



Introduction to Mobile Coupons

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Overview

The following document published by the Mobile Marketing Association (MMA), outlines an introduction to mobile couponing.

Our goal is to create the environment to launch and process mobile couponing campaigns efficiently. This document intends to define best practices of all the involved players in mobile couponing.

In general, coupons and rebates are used to increase sales and promote consumer loyalty. The goals of coupon and rebate programs are usually the same and can include: encouraging repeat purchase, increasing product awareness, getting consumers to try a new product, moving overstocked inventory, targeting specific markets, softening the blow of price increases, launching a new marketing campaign, trading consumers up, and responding to competitive pressure.

Compliance

At a minimum, programs should be run in a manner that is congruous with the letter and spirit of the MMA Code of Conduct for Mobile Marketing and the Consumer Best Practices Guidelines for Cross-Carrier Mobile Content Programs.

At all times, programs must be in accordance with applicable local (federal and state) laws, rules and regulations.

Introduction to Mobile Coupons

A Mobile coupon is an electronic ticket solicited and/or delivered by mobile phone that can be exchanged for a financial discount or rebate when purchasing a product or service.

Customarily, coupons are issued by manufacturers of consumer-packaged goods or by retailers, to be used in retail stores as a part of sales promotions. They can also be used to attract customers to entertainment attractions (amusement parks, zoos, museums, etc) and services (beauty shops, spas, etc). They are often distributed through SMS, MMS, Bluetooth, and other mobile means. The customer redeems the coupon at store or online. In some cases the retailer could forward it to a clearinghouse, or directly to the issuer, for reimbursement.

TYPES OF DEALS

There are many types of coupons, including the following:

- Cents-off or dollars-off
- Free
- Buy-one-get-one-free
- Multiple-purchase. The consumer is required to buy more than one of a given product.

- Time-release. Coupons with different expiration dates are distributed together to encourage repeat purchase.
- Self-destruct. Coupons are printed to overlap and consumers choose one deal or another.
- Crossruff. The consumer gets a coupon for one product, often related, when purchasing another.
- Sweepstakes-entry or personalized. The coupon can be redeemed only at specific locations, such as a chain of stores.
- Universal coupon. Manufacturer distributes a high value coupon good on multiple products within the manufacturer's product lines.

Coupon advantages

- Drive traffic to stores/events/entertainment attractions/services
- Add value to a purchase
- Direct discount to the consumer
- Targeting possibilities
- Leverage the distribution

When to use Coupons and Rebates

Increasing product movement is the main objective of coupons and rebates, but marketers also have a number of specific uses for them, including:

- Introducing new products. Sampling is the most dramatic way to get your new product into the hands of prospects, but it's costly. Coupons and rebates are an alternative.
- "Pantry loading." At times, you want to get dealers, distributors, and consumers to stock up on your product so they have no room for competing products. Coupons and rebates are a reliable means of spurring bulk purchases.
- Increasing trial. Whether your product or service is old or new, coupons or rebates can be used to promote trial among a new target audience.
- Promoting sell-through. Once you've sold your products into the appropriate distribution channels, you might use coupons or rebates to make sure they sell through to the consumer or end user.
- Building a database. Companies sometimes offer a rebate when they want to build a database of likely prospects. This enables them to track purchasers, who must provide their name and address in order to receive their check.

- Improve attendance at events. The best way to attract people, of course, is to offer the right product to the right audience at the right price and make sure everybody who should know about it does. Sometimes, it's not so simple, and sponsors need a boost.

Couponsing Process

The couponsing process can be divided into 3 phases:

1. *Delivery*
2. *Redemption*
3. *Clearing*

1. *Delivery: How the user receives the mobile coupon.*

- Methods: The way or technology where the mobile coupons can be delivered:
 - Pull: The user must act to receive a mobile coupon.
 - Short number: The user must send a code to a short number to receive a mobile coupon or request coupon delivery to email or via post.
 - Application: The user must download an application and then activate (pull) to receive a coupon.
 - Bluetooth: The user must activate his/her Bluetooth to receive a mobile coupon.
 - Push
 - SMS/EMS: The coupon is delivery through SMS, EMS or Wap Push.
 - MMS: The coupon is richest graphically with images and text.
 - Application: The coupon is pushed to a resident application with the need of intervention of the user.
 - Bluetooth: The coupon is pushed through Bluetooth.
 - Formats: On which format the user can receive a mobile coupon.
 - SMS: In only 160 characters the merchant needs to explain the offer and the conditions.
 - MMS: Use of Multimedia Messaging to deliver the coupon. MMS enhances the campaign but there is a higher cost associated with the message.
 - Application: With a downloadable application the merchant can send a coupon.
 - Image: The merchant distributes an image with the offer.
 - Email: The merchant distributes a printable coupon, URL or code for use on the internet or at retail

- Physical: A coupon is delivered to the consumer via conventional postal carrier.

