Email (ESP) and sms marketing platforms

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SMS marketing sees a much higher open rate, a much higher response rate, and a faster customer response time than email marketing. Customers open 98 percent of SMS messages, contrasted against customers opening only 20 percent of emails. While we were able to get an estimate of the email marketing customer acquisition cost (in a range from a few cents to $3 per customer) we were unable to acquire the same information on SMS marketing. We were also unable to find any data on the Customer Lifetime Value (CLV) prospects for either channel using publicly available information sources.

METHODOLOGY

We found the majority of the requested data via reliable, high-profile market research and marketing industry publications sites like Never Bounce, PriceWaterhouseCoopers, Ernst & Young, Deloitte Touche Tohmatsu, and KPMG. However, two key data points eluded us from these sources: customer lifetime value data for these types of marketing campaigns and the SMS channel customer acquisition cost.

Expanding our search, we went to prominent email and SMS marketing firms, like SMS Bump, PostScript, Retention Rocket, CartsGuru, MessageMate/IMPower, ReCart, and ShopMessage. We explored them web presences, press releases, and financial reports, hoping to find CLV and SMS customer acquisition cost data, but nothing comprehensive emerged, nor did we find a broad enough cross-section of data to attempt an extrapolation.

Still hoping to get what we needed from marketing industry leaders, we turned to the public databases on eternal business tracking publications like Bloomberg, ZoomInfo, Hoovers, Owler, CrunchBase, and Manta among others. We hoped that those sources would reveal the CLV and SMS acquisition costs for the electronic marketing companies listed above, or enough to build a global estimate, but this strategy did not pan out.

Next, we turned to the content publications of marketing industry leaders, sources like HubSpot, Disruptive Advertising, WebFX, Leads Bridge, and the like. While this did help us flesh out some existing data, we still did not find the missing values.

As a final strategy, we expanded our scope to articles and market analysis in reliable media publications like Forbes, the New York Times, the Wall Street Journal, the Financial Times, Business Insider, Fortune, Bloomberg, and their peers. Regrettably, the missing cost data could not be found from these sources either.

EMAIL MARKETING

Email marketing's customer acquisition cost is variable, ranging from an almost negligible in pennies up to about $3 per customer. The attrition rate (churn) is quite low for B2C emails,

running at about 3.22 percent. It is noticeably higher for B2B emails, running about 21.07 percent. The average ROI on an email marketing campaign is 3,800 percent. Total email marketing spending in the United States was $2.07 billion in 2014 and is expected to rise to $3.07 billion in 2019.

Some interesting notes about email reading habits include: half of all marketing emails are opened on a mobile phone. That emails read at 11 a.m. Eastern Standard Time have the highest clickthrough rate. And that emails sent on Tuesdays have the highest open rate.

SMS MARKETING

The churn rate for SMS marketing platforms runs about 37 per every thousand messages sent. However, this varies based on day, hovering closer to 18 per thousand on weekdays and 85 per thousand on weekends.

Marketing companies are extremely satisfied with SMS marketing in general, with 96 percent rating the campaigns either "effective" or "very effective." Marketers note that SMS is especially effective when coordinated with other channels.

SMS MARKETING VS. EMAIL MARKETING:

SMS beats email marketing hands-down on open rate, running at around 98 percent versus to email's 20 percent open rate. The response rate is also higher for SMS marketing, running 45 percent to email's 6 percent. Clickthroughs on SMS are also higher, running around 36 percent to email's 3.4 percent.

An average SMS recipient takes 90 seconds to respond to a marketing message, as opposed to 90 minutes for the average email response time.

SMS MARKETING STRATEGIES

We found several recommendations for improving SMS marketing campaigns. Send a "welcome" message as each new customer subscribes. Focus pushes on new offers or engaging content. If there are webinars, demos, or scheduled appointments, reminders are often well-received. Download links to electronic tickets, apps, etc are also highly engaging. A final recommendation would be to maintain a responsive customer support presence for your SMS marketing campaign.

CONCLUSION

SMS marketing is certainly faster, more responsive and more engaging than email marketing strategies, however, emails have surprisingly low churn. We were not able to acquire a reasonable estimate of the cost per customer for SMS marketing. We were also unable to find the CLV for either marketing channel. We speculate that this may be because the lifetime value of acquired customers will vary wildly from industry to industry, product to product, making a generalized CLV for a given marketing channel, absent specific industry and profit

data, a stat too broad to be useful.

Sources

1) 2018 Marketing Statistics, Trends & Data - The Ultimate List of Digital Marketing Stats

https://www.hubspot.com/marketing-statistics

- "54% of marketers say increasing engagement rate is their top email marketing priority. (Ascend2, 2016) "

- "11 a.m. ET has the highest clickthrough rate for email sends. "

- "Marketers who send emails on Tuesdays get the highest open rates. (Wordstream, 2017) "

- "As the number of images in an email increases, the clickthrough rate of the email tends to decrease. "

- "Transactional emails receive eight times as many opens compared to regular marketing emails. "

- "Almost every report on email open rates concludes that mobile is responsible for at least 50% of all opens. "

2) Be in the Know: 2018 Email Marketing Statistics You Should Know

https://www.disruptiveadvertising.com/marketing/email-marketing-statistics/

- "Email marketing has an average ROI of 3,800%. In other words, for every dollar invested, the average return is $38."

