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Humphrey Ho | 2 days ago

SMS marketing: Using an old-school channel for new-school engagement

SMS marketing can still be a valuable tool for brands to engage and help consumers if mass push campaigns are limited, says this MD of Hylink.



SMS marketing represents an opportunity for personalisation in a world of mass media. Transitioning away from its traditional use as a push-based tool for mass awareness, the future of SMS and successfully leveraging this modernised rendition of an old-school technique will rely on customer segmentation to appeal to recipients through the allure of exclusivity.

The case for SMS

When SMS became mainstream in the early 2000s, it revolutionised the way people could communicate. Gone are the days of the then-trendy, multi-tap keyboard Nokia mobile phones which defined the decade. For many years, technological advancement rendered traditional SMS less valuable than during its formative stages. Phone numbers have become a vehicle for online instant messaging platforms such as WhatsApp and WeChat to supplement traditional SMS, and phone calls can be made exclusive of a phone number, such as via iMessage, Google Meet, or Zoom.

The resurgence of traditional SMS has emerged in the aftermath of one of Silicon Valley's biggest tech feuds between Facebook and Apple (CNET). Apple's introduction of App Tracking Transparency (ATT) in April 2021, which offered users the option of not being tracked by apps, saw a 96% tracking opt-out rate (Ars Technica). Among the most affected was Facebook, whose business model relied on the ability to track users. ATT effectively shifted Facebook's advertising function away from direct personalised brand messaging, not unlike SMS text messaging in the early 2000s, and has forced it to become a platform focused on mass targeting and brand-building, similar to billboard, television and radio advertising.

The untapped potential of SMS marketing

Enter, SMS marketing. SMS marketing is a direct line of contact for brands to send promotional campaigns or transactional messages to consenting customers (Sendinblue). Marketers have begun to use SMS tools on their e-commerce and social platforms, whereby they encourage users to enter their phone number in order to receive a coupon or discount. Where SMS marketing falls short is in its traditional use as a singular push-based communication where the brand simply tells you what to do—use this coupon; buy my product; check this link. This technique does not provide value to consumers and, given the ease of opting out, sees a high number of recipients unsubscribing. Compared to the more impersonal email marketing which sees lower unsubscribe rates, consumers have a near zero tolerance for SMS marketing. Some brands see an unsubscribe rate 3x higher than email.

Where the untapped value of SMS marketing resides is in its role as an automated concierge or virtual assistant, which would offer help with order tracking, shipping information, engagement for returns and product issues, and invitations to exclusive events. These are functions that add significant value to SMS recipients—and are an incentive for recipients to remain opted in. Following the lead of the hospitality and aviation industries, SMS should be used as a tool to make customers feel special while leveraging the ubiquity of smartphones. With more than 84% of people taking their smartphones everywhere they go and using them to plan itineraries and book flights and hotel rooms, the hospitality and aviation industries are able to execute an effective, wide-reaching marketing strategy centered around guest satisfaction (Textedly). Companies like Four Seasons, Marriott Bonvoy, United, and Delta have established second-to-none SMS marketing tactics by pairing SMS with hybrid robotic artificial intelligence (AI) and human assistance to add value to customers, whether it is simplifying how you reach your destination, cancelling a reservation, or ensuring your champagne is chilled and waiting for you upon arrival.

SMS and artificial intelligence

In leveraging AI as a tool to enhance SMS marketing, it is important to follow the rule of four: limit push messages to four times per month, otherwise unsubscribes will rise exponentially. The use of AI also lies in its ability to segment customers via SMS marketing. Many platforms use deep neural nets to create customer segments—if a customer leaves a brand their phone number, they have also left information on their location, demographics, and consumption habits. In this way, AI can provide customers with personalized branded communication to increase engagement and brand loyalty (Voy Media). AI can also be applied to SMS to offer the chatbot experience via text messaging to assist with returns, shipping updates, product support, and FAQ, and feature short links to allow users to jump to other apps, the brand website, or platforms for directions.

The brands that succeed using SMS marketing act as our friends—and friends don't push 20% coupons on each other. By creating a dialogue and acting as a concierge, brands can provide customers with an elevated experience to make them feel valued. Membership to this text-messaging club offers the allure of exclusivity and focuses on customer experience rather than simply driving more transactions. SMS is the new concierge in an automated future.

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Source: Campaign Asia-Pacific

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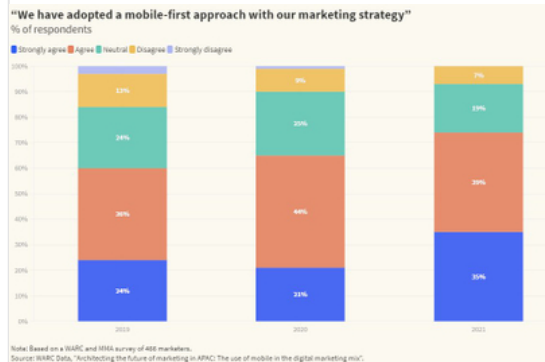
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