



MOGREET®

Semi-Annual Mobile Messaging Analytics Report

December 2012

DATA SOURCE

All data contained in this report is from internal data audits from Mogreet text message platform clients, unless otherwise noted.

About the Data

The Mogreet Semi-Annual Mobile Messaging Analytics Report showcases consumer behavior patterns and findings discovered within text message marketing campaigns activated during the last six months. These findings are key for brands, broadcasters, advertisers, and marketers who are determining how to include text message marketing and in particular, mobile video via MMS messaging in their mobile marketing strategy.

Mogreet performs data analyses to provide insightful mobile data to the industry, as well as to provide clients the data required to improve their SMS and MMS text message marketing campaigns through keen insights into mobile device usage and wireless carrier trends, geography and location-based data, and content patterns. The report is based on Mogreet customer usage data from April 2012 - October 2012. Any market forecasts are based on industry trends, and third-party sources are cited when referenced.

Mogreet's data set encompassed more than one million subscribers and more than five thousand campaigns conducted between April 2012 - October 2012.

Learn more about Mogreet and text and mobile video marketing at www.mogreet.com

Key MMS, SMS & Mobile Video Findings & Forecasts

Industry Findings

- *In September 2012, smartphone penetration crossed the 51 percent mark, bringing full computing power to a large portion of the U.S. mobile population*
- *Android leads the smartphone market with 52 percent of devices on the market, with iPhone closing in*
- *AT&T and Verizon continue to have the largest market share among top wireless carriers, with competition emerging from smaller players, in particular Sprint and T-Mobile, due to aggressive data plans and improved handset mix*
- *Rampant smartphone adoption drives increases in text messaging usage, with 92 percent of smartphone users sending and receiving text messages and 80 percent sharing photos and videos via MMS*
- *Consumer text messaging traffic is plateauing as usage of OTT (“over the top”) services, such as iMessage, increase in their ubiquity*
- *The proliferation of high quality cameras and screens has resulted in a spike in content creation and sharing via MMS*
- *Mobile video consumption is forecast to grow exponentially in 2013*

Mogreet Proprietary Data Findings

- *Apple iPhone and Samsung smartphone users consume more MMS text messaging than other U.S. mobile phone users as these handset makers focus on integrating MMS and video consumption and sharing tools within their devices*
- *iOS users are the most engaged mobile audience, significantly over-indexing in their participation in text messaging campaigns*
- *While Verizon and AT&T maintain their position as the top U.S. carriers, Sprint continues to grow in SMS/MMS message delivery paralleling with its unlimited data plan offering*
- *Laredo, Texas; Orlando, Florida; and Atlanta, Georgia lead the country in consumer reception of opt-in commercial SMS/MMS usage.*

“As the penetration of multimedia-enabled smartphones continues to climb, today’s marketers have the opportunity to engage with their customers with technology that is now native to the end user,” said James Citron. “Given the huge increase in multimedia creation and sharing by MMS occurring on the consumer level, on a medium with a 97% open rate, text message marketing, and in particular multimedia text messaging and mobile video, are a perfect way to extend storytelling. These tools are effectively extending brand relationships to the devices consumer’s use most, their mobile phone.”

51% of U.S. Mobile Population: The Habits of Smartphone Owners

To say the rise of mobile adoption in the United States, and globally, is meteoric is an understatement. In one year, mobile phones went from a utility device to an extension of a person's being with usage rates skyrocketing in all age groups. And, for the first time ever, according to [comScore](#), at 51% there are more smartphones on the market than feature phones.

The smartphone has transformed the mobile phone from primarily a communications device to an all-in-one device marrying multimedia, gaming, Internet browsing and communications. The smartphone's high-quality, easy-to-use multimedia tools have led to a major shift in consumer content creation and sharing behaviors, causing an explosion in high-quality photo and video sharing options ranging from MMS (text messages that include rich multimedia) to apps like Instagram.

Smartphone users vs. other cell owners		
<i>% of adult cell phone owners within each group who use their phones to do the following</i>		
	Smartphone owners (n=688)	Other cell owners (n=1,226)
Send or receive text messages	92%	59%
Take a picture	92	59
Access the internet	84	15
Send a photo or video to someone	80	36
Send or receive email	76	10
Download an app	69	4
Play a game	64	14
Play music	64	12
Record a video	59	15
Access a social networking site	59	8
Watch a video	54	5
Post a photo or video online	45	5
Check your bank balance or do any online banking	37	5
Access Twitter	15	<1
Participate in a video call or video chat	13	1
Mean (out of 15)	9.0	2.5

Source: The Pew Research Center's Internet & American Life Project, April 26 – May 22, 2011 Spring Tracking Survey. n=2,277 adults ages 18 and older, including 755 cell phone interviews. Interviews were conducted in English and Spanish. n/a indicates that sample size is too small to analyze. All differences are statistically significant.

