

WHITE PAPER:

USING TEXT/SMS TO BOOST ADVERTISING RESPONSE

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PART 1: THE CHALLENGE OF DRIVING ADVERTISING RESPONSE

"I know that half of my advertising dollars are wasted," a famous ad man once said. "I just don't know which half." While this scenario has certainly been the case for broadcast TV and radio for decades, the introduction of 0800 numbers and call centers in the 1980s, and then the internet in the 1990s, began to deliver advertisers the tools to directly measure response rates to their advertising.

Whether it was 'click throughs' to a website, or consumers dialing 0800 numbers, the inclusion of a 'direct response' mechanism (a web site URL or an 0800 number for example) in an advertisement allowed advertisers to check both the effectiveness of various media, and the impact of different creative executions in generating consumer response.

More recently, the introduction and widespread consumer uptake of text messaging has added another very effective tool to the marketers direct response arsenal, with the ubiquitous (mobile subscription rates average in excess of 100 percent in many developed countries) mobile phone's unexpected 'killer app' adding huge value to the interaction between advertising, consumers and businesses. As a result, the amount of response-based advertising has grown considerably in the last 10 years. After all, if the ultimate purpose of your advertising is to initiate a customer transaction, then why not use your advertising to move your prospects one step closer to a purchase?

In fact, given the response options available today, it seems almost irresponsible to allocate a large percentage of marketing budget to 'themic branding exercise' advertising that offers no response options. Certainly consumers are now well accustomed to using advertising response mechanisms to further investigate products or services they're interested in.

The issue that faces smart marketers now, however, is not just the effectiveness of the advertising message in generating responses, but the effectiveness of the response mechanism in meeting the potential customer's immediate informational desire, and being able to deliver this information cost effectively. For while it may seem that most organisations are deploying what's considered to be a 'best practice' response mechanism, many would be surprised to discover that, rather than being a seamless connection, in many cases the link between their advertising and their response mechanism is actually broken. By way of explanation, we will examine the traditional response mechanisms;

PART 2: RESPONSE MECHANISMS COMPARED

2.1: 0800 Numbers / Contact Centers

There is no doubt a call center is an appropriate mechanism for a complex interaction that requires a human response – a good example of this would be a technical helpdesk for an internet provider, telco or other utility company. Also, direct response advertising formats like infomercials usually require the immediate response of

an 0800 operator – potential customers are ready to make a purchase when they call an infomercial's 0800 number, so an operator must be available to close the deal and complete the transaction.

Nonetheless, as a customer 'touch point', call centers can frequently be a double-edged sword. For example, a recent survey of call center satisfaction in the US found that 76% of people polled reported 24 hour-a-day seven-day-a-week call center operation was important to their purchase decision. While a number of organisations offered 24x7 call centers in the early days of call centers in NZ, many have now scaled back to 7am to 7pm, five days a week, as the cost of staffing a call center 24 hours a day is prohibitive.

Thus, if a potential customer sees a print ad or TV commercial which features an 0800 number outside of a call center's operating hours, they cannot respond immediately and the link between the advertising and the response mechanism is broken. While it's true the potential customer may write the number down and call the next day, the reality is they usually don't.

Other survey results? Around 30% of callers will hang up if they have to remain on hold for over a minute. Aside from fine tuning call queuing technology the only way to address this is by deploying additional operators, which means higher overheads. Additionally, how well-trained call center staff are is critically important, as 50% of respondents reported being most dissatisfied with call centers when the agent was not well-informed about the product or service, or could not resolve problems quickly. In fact, the overriding result from almost all customer satisfaction surveys of call centers found that long wait times, too many IVR choices (pushing keypad numbers to select options) and poor service results left most callers disappointed with their contact center experiences. Clearly the huge investment involved in operating a call center is not delivering the desired result for most.

2.2: The Internet www.yourbusiness.com

Unlike call centers, a website can deliver a 24x7 customer interaction with very low operating costs. Although data speeds are not always exceedingly fast, over 60% of NZ internet users in developed countries are now connected to at least a rudimentary broadband service. The connection between web use and commerce is also clear as research from Nielson//Netratings in 2007 showed that 61% of adults made some type of purchase online every month, and 94% used the internet to research goods or services. Like mobile phone usage, e-mail access is also basically ubiquitous, so using the internet and e-mail in your advertising/marketing mix makes good sense.

In advertising terms, however, while inserting URLs into a campaign is a wise decision, the fact is that most consumers will not actually be connected to the internet when they see or hear your advertising. Whether they catch your ad on a billboard, read it in a magazine while out for a coffee, hear it on the radio or even watch it on TV in their lounge, chances are they're consuming your ad 'on the move', or not using the web at the time, and, like an 0800 number, the onus is on them to remember your web address and investigate it later.

Surveys show only a small percentage will actually interrupt what they're doing to take this action, so once again, the link between your advertising and its response mechanism is broken.

Although devices like laptops, PDAs and Apple's new iPhone do provide internet access on the go, the number of mobile internet users remains very low and is unlikely to grow significantly in the near to medium term.

