

New dawn arrives for coupons

ITV is bringing SMS money-off vouchers to the masses, offering advertisers instant ROI data. Gareth Jones reports

Cutting coupons from cereal boxes could soon be a thing of the past. Mobile phones now outnumber people in the UK, providing marketers with a far more innovative way of tapping the £11bn discount-voucher industry.

Mobile coupons are nothing new. They have been around since the late-90s, when brands were taking their first tentative steps into digital advertising. But ITV is poised to launch an interactive SMS service that will bring mobile vouchers to the masses for the first time.

The UK's biggest commercial broadcaster is seeking partners for an initiative that will allow its viewers to text numbers shown in ads to receive mobile money-off coupons, redeemable against purchases at high-street retailers. The service is something of a brave new world for marketers, enabling them to measure the direct effect their TV ads have on sales. 'The absolute accountability of mobile couponing makes it an extremely compelling opportunity,' says Jo Hyder, head of consumer digital marketing at Coca-Cola.

Coca-Cola has been heavily involved in coupon initiatives since first offering 'free Coke' vouchers to US newspaper readers in 1895. It now plans to take advantage of increasing mobile penetration to target hard-to-reach 16- to 24-year-olds with interactive sampling offers. 'Most teenagers are never more than an inch away from their mobile,' says Hyder, making SMS coupons all the more powerful as a marketing device.

ITV is confident the coupons will be a more compelling proposition for advertisers than previous initiatives. In the past, schemes have failed due to unreliable technology and the high cost of the equipment required by retailers to allow consumers to redeem the offers. The crucial difference in ITV's scheme is that retailers do not have to invest in expensive bar-code readers to make the service work; they can use existing Chip and PIN terminals to verify the offers.

'This is a great opportunity for advertisers and retailers to open a direct dialogue with their customers in a manageable and cost-effective way,' says Peter Manten, head of interactive sales at ITV. 'We believe 2007 will be the year of mobile couponing.'

ITV is currently working out a rate-card for the SMS service, which is likely to be offered at a discounted price to encourage advertisers to get involved.



Mobile coupons: provide an innovative way to tap the £11bn discount-voucher market

Data file A guide to mobile couponing

Step 1 The consumer views a TV, press or billboard ad that contains a promotional offer.

Step 2 They then use their mobile to text a number featured in the ad, which will result in a promotional coupon being sent directly to their phone.

Step 3 A few seconds later, the consumer receives an SMS mobile coupon containing a promotional message and a unique eight-digit code.

Step 4 The consumer takes their mobile phone into a high-street store taking part in the initiative to make a purchase.

Step 5 When prompted, the consumer types their unique eight-digit code into the Chip and PIN terminal to redeem the offer.

Step 6 Once the offer has been redeemed, data is sent directly to the brand for analysis and CRM activity.

Julian Reiter, managing director of Eagle Eye Solutions, the company behind the initiative, claims that retailers such as Asda, Tesco and Sainsbury's could have mobile coupon schemes up and running within weeks. 'The system is inexpensive to implement and highly effective at driving footfall to stores,' he says.

Channel 4 is also keen to get in on the action, with the launch of a similar service. According to Matthew White, head of mobile sales at Channel 4, discussions are already under way with brands including Colgate and TK Maxx. 'Mobile coupons are a no-brainer for marketers who want to make their TV advertising work harder,' he says. Channel 4's SMS service is being tested now, and it is expected to launch later this year.

A survey conducted by ActiveMedia Technology shows that 58% of people are happy to receive coupons via their mobile phones, and this proportion is likely to rocket with the advent of

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TV-related couponing. Many of the coupons that reach consumers' mobile phones are currently generated by users texting a number they have seen on a poster, but in tests of TV-prompted coupons, redemption rates have been as high as 86%.

A recent mobile couponing trial in Sainsbury's-owned Jacksons stores revealed that 13.5% of consumers responded to confectionery offers, 12% to beer promotions and 7% to bread offers. Sainsbury's is currently working with the Light Agency to extend the initiative to other stores across the UK.

The Sainsbury's service differs from ITV's in that it sends 'visual barcodes' to consumers, who then have their mobile phone scanned at the checkout to redeem their offer. The Light Agency believes this is the most efficient mobile couponing method.

Advertisers still unsure of the potential of this medium might take a look at the success Orange has had. The mobile phone network was the first brand to make mobile couponing work on a national level when it launched its 'Orange Wednesdays' initiative in March 2004. The loyalty scheme saw more than 2000 mobile voucher redemption terminals deployed in 450 cinemas across the UK. The scheme required a significant investment for Orange, but the ongoing two-for-one ticket offer has boosted mid-week attendance, while helping Orange establish a valuable database of cinema-goers.

The potential for poster-generated mobile coupons also looks set to take off during 2007. Bluetooth-enabled billboards allow brands to deliver money-off vouchers to passers-by who can then redeem them in retail outlets in the near vicinity. 'The future of mobile couponing is all about targeting consumers based on where they are and what they are doing,' says Rachel Harker, business development director at Hypertag, a company that provides such 'proximity' marketing services to advertisers.

Though mobile couponing has so far failed to bowl over the FMCG and entertainment brands most likely to integrate it into their marketing strategy, Chip and PIN technology looks set to make it a powerful prospect this year. Given that more than 8bn paper coupons are distributed each year in the UK, the potential for growth in this nascent sector is unmistakable. ■