

Market Study into A2P SMS Competition

Prepared for Ofcom
August 2024



*WE LIVE
CONTEXT*

Objectives & Methodology

Business Objective

Understand the A2P SMS market, including the impact of price increases and the options for viable alternative services, to help inform Ofcom's wider research into the A2P SMS market.

A2P SMS

Application-to-Person (A2P) SMS are automated text messages sent from businesses and other organisations to consumers/customers, with examples including one-time passcodes for online banking, medical appointment reminders and parcel delivery notifications.

Research Objectives



UNDERSTAND

the experiences of A2P SMS service users (businesses and public bodies).



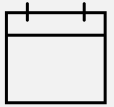
EVALUATE

the potential of alternative messaging services as substitutes for A2P SMS.

Methodology



30 x 1-hour online in-depth interviews



Fieldwork conducted
3rd - 29th July 2024

Respondents were recruited via an established B2B panel.

In order to qualify, they needed to be currently employed in a UK based private or public organisation that currently or previously used A2P/ Bulk SMS messaging, and have a significant influence on decisions regarding the service.

Sample Breakdown

Current or previous users of A2P/Bulk SMS messaging services

| Private Sector | | | Public Sector | |
|---------------------|-----------------------------|----------------------------|---------------|-------|
| SME (1-249 FTEs) | Midmarket (250-999 FTEs) | Corporates (1000+ FTEs) | Large | Small |
| 6 | 6 | 6 | 8 | 4 |

ADDITIONAL SOFT QUOTAS

INDUSTRY SECTORS: We spoke to a wide range of organisations across the following

- **Private sector:** Financial Services, Retail & Hospitality, Logistics & Transport, Utilities, Professional Services, Manufacturing & Distribution
- **Public sector:** Healthcare (including NHS GPs and hospitals), Education, Government, Charities



RESPONDENT FOCUS: Across the sample, we gathered insight from each of these perspectives

- **Functional focus:** This covers a focus on the practical use of A2P SMS to achieve business objectives such as customer notifications, security standards, and marketing reach.
- **Financial focus:** This covers the evaluation of costs, negotiation with providers, and cost comparisons with other messaging types.
- **Technical focus:** This covers the technical aspects of the service including IT platform integration, and the technical performance of providers.

Former users: We spoke to one organisation that formerly used A2P SMS services (e.g. within the last 12 months) but no longer does and uses an alternative service (e.g. WhatsApp for Business, Google RCS, in-app notifications, etc).



