Kahuna

The Kahuna
Mobile Marketing Index
Q1 2016

A report on consumer engagement metrics
and other key market insights

Key Takeaways

- **Push notification opt-in rates fluctuate across industries.** The opt-in rate across iOS and Android decreased slightly since the last Kahuna Mobile Marketing Index. Android continues to have a much higher opt-in rate, but with the permission changes associated with Android Marshmallow, brands should keep a close eye on this metric.

- **Push notifications improve retention rates over time.** Kahuna data reveals that personalized push messages increase retention rates throughout the customer lifecycle. Retention over 30 days for users that received push messages is more than 2X that of users that do not. That trend holds true over longer periods as well. Retention over 90 days with push is roughly 3X that with push disabled.

- **Messaging helps prevent app uninstalls.** Kahuna data reveals that for companies that use intelligent communication, users were actually less likely to uninstall an application if they had received a message within at least 30 days of installing.

- **Email is quickly becoming a mobile channel.** According to Kahuna data, 86% of emails sent are viewed on a mobile device. Marketers must start to consider email as a primarily mobile channel. That means testing email content rigorously for how it renders on a variety of mobile devices and leveraging cross-channel data, especially from apps and the mobile web, to better inform their email campaigns.
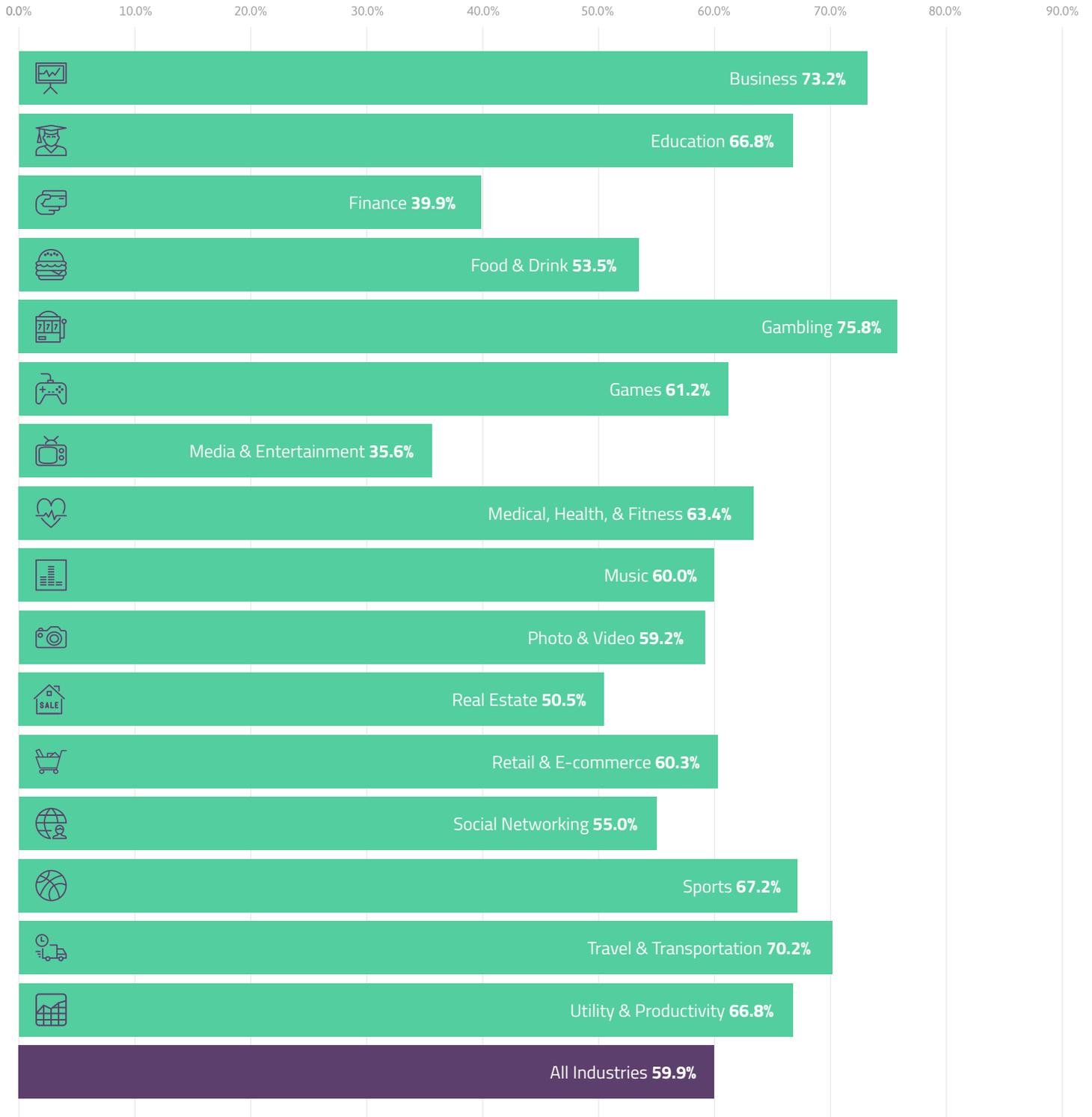
Opt-In Rates Strong for Lifestyle, Travel & Real Estate Brands

