



Unpredictable me: Messaging apps as a customer communications tool



Introduction

Simple and straightforward communication is a key component of delivering an exceptional customer experience. Messaging apps offer simple communication at little to no cost, and the number of people using these apps is significant – the top-two apps worldwide are Facebook Messenger and WhatsApp, each with approximately 1 billion active users and growing.¹

1. <https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/>

Messaging apps also allow for a “*continuous thread between customer and brand, unlike the disjointed experience of email...this difference makes follow-up conversation easier and more natural, increasing the opportunities to cross-sell, encourage sharing, solicit input, and flow seamlessly between commerce and support*”² Given this, it would appear to make sense for companies to offer customers the option of using messaging apps as a means of communication equivalent to email, phone, and SMS.

This paper investigates the potential for messaging apps to be used as a communication channel between companies and their customers.

The potential for messaging apps as a customer communication channel

There are two primary aspects to consider when assessing the potential for companies to use messaging apps as a customer communication channel, namely:

- (i) The willingness of customers to use messaging apps as a communication channel with companies, and
- (ii) The technical challenges associated with the use of messaging apps as a secure customer communication channel



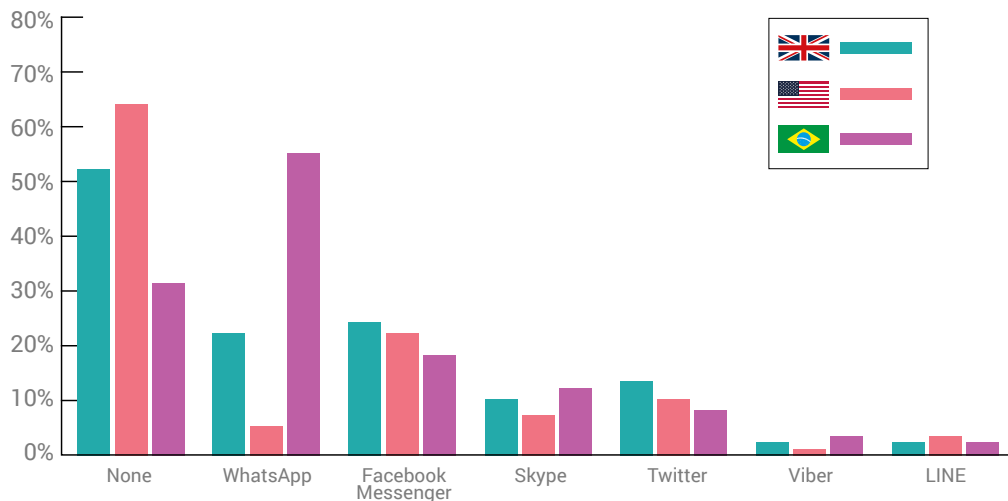
2. <https://hbr.org/2016/09/messaging-apps-are-changing-how-companies-talk-with-customers>

The willingness of customers to use messaging apps

In order to establish the willingness of customers to use messaging apps, ContactEngine commissioned two studies on customer preferences in each of the UK, USA, and Brazil. The first study asked which messaging apps individuals would like to be able to use to contact a company that they are a customer of, and the second asked which messaging apps individuals would like companies that they are a customer of to be able to use to contact them. The results are shown in Graphs 1 and 2, and it is notable that the sentiment towards messaging apps is consistent regardless of whether the direction of communication is inbound (customer to company, Graph 1), or outbound (company to customer, Graph 2).³

