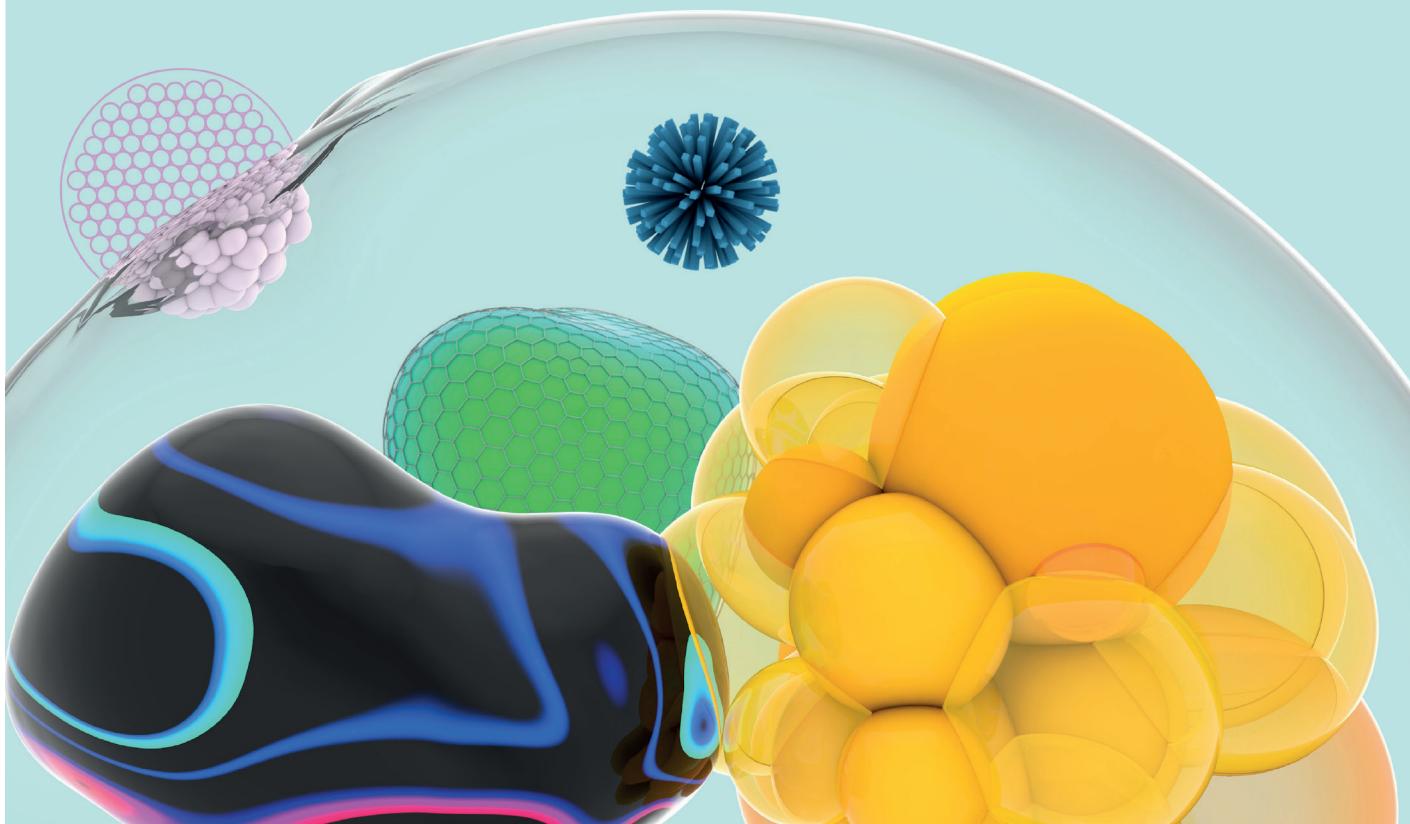


Modernizing vouchers and gift codes

Direct digital solutions for
enhanced customer experience



Exploring vouchers, gift cards, and beyond...

Vouchers and gift cards provide a familiar, tried and trusted mechanism for customers to discover, buy and access a wide range of products and services.

