Marketing’s New Frontier

The convergence of mobile web and app
INTRODUCTION

Consumers today live on their mobiles, with more than half of UK smartphone users (53%) checking their devices within five minutes of waking.*

Over half of smartphone owners regularly use their devices on public transport, at work and while shopping, according to Deloitte. And the younger a consumer is and the faster their network, the more likely they are to use their phones as they go about their day.

These quick glances add up collectively. UK consumers check their smartphones over a billion times a day.

As mobile becomes their most important medium, it’s unsurprising that brands are following them there, delivering experiences increasingly developed for mobile.

But even as brands are finally making the move to a mobile-first approach, a new challenge has reared its head: the converging app and mobile web experience.

Marketers have to create a more personal and engaging app experience but also prepare for when web and mobile merge into a more fluid system, centred on content and discoverability, rather than friction and discrete downloads.

With apps becoming as accessible as web browsing and the mobile web becoming richer and as experiential as apps, what impact will this have on marketers’ engagement with their consumers and how must their strategy evolve?

This report aims to explore why this convergence is happening and how that affects both marketers and consumers. It will look at what marketers need to know to stay ahead of the convergence, what other parts of the ecosystem are impacted and what the future for mobile web and app convergence might be. Brand, agency, technology and mobile specialists have helped compile this report.

* Deloitte UK Mobile Consumer Survey 2015
The smartphone has had a major social, political and cultural impact and has changed the way people reach their friends, obtain data and media, and share their lives.
THE LANDSCAPE

In 2015 smartphones overtook the laptop in UK consumers’ minds as the most popular device for getting online, according to Ofcom. As of August 2015, two-thirds of the UK population now own a smartphone, using it for nearly two hours every day to browse the internet, access social media, bank and shop online.

In the United States smartphone use has dramatically risen, with 68% of adults owning a device, an increase of almost 100% since 2011, when just 35% of adults owned such a device, according to a recent Pew Research Center report. “[The smartphone] has had a major social, political and cultural impact [and] has changed the way people reach their friends, obtain data and media, and share their lives,” the report noted.

And the fast-growing Asia-Pacific region boasts more than 1 billion smartphone users, with China—the world’s largest smartphone market—showing signs of maturing.

As Jerald Singh, head of mobile product at Expedia, says: “Mobile devices are becoming the preferred device for accessing the internet around the world [and] in some regions, the very first exposure a user will have to the Expedia brand will be via a mobile device.”

Simple put, the humble mobile phone can now legitimately claim to be the world’s favourite device, and increasingly our favoured way of getting online. And where the consumer goes, marketers will follow.

Singh says mobile is one of the “topmost” priorities for Expedia. “With the growth we are seeing and the trends in the marketplace, it is a significant part of our digital strategy.”

So too for Booking.com, whose chief marketing officer Pepijn Rijvers says that the majority of new traffic from search engines is coming on mobile. The majority of its engineering investment is now on mobile over tablets or the desktop.

Meanwhile, the New York Times issued a memo in October 2015 outlining the scale of its digital ambitions. “Over the next few years, the battle is going to be won or lost on smartphones,” the memo said. “This continues to be our biggest area of focus in every part of the organization. But longer term, we have to build a flexible organisation that can respond quickly to future changes in technology and user behaviour.”

Scott Stanchak, the NYT’s managing director, mobile marketing strategy, beta and emerging platforms, says that it has heavily invested in its mobile teams over the past two-and-a-half years—with some considerable success.

Yet ever since Steve Jobs launched the first iPhone in 2007 there has been a fight for who “owns” this most personal of spaces and smallest of screens—is it apps or the mobile web?

MarkETING’S nEw FronTIEr: The convergence of moBile-weB and app
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The divide between apps and the mobile web has been the cause of much debate in the mobile world for the past few years.

Measurement firm comScore’s report on mobile usage and user behaviour shows that cross-platform usage is growing but there was a divergence between reach and engagement. The desktop and mobile web have greater reach, but a small number of apps command nearly all engagement. In fact, 62% of all digital media time is now mobile; nearly 90% of that is in apps.

