# The State of SMS

## The definitive guide to mobile marketing and alerts



# Foreword

We are increasingly becoming a mobile-first society, with the latest figures from Ofcom estimating smartphone usage at 71% of UK adults and mobile usage a staggering 93%. With the vast majority of consumers familiar with the channel, it's significant to see consumers rank it alongside email as their preferred route for contact from brands too.

The growth in smartphone usage and technological advancements have also transformed the ways in which brands can use SMS to engage customers. The humble text message offers a wealth of opportunity, from sending marketing messages like voucher codes, to offering helpful service updates, such as appointment reminders or delivery updates.

One of the biggest changes in the coming years for many brands will be the new General Data Protection Regulations (GDPR) coming into force in May 2018. The new rules will significantly change the way businesses can use data for marketing purposes. According to our recent 'GDPR and you' report, 96% of marketers are aware of the new laws and just over half of businesses (54%) believe that they'll be compliant in time for May 2018.

However, for those that are already using SMS properly, the correct opt-in should already be in place to ensure they can continue to utilise the immediacy of engagement this channel has to offer. The secret to success with all customer engagement is to make sure that they remain at the heart of everything a brand does.

There are five key principles to this customer-centric approach, outlined in the DMA Code. These offer a framework for retailers to build a culture of trust with their customers, wherever they are. Putting customers first also creates an exchange of value between a business (looking to prosper) and the customer (looking to benefit).

Taking this customer-centric approach, particularly in the light of GDPR and the upcoming ePrivacy legislation, helps to create a level playing field where marketing is led by a 'should do' culture rather than a 'could do' one. Brands that understand this will not only adhere to the rules, but actually go beyond them to create a long-term relationship with customers based on trust and transparency.



Rachel Aldighieri, MD at the DMA



# Executive summary

- There are 37.2 million mobile users in the UK that have opted in to receive text messages from brands and businesses in 2016, which means the SMS universe for marketers in the UK is 7 million people greater than Facebook's audience.
- By 2020, the number of mobile users in the UK that will have opted in to receive text messages from brands and businesses will reach 48.65 million.
- Agency research revealed mobile is the marketing channel to have experienced the most growth over the last 12 months, with SMS marketing now viewed more important than apps.
- Consumers state that SMS and email are their preferred channels when it comes to receiving a branded or business-based communication, well ahead of Facebook, app push notifications and Twitter.
- On average, 98% of mobile users will read a branded or business-based text communication.
- Supermarkets are the brands consumers want to hear from the most, closely followed by retailers, entertainment companies, the health sector, utility companies, and the travel industry.
- The research identified five distinct categories of UK mobile users: text addicts, text drivers, regular texters, casual texters, and no texts please we're British.
- On average, 7% of mobile users that opted in per sector would be considered as heavy consumers of branded or business-based texts and welcome at least one per week.
- 78% of mobile users claim they will read a text message from a company they know and have given their mobile number to, compared to 41% from a company they know but have not given their mobile number to, and 22% from a company they are not familiar with.
- 22% of mobile users said that the texts from brands and businesses were effective.
- The optimal period for brands and businesses to distribute text messages to their opt-in database is between 12:00-15:00.
- Consumers view SMS as an information and service channel. They also believe marketing activity must embrace this in order to ensure texts remain relevant and don't cross into the realm of spam in the eye of the receiver.

# Section 1: The UK mobile market today

Mobile phones have become one of the most effective ways of engaging with consumers. In effect, mobile phones, and smartphones in particular, encompass virtually all other marketing channels. Traditional forms of advertising like TV, radio and print, can all be accessed via smartphones. Across the entire advertising landscape, spend on traditional forms of media have been surpassed by next-generation digital advertising, where the smartphone sits right bang in the middle. But before we explore why the mobile device has become the marketer's ally, let's first look at some top-line mobile stats.

First and foremost, mobile has scale. At the end of 2016, there were 79.14 million active mobile devices in the UK and only 56.5 million individual mobile users. These figures suggest that a significant number of people are using multiple devices, most likely for personal and work purposes. Of those 79.14 million active mobile devices, 80% are smartphones, and 20% are basic featurephones.

It's not uncommon for the majority of people to keep their smartphones by their side for more than 16 hours. They are also often the first and last thing people engage with at the start and end of each and every day.

If you are a business targeting smartphone users via an app, it is also vital to know what operating system the user has on their smartphone, especially if the initial investment in that app is limited to focusing on either Apple's iOS or Android. At the end of 2016, Android continued to dominate the smartphone landscape in the UK with 54% market share, ahead of Apple on 34.7%, and Windows 10.1%. Apple is on the march. The world's largest tech firm continues to take market share at the expense of Android. By 2020, Apple's market share will be 40.2%, while Android's is estimated to drop to 50.2%.

These combined factors make the screen on every smartphone a very valuable piece of real estate to a business – especially if they have budget to invest in creative rich media content. To this end, smartphones have become one of the most engaging channels for a business to reach their target audience.

However, while a majority of businesses focus on smartphone features, there are still 16.1 million featurephone users to potentially consider. This in itself presents a real opportunity for businesses using SMS.



**SMARTPHONES**
**63 MILLION**

**FEATUREPHONES**
**16.1 MILLION**



# SMS in a smartphone society

The UK has now been hailed as a "smartphone society" by telecommunications regulator, Ofcom. This is drawn from the fact that smartphone users are generating the most traffic to websites.

Intriguingly, businesses (and brands in particular) were quick to jump on the app bandwagon. They wanted to express their desire for "me-too marketing", with countless companies developing an app for the sake of developing an app.

But when you consider the fact that a number of apps are downloaded but never used, or are instantaneously uninstalled, you have to question whether they're worth the investment.

Similarly, real estate on a phone is valuable, so most people only download apps that they use on a regular basis. This is where text messaging often prevails. It doesn't require an app or a significant amount of storage to download.

Yet over the last decade, these same companies failed to develop a mobile internet strategy, which meant that their website could not render on a mobile screen. This resulted in them delivering a very poor consumer experience and inevitably forced the user to promptly leave their site. An argument could be made for businesses being misinformed, but the reality is that they have largely failed to comprehend how consumers use their mobile devices.

Messaging, and SMS in particular, is the most popular service on the mobile device. 89% of users claim they use SMS, regardless of the fact that 100% of mobile users can receive them. Browsing remains the second most popular service on mobile – although if app usage was categorised as a service, it would be second. In fact, the top 5 services on mobile devices are somewhat surprising to the uninitiated marketer, but reveals how consumers use their mobile device.

## Top 5 services on mobile devices

1. SMS
2. Browsing
3. Email
4. Camera
5. Weather updates



A quick SMS health check reveals that 90% of messages sent will be read by the recipient within three minutes, while 98% will most likely be opened by the end of the day. Furthermore, 32% of consumers will respond to a promotional text message. These are the performance stats for SMS, whether sent from a consumer, major brand or small shop.

## Key mobile stats

**90%** OF TEXT MESSAGES WILL BE READ WITHIN 3 MINUTES

**98%** WILL MOST LIKELY BE READ BY THE END OF THE DAY

**32%** OF CONSUMERS RESPOND TO PROMOTIONAL SMS





As we'll see in Section 3, the performance of SMS sets it apart not only from other mobile-based channels, such as apps or mobile websites, but major channels used by businesses such as email and social media. What's more, SMS is device and OS agnostic, and provides ubiquity like no other channel. In the UK, smartphones account for 80% of all mobile devices, with featurephones making up the remaining 20%. Businesses pursuing an app strategy not only face a significant initial upfront investment — not to mention marketing costs — but are ignoring 20% of their potential audience.

SMS reaches 100% of the mobile audience which is why it remains a unique and almighty powerful channel.