Vouchers simply represent a discount or promotional period, commonly issued by merchants as part of a campaign to drive customer acquisition. They are also used by 3rd party partners as a customer reward, incentive or benefit, or simply in return for marketing revenue or finder's fee. For example, banks frequently issue vouchers to their customers giving money off popular products or a free trial for a subscription service — usually enabled once the customer has given the merchant their payment details, to pay once the trial ends.

Gift cards on the other hand contain monetary value, for example a \$25 gift card for Amazon or Netflix. These are sold by the merchant as a method of gifting, but also used by 3rd party brands as rewards, incentives and benefits. For example, many Banks offer gift cards to customers opening new accounts or for retaining a minimum level of savings.

Having both been invented before the internet, the simplicity and familiarity of vouchers and gift cards are frequently offset by a growing number of limitations, making them less than optimal for today's online customer interactions. This document explores a number of challenges found using vouchers and gift cards for today's customer sales, rewards, and incentives, going on to consider modern direct alternatives.

A bit of history

Coca-Cola is believed to be the first company to issue what they called "Tickets" in 1888 to promote their then-new drink. A customer was able to exchange their ticket for a free glass of Coca-Cola. The voucher was born, and by 1913 it was reported that 8.5 million of these Coca-Cola tickets had been redeemed. Coca-Cola is now one of the world's most recognized brands.

Today, vouchers, gift cards and promo codes have become universal and are a popular way for consumer brands to acquire, engage and retain customers. Over 145.3 million people in 2021 used vouchers and gift cards (Statista). However, customer experience has struggled to keep up and enter the digital age.



Challenges of vouchers and gift codes in the digital age

According to Statista, the number of vouchers issued in the USA during 2021, that were redeemed, was less than 2%. With reasons being attributed to process complexity and customer confusion, as well as issues with targeted vouchers or gift cards leaking outside of the intended channels and a wide range of related fraud.



Vouchers and gift cards both originate from the physical world and are typically related to a single merchant. That merchant defines and creates the discount or promotional period represented by a voucher, or the monetary denominations accepted by each gift card. Redeeming a voucher or gift card gives the customers access to one or more products or services provided by that merchant.

Vouchers are fundamentally a merchant-owned promotional vehicle designed to acquire and retain customers, either directly as part of that merchant's own marketing campaigns, or indirectly via channel partner marketing - i.e., a retailer, telco, bank etc. In all cases, they are designed to quickly redirect consumers to the merchant for registration and payment. So while promoting the right vouchers may help a channel partner attract new customers, vouchers do not help a channel partner build a lasting customer engagement.

A channel partner that issues or sells a voucher or gift card has no ongoing visibility or customer dialog beyond that point of issue or sale. The merchant ultimately owns all the ongoing relationship, including redemption, registration and ongoing payments. The channel partner may issue a new voucher or sell a new gift card, but that is a completely separate transaction, requiring a completely new redemption experience.

Because each voucher or gift card is ultimately owned by a single, originating merchant, the products or services, the offer, price, terms and conditions are fixed and represented by an individual stock keeping unit (SKU). This makes them complex to operate, difficult to change and commercially expensive to deploy. They are also hard to test and even harder to measure their effectiveness and success, requiring additional information such as: stock count, purchase price and location, redemption control and demographic information. It also makes it complex to build super bundles — appealing packs or bundles of products, such as movies, music, and gaming in one voucher offer.

“The global gift card market is valued at \$899.3 billion and is expected to reach \$2.3 trillion by 2030 (Gift Card Statistics 2023, CapitalOne)”

Adding a new direct digital solution

Enhanced customer experience delivers better relationships, engagement and retention

