

## Getting Out The (Text) Message

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INVESTOR'S BUSINESS DAILY

Posted 4/20/2007

Text messaging is no longer just a newfangled way for teens and twentysomethings to spread gossip.

Airlines, consumer product makers, retailers and financial institutions are using text messages to reach consumers as more adults, including those 55 and older, catch on to the trend.

"We're not at the point where consumers expect it, but we will be in the next year or two," said Julie Ask, an analyst with Jupiter Research.

There's little question that text messaging has exploded as a form of communication. In the fourth quarter of 2006, Verizon Wireless — a joint venture of **Verizon Communications** ([VZ](#)) and **Vodafone** ([VOD](#)) — reported that the volume of text messages sent and received by its 60 million customers soared more than fivefold from the same quarter a year earlier, hitting nearly 18 billion.

Businesses began to look seriously at text messaging after millions of people used it to vote for American Idol contestants, says Christine Overby, an analyst with Forrester Research.

"Advertisers saw how marketing can be woven into the fabric of a program to get a brand in front of people without intrusive or interruptive ads," she said.

Also, the volume of messages advertisers receive is a rough measure of how many consumers an ad campaign reaches, Overby says.

The older adult category is important because consumers in this demographic have more purchasing power than the 18- to 24-year-olds who use text messaging the most. In 2006, the percentage of adults 55 years and older using text messaging doubled to 20%, according to Jupiter Research. This spurt stemmed mostly from parents texting their kids: reminding them about, say, piano lessons or when to come home for dinner.

But increasingly, texting is occurring between adults and businesses. Many firms are using text messages for customer service. **AMR's** ([AMR](#)) American Airlines and travel Web site Orbitz use text messages to remind travelers of their itinerary and alert them to delayed flights and gate changes.

Sybase 365, a unit of Dublin, Calif.'s **Sybase**, ([SY](#)) has set up text-messaging systems for banks. Automated messages alert customers when their balance has reached a certain level or when their paycheck has cleared. This helps banks save money by reducing traffic in branches and cutting the volume of calls to help desks.

When banks promote text services, Sybase has found that 30% to 40% of customers sign up for them, even when they have to pay a fee.

Text messaging has also opened up new avenues for marketing. **Pfizer**, ([PFE](#)) for one, has sent text "coupons" for a 30-day free trial of its cholesterol fighter Lipitor. **Procter & Gamble** ([PG](#)) offered consumers a quiz on dating as a roundabout way of promoting its Crest whitening toothpaste. After answering questions via text messages, people received a text ad for the product.

Retailers are proving to be likely adopters of text-based marketing. Scott Dunlap of NearbyNow has lined up merchants to participate in a program to let people use text messaging to search for sales and specific items at 22 malls in 20 U.S. cities. Large merchants such as Sears, a unit of **Sears Holding Corp.**, ([SHLD](#)) as well as mom-and-pop shops provide inventory data to NearbyNow. By entering a text code for a local mall, like VF for San Jose, Calif.'s Valley Fair, shoppers can use text messages to search for sales or order a specific size and style of garment.

"We found a way to merge two concepts — text advertisements and location-based advertising," Dunlap said. "But mobile advertising is a new concept and we're still at an experimental stage."

Nonetheless, Sybase is looking to the future. Bill Dudley, senior director for messaging products, expects messaging systems to use geographic data from location-based features on cell phones to send text coupons or other promotions to consumers in the vicinity.

One risk is pestering shoppers with another form of spam. In a survey by Forrester Research, nearly 80% of U.S. consumers said getting any ad on a mobile phone would annoy them. Only 1% said text ads would influence their purchases. Taking this into consideration, NearbyNow's service sends a maximum of two messages per hour.

A startup in Burlingame, Calif., called Limbo 41414 may have found a way around this by combining text messaging with product placement. Limbo conducts reverse auctions, in which the lowest unique bid wins. Players make offers and counteroffers with text messages. This keeps the product in front of them and makes them more likely to buy it if they don't win, says Cameron Lester, a partner at Limbo investor Azure Capital Partners.

"We're seeing a new form of contextual advertising take shape," Lester said.

He and his partners at Azure liked the idea of text messaging because it doesn't require special software downloads, phone displays or features.

"It opens up the entire market of over 200 million handsets in North America," Lester said.