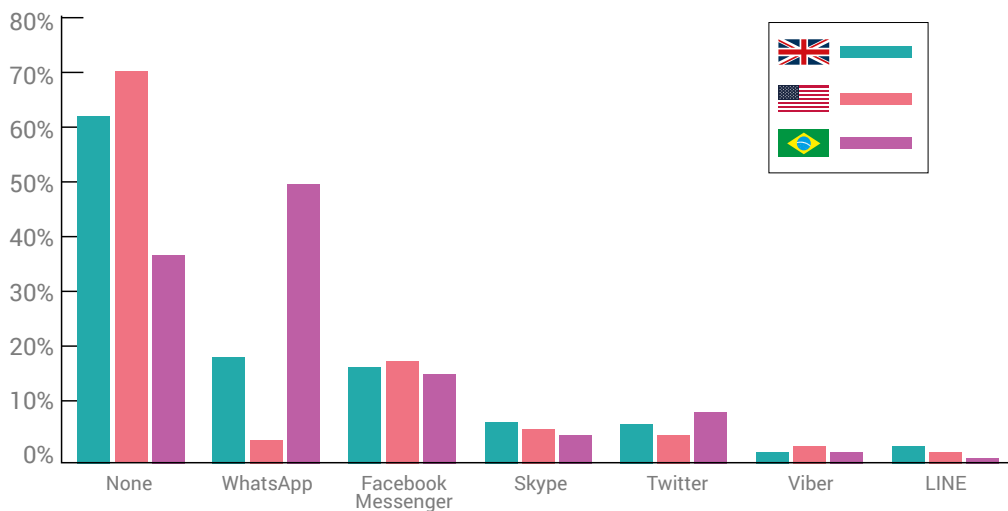
Graph 1

Which of the following messaging apps would you like to be able to use to contact a company that you're a customer of



Graph 2

Which of the following messaging apps would you like a company that you're a customer of to be able to use to contact you?



There are three primary findings from the ContactEngine study, which are discussed in the sections that follow.

3. The participant population was different for each study question – the same person did not answer both questions.

Brazilian participants more willing to use WhatsApp as a communication channel

Brazil is an anomaly in terms of how participants responded to the use of WhatsApp as a communication channel, with around 50% of participants stating they would use it. This observation is consistent with a previous ContactEngine study from October 2016, which found that WhatsApp was the second-most popular method of contact with a company after mobile.⁴

The anomaly in Brazil can be explained by a relatively straightforward economic difference between Brazil and the UK/US that existed at the time WhatsApp was introduced in 2009 – prior to the introduction of WhatsApp, SMS in Brazil was prohibitively expensive compared to the UK and US. As WhatsApp offered a mobile-based communication method at far lower cost than SMS in Brazil, its uptake was rapid and it grew into the primary mobile communication method in the country. It further evolved into a business communication tool that facilitated two-way communication with consumers.⁵

The findings from Brazil show that WhatsApp is certainly a viable customer communication channel for companies, but, when combined with findings from the UK and US, it is clear that the conditions need to be right in order for it to be successful.

Majority of UK and US participants unwilling to use messaging apps

The ContactEngine study shows that the majority of UK and US participants are unwilling to use messaging apps as a communication channel, an observation consistent with the results of a previous ContactEngine study from October 2016, which found that less than 10% of UK and US participants would share Facebook Messenger, WhatsApp, or other social media details with a company.⁶

It is notable that, excluding WhatsApp, the relatively low number of positive responses to the use of messaging apps was broadly consistent across the UK, US, and Brazil. This can likely be attributed to the fact that WhatsApp is already a well-established customer communication channel in Brazil, unlike the other messaging apps featured in the study.

A recent KPMG report provides insight as to why people may be reluctant to use messaging apps, with the Global Privacy Lead at KPMG stating that *“it is clear that, more than anything, consumers value privacy over convenience”*.⁷ Messaging apps certainly provide convenience, but users may not (i) trust the providers of those apps when sharing sensitive data with companies (note that this is an issue with the message service provider rather than with the company itself), and/or (ii) not want companies to view or intrude on their social media accounts. An additional possibility is that messaging apps in their current guise do not provide customers with any additional benefit over and above the communication methods available to them currently (SMS, phone, email, online chat, etc.). Further research is required to test these hypotheses, and to understand fully why the use of messaging apps as a communication channel with companies lacks appeal currently.

4. <https://surveys.google.com/view?survey=ezejewtzjbnxcaeh5ukrraigku&question=1&filter=&rw=1&org=>

5. <https://hbr.org/2016/04/the-rise-of-whatsapp-in-brazil-is-about-more-than-just-messaging>

7. <https://home.kpmg.com/uk/en/home/media/press-releases/2016/11/brits-trust-banks-more-than-social-media-companies.html>

Whatsapp and Facebook messenger may have potential

In the 18-24 age bracket of UK participants, 'none' received the highest number of responses, but, unlike other age groups, it was not a statistically significant majority because WhatsApp and Facebook Messenger were a close second and third. US participant responses for 18-24 year olds were similar, with 'none' receiving the highest number of responses, but again it was not a statistically significant majority due to Facebook Messenger being a close second.

These results provide an indication that younger customers are potentially more open to using Facebook Messenger and/or WhatsApp as a communication channel with companies compared to customers in older age groups. However, as the overall response indicates that messaging apps lack appeal to customers, it does not appear that companies are missing out by not offering such apps as a communication channel at this stage. This does not mean, however, that messaging apps should be ignored – the trend in customer appeal should be monitored closely over time for changes.



