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Merlin Stone and Daren Siddall discuss the huge potential of mobile marketing and why this medium has as yet failed to reach the mainstream. Is youth marketing, sports alerts and TV competition voting really all SMS is capable of?

COULD DO BETTER...

The use of text messaging is advancing slowly in marketing. Although SMS has been around for years, with vast volumes of text sent every month, compared to other direct channels it is relatively little used for outbound. Before we investigate what's holding us back, it's important to realise that there have been some stunning successes.

Top of the game

Mobile marketing role models include promotions for fast moving consumer goods by the likes of Cadbury's, Coca-Cola, and Wella, along with Diageo's groundbreaking Nightfly data collection and youth marketing initiative. This has now been reintegrated into Diageo's overall marketing, showing that for them at least mobile marketing is now just part of the normal mix.

Media companies have led the way in using mobile for both outbound promotion and as an inbound response channel: the *Daily Mail* or the EMAP *Mixmag* clubbing initiative, for example. Television is a clear example of the power of tex-

ting, whether it's the millions of votes cast for Granada's Popstars or media voting and polling for talent shows and political opinions. Other areas where text has mainstream adoption is in alerts, for sports scores and news, where Manchester United Interactive and Sky Sports are among the leading practitioners, or traffic information by transport providers.

A good example of how to use texting is Orange's two-way SMS text messaging and outbound campaign marketing. Customers can communicate with Orange through the channel of their choice, but Orange's revenues benefit as customers can respond to SMS promotions most quickly and easily via their mobile. Customers can go via SMS to subscribe for additional services, or through embedded WAP links to directly access information or services through the Orange portal.

Bank service data is also texted by Barclays, Woolwich and HSBC's First Direct while Direct Line uses SMS to tell customers that their policy has expired. Others are testing text, for example, the Norwich Union/Orange pay-as-you-go insurance

pilot, and experiments are taking place in areas such as market research, customer satisfaction measurement and employee communications. Meanwhile, research continues to show that consumers, when out and about, would like to contact companies for a variety of sales and service reasons.

But despite the popularity of texting, its marketing development has been weak. One reason is that, despite very good early experiences, many marketers consider that the 160 message characters available for content limit the opportunity. Most seem unable to see beyond this, instead waiting for multimedia messaging to take off. There are applications that should be much more developed by now, such as encouraging consumers to visit retail outlets or buy specific items in them, or service

messaging for where customers need to exchange messages frequently and quickly (as in some motor and household insurance claims). Our research with large potential users of messaging indicate a number of concerns (see box "What do users need to learn about texting?")

This is not to say that the mobile providers have ignored its potential. Within a relatively mature market, the four big suppliers (and quite a few others) are locked in a tough battle for market share, aiming to retain their best customers and to recruit the best new ones. All of them use texting intensively to manage their customers, usually integrating it with other media; for example the Orange SMS Tips programme combines text with direct mail and bill overprinting.

For this reason, suppliers regard their understanding of what works and what doesn't work in texting as commercially confidential management knowledge. All the experience that clients would like to share, from how propositions should be modified to include texting through to the systems and data requirements for managing this channel, remains behind closed doors.

On the other side of the fence are a large number of big consumer marketing companies from a multitude of sectors who are having to experiment their way towards an understanding of how to use the mobile. The advertising industry seems to be in denial about the impact of new media marketing on traditional business and the threat of media fragmentation generally. Many dismiss mobile marketing as a fad to be contained within operational direct marketing.

Injecting energy

With the increasing sophistication of mobile consumers, advertising spend will shift from traditional media to mobile media – billboards or newspapers will no longer get the same eyeballs when commuters are busy looking at their mobiles. At the moment campaigns typically cost under £100,000, too small to interest most advertising agencies, and client marketers are not yet shifting advertising budget to mobile because of a witches' brew of lack of financial incentive and weak initiatives from mobile suppliers.

O2 is one of the few to break from the pack, with its Mobile Marketer service which includes campaign planning, management and analysis. The MMS Insight programme, launched by Enpocket and O2 last July, is investigating how to use rich mobile media in the marketing mix. However, this is a far cry from the massive marketing education undertaken by BT in the 80s.

