BIA|Kelsey

CALL COMMERCE: A $1 TRILLION ENGINE

A CMO Guide to the Click-to-Call Opportunity

A BIA/Kelsey Industry Watch Report

Free download, courtesy of Marchex

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EXECUTIVE SUMMARY

Two years ago BIA/Kelsey published an industry-defining research paper titled "Phone Calls: The Ad Currency of the Smartphone Era." It examined the growing importance of inbound phone calls as high-value, high-intent lead sources for business. This is what we refer to as "call commerce."

We have followed the sector closely since then, and its rapid evolution compels an update. How much commerce is influenced through mobile phone calls? How are marketers taking advantage of this trend? And what are best practices in driving and tracking all this activity?

BIA/Kelsey believes these questions deserve attention because call commerce is one of the most under-recognized opportunities of the smartphone era. Though it's sometimes eclipsed by sexier tech topics, we stand by the mantra we coined in 2014: "The call is the new click."

Phone calls have, in fact, piggybacked on the growth of one of those topics: the smartphone itself. 140-year-old telephone technology has been reinvented in the smartphone era. Bolted to a multi-channel access device, the phone is now positioned to have a key role in driving local commerce.

The starting point is consumer usage, as is often the case. BIA/Kelsey projects 169 billion mobile calls annually to businesses by 2020. This is driven by smartphone penetration, high commercial intent, and the natural handoff between mobile engagement and phone calls (i.e., Google "call" buttons).

It's also worth noting that despite a high degree of automation, humans are still social animals. Combine that with an increasingly on-demand and immediacy-oriented society, and mobile calls will keep growing – especially for complex purchases like cars, travel or financial services.

But more important than call volume will be the monetary impact on consumer spending. BIA/Kelsey estimates that phone calls influence $1 trillion in U.S. spending at some stage of the path to purchase. This value also derives from calls' prevalence in high-value product categories.

So the name of the game in call commerce is to drive that call activity through various marketing channels (i.e. search), as well as track it.

The latter is the art of call analytics, and gets more complicated with offline purchases that were influenced somewhere upstream by a phone call.

This relates to the broader topic of attribution, the holy grail of local commerce. Call commerce leaders are designing ways to use a phone number or mobile device as an identifier — much like Facebook uses social identity — linked to offline conversion data such as credit card information.

Lastly, call commerce is evolving beyond marketing. Building from large-scale deployment in call centers and integration with CRM systems, call commerce can be applied equally to operational efficiencies. That includes sales rep training, script optimization and call center close rates.

Macro trends in the tech world meanwhile empower marketers to implement all of the above. Due to cloud infrastructure and SaaS packaging, CMOs can buy and manage enterprise software systems that previously required lots of budget, on-site servers and oversight of the CTO

The following pages examine all these factors and how they converge to create the call commerce opportunity for marketers: where it is today, where it's going tomorrow, and what you need to start doing and thinking yesterday.

Key Takeaways

Inbound phone calls are an important and increasingly valuable lead form.

Mobile calls to businesses have exploded in the smartphone era, now totaling 85 billion annually in 2016.

Mobile calls drive $1 trillion in U.S. consumer spending.

Calls prevail in high-value transactions, thus carrying high lead values.

The most opportune call-commerce verticals are autos, financial services and cable/telecom.

Calls will continue to grow in volume with trends such as the on-demand economy and millennial behavior.

Search drives the most calls, but other formats are emerging such as native/social.

Usage and technological trends compel marketers to include click-to-call in mobile ad units.

Analytics further unlock value through contextual awareness of call quality, contributing to improved ROI.

Call analytics is reaching into new areas such as attribution across screens/formats.

Call analytics tracks online-to-offline conversions (O2O), where most U.S. commerce happens.

Location technologies amplify call analytics' ability to evaluate call quality and context.

Call analytics is branching into call center operations (i.e. rep training, script optimization).

CMOs are empowered by SaaS packaging to buy and implement call analytics unilaterally.

Emerging tech will further amplify call commerce — integrating everything from AI to social media.

CALL COMMERCE: WHAT IS IT?

One of the most important and under-recognized areas of the media and advertising worlds is what BIA/Kelsey refers to as "call commerce." Formerly known as "call monetization," it involves driving, tracking and optimizing inbound phone calls as a form of business leads.

The short history of the sector begins with its origins in print media. Designated metered phone numbers were used in Yellow Pages advertising and could be tracked and attributed to specific campaigns. Relatively simple metrics like call volume and duration measured effectiveness.

With the advent of the commercial Internet, digital formats enabled more sophisticated analytics. The search engine grew into a primary local business discovery tool, and call commerce migrated with it. Search engines like Google correspondingly positioned phone numbers as ad components.

But there was still a large gap in the form factor: consumers weren't set up to make phone calls from their computers. Companies like Google engineered workarounds such as call buttons that rang your landline phone then that of the business. But it still didn't reach meaningful scale.

Then came the iPhone in 2007. For the first time there was a portable search and discovery device that also happened to be... a phone. It created a natural handoff from search, content discovery and app engagement to phone calls, and it launched the current era of call commerce.

Google has sunk its teeth into this natural progression by making click-to-call buttons a primary component of search results, both organic and paid. The latter happens via AdWords extensions, and Google continues to develop ways to drive, track and optimize phone calls.
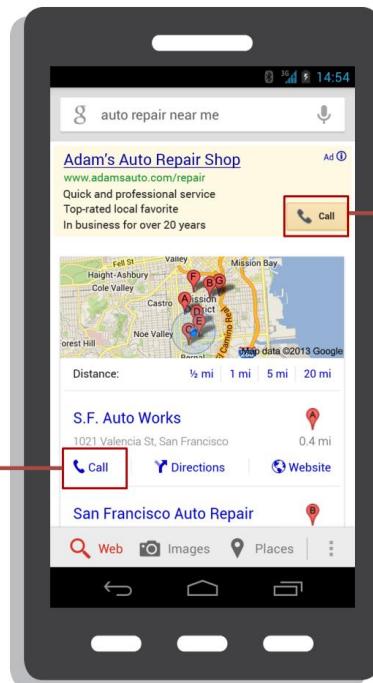
Though search is the primary call driver — due mostly to its high-intent use case — call commerce doesn't end there. There are several developing channels that correspond to mobile's varied points of entry, including everything from social and messaging apps to display ads.

These user touch points increasingly incorporate click-to-call buttons. But click-to-call is really just the first step of call commerce. Where it all comes together is call analytics, the growing subsector that tracks calls to discern return on investment and maximize revenues.

We will expand on the components and subsectors of call commerce in the sections that follow. BIA/Kelsey's Local Commerce Universe database also lists the key players in call analytics, which can be seen in this report's appendix.

Click to call button on mobile search ad

Click to call button on organic mobile search result

Phone Calls: The Base Ingredient

The telephone is 140 years old, yet it's only recently been truly reinvented. The smartphone places voice communication at the center of a ubiquitous and portable search and discovery device. This has empowered the phone call to remain a central mode of human communication.

But beyond this fortunate positioning, voice calls are compelled by a deeper and more sociological factor: Humans are social animals, conditioned through thousands of years of societal advancement to communicate by voice. This isn't going away anytime soon.

The irony is that though we live in a highly automated age, with looming glimpses of artificial intelligence (AI), the need to communicate by voice persists. And it not only applies in social contexts. Voice communication is compelled in complex communication, such as commerce.

Google supports this claim with several data points that indicate consumers' propensity to call businesses to conduct commerce. For example, 69 percent of search users report likeliness to use a call button to contact a local business from within mobile search results.

