



CONDITIONED RESPONSE MARKETING

Create Mobile Marketing
Messages Your Customers
Can't Ignore

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EXECUTIVE SUMMARY

Society has grown to rely on the humble text message as its go-to instant communication tool. Whether in a meeting, watching a live sporting event, or carrying on an active conversation, we will immediately put our task on hold to respond to a text message the moment it is received.

As the popularity of text messaging has grown, we have become conditioned to respond to a text message instantly – almost compulsively. As a global leader in A2P text messaging solutions, with over 5,000 clients worldwide, at Bulletin we take pride in our ability to provide our clients with all the necessary information and tools to communicate instantly and effectively via SMS.

THE STATE OF MOBILE MARKETING

Mobile devices are the fastest adopted technology of our century. Currently, there are 234 million mobile device users in the U.S. alone with access to SMS capabilities. That is about 75% of the U.S. population! By next year, mobile Internet usage is expected to overtake desktop Internet usage.¹

Technological advancements are fueling the rapid evolution of the mobile industry as companies large and small attempt to keep pace with and adapt to this trend as mobile computing becomes the new norm. A company's mobile strategy, especially for technology companies, is seen as an indicator of how forward-looking the executive team is. For example, after successfully completing the

¹ Microsoft Tag, 2011

² Mogreet, 2013



largest IPO of all-time, Facebook shares fell drastically on concerns centered around the company's ability, or lack of, to create a solid mobile platform.

Mobile has shifted to the center of marketing strategies as companies position themselves to best reach and serve their mobile audiences. However, as mobile technology advances, the text message is still king in terms of availability and immediacy. SMS is ubiquitous – all cell phones can receive and reply – and almost guarantees response.

SMS also boasts the highest open rates of any other marketing channel. 98% of all text messages are opened and read within minutes, whereas 88% of emails are never opened, 84% of Facebook newsfeed items aren't viewed, and 71% of tweets are ignored².

² Mogreet, 2013

Additionally, the average response time to an email is 90 minutes, while the average response time to a text message is only 90 seconds!³

CONDITIONED RESPONSE

What is a conditioned response? And how is it relevant to marketing? A conditioned response is a learned response to a particular stimulus. The concept of conditioned response can be seen in both Classical Conditioning and Operant Conditioning.

Classical Conditioning

Classical conditioning involves learning a new, automated response through the process of association. In classical conditioning, two stimuli work together to produce a new learned response. Classical conditioning

³ CTIA, 2012



focuses on involuntary, automatic behaviors. A well-known example of a conditioned response involves Ivan Pavlov's dogs.

In the late 1890's, Russian physiologist Ivan Pavlov began studying dog salivation in response to being fed. Over time, Pavlov began to notice his dogs begin to salivate every time he entered the room, even when he was not bringing them food. Pavlov knew that somehow the salivation was happening through an association his dogs were making.

In an experiment to study this association, Pavlov began to ring a bell whenever he gave food to his dogs. Over time, the dogs began to associate being fed with the ringing of the bell. Eventually, whenever Pavlov would ring the bell, his dogs would begin to salivate, whether food was presented or not. This illustrates a classically conditioned response. The dogs created an association between the bell and

being fed and an automated, involuntary response was learned (salivation).

Operant Conditioning

Operant Conditioning involves altering voluntary behavior either through reward or punishment. Through this process, an association is created between the behavior and the consequence, either negative or positive, of that behavior. Operant conditioning focuses on voluntary, rather than involuntary behaviors. It centers on the idea that if behavior is continuously repeated (reinforced), then that behavior will stick. One of the most popular examples of operant conditioning can be seen in B.F. Skinner's reinforcement experiments.

B.F. Skinner was considered to be the "Father of Operant Conditioning" and conducted several experiments to prove that



reinforcement, whether positive or negative, has an effect on behavior. In his many experiments to study reinforcement, Skinner trained pigeons to perform out of the ordinary actions – actions such as turning in circles on command, competing in ping pong matches, and learning to play popular piano tunes. Skinner was able to teach ordinary pigeons to do extraordinary things by practicing his theory of reinforcement.

