



# Partnering Smarter – How Savvy Retailers and Brands Can Win with Digital Offers and Point-of-Sale Attribution

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*Sparkfly*<sup>™</sup>

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## Stats Tell Part of the Story

- ❖ Coca-Cola introduced coupons in 1887
- ❖ 315 billion coupons were issued in the U.S. in 2013, 2.8 billion were redeemed (NCH)
- ❖ 66 million digital coupons were redeemed in 2013 – a 141 percent increase over 2012 (Inmar)
- ❖ Nonfood coupons represented two-thirds of all insert coupons printed, an increase of 8.2% over last year (Kantar)
- ❖ The average face value of all insert coupons so far this year is \$1.69, up 4.5% from this time last year (Kantar)
- ❖ 29% of American use online coupons (up from 16% three years ago) and 10% use mobile coupons (up from 4% three years ago) (RetailMeNot)
- ❖ In August the percentage of visits to websites from mobile devices (smartphones and tablets) exceeded 50% (Branding Brand.com)
- ❖ 55% of shoppers digitally “clip” coupons (Inmar)
- ❖ Almost one in five (18%) of consumers use coupons once per week, and 14 percent do so more than once weekly (Scarborough)
- ❖ The number of ecoupons redeemed will top 31 billion in 2017, up from 16 billion this year (Juniper Research)
- ❖ 50% of mobile users share coupons, sales and ads with friends (RadiumOne)
- ❖ By 2018 over half of mobile ads will be location targeted (BIA-Kelsey)
- ❖ In the U.S., trip frequency has fallen 15 percent over the last six years, while basket size has climbed only 9 percent (Nielsen)
- ❖ Trade promotion spending averages 15 to 20 percent of manufacturers’ sales (Accenture)
- ❖ A third of display ads for General Mills brands promote couponing (L2)
- ❖ 90% of all U.S. retail sales happen within four walls of a physical store (AT Kearney)

## 1. EXECUTIVE SUMMARY

<b>Promotional Offers – a Doubled-edged Sword</b>	<ul style="list-style-type: none"> <li>▪ Many retailers and brands have developed an aversion to promotions.</li> <li>▪ While coupons and offers are ubiquitous, most promotional campaigns drive short-lived results that erode margins and do little to boost the bottom line.</li> <li>▪ Since they ultimately pay the bill for promotions, manufacturers are also pushing back against indiscriminate campaigns.</li> </ul>
<b>Shift to Digital Promotional Offers</b>	<ul style="list-style-type: none"> <li>▪ In contrast to "giving margin away," retailers and brands can use digital promotional offers strategically to drive traffic, boost transactions and improve the bottom line.</li> <li>▪ Though a small percentage of the volume, digital offers are growing at a double-digit rate, fueled in part by consumers' use of mobile devices and channels.</li> <li>▪ Compared to conventional promotions, digital offers can be deployed with precision to match shoppers' needs and preferences, drive traffic and generate incremental business.</li> <li>▪ By targeting "responsive" audiences, e.g., consumers who need, are interested and ready to respond to an offer, retailers and brands can boost response rates by as much as 10-20x.</li> </ul>
<b>Digital Campaigns (Targets, Offers and Channels)</b>	<ul style="list-style-type: none"> <li>▪ The core of digital offer campaigns consists of target audiences, alternative offers, and channels.</li> <li>▪ With any promotion there are vast differences between under-performing and top-performing combinations of targets x offers x channels.</li> </ul>
<b>Attribution Unlocks the Potential</b>	<ul style="list-style-type: none"> <li>▪ Closed-loop attribution at the point-of-sale (POS) links results to specific campaigns, answering the question "which of my promotions is working?"</li> <li>▪ Attribution turns the art of promotional offers into a science.</li> <li>▪ With digital, a wide range of offers can be tested in real-time, allowing budgets to be shifted in mid-campaign to high-yield combinations.</li> <li>▪ Shifting budget from low- to high-yield offers in the midst of a campaign boosts ROI by as much as 10-20x.</li> </ul>
<b>Retailer + Brand Partnerships</b>	<ul style="list-style-type: none"> <li>▪ With digital offers and real-time attribution at the POS, retailers and brands can leverage promotional offers strategically.</li> <li>▪ By partnering, retailers and brands can (i) attract more high-value customers; (ii) generate incremental revenues; and (iii) elevate trade promotions from tactical programs to a strategic platform.</li> </ul>
<b>Sparkfly</b>	<ul style="list-style-type: none"> <li>▪ Sparkfly is a real-time data and attribution platform that connects digital marketing initiatives to offline activity.</li> </ul>

## 2. INTRODUCTION

Over the last couple of years the death knell for retailers has been sounding more and more loudly. Last year VC Marc Andreessen of Andreessen-Horowitz fueled debate when he pronounced “the death of retail.” While some have a more sanguine outlook, with disappointing earnings, declining traffic, and record store closings, retailers are clearly facing the strongest headwinds in history.

