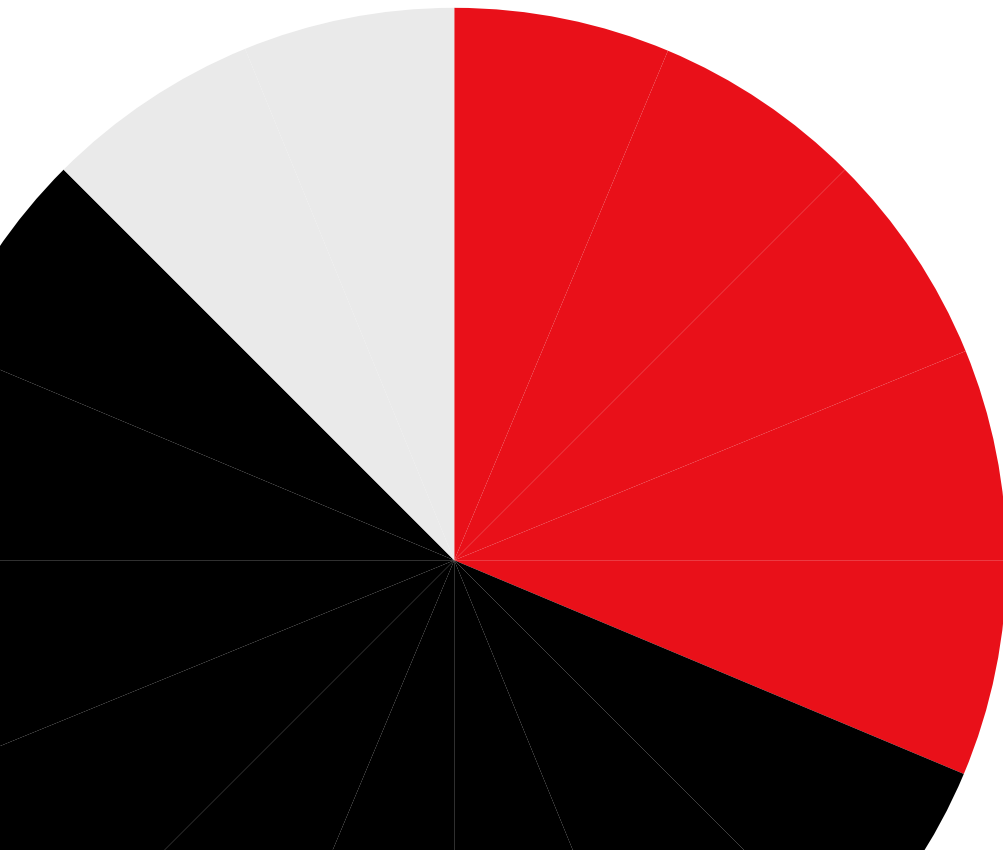


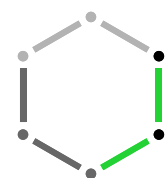
SMS Marketing 2021

How Ecommerce, D2Cs, and Others Are Leveraging This Emerging Consumer Touchpoint

As one of the fastest-growing tools in a marketer's arsenal, SMS can be a highly effective customer communication channel, but it also comes with its own set of challenges. This eMarketer Report discusses the business applications of SMS messaging, the pros and cons of SMS marketing, its relationship to email marketing and live chat, and best practices within the discipline.



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Dear eMarketer Reader,

eMarketer is pleased to make this report, **SMS Marketing 2021: How Ecommerce, D2Cs, and Others Are Leveraging This Emerging Consumer Touchpoint**, available to our readers.

This report features eMarketer data and insights, and discusses the business applications of SMS messaging, the pros and cons of SMS marketing, its relationship to email marketing and live chat, and best practices within the discipline.

We invite you to learn more about [eMarketer's approach to research](#) and why we are considered the industry standard by the world's leading brands, media companies, and agencies.

We thank you for your interest in our report and **mGage** for making it possible to offer it to you today.

Best Regards,

Nancy Taffera-Santos

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SVP, Media Solutions & Strategy, eMarketer

SMS Marketing 2021: How Ecommerce, D2Cs, and Others Are Leveraging This Emerging Consumer Touchpoint

As one of the fastest-growing tools in a marketer's arsenal, SMS can be a highly effective customer communication channel, but it also comes with its own set of challenges.

How big is SMS in the business world?

Business-to-consumer (B2C) text messaging is growing rapidly. According to Juniper Research, global mobile business messaging traffic hit 2.7 trillion in 2020, up 10% from 2019. Brands are using SMS in various customer communication applications, including marketing messages, customer support, transactional messages, and more.

What is driving growth for SMS marketing?

The pandemic undoubtedly accelerated adoption of SMS marketing, with cloud communications provider Infobip seeing 8.5% and 20% growth in SMS marketing messages in March and April 2020, respectively, compared with February. In January 2020, 51% of retail marketers in a CommerceNext survey sponsored by Exponea said they planned to increase investment in messaging or SMS marketing; that figure grew to 56% in June.

What are some of the challenges to SMS marketing?

Because customers open SMS marketing messages more frequently than emails, SMS unsubscribe rates are higher, according to experts we interviewed. SMS marketing messages are also regulated by federal law, and marketers should be aware of brand safety issues when using shared short codes.

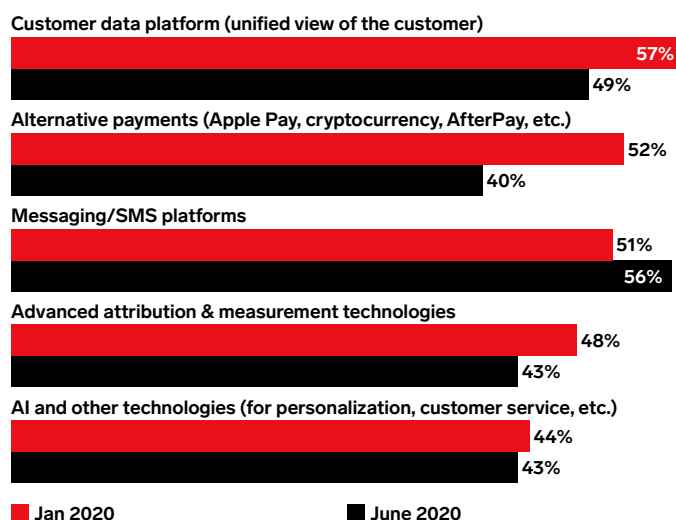
How should marketers prepare for SMS marketing in 2021?

