The New Communications Standard

Drive Engagement by Combining Email with Mobile Messaging

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It's clear that both email and mobile messaging are indispensable tools in the marketer's arsenal. The true value in utilizing these channels are derived however, not when these are used separately but when used in tandem with each other — in targeted, coordinated cross-channel campaigns.

Organizations can recognize significant business value by utilizing a single message management platform to support all types of digital messaging (email, text, push, IM, social, etc.). Unifying these cross-channel messages under one program makes the program more effective. A unified platform facilitates the delivery of contextually relevant and timely messages that enhance the customer experience — to drive higher loyalty, engagement and profitability.

Email is Still King

The news of email's demise has been greatly exaggerated. When Facebook and Twitter adoption skyrocketed in the last decade or so, many a marketer pondered the long-term continued existence of email as a viable marketing channel. Industry observers were quick to note that the new social media outlets would quickly replace email as the communication channel of choice by both marketers and consumers. Current data however, disprove such predictions.

It turns out that email is still king of the marketing channel. Metric after metric shows email being superior to other channels. For example in ecommerce, conversion rates from email as a traffic source proved to be over seven times higher than social media and 1.7 times higher than search.[1] And looking at ROI, email delivers over four times the return compared to direct mail or paid search.[2]

Conversion Rates by Traffic Source

EMAIL
4.25%

SEARCH
2.49%

SOCIAL
0.59%

ROI By Channel

EMAIL
28.5%

**DIRECT MAIL**
7.0%

PAID SEARCH
6.8%
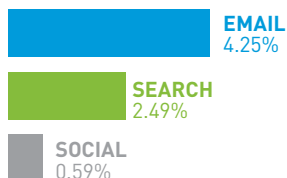
Mobile, however, is changing everything. And the ubiquity of smart mobile devices is changing the marketing landscape. Reports show that 91% of adults have their mobile phones within arm's reach 24/7,[3] and people now look at their phones 150 times per day![4]

This means that while email is still an indispensable element of any marketer's arsenal, it is now consumed through entirely new ways. Email

open rates on the mobile platform grew 300% from October 2010 to October 2012. Today, more emails are now opened on a mobile device versus on a desktop or webmail client.[5]

Mobile Open Rates Tripled from 2010 to 2012
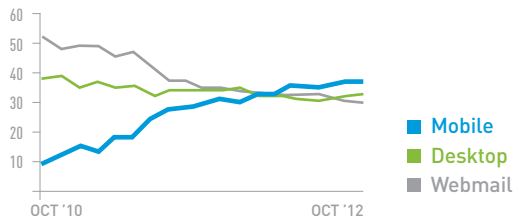
But Not Everything is Rosy on the Email Front

Yes email is still proving to be highly effective, but it could also be turning into a victim of its own success. Because of the high volumes of emails being sent and received, users are beginning to "zone out" and email has seen falling engagement from its recipients. The main reason for this is mailbox clutter. And the main reason for mailbox clutter is spam. Over 90% of all emails sent are spam, and while mailbox providers filter out most of these, some still get through to clutter the inbox. Upwards of 30% of all the emails received each day is spam![6]

Another factor causing mailbox clutter is graymail — these are the emails that we actually opted in to receive in the first place — newsletters, daily deals, marketing offers, product updates and the like. These are not considered spam, but sometimes we receive so many of these that we consider them clutter and just delete without even opening them.

Other reasons for email's falling engagement include competition from other channels like social media and mobile texting. Because adoption rates for these channels have gone through the roof, they have also now become viable alternatives to email for communication. And missing emails due to false positives have also lowered email's reliability from the user's

perspective. These are emails that have been mistakenly delivered to the spam folder by the mailbox provider because they were thought to be spam. For critical transactional information such as flight changes or delays, delivery confirmations, or critical status updates, users are now opting for SMS alerts versus email notifications (if available) for fear of these being misplaced.

Enter Mobile Messaging

There are 234 million mobile device users in the US, 82% of US adults own a cell phone,[3] and 174 million Americans text daily.[4] These numbers alone already make the mobile phone an attractive channel for any marketer, but even more statistics abound that make it imperative for any marketer to evaluate this new medium.