SEARCHERS LIKELY TO CALL
A BUSINESS WHEN GIVEN THE OPTION IN SEARCH RESULTS

Local Services	Auto	Tech	Travel	Finance	Restaurant	Retail
69%	60%	51%	49%	47%	44%	37%
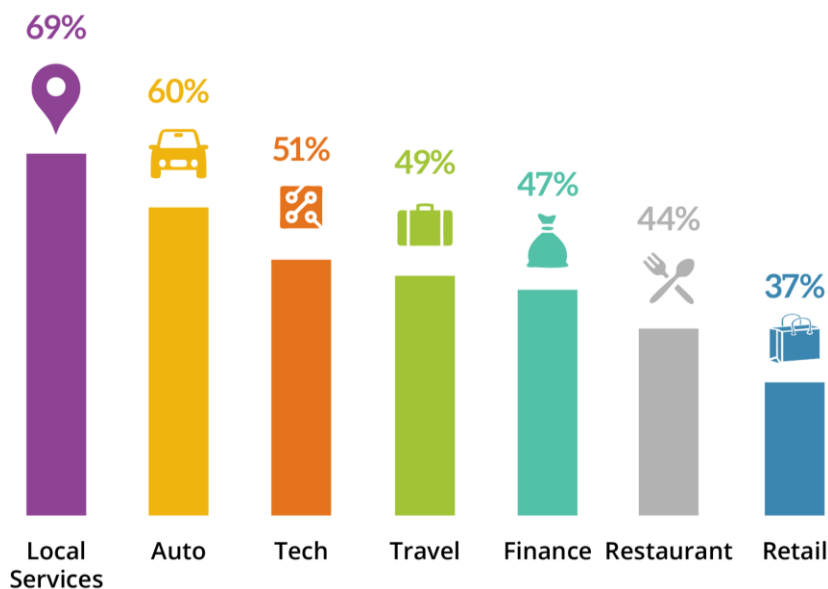
Source: Google

The On-Demand Age

Beyond a universal human imperative for voice communication, calls are boosted by an on-demand culture. The rise of the smartphone has conditioned us to expect everything at the push of a button. Increasingly buying-empowered millennials are likewise immediacy-driven.

Many of these technological and cultural factors have been mistakenly identified as threats to the phone call (explored in later sections). But they could do just the opposite: The biological need to interact through voice persists, but an on-demand sentiment now simply gives it greater urgency.

Supporting this theory are several data points indicating that the biggest reasons to pick up the phone are immediacy-driven. Google reports that the top three reasons for calling businesses are desire for speed, a need to talk to a real person and complex queries a website can't answer.

REASONS FOR CALLING
A BUSINESS AS OPPOSED TO
USING A WEBSITE OR OTHER MEANS

To quickly get an answer/accomplish my goal
59%

To talk to a real person
57%

I have more questions or need more information than the wesbite can answer
54%

To accomplish something that can't be done through the business's website
44%

To get more accurate information than can be found from other sources
43%

It's convenient
42%

The product or service is expensive and therefore a conversation is required
12%

Source: Google

Local Call

Closely related to immediacy is location. Here, call commerce merges with BIA/Kelsey's core focus on all things local. As seen in many other media (especially mobile-oriented channels) location can greatly boost contextual relevance, and thus performance and engagement.[1]

Calls are no exception. Among the business categories where search-driven phone calls happen most (listed above), four out of seven involve purely local transactions. Those include retail, restaurants, autos and home services. The remaining three are at least *partly* local.

Location also plays into a key part of the call commerce value chain explored below: call analytics. Knowing where someone is calling from and their spatial tracking history can inform ongoing marketing strategies and other key functions, such as optimal call routing.

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[1] See BIA/Kelsey's U.S. Local Advertising Forecast, 2016

QUANTIFYING CALL COMMERCE

BIA/Kelsey estimates that mobile calls represent 60 percent of inbound calls to businesses in 2016. This equals 85 billion global mobile calls annually, a figure that will grow to 169 billion by 2020.

The growth is partly due to an increase in calls per user. But most of it will come from click-to-call reaching *new users* through many of the ways explored further below, including international expansion and social media. Mobile's share of business calls will likewise grow with these factors.

Where Do Calls Originate?

Mobile calls are directly launched from search (paid and organic), traditional display (banner ads), native-social (paid and organic), and landing pages (including apps and email).[2] Search drives the highest direct call volume due to its commercial intent, while traditional display will grow the least.

Native-social is perhaps the most notable call category. Defined as content that merges with the scrolling feed-based interfaces of social apps like Facebook and Instagram, it is the fastest growing mobile format in general. With respect to calls, it increasingly includes call buttons.
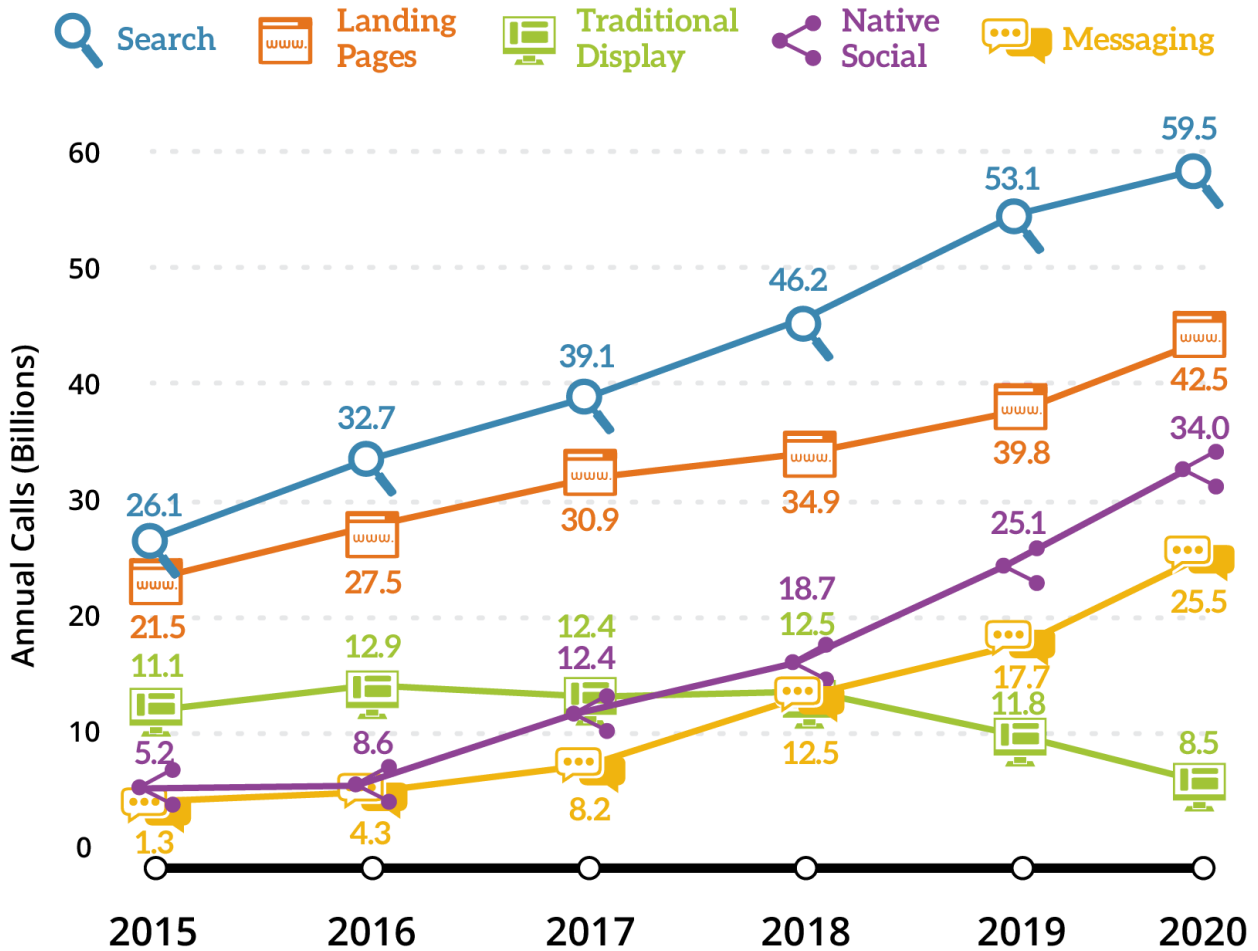
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2 See BIA/Kelsey's U.S. Local Advertising Forecast, 2016

BUSINESS CALLS FROM MOBILE CLICK-TO-CALL, BY FORMAT

85 Billion Annual Calls from Mobile

169 Billion by 2020

🔍 Search   🖥 Landing Pages   🖥 Traditional Display   Native Social   💬 Messaging

Annual Calls (Billions)

Year	2015	2016	2017	2018	2019	2020
Search	26.1	32.7	39.1	46.2	53.1	59.5
Landing Pages	21.5	27.5	30.9	34.9	39.8	42.5
Native Social	5.2	8.6	12.4	18.7	25.1	34.0
Traditional Display	11.1	12.9	12.4	12.5	11.8	8.5
Messaging	1.3	4.3	8.2	12.5	17.7	25.5

Includes mobile web and app. Figures are global

Source: BIA/Kelsey

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Messaging is also gaining ground. Previously comprising SMS only, the category now includes popular messaging apps such as Facebook Messenger and Snapchat, which are evolving from social communication tools to "conversational commerce" with businesses (explored below).