**79.14 million active mobile phones in 2016**

**63 million / 80% Smartphones**

## Types of smartphone used

| Android-54% | iOS-34.7% | Windows-10.1% | Other-1.2% |
|---|---|---|---|

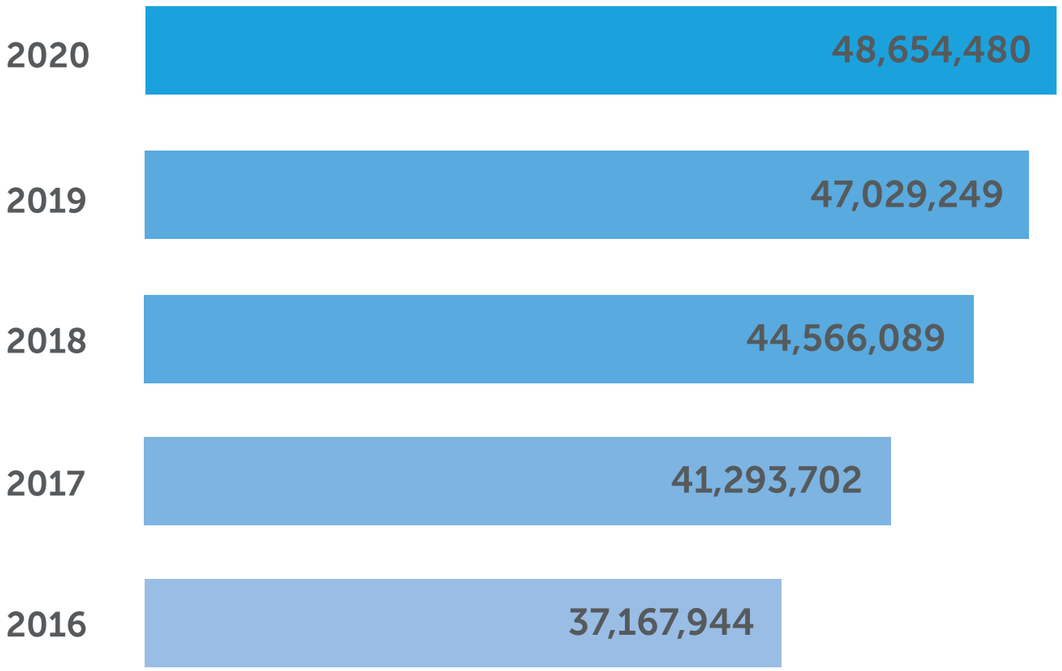
**16.1 million / 20% Featurephones**

The power of SMS is increasing on a daily basis as more consumers opt in to businesses communicating with them via the channel. Research reveals that there were 37.2 million mobile marketing users in the UK at the end of 2016, rising to 41.3 million at the end of 2017, and 48.7 million in 2020.

Someone that has purposefully opted in to receive communications from a business by providing their mobile number is typically referred to as a "mobile marketing user". It should be noted that this report is using "mobile marketing" or "business communications" as an umbrella term incorporating all forms of messaging from a business or community to a user on its mobile database, which could range from an appointment reminder, to a voucher or promotion.

Between 2016 and 2020, the number of opted-in mobile marketing users will grow 31% and by almost 11 million unique users. That makes text messaging the fastest growing marketing channel in the UK.

Total opted-in text universe




## The impressive SMS interaction stats

Where SMS maintains its impressive performance is in the response stats.

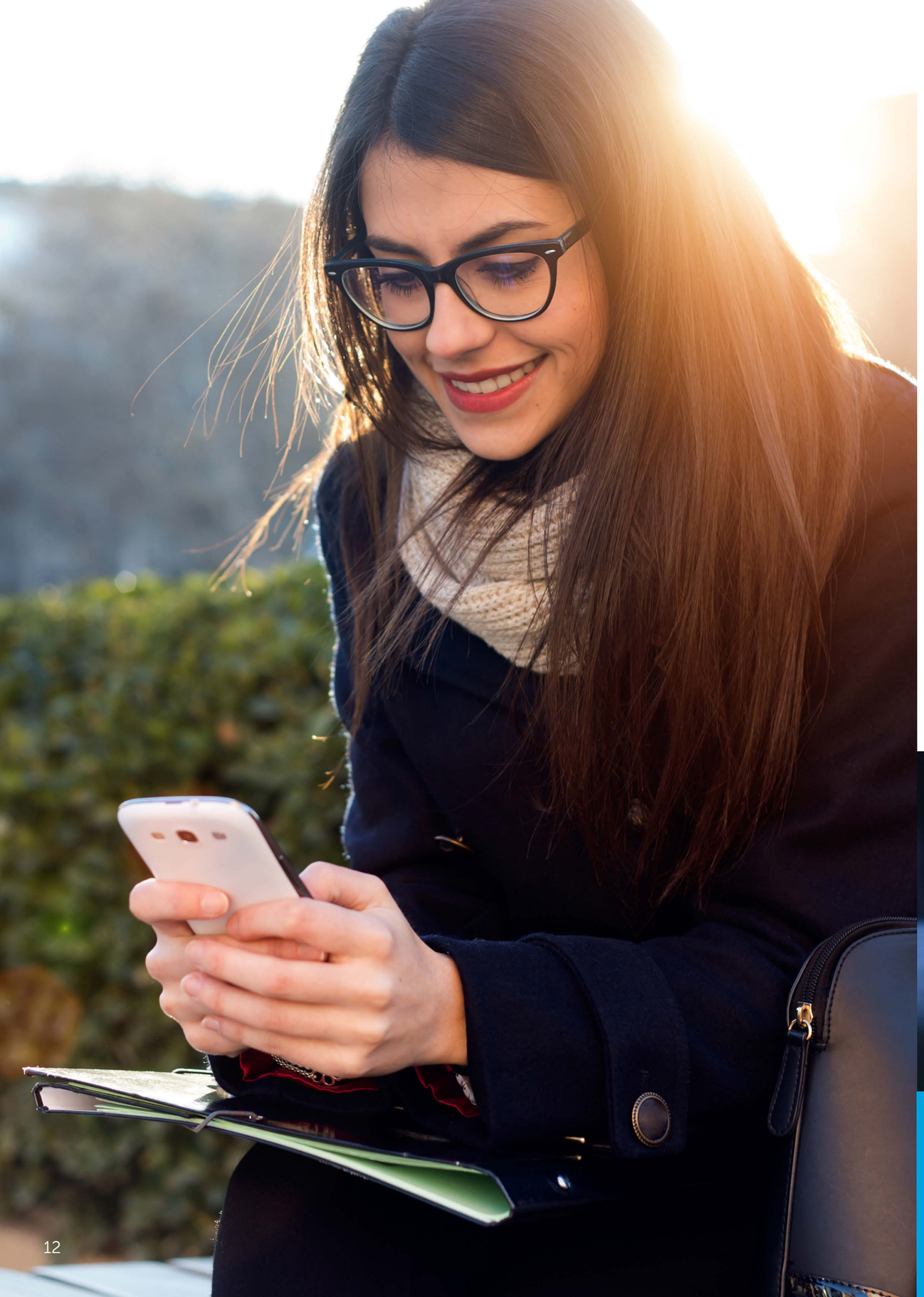
In 2017, 54% of opted-in users are "active" in the sense that they will respond to an SMS from a business, with around one-quarter clicking on a web-link, and around 25% forwarding a business text.

A further breakdown of the responses reveals that 10% have booked an appointment and 9% have downloaded a business app. But perhaps the most impressive of all, is that 27% of opt-ins have purchased a good or service as a direct result of receiving a text. Either prompting the user to go in-store, use an alternative device to complete the purchase, or via their mobile device.

Longer term, 50% of opt-in users also said that their loyalty to that business increased having received a helpful or informative text regarding their recent purchase.







# Getting the message across: SMS vs. mobile advertising

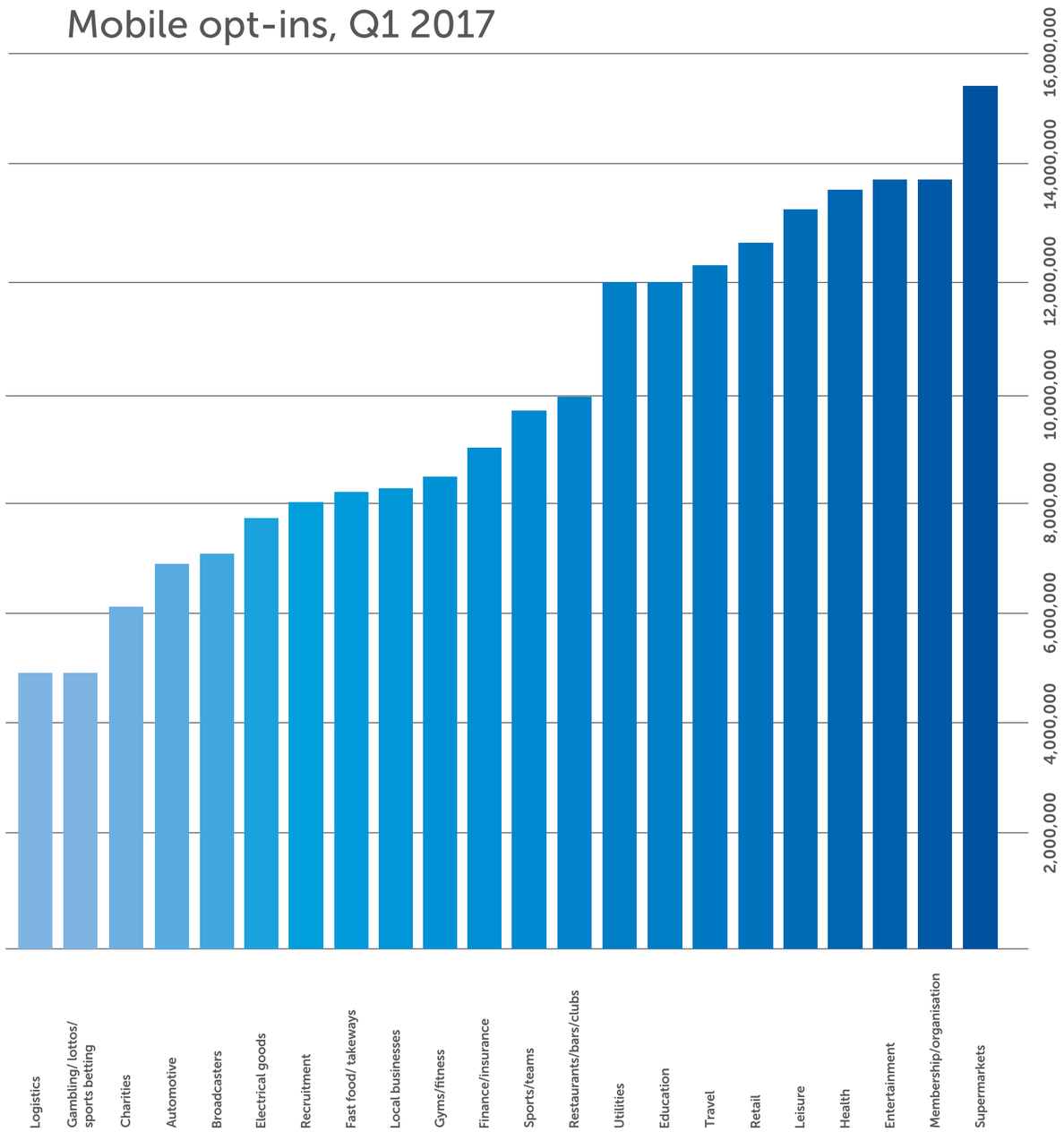
To put this into context, a comparison has been made between the performance of SMS versus the much-hyped mobile advertising (below). Examples of mobile advertising would include: banner ads, mobile search advertising and mobile video bumpers. As the table suggests, SMS generates a higher response rate than mobile advertising in every example.

