

**JAM IP**



interact

innovate

integrate

**WHITEPAPER:  
THE CHANGING NATURE  
OF OUTBOUND  
COMMUNICATION**



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# INTRODUCTION AND METHODOLOGY

IN MAY, 2007, JAM IP COMMISSIONED CONTACTBABEL TO INVESTIGATE HOW CONTACT CENTRES COULD BE IMPROVING THEIR OUTBOUND CUSTOMER CONTACT, WITH PARTICULAR REFERENCE TO THE EFFECT OF MOBILE TELEPHONY AND SMS ON OUTBOUND STRATEGY.

As part of the project, ContactBabel carried out a series of in-depth interviews with 16 leading UK companies, analysing their attitudes towards, and opinions on outbound communications.

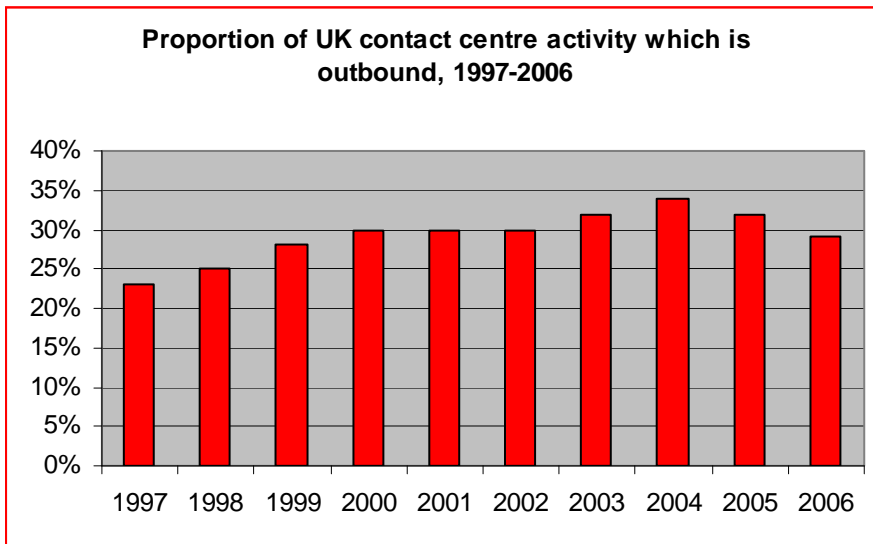
Respondents come from the financial services, retail, distribution, outsourcing, manufacturing, entertainment and utilities sectors

The respondents' contact centres make well over 20 million outbound contacts (telephone, email and SMS messages) each year, providing a valuable look at the growing impact of mobile telephony on outbound customer communication

# HISTORICAL PERSPECTIVES ON OUTBOUND COMMUNICATIONS

**BETWEEN 1995 AND 2007, THE NUMBER OF UK CONTACT CENTRES MORE THAN DOUBLED, AND GREW BY 350% IN TERMS OF JOBS.**

Now employing over one million people, the outbound sector has outperformed overall industry growth, accounting for 34% of all contact centre agent activity in 2004. However, in 2005, outbound's first reversal was seen, followed in 2006 by quite a sharp drop to proportions last seen in 2000.



Large-scale outbound calling is considered to have started in the 1970s, when US debt collectors began chasing payments by phone. In the 1980s, the UK saw a growth in cold calling, often around products such as home improvements. The contact centre industry as a whole took off in the UK in the mid-1990s, with large-scale inbound operations such as telephone banks and catalogue firms emerging that were able to cut costs while dealing more effectively with customers.

In the mid-1990s, outbound was still seen predominantly as a sales tool, and was synonymous with telemarketing. It was only in the late 1990s and especially the early 2000s that the idea of outbound as a brand and loyalty-building tool was more fully explored, following the tenets of CRM. At this time, customers started to receive calls from businesses which were based to a greater or lesser extent on the specific customer's profile and past purchases, supporting cross-selling and up-selling attempts.

