Channel Preference for both the Mobile and Non-Mobile Consumer

From postal to social, marketers can build credibility and increase sales with enhanced relevancy across mobile and non-mobile devices

Introduction

When Michelle receives promotional email messages from her favorite retail store, she not only eagerly open them before other emails, she also clicks through several links to read about items not yet available in stores, new merchandise, product descriptions, what others like her are buying and special offers based on her previous purchasing behaviors. You see, Michelle feels as though her favorite store knows her and sends her a limited number of emails that only includes information she's interested in.

So what's the best way for marketers to get consumers' attention to motivate them to purchase their products and services? Send consumers relevant messages to their preferred way of receiving information while being mindful of the devices they use.

Reach Consumers By Knowing What They Value

According to Epsilon's 2012 Annual Channel Preference Study that sampled 1,991 U.S. and 3,816 Canadian households, consumers are most trusting of word of mouth through friends, family and health providers. Social and other blogs are a considerably less trusted source. However, Internet related channels carry a modest degree of preference for receiving information. While consumers indicated they like to receive or research information online, direct mail remains the preferred channel in most cases.

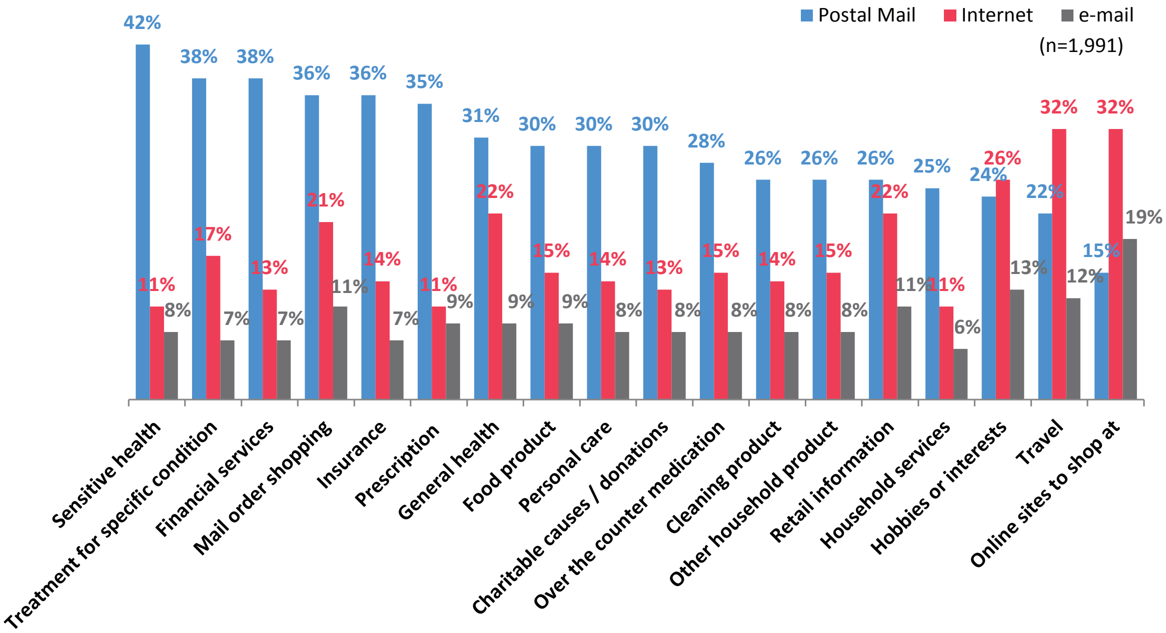
Knowing where consumers go to conduct research about products, the channels they use to make purchasing decisions and micro targeting consumer segments will help marketers achieve higher return on investment for their promotional dollars. That means how much consumers trust the company, are interested in the offer and the channel used to deliver the message are all driven by targeting. Year after year, our research tells us consumers want relevant information sent to them so they know they are more than just a demographic. Marketers need to know consumer propensities, interests and preferred channels.

Our findings this year continue to show channel preference trends remain relatively consistent, with direct mail being preferred across several product categories. We also found similarities for preferences using social media, but growth with different sites, shifts in group deal interest and some other early-stage trepidation in SoLoMo adoption. This year, we explored additional preferences based on mobile technology devices, producing unique differences that marketers should remain aware of.

