

A Forrester Consulting
Thought Leadership Paper
Commissioned By Somos

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“Text Me When You’re Ready”

Serve Customers On Their Terms With Text-Enabled Toll-Free Numbers



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Project Director:

Rachel Linthwaite,
Senior Market Impact Consultant

Contributing Research:

Forrester's CIO research group

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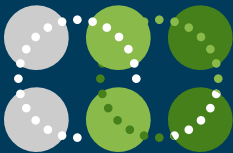
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Omnichannel customer engagement creates a seamless and consistent customer experience by coordinating traditional channels for marketing, selling, and fulfillment with an organization's operational and support systems.



Today, many companies take a *multichannel* approach when what they need is an *omnichannel* customer engagement strategy.

Executive Summary

Consumers are loyal to brands that are flexible, convenient, and engaging. Unfortunately, many companies fail to deliver a channel strategy that speaks to these desires and that is built around customers' preferences and priorities. Take short messaging service (SMS), AKA text messaging, for example: You may not have realized it, but consumers text more often than they talk.¹ What's even more surprising, however, is the number of companies that prioritize customer engagement efforts on traditional channels like voice, web, and email. While firms should not downplay or abandon these channels, a failure to adopt more progressive channels like SMS can translate into a failure to attract new customers as well as untapped opportunities to acquire, cross-sell, and retain.

While customers will choose the channel or channels that are right for a situation, they also expect that regardless of what they choose, they'll always receive a single, unified experience. Unfortunately, brands have difficulty coordinating and aligning existing channels and presenting a single company front. This fractured approach to engagement produces a fractured experience. The pressure to adopt a better and more comprehensive range of integrated channels while maintaining cost efficiency can often lead to being stuck between the proverbial rock and a hard place.

In August 2019, Somos commissioned Forrester Consulting to evaluate SMS adoption for customer engagement within marketing and the contact center. Forrester conducted an online survey with 301 decision makers and interviewed three service registrars to explore this topic.² The findings show that while adoption and promotion of SMS customer engagement is still relatively low, the channel presents a tremendous opportunity for companies to build closer and more rewarding customer relationships.

KEY FINDINGS

- › **Underinvestment in SMS customer engagement demonstrates a lack of customer focus.** Despite a clear customer preference for text messaging, customer engagement decision makers continually invest more in their website, email, voice, and direct mail channels than they do in SMS. Discounting customer preference in channel development will lead to lower engagement over time.
- › **Companies using SMS grow 10% on average year over year.** Decision makers who leverage SMS report increased sales as a result of their adoption and a greater year-on-year revenue growth rate than companies that do not use SMS. Additionally, since SMS offers numerous opportunities for automation, SMS increases scalability, thus optimizing a brand's operational efficiency.
- › **With text-enabled toll-free numbers, brands benefit from two-way communication at a lower cost.** Toll-free texting is both efficient — agents can handle several conversations at once — and engaging — the conversation is no longer a monologue; it's a dialogue. This makes toll-free texting a strategic solution to maximizing live agent resources and enhancing customer experience.

Effective Customer Engagement Requires Brands To Think Critically About The Customer Journey



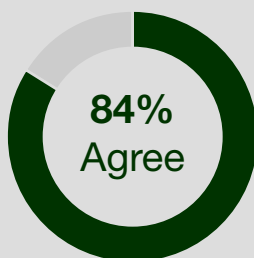
Whether resolving an issue, authenticating their identity, or accessing a special promotion, customers have demonstrated a preference for easy, effective, and secure engagement across multiple touchpoints. But brands must do more than recognize that customers want speedy and personalized interactions; they must plan for what speed and personalization means in the context of a customer's day-to-day life. This means being prepared for all the channels a customer might interact with, identifying barriers in current channels that are preventing engagement, and creating the path of least resistance that a customer can intuit — perhaps through new, better-integrated channels. An inability to account for customer context can lead brands to underinvest in potentially valuable channels, which in turn leads to decreased engagement. Our study of marketing and contact center decision makers uncovered the following:

