



Mobile Consumer Engagement 2020

An in-depth, global study of how brands deliver exceptional mobile experiences — and what consumers say they want most.



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Advances in mobile communications and conversational messaging continue to multiply, giving businesses an unprecedented opportunity to engage with consumers any time, any place.

But how will brands capitalize on these new opportunities, and are consumers ready for them? Sinch provides the answers in this timely report.



In a study of over 2,000 global consumers, and interviews with enterprise customer engagement leaders at brands including Cisco, Uber and Adobe, Sinch considers the way forward.

CRACKING THE PERSONALIZATION CODE

Relevance: The heart of mobile customer engagement

The ROI on personalization

80%

of consumers say they're more likely to make a purchase when a brand offers a personalized experience.²

The most influential global brands treat digital as a way to *empower* consumers with better information, personalized recommendations, intuitive interfaces, more efficient services or just-in-time notifications. Data-driven personalization can be found at the heart of these interactions.

Despite the attention to personalization over the last few years, most companies have not yet cracked the code. A study by The Harris Poll in 2019 found that nearly half of US marketers think they're delivering "excellent customer experiences," yet fewer than 25% of consumers agree.¹

We often hear that businesses are awash in data, but this data abundance does not automatically lead to exceptional customer experience. Michael Ricci, Master Principal Solutions Architect at Oracle, explains, "Most enterprise brands lack a 360-degree view of the consumer in which all of the data is brought together seamlessly. And consequently, it makes it super hard to personalize all of the marketing touches we do in each of those mediums."

In other words: Companies often have consumer data, but it's trapped in silos, unable to construct a useful profile about individual consumers.

And with new data privacy regulations and growing consumer awareness, companies must now rely heavily on first-party data, requiring them to *earn the right* to collect consumer data. It used to be that marketers could attain consumer information from a plethora of sources; subscriptions, offers, branded app downloads and social media integrations all provide first-party data to brands pushing personalization. Yet some of these first-party data channels are beginning to look less reliable.

Branded app download rates are falling. Even two years ago, app discovery was down across nearly all channels. More than half of smartphone users (51%) said they downloaded zero apps in a typical month,³ and a study by Silicon Valley analyst Andrew Chen showed the average app loses 77% of users within three days of being installed and just 5% are still using it at the 90-day mark.⁴

Email marketing faces headwinds. According to Statista, the number of emails sent daily is projected to reach 320 billion by 2021,⁵ and the average office worker receives 121 emails each day.⁶ This inundation leads consumers to find ways to filter, block and ignore emails — even emails they've subscribed to. Sinch's research found 40% of millennial and Generation Z consumers maintain a special email address just for spam emails.

Given this, marketers must diversify how they connect with consumers — and they must ensure that regardless of channel, customer experience is guarded above all else.

65%

of consumers say a positive brand experience is more influential than great advertising.⁷

PwC

Filtering & blocking



40%

of millennial and Generation Z consumers maintain a unique email address just for spam emails.

Source: Sinch

“Without personalizing the customer experience, most consumers opt out. That’s the biggest challenge: helping brands understand that it’s time to bring that data together so that holistically they can personalize their touches with consumers.”

AN ECOSYSTEM OF APPS & OPTIONS

The role of messaging in the customer engagement ecosystem

Mobile messaging has a unique and growing place in the digital ecosystem for two primary reasons:

- 1. Consumers want the ability to message businesses.** A survey by Facebook found that 53% of people who message companies said they were more likely to shop with a brand they could reach through a messaging app.⁸
- 2. Consumers do not yet impose the same degree of filtering on messaging as they apply to other channels.** Sinch's research shows consumers are more likely to leave email messages unread than mobile messages, with 40% of consumers admitting they have at least 50 unread emails in their inbox — and nearly 1 in 10 admitting to over 1,000. But unread mobile messages are much less common, with only 4% saying they have 50 or more unread mobile messages.

40%

of consumers say they have at least 50 unread emails in their inboxes, but just 4% say they have 50 or more unread mobile messages.

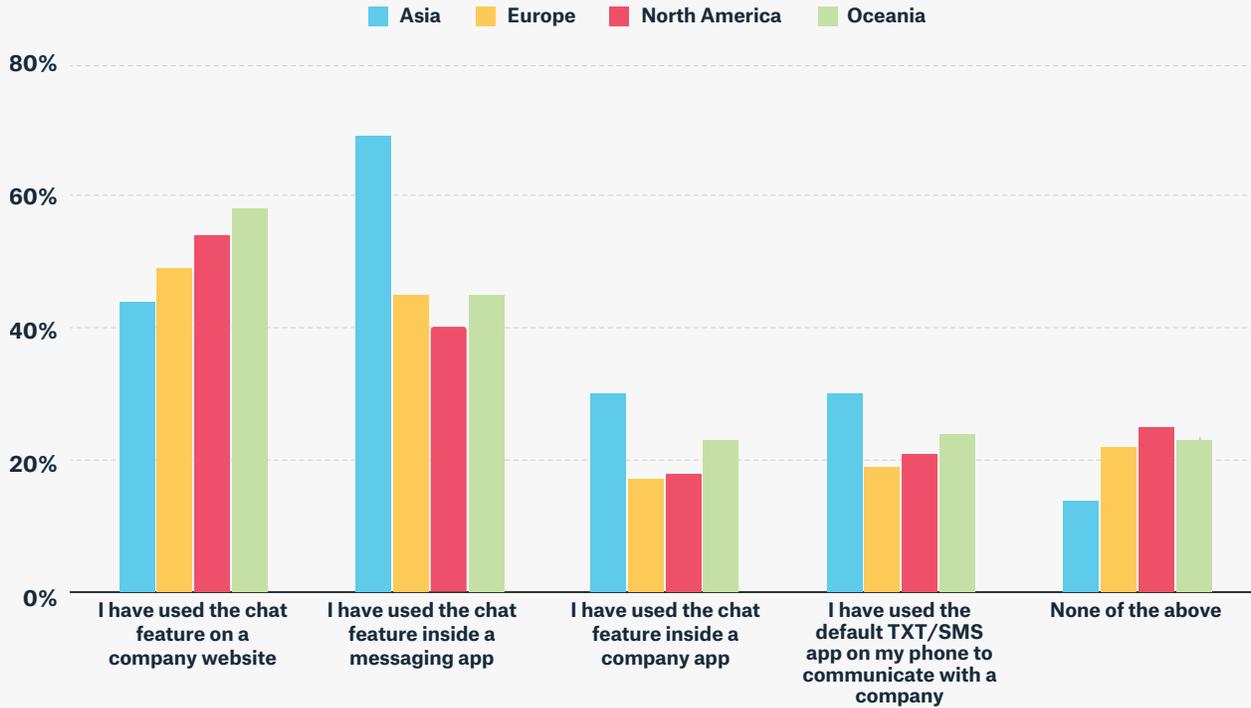
The difference between the two channels is largely due to messaging filters in place on email applications. Many consumers use email hosting solutions that automatically filter or block promotional emails, making it less likely they will notice a marketing message.

In contrast, messaging is unlikely to be filtered, whether it's a message through a third-party app such as Facebook Messenger or WhatsApp, or an SMS through the default mobile phone messaging program. Approximately half of the consumers surveyed have messaged a business; the most common channels used were third-party messaging apps such as Facebook Messenger or WhatsApp, or a chat function embedded in a company website.

Given the number of messaging channels, Sinch asked whether there was appeal in aggregating business-to-consumer messaging using SMS. Just under half (45%) of respondents said this would be "extremely useful," and nearly 90% said it would be at least moderately useful.

