

CPaaS remains an under-utilised engagement platform; but market showing strong growth worth USD52.8 billion in 2026

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- Just \$1 in every \$5 spent by a brand on CPaaS in 2022 had the potential of driving consumer interaction
- Brands' CPaaS strategies in North America have the most consumer engagement potential

Reading, UK, 20 January 2023: Mobilesquared, the world's #1 provider of business messaging intelligence, today launches their report on Communications Platform as a Service (CPaaS), which finds that one-way (non-engagement) channels and SMS in particular are the foundations for a brands' CPaaS strategy.

In the report, CPaaS 2020-2026: The path to brand/consumer engagement, Mobilesquared research reveals that in 2022, 80.1% of total CPaaS spend globally by brands was on one-way channels (SMS, MMS, email, in-app push notifications, and video) that will not drive interaction with the consumer. Just 19.9% of CPaaS spend was on two-way engagement channels (voice, social media, rich messaging channels, and WebRTC), creating a potential engagement opportunity with the consumer. Mobilesquared projects this will increase to 31.2% of total spend by 2026.

"CPaaS is not the engagement platform everyone believes it to be... yet. Right now \$1 in every \$5 spent on CPaaS by a brand in 2022 had the potential of generating engagement activity with the consumer, with \$4 in every \$5 spent on non-interactive, one-way channels," says Nick Lane, chief insight analyst at Mobilesquared, and author of the report. "This will increase to \$1.5 in every \$5 invested by brands in CPaaS by 2026, but this shows that brands are playing safe and spending the mainstay of their CPaaS budget on reliable and robust one-way, channels, like email, SMS and in-app notifications, that will not generate a truly interactive experience with the consumer."

The Mobilesquared data reveals that brands' existing CPaaS investment strategy will generate, on average, 1 engagement opportunity with a consumer per day in 2022, this will increase to twice per day in 2023, and will be 3.6 times per day by 2026.

The brand-consumer engagement opportunity over CPaaS varied greatly around the world in 2022, with brands generating one engagement opportunity every 65 days in Africa, one engagement opportunity every 2.5 days in Asia, and 6.7 engagement opportunities per day in West Europe. Brands in North America had the most effective CPaaS engagement strategy, generating 11 engagement opportunities per day.

"It's all relative, and the more a brand invests their CPaaS strategy in engagement channels, the more engagement they will potentially drive with the consumer," Lane adds. "There has been so much hype associated with CPaaS in recent years, that we think expectations need to be revised in the short-to medium-term as brands' evolution to truly engaging strategies will be a slower-than-expected process. On average, brands spent 20% of their CPaaS on engagement channels, and this will only increase to 30% by 2026. CPaaS remains hugely under-utilised by brands."

Mobilesquared's report and accompanying dataset, which covers 14 channels across 200 markets, states

that CPaaS was worth \$29.7 billion in 2022, up from \$16.9 billion in 2020, and will grow to \$52.8 billion by the end of 2026. Brands will increase their spend in CPaaS by 212% over the forecast period (2020-2026), generating a CAGR of 17.7%.

SMS dominates CPaaS spend throughout the forecast period, accounting for 75% of total spend in 2020 and then sequentially dropping year-on-year to 50.1% by end-2026. SMS is one of the “4 pillars of CPaaS”, which also includes Voice, Email, WhatsApp (which can be abbreviated to VEWS). These are the four core channels used by brands around the world. VEWS accounted for 91.2% of total CPaaS spend, and that will drop marginally to 89.4% by 2026, highlighting that brands are reluctant to shift their CPaaS spend onto alternative channels.

Mobilesquared’s defines CPaaS as “the capability to provide real-time, cloud-based omnichannel communications via an API to connect brands and consumers at scale”.

CPaaS 2020-2026: The path to brand/consumer engagement is available now. Full report costs £4,990 and includes 100-page interactive report and dataset with 1 million + data points. Mobilesquared now offers a Pay-As-You-Go data service, so you can also only buy the CPaaS data you need by country.

More information can be found here: <https://www.mobilesquared.co.uk/buy-cpaas-data/>

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About Mobilesquared

Mobilesquared is the established #1 global authority on business messaging and CPaaS, with our data shaping business plans, strategy, and customer engagement modeling, for some of the world’s leading brands, mobile operators, and the messaging ecosystem.

Learn more: mobilesquared.co.uk

Appendix

Mobilesquared’s view of CPaaS covers 14 channels. These are: Apple Messaging for Business / Email / Facebook Messenger / In-app notifications / MMS / Other OTT messaging channels / RCS / Social media / SMS / Viber / Video / Voice / WebRTC / WhatsApp