CONTENTS

A2P Market Landscape

01

A2P SMS Usage & Perceptions

02

Procurement & Cost Perceptions

03

Alternatives to A2P SMS

04

Future of A2P SMS

05

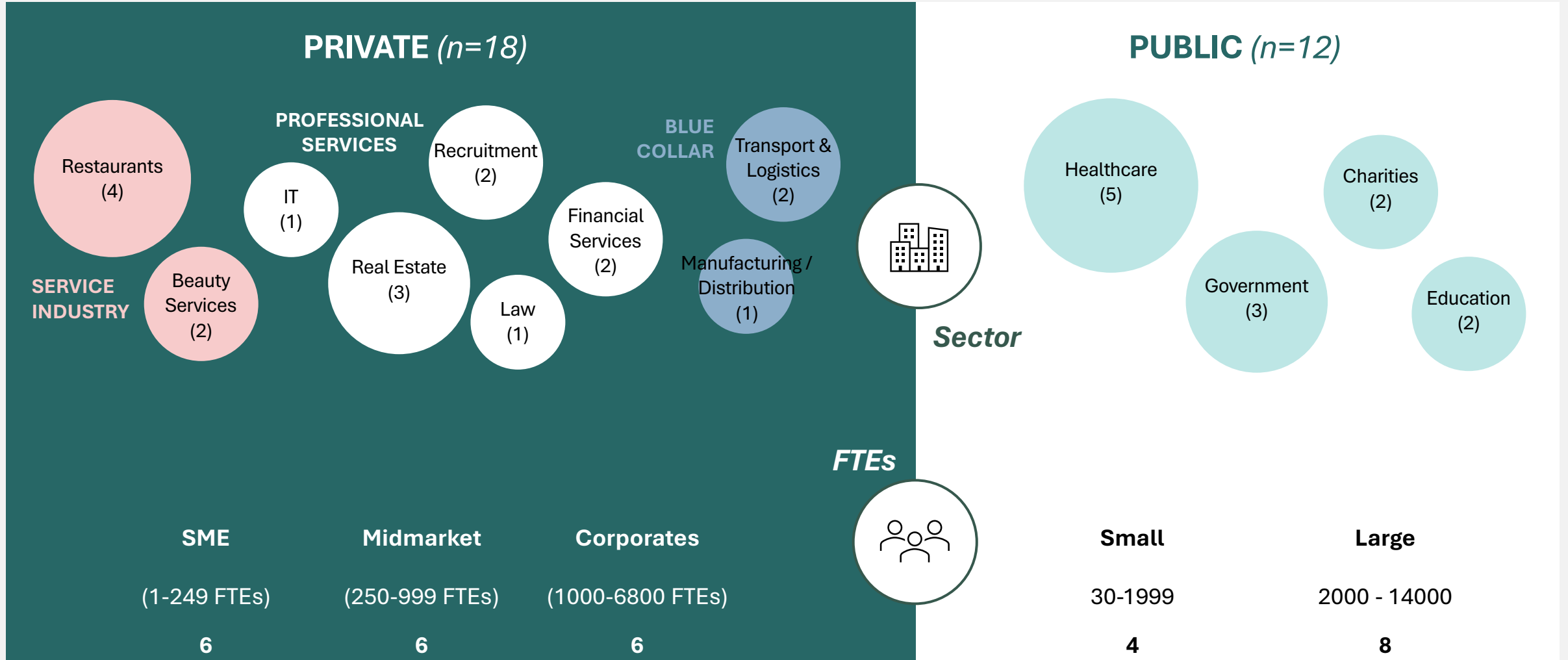
Conclusions

06

1.0

A2P Market Landscape

Our research sample spanned many sectors and organisation sizes



* Note: these figures describe the composition of our sample of 30 qualitative interviews – they should be treated as indicative only and should not be considered representative of the wider market

Over half of the organisations we spoke to are using other services in addition to A2P SMS, although volume and spend on these services is lower

Usage (# Organisations*)

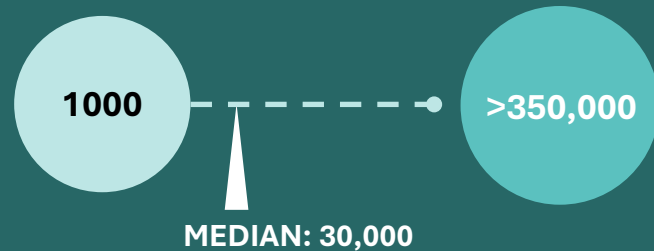
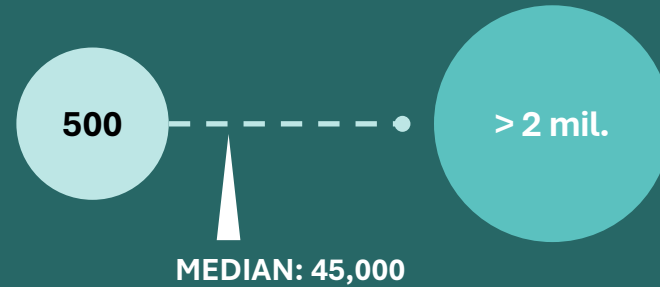
A2P SMS Only

13

A2P SMS + Other Service
(16) / Other Service Only (1)

17

Volume of Messages (per year)



Spend (per year)



** Note: these figures describe the composition of our sample of 30 qualitative interviews – they should be treated as indicative only and should not be considered representative of the wider market*

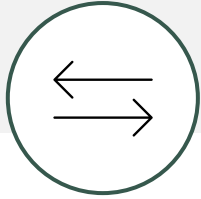
There is a crowded landscape: Organisations have a broad array of providers - of different types - to choose from when it comes to A2P SMS

| DIRECT | AGGREGATORS / SERVICE PROVIDERS | | WITHIN PLATFORMS | | |
|-----------------|---------------------------------|--------------|-------------------|--------------------|--------------------|
| BT Soprano / EE | TextMagic | Toucan Text | <i>Healthcare</i> | <i>Restaurants</i> | <i>Education</i> |
| O2 | BulkSMS | Clicksend | DrDoctor | Sevenrooms | Flare |
| Vodafone | TextMarketer | Textanywhere | Healthcare Comms | Resdiary | <i>Recruitment</i> |
| Virgin Media | Twilio | MessageBird | Accurx | <i>Beauty</i> | Smartrecruiters |
| Syniverse (US) | Esendex | Commify | Mjog | Treatwell | Ringover |
| Telstra (AU) | Firetext | | PATCHS | Fresha | |
| | PageOne / Critco | | Florence | <i>Real Estate</i> | <i>Charity</i> |
| | Multitone | | iPlato | Finplan | Mentor |
| | | | Dr Foster | Gnomen | <i>Government</i> |
| | | | | | Govnotify |

Beyond just MNOs, companies we interviewed are also using a wide range of aggregators / service providers as well as 'in-platform' solutions

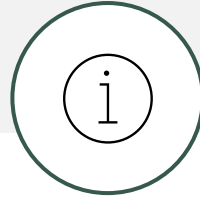
Note: This is not an exhaustive list of all providers of A2P SMS services

And they are using these providers across a wide range of use cases



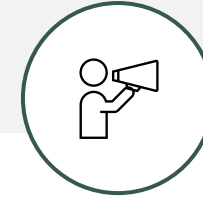
TRANSACTIONAL examples

- Confirmations:
 - Restaurant reservations
 - Doctors / NHS appointments
 - Hair / beauty appointments
- Payment confirmations for above appointments / reservations
- One-time passwords for secure log-ins to internal software across industries



