



RESEARCH REPORT

March 2017

Customer Preference for Messaging

The Impact on the Future of Customer Service

In February 2017, Quiq commissioned Market Strategies International to conduct an independent research study into mobile messaging and its growing value as a customer service channel. The survey was fielded with 600 US consumers aged 18+, and provided some profound insights into how consumers are re-imagining how they engage with their preferred brands in a mobile world.

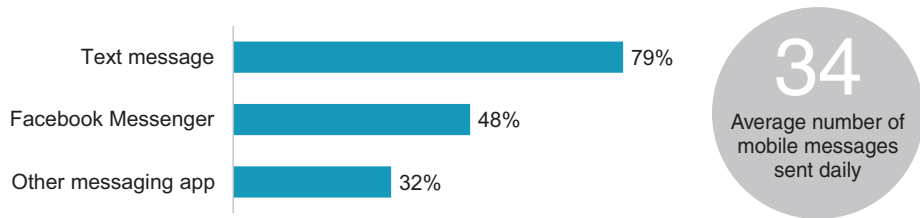
The global rise of mobile messaging

We are all aware of the growth of mobile messaging as a communications channel. For over a decade, SMS has been the low cost, rapid response way to contact the people we know, often preferred to a phone call due to its asynchronous nature. More recently, we have migrated to IP-based messaging apps, and since their launch just a few years ago, WhatsApp, Facebook Messenger and WeChat have each grown to over 1 billion global users. Today, mobile messaging is so ubiquitous that the top four messaging apps now have more monthly active users than the top four social media platforms.

High usage and continued growth

This growth is certainly born out in our research, which found that 4 in 5 consumers send mobile messages at least daily, while nearly half also use Facebook Messenger and a further third use other messaging apps daily. Not surprisingly, the adoption of mobile messaging also correlates strongly with age—95% of Millennials send messages daily, while two thirds use Facebook Messenger and other mobile messaging apps every day.

FIGURE 1: DAILY MOBILE MESSAGING USAGE



What's more, this usage is projected to continue on a strong growth curve. We already send an average of 34 mobile messages every day, and more than half of respondents expect that their mobile messaging will increase still further over the next two years—indeed, mobile messaging is the communications channel with the highest anticipated growth.

THE TOP FOUR MESSAGING APPS NOW HAVE MORE MONTHLY ACTIVE USERS THAN THE TOP FOUR SOCIAL MEDIA PLATFORMS.

MOBILE MESSAGING IS THE COMMUNICATIONS CHANNEL WITH THE HIGHEST ANTICIPATED GROWTH.

The cross-channel compounding effect

Added to this anticipated growth is an additional ‘compounding’ effect: Those that are already strong users of one mobile messaging channel are significantly more likely to use other channels as well. For example, avid users of SMS are 35% more likely to use Facebook Messenger, and nearly twice as likely to use another messaging app. So just as consumers have become omni-channel shoppers, so too are they becoming omni-channel communicators, and this has profound implications for the brands that they interact with each day.

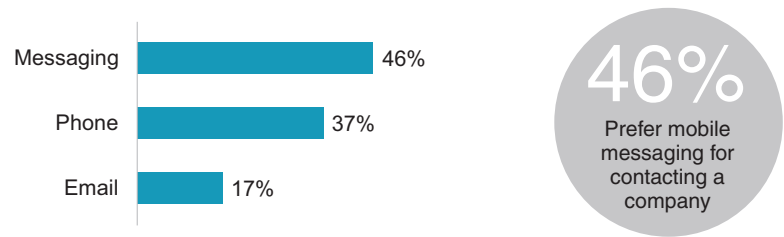
Messaging with customers: A growing business imperative

As mobile messaging becomes ever-more pervasive, and with continued usage growth and increased platform diversification predicted for the next few years, it is only natural that the preferred medium for personal communication is spilling over into the world of business. Consumers have become increasingly comfortable with the quick, efficient, responsive nature of mobile messaging, and are looking for that same level of communications with the brands they interact with on a daily basis.

Current usage is high

The rise of consumer-to-business (C2B) mobile messaging is clearly evident in the usage data from the survey. Nearly half of respondents (46%) chose messaging (text and other messaging apps) as their preferred means of contacting a company or reaching out and interacting with the brands in their lives.

