

# THE MOBILE MESSAGING OPPORTUNITY

INCREASED ENGAGEMENT, RETENTION AND CUSTOMER  
VALUE THROUGH PUSH, SMS AND IN-APP  
MOBILE MESSAGING MEASUREMENT

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## Welcome to the Age of Mobile Measurement

Companies have been measuring customer response to direct marketing messages since long before the Internet. However, the intelligence gathered back then isn't even a microscopic fraction of the volume of consumer data being gathered now through mobile devices.<sup>1</sup>

As consumers adopt smartphones and tablets at soaring rates, they make more of their everyday social and financial transactions on those devices too. Marketers are racing to make sense of the copious data those transactions generate, harness what the data says about their customers and then act on that information.<sup>2</sup>

Marketers delivering messages to consumers through non-mobile channels have a wealth of long-established choices, industry-wide best practices and measurement standards arrived at over decades. Until very recently, though, marketers who target mobile customers have had limited options for gauging message impact and, when necessary, reworking messages that don't deliver ROI.

That, however, is changing.

In late 2011 and early 2012, many marketing pundits<sup>3</sup> were declaring<sup>4</sup> 2012 to be "The Year of Mobile Marketing." Now, as ever-growing numbers of marketers are "going mobile" and realizing that this medium requires its very own analytics techniques and metrics, it looks like the industry is poised to enter the Age of Mobile Measurement.



## Acquisition is Expensive: Beating the Numbers

The world's marketers spent \$8.4 billion on mobile campaigns in 2012, a sum that by 2017 will reach \$37 billion, predicts eMarketer.<sup>5</sup> When it comes to marketing through mobile, engaging and retaining existing customers – rather than attracting new ones – is a far more cost effective route to boosting ROI.

In their 2002 business management manual, “Leading on the Edge of Chaos”, authors Emmet C. Murphy and Mark A. Murphy estimated that acquiring new customers can cost up to five times more than retaining existing customers, simply by keeping them satisfied. The Murphys also estimated that, in some industries, reducing rates of current customer loss by just 5% could boost profitability by 25 to 125%.<sup>6</sup>

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About a year later, Harvard Business Review writers Ravi Dhar and Rashi Glazer wrote in their article “Hedging Customers” that, according to some estimates, repeat purchases by established customers take up to 90% less marketing effort than first purchases by new customers.<sup>7</sup> In fact, for many marketers, acquisition costs have gone “through the roof,” as Andrew Green, head of business development at game developer TinyCo, told All Things Digital in October 2012.<sup>8</sup>

Marketers already know they need to go mobile; that's no longer even a question. While it may be a challenge, pinpointing the right moment and the right message to elicit a customer conversion is possible.

It's all in the numbers – as long as marketers can identify the smart data within the Big Data.

## ALL Eyes on Mobile Messaging: The Surest Way to Engage and Retain Consumers

Mobile isn't only the here and now; it's also tomorrow's Internet access winner, with mobile data plans reaching 1.2 billion<sup>9</sup> as of May 2012 and expected to grow to 9.3 billion<sup>10</sup> by 2018. Mobile will soon be in nearly everyone's hands as it surpasses desktop as the principal gateway to the Internet for a large majority of consumers.

Considering these numbers, it makes perfect sense for marketers to engage consumers through the portable screens that command so much of their attention and, increasingly, dominate their daily lives. In fact, mobile has become so prevalent and so indispensable that many users experience<sup>11</sup> heightened stress when separated from their devices, while 68% of mobile owners sleep<sup>12</sup> with or next to them. No other medium has penetrated and impacted daily life to this extent.



As mobile communications hardware and software have evolved, so have the routes by which marketing messages directly reach device owners.

### To-Device Messaging

Today, brands seeking to raise their mobile profiles are distributing direct marketing messages to customers' smartphones and tablets in several formats including:

- + Short Message Service or SMS
- + Mobile Email
- + Push Notifications

**Short Message Service or SMS** – This is the globally-popular text message service. Marketers large and small have leveraged its immediacy to increase engagement and ROI. For example, Planet Hollywood Resort and Casino in Las Vegas, in a bid to increase membership in its A-List Players Club reward program, developed a dual opt-in strategy: mobile-carrying guests first received offers to sign up for prize giveaways and then offers of free slot games for new rewards sign-ups.<sup>13</sup> During a small-scale pilot test campaign, Planet Hollywood achieved a 13.5% rate of reward program opt-in, with half of those guests playing beyond the original free games. Revenues generated covered the cost of the pilot program within 28 days.