It was around 2003 that major movements offshore began, usually to India, where the average agent wage was less than one-ninth of the UK counterpart. Many large businesses - which had all but abandoned large-scale cold calling as being too expensive – started to bombard the British public with highly-scripted sales calls, often from the insurance, utilities, financial and telecoms sectors. These were generally poorly-received by customers and prospects, with 42% of customers admitting that they were less receptive to sales calls originating from offshore, and 74% stating that they felt less positive towards a company after receiving a call from offshore<sup>1</sup>.

Alongside this, being seen to do something about privacy became an easy win for UK, European and US politicians. The Telephone Preference Service (TPS) came to the fore, as a central opt-out register whereby individuals can register their wish not to receive unsolicited sales and marketing telephone calls. Formed in 1999, it runs in tandem with the Privacy and Electronic (EC Directive) Regulations of 2003, which deals with email and SMS messaging. In 2004, corporate telephone numbers were allowed to be added to the TPS, despite strong arguments within the industry that this was open to abuse (e.g. a supplier can register a customer's number, preventing any competition from calling them), as well as risking a general decrease in revenues which would hurt business as a whole. There are currently around 15m telephone numbers registered with the TPS – over half of UK households.

The US has also implemented consumer privacy measures, including the CAN-SPAM Act for email, the Do-Not-Call Registry (similar to the UK's TPS) and various state-level restrictions (for example, California now has a law imposing a zero-percent over-dial rate on outbound calling, theoretically meaning a complete absence of silent calls).

Added together, the public dislike of silent calls (caused by the use of the over-dialling facility of a predictive dialler), the increase in sales calls from offshore and a growing dissatisfaction with junk emails has meant that the world of outbound now has to cope with significant legislative, political and commercial pressures.

The general effect is to reduce the pool of people who are willing to be contacted by businesses, while driving the cost per successful contact higher. As a result, many businesses are now focusing on customer retention through CRM-driven customer service, rather than large-scale customer acquisition through cold calling.

In the face of a government and European assault on business-to-consumer communication, it can sometimes seem difficult to see how businesses can continue to attract new customers.

<sup>1</sup> ContactBabel, "Finding the Balance: The Effect of Offshore Customer Contact on Profit and Brand", 2004

# OUTBOUND COMMUNICATIONS TODAY

**MANY INDUSTRY COMMENTATORS HAVE INDICATED THAT THEY BELIEVE THE ERA OF TRADITIONAL LARGE-SCALE OUTBOUND COMMUNICATIONS HAVE COME TO AN END.**

There are strong external forces at work that are steadily reducing the opportunities to contact customers and prospects, often based around privacy legislation. There is also an acknowledgement within the industry as well as at political levels that the excessive use of technology to increase outbound calling efficiency (thus creating silent calls) can be worrying or frustrating for those who are called. Businesses are also prevented from sending recorded messages to those who have not explicit opted into such communications.

Although political and legislative actions have hindered the growth of outbound communications, what should be of more concern to businesses is that empowered and irritated customers are taking the chance to show their dislike of receiving badly-targeted and intrusive messages: the massive growth of the TPS, and general negativity towards offshore cold calling is proof of this.

## COMMUNICATIONS TODAY

- UK contact centre agents involved in outbound calling (2007): 177,000<sup>2</sup>
- UK text messages in 2006: 41.8bn (up from 1bn in 1999)<sup>3</sup>
- Emails sent worldwide in 2007 – est. 35,000bn<sup>4</sup> (NB it is estimated that more than half of these are spam)
- Active UK mobile phone contracts – 63m in 2005<sup>5</sup>

Before looking at what the future holds for outbound customer contact, it is important to understand how and why outbound is being used today. The following data show the reasons for outbound contact today.

