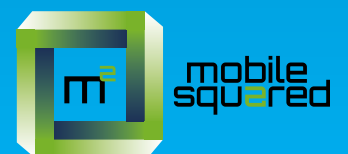


THE MOBILE CUSTOMER EXPERIENCE REPORT 2016

Business and consumer trends in mobile messaging within the UK



A report by



sponsored by Textlocal

Exec SUMMARY

The one service that unites 89% of mobile users in the UK is messaging. The humble text message is used by more people than any other service on their mobile device, including behemoths like Facebook, Google, Twitter, YouTube and the BBC, to name just a few.

It could be argued that this comparison is between content providers and a service, but the point it so starkly makes is that of scale. When it comes to reaching the largest potential audience in the UK, messaging cannot be beaten.

Messaging for marketing

Classic 101 marketing commands that companies go where their customers are. Yet brands have been slow, or perhaps more realistically, reluctant, to truly explore the potential that messaging has to offer. What 160 characters potentially lacks in creativity, it more than makes up in effectiveness via its direct access into the hands of customers. One text will fill an empty seat at a barber's on a quiet afternoon, or help push surplus stock at a florist, or confirm an appointment at the dentist, or fill empty tables at a restaurant, or ensure the gasman is not waiting outside for hours awaiting the client's return.

Text delivers a clear ROI for a commercial or logistical benefit, for every enterprise small or large.

What's more, messaging offers a simplicity that no other marketing medium can rival. How cumbersome is the process to design and create an app, followed by on-going maintenance costs to remove bugs and glitches, for a product that might not be discovered, downloaded, and repeatedly used, even before it has the opportunity of sending one push notification?

Apps might rule the roost from a creativity standpoint, but there is only one channel for a brand to deliver a clear and concise communication.



*English National Opera (ENO), one of the world's most innovative and accessible opera companies, used SMS to communicate last-minute ticket availability. One campaign worth **£500 OF CREDITS** generated **£8,000 GROSS PROFIT**, a return on investment of **1,600%**.*

Source: Textlocal

Consumer behaviour

As consumer behaviour shifts to include platforms such as WhatsApp and Snapchat in conjunction with person-to-person SMS, it has inadvertently cleared a path for brands to deliver timely and relevant communications to their customers' SMS inbox, either as a standalone campaign or as part of a multi or cross-channel campaign.

Mobilesquared's often-quoted research from 2010 still holds true today; 90% of messages are read within 3 minutes. In fact we believe that a higher percentage are now read within a smaller timeframe, when considering the

majority of smartphone users look at their devices at least 150 times per day.

But what is most compelling of all is our latest research which reveals that businesses are losing faith with email marketing and turning to the direct avenue provided by mobile messaging marketing.

Simply put, mobile messaging as part of the marketing mix is coming of age.

The changing shape of the **MOBILE MARKET**



Mobile phones are by our side for a minimum of 16 hours a day, and for a chunk of the population, that extends to 24 hours a day. They are often the first and last thing people engage with at the start and end of each day, and the one object that adorns our hand for large swathes of our waking hours.

Smartphones are prevalent wherever you look. You cannot go anywhere and not be confronted by someone using their smartphone at work, home, on public transport, a pub, the high street, in shops, at gigs, cinemas, football matches. There is no escaping the reach of mobility. And this makes the screen on every device a very valuable piece of real estate

to a brand. To this end, mobile has become one of the most powerful channels for a brand to reach their target audience.

But how should a brand connect with a customer via their mobile? Brands need to understand what device people own and how they use it.

There were 58.8 million smartphones at the end of 2015. Android accounted for 55%, Apple 33%, and Windows 11%. In total, smartphones made up 75% of the mobile landscape. Which means there are still around 20 million featurephones in use.