Roughly 80% of smartphone app time is spent with users’ top three apps, though people typically engage with 25 apps per month.

As Libby Robinson, M&C Saatchi Mobile’s EMEA managing director, notes: “Mobile users still predominately spend more time in-app than on mobile web, however consumers are spending more time in few apps — they are being more selective than ever about which apps they choose to share their private information with.”

Round one, it would appear, has gone to the app. Yet the truth is a little more nuanced: half of all time spent on smartphone apps occurs on the individual’s single most used app. And

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Meanwhile, the mobile web has a much larger audience, though one that’s much less engaged — comScore characterises it as “a mile wide and an inch deep”. There is a lot less time spent on the mobile web than there is in the world of apps, but there are more unique people making more different visits.

And Morgan Stanley suggests that mobile browser audiences are twice as large than app audiences and growing faster. The browser drives more traffic because consumers are highly selective about apps.

It characterises the browser as the ultimate mobile app and cites its own research and comScore data for the proposition that “US mobile browser audiences are two times larger than app audiences across the top 50 mobile sites and have grown 1.2 times faster over the past three years.”

Only 12 of the top 50 US mobile sites — including YouTube, Instagram, Snapchat and Pinterest — have larger app audiences.
DIVERGENT USES OF MOBILE WEB AND APP

Peter Dolukhanov, co-founder of mobile specialist agency Nice, says times are changing and that mobile web has once again shifted the debate. “Almost all of our clients will ask whether to focus on native app or the web. Just two or three years ago I would have told them to stay away from the web. It was still immature and offered a bad user experience. Now things are changing.”

Key among these are advances in HTML5 technology, bigger, better and smarter devices and increased access to 4G and secure on-the-go WiFi.

“There is an obvious difference between mobile app and mobile web,” says Robinson. “For marketers working with those differences it can be a tricky proposition. To start with, both of the environments were made for entirely different purposes – terminology is different, tools are not directly compatible and tracking is complicated and inconsistent.”

The in-app ecosystem is intrinsically more complicated than mobile web chiefly due to the lack of cookies in app which has meant that alternative identifiers need to be used in order to track and analyse campaigns. This is achieved via specialist measurement partners that have evolved within the advertising ecosystem.

Again, Dolukhanov says: “With apps it is a more personal experience. You download the app and ‘own’ it.” He says it is like being ‘in-store’.

“For me, apps still edge ahead as you can build a better experience from a personalisation and push marketing perspective. It is a one to one experience.”

Dan Bishop, director of digital marketing, Experian Consumer Services concurs. His team has just launched a new free app product in the US on Android and, soon, iOS, that allows people to see their credit report and scores.

“As we sit today the app experience is far better than the web experience. But over the next 18 month the likes of Google especially are working on ways to make the mobile web better.”

Yet does it still make sense for apps to be at the centre of a strategy when it is increasingly challenging and expensive to first acquire, and then retain, app users?

Bishop continues: “You have got to build a great product because those reviews really matter, and really think through design and UX aspects. You have to think about the app store listing, and remember the differences between Google and iOS.

“It is about driving installs, but today it is about the ‘qualified’ install – about that person who not only downloads an app but opens it.”

Expedia’s Rijvers says: “It is not only very difficult for people to download your app, but also to make them use it.”

Yet loyal users – particularly frequent travellers - are rewarded with a richer experience, and a more integrated personal journey. “If you use the app we know your account details, such as who you are, your previous browsing history and bookings – and we know your current location,” he adds. “The data you give us during the session is used to tailor your experience – whereas on the mobile web you would see a very different starting screen.”
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Pepijn Rijvers, chief marketing officer, Booking.com
AND THE SO CALLED RISE OF **APP-NESIA??**

Max Macintosh, specialist agency head at Google, points to a phenomenon the search giant calls ‘App-nesia’. Together with Ipsos it conducted research exploring why downloaded apps were being forgotten by people. The research encompassed 1200 consumers and included apps spanning three categories – shopping, restaurants and takeaways, and travel and holidays.

