



CLOSING THE LOOP

ENGAGE PASSPORT: A PLATFORM FOR CROSS-CHANNEL DIGITAL ADVERTISING

SUMMARY

EnGage Passport extends the EnGage Digital Signage platform with the capability to create an integrated cross-channel marketing program that bridges the physical in-store shopping experience with on-line initiatives. The EnGage Passport provides the means with which to automatically generate QR Codes that provide customers with links to products, catalogs, and coupons, whilst providing the retailer with information about where, when and how the consumer accessed this information. This tool provides retailers with the means by which to increase sales, enhance the consumer's shopping experience, and to extend the brand's loyalty initiatives across channels.

INTRODUCTION : NEW RETAIL CHALLENGES

As technology continues to evolve at a rapid pace, the ways in which the general public accesses and views information has changed. Gone are the days when advertisers could be content with placing an ad in a newspaper or magazine, or relying on direct mailings to present offers. Consumers have the Internet with specialty shopping and price comparison sites, review boards, and social networking accessible via the Web and now, through the use of Smart Phones, while on the go. Using these tools, consumers have become increasingly sophisticated in their information consumption, researching options, comparing pricing and getting input from their friends prior to purchase. This ups the ante for retailers who now have to manage a large number of advertising channels so that they can deliver the right message at the right time, in the right place, to the right consumer.

Retailers, like all businesses, have two principle challenges: Increase Sales and/or Reduce Costs. Retailers compete by providing good products at the right price, by educating their customers, by creating a welcoming and enjoyable ambience, and by rewarding frequent customers with discounts and special offers. Retailers reduce costs by increasing operational efficiencies; including making sure that each new technological investment provides a quantifiable ROI.

Digital Signage helps these retailers by providing solutions that are focused on generating ROI by merchandising and increasing conversion rates and basket size. When executed well, case studies show that Digital Signage can generate a rapid ROI through sales uplift. Digital Signage can help reduce costs by linking to inventory systems to ensure influence which products are promoted, use co-op dollars to offset promotional cost.

However, Retailers are challenged in creating an integrated retail promotional system due to Silo'd technologies that are often not integrated and Marketing initiatives that are often managed by a variety of different agencies with little or no coordination. However, perhaps the biggest challenge that bricks-and-mortar retailers have is that they cannot identify an online customer when they are in-store. This is getting especially important as retailers are building customer profiles through interactions with them online and on social networking sites where they often have several million customers. If retailers could 'close the loop' to allow them to identify these online customers when they walk into their stores and provide them with tailored offers specific to the store they happen to be in, it will build customer loyalty and also enhance sales.

EnGage Passport allows retailers to begin to close this loop in an elegant and cost-effective fashion.

ENGAGE PASSPORT

EnQii's EnGage is a Digital Signage platform that provides the means with which to upload digital content, package and schedule it, and to distribute it to a network of remote Media Players.

EnGage Passport extends EnQii's Digital Signage Platform with the means to integrate Smart Phones into a brand's "bricks and mortar" advertising efforts. EnGage Passport integrates Digital Signage, Web and Mobile Marketing into a single platform for the creation, delivery and measurement of Branded messaging. Although most retailers employ these various channels all of these marketing channels are employed by Brands to compel consumers, they they delivery varies.

Digital Signage is traditionally one-to-many. While modern networks simplify the management and targeting of site specific content, the ultimate display is still one display to multiple consumers.

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Web Marketing efforts are typically one-to-many as well, but they can be personalized if the brand provides the ability to create an account and to specify interests. Web content is generally independent of the requesting party, but is occasionally regionalized using techniques such as reverse lookup of the consumer's browser.

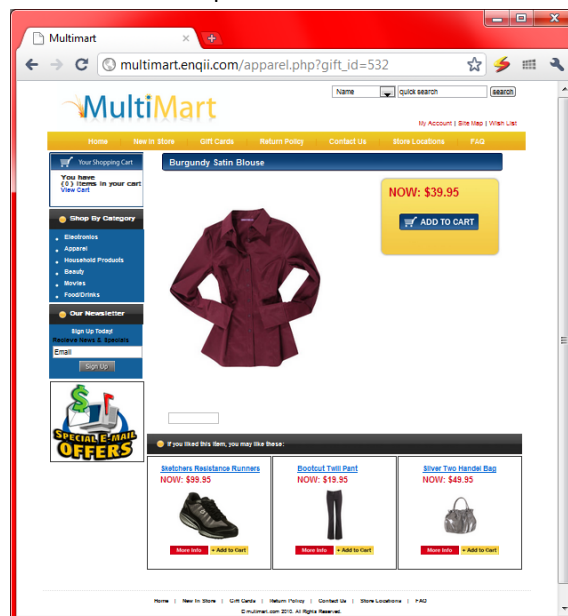
The nascent Mobile marketing landscape is a hybrid of one-to-one and one-to-many web content, frequently presented with the ability to customize the source and presentation of the information. Location based services provide the opportunity to target this content down to a very specific location.