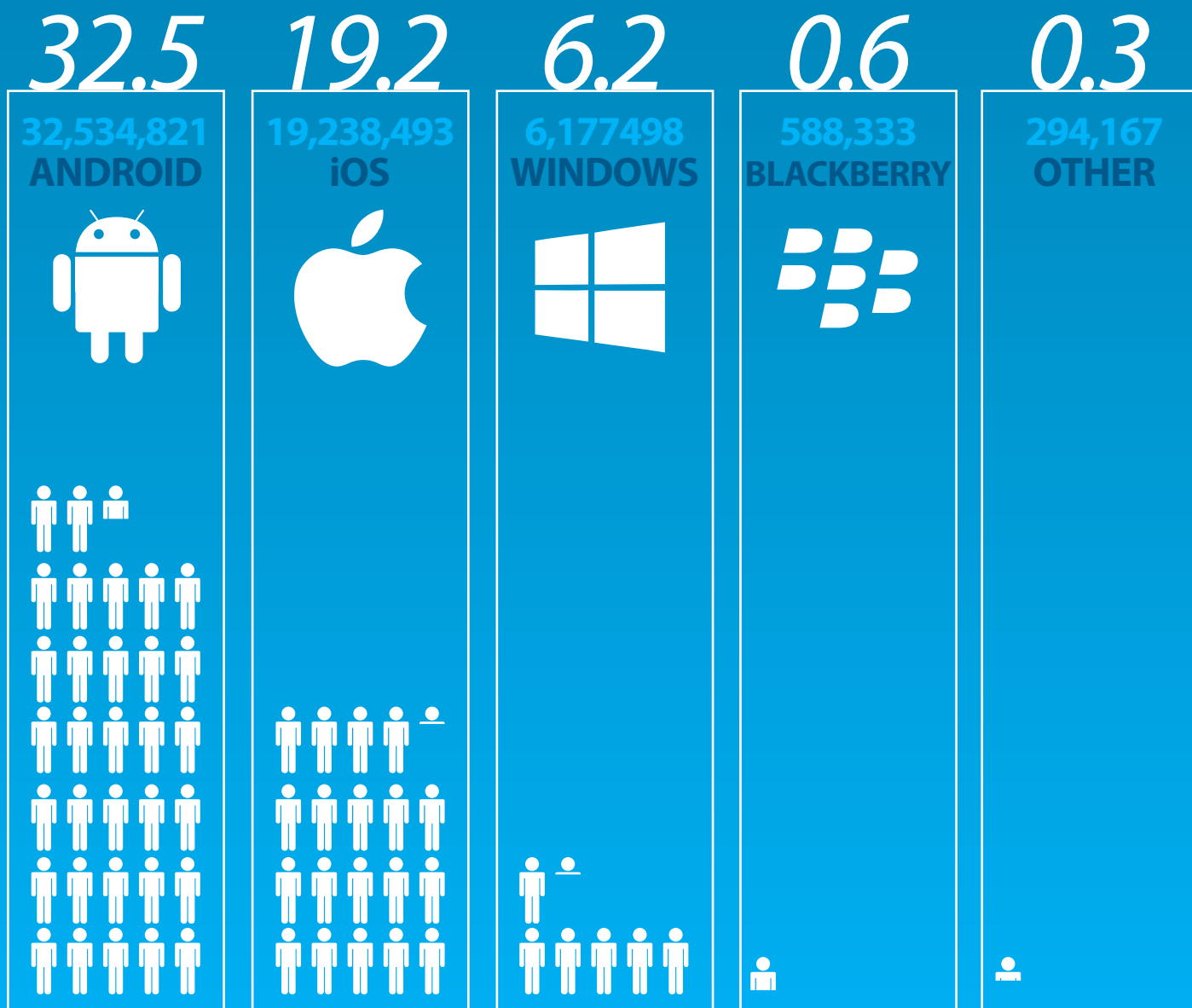
The rise of the smartphone heralded the arrival of the app culture, which has complemented the mobile internet. In recent years the number of people using apps (as in using at least one app they have downloaded) has surpassed the number of mobile internet users for the first time. As of the end of 2015, there were 55.3 million app users compared to 53.9 million mobile internet users.

Interestingly, brands were quick to jump on the app bandwagon expressing their desire for me-too marketing and many developed an app for the sake of developing an app. Yet these same companies largely failed to develop a mobile internet site (in the days before screen rendering was the norm) even though there were millions more mobile browsers than app users.

Browsing is still the second most popular service on mobile behind messaging in the UK – although if app usage was categorised as a service it would be second. Nevertheless, the mobile services that are most popular after messaging and browsing are email, the device's camera/photography, and weather updates.

SMARTPHONE USERS 2015

Total: 58,833,311



25 MILLION *people will respond to* MOBILE MARKETING *messages in 2017*

As the country's most popular mobile service, messaging presents an ideal opportunity for a brand to connect with its customers.