Marketers must develop or audit their SMS marketing strategies, including figuring out what types of messages they will send, determining frequency and length, and embracing tactics that will allow their marketing lists to grow.

WHAT'S IN THIS REPORT? This report discusses the business applications of SMS messaging, the pros and cons of SMS marketing, its relationship to email marketing and live chat, and best practices within the discipline.

Coronavirus Impact: Emerging Technologies in Which US Retailers Plan to Increase Marketing Investments, Jan 2020 & June 2020

% of respondents



Note: Jan 2020 n=111; June 2020 n=75
Source: CommerceNext, "The Big Pivot: How Traditional and Digital-first Retailers Re-prioritized Marketing Investments in the Wake of COVID-19" sponsored by Exponea, July 24, 2020
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KEY STAT: Pre-pandemic, 51% of US retailers planned to increase their investment in messaging and SMS platforms; by June 2020, that figure had jumped to 56%, above all other technologies.

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Defining SMS Marketing

Short Message Service (SMS) is a standard that lets mobile devices send brief text-based messages to one another that's been in use since the 1990s.

SMS Marketing is any type of text message-based B2C marketing sent over a cellular network. While SMS is still dominant, other message types are included in this broader definition:

Multimedia Messaging Service (MMS): The MMS standard allows messages to include images; with SMS, images appear as links the recipient must click to view. MMS messages also have higher character limits than the SMS standard's limit of 160. However, messaging platform vendors tend to charge a higher rate for MMS messages. As a result, while many brands experiment with MMS, most brands contacted for this report find SMS to be more cost-effective. MMS may be preferable for brand building.

Rich Communication Services (RCS) is another set of communication standards that is far more feature-rich than SMS, offering users the ability to share high-resolution images, animated GIFs, videos, and other larger files, as well as greater interactivity. It offers features like those found on dedicated messaging apps, such as Facebook Messenger or WhatsApp.

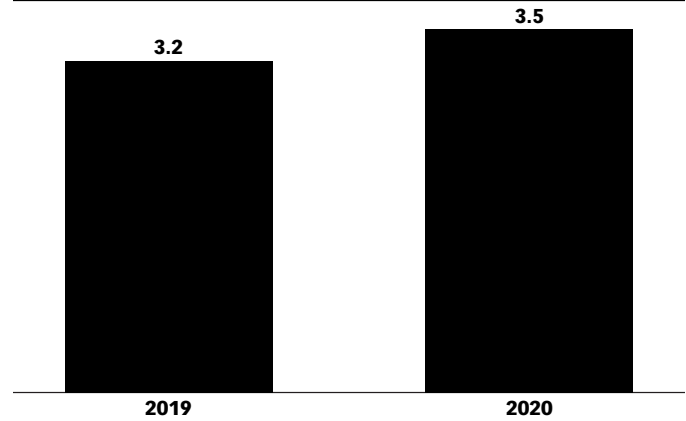
In this report, we are not focused on marketing through social messaging apps (i.e., WhatsApp, WeChat) or iMessage. SMS messages are not the same as iMessages, which can only be sent from one Apple device to another and may include photos, videos, and animated GIFs.

How Businesses Use SMS Today

According to Juniper Research, the number of SMS/text messages sent by brands and enterprises worldwide grew 9.4% year over year (YoY) in 2020 from 3.2 trillion to 3.5 trillion, demonstrating increased widespread adoption of a technology that had already been around for some time.

SMS Business Messaging Traffic Worldwide, 2019 & 2020

trillions



Note: SMS/text messages sent by brands and enterprises
Source: Juniper Research, "Mobile Messaging: Operator Strategies & Vendor Opportunities 2020-2024" as cited in press release, May 13, 2020
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Vendors are seeing significant growth in the number of messages deployed on their platforms. Personalized messaging platform Attentive said it sent more than a billion total SMS messages in November 2020 alone.

This increase is driven not just by brands, but by consumer interest, as well. Attentive said that across its customer base, millions of subscribers opted in for SMS shopping messages each day between Black Friday and Cyber Monday 2020.

Ecommerce email marketing and SMS platform Omnisend also reported increased conversion rates over the same period in 2019, and Salesforce Marketing Cloud said SMS marketing messages grew 171% during Cyber Week versus the year prior, compared with just 9% YoY growth for email.

Average Holiday Season SMS Performance Metrics Worldwide

	Clickthrough rate		Conversion rate	
	2019	2020	2019	2020
Nov 1-21	13.3%	12.6%	0.8%	2.5%
Black Friday	11.6%	8.6%	1.0%	3.5%
Cyber Monday	9.9%	7.7%	1.2%	2.9%
Cyber 5*	11.0%	9.1%	1.6%	3.6%
Cyber 10**	10.8%	9.4%	1.6%	3.8%

Note: represents activity among Omnisend clients, broader industry metrics may vary;
*Thanksgiving through Cyber Monday; **the Sunday before Black Friday through the Tuesday following Cyber Monday
Source: Omnisend, "BFCM 2020: Email, SMS, and Push Message Statistics," Dec 9, 2020

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Text messaging has myriad business uses from customer support to marketing and promotions. It's no surprise then, that every practitioner uses it differently.

How Marketers and Service Professionals Use SMS Messages

Marketers and service professionals are using SMS messages in many ways:

- 1. As a complement to email marketing:** Despite email's continued success, some marketers are concerned that consumers may be tuning emails out. Some brands are utilizing SMS to follow up on messaging they may have missed.
- 2. As a live chat substitute:** Email marketing could have been used to develop a two-way conversation between brands and audiences but didn't. SMS is conversational and facilitates an ongoing dialog between brands and consumers.
- 3. To provide a human element:** SMS may be AI-deployed depending on rules written by the brand, and an ensuing conversation may even be managed by AI; however, when warranted, a human can take over the conversation to improve the customer experience.
- 4. For transactional messaging:** SMS is often used to send transactional messages informing a user that an ecommerce order has shipped or to review a recent order. These messages needn't be used for ecommerce orders alone: DoorDash and other delivery services provide updates on deliveries via SMS, and many service-oriented businesses will confirm appointments via SMS, as well.
- 5. To guide digital shoppers to a conversion:** Reminders to complete ecommerce transactions are an effective use of SMS, with compelling results. Attentive, for example, said it helped clients recover 5 million online carts in 2020 using triggered abandoned cart text message reminders.
- 6. To send time-sensitive messages:** SMS is an ideal marketing channel for communications that need to be opened and acted upon quickly. That's especially true when compared with email, which experiences far lower open rates and takes longer for a consumer to notice. Types of time-sensitive messages often include sale previews and last chance messaging to let consumers know about expiring offers.

