vibes

2016 MOBILE CONSUMER STUDY

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EXECUTIVE SUMMARY

Mobile has been long pointed to as the next great communication channel for marketers, and for good reason. A vast majority of today's consumers keep their mobile devices within arm's reach at all times. This positions the smartphone as the consumer's most trusted and important device, all while turning it into the marketer's most direct and reliable engagement vehicle.

2015 was a landmark year in mobile marketing, and mobile as a whole. Smartphone adoption hit new record highs – as nearly two-thirds of Americans now own device, according to Pew Research[1]. Coinciding with that, a majority of our retail and brand clients witnessed their own customer bases make the shift to mobile-first.

We've received a variety of questions from clients and marketers just like you. Many seeking to better understand consumer mobile preferences, and arrive to a point-of-view on how their own customer bases use mobile to research, shop, subscribe and interact with the world around them.

Our 2016 Mobile Consumer Study was designed to do just that. This report features the latest mobile consumer preference data, along with insights into the ways brands and marketers currently use mobile to engage customers. The goal of this report is to help you not only learn how your customers are using mobile – but also understand how they want to use mobile as well.

Whether you're new to mobile, or a seasoned practitioner, we encourage you to use this report and its data to:

- Grow mobile subject matter expertise
- Better understand customer mobile habits and preferences
- Inform your mobile strategies based on consumer-preferred tactics and offerings

1) Pew Research Center, U.S. Smartphone Use in 2015
http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015

MOBILE OFFERS

Offers, incentives and coupons have long been used as effective direct marketing tools for driving in-store traffic and purchases – and that remains true today. The emergence of natively-installed mobile wallets like Apple Wallet and Android Pay make it possible for virtually any smartphone user to easily save time-and-location-aware offer content to their mobile device.

This represents a win-win for consumers and the experience of saving an offer and remembering to use it in-store. While for brands and retailers, mobile offers are a powerful tool for driving engagement value and measurable revenue out of their mobile customers and couponing programs.
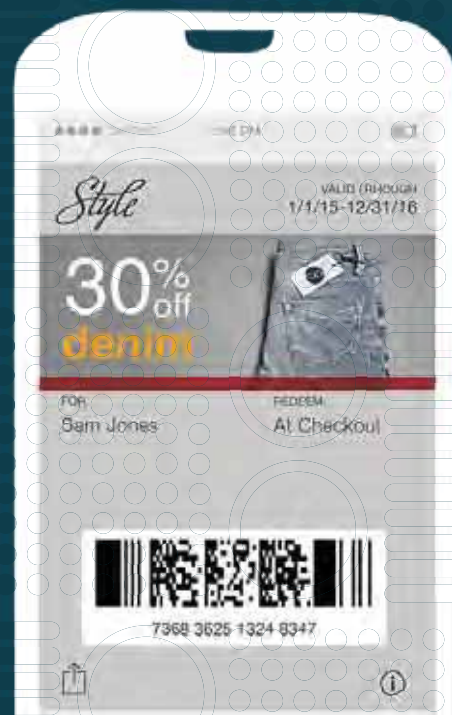
CURRENTLY USE MOBILE WALLET

About a third (32%) of smartphone users currently use a mobile wallet.

Compared to other mobile tactics and strategies, the mobile wallet opportunity is relatively new – having really launched after the introduction of Apple's Passbook in September 2012. However in just a few short years, consumer adoption (and the ROI driven by early adopters) has grown dramatically.

68%
NO

32%
YES
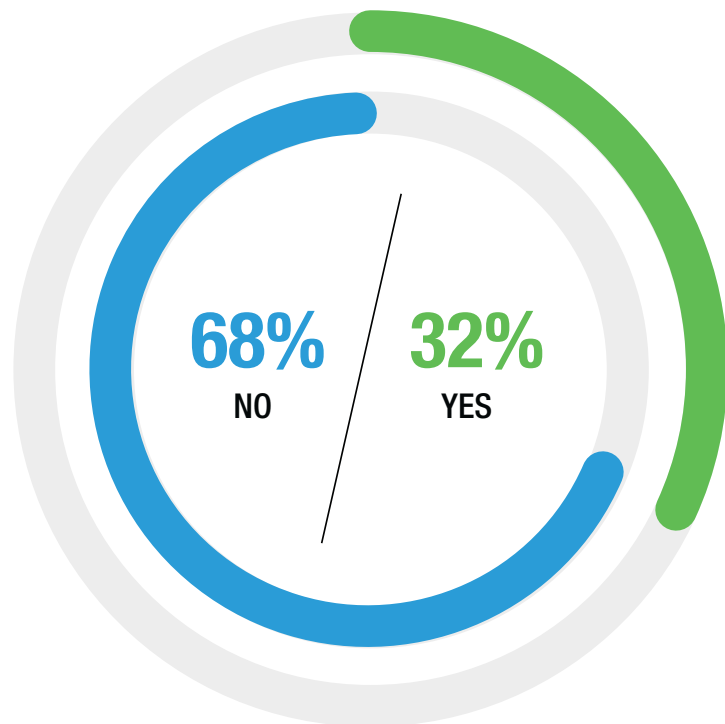
Younger consumers (18-34) are more likely to use a mobile wallet than older consumers

Similar to other mobile marketing touch points, consumer demand for personalized mobile wallet content is virtually unanimous. The good news is marketers who get into a

best practice cadence of leveraging time, location, preferences and purchase history to enhance their messaging can do the same with mobile wallet offers. This content

can be personalized with relevant offers based on past purchase history – and enhanced with customer names, account numbers, saved nearby locations and more.

