

# THE POWER OF MOBILE CUSTOMER ENGAGEMENT IN RETAIL SERVICES

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## Contents

- Executive Summary..... 3
- Why Use Mobile Messaging as a Customer Engagement Medium? ..... 4
- The Advantages of Mobile Messaging ..... 5
- Integrating Mobile Messaging into the Retail Marketing Mix..... 6
- Integrating Mobile Messaging for Marketing and Customer Service ..... 7
- Strategic Recommendations for Marketers ..... 7
- Summary Benefits of Mobile Messaging for Customer Engagement:..... 9
- Why Tata Communications for Mobile Customer Engagement? ..... 9

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## EXECUTIVE SUMMARY

Mobile communications technology is influencing fundamental changes in the way that many retail organisations operate. The adoption of mobile technology as an integral part of the retail business model and is fundamental for the survival of many retail organisations. In recent years the introduction of a range of multi-featured Smartphone and Tablet devices, together with an increase in mobile usage by shoppers, makes the lack of a mobile strategy a significant risk for retailers.

Retailers who are actively embracing the use of mobile technology can gain a significant competitive advantage over the coming years. According to research conducted by analyst house Ovum, in their ICT Enterprise Insights 2018/19 - ICT Drivers and Technology survey, retail customers want to be able to navigate the numerous retail channels they engage with, connect with brands from any device, and have a seamless experience, whether they shop online or in physical stores<sup>1</sup>. This engagement can be initiated with a simple text message to a mobile device, which might include a URL to prompt further engagement, or it can be accomplished using a multi-media message or RCS based message. There is strong evidence to suggest that mobility also influences in-store spending. According to research by Deloitte, for every £1 of M-Commerce revenue, mobile is likely to directly influence £23 of in-store spending by customers. Over the next 2 to 5 years the use of mobile technology will be a transformative and beneficial factor in the retail equation. Today there is no technology that has greater global reach and plays a more personal role in our lives than the mobile phone. This makes mobile a unique channel to engage with customers.

From the consumer perspective, mobile technology opens a new world of interaction and convenience. Mobile marketing, using SMS campaigns, integrated with couponing, gifting, interaction with enterprise apps, browsing and mobile payment technology present opportunities for commercial and marketing innovation. To be successful a combination of channels and services needs to be as seamless as possible, to help guide shoppers and enhance the retail experience.

While there are a number of mobile marketing solutions available, there are very few companies operating in this environment that are able to meet the stringent service level agreements required by global companies, while even fewer mobile marketing companies manage their own carrier-grade signalling network optimized for mobile messaging delivery, and able to reach customers across national or international borders.

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<sup>1</sup> Ovum: Retail's Path to Connected Customer Experiences, pub 2019. <https://www.ovumkc.com/Products/IT/Customer-Engagement/Retail-s-Path-to-Connected-Customer-Experiences/Recommendations>

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## WHY USE MOBILE MESSAGING AS A CUSTOMER ENGAGEMENT MEDIUM?

As early as 2009 Mark Cohen, the New York Times journalist said, “*Mobile text messaging, the same 160-character dispatches first popularized by nimble-fingered teenagers, may be the closest thing in the information-overloaded digital marketing world to a guaranteed read.*”

Mobile messaging is one of the few channels of communication that is always on and directly engages an individual. In fact, 90% of 18-29 year olds in the US sleep beside their mobile phones and are ready to read messages or answer calls 24 hours a day.

It is unlike any other channel for customer engagement and offers marketers direct access to their audiences. Mobile messaging adds another layer to this unique relationship as it is direct and personal but not intrusive. Customers can choose when to read and respond to messages. Unlike a voice call, they don't interrupt the customer's day and the medium gives them the freedom to decide the appropriate time to read the message. Mobile customers appreciate this and are more likely to have positive experiences with a brand that can directly engage with them without demanding their instant attention.

Businesses across many sectors understand this and are using mobile messaging to send information quickly and efficiently to the mobile phones of their customers and employees. It is a fast, reliable and efficient communication channel using a medium that matches the behaviour of today's mobile customers.



