

# SECRETS TO BETTER ENGAGE THE MOBILE CONSUMER: THE ROLE OF PUSH NOTIFICATIONS

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## Report Highlights

**p2**

**Companies are increasingly incorporating mobile touch-points within the marketing channel-mix.**

**p6**

**Push notifications unlock superior results for mobile customer engagement users.**

**p8**

**Delivering precision push notifications requires insights on customer needs and behaviors.**

**p10**

**Savvy-marketers use geo-fencing data as an enabler when delivering push notifications.**

Customer behaviors and expectations are rapidly evolving, so businesses must track and understand these changes in order to succeed in customer experience management (CEM) initiatives. This report outlines how marketers maximize CEM program results by delivering targeted push notifications to customers' mobile devices. It also outlines activities that help to ensure the relevancy and timeliness of notifications.

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**Precision push notifications elevate the benefits of mobile customer engagement programs to new heights.**

## The Business Value of Mobile Customer Engagement

Just a decade ago, consumers weren't using mobile-optimized websites or mobile applications to find company products / services, make purchases, or receive support. That's because these touch-points didn't exist. In contrast, [data by StatCounter](#) shows that in 2013, 20% of all website visits originated through mobile devices. Furthermore, a [recent study](#) by Ecommerce Quarterly shows that consumer use of mobile devices (e.g. smartphones and tablets) when interacting with e-commerce brands increased by 45% between 2012 and 2013. These findings validate that mobile touch-points have now become an important part of customer / company interactions.

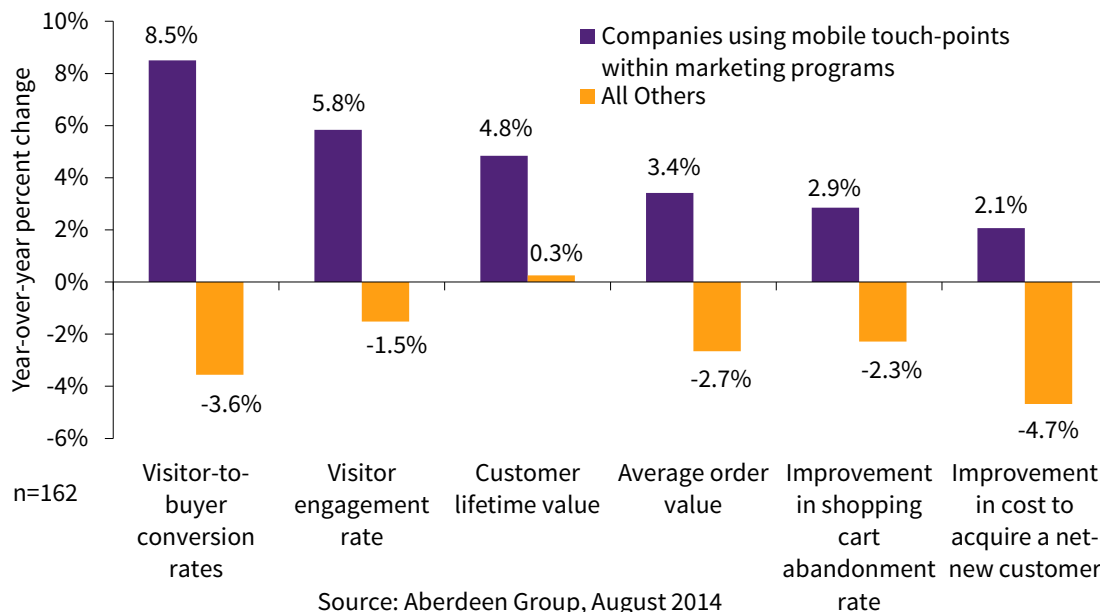
Between January and March of 2014, Aberdeen Group surveyed 162 businesses regarding their use of omni-channel CEM activities (sidebar). Findings from this study showed that companies are well-aware of the aforementioned changes in customer behavior, and adjust their CEM activities accordingly. Specifically, 60% of organizations have a program in place to design a mobile-optimized version of the company website. Also, 44% of businesses are using mobile applications as part of the customer interaction channel-mix. Figure 1 below illustrates that incorporating mobile touch-points within marketing programs provides organizations with substantial pay-off in the form of annual performance gains.

