

A Marketers Guide to Messaging

Trends and Best Practices

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Messaging Task Force**



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Introduction

This white paper is designed to provide marketers with an overview of the best practices and trends when marketing to consumers on mobile devices, via text messaging aka SMS (short message service), MMS (multimedia messaging service), push notifications, or any other mobile messaging media.

In this document we will provide an overview of messaging within the context of mobile marketing and not just mobile advertising, as there are clear distinctions between the two disciplines. Mobile messaging refers to the discipline of opt-in, push marketing to individual consumers, via connected devices. Mobile display advertising is generally pushed to a mobile device, within a mobile web site or within a mobile app, and in many cases, permission is not required to send that ad. Mobile marketing should be seen for what it is: the ability to utilize a collection of different media paths, including SMS and MMS messaging, push notifications, mobile web sites, apps, mobile video, social, email and advertising, to reach and engage with mobile consumers. Messaging, within this context, can be seen as similar to direct marketing where the objective is to build a database and to extend offers or promotional content to mobile users, based on an intimate understanding of their wants and needs.

The mobile industry in the United States is highly regulated, with significant emphasis placed on the rights of consumers to receive communications only when they have granted specific permission. Industry oversight rests primarily with CTIA®-The Wireless Association and the Federal Communications Commission (FCC). Various other consumer bodies do also become actively involved from time to time, for instance, when there is a legal dispute. Another set of key role players in the mobile phone industry is the wireless carriers – including AT&T, Verizon, Sprint and T-Mobile. The carriers permit mobile marketing programs to run on their networks under specific, pre-defined circumstances.

On October 16th, 2013, new, updated telemarketing rules came into effect. These rules have far reaching implications for all marketers who are using mobile as a marketing channel. Known as the Telephone Consumer Protection Act, or TCPA, the updated regulations state that anybody who is using an automated dialing system to call a US number – landline or mobile – must have expressed, opted-in permission from the person to whom the marketing offer is being extended. Failure to adhere to the rules carries significant penalties. From a



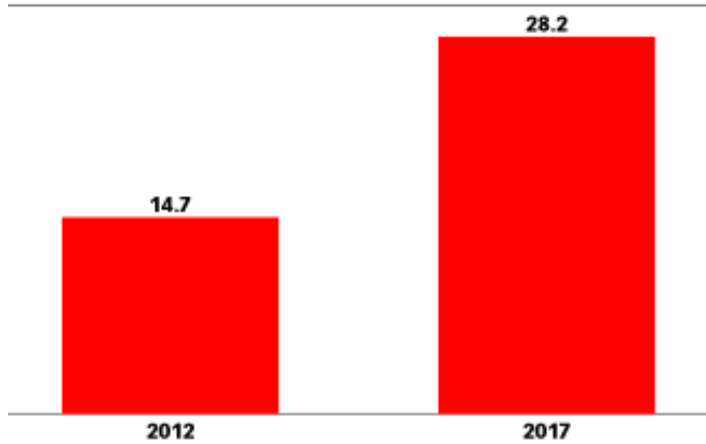
marketer's perspective, the new rules provide certainty but not absolute clarity about what is acceptable. There are several petitions in front of the FCC requesting further clarifications. Once these are resolved the rules should serve to improve the overall user experience and prevent some of the abuses that have been seen in the online industry. The new TCPA regulations can be found at the following link:

http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-12-21A1.pdf

Messaging in the Context of the Overall Mobile Market

The mobile industry is one of the largest and most dynamic in the world today. According to the Economic Impact Survey white paper released by the Mobile Marketing Association in June 2013, the dollars spent on mobile marketing communications in the U.S. in 2012 was estimated to be \$6.7 billion. This is forecast to grow to \$15.0 billion by 2015. The same survey forecasted that mobile marketing communications expenditures will grow to \$19.8 billion by 2015. Deloitte Consulting determined that mobile will influence between 17-21% of total retail sales, worth some \$689 billion, by 2016. As the numbers show, the market for communicating with consumers via mobile devices is vibrant and growing.

