Mobile Messaging Research

Thank you

Research objectives

- Opinions
  - of SMS / MMS
  - of opting in to SMS / MMS databases
- Effectiveness
  - of SMS and MMS
- Best practice
  - for building opt-in databases
  - for retaining customers

Summary of our research approach

Phase 1:
Online survey of 1,000 nationally representative consumers
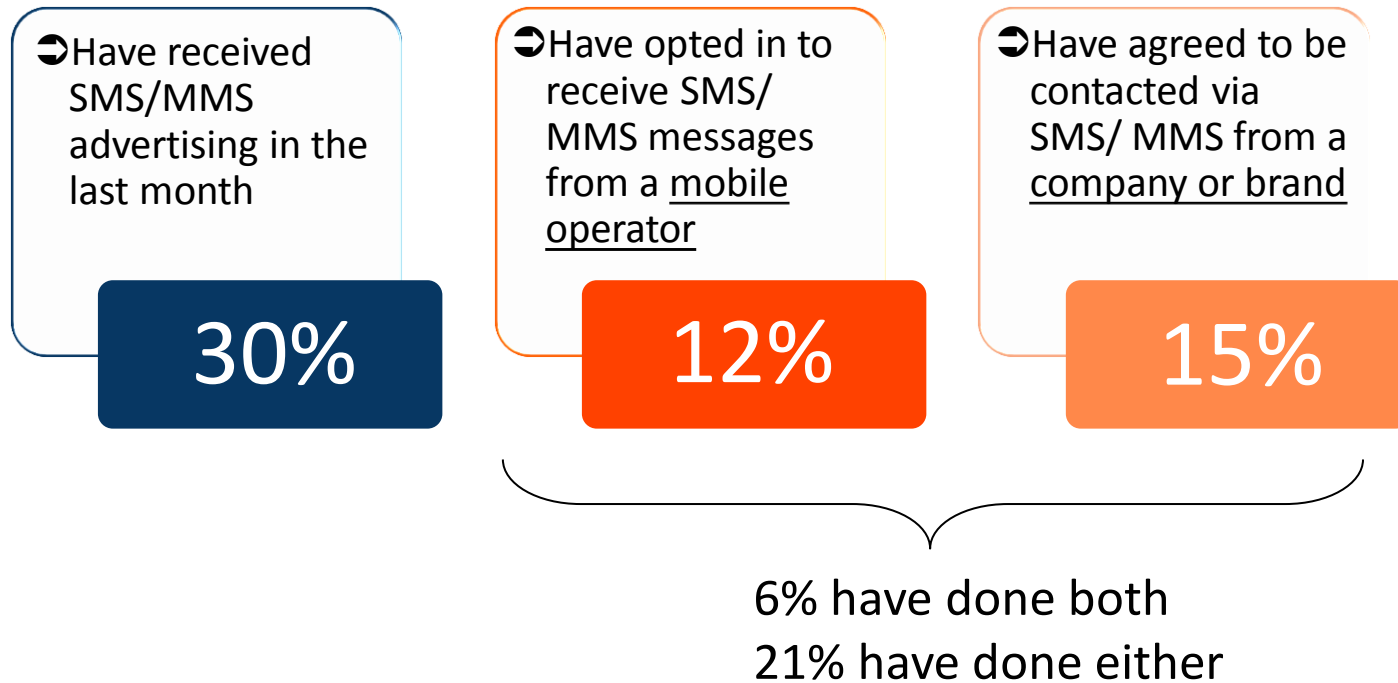
Phase 2:
Effectiveness study across M&S contacts on CRM database and O2 More + Orange shots

Phase 3:
- 1 focus group opted into messaging database

-1 focus group not opted in

OPINIONS OF MOBILE MESSAGING

There is a sizeable % opting in to messaging

Have received SMS/MMS advertising in the last month

30%

Have opted in to receive SMS/ MMS messages from a <u>mobile operator</u>

12%

Have agreed to be contacted via SMS/ MMS from a <u>company or brand</u>

15%

6% have done both
21% have done either

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Messaging reaches a valuable audience

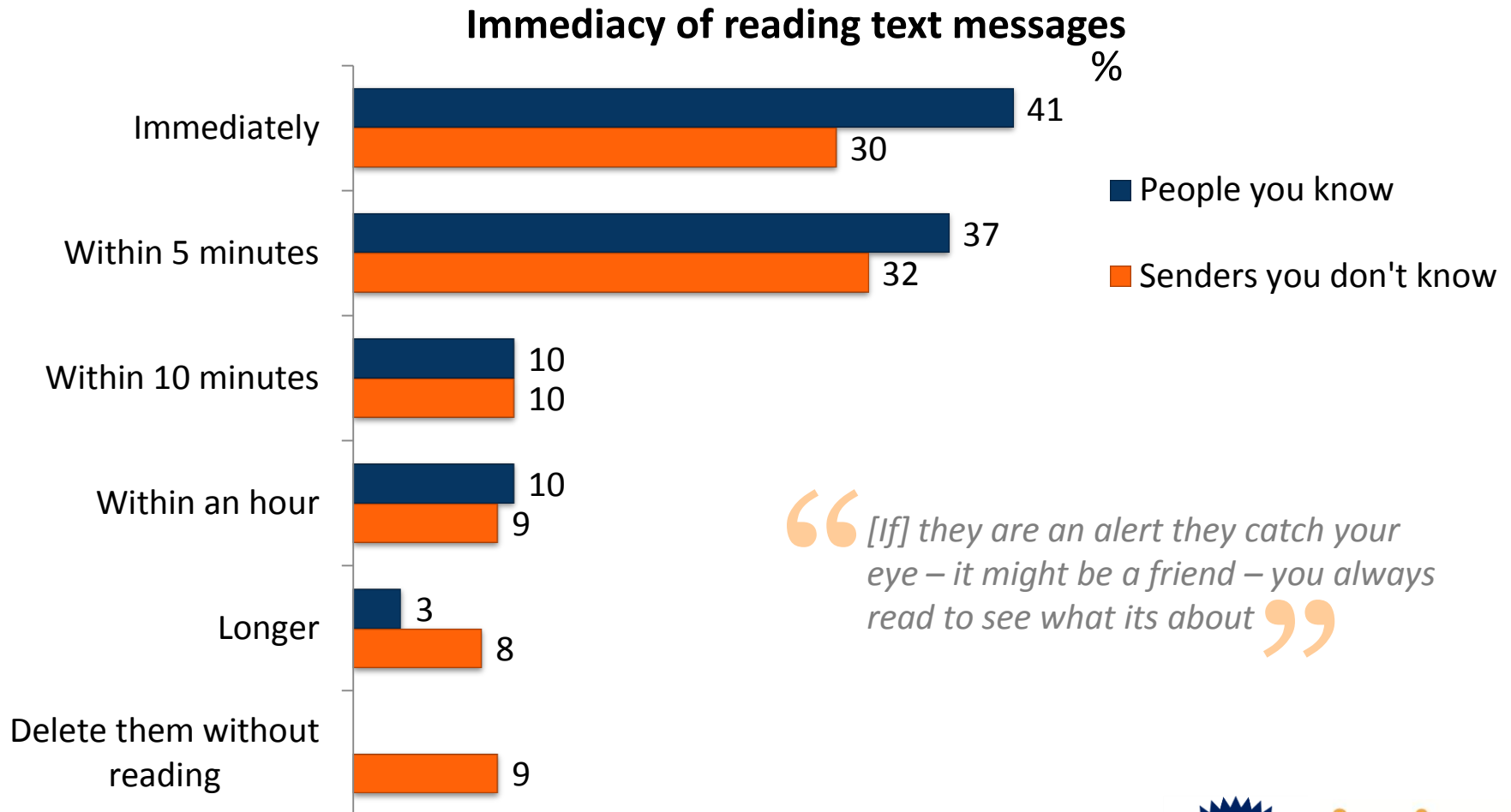Subscribers to mobile operator databases are more likely to be:

- Aged 18-24

- Frequent texters (at least 10 a day)

- Frequent mobile internet users (daily)

- Smartphone users

Subscribers to CRM databases are more likely to be:

- Male

- Aged 18-24

- Frequent texters (at least 10 a day)

- Frequent mobile internet users (daily)

- Smartphone users

- Agreed to be contacted by a company via email

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Messaging is immediate
62% read messages in 5 mins from senders they don't know

Immediacy of reading text messages

%

Category	People you know	Senders you don't know
Immediately	41	30
Within 5 minutes	37	32
Within 10 minutes	10	10
Within an hour	10	9
Longer	3	8
Delete them without reading		9

