



Business text messaging means business

Mark Cody, Channel Business Manager at O2, discusses the impact of business messaging on the retail sector

As little as five years ago brands could only communicate with customers through their branch network, by phone or through letters. The emergence of text messaging as a mainstream form of communication means that businesses now have access to a far more cost-effective and efficient means of contacting their customers.

Handset penetration in the United Kingdom is now at 122% with around 75 million mobile phones and Britons send an average of 6.5 billion text messages per month, or almost 217 million per day.¹ Given that the number of handsets now in circulation outweighs the UK population, the mobile phone is an invaluable communications platform for any business that wants to reach the mass market. Not only do our handsets tend to be always on, we also rarely leave home without them. This means that the read-rate for text messages is extremely high, whereas letters, emails and phone calls are much more likely to go unanswered.²

Text messaging is the ideal lowest common denominator mobile communications mechanism, since all mobile phones are capable of it, whilst their capacity for other services, such as mobile internet, varies greatly with different network providers and handset technologies.³

The advantages of business messaging

Text messaging has been widely adopted across the UK because it is so simple and easy to use. Consequently, text messaging is used by consumers more than email, making it the most commonly used technology behind voice services.⁴ It is also an extremely versatile form of communication, which can support anything from simple text alerts to messages that link the user to the sender's mobile internet website so that they can access their account.

¹ Source: Mobile Data Association, 2008. (Netsize)

² O2 customers in the financial services sector have said that 98% of all text messages sent via O2 are read.

³ For example, 41% of smartphone users access mobile internet two to three times per week compared to 17% of standard phone users (Source: ICM online, July 2008, survey of 2,000 UK adults).

⁴ Source: OFCOM, 2008.

A key benefit of text messaging is its capability to be a very personal and timely form of communication, which can enhance a customer's sense of loyalty to a brand and reduce churn. Text messaging solutions let organisations keep customers informed with relevant, succinct information delivered direct to their mobile. By being brief, personal and timely, text messaging can add value to a brand's customer contact strategy.

Investing in text messaging solutions can deliver cost savings in other areas of an organisation's communications budget, through reducing both the need for written communication, as well as calls to customer support lines. Traditional letters are far more expensive than text messages, since they not only cost more to send, but also require more staff time and materials to produce. In turn, a reduced dependence on paper-based communications also allows businesses to lower their carbon footprint.

The speed with which text messages can reach customers wherever they are means that they are suitable for urgent alerts. While email has the same power to reach high volumes of customers in seconds (and at a lower delivery cost than text messaging) its effectiveness is curtailed by a low read rate from recipients. Information overload and the ongoing problem of spam messages mean that email inboxes are a cluttered environment which business messages do not cut through effectively. It is precisely because text messaging is not totally free of charge that it remains a spam-free form of communication.

One obvious limitation of text messaging is that individual texts are restricted to 160 characters. However, this is enough room for around 40 words, which is sufficient for the communications needs of most businesses. Indeed, the message length restriction is one reason why consumers find well written text messages so easy to read and act on. Additionally, our overall use of text messaging continues to increase (by 28% per user in 2007⁵) outstripping the growth of other communications mechanisms.

Text messages are increasingly being used as a marketing tool by businesses to inform customers of new services or upcoming events. O2 recommends that the number of messages sent to each customer per month should be strictly limited. Through ensuring that text messaging services are only used on an opt-in basis, companies can also avoid having their communications perceived as intrusive. O2's best practise guidelines are a maximum of three texts per month for campaign related messages.

Text messaging can also be suitable for a business's high-priority, internal communications. For example, they could be used to alert a company's IT team to technical difficulties that must be addressed or to remind their personnel about key meetings. Effective internal communications are a vital link in the chain to the external customer experience - if text messaging can reduce the response time to internal problems affecting service levels, the impact on customers will also be proportionally reduced.

⁵ Source: Ofcom, The Communications Market 2008 report.

Retail sector applications

In the retail sector business messaging can be used to provide customers with both reminders about their store card balances and the payment due dates. The immediacy and high-read rate of text messages is a great advantage to retailers, where information is often urgently required by customers. For example, alerts can be sent regarding unusual transactions on accounts and, if a store card has been stolen or cloned, both retailers and consumers can then act extremely quickly to cancel the account. Additionally, informing customers of when payments need to be made to avoid unnecessary interest charges is an obvious way to add value to the service. This is supported by recent research which showed that 60% of customers would like to be able to monitor their accounts via their mobile phone and that 36% believe this would allow them to keep a closer eye on their finances.⁶

Debt collection is another area where the use of text messaging can prove very effective. In cases where the debt is purely accidental, the high read-rate of text messages means that the reminders are more likely to reach their intended recipient than letters or phone calls. A series of escalating messages (for example, commenting that the customer has not replied to the previous message) can also be highly effective in dealing with the deliberate non-payment of store card debt. Text messaging carries with it a sense of urgency that letters no longer possess.

