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Digital Rebates



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Table of Contents

**Introduction to
Digital Rebates** 1

**Outlining the
Problem** 2

**Why Digital Makes
Rebates Better** 4

**Snipp's Tips:
Designing a
Better Rebate** 8

**Contact Us
References** 10

Digital Rebates

Rebates, or money-back offers, are a tried-and-tested marketing strategy, with 53 percent of Americans having taken advantage of them in some form, and more than \$76 billion in rebates processed annually in the US.¹



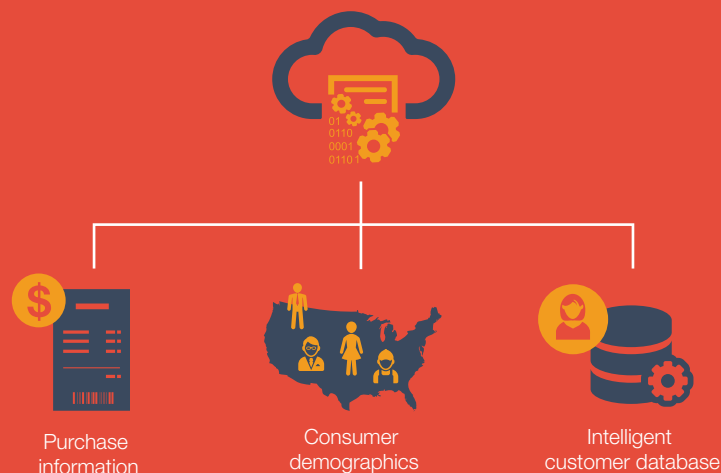
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But companies gain more than just a one-off sale through these promotions — rebates are a data goldmine, the process naturally provides the sponsor with purchase information, consumer demographics and a significant, intelligent customer database. When rebates are actually redeemed, that is.

Traditional mail-in rebates have been plagued with dissatisfaction around their cumbersome process requirements, slow speeds, and inconvenient redemption options. Consumers themselves are calling for a digital overhaul, with 70 percent of survey respondents saying they would be more likely to take advantage of a rebate if they could submit all of the information online or via mobile phone². In order to provide a sense of what this new world order would involve, we present the following Marketer's Guide to Digital Rebates.



70% Survey respondents

Outlining the Problem

In today's highly competitive retail market, a money-back rebate can often be the variable that stands between either moving or stacking inventory. Rebates tap into basic consumer psychology – why pay full price at another store, when you could save a few bucks on a similar item at this one instead?



By offering some kind of discount, a retailer can motivate their customer to purchase the rebate product.³ Rebates have also shown to incentivize customers to go to a store they normally do not visit, to buy one brand over another, and to even indulge in a more expensive product⁴. This is because discounts create a sense of urgency to purchase, and the lure of a good deal -- no matter how big or small -- can heavily influence even the most rational consumer to forget their college Econ lessons⁵.



Just as letter writing gave way to the immediacy of email, customer dissatisfaction with traditional mail-in rebates are leading to a digital revolution. Why? For one thing, who keeps stamps around the house?

Burdensome, Opaque Processes:

In 2014, The Wall Street Journal wrote that fewer than 50% of consumers tend to mail in their rebates, citing burdensome processes and the level of documentation required⁶. In today's digital savvy world, why ask a consumer to fill out a paper form and mail in a proof of purchase such receipt or UPC code when he or she can upload this content online or send it in via email or text message? Not only is the application painful, but consumers then deal with a communication black hole where they do not hear back for weeks. No wonder redemption rates drop as the size of the rebate falls.

Potential for Negative Brand Sentiment:

The traditional rebates experience, which reflects on the brand itself, is archaic, and seduces too many consumers with potential savings that ultimately never get realized. Further, many brands opt to maximize rebates breakage in order to increase short-term profits⁷. This strategy is rife with the potential for backlash - while the rebate may help close the sale, the resultant negativity towards the redemption process, and the brand itself, can outweigh that gain.



Limited, Inconvenient Redemption Methods:

Many brands still offer checks as the only redemption method – and in an era where many retailers have phased out check acceptance, this is a remarkably outdated choice.

Consumers need to be offered redemption options that better fit their mobile and cash-less lifestyles, such as direct deposit, prepaid debit or gift cards.



Untapped Customer Data:

Mail-in rebates require manual data entry, which is costly and often dismissed by budget-conscious sponsors – but in doing so, the potential for utilizing valuable and relevant customer data for future marketing initiatives remains untapped

Why Digital Makes Rebates Better:

Higher customer expectations about every aspect of their purchase experience is changing the psychology of rebates - sure, it's still about providing justification for the purchase (after all, \$3 off a \$9 purchase is only \$6, right!?), but how they feel about jumping through hoops, and their level of tolerance for delayed processes is changing as well. In the era of viral hashtags, companies are starting to realize that a single negative customer experience can be amplified like never before. And when it comes to rebates, the reality is that by purchasing the offer product, the customer is already fulfilling their part of the deal⁸ – an overly lengthy, effortful redemption that places too much of an onus on a busy person is unfair.



