

Retail Rewards: Activation through Mobile

Kaiser Kuo, Group Director, Digital Strategy, Ogilvy China



Marketers have long recognized the mobile phone's potential as an activation tool. The ability to target individual mobile subscribers and send them promotions based on location, behavior, and micro-segmented demographic data has been talked about for years, but in all but the most developed markets, it's still only so much talk.

The obstacles are numerous. Often, mobile retail solutions require consumers to download software, or to switch on phone features like Bluetooth, which aren't on by default. In some cases retailers have to install expensive in-store hardware or point-of-sale equipment. And all too often, activation solutions aren't user-initiated, and as seemingly targeted and relevant as, say, a mobile coupon or promotional offer delivered to an individual strolling by a store is just deleted or ignored as just more unwanted spam.

The best mobile retail solutions are dead simple to use, offer tangible, no-brainer benefits to consumers, and don't represent a heavy lift on the part of retailers, either.

That was the thinking behind London-based M Cashback, a mobile marketing company founded in 2002 with Standard Chartered Bank as a major partner. The concept is elegant: a shopper sees an M Cashback logo offering X minutes of talk—really, just a credit to a mobile account that can be used for data as well—with purchase of, say, Maxwell House coffee. He puts it in his cart along with his other purchases, pays, and is given a receipt with a short code he can send in to redeem the free minutes. If he wants, he can also top off his pre-pay mobile account or buy content the same way—through a number printed on a receipt. This approach takes the promotion currency away from price and makes a direct correlation between the offer and the medium



Working with mobile carriers, merchants, and retail outlets, M Cashback has now expanded to 15 countries from Eastern Europe to South Africa, from Canada to Mexico, and from Japan to Thailand.

With its booming retail sector, fast-growing middle class, and mind-bogglingly large mobile subscriber base—now fast closing on 560 million and still growing by some seven million a month—China is a must-have market for any company with ambitions to harness mobile in the retail space. It's no surprise, then, that M Cashback has focused considerable efforts on the Chinese mainland, creating Beijing-based subsidiary Sino M Cashback in late 2006. The company opened a Shanghai office in August, and has already signed up major provincial and municipal branches of China Mobile (by far the larger of China's two mobile carriers) as well as leading hypermarkets, white goods retailers, and convenience stores like Lawson and Quik.

Setting up the system is simple in most instances, says Sino M Cashback CEO Robert Liu, a Beijing-born, U.S.-educated software engineer and entrepreneur. “Barring the need for a major POS system upgrade, all that’s normally required is a software installation on servers at headquarters,” says Mr. Liu, adding that it costs retailers nothing. With one major Chinese consumer electronics and white goods retailer, set up took only two weeks from the point of commitment, he says.

Mr. Liu says that the China operation is focused for the time being on pushing their M Top-up service for pre-pay mobile customers, who make up more than 70 percent of China’s cellular subscribers. Their M Rewards program will get underway in May of this year.

The real appeal for marketers, retailers, and operators alike is in the data they collect. “In Thailand, after just three months of operation, we’ve already accumulated more than a million phone numbers associated with purchasing habits,” says Mr. Liu. “They’re buying top-up in the course of normal shopping, and we can correlate those transactions with their phone numbers, and say, ‘this number has purchased this, this, and that.’” This allows marketers to target very specific customers—say, anyone in that list who’s bought Maxwell House coffee in the last month. Redemption rate for promoted merchandise is about 70% in Thailand, he says—a market that’s a good proxy for consumer behavior in China.

Will all that data purchasing data unleash a flood of unsolicited push promotion and turn off consumers, or concerns about privacy? That depends on the relevance of the messages. “Surveys we’ve done tell us that consumers don’t have a problem with it as long as they’re not receiving garbage information,” Mr. Liu says. “The messages they receive are from brands they like, or from the retailers where they normally shop. We’re only executing through these retailers and suppliers”.

It isn’t an easy matter to line up telecoms operators with retailers, let alone the manufacturers themselves. Though M Cashback is working with leading brands like Unilever, M Cashback likes to partner with mobile marketing agencies like Shanghai’s 21 Communications or activation agencies like OgilvyAction China.

But it’s an easy sell to retailers, to whom it’s plan that the beauty of M Cashback lies in the fact that, in the course of normal retail transaction and using only the most familiar of mobile data services, SMS, consumers get immediate, concrete rewards.

“We’re bringing some brand new ideas to retail,” says Mr. Liu. “I have yet to meet a single retailer who hasn’t been interested.”

For additional information, please contact Kaiser Kuo at Kaiser.Kuo@ogilvy.com