

The Total Economic Impact™ Of Attentive SMS Marketing

Cost Savings And Business Benefits Enabled By Attentive SMS Marketing

A Forrester Total Economic Impact™ Study
Commissioned By Attentive, January 2024

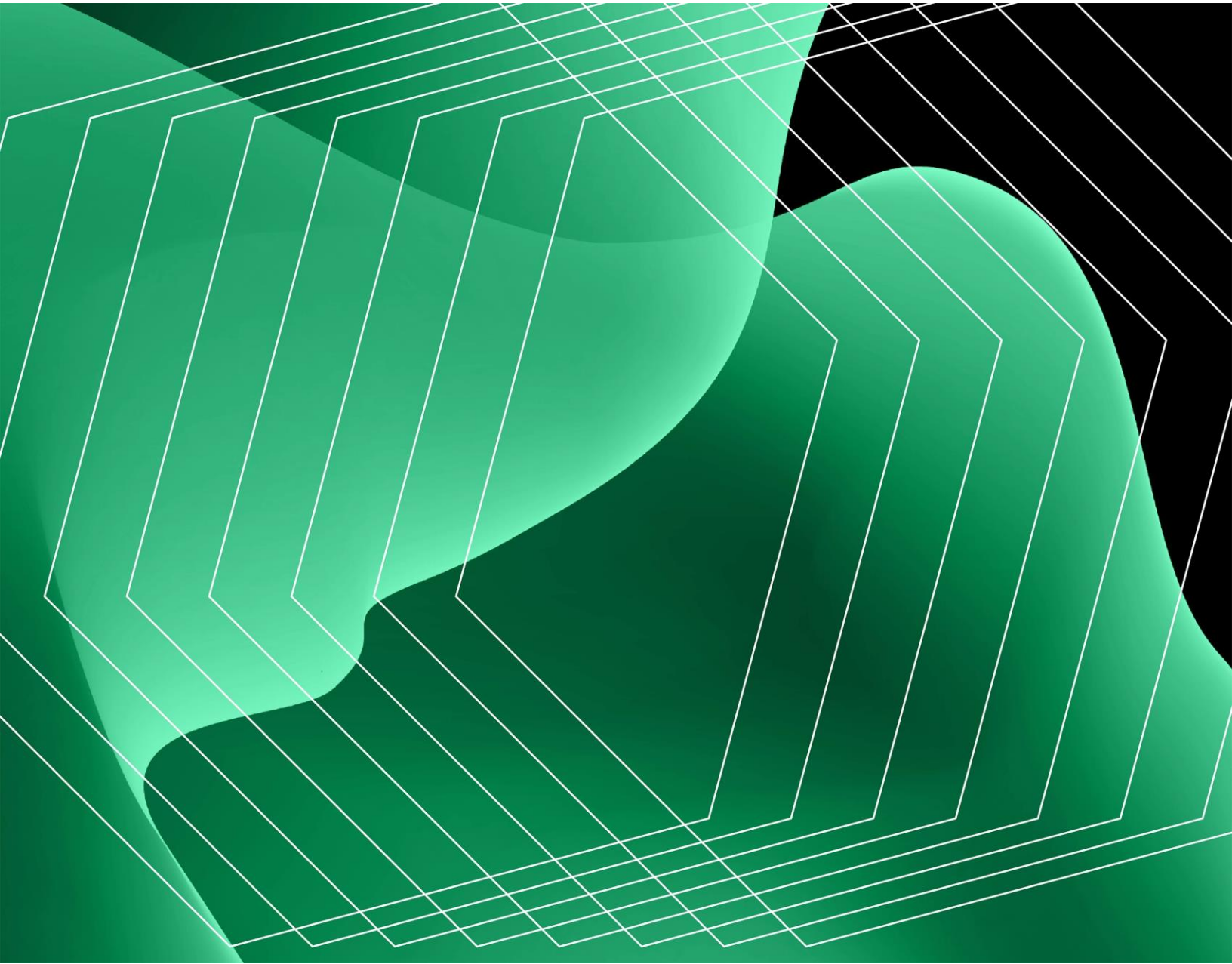


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Executive Summary

Attentive SMS Marketing allows brands to optimize the impact of the SMS channel through faster subscriber growth, more precise customer identification and tagging, higher message deliverability, and better engagement through triggered messages and personalization by driving higher conversion rates, revenue, and profitability. A strategic partnership with Attentive also positions brands to take advantage of innovations such as conversational AI and automation that may further increase the value of the SMS channel in the future.

Attentive commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [Attentive SMS Marketing](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Attentive SMS Marketing on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives of four organizations with experience using Attentive SMS Marketing. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a retail organization with 1.5 million SMS subscribers and revenue of \$3 billion per year.

Interviewees noted that prior to investing in Attentive SMS Marketing, their organizations struggled to sustain the early benefits of their entries into the SMS marketing channel. The organizations' SMS subscriber growth reached stagnation while efforts to increase opt ins often resulted in even more unsubscribes. Given their limited personnel resources, it was difficult for them to develop sophisticated SMS campaigns, triggered customer journeys, and personalization at scale. Several interviewees also said their organization faced legal challenges related to privacy incidents in the SMS channel.

Interviewees said that after partnering with Attentive, their organizations saw revenue and profit benefits in the SMS channel associated with faster subscriber

growth, more precise customer identification and tagging, higher message deliverability, and better engagement through triggered messages and personalization — and they achieved all of these results with fewer dedicated marketing and technical resources than before. Interviewees also highlighted improvements to customer experience, support from the Attentive team, and perceived improvements to compliance that could help avoid legal penalties in the future.