**Mobile Email** – During the period between the Tuesday before Thanksgiving and Cyber Monday 2012, according to direct marketing firm Knotice, the open rate for mobile email messages from retailers jumped 50%.<sup>14</sup> This is a clear indication that marketing via mobile email is still going strong as mobile adoption – and email opens on those devices – soars.<sup>15</sup> Seamless, an online platform that allows 2 million-plus members to order food from over 11,000 restaurants in 40 cities, recently saw a 100% higher click-through rate, 50% more app downloads and 90% more food orders from those downloads.<sup>16</sup> How? Through mobile email targeted by device type as opposed to untargeted email.

**Push Notifications** – These are the opt-in messages that pop up on smartphones and tablets announcing updates and offers related to apps that consumers have installed on their devices. Push notifications, when done right, have tremendous potential for boosting customer engagement. For example, when Florida-based Jenkins Auto Group wanted technology to help it better connect with customers, it enlisted the help of MobileAppLoader to create apps – and push campaigns – for all its regional dealerships. According to the company’s Internet director, the push campaign has significantly increased follow-up phone calls and service appointments as well as car and parts sales.<sup>17</sup> It’s also increased customers’ engagement with Jenkins’ mobile apps, which allow users to schedule appointments as well as find the lowest local gas prices and share their activity with social networks.

## On-Device Messaging

Mobile marketers looking to boost engagement and monetization opportunities from customers are using messaging formats that originate on the device itself, usually in an installed app, such as:

- + Local Push Notification
- + App-Originated Push Notification
- + In-App Alerts
- + In-App Content

**Local Push Notification** – Used with native apps, these are notifications that pop up after a particular app action (a click or a swipe) triggers the app to schedule a related message for delivery at a particular time. For example, a San Francisco consumer using a fictitious app, say, Music Events, might trigger future local pushes by selecting “classic rock” or “reggae” as favorite genres. The app then reminds the user of upcoming classic rock or reggae shows in the Bay Area.

**App-Originated Push Notification** – For publishers with a generic server or limited controls, app-originated push notifications are delivered to a user’s device based on the trigger actions of another user’s device. For example, a user with the game app “Scan N’ Spot,” which challenges Facebook friends or Twitter followers to spot the tiny differences between two almost-identical photos, would trigger app-originated pushes when a social contact invited the user to play.

**In-App Alerts** – These are messages that, unlike with push, pop up while an app is running. For example, a user playing a fantasy quest game might receive an alert saying that, because the user has just slain his or her 500th goblin, a new Mystical Purple Sword with magical powers has been unlocked, allowing the player to mow down multiple monsters per slash.

**In-App Content** – Mobile marketers are also using in-app content to deliver a variety of media, such as rich HTML content like banner ads and promotions. This can cover any form of data including numeric, textual, or procedural, and can include engaging gamification experiences that are more likely to result in conversions.

Large volumes of untargeted messages don't necessarily yield the best value, though. That's because mobile is different from desktop-based marketing. Page views, number of registered users, impressions, banner clicks and message open rates don't tell the marketer who is interacting, or which app features the user is interacting with. Nor do they reveal which specific messages are driving engagement and ROI.

It's also because consumers don't use desktop and mobile in the same way, particularly when they're searching to shop. Ninety percent of mobile searchers act within one day and 70% of mobile searchers act within one hour.<sup>18</sup> In addition, mobile devices help their owners manage everything from finances to social lives to blood sugar. Consequently, device owners expect mobile messaging to add value to their lives. The tolerance threshold for untimely and irrelevant messages is much lower on mobile than on desktop, where they're easier to ignore. In fact, message overload and irrelevance cause 69% and 60% of consumers, respectively, to abandon mobile marketing updates.<sup>19</sup>

Marketers increasingly know that, to build engagement, loyalty and ROI on mobile, they'll need metrics that paint a clear picture of each customer and allow them to constantly test message effectiveness and quickly retool messages that aren't working.

They need smart analytics. Nimble analytics. *Action analytics.*





## Mobile Measurement Done Right: Action Analytics, A/B Split Testing and Retargeting

The Interactive Advertising Bureau's Mobile Marketing Center of Excellence released a study, "The State of Mobile Measurement" in 2011.<sup>20</sup> IAB reported that, while the number of mobile marketing campaigns is booming, the measurement of those campaigns' effectiveness is lagging behind and consistent industry-wide standards have yet to be adopted. But even at this stage, the mobile industry does have precision measurement tools that can help marketers use smart data to take the pulse of their audiences and craft messaging campaigns that resonate with individual customers, yielding optimal ROI.