### Definition: Omni-channel CEM

For the purposes of this research, Aberdeen defines omni-channel CEM as activities designed to deliver seamless customer experiences across multiple channels (e.g., phone, social media, web, mobile, and email) and devices (in-store, laptop, and smartphone). The end goal of these programs is to ensure that the context and experience from each channel and device carries over to the next touch-points to ensure consistency of conversations via multiple touch-points.

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**Figure 1: Incorporating Mobile Touch-Points within Marketing Programs Adds Substantial Value**



Before we analyze the above findings, it's important to note that use of mobile touch-points within marketing programs refers to organizations having a formal policy to engage customers through mobile touch-points, such as mobile websites and mobile applications (HTML 5 or native). With that in mind, the findings indicate that companies incorporating mobile touch-points within marketing activities enjoy better customer interaction results as well as increased client spend. The former is illustrated through annual improvements in measures such as visitor engagement rates (sidebar) and improvement (decrease) in shopping cart abandonment rates. The latter is reflected by growth in customer lifetime value, as well as increases in average order values.

Incorporating mobile touch-points within marketing programs is a good first step to address changing customer behavior. However, our research suggests that delivering targeted push

**Definition: Visitor Engagement Rate**

For the purposes of this research, Aberdeen defines visitor engagement rate as a performance measure indicating the percentage of mobile site visitors interacting with the site content (clicking), compared to the total number of visits to the same site.

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notifications to customers' mobile devices helps companies drive even better results in mobile customer engagement (see sidebar).

## Push Notifications: Answering the 'What' and Why'

Before we delve into how delivering push notifications to consumer mobile devices helps improve organizations' performance, let's define push notifications and how they are used in marketing activities.

### *What are Push Notifications?*

On a high-level, mobile push notifications refer to a technology enabler that helps firms deliver content to customers' mobile devices. This content is delivered by using push technology, which enables marketers to deliver notifications by utilizing the operating systems (e.g. iOS by Apple and Android by Google) within consumer mobile devices. Generally, push notifications are delivered in three ways:

- ➔ **Interruptive / advisory notifications:** Targeting consumers with messages when they are not using a mobile application or visiting a website. Use of the term 'interruptive' in this context refers to intervening in customer activities with the goal to drive desired behavior through advisories and alerts. The desired behavior could include a revisit to the mobile website, prompt use of the mobile application, or a visit to a company store – all of which are ultimately aimed at driving product / service purchases and satisfying the consumer.
- ➔ **Reactive notifications:** Delivering notifications when the customer is using a mobile application or visiting a mobile website. Messages delivered through this

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### Definition: Mobile Customer Engagement

For the purposes of this research, Aberdeen defines mobile customer engagement programs as a series of activities through which companies engage consumers through mobile devices, such as smartphones and tablets. Use of push notifications is a part of mobile customer engagement activities.

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**Mobile push notifications help firms deliver targeted content to customers' mobile devices - aimed at eliciting desired behavior such as a product / service purchase.**

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approach should ensure that they address customer behaviors and needs detected through activity data captured via mobile touch-points. This approach differs from the one above, in that it means delivering notifications as a consumer is engaging the business, whereas interruptive / advisory notifications are delivered when the customer is not engaging with the business (e.g. visiting the company mobile website or using a mobile application).

→ **In-App notifications:** These notifications reside within the inbox functionality that is part of a mobile application. This functionality allows brands to send notifications to consumers' inboxes without interrupting the 'normal flow of activities'. These messages are visible as consumers access the inbox when using the mobile application. The content of these notifications is ideally targeted based on the behavior of a consumer to elicit a desired response.

Marketers must always strive to find the right combination of messages to more effectively engage with consumers. This might require using a blended model by combining the capabilities of the different approaches outlined above. For example, a department store might track geo-fence data (more to come on this) created by mobile devices of consumers near a particular location. Using this data, the company would send an interruptive / advisory notification to the consumer's mobile device, encouraging a visit to the store. This would be an interruptive / advisory notification, as the consumer is not yet in the store interacting with the business. Once the consumer is in the store, the business would send a reactive message based on location within the store. If the customer is near a certain aisle, the notifications would feature products available within that

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aisle or on an aisle that is nearby. Blended notifications are not restricted to in-store engagements; they are also used to support digital marketing interactions, including touch-points such as mobile websites and mobile applications.