The cost of texting is also a significant disincen-



Sending messages to a consumer's phone needs careful targeting and permissioning due to the intimate nature of the mobile channel.

What do users need to learn about texting?

How to deal with the complexity involved, particularly multichannel synchronisation with email and direct mail.

How to work with their business partners and channels, including marketing and database agencies and the media, but also supply chain partners such as product suppliers and retailers. Particular problems here include cooperation with competitors to stimulate the medium and the reluctance of some marketing services suppliers to embrace texting. For example, printed coupon suppliers are resisting texting in order to defend their existing business, rather than helping clients find their way with the new medium.

How to adapt existing marketing techniques to work with the new medium. This ranges from direct mail and telemarketing to promotional coupons, for example, through texted barcode images.

How to overcome consumer fears about being ripped off or intruded upon, and the need to get rid of unethical spam practices before consumer confidence in texting dips, reducing the current effectiveness of the medium.

The need for a robust approach to permissioning, for ethical, legal and customer service and management reasons – in particular the fear that poor use will destroy good brands.

What benchmarks exist, so that companies can identify what constitutes good practice, good response levels

How to use messaging virally, including how to improve targeting and response, while managing the ethics of this properly.

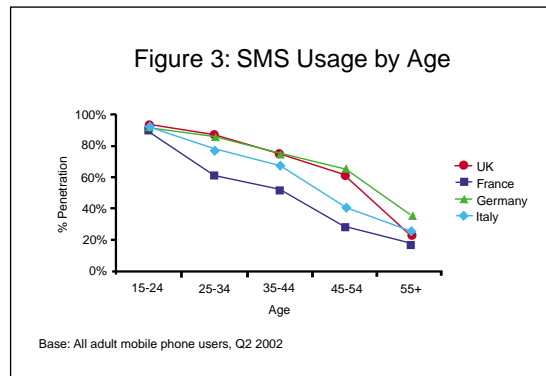
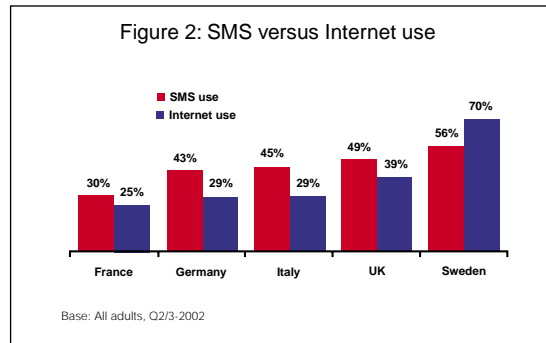
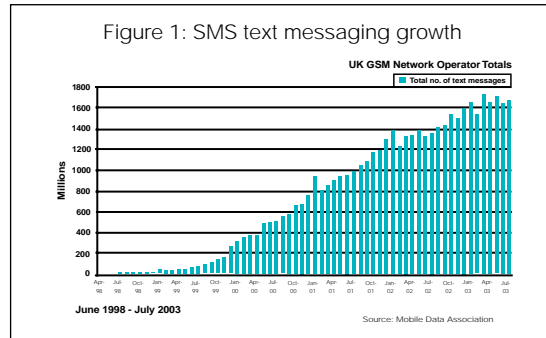
tive. Still a cash cow for mobile companies, competition has not yet reduced the price to anything like the marginal cost. Commercial users are paying between 5p and 10p per message, only falling to 3p if volumes are very high. Unless the promotions yield good response and conversion rates, this is too much, particularly for service messages or low yield promotions.

Consumers can bear some of this cost if a service is valuable enough. In Ryanair's Txt and Fly service, users are charged 2.5 Euros per quarter for advanced notice of special fares before they go up on the website. Frequent flyers might value this type of service but for most users, the attraction of email is far greater as it is seen to be effectively free beyond the monthly connection fee.

Indeed, email use is growing quickly in both business and consumer marketing, and the attraction of HTML graphics, good response, widely available prospect data and a familiar format is another reason for the lack of development of SMS.