| Actions taken: | SMS | Mobile advertising |
|---|---|---|
| Purchased a good or service via your mobile phone immediately | 3% | 2% |
| Gone in-store to make the purchase | 8% | 4% |
| Purchased a good or service via an alternative device (PC/Mac or tablet) | 8% | 6% |
| Purchased a good or service via your mobile phone at a later time | 7% | 5% |
| Booked an appointment | 10% | n/a |
| Downloaded an app | 9% | 3% |



"23.5 million people will respond to a business text message in 2017"

## Mobile opt-ins, Q1 2017




Research reveals that supermarkets will have the largest mobile opt-in audience at the start of 2017, with 15.1 million. Supermarkets communications appeal to 39% of total mobile opt-ins, with entertainment, retail, and memberships and organisations appealing to 36%. Health, travel and leisure follow closely.



The average number of opt-ins per sector is 10 million. For a restaurant/bar/club, for example, it will have a potential audience of 10.3 million opt-ins across the UK. To break that down further, 22% of total restaurant/bar/club opt-ins will be in London, 18% in Central, 14% in Granada and 10% in Yorkshire. This highlights that opt-ins are not geographically restricted, and that every business should be developing a mobile opt-in database whether they have stores up and down the country, or a boutique clothing store in Scarborough. There is a national appetite for business SMS.

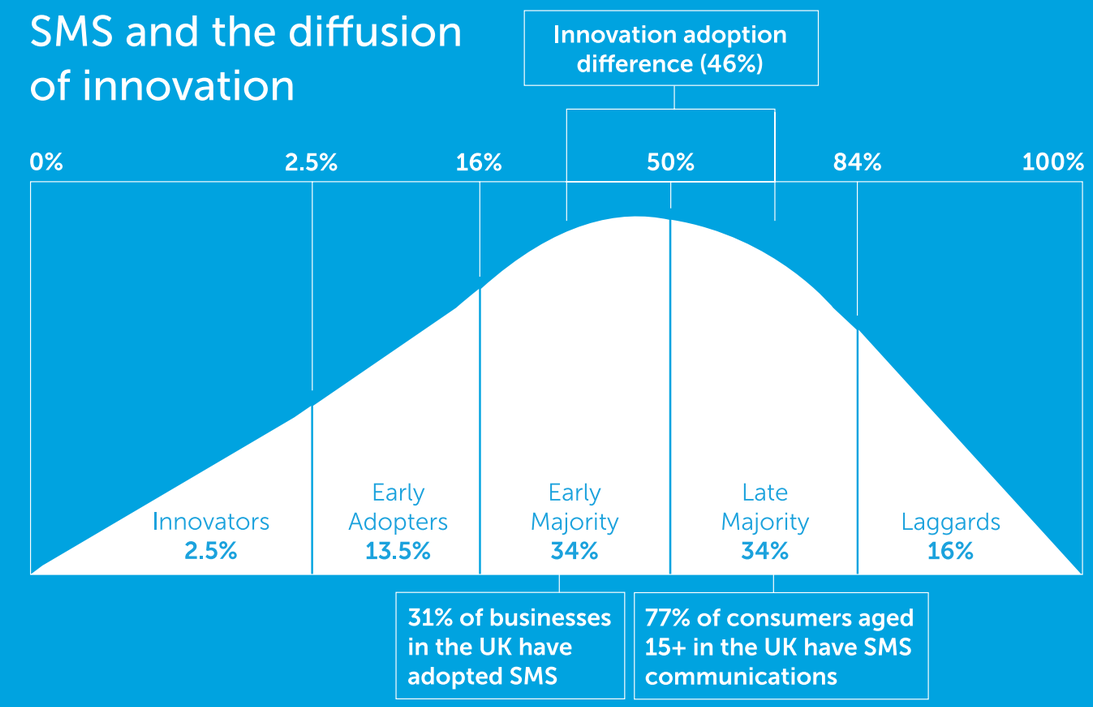
Of the 41.3 million opted-in mobile users, more than 50% do not track or know the number of businesses they have opted in to receive texts from. Indicating that the majority of consumers are comfortable providing their mobile number to businesses.

## The number of businesses customers have opted in to receive SMS from

| | | |
|---|---|---|
| 1-3 | 24% | 9,910,488.72 |
| 4-6 | 16% | 6,606,992.48 |
| 7-10 | 4% | 1,651,748.12 |
| 11+ | 4% | 1,651,748.12 |
| Too many to remember | 15% | 6,056,409.77 |
| I don't know | 37% | 15,416,315.79 |

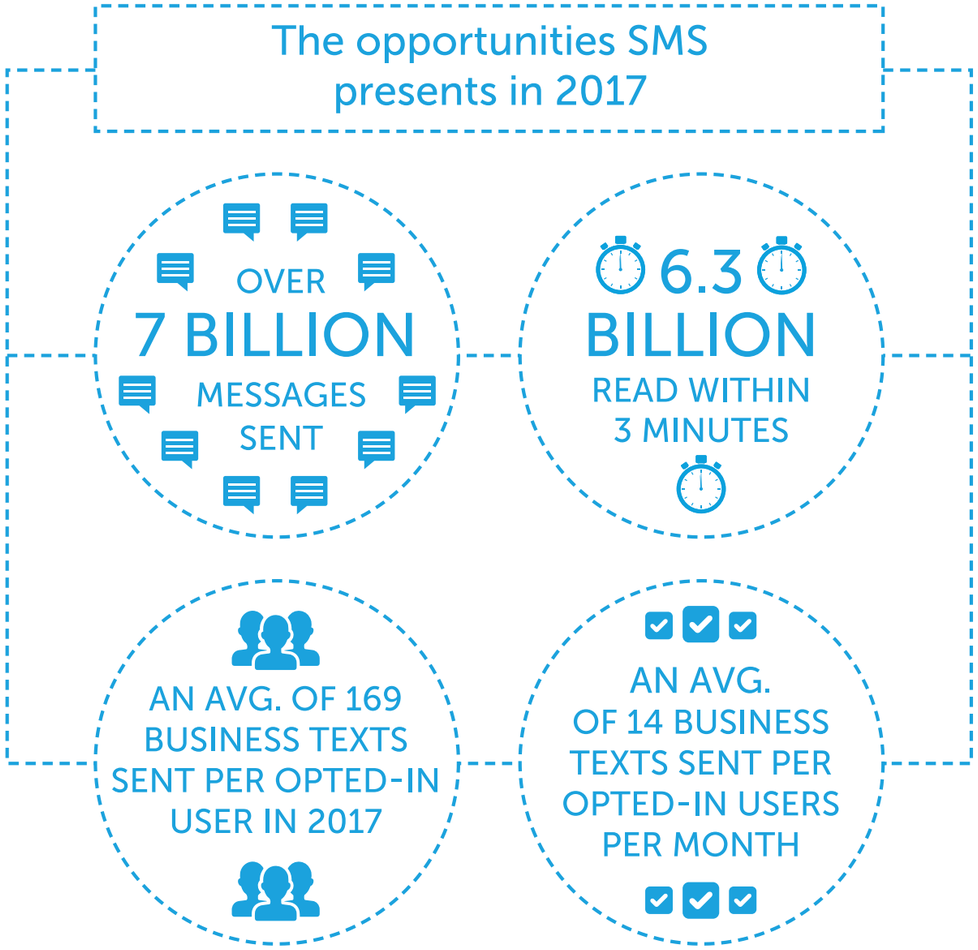
A broader look at the SMS opt-in audience reveals that consumers are aware of the opt-in process and that businesses can only communicate with them with their implicit permission. This should act as a major wake-up call for businesses to develop their opted-in customer list if they haven't started doing so already.