2.3 The Text Option

Of all the current response mechanisms that can easily be incorporated into advertising, text shortcodes are far-and-away the most user friendly and most likely to maintain the link between your advertising and its response mechanism. The reasons are many.



For a start, text messaging has become an embedded cultural phenomenon, with many people opting to use text messaging to conduct conversations with even their closest friends and relatives (instead of initiating a voice call). High mobile calling costs in New Zealand compared to other OECD countries has meant our uptake of text messaging is actually greater than the US, UK and Australia. In global terms there are over three billion mobile phone subscriptions worldwide which is double the number of people that can be reached by TV and almost three times the number that can be reached via the internet.

Interestingly, Gartner Research continues to predict strong growth in texting in 2008 with SMS set to surpass 2 trillion messages in major markets, a 19.6% increase from 2007's total of 1.9 trillion. Suffice to say, with the penetration of mobile phones at almost 100%, most people have one either on their person, or within arm's reach, for most of their waking day.

Consumers are also very comfortable with using text messaging to initiate an interaction, as, in stark contrast to calling an 0800 number, texting a response requires a minimal commitment of time (no waiting in a phone queue for example) and no obligation to purchase – making it a 'low pressure' alternative. Evidence to date shows that adding a text response mechanism to advertising can increase consumer response to the advertising by around 30%.

From your business's perspective, the use of text messaging as a response/request for more information mechanism can initiate a range of actions. Examples

include ordering brochures or other collateral to be delivered to either a post or email address, requesting a personal contact from a company representative, providing details of the closest outlet stocking your product, opting in to be notified when a product of interest is launched, in addition to the competition entry and promotional activities that typified the early years of business/consumer text interaction.

In terms of efficiencies, text responses ensure that no enquiries are dropped due to a customer hanging up in a call center queue, or deciding not to call because they're enquiring outside of normal business hours (research shows that 34% of text response messages are received outside of normal call center operation hours). If a call center does need to be involved (to coordinate a viewing or test drive for example) a text response can immediately advise the prospect of when to expect a call from an operator.

Ultimately this means that the consumer's expectations in terms of a business's response to their enquiry are met, as no text goes unanswered, and call centers are operated at maximum efficiency. In fact, there is often a significant decrease in the handling costs of an inquiry, because much of the process is automated.

PART 3: TEXT RESPONSE USAGE SCENARIOS

So what type of industries or organisations is text response appropriate for? The short answer is any industry or organisation that already advertises and wants to cost effectively increase response to its existing campaigns. Fig 1.0 provides a number of examples of usage scenarios;

Fig 1.0 TEXT RESPONSE INDUSTRY/USAGE SCENARIOS

INDUSTRY OR ORGANISATION	TYPE OF CAMPAIGN
Magazine/Newspaper Publishers	Use text marketing to point readers to further reading on a subject (such as a web site) or distribute further material. Use a keyword to distribute subscription forms.
Photographers, Galleries, Auctioneers	Market your full catalogue or portfolio to prospective customers.
House/Apartment Building Companies	Distribute designs and brochures to prospective home buyers
Wine producers	Put keywords on labels so consumers can text to get food match guidelines, ratings and reviews. Let consumers text to get order forms or your e-commerce site, thus converting indirect customers into higher value direct buyers.
Food Manufacturers	Put keywords on labels that allow consumers to text to get recipes and cooking recommendations.
Accountants, Lawyers, and other professionals	Provide thought-leadership articles, market commentaries, website and expertise details to consumers.
Banks, Finance and Insurance Companies	Automate loan, deposit, and insurance claim forms.
Car Manufacturers/Sellers	Distribute brochures on new releases, book test drives, advise interested parties of new launches.
Classified Advertisers	Distribute photos, brochures, catalogues, etc
Movie, Show, Play, Concert, Music Album Promoters	Distribute reviews, electronic previews, venue date, time and ticketing details.
Government Departments / Councils	Automate ordering of information on services and application forms (e.g.. IRD forms, tax information, etc)
Restaurants, Bars, Gigs, Clubs and Fast Food Outlets	Let passers-by and those that see your advertising text to get menus, opening hours, and gig details.
Real Estate/Property Managers/Landlords	Distribute info, price guides, layout plans and photographs to prospects, and then follow up.
Technology Companies	Distribute white papers, case studies, and brochures on your solutions.
Universities/Educators/Trainers	Distribute course information and enrolment forms to students to prompt enrolment. During lectures or on material distributed, use keywords to electronically distribute further reading and point participants to web resources.
Medical/Pharmacy	Use text to discretely distribute information on products and services.
Fashion Labels, Artists	Add a keyword to clothing labels, signage and completed work so that others can text to get the current catalogue.
Retailers	Distribute full catalogues or vouchers
Business People	Share business card information by having people you meet text to get your details by return text.
Alcohol and Consumer Goods producers	Use text to get consumers into outlets for your products using vouchers.
Political Parties	Distribute candidate profiles and policies.
Recruiters or HR departments	Use text to get application forms and job profiles into the inboxes of prospective candidates and students.