Mobile Message Traffic Worldwide, 2012 & 2017
trillions



Note: includes text messages, MMS, instant messages, email, social media messages and RCS/RCS-e (Rich Communications Suite)
Source: Juniper Research, "Mobile Messaging Markets: SMS, MMS, IM, Email, RCS/RCS-e & Social 2012-2017" as cited in press release, Sep 12, 2012

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store. Consumer goods companies send push notifications to customers when they are at the Super Bowl to indicate where their product can be found in the stadium. Messaging is a major part of the mobile marketing mix.

The messaging market continues to expand, with the launch of Over-The-Top (OTT) messaging solutions such as WhatsApp and Apple's iOS iMessage. The good news for marketers is that these new messaging solutions will only serve to provide better, more efficient ways to communicate with consumers on mobile devices. OTT solutions are delivered via Internet Protocol (IP) connections, leading to lower prices per message because the price is included in monthly data plans. This is inherently beneficial for both marketers and consumers.

Types of Messaging

Mobile messaging is broadly categorized into SMS, MMS, Push Notifications, Cross Channel Messaging, Over the Top Messaging and Instant Messaging. Each category differs in that the messages are delivered to mobile phones via different technical formats. Text messages, for example, contain only words and symbols, whereas MMS messages contain a text message, as well as a picture or video, which is delivered as an attachment to the text message.

Understanding the features and functionality of the different message types will lead to the development of a better strategy and ultimately better conversion rates for mobile messaging campaigns.

An important element of messaging is the difference between a P2P (Person to Person) message and an A2P (Application to Person) message. Historically, the bulk of mobile messages that were sent over carrier's networks have been P2P messages. Taking a picture and sending that to a friend would be P2P messaging, but a bank sending an alert about an account balance would be A2P messaging. Typically, an A2P message requires some form of mobile messaging platform that delivers the message to the designated mobile phones. A2P messaging is considered a high growth market, as more and more companies start using messaging to deliver alerts, notifications and marketing messages to mobile subscribers.

Each messaging channel has a different pricing model and it is important that marketers research the pricing implications of each type of mobile messaging channel. Typically MMS



messages are slightly more expensive than SMS messages, however MMS campaigns convert better than SMS campaigns. Most consumers have messaging plans that include SMS and MMS messages as part of a bundle. If the bundle includes unlimited SMS and MMS messaging, then there is no cost implication to the recipient of the message. However, if the subscriber has a limited bundle, then there will be a cost implication when they receive an SMS or MMS message. Messages delivered via the Internet, such as Instant Messages and Over-The-Top messages, are included in the data component of the subscriber's mobile plan.

A key consideration about mobile messaging is the regulatory environment. Text and MMS messaging is regulated by the FCC and, on behalf of the carriers, is overseen by the CTIA. In order to run a text or MMS campaign, approval needs to be obtained from the carriers for a short code and campaigns on that short code also require approval. OTT and push messaging campaigns do not require short codes, making them an easier to deploy mobile channel.

The following are the major messaging types:

Short Message Service (SMS) is a text messaging service component of mobile phones that allows the exchange of short text messages between mobile phones. Single messages are limited to 160 characters and can contain only plain text (i.e., no images or videos directly embedded in the message itself). SMS messages are also categorized as either MO (mobile originated) or MT (mobile terminated) messages. MO messages are text messages sent from a mobile phone, for example when opting in to a mobile campaign, whereas MT messages are sent to a mobile phone from an outside messaging platform. The pricing for SMS messages drops dramatically when they are sent via an established service provider that has secured bulk-messaging rates from the wireless carriers.