Now that we've outlined the three primary ways in which marketers deliver notifications, let's also outline the different forms of mobile push notifications. There are two primary forms:

- ➔ **Native:** This form refers to simple, text-based (non-HTML) notifications.
- ➔ **Rich:** Notifications delivered in this form include images, videos and dynamic landing pages. They help businesses deliver an immersive experience to targeted customers beyond what can be created via text-based notifications.

### *Why should your Business Use Mobile Push Notifications?*

We've seen above that companies delivering marketing messages across mobile touch-points outperform those that don't across a number of key commercial measures. We've also stated that using push notifications to deliver targeted content to consumer mobile devices helps firms elevate their performance to new heights. Figure 2 illustrates these new heights achieved by savvy-marketers delivering precision push notifications.

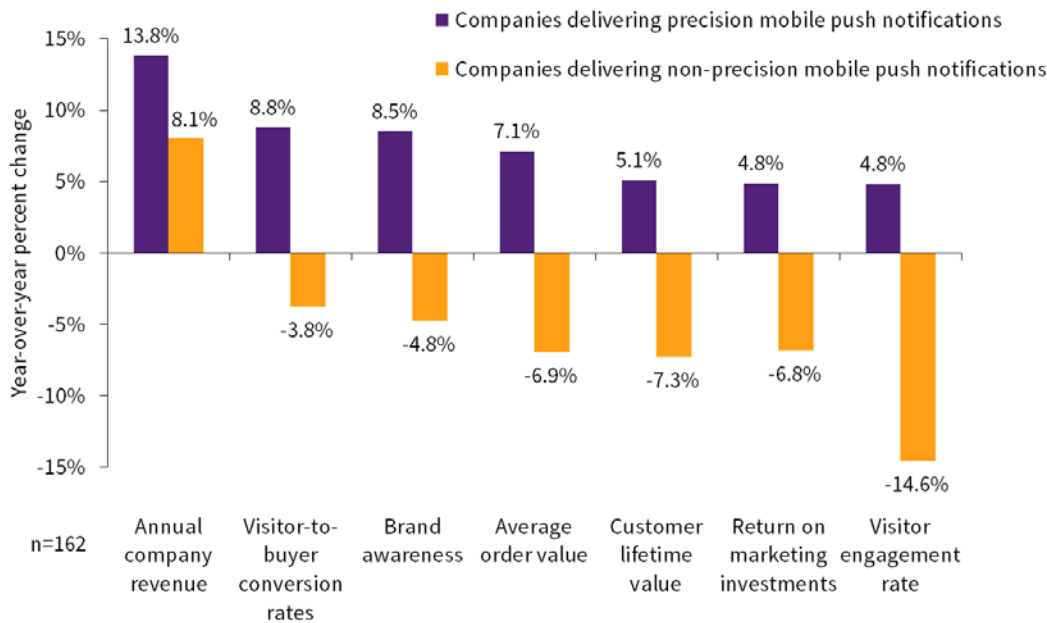
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It's important to note that the comparisons made in Figure 2 and the following figures are reflective of organizations delivering mobile push notifications to consumer mobile devices.

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Figure 2: Precision Notifications Maximize Results



Source: Aberdeen Group, August 2014

Simply deploying push notifications without personalizing the message and timing is not effective. Consumers receiving these notifications are not as likely to act on them, since the notifications are not targeted to address their specific needs. Businesses tailoring the timing and message of each notification based on consumer needs, behavior and location, however, are far more likely to elicit the desired customer responses. For the purposes of this research, we'll define these businesses as: *"companies delivering precision mobile push notifications"* and *"precision mobile push notification users."*

Precision notifications means that each message delivered to a consumer mobile device is optimized based on data captured from previous interactions with the same customer. If the company lacks prior interaction data, using technology tools such as segmentation can help identify how the consumer aligns with other customer segments. Once the segment that's best

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aligned is determined, the notifications are then tailored based on insights related to this segment.

