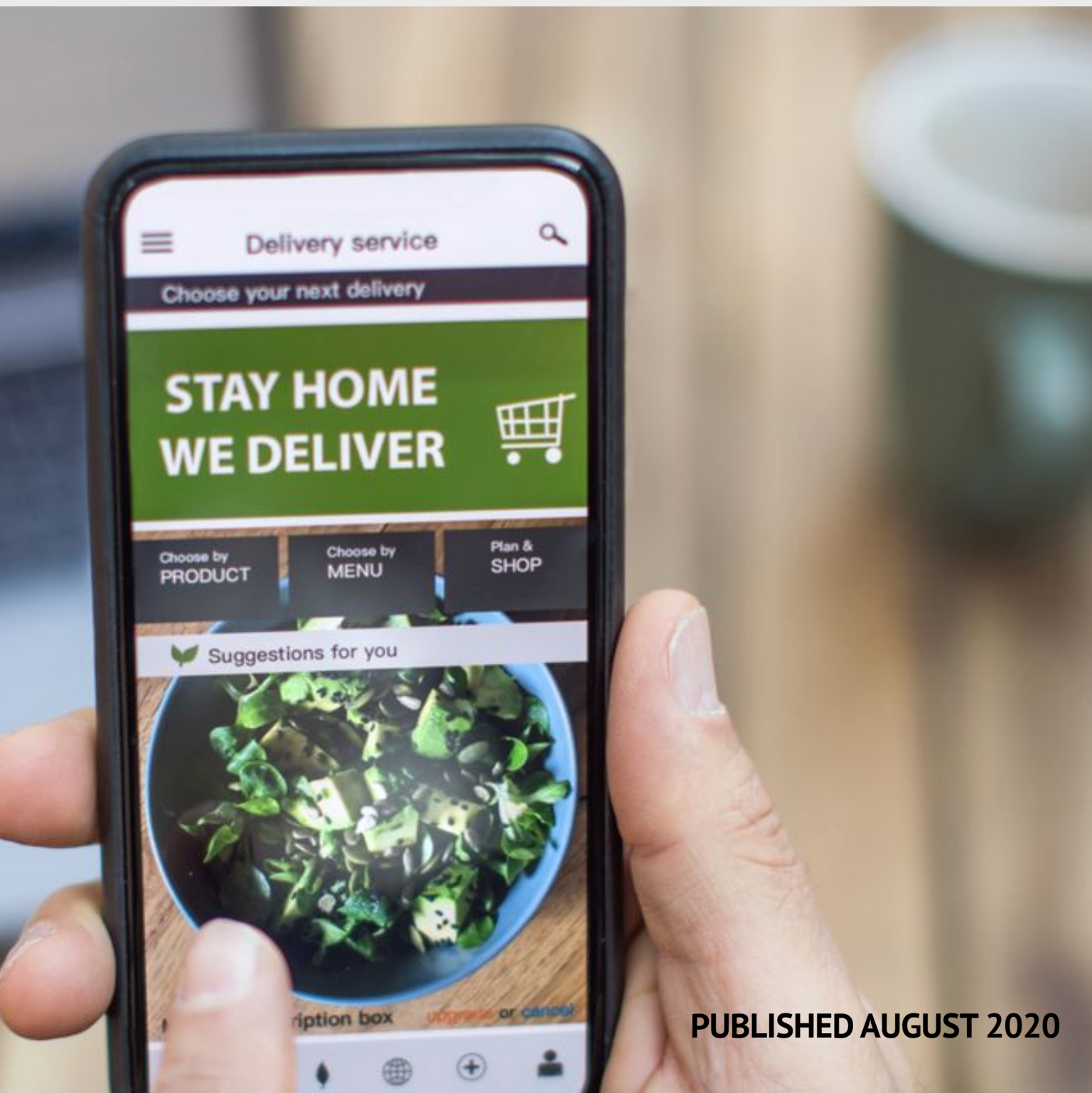# THE IMPACT OF COVID-19 ON BUSINESS MESSAGING 2020, WHITE PAPER
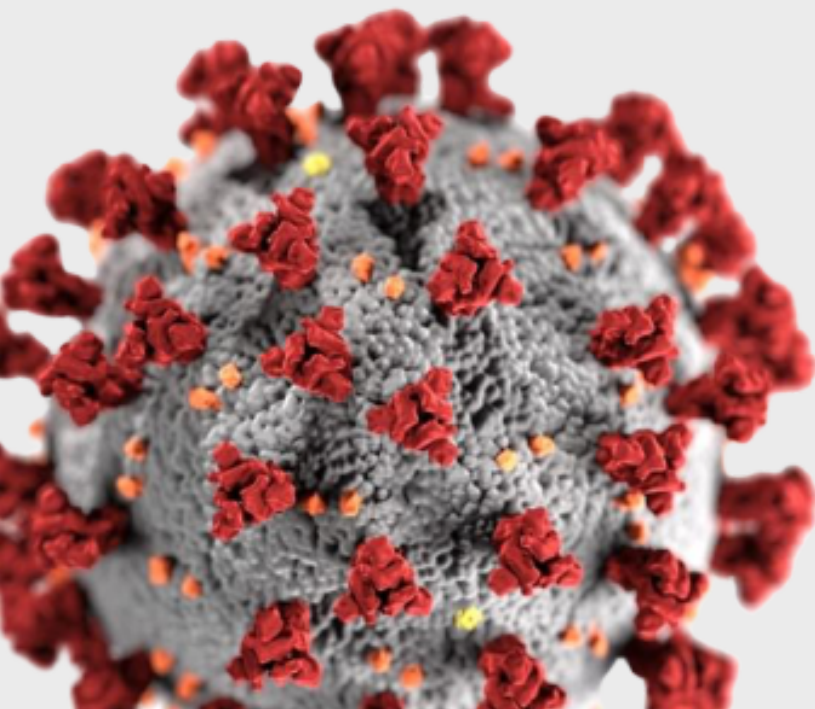
FOCUSING ON SMS, RCS & WHATSAPP

PUBLISHED AUGUST 2020

Mobilesquared
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Introduction

Mobilesquared was asked by mobile operators, aggregators, CSPs and firewall providers alike, to research and provide insight on the impact that the global pandemic COVID-19 has had on countries in lockdown and how this has affected the business messaging community.

Mobilesquared ran an online survey between early April and mid-June 2020. We invited around 500 companies to participate and achieved 78 responses. Our aim was to understand what sectors in which markets had been impacted by the lockdown, and how this would affect the overall marketplace in 2020.

Our methodology can be found in the Appendix at the back of the report. But for the purposes of understanding the data contained within the report, we have applied the following timelines:

- Entering lockdown - from mid-March
- Full lockdown - April-May
- Lockdown easing - from mid-to-late June

Fig. 1: How we divided the various stages of lockdown
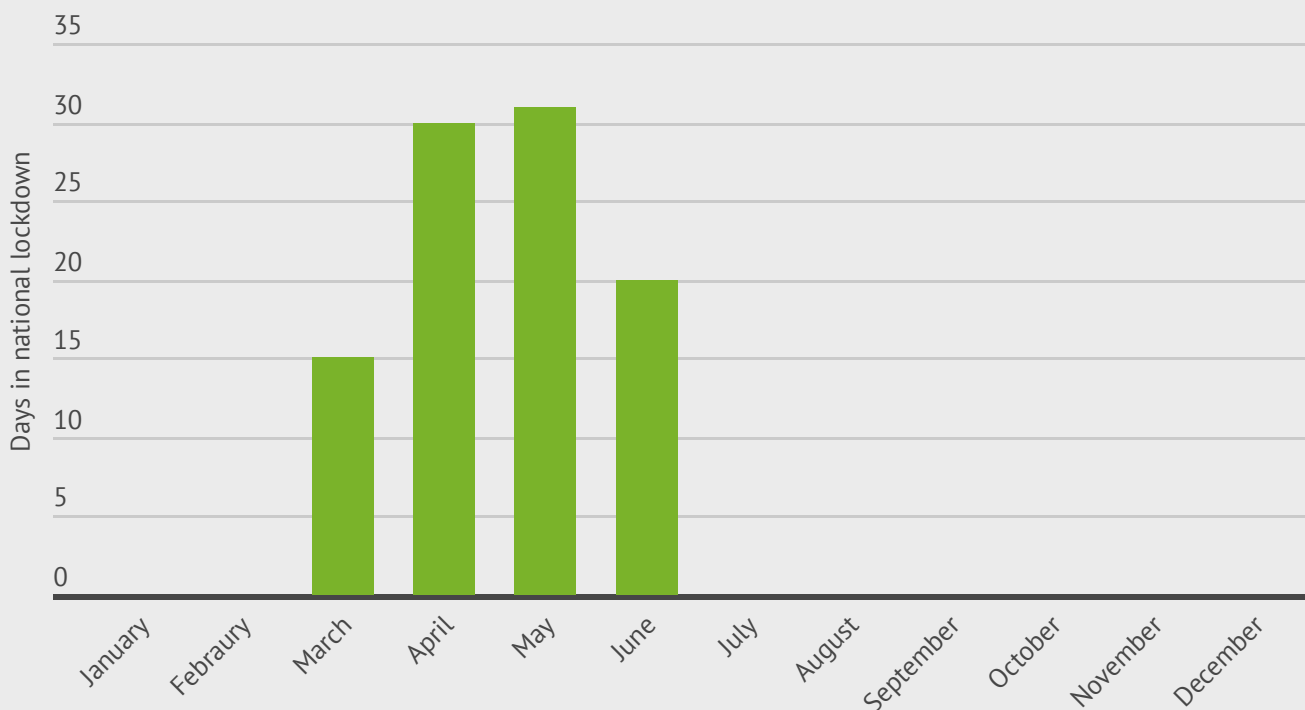
The report is split out by top-level survey findings and analysis, followed by the application of the research data to our global market forecasts for A2P SMS, WhatsApp Business and RCS, to understand the real-term impact on traffic and revenues for 2020.