Multimedia Messaging Service (MMS) is a standard way to send messages that include multimedia content (pictures, videos) to and from mobile phones. It also extends the core text capability, allowing the exchange of single text messages that can be thousands of characters in length, well beyond SMS's 160-character single message limit. Pictures or videos are delivered to the mobile phone's messaging inbox with text, which can be opened instantly and displayed on the handset. Technically it is possible to deliver files of up to 1MB or higher depending on individual carrier file size restrictions, which in video format can run



for up to one minute. Because of carrier file size limitations, video quality becomes an issue with the longer video message lengths. Optimum length for a video MMS message is around 30 seconds because length and playback quality can be balanced well. MMS messages also offer one very attractive feature that can help marketers immensely. Each time that an MMS message is successfully delivered to a mobile phone, the phone notifies the wireless carrier, via a return path SMS, thereby providing a delivery report. Delivery reports provide valuable marketing insight.

Push notifications is a service on a mobile device that allows native mobile apps on the device to notify a user with push messages. Notifications are integrated directly with the app that is installed on the mobile device. When a mobile device receives a push notification, the app's icon and a message appear in the status bar of the mobile device. Mobile service providers have platforms that can deliver high volume of bulk push notifications to multiple mobile subscribers. Typically they will charge a fee for the service, based on the number of push notifications that are being delivered. Push notifications are a useful component in cross media marketing. For example, a subscriber could be searching for information about shoes in a shopping mall and a shoe store could then use the subscriber's location to deliver a push notification with a preferential offer that is only valid for the next hour.

Cross-channel messaging enables integration of different communication channels to provide seamless media exchange across technological boundaries. For example, cross-channel messaging enables the posting of Facebook comments via text message or uploading photos to Flickr via MMS.

Over-The-Top messaging (OTT) is a way to send messages that include text, pictures and videos between mobile devices using mobile apps developed by third parties (not mobile wireless operators), which are downloaded by consumers to their devices. OTT messaging uses the mobile app's Internet connectivity to transport messages that are not charged separately by mobile wireless operators. OTT messaging has taken off because users are not charged a fee per message. Well known OTT solutions include Apple's iMessage, BlackBerry's BBM messenger platform and WhatsApp. These messaging platforms can all be used to deliver text, picture and video messages. OTT messaging is now also being adopted by the wireless carriers as a channel, with many of them launching carrier supported messenger platforms. OTT messaging campaigns can also be deployed via Wi-Fi infrastructure, which means the user's location information will be accessible.



This information can improve the quality of the offers that can be extended via OTT messaging. As a best practice, in order to offer comprehensive solutions to their customers, marketers need to include SMS, MMS, push and OTT messaging services.

Instant messaging (IM) is a set of communication technologies used for text-based communication between two or more participants over the Internet. IM–chat happens in real-time and it allows immediate receipt of acknowledgment or reply. In many cases, instant messaging includes added features such as file transfers, picture and video sharing.

Voice messaging refers to a service that enables the sending of voice messages to a destination using voice media. Voice itself could be “packaged” and sent through Internet backbone. In a technical sense, the process of sending “voice packets” is a semi passive way of communication, similar to a walkie-talkie experience.

Short and Long Codes

Short Codes are common 5 or 6 digit numbers assigned and administered by the US Common Short Code Administrator (CSCA) for standard rate and premium rate text messaging services that can be used across multiple wireless mobile operators within discreet territories. Short codes do not work across the borders of different countries, separate short codes need to be activated separately in different countries. In late 2013 all major US carriers stopped allowing Direct to Carrier (DTC) billing, thereby largely eliminating premium SMS (PSMS) as an option. Premium SMS is the model where consumers would pay the marketer/brand a fee above the carrier cost of the message to receive messages, e.g. \$4.99/month subscriptions to receive exclusive news alerts. An available short code can be leased for a period of three (3), six (6) or twelve (12) months for a fee of \$500 per month for a "Random" short code and a fee of \$1,000 a month for a "Vanity" short code.

After a short-code is leased from the Common Short Code Administration (CSCA - www.usshortcodes.com) it would be up to the individual content provider to determine the need to provision across all Carriers, before enabling engagement and interaction between a brand and its opted-in consumers nationwide. Provisioning means that the newly acquired short code is activated across the various carriers' wireless networks and can be used for the



delivery of mobile messages. Short code/campaign approval usually takes between 6-12 weeks.

