

SMS Is Still One of the Most Effective Channels—Just Ask These Retailers

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SMS may not be the most exciting marketing channel, but it is the most personal. When marketers want to build one-on-one connections with consumers, their efforts must be exactly that—personal.

“[SMS is] not a place to just blanket an entire list and hope for the best,” said Vasa Martinez, CMO of Outer Aisle, the food brand best known for its bread made of cauliflower. “You have to be extremely thoughtful in your execution; specifically, how you think about segmentation and automation as well as how SMS communicates with other growth and retention efforts, like email and subscription.”

Marketers who are aware of their brand voice and the ‘why’ behind their brand will find the best way to leverage SMS, according to Martinez. “The perfect SMS strategy is a balanced blend of all the above. But for me, the impetus is to provide more value to our users, not extract more from them.”

He added: “The percentage of people that prefer to shop from their phone is increasing rapidly. Of those, [the number of] users who prefer to shop via text is expected to skyrocket in the next 12 months.”

A Customer Acquisition Tool

Since the beginning of the pandemic, there has been an influx of new customers on ecommerce sites. In one example, Uncommon Goods, an eco-conscious online and catalog retailer, saw record levels of customer acquisitions in Q2 2020.

"We've had a lot of concerns about the lifetime value of these customers, because a large portion of them are coming through transactional channels that are normally associated with lower levels of repurchase behavior," said Brian Hashemi, head of marketing and analytics at Uncommon Goods. "So, we've put a lot of emphasis on our retention efforts, including leveraging SMS and increasing our email opt-in acquisitions."

Direct-to-consumer (D2C) brand Peace Out Skincare has also adopted digital marketing strategies amid the pandemic. The brand is leveraging SMS for the first time, as a way to start a conversation with new and existing customers and drive brand awareness.

"I started reading more about the shopping habits of consumers in Japan and China via WeChat starting in 2016, and SMS has been on my radar since then," said Junior Pence, CMO of Peace Out Skincare. "When the coronavirus hit, we expedited our SMS plans because we wanted another channel to communicate with our customers."

The brand's SMS program includes multiple ecommerce KPI's across customer acquisition, customer retention and customer service. New customers can opt in and get 15% off their first order, transactional messages about their order, as well as updates on new products and promotions.

"We work with existing users the same way, minus the welcome promotion," Pence said. "Additionally, our SMS program is monitored during business hours. If a customer has a question, a team member will converse with them via text."

In its first month, SMS made up 21% of Peace Out Skincare's total ecommerce revenues—the second-highest performing channel behind Instagram and Facebook ads. "Our ROI for the program was 780%, and the revenue it generated in July has covered the cost of the software for the next six months," Pence said.

Have a Concrete Strategy

Getting consumers to opt in to an SMS program can be straightforward, but getting them to stay may not be as clear cut. Those who opt in and share their information usually want something in return.

For example, Peace Out Skincare's SMS users "are serious shoppers looking for promos, new products and quick answers to their questions," Pence said. "SMS needs to be straight to the point to capture attention, vs. our other channels [where we] focus more on educational content.

"Our revenue per SMS subscriber is 52 times higher than our revenue per email subscriber. We saw this trend early on in our program and switched all of our on-site pop ups to capture phone numbers instead of emails."

According to Pence, the brand will keep leveraging SMS and adding incentives for SMS subscribers like early access, customized AI opportunities and a rewards program. It also plans to create customized activations to further leverage the platform and ultimately build strong CRM.

Be Cognizant of Frequency

Nearly a decade ago, SMS was one of the few channels out there that brands leveraged. Today, consumers are bombarded with messaging from all over—email, TV, social, radio, out-of-home and even smart speakers. Because of this, determining messaging frequency is important.

"My general practice is a welcome series that is spread out across four days, and then one campaign per week at most," Martinez of Outer Aisle said. "This, along with several well-thought-out automations based on consumer behavior, will land at about nine to 10 touchpoints the first month and six to eight thereafter."

But he added: "It's important to consider the logic with the rest of your communications and make sure it works as a whole."

At Uncommon Goods, "the response rates we see for SMS are, on average, about 10 times higher than for email," Hashemi said. "But we can't send SMS messages at the same frequency as we do emails, so there's definitely a little back and forth regarding which channel is better for us."