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call +1.877.427.5076  
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# Guide to Smart SMS Marketing

## Driving Sales with Mobile: How Retailers Can Use SMS

A Mobile Marketer Presentation

**neustar**<sup>™</sup>

## Introduction: Why SMS for Retailers

The general availability of SMS — those 160-character messages exchanged on mobile phones — on everything from the most basic handsets to the most feature-rich smartphones makes text messaging the lowest common denominator for information dissemination and for sending out mobile coupons and other incentives driving consumers to bricks-and-mortar retail stores.

Moreover, consumers do not need smartphones or expensive data plans to sign up for alerts or receive an offer. Under-served segments of the population, especially in terms of Internet access and other information-delivery mechanisms, can also be reached using SMS.

Put simply, the key benefit of SMS to retailers is the ubiquity of SMS — which nearly 100 percent of mobile phones can support — and the high likelihood of text messages being read soon after receipt.

As mobile phones overtake landline service in many homes, permission-based mobile communications becomes even more critical for retailers.

In this white paper, we will discuss how SMS can help retailers disseminate calls-to-action quickly and to a wider base of population, driving traffic and increasing revenue.

These calls-to-action, asking consumers to text a keyword to a common short code to opt in to receive text messages from a certain retailer, can be disseminated almost anywhere, from traditional media such as television, radio and out-of-home to digital media such as wired and mobile Web sites and applications, as well as in-store and in-venue via physical or digital signage.

Since most consumers have their mobile phone within reach and keep the device always on, they can respond to retailers' discount offers, new product announcements and other calls-to-action anytime and anywhere, simply by sending a text message.

Another benefit of SMS is the two-way communication that is achieved with the general population.

Indeed, SMS offers a simple and effective way to communicate with consumers when they are in the process of making a purchase decision, keeping them up-to-date on sales and new products or driving them to the point of sale with mobile coupons.

This opens the door for retailers to re-market to opted-in consumers by sending them targeted, relevant messaging that adds value by providing incentives for participation and streamlining consumers' shopping experience.

## Going long on short codes

As the mobile messaging leader, Neustar helps brands, advertisers and retailers connect with mobile users through its partnership with CTIA — The Wireless Association, the leading trade association for wireless carriers nationwide.



Through the carriers' Common Short Code Administration at <http://www.usshortcodes.com>, Neustar enables marketers and government agencies to lease five- or six-digit common short codes.

These short codes then allow the leaseholders to communicate with their constituencies via SMS and selected keywords. Contact the registry for any short code needs at [sales@usshortcodes.com](mailto:sales@usshortcodes.com).

The SMS opportunity for retailers is immense. SMS not only improves communication between retailer and consumer with speed, but also cuts down waste. It is the ideal tool for retailers in an age when every citizen is mobile.

This white paper will spell out the SMS opportunity and offer definitions on common short codes and keywords. The document will also supply tips on how to set up and deploy an SMS program within the retail industry.

Several case studies showcasing SMS use by retailers throughout the world and nationwide will support the case for using common short codes as a marketing tool to drive sales and improve retailers' bottom line.

We wrap up with best-practice tips and how to lease a common short code.

It is our hope that you enjoy "Driving Sales with Mobile: How Retailers Can Use SMS." This is one in a series of white papers produced to offer a roadmap to smarter SMS outreach. Enjoy the text.

### Diane Strahan

Vice President of Mobile Services. Neustar

### Mickey Alam Khan

Editor in Chief, Mobile Marketer and Mobile Commerce Daily

## Case Studies: Sonic, American Eagle, REI, The North Face



Quick-serve restaurant chain Sonic, clothing and accessories retailer American Eagle Outfitters and outdoor recreation gear and sporting goods giant REI have all launched location-based mobile marketing initiatives using SMS to drive consumers into physical stores.

These brands are using Placecast's ShopAlerts to deliver location-triggered mobile messages when shoppers enter geo-fences that can be created around virtually any area.