INFORMATIONAL examples

- Reminders:
 - Restaurant reservations
 - Doctor / NHS appointments
 - Hair / beauty appointments
 - Rent
 - Property viewings
- Internal team / company communications across industries
- Safety alerts in universities, NHS and government
- NHS, transportation and government emergency alerts



PROMOTIONAL examples

- Marketing messages and promotions
- Restaurant deals and promotions
- Hair and beauty discounts
- Membership body training courses and events
- Temp job openings (e.g. on behalf of recruitment company looking to place candidates quickly)

When it comes to other services, options are currently more limited and use cases more niche

WhatsApp For Business

(14 participants using)

- Restaurant reservations / communications for VIP
- More detailed 1:1 communications with hair / beauty clients
- Internal communications among a niche / more senior cohort
- More elaborate informational or promotional content across industries

Google RCS

(2 participants using)

- More elaborate informational or promotional content across industries (e.g. incorporating pictures, not just text and links)

Facebook

(2 participants using)

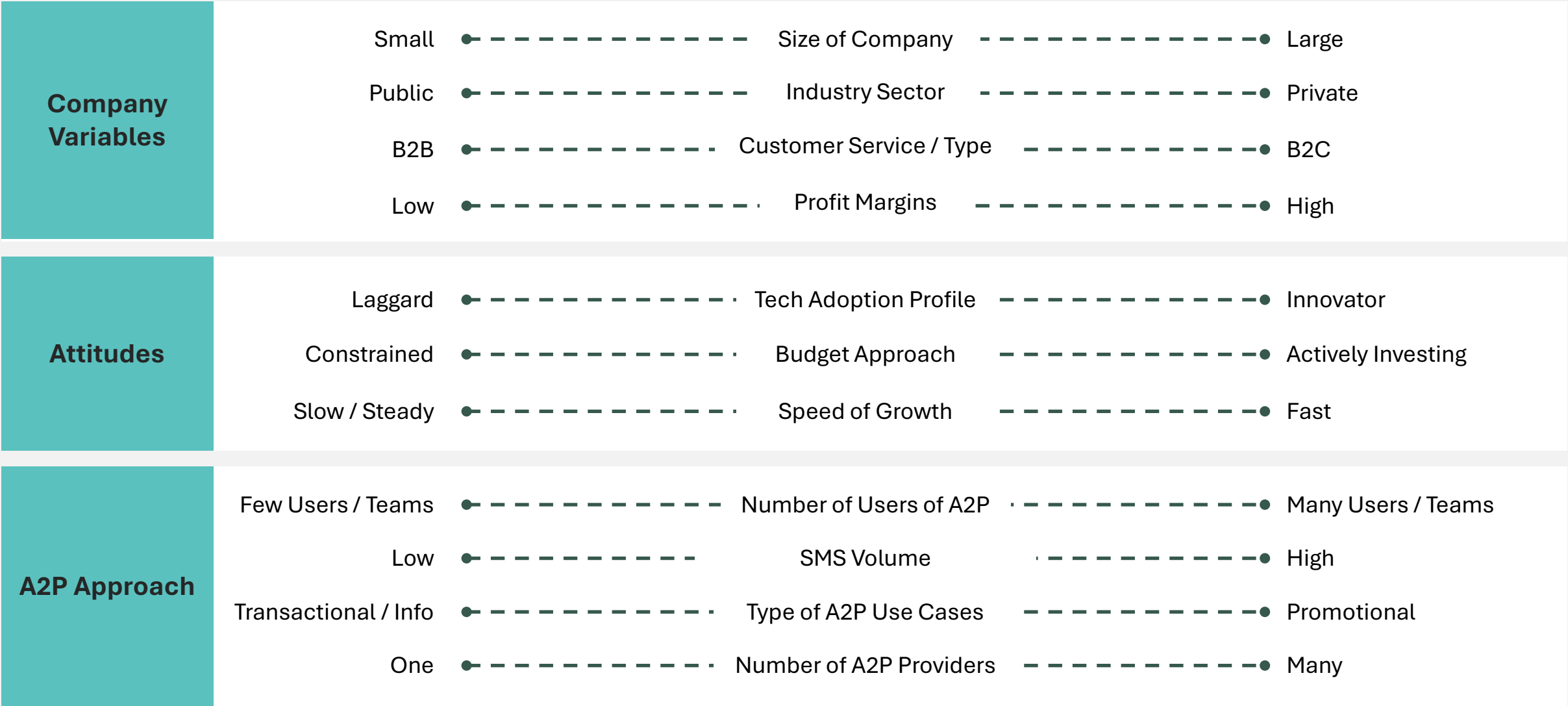
- More detailed 1:1 communications with hair / beauty clients
- More elaborate informational or promotional content across industries

In-App Notifications (e.g., NHS app, Oracle health, etc.)

(3 participants using)

- NHS appointment confirmations / reminders for those who have dedicated app / opt-in
- Safety / emergency alerts at universities

Among those we spoke to, key differences emerge based on...



2.0

A2P SMS Usage & Perceptions

Across organisations and use cases there are commonalities in usage and perceptions of A2P SMS...



