

WhatsApp Business Messaging traffic white paper

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Introduction: the rise of WhatsApp Business API

WhatsApp launched its business messaging offering in 2018, and the platform has remained somewhat underwhelming ever since. But all of that started to change in 2023, and in 2024 WhatsApp will rise from the shadows and become the driving force for rich messaging globally.

Mobile operators have long feared the brand (and enterprise) adoption of WhatsApp Business as the major threat to their A2P SMS revenue stream. In 2023 WhatsApp started to emerge from its nascent slumber, and in 2024 WhatsApp will, once-and-for-all, rise to perform on the stage that a platform with billions of users deserves; WhatsApp has entered the building! From here on in, WhatsApp Business will only enjoy explosive growth - traffic will experience a CAGR of 96.9% between 2023 and 2027.

Here we are referring to WhatsApp Business API (WAB API), or as it is also known, WhatsApp Business Platform. This is an API-based platform for serving medium and large businesses. To service the small and micro businesses of the world, there is the WhatsApp Business App, providing free messages and conversations.

This report will provide insight, analysis and forecasts on WAB API as that remains the sole area for monetisation based on a business messaging perspective*.

So why now? And why has it taken 6 years to create the demand from brands to use a channel, which as of end 2023 had 2.87 billion users globally, making WhatsApp the largest rich messaging platform in the world.

In actual fact, the interest in the WhatsApp Business API from brands has always been strong, but the conversion rate of those brands enquiring about the channel and those commercially launching the platform has remained low. Many WhatsApp Partner affiliate aggregators around the world have revealed to Mobilesquared that their brand-enquiry-to-WAB API conversion rate is low single digit.

*Additional sections covering App traffic will added later in 2024

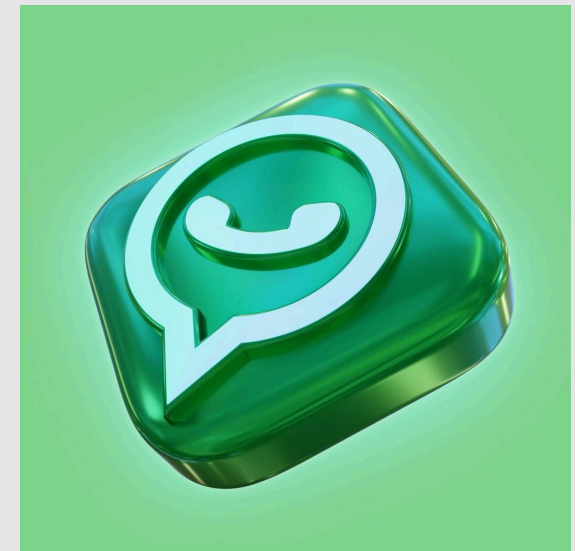
Part of the reason for this is that WAB API started out as an inbound customer care channel, targeting disgruntled voice callers queuing to speak to a call centre agent, and providing them with the option to switch the engagement to basic chat over WhatsApp.

The use of outbound messages by brands was fundamentally discouraged by WhatsApp. Like Apple with its business messaging offering (Apple Messages for Business), WhatsApp was also concerned about the channel becoming inundated with unwanted spam (and fraudulent) messages. Perhaps justifiably so, seeing as Google was forced to temporarily suspend RCS in India for 9 months from mid-2022 because of exceedingly high spam levels over the messaging platform.

Up to September 2021, the shackles on outbound messages remained firm, forcing a brand selecting to send outbound messages had to follow a template created by WhatsApp to create a message that then had to be approved by WhatsApp. The brand could then only distribute to WhatsApp users that had opted in to receive communications from that specific brand over WhatsApp.

And then there was the verification and on-boarding process, which until recently, was said to be an arduous task and immediately created an unwanted hurdle that the majority of brands opted against, especially when they then could not proactively use the channel to communicate with their customers because of the stringent opt-in policy.

Since September 2021, outbound messages became more permissible, and in June 2023, WhatsApp unveiled its pricing strategy for its 4 clearly defined use cases: Authentication, Marketing, Utility, and Services.



WhatsApp use cases

Marketing - Enables you to achieve a wide range of goals, from generating awareness to driving sales and retargeting customers. Examples include new product, service, or feature announcements, targeted promotions/offers, and cart abandonment reminders.

Utility - Enables you to follow-up on user actions or requests. Examples include opt-in confirmation, order/delivery management (e.g., delivery update); account updates or alerts (e.g., payment reminder); or feedback surveys.

Authentication - Enables you authenticate users with one-time passcodes, potentially at multiple steps in the login process (e.g., account verification, account recovery, integrity challenges).

Service - Enables you to resolve customer inquiries.



In doing so, WhatsApp started to make its move in the business messaging space, according to Mobilesquared, in a bid to reverse its underperformance in the sector up to this point.

Why 2024 will be WhatsApp Business API's breakthrough year

Mobilesquared believes there are 6 reasons as to why 2024 is WhatsApp's breakthrough year:

1. It has spent 6 years seeding the marketplace for WhatsApp Business and laying the foundation for its future growth.
2. A strict opt-in model guarantees brands proactively develop and maintain their WhatsApp database.
3. It has a clear, and simple pricing model for each market.
4. Its use cases are simple, well-defined, and understood by the market.
5. Strict verification process, guidelines, and channel usage policies protect the channel and WhatsApp users from unwanted content and unnecessary engagements.
6. On-going turbulence in the A2P SMS marketplace caused by high international termination rates and artificially inflated traffic (AIT) is expediting brands' adoption of WhatsApp.

Why 2024 for WhatsApp Business?

CPaaS providers are now starting to trust WhatsApp as a channel for their brand customers. Research by Mobilesquared revealed that the coming years will see something along the lines of a "changing of the guard" in terms of brand communication, as the usage of traditional channels is supplemented by the next generation of channels, primarily WhatsApp, and most likely replaced in the very long term.

Research^[1] of CPaaS providers in 2H2023 into the most popular channels for their brand customers (SMS, voice, email, WhatsApp and RCS) revealed that SMS continues to play a very significant role in the omnichannel in 2023 but will have a diminishing role in the coming years as WhatsApp becomes increasingly more prominent.