KEY STATISTICS



Return on investment (ROI):

181%



Net present value (NPV):

\$6.51M



Payback:

<6 months



Benefits PV:

\$10.11M

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Profit increase from SMS subscriber growth of up to 25% subscribers annually.** Attentive SMS Marketing allows the composite organization to drive an increase in qualified SMS subscribers while minimizing unsubscribes, delivering an additional \$4.5 to \$11.8 million in revenue to the organization.
- **Profit growth from better subscriber identification and conversion with Attentive.** Working with Attentive improves the composite

organization's profitability in the SMS channel with its existing customer base through more precise customer identification and tagging, higher message deliverability, and better engagement through triggered messages and personalization. These improvements yield a higher conversion rate at the bottom of the funnel, delivering \$19.6 million to \$27.7 million in additional revenue to the composite organization.

- **Avoided marketing and developer staff labor of \$721,000.** With Attentive SMS Marketing, the composite organization requires fewer marketing resources to maintain and grow its SMS channel while technical resources are restaffed to other initiatives. This represents nearly \$721,000 PV in productivity benefits to the organization over three years.
- **Avoided legacy SMS marketing costs of \$2.7 million.** Once the composite organization migrates to Attentive SMS Marketing, it phases out its previously contracted SMS solutions that are now redundant. It also no longer needs to pay the associated per-message fees, saving nearly \$2.7 million PV over three years.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **A partnership with Attentive.** Interviewees said that they feel as though a partnership with Attentive keeps their organizations on the leading edge of innovations in the space through additional product innovations (for SMS Marketing) while continuing to help their organizations drive results in the SMS channel.
- **Receiving strong support from the Attentive team.** Interviewees said support from the Attentive team from account management to strategy recommendations surpasses the level of support their organizations receive or received from other current or former SMS marketing vendors.
- **Security and compliance benefits.** Interviewees said their organizations switched to Attentive SMS Marketing in part due to Attentive's scrutiny when it comes to customer communication and information security. They said this instills confidence that their organizations may avoid information breaches or legal consequences in the future.

- **Improved customer experience and deeper engagement.** Beyond the benefits quantified in this report, interviewees said Attentive SMS Marketing gives their organizations the ability to drive personalization and one-to-one engagement with their customers through the SMS channel through triggered messages such as post-purchase messaging. Over time, this deeper engagement with an organization's customer base may result in higher overall lifetime value.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Attentive subscription fees and carrier costs.** The composite organization pays Attentive on a per-message basis in addition to paying a per-message carrier fee. It also incurs an annual list management fee across its 1.8 million subscribers. Over three years, this costs the composite organization \$3.4 million PV.
- **Attentive implementation and ongoing management costs.** The composite organization dedicates marketing and IT personnel resources to Attentive SMS Marketing implementation tasks as well as to ongoing management tasks post-deployment. This costs the composite organization \$158,000 PV over three years.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$10.11 million over three years versus costs of \$3.60 million, adding up to a net present value (NPV) of \$6.51 million and an ROI of 181%.

Revenue increase attributable to Attentive

\$24.1M to \$39.5M

EXECUTIVE SUMMARY



Return on investment (ROI):

181%



Benefits PV:

\$10.11M



Net present value (NPV):

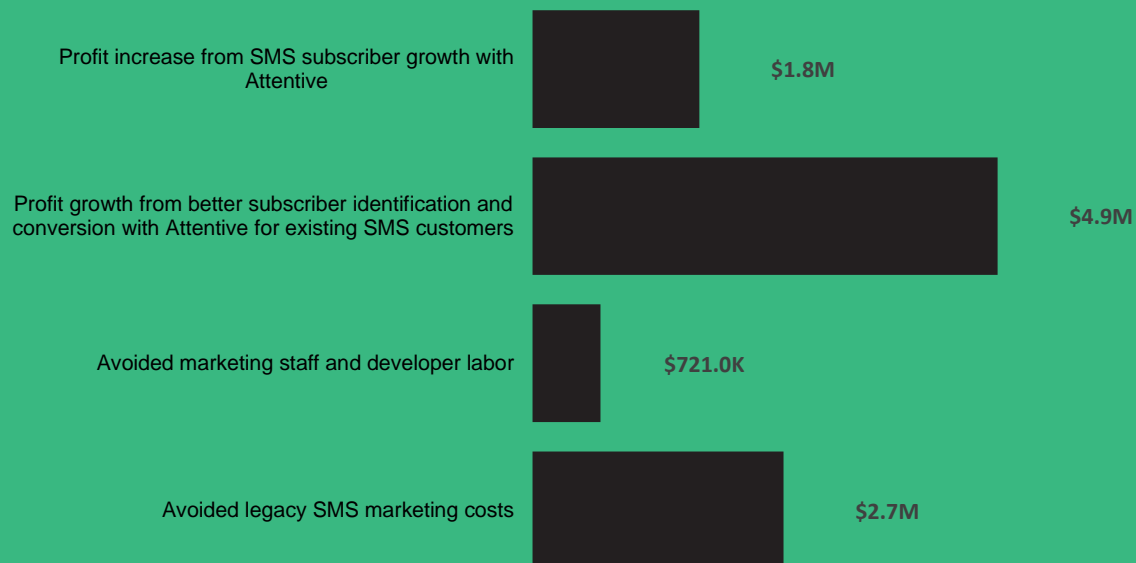
\$6.51M



Payback:

<6 months

Benefits (Three-Year)



“With Attentive [SMS Marketing], SMS is by far our most efficient channel now in terms of ROI.”

DIRECTOR OF DIGITAL CRM, RETAIL

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment Attentive SMS Marketing.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Attentive SMS Marketing can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Attentive and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Attentive SMS Marketing.

Attentive reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Attentive provided the customer names for the interviews but did not participate in the interviews.

