

Jackpot in 160 Characters: How Effective Is SMS Marketing

With the advent of the smartphone, mobile marketing has exploded onto the advertisement scene. The results often seem impossible, but with low costs and high returns, SMS marketing has proven to be an indispensable opportunity for many brands. But just how effective is SMS marketing, and how does it turn out a return on investment that is often more than 1,000 percent?

The Specialists' Take

While email is still considered the best ROI generator in digital marketing, Ecoconsultancy's 2013 Email Marketing Industry Census showed 40 percent of specialists believe that mobile marketing produces "good" or "excellent" results, compared to 66 percent approval on email marketing.

However, one of the leading mobile campaigns of the year – by plus-sized fashion brand, Avenue – generated 6,600 percent ROI. That wasn't the only success story. Silverstone achieved 680 percent ROI with a campaign that worked in tandem with the Monaco Grand Prix, and online beauty retailer Julep had 5,000 users opt-in for their SMS campaign in a single day. Meanwhile, MECLABS reports an average email marketing ROI of 119 percent.

This time around, one has to wonder about the accuracy of the professional opinion. SMS marketing is still fairly new to the game, only having taken off in the last few years, when smartphone penetration crested the 50 percent mark in the United States. Newer marketing techniques tend to elicit mixed reviews from specialists for the first several years of operation, but in the case of SMS marketing the effectiveness is clear, and the reasons behind these amazing figures are even clearer.

Why It Works

There's no doubt that SMS marketing is effective in the right hands, and it's all because of a simple combination of factors:

- Ninety percent of text messages are read within three minutes of being received. The vast majority of smartphone users admit to carrying their phone on their person at all times, meaning that an SMS message alert gets to the intended audience more or less right away.
- SMS campaigns are opt-in by law. Anyone who wants to be on your list has to place themselves on it, allowing customers the chance to take the first step. This level of freedom from immediate exposure to marketing and advertisement is rare in today's world of 10-yard billboards, five minute commercial breaks and website popups.
- The open rate for SMS messages is more than 99 percent. Since text messaging is the easiest way to communicate over long distances today, the chances of a text going unread is extremely low. Less than a single percent of subscribers don't eventually open the SMS your company sends them. Compared this to the open rate on emails, which wheels between 22 and 34 percent depending on industry.

- Having a 160 character limit promises messages are succinct. Nobody wants to read 300 words to find the offer buried inside. In today's fast-paced society, less is more, and that's never clearer than with SMS marketing. The limit forces you and your marketing team to be more concise and careful in word choice, giving the clearest explanation of your offer in as few words as possible.

As it turns out, people appreciate all of these factors even separately; together, they're a recipe for success. In 2012, the click through rate of SMS messaging stood at 14 percent, with a conversion rate over 8 percent.

If some careful word crafting meant your business could bring in a return of anywhere between six to 60 times the original investment, in such a way that your customers promise interest from jump, how could you possibly turn down the opportunity?