sendbird

The 5 Pitfalls of SMS Notifications

A guide for product managers and marketers.

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Introduction

Reach and convert customers over and over again. That's the goal of every business. With the rise of mobile device usage, mobile notifications have become a key part of achieving this objective. In fact, 55 percent of businesses texted their customers in 2022, up 20 percent year over year, a trend that's expected to continue.

Product managers and marketers eagerly adopted SMS messaging due to email's dismal open rates and the early success of omnichannel. Operational and transactional messages are now also commonly sent via text.

But SMS is far from a perfect messaging channel. While SMS achieves high open rates, it is an unpredictably expensive communication channel with poor deliverability. It is also hindered by many other limitations and challenges, such as failing to provide insight into user behavior and conversion data beyond open rates.

In this guide, we will explore the pitfalls of SMS notifications, as well as alternatives to reach customers via mobile that achieve 2X conversion at half the cost of SMS.

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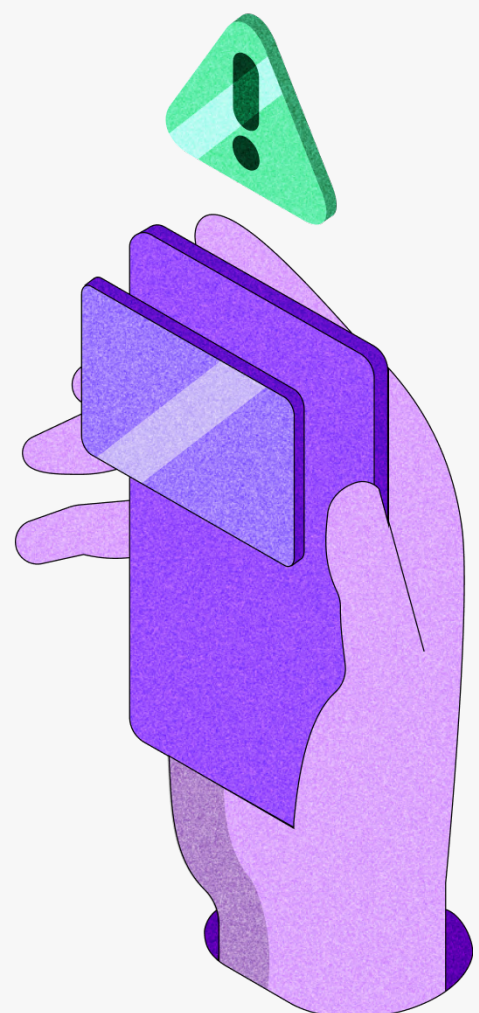
Unpredictable Costs

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Pitfall 1:
Unpredictable Costs

SMS is accessible, but unpredictably expensive. If your business sends 100 million messages a month across different regional markets, you could be spending anywhere between $50K to $320K monthly depending on your provider and contract (or $600k to nearly $4M annually!).

Several factors influence SMS costs, with most SMS messages costing between $0.01 to $0.05 per message to send, with MMS costing more. Not to mention international texts, which range from $0.25 to $0.50 per message, or even SMS in countries with favorable carrier fees vs. others.

For mobile marketing messages, businesses also have to pay for customers to opt-in via keyword in order to receive communications. Plus, SMS can be accidentally delivered to landline numbers – with brands still having to front the cost.

There is a reason SMS is worth its cost as a brand communications channel for specific use cases. If a business does not have a dedicated mobile app, SMS is the only direct mobile channel available to communicate with users. Additionally, before a user has downloaded a mobile app, a business would need to use SMS to drive mobile user acquisition and activate these users for the first time.

Goal: Notifications at 50% the Cost of SMS

Once users have downloaded a brand's app, using SMS to contact them becomes much less cost effective than sending higher-converting in-app notifications. In fact, businesses have seen up to 50% reduction in cost per message using in-app messaging over SMS, while increasing conversion rates by 2X.

Look for a right-priced mobile notifications experience that is easy to integrate in app. To keep costs down, partner with a vendor that offers a low-code solution and makes it easy for business users to send messages at scale.