Outbound channel	Proportion of contacts
Telephone (sales calls to potential customers)	38%
Email (bulk marketing campaign)	29%
Telephone (sales calls to existing customers)	19%
Telephone (after care/service calls to existing customers, including debt reminders)	9%
Email (responses to specific customer requests)	5%
Agent-initiated text chat sessions on a website	<1%

Table 1:  
Proportion of  
outbound  
contacts made  
through various  
channels

<sup>2</sup> ContactBabel, "UK Contact Centres in 2007: The State of the Industry", 2007

<sup>3</sup> MDA

<sup>4</sup> IDC

<sup>5</sup> Analysys

The preceding table shows that the three most prevalent uses of outbound are all connected with sales, the traditional reason for outbound communication, accounting for 86% of all outbound activity in our respondents. Despite the legislative pressures on businesses to reduce cold calling, 38% of outbound activity is spent trying to persuade prospects to become customers. The cheap route of bulk sales emails accounts for 29% of outbound activity, with loyalty-building and contract renewal calls amounting to 19%. Service calls (which also include reminders to pay the bill) account for less than 10% of outbound activity.

The data below look at the question slightly differently, looking at the type of channel used for each outbound activity, whether sales, service or debt collection.

Activity	Telephone	Email	SMS
Contacts made to existing customers (cross-sell / up-sell / contract renewals)	65%	32%	3%
Contacts made to existing customers (no sales element)	69%	25%	6%
Debt collection or reminders	78%	22%	<1%
Contacts made to prospects (new sales attempts)	58%	39%	3%
<b>TOTAL</b>	<b>64%</b>	<b>33%</b>	<b>3%</b>

Table 2: The use of outbound channels

The data above show that debt collection is seen as best carried out in a one-to-one manner, where payment can be taken immediately. SMS is used most often to remind customers that their contracts need to be renewed, and also to offer them relevant products on a cross-selling basis, perhaps through special offers. However, it is a little surprising that so few SMS messages are used in this way, as this form of communication has the benefit of immediacy and cost-effectiveness. Email is used most often to sell new products, whether to prospects or existing customers.

# THE GROWING IMPORTANCE OF MOBILE TELEPHONY

HALFWAY THROUGH 2006, THE NUMBER OF MOBILE PHONES IN THE UK OUTSTRIPPED THE POPULATION, LEADING TO ANALYSTS PUTTING OUT SEEMINGLY COUNTER-INTUITIVE MOBILE PHONE PENETRATION RATES OF WELL OVER 100%.

95% of 16-24 year olds (the next generation of consumers for many businesses) use text messaging regularly, each sending an average of 100 texts per month<sup>6</sup>.

Businesses wishing to use mobile telephony - whether through voice or SMS - should be aware of the unique nature of the channel, including the psychological state of many mobile phone users towards the device. The mobile phone is seen as a private, personal communications channel, in a way that a PC or landline phone is not. The mobile phone goes everywhere with its owner at all times (the peak hours for texting are between 10.30pm and 11.00pm<sup>7</sup>), and the external appearance, sound and function of the phone can be personalised and modified to reflect the user's personality.

The majority of calls and messages received by a mobile phone user are meant for them directly: regardless of whether the communication is from a business or personal contact, the caller or sender has that specific mobile phone user in mind when the communication was placed. Many communications to a mobile phone - a message from a friend, or an urgent call about work, for example - create some sort of emotional response in the recipient that is not delivered along other channels.

Compare this state of affairs with outbound marketing calls made to landlines, and email campaigns. Although ostensibly personalised with the recipients' names, such communications are understood by all to be part of a wider message to an entire community, and as such, command less attention. The customer base is well-used to receiving (and ignoring) broad-brush contacts via landline and email, but for now, communications to the mobile telephone are seen as different. However, there are definite trends emerging which could bring the mobile phone firmly into the business-to-consumer arena.

Currently, 17% of respondents' customers volunteer their mobile number as their primary point of contact, suggesting that there is a significant number of people for whom being contactable is preferable to maintaining their distance from businesses.

This figure is almost certain to rise significantly, based on data which look at the proportion of outbound calls made to mobile phones, and how respondents believe this will change.