Text messaging can also provide the retail sector with other specific advantages, such as more accurately co-ordinating arrival times for goods or services. Many retailers currently provide their customers with a four hour window during which their order may be delivered. Thanks to the combination of in-cab GPS technology and text messaging, this can be made significantly more accurate, with the delivery window being reduced to one hour or less. This service would be of huge value to customers, since it gives them back time – something which many people would regard as more important than money. This service is also highly valuable to retailers, since it would reduce the number of undeliverable items (which subsequently cost the retailer more to re-deliver). Currently, around 10% of missed deliveries are due to the customer not being at home.⁷ This service also frees customer call centres from having to deal with the huge number of enquiries regarding delivery times.

Text messaging also has significant applications for brands. Mobile vouchers can be sent to customers instead of the traditional paper-based versions. This negates the traditional “pain points” of paper vouchers, since they do not need to be picked up, cut out or downloaded. The voucher arrives directly to a device that the customer normally carries anyway. Mobile vouchers can be delivered to the customer in a number of formats: SMS, MMS and WAP Push and can be viewed as a barcode, or as is becoming more common, a PIN number. The key to a successful mobile voucher proposition is how the voucher can be redeemed in store. Fortunately, there are a number of choices open to retailers from using existing hardware such as Chip and PIN,

⁶ Source: ICM online, July 2008, survey of 2,000 UK adults.

⁷ Source: Mobile Data Association, 2008.

a CCD Scanner or kiosks to even using a mobile phone to scan and redeem the voucher. Consumer behaviour also does not have to change radically in order to use the vouchers and they can provide live data that is unavailable with traditional paper coupons. Mobile vouchers can tell retailers how many were redeemed, what they were spent on, where they were used and at what time. This can even allow marketing professionals to modify offers during a campaign to ensure that it is successful and does not go over budget. It should be emphasised that the return on investment in this technology is very high. Not only are retailers able to create a more efficient business process, they are also providing a higher level of customer service that will prove attractive to consumers. Better still, neither retailers' practices nor consumer behaviour need to change greatly to successfully make use of this technology.

There is a perception amongst some retailers that business messaging is costly and difficult to deploy. However, this is far from the truth. A recent survey⁸ has shown that companies who have successfully implemented retail messaging found it easier and more cost effective than they thought. Working with the right partner, who has a clear understanding of the marketplace and expertise in the industry, is a simple way to ensure that retailers squeeze the most out of this innovative and engaging technology.

The future of business messaging

Despite the increase in competing messaging technologies in recent years, the text messaging market continues to grow. In the UK, the number of text messages sent per annum increased from 60bn in 2007 to 70bn in 2008, with around 4.7 million messages being sent per hour. There can be no doubt that there is a great deal of mileage left in text technology and the market is currently growing at around 20% per year.⁹

Text messaging solutions provide a service consumers will value and can benefit from today. They are also a key stepping stone towards taking full advantage of mobile phones as a developing platform for financial services. Currently, very few people use their phone to monitor their online banking. However, as device browsing capability improves with the launch of sophisticated handsets such as the iPhone, take up of banking on the move will increase. Consumers are using their mobiles for an ever increasing range of services and mobile access to banking information will become standard practice in the near future.

Meanwhile, the implementation of phone-based contactless payment technology, mobile wallets, easy to use mobile internet and mobile media platforms means that our handsets are only going to become more useful in managing our finances. Currently, 81% of people send and receive texts, 57% use their phone as a camera and 25% listen to the radio through their phone.¹⁰ Undoubtedly, consumers will continue to interact with their phones in new ways as their range of available services increases. Since text messaging

⁸ Source: O2 Mobile Marketing Survey 2008

⁹ Source: Mobile Data Association, 2008.

¹⁰ Source: ICM online, July 2008, survey of 2,000 UK adults.

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has already been widely adopted by consumers and is easy to use, it is an ideal business communications tool. Moreover, customers will find it easier to adapt to using mobile internet and other advanced technologies for business services if they are already used to interacting with businesses and brands via text messaging.