50 %↓
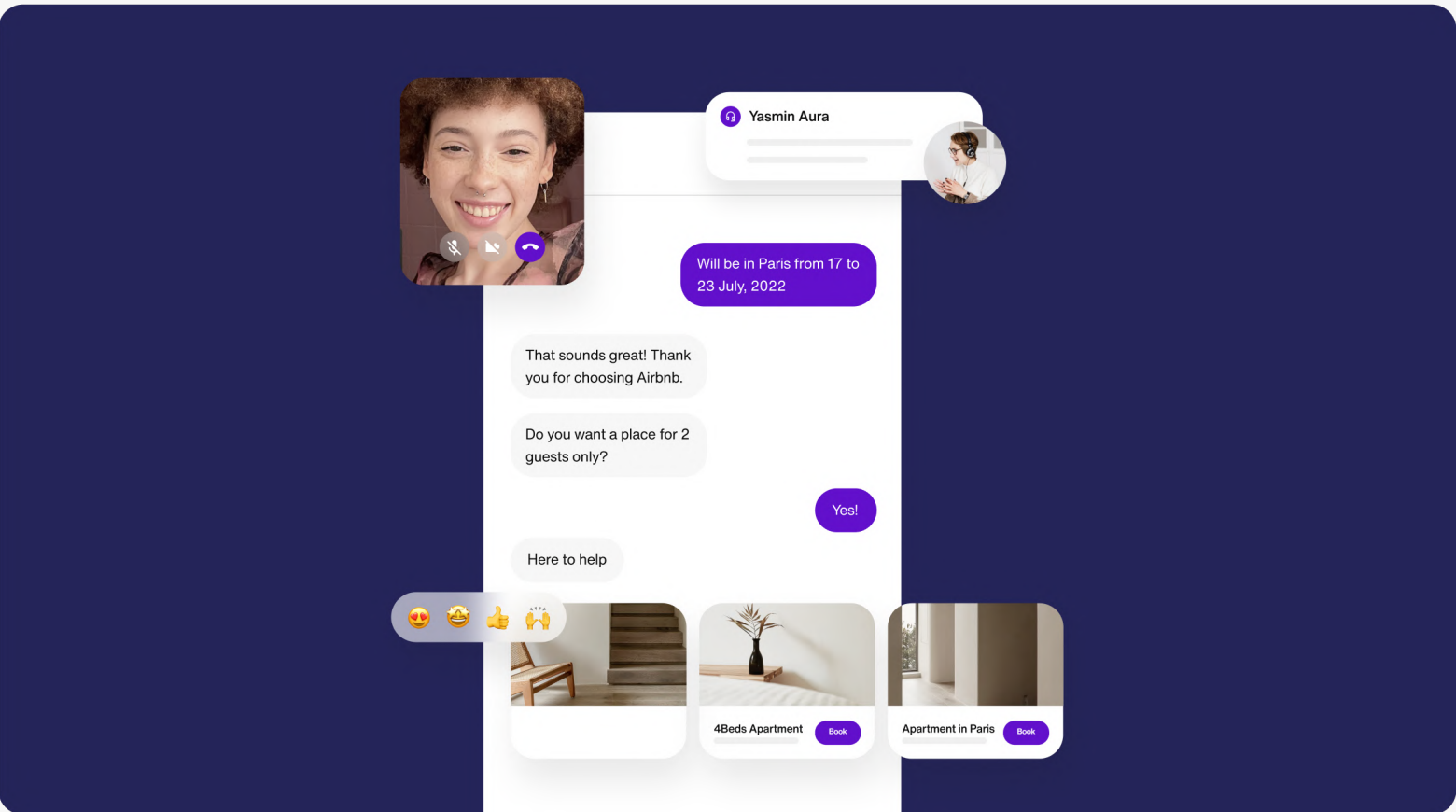
reduction in cost per message using
in-app messaging over SMS