Technical challenges of messaging apps

A vast amount of information is transferred on social media every day, and *“clear indications from marketing science underline how [social-media] chatter affects sales, brand health, and even stock performance”*.⁸ It is no surprise, therefore, that companies now actively engage in social listening to understand customer sentiment towards their brand and products – this has even extended to photo recognition, whereby photos posted on social media are analysed to identify brands and determine what that photo says about the brand.⁹ Being able to gain such insights from social media is clearly valuable to companies, and it has been noted that *“all the major social platforms now have messaging components, and it’s only a matter of time before they figure out how to make that data available to businesses for marketing purposes”*.¹⁰ This would have important ramifications for the use of messaging apps as a communication tool, and highlights two key challenges – data privacy and security.

8. <https://hbr.org/2016/08/to-get-more-out-of-social-media-think-like-an-anthropologist>

9. See <http://dittolabs.io> for example

10. <https://www.fastcompany.com/3054347/the-future-of-work/5-trends-that-will-change-how-companies-use-social-media-in-2016>

Examining a hypothetical situation of a customer using Facebook Messenger to communicate with companies helps to articulate the data privacy and security challenge. Suppose that customer used Facebook Messenger to arrange a home-delivery of a new TV, which necessarily involved confirmation of the address to deliver the TV to. That address now exists within Facebook Messenger's data and is associated with the customer's name. A couple of months later, that same customer arranges a holiday via Facebook Messenger, which would necessarily include confirmation of when that holiday would be, or, more to the point, when they would not be at home. That information now also exists within Facebook Messenger's data and is associated with the customer's name. At the very least, Facebook would be able to connect the dots, but if that data can be accessed by third-parties for marketing purposes (or even hacked), then there is a potential risk of the same data being used for unscrupulous purposes.

Companies that used Facebook Messenger in this way, or any other messaging app, could suffer significant reputational and trust damage from any data breach, and, as noted by PWC, *"trust can be lost quickly in the digital age"*.¹¹ Furthermore, it is unclear who would own the record of that conversation – the individual, the company, the provider, or all three.

In addition, there are more fundamental technical challenges to overcome before companies can even use messaging apps in the same manner as the hypothetical situation set out above, which are primarily permissions-related – the company would need to get permission from the customer to use messaging apps, and this would require revised terms & conditions with customers. Even if the customer has accepted the terms & conditions, a further challenge exists in terms of how a company can ensure that they have correctly identified the customer on the messaging platform prior to sending outbound communications, which is vital if that communication is to include potentially sensitive information.



11. <http://www.pwc.co.uk/governance-risk-compliance/insights/the-future-of-social-media-and-the-need-for-trust.html>

Conclusions

As noted in the introduction to this paper, messaging apps offer simple communication at little or no cost to customers and companies alike. Despite this benefit, messaging apps appear to lack appeal to customers as a means of communicating with companies currently. There are a number of plausible explanations for this, and further research is required to validate those explanations, but the underlying point is arguably very simple – messaging apps do not offer currently a perceived benefit greater than existing communication channels with companies such as email, phone, and SMS. If companies do wish to use messaging apps to communicate with customers, then there are two key hurdles to overcome:

- **Data privacy and security**

Companies must be able to provide assurance to customers that the information transferred over messaging apps is safe and secure, and companies should also understand fully how the messaging service provider handles that data, e.g. if it is passed on to third parties for marketing purposes

- **Perceived benefit**

The perceived benefit of messaging apps must be greater than existing communication channels for customers. To make apps more appealing will likely require extending their use beyond simple communication. For example, enabling a company to notify a customer of a new product and for that customer to reserve or buy it simply by replying to the message. Indeed, WeChat, the Chinese messaging app, already has e-commerce built into it, and it is widely used¹²

12. <http://www.wsj.com/articles/the-future-of-texting-e-commerce-1451951064>



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About

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ContactEngine is the next generation Customer Engagement Hub technology that enables brands to proactively engage customers in AI-driven conversations to fulfil business objectives. ContactEngine automates outbound customer engagement across all channels and generates unique insights into the changing patterns of communication by applying demographic and intent analysis, linguistics and ground-breaking artificial intelligence principles to millions of raw data. ContactEngine transforms the way global brands engage with their customers - saving brands millions and making their customers happier.

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