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In response, leading retailers are enhancing in-store experience, integrating technology, and streamlining operations to deliver a more compelling brand promise. Despite concerns about margin erosion and other issues, many retailers have also resorted to aggressive promotional offers and price discounting. Over the 12 month period ending in February, one-third of all consumer packaged goods were sold on promotion, the highest level since 2009. Manufacturers, who foot the bill for promotions, argue that current levels of discounting are unsustainable.

**Coupon Misgivings**

- Redemption rate < 1%
- Wary of “margin erosion”
- Attribution challenging
- Frustrated with findability

Consumers have mixed feelings about promotional offers as well. While valuing the savings and expanded purchasing power, for many consumers discovering relevant offers is frustrating and not worth the time or effort. Verifying that an offer is a good deal is also a challenge. With paper coupons, the largest category of promotional offers, less than 1% of the 315 billion distributed annually are redeemed, a phenomenon euphemistically called “breakage.” This evidence suggests that retailers often use coupons and discounts as blunt instruments to drive short-lived results. Used indiscriminately, these efforts erode margins and do little to boost the bottom line.

Some retailers are using promotional offers more strategically and effectively. Leveraging real-time attribution<sup>1</sup> at the point-of-sale (POS), they are partnering with brands to (i) attract more high-value customers; (ii) generate incremental revenues that boost rather than erode margins; and (iii) elevate trade promotions from tactical programs to a strategic platform that drives long-term business value.



Digital offers and real-time attribution at POS allow retailers and brands to achieve four strategic goals:

// COMPELLING OFFERS	Present timely, relevant offers to customers based on needs, readiness
// BOOST YIELD	Select brand-led offers that maximize basket size, sales and margins
// OPTIMIZE CAMPAIGNS	Determine offers and channels, by target segment, that drive purchases
// ACHIEVE LASTING RESULTS	Deploy promotions that build repeat business, customer lifetime value

<sup>1</sup>Attribution (explained in Sec. 2.1) allows advertisers to link results (sales) to specific promotional campaigns (target audience, offer and channel), establish “cause and effect” and optimize campaigns.

### 3. THE HOLY GRAIL – DIGITAL OFFERS AND ATTRIBUTION

**Digital Offers<sup>†</sup>** – *Offers, coupons, and rewards presented to consumers online or via mobile channels. Issuers include retailers and brands, while channels include websites, ad networks, mobile apps, aggregators and many others.*

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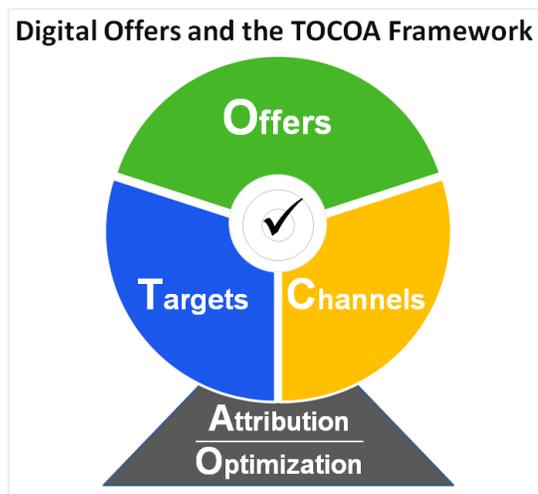
When introduced in the late 1800's automobiles were referred to as "horseless carriages," a term that now seems quaint. In similar fashion, digital offers are often referred to as "paperless." Like other retronyms the term paperless circumscribes digital and understates its impact on promotional strategy and execution.

Digital is transforming the entire promotional value chain, from offers themselves to the channels through which they are distributed. New digital software platforms that are integrated at the POS, such as Sparkfly, are also solving the [vexing problem](#) of attribution. Viewed by marketers as "the Holy Grail," attribution links results achieved to specific promotional offer campaigns, answering the critical question "which of my promotions is working?"

#### 3.1. DIGITAL ENHANCES TARGETING, OFFERS AND CHANNELS

With digital, promotional campaigns can be optimized on three key dimensions – targeting, offers and channels (TOC). Including attribution and optimization, the digital capabilities referred to as TOCOA are transforming promotional strategy and execution:

- **Digital Targeting** – with compelling new mobile devices, apps and networks, consumers are [glued](#) to mobile. In fact, they now spend more time with mobile apps than watching television. Fortunately, digital audiences can be targeted with increasingly greater precision.
- **Digital Offers** – given the flexibility of digital, the variety of offers that can be tested in real-time is enormous. Shifting budget from under-performing to high-yield offers "in-flight," in the [midst of a campaign](#) rather than a post mortem weeks after completion, significantly boosts ROI.
- **Digital Channels** – mobile has also forged new channels for presenting offers, from search to social media, push notifications and others. By selecting channels that perform best for particular audiences and offers, redemption rates can be improved by 5, 10 and even 20x over conventional media.



