Push Mobile Engagement To The Next Level

by Thomas Husson, October 17, 2013

KEY TAKEAWAYS

Consumers Adopt Push Notifications But Want To Be In Control

Consumers who receive push notifications are also the heaviest app users. However, to avoid being spammed with irrelevant messages, consumers increasingly want to be in control, setting preferences on the types of messages they want to receive and when they want to receive them.

Push Notifications Enable Better Engagement

Push notifications make the most of mobile's unique benefits: intimacy, immediacy, and context. They enable marketers to offer more-relevant and personalized benefits to consumers while helping marketers reach their own goals through increased traffic, optimized app usage, and increased conversions.

The Challenge Is To Integrate Push Notifications Into A Direct Marketing Strategy

To offer the most-relevant push notifications, it is not enough for marketers to segment and analyze their mobile customer base and to define more contextualized messages. It is also critical to fully integrate push notifications as part of their overall direct marketing and CRM strategy.

Push Mobile Engagement To The Next Level

Integrate Push Notifications Into Your Marketing Approach

by Thomas Husson
with Melissa Parrish and Emily Kwan

WHY READ THIS REPORT

Push notifications make the most of mobile marketing's unique attributes: intimacy, immediacy, and context. When consumers opt in to receive push notifications, it means they trust you to the point of giving you permission to contact them on their most personal devices. If your messages are not relevant, you will lose your best customers. This report lays out the opportunities, risks, and best practices that marketing leaders must understand to integrate push notifications into their app and direct marketing strategies.

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Notes & Resources

Forrester interviewed various marketers at end user companies as well as several vendors offering push notifications, mobile messaging, and CRM products.

Related Research Documents

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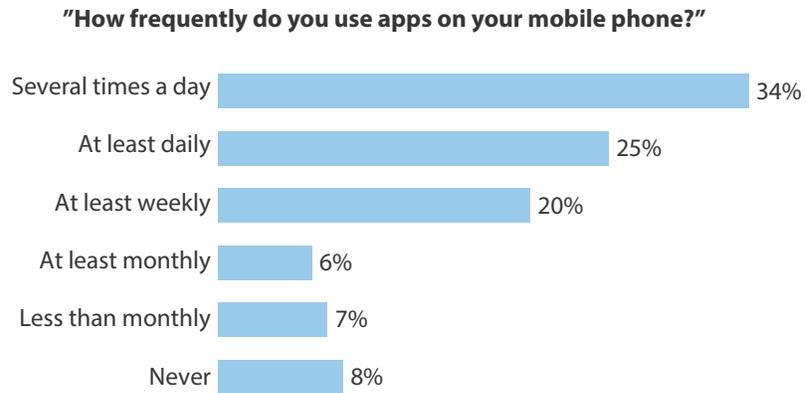The New Messaging Mandate
August 8, 2012

CONSUMERS ADOPT PUSH NOTIFICATIONS BUT WANT CONTROL

App usage is now mainstream, and time spent on apps is skyrocketing. In addition to downloading branded apps, many consumers are now opting in to receive push notifications. When they do so, they grant you a unique privilege: the ability to engage with them at any time and in any location on their most intimate devices. If you want to avoid opt-outs and app removal, you must take this honor seriously.

Let's first take a closer look at how consumers use push notifications.

- **A majority of smartphone app users receive push notifications frequently.** Seventy-six percent of European smartphone-owning online adults who use apps receive push notifications, with 26% receiving them several times per day, 24% at least once per day, and 27% at least once per week.[1]

- **People who receive push notifications are also the heaviest users of apps.** The more frequently consumers use an application, the more likely they are to receive push notifications. Among European online consumers who receive push notifications or SMS alerts on their cell phone at least weekly, roughly 60% use apps at least daily, which is comparable to the US (see Figure 1).[2]

- **More iOS users receive push notifications, but more Android users open them.** Push notifications are now a mainstream phenomenon among most European online smartphone app users: 89% of iOS app users receive push notifications, while 83% of Android app users do.[3] However, most marketers and vendors we spoke with confirmed that the open rates are much higher on Android than on iOS.[4] But don't count out the iOS users who *do* open push notifications: By default, the ability to receive push notifications in iOS is turned off, so users must first turn on that capability and then opt in to receive specific push notifications from specific apps. This suggests that even if the opens happen less frequently, they may be more valuable because the users have had to take two steps to grant permission.