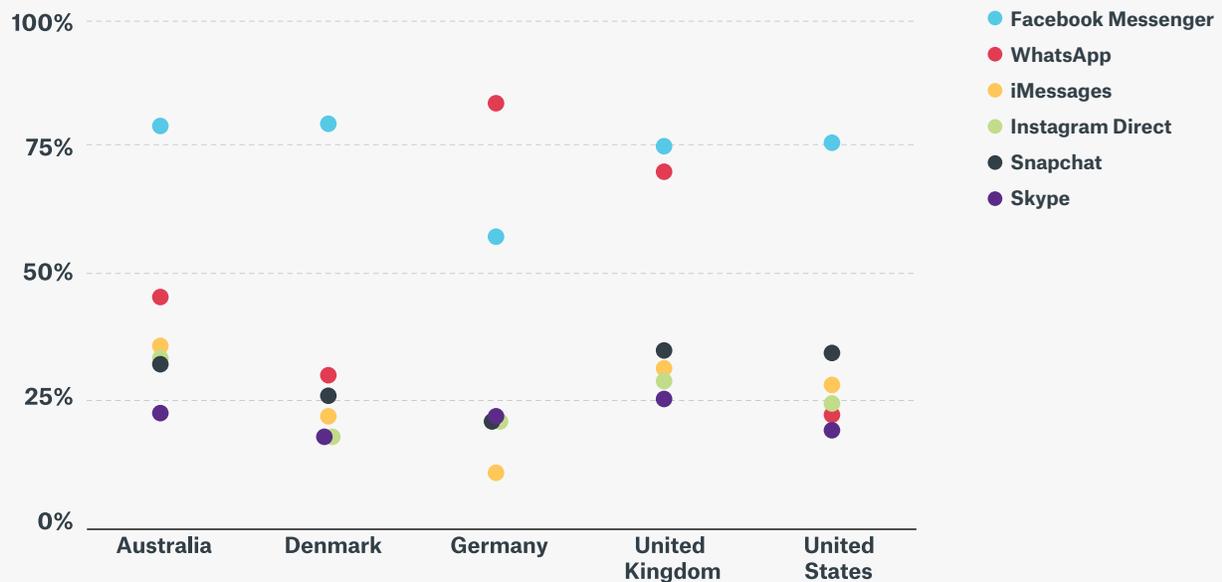
How businesses engage via messaging

Roughly half of consumers have messaged a business, yet the most common venue is still web-based chat



Q: Have you communicated with a business using interactive chat?
Source: Sinch

When it comes to dedicated messaging apps, Facebook Messenger and WhatsApp dominate worldwide, but Snapchat is fast advancing

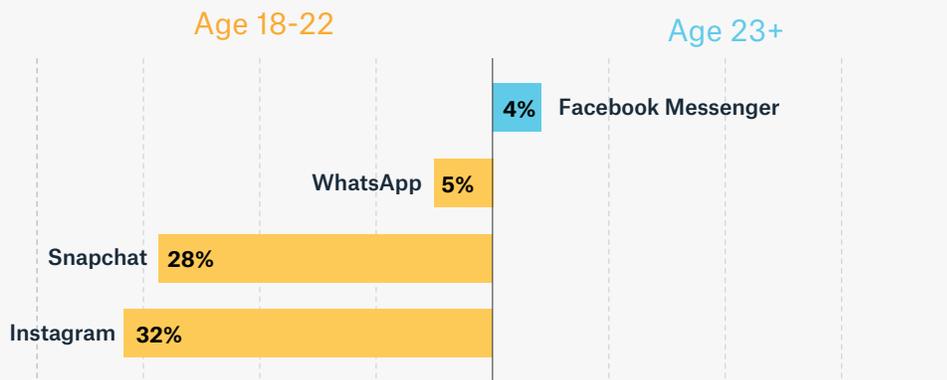


Q: Which of these messaging services do you use on your phone?
Source: Sinch

Generation Z's habits signal change

Though Messenger and WhatsApp are the dominant global players, more than half of Generation Z uses Instagram and Snapchat for messaging, which is a boon for marketers with a strong presence on those channels.

Points difference in use between generation z and older demographics



Q: Which of these messaging services do you use on your phone?
Source: Sinch

“With all the data available about consumers’ online and transactional behavior, marketers tend to cluster customers into segments. The reality is that everyone is different and customers expect to be treated as unique.

The challenge and the beauty of today’s marketing and CRM is to **make sure we treat every customer individually rather than as part of a bucket of people.** We need to create experiences, communications and offers based on individuals.”

IN FITS & STARTS

From reminders and notifications to multi-channel engagement

Even as businesses adopt messaging, consumers more often have simpler needs, such as connecting to customer service or getting notifications about upcoming appointments. Usage rates tell an interesting story about messaging in different verticals and across generations:

Nearly half of consumers (49%) have used messaging to confirm a healthcare appointment, but only 23% have ordered a prescription refill via messaging. It would be easy to believe that the difference in uptake rates is generational, with the baby-boom generation (those born between 1946 and 1964) and older lagging behind, but this isn't the case. Research shows Generation Z (born between 1996 and 2010) is significantly less likely to use messaging for prescription refills than other demographics — perhaps because they require fewer prescriptions than older generations. Given that most consumers tell us they welcome messaging with their healthcare providers about medical issues, medical privacy is not driving this choice.

Most consumers (70%) say they find notifications about possible fraudulent activity in their bank accounts “very useful” and 94% find these at least moderately useful — but only 35% currently receive them. While businesses push hard to personalize engagement channels, they rely on consumers to share the types of notifications they want — and which they don't want. For regulated industries such as banking and healthcare, the default setting is always “off,” meaning usage rates are likely to trail “desire” rates.

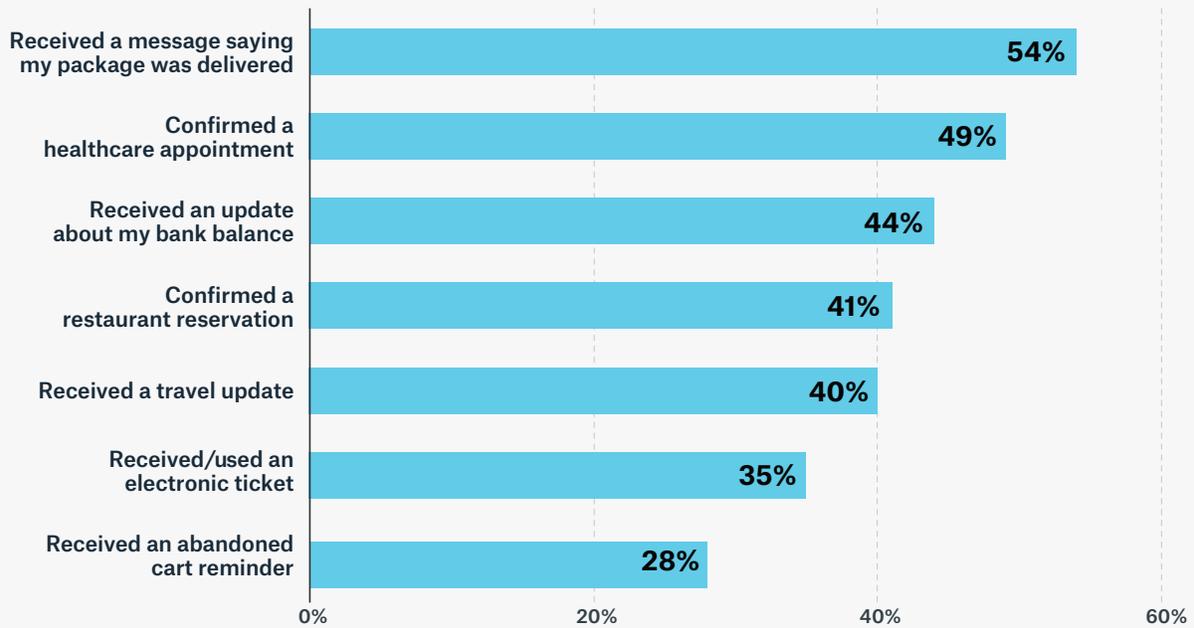
Millennials are more likely to use messaging for shopping than other generations. This makes sense given the digital commerce capabilities embedded in social media apps such as Instagram, Snapchat and Facebook. While both millennials and Generation Z are social media power-users, millennials are the generation more likely to have the resources to complete a purchase.