In addition to TOCOA, digital brings other advantages as well. For example, consumers can now [discover](#) relevant digital offers more easily, reducing one of the primary complaints about traditional offers; with "[clip to mobile](#)," digital offers can be easily saved and retrieved for redemption at a later time; and with scanning at POS, redeeming digital offers [can be](#) simpler for consumers and stores.

### 3.2. ATTRIBUTION DEFINED AND ILLUSTRATED

Digital allows retailers and brands to accurately establish the link between specific elements of digital promotional campaigns – targets, offers and channels – and results, a process known as [attribution](#).

**Attribution (n)** – the ability to establish “cause and effect” relationships between results obtained and specific promotional offer campaigns (targets, offers and channels)

*To draw customers in from areas surrounding their 80+ locations, the client – a mid-scale sitdown restaurant – developed offers that varied in appeal (e.g., \$5 discount per table vs. “reward yourself” with free dessert). Working with the agency’s media buyer, offers were presented to different age groups within geo-fenced areas (3 miles and 5 miles) around restaurant locations via 3 channels: mobile web, social media and search.*

*Altogether, the test involved 36 combinations (2 offers x 3 audiences x 3 channels x 2 geo-fence radiuses), with offers presented randomly across audiences, channels and geo-fenced areas. Using Sparkfly’s “digital fingerprint” technology, each offer redeemed could be traced back to audience, offer and channel in real-time. During a 7-day test several combinations generated far more redemptions than others – for example, on social media channels the “reward yourself with free dessert” offer generated redemptions in the 35-54 age group that were multiples of the average.*

A recent case illustrates the role and value of attribution:

### 3.3. WHY ATTRIBUTION IS SO CRITICAL

By linking specific offers to results, attribution reveals the best performing combinations of audiences, offers and channels. With these insights budgets can be shifted mid-campaign to high-yield combinations, allowing retailers and brands to boost redemption and ROI by as much as 10-20x. In addition, by testing promotions with different brand partners, retailers can determine which brands drive not just traffic, but basket size and margins. By partnering, retailers and brands can combine promotions and in-store signage, displays and placement to boost ROI even further.

This new attribution capability allows retailers to [test and optimize](#) promotional campaigns in-flight, significantly boosting KPIs (traffic, basket size, and revenue) and ROI. In essence, attribution turns the art of promotional offers into a science. With rapid, automated testing and a closed-loop attribution system, digital promotions can drive not just store visits and transactions but long-term value as well. By capturing and linking offers to results on metrics such as basket size, customer retention and [customer lifetime value](#) (CLTV), offers can be accretive, boosting overall margins and other strategic KPIs. In contrast to “giving margin away,” attribution reveals the promotional offers that drive traffic, boost transactions [and](#) improve the bottom line.

*By revealing which promotions drive traffic, boost transactions [and](#) expand basket size, attribution allows retailers to maximize ROI and avoid margin erosion.*

## 4. TARGETING DIGITAL AUDIENCES – IT ALL STARTS HERE

Digital allows retailers and brands to target audiences based on needs, interests and accessibility – in other words, consumers who are most likely to respond. For particular offers, targeting “responsive” consumers can boost sales by 10, 20 even 30x compared to the status quo. For example, to [test](#) its new Snack Wrap Mac (a downsized version of its venerable Big Mac, served on a warm flour tortilla), McDonald's chose a venue and medium that delivered. At Houston Rockets' games, a message delivered via the JumboTron prompted fans to text WRAP MAC for a free Snack Wrap. With more than 26,000 fans responding, the offers yielded a 29% redemption rate.

The following capabilities enable increasingly precise targeting of digital offers:

- As consumers visit websites, view content, and participate on social media, increasingly via location-aware mobile devices and apps, they leave a trail of “[digital footprints](#)” useful for targeting and retargeting.
- The amount of first-party and third-party data from both online and offline sources is staggering. By linking data from these disparate sources, companies such as [LiveRamp](#) provide rich, detailed profiles of individuals.
- With ad networks and [real-time bidding](#) (RTB), a vast number of alternative target audiences can be considered and tested. Digital offer platforms now enable “closed loop” attribution, revealing which consumers actually redeem offers. When combined with real-time bidding, digital ad campaigns can be shifted from low to high-yield audiences, maximizing reach and response in real-time.



