DIGITAL OFFERS: IMPROVING COUPONS AND LOYALTY ON THE WEB

Jörg Heuer, September 22, 2016

LIFE IS FOR SHARING.

DIGITAL OFFERS - WHAT AND WHEN

Goals

Build a community around the topic of digital offers on the Web, including coupons, vouchers, loyalty, points, rewards, discounts, etc.

Understand what **web standards** could help address priority industry challenges.

The plan is to launch a W3C Community Group to identify industry challenges and how Web standards could help address them.

INITIAL DISCUSSION TOPICS

Our starting point comprises three points

- **Management and Distribution –** how coupons are managed and made available to users
- **User Action –** how users clip, store, review, and redeem coupons (or pair an offer with a buy action) during a transaction
- **Settlement –** how merchants and coupon distributors settle

Note: These topics and the way we organize them are just evolving

Feedback is welcome!

PRE-TPAC OUTREACH

Members of the group sent out mails to relevant companies

- **Reached out to 40+ companies –** presenting discussion topics
- **Some 20 responses are in now –** most input is reflected in the wiki and this presentation (but not all yet)
- **Most responses included expressions of interest**
- **One very detailed set of comments was received and reflected**

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MANAGEMENT AND DISTRIBUTION

DECENTRALIZED LOOKUP

There are several ways of determining whether a coupon applies to a given product:

- Lookup aggregator's databases

- Pull local copies (regular update)

- Some merchants don't have the means or shy away from the costs, likely using offline/ bulk mechanisms

Invigoration/ flexibilization of the market: allow everyone to communicate with aggregators, or directly with Consumer Packaged Goods (CPG) companies and other coupon distributors – using web technologies

Questions:

What is necessary to enable coupon distributors and merchants to exchange information directly about coupons and digital offers?

How will offline use be managed?

DISTRIBUTION TO MOBILE DEVICES WITHOUT APP INSTALLATION

Merchants would like to push digital offers to their customers

- when the customer is physically near or in a store, e.g. using geo-fencing beacon technology
- users discover offers (e.g., in-store) and may wish to transfer them to their mobile devices
- Traditional media (paper, posters, mailings) might carry references/ codes which could be imported (applies to QR codes and NFC as well)

While some users may be willing to install specific software (e.g., apps), for many it is a usage hurdle of magnitude.

Questions:

What is necessary for merchants to push offers to customers (with their consent) without requiring software installation?

Once a user has received "out of app" offers, how does the user enter them into the transaction flow (e.g., via a QR code or bar code or NFC at a Point of Sale)?

What identity requirements might there be (e.g., to be able to map the offer back to the point-of-sale transaction)?

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CONTROLS ON DISTRIBUTION

The shift from paper to digital means that offers may be effortlessly copied and transmitted, raising new questions for marketers about how to measure the effectiveness of their campaigns, how to associate offers with individuals, etc.

Constraints on the distribution of coupons or other digital offers may exist (e.g. through regulation, on age, location, ...)

Some merchants/ vendors may wish to limit access to digital coupons to authorized parties

See related [Controls on Redemption](#) below

Questions:

To achieve the goal of limiting distribution of digital offers, what mechanisms are in use today (e.g., people make assertions of their age on Web sites)?

Is there evidence that these mechanisms are inadequate or prevent broader usage of digital offers?

Do digital marketers have standard mechanisms to be able to measure the impact of, for example, targeted advertising?

USER ACTION

INTEROPERABLE CLIP AND SAVE

In the world of paper coupons, consumers clip and save them.

It is not as easy with digital coupons.

Question: What is necessary to enable consumers to clip and save digital coupons without interoperability issues, so that coupon distributors easily reach a variety of applications, and let applications easily receive coupons from a variety of sources?

REDEMPTION OF OFFERS RECEIVED "OUT OF APP"

Once „out-of-app" offers are established, redemption will need to be solved in a generic way.

Questions:

Once a user has received "out of app" offers, how does the user enter them into the transaction flow (e.g., via a QR code or bar code at a Point of Sale)?

What identity requirements might there be (e.g., to be able to map the offer back to the point-of-sale transaction)?