And shortsighted, especially since hassle-free money back – and the sense of reciprocity that comes with it -- makes people loyal and want to become brand advocates. Long term customer relationships are built on emotion⁹, and on the overall brand experience -- so each step in the rebate process, i.e., the offer, the reward, the submission and the after-sale service support customers receive, should all work together to build brand love.



In the era of the Smart Customer, companies have to make rebates easy for their consumers, or watch them flock to competitors. Fortunately, today's digital technologies and platform-based solutions make redesigning rebates incredibly easy, and enable the following improvements:

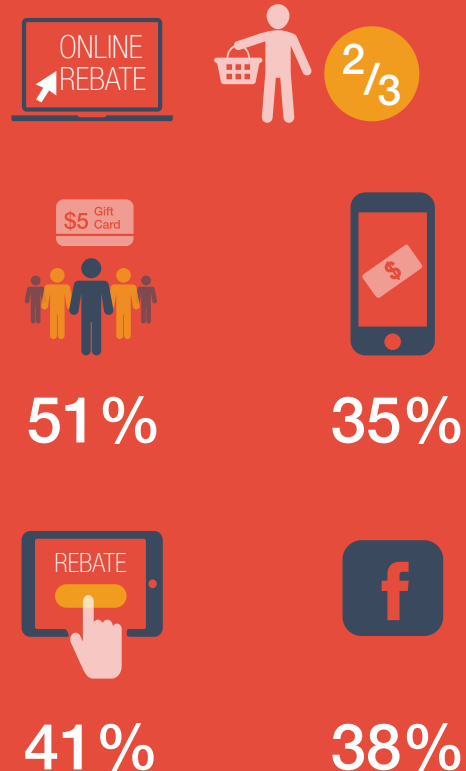
Faster, Better and Flexible Processes:

Today, many rebate programs are delivered in a 100% digital manner, making the entire purchase and redemption process a snap - literally. Consumers can snap a picture of their receipt, and upload their personal information via a web site or mobile app and, following the validation process, (sometimes with integrated API connections with the retailer's systems) they receive an email or text with a digital code for redemption. Not only is application a snap through digital means, but customers can be updated or can check the status of their rebate at a time.



With today's cloud based technology platforms, processing can be fast and seamless. And consumers are only too happy to participate through digital channels - the Inmar 2014 Annual Shopper Behavior Survey in January 2014¹⁰ found that:

- Nearly two-thirds of shoppers have used online rebates.
- 51 percent of participating shoppers expressed the wish that all rebates were digital.
- 35 percent wanted rebate offers sent directly to their mobile phone for regularly purchased items.
- 41 percent accessed offers from a mobile phone application
- 38 percent used social media for rebate usage via Facebook.



Customized Redemption:

Digital technology also gives consumers a choice when it comes to their rebate redemption method. Instead of a paper check in the mail, a wide-range of options that include direct deposit, prepaid cards, gift cards, and PayPal can be delivered electronically for selection. Card-Linked Marketing is a method in which digital rebate offers are uploaded straight to a customer's credit or debit cards, and forms another means to customize rebate offers in a digital world. CLM



provides recommendations based on 'whole-wallet' spend -- the consumer's history across stores and categories -- making rebate offers exceedingly targeted, and exceedingly customized. These make conversion rates soar and rebate redemptions more likely- 80% more likely to be exact.^{11, 12}

Valuable Customer Insights:

The real value of rebates – beyond conversion at the point of sale – is the insights they provide, that can go towards understanding customers better. One of the greatest competitive advantages that any company has in the anytime, anywhere, always-on world of digitally-enabled smart shoppers is its understanding of its customers. As engagement across channels

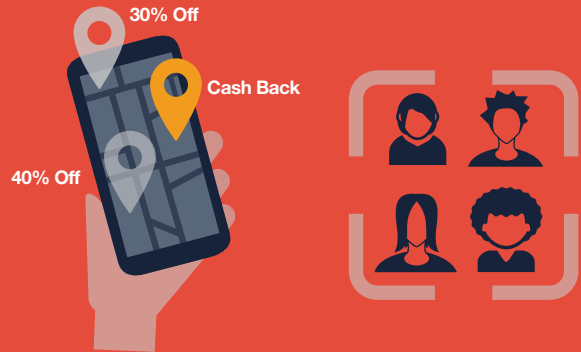


grows, a better picture of the customer emerges, making the ROI on rebate programs grow ever stronger. By using digital receipt validation, brands can learn much more about consumer purchasing patterns including purchase location, retailer preferences and demographic details, thereby better deploying assets and catering to consumer needs.

