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Fashion Retailer Sees 377% ROI Using Mobile Coupons

EDITOR'S NOTE: This is an amazing case study for Mobile Coupons.

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Planet Funk, an apparel retailer with stores in California, Texas and Colorado, was facing the daunting task of bolstering its sales through what many had said would be the worst holiday shopping season in decades.

Planet Funk took a look at its primary demographic of young, hip consumers who are never without their cell phones, and decided that mobile marketing was the appropriate channel to move forward with. By combining both brick and mortar storefronts with an online presence, Planet Funk needed something that would bridge the gap and work efficiently, while also being as simple as possible to use and highly trackable.

Planet Funk, who has a long history of using digital marketing very effectively, decided that mobile marketing, and specifically mobile coupons, would be the right choice. The retailer enlisted the help of mobileStorm, a digital marketing company with a long history of success, to aid in the development, distribution and tracking of a full-scale mobile coupon campaign. MobileStorm had been providing email campaigns for Planet Funk for quite a while using the mobileStorm 4.0 digital marketing platform, so the familiarity of the platform extended to the new mobile coupon system that was recently integrated.

In a matter of days, with the infamous Black Friday looming ahead, Planet Funk and mobileStorm compiled a mobile coupon campaign based on discount tiers, which offers more savings dependant on the total purchase amount at coupon redemption- \$10 coupon for spending \$100-\$249, \$30 coupon for spending \$250-\$399, and so on.

Discount tiers always have a successful psychological effect on consumers, said Jared Reitzin, CEO of mobileStorm. Most of the time they past the first tier in spending with the first few things they buy, and having the second and third tier really helps them go to the next level. You start thinking about buying just one more thing so you can get that next discount.

To accomodate a fast launch, mobileStorm secured the keyword Pfunk for branding purposes, and utilized a shared shortcode to bring the campaign to fruition as quickly as possible. The campaign officially launched on November 21st, 2008, and utilized a variety of call-to-actions to drive traffic to the campaign. Signage was placed in all Planet Funks stores that showed the shortcode and corresponding keyword, and prompted a coupon as incentive to join the Planet Funk mobile club. In addition, Planet Funk pushed its mobile coupons via its Website, blog and the Websites of the malls in which Planet Funk stores are located. **The key to the campaign, however, was the fact that the discounts could only be redeemed via the mobile coupon.**

It's always better to use an array of marketing mediums simultaneously, explained Jason Stith, Director of Sales Engineering for mobileStorm. With an inbound mobile coupon campaign, you are not only delivering coupons and trying to generate revenue via coupons, but **you're also incentivizing your**

customers to text in and receive future offers. It's very important to continually build your SMS database and coupons are a great aid in doing so.

By limiting the end-discount to the redemption of the mobile coupon itself, it creates a massive incentive to sign up for future communication. In Planet Funks case, signing up for its mobile club was all that was needed to redeem the savings via the mobile coupon. Planet Funk benefits by adding mobile consumers to its all-important mobile database, and the consumer benefits by receiving the savings via mobile coupons.

By the conclusion of the campaign on December 31, 2008, Planet Funk realized they had created over 20% of their total December revenue via the mobile coupon campaign...roughly 2,000 coupons were generated, with a redemption rate at an impressive 91%. Even more impressive was the fact that Planet Funk realized an ROI at a staggering 377% based on the relatively low-cost of the campaign. Furthermore, 15% of those that redeemed the coupon opted-in to receive future mobile campaigns, which helped build Planet Funks mobile database.

I don't care what industry you are in or what you are selling, a 91% redemption rate is huge, continued Reitzin. Have we seen it before with mobile coupons? Yes, but it's not a completely common occurrence.

Using a form of digital marketing that is highly effective with their core target customers, Planet Funk was able to identify and develop a new, highly profitable marketing channel for its all-important holiday season. From just one inbound mobile marketing campaign, Planet Funk achieved amazing results, and now plans to expand their mobile strategy in the future.

Mobile is a natural fit for our customers and being able to give them such coupons - both in store and online - that can be instantly received on their cell phones is a no-brainer, said Kitri Lomaka of Planet Funk. The results we experienced proved this and we look forward to continuing our partnership with mobileStorm to drive future mobile campaigns. We now realize that mobile marketing can not only be affordable for companies like ours, but also wildly profitable if handled the right way.

Mobile coupons, and mobile marketing in general, has continued to prove itself in situations where ROI, targetability, and overall trackability are of the most important aspects. In a down economy when every penny spent on marketing needs to be accountable, no other channel out-performs the mobile channel.

In June of 2008 before things really started to go downhill, Hitwise came out with a report showing that 6 out of 10 coupon searches online were for major brands, explained Reitzin when speaking of the future of mobile coupons. What this means is that people still want to stick with their brands even in a recession. They are going to actively seek out the brands they can't live without, and there is no better way to get a discount than through a coupon. Furthermore, mobile coupons are digital, so not only are you saving the environment but your coupons can be saved, stored and accessed at anytime.

Coupons have been around since the old Sears catalogues of the 1800's because they are a successful promotion. Their evolution to the mobile phone is only natural and they will be around a long time to come.