Your statement is now available: http://vbs.cm/DHSol18

Your shipment has left the warehouse

Your driver Lila is approaching with your order. Enjoy your meal.
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EXECUTIVE SUMMARY

Consumers today expect — and welcome — service-based communications from the companies they transact with. Whether it’s an alert that their payment has been processed or their order has shipped, these functional notifications deliver tremendous value to consumers by keeping them updated on their various interactions with a business.

Email has emerged as a standard delivery mechanism for these messages, but the rapid adoption of smartphones has prompted companies to move faster in their shift to mobile-first. According to Forrester Research, Inc., there are now more than 200 million smartphones in the U.S., and the average consumer picks up or glances at their phone 150 to 200 times each day. With nearly two in three Americans owning and constantly checking this device, it’s more important than ever for companies to evolve their service-based communication offerings to compliment both email and mobile solutions to best serve their customers preferences and expectations.

At Vibes, we’ve received a variety of questions from our clients looking for the best way to approach and capitalize on this new mobile opportunity. Similar to the powerful opportunity in mobile marketing, these marketers and business users are looking to arm themselves with the data, insights, strategies and use cases they will need to launch successful transactional messaging programs for their organizations. These clients are also looking for specifics on technical automation capabilities and guidance with selecting a platform that allows for the triggering and delivery of personalized, time-sensitive transactional messages with both speed and scale.

Our 2016 Transactional Messaging Consumer report is here to help you – and business users like you do just that. This report offers valuable insights into how companies can capitalize on the transactional messaging opportunity, while also featuring the latest mobile consumer preference data for service-based communications. The data in this report reveals strong consumer preferences trending towards mobile messaging. It also uncovers the pivotal role technology executives can play by orchestrating mobile service-based messaging to compliment existing transactional messaging channels like email.

Arm yourself with the insights in this report to:

- Execute on mobile consumer expectations and demands
- Better understand the impact of transactional mobile messages on the consumer experience
- Inform and shape your mobile strategy for service-based communications

1Forrester Research, Inc.: Vendor Landscape: Mobile Engagement Automation Solutions, November 2015
For many companies, delivering service-based communications to consumers, such as a notification that a product has left a warehouse for shipment, is a complex process. It requires complicated, custom-built solutions. As a result, companies often turn to email solutions from third-party providers to streamline and automate this process, or rely on internal IT teams to create complicated, custom-built solutions in order to add mobile messaging to their service messaging offering.

Transactional messages add value for consumers because they are personalized and include relevant and time-sensitive information. This immediate utility results in strong engagement: Transactional emails are opened at eight times the rate of promotional emails, according to Experian.

Email solutions, however, were designed in the era where desktops and PCs were our primary computing devices. With the ubiquity of the smartphone, companies across a wide range of industries are now shifting their communications to mobile. Smartphones are consumers’ constant companion, making them the optimal platform for delivering time-sensitive transactional messages.

Most email providers lack the capabilities to bring these messages to native mobile channels like text messaging (SMS/MMS), push notifications and mobile wallet (Apple Wallet & Android Pay). Companies need automated solutions to deliver transactional messages across mobile channels in real time, at scale and with speed – that’s where mobile comes in.

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Experian, The Transactional Email Report
MOBILE CHANNELS LIKE SMS AND PUSH ARE MORE IMMEDIATE AND IMPACTFUL THAN EMAIL

<table>
<thead>
<tr>
<th></th>
<th>EMAIL</th>
<th>SMS</th>
<th>PUSH</th>
</tr>
</thead>
<tbody>
<tr>
<td>First reach</td>
<td>SLOW</td>
<td>INSTANT</td>
<td>INSTANT</td>
</tr>
<tr>
<td>Average open rate</td>
<td>23% (DEPENDING ON INDUSTRY)</td>
<td>OVER 90%</td>
<td>OVER 90%</td>
</tr>
<tr>
<td>Potential coverage</td>
<td>MEDIUM</td>
<td>HIGH</td>
<td>MEDIUM</td>
</tr>
<tr>
<td>Reach probability</td>
<td>MEDIUM</td>
<td>HIGH</td>
<td>HIGH</td>
</tr>
</tbody>
</table>