### 4.1. TESTING + ATTRIBUTION REVEAL RESPONSIVE AUDIENCES

While many different characteristics can be used to target audiences, they fall into four basic categories. Since consumers pay attention to and consider offers based on their [relevance](#), customers' needs and interests are fundamental. Individuals' readiness to respond and their [addressability](#) are also important, driving reach, cost and efficiency. Finally, store visits, spend, and share over time determine the customer's value to the business. These four criteria are explained more fully and illustrated with cases on the next page.

With [closed-loop attribution](#), retailers and brands can evaluate alternative audiences and determine which targets respond best based on actual sales, not just [click-through rate](#) (CTR). By testing to discover optimal offers for particular target audiences, retailers and brands can boost yields even more. Extended to the next level, digital offers and channels can be personalized to maximize response at the individual level, as the [Sears Shop Your Way case](#) on the next page illustrates.

## 4 Criteria Enhance Audience Targeting for Offers



### Consumer Needs and Interests

Match offers to product(s) consumers enjoy, desire, are interested in or require. Needs reflect problems consumers are trying to solve and the benefits they seek.

Example: For its “Little Swimmers” brand of swim diapers, Kimberly-Clark targeted areas with sunny weather and 70+ degrees. Yielded purchase intent of 67%.



### Customer’s Readiness to Respond

Ready customers have “intense” interest or need and solving is a priority. They have time, are open to spend and are close to a store where the offer can be redeemed.

Example: On weekends, Quiznos targeted consumers age 18-34 at movie theatres within 3 miles of their stores, yielding a 20% increase in redemptions.



### Addressability

Prioritize audiences whose members can be identified and reached with a high degree of precision at a relatively low cost, e.g., loyalty, subscribers, location, etc.

Example: When customers walk into the store, Kohl’s greets shoppers who log in using the store’s Wi-fi with a special offer.



### Customer’s Value to Business

A customer’s value is a function of frequency, quantity, and margins on the basket of products purchased (not just the promoted item). Ideally, incorporate expected future stream of revenues over the life of the customer, not just the transaction.

Example: Sears targets its Shop Your Way Rewards program members based on search and previous purchase history. Members clip coupons to their smartphones.

Source: Dr. Phil Hendrix, immr

With geo-targeted ads based on proximity to nearby stores, ad networks such as [xAd](#) and [Verve](#) have shown the value of [location](#) in targeting audiences. With [hyper-local](#) mobile apps and in-store [beacons](#), offers can be presented as consumers shop in specific departments and even in front of a particular shelf or display.

In any digital campaign there are vast differences between under- and over-performing audiences. In addition, the goal of many campaigns is to generate [incremental sales](#) by targeting and “nudging” consumers who are [mid-funnel](#) or [planning to purchase](#) a competitor’s brand. Fortunately, closed-loop attribution allows companies to target audiences and find the combination(s) of offers x targets that maximize sales, customer lifetime value (CLTV) and other KPIs.

### Takeaways

- ✓ Using the four criteria (customer needs, readiness, addressability, and value), test alternative target audiences with online, offline, 1st and 3rd party data
- ✓ Using closed-loop attribution, select targets that maximize sales, margins and CLTV
- ✓ Maximize ROI by shifting budget to the most responsive, high-yield audiences

## 5. OFFERS ARE A STRATEGIC TOOL – DON'T WASTE THEM

For retailers the ability to promote brands valued by customers is a powerful lever. While promotional offers are generally funded by brands, leading retailers are working closely with preferred partners to devise promotions that work for customers, the brand and retailer. By leveraging funded offers with in-store signage, placement and inventory levels, brand-led promotions can produce significant results.

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New [offer types](#) such as free shipping and special privileges, as well as variations on the tried and true (BOGO, free gift with purchase, etc.) are common. Discounts, of course, are the most prevalent type of offer. Even within discounts, the number of options to experiment with is enormous. Listed below are five primary features that retailers and brands can use to devise and uncover offers that drive response and create value. Taken together, these dimensions create dozens of different offer types.

### 5 Features Drive Offer Response, Yield and ROI



#### Products Offered

In addition to the product category, offers consist of the brand, model, size, etc. Options range from regularly purchased to discretionary products; brands normally bought vs. competing brands; new vs. established products; etc.

Example: For its loyalty program members, Kroger tends to offer discounts to customers on their “favored brands” instead of competing brands.



#### Offer Value

Value includes the monetary value of the offer as well as the offer format, e.g., cents/dollar amount vs. percentage off. The offer value may also be fixed or vary over time, either increasing or decreasing.

Example: The fast casual restaurant Baja Fresh is running a “Catch 2” mobile campaign, offering \$2-\$5 off seafood tacos, one of its most popular menu items.