- › **Brands struggle to recognize the range of their customers' contexts.** Eighty percent of decision makers agree that the quicker a customer can contact their brand, the happier the customer will be. However, in contrast, only 55% of decision makers believe there are situations when a customer would like to contact them but find that placing a phone call to the company is inconvenient (see Figure 1). This gap illustrates the difference between brands that profess to understand the basic tenants of good customer service and those that truly know how to put themselves in the customer's shoes. This gap presents an opportunity for differentiation: Brands can lead based on superior customer engagement.

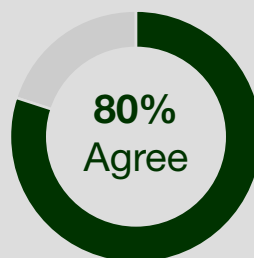
Figure 1

Companies Agree Customers Are Happiest With Quick And Easy Service Options, But They Struggle To Understand What That Means To Customers In Real Time

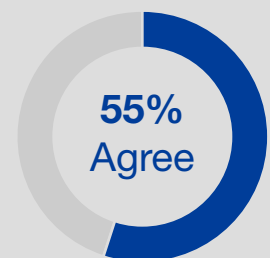
Providing a variety of communication channels is key to staying relevant with all customer demographics.



The quicker a customer can contact us, the happier they are.



Customers are often in a situation where they'd like to contact us, but a phone call is not convenient.

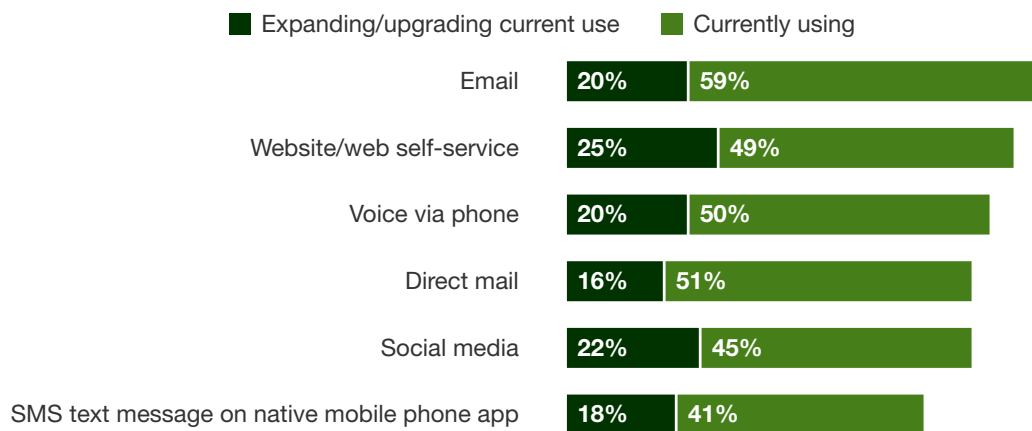


Base: 301 marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean
Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019

› **Underinvestment in SMS points to a lack of customer focus.** SMS is deeply embedded in consumer lifestyles: In their day-to-day lives, consumers text more than they talk (49% make voice calls daily vs. 59% who send text messages daily).³ This is particularly true of younger consumers: For consumers under the age of 34, 44% make voice calls daily while 67% text daily. Our study found that average SMS delivery rates (78%) and response rates (35%) are the same or better than email (75% and 30% respectively). Yet decision makers continue to invest more in their website, email, voice, social media, and direct mail channels than they do in any form of SMS text messaging (see Figure 2). As a result, communication with brands via SMS for customer service is disproportionate from what we know a customer prefers; while 17% of consumers used the phone to contact customer service in the past three months, only 2% used SMS.⁴

Figure 2

“What are your company’s plans for marketing on/allowing customers to contact your company on each channel?”



