# The future of Business messaging

Nick Lane
Chief Insight Analyst, Mobilesquared

## We provide definitive data and expert insight

We work with the leading mobile and tech companies across the mobile ecosystem, from regulators, mobile operators, service providers, brands, agencies, start-ups … to understand mobile and engagement.

We do this through extensive research, deep analysis based on years of experience, and forecasting market opportunities based on actionable numbers.

**Accurate data. No hype.**

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# WHY MOBILESQUARED DATA?

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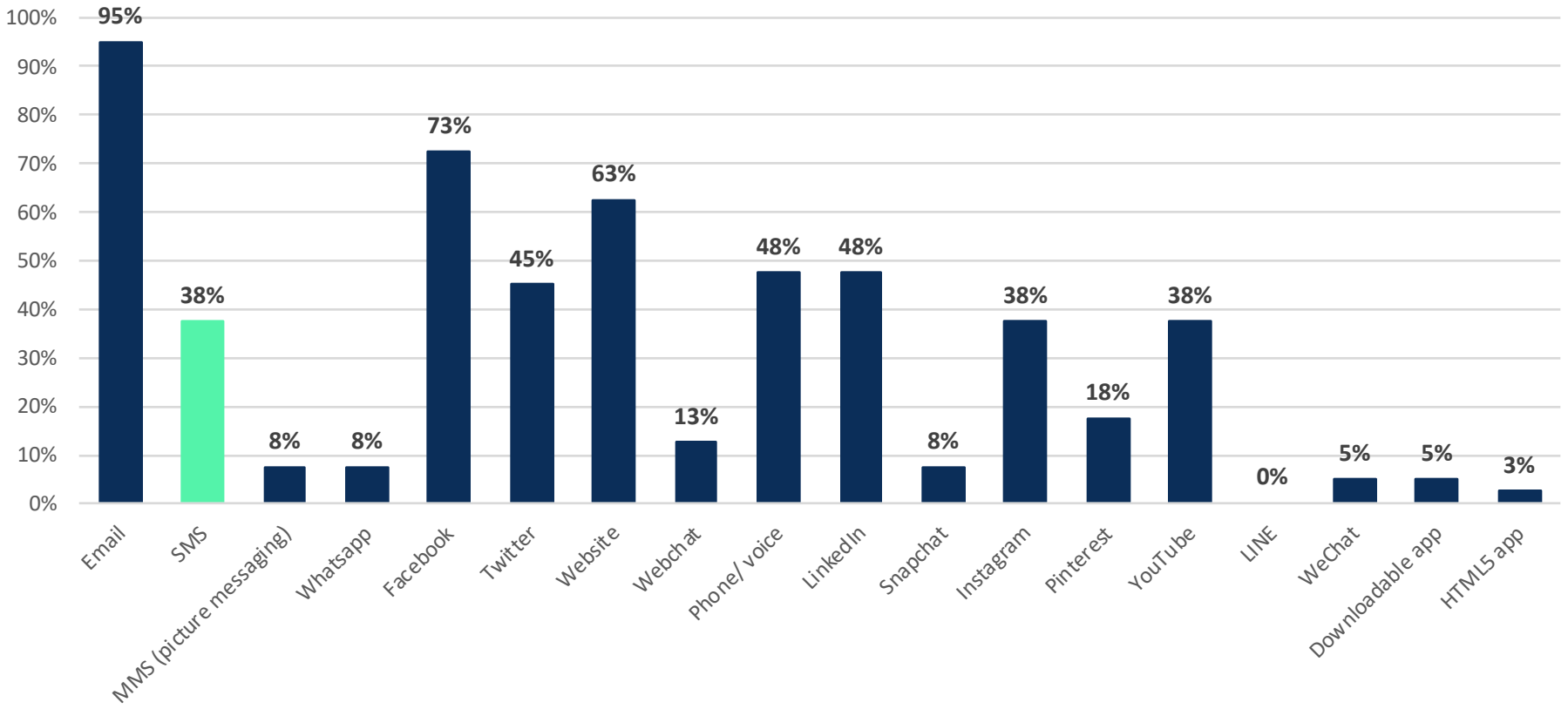
| | |
|---|---|
| North America | Canada, Greenland, United States. |
| Africa | Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Democratic Republic), Congo (Republic), Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi. Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome & Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe. |
| Oceania | Australia, Fiji, French Polynesia, New Caledonia, New Zealand, Samoa, Solomon Islands, Tonga, Vanuatu. |
| Asia | Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Hong Kong, China, India, Indonesia, Japan, Kazakhstan, Korea (North), Korea (South), Kyrgyzstan, Laos, Macau, China, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, Taiwan, Tajikistan, Thailand, Timor-Leste, Turkmenistan, Uzbekistan, Vietnam. |
| Caribbean | Antigua & Barbuda, Aruba, Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Puerto Rico, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago. |
| Middle East | Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen. |
| East Europe | Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine. |
| Latin America | Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, Venezuela. |
| West Europe | Andorra, Austria, Belgium, Cyprus, Denmark, Faroe Islands, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom. |

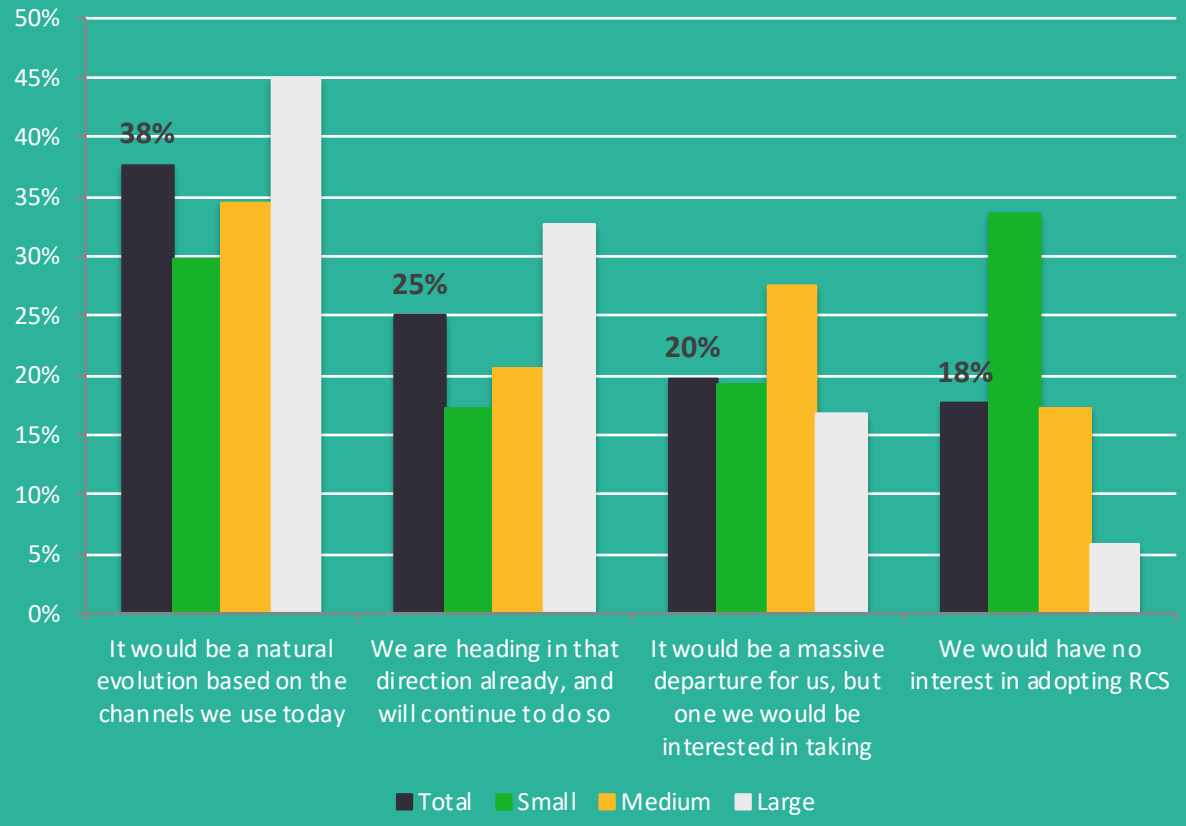
Our market data & forecasts are split out by mobile operator (650) across 200 markets

