

Talking about an (SMS) evolution

5 business messaging trends to help businesses cut through the clutter in 2023



It's 2023: What challenges does your business face?

For business owners, the past year was one uphill battle after another.

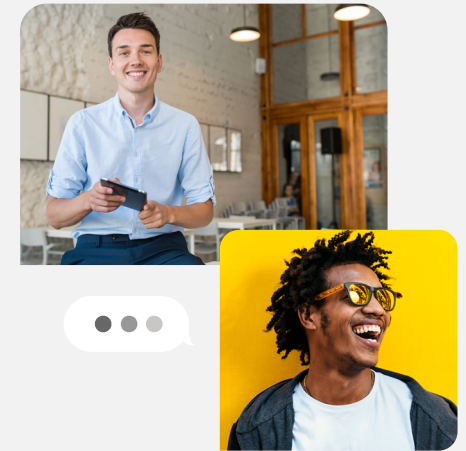
Supply chain shortages, inflation, roller-coaster fuel prices, staff shortages, the destabilizing effects of a pandemic and global conflict ... few businesses emerged without at least a few battle scars.

At Sinch MessageMedia, our mission is to help businesses make meaningful connections with their customers. To that end, we conducted research in the U.S. in late 2022 to better understand what's important for small and medium size businesses as they enter 2023, and what channels they use to communicate with their customers today.

In addition, we surveyed consumers in this same time period to understand their current communication habits, how they want businesses to communicate with them, and what they see as important for 2023.

Our research attempted to answer two very important questions for business of all sizes:

- 1 What are most businesses concerned about for 2023?
- 2 What trends should you stay on top of to turn those challenges into opportunities for growth?



This Summary of Business Messaging Trends is our first installment in summarizing the research we conducted. This report will help businesses of any size better navigate the rapidly growing communication services landscape, design strategies to cut through the clutter, and stand out with customers. We hope you find it useful.

Sinch MessageMedia is a wholly owned subsidiary of Sinch, publicly traded on the Stockholm Nasdaq under 'SINCH'.

So, what is top of mind for business leaders in 2023?