As depicted in Figure 2, precision push notification users enjoy far better customer engagement results, compared to push notification users not employing precision targeting. These results are in key areas prioritized by marketers such as marketing contribution to company revenue, customer engagement and satisfaction, as well as brand awareness.

The ability to demonstrate how marketing programs generate strong, quantifiable impacts on company revenue helps the marketers justify historical marketing spend and makes it easier to obtain additional resources to support future marketing campaigns. To this point, marketers using precision mobile push notification functionality enjoy annual improvement (4.8%) in return on marketing investments (ROMI - see sidebar), whereas peers not using precision notifications experience a rather substantial annual decline (14.6%) in this key metric.

## Key Activities to Deliver Precision Push Notifications

Precision push notifications are by definition "context aware." This means that these notifications are delivered to serve a specific purpose within a specific context. The context is made up of numerous factors, including customer needs, customer behaviors, and business objectives. In order to ensure that each notification is delivered within the appropriate context, precision push notification users first focus on understanding the needs of the notification recipient – the consumer. They do so by analyzing existing account data stored across various enterprise systems such as customer relationship management (CRM) and enterprise resource planning (ERP). Figure 3 shows that precision push notification users are 40% more likely (67% vs. 48%) than non-precision push notification users to deploy

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### Definition: ROMI

For the purposes of this research, Aberdeen defines return on marketing investments (ROMI) as a performance measure indicating the incremental sales that an organization can attribute directly to a marketing campaign.

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**Precision push notifications elevate the benefits of mobile customer engagement programs to new heights.**

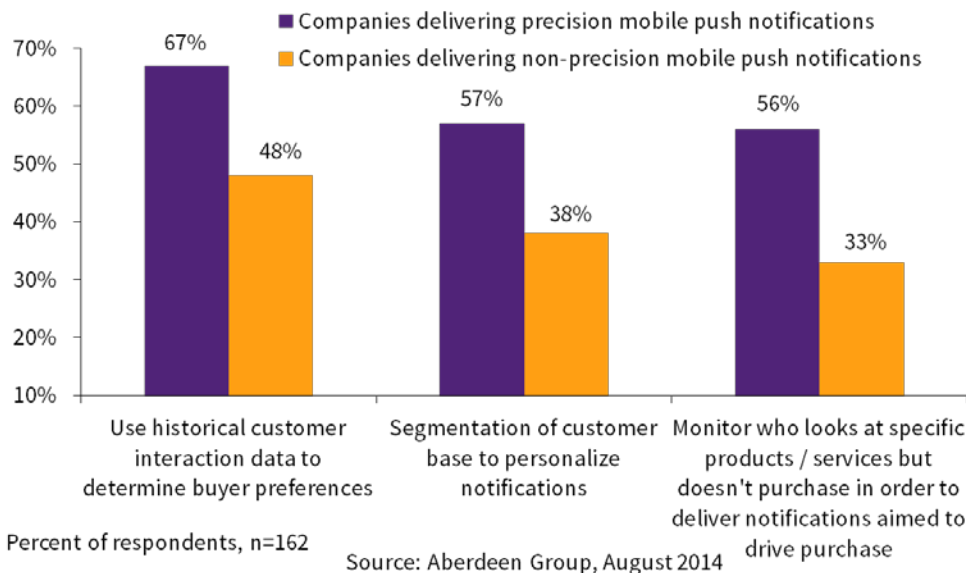
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this activity. The analysis of account data is conducted by using technology tools, such as customer analytics, to help firms uncover hidden insights through customer behavioral and feedback data – see Aberdeen's May 2014 [Customer Engagement Analytics: How to Use Data to Create \(and Keep\) Happy Customers](#) to learn more about the business value and effective use of customer analytics.

**Figure 3: Effective Use of Data is Crucial for Delivery of Precision Notifications**



As part of their efforts to better understand their target audiences, precision push notification users are also 50% more likely (57% vs. 38%) to segment their customer base. This segmentation is done based on numerous criteria used as part of marketing activities. These criteria range in nature, and include customer demographics, historical spend, mobile website history and mobile application usage. Segmenting the customer base when analyzing existing behavioral and feedback data helps marketers understand the needs and wants of different target audiences. In turn, this enables fine-tuning of push notifications for different consumer segments.