The service has been previously tested in trials and Placecast claims that it has already demonstrated promising results for retail marketers across the United States.

In February, outdoor gear and apparel giant The North Face Inc. also tapped Placecast to roll out its first-ever location-based mobile marketing campaign in New York, Boston, San Francisco and Seattle.

1020 Inc. is the developer and owner of Placecast, a location-based platform designed to use digital marketing on mobile to drive consumers into physical environments.

### Location-based mobile marketing is on the up and up

Sonic, American Eagle Outfitters, REI and The North Face are leveraging Placecast's ShopAlerts retailer marketing service to engage opted-in consumers with time- and location-targeted text messages.



### A sample location-based text-message from the North Face

Each brand can create its own version of the service. Then consumers choose the brands they are interested in, and may opt-in through a variety of ways — at the store, via SMS by texting a keyword into a short code, online, a mobile Web site or social network such as Facebook.

Once ShopAlerts is activated, consumers go about their day and the service automatically alerts them when they are near a location that they are interested in or when the brand is offering sales and specials.

ShopAlerts works on any phone, which is a benefit for retailers who wish to reach the many consumers who do not own smartphones but are interested in such shopping deals.

### What is a geo-fence?

ShopAlerts geo-fences are virtual boundaries that can be targeted via location-based marketing.

Using geo-fencing, the service enables retailers to talk to their customers when they are near a store, shopping nearby, or doing other things they enjoy.

Geo-fences can be created around any location and are set to trigger a personalized marketing message to opted-in consumers entering the defined area on their mobile phones.

Customized messages are created and delivered automatically to shoppers, creating a one-to-one communication channel based on place and time.

### Pilot programs

Since September 2009, the ShopAlerts service has run pilot programs across the U.S. with several major retailers including Sonic, American Eagle Outfitters, REI and The North Face.

### Participants in the programs were surveyed with the following results:

- Sixty percent of participants said that they found the location-triggered messages to be cool and innovative.
- Seventy-nine percent said it increased their likelihood to visit a store.
- Sixty-five percent made a purchase as a result of a ShopAlerts message.
- Seventy-three percent of participants said they would definitely or probably use the service in the future.

Results show close to 90 percent of participants were driven to stores after receiving location-triggered alerts, according to Placecast.

Now, retailers are rolling out larger-scale commercial launches of the location-based marketing initiatives.

## Business-to-business

ShopAlerts is designed to work within the existing marketing structure and needs of retailers. The program is integrated into retailers' CRM and marketing programs.

Message content can mirror retailers' existing marketing calendars, current promotions or on-the-fly events opted-in consumers may find relevant.

ShopAlerts is a double opt-in program, so it complies with all the standards and guidelines currently in the marketplace today, according to Placecast.

The call-to-action must make it clear what consumers are signing up for, and they can opt-out any time by texting the keyword STOP, per Mobile Marketing Association guidelines.

A customer has to cross a geo-fence to trigger a message, and the maximum number of messages that a consumer could receive in a week is three, with at least 24 hours between them.

Location-based services in general are on the up and up, and location-based marketing is especially useful for retail brands with bricks-and-mortar locations.

Due to the retailers' need to drive consumers in-store, location-based marketing initiatives leveraging SMS have nowhere to go but up.



### Best Buy

Through its "Text or Dial" initiative, electronics retailer Best Buy is offering mobile access to product details and customer product ratings, providing a service for consumers.

Best Buy distributes a call-to-action offering product information on demand in weekly print ads, in-store signage and freestanding inserts.

The call-to-action reads: "Simply text the 7-digit SKU number to 332211 to get product information sent directly to your phone or dial 1-877-591-2756."

By combining a simple call-to-action, an intuitive user experience and a wealth of product information, this service is accessible to and useful for everyone from the most advanced to the most basic of mobile users, according to Best Buy.



### Target

Since 2005, mass merchandiser Target Corp. has used text messaging in select advertising and marketing campaigns.

