Connect With Consumers, Deliver Value, And Grow Revenue With SMS

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY ATTENTIVE | MARCH 2021
SMS Helps Brands Overcome Marketing Challenges And Drive Business Results

As consumer behaviors and expectations continue to shift, brands must constantly adapt how they connect with their current and future customers in meaningful and impactful ways. Brands are reevaluating the channels and formats for their marketing messaging, implementing tools that will improve customer experience. But how can brands overcome some of the biggest challenges to reach and connect with consumers?

Implementing or increasing the use of short message service (SMS) solutions to connect with new and existing customers may be the answer. With the onset of COVID-19 and changes in consumer behavior, the appetite for receiving SMS has accelerated. In a recent survey of 208 marketing decision-makers, we found that SMS leads to strong customer engagement, is easy to implement, and improves business outcomes.

Key Findings

Brands seek to provide more meaningful experiences, particularly in light of the pandemic. They use a blend of channels to communicate with customers and anticipate reliance on SMS to grow.

Most brands struggle to produce marketing content that engages consumers and breaks through the noise across channels. Lack of education prevents many brands from getting the most out of SMS communication.

SMS will be crucial to brands’ ability to provide relevant, unique experiences. Understanding the benefits, best use cases, and impact on ROI and business priorities will be critical.
Brands Seek To Provide A More Effective, Data-Driven Approach To Marketing

A year-plus of unprecedented disruption has heavily impacted most brands’ ability to communicate with consumers. As a result, marketing communication priorities have shifted. Seventy percent of decision-makers have had to rethink their channel strategies, and another 65% report the need to communicate more frequently with customers.

Brands’ marketing/e-commerce priorities over the next 12 months reflect this need to adapt. Decision-makers are prioritizing collecting data and analytics to improve marketing effectiveness and increasing agility in meeting consumer needs.
Brands Rely On A Blend Of Channels To Communicate With Consumers

Today, brands make every effort to meet their consumers where they’re spending their time. On average, brands use about five channels for communication with customers and prospects, with email and social media being the most common.

The 60% of respondents whose brands currently use SMS marketing expect its value to their business to continue to increase. Today, brand decision-makers attribute approximately 12.8% of their online revenue to SMS outreach; they expect this to grow to about 17.4% over the next two years. While SMS as a communications channel has been around for a couple of decades, brands are still finding innovative ways to use SMS to drive revenue.

Top 6 Channels Used For Communication With Customers/Prospects

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage of Online Revenue Attributed to SMS (Average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>86%</td>
</tr>
<tr>
<td>Social media (organic)</td>
<td>70%</td>
</tr>
<tr>
<td>Paid social/targeted ads</td>
<td>65%</td>
</tr>
<tr>
<td>Text messaging (SMS/MMS)</td>
<td>60%</td>
</tr>
<tr>
<td>Paid search</td>
<td>55%</td>
</tr>
<tr>
<td>Voice</td>
<td>50%</td>
</tr>
</tbody>
</table>

Base: 208 marketing/e-commerce strategy decision-makers at US-based organizations
Source: A commissioned study conducted by Forrester Consulting on behalf of Attentive, January 2021

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Brands Struggle With Creating Unique, Relevant Messaging Across Marketing Channels

Most brands struggle with serving customers meaningfully and with communications they care about. Brand decision-makers find it difficult to stand out among the high volume of marketing messages across channels, see low engagement with campaigns, and have difficulty delivering contextually relevant messaging. While these struggles are common concerns for many, they should not be taken lightly: Lackluster marketing communications can lead to lower engagement, lower customer satisfaction, and decreased revenue.

Top Challenges Experienced With Marketing Messaging

- **69%** Meeting consumers meaningfully/with communications they care about
- **65%** Standing out among the overall volume of marketing messages
- **60%** Low engagement with campaigns
- **59%** Delivering contextually relevant messaging

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Brands that are already using SMS are reaping the benefits of this direct communications channel. These brands sought SMS because it delivers strong engagement and direct access to consumers, and most found it easy to implement into their marketing communications mixes.