## SMS and the diffusion of innovation



The diffusion of innovation model reveals the adoption of technology within a society. For SMS, it indicates that consumers in the UK are considerably more advanced than businesses. For example, the model highlights that mobile marketing consumers sit towards the upper limits within the late majority category (77%), compared to businesses that remain in the middle of early majority (31%). This represents an innovation adoption difference of 46%. To support this theory further, research reveals that SMS remains a hugely under-utilised channel by businesses. In fact, as a communications channel it is only operating at 38% capacity.

In 2017, 7 billion business texts will be sent, with 90% of those being read within the first three minutes.




As the remainder of this report will highlight, SMS presents the best opportunity for a business to connect with its target audience. But the mantra remains the same for any company regardless of the platform: it is imperative to send the right message, to the right person, at the right time.

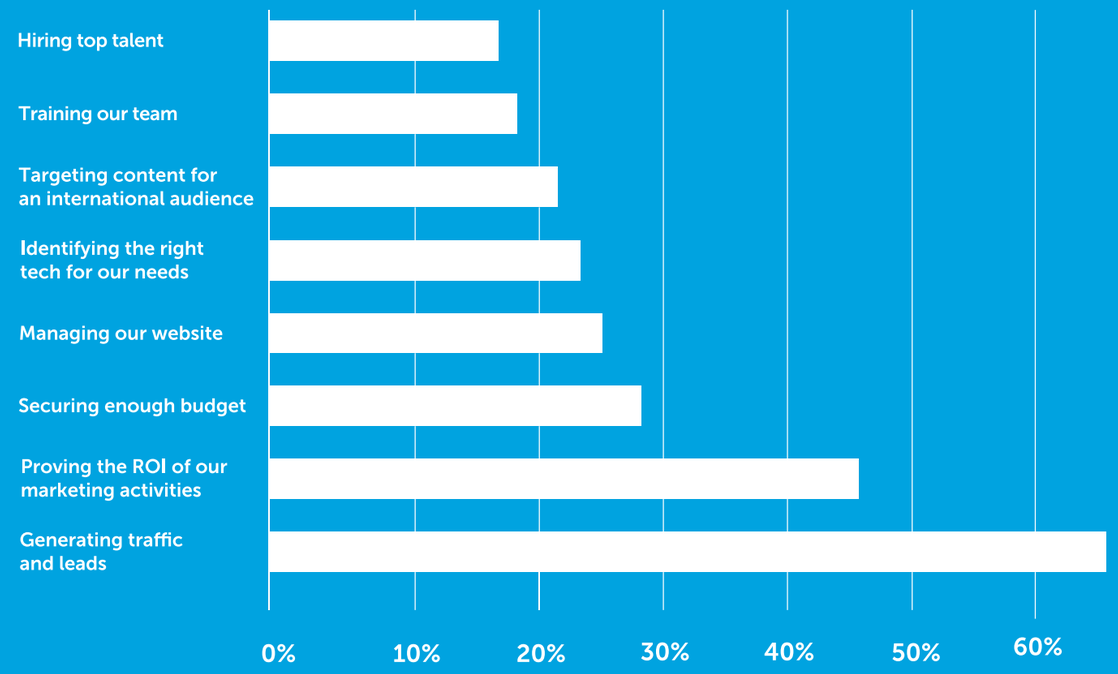


# Section 2: The challenges facing every business

Small and medium-sized enterprises (SMEs) are defined as a company with fewer than 250 employees. A micro-business has 0-9 employees, a small business has between 10-49 employees, a medium-sized business has between 50-249 employees. At the start of 2016, 96% of private businesses in the UK were micro, 3.7% small, and 0.2% medium-sized. Large businesses have 250 employees and above, and account for 0.1% of total businesses in the UK.

Of the eight key marketing challenges that have been identified by businesses, two in particular standout. Firstly, the ability to generate traffic and leads, followed by the need to prove a return on investment (ROI) on marketing activity. Both of these core issues are budget-related and are more often reflective of small and medium businesses throughout the UK.

## The biggest marketing challenges in businesses




Source: https://blog.hubspot.com

When it comes to marketing, SMEs and large businesses both face a number of challenges. While some large businesses may have a bigger marketing budget than SMEs, the magnitude of a campaign can often cost a considerable amount to launch. On the other hand, the biggest obstacle for SMEs is developing and executing an effective marketing campaign which delivers a substantial return on investment, while operating with a severely restricted budget.

However, the emergence and scale of mobile as a channel to receive communications has benefitted every business. SMS is now being recognised by big and small businesses as a proven marketing avenue to generate results without the great expense.

## Average business marketing spend

### Large businesses

| Revenue over £25 million | Revenue less than £25 million |
|---|---|
| **9%** spent on marketing | **11%** spent on marketing |

### SMEs

| | | |
|---|---|---|
| **£24,000** is the average annual marketing spend for an SME | **£1,000** is the average marketing spend for two-thirds of SMEs | **1/3** of SMEs have an ad hoc marketing budget |






## Mobile in marketing

Mobile presents a multitude of ways for a business to connect with its target audience. By the end of 2016, 81% of all businesses in the UK were operating the simplest level of a mobile strategy by the way of a mobile website, (i.e. their website renders on a mobile device). Alhough by the end of 2018, the number of businesses operating a mobile strategy is expected to rise to 92%.

## What features are businesses currently using in their mobile strategies?

| | 2016 |
|---|---|
| We have a mobile site | 81% |
| We have an opted-in mobile database and use it to send SMS | 31% |
| We have a mobile app | 27% |
| Not yet, but we intend to in the next 12 months | 11% |
| No, we have no intention of using mobile | 8% |
| We include QR codes on printed marketing material | 6% |
| We use short codes | 4% |
| We use augmented reality | 4% |
| Total non-mobile | 19% |

Alongside mobile website and apps, SMS can be regarded as a core mobile service used by businesses in the UK.

Alternative mobile services such as QR codes and augmented reality are yet to make much of a lasting impression on businesses.



## SMS creates a level playing field

The cost to develop an app limits their development primarily to businesses with a large budget. In this environment and on budget alone, this isn't achievable for many SMEs. But SMS could offer an affordable solution.

It can effectively maximise a £1,000 campaign and potentially have a similar impact as a campaign by a big business spending £1 million. SMS is where businesses can create and deliver SMS campaigns for as little as £1 to reach 25 key customers – based on a text costing 4p.

The importance of knowing that a marketing campaign can be executed for as little as £1 is vital given that 99.9% of all companies in the UK are operating with a limited marketing budget at best.

Therefore, businesses developing apps are only targeting a tiny fraction of UK businesses with a sufficient budget. SMS overcomes budgetary hurdles for every business in the UK big or small, and provides a consistent (and unparalleled) performance, regardless of the size of the business or its investment in SMS.

## Create an SMS campaign from £1



The same price as a packet of share size crisps



The same price as 4 pints of milk



The same price as a loaf of bread

### The issue with apps

The average app costs £50,000 to develop, not including on-going maintenance such as bug fixes, and extensive marketing costs to ensure discoverability within an app store containing millions of other apps. Then, even if an app is downloaded, 77% will be deleted within several days.





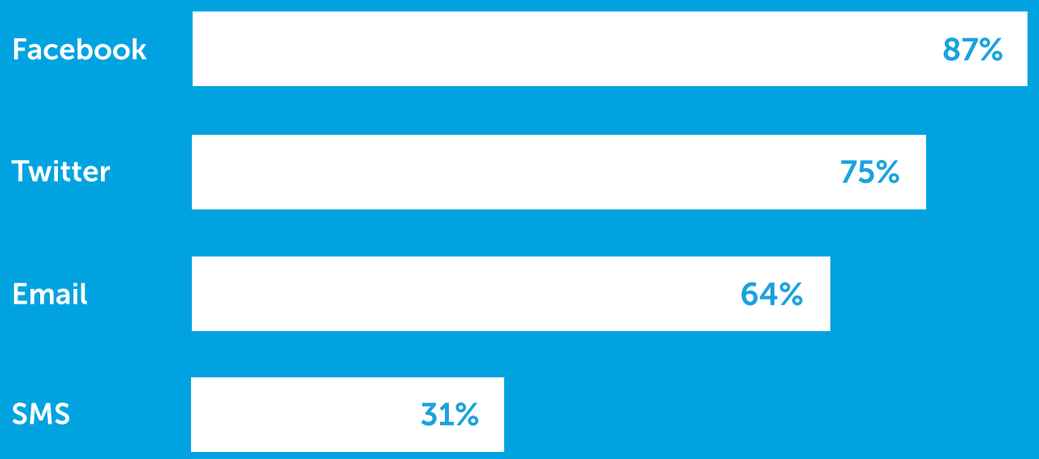

# Section 3: What a consumer wants

Research revealed that texts and email are the preferred channels for consumers, not social media or apps.