SMS is unmatched in its reach



It is tied to clear outcomes



It is largely commoditised



It is a small % of budget




SMS is unmatched in its reach

Many organisations turn to A2P SMS due to its ability to reach *almost* everyone. The majority of the population have access to a mobile phone and the ability to receive SMS regardless of location, age, income, etc.

The universality of the service is its stand out benefit upon which many other services fail to deliver. For example, WhatsApp for Business, or apps all require people to actively download / sign up to access them and have a data connection – which is not achievable for everyone, especially for some of those who are of an older generation or lower income.

This makes SMS the most vital communication channel for many. Especially public organisations, such as the NHS, where their audience is all encompassing.



“SMS will reach everyone. If we talk about digital inclusion, it’s one way that we keep people included because most mobile devices still have that functionality without having to log into anything else or download any other apps.”
Head of Operations, NHS



It is tied to clear benefits & outcomes

In addition to the universality of SMS, it is also quick (some described it as instant) and commands recipients' attention. While physical mail, emails or app notifications may go ignored or forgotten, people are more readily and frequently checking their SMS messages – meaning it is the communication method with the greatest visibility.

For many users, there is a direct and measurable benefit to SMS messaging – whether that be open / read rates, show rates to appointments or bookings, such as the measure of DNA (do not attend rates) within the NHS, or immediate response to emergency communications.

For some, this has direct financial benefit that far surpasses the cost of the messages.

“For us the cost is not a concern, even if it goes up, as it is worth it to reduce no-shows, which will typically cost us £60 for a table for two.”

*Operations Manager
Restaurant Chain*

Please note: This case study is indicative only and is not necessarily representative of the wider market

CASE STUDY

Business Owner, Real Estate Agency

For a small real estate agency, A2P SMS is seen as a worthwhile investment to reduce appointment no-shows

Bulk SMS is used within a real estate agency for reminders and notifications, emphasising its importance for operational efficiency and customer engagement.

It's a vital communication method for business due to the reliability over other platforms like WhatsApp, its ability to reach a wider audience, including those without smartphones, and the observed increase in appointment show-ups and rent reminders' effectiveness.

| PROFILE | |
|--------------------------------|--|
| Sector | Real Estate |
| Organisation | Real Estate Company |
| FTEs | 14 |
| Message Type / Provider | A2P SMS only: Firetext, Gnomon (Property software) |
| Use Cases | <ul style="list-style-type: none"> • Informational: e.g. reminders, notifications, and updates • Promotional: e.g. marketing messages and promotions |
| Volume (per year) | 5000 - 8000 |
| Spend | c. £250 – 400 |



“In the great scheme of things, it's not stupidly expensive compared to most marketing campaigns or things like that and to not waste my staff's time by turning up to appointments with no shows then obviously that in the long run is definitely worth it and worth that little bit of extra cost.”



Please note: This case study is indicative only and is not necessarily representative of the wider market

CASE STUDY

A2P SMS is considered pivotal within the NHS in reducing DNA rates and saving them time and money

Head of Operations, NHS



A2P SMS is used within the NHS primarily for appointment reminders and confirmations.

For the NHS in particular, A2P SMS is essential for its reach and has been proven to have a direct impact on did not attend (DNA) rates which results in cost savings.

It is used alongside other communication channels like the NHS app and patient portals to enhance engagement and streamline healthcare delivery.

| PROFILE | |
|--------------------------------|---|
| Sector | Public Healthcare (Hospitals) |
| Organisation | NHS |
| FTEs | 5000+ |
| Message Type / Provider | A2P SMS only: BT Soprano, DoctorDoctor |
| Use Cases | <ul style="list-style-type: none"> • Informational: e.g. reminders, notifications, and updates • Transactional: e.g. OTPs, transaction alerts, and confirmations. |
| Volume (per year) | 150,000+ |
| Spend | c. £30,000 |

“Bulk SMS messaging is still pretty pivotal to reducing our DNA rate. If somebody does not attend, that's a wasted appointment. That means that we could have seen either another patient or we end up losing funding for that appointment slot. So it's got a real financial impact to the organisation.”





It is largely commoditised

Users feel there is no shortage of providers to choose from when it comes to A2P SMS, and many note that they largely feel comparable in terms of price and offering.

When purchased as a standalone solution, A2P SMS is considered a basic service with limited functionality, and therefore limited points of differentiation.

Where differences do arise, they relate to payment options – for example pay per message or paying for a bundle - and integration capabilities. Despite this, providers are still largely seen as being interchangeable.

“

“The bulk messaging market is competitive, with many providers offering similar services. The decision to stick with or switch providers largely depends on factors like API [application programming interface] integration or global coverage.

*IT Director,
Investment Bank*



It is a small proportion of budget

Across the range of company sizes and sectors organisations belong to, price perceptions of A2P SMS are largely aligned.

The low cost of individual messages mean that, regardless of company size, in the grand scheme of overall expenditure A2P SMS is typically perceived to be a negligible outgoing.

Additionally, the benefits of reach and visibility that result in measurable impact such as reducing no shows in hospitality and healthcare are unparalleled. As a result, it is considered more than worth this investment and many would be willing to withstand small price increases to maintain these benefits.

