



How Mobile Text Alerts and Location Affect Consumer Retail Behavior

A **Mobile Marketer** Webinar

Tuesday, July 27, 2010, 2 p.m. - 3 p.m. ET

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Panelists



Kathryn Koegel
Marketing Practice Lead
Primary Impact



Alistair Goodman
CEO
Placecast

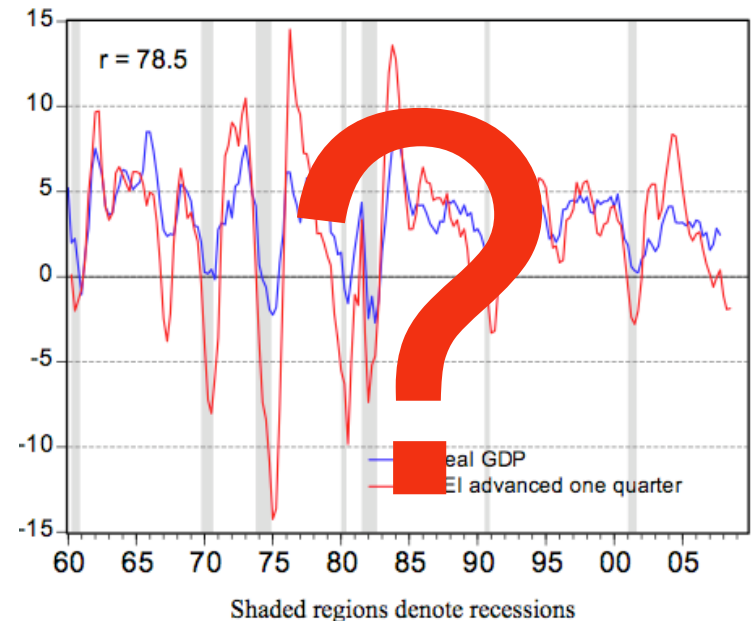


Dan Butcher
Staff Reporter
Mobile Marketer and Mobile Commerce Daily



Today's retail challenges...

- Weak economic recovery
- Promotionally sensitive consumers
- Need to drive store traffic
- Need to engage in new ways with best customers
 - Permission-basis
 - Value
 - Innovation
- Retail marketing strategies are not matching up to changing consumer behavior
 - Radio & print consumption down
 - Behavior shifting to online and mobile
 - FSIs now reach less than half the population
 - Increasing use of digital media as comparison shopping tools



Mobile penetration surpassed only by TV

Young adults lead the way in the use of mobile data applications

	18-29	30-49	50-64	65+
Own a cell phone	90%**	88%**	82%*	57%
% of cell owners within each group who do the following on their phones				
Send/receive text messages	95***	82**	57*	19
Take a picture	93***	83**	67*	34
Access the internet	65***	43**	18*	10
Play music	64***	36**	13*	6
Play a game	60***	37**	17*	9
Record a video	60***	39**	14*	5
Send/receive email	52***	37**	22*	11
Use a social networking site	48***	23**	8*	3
Send/receive instant messages	46***	35**	17*	10
Watch a video	40***	20**	6	4
Post a photo or video online	33***	15**	5	2
Use a status update service	21***	9**	3	2
Make a purchase	20***	11**	4	5
Mean number of cell activities	6.9	4.7	2.5	1.2

Source: Pew Research Center's Internet & American Life Project, April 29-May 30, 2010 Tracking Survey. N=2,252 adults 18 and older, including 1,917 cell phone users. *** = significant difference compared with all other age groups; ** = significant difference compared with 50-64 and 65+; * = significant difference compared with 65+; n/a = sample size too small to analyze

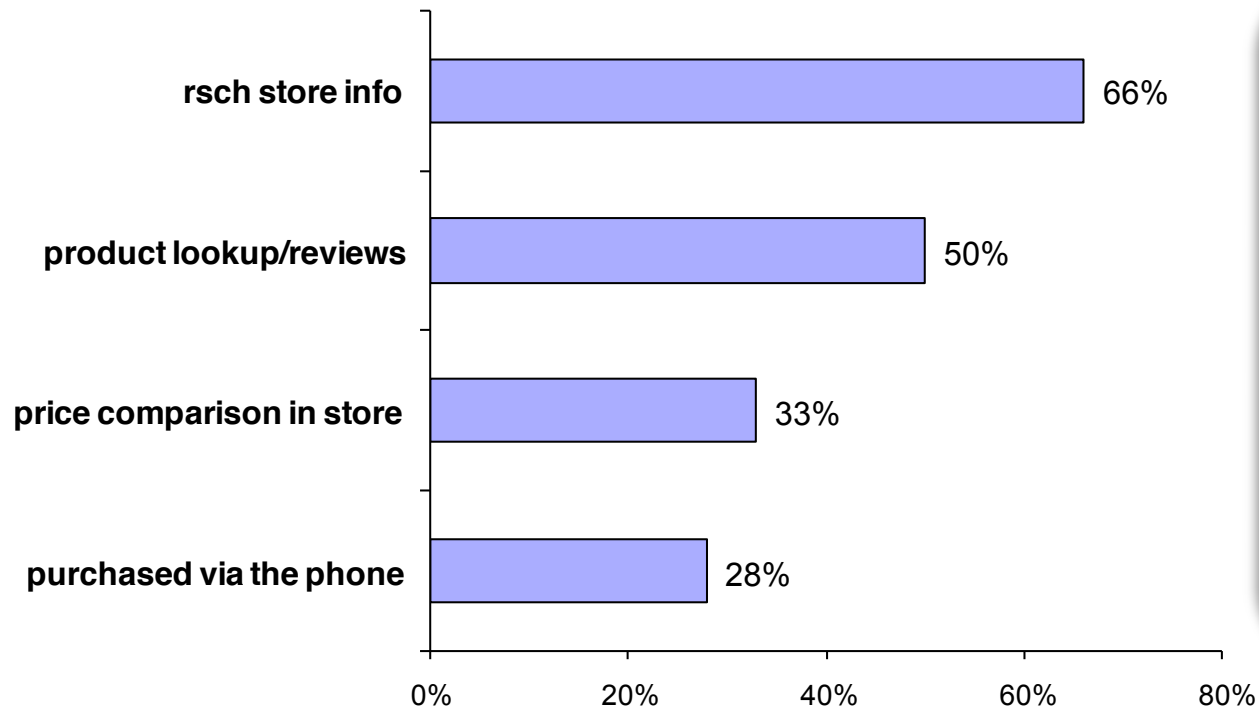
Consumers use their phones in retail stores...

