

Using SMS for Marketing:

A Beginner's Resource

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Introduction

At some point, for the first time ever, a merchant told his customers, “Tell your friends!”

While no one knows for sure the exact date, we do know it wasn’t called advertising, marketing, or branding. It existed solely as some form of word of mouth – be it a messenger running from town to town, a newsie standing on the corner shouting out the headlines, or a town crier charged with making public announcements.

Business owners then evolved their communications to include direct mail. Imagine the creation of flyers, posters, advertisements in the local paper, and catalogs. Radio, television, billboards, and eventually the internet appeared, each with its own model for businesses showcasing their wares.

We are now in the modern era of communication. Now, businesses discover that individuals do not want ad after ad. They want to interact with you.

Email marketing, social media, and mobile all emerged as a way to evolve from ads to interaction. It’s at this junction that marketers have pivoted to become communicators. The search is underway for mediums that consumers prefer, so as to not intrude with their everyday lives.

Use this buyer’s guide to learn about one of the simplest forms of communication and how businesses are using it to interact with customers. This innovative tool is the text message, or SMS messaging.

Now, more people use SMS than any other form of written communication, ever, according to Portio Research. Organizations throughout the world harness its power to improve customer satisfaction and increase sales.

How SMS is Different

Not only do businesses see higher open rates from SMS messaging to the tune of around 98%, according to Frost and Sullivan, people read SMS text messages immediately. According to mobileSQUARED, 90% of all SMS messages are read within 3 minutes – making this the most immediate and most well-received communication medium in history.

Throw in that it’s easy to use, simply structured, and universally understood, and you have the perfect technology for marketers to use when interacting with customers.

Only about 10% of all emails are ever opened, and fewer still are opened soon after receipt. An email inbox is a tough place to stand out. While email is still an extremely valuable communication tool, it’s becoming harder and harder for your email to reach the intended recipients, get them to read it, and have them take action. However, over the past few years, businesses sending SMS text messages have seen a significantly higher impact versus other channels.

Why SMS Matters

In short, whether you call it a text message, a text, or SMS – short message service (SMS) is a simple, easy-to-use method of communication. With nearly every human on the planet owning a mobile phone, and nearly every phone having texting capabilities, SMS has become ubiquitous worldwide. Specifically, application-to-peer (A2P) SMS has seen tremendous growth.

Here are some quick facts from Portio Research regarding SMS:

- **More people now have an SMS-capable mobile phone than a toothbrush.**
- **More people use SMS than a flushing toilet.**
- **Twice as many people use SMS as have access to the Internet or have an e-mail account.**
- **SMS is not slowing down anytime soon. It will be a major communications tool worldwide for the next decade.**
- **Worldwide, in mid-2013, almost 6 billion people can now use mobile voice and SMS. No other form of communication has ever been available to such a large segment of the human race, ever, in all history.**
- **SMS is more accessible than radio, TV, Internet access, printed books, bank accounts, newspapers, social networks. Everything.**
- **A2P SMS is a booming growth area. Both traffic and revenues are growing. Everywhere.**
- **TV advertising continues to struggle, while A2P mobile messaging looks better and better to organizations.**

Business Communication Drives SMS Growth through A2P

Texting established itself well before the smartphone.

The first text message was sent in 1992 as an application to person (A2P) SMS; however, within a year the technology had evolved and was then mainly used for peer to peer (P2P) text messaging.

It wasn't until the mid-2000s that organizations started to realize the power of SMS for business purposes. This developed into what is now known as application-to-person, or A2P SMS. For many, the need for A2P started with a sense of urgency. Organizations needed to alert their own employees of a particular event. Perhaps when a major system went down at the office, for example, they needed a technician to repair it quickly while alerting internal employees of any issues.

Soon, organizations realized the need for a method that could reach external audiences, such as customers. Instead of using their own personal mobile devices to reach their customers' cell phones individually, applications were developed to automate this process and allow for triggered messages, bulk messages, and even one-off single messages to be communicated from the organization.

