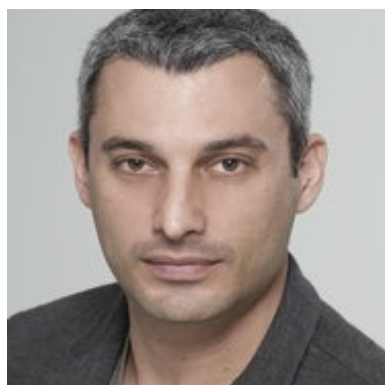


COLUMNS

What US marketers can learn from the Japanese

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So we all thought that the iPad, iPhone and other Apple products running on the famous iOS system was the brainchild of Steve Jobs. Think again.

What most of us do not know is that iOS was actually based off of the Japanese i-mode, which is NTT DoCoMo's mobile Internet. So long before Americans walked around with white earbuds, the Japanese were using their mobile phone to access email, sports results, the weather, games and financial updates all the way back in 1999. Kind of humbling since iOS was not officially launched until 2007.

Crossing the T's

In fact, Japan's mobile Internet capabilities are so advanced that American Apparel recently selected Japan for its first mobile commerce site since the teenagers in Japan – American Apparel's target market – are more comfortable shopping on their mobile phone than teenagers in any other part of the world.

Dov Charney, founder/CEO of American Apparel, is quoted as saying that "the majority of teenagers in Japan actually use their mobile phones for apparel shopping. It was clear that this would be a great new way to serve our Japanese customers in a way that they've come to expect from other retailers."

I guess it is not a surprise since they have been shopping on their mobile phones for 14 years.

Another interesting fact is that the QR code was also invented by Japanese company and Toyota subsidiary Denso Wave to track cars during the manufacturing process.

Today, we use QR codes as a major feature for consumer advertising, downloading mobile applications or to keep track of inventory. So what else can we learn from the Japanese?

Far East, not far out

As mobile Web penetration is at 98 percent in Japan compared to 50 percent in the United States, and the Japanese are one of the early adopters of mobile advertising, the U.S. can learn a thing or two from the Far East about optimizing mobile advertising.

In Japan, mobile advertising has taken on the approach of performance-based or results-oriented mobile advertising.

The mobile ad method focuses on conversions – results, to put it better – rather than cost-per-click (CPC) or an even less results-driven business model, cost-per-impression (CPM).

The reason for the results-oriented approach is when advertisers focus on results rather than clicks or impressions they are guaranteed a return on investment, which equals a guaranteed increase in their bottom line.

Currently in the U.S., the majority of companies doing mobile advertising are using the standard ad sales model of cost-per-click, with advertisers buying post click events.

We are seeing a shift in the industry, based off of the Japanese model, towards targeting the right individual users for an advertised product.

We can see this shift with the standardization of cost-per-install, but this is just a step in the right direction. Post-install events are the key to targeting and productivity of the value chain.

The real thing

One model that is particularly effective is the real-time performance model of targeting the right users at the right time, based on actual conversions and not banner click-rate optimization.

Yahoo recently announced it is moving in this direction by grouping people by interest and targeting mobile advertising to match the interest of the group.

Another effective method that will be implemented by U.S. marketers includes targeting mobile ad campaigns for specific users based on historical behavior and past purchases.

The targeted approach leverages the information available on the mobile phone to indicate an individual's interests.

Real-time performance serves mobile ads relevant to the mobile user and is able to determine the best time to serve the ad by targeting the user at different times throughout the day and honing in on the time the conversion took place.

Targeting the right user at the right time and charging advertisers only when there is a conversion takes the risk out of mobile advertising.

AS THE U.S. is still mastering the art of mobile advertising and Japan has led the way for technological advances that has shaped U.S. economic growth, why not learn another lesson from them and readapt mobile advertising to focus on results and performance that will help leverage the mobile phone and raise the value of major U.S. companies such as Yahoo and Facebook?

After all, Apple did.

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