Landing pages show healthy growth as a call source as well. This is due to the mobile web's evolution, as Google compels the world to optimize mobile sites, including calls-to-action like phone numbers. BIA/Kelsey also includes local and listings apps such as Yelp in this measurement, as well as email.

It's important to note in these breakdowns that the calls measured are launched directly from a click-to-call button within the specified format. Therefore, any given format's true impact is likely greater than shown, as it could influence calls that happen further downstream.

For example, Search's influence is bigger than the calls launched from search, because the click stream can proceed to a landing page where a call then happens. The same for goes for traditional display. As explored below, its impact exceeds the calls launched directly from banner ads.
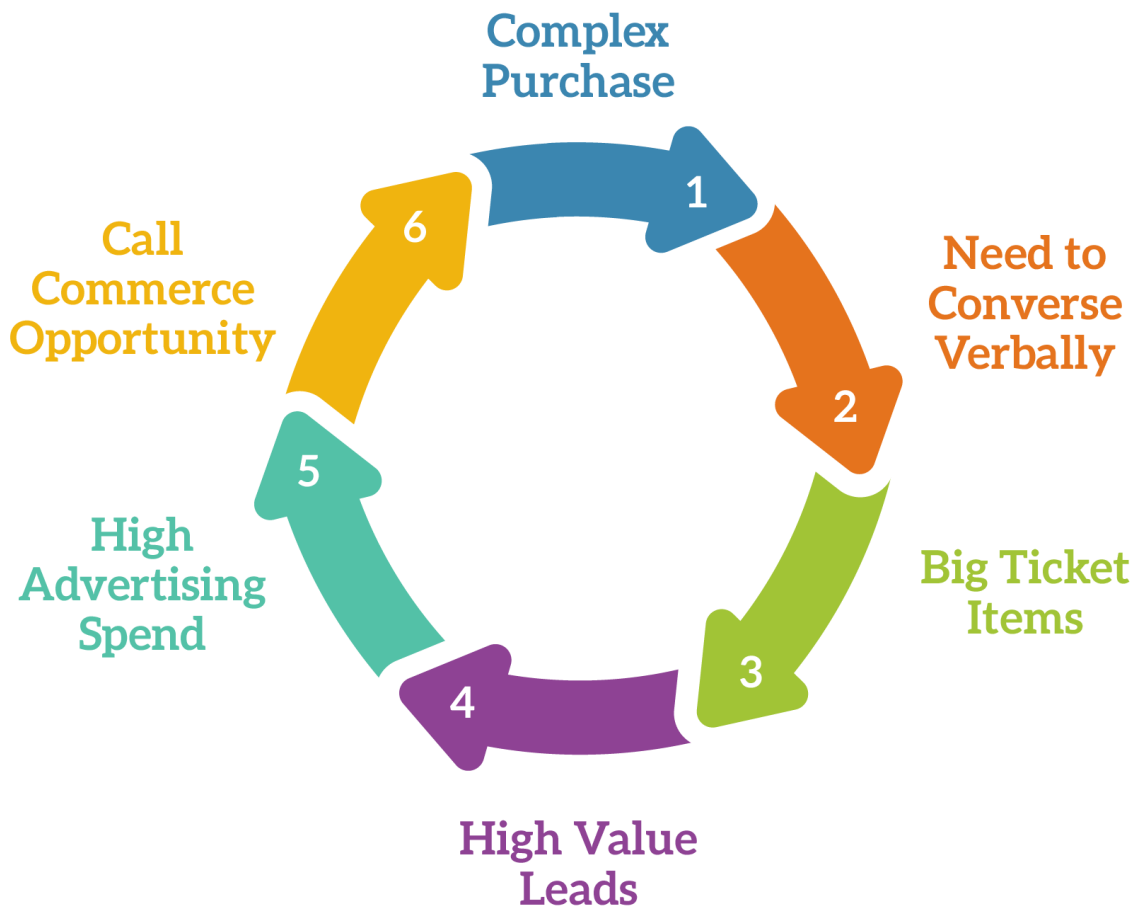
The main takeaway is that the mobile formats that launch voice calls to businesses are broadening. This affects and informs anyone driving and tracking high-intent phone leads to businesses, especially in high-value call-centric verticals like autos and financial services.

Where Do Calls Go?

Equally important as the source of mobile-driven phone calls is their destination. In other words, what are the vertical business categories receiving the most phone calls? They tend to be categories that include products with a certain degree of complexity, which equals verbal nuance.

Such complexity correlates to price, which in turn correlates to "consideration cycles" that involve human conversations. And products with large price tags tend to place premiums on inbound leads. Therefore these categories hold large monetary opportunities for call commerce.
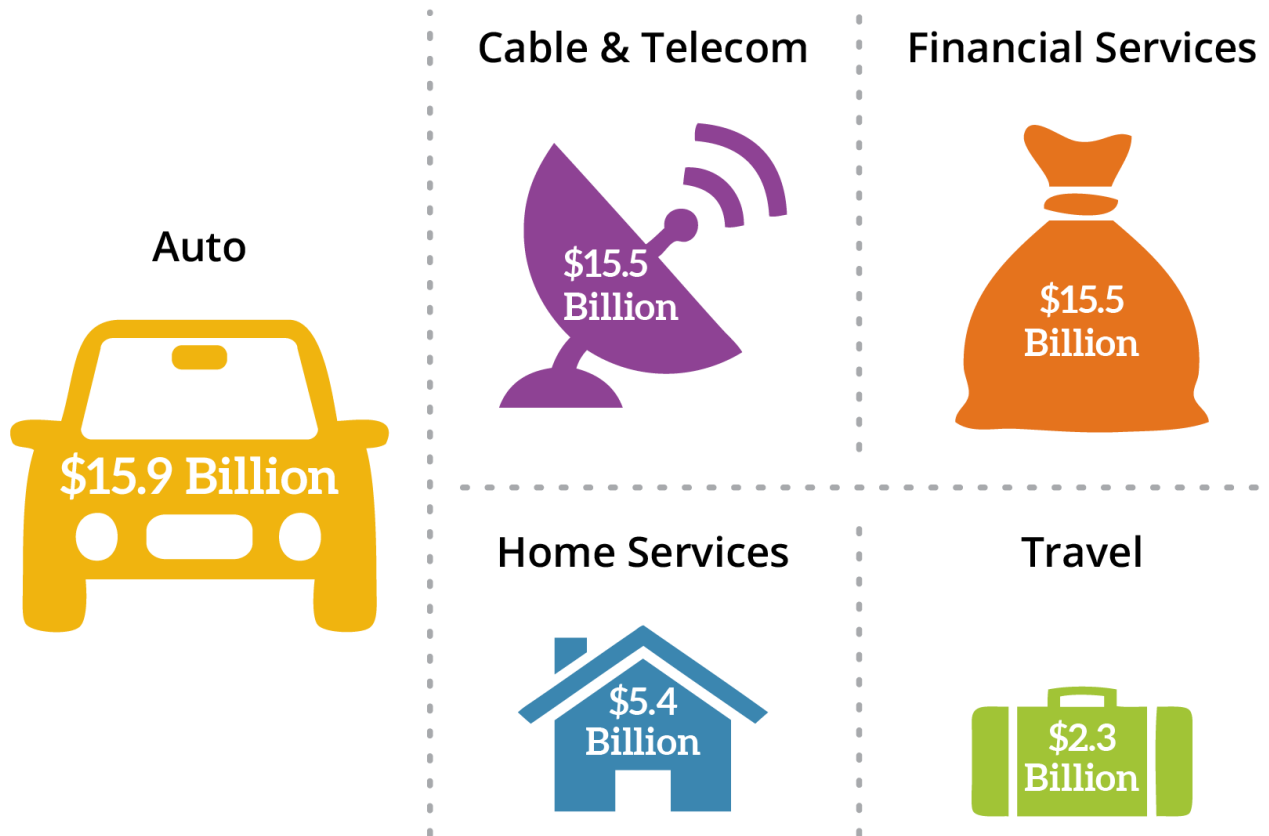
CALL COMPLEXITY CYCLE

1. Complex Purchase
2. Need to Converse Verbally
3. Big Ticket Items
4. High Value Leads
5. High Advertising Spend
6. Call Commerce Opportunity

Source: BIA/Kelsey

Using ad spend as a proxy for the call commerce opportunity, autos is the leading category. Rounding out the top five are cable and telecom (i.e., cellular contract), financial services (i.e., life insurance policy), home services (i.e., roofing job) and travel (i.e., booking family vacation).