Mobile marketing can only be successful if marketing messages are reaching users. This makes opt-in rates for push notifications a crucial metric for mobile marketing. A higher opt-in rate means that customers are willing to receive messaging, which will make your marketing messages more effective. While Android users are automatically opted in to messaging, iOS users need to manually opt in to receive push notifications. When we looked at the last quarter's opt-in data, we noticed a few interesting trends:

- **Lifestyle apps thrive.** Users of lifestyle apps like medical, health, fitness, productivity, business, and education apps all opted in to receive messages at higher-than-average rates. These apps are likely used on a daily basis by users, and are therefore positioned to deliver more value in their messages than non-essential apps.

- **The urgency of information still matters.** When looking across industries, travel & transportation and real estate companies still enjoy above-average opt-in rates. Why? Because the timeliness of information matters more to customers in those industries. Customers are likely very eager to be notified if their flight has been cancelled or if their dream home has a reduced price.

- **Social media apps lag behind.** While some industries excel, social networking and media & entertainment apps lag behind. While notifications and messages from social sites and media & entertainment apps hold some value, this decline in opt-ins may indicate that these two industries are messaging too much and their users are experiencing message fatigue.

Opt-In Rates by Industry Vertical

| Industry	Rate
Business	73.2%
Education	66.8%
Finance	39.9%
Food & Drink	53.5%
Gambling	75.8%
Games	61.2%
Media & Entertainment	35.6%
Medical, Health, & Fitness	63.4%
Music	60.0%
Photo & Video	59.2%
Real Estate	50.5%
Retail & E-commerce	60.3%
Social Networking	55.0%
Sports	67.2%
Travel & Transportation	70.2%
Utility & Productivity	66.8%
All Industries	59.9%

Opt-In Rates See Decline on iOS and Increase on Android

- **Opt-in rates for iOS and Android fluctuate.** In Q1, the percentage of customers opted in to push messaging for Android and iOS was 89% and 29%, respectively. While Android opt-in rates grew slightly since Q4 of last year, iOS opt-in rates declined significantly since last quarter.

  What this means: Long term, we expect opt-ins for push to grow steadily as consumers get more comfortable with the technology, and we are seeing that incremental growth this quarter. For iOS, growth rates will be positively impacted by a marketer's ability to control the request. However, Android Marshmallow provides more granular details on app permissions, which may impact long-term opt-in rates. It generally takes multiple quarters for the latest version of Android to reach high rates of adoption, so Kahuna will monitor what impact this has in future reports.

Opt-In Rates by Platform

0.0% 10.0% 20.0% 30.0% 40.0% 50.0% 60.0% 70.0% 80.0% 90.0%	

All Platform — 47.2%

Android — 88.8%

iOS — 29.0%
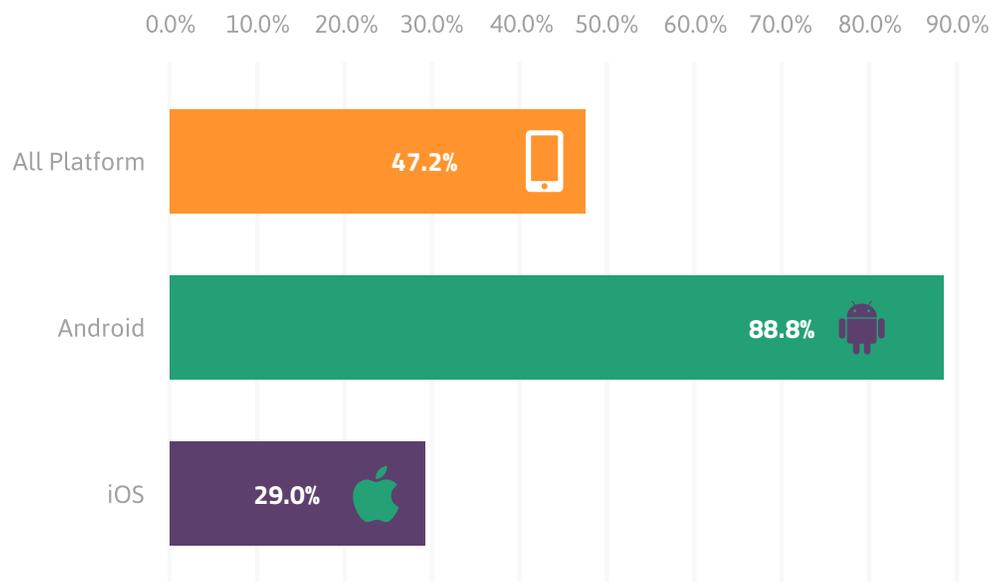
- **Android opt-in rates will always be higher than iOS opt-in rates.** Across all verticals, Android's opt-in rate is almost double the iOS rate. Why? Android app customers are automatically opted in to push messaging, whereas iOS app customers need to accept the opt-in prompt.

