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The year ahead for SMS

By Dr Pieter Streicher, MD at BulkSMS.com

2011 Is the year South African consumers become amongst the best protected in the world thanks to two important new laws. Far from seeing this as a threat, businesses should see this as a huge opportunity for improved customer communications, especially if they have SMS included in the mix. This is one of the main trends we predict for 2011.

1. Get your customer communications into gear

The Consumer Protection Act (CPA) will be enforced this year. This piece of legislation dictates how and when companies may market to customers, including allowing them to opt out of communications. The second, the Protection of Personal Information Bill (PIIB) is expected to be promulgated into law this year. This looks at how organisations view, manage and use personal information and sets specific guidelines for how customers opt-in and opt-out of communications. As well as tightening up the legal details, these also allow for far harsher penalties for contravention.

Both apply to SMS, and in my opinion should be seen as an opportunity for companies. To ensure customers opt-in to communications, and then stay opted-in, companies will have to come up with creative ways to provide value to consumers and engage with them in a real conversation. The immediate and mobile nature of SMS makes this channel vital in both integrated campaigns, e.g. publishing a short code on a billboard to get customers to sign up for a campaign, or as a stand-alone channel, e.g. providing customers with information they need on the go, such as weather reports.

A word of warning though: companies should already be in the process of making sure their customer communications are in order, or risk simply being unable to contact a customer legally.

And a note to operators: the PPIB will require free opt-out messages be provided. Currently only Vodacom offers reverse-billed SMS, so the others will need to find a solution to this.

2. Smartphone growth on the up and up

Smartphone growth shows no sign of slowing down after stellar growth in 2010. Analysts seriously underestimated the public's appetite for top-end phones, despite their price tags, and TomiAhonen calculates there was a 30% quarter-on-quarter growth in smartphone take up in the third quarter of 2010. It is unlikely that this smartphone growth trend is going to taper off in the near future, especially with Google's open-source Android platform dramatically lowering the cost of smartphones. South Africa currently has a 16% smartphone penetration, according to Gartner, which predicts this will rise to 80% by 2014.

SMS has an important role to play here, as a myriad of applications, particularly social gaming apps, incorporate SMS.

3. SMS is going to remain pivotal in publishing information

2010 Saw several governments, including India, Egypt and Mozambique limit SMS access during times of violence or political instability, such is the technology's power to spread information. However, these shut downs didn't come without cost, thanks to the extent to which SMS is embedded in our social fabric, specifically in the banking industry.

One of our favourite examples of how SMS can be used to publish information to the world is Ushahidi, developed to report on Kenyan election violence and now used worldwide to report on elections, political instability and natural disasters.

Privacy received a massive shake-up in 2010, thanks to Facebook and WikiLeaks amongst others, and I suspect this story is going to continue to play out for years to come. No doubt SMS, thanks to its ease of use and market penetration, is going to remain pivotal in the spreading of information at grassroots level and around the world.

4. Voice on the drop, SMS on the rise

This is a trend that has been emerging for some time, and is likely to continue and even escalate in 2011. In a world of information overload and constant demands for our time and attention, the asynchronous yet immediate, personal and mobile nature of SMS means it is favoured by consumers over other communication channels, especially voice.

For some time already voice volumes have decreased and SMS volumes have grown. And as more businesses realise the importance of SMS as a customer communication channel, this is going to continue. This trend is borne out by international data. An August *Washington Post* article looks at how "the texting generation doesn't share boomers' taste for talk". Latest Nielsen statistics report that in the US teenagers send on average 3,339 SMSs a month, with girls sending as many as 4,050 SMSs. This is an 8% rise from the previous year; while voice saw 14% drop in use over the same period. This increase in texting is consistent across all age groups.

5. South Africa leads mobile messaging regulation

While not perfect, the Wireless Application Service Providers' Association (WASPA) code of conduct has put South Africa at the forefront of the regulation of mobile messaging for some time. There are now plans afoot for it to be adopted by Namibia, Tanzania and Uganda As well as providing protection for consumers in these countries, this expansion of the code will focus efforts on tightening some of the loopholes that do exist.