Due Diligence

Interviewed Attentive stakeholders and Forrester analysts to gather data relative to Attentive SMS Marketing.

Interviews

Interviewed five representatives at four organizations using Attentive SMS Marketing to obtain data about costs, benefits, and risks.

Composite Organization

Designed a composite organization based on characteristics of the interviewees' organizations.

Financial Model Framework

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

Case Study

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Attentive SMS Marketing Customer Journey

Drivers leading to the Attentive SMS Marketing investment

Interviews				
Role	Industry	Region	Revenue	
Director of DTC retention marketing and CRM	Retail: Apparel	North America	\$2.1B	
Director of digital CRM	Retail: Footwear	North America	\$3.3B	
Senior digital CRM specialist				
Senior director of CRM and personalization	Retail: Sports and leisure	North America	\$12.6B	
Senior director of retention and CRM	Retail: Apparel	North America	\$2.0B	

Key Challenges

Prior to investing in Attentive SMS Marketing, interviewees' organizations struggled with their legacy SMS solutions in terms of subscriber growth rate, increased opt-out rates, and missed revenue-generating opportunities.

Interviewees noted how their organizations struggled with common challenges, including:

- **Stagnation of subscriber growth and an increase in unsubscribes.** Interviewees said that prior to implementing Attentive SMS Marketing, their organizations' previous solutions did not drive subscriber growth through identification of "proper" customers, resulting in unsubscribes and high churn. The senior director of CRM and personalization at a retail organization noted: "We were losing as many customers as we were gaining. Our opt-in rate and opt-outs were pretty much the same. We were not really growing [the channel]."
- **Continued optimization of the SMS channel.** Some of the interviewees' organizations found that their legacy SMS marketing providers were not

helping them maximize the value of the SMS channel as a whole. Interviewees noted that this “strictly vendor” relationship resulted in inordinate amounts of internal marketing and IT staff time dedicated to managing the SMS channel on a day-to-day basis, which left less time for more strategic work such as improving subscriber identification efforts or launching additional brands or products on the SMS channel. The senior director of CRM and personalization explained, “[Our previous vendor] did not really give us much from a strategic-thinking standpoint [around the SMS channel] or how to evolve the program over subsequent years.”

- **Legal ramifications.** Some interviewees shared that prior to investing in Attentive SMS Marketing, their organizations saw legal ramifications resulting from security incidents with their previous providers. In one instance, one of the organizations discontinued its SMS program altogether for several years due to the perceived risk posed by the channel.

The director of digital CRM in retail explained: “[There were] technical errors not unsubscribing people successfully when they had asked to be to a point where we couldn’t definitively tell who within our subscriber list was eligible to receive messages and who wasn’t. We literally had to start from scratch when we went through an RFP (request for proposal) to find a new vendor.”

While Attentive can’t guarantee fewer compliance and/or legal incidents, interviewees expressed confidence that because Attentive is an incumbent in the SMS space, it would give their organizations the best opportunity to avoid these pitfalls.

Investment Objectives

The interviewees’ organizations searched for a solution that could:

- Grow their existing subscriber bases with quality subscribers to take advantage of the increasingly important SMS channel.
- Ensure message deliverability.

- Minimize technical and marketing staff involvement.
- Assist with personalization and development of an SMS channel.
- Enhance security capabilities.
- Provide market leadership in the SMS space.

“Attentive stood out as a company that was an expert in this channel. We were looking for a partner that [could] help us grow within this channel. And that’s the reason why we’re staying with them. Year over year, they come up with new ideas and solutions that help us evolve in this channel.”

SENIOR DIRECTOR OF CRM AND PERSONALIZATION, RETAIL

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a retailer with \$3 billion in annual revenue, a net operating margin of 10%, and 15,000 employees.

Before implementing Attentive SMS Marketing, it had an SMS subscriber list size of 1.5 million with its legacy SMS marketing solution.

Deployment characteristics. The composite organization implements Attentive SMS Marketing over the course of 1.5 months and migrates its SMS subscriber base from another SMS marketing solution. Three marketing and IT staff members are tasked with the implementation of the SMS program, and three marketing personnel spend a small portion of their time overseeing the program.

Key Assumptions

Retail organization

\$3 billion annual revenue

15,000 employees

\$150 average order value

1.5 million SMS subscribers in Year 1

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Profit increase from SMS subscriber growth with Attentive	\$405,000	\$729,000	\$1,069,200	\$2,203,200	\$1,773,967
Btr	Profit growth from better subscriber identification and conversion with Attentive for existing SMS customers	\$1,669,613	\$2,003,535	\$2,354,154	\$6,027,302	\$4,942,354
Ctr	Avoided marketing staff and developer labor	\$289,913	\$289,913	\$289,913	\$869,739	\$720,969
Dtr	Avoided legacy SMS marketing costs	\$1,037,700	\$1,074,960	\$1,114,083	\$3,226,743	\$2,668,787
	Total benefits (risk-adjusted)	\$3,402,226	\$4,097,408	\$4,827,350	\$12,326,982	\$10,106,077

Profit Increase From SMS Subscriber Growth With Attentive

Evidence and data. Interviewees said that prior to implementing Attentive SMS Marketing, their organizations faced several challenges in the SMS channel with their previous efforts and solutions. Among these pain points, several interviewees highlighted driving consistent subscriber identification as a challenge. As these organizations' brands and their subscriber counts reached maturity in the SMS channel, their subscriber growth would plateau and decline as their efforts to drive additional growth led to opt-outs or unsubscribes. Interviewees told Forrester that Attentive SMS Marketing allowed their organizations to drive growth for both new brands and mature brands to the channel alike, capitalizing on the revenue and profit each additional subscriber represents to the organization.