Source: Publi.com, 2014

It's clear that by making the move to mobile, companies can significantly improve the effectiveness of their transactional messaging strategy, and effectively 'mobilize' service-based touch points such as:

- Order confirmations
- Shipping alerts
- Delivery notifications
- Product updates
- Congratulatory prompts
- Time-triggered reminders
- Claim processing alerts
- Serviceperson en-route
- Real-time ticket alerts
- Account balance updates

TRANSACTIONAL MESSAGING: SHIFT TO MOBILE SERVICE MESSAGING
CONSUMER PREFERENCES

Only by listening to their consumers can companies launch successful transactional messaging programs for mobile. It’s critical for marketers and business users alike to remember that mobile – even more so than the email inbox – is the most personal communication vehicle at an organization’s disposal, being the consumers’ most trusted and heavily used device, and with them at all times. Given that, consumers have strong preferences, opinions and expectations for how companies should engage with them on this device. Companies must be aware of these nuances, and factor them into their mobile strategies before they launch programs in-market. Reference this section to do just that.

READ THIS SECTION TO

- Learn how the majority of consumers want to receive transactional messages
- Explore the benefits of delivering transactional mobile messages
- Identify successful attributes of transactional messages
A strong majority of consumers (70%) prefer to receive service-based messages on their mobile device. This is indicative of the trend that marketers, business users, analysts and even our own clients have taken note of – consumers are collectively making the shift to mobile, across all industries.

**Preferred Device for Receiving Service-Based Messages**

Consumers do not only want to receive these time-sensitive messages on the device they have with them at all times – they expect organizations to offer mobile service messaging as well. Integrating mobile service messaging into existing transactional communication strategies means organizations are well preparing themselves to meet evolving consumer preferences. Offering a suite of complimenting triggered messaging solutions (including email and others) allows consumers to pick and tailor their personal preferences to create a truly unique two-way mobile relationship with a company that exists outside the realm of traditional mobile marketing.
While there are a variety of service messaging types marketers and business users have at their disposal, it’s important to know how frequently consumers actually received and interacted with these various messaging types. In addition to gauging ‘availability in market,’ consumers were also asked to rate ‘customer impact’ by stating the impact these service messaging types would have on their purchase decisions.

**Impact on Consumer Purchase Process**

The resulting chart identifies four unique segments: **unmet customer needs, customer expected messaging, niche value and questionable value to customers.** For marketers and business users looking to identify the transactional messaging types most likely to drive ROI for their organizations – the key opportunity area for you is unmet customer needs. These messaging types offer high value because of the powerful impact they make on consumer purchase decisions – while flying under the radar as relatively under-utilized strategies by retailers, brands and enterprises. This means that the organizations that capitalize on the messaging types that fall into this quadrant will not only greatly affect the purchase decisions of their consumers, they will be staying a step ahead of the competition as well.

This area represents a major service messaging opportunity for marketers and business users, combining high impact on customer purchases with relatively low adoption from competitors.
The strong majority of consumers (84%) stated that service-based messaging has an impact on their decision to choose one company over another. This once again illustrates the power service-based messaging has to influence foundational elements of the consumer decision process – serving as a key differentiator for consumers weighing which companies to give their business to over others.

84% of consumers state that service-based messaging has an impact on their decision to choose one company over another. This illustrates the critical role that service-based, transactional messaging plays.
Understanding the details and characteristics which consumers value in transactional messaging is key to launching service messaging programs that those same consumers will actually use. Specific elements like time, date and specific tracking information all rose to the top in terms of what consumers value most in service messaging, and in our experience, all of these messaging characteristics translate naturally well to text messaging. This is due to SMS’ standing as the ideal channel for relaying concise, time-sensitive information.

Providing basic information (80%) is the most important feature of service-based messaging in terms of positively impacting satisfaction. Speed (76%) and the ability to choose the message channel (73%) also factor high in importance. As a whole, consumers stated that ideal transactional messaging features basic (but important) information, which is delivered with speed (76%) and allows them to choose the messaging channel through which it’s sent. For marketers and business users looking to capitalize on transactional messaging – these are all mission-critical messaging details to consider when selecting both your service messaging platform and mobile partner.