LIKELIHOOD OF SAVING PERSONALIZED MOBILE WALLET OFFERS & COUPONS

NET 94%

52%   **42%**   **3%**   **3%**
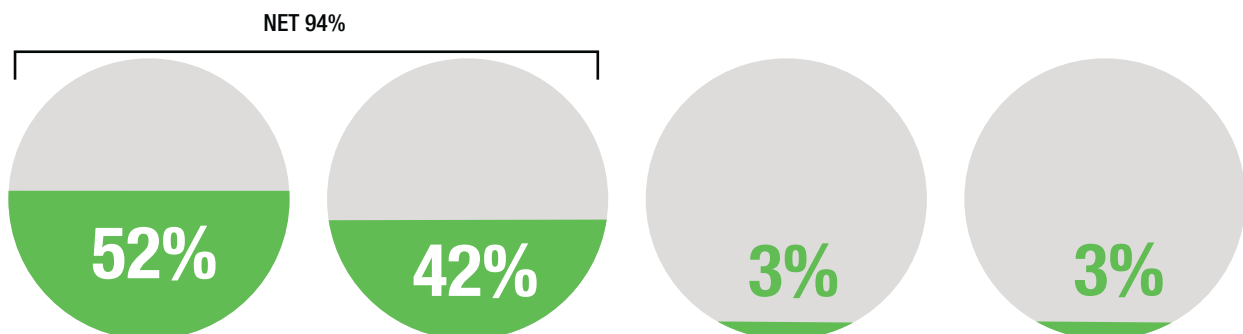
Over nine in ten (94%) mobile wallet users are likely to save personalized mobile wallet offers and coupons
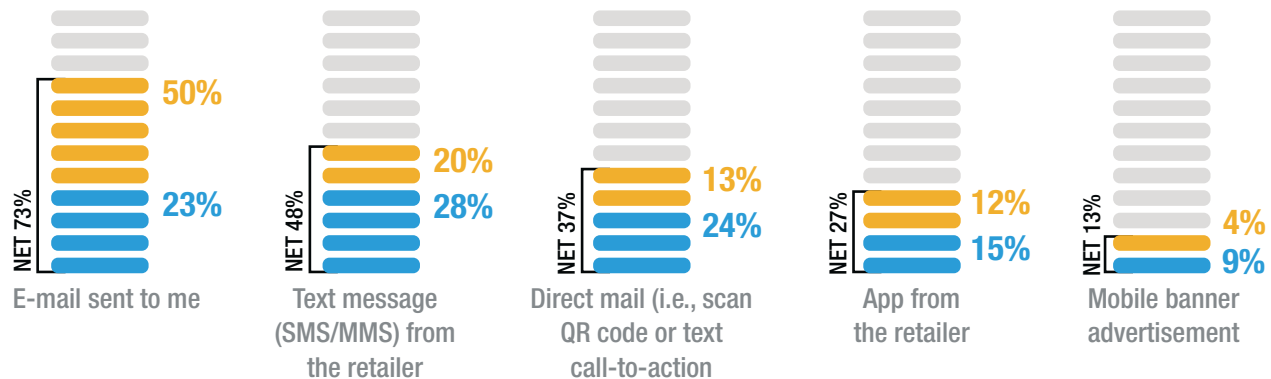
Mobile wallet offers represent one of the most versatile mobile touch points marketers can leverage in terms of delivery. From email, to SMS and even banner ads, delivering mobile wallet offers to a mobile audience can go as far as a marketer's imagination will take them. Our retail and brand clients have delivered their mobile wallet offers across a variety of channels to incredible results. These results include trackable million-dollar ROI and enhanced brand perceptions from mobile customers who appreciate and reward innovation on the part of their favorite brands.

PREFERRED METHOD FOR RECEIVING MOBILE WALLET ITEMS

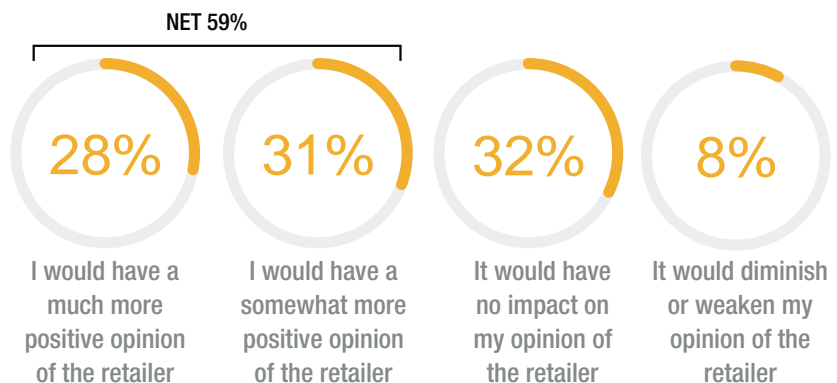Most (73%) smartphone users would prefer to receive mobile wallet items by an email sent directly to them

NET 73%	NET 48%	NET 37%	NET 27%	NET 13%
50%	**20%**	**13%**	**12%**	**4%**
23%	**28%**	**24%**	**15%**	**9%**
E-mail sent to me	Text message (SMS/MMS) from the retailer	Direct mail (i.e., scan QR code or text call-to-action)	App from the retailer	Mobile banner advertisement

NET: Ranked 1st or 2nd ■ Ranked first ■ Ranked second

Older consumers (35+) are more likely to prefer an email sent to them than younger consumers

OPINIONS OF RETAILERS OFFERING DIGITIZED COUPONS

Changes in perceptions of retailers due to digitized coupons and offers

Our data speaks to this spike in positive brand opinions, with nearly 60% of consumers saying their positive opinion of a retailer would increase by offering mobilized coupons and offers that they could save to their mobile devices.

NET 59%

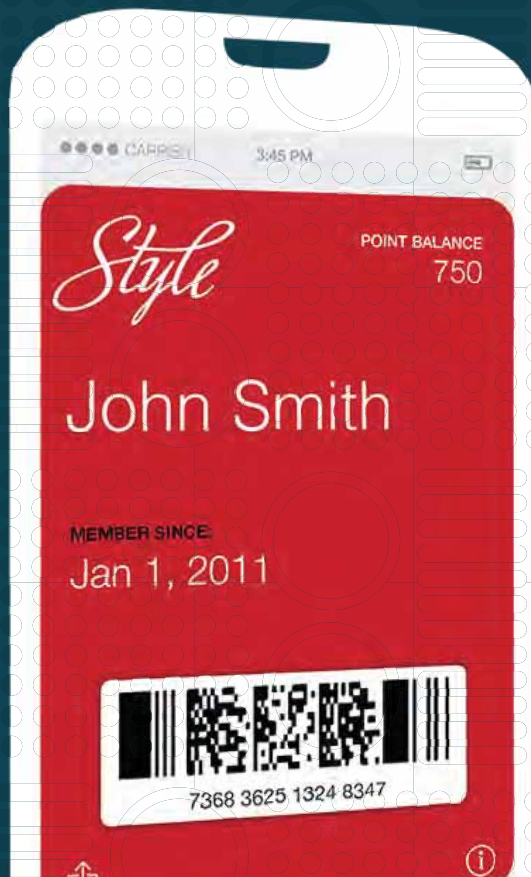| 28%	31%	32%	8%
I would have a much more positive opinion of the retailer	I would have a somewhat more positive opinion of the retailer	It would have no impact on my opinion of the retailer	It would diminish or weaken my opinion of the retailer

MOBILE LOYALTY

It's been long predicted by analysts and insiders that mobile is set to transform loyalty, and consumers agree. Data shows that making current loyalty programs smartphone-accessible can have a powerful, positive impact on consumer perceptions of loyalty programs – and the brand or retailer that offers it.

Mobile loyalty cards for Apple Wallet & Android Pay store important program information like point balances and loyalty levels in real-time. They are commonly used today to deliver exclusive content and personalized messaging straight to the smartphones of loyalty program members as well.

READ THIS SECTION TO

- Better understand the potential of mobile (and mobile wallet) to transform loyalty by reducing user friction and simplifying loyalty experiences

- Explore the benefits brands could expect to reap from activating their loyalty cards in Apple Wallet and Android Pay

Style

POINT BALANCE
750

John Smith

MEMBER SINCE:
Jan 1, 2011

7368 3625 1324 8347

Style

MEMBER LEVEL
Gold

Jane Smith

MEMBER SINCE:
March 12, 2011

7368 3625 1324 8347

INTEREST IN SAVING LOYALTY CARDS IN SMARTPHONE

Consumer interest in saving loyalty cards to mobile wallet is at an all-time high, and for good reason. Mobile wallet's value proposition for loyalty program members is clear, and presents the opportunity for consumers to exchange their plastic loyalty cards for digital versions that can easily be saved in Apple Wallet and Android Pay.