2 X↑

increasing conversion rates

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Dwindling Trust
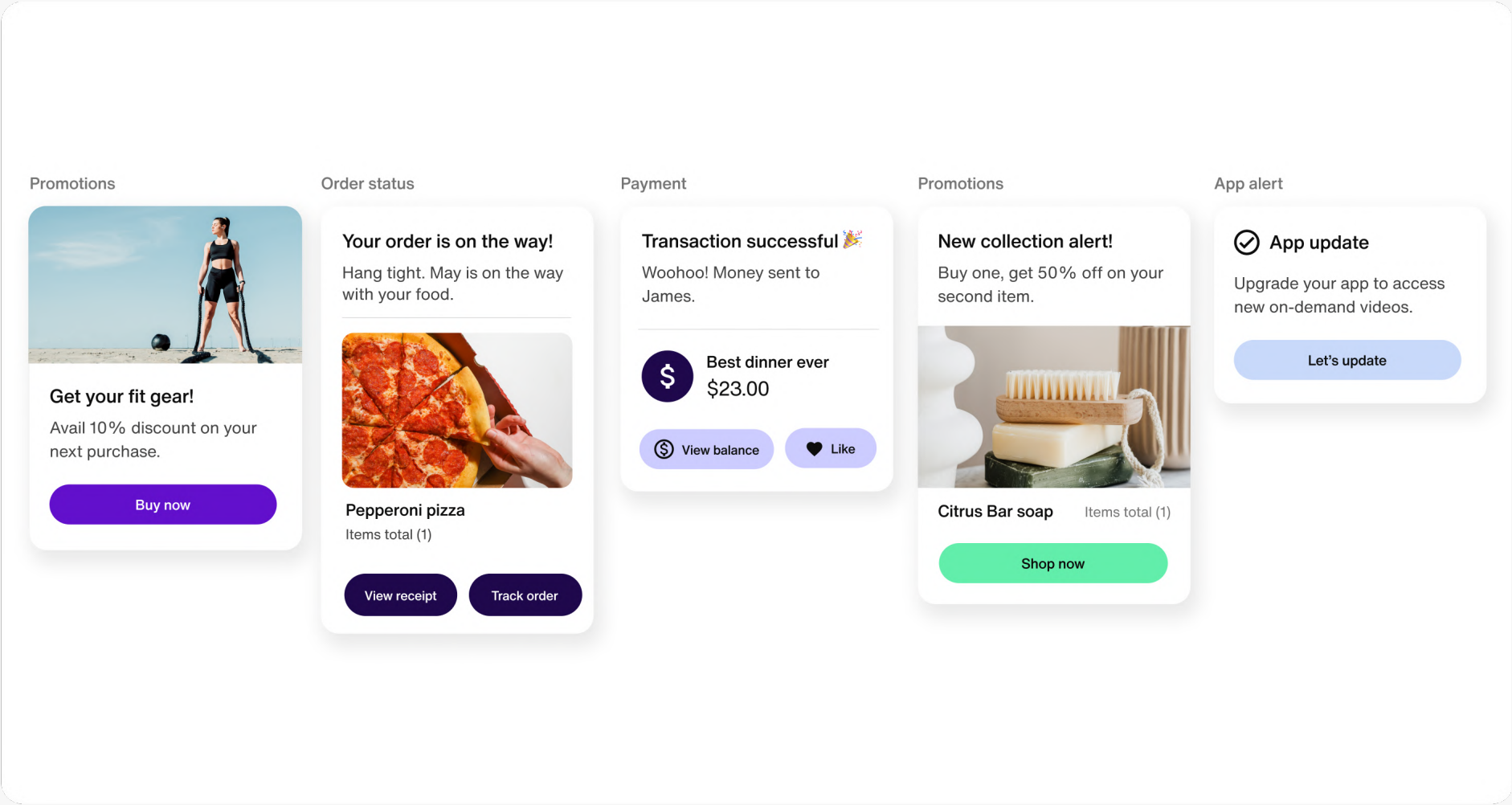
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Pitfall 2:
Dwindling Trust

SMS is plagued with a trust issue – text messaging schemes, such as phishing, are on the rise. In the US, The Federal Trade Commission recorded more than 378,000 complaints about text scams in 2021, up by more than 45,000 complaints from the prior year, according to the Attorney General's Office. Globally, phishing and spam continues to plague the SMS channel.