# ENTERPRISE RESEARCH - KEY FINDINGS

# How do you communicate with customers?



# RCS: impact on your brand comms strategy

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38% of enterprise view RCS as a natural evolution

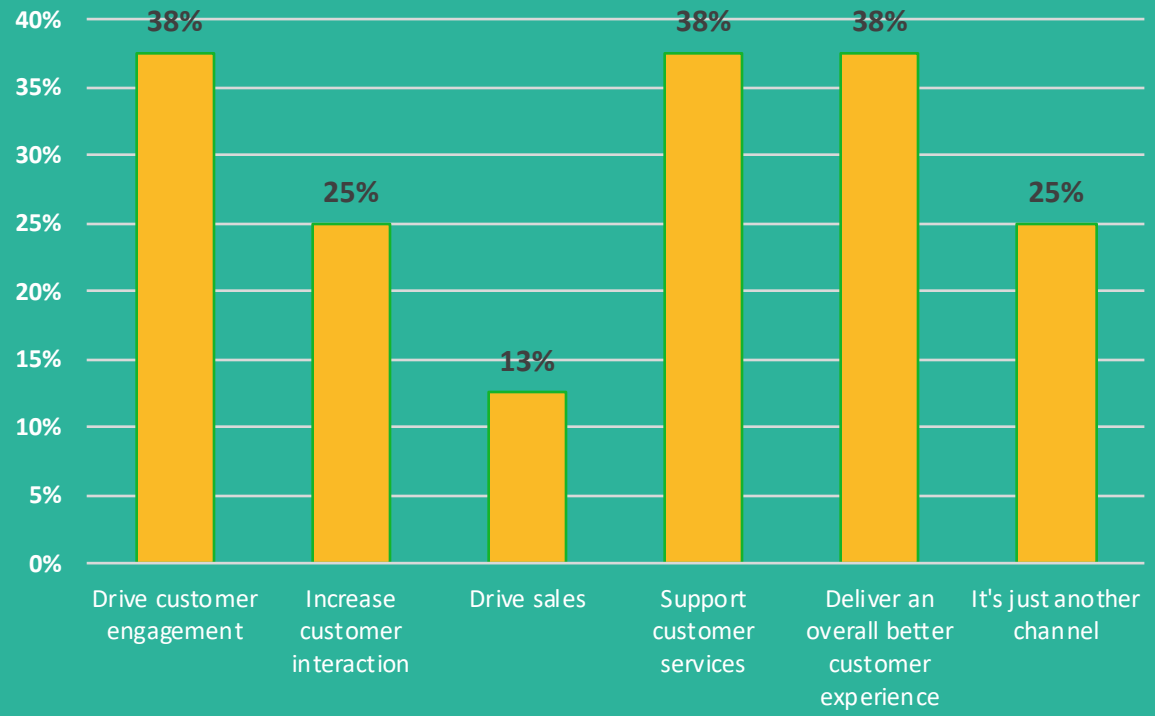
25% are heading towards RCS and will continue to do so

20% stated RCS would represent a massive change, but one they are interested in

18% not interested in RCS

63% have already factored RCS into their future comms activities

# How would RCS impact your marcomms strategy?

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50% of enterprises believe RCS will be more effective than some, or all, of existing channels.

**WHAT WOULD YOU USE RCS FOR?**

- Customer support – 36%
- Company alerts – 36%
- Internal comms – 36%
- Marketing & promotions – 55%

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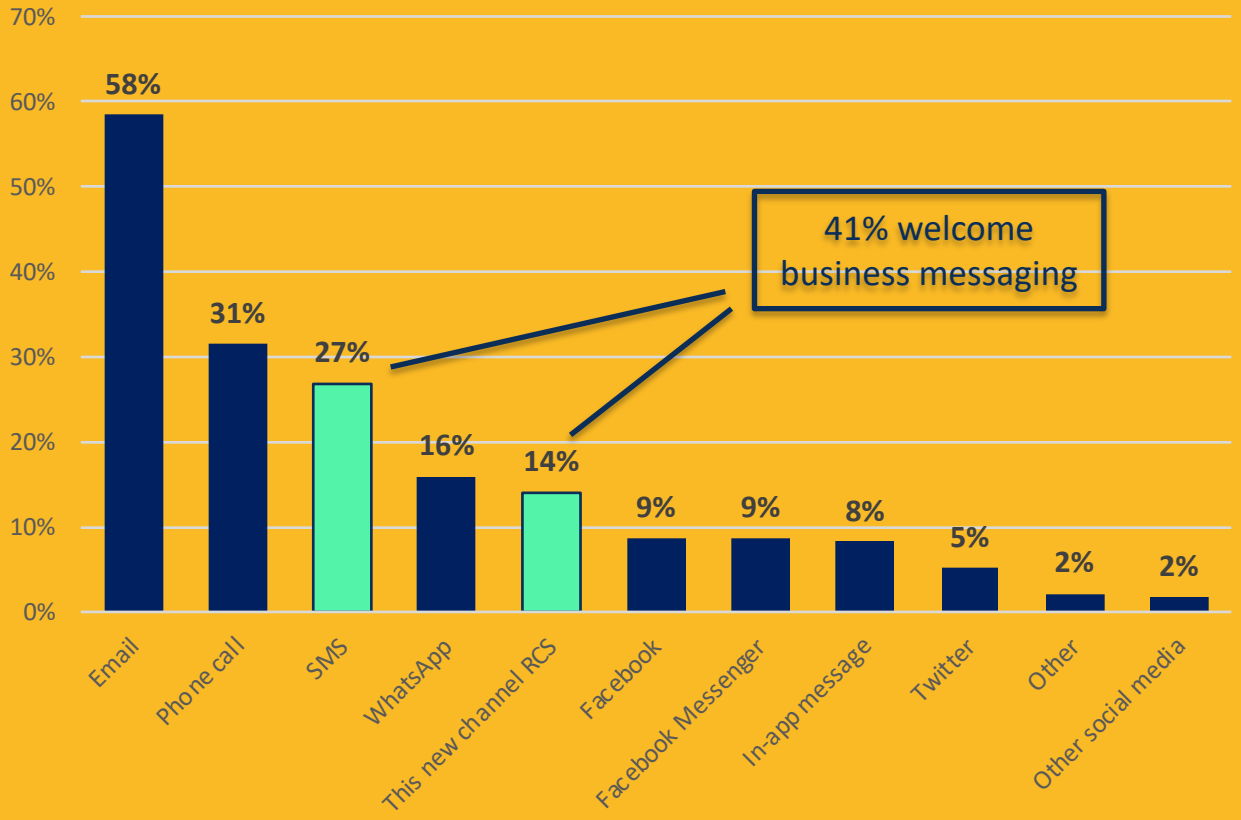
# CONSUMER RESEARCH
# - KEY FINDINGS