“

“Our budget for bulk SMS is a small fraction of our overall IT budget – so while it’s important, it’s really not a primary financial concern for us.

*IT Director,
Regulatory Authority*

Please note: This case study is indicative only and is not necessarily representative of the wider market

CASE STUDY

IT Director, NHS Trust



There are a minority of cases where cost is a substantial concern and a key consideration

While cost of A2P SMS is a minor factor for most, a minority feel the cost is substantial enough to cause them concern.

This is especially true for those with low margins and high volumes and/or public services – for example the NHS, government users, and charities.

Additionally, some feel costs should actually be coming down as the technology ages and new solutions come into play.

| PROFILE | |
|--------------------------------|--|
| Sector | Public Healthcare (Hospitals) |
| Organisation | NHS |
| FTEs | 5000+ |
| Message Type / Provider | A2P SMS only: Healthcare Communications / BT (EE) |
| Use Cases | <ul style="list-style-type: none"> • Informational: e.g. reminders, notifications, and updates • Promotional: e.g. marketing messages and promotions |
| Volume (per year) | 1 million + |
| Spend | c. £100,000 |

“Outlay is a 6-figure sum, and we always equate that cost to how many caregivers we could hire as a way to keep it real, so for us that's the equivalent of four nurses.”



Perceptions can differ depending on how users access A2P SMS...

“

Text Marketer was quite expensive. It was like so many pence per message. Whereas with Treatwell it's all included in with the booking system so basically, I can send any amount.

**Business Owner,
Beauty Company**

As an SMS service only

If utilising SMS as a standalone service, purchased either directly or through an aggregator, users can be slightly more sensitive to the price.

Purchasing in isolation exposes users more directly to the price per message or bulk of messages, and also makes them more aware of any price changes.

However, price concerns, even among this group, are still minimal.

As an embedded service within a platform

When A2P SMS are sourced as part of another platform, such as a booking and reservation system, users are more removed from the price of the messages, and therefore less sensitive to it and any potential fluctuations.

In these instances, users often weigh up the cost vs. benefit in terms of the entire package vs. just the SMS messaging.



3.0

Procurement & Cost Perceptions

Ultimately, A2P SMS is a well-established and cost-effective service, that seamlessly serves its purpose and has done so for many years.

As a result, **A2P SMS is not top of mind for many, especially in contrast to other solutions they have to deal with (e.g., Cloud services).**

Many state they have not noticed any significant changes to, nor more specifically increases in, pricing of A2P SMS.

“3p per message is not viewed as significant, especially when compared to other communication means such as printing out glossy brochures and manually sending them out via the post.”

*IT Director,
Investment Bank*

Rather than price, many choose their providers based on...

“

We want to gain greater centralised control over SMS sending, so we are trying to negotiate a contract where they will be charged per seat and not per message, and fewer seats will [mean we will] be able to send out more messages while reducing the costs.

**IT Director,
Waste Management Company**

Recommendation

With many options out there, recommendations can provide users with a steer in the right direction.

In larger, often public organisations, many refer to established frameworks which set out a recommended provider(s) to use.

Service

Functionality of A2P SMS is considered basic and comparable across providers, but what can make a provider stand out is its ability to offer something *extra*.

Having enhanced customer service or additional security measures can be the winning decision factor for some users.

Integration / Efficiency

Many users mention a push towards consolidation of services across their organisations, desiring simplified planning and payment plans.

The ability to integrate A2P SMS into other platforms already in use provides an efficiency most are actively seeking right now.



While many note that cost is *always* a consideration, it is rarely a driving factor in decisions due to the low cost and limited differentiation across providers.

Please note: This case study is indicative only and is not necessarily representative of the wider market

CASE STUDY

IT Director, Restaurant Group



In restaurants, A2P SMS is used for reservation confirmations and reminders and is valued for its integration into booking system software

A2P SMS is used within restaurant groups for reservation notifications primarily, and recently also SMS promotional campaigns and plans to start assessing the impact of these on customer behaviour.

The A2P SMS provider integrates with the restaurants CRM Patronix (using Commify to send the SMS), which is vital. Pricing is considered about right in the market but enhanced functionality without increases in price is expected.

| PROFILE | |
|--------------------------------|--|
| Sector | Hospitality |
| Organisation | Restaurant Group |
| FTEs | 1200 |
| Message Type / Provider | A2P SMS only: Commify integrated with CRM |
| Use Cases | <ul style="list-style-type: none"> • Informational: e.g. reminders, notifications, and updates • Promotional: e.g. marketing messages and promotions |
| Volume (per year) | 45,000 |
| Spend | c. £2000 |

“It’s such a key thing to have the integration. It’s great to have SMS messages, but if there's nothing linking it to the CRM it’s not as efficient and it’s very hard to figure out if it's working or not with regards to no shows and promotions uptake.”



Please note: This case study is indicative only and is not necessarily representative of the wider market

CASE STUDY

**Operations Manager,
Supportive Housing**

In a charity organization, utilizing A2P SMS as part of a wider management platform package is considered beneficial

Within a charity organisation, A2P SMS messaging is used as part of the supportive housing’s management platform Mentor to communicate internally and with residents.