■ People you know

■ Senders you don't know

66 *[If] they are an alert they catch your eye – it might be a friend – you always read to see what its about* 99
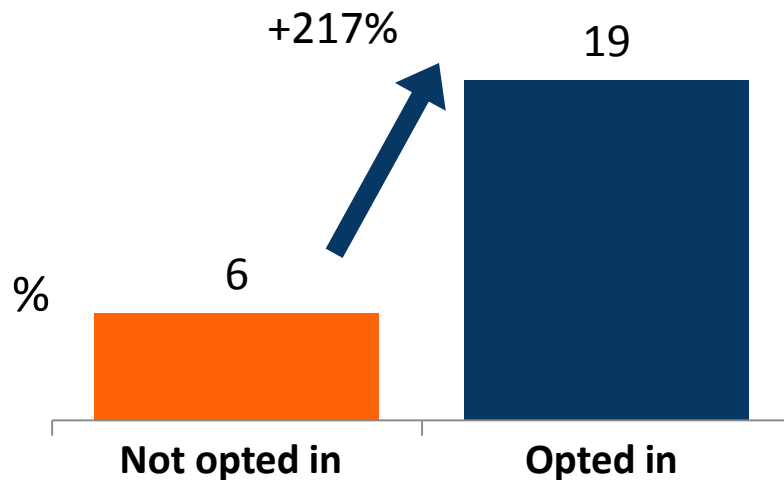

Base: Base: All respondents (1022)
Source: IAB/DMA Mobile Messaging Study September 2010

Once opted in, people are more positive to messaging

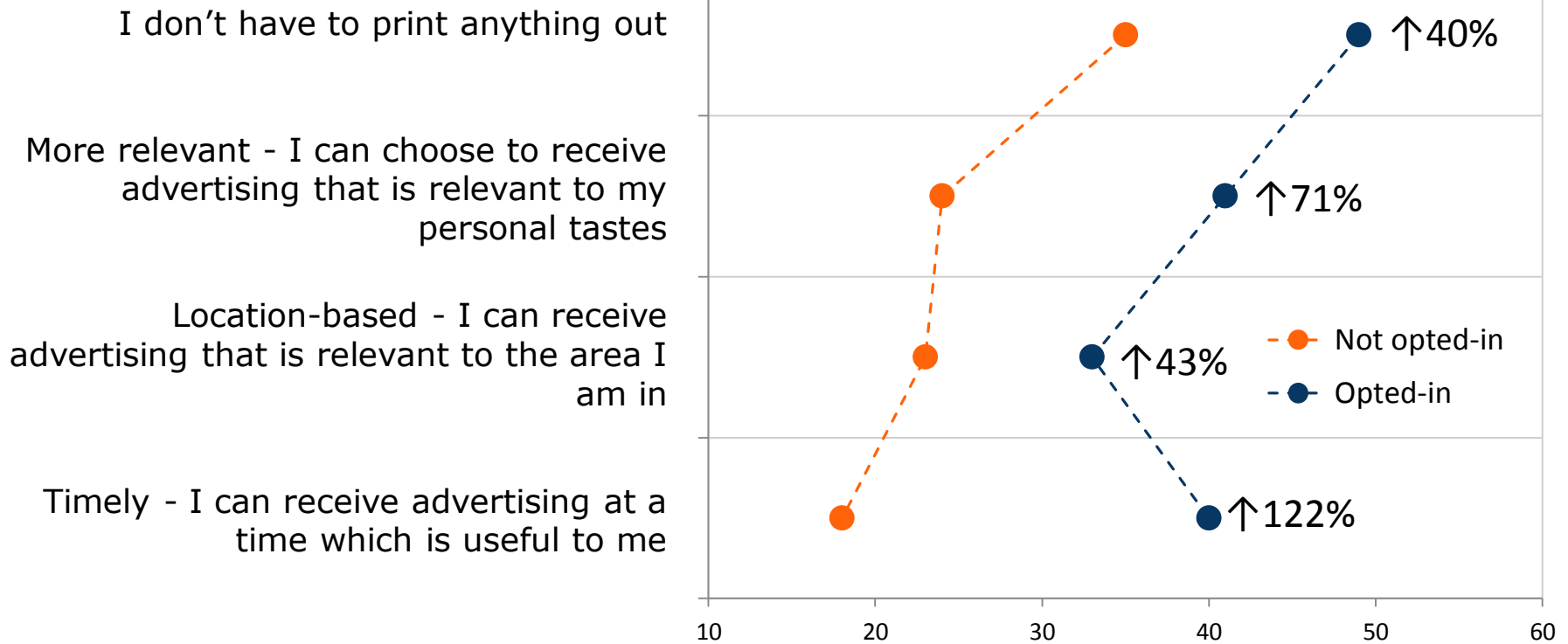*[Texts are] normally from people [companies] you want to hear from, so it isn't a bane*

+217%

6
19

%

Not opted in   **Opted in**

Messaging is the best medium for **grabbing your attention** and making you want to know more about a brand, company, product or service

+243%

7
24

%

Not opted in   **Opted in**
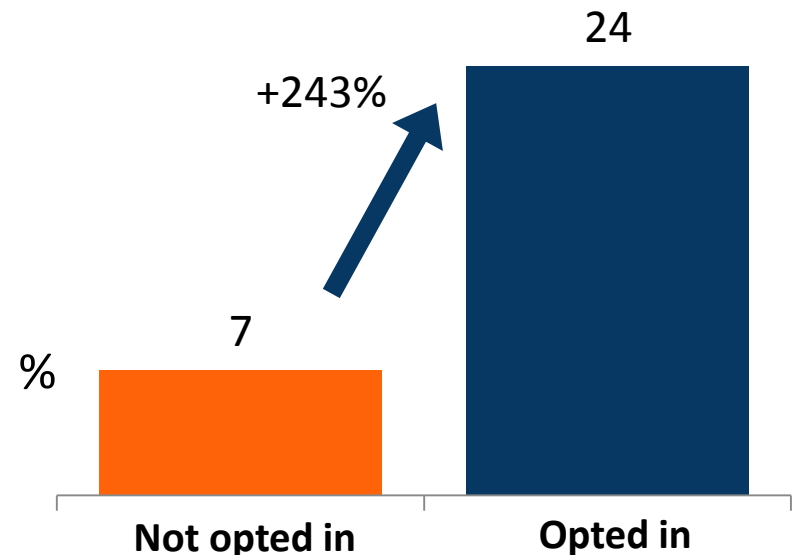
Messaging is the best medium for receiving **relevant and personalised information** about brands, products and services

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And people understand the advantages

> *(For vouchers) there is less chance of forgetting when you go to the restaurant!*

Chart categories (y-axis):
- I don't have to print anything out — ↑40%
- More relevant - I can choose to receive advertising that is relevant to my personal tastes — ↑71%
- Location-based - I can receive advertising that is relevant to the area I am in — ↑43%
- Timely - I can receive advertising at a time which is useful to me — ↑122%

Legend:
- Not opted-in
- Opted-in

x-axis: 10 20 30 40 50 60

Benefits of messaging video

Opinions of mobile messaging
Summary

- **1 in 5** in the UK are opted in to receive SMS/MMS advertising

- **62%** of people read messages, from a sender that is not friend or family, within 5 minutes of receiving it

- When consumers are opted in their opinions of messaging improve
  - over **200% uplift** in consumers saying messaging is best medium to grab attention and receive information about brands
  - they see a clear benefit in receiving advertising messages as being more **relevant, timely** and **useful**
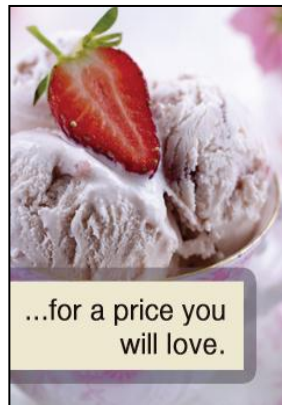
EFFECTIVENESS OF MOBILE MESSAGING

M&S message to M&S contacts on CRM database

- We ran a control / exposed effectiveness survey around part of M&S' CRM campaign, splitting out SMS and MMS