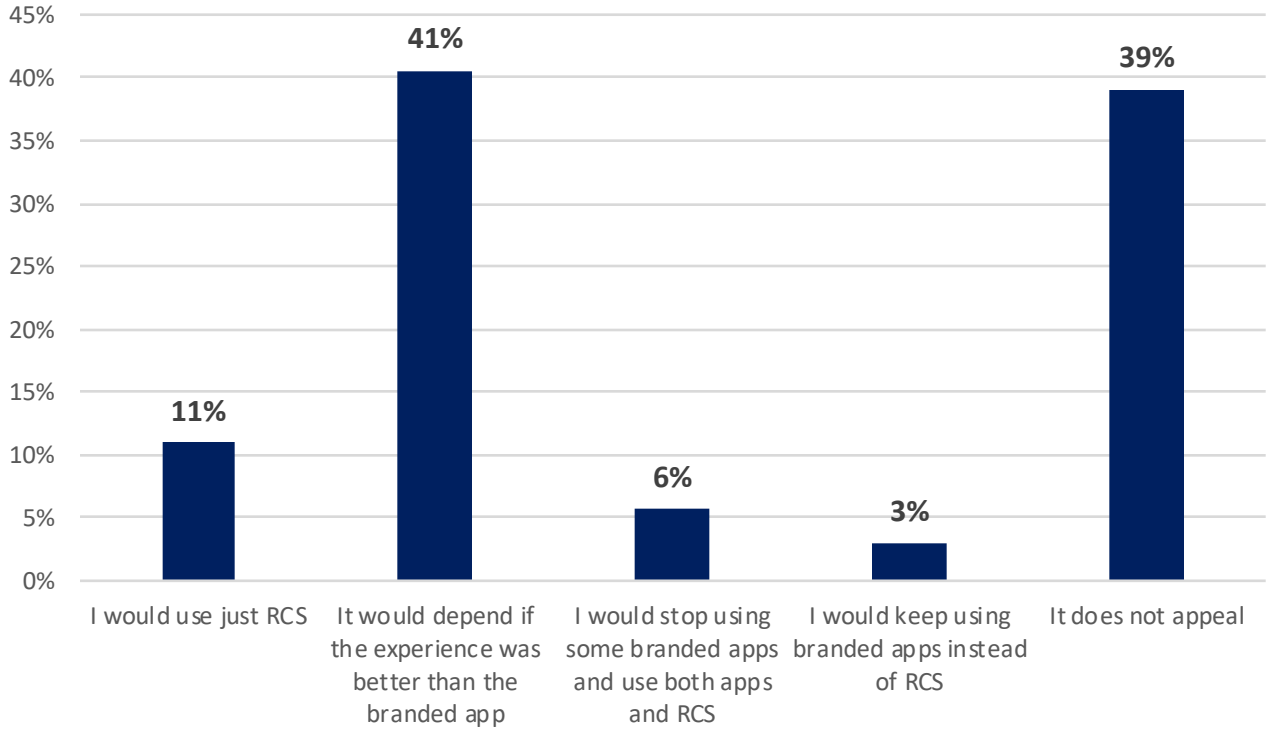
# Preferred channel to be contacted by a brand?




RCS, together with SMS, is the second most preferred channel after email – 41%

73% of enterprise use Facebook – only 9% of consumers want to be contacted over Facebook