**Delivering targeted push notifications requires understanding the needs of the notification recipient –the customer.**

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Once insights on consumer interaction history are gleaned through use of the activities above, then comes the time to put these insights into action. One of the ways in which precision push notification users put these resulting insights into action is through customer retargeting activities. Specifically, this refers to identifying which consumers used a mobile website or mobile application to look at company products or services, but haven't completed a purchase. Companies can use real-time reporting and business intelligence tools to analyze customer interaction data and identify the target audience for retargeting campaigns. Once the audience is identified, insights gleaned through analysis of historical interactions are used to tailor the message and timing of push notifications to be delivered through an interruptive / advisory or reactive fashion. Precision push notification users are 70% more likely (56% vs. 33%) than peers delivering non-precision notifications to have this capability in place. Use of this activity helps companies maximize revenue opportunities that might otherwise have been lost if the customers weren't retargeted in a personalized and timely fashion.

A different scenario of customer retargeting is when companies deliver alerts and updates as push notifications. For example, if a consumer looked at a specific product on the company mobile website, but wasn't able to place an order due to the item being out of stock, the company would be able to alert the customer via a notification when the product is back in stock. Similarly, companies would be able to proactively update buyers with a notification regarding the status of an order en route to the client. Figure 4 shows that precision push notification users are 17% more likely (56% vs. 48%) to use this retargeting approach compared to non-precision push notification users. These retargeting activities are not just helpful in maximizing the revenue potential. They are also crucial in building consumer

## Geo-fencing

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Push notifications are delivered based on certain triggers, such as visiting a certain page on a mobile website or usage history of a mobile application. These triggers are determined by each business to design when and how a notification will be delivered to a consumer's mobile device. One such trigger is physical location of a customer, gleaned through geo-fencing data captured from consumer mobile devices.

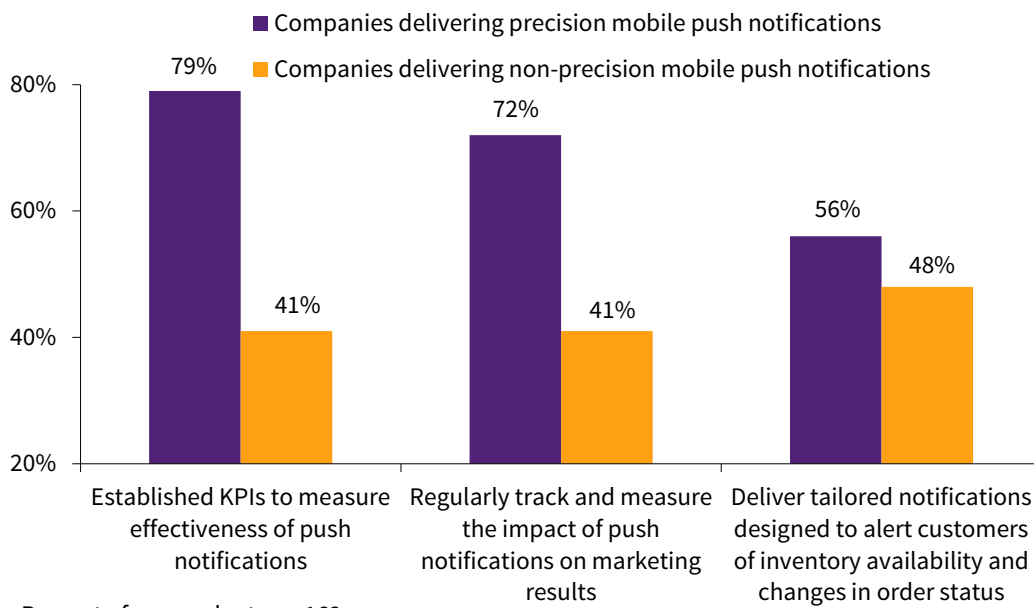
Use of this capability allows marketers to determine the specific location of a consumer, and tailor notifications based on location - in addition to any other factors such as website visitation history or mobile application usage. Data shows that 34% of precision push notification users deliver notifications utilizing this functionality. This compares to 9% by non-precision push notification users.

