

Title

Is instant messaging going to replace SMS and email as the medium of choice for direct customer communications?

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Synopsis

This paper looks at Instant Messaging services and sees if there is a role for them as a direct marketing tool. It describes the key function provided by the three major service providers and describes potential scenarios for this type of functionality to be used to drive real time customer communications.

Introduction

There is no doubt that the Internet has changed the way we communicate. For many of us, email has virtually replaced traditional letters and even telephone calls as the choice for correspondence. Every day, billions of e-mail messages are sent out. E-mail has been the most rapidly adopted form of communication ever known. In less than two decades, it has gone from obscurity to mainstream dominance.

In our fast-paced world, sometimes even the rapid response of e-mail is not fast enough. You have no way of knowing if the person you are sending e-mail to is online at that particular moment or not. Also, if you are sending multiple e-mails back and forth with the same person, you normally have to click through a few steps to read, reply and send the e-mail. This is one of the reasons why instant messaging (IM) has gained popularity.

Gartner (1) predicts that the instant messaging will become the preferred communication method, exceeding email traffic by 2006 for both business and consumer. The Raticati Group (2) estimates that more than 45% of all companies in the USA have employees who use instant messaging on a regular basis at work.

I believe that we are far from really understanding the power of IM. Like short text messaging (SMS), its mobile equivalent, I believe that IM will have a significant impact on real time marketing in the future.

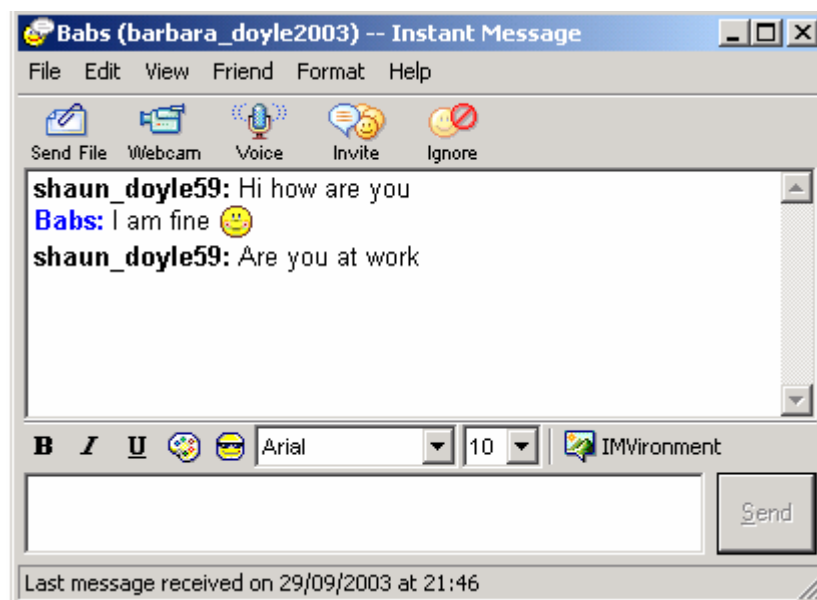
This paper explains what IM is and how it works. It then explores how IM could be used to support marketing in the future. Its aim is to stimulate discussion and open up marketer's eyes to the potentially powerful tool that will make real time communication with customer an economic possibility.

Instant messaging

In its simplest form instant messaging is an application that allows users to pass text messages to one another in real time across a network, most commonly the Internet. Instant messaging allows a user to maintain a list of people that they wish to interact with.

The user can send messages to any of the people on their list as long as that person is online. Sending a message opens up a small window where the user and peer can type in messages that both can see.

Sample dialogue box



But the IM solutions have evolved over the last few years to provide a wider range of functionality.

Standard functionality

The following functionality is available from the major service providers.

Enter user id and password

The IM application allows the user to log onto the environment using a user defined user name and password.

In many cases users create multiple user profiles e.g. for home and personal use.

Maintain status

The IM application allows the user to maintain an availability status, which can be seen by other peers who are logged on.

The following is a list of examples:

- Available
- Not available
- Be right back
- Busy
- Not at home
- Not in the office
- Invisible mode (Means the user will appear off line but can send messages)
- User defined status

This capability called “presence” allows other users to see that the individual is on line and if they are available to have a dialogue. This is the key functionality of IM and is what differentiates it from email and SMS.

