The Role of SMS in Business Communications

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THE MULTICHANNEL COMMUNICATIONS SPECTRUM

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Introducing SMS

The mobile channel is fast becoming an important component of business communications strategies worldwide. SMS – or text messaging – is an effective tool for business communications because of its simplicity, ease of use and reach. SMS is available on virtually all mobile phones and over all mobile networks with a reach of 5 billion phones worldwide, making it the world’s most pervasive communications technology. For example, in the United States alone, consumers exchanged more than 5 billion text messages per day in March 2010 (CTIA 2010). And, according to Nielsen Mobile, the average consumer sends 600 messages per month compared to using less than 200 voice minutes.

It is astounding that almost one quarter of the U.S. population lives in mobile-only households, meaning that they have substituted their landline for mobile phones (CTIA 2010). As this trend continues, the ability to communicate with consumers via mobile phones is going to become vital. The payoff is significant considering that more than 90 percent of text messages are opened and read, compared to less than 40 percent of email solicitations, according to research commissioned by SinglePoint in June 2010.

The usage of SMS continues to grow because it is simple, easy to use and has enormous reach. Ultimately, consumers like to have choices in the way they communicate with businesses and increasingly consumers are turning to SMS.

The Multichannel Communications Spectrum

Businesses use print, radio, television and web marketing to communicate with potential and existing customers. But integrating these channels with mobile’s ability to reach consumers can add synergy to traditional marketing media.

The mobile channel allows enterprises to diversify their marketing to reach an expanded audience by connecting the right target with the right tool while perhaps mitigating the risk associated with one particular site or platform. A successful mobile strategy is one in which the worlds of mobile messaging, mobile web, and smartphone apps converge or further integrate with traditional media, since each have their strengths and purposes.

SMS does not require marketers to develop campaigns for individual platforms, specific phone operating systems or multiple web sites. Marketers can communicate with text to virtually any consumer with a mobile phone and when combined with other communication channels, SMS can dramatically increase campaign performance.

Because SMS can be used as a push mechanism, it can stimulate the action and interaction of a potential consumer, instead of leaving it up to the consumer to initiate communication. Text messaging provides an effective response mechanism by offering consumers a simple return path for interactive communications via a link in an SMS reply message. It can be integrated into smartphone apps and mobile web sites in order to keep consumers engaged with brands while helping drive them toward rich media experiences and stimulate brand interaction. For example, a smartphone app can provide an offer to opt-in for SMS alerts, which can then be used to inform consumers of new features, promote a revenue-generating upgrade, or as a reminder to use the app, since it might be lost amongst a phone’s many downloads.

Apps are currently a hot trend, but the smartphones they run on represent only 22 percent of the market in the U.S., according to Nielsen’s first-quarter 2010 data. Rich media and a graphical user interfaces are key benefits of apps, but combining a text messaging component can provide reach to the other 78 percent of mobile phone users. Nielsen also reports that smartphone users, in fact, text more than owners of simple feature phones.

Location-based services ("LBS") are a new and exciting enabling service for the mobile channel. LBS enables mobile marketing and a host of other mobile services, which can provide businesses with the ability to do things that
previously were not possible. Location-based campaigns are used to create point-of-purchase offers in real-time to generate immediate foot traffic and revenue.

For example, McDonald’s has already begun implementing LBS marketing with some success.\(^1\) The fast food giant targeted consumers within a certain distance of its 82 McDonald’s restaurants in Finland. The location-based campaign allowed McDonald’s to extend its storefront to mobile consumers and dramatically increase point-of-sale influence.

Integrating LBS into SMS marketing may constitute the ultimate combination for mobile marketing – immediate, impulsive and targeted - with a direct link to communicate with customers actively searching for products and services, in real-time and based on a very specific location.

The universal accessibility and usage of SMS, combined with the ability to provide information in real-time, creates unique opportunities for marketers.

Businesses can use SMS to:

- Enhance brand loyalty by stimulating dialog and interaction
- Create frequency with 1:1 communications
- Reach consumers who do not have a smartphone or a data plan
- Acquire new customers
- Monetize interactions through timely incentivized offers
- Provide consumers with an additional contact option
- Create highly targeted campaigns utilizing LBS

Combining the new marketing and communications tools provided by the mobile channel with traditional marketing media facilitates a winning combination. Companies that find the right balance of integration may reap the benefits of a competitive advantage.