**Transaction Messaging: Consumer Preferences**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Extremely important</th>
<th>Neutral</th>
<th>Not that important</th>
<th>Don’t know/not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic information (e.g., time, date, tracking information)</td>
<td>80%</td>
<td>14%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Speed - immediacy (e.g., message is delivered immediately after you complete a transaction)</td>
<td>76%</td>
<td>17%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Message channel (e.g., ability to choose how you receive service messages — text, push notification, email, etc.)</td>
<td>73%</td>
<td>18%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Next action - ability to take further action from the notification turning it into a 2-way dialogue (e.g., if you need to reschedule appointment, ability to do so from the message)</td>
<td>67%</td>
<td>23%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Personalization (e.g., information in the message is tailored to you and your specific needs)</td>
<td>64%</td>
<td>24%</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>Rich media information (e.g., photo and name of service rep on the way, video information)</td>
<td>47%</td>
<td>32%</td>
<td>16%</td>
<td>4%</td>
</tr>
</tbody>
</table>
A defining characteristic of effective transactional messaging is speed — and for good reason. Most (if not all) transactional messages are time sensitive, meaning they are triggered to a consumer based on a specific event or time. Given that, it is critical for marketers and business users to tap mobile channels that naturally allow for the fast, almost instantaneous delivery of messages to consumers.

The majority of respondents say a text message (78%) is the fastest way to be reached for important service updates on purchases. Unlike a personal email account where daily activity is limited by how much time consumers spend in their inboxes, consumers frequently access their mobile phone’s texting application. This presents a prime opportunity for companies to deliver time-sensitive messages — knowing that it’s essentially guaranteed that those messages will be opened and read by consumers.

TRANSACTIONAL MESSAGING: CONSUMER PREFERENCES
Now that the consumer value of service messaging has been measured, along with the impact it has on everything from purchase decisions to company selections, marketers and business users can gauge the types of companies from which consumers would most want to receive transactional messages.

Banking/financial institutions (67%) and retail stores (64%) are the most frequently cited types of companies respondents say they would want to receive service-based messages from. Travel companies and restaurants are also mentioned by 55% of respondents.

Most consumers want to receive service-based messages from banks and retailers. This does not come as a surprise, given the frequency of transactions consumers conduct with these types of companies, and the importance of staying up-to-date on financials, orders and other time-sensitive communications that emerge from doing business with such companies.
THE ADVANTAGES OF TRANSACTIONAL MOBILE MESSAGING

Transactional mobile messaging provides an immense opportunity to gain a non-marketing mobile touch point, drive cost savings and innovate your consumer experience and company’s brand.
Service Msg: Your claim has been processed. Please click here for more details: http://vbs.cm/q049Vn

Every interaction between a company and a customer impacts the customer experience. As demonstrated in this report, your company can make an even greater impact on this experience through transactional messages delivered via mobile. Customers highly value receiving personalized notifications containing important information in real time, and having the option to choose their preferred communication channel (e.g., SMS or mobile wallet).
NON-MARKETING MOBILE TOUCH POINT

Transactional mobile messaging keeps your brand top of mind – and of phone – with your customers, reducing your reliance on marketing messages to maintain a connection. For new customers, service-based messages can help establish initial mobile relationships without the need for marketing messaging. It also allows you to opt-in net new subscribers to your mobile database, which can be used for marketing purposes.
REDUCE OPERATIONAL COSTS

By notifying consumers of important account, delivery and service information in real time, you can significantly reduce the impact of logistical inefficiencies as well as reduce call volume and impact to call centers. Mobile service-based messages are typically instantly seen by your customers, allowing them to make any necessary changes quickly. For instance, you can send a text to a consumer that their package will be delivered today and enable that consumer to reply back that the time will not work for them. Instead of having the package delivered and your consumer not be home to receive it, they can now simply (and quickly) reschedule their delivery instead of the package going back to the warehouse for another attempt. This real-time communication can have meaningful impact on efficiency and cost savings.
BRAND INNOVATION

Going mobile for transactional messaging positions your company as innovative and in-line with the consumer shift to mobile-first. It allows you to be a step ahead of competitors that have yet to embrace mobile, which as the findings suggest, can lead consumers to view your company favorably.