FIGURE 2: PREFERRED METHOD FOR CONTACTING A COMPANY



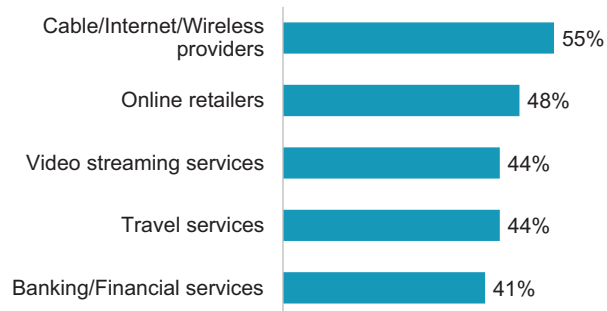
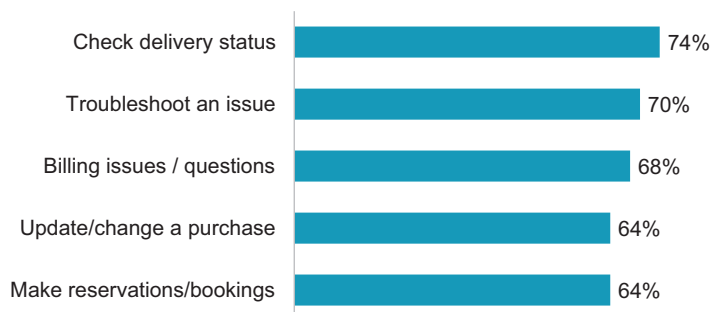
A closer look at the detail uncovers some other stand-out facts. When given the option of different channels, 66% ranked mobile messaging as either their first or second choice, compared to 61% for phone and 44% for email. In addition, more than two-thirds of Millennials (68%) chose mobile messaging as their first choice for C2B communications.

The use cases are compelling

With mobile messaging featuring so strongly as a preferred communications channel, respondents were asked about the types of organizations they prefer to message with, as well as the sorts of use cases that are most prevalent in their interactions. The top five choices in each category are shown below.

STRONG USERS OF ONE MOBILE MESSAGING CHANNEL ARE SIGNIFICANTLY MORE LIKELY TO USE OTHER CHANNELS.

NEARLY HALF OF RESPONDENTS (46%) CHOSE MESSAGING AS THEIR PREFERRED MEANS OF CONTACTING A COMPANY.

FIGURE 3: TOP 5 COMPANY TYPES FOR MOBILE MESSAGING**FIGURE 4: TOP 5 MOBILE MESSAGING USE CASES**

What is immediately clear is that consumers consider a wide breadth of industry sectors as viable candidates for communication via mobile messaging. While cable and streaming services likely feature strongly due to the fact that many of those organizations already have robust mobile messaging platforms in place for actions such as PPV orders, the inclusion of online retail, travel services, and financial services indicates that consumers select organizations where they have a high frequency and volume of interaction.

The use cases are equally diverse and compelling. Checking the status of an order or getting billing information are relatively simple examples of using the messaging channel for a one-time pull of information. But with 70% of respondents wanting to use mobile messaging to troubleshoot an issue, and nearly two-thirds of respondents wanting to make a purchase or a booking/reservation, it is clear that consumers are comfortable with more complex use cases that would typically require multiple, bi-directional messages.

Early adopters are highly satisfied

The respondents were asked to think back to their various customer service interactions over the past twelve months, and rate the effectiveness of each communication channel. The results were very interesting. Facebook Messenger was ranked highest, with more than three quarters of respondents (77%) saying that it is an extremely/very effective C2B communications channel. Text messaging was close behind at 71%.

70% OF RESPONDENTS WANT TO USE MOBILE MESSAGING TO TROUBLESHOOT AN ISSUE.

NEARLY TWO-THIRDS OF RESPONDENTS WANT TO USE MOBILE MESSAGING TO HELP (NOT MAKE) A PURCHASE.

71% FIND TEXT MESSAGING TO BE AN EXTREMELY OR VERY EFFECTIVE C2B COMMUNICATIONS CHANNEL.