**SMS in Use Today**

Businesses worldwide are actively pursuing text messaging to enhance engagement and loyalty. With a properly executed SMS program, enterprises can engage their audiences in a non-intrusive way.

Enterprises can use SMS to:

- Build brand awareness
- Build purchase intent
- Promote timely offers
- Build customer loyalty
- Improve customer service and decrease call center volume/costs
- Activate traditional media and make it more measureable

The following case studies show how enterprises are integrating SMS into their marketing and communications.
Mobile Banking & Financial Services

Banks and other financial services companies are reaping the benefits of using SMS to save costs while communicating with current and potential customers. Financial institutions can use SMS to differentiate their services and ultimately acquire new customers.

A June 2010 study from Juniper Research shows that mobile banking consumers will double over the next three years, reaching 400 million worldwide by 2013. Banks are realizing that SMS is a cost-effective way to serve existing customers, but it can also be used to attract new customers. According to Mercatus research from December 2009, banks offering mobile financial services have increased new customer acquisition by as much as 60 percent.

There are a variety of useful SMS transactions that banks, credit unions and other financial institutions can implement to improve communications services for their customers and prospects.

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Chase Mobile Helps Manage Finances

Expanding their service beyond online banking, Chase was one of the first financial institutions to launch a mobile banking initiative to let their account holders access their accounts anywhere.2

To opt-in, consumers text CHASE to 24273 to receive their basic personal and business account information in seconds by SMS. This service allows Chase clients the ability to check account balances while standing in line or simply browsing in a store.

Chase Mobile also lets customers review transaction history and check credit card due dates and amounts without making a call to customer services and saving their customers’ time.
Wells Fargo SMS Helps Customers Manage Their Spending

Wells Fargo & Co. and Visa Inc. rolled out Rapid Alerts for Wells Fargo Visa credit card holders, which have enabled their consumers to better manage and track spending activities. The Rapid Alerts service provides consumers with real-time detection of potentially fraudulent activity. Alerts are triggered when transactions meet certain criteria previously selected by the Wells Fargo Visa account holders, and delivered via text message or email based on the consumers’ preferences. The card holders are able to take immediate action if they believe a potentially fraudulent transaction is taking place.

Wells Fargo credit card customers are able to choose the criteria for transaction alerts which include:

- Transactions that exceed a dollar amount chosen by the cardholder
- Transactions initiated internationally
- Card-not-present transactions (telephone or online purchases)
- Cash withdrawals from an ATM machine
- Declined transactions
- Gasoline transactions

“... The service enables consumers to better manage and track their spending while providing them with an early warning system for potential fraudulent activities. These alerts are significant because they let consumers monitor their accounts for unusual activity and take immediate action if they believe a potentially fraudulent activity is taking place.”

MICHELE JANES | VISA

Call Centers

Call centers around the world are using SMS to help defer support costs by offering consumers the opportunity to self-serve their own needs. SMS can be used proactively to contact consumers or more passively to allow consumers to text in their requests.

Enterprises can use SMS to connect to potential customers and interact with existing customers enabling deeper brand awareness, an increase in traffic to sales centers and, ultimately, an increase in customer conversion.

Western Union Rolls Out SMS Notifications

Financial services giant Western Union launched initiatives to interact with and engage its customers by using SMS-based notifications. SMS-based messages are delivered to Western Union’s loyalty card members who send money transfers from nine countries, including Belgium, Denmark, France, Gabon, the Netherlands, Poland, Russia, Sweden and Britain.

Prior to launching the service, the sender or receiver had to check Western Union’s web site or call a Western Union customer service center to inquire about the status of a money transfer. In fact, 23 percent of calls to Western Union’s call centers are inquiries about the status of a money transfer.