In order to get top relevance and value out of each message, marketers can turn to methods that show exactly how customers are interacting with those messages down to individual taps and swipes:



**A/B Split Testing**—This analytics method consists of deploying different versions of a single message to see which gets the highest number of the marketer's desired conversions, be they in-app purchases, coupon clicks and redemptions or social shares. Marketers can test message copy for qualities such as tone, urgency, length and energy. This method has been in use for decades to test marketing messages in print, television and the Web, and it's starting to make its mark on mobile. Combined with automatic selection of the best performing split, derived from an audience subset, can yield dramatic conversion increases.



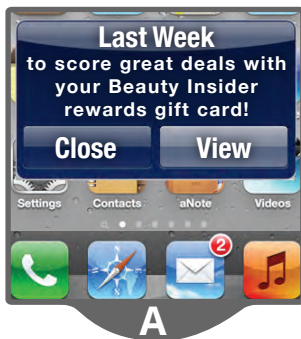


**Action Analytics**—Harnesses deep and granular data such as send vs. open, time since last open, organic vs. prompted opens, location, etc., and links individual message copy to specific user behaviors, outcomes and goals. The gathered business intelligence can then be used to set parameters for precise retargeting and future messaging campaigns. For example, there is no point in messaging users at times when they are not active on mobile.



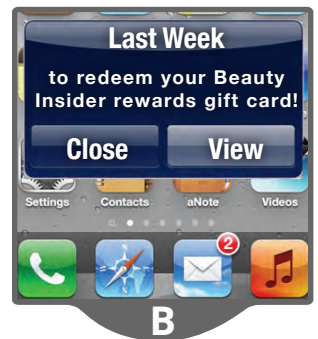
**Retargeting**—The data generated through action analytics and A/B split testing can be used to retarget unresponsive consumers. In retargeting, marketers can use the data to further retool messages and deploy them to customers who didn't open a previous message or to those who did open the message but did not follow the call to action.

A well-known national cosmetics and perfume retailer with a mobile app wants to remind its reward-program members that their accrued points are about to expire. The retailer deploys two versions of the same message to their app users who have not redeemed their points:



Message A had a 40% open rate and a 20% redemption rate. For every 100,000 messages sent, 8,000 led to a conversion.

Message B had 30% open rate and a 30% redemption rate. For every 100,000 messages sent, 9,000 led to a conversion.



Though it had a lower open rate, message B yielded better ROI because it had a higher redemption (9% vs. 8%). So the retailer disseminates that message to a wider audience. Then, to maximize ROI even further, the retailer retargets customers with an additional message, taking a segmented approach based on the original test. There are, in fact, six possible outcomes in our sample A/B test:

Message A	Message B
Opened / Redemption	Opened / Redemption
Opened / No Redemption	Opened / No Redemption
Not opened	Not opened

Using this matrix, our marketer could take any number of retargeting approaches. As an example, they might retarget:

1. Everyone who opened message A and B and took the redemption could receive a new message offering triple points for taking an additional action (e.g., a survey, a social share, etc.)
2. Everyone who opened message A but did not redeem is sent the winning split test message.
3. Everyone who opened message B but did not redeem is sent a more enticing message, perhaps offering bonus points.
4. Everyone who didn't open either message A or B is sent a message with a more urgent call to action.

## A Case Study: A/B Split Testing In Action with Kidspot

A/B split testing can make a huge difference in boosting engagement with a brand's messages.

In one example, Kidspot, Australia's most popular parenting lifestyle website, partnered with OtherLevels in an effort to increase its audience's engagement with its mobile app. The split tests we carried out found that Kidspot members – mostly mums – responded better to push notifications that addressed the process of pregnancy and child-rearing in straight-forward, almost clinical language than in a more casual, folksy tone.

Within two weeks of initial testing and adjusting the messages, the site saw engagement from messaging with its app increase by 87.5%, while a lift of between 200% and 300% was achieved based on the wider deployment of segmented messages shown to draw more interest from mums.



## On the Horizon for Mobile Measurement

What was missing in 2012 wasn't mobile adoption or mobile devices or even mobile analytics in general. It was the tools to gather deep granular data that allows marketers to measure engagement and act quickly to alter messaging that doesn't work.

And embracing mobile's differences? That mobile is not email or web banner advertising for a smaller screen is becoming increasingly obvious to marketers, many of whom have recognized they can't apply the same old web metrics to mobile and get the same results. The channels differ, the experience is different, and so is the engagement.

We are moving into what we might call "The Age of Mobile Measurement". Mobile analytics and measurement is going to make great strides in the coming months and years, becoming an indispensable component of any mobile engagement campaign.