- "56% of brands using emoji in their email subject lines had a higher open rate."

- "Only about 30% of US retail email list subscribers have actually made a purchase from the retailer whose email list they subscribed to."

- "28% of consumers would like to receive promotional emails more than once per week. 38% would like emails to come even more frequently."

- "Email marketing spending in the United States is projected to grow from $2.07 billion USD in 2014 to $3.07 billion USD in 2019."

- "57% of consumers break up with brands because of unnecessary spamming."

3) Customer Acquisition Cost Per Channel

https://www.webfx.com/internet-marketing/customer-acquisition-cost-per-channel.html

- "The costs of email marketing are fairly similar to the costs of implementing SEO or PPC campaigns. "

- "You can expect to pay anywhere from $4,000-$10,000 initially, a few cents to $3 for each qualified visitor, and around $500 per month to your Internet marketing firm."

4) The State of Email Attrition 2018

https://cdn.neverbounce.com/resources/the-state-of-email-attrition-2018-neverbounce.pdf

5) Customer Lifetime Value Calculation for Email Marketing

https://www.emailmonday.com/customer-lifetime-value-calculation-email-marketing/

- "Email subscriber lifetime value is a same kind of metric as a customer lifetime value (CLV). But instead of taking the lifetime of the customer relationship, we take the lifetime of the email subscription and the impact that the email program has during that time."

- "So we are not looking at the total profits a customer will bring, but the total additional profits that an email subscription represents."

- "If you have the statistics of generated profits per subscriber it would be the most accurate, because that allows for a lot more analysis and insights. But often that data is not (easily) accessible."

6) 52 Text Messaging Statistics for Businesses - TextMagic

https://www.textmagic.com/blog/text-messaging-statistics-for-businesses/

- "83% of marketers promoting email subscription via SMS said it was "very effective/ effective"

- "96% of marketers rated mobile welcome SMS as "very effective/effective" or "somewhat effective"

- "77% of consumers said they opted in to a brand's text messages to receive coupons or deals"

- "33% of consumers said they opted in to a brand's text messages to gain access to more meaningful content."

- "41% of consumers said they didn't opt in to a brand's text messages because the texts didn't provide meaningful content"

7) How effective is SMS marketing in 2018

https://thehub.smsglobal.com/sms-marketing-2018

- "Sending SMS online has become one of the most effective marketing platforms due to open rates of 98%, high conversion and the ability to boost other channels."

- "There is a 45% response rate for SMS messages (email has just 8%), but more importantly, the interaction with these texts is also significantly higher than other marketing tools. "

- "FunMobility recorded a click-through rate of 36% after moving to a bulk SMS service whilst email click-through rates remain at just 3.4%. "

- "SMS marketing can be easily tracked through Google Analytics using our guide to view click-through rates for every SMS message that you send. Debt collection agency Time Warner was able to increase late bill collections by 49% after implementing SMS online software. "

- "Kiehl's Skin Care Products had 73% of their opted-in customers make a purchase following a product campaign launched through SMS software."

- "SMS marketing has been established as an effective and low-cost marketing tool. "

8) How to get the Right Balance with SMS Marketing | Sendmode

https://www.sendmode.com/balance-sms-marketing

• "Customer acquisition is a costly business for marketers, with cost per acquisition on of the key metric determining the success of an SMS marketing campaign."

• "The overall value of a subscriber can be calculated from subtracting acquisition and remarketing costs from total value created over time, giving a reliable 'customer lifetime value' figure which captures the present, future and referred value of each subscriber."

9) SMS has eight times the response rate of email: study

https://www.retaildive.com/ex/mobilecommercedaily/sms-has-eight-times-the-response-rate-of-email-study

• "The overall unsubscribe rate was just over 37 per every thousand messages sent."

• "The average unsubscribe was just over 37 for every thousand messages sent, broken down to 18 per thousand messages sent on weekdays and 85 per thousand messages sent on weekends"

10) Email Marketing VS SMS Marketing the Stats [Infographic]

https://www.business2community.com/infographics/email-marketing-vs-sms-marketing-stats-infographic-02021390

11) 5 SMS marketing strategies to engage your new leads and convert them into high lifetime value customers

https://leadsbridge.com/5-sms-marketing-strategies-to-engage-your-new-leads-and-convert-them-into-high-lifetime-value-customers/

• "Send a Welcome SMS as they subscribe"

• "Send new offers or content"

• "Send reminders for webinars, scheduled appointments, demo, etc."

• "Send links to download content (e.g. a ticket, an APP)"

• "Send SMS Customer Support"