The retail giant's goal is to be fresh and innovative, connecting with consumers in a way that is reflective of their wants and needs.

Text messaging is layered into a campaign if Target believes it aligns with its overall strategy or adds an element of interest or surprise for consumers.

One campaign in which the retailer used text messaging was the Target Ten campaign, which ran from July to August 2009.

Target Ten used print marketing to showcase fun, playful top-ten lists highlighting products found in Target stores.

Examples included "Ten Unofficial Products of U.S. Presidents," "Ten Good Things that Make Bad Mascots," "Ten Things that are a Total Oxymoron" and "Ten Super Trendy Celebrity Baby Names."

Consumers could then text the number listed in the print ads to have the specific top-ten list sent to their phone.

Currently, guests can sign up to receive a text alert or an email when the latest Weekly Ad is available for viewing on *Target.com*.

Additionally, they can also register to be notified when the newest products for Daily Deals are made available on the *Target.com* site.

## ESTÉE LAUDER

### Estée Lauder uses SMS for gift-with-purchase offer

#### Brushing up on mobile

Cosmetics giant Estée Lauder has announced a Gift Time SMS Text Reminder service allowing consumers to sign up to receive text-message alerts.

The alerts notify consumers when Gift Time — Estée Lauder's Gift with Purchase offer — is starting at their chosen store.

Customers can register to receive a text alert via their mobile phone two days before Gift Time starts at their chosen store.

The text messages are designed as a tool for those who love to be the first to know about special offers.

Estée Lauder's SMS message service ensures loyal customers do not miss out on their exclusive gifts, while providing them with the opportunity to make their skin care, fragrance or makeup purchase at their favorite store.

The message includes the dates that Gift Time is available.

The service targets women with busy, on-the-go lifestyles, allowing them to discover great new makeup colors, the opportunity to try the latest skincare innovations and sample Estée Lauder fragrance.

The Gift Time SMS service is a way of providing loyal, core customers with relevant information that they are looking for, according to the company.

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A typical Gift Time offer includes a mixture of the latest and best-loved deluxe trial-sized products, along with a handbag and cosmetics pouch. In each gift there is an average of six deluxe trial-sized products including a range of skincare, makeup and fragrance.

Estée Lauder claims that consumers are actively signing up to receive these messages.

Participation is indicative that consumers are interested in the Gift Time offer and are likely to take advantage of the promotion and purchase in-store.

Estée Lauder is using mobile for this initiative because mobile phones are a way to communicate with consumers. It allows the brand to keep in touch with consumers wherever they are.

Consumers who opted in to receive these messages are thought to be already familiar with the Estée Lauder Web site at <http://www.esteelauder.com>. The site provides up-to-date information about Estée Lauder and its latest products, offers and events.

Estée Lauder also launched the SMS alerts because mobile phones are advancing all the time and people no longer just use them to make calls. Mobile subscribers use handsets to message, download data and store information.



## Mall of America stores target shoppers with SMS promos

### Mall of America, the largest mall nationwide

Mall of America shoppers have access to last-minute sales, in-store coupons and up-to-date event information via the device they never leave home without — their mobile phone.

Visitors to Mall of America were the first in the country to use the new text-messaging service called MallCall. Mall patrons have to sign up for the service to receive real-time information about mall vendor deals and promotions.

MallCall provides the opportunity for mall stores nationwide to use inexpensive and effective text marketing to drive traffic into their stores, increasing sales and their bottom line.

Given text messaging is the most popular and personal form of modern communication, today's sophisticated shoppers want up-to-the-minute news on sales, specials and mall news.

### City within a city

Mall of America is the nation's largest retail and entertainment complex. The 4.2 million-square-foot complex is home to more than 520 shops, the indoor family amusement park Nickelodeon Universe, Underwater Adventures Aquarium and a 14-screen movie theater.