Most consumers say they find notifications about possible fraudulent activity in their bank accounts “very useful,” but only 35% currently receive them.

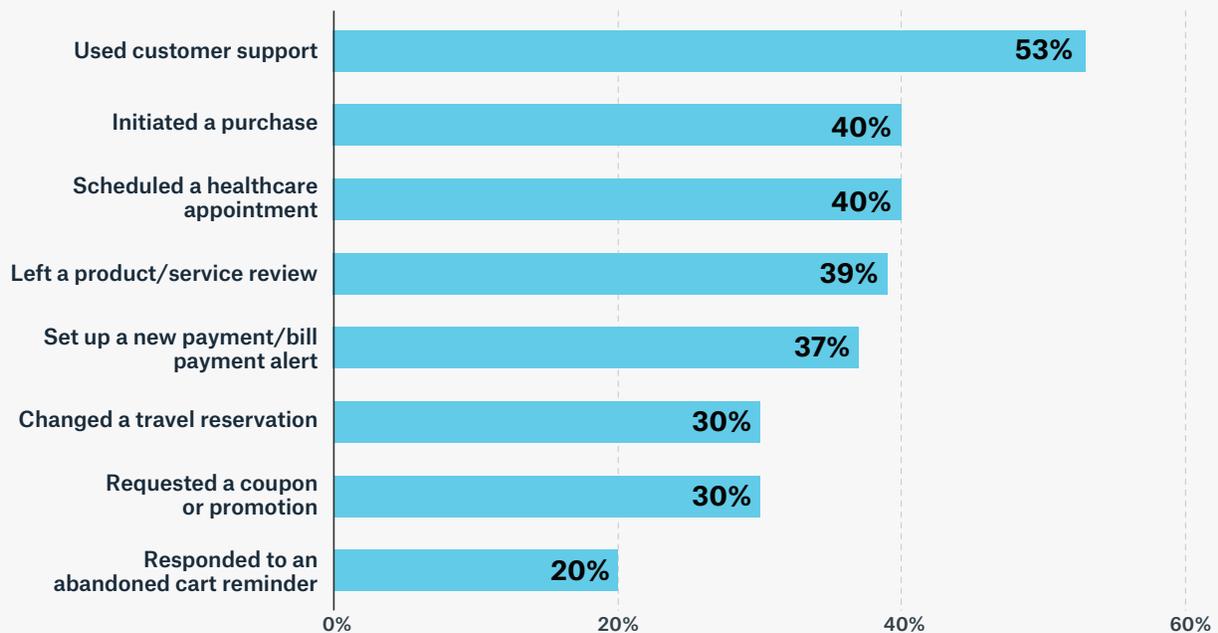
How consumers talk to businesses using mobile messaging

Notification-based messages from businesses slightly are more common than two-way message-based conversations.

One-way, notification-based messaging:



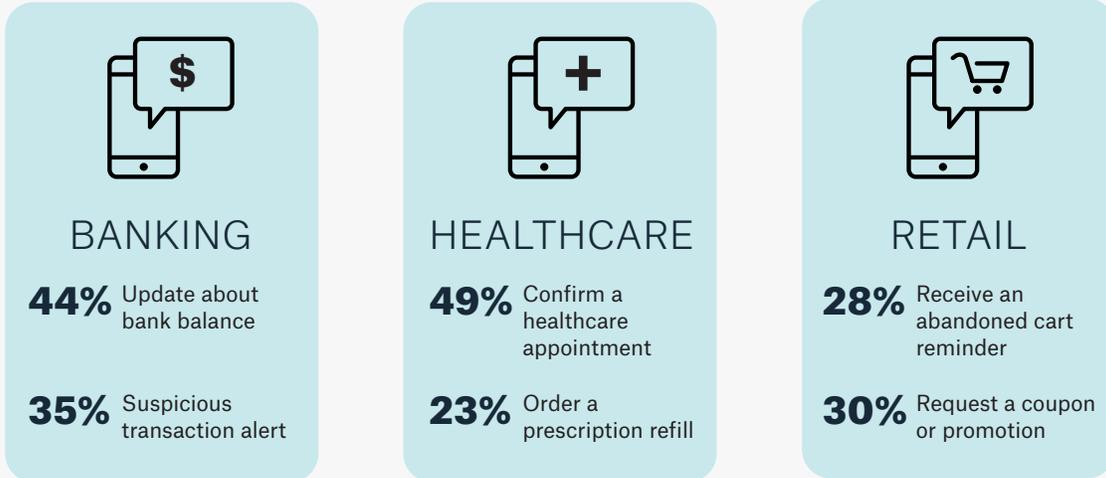
Two-way, conversational messaging:



Q: How have you used mobile messaging to interact with businesses?
Source: Sinch

Industry snapshot

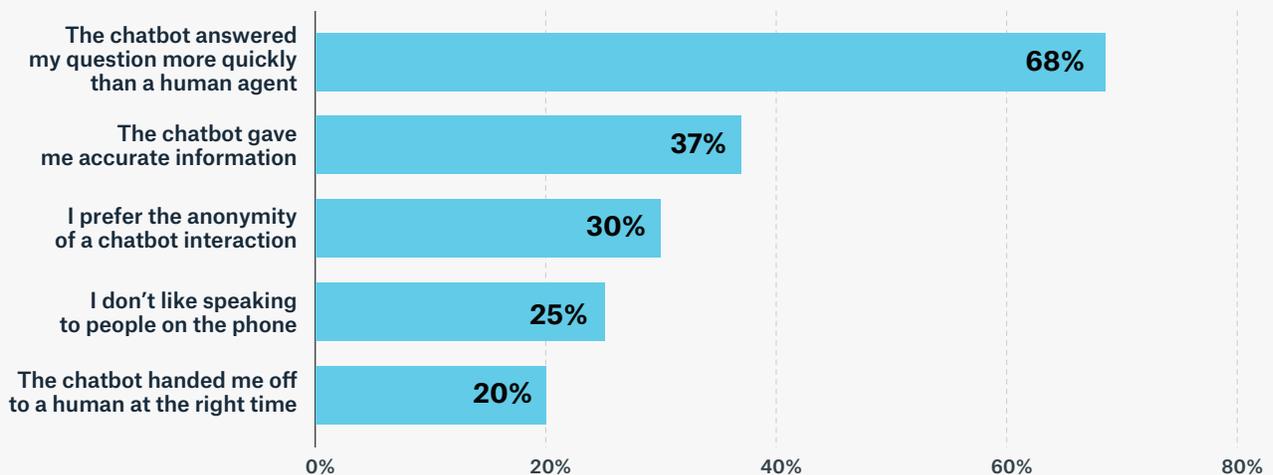
The data shows a large portion of consumers use messaging to receive notifications of impending appointments or deliveries. Transactional uses of messaging are less common.



Q: How have you used mobile messaging to interact with businesses?
Source: Sinch

Like chatbots? Most say “yes!”