  What this means: The way companies deploy their iOS opt-in prompt matters. Providing key information about what notifications will be used for and how often they'll be sent is proven to drive better opt-in rates. Companies can also test multiple messages at different times in the users lifecycle to find out what works best.

- **But maintaining opt-in rates takes work.** Even though opt-in rates remain high across both platforms, that does not mean they will stay that way for every app. Kahuna's benchmarking data shows that one in seven Android customers turn off notifications after the app is installed. Marketers must understand what messages work and which messages drive opt-outs.

  What this means: All marketing messages must be timely, relevant, and contextual to the individual customer at that specific moment of delivery. Anything less falls short of what customers expect. Missing these expectations is no longer an option when a user can opt out or uninstall your app in a few swift taps of their finger.

4 Data-Driven Ways for Boosting Opt-In Rates

- **Explain the value of opting in.** For iOS apps, marketers can provide a message during the onboarding proess or trigger a unique in-app message before a user is prompted to opt in to receive push notifications. Marketers should take advantage of this opportunity to explain to users why they should opt in. Will they receive notifications when there is a sale nearby? Will they be alerted about particular events? The value proposition depends on the app, but marketers need to take full advantage of the opportunity to make their case clearly and concisely.

- **Test and optimize your opt-in messaging.** Consumers spend hours each day with their phones in-hand. Accessibility is not the challenge; delivering the message at the right time is. That's why marketers need to test message variables to determine which combination of controllable variables garners the best response. The right tools allow you to use machine learning to test multiple versions of message copy, send time, and channel. Find the moment that works best for your unique users.

- **Set messaging expectations clearly.** It's important to let customers know what to expect. Will you be sending hot new deals or important status updates? Will you send messages once a day or once a week? Giving customers a better sense of what they are signing up for will make them more comfortable opting in.

- **Monitor opt-in retention.** While high opt-in rates are a big win for marketers, they mean very little if those users turn around and opt out right away. This could caused by over-messaging, low-value messages, or a misalignment of expectations. It is important to track how many of your opt-ins remain engaged and identify any problems if you are seeing a lack of retention.
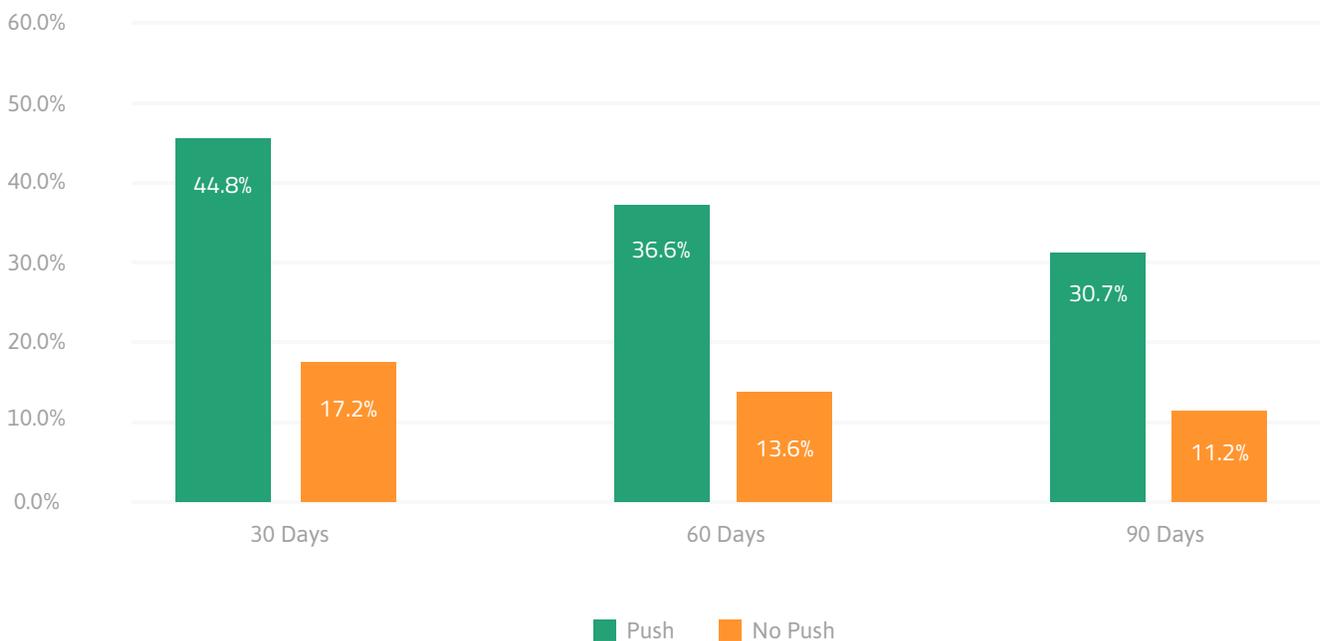
Mobile Communication Improves 30, 60, & 90-Day Retention