#### Offer Expiration

Offer expiration or duration depends on the objective. An extended period gives consumers time to fit it into their normal schedule, while shorter windows create a sense of urgency. Shorter periods work well with mobile and location-based offers.

Example: An Ace Hardware store sent offers good the next day to opt-in subscribers in its SMS database, producing an 11% CTR and a 5.9% redemption rate.



#### Offer Content/Creative

Content and creative include information as well as graphic elements (size, shape, imagery, color, caption, font, etc.) designed to catch attention and convey value.

Example: Using MomentFeed, Coffee Bean and Tea Leaf personalizes offers with address, cross-street, and a photo of the store and barrister nearest to the customer.



#### Offer Restrictions

Restrictions can include eligible locations; limits on quantities; whether stacking is allowed; whether the offer can be shared; minimum purchase to qualify; etc.

Example: Regis Salons offered back-to-school haircuts, \$7.99 or \$9.99, depending on area. Customer entered ZIP code to confirm. Sharable with friends. 40% redemption.

## 5.1. DESIGNING AND TESTING DIGITAL OFFERS

Relying on experience and increasingly science, offer design involves specifying, testing and choosing combinations from the above features to maximize response. Any particular offer is a single instance out of a wide range of options that could be offered. While convention and best practices serve as guidelines, there are so many alternatives that automated testing and optimization are essential.

Given the virtually endless number of possibilities, how can retailers and brands determine which offers to place bets on? Experience and judgement play a role, of course, but ultimately alternative offers should be tested and evaluated to determine which one(s) maximize key results. Optimization can range from a series of A/B (pairwise) comparisons to more sophisticated, multivariate testing, which allows for sorting through hundreds of alternative offers and rapidly "doubling down" on the one(s) that work best.

*While results vary widely...  
in a typical category 90% of  
promotions lose money.*

*Nielsen 2014*

In addition, retailers and brands do not have to settle for a one-size fits all approach. Instead, for each target segment the offers that perform best can be identified. For a quick-serve restaurant, for instance, offers that appeal to young adults are likely to differ from those that appeal to families.

### Takeaways

- ✓ Using the Offer Features framework above, expand the number and types of digital offers tested
- ✓ Using closed-loop attribution, for each offer type measure redemption and KPIs (e.g., cost, sales, and margins), ideally on the shopping basket or ticket, not just the promoted item
- ✓ Determine which offers are performing best, by segment, and shift budget to high-performing offers to maximize ROI

## 6. REACHING CONSUMERS VIA MOBILE AND DIGITAL CHANNELS

In the first half of 2014 Kantar Media [reports](#) that 158 billion paper coupons were distributed through FSIs (free-standing inserts), up 3.4% from 2013. Given their volume and familiarity it's easy to equate promotional offers with paper coupons. The tide is shifting, however – though less than 1% of the volume, digital offers are growing at a double-digit rate. More importantly, digital offers are redeemed at rates 10-15x that of paper coupons ([NCH Annual Coupon Facts, 2014](#)).

*Digital offers are redeemed at rates 10-15x that of paper coupons*

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While [digital](#) includes many different channels, most of the growth in digital offers is occurring in mobile. Worldwide an estimated 560 million consumers currently use mobile coupons, a number that Juniper Research [forecasts](#) will more than double over the next five years. This forecast could easily underestimate actual growth. Mobile promotional offers are growing rapidly for numerous reasons:

- Consumers are [spending](#) more time on smartphones and tablets, especially mobile apps
- New mobile channels (e.g., [push notifications](#); beacon-triggered offers; etc.) are emerging
- Consumers can easily find, store and when shopping retrieve relevant offers on mobile
- Acceptance of mobile offers at [POS](#), while not yet universal, is growing steadily
- Higher redemption rates and ROI for retailers and brands

A number of important advantages boost redemption rates on mobile:

// TARGETING	Mobile channels can reach consumers when and where they are most likely to need and respond to offers
// LOCATION INTELLIGENCE	With geo-fencing and location graphs from companies such as <a href="#">Factual</a> , <a href="#">ThinkNear</a> , <a href="#">Placed</a> , <a href="#">MomentFeed</a> , and <a href="#">Skyhook</a> , offers can be presented within specified areas (based on distance, a polygon, even competitors' locations) as well as along routes to store locations
// DAY-PARTING	Since for many products need, interest and demand vary by <a href="#">time of day</a> , presenting offers at specified times boosts relevance and response
// PERSONALIZATION	With apps, social media, location and other mobile uses, <a href="#">contextually relevant offers</a> can be presented to consumers at the right moment
// SHARABILITY	With the majority of time on social media now <a href="#">occurring on mobile</a> , offers can be easily shared and distributed widely across social networks
// CONTROL	Mobile offers are secure and can be limited to single-uses, with restrictions against stacking and other concerns imposed, if required.