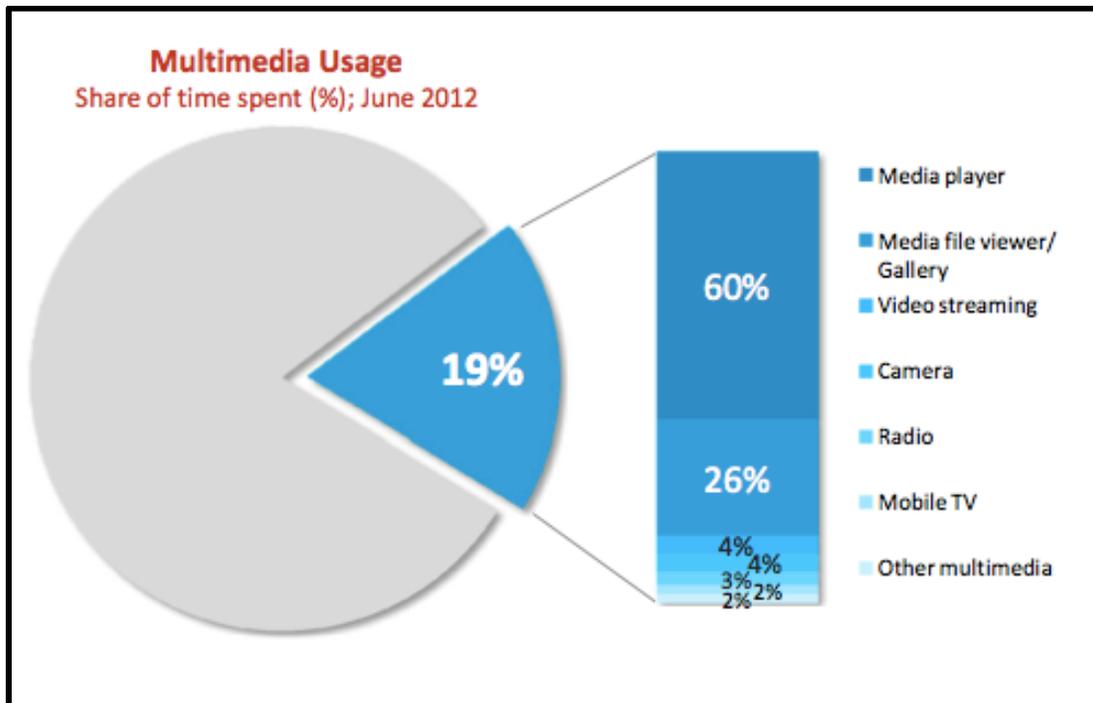
Mobile Owner Multimedia Content Creation And Consumption Habits

As smartphone penetration continues, these devices are replacing the digital camera as the average user's primary content creation tool.

Pew Internet's September 2012 [Life in Online Pictures](#) survey provides insights on the consumer's obsession with multimedia creation, which is now increasingly migrating to mobile devices like smartphones. It is key to note that consumers see photo and video creation and sharing as pieces of digital currency to be exchanged with online for access or opportunity – something many brands are taking advantage of in the creation and execution of UGC contests.

- 46% of adult internet users post original photos or videos online that they themselves have created
- 45% of this number have shared a photo; 18% have shared video

In July 2012, [Nielsen](#) reported that the average smartphone owners spent more than 30 minutes per day on multimedia-related activities. And it shows. Since 2009, iPhone has been the top camera credited for photographs shared on Flickr and in 2012, the [iPhone 4 took both 1 and 3 position](#).