Short codes can be used to send mass marketing, text and picture messages from marketers directly to opted-in consumers, as well as for marketers to receive consumer generated text messages, pictures and videos directly from mobile users.

Provisioned short codes can be used as dedicated or shared short codes. A dedicated short code is a code leased by one brand for its sole use. However, to lower overall short code costs, most mobile messaging service providers lease short codes themselves and offer them to be used by multiple brands. Such a short code is referred to as a shared short code. One benefit of shared short codes is that a mobile campaign may be deployed faster than on a dedicated short code. The downside is that there are certain limits to shared short code use – e.g. keywords can only be used once on a single code – and companies can be exposed to issues caused by other companies on a shared code. It is highly recommended that dedicated short codes be used for ongoing mobile programs.

Long Codes are 10 digit phone numbers that were originally used for “person to person” communication. They are “virtual phone numbers” that support voice, SMS and fax, similar to local landline or mobile phone numbers. They are used most often for countries whose networks do not support short codes, or for initiatives running in multiple countries. In the US, long codes are also only applicable in certain cases as documented in the CTIA SMS Interoperability Guidelines which can be found here: http://files.ctia.org/pdf/SMS_Interoperability_Guidelines_V3-2-AsAdopted.pdf. Long codes experience a very low throughput limitation on the number of messages that can be sent out per second.

Marketing Best Practices for Messaging

The first aspect to consider when launching a mobile campaign is to ensure compliance with all of the prevailing regulations. The CTIA audits and enforces the rules surrounding carrier-based messaging programs, so their **Compliance Assurance Solution** should be the first reference, which can be found here:

<http://www.wmcglobal.com/assets/ctia-mobile-commerce-compliance-handbook-v1-2.pdf>



The Mobile Marketing Association's Consumer Best Practices white paper, which can be found at the following link – <http://www.mmaglobal.com/bestpractice> – is the legacy guide to current rules.

The key considerations from a compliance perspective are:

- Ensure that you are making offers to consumers who have given specific permission to receive messaging from your company
- The short code that delivers the marketing message must be the same short code on which the subscriber opted-in
- All messaging campaigns must be approved in advance by the carriers
- Different rules apply if you are dealing with medical information, which is governed under HIPAA Regulations, <http://www.hhs.gov/ocr/privacy/> or financial information such as asking for and storing credit card records
http://en.wikipedia.org/wiki/Fair_Credit_Reporting_Act
- Consumers must always be given the opportunity to opt-out of all communications, be provided help destinations, and be made aware that participation may entail cost to them

Each year tens of thousands of mobile marketing campaigns are run by major brands around the world. The following best practices are based on information and experience gleaned from many of these campaigns.

- Define your objectives and anticipated outcomes for the mobile messaging campaign, in advance. This will lead to an honest, data-based assessment of the campaign's results. If your campaign is designed to acquire new customers, then measure it against other customer acquisition campaigns and channels. If the campaign is designed to build long-term value by retaining customers, then benchmark the campaign against other retention campaigns.
- Mobile phones are the most personal marketing device in the world. Acknowledge this by creating engaging conversations with prospective and existing customers. Don't be boring!!



