

WEDNESDAY, APRIL 1, 2009

Text Short Code to PROFIT

By Andrew Berg

The full article appears on WirelessWeek - April 01, 2009

People are increasingly staying in touch via text messages, and advertisers can't wait to be a part of the conversation.

On Aug. 23, 2008, shortly after 3 a.m. Eastern time, the Obama campaign sent out 2.9 million text messages to announce Joe Biden as Obama's running mate. Although the story had been scooped by the networks before the text message was actually sent out, the feat still represented a kind of coming-of-age for mobile marketing.

The Biden announcement represents an impressive milestone for SMS. Consider that it was only seven years ago that text messaging across networks was introduced in the United States. The Common Short Code Administration (CSCA) Web site states that rollout in the United States was slowed by the unique challenges inherent in many different networks running on varying technologies (i.e. CDMA, TDMA, GSM).

Those hurdles were surmounted, and mobile marketing is poised to be one of the more effective advertising tools in recent history. **A wave of cheap unlimited texting plans combined with an unsavory global economy that has advertisers looking for cost-effective tools have come together to produce the perfect storm for SMS and short code marketing.**

EVERYBODY'S DOING IT

If you're going to create a market for short codes, the first thing you need to have is adoption of SMS. A December 2008 report from Nielsen revealed that the average number of text messages sent among wireless customers in the United States rose from just 65 in first quarter 2006 to 357 in the second quarter of 2008. Adoption demographics are widening as well. The same Nielsen study found that as of second quarter 2008, American adults aged 35-44 were sending an average of 236 text messages per month.

Numbers like those are music to Diane Strahan, vice president of mobile marketing for NeuStar, the company behind the Common Short Code Administration (CSCA). She's optimistic that short codes and SMS advertising will finally have their day. "Personally, I think 2009 and 2010 are poised to be the year of SMS marketing," she says. "There are currently 75 billion text messages sent per month just in the United States. That's more texts than phone calls." Strahan notes adoption rates across demographics in the 70-80 percent range.

SHORT CODES CREATE NEW CUSTOMERS

Short codes are a unique way of soliciting either one-time or enduring consent from a potential customer. For instance, an advertisement in a magazine offers a coupon for a free slice of pizza by texting "eat" to the common short code PIZZA.

Some might ask why the advertiser didn't just include the coupon in the magazine. The answer is quite simple. By prompting the potential customer to take action, the advertiser has formed

an active, consensual relationship that produces a result and hopefully a new customer. Jeff Hasen, chief marketing officer at HipCricket, a mobile marketing agency, has seen the power of these relationships firsthand.

“We recently did a campaign for Jiffy Lube where contestants could text into a Clear Channel station for a chance to win a year’s worth of oil changes,” Hasen says. “Each customer who entered received a coupon. Fifty percent of those who actually redeemed the coupon were new customers. The most [Jiffy Lube] has seen with other mediums in the past was 20 percent.”

Both Strahan and Hasen highlight the fact that all mobile advertising should be done on an opt-in basis only. Given responses like what Jiffy Lube saw with its campaign, it appears that marketers recognize the need to adhere to the MMA’s Best Practices. “I absolutely think consumers get it and want to use it more and they will talk about it and it will become absolutely viral,” Strahan says.

The article continues with this quote from Mickey Alam Khan of Mobile Marketer: “Barack Obama, the president of the United States, was elected in no small part due to texting and mobile marketing,” he says. “These were the two tools he used to get the word out there.”

By consensus, the short code may never be a standalone medium. “Mobile is best used in conjunction with other channels and that applies to SMS. Short codes and keywords give legs to other channels such as TV, mail, inserts, radio, outdoor and the Internet,” Alam Khan says.

Still, short codes represent a new and powerful gateway to the consumer. By accessing the mobile channel, advertisers are able to penetrate an increasingly sacred space - the cell phone. As smartphone features become the norm and the media-rich mobile Web evolves, short codes will enable the consensual delivery of branded content to customers. That means an interaction with consumers that transcends the text message and enters into the realm of experience.