A2P SMS is quickly becoming the premier communication channel for businesses. It shows no signs of slowing down, unlike its peer-to-peer SMS brother.

According to Portio Research, while P2P traffic will continue to decline into the foreseeable future, A2P yearly traffic throughout the world will increase to nearly 2 trillion messages by 2017.

How Companies Use SMS

Organizations today use SMS for a variety of purposes. Largely, we've seen these messages fall into one of five buckets: Notifications, Alerts, Reminders, Verifications, and Marketing Promotions.

- **Notifications**, such as those sent from customer service agents regarding system downtime, are a very popular use case for SMS. Building SMS into a customer service strategy is quickly becoming a best practice for most industries. Customers want to know that the organizations they trust are listening to them.

"A service technician will be at your home in thirty minutes. Thank you for calling customer service! We appreciate your business."

- **Alerts** are likewise becoming common place. Businesses, as well as organizations like schools, universities, churches, and many others, see SMS as an essential piece of their emergency communication plans. The speed of SMS has led to its popularity with this form of alert.

"Our offices will be closed today due to inclement weather. Our team will continue to respond to email and calls to their mobile."

- More and more organizations are turning to SMS for **reminders**. These are great for organizational efficiency, as well as ensuring that customers know that their business is important.

"Your appointment is this Thursday at 9:00am. We look forward to seeing you there!"

- Businesses are looking at SMS as a way to **verify** an account. Rather than just emailing customers an access code to an application, organizations can send a secondary PIN via SMS to serve as a second factor in authentication.

"To verify your account, enter the code from your email as well as PIN Si200!3 into the application."

- Marketing promotions are one of the best ways to use SMS. Letting opted-in customers know about a sale, providing customers with coupons, creating a loyalty program, or making an announcement about an upcoming event are just some of the ways that marketers are using SMS. In the next section of this paper, we'll look at marketing promotions in particular as an area where SMS messaging really shines.

"This Tuesday, the year's biggest sale kicks off at all of our retail locations and online. Visit <http://goo.gl/uGG4wW> to learn more!"

PEER-TO-PEER (P2P)

- First sent in 1992
- Messages sent between two cell phones
- Usage will decline

APPLICATION-TO-PEER (A2P)

- Messages sent from application software
- Ideal for sending messages to large groups
- Usage will increase

Using SMS For Marketing Promotions

Marketers gravitate to SMS as an essential piece of their marketing mix. With two trillion A2P messages being sent by 2017, you can bet that your competitors use SMS to reach their customers.

Let's take a moment to focus on some of the top ways that marketers use SMS.

- **New location openings :**

"Our newest retail location will open on Friday. Visit us at 15501 Weston Pkwy, Cary, NC 27513."

"HUGE NEWS: We're opening a new branch! You're a loyal customer of our Raleigh location. Visit our new location today on Main Street in Durham"

- **Sale promotions** (Note: add expiration dates to these types of messages):

"This week only, all orders will receive 15% off. EXP (month)/(year)"

"50% off all clearance merchandise on all online orders. EXP (month)/(year)"

- **Coupons :**

"Enter coupon code FREESHIP to receive free shipping on all orders over \$100, online only. EXP (month)/(year)"

"New coupon codes available including 25% off new items on our website. EXP (month)/(year)"

- **News and announcements:**

"We are pleased to announce that our company has released its IPO this week to rave reviews. Thank you for being a loyal customer!"

"HUGE NEWS! Our team is expanding. Visit our website at <http://goo.gl/UevYwQ> for more information."

- **Special offers:**

"All SMS subscribers will receive a free download of our latest research report. Visit <http://goo.gl/9VjQfM> for more information."

"Loyalty Subscribers Only: special giveaway tonight at our downtown location. First 500 customers will walk away with a special gift."

- **Political campaigns and fundraising:**

"Don't forget to vote on Tuesday in support of the Mayor's reelection."

"We need your help! Attend our block party on Friday Night at 7:00pm. Any donations are welcomed!"

- **Special invitations:**

"Every customer in our loyalty program is invited to attend a special appreciation dinner this Friday."