Base: 301 marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean
 Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019

SUCCESSFUL CUSTOMER ENGAGEMENT STRATEGY REQUIRES OMNICHANNEL INVESTMENT

To meet customers’ expectations for seamless brand interactions across multiple touchpoints, organizations must shed legacy ways of thinking and keep their focus on the customer (see Figure 3). Our study found that most leaders today recognize that customer experience is key to brand endurance and long-term success. However, findings also show that many of these same decision makers don’t understand what it takes to meaningfully move the needle on customer outcomes:

› **Brands value the key attributes of seamless delivery.** It’s an encouraging sign that more than half of decision makers say increasing customer satisfaction scores is a driver of their brands’ customer engagement strategies. When asked to rank the attributes most important to a customer interaction at their company, effectiveness, efficiency, and availability all came out on top. It’s clear that most decision makers understand the basic building blocks of a customer-led engagement strategy.

- › **Omnichannel improvement is still too low a priority.** Recall that omnichannel is the coordination of channel messaging and data to create a seamless customer experience. Unfortunately, today’s brands are far from delivering omnichannel engagement: Eight in 10 decision makers’ companies silo their agents by channel, six in 10 companies use inconsistent messaging across channels, and five in 10 companies store data from channels in different databases. And although customer satisfaction drives customer engagement strategy at 55% of companies, only 28% say the same about omnichannel.

This is a worrisome trend as omnichannel greatly supports improved customer satisfaction. The qualities that consumers value most — seamless movement across channels, personalization, speed, and more — come about with improved omnichannel strategy. Brands will be hard-pressed to achieve optimal customer satisfaction without successfully delivering the benefits a consumer desires.

Figure 3

Envisioning The Future State Of Customer Engagement: An Omnichannel Approach



Base: 301 marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean
Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019

SMS Is Essential To An Omnichannel Engagement Strategy



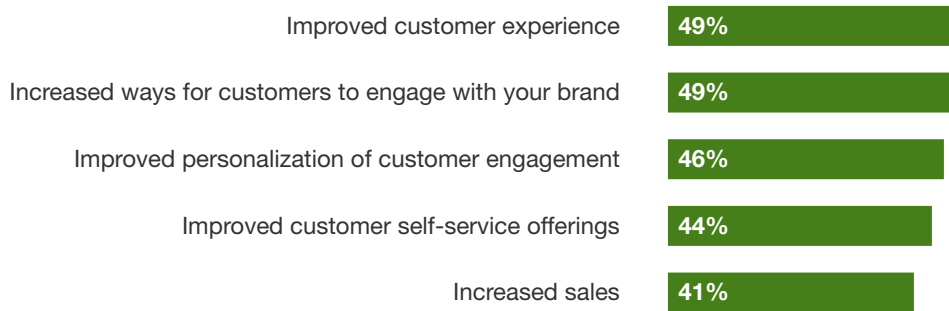
Omnichannel demands an understanding of how varying channels fit within a customer's day-to-day life and how each channel can enhance the value of the brand-customer relationship. Despite the value of SMS use cases — an SMS touchpoint can enhance authentication, account notifications, transaction execution, live support, shipment tracking, couponing, and more — investment in SMS when compared to other channels is low. While some brands have difficulty connecting the dots between the tenants of omnichannel engagement and what's required to make it a reality, other brands are taking the opportunity to differentiate themselves, pushing omnichannel forward with SMS (see Figure 4):