# How would you use RCS?



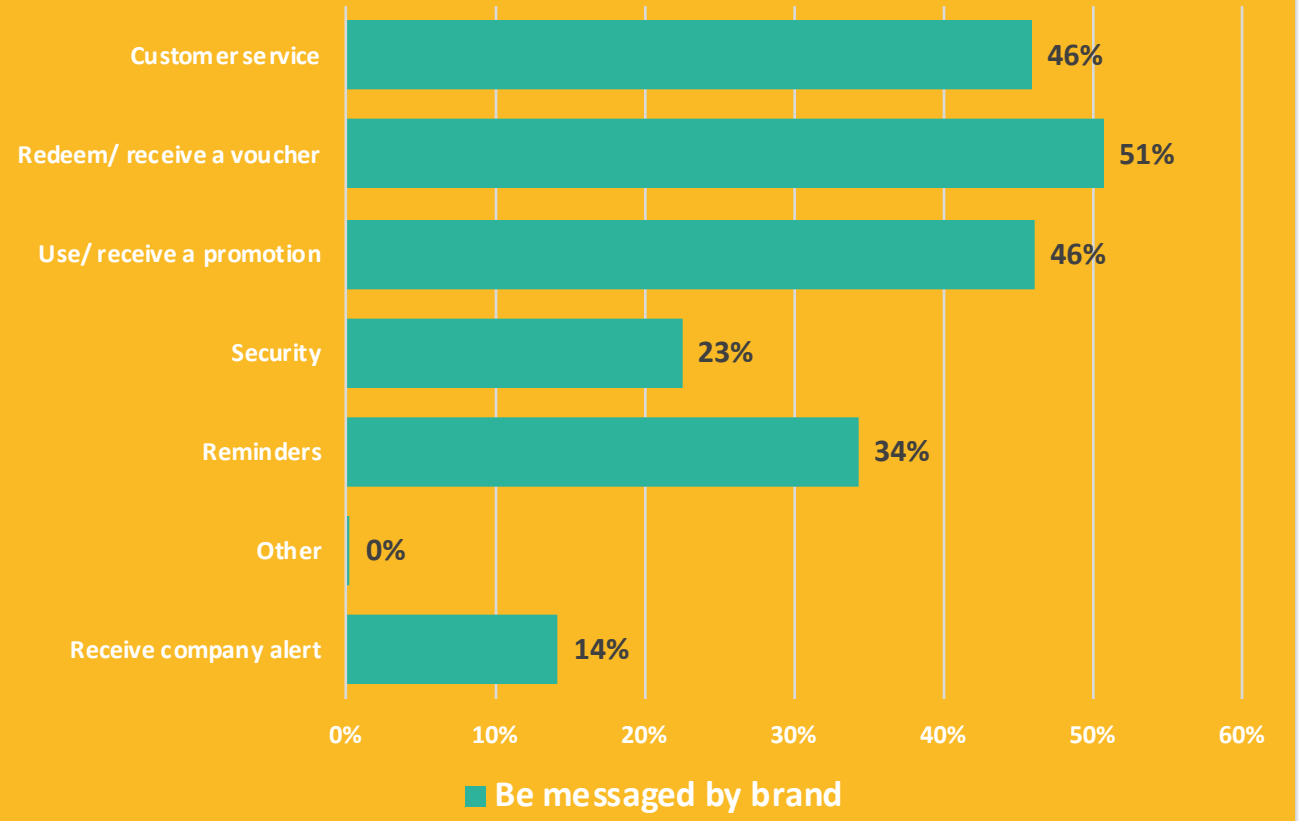

**APP REPLACEMENT**

58% of consumers would use RCS instead of, or as well as, branded apps

- Just RCS – 11%
- Depends on experience – 41%
- Use both – 6%

Setting the scene for P2A RBM activity

# Why would you use RCS, A2P?




**Consumers** want RCS to contact a brand (P2A) for:

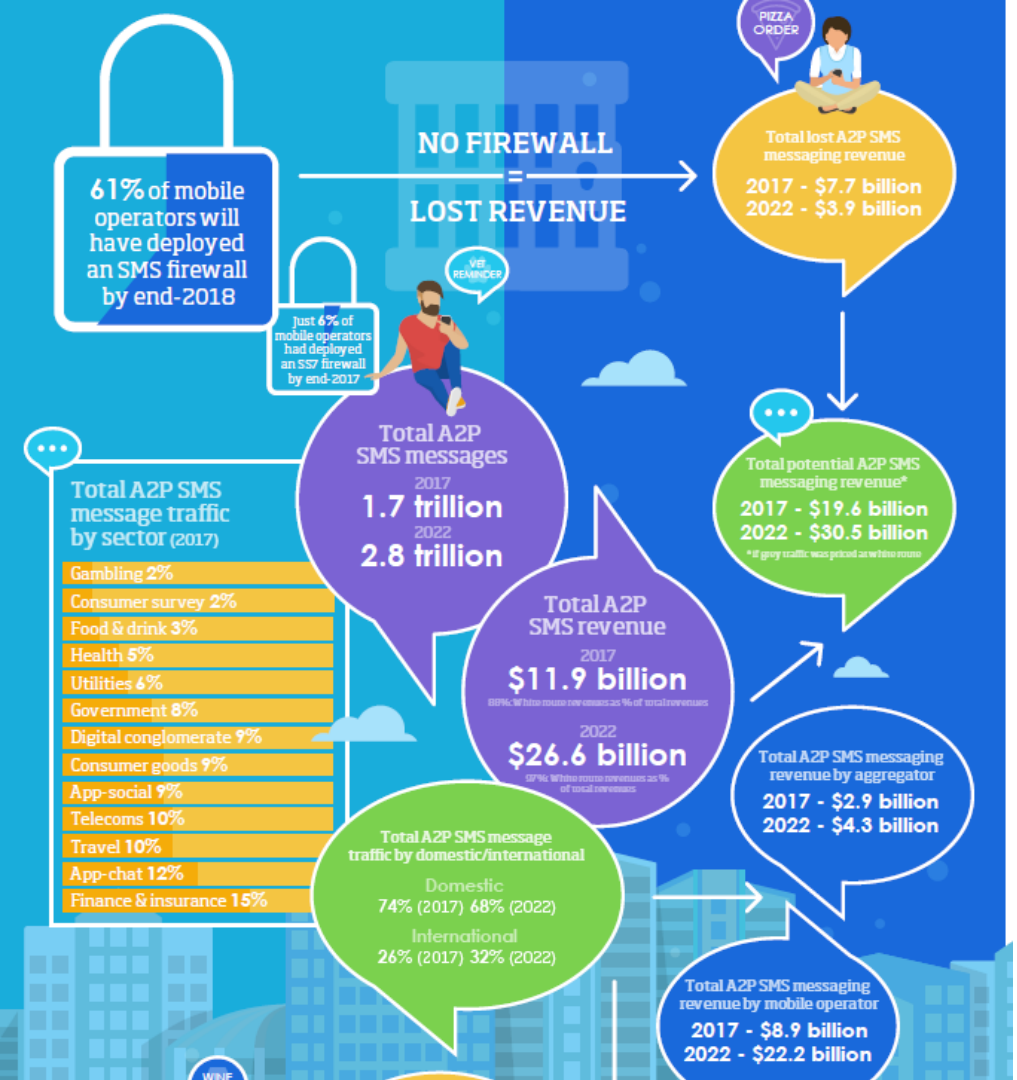
**Customer service issues – 63%**

**Redeem vouchers – 47%**

**Promotion – 39%**

**Security – 29%**

RBM: The juicy bits

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## THE A2P SMS MARKETPLACE

A total of 1.67 trillion A2P SMS were sent in 2017 … forecast to increase to 2.8 trillion by 2022

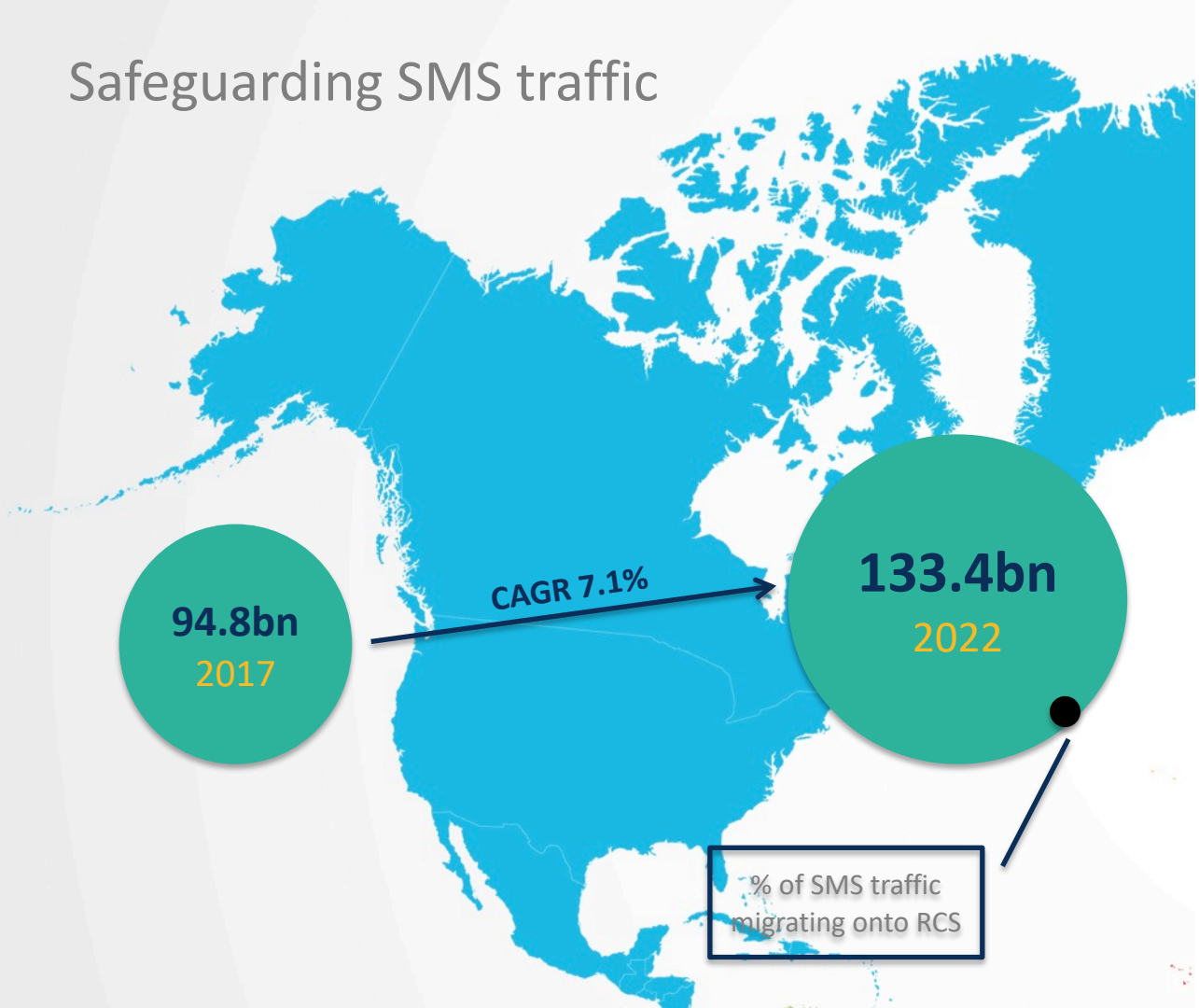
Global A2P SMS market worth US$11.86 billion in 2017 … increasing to US$26.61 billion in 2022