In addition to the advantages above and perhaps most importantly, mobile enables attribution and in-flight optimization of campaigns, as discussed previously.

Shown on the next page are 11 key mobile channels through which digital offers can be presented. With the right platform, attribution capabilities can be included with each of these channels. Consumers should also be able to redeem the offer right away or save it for use at a later time.

### 6.1. KEY MOBILE CHANNELS FOR PRESENTING OFFERS

Key Mobile Channels for Presenting Offers		
	<b>Mobile Apps</b>	<ul style="list-style-type: none"> <li>American consumers spend 158 mins./day on mobile devices</li> <li>Of time on mobile, more than 80% is spent with apps</li> </ul>
	<b>Mobile Search</b>	<ul style="list-style-type: none"> <li>Over half of all searches are done via mobile devices</li> <li>In majority of instances consumers take action after search</li> </ul>
	<b>Mobile Web</b>	<ul style="list-style-type: none"> <li>Growing number of websites employ responsive design</li> <li>Includes third-party deal sites and coupon aggregators</li> </ul>
	<b>Mobile Location</b>	<ul style="list-style-type: none"> <li>Location-aware apps (local stores, directions, etc.) widespread</li> <li>Location, context and geo-fencing enhance targeting</li> </ul>
	<b>Mobile Proximity</b>	<ul style="list-style-type: none"> <li>Beacons, Wi-fi enable hyper-local targeting (in-store, dept.)</li> <li>Proximity-based offers yield high response rates</li> </ul>
	<b>Mobile Video</b>	<ul style="list-style-type: none"> <li>Time on mobile video growing, revealing interest segments</li> <li>With rich media, platform offers high engagement levels</li> </ul>
	<b>Push Notifications</b>	<ul style="list-style-type: none"> <li>Users opt-in to receive notifications via installed apps</li> <li>Timely, contextually relevant offers valued by users</li> </ul>
	<b>Mobile Social</b>	<ul style="list-style-type: none"> <li>Majority of social media consumed on mobile devices</li> <li>Many targeting options, enables offer discovery and sharing</li> </ul>
	<b>Mobile Advertising</b>	<ul style="list-style-type: none"> <li>Mobile advertising growing at rate of 50% CAGR</li> <li>With RTB and first- and third-party data, targeting maturing</li> </ul>
	<b>Mobile e-mail</b>	<ul style="list-style-type: none"> <li>Majority of e-mail now opened and read on mobile devices</li> <li>Subscribers more likely to respond to e-mails on mobile</li> </ul>
	<b>Mobile Messaging</b>	<ul style="list-style-type: none"> <li>Customers who opt-in to mobile messages are highly involved</li> <li>Timely, contextually relevant offers yield high response rates</li> </ul>

Source: Dr. Phil Hendrix, immr

The ubiquity of mobile channels is one of the reasons Juniper [projects](#) mobile coupons will double by 2019.

<b>Takeaways</b>	<ul style="list-style-type: none"> <li>✓ Expand the share of offers presented via digital channels, especially mobile</li> <li>✓ Improve offer relevance by employing channels with robust targeting, geo-fencing, daypart, and context, in particular</li> <li>✓ For particular offer x segment combinations, determine and shift budget to high-performing channels (for the selected offer x segment) to maximize ROI</li> </ul>
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## 7. CONCLUSION

Since Coca-Cola [introduced](#) coupons in the late 1800's, promotional offers have played a central role in building brands, launching new products, and shaping demand. With coupons used by 9 out of 10 consumers and hundreds of billions distributed annually, promotional offers are clearly ubiquitous. However, given the extraordinarily challenging economic and competitive environment, campaigns and offers must "work harder," capturing customers' attention, boosting planned and unplanned purchases (basket size) and building profitable relationships with valued customers. With the ability to link purchases to campaigns, brands and retailers can now deploy digital offers with precision to match shoppers' needs and preferences, drive traffic and generate incremental business.

Unfortunately, the status quo is failing retailers, brands and consumers – as typically deployed promotional offers are at risk of becoming anachronisms. The vast majority are ignored by consumers for [reasons](#) all too familiar – irrelevant, ill-timed, too little value, too much of a hassle, etc. In addition, as promotional offers have spread from CPG and the grocery aisle to drug stores, big box, QSRs and every other retail and product category, retailers and brands have developed a growing aversion to promotional offers due to the waste, low yield, and "margin erosion" discussed above.

The good news is that consumers value and respond to offers that are relevant, valuable and easy to redeem. As consumers [shift](#) from analog to digital content and embrace mobile devices, retailers and brands have a unique opportunity to leverage digital offers strategically. A digital offer platform with attribution allows retailers and brands to quickly boost their capability, capacity and yield.