The research data has been applied to our July 2020 global market forecasts. Please note our global market forecasts are updated on a frequent basis.

Key findings

- The upshot of the COVID-19 research is that business messaging is on the cusp of big growth as virtually every business looks to survive in the "new normal". The impact of limited face-to-face contact, working from home, the digital transformation of businesses, have become key components in the emergence of business messaging as the ideal channel to communicate with consumers.

- Pandemic viewed as the defining moment that transformed business messaging from a functional channel into the mainstream alongside TV, the internet, and social media.

- Demand for business messaging channels is on the rise, both during and after lockdown. During lockdown ABC experienced a 100% increase in demand, with WhatsApp 80%, and A2P SMS 77%. RCS experienced a drop in demand of 67%.

- Mobilesquared have developed the Net Demand Score (NDS), which reveals that SMS was the go-to channel for businesses during lockdown with WhatsApp Business and ABC playing a supplementary role. Companies expressed little or no interest in using RCS.

- Traffic dropped 0.9% during lockdown as companies reassessed communications strategies. Of the 16 sectors tracked by Mobilesquared, 7 were down, 2 sectors were unaffected, with 7 sectors experiencing an overall increase in traffic.

- In terms of total traffic, the seven sectors (Automotive, Leisure & Sports, Gambling, Transport & Logistics, Retail & Ecommerce, Social Media & Chat, and Travel & Hospitality) to have experienced a drop in traffic totalled 13.8 billion lost SMS during lockdown. While two sectors were unchanged (Broadcasters and Utilities), the remaining 7 sectors (Telecoms, Healthcare, Public Services, Enterprise Software, Finance, Internet Streaming, and Education) experienced a combined increase of 10.51 billion messages during the period, leaving an overall traffic deficit of 3.25 billion.

- In total 38% of respondents said that at least one of their clients had stopped sending messages as a result of the COVID-19 pandemic. Based on these responses, Travel & Hospitality, Leisure & Sport, Retail & Ecommerce, and Automotive were the hardest hit.

Key findings

- 42% of company respondents said that they had experienced a decrease in traffic being sent during lockdown, citing an average monthly decrease in traffic of 23%. Based on these companies only, 71% said that Transport & Logistics messaging had decreased, followed by Retail & Ecommerce (67%), and Leisure & Sport (52%).

- 30% of company respondents said that they had experienced an increase in traffic being sent during lockdown, citing an average monthly increase in traffic of 20%. Based on these companies only, 40% said that Finance and Retail & Ecommerce messaging had increased, followed by Healthcare (33%), and Public Services, Social Media & Chat, and Telecoms (27%).

- 24% of company respondents said that they had clients that had experienced both and increase and decrease in traffic being sent during lockdown. The majority of these companies (18%) said their clients were sending more messages, compared to 6% that said their clients were sending less messages. When averaged out across all sectors, 69% were experiencing an increase in messages, compared to 31% experiencing a decrease. This will have a significant bearing on the impact of traffic during lockdown.

- With RCS experiencing negative demand during lockdown, Mobilesquared believes COVID-19 has had a fairly brutal impact on planned RCS activity in 2020. We have now revised our RCS forecasts based on 49% of planned RCS deployments and 52% of planned RBM launches in 2020 have been delayed.

- We still expect RCS user numbers to pass the 1 billion mark this year.

- Spend on RBM in 2020 has plummetted by 86% based on our pre-lockdown projections.

- A change in mindset regarding RCS is now required.

- Demand for WhatsApp Business API was up during the lockdown and expected to grow with the easing of lockdown.

- Additional Mobilesquared research revealed an unprecedented increase in the number of small and micro businesses that started using the App during lockdown. Based on the lockdown adoption growth figure, Mobilesquared is now predicting an increase of 1,138% growth in the number of small and micro businesses using the app by the end of 2020, compared to our pre-COVID-19 projections.

Key findings

- Mobilesquared believes a significant portion of small and micro businesses that would have previously engaged with consumers via A2P SMS are now using the WhatsApp Business APP. This migration is expected to cost the A2P SMS industry hundreds of millions of dollars in 2020 alone.

- Based on the growth projections of WhatsApp Business App prior to the pandemic, Mobilesquared did not foresee the app having much impact on A2P SMS spend over the forecast period. We have now updated our view and believe the migration of small and micro businesses away from A2P SMS onto WhatsApp Business App will have a significant impact on spend within the business messaging ecosystem (mobile operators and aggregators in particular).

- Mobilesquared is projecting a 9% increase in traffic via WhatsApp Business API compared to our pre-lockdown forecasts.

- The projected increase in traffic for 2020 will generate an additional $9 million from businesses.

Research process

Mobilesquared ran an online survey between April and June 2020 exploring the impact the COVID-19 pandemic and subsequent lockdown had on the business messaging sector globally. Mobilesquared reached out to our extensive business messaging community to encourage their participation in the survey. In addition, we worked closely with the Mobile Ecosystem Forum (MEF) to engage their messaging members, as well as utilising our GSMA membership in reaching out individually to relevant mobile operator members.

In total, we had 77 companies participate in the research, ranging from mobile operators groups, mobile operators, aggregators, cloud service providers, and SMS firewall providers. The companies participating in the research we from 28 countries (listed below).

77
PARTICIPANTS

Afghanistan	Mexico
Australia	Myanmar
Brazil	Netherlands
Colombia	Poland
Croatia	South Africa
Egypt	Spain
Ethiopia	Sweden
France	Switzerland
Germany	Thailand
India	Turkey
Ireland	UAE
Israel	United Kingdom
Italy	United States
Libya	Vietnam

The data from the online survey provided information on 118 markets:

|			
Afghanistan	Ecuador	Libya	San Marino
Albania	Egypt	Liechtenstein	Saudi Arabia
Algeria	El Salvador	Lithuania	Serbia
Andorra	Estonia	Luxembourg	Singapore
Argentina	Faroe Islands	Macedonia	Slovakia
Armenia	Finland	Malawi	Slovenia
Austria	France	Malaysia	South Africa
Azerbaijan	Georgia	Malta	Spain
Bahrain	Germany	Mauritius	Sri Lanka
Bangladesh	Ghana	Mexico	Sudan
Belarus	Greece	Moldova	Suriname
Belgium	Guatemala	Monaco	Swaziland
Belize	Guyana	Montenegro	Sweden
Bolivia	Honduras	Morocco	Switzerland
Bosnia &	Hong Kong	Myanmar	Syria
Herzegovina	Hungary	Nepal	Thailand
Botswana	Iceland	Netherlands	Timor Leste
Brazil	India	Nicaragua	Tunisia
Brunei	Indonesia	Norway	Turkey
Bulgaria	Iran	Oman	UAE
Cambodia	Iraq	Palestine	UK
Canada	Ireland	Panama	Ukraine
Chile	Israel	Paraguay	Uruguay
China	Italy	Peru	USA
Colombia	Japan	Philippines	Venezuela
Costa Rica	Jordan	Poland	Vietnam
Croatia	Kuwait	Portugal	Yemen
Cyprus	Laos	Qatar	Zambia
Czech Republic	Latvia	Romania	Zimbabwe
Denmark	Lebanon	Russia	

About the participating companies

SMS, RCS and WhatsApp dominate the channels listed in the responses. Of the 77 companies participating in the survey, 100% support SMS, with just under two-thirds providing RCS, and just over half offering WhatsApp to businesses. There is then a significant drop to channels ABC, WeChat, LINE, Facebook Messenger and Viber. Other channels that featured were MMS (4%), and Slack, Jabber and Zallo (1%).

