intouch™

CASE STUDY

Cracka WINES .COM.AU

BACKGROUND

EMAIL OVERLOAD

Over 90% of us are never more than 3 feet or 3 minutes away from our phone.
We respond to text messages quickly and it is fair to say that as the phone has become more to us, our attitude to email has changed. We are now more willing to ignore or delete big sections of our email, with our focus shifting to opening only business communications or email from close friends and associates.

The statistics support this, particularly when looking at the consumer goods market.
In the period from Q4 2014 to Q4 2015 email volume increased in this category by over 23%. In the same category over the same period, revenue per email dropped by over 42%. Marketers are sending more email and getting less return. It gives rise to the question - is email the only solution for the small screen environment?

MOBILE MOMENTS

An SMS or MMS message is as close as you will get to ensuring a message will be received and read. MobileDigital have developed products that enable marketers to capture the value of accessing and engaging individual users in the mobile moment. In order to evaluate revenue generation alternatives, and the potential impact of direct to mobile promotions MobileDigital conducted a case study in conjunction with Cracka Wines.

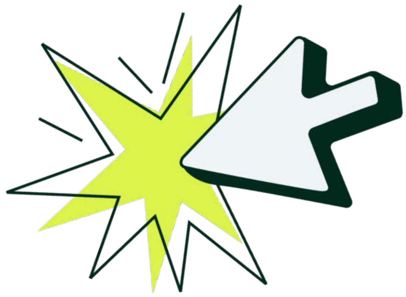
CASE STUDY PARAMETERS

The promotion used rich (visual) media messages, delivered direct to smart phones. Each client received an individual personalized message, uniquely number coded, with the unique code appearing on the image of the MMS, in the initial send. The offer was presented as gift card, valid until a specific date, with a “no strings” gift voucher from the company.

The case study was conducted across a group of over 6,500 customers, representing approximately 2.1% of the clients existing database. The clients were split into 4 separate customer groups to gauge the impact of the promotion across different client status group.

This report details that case study. The data compares against a similar email based voucher promotion that the client ran in the same period. The data compiled for this study was compiled by the client and verified by ADMA (The Association of Data Driven Marketing and Advertising)

THE BRIEF



THE COMPANY

Cracka Wines was an Australian based pure play internet retailer, since sold and amalgamated with another wine company. Cracka were one of Power Retail Top 100 online retailers prior to being purchased. Cracka sent over 3 million emails per month, and had multiple brands within the same infrastructure. Theirs was a Drop-Ship business model.

Email redemption rates experienced in the last 6 months prior to the trial had dropped and email redemption rates were less than 0.05%

THE SALES & MARKETING DIRECTOR TASKED MOBILEDIGITAL WITH THE FOLLOWING TASKS:

Reward existing loyal clients

Re-engage 'Lapsed' and Flat-liner' customers

Increase immediate sales

Enable customer profiling through delivery and redemption tracking of unique personalized digital gift coupons delivered direct to user mobiles.

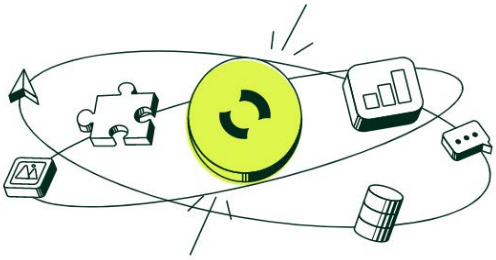
Monitor immediate sales impacts of direct mobile access and engagement.

Monitor results against recent email campaigns.