Mobilesquared research reveals that there were 41.1 million mobile marketing users in the UK at the end of 2015. A mobile marketing user is defined as someone that has purposefully "opted-in" to receive communications from a brand (or business) by providing their mobile number.

Smartphone users accounted for 79% of mobile marketing users at the end of 2015.

Part of the attraction of messaging is its ubiquity across any device and operating system. But as featurephones only make up 21% of mobile marketing users, this highlights that mobile marketing is device agnostic and appealing to users with both the latest, top-end devices, and older handsets.

Not surprisingly, given its prominence throughout the UK, Android users make-up 46% of total mobile marketing users, iPhone users 22%, and other smartphone users 11%.

In 2015, 52% of mobile marketing users (or 21.3 million people) will have responded to a message sent by a brand. By 2017, while the number of mobile marketing users will have risen to 49 million, and the number of people responding increasing to 25 million.

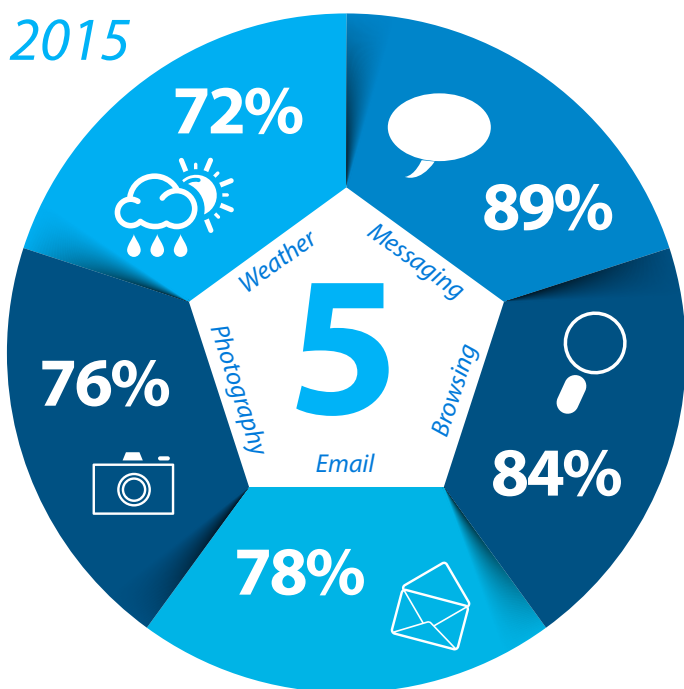
To place this in context, early mobile advertising campaigns regularly experienced click-throughs of 4-6% until mobile browsers familiarised themselves with the concept of being served small banner ads and within years that figure dropped to below 0.1%, similar to online.

Where mobile messaging marketing is categorically different, is that it operates on a pull mechanism as opposed to the push of advertising. To be served a banner ad a user must activate their browser and visit sites with ad inventory. A message however is waiting for the user when the phone is locked, without them needing to take action to prompt it.

But the mantra remains the same for any brand regardless of the platform: It is imperative to send the right message to the right person at the right time.

TOP 5 SERVICES ON MOBILE

2015



THE POWER OF MOBILE

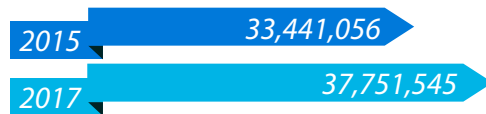
MOBILE INTERNET USERS



APP USERS



MCOMMERCE USERS

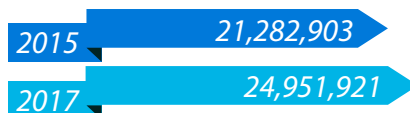


MOBILE MARKETING UNIVERSE

TOTAL MOBILE MARKETING USERS



NO. OF MOBILE MARKETING USERS THAT HAVE RESPONDED TO A TEXT



A watershed year for mobile **MESSAGING MARKETING**



Apps have long been the darling of marketers when it comes to developing a mobile strategy. Even to this day, only 27% of businesses have developed an app, and that figure will only increase to 34% by 2017. It could be that businesses are finally looking at the ROI of an app.