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- The director of DTC retention marketing at a retail organization told Forrester that Attentive SMS Marketing is a critical part of their organization's funnel growth because it grows its SMS subscriber counts across its brands that are both newly launched and mature in SMS. Speaking about a brand newly launched on the SMS channel with Attentive, the interviewee added, "Our subscriber growth was tremendous in Year 1 and still continues to grow as we're approaching our second year."
- The director of DTC retention marketing and CRM at a retail organization said their company explored other SMS marketing providers as part of a due diligence process when launching another brand on the channel. They said: "[Other providers] weren't [delivering] comparable results to the brands on Attentive." The interviewee also noted that Attentive's sign-up experience for subscribers was more persistent than that of the other piloted solutions and that Attentive yielded higher growth in the channel overall. They said, "We can capture customers [with Attentive SMS Marketing], but we can also convert them down the funnel faster." The interviewee estimated that Attentive SMS Marketing grew this newly launched brand on SMS twice as fast as the next most effective solution demoed.
- The director of digital CRM at a retail organization said their company needed to relaunch its brand on the SMS channel after abandoning previous efforts with another provider due to security concerns. With Attentive SMS Marketing, the organization grew its subscriber base to 1.3 million customers in less than one year while ramping very quickly to capitalize on the 2022 holiday season. The interviewee noted that customers who have come in through the SMS channel (and who represent approximately \$12 million in revenue) tend to spend slightly more than those from other channels.
- The senior director of CRM and personalization at a \$12.6 billion retailer explained that their organization was able to migrate its existing SMS customer subscriber base for both e-commerce and in-person customers to Attentive without starting the program from scratch. At that point,

subscriber growth with a previous solution had stagnated. By moving to Attentive SMS Marketing, the organization boosted its subscriber growth by up to 30%.

The interviewee explained: “One of the reasons we chose Attentive is that when they presented their [SMS marketing] capabilities, they were very aggressive in their [activities to grow subscribers]. ... We did see this significant growth when we switched to Attentive [SMS Marketing]. From the beginning of the year until now, our [subscriber] database grew by about 18%, and we’re estimating that at the end of the year, it will be almost 30% growth year over year.”

Through holdout testing, the interviewee’s organization calculated that an SMS subscriber is worth an additional \$9.20 in incremental revenue than a customer who is not, which supports its case to grow SMS subscribers and the channel as a whole.

Modeling and assumptions. Forrester makes the following assumptions about the composite organization:

- Before using Attentive SMS Marketing, the composite had an SMS marketing subscriber list of 1.5 million subscribers that grew by 5% annually.
- With Attentive SMS Marketing, the composite’s SMS subscriber growth rate is 25% in Year 1, 20% in Year 2, and 17.5% in Year 3. This growth is attributable to the Attentive partnership and its tactics to drive more opt-ins and fewer unsubscribes.
- An SMS subscriber represents an additional \$12 in revenue to the subscriber organization.
- The composite organization has a 10% net margin.

Risks. This benefit will vary among organizations based on:

- The organization’s preexisting SMS marketing program and subscriber base as it relates to the potential uplift with Attentive SMS Marketing.

ANALYSIS OF BENEFITS

- The propensity of the organization’s customers to spend, subscribe, or unsubscribe.
- The organization’s industry as it relates to revenue per customer, order value, net margin, and other industry-specific factors of variance.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly \$1.8 million.

“The process to acquire new customers [and] new SMS subscribers is very turnkey [and] very easy compared to other brands and other [providers] that we’ve [explored].”

SENIOR DIRECTOR OF DTC RETENTION MARKETING AND CRM, RETAIL

Profit Increase From SMS Subscriber Growth With Attentive					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Baseline SMS subscribers before Attentive	Composite	1,500,000	1,575,000	1,653,750
A2	Growth attributable to Attentive	Interviews	25%	20%	17.5%
A3	SMS subscribers with Attentive	A1*(1+A2)	1,875,000	2,250,000	2,643,750
A4	Net new SMS subscribers with Attentive	A3-A1	375,000	675,000	990,000
A5	Incremental revenue per SMS subscriber	Interviews	\$12.00	\$12.00	\$12.00
A6	Subtotal: Revenue from new SMS subscribers	A4*A5	\$4,500,000	\$8,100,000	\$11,880,000
A7	Net margin	Composite	10%	10%	10%
At	Profit increase from SMS subscriber growth with Attentive	A6*A7	\$450,000	\$810,000	\$1,188,000
	Risk adjustment	↓10%			
Atr	Profit increase from SMS subscriber growth with Attentive (risk-adjusted)		\$405,000	\$729,000	\$1,069,200
Three-year total: \$2,203,200			Three-year present value: \$1,773,967		

Profit Growth From Better Subscriber Identification And Conversion With Attentive For Existing SMS Customers

Evidence and data. On aggregate, interviewees told Forrester that working with Attentive improved their organizations' profitability in the SMS channel with their existing customer bases through more precise customer identification and tagging, higher message deliverability, and better engagement through triggered messages and personalization. These improvements ultimately yield higher conversion rates at the bottom of the funnel and deliver additional revenue and profit for the organizations.

- Representatives spoke to the increased sophistication of their organizations' triggered SMS messages with Attentive, and they highlighted their ability to send discount codes, key reminders, and personalized engagement that drives e-commerce traffic, in-store traffic, and, ultimately, improved conversion rates.

The senior director of retention and CRM explained to Forrester that one of their organization's main KPIs for the SMS channel is website traffic, particularly after deploying an SMS-based campaign to subscribers. They said: "We can't control conversion directly, but we can influence conversion. Our job [with Attentive SMS Marketing] is to make sure that we get qualified individuals to land on a site to make that purchase."