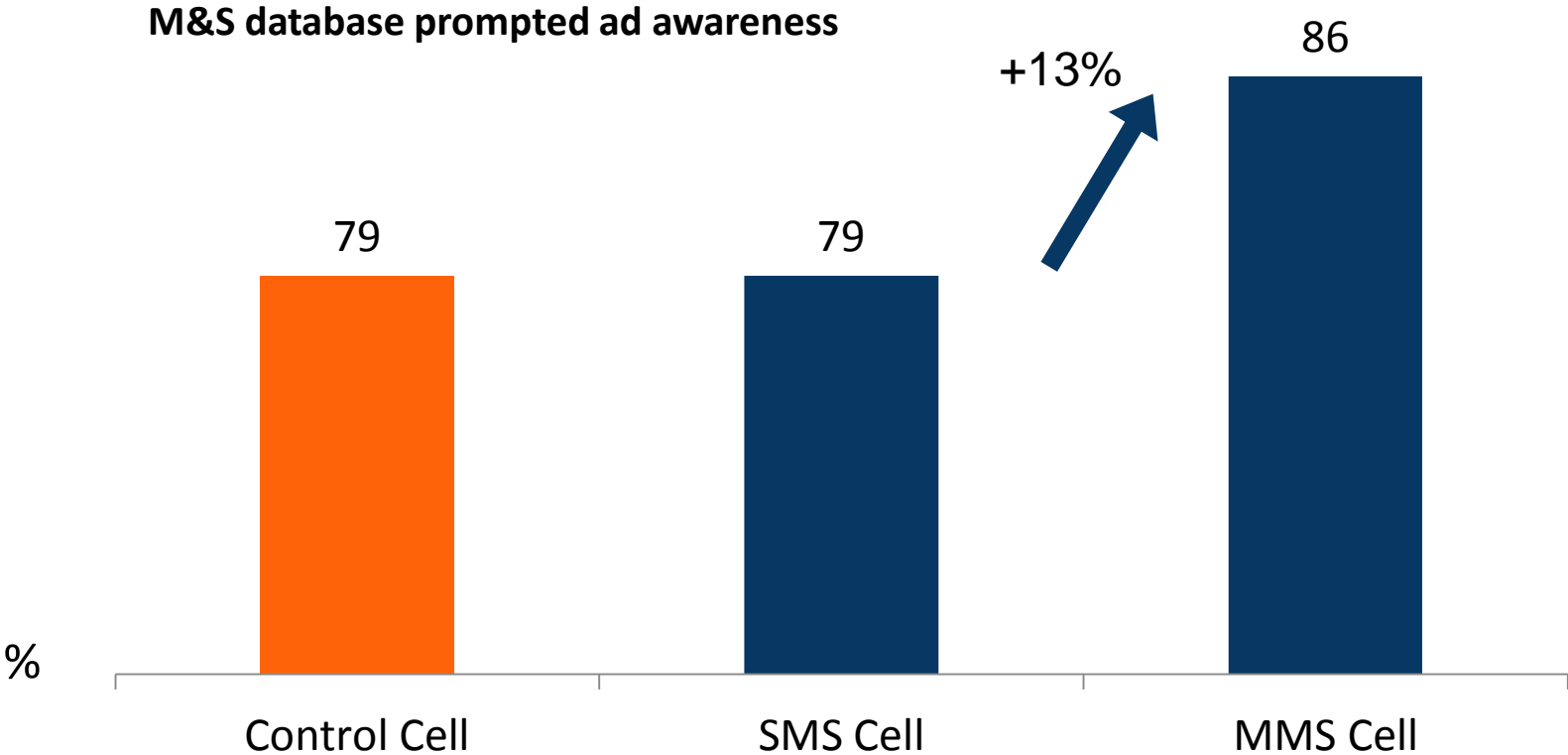- Control group were sent no ad message just survey

MMS

Plan the perfect dine in for two...

...for a price you will love.

YOUR M&S
dine in for two
£10
Choose a Main Meal, Side Dish, Dessert, Bottle of Wine, ALL FOR £10.

Give in to temptation with M&S Dine In for Two for £10! Details in store or click for menu: XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXX Ends next Tuesday, 3 August. To stop text dine stop to 65006

SMS

M&S Dine In for £10 with wine is available now! View menu at XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXX Details in store. Ends Tues. To opt out txt cook stop to 65006
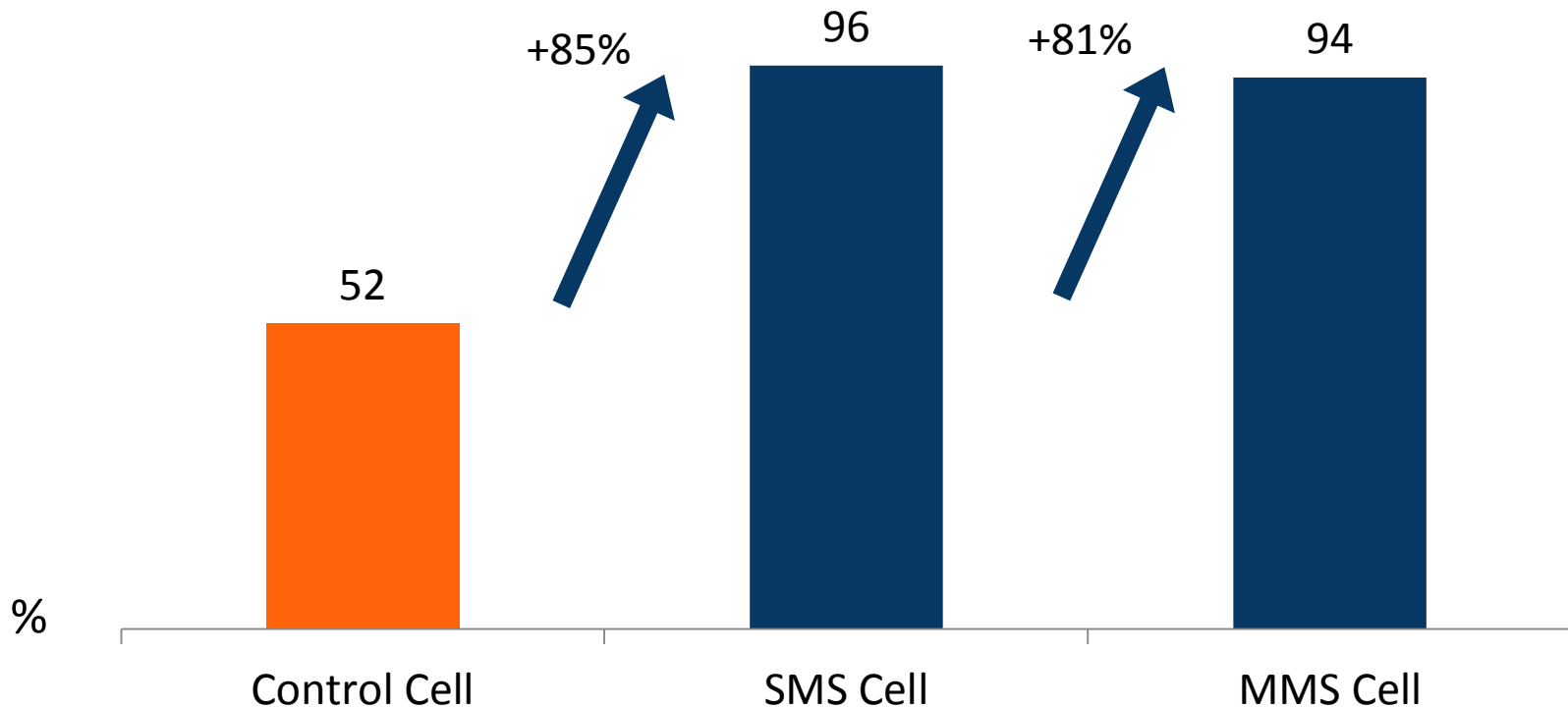
MMS increases prompted awareness

M&S database prompted ad awareness

+13%

86

79

79

%

Control Cell

SMS Cell

MMS Cell

Almost 100% recall of the SMS & MMS

M&S database message recall

%

| | +85% | 96 | +81% | 94 |

Control Cell   SMS Cell   MMS Cell

52

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MMS changes behaviour

Visit store
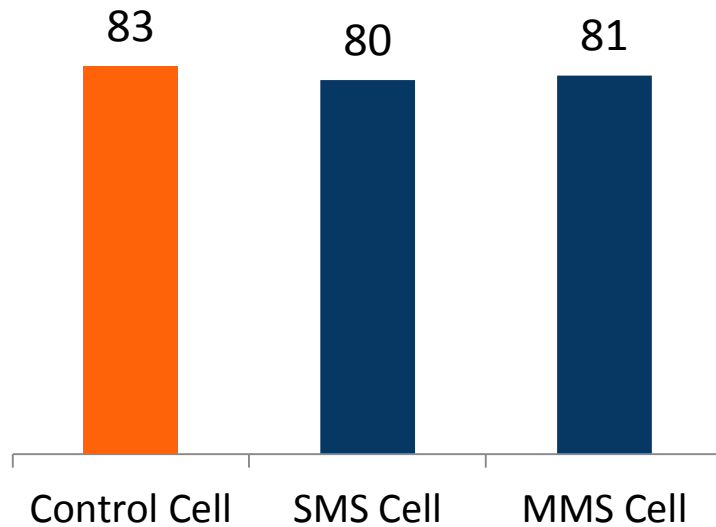
83 — Control Cell
80 — SMS Cell
81 — MMS Cell

Visit M&S mobile site
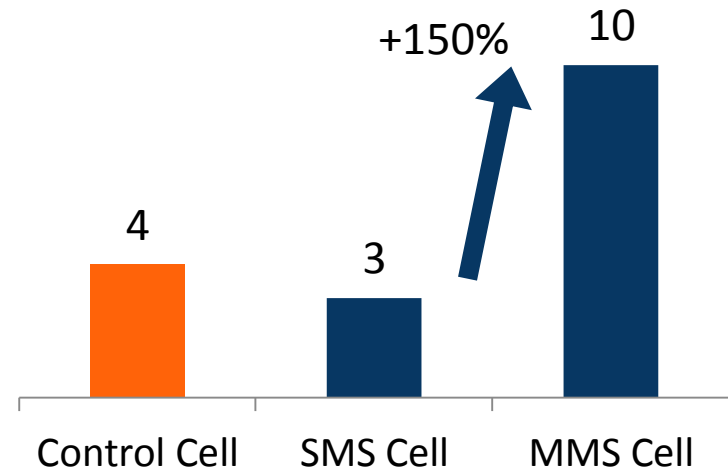
4 — Control Cell
3 — SMS Cell
+150%
10 — MMS Cell

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M&S message to opted in operator databases

- We ran a control / exposed effectiveness survey around a campaign on both Orange Shots and O2 More. Both SMS and MMS ads were sent out and researched

- SMS & MMS targeted to women 16-30, control group were sent no ad message just survey

