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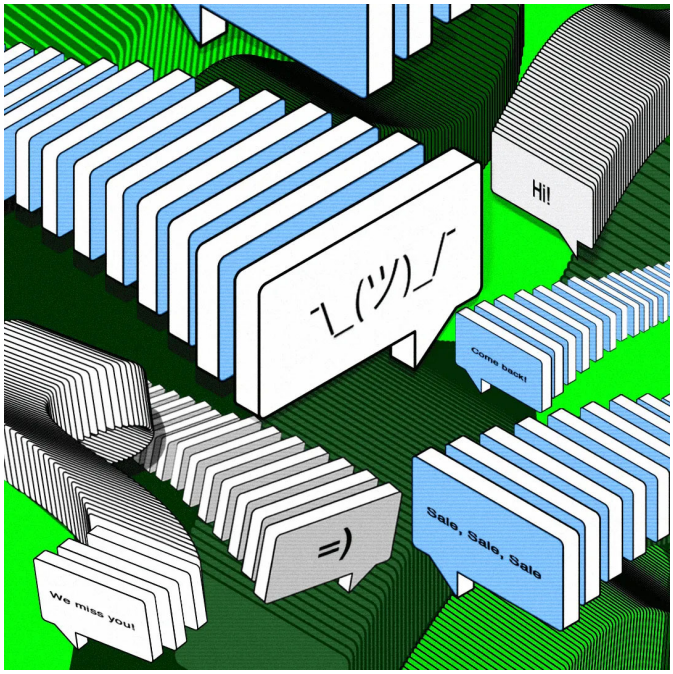

DAILY COVER

Buying Soap Was Just The Start. Now The Company Wants To Text You, Too.

As emails and social media ads become less effective at reaching customers, retailers are increasing... [+] ILLUSTRATION BY STEPHANIE JONES FOR FORBES

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As emails and social medi have become less effectiv retailers are increasingly turning to texts, the once-private domain reserved for conversations with family and friends.

So you bought some Dr. Squatch soap. That's just a start. Dr. Squatch wants more from your relationship. Dr. Squatch wants to text you.

IPR2024-00069
Attentive Mobile EX-2027

Starting in late 2020, the men's soap company began offering customers a discount if they signed up for text messages, which it uses to communicate promotions and new products an average of five times a month.

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It's been ridiculously successful. The money spent texting goes some seven times further than any Instagram ad, with text messages now driving 15% of the company's over $200 million in revenue.

"Brands are realizing that there's at least a subset of their audience, if not the majority of their audience, that would prefer to be contacted this way," said Adam Turner, CEO of Postscript, which powers text-message marketing for Dr. Squatch and other retailers.

Emails are too easy to ignore or send to junk and social-media ads have become both more expensive and more frequently overlooked, so many retailers are turning to text messages, a domain once reserved for intimate conversations with family and friends, such as grocery lists, what cute things the baby is doing or when can you pick me up. It's hard to beat the open rate, which borders on 100% thanks to the fact that Americans check their phones about 96 times a day (an actual number derived from surveys and not a typo).

“SMS will be the new email”

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“My gut here is that SMS will be the new email,” said Tejas Konduru, CEO of mobile commerce platform Via, referring to “short message service,” the technical name for texts. “Even two years ago there was a hesitation that text seemed pretty intrusive. Now it’s the No. 1 channel everybody wants to invest in.”

The biggest company in the space, Attentive, facilitated over 18 billion text messages between retailers and their customers last year, driving over $10 billion in sales, more than double the previous year. Its customer base has swelled from 2,000 to 5,000 since the end of 2020, with big companies like Michael’s, Urban Outfitters and CB2 signing on. They’re chasing a juicy return on investment, with retailers making an average of $55 dollars for every $1 spent, according to the company.

“It’s just a much better way to get in touch with a consumer”

"It's just a much better way to get in touch with a consumer," said Attentive CEO Brian Long.

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Most retailers are using texts to send weekly promotions, which may just be a distilled version of their emails written by somebody with a taste for capital letters, presumably for emphasis. "THIS WKND: Shop up to 20% off select outdoor furniture & accessories," wrote home furnishings brand CB2 in one recent text. "Your 15% OFF sitewide coupon expires soon, Love!" exclaimed Lulus, an online apparel retailer. From Michaels: "Spring for everything! Take 50% off all spring items and save. Looking for more BIG deals? We've got 'em!"

Annoyed yet? Unsubscribing is always an option. Under the Telephone Consumer Protection Act of 1991, retailers may only text someone if they first get explicit consent, and then must allow them to opt out any time by texting words like "stop" or "unsubscribe." They can only send texts during certain daytime hours, too.

Running afoul of such laws can land a company in hot water. Jiffy Lube agreed to pay $47 million to settle a class-action lawsuit in 2012 after customers complained that the oil-change company was spamming them with promotional texts they hadn't signed up for. The number of such lawsuits has risen significantly in recent years, with Albertson's, Express and Kohl's among the retailers hit with litigation over text messages.

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Retailers, wary that irritating their customers doesn't blaze an easy path to more sales, monitor unsubscribe rates closely. For instance, Dr. Squatch may send its most loyal customers three messages a week. But if it notices someone has lost interest and isn't engaging, it will scale back. "We don't want to inundate people," said Cody Griffin, Dr. Squatch's senior director of marketing.

Retailers are trying to personalize texts, too, based on a shopper's purchase history and interests. Brooklinen might send someone a text message about towel bundles, if they've been browsing towels on the site or purchased towels in the past, said Courtney Conway, senior retention marketing manager. The idea, though, is not to text someone who just bought towels last week and isn't likely to need another set anytime soon.

They may also dangle early access to new products, to convince shoppers to stick around. For instance, candle company Homesick recently gave its text subscribers an exclusive sneak peek at a new Star Wars collection, with scents meant to evoke Tatooine, Endor and the Death Star.

Industry executives say that as more brands start texting their customers, the bar will get higher. Blanketing customers with the same stiff marketing copy won't fly. The next frontier is turning it into a more conversational channel, where shoppers can request and buy items

directly via text, ask questions about a product or get help from a customer service rep. Brands may also solicit customer feedback via text. For instance, if a customer left a one-star review, they may get a text asking what wasn't perfect about their buying experience.

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"I think SMS is going to become required for every brand selling online," said Postscript's Turner. "What's going to drive that is consumers saying, 'Yes, you can text me, but don't send me the same thing every single day.'"

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