

## **SMS – A CHANNEL THAT WON'T BE IGNORED**

### *WHAT YOU NEED TO KNOW BEFORE TEXT MESSAGING YOUR CUSTOMERS*

Although SMS (short messaging service) has been around since the early 1990s, adoption has been slow in the U.S. However, that is changing as more people, especially the Gen Y and Gen X shift to text messaging as a primary mode of communication. If texting is not already a part of your communications strategy, you are missing an affordable, effective way to communicate with a potentially large portion of your customers. Before you begin to implement an SMS strategy, there are regulations and strategies for getting best results, which is the focus of this white paper.

The paper will focus on what you need to know to communicate with your customers via SMS, including:

- Introduction to SMS
- Regulations and Guidelines
- Message Clarification and Short Codes
- Why a Cross-Channel Communication Strategy Is Important

## INTRODUCTION TO SMS

According to data presented at a 2010 Mobile Marketing Association (MMA) meeting, there are currently more mobile users world-wide (4.5 billion) than people who own toothbrushes (4.2 billion). This figure includes 89 percent of the U.S. population who are mobile subscribers.

For companies trying to get their message through, this segment is simply too large to ignore. SMS provides a lot of advantages, including:

- **Higher usage than voice:** A typical U.S. mobile subscriber sends and receives 175% more text messages than voice calls (Nielsen Mobile).
- **Response rates are high:** Typical text messages are responded to within 60 minutes (Mobile Marketing Association).
- **Your message is very likely to be read:** Typical text messages are read within 15 minutes of being received and the message stays on the device until it is deleted. There is also less likelihood of spam than with email and voice messages.

### Overview

Today SMS communication represents a huge opportunity to reach an audience that exclusively uses this channel of communications. Customers who frequently use SMS are more apt to respond to it — you may be able to reach customers who don't respond to other, more traditional methods of communication. SMS is an easy way for your customers to communicate with you, which may explain in part why it elicits a fast response, and has a powerful and immediate impact. Plus, it's extremely cost effective as compared to agent interaction in the contact center. As with other outbound communications, you'll want to send personalized messages to targeted audiences and enable customers to respond directly.

### The Basics

SMS protocol was initially designed as a means of broadcasting short system status messages and other technical notices to a large number of phones. Because it was never designed to be a conversational tool and primary communications channel of choice for billions of people, it has a few inherent parameters.

### Types of SMS

- **Two-Way SMS** – Send an SMS message and allow customers to text back a response
- **Self-Service SMS** – Enable customers to retrieve a personalized voice notification directly from a text message. The retrieved message provides information and self-service options to take immediate action with no additional time or cost incurred.
- **International SMS** – SMS messages are highly preferred among tech-savvy global consumers and provide a lower-cost alternative to international voice calls. Your provider should offer SMS in multiple languages.

There is a 160 character limit per message on SMS messages, so conversations must necessarily be kept brief. Messages are sent using Short codes which are the special telephone numbers that are used to address SMS messages. Short codes are leased from aggregators who are third party providers who also route the messages to the appropriate carrier- who then sends your message to the end consumer.

SMS messages cannot be received by landline phones. Records often fail to distinguish between landlines and mobile phone, resulting in you sending and paying for text messages that have no possibility of getting through. An outbound communications service provider with land/cell determination will ensure that your text messages are only being sent to mobile numbers.

Despite the few limitations, there are many benefits to using SMS as a communications channel, which include:

- **Immediacy** – SMS can be accessed within seconds of transmission, yet it is not interruptive.
- **Remains on screen** – once received, the message remains on the device until it's deleted, and can be readily accessed when it's convenient for the customer.
- **Viable new channel** – Offers an additional, highly effective way to communicate with customers, alone or as part of a cross-channel campaign.
- **Loyal users** – Enables access to previously hard to reach segments, such as Generation Y and businesses.

## REGULATIONS AND GUIDELINES

As SMS moved into mainstream usage, the Mobile Marketing Association (MMA) developed guidelines to serve as a code of conduct to protect consumers and as a way to self-regulate the growing industry. If you use SMS to communicate with customers, you are subject to local, state, and federal laws. Within the U.S. there are many carriers, each of whom has their own specific rules. MMA's guidelines summarize the carrier rules and are an overlay of state and federal laws regarding notifications and privacy, which continue to apply.

### Express Consent (Opt-in)

Prior to sending an SMS message, you must have a record of your customer's express consent, or opt-in, to send an SMS message.

Also, the terms of consent must disclose the minimum requirements under the MMA guidelines, which are to include the following information:

- Sponsor Name
- Program Name
- Cost of program (standard message rates apply)
- Frequency of messages
- How to opt-out (STOP)
- How to get support (HELP)

Express consent can be acquired through your website, an agent or through a call.