48% of mobile operators monetising A2P SMS traffic in 2017 … rising to 82% by 2022

Lost revenue falling from $7.7 billion in 2017 to $3.9 billion in 2022

Potential revenue of $19.6 billion in 2017 … rising to $30.5 billion in 2022

# Safeguarding SMS traffic

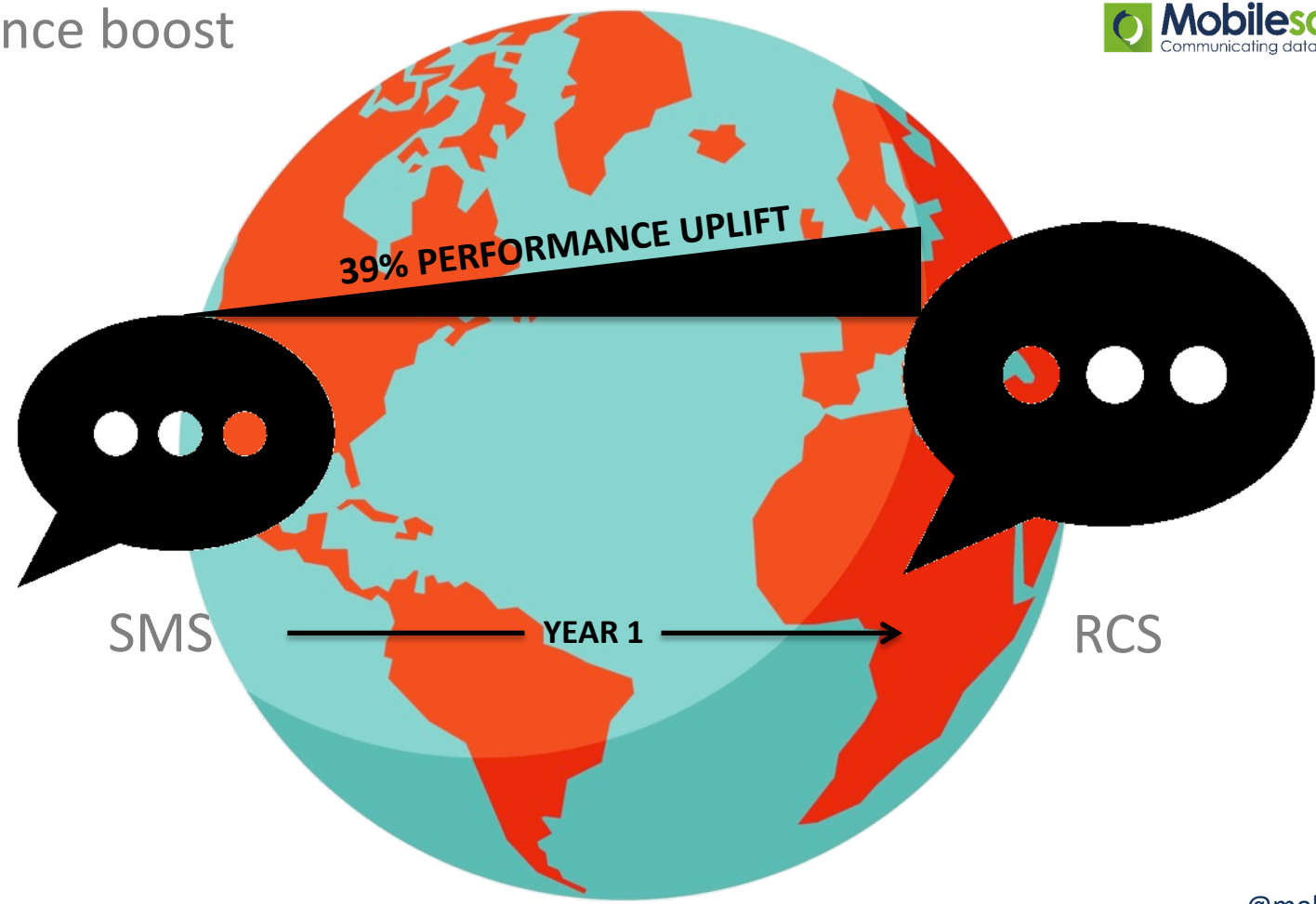



CAGR 7.1%.

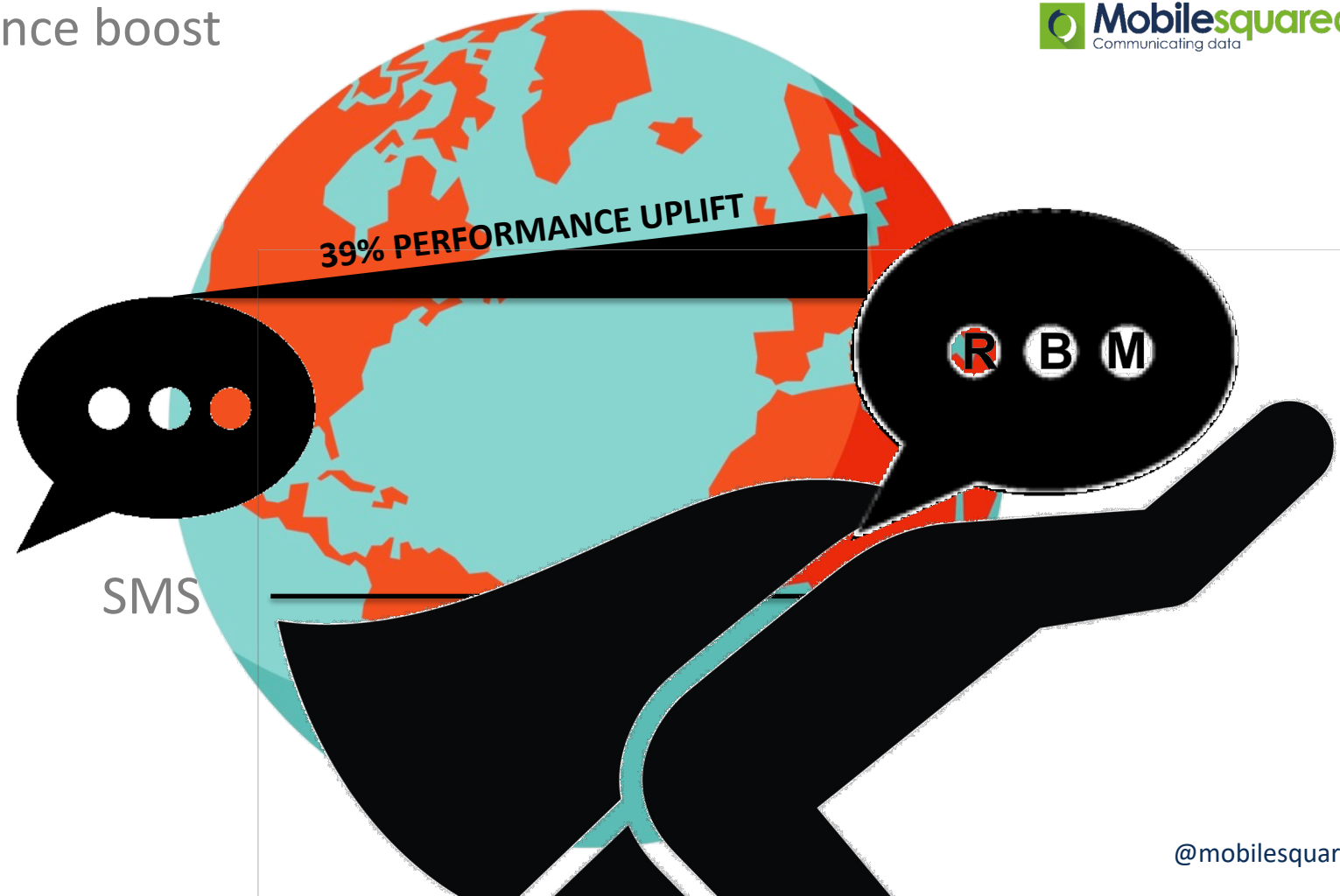
**$1.32** billion spent by brands on SMS messaging in 2022 in North America.