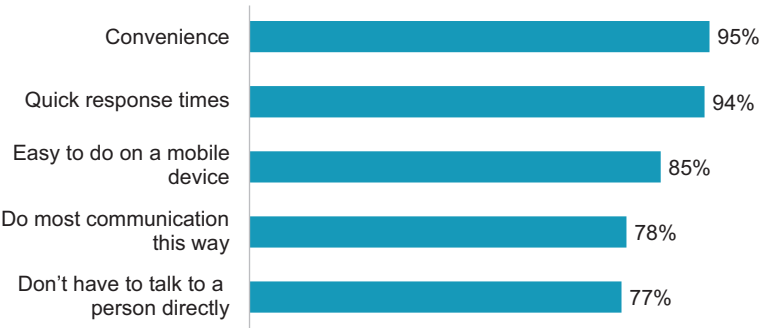
The message here is clear: Those that are using mobile messaging to interact with the brands in their lives are already finding it to be very effective. Considering that these are still the early days for C2B mobile messaging, and that platforms will continue to offer an ever-more seamless experience with new features over time, it is not unrealistic to expect that mobile messaging will emerge as the communications channel of choice for C2B, just as it has at a personal level.

Mobile Messaging makes a big difference

It's one thing to know that consumers are satisfied with a new technology, it's another to know that it is making a measurable impact on their behavior. From Betamax through the Apple Newton to Pets.com, the world is littered with great tech ideas that gained initial favor with consumers, but never achieved full traction and ultimately faded. So just how 'sticky' is C2B mobile messaging likely to be?

We asked the respondents a number of questions to get to the answer. Firstly, we looked to establish what the key drivers were for using mobile messaging, and the top five reasons in the figure below give a clear indicator that respondents see enormous utility in the channel.

FIGURE 5: TOP 5 REASONS FOR USING C2B MOBILE MESSAGING

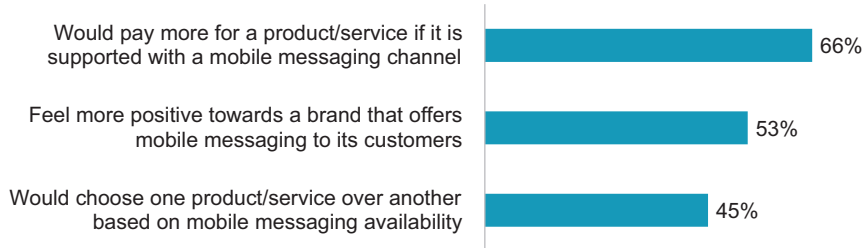


Convenience, responsiveness, and ease of use are the strongest attributes of personal mobile messaging, and they have clearly crossed over seamlessly into the C2B world. Achieving new outcomes with little or no adaption of existing behaviors is a powerful motivating force for consumers, and clearly indicates why nearly half of respondents already prefer mobile messaging for C2B interactions. Moreover, these are attributes that cannot be as easily applied to other channels—waiting on hold with a call center is never convenient, and an email often gets a delayed or even receives no response. As a result, this also allows for mobile messaging to be clearly differentiated in the minds of consumers on the basis of these highly desirable attributes, which draws them to the channel and keeps them there.

But what about behavioral change? Does mobile messaging actually lead consumers to think or act differently when they engage with brands in their everyday world? We asked respondents about this as well, and the results were nothing short of staggering.

MOBILE MESSAGING WILL EMERGE AS THE COMMUNICATIONS CHANNEL OF CHOICE FOR C2B, JUST AS IT HAS AT A PERSONAL LEVEL.

CONVENIENCE, RESPONSIVENESS, AND EASE OF USE ARE THE STRONGEST ATTRIBUTES OF MOBILE MESSAGING.

FIGURE 6: BEHAVIORAL CHANGES DUE TO MOBILE MESSAGING

Clearly consumers feel that the availability of a mobile messaging channel is sufficient motivation to influence their decision-making, with nearly half indicating that it would cause them to choose one product or service over another, and more than half stating that it would raise their brand perceptions. We're not surprised by this, because it is a well-established fact that effective customer service through streamlined communications channels is one of the biggest drivers of customer satisfaction and brand preference. In that context, providing a C2B mobile messaging channel to customers is non-negotiable.

But most critically of all, fully two thirds of consumers will actually pay more for something if it was supported by a C2B mobile messaging channel. Respondents stated that on average, they would be willing to pay 17% more than the product or service cost, and this has profound implications for organizations that are looking to deploy a platform. If consumers are willing to pay a premium for the convenience and responsiveness of their preferred communication channel, this has a direct positive impact on the ROI calculations, and there are potentially even new revenue models to be capitalized on.