Few metrics are more important to app marketers than retention. The ability to keep users coming back to an app is key to everything from calculating marketing ROI to computing the lifetime value of a customer. The importance of retention is well known to marketers. While retention remains a challenge, Kahuna user data suggests that effective mobile messaging can positively impact this process.

Kahuna data shows that effective messaging is a proven way to drive user retention. For years, the data in Kahuna's quarterly Mobile Marketing Index has continued to show this trend. Messaging allows marketers to effectively engage throughout the customer lifecycle—from onboarding to day 90, and beyond. Well-orchestrated messaging campaigns ensure that customers get the best possible utility from an application.

30, 60, 90-Day Average Retention

Bar chart showing 30, 60, 90-Day Average Retention comparing Push vs No Push:
- 30 Days: Push 44.8%, No Push 17.2%
- 60 Days: Push 36.6%, No Push 13.6%
- 90 Days: Push 30.7%, No Push 11.2%
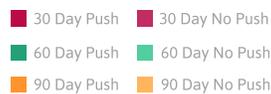
Legend: ■ Push ■ No Push

Messages have a significant positive impact on user retention:

- **Messaging's impact can be felt immediately.** For marketers, there is a large gap between people who have downloaded their app and profitable long-term customers. Bridging that gap and creating a high-lifetime-value customer starts with their first handful of interactions with the application (to create a habit of use). Kahuna data shows that companies can expect an average 44.8% retention rate over 30 days for users that receive a push message, compared to only 17.2% for users that do not receive a push message.

- **What it means:** The first 30 days are critical in creating lasting relationships with customers. Companies can maximize ROI by taking calculated steps to turn acquired customers into engaged customers. Companies that fail to do this are missing an opportunity and simply wasting budget.

- **Messaging has an even greater long-term impact.** The higher retention rates seen for users that receive push messages in the first 30 days continues to hold true throughout the user lifecycle. Kahuna data shows that companies can expect an average 30.7% retention rate over 90 days for users that receive a push message, compared to only 11.2% for users that do not receive a push message.

- **What it means:** While onboarding is an important step in driving long-term retention, it's not the only thing companies should focus on. Thinking strategically about how to engage customers throughout their entire lifecycle can have significant returns.