We asked about consumers’ current experiences with chatbots; nearly 2 in 3 report positive experiences using them, most of which (68%) said chatbots were able to answer their questions more quickly than a human agent could/would.



Shows all respondents that describe positive interaction with chatbot.
Q: What aspect of your chatbot interaction was positive?
Source: Sinch

GIVE THEM WHAT THEY WANT

For some businesses, messaging is a product, not a channel



“Customers expect that when they share data with us, they will get something useful in return.”

**PIERLUIGI BOSCO,
SHELL**

Despite the relatively modest use of messaging tactics to communicate with businesses, research shows there is pent-up demand for it.

Overall, consumers say “imminent notifications,” such as a reminder of upcoming car repairs or a medical appointment, are useful. But consumers seem less enthusiastic about promotional reminders, such as abandoned cart reminders from e-commerce websites or promotions from banks or airlines urging them to book that trip to Cancun they’ve been casually eyeing.

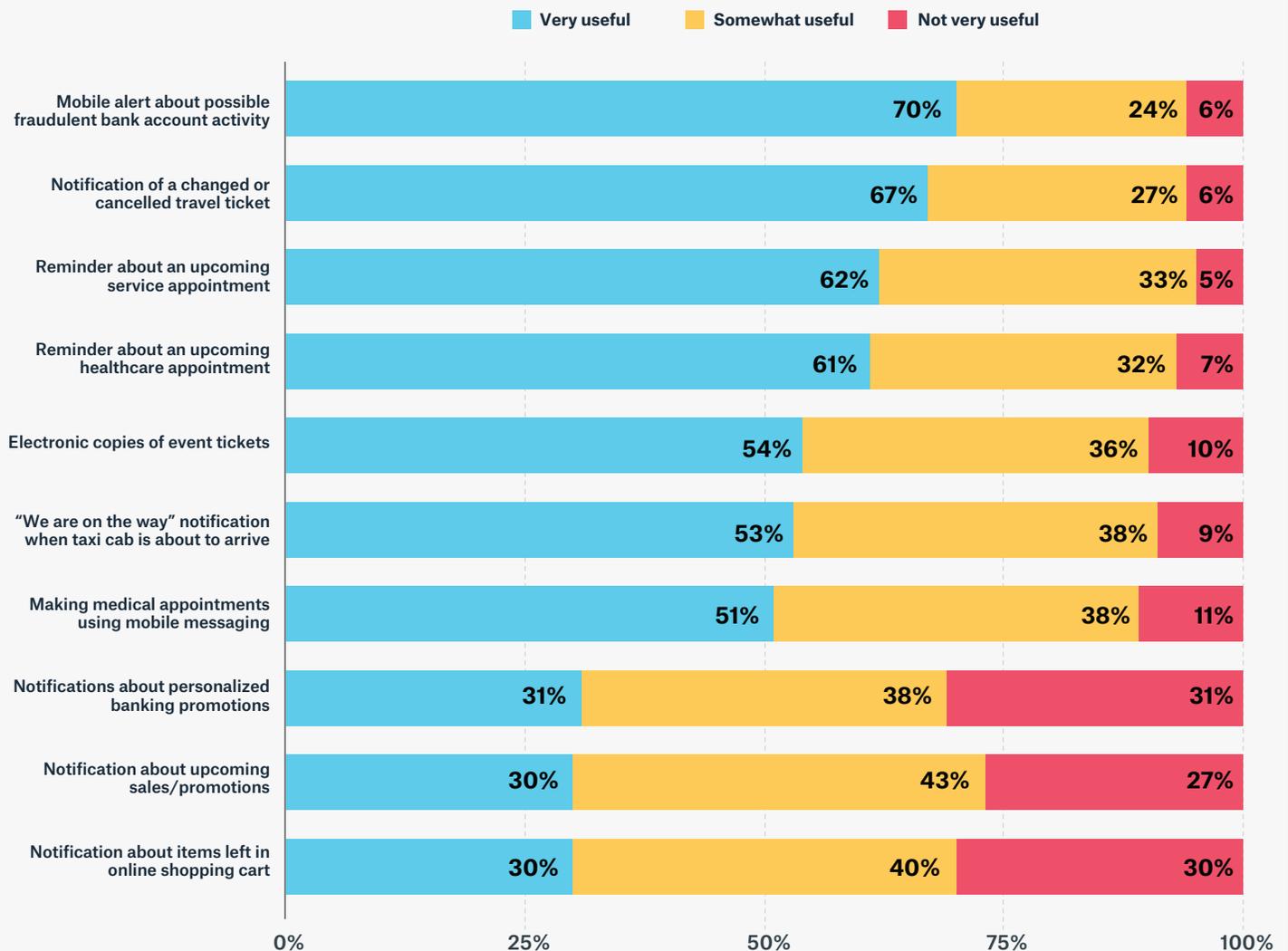
It’s important to remember, however, that consumer sentiment varies by country and generation. For example, cohorts of Generation Z are over 25% more likely to say they find abandoned shopping cart reminders helpful.

Consumers might become more willing to engage via messaging if they understood the possibilities beyond simple text messages. Dedicated messaging apps such as WhatsApp and Facebook Messenger offer rich conversations, allowing an exchange of multimedia content and other app-like experiences. Most businesses haven’t begun using these features to their maximum advantage yet. We’re already seeing these results today with RCS, soon to be the default rich messaging service in the 5G standard. In fact, RCS has already shown consumers are willing to proactively engage with brands via conversation messaging channels, making first contact with a brand through a directory, or a ‘click-to-chat’ function.

Finally, there’s an opportunity to increase the use of two-way conversational messaging, whether in the form of human interactions through existing messaging channels or AI-driven chatbots powered by natural language processing. Sinch’s research shows most consumers have had *positive* interactions with chatbots, a strong sign of growth in the space.

Messaging content types consumers find useful

Consumers value messages from companies they are already engaged with, particularly just-in-time notifications.

