



Street Savings
1442 E. Lincoln Avenue, #479
Orange, CA 92865
PHONE (978) 857-7400
<mailto:press@streetsavings.com>
www.streetsavings.com



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ISOs Tell Their Tales of Mobile Marketing

February 2, 2012 - For some ISOs, the decision to offer mobile marketing services seems like a no-brainer.

At Bankcard Processing International LLC, for example, the availability of text message and mobile coupon packages has won new business. So far, no retailer has contacted the Gulf Breeze, Fla.-based ISO chiefly for the mobile marketing capability, "but it does help sell our processing service," says Gary Matherne, company president. "It makes us look up on technology."

Since August 2010, Bankcard Processing has offered prospective clients a third-party product called Street Savings they can use to communicate with customers via mobile phone and their own point-of-sale terminals.

For a set monthly fee, merchant adopters receive in-store signs describing the service and a bundle of text messages and coupons they can direct to consumers' mobile phones or brick-and-mortar checkout receipts.

For those who already offer loyalty rewards, text messaging is becoming another tool to disseminate offers to members, update them on progress toward awards or simply remind them of the brand. Merchants without points programs or discount cards can practice ad hoc loyalty marketing.

For instance, a clothing boutique client of Central Payment Corp., an ISO in San Rafael, Calif., send a \$10 "gift card" to its customers by text message. It was a spontaneous offer for \$10 off a shopper's next purchase, says Anduena Zhubi, a director at Central Payment. Its positioning as a gift card made recipients feel rewarded with an opportunity to treat themselves to something special instead of claiming a discount on the purchase of a necessity, she says.

Text Messages Drive Traffic

Users of Bankcard Processing's Street Savings tend to be small businesses, such as franchised and independent fast-food restaurants, that can leverage text messages to drive traffic into their stores or capture incremental sales.

The service also is becoming popular among medical and dental practices for appointment reminders, says, Bankcard Processing's Matherne. "It's not all marketing," he says.

The ever-in-hand nature of mobile phones attracts the practical business manager, Matherne points out. But it also appeals to merchants who want inexpensive marketing that does not escape notice.

"Merchants realize that [consumers] always check a text message," he says. "Texts have an almost guaranteed open rate."

Singlepoint, a mobile messaging advertising network based in Seattle, has found that 90% of texts are opened within 3 minutes of receipt.

Central Payment Corp. advocates using text marketing to help retail clients "get on the map," says Zhubi.

Restaurants have been able to generate off-peak business through texted coupons, she says. Consumers who save a few dollars on a sandwich not only get a deal but also gain familiarity with a business, as demonstrated with a text marketing beta client- a bagel shop on a college campus. "Obviously they have a lot of morning business," she says. But they are open until 3 a.m.

Central Payment does a lot of handholding with clients that use third-party SpotOn's social media software. All related consulting is free, and Central Payment initiates calls to its 1,000-plus SpotOn subscribers to make suggestions on how to market through text messages.

The company advises putting out only the best messages and doing so only four or five times per month. (None of Central Payment's merchants send more than three messages per month, Zhubi says, citing their feedback.) Central Payment also suggests nurturing established relationships and refraining from deploying messages early in the morning or late at night.

"The whole text-message area is both new and very standard," says Steven Georgeou, president of Geocom Inc., a marketing management firm in New York. That means a lot of the rules of traditional marketing apply to this new channel.

Merchants generate sales and buzz as well as gain immediacy and targeting ability through text messages with cost effectiveness that direct mail cannot deliver. "It's really important to merchants," especially those communicating with consumers they already know, Georgeou says.

"From what we have seen, our clients have been careful about how to leverage mobile media," says Sarah Owen, vice president of personalized marketing and loyalty at First Data Corp., and Atlanta-based transaction processor.

She notes that the past few years have involved testing and learning about mobile. "Merchants are very considerate about receiving proper carrier approvals, using best practices from an opt-in/opt-out perspective, and working to provide relevant messaging and incentives."

More merchants are using text messaging to tell customers about something on demand, such as a Monday Night Football special or sample sale, adds Zhubi.

Public Road 90% of Text Messages

Zhubi confirms Singlepoint's finding that consumers read at least 90% of the text messages they receive. Tracking through SpotOn's dashboard enables merchants to see how many opt in to their mobile marketing. Results are more granular if the texted offer includes a redemption code.

Street Savings also comes with tracking tools that measure redemption rates and incremental revenue. And it enables data segmentation. For instance, a bakery can use Street Savings in tandem with its POS system with consumer purchase histories.

Such features aside, few would deny that mobile phones and universal text messages provide marketing opportunities.

ISOs with marketing savvy and human resources to support small businesses' efforts can develop new revenue streams, attract new clients and pave the way for next-generation mobile marketing.

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