MMS

SMS

Subject: M&S shoes

Shop on your mobile. Shoes and much more available with free delivery if you order on your mobile before midnight on 24th of Aug. Go to http://shoes.mands.mobi/r/xxxxxxxxx (clicking on the link will be charged at standard rate) and use code DELPHONE to redeem this fantastic offer. One per customer. Terms apply. To stop O2 More text STOP to 20502
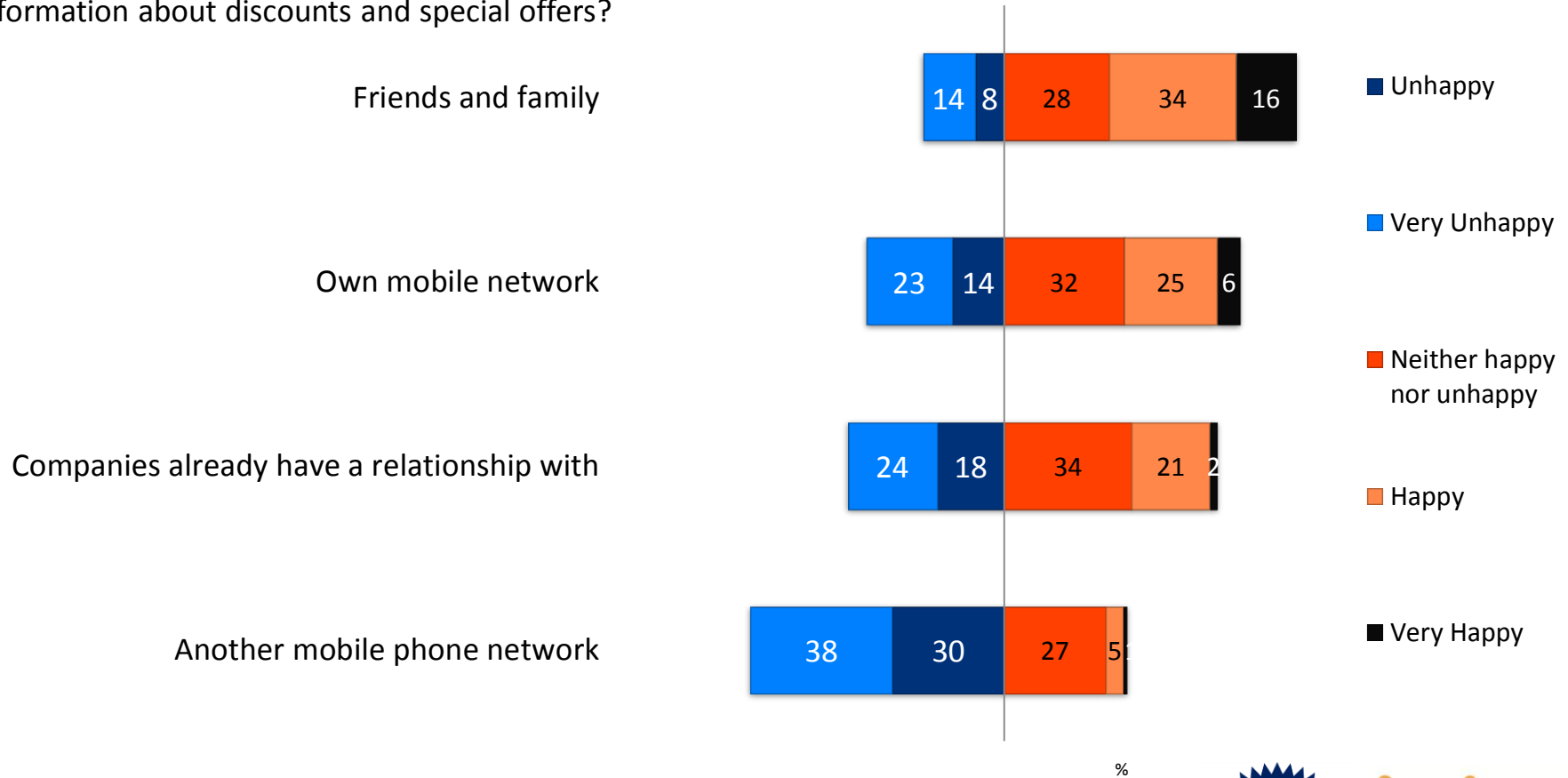
Do this season in style; from luxurious suede platforms to fabulous lace-up heals. Free delivery when you buy M&S shoes & more on your mobile. Offer valid till 24Aug. Use code DELPHONE to redeem offer when you visit http://shoes.mands.mobi/r/xxxxxxxxxxx Terms apply. To stop O2 More text STOP to 20502

YOUR M&S

This Season's Style
Shop on your mobile
for free delivery.

Consumers almost as happy to receive messages from their operator as friends/family

How happy would you be to receive SMS/ MMS messages that provide information about brand/products or services that you are interested in or information about discounts and special offers?

Category	Very Unhappy	Unhappy	Neither happy nor unhappy	Happy	Very Happy
Friends and family	14	8	28	34	16
Own mobile network	23	14	32	25	6
Companies already have a relationship with	24	18	34	21	2
Another mobile phone network	38	30	27	5	

■ Unhappy
■ Very Unhappy
■ Neither happy nor unhappy
■ Happy
■ Very Happy

%

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SMS & MMS drove prompted awareness

Operator database prompted ad awareness
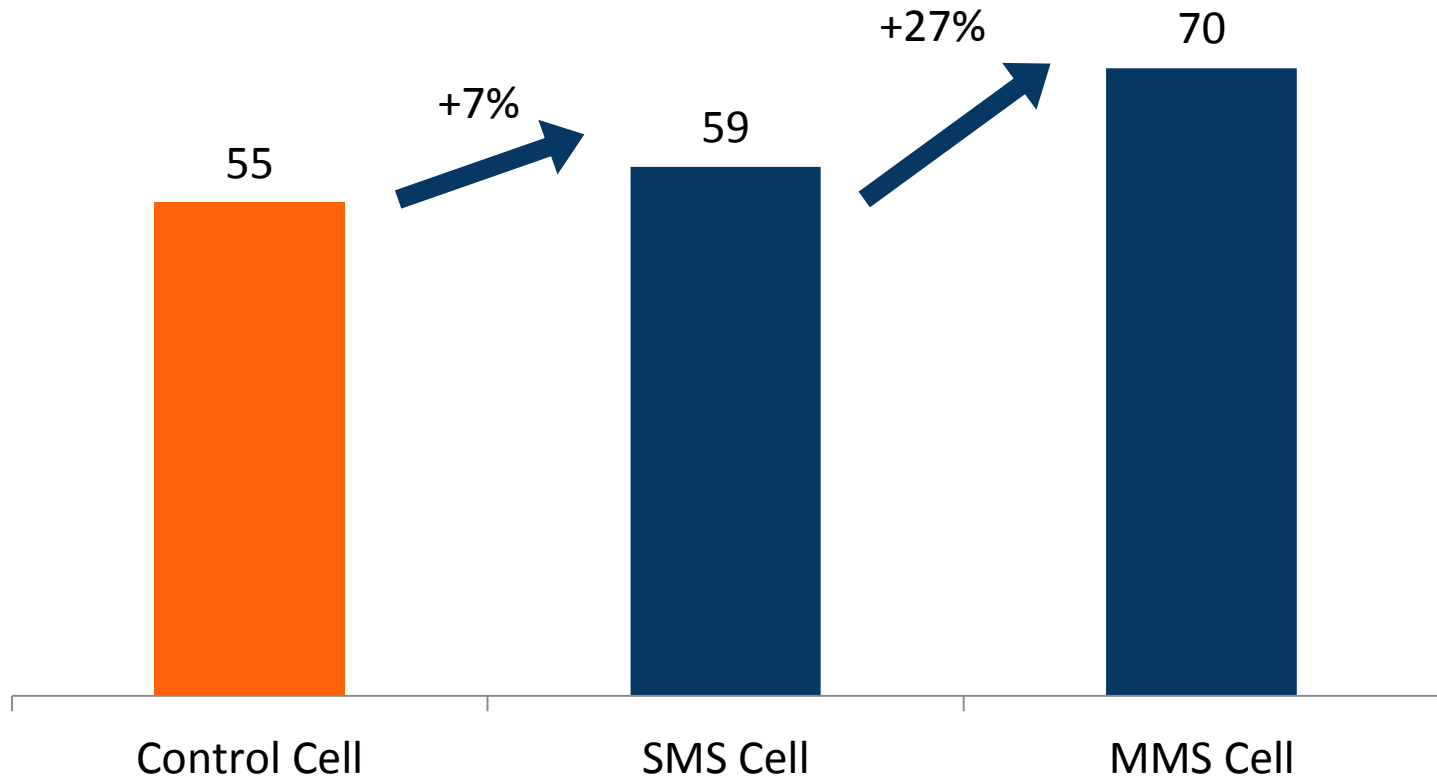
Base: Operator database: Control (590), SMS (588), MMS (346)
Source: IAB/DMA Mobile Messaging Study September 2010