The interviewee noted that with Attentive-based SMS campaigns, their organization's web traffic spikes have been so significant that if the company is just 15 minutes late deploying a campaign, it'll be questioned by the web team waiting to ensure a smooth experience for customers given the traffic spike.

The director of DTC retention marketing and CRM at a retail organization told Forrester they can see site traffic jump by up to 80% following an SMS campaign, inherently driving additional revenue from their customer base.

- The same interviewee told Forrester that the partnership with Attentive and its platform allows their organization to test and optimize its communication and content to drive the most impactful results in the SMS channel. The

interviewee explained: “[With Attentive SMS Marketing,] we’ve done lots of different message testing. Attentive has some cool AI functionality that helps us. Their algorithm scales towards what’s going to drive the most clicks and revenue for us. They’ve helped us run some tests on incrementality of touch points, which has been great. [For example,] it will highlight opportunities we have to inpoints [and] contact frequency without increasing unsubscribes.”

- The senior director of CRM and personalization at a retailer highlighted the value of the Attentive partnership in terms of strategy optimization and journey development: “We really appreciate Attentive’s input in getting new ideas to experiment in the SMS channel.”
- With respect to message deliverability, interviewees told Forrester that with Attentive, deliverability is high to the point where it is not a concern at all.

Modeling and assumptions. Forrester makes the following assumptions about the composite organization:

- Each of the composite organization’s SMS subscribers (more than 1.8 million in Year 1) receives an average of 48 SMS messages annually. These messages have an average open rate of 97%.
- Before using Attentive SMS Marketing, the composite’s message deliverability rate was 90%. With Attentive SMS Marketing, this improves to 95%.
- Before using Attentive SMS Marketing, the composite had a 25% message open rate and a 2.5% conversion rate. This conversion rate improves to 3% with Attentive SMS Marketing.
- The composite’s average annual order value per customer of \$150.
- The composite organization has a 10% net margin.

Risks. This benefit will vary among organizations based on:

- The sophistication of the organization’s preexisting SMS marketing program as it relates to the potential uplift in targeting, deliverability, and engagement with Attentive SMS Marketing.

ANALYSIS OF BENEFITS

- The level of engagement of the organization's customer base as it relates to open rate, click-through rate, and conversion rate on SMS messages.
- The organization's industry as it relates to average order value, net margin, and other industry-specific factors of variance.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$4.9 million.

“SMS is our fastest-growing and most profitable channel. It's not cheap compared to other channels, but the return on investment is definitely higher.”

SENIOR DIRECTOR OF CRM AND PERSONALIZATION, RETAIL

“I've never been concerned with deliverability with Attentive because of the relationships that they have with the carriers. We've never had any issues.”

SENIOR DIRECTOR OF RETENTION AND CRM, RETAIL

ANALYSIS OF BENEFITS

Profit Growth From Better Subscriber Identification And Conversion With Attentive For Existing SMS Customers					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Total SMS subscribers	A3	1,875,000	2,250,000	2,643,750
B2	Messages sent per subscriber	Composite	48	48	48
B3	Average open rate	Assumption	97%	97%	97%
B4	Average click-through rate	Interviews	25%	25%	25%
B5	Average legacy per message conversion rate	Interviews	2.5%	2.5%	2.5%
B6	Legacy deliverability rate	Assumption	90%	90%	90%
B7	Average order value	Composite	\$150	\$150	\$150
B8	Subtotal: Revenue attributable to SMS marketing in legacy environment	B1*B2*B3*B4*B5*B6*B7	\$73,659,375	\$88,391,250	\$103,859,719
B9	Per message conversion rate with Attentive	Interviews	3.0%	3.0%	3.0%
B10	Deliverability rate with Attentive	Interviews	95%	95%	95%
B11	Subtotal: Revenue with Attentive SMS Marketing	B1*B2*B3*B4*B7*B9*B10	\$93,301,875	\$111,962,250	\$131,555,644
B12	Revenue increase with Attentive	B11-B8	\$19,642,500	\$23,571,000	\$27,695,925
B13	Net margin	Composite	10%	10%	10%
Bt	Profit growth from better subscriber identification and conversion with Attentive for existing SMS customers	B12*B13	\$1,964,250	\$2,357,100	\$2,769,593
	Risk adjustment	↓15%			
Btr	Profit growth from better subscriber identification and conversion with Attentive for existing SMS customers (risk-adjusted)		\$1,669,613	\$2,003,535	\$2,354,154
Three-year total: \$6,027,301			Three-year present value: \$4,942,354		

Avoided Marketing Staff And Developer Labor

Evidence and data. Representatives highlighted the relative simplicity of using Attentive SMS Marketing for their organizations' marketing staff. They also said marketing personnel can manage it on a day-to-day basis rather than needing IT or developer resources as compared with previous and/or concurrently used

marketing solutions. As a result, the organizations require fewer marketing FTE resources to maintain and grow the SMS channel with Attentive SMS Marketing, while IT or developer resources can be avoided entirely and restaffed to other initiatives.

- The director of DTC retention marketing and CRM at a retail organization said Attentive SMS Marketing feels like a tool for marketers rather than for IT staff and that this greatly reduced friction around campaign development. They stated: “[Attentive SMS Marketing] is marketing-led and not IT-led. And when a tool is marketing-led, it’s a very easy turnkey tool to use. If there is zero intimidation and something is easy to use, then you are [naturally] going to use it. This is a huge difference compared to our other providers that we [have used]. I can train somebody in 15 minutes on Attentive [SMS Marketing], and they can develop SMS campaigns. [It’s] not difficult at all.”
- The senior director of CRM and personalization at a large retailer explained the productivity benefits of setting up and automating triggered SMS journeys with Attentive SMS Marketing, and they noted this helps to eliminate ongoing manual work for marketing personnel.
- The director of digital CRM at a retailer attributed gained efficiencies to the high ROI their organization has seen from the SMS channel. They stated: “Attentive [SMS Marketing] gives us the ability [in the SMS channel] to get out there and generate revenue without a tremendous amount of effort. For email, it’s all hands on deck. We’ve got a pretty lean team, and they’re worn pretty thin in terms of all the things they need to do.”