Where have you used your mobile phone?	
In a store	82%
In a doctor's office or hospital	55%
At a sporting event	36%
During a movie at a theatre	17%
While flying on a plane	14%
During church service	7%



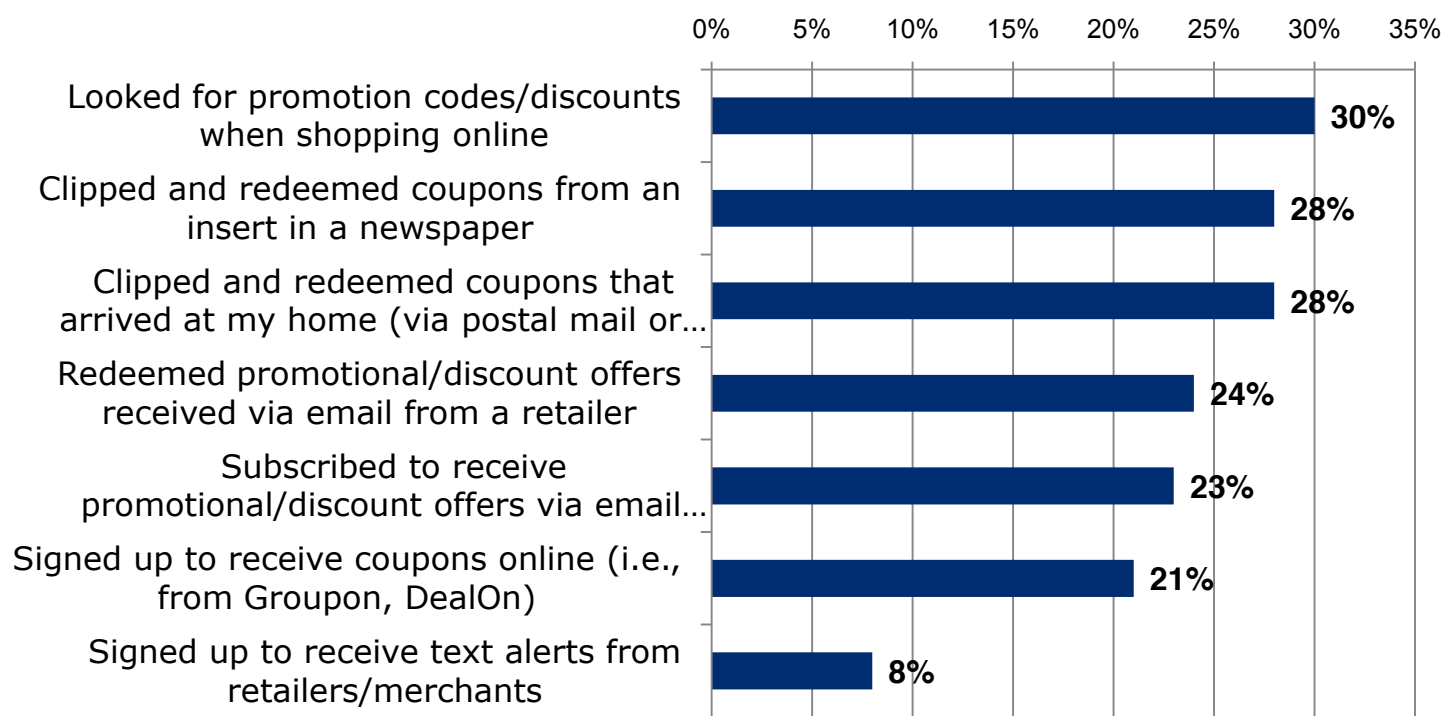
Smartphones are go-anywhere media devices that impact retail sales

Percentage of smartphone owners who have ever used the device to...



Consumers are expressing increasing promotional sensitivity

Have you done each of the following more, less, or about the same amount so far this year as you did last year?
(More)



N=1719

For those who have used their cell phones in stores, text coupons appeal

- 10% of those surveyed said they had visited a store due to a mobile coupon

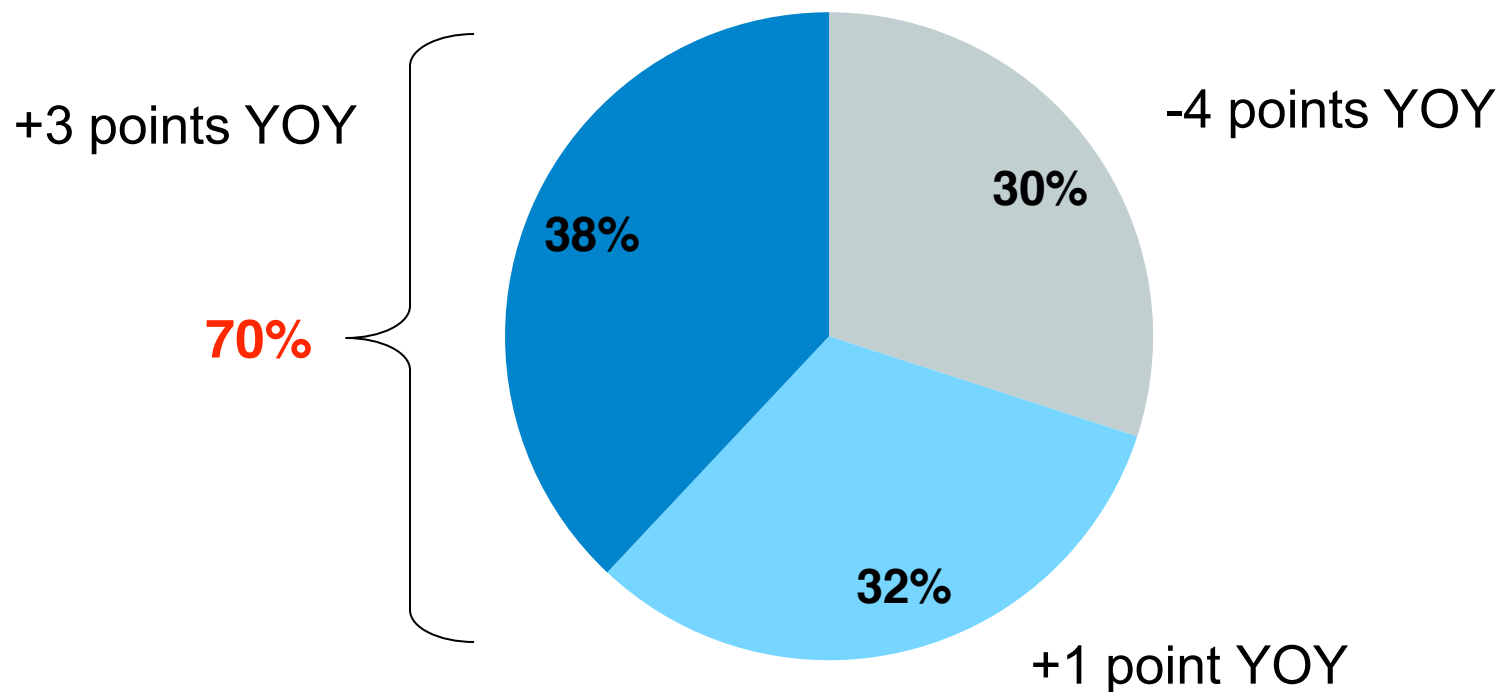
How would you like to receive coupons on your mobile phone?



