

RESEARCH

SMS has eight times the response rate of email: study

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Retailers are successfully using SMS campaigns to build their mobile opt-in databases as well as to drive in-store and online traffic, according to a new report from Cellit.

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Cellit reviewed 1,180 campaigns sent by national retailers and analyzed how they are using SMS to grow their databases, retain loyal subscribers and drive sales. One of the key findings is that SMS produces engagement rates six to eight times higher than retailers normally achieve via email marketing when used for redemption, data collection and brand awareness.

“With eight times the response rate of email, mobile marketing is too powerful to pass up,” said David Wachs, senior vice president of mobile and general manager at Cellit, Chicago.

“Mobile marketing is no longer in the ‘test’ phase,” he said. “While previously retailers were testing mobile programs in ‘silos,’ leading retailers are now rolling out mobile programs that integrate with their larger CRM programs to activate cross-channel messaging strategies.

“The most sophisticated retailers are now developing robust preference centers on their

web sites, allowing customers to refine what type of messaging they receive through each channel.”

Digital engagement agency ePrize acquired mobile marketing agency Cellit earlier this year.

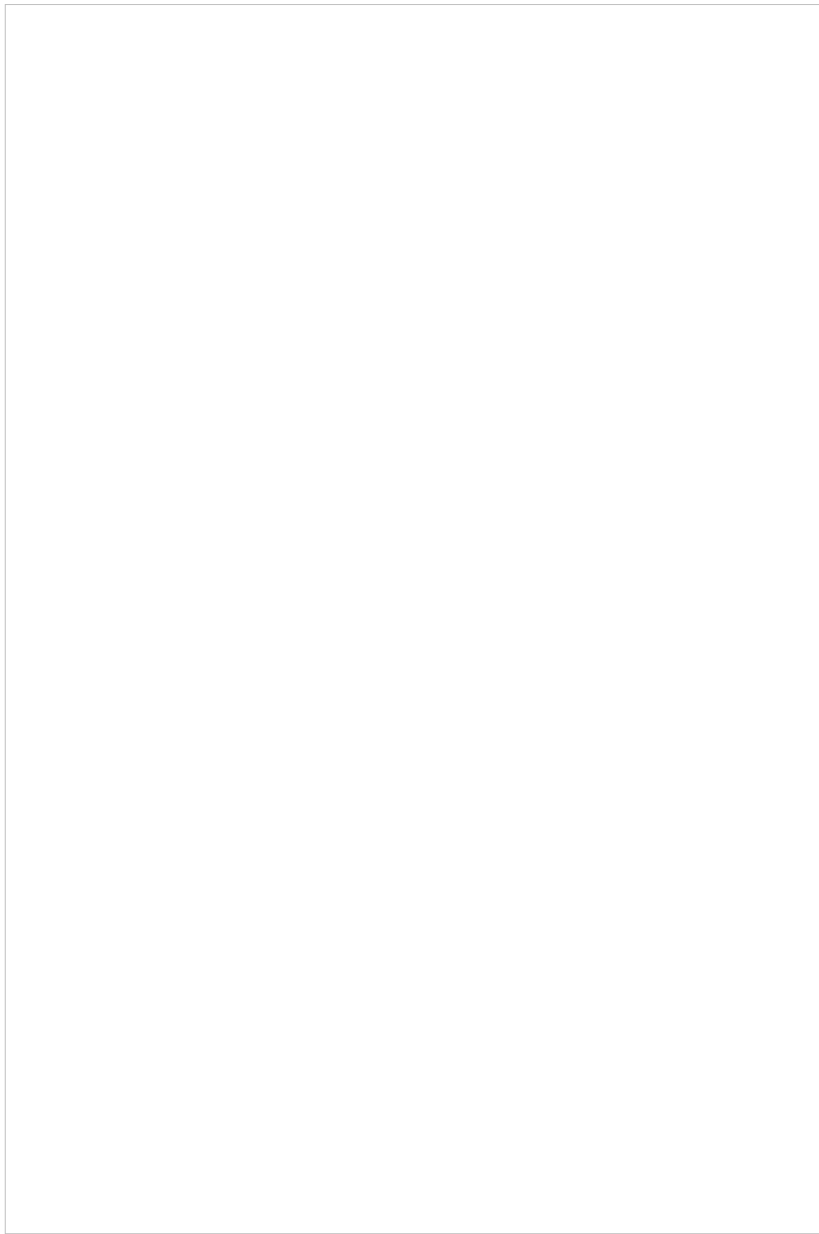
Promotional SMS drives CRM

The report also found that retailers embracing promotional SMS programs with fixed time frames and strong calls to action typically see a 23.3 percent conversion rate for their ongoing mobile CRM initiatives.

Overall, most sales attributed to SMS came from in-store transactions rather than online.

Additionally, retailers can achieve the lowest unsubscribe rates by sending up to two messages per week during peak seasons and no more than four messages per month during non-peak seasons, according to the report.

“Many of the best retailers have already rolled out successful mobile programs, and are now fine tuning their cadence and content to best communicate with their customers,” Mr. Wachs said.



American Eagles Outfitters' aerie recently used SMS to drive online sales

The growth of SMS databases is strongest during the fourth quarter holiday shopping period, when retailers can expect their mobile databases to grow by an average of 41 percent, according to the report. The average monthly churn rate during the holiday period is only 1.08 percent.

A holistic approach

With mobile marketing still in its infancy, Cellit undertook the study to showcase what are the current best practices when it comes to how retailers are using SMS to support their CRM objectives.

One of the key takeaways is that retailers need to integrate SMS into their overall CRM and marketing database instead of treating it as a silo.

The size of a mobile database is typically between 2 percent and 10 percent of a retailer's email database.

The most effective ways for retailers to scale their mobile database is through integration into overall marketing initiatives and promotion through in-store, Web, email, print, and

social channels like Facebook.

The daily average subscribe rate is 147. The report also found a strong correlation between unsubscribe activity and outgoing message activity.

The overall unsubscribe rate was just over 37 per every thousand messages sent.

“The correct time for sending messages can be counter-intuitive,” Mr. Wachs said. “For example, unsubscribe rates on weekends are substantially higher than weekdays.

“The average unsubscribe was just over 37 for every thousand messages sent, broken down to 18 per thousand messages sent on weekdays and 85 per thousand messages sent on weekends,” he said.

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