Worse case scenario, **$69.3** million revenues lost to RCS by 2022.
- **3%** of traffic lost on Android
- **4%** of traffic lost on total smartphones.

# Performance boost



# Performance boost



# Supercharged messaging

# Channel performance comparison

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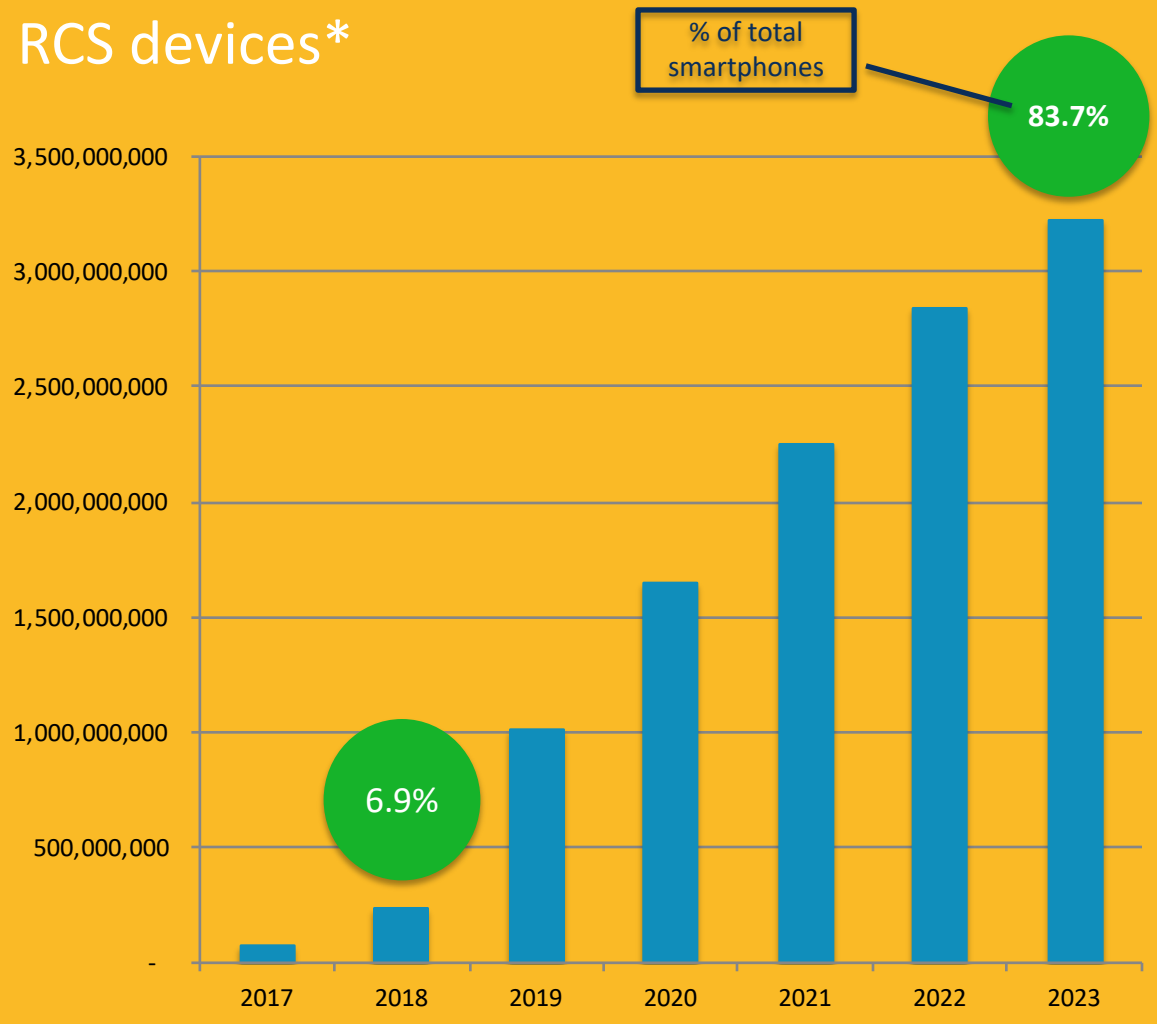
# RCS devices*