30, 60, 90-Day Retention, Push vs. No Push, by Industry

- 30 Day Push
- 30 Day No Push
- 60 Day Push
- 60 Day No Push
- 90 Day Push
- 90 Day No Push
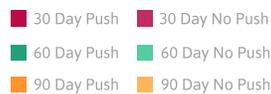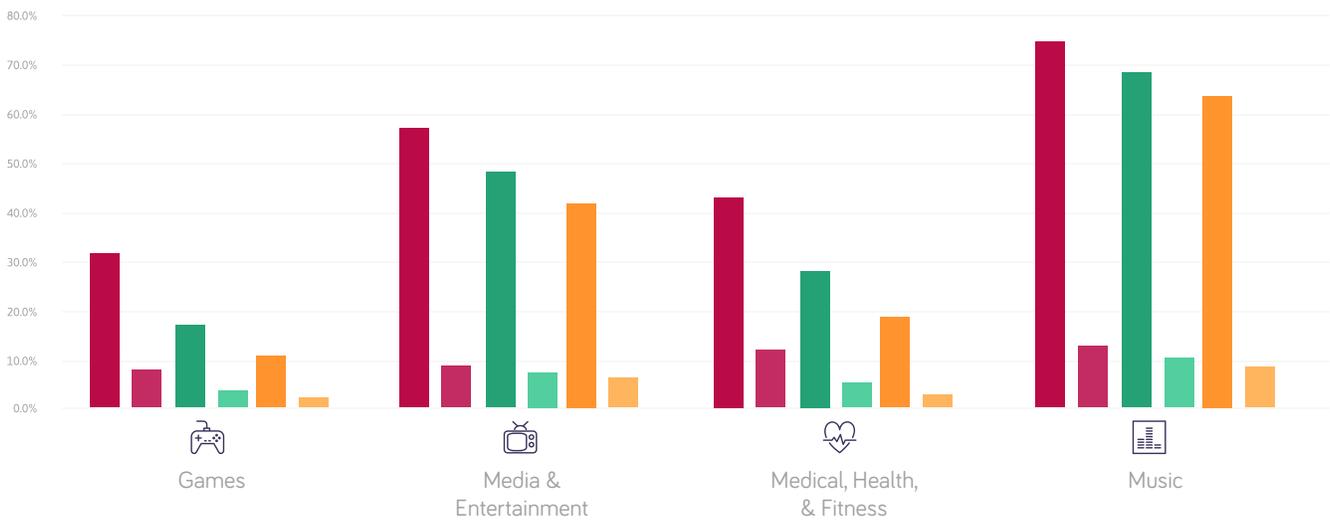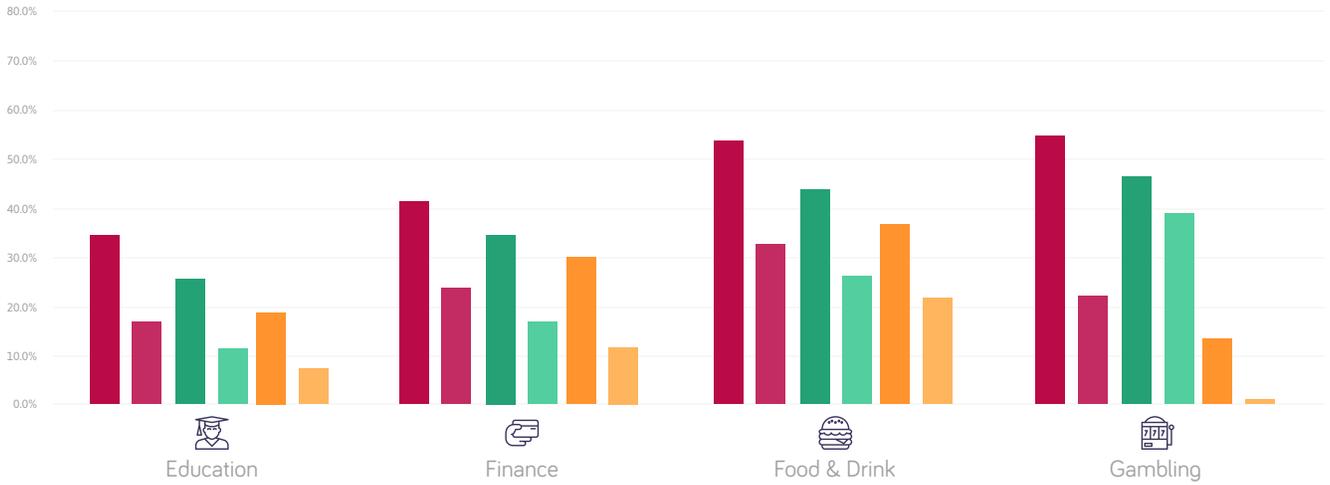
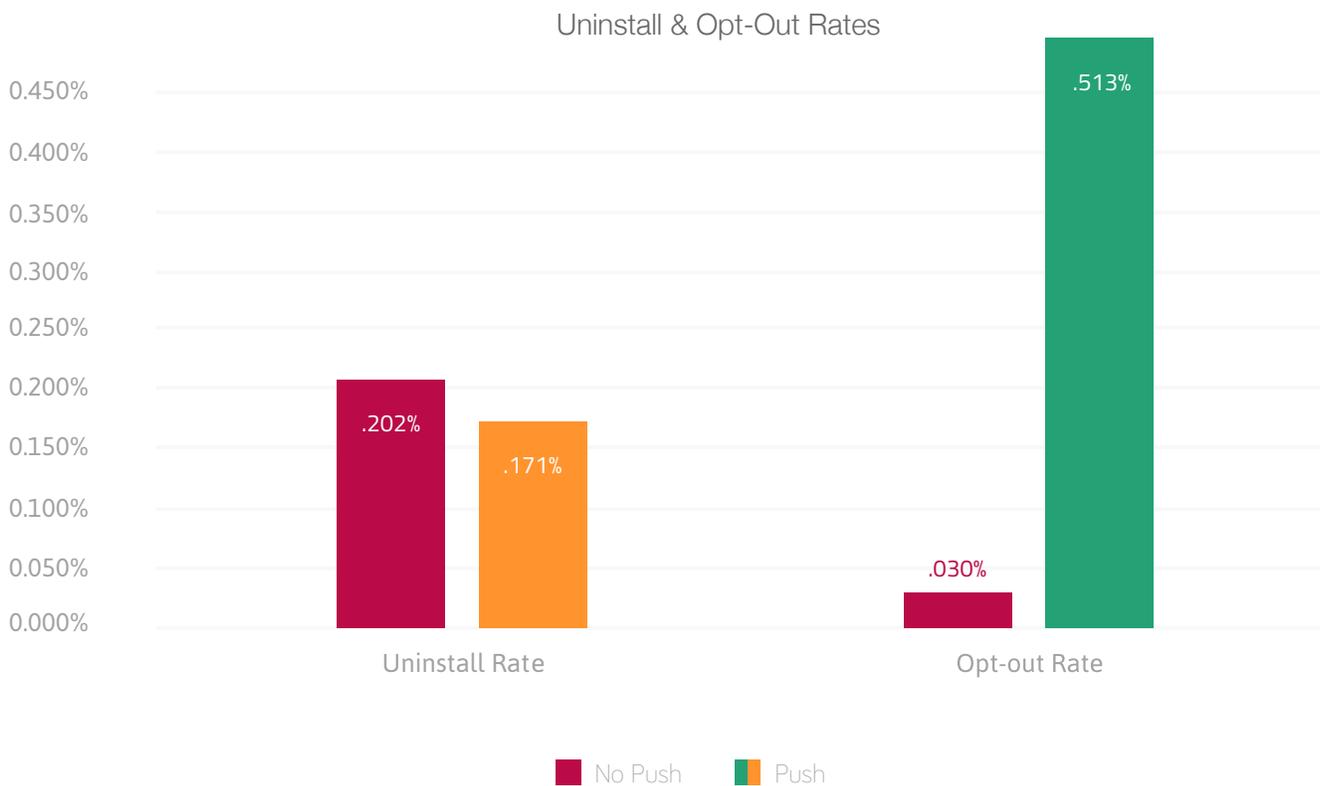## 30, 60, 90-Day Retention, Push vs. No Push, by Industry