In 2012, 43% of marketers already used mobile technology in their marketing efforts, with another 25% planning to do so within the next 12 months. Only 15% had no plans to use mobile technology.[3] For those marketers entering the mobile arena today, there are at least three mobile messaging channels available. Like any other channel, the choice of which technologies to adopt will depend on the audience and objectives of the marketing campaigns.

SMS (OR TEXTING)

Short Message Service (SMS) is a text messaging service component of phone, web, or mobile communication systems, using standardized communications protocols that allow the exchange of short text messages between fixed line or mobile phone devices. SMS is the most widely used data application in the world, with 3.6 billion active users, or 78% of all mobile phone subscribers. Virtually all mobile phones manufactured today are SMS-capable.

MMS (MULTIMEDIA MESSAGING SERVICE)

MMS is a standard way to send messages that include multimedia content to and from mobile phones. It extends the core SMS capability that allowed exchange of text messages only

up to 160 characters in length. The most popular use is to send photographs from camera-equipped handsets, although it is also popular as a method of delivering news and entertainment content including videos, pictures, text pages and ringtones.

PUSH NOTIFICATIONS

Push, or server push, describes a style of communication where the request for a given transaction is initiated by the publisher or central server. It is contrasted with pull, where the request for the transmission of information is initiated by the receiver or client. In the mobile messaging environment, push notifications are used to communicate to specific mobile apps — to alert the user to a change of some status in the application. Such notifications may include updating counts (e.g. unopened messages received), badges, sounds, making an LED blink, or custom text alerts. All the major mobile platforms have their own push notification system: Apple Push Notification Service, Google Cloud Messaging (formerly Android Cloud to Device Messaging Service), Microsoft Notification Protocol, and the BlackBerry Push Service.

TYPES OF MOBILE OFFERS

Fully 98% of all SMS/MMS messages are opened,[4] with 90% of them being read within three minutes of being delivered.[3] As such, this channel is ideal for marketing messages that are highly tailored to match the recipient's location and have a time constraint associated with it. These types of mobile offers include:

Flash sales: Provide added value for your VIP or customer loyalty program members by having infrequent "flash sales," or drive traffic on slow days, or advertise single-day promotions.

"Weekend getaway for Gold Members: 50% off rates this weekend only at San Diego Beachfront Resort. Enter code 50GOLD when booking online."

Coupons: Give your customers a little extra incentive to pull the trigger on a purchase.

"Tired of watching the big game on a small screen? Take20% off any large-screen TV with code 20LARGE online. Purchase by Saturday."

Bundled package promotions: Make the product easier to purchase and save the customer some money compared to purchasing each item in the bundle separately.

"Traveling for the long weekend? Book your rental car when you purchase your air ticket and get 15% off both rides when you enter AIRCAR10."

Freebies: Move overstocked items or introduce a small business to new customers (free samples), or provide information on products such as e-books or useful mobile applications.

"Mike's Tailor is offering the first 20 customers who show this text a free Italian leather belt with every suit ordered. Mike's on Main St."

BENEFITS

The DMA reports that 33% of US mobile customers prefer receiving these types of offers via text message versus mobile web (21%), a mobile app (11%) or voicemail (8%).[7] Another study showed that a full 50% of those surveyed report receiving text messages from retailers and making a purchase as a result. And mobile coupons receive 10 times higher redemption rates than print coupons.[3] The high success rate of mobile marketing can be attributed to these attributes below:

Personalized communication. This is one of the greatest benefits that marketers can get from mobile phones. By sending messages to their phones, you market on a one-to-one basis and give your prospective customers the feel of personal treatment.

Targeted marketing. Unlike other forms of advertisement that target a wide range of people, mobile marketing also allows you to target specific potential customers. You won't have to spend money advertising to people who are unlikely to make a purchase of your products or hire your services.

Messaging anytime and anywhere. With geolocation, customers can easily be reached instantly anytime and anywhere, giving you the opportunity to send location-specific and time-sensitive messages to them.