Style Rewards
Way to go! You just earned a reward.
slide to view
Although mobile marketing and transactional messaging differ in look, feel and context, they both require a holistic mobile marketing platform and partner with deep domain expertise in order to be executed correctly. We have taken advantage of our rich understanding and background in mobile marketing channels and consumer preferences to offer a complete transactional messaging solution to our retail, brand and enterprise clients. Our mobile marketing platform, Catapult™, allows non-technical business users to execute, personalize and measure automated service messaging programs, across multiple channels such as SMS, MMS, push and mobile wallet leveraging Apple Wallet & Android Pay. Whether you’re new to transactional messaging, or have already mobilized your enterprises’ email-based service messaging, leverage this section as your definitive checklist of features and functionality you need (and should expect) from a partner in order to roll out a best-in-class transactional messaging offering for your customers.
CHANNEL PRIORITIZATION

Leverage a platform that allows you to orchestrate, prioritize and deliver transactional and service updates to customers via SMS, MMS, push and notifications to Apple Wallet & Android Pay. This functionality should be integrated as part of a full mobile marketing suite, allowing you to then access CRM data and set channel preferences within that same platform to help you get the most value out of every message you send.
**User-Friendly Transactional Messaging Templates and Logic**

Leverage a platform that allows you to create actual message templates, update message content, and set up message logic all in one, fully integrated module. This ensures both technical and non-technical employees alike have control over all content management and updates thanks to your platform’s user-friendly interface that makes creating service messaging programs easier than ever before.

**Real-Time In-Platform Reporting & Analytics**

Leverage a platform with the reporting capabilities you’ll need to conduct deep cross-channel analysis in order to best understand the metrics and true value behind your messaging’s impact on the consumer experience.
SUBSCRIPTION MANAGEMENT AND URL SHORTENING BUILT IN

Work with a partner whose platform allows you to activate various in-app features applied to transactional messaging. These features include a built-in URL shortener, which allows your partner to report on important metrics, such as click-through rates at the individual message level. Subscription management across channels and message types ensures you don’t need to worry about mobile industry compliance and regulations because your partner already has it all built in and available in their platform, which is constantly being updated as industry compliance rules change and evolve.

MESSAGE TEMPLATE

{(first_name)} - Your purchase will be delivered on {{API.delivery_date}} between {{API.time_window}}. Please go to {{API.url}} for more info.

UNIQUE APIs FOR MESSAGING & TRANSACTIONS

Leverage a technology solution that offers split, or ‘decoupled’ messaging content from the transactional APIs. This allows for cross-channel subscriber, channel and preference logic control. The transactional event system ‘tells’ your mobile platform that an ‘event’ has taken place, and the platform then uses its channel priority control to choose the message template and delivery channel.

FLEXIBLE EVENT API

Work with a partner whose platform includes transactional messaging capabilities in its user interface to make its product offering future-proof. Leveraging decoupled APIs ensures you can make messaging edits easily, as opposed to waiting out lengthy development times to make simple updates.
KEY TAKEAWAYS

This 2016 Transactional Consumer Report offers a variety of important insights and use cases to help marketers and business users capitalize on the service messaging opportunity. Below are five takeaways that encompass the report’s key themes. Read this section to see how they can be incorporated into your transactional messaging strategy.

1. Put mobile at the center of your transactional messaging strategy
   You need to take a mobile-first approach to transactional messaging. Smartphones are the dominant screen in your customers’ lives, and you need to reach them through native channels like SMS and mobile wallet. Our data shows strong consumer demand and a clear-cut preference for receiving service-based updates on mobile phones, far outpacing laptops, desktops and tablets. This is an open invitation for your company to begin a relationship with customers on their most personal device. Take advantage of that opportunity.

2. Service-based messages can impact revenue
   Although they are not marketing-based, transactional messages can impact the bottom line. Our data shows customers value the availability of these messages so highly that it impacts which companies get their hard-earned cash. This creates incredibly high stakes in the market. If your company is capable of notifying a customer their order has shipped on their preferred device, you can essentially book revenue. If you’re not sending these messages on mobile, however, and your competitors are, you’re at risk of losing customers.