"You are cordially invited to participate in our survey. Visit <http://goo.gl/uGG4wW> to participate."

These are just some of the examples that marketers can use to interact with their customers. Marketers have found that SMS can provide value to their customers in these short, fast messages without interfering with their customers' busy days. Since SMS messages are generally shared between friends and associates, the messages are trusted and acted upon.

Industries That Use SMS

The industries that benefit from SMS are endless. Here are just a few that see the effectiveness in running SMS campaigns:

- Telecommunications
- Healthcare, Pharmaceuticals, & Biotech
- Retail
- eCommerce / Online
- High Tech
- Business Services
- Finance
- Travel and Hospitality
- Energy & Utilities
- Mobile
- Education
- Sports and Athletic Organizations
- Religion
- Marketing Services

The common denominator from all of these industries is: **People**. Customers are people – all with busy lives, work, kids, hobbies, and responsibilities. They interact with countless brands every day, whether it's by using technology that a business sells, or receiving an email from their favorite store.

Cutting through that clutter can be challenging. That's where SMS has found its place – as a quick and simple method of communication. Text messages are typically designed to release immediate information. This has led to the creation of a delivery method that can get messages out into the wild much faster – the short code.

What Are Short Codes and Long Codes?

A short code is a five to six digit code that is used as the "sender number" for SMS. It was designed so that marketers could identify their intentions for their messages up front with mobile carriers (showing good intentions as non-spammers with opt-in subscriptions), and then send out their marketing messages at a faster pace than peer-to-peer messages can offer.

The speed at which messages make it to the market is known as through-put. The faster the through-put, the faster your messages will reach their intended audience. Short codes have a faster throughput than long codes. A benchmark for ideal throughput is around thirty messages per second.

Alternatively, messages can be sent from long codes. These are also known as long numbers, or virtual numbers. Long codes look like regular mobile phone numbers to the recipient, and go out at a much slower through-put – typically, one message per second.

Long codes are very popular with international delivery, giving a brand the opportunity to use a country code

familiar to their audiences. Long codes are not restricted by international borders, unlike short codes that are designed to work exclusively for a specific country.

Sending a message from a long code does not guarantee it'll be received. The message could be blocked by carriers, because long codes are not regulated by carriers the same way short codes are regulated.

Long codes also do not allow for reporting on delivery rates. It's a system designed for one-to-one, not for sending from one-to-many.

The best use of a long code is for customer service, when you want to be able to give your customer the ability to call back to a certain number and reach a person who can help.

A qualified SMS provider can help you navigate these choices to match the right code for your plans and can provide you with the option you choose.

TELEPHONE CONSUMER PROTECTION ACT (TCPA)

- Passed in 1991
- Limits unsolicited commercial phone communication, including SMS
- Requires consent; violators can be fined

CTIA WIRELESS ASSOCIATION

- Established in 1984 for wireless carriers, data service providers, and manufacturers
- Publishes consumer codes and best practices for SMS industry regulations

MOBILE MARKETING ASSOCIATION (MMA)

- Created in 2000 for marketers, advertisers, agencies, media sellers, carriers, and technology providers
- Publishes the International Journal of Mobile Marketing
- Helps members understand and apply CTIA regulations

Compliance Regulations

Marketers may be afraid to get involved with SMS, because they hear that it's a heavily regulated industry. While it's true that consumer protection laws are in place, reputable marketers will have no issues keeping up with the latest rules and regulations.

Organizations such as the CTIA are there to help all of us understand what we should and shouldn't do.

Even before brushing up on the latest regulations, there are some basic requirements that marketers should know about.

Welcome Messages

The first time that a customer is contacted by your organization via a short code,

he or she needs to be presented with a welcome message. Without one, carriers can block messages from your organization. The only exception is one-time messages that are not part of any ongoing program or campaign, like password reminders.

Welcome messages are simple and provide a friendly introduction to the program a customer has enrolled in. Some of the components to a welcome message include:

- Your business name as well as a program name if you have one, such as "Company X's loyalty program."
- An alert that fees may be included, such as "Message and data rates may apply."
- The frequency that the customer can expect to receive messages from you, such as "10 messages per month."
- An indication of how customers can find out more information, such as "Terms and conditions can be found on our website."