The mobile numbers of those who are enrolled in the auto-notification service are also part of Western Union’s database of consumer information. This helps them understand how, when and why people are using its services and enables the company to better target its services by enabling it to tailor marketing offers and coupons to customer needs.
Orange County (CA) Transit Agency SMS Program Reduces Call-Center Costs

California’s Orange County Transportation Authority (OCTA) launched a text messaging program to reduce call-center volume and costs from its 210,000 daily passengers. The public transportation agency’s Text for Next initiative lets passengers text a bus stop number and route number to the short code 628246 to receive arrival times of the next three buses for that stop. The short code spells OCTAGO on the keypad, which is easier for customers to remember than a string of numbers.

The text-messaging program is expected to reduce the nearly 2,000 bus status and route inquiries received daily, lowering total call-center volume by as much as 25 percent. The immediacy of text messaging cuts costs and increases OCTA’s efficiency by communicating schedule changes as they occur, which is much faster than distributing revised printed materials to 6,500 bus stops around the county.

“OCTA’s ‘Text for Next’ program not only provides an easy and convenient option for people to access bus schedules, it also helps mitigate the ever-rising cost of our call center.”

STELLA LIN I DEPARTMENT MANAGER OF MARKETING AND EXTERNAL AFFAIRS AT THE ORANGE COUNTY TRANSPORTATION AUTHORITY

Healthcare

Text message services can help healthcare companies reduce costs, increase efficiency and assist people in improving their health and well being. Healthcare companies are discovering the advantages of using SMS to communicate test results, diagnosis and treatment advice, as well as billing information to patients. SMS can also be an effective tool to provide appointment reminders, medication and treatment reminders or alerts about prescription availability.

Kaiser Permanente Cuts Patient Communication Costs with SMS

Kaiser Permanente, the largest nonprofit healthcare provider in the U.S., needed to find a solution that would cut patient communication costs and at the same time have the potential for a national rollout with a considerably short development and implementation time.

The strategy was simple: prove that SMS could reduce missed appointments. At $150 each, missed appointments cost organizations such as Kaiser millions of dollars per year. The mobile marketing program tackled cost containment through patient reminders via SMS.

“The service delivers convenience and peace of mind to consumers, helping build a stronger emotional connection to the Western Union brand and drive return visits to the Western Union franchise. In addition, we expect the service to significantly reduce the volume of status inquiries going to our call centers.”

CHRISTOPHER DEAN I ASSOCIATE OF DIGITAL VENTURES AT WESTERN UNION
The goal of the program was to:

- Deliver efficient and cost-effective paperless reminders to the subscribed customer base
- Continually allow for customers to opt in or out of the appointment reminder database
- Build on Kaiser’s existing reputation for dedicated and efficient patient care

Kaiser used SMS to create and manage general appointment reminders, specific treatment reminders and notifications of completed lab results. For brand integrity, the company used the short code 524737, which spells KAISER on the keypad, to interact with patients.

The SMS program integrated with Kaiser’s system called AARS, or the Automated Appointment Reminder System. Automated SMS messages were sent to patients one day before their appointment. By the end of the pilot, only 1.8 percent of Kaiser’s user group opted out or asked not to receive future text reminders.

The program resulted in 1,837 fewer no-shows. The one-month pilot proved that by using SMS appointment reminders, Kaiser was able to save $150 per appointment for a total cost savings of more than $275,000 at just a single clinic. The outcome of the pilot was so significant that Kaiser’s chief information officer approved a larger rollout.

Travel, Transport & mTicketing

Mobile ticketing is all about paperless tickets: no paper, no postage, no need to print at home, and no paper receipt to forget or to lose. It is nearly instant in delivery which allows for last-minute ticket sales very easily.

Mobile ticketing is growing in popularity as people become more used to using their phones for things other than calling, texting or emailing. Travel alerts provide critical communications to inform people of delays, itinerary changes and cancellations. Additionally, SMS is being used to distribute mobile boarding tickets, which can reduce costs for operators, improve service for consumers and benefit the environment. Travel and transport operators are also using SMS as a convenient and quick payment mechanism.

Continental Airlines Taps Mobile Boarding Passes for Convenience

Continental Airlines claims it was the first carrier to offer mobile boarding passes on nonstop flights from Great Britain to the United States offering mobile boarding passes at 42 of its airports.