- › **SMS engagement leads to greater customer satisfaction.** The No. 1 benefit experienced by brands using SMS text messaging is improved customer experience. This is followed closely by other customer-focused benefits including improved personalization of engagement and improved customer self-service offerings. Take it from the consumers themselves: 70% of consumers were satisfied with a recent SMS interaction versus just 56% who were satisfied via a phone call.⁵
- › **SMS helps brands grow and lends opportunities for automation.** Forty-one percent of decision makers using SMS report increased sales as a result of adoption. In fact, the brands in our study using SMS tended to grow faster than non-SMS — on average, users reported a year-over-year growth of 10%. Meanwhile, since SMS can be highly automated, it can help brands scale their operations in step with growth. Worth noting: While only 36% of voice traffic is completed via an automated interface, 57% of SMS traffic is automated. In the context of an omnichannel strategy, the combination of voice and SMS is a potent one. For example, companies can leverage SMS to take on low-priority communication while freeing live agents to step in for cases that require escalation and human interface. Increased bandwidth allows the most senior agents to handle more sophisticated and complex cases — cases that may make or break a customer relationship.
- › **SMS is a hallmark of omnichannel maturity.** Brands using SMS for customer engagement show greater omnichannel maturity: They're more likely to link all their channels back to a centralized database as well as more likely to message consistently across channels. In practice, this means customers will receive a more seamless experience. For example, a customer engaging with a brand with a mature omnichannel approach can start a support inquiry over SMS and finish it over email without needing to reiterate details. This is the result of their mobile number and email address living in tandem in a centralized customer profile — a profile from which an open service inquiry can extract existing data. No matter the channel they choose, the messages they receive will be consistent, regardless of where they are in their customer service journey. SMS also assists the omnichannel experience by supporting other channels. For instance, user authentication via SMS can allow a customer to sign into a banking app on their desktop computer and access the same data — *real-time* data — as they would on their mobile device. The benefit to the customer? A seamless and secure customer experience.

Figure 4

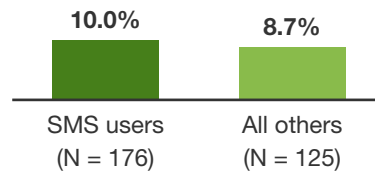
Companies Using SMS Realize A Host Of Benefits

“What benefits has your company seen as a result of the adoption of SMS text messaging?”

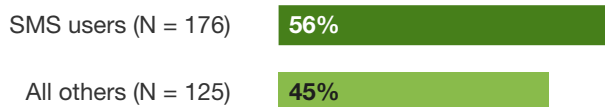


“Please estimate your organization’s average year-over-year revenue growth rate over the last two years.”

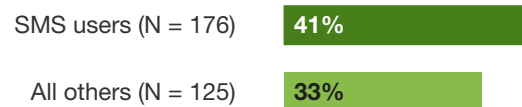
Percentages are midpoint averages of YOY growth estimates



“Yes, all channels link back to a centralized database.”



“Yes, all channel messaging is consistent across channels.”



Base: Variable marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean
Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019

SMS OVER TEXT-ENABLED TOLL-FREE NUMBERS: A SWEET SPOT WITHIN SMS

Up until now, the term SMS has been used to describe text messaging in general. However, it’s worth noting that SMS customer engagement has three main forms:

- Local number: Appears to the customer as any local number would. Eighty-two percent of decisions makers say their brands are at least piloting SMS over local number.
- Short code: One-way messaging that appears to the customer as a five-digit number. Sixty-six percent of decision makers say their brands are at least piloting SMS over short code.
- Toll-free number: Appears as a “1-800” or other 8XX toll-free number to the customer. Seventy-seven percent of decision makers say their brands are at least piloting SMS over toll-free.

Findings show that SMS over toll-free is a particularly strong opportunity for a combination of reasons:

- › **Efficiency for both the customer and for the business.** Many decision makers noted that with text-enabled toll-free, communication is more efficient for the customer — there are “faster response times as compared to other communication channels.” This is likely the result of the increased operational efficiencies of SMS. For example, a director of messaging operations noted: “Agents can now handle seven to 15 [text] conversations versus one voice conversation. Savings, they are tremendous.”
- › **Two-way, live conversation.** Decision makers pointed out that text-enabled toll-free numbers were most beneficial because “two-way conversation is possible” and “customers can text back to us in real time.” This is critical because channels where customers can make proactive, inbound contact are tremendously valuable: 76% of decision makers agree that customers who initiate contact spend more, and 71% agree that customers who initiate contact convert faster (see Figure 5). Brands that don’t take advantage of strong inbound channels lose out on opportunities to capture their most valuable customers.
- › **Enhanced customer and brand experience.** Several decision makers noted that since their toll-free numbers are likely the same branded number the customer would use to reach them via phone, it is a valuable extension of their existing customer experience. “It’s an easy number for the customer to remember. It can be easily used, so the customer has access to all our support facilities,” and “Customers can use the same number to reach us... [which] provides an enhanced customer experience.”

