

# Lack of a killer app not yet a fatal flaw

Small businesses can safely resist the siren song of a billion smartphones for just a little bit longer.

With the global market for smartphones predicted to reach 1.7 billion by 2014, business owners must be wondering how to react. Both the B2C (business to consumer) and B2B (business to business) sectors have ample opportunity to apply entrepreneurial skills and agility to these game-changing developments. But are mobile technologies such as the iPad really something business needs to act on straight away?

The answer is yes and no, depending on the industry and the area of business involved. One leader in its B2C sector is the Domino's Pizza group. The company's iPhone app and website account for more than a quarter of revenue, with the mobile component a strong contributor to sales. Michael Gillespie, its online marketing manager, says the company knew how readily consumers were using the online platform and felt a smartphone application was a logical extension of its digital strategy, hence the creation of an iPhone app. "Within eight weeks we had generated more than \$1 million in sales and the application has been downloaded more than 300,000 times since its launch," he says. "It was all viral, no advertising. We had strong first-mover advantage."

Gillespie believes building mobile phones into digital marketing plans is essential.

Although the B2C sector has this sense of immediacy, other business owners or decision makers won't have as many scenarios forcing them to change the way they do business just yet. Jeremy Nathan, managing director of leading B2B website IndustrySearch.com.au, asserts that B2B parties may appreciate the "coolness" of smartphones and the iPad, but are unlikely to get caught up in the hype – yet. "From a marketing perspective our analysis shows the vast majority of our audience accesses our site and newsletter from traditional devices such as PCs and desktop email," he says.

After 10 years in the game and with 250,000 monthly visitors, 32,000 email subscribers and more than 1000 fee-paying advertisers, IndustrySearch has its finger on the B2B "pulse". Nathan says his advertisers maintain a "storefront" on the site, allowing subscribers to showcase products and to publish news and feature articles and list events relating to their business. As such his clients are a litmus test of attitudes towards new technology. More than 97 per cent of visitors accessing his various directories and resources come from Mac or Windows platforms and less than 1 per cent from smartphones.

"This is not to say that businesses should ignore the move to new devices such as the iPad. It is growing, albeit

from very small numbers and is focused in certain affluent groups. Marketers targeting that affluence should take the iPad very seriously. In most businesses, however, this is not the case."

B2B buyers, however, are immediately distinguishable from B2C buyers. The weight of the purchase decision is often far heavier. According to Nathan, it is safe to say that the average business buyer is more knowledgeable about the merits of products and services under consideration than the average consumer. "When major purchases are being considered, far more research is required on the part of the business buyer – because of the organisational complexity and the price tag."

For this reason, and unlike consumer markets (where impulse purchasing reigns), business purchasing decisions can drag on for extended periods. "The buyer must purchase merely

to keep operations going. This is a fundamental difference to consumer product marketing, which is mostly focused on offering people products they may like, but don't essentially need. Most business buying is about covering your butt."

Yet the internet's power and ubiquity mean business buyers are relying on it as their most important research tool to find suppliers for their business. This means that in most cases, before a buyer has made any contact with a company, they are already well aware of the services the company provides. The flip side is that industrial suppliers must sharpen their web marketing. Nathan, who has researched the buying behaviour of his subscriber base, says sales lead generation has become the most important strategic marketing commodity. "The internet offers a range of avenues for generating sales leads, including your website, blogs, social media and buying communities. It's then up to you how efficiently and professionally you follow them up in order to ultimately win the sale."

In a performance-driven environment, measurement and accountability are what matter. So far, apps remain more of a marketing tool. ■

Morris Kaplan writes the Entrepreneur column for *The Weekend Australian* business section (mkaplan@bigpond.com).



**THE INTERNET'S POWER AND UBIQUITY MEANS THAT BUSINESS BUYERS ARE RELYING ON IT AS THEIR MOST IMPORTANT RESEARCH TOOL.**