7. As a replenishment mechanism: While not commonplace, this is an area to watch. Brands can receive an order via text message. The customer is then routed to a page where they input shipping and billing information that's saved. Subsequent orders can then be placed via text without the customer needing to re-enter such information, eliminating a friction point.

Companies employing SMS marketing tend to either be innovators, early adopters, or simply have less loyalty to other channels like email. Interviews with marketing executives revealed that most who are not currently utilizing SMS are watching the space closely or in the planning stages of adding those capabilities to their marketing tech stack.

SMS marketing can be highly cost-effective, especially for smaller businesses. Janna Land, co-founder and COO of direct-to-consumer (D2C) food retailer FarmFoods, Inc., said SMS gave her "the ability to break through in a very noisy and competitive advertising environment."

Land believes customers who receive texts are more inclined to open the company's emails. In fact, FarmFoods texted a list of customers who had stopped engaging with its email marketing and drove \$4,000 of sales in less than 24 hours at a cost of just \$60.

Luxury retailers are embracing SMS differently. Norman Guadagno, CMO of marketing technology solutions provider Acoustic, cited the example of a salesperson at Louis Vuitton taking a customer's phone number after a purchase to follow up with a text containing a link to a webpage with a curated set of goods they might be interested in. That concierge-like service makes SMS feel more appropriate for that segment of the market.

Alex Jennison, ecommerce marketing manager at apparel company Mad Engine, whose brands include LRG Clothing and Neff Headwear, uses SMS messages promoting new product launches, promotions, in-person events, and automated messaging sequences, as well. Sam Shames, co-founder and COO of wearables startup Embr Labs, deploys SMS largely to convert abandoned carts in the lower funnel.

SMS as a Customer Service Channel

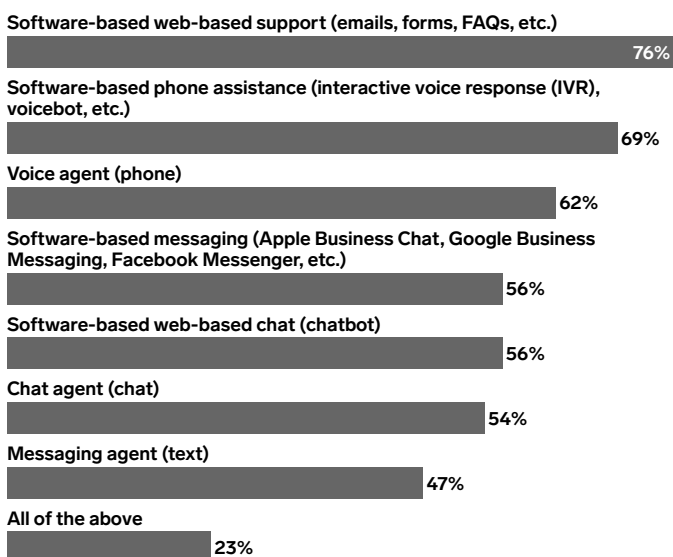
Not all SMS messages from brands can be responded to, but many brands are embracing the conversational nature of text messages to engage with consumers. There is a conversational element to SMS that's similar to live chat, and closer to real time than email. Most SMS platforms for businesses can receive customer responses to SMS marketing messages. That lets brands switch on a dime from a one-to-many experience to a one-to-one conversation.

Many SMS platforms allow businesses to receive incoming texts to their primary office phone number, so brands can react faster to customer concerns. Embr Labs works with a customer support vendor so that when customers respond to SMS marketing blasts, there are real people on the other end. Because its product requires greater education, Embr Labs tries to take a high touch approach. "We treat it like the equivalent of customer support chat, just over text messages," Shames said.

While SMS is entering the mainstream as a customer service channel, it is far from mature. A May 2020 Dimensional Research survey conducted on behalf of [24]7.ai found that only 47% of companies in a handful of markets offered customer support via text messaging, behind all other solutions.

Which Customer Support Solutions Do Companies Worldwide* Offer?

% of respondents, May 2020



Note: among respondents with at least 200 customer support agents; *Australia, Canada, New Zealand, the UK, and the US
Source: Dimensional Research, "Customers Are Less Happy Than Companies Think: An International Survey of Business and Customers" sponsored by [24]7.ai, July 28, 2020

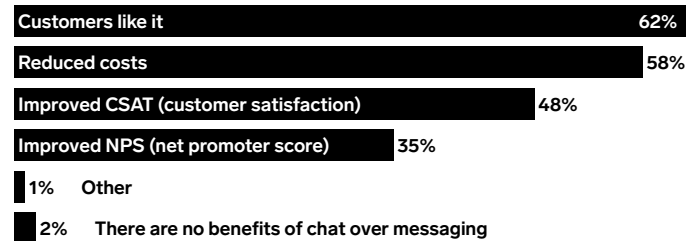
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This is surprising given the same study found that 73% of internet users rated their last experience text messaging a customer service agent as good or excellent.

Moreover, 62% of the companies said customers like the ability to chat with an agent, while 58% said that it lowers costs, per Dimensional Research and [24]7.ai.

What Do Companies Worldwide See as the Benefits of Using Chat Instead of Voice to Serve Their Customers?

% of respondents, May 2020



Note: among respondents in Australia, Canada, New Zealand, the UK, and the US with at least 200 customer support agents

Source: Dimensional Research, "Customers Are Less Happy Than Companies Think: An International Survey of Business and Customers" sponsored by [24]7.ai, July 28, 2020

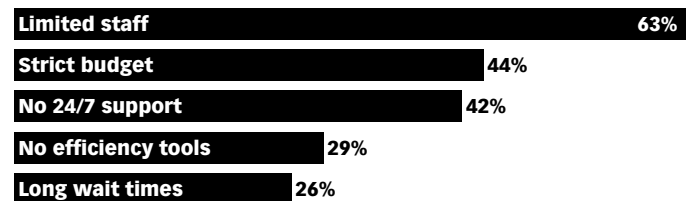
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Customer support via SMS looks likely to grow dramatically over the next few years for several reasons, one of which is that it seems to solve many problems for customer service professionals.