Consumers do not view Facebook as a marketing channel. Only 9% of users welcome business communications on Facebook, which in-turn is still more than twice as many as app-based push notifications and Twitter. Yet Facebook and Twitter are the dominant marketing channels for businesses, ahead of email, and then SMS.

This means that the majority of businesses operating a Facebook-led marketing and communications strategy are not reflective of how their target audience want to be communicated with. As a result, this could ultimately damage the perception of their brand.

## How do you encourage consumer engagement through the call to actions from your marketing campaigns?



# Facebook reduced to 3 million marketable users

Every business is drawn to Facebook's scale and the appeal of creating a company page for free. While Facebook has circa 30 million users and has worked as an advertising platform for some businesses, there are other elements to consider. But what is overlooked, or perhaps unknown to businesses, is the fact that 91% of UK Facebook users view the medium as a non-marketing channel and do not want to receive branded communications on their feeds. These users want to use the medium to connect and communicate with friends and family, and see marketing on Facebook as an intrusion. This could spark brand negativity within that user.

Despite this fact, businesses continue to pump hundreds of millions of pounds into Facebook's mobile advertising programme to achieve response rates of up to 5% for exceptional campaigns. Although this is significantly higher than the average click-through rates for a standard mobile banner ad (0.6%), it fails to mask the fact that Facebook's performance is considerably lower than text messaging (98%). It's also worth remembering that Facebook Ads aren't directly targeted and can often generate a lot of likes without many click-throughs.

## Facebook vs. text

30 MILLION
FACEBOOK USERS

9%
OPEN TO MARKETING

37 MILLION
OPT-IN TEXT USERS

100%
OPEN TO MARKETING



## Email vs. SMS

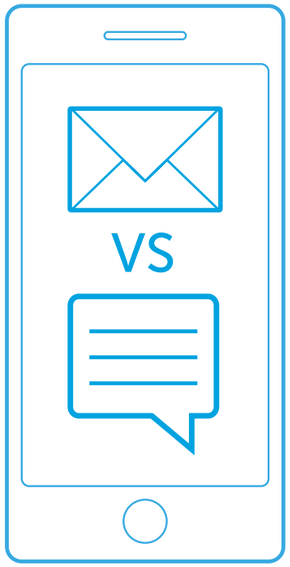
Email remains a popular channel for businesses, attracted by its low cost. A typical email campaign costs just £0.004 per email (or £4 per 1,000). But it is the bigger picture that businesses often overlook or are unaware of. The volume of businesses using email is astronomical, making the marketing platform extremely cluttered.

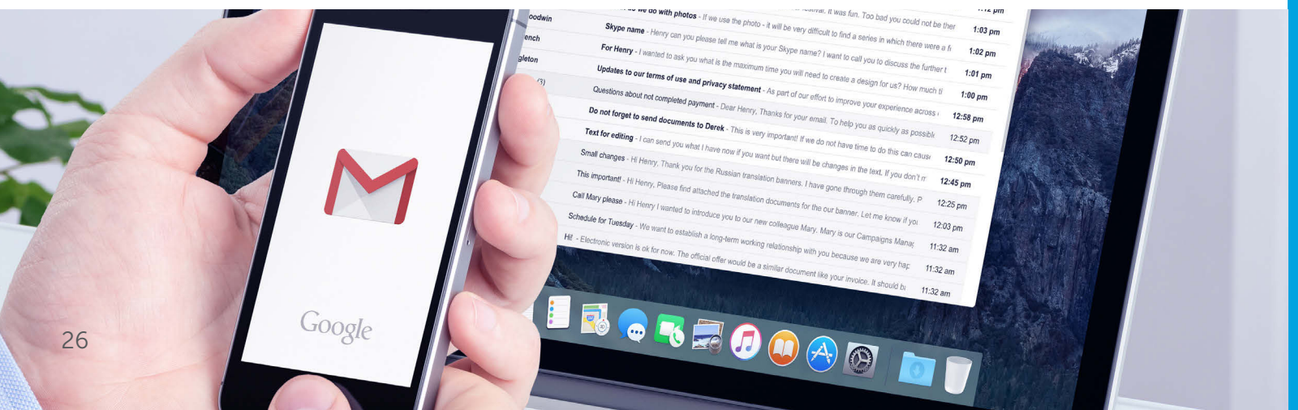
Any business using email is communicating in a highly-congested channel used by a large proportion of businesses big and small throughout the UK. It is likely that their emails will be lost in the immense marketing noise being generated. What's more, email providers such as Google and Microsoft now provide advanced solutions that automatically segment or hide marketing and communications emails before users see them.

When emails do manage to penetrate the filters and firewalls, they have a peak open rate of 22%. While this exceeds the campaign performance stats associated with Facebook, email also remains in the shadow of text when it comes down to performance and response rates.

## The amount of communications consumers receive each week

| | Email | SMS |
|---|---|---|
| Up to 5 per week | 19% | 62% |
| 6-10 per week | 18% | 16% |
| 11-20 per week | 11% | 17% |
| 21-50 per week | 7% | 30% |
| > 51 per week | 18% | 2% |






SMS messaging is emerging as the standout performer for businesses over the variety of channels that converge on the mobile device. Presently, 22% of businesses believe that mobile is the most effective marketing channel, but the figure is growing year-on-year, especially as businesses grasp the text messaging opportunity. The use of Facebook and email by businesses continues to exceed alternative mediums such as SMS, but the 31% of businesses using text messaging is on the rise. Yet, the fact it continues to operate in the shadow of email and Facebook, highlights that businesses are not only investing their marketing budget ineffectively, but are failing to meet the needs of their customers.

## Sectors consumers want to hear from the most via SMS

1 Supermarket
2 Membership
3 Health
4 Retail
5 Entertainment
6 Travel
7 Leisure
8 Education
9 Utilities
10 Restaurants

Texts from supermarkets have the most appeal, with 39% of the total mobile opt-in users happy to hear from them via SMS. This is not surprising given the frequency that consumers visit the stores. Supermarkets are closely followed by texts from the health sector and memberships/organisations, then retail and entertainment sectors. Nine out of the 23 sectors would have a higher than average "most likely to read" rate.

| | Once a week or more | Once a month or more |
|---|---|---|
| Retail | 17% | 72% |
| Travel | 12% | 60% |
| Leisure | 11% | 63% |
| Health | 10% | 63% |
| Entertainment | 15% | 70% |
| Sports/teams | 23% | 69% |
| Supermarket | 23% | 81% |
| Education | 30% | 74% |
| Restaurants/bars/clubs | 11% | 66% |
| Memberships/organisations | 15% | 65% |
| Average | 17% | 68% |

# Mobile user breakdown

Based on the research, we have identified five distinct categories of UK mobile user: text addicts, text drivers, regular texters, casual texters and no texts please we're British. On average, 7% of users per sector would be considered as heavy consumers of text, with nine of the 23 sectors included in the research with above average text addicts.

## Text addicts

These are mobile users that want to receive constant messages from their favourite brands and businesses, once a week or more. On average, these users account for 7% of the opt-in universe per sector.

## Text drivers

Mobile users that want to receive branded communications more than once a month, but not quite as receptive as text addicts (10% of the opt-in universe).

## Regular texters

These are mobile users that are regular, and would welcome a communication once a month (17% of the opt-in universe).

## Casual texters

No more than four times a year at the most (22% of the opt-in universe).