Message recall is huge for MMS

Operator database message recall

	Control Cell	SMS Cell	MMS Cell
	4	21	70

+425%

+975%

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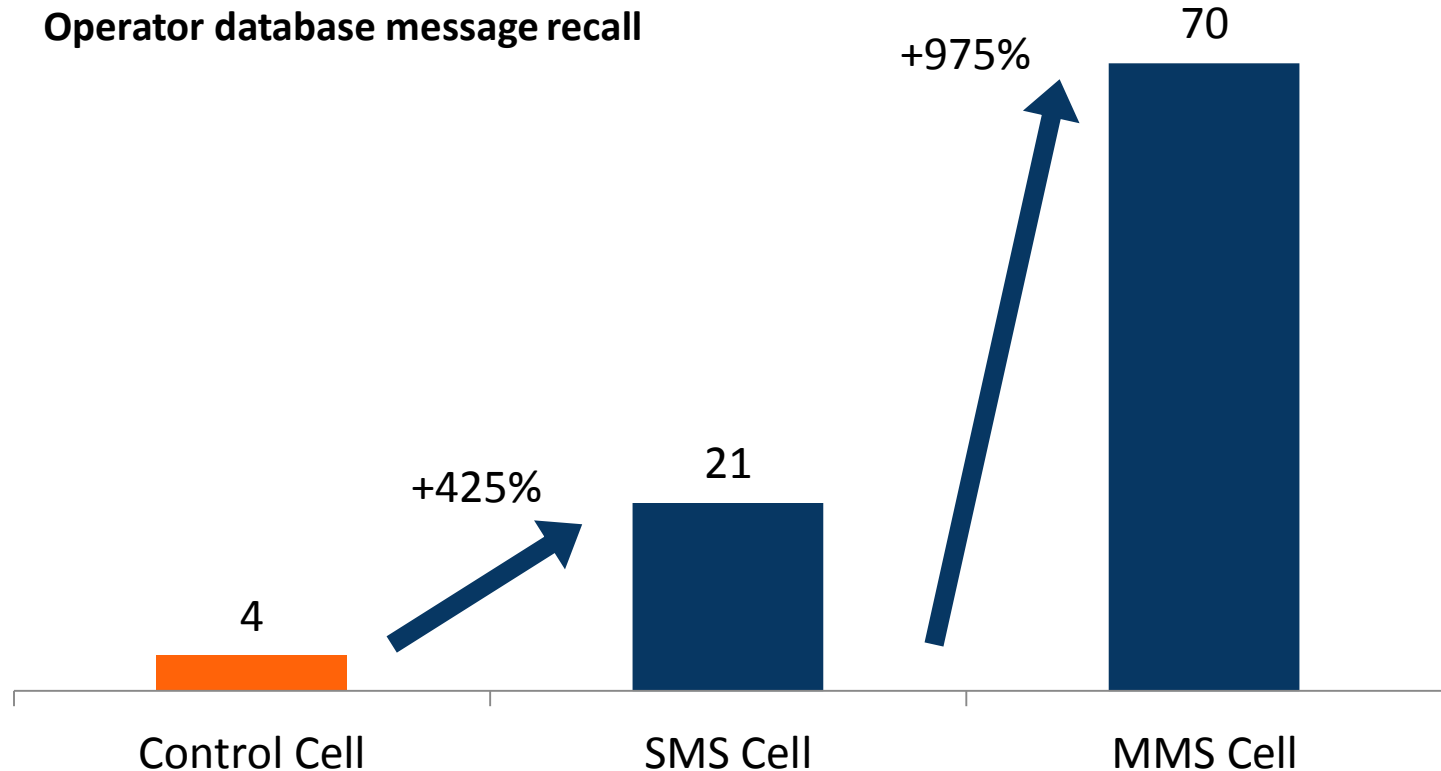
Consumers can see the benefit of MMS

- **Slick interface** – a joy to view, more fun to interact with

- **Markers of authenticity** – logos, images, visual branding elements

- **Greater potential for interaction -** greater interactivity without having to 'reply' to message or download, less concern about being charged

- **More visual/audio interest** - can be a more passive viewing experience akin to TV adverts/magazines but would need to be sensitive to fact that may be opened in public/workplace

Effectiveness of mobile messaging
Summary

- **Both SMS and MMS have an impact** - even among the highly engaged M&S CRM audience almost 100% remembered receiving either

- Consumers are almost as happy to receive advertising from their operators as they are friends & family, providing a trusted place for advertisers to send their message to new customers

- Consumers like MMS and it achieved huge standout amongst both CRM and operator databases

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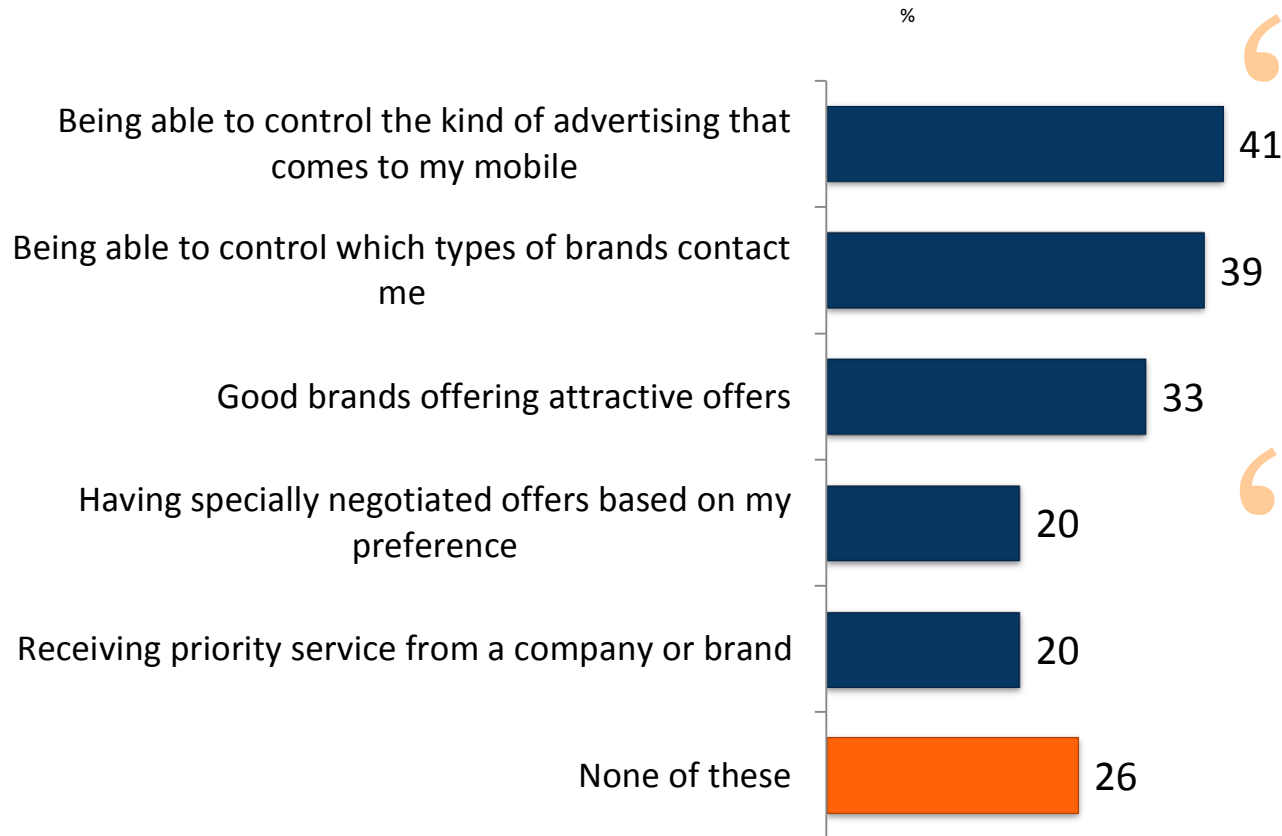Bureau www.iabuk.net

BUILDING A CRM MESSAGING DATABASE

3 in 4 people would opt in given the right incentive

Which of the following would make you more likely to opt in to these type of services?