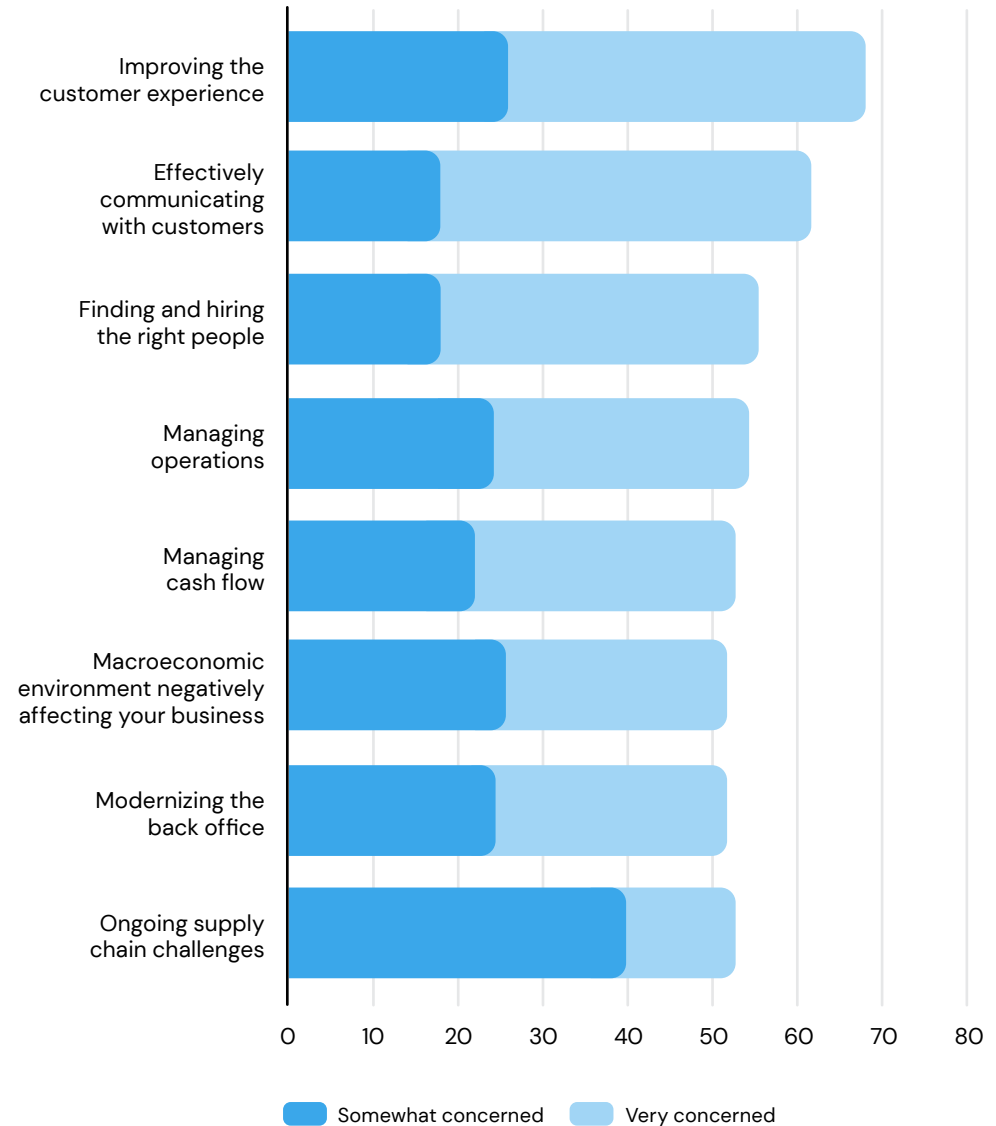
We asked business owners and leaders what they were most focused on for 2023.

And it wasn't the economy, modernizing the back office, or supply chain challenges.

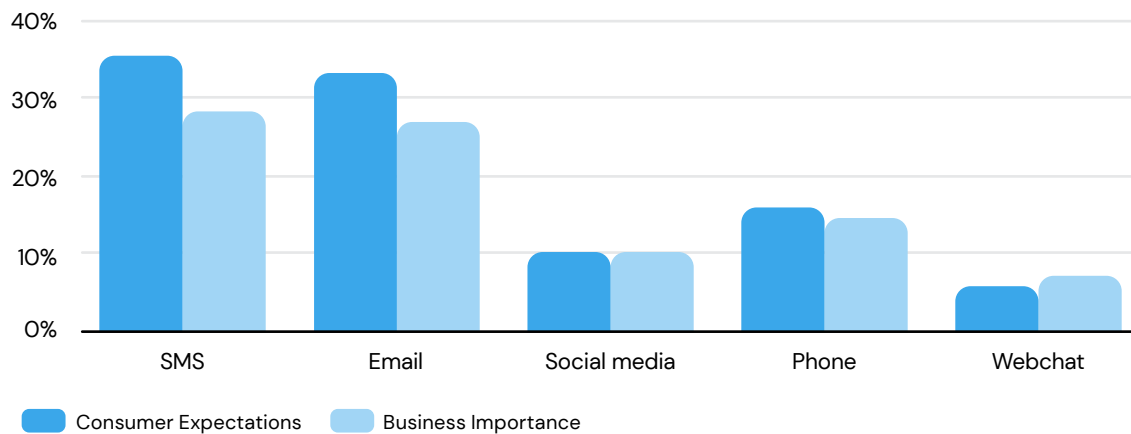
Instead, the biggest issues for businesses in 2023 are:

- Improving the customer experience
- Effectively communicating with customers across email, phone (voice and SMS), social, and more
- Finding and hiring the right people

"How concerned are you about the following issues in 2023?"



