

Reaching the Widest Audience with Common Short Code and SMS Mobile Marketing

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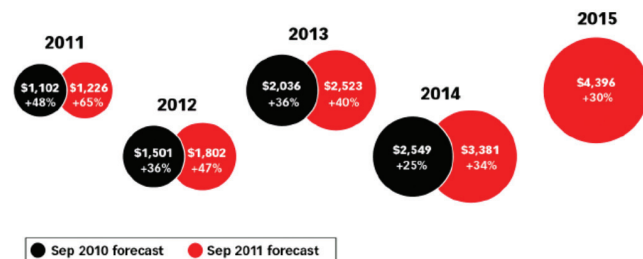
SMS Continues to be the Best Mobile Marketing Channel

With 102.4 percent wireless penetration in the United States*, more companies and organizations use the medium to reach out to existing and potential customers.

Specifically, SMS is the most effective channel for marketers because of its simplicity, adoption (or) familiarity, and unbiased reach. Virtually all phones are SMS capable, which means the channel can reach 5 billion subscribers worldwide. The International Association for the Wireless Telecommunications Industry (CTIA) reported U.S. annualized yearly text messaging at 2.12 trillion in June 2011, indicating a huge opportunity for marketers. And, according to Nielsen Mobile, the average consumer sends 600 messages per month compared to using less than 200 voice minutes.

US Mobile Ad Spending

millions and % change



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What is astounding is that 31.6 percent of U.S. households are wireless-only, suggesting that they rely solely on their mobile phones as opposed to the traditional landline. Ninety-five percent of existing mobile contracts have SMS built into the agreement and more than 90 percent of text messages are opened and read compared to less than 40 percent of all email solicitations. SinglePoint found that 90 percent of text messages are read within three minutes of delivery and that the recipient eventually reads more than 99 percent of all text messages.

The universal accessibility and usage of SMS, combined with the ability to provide information in real-time, creates opportunities.

Brands and advertisers can use SMS to

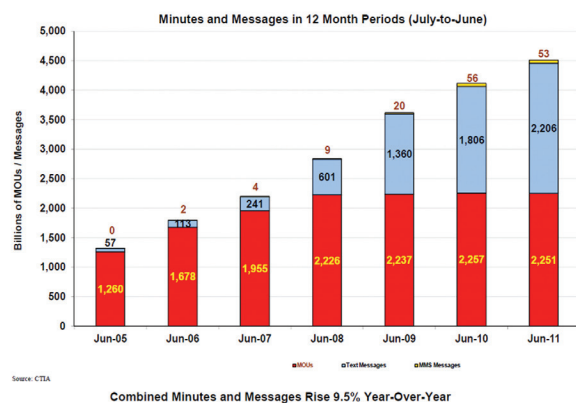
- Reach customers who do not have a smartphone
- Reach consumers they have not engaged with recently (customer retention)
- Acquire customers who did not even know you existed
- Monetize interactions through incentivized offer paths
- Add another channel to the communication preferences list as more people prefer SMS as a contact mode
- Drive sales through coupons and deals

* CTIA Wireless Quick Facts, June 2011: Determined by # of active units divided by the total U.S. and territorial population (Puerto Rico, Guam and the USVI)

Companies are turning to common short code mobile marketing today because it delivers personal, immediate and actionable content to a target audience that has opted to receive messages.

A Common Short Code (CSC) is a 5 or 6 digit carrier-approved number that mobile phone subscribers use to send SMS messages in order to receive information, promotions, alerts and branded content directly to their device. This interaction proves mutually beneficial to consumers and brands by establishing a two-way communication channel with considerably flexible data-delivery capabilities. The CSC gateway enables wireless subscribers to access mobile applications and participate in voting and polling, customer feedback, database enrollment, news and offer alerts, contests, surveys, chat, games, direct marketing and mobile commerce. Short code campaigns are rapidly growing in popularity because of their inherent simplicity, ubiquitous outreach, societal trendiness, and perpetual accessibility.

The result of an advertising initiative by Chicago's Shedd Aquarium perfectly illustrates the benefits of using short codes in marketing campaigns. To test the difference in response rates, the aquarium ran several TV commercials that directed viewers to a Web site to register for a contest and one commercial that gave viewers the option to enter the contest by sending a text message to a short code.



The short code campaign generated 325 percent more entries than the Web-based call-to-action. While it only ran in 25 percent of the ads, the short code campaign generated to 52 percent of the total entries. The results demonstrate how short code campaigns make it easy for the consumer to respond to the calls to action while it is still top of mind.

