MOBILE ANALYTICS: PRECISION MARKETING ACROSS MOBILE TOUCH-POINTS

June, 2014

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Report Highlights

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CMOs are using mobile 62% more widely than in 2012 as part of marketing programs.	Marketers must use VoC programs to gauge customer demand and use of mobile touch-points.	Marketers leverage a rich set of analytics capabilities to support their mobile strategy.	CMOs leveraging mobile analytics enjoy 11.2% annual increase in ROMI.

Mobility is rapidly changing the core dynamics of customer/company relationships. As customers grow their adoption and use of mobile devices, CMOs are increasingly incorporating mobile touch-points within the marketing channel mix. Indeed, 62% more marketers today are using mobile touch-points to interact with customers, compared to 2012. This report drills-down into the business benefits of incorporating mobile within marketing programs and how companies maximize results from this endeavor through use of analytical tools such as business intelligence and multi-channel analytics.

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Marketers can realize the true potential of mobile and maximize marketing effectiveness by incorporating analytics within their mobile customer engagement efforts.


Definition: Mobile Customer Engagement

For the purposes of this research, Aberdeen defines 'mobile customer engagement' as an organizational effort that includes use of business processes and technologies aimed to interact with buyers through mobile touch-points. These touch-points include mobile applications (HTML 5 and Native), mobile websites, text messages and wearable devices such as Google Glass and Samsung SmartWatch.

The Rise of Mobile: A Look at Trends & Business Value

CMOs must walk a fine-line to succeed in today's marketplace. They need to keep in-tune with evolving customer needs and ensure that the brand messaging and capabilities address these needs accordingly. Meanwhile, they must also optimize the touch-points they use to interact with customers by expanding resources to use the right channels for each audience. The end goal for marketers responsible for these objectives is to be able to effectively adapt to today's ever-changing environment where they must pinpoint how marketing campaigns across each channel contribute to company revenue and customer satisfaction.

Accomplishing the two objectives noted above requires that marketers regularly track customer channels of preference and message buyers via these channels to increase the likelihood of purchase and renewal decisions. To this point, Figure 1 below shows that marketing organizations recognize the growing use of mobile touch-points (see sidebar) among customers and, as a result, have increased their adoption of mobile in marketing programs by 65% between 2012 (21%) and 2014 (34%).

**Figure I: Marketers are Increasingly Using Mobile Touch-Points**

Percent of respondents, n=162
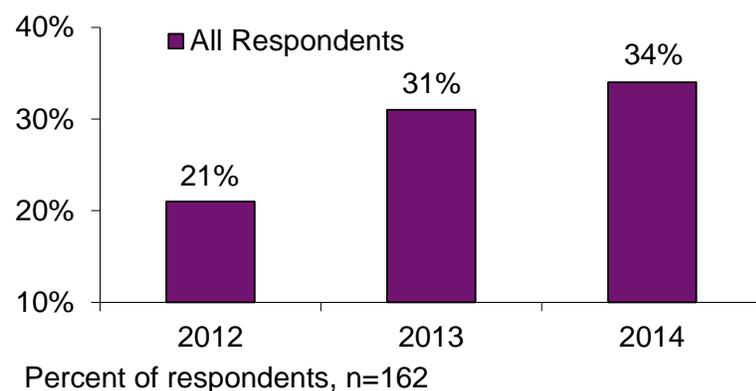
Source: Aberdeen Group, June 2014

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A recent study shows that consumer use of mobile devices (e.g. smartphones and tablets) when interacting with e-commerce brands increased by 45% between 2012 and 2013. According to data by StatCounter from another related study, 20% of all website visits originate through mobile devices as of 2013. When put together, these two findings validate that mobile has rapidly become a key touch-point through which buyers consume information needed to make purchase and brand loyalty decisions. However, this change in buyer behavior is not the only reason CMOs are increasingly adopting a formal mobile strategy (see sidebar) within their marketing channel-mix. Figure 2 below shows that marketing organizations using mobile enjoy far better year-over-year performance gains in key performance indicators (KPIs), compared to non-users.