Of the 40% whose brands don't already use SMS, lack of education is the primary hurdle. Decision-makers lack information on use cases, best practices, and regulatory compliance. SMS technology partners can provide guidance, such as how to drive subscriber opt-ins to SMS marketing programs and craft messages that are more informative and valuable than they are interruptive.

Brands use SMS to drive engagement in a direct channel because it is easy to use and delivers strong ROI.
Brands Expect SMS To Address Challenges With Consumer Engagement

Respondents understand the value of SMS across the board, with 87% rating SMS marketing as important to their future marketing and engagement plans. Nearly all (95%) respondents have experienced (or expect) both customer-facing and revenue benefits from including SMS in their marketing strategies.

SMS is a unique messaging channel that offers brands not only high engagement rates, but also business benefits such as increased conversion and acquisition, increased purchases, and increased customer satisfaction.

Benefits Experienced/Expected From A Marketing Strategy That Encompasses Text/SMS

- **Increased engagement**: 74%
- **Better conversion rates/increased acquisition**: 63%
- **Increased number of purchases/repeat purchases**: 57%
- **Increased customer satisfaction**: 56%
- **Higher customer lifetime value**: 46%
- **Higher customer retention**: 45%
- **Increased revenue**: 44%

Base: 208 marketing/e-commerce strategy decision-makers at US-based organizations
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Brands Seek Easy-To-Use SMS Solutions That Allow For Personalization

As brand decision-makers look to integrate SMS into their communications mixes, they realize they can’t do it all alone and seek solutions with key functionalities to fill in these gaps. While most solutions can help with delivering SMS and maintaining regulatory compliance, brands are prioritizing solutions that allow for personalization, ease of use, and integrations with their existing tech stack.

Though SMS offers batch-and-blast capabilities, brands looking to send memorable and engaging messages should strive for personalizing messages — whether that’s content, offers, or send time — based on subscriber behaviors. And integrations are key for ensuring SMS messages are sent in concert with other engagement channels, such as email and customer support.

Necessary Functionalities/Capabilities To Help Get The Most Out Of Text/SMS Marketing Strategy

<table>
<thead>
<tr>
<th>Functionalities/Capabilities</th>
<th>% of Marketers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to personalize content in messages</td>
<td>71%</td>
</tr>
<tr>
<td>Ease of use</td>
<td>61%</td>
</tr>
<tr>
<td>Integrations with current marketing tech stack</td>
<td>60%</td>
</tr>
<tr>
<td>Robust segmentation/targeting capabilities</td>
<td>56%</td>
</tr>
<tr>
<td>Legal/regulatory compliance</td>
<td>51%</td>
</tr>
<tr>
<td>Two-way conversational capabilities for customer service</td>
<td>50%</td>
</tr>
</tbody>
</table>
Conclusion

As brands strive to meet their customers in relevant and impactful ways, they have the opportunity to differentiate themselves by incorporating SMS into their marketing strategies.

- SMS messaging is poised for continued growth and increased value. Brand leaders who are already using SMS attribute 12.8% (on average) of their online revenue to their SMS outreach. They expect this number to grow over the next two years to 17.4% (on average).
- Respondents report strong customer engagement, ease of use, and positive ROI with SMS messaging, helping brands overcome crowded inboxes and low engagement rates in other marketing messaging formats.
- When working with SMS technology partners, brands seek help with prioritizing messages, easy-to-use interfaces, and integration with other marketing technologies.

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Megan Doerr, Market Impact Consultant

Contributing Research:
Forrester's B2C Marketing Professionals research group
Methodology

This Opportunity Snapshot was commissioned by Attentive. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 208 marketing/e-commerce strategy decision-makers. The custom survey began and was completed in January 2021.

Demographics

<table>
<thead>
<tr>
<th>GEOGRAPHY</th>
<th>E-COMMERCE STRATEGY DECISION-MAKER LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% United States</td>
<td>20% Final decision-maker</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>MARKETING STRATEGY DECISION-MAKER LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>55% Consumer product goods and/or manufacturing</td>
<td>25% Part of a team making decisions</td>
</tr>
<tr>
<td>45% Retail</td>
<td>31% Influence decisions</td>
</tr>
<tr>
<td></td>
<td>24% Not involved</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Marketing/advertising</td>
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</table>

ENDNOTES


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