Potential for viral marketing. Viral marketing is a likely outcome with mobile phones. If your target customers like the messages you send them, there is huge potential for them to forward these to their family, friends and colleagues.

Cost-effective. SMS is proven to be ten times more effective than other advertising tools, including mail and newspaper advertising — you can realize response rates of 20% or even more. Because many of today's platforms are very affordable, you can realize huge returns in no time.

Customization capabilities. From changing your text messages with just a few clicks of the mouse to scheduling future text message delivery, messaging platforms can provide all the flexibility needed for effective mobile marketing.

Permission-based. You only send SMS to interested customers and to those who have requested them. In other words, your campaign is permission-based, providing you a better foundation for a successful marketing campaign. Achieving this benefit requires that marketers be compliant with two laws — the Telephone Consumer Protection Act (TCPA) and the Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act. These laws ban many text messages sent to a mobile phone using an auto-dialer unless (1) your recipient previously gave consent to receive the message or (2) the message is sent for emergency purposes.[8]

The need for email PLUS mobile messaging

It's clear that both email and mobile messaging are indispensable tools in the marketer's arsenal. The true value in utilizing these channels are derived however, not when these are used

separately but when used in tandem with each other — in targeted, coordinated cross-channel campaigns. The combined benefit then becomes greater than the sum of the individual parts.

Through a single channel alone, such as email, you get a standard response rate. Recent studies show that only about 6% of marketing emails are opened and responded to.[6]

When coupled with mobile messaging however, the response rate to a cross-channel campaign dramatically increases — all the way up to 45%![6]
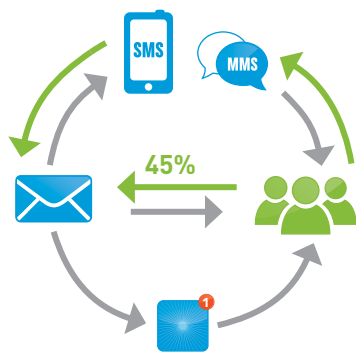
This alone already demonstrates the need for and value of integrating the mobile channel with your email campaign. Today 74% of smartphone users use their phone to help with shopping, with 79% ultimately making a purchase as a result.[9]
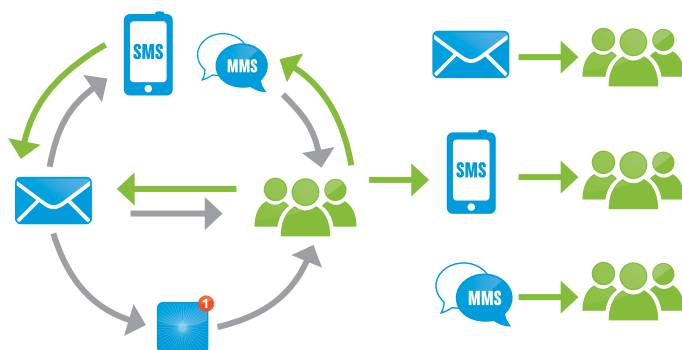
Thus, as mentioned earlier, the potential for your campaign turning viral is very real. And the exponential growth of such a campaign could send your response rates through the roof!

Some examples of how SMS messages can be integrated to an existing email campaign include:

Mobile retail: Send details of a weekend sale, promote new products, or provide coupons, reminders, store locations and directions.

Media/content/entertainment: Distribute specialized content, images, sports scores, celebrity gossip/news alerts, powering contests, polls, quizzes and games.

Product geo-location: Deliver relevant promotions and product info based on target's location and proximity to their nearest retail outlet.

Service providers/portals: Drive customers back to the portal using transactional SMS, such as password resets and other notifications or alerts.

Customer service: Allow consumers to make inquiries and receive status updates and service alerts.

Travel/transportation: Travel reminders, schedules, delay notifications, emergency alerts, changed ETD/ETA, change of gates, etc.

Financial alerts: Send identity and password authentication, fraud alerts, cc and stock balance inquiries, overdraft notifications, payment reminders.