Figure 2: Adding Mobile within the Marketing Channel-Mix Boosts Annual Performance Results

Source: Aberdeen Group, June 2014
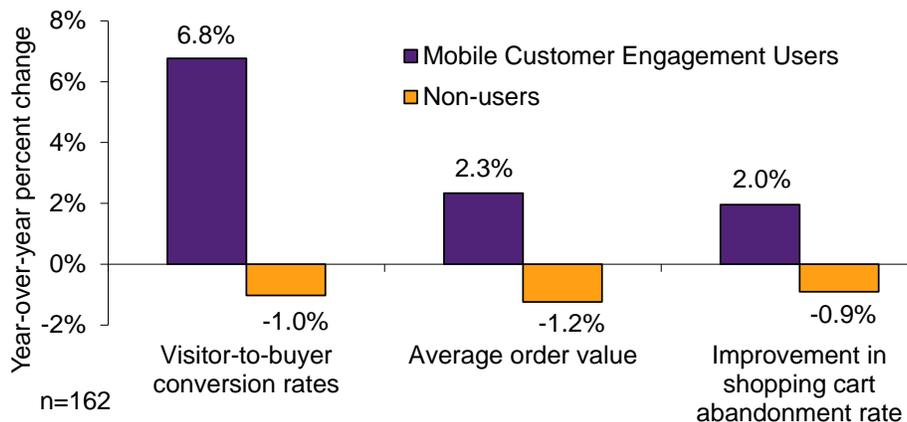
The findings above show that marketers using mobile customer engagement activities are more successful in driving financial gains, compared to their peers. Specifically, they fare better in converting visitors of the mobile websites and applications into paying customers. Furthermore, they successfully grow the average value of client orders when marketers without a mobile

Mobile Customer Engagement: Formal vs. Informal Efforts

Customers have the ability to use mobile devices to interact with brands through different touch-points, such as a website. When businesses lack a formal mobile strategy, it would mean that the buyers would have a sub-par experience visiting the company website through a mobile website as the buyers would need to pinch-and-zoom to optimize their view of the content for their device. End-users would also lack a mobile application when brands don't have a mobile strategy, hence don't provide buyers an application as part of it.

Implementing a formal mobile strategy mitigates these issues and means that the organization has synchronized effort to optimize the experiences end-users have when using mobile devices to interacting with the business. The outcomes of such a strategy could include the company designing a mobile-optimized website, creating a mobile application or incorporating text messages as part of their marketing campaigns.

Definition: Visitor-to-Buyer Conversion Rates

For the purposes of this research, Aberdeen defines this metric as the percentage of customers who interact with the business via a mobile website or mobile application and purchase company products / services.

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Definition: VoC

For the purposes of this research, Aberdeen defines VoC programs as a systematic business effort where companies capture customer feedback and sentiment regarding company brand, products / services.

VoC data is gleaned in two primary ways: 1. directly by buyers sharing their input with the business, and 2. indirectly where buyers share their sentiment and experiences with their peers, friends and social networks and the company tracks this data by monitoring customer-generated content (e.g. tweets and Facebook posts) related to its brand, product / services.

strategy face erosion in client spend. These financial improvements help the CMOs adopting a mobile customer engagement strategy demonstrate how marketing campaigns positively impact the financial results. Thus, increasing the likelihood of getting additional resources to support future marketing spends.

The Challenge in Mobile Customer Engagement

Businesses don't achieve the results depicted above solely by adding mobile touch-points to their marketing channel-mix. Marketers must gather voice of the customer (VoC - see sidebar) information to determine if their target personas are currently using (or prefer to use) mobile touch-points to interact with the business. This information is gleaned through various tactics, including online surveys, focus groups and workshops.