Maintain user profile

If desired a user can create and share a profile. The following types of data are normally maintained:

- User name
- Real name
- Location
- Age
- Martial status
- Gender
- Occupation
- Email address
- Interests

In addition users can upload a personal photo.

This profile information is normally searchable by other users.

Manage account information

The user can view and modify account information.

At the moment most of these IM services are free, it will be interesting to see if the continues to be the case in the future.

Maintain privacy settings

The user can maintain the privacy level.

- Ignore people who are not on my list
- Ignore the following people
- Show me as idle if I do not use my computer for XX minutes
- Allow other users to see me
- Allow other users to contact me

This is one of the aspects of the communication method that empowers the user to control who can see and contact them.

Send text message

The user is able to:

- View a list of the “peers” that are on line
- Select a user and send a message
- Ring a buzzer at the other users end to attract attention

A range of additional functions are available that allow the user to customise the communication process. These include:





Text Formatting

- Font
- Size
- Colour
- Bold
- Underline
- Italic
- Colour effects

Emoticons

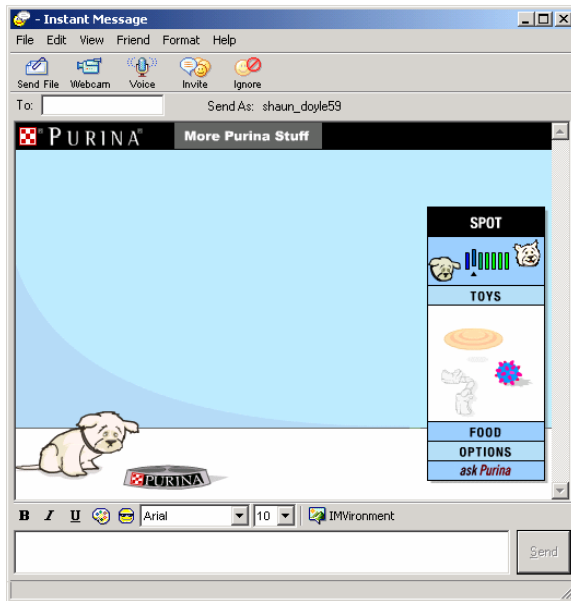
These are icons that are used to reflect the users emotions or feelings. They are embedded in the text message.

The following are some samples:

- | | |
|---|---------------|
|  | Happy |
|  | Straight face |
|  | Big grin |
|  | Pull tongue |

IMVironments

These are multi media graphical components that can be used to personalise the user experience. The sample below is the most popular IMVironment on the Yahoo Messenger at the time of writing.



These IMVironments often contain links to web sites.

The following is a list of companies that have used IMVironments as a method to get customer to commercial web sites:

- T-mobile
- Colgate
- Polo Jeans Inc
- Cingular
- Panasonic
- Mentos
- Purina

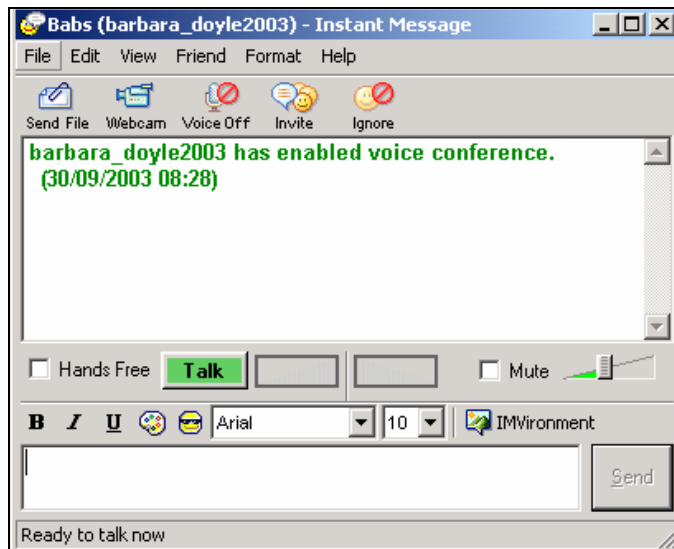
In this case the suppliers are using the high volume of traffic on the IM service as source for customers.