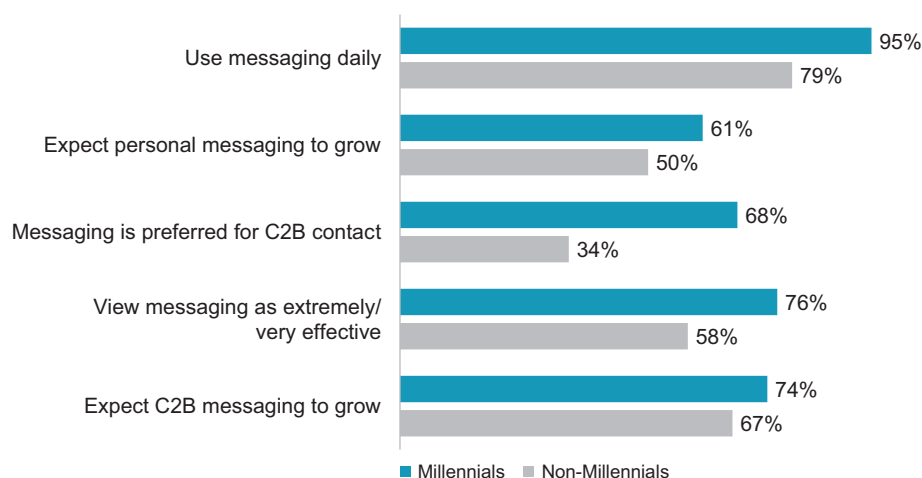
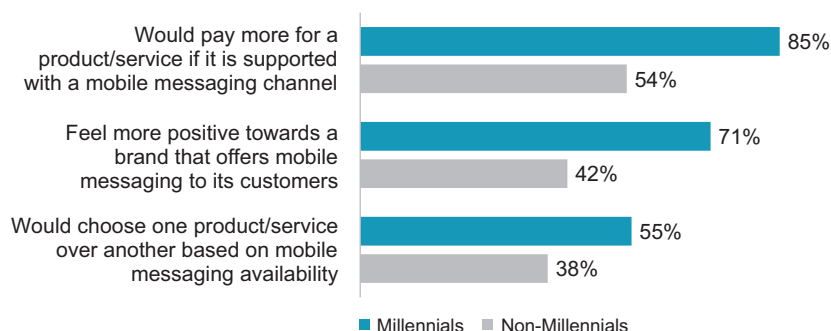
Millennials are primary drivers of C2B mobile messaging adoption

We also took a deeper look into the various population segments to understand any significant differences between groups, and it is immediately apparent that Millennials (ages 18-34) are the primary drivers of mobile messaging adoption.

It won't surprise anyone that Millennials are far larger and more intensive users of mobile messaging in their day-to-day lives, but what is notable in the research data is that Millennials are also significantly more positive towards C2B mobile messaging than other generations. Twice as many prefer mobile messaging as a channel, with three quarters viewing it as extremely/very effective in achieving their objectives. Most notably, 85% of Millennials surveyed said that they would be willing to pay more for a product/service that is supported by mobile messaging.

66% OF CONSUMERS SAY THEY WOULD ACTUALLY PAY MORE FOR SOMETHING IF IT WAS SUPPORTED BY A C2B MOBILE MESSAGING CHANNEL.

RESPONDENTS STATED THAT ON AVERAGE, THEY WOULD BE WILLING TO PAY 17% MORE FOR SOMETHING IF IT WAS SUPPORTED BY A C2B MOBILE MESSAGING CHANNEL.

FIGURE 7: MILLENNIALS VS. NON-MILLENNIALS—USAGE & PERCEPTIONS**FIGURE 8: MILLENNIALS VS. NON-MILLENNIALS—BEHAVIORAL CHANGES**

So why does this matter? Millennials are now the largest living generation, with a population size in excess of 75 million, and making up a third of the US population. Marketers have been focused on this group for many years, but as the full segment is now in adulthood, it has become a top priority for customer service managers as well. Given that all of the data indicators are heightened for this group, the mobile messaging imperative is clear and growing, and especially so for organizations with Millennial-centric products and services, such as online retailers or streaming services.

Looking to the future

When we consider all of the data above, it is a small wonder that the respondents surveyed expect to see strong growth in C2B mobile messaging. Not only do they predict growth in their own usage, but the majority expect to see more organizations offering messaging options a year from now. Specifically, 69% of respondents expect to see text messaging as a customer service communication channel option, and 56% expect to see more opportunities to engage via Facebook Messenger.

69% OF RESPONDENTS EXPECT TO SEE TEXT MESSAGING AS A CUSTOMER SERVICE COMMUNICATION CHANNEL OPTION.