2017 – 79 mln

2018 – 240.7 mln

2019 – 1.01 bln

2020 – 1.65 bln

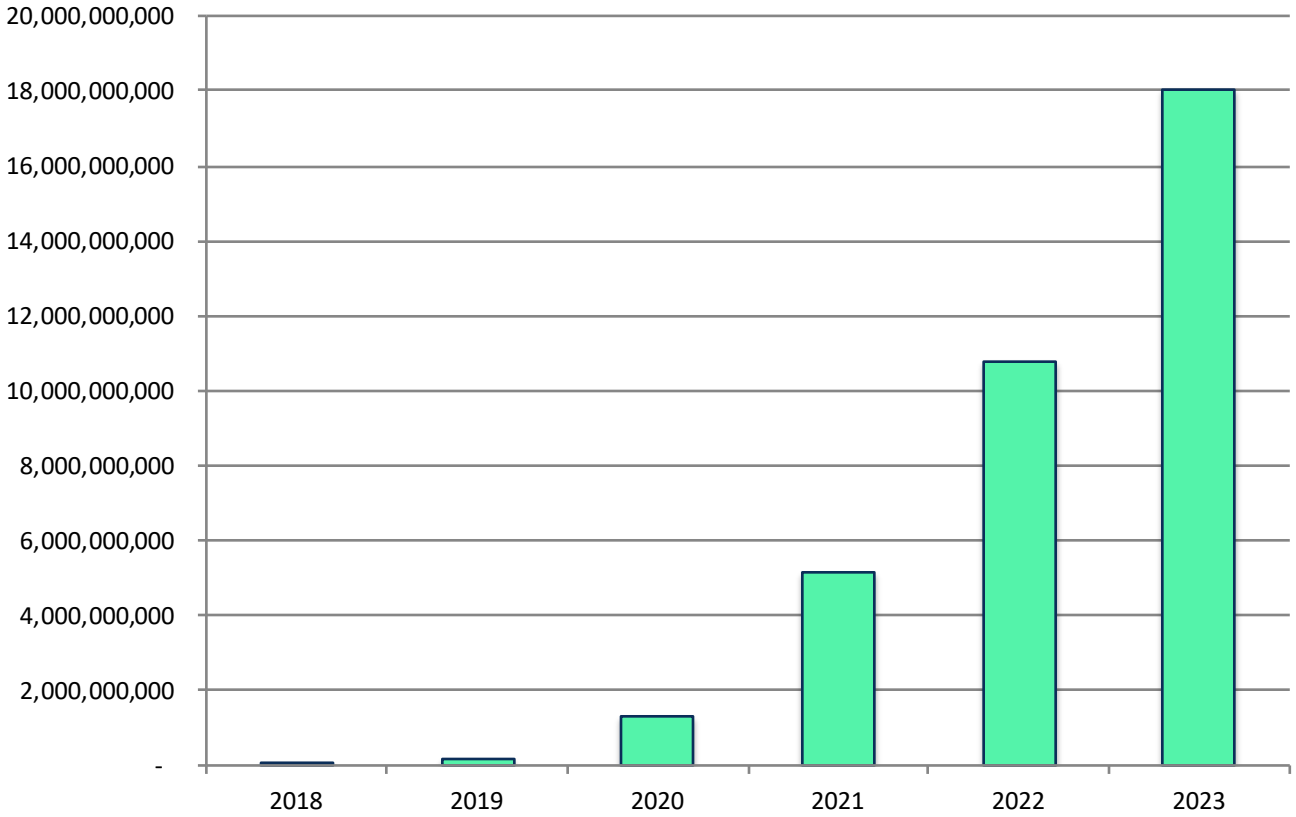
2021 – 2.25 bln

2022 – 2.84 bln

2023 – 3.23 bln

**Mobilesquared's RCS business messaging forecasts are now updated on a quarterly basis*

# Total RBM spend*




Revenues negligible in 2018, rising to $184.1 million in 2019, and $18.04 billion in 2023.

Rapid acceleration from 2020.

**Mobilesquared's RCS business messaging forecasts are now updated on a quarterly basis*

# The RBM user opportunity 2018, USA

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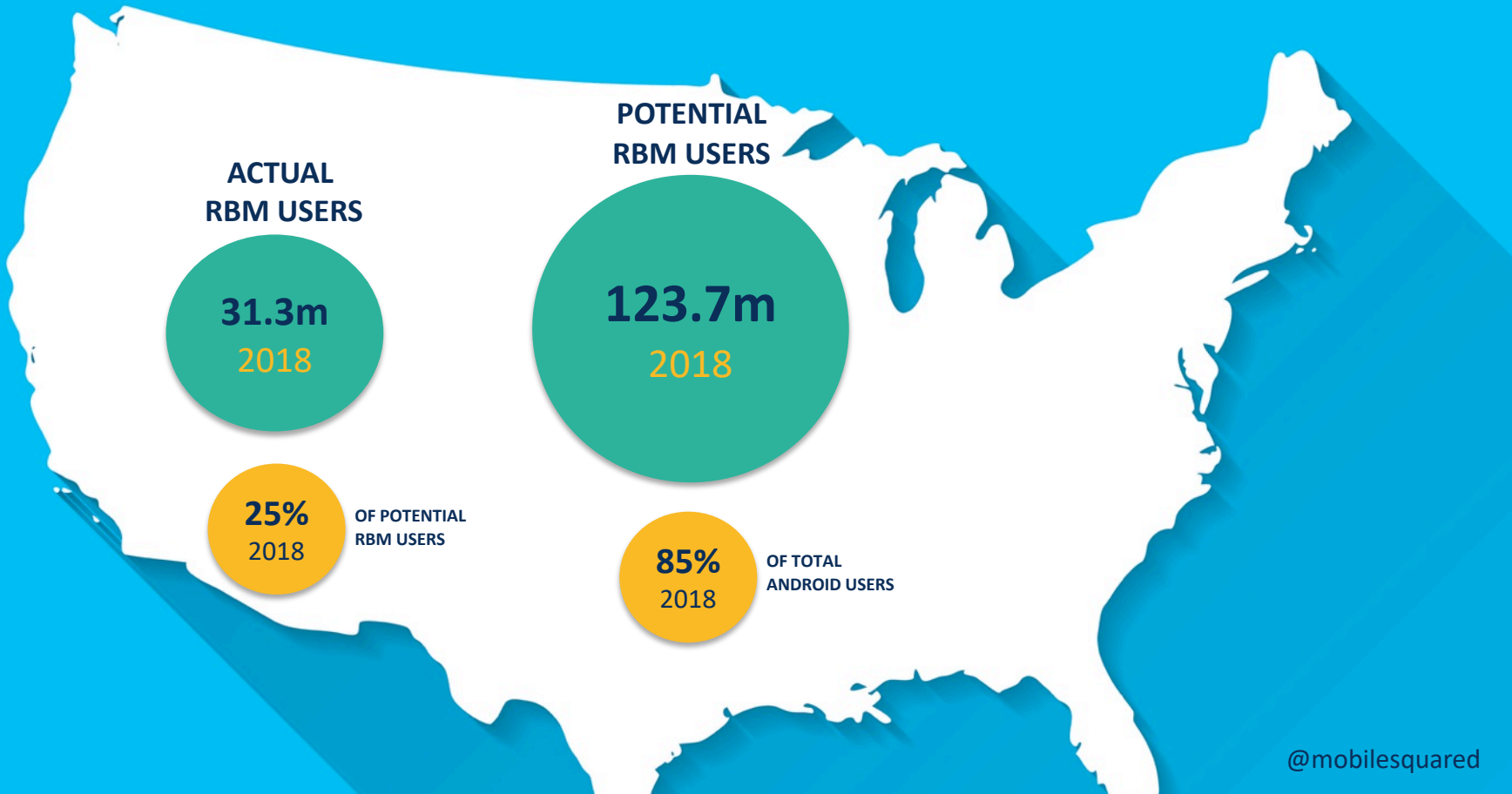

# Who will use RCS?

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## RCS USERS SPLIT BY AGE

% of users that would use RCS

# RCS user reach, North America

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RCS reach equaled just 11% of total smartphones in 2018.

Leap in user numbers in 2019 due to Verizon to launch 1Q 2019 + Apple expected to enter RCS party in 2019.

2019 – 69.4%

2020 – 77.6%

2021 – 86.8%

2022 – 91.6%

2023 – 91.7%

**Mobilesquared's RCS business messaging forecasts are now updated on a quarterly basis*

# RCS business messaging traffic, North America

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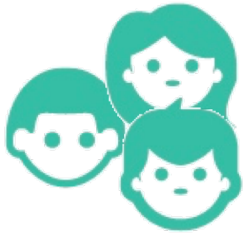
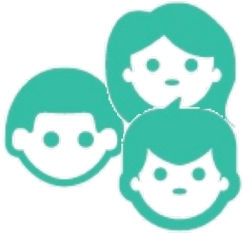
**BRAND X** → 

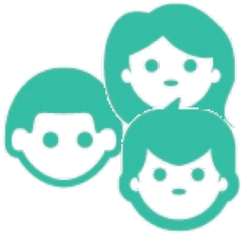
**PER EVENT**

| 2019 | 2023 | AVG NO. PER RCS USER 2023 |
|---|---|---|
| 782mn | 10.3bn | 33.3 |