Table 3:  
Proportion of outbound contacts made to mobile phones (mid-2006 to mid-2008)

Date	Proportion of contacts made to mobile phones
Mid-2006	14%
Mid-2007	19%
Mid-2008	28% (expected)

<sup>6</sup> [www.text.it](http://www.text.it)

<sup>7</sup> *ibid.*

# THE COST OF OUTBOUND CHANNELS

IT IS VERY DIFFICULT TO ASSOCIATE A DEFINITE COST WITH EACH OUTBOUND CHANNEL – PHONE, EMAIL, AND SMS – AS IT IS NOT JUST THE TRANSMISSION COST OF USING THE CHANNEL THAT SHOULD BE CONSIDERED, BUT ALSO THE REVENUE GAINED FROM EACH CONTACT (THE COST OF ANY AGENT TIME IS NOT EVEN CONSIDERED HERE.)

Additionally, the proportion of customers or prospects who are actually made aware of the offer should be tracked, as there is no point in celebrating a cheap email campaign if half the emails bounced and the other half weren't even opened.

One of the hypotheses that this white paper set out to investigate was that the increased use of mobile phones was increasing the cost of outbound communication. As part of the research, respondents were asked to indicate the price they paid to call a mobile number, and to send an SMS to a mobile phone. ContactBabel also carried out some web research to see whether these costs were typical.

Channel	Cost paid by respondents	Typical Cost
Voice call to mobile phone	8.2p / minute	8p - 12p / minute
SMS sent to mobile phone	5.1p per SMS	4p - 10p per SMS
Voice call to landline	n/a	1.25p - 1.85p / minute
NB landline costs included for comparison		
For UK terminated, secure guaranteed and fully featured land to mobile messaging, pricing will only vary dependant on volumes or specific bundle tariffs and will typically be between 4p and 10p per message		

Table 4: Cost of selected outbound channels

A three-minute call to a mobile costs respondents nearly five times more than an SMS to the same number

## GROWTH IN OUTBOUND TELEPHONY COSTS

### Assumptions:

- 177,000 agent positions focused on outbound calling in 2007<sup>8</sup>
- 54% of outbound agent time spent on the telephone<sup>9</sup>
- Average telephony costs are 1.5p/min to landlines and 8.2p/minute to mobiles

Therefore, there are around 18bn minutes of outbound talk time each year coming from UK contact centres. Of this, 19% made to mobile numbers and 81% is made to landlines. The annual telephony cost of calling spent on calling mobiles is £280m, compared to landlines which is £219m: 56% of the cost spent on 19% of the calls.

By mid-2008, respondents expect that 68% of telephony cost will come from calling mobiles (£413m), with 32% being spent on calls to landlines (£194m).

This represents a year-on-year cost increase in outbound telephony costs of 22% - without any actual increase in call volumes being taken into account.

# SMS – THE WIN-WIN CHANNEL?

FACED WITH SUCH A GROWTH IN THE COSTS OF CALLING, BUSINESSES MAY FEEL TEMPTED TO CUT BACK ON OUTBOUND COMMUNICATIONS, PERHAPS EVEN GOING SO FAR AS NOT TO ACCEPT MOBILE NUMBERS AS THE PRIMARY METHOD.

However, this would be too much of an over-reaction. Many people do not have a landline phone, preferring to use their mobile phone. In the US, one-third of 18-29 year-olds only use a mobile phone for telephony<sup>10</sup>, while in the UK, 8% of all households are mobile-only<sup>11</sup>. While the mobile is expensive to call, its ubiquity and responsiveness has a great advantage over landline phones and even emails, as the business is far more likely to reach the customer by calling their mobile number.

**Increasing the use of SMS as a channel to the customer would reduce many of the costs associated with mobile communication (including agent time, as well as transmission costs), while keeping the advantages of contacting a customer's mobile number.**

Yet most respondents to this survey are currently quite reticent in their usage of SMS as a channel to their customers, as although a significant minority of companies use SMS for marketing campaigns and proactive customer service (e.g. overdrawn accounts or flight cancellations), they are more likely to use telephony and email for a large proportion of these types of activity (see Table 2).