The mall opened in August 1992 and is located in Bloomington, MN, just minutes from downtown Minneapolis and St. Paul.

Consumers who sign up for the MallCall service will receive up-to-the-minute notifications of events taking place at the mall on their mobile phones.

### Amusement park and aquarium within Mall of America

MallCall is meant to enhance the consumer shopping experience by providing real-time text messages about promotions and in-store coupons, allowing customers to take advantage of last-minute sales from Mall of America stores and vendors.

When arriving at Mall of America, visitors will have the option to opt-in by simply texting the provided number located above skyway mall entrances in the east and west parking ramps.

The keyword and short code are also be listed on the Mall of America Web site at <http://www.mallofamerica.com>.

Participants will only receive text messages during mall business hours for the day.

After the mall closes, the text messages come to an end. Customers can opt-out at any time by texting the word STOP.

The service lets retailers target potential customers who are already in the mall, driving traffic into their store first.

Mall of America vendors have responded with ads such as one from Harry and David, a retailer that sells gourmet gift baskets. Its message to opted-in consumers is, "Step into Harry and David and get \$5 off any purchase of \$25 or more (coupon code 99050)."

Hollywood Hair & Natural Beauty kiosks are also participating with messages that read, "Free gift for 1st 100 customers @ our kiosk's Hollywood Hair & Natural Beauty located on every floor in mall. [www.yandausa.com](http://www.yandausa.com)."

Mall of America's Hilton hotel is participating as well. Its messages read, "Come to the preferred MOA Hilton hotel for your next stay. Go to <http://bit.ly/4qgAa3> for special MallCall rate. Free shuttle."

## VICTORIA'S SECRET

### Victoria's Secret's mobile campaign for new Chicago store

#### Black-tight invitation

As part of a stealth push begun in 2008 nationwide, lingerie giant Victoria's Secret ran a mobile campaign to drive traffic to a new store opening in Chicago.

The mobile components comprised SMS and Bluetooth to direct foot traffic to the new Victoria's Secret store that opened Oct. 22 on Chicago's prestigious Michigan Avenue between Chicago and Superior streets.

Outdoor media including posters and billboards had different messages to encourage passersby to opt in to receive news,

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information and alerts, as well as coupons for Victoria's Secret merchandise.

Victoria's Secret is the nation's leading maker and retailer of lingerie, melding technology, models and media to generate interest in its merchandise, store openings and events.

## Chicago bares

This particular effort for Chicago included outdoor, online and mobile media.

For example, one 48-inches-by-70-inches poster showed a statuesque Victoria's Secret model wearing nothing but black lingerie and a come-hither look. The headline reads, "Victoria's Secret Michigan Avenue between Chicago & Superior." A line below says, "Now open."

## Chicago is Wingy City

Copy on that outdoor ad read, "Go to [VSChicago.com](http://VSChicago.com) to vote for Chicago's sexiest people and places (and get a free panty when you buy a bra)."

The line below had the mobile callout: "Text CHICAGO to ANGEL (26435) for exclusive mobile offers and alerts."

Texting that common short code returned this message: "UR signed up 4 Victoria's Secret alerts! Look 4 offers & new product info. Up to 8 msg/mth. Reply STOP to cancel. Reply HELP for Help. Msg&Data rates may apply".

These text messages comprised alerts as well as special offers and coupons for consumers to redeem online or in-store.

The SMS effort was part of a national loyalty program run by Victoria's Secret to build its opted-in mobile database.

## Not winging it

Indeed, the retailer is fast becoming adept at using other media to drive traffic to mobile and vice versa.

Visitors to the site at <http://www.vschicago.com> could see a video of Victoria's Secret models sashaying down the ramp during a fashion show. Once the brief clip was over, the page settled to a shot of a model next to a calendar countdown.

The site's homepage was headlined, "The wings have landed on Michigan Avenue." Copy reads, "Take your pic in front of the wings and text or email to [Angel@VSChicago.com](mailto:Angel@VSChicago.com)."

