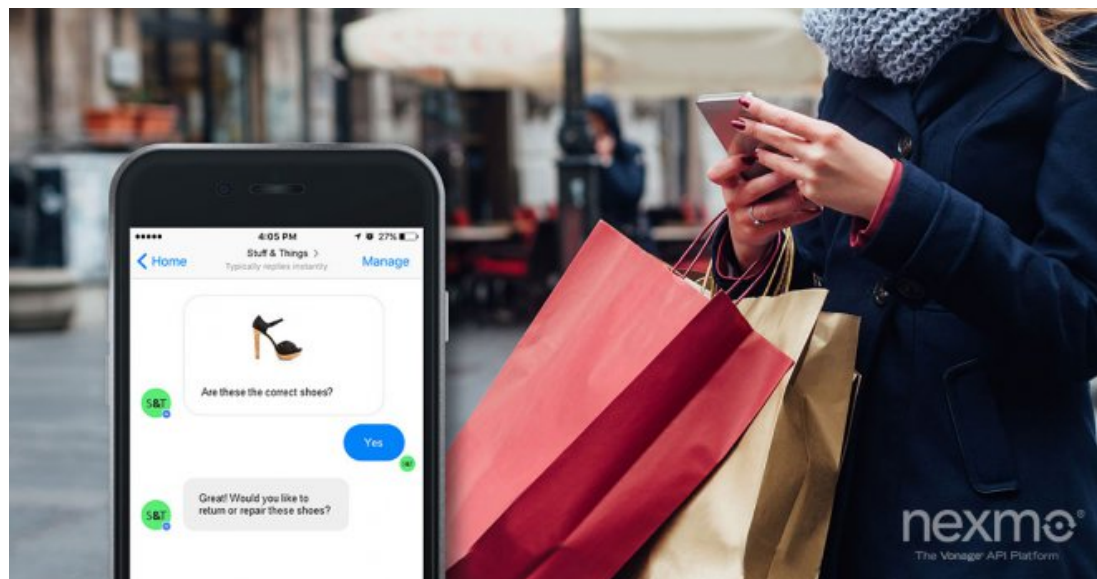


The Undeniable Potential of WhatsApp as a Customer Messaging Platform



By **HUGH HOPKINS** - Messaging Product Manager

By 2014, WhatsApp was bigger than SMS. Today, with over a billion daily active users, it is the go-to text message platform for a seventh of the Earth's population. And now large businesses can communicate directly with their customers using WhatsApp.



Essentially, WhatsApp is allowing businesses to communicate with customers in all the same ways they currently do with SMS. Which raises a pretty fundamental question: if you can reach all my customers via SMS, what does WhatsApp mean for how you engage customers?

Could WhatsApp Be the WeChat of Countries Outside China?

It's a mistake to think of WhatsApp and SMS as precise equivalents. Watching how WeChat has developed in China, it's perhaps more useful to think of chat platforms as the gatekeepers to people's online identities.

TenCent, the huge Chinese gaming and social media company, launched WeChat in 2011 as a straightforward chat app. A year later, it allowed companies to register brand accounts. Today there are around 10 million such accounts. WeChat would go on to integrate mobile payments, ride-share bookings, Slack-like business chat, QR code-based replacements for business cards, and more.

What started as a chat app is now the lens through which 889 million Chinese people experience the internet. With WeChat, people are no longer tied to the phone number of a single device; instead, they have a consistent online identity across multiple devices.

The Chinese experience of the internet is somewhat different from those of other countries. For many people in China, their first experience of the internet has been through mobile devices. Trust in internet commerce has also been much lower than outside China. Those circumstances have allowed WeChat to become a trusted gatekeeper of the online experience. While western chat apps might long for such a role, their starting points are rather different.

Nonetheless, WeChat shows that a chat application can offer far more than just messaging. With its huge number of users, WhatsApp is well placed to replicate some of WeChat's success.

Messaging Apps vs. SMS

There are technical and social benefits to using richer chat platforms. However, even without considering those benefits, it might simply be that the dominance of SMS is over.

Around 2012, global SMS usage peaked at 20 billion messages per day. As smartphone penetration increased, textual communication began to shift from SMS to instant messaging platforms. Alongside WhatsApp and WeChat, other locally dominant platforms have emerged, such as Line in Japan and Viber in the Middle East and Eastern Europe.

In the face of these message platforms, the ubiquity of SMS can't distract from the fact that it is yesterday's technology. Despite workarounds, SMS remains limited to 160 characters and is text-only. We have yet to see how new telco-backed standards such as RCS and MMS will perform. And, even though operators bundled SMS messages into more affordable packages, people have been trained to think of SMS as a scarce resource where each message had a cost attached.

To be fair to the mobile operators, chat apps like WhatsApp aren't forced to agree to a new messaging standard with hundreds of their competitors around the world. Still, consumers hold no particular affection for SMS and have flocked to the richer alternatives.