Digital Signage is typically used to capture the attention of consumers passing by and/or consumers waiting within an area. Within retail, digital signage is used to outline specials, advertise new arrivals, provide store specific information, and to reinforce specific brands. When new generation 2D bar-codes, or Smart Tags¹, are overlaid on the promotional material, consumers with Smart-Phones can interact with them. Smart Tags can be used to support a variety of tasks, including:

1. Providing store contact information (opening hours, address, phone number, etc)
2. Providing product specific information, such as links to specifications, warranties, complementary products, etc.
3. Coupon presentation. Coupons can be presented generically, or personalized and contextualized to the consumer when integrated into a brand's loyalty program.
4. Consumer input. Smart Tags can be used for input as well as display. At their core, they contain a URL can be accessed using

A WORKED EXAMPLE

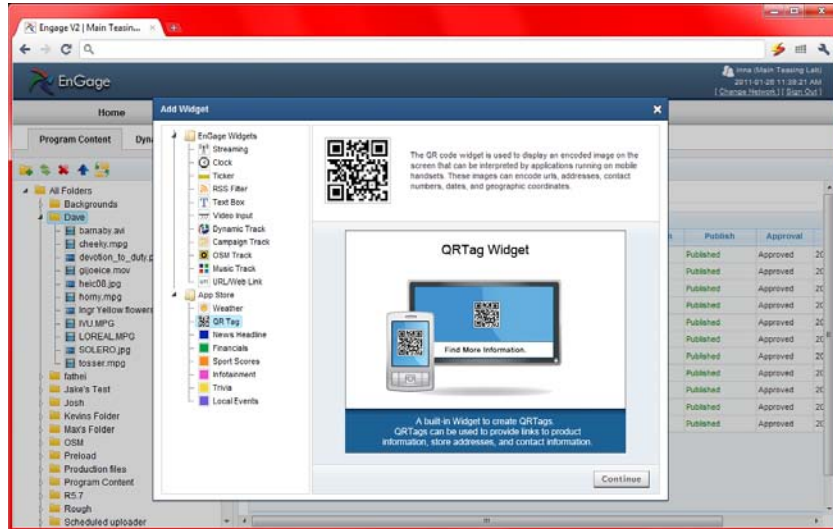
1. Multimart, a retail chain has a website an online loyalty program, and an online store. This demonstration company's website is available at multimart.enqii.com



¹ See Appendix on QR Codes

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- The marketers at Multimart configure QR Codes for specific products in EnGage. These codes appear as regular content and can be scheduled and synchronized to play alongside (or over) both motion and static advertising. The code that is generated will automatically have the Id of the Store added and will be encoded so that if a customer follows the link, EnGage will track the action their access (for later reporting) and redirect them appropriately.



- A Multimart customer downloads and installs the Multimart-branded SmartPhoneApp from a Website/Facebook/Email link provided by the Retailer. Using this application, the customer can look up the location of the Brand's stores, view a product catalog, access their loyalty account, learn about special offers and the like.



- When in-store, they Multimart's Digital Signs which periodically show specials using QR Codes promoted on-screen. Some Retailer's may also implement a "check in" feature that rewards consumers for visiting their stores, again, by capturing QR Codes

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As the customer walks through the store, she notices an Ad playing on one of the Retailer’s Digital Signs. It’s an Ad for MultiMart’s new Fall lineup. She takes a picture of the code displayed in the bottom of the screen.



Her SmartPhone Application recognizes the tag and displays more details of the product including pricing and availability (this EnGage generated tag has been simplified for demonstration purposes).

As an aside, even if the customer hadn’t installed the Multimart branded SmartPhone App, she’d have been directed to the correct web page. The store branded App provides support for coupons, a store locator, a product catalog and a gateway into the Brand’s loyalty program.

