SNIPP

A GUIDE TO PURCHASE VALIDATION TECHNOLOGY

WHITE PAPER

Rewarding customers for purchase is a tried and tested retail marketing tactic. It reinforces loyalty, allowing brands and retailers to incent purchase without embarking upon pricing wars and ever-deeper discounts.

In the past, consumers had to jump through a series of hoops in order to redeem a purchase-based reward: they had to save their proof of purchase, fill out a form, mail it in, and then wait weeks to receive either a rebate check or a gift (selected from a narrow list of options). But with digital solutions today, the path to redemption has become increasingly streamlined and instantaneous. They can either text a picture of their purchase receipt in order to receive a digital reward, or they can use mobile payments and loyalty apps to instantly access loyalty points for immediate or future use. For consumers, the relevancy of digital rewards – such as instant rebates, or selections from vast arrays of movie, music and app downloads – and the convenience and immediacy of the redemption process can be a huge draw. For retailers and brands, the digital path to redemption provides valuable customer data that helps them tailor and personalize additional offers, to incent future purchases or referrals - or even encourage participation in loyalty programs.

In order to transform a single purchase into a lasting customer relationship through reward offers, purchases have to be validated securely and effectively, while also enabling access to as much data as possible. To help our brand and agency partners navigate the increasingly populated landscape of technology options, we've put together **A Guide to Purchase Validation Technology.**

PURCHASE VALIDATION TECHNOLOGY #1

CODE ON-PACK

After purchasing the product, consumers open the packaging, find the code, and either text in the 15-digit alphanumeric code, or scan the QR code via a code-reading app.

Kellogg's Family Rewards built its rewards program around code on-pack, with consumers cutting out or texting in the codes found inside its product packaging. Although code on-pack is still a mechanism for accessing rewards, the program is combining it with receipt processing (using Snipp's SnippCheck Receipt Processing technology) and retailer integrated loyalty cards[1].

Features Of Code On-Pack

Cumbersome Process for Consumers:
Consumers must type in a long string of alphanumeric codes into a website or text message to validate their purchase. In the case of multiple different brand products, or several quantities of the same product, the process has to be repeated over and over due to the unique nature of each package code. For QR codes, a code-reading app has to be downloaded from among the range of non-standard QR apps around.

Expensive and Error-prone:
Expensive to print and manage unique codes on packaging, and inherently error-prone due to consumer typos.

Data Limitations:
With code on-pack, all a brand can know is that a consumer purchased its product; they will not have access to information on where the purchase took place, or what else was bought.

Program Limitations:
With this process, brands can't offer cross promotions requiring consumers to buy two different products on the same purchase, as code on-pack doesn't provide information on if the purchases were made at the same time, or even at the same location.

PURCHASE VALIDATION TECHNOLOGY #2

RECEIPT PROCESSING

Shoppers take photos of their receipts upon purchase, and text or upload them to a promotional number or website in order to claim discounts, rebates, loyalty points or prizes. Receipts are processed and analyzed through Optical Character Recognition (OCR).

weightwatchers

Weight Watchers sought to launch a promotion in the UK that encouraged consumers to make healthy choices at their local supermarkets. But with more than 100 products across over 20 categories, Weight Watchers faced a real challenge in how to run a cross-category proof of purchase promotion. SnippCheck allowed them a simple, yet powerful solution which provided a seamless end-to-end experience for consumers. By submitting their receipts showing qualifying purchases, shoppers were automatically entered for chances to win £1 million worth of fitness prizes. Snipp validated all purchase receipts, and managed redemptions for all qualifying entries[2].

Features Of Receipt Processing

Convenient and Easy to Use:
Receipt-based solutions solve a major problem with code on-pack, as it is easier for consumers to take a photo of one receipt than type in multiple 15 digit codes, or even download an app. The downside is that it still requires an extra step from the consumer, albeit one that takes advantage of the most basic phone features (camera and text).

Cheap and Flexible to Implement:
Since no printing of codes or packaging changes are required, nor is there a need to invest in new operational technologies and POS infrastructure, these programs are cheaper and quicker to set up. This allows for experimentation and pop up programs incorporating coupons, loyalty points, contests and giveaways. It can also allow a high level of customization within the promotions and programs as needed; brands can choose to restrict a promotion to a specific retailer or set of retailers, or even channels.

Data Data Data:
The sheer volume of potential data and analytics that receipt processing can unlock is by far the most important benefit to brands and retailers. With a purchase receipt, they can access a comprehensive picture of a shopper based on full basket data – not just the purchase of their own brand – as well as information on purchase location, time of day, and other product preferences. This kind of data allows brands to target their promotions more effectively, create product bundles,[3] and offer more localized and personalized touches to better serve shopper needs[3].

PURCHASE VALIDATION TECHNOLOGY #3

LOAD-TO-CARD: RETAILER INTEGRATIONS

The consumer pre-registers and associates their retailer loyalty card numbers with the program. When they shop at the retailer, they swipe their loyalty card or scan their loyalty app and information is automatically sent to participating loyalty programs.