- **Consumers want to be in control of push notifications.** While it is difficult to assess precisely the average opt-out rates for push notifications, there is clear evidence that they can be perceived as extremely intrusive if they do not deliver relevant content and are not sent in a timely manner. Urban Airship synthesized worst practices in a "bad push" guide that is full of examples of consumers complaining on social media of being woken in the middle of the night by irrelevant notifications. Consumers want to set their preferences regarding the type and timing of the content they receive. The ESPN ScoreCenter is by far the most advanced example we came across of a brand letting customers hyperpersonalize their notifications (see Figure 2).

Figure 1 People Who Receive Notifications Are Also The Heaviest Users Of Apps

"How frequently do you use apps on your mobile phone?"

|	
Several times a day	34%
At least daily	25%
At least weekly	20%
At least monthly	6%
Less than monthly	7%
Never	8%

Base: 5,035 European online adults (18+) who own a mobile phone and receive push notifications/messages from apps installed on their phone

Source: European Technographics® Consumer Technology Online Survey, Q4 2012

104421   Source: Forrester Research, Inc.

Figure 2 ESPN Gives Users Control To Set Their Push Notification Preferences
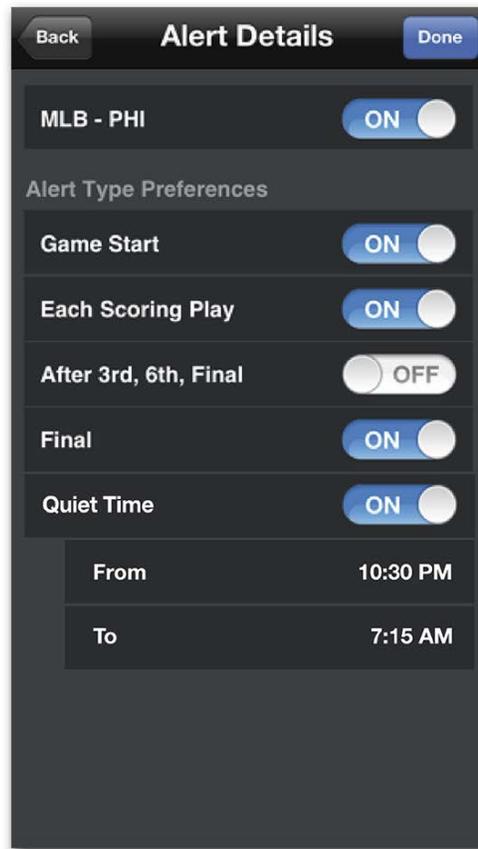
Source: Urban Airship/ESPN ScoreCenter mobile app

104421   Source: Forrester Research, Inc.

PUSH NOTIFICATIONS OFFER BETTER MOBILE ENGAGEMENT

Push notifications are not just about breaking news, weather, or traffic alerts. They can also be used by marketers for many different purposes, such as customer service alerts, social updates, new content availability notices, relevant and requested offers, reminders, and location-specific information. More specifically, marketers should start using this new direct marketing tool to benefit both their consumers and their marketing goals.

Use Push To Deliver Additional Benefits To Consumers

Because push notifications are a new direct-to-consumer tactic on people's most intimate devices, they can be a double-edged sword for marketers. Consumers can perceive them as helpful when

they deliver very relevant messages that take into account users' situations, preferences, and context, or they can perceive them as intrusive and uninteresting. To avoid the latter, marketers should:

■ **Deliver highly relevant offerings that make the most of mobile's unique benefits.** Push notifications are the ideal tool to combine mobile marketing's unique benefits: intimacy, immediacy, and context. The new M7 feature in Apple's iPhone 5s will gather data from the accelerometer, gyroscope, and compass to offer marketers new tools to engage consumers in the most relevant context. For example, the head of mobile at Coyote System, the leading provider of community-based driving assistants, points out that getting timing and context wrong could be downright dangerous. He told us, "Delivering real-time push notifications when drivers are blocked in a traffic jam — and not when driving 130 kilometers per hour on the highway — would make a huge difference for engaging our mobile app customers."[5]

■ **Build relationships through a timely communication channel.** Push notifications can help you reach loyalty goals by demonstrating the value of your app through judiciously pushing great content to the user. For example, Walgreens, the US pharmacy retailer, uses push notifications to let consumers know when they need to refill medicine or to remind them about drugs they need to take on a daily basis.

