

# Time Out:

Xs and Os in Mobile Payments

*It's still early in the first quarter!*

---

Presented on  
3.14.2013 at:

*Game Time*  
AT  
**RESTAURANT HIGH**



# Presenters

**Steve Mott,  
Principal**



**Andrew Lorentz,  
Partner**





1<sup>st</sup> Quarter

**STEVE MOTT**

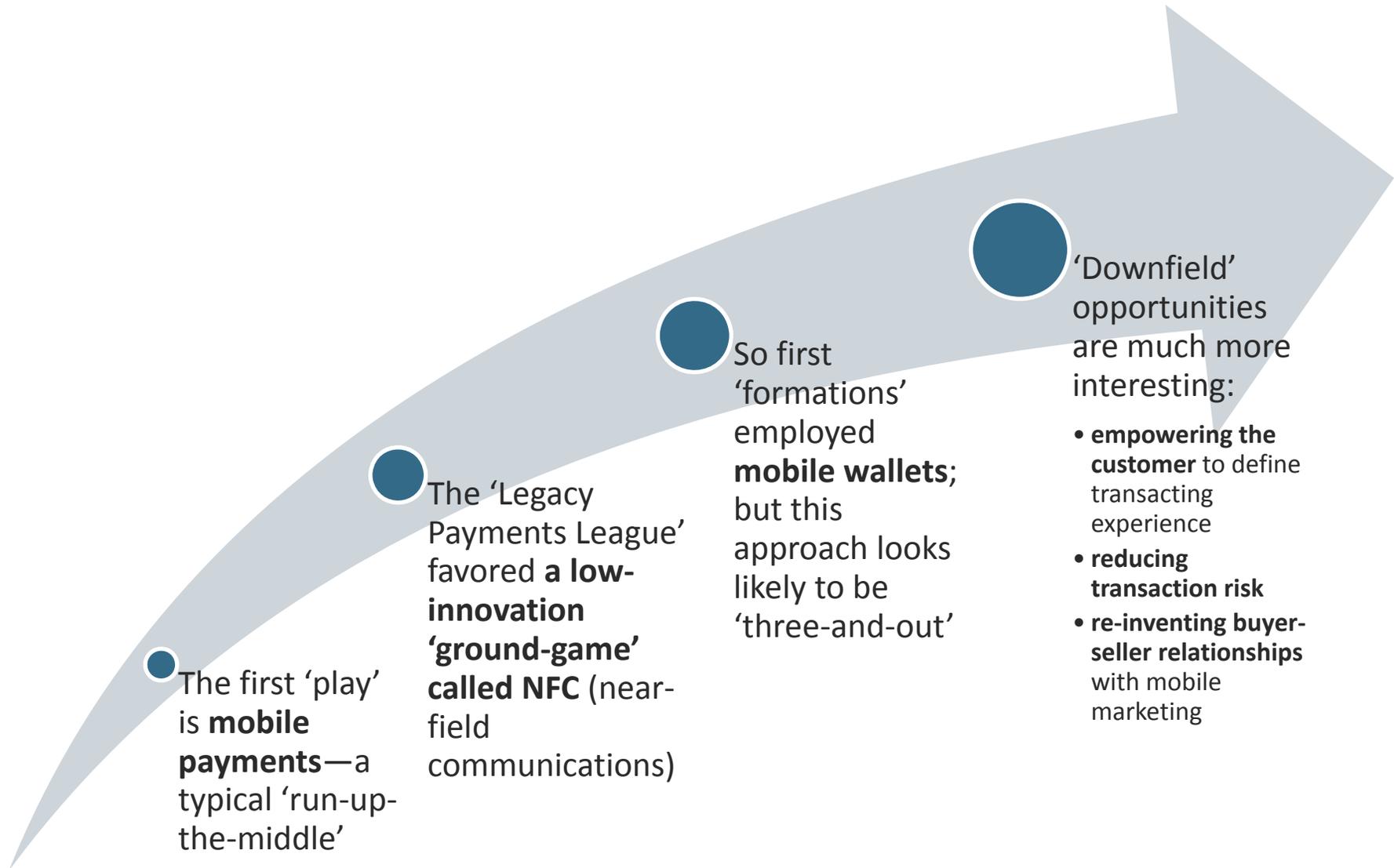
# Kickoff Commentary

The Mobile Transformation—it IS happening; to ignore it is to become road-kill (but there IS time to master it before the consumer shows up...)

Restaurant Sector appears to be the epicenter for young adult adoption and ground-zero for the transformation

The Mobile Marketing opportunity—why EVERYONE is chasing it—and YOU can, too!