Text alerts reach 70% of all mobile users

Mobile Phone Usage by Type

■ Talk only ■ SMS (but not mobile media) ■ Mobile Media (App + WAP)

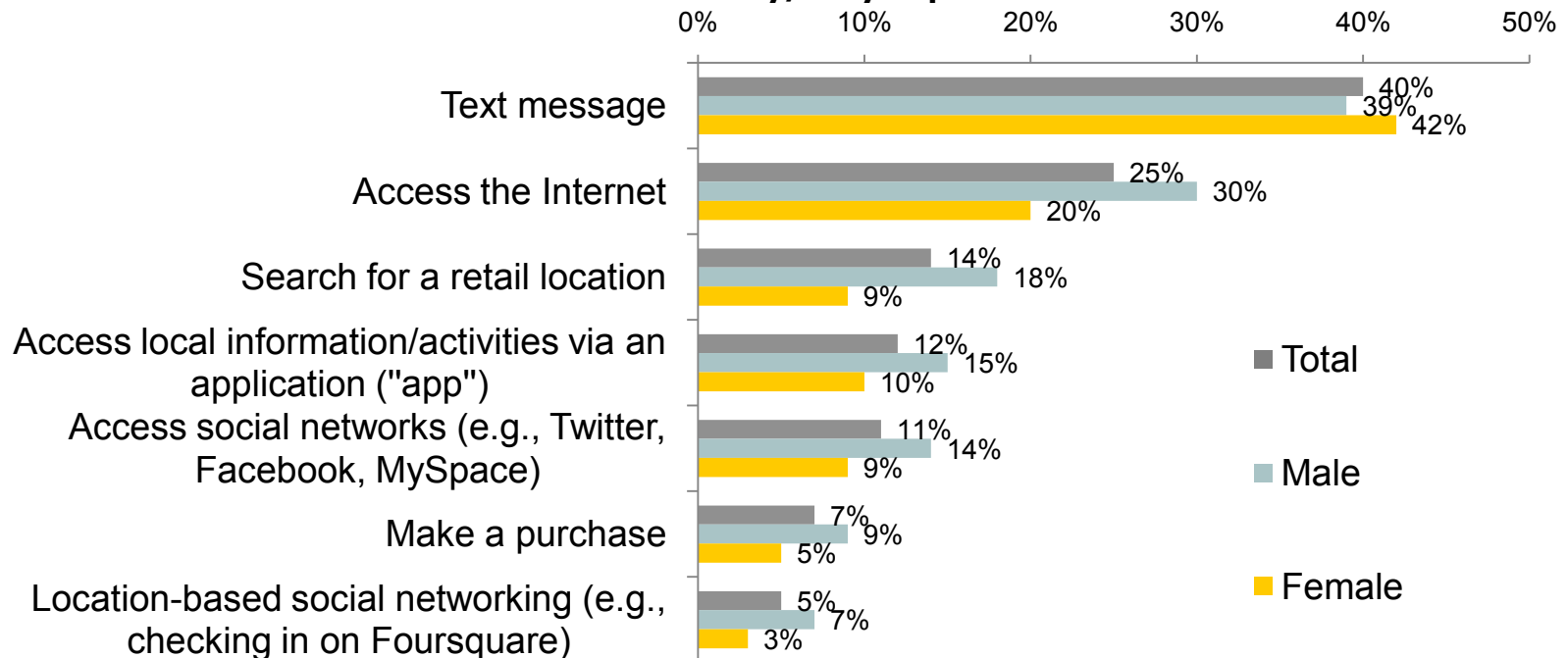


Consumers value text messaging more than other phone activities

- Men more likely to do early adopter activities like purchasing via mobile devices
- Relatively low interest in social/location services

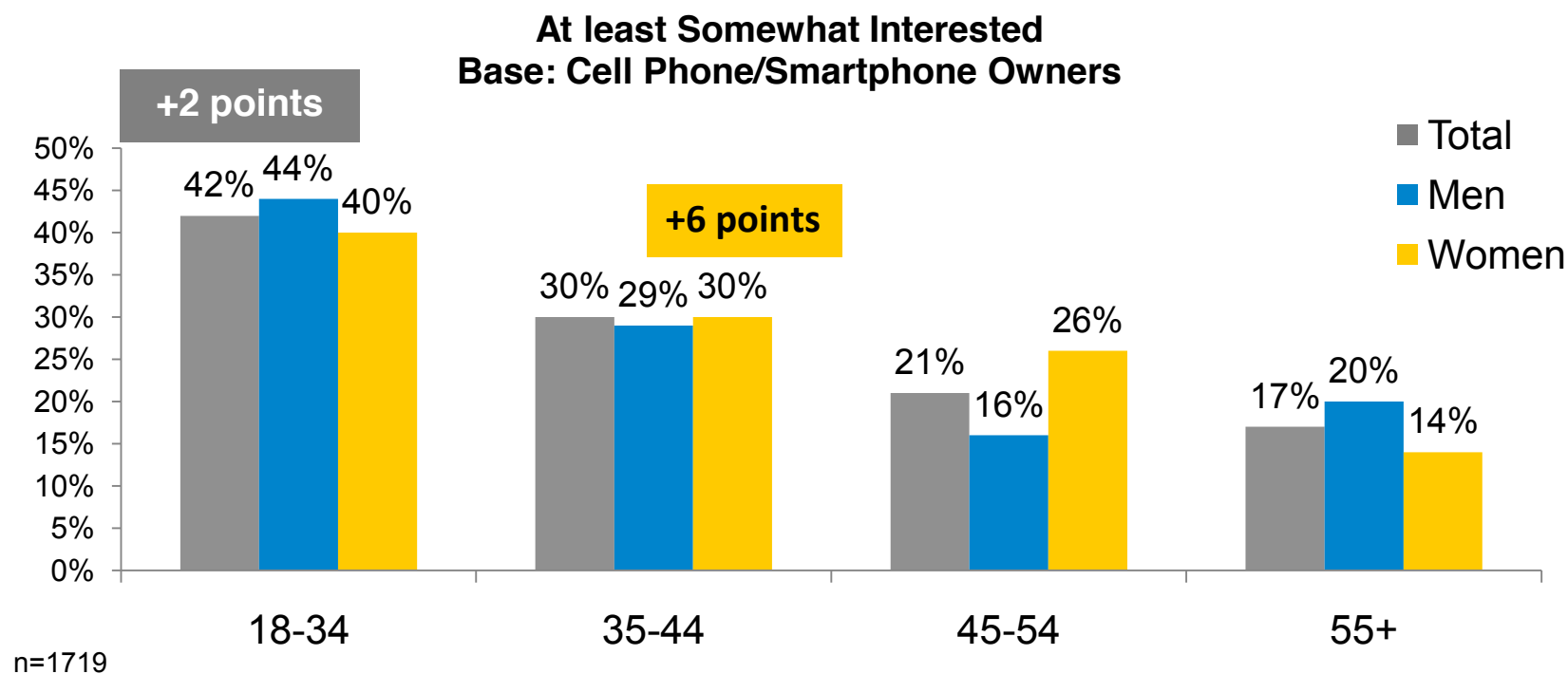
How important, if at all, is it for you to be able to do each of the following activities on your cell phone/Smartphone?