Just over three-quarters of companies said that they considered themselves an omnichannel provider. Given that every company taking part in the research offers SMS, clearly the strategy is SMS + [at least] one other messaging channel.

**Fig. 2: What messaging channels do you offer?**
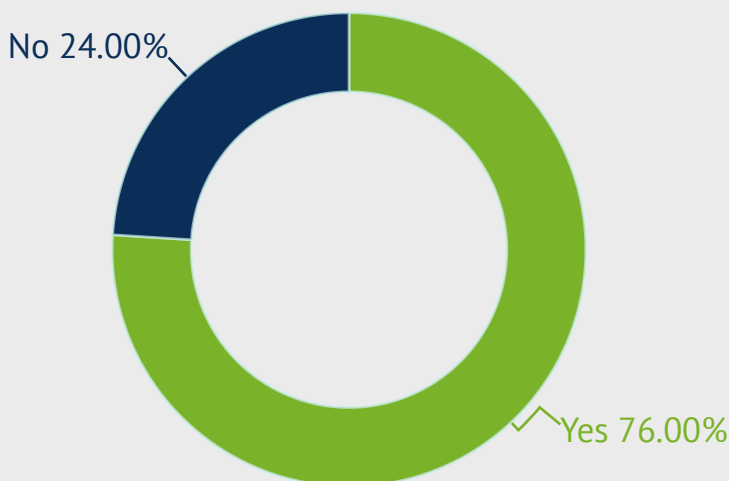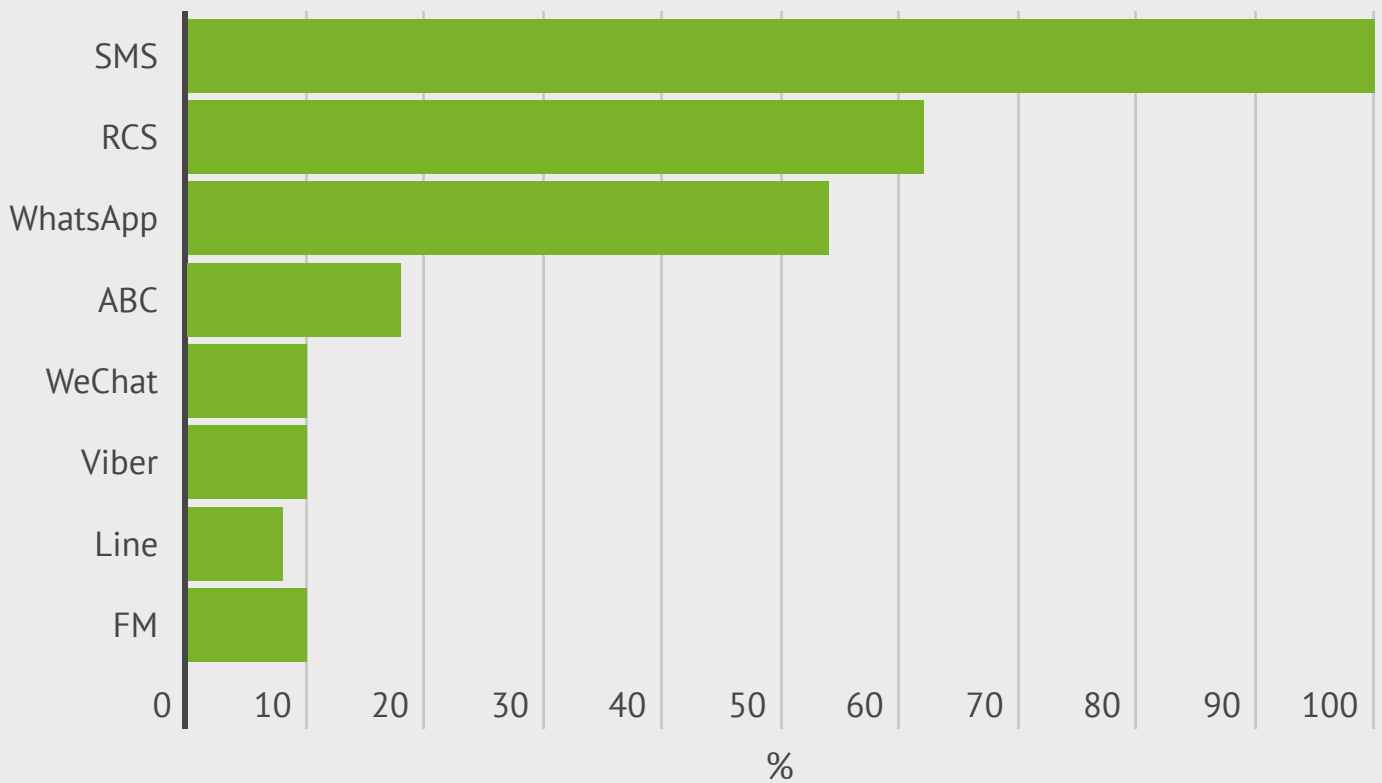
Fig. 3: Do you consider your company an omnichannel provider?

No 24.00%

Yes 76.00%

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Impact on business messaging channels

Apple's ABC channel was the only channel to experience an 100% increase in demand during lockdown, based on the respondents that use that channel. WhatsApp experienced an 80% increase in demand, followed by A2P SMS on 77%. However, of the respondents that offer RCS, 67% said that there was a drop in demand for the channel.

Fig. 4: Have you experienced a change in demand for channels during lockdown?
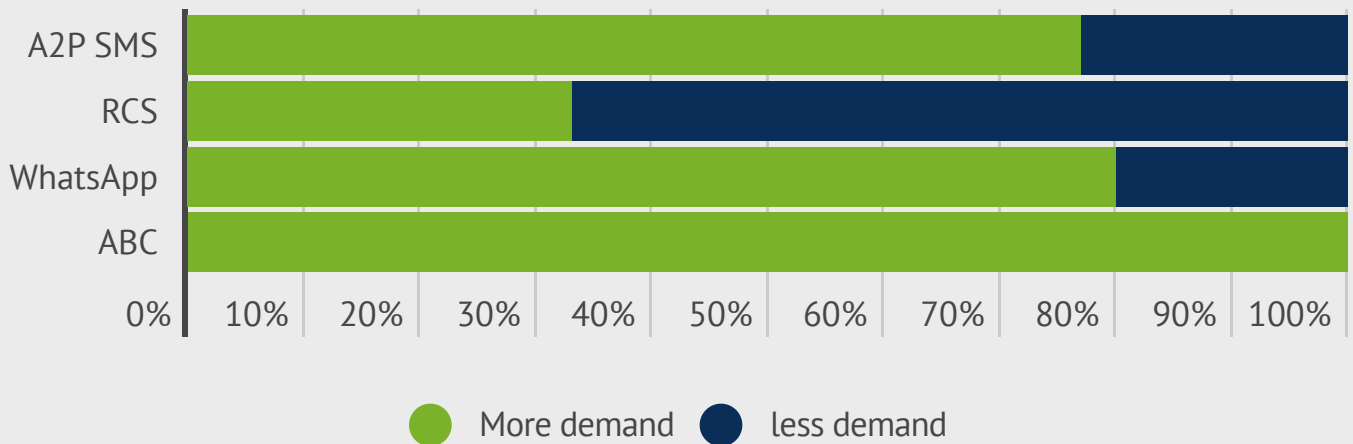

Despite an increase in demand for three of the four channels, this did not appear (based on the research data) to translate into an increase in the overall number of messages being sent per channel. RCS was clearly impacted the most, with 80% of respondents that use RCS stating that their clients were sending less. But the same was said of SMS (57%) and WhatsApp (71%). Only ABC as a channel "sent more messages".

ABC is an inbound channel focused on serving a brand's customer care requirements. Any contact with a brand over ABC would have been initiated by a consumer, and given that call centres typically migrated into the digital domain utilising messaging during lockdown, the rise in ABC messages is not surprising. But given that the WhatsApp Business API model is also primarily an inbound model, it too should have experienced an increase in traffic. As it did not, this highlights the level of disruption that COVID-19 caused during lockdown as the sector sought a new equilibrium.