2. *Redemption:*

- Offline redemption:
 - Without code (Rebate): If the coupon doesn't have a redemption code it is considered a rebate (see type of deals).
 - With code: When the coupon has a code that is on a list or with specific format. The merchant doesn't need a connection to a central database to validate the coupon. Particularly for one-point redemption.
- Real-time redemption:
 - Hardware: Machines in the point of sales, with a scanner. When the user scans his/her mobile coupon the machine connects to a central database to validate the coupon. The machine can print a ticket called a "clearing coupon": as physical proof for the merchant, particularly for multiple-points of redemptions.
 - Software: When the coupon triggers the purchase of digital goods, i.e. A link on a wap push that purchase a discounted product.

3. *Clearing:*

- Manual: The merchant delivers the printed coupons to be cleared by specialized clearinghouses.
- Automatic: When the clearing is done without the need of a "clearing coupon", particularly with real-time redemptions by software or the purchase of digital goods.

Best Practices to Create an Effective Mobile Couponing Campaign

The following are recommended best practices in developing an effective coupon campaign.

1. Unsolicited Messages

- Wireless subscribers have a right to privacy.
- Merchant must obtain approval from users before sending them commercial SMS or MMS messages and other content.
- Users' approvals pertain only to the specific program the consumer has subscribed to and should not be used to promote other programs, products, or services, or to otherwise send information of any kind that is unrelated to that specific program unless the subscriber has opted in to receive this information.

2. Terms and Conditions

- All advertising and promotional material clearly indicates whether the service is a subscription and the cost involved, if any.
- All material terms and conditions of the program are clearly communicated with the offer.
- If terms and conditions materially change the offer then they must be highlighted and presented at front of offer.
- Service availability, on a carrier-by-carrier basis, should also be fully disclosed.

3. Format and Delivery

- All advertising material clearly indicates the format and the delivery method of the mobile coupon that user will receive.

4. Mobile Coupon Design

- The Offer: The coupon offer should be clear, specific, and visible including the purchase requirements such as quantity, size, etc. The purchase requirements should be prominently shown and stated in simple, easy to read language. Multiple purchases should be clearly stated and shown next to the face value. Avoid complicated offers, where possible.
- Face Value: The face should be visibly prominent. Use lower face values on coupons good on any size to generate more volume movement and higher face values on coupons that require multiple purchases. Where product movement is your objective, consider using a coupon for one Free with multiple purchases.
- Manufacturer Coupon: Place the words "Manufacturer Coupon" if the case.
- Expiration Date: It should be clearly visible. Shorter expiration periods limit your liability and promote faster response to your promotion; however, longer expiration dates increase your redemption rates.

- Product: Display the name of your product/brand for quick recognition. If you're using formats that allows graphics (MMS, application or image) include your company logo to emphasize product recognition.
- Barcode: The barcode must be compliant with the redemption mechanism. One option is to use Datamatrix (two dimensional matrix barcode). The code must be in black on a white background and should be at 100% magnification. Alphanumeric code is recommended in case that the validation scanner doesn't read the code.

5. Redemption

- In store redemption mechanisms must be compliant with:
 - Real time validation requires internet/mobile connection for multiple locations coupons.
 - Barcode scanners must have more than 80% accuracy.
 - Barcode scanners must have an alternative way to input the validation code. i.e. alphanumeric code.
 - Manufacturers' coupons must have a printed ticket for efficient handling, called a "clearing coupon".
 - Clearing Coupon is also recommended for merchants' coupon.
 - In a Clearing Coupon print the UPC Code – use the standard 12 digit UPC code which includes the Number System Character "5"; your Manufacturer Identification Number (MIN); Family Code; Value Code and Check Digit. The UPC code should always be printed in Black on White background.
 - In a Clearing Coupon print the UCC/EAN 128 Extended Barcode to improve processing efficiencies.
- Digital Goods Purchase Coupon:
 - The offer must be clearly stated in the purchase of digital goods.
 - The user must know all the associated charges (including data fees) with the digital goods purchase.