Activity	Proportion of respondents using SMS for this activity
Regular information	13%
Marketing campaigns	44%
Proactive customer service	31%

Table 5: Which of these activities do you use SMS for today?

Currently, more companies use SMS for marketing campaigns than for customer service, perhaps as it is easier to send out a few thousand standard SMS messages than it is to tailor each one to the customer's requirements.

Success with selling via SMS	Proportion of respondents
Very successful - popular with the customers and good sales returns	38%
Good so far, it's early days but customers seem quite receptive	12%
Only limited uptake so far	26%
Customers dislike it and complain of spamming	0%
Too early to tell	24%

Table 6: If you use SMS to sell to customers, how successful has it been so far?

<sup>10</sup> Harris

<sup>11</sup> Quoted by Broadband Wales Observatory (the Welsh-only figure is 14%)

The results so far seem to be broadly positive, with around half of respondents reporting good sales returns from SMS campaigns. Having said that, the general feeling is that it is very early days for SMS, and most of the respondents are tentative about its widespread use. One of the potential issues with written communication - and especially SMS - is finding the best way to deal with replies from the customer. If the SMS is a call to action - e.g. texting a keyword to a five-digit shortcode to receive more information, for example, then that is simple enough. However, problems can arise when a customer wishes to reply directly to the SMS, in order to start a conversation with the business. The issue of queuing and routing the SMS to an appropriate agent is the same as for email, and there is also the question of getting through security - if necessary - which takes around 20 seconds in a normal conversation with an agent, but the same process can take minutes through the exchange of texts, making it unworkable.

One possibility is to provide a PIN code to be used in SMS interactions, although the general trend towards greater levels of security may mean that additional proofs of identity are required as well, perhaps going as far as biometric identity checking such as fingerprinting or iris recognition) one day being carried out on the mobile device.

Table 7: What response can a customer make to a SMS which they receive from your business?

Response options available to a customer receiving an SMS	Proportion of respondents
Multiple messages allowed between agent & customer (SMS conversation)	10%
Customer can carry out account maintenance or pay through SMS	0%
The customer can send a single simple response (e.g. brochure request)	35%
No SMS response allowed from customer	55%

As the data above show, most companies are currently keeping SMS an one-way street in order to avoid this issue.

### A View from Industry

**“CPP strongly believes that the SMS channel is significantly under-utilised in terms of business communications, texts can be delivered quite unobtrusively and can carry very professional content. We are currently implementing our own dedicated SMS Gateway and will be utilising a leading UK carrier later this year to launch new SMS based products and to begin servicing our existing customer and business partner base.”**

Deb Pasley, UK Strategy & Group Best Practice Manager, CPP

# OUTBOUND COMMUNICATIONS IN THE FUTURE – OPPORTUNITIES AND ISSUES

THE CURRENT STATE OF PLAY IS THAT BUSINESSES ARE INCREASINGLY CONTACTING CUSTOMER VIA THEIR MOBILE PHONE NUMBER, BUT GENERALLY NOT BECAUSE THIS IS PART OF THE BUSINESS STRATEGY.

As such, most businesses are bearing the cost of outbound communications to mobile phones, without getting many of the benefits. A business calling a mobile number will be more likely to get in touch with that person than if it had called a landline, but will have to deal with the much higher costs of telephony, as well as potential customer objections to commercial calls to a device which is felt as being personal to the customer.

As such, SMS should be more fully investigated as a potential channel for outbound customer communication, having the benefits of immediate contact at a low cost.