FIVE CATEGORIES
THAT VALUE PHONE LEADS

Auto

$15.9 Billion

Cable & Telecom

$15.5 Billion

Financial Services

$15.5 Billion

Home Services

$5.4 Billion
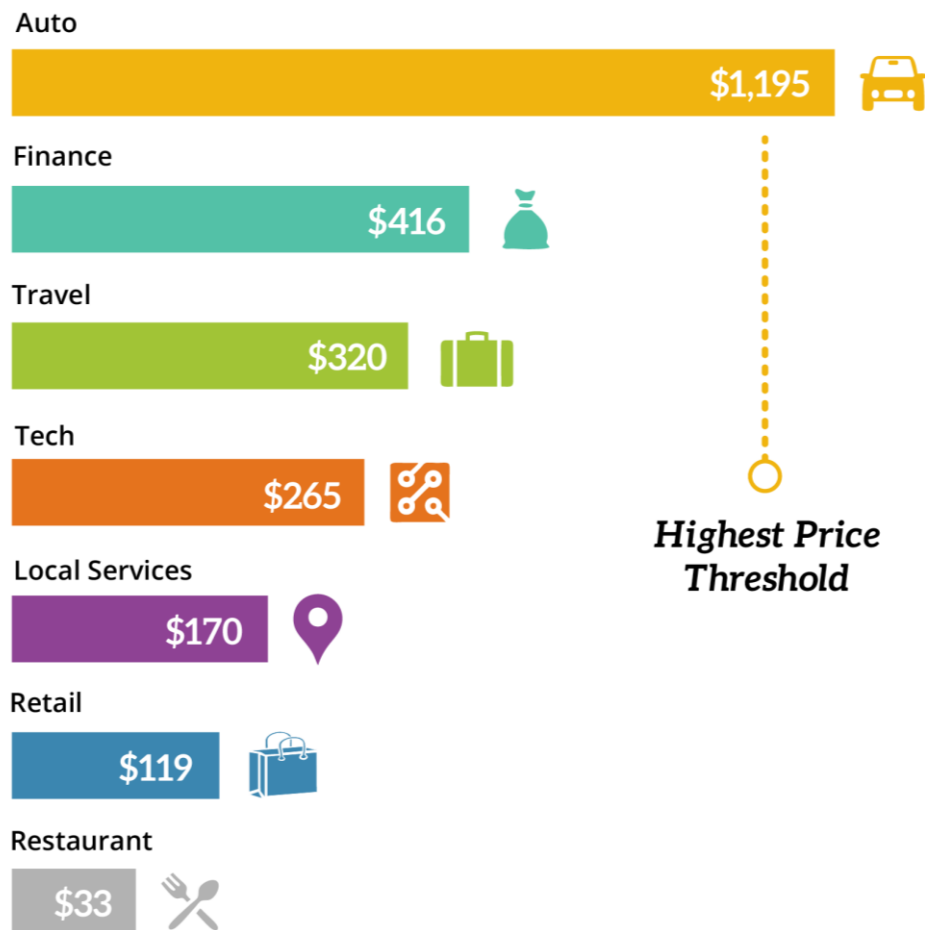
Travel

$2.3 Billion

Source: Marchex

Supporting this, Google reports dollar values in product-specific scenarios where a call is likely to happen. The auto category is at the high end of this scale at roughly $1,200. This further quantifies the monetary levels of call commerce and, by extension, the lead values that are possible.

MEAN TRANSACTION VALUES
WHEN CALLS HAPPEN

Auto
$1,195

Finance
$416

Travel
$320

Tech
$265

Local Services
$170

Retail
$119

Restaurant
$33

Highest Price Threshold

Source: Google

What Is Click-to-Call Worth?

Panning back, how much is spent annually on clicks that launch phone calls from mobile devices? Based on call volume and click-to-call rates across various call sources, BIA/Kelsey pegs global click-to-call spending at $5.9 billion last year, growing to $13.7 billion by 2020.

It's important to note that this global spending figure is just one segment of the call commerce opportunity — the first step in its value chain. There are downstream functions, such as call analytics and new areas of development, which we will explore and quantify further below.

Meanwhile, another important measurement for call commerce, beyond call volume or click-to-call revenues, is its impact on consumer spending. When we zero in on the U.S. market and phone calls' contribution to consumer spending, it's all about offline local commerce.

GLOBAL CLICK-TO-CALL REVENUE THROUGH 2020

$5.93B
2015

$7.41B
2016

$8.89B
2017

$10.60B
2018

$13.70B
2020

$12.20B
2019
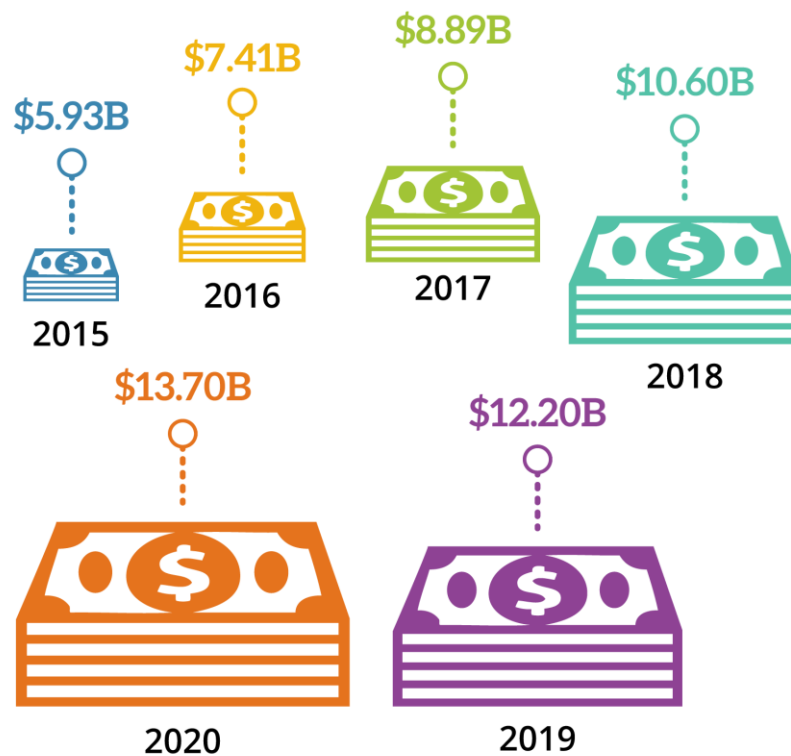
Source: BIA/Kelsey

BEYOND E-COMMERCE

Despite ample coverage in mainstream and tech press, e-commerce only accounts for seven percent of U.S. retail spending. The rest — about $3.7 trillion per year — happens offline in physical stores. If you add local services, total offline consumer spending is about $7 trillion per year.[3]

This isn't meant to diminish the impact of online and mobile consumer engagement. Though all these transactions are consummated in bricks-and-mortar venues, they are increasingly *driven and influenced* through digital means, such as search or local discovery apps like YP and Yelp.

The path to purchase — where attention, presence and marketing strategies should focus — resides in this progression from online engagement to offline conversion (O2O). BIA/Kelsey pegs O2O spending at roughly $4 trillion, while the mobile segment of that spend is just over $2 trillion.

Why do we mention this in a report about phone calls? Because calls are an influential occurrence within this consumer O2O sequence. That monetary influence is boosted by calls' role in big-ticket offline categories like cars, as examined, due to their purchase complexity.

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[3] See BIA/Kelsey analysis and figures.

The Trillion-Dollar Question

Bringing the O2O analysis one level deeper, what is click-to-call's influence on U.S. consumer spending? BIA/Kelsey estimates it to be greater than $1 trillion per year. This is a staggering figure to some, as should any market sizing beginning with a "t."