## No texts please we're British

This one's not quite as clear cut as the others. The research reveals that 70% of mobile users have now opted in, leaving just under a third of the mobile population not wanting to receive SMS communications from brands or businesses. This means that of the 44% of the mobile users that "do not want to hear from these businesses", one-third of these users would welcome a relevant text from either the sectors listed or a sector not included in the research (44% of the opt-in universe).

| 7% | 10% | 17% | 22% | 44% |
|---|---|---|---|---|
| Text addicts | Text drivers | Regular texters | Casual texters | No texts, we're British! |



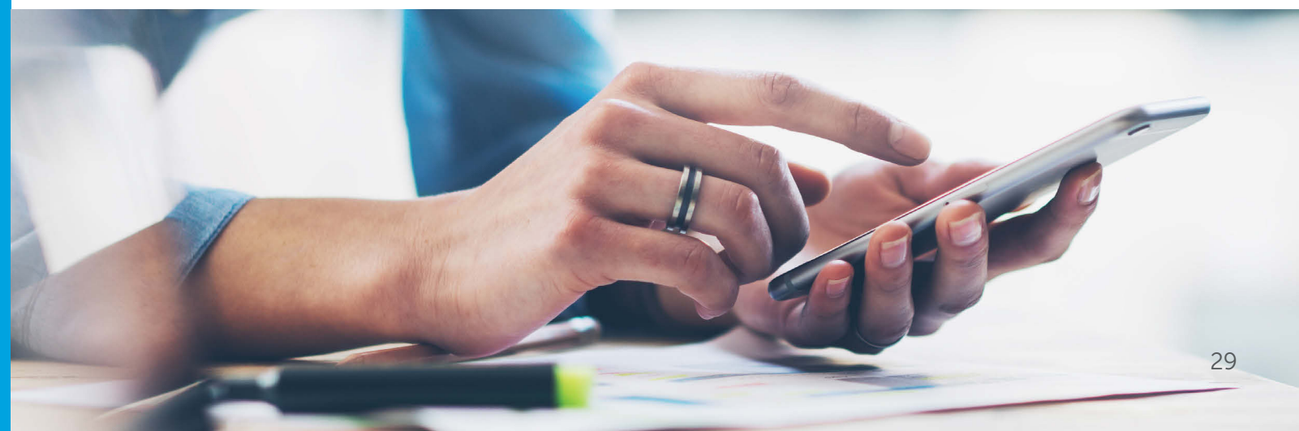
# Section 4: Business SMS best practices

## Timing is everything

Understanding when to send a text is also critical. 29% of businesses identified anytime, followed by weekdays between 09:00 to 12:00, and 12:00 to 15:00.

It is important for businesses to understand that the text channel is not open 24/7 for business texts. The peak time for a business to send a text message is between 12:00 and 15:00 both weekdays and at the weekend, with almost one-third of mobile opted-in users favouring this time. An almost identical number would welcome texts between 09:00 to 12:00 during weekdays, and one-quarter of mobile users would accept texts between 09:00 to 12:00 and 15:00 to 17:00 on weekends.



# Information, information, information

A successful SMS has relevance for each-and-every individual mobile user, and that relevance must be in the form of useful information. In the early days of text messaging, consumers demanded a value exchange if they were to provide their mobile number to a business, such as a promotion or voucher.

Consumer engagement via SMS has clearly evolved with opt-in users relying on SMS to deliver information. One-way service or information-based texts are viewed the most useful by consumers. These include delivery updates, appointment and booking reminders, order confirmations, and date reminders. 67% of the UK's mobile opt-ins believe delivery updates via SMS are among the most useful. Similarly, 64% welcome order confirmations, and 64% appointment or booking reminders.

## The most useful text messages

**Delivery updates**
67%

**Order confirmations**
64%

**Appointment and booking reminders**
64%

**Date reminders (pet check up, MOT etc.)**
54%

**Personalised vouchers and discounts**
49%

**Alerts (school, traffic, transport etc.)**
40%

**Customer loyalty programmes**
39%

**Status updates (finance application update)**
36%

Marketing-based texts with a call to action are considered useful by up to 50% of mobile users, provided the text contains personalised vouchers or discounts. Although more standardised SMS-based promotions will still appeal to around one-third of total opt-in users.

Business texts must reflect the requirements of their mobile contact list. Consumers view SMS as an information and service channel, which means marketing activity must be purposeful and relevant. Otherwise texts run the risk of crossing into the realm of spam in the eye of the receiver.

But the text itself has become something of an envelope for significantly richer experiences. From tickets, vouchers, loyalty cards, surveys, data collection forms, menus, application forms, videos, photos, music and links.

**Business texts must reflect the requirements of their mobile database**



# How other businesses used SMS

## English National Opera (ENO)

ENO used SMS to give their customers the opportunity to buy last minute tickets to their opera and musical shows.

**£500**
SPENT ON SMS

**£8,000**
GROSS PROFIT

**16:1**
RETURN ON INVESTMENT

## Lookers

The automotive giants used SMS ticketing to send out a local promotion on two of their car models.

**£1,800**
SPENT ON SMS

**£74,000**
GROSS PROFIT

**4,000%**
RETURN ON INVESTMENT

**TWO WINS**
EFFECTIVE MOBILE MARKETING AWARDS

## Shelly's Restaurant

Shelly's Restaurant used SMS to text their list of opt-in customers with special offers and sales promotions.

**£28.50**
SPENT ON SMS

**£400**
WORTH OF BOOKINGS

**14:1**
RETURN ON INVESTMENT




# Dolores Marshall Opticians

## How SMS helped an optician save time, costs and reduce appointment ‘no-shows’

**Challenges**
Dolores Marshall Opticians were spending a lot of time doing administration tasks to keep customers informed. On average, they would have to spend time every day ringing around 10-20 different patients to advise them that their glasses were ready for collection, or to tell them if there was an unexpected delay. However, with the practice having some non-English speaking customers, communicating to them via the phone was proving very difficult. The practice was also experiencing a number of ‘no-shows’. As a direct result of this, they were wasting valuable testing time.

**The solution**
Dolores Marshall Opticians used SMS as a solution. A huge benefit is the ability to schedule messages far in advance for individuals or groups of patients, notifying of yearly recalls and appointment reminders with very little effort from the practice staff.

**The results**
- An increase in practice revenue and patient satisfaction.
- It’s helped to reduce the administration required to keep patients informed.
- There’s been a large decrease in appointment ‘no-shows’.
- Patients are happier because they are instantly informed about the status of their glasses.
- The Textlocal.com platform has enabled non-English speaking patients to translate the message.

“I’ve definitely seen a big benefit for the business since using text messaging. We’re saving time which is the main thing, but we’re also saving on costs and reducing admin. We’ve found that customers of all ages have a mobile phone and respond well to our messages. It has also reduced ‘no-shows’ and allowed us to use our appointment time more efficiently”

**Dolores Marshall, Owner, Dolores Marshall Opticians**






# The Royal Exchange Theatre

## How bulk SMS rapidly improved ticket sales and helped grow their database

**Challenges**
The Royal Exchange Theatre were struggling to raise awareness of the different events and amenities such as bars, restaurants, workshops and backstage tours to the student and youth market.

**The solution**
As opposed to email marketing, SMS marketing was considered cheaper, quicker, more flexible and the most effective medium to directly reach their target demographic. By sending a series of text messages in bulk, they generated the highest response rates of any previous marketing campaign – averaging between 8% and 20%.

**The results**
- Increase in box office ticket sales from the student and youth market.
- An 8-20% response rate from people taking up offers and promotions at the box office.
- A 50% increase in the number of people subscribing to receive the text alerts.

“We have had great results from using text marketing, with many recipients making a box office booking as a direct result of receiving a promotional text.”

**Royal Exchange Theatre**

# Section 5: SMS evolution and innovation

SMS has evolved far beyond the 160-character limit some people will remember. The technology presents an opportunity for businesses to build relationships through the delivery of dynamic and rich users experiences. The once humble text message now offers advanced features. 'Closing the loop' on campaigns is now also a simple affair with most systems offering tools to track open rates, clicks, redemptions and responses.




## SMS continues to evolve

The extended competences of text messaging continue to shape and improve businesses around the UK. Just recently, Google AdWords introduced message extensions. This new feature enables any business, organisation or brand to add an SMS button alongside their name in the Google search results.

So, if the button is clicked, an automatic text enquiry is sent to the business from the customer. Depending on the nature of the enquiry, this can set off any number of internal alerts within the business or even a series of automatic responses designed to acknowledge or answer the initial contact request. Message extensions present a real opportunity for businesses interested in receiving more enquiries, growing their database, or retaining customers.

The development of this new feature follows Google's announcement last year that smartphone searches on their engine had overtaken searches from computers for the first time. This kind of development made by the internet search giant just underlines the significant growth of text messaging as a marketing and communications platform.



# Cutting-edge ways to use SMS

**Appointment and booking reminders**
Instantly send automated appointment/booking confirmations and reminders to give your customers or patients essential timely information. By sending out confirmation and reminder texts, you are giving the receiver peace of mind, improving the customer experience, and reducing the likelihood of appointment 'no-shows'.

**Alerts**
Provide a short number and keyword for your customers to text in, so that you can send them real-time SMS updates. This will not only improve your service to customers, but will also save you valuable time spent on answering the same question multiple times. For example, a school could send out closure alerts when it's snowing, or a council could deliver important updates about bin collection dates.