### Secured Information

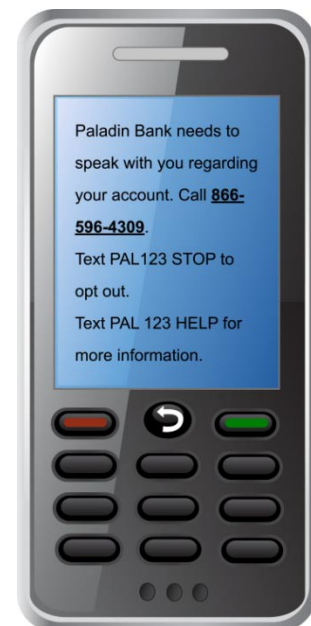
Personally identifiable information is not allowed in an SMS message. This includes, but is not limited to, account numbers, credit card numbers, billing addresses, expiration dates, Social Security Numbers, or a combination of these. The last four digits of credit card numbers, bank account names, and bank customers may be allowed at the discretion of the carrier.

You can send out private information, such as a treatment plan or account balance. However, the MMA does require that the handset of the subscriber be confirmed through an authentication message to ensure you are communicating with the right person. This confirmation SMS message should contain:

- Program Description (example—*Thanks for joining Big Bank balance alerts*)
- Additional carrier cost
- Frequency of messaging
- How to opt-out by texting STOP
- How to get support by texting HELP

### Message Flow

There are requirements for SMS message flow, which refers to the content of the messages you send to your client, and any content they send to you as well. While you are responsible for having the message flow approved by your legal counsel, your outbound communications service provider can help ensure that message flows are in keeping with the MMA guidelines.



### Stop and Help

In the text of an SMS message, MMA guidelines stipulate that you include that your customers can reply with “Stop” and “Help,” and give an explanation of each communication. When they reply with Stop, you must stop sending them notifications. When they reply Help, you need to send a toll free phone number or a website address where they can find information about the program or service you’re offering, as well as a way to opt-out of future messages.

### MESSAGE CLARIFICATION AND SHORT CODES

SMS conversations act as a back and forth exchange using text messaging as the communication medium. But if two conversations are taking place at the same time, it can potentially confuse the recipient as to which conversation the customer is responding. Figure 1 illustrates this dilemma.

The solution is to use a shortcode. A shortcode, or key word, is a unique text string used to help associate a reply in the event there is confusion as to which message the response is associated. The customer is asked to type the shortcode in their

response. The combination of the phone number of the respondent and the presence of a unique shortcode in their message allows the receiving platform to route an incoming message to the correct application.

Figure 2 illustrates how shortnames can alleviate multiple messages to the same customer.

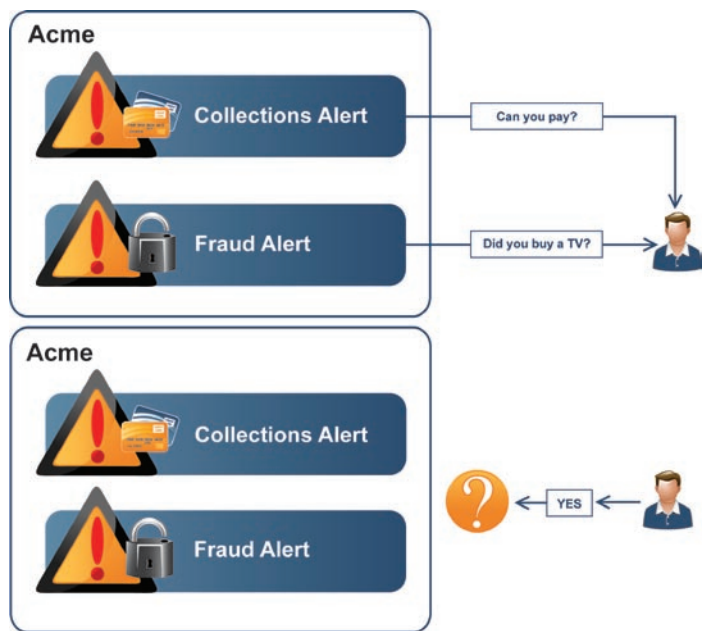


Figure 1: Potential confusion when attempting to respond to two separate SMS messages.