In one experiment, Skinner taught a pigeon to play a tune on a mini piano. He did this by encouraging the pigeon with positive reinforcement. When the pigeon pecked on the correct key, it was rewarded (reinforced) with a food pellet. This process was repeated until the pigeon could eventually play an entire song. This illustrates an operant conditioning response. The pigeon created an association between pecking on the correct

piano key and collecting a reward (food pellet) and a controlled, voluntary response was learned (playing the tune).

CONDITIONED RESPONSE MARKETING

So what does conditioned response have to do with marketing? The marketing Holy Grail is to present information to consumers in such a way that it immediately, almost compulsively elicits a response, whether that response be to purchase an item, sign up for a service, or renew a membership. Receiving and viewing a text message is a perfect example of a conditioned response.

Conditioned response marketing, as it relates to SMS, is the compulsory reflex to immediately view and respond once a text message is received.



For example: a text message is received. A notification indicates this text message. The notification can be anything from a ring, to a buzz or vibration. As this process repeats, an association is made between the notification and receiving the text message. The ring, buzz, or vibration elicits a learned behavior - the behavior for a person to check their phone every time they hear, feel, or see the notification. So now, whenever that person hears a ring, buzz, or vibration, they are going to reach for the phone without even thinking about it. Over time we've learned to immediately, compulsively reach for and check our phones when we hear the sound or feel the vibration of an incoming text message.

The text message is a personalized, direct, concise form of communication that elicits a conditioned behavior.

By understanding consumer texting habits organizations can better communicate directly with their customers. SMS is a communications channel that organizations large and small can utilize to reach their audience where they know they will receive

Direct

- Messages are delivered directly to the recipient wherever they are, and they are immediately alerted.

Personal

- Like email, text message content can be individualized to the recipient.

Concise

- Information contained in each text message is constrained, yielding efficient communication and minimal effort to reply.

the message – on their ever-present mobile phone. Whether the audience is being targeted to receive an emergency response message, invoice update, or marketing message, engagement will be increased with



SMS. Again, the average response time to an email is 90 minutes during business hours, whereas the average response time to a text message is 90 seconds.⁴ Organizations who are able to successfully implement SMS communications strategies and leverage societies conditioned response will find themselves in the best position for long-term success in this quickly changing mobile landscape. Text messaging is what makes sense in marketing and advertising today. Not only is SMS cost effective and affordable, it also boasts high usage rates, high open rates, and real-time feedback.

THE HISTORY OF SMS

The first SMS message was executed using a personal computer to send the text message “Merry Christmas” on December 3, 1992. The

⁴ CTIA, 201

holiday wish was a bit early, with Christmas more than three weeks away, but the message was clear – SMS had arrived. After a relatively slow adaption period – mostly due to mobile carrier’s delay establishing payment methods, especially for prepaid subscribers – text messaging is now the most widely used mobile data service, used on over 5 billion mobile phones worldwide.

The text message catapulted to widespread use with the explosion of the mobile phone market at the turn of the 21st century, implementation of the third generation (3G) network, and rise of mainstream products such as the Blackberry and Apple iPhone. With a fresh, young generation of Millennials armed with their own personal mobile phones, text messages were being sent at record volumes.



GROWTH

Mobile marketing has become one of the fastest growing industries to date, and people are spending more time on their mobile devices than ever before. Americans set aside about 2.7 hours each day just to socialize via their mobile devices – this is approximately 41 days out of the year solely dedicated to mobile usage (Source: Microsoft Tag, 2011). The growth of mobile marketing can be attributed not only to technological advancements, but also to consumer wants and needs. Today, consumers want a convenient, efficient way of doing things, and this is something that mobile provides. 67% of mobile users say, "A mobile-friendly site makes me more likely to buy a product or use a service."⁵