The travel & transportation category was not included in this quarter's report due to a statistically invalid sample size.

Messaging Also Helps Prevent App Uninstalls and Opt-Outs

While opt-in and retention are two of the most sought-after metrics for mobile marketers, app uninstalls and opt-outs are metrics that marketers desperately try to minimize. Why do these actions occur? Uninstalls and opt-outs are often associated with a campaign or individual push message that missed the mark. Was the push sent at a time when customers were busy? Was there too much personalization too soon after customers started using the app? Were you too direct in issuing a call to action in the copy of the message?

While the motivations behind app uninstalls and opt-outs vary, Kahuna data shows that effective messaging helps reduce app uninstalls.

Uninstall & Opt-Out Rates

Uninstall Rate: .202% (No Push), .171% (Push)	Opt-out Rate: .030% (No Push), .513% (Push)	

Legend: No Push, Push

Kahuna benchmarking data shows:

- **Opt-outs as a result of receiving messages are actually low.** While the rate of opt-outs is higher for users that receive push notifications, it's expected that sending messages will cause some of your customers to opt out, especially when you consider Android customers who are automatically opted in. However, according to Kahuna data, the opt-out rate of customers who receive a message is relatively low, and the long-term benefits of engaging users with messaging make the risk worthwhile.

  What it means: It's important that you monitor your campaigns to make sure your opt-out numbers aren't significantly higher than the industry average. If they are, consider making changes to your overall strategy to drive these numbers down. Tools that provide automatic optimization capabilities for copy and delivery timing can minimize the potential negative results of mobile messaging.
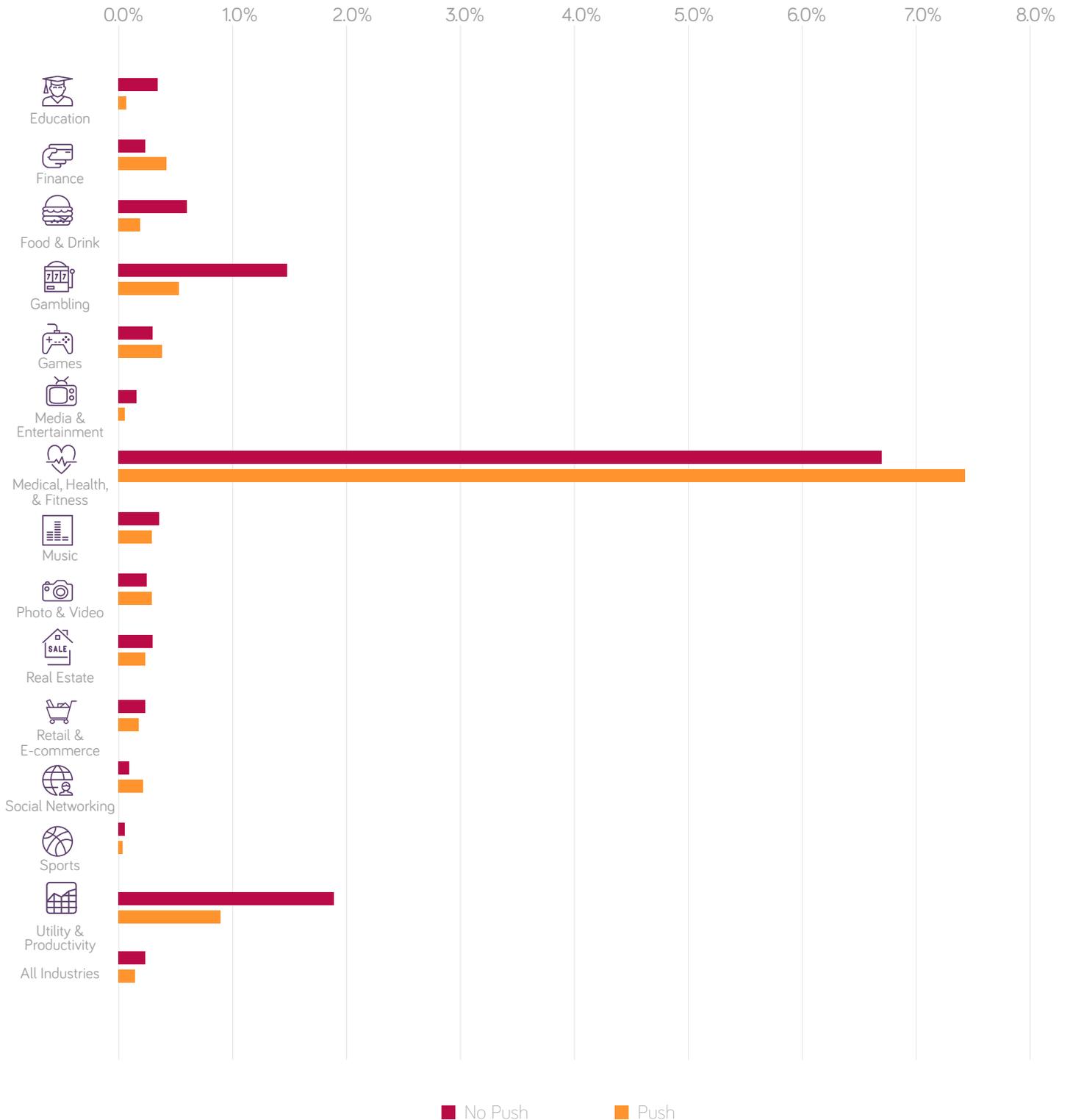
- **Messaging can help prevent uninstalls.** Why do messages help decrease uninstall rates? A recent study conducted by MediaPost found that the number-one reason customers uninstall apps is that they rarely used them.[1] With that data in mind, it makes sense that messaging, which has been proven to drive engagement, could also have a positive impact on your uninstall rate.

  What it means: If you are seeing higher-than-average uninstall rates, messaging can keep your company top of mind for customers and drive ongoing engagement. This engagement will, come app-clean-out time, be the difference between having your app uninstalled or not.

---

1. Smartphone Consumers: Most Use 1-6 Apps a Day, 61% Access Browser (10/07/2015)
http://www.mediapost.com/publications/article/259947/smartphone-consumers-most-use-1-6-apps-a-day-61.html

Uninstall Rate by Industry Vertical

Horizontal bar chart comparing No Push and Push uninstall rates across industry verticals, with x-axis from 0.0% to 8.0%.

■ No Push   ■ Push

- **The effect of messaging varies across industries.** Just as we saw fluctuation in opt-in rates across industries, we see similar variance in the impact of messaging on app uninstall rates.Messaging helps reduce the number of uninstalls in industries like education and utility & productivity, likely by demonstrating the value of the app and catalyzing engagement in users. However, some industries like social media saw a slightly higher rate of uninstalls after receiving a message. Social networking also saw a lower-than-average opt-in rate among users. This likely indicates that social networking users are more sensitive to the messages they receive. Marketers should take these variances and preferences into account.

What it means: Before you implement your messaging strategy, make sure it conforms with the preferences and priorities of your users. Sending the right message at the right time can turn new users into power users, but the wrong message at the wrong time can have the reverse effect.

Here are Three Keys to Lower Opt-Out Rates:

- **Deliver relevant messages.** While the mobile channel is coveted among marketers, it is equally coveted among consumers. Any message delivered to a user's mobile device needs to be both relevant and timely to that user. Anything less risks irritating the user, which can lead to them opting out of messages or worse, uninstalling your app. Brands should convey their message as succinctly as possible, and the message should be limited to important or valuable information only. Save complex messages for the proper channel, like email or in-app messaging.

- **User behavior should dictate message strategy.** Mobile app users are providing valuable information every day about when they use an app, how they use it, and when they are most likely to complete an action. The best mobile engagement tools allow you to not only track this infomation, but use machine learning to leverage it to deliver the perfect message, at the perfect time, to every user.

- **Don't go overboard with messaging.** Nobody likes to be spammed with messages, no matter how valuable they are. You need to consider just how many messages your customers are receiving. This is especially true when you consider that your omnichannel approach means you're talking to customers via push notifications, in-app messages, email, and social media. The best marketers use tools to automatically rate-limit how many messages an individual user can receive based on many factors.