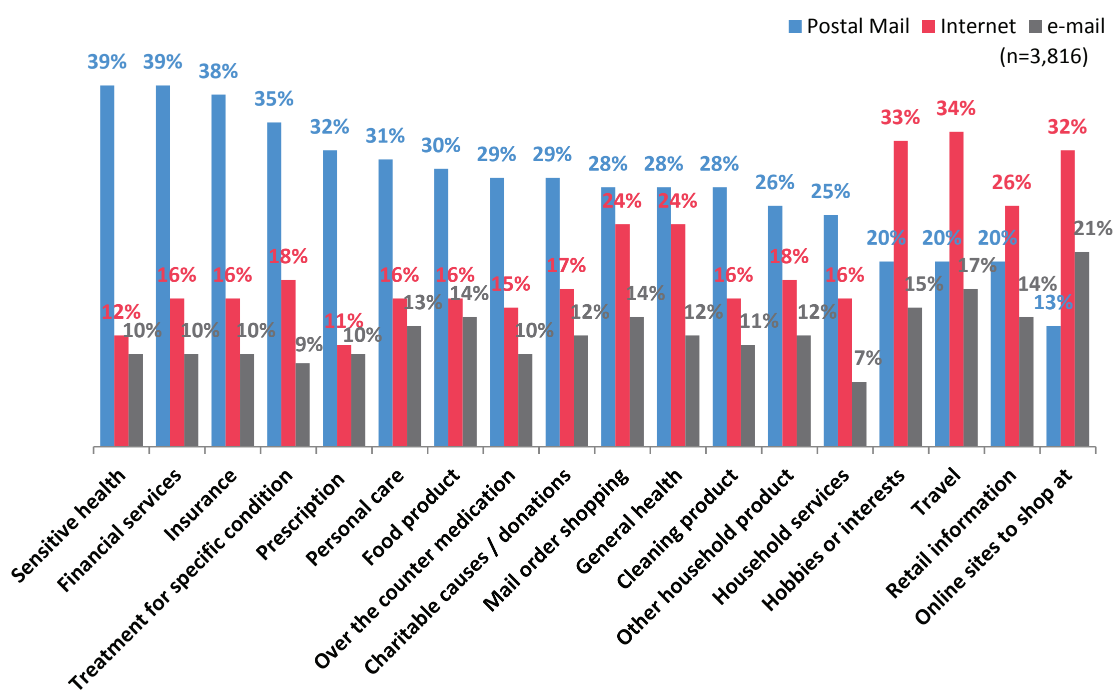
Our Love of Postal Mail

Marketers can take advantage of consumers' resurgence and interest in receiving postal mail to help differentiate their offers and grab consumer attention to increase sales. In a digitally-focused world, a majority of consumers still prefer postal mail for a large portion of their multichannel diet when it comes to receiving information.

Stated Preference for Receiving Information (US)