SMS and MMS Carrier Traffic Forecasts

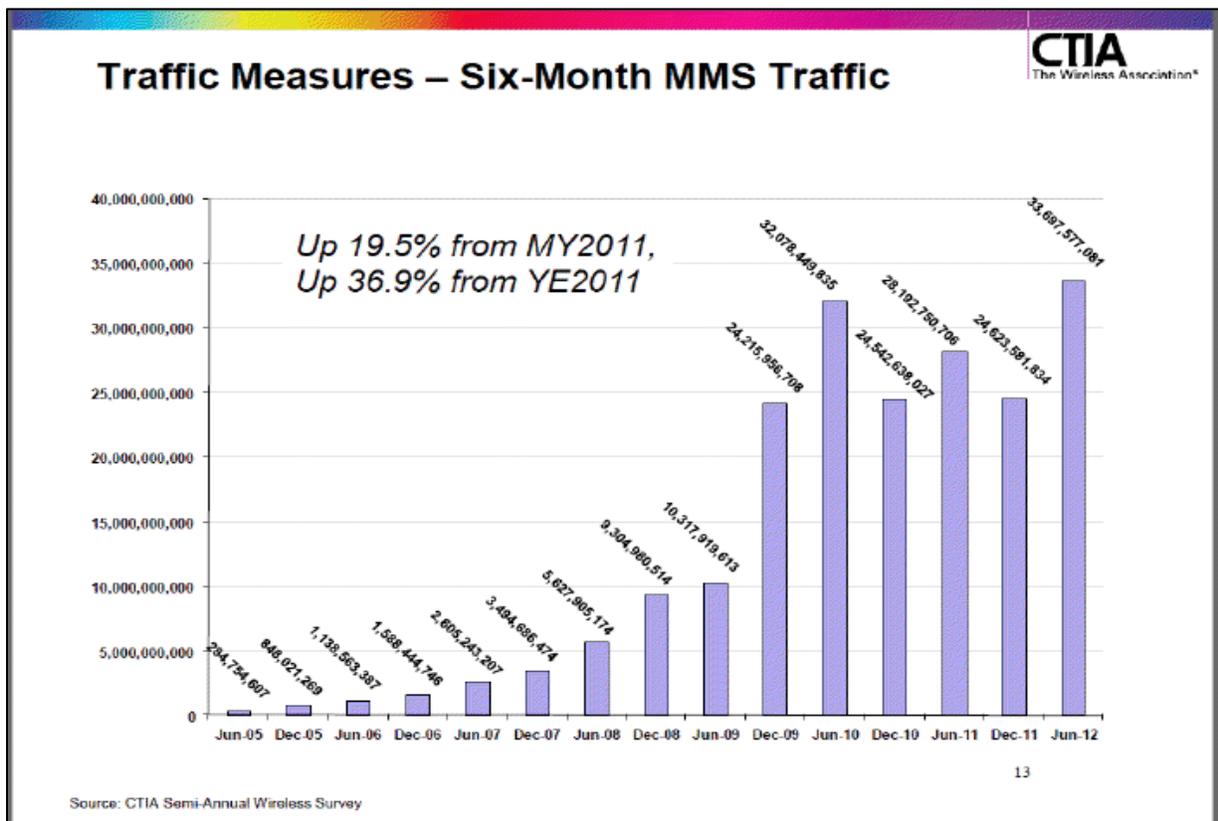
SMS Carrier Traffic & Revenues Declines

In November 2012, [Chetan Sharma Consulting's](#) U.S. Data Market Update reported a decline of SMS and SMS-related carrier revenues despite the fact U.S. subscribers are sending more than [650 text messages per month](#). Chetan Sharma Consulting credits this decline to the rise of over the top messaging ("OTT") (i.e. iMessage, Whatsapp, Facebook Messenger), not a decline in consumer messaging behaviors.

It is key to note that the growth in these services has *not* affected the significant rise in MMS traffic. In fact, the rise of consumer-friendly video and photo sharing apps is resulting in higher usage and utilization of MMS as a channel for media consumption and sharing via both consumers and brands.

MMS Traffic and Multimedia Consumption Rises Sharply

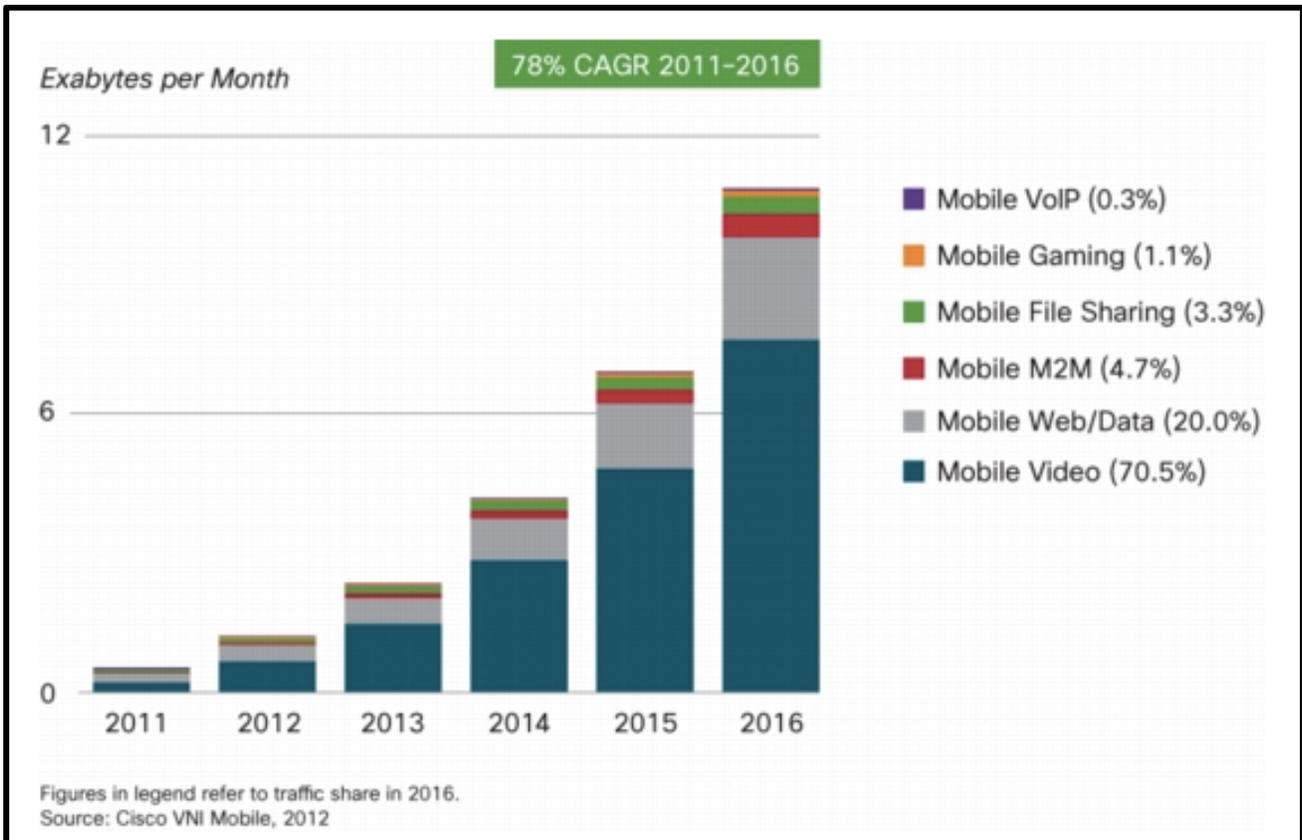
Available on 97% of all U.S. mobile devices, MMS is the global telecommunications standard for sending and receiving multimedia files via text messaging. As the smartphone device market share increases, and as these phones become a replacement for consumer's digital cameras, the result is a dramatic rise in MMS traffic in the U.S. market.