Fig. 5: What channels are sending more or less messages during lockdown?
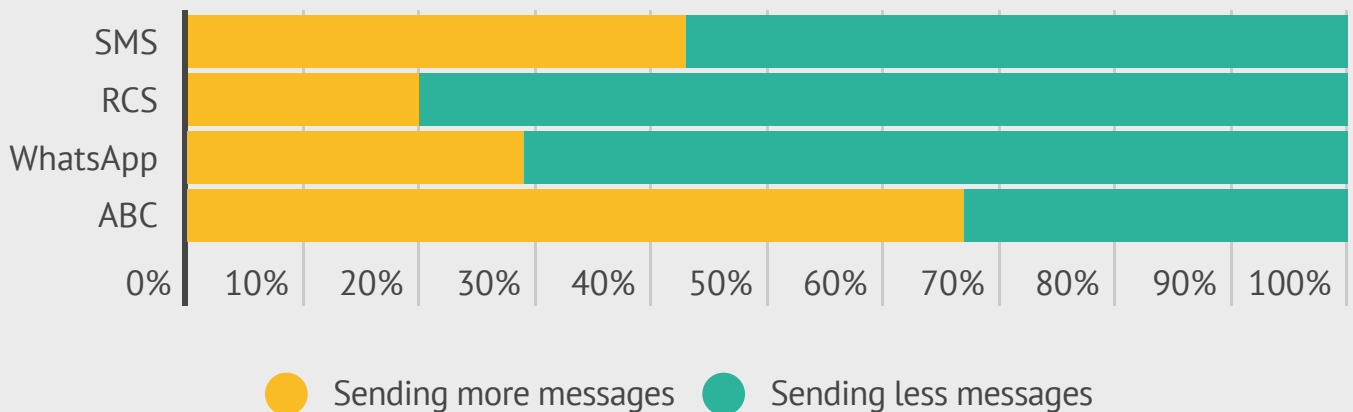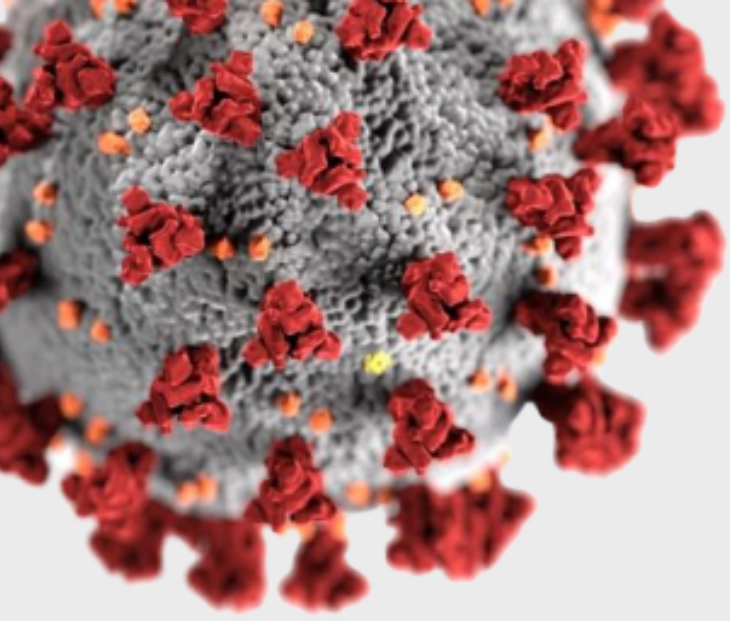
THE IMPACT COVID-19 HAD ON A2P SMS: TRAFFIC & SPEND

PLEASE NOTE THEIR IS INSUFFICIENT DATA ON RCS & WHATSAPP BUSINESS TO BREAKOUT TRAFFIC BY SECTOR

Stopped

38% of companies said they had at least one customer that had completely stopped sending messages as a result of the Covid-19 pandemic. Based on the research data, this impacted 54 markets (included in the map below). Of the 38% of companies impacted, 68% (or 26% of total respondents) of both Leisure & Sport customers and Travel & Hospitality customers had stopped sending messages, followed by Retail & Ecommerce (58%), and Automotive (21%).

Yes 38%

No 62%

Fig. 6: Have any of your customers completely stopped sending messages as a result of the Covid-19 pandemic?

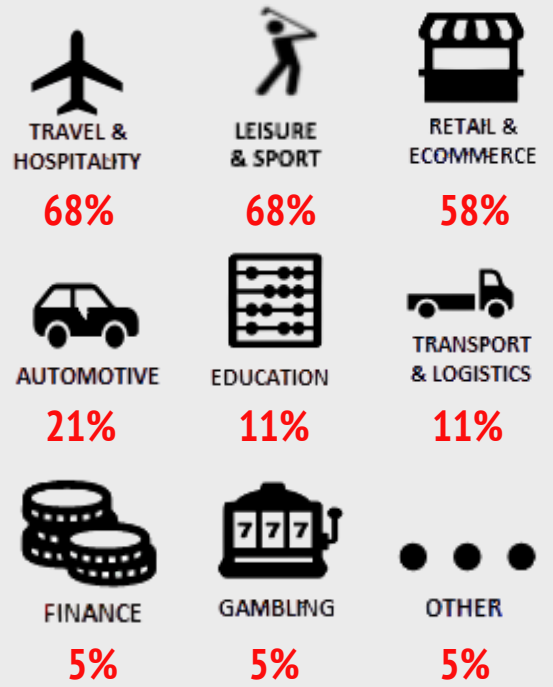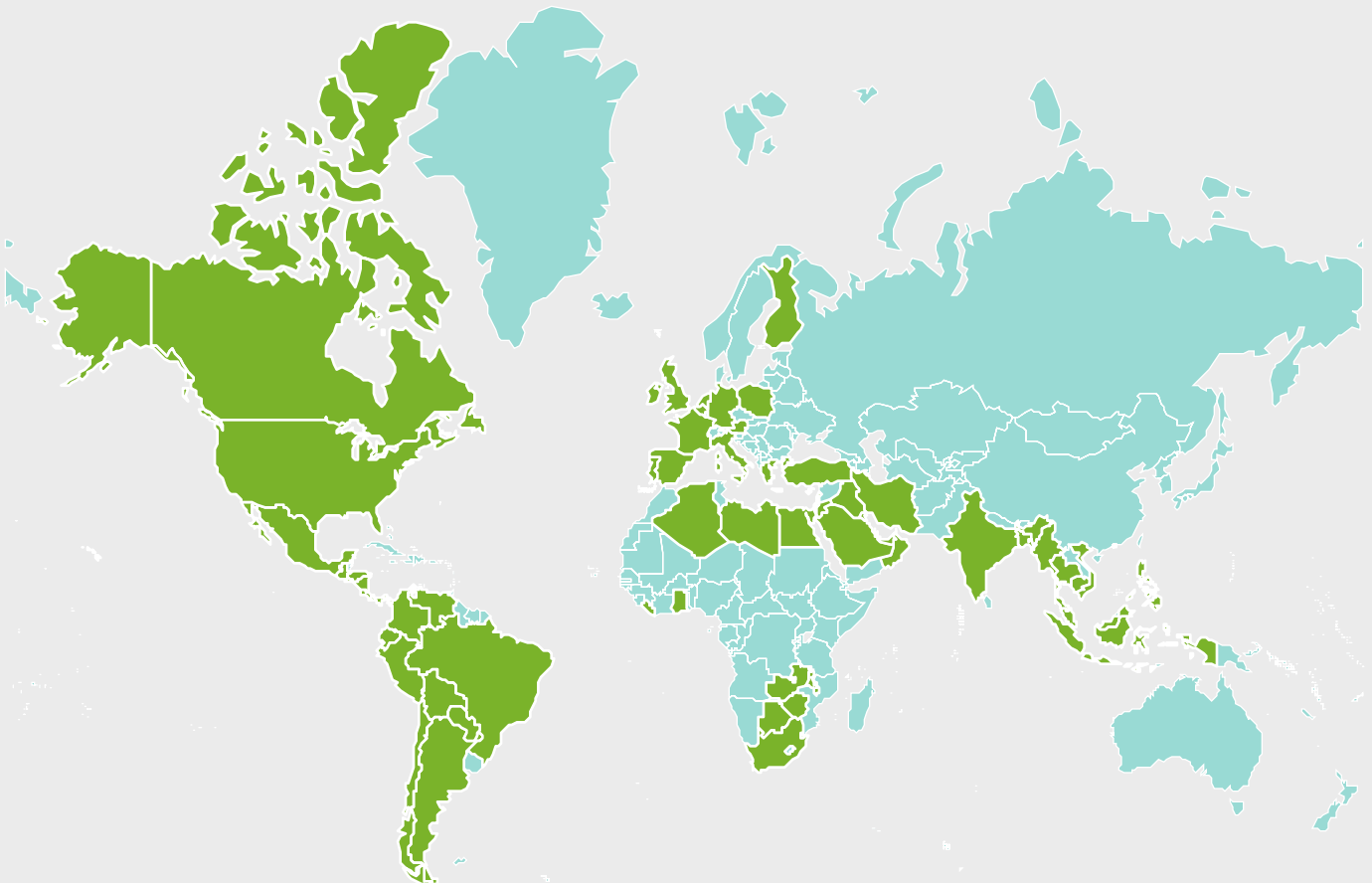| TRAVEL & HOSPITALITY	LEISURE & SPORT	RETAIL & ECOMMERCE
68%	**68%**	**58%**
AUTOMOTIVE	EDUCATION	TRANSPORT & LOGISTICS
21%	**11%**	**11%**
FINANCE	GAMBLING	OTHER
5%	**5%**	**5%**