[1]Source: Research by Mobilesquared for XConnect. 2H 2023

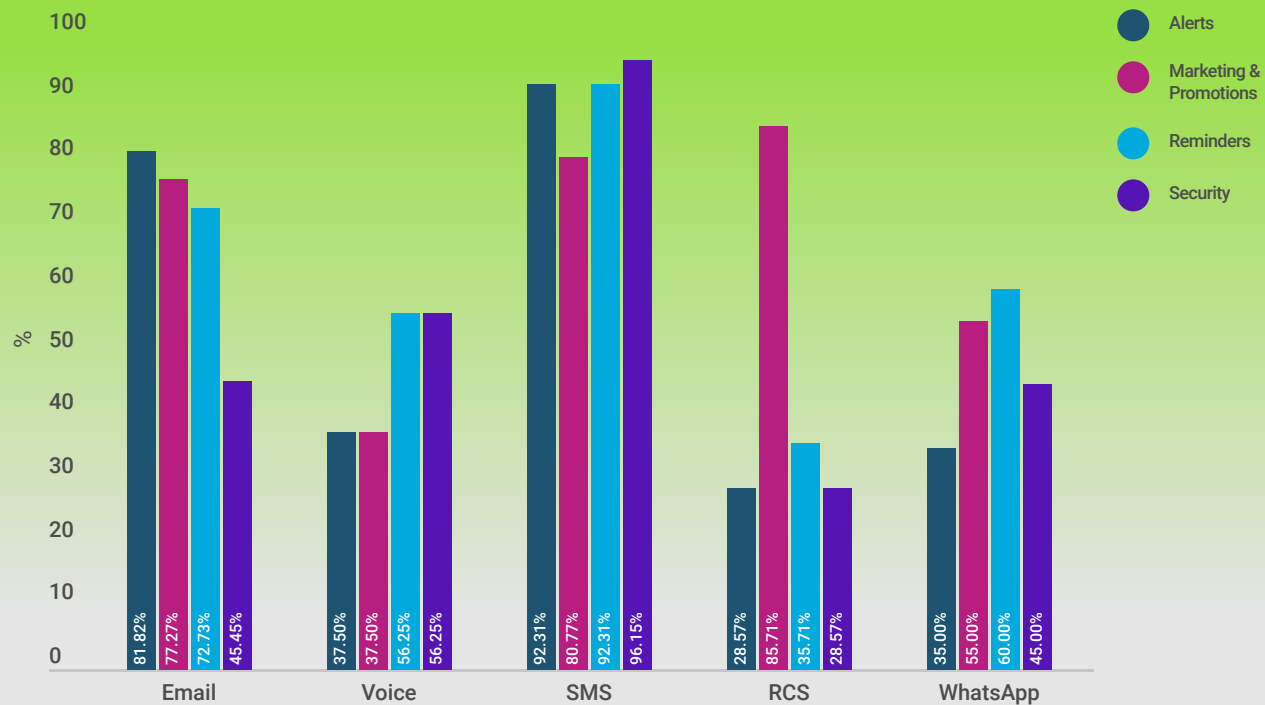
[2] Please note, the use cases in the research differ to the use cases adopted by WhatsApp for the channel, therefore "services" aka customer care, is not identified as a standalone category in this research.

CPaaS providers still trust SMS

Presently, SMS continues to be viewed as the ideal channel for all use cases. WhatsApp is viewed as a highly competitive alternative, with the CPaaS providers stating that their customers were using WhatsApp for marketing & promotions, and reminder messages^[1], with security the least popular of all use cases.

The research positioned WhatsApp on a par with voice, however, the former is an emerging channel, while the latter has the opposing trajectory as a mature and declining channel. As a point of note, the CPaaS providers have positioned RCS usage just behind WhatsApp, but the reality (based on Mobilesquared research) is that RCS is 4-5 years behind WhatsApp from a commercial perspective.

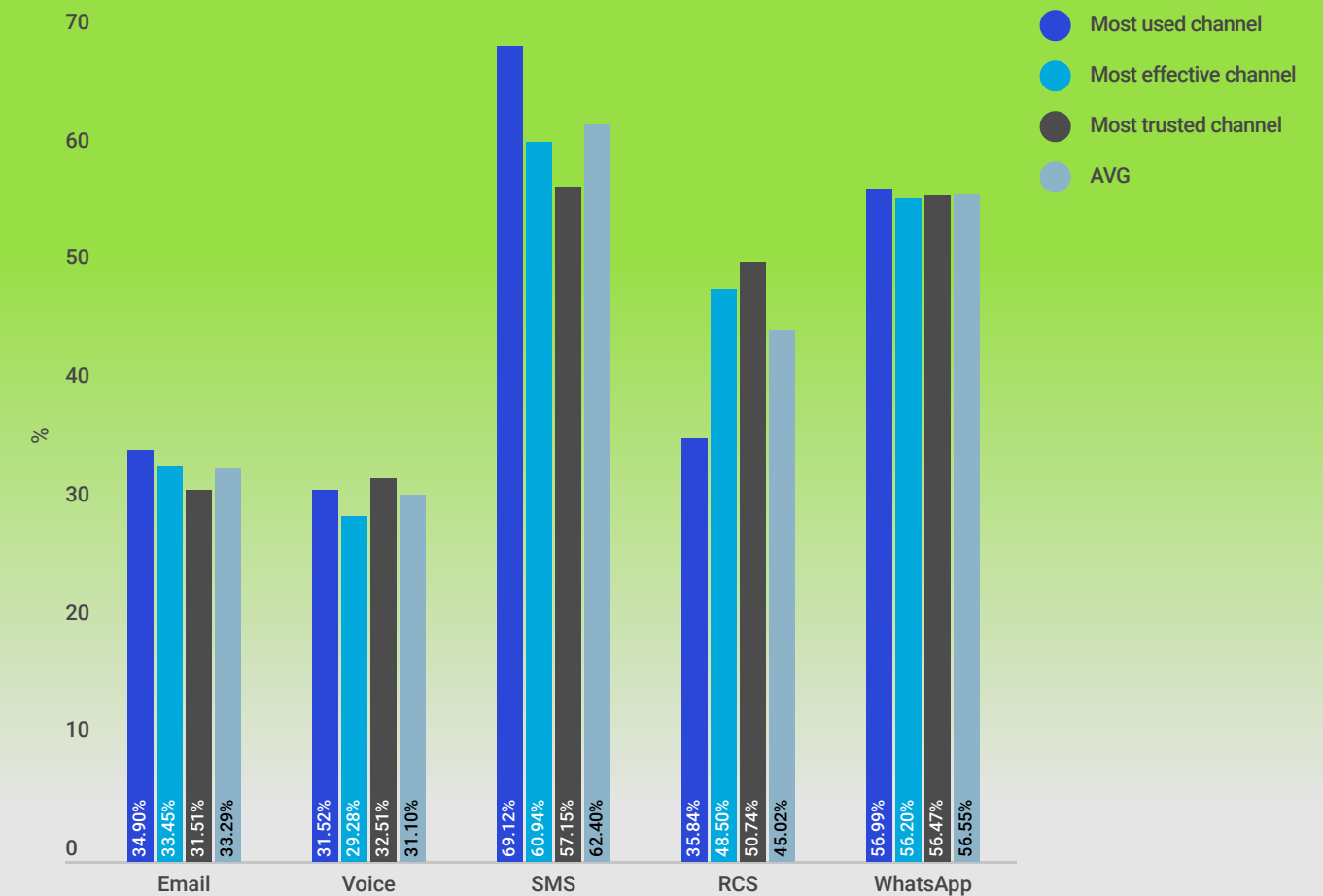
What channels do your customers use for each use case when communicating with their customer base over CPaaS?