It’s important to note that these benefits are not wholly unique to SMS over toll-free; the benefits of efficiency and two-way conversation are also potential benefits of texting over local numbers. However, when texting a local number, customers won’t know for sure if they’re merely texting an individual employee of the business or a formal support team operation, as they would when texting a toll-free number. Combine this with existing brand equity and the ease of remembering a toll-free number, and it’s clear: SMS over toll-free provides a compelling sweet spot for brands looking to invest in SMS customer engagement.

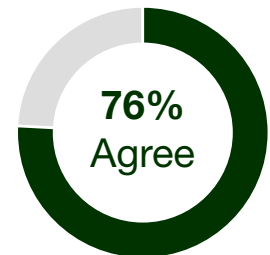
“I would say turn toll-free texting on and see who’s texting you already. You may be getting text messages, and you don’t even know it.”

Director of carrier relations at a US-based service registrar

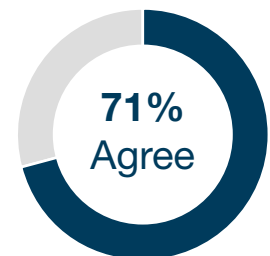
Figure 5

Two-Way Conversation Over Text-Enabled Toll-Free Numbers Can Help Capture Brands’ Most Valuable Customers

Customers that initiate contact with us during their customer journey **spend more** than customers who don’t initiate contact.



Customers that initiate contact with us during their customer journey **convert faster** than customers who don’t initiate contact.



Base: 301 marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean
Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019



Jump-Start Your SMS Customer Engagement Business Case

By bringing the focus back to omnichannel, brands can alleviate major challenges to SMS adoption and reap the benefits of improved customer engagement faster. In doing so, brands build a holistic business case that straddles customer touchpoints, eases integration challenges, and helps promotional efforts:

- › **Overcoming silos is critical to adoption.** Decision makers see process and channel silos as the largest roadblocks to SMS adoption (77% ranked these silos as a top five priority). Meanwhile, building the business case internally and finding executive buy-in are viewed as comparatively easier. Brands should leverage the relative ease of building the SMS adoption business case to raise the profile of omnichannel engagement across the organization — particularly between marketing and contact center operations. Using the omnichannel approach to build support cross-functionally should help ease integration headaches further down the line.
- › **Educating customers is key.** As previously noted, it's still rare that consumers use SMS to contact businesses (particularly when it comes to customer support cases). As one respondent noted, "Right now, I feel like we're crossing the chasm, and we're not yet at that tipping point where every consumer out there expects a toll-free number to be text-enabled." Crossing the chasm will require brands to put marketing dollars to work and get the word out. As another put it: "Enabling the [text-to-toll-free] service is quick, especially if there's no customization. The challenge is really the communication to the customer base to let them know it's available."
- › **The business cases for SMS adoption and omnichannel engagement are the same.** Better customer experience is the top driver of SMS adoption (see Figure 6). Recall that better customer experience and omnichannel solutions are two sides of the same coin. If they expect to move the needle on customer experience, decision makers need the omnichannel discussion to have a seat at the table when weighing SMS adoption.

Figure 6

"What were the key drivers of your company's decision to adopt SMS text messaging?"