Base: Extremely/Very important



Placecast Harris Poll: 42% of consumers 18-34 interested in marketer texts

Change from Survey I: 2 point growth in overall interest; 6 point growth among women 18-34



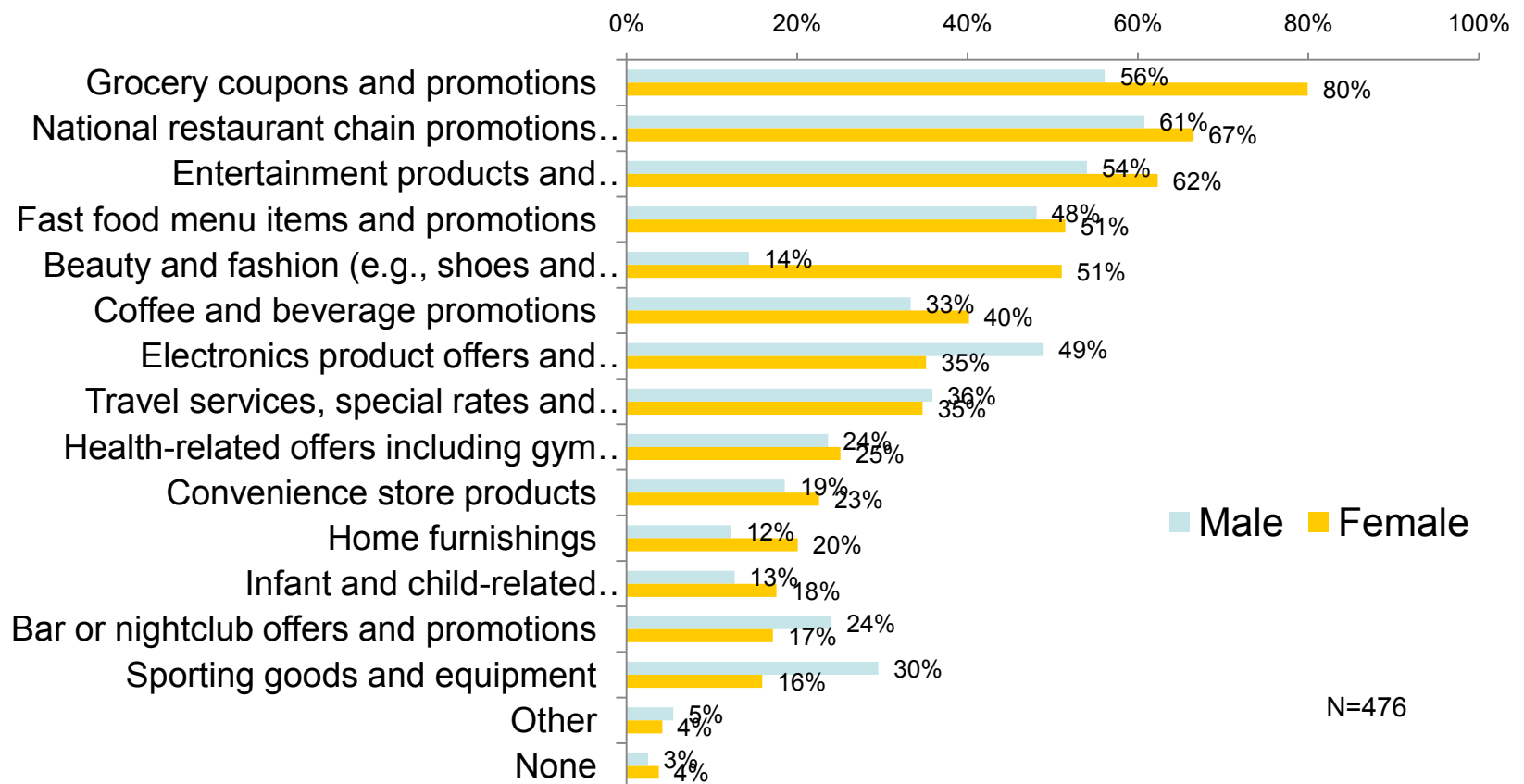
Assuming you gave permission, how interested, if at all, would you be in receiving text alerts about new products, sales and/or promotions from your favorite merchants, restaurants, or stores on your cell phone/Smartphone?

Women more interested in groceries, beauty, and fashion; men in electronics

Almost equal interest in restaurants, fast food, travel, health

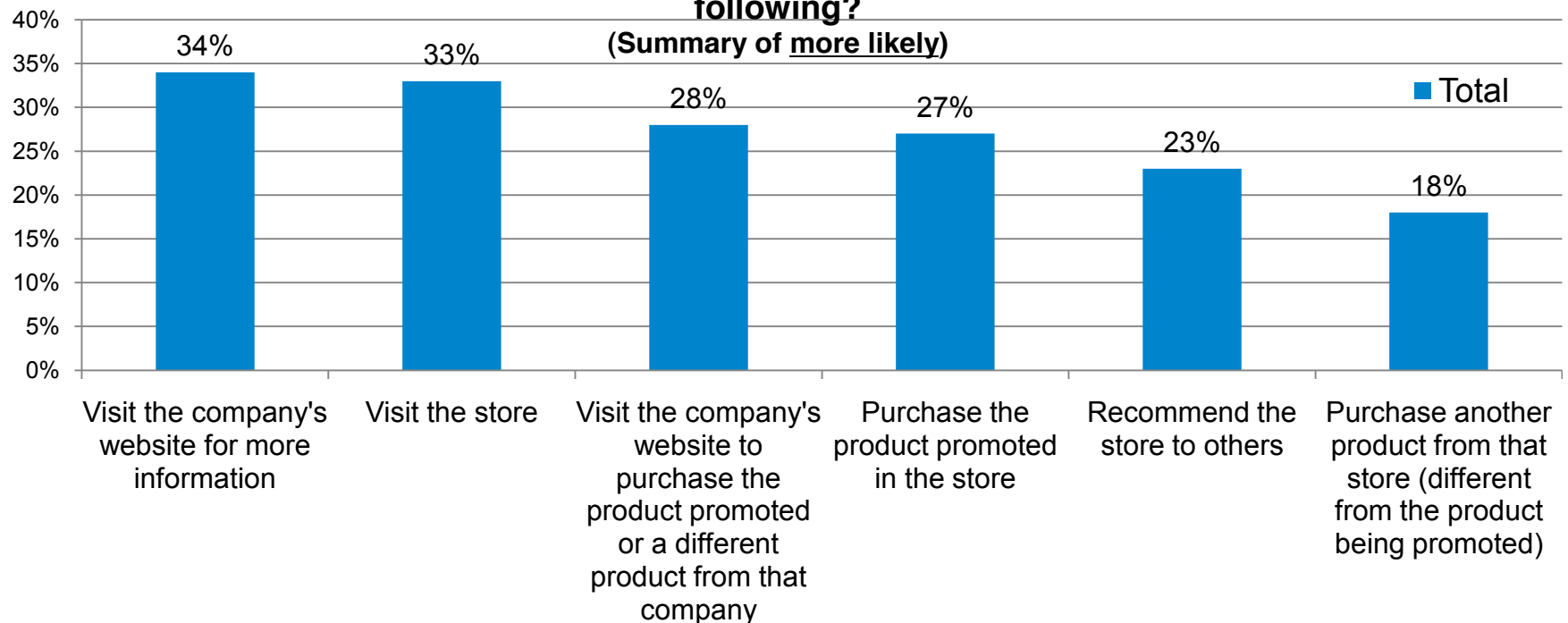
What types of products, sales and/or promotions, if any, would you be interested in receiving alerts about? Please select all that apply.