Here are five of our predictions of what the mobile marketing and measurement landscape will look like in the near future:

- 1+ SMS WILL REMAIN HIGHLY RELEVANT:** Anyone who's received a text reading 786-454-5736 WE BUY JUNK CARS CASH \$300/400 COMPRAMOS CARROS might disagree, but SMS will live on despite newer and arguably more visually engaging formats precisely because of its simplicity and directness. Read our message. Text 1 to opt-in, text 2 to opt-out. Simple. While push notifications will gain in prominence, look for SMS to remain highly relevant in both the developed and developing world – where feature phones outnumber smartphones. With messaging being very limited, marketers will learn to make every character count.
- 2+ MARKETERS WILL DEMAND THE SAME SOPHISTICATION FROM MOBILE AS THEY DO FROM OTHER MARKETING CHANNELS:** Current mobile analytics aren't meeting the needs or challenges of marketers to engage or retain their mobile audiences and show ROI. But now that the conversation has moved from whether to go mobile to how, marketers will demand the same sophistication that has been applied to print, TV and desktop measurement to gauge campaigns' effectiveness – and justify their growing mobile budgets.

- 3+ BIG DATA WILL DRIVE ENGAGEMENT, RETENTION AND REVENUE:** The focus on Big Data will shift to smart data. Mobile marketers will start paying more attention to metrics that go beyond data gathering to the analysis of deep granular information – e.g., location, coupon clicks, organic vs. targeted re-engagement – that provides customer context and makes for successful targeting of individuals. The result makes for smarter, more engaged customers, driving both retention (far less costly than acquiring new customers) and revenue.
- 4+ MARKETERS WILL FINE-TUNE THEIR MOBILE MESSAGING:** A/B split testing for mobile campaigns will boom, and become a regular part of app development and management. New startups offering analytics services that go far beyond download counts and open rates to deliver better engagement will come on the scene. Through A/B split testing and more precise targeting, marketers will be more effective, fine tuning their marketing messages to perfection.
- 5+ MOBILE METRICS WILL REACH BEYOND DOWNLOADS, SWIPES AND TAPS:** Not only will marketers be doing more A/B testing, they'll be using gathered data for message retargeting to unresponsive customers and users, leaving no stone unturned in their quest to engage, retain and maximize the value of their audiences. There will be significant investment in metrics like action analytics – campaigns tied to actions and ROI - that go beyond simply tracking who downloaded what, when, and how many times. And while there might not be an ironclad set of industry-wide measurement standards yet, mobile metrics will make huge strides in opening up a world of constant testing, feedback and improvement for marketers and consumers alike.

## Mobile Analytics Now and Into the Future

Mobile technology will continue to expand its reach even into some of the world's most remote places – you can already get a cellular signal at Mt. Everest Base Camp.<sup>21</sup> As the world's emerging markets increasingly adopt this technology to complete everyday tasks and transactions, the medium presents an opportunity for brands to engage, retain and maximize the value of ever-larger audiences.

Along with their customers, today's marketers are building the mobile messaging space into a moneymaking powerhouse. However, as device adoption soars amid a growing sea of Big Data, marketers will demand more sophisticated tools for gauging message impact and monetizing their messaging campaigns.

Through techniques such as A/B split testing and retargeting, the burgeoning "action analytics" industry will provide mobile marketers with the edge needed to remain at the top of customers' minds, opening up a world of constant testing and improvement. This means more thoughtful, intelligent and targeted campaigns delivering higher returns and a better overall mobile experience. Deep granular metrics that paint the most complete possible portraits of individual customers can help brands go the extra mile to get the kind of meaningful engagement and robust ROI they're looking for – not just now, but for years to come.





## About the Author

Brendan has over 20 years' experience in the mobile ecosystem. He managed global accounts such as the Cable and Wireless group for Oracle Corporation, before growing Oracle's Asia/Pacific services offering to a \$150m business. He subsequently led a US mobile messaging business in Asia/Pacific prior to its acquisition in 2001. In the past decade he has been an active investor and director in mobile and on-line properties.

## About OtherLevels

OtherLevels enables mobile games developers, brands and publishers using push notification, SMS, mobile email messaging, in-app alerts and content and local push notifications engage, retain and maximize the value of their audiences through mobile messaging analytics and retargeting. Based in San Francisco and Brisbane, Australia, OtherLevels offers dynamic A/B split message testing, targeting and retargeting capabilities through its real-time app and mobile web analytics engine. Marketers can track, review and act upon a wealth of granular data, including messages opened, time since last open, and opens resulting in goals such as registrations, purchases or social shares being reached. OtherLevels provides a simple set of native app and mobile Web JavaScript libraries that embed their capabilities into all mobile platforms while working seamlessly with push vendors and SMS aggregators as well as in-house push solutions.

OtherLevels supports clients with as many as 500 million app downloads, demonstrating scale that can meet the demands of the largest global enterprises.

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