It is early to draw strategic lessons, however, some are starting to become apparent. The most important is that like any new medium or channel, text performs best when integrated with other media or channels. Initially, it may be used to enhance them, but quite quickly it should be integrated into a proper, media-neutral framework of planning and execution. This means ensuring that your understanding of customers, your agency selection and then your briefs, and your campaign planning, design and evaluation are all media-neutral. This applies whether you are using text to support CRM, channel or product marketing.

The other main lesson is the primacy of good privacy practice. Consumers must be given compelling reasons for allowing big companies to talk



to them via their mobile. Because our systems and processes can now support it, we should consider requesting permissions for very specific purposes, for example, a particular brand to send a message in a particular time slot and only if the customer is

The volume of text messaging continues to rise inexorably. For many consumers it is as or more important a medium as the web, although its use in marketing applications is somewhat constrained by its strong bias towards youthful users.

Tactical lessons to be learned

Offer

- Ensure the mobile adds value to the campaign and not a method to invigorate a stale campaign mechanic
- Does SMS simplify the response method?
- Are you using it to capture a dialogue?
- Can you use the mobile channel to deliver rewards?

Targeting

- Do you know your customer wants and needs?
- Can you segment your customer database to reduce wasted communications? Poorly targeted

messages are simply spam!

Are you fully compliant with privacy regulations? Avoid intrusion by providing clear opt-out paths in every text message.

Message

Capturing the imagination with the limited real estate of SMS is tricky. Don't rely on in-house creative skills to get the tone of your message right, talk to specialist suppliers who know what works and what doesn't. Consider the message tone - make sure the creative fits the medium. Provide incentives to maintain interest and participation. Keep response mechanics simple-

don't use long codes when devising response-based sales promotions.

Timing and integration

Getting the timing right is crucial for pushed SMS marketing. Evaluate the potential emotional and practical triggers in the customer's decision making process. Consider synchronising messages with other media, TV, radio and live events. No mobile marketing campaign can go it alone. Support campaigns with on- and offline media for maximum exposure. Don't forget the most valuable media asset: front-line staff

in a particular area such as the Trafford or Metro Centre.

The original Bluewater ZagMe experiment did not survive, but this was probably because it was one-off, focused on one centre and not properly permissioned by users or integrated into the marketing communications of suppliers. This permission might be given one or two days before either because the consumer gets a message from their mobile company or because of a request for permission in national media ("let us tell you what's on offer when you're shopping this Saturday").

The email privacy model is misleading. Many people have several email addresses, spam filters are fairly well developed, and email spam is not that intrusive – it can be block-deleted. However people only have one mobile number so will only give it to trusted parties; and their reaction to spam texts is much more damaging. Sending unsolicited messages to anyone who has not opted-in to receive them from you for relevant products and services has also just become illegal.

Current or prospective users of texting should focus on the new law, and determine what is meant by an existing commercial relationship and which products and services are relevant to any dialogue the customer has opted in to. They also need to investigate different methods for soliciting opt-in - or offering opt out – and how to maintain a data-

base with different permission levels.

Keep working

Of course, every medium has diminishing returns. The first use of texting – if done professionally – will yield very high returns, but each extension tends to yield lower returns. However, these are likely to remain well above other media. However, most companies have a lot to learn about how texting work, so it is sensible to resist the temptation to go for the big bang. Instead, start small, measure response rates, learn and improve.

To develop the market, the onus is on mobile companies to work with the various marketing and business institutes, agencies, publishers, and the media to promote texting and then MMS as a marketing medium. This includes publication of management guides, education and training – both commercial and academic, conferences, case studies, competitions, services – free and charged, including consultancy. It's in everyone's interest to ensure this channel is not tarred with the same "junk" tag that direct mail now finds impossible to shake off. ■

Merlin Stone is IBM Professor of Relationship Marketing, Bristol Business School and Business Research Leader, IBM. He is also a director of QCI and The Database Group.

Daren Siddall is an analyst with Gartner G2.

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