SavingStar™

SavingStar is a grocery rewards platform with over six million members enrolled[4]. Consumers register on SavingStar's website by inputting their zip code and loyalty card number. SavingStar then aggregates the stores in that zip code that offer deals through their platform. Once the consumer is linked to SavingStar, they only need to swipe their loyalty card at check out in order to get the discounts and cash back offers. In the event that they forget their loyalty card, they also have the option of taking a snapshot of their receipt and uploading it to the app or website.[5]

LOYALTY CARD

AC500387705

Features Of Load-To-Card: Retailer Integrations

Convenient and Easy to Use:
From a consumer perspective, load-to-card is an easy way to redeem their purchase rewards, as they simply swipe their loyalty cards (or downloaded loyalty app). No forms to fill, no extra steps to take.

Better Data Collection:
For the brand, this mechanism offers a good amount of data especially since it's collected at the source.

Higher Levels of Redemption:
Promotional offers and coupons loaded digitally via load-to-card have a much higher redemption rate. Almost 8 out of 10 consumers forego making a CPG purchase in-store if they forget a coupon[6,] so load-to-card solves this issue by having them available through the loyalty card itself. According to Inmar, "these digitally discovered offers are highly effective in motivating shoppers, and maintaining both brand and retailer loyalty."[7]

Incomplete Solution:
Load-to-card is by default a limited solution since a large number of retailers don't even have a loyalty card to begin with. In order to gain 100% coverage of all retailers, this solution would ideally be used in conjunction with receipt processing.

PURCHASE VALIDATION TECHNOLOGY #4

LOAD-TO-CARD: CREDIT CARD INTEGRATIONS

With each swipe of the linked credit card at any of the coalition's participating merchants, consumers' point-of-sale rewards are automatically deposited into a cumulative account.

Features Of Load-To-Card: Credit Card Integrations

Seamless and Secure:
Banks and payments providers are pioneering innovations that help retailers optimize the shopping experience for customers. Credit card integrations provide consumers with a sense of safety and security in handing over their private information and open the door for larger participation in promotional schemes.

Convenient and Easy to Use:
Doesn't require any additional steps for participation or redemption of purchase based rewards – the consumer simply pays by credit card as usual, and validation is automatically carried out.

Increased Flexibility in Implementation:
Programs designed via credit card integrations are inherently more flexible and scalable.

Incomplete Solution:
Would only work for certain types of programs and only with credit cards.

Data Limitations:
Credit cards offer information only about the retailer/vendor and the total amount purchased – not line item specifics about the products purchased.

PURCHASE VALIDATION TECHNOLOGY #5

DIRECT POS INTEGRATIONS

The customer simply pays for their purchases as normal, with either credit card, store credit/ loyalty card, or cash. The POS logs purchase information and deducts cash back amounts or validates redeemable rewards. Currently there are lots of different ways this is being done; either by creating integrations with each major POS manufacturer; or by creating an interface between barcode scanners and POS to capture transactions as they are being entered; or by writing an API specific to a particular POS implementation.

Features Of Direct POS Integrations

High Level of Ease and Convenience to the Customer:
This process usually requires only a phone number or loyalty number entry in order to facilitate rewards validation.

Cost-Efficient:
Retailers don't have to run separate platforms to process payments and run customer rewards programs. With an increasing number of cloud-based POS systems now offering their own loyalty tools or offering integration with existing rewards programs, there are a number of available, cost-effective options.

High Level of Data:
POS captures product level data, necessary for multiproduct promotional efforts. Since it allows for cash payments as well, it also enables information to be captured on consumers who don't have credit cards.

Limitations to Brands:
POS-integrated promotions require retailer consent/permission to be carried out. Hence this tool is most useful for retailer programs, and not brand or product specific ones.

CONCLUSION

For multichannel brand loyalty, the best practice solution is either Receipt Processing or Load-to-Loyalty Card and Receipt Processing. For retailer programs, a POS integration is probably the most effective solution, while for coalition programs with lots of small business vendors, a Load-to-Credit Card solution would work well.

CONTACT US

✉ lets.talk@snipp.com

🌐 www.snipp.com

f www.facebook.com/SnippInc

t www.twitter.com/snippinc

in www.linkedin.com/company/snipp

Snipp is a global loyalty and promotions company with a singular focus: to develop disruptive engagement platforms that generate insights and drive sales. Our solutions include shopper marketing promotions, loyalty, rewards, rebates and data analytics, all of which are seamlessly integrated to provide a one-stop marketing technology platform. We also provide the services and expertise to design, execute and promote client programs. SnippCheck, our receipt processing engine, is the market leader for receipt-based purchase validation; SnippLoyalty is the only unified loyalty solution in the market for CPG brands. Snipp has powered hundreds of programs for Fortune 1000 brands and world-class agencies and partners.

REFERENCES

[1] http://www.prnewswire.com/news-releases/kellogg-enhances-kelloggs-family-rewards-program-in-the-us-new-technology-more-participating-brands-make-it-easier-to-collect-points-earn-rewards-300093413.html

[2] http://www.themarketingblog.co.uk/2016/03/weight-watchers-uk-partners-with-toucan-snipp-interactive-to-deliver-a-uk-industry-first-cross-category-promotion-using-receipt-validation/

[3] http://www.epos.co.uk/news/marketing-power-behind-digital-receipts-2/

[4] https://www.crunchbase.com/organization/savingstar#/entity

[5] http://www.magnifymoney.com/blog/earning-cashback/savingstar-turns-couponing-loyalty-cards-cash-back

[6] http://www.sdcexec.com/news/12066443/key-coupon-and-promotion-trends-for-q1-2015

[7] http://www.sdcexec.com/news/12066443/key-coupon-and-promotion-trends-for-q1-2015