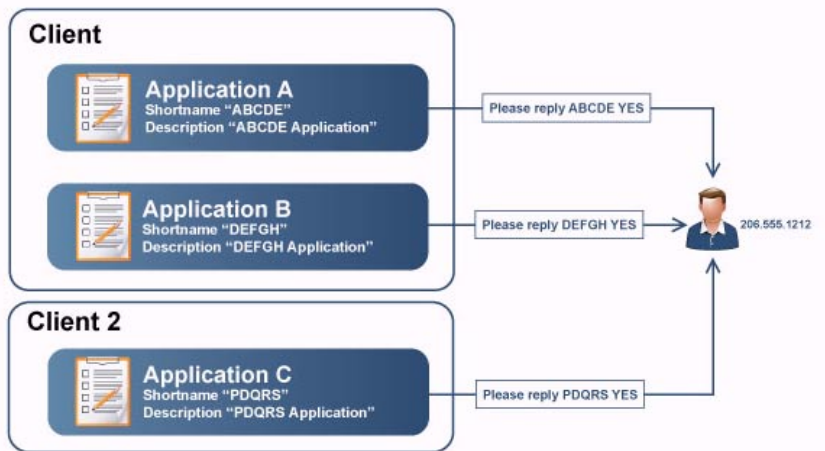


Figure 2: Shortnames alleviate confusion.

## SMS AS PART OF A CROSS-CHANNEL STRATEGY

It's important to note that while SMS is quickly becoming the primary channel for a large segment of your customers, its most effectively used as part of a larger communication strategy that incorporates a variety of channels.

Can you imagine getting a voice call, text, and email on your mobile device on the same topic all at the same time? Today's smart phones have the ability to receive messages across multiple channels. So this is the likely scenario for 18% of the U.S. mobile subscribers who already have smart phones. In an average month, of the 4.5 billion U.S. mobile subscribers:

- 63.5% use text messaging
- 28.6% use browsers
- 20% use email



For the companies who send multi-channel communications, (the practice of using a number of channels to reach their audience), there's risk of sending duplicate messages, which can overload and ultimately annoy customers. Multi-channel communications also add additional cost without delivering better results.

A better tact is Cross-Channel communication, which leverages the strengths of various channels—text, voice, email—to get better results from a single customer conversation and provides convenient options to take action. This is illustrated in the use case below.

## How Cross-Channel Works – Airline Scenario

Airline passengers are generally busy people. Since they're often on the go, getting in touch with them can be difficult. Yet given their mobile lifestyle, keeping them informed of gate changes, delays and cancellations is vital. Several airlines have adopted text messaging and a cross-channel communication strategy to quickly get hold of their mobile customer and provide flight information or new flight options.

***Example:** A passenger's flight is cancelled 30 minutes before the scheduled departure. He receives a text message informing him of the change, and the message provides a link to a voice alert or message retrieval where he can select his re-booking preference and have his new itinerary emailed to him. If one channel is unsuccessful, the message is sent through the next channel most likely to receive a live answer or immediate response. For instance, if he doesn't respond to the text message within a specific time frame, an automated voice call can automatically be sent to his mobile phone informing him of the flight cancellation.*

*In this instance, Cross-Channel enables the passenger to self-serve through a single conversation through multiple channels and not tie up an agent on the phone or at the airport service counter.*

A Cross-Channel approach also offers the ability to make same-day contact strategy adjustments. When you are unsuccessful reaching a customer over one channel, the communication can be switched to the next channel most likely to result in a live answer or immediate response. In the use case above, if the passenger hadn't responded to the text message within a specific time frame, an automated voice call could be sent to his mobile phone to try and reach him and inform him of the flight cancellation.

## SUMMARY

There are 276 million wireless subscribers in the U.S, all with text enabled phones (CTIA - 2009). If your communications strategy doesn't already include SMS, it should. SMS is not only the preferred channel of many of your customers, it is used more frequently than voice, response rates are higher, and your message is more likely to be read, since it stays on the device and can't get caught in a spam filter.

You'll get even more mileage out of your communications strategy if you take a cross-channel approach, which combines the effectiveness of text messaging with other channels to make customer response even more convenient.

The right automated communications provider can help you navigate the MMA guidelines and come up with a method and approach that will vastly improve your customer interactions and result in a highly favorable outcome for both you and your customer.

## **About Varolii Corporation**

Varolii is the market and technology leader in proactive outbound communications. Its on-demand automated communication applications help organizations more effectively reach and interact with large numbers of customers and employees, reducing cost of operations and improving service. The company's flagship capability— Varolii ID™—enables companies to avoid communication fatigue among recipients and execute true 1-to-1 communication on a large scale, achieving better results from fewer notifications. More than 380 companies trust Varolii to send roughly four million communications every business day. Varolii is headquartered in Seattle with offices in the Boston and Denver metropolitan areas. For more information, visit [www.varolii.com](http://www.varolii.com).

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