When sent over SMS, transactional messages from unknown numbers related to billing receipts, reminders, alerts, and announcements quickly fill up a user's SMS inbox. Brands are represented by unknown numbers making it hard for users to find a relevant message – resulting in users having to look for messages in other channels or contact the brand to get more information, or dismissing messages as spam. This creates a less than ideal user experience and increases incremental costs.
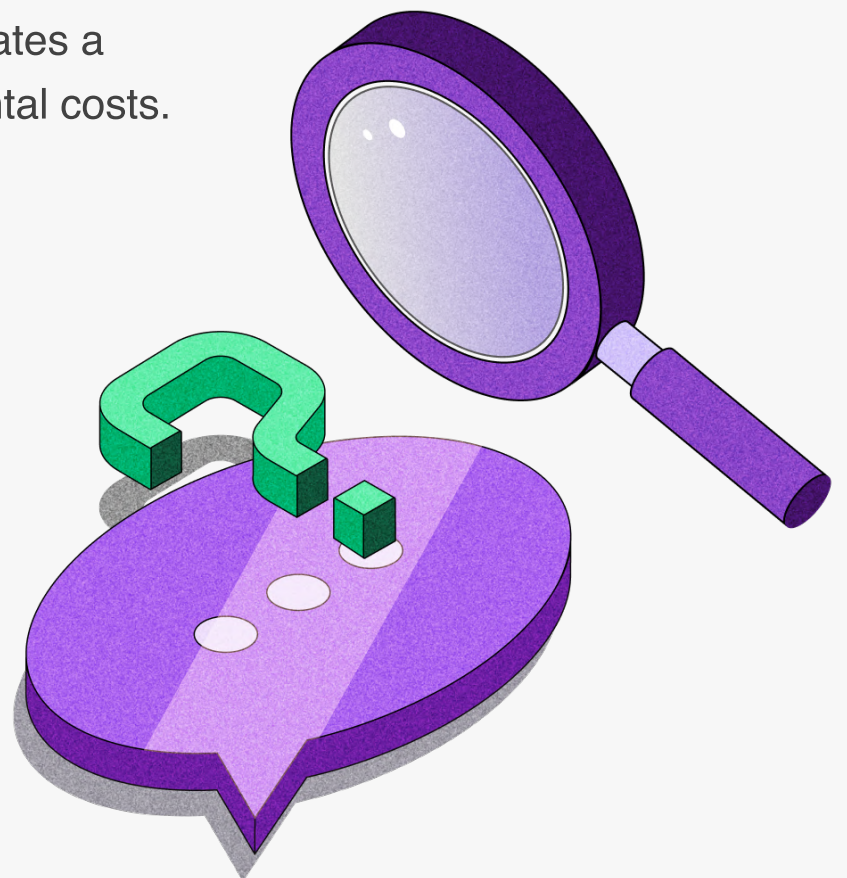
Goal: Notifications that are trusted

Messages sent directly from the app a user has downloaded are more trusted than SMS. But push notifications, the standard in-app messaging channel, disappear immediately and as a result convert at much lower rates than SMS, despite being more trusted. In app persistent notifications offer the best of both worlds, providing user trust of push with even better conversion rates compared to SMS.

Promotions

Get your fit gear!
Avail 10% discount on your next purchase.

Buy now

Order status

Your order is on the way!
Hang tight. May is on the way with your food.

Pepperoni pizza
Items total (1)

View receipt   Track order

Payment

Transaction successful 🎉
Woohoo! Money sent to James.

$ Best dinner ever
$23.00

($) View balance   ♥ Like

Promotions

New collection alert!
Buy one, get 50% off on your second item.

Citrus Bar soap   Items total (1)

Shop now

App alert

⊘ **App update**
Upgrade your app to access new on-demand videos.

Let's update

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Limited Flexibility

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Pitfall 3: Limited Flexibility

When it comes to the value of brand-to-user communication, every conversion counts. In order to optimize performance, product managers and marketers need to be able to adjust message layout, personalization, and cadence, amongst other variables.

SMS is limited when it comes to opportunities for customization and testing. While message optimization is possible, you cannot send detailed or interactive messages. Texts are limited to 160 characters, or just 70 if the message contains one or more unicode characters (such as emoji or Chinese characters), and the look and feel of the message cannot be customized.

It's also best practice to message your customers twice a week at most. Unsubscribe rates increase significantly once merchants send more than 2 texts in a 7-day period. In many countries, there are even limitations on when you are allowed to message your customers via SMS, for example between 8am and 8pm.
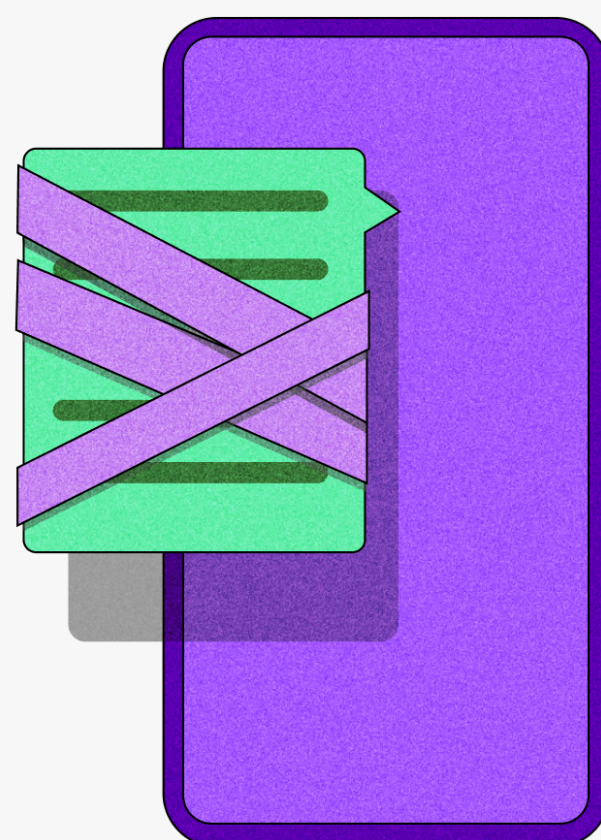
Goal: Notifications available anytime, anywhere (in your app)