%

Being able to control the kind of advertising that comes to my mobile — 41

Being able to control which types of brands contact me — 39

Good brands offering attractive offers — 33

Having specially negotiated offers based on my preference — 20

Receiving priority service from a company or brand — 20

None of these — 26

" Morrisons – their deals of the week – if you knew that week it [might] dictate where you shop "

" It's nice how they give advance notice [of sales etc.] because they know you've been there before "

Base: Base: All respondents (1022)
Source: IAB/DMA Mobile Messaging Study September 2010

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Barrier no 1. awareness

79% of consumers have not opted in to receive messages from brands

32%

I didn't know about this type of service, or the benefits I could get

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Best practise for building a CRM messaging database

- **Awareness**
  - Build on existing relationships and touchpoints to promote your messaging offering
  - Collect mobile numbers across registration points
  - Welcome customers as soon as you have their number and follow with a marketing message within a week

Barrier no 2. perceived cost

When you ask consumers generally about messaging,

71%

agree "I am wary of the costs associated with receiving SMS/ MMS advertising direct to my mobile phone"

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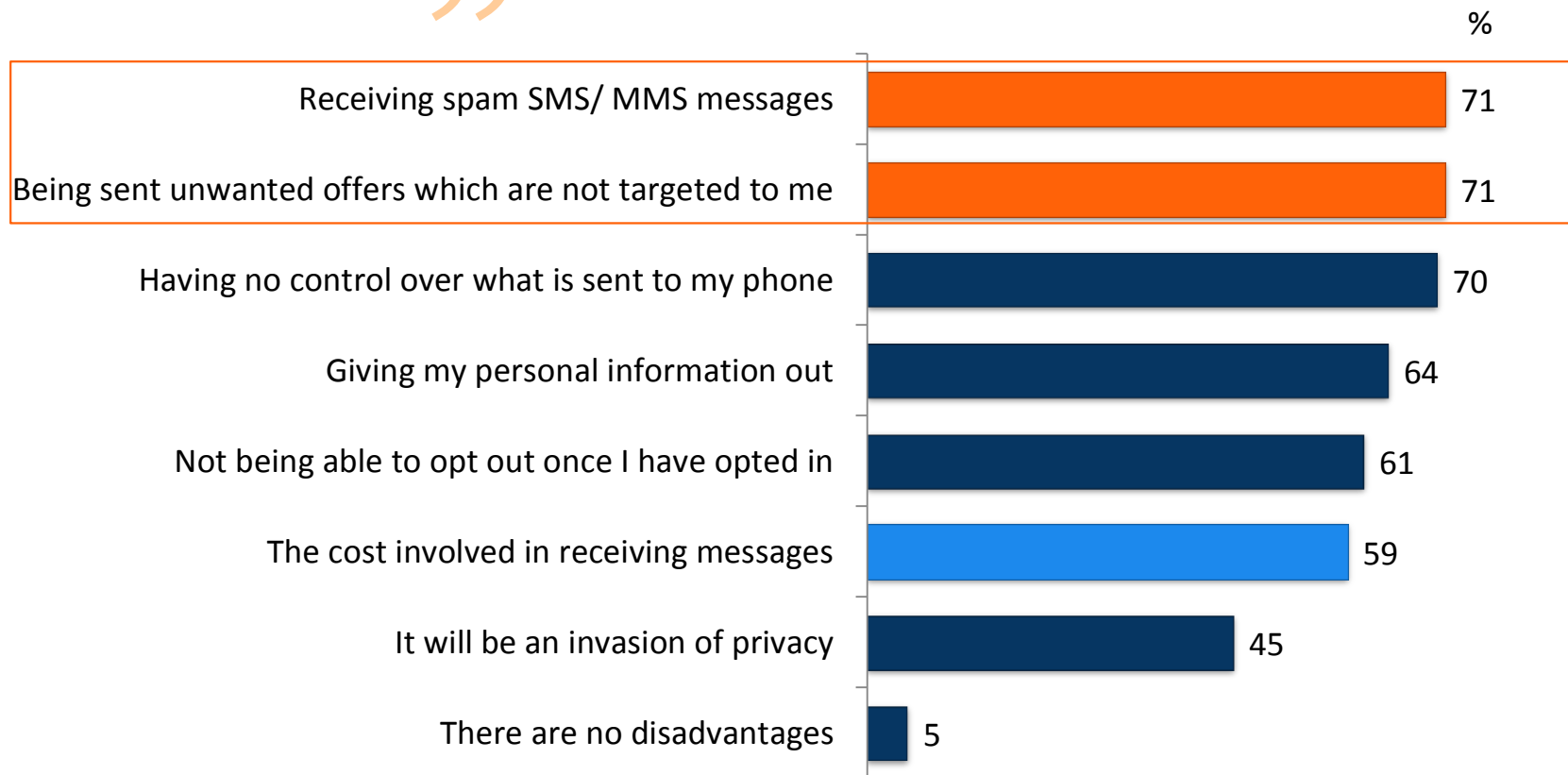
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Best practise for building a CRM messaging database

- Perceived Cost
  - Re-assure throughout of the costs involved
  - If communication is 2 way consider making responses free
  - If you charge include this in the first message and follow with reminder every month

Barrier no 3. relevance

"[Worry about opening a link] especially if you bank on your phone – you're never 100% sure if you are getting it from the company they say they are"

%

Category	Value
Receiving spam SMS/ MMS messages	71
Being sent unwanted offers which are not targeted to me	71
Having no control over what is sent to my phone	70
Giving my personal information out	64
Not being able to opt out once I have opted in	61
The cost involved in receiving messages	59
It will be an invasion of privacy	45
There are no disadvantages	5

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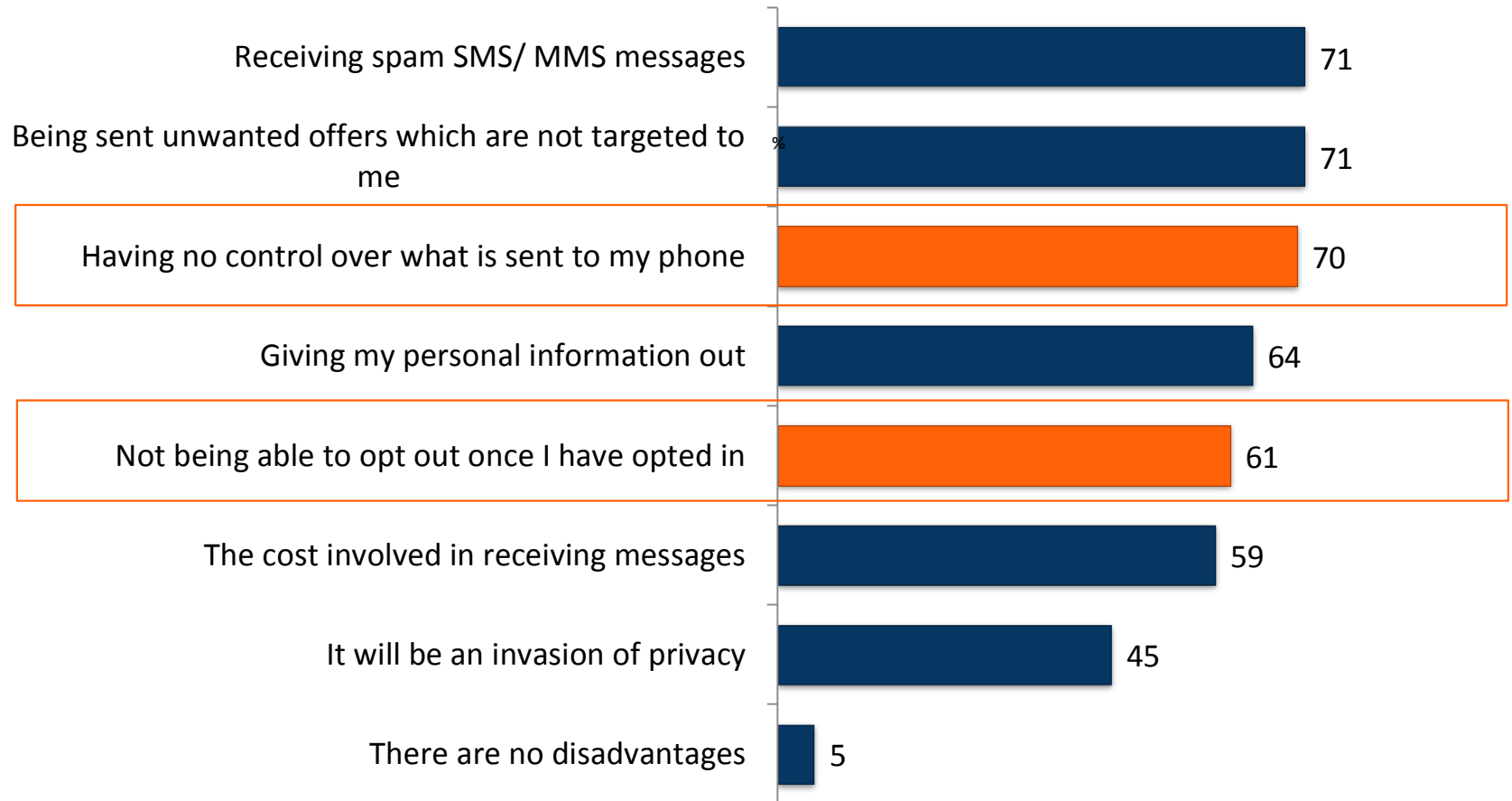
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Best practise for building a CRM messaging database

- Relevance
  - Make it clear what the messages will contain and why people should sign up
  - Focus on the behaviour of your consumers and provide appropriate messages
  - Provide value – think what does customer want and not what you want to sell

Barrier no 4. control

Category	%
Receiving spam SMS/ MMS messages	71
Being sent unwanted offers which are not targeted to me	71
Having no control over what is sent to my phone	70
Giving my personal information out	64
Not being able to opt out once I have opted in	61
The cost involved in receiving messages	59
It will be an invasion of privacy	45
There are no disadvantages	5