Base: 235 marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean who are at least piloting SMS
Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019



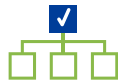
Key Recommendations

Our research shows that while some businesses are ramping up their omnichannel initiatives, not many are far along. Toll-free texting offers an important opportunity for growing omnichannel momentum as it supports an important communication channel that customers not only want but one that they frequently use in daily personal interactions. To be successful in texting to toll-free and drive omnichannel, companies should:



Invest in omnichannel architecture that supports technology interoperability.

Toll-free texting solutions must support end-to-end experiences. As such, investment in the following four areas is key: 1) the unified presentation layer, which provides a content management system as a unified presentation layer for all channels; 2) the unified access layer, which supports the API management system for self-care, commerce, ecosystem partner mash-ups, and authentication services; 3) the unified customer view layer, which provides customer information management for identity models, CRM, data warehousing, and analytics; and 4) the unified analytics layer for personalized and proactive services, consultative sales, and cobrowsing.



Ensure consistency of business functions across the extended organization.

Businesses must phase out self-inflicted silo structures, legacy IT systems, and portfolio complexity. Start treating omnichannel initiatives as an integral part of changing the way they create value for customers. Bolt-on omnichannel projects fundamentally do not change the value relationship that businesses have with their customers; they merely enhance existing customer support structures. Open your omnichannel platform to ecosystem partners via an API management layer. Collect customer data from and share data with external partners. Ensure visibility into processes, services, and applications for remote and predictive services.



Create a customer profile in a single location.

The goal must be to use data as a tool to build a differentiated experience. Businesses need to build on their existing customer knowledge and align their big data, content, and knowledge management strategies to successfully build a comprehensive customer repository. Back-end data systems should be integrated to create a single data lake. Embrace structured and unstructured data, as well as social listening.



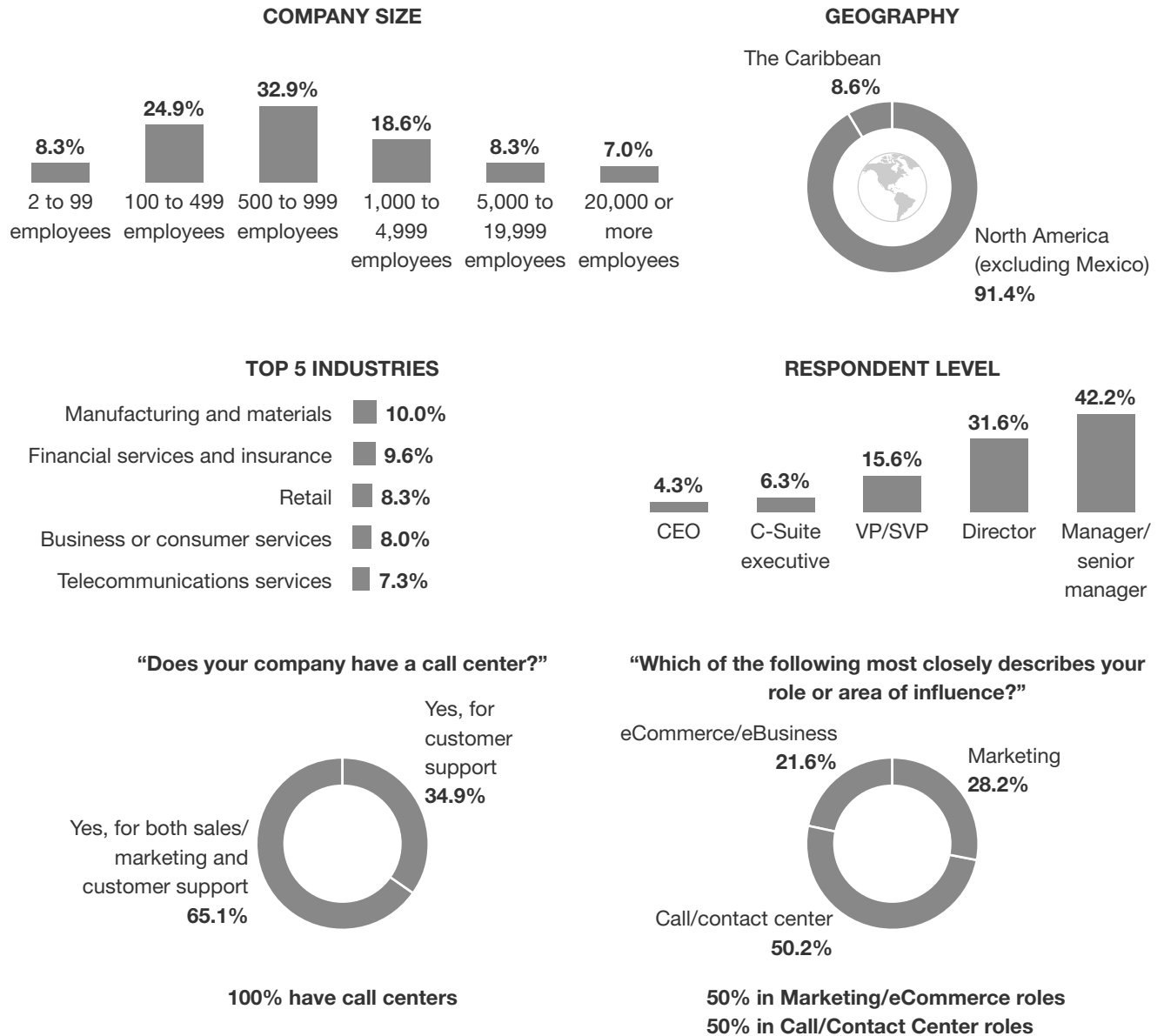
Omnichannel KPIs should focus on the tasks that customers are trying to accomplish.