Persistent in-app notifications provide flexibility for your brand-to-user message design, interactivity, and placement, without limitations on time and frequency. They offer a better way to send promotional offers, personalized recommendations, transactional updates, operational messages, and more. These notifications are also superior to SMS in their ability to personalize and send at more frequent intervals.
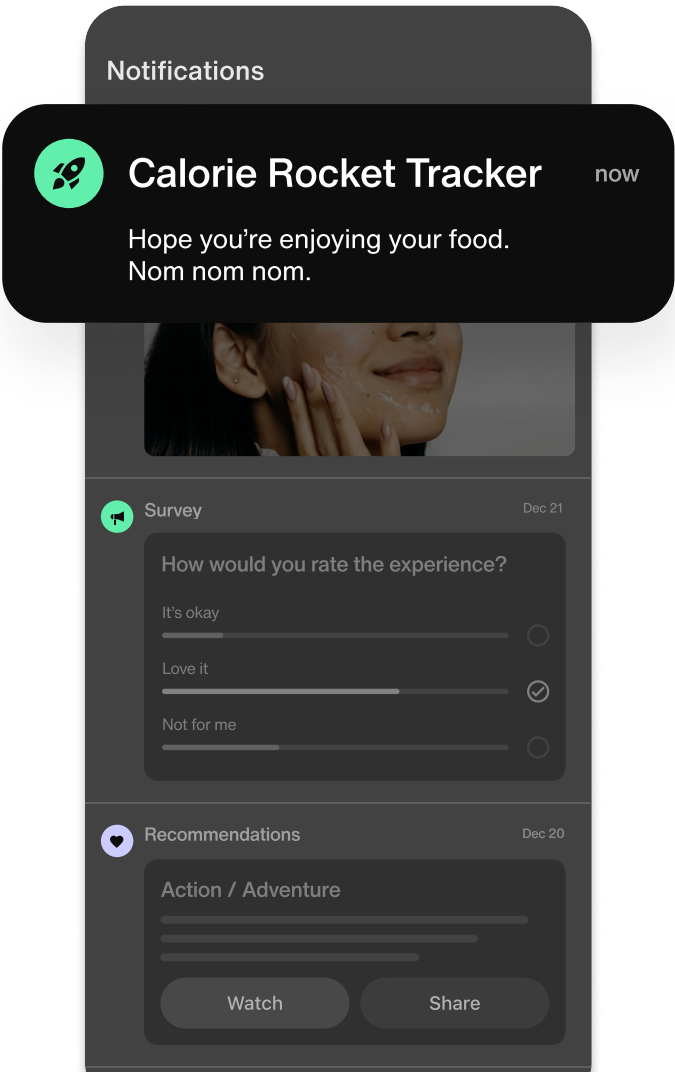
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Lost Messages

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Pitfall 4:
Lost Messages

SMS is plagued with deliverability issues. Many SMS messages hit inaccurate numbers or are flagged for spam. Even messages that do get delivered and opened are often scrolled past without conversion. High open rates sound impressive but don't tell the whole story. What happens after a message is opened? It's difficult to know. In fact, product managers have called SMS the "black box" of their business spend. There is no simple way to know if a message has driven engagement beyond open rates.