38%
Very interested

35%
Somewhat interested

8%
Somewhat uninterested

18%
uninterested

NET 73%

About three-quarters of smartphone users are interested in saving loyalty cards to their smartphones
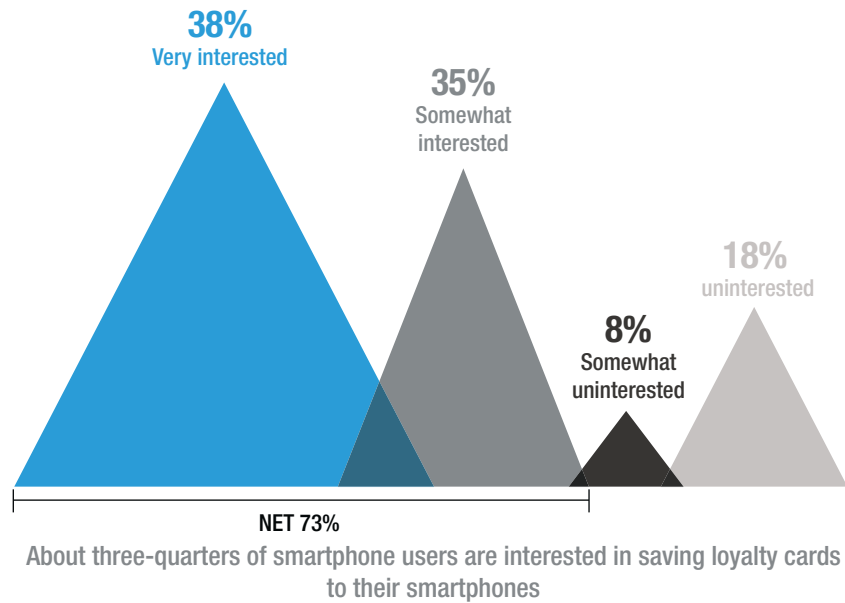
CURRENT NUMBER OF LOYALTY CARDS

The majority of smartphones users have one or more loyalty cards

Our data reveals that most consumers carry anywhere from 2-4 loyalty cards with them at any given time. And while plastic loyalty cards have long been representative of modern-day loyalty programs, mobilizing loyalty programs with Apple Pay and Android Wallet provides a clear value-add to consumers and marketers as well.

13%
None

9%
1 loyalty card

44%
2 to 4 loyalty cards

25%
5 to 9 loyalty cards

8%
10 to 19 loyalty cards

2%
20+ loyalty cards
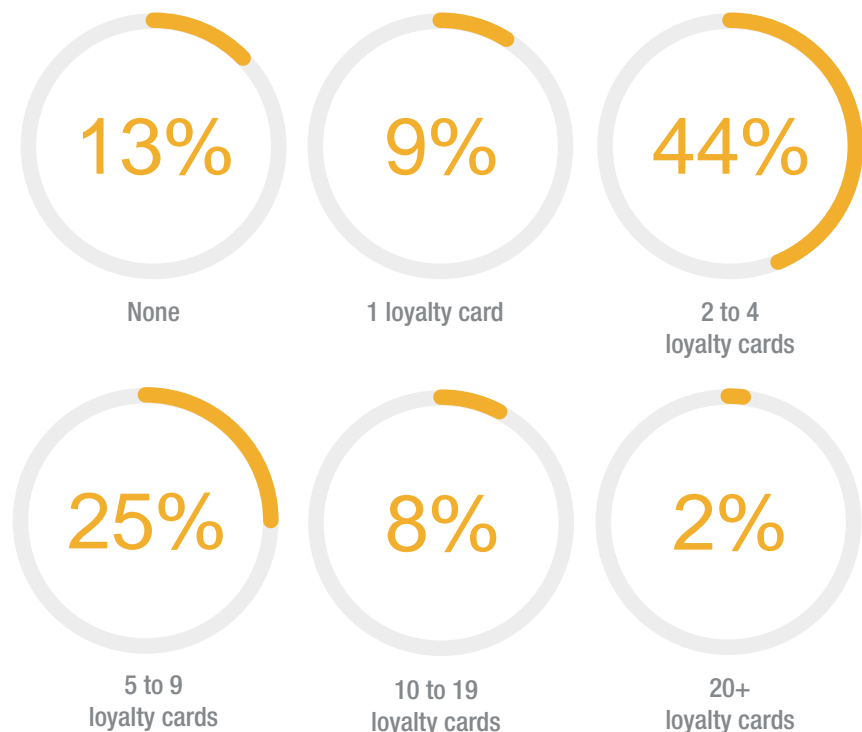
DIGITAL LOYALTY PROGRAM ATTITUDES

Change in perceptions of loyalty program due to ability to access via smartphone

Similar to their attitudes surrounding mobilized offers and coupons, our data reveals a strong majority of consumers would have more positive opinions of a loyalty program if the program were smartphone-accessible.

NET 66%

33%
I would have a much more positive opinion of the loyalty program

33%
I would have a somewhat more positive opinion of the loyalty program

29%
It would have no impact on my opinion of the loyalty program

5%
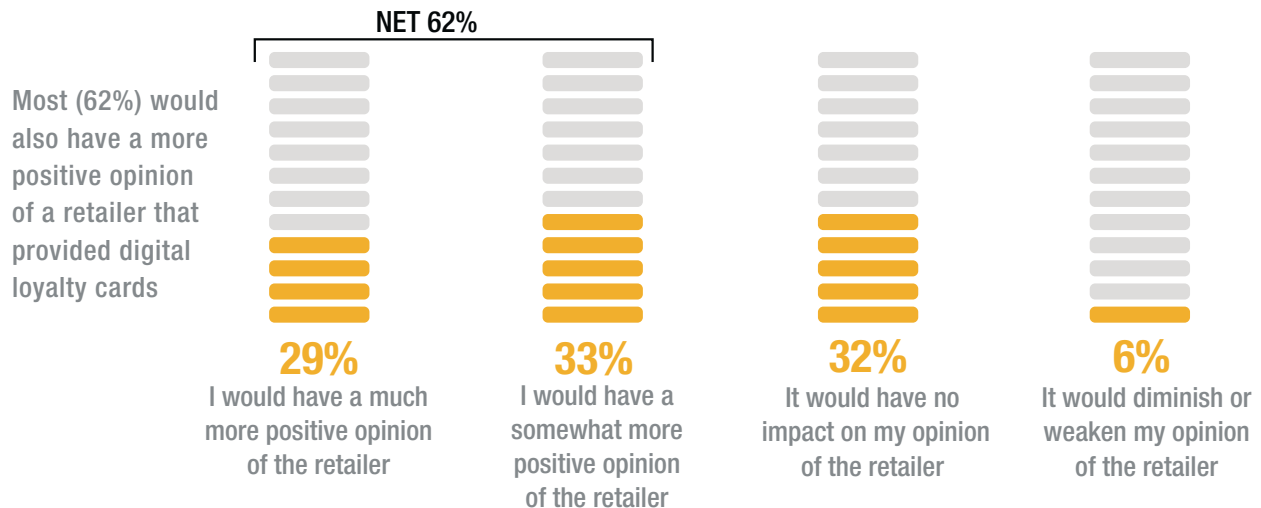It would diminish or weaken my opinion of the loyalty program
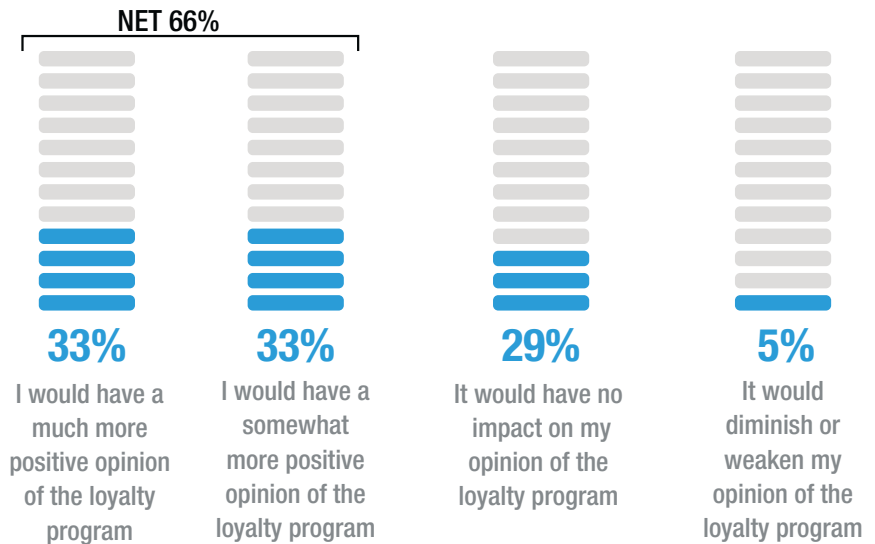
Furthermore, marketers who invest in mobilizing their loyalty programs with mobile wallet can expect their consumers' positive attitudes to extend beyond just the loyalty program. The strong majority of consumers whose loyalty program perceptions would change for the better would also have a more positive opinion of the retailer, brand or company offering the program as well. This tells us that consumers are eager for their favorite brands to innovate and evolve as they do — and are willing to reward brands that do so with their loyalty and business.