6. Clearing

- Manual Clearing:
 - Print a big and clear value face or offer in the clearing coupon.
 - Print a handling barcode (UCC/EAN 128 Extended Barcode) if you're intending to handle via clearinghouse. The extended barcode, which can be in one of 5 different, formats and include a 5 digit Offer Code; 4 digits Expiration Date; 8 digits Household ID; or a 1 digit Null Code.
- Automatic:
 - Record date, time, operator, and transaction. If possible, also records user's MSISDN

Appendix I: UCC/EAN-128 Coupon Extended Codes

UPC Coupons

Originally coupons used a special UPC-A barcode (with Number System 5) to represent a coupon. The barcode encodes the manufacturer number, product family code and value code. This makes it easy for issuers of coupons and retailers to work together in automating the handling of coupons. This system works very well. In order to convey more information, the Uniform Code Council (www.uc-council.org) recently proposed an extended barcode, which all coupons must add. This section explains what these codes mean and how to create them.

As Figure 1.1 shows, all UPC coupon codes have a leading number 5 (also called UCC prefix), which indicates that it is a coupon and thus should be treated by the POS programs in a certain way. Although it looks just like a regular UPC-A barcode, it encodes the value code instead of encoding the product number. In this example, 12345 is the manufacturer number assigned by the Uniform Code Council. Products that will be couponed are assigned with a family code; in this case, it is 001. This family code needs to be sent to the retailer so it can accept the coupon. Number 75 is the value code. The last digit is the check digit that has no other meanings. For the detailed list of the available value codes, refer to The Application Standard for UCC Coupon Codes manual, available from the UCC.



Figure 1.1: UPC Coupon Code

The UCC has mandated that an additional barcode be added at the right of the UPC coupon code. The UCC defines five formats for this extended code, which conveys additional information. The extended barcode is an EAN-128 barcode with the Application Identifier (AI) set to 8100 or 8101. (For more information about EAN-128, refer to this article in the barcode knowledge library.)

The following figures illustrate the five formats.

Format 1



Under format 1, the data to encode consists of an AI (8100), UCC Prefix (0) and a five-digit offer code (12345).

Format 2



Format 2 encodes more information. It uses AI 8101 and encodes UCC prefix 0, a five-digit offer code 54321 and a four-digit expiration date.

Format 3



Under format 3, another field, Household ID, is added. This field has a new AI: 21. In EAN128 technology, the second AI must start with special character: FNC1.

Format 4



Under format 3, another field, Household ID, is added. This field has a new AI: 21. In EAN128 technology, the second AI must start with special character: FNC1.

Format 5



Format 5 is also called the Null code.

References

- The MMA Code of Conduct (<http://www.mmaglobal.com/modules/content/index.php?id=5>)
- The MMA Consumer Best Practices Guidelines for Cross-Carrier Mobile Content Programs (<http://www.mmaglobal.com/bestpractices.pdf>)
- Internet Coupons Guidelines and overview from the Association of Coupons Professionals (ACP) – (http://www.couponpros.org/resources/Internet_Coupon_Guidelines_and_overview.pdf)
- Morovia (<http://www.morovia.com/education/symbology/ucc-ean-coupon.asp>)

Who We Are

About the Mobile Marketing Association

The Mobile Marketing Association (MMA) is the premier non-profit global association that strives to stimulate the growth of mobile marketing. The Mobile Marketing Association is an action-oriented association designed to clear obstacles to market development, to establish guidelines and best practices for sustainable growth, and to evangelize the mobile channel for use by brands and third-party content providers. MMA members include agencies, advertisers, hand-held device manufacturers, wireless operators and service providers, retailers, software and services providers, as well as any company focused on the potential of marketing via the mobile channel. The Mobile Marketing Association's global headquarters are located in the United States.

For more information, please visit www.mmaglobal.com

Mobile Couponing Committee

The m-Couponing Committee is chartered with developing best practices and guidelines in regards to mobile couponing campaigns.

The committee, chaired by Mobile Dreams Factory, developed these guidelines in collaboration with representatives from MMA member companies including:

Mobile Couponing Committee		
The Coca-Cola Company	Mobile Dreams Factory, SL	Procter & Gamble
Ericsson AB	MoviDream	ShopText, Inc.
Gavitec, a NeoMedia Technologies Company	Nokia Corporation	

Contact Us

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Glossary of Terms

The MMA maintains a nomenclature glossary for all terms within MMA guidelines, education documents and research. The glossary is available at <http://www.mmaglobal.com/glossary.pdf>



The Mobile Marketing Association (MMA) is the premier global non-profit association that strives to stimulate the growth of mobile marketing and its associated technologies. The MMA is a global organization with over 450 members representing over forty-two countries. MMA members include agencies, advertisers, hand held device manufacturers, carriers and operators, retailers, software providers and service providers, as well as any company focused on the potential of marketing via mobile devices.