SMS and MMS Carrier Traffic Forecasts (cont.) MMS Traffic and Multimedia Consumption Rises Sharply

Similarly, the quality of the mobile devices' screens and cameras are not only resulting in a dramatic increase in multimedia content creation and sharing, they are also driving an increase in the consumption of multimedia content and in particular, video.

[Cisco](#) predicts that two-thirds of the world's mobile data traffic will be video by 2016, accounting for over 70 percent of total mobile data traffic by the end of the forecast period.



Percent of SMS/MMS Deliveries By Handset Manufacturer

While Samsung leads the industry market share at 26 percent vs. 15 percent by Apple, as noted in [comScore's chart below](#), Mogreet finds Apple iPhone users lead in commercial text messaging subscription and usage, increasing from 12 percent in April 2012 to 45 percent. Samsung users are also on the rise, representing 16 percent of the phones receiving messages in the last six months.

Top Mobile OEMs 3 Month Avg. Ending Sep. 2012 vs. 3 Month Ending Jun. 2012 Total U.S. Mobile Subscribers (Smartphone & Non-Smartphone) Ages 13+ Source: comScore MobiLens			
	Share (%) of Mobile Subscribers		
	Jun-12	Sep-12	Point Change
<i>Total Mobile Subscribers</i>	100.0%	100.0%	N/A
Samsung	25.6%	26.0%	0.4
LG	18.8%	17.7%	-1.1
Apple	15.4%	17.5%	2.1
Motorola	11.7%	10.9%	-0.8
HTC	6.4%	6.2%	-0.2

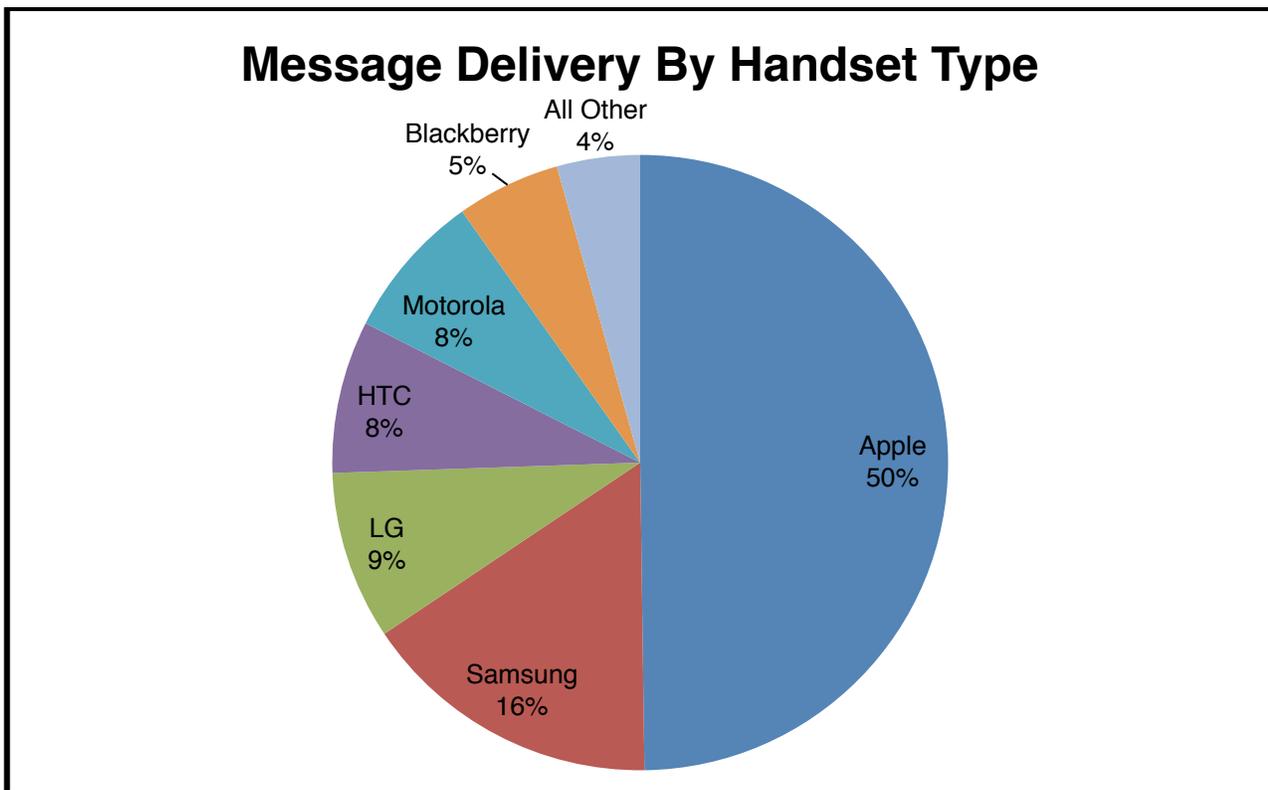
The increase in Apple iPhones is due to several key factors:

- A higher number and variety of Apple phone products available
- The introduction of the iPhone 5 and reduced prices on older models
- Pre-paid carriers such as Virgin Mobile USA and Leap Wireless' Cricket are now offering lower-cost iPhones to their subscriber bases
- Broader user base (including teens, parents, grandparents and other key consumer segments)

Percent of SMS/MMS Deliveries By Handset Manufacturer (cont.)