As more and more businesses opt-in to SMS for brand-to-user communications, an increasing number of messages are getting lost in the noise. The only existing alternatives for reaching your audience via mobile would be via third party channels such as email, push notifications, basic in-app messaging, and public messengers. But these options do not have high deliverability or conversion rates either.
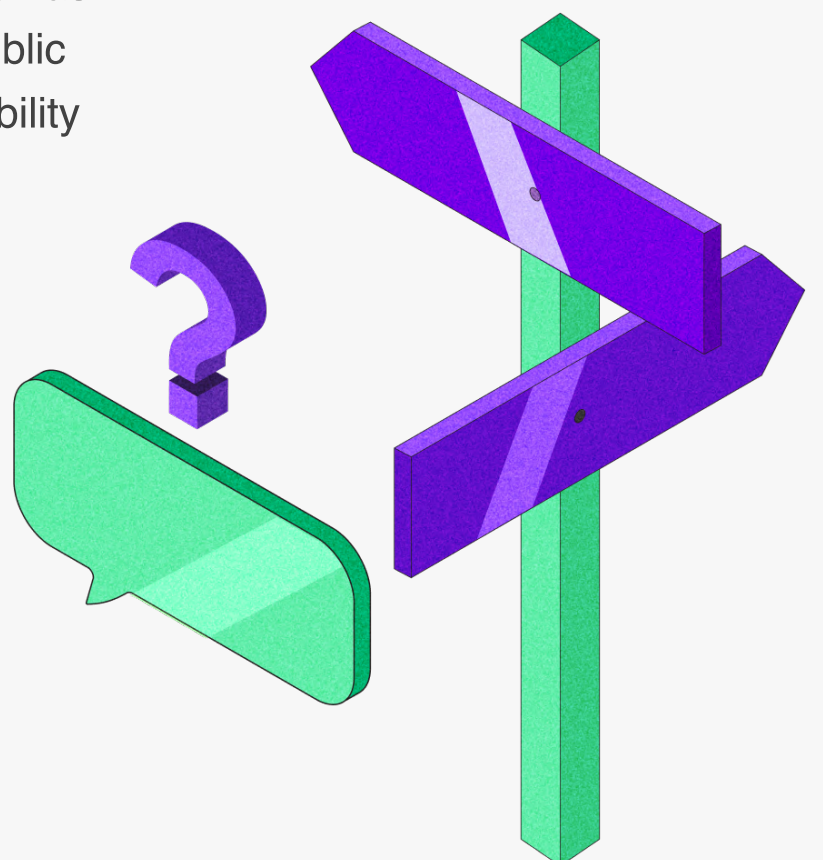
Goal: Notifications that don't get lost

Persistent in-app notifications, alternately, are fully trackable and offer 100 percent opt-in rates. By moving most of your mobile notifications in app, you can store your messages in a notification center that is always accessible so your users can receive messages when they are ready to view them. They also can be delivered inside chat threads in your app, or delivered in any screen in your app in custom workflows, increasing relevance, and as a result increasing views and conversions.

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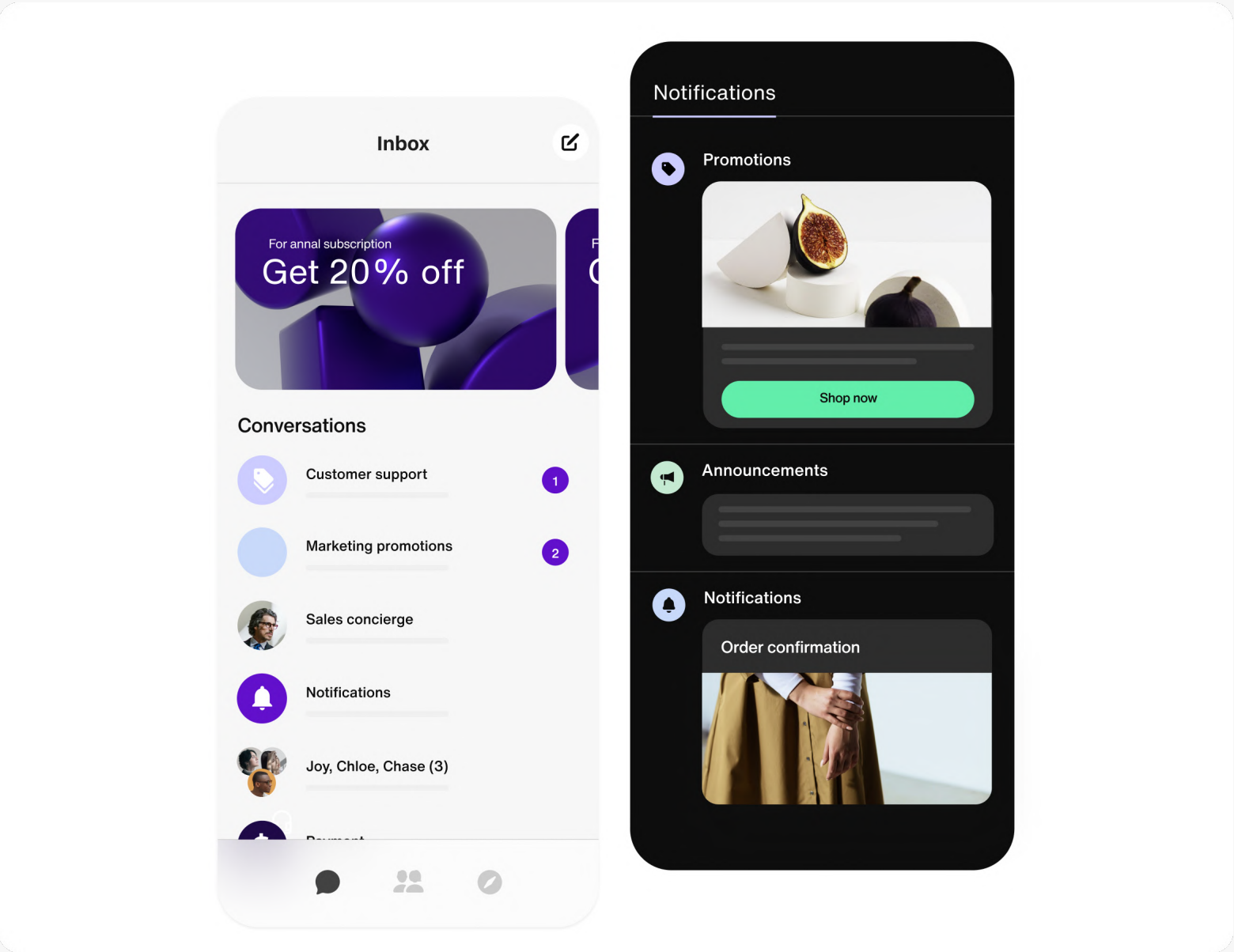
Poor Brand Experience