CPaaS providers backing WhatsApp by 2025

By 2025 the world of omnichannel is likely to undergo significant change, according to the CPaaS providers, with SMS' dominance reduced and all-but wiped out by WhatsApp, based on our metrics of usage, trust, and effectiveness. Shifting SMS from the top spot will be no mean feat, given that even in 2025 SMS is expected to still be the number one CPaaS channel, but only marginally.

Rank the most usage, effective, and trusted channel in 2025



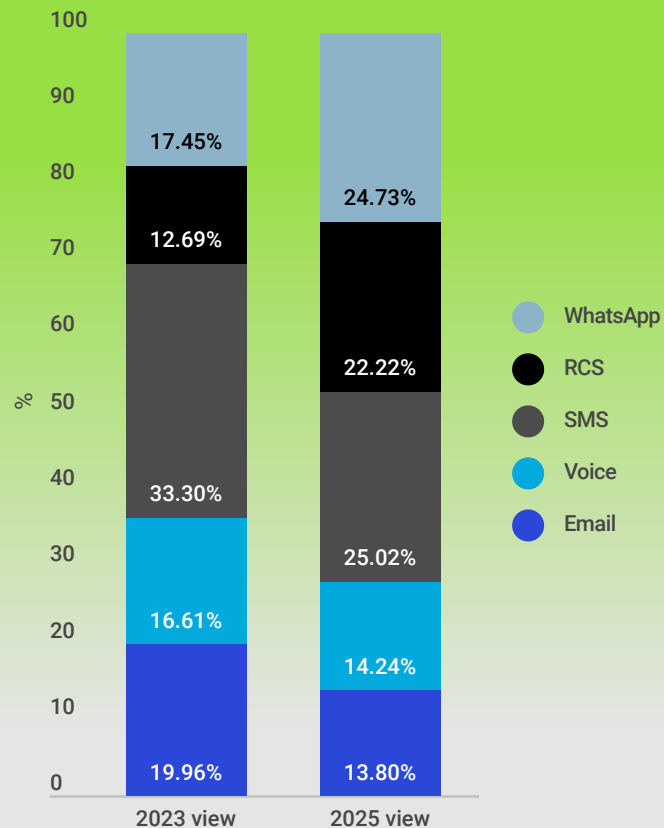
Source: Research by Mobilesquared for XConnect, 2H 2023

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WhatsApp on the cusp of most trusted channel

By 2025, WhatsApp will be on the cusp of becoming most trusted channel by the CPaaS community, likely to be the fallout from the increased levels of fraud blighting SMS throughout 2022 and 2023, and into 2024. Although SMS was not impacted in the short-term, the research data suggests SMS will be significantly impacted in the long term, and this is creating a bigger and faster opportunity for WhatsApp. Allied to this is the fact that brands are now wanting to offer a more engaging and interactive experience when communicating with their customers.

Most trusted channel, 2023 and 2025



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How turbulence in SMS market is driving WhatsApp adoption

Prior to June 2023, WhatsApp was fundamentally viewed as a customer care platform and the majority of activity was considered supplementary to A2P SMS. When WhatsApp announced its use case plan and

associated pricing, this sparked considerable consternation among the A2P SMS community on the impact this would have on their marketplace, and on one-time passwords (OTPs) in particular.

OTPs have become the Golden Goose of A2P SMS. In 2022 they accounted for almost 89% of total international A2P SMS traffic, and over 30% of domestic traffic. The effectiveness of SMS meant it was the ideal channel for brands to send mission-critical messages to like OTPs.

However, since mid-2021 mobile operators around the world have increased their international termination rates (the fee a brand has to pay to deliver a message to a subscriber on a mobile network). In 1H 2021, the average fee to terminate an international message was around \$0.03. In the second half of 2021 mobile operators in certain markets around the world started increasing their rates considerably, to such an extent that some mobile operators were charging over \$0.30 per message.

By the start of 2023 the average cost to deliver an international message had increased to \$0.06945, and by 4Q 2023, it had increased further to \$0.07076. Analysis of the 4Q international termination rates (ITR) by market revealed that 112 were above the average rate, and 88 markets were below average. Five markets had an average ITR over \$0.20 (Azerbaijan, Tajikistan, Russia, Madagascar, Indonesia), 46 priced between \$0.10-\$0.199, 99 between \$0.03-\$0.099, and 50 priced \$0.0299 and below.

From a mobile operator and market perspective based on this rate range, there are 177 mobile operators / 51 markets with rates above the acceptable range, 259 mobile operators / 99 markets that fall within this rate range, and 218 mobile operators / 50 markets below the acceptable rate range.

By viewing the global market in this way, it highlights that around one-quarter of mobile operators' pricing strategy is too high, and the same applies to around one-eighth of markets. The overall market trend to increase the ITR is leading to a deterioration in market conditions that is creating a bigger, and sooner-than-expected migration of traffic (and therefore brand spend) onto WhatsApp, driving demand in 2024 and beyond.

Source: Research by Mobilesquared for XConnect, 2H 2023

Please note, the use cases in the research differ to the use cases adopted by WhatsApp for the channel, therefore "services" aka customer care, is not identified as a standalone category in this research.