DIGITAL LOYALTY PROGRAM ATTITUDES

Change in perceptions of retailer due to digitized loyalty cards

Most (62%) would also have a more positive opinion of a retailer that provided digital loyalty cards

NET 62%

29%
I would have a much more positive opinion of the retailer

33%
I would have a somewhat more positive opinion of the retailer

32%
It would have no impact on my opinion of the retailer

6%
It would diminish or weaken my opinion of the retailer

While mobile wallet certainly plays an important role in mobilizing loyalty programs, messaging plays a key role in this shift as well. Three-quarters of consumers state that receiving triggered loyalty messaging, which includes surprise points, exclusive content and birthday/anniversary content, would have a major impact on their brand loyalty. It is critical for mobile-minded loyalty marketers to think holistically and include mobile wallet and messaging to competitively acquire and retain this next generation of loyalty program members.

IMPACT OF MESSAGING ON BRAND LOYALTY

Impact of receiving points/rewards, exclusive content, special messaging on brand loyalty

Over three-quarters (77%) of smartphone users say receiving surprise points/ rewards, exclusive content, and special birthday/anniversary messaging would have a positive impact on their brand loyalty.

NET 77%

37%

It would have a very positive impact on my loyalty

40%

It would have a somewhat positive impact on my loyalty

20%

It would have no impact on my loyalty

3%

It would negatively impact my loyalty

MOBILE ADVERTISING

Mobile advertising offers brands and retailers an excellent opportunity to reach consumers at any time and any place – all through their smartphones. While consumers are particular about the kinds of mobile ads they are willing to tap on, data shows strong consumer interest in mobile ads that link to mobile offers they can instantly save to mobile wallet. This powerful consumer trend is indicative of the huge opportunity mobile wallets present to advertisers, publishers, brands and more.
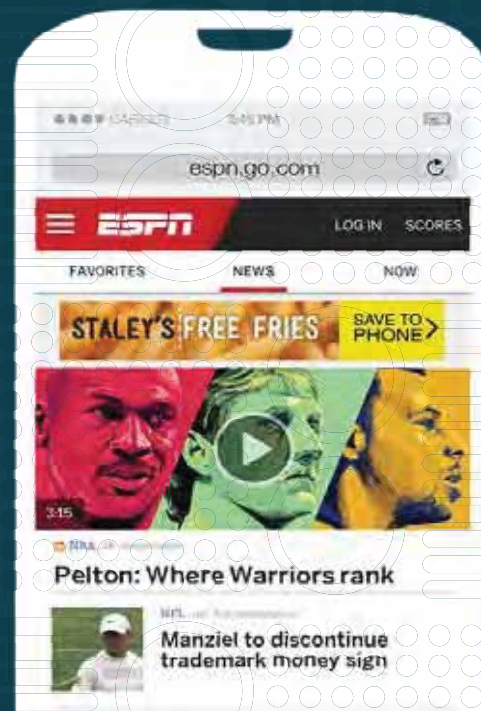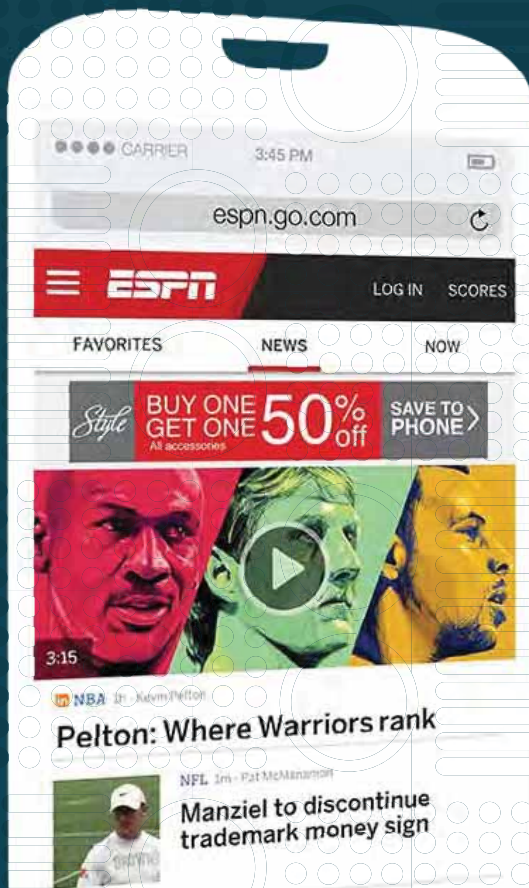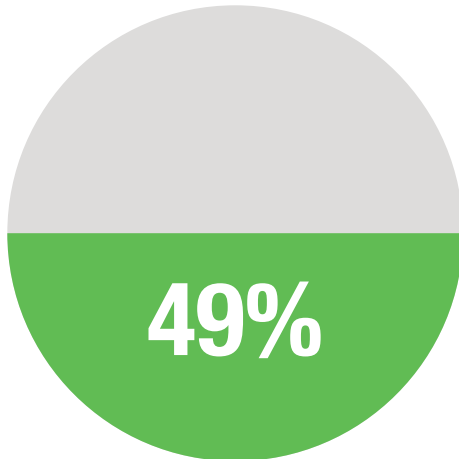
DESTINATION PREFERENCE FOR MOBILE ADS

Creating engaging mobile ads and buying the right media to effectively broadcast your ad's message is critical to the success of mobile advertising campaigns. However, it's the post-click destination to which advertisers direct their consumers that really matters.