Businesses appear to be aligned with consumer expectations



Consumers were asked which channels they expected to be able to use to communicate with a business. Meanwhile, businesses were asked which channels were most important. The good news? Both agree on the channels they prefer, which is great for companies that have embraced SMS.

The business messaging market will grow to

\$12.6 billion

by 2025, a compound annual growth rate of 20.3%.¹

97%

of adult Americans own a cell phone.²

In 2023, businesses want to cut through the clutter and have genuine, two-way conversations with the right customers at the right time.

That's what customers want, too.

Businesses feel it's important to connect in real time across many channels ... but most are not doing it.



32%

of business leaders think connecting in real time across the customer journey on channels like WhatsApp, Facebook Messenger, and Google Business Messaging is important.

Yet, only

13%

are actually doing it.



SMS use accelerated during COVID as stores were shut down or no-contact procedures were put in place, particularly in the retail and service sectors. Small and medium-sized business owners looked around during that time, saw on their own phones how effective SMS was, and asked themselves, “How can I harness this power?”

Since then, not only has there been an explosion of usage in normal use cases like appointment reminders and marketing, but we also saw innovation grow in other areas like construction IT, financial, and other services.

– Doug Rubingh, US & UK President, Sinch MessageMedia

According to the Association of National Advertisers, in their 2021 Response Rate Report,

**SMS ROI
performs at
102%**

– making SMS a smart investment.³

How can you use messaging to get ahead in 2023?

5 communication trends that will change how your business reaches people.

TREND 1

Our always-on world is getting smaller



TREND 2

The need for speed



TREND 3

It's an *evolution*, not a revolution



TREND 4

SMS is still king but change is coming



TREND 5

The rules are changing — are you ready?

