Value of mobile vouchers increases in SA

One method of increasing sales in the retail sector is the introduction of mobile vouchers and coupons which offer smarter and more secure alternative to paper-based versions. These are issued, distributed, redeemed, reconciled and settled digitally whereas the paper-based versions rely on a manual process for each of the steps above.

Typically vouchers offer a specific monetary value that can be used as payment for any products and service, while coupons allows a consumer to buy the product at a discounted rate or receive added value.

Unlike paper format coupons, the mobile versions are received and stored digitally on a mobile phone (or PC). Although they could be delivered in a 1D or 2D barcode format, in South Africa today they are typically delivered by SMS using a numeric code. The reason for this is that most retail point of sale (POS) systems cannot accept the more sophisticated 1D/2D formats which require dedicated scanners at POS.

One of the main strengths of a mobile coupon versus a paper coupon, according to Mobilitrix, is a greater distribution capability. Mobile coupons can be distributed more widely using online, print, radio, TV, outdoor or direct advertising opportunities. In addition a mobile coupon can be distributed more intelligently using customer feedback from questionnaires or delivered based on customer actions. The improved distribution is a key driver in ensuring higher redemption rates for digital coupons compared to traditional paper coupon.

Mobile benefits

According to Mobilitrix, there are considerable benefits to using mobile vouchers

1. Mobile coupons offer higher redemption rates - Based on more intelligent data and improved profiling, mobile voucher campaigns offer higher redemption rates as 100% of all steps along the way can be tracked. This means that the exact campaign ROI can be measured against specific objectives and marketing requirements.
2. Enhanced distribution capabilities - and at a lower cost. A mobile coupon is sent digitally to a consumer's mobile phone and should only incur the digital cost for requesting the coupon. This cost is typically the cost of an SMS, WAP or USSD. In the even the customer receives the voucher to their phone because they have opted in to specific group; there is no cost to consumer in that scenario.
3. Real-time redemption versus manual process. A mobile coupon is validated in real-time at the POS in store. The POS connects via a switch to the issuer of the mobile coupon to check the exact status of that coupon. For a coupon, the real time redemption includes checking to see if that product (or SKU) is actually present in the basket at that time.
4. Reduce fraud and increased security. Paper coupons can be copied relatively easily and are open to abuse by staff and suppliers. A mobile coupon can be fraud free for a number of reasons, namely:
   a. Unique codes can be issued that are specific to a customer's mobile number
   b. Vouchers are validated in real-time and can be blocked if necessary at the time of redemption at the POS
   c. The coupon number is taken out of circulation once it has been redeemed, and this prevents re-circulation or re-use

5. Data Collection and Profiling. The mobile coupon campaign provides intelligent data, which allows brands to profile their customers and track purchase behaviour. Data collected starts with where the coupon was distributed from (e.g. a specific billboard or print ad), to where the customer used that coupon (including store ID, time day and location). The data is powerful and allows for accurate ROI calculations and direct engagement with the relevant customer.
6. Mobile coupons are linked to a SKU/Product Digital check. Paper coupons rely on staff manually checking if that item is in the basket at check out. Because mobile coupons are digitally delivered and redeemed, they rely on technical systems to see if that item is in the basket - and then only then approve it.

Hardware or software requirements

If a 1D or 2D barcode coupon is used, most retail stores in South Africa will require new hardware in the form of barcode scanners. If an SMS format is used with a numeric coupon code, typically this can be captured into the POS without any hardware changes, some software upgrades to the existing POS might be required.

Campaign options

It is optimal that any mobile coupon campaign be integrated into different marketing channels and does not reside as a stand alone opportunity. The beauty of the mobile phone is that it can engage with any advertising medium using SMS, WAP, USSD or mobile apps. Mobile coupon campaigns can help achieve a variety of sales and marketing objectives including:

* Increase sales of a product or product line in a specific retail environment
* Encourage product trial of a new product
* Encourage consumers to purchase across product lines (up-sell / cross-sell)
* Respond to competitor offers
* Sell overstocked products or slow moving products
* Clear seasonal items
* Reward repeat purchase and loyalty
* Increase average basket size value
* Increase foot traffic to a specific store
* Increase frequency of purchase

Other objectives may relate to:

* CRM initiatives where a company wants to build and optimise its database for marketing initiatives
* Existing loyalty and rewards programs that want to fine-tune their value-added service
* ERM programs that reward staff to enhance productivity and performance levels

Customer profiling and targeting critical to success

To increase the 2% redemption rate currently achieved using paper-based coupons, a more targeted distribution approach is required. The campaign should rely on more relevant data to intelligently manage the distribution process. This data can be captured and filtered by customer responses (to say a mobile survey), in store data (including basket items) or by store location that the customer visits.

Costs of campaign

Typically a mobile coupon should cost between R0.50 - R2.00 in the South African market place. That cost may be adjusted

depending on campaign volumes, customer survey costs, data analytics and other services that provide valuable insights into the mobile consumers purchasing habits. This cost should include the issue, distribution and redemption of the coupon, although reconciliation and settlement may incur further charges, depending on the nature of the campaign.