By combining the quantitative data (e.g. customer satisfaction scores and customer lifetime value) and qualitative data (e.g. input provided within customer surveys) captured as part of VoC programs, marketers have the ability to understand the specific needs and wants of their target audiences. Use of technology enablers such as customer analytics helps marketers implement this activity through analyzing both structured and unstructured data captured as part of VoC programs. These analytics-driven insights shed light on how each buyer prefers to receive information and how they would react to specific communications. Please see Aberdeen's April 2014 *Voice of the Customer: Big Data as a Strategic Advantage* study to learn more about this topic.

Upon gathering and analyzing VoC data, if the insights indicate that the organization's target buyers prefer to use mobile touch-points as part of their buying journey then the marketing team should build a well-crafted mobile strategy. This process

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includes determining the specific touch-points (e.g. text messages, mobile website and mobile applications) that would be included within the mobile strategy. It also outlines customer expectations, and capabilities sought in mobile touch-points so that organizations can best meet user expectations.

As shown in the sidebar, less than half of companies using mobile websites and applications are satisfied with their use of these touch-points. From this data, we can see the importance of implementing mobile capabilities in a strategic, well-crafted manner versus simply adopting mobile just to go mobile. Marketers using the best practices that will be highlighted below are far more likely to reap maximum results from customer interactions through the mobile channel.

Table 1 provides a corresponding view of satisfaction from use of mobile touch-points – from the perspective of customers. The data points below show that customer satisfaction and spend have increased annually across businesses providing buyers with mobile applications and websites to interact with the firm.

40% of companies are satisfied with their use of mobile websites to interact with customers.

39% of companies are satisfied with their use of mobile applications to interact with customers.

Table I: Use of Mobile in Marketing Programs Delights Customers

Year-over-Year Change in Performance Metrics Reflective of Customer Sentiment & Behavior	Companies using Mobile Apps to Engage Customers	Companies using Mobile Websites to Engage Customers
Percentage of buyers that retain their business with the organization over the past 12 months	59%	60%
Annual change in the percentage of satisfied customers	2.5%	3.5%
Annual improvement in overall customer spend on company products / services	1.6%	4.7%

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Building and nurturing a well-designed mobile strategy requires marketers to identify how each target persona uses mobile touch-points.

The findings above validate that deploying mobile as part of the marketing channel-mix helps marketers delight customers. In fact, data shows that businesses that are not incorporating mobile applications and websites within their marketing channel-mix face an annual decline in visitor-to-buyer conversion rates. Basically, marketers significantly reduce their likelihood of converting potential buyers into paying clients by ignoring consumer demand for using mobile in the buying experience. It's important to note that the rate of improvement in customer satisfaction and spend depicted in Table 1 are not dramatically high. This indicates that by adopting a well-crafted mobile customer engagement strategy, CMOs have the opportunity to boost these performance results.

Role of Analytics in Crafting an Optimal Mobile Strategy

Building and nurturing a well-designed mobile strategy requires marketers to identify how their target audiences use mobile touch-points. For example, if a certain buyer segment is far more likely to use mobile websites rather than mobile applications, this would help marketers tailor their strategy to interact with this group through messages delivered via a mobile website.

Once customer preferences on use of mobile touch-points are identified, marketers should then optimize the messages delivered through these interaction mediums and ensure that these messages resonate with customer needs and wants. This is supported by analysis of existing account data within enterprise systems such as customer relationship management (CRM) and marketing automation. Marketers have the ability to better adjust their messaging to address the unique needs of each persona by observing data related to their historical interactions – available within enterprise systems.

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However, what happens when a company lacks existing data for a specific customer? In such instances, integration of enterprise systems that capture customer data across different touch-points becomes a key necessity. By integrating systems such as web analytics and customer relationship management (CRM), marketers would be able to identify overall characteristics of a first-time visitor and deploy predictive analytics to determine which messages this visitor would be most likely to respond positively. The ability to predict customer response is facilitated by predictive analytics observing how other buyers with similar characteristics responded to previous marketing conversations, and determining that the first-time buyer would also be likely to positively respond to similar marketing conversations.

As depicted in Table 2 below, marketers have a rich set of analytics applications to analyze customer and operational data gathered through multiple touch-points through the buyers' journey. The intelligence gathered through these analytical tools and a/b or multivariate testing help marketers determine which message resonates better with each customer, and tailor marketing tactics appropriately.