Logging 16 percent of messages and with more than 35 different models, Samsung registers the widest variety of handsets on Mogreet's list of devices of owners opted in to receive SMS/MMS messages. Samsung's continued presence on this list can, like Apple, can be credited to its new and innovative, including lower priced options, product offerings and partnerships with lower cost carriers.

While some view smartphone media consumption as occurring primarily via app & mobile-web based channels, Mogreet's data suggests smartphone adoption is responsible for growth in multimedia creation and sharing via messaging channels, such as MMS. This is largely due to the high barriers to entry associated with app downloads and the overall reach (290MM mobile consumers) and ubiquity of MMS, which is used by most mobile subscribers and pre-installed on nearly every mobile device.



SMS/MMS by Recipient Handset Operating System

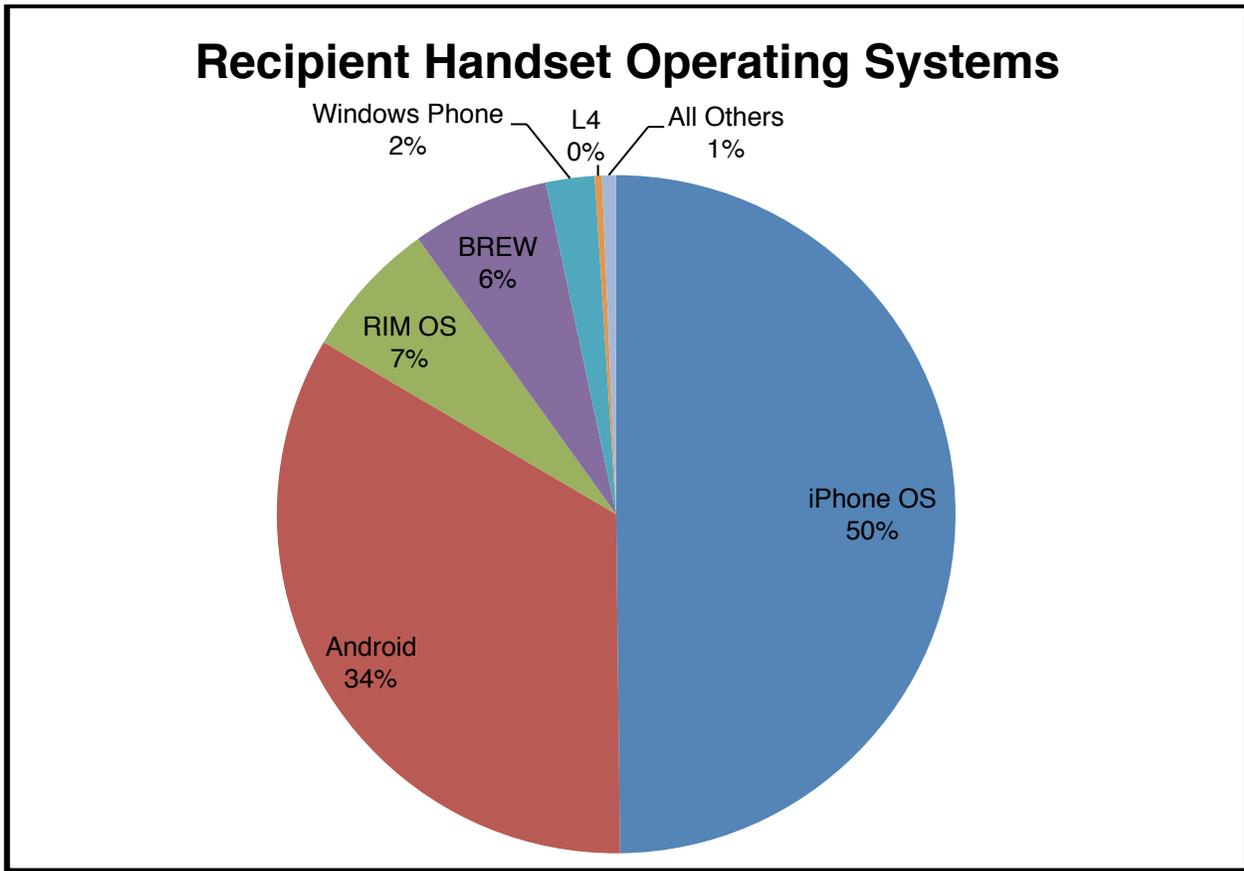
According to [ComScore](#), in September 2012, smartphone penetration crossed the 51 percent (119.3M users) threshold for the first time, with Google's operating system leading the way at 52 percent and Apple's iOS at 34 percent.

Top Smartphone Platforms			
3 Month Avg. Ending Sep. 2012 vs. 3 Month Avg. Ending Jun. 2012			
Total U.S. Smartphone Subscribers Ages 13+			
Source: comScore MobiLens			
	Share (%) of Smartphone Subscribers		
	Jun-12	Sep-12	Point Change
<i>Total Smartphone Subscribers</i>	100.0%	100.0%	N/A
Google	51.6%	52.5%	0.9
Apple	32.4%	34.3%	1.9
RIM	10.7%	8.4%	-2.3
Microsoft	3.8%	3.6%	-0.2
Symbian	0.9%	0.6%	-0.3

And while Android operating systems continue to lead in smartphone sales across the U.S, we find a different story in text message opt-ins.