Healthcare: Deliver appointment reminders, preventative care notices, health tips, pharmacy pick-up alerts, prescription refill alerts and benefits-related alerts.

A recent survey of marketing decision-makers asked "what kind of success have you had in your multichannel marketing efforts?"[10] More than half responded that they get deeper customer engagement, and greater conversions. They also got to understand their customers better. From a revenue perspective, almost 40% said they generated more revenue overall while almost 20%

Results from Multichannel Marketing Efforts

62% We get deeper customer engagement

52% We get greater conversions

51% We understand our customers better

38% We generate more revenue overall

said they generated more revenue in each channel. Only 1% of respondents said they haven't had positive returns!

OK, I see the value, but where do I begin?

Unifying these cross-channel marketing messages under one program makes the program more effective, and facilitates the delivery of contextually relevant and timely messages that enhance the customer experience. But this is very difficult to do if your email programs and your mobile messaging campaigns are managed in different silos.

Organizations can recognize significant business value by utilizing a single message management platform to support all types of digital messaging (email, text, IM, etc.), especially when it serves as a central communications hub for connecting business processes, data sources, applications and systems. Such a single platform solution affords the kind of control and cross-channel coordination required to deliver the timely and contextually relevant messages that ultimately drive higher loyalty and profitability.

On the cost reduction and efficiency front, additional benefits can also be derived from consolidating management of these different communication channels onto one unified platform. Typically, different business or functional units within organizations use different point solutions to deploy email. Some rely on home-grown systems built on open source while others turn to various legacy commercial options or

outsourcing (cloud) alternatives. Adding another channel to this mix just exacerbates the already existing inefficiencies. Managing brand and message consistency with this kind of hodgepodge approach to email is difficult; integrating data and coordinating cross-channel messages across channels to ensure a positive customer experience is nearly impossible. By consolidating your email and mobile messaging management on a single platform, you gain control over the full range of customer communications and manage interactions in ways that support your brand, business and customer experience objectives.

Business Case and ROI

Like any other investment, the benefits of such an initiative should outweigh the costs. Integrating mobile messaging with your email programs through a single unified messaging platform can deliver revenue-enhancing benefits, as well as improved efficiencies that lead to cost reductions.

ENHANCED CAMPAIGN EFFECTIVENESS LEADS TO REVENUE GROWTH

Utilizing a single platform solution for both email and mobile that deliver the myriad benefits listed above drives true revenue growth. This growth can be divided into revenue generated by improved delivery, as well as additional revenue generated by higher clicks and conversions due to the targeted, timely and relevant nature of the mobile offers integrated with ongoing email campaigns.

Simply increasing the delivery rate — with no assumption for improved click or conversion from better control and coordination — can already result in recovering significant lost business opportunity. Many companies still rely on legacy technology that was not designed for the volume and complexity of emails they are sending today. By using a state-of-the-art unified messaging platform that improves the delivery rate, an organization with a messaging run rate of 240 million per year can increase revenue from email

programs by approximately $2.3 million annually. This revenue bump is based on improving the delivery rate from 87% to 94% (see Table A).

When we add the improved click and conversion rates from better control and coordination of emails and mobile messages through a targeted cross-channel campaign, the impact on revenue is even more dramatic. Just assuming a 20% increase in both click and conversion rates would bring in almost $14 million or 47% more in annual revenue.

Aggregating the increased delivery benefits with the growth in click and conversion rates together, an organization can see total increased revenues of almost $16 million or 56% annually (see Table B).

IMPROVED EFFICIENCIES LEAD TO COST REDUCTION

Analysis over a three-year period indicates that organizations switching from point solutions to a unified message management platform approach can reduce costs by almost 83% through leveraging common labor, power and other resources. Such drastic savings are driven by the reduction

in servers, their power utilization and the reduction in labor hours to maintain them, as well as lower mobile messaging costs.[11]

Lower labor and administration costs: Point solutions with poor scalability require more hardware and the staff to maintain it, thereby driving the organization's operational IT costs higher. Aside from the labor savings resulting from server displacement, the organization will gain back time in managing operations with improved admin tools and visibility into every aspect of the messaging infrastructure and process. Significant resources will also be regained from the time spent writing and maintaining custom code by switching to an intelligent, rules-based solution. These costs savings total nearly $140,000 annually (see Table C).