A June 2020 study by Kustomer found that 63% of US customer service professionals don't have enough staff to achieve efficiency; 29% identified lack of efficiency tools as a problem, and 26% cited long wait times. SMS customer support could make a dent in all those areas.

Factors Preventing Their Company from Achieving Customer Service/Experience Efficiency According to US Customer Service Professionals, June 2020

% of respondents



Source: Kustomer, "The Efficiency Mandate in Customer Service," June 30, 2020

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SMS's Relationship to Email Marketing

SMS marketing is frequently used to reinforce oft-overlooked email marketing messages; in this way, SMS is clearly a complement to email. It's important for marketers to understand that text messages are not emails and should not be treated as such. "In email marketing, your message is typically competing in the inbox with other brands," said Ryan Urban, co-founder and CEO of marketing technology company Wunderkind. "In SMS, you're competing with friends and family."

Because of that, it is critical that brands send hyper-relevant text messages that are as one-to-one as possible. "It's all about relevancy," said Jason Scoggins, director of loyalty and CRM at Chipotle Mexican Grill. "The more relevant, the more engagement." He noted that in the case of the occasional offer with wide appeal, such appeal will trump relevancy among customers.

Brian Long, co-founder and CEO of Attentive, believes that email and SMS are very different channels. "SMS is night and day different from email," he said. "It's a very personal channel." Long cited the expense of sending text messages as one element forcing marketers to send texts that are as personal and relevant as possible.

"The half-life is considerably shorter," Embr Labs' Shames said, comparing SMS with email. "As a result, you've got to be wise about what your message is."

Email and SMS are complementary because each gives the marketer one more touchpoint with the customer. Mad Engine's Jennison uses Omnisend to keep his customer records for email and SMS in a shared database, giving the company a powerful segmentation and targeting tool. "We can target an SMS message to subscribers who have opted-in to SMS, opened a marketing email in the past five days, and made a purchase on your Shopify store," he said.

Tula Skincare manages its email and SMS strategy within one platform, giving customers the choice to communicate with the brand via their preferred channel. That said, the company has found that its most loyal customers engage with SMS at a higher rate, according to Zack Abbell, the company's vice president of digital and commerce. In fact, the SMS engagement rate is high enough to give Tula Skincare confidence that SMS will serve as a strong relationship management channel and an efficient revenue driver.

SMS does have a handful of advantages over email.

"If I want to hide something from my wife, I'll send it to her in an email," said Ross Kramer, co-founder and CEO of marketing automation platform Listrak. "There's a whole cohort of consumers who have written it off as a channel. If you want to communicate with them, you've got to communicate with them via SMS, or they're just not tuned in."

"It's easy to forget that most people are looking at email on a mobile device," Shames said. "SMS is more native to that platform."

Pros and Cons of SMS Marketing

One of the benefits of SMS marketing is that consumers actually open and read your messages. In fact, for an opt-in mode of communication, plenty of data suggests that there's nothing better.

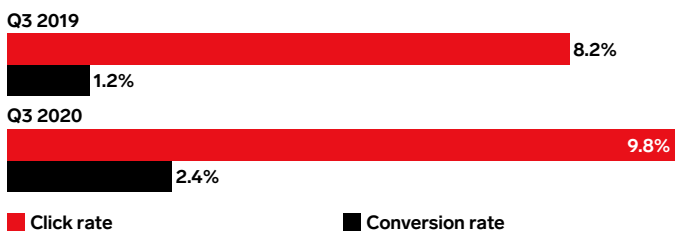
- **Consumers, overall, want it:** Evidence suggests consumers are getting more comfortable with opening messages from businesses. A June 2019 study conducted in the US, UK, Australia, and New Zealand by business messaging provider MessageMedia found 81% of US consumers had opened an SMS from a business. A January 2020 study from business messaging provider Zipwhip found that 43% of US consumers had proactively texted a business.
- **It grabs customers' attention:** "I think of email as gentle and SMS as a little bit less gentle—a little bit more aggressive—because email piles up in your inbox," Acoustic's Guadagno said. "SMS, for the most part, interrupts people." He's correct in that consumers do check their email from mobile devices, but notifications aren't on by default. However, almost all consumers have SMS notifications enabled and tend to read nearly all their texts.

- **It generates incremental revenues:** When implemented properly, incorporating SMS into a brand's marketing mix helps drive more revenues across established channels. Wunderkind said it has seen retailers experience a 30% to 60% lift in total owned channel revenues after launching SMS: If a brand's email program currently makes up 15% of its revenues, adding SMS would likely bring it into the 19.5% to 24% range across both channels. "No new channel is ever 100% incremental, but we are seeing that SMS doesn't simply move email revenues; it adds to the overall pie," Wunderkind's Urban said. Corkcicle, a Wunderkind client, attributes 5% to 8% of its total digital business per month to SMS revenues; email accounts for another 20% to 25%. In 2019, SMS accounted for 1.5% of Mad Engine's total revenues; in 2020, it was responsible for 6.5% of overall revenues.

- **It pays for itself—and then some:** While getting the exact ROI of an SMS marketing program is difficult, Wunderkind reports that brands can typically see a tenfold to twentyfold ROI from SMS. Corkcicle projects its ROI as 10.5 times higher over the next year; Mad Engine reports that its brands are at 21.52 times ROI from SMS for 2020. FarmFoods reports a sixtyfold return on ad spend (ROAS)—more than 10 times better than the brand experiences in any other channel.

- **Metrics are improving:** A recent Omnisend study reported 9.8% click rates for SMS marketing messages worldwide in Q3 2020, up from 8.2% in Q3 2019, which strongly suggests that consumers are acclimating to this marketing channel. The conversion rate doubled from 1.2% in Q3 2019 to 2.4% in Q3 2020; this outpaced Q2's 35% YoY conversion rate growth.