Our data revealed mobile offers easily ranked as the preferred mobile advertising destination for consumers.

49%

Mobile offers page

Mobile offers pages are the preferred destination when clicking on a mobile ad for half (49%) of smartphone users, while a quarter would either prefer an app download or mobile commerce page

25%

App download page

26%
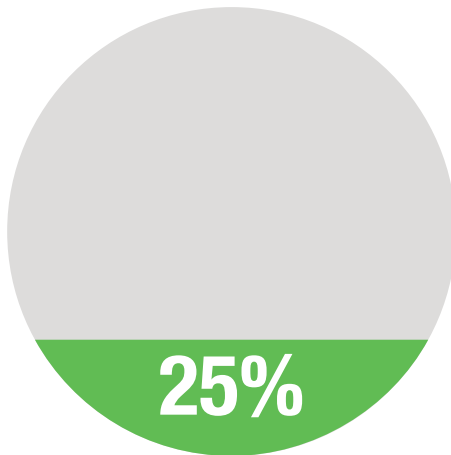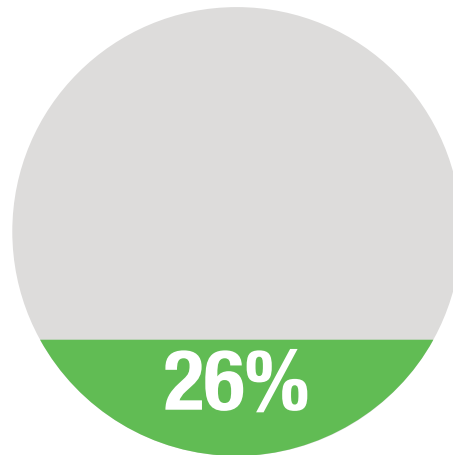
Mobile commerce

Although app download and mCommerce pages are generally acknowledged to be today's most common post-click destinations, it is mobile offers that consumers are most likely to tap on. Our data found that the vast majority – 82% – of smartphone users report that digital offers are more convenient when compared to bringing physical offers in-store.

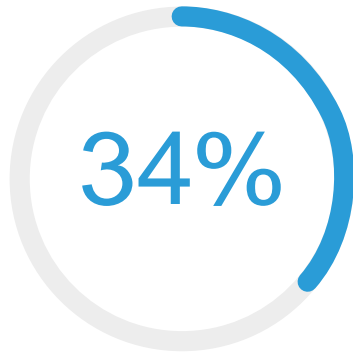# SMARTPHONE BANNER AD CONTENT MOST LIKELY TO CLICK ON

Mobile offers are the content smartphone users are most likely to click on, followed by app download pages and informational mobile web pages

34%

Mobile offers and offers to save on your phone

30%

App download page to download an app on your phone

27%
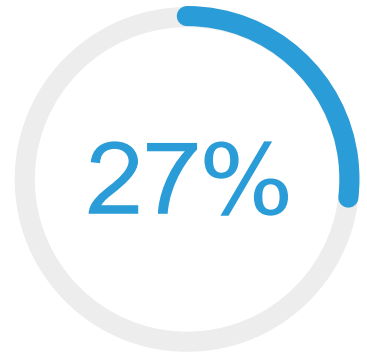
Informational mobile web pages to learn about events and more on your phone

18%
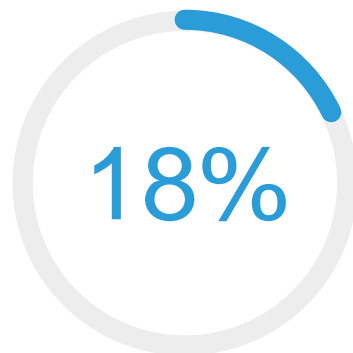
Mobile commerce page to buy products on your phone

40%
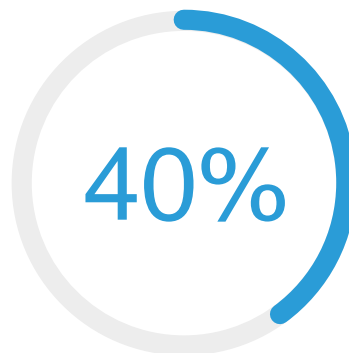
None of these

Younger consumers (18-34) are more satisfied with the experience of clicking on a mobile banner ad than older consumers (35+), and are also more likely to click on every type of mobile banner ad content

Furthermore, once consumers tap on a mobile banner ad, they are more likely to save offer content to their smartphones than they are to download an app or purchase from a mCommerce page. This tells us that a mobile wallet as a post-click destination provides the most reliable value to advertisers and brands looking attribute ROI dollars to their mobile ad spend.

LIKELIHOOD OF BANNER AD ACTIONS

A majority (60%) of smartphone users are likely to save an offer from a mobile banner ad, and about half (48%) are likely to download an app from a mobile banner ad

NET 60%

27%

33%

Save an offer on your smartphone after clicking on a mobile banner ad

NET 47%

20%

27%

Download a brand or retailer's app from a mobile banner ad

NET 39%

18%

21%

Make a purchase from your smartphone after clicking on a mobile banner ad
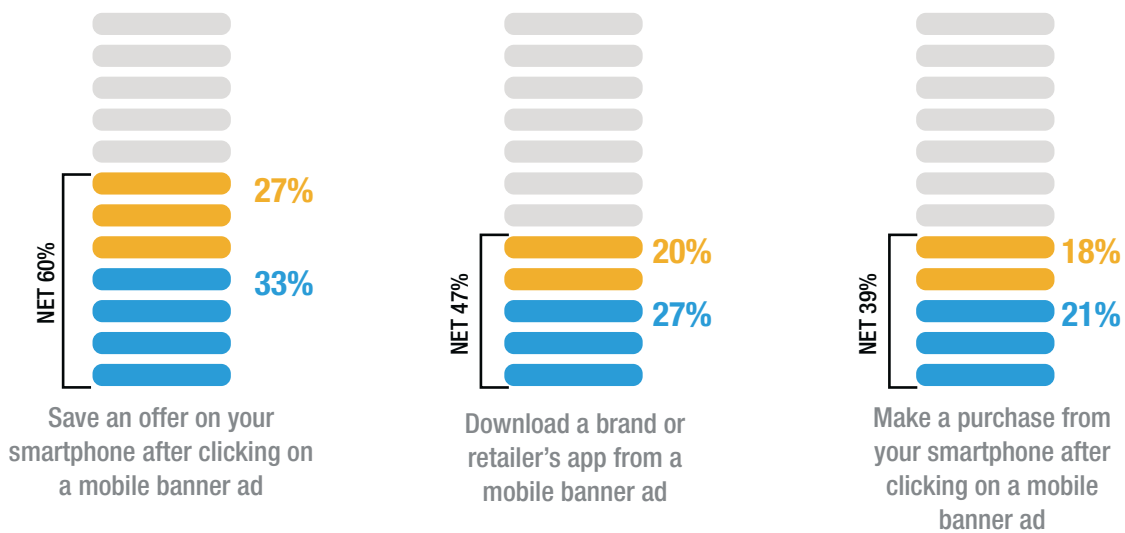
NET = Very + Somewhat likely   ■ Somewhat likely   ■ Very likely

MOBILE MESSAGING

It comes as no surprise that mobile messaging plays a key role in building powerful relationships with consumers. After all, mobile messaging channels like SMS and in-app push notifications represent today's de-facto communication methods – for both marketers and consumers. Based on the success stories and ROI we've seen with our clients, effective mobile messaging combines context, personalization, immediacy and location to deliver messaging that consumers feel is just for them – because it is.