(Base: At Least Somewhat Interested In Receiving Text Alerts)



Text alerts are most likely to impact website and store visitation

...you have signed up to receive text alerts from retailers/merchants. How has the information you received impacted your decision to do each of the following?



N=591

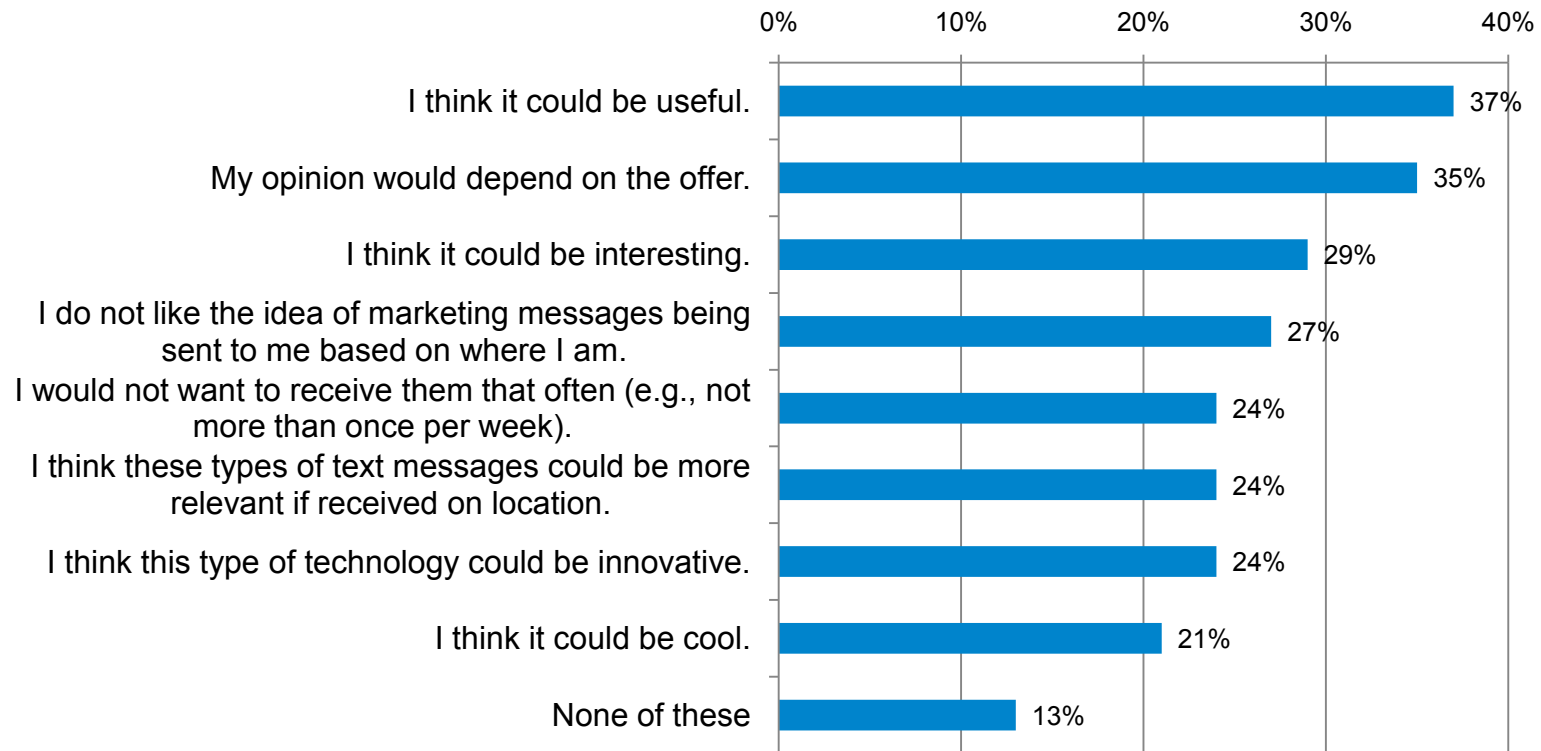
Base: Respondents Who Signed Up To Receive Text Alerts From Retailers/Merchants



37% think location-based messaging could be useful

Marketers need to pay attention to offer relevance & frequency

Which of the following, if any, describe what you think about receiving location-based (i.e., using your phone's GPS) text messages containing discounts/coupons/offers



N=591

Base: Respondents Who Signed Up To Receive Text Alerts From Retailers/Merchants



SHOPALERTS™

Pilot Studies on Opt-In, Location-Based Retail SMS



ShopAlerts™: Location-Triggered Messaging

Consumer opts in to receive messages from a brand



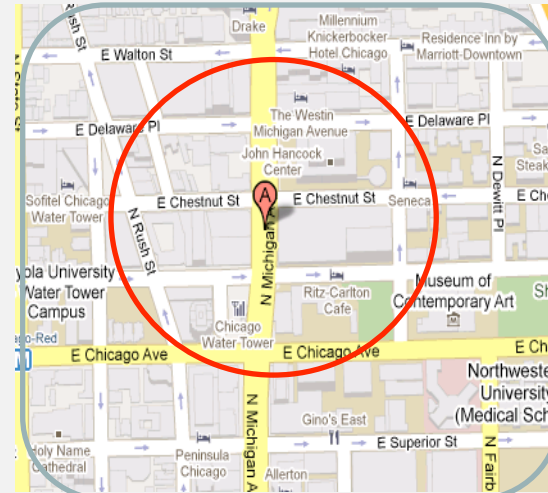
Access the customer's "always on" mobile device

Extend marketing programs to customers while they are shopping

Deliver relevant content and information to customers based on time & place

Innovative technique for cutting through the clutter

Custom virtual geo-fences are created for ANY physical location



Sample geo-fence surrounding

The North Face
875 N Michigan Ave
Chicago, IL 60611

Placecast ShopAlerts™ Pilot Program



- SONIC views ShopAlerts™ as having tremendous promotional potential for competing in the "Burger Wars"
- Promotion across mobile web, rewards card members, and SMS program.