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confidence –a necessary building block to generate a loyal customer-base. Considering the rather low delta in adoption of this activity among business in both categories within the below graph, we highly recommend all companies to increase their adoption of this activity.

**Figure 4: Regular Performance Assessments Unlock Ongoing Marketing Effectiveness**



Source: Aberdeen Group. August 2014

Understand the needs and behavior of each customer? Check. Deliver targeted notifications to uncover opportunities to drive customer spend and engagement? Check. The next step to help companies deliver precision push notifications is to focus on performance management. To this point, data shows that companies tailoring the message and timing of notifications for each recipient determine the most relevant key performance indicators (KPIs) to gauge how notifications contribute to marketing outcomes. This helps them use the most relevant KPIs to understand if current push notifications are yielding desired outcomes. As a result, marketers in these businesses are able to identify the tactics and formats that drive the best results when

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**Use of analytics is a crucial enabler helping firms process vast volumes of customer interaction data and identify how each notification contributed towards marketing and company KPIs.**

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targeting specific customer segments. The resulting insights also shed light on notifications that drive sub-par results, thus helping marketers avoid using them when targeting respective customer segments in the future.

The performance measurement and management activities outlined above are not 'one-and-done' exercises. Companies must regularly use them to assess how push notifications contribute to marketing effectiveness. This is another area where use of business intelligence tools helps in seamless analysis of customer and operational data. Analytics is a crucial enabler in helping firms process vast volumes of customer interaction data and identify how each notification contributed toward marketing and company KPIs. Precision push notifications users are 76% more likely (72% vs. 41%) to regularly measure the performance impact of notifications, compared to non-precision push notification users.

### Key Takeaways

Customers are on the move; not just physically, but across the various digital channels they can use to purchase products and services. Use of mobile devices (e.g. smartphones and tablets) makes it easier for customers to build and sustain omni-channel interactions with businesses. As part of this change in buyer behavior, we've witnessed more businesses incorporating mobile touch-points within their customer interaction channel-mix. Doing so is a step toward addressing the changes in buyer behavior, and helps companies drive incremental sales as well as enhancing marketing outcomes. Moreover, research shows that use of precision push notifications elevates mobile customer engagement program results to new heights.

Precision mobile push notifications refer to organizations delivering tailored notifications to consumer mobile devices.

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Companies incorporating this key technology enabler achieve better results than others with mobile customer engagement programs that are not utilizing push notifications as part of these efforts. These results include increases in key metrics such as customer lifetime value and average order value.

Simply deploying push notifications alone is not enough to drive optimal outcomes in mobile customer engagement. Companies must ensure that each notification is designed to address a specific need, want or behavior of its recipient. This is accomplished by using existing data about each consumer to build a buyer profile. Once that's in place, segmentation allows categorizing different buyer groups together based on certain targeting criteria used in marketing programs. This paves the way for delivering targeted interruptive / advisory and reactive push notifications aimed at eliciting certain behaviors.

Determining the KPIs indicative of success in marketing effectiveness, and assessing each notification through the lens of these metrics, ultimately helps companies deliver the right notification to the right audience at the right time.

We recommend that companies looking to maximize mobile customer engagement program results establish and nurture the activities outlined in this report. This will help them build the foundation for successful targeting and retargeting of consumers through mobile touch-points – a trend that's rapidly increasing due to rapid growth in consumer adoption and use of mobile devices.

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**Push notifications help companies switch mobile customer engagement programs into high-gear.**

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For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

## Related Research

[\*Mobile Analytics: Precision Marketing Across Mobile Touch-Points\*](#); August 2014

[\*Customer Engagement Analytics: How to Use Data to Create \(and Keep\) Happy Customers\*](#); May 2014

[\*Responsive Design Boosts Customer Engagement Results\*](#); April 2014

[\*E-Commerce Analytics: Optimize the Shopper Journey\*](#); April 2014

[\*Voice of the Customer: Big Data as a Strategic Advantage\*](#); April 2014

[\*State of the CEM Market 2014: It's All About Better Use of Customer Data\*](#); March 2014

[\*Mobile Customer Care: It's More than Hype\*](#); February 2014

[\*Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience\*](#); October 2013

[\*The Business Value of Adapting Web Content for Mobile Devices\*](#); January 2012

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