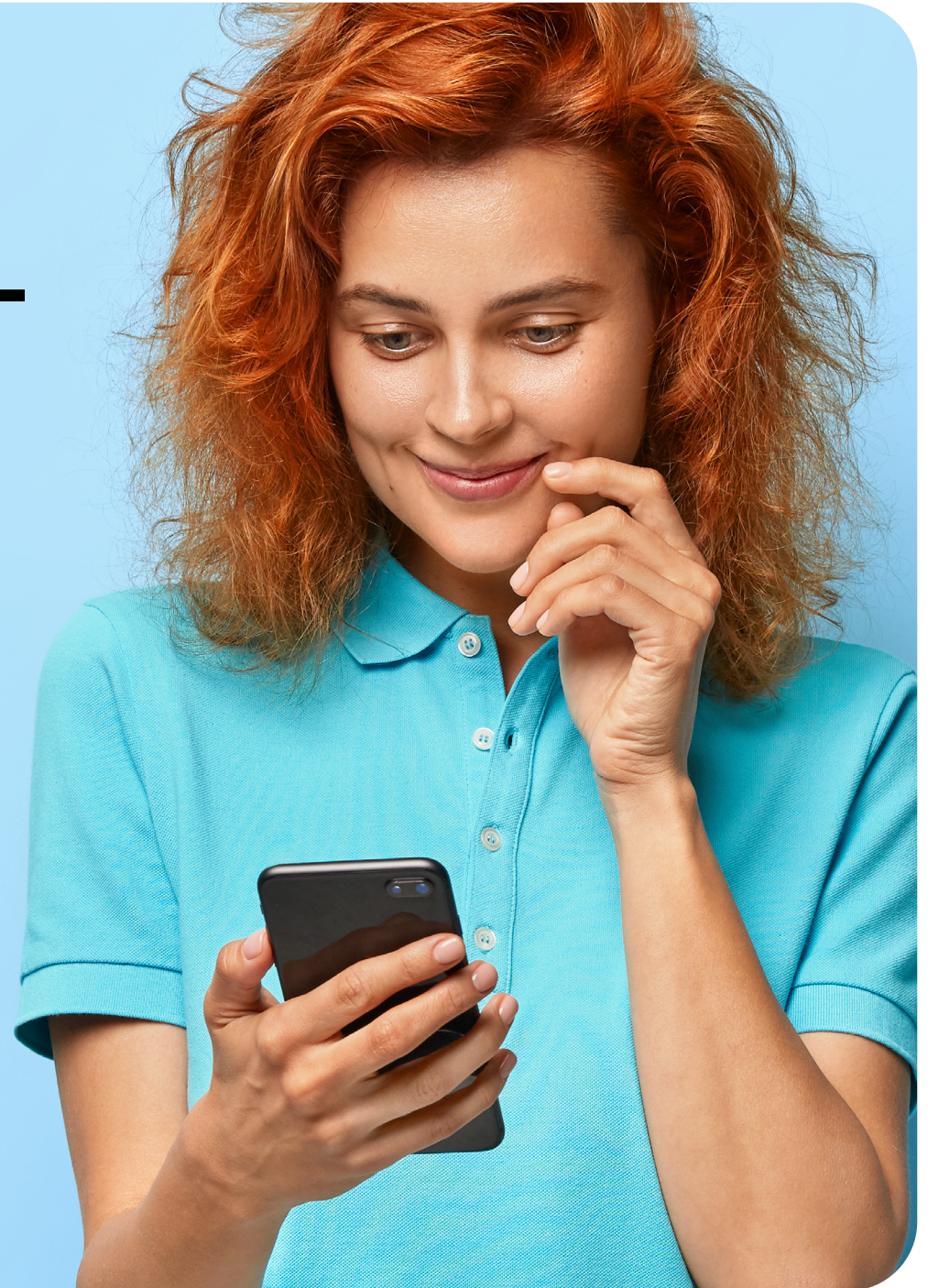


TREND 1:

Our always-on world is getting smaller

Modern communication is no longer bound to traditional channels, geographies, or business hours.

And real-time, on-demand engagement with a brand is becoming the norm.



TREND 1:

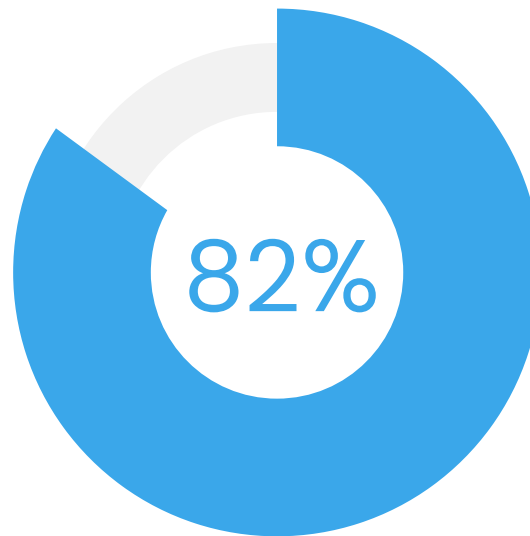
Our always-on world is getting smaller

Customers prefer to talk to you via SMS/MMS. And they want quick answers with the ability to text, chat, and connect using social channels.

But, there's a disconnect when it comes to social and web communications.

- Only 13% of businesses believe social media is an important channel
- However consumers value social media as a connection point: 82% said it would make them feel better about the brand, and 21% expect to communicate with brands on these channels.

If you're not on the channels where your buyers already live, you may not make their shortlists. Your customers want convenience and will go to companies that provide it.



Nearly 82% of consumers said being able to text or message on social with a business makes them feel better about the brand.

DID YOU KNOW?

80%

of people check their phones within 15 minutes of waking up.

70%

open a text message within 5 minutes of receiving it.

TREND 2:

The need for speed

Everyone is busier than ever. Instead of sifting through pages of content, we just want – no, need – quick answers to our questions.



