

# Mobile vouchers

## a marketer's



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It is fair to say that most of you reading this article would have tried to use a paper coupon component in one of your marketing campaigns over the past five years. I say tried, because the manual processes and effort required for both manufacturers and retailers, lack of measurable results, limited data captured, the time and the cost make this a poor to mediocre tool for marketers and hence it is not as widely used in SA compared to other countries.

It must be noted that the success of this tool for marketers is not only a function of how easy it is for marketers to use, but also at the consumer level is there good adoption and demand for coupons?

Research shows that from an SA market perspective, the low response rates to paper coupon campaigns in due to two main factors. The first issue regards the lack of availability of a coupon service in the non bricks-and-mortar FMCG segment (think informal sector spazas, tuck shops, taverns and that whole supply chain from large cash 'n carries down) as well as other key retail segments (primarily forecourt, hospitality and specialist retail).

Consider that for many of the large FMCG manufacturers in emerging markets, the informal market segment can account for up to 80 per cent of sales and therefore not having a workable coupon service limits the role that this tool can play when marketing to their customers and engaging with their merchants.

### Aspirations

Again, from a local perspective the second inhibitor at consumer level is the 'discomfort factor' experienced when paying with the paper coupon or voucher when standing in a queue at the point of sale (PoS).

The research suggests that people who are aspiring to move upward in society do not want to be seen as paying for goods with anything apart from cash or a card as it denotes poverty and lack of resources. This coupled with literacy issues and the need to understand detailed terms and conditions leaves the customer feeling uneasy and reluctant to include coupons in their buying habits.

For the record, it is worth noting some of the data that comes out of the global coupon market before we continue.

### The global picture

In a high coupon culture market like the US, the average consumer uses 18.60 coupons per year; in a medium coupon-culture market like the UK, the figure is 6.00 coupons per year and in a low coupon-culture market like SA that figure is a mere 0.25 coupons per year.

From a redemption rate perspective, virtually

every market globally struggles to present better than a two to three per cent redemption rate using a paper coupon service.

In my view, anything that yields that sort of result, is not a successful tool for marketers or obviously appealing to consumers.

So the questions that you might want answered could be summed up as follows: what is the likely impact of the next generation of coupons, which will take the form of a digital or mobile service in SA?

Secondly, how is this enhanced offering going to be made much more useful for marketers and more compelling for consumers? And, finally, what is the overall effect going to be on the business of selling more products, building longer and more profitable relationships with customers and meeting strategic business objectives?

### Digital flexibility

For a marketer, regardless of sector or campaign requirements, digital coupons now mean that campaigns are managed from a PC – and not from a printing press. This immediately opens up new ways to easily and flexibly create, manage and adapt campaigns in a real-time format. This in itself is a game changer as the lead times are significantly shortened, the ability to draw measurable insights is immediate and cost is reduced.

Furthermore, mobile coupons add value by giving measurable data that can be compared across all channels.

### Targeting

Currently, paper vouchers are limited to a physical distribution format (such as in a newspaper or on-pack/in aisle), whereas with a mobile coupon, the call-to-action can be used in any and all media channels (from outdoor, to TV and print, to social media). This facilitates wider distribution, yet more targeting when used in conjunction with mobile CRM services and mobile data services such as surveys, groups, competition rules, keywords and tags – all designed to capture customer data and enhance targeting and profiling (in itself an enormous topic).

From a redemption of the coupon perspective, campaigns that require exact store location to benefit from Near Field Communications (NFC) data as well as other proximity-based data now become possible. Add to that requirement an offer ring-fenced to a specific region or group of stores and the marketing imagination starts to run wild.

Targeting enhancements and improved redemption processes open up greater ways to include mobile coupons to be used to shift behav-

# and coupons new best friend

your to achieve the strategic campaign goals.

Other redemption parameters beyond location, such as time/day/SKU or SKU-combinations, give a nice insight into how consumer behaviour is likely to be influenced using smart marketing technology and mobile devices.

In terms of distribution of retail outlets, marketers will be glad to see that both informal and formal retail segments look set to participate in the retail coupon and voucher landscape.

Improved low-cost PoS systems make the currently un-serviced informal market segment a participant in the new mobile coupon world – and a number of early players have started showing results in this market segment.

Furthermore, the proliferation of virtual rewards – starting with airtime, of course – but including e-currencies, MXit Moola, competitions, mPesa, all kinds of content, should also play a role in incentivising the consumer in this lower to mid LSM segment that places a large emphasis (and disposable income!) on the mobile phone channel.

## Attraction

From the consumer's side, the market data and research show that a couple of things are making mobile or digital vouchers more attractive to consumers.

The first is the mobile element itself, whether delivered via an e-wallet or SMS, the mere change of format is viewed positively by consumers. Call it enhancement by association – we all know that mobile is cool, mobile is in – and, in this case, changing the medium is just the way consumers like it (and yes, one more reminder that mobile phones are becoming more and more integrated in all of our lives, in every way).

The second biggest change from the consumer side is the ability to pre-select or register for coupons or vouchers that they are interested in. The days of receiving unwanted wads of paper coupons in your post box or local newspaper have passed.

Technology allows for the viewing and selecting of coupons using USSD- or WAP-based menus – and the more customers begin to engage and use mobile coupons, the better the profiling and segmentation process evolves.

Other responses that are frequently used by consumers who have used a mobile coupon are speed of service, the convenience factor and ease of use across all areas (eg deleted your coupon by mistake? Send an SMS for a replacement; not sure what the balance or status is? Check the .mobisite or SMS to verify).

## Cost

From a cost perspective, mobile coupons appear to cost around 10–20 per cent of the paper version and business users should end up paying somewhere between R0.50 to R2.00 per voucher – depending on what is included in the service, from data capture, to data storage, and reconciliation and settlement elements.

It must be noted that the exact costs are not always clear when comparing the two formats as some areas of the paper service such as manual counting, reconciliation and settlement costs are unclear.

From a business advice perspective, marketers who are looking to test out the new world of mobile vouchers and coupons, best-practise advice rules apply: go with a tried and tested supplier; start small

and start smart – test and learn, and see what works for your market segment and your customers.

Results always come easier when you know what you want, understand your budget, aim for measurable and clear goals. What not to do? Don't spam the customer and think it is customer engagement. There are rules that now apply and the customer is getting more power and greater say due to technology. Respect this and learn to engage with your customers in the digital world.