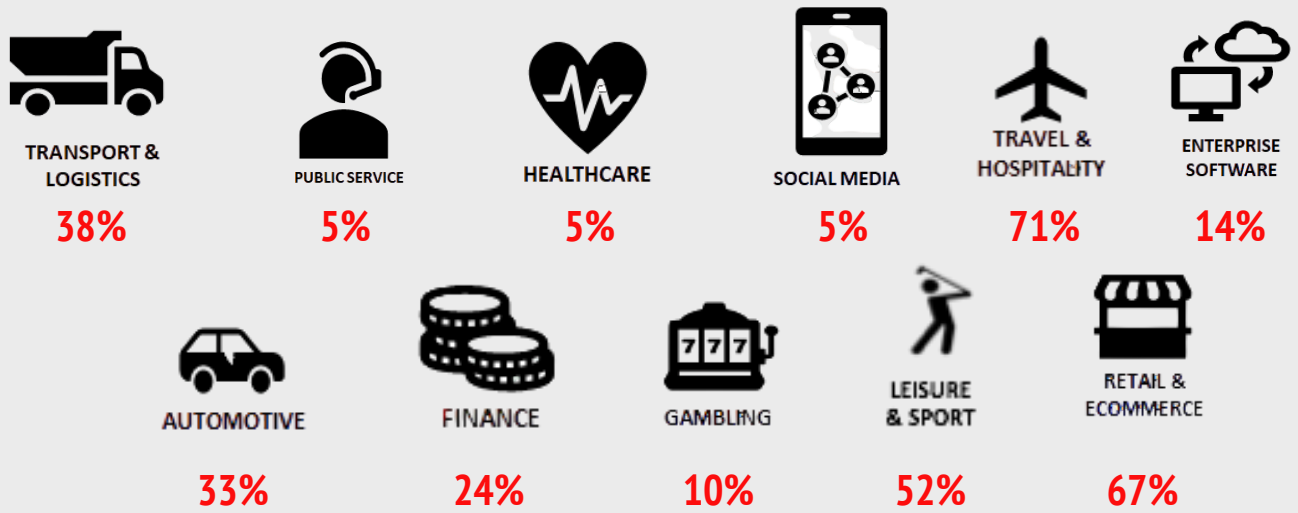**Fig 7. Percentage of respondents that said at least one client had stopped sending traffic**

Fig 8. Countries affected by stopped traffic (in green)

Decreased

42% of company respondents said that they had experienced a decrease in traffic being sent during lockdown, citing an average monthly decrease in traffic of 23%. Based on these companies only, 71% said that Transport & Logistics messaging had decreased, followed by Retail & Ecommerce (67%), and Leisure & Sport (52%). Of the sectors that had experienced a decrease in the amount of traffic sent, those least affected were Public Service, Healthcare, and Social Media (all 5%).

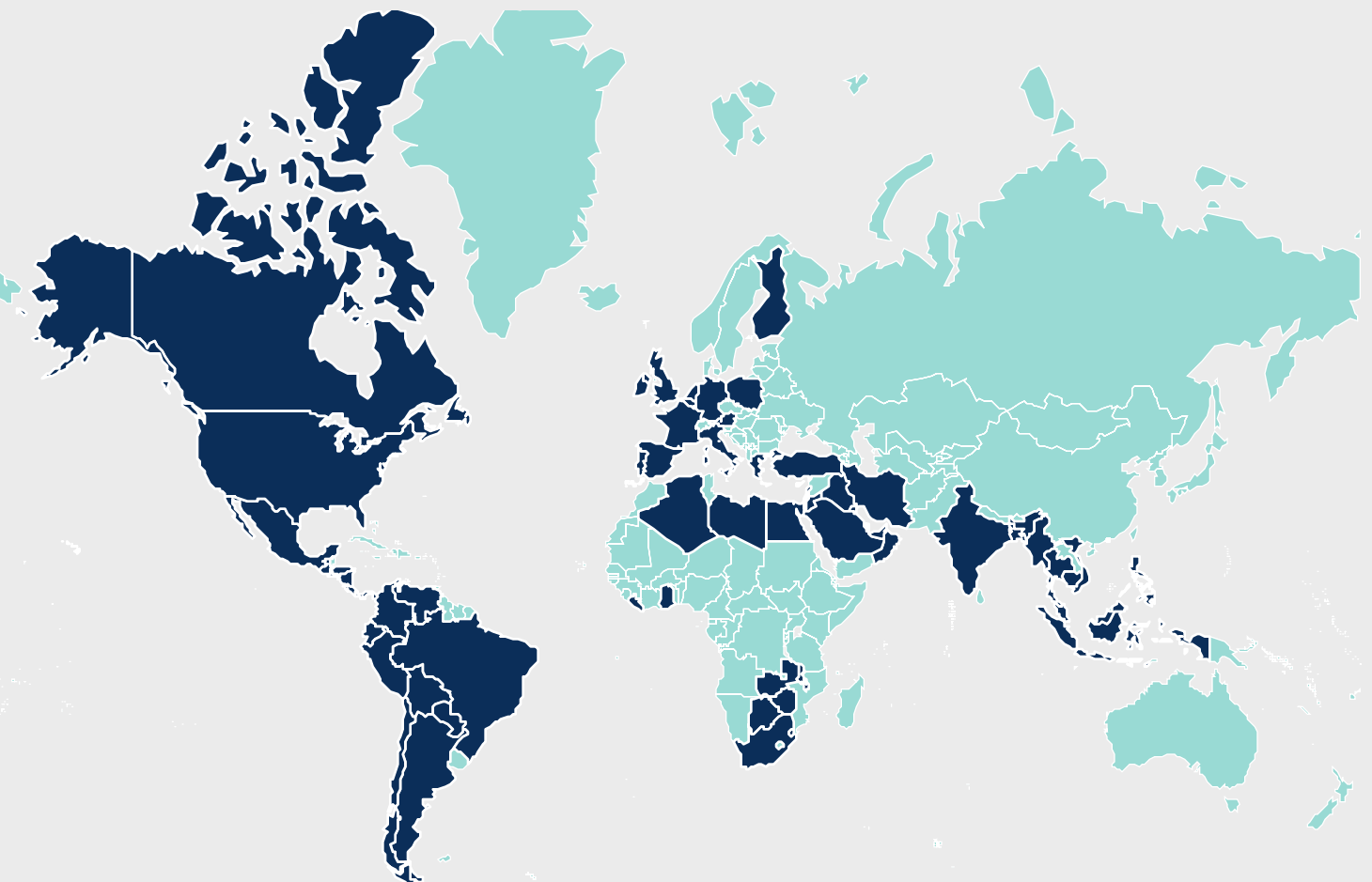**Fig. 9: Sectors experiencing a decrease in traffic**

TRANSPORT & LOGISTICS	PUBLIC SERVICE	HEALTHCARE	SOCIAL MEDIA	TRAVEL & HOSPITALITY	ENTERPRISE SOFTWARE
38%	**5%**	**5%**	**5%**	**71%**	**14%**

AUTOMOTIVE	FINANCE	GAMBLING	LEISURE & SPORT	RETAIL & ECOMMERCE
33%	**24%**	**10%**	**52%**	**67%**

Fig 10. Countries affected by a decrease in traffic (in blue)

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Increased

30% of company respondents said that they had experienced an increase in traffic being sent during lockdown, citing an average monthly increase in traffic of 20%. Based on these companies only, 40% said that Finance and Retail & Ecommerce messaging had increased, followed by Healthcare (33%), and Public Services, Social Media & Chat, and Telecoms (27%). Of the sectors that had experienced an increase in the amount of traffic sent, those with the lowest increase in traffic were Gambling and Internet Streaming (both 7%).

