

Text messaging – the channel that gets attention.

What you need to know before texting
your customers.

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Text me

It's a phrase you hear daily. Not surprising, considering that 73 percent of American cell phone users send and receive text messages.¹ And it's not just the Millennial generation who love it. The median age of a text message user is 38 years old.²

If text messaging isn't already a part of your communications strategy, you're missing an affordable and effective way to connect with your customers. However, to realize these benefits, you'll need to understand the codes of conduct that govern text messaging and develop a plan for integrating text in your channel mix.

In this whitepaper, we'll look at how contact strategies are evolving to reach the "always on" mobile consumer. Then explore best practices for using text messaging and suggest rules of engagement to ensure you comply with federal regulations.

The communication evolution

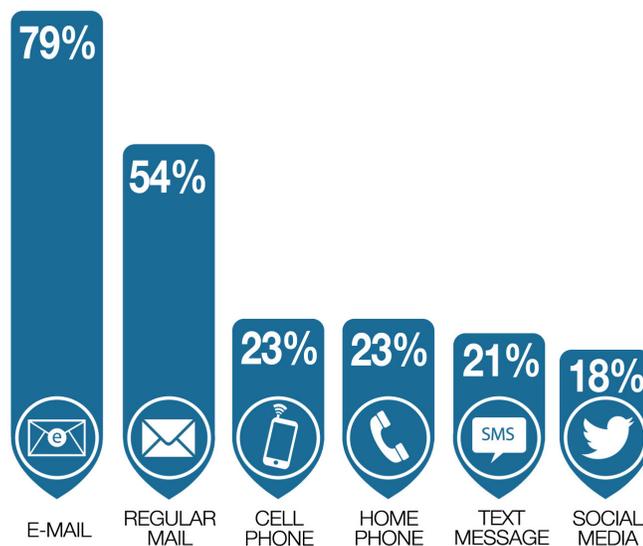
Today, customers expect you to proactively communicate with them. A recent study by Wakefield Research shows that a majority of consumers welcome an ongoing dialog with the companies they do business with and want to receive proactive, real-time messages and reminders. Their preferred channels for communication have evolved over the last five years, with mobile calls and text messages now roughly equal to the desire for calls to the home phone.

According to the Cellular Telephone Industry Association (CTIA), there are more than 325 million wireless subscribers in the U.S., representing 102 percent of the total population. With more mobile phones in circulation than there are U.S. citizens, it's no wonder that text messaging has become the most widely used mobile data service, with mobile phone users sending, on average, more than 1000 messages a month.³

We've become a society that simply can't put down our mobile phones, making them the surest way to reach consumers. In fact, research shows that 91 percent of adults keep their phones within arm's reach and 67% of mobile users check their phone for messages, alerts or calls, even when they don't notice it ringing or vibrating.⁴

With the pervasiveness of mobile technologies, and the availability of increasingly sophisticated devices, text messaging has become a valuable—no, essential—tool for consumer outreach.

Top preferred channels of communication



Text 101

Text messaging, also known as SMS (Short Message Service) was initially designed in the 1990s as a means of broadcasting short system status messages and other technical notices to a large number of phones. Its originators never envisioned it would become a channel of choice for billions of people.

Although text messaging has been around since the early 1990s, initial adoption within the U.S. was slow. In 1995, mobile customers sent less than one text per month, on average.

In the mid-2000s, text messaging began to catch on with businesses. Common applications were delivery confirmations and account alerts. Today, companies are leveraging text messaging for two-way communication around complex business transactions such as collections and transaction validation in cases of account fraud.

However, as a result of its humble beginnings, the technology has a few limiting parameters:

- There is a 160-character limit per message for text messages, so individual messages must be brief.
- Commercial messages are sent from “short codes” – telephone numbers with only 5 or 6 digits that are easier for consumers to enter on their phones
- Text messages cannot be received by landline phones.

This last point is important to businesses wanting to use text in their outreach strategies. A company’s customer contact records often fail to distinguish between landlines and mobile phone numbers, resulting in sending and paying for text messages that have no possibility of getting through. An interactive communications service provider with land/cell determination can ensure that your text messages are only being sent to mobile numbers.