IT IS JUSTIFIED AS FOLLOWS:

$3.7 TRILLION

U.S. retail spending is $3.7 trillion per year. Adding services (professional, home, etc.), total consumer spending is about $7 trillion per year.

96%

93 percent of retail occurs offline according to the U.S. Census Bureau, and nearly 100 percent of services happen offline, making the average about 96 percent.

25%

BIA/Kelsey research indicates that 25 percent of offline commerce is influenced by phone calls.

60%

60 percent of those calls happen on mobile devices where they are launched directly from a click-to-call button.

$1.008 TRILLION

The math:

($7T *0.96)*(0.25*0.60) = $1.008 trillion

CALL ANALYTICS: TYING IT ALL TOGETHER

Though consumer voice and calling behavior set the foundation for the call commerce opportunity, the real meat is in call analytics. This is the science of tracking, recording, analyzing and optimizing inbound phone leads – a field that's quickly evolving in the age of big data.

We won't spend too much time introducing the basics of call analytics, which can be found in our previous report.[4] However, it's worth a quick explanation for those unfamiliar. The best way to think of it is like Google Analytics — or any ad analytics tool — but for calls instead of clicks.

From a historical viewpoint, as seen in this report's introduction, most of the foundations for call analytics are in measuring *structured data*. That includes things like the meta-data of a given inbound business phone call – its source, duration, caller identification, and other binary factors.

The future of call analytics is in the more complex but opportune *unstructured data*.

This includes nuanced and contextual data such as the contents of a call. At basic levels, it's what was said on the call... at complex levels it's deeper machine learning and pattern recognition.

This presents challenges because it applies digital analysis to voice, a mode that doesn't follow the properties of digital media as neatly as click streams or e-commerce. It requires deriving meaning from content that has nuances and variations, such as voice inflection.

But once this meaning is derived, it can be enormously valuable. The outputs and application of such data include insights on ad campaign effectiveness and ROI. High-value leads and conversions can be tied to campaigns, using attribution tactics detailed in the next section.

The benefits of attribution insights include reporting ROI to advertisers. But it is also valuable as an optimization tool. For example, search ad campaigns can iterate and optimize keywords and ad groups based on the knowledge of which tactics are driving the highest-value leads.

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[4] See "Phone Calls: The Ad Currency of the Smartphone Era."

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Beyond the Last Click: Call Analytics in Display

Because calls are increasingly recognized as an influential step in consumers' O2O sequence — $1 trillion big as examined earlier — assigning credit for conversions has become vital for call analytics companies. And several methodologies are developing.

Display ads are an example. Calls can be attributed when launched from a display ad, but what about calls that happen weeks later? Because display is more of a branding and awareness medium, it does not drive direct calls to the extent that intent-oriented formats like search do.

But display ads still have an impact, albeit harder to measure. They reinforce brand awareness and drive calls at later stages. In fact, one in 500,000 display impressions drives an immediate call. But expand the window to two weeks and the odds improve to one in 8,000 (see case study).

Therefore, measuring calls launched directly from a display ad provides an incomplete picture — a stumbling block of "last-click attribution." To achieve "full-funnel attribution" requires linking impressions to conversions using device ID, phone number or other identifying factors.

This is analogous to the way Facebook uses social identity as a common thread to attribute ad impressions to conversions. Similar attribution methods are developing in the call analytics world, to make sure that calls — wherever they sit in consideration cycle — get their due credit. (See Appendix for a case study on these methods.)
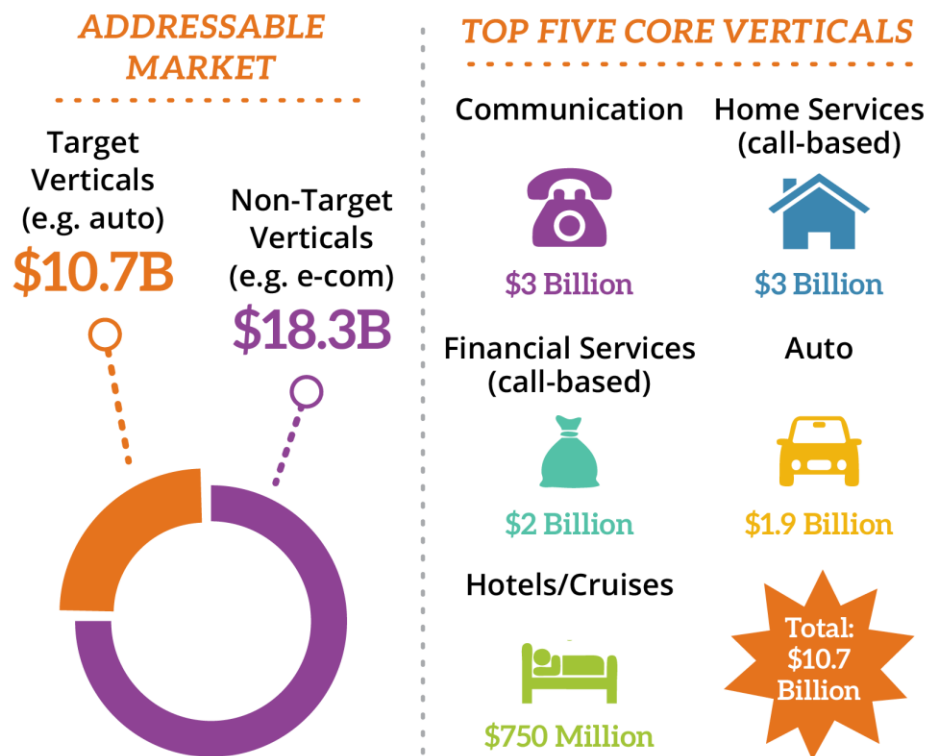
Market Sizing: Call Analytics in Search

A question that emerges based on this discussion is, what is the size of the market opportunity in call analytics? One way to gauge the addressable market is to look within search advertising. As mentioned, search is a leading category of click-to-call activity and, by extension, call analytics.

Examining search is just one proxy for sizing the call analytics market opportunity, but is still a useful exercise in beginning to get a sense of its scale. To be fair, call commerce increasingly applies to an array of mobile formats and touch points such as social, display, and messaging.

Within the top call-centric verticals examined above search ad spend is almost $11 billion. From there, BIA/Kelsey estimates with the help of Marchex (see disclosure) that addressable revenues for call commerce are equal to three percent of that spend, which amounts to almost $150 million.

$10.7B IS SPENT IN PAID SEARCH
IN THE TOP FIVE CALL COMMERCE VERTICALS

ADDRESSABLE MARKET

Target Verticals (e.g. auto)
$10.7B

Non-Target Verticals (e.g. e-com)
$18.3B

TOP FIVE CORE VERTICALS

Communication
$3 Billion

Home Services (call-based)
$3 Billion

Financial Services (call-based)
$2 Billion

Auto
$1.9 Billion

Hotels/Cruises
$750 Million

Total: $10.7 Billion

Source: Marchex

It's important to note this is the *addressable market*, not current spending. It's also limited to the top five call-centric categories where most call analytics happens. Again, it's just within search. This addressable market will grow as the application of call analytics itself grows.

3% OF PAID SEARCH
WILL BE SPENT ON ANALYTICS

	Supported Spend		Analytics Spend
Communication			
	$1.4 Billion		$41.4 Million
Home Services			
	$1.4 Billion		$41.4 Million
Financial Services			
	$920 Million	$27.6 Million	
Auto			
	$874 Million	$26.2 Million	
Travel			
	$345 Million	$10.4 Million	
Total			
	$4.9 Billion		$147.0 Million

Source: Marchex

BEYOND MARKETING

Most of this report has viewed the call commerce opportunity through a marketing lens. It's all about driving high-value leads, measuring them to discern ROI and attribution, then using the resulting insights to inform and optimize ongoing marketing campaigns.

But an equally significant opportunity is to move beyond marketing and into sales operations. In other words, the insights gained from call analytics can be applied toward *operational efficiencies* in call centers. These include success metrics like improving close rates and reducing hold times.

Conversion Optimization

Put another way, the opportunity is to *optimize for conversions*, which takes all the advantages of call analytics and applies them to monitoring and iterating sales tactics. A few examples are sales rep training and increasing close rates by optimizing the wording and delivery of their scripts.

For example, Marchex (see disclosure) analyzed thousands of calls for a communications client during Q1, 2016. It measured a 16 percent conversion boost, when reps offered a specific sales promotion. The optimized script was then applied widely across the operation.