A section on the same site allowed visitors to sign up for email and mobile alerts. The SMS alerts required consumers to enter their first and last names and mobile number and check a box to signify opt in. The obligatory disclaimer with STOP for SMS opt out is mentioned.

Victoria's Secret is also encouraging mobile signups through emails sent to its opted-in database of customers and prospects.

## Angels sited

The latest campaign came five months after Victoria's Secret launched a dedicated mobile Web site, with concurrent plans to target its mobile database of opted-in consumers with exclusive offers, event coverage and new product information.

Consumers can sign up for alerts on the mobile site at <http://mobile.victoriasecret.com> or text the keyword START to the short code 26435 (ANGEL).

All text- message communications with consumers will include a link to the mobile site to drive consumers there.

The Victoria's Secret mobile site features different categories and shopping bags.

Gift cards can be bought right from the mobile site. Consumers can also locate and map the closest Victoria's Secret store to them.

Usablenet, New York, handles the mobile site.

What's most impressive about the site is that women can actually browse and then buy products right from their mobile phones, with the same secure settings that the retailer's Web site provides.

Of course, it helps to retain some of the same sass that is seen at Victoria's Secret fashion shows. For example, the main menu on the mobile site offers visitors a list of the "Most Wanted Bras."



## Ace Hardware introduces SMS service linked to weather activity

### Ace is the place

Ace Hardware launched a text-messaging coupon service tied to weather activity at 12 Missouri and Illinois-based stores.

Aisle411's Helpful Hints allows Ace Hardware to create mobile marketing campaigns tied to weather activity.

Aisle411 will send text messages to Ace customers to alert them to coming storms or good weather days, and include Ace Hardware coupons and special offers for weather-related items.

Aisle 411's Ace Helpful Hints allows Ace to extend its helpful strategy by letting the retailer inform customers of key purchase opportunities based on weather or special events.

With this new technology, Ace Hardware can remind customers that they need to prepare for a weather emergency such as freezing rain or extreme heat while at the same time giving them an instantly redeemable coupon on their phone to save them money on that product.

Ace can also communicate local promotions such as its customer appreciation sale and other special events, whatever is current.

If the weather service issues a warning for freezing rain, that will trigger the system to alert Ace Hardware's customers and offer them coupons for items such as Ice Melt or salt for the sidewalk.

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Or if it is December and the forecast is for an unusually nice weather weekend, the system may alert customers and offer coupons for outdoor holiday decorating.

Aisle411 can also create pre-programmed seasonal campaigns for Ace, either tied into Ace's national marketing initiatives or based on localized events, such as texted coupons for tailgating items the weekend of a big game or to remind customers to change their batteries when they change their clocks in the spring and fall.

Ace and Aisle411 are marketing the new service through in-store signage and hand-outs, and through direct mail and email communications with Ace customers.

Initial Ace stores with the service will immediately send a \$5 off a \$25 purchase coupon via text message to customers who sign up for the service, and these customers will also be entered to win a \$300 shopping spree.

Offers vary by store and ZIP code, which is part of Aisle411's offering that provides localized and custom mobile marketing systems for retailers.

Helpful Hints is designed primarily to drive customer foot traffic into the store by offering customers helpful hints related to weather activity, local events and national promotions.

Helpful Hints can work independently from Aisle411's product location assistance service, which is a voice-activated service launched earlier this year in Ace.

The service lets customers call 877-AISLE-411, ask for a product and get the aisle location via voice and text message.

Many Ace locations are utilizing both Helpful Hints to drive foot-traffic and Aisle411 PLA (Product location Assistance) to build attachment rates in the store.

Aisle411 has planned mobile messaging with multiple product category leaders within Ace.

These brands plan to offer relevant mobile coupons, rebate offers and weather-related hints to Ace customers through text messaging.