As part of the early check-in procedure, travelers can choose to receive a boarding pass on their phone from anywhere on the go rather than having to use a home or office printer to preprint a boarding pass. The mobile boarding pass on a traveler’s phone displays a two-dimensional bar code with passenger and flight information that is scanned at the security checkpoint and boarding gate. Continental’s mobile boarding passes are simple to request, easy to access and convenient to use, perhaps making air travel a bit more enjoyable.

“A mobile boarding pass is the type of self-service product our customers have told us they want. It saves them time and offers them more control of their travel experience.”

MARY CLARK | SPOKESWOMAN AT CONTINENTAL AIRLINES
Swedish Rail SJ AB Mobilizes Etickets

Widespread adoption and penetration of SMS in Sweden made it the ideal technology to mobilize the Swedish Rail SJ AB eticket application. Passengers can buy tickets online and conveniently redeem via their mobile handset with no need to print out and carry a physical ticket.

SJ developed the mobile ticketing application using SMS because it had a significantly higher penetration rate (90 percent of users in Sweden) than WAP (50 percent) and MMS (just 25 percent), according to Swedish Post and Telecom Agency in September 2009. As a widely adopted standard, SMS was relatively easy and inexpensive to deploy and offered the reliability demanded by this large implementation. The application took just one year and 8 million Swedish kroners ($1.1 million USD) to roll out.

To buy a mobile ticket, passengers can visit the SJ Web site, select the train journey and fill out their personal details. They then select the “Mobile Phone Ticket” option for the delivery method. Twenty-four hours before departure, passengers receive an SMS message requesting that they check-in via their mobile handset. Passengers reply anytime before departure and subsequently receive a text message displaying the ticket information. On the train, passengers are asked by the ticket inspector to show the mobile ticket message on their handset. And with passengers using mobile tickets rather than printing paper tickets, mobile ticketing may also constitute an environmentally friendly solution.

Southwest Airlines Taps SMS to Streamline Customer Service

Southwest Airlines is using SMS to cut airport wait time and inbound passenger calls. The airline uses SMS to alert passengers of flight delays, cancellations and gate changes.

Southwest noticed two trends that made it more important to contact passengers on their mobile devices. More voice messages were being left, which created the potential to miss critical flight information. Also, many passengers started listing cell phone numbers and email addresses as their primary mode of communication when purchasing tickets. The addition of the SMS option gives the consumer greater choice in how they want to communicate with Southwest, increasing their satisfaction with the brand.

“Southwest needed a way to reach these customers over their preferred channel while maintaining streamlined communications that integrated easily with its existing customer service.”

FRED TAYLOR | SENIOR MANAGER OF PROACTIVE CUSTOMER SERVICE COMMUNICATIONS AT SOUTHWEST AIRLINES
Parking Payment Provider EasyPark Drives Innovation and Convenience with SMS

EasyPark in Scandinavia turned to SMS to serve the needs of occasional parking customers. To buy one hour of parking, drivers simply send an SMS message to EasyPark and include their car plate number. Traffic wardens can verify that drivers have paid through a link to a central database. Ten minutes before the time expires, drivers receive a warning, and can send another SMS message to buy an additional hour, if required. This can reduce the risk of receiving a citation and drivers no longer have to stop what they are doing to rush back to and pay the parking meter.

The fee is charged to mobile consumers’ mobile phone bill, similar to the purchase of mobile content. Because the mobile carrier already has an ongoing relationship with the mobile consumer, there is no need to sign up to an additional account. This also relieves drivers of the burden of having cash or exact change in order to pay a parking fee. EasyPark, through its IVR and SMS payment options, offers a highly convenient parking payment service for regular and occasional parkers.

Retail

Retailers use SMS to build brand awareness and increase purchase intent with their audience. SMS provides a highly effective channel to promote timely and personalized offers. Because SMS is a push marketing vehicle, it can help stimulate existing customer loyalty through 1:1 communications via the consumers’ personal device.

Using SMS coupons provides retailers with a new strategy to target promotions for increasing basket size at the point of sale or achieving other marketing objectives. Building opt-in databases for SMS marketing can provide retailers with a powerful mechanism to personalize communications in a way that has not previously been possible. Combining coupons with location-based SMS can target a consumer in a particular location, providing an effective way for retailers to drive consumer traffic.

