike, explained it this way: Like the sneaker, the smartphone should be "a beautiful balance between form and function." The time was right, he said, for

the mobile phone to move beyond its initial, utilitarian purpose to realize its full role in our lives.

Frost's goal—and that of his colleagues at Motorola—was to design a phone that looked, felt, and worked like a personal symbol of wealth and privilege. "We want the consumer to have an emotional connection to our phone," he said.

Frost was a marketing guy talking about a technology gadget as if it had a soul. The device he was talking about was to become the Motorola RAZR—a slick, thin, feature phone that would become the world's leading mobile handset almost overnight.



www.pwc.com/us/customerimpact

He and his team would design a phone that laid the groundwork for technology to be more than just a tool. The RAZR's key innovation wasn't obvious—because it was emotional.

Looking back, Frost seemed to understand that the mobile device would become closely linked to the people who embraced it—eventually becoming a profoundly personalized extension of the user. In reality, he was talking about the very future of mobility.

* * *

It's easy to see that something big is happening.

Today, mobile devices—iPhones, BlackBerrys, Samsung Galaxys, or Motorola Droids—have supplanted wristwatches as the most common objects that people carry. They've almost become like another part of the body. Indeed, many in the Millennial Generation consider their mobile phones to be more valuable possessions than their cars.¹

In March 2012, the GSMA announced that, of Earth's 7 billion people, more than 5.3 billion have cell phones.² There are 3.6 billion mobile subscribers worldwide – which means that, globally, there are

now twice as many mobile accounts as there are bank accounts.³ The phenomenon is not just for the industrial world but emerging countries, where the first dollar is spent on food and the 2nd dollar is spent on communications. India and China account for 30% of total global subscribers.⁴

In developed countries like the United States, the mobile market has reached 105% saturation – it is supersaturated with 40% of the subscribers having more than 3 devices.

So why is the market potential for mobile services so enormous?

Because today's mobile device isn't simply a phone anymore. It can be a tablet or a car or a biometric device on your arm—or one of the myriad other mobile devices that have some ability to sense and respond. The mobile device has become much more than a simple communications tool—it's an application platform and a sensing device too.

24 billion connected devices by 2020⁵:

While the main frame and minicomputing eras involved tens of millions of users, the past decade saw the participation of more than a billion people using computers, laptops, and mobile devices. Few of them are technology specialists but all have some facility with these new computing tools.

¹ Millennials: A Portrait of Generation Next. <http://pewsocialtrends.org/files/2010/10/millennials-confident-connected-open-to-change.pdf/>

² <http://www.techjournal.org/2012/02/growth-of-mobile-industry-having-positive-economic-impact/>

³ <http://www.mobileworldcongress.com/articles/mobile-world-congress-press-releases/connected-economy.html>

⁴ India Mobile Subscribers Jumps by 13 Million, Still Trails China, <http://www.techinasia.com/india-mobile-usage/>

⁵ <http://www.gsma.com/articles/asia-pacific-will-dominate-the-connected-device-market-fuelled-by-explosive-growth-in-china-says-gsma/20873>

Mobility isn't just about technology and gadgets. It's a global shift in how we do business.

These days, consumers are in the driver's seat. They expect faster delivery, more-efficient transactions, and richer customer experiences—online and off. Collectively, they are the catalysts for organizations to invest time and resources in mobility.

Consumers are already enveloped in a blizzard of mobile experiments, whether they know it or not.

Companies in many corners of the consumer world are trying some bold moves, making some big investments, and seeing substantial results. For instance:

- Kraft Foods has created its iFood Assistant app, a little software application that lets users email coupons, print those coupons, or add them to a store savings card; share recipes via Facebook; access recipes; and scan bar codes to gain product information or build a shopping list. Similarly, Whole Foods provides a website optimized for mobile devices that provides store information, store specials, recipes, and mobile coupons.
- A leading domestic clothing retailer does not want the channel to become the barrier to a great customer experience, so it's employing a strategy of common experience no matter where customers buy—online or off. As a result, everything is interoperable: clothes bought online can be returned to a store and vice versa,

and all loyalty points and coupons are usable via any channel.

- Amazon.com provides mobile experiences that are fluid extensions of what users find when they go to a company's traditional Web site. Shoppers who interact with Amazon on their smartphones and tablets always find the same features, sections, buttons, and tabs they've become used to from their Amazon.com experience on their PCs. In short, they get a consistent brand experience.
- Ralph Lauren has become a big user of QR codes to drive sales through mobile-friendly store windows and mobile websites. QR codes are those black-and-white squiggles in a box intended to connect the offline world to the online world. In early 2012, the company launched a new site, optimized for the typical mobile phone's screen size and processing power. The site includes such content as Lauren's branded magazine, video clips, and a style guide featuring recent campaign images. The idea is to give users—potential customers—a richly entertaining and engaging experience.

Even big banks are getting in on the action: There's no shortage of activity in the world of mobile payments. Envisioned and debated at least a decade ago, using a phone to pay for goods and services is starting to become real.