4.2

billion texters – that’s 3 out of 5 people on the planet texting.⁵

Why text?

While many consumers still value an email or phone call, text messaging is fast becoming the preferred channel for large numbers of American consumers. In fact, one in five is just as likely to prefer a text message as they are to getting a phone call. And, among 18-to-24-year-olds, this number is even higher with more than 36 percent citing text as their preferred form of communication with businesses.⁶

There are several inherent characteristics of text messages that make them ideal for customer communications:

- **Immediacy:** Consumers usually respond quickly to text messages and treat them as a real-time channel, even when communicating with automated services.
- **Persistence:** Once received, the message remains on the device until it's deleted.
- **Convenience:** Customers can control when they want to interact and can break the interaction into a series of short engagements that fit into their busy lives.
- **Reach:** Text messaging improves your engagement with Millennials (those born between 1980-2000) and the rapidly increasing number of consumers who no longer have landline phones.

A highly effective channel

Text messaging provides an opportunity to reach customers who typically don't respond to more traditional methods of communication, such as voice. This channel makes it easy for customers to communicate with you, elicits a fast response and increases the likelihood that they will self-serve. As with other interactive communications, personalized messages and vehicles for easy, immediate response (web links, phone numbers, etc.) will further improve engagement.

Companies adding text messaging to their outreach realize several key benefits:

- **Higher usage than voice:** A typical U.S. mobile subscriber sends and receives 175% more text messages than voice calls.⁷
- **Greater likelihood of being read:** Text messages are typically read within three minutes of being received and the message stays on the device until it is deleted. There is also less likelihood of spam than with email and voice messages.
- **Strong response rates:** Text messages are typically responded to within 60 minutes.⁸
- **A cost effective choice:** industry experience shows that sending text messages can be 80% less expensive⁹ than using automated outbound calls.

6 billion

text messages are sent every day in the U.S. That's 20 messages for every person with a data-capable phone.¹⁰

6 Wakefield Research 'What Customers Want'
7 Nielsen Mobile
8 Experian Research
9 Nuance Internal Data
10 Forrester Research

Use cases for every industry

A vast number of notifications, alerts and interactions that customers find valuable can be delivered by text message. In fact, across all industries, more than 75 percent of consumers¹¹ report that proactive messages from the companies they do business with are extremely helpful and welcome. Among the alerts most commonly cited as valuable include:

– Financial Services

- Notice about fraudulent activity
- Notice about a late or missed payment
- Update on the status of a loan or mortgage refinancing

– Healthcare Providers

- Reminder about an upcoming appointment or vaccination
- Notice to reorder or pick up a prescription
- Message encouraging consumer to schedule an appointment

– Retail

- A package is ready to be picked up or has been shipped
- Message about in-store events
- Notice about store credit

– Utility Company

- Notice about a power or service outage and restoration
- Reminder for an upcoming service appointment
- Notice about a late or missed payment

Orchestrate your use of text

Text messaging is most effective if used in conjunction with other channels – including interactive voice messages, email and smartphone push notifications. Too often companies send the same message via multiple channels at once – increasing their communication costs and annoying their customers. Better outcomes result from sequencing outreach based on past behavior and known preferences or by orchestrating the use of multiple channels – e.g. sending a text when an outbound call goes directly to voice mail.

Connect your conversations

Your customers want to accomplish tasks and resolve issues as quickly as possible. The popularity of text messaging is due, in part, to the speed and immediacy of the conversation the channel facilitates. Interactions that require your customers to repeatedly explain themselves and provide context, creates frustration, impacts the time it takes to resolve an issue and increases your costs.

Consider introducing a shared data layer that unites proactive multi-channel campaigns and self-service channels such as the web, mobile app or IVR to create contextually aware conversations and facilitate faster, more connected experiences. For example, system knowledge of a past due bill notification sent by text could inform an intelligent inbound conversation, “Hello Anne, are you calling about your account balance?” – with either a live agent or conversational IVR.

