



sendQuick®

SMS Retail Industry
Building Customer Loyalty &
Increasing Operational Efficiency

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INTRODUCTION

CUSTOMER LOYALTY & RETENTION IS KEY IN A HIGHLY COMPETITIVE ENVIRONMENT

The last decade has seen sweeping changes to the retail industry. Technology and the internet has introduced new competition as hundreds of new online stores enter the global marketplace daily. Consumer demands and expectations of the shopping experience have increased. Consumer tastes and buying decisions have also become more sophisticated as buyers now have access to a vast array of shopping information, channels and alternatives.

In a nutshell, the shopping environment has changed. The retailer needs to constantly differentiate and be a step ahead in fighting for the customer's wallet and in retaining customer loyalty. The high performance will be those who can not only provide a superior combination of offerings and prices, but also deliver a superior buying experience and customer service.

SMS AS A COMMUNICATION TOOL TO CONNECT WITH CUSTOMERS & BUILD LOYALTY

The mobile phone has become the most dominant device for many consumers globally. In 2010, mobile phone vendors shipped a total of 1.39 billion units worldwide, representing 18.5% growth from 2009. Furthermore, countries such as Singapore, Hong Kong, Taiwan, have mobile penetration rates of more than 100%. This presents a new opportunity to use the mobile phone and SMS as a communication platform to reach customers, build customer relationships and sales.

SMS (Short Message Service or otherwise known as text messages) are found on all mobile phones across all technologies, including GSM, CDMA and 3G. The key advantages of SMS communication are as follows:

- Wide reach as it is a default service for all phone users and not handset dependent.
- Higher likelihood of being read as compared to emails.
- Low cost medium (some providers offer it free) while most cost less than a normal voice call.
- Instant delivery and always available (as phone is always on).
- Enables delivery of short (160 characters), focused messages that better captures attention. Current improvements also allow a few SMSes to be read and delivered as a single message (known as concatenated SMS).
- Messages are delivered across networks (roaming capability).
- Good interoperability between networks and technologies (GSM and CDMA).

For the consumer, the advantages of SMS marketing are:

- Free for customers (sender pays, recipient FOC)
1 IDC, January 2011
- Personal
- Non-intrusive in nature

The following section outlines how SMS can be used to connect and build relationships with customers pre-sale, during the sale and post sale, as well as support internal retail operations.

SMS FOR CUSTOMER INTELLIGENCE & FEEDBACK

Keeping a constant pulse on customer needs and preferences is key to the success of any retailer. Understanding what customers want helps retailers fine tune their products and services to better meet their demands, thereby enabling retailers to achieve higher sales.

It is also important for retailers to focus on delivering good post-sales support, without which a retailer cannot build customer loyalty and repeat purchases. Hence, gathering regular feedback on customer service is critical.

With its instant delivery, high readership and response rates, SMS is one of the most convenient and low cost methods for deploying SMS surveys to a large group of customers to gather intelligence and feedback.

Some ways SMS can be used to gain consumer insight and improve customer service:

- SMS every new customer to rate his/her feedback on the product purchased or service experience
- SMS to testbed customers' response or preference on new product models or new ideas through text and vote.
- SMS customers calling into the call center to rank the level of customer support. As SMS responses tend to be immediate, this allows retailers to follow up promptly to address any negative responses received.

SMS FOR MARKETING & PROMOTIONAL CAMPAIGNS

SMS marketing and promotion is an effective tool for promoting products, services, or to increase brand awareness in the market, for the following reasons:

- Cost effective (mail cost about S\$1.00 compared to SMS cost of S\$0.05)
- Instant interaction with a large audience at a relatively low cost.
- Flexibility to do targeted marketing to a niche segment of the business.
- Personal and direct form of advertising that tells customers what they need to know.
- Environmentally friendly compared to brochures or flyers.

In addition, the emergence of smart phones in the market has opened up an exciting way of engaging with customers. Messaging can now be interacted with internet browsing as SMS marketing can be combined with the internet.