As already highlighted in this white paper, apps are high maintenance which comes at a cost. Then the question arises of discoverability. There are millions upon millions of apps and making sure your company's app is located and downloaded has in itself spawned a multi-billion dollar app marketing industry. Then it faces the issue of repeat usage, and less than 10% of apps that have been downloaded are used more than once. The stats do not stack up favourably for apps.

For the minority of brands with pockets deep enough to fund an ongoing app strategy they will reap the rewards. But for the majority of companies, an alternative solution is needed.

In 2017, mobilesquared projects that the number of businesses using mobile messaging will overtake email for the first time. 2017 will be a watershed year for mobile messaging marketing. By this time, 84% of businesses will be using mobile messaging compared to 72% using email.

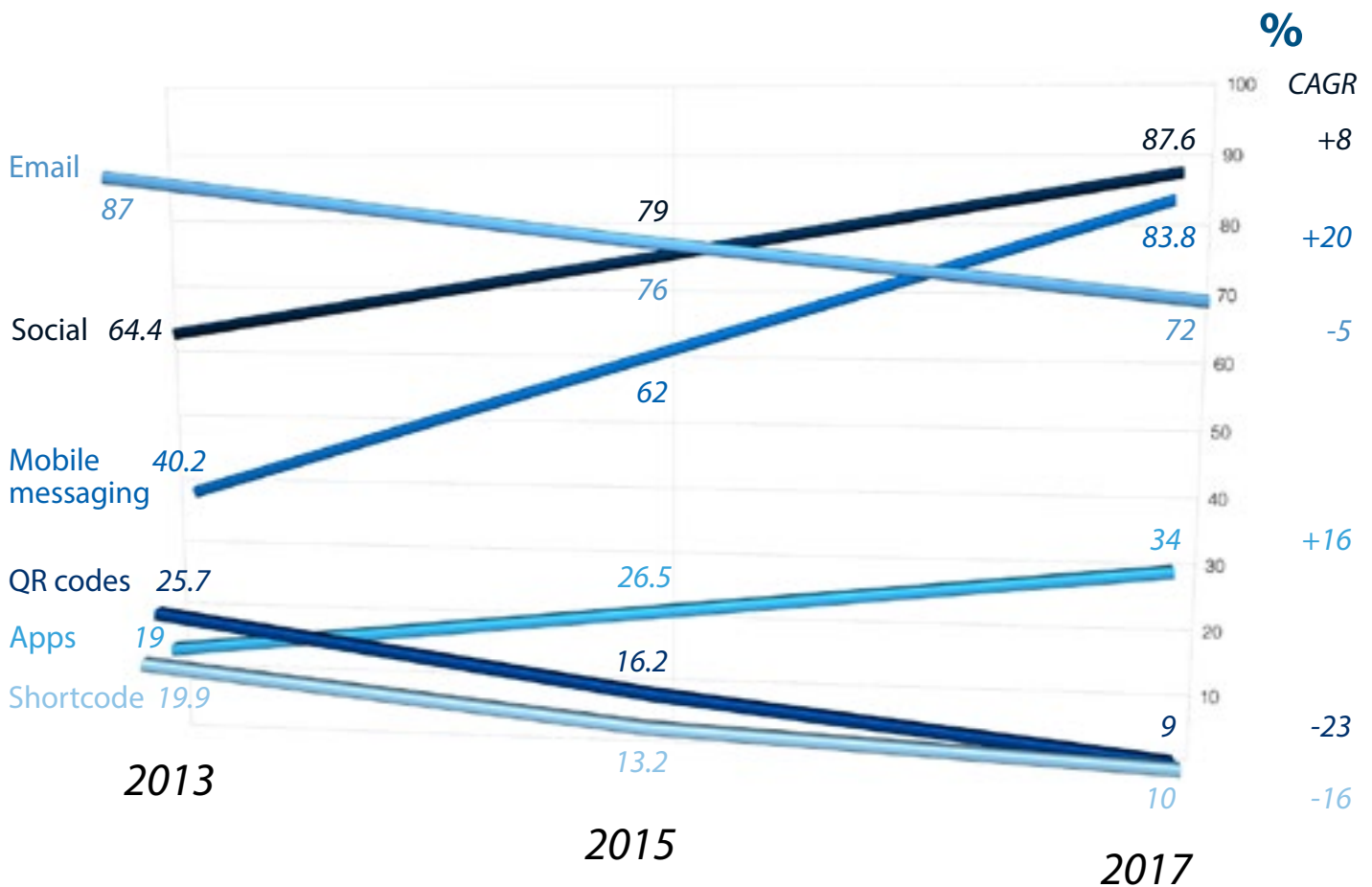
In 2017, more businesses will use **MOBILE MESSAGING** than email for marketing

This represents one of the first major shifts in moving to integrated omni-channel marketing as the importance of mobile continues to grip marketing campaigns and strategy.