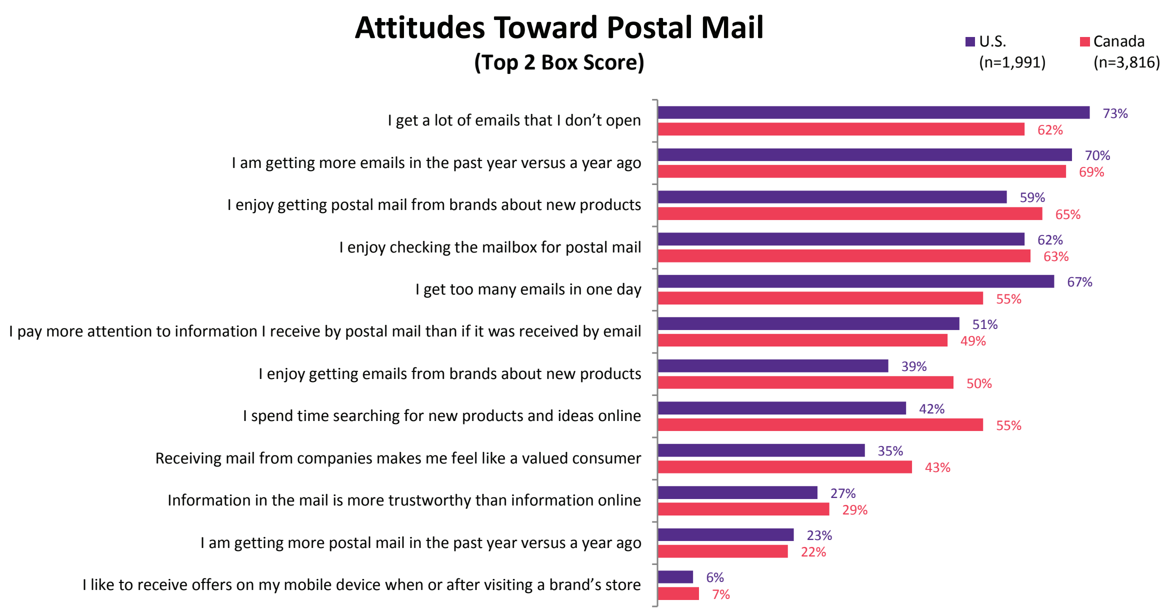


Stated Preference for Receiving Information (Canada)



Like many campaigns our clients have executed, a multichannel approach is usually warranted and necessary, but the channel used should match consumer preference. When we explored why email and postal mail had preference, we continued to see a theme regarding volume and relevancy. As for variations between email and online preferences, we found over 60% of U.S. and Canadian survey respondents agreed with the following statements (based on the top two scores on a five point survey):

- I get a lot of email that I just don't open
- I am getting more email now versus a year ago
- I enjoy getting postal mail from brands about new products
- I enjoy checking the mailbox for postal mail

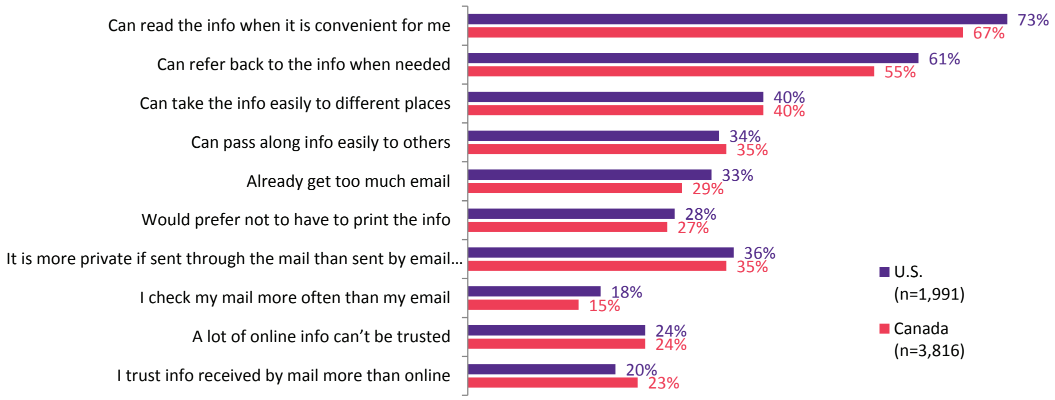


Many respondents still agree they get a lot of email they just don't open. This is a strong trend that continues each year in our study, now common among 73% of Americans and 62% of Canadians. Additionally, many feel as though they receive too many emails in one day, 67% of Americans and 55% of Canadians. While the trends have not changed significantly in 2012 versus 2011, it's important to note that these preferences and reasons have remained consistent.

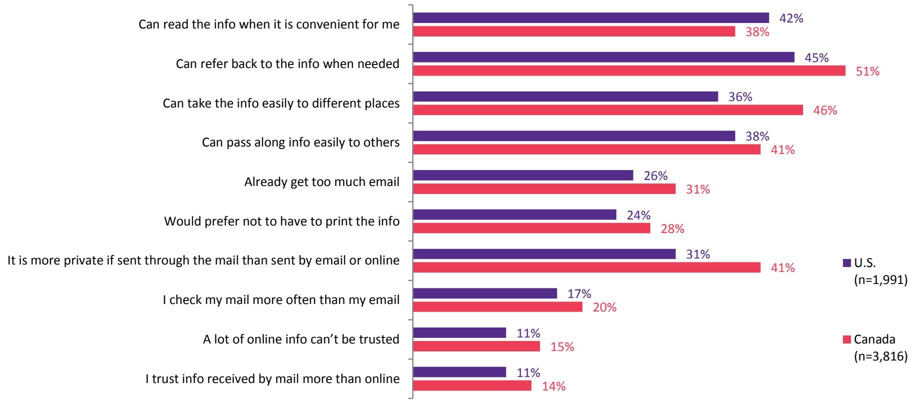
Our research showed consumers value postal mail when learning about household products and are becoming more emotionally connected to direct mail year after year. Consumers may like receiving postal mail because they are getting more emails than ever.