## THE ADVANTAGES OF MOBILE MESSAGING

- Reachability** You can engage with your customers wherever they are. This makes mobile messaging the ideal solution for distributing information, whether that information is a special offer, a time-sensitive campaign, a promotion code, a service update or anything else that can benefit from immediate delivery.
- For developing markets, the challenge of reaching and engaging with customers is significant. Thanks to rapidly growing mobile penetration, mobile messaging provides immediate access that can be more targeted than online campaigns or traditional marketing channels. In the case of targeted advertising, if you wish to focus a campaign on a particular demographic it is possible to achieve highly targeted segmentation (e.g. Females; Age 18-30; Living in the area of Delhi)
- Interactivity** Mobile messaging is an interactive medium, where time sensitive messages can be sent and responses can be tracked to enable active customer potential to be assessed. Due to its contextual character, mobile messaging enjoys higher response rates as a communications channel in comparison with other media:
- Response rates from SMS are 209% higher than from phone calls, Social Media, or Email messages. 29% of targeted customers will respond to text messages and 47% of those responders go on to make a purchase<sup>2</sup>. = so SMS is a familiar and generally trusted medium for customers
  - 47% of consumers prefer using native SMS as their messaging app of choice<sup>3</sup> = customers prefer SMS, ahead of social media messaging alternatives
  - SMS Marketing Campaigns are opted out less than 5% of the time<sup>4</sup> = consumers accept SMS marketing
- Reliability** Mobile messaging is a secure technology making it possible to build delivery guarantees into a service level agreement. Messaging delivered by telecom network operators can be traced through to the termination point.
- Exclusivity** You can build exclusivity into mobile marketing, pushing messages to mobile subscribers for offers and promotions that only they will have access to, thus increasing loyalty, purchase responses and speed of response. The nature of the mobile messaging medium can be extended by offering time specific offers, to generate immediate responses.
- Multimedia** Mobile messaging can be used as a cross-media tool combined with Television, web-based campaigns, radio or print. Mobile messaging can be used as a means to measure the effectiveness of campaigns across all marketing channels, making it a very useful element within the marketing mix. It is a measurable communication channel able to deliver a high return on investment with low capital expenditure.
- Efficiency** Mobile messaging is cost-effective. Instead of spending significant sums of money on multimedia advertising campaigns which may not be easily measurable, you can use a mobile messaging campaign to reach your customers thus reducing marketing costs with a highly measurable medium.

<sup>2</sup> Emarsys, 2018 - <https://www.mobilexco.com/blog/18-stats-to-help-you-plan-your-mobile-marketing-strategy-in-2018>

<sup>3</sup> Twilio, 2018 - referenced in link above

<sup>4</sup> Smart Insights, 2017 - <https://www.smartinsights.com/digital-marketing-strategy/evolution-text-message-infographic/>

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## INTEGRATING MOBILE MESSAGING INTO THE RETAIL MARKETING MIX

### *Market research:*

With messaging services like voting and polling, you can use the mobile channel as an excellent facilitator to collect market information. Researchers can use mobile messaging within areas such as public relations, assessing interest in new products, affiliate offers, direct and viral marketing. The research benefits from audience reachability and interactive communication exchanges. It is also simple to segment audiences and capture customer responses to targeted and precise questions.

### *Targeted, personalized, customizable and accessible advertising:*

You can use mobile messaging for advertising and promotions to encourage customer participation, provide direct access to target groups, customize a message to any language or regional requirement, and to guarantee that the message can reach customers anywhere and anytime. Mobile messaging helps increase sales as well as consumer satisfaction thanks to its immediate delivery advantage, making it a perfect tool to create time sensitive promotions.

### *Reminders, notifications and invitations:*

Mobile messaging provides direct customer reach and ensures that messages are delivered and read at the right time. Moreover, mobile messaging provides a 2-way communications channel, which can be used for redemption of special offers and immediate response to new offers. It can be used as a means of reminding people about time-sensitive offers, or to invite them to attend special events.

### *Context-based target marketing:*

Mobile messaging can be rapidly customized to suit any situation. The message that is sent to customers can be adjusted right up to the last moment before sending.

### *Loyalty building:*

Use mobile messaging to develop an on-going and consistent relationship with customers. Mobile messaging is the right channel to communicate to large numbers of customers, with the advantage of high readability of the messages received.



## INTEGRATING MOBILE MESSAGING FOR MARKETING AND CUSTOMER SERVICE

Mobile messaging provides a perfect marketing-mix component allowing measurement of the effectiveness of all used marketing channels. It can also be used as a component of the retail experience itself.