It's true that every mobile phone is capable of SMS but it's now just one of several options for instant, short-form messaging. Users aren't picking one or the other but instead choosing the richest channel available.

Graceful Degradation in Customer Messaging

Web developers have the concept of graceful degradation. It lets them build rich, engaging experiences on modern web browsers, without ignoring all those devices that aren't capable of supporting those experiences. For high-end devices, they use JavaScript, video, animations and more. At the other end, they provide a plain HTML experience that works with screen readers and text-only browsers.

We can take the same approach to customer communication. The richest platforms give us ways to engage with customers that previously would have been impossible. And it's not just about sending video or images.

Take a moment to think about the places where SMS falls short. Read receipts, for example, are somewhat unreliable, especially when a message must traverse multiple networks. Another issue is that the open nature of SMS makes it unsuitable for commerce or personal information.

Now compare that with WhatsApp. As a single platform, WhatsApp will be able to give business users authoritative read receipts. And so, measuring ROI becomes that much easier. With end-to-end encryption and a reduced risk of spoofing, WhatsApp might offer opportunities to communicate more sensitive information than is possible with SMS. If WeChat's example is anything to go by, WhatsApp could even enable ways to complete payments and purchases.

By applying the principle of graceful degradation to customer communication, we can leverage all the features presented by richer platforms, while continuing to serve those customers for whom we have only SMS contact details.

Let's look at an example. A clothing retailer is having a flash sale and they have a list of 10,000 customers who have signed up to receive alerts about discounts on sneakers.

A member of the retailer's marketing team prepares three versions of the alert:

- **Low fidelity (e.g. SMS-only):** a plain text message of no more than 160 characters, with a link to the promotion's landing page.
- **Medium fidelity (e.g. MMS):** an image, plus more in-depth sales copy and a link to the promotion's landing page.
- **High fidelity (e.g. chat app like WhatsApp):** a video of the lead promotional item, along with in-depth sales copy and the opportunity to make a purchase from within the chat interface. If the recipient reads the message but does not purchase within 24 hours, the company has their cloud communications partner automatically send a follow-up message with a further 10% discount.

That list of 10,000 customers includes each person's preferred messaging platform. And the retailer's communications system allows them to determine which version – low, medium or high fidelity – of the message to send, based on the capabilities of the messaging platform chosen. This way, everyone gets the basic message but a richer message is sent to those customers whose chat platform can offer greater engagement and a higher potential return on investment.

Pros of Closed Messaging Apps Outweigh Cons

There are downsides to closed platforms, of course. A successful messaging app could attract businesses with low pricing and then, when enough people and businesses have invested in the platform, increase their charges significantly.

There are two ways to mitigate that risk. The first is for companies to offer multiple communication methods for each customer. The second is to use a proxy service, rather than engage with each messaging platform directly. Using a proxy service, such as a cloud communications API provider, will enable companies to switch seamlessly between messaging platforms and fallback to SMS where necessary. That not only makes graceful degradation much easier but it also spreads an investment across multiple target chat platforms, reducing exposure to unfair price increases by one platform or another.

In the case of chat platforms, though, there are significant benefits to being a closed platform. Not only can they iterate quickly but each part of the service should be tightly coupled and authenticated. While that means richer experiences and more reliable tracking, the crucial benefit in the case of WhatsApp is likely to be account verification.

WeChat has pioneered such verification with its 10 million official brand accounts. In the west, it's easy to be skeptical of verified accounts as our main experience of them is Twitter's blue checkmark. The blue checkmark has meant different things at different times and, so, its significance is not well understood. WhatsApp's verified business accounts will work much more like those of WeChat: it's a guarantee that, in a world of spam and phishing, the verified account truly is operated by the brand whose name is on it.

WhatsApp's Enormous Potential

Today, WhatsApp is a messaging app. But it has the potential to become a huge multifaceted ecosystem where businesses conduct all sorts of interactions with their customers. Already today one major European airline with multiple Chinese routes conducts 16 percent of its business through WeChat and Facebook Messenger, from customer service inquiries to issuing boarding passes.

WhatsApp has introduced that kind of customer interaction to the world beyond China (As a WhatsApp Business Solution Provider, Nexmo enables WhatsApp integration for a richer customer messaging experience.). SMS, email and good old voice calls are absolutely here to stay. However, a significant portion of the world’s population—a billion people—are using a richer instant communication. And if your business isn’t on WhatsApp, you can bet your competitors will be.

Please fill out the form and we will be in touch with you shortly.

1.844.324.0340

First Name

Last Name

Email Address

Phone Number

Are you a Developer?

Company Name

Select Country

Product of Interest

Existing traffic to switch?

Traffic Volume Monthly (Optional)

Message (optional)