The lesson: by broadening call analytics, the opportunity exceeds $150 million and reaches a much larger addressable market that taps a wider range of enterprise budgets. That broader market includes adjacent areas of spending such as inside sales, CRM and customer support.
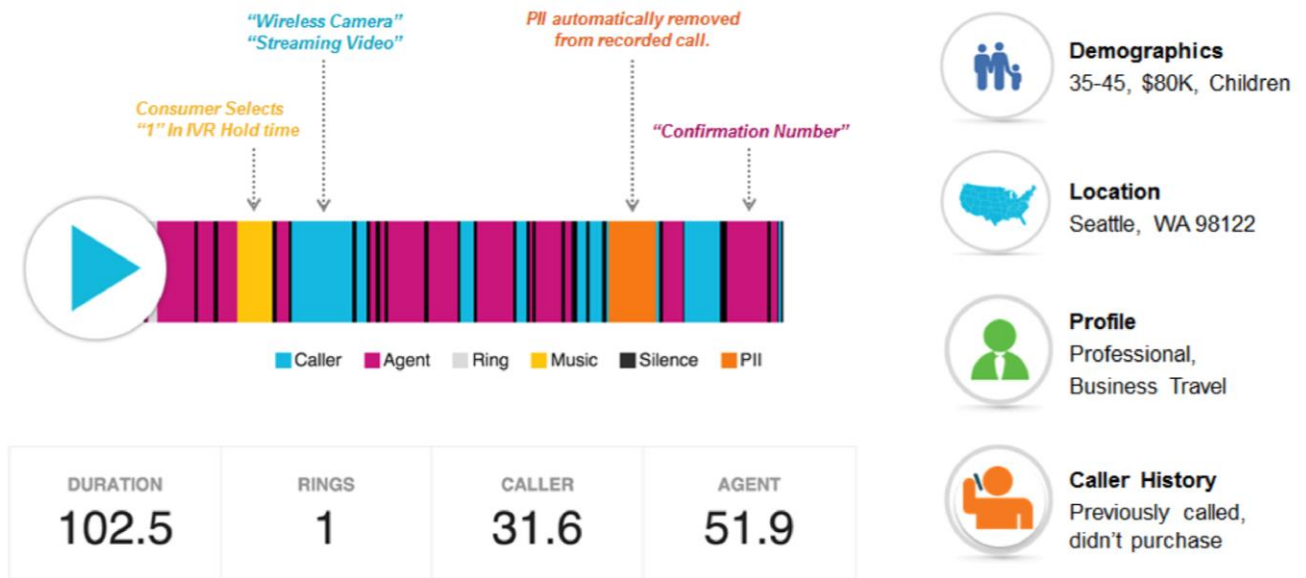
Source: Marchex

Call Routing

Another outcome of call analytics is routing. Most of the technology for analyzing calls and determining quality can be used to optimally route them. This can be done by probabilistically determining things like call quality and caller intent and then routing calls accordingly.

This process examines call data — the same data used in attribution — to inform intelligent routing. It can include everything from caller ID to caller history to situational factors like location. And the data can be further populated by integrations with CRM systems like Salesforce.

The sophistication of these methods is compelled by smartphones. Due to the highly personal nature of such devices, more and more have unlisted numbers that block caller IDs. This was previously a go-to method for identifying callers, so innovative workarounds are needed.

Utilizing location data is one example, as explored above. When a rental car agency knows the caller is at the airport, a phone menu can lead with contextually relevant information about shuttles or upgrades rather than a general phone tree. This could avoid a "Planes, Trains & Automobiles" situation.

Data-informed call routing can also probabilistically determine warm leads and route them to reps based on their specialties in different product areas. And routing can alleviate one of the biggest pain points for businesses of all sizes: opportunity cost.

Opportunity Cost

For most businesses, time is money. Small and medium-sized businesses (SMBs) are often time-starved and wear many hats. And bigger businesses succeed or fail on larger scale efficiencies. In either case, time spent on suboptimal calls, such as those that have been misrouted, affects productivity and profitability.

Another way to look at this is to compare it with adjacent forms of marketing. The opportunity cost of fielding low-quality calls is higher than online clicks. There is little incremental resource drain to getting more clicks, whereas low-value telephone calls can meaningfully tax resources.

The Evolving CMO

An important question arises here: Who is the call analytics platform buyer? That buyer and his or her role are broadening to include several job functions due to lowered barriers for non-tech people to implement call commerce.

In the SMB world, the answer is a bit less complex because the buyer and decision maker for adopting call analytics is generally the proprietor or marketing manager. The latter could be a dedicated person, a hybrid role or the owner's tech-savvy nephew.

For larger enterprises, it is a much more nuanced discussion that involves macro trends in organizational behavior and enterprise software dynamics. Traditionally, the IT department has presided over platform adoption, which has raised adoption barriers and red tape.

But in the SaaS era, enterprise platforms can be hosted and managed in the cloud, democratizing the use of powerful platforms throughout the enterprise. As a result, we see marketing departments and CMOs gain control of what used to be the CTO's jurisdiction.

Gartner famously predicts the CMO will have a larger tech budget than the CTO by 2017. And this applies directly to call analytics adoption and implementation. Freedom from IT makes the buying cycle less mired in technical red tape, which is good news for everyone involved.

Call analytics platforms are also increasingly tied into CRM systems like Salesforce. This makes their purchase and implementation even easier as they can be plugged into an already-installed enterprise platform. There are lots of natural synergies between call analytics and CRM as well.

LOOKING AHEAD

Several orbiting variables in the tech and media worlds affect and inform the call commerce opportunity. Some are more imminent than others, but they're all worth watching. BIA/Kelsey has built long-term predictions and positions on their trajectory, presented below.
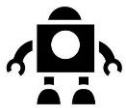
Rise of the Bots

Even though the act of talking — and by extension phone calls — is deeply embedded in our sociological fabric, some still question if it can survive a world being taken over by artificial intelligence (AI). Specifically, the looming threat is in "conversational commerce" and chatbots.

Stepping back for the sake of definitions, messaging apps are exploding in popularity (i.e. Facebook Messenger). But they're evolving from peer-to-peer communication, as consumers increasingly use them to message businesses in order to ask questions or transact.

Also known as conversational commerce, it's applied to everything from inquiries, to ordering products to scheduling appointments. But most businesses can't text customers all day, so chatbots have emerged to automate those written dialogues through artificial intelligence.

Though BIA/Kelsey is bullish on conversational commerce, it won't cause meaningful attrition to call commerce. In fact, chatbots could actually drive *more calls*. When chatbots can't fulfill a request, they'll hand off to a live agent via voice. And this will happen often, given AI's limitations.

Even if chatbots reduce call volume, the reduction will happen at the low end. In other words, lower-value calls such as inquiries for directions or hours of operation. The result could be elevated value for scarcer high-value calls, which proprietors will then have more time to field.

Chatbots will also cut into lower-value verticals where simple requests can be processed automatically such as restaurant reservations or salon appointments. Calls will prevail for complex and big-ticket items such as telecom, financial services and autos, as underlined earlier.

'Big Voice'

Speaking of AI, it could benefit call commerce more than it threatens it. As big data collides with voice, AI will unlock call analytics' capabilities through underlying technologies like voice processing and advanced machine learning. As these technologies advance, so will call analytics.

We already see this in advanced forms of call analytics that apply benchmarking models to automate lead scoring. This involves scoring large volumes of calls against quality criteria and desired outcomes. Things like keywords and voice tone are identified as quality targets.

From there, machine learning can ingest that qualifying information and apply it to new inbound calls to score them accordingly. The target criteria will generally change for different campaigns, though some universal

quality indicators will persist (think: a spoken credit card number).

In addition to scaling up analytics capability, this automated approach has the potential for considerable cost advantages over the current state of the art: human lead scoring. And though voice processing and machine learning still have limitations, their reliability is evolving quickly.

Meanwhile, it is important to note that data alone don't mean much. Call analytics is only as good as the insights that can be drawn from it. And for the time being that is at least partially a human endeavor. As the saying goes, "We don't need big data, we need big insights."

Kids These Days

Millennials represent the other elephant in the room. The generation's growing buying empowerment makes its behavior and proclivities more important to marketers than ever. Given that the oldest millennials are now 36, they fully occupy the coveted 18-to-34 consumer demographic.