READ THIS SECTION TO

- Grow your subject matter expertise in mobile messaging
- Better understand your customers' messaging preferences (and dislikes)
- Discover new innovative ways to drive opt-ins
- Get the most value out of every message you deliver to your subscribers
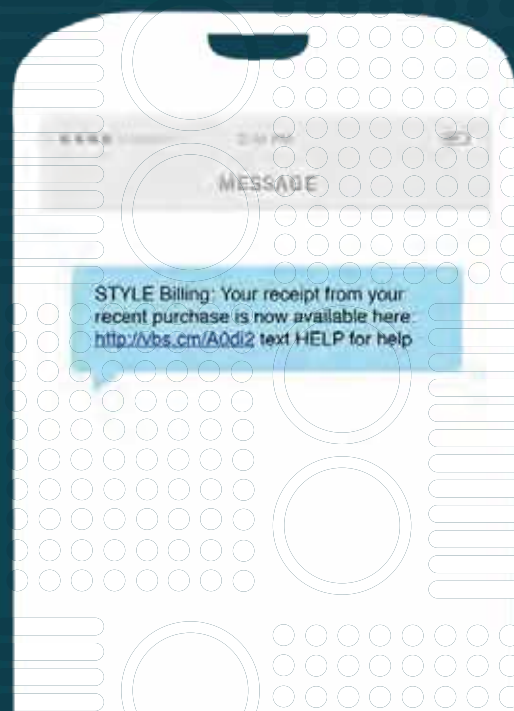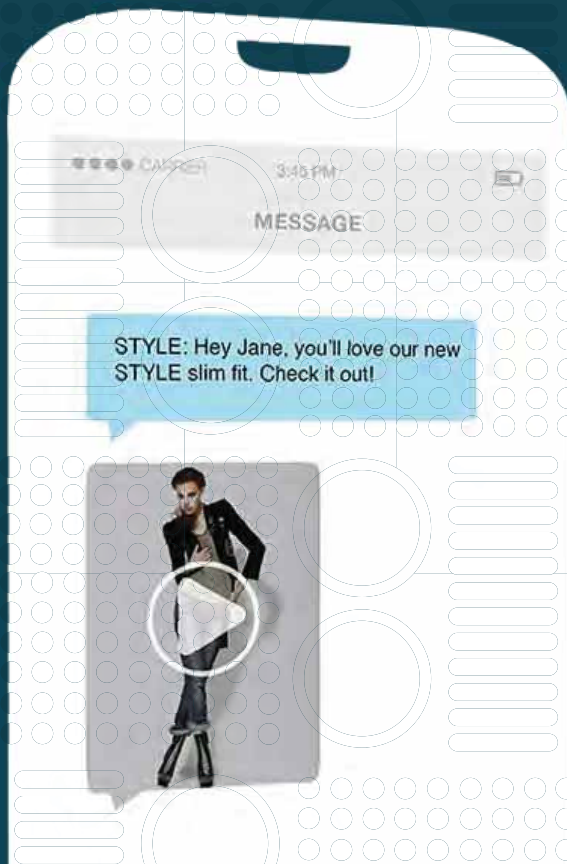
One of mobile messaging's key success indicators is the ability to grow a mobile database. For many brands and retailers, the mobile database is the true 'workhorse' of their mobile marketing strategy. The database acts as a consistent communication vehicle for delivering exclusive news, updates, alerts and offers directly to consumers' smartphones. Furthermore, mobile databases have been proven to drive significant ROI and revenue for marketers. Several clients in our Business Outcomes case studies library routinely drive upwards of $15 million per year in mobile-attributed revenue.[1]

REASONS TO SUBSCRIBE TO BRAND/COMPANY

Incentives or coupons (55%) top the list of reasons to engage with a brand via email/text/social media

55%	**52%**	**26%**	**25%**	**19%**	**25%**
Incentives or coupons (i.e., special sale promotions and deals)	Loyalty – rewards points	Exclusive content (i.e., sneak peeks of new products or deals, etc.)	Product info & updates (i.e., information about new store locations, special events being held at select stores, etc.)	Store news & events (i.e., information about the new store locations, special events being held at select stores, etc.)	Not applicable — I don't subscribe to any

Receiving incentives, coupons and rewards points are the primary reasons consumers opt-in to mobile databases. And while consumers show a strong willingness to subscribe, they are sensitive to over-communication and messaging that isn't personalized or contextual to them. This is why it's important to leverage data such as time, location, preferences and purchase history to ensure each message you send is relevant enough to keep subscribers engaged, satisfied and opted-in.

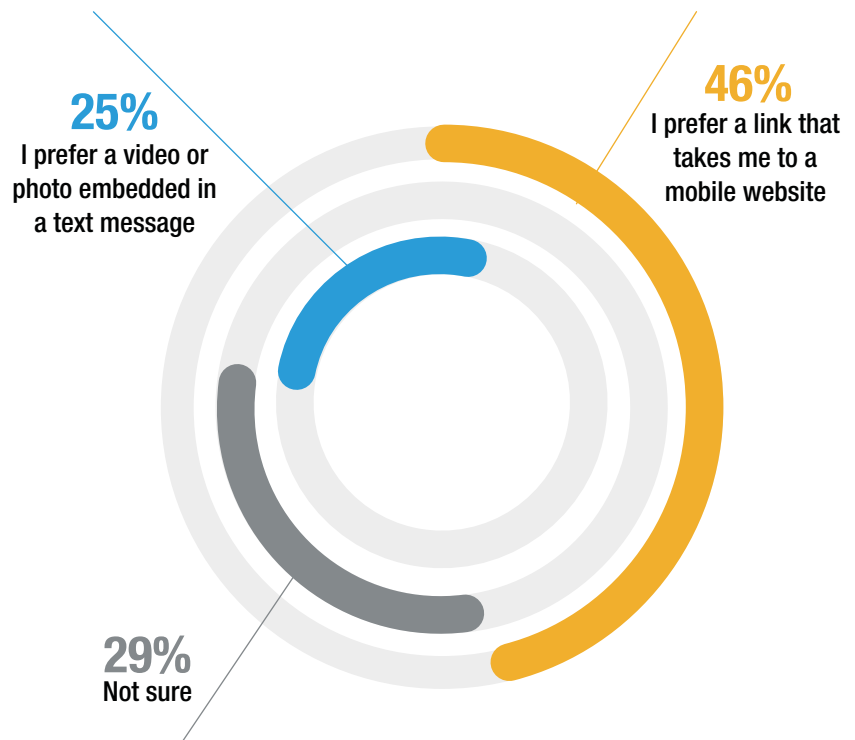[1] Learn more: www.vibes.com/retailerb

REASONS TO UNSUBSCRIBE FROM BRAND/COMPANY

Too many messages or updates (59%) is the most common reason selected for unsubscribing from a brand