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Pitfall 5:
Poor Brand Experience

SMS notifications aren't known for offering a best-in-class brand experience. With limitations in length and style, SMS messages are straightforward calls to action, with no room for a branded experience. A non-native, black-box channel with no brand equity makes it difficult to build a relationship with your customers beyond a simple transaction, even when the notification does convert one off.

Customers are weary of SMS messages, and used improperly, they can actually hurt your brand. Sixty percent of customers surveyed said they unsubscribed from a brand that messaged them too often. Most SMS campaigns are sent out with little customization as well, which may be off brand and harm the customer experience.
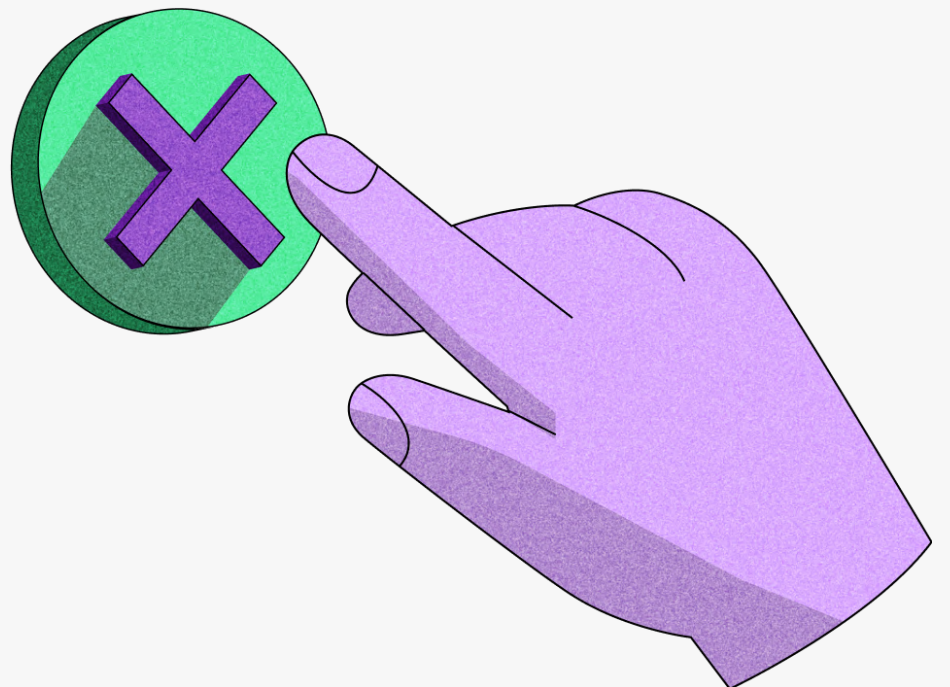
Goal: Notifications that look like your brand

On-brand, visually engaging notifications convert at a 2X higher rate than SMS, all while increasing brand loyalty and in-app engagement. A persistent and visually-engaging, branded notifications experience encourages users to return to the app more frequently to access messages, which results in higher engagement and conversions.