The senior digital CRM specialist at the same organization estimated that all activities across their SMS — which is the company’s most profitable channel — takes up less than 10% of their team’s time and capacity.

Modeling and assumptions. Forrester makes the following assumptions about the composite organization:

- Two marketing FTEs who are responsible for the SMS channel reclaim 75% of the time they previously used to manage SMS strategy and

ANALYSIS OF BENEFITS

campaign development on the previous solution because Attentive allows them to automate several of these previously manual tasks.

- The composite reallocates one developer resource to another project because the technical implementation tasks that required IT resources with the previous SMS solution are now avoidable.
- The average annual salary of a marketing staff member is \$114,750.
- The average annual salary of a developer staff member is \$150,000.

Risks. This benefit will vary among organizations based on:

- The scale and scope of the organization's preexisting SMS marketing program as it relates to required marketing and technical staff involvement.
- The skill and capacity of the organization's marketing and IT resources.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of nearly \$721,000.

ANALYSIS OF BENEFITS

Avoided Marketing Staff And Developer Labor					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Marketing FTEs required to manage prior SMS marketing tools/program	Composite	2	2	2
C2	Reduction in effort with Attentive	Interviews	75%	75%	75%
C3	Average annual burdened rate of a marketing FTE	Assumption	\$114,750	\$114,750	\$114,750
C4	Avoided marketing FTE costs	C1*C2*C3	\$172,125	\$172,125	\$172,125
C5	Avoided/reallocated developer resources	Interviews	1	1	1
C6	Average annual burdened rate of a developer FTE	Assumption	\$150,000	\$150,000	\$150,000
Ct	Avoided marketing staff and developer labor	C4+C6	\$322,125	\$322,125	\$322,125
	Risk adjustment	↓10%			
Ctr	Avoided marketing staff and developer labor (risk-adjusted)		\$289,913	\$289,913	\$289,913
Three-year total: \$869,738			Three-year present value: \$720,969		

“Attentive [SMS Marketing] is extremely efficient from a personnel resource standpoint. Internally, it takes very little time to plan and automate messages and campaigns. We just set them up in the platform and execute them.”

DIRECTOR OF DIGITAL CRM, RETAIL

Avoided Legacy SMS Marketing Costs

Evidence and data. Interviewees said that once their organizations migrated to Attentive SMS Marketing, they were able to phase out previously contracted SMS solutions and the associated per-message fees. On aggregate, interviewees told Forrester that their organizations' previous SMS marketing solutions were less expensive than Attentive SMS Marketing, but that they lacked functionality. This led them to ultimately adopt Attentive SMS Marketing.

Modeling and assumptions. Forrester makes the following assumptions about the composite organization:

- The composite organization avoids a \$0.009 platform fee and \$0.0025 carrier fee for each message sent out across its subscriber base.
- The composite delivers an average of 48 messages per subscriber annually across its 1.5 million customer subscriber base.
- The composite avoids paying \$250,000 annually in average maintenance and licensing costs for its previous solution.
- The composite avoids \$75,000 annually in reduced professional service requirements.

Risks. This benefit will vary among organizations based on:

- The scale of the organization's SMS marketing program as it relates to per-message and carrier fees avoidable after the migration to Attentive SMS Marketing.
- The contract specifics for the organization's existing SMS marketing programs as they relate to per-message, licensing, and professional services costs.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of nearly \$2.7 million.

Avoided Legacy SMS Marketing Costs					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Baseline SMS subscribers	A1	1,500,000	1,575,000	1,653,750
D2	SMS messages sent per subscriber	B2	48	48	48
D3	Legacy SMS marketing message cost per message	Assumption	\$0.009	\$0.009	\$0.009
D4	Subtotal: Avoided message costs	D1*D2*D3	\$648,000	\$680,400	\$714,420
D5	Carrier cost per message	Assumption	\$0.0025	\$0.0025	\$0.0025
D6	Subtotal: Avoided carrier costs	D1*D2*D5	\$180,000	\$189,000	\$198,450
D7	Average maintenance and license costs savings from legacy messaging solution	TEI standard	\$250,000	\$250,000	\$250,000
D8	Reduction in professional services requirement	TEI standard	\$75,000	\$75,000	\$75,000
Dt	Avoided legacy SMS marketing costs	D4+D6+D7+D8	\$1,153,000	\$1,194,400	\$1,237,870
	Risk adjustment	↓10%			
Dtr	Avoided legacy SMS marketing costs (risk-adjusted)		\$1,037,700	\$1,074,960	\$1,114,083
Three-year total: \$3,226,743			Three-year present value: \$2,668,787		

“Attentive [SMS Marketing] was on the more expensive side compared to other [solutions] we went through RFP with, but it includes a lot more than just messaging. We prefer paying a little more knowing we’re with a stable and progressive strategic partner.”

