

## SMS Marketing

*WIN's Alex Klose explores SMS marketing, how to maximise response rates and what to expect.*

Of WIN's total traffic volumes (we are one of the top three by volume in the UK market) we have seen a large growth in volumes associated with marketing/CRM campaigns from about 15% in 2008 to nearer 30% today.

And, whilst most marketers are interested in opt-in rates and click through rates, it's important to realise that opt-in and click-through rates are dependent on the structure of the campaign and quality of data being used. It will often depend on what the value of a specific offer from the marketer is and how often do they want to be in contact with the customer.

So opt-in and click through rates inevitably sit in a very broad range because for direct marketing campaigns, opt-in rates typically range from 2% to as much as 20% in some cases. That's pretty sensational and shows the power of mobile as a marketing medium.

At WIN, when we've worked on multi-media campaigns where mobile provides the primary response route, it's much harder to give a proportionate response rate. We can measure the raw number of responses but it needs to be related to advertising placement and volume/value of adverts and other promotional elements.

For a specific campaign it can be relatively easy to calculate a cost per lead/response despite all of these factors and we have had some exceptionally successful campaigns as well as some less than successful. It's almost impossible to give an overall average, however, that has any real meaning.

What we have learned is that to use mobile effectively, a lot of work has to take place to ensure that all the systems which need to support it are primed and ready to support the response – this is too often over looked. It's no use asking the customer to ring a call-centre number and then when they get through for the call centre agent to say 'I don't know what you are talking about!'

### CPM levels in SMS marketing

Are you referring to this in terms of 'cost per thousand' as it is used in web-rate calculations?

If you're talking about 'cost per thousand' as it's used in web-rate calculations, it's very difficult to offer a comparison to that and SMS. The CPM in terms of SMS is just one part of a large value chain which has a number of different components which all affect the cost. These can include: campaign concept, set up and execution; incentive/reward to increase the response rates ; as well as the media spending via various communication activities (probably the highest); plus professional and independent campaign evaluation.

What really concerns brands is whether they're getting a return on investment and this can vary greatly depending on the nature and aims of the campaign. It could be that from 1,000 messages two leads delivers a positive ROI in one case and 100 leads will not in another.

What's important here is that mobile and SMS in particular has exceptional elements that favour it compared to other mediums. It is personal, real time, communication direct to that person's pocket and is something that consumers will open immediately or very soon after they receive.

### **The size of the direct to consumer SMS market**

Text offers a unique and totally compelling way for brands to interact with consumers. In general, both volumes and expenditures have roughly doubled over the last two years. However, operators have to be careful with this particular golden goose. They are selling more and more messages in text bundles which is driving traffic volumes higher and higher but is also giving them capacity problems.

This is relevant because D2C marketing messaging typically comes in large volume bursts and the operators may at times cause the campaigns to be spread across available capacity, so in effect provide a throttle on campaign activity.

Having said that, and referring back to our own experiences, we have seen roughly a doubling in the use of SMS D2C marketing messaging over the last two years. Indeed, we are just about to launch our new next-generation messaging platform, to handle the increased volumes, reduce delays across the networks and to provide greater self-service capability to our clients.

### **Tracking SMS – easy or difficult?**

The sending of messages is easy to track – i.e. we get a delivery confirmation once the message reaches the handset and we are able to provide 'delivery success rate' data. As most marketing messages are 'free-to-user' then delivery success rates are very high, in the 90's typically in percentage point terms.

If a consumer decides to send on a promotional message to his or her buddies, then we cannot track that directly without employing some smart technology. What we can track however are any responses which come back from handsets to which the original message was not sent. This allows us to add to the overall marketing database (assuming the response meets the opt-in criteria laid down by the regulator). And of course a campaign can be designed deliberately to promote a 'viral' effect where messages are passed on.