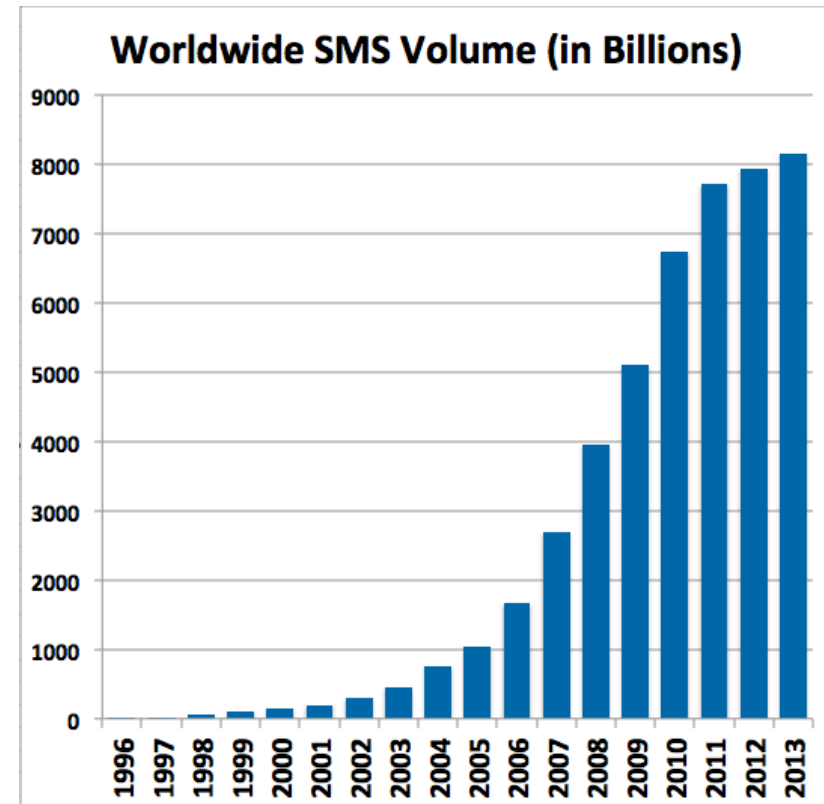
⁵ Google Mobile Ads Marketing, 2012



The growth of the mobile market in recent years has been incredible. In 2012, nearly half of all mobile phones in use were smartphones, and this number has continued to increase over the past year.⁶ Of the world's 4 billion mobile phones in use, a whopping 3.05 billion are SMS enabled. Additionally, by 2015, 105.1 million U.S. consumers will own a tablet, up from 26.6 million in 2011.⁷ With the tremendous increase in the use of mobile devices across the globe, the question shouldn't be "why mobile marketing?" but "why not mobile marketing?" The more consumers begin to utilize smart phones, tablets, and any other mobile device, the more opportunity is created for mobile marketing to expand.

⁶ Nielsen, 2012

⁷ Forrester Research, 2012



As consumers continue increasing their dependence on text message communications, new generations of consumers are continuously being conditioned to respond instantly when they receive a message.



In addition, of the nearly endless uses for mobile technology, text messaging is the most common - 74.3% of mobile users utilize text messaging on their mobile device.⁸

EFFECTIVENESS

Mobile marketing is one of the most effective forms of marketing today. Mobile response and success rates are consistently higher than any other marketing method and in terms of immediate response. Mobile marketing yields speedy, quality conversions, a captive audience, and, most importantly - action. Action can mean making a purchase, signing up for a service, or further engaging with a product. 70% of all mobile searches result in action within one hour compared with 70% of online searches that lead to action within one

⁸ Hightable, 2012

month.⁹ This illustrates the fact that people searching via a mobile device are more actively engaged in marketing efforts than those searching via online source.¹⁰ Mobile marketing generates the highest quality lead source the majority of the time.

If you have a smartphone, you know how addicting it can be. Approximately 91% of adults have their smartphone within arms reach 24/7.¹¹ What other marketing channel can provide access to potential customers 91% of the time? In addition, 90% of mobile searches lead to action, with over half leading to a purchase.¹²

⁹ Borrell Association, 2011

¹⁰ Borrell Association, 2011

¹¹ Morgan Stanley, 2012

¹² MobiThinking, 2012



VALUE

SMS provides a simple, cost-effective solution in delivering targeted messages to both current and potential clients. In fact, it has been considered one of the most cost-effective marketing channels today. Compare SMS with telemarketing, for example - making a call to a customer requires both human interaction and a voice channel. The average cost per call in a call center is approximately \$6.00, where an SMS is less than a few cents! In addition, a recent study by The Direct Marketing Association indicated that email costs ranged from \$0.35 to \$0.65 per email and the average direct mail piece cost \$1.53.¹³ Compare this to the \$0.02 or less it costs to send a SMS marketing message. There is no argument that SMS provides a more cost-

¹³ Direct Marketing Association, 2012

effective way for businesses to communicate with their customers.