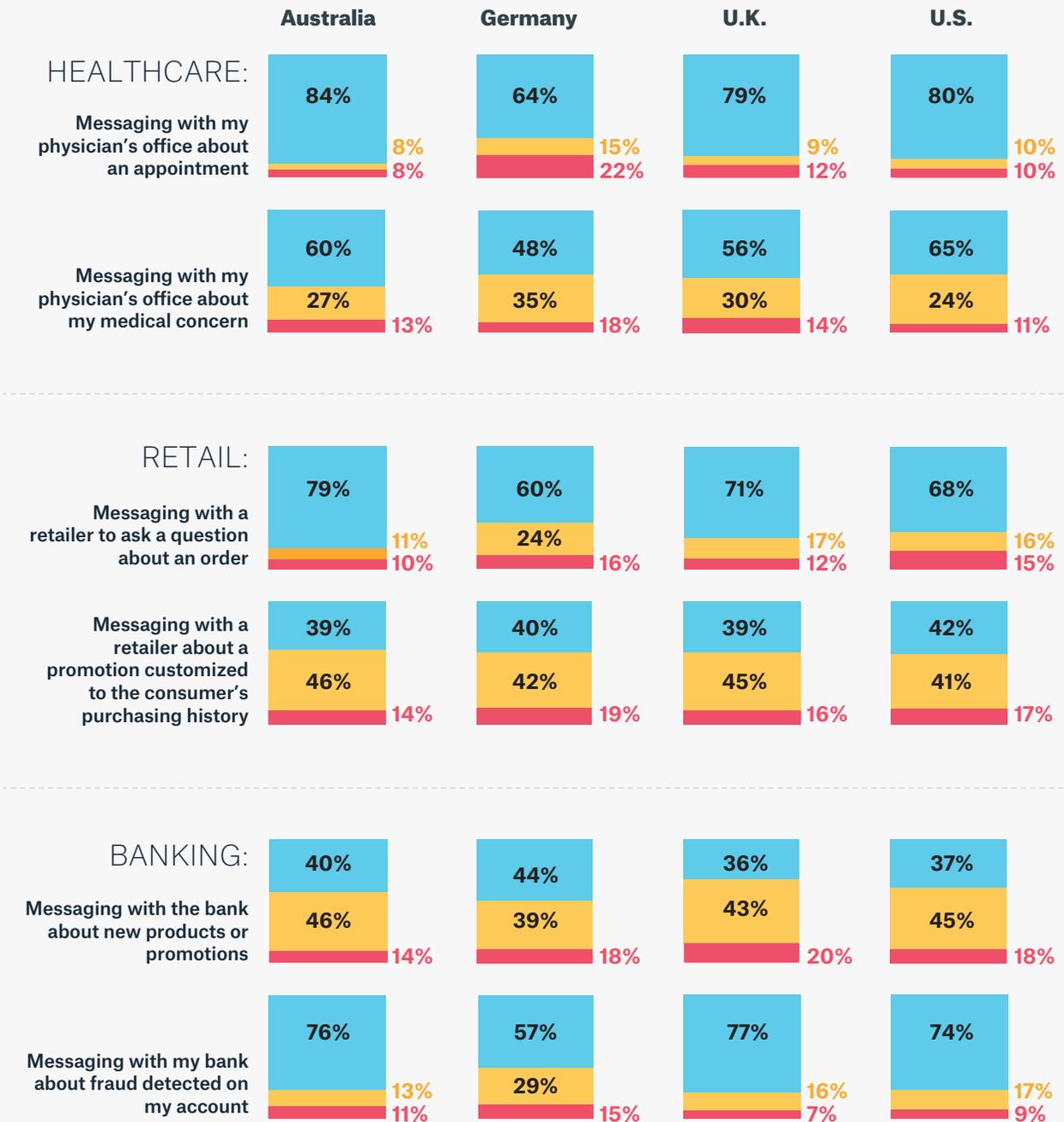


Q: Which of these messaging scenarios do you find useful?
Source: Sinch

Scenarios consumers say they welcome

Consumers are generally welcoming of messages from businesses, though they are more lukewarm about getting promotional messages.

Welcome Unsure Not welcome



Q: Consider the ways in which a business may try to engage in conversation via texting/messaging. Which of these do you find welcome versus not welcome?
Source: Sinch

THE OPPORTUNITY GAP

What businesses offer and what consumers want

When we compare what consumers are currently able to do with what they would like to do, the data shows companies are missing critical opportunities. For example, 70% of banking customers say they would find a mobile alert about possible fraudulent activity related to their accounts “very useful,” but only 35% currently receive these. Similarly, consumers find getting a message about changes in travel reservations useful, but just 40% of those surveyed receive these messages.

The gap between what consumers want versus what businesses offer is smallest in promotional messaging, meaning consumers aren't yet agitating for more promotional messages beyond what they receive already.

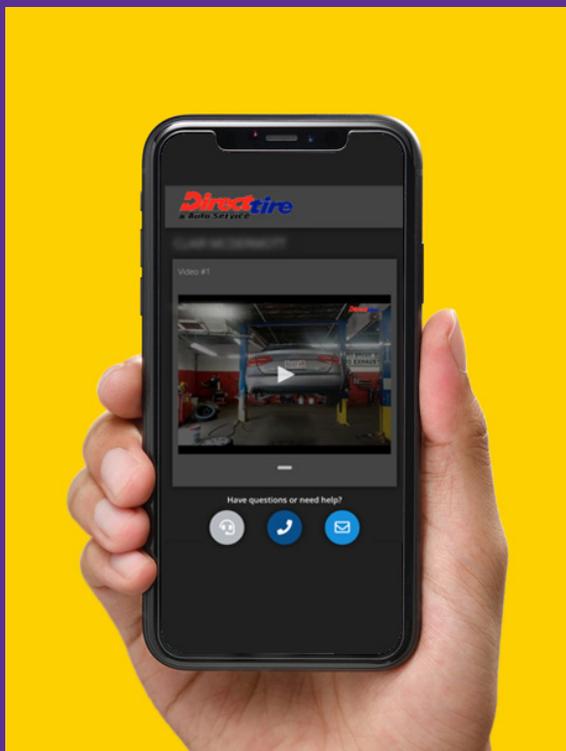


Image provided by a Direct Tire & Auto Service customer

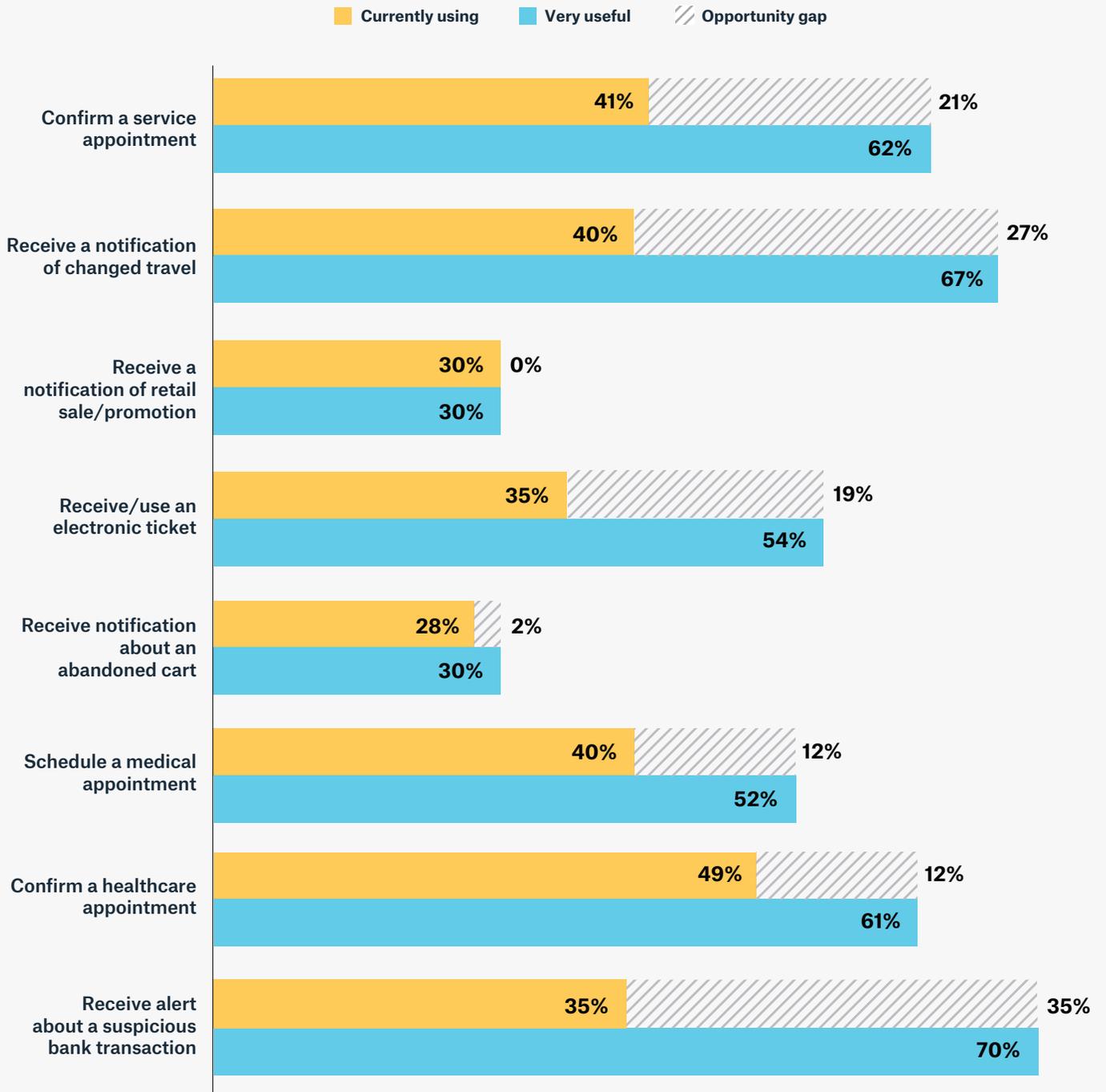
Taking messaging to the next level: personalized video

Consumers see the value of notification-based messaging, but savvy businesses are taking these notifications a step further to provide even greater value to consumers.