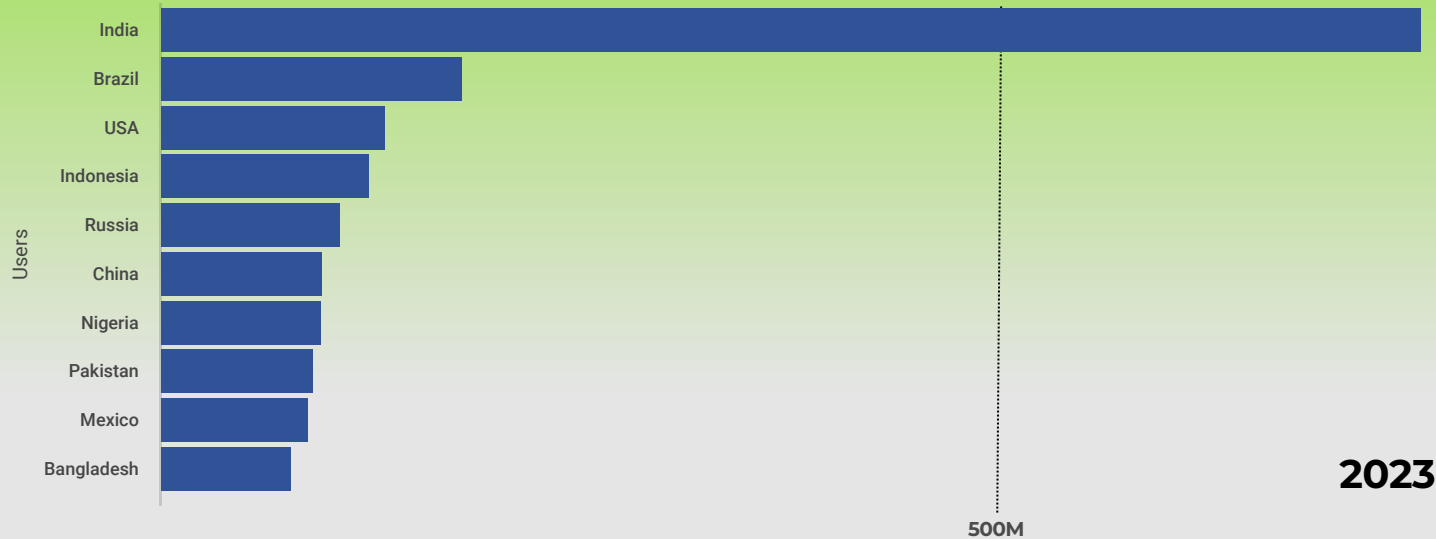
WhatsApp users

WhatsApp users will grow from just under 3 billion at the end of 2023 to over 3.5 billion in 2027, at which point the platform will account for 58.1% of total unique mobile users (UMUs), and 58.43% of total smartphones.

India has the largest number of WhatsApp users, with a significant drop down to Brazil, the second largest market. The top 10 WhatsApp markets account for 52.5% of users, the top 20 markets account for 69.2% of users, and top 30 markets account for 78.2% of users.

In 2024, Asia will account for 46.21% of total WhatsApp users, followed by Africa (15.06%), and Latin America (13.12%). By 2027, the region that would have increased the most is Africa, accounting for 16.6% of total WhatsApp users.

Between 2023 and 2027 WhatsApp will, on average, experience an increase of 183.2 million users per annum, which means it is adding around half a million users a day during that 5-year period. By the end of 2027 when WhatsApp will have 3.59 billion users, 46 markets will have experienced a CAGR in excess of 10% between 2022 and 2027, with the majority of these markets in Africa, SE Asia and Oceania.

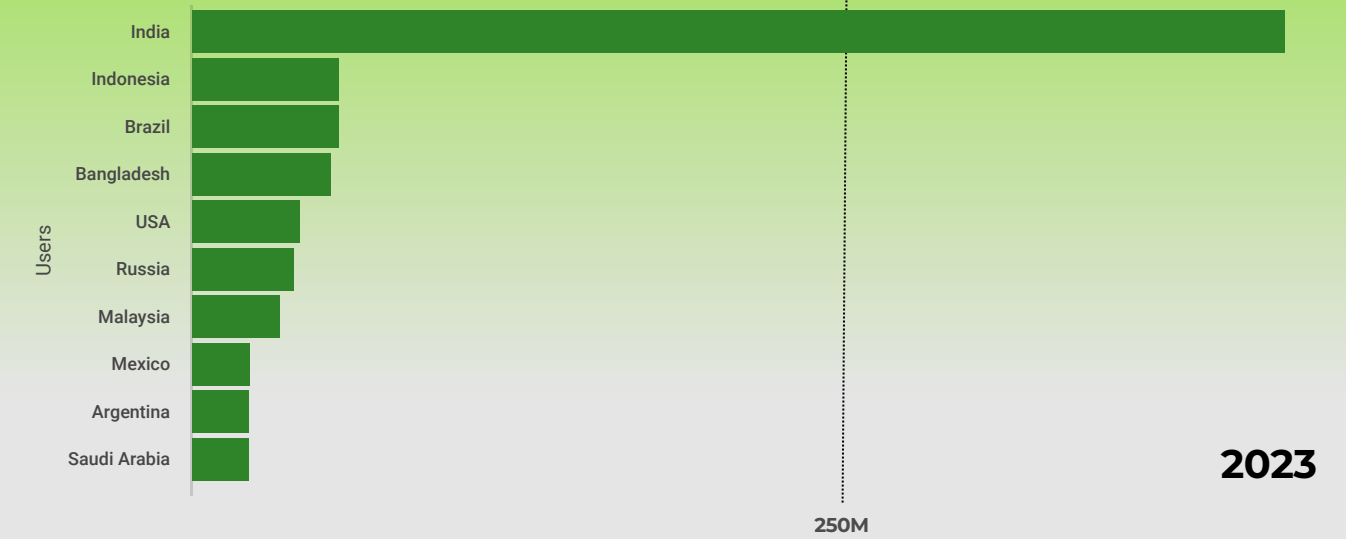


WhatsApp Business consumers (aka WhatsApp opted-in users)

While total WhatsApp users highlights the potential reach for businesses, this alone doesn't reveal the actual number of targeted users from a business messaging perspective. As already mentioned, WhatsApp has a strict opt-in policy, which means a brand can only target the number of WhatsApp user opt-ins in its database.