SENIOR DIRECTOR OF CRM AND PERSONALIZATION, RETAIL

Unquantified Benefits

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Partnering with a market leader in SMS marketing.** Several interviewees told Forrester their organizations chose Attentive as a partner not only for the results it could deliver in the SMS channel, but for Attentive's perceived role as a market leader in the space. Interviewees expressed confidence that Attentive can keep their organizations on the leading edge of innovations in the SMS marketing space while continuing to drive results in the channel. The senior director of CRM and personalization at a retailer summarized, "Even just since we've been with Attentive [during the past two years], the rate at which they have grown and progressed to truly being the expert in [the] SMS world is pretty overwhelming."
- **Receiving strong support from the Attentive team.** Interviewees collectively told Forrester that the support their organizations receive from the Attentive team — from account management to strategy recommendations — instills confidence that they're getting the most out of the SMS channel and that it surpasses the support other current or former vendors provide.
- **Security and compliance benefits.** While no vendor can guarantee complete privacy and security of sensitive customer information, interviewees told Forrester that Attentive allows them to feel as secure as they can with their organization's customer data. Several interviewees said their company switched to Attentive SMS Marketing in part due to this perception after they faced legal consequences for breaches with previous SMS marketing efforts. Representatives expressed confidence in Attentive's scrutiny when it comes to customer communication and information security.
- **Improved customer experience and deeper engagement.** Beyond the benefits quantified in this report, interviewees noted that Attentive SMS Marketing gives their organizations the ability to drive personalization and

one-to-one engagement with their customers through the SMS channel through triggered messages such as post-purchase messaging. Interviewees said that over time, they expect this deeper engagement with their organizations' customer bases to manifest in more precise product recommendations and higher overall lifetime value. The director of DTC retention marketing and CRM at a retail organization added that Attentive SMS Marketing has opened an additional channel for their company's customer care team to provide support, which further bolstered the customer experience.

“One critical piece of the Attentive relationship is their support. Our account manager is essentially an extension of our team and brings something to the table every day. They're a true benefit to each of our four brands on Attentive [SMS Marketing], and [they] are constantly thinking about new ways for us to take advantage of the channel or implement new ideas.”

SENIOR DIRECTOR OF CRM AND PERSONALIZATION, RETAIL

“Attentive is tight on the rules of how many messages someone can receive if they’re in a journey currently, so all those things together have made us very confident that we’re not doing anything that we shouldn’t be doing in terms of overcommunicating or incorrectly communicating with our subscribers.”

DIRECTOR OF DIGITAL CRM, RETAIL

Flexibility

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Attentive SMS Marketing and later realize additional uses and business opportunities, including:

- **Burgeoning AI use cases in SMS marketing.** Representatives said Attentive continues to roll out AI features in SMS marketing and that this helps their organizations implement new strategies into their programs in the future. They explained that tools such as Attentive Concierge can drive one-on-one customer communication with conversational AI and that AI-led campaign design may support additional profitability in the SMS channel in subsequent years. Representatives specifically expressed optimism that these innovations can help their organizations avoid stagnation in the channel with their more mature brands.
- **Expanding the SMS channel to additional brands and/or regions.** Several of the interviewees said their organizations have already launched or plan to launch additional brands or regions on the SMS channel with

Attentive SMS Marketing. The director of DTC retention marketing and CRM at a retailer noted how their organization has launched four brands with Attentive SMS Marketing, while the senior director of CRM and personalization at another retailer said their organization is currently onboarding two significant brands. Interviewees said that because of the relative speed and simplicity to launch additional brands with Attentive SMS Marketing, organizations may stand to unlock more revenue for their organizations in the SMS channel.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

“We initially launched the Attentive SMS Marketing program for our core stores and e-commerce and have since added [another] brand. Now we’re planning to launch SMS programs for [another two brands]. We’re already very close to launching those.”

SENIOR DIRECTOR OF CRM AND PERSONALIZATION, RETAIL

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Attentive subscription fees and carrier costs	\$0	\$1,162,500	\$1,395,000	\$1,639,125	\$4,196,625	\$3,441,210
Ftr	Attentive implementation and ongoing management costs	\$49,500	\$43,808	\$43,808	\$43,808	\$180,924	\$158,443
	Total costs (risk-adjusted)	\$49,500	\$1,206,308	\$1,438,808	\$1,682,933	\$4,377,548	\$3,599,653

Attentive Subscription Fees And Carrier Costs

Evidence and data. Interviewees said their organizations pay Attentive on a per-message basis to send each message in addition to a per-message carrier fee. They also pay annual list management fees based on the size of the organization's total SMS subscriber list.

Modeling and assumptions. Forrester makes the following assumptions about the composite organization:

- The composite pays Attentive a per-message fee of \$0.01 and a carrier fee of \$0.0025 per message.
- The composite sends an average of 48 messages per year to each subscriber.
- The composite pays Attentive a \$0.02 per subscriber list management fee totaling between \$37,500 and \$52,875 annually.
- Pricing may vary. Contact Attentive for additional details.

Risks. This cost will vary among organizations based on:

ANALYSIS OF COSTS

- The size of the organization’s SMS subscriber list as it affects list management fees.
- The frequency of the organization’s SMS communication as it relates to per-message and carrier fees.

Results. Forrester did not risk-adjust this cost because Attentive provided exact estimates for the composite organization. The organization pays a three-year, risk-adjusted total PV (discounted at 10%) of \$3.4 million.

Attentive Subscription Fees And Carrier Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Total SMS subscribers	Composite	0	1,875,000	2,250,000	2,643,750
E2	Attentive list management fee per subscriber	Attentive	\$0	\$0.0200	\$0.0200	\$0.0200
E3	Subtotal: List management fees	E1*E2	\$0	\$37,500	\$45,000	\$52,875
E4	SMS messages sent per subscriber	Composite	0	48	48	48
E5	Attentive message cost per message	Attentive	\$0	\$0.0100	\$0.0100	\$0.0100
E6	Subtotal: Message costs	E1*E4*E5	\$0	\$900,000	\$1,080,000	\$1,269,000
E7	Carrier cost per message	Assumption	\$0	\$0.0025	\$0.0025	\$0.0025
E8	Subtotal: Carrier costs	E1*E4*E7	\$0	\$225,000	\$270,000	\$317,250
Et	Attentive subscription fees and carrier costs	E3+E5+E8	\$0	\$1,162,500	\$1,395,000	\$1,639,125
	Risk adjustment	0%				
Etr	Attentive subscription fees and carrier costs (risk-adjusted)		\$0	\$1,162,500	\$1,395,000	\$1,639,125
Three-year total: \$4,196,625			Three-year present value: \$3,441,210			

Attentive Implementation And Ongoing Management Costs

Evidence and data. Interviewees collectively described their organizations’ Attentive SMS Marketing implementations as relatively brief and requiring few internal technical resources. On average, interviewees reported implementation

durations ranging from weeks to several months depending on the complexity of the organization's program and/or customer base.