Table 2: CMOs Have a Rich Analytics Toolbox

Current Technology Adoption (n=162)	Companies using analytics as part of mobile programs
Web analytics	80%
Business intelligence	64%
Marketing performance analytics	64%
Social media analytics	61%
Real-time analytics	51%
Predictive analytics	31%

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Mobile analytics users enjoy 11.6% annual increase in brand awareness, compared to 12.9% <u>decrease</u> by organizations that lack analytics within their mobile strategy.

Fifty-one percent (51%) of CMOs with a mobile analytics program use five different analytics capabilities to support their data analysis needs.

For example, web analytics help to determine <u>which</u> content hosted on the company website and mobile website resonates better with different customer segments. It also helps to determine <u>how</u> each buyer interacts with content by observing the browsing behavior on websites. Furthermore, marketers have the ability to gain visibility into the different attributes (e.g. location and the type of mobile device) of website visitors through web analytics. These insights serve as key ingredients when using other technology tools such as business intelligence (BI) and marketing performance analytics. Leveraging the combined strengths of these tools helps marketers reveal hidden trends and correlations on customer engagement through mobile touch-points.

It's important to note that use of the above technology enablers is not restricted to a specific mobile touch-point. Marketers leverage them to glean insights across numerous channels. For example, they are utilized to track customer behavioral activities such as downloads and use of mobile applications. The resulting information empowers the CMO with the ability to understand which buyer segments are downloading the mobile application, how frequently they are using it, as well as behavior within the application, such as browsing activities.

Empowered with relevant and timely information on customer behavior through the mobile channel, marketers then have the ability to better personalize buyer messages. They also have the ability to optimize the user experience to ensure that the design of the mobile websites and applications facilitate desired behaviors and the content that is served is aligned with the buyer.

Figure 3 below shows that CMOs leveraging different combinations of the analytical tools noted above as part of their mobile customer engagement strategy achieve far superior

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results across marketing effectiveness KPIs, compared to those not leveraging analytics as part of mobile interactions.

Figure 3: Use of Mobile Analytics Means Success

Source: Aberdeen Group, June 2014
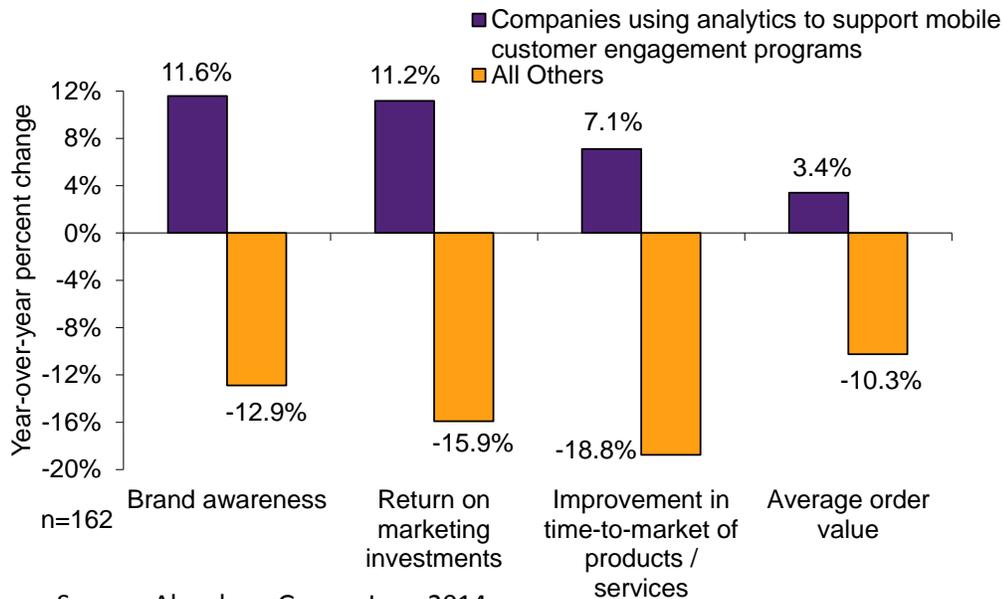
Marketers incorporating analytics within their mobile strategy differentiate themselves across several important areas. They are far more successful in demonstrating that their multi-channel and multi-touch marketing programs (integrated with their mobile strategy) drive positive and quantifiable results. This is reflected by their improvements in metrics such as return on marketing investments (see sidebar) and average order value. By using analytics to tailor content displayed on customers' mobile devices, marketers are able to create more personalized interactions, and thus, are more likely to enjoy improvements in metrics such as ad views and form submissions.