**Tickets**
Send secure, trackable, highly customisable mobile tickets that can be sent out via an SMS, stored in your customers' phones or Wallet apps, ready to be redeemed in a wide variety of ways. Instead of customers having to dig through their pockets and bags for their tickets at festivals or while boarding a flight, they can just use their phone to get in.

**Loyalty cards**
Encourage repeat visits from customers by sending them a personalised loyalty card in exchange for great incentives and discounts. This can be particularly useful for restaurants and salons.

**Vouchers**
Boost sales, increase footfall and entice customers to pre-book by sending your opted in or loyal customers exclusive vouchers via SMS.

**Mobile surveys**
Run mobile surveys to request feedback on your services from customers or patients. Include your own branding, dynamic drop down boxes and star ratings. By using mobile surveys, customers or patients don't feel pressured to dilute their true feedback and can do it at a time which suits them best.

**Delivery updates**
Logistic and delivery companies can keep their customers informed and updated at every step of the process. Instead of sitting indoors all day, sending an update via SMS enables customers to complete other tasks and return during the estimated delivery time.



# Section 6: How customer data is used

Building an opt-in customer list is critical for any business intent on communicating with its customers and potential customers alike via their mobile device.

Aside from the reasons already highlighted in previous sections, the impact of opting a consumer in to receive business texts versus not (i.e. spamming) has a potentially damaging impact on the campaign, and ultimately, on the business' brand itself.

Around three-quarters of consumers said that they are likely to read a text from a business that they had knowingly given their mobile number to. However, that figure almost halves (41%) when the text is from a business the user knows but has not given their mobile number to. More damaging still, is that only 22% of users will read a text from a business the user is not familiar with and has not provided their mobile number to.

To avoid this outcome, it's important that businesses develop a mobile database strategy.

Of the 50% of businesses included in the research that are using SMS, just under one-third have created a mobile database of between 0-500, just over 25% have between 501 and 10,000 numbers, while 45% have over 10,000 mobile numbers. Not surprisingly, there is a correlation between the size of the business and the size of their mobile database. The majority of large businesses in the UK have a mobile database in excess of 10,000 names. While smaller businesses have the greater percentage of smaller databases.

Businesses now recognise the importance of developing a mobile database. Of course understanding who they are communicating to will also impact on the success of their text campaign.

## Business opt-in customer list sizes

| | |
|---|---|
| 0-500 | 29% |
| 501-1,000 | 7% |
| 1,001-5,000 | 14% |
| 5,001-10,000 | 5% |
| 10,001 + | 45% |

## The opt-ins

Consumers that welcome business texts account for at least 69% of each age group from 18 years upwards. To put it another way, a text message from a business could potentially reach in excess of 69% of the UK population aged 18 and over. This is another example of why every business should be developing a mobile database and an accompanying SMS strategy. The ubiquity of SMS enables communications to be delivered to anyone with a mobile phone. And as this opt-in breakdown reveals, there is a mass audience open to receiving SMS.

The over 65s are the most likely demographic to opt in, accounting for 23% of total opt-ins at the start of 2017. Although the majority of users are unsure of the number of businesses they have connected with. Furthermore, 84% of the over 65 population in the UK have opted in.

The next demographic most likely to opt in are the 25-34 year olds. As of the start of 2017, 82% of them have opted in to receive business texts.

As a percentage of total opt-ins, it is the 18-24 year olds that are the least likely to provide businesses with their mobile number.

## Demographic of opt-ins

| | 18-24 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ |
|---|---|---|---|---|---|---|
| Total opt-ins | 4,170,796 | 6,883,853 | 6,006,588 | 6,860,644 | 5,535,141 | 8,814,806 |
| % of total opt-ins | 11% | 18% | 16% | 18% | 14% | 23% |
| % of total opt-ins as % of total population | 70% | 82% | 69% | 79% | 76% | 84% |







## Top 5 tips for developing an opted-in customer list

1. Transparency: when you're asking for a customer's mobile number, outline what you intend to send them. Better still, find out what they would like to hear from you.
2. Communicate when you have to and deliver relevant, timely information.
3. Monitor and measure the performance of each SMS campaign.
4. Segment your customer database to identify the text addicts, text drivers, regular texters, casual texters and no texts we're British.
5. Use your communications to develop a greater understanding of your customer base by running surveys.

## How not to use SMS

There are companies that abuse the privilege of accessing a personal mobile number. Companies making PPI claims and bogus insurance claims have become notorious for using SMS to spam users. Such companies have acquired mobile numbers illegitimately and will typically use a fraudulent SMS provider to distribute its bulk or wholesale messages.

A business pursuing a wholesale messaging strategy using SMS, runs the risk of their message not being delivered, or taking any period from seconds to days for the message to be delivered. It is commonplace for businesses distributing spam and malware to deploy it as a wholesale text strategy.

**Spamming**
unwanted messages delivered to subscribers

**Spoofing**
messages sent illegally by simulating a roaming subscriber

**Faking**
the illegal use of SMS identity by a foreign system

**Flooding**
massive amount of messages sent to networks and subscribers

**Smishing**
deceptive messages attempting to acquire subscriber information

**Virus distribution**
messages luring subscribers to a download site with viruses

As a business, it isn't guaranteed that the recipient will receive a time-critical message when you want it to arrive.

To avoid the risk of spam and ensuring every message is treated as time-critical, the reliability and deliverability demanded by businesses distributing to their opted-in database will only be achieved when they partner with a recognised SMS platform provider. What's more, your brand can appear as the sender, so the recipient knows the origination of the message. From the user's perspective, they can be rest assured that they will only receive legitimate texts from the business.





# Section 7: The future of SMS

SMS is unique in that no other channel will experience growth of 18% over the next couple of years, let alone be able to reach 75% of the UK's total population. In numeric terms, the number of mobile opt-ins will grow from 41.3 million in 2017 to 48.7 million by 2020.

But this growth in users is not reflected in the increase in active users over the same timeframe. As already identified earlier in this white paper, an active opt-in user is one that will respond to a text, as opposed to an inactive or "read-only" SMS user. After all, we know 98% of all messages are read, with a high probability of this reaching 100%.

Nevertheless, between 2017 and 2020, the number of active users will only increase from 54% to 59% of total opt-ins. There will be 28.7 million active opt-in users in 2020 compared to 20 million inactive users.

There clearly is a time-lag between opting in and engaging with a business text. For example, a user that has been opted in for a number of years will have evolved from a unilateral user (inactive/read-only) to a bilateral, or even conversational user (active).

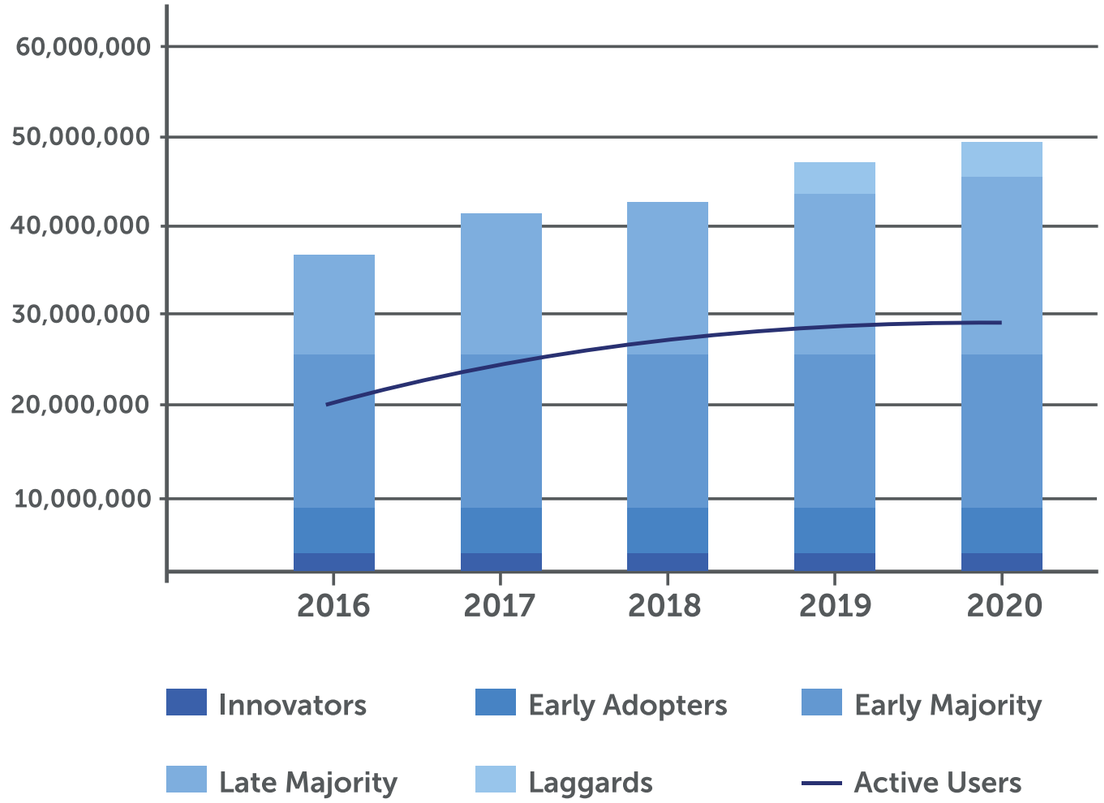
Indeed, a typical process could be where the user provides their mobile number for delivery updates, and in doing so has opted in for marketing texts. This then becomes increasingly more relevant that the user responds and ultimately completes a transaction.