- Industry standard keywords, such as “Text HELP for assistance and STOP to quit.”

As a note, space is limited in SMS messages. In the United States, single messages are limited to 160 characters. To save room, providers can help you shorten some of your phrasing to acceptable lengths such as shortening the word “message” to “Msg.”

Opt Out / Opt In

Multiple regulations and industry trade groups require an opt-in and opt-out process. The text that you must include is very similar to a welcome message. For example, when promoting a future SMS program, you should:

- **Identify the name of the company and specific details about the program. If it's for Acme Company's Loyalty Coupon Program, then state that, by opting in, the customer is agreeing to receive coupons from Acme Company's Loyalty Coupon Program.**
- Note that subscribing is not a condition of purchase.
- State the frequency of your messages. This can be an estimate, but adhere to your statement. For example, if you will send messages once a week, state that you will be sending 4 – 5 messages per month. Whatever your frequency is, never exceed that number, as fines can be incurred for excess messages.
- Inform subscribers that message and data rates may apply.
- Point to terms and conditions. These can be printed on an advertisement or provided via a link to a webpage. An example is, “Visit alerts.strikeiron.com for terms and conditions.”
- Finally, instruct the subscriber how to get out of the program. An example is, “Texting STOP or QUIT will remove you from the program.”

Interested users can also be directed to a website form where they can express an interest in opting in to the program described on the form. When a mobile user expresses intent in this fashion, a double opt-in should be used. A double opt-in will send a confirmation message to the mobile phone number provided by the interested user. This gives the user the ability to confirm that they do indeed want to subscribe or to decline at that time as well.

Quality providers will automatically build into their application the ability to properly opt-in and opt-out customers. Nothing is more frustrating to a consumer when they text QUIT or STOP and then continue receive messages. Make sure that you select a provider with the ability and reputation of honoring opt-out requests.

Opting in to a program is also an area that your provider should help you with. The Telephone Consumer Protection Act (TCPA) requires that a consumer provide prior express written consent to receive messages from your organization. It's important to follow the TCPA to the letter of the law on both opt-in and opt-out, as well as keeping accurate records.

How SMS Works in Marketing Automation

There are a number of SMS providers out there; however, not all are created equal. Later in this document we'll discuss attributes to consider when choosing a provider. For now, let's discuss the dominant ways to deliver an SMS message.

Some providers will want you to use their web application. For most, this is a software-as-a-service utility that you'll need to manage. The trouble is, most marketers have a number of applications that they already need

to manage. This can include a marketing automation system, a CRM system, or perhaps a secondary email service provider.

Using an SMS system that isn't a part of one of these existing systems can be unnecessarily cumbersome, and unreliable. For this reason, vendors build API-driven (Application Programming Interface) products to make using this communication channel significantly easier. APIs allow us to bring together the best of two worlds by interfacing one application to another.

APIs

The delivery of an SMS message can be achieved by accessing an API that is pre-integrated into a message delivery system. By integrating a tiny piece of code, marketing automation systems and other applications can now deliver an SMS message to your customers.

There's no need to pay for access to a third-party system and add to the list of things that you have to monitor. An API allows you to simply integrate the feature once into your favorite system and start sending messages.

Building a Campaign

One of the first questions that most marketers ask when designing a campaign is, "What message do I communicate?" The challenge with SMS is that you have a limited set of characters to work with. With single messages limited to 160 characters, marketers have to get creative with messaging to stay on brand and be effective.

It's important to remember that your audience wants relevant, timely information. If you told them that they were going to receive coupons via SMS, then definitely send them coupons. If you told them that they would receive insider deals, then give them - and only them - that special deal.

Holding true to your word is important with SMS. It's a communication medium built on trust. Your audience uses texting to communicate with friends that they trust. If you hope to be considered in that same light, then deliver what you promised.