As a channel, mobile messaging represents the greatest adoption among businesses between 2013 and 2017, with a CAGR (Compound Annual Growth Rate) of 20%, ahead of apps (16%), and social media (8%). Email's demise is gradual, with a CAGR of -5% between 2013 and 2017.

As mobile messaging takes on an elevated role within the marketing mix, elements of mobile that have remained on the marketing periphery, are expected to become even more marginalised. By 2017, only 9% of businesses are expected to be using QR codes, representing a CAGR of -23% between 2013 and 2017. Similarly, short codes will see a demise of 16% over the same period.

WHAT CHANNELS DO YOU USE AS PART OF YOUR MARKETING MIX?



*72% of businesses will use email in 2017
- less than the number using mobile messaging*

Mobile EFFECTIVENESS



Messaging is emerging as the standout performer for businesses over the variety of channels that converge on the mobile device. Presently, 22% of businesses believe that mobile is the most effective marketing channel.

More than three-quarters of businesses have incorporated mobile as part of their marketing mix, and by the end of 2017, a total of 84% of businesses will be using mobile. Developing a mobile database has become high priority for these businesses.

By 2017, almost 50% of businesses will have a mobile database of over 10,000 names. That means 47% of businesses will reach a minimum of 9,000 people within 3 minutes of distributing an SMS-based communication.

In actuality, the numbers are significantly higher. The research reveals that over the last 12 months 32% of all businesses will have added more than 30,000 mobile numbers to their mobile database, 22% will have added between 1,000 and 10,000 numbers, and 40% of businesses will have added less than 1,000 numbers. That leaves just 6% of businesses that have failed to acquire at least one mobile number in that period.

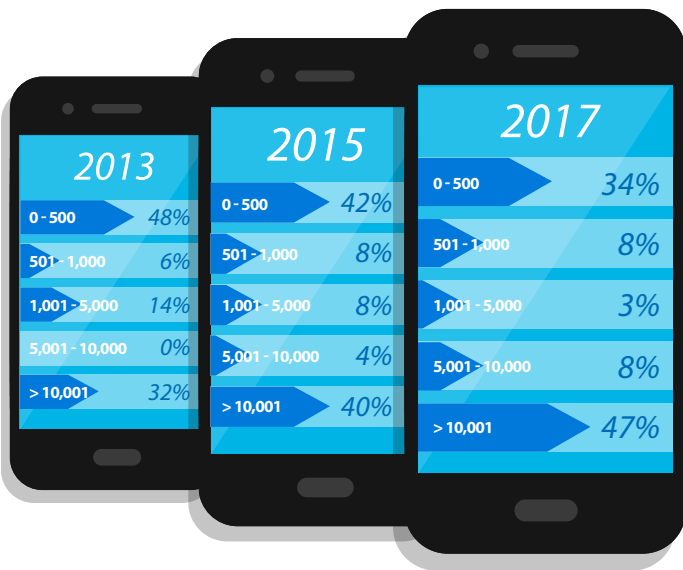
But it's how businesses use their mobile database that makes mobile so effective.

47% of businesses will have a mobile database in excess of **10,000 NAMES BY 2017**, compared to **32% IN 2013**