Mobilesquared research reveals it takes a medium or large brand about 6 months to build a sizeable WhatsApp database. Based on the data shared with Mobilesquared as part of this process, we have been able to model the average size of a database over a 10-year period. From this, coupled with our projections on the number of businesses using the WhatsApp Business API (WAB API) per market, we have been able to develop a WhatsApp Business consumer view highlighting the number of WhatsApp opt-ins per market. Please note, we will refer to the opted-in users as WhatsApp Business consumers to help differentiate between the two.

At the end of 2023 there were almost 1 billion opt-ins globally, and this will rise to over 2 billion by the end of 2027. In 2024 the WhatsApp Business consumers will account for about one-third of total WhatsApp users, and this will be close to two-thirds of total WhatsApp users by the end of 2027. This means that brands will be able to reach a cumulative figure in excess of 2 billion opted-in users.



Total traffic overview

In 2023, more than 130 billion messages were exchanged between brands and consumers, averaging over 11 billion per month. By 2027, that will increase to over 2 trillion, averaging almost 170 billion per month. For the period 2023-2027, the CAGR is close to 100%.

Asia accounted for more than two-thirds of total traffic in 2023, and this will drop as other markets experience strong growth, namely Latin America, which accounted for more than one-quarter of total traffic in 2023 and will increase to almost one-third by 2027. Asia and Latin America will be so dominant in terms of their share of traffic, that combined they accounted for 96.8% of total traffic in 2023, and will still account for 89.7% in 2027.

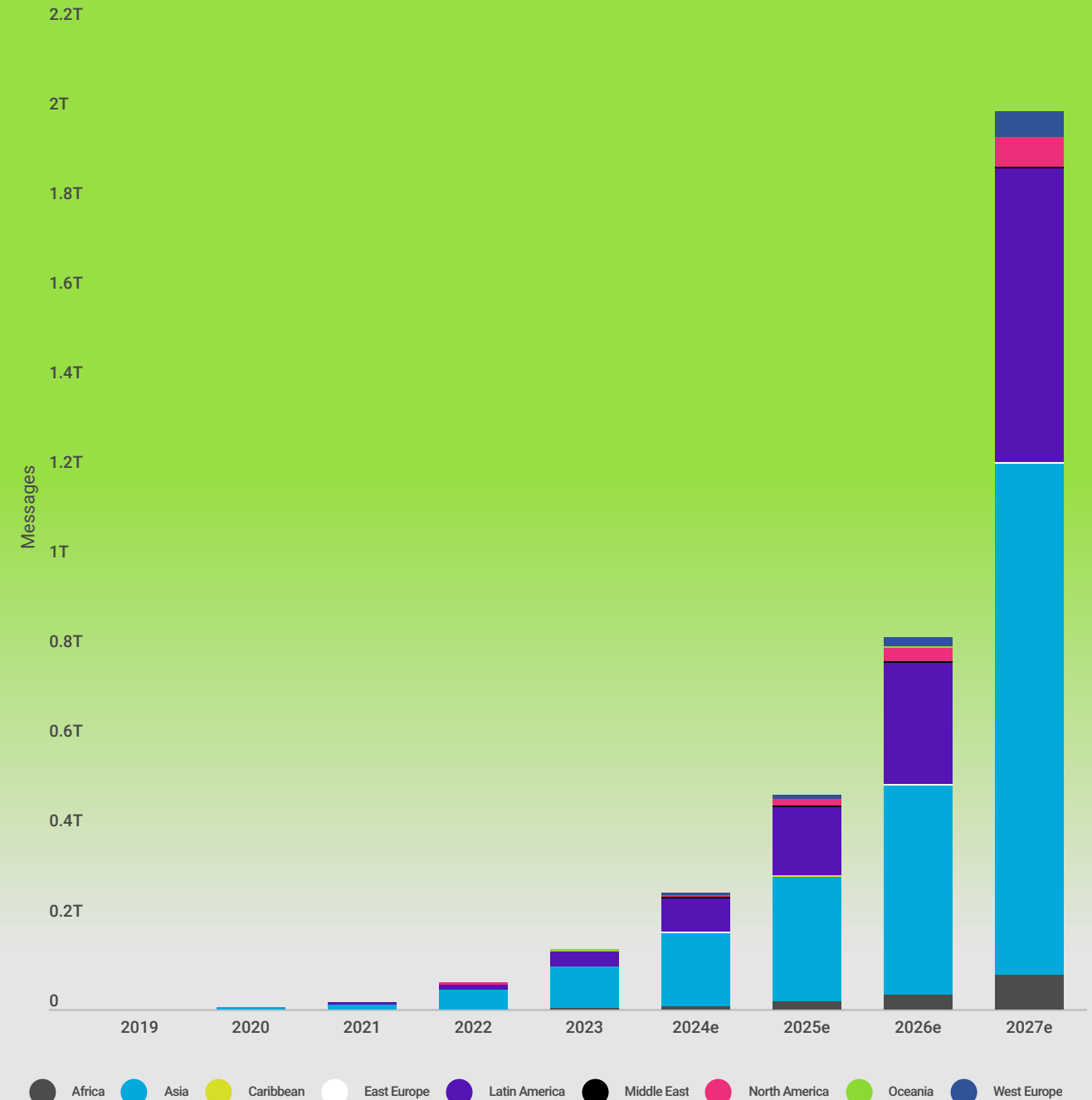
In 2023, India was by far the largest market, followed by Brazil and Mexico. Such is the discrepancy in WhatsApp Business traffic presently, the top 10 markets accounted for 97.3% of total traffic in 2023, however, the ninth and tenth largest markets, Germany and Bangladesh respectively, accounted for just over 1% of total traffic.

In 2023 there were only 20 markets that sent 100 million or above messages using the WhatsApp Business API.

By 2027, India still holds a dominant position with its traffic share dropping to below 50% of total traffic, even though over the 4 years its traffic has increase more than tenfold. Over the same timeframe, Brazil's traffic would have increased by 1503% and Mexico's by 2593%. In fact, the top 10 markets by total traffic will have experienced an average increase in traffic of 2433% between 2023 and 2027. Meaning that markets such as Indonesia, Thailand, Nigeria, Germany, the USA, Nigeria and Argentina would have experienced unprecedented growth during that period.