Average SMS Performance Metrics Worldwide, Q3 2019 & Q3 2020



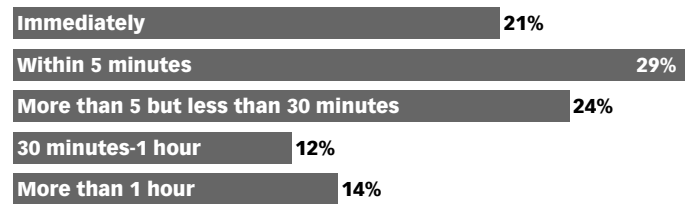
Note: represents activity among Omnisend clients, broader industry metrics may vary
Source: Omnisend, "Email, SMS, and Push Message Statistics, Q3 2020," Nov 5, 2020

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- **It meets customers where they are:** Consumers' mobile devices are rarely far away: Half of US adults in a January 2020 Zipwhip study checked their mobile phones either immediately or within 5 minutes of waking up.

How Soon After Waking Up Do US Adults Check Their Mobile Phone?

% of respondents, Jan 2020



Source: Zipwhip, "2020 State of Texting," March 4, 2020

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SMS can also help brands skirt consumers' continued hesitation to download apps. The same Zipwhip study found that only 6% of respondents would rate themselves as very likely to install a company's branded app to communicate with it, with five times as many consumers saying they would be very unlikely to do so. In fact, there was a time when brand marketers were convinced that they needed an app to compete; increasingly, these marketers have learned they must be present where their customers are—social media and email/SMS inboxes—rather than attempting to convince their customers to move.

Drawbacks of SMS

There are hurdles and challenges to consider with SMS marketing:

- **Price tag:** Several factors are at play here.
 1. The cost to get a short code, which allows marketers to send a high volume of messages.
 2. The fees carriers charge on a per message basis (SMS and MMS bear different costs).
 3. Vendor fees to the platform a brand uses to maintain its list, collect new opt-ins, and deploy messages.

- **Regulations:** The Telephone Consumer Protection Act (TCPA) requires brands to get express written consent from consumers before sending them automated SMS messages. Having transacted with that individual in the past is not enough. Guidelines from the Cellular Telecommunications and Internet Association (CTIA) also state that businesses must display clear calls to action, offer clear guidance on what consumers are opting in to receive, confirm opt-ins, and acknowledge and swiftly act upon unsubscribe requests. “As you get into the world of SMS, it’s an obviously overregulated communication channel,” said Norman Happ, CEO of EZ Texting, an SMS platform focused on servicing small- and medium-sized businesses (SMBs). “So, you have to navigate a litany of different compliance-related hurdles. When talking with different companies about moving from email to text, they’re nervous about using texts because of those compliance components.”

- **Brand annoyance and intrusiveness:** Leading up to the November election, it was not uncommon to give a donation to a candidate, only to find oneself inundated with texts from various numbers. Unsurprisingly many consumers got annoyed by this intrusion; brands can be guilty of the same crime. Brands sending texts should be aware they risk annoying consumers if those messages aren’t perceived as useful.

- **Unsubscribe rates are higher:** According to Wunderkind, opt-out rates can range from 0.30% to 0.85%. That’s higher than most brand’s email unsubscribe rates, but there’s a reason: SMS is so high-touch, and higher open rates mean more opportunities for customers to opt out. “Nobody forgets to opt-out from your SMS list,” said Benjamin Benichou, co-founder and CEO of SMS marketing platform Drop. Given that reality, it’s imperative that brands make their messages count.

- **Brand safety concerns:** Many brands use shared short codes, which are five- to six-digit numbers shared between multiple organizations. A consumer may receive texts from a children’s toy brand and a firearms retailer that share the same short code, creating brand safety issues. These shared short codes will be deprecated in the very near term in favor of dedicated long codes.

Properly Executing an SMS Marketing Strategy

When marketers are formulating their SMS strategy, several key considerations must be top of mind.

Type of Messages to Send

Consumers still consider transactional messages more valuable than other types of text messages. In a January 2020 Zipwhip survey, 68% of US adults said reminders of important appointments were highly valuable, compared with just 14% who cited alerts to great discounts.

Most Valuable Text Messages Received from Businesses According to US Adults, Jan 2020

% of respondents



Note: respondents selected up to 2 items
Source: Zipwhip, "2020 State of Texting," March 4, 2020

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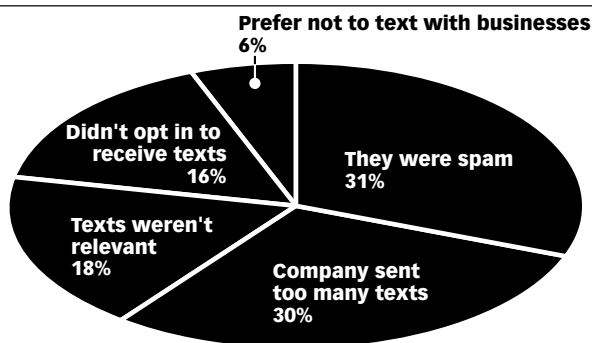
Wunderkind’s Urban said that his platform is experiencing an 80-20 split between scheduled SMS messages versus automated triggered messages. Interestingly, he said, “triggered one-to-one messages perform two to six times better than a standard marketing send.” Urban believes that texting is highly personal, so retailers’ SMS communications should be as one-to-one as possible, and that “one-to-one messages are the future of SMS as a channel.”

SMS Messaging Frequency and Timing

While there is no right answer regarding SMS message frequency, brands should avoid sending them too often.

“The frequency cannot be the same as email,” said Massimiliano Tirocchi, CMO of women’s shapewear brand Shapermint. Zipwhip seems to back up his sentiment: Three in ten US adults unsubscribe from a business’s text messages because the company sent too many texts. In other words, sending too frequently far outstrips lack of relevance (18%) and not opting in in the first place (16%) as reasons to unsubscribe.

Primary Reason that US Adults Have Unsubscribed from Receiving a Business's Text Messages, Jan 2020
% of respondents



Note: numbers may not add up to 100% due to rounding
Source: Zipwhip, "2020 State of Texting," March 4, 2020

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Brands send considerably fewer SMS marketing messages than marketing emails. “Most brands are sending one to two messages a week, and more conservative brands only send two a month,” Wunderkind’s Urban. “Less than that can lead to user confusion—they might forget they signed up—and more than twice a week is going to see a much higher opt-out rate.”