It revealed that one in five apps are installed and then simply forgotten by users. However, the research also underlines why apps are so valuable in a brand’s mobile armoury. Almost half (47%) preferred to use an app when they wanted information quickly, compared to 17% who prefer a mobile site. In contrast to a mobile site, an app is perceived as simpler, quicker and more personalised. It is also seen as useful for fast transactional tasks.

The NYT’s own view mirrors this. Stanchak says: “Apps are an effort. You have to go to the store and download, then you have to wait to open it. But it delivers ease of use and efficiency when you are there.”

As a subscription-based service the mobile web can be “a challenge,” he adds. “People don’t want to pull out their credit cards, but in app it is a one-click purchase.”

M&C Saatchi’s Robinson says that a well-designed and maintained app experience can also be a powerful CRM tool that allows for constant re-engagement with a loyal customer base. “Some businesses now view their app as one of their largest revenue streams as opposed to just an add-on,” she says. “Smartphones know everything about their owners and they are rarely more than a few feet apart at any time.”

Bishop agrees. He says that in-app marketing tools such as push notification have worked better for his business than email CRM campaigns. “It is about prompting for a review at a ‘moment of delight’ – and when we did this there was a direct correlation to the bottom line of our business.”

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IT’S NOT EITHER/OR - AND CONVERGENCE IS COMING

Macintosh says today’s marketer cannot afford to choose one channel over the other. “It is not an either/or debate anymore,” he says. “The mobile web is still increasingly important.” In fact, the strategic use of one can enhance the experience of the other, and vice versa. Yet one problem he sees is that of how businesses are set up – too many have separate teams or departments for the development of mobile web and apps, leading to a siloed approach.

Marketers must (in tandem) establish the pros and cons of each channel and deliver experiences suitable for both. The mobile web is great for new-user acquisitions and casual shopper experience. The app should aim to delight repeat customers and offer a better experience for high-frequency use.

Stanchak says: “It used to be that a mobile site was a stripped-down version of the desktop. Today the mobile experience, the web experience and the app experience are coming closer together but they are being designed in ways that make sense for the platform that the content is being delivered in.”

Singh says that his priority is making the content and services that exist on the desktop available on mobile. “Beyond that, there are some similar use cases between mobile web and app, therefore we have experience that deliver on those use cases across both platforms.”

In general, Expedia’s mobile web experience more closely resembles its desktop, whereas the app allows for a more unique experience. Over the past year it has doubled its conversion rate on the app, “significantly outpacing” other platforms because of its AB testing programme.

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To solve the in-app tracking problem, graph-based solutions such as are already appearing which compliment cookie-based tracking methodologies, which have limited efficacy in the mobile world.

Perhaps the biggest driver of convergence in 2016 will be being able to view search results for apps. Google Search now provides results for apps, having started indexing the content of apps a few years ago.

Continues Bruce: “In terms of app discoverability, Google search now surfacing results from in-app pages is a massive improvement, as is deep linking, which vastly improves the connectivity of apps.”

Up until last year, it only showed information from apps that had matching web content whereas now app-based content appears within mobile search results. App Indexing allows brands and publishers to add deep-linked content in an app to Google’s search index without the need to duplicate content on a traditional webpage.

Dolukhanov says that it is big news, and has important connotations for a new breed of companies who are not just mobile first – but app first and content heavy.

Yet don’t forget the power of the app store itself and the need to optimise key words here too, as consumers increasingly carry out ‘raw’ searches from within the store.
Another game-changer on the horizon could well be a consumer’s ability to see in-app content that points to a mobile app they don’t already have installed on their smartphone.

The next step in the journey is coming in the form of the ability to stream apps, rather than the obstacle of visiting an app store to install. Without this barrier, apps will take on a more web-like quality.

Google is trialing the ability to stream apps that run on virtual machines on Google’s cloud platform and respond to taps and touches similar to how native applications do. Says Macintosh: “It will almost mirror the functionality of an app.”