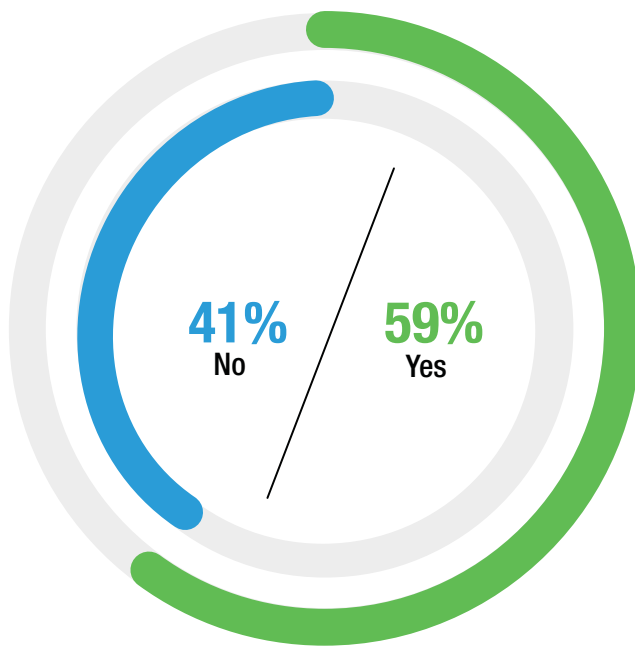| 59%	51%	41%	34%	20%	9%	13%
Too many messages or updates	The information wasn't relevant to me (i.e., I live in Boston, sales in LA stores do not matter to me)	The coupons or incentives were not good enough	The messages were untimely (i.e., Receiving notice about sales the day-of)	I couldn't personalize the information i did receive (i.e., as a male, I only want alerts on male clothing)	Too few messages	None of the above

PREFERENCE FOR BRAND TEXT MESSAGES

Understanding your subscribers' preferred messaging formats is every bit as important as knowing their messaging preferences. While there are a variety of ways to deliver coupons, video, images and audio – a majority of consumers prefer clicking on links embedded in text messages to access that content. For marketers, this helps you to easily direct consumers to mobile wallet content and web pages that drive deeper engagement, while allowing you to measure clicks, impressions and other success metrics as well.

25%
I prefer a video or photo embedded in a text message

46%
I prefer a link that takes me to a mobile website

29%
Not sure

About half (46%) prefer to receive a text from a brand with a link that takes them to a mobile website, while 25% prefer video or text embedded in the text message

WANT TO RECEIVE TEXT ALERTS ON ORDER STATUS

41% No **59%** Yes

While marketing-related messages to the mobile database are certainly valuable to your mobile audience, our data reveals service-based or transactional messaging to be an equally important offering for mobile customers. These auto-triggered messages offer a nice counter-balance to your brand's marketing-first messaging. Service-based or transactional messaging focuses on notifying customers when their order has shipped, account information has changed, when a service person is en-route, or even when a bill is due or has been paid.

Almost six in ten want to receive text alerts with updates on their order from retailers and brands
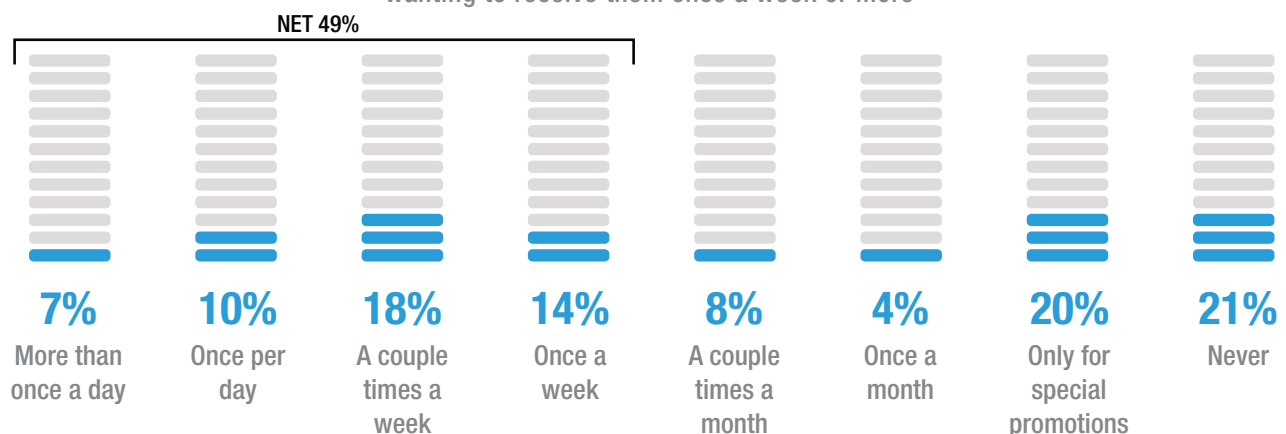
While SMS plays a foundational role in mobile messaging strategies, our data reveals a strong willingness from mobile consumers to receive in-app push notifications as well. This illustrates the importance of a holistic mobile messaging strategy that takes a variety of channels into account. This ensures marketers are delivering the right message, at the right time, to the right consumer, through their preferred mobile channel as well – all at scale.

PREFERRED FREQUENCY OF PUSH NOTIFICATIONS

The preferred frequency of push notifications from brands is fairly diverse, with about half (49%) wanting to receive them once a week or more

NET 49%

| **7%** | **10%** | **18%** | **14%** | **8%** | **4%** | **20%** | **21%** |
| More than once a day | Once per day | A couple times a week | Once a week | A couple times a month | Once a month | Only for special promotions | Never |
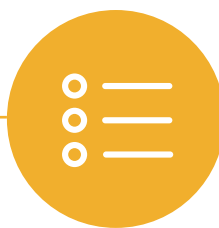
KEY TAKEAWAYS

Although there are a variety of conclusions marketers can draw from our 2016 mobile consumer data, there are five key takeaways that stand out. Read this section to explore the report's key themes, and see how they all tie together as part of your brand's holistic shift to mobile:

1

Mobile influences positive brand opinions

Today's consumers value innovation, and react positively to the thought of their favorite retailers and brands embracing mobile as they do. Our data shows that retailers, marketers and even advertisers who mobilize their offerings will enhance their customers' opinions and perceptions of their brands. The two most effective mobile tactics marketers just like you can utilize lead us into our next key takeaway…

2

Mobile wallet and messaging are central to incentive and loyalty program success

It is no coincidence that the Vibes clients consistently driving the most powerful ROI from their mobile programs all share an important characteristic: their mobile strategy includes both mobile wallet and messaging. Our consumer data supports our clients' outstanding mobile business outcomes, as consumers display strong interest in saving mobile wallet content and opting-in to retail and brand mobile databases. However, our data also revealed an equally strong consumer desire as our next key takeaway…

3 **Personalize, personalize, personalize**

Our data revealed more than just an all-time high demand for mobile wallet and messaging offerings from brands and retailers. Consumer desire for mobile wallet and messaging experiences from marketers is matched by their desire (and expectation) for these experiences to be personalized. Consider including customer names in each SMS you send. Tailor your mobile wallet offers specifically around your customers' past purchases. Begin thinking about the data, technology and strategy you'll need in place to effectively personalize each touch point of your mobile strategy at scale. Once you've launched your mobile strategy and are driving results, we encourage you to think even bigger about your brand's strategy. Look for innovative new opportunities to leverage mobile, like our next key takeaway…

4 **Mobile wallet isn't just for marketers (it's for advertisers, too!)**

Since its introduction, mobile wallet has long been seen as a powerful tool for mobile direct marketing, and that certainly remains true. Our clients have seen incredible ROI and success come from activating their emails, text messages, direct mail and more with mobile wallet offers. However, our data also shows a strong consumer willingness to engage in mobile banner ads that are directly linked to these mobile wallet offers as well. Better yet, this is happening today.