FOUR CATEGORIES OF CLIENTS WERE CHOSEN FOR THE TRIAL

1. Fourcustomertargetgroupswerefocusedon:*'New'* customerspurchasedinlast3months
2. *'VIP'* High-ValueLoyalcustomerspurchasedinlast5months
3. Going,Going-Lapsed*'Inactive'* forover5months
4. Gone-*'Flat-Liners'* inactiveforover12months

METHODOLOGY



- Gift Card Coupons were delivered using Multi-Media Messaging Service (MMS) picture messages and delivered securely using HTTPS/SSL direct to mobiles
- Gift Coupons were delivered active with set $value, for immediate use on client e-commerce site
- Gift Coupons were delivered at set times and days to over 6,500 mobile phones within Australia as MMS Rich Media Messages
- All Gift Coupons were allocated a unique code for tracking
- All Gift Coupons were personalized to the unique mobile user i.e.'Dear Jim,' and the receivers name and unique coupon number written onto the gift coupon,
- 2 X SMS reminders were sent during campaign ~ a follow up SMS on a Thursday night of first week, and another personalized SMS 48 hours before campaign lapsed
- Client also referenced the gift coupon in an EDM
- The promotion ran over a period of approximately six weeks

KEY RESULTS

- Delivered/opened 99.51% MMS messages
- Sales increased by over 50% in the first week.
- Highest Redemption rate was 32%, 'Loyal Clients' who's overspend was 382%
- Lowest Redemption rate was 9%, 'Flat-Liners' who's overspend was 313%
- Average Redemption rate 16.43% all categories targeting over 6,500 mobile users

R.O.I. of 4,830%

Cost of sale was less than 2.5%

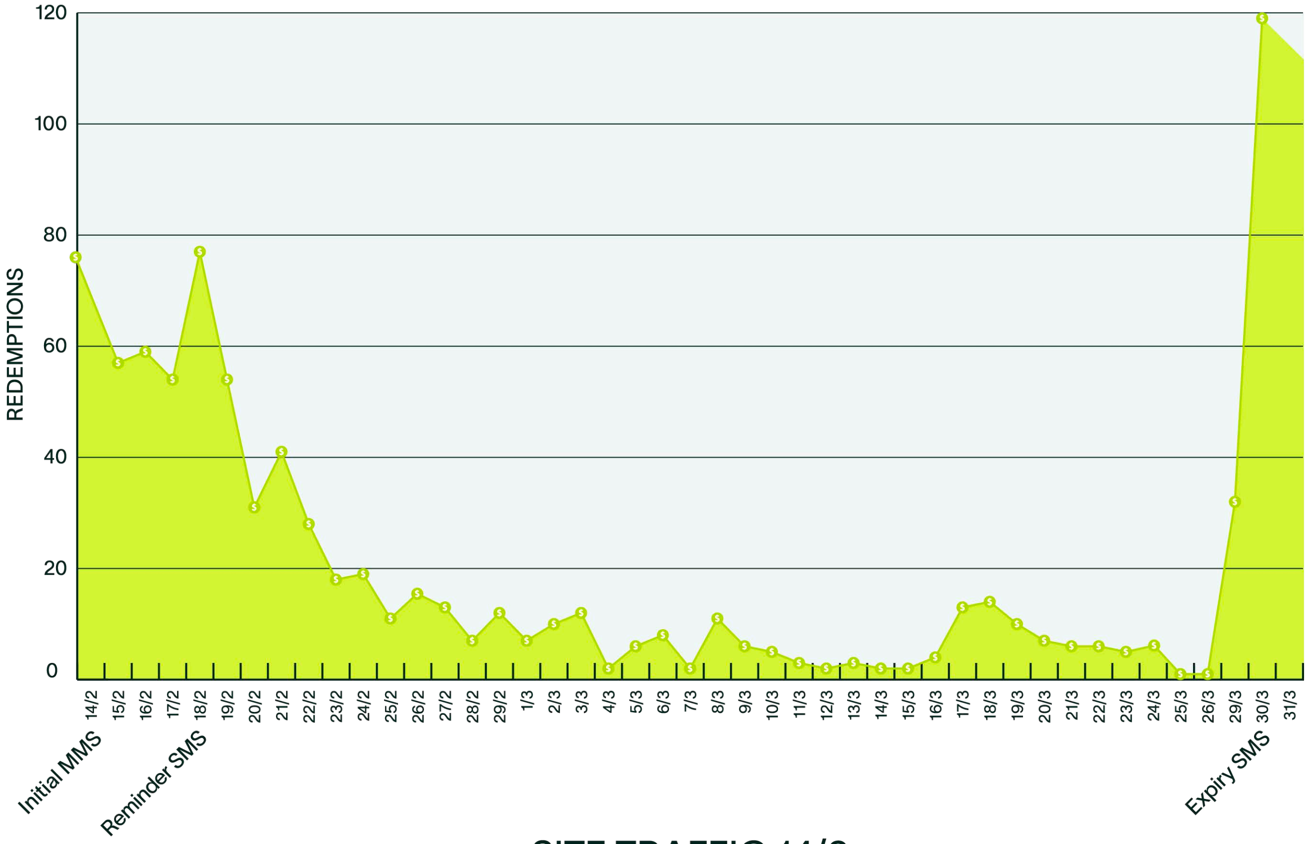
Results 400 times higher than similar email campaign