If that is rolled out – although experts point to the enormous expense of doing so, and potential bandwidth capacity issues – marketers will see an even deeper convergence of the two worlds. Suddenly the initial friction of hoping a consumer will search for, find and download your app is removed.

And being fast and frictionless is, according to Rijvers, increasingly important in an impatient world. “How weird that for some experiences you need to download before you enter into that online experience. There is no way in the future of mobile you should need to wait for the functionality to be delivered to you.

“Even if an app is as lightweight as possible it can still take seconds to load – and every extra second runs against consumer behaviour right now.”

He believes that downloadable apps don’t have a “great future” but that native functionality will have.
THE RISE OF MESSAGING APPS AND INVISIBLE INTERFACES

McDonald names another driver of convergence – the rise of Invisible Interfaces – “interactions that are so seamless and effortless you barely have to engage in order to transact”.

She points to Uber’s integration with platforms such as Google Maps or Facebook Messenger as prime examples. Facebook is trialing a service whereby users can order an Uber directly via Facebook Messenger where the user does not need to open the app to access its functionality.

Dick Filippini, a partner at Luma Partners agrees. He says: “We are hearing a lot of conversation right now about how brands use messaging on platforms. People are talking about chatbots and the rise of artificial intelligence in mobile communications.”

Facebook is investing much in its Messenger service, which has grown from 200 million monthly users two years ago, to 800 million today. It also owns WhatsApp with one billion users and is focusing on a commercial strategy giving consumers “tools that allow you to use WhatsApp to communicate with businesses and organisations that you want to hear from”.

Last year Dutch airline KLM approached a select group of Flying Blue customers to take part in a customer services trial via WhatsApp and marked the brand’s first foray into instant messaging, supplementing its social media channels.

The Tencent-owned WeChat allows even greater brand integration on its platform. WeChat has established itself as China’s go-to app by allowing users to do anything from chatting and posting to more complex interactions such as paying bills, managing their bank accounts and making doctor’s appointments.

Booking.com has recently released a new version of its Booking Messages interface, a chat-inspired communication platform that enables customers and accommodation providers to “effortlessly” connect with each other from the moment a booking is made. It is available to customers of both Android and iOS versions of the Booking.com app, as well as the web versions of Booking.com on desktop, mobile and tablet.

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DICK FILIPPINI, PARTNER, LUMA PARTNERS
CONCLUSION

THERE’S NO DENYING CONVERGENCE IS HAPPENING AND MARKETERS SHOULD THINK MOBILE FIRST

The mobile internet – whether delivered via browser or native apps – or a mix of both – is going to grow in importance as it is increasingly the way that consumers are surfing and researching.

It’s already the device of choice in markets such as the US and UK, and many parts of the world, such as parts of Asia and Africa have bypassed the PC revolution and gone directly to mobile. Marketers must follow.

Advances in HTML5, streaming, technology and handsets are expected to further drive convergence of the mobile app and web worlds. Measurement in mobile will continue to improve, as it will cross platform and device, though attribution remains a challenge.

Google’s Macintosh says the search giant itself is “building with a mind to mobile” and almost all its new ad formats are for the device.

Other savvy brands are moving to a mobile-first, future, and fast. As Stanchak notes one in five Millennials don’t have a desktop experience at all. “If you’re a traditional marketer, not marketing on mobile, then you are missing out on one-fifth of all Millennials.

He believes that there will come a point when marketers will stop thinking about mobile web and native app as separate propositions. “It comes down to the content – whatever form it takes or however it is delivered it has to be informative and enrich the lives of consumers. It is our job to figure out the best way to put that content out there to tell the best story.”

Convergence is coming but for the time being marketers must still focus on today. For many, it will be a strategy that encompasses both mobile app and web – although the focus and investment will be unique for every business.

For those looking for quick, one-time engagement, developing for the web browser may be your priority. For those focusing on the retention and regular engagement of customers then the app environment gives control, measurement and proven habitual activity.

The future’s bright, and it’s mobile.