Our clients are successfully launching mobile wallet-linked ads with Vibes' WalletAds to encourage arguably the most important results from any given mobile ad: in-store visits, offer redemptions and purchases. Experience WalletAds for yourself by going to www.vibes.com/style, and visit us online to learn more about transforming your mobile ads into WalletAds. This leads us to our final point…

5 **Mobile isn't 'going to happen,' it's already happening**

The mobile shift is well underway, however, marketers, advertisers and brands are not leading it. Rather, their consumers are. This is perhaps the most powerful takeaway from our 2016 mobile consumer data. As consumer mobile adoption increases, so does their willingness to use their smartphones to connect and engage with the world (and brands) around them. Brands still waiting on 'official' declaration that the age of mobile has arrived run the risk of falling behind. Because in the eyes – and phones – of your consumers, it has already begun.

METHODOLOGY

OVERVIEW
Vibes partnered with Equation Research to conduct a quantitative research effort to better understand the connected consumer's perceptions and opinions about mobile advertising and loyalty programs
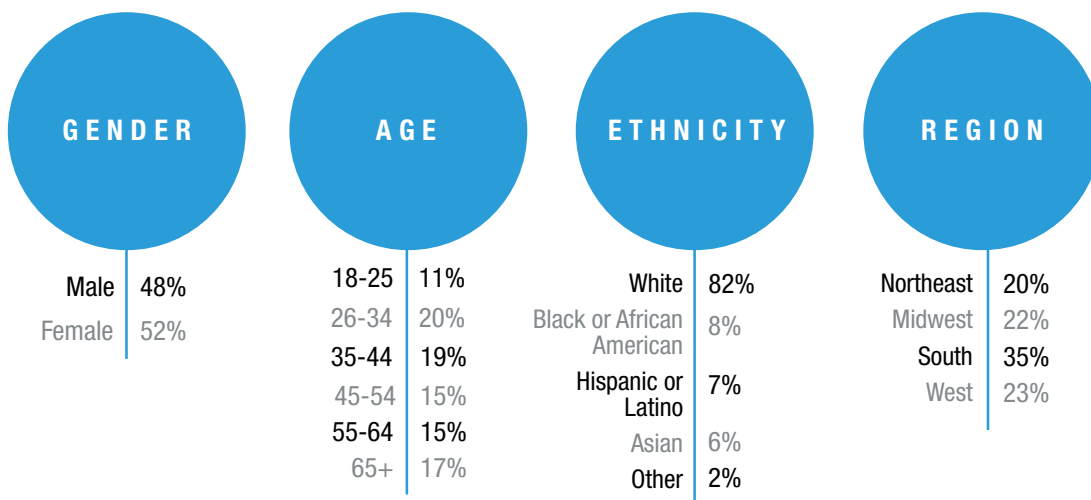
METHODOLOGY
- Fifteen minute online quantitative survey
- Respondents recruited via paid national panel sample
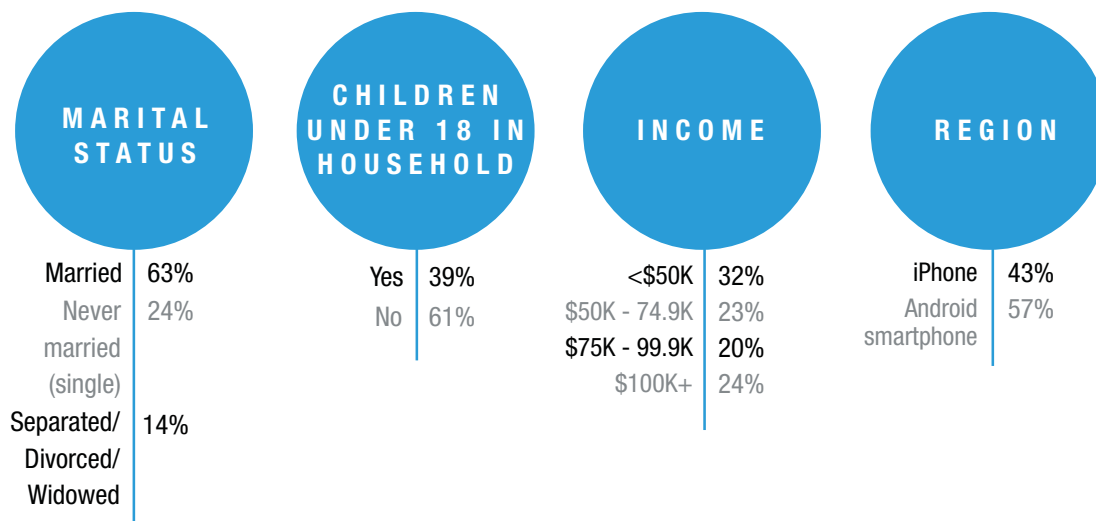- Fieldwork conducted August 31st-Steptember 3rd, 2015

SAMPLE
Total n=1,027
- Smartphone owners (iPhone or Android smartphone)
- Ages 18+
- U.S. residents

RESPONDENT PROFILE

GENDER

Male	48%
Female	52%

AGE

18-25	11%
26-34	20%
35-44	19%
45-54	15%
55-64	15%
65+	17%

ETHNICITY

White	82%
Black or African American	8%
Hispanic or Latino	7%
Asian	6%
Other	2%

REGION

Northeast	20%
Midwest	22%
South	35%
West	23%

RESPONDENT PROFILE

MARITAL STATUS

Married	63%
Never married (single)	24%
Separated/ Divorced/ Widowed	14%

CHILDREN UNDER 18 IN HOUSEHOLD

Yes	39%
No	61%

INCOME

<$50K	32%
$50K - 74.9K	23%
$75K - 99.9K	20%
$100K+	24%

REGION

iPhone	43%
Android smartphone	57%

BIZ OUTCOMES STORIES

Learn more about the incredible results marketers like you are achieving with mobile marketing. VIsit our Business Outcomes library.

Retailer A is driving an annual $11 million in mobile attributed revenue, and is seeing their revenue per mobile subscriber skyrocket from $10 to $20 per opt-in.
www.vibes.com/retailera

Retailer B has driven over $18.5 million in mobile attributed revenue, easily surpassing their 2014 mobile attributed revenue total, only eight months into the year.
www.vibes.com/retailerb

Retailer C has seen their mobile database totals skyrocket past 1MM in under one year. Their mobile database growth accounts for over $18 million in mobile attributed revenue.
www.vibes.com/retailerc

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.

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