■ **Reward their customers when they are most likely to engage with the brand.** Rewarding your best customers at specific moments of engagement is another way to increase satisfaction. Kiip, a US loyalty app startup, helps brands reach consumers during their achievement moments on their mobile phones; for example, when a consumer spent a lot of time on a game and just achieved a high score.[6]

Use Push To Meet Your Marketing Goals

Push notifications may be a new tactic, but they can help marketers achieve classic interactive marketing goals such as traffic growth and greater conversion rates. For some players, such as media companies, they even become a core part of the product offering. In particular, marketers can use push notifications to:

■ **Upsell and cross-sell services through targeted offerings.** Combining analytics, detailed segmentation, and location-based services via push notifications can be extremely powerful. Gaming companies and apps with an in-app paying model tend to use push notifications to targeted segments of the customer base to maximize conversion rates. Retailers such as Vente Privée do a great job at pushing notifications to stimulate flash sales. The US Open, a Grand Slam tournament, used push messaging to build an ongoing relationship with its fans, provide value to its sponsors, and increase ticket sales. The US Tennis Association segmented its fan user base to alert those within the stadium of free Wi-Fi access and opportunities to win tickets to

the finals and let fans within the tri-state area (New York, New Jersey, and Connecticut) know that tickets were still available. Objectives were threefold: to delight loyal fans, drive sponsor benefits, and fill empty seats (see Figure 3).[7]

■ **Optimize mobile app usage.** All the marketers we interviewed acknowledged that push notifications help them increase mobile visits and pages viewed. But it's not just about traffic: Marketers can use push notifications to let users know when new features are available, notify them when a bug has been fixed, wake up dormant or less engaged users, or prompt them to rate an app. Sending push notifications to a few hundred heavy and engaged users is key to improving your app ratings.

■ **Test offerings in real time.** Some marketers we interviewed are using live data push notifications that wake up the app, without the consumer noticing, to test different pricing options or new features. For example, Scimob, an innovative gaming startup, uses these types of push notifications to conduct A/B real-time testing during the game, sending different content, pricing, and features to selected groups of 1,000 users. Extending this approach beyond gaming could help brands not only optimize their apps as a product but also survey their customer bases to gain more insights on their broader contextual needs.

■ **Become a core part of the product experience.** For media companies, push notifications are not just a marketing tool. They are inherently part of the content offering. Pushing breaking news notifications can generate between 30% and 40% of total mobile visits and add an incremental number of pages viewed per visit for some companies. Working closely with the editorial team to automate the ability to send personalized content will be the key differentiator moving forward. The challenge here is to balance the need for live breaking news and cold news — without compromising on the quality of the information sent.

■ **Increase the value of advertising inventory.** Push notifications offer a fantastic way to increase not only traffic but also number of pages viewed per visitor and time spent on the app. In addition, the ability to use image and video push on Android is also a way to maximize the value of publishers' inventory, thanks to higher mobile video CPM rates. Several of the publishers we interviewed told us they benefit from an average 10% open rate on their video push notifications. One of them even mentioned that during summer 2013, they had more videos viewed on smartphones than on all desktop video players combined (e.g., YouTube).