In Canada, among those that indicate the main reason for an increase in postal mail, 43% of respondents signed up to receive information, while 20% of Americans in this group signed up to receive information. Shifting away from direct marketing to email due to the perceived cost advantage may not be saving much money if emails aren't targeted and therefore remain unopened. Instead, it is likely that the lack of relevancy demonstrates to consumers that marketers do not know them. This reduces their trust in the company, which ultimately reduces sales.

Reasons for Preferring Postal Mail Over Email/Online



Reasons for Preferring Email/Online Over Postal Mail



Women and Men Share Similar Trust in Sources

Our 2012 study explored gender differences and found the biggest difference between men and women in how they gather information. Women are more trusting of friends and family compared to men (55% versus 47%) or mail/brochures (19% women versus 13% men). Women also prefer addressed or unaddressed mail for obtaining information. Specifically, we see women aged 18 to 24 with incomes under $50,000 using more direct mail as an information source.

Overall, brochures, flyers and direct mail are seen as a more trusted way of obtaining information compared to email (10% U.S. and 11% Canada). Based upon agreement with reasons for preference, Canadians where significantly higher for identifying mail as a more trustworthy source of information than email and online, while the U.S. is significantly higher for liking mail because it can be read when convenient.

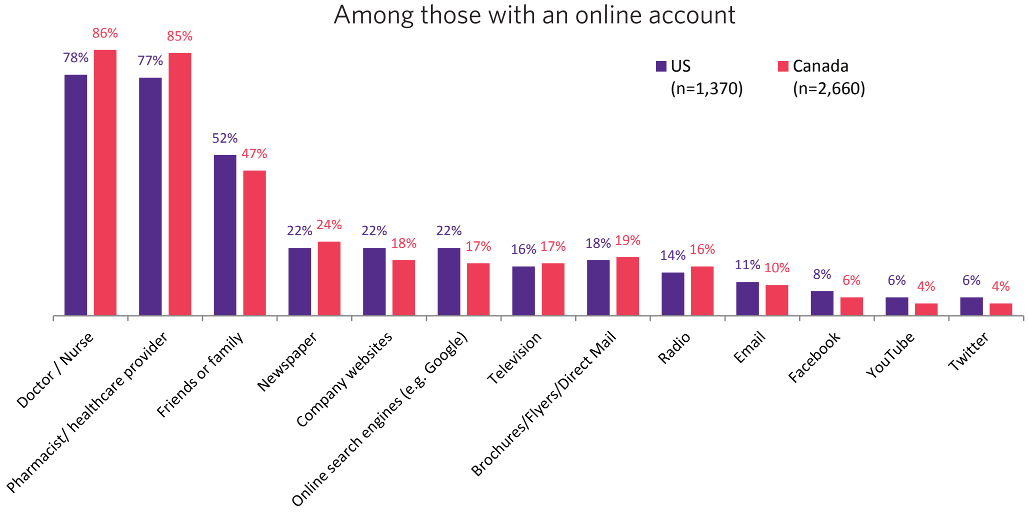
Top 10 Most Trusted Sources

(Based on top 3 box scores of 10 point scale)

	U.S.			Canada		
	Total (n=1,991)	Female (n=1,067)	Male (n=902)	Total (n=3,816)	Female (n=1,936)	Male (n=1,831)
Doctor/Nurse	79%	80%	77%	85%	87%	81%
Pharmacist or other healthcare provider	77	80	75	84	87	80
Friends or family	51	55	47	46	50	42
Newspaper	23	23	22	23	22	23
Company websites	20	23	18	16	17	15
Online search engine (e.g. Google)	20	21	19	16	16	16
Television	16	18	14	16	17	16
Brochures, flyers, direct mail	16	19	13	18	19	16
Radio	14	15	14	15	15	15
Email	12	14	10	10	11	8

Channel / Media Trustworthiness

Among those with an online account



The least trustworthy sources of information are Internet sites such as YouTube, Twitter and other social media (e.g. MySpace), even among those who have an online account with one of these sites. This finding is interesting given family and friends are a top source for information, and many users interact with their family and friends on social sites. This may be because the originator of information is not guaranteed.

