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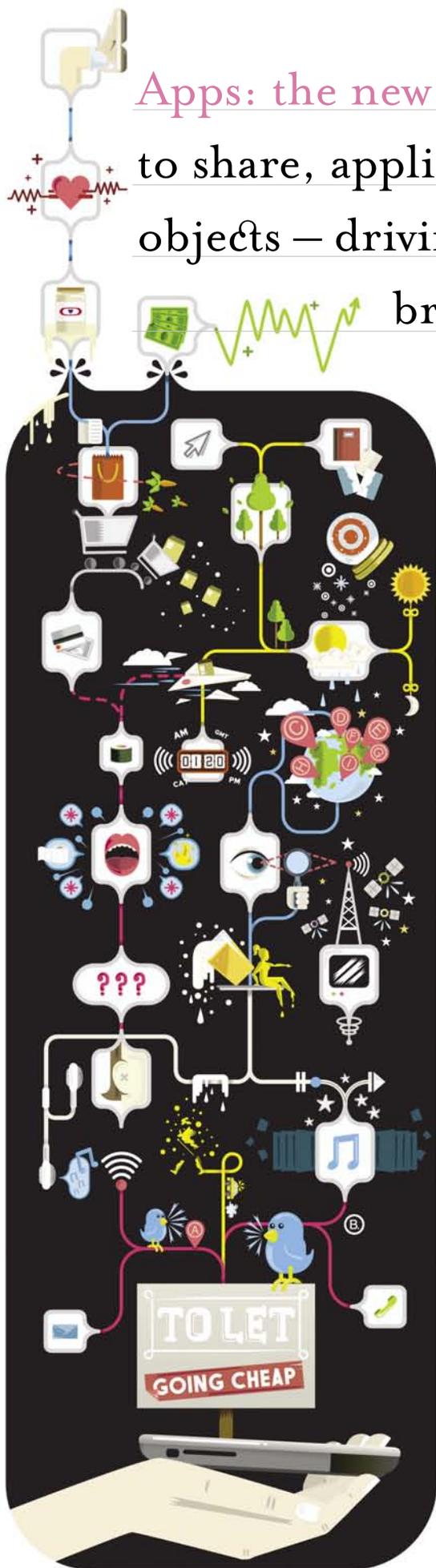
Apps: the new land-grab /

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# Apps: the new land-grab / As ideas that people love to share, applications can be highly effective social objects – driving advocacy and conversation about brands / *By Simon Andrews /*

Walking up London's Regent Street on a cold January morning every shop window screams out with desperate sales messages – 50% off, 70% off, Now Even More Reductions...

Well, every shop except one. The Apple window has just one elegant line: The App Store: This changes everything.

The advertising industry is struggling equally desperately with the recession, as well as the structural changes driven by the adoption of the internet around the world by the most economically important people – those who can afford to buy brands. Think of the emerging middle class in countries such as Brazil, China, India and Mexico: relatively small proportions of the population but big in terms of overall numbers. When these factors are taken together, I think that apps really do change everything.

The core offering of the advertising industry is becoming less relevant to business. Knowing that brand advertising typically doesn't provide a return on investment in the short term, we need a rethink if we are ever to get back to the C-suite of our clients. Only by solving our client's problems can we add real value.

How? By providing them with tools that make the brand more valuable to the right people – thus making those people more valuable to the brand. As ideas that people love to share, applications can be highly effective social objects – driving advocacy and conversation about the brand.

People with a traditional background often seem to see applications as tactical but at MindShare we see them as highly strategic – if done correctly. This 'free' comms channel keeps the brand salient,

providing value to the people using it and giving feedback to the brand through observing how the app is used. Treating the app as a way of establishing an ongoing dialogue is probably a smarter investment than spending heavily on creative and media for a one-off impression.

With app-friendly platforms such as Facebook, iGoogle, MyYahoo, Netvibes and Pageflakes being widely used, web applications or widgets now have the potential for broader distribution. And with Apple's app store being followed by similar offerings from Google's Android, Blackberry, Microsoft, Nokia and Palm, mobile distribution is made easier too.

In their latest financials Apple reported that they have 15,000 apps in the store, and have delivered 500 million downloads. And Google report they already have 800 apps in the Android Google market place, which was launched last October. Not many of those are branded, but the scale of the opportunity is clear.

These brands seem to be getting something right:

**Kraft's** iFood Assistant makes 99 cents each time it is downloaded. Yes, that's right. People do pay for branded content providing it's useful.

This app features over 7,000 recipes (often using Kraft products), with 'How To' guides and videos, ingredient lists and shopping list functionality – all at the prod of a touch screen. (see news p. 10)

**Travel Channel** has a branded game on Facebook called Kidnap – which has 2.7 million monthly active users. As part of their loyalty programme, Travel Channel has seen a 28% increase in site traffic through the game, and a high proportion

of players are in the younger demographic they are keen to grow.