- The director of digital CRM at a retailer described using a “from scratch” implementation experience that launched in the middle of the summer and was completed well ahead of the holiday season with a significant list of qualified subscribers.
- The senior director of CRM and personalization at a retailer said their organization seamlessly migrated its subscriber list to Attentive SMS Marketing from another SMS marketing provider.

Modeling and assumptions. Forrester makes the following assumptions about the composite organization:

- The composite's implementation period lasts 1.5 months and requires the efforts of three IT and marketing FTEs.
- The blended monthly rate of these IT FTEs is \$10,000.
- Once Attentive SMS Marketing is deployed, three marketing resources allocate 10% of their time working with Attentive on SMS-program-related activities.
- The composite engages copywriters for campaign-related work, and they average 3 hours of work per campaign.
- The average annual salary of a marketing FTE is \$114,750.
- The average hourly rate of a copywriter is \$75.

Risks. This cost will vary among organizations based on:

- The scale and scope of the organization's preexisting SMS marketing program as it relates to required marketing and IT staff implementation effort.
- The skill and capacity of the organization's marketing resources as it relates to ongoing management of Attentive SMS Marketing.
- The requirement for copywriters as dictated by the organization's marketing campaigns.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$158,000.

“Our transition to Attentive [SMS Marketing] was smooth. [It was] much smoother than I was expecting it to be given [our base]. I think the transition itself took only about three months. That is pretty quick transition.”

SENIOR DIRECTOR OF CRM AND PERSONALIZATION, RETAIL

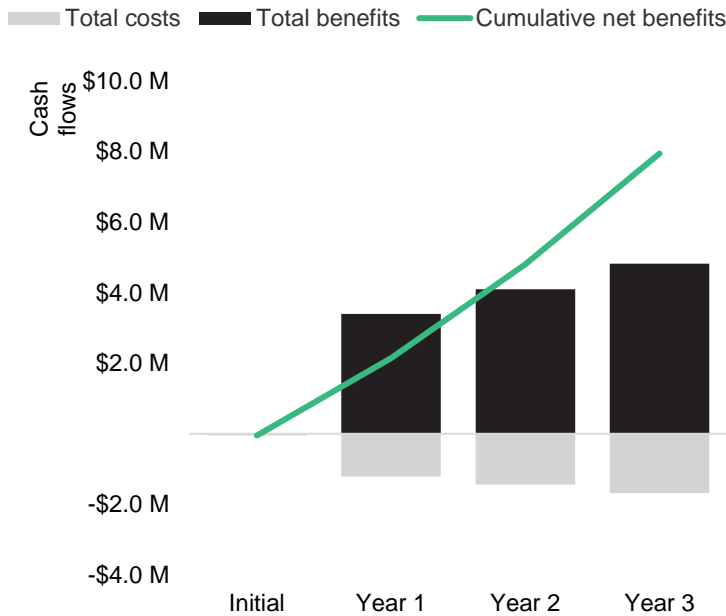
ANALYSIS OF COSTS

Attentive Implementation And Ongoing Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Marketing/IT staff members tasked with implementation of Attentive	Interviews	3	0	0	0
F2	Duration of implementation (months)	Interviews	1.5	0	0	0
F3	Blended monthly cost of marketing/IT staff tasked with implementation of Attentive	Interviews	\$10,000	\$0	\$0	\$0
F4	Internal personnel labor cost for implementation	F1*F2*F3	\$45,000	\$0	\$0	\$0
F5	Marketing personnel required for ongoing Attentive program oversight	Interviews	0	3	3	3
F6	Percentage of time spent on Attentive oversight	Interviews	0%	10%	10%	10%
F7	Average burdened rate of a marketing FTE	Assumption	\$0	\$114,750	\$114,750	\$114,750
F8	Labor cost for ongoing Attentive oversight	F5*F6*F7	\$0	\$34,425	\$34,425	\$34,425
F9	Attentive SMS Marketing campaigns	Composite	0	24	24	24
F10	Copywriter hours required per campaign	Interviews	0	3	3	3
F11	Hourly rate of a copywriter	TEI standard	\$0	\$75	\$75	\$75
F12	Campaign development cost	F9*F10*F11	\$0	\$5,400	\$5,400	\$5,400
Ft	Attentive implementation and ongoing management costs	F4+F8+F12	\$45,000	\$39,825	\$39,825	\$39,825
	Risk adjustment	↑10%				
Ftr	Attentive implementation and ongoing management costs (risk-adjusted)		\$49,500	\$43,808	\$43,808	\$43,808
Three-year total: \$180,924			Three-year present value: \$158,443			

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization’s investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$49,500)	(\$1,206,308)	(\$1,438,808)	(\$1,682,933)	(\$4,377,548)	(\$3,599,653)
Total benefits	\$0	\$3,402,225	\$4,097,408	\$4,827,349	\$12,326,982	\$10,106,077
Net benefits	(\$49,500)	\$2,195,918	\$2,658,600	\$3,144,417	\$7,949,434	\$6,506,424
ROI						181%
Payback						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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