Here are some other pitfalls to avoid with your SMS campaign:

- **Frequency** – If you told your customers in your welcome message that they would only receive five messages a month, then don't send your customers any more than that. It seems simple, but it's a rule that marketers break too often.
- **Company Name** – Don't forget to include your company name in your message. If you haven't messaged them in a few weeks, this is especially important so that they remember who is sending the message from that particular short code.
- **Time of Day** – Make sure that you don't schedule your text to go out at an inappropriate time. Most consumers keep their phone near them at all times – even within reach of their beds. Don't text your customers too late into the evening or worse yet, in the middle of the night. Also, take into consideration the time zones that your customers are in.
- **Expiration Date** – If you are including a message that expires, such as a coupon, don't forget to include the expiration date. You don't want to have to honor those Black Friday deals six months later.
- **Leading with the Offer** – As any marketer knows, you want to catch the eye of the consumer immediately. Don't bury a great discount at the end of the message when you can lead with "50% Off Today Only!"

Growing a List of Mobile Opted-in Numbers

Talk to your customers and find out what's important to them. If they would like to receive coupons, then consider a coupon campaign. If they would like to receive news about your company, make sure that you keep them up-to-date.

A great strategy is to use your other channels to help grow your mobile base. If you have a strong email subscriber base, you can email your customers to let them know of your new SMS program, simultaneously providing them with an easy way to opt-in. As your list grows, ask subscribers for a testimonial of why they like your new SMS program. A testimonial showing value is the best way to encourage others to sign up for your next campaign.

Identifying if That Number is Mobile or Landline

Part of your mobile strategy should be checking that the mobile numbers of your SMS subscribers are actually mobile numbers. You don't want to grow your list with a bunch of landline phone numbers. Your messages will fail when sent to a non-mobile number, and your campaign success rates will be hurt from what can be a simple fix.

There are businesses that can help identify if a phone number is a landline or mobile number, helping to prevent this problem. These solutions can be built into your landing page forms through an easily-integrated, real-time API so that you aren't wasting resources. Visit <http://goo.gl/L9DP6j> for more information.

Measuring Success

SMS is different from email when it comes to tracking and measurement. For emails, you can see information about delivery rates, open rates, click-through rates, and other important marketing metrics. For SMS, each mobile carrier only returns certain pieces of information, if anything.

Typically, the major carriers will let you know if the message was received, and some will tell you if they delivered the message to the mobile handset. Unfortunately, this may be all that you receive. Some SMS providers lack the ability to even deliver this piece of information back to you.

Link shorteners are great sources of information that can be helpful when you are trying to save space in your message. When sending the SMS recipient to a webpage, consider adding a shortened link to a landing page.

This allows you to enhance your call to action, provide a valuable asset to your audience, and measure the success of your campaign based on the landing page's conversion rates and other reporting.

Another way to measure the success of an SMS campaign is through redemption rates. If you are offering a coupon code, make sure you use a unique code for your SMS audience. You can then calculate how many people used that code. Between the redemption rate, your landing page metrics, and the delivery information that your SMS provider can give you – you'll be able to see what a successful SMS campaign looks like for your brand.

Choosing the Right SMS Partner

Choosing the right provider for SMS can be tricky. You want to make sure that they can deliver as promised. Here are some attributes of a quality SMS vendor to consider:

- How long have they been doing SMS?
- How many countries can they deliver to?
- How fast can they send your messages?
- Do they provide an SMS API, so that you don't have to manage another separate system?
- Can they provide delivery information?
- Can they send from a short code? A long code?
- Are they integrated into applications you use today, or any you are planning to use?
- Can they help you identify if a number is a mobile number versus a landline?
- Do they have an opt-in and opt-out plan?
- Will they be able to help you understand the compliance regulations for SMS?
- Are their customers in one industry, or are they diversified?
- Can their SMS technology be used for multiple purposes?
- Can they support multiple types of SMS messages? One time? Bulk? Triggered?
- Can they walk you through planning, set up, and maintaining a campaign?
- Will they serve as your consultant?
- Will you have ongoing support and consulting after you on-board their solution?

This checklist will help you to make the best decision when choosing your SMS provider.



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