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Is it 'game over' for texting?

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After two decades, the traditional text message would seem to be in terminal decline, thanks to the popularity of instant messaging apps such as WhatsApp – which has been bought by Facebook – and Skype.

However, while people are texting less, business use of SMS – the abbreviation for short message service – is growing as more companies realise texts offer a good way to interact with customers.

Ben Wood, research director at analyst company CCS Insight, says: "It's a technology that has had its heyday for person-to-person communications, but text messaging is alive and well in the business market."

SMS has long been a cash cow for mobile phone operators, but they were slow to react to the rapid rise of newcomers such as WhatsApp, whose messaging apps are free to use and offer more features than SMS.

According to Deloitte, a consultancy, mobile instant messaging services carry more than 50bn messages each day, compared with just 21bn sent by SMS.

Some operators have tried to reignite interest in SMS by bundling texts in their price plans and launching more sophisticated services that mimic the features of instant messaging. However, some observers think the battle to win over consumers looks largely lost.

Perry Offer, global chief executive for Dialogue Group, a UK-based mobile messaging specialist, says: "Operators have an opportunity to keep making money out of SMS but they have to realise the market has changed."

Just when consumers have lost interest in texting, businesses have latched on to SMS as a simple, cost-effective way to boost loyalty, increase sales and improve customer service.

SMS is used for a wide range of business-to-consumer communications, including special offer notifications, flight delay warnings, and bank transaction authorisations.

Juniper Research, an analyst firm, predicts that by 2015 revenues from this so-called application-to-person market will overtake traditional person-to-person texting, reaching $57bn and $56bn, respectively.

Mr Wood of Insight CCS says the big advantage for businesses in using SMS instead of smartphone apps to communicate with their customers lies in its ubiquity. Every phone can receive SMS messages, while not every customer has a smartphone. And those who do have them are becoming more discerning in the apps they install to avoid "icon fatigue", caused by having too many apps on their phone.

"They want simplicity and to use the mobile channel that best meets their needs at that time," says Sethu Meenakshisundaram, president of mobile services at SAP, the German enterprise software vendor.

Recent research by SAP found that 81 per cent of consumers think SMS has the edge over a proprietary app for some types of business-to-consumer communication.

In developing countries, where smartphone penetration is low and broadband coverage patchy, SMS may be the only universal way to communicate electronically with customers.

One reason for the huge success of M-Pesa, a mobile payments service with more than 15m users in Kenya, is that it works on any phone capable of sending SMS messages.

However, perhaps the biggest point in favour of SMS is that, 20 years on, it remains the one form of digital communications that no one ignores. Dialogue Communications says that 98 per cent of SMS messages are opened and 90 per cent are read within three minutes of arriving on a phone.