So much so, that the top 28 markets will account for 99.43% of total traffic by 2027. All of these markets will be sending in excess of 1 billion messages per annum, and a cumulative total of 1.99 trillion for 2027.

Total WhatsApp Business API traffic

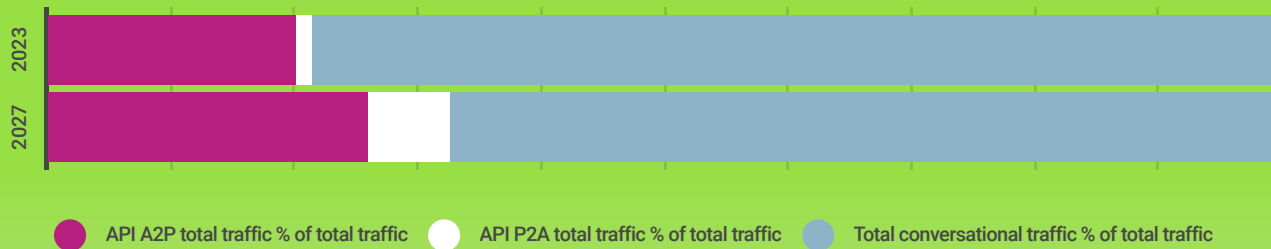


Total traffic by type, overview

WhatsApp Business API traffic is dominated by the conversation. In 2023, total conversational messages (i.e. total messages exchanged between a brand and consumer) accounted for more than three-quarters of total traffic, with A2P messaging accounting for less than one-quarter, and P2A messaging traffic just about registering.

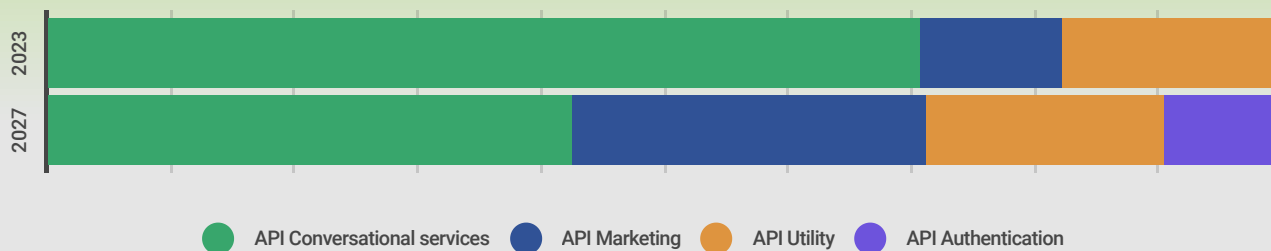
By 2027, both A2P and P2A share of messaging traffic have grown, but not sufficiently to impact greatly on total conversational message's dominance, which will still account for more than two-thirds of total messaging traffic.

Total traffic split by traffic type



Total traffic by use case, overview

From a traffic use case perspective, conversational services will account for more than two-thirds of total traffic in 2023, with utility the second largest use case, ahead of marketing and authentication. By 2027, conversational services share of total traffic will drop to less than half of total traffic as brands' usage of the channel evolves from predominantly customer services to multi-purpose, with marketing to account for more than a quarter of total traffic, followed by utility and authentication.

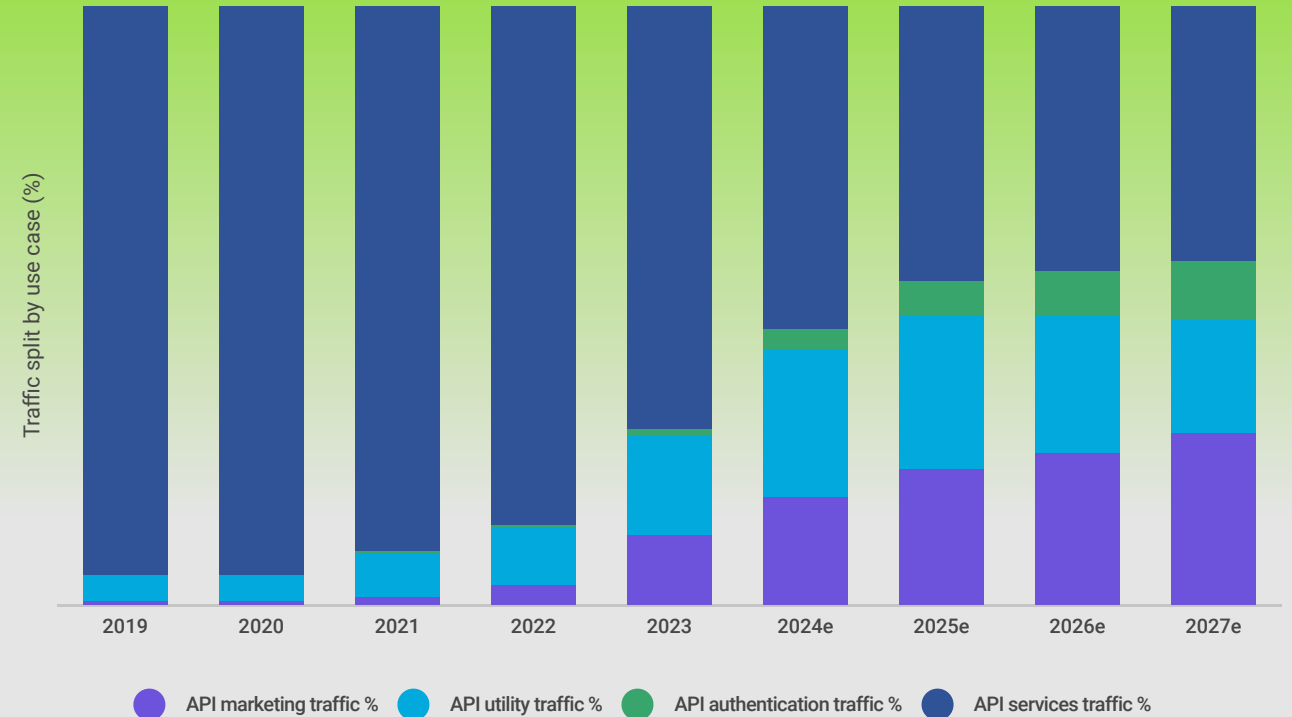


Traffic analysis

WhatsApp Business API is first and foremost a conversational platform. Conversational services traffic (i.e. customer care traffic) accounted for 95% of total traffic for the first few years of WhatsApp Business API platform's existence, as WhatsApp targeted the inbound call centre traffic with a view to converting impatient users waiting for an agent on a voice call on to two-way (conversational) messaging, most likely with a chatbot.