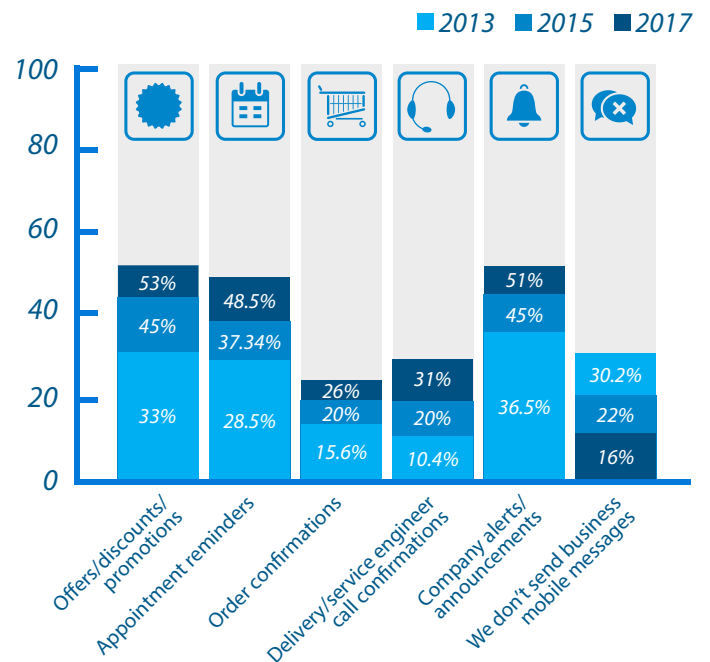
Offers, discounts or promotions are the most popular communication by businesses, followed by news alerts and announcements, and appointment reminders. Clearly, the type of communication will depend on the sector in which your company operates, which is where messaging is so adaptable, from delivering a voucher to a delivery confirmation or appointment reminder.

Businesses are also becoming bolder in the frequency of their communications. In 2013, just 21% of businesses would communicate with their mobile customers once a week or more. By 2017, that figure will have leapt to 43%. Similarly, the number of businesses that communicate once a month or more will have increased from 26% in 2013 to 55% in 2017. All other activity has virtually become non-existent.

HOW MANY MOBILE NUMBERS ARE IN YOUR DATABASE?



HOW DO YOU USE MOBILE MESSAGING TO ENGAGE WITH YOUR CUSTOMERS?



22% of businesses view **MOBILE AS THE MOST EFFECTIVE** marketing channel

84% OF BUSINESSES

use mobile as part of their marketing mix

In 2015, mobilesquared estimated that 5.6 billion mobile marketing messages were sent in the UK, which equates to 137 messages per year (or 11.4 per month) per mobile marketing user. That is one marketing message on average every third day. By 2017, it will increase to an average of one marketing message every other day per mobile marketing user. But that will still only equate to 8.6 billion messages sent, or 14.6 messages per month per mobile marketing user.

Messaging as a marketing platform will continue to be under-utilised by brands. Given its effectiveness, cost per message, cost per campaign, its scale, and ROI, brands failure to grasp the true power of messaging is a marketing travesty of truly epic proportions.

It's time for CHANGE.

TOTAL MOBILE MARKETING

messages sent

2015

MOBILE MARKETING MESSAGES
5,617,500,000

Messages per user (per annum)

137

MESSAGES PER USER
(PER MONTH)

ELEVEN

2016

MOBILE MARKETING MESSAGES
6,804,000,000

Messages per user (per annum)

151

MESSAGES PER USER
(PER MONTH)

THIRTEEN

2017

MOBILE MARKETING MESSAGES
8,583,750,000

Messages per user (per annum)

175

MESSAGES PER USER
(PER MONTH)

FIFTEEN





About mobilesquared

mobilesquared provides intelligence and insight on the mobile sector. We've been analysing the mobile space for two decades, so our expertise has been earned, not learned. Our instinctive ability to ask the right questions uncovers invaluable nuggets of insight, which we interpret to help shape truly effective strategy for our clients. Our experience is recognised by the industry - we sit on judging panels for the prestigious GSMA Awards, EMMA awards, and the MEFFYs.

For more information go to www.mobilesquared.co.uk



Business Mobile Messaging

About Textlocal

Textlocal is a leading provider of cloud-based mobile messaging services to businesses, enabling them to communicate with customers, staff and group members more effectively.

Our award winning platform is at the forefront of business communications, allowing customers to harness the latest capabilities in mobile messaging. With direct connections to the UK networks, our range of SMS services help you get your message across.

In 2014 Textlocal was acquired by IMI mobile, a leading provider of software and services to blue-chip businesses operating in 60 countries.

Based in Chester and Malvern, Textlocal supports over 165,000 businesses, organisations and member groups across the UK and Europe, from local retailers and organisations to larger brands including Debenhams, Paddy Power, Greenpeace, Groupon and P&O Ferries.

For more information go to www.textlocal.com