Some possible SMS marketing campaigns:

- SMS customers of new products and services
- SMS customers of offers and promotions. This could be deployed across a broad group of customers or exclusively to a select group of repeat customers as a loyalty program.
- SMS coupons via SMS and get customers to show you the coupon upon arriving at the store to enjoy the discount, or they can enter a coupon code online to redeem special privileges.
- Combine SMS marketing with location based marketing. When customers are near the store, they will be sent an SMS message. This can be in the form of coupons or time sensitive offers redeemable at the store or even store maps and directions. In engaging SMS marketing activities retailers need to be mindful to incorporate opt-in or permission based features to allow customers to opt-in to receive SMS messages or opt-out at any time.

SMS FOR CUSTOMER SERVICE

The advantage of using SMS for customer service is that customers can use this channel anytime and anywhere. For retailers, SMS is a low cost alternative to provide a personalised service.

Some examples:

- Customers can send SMS to make or change appointments (e.g. at a spa).
- Customers can send SMS to check account status information. This can be used in conjunction with a loyalty based program e.g. where customers can check on their outstanding loyalty points and redemption privileges.
- SMS customers when items purchased are ready for collection.
- Complement call centres by allowing customers to receive information by SMS. This frees up phone resources to support more customers.

SMS FOR LOGISTICS & DELIVERY

Using SMS in logistics and delivery is not only a tool to establish a personalised customer service, it can be a tool to help improve operational efficiency.

Some examples:

- SMS customers to remind them of item delivery date and time, and using 2-way SMS to allow customers to respond by confirming or changing delivery date and address. This reduces the incidence of failed deliveries and its associated costs.
- Delivery staff to use SMS to log status of deliveries which can be updated into CRM/call centre system to provide real-time updates.
- Delivery staff to use SMS to log in working hours e.g. for computation of overtime pay etc.

SMS AN ENABLER TO IMPROVE SALES OPERATIONS

Not only is SMS a powerful tool for communicating and engaging with the customer, SMS can also be used to improve sales operations.

Some examples:

- Mobile sales staff can send SMS to instantly retrieve sales-related information such as pricing, schedules, stock availability etc.
- As a management tool, management can send SMS (to a retail POS system) to obtain updates on each store's daily retail sales.

SMS FOR ENTERPRISE IT SYSTEM NOTIFICATIONS

At the heart of all enterprises is a reliable IT and network infrastructure. Network and systems availability is a critical function for any enterprise, from delivering internal corporate services to call centre operations, supply chain management etc. The IT support team needs to be informed immediately when there are critical events affecting the IT network and systems infrastructure.

Using SMS to deliver system and network alert notifications provides instant notification. This enables the IT team to increase its response time and proactively solve potential problems before services and end users are impacted.

SENDQUICK SMS SOLUTION FOR THE RETAIL INDUSTRY

sendQuick SMS gateway is an appliance based solution for businesses. sendQuick supports multiple types of configuration, from single server to RAID and High Availability (HA) infrastructure to ensure continuous SMS service availability to customers.

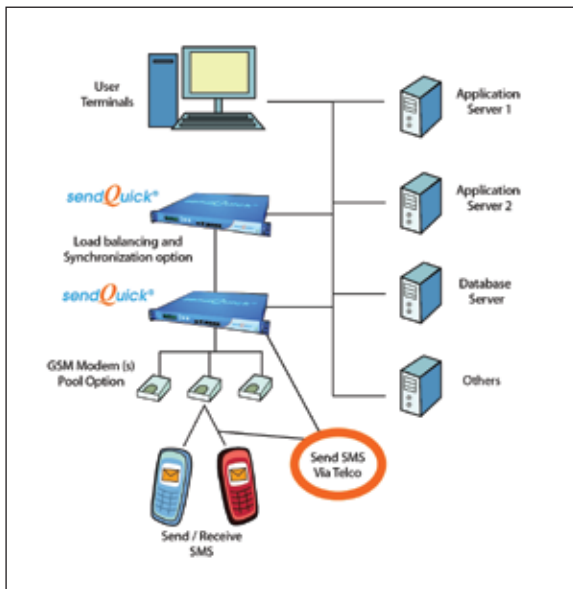
sendQuick has the following features to support retail operations as listed below:

- Web interface for direct messaging for different users to send different messages.
- Bulk messaging capability
- 2 way messaging for transactional based campaigns or enquiry
- Integration to back end systems (e.g. ERP) via HTTP Post, TCPIP messages, Secure FTP and others.
- IT notification messaging format (SMTP, SNMP Trap and Syslog)
- High throughput via Telco connection via HTTP Post or SMPP3.4.
- GSM modem messaging as a backup capability
- Database integration via ODBC connection
- Other connection method that can be customised

Unlike normal applications, sendQuick is delivered as an appliance server bringing the benefits of appliance server to the IT application teams. sendQuick has a low Total Cost of Ownership (TCO) and is maintenance free. All sendQuick systems comes with one (1) year standard warranty. As an appliance, it is easy and quick to deploy for the standard modules. sendQuick has been deployed in more than 1300 customers worldwide in more than 15 countries across all industries and applications.

TECHNICAL OVERVIEW

sendQuick works on standard TCPIP protocol, connecting to the network using standard 100BT with normal RJ45 cable. For Gigabit ethernet, the server that support this high speed network can be chosen. The schematic diagram is illustrated below.



RETURN OF INVESTMENT (ROI) COMPUTATION

sendQuick presents a good ROI for most retailers. The illustration on ROI computation below is based on a select usage of SMS. A higher SMS usage will result in a higher ROI.

Assumptions on retailer:

- Customer base of 5000 and acquires 1000 new customers a year (total 6000)
- 600 customer calls handled by call centre per month (7200 a year)
- Per SMS cost is S\$0.05
- Per mailer cost is S\$2.00 (materials, printing and postage)
- Per call centre call cost is S\$2.00 (labour, operations, call charges)

Scenario 1: Cost savings from sending promotional information via SMS twice a year

Cost of sending brochures/mailers via post = $(6000 \times S\$2.00) = S\12000
 Cost of sending SMS promotions = $(6000 \times S\$0.05) = S\300

Assuming 4 of such promotions are done in a year:
 Annual cost of sending mailers = $(S\$12000 \times 4) = S\48000
 Annual cost of SMS promotions = $(S\$300 \times 4) = S\1200
 Annual cost savings = $S\$46800$

Scenario 2: Cost savings from using SMS as a channel to handle customer service requests

Cost of handling calls via call centre per year = $(7200 \times S\$2.00) = S\14400

Assuming 30% of customer requests can be channeled via SMS
 Cost of SMS messages per year = $(70\% \times 7200 \times S\$2.00) = S\$10080$
 Annual cost savings = $S\$4212$

The above examples show that retailers can achieve an annual cost savings of at least S\$51000 from implementing SMS for the 2 services.

CONCLUSION

SMS is a powerful enabler and tool to help retailers achieve a personal, more engaging communication with the customer. This contributes to higher customer loyalty and deeper customer insight, and which in turn translates to higher sales. An investment in a reliable SMS system can also achieve significant cost savings.

A CUSTOMER'S SUCCESSFUL EXPERIENCE

FOTOHUB.COM

Fotohub.com Pte Ltd is a digital imaging and photo printing service provider in Singapore, with over 10 retail stores and an online printing portal. Fotohub.com uses SMS reminders to their customers to inform them of their photo print collection. It also uses SMS to send marketing messages to members of their online portal. Fotohub.com chose sendQuick Entera as their SMS gateway solution for its ease of implementation and low maintenance. As an appliance server deployed within the company's internal network, sendQuick also gives Fotohub.com the ability to retain sensitive customer data in-house.

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sendQuick® is the industry's leading appliance based SMS gateway specifically designed for enterprise messaging. Developed in 2004, it has since been implemented by more than 1300 companies worldwide across all continents.

As a low cost plug-and-play appliance that is reliable, scalable and compatible with key mobile technologies like GSM and CDMA, sendQuick® has been applied successfully across various industries. Examples includes banking, finance, insurance, manufacturing, retail, government, logistics, education, healthcare; for purposes like IT alerts and notifications, 2 factor authentication with SMS OTP (One Time Password), marketing campaigns, emergency broadcasting.

sendQuick® is developed by TalariaX Pte Ltd, a Singapore incorporated company focusing on mobile application development specifically on SMS, MMS and 3G technologies. Based on the channel development business model, TalariaX™ takes pride in working with strong partners, distributors and resellers to bring the benefits of SMS to enterprise customers worldwide.