There is a continuing trend for increased retail customer engagement and interactivity. Using the mobile messaging medium customer notifications can be made quickly and pro-actively.

Retailers can create new revenue streams through revenue share agreements with mobile communications service providers, using the mobile messaging medium as a means to encourage user engagement. Mobile messaging is far more inclusive than most other media for this purpose. In developing countries, the likelihood of access to a mobile phone without a data subscription makes it all the more valuable to use conventional mobile messaging as the means to enable customer engagement and interaction.

Mobile messaging can also be used to confirm and authenticate payments. It can be used to enable the completion of payment in real-time for services. Mobile messaging is a cost-effective tool for notifications and associated customer service activities, helping to deflect calls from the contact centre.

## STRATEGIC RECOMMENDATIONS FOR MARKETERS

### Building Your Mobile Messaging Solution Proposition

Mobile messaging-based marketing and customer service is a highly cost-efficient mobile medium, providing a reliable communications channel linking your business with your customers. It provides an extra dimension to your marketing mix, enabling customer engagement and customized message delivery. Mobile messaging brings together cross-media campaigns with enhanced interaction and engagement.

But how can you use it to your advantage? How can you include mobile into your marketing mix to support your overall objectives? How can campaign effectiveness be measured?

To answer these questions requires a back to basics approach to mobile marketing strategy. Obviously mobile messaging will not work if you do not have your customers' mobile phone numbers, so this information needs to be included with customer details in the CRM system. Also customers in most countries need to have 'opted in' to receive information and marketing promotions. It is a necessary step but once resolved you will benefit from a highly targeted group of opt-in customers having an active interest in your business and your services.

As you want to be able to reach prospective customers as well as existing customers in some cases, it is possible to obtain demographically profiled mobile databases from mobile operators or large media organizations.

Mobile messaging production costs are low compared with traditional media, so developing and testing your marketing strategy is cost-efficient. Mobile messaging can help you build your profile and reinforce your online branding and presence through inserting your URL address in the messages you send. This drives customers to your website for further interaction in addition to their engagement with the mobile message itself.

Mobile messaging is particularly good for personalizing messages to individual customers. You might think that the 160 character limit is a restricting factor, but considering the popularity of Twitter that might be just the point. Your customers are often on the move and have limited time or attention spans. Providing valuable information in a short and succinct way is therefore preferred.



The nature of the travel and hospitality business means that mobile interactions with your customers will often be time sensitive. Timing of mobile messaging alerts and campaigns is critical and the messages you send will have the greatest impact when the consumer most needs that message from you. That is why the flexibility of this communication channel is very important. Mobile messages can be sent and received within seconds, allowing you to generate higher response traffic - particularly in the case of special events, last minute deals or service notifications.

You have to decide the main objective of using a particular channel. Mobile messaging provides highly targeted, measurable tracking possibilities. Measurement of indicators like recall, message association, awareness and intent to buy are critical criteria. Mobile messaging also provides you with a way to study the cost associated with customer contact, interaction and acquisition.

For pure promotional activity you can use mobile messaging in conjunction with assessment of revenue uplift, market share movements and the cost of consumer participation vs use of traditional channels. It enables you to communicate the right message, at the right time and to the right audience. With this specific capability associated with the use of mobile messaging in the marketing mix you can use mobile messaging to plan your integrated mobile marketing and customer interaction strategy with confidence.



## SUMMARY BENEFITS OF MOBILE MESSAGING FOR CUSTOMER ENGAGEMENT:

- **Cost efficiency** - mobile messaging presents cost benefits compared with other media
- **Interactivity** - mobile messaging enables you to have a dialogue with your customers
- **Anywhere / Anytime customer reach** - the mobile handset is always with the customer
- **Personalization** - mobile messaging is effective for 1-to-1 communication with individual customers
- **Great Viral Marketing tool** - enables the fun-factor and enhances response
- **Easily targetable** - specific messages can be designed based on customer profiles
- **Analysis** - mobile messaging allows in-depth analysis of usage, response, and cost
- **Familiar technology**- any consumer age group is familiar with mobile messaging technology