Fig. 11: Sectors experiencing an increase in traffic

TRANSPORT & LOGISTICS	PUBLIC SERVICE	HEALTHCARE	SOCIAL MEDIA	ENTERPRISE SOFTWARE	TRAVEL & HOSPITALITY
13%	27%	33%	27%	13%	7%

EDUCATION	FINANCE	GAMBLING	TELECOMS	RETAIL & ECOMMERCE	INTERNET STREAMING
13%	40%	7%	27%	40%	7%
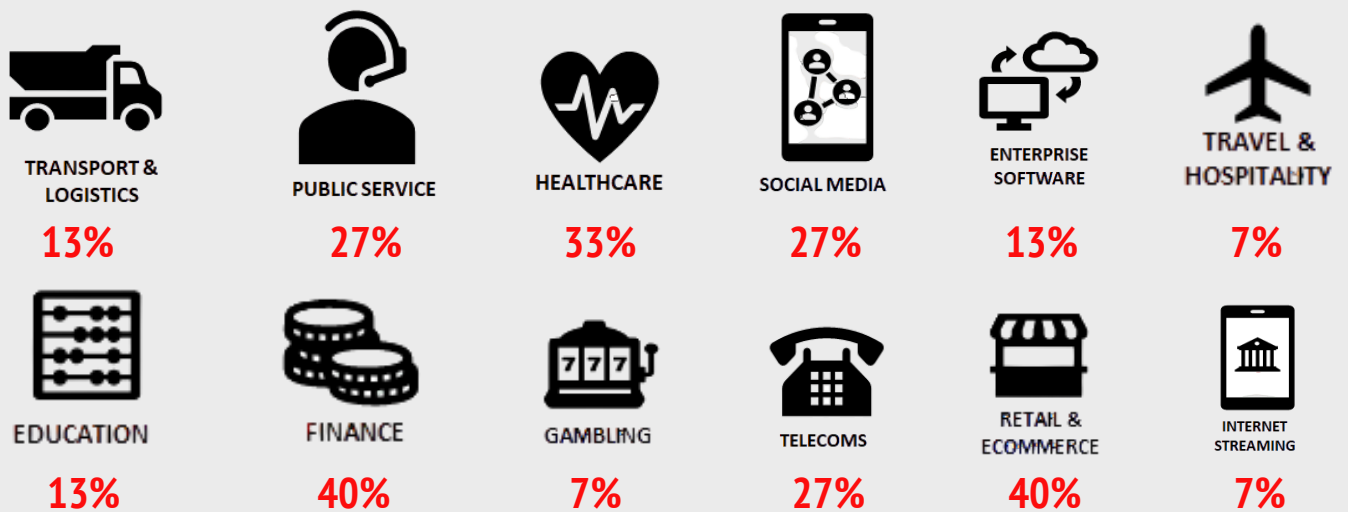
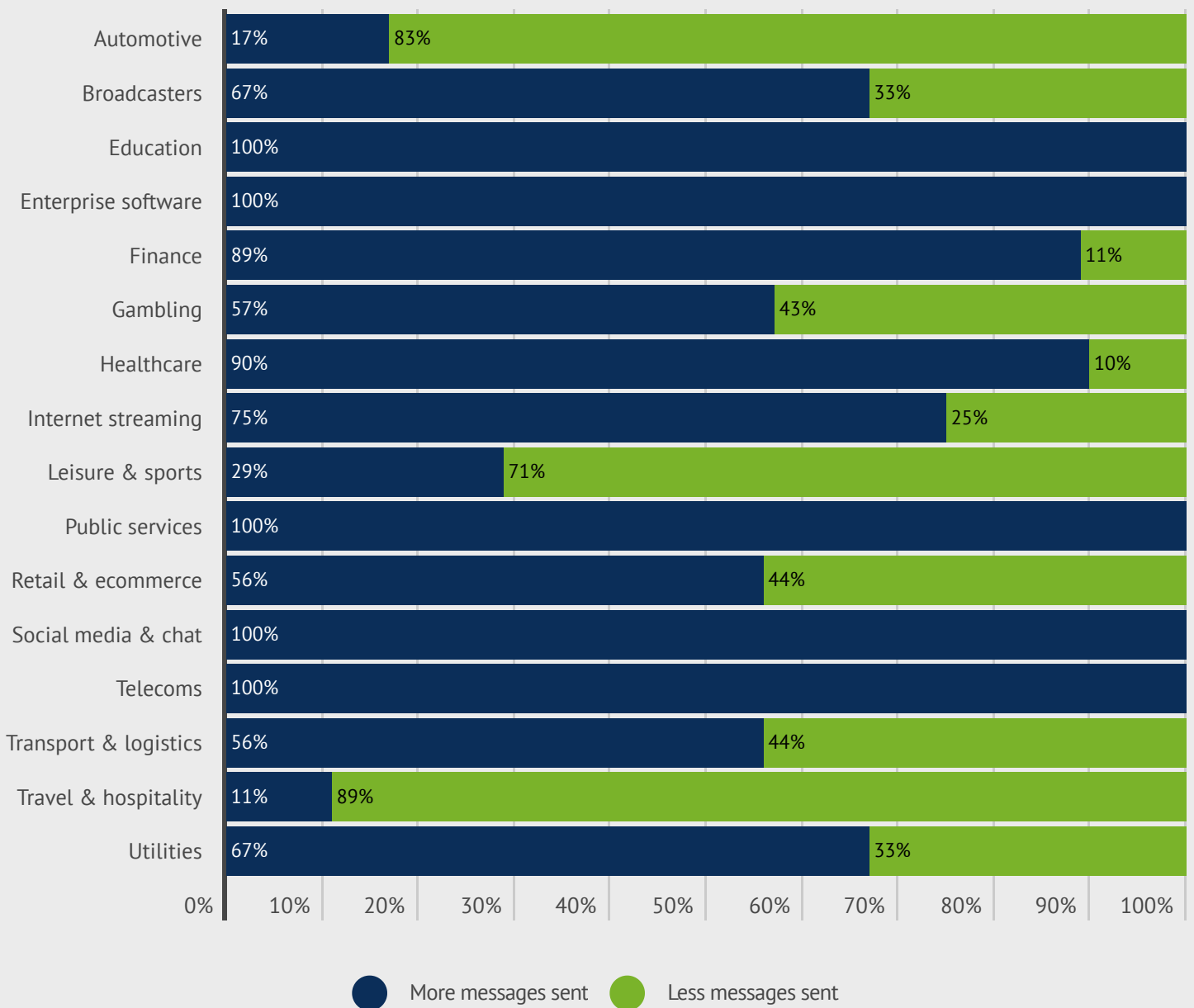**Fig. 12: Countries experiencing an increase in sector traffic (in grey)**
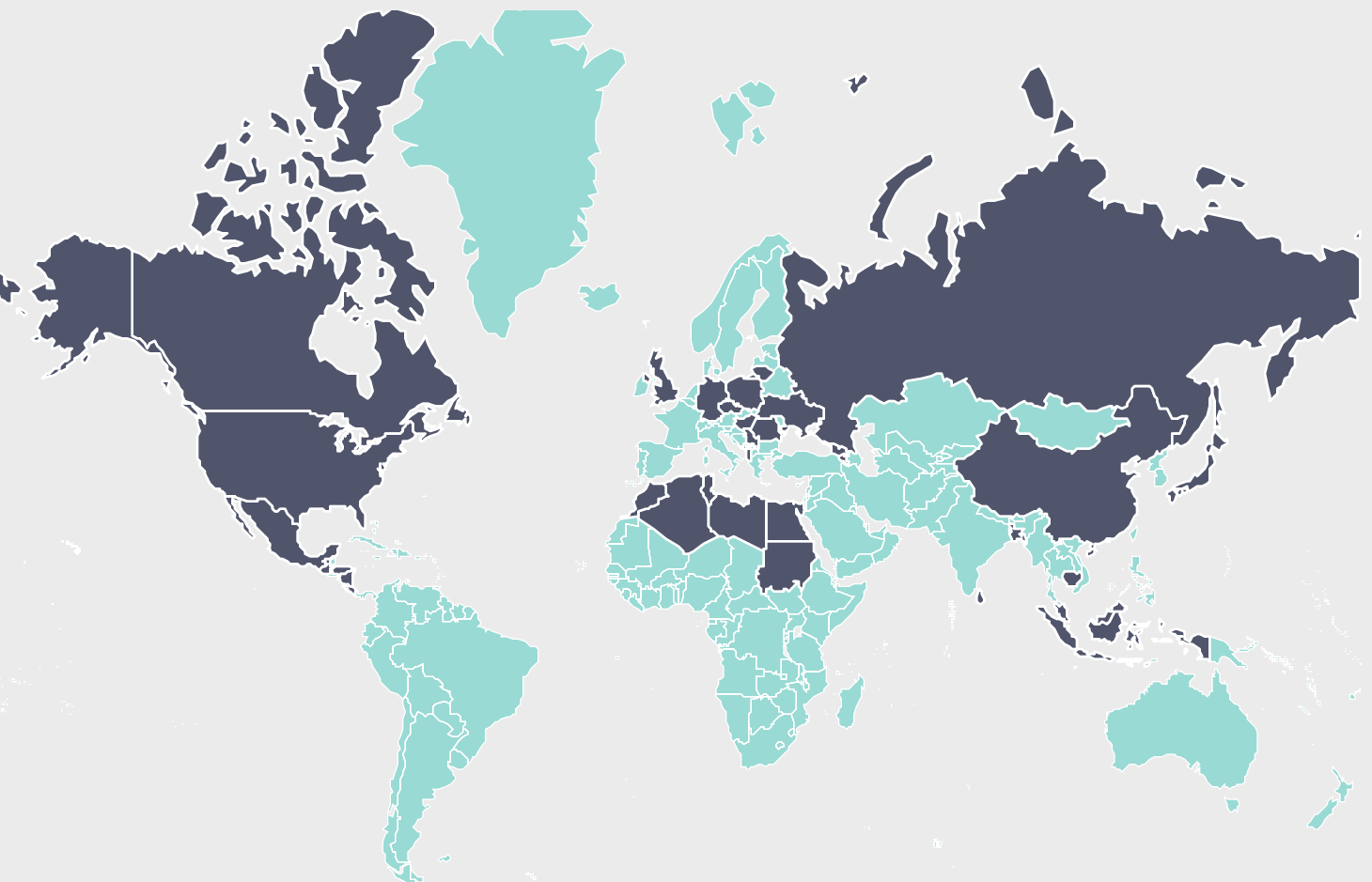
About the same