TREND 2:

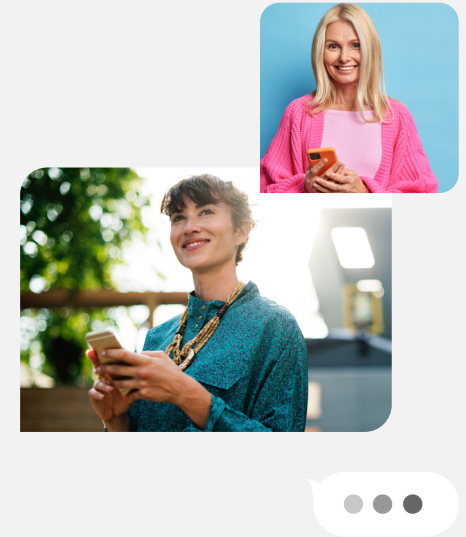
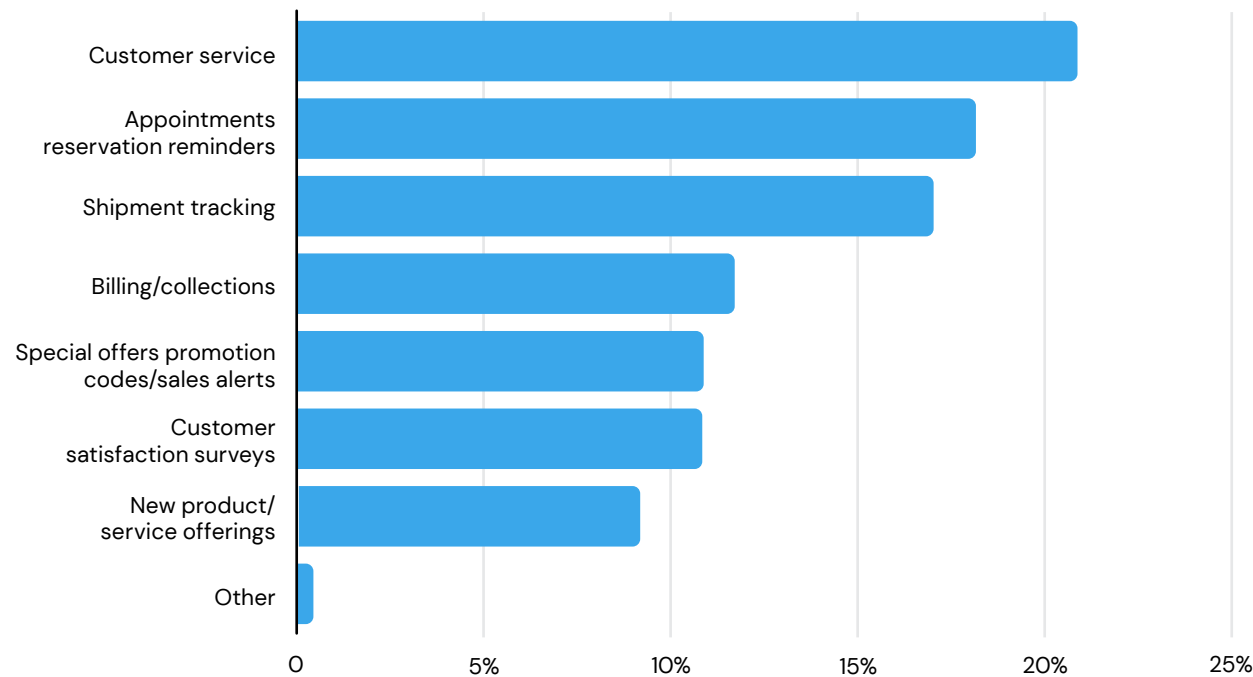
The need for speed

When customers connect digitally, 33% said they expect an immediate response to outreach, with an additional 58% expecting a response within 24 hours.