Send a file

The user of the IM Service can send a file to the other person involved in the dialogue. In some cases the file size can be much higher that those allowed by email system.

Use voice

The user is able to invite a peer to use voice communication.

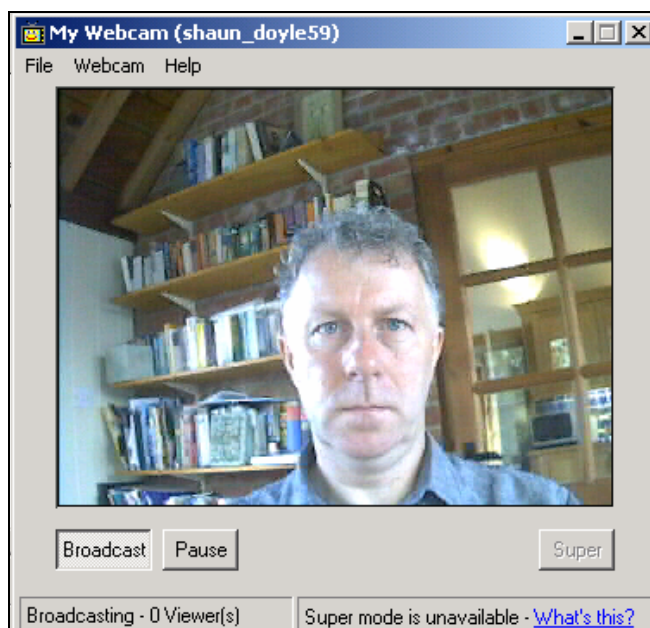


The voice functionality can be used in conjunction with text messaging.

Although the quality is not as good as modern telephony the use of a good quality head set improves the situation. As the performance of networks improve and the underlying technology evolves this quality issue will be addressed.

Use Webcam

The user is able to invite a peer to use video in the form of Webcam.



The video functionality can be used in conjunction with text messaging.

Although the quality is not perfect, high speeds and improved camera technology are leading to significant improvements.

Invite to conference

In the same ways as a user can engage in a dialogue with an individual, a user can invite a number of other users to engage in a conference. These conferences can involve the use of voice, text and video or a combination.

Enter chat room

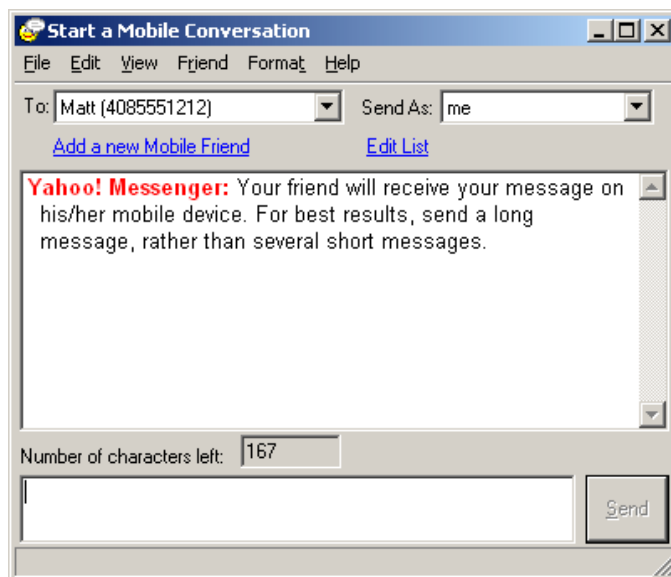
The user can enter a chat room and engage in dialogue via text, voice or video. The chat room works in the same way as a conference except the subject area is fixed.

Users can move between rooms, where various topics are discussed. They can create their own rooms to discuss a particular subject.

Rules have been set up for behaviour in the chat rooms, and in many cases are policed by the service providers.

Start Mobile session

More recently the key service providers have started providing the ability to execute text messaging to mobile devices such as mobile phones. The functionality is not quite as rich as over the PC.



The following Telco companies have integrated with one or more of the IM Service providers

- Cingular
- AT&T Wireless
- Spint
- Verizon Wireless
- T-mobile

The main differences are in the pricing strategy of the organisation. SMS technology is use to carry the text message.