Figure 3 Segment Your Customer Base To Send Relevant And Contextual Offerings
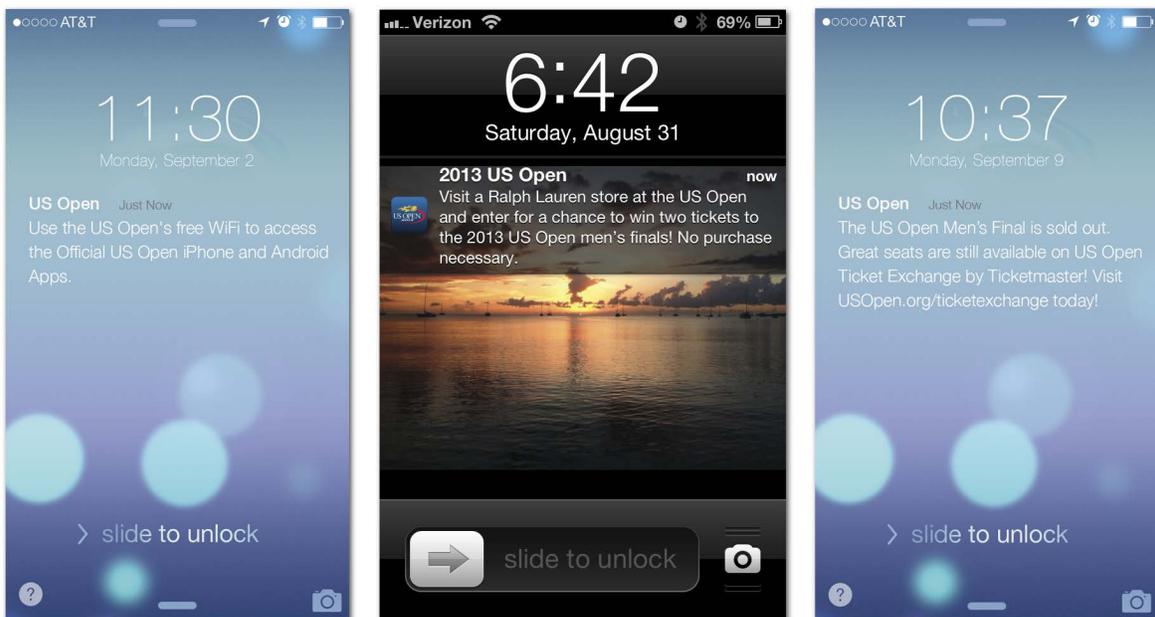
Segments:
• Fans in the stadium
• Fans in the tri-state area (within driving distance of the tournament) but not in the stadium

Messages sent:
• Free Wi-Fi access; sponsor contest to win tickets to the final
• Special availability of tickets

Benefits:
• Delight attendees
• Fill empty seats

Source: Urban Airship/US Open mobile app

104421   Source: Forrester Research, Inc.

INTEGRATE PUSH NOTIFICATION INTO YOUR MARKETING AND CRM ROAD MAP

Push notifications are not necessarily a replacement for email, SMS, and other direct messaging tactics. While they offer key benefits over this first generation of mobile messaging tools, they are mostly complementary. Moving forward, we expect to see push notifications integrated as a core component of any direct marketing and relationship program.

Push Notifications Will Play A Key Role In Mobile Messaging

Push notifications will play a key role in the future of mobile messaging and are a key component of next-generation messaging services.[8] Compared with email marketing and SMS, Internet-based messaging notifications offer some key benefits. Push notifications are:

- **An improved and more engaging user experience.** Push notifications are less interruptive than SMS, and consumers have the ability to view messages now or later.[9] They also face less risk of being lost, like emails, in a spammed inbox. Rich push (e.g., HTML, video, or audio) allows for a full brand experience within an application. SMS is limited to plain text and 160 characters, while push notifications allow for longer messages, encryption, multimedia, and a call to action within apps.

- **An in-depth measurement tool.** Because they are not IP-based, and due to the lack of information provided by mobile operators (e.g., "SMS received"), SMS does not offer an easy way to quantify results. On the contrary, push notifications provide more-sophisticated analytics with in-depth metadata about delivery receipt, open rate, time, and place of engagement, as well as engagement within the application.

- **A detailed targeting tool.** It is still difficult to know the exact number of users who've opted in for your push notifications. However, you can integrate the data you do receive into your marketing data warehouse, as you do for email marketing, to understand how your customers react to your messages and the impact those messages make on their cross-channel behaviors. Push notifications offer a higher level of personalization, thanks to the ability to deliver real-time, location-based, and behavior-based targeting.

- **An inexpensive way to reach out to your best customers.** App users tend to be the most mobile-savvy and to have more purchasing power. Even better — reaching them directly is not necessarily costly. Contrary to the SMS per-message fee model, push notification vendors like Capptain or Urban Airship charge per active subscriber. To attract developers, Amazon Web Services recently announced that the first 1 million notifications sent each month would be free with its new SNS Mobile Push service. After that, for every million messages published, the cost is $.50, with an additional $.50 cost for every million messages delivered.[10] In other words, just as for email marketing, the investment lies in the targeting, content creation, and analytics — not the message delivery.