STREAMLINED REDEMPTION DURING STANDARDIZED CHECKOUT

Today there is no common way for consumers to redeem digital offers during checkout.

Question: What is necessary to enable consumers to redeem saved coupons during checkout?

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MULTI-TENDER PAYMENTS - COMBINING COUPONS AND MONEY

During checkout, customers will like to choose combinations of payment methods and digital offers to "get the best deal." The API in development in the Web Payments Working Group does not readily support multi-tender payments.

Question: What is necessary to support multi-tender payments (including application of digital offers and payment methods) during checkout?

CONTROLS ON REDEMPTION

Merchants and manufacturers (CPGs) often want to limit the redemption of offers.

- On specific goods or categories of goods

- To a certain age

- If a specific payment instrument is used

- To regions, shop location, time of day, day of week, etc.

- According to regulatory restrictions

- If a proper loyalty card/ customer identity is presented (e.g., double points for purchase of certain products)

- All relevant information about conditions for validity needs to be visible to the user

Questions:

What is necessary to allow the issuers of offers to ensure that offers are only used under the right conditions?
**How can we make sure that accompanying user information is not lost, when offers are digitized? (Can we rather improve?)**

SETTLEMENT

NEAR REAL-TIME FUNDING

Merchants are oftentimes not the (only) ones who issued the offer, but in case of price reductions, they need to wait for reimbursement.

- Merchants want to streamline the settlement process in order to be funded for redeemed offers as soon as possible.
- When and where a digital offer was redeemed will be known - close to real-time to distributors (e.g. CPG's, brokers).
- Funding may be available either through a direct to consumer offer from CPG or a merchant created offer with marketing-related funding from a CPG.
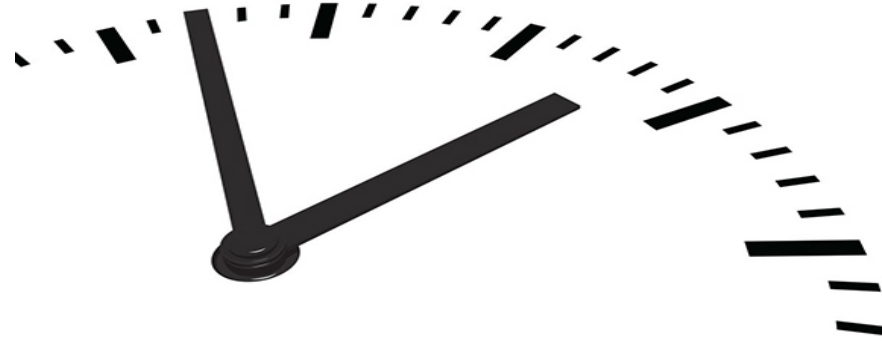
Question: What is necessary to enable the transfer of funds, as close to real-time, to merchants for redeemed offers from a distributor?

Note: We recognize batch processing will continue to play a role in the ecosystem and can be discussed along with this topic.

ABILITY TO DISTINGUISH FUNDING SOURCES

Offers may be funded from a variety of sources (including the merchant)
Merchants need to distinguish the funding sources for individual offers for several reasons, including reconciliation and to determine reimbursement eligibility.

Question: what is necessary for reconciliation and reimbursement of digital offers to distinguish funding sources?

CONCLUSION

OTHER TOPICS AND RESOURCES

Other topics to track in the CG

- Security and Privacy (e.g., PCI issues, limitations on connecting to public internet at a POS).

- Merchant internal processes, and which might benefit from increased interoperability

- Fraud management

The text in this presentation was derived from the Digital Offers 2016 wiki page and altered to fit the presentation format and the presenter's lingual capabilities. The original and any future up-to-date version can be found at:

https:// www.w3.org/Payments/IG/wiki/Main_Page/Loyalty2016

Draft Charter:

https://www.w3.org/Payments/IG/wiki/Main_Page/Loyalty2016/Charter

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PLAN FOR THE NEXT TWELVE MONTHS

Timeline

3 October:	Review revised proposal with the Interest Group
10 October:	Launch Community Group
January 2017:	Report on state of digital offers on the Web
May 2017:	Gap analysis of key Web component needs
September 2017:	Incubated specification available
October 2017:	Propose WG Charter to Membership

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THANK YOU!