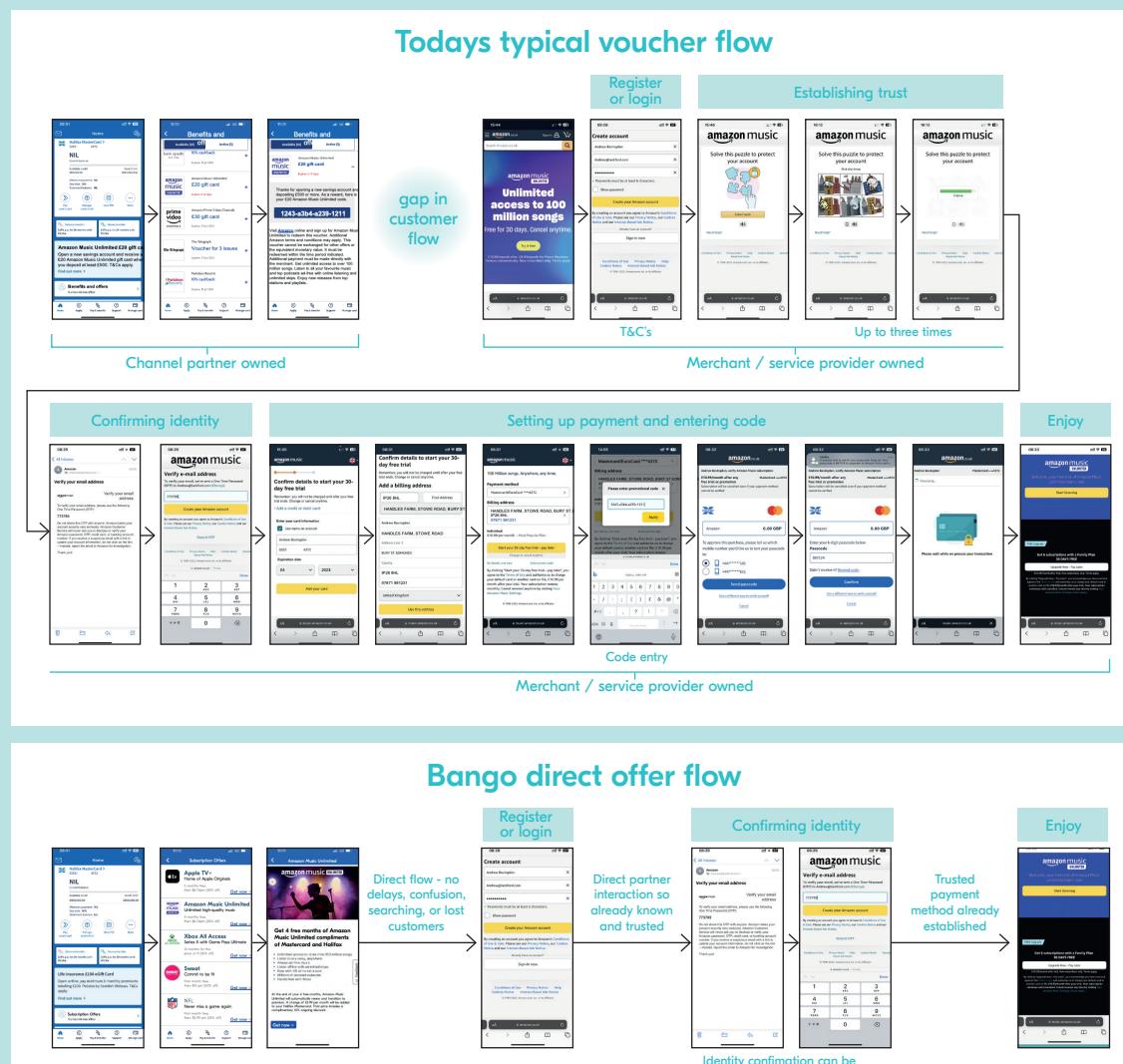
By uniting the merchant supplying the product or service, with the partner providing the channel to market, it is possible to dramatically streamline the customer experience. Both partners have a perspective on the customer and detailed knowledge of identity, trust, and payment details.

When a customer is known by the channel partner, perhaps as a customer or as a member of their loyalty scheme, that knowledge can be securely leveraged to confirm identity, enable trust, and provide seamless payment capabilities.

Rather than focusing on selling, issuing, and redeeming a voucher, digital solutions focus on starting an ongoing relationship. The customer:

1. Selects the product offer from the channel partner, i.e., a telco, retailer, bank, employer
2. Simply registers with the merchant, or logs in if they have an existing account
3. Starts enjoying the service

There is no need to reconfirm identity, establish trust, or enter payment details – not even to start an initial trial period. These are automatically confirmed through the channel partner relationship.



Full native support for subscriptions

Subscription billing remains with the channel partner using established payment methods already proven to work — eliminating the need to recapture payment details. This means free trials can start immediately and seamlessly transition to paid at the end.