(This makes sense, especially when you consider that service notifications top the list for texts consumers want to receive from a business.)

The bottom line? It's easy to connect with customers across the various channels (i.e. SMS, social and apps). But it's harder to personalize, scale for two-way conversations, and be quick and efficient without the right tools to support conversations across the different channels.

On which topics would you like the capability to text a business back?



If you don't respond within

24 hours

or allow for two-way conversations, you'll lose trust—or the sale.

TREND 3:

It's an *evolution*, not a revolution

Basic SMS messaging is just the beginning. As options become richer, companies will be able to connect one-on-one with customers ... no matter how many.



TREND 3:

It's an *evolution*, not a revolution

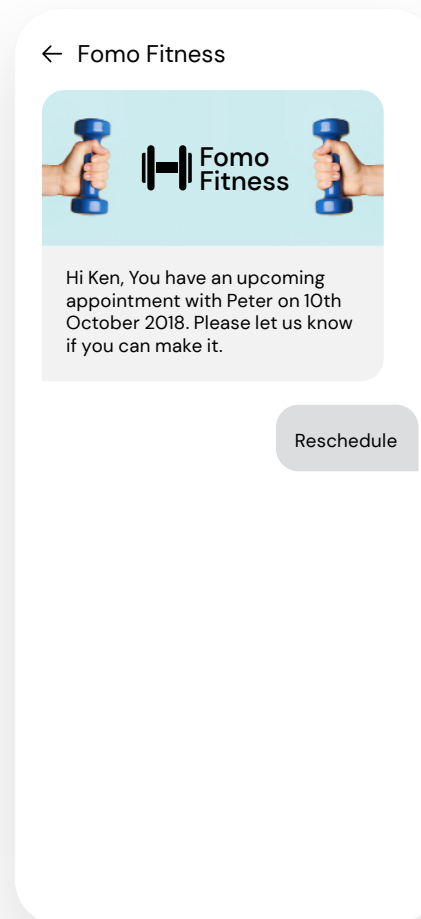
The future of mass texting is with Rich Communication Services (or RCS messaging for short). RCS can help with **quick, personalized customer communications** at scale – and is a trend to watch over the next few years.

RCS increases the capability of SMS and MMS messaging by allowing different media, engagement, and branding elements to be sent via text.

Before RCS, more dynamic messaging was only possible in email or website channels.

After the importance of SMS/MMS as the communication tool for customer engagement, next is the importance of systems integrations to allow for more personalized communication and visibility into how customer engagements are affecting the business. Personalization increases revenues and loyalty, and having data increases effectiveness of the engagement.

– Kevin Segedi, Senior Product Manager Sinch MessageMedia



When we asked businesses how important personalization was for their customers

83%

said it was somewhat or very important.

36%

of consumers said they would ignore an offer if it wasn't personalized.

TREND 4:

SMS is still king, but change is coming

SMS is dominant in the United States and a strong channel in other markets around the world. That top position may be challenged as apps like WhatsApp become more popular.