As a charitable organisation there are concerns about the potential costs associated with SMS messaging, especially when charged per message – a unified platform that could deliver efficient, secure and cost-effective communication, as well as adhere to auditing regulations, was therefore important.

| PROFILE | |
|--------------------------------|---|
| Sector | Charity |
| Organisation | Supportive Housing |
| FTEs | 30 |
| Message Type / Provider | A2P SMS only: Mentor |
| Use Cases | <ul style="list-style-type: none"> • Informational: e.g. reminders, notifications, and updates |
| Volume (per year) | 12,000 |
| Spend | c. £3600 (part of Mentor software) |



“Messaging is such a better way for us to work with residents and communicate with them. And being part of the system it also is good from a business and auditing perspective in giving us a trail and keeping everything in one place, so for us it's a win-win situation.”



Many remain with the same provider for several years

7

AVERAGE # YEARS USING SAME SMS PROVIDER(S)*

“

There's no pain points. The price points are great. You know, once it's set up, that's the end of my involvement and they get on with it. So that's simple really and we're happy with it - I don't see anything moving in the short term.

**Director of IT,
University**

A mindset of 'if it ain't broke, don't fix it' is dominant in this market.

While there are many other options on the market, most users are satisfied with their providers in terms of price, service and functionality.

Switching or adding SMS providers is uncommon.

Where companies decide that they do need to switch or add providers, it's not seen as a big concern in terms of process, service or cost due to the comparability, and interchangeability, of services.

However, this can be more of a challenge for larger organisations who are sending messages in higher volumes, in terms of setting up a new service and ensuring all contact details are correctly transferred and users are well versed in how to use it.

** Note: these figures are reflective of our sample of 30 qualitative interviews – they should be treated as indicative only and should not be considered representative of the wider market*



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CASE STUDY

Some organisations use multiple SMS providers, whether to serve different teams / departments, or for different use cases



**Director of IT,
University**

A few organisations use different providers in different teams, or for different use cases or to protect themselves should there be an outage on one provider.

The choice of provider in these instances is largely dictated by integration properties and needing to select a provider that can integrate into a specific software or platform being used by that team or in a specific use case.

PROFILE

| | |
|--------------------------------|---|
| Sector | Education |
| Organisation | University |
| FTEs | 1200 |
| Message Type / Provider | A2P SMS : Pageone, Textanywhere Alts : WhatsApp |
| Use Cases | <ul style="list-style-type: none"> • Informational: e.g. reminders, notifications, and updates |
| Volume (per year) | 150,000 |
| Spend | c. £36,000 |

“We use two systems. One is an education platform that integrates well with our student record system which makes it easier to use. And then basically we need another platform which is sending basic messages to target certain groups.”



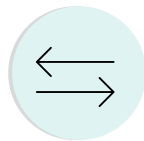
4.0

Alternatives to A2P SMS

Some users are currently seeking other services for specific use cases or to overcome limitations of A2P SMS...



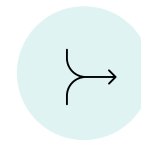
**Text / image
limitations**



**2-way messaging
needs**



**Security
concerns**



**Integration
needs**



TEXT / IMAGE LIMITATIONS

Other services can offer greater functionality and customization of messages

For marketing messages specifically, the basic functionality of SMS can be limiting. The inability to include imagery or add any text formatting keep messages generic and plain, while some mention restrictions on the length of messages also being limiting.

While some get around this by including links to other websites / apps where more detailed and expressive content can be shared, others are drawn to other services like **WhatsApp for Business** as it offers greater message functionality.

“

WhatsApp is if clients have any enquiries or any sort of questions – for example any bruising, any rashes from patch tests, just anything at all, then with that you can send and view photos as well.

Business Owner, Beauty Salon

Spotlight: WhatsApp For Business

USE CASE

WhatsApp for Business is utilised for two-way communication with clients, allowing for the sharing of photos and more personal interactions, especially for inquiries or post-procedure follow-ups.

PROFILE

| | |
|-----------------------------------|-----------------|
| Sector | Health & Beauty |
| Organisation | Beauty Salon |
| FTEs | 1 |
| SMS Volume (per year) | 10,600 |
| SMS Spend (per year) | £340 |
| WhatsApp Volume (per year) | 1,100 |
| WhatsApp Spend (per year) | £0 |



2-WAY MESSAGING NEEDS

Other services more easily allow for 2-way messaging

For promotional and some informational messages, sending simple 1-way messages is not always sufficient.

Use cases exist where the benefit of sending a message is to avoid incoming phone communications which are time consuming – for example sending appointment confirmations / reminders / details can mitigate a call from someone requesting this information. However, sometimes recipients have follow-ups to messages – and keeping that dialogue in this format is more efficient.

Other services such as **WhatsApp for Business** are better suited to this, and also add a more personal and sometimes exclusive touch to the messaging.