A Majority of Email Is Opened on a Mobile Device

While other communication technologies and tools have exploded onto the scene, email remains a constant in every industry. What has changed, however, is where and how those emails are now being consumed. According to Kahuna data, 86% of emails in Q1 2016 were opened on a mobile device.

Marketers can no longer afford to think of email as a desktop-only channel. Email is now part of a multi-device, multi-channel world that revolves largely around a user's mobile device. Email needs to be optimized for the customer and the device.

Kahuna's email delivery and customer response data generated some telling findings, including:

- **An overwhelming majority of email is opened on mobile devices.**
  We saw this trend taking shape last quarter and it remains true. When reviewing Kahuna's email delivery rates, we found that 86% are opened on mobile devices.

  What it means: Marketers need to think of email as a mobile channel. Everything from copy to design needs to be optimized for a mobile device. Additionally, brands incorporating mobile behavioral data to segment or trigger delivery are seeing improved performance over generic, batch-and-blast email messages.

- **Mobile click-to-open rates (CTOR) are improving over desktop.**
Kahuna data shows that CTOR on mobile surpasses the CTOR on desktop by at
least 3% for the measured period. Both mobile and desktop CTOR fell slightly each
month, but the improved CTOR of mobile devices was consistent throught the first
quarter of 2016.

What it means: Kahuna focused on CTOR over open rates or other metrics because
we believe it shows how effective the design and content—the "meat"—as well as
the timing of the email are in driving engagement. Brands should build their email
message content for the smaller screen to boost mobile CTOR because emails are
increasingly going to be opened on these portable devices. Mobile-friendly email
content will still be effective on desktop systems, but the inverse isn't true.

CTOR by Platform and Operating System
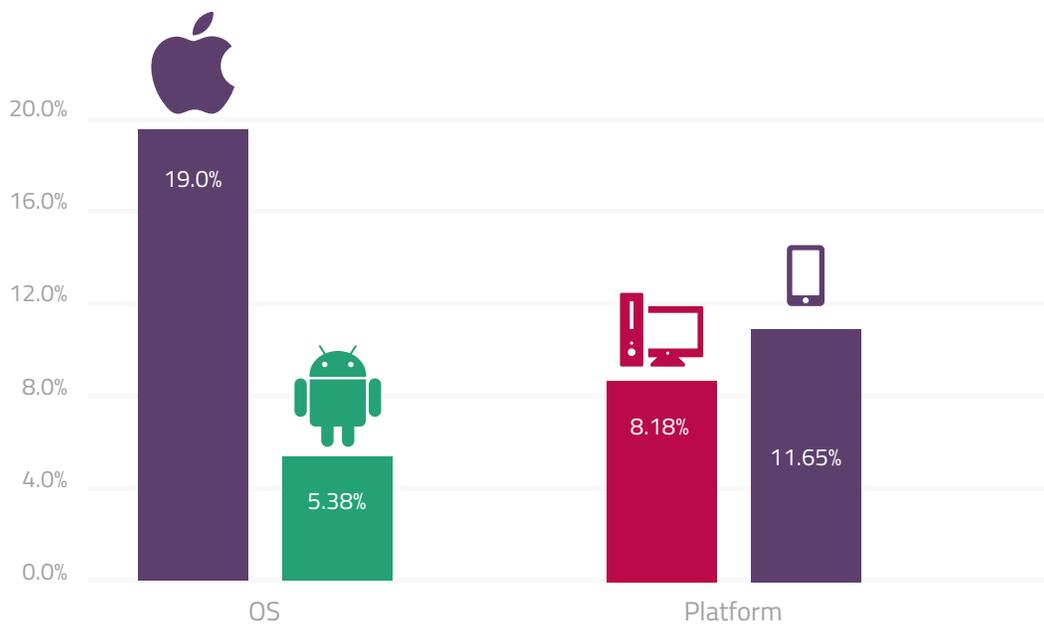
Follow These Steps to Boost Email Engagement:

- **Channel dictates content.** Compared to other mobile channels, email is unique. Emails are often saved or reread, while push notifications are read immediately and disappear from a user's device. Winning brands optimize their content to take advantage of what email has to offer, like unlimited text, images, and hyperlinks. Emails should still be mobile-friendly, but they should never be used the same way as a push notification or in-app message. Think about the goal you are trying to drive and then think about the medium that is best suited for that action.

- **Consider the customer journey.** While it is easy to view email as a one-off tactic, it is part of a larger brand experience for your users. Customers view interactions with your brand across multiple emails as one experience, and so should you. Brands keen on winning in the mobile era must deliver a delightful omnichannel experience that values the customer's experience first and foremost.

- **Improve relevance by incorporating mobile behavioral data.** Pulling in contextual data is a surefire way to drive better response rates. For example, emails sent when the individual customer is most likely to engage are more likely to be seen, opened, and interacted with. Like all marketing channels, success with email comes down to value and relevance.