

MOBILE

Why is SMS not playing a bigger role in brands' marketing efforts?

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By CHANTAL TODE

When it comes to mobile marketing, SMS is a trusted old friend – it has been around longer than other mobile marketing techniques, has a broad reach and, for a well-executed campaign, the results can be impressive. So why do many marketers still overlook SMS?

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Part of the problem is image – SMS is often closely associated with feature phones and, therefore, bypassed when brands start thinking about smartphones. There are other issues such as difficulties getting short codes and the need to work with carriers, but with open rates of nearly 100 percent, some big marketers such as Dunkin' Donuts and McDonald's are beginning to take notice.

"SMS is an overlooked channel," said Julie Roth Novack, senior vice president of mobile solutions at [Vibes Media](#). "It went out of favor a year or two ago with the growth in smartphones.

"In people's minds, SMS is connected with feature phones but the fact of the matter is SMS is the No. 1 app on smartphones," she said. "There is this idea that because you are going after smartphone users, you don't need SMS.

“We have really seen a shift in the past six months, with our retail partners saying that SMS is a critical part of their strategy.”

Short codes a challenge

SMS service providers agree that it has not reached its potential as a marketing technique, often because marketers get so excited about the richer experiences they can deliver via applications and the mobile Web.

There are other challenges, too, such as that marketers need to have a better understanding of how SMS can fit into a broad mobile strategy. Additionally, a certain level of expertise is required to set up an SMS program to ensure that the permissions are structured properly and to understand how to work with the wireless carriers.

Perhaps of the biggest challenges are the short codes used in SMS campaigns. Typically, a mobile phone user is asked to text a keyword to a short code initiate a dialogue of some kind with a marketer.

“One of the largest hurdles for brands wanting to leverage SMS marketing is understanding and dealing with the short code process,” said Jared Reitzin, CEO of **mobileStorm**, Los Angeles. “Since SMS relies on the use of shared or dedicated short codes, brands have to wade through the confusion, ambiguity and complication of short code setup, provisioning, regulation and best practices.

“Until these processes are simplified and made much more affordable, brands will continue to skip SMS as a viable marketing channel,” he said. “Broader use of SMS marketing will come when the barrier of entry is lowered substantially in terms of acquiring and using short codes, in addition to regulatory scrutiny for not only large organizations, but small businesses as well.”

SMS success

In addition to these challenges, marketers often do not know how to market via SMS because of the limited character count and lack of rich media. However, increasingly marketers are understanding that SMS, with its immediacy, broad reach and high open rates, can be an important way to drive users to richer app and mobile Web experiences.

“Through its inherent limitations with character-count and lack of rich media, SMS is better used as a contact point to drive engagement to other relevant channels, rather than being used exclusively to drive a specific action,” Mr. Reitzin said. “The primary benefits of SMS are the immediacy, the nearly ubiquitous reach, and the nearly 100 percent open rate.

“Using these attributes to drive traffic to more engaging channels like the mobile Web or mobile apps is where it’s true power lies,” he said. “Until marketers understand this formula, its full potential will never be fully realized.”

The examples of SMS’ success are numerous and growing.

For example, Dunkin Donuts recently sent 7,500 mobile coupons via SMS that offered a

latte for 99 cents, per Mr. Reiztin. The brand supported the SMS call-to-action through local radio mentions and WAP targeting on local-interest sites.

The promotion increased in-store traffic 21 percent and a full 17 percent of participants forwarded or showed the message to a friend for the all-important viral effect.

“The potential for SMS growth has still not reached its apex,” said Jeff Hasen, chief marketing officer of [Hipcricket](#), Kirkland, WA.

“Companies need to have an understanding of their customers’ desires and needs from a marketing perspective,” he said. “SMS isn’t for every brand and that baseline user knowledge is the first step to a successful mobile campaign.

“SMS campaigns are an excellent way to engage with consumers, offering a call-to-action that they can’t pass up. Marketers that can go the next step by making their SMS campaigns relevant and local will see a greater response and return on investment.”

Final Take

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