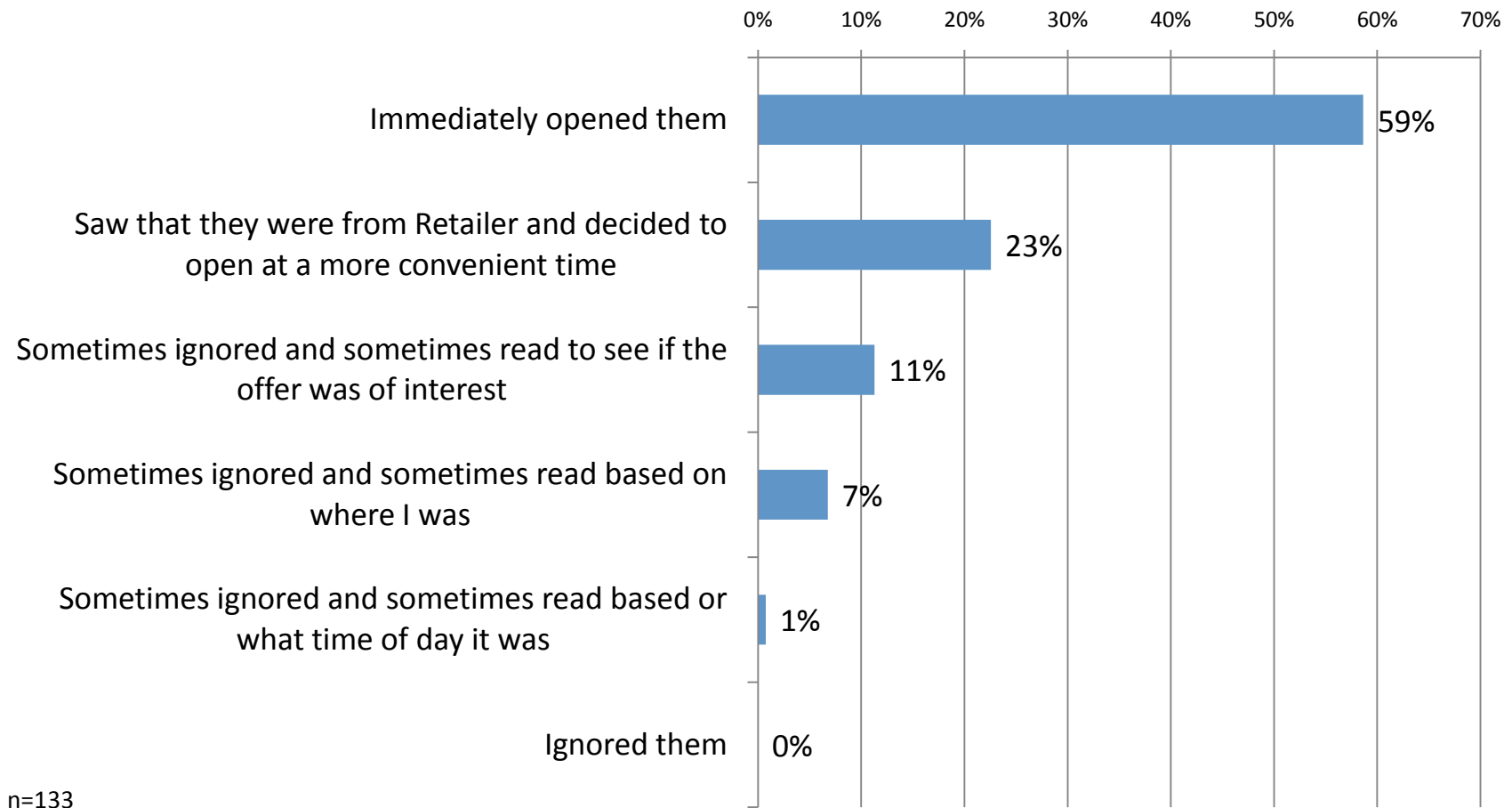
- REI has a unique connection with their co-op members and the great outdoors. They look to reach them at their passion points while hiking, biking, and skiing.
- Promotion across mobile web, and customer email program.



- AEO's audience has a shorter attention span and are "heavy texters." They want to reach them in their favorite hangout--the mall.
- Promotion across mobile web, SMS program, social networks, and customer email program.

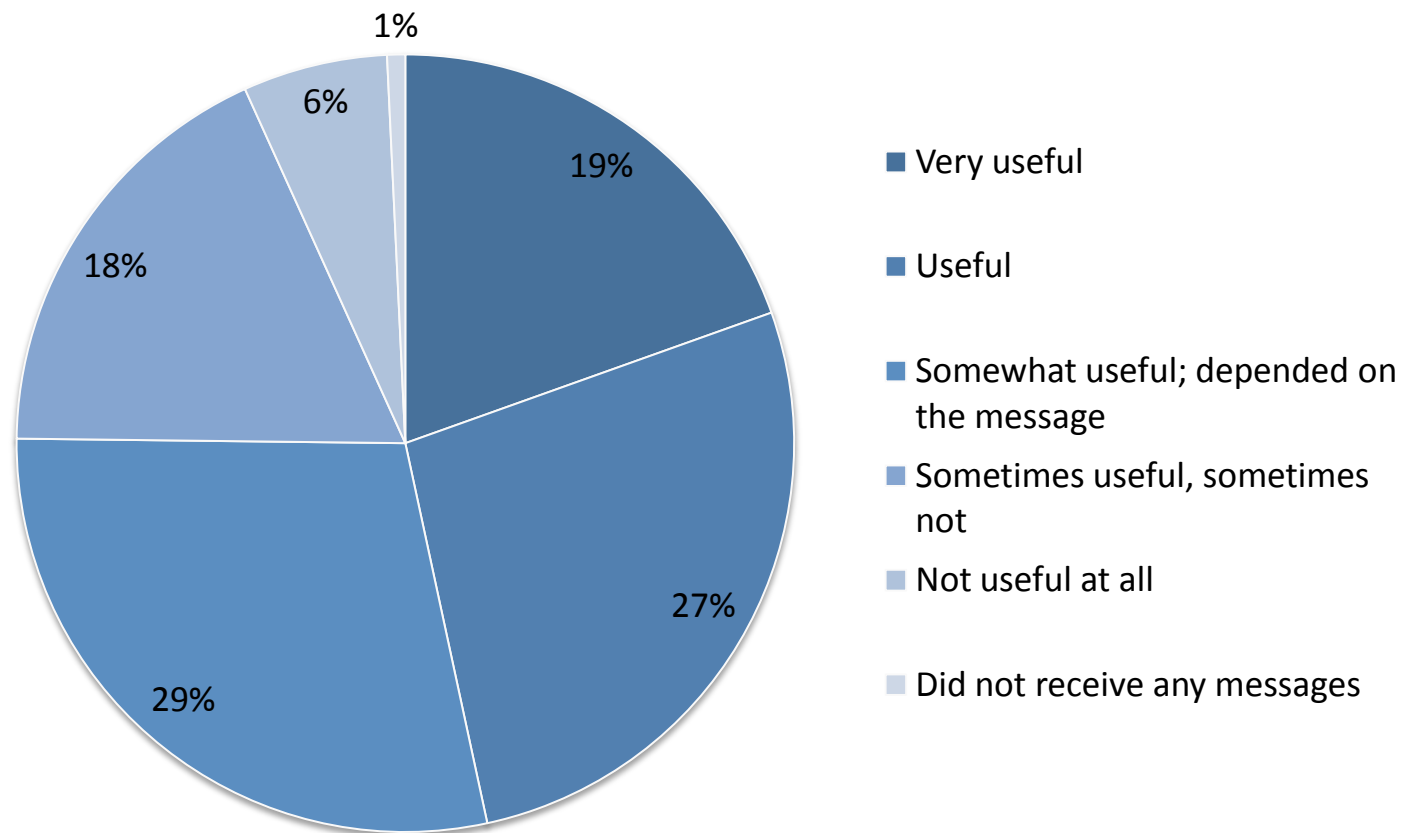
High consumer attention to ShopAlerts™: 60% opened upon receipt

When you received Placecast Alerts did you typically...