Chipotle’s Scoggins said the brand only uses SMS when the occasion calls for it. “We’ve built up a level of trust with our SMS customers, and we don’t want to do anything to diminish that like sending too many messages,” he said.

Mad Engine estimated that the majority of its list sees three to five text messages per month, “but we may send even more to smaller, targeted segments,” Jennison said. When restocking harder to find sizes, Mad Engine might target a message to customers who have bought those sizes in the past to let them know.

Prescription lens D2C retailer Lensabl typically sends out just two texts to customers per month: one to inform them of

a monthly special promotion, and one last chance message a day or two before the sale’s conclusion. “They might miss it if it’s in an email,” said Andrew Bilinsky, the company’s co-founder and CEO. “They certainly won’t miss it if it’s in a text.”

Many, if not most, platforms have features that allow for smarter sends and for the brand to suppress messages to list members based on how many messages they have received over a specified time frame. Brands that take advantage of such features can increase relevance, driving conversions while lowering opt-out rates simultaneously.

Another best practice is to put the customer in control and allow them to determine frequency. Tula Skincare, for example, lets customers decide what types of messages to receive—from product launches to brand announcements.

Timing is crucial, too. Given that text messages are acted upon (or not) in a short time frame, timing is even more critical than with email. Some vendors, such as Attentive, allow brands to time mass sends so they do not get deployed during specified hours (such as the middle of the night), delaying delivery until the specified period is over.

SMS Marketing Message Length

The length of an SMS message is relatively limited, but companies like Tula Skincare are testing the use of MMS to include more content. It’s important for marketers to remember that SMS messages technically have a finite length of 160 characters. That’s not much to work with, especially since a few characters must be earmarked for unsubscribe instructions, not to mention links, which are typically included. This makes concise and precise copywriting critical. “Understanding that succinctness is really important,” EZ Texting’s Happ said.

That said, most modern networks support concatenation, which lets a marketer send a 400-character message; they’ll just be charged as if they sent three SMS messages, which could add up to a significant cost overrun for a brand with a larger list. This makes SMS marketing more expensive than email on a per-send basis. It also forces many companies to be careful to stay within that 160-character limit.

Ironically, this could be a good thing for SMS marketing long term. The cost of sending an incremental message may force marketers to be more judicious about when to text their customers.

There's no hard-and-fast rule about a magic character count, Wunderkind's Urban said. "Brevity tends to win in copy, in general, but a well-crafted, on-brand message could easily beat something short."

EZ Texting has found messages with 20 to 30 words to be optimal. According to the company, messages longer than 50 words experience a clickthrough rate (CTR) nearly half of those shorter messages. Including links, messages shorter than 160 characters see a CTR increase of as much as 50%. Messages that go beyond 320 characters only have a 5% CTR—and as previously mentioned, are costlier to deploy.

Maintaining and Growing SMS Lists

Brands often struggle with whether to prioritize the collection of phone numbers above email addresses. To maximize their first-party data acquisition efforts, brands like Tula Skincare and Corkcicle do significant amounts of testing. A customer visiting from a mobile device may be asked to opt in to SMS updates; a different customer browsing from a desktop may receive a pop-up nudging toward email opt-ins.

Mad Engine's Jennison has found setting expectations to be critical when growing a quality SMS list. "We clearly inform new contacts when they sign up for our SMS list and the kinds of messages they can expect," he said. "Sending a new contact an unexpected SMS is a quick way to collect unsubscribes, and it may also be a [violation of federal law]."

Growing an SMS Marketing List

Brands and retailers must proactively drive sign-ups via their website and other owned channels to grow their SMS marketing lists. How fast a list will grow depends on several factors, including who is targeted and when audiences are asked to sign up.

"Initially, clients will see a surge in interest as they capture their best customers, with growth rates leveling off after your first 90 days," Urban said. "From what we've seen, a healthy growth rate will hover around 1.5% to 2% of total sessions a month."

He has seen that a brand's strategy will inform its SMS program metrics. "A brand may want to create an SMS program that's focused exclusively on capturing existing customers and having email continue to lead as the primary acquisition channel, which would naturally see a smaller growth rate," he said.

He added that brands can also grow their SMS list on off-website channels, including email campaigns, direct mail, in-store, and from popular social channels like Instagram, "but your website traffic will always be your most qualified audience and your largest source of new subscribers."

As for SMS list size, this will vary greatly from one brand to another based on factors like web traffic and SMS program maturity. Chipotle's, for example, is presently growing at 13% YoY. As of the start of December, Mad Engine's list size was up 63% from the start of 2020, with opt-ins growing well into the six figures. With a 1-year-old program, Corkcicle's SMS list is growing at roughly 25% quarter over quarter (QoQ).

What's Next for SMS Marketing in 2021

RCS is almost certainly the future of B2C text messaging. SMS is an old workhorse, but RCS is capable of far more.

In many ways, RCS offers features more akin to a robust social messaging app, such as WhatsApp, WeChat, iMessage, or Facebook Messenger. Some features that brands might be particularly interested in include:

- Custom branding and colors
- Rich cards: app-like experiences but within a standard texting app
- Suggested actions: a set of buttons suggesting responses or actions, such as "find a location near me" or "have a representative call me"
- Quick replies: the ability to tap buttons within an RCS exchange to receive a quick precomposed message from a brand, like what users might find in a chatbot
- SMS/MMS fallback: Customers who cannot receive RCS messages can receive a "backup" SMS/MMS from the brand.

While SMS and MMS are for short exchanges and basic visual elements, the possibilities with RCS are anything but limited: Just about anything built within an app can be built within RCS. For example, a retailer could allow consumers to send an RCS message with their zip code and receive an automated reply. Once a consumer's mobile operator launches RCS, their device will automatically upgrade from SMS to RCS.

While RCS's features won't render texting campaigns entirely obsolete, the expectations around customer experience will undoubtedly change. In 2020, brands may receive some praise for allowing customers to text with them; within a few years, the bar will be substantially higher.