The more customizable the in-app messaging experience, the better for your brand. It doesn't make sense to invest in a fully branded app and then to tack on a notifications experience that does not follow brand guidelines. For the highest conversions, these notifications should be designed with on-brand images, GIFs, videos, and more, creating a visually-appealing experience for users that increases conversions and loyalty.
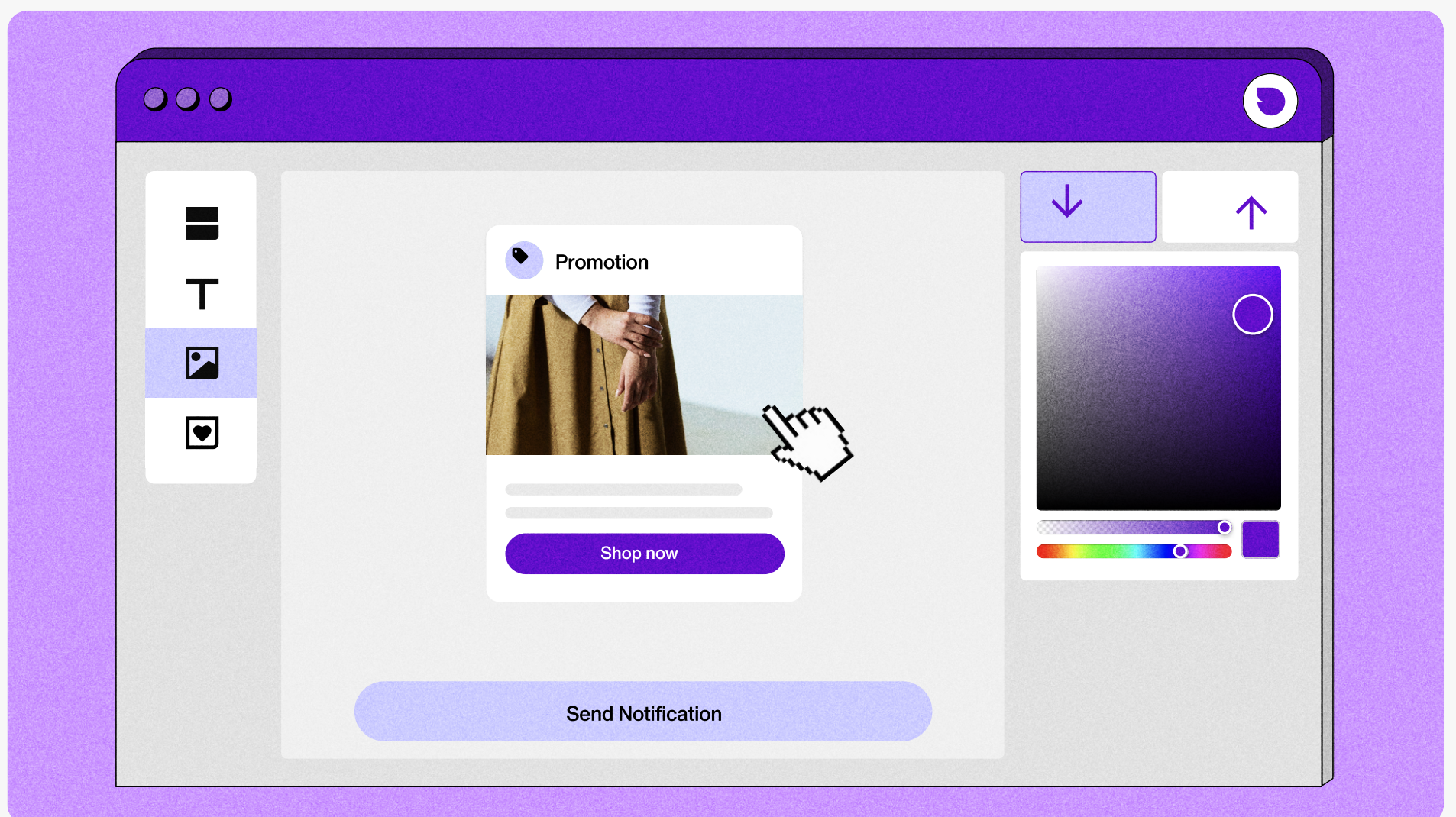
Sendbird Notifications: 50% the cost of SMS, 2X the conversion

Sendbird Notifications is a proven way for businesses to send high-converting business messages to users. When sending messages through Sendbird Notifications product managers are seeing 2X conversion rates compared to push or SMS, at half the cost of SMS.

Sendbird Notifications was built with time-to-value in mind. Launch in minutes with a UI Kit, create notifications templates, and support a high-volume messaging channel for your business. Request a demo of Sendbird Notifications.