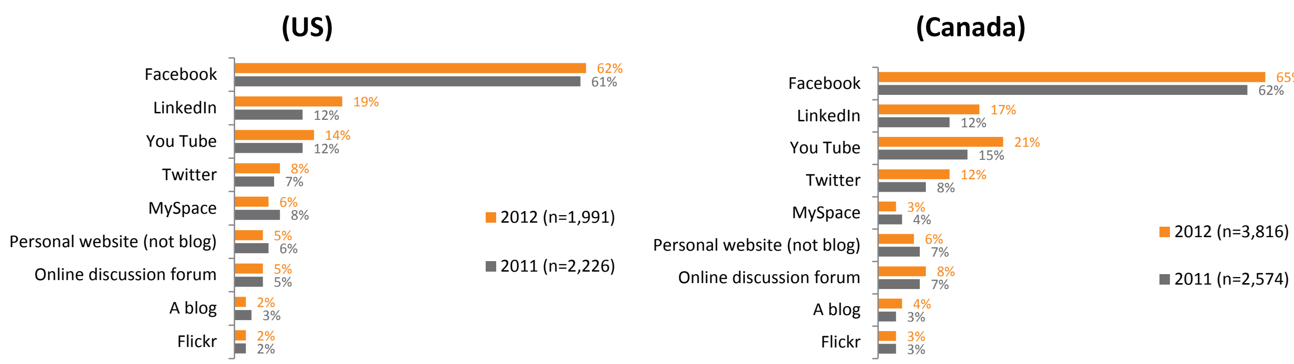
SoLoMo

One of the most prominent themes across the marketing industry over the past two years has been the emergence of SoLoMo (social, location and mobile). Our 2012 survey explored these channels with an additional perspective on consumer device as well as participation in location-based marketing.

Social Media

Social media can be a valuable tool in a multichannel marketing approach. We continued to see social media growing at the expense of other channels and with shifts in the social landscape. While two-thirds of Americans and Canadians have a Facebook account, social media trustworthiness is still developing as less than 10% rate one of the social sites mentioned as a top trustworthy source (as referenced previously in our report). LinkedIn has seen stronger growth in 2012 versus 2011 in the U.S., moving to second place in likelihood of having an account. In Canada, YouTube assumes the second-place position and more of the population has a Twitter account.

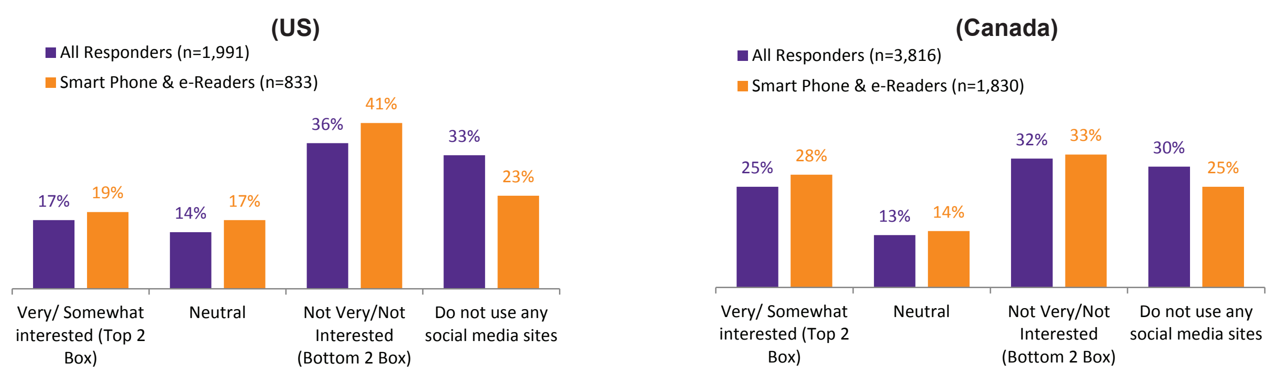
Incidence of Having an Account with Social Media