To help explain this evolution, the diffusion of innovations model looks to explain "the process by which an innovation is communicated over time among the participants in a social system ". The model splits society into Innovators, Early Adopters, Early Majority, Late Majority, and Laggards.

Applying this model to understand the UK's adoption of business texting and the propensity to engage, based on the understanding that the longer a user has opted in the more likely they are to engage, reveals that saturation (or 100% penetration) of Innovators, Early Adopters and Early Majority users has been achieved. It also indicates that society has now entered the Late Majority phase of adoption. During 2019, we project the Late Majority phase will be complete, making way for the Laggards.



## Diffusion of total mobile opt-in users




Given that there will be 23.5 million active users by the end of 2017, this will consist of 100% Innovators, 100% Early Adopters, and 82% of the Early Majority of users. By 2020, the level of active users will top 28.7 million on top of the Innovators and Early Adopters, all of the Early Majority category of users 100%) will have become active, as well as 10% of the Late Majority of users.



## Opt-in growth, by sector

| | Q1-17 | Q4-20 | % increase |
|---|---|---|---|
| Entertainment | 13,921,131 | 25,017,989 | 80% |
| Leisure | 12,797,210 | 22,249,640 | 74% |
| Travel | 13,384,337 | 22,733,675 | 70% |
| Local business | 8,184,443 | 13,817,961 | 69% |
| Gym/fitness | 8,282,997 | 13,710,847 | 66% |
| Retail | 13,648,547 | 22,072,464 | 62% |
| Fast food/takeaways | 8,261,681 | 13,089,813 | 58% |
| Recruitment | 8,063,877 | 12,515,132 | 55% |
| Gambling/lottos/sports betting | 5,037,740 | 7,554,182 | 50% |
| Utilities | 11,925,972 | 17,523,427 | 47% |
| AVG | 9,978,177 | 14,696,239 | 46% |
| Health | 13,331,892 | 17,869,321 | 34% |
| Automotive | 7,016,785 | 9,404,906 | 34% |
| Memberships/organisations | 13,579,543 | 18,201,259 | 34% |
| Charity | 6,232,556 | 8,353,769 | 34% |
| Electrical goods | 7,759,739 | 10,400,719 | 34% |
| Sports/teams | 9,575,848 | 12,834,930 | 34% |
| Supermarkets | 15,065,450 | 20,192,886 | 34% |
| Logistics | 5,076,850 | 6,804,726 | 34% |
| Education | 12,052,360 | 16,154,308 | 34% |
| Broadcasters | 6,975,510 | 9,349,583 | 34% |
| Restaurants/bars/clubs | 10,260,712 | 13,203,028 | 29% |
| Finance/insurance | 9,084,719 | 10,262,686 | 13% |

For any business, big or small, knowing that the number of people who would like to hear from a company operating in your sector has grown by an average of 46% over a 3-year period, is incredibly compelling. However, the data also shows that businesses operating in these sectors are not utilising the SMS channel.

What's more, the 46% growth is significantly higher than the growth of total opt-ins over the same period (18%). This confirms people are opting in to more sectors, also increasing the likelihood for a business to communicate and engage with their target audience via SMS.



## SMS remains underutilised

On average, across the sectors researched, businesses in 2017 will only be operating the SMS channel at 38% capacity. What we mean by this is the amount of messages sent per sector, per annum, will fall short of the amount consumers are happy to receive.

Only four sectors are fully utilising the SMS channel: finance and insurance, gambling, lottos and sports betting, restaurants, bars and clubs, and retail. It will remain the case throughout the forecast period. This means there is the correct balance between what is deemed acceptable levels of SMS traffic by the consumer versus the number of SMS being sent by these four sectors.

Sectors that are massively underutilising SMS are: broadcasters, leisure, sports/teams, and supermarkets.

## Which sectors are using SMS at the optimum amount?

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Automotive | 41.20% | 45.62% | 52.79% | 59.02% | 66.37% |
| Broadcasters | 0.38% | 0.42% | 0.49% | 0.54% | 0.61% |
| Charity | 28.51% | 31.56% | 36.51% | 40.81% | 45.89% |
| Education | 23.25% | 25.77% | 29.85% | 33.40% | 37.58% |
| Electrical goods | 9.65% | 10.68% | 12.36% | 13.82% | 15.53% |
| Entertainment | 22.15% | 21.39% | 22.00% | 22.23% | 23.43% |
| Fast foods/takeaways | 63.98% | 63.49% | 66.70% | 68.39% | 71.13% |
| Finance/insurance | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Gambling/lottos/sports betting | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Health | 54.21% | 56.24% | 61.30% | 64.84% | 69.25% |
| Leisure | 0.05% | 0.05% | 0.05% | 0.05% | 0.05% |
| Local business | 31.38% | 31.13% | 32.69% | 33.51% | 34.84% |
| Logistics | 13.02% | 14.41% | 16.67% | 18.63% | 20.94% |
| Memberships/organisations | 11.62% | 12.87% | 14.89% | 16.65% | 18.73% |
| Recruitment | 32.89% | 33.88% | 36.70% | 38.62% | 41.05% |
| Restaurants/bars/clubs | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Retail | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Gyms/fitness | 55.23% | 56.04% | 59.94% | 62.38% | 65.70% |
| Sports/teams | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% |
| Supermarkets | 0.02% | 0.02% | 0.03% | 0.03% | 0.03% |
| Travel | 18.64% | 18.19% | 18.87% | 19.15% | 20.22% |
| Utilities | 15.52% | 15.12% | 15.65% | 15.86% | 16.91% |
| | | | | | |
| Average | 37.35% | 38.04% | 39.89% | 41.27% | 43.10% |



# Conclusion

The use of SMS is undoubtedly on the rise. Whether it's implemented by a major global company, high street store, or sole trader, the performance stats are unparalleled.

SMS has emerged as one of the best and most reliable ways to successfully communicate with a target audience. It's highly effective and affordable, regardless of whether you're sending out a national campaign targeting millions of people, or running a small localised one.

As a marketing channel, it's the fastest growing in the UK and the only one that could potentially reach circa 50 million opt-ins by 2020. And as more consumers call for mobile communications, the extent of SMS features will continue to emerge.

However, despite all the possibilities SMS creates, it's important to remember that the success of a campaign is not a foregone conclusion. Companies must know who their audience is, what they want to receive, and when to send it.

If you implement SMS best practices and ensure your message is relevant, you'll be primed to actively communicate with that user and tap into this market-leading channel.

# Methodology

All research, analysis and copy has been conducted by mobilesquared. The consumer research was based on a nationally representative panel of 1,000 consumers in the UK aged 18+, conducted by a third party in August 2016.

The agency research was conducted in August and September 2016, and involved 15 of the UK's leading agencies, including Carat, MediaCom, WPP, Somo, Hello Starling, MAA, Mirium, and DPC. Additional research based on one-to-one interviews conducted between July and September 2016. Where applicable, the raw data was then applied to mobilesquared's national mobile market data.



# About mobilesquared

mobilesquared provides intelligence and insight on the mobile sector. They've been analysing the mobile space for two decades, so their expertise has been earned, not learned. Their instinctive ability to ask the right questions uncovers invaluable nuggets of insight, which they interpret to help shape truly effective strategy and content for their clients. Their experience is recognised by the industry – they sit on judging panels for the prestigious GSMA Awards, EMMA awards, and the MEFFYs.

For more information, go to www.mobilesquared.co.uk.

# About Textlocal

With over 165,000 users and more than a billion messages sent, Textlocal are the industry leaders for cloud-based SMS services in the UK and beyond. On top of boosting loyalty with SMS offers, their award-winning platform offers unique features such as the ability to insert website links, attach files, forms or vouchers, all with easy to use campaign tracking tools to measure effectiveness.

Textlocal have been listed as a Media Momentum Top 20 fastest growing digital agency for consecutive years, awarded a DMA Honours for innovation, as well as being awarded a place in the Deloitte Technology Fast 50 and Sunday Times Tech Track 100.

For more information, go to www.textlocal.com.






TEXT
**GO** to **62277**

CALL
01244 752299

EMAIL
sales@textlocal.com

VISIT
www.textlocal.com

Follow us