Currently, a car repair service may send a mobile notification when your repair is completed and the vehicle is ready for pick-up. Direct Tire & Auto Service, a US-based auto repair company, now pairs that message with a personalized video walk-through of all the repairs made to each car, narrated by the mechanic who completed them. These 30-second videos provide consumers with assurance that the shop has addressed their concerns. It also documents each product and service provided in an easy-to-understand video, which cuts down on questions during pick-up. The mobile video also offers consumers a chance to message with additional questions or call the company directly.

The opportunity gap

In some cases consumers welcome specific types of messages, but companies in those industries aren't taking advantage of the opportunity.



Q: Select the ways you have interacted with businesses using mobile messaging (TXT/SMS or in-app).

Q: How useful are the following scenarios? (Showing those who selected "very useful.")

Source: Sinch

CHANNEL FATIGUE

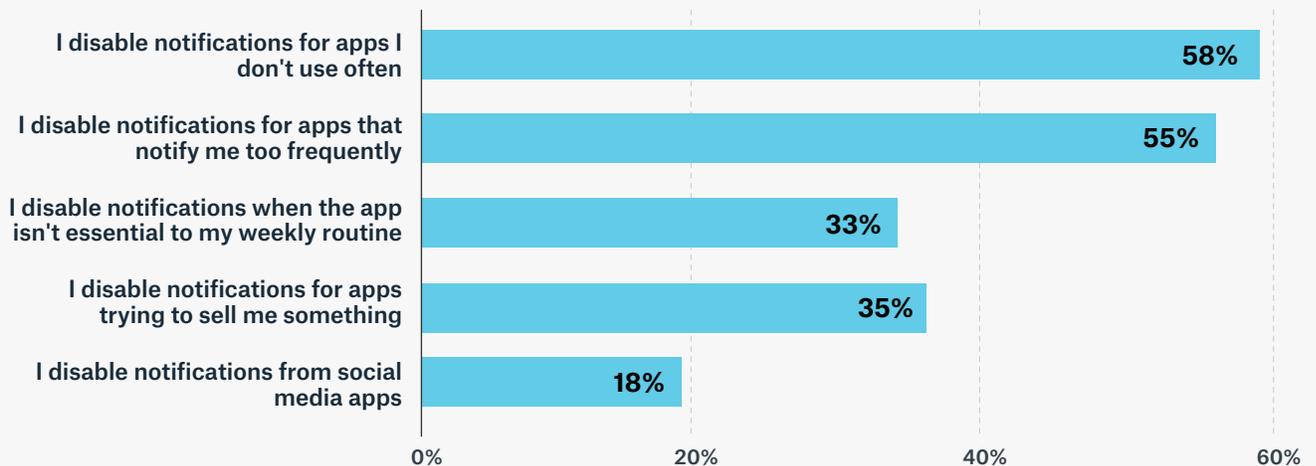
Striking a careful balance

After learning about high-profile data breaches around the globe, such as the Cambridge Analytica scandal and First American Financial Corp’s big 2019 breach, consumers are much more sensitive about sharing data. Unsurprisingly, they are more comfortable sharing personal data with a brand they already use rather than one they are unfamiliar with. But why are they more willing to share an email address than they are a phone number? 1 in 3 consumers maintain a special email address for spam to filter out unwanted messages, but few have more than one mobile phone number, meaning they are more likely to safeguard it.

Consumers also say they often disable app-based notifications, and avoid downloading apps without knowing the company that developed it. Members of the boomer generation are particularly app-wary, but even the millennial and Generation Z cohorts are on the alert about protecting their data.

Pressing “mute” on mobile apps

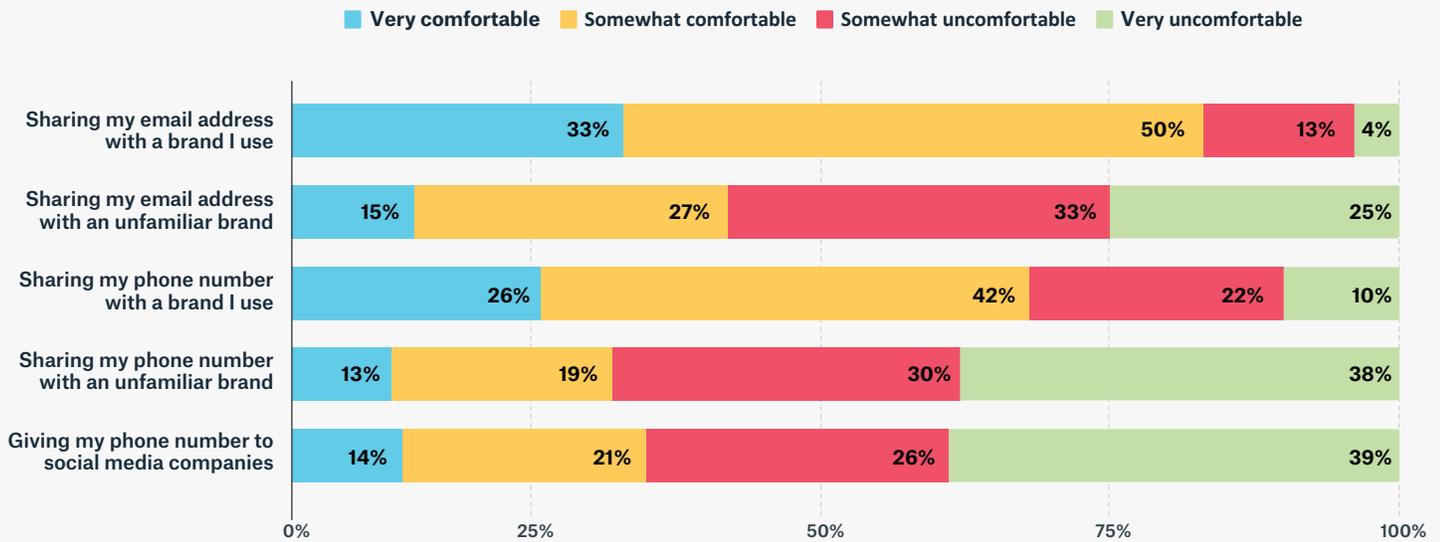
71% of consumers say they “often” or “sometimes” silence notifications on their phones. What drives the desire to mute?