But millennials have also been misjudged. Like many social phenomena, there are misconceptions about the generation stemming from media coverage. Despite popular belief, millennials own cars, have a capacity for work ethic and they make phone calls.

According to a Marchex study (see disclosure), millennials are actually more likely to click-to-call from mobile ads than any other age group. And these search-oriented calls index higher for financial services and insurance queries, further contradicting common beliefs about millennials' responsibility levels.

Though this deviates from common wisdom, it does stand to reason. Millennials generally possess a sense of immediacy. The same can be said for an overall on-demand culture that is being conditioned to expect things at the push of a button -- including "call" buttons -- as examined earlier.

International Growth

As examined earlier, BIA/Kelsey's projected growth in global call volume will result from click-to-call reaching new users. This will be the case in emerging markets that benefit from the lowered costs of circuitry and connectivity (Moore's law) that bring smartphones to the masses.

One leading indicator is a phenomenon seen in India. Due to metered cellular calling rates, an unwritten system has developed wherein consumers call businesses and hang up after one ring. The business then calls right back to discuss the customer query …and pays for the call.

This "hack" is not click to-call but is a proxy for its opportunity.

Because these businesses have a proven intent to pay for calls, it indicates an opportunity for click-to-call as we know it. And that opportunity will grow with smartphone penetration, which engenders mobile search and call buttons.

Calls Go Over the Top

Similar to video and home entertainment, a la Netflix, messaging apps are going "over the top" (OTT), sidestepping carriers' rates for messaging or voice services. Some consider these rates exorbitant, especially in many overseas markets as discussed in the previous section.

Facebook Messenger now has 1 billion users worldwide and has become more functionally rich in the past few years, including voice capability. Facebook-owned WhatsApp is also popular and has recently expanded beyond its core messaging functionality into voice communications.

In fact, WhatsApp revealed in June that its users make more than 100 million voice calls per day, which equals 1,100 calls per second. To put this in perspective, the usage milestone happened just one year after

WhatsApp launched voice calling in its Android and iOS apps.

Stepping back, this is a sign of OTT voice calling's potential scale. Beyond messaging, developers build voice into myriad apps using platforms like Twilio. This facilitates calls directly through apps (think: calling your arriving Uber driver), which has the advantages of ease and privacy.

With an eye to this trend, it would be smart for any companies in the call commerce value chain to position themselves to be technically proficient or compatible with non-carrier OTT voice platforms. Usage is clearly moving in that direction, and call commerce could move with it.

WHATSAPP MONTHLY ACTIVE USERS
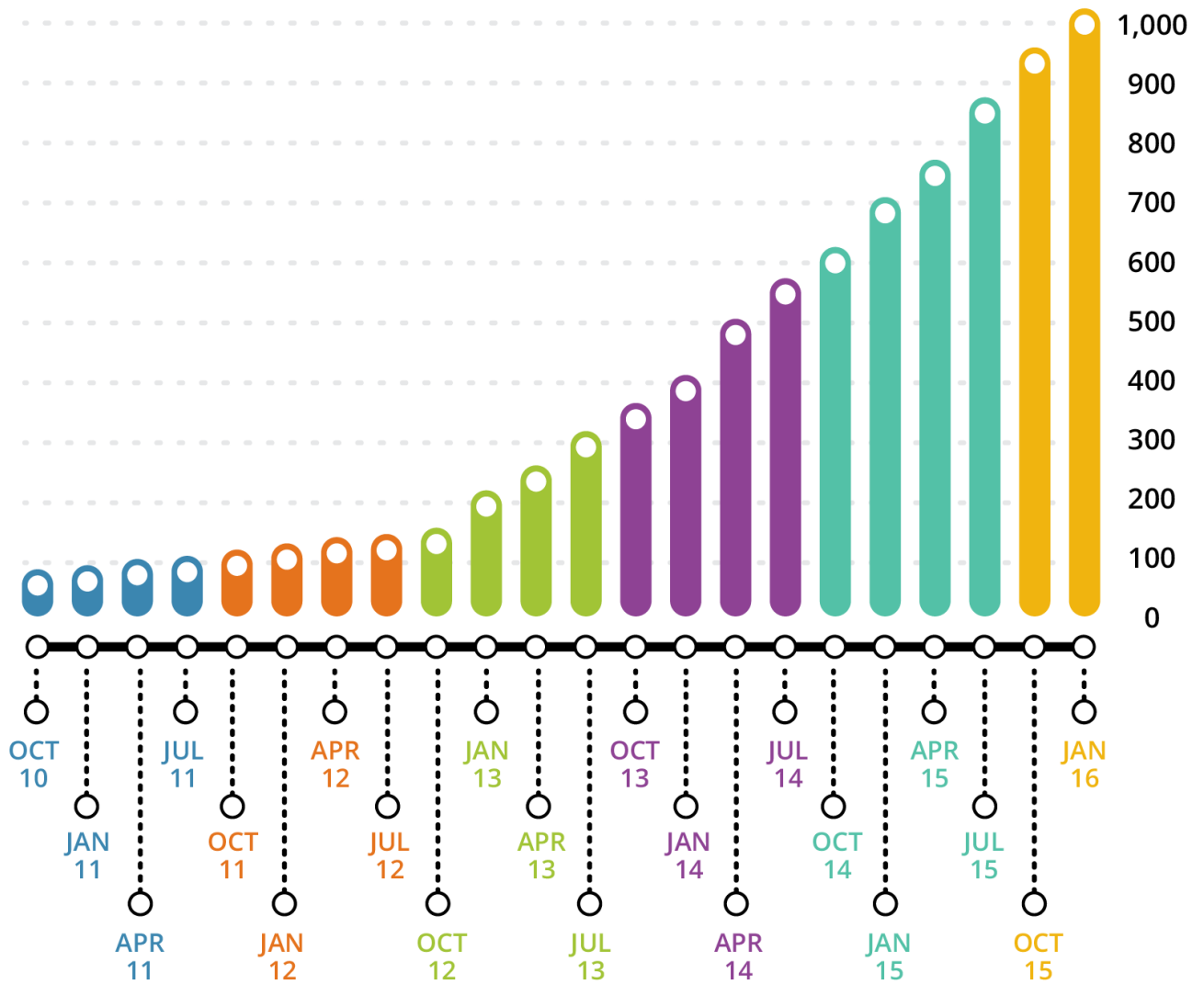
Source: Business Insider

Call Analytics: Not Just for Calls

Advancements in call analytics don't just benefit calls: they can apply to other voice-centric fields. The tenets of good call analytics – discerning spoken words, intent, inflection, context, etc. – can work with any content assets where speech is the primary mode.

This makes call analytics' utility, and thus revenue, apply to everything from business conferences (think: panels and keynotes), to podcasts to YouTube videos. The latter gets into a massive area of opportunity: making speech more easily searchable.

This makes it a notable area of innovation and investment for Google, among other companies. As massive and successful as its search index is, it's mostly limited to text (and the metadata for multimedia content). But for the actual contents of a video, podcast or spoken track, it falls short.

This is why it's a longstanding theory and prediction of this report's author that Google's efforts in voice search are a Trojan horse for a much larger endgame: indexing spoken content to make it searchable. This effort includes Google Voice and anything involving speech-to-text processing.

Once Google achieves that end, it can better derive contextual relevance from speech-centric video and audio content. And that of course opens up a massive corpus of advertising inventory for more contextually relevant ad placement – Google's core ($50 billion) business.

Social Media: The Wild Card

Speaking of the long game for tech giants, we would be remiss to not go a bit deeper on Facebook, which has positioned itself as a resource for offline businesses to attract customers. One of those areas is facilitating O2O commerce through its click-to-call button examined earlier.

Its O2O attribution efforts took a sizable step forward in June when it announced it will track the spatial behavior of signed-in users via GPS. Meant to measure foot traffic influenced by ads, the move will have a considerable impact given Facebook's 1.3 billion mobile users.

Building from its Local Awareness ads, this will include store locators that surface the closest locations (similar to Google). And it will go beyond spatial tracking to the store threshold. Facebook will layer in more conversion tracking through orbiting efforts like payments and calls.

More relevant to this report, map clicks will join the existing call button in its mobile ads and business pages. This starts to paint a picture of an overall attribution mosaic Facebook is creating, where calls will be an interlinked and influential component.