90%

of text messages are read within three minutes.¹²

Rules of engagement: complying without compromise

If you use text messaging to communicate with customers in the United States, you are subject to local, state, and federal laws. The Telephone Consumer Protection Act (TCPA) of 1991 dictates that companies cannot use an automated dialing system to send text messages to mobile phones without the prior express consent of the recipient. And, if the message is a marketing solicitation, consent must be in writing – which less than one-third of consumers say they have provided.¹³

Additionally the Mobile Marketing Association (MMA) has developed [best practice](#) guidelines that summarize the text message rules set by individual wireless carriers and establish a code of conduct to further protect consumers.

Laying the groundwork: Program approval and message flow

Wireless carriers and aggregators (companies facilitating the routing of text messages to or from mobile networks) must pre-approve your text message programs and messages before you can start texting your customers. The MMA guidelines provide specific requirements for the content of text messages sent to customers. A good interactive communications service provider will manage this process for you.

Required elements of text messages

MMA guidelines stipulate that as part of your program's opt-in terms and conditions, and in the 'Welcome' or 'Confirmation' text messages for a program, you must include instructions to your customer on how to opt-out of the program and how to get support.

When a customer replies with the words "STOP" or "HELP," your program must recognize this as an actionable response from the customer. When they reply HELP, you need to reply via text with your company's toll free phone number or a website address where they can find information about the program or service you're offering, as well as a way to opt-out of future messages.

Keeping customer data secure

It's also important to note that personally identifiable information is not allowed in a text message. This includes account numbers, credit card numbers, billing addresses, expiration dates, Social Security Numbers, or any combination of these. However, typical authentication practices such as the last four digits of credit card numbers, bank account names or Social Security Numbers may be allowed at the discretion of the carrier or aggregator.

Getting your customers to opt-in

You must have the prior express consent of your customers before you begin sending them text messages. While text messaging is becoming the preferred channel of communication for many, there is often a disparity between consumer perceptions and the regulatory reality of what constitutes consent. In fact, many consumers believe that companies with whom they have an existing relationship may contact them without first having their explicit permission.

Recent court decisions have determined that if, when providing contact information to a business, a consumer provides a mobile number it indicates implied consent to receive text messages at that number. However, obtaining express consent for multi-channel outreach is the best way to minimize the risk of future fines or lawsuits. Always consult with your legal counsel for advice on regulatory compliance.

30%

of Americans have provided written consent to the companies they do business with.¹⁴

Ways that consumers have given consent to companies for outreach



Under the MMA guidelines, the following information must be disclosed in the process of acquiring text messaging consent:

- Sponsor name
- Service description of program
- Cost of program (message and data rates may apply)
- Frequency of messages
- How to opt-out (STOP)
- How to get support (HELP)

Express consent can be acquired in writing, via your website, by an agent, or through a call to an IVR application. You must retain a record of consent for auditing in accordance with MMA guidelines. Additional consent requirements in the MMA guidelines are over and above the express consent required by the FCC's rules implementing the TCPA.

Case study: two way text

One of the nation's largest banks, working with Nuance, recently initiated a two-way text messaging program to improve the customer experience related to fraud notifications.

When possible fraud is detected, the card is immediately blocked and an interactive text message is sent requesting customer authorization and confirmation of previous transactions.

“Yes” responses, affirming recent purchases, remove the block and allow the purchase to proceed. “No” responses trigger a message informing the customer that fraudulent activity has blocked future use of the card and providing instructions for having a new card issued.

The average speed of reply is one minute. If the customer does not respond within 15 minutes, the bank follows up with a voice notification, leveraging both channels to drive higher response rates.

By using two-way text messaging for its fraud alerts, this institution has realized a 30% improvement in its overall contact rate, a 72% reduction in resolution time, and significantly improved the customer experience.



The bottom line

Text messaging is rapidly becoming a preferred method of communication for customer service issues. As smartphone adoption and the number of households without landline phones continue to grow, the ability to communicate via text messaging will become a business imperative. If your communication strategy doesn't already include text messaging, it should.

The benefits are boundless: it's easy to implement, desired by customers, more cost-effective than live agent outreach, and improves your reach and engagement rates. With a checklist like that, it's easy to make the case for adding this digital channel to your contact strategy.