For Retail and CPG Manufacturers who historically have a hard time connecting directly with their actual end users, the customer data from rebate programs offer unique opportunities to develop meaningful engagement strategies for the future¹³.

Quicker, More Agile Response to Competition:

In today's competitive product world, shoppers are becoming shrewder in how they use rebate offers to secure the best bargains — especially since smartphones and location-based marketing have radically increased their ability to search for the best offers around. Buyers aren't necessarily jumping at every deal they find, they may hunt around more than in previous years¹⁴. The digital world is a vast place, and better prices are often just a click away for the savvy shopper. The pressure is now on brands to create more bargain incentives and a user experience that makes it easy for consumers to save money¹⁵ —



especially if they want to target millennials, who are proving to be the most money conscious and digitally driven consumer group¹⁶. Digital rebates allow brands and retailers to be much more agile in responding to competition, with technologies like e-beacons facilitating highly targeted, specific offers to be sent to shoppers as they walk past product aisles — straight to their phone, for near-instant redemption.

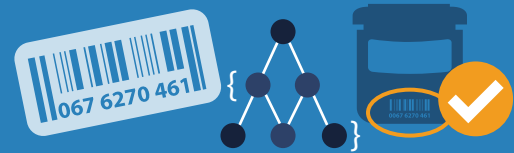
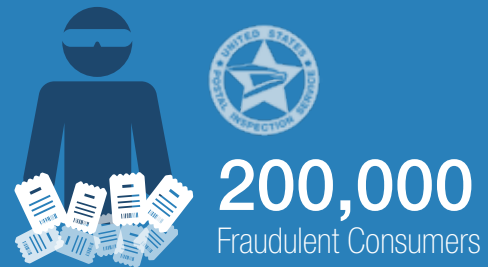


For brick-and-mortar retailers looking to compete with online shopping, these kinds of location-based mobile rebates can effectively appeal to a shopper's desire for the best deal, allowing them to advertise a lower net price than online retailers can¹⁷.

Better Fraud Prevention:

Digital processing of rebates allows companies better options for detecting and reducing fraud. Rebate fraud costs brands hundreds of millions of dollars annually¹⁸. For example, the most common type of fraud scheme includes multiple submissions using fictitious names and addresses - the U.S. Postal Inspection Service reports there are approximately 200,000 such fraudulent consumers.

Another major fraud involves the submission of fake serial numbers for rebate claim. Many such schemes can be prevented through digital oversight – with digital redemption, algorithms can match unique serial numbers from every product sold, against those submitted for rebates, thereby eliminating the potential for human error and fraud. By tracking sell-in, sell-out data, retailers can eliminate questionable rebate claims against actual, up-to-date inventory. Digital redemption processes also enable the tracking of unique digital footprints such as IP addresses (for online), and also unique smartphone identifiers.



In this way, brands can protect themselves from a phone being used to submit more claims than are allowed by a particular program¹⁹. Fraud detection and protection is often built-into technology platforms like our own SnippCheck, which processes and validates receipts for rebate promotions, and can manage entry loads that run into millions.



Snipp's Tips: Designing a Better Rebate

✓ **Simple, Customer-First Submissions:** Users should be able to submit their receipts by picture text messaging, email or web-upload. No more licking of stamps or trips to the mailbox.



✓ **Minimal Proof of Purchase:** Nothing more than a scanned/snapped copy of the store receipt, or barcode and UPC symbol from the product packaging.



- ✓ **Transparent Processing:** During the processing of a rebate claim, customers should be able to view the status of their rebate claim at any time, in real-time, and be notified of the outcome.



- ✓ **Consumer Friendly Reward Options:** Consumers should be able to choose their own rewards delivery mechanisms – for example, SnippRebates supports a wide variety of options including prepaid cards, checks in the mail, PayPal and more. Even loyalty points are favorable redemption options. With choice comes satisfaction, enriched brand experience, increased customer loyalty and positive word-of-mouth.²⁰



- ✓ **Big Daddy Data:** The rebate redemption process has to ensure that clients get demographic and purchase data for the program, with valuable, actionable, customer insights.



- ✓ **Keep up the conversation:** In the “old school” way, the rebate promotion would end with the final redemption check. These days, the check is the conversation ice-breaker. Leverage data from the rebate process as a way to continue engaging the customer. This mindset makes rebates a tool for getting new customers, encouraging them to buy more and allowing them to spread the word.²¹



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