Value of ShopAlerts™: 75% rate the service somewhat to very useful

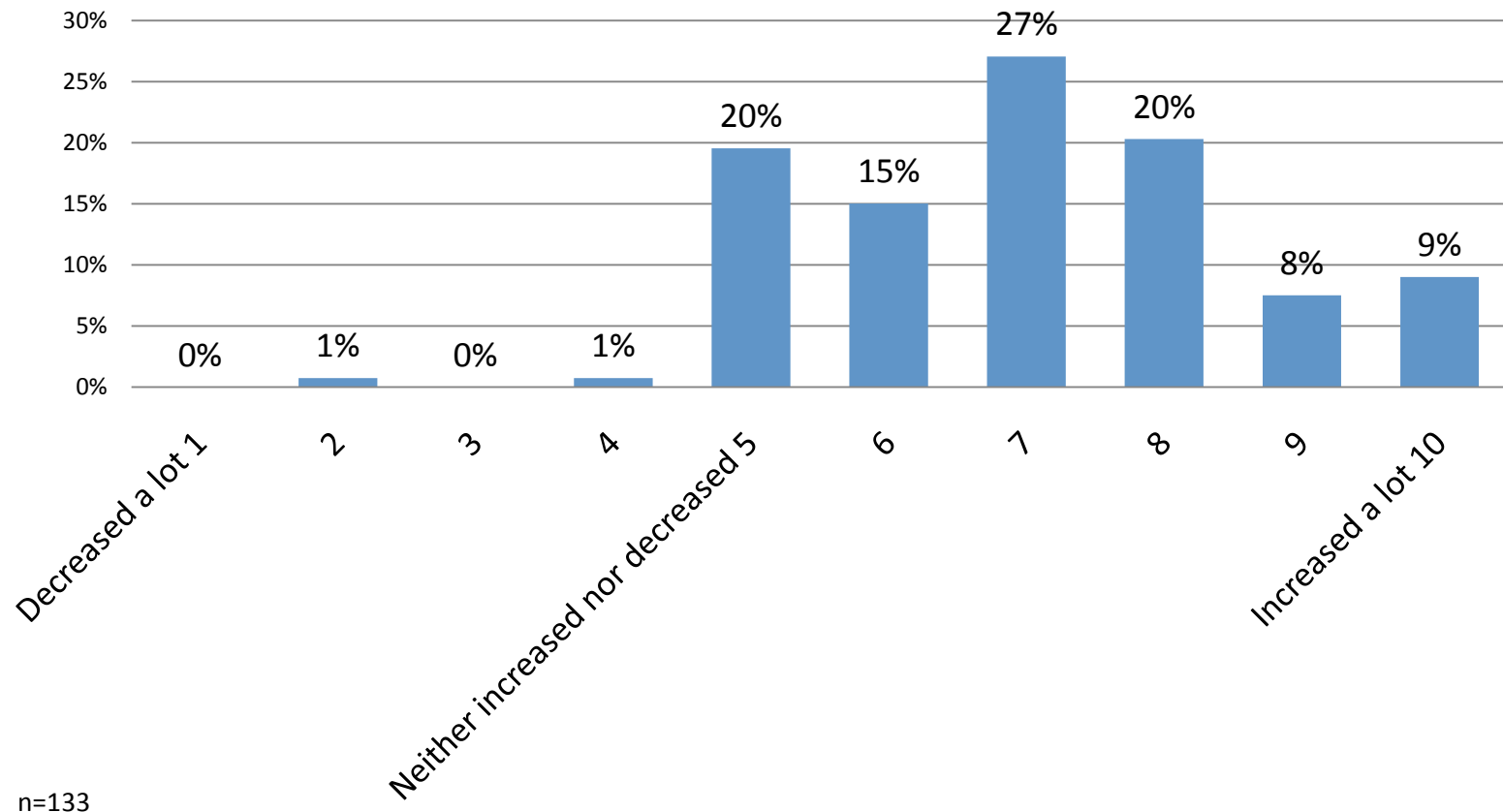
How useful do you think these messages are?



n=133

For 79%, ShopAlerts™ increased likelihood to shop

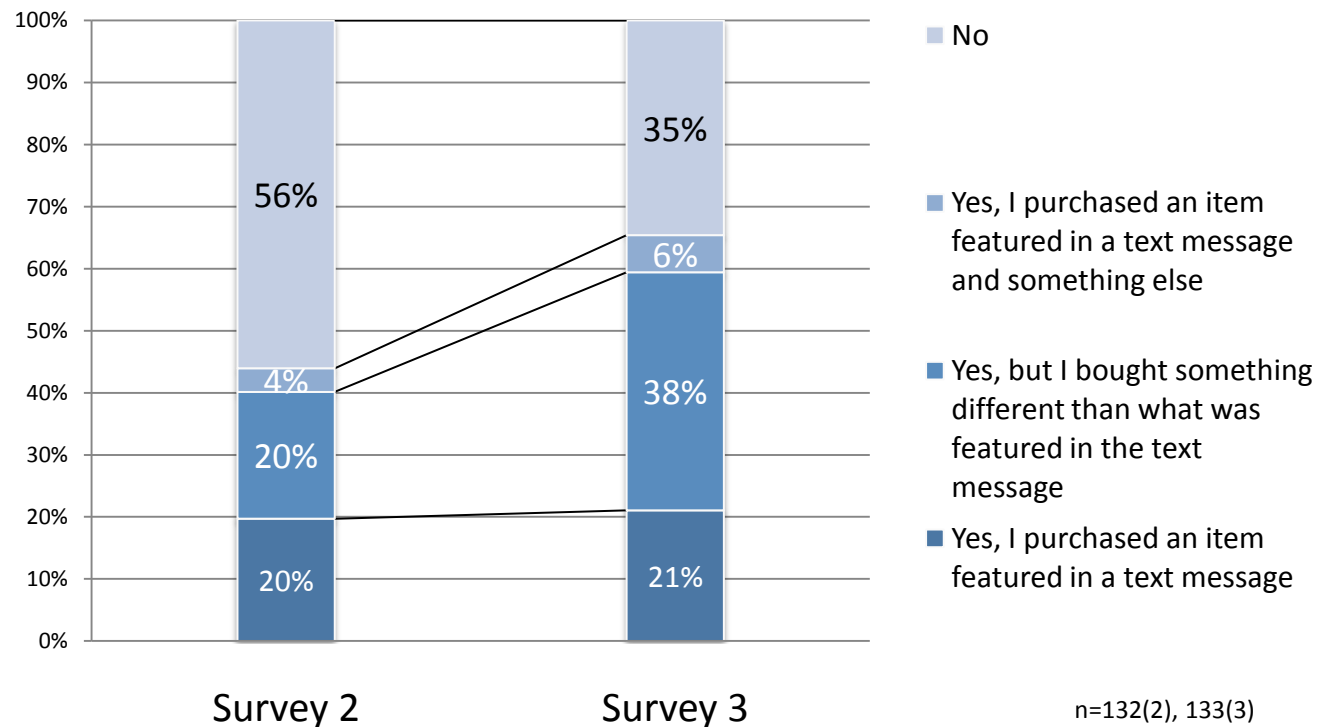
Q: How did the program affect your likelihood to shop/visit?
(rank 1-10)



