Case Study

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Beep beep beep beep, that'll be the bank then — Driving sales through mobile marketing

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Received: 25 February 2005

Abstract

This case study describes how first direct is executing a mobile marketing strategy without increasing channel adversity to marketing messages. Their experience counters the myth that consumers of financial products and services do not want to be engaged in marketing conversations via their mobile phone. This paper outlines **first direct's** approach and provides insight and illustration with the use of case study materials.

Keywords: direct marketing, mobile marketing, e-commerce, financial services, multichannel, integrated campaigns

Who is first direct?

first direct is a member of HSBC Group, the global financial services organisation, selling bank accounts, mortgages, personal loans, credit cards and investments in the UK.

The bank does not have a retail presence on the UK high street, although first direct customers can use HSBC Bank branches for counter services and automated teller machines (ATM) to withdraw cash. Since its launch in 1989, **first direct** has sold financial products and services direct to UK consumers. The organisation utilises an array of direct marketing techniques to inform and engage its customers.

In 2001 **first direct**, in partnership with WCL, the mobile aggregator, started to complement its existing direct marketing activities with mobile marketing campaigns. Following an extensive programme of testing and evaluation, **first direct** now sends over 2 million marketing messages per year, generating 6 per cent of total sales through the mobile channel, with an average sales efficiency per campaign of 3.1 per cent.

It is all about developing trust

The mobile phone is almost certainly the most personal electronic consumer device to have been invented to date. It is always with you. You use it to keep in touch with friends and family, to communicate good and sometimes bad news.

Consequently, interrupting a customer in this space and engaging them in sales dialogue is an extremely difficult challenge. Get it wrong and it may result in increased channel adversity, negative PR and ultimately brand degradation.

Intimate device

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Trust and rapport

But **first direct** has surmounted this problem by gaining the trust of its customers and developing a rapport with them, such that it allows the bank to enter into marketing conversations through their mobile phone.

Text-message banking service

The launch of text-message banking in 1999 allows **first direct** customers to keep in touch with their banking affairs via their mobile phone. It is a case of 'don't call us, we'll text you', with customers given the option of setting up their banking messages via the telephone or through internet banking.

Banking messages can include mini-statements and alerts relating to specific events, eg salary cleared. Messages can also be sent to tell the customer when they are about to go overdrawn.

Consequently, the service has helped customers develop a sense of control over their money, letting them know where they stand and not letting money restrict their lives.

Permission and service

This sense of well-being, created through the service, means that mobile messages from first direct are treated with importance. Permission to send such messages to the mobile is essential. Yet it is the trust and rapport created through the text-message banking service — more than anything else — that has let **first direct** into this personal space.

Channels are converging, not diverging

Multichannel approach

A mistake made by many marketers is to view new electronic channels, such as mobile and e-mail, in isolation from other marketing channels. True, some marketing channels can work well in isolation of others, but marketing that takes the creative expression of a campaign across many channels can be equally or more effective.

With this in mind, **first direct** is bringing channel communications together and joining up sales dialogue in order to extract the maximum amount of value from their campaigns.

This means that a 'silo' mentality to marketing will not work. Planning is essential from the outset, ensuring that channel plans are integrated into an overall plan. Marketing professionals at **first direct** are encouraged to think about the role that each channel has to play in the communications approach.

Case studies

Case studies

For the purposes of this paper, three case studies are documented to illustrate the techniques that **first direct** has developed and continues to employ in its mobile marketing strategy.

Case 1: Basic mobile marketing

In 2001 mobile marketing was beginning to emerge as a viable option in organisations' customer contact plans. **first direct** was among a small number of organisations that were beginning to use the channel with confidence.

Test and learn

With no real industry reference points, **first direct** had to adopt a 'test and learn' approach — drawing on internal experience such as direct marketing and direct-response TV advertisements for inspiration.

Early mobile marketing campaigns focused on:

- copy and keywords
- clear call to action, ie ‘call us’ or ‘log on to our website’.

Initial results were impressive, with efficiency rates rising as high as 16 per cent for some product lines.

More importantly, the ‘test-and-learn’ approach highlighted key learnings — illustrating what worked and what did not and, crucially, identifying limitations of the media and the marketing challenges which needed to be overcome.

Case 2: Incorporating call to action

Given the size of the mobile device and its user interface, the biggest limitation of the channel was the customer experience. With only 160 characters to work with, creative options were limited.

The marketing challenge was to maintain efficiency rates of campaigns and create a richer, more engaging customer experience.

Initial efforts focused on a text response call to action, ie ‘reply with Y for more info’ — resulting in a direct mail pack being sent to the customer in the post.

Again, conversion rates were strong. But the time between the customer responding to the message and receiving the information pack in the post meant that efficiency rates were not being maximised and ‘wastage’ existed in the marketing process.

To overcome this limitation, tests were undertaken to integrate mobile marketing with an e-mail call to action. A customer responding to a mobile marketing message with an e-mail address received an instant e-mail with a link to the online application form.

Concerns over customers not being able to key their e-mail address in a text message were instantly dismissed with a simple ‘Update your e-mail address’ campaign — response rates were in excess of 25 per cent.

Knowing this, text to e-mail marketing campaigns were launched. An example is illustrated below. The objectives were to acquire 1,000 new text-message banking customers and update 1,200 customer e-mail addresses.

The results were:

- 3.9 per cent efficiency rate
- target number of e-mails 125 per cent of plan
- number of new text-message banking customers 115 per cent of plan.

Text response

Text to e-mail

Award winning

The introduction of switching channels but retaining dialogue with the customer was a real success. In addition, the innovative nature of the approach was recognised by the industry and the campaign won two awards, including the Grand Prix at the Marketing Direct 2003 Intelligence awards.

Case 3: Incentives and mobile campaigns

Applying the results of this ‘test-and-learn’ strategy has meant that **first direct** has been able to expand the range of creative approaches used in mobile marketing campaigns.

TXT2WIN

Utilising a technique commonly used by the FMCG industry — TXT2WIN — **first direct** applied it to the promotion of internet banking plus, its account aggregation service.

Customers were sent an e-mail or direct mail pack detailing information about the service and details of a prize draw to win an unforgettable experience, eg a trip to New York or a European football match.

To enter the competition, customers were asked to review the internet banking plus online demonstration, find an answer to a question and text the answer to a 'shortcode' number, with their name, postcode and e-mail address.

Shortcodes

The campaign objectives were as follows:

- capture 5,000 mobile phone numbers from customers
- acquire 3,000 customer e-mail addresses
- raise levels of customer awareness of internet banking plus
- create 1,000 new internet banking plus registrations.

The results were as follows:

- 3.6 per cent efficiency rate
- target number of mobile phone numbers 200 per cent of plan
- target number of e-mail addresses 176 per cent of plan
- 31,000 customers viewed the online demonstration of internet banking plus at www.firstdirect.com
- new internet banking plus registrations were 576 per cent of plan.

Conclusion

Mobile marketing at first direct makes a valuable contribution to the organisation's sales plan. Furthermore, with each marketing message costing less than six pence, the channel is a cost-effective medium.

But the real value of mobile marketing at **first direct** has been established by the text-message banking service. This service has engendered trust and importantly permission — **first direct** has been invited into the customer's personal space.

Contribution

Not being afraid to make mistakes counts, too. A 'test-and-learn' strategy — as illustrated by the case studies — has served first direct well and allowed marketing professionals at first direct to overcome the limitations of the channel.

The outcome is a marketing medium that is now fully integrated into the **first direct** customer proposition and marketing mix — helping to derive additional value for both the customer and the organisation.

Win win