24% of company respondents said that they had clients that had experienced both and increase and decrease in traffic being sent during lockdown. The majority of these companies (18%) said their clients were sending more messages, compared to 6% that said their clients were sending less messages. When averaged out across all sectors, 69% were experiencing an increase in messages, compared to 31% experiencing a decrease. This will have a significant bearing on the impact of traffic during lockdown.

Of the 24% of companies, 100% said they had clients in Broadcasters, Education, Public Services, Social Media & Chat, and Telecoms, that had all experienced an increase in traffic, while 90% said that Finance and Healthcare had increased. Conversely, 89% said that Travel & Hospitality had decreased, and 83% for Automotive.

4% of respondents said they had experienced "no change" in terms of traffic levels by sector during lockdown.

Fig. 13: Sectors experiencing an increase in traffic

Sector	More messages sent	Less messages sent
Automotive	17%	83%
Broadcasters	67%	33%
Education	100%	
Enterprise software	100%	
Finance	89%	11%
Gambling	57%	43%
Healthcare	90%	10%
Internet streaming	75%	25%
Leisure & sports	29%	71%
Public services	100%	
Retail & ecommerce	56%	44%
Social media & chat	100%	
Telecoms	100%	
Transport & logistics	56%	44%
Travel & hospitality	11%	89%
Utilities	67%	33%

● More messages sent ● Less messages sent

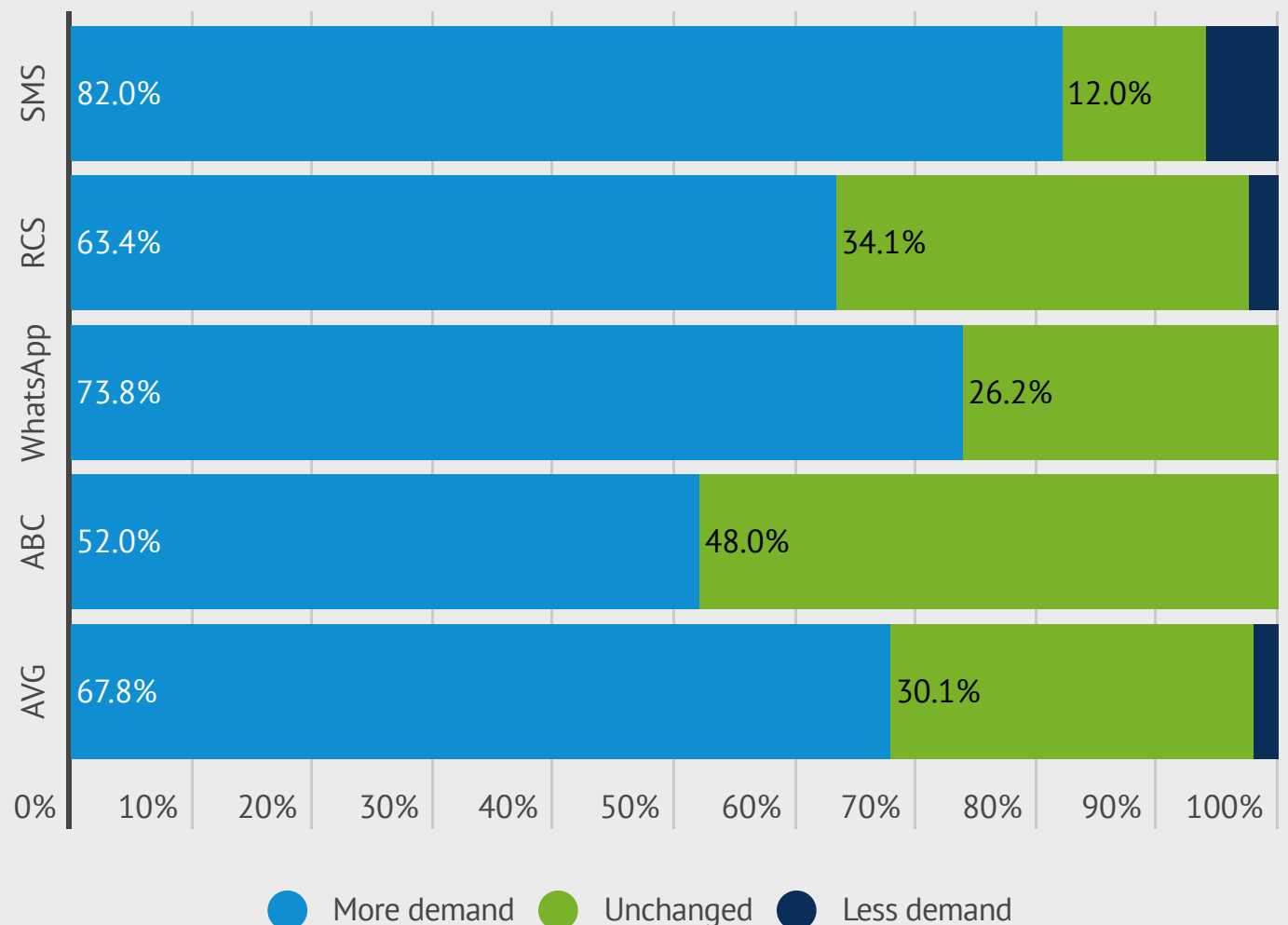Mobilesquared
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Expected outcome

The average response across the four channels reveals that 67.8% believe there will be a greater demand for business messaging following the easing of national lockdowns and the world returning to what will become the "new normal". 30.1% of respondents expect demand to remain the same, leaving just 2.1% predicting a fall in demand.

Based on the research 82% of total respondents expect there to be an increase in demand for SMS, with 12% of businesses believing demand will remain unchanged, leaving just 6% expecting a reduction in demand.

WhatsApp is also expected to experience a boost in demand, according to 73.8% of respondents, with the remainder believing demand will be unchanged. But not one respondent expects a drop in demand for the channel.

63.4% and 52% of respondents predict an increase in demand for RCS and ABC respectively.

Fig. 14: Channels experiencing an increase in traffic

Channel impact

To explain how business messaging channel demand changed during the pandemic and how it is likely to impact demand after lockdown, Mobilesquared have developed the Net Demand Score (NDS)*.

The data reveals that SMS was the go-to channel for businesses during lockdown with an NDS of 28. Playing a supplementary role to SMS, were WhatsApp Business (NDS score 12) and ABC (4). Companies turned to WhatsApp Business and ABC to address their customer care (inbound) communications using messaging. RCS was the only channel to score negative demand (-8) indicating that companies expressed little or no interest in using the channel during lockdown.

Coming out of lockdown, demand for each channel is expected to change, although it is worth noting that no time scale has been applied to the data. The data highlights that respondents expect a complete reversal in demand, with RCS recovering from its negative NDS during lockdown to a post-lockdown score of 27 - the highest score of all channels. ABC had the second highest NDS with 25, followed by WhatsApp Business on 21. SMS scored the lowest NDS with 6.

Looking at the below graph would suggest SMS is going to face a period of decline, but that is not the case, even with an NDS of 6 that still represents growth.