At the end of each subscription period (e.g., month or year) the direct digital solution automatically notifies the customer and renews the service — simply and consistently. This removes complexity and increases satisfaction for customers by eliminating the need for them to manually secure a new voucher or gift card (or to recharge an existing gift card) and redeem it against the appropriate service — all before the end of every period.

Direct digital solutions ensure vouchers or gift cards fully align with corresponding subscription services, again simplifying the customer experience. This means that giving a customer a month's worth of a music service really means a month. Currently, many services can only accept vouchers or gift cards with monetary value rather than time-based. Which leaves customers trying to redeem a \$25 voucher for a \$10 per month service.

It's good to talk - clear, consistent customer communications

Retaining ownership of the customer subscription provides a regular reason to communicate with the customer.

This enables the brand to ensure the customer always receives the same trustworthy experience, including consistent:

1. Communication of terms, conditions, and costs before subscribing
2. Notification when a promotional period is ending, when payments are about to be collected / have been collected, changes to service, and when subscription terms are about to be renewed

It also gives the brand a clear opportunity to introduce upsell, cross sell and retention messages that further grow the relationship value.

Trust Engagement Loyalty
Relationship

Higher spend, longer life

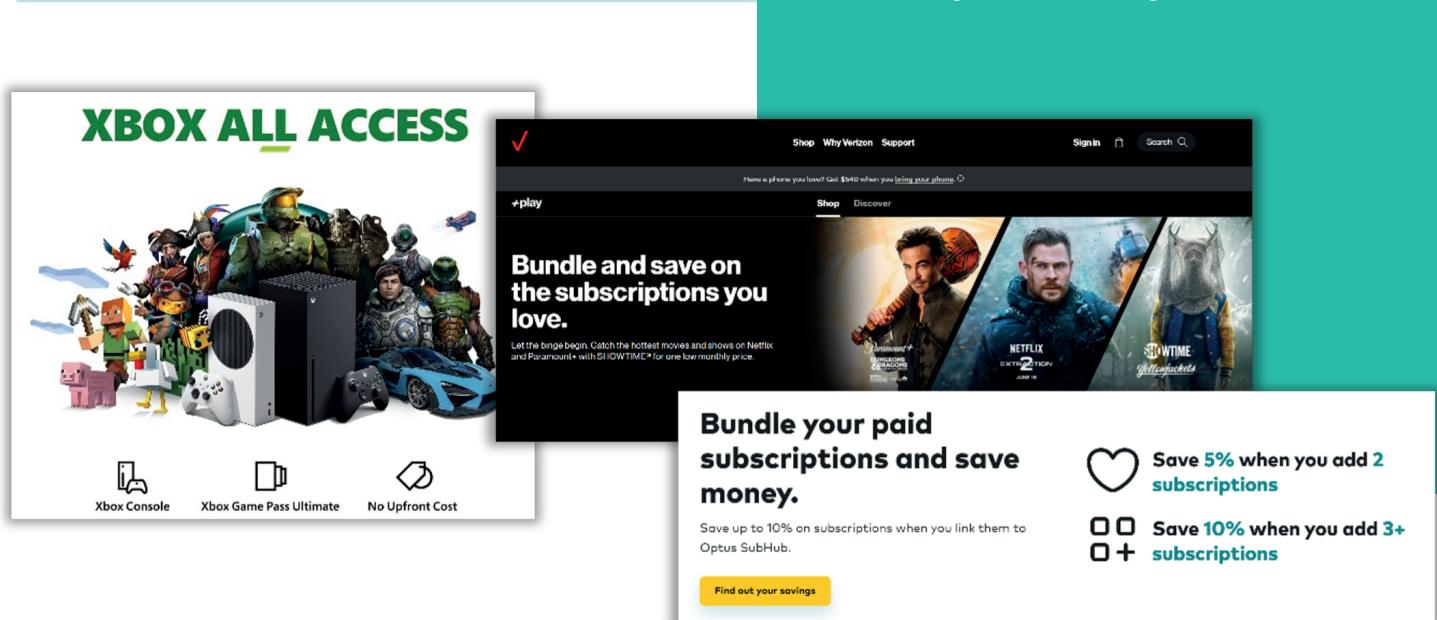
With a traditional voucher system, the customer purchases a voucher from the channel partner, perhaps a \$10 card, and applies it to their subscription service provider account. They do this by either logging into an existing account, or by registering and creating an account for the first time. Often the voucher value and the subscription cost don't match, so either there is unused value remaining, or the customer needs to enter payment details and top-up the remaining value to start the service.