CMOs leveraging analytics also fare better in improving customers' awareness of company brand and achieving operational efficiencies by reducing the time it takes to make new products / services available to target customers. In short,

Definition: Return on Marketing Investments (ROMI)

For the purposes of this research, Aberdeen defines this metric as the percentage of new business or customer renewals influenced by marketing programs.

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analytics makes the difference between seeing positive versus negative results from mobile customer engagement activities.

Recommendations

Customer behavior is rapidly changing; it's evolving in a direction where buyers are increasingly using mobile touch-points to make their product / service decisions. Marketers are aware of this change, and are increasingly focused on incorporating mobile as part of their marketing channel mix. However, simply incorporating mobile within marketing programs without a well-crafted plan will yield minimal results.

Leveraging analytics helps firms unlock the potential to maximize marketing effectiveness through mobile interactions. Aberdeen recommends CMOs looking to establish or nurture a mobile customer engagement strategy should adopt the below activities to reap maximum results:

➜ **Optimize the user experience (see sidebar) to facilitate better marketing outcomes.** There is a wealth of information available for customers to leverage when making product / service purchase decisions. Helping buyers easily consume this information by optimizing their mobile experiences (interactions through the mobile website or mobile application) increase the likelihood that customers can easily access and consume the targeted marketing messages. The benefits of this activity are heightened when customers are served with dynamic content that is tailored to their persona. Use responsive design to support implementing this activity. Please read Aberdeen's April 2014 _Responsive Design Boosts Customer Engagement Results_ study to learn more about the business value and effective use of responsive design capabilities.

Definition: User Experience

For the purposes of this research, Aberdeen defines 'user experience' as customers' ease of interacting with content displayed through the company mobile website, mobile applications and text messages.

A good user experience would require the customer to put minimal effort to consume content whereas a poor one would require additional and unnecessary effort (e.g. pinching-and-zooming) to consume the content.

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➔ **Adopt and leverage findings from a VoC program to determine how your target personas want to interact with your business through mobile touch-points.** VoC activities help companies accomplish more than determining customer sentiment. When designed appropriately, data gleaned from these activities help marketers capture direct input on the mobile touch each target persona wants to use as part of their mobile-enabled purchase decisions.

➔ **Incorporate analytics as a key ingredient of your mobile strategy.** Each customer has unique needs, and therefore needs to be targeted with tailored marketing messages at different phases of their journey when interacting with businesses. Use of analytical tools, such as business intelligence, web analytics and predictive analytics, help marketers supercharge performance in attaining desired results in KPIs such as customer satisfaction and ROMI. Predictive analytics, particularly, is a critical enabler as it helps marketers reduce the guesswork in predicting how customers might respond to marketing campaigns. Over all, it helps the marketer leverage statistically-relevant insights to deliver content that buyers are likely to interact and ultimately purchase company products / services.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

Customer Engagement Analytics: How to Use Data to Create (and Keep) Happy Customers; May 2014	*Consider the Audience: Marketing Effectiveness Metrics for Everyone*; January 2014
Responsive Design Boosts Customer Engagement Results; April 2014	*Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience*; October 2013
Voice of the Customer: Big Data as a Strategic Advantage; April 2014	*Social Customer Care: Secrets to Build a Winning Strategy*; July 2013
State of the CEM Market 2014: It's All About Better Use of Customer Data; March 2014	

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