“

The reason for getting WhatsApp on board was for all our VIPs - for them not to go through the process of booking or if they can't find something online, we try to get them a table. It's more personal and can be a conversation.

**Restaurant Manager,
Restaurant Group**

Spotlight: WhatsApp For Business

USE CASE

WhatsApp for Business is utilised as a private line for VIP clients, offering a more personalised and direct communication method, separate from the general bulk SMS messaging system.

PROFILE

| | |
|-----------------------------------|------------------|
| Sector | Hospitality |
| Organisation | Restaurant Group |
| FTEs | 1000 |
| SMS Volume (per year) | 10,000+ |
| SMS Spend (per year) | Unknown |
| WhatsApp Volume (per year) | 1000 |
| WhatsApp Spend (per year) | Unknown |



SECURITY CONCERNS

Other services can present a more secure option to SMS

Security is often a primary concern across organisations and some deem SMS to lack the level of security they desire when storing and utilising a lot of personal data. For example, users mention A2P SMS being open to number copying, sending to the wrong number and SIM card cloning.

Some consider other services such as **WhatsApp for Business** as more secure vs. SMS due to the end-to-end encryption.

However, for businesses in industries where their communications require auditing it is not a viable option (it can't be audited).

“

WhatsApp offers end-to-end encryption, two-way communication, and multimedia capabilities, which we see as significant advantages over SMS and which will enhance customer support and interaction.

**IT Director,
Retail Consultancy**

Spotlight: WhatsApp For Business

USE CASE

Looking to reduce reliance on SMS due to security concerns and user experience, indicating a shift towards more modern communication methods like WhatsApp.

PROFILE

| | |
|-----------------------------------|-------------------|
| Sector | Retail |
| Organisation | Supermarket Chain |
| FTEs | 3000 |
| SMS Volume (per year) | 100,000+ |
| SMS Spend (per year) | £45,000 |
| WhatsApp Volume (per year) | n/a |
| WhatsApp Spend (per year) | n/a |



INTEGRATION NEEDS

Other services can be easier to integrate or already come as part of software / apps

Consolidation of products, solutions and services is top of mind for many organisations from a cost and efficiency standpoint – and this applies to A2P messaging too.

More commonly, there is a desire to integrate A2P messaging solutions into other existing platforms, e.g., CRM systems - particularly within larger companies - or to use other service solutions or apps where messaging is already integrated and can be managed from one single platform.

“

There's been a full transition to the app - the emergency situation is now dealt with by an app with a variety of student and staff safety features including notifying them of emergencies. So you have to put the app on your phone. As a student, you have to say I want to be able to be contacted in an emergency and install the app and do that.

**CTO,
University**

Spotlight: In App Notifications

USE CASE

Transitioned from SMS to a safety app called Safe Zone for emergency alerts, which comes with broader safety features beyond messaging and demonstrates the university's move towards more integrated, app-based solutions.

PROFILE

| | |
|------------------------------|------------|
| Sector | Education |
| Organisation | University |
| FTEs | 4000 |
| SMS Volume (per year) | 50,000 |
| SMS Spend (per year) | £15,000 |
| App Volume (per year) | Unknown |
| App Spend (per year) | n/a |



Despite distinct benefits, there are also areas of hesitation when it comes to using other services

Too Informal

Some bulk messaging solutions, including WhatsApp for Business and Facebook, are viewed as less formal mediums.

While in some instances this can be a benefit to build connection and be more approachable, it can be open to mis-use. For example, if used as an internal form of communication within an organisation it can end up being used to send memes and inappropriate content.

Less Trustworthy / Secure

Some organisations view other services as less trustworthy or secure compared to SMS – in particular Facebook/ Meta.

“

The problem with WhatsApp, although it's quite secure, is it's not auditable via us, and that creates a problem if there is any patient harm - people can delete their whole WhatsApp content and you've got no detail behind it at all.

**IT Director,
NHS Trust**

Lower Visibility

As WhatsApp becomes more ubiquitous and the go-to for peoples' personal messaging, there is a fear recipients may be suffering from WhatsApp fatigue and potentially silencing notifications or not paying them as much attention.

This also applies to apps, including Facebook.

While overall other services can offer more unique benefits over SMS and combat some of its limitations, the benefit of reach overrules these