# Where to Begin?



# A Growing Array of Technology Choices



# First-Generation Mobile Wallets—Divergent Paths, But Can Anyone Score?

| Wallet Provider   | Target Channel  | Deployment Strategy  | POS Orientation  |
|---|---|--|--|
|    | Began focused on POS, now back to online; more than two dozen national merchants testing                        | Hedging bets on SE/NFC; OTP online (liabilities?); cards and phones for POS leveraging TXVia acquisition; data = big prize | Was seeding market with NFC terminals; 2.0 virtual MC prepaid option will use existing rails with CNP rate |
|    | Extending to POS; online going very well; nearly two dozen national merchants                                   | Cards and phones for POS, with two-way offers coming; acceptance via Discover  | Cards and numbers now, 18092 soon in handset, other modes coming   |
|    | Focused on POS, considering online; nearing a dozen national merchants  | NFC 14443 for POS; 18092 on the way  | Straight NFC for terminals, with offer push  |
|   | Focus was on digital/online, but now pushing POS; a dozen online merchants and handful of POS merchants testing | OTP online, NFC 14443 for POS, but considering 2D barcode, others  | Using EMV to lead market to proprietary PayWave? Offering full encryption if Issuers, Merchant want it     |
|  | Leveraged contactless lead at POS, now moving online; several key merchants                                     | OTP online (maybe liabilities?); NFC at POS for now but exploring options with white-label wallet                          | PayPass is global standard, pitching open platform that can work anywhere                                  |
|  | Current focus on POS with more than two dozen merchant owners   | Believed to be offering a combined credit/debit facility on private rails  | QR codes with OTP resolve in cloud; big emphasis on data/privacy protection                                |

# Other Entrants to Wallet Market

- Apple's Passbook for storing all kinds of passes



- Facebook's two-step mobile checkout for digital content



- Sprint's Touch wallet



- Amex's Serve platform (repurposed as a wallet)



- Burger King wallet (with Firethorn)



- Lemon's wallet management system



# NFC: Not the 'National Football Conference' in terms of Adoption

Tags: Interesting for specific marketing campaigns, but durability and general-use questions persist

MicroSD: Offers are easier to do from the cloud, don't require an SE, and what happened to all the pilots?

"Regular" NFC: Jury still out

- Isis offers approach will be closely watched
- Google?!?
- 18092 might bail NFC out of implementation woes
- Brands hedging on their monolithic support

The good news? It's still early...

# Original Business Case for 2-way NFC

**Relevant coupons:** 1-to-1 targeting, real-time, refreshing, etc. can reduce billions of waste from \$400 billion annual spend on paper and broadcast media (where only 8% of consumers collect and just 1% redeem)

**Location-based services** (e.g., queries on nearest brand store or restaurant, where promotional offers can be returned with info)

**Customer recognition** (supplying data and receiving offers and updating rewards programs) upon entering stores; data can be harvested for banking products and joint bank/merchant promotions

Products can be pitched **inside the store**, while shopping—including **competitive offers**

Shopping items can be automatically scanned/read while shopping, **facilitating self-checkout** (where payment options can be pitched)

**Loyalty** programs can be **integrated** and instantly updated for real-time redemptions

**All this data** can be used (with sufficient consumer opt-in) to better address offers, promotions, financial services needed, targeting of ads, etc.

# Starbucks Solution: It's QR codes; Apple (?)

29th January 2013

## Over 7M users for Starbucks payment app

 Like 2  Share 2  +1 0  Tweet 9

Over seven million customers now use Starbucks' mobile payment app, according to CEO Howard Schultz, speaking during the company's first quarter results call.



by Richard Handford

Starbucks' mobile app is used by customers to make purchases in the coffee chain from a pre-paid account.

"Over seven million customers now use one of our mobile payments apps translating into 2.1 million mobile payment transactions each week with hundreds of thousands of additional Starbucks mobile app downloads each week," said Schultz.

Payment is made by a user opening their Starbucks app and having a barcode scanned by a sales assistant. The user's prepaid account is then automatically debited. Users can also access their app to top up their account, view their recent transactions and track their reward points.

Additional figures from the first quarter, which covers the holiday season, show more than \$1 billion was loaded onto Starbucks cards, the highest amount ever. One in 10 US adults received one of the company's cards as a gift during the quarter, an indication of its popularity.

Nearly 20 percent of transactions on Starbucks cards now come through mobile payments.

## Analyst predicts Apple to offer mobile payment, loyalty program soon

Tags: [Mobile Payments](#), [Mobile Retail](#), [Specialty Stores](#), [Technology](#)  
January 10, 2013

 Tweet 23  Like 0  +1 0  Share 3  Share 8  

The near inevitability of Apple's entry into mobile payments in some form continues to fuel speculation. According to Investors Business Daily, Apple's first foray into mobile payments is already ramping up: a loyalty program called iPoints that will launch this year.

The information comes via a report from RBC Capital analyst Dan Perlin, IBD said. According to Perlin, Apple is looking to leverage accounts held in its iTunes store, reportedly around 400 million card accounts.

"We believe Apple will introduce a payment management and loyalty program within iTunes," said Perlin in the IBD report. "The loyalty program, in our opinion, could be called iPoints and likely be a closed-loop loyalty program — redeem for Apple products only."

If correct, that last point is important as it means Apple isn't looking to take on the card brands, at least not yet. Instead, the company will only dip its substantial toes in the mobile payment waters at this juncture.