Three-quarters of large retailers in the U.S. have plans for engaging consumers in the mobile space, according to a June 2010 report by Forrester Research Inc. Forrester surveyed 109 major retailers as part of the “State of Retail Online: Marketing, Social Commerce and Mobile Report,” which found that 74 percent already had a mobile strategy or had plans for developing one. The report also found that one in five retailers already had fully realized mobile strategies.

Target Uses Mobile Coupons to Meet Customer Needs

The retailer Target uses SMS coupons in all of its 1,740 stores in the United States. Target uses mobile coupons to address three business objectives. It wants to differentiate the customer experience, drive awareness and influence sales. Consumers may opt-in to the program via the web or as a result of an advertisement with instructions to text the keyword COUPONS to the short code 827438, which spells TARGET on the keypad.

The mobile coupons are available on any phone with text messaging and a Web browser with a data plan. A text message is sent to consumers embedded with a web link that, when clicked, will render a coupon on the phone screen to be redeemed at the time of purchase. The monthly text message keeps the Target brand top of mind amongst shoppers that are opted-into the program and the coupons drive traffic into the stores.
Dutch Bros. Coffee Loyalty Program Boasts 25,000 Opt-ins

Dutch Bros. Coffee franchisees’ SMS initiatives have helped build a mobile opt-in database of 25,000 coffee buffs, resulting in increased revenue. Their coffee kiosks all over the West Coast have been using SMS to drive traffic when business is slow. Advertisements are posted in and around kiosks, asking consumers to opt-in for text communications from the retailer.

The SMS alerts can drive spontaneous actions from consumers. Case in point, one franchisee reported sending a text message blast for an iced drink on a hot summer afternoon. In less than one minute a customer walked up to redeem the SMS coupon he had been sent. The customer was passing by, got the alert and turned around to go back and get the deal on the iced coffee. SMS has the unique ability to be that immediate and responsive.

Conclusion

Since SMS is compatible with virtually all 5 billion handsets in use today, it is an important component for all marketing and enterprise-level communications strategies. It is a proven communications channel which can provide the immediacy and interactivity that no other medium can offer. As budgets tighten and businesses look for ways to reduce costs and increase ROI, SMS can provide efficiency for cost reductions and effectiveness for a greater return on investment.

SMS is a unique marketing tool, allowing brands to deliver content or critical information to their customers instantly with tailored and personalized offers to achieve higher rates of conversion while improving brand awareness and creating customer loyalty. Marketers who embrace mobile marketing have the opportunity to differentiate their services and better serve their customers. It offers a unique ability to reach people on the go for a true 1:1 experience. SMS is simple, easy to use and its reach is seemingly unparalleled.

SMS is complementary to other mobile channels, including apps and the mobile web, as well as traditional communication channels. Looking at the entire marketing spectrum - print, radio, television, online and outdoor - it is clear that SMS has the ability to interweave and link with all channels, which can make traditional campaigns truly interactive and measurable.

This simple and scalable solution continues to grow in popularity while driving innovative ways for brands to reach a broad target audience. Make SMS part of your engagement strategy.
About mBlox

mBlox is the world’s largest mobile transaction network specializing in mobile message delivery and mobile billing capabilities for businesses around the globe. mBlox is the intermediary between businesses and mobile operators, focusing our resources on the commercial and technical complexities of mobile billing and mobile message delivery. One connection to mBlox connects your company to over 600 mobile operators in 180 plus countries.

The high level of service that mBlox brings to clients is based on our close working relationships with mobile operators. These relationships and our global scale make it possible for us to offer enterprise level performance, reliability and security at competitive prices.

We recognize that in today’s global marketplace, businesses need even more from their mobile transaction network, such as 24/7 support, financial flexibility, performance reporting, testing services and market expertise. mBlox is on the cutting edge of technology and innovation, investing heavily in its industry leading infrastructure to help its clients achieve success.

Drawing on our total focus on messaging services since 1999 - and on our international network of offices, established relationships and direct operator connections - mBlox offers the industry’s largest application-to-person messaging service in the world. But it is the expertise and dedication of our people that make everything possible.

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