**BRAND X** → 

**A2P SESSIONS**

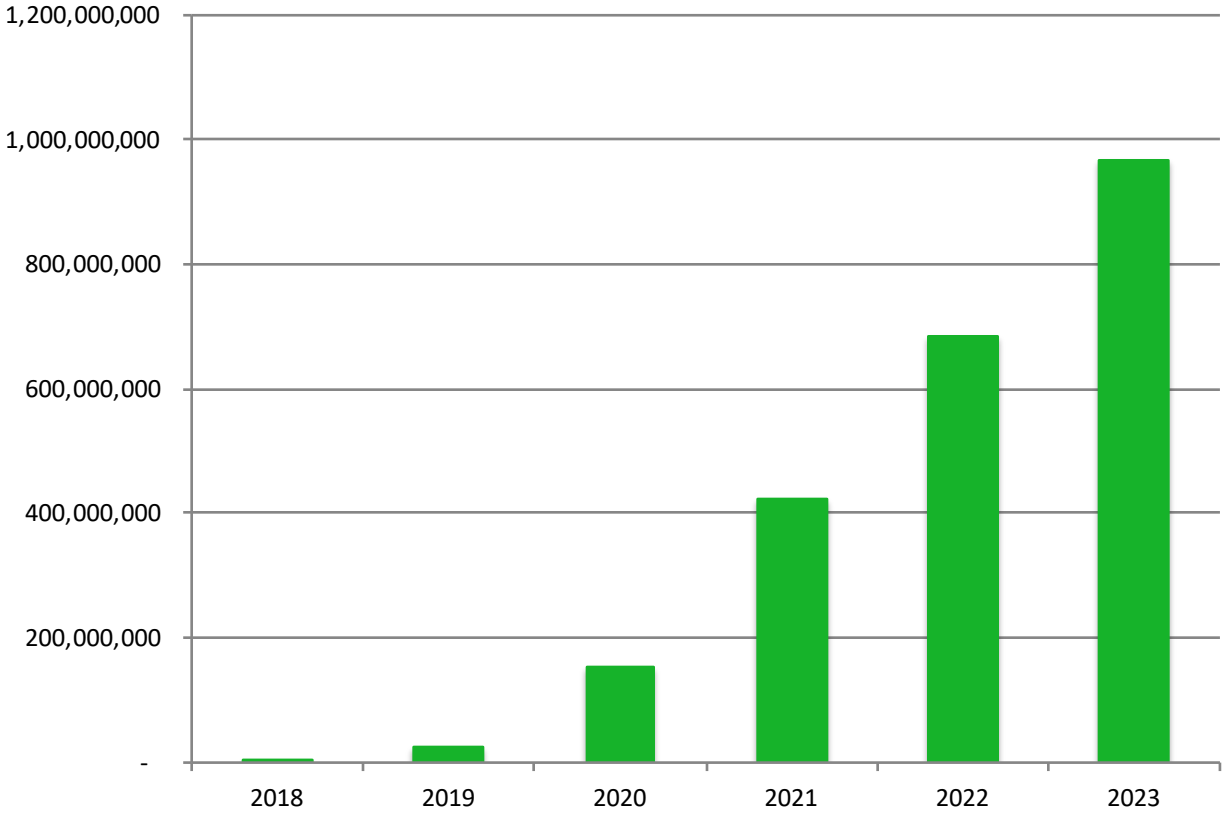
| 2019 | 2023 | AVG NO. PER RCS USER 2023 |
|---|---|---|
| 141mn | 5.7bn | 18.6 |

 → **BRAND X**

**P2A SESSIONS**

| 2019 | 2023 | AVG NO. PER RCS USER 2023 |
|---|---|---|
| 1.2mn | 1.5bn | 5 |

# RCS Business Messaging spend (US$), North America




RCS in North America to be worth US$26.8 million in 2019, and US$966.3 million in 2023

Forecasts based on existing A2P SMS prices for North America.

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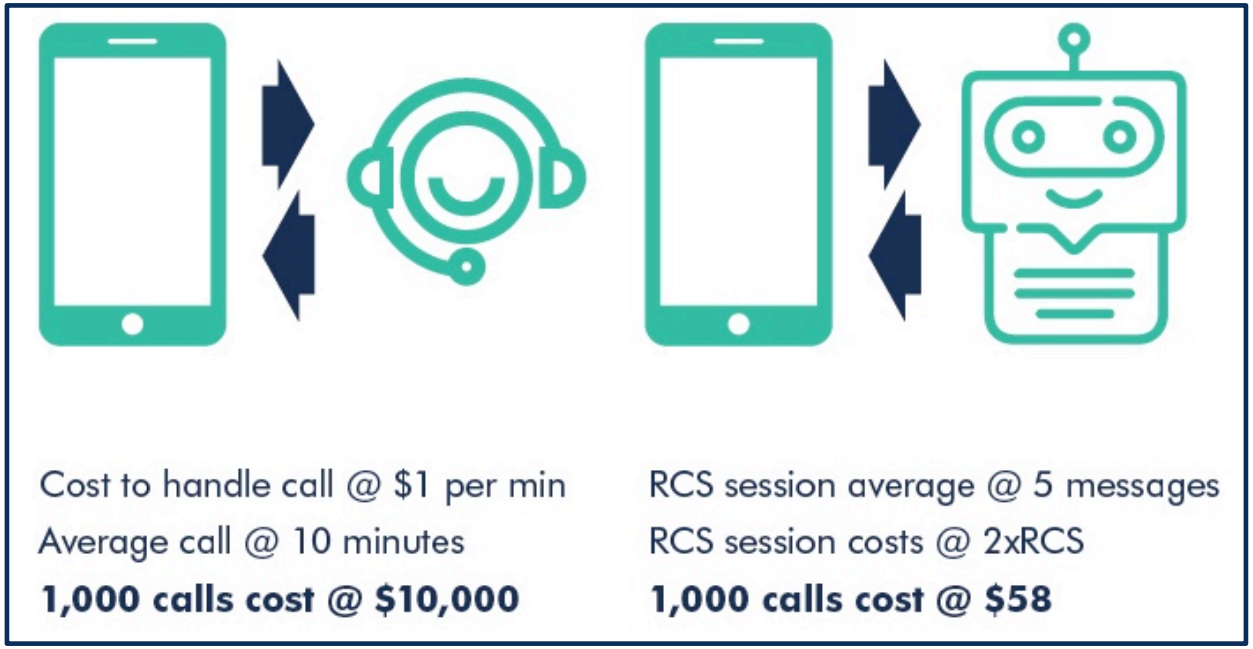
# CX: How much cost could a chatbot cut if a chatbot could cut cost?




A chatbot could cut cost by **99%** if a chatbot could cut cost

**LIKELIHOOD OF USING CHATBOTS**

- Very likely – 14%
- Likely – 19%
- Not sure – 32%
- Unlikely – 14%
- Very unlikely – 19%

Just 3% would want to start with humans and evolve to Chatbots.

On average 90% of consumers expect their issue to be resolved in 10 minutes or less

*Source: How would you use RCS; research by Mobilesquared, based on UK mobile users, August 2018, n = 1600*

## OUT NOW

THE ONLY REPORT TO GIVE YOU COUNTRY-BY-COUNTRY RCS DATA BY USERS/INCOME

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- RCS industry report quarterly updates
- Latest potential/actual RCS user data
- RCS industry developments
- RCS launches / announced launches
- RCS quarterly newsletter

## NORTH AMERICAN RCS BRAND / ENTERPRISE REPORT – OUT JAN '19

- Detailed analysis of consumer / enterprise research
- User numbers / forecasts
- Interaction stats
- RCS campaign analysis

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