The RCS Adoption Curve

Google's RCS, based on the Universal Profile RCS standard, is now available worldwide through the Google Messages app available to Android users. Samsung Messages app users are also starting to gain access to RCS features to communicate in feature-rich group chats, send large video files, respond to messages with reactions, enable client-to-server encryption, and more.

Android phones are getting messaging features that somewhat resemble Apple's iMessage. As of this writing, Apple prefers to keep iMessage as its standard, as the iPhone 12 shipped without RCS support. The company has not indicated whether it will support RCS.

While RCS adoption is expected to grow in the US, it will likely grow faster in other markets, in part because iPhones are more prevalent in the US than elsewhere. Mobile intelligence firm Mobilesquared projects that the US will be the fifth largest RCS market in 2023 with 101.1 million users but will drop to 10th overall by 2028.

Top 20 Rich Communication Service (RCS) Messaging Markets Worldwide, 2023 & 2028

millions

2023		2028	
1. China	731.1	1. China	990.7
2. India	474.1	2. India	642.8
3. Indonesia	209.6	3. Indonesia	294.2
4. Brazil	118.4	4. Nigeria	172.7
5. US	101.1	5. Brail	138.1
6. Russia	95.5	6. Russia	126.7
7. Nigeria	84.4	7. Philippines	117.8
8. Philippines	84.2	8. Pakistan	117.6
9. Mexico	67.4	9. Bangladesh	117.5
10. Thailand	57.1	10. US	112.3
11. Egypt	48.2	11. Mexico	87.4
12. Pakistan	43.6	12. Thailand	85.4
13. Turkey	43.2	13. Iran	70.7
14. Japan	42.9	14. Japan	60.9
15. Germany	37.8	15. Egypt	59.4
16. Bangladesh	37.6	16. Germany	55.2
17. South Africa	36.7	17. Turkey	55.2
18. France	34.8	18. Ethiopia	51.1
19. South Korea	34.2	19. South Africa	50.4
20. Argentina	31.5	20. Vietnam	48.7

Note: SMS alternative offered by mobile service providers which supports rich media content
 Source: Mobilesquared, "RCS: The Game Changer the Industry Has Been Waiting For" in association with Out There Media, Nov 15, 2020

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Mobilesquared expects the US to lag many other markets in RCS penetration; nevertheless 20% of the US population will use RCS by 2023.

Rich Communication Service (RCS) Messaging User Penetration in Select Countries, 2023

% of population

UAE	92%	Egypt	39%
Thailand	81%	Kenya	39%
Indonesia	74%	Nigeria	36%
Singapore	66%	Italy	35%
South Korea	66%	Colombia	34%
Russia	65%	Japan	34%
Finland	63%	Spain	34%
Qatar	57%	Australia	32%
Philippines	56%	Mexico	31%
Austria	55%	Brazil	27%
Chile	51%	Canada	27%
Kuwait	51%	UK	26%
China	50%	Argentina	25%
Turkey	50%	India	24%
South Africa	49%	US	20%
Malaysia	46%	Tanzania	16%
Germany	45%	Iraq	15%
Poland	44%	Vietnam	15%
Ghana	43%	Rwanda	13%
France	42%	Sudan	11%
New Zealand	42%	Uganda	9%
Saudi Arabia	40%	Myanmar	9%

Note: SMS alternative offered by mobile service providers which supports rich media content
Source: Mobilesquared, "RCS: The Game Changer the Industry Has Been Waiting For" in association with Out There Media, Nov 15, 2020

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RCS business messaging traffic worldwide will grow from 160 million in 2020 to 415 billion by 2025, per Juniper Research.

Mobilesquared estimates that by 2028, brands will be able to reach 61% of smartphone users via RCS and that "just like SMS today, RCS will offer universality." While RCS does exist today, it's safe to think of SMS (and MMS) as the present and RCS as the future.

That said, all the guidance in this report is designed to inform B2C messaging strategies as carriers move from SMS to RCS. Brands that lay the proper messaging groundwork today are more likely to become the messaging case studies of tomorrow.

Key Takeaways

- **SMS has many marketing applications.** The question for most organizations is how to use SMS—not if. Marketers across industries are employing SMS for mass blasts, personalized one-to-one texts, behaviorally based messages, and more.
- **SMS is not email.** Marketers trying to apply their email playbook directly to their text messaging strategy will be disappointed. Message frequency and length are just two reasons why this channel must be treated separately. That said, SMS can and often does complement email marketing.
- **Customer service opportunities make SMS an attractive option.** Unlike live chat, SMS provides a customer communication channel already on consumers' smartphones. As customer service begins to increasingly fragment, SMS will likely grow as a service channel.
- **RCS is the future.** All indicators point to RCS growing massively. While this will be more evident outside the US, this shift will revolutionize how marketers approach their consumer messaging strategy.

Insider Intelligence Interviews

Insider Intelligence and eMarketer research is based on the idea that multiple sources and a variety of perspectives lead to better analysis. Our interview outreach strategy for our reports is to target specific companies and roles within those companies in order to get a cross-section of businesses across sectors, size, and legacy. We also look to interview sources from diverse backgrounds in order to reflect a mix of experiences and perspectives that help strengthen our analysis. The people we interview for our reports are asked because their expertise helps to clarify, illustrate, or elaborate upon the data and assertions in a report. If you would like to be considered for an interview for one of our reports, please [fill out this form](#).



Zack Abbell
Vice President, Digital and Commerce
Tula Skincare
Interviewed December 11, 2020



Brian Long
Co-Founder and CEO
Attentive
Interviewed December 7, 2020



Benjamin Benichou
Co-Founder and CEO
Drop
Interviewed November 12, 2020



Amanda Nelson
Vice President, Ecommerce
Corkcicle
Interviewed December 22, 2020



Andrew Bilinsky
Co-Founder and CEO
Lensabl
Interviewed November 10, 2020



Zak Normandin
Founder and CEO
Iris Nova
Interviewed January 5, 2021



Norman Guadagno
CMO
Acoustic
Interviewed December 3, 2020



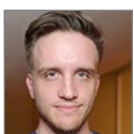
Jason Scoggins
Director, Loyalty and CRM
Chipotle Mexican Grill
Interviewed December 21, 2020



Norman Happ
CEO
EZ Texting
Interviewed December 10, 2020



Sam Shames
Co-Founder and COO
Embr Labs
Interviewed December 7, 2020



Alex Jennison
Ecommerce Marketing Manager
Mad Engine
Interviewed December 18, 2020



Massimiliano Tirocchi
Co-Founder and CMO
Shapermint
Interviewed October 1, 2020



Ross Kramer
Co-Founder and CEO
Listrak
Interviewed September 21, 2020



Ryan Urban
Co-Founder and CEO
Wunderkind
Interviewed November 23, 2020



Janna Land
Co-Founder and COO
FarmFoods, Inc.
Interviewed December 23, 2020



Oscar Werner
CEO
Sinch
Interviewed January 5, 2021



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Interviewed November 6, 2020

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Why are brands investing in text messaging this year?