3. Transactional mobile messages influence positive brand opinions
   Because they add value and convenience for consumers, service-based messages play a pivotal role in the perception of your brand. Consumers are mindful of which companies make their lives easier, and they reward those that do with their loyalty. Be sure you’re leveraging this surefire way to improve the customer experience and customer satisfaction.
Go cross-channel

Unlike transactional emails, there are multiple channels for sending these messages on mobile. Whether it’s SMS, MMS, push or mobile wallet, ensure you’re giving customers flexibility to choose their preferred channels while taking into account the right use cases for each channel. For instance, if you are a home services company and need to notify your customer that a serviceperson is en-route, a MMS message might work best. This way, the customer can see a picture of the serviceperson, in addition to details about their arrival window. You’ll benefit from working with a vendor that allows you to gain visibility into how your customers are interacting with the messages so you can optimize across channels.

Select partner with mobile automation capabilities and deep industry expertise

Due to the time sensitivity of transactional and service updates, it is critical that you find a vendor that can do the heavy lifting and deliver the rapid experience customers expect today. Your vendor should not only have expertise in the mobile arena to guide your transactional messaging strategy, but also provide an intuitive, feature-rich platform. The platform should allow you to set up messaging logic and templates as well as delivery channel preferences. It should also feature sophisticated reporting and analytics to ensure you’re getting the most value out of every message sent. Since transactional messages are triggered by data or events within your systems of record, you also want to ensure your vendor offers future-proof API integrations. In mobile, it’s also critical your vendor has direct connections to all U.S. wireless carriers to ensure deliverability to consumers. Do your homework and select the vendor that will empower you to seize this massive opportunity.

OUR GOAL at Vibes is to help retailers, brands and enterprises unlock new revenue by arming them with the technology and guidance they need to succeed in mobile marketing. If you believe service-based transactional messaging could be a good fit for your organization and are interested in learning more, we’d love to hear from you.
Vibes partnered with Equation Research to conduct a study examining perceptions and preferences in service-based messaging among mobile phone users.

**OVERVIEW**

**METHODOLOGY**
- 5-minute online quantitative survey
- Respondents recruited via email from a nationally representative database
- Fieldwork conducted March 3-7, 2016

**SAMPLE**
- N=1,001 smartphone owners
- Age 18+
- Gender and geography balanced

**RESPONDENT PROFILE**

- **Gender**
  - Male: 50%
  - Female: 50%

- **Age**
  - 18-25: 17%
  - 26-34: 26%
  - 35-44: 18%
  - 45-54: 17%
  - 55-64: 14%
  - 65+: 8%

- **Ethnicity**
  - White: 60%
  - Black or African American: 10%
  - Hispanic or Latino: 12%
  - Asian: 16%
  - Native American, Eskimo, or Aleut: 5%
  - Other: 2%

**RESPONDENT PROFILE**

- **Marital Status**
  - Married: 47%
  - Never married (single): 38%
  - Separated/Divorced/Widowed: 14%

- **Children under 18 in Household**
  - Yes: 35%
  - No: 65%

- **Income**
  - <$50K: 50%
  - $50K - 74.9K: 24%
  - $75K - 99.9K: 11%
  - $100K+: 16%

- **Phone Type**
  - iPhone: 38%
  - Android smartphone: 62%
ABOUT Vibes

We help marketers unlock new revenue by arming them with the technology and guidance they need to succeed in mobile marketing. Catapult, our Mobile Relationship Management (MRM) platform, enables marketers to easily manage all mobile communication channels including text messaging, push notifications, Apple Wallet, Android Pay and mobile web campaigns — all from a single interface. Vibes has delivered more than five billion mobile experiences on behalf of customers that include Sears, Home Depot, Pep Boys, Verizon and Allstate. The Common Short Code Administration (CSCA) recognizes Vibes as one of only four Tier 1 aggregators with secure, direct connections to all the major carriers. To learn more about Vibes, visit www.vibes.com.