OBSERVATIONS

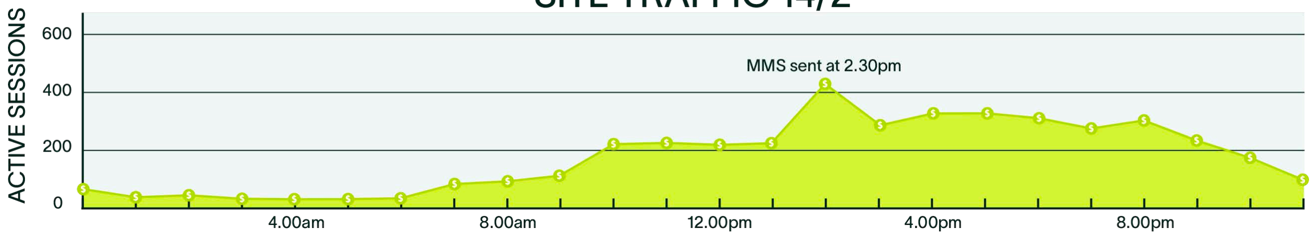
- Irrespective of redemption, client branding was pushed as rich-media messages to over 6,500 new, previous or existing customers as a brand affirming communication
- Each MMS & SMS saw major spikes in site traffic. Biggest sales spike came when SMS reminder mobile users that the MMS Voucher would lapse
- Revenue per customer in each category was higher than average client revenue per transaction
- Client was most "amazed" that 'Flat-Liners' redeemed at 9%
- Promotion took less than 24 hours to establish and deliver
- All transactions were monitored at the individual mobile user level for re-marketing
- Time urgency and genuine 'gift-voucher' with no strings had strong impact