SMS/MMS by Recipient Handset Operating System (cont.)

Coming in at 50 percent in April 2012, iOS users opt in to more text marketing programs than any other operating system, followed by Android at 34 percent, total of 84 percent. This is a sharp increase from April 2011 when iOS and Android platforms represented 39 percent of consumers opted in to text messaging programs.



For the first time in a year, RIM's OS enters back into the top 5 of recipient handset operating systems with 7 percent, with BREW and Windows phone (up 2 percent) rounding out the top 5

The September launch of Windows 8 is expected to affect Microsoft's overall OS market share during Q4 with heavy holiday season marketing in process. While Microsoft has not yet made as significant inroads into the smartphone ecosystem, this launch appears to be heading for improved market success with increased carrier adoption of the Windows 8 platform

SMS/MMS Consumption by Carrier

As noted in the first chart below, while [Chetan Sharma's](#) analysis of the U.S. carrier subscription market reveals no surprises, the nation's top two carriers continue to be Verizon and AT&T; Mogreet's data reveals smaller wireless carriers are growing their market share of text marketing consumers quickly.

As shown in the second chart, while both Chetan and Mogreet find Verizon and AT&T in the first and second spot, Mogreet noted there was a noticeable shift in in the second half of 2012 in mobile message usage by carrier.

In April 2012, AT&T and Verizon represented 89 percent of the mobile message views, up from 81 percent in 2011. In October 2012, this number decreased to 59 percent with Sprint, T-Mobile and Metro PCS making up the difference.

Why such a dramatic shift in carrier make-up during Q2?

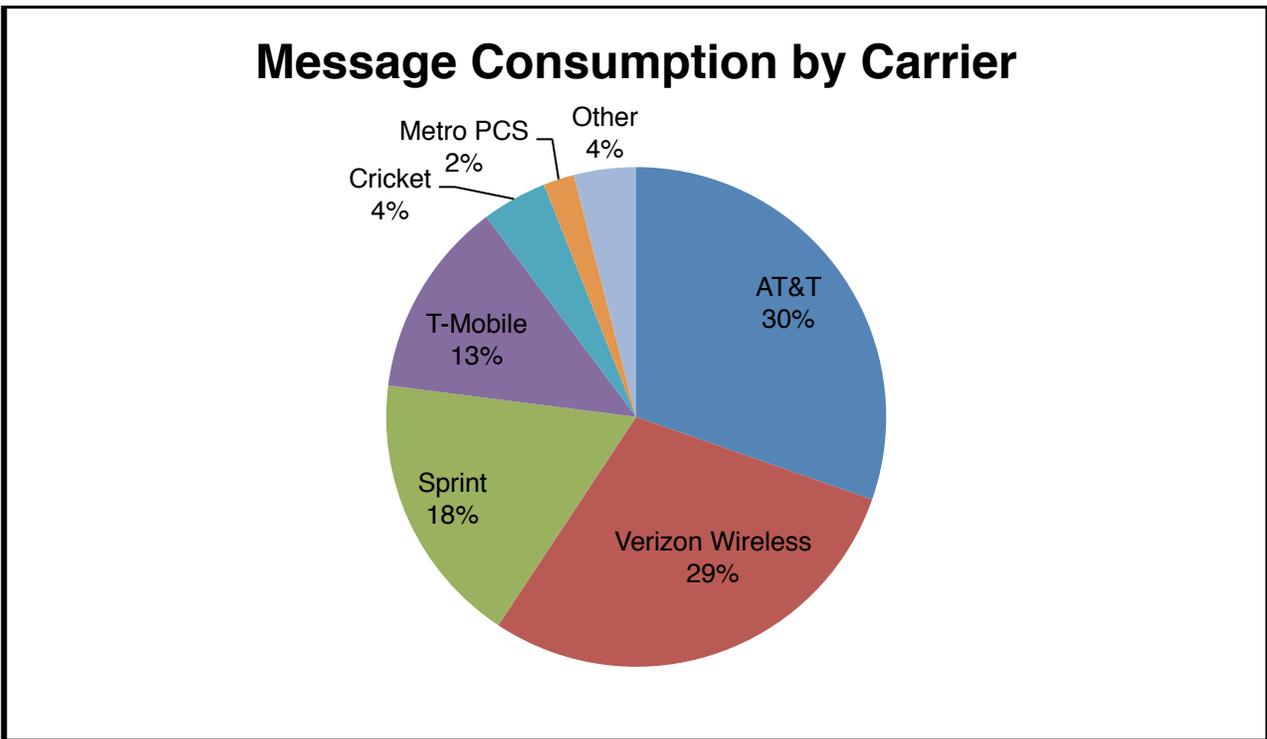
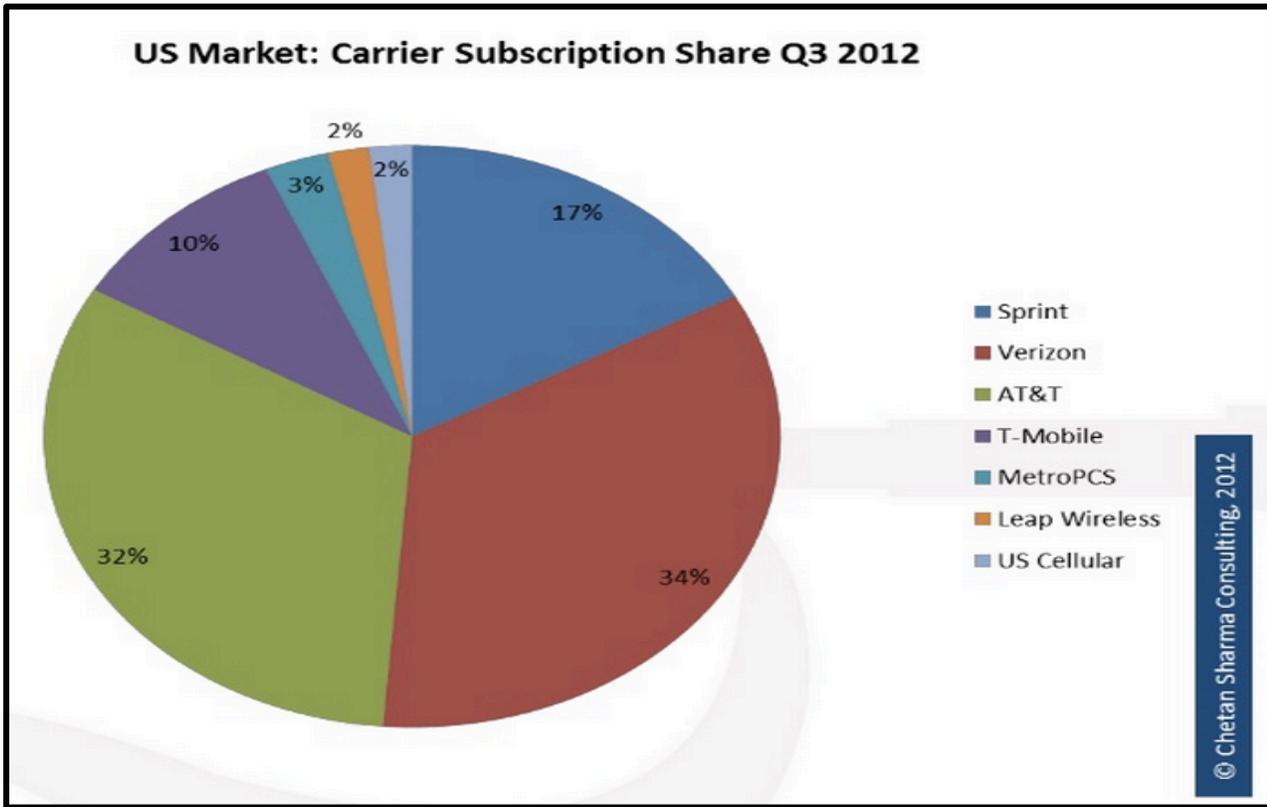
Q2 and Q3 marked the end of unlimited data plans for [Verizon](#) and [AT&T](#) U.S. customers. Timed right before the launch of the iPhone 5, Verizon encouraged those interested in buying the new phone at a reduced rate to switch to a shared data plan. On the other hand, Sprint and T-Mobile stepped up their unlimited plan promotions and smartphone offerings, acquiring customers from both Verizon and AT&T.