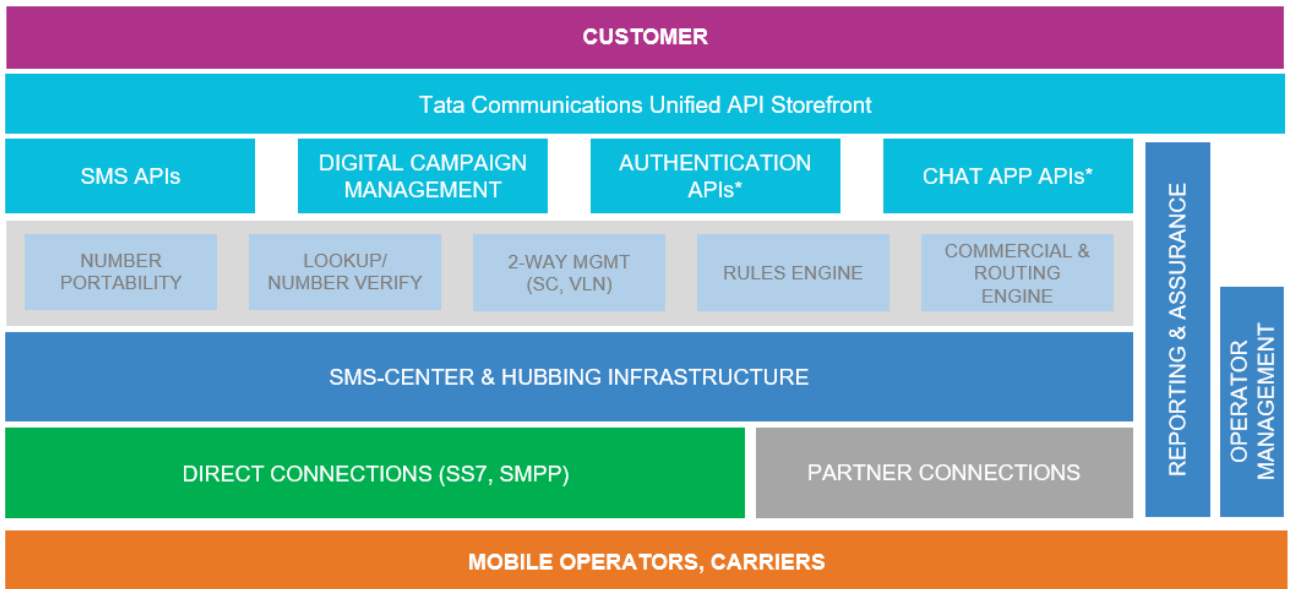
## WHY TATA COMMUNICATIONS FOR MOBILE CUSTOMER ENGAGEMENT?

Tata Communications **Mobile Messaging Exchange** is a dedicated A2P mobile messaging hub, with access to global, secure messaging routes. It makes the most of our commercial relationships with hundreds of Mobile Network Operators (MNOs) and delivers A-Z network reach.

The way Mobile Messaging Exchange works is simple:

1. You buy capacity to terminate SMS into mobile networks from Tata Communications.
2. Tata Communications provides comprehensive rates for each destination.
3. You connect via Mobile Messaging Exchange and send A2P SMS to Tata Communications for agreed destination network termination.
4. A user portal gives you control and access to online information about sent and delivered messages.
5. Tata Communications raises an invoice for the settlement based on the number of mobile messages sent and rates agreed at the end of an agreed cycle.

## ROBUST PRODUCT STACK BUILT ON CARRIER-GRADE NETWORK



\* FY20 Roadmap

Adopting Mobile Messaging Exchange for A2P messaging means working with a single party for global message distribution. This makes it easier to gain access to secure global routes, along with more commercial flexibility through payment options that include per SMS charging, as well as pre-paid and post-paid charging models.

You can choose per destination pricing and send to as few, or as many destinations as required. There is a three day standard price change advance notice, as well as fixed duration price options, offering pricing stability as required.

Because we manage our own signalling network, it means you gain direct, global destination reach, secure quality routing and termination - you maximize the advantage of our trusted service provider relationships. Mobile Messaging Exchange offers a transparent A2P mobile messaging only business model with no blending of P2P and A2P messaging traffic.

You can access APIs, which can be used to integrate between the mobile messaging platform and your CRM or other customer engagement systems. You can also use our integrated campaign management platform, to help manage all customer marketing campaigns online.

We connect with MNOs around the world. We extend our direct global connectivity via peering agreements, ensuring all licensed MNOs and MVNOs are reachable. Well established relationships with hundreds of global MNOs and MVNOs means reduced time to market, to get your mobile customer engagement activity up and running quickly and efficiently.

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