Since traditional vouchers cannot automatically renew and re-apply, the customer needs to repeat this whole process every month (or year). This means they return to the channel partner, locate, and purchase a new voucher, then relocate where to apply the voucher or card. This process often results in the customer skipping the voucher step and simply paying the subscription provider direct, cutting out the channel partner entirely.

Modern, direct provision of subscriptions eliminates this complexity. The customer simply signs up for the subscription service with their channel partner, logs in or registers once with the service provider, and starts enjoying the service. Any subsidies, discounts or promotions are automatically applied, and the channel partner is seamlessly added as the payment processor. All the traditional voucher complexity is removed, making the customer experience quick and simple. What the customer buys and what they get automatically matches and there are no additional payment or redemption steps required with the subscription provider.

With a modern, direct solution, subscriptions automatically renew each month, with payment always processed with the same trusted payment instrument held by the channel partner. Renewal becomes an opportunity to communicate with the customer, not a chore for the customer or a risk of customer dissatisfaction or worse — customer loss.

Subscription uptake using a modern solution can be up to 50% higher than traditional vouchers, while the customer lifetime with the channel partner can increase from 3-4 months up to 1 to 3 years.



XBOX ALL ACCESS

Bundle and save on the subscriptions you love.

Bundle your paid subscriptions and save money.

Save 5% when you add 2 subscriptions

Save 10% when you add 3+ subscriptions

Super Bundles and combo offers

What is Super Bundling? Super Bundling services consist of a single payment to a service aggregator — such as a telco, bank, or retailer — for access to multiple subscriptions such as streaming services, music, gaming and lifestyle, which are delivered through a single online content hub with the ability to create custom bundles which cover 20+ subscriptions services.

Modern offers are dynamic and can represent more than one physical product. This flexibility to quickly combine products within creative offers is increasingly important to attract and retain customers. For example:

GAMING BUNDLE EXAMPLE

A subscription like Xbox All Access, that includes an Xbox Console with Xbox Game Pass Ultimate



MEDIA BUNDLE EXAMPLE

A combination offer that includes the best music, movie, and gaming service in one



FILM BUNDLE EXAMPLE

Top movie services bundled, e.g., Verizon +play offers Netflix with Paramount+ and Showtime

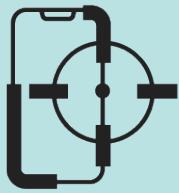


These combinations can be dynamically tailored to precisely match what each customer wants. Or the customer can pick and mix their own perfect combination from a wide range of options, securing great rewards and discounts in return.

E.G. Optus SubHub saves customers 5% with 2 subscriptions or 10% with 3+.

Targeting, measurement and customer care

The modern solution ensures both the merchant (owning and supplying the product) and the partner (providing the channel to market) have precise, real-time views of their customers and the offers they view, show interest in, and ultimately select. It ensures:



1. Target the right customers

Vouchers and gift cards target the right customers to maximize acquisition, engagement, and retention. Including, offer details, along with the media assets and creatives used to communicate the offer.



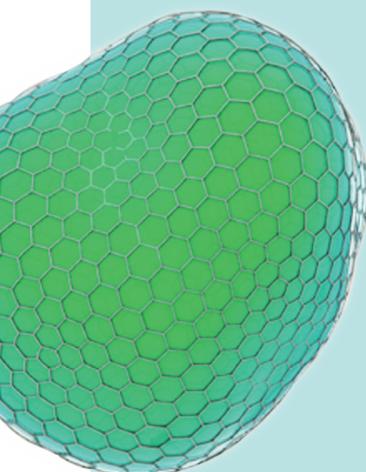
2. Real-time measurement

Offers can be measured and optimized in real-time. There is transparency across the entire customer journey, enabling the merchant and channel partner to measure and drive immediate growth through targeting, communications, and rapid offer evolution. That includes which offers were viewed and accepted; who by; the price paid; and the steps taken to redeem or register the associated products. If gifting is permitted, this can include who received the gift card and their actions to redeem, register and log-in.