Reduce power consumption: By utilizing a high performance platform that can scale to effectively process and deliver a high number of messages, the organization will reduce its carbon footprint and power consumption. In the above scenario, of five million messages a month, the number of servers is reduced from two to one as well as

Table A: Revenue Growth Due to Improved Deliverability

INCREASED REVENUE	CURRENT	CHANGE	PROPOSED
Yearly Email Volume	$240,000,000		$240,000,000
Delivery Rate	87.0%	7.0%	94.0%
Click Rate	14.5%		14.5%
Conversion Rate	1.0%		1.0%
Average Sale Size	$95.00		$95.00
Revenue per Delivered Email	$0.138		$0.138
Revenue per year	**$28,762,200**	**$2,314,200**	**$31,076,400**

Table B: Aggregated Revenue Growth Due to Increased Clicks and Conversations

INCREASED REVENUE	CURRENT	CHANGE	PROPOSED
Yearly Email Volume	$240,000,000		$240,000,000
Delivery Rate	87.0%	7.0%	94.0%
Click Rate	14.5%	2.9%	17.4%
Conversion Rate	1.0%	0.2%	1.2%
Average Sale Size	$95.00		$95.00
Revenue per Delivered Email	$0.138		$0.198
Revenue per year	**$28,762,200**	**$15,987,816**	**$44,750,016**

Table C: Cost Reduction Due to Improved Efficiencies

REDUCED LABOR & ADMINISTRATION COSTS	CURRENT	SAVINGS	PROPOSED
Server count	2	1	1
IT messaging server administrator labor (per server per week)	1.0	60%	0.4
IT messaging server administrator cost (fully loaded per hour)	$55.54		$55.54
IT messaging server administrator cost (annual)	$5,776		$1,155
Messaging application development and support hours (annual)	2,000.0	100%	0.0
Messaging application developer labor cost (fully loaded per hour)	$67.28		$67.28
Messaging application developer cost (annual)	$134,566		$0
Total reduced labor & administration costs	**$140,342**	**$139,187**	**$1,155**

their redundant components. Using U.S. utility rates, the annual savings on power costs is $1,316 per server.

Decrease Mobile Message Costs: By moving to a single platform for managing all digital messages, organizations can not only reap the aforementioned labor and administration costs but also reduce mobile message costs by as much as 46%. Based on standalone mobile messaging costs, organizations can cut per-message fees nearly in half to approximately two and half cents per message. Furthermore, by utilizing a single platform for all forms of digital messaging, organizations can improve their ability to meet customer messaging preferences and ultimately the relevance of those messages.

Conclusion

According to a Forrester study, 85% of marketers think that email will remain as effective as it is now, or increase in effectiveness over the coming two years. Why? A greater percentage of marketers say that using email boosts the ROI of their other channels. And it works the other way around too.

With the worldwide proliferation of mobile messaging, and SMS in particular, it behooves any marketer to take a serious look at this channel to augment their existing email marketing programs. Consider that 6.4 billion text messages are now sent every 24 hours![4]

Enhancing your email program with mobile messaging has clear business benefits that cannot be ignored as the market, and your competitors, moves to embrace mobile. But merely adding another siloed channel to your existing marketing mix will not deliver these benefits. Mobile messaging has to be tightly integrated to your existing programs through a unified messaging platform. Only then will true ROI from this initiative be generated — and this ROI can be substantial.

1 Ecommerce Quarterly, 7/12
2 DMA's Annual Response Rate Report, 06/12
3 http://www.snapgiant.com/blog/mobile-text-message-marketing-statistics/
4 http://mashable.com/2012/07/13/text-message-marketing-infographic/
5 Email Mostly Mobile, Return Path Infographic
6 SMS Marketing Statistics 2012, http://marketing.anchormobile.net/blog/ bid/178560/SMS-Marketing-Statistics-2012
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