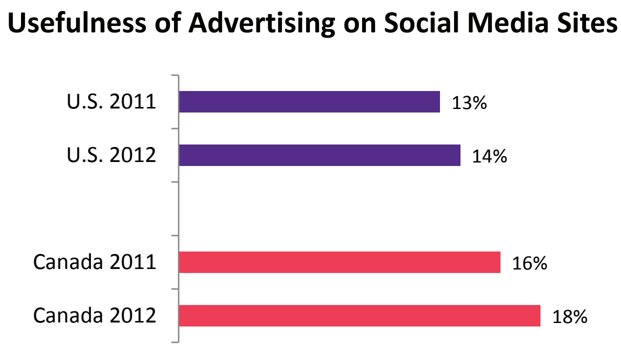
In addition, a small proportion of survey respondents are interested in receiving offline communications and offers, such as direct mail, from "Liked" brands. Interest is higher in Canada with 25% and 17% in the U.S. of respondents wanting to receive offline communications, which supports the year over year trends we have seen with Canada as a nation more adoptive of social media when compared to the U.S.

As we look at the impact mobile devices have among receiving communications from Liked brands, we notice only very slight differences that would put more social media interest with tablet and e-reader users compared to the general population.

Interest in Receiving Offline Comunications from "Liked"/Visited Brands



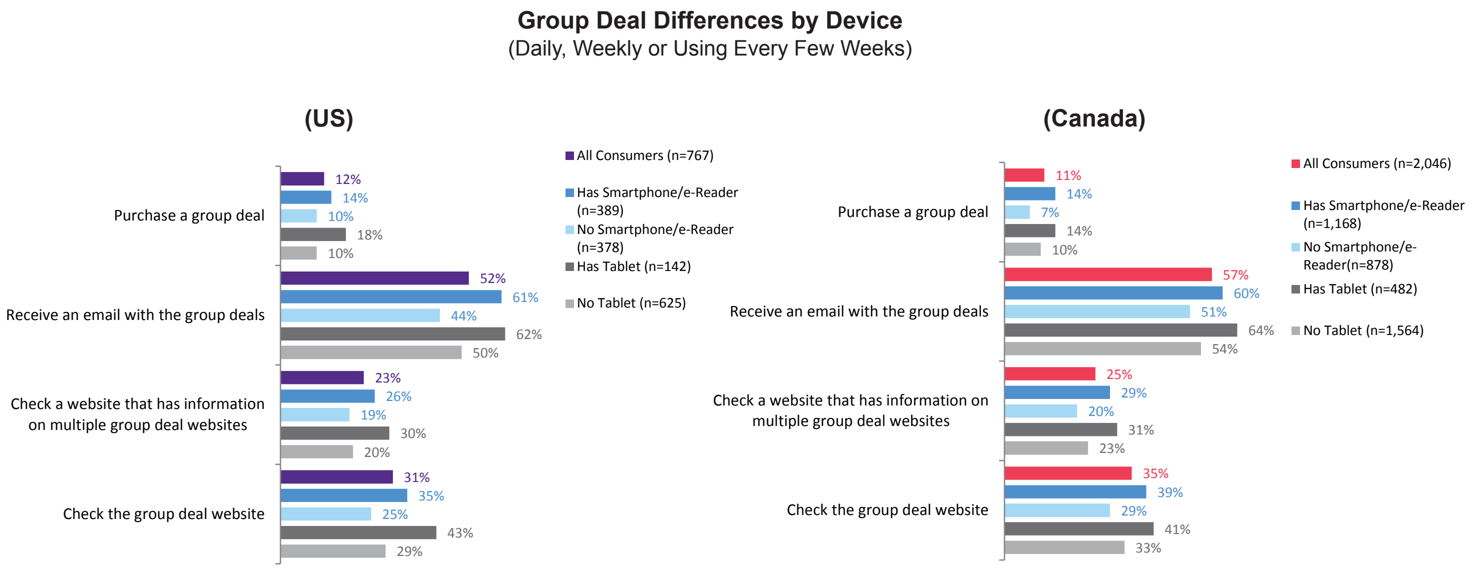
Last year we evaluated the impact of social deal sites and observed low participation as it relates to frequency of engagement and purchasing, plus usefulness of social media advertising. While the ultimate proof is in the campaign click-throughs, consumers still have a relatively low level of agreement on perceived usefulness of social media advertising.



Top 2 Box agreement with advertising being very/somewhat usefull
(n=1,991 U.S., 3,816 Canada)

This year, social deal sites continued to present a weak level of participation in terms of purchasing from a site on a daily, weekly or every few week basis. When we compare this among mobile device users, however, we noticed some more compelling differences between those technology adopters.