3. Better customer experience

Customers get the best end-to-end experience — that includes any support or care they need. Both merchant and channel partner care teams have full visibility of the customer journey, allowing them to deliver consistent, joined-up help that resolves issues fast and minimizes risk of duplication. Plus, either party can simply pause or downgrade a service during issue resolution.



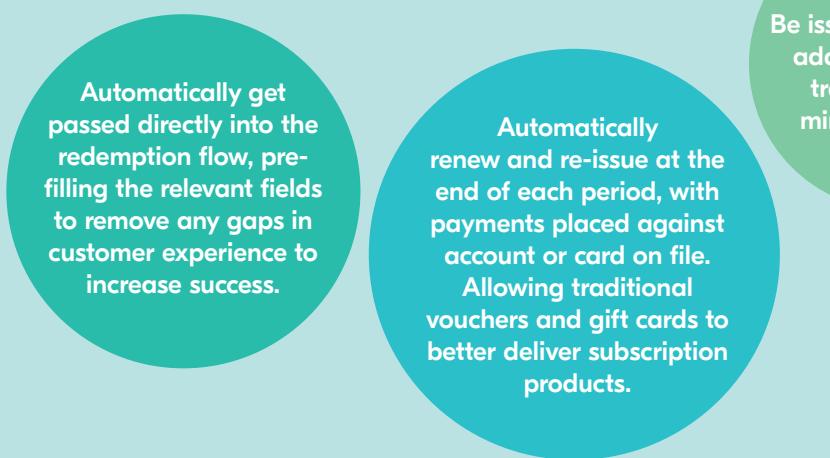
Improving traditional vouchers and gift cards with a modern direct digital solution

Modernizing your voucher solution does not mean throwing away all those existing vouchers and related investment. Modern digital solutions fully support the delivery of traditional one-time vouchers and gift cards, while also providing a path for adding the latest, direct subscription capabilities.

Direct solutions, like Bango Resale, can be added onto existing voucher systems to enhance them, and to introduce simple upgrade paths that deliver new, direct benefits.

Vouchers and gift cards are simply treated like any other entitlement – albeit one that has a fixed term and no repeat. After selecting the offer, and optionally paying, the customer gets the expected voucher or gift card.

But now vouchers and gift cards can:



The latest digital solutions are designed to modernize and upgrade today's voucher systems, supporting proven models and providing a path to upgrade customer experience, automate subscription renewal, and deliver long trusted relationships.

Comparing legacy vouchers and gift cards with modern direct alternatives

Voucher and gift card solutions

Direct subscription management (e.g. Bango Resale)

Merchant centric customer acquisition solution	Seller/issuer centric engagement/relationship solution
Buy and issue isolated from redemption	Seamless unified experience – discover, buy, manage
No seller/issuer relationship after sale	Seller/issuer owns ongoing relationship
Product offer directly fixed to the voucher	Product offer remains dynamic until activated
Contains monetary value (theft or fraud risk)	No value associated
One voucher supports one product	Supports super bundles and multi-product combos
Mostly value-based (e.g., \$25)	Value and time-based (e.g., 1 month of music)
Repeat manual redemption for recurring use	Fully automatic renewals with notification/comms



Learn how you can take advantage of direct subscription relationships to acquire, engage and retain more customers with your customized offers.

Only Bango

Only Bango has the required innovation and technology to deliver a direct digital solution that goes beyond the limitations of today's vouchers and gift cards. Bango Resale is proven at scale to acquire, engage and grow customer relationships using all the latest subscription services, providing everything you need to deliver all subscription services — directly.

Bango is trusted as an industry subscription standard by all the leading technology and content brands, including Amazon, Google, Samsung, Netflix, Microsoft and many more (ask us for the latest list). One simple connection to Bango opens up the complete subscription market for you, automatically uniting all merchant services with all channels to market. Bango eliminates the need to plan, integrate, test and launch each subscription service as a separate bespoke project — massively reducing time and cost, to deliver the fastest time to market, along with rapid marketing response times.

Instantly benefit from our unique, always growing ecosystem of over 150 merchant and channel partners already connected. This means that the subscription brands your customers want are technically ready to go. So whether you plan to offer a few subscriptions as benefits, incentives or rewards, or launch a full subscription store like Verizon +play... launching any subscription is simply a configuration away.

To learn more about how a Bango direct subscription can help you visit bango.com or email sales@bango.com and talk to us today.