Push Notifications Will Complement Other Messaging And CRM Tactics

Despite the benefits that push notifications have over some of the more established messaging channels, we believe that they will round out — rather than replace — current messaging strategies. And in fact, there are some ways in which the tried-and-true messaging channels will continue to dominate. Over the next two to three years, you should expect that:

- **Email and SMS will continue to reach the largest audience.** Reach for push notifications is, for now, limited to consumers who download applications, while email marketing offers the ability to reach a much broader audience. SMS is potentially ubiquitous and remains the primary communication tool in emerging markets.[11]

- **Push notifications will extend messaging beyond smartphones.** Reach will progressively increase in tandem with usage of mobile apps, but the app ecosystem is also evolving to other devices. More importantly, push notifications already enable marketers to reach consumers on tablets (especially during peak evening times at home). Moving forward, push notifications will expand to other connected devices, from TVs to cars, via game consoles, wearables, and other portable devices. Forrester is aware of two major TV operators planning to launch push notifications in the coming months.

- **Performance from various direct marketing channels will evolve.** Marketers we interviewed already witness 50% higher open rates on push notifications versus email. Click-through rates can be twice as high, too. Part of this higher performance can be attributed to the novelty of the channel. Moving forward, performance will depend on how good marketers are at delivering relevant content. Email marketing will also become more contextual and mobile-ready. However, we believe that push notifications will still be best at delivering instant interactions throughout the day.

- **Differentiation will come from integration of push into cross-channel and CRM platforms.** No mobile program should be siloed. Today, most marketers have not yet integrated this new direct communication channel into their existing marketing data warehouse, their existing CRM systems, or their multichannel campaign management platforms. Marketers who take a customer-centric approach to their digital messaging data, operations, and organizations will be better able to adapt to customers' changing behaviors and expectations.[12]

- **Marketing vendors will add push notifications into their core offerings.** SMS messaging vendors, aggregators, email service providers, carriers, CRM, and data specialists are only starting to integrate new mobile channels into their offerings, but boundaries are beginning to blur. We will be seeing more acquisitions in this space, following in the footsteps of Adobe's acquisition of Neolane, Facebook's acquisition of Parse, and IBM's acquisition of Xtify.[13] Urban Airship is the best-known company in the space, due to its expertise on push notifications, and others are emerging, including Capptain and push.io. No doubt the likes of Experian, TerraData, and others will progressively integrate these types of solutions in their product road maps. The simple fact that Amazon uses push notifications as a way to attract developers to its ecosystem is a signal of the importance of this new channel in the app economy.

SEGMENT AND ANALYZE TO BE RELEVANT

As marketing leaders, you should make sure you:

- **Keep control of your direct marketing strategy.** Adding push notifications to your messaging strategy does not mean just adding another type of message to all the messages a marketer already sends to customers. An integrated strategy means making sure that all the messages you send, via any messaging channel, serve common goals and that taken all together, those messages aren't overwhelming. This implies that you should invest internal resources to define how best to engage customers through different channels — and avoid outsourcing this strategic task to an agency or a vendor.

- **Make push an *integrated* part of your mobile app strategy.** "Push must be designed into the app, not tacked on as an afterthought," said Brent Hieggelke, Urban Airship's chief marketing officer.[14] Indeed, Forrester believes that push notifications are core to delivering smart and differentiated apps. Marketers' primary objectives when integrating mobile into their marketing strategies are to improve engagement and increase satisfaction. Push is a key technology to serve these two objectives.

- **Invest in analytics.** "There is no point in buying a Porsche if you cannot drive it," Maud Bannier, head of mobile at Next Interactive Media, told us.[15] What did she mean? Simply that push notification platforms can be extremely powerful tools but will be useless if you don't invest resources to analyze consumer behaviors and evolve your product and marketing. Over time, marketers can increase the effectiveness of push messages by measuring customer engagement triggered by push — how many app opens occurred, how much time was spent in the app, and which messages caused immediate app opens versus delayed app opens. Ultimately, app publishers can clearly tell which push messages resonate best and then do more of these — and less of those that fell flat.

- **Beyond push, integrate mobile as a variable of your customer base.** To avoid a siloed approach, you need to be sure you know which customers you are targeting on mobile and integrate their behaviors and expectations into a feedback loop that will improve your targeting on other marketing channels. Analyzing logs and behaviors will let you target specific segments of customers from dormant users to brand aficionados.

WHAT IT MEANS

MOBILE CRM: THE NEW HOLY GRAIL OF ONE-TO-ONE MARKETING?