This article was contributed and sponsored by [mGage](#).



Kevin Coghlan
Senior Director of Sales,
mGage

2020 was a challenging year for everyone, both personally and professionally. Many of us watched our sales pipeline dwindle and our marketing budgets shrink. Despite all of this, top brands invested *more* in text messaging last year. [mGage](#)® customers sent the highest volume of texts in our 20-plus year history. The question is, why?

Why are enterprise brands sending *more* text messages amid budget cuts, store closures, and decreased discretionary spending? In a single word—relationships. Companies sought more ways to be there for customers through lockdowns, post office delays, and the simple boredom of being stuck at home.

Text messaging has many applications across marketing and customer service that companies can use to empower consumers with convenience and flexibility. With an average 97% read rate within 15 minutes of delivery, text messaging is a preferred channel for consumers, according to 99firms.

Text message versatility in marketing

When it comes to building and maintaining relationships with your customers, text messaging can't be beat by any other channel. The engagement rate for text messages is 20 times higher than for emails, and text messages can still be visually exciting with images, videos, and GIFs, according to Gartner. You can use text messages to send sale alerts, special offers, mobile wallet coupons, digital gift cards, satisfaction surveys, and information about giveaways, contests, and loyalty clubs. Put simply, texting gives your customers more options for how and where they shop and communicate with your brand.

Using text messages for customer service

The immediacy and reliability of text messaging make it perfect for sharing information that's important or time-sensitive. Companies that find innovative ways to help customers feel more comfortable and connected have a solid edge over the competition. Popular customer service use-cases include curbside pickup, delivery and order tracking, prescription refill reminders, automated self-service, financial account alerts, contactless check-in, appointment confirmations and reminders, and even store hours and updates.

So, is it too late for your company to invest in text messaging in 2021?

Absolutely not. Consumer surveys and industry data suggest that the popularity of texting is stronger than ever. Many new consumer preferences, like curbside pickup and self-service with chatbots, are here to stay. With exciting innovations like [Apple Business Chat](#), rich communication services (RCS), and [Verified SMS](#) gaining momentum each day, text messaging is certain to continue growing as an important channel for businesses.

I think we can all agree that we are excited and hopeful to resume normal life this year. However, the events of 2020 accelerated the digital transformation for reluctant brands and customers alike in many positive ways. Text messaging is the only globally ubiquitous channel and has versatile uses across marketing, customer service, and even operations, making it a wise investment for any brand. 2020 taught us that no one can predict the future, but companies that invest in text messaging this year will certainly be positioned for success in years to come.

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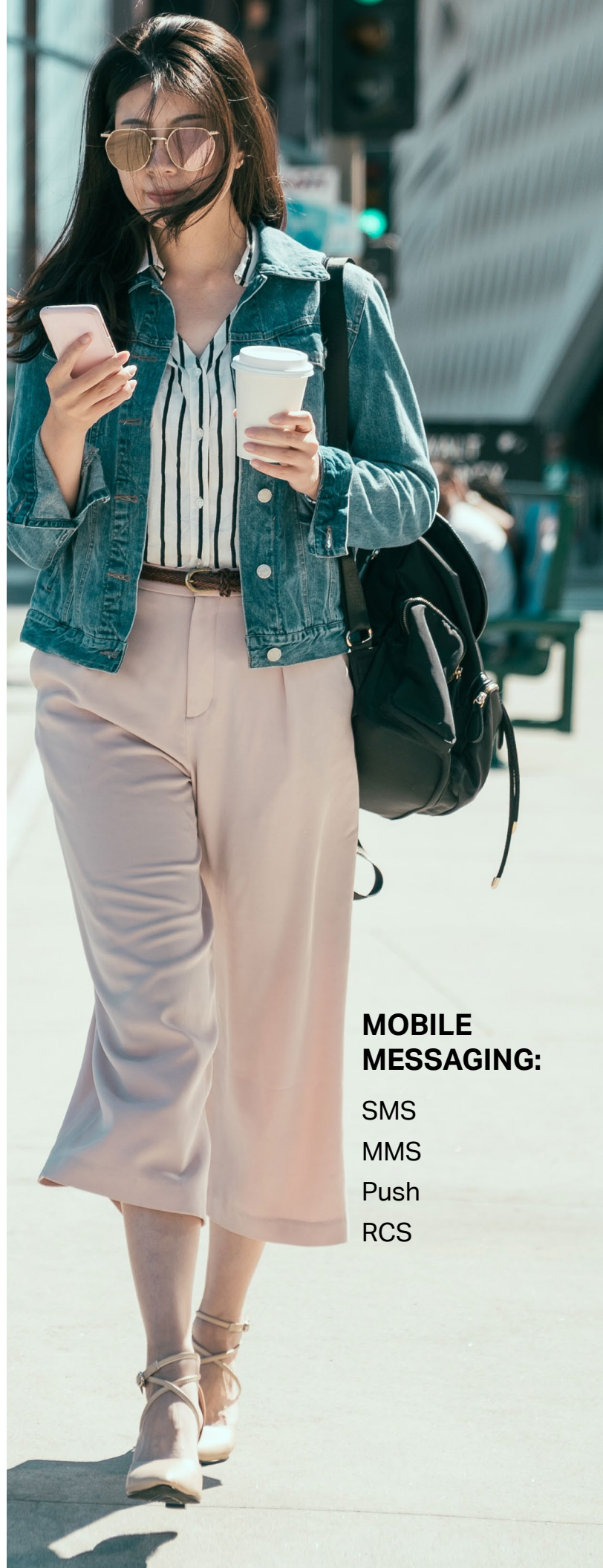
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