TEXT IMPACT ON TRAFFIC

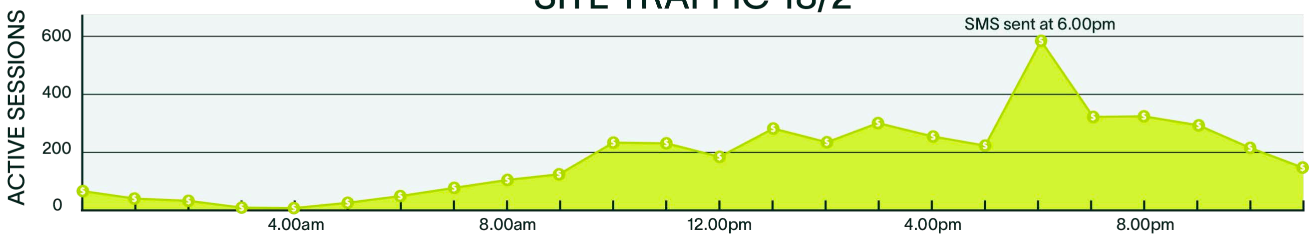
DAILY REDEMPTIONS



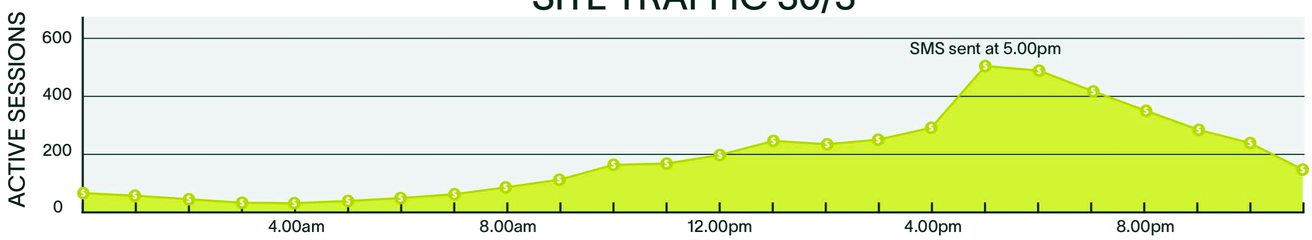
SITE TRAFFIC 14/2



SITE TRAFFIC 18/2



SITE TRAFFIC 30/3



THE NUMBERS

VIP'S

'VIP' High Value Loyal Customers purchased in the last 5 months

The VIP segment yielded the highest ROI of all the segments.

This group demonstrated the highest redemption rate by a significant margin, as well as yielding transaction values 28% higher than the company average

TOTALREDEMPTION	32%
INCENTIVE OVERSPEND	382%
REVENUER.O.I	15,034%

INACTIVE CUSTOMERS

Lapsed customers 'Inactive' for over 5 months

This group showed the highest incentive overspend, represented the highest volume of recipients and yielding the 2nd highest total redemption rate

TOTALREDEMPTION	16%
INCENTIVEOVERSPEND	595%
REVENUER.O.I	4,984%

THE NUMBERS

NEW CUSTOMERS

New customers purchased in last three months.

This segment demonstrated the 2nd highest incentive overspend of the campaign.

This group included customers who had purchased just 10 days before the campaign was delivered, despite the average product life-cycle of 3 months

TOTALREDEMPTION	10%
INCENTIVEOVERSPEND	564%
REVENUER.O.I	2,700%

WAKING THE DEAD

'Flat-Liners' inactive for over 12 months

After 15 months of inactivity despite daily EDMs from the client, this group not only overspent significantly on the incentive they were given, but also yielded the 2nd highest average transaction value of the campaign, 10% higher than the company average transaction

TOTAL REDEMPTION	9%
INCENTIVE OVERSPEND	313%
REVENUER.O.I	3,144%

CONCLUSIONS

Standard industry redemption statistics for vouchers and coupons vary from static print at 0.5 to 2%, email at 2.7% and combinations of email and SMS averaging around 2-4%.

An average of 16% redemption across the board using a combination of MMS and SMS speaks volumes about the opportunity rich mobile messaging presents.

It is evident from comments made by the client's Sales and Marketing Director that "this was the best retail promotion they had ever run ". Irrespective of the amazing redemption rates, there are many non immediate yet very significant benefits from running this type of unique promotion.

Over 6500 of the clients customers who had purchased in the last 18 months were reminded, via the voucher offer, highlighting the brand , that the brand appreciated their custom and wanted to reward them.

Mobile promotions like this give brands and retailers the opportunity to access and engage their clients quickly and simply.

The best thing about this promotion was that in one category over 32% of mobile clients rewarded with the voucher purchased and overspent to the tune of 380%.

The client put their brand in the hand of someone who had purchased from them in the past - as a positive no strings "come back to us offer". The brand reinforcement of a positive offer like this resonates with those who took advantage of the offer and those who didn't.

Each offer was unique to each mobile user, rendered and sent as an individual offer. The intouch user can track the data, from those who did redeem, when they redeemed, what they redeemed and how much they spent.

Similarly there is valuable information in those who didn't redeem - and as the data is at the individual level, marketers can run additional promotions to redeemers and no redeemers based on what each promotion shows about the individual mobile user.

Marketers can synthesize each transaction at the individual mobile user level to build an informed and personal view of their clients, as single users... and keep refining.

There is no doubt that couponing/vouchering is growing rapidly as both a component of loyalty reward program as well as being a tactical driver to stimulate immediate sales. As retailers fight to retain, reward and optimize their clients the attraction of this type of promotion will increase. CEC data tips these types of promotions will represent well over $1 trillion. Marketers know they need to get mobile, excuse the commercial but it's time to get intouch.