| | A2P SMS | WhatsApp For Business | Facebook | App |
|-----------|--|--|--|---|
| BENEFITS | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Universal reach <input checked="" type="checkbox"/> High visibility / read rates <input checked="" type="checkbox"/> Low cost | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Greater functionality when it comes to text and images <input checked="" type="checkbox"/> More informal / conversational <input checked="" type="checkbox"/> Allows for easy 2-way messaging <input checked="" type="checkbox"/> More secure due to encryption <input checked="" type="checkbox"/> Costs less related to volume / based on subscription | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Greater functionality when it comes to text and images <input checked="" type="checkbox"/> More informal / conversational <input checked="" type="checkbox"/> Allows for easy 2-way messaging <input checked="" type="checkbox"/> Free | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Able to integrate multiple systems / information sources <input checked="" type="checkbox"/> More seamless experience for recipient <input checked="" type="checkbox"/> Free (after initial development of app) |
| DRAWBACKS | <ul style="list-style-type: none"> <input type="checkbox"/> Basic text and image functionality <input type="checkbox"/> Usually only 1-way messaging <input type="checkbox"/> Some security concerns <input type="checkbox"/> Not always able to integrate into existing systems | <ul style="list-style-type: none"> <input type="checkbox"/> Limited reach (need app / data) <input type="checkbox"/> Open to misuse / abuse due to open and casual nature <input type="checkbox"/> Not as visible / potential oversaturation of messages / notifications <input type="checkbox"/> Can't be audited due to encryption (essential for some organisations) | <ul style="list-style-type: none"> <input type="checkbox"/> Limited reach (need app / data) <input type="checkbox"/> Open to misuse / abuse due to open and casual nature <input type="checkbox"/> Not as visible / potential oversaturation of messages / notifications <input type="checkbox"/> Less secure and trustworthy | <ul style="list-style-type: none"> <input type="checkbox"/> Limited reach (need app / data) <input type="checkbox"/> Not as visible / potential oversaturation of messages / notifications <input type="checkbox"/> Higher investment initially |

5.0

Future of A2P SMS

Moat anticipate continued A2P SMS use, and would need to see steep price increases to consider looking elsewhere

Due to its universality and the unrivalled benefit this offers, many believe they will need to continue to use SMS for the foreseeable – regardless of minimal price increases.

Many expect to see their use of SMS increase over the coming years as the population/customer bases/companies etc. grow.

Some price increase is expected in line with inflation, but it would take substantial increases for them to seriously consider reevaluating volumes and potentially considering other services.

When asked how much costs would need to increase for organisations to consider switching from SMS to another service, the majority of responses ranged from 30-50%+*, although some participants were more sensitive to price and gave lower limits (e.g. 20%).

** Note: these figures are reflective of our sample of 30 qualitative interviews – they should be treated as indicative only and should not be considered representative of the wider market*



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"I don't see it as something that is going to affect the running of the company, so say costs increase by 20%, it wouldn't have much bearing over the operation of the company."

**IT Director,
Waste Management Company**

For those considering a change, it's not cost that is driving them there

While cost may not be a driving factor to organisations moving away from A2P SMS, there are other factors that may lead them to reduce their A2P SMS usage and consider other services...

CONSOLIDATION

Organisations are often trying to consolidate services to better manage costs and usage, and so see benefit to having A2P SMS integrated with their other systems e.g., CRM, booking platforms, apps, etc.

There is also a desire to tailor communications more to the recipient and deliver them to their preferences.

Services that can be integrated but offer the ability to utilise multiple communications types (e.g., email, SMS, WhatsApp for Business) are especially attractive.



INNOVATION

Those with younger or more tech savvy recipients are considering other services that are more technologically advanced and involve more functionality – including WhatsApp for Business, app-based communications, and even utilising AI. They see these advances being the primary driver away from SMS, vs. as a response to pricing.

6.0

Conclusions

Conclusions

01

The A2P SMS market is perceived to be vast.

It is serving a broad range of sectors, sizes, budgets and use cases. But most agree choice is broad enough across MNOs, aggregators and as part of platforms to address the varied needs.

02

Unrivalled universality gives A2P SMS an edge over other communication channels.

Across organisations and use cases, there is agreement on the benefits of SMS being its reach and visibility that often tie it to clear outcomes, in addition to it being readily available at a low price point. While method of accessing A2P – either directly or via a platform – can impact price perceptions slightly, most are aligned on feeling they are getting a good deal.

03

Unique benefits + perceived low cost = A2P SMS satisfaction.

For the majority, A2P SMS is a well-established and cost-effective service, that seamlessly serves its purpose and has done so for many years. As a result, it is not top of mind, especially in contrast to other solutions. Many have not noticed changes to/increases in pricing, and rather than price dictating choice, it is often recommendations, service and ability to integrate.

04

While SMS is used for reach, other services are used selectively to address niche use cases.

Over half of organisations we spoke to are using other services, although volume and spend lags A2P SMS. They often seek these services for specific use cases or to overcome limitations of A2P SMS related to text/image functionality, 2-way messaging, security and integration. However, they are currently not seen as complete replacements due to their limited reach.

05

A2P SMS is perceived to be here to stay unless users see steep increases or the technology of other services evolves.

For most, A2P SMS isn't going anywhere fast, and users would need to see steep price increases to consider looking elsewhere. For those considering a change, it's not cost that is driving them there but more so a desire to consolidate services and integrate into one overarching platform for efficiency and cost saving benefits.

Concerns regarding competition and pricing within the A2P SMS market are minimal. Users across organisations are satisfied with current options, and don't foresee significant change. Further investigation should be focused on open standards [i.e. interoperability between services] that make integration easier in the future.

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As far as I know, there is good competition. We know that when we go out to procure, we'll probably get a good response. That said, there needs to be open standards, so there is easier integration with applications and we can do it ourselves and it doesn't have to be done by the provider and therefore the money is hidden.

**IT Director,
NHS Trust**