**Lastminute.com** has a number of free translation apps, with three in the top 10 free travel apps on iPhone. As a simple useful tool – search for the phrase you need in English and the app ‘speaks’ it in the desired language – it’s a cheap way for lastminute.com to keep its brand salient amongst travellers.

US retailer **Target** launched a snowglobe themed iPhone app which acts as a Christmas gift finder – enter age, gender, price and even personality and the app suggests Target stocked gifts when you shake the phone as you would a snowglobe. Crucially, you can check for the nearest Target-store and see whether the gift is in stock; and link through to the full Target webstore. Again the brand is helping to solve a problem, and using that utility to drive sales.

#### Collaborate, don't litigate

Unfortunately, we're also seeing brands behaving myopically. ReadWriteWeb tells us **Southwest Airlines** asked a developer to take down his app that enabled check in with Southwest, despite the airline not having their own app on iPhone. Arguably they'd be smarter to follow **Trip Advisor's** example. An entrepreneur called Craig Ulliot developed a very successful app called Where I've Been that enabled Facebook users to detail the places they'd visited, give their views, and share with their friends. Trip Advisor saw the synergies with their own service, struck a deal and now have a very interesting branded app called Cities I've Visited with 1.8m monthly active users. Rumours that Trip Advisor paid around \$3m for the app are fiercely denied, but at less than \$2 per active, engaged user this would seem like a bargain. For around the cost of one Super Bowl spot, Trip Advisor has an ongoing branded connection with travellers. This app also drives familiarity of the core offering of Trip Advisor and gives them a valuable source of data on people's trips, as well as driving web traffic.

However, despite all the hype, we're already hearing siren voices saying that

few brand apps have gained any traction and maybe this isn't an area brands can play in (*Pinch Media recently published a study showing that less than 5% of users of apps downloaded to iPhones and the iPod touch will return on any given day: Ed*). I suspect these might be the same voices that tell us you can't use online for branding, that search isn't really advertising and that mobile will never take off. There are, of course, apps that haven't really taken off – there's even a Nike offering that has just 2,700 monthly active users on Facebook. But apps are like anything else. Good stuff usually works, poor stuff doesn't.

#### Dialogue + downloads

Even so, we should applaud those brands for experimenting in this cheap and fast-growing space. Like most of new marketing – if you're not having failures you're not doing enough of it.

It's worth considering the money flowing into this sector – whilst the crazy valuations of sites like Slide and RockYou may be seen as a thing of the past, Paid Content estimates that spending on widget or app-related social media will reach \$70m this year – and Kleiner have launched a \$100m fund to develop iPhone apps.

The key issue, after making the app relevant and useful to the people you want to talk to, is to market it effectively like **Nike** did with Nike+. If you visit a Nike store, look at Nike packaging or even inside most running shoes Nike+ is prominently displayed. It also features heavily on Nike websites, and the partnership with Apple is very carefully managed and promoted. Why don't brands invite interaction with the apps through their other marketing activity? People outside the industry think we're crazy: 'You spend all that money to interrupt my favourite TV show, yet you never ask me to do anything – you just talk about yourself for 30 seconds then leave! How much ROI can be created by using traditional ads as an invitation to download branded apps that continue the dialogue?

Consider **Johnnie Walker's** Jennie mobile widget launched in Singapore

last year. This Nokia-compatible app tells people about promotions and events in key bars and then enables the user to book a cab home, thus promoting the brand's 'drink responsibly' message. Imagine how this could be further developed; the app could find the best bars in any city and validate the selection by using the social attributes of the platform to gather friend's views and third party reviews – and help you organise a meeting with friends there. The launch of Google Latitude makes this scenario even more viable. The mobile app could even use location to highlight the closest bar and show the best way to get there. Ultimately the app could emulate the now shuttered DodgeBall and allow people to see which local bars their friends are drinking in. And of course it would highlight the bar's best cocktails, featuring their brands.

Once someone discovered the app, downloaded it and found it useful, why would it ever be deleted? And the drinks company can use it as a channel to deliver messaging about new bars and new drinks. This is dialogue marketing, and inviting downloads of these dialogue enabling tools just seems a smarter use of budget than merely running ads that don't invite interaction.

So we think that apps are here to stay, and that smart brands will learn how to use them strategically, recognising their potential and investing appropriately in driving adoption. We should all remember this is a land grab for the hugely valuable real estate that is my home page or my iPhone screen. Once I have an app for my bar-hopping or my recipe shopping, it's going to take an awful lot to have me switch – I don't need two.

So if you don't want to get locked out of people's lives, you should start experimenting with apps now. ☼

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