Fig. 15: Business messaging Net Demand Score; concertinaed view
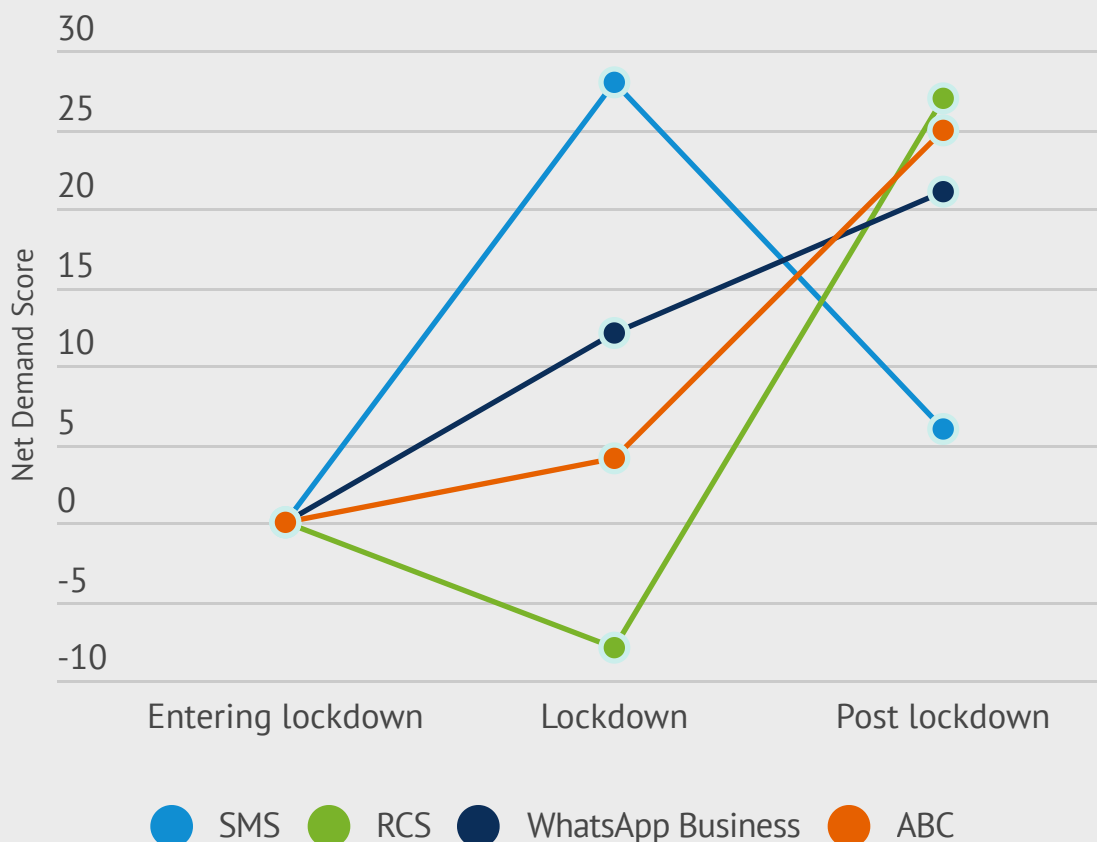
*To track the appeal of each channel during lockdown and beyond, we have created the Net Demand Score (NDS), whereby we have subtracted the number of responses selecting "less demand" from those selecting "more demand" and divided by the total number of responses for that question.
We have applied the NDS to both lockdown and expectations for post-lockdown. We have assumed that at the start of lockdown everything was equal (or 0).
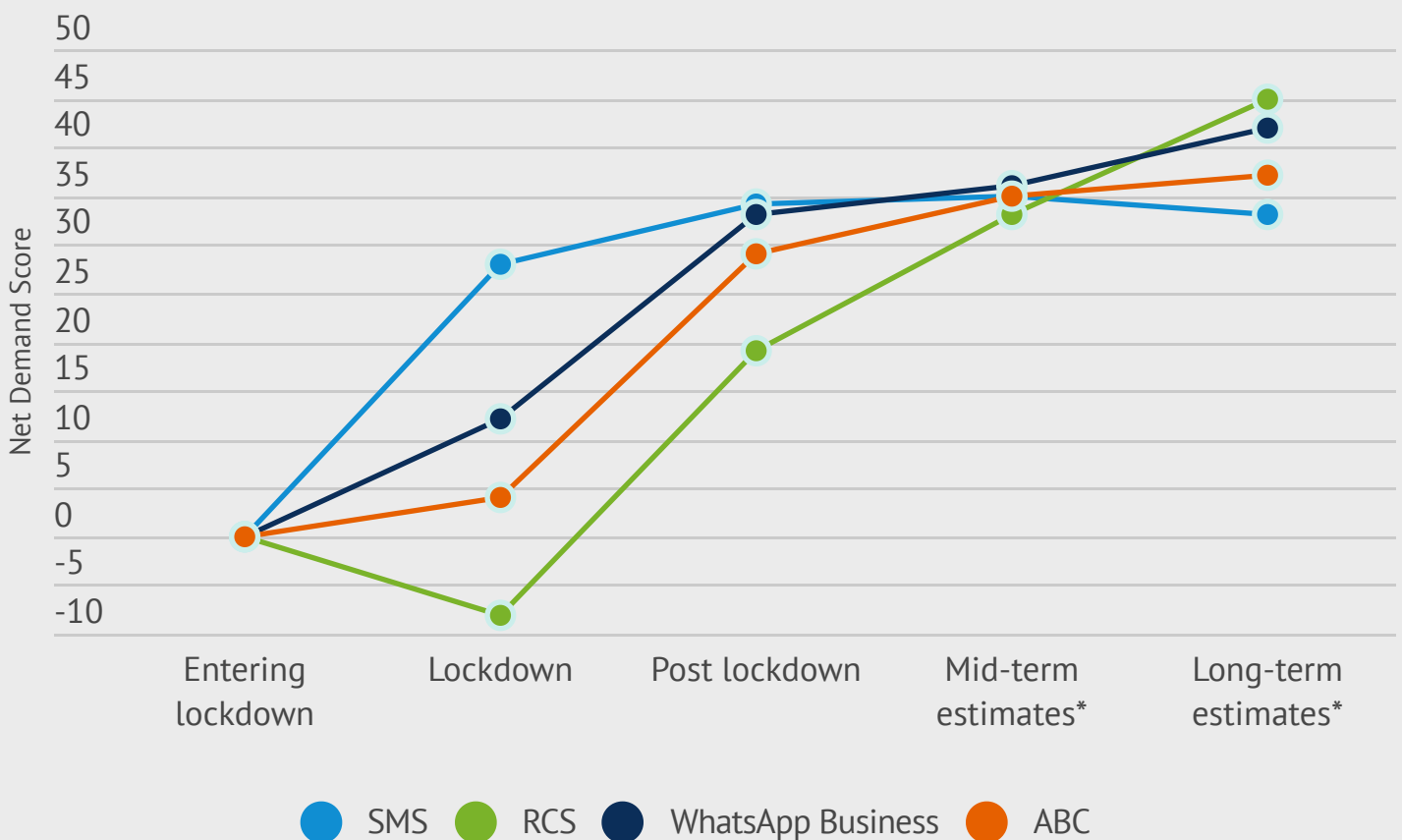
If we display the same data differently, by adding the NDS scores (lockdown + post-lockdown), it provides a truer visual portrayal of what the research revealed, and also what Mobilesquared forecasts state.

Post-lockdown SMS demand continues to grow albeit at a slower rate (NDS score of +6 taking total NDS to 34), but WhatsApp is closing the gap considerably (+21 / total NDS 33), while growth for ABC remains strong (+25 / 29). The same can be said for RCS, however, it has significant ground to make up from its position of negativity during lockdown (-8 / 27).

Using Mobilesquared data we have extended the post-lockdown period to include mid-term and long-term expectations, to chart anticipated demand for each channel. In the mid-term all four channels are clustered together, which is indicative of brands pursuing an omnichannel messaging strategy. But in the long term, each messaging channel will become more defined in terms of the types of messages each brand will use that channel for. SMS will start to decline as demand grows for richer forms of messaging, with the scale of RCS ultimately making it the biggest channel.

The upshot of the COVID-19 research is that business messaging is on the cusp of big growth as virtually every business looks to survive in the "new normal". The impact of limited face-to-face contact, working from home, the digital transformation of businesses, have become key components in the emergence of business messaging as the ideal channel to communicate with consumers. The pandemic will be viewed as the defining moment that transformed business messaging from a functional channel into the mainstream alongside TV, the internet, and social media.

Fig. 16: Business messaging Net Demand Score; long-term outlook (*Mobilesquared data)

THIS IS WHAT YOU'RE MISSING IN THE MAIN REPORT

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ABOUT **Mobilesquared**
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#1 For business messaging intelligence

Mobilesquared is the go-to partner for definitive business messaging market intelligence, relied on by brands including Mastercard, Google, Vodafone, LivePerson, Telefonica, and PwC. We own the most comprehensive global messaging data forecasts in the industry, trusted for business modelling, market sizing, and company expansion. If you need accurate messaging market insight and future-proofed strategy, no one is better qualified to help.

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