ELECTRONIC CLEARING: ARE WE THERE YET?

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Inmar
Agenda

• Welcome and Objectives Overview
• Introduction of Panelist
• Paper Processing Timeline
• Transforming and Industry – Are we there and willing
• Review Electronic Paper Coupon Flow
• Panel discussion
Consider...

- Whether payment of paper consumer promotions electronically can be transformative in this industry.
- If paying from POS captured data, without paper audits, is something that can gain mainstream acceptance.
- Has the paper and settlement transformation already occurred with acceptance of digital promotions, ones that have never manifested as paper.
Our panelists

Dale Rockey - Altria
Lauri Martin - Coca-Cola
Steve Kiraly - Nestlé PURINA
Paper processing evolution

America’s first paper coupon was distributed in 1895.
Paper processing evolution

1895

America’s first paper coupon was distributed

1952

Patent 2612994 was issued, the original patent for a true barcode.
Paper processing evolution

1970: UPC Ad Hoc Committee formed

1973: Uniform Product Code Council assumes leadership

1974: Ad Hoc Committee forms a Coupon Committee chaired by Don Lloyd

1974: Wrigley gum scanned using an NCR system at Marsh Supermarkets


Prior to 1980: Sample count, specific percent of coupons processed with total amount calculated from the sampling

1895 1952 ‘70s

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100 percent of all coupons counted and payment made

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1990: Scan Validate Quick Pay (SVQP) introduced.
1993: ACP In Ad Sub Committee recommendations published
1995: Inmar’s Apex one-count processing introduced
1995: 5.8 billion coupons were redeemed
1999: Inmar tests and confirms technology exists to clear coupons electronically.
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Early 2000s: 
Scan Validate Quick Pay (SVQP) introduced.

2013: Inmar again tests electronic clearing of paper coupons with the GS1 code.

2014: Several retailers and CPGs have tested the concept, but requires some sort of physical audit.
McKinsey step to digitization

The position of an industry on this curve depends on the degree to which companies and customers within it have embraced digitization. While conceptual, the curve shows how laggard incumbents have already disappeared from industries in which digital disruption began early, such as traditional media. In industries where digitization is less pervasive but more a gathering force, there is still time for incumbents to adapt and survive.

Source: http://www.mckinsey.com/insights/strategy/strategic_principles_for_competing_in_the_digital_age
Companies that have revolutionized their industry through digitization
Electronic clearing of paper transformation: Are we there yet?

1. Consumer presents coupon for redemption
2. Cashier scan offer at POS
3. POS performs validation
   - For accepted offer, store and capture required settlement fields
   - Send required data to third-party audit facility
   - Audit facility creates required settlement claim files and cashier audit reporting
4. Third-party audit firm determines participation level
   - Participating electronic invoices created for quick pay
5. Data sent to CPG for quick pay
   - Payment made within 48 hours of file receipt
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Altria

Lauri Martin  
Coca-Cola

Steve Kiraly  
Nestlé PURINA
1. Where on the continuum do you view electronic clearing of paper?
What is the single greatest benefit you think could be gained by doing this?
What parts of the GS1 data bar would be required to consider electronic clearing of paper coupons.
Do you think there will be mainstream acceptance of electronic data for payment of paper coupons without an audit of some portion of the paper?
Recap...
THANK YOU!

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Click the survey button found on the session page.