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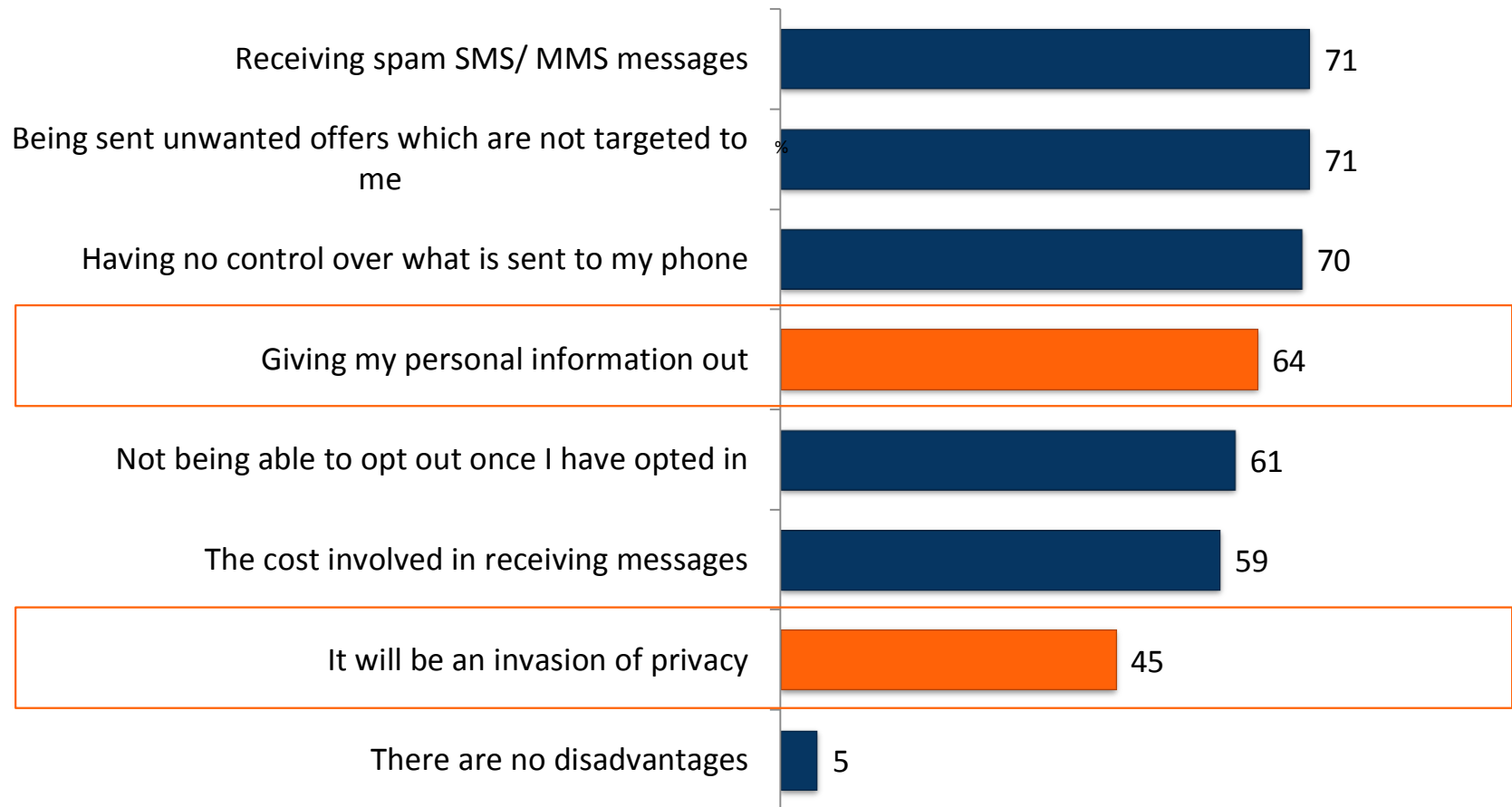
iab Internet Advertising Bureau www.iabuk.net

Best practise for building a CRM messaging database

- Control
  - Re-assure customers how many messages they will get
  - Don't take them for granted, consider why people signed up – and then ensure you are delivering it
  - Make it clear how users can potentially unsubscribe. Adhere to 'Universal Stop' policy

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Barrier no 5. privacy

	%
Receiving spam SMS/ MMS messages	71
Being sent unwanted offers which are not targeted to me	71
Having no control over what is sent to my phone	70
Giving my personal information out	64
Not being able to opt out once I have opted in	61
The cost involved in receiving messages	59
It will be an invasion of privacy	45
There are no disadvantages	5

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Best practise for building a CRM messaging database

- Privacy
    - Secure customer confidence and show them you will handle their personal details responsibly
    - Ask for permission if you wish to share their details at the opt in or tell them at the start you will not share their details with third parties

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Consumers actively want communication from certain categories/brands

Desirable Categories

Desirable Brands

- Restaurants, Pubs & Bars
- Leisure & Entertainment
- Food &Groceries
- Holidays & Travel
- Clothing
- Department Stores
- Beauty

Clear, direct benefits ✓

Frequent purchases/ behaviours ✓

Aspirational ✓

Building a CRM messaging database
Summary

- **74%** of people who haven't opted in would do if they were given the right incentive

- But brands have to overcome 5 key barriers to get consumers to opt in to a CRM database

  - Awareness
  - Perceived cost
  - Relevance
  - Control
  - Privacy

- The IAB & DMA offers suppliers, agencies and brands a set of best practises to overcome these barriers

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HOW TO OPTIMISE MESSAGING COMMUNICATIONS

Relevance video

Give consumers the content they want

You get deals that are especially negotiated on your behalf (32%)

You get sent vouchers for money off products (57%)

You get sent information about special offers and discounts earlier than everyone else (42%)

You can forward offers and info (25%)

You can save offers and look at them later (34%)

You can redeem the offers and look at them at a time convenient to you (40%)

target with stuff you like (17%)

You get sent interesting information that is relevant to you (34%)

You can browse offers wherever you are (26%)

Base: All respondents (1022)
Source: IAB/DMA Mobile Messaging Study September 2010

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There is a gap between what people want & get