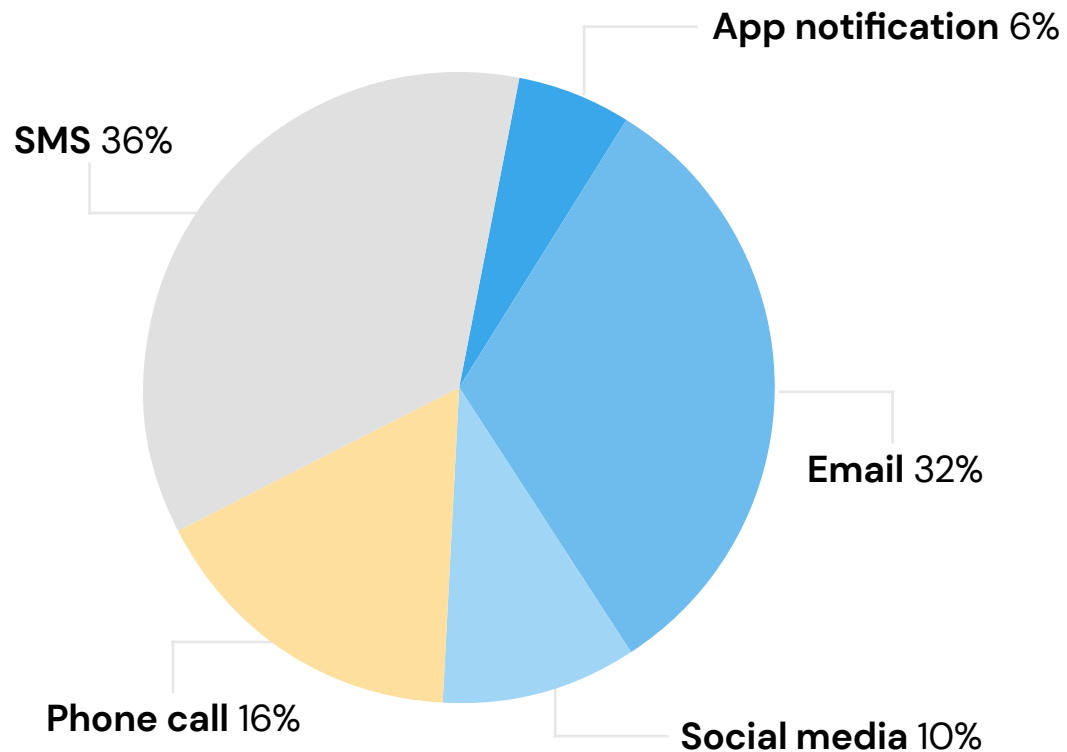
TREND 4:

SMS is still king, but change is coming

The popularity of standard SMS is still strong, but other options like apps and social messaging are gaining steam.

Creating a strategy to connect across all these channels (social, apps, web) alongside SMS is a smart way to engage customers and prospects, future-proof your communications, and enhance your overall customer experience.

What channel would you prefer businesses use to communicate with you?



TREND 5:

The rules are changing — are you ready?

Gone are the days when you get a number and start sending. U.S. carriers are introducing further restrictions and verifications to prevent bad actors and reduce spam.

How will you stay compliant and connect with your customers?



TREND 5:

The rules are changing — are you ready?

It's now expected that verification will be required for all U.S. phone numbers in the near future.

At a minimum, you'll need to provide:

- ✓ Business name
- ✓ Contact information
- ✓ Website URL
- ✓ Message content
- ✓ Type of messaging (marketing, notifications, 2FA, etc.)
- ✓ How many messages per month you intend to send and the opt-in method you'll use with screenshots of the process

While the process and procedures are evolving, SMS providers like Sinch MessageMedia can help you navigate the verification process and alert you to new laws, regulations, and best practices.

In a pinch, the Cellular Telecommunications Industry Association rules line up with the Telephone Consumer Protection Act rules and were made with input from key industry players. While the rules aren't legally binding, they're a great starting point for doing SMS marketing right.

WHO'S OPTING IN AND OUT, AND WHY?

Our research shows

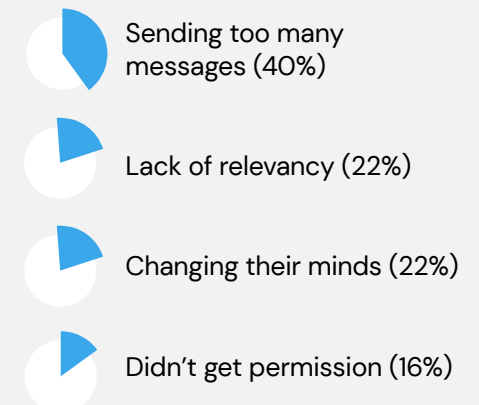
67%

of consumers opted into business communications with

71%

indicating they had opted out at some point from business communications.