SMS contact types	Description and examples
One-way push (marketing)	Typical SMS sales campaign, similar to email
One-way pull (customer demand)	Account balance demands
Proactive customer service	Event-driven communications, such as delivery notifications, overdrawn accounts, delays to travel
Interactive (2-way)	Conversation between business and customer, or notification of event followed by an action by the customer (e.g. overdue account message, followed by the customer paying money in via SMS)

Table 8: Types of SMS contact

There is a danger, when considering some of the cost figures shown earlier in this white paper, that businesses are tempted to use SMS as a way to decrease their costs, without fully considering the customer's viewpoint. Many businesses were guilty of doing the same thing with email: seeing it as a cheap channel and trying to force customers to use it for activities that were inappropriate for that medium, usually failing in the process. SMS is not a panacea for the rising cost of outbound, and has some significant weaknesses as well as strengths that businesses would do well to consider before implementing an SMS solution

Respondents' opinions of SMS as a business-to-consumer channel of the future are generally bullish, and despite the fact that it is the 16-24 year-old age group who text most often, businesses do not believe that SMS is restricted to that age group, with 63% of respondents saying that they believed business SMS usage to be age-independent, and a further 19% saying that any age issue was only applicable in the short-term.

Table 9: Some advantages and disadvantages of SMS

Advantage	Disadvantage
Good for time-dependent messages, as most people read SMS immediately after receiving it	Mobiles are best suited to receiving simple information, rather than anything too complex – small screen; 160 characters; people often on the move; more difficult to enter text than to talk
Receiving a text evokes an emotion (even “Your furniture is ready, please call to arrange delivery”)	Harder to be interactive with SMS, due to security and time taken to send and receive texts
Ubiquity of mobile devices - reach the recipient wherever they are	Limited branding opportunities on many phones as the display will need to be text only
SMS is convenient and perceived as cheap by users, and 50% of people who respond to adverts will do so by text if businesses give them the option	Can be hard to build effective SMS lists retrospectively as mobile phone information may not have been collected to the same extent as email and postal addresses
The business doesn't have to make as many expensive calls, and customers are happy to get reminders of important information	Mobile phones are perceived as personal and private, with customers more likely to be offended by excessive messaging from businesses
Opportunities for viral marketing e.g. recipients making friends aware of relevant offers and information	Older customers may not be as receptive to SMS as younger ones
SMS is more likely to be read than email	Legislative restrictions upon sending electronic communications, including SMS

Table 10: Commercial Drivers for SMS Growth

Commercial driver	Score from 10 where 10 is “extremely important”	% of respondents scoring as 8,9 or 10
Ability to reach the customer on a personal device	8.8	90%
Increasing demand for more flexible communications amongst customer base	7.3	50%
SMS is less intrusive and cheaper than voice calls	6.8	38%
Proactive outbound SMS messages mean fewer inbound calls to deal with	5.7	25%
Legislation around outbound calling makes 'traditional' outbound more difficult	4.8	6%

The respondents believed that the most important driver for business-to-consumer SMS growth lay in the ability for businesses to contact individuals more easily, as the mobile phone is carried with the owner, and that SMS would in part be driven by customer demand for longer hours and greater contact options, as well as lower costs to the business.

Despite the effects of legislation on outbound calling already being seen, few respondents believed that SMS would act as a substitute for voice calls, but rather as a complementary channel, and this is something that should be emphasised: outbound communications are now definitely seen by businesses as opportunities to add value and secure loyalty through proactive customer service, as well as being a powerful sales tool. Using a mixture of SMS and voice, a business can communicate quickly and effectively with its customer base, choosing the right channel depending on the urgency of the message and the customer's own preference.