DATA AND SEGMENTATION

Extremely high levels of intelligence are provided in SMS conversations. For example, having a consumer text their sex and age can enable a brand to pre-qualify a potential lead and direct the conversation accordingly. Depending on the information a consumer provides in a text, marketing messages can be made customizable. For example, if a consumer provides their name via text message, the next SMS marketing message can address that consumer by name. This makes marketing messages more personal and intimate.

Not only is SMS a great way to connect with current and prospective customers, it's also a great way to obtain more information about



those customers. With SMS, companies can collect demographic, psychographic, and geographic user information as well as obtain customer feedback. In addition, user response can be tracked almost immediately. This helps marketers better understand and analyze their text marketing campaigns and provides them with relevant information to help improve their products and services.

HOW TO MARKET YOUR PRODUCT VIA SMS

When SMS marketing is well executed, what starts out as a potential lead can be converted into a long-term customer. If you're new to mobile marketing, it can be a bit overwhelming, but if done correctly, SMS can help grow your business. How do you effectively market a product to your audience via SMS?

First, you want to avoid unnecessary embellishments, slang, or jargon. Keep things simple and use language that is both engaging and welcoming without using words, phrases, or acronyms that your audience may not understand. Even if you think a word or phrase is universally known, it's best to stick to the general rule: no flowery language, slang, or abbreviations. You want your message to appeal to your audience, not confuse them.

Next, don't bury your audience in information overload. Choose one point that you would like to make the focus of your marketing message and run with that. Remember, a text message allows a 160-character limit – be brief and direct.

It is also important to always provide a call-to-action in your marketing message. A call-to-action can include a link, banner, button, or image that drives your consumer to click and



further engage with your product, service, or company in one way or another. Calls-to-action are one of the key lead generation elements, and should be used across every marketing channel, including SMS.¹⁴

Time your messages. By sending out too few messages, you could miss the opportunity to really engage with your consumers. Likewise, sending out too many messages (text spam) could irritate your audience and devalue the message you are trying to convey. Set a schedule of messages to go out once every few days, any more than that and you could run the risk of losing valuable prospective customers. Also, time these messages so that your audience is receiving them at a time when they would be most responsive, whenever that may be. In marketing, timing is of the essence.

¹⁴ *Admin E Solutions, 2012*

Lastly, offer ease of purchase. This is extremely important. The purchasing process should be as simple and user-friendly as possible. With an efficient mobile payment plan in place, consumers will be that much more likely to purchase your product. Make all promotional codes and coupons accessible and easy-to-use. Promo codes and coupons are good incentives for consumers to purchase and shouldn't be difficult to manage.

SMS marketing can be highly effective and when done correctly, could be the most powerful communication channel for your company.



BULLETIN

Bulletin delivers to all types of businesses and enterprises easy-to-use, carrier-grade SaaS solutions in the rapidly growing field of wireless messaging. Holding patents for threaded, 2-way computer-to-mobile text messaging, Bulletin is uniquely positioned to deliver the most innovative messaging solutions in the market. Bulletin provides both back- and front-end messaging capability to major wireless carriers and Fortune 500 companies across the globe.

Bulletin provides a cost-effective, user-friendly SMS platform that allows clients to send and receive text messages from anywhere in the world. Bulletin offers three SMS solutions – Messenger, Campaigner, and API.

Trusted by over 5,000 customers around the world, Bulletin Messenger is used by major

telecommunications companies, financial institutions, universities, and global corporations who depend on a stable, reliable platform to get the message through when it counts. Bulletin Messenger allows both individuals and organizations of all sizes to connect with mobile users on any device, anywhere in the world. Bulletin Messenger brings threaded, two-way text messaging straight to your desktop.

Bulletin Campaigner allows marketers to manage inbound SMS marketing. Set keywords that trigger actions, such as delivering a coupon or showing the results of an SMS poll, and build a database of mobile numbers as prospective customers send text messages.

Bulletin API allows customers to easily integrate SMS with their applications. With



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just a few lines of code, developers can plug into Bulletin's SMS Gateway API.

You can find Bulletin at <http://www.bulletin.net>, or by contacting us at support@bulletin.net.