Why are they opting out?



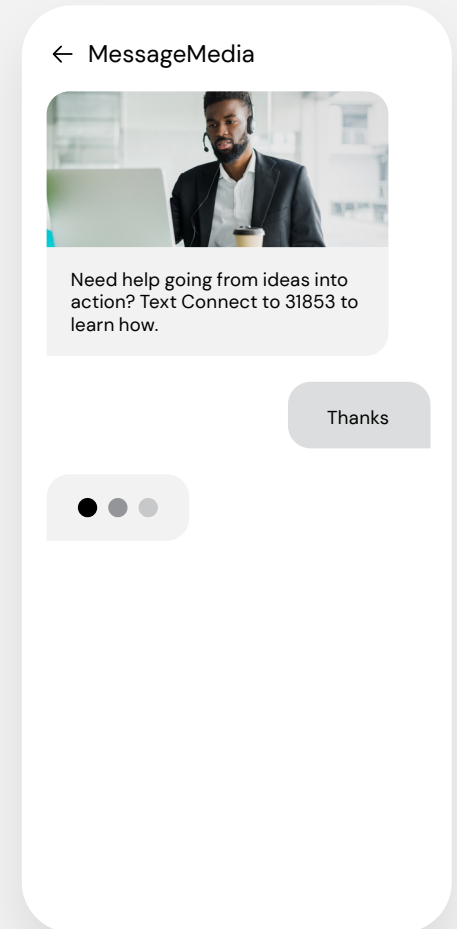
You got this. Let's get you up and running.

In all the chaos and noise of the early 2020s, businesses and consumers are increasingly desperate for real, two-way connection with the right people at the right time.

Messaging across platforms is helping create conversations, giving customers and prospects the precise information they need, when they need it.

As we move into the middle of this decade, five major trends will transform how businesses connect with customers. These trends will see customers expecting omnichannel communications faster than ever before. SMS will evolve as RCS opens up exciting new possibilities and as SMS, apps, and social messaging work alongside each other for even greater impact. And we'll see the balance between marketing and privacy result in some complex rules that you will have to navigate.

By implementing messaging into your strategy while keeping these key trends in mind, you can position yourself as the helpful, responsive, problem-solving business people rely on – throughout this year and into the future.



Need help cutting through the noise?

The future of business messaging is super-exciting – but you’ve probably got some questions.

Whether you want to quickly add text message automation inside your existing CRM, ERP, or marketing automation platform, or you want expert help to from start to finish, there’s a solution.

We’re a global messaging provider that helps businesses of all sizes cut through the noise. With over 65,000 customers worldwide and over 20 years in business, we’re trusted by businesses to help them easily and effectively connect with their customers.

As SMS communication evolves ... we’re right there with you.



WHY SINCH MESSAGEMEDIA?



Best-in-class platform

- ✓ Easy-to-use web portal
- ✓ No software to install
- ✓ Tier 1 security features



Not a start-up

- ✓ 20+ years of industry experience
- ✓ 420+ million messages sent monthly
- ✓ Over 65,000 global customers



Seriously connected

- ✓ 85+ third-party integrations
- ✓ Direct carrier connections
- ✓ On-shore delivery



Exceptional support

- ✓ 24/7 live chat and email support
- ✓ Free phone support
- ✓ Local customer service

Text **CONNECT** to 31853 for more information.

Try SMS for free

1. <https://www.grandviewresearch.com/industry-analysis/us-sms-marketing-market>
2. <https://www.pewresearch.org/internet/fact-sheet/mobile/>
3. <https://www.statista.com/statistics/1325858/campaign-roi-of-selected-media/>

Sinch MessageMedia research was completed between December 1-16, 2022. There were two surveys, one for US businesses (n=100) and one for US consumers (n=500) that contributed to the data in this report.