

COVID-19 has put A2P communication at the centre of the consumer digital experience

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Many businesses deploy application-to-person (A2P) communication channels, such as SMS, email, social media and OTT apps (such as WhatsApp, WeChat and Telegram), to market products and promotions, manage customer enquiries, and verify and confirm transactions. These channels became critical to assuring business continuity during COVID-19 lockdowns because the number of in-person interactions was dramatically reduced. This comment analyses the impact of the COVID-19 pandemic on the A2P market, highlights the changes in the mix of use cases and spend by industry and provides an outlook on the demand for A2P services from enterprises.

The COVID-19 pandemic has changed the demand for A2P services

Most in-store shopping disappeared during lockdown, as did the demand for goods and services that required mobility and live interactions. Social distancing also imposed restrictions on in-person customer support and limited the number of call centre staff that were available for remote support. Many businesses increased their reliance on digital channels and accelerated the pace of their digital transformation. For example, some businesses were able to deploy cloud-based contact centres within days to support a newly remote workforce. The economy has started to adapt to the new conditions created by the pandemic, and as a result, the demand for A2P services has also changed.

- The retail sector reduced the number of A2P messages sent for promotional campaigns and in-store payment notifications. On the other hand, A2P traffic for e-commerce, online services, logistics and home-delivery services boomed.
- Airlines, hotels and public transportation services almost ceased to generate any A2P traffic following a peak in the number of transactional messages due to cancellations and rescheduling in the first weeks of the pandemic. Some ride-sharing companies, such as Uber, were able to partially offset the drop in the demand for private transportation with their food delivery services.
- A2P traffic from healthcare, government and non-profit industries grew significantly due to the substitution of in-person visits with telehealth services¹ and the deployment of COVID-19 tracing and information services (many of which use OTT communication apps).
- The use of video communication has boomed in multiple verticals and use cases, such as telehealth (healthcare) and distance learning (education).² Such growth has occurred in parallel with the deployment

¹ Twilio reported a 90% growth in the use of its platform by healthcare customers in March 2020 (compared to February 2020). Source: [Twilio 1Q 2020 earnings results](#).

² Twilio reported a 500% increase in the number of video minutes in March 2020 (compared to February 2020); Vonage reported a 700% increase in the use of video APIs among its telehealth customers (source: [Vonage 1Q 2020 earnings results](#)).

of video APIs as a verification tool by financial services institutions; in some cases, these have replaced one-time passcodes (OTP) and two-factor authentication via SMS.

CPaaS providers are serving the needs of large enterprises, but OTT apps are well-positioned to serve SMEs' demand for A2P

SMEs with consumer-facing operations were particularly badly affected by lockdown measures. 80% of SMEs in the accommodation, food service and arts, entertainment and recreation businesses in the UK halted or ceased trading entirely,³ and 75% of the job losses from the COVID-19 crisis are expected to be within SMEs, according to the OECD.⁴ OTT apps were key tools for serving and retaining customers for those SMEs that remained active during lockdown. Such apps offer flexible and easy-to-use direct-to-consumer communication channels that can be linked to businesses' social media profiles and can be activated and used for free (or for a small fee), compared to SMS and voice services, which require SMEs to have the resources to access and operate flow-builders or to hire a marketing agency to launch an SMS campaign.

The opportunity to support SMEs' digital communication has been demonstrated by Facebook; it is devoting key elements of its platform strategy to make the most of it.

- WhatsApp for Business is used by tens of millions of businesses worldwide, most of which are SMEs.⁵ Facebook launched WhatsApp Pay, an in-chat payment gateway, in Brazil in June 2020; this will eventually be rolled out worldwide.
- Facebook launched Facebook Shops, an interface designed specifically for retail SMEs, in May 2020. This tool allows SMEs to digitalise their marketing, sales and communication tasks using the Facebook family of apps.
- The development of an e-commerce hub that uses the synergies between Jio Mart and WhatsApp is one of the likely outcomes of Facebook's acquisition of a 10% stake of the Indian operator Jio.⁶

SMEs represent a largely untapped segment for A2P communication providers, which have tended to focus on large, multinational businesses that integrate CPaaS platforms in their digital infrastructure. However, CPaaS tools can also be effective in developing digital communication channels for SMEs. For example, Bangalore city council partnered with [Kaleyra](#) to develop a platform for the local delivery of essential goods and services to citizens during lockdown. Kaleyra helped the city council by using its own WhatsApp APIs to develop a chatbot interface for the request of food supplies, medical attention and essential items from a network of more than 3000 local SMEs (such as merchants and delivery partners). The interface was able to serve more than 11 000 customers in 7 days.

³ Office for National Statistics (2020), *Business Impact of COVID-19 Survey (BICS)*. Available at: <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybics>.

⁴ OECD (2020), *Statistical Insights: Small, Medium and Vulnerable*. Available at: <http://www.oecd.org/sdd/business-stats/statistical-insights-small-medium-and-vulnerable.htm>.

⁵ Facebook (2020), *Facebook Q1 2020 Earnings*. Available at: <https://investor.fb.com/home/default.aspx>.

⁶ For more information, see Analysys Mason's [Facebook's investment in Jio Platforms is likely to pave the way for a super app in the mould of WeChat](#).

Operators should take advantage of the increased demand for A2P communication services to roll out RCS

The COVID-19 pandemic has strengthened the case for the centrality of A2P communication in the customer experience strategies of businesses of all sizes. As lockdowns are lifted, the demand for such services will grow at a faster pace than before, creating even larger revenue opportunities that operators can address with rich communication services (RCS). Operators should accelerate the roll-out of RCS and the related marketing efforts to build on the momentum in the A2P communication market. RCS business messaging had good traction among businesses that explored its use during lockdown:⁷ it is a key element to brands' multi-channel communication strategies, and it is becoming clear that its potential reach can rival that of OTT apps.

⁷ The CPaaS provider [IMI Mobile](#) rolled out RCS business messaging for enterprises in South America and the USA following the initial breakout of COVID-19.