65% purchased as a result of the text alerts by the end of the trial

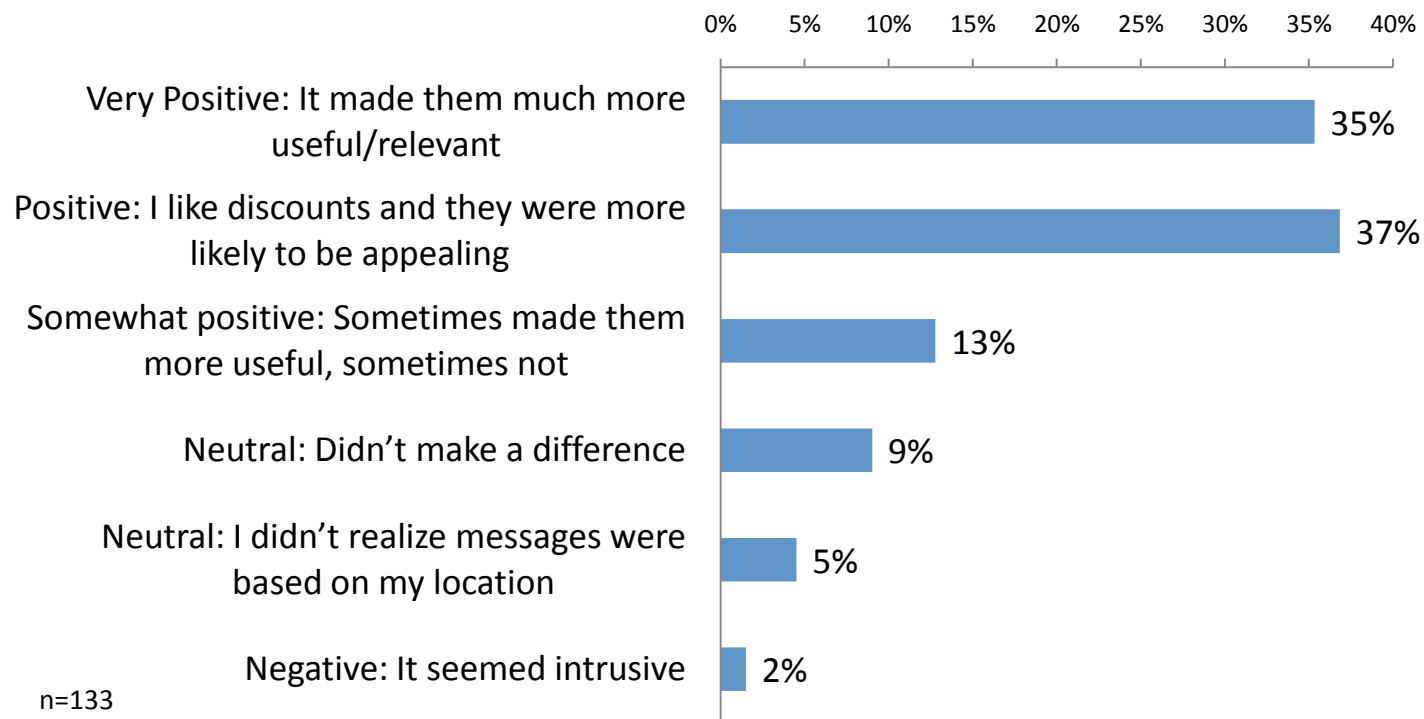
- Purchase increased from 44% in Survey 2 to 65% in Survey 3

After receiving a ShopAlert, did you purchase something at the retailer?



72% viewed location basis as positive due to increased relevance

Q: What do you think about the fact that the messages were sent to you based on your location?
(Choose one)



Takeaways...

- **Retailers need to test new channels of communication with customers given the shifts in consumer media usage**
 - Text-based mobile marketing is a viable tactic and preferred to email by some consumers; many see it as cool and innovative
 - Location triggering can improve relevance and is not perceived as intrusive by those who opt in
- **Email marketing is an effective tactic but not equally useful/preferred by all demographic groups**
 - More than half of consumers in programs with demographics that skew slightly younger (including American Eagle) consider mobile alerts to be easier to act on than email
- **Younger consumers are most receptive to text-based mobile marketing**
 - Women, who have become increasingly promotionally sensitive, are receptive to text-based marketing in particular grocery couponing and promotions for fashion & beauty
 - Men have strong interest in categories like electronics, nightlife, and sporting goods
 - There is equal interest for categories like restaurants and entertainment
- **These messages have great potential as both promotional and brand-loyalty mechanisms for retailers**
 - While 86% of users were interested in special offers and promotions, about half also cited the alerts as reminders to shop and engage with the brand



What we're learning from 2010 retail rollout...

• **Youngest consumers will always be most enthusiastic: texting is a way of life**

- Younger age groups are citing a preference for texting over emailing; they also see their phones as their lifelines and easiest way to reach them

• **Consumers are very positive about the use of their location information, provided there is an exchange of value**

• **Texts have most immediate impact on low-consideration products with many retail outlets**

- More chances to purchase, triggers impulse buying

• **But texts also help to build loyalty and increase awareness of new product intros for higher-consideration products**

- Texts also worked well with higher-price point products and those that were feature heavy: text in this case often drove to web site to get more information

• **As well as driving in store traffic and purchase, texts serve as valuable retail reminders**

- For each of the retailers tested, texts often reminded consumers of something else they may have wanted or simply that they should stop at that retailer in an upcoming shopping trip or if they happened to be nearby



Some best practices we've developed...

• **Messaging strategies related to content and frequency are specific to the type of retailer and dependent on a number of variables, including**

- Promotional intensity of product category: is the brand one that frequently features sales and special offers? Are consumers used to looking for a special deal each time they're messaged to?
- Number of shoppable outlets: more locations create more opportunities for location to be relevant
- Purchase frequency and consideration level of products featured: retailers with high frequency and lower price points are likely to get a good response, as we've seen with programs with Sonic and American Eagle

• **Geo-fencing strategies are also affected by several variables, including**

- Number of locations: the size of the geo-fence is relevant to the number of possible other geo-fences nearby (either around other retail outlets or points of interest)
- Population density: 1 mile around a location in a large city might almost encompass too much, whereas this size might not trigger as many messages in a suburban location with substantial space between areas of commerce
- Primary modes of transportation and migration patterns: are people in a given area likely to be walking, biking, taking public transit, or commuting via car?

• **Successful recruitment of consumers into location-based mobile marketing programs has happened via**

- Dedicated email blasts, in-store signage and promotions, and social networking



Thank you for your time.

For a copy of this presentation,
please email Kristen Aldoriso at
webinar@placecast.net



For research questions, contact kathryn@primaryimpact.com