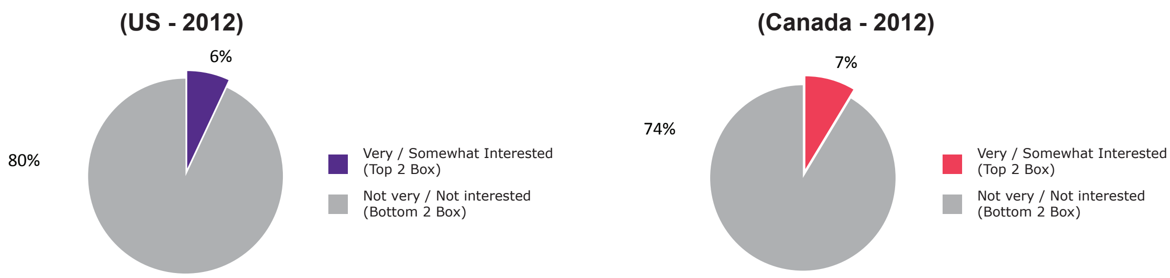
Since group deal awareness in the U.S. is 40% greater among mobile and/or e-reader and tablet users, and in Canada 40% greater for mobile and/or e-readers and then 20% for tablets, compared to those without a mobile device, it would be wise for group-deal marketers to ensure a focus on this population.



Location and Mobile Marketing

We found consumers aren't quite ready to embrace the concept of location marketing as it relates to receiving an offer on their smartphone after or during a visit to a retailer. Location based media appears to have more allure among a small population than it does consumers as a whole as 80% of U.S. consumers aren't interested in receiving digital offers during or after a visit to a store. One way marketers could apply location marketing to a multichannel approach in an inviting and less intrusive manner is to develop an opt-in location marketing database.

Interest in Receiving Offers on Mobile Device Upon Visiting a Store



Based on a Five Point Scale (n=1,991)

Based on a Five Point Scale (n=3,816)

Our 2012 Channel Preference Study also found 40-50% of U.S and Canadian smartphone and/or e-Book readers are likely to prefer digital channels than non-device owners. In the U.S., this translates to these mobile device users being 20% less likely to prefer print channels. For most consumers, the digital channels aren't the most preferred, but there is a group of consumers who would like to receive marketers' offers online. Marketers will need to further segment these target markets by device ownership or stated preference to deliver messages.

Preferred Mode of Receiving Various Types of Information Among Consumers Who Posess a Device (US)

	Addressed Mail					eMail					Internet/Online				
	All Consumers - Mail (N=1991)	Has Smartphone/ e-Reader (N=835)	Has Tablet (N=284)	No Smartphone/ e-Reader e-Mail (N=1158)	No Tablet - Mail (N=1707)	All Consumers - eMail (N=1991)	Has Smartphone/ e-Reader (N=835)	Has Tablet (N=284)	No Smartphone/ e-Reader e-Mail (N=1158)	No Tablet - eMail (N=1707)	All Consumers - Internet (N=1991)	Has Smartphone/ e-Reader (N=835)	Has Tablet (N=284)	No Smartphone/ e-Reader e-Mail (N=1158)	No Tablet - Internet (N=1707)
Sensitive health	40%	37%	37%	42%	40%	8%	9%	12%	7%	7%	11%	13%	14%	10%	11%
Treatment for specific condition	36%	32%	32%	38%	36%	7%	9%	11%	6%	7%	17%	21%	19%	15%	17%
Prescription	33%	29%	27%	36%	34%	9%	11%	13%	7%	8%	11%	14%	17%	8%	9%
Mail order shopping	30%	29%	27%	31%	31%	11%	13%	17%	10%	10%	21%	24%	26%	19%	20%
Financial services	34%	34%	35%	34%	34%	7%	9%	11%	6%	7%	13%	15%	18%	11%	12%
Insurance	31%	30%	31%	32%	31%	7%	9%	10%	6%	7%	14%	16%	17%	13%	14%
Food product	25%	21%	22%	27%	25%	9%	10%	12%	8%	9%	15%	19%	22%	11%	13%
Personal care	24%	22%	23%	27%	25%	8%	10%	13%	7%	7%	14%	18%	20%	12%	14%
General health	26%	21%	20%	29%	27%	9%	11%	13%	8%	9%	22%	27%	29%	19%	21%
Charitable causes / donations	25%	23%	21%	26%	26%	8%	9%	10%	7%	8%	13%	17%	21%	10%	12%
Cleaning product	20%	18%	17%	22%	20%	8%	9%	12%	7%	7%	14%	18%	20%	11%	13%
Retail information	20%	18%	16%	21%	20%	11%	14%	18%	9%	10%	22%	28%	29%	18%	21%
Hobbies or interests	19%	16%	15%	21%	20%	13%	15%	17%	11%	12%	26%	33%	34%	22%	25%
Household services	18%	16%	15%	20%	19%	6%	8%	11%	4%	5%	11%	14%	17%	9%	10%
Travel	17%	16%	14%	18%	18%	12%	15%	18%	10%	11%	32%	40%	42%	27%	31%
Online sites to shop at	12%	11%	10%	12%	12%	19%	22%	25%	17%	18%	32%	37%	39%	28%	30%