Needs being met

% Received this type of messaging

Messages containing information or updates about a product, brand or service

5

Opportunity
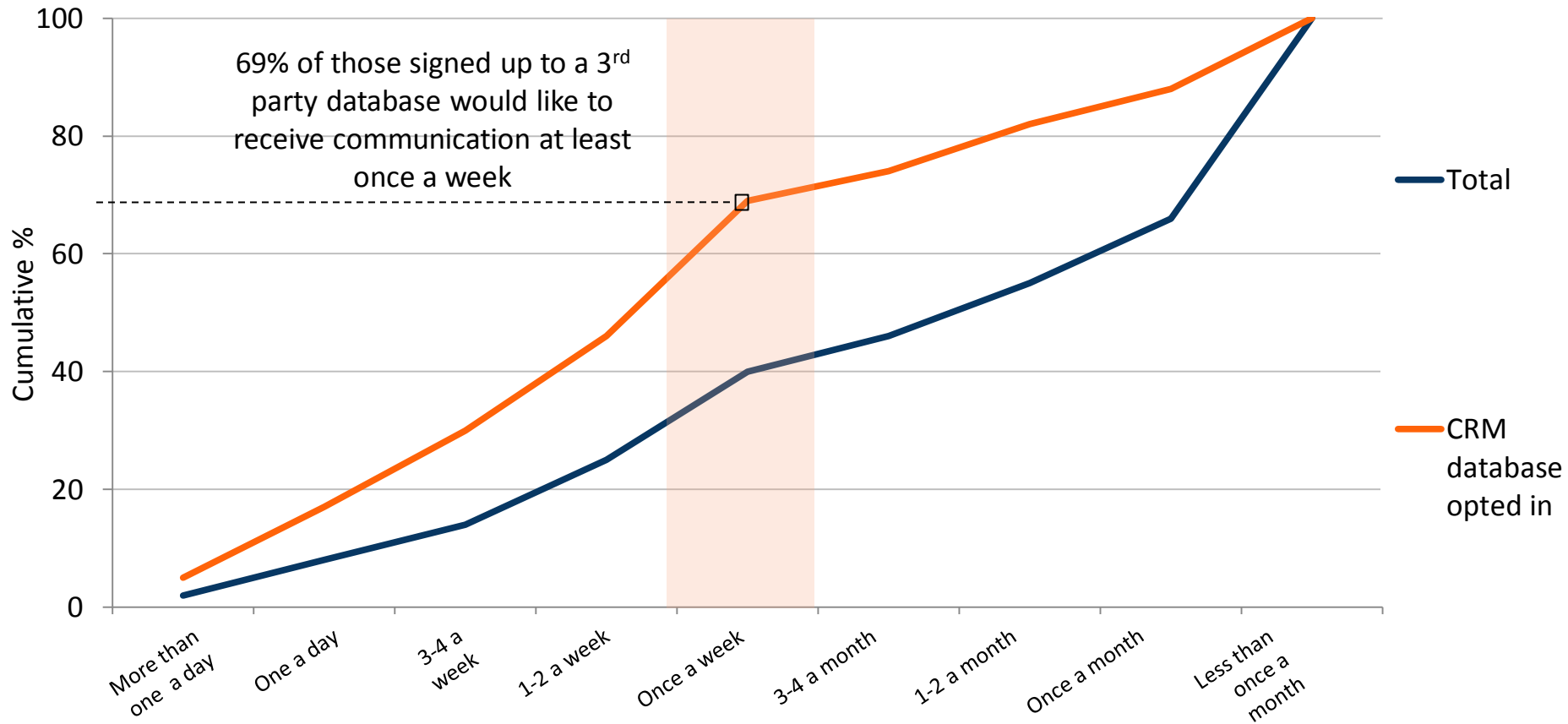
2

1

7

4

6

3

Level of interest in type of messaging (% top 2 box)
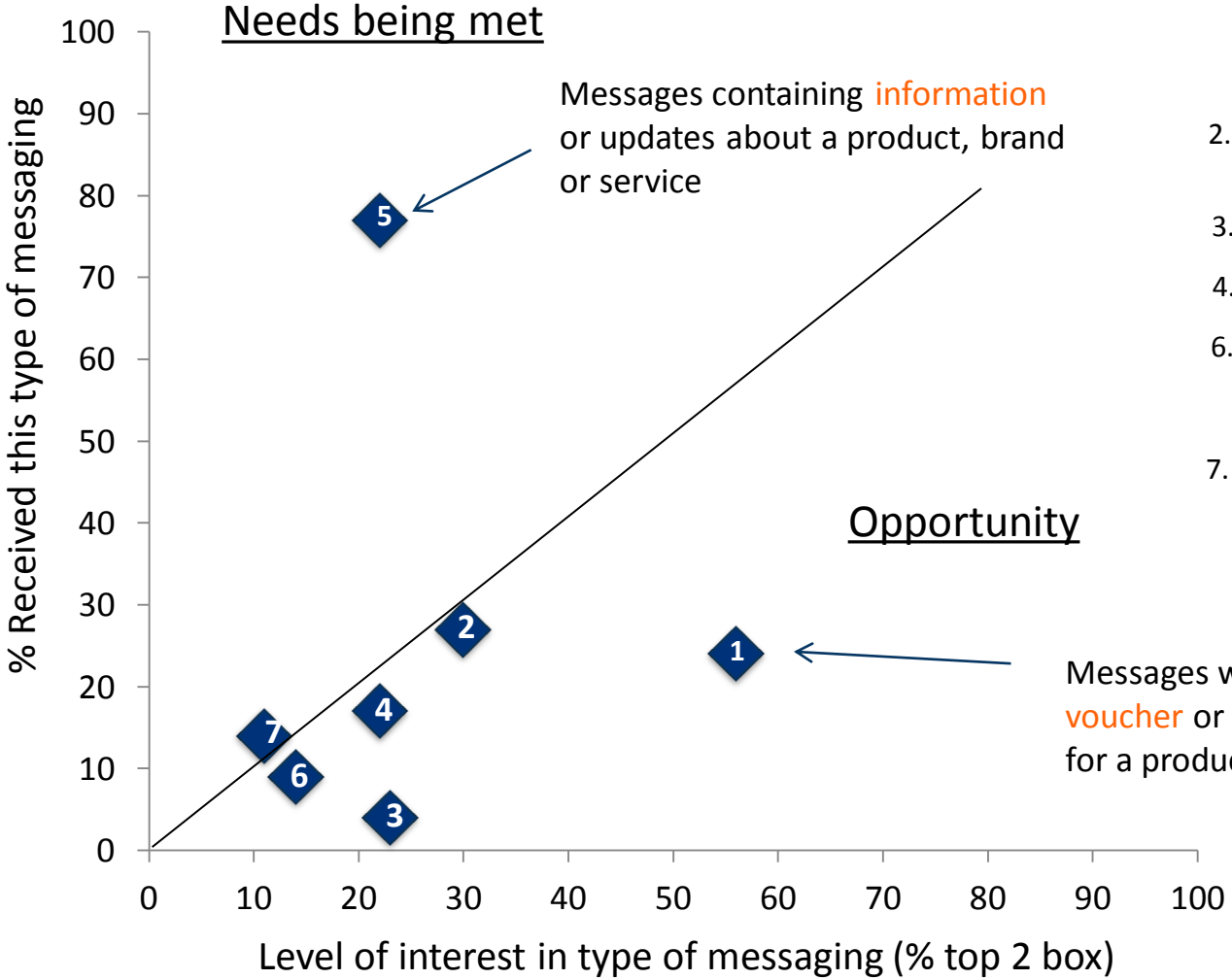
2. Messages with information about a sale for a product, brand or service

3. Messages with surveys in

4. Messages with competitions in

6. Messages with a link that you click and can make a call to receive an offer, buy products or book services

7. Messages with a WAP link to a brand or products mobile internet site

Messages with a money-off voucher or other type of discount for a product, service or brand

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Base: All who have received SMS/MMS advertising via text in the last month (308)
Source: IAB/DMA Mobile Messaging Study September 2010

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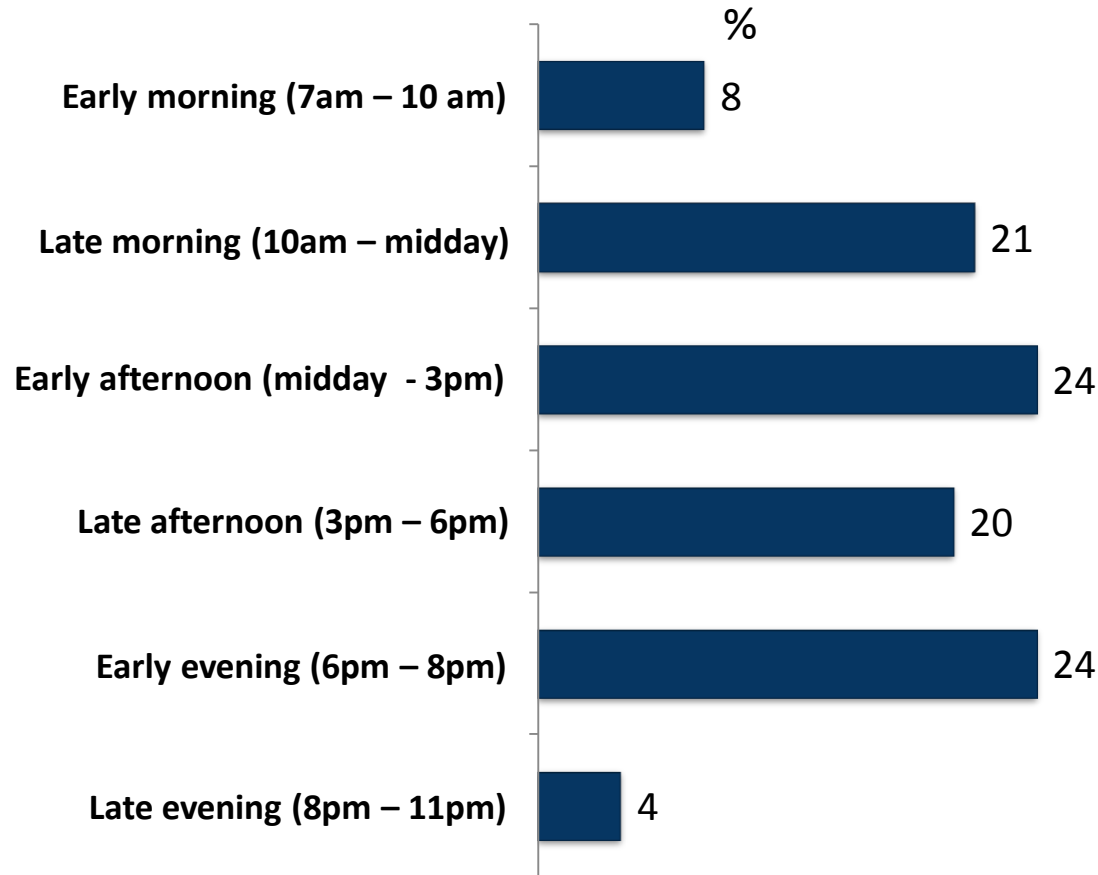DIRECT MARKETING ASSOCIATION

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Majority happy to receive at least one message a week

Cumulative %

69% of those signed up to a 3rd party database would like to receive communication at least once a week

- Total
- CRM database opted in

More than one a day | One a day | 3-4 a week | 1-2 a week | Once a week | 3-4 a month | 1-2 a month | Once a month | Less than once a month

Base: All respondents (1022)
Source: IAB/DMA Mobile Messaging Study September 2010

Frequency video

10am-8pm is optimum time to send messages

%

Early morning (7am – 10 am) — 8

Late morning (10am – midday) — 21

Early afternoon (midday - 3pm) — 24

Late afternoon (3pm – 6pm) — 20

Early evening (6pm – 8pm) — 24

Late evening (8pm – 11pm) — 4

" Sometimes you get a promotional text at 2am which irritates [me] "

" If there's a sale on tomorrow, I need to know tonight! "

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How to optimise messaging communications

- Content should be relevant - there is a gap for vouchering / offers via messaging

- The majority of consumers are happy to receive at least one message a week from brands they have opted in to

- The optimal time of day depends on the context of the message - but generally send messages between 10am to 8pm

SUMMARY

Mobile Messaging

- Getting customers to opt in is key
  - When consumers are opted in, they are over 200% more likely to agree that messaging is the best medium to grab attention and receive information

- Messaging achieves huge stand out
  - Almost 100% of the M&S base remembered the SMS & MMS, the MMS in particular cuts through

- 74% of non opted-in consumers would do so given the right incentive
  - Brands must overcome 5 key barriers awareness, perceived cost, relevance, control and privacy

- When brands are communicating via messaging, be relevant with valuable content, a relevant time of day and fair level of frequency