# CURRENT USES OF SMS BY BUSINESS

Although mainstream business has generally been slow to offer valuable content and services via SMS, niche players - often based in the entertainment sector and targeting younger customers - have been innovative in their offerings, including:

- Mobile auctions / reverse auctions: phone users send premium rate texts, costing over £1.00 each in many cases, in order to win large prizes for very low prices
- Voting and surveys: the most ubiquitous (and notorious) are linked with voting on TV shows
- Appointment reminders: used by dentists, doctors and hairdressers to remind customers about appointments, saving money on lost revenue and outbound calling
- Contract renewals / quotes: automated reminders of telecoms contracts, insurance renewals, etc.
- Contests: quizzes and other prize games
- Promotions, happy hour and discounts: time-sensitive marketing campaigns
- Proximity-driven marketing: offering content based on where the user is. For example, it is possible to scan for Bluetooth-enabled phones in a certain area, and send content to them
- Gambling: poker, blackjack, roulette, etc. This sector is likely to get bigger as phone displays improve and the public become more aware of the possibility of mobile gambling (as they have with online gambling)
- Vouchers: discount offers made to customers who show the "voucher" on payment
- Event-driven alerts: e.g. account balances, delivery times from couriers, etc.
- Event-driven information requests: someone driving past a "For Sale" board can text a request to receive information about the property via a shortcode
- mCommerce: micro-payments made on the phone, and billed from the monthly mobile bill
- General information requests: users can request information about anything from a centralised base, who text the information back. The "Recycle for London" service offers details of when citizens' recycling is collected or where their nearest recycling facilities are, by texting a keyword and shortcode
- IVR: request made by SMS to get information about traffic, weather reports which is delivered through an automated voice system

SMS marketing is widely seen as 'edgy', and aimed primarily at young (and sometimes naive) consumers. It has also attracted more than its fair share of cowboys and con-men, lending a certain disreputability and gold-rush feel to the practice of SMS marketing, particularly around textback services. Particularly notorious examples of abuse of the premium textback service (where the user pays premium prices for content) include:

- Mobile Trojan horses trying to call premium rate numbers automatically, in the same way that a PC autodialler virus attempts on a dial-up connection
- SMS voting scandals, where premium rate messages were continued to be received even after voting lines had been closed and decisions had been made
- Messages being sent informing people that they had won a large prizes, and urging them to call premium rate lines (which faked an engaged tone which means they kept on trying to get through)
- Downloading of ring tones, where small print in the advertisement locks users into expensive subscriptions
- Targeting people (especially the young) with "You have won £500, dial this number"-type messages, where the number was premium rate and the call lasted for many minutes.

This abuse of premium rate SMS services means that many users now feel uncomfortable about replying to unsolicited texts, tarring the whole of the interactive text experience with the same brush, despite the efforts made by ICSTIS and Ofcom to reduce these types of fraud. To carry out successful interactive text messaging requires a trusted brand which has been requested by the customer to provide this service.

The legal position with SMS is the same as with email. A business can send SMS messages directly related to information that customers or prospects have requested before. Permission is said to have been granted if customers have expressly requested that a business send an SMS to them; it is not simply enough for customers to give their mobile numbers.

## TAKING SMS FORWARD

**SMS WILL WORK BEST WHERE CUSTOMERS ARE HAPPY TO HEAR FROM A BUSINESS (E.G. IF THEIR ACCOUNT IS IN DANGER OF BECOMING OVERDRAWN) AND IN CASES WHERE THE BUSINESS IS SAVING MONEY OR STRENGTHENING THEIR BRAND.**

The link between mobile telephony and web is only going to get stronger with the path to a single unified device looking clearer, with media and communications on the same device. This will mean the boundary between SMS and email will just blur, with the current visual drawbacks of SMS becoming irrelevant. Although the small screen of any mobile device means it's hard to do anything complex on-screen, the addition of voice-to-text technology will allow users to form longer and more complex sentences, more akin to email. Currently, there are significant inhibitors and missed opportunities within the outbound business-to-mobile activity of many companies:

- Lots of current SMS is opportunistic and driven by short-term revenues, (i.e. much of the premium rate textback contents, whether or not they are actually scams). This can make SMS look like a predatory sale tool, rather than anything which customers value. However, some leading businesses are offering simple value-add services such as account balance updates, although many make customers pay for it
- SMS is seen as something for young people to do, rather than offering a serious business opportunity. In part, most people in senior decision-making roles in large businesses don't use SMS much themselves, so are tending to ignore or are simply unaware of the opportunities SMS can provide
- There is little happening in the way of brand-building through cheap proactive customer service, such as informing customers of events that are important to them. Much of the SMS activity coming from mainstream businesses is built around direct revenue growth attributable to that campaign, rather than anything more strategic and relationship-focused
- SMS is particularly suited to viral marketing by forwarding SMS offers or information onto other people within their peer group network
- SMS allows businesses to measure success of key words and concepts by tracking responses to different messages in real-time, as any customer responses are virtually immediate. This also allows rapid analysis of results by socio-demographic, age and regional variations
- Establishing a detailed and segmentable database of users for ongoing promotions is vital to long-term SMS-based marketing. Tales abound of mobile numbers being harvested legitimately by sponsors of text-in voting competitions, resulting in callers being sent daily offers for products and services that were completely irrelevant to many customers, most of whom eventually opted out.

**Of course, there are inhibitors to mass outbound SMS usage, although there is nothing that respondents definitely state is a show-stopper.**

Inhibitor	Score from 10 where 10 is "extremely important"	% of respondents scoring as 8,9 or 10
Difficult to integrate with existing contact centre applications	5.8	38%
Inability to automate a conversation	5.5	25%
Customer base would not like it	4.7	19%
Too expensive	3.3	6%
Not flexible or rapid enough to be really useful	3	0%
Concerns over security	2.8	0%
Not much thought given to it	3.9	19%

Table 11:  
Inhibitors to SMS  
growth

Many respondents are concerned that adding another channel to the work of the contact centre is going to cause problems, as email has done for many organisations who have failed to support the channel adequately.

#### A View from Industry

**“The proportion of calls that are made to mobile phone numbers has increased rapidly, and we expect this trend to continue. We believe that SMS messages could encourage one-to-one marketing, as well as providing the customer with more timely and proactive customer service. The issue of how best to integrate the SMS channel with the rest of the contact centre will be crucial in determining whether the full potential can be exploited.”**

Gary Jackson, Customer Service Director, Personal Lines, AXA Insurance

This is linked in with the second-greatest concern, which is that it is too difficult to have a conversation using SMS. However, SMS seems more suited to automated information requests from customers, marketing campaigns and proactive customer service. Like email, it is unlikely to be the channel of choice for customers with complex requests, but will be very capable of doing what it is good at: simple information provided in a timely fashion.

**SMS has the ability to add a new level of cost-effective customer service and marketing to many companies' contact strategies, and with the 16-24 year-olds - "Generation Text" - shortly poised to become mainstream consumers, businesses should be considering the positive and negative impacts that mobile communications are having on their costs, brand and profitability.**

# APPENDIX

## ABOUT JAM IP

JAM IP is a leading contact centre services organisation, a group of experts who specialise in consulting, professional services, software development, systems integration and managed services.

JAM IP's aim is to **interact** with organisations to understand their business needs, **innovate** to deliver solutions and strategies that transform customer services, and **integrate** these solutions into existing business systems.

JAM IP trades independently as a centre of excellence within the KCOM group, with the main office located in Maidenhead, Berkshire.

Email: [contact@jamip.co.uk](mailto:contact@jamip.co.uk)  
Website: [www.jamip.co.uk](http://www.jamip.co.uk)  
Telephone: 01628 519500

## ABOUT ContactBabel

ContactBabel is the contact centre industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analysing the contact centre industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

We help the biggest and most successful vendors develop their contact centre strategies and talk to the right prospects. We have shown the Department of Trade and Industry how the UK contact centre industry will develop and change. We help contact centres compare themselves to their closest competitors so they can understand what they are doing well and what needs to improve. If you have a question about your company's place in the contact centre industry, perhaps we can help you.

Email: [info@contactbabel.com](mailto:info@contactbabel.com)  
Website: [www.contactbabel.com](http://www.contactbabel.com)  
Telephone: 0870 770 3337 or +44 (0)1740 629835