Q: How do you decide whether to disable an app-based notifications on your phone?
Source: Sinch

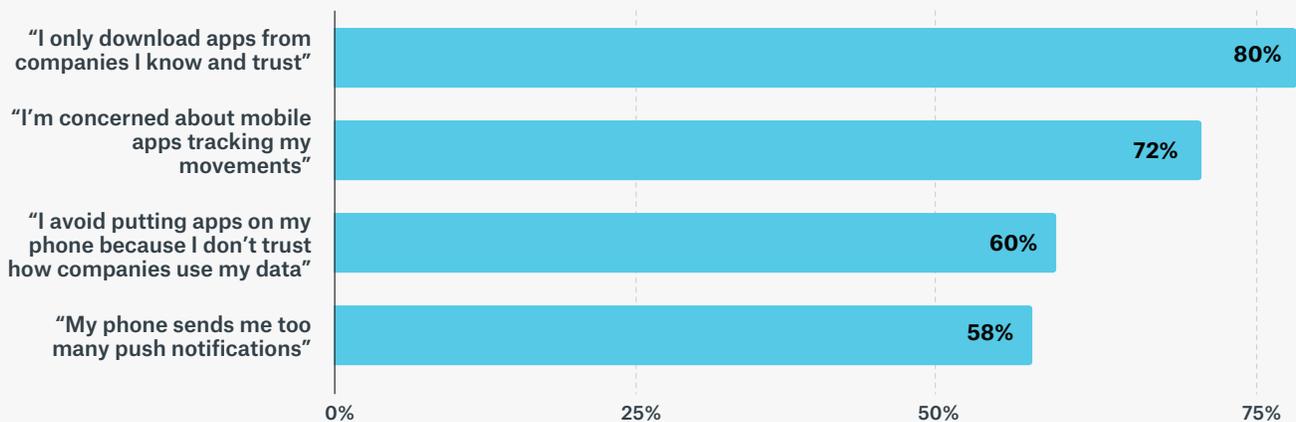
Consumer wariness

Safeguarding data: Consumers are more sensitive about sharing phone numbers than email addresses.



Q: Please rate the degree of your comfort/concern with the following scenarios.
Source: Sinch

App downloads: Consumers report they are careful about the apps they download. Boomers are particularly wary, with 3 in 4 saying they worry apps are tracking their movements.



Q: Do you agree or disagree with the following statement?
Source: Sinch

“Mobile is a private channel — much more private than an email in your inbox — and the reason we use this channel selectively at Adobe. We are very conscious that we do not want our customers to feel we are invading their space, from a loyalty as well as brand perception perspective.”

MESSAGING 2030

The next decade of customer engagement

Breaking down data silos to deliver highly personalized mobile experiences is mission-critical in 2020, and, at this juncture, is table stakes for leaders in marketing, CX and customer engagement. Beyond access to data, what will differentiate the front-runners when it comes to best-in-class mobile engagement?

Think ecosystems, not channels: In the race to personalize and make brands relevant, there is a tendency to develop isolated channel strategies. This is partly due to organizational silos, with one team owning social, another owning messaging, and so on.

Engagement in 2030 will be truly personalized to a single individual, not a segment or a profile, and in doing so will require a seemingly endless combination of channels, methods and content.

Prepare for a future state: How mobile engagement behaves in 2020 hints at what it will look like in 2030. Among the changes we foresee in the next 2-3 years — to say nothing of the coming decade — is a greater push toward two-way, rich-media messaging.

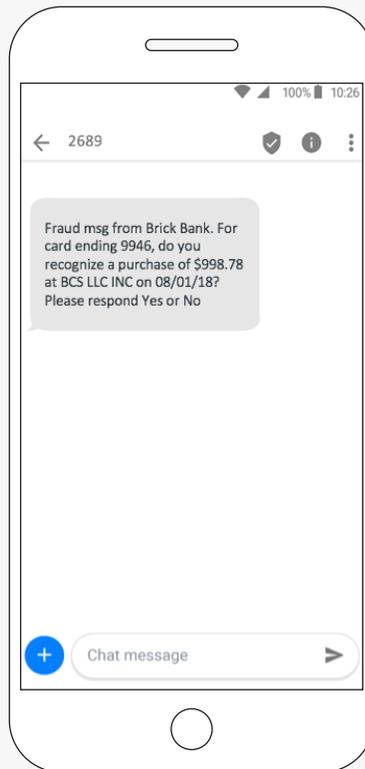
Today, consumers mostly receive passive, one-way notifications. Before long, consumers will experience a much wider range of messaging types. (See example on next page.) Instead of a simple text stating they have an appointment the next day, a patient might receive a video about preparing for her upcoming doctor's appointment. Rather than a simple notification that they left something in their "cart," shoppers may see an image on-screen showing how a blouse left in their cart would pair *perfectly* with jeans they bought the previous month. Brand leaders must think about these future-state scenarios and begin drawing roadmaps to get there in time.

The future of rich messaging

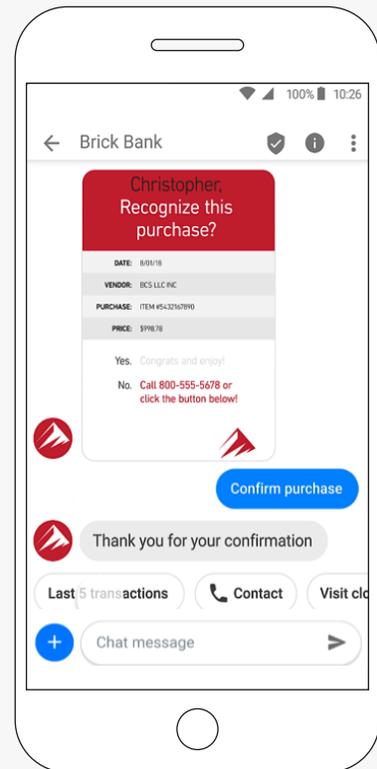
We hear all the time about the exciting potential of RCS and rich messaging, but what does it really look like?

Example: RCS in the banking industry

Rather than plain text notification of possible fraud, consumers see specific details about the purchase in question and can immediately flag suspicious activity in the default messaging program.



FROM SMS...



TO RCS

“We take privacy very seriously.

For most of the data we have, we use voice anonymization. When the driver is trying to reach the rider, we don't want to expose the rider, nor the driver's phone number.

And to add one more layer of security, our intermediary service uses a one-to-one mapping based on each call. We don't share any names or profile information about drivers or riders with third parties. That way, in the event of a breach, hackers would only be able to access a phone number, not the person that number belongs to.”

Consumers have become much more savvy about their personal data; when they share it, they expect value and a degree of privacy in return.

Safeguard the privilege of data access: Consumers have become much more savvy about their personal data; when they share it, they expect value and a degree of privacy in return. They are particularly wary of sharing a mobile phone number because it's a personal and direct way to reach them at nearly any time. In turn, companies must safeguard this privileged access. For scenarios where messaging is a form of service enablement, as is the case for transportation, deliveries, or sharing economy-based services, this may mean masking critical personal data. Just as ridesharing apps mask drivers' and riders' phone numbers despite enabling messaging between the two parties, marketing leaders in other verticals will also need to think carefully about safeguarding the sanctity of mobile access.

Experiment with new functions: Even before companies experiment with future-state applications, there are plenty of new ideas available to experiment with today.

Mobile wallet: As consumers increase mobile wallet adoption, some brands use it as a new channel to reach consumers (more than half of consumers currently use a mobile wallet, though only 1 in 3 use it at least weekly). Particularly for companies with strong loyalty marketing programs, the wallet may be yet another way to touch consumers, send notifications, and add value.

Mining messages: Companies already using messaging (mobile messaging or web-based messaging and chatbots) find that those dialogues can be a rich source of information, both around customer sentiment and to inform product development.



“It’s not a question of whether companies should leverage messaging as part of their communications mix. It’s just really a question of how. The “how” is ensuring the content is personalized when connecting with consumer’s most personal device.”