C2B mobile messaging: A customer service imperative

It is very clear that organizations need to have mobile messaging firmly part of their customer service strategy, and contact center managers should be focused on deploying solutions that meet this wave of demand. But given the complexity of existing contact center operations, the existing investments made in CRM systems, and the massive, fast-changing nature of the messaging ecosystem, this task might seem overwhelming or it might be tempting to put off any decision-making for another year.

Putting things off would be a strategic blunder, because C2B mobile messaging has become a customer service imperative for the following reasons:

1 *Interest and usage is already high, and will grow by the day*

The vast majority of consumers use mobile messaging on a daily basis, have seen strong growth in their usage over the past two years, and expect that usage to grow further over the next two. This is not a technology fad—this has been a profound change in human communication and behavior, and this behavioral change is spilling over into the way consumers interact with their preferred brands. What is equally clear is that this is not just a trickle, but rather a full-blown flood of usage. Nearly half of all consumers already prefer to reach out and interact with brands via the mobile messaging channel, whether it is text, Facebook Messenger or other messaging apps. Again, this is not a short-lived craze. It is not going away. This is already a large number, and will only continue to grow by the day.

2 *Consumers already have very positive perceptions*

Consumers love mobile messaging. They already see it as a highly effective means of interacting with businesses due to the convenience, responsiveness, and ease of use, and they anticipate that not only will they be increasing their own usage, but that their preferred brands will increasingly provide a more sophisticated mobile messaging channel for communication. Considering that these are still the early days for C2B mobile messaging, and that platforms will continue to offer an ever-more seamless experience with new features over time, it is not unrealistic to expect that mobile messaging will emerge as the communications channel of choice for C2B, just as it has at a personal level.

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3 *Behavioral changes impact the top and bottom line*

Most importantly, consumers see such significant value in mobile messaging that it is impacting their behavior. It improves their brand perceptions, it causes them to select one product over another, and they are even willing to pay more for access to it. Pause for a moment and consider that last sentence. When have customer service departments ever had a toolset in their hands that could effect this much impact on the customer experience? Even if you were to turn a blind eye to consumer preferences and usage, it is impossible to ignore a channel that can make sure a measurable impact to both the top and bottom line.

4 *The Millennial demographic makes this an imperative*

Take reasons 1, 2, and 3 above and consider their importance to your organization today. Now double that importance. Because as imperative as C2B mobile messaging is today, the issue is only becoming more pressing as Millennials continue to grow as the largest section of the US population. Their influence and spending power is already determining what products and services your organization chooses to develop, and how it goes about marketing them, and this will invariably be felt throughout customer service as well. When you consider that every measurement in our data was elevated with millennials, in most cases with strong statistical significance, it is clear that demographics alone make this a customer service imperative.

In conclusion

These are all highly compelling reasons for businesses to sharpen their focus on the mobile messaging strategy, whether they are just starting out or are refining existing solutions. In addition, organizations need to adopt a multi-platform focus, being prepared to meet their customers' varied and changing messaging preferences. This means accommodating SMS, native IP messaging, as well as apps such as WhatsApp, Facebook Messenger and Kik, while delivering full integration to back-office customer service systems so as to provide a seamless, multi-platform experience to users.

What is abundantly clear is that this is one of the fastest moving areas of tech, which is now combined with a pressing urgency from consumers that prefer the channel and are adopting it in droves. Putting off the decision is no longer an option. Any time lost in planning and deploying is an advantage given up to competitors. The data shows that there is a clear need, and that need is increasingly urgent. It's time to be where your customers are.

IT IS IMPOSSIBLE TO IGNORE A PLATFORM THAT CAN MAKE SURE A MEASURABLE IMPACT TO BOTH THE TOP AND BOTTOM LINE.

ANY TIME LOST IN PLANNING AND DEPLOYING IS AN ADVANTAGE GIVEN UP TO COMPETITORS.

About the Research

The research was conducted by Market Strategies International as an online survey of US consumers aged 18+. Respondents were sampled at random, and qualified for the survey if they had had at least three customer service interactions over the past 12 months. Key demographics such as age, gender, education, and income were tracked in order to ensure that they were in-line with latest US Census data and representative of the general population. The online survey was not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

About Quiq

Quiq makes it easy for customers to interact with a company via Messaging. Customers can now engage customer service via text messaging, Kik, and Facebook Messenger for help with their pre-sales questions and post-sales support. Quiq Messaging can be obtained as a stand-alone customer channel or companies can take advantage of a pre-built CRM integration, including Oracle, Zendesk, and Salesforce.

quiq.com

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