[Sprint's unlimited data plan](#) continued to drive significant growth in handset market share, and message campaign participation as seen by growth from 8 percent to 19 percent of message consumption.

[T-Mobile's](#) 2012 3G/4G smartphones sales accounted for 77 percent of units sold and increased 28 percent year-over-year, equivalent to 2.3 million units. T-Mobile expanded 4G coverage, launched an unlimited data plan, and featured a new line of smartphones including the Samsung Galaxy series.

It is essential to note that [Cricket's](#) text message marketing subscription growth coincided with their introduction of iPhone and other lower cost smartphone offerings.

SMS/MMS Consumption by Carrier (cont.)



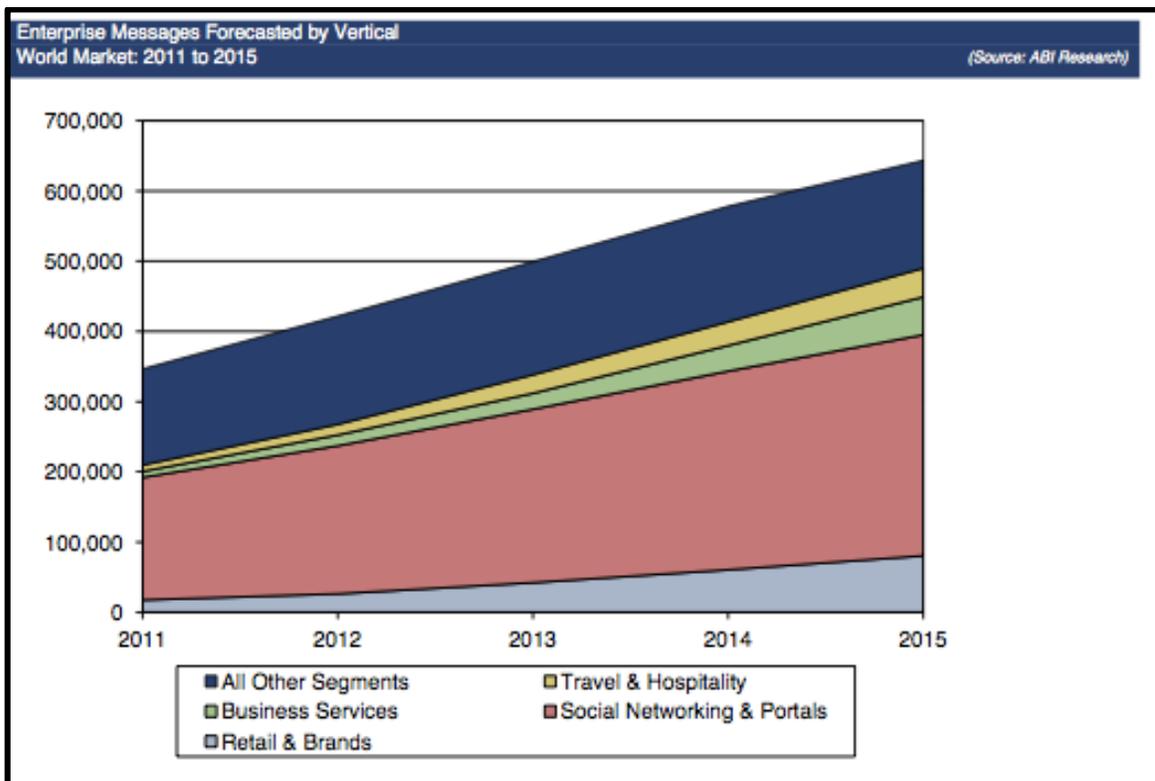
Enterprise SMS/MMS By Vertical

Despite an influx of mobile apps, text message marketing continues to drive impactful marketing opportunities for a wide range of industries. [ABI Research's](#) notes the industries best suited for commercial SMS/MMS messaging growth include:

- Retailers, brands and companies interested in building and/or activating their mobile customer relationship management systems
- Social networks and portals interested in driving reengagement
- Business services interested in increasing communication efficiencies
- Travel and hospitality, with an emphasis on mobile ticketing and reminder services

Mogreet provides SMS/MMS messaging services to a wide range of industries. The second half of 2012 saw a strong increase in MMS messaging within retail, media and entertainment segments primarily due to:

- 2012 Olympics
- 2012 U.S. national, state and local elections
- Weather-related activity
- Key shopping seasons, including Back to School, Black Friday, Christmas
- Increase acceptance and adoption of mobile marketing by enterprise marketers



Top U.S. Regions Opted-In for Commercial Text Messages

The last metric observed in this report is the geographic regions based on zip code with the highest number of commercial text message recipients. This information should help to inform marketers interested in reaching consumers in these areas for mobile database acquisition to find a high acceptance rate and lower cost of obtaining opted-in mobile subscribers than other markets. It is key to note that this metric is based on a wide range of program variables.

Laredo, Texas	South Carolina
Central Florida, Orlando FL	Outer Chicago
Atlanta and suburbs	Tulsa metro area
Phoenix area	Dayton, Ohio
Pennsylvania - Pittsburgh	Houston area
Western Pennsylvania	Las Vegas area
Charlotte metro area	



Credit: Pinmaps

Conclusion

2012 was indeed the year of the smartphone. New models and carrier partnerships brought smartphones to a wider, content hungry audience, making mobile a required component of any successful marketing program. Successful marketers take advantage of native phone behaviors, such as multimedia creation and text messaging, to engage with these new smartphone users through MMS messaging. Mogreet data indicates savvy marketers will see up to 10x the return on their marketing investments compared to other digital marketing channels, such as email.

Learn more about Mogreet at www.mogreet.com or contact us at info@mogreet.com.

For additional information about Mogreet for the data used in the Mogreet Semi-Annual Mobile Messaging Analytics Report, please contact Serena Ehrlich at serena.ehrlich@mogreet.com.

About Mogreet MMS/SMS Messaging Services

[Mogreet's](#) text messaging technology enables seamless delivery of video, photo audio, as well as text messages to 97% of all mobile phones in the United States. It is a cross-carrier solution that has the ability to deliver high quality multimedia to more than 290 million mobile subscribers in the U.S. and messaging to more than 2 billion consumers globally across more than 175 countries.

About Mogreet's Metrics

Mogreet's platform metrics are available to and utilized by clients to track and improve the reach and efficacy of their messaging campaigns. The data metrics include:

- **Regional hotspots (geo-targeting):** Allowing brands to tailor offers and communication to users within specific geographic areas
- **Phone operating system data:** Provides marketers the ability to create OS specific messages to drive usage, downloads or remarketing of mobile apps
- **App development priorities:** This data provides brands the information they need to determine which platform their customers are using (Android phones vs. iPhones) allowing them to determine future app usage success
- **Content personalization:** Understanding the device and media that mobile users prefer is invaluable to marketers who want to customize their mobile marketing programs to provide a personalized brand experience

About Mogreet

Founded in 2006, [Mogreet](#) is the leading text messaging platform for the delivery of rich media and video to mobile devices. The company works with leading retail, entertainment, media and consumer products marketers as well as developers through the [Mogreet Developer Platform](#). Currently supported in over 175 countries, Mogreet's platform reaches 2 billion consumers globally. The company has raised \$14.1 million in venture capital from top venture capital firms. Mogreet is headquartered in Venice, California. Learn more at <http://www.mogreet.com> or follow Mogreet on Twitter at www.twitter.com/mogreet or join in the conversation www.facebook.com/mogreet.