MATT RAMERMAN,
CEO & CO-FOUNDER,
SINCH ENGAGE

Real-time translations: For customer care and service enablement, real-time translations can add a tremendous amount of value in certain verticals. Ridesharing companies, for example, use real-time translations to facilitate conversations between drivers and riders. There are countless applications for messaging translation in travel, transportation and healthcare — most of which are not yet being used today.

Just as “digital experiences” defined the last decade of customer engagement, “mobile experiences” will characterize the coming decade. At the heart of mobile experience is the need to personalize each experience to the individual. The technology is in many ways advancing much more rapidly than business leaders can leverage it. The race is on to build out vibrant ecosystems that treat access to consumer data as a privilege, deliver clear value to the consumer and match needs to the individual.

TAKEAWAYS

The path forward: Top 4 takeaways

01

Prioritize value and personalization

Messages that are highly relevant to a single individual, such as notifications about suspected fraud or changed travel arrangements, are most welcome by consumers. The research shows promotional messages also work, so long as they are highly personalized and timely. Organizations must proceed carefully while sorting out what sticks and what bounces.

02

Look for unmet needs

The research shows consumers value a wide array of message types from businesses, even many formats they have never experienced before. Now is the time to brainstorm how messaging — including notifications, rich messaging and chatbots — can fill voids in customer experience.

03

Build trust

Making connections on mobile is at the core of customer engagement, but it's contingent on trust. Companies that build consumer trust outperform organizations that don't prioritize it.

04

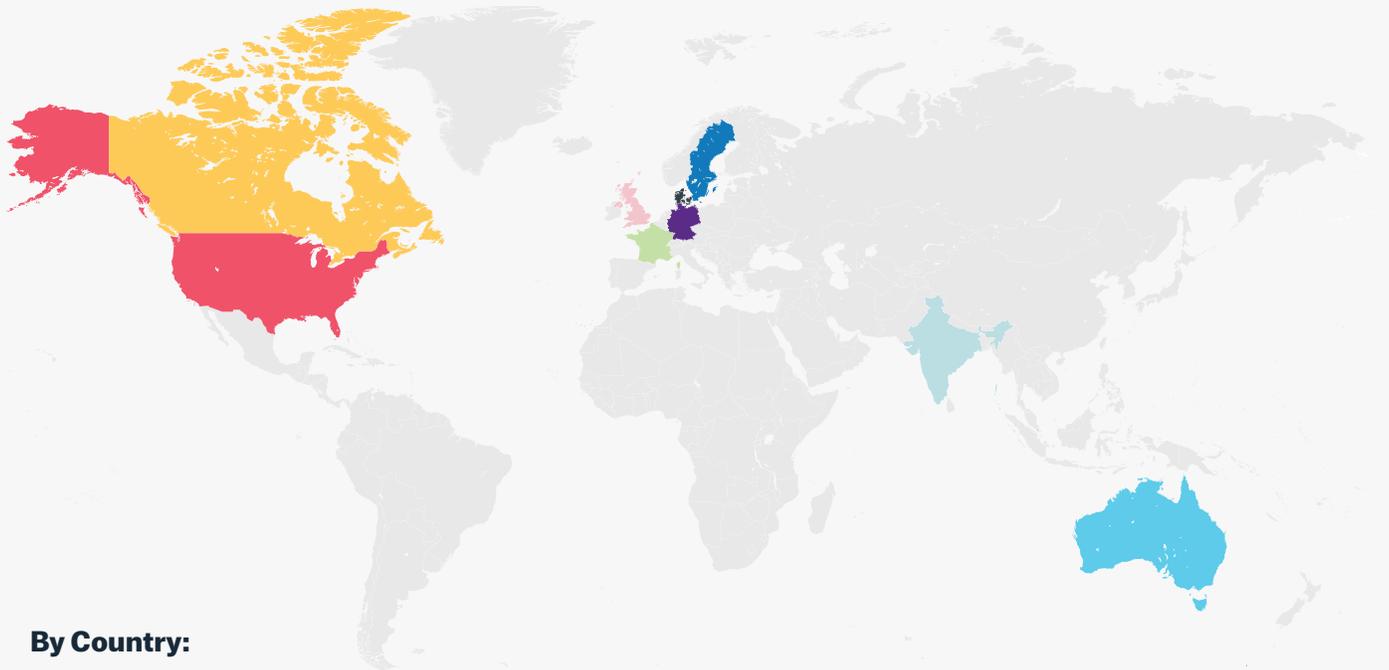
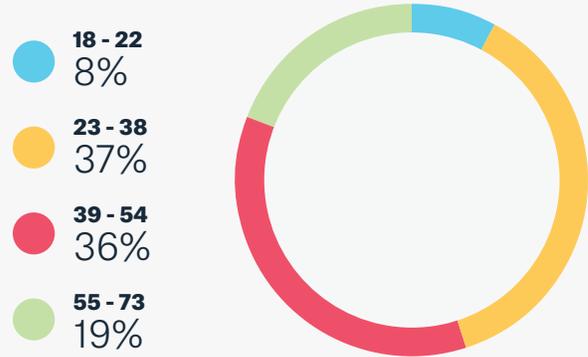
Value consumer privacy

After years of data breaches and misuse scandals, consumers are understandably distrustful about sharing their data. The answer is not to placate them with meaningless reassurances — it is to do right by consumers. First and foremost, treat access to data as a privilege. All companies must be able to articulate how they will provide tangible value to consumers who share their data.

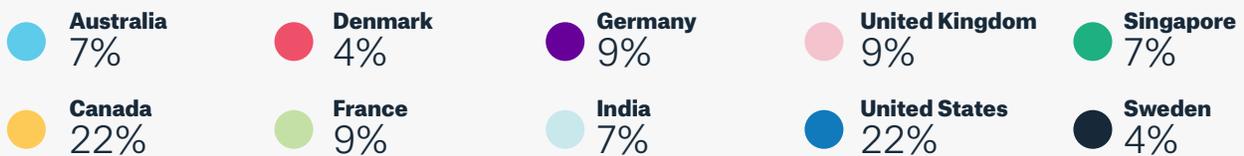
METHODOLOGY

Sinch surveyed 2,300 consumers in August 2019 to understand their current and desired use of mobile messaging and their attitudes about data privacy, chatbots and customer engagement. Responses from men and women were divided equally.

By age:



By Country:



TRANSFORM HOW YOU ENGAGE CONSUMERS

Start conversations that count and build lasting relationships. With Sinch, a global leader in cloud-based mobile communications, businesses can future-proof growth.



Rich Messaging

Deliver interactive two-way messages to grab attention and get a conversation started.

- Build trust in your brand
- Decrease friction
- Send secure, encrypted messages
- Powerful metrics to analyze performance
- Save time with automated responses



Personalized Messaging

Create a deeper, more meaningful connection and connect 1:1 with customers.

- Drive a 30-60% conversion improvement
- Send targeted offers
- Drive deeper engagement
- Deliver relevance and trust
- Reduce churn in excess of 20%

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FOOTNOTES

1. <https://www.emarketer.com/content/are-marketers-being-realistic-about-their-customer-experience>
2. <https://us.epsilon.com/pressroom/new-epsilon-research-indicates-80-of-consumers-are-more-likely-to-make-a-purchase-when-brands-offer-personalized-experiences>
3. <https://techcrunch.com/2017/08/25/majority-of-u-s-consumers-still-download-zero-apps-per-month-says-comscore/>
4. <https://www.androidauthority.com/77-percent-users-dont-use-an-app-after-three-days-678107/>
5. <https://www.statista.com/statistics/456500/daily-number-of-e-mails-worldwide/>
6. <https://expandedramblings.com/index.php/email-statistics/>
7. <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>
8. <https://www.facebook.com/business/insights/series/messaging-moves-business>

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