You know big change is upon us when you hear a statement from Visa president John Partridge at the 2012 Mobile World Congress: "People born in the last five years will never have a physical wallet because the wallet will be their phone."⁶

55 million iPads sold in just seven months⁷:

Apple took 22 years to sell 55 million Macs and 3 years to ship as many iPhones. Apple CEO Tim Cook explained the iPad's success by saying it stands on the shoulders of everything that came before it: "Before iPad, the iTunes store and App Store were already in place. People were already trained on iPhones, so they knew about Multi-Touch."

⁶ <http://www.mobileworldcongress.com/articles/mobile-world-congress-press-releases/connected-economy.html>

⁷ <http://blogs.barrons.com/techtraderdaily/2012/02/14/aapl-cook-tells-goldman-reasons-tablets-will-take-over/>

So you think it's just about communication?

Today, it's typical to think of mobile as a channel—mostly as a powerful communications portal.

But now we have to adapt that thinking to view the handset or the tablet as a single device that blends contextual awareness with personal awareness. The day is coming when the device will even serve as our personal area network, meaning that we'll sense other devices and communicate with them seamlessly—without having to look at screens or hit buttons or keys.

Mobility is now defined as a device that brings together place and space and puts both of them in our pockets.

We see the mobile device evolving to provide three overlapping services.

The main role to date—as a communications tool—will continue to expand. But the mobile device is rapidly becoming an application platform as well. And, increasingly, it is becoming a sensing device, and in that way, it is becoming an extension of ourselves.

Eyes and ears? Yes, mobile cameras now take really sharp photos, and voice recognition software makes voice dialing a reality. But those are just the basics. Much as the computers and sensors in our cars help us drive safely and comfortably, so mobile devices are including more and more interfaces that enable observations and facilitate feedback on a scale and depth not previously possible. Any running enthusiast who's used the Nike + iPod sports kit to track pace and time will grasp at

least some of the significance of the modern device's sensing abilities.

Smart sensors and clever voice recognition don't by themselves add up to a desirable user experience. So, leading providers—handset makers, certainly, but app designers too—put a premium on the user-friendliness of the whole mobile experience.

Companies are asking themselves: How easy is it to see a whole Web page on a tiny screen? Is it easy to find and use a history of previously searched pages? Is the GPS function accurate enough to be practical? Can our customers operate our applications (or even our phones) without a manual? These and myriad other questions are germane to companies' decisions about experience design.

491M mobile devices sold last year⁸ – that's more than PCs:

- 78% of smartphone users from the UK don't leave home without their device⁹
- Tablet users: 45% female, 55% male, 60% are over 35¹⁰
- Smartphones have achieved 50% penetration in the US¹¹
- 40% of tablet users use their tablets while they watch TV¹²
- Apps account for 4 in every 5 US mobile media minutes¹³
- 9,000 mobile apps are released every week¹⁴

⁸ <http://www.idc.com/getdoc.jsp?containerId=prUS23299912>

⁹ http://services.google.com/fh/files/blogs/our_mobile_planet_uk_en.pdf

¹⁰ <http://www.ipmark.com/pdf/Omnivorous.pdf>

¹¹ <http://www.bgr.com/2012/05/07/us-smartphone-penetratiion-50-percent/>

¹² <http://www.cnn.com/2012/02/29/tech/mobile/comscore-report-gahran/index.html>

¹³ <http://www.comscoredatamine.com/2012/05/apps-account-for-4-in-every-5-us-mobile-media-minutes/>

¹⁴ <http://www.nytimes.com/2011/12/12/technology/one-million-apps-and-counting.html>

What mobile means for consumers

PwC sees at least six areas where mobile can seriously enrich and strengthen interactions with consumers. The areas involve technology-enabled capabilities and practices that companies are using today—and, as a result, are changing the ways consumers engage in the marketplace.

1. Location-based services.

Knowing where a user is—in terms of physical environment—represents a major insight. It enables companies to deliver services and offers to a customer based on the customer's context at the moment. Imagine a scenario in which a shopper scans a QR code on a coat in a store, and the app on the shopper's phone (a) tells what other colors the same coat is available in at other stores, (b) captures opinions from the shopper's friends about the coat, and (c) sends an alert showing the shopper's available credit balance with that store. That's participation marketing in action.

2. Place-space convergence.

Increasingly, we humans are living dual existences: the first existence consists of our long-understood, regular lives in the physical world, and the second is what we're coming to understand as our lives in the virtual world—referred to by some as living "up in the cloud." Leading thinkers are starting to envision that our actions in that parallel, virtual world often have their own character and may in fact demonstrate different personality attributes. The unique thing about

mobile technology is that it can live in both worlds—and thereby allow us to live in both as well—thus serving to weave the fabric of the two planes together. Although explicit manifestations such as proximity detection or the use of augmented reality to overlay data into any situation are becoming more commonplace, a much deeper convergence of the physical and virtual worlds likely lie ahead. In the future, the mobile device will fuse those worlds together ever more intricately to create more information-rich environments that facilitate increasingly diverse commerce, collaboration, and entertainment opportunities.