## Best-Practice Tips: Operating a Successful SMS Program

Short codes showcase the power of mobile communications by highlighting the versatility of mobile as more than a voice portal. They present an unlimited array of contact possibilities, all focused on increasing interaction with mobile consumers.

Also, short codes help retailers establish a two-way conversation with the people that matter most — consumers who are potential paying customers.

There are some critical points to keep in mind when creating and implementing an effective SMS program.

## Get Subscribers/Promotion

- Mobile interaction does not stand alone. Rather, it leverages other forms of communication including print, radio, television, online and out-of-home ads
- All advertising and promotional material must clearly indicate if the service is a subscription
- Subscription terms and billing intervals must be specified or disclosed to the consumer
- Clearly communicate all material terms and conditions of the program
- Service pricing information must be clearly and conspicuously indicated
- All advertising, promotional material and service Help messages clearly display the opt-out data
- The service is not promoted as "free" when premium fees are associated with the service that the subscriber will pay with a reasonable level of participation in the program

## Get Permission

- It is vital to respect a mobile subscriber's right to privacy. Always gain permission from the people you plan to engage by employing an opt-in procedure
- Gaining permission saves money. Each message sent costs money. Ensuring the consumer wants to receive messages avoids any waste of the budget
- Sending unsolicited messages creates a negative impression and erodes agency brand recognition, prompting subscribers to avoid the service and file complaints
- Avoid purchasing lists of numbers.

Always have citizens opt-in and subscribe to receive content.

For applications that require payment, create a double-opt-in process for subscribers that ensure willing participation

## Get Creative

Short codes enable a host of possible applications, limited only by the ability to design and build the mechanisms to support the SMS program.

**There are, however, three broad categories of campaigns:**

- 1) Promotional,
- 2) Informational, and
- 3) Marketing.

Review business goals and objectives.

**It is likely that more than one type of campaign will be applicable.**

## Best-Practice Tips: How to Lease a Common Short Code

### There are three easy steps to obtain a short code.

First, from the Common Short Code Administration Web site at <http://www.usshortcodes.com>, find the short code that the retailer seeks. If a specific code is not necessary, the system will assign a random code upon request.

Next, apply for the code by submitting necessary registration data and wait for approval.

Once approved and paid for, the short code will be assigned to the retailer for use. The retailer can renew the short code if it wishes to continue using it.

### Find

Use the *USShortCodes.com* search engine to determine if the desired code is available.

### Apply

Fill out the online application and submit for review of completeness and accuracy.

Apply for a random short code or select a specific code within the range of available five-digit (20000 to 99999) or six-digit (222222–899999) codes.

The final approval decision is emailed to the applicant and the payment processed once the applicant is accepted.

### Receive

Once payment is received for an accepted short code, the Common Short Code Administration assigns the number to the applicant for the period of time that the retailer has requested.

Wireless service providers are notified of the assignment, and no one else can lease that short code for the duration of the retailer's contract.

### Pricing Information

Registering and leasing a short code costs \$1,000 per month for each selected (vanity) short code and \$500 per month for each random short code.

These fees are non-refundable regardless of whether any wireless carrier agrees to activate the retailer's short code.

The registry must receive payment in full for the duration of the registration at the time the application is approved.

The Common Short Code Administration offers registration terms of three months, six months and one year.

Because fees are due upfront, if the applicant has registered a selected short code for three months, the cost is \$3,000. The random short code for three months is \$1,500.

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### About Neustar, Inc.

Neustar, Inc. (NYSE: NSR) solves complex communications challenges by providing market-leading, innovative solutions and directory services that enable trusted communication across networks, applications and enterprises around the world. Visit Neustar online at [www.neustar.biz](http://www.neustar.biz). Neustar manages and operates the CSC Registry on behalf of CTIA-The Wireless Association® and participating wireless service providers. Visit [www.usshortcodes.com](http://www.usshortcodes.com).

This white paper was written by Dan Butcher, staff reporter at Mobile Marketer and Mobile Commerce Daily.

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