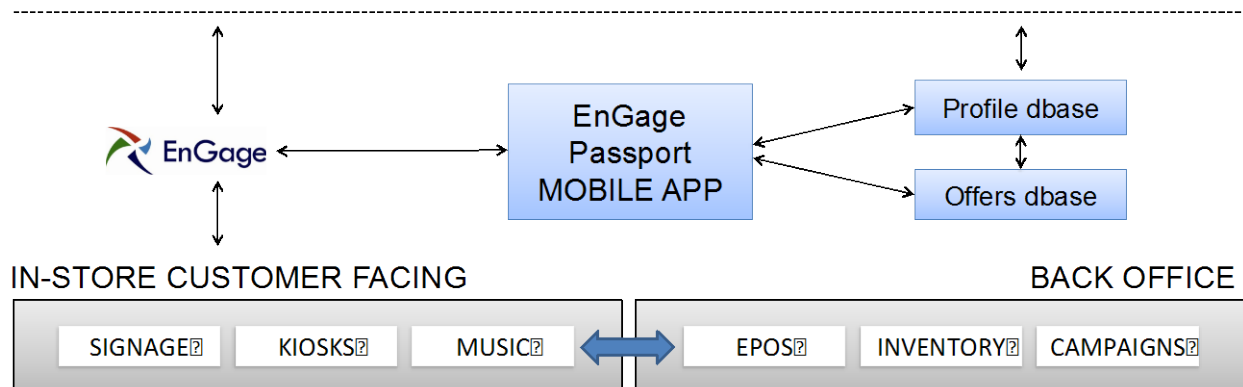
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5. The Retailer may have implemented functionality so that she can compare the price of the product to that of other stores, or share this product with her friends on Facebook to get their approval, bookmarking the product for later purchase either in store, or from the retailer's online store. The application might also provide recommendations for products that might complement the item, such as, in this example, slacks or a matching handbag.
6. At any time, the Retailer can track customer activity to determine which products are capturing interest, where coupons are being used, and customer purchasing habits. This information can be fed back into their loyalty system to offer additional promotions and rewards to incent customers.

HOW IT WORKS

The EnGage Platform, while primarily oriented towards Digital Signage, has been enhanced with the ability to generate QR Codes and to proxy urls contained within the codes. These codes can be generated in real-time to include site and time information to uniquely identify where the code was captured. In addition, the EnGage platform proxies and records requests so as to keep track of which codes were viewed, where, and when.

ONLINE CUSTOMER FACING



The EnGage platform features a full Web Services API and can be readily integrated into Enterprise systems to provide pricing, product and customer information.

EnGage Passport is a suite of Web Services that provide services to support a product catalog, product details, and couponing. The EnGage Passport white labeled App, which is available for rebranding and enhancement, is currently available on Android. This App provides the following capabilities: store locator, a hierarchical product catalog, and a "wallet" for coupons. This wallet capability is used to store coupons that are captured from QR Codes displayed on Digital Signs or in print media. The wallet can be integrated with a loyalty program to provide a single integrated mobile/web/store customer experience. Once stored, coupons can be recalled for display at point-of-purchase or integrated with a store's Enterprise systems to provide additional redemption options.

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EnGage Passport's coupon capability can be implemented to implement a graceful fallback scheme whereby customers without the Passport Mobile App who scan a coupon QR Code can be redirected to a configurable url. This url can be used to implement a signup scheme, or to provide alternatives to the Mobile App coupon storage.

INTEGRATING WITH SOCIAL MEDIA²

The social functionality of EnQii's QR Code is designed to allow users to use QR Codes to gain Facebook "Fans" and Twitter "Followers" and to share content on those sites. Putting a Facebook "Like" QR Code within a bricks and mortar store creates a strong connection between the physical and the online world, reinforcing the convenience and tangible aspects of the physical with the convenience of the virtual.

FACEBOOK

EnGage Passport provides an easy way to create QR Codes that generate Facebook "Likes". In today's marketing terms, getting Facebook "Likes" is a great way to build your online presence and generate buzz. These Codes can be displayed anywhere within a store, or in print ads.

QR Codes also allows users to "Share" any type of content with their friends in their social network. The same way users can put a "Like" button in ads, you can put a "Share" button next to various products or offers. When users elect to share it, it is added to their Facebook page. Currently, this capability can be configured manually within EnGage. In a subsequent version, the creation of these URLs will be automated.