Over the forecast period, the share of conversational services traffic drops to less than half of total traffic. The reason for this is two-fold. Firstly, conversational services traffic is purely customer care traffic, and does not include the messaging conversations generated as a result of A2P and P2A marketing and utility messages between brands and consumers. Secondly, as brands familiarise themselves with the platform, their usage will evolve to capitalise on its functionality and capabilities as they increase usage of marketing and utility use cases, and over time, authentication also, therefore reducing the overall percentage share of traffic attributed to conversational services.

Traffic % split by use case



WhatsApp in the Messageverse

The Messageverse is Mobilesquared's term (see below for definition) incorporating all channels used for business messaging to connect businesses with consumers. As the chart below highlights, A2P SMS accounted for over 90% of total business messaging traffic in 2023, and this will fall to just over 50% by the end of 2027.

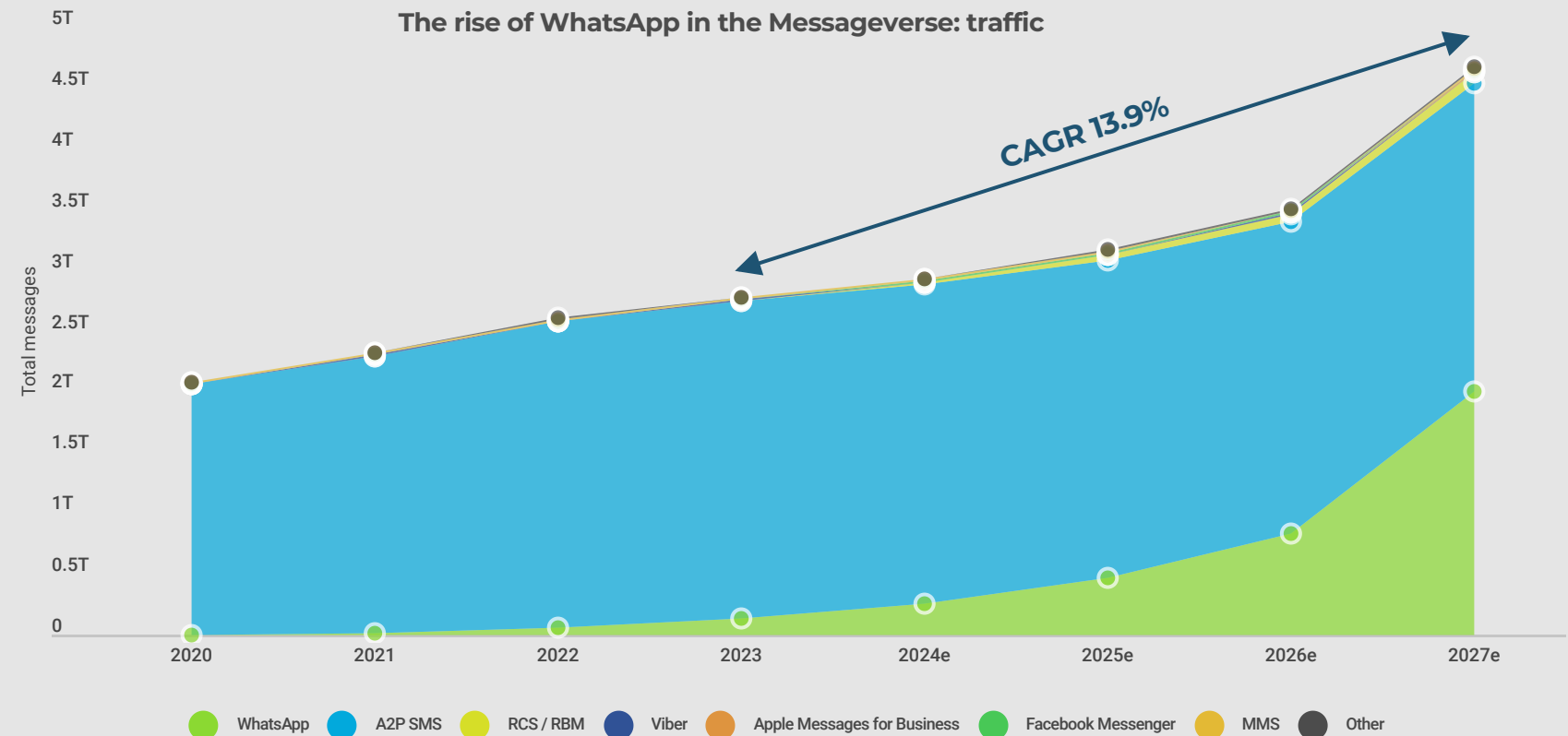
Although the total number of business messages sent between 2023 and 2027 will increase from around 2.8 trillion to just under 4.8 trillion, representing growth of 68.4%, the majority of which is driven by WhatsApp Business API, which is sufficient to also offset the projected decline in A2P SMS traffic. SMS has unquestionably been the platform upon which virtually all messaging channels have emerged, but its dominance will diminish over the forecast period as WhatsApp Business gains greater prominence. While WhatsApp Business API only accounted for less than 5% of total business messaging traffic in 2023, it will almost double to close to 10% in 2024, and by 2027 it would have increased to a nearly 50% share of total business messaging traffic.

Mobilesquared believes, as things stand in 2024, that WAB API is approximately 4-5 years commercially ahead of RCS Business Messaging (RBM). In 2027 when WhatsApp will be on the verge of becoming the largest business messaging channel, RBM's traffic levels will account for less than 2% of total traffic. To highlight the Messageverse's reliance on WAB API over the forecast period, if we removed the channel altogether, total traffic would peak in 2025, with growth of 0.95%, and a CAGR for 2023-2027 of 0.2%.

Therefore, the fundamental importance of WAB API to the future success of messaging, and alternative rich messaging channels such as RBM, cannot be underestimated. In the same way that SMS has laid the foundation for WAB API to flourish, WhatsApp is providing the platform for unprecedented growth of RBM, and other rich messaging channels, including Viber, even though Viber Business Messaging is now into its eighth year.