As argued above, attribution is a key linchpin. With the T-O-C (Targeting - Offer - Channel) framework, attribution allows retailers and brands to achieve three key objectives:

- Target audiences that are most responsive
- Design offers that generate the highest redemption rates
- Select channels that are most cost-effective

New digital offer platform companies can help retailers and brands accomplish each of these objectives. Far from becoming an anachronism, digital offers with attribution represent a key strategic capability for retailers and brand partners.



Source: Dr. Phil Hendrix, immr

## 8. ABOUT SPARKFLY

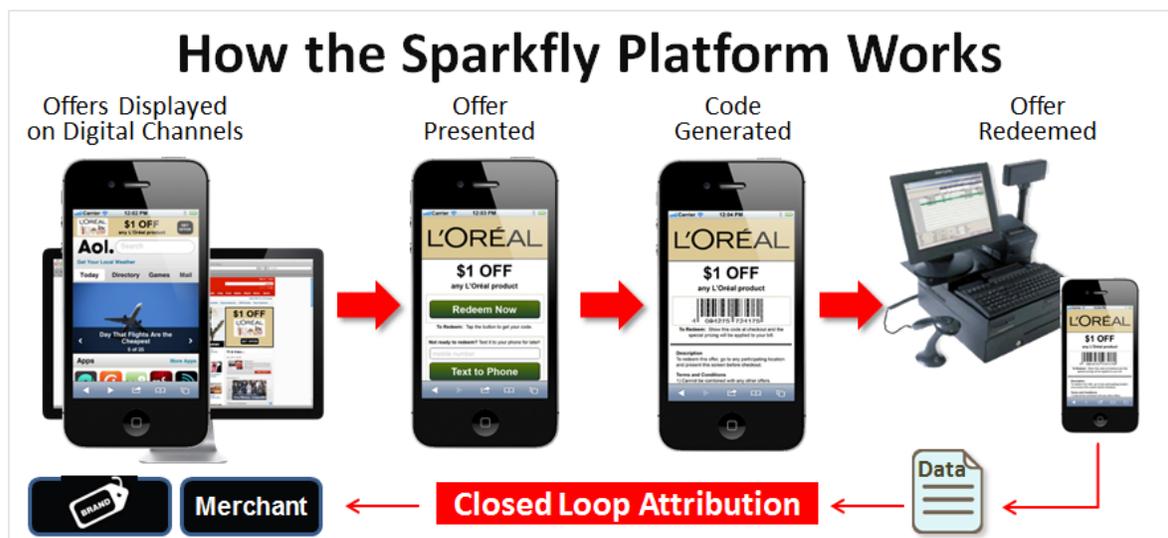
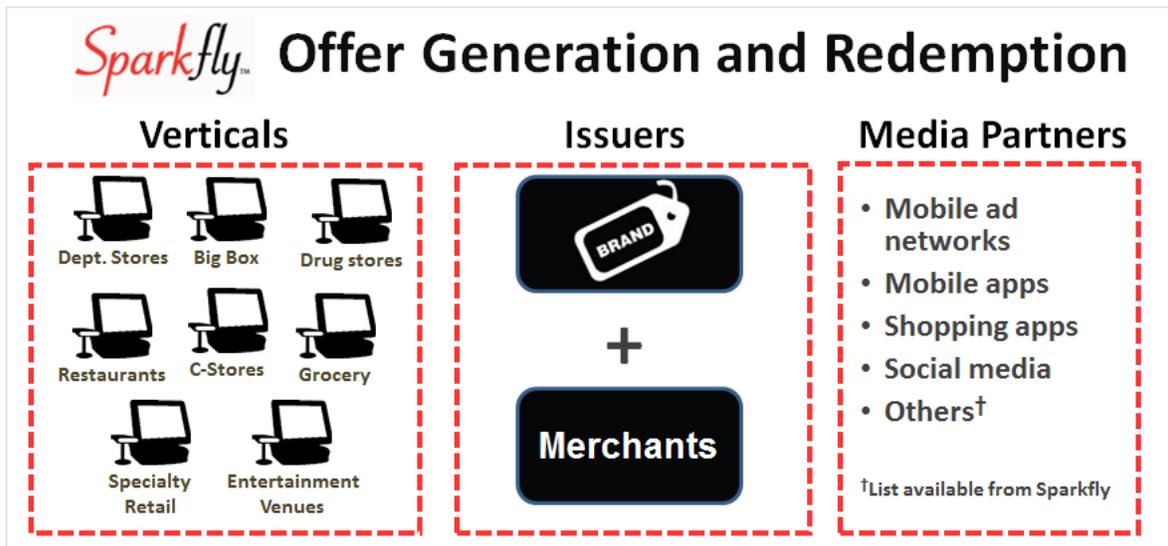


Sparkfly is a real-time data and attribution platform that connects digital marketing initiatives to offline activity. Through deep integrations with the leading point-of-sale systems, Sparkfly's patent protected technology enables brands, retailers, restaurants and other brick and mortar establishments to run unified marketing programs across multiple franchise locations, and, for the first time, unlock real-time attribution data.