- Mobile marketing campaigns should be integrated with other marketing platforms, such as your Customer Relationship Management platform. This will provide a better overview of the individual customers wants and needs, and lead to a better user experience for the customer and success metrics for the marketer.
- Gain the users permission and trust. It is important that you invite consumers to engage with your brand rather than intrude on them. Making consumers secure that you respect their privacy and safety is the most critical first step.
- Relevance is one of the most underestimated components of a mobile marketing campaign. Most mobile subscribers do want to receive offers and information on their mobile devices. Offers must be relevant to them and their lifestyles. Untargeted communications offend subscribers and lead to resentment.
- Don't run dead end campaigns. Consumers want to be taken on a journey where they can experience your brand in an engaging way. The most successful campaigns are those that are built around a story, to which consumers can relate.
- The call to action (CTA) must be explained clearly and the process to accept the offer must be easy to follow. Acceptance of the call to action must also be simple and preferably not involve burdensome steps. Mobile messaging marketing is also dependent on multi-channel integration with all other marketing media including print, web, social, in-store, out of home, television, radio and any other place the call to action can be displayed and acted on. Opt-in is directly dependent on the effectiveness of this cross media integration.
- Test, test, test. Because it is easy to change the content of an SMS, MMS or push notification message in real time, it is critical to test the response to a message and to then alter the value proposition or call to action if the campaign is underperforming. That is one of the biggest advantages of mobile marketing via messaging. Compare this to the challenges of changing a television commercial that has already been produced and is about to air. Mobile marketing is great for taking risks and trying different things because it's so flexible and easily changed.
- Each mobile messaging channel has a different cost structure associated with it. SMS messages can be purchased in bundles from mobile marketing service providers, who



have negotiated wholesale rates with the wireless carriers. Individual brands cannot secure the same pricing advantage, because the carriers offer volume benefits and they often expect minimum volume commitments from the mobile service providers. The same applies for MMS messages, where pricing will vary, depending on factors such as volume and file size. For example a carrier might charge a rate for a bundle of data, as opposed to a quantity of messages. If the file size of your MMS messages is 1MB per message, you will be able to send half the number of messages than you could if your file size was 500kb.

- Understanding your audience is critical. One of the major advantages of mobile as a channel is the ability to individually personalize messages, based on existing customer data. Messages addressed to the individual recipient with a personalized offer will lead to far higher conversion rates than generic messages. Integration with the brand's CRM platform is essential for the creation of high performing mobile messaging campaigns.
- There are several thousand different makes and models of mobile phones in circulation. Besides the variety of phones, there are different operating systems including Apple's iOS, Google's Android, BlackBerry's OS and Microsoft's Windows. Some handset manufacturers operate what is known as a walled garden platform, which means that they don't allow access to their operating systems. Mobile messaging campaigns can then only be delivered if they conform to that operating system's requirements. For example, an MMS video message that runs in .mp4 format will not open on many Blackberry phones, which only run .3gp video files. Make sure that your vendor or mobile marketing service provider is knowledgeable about the different type of handsets and operating systems, and their specific limitations and requirements.
- The wireless carriers have all developed high throughput platforms that can deliver literally billions of SMS messages per day. They have not however developed MMS message platforms that can deliver high volume bulk campaigns, at the same rate that SMS campaigns are delivered. When running a large-scale MMS campaign, check with your service provider to ensure that the carrier can handle the required volume of messages and that they can provide delivery reports.



- Bigger is not always better. Would you rather talk directly to a thousand customers who you know are already interested in the product that you have to sell, or a hundred thousand who might be interested? Mobile offers the ability to create personal dialogues with individual consumers. Don't be misled by the fact that there are more than three hundred million mobile phone subscribers in the United States. Develop mobile campaigns that are focussed and based on clearly defined profiles and target customers/segments.
- Analyse the numbers. Mobile messaging is a channel that provides excellent feedback on campaign metrics. Before deploying any mobile initiative, set the metrics you will want to analyze and how they relate to your objectives. Then analyse the data from each mobile messaging campaign to ensure that you understand what worked and what did not. Were there any technical issues that impacted the campaign?

Marketing to Different Verticals on Mobile Devices

For each vertical, it's important to consider the unique context of your customers. Where will they be? What frame of mind will they be in? Will they be likely to download your app, subscribe to an SMS or text-to-get? What is the right cadence/volume of messaging that merits "shelf space" on the customer's home screen? What preferences, behavior and location information can you incorporate to make your messages relevant?