At Nuance, we regularly help the nation's leading financial, healthcare, transportation, retail and utility companies gain consumer consent, implement and optimize text messaging.

About proactive engagement

Nuance works with the nation's leading brands, improving the reach and effectiveness of their customer service and collections campaigns. We deliver results by blending the scalability and efficiency of cloud-based automation with sophisticated personalization based on known preferences and previous response patterns. Orchestrating the use of channels most preferred by consumers – voice, text, email, mobile application and live agent– further ensures cost-effective results. Fortune 500 companies who build loyalty based on their service, trust Nuance to proactively engage one in five Americans each year with the right information at the right time. For more information, visit www.nuance.com. Follow us on Twitter: @NuanceEnt

Glossary of text messaging terms

All text messages have an address that is displayed to the recipient as a series of numbers when they look at the “From” field of the text message.

- **Short codes:** Short codes are 5-6 digit “From” addresses used by businesses that are configured by carriers and text aggregators to support the sending of large numbers of text messages quickly and reliably. Short codes are country specific and Nuance uses them for delivery to messages in the US, its territories, and Canada. We do not support short codes to send messages to other International countries; instead we use a UK based longcode.
- **Long codes:** In the US, long codes are 10 digits long. It’s a carrier best practice that these codes not be used to send business-to-consumer messages, and many marketing spammers use long codes. Nuance uses a UK-based long code for International SMS text service.
- **Shared versus dedicated codes:** Nuance offers shared short code or long code messaging service where the texting applications for multiple businesses are configured to use the same short code/long code (i.e. it uses the same “From” address in the text messages). This is common industry practice to reduce cost for a client. However a client may have their own dedicated short code/long code. This is often true when a company advertises a short code/long code to consumers so they can send a text message to opt into the company’s text program.
- **Vanity codes:** A dedicated short code/long code can have a specifically requested sequence of digits which usually map to a word that a client advertises. For example looking at the keypad of your phone, you’ll see that MONEY maps to a short code of 66639. This is an example of a vanity short code. By definition, a vanity short code is dedicated to a single client and the main value of having a vanity short code is for advertising promotional purposes to get consumers to subscribe to a company’s text program.

Types of SMS messages

- **One-Way Text:** A text message that does not recognize keyword responses from the consumer. However you can ask a question in a MT text message and the resulting response (MO) will be captured and reported back to the client. Furthermore, a one way SMS program cannot respond to Keywords but can respond to Control Codes of HELP and STOP.
Example: Call Paladin Bank today at 866.555.1212 to discuss your options re: an urgent issue.
- **Two-Way Text:** A text message that allows customers to text back a response. This response can also trigger a second message. Two way text can be highly effective when combined with natural language IVRs that make it easy for consumers to engage with a company by recognizing when a customer calls in that a text alert had recently been sent.
Example: To avoid a service interruption on your account, please reply CALLME before 9pm today.

- **Self-Service Text:** Enable customers to access a website or contact a voice application directly from a text message. The voice or web application provides self-service options to take immediate action.
- **International Text:** A text message sent to international phone number or device. At this time, Nuance International text messages are available for one-way or two-way text messaging using Western European languages which means the Latin-1 character set only (no Unicode or Asian characters). At this time, Nuance does not support alert retrieval.
- **Free to End User Text:** The recipient does not pay to receive or respond to this type of messages. The sender pays the entire cost of an FTEU messaging program. The ability to send FTEU messages is dependent on the carrier. The Nuance platform can determine whether a given phone number is a wireless number from a carrier who supports FTEU.
- **JOIN:** If a texting program supports the JOIN keyword, then the consumer texts JOIN to a dedicated short code and the program associated with the short code responds with a welcome message acknowledging their opt in.

About Nuance Communications, Inc.

Nuance Communications is reinventing the relationship between people and technology. Through its voice and language offerings, the company is creating a more human conversation with the many systems, devices, electronics, apps and services around us. Every day, millions of people and thousands of businesses experience Nuance through intelligent systems that can listen, understand, learn and adapt to your life and your work. For more information, please visit nuance.com.