U.S. tablet users like the convenience of their device and emails and are 50%-60% more likely to prefer receiving information via email and the Internet, respectively, compared to those without smartphones or e-readers. Canadians follow a similar trend with 20-40% more likely to prefer receiving information via email and Internet.

In 2012, we observed that cellular device usage hasn't changed much from 2011. Local calls remain the most dominant use, while texting also remains strong among weekly or daily use of cell phone devices. For 2012, we started exploring the use of phones to capture QR codes and identified only 3% of the population participating in this activity, a small proportion that coincides with the small population who also valued receiving location-based mobile communications.

Daily or Weekly Use Among Cellular Devices

	U.S. (n=1,9111)	Canada (n=3,816)
Local calls	77%	67%
Receive and access voicemail	50	33
Text messaging - locally	45	50
Receiving/sending email	21	26
Camera	21	24
Web browsing/surfing	17	21
Get coupons	7	7
Brochures, flyers, direct mail	16	19
Receive info about group coupon site deals	7	8
Scan QR codes/Quick Response Codes	3	3
International calls	2	4
Text messaging - internationally	1	5

The Implications for Marketers

- Consumers want to be communicated with intelligently. They want to receive relevant information and valuable content
- Know consumer propensities, interests and channels of interest
- Build trust with consumers by providing relevant offers. Consumers are interested in receiving and delivering the offer using their preferred channel
    - Women prefer to be educated about products and services with direct mail, either addressed and unaddressed to them. Send them information to introduce them to your product or service
    - Despite men preferring to get information via email, they trust direct mail more as a reliable source. Integrate your direct mail, social media and email campaigns
- Target social deals to mobile device users, since their awareness is much greater than non-mobile device users
- After consumers trust the source of the offer, they will be open to receiving offers using other channels. This creates an opportunity to grow your online database
- SoLoMo is a slowly evolving channel for consumers. Make it a part of your multichannel approach

As consumer channel preference continues to evolve, marketers need to integrate the various sources consumers turn to when seeking brand and product information. Two to three channels are the most common way to communicate and build trust with a consumer. A decline in social deals is most likely the result of more emails going unopened due to the large number of messages sent and the lack of a relevant offers. Marketers need to know their audience, know what channels matters to them, make the offer/message personal and relevant to see an increase responses to their offers.

About the Methodology

This report on channel preferences for the receipt of marketing information is based on the completed responses of 1,991 U.S. and 3,816 Canadian consumers to an online survey conducted in June 2012. The survey is representative sampling of U.S. and Canadian consumers. A 15 minute questionnaire was presented to respondents 18 years of age and older. Statistical significance is calculated at the 95% confidence level. Epsilon now has completed four surveys on the topic of consumer channel preference to generate trending data. The June 2012 research was preceded by an initial study in February 2008. That effort was updated in February 2010 and again in August 2011.

About Epsilon

Epsilon is the global leader in delivering direct-to-customer connections that drive business performance. Epsilon's integrated solutions leverage the power of rich transactional and demographic marketing data, strategic insights, analytics, award-winning creative and robust digital and database marketing technologies to connect brands with consumers both online and offline, increasing engagement to generate measurable marketing outcomes. Founded in 1969, Epsilon works with over 2,000 global clients and employs over 3,500 associates in 37 offices worldwide. For more information, visit **www.epsilon.com**, follow us on Twitter **@EpsilonMktg** or call 1.800.309.0505.

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