Other

In addition the service providers are continuously trying to enhance their services, particularly as they start to apply the IM technologies in an enterprise context. The Radicati Group (2) believe that the enterprise IM market will balloon during the next five years, to 349 million users of IM in companies. That's a dramatic increase from the 60 million IM users in the workplace today.

Other areas of functionality include:

- Higher levels of security
- Ease of user administration
- Access controls to public networks
- Integrated logging
- Integration with enterprise applications
- Integration with enterprise email systems
- Streaming content

IM Service providers

The primary suppliers of consumer based instant messaging services are:

- Yahoo Instant Messaging
- MSM Messenger
- AOL Instant Messenger
- ICQ Instant Messenger

There are several utilities, such as Odigo and Omni that combine various services. Odigo allows you to combine AIM, ICQ and Yahoo! Messenger contact lists. Omni lets you combine the functionality of AIM, ICQ, MSN Messenger and Yahoo! Messenger, plus file sharing utilities, all in one program.

Business applications in marketing

The following are potential scenarios for the use of IM in a marketing context.

Lead generation from IMVironments

IMVironments are starting to be used for lead generation activity. The ability to create a multimedia experience within the context of the IM environment that provides a link to a corporate web site is certainly generating increased web traffic.

Yahoo has more than 29m users and that figure grew by 50% over the previous year. They collectively send 17 billion messages a month or 550M a day.

Communicating using text messaging

Short Text Messaging (SMS) has proved to be a valuable communication vehicle to individuals with mobile phones, but the high costs of sending and receiving SMS is stifling their business application in marketing. IM text messaging on the other hand is cheaper and allows a wider range of devices to send and receive the messages.

The ability to identify if a recipient is online and available also has significant advantages over SMS and email.

Communicating using voice

The ability to switch between text and voice means that a customer can be initially engaged by text then migrated over to voice as part of the dialogue. Again the low cost nature of the voice over IM is likely to result in the increased use of this type of telephone service.

There are quality issues at the moment but more wide spread use by enterprises will drive improvements in quality.

Multiparty conferencing

The ability to allow other parties to join the dialogue means that small groups can participate in sales or marketing activities. E.g. discuss the benefits of a new product or service.

Video

The use of video to support the dialogue either on a one to one or one to many situations enriches the quality of the interaction. The low cost nature of the technology makes this a viable option for sales and marketing activities.

The use of web conferencing in the business-to-business sector has grown rapidly over the last few years; this type of event is likely to become more common in the business to consumer world.

The quality of web conferencing as part of IM may not be as good, but the lower costs will help to stimulate its usage.

Sharing applications

The ability to share applications such as PowerPoint, in the context of a collaborative meeting opens up the possibility for sales presentations and other marketing activities.

Case study.

Yahoo and American Airlines are currently deploying an Enterprise IM solution that will send an alert as a text message to customers when a flight is delayed. The customer is able to request an alternate flight using IM text messaging and if necessary engage an AA Staff member by voice using IM. The result is a low cost real time dialogue that results in improved customer service.

Challenges

There are a number of challenges that will need to be addressed by the industry. These include:

- Security
- Protocol standards (3)
- Wireless mobility
- Interoperability
- Spam
- Scalability
- Integration

Standards are being addressed by the IETF (3) over the next few years.

Conclusions

The growth of Instant Messaging (IM) as a real time communication method is about to explode, fuelled by the enterprises adoption of the technology and the increasing connectivity between the main service providers. Most of the technology market analysts predict that IM traffic will exceed that of email in the next four to five years, IM becoming the preferred communication for both business and consumers. A few organisations have started to explore the potential role of IM as a direct communication vehicle. The initial results seem to be quite favourable. The control that the technology gives to the user means that some of the issues associated with email and commercial SMS will be avoided. This is definitely an area that marketers should watch.

Acknowledgements

Web sites:

Yahoo Instant Messaging
www.yahoo.com

MSM Messenger
www.msn.com

AOL Instant Messenger
www.aol.com

ICQ Instant Messenger
www.icq.com

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Gartner Inc. www.gartner.com

(2) How consumer IM vendors are targeting business users. Anthony Plewes. The
Raticati Group Inc www.radicati.com

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