

Sky-high SMS rates damaging long-term opportunity for A2P SMS; brand spend on channel to fall from 2024

Submitted by: mobilesquared

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- Short-term A2P SMS strategies to cost messaging industry \$14.36 billion in revenues between 2023 and 2027.
- The average cost for a brand to send an SMS internationally has almost doubled from \$0.033 to \$0.0646 from 2021 to 2023.

Reading, UK, 15 September 2023: Mobilesquared, the world's #1 provider of business messaging intelligence, today launches their updated report on A2P SMS, revealing that brand spend on SMS business messaging (A2P SMS) will peak in 2024 unless mobile operators do a dramatic u-turn on their existing pricing strategy.

The report, Global A2P SMS: The complete Overview 2017-2027, reveals that since mid-2021 the average cost to send an A2P SMS internationally has almost doubled from \$0.033 to \$0.0646. In that time, 90% of mobile operators have increased their international SMS fee, with over one-third of mobile operators (36.4%) increasing their rates by over 100%; and 3.9% of mobile operators increasing their rate in excess of 500%.

This means brands are forced to pay over \$0.25 to send a single SMS into particular markets, resulting in these brands now seeking alternative channels to distribute their mission-critical customer communications.

The increase in pricing has also resulted in a surge of exclusivity deals between mobile operators and their aggregator partners, and an escalation in fraud levels and fraud types on SMS.

"These international SMS price increases have created a short-term boost in revenues for the industry, but they are doing so at a heavy cost. Exclusivity deals are enforcing higher SMS rates, and higher rates are generating an even better ROF (Return on Fraudment, and yes that's a play on ROI) compared to previous fraud types prevalent on the channel. But most damning of all, is the hugely negative impact all of these developments are having on brands and their required investment in SMS," said Nick Lane, chief insight analyst at Mobilesquared, and author of the report.

The greatest concern of all is the long-term well-being of SMS business messaging. Following the Pandemic, SMS was experiencing strong growth with the number of businesses using SMS starting to approach 10% of total businesses globally, but we could now be looking at businesses using SMS peaking in 2024.

Included in the report is Mobilesquared's "Alternative View" of the A2P SMS landscape, with market projections based on the exclusion of developments, such as significant price increases since 2021.

Mobilesquared's "Alternative View" projects cumulative spend on A2P SMS between 2022 and 2027 would have been \$224.47 billion, compared to actual cumulative market spend projections of \$210.11 billion. This highlights that market developments over the last 24 months will cost the A2P SMS industry \$14.36 billion in revenues by 2027. Put another way, these developments will cost the SMS industry an average of

\$7.87 million per day between 2023 and 2027.

In conjunction with the launch of the report, Mobilesquared has also launched a quarterly analyst briefing, ASPIR (A2P SMS Pricing Impact Report), to monitor the impact price increases will have on increasing fraudulent traffic from a brand perspective. In the first issue, Mobilesquared identified 11 A2P SMS markets as “high-risk” for brand traffic, 11 as “medium-risk”, 52 as “low-risk” and 124 markets presenting “no-risk”.

“This is a ‘sliding doors’ moment for the SMS business messaging industry with two paths open,” Lane added. “Mobile operators need to understand the actual value of an SMS to a brand, and certainly in relation to other channels like email, push notifications, and the Voldemort of messaging... WhatsApp. Otherwise, they risk curtailing what should have been a massive opportunity for them.”

Global A2P SMS: The complete overview 2017-2027 is available now.

Full subscription costs £6,450 and includes 110-page interactive report and dataset with 12+ million data points covering 200 markets.

Interactive report only costs £2,500, including data for global and regional markets.

Mobilesquared also offers a Pay-As-You-Go data service, so you can also only buy the A2P SMS data you need by country. A single country snapshot report costs £400.

More information can be found here:

<https://www.mobilesquared.co.uk/mobilesquared-a2p-sms-messaging-research/>

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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.

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