In fact, listen to or take a look at to virtually any advertisement, package or sign and you will find an advertiser trying to push you into a store or to a web site. And rightly so. How much more motivational is it to check out a property having reviewed large photos compared to just a small picture or text insertion in the newspaper? The challenge, until now, has been getting those photos into consumers' computers.

A few excellent (and diverse examples) of text response use include the government urging youth voting enrolment in the 2004 election, baldness cure Propecia makers Merck Sharp and Dohme and BMW. The Electoral Office tagged much of its youth targeted advertising during the 2004 election with text keywords to encourage young 'mobile' voters to request a voter registration pack and reported a huge response from hard-to-track-down youth voters.

In the case of Propecia, giving prospective customers the option to request additional information by text, successfully removed a major barrier to purchase - namely the potential for embarrassment felt by many

men when enquiring about Propecia face-to-face at a pharmacy or person to person via a call center.

In the motor vehicle sector, BMW ran a text response promotion around the launch of its X6 range. X6 cars were prominently positioned in a number of major airports with text response being the method by which interested customers could book a test drive. This campaign was therefore able to aim directly at BMW's target customer (business travellers), but at the same time give them a response mechanism they could use immediately, as being on the move they were unlikely to take the time to phone a dealership while at the airport.

Other prominent users have included several banks, hardware suppliers and real estate companies. As mentioned, with evidence suggesting that including keywords can increase responses to advertising by up to 30 percent, text response is the logical progression for marketers looking to increase advertising effectiveness. Fig 2.0 details a number of ways text response can be incorporated into marketing initiatives.

Fig 2.0 INCORPORATING TEXT RESPONSE INTO MARKETING PLANS

OUTCOME SOUGHT	TEXT USAGE
Web and Mobile Internet Site Promotion	Convert people who see your ads or signage into web and mobile internet (.mobi) site visitors even when they don't have their PC in front of them. Text response can get your .mobi site address into their phones, and links to your web site into their email inboxes.
Text For Product Samples	Promote a keyword to gather a database, including postal addresses, of where you send samples.
Call Centre Managers	Analyse the most asked questions or problems and make texting your first line of support. E.g. Electricity retailers use text-response to update people with a fault on out-ages. Text-response on evening TV and radio campaigns can save employing call centre staff overnight.
Vouchers	Let consumers text for vouchers to encourage them into your product or service's outlet.
Ad Measurement	Compare media types for effectiveness and measure cost per lead.
Surveys/Competitions	Research markets, gain insights and engage audiences with text surveys. These can use a different keyword for each answer, or can distribute a text message or email linking to an online or mobile internet survey.
Generate Call Backs	Get enquiries from your ads by getting consumers to text your keyword on the promise you will have a rep call them.
Database Build	Build opt-in email and text databases that you can send information and offers to by incentivising people to text your shortcode.



PART 4: INNOVATION IN TEXT CAMPAIGN CREATION – SOFTWARE AS A SERVICE

Adding textable keywords to advertising, while still in its infancy, is an idea that has been around for a few years now and has been well used by a wide-range of organisations in promotions and competitions. In almost every case, however, the text campaign was created and managed by a specialist 'new media' advertising agency. And although these campaigns may have delivered the results the advertisers were looking for, they also came with the hassle and delay of coordinating with third-party providers and a sizable invoice for service rendered – in many ways negating the added value the campaign delivered.

More recently, however, innovation in the text messaging field has seen the advent of 'self service' text solutions, where a marketing executive or ad agency staff with basic computer skills and an internet connection can create and manage a text campaign themselves online. TXT2GET (www.txt2get.co.nz) is one such solution.

TXT2GET clients simply log into the TXT2GET website,

set up their campaigns using simple to use templates, click launch and they're under way. Users register a keyword in the same familiar way they do a web site domain name, and create the email response – complete with graphics and attachments – in the same way one creates a Word document. As with so many solutions these days, there is also a free usage option. Solutions like TXT2GET's deliver the benefits of Software as a Service (SaaS), with quick and easy implementation, at comparatively low cost.

PART 5: SUMMARY

As media becomes more and more fragmented (so many competing TV channels, radio stations, print titles and websites), the cost of delivering an advertising message to a broad spectrum of consumers has become prohibitively expensive. For years, smart marketers have been refining the targeting of their ads to hit those most likely to purchase, and purchase profitably for the organisation.

Despite this, however, the link between even well targeted advertising and its response mechanism has routinely been broken. The advent of text response is a proven way to repair that link and boost advertising effectiveness. Quite simply, organisations can no longer afford to pay to have consumers see their ads, desire their products or services, but then have those same consumers take no action for want of a convenient response mechanism.

Consumers have shown they are keen to research products or services they are interested in, and they also want the ability to respond to advertising in their own time (immediately in many cases), even when this is outside of normal business hours.

Organisations that recognise this and provide these potential customers with a convenient 24/7 response mechanism will certainly secure themselves a significant marketing advantage.