Define your organization's business objectives and outcomes for the omnichannel initiative. Align omnichannel and customer experience activities through interdisciplinary teams. Businesses are at the very beginning of this transformation. To succeed, they require significant investments in software and the deconstruction of traditional silos. Involve stakeholders throughout the organization, and make involved departments work across divisions and channels. Strengthen your customer engagement with outside-in and design-thinking capabilities.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 301 decision makers from marketing, eBusiness, and the call center based in North America (excluding Mexico) and the Caribbean to evaluate SMS customer engagement. Questions provided to the participants asked about approaches to customer engagement in terms of channel, data, and process. Respondents were offered a small monetary incentive as a thank you for time spent on the survey. We also interviewed three service registrar representatives responsible for turning on and configuring brands' text-enabled toll-free numbers. The study began in August 2019 and was completed in October 2019.

Appendix B: Demographics



Base: 301 marketing and contact center decision-makers (manager+) at companies in North America and the Caribbean
 Source: A commissioned study conducted by Forrester Consulting on behalf of Somos, September 2019

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Gauge Your Customer Service Maturity,” Forrester Research, Inc., August 27, 2019

“Design Your Contact Center To Be Customer-Centric,” Forrester Research, Inc., September 25, 2019

Appendix D: Endnotes

¹ Base: 5,102 US adults who go online. Source: Forrester’s Consumer Technographics® North American Technology, Media, And Telecom Benchmark Recontact 1 Survey, 2019 (US)

² Service registrars are telecommunication companies responsible for helping brands configure their SMS channels.

³ Base: 5,102 US adults who go online. Source: Forrester’s Consumer Technographics North American Technology, Media, And Telecom Benchmark Recontact 1 Survey, 2019 (US)

⁴ Base: 4,971 US adults who go online. Source: Forrester’s Consumer Technographics North American Technology, Media, And Telecom Benchmark Recontact 2 Survey, 2019 (US)

⁵ Base: 2,069 US adults who go online and who have interacted with a telecom service for customer service in the past three months. Source: Forrester’s Consumer Technographics North American Technology, Media, and Telecom Benchmark Recontact 2 Survey, 2019 (US)