In the next five to 10 years, apps connected to physical objects from thermostats, cars, or fridges will send you reminders about your energy consumption, your next repair, or your grocery list. You will be able to select the kinds of offerings you want to receive on your mobile wallet when, and only when, you go shopping on a Saturday afternoon. You will decide if you're ready to receive notifications during evenings to see what your friends are saying on social media about this stupid show you're watching. You will be able to ban forever any communication from a brand that did not respect your privacy, thanks to your privacy monitoring app. Does this look futuristic and not realistic? Well, it really depends on how marketers use mobile messaging in the coming years to engage with customers on their most intimate devices. It may never happen if bad push kills contextual marketing.

In the age of hyperpersonalized media, consumers will define the way brands interact with them. Mobile CRM can become the Holy Grail of one-to-one marketing, but only for marketers who will let consumers take control. The ability to know a user's context, thanks to sensors embedded in or linked to smartphones, will increase already-high privacy and identity concerns. Moving forward, consumers will design the communication environment in which brands interact with them.

SUPPLEMENTAL MATERIAL

Methodology

Forrester conducted the European Technographics® Consumer Technology Online Survey, Q4 2012 fielded in August and September 2012 of 13,518 European individuals ages 16 to 92. For results based on a randomly chosen sample of this size (N = 13,518), there is 95% confidence that the results have a statistical precision of plus or minus 0.84% of what they would be if the entire population of European online individuals ages 16 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult European online population. The survey sample size, when weighted, was 13,517. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that this was an online survey. Respondents who participate in online surveys have in general more experience with the Internet and feel more comfortable transacting online. The data is weighted to be representative for the total online population on the weighting targets mentioned, but this sample bias may produce results that differ from Forrester's offline benchmark survey. The sample was drawn from members of Ipsos' online panel, and respondents were motivated by receiving points that could be redeemed for a reward. The sample provided by Ipsos is not a random sample. While individuals have been randomly sampled from Ipsos' panel for this particular survey, they have previously chosen to take part in the Ipsos online panel.

ENDNOTES

[1] Source: European Technographics Consumer Technology Online Survey, Q4 2012.

[2] Among US online consumers who receive push notifications or SMS alerts on their cell phones at least weekly, 60% use apps at least daily. Source: North American Technographics Online Benchmark Survey (Part 1), 2013.

[3] An app user is classified as someone who uses an app monthly or more on their smartphone. Source: European Technographics Consumer Technology Online Survey, Q4 2012.

[4] We believe that push notifications on Android are more efficient for three main reasons: 1) iOS consumers may not easily find the Notification Center on their iPhones and probably miss some notifications, as only the most recent one is displayed; 2) Android push notifications offer different and more engaging formats; and 3) savvy marketers benefit from the learning curve, having launched push notifications on iOS first.

[5] Source: Forrester interview on September 13, 2013.

[6] Source: Kiip (http://www.kiip.me/).

[7] Source: Forrester interview on September 13, 2013.

[8] Push-based notifications allow for longer messages, encryption, multimedia, and a path to action within applications. See the August 15, 2012, "The Future Of Mobile Messaging" report.

[9] Brands should let their app users know that they can change their app options so as to not systematically view push notifications on their homescreen as soon as they come in.

[10] Source: Ingrid Lunden, "Amazon's AWS Now Offers A Push Notification Service For iOS, Android And Kindle Apps, Widening Its Toolkit For Mobile Developers," TechCrunch, August 13, 2013 (http://techcrunch.com/2013/08/13/amazons-aws-now-offers-a-push-notification-service-for-ios-android-and-kindle-apps-widening-its-toolkit-for-mobile-developers/).

[11] Between 2012 and 2016, Forrester forecasts global smartphone penetration to increase from 21% to 39%. The majority of people will simply not have the ability to receive push notifications. Source: Forrester Research World Smartphone Adoption Forecast, 2012 To 2017 (Global).

[12] To meet user expectations across all of these and create business value, marketers must shift to what Forrester calls customer-focused integrated messaging. See the August 8, 2012, "The New Messaging Mandate" report.

[13] Source: "IBM Acquires Xtify to Help Digital Marketers Reach Mobile Customers," IBM press release, October 3, 3013 (http://www-03.ibm.com/press/us/en/pressrelease/42064.wss).

[14] Source: Forrester interview on September 10, 2013.

[15] Source: Forrester interview on September 16, 2013.

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