TWITTER

QR Code can also be used to create a link to your corporate Twitter profile to increase the number of followers. You can also use QR Codes to have your customers share specific content with their Twitter followers.

The EnGageTwitter Share capability allows users to create a QR Code that can be displayed on a Digital Sign, on Paper Signage, or within print advertising. If the reader likes the article, they can scan the QR Code to share it with their followers on Twitter.

APPENDIX : QR CODES

One of the hottest trends in mobile marketing is the adoption of QR Codes or 2D Barcodes. QR (short for Quick Response) Codes are in use throughout Europe and Asia and, due to the rapid adoption of Smart Phones amongst consumers, now making in-roads in the US.

One can think of QR codes in the same way as the barcodes currently read off the paper tag at the point of sale. Those codes contain a small amount of product information such as pricing, discounts, SKUs and the like. Scanning the info enables the clerk to process the customer's purchases quickly. Providing the consumer with a keychain barcode can enable the clerk to associate those purchases with a loyalty/discount program. This allows the retailer to provide the customer with special offers related to the types of purchases they make while also providing the retailer with important information about which locations the customer frequents so as to help them with inventory/purchasing management.

²In development

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QR Codes are a digital version of the printed barcode. However, where the original paper codes could only be read by special readers, these new tags are scan-able by cell phones and the retailer can put whatever information into the code they wish to share. QR Codes open the door to many new types of interaction with the customer.

The premise is as tantalizing as it is simple: shoppers scan a barcode on a Digital Sign or shelf edge using their Smart Phone. Once they scan the code, the shopper is taken to a website or some other mobile-enabled content and provided with information that the retailer controls. At the same time, the retailer can collect information on the shopper, such as where and when they scanned the code, how many codes they have scanned, and what actions they may have taken afterward.

When integrated with a retailer's loyalty database, a wide range of applications are made possible. Nearly every competitive retailer has some type of loyalty program. Most involve issuing a card or key tag to shoppers, and most entice shoppers to use their cards by offering temporary price reductions that are only available to card holders with an eye towards analyzing these redemptions later so as to get better insight into customer behavior.

QR Codes enable retailers to provide consumers with these existing benefits and more while capturing consumer behavior in real-time. With QR Codes, the customer's mobile phone can replace the plastic key tag and paper coupons. In addition, with an application on the handset the retailer can now get in on the pre-shop planning of list-making, coupon clipping and the like. Then, once the customer goes shopping, they can follow along and connect with them via QR Codes displayed on Digital Sign or on the shelf edge. Using their phones, the consumer can acquire coupons and redeem them at point of purchase by simply displaying them on their handset or via an integrated ePOS/Loyalty system. Post purchase, the retailer can follow up with the shopper with a marketing initiative that might include surveys, savings analyses, and offers for their next trip.

Once a retailer starts thinking beyond the key tag and becomes a part of the process rather than just looking at results after the fact, opportunities abound. With this approach a retailer is not just throwing out offers, it's having a dialogue with its shoppers; building and maintaining a relationship that benefits both the retailer and the shopper for the long term.

QR Codes are new to both retailers and consumers, and, like all technologies have their pros and cons.

PROS:³

- QR Code technology is directly supported by Google's Android OS and is available through third-parties on both Apple and Blackberry.
- Greater than 70% of cell phones have cameras.
- 55 million people own smart phones in the USA.
- You don't have to type in URL's to navigate to a website.
- QR Codes are supported in the Twitter platform.
- QR Codes are cheap to create.
- Fast way to provide complex information to mobile users (one click redirects)
- The Denso Wave Corporation owns the patent for the QR Code, and has made the specifications available for use by any individual or organization free of charge.

³ Source: Mark Sprague of Lexington eBusiness Consulting

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- The QR Code specification is a JIS Standard, an ISO18004 standard and an AIM Standard.

CONS:

- QR codes are not widely used in USA yet; customers still require education
- Potential for short-term consumer confusion as a variety of 2D codes are competing for marketshare, including: QuickMark Data Matrix, mCode, EZCode, Microsoft Tag, Aztec, UpCode, ShotCode and Trillcode.
- Most cell phones in the US do not come with 2D reader software installed.
- The value of the offer made by the company must exceed the service provider's data charge to the customer.
- The more information one stores in a code, the harder it is to decode

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