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<b>Our clients</b>	Sparkfly clients include brands, retailers (drug stores, department stores, specialty, c-stores, big box, and grocery), restaurants, and entertainment venues
<b>Our partners</b>	We partner with leading ad agencies, ad networks and ad tech companies
<b>What we do</b>	We connect digital marketing initiatives to offline activity
<b>Our platform</b>	Sparkfly's SaaS (software-as-a-service) platform is integrated and works "out-of-the-box" with leading point-of-sale systems
<b>How we do it</b>	Sparkfly's digital offer platform generates a unique code (either scannable bar code or short-lived numeric code) that contains the offer's "digital fingerprint" (see description on next page)
<b>Benefits of our solution</b>	Linked back to campaigns (target audience, offer and channel), Sparkfly's digital fingerprint enables real-time attribution, allowing retailers and brands to answer "which promotional offer campaigns are driving results?"
<b>Problems we solve</b>	When different franchise locations use different point-of-sale systems, Sparkfly serves as a connecting technology layer that enables parent companies to run unified loyalty programs or digital promotions that can be redeemed at any location.
<b>How we work</b>	Sparkfly integrates "out of the box" with leading POS solutions, including NCR, Radiant, Micros, Verifone, IBM, POS iTouch, Retailx, Gilbarco, Xpient, and others. With other systems Sparkfly can be integrated with custom programming, generally in less than a week.
<b>For more info</b>	Website <a href="http://www.sparkfly.com">http://www.sparkfly.com</a> Twitter <a href="http://www.twitter.com/sparkflybiz">http://www.twitter.com/sparkflybiz</a> Contact <a href="mailto:info@sparkfly.com">info@sparkfly.com</a>

8.1. OVERVIEW –SPARKFLY OFFER GENERATION AND REDEMPTION PLATFORM



## 9. ABOUT THE AUTHOR

Dr. Phil Hendrix is the founder and director of [immr](#) (research and consulting firm), an analyst with [Gigaom Research](#), and advisor to startups in digital and mobile. Addressing market opportunities for disruptive new products and services, Dr. Hendrix helps clients develop compelling value propositions, validate product-market fit, and accelerate growth. Within the digital landscape, Phil focuses on [innovation](#) enabled by mobile, location, context, and data + analytics.

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As an analyst, Phil focuses on disruptive technologies, especially mobile, and implications for companies across industries. He is a regular contributor at leading industry conferences, including [iMedia Summits](#) (Commerce, Agency and Breakthrough), [Mobility Live](#), GigaOm's [Mobilize](#) and [Structure:Data](#) conferences, [Street Fight](#) (hyperlocal), [ad:tech](#), [Wireless Technology Forum](#), Social-LoCo, [World Summit on Innovation and Entrepreneurship](#) and others. His current work focuses on mobile and its impact on consumer behavior, especially shopping, M-commerce and mobile payment.

As a consultant and advisor, Phil has led significant engagements with startups and Fortune 100 clients in mobile, consumer electronics, financial services, transportation, insurance and others. He works closely with management and project teams on key issues, including market sizing, segmentation, positioning, and branding as well as innovation, user experience, and customer retention. Over the course of his career, Phil has helped clients conceive and successfully launch dozens of new products, services and businesses.

Before founding immr, Phil was a partner with [DiamondCluster](#) (strategy and technology consultancy, now the strategy group of [PwC](#)), founder and head of IMS (Integrated Measurement Systems), and a principal with Mercer Management Consulting (now [Oliver Wyman](#)). He has held faculty positions at Emory University and the University of Michigan, where he taught courses in marketing, research, and buyer behavior for MBAs and executives. While at Michigan Dr. Hendrix also held a joint appointment as a research scientist in the [Survey Research Center](#), Institute for Social Research.

Additional perspectives and reports prepared by Dr. Hendrix are available at [immr](#), [Slideshare](#), and [GigaOm Research](#). This [overview](#) contains key perspectives and links to recent reports.

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While input and feedback greatly contributed to the whitepaper, the opinions and views expressed are those of the author.

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<http://whitepaper.sparkfly.com/winningdigital>

[www.immr.org/digital-offers-and-attribution.html](http://www.immr.org/digital-offers-and-attribution.html)