Notifications of app updates, new programs and major announcements are accepted practice in the Information category for all verticals, but they must be truly newsworthy. Verticals with offline experiences should provide clear guidance for prospective customers so that they can intuitively follow the process, for example text-to-get a mobile app or text-to-join an email program.

Here are ideas for serving customers in a variety of verticals, for each of the four mobile message categories: Deals, Service, Information and Convenience. They're not meant to be exhaustive but rather thought starters for your marketing team.



TRAVEL, LEISURE AND HOSPITALITY

- Deals – Fare reductions and offers for different locations and destinations
- Service – Restaurant or shuttle wait times, check vacancy and or ticket availability
- Information – Links to area guides, taxi services, ticket brokers, check flight status/gate number
- Convenience – Geo-targeted app for check-in notification, text to check-out, get on the waiting list

AUTOMOTIVE

- Deals – Special financing or discounts on a model of interest
- Service – Scheduled maintenance is due, service appointment reminder
- Information – The new model year now available online and or at your local dealer
- Convenience – Cost estimate for repairs, notification when service is completed

FINANCIAL SERVICES

- Deals – Changes in interest rates, reward program notifications, new product launch
- Service – Request a higher credit limit, text-to-get balance
- Information – Suspicious activity, low/high balance, credit-limit exceeded, payment due
- Convenience – Closing appointment reminders, confirm unusual charges via text, bill pay, reward sign-up

HEALTHCARE

- Deals – Reminder to use FSA funds before year-end
- Service – Prescription ready
- Information – Emergency room estimated wait times, friend/family member outpatient procedure updates
- Convenience – Appointment and scheduling reminders

QSR

- Deals – Offers, sent at meal-time and/or geo targeted
- Service – Order ready for pick-up, delivery on way
- Information – Text-to-get nutrition information
- Convenience – Receipt via text, send-to-a-friend gift card



RETAIL

- Deals – Coupons, offers, expiration reminders, geo-targeted in-store specials
- Service – In-store pick-up ready, price drop for product on watch/wish list, switch to store mode notification
- Information – Text-to-get recent product information, ratings & reviews
- Convenience – Text-to-get registry link, coupons that can be added to Passbook/Google wallet, loyalty number look-up, gift card balance

CONSUMER PACKAGED GOODS

- Deals – Coupons
- Service – Request sample
- Information – Text-to-get recipe, how-to video links
- Convenience – Shopping list, text-to-enter sweepstakes

MEDIA

- Deals – VIP offers, discounts
- Service – Pre-sale notification
- Information – New offering from favorite author/director/artist
- Convenience – Voting, contest entry, ticket purchase

PHARMACEUTICAL

- Deals – Discounts
- Service – Medication reminder, pick up notice
- Information – Link to drug interaction tool, package inserts
- Convenience – Text-to-refill prescription

NON PROFIT ORGANIZATIONS

- Deals – Matching gift opportunities
- Service – Donation pick-up reminder
- Information – Goals reached, event dates and reminders, links to success stories
- Convenience – Text to contribute



About the MMA - Who We Are

As the premier global trade association dedicated to accelerating the transformation and innovation of marketing through mobile, the MMA represents the entire marketing ecosystem and brings together over 700 organizations globally, allowing us to facilitate connections, deliver insight and drive impactful action for our members and the industry at large. For more information about membership email: membership@mmaglobal.com or visit <http://www.mmaglobal.com/member-center/benefits>

INSIGHTS:

Access a world of insights through our white papers, articles and case studies. Support your mobile agenda and ensure mobile readiness.

CONNECTIONS:

Interact with passionate leaders and stay on the cutting edge. Boost your business and career by connecting with the people that matter.

IMPACT:

Influence industry frameworks, standards, guidelines and best practices. Join the industry initiatives that shape the future of mobile.

Our thanks go to everyone who has contributed their time and expertise to this white paper, specifically the Co-Chairs, Michael Levinsohn (our primary author!) and Jeff Hasen. Here are the members of the MMA Marketing Best Practices for Messaging Task Force:

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