BIA/Kelsey believes the level of interest and investment evident in these moves signals an opportunity for best-of-breed analytics providers. In fact, Facebook already has a handful of launch partners for local attribution and the list will grow. It will also make acquisitions in this area.

BIA/Kelsey believes Facebook will continue to build analytics capabilities to derive more value from its growing volume of business calls. Based on the sheer volume of calls, deeper analytics is a logical step. And for the sake of speed, it will partner (or buy) rather than build.
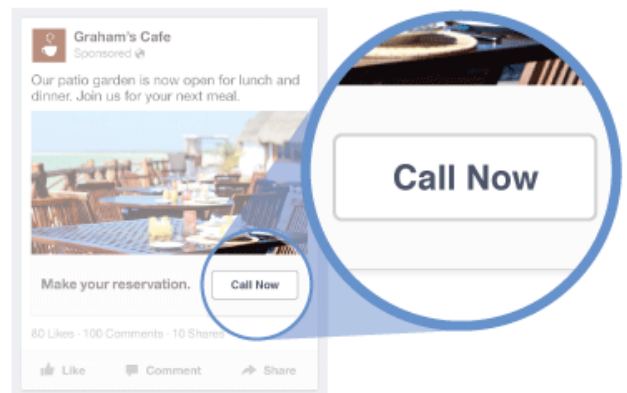
Source: Facebook

FINAL THOUGHTS

Though the phone call is the Rodney Dangerfield of the digital age ("I get no respect"), its role in driving commerce is huge — $1 trillion huge. The magnitude of its influence stems from its part in big-ticket conversions, where major dollars are on the line.

The broader tech, media and advertising worlds are catching up to this reality and acknowledging that most commerce happens offline. Meanwhile, the main components of call commerce, such as analytics, are being boosted by advancements in big data and artificial intelligence.

Add up these factors and the world is primed for call commerce. There are several directions it could branch, explored in this report, and many points of entry. One certainty is that it's an opportune sector, where most links in the digital marketing value chain should adjust their focus.

BIA Kelsey

ABOUT THE AUTHOR

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Mike was one of Silicon Valley's first tech writers of the Internet age as staff reporter for Forbes, starting in 2000. Now a leading industry analyst, he is a frequent speaker at top industry conferences such as BIA/Kelsey events, ad:tech and LeadsCon.

He authors defining reports and revenue forecasts on the changing tech and media landscape; he contributes to highly read news sources such as Business Insider and The Huffington Post; and his quotes and comments appear in The Wall Street Journal, Fortune and The New York Times.

After 15 years in professional writing and content production, Mike also runs BIA/Kelsey's publishing strategy, including reports, multimedia, blog and newsletter.

ABOUT BIA/KELSEY

BIA/Kelsey is a market research and analyst firm that focuses on all things local. Local media is an increasingly dynamic area of ad spending and is quickly evolving with emerging digital platforms like mobile, social and search.

Over the past three decades, BIA/Kelsey has been an authority on these developing technologies as well as their forbearers in traditional media, which continue to transform as they likewise compete for local ad dollars and consumer affinity.

Through a suite of products that include research reports, data, conferences and client consulting, BIA/Kelsey analyzes the financial, social and technology trends affecting local media.

Readers, event attendees and clients receive the inside track on data, analysis and tactics needed to grow and transform in rapidly evolving tech and media landscapes.

ABOUT INDUSTRY WATCH REPORTS

BIA/Kelsey's Industry Watch series examines key trends and opportunities in tech and media sectors. Applying BIA/Kelsey's analytical and editorial eye, it selects topics based on the criteria of industry growth, disruption, opportunity or notable lessons.

These reports join BIA/Kelsey's editorial calendar, with the additional opportunity for companies to underwrite distribution. This includes industry players that wish to bring reports out from the paywall, thereby amplifying the marketplace's access to, and awareness of, a given topic.

Underwriters get brand benefit in being associated with the free and open distribution of an industry report.

DISCLOSURE

Marchex has underwritten the distribution of this report. BIA/Kelsey maintains editorial independence throughout all stages of production. Report contents are not co-produced or influenced by underwriters, though they can provide source material and data on which analysts build narrative, at their full discretion.

ABOUT MARCHEX

Seattle-based Marchex is a mobile advertising analytics company that connects online behavior to real-world, offline actions. It works with brands and agencies worldwide in communications, auto, financial services, home services, travel, education, health and local/professional services. Some of its clients include Time Warner Cable, ADT, CDK Global, T-Mobile, WPP and Bridgestone.

APPENDIX I: INDUSTRY PLAYERS

By design, this report steered from company profiles in favor of analyst commentary and industry-level insight. To characterize the industry composition further, we've drawn from BIA/Kelsey's Local Commerce Universe database for a representative list of companies working in call analytics.

Company	Based	Founded	Publicly-Traded
Marchex, Inc.	Seattle, WA	2003	Nasdaq-MCHX
Century Interactive	Dallas, TX	1988	N
CallSource	Westlake Village, CA	1993	N
DialogTech	Chicago, IL	2005	N
Invoca	Santa Barbara, CA	2007	N
Soleo Communications	Victor, NY	2002	N
Callfire	Santa Monica, CA	2004	N
ResponseTap	Atlanta, GA	2008	N
MightyCall	Seattle, WA	1999	N
Convirza	Draper, UT	2012	N
SalesLoft	Atlanta, GA	2011	N
Telmetrics	Mississauga, ON	1990	N

VoiceBase, Inc.	San Francisco, CA	2010	N
CallRail	Atlanta, GA	2011	N
Callcap	Witchita, KS	2002	N
RingDNA	Sherman Oaks, CA	2012	N
Waybeo	North Wales, PA	2010	N
Kixie	Santa Monica, CA	2013	N
Callinize	Austin, TX	2013	N
CallTracks Limited	London, UK	2004	N
CallTracking Metrics	Severna Park, MD	2009	N

APPENDIX II: CASE STUDY

The following case study builds from the analysis of call analytics' place in O2O attribution. Specifically it picks up at the point of the commentary involving cross-channel attribution and going "beyond the last click" with display advertising.

Ad campaign attribution is one of the most valuable applications of call analytics. This comes about as the larger advertising world is recognizing — and demanding — possibilities with data-driven attribution. As a result, higher standards are developing for advertising ROI measurement.

These standards are partly fueled by advancements in the art of "connecting the dots" across multiple media. This is a hot topic when it comes to attribution between online and offline worlds (a la O2O commerce) and because of the multi-screen world we now live in.

Marchex recently brought call analytics and attribution to relatively uncharted waters: display ads. Marchex Display Analytics tracks calls that result from display ad impressions and reports the data to advertisers for ROI assessment and ongoing campaign optimization.

To be clear, calls can already be tracked and attributed when launched from a display ad. But what about calls that happen weeks later? Because display is more of a branding and awareness medium, it does not drive direct calls to the extent that intent-oriented formats like search do.

Display ads still have an impact, albeit harder to measure. They reinforce brand awareness and drive calls at later stages. In fact, one in 500,000 display impressions drives an immediate call according to Marchex. Expanding the time window to two weeks, the odds improve to one in 8,000 impressions.

That's where Display Analytics comes in, applying a system of attributing the initial impression to the subsequent offline call. This can involve device IDs and other identifying factors Marchex tracks. It moves beyond the "last click" attribution commonly practiced with display ads.

"In the Marchex Audience Graph we have a retroactive matching capability," Adarsh Nair, Marchex's vice president of product management and engineering, told BIA/Kelsey. "We have 300 million calls running through our platform annually from 100 million uniques. We've been able to create a table to compare online and offline identity."

The result: Marchex claims Display Analytics achieves accurate measurement and attribution for 98 percent of calls unseen by traditional call analytics and reduces cost per conversion for display campaigns by 45 percent.

Display Spend	Display Impression	Total Online Conversion (eCom)	Conversion (Call)
$700K	126M	9,190	15,812
	Conversion	$400K	$350K

Source: Marchex

APPENDIX III: FURTHER VIEWING

This report's author has tackled the call commerce topic on stage a few times over the past six months. Below are videos that further unpack many of the principles explored in this report. Click on the video screenshot to be redirected to an unlisted YouTube page to stream the video.

Conference Panel: Defining the Call Commerce Opportunity

Conference Interview: Marchex

BIA/Kelsey Workshop: Call Commerce