3. The omni-channel

experience. Consumers are interacting with the same organizations but through many different channels: smartphones, tablets, laptops, and desktop PCs, as well as, yes, call centers and brick-and-mortar stores. So it's important that their experiences as consumers be consistent. Only then can a company ensure that its brand is not being devalued because, say, the look and feel of its mobile Web page is markedly different from what users get at the company's traditional website. The experience must also be consistent over time—at all customer touch points: from rich presale experiences to satisfying postsale experiences. The key objective is to serve the same—no matter the channel. The omni-channel paradigm truly enables the customer to choose how they

wish to engage with a brand—without diminishing the experience because of the channel.

4. Game-vertising. Living some of the aspects of our lives as a game, or even inside a game as millions of World of Warcraft users can attest, can indisputably make things more fun. Expansion of game-inspired marketing via the mobile channel leads to a highly engaged consumer. So when teenagers use their Galaxy S tablets to download and play Grand Theft Auto III, they'll be very receptive to buying the music playing in the background from Amazon—without leaving the game.

5. Digital connections across social networks.

Companies are utilizing such services as Twitter for real-time social and business-to-consumer discourse, thereby both initiating one-to-one relationships with customers and providing alternative means for driving customer satisfaction. For example, insurance provider Progressive uses a social media strategy that calls for different tools for different channels. The insurer uses Twitter and Facebook to respond to customer queries and enables customers to interact with online brand icons.¹⁵ Delta Airlines enables Facebook users to book tickets on its site.¹⁶ And Citi uses social monitoring

¹⁵ <http://www.insurancetech.com/management-strategies/221900146>

¹⁶ <http://news.delta.com/index.php?s=43&item=1098>

What mobile means for consumers

tools to analyze customer interactions across the entire Internet to identify areas for better customer service opportunities.¹⁷ Mobile devices enable new types of conversations between a brand and their customer.

6. Near-field communications (NFC). When touched to or swiped next to a reader unit—at a supermarket checkout, say—an NFC-equipped device can launch a payment transaction. But NFC also can spur other forms of payment besides credit, enabling a shopper to pay, redeem coupons, or use loyalty points all in one touch. Such a solution can even authorize a physician to access a patient’s medical records. Many of the big wireless carriers, as well as other interested players such as Google are making big bets that NFC will be big business on mobile phones in the next few years.¹⁸

* * *

Are you ready?

Former Motorola marketing chief Frost understood that the mobile phone was a personal device that would become the very extension of users themselves. He implied it would eventually become a core part of the user experience for a whole range of products and services—and even aspects of our work. As a natural extension of the user of the device, that extension will sensibly blend with a level of artificial intelligence that is still the stuff of science fiction.

Or is it?

The breakthroughs in handset capabilities and mobile networking that will happen in the next five years—and that we can already predict—will bring users far closer to that reality than they probably realize.

Now is the time for business leaders to position their companies for the very different world ahead. At companies that are still learning how mobility can help improve their performance, the necessary conversations won’t always be easy. But they have to begin soon. We think they ought to begin today.

Executives who have done so are already seizing the mobility moment.

Are you?

¹⁷ <http://www.banktech.com/channels/229100207>

¹⁸ <http://www.nfcworld.com/2011/09/19/310070/visa-signs-global-licensing-deal-with-google/>

Coming soon in the Mobility Manifesto series

Social Advertising 2.0

Emerging trends will become tightly interwoven. This piece will provide practical ideas and suggestions regarding steps companies need to take now to prepare for tomorrow's levels of mobile-based social utility – including the emerging companion apps that media and advertising are just beginning to adopt?

Collaboration on the move—and on steroids

Mobile platforms throw open the doors to collaboration on a much broader scale—and, arguably, with more spontaneity. This paper will chart the possibilities for much greater levels of collaboration among employees—and even between organizations and their partners.

Swipe-swipe, tap-tap: How smartphones are (finally) bringing mobile payments to life

Mobile finance, mobile banking, and mobile payment opportunities are signaling the ways businesses in a range of industries can capitalize on near-field communications. This is not just about holding down transaction costs but also generating new revenue streams and bolstering customer loyalty.

Enterprise Mobile Strategy and dealing with the “bring your own device” (BYOD) employee

Enterprise mobility is complicated – not because of technology – but because everyone thinks they “own it.” Procurement to IT to operations to security to business lines – everyone has an opinion. Add to this the confusion that occurs when employees begin bringing their personal devices to work and expect the technology organization to magically support these devices with all sorts of corporate applications – that do not exist – and the challenges escalate quickly. PwC has executed over 60 mobile strategies in the last 18 months. We'll discuss what is keeping CIOs up at night – and how organizations approach these challenges in a calm, collected, and organized way.

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