But the importance of WAB API extends further, as SMS's dominance diminishes over the forecast period, not only in messaging, and the Messageverse, but also its role in CPaaS. That means growth in CPaaS in the short- to medium-term will fundamentally rely on the rapid adoption of WAB API by brands around the world.

The Messageverse encompasses all channels and aspects of how brands and consumers communicate, engage and interact, over messaging. The Messageverse is a term created and trademarked by Mobilesquared to incorporate the 70+ million data points on messaging included in our data universe (Mobilesquared's online portal).



[Download data](#)

Please note, Mobilesquared constantly updates the Messageverse, traffic and spend subject to change.

Access the full report

Traffic

split out by use case

- Authentication
 - Marketing
 - Service
 - Utility
- + A2P / P2A / conversation**

Also by

- Conversational Service (customer care)
- Conversational commerce

WhatsApp Business Messaging report

Monetising the world's biggest rich messaging platform with the WhatsApp Business API, 2018-2027

Published April 2024



Key information:

- SMS traffic migration
- Pricing analysis
- Impact on the Messageverse
- Impact on CPaaS
- 3+ million datapoints
- Data for 200 markets

Price: £4,990

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Total authentication spend

Total A2P spend

Total P2A spend

Total conversational spend

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Global traffic

Global spend

Africa traffic

Africa spend

Asia traffic

Asia spend

Latin America traffic

Latin America spend

Middle East traffic

Middle East spend

North America traffic

North America spend

East Europe traffic

East Europe spend

West Europe traffic

West Europe spend

Methodology

About Mobilesquared

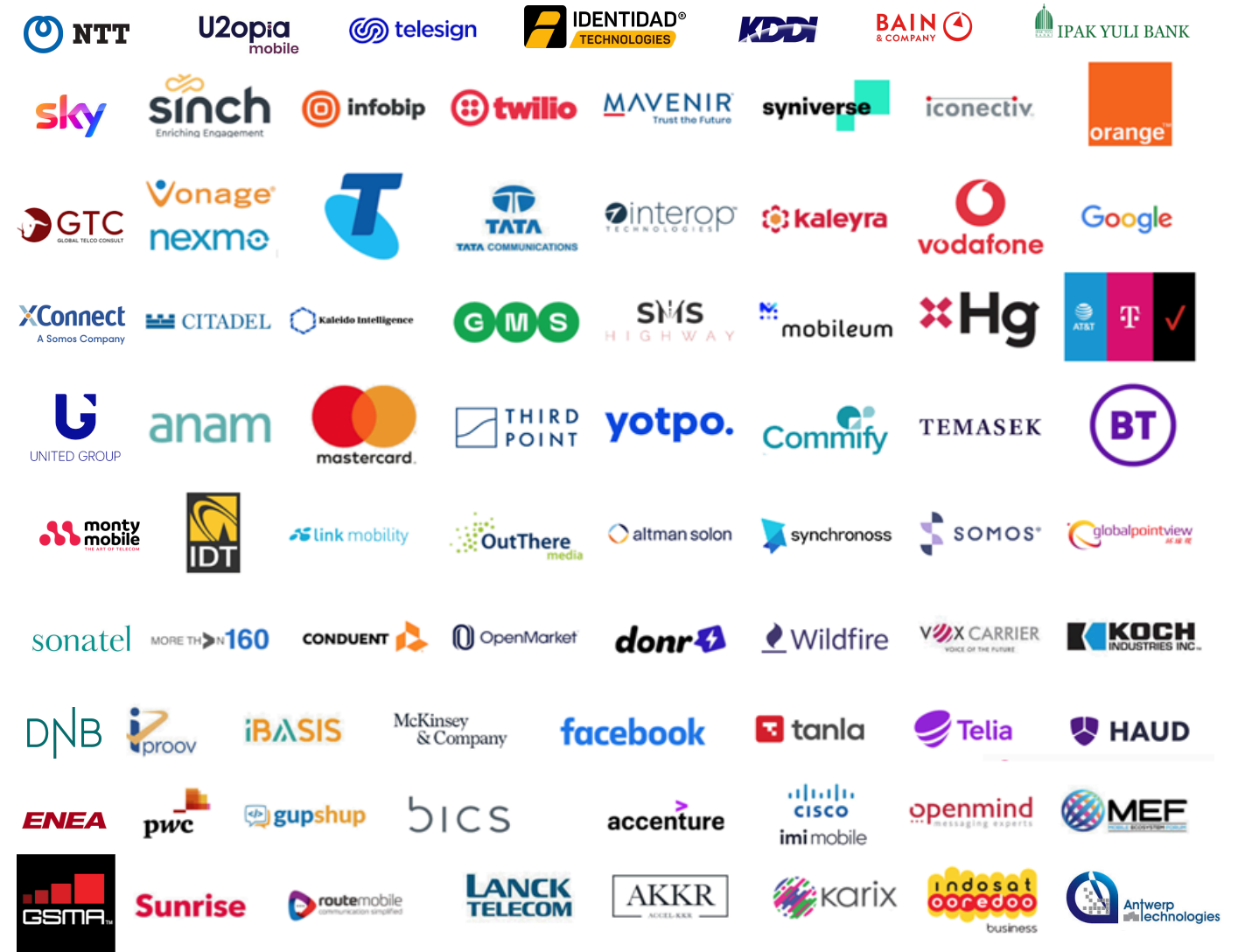
World leaders in business messaging intelligence.

We pride ourselves on delivering decision-ready intelligence to our clients, backed by our market-leading independent messaging data and expertise.

Mobilesquared quite literally wrote the book on business messaging intelligence. We launched in 2007 with the aim of delivering exceptional mobile marketing intelligence. In 2010, our 'Conversational Advertising' report was the first ever to take a deep dive into the emerging global business messaging sector and our insights have been shaping the market ever since.

We're now recognised as the leading global provider of messaging intelligence, and trusted partner to brands including Cisco, Meta, Orange, Accenture, PwC, Sinch, Infobip, Twilio and Vonage, to deliver reliably accurate intelligence and unflinching analysis. Our research is extensive and incorporates the views of over 300 companies from across the messaging ecosystem - including 160 mobile operators and 130 aggregators, CSPs, vendors, hub providers, interconnect providers, regulators, firewall providers, and independent consultants - who provide us with their data, insight and views of the sector.

Clients include



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