Ashley Furniture HomeStore provides another example of SMS effectiveness when compared with email. The chain held a four-day Secret Sale that was only promoted by email and SMS. After subtracting the discounts from coupons, Ashley Furniture HomeStore sold \$122 dollars of merchandise for every dollar spent on SMS – which dominated the \$76 ROI achieved for every dollar spent on email.

The Multichannel Plan

Businesses will always use, print, radio, TV and Web marketing to communicate with potential and existing customers. But integrating these channels into a large marketing push can create a stronger response. Adding mobile to one's marketing mix gives legs to other channels. Mobile makes your online efforts work harder and your print efforts more measurable, for example. The value of adding mobile is giving existing media that anytime, anyplace feel.

When looking at one's mobile strategy, that too must have a multichannel presence. A successful mobile strategy is one where the worlds of messaging, Web, advertising, apps and SMS converge, as each has unique strengths and definitive purposes. SMS can be used to complement other mobile channels such as Apps. Not only can it assist a consumer in locating an application, it can remind the user to use the app and inform the consumer of updates. When appropriately implemented, SMS reminds customers about what is most important to them – no matter where they are or what they are doing.

Companies need to integrate SMS into every aspect of their mobile efforts. For example, SMS can be integrated into applications and mobile Web sites to maintain consumer-brand engagement, help drive them towards richer media experiences, or provide alternative methods to communicate. Text messaging can be used as push mechanism; therefore it can stimulate action and interaction instead of always leaving it up to the consumer to initiate communication.

In addition, SMS provides valuable insight on customers, prospects, and the effectiveness of traditional advertising spends – all while generating a mobile database for future remarketing. Adding SMS to the mix solves that problem. Additionally, adding an SMS component to existing marketing and advertising extends the reach exponentially to subscribers with device limitations – such as the capability to download an App. Furthermore, applications use data that can get expensive without a data plan. The universal accessibility and usage of SMS, combined with the ability to provide information in real-time, creates opportunities. Mobile transaction network mBlox's consumer research revealed almost 90 percent of consumers prefer multichannel options for interacting with businesses, with SMS topping the list.

Retailers such as Walmart, Sears, PacSun, Claire's and Auntie Anne's Pretzels, as well as brands such as Butterball Turkey, are using SMS as an integral part of their marketing strategy. Any company using email or social media as a campaign element is a mobile marketer whether it realizes it or not. Additionally, SMS is a highly effective way to complement and enhance a tri-messaging approach.



Retailer Claire's ran a Mobile Secret Santa program to engage its teen demographic. By participating in the program, a group of friends could add items to a wish list and Claire's coordinated cross-shopping via mobile alerts and emails. Claire's sent text messages to all friends in the Secret Santa circle specifying which gifts each friend wants. Teenagers are mobile-aware consumers, and the Claire's example is a tri-messaging approach because it leverages social media, mobile marketing and email together.

For retailers that have yet to take the plunge into mobile, trust that the time is now. Many retailers in the last year have embraced social media, and the vast majority used email prior to that. For many such organizations, mobile is the last element needed to achieve the ideal tri-fecta. Companies, especially in the retail space, can use SMS initiatives for list growth. SMS is also a great way to get people in the door in a nonthreatening manner with voting or a sweepstakes. Loyalty campaigns, SMS alerts for new products on sale and sneak-peak offers make customers feel engaged and want to come back to retail outlets or continue buying products from the same brand.

In-store or out-of-home signage with an SMS keyword and short code is an ideal approach to have consumers opt-in to receive messaging. Using a unique keyword for each call-to-action can help with tracking so that retailers can look at the best markets and judge results based on region or location relative to the call-to-action. Mobile in general and SMS in particular are on brands' radar, and use of the channel will only increase in the coming year. According to Lyris, mobile coupons garner a 10–20 percent higher conversion rate than print coupons, and there is significantly less clutter in the SMS channel from brands at this point.

Businesses Driving Marketing Success with Short Codes

Carrabba's Italian Grill locations in Orlando and Tampa ran an SMS campaign to further engage customers and learn more about their interests while deepening brand awareness and technological advances. Carrabba's hoped to achieve a 5 percent redemption rate. The target audience was men and women ages 25–54. Each participating Carrabba's location had the ability to grow its own database and select specific business touch points where it wanted to grow sales. Each SMS campaign was positioned to promote the different ways customers can experience Carrabba's through SMS.

Calls to action varied among each campaign that was used. Different offers were used to resonate with the customer and encourage repeat visits and increased traffic to restaurants. In one of the campaigns, consumers were asked to text the keyword AMICI to short code 82672. Carrabba's customer appreciation group is called the Amici Club so this program was an extension of an existing program. There were 443 participants, accounting for a 35 percent redemption rate. Next, Carrabba's will expand the test nationwide to create a greater presence in this category. This will launch through Carrabba's customer appreciation group, Amici Club. The same mix will be used as this test through providing offers and engagement texts.

“The SMS campaign allowed us to increase customer traffic to our restaurants in a manner that allowed for growth in specific segment sales that were exclusive to each restaurant.”

— Jamie Miller,
Brand marketing manager at Carrabba's Italian Grill.

The Nimnicht Family of Dealerships in Jacksonville, FL, ran an SMS marketing effort which utilized targeted keywords to: gauge ROI across multiple radio stations; build a large mobile database for service specials, event pushes; and, leverage double opt-in campaigns towards generating warm leads and thus earn sales.

The dealership used text-to-win opportunities that fit the car brand on local radio. Examples include the opportunity to text-to-win Taylor Swift tickets, a GMC Sierra and passes to Pro Bowl. Text-to-win tags were added to current radio spots. Energetic radio commercials were recorded, which listed the keyword and short code a minimum of two times per ad. After a significant database was built, an offer was pushed that was valuable only to those people genuinely open to purchasing a new or used vehicle. These people were then considered tangible leads for the dealership; each was called and personally invited in for a test drive.

The dealership generated 4,000 mobile opt-ins. After the double opt-in request, the program created 370 workable leads (9.25 percent). In addition, because of the targeted use

of keywords and planned promotions, Nimnicht was able to effectively gauge dollars spent on radio, thus allowing them to more efficiently allocate their marketing spend.

“The Nimnicht Family of Dealerships wanted to use mobile to grow a database and reach our customers in the way they communicate. Utilizing mobile has allowed us to build a stronger and deeper brand relationship with potential new customers. As an added bonus, we were able to analyze the strength of our radio partners by judging the mobile response, which has helped us plan our marketing more efficiently. Mobile addressed several challenges for us. First, simple SMS helped us build a one-to-one relationship with both current and new customers. It allowed us to communicate with them and actively drive sales. Second, mobile helped us stand out from surrounding dealers; our advertisements stood out, had fresh call-to-action statements, and generated immediate tangible leads. Finally, mobile has helped us monitor our advertising and measure each ad's effectiveness.”

— Lauren Dozier,
*Director of marketing and advertising,
Nimnicht Family of Dealerships.*

Dodge of Auburn Hills, MI, asked consumers to text the keywords RAM, RAMRODEO or RAMSIXFLAGS to a short code. The aim of the sweepstakes campaign was to promote Dodge's new lineup of Ram trucks. In conjunction with Six Flags theme parks and national Dodge Rodeo events, the sweepstakes campaign integrated SMS, the mobile Web, email and a traditional Web site to promote Dodge Ram trucks. What enhanced this promotion was the integration with a traditional Web site to capture incomplete mobile entries. Consumers who replied with their email addresses via SMS were simultaneously sent an email inviting them to complete their entries from their PC's as an alternative to their mobile devices. In this way, consumers with limited ability to access the mobile Web could easily participate in the promotion, and Dodge was able to maximize the reach of the campaign across multiple channels and demographics.

Throughout Six Flags theme parks and Dodge Rodeo events, calls-to-action were placed in-venue encouraging attendees to text the keywords RAM, RAMRODEO or RAMSIXFLAGS to a short code. Consumers that responded to the calls to action received an SMS asking them to reply with their email addresses for a chance to win a weekly prize. In response, Dodge then returned a second SMS reply which included an embedded URL that lead to a mobile Web site containing an entry form towards a grand prize vehicle drawing. The mobile site also included a Dodge dealer locator and information about Dodge trucks.

While entries via a traditional Web landing page accounted for 84 percent of the total, more than 15 percent of the entrants began their engagement with the program via text messaging from outdoor promotions. The sweepstakes demonstrates the power of mobile to attract and increase entries.

Guidelines for Calculating and Measuring ROI for CSC

Marketing ROI can be difficult to quantify, because many of the traditional on-line metrics used to measure success do not always transfer to mobile. Short codes can offer better tracking than the circulation counts or third-party ratings surveys of traditional broadcast media – but still aren't 100 percent quantifiable. To calculate short code ROI, firms must define the metrics that will be measured as well as define the upfront and ongoing costs of the short codes. A business should also review the cost of short codes relative to other marketing vehicles (such as print, broadcast, and multi-media). The goal of the campaign will determine what metrics are used to calculate the ROI. Engagement should be the end goal to measure return. Engagement is more than just a click. Audience engagement comes in the form of sales, votes, registrations, downloads or other items. Defining which forms of engagement you want to create and how your firm will measure Return on Investment (ROI) is critical to the success of any short code program. Firms should consider both the hard and soft ROI metrics when designing campaigns. Hard ROI is a return that can be quantified in cost savings and/or increased profits while a soft ROI may be calculated using other metrics such as increase in customer loyalty and brand awareness. For example, a campaign that allows a consumer to purchase a ringtone from their phone has a hard ROI because it can be directly correlated to profits while a campaign that is focused on engagement will produce an ROI based on metrics such as number of interactions.



The up-front investment is based on the cost of acquiring a short code, the cost of developing a creative campaign and the cost of running the campaign. Also, since you are usually going to implement a common short code as a call to action with your traditional media, you increase the effectiveness of your entire campaign, thus getting a better ROI for your total marketing program. Adding a common short code has been shown to increase your response rates, in some cases by 100%.

Common short codes (CSCs) are relatively inexpensive to implement, when compared to total costs of traditional campaigns, but do require strategic planning and a solid investment of time. Companies looking to mobilize their campaigns via CSCs must decide on either a Shared or Dedicated short code. Shared short codes are utilized by multiple organizations manageable by unique keywords that identify account/brand specific traffic. The Shared code model is typically less costly to implement. However, this approach also comes with a variety of pitfalls – such as forfeiting the ability to specify a desired code-string and/or mobile address, as well as common limitations associated with the selection of keywords that suit the brand/initiative. However, the most significant disadvantage of utilizing a Shared code is the inherent risk. If there is a violation on any of the programs running on that code, the entire code could be shut down, affecting all campaigns running on that code. Whereas Dedicated codes, and all subsequent keywords, are reserved solely for the associated company and are flexible as either a random set of numbers or a specific (vanity) code. The cost of a random short code is \$500 a month while the cost of a vanity short code is \$1,000 per month. Also worth noting is that the random generation of a CSC will result in a 5-digit code.

Goal of short code campaign	Metric used to measure campaign success
Increase profits	Profit per promotion, number of coupons downloaded and/or redeemed
Customer acquisition	Number of leads, conversions per lead, cost per lead, cost per lead versus another channel
Customer brand awareness and loyalty	Subscription to a campaign, downloads per campaign, number of times a game was played by an individual
Data collection	Number of responses, quality of the data compared to other channels

REACHING THE WIDEST AUDIENCE WITH COMMON SHORT CODE AND SMS MOBILE MARKETING

A business must file an application form for leasing a short code from the Common Short Code Administration (CSCA) www.usshortcodes.com. Depending on your expertise, your company may choose to define a short code strategy and file for the application yourself or hire a Mobile Application Service Provider (MASP). It is best to have most of your campaign defined before the application is submitted, but you can secure a code and submit campaign information after, but campaign information must be completed before the code can be provisioned on carrier networks. The cost of working with an MASP varies according to the complexity of the campaign launch, but on average costs around \$5,000 per month.

Once the campaign is defined and the short code application has been accepted, either your firm or the MASP will need to work with an Aggregator to provision the connections directly to one or more wireless carriers networks for testing and certification approval. Unlike the MASP, the business is required to work with an Aggregator since operators will not allow companies to directly connect into the system. Aggregators may work with one or many carriers. The business must decide how many carriers it would like to run the campaign and select one or more aggregators to support the integration with wireless networks. The cost of an aggregator per carrier varies according to what services are required. The branded content

(ad, game, etc) is the final component of cost analysis, and varies based on the type of campaign and the firm's ability to develop the creative in-house. The total cost of the campaign is collaboratively defined by the costs of the short code, the MASP, the aggregator and the content portion of the campaign. By focusing on accurate campaign costs and defining the returns, you can demonstrate the value of short code marketing in terms of profits, engagement and retention.

Conclusion

CSCs offer companies personalization, relevancy, and immediacy with their marketing campaigns. CSCs allow for a two-way dialogue, making it possible for organizations to gather a wide range of information from wireless consumers. Short code campaigns encourage and develop upon customer relations through consumer-initiated, consumer-controlled interaction with a brand. Companies are embracing short code marketing campaigns because mobile delivers higher response rates than traditional media and inherently offers measurable returns such as the outcome of the participation per the dollar spent. Marketers should look toward short codes as the unifying link that makes online, TV, billboard and print ads more innovative, appealing, and actionable to the consumer.

For more information on how you can integrate Common Short Codes into your marketing and advertising visit www.usshortcodes.com or email sales@usshortcodes.com.

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