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PRESS RELEASE – SOUTH AFRICA

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February 2011

SMS and smartphones: SMS shows its resilience once again

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Time and time again SMS is the technological exception to the rule. Not only is it incredibly resistant to downward price pressure, which has seen it immune to the dramatic price drops in the tech world over the last 10 years, it also refuses to be usurped by newer technologies.

A case in point is how SMS has been affected by the continuous rise of the smartphone over the last year. Despite the extended capabilities of smartphones, including cheaper communication options such as email and mobile instant messaging, SMS volumes have not been cannibalised nearly as much as predicted, and in some cases have even been boosted.

Smartphone penetration continues to grow at a rapid rate. Research house Gartner saw in excess of 81 million smartphones sold worldwide in quarter three, 2010, accounting for 19.3% of all mobile phone sales that quarter. This is a massive 93% increase from the same quarter in 2009. Closer to home, Gartner reports 16% smartphone penetration in South Africa at present, ramping up to 80% by 2014.

In October 2010 the International Telecommunication Union (ITU) predicted 6.1 trillion SMS messages would be sent last year. Portio Research forecasted earlier in the year that SMS traffic would exceed 10 trillion by 2013. ABI Research reported that there would be 4.2 billion users of SMS around the world in 2011.

Previously, there have been some dire predictions that SMS's days are numbered thanks to the smartphone, and specifically because of an increased uptake in mobile instant messaging (MIM). A TNS survey in 2008 indicated that people who use MIM send 23 SMS's per 100 messages they send. Compare this with non-MIM users who send 38 SMS's per 100 messages they send. Let's face it, this is a 40% drop. But what the survey doesn't show is to what extent overall messaging has increased, which would reduce the real drop in SMS messages sent.

So why is SMS so persistent and resilient in the face of bright and shiny new ways to communicate?

SMS is ubiquitous and comes pre-installed on all phones – 4.2 billion people actively use SMS according to market watcher Tomi Ahonen. You know the recipient will be able to receive an SMS and be able to respond to you. Compare this to smartphones – according to research from online market company, Compete Inc, 27% of owners have never downloaded and installed an application, including MIM applications, on their smartphone.

In addition, the MIM market is highly fragmented and different platforms have different ways of identifying users – unlike SMS which only needs a cell phone number, which the user generally already has. Despite a couple of attempts to integrate various MIM platforms to produce a universal application, there is no real incentive to do this from the operators' points of view, since so much revenue is being earned from SMS. Nor is there an incentive for individual MIM platforms to open up to others. Standing alone, the biggest



MIM platforms are orders of magnitude smaller compared to the SMS platform in terms of the number of phones that run them.

There is no denying that MIM and specifically BlackBerry messenger and WhatsApp have a large and growing user base, but the impact on SMS will be far less than expected. In SA where MXit has a significant penetration, SMS is still widely used by MXit users.

User behaviour has a large role to play as well. In the same way that users are increasingly migrating from voice to SMS because of the asynchronous nature of SMS – although the communication is immediate, it is less disruptive and you can reply at your leisure – it is likely to also be a reason for users to prefer SMS to MIM for certain types of communication. The lower volume of SMS messages received makes it more effective as an alert and notification medium.

In addition, SMS has become an acceptable way to communicate with business contacts and people you don't know that well. Even amongst die-hard MIM users, SMS is preferred when communicating with certain audiences. Likewise, while business communications via SMS have become acceptable, it is unlikely the average user would appreciate a company initiating a conversation with them via IM, or even dish out an IM username to a company, for that matter.

How will smartphones drive SMS use?

Ironically smartphones have also made it easier to send SMS's, with QWERTY keyboards or touch screens, threaded conversations and other improvements to the SMS interface. In addition, we are seeing an increased demand for SMS from application developers – with SMS alerts vital to the set-up and function of many mobile applications. Social media platforms and couponing, both growing sectors, are also integrating SMS into their services.

Yet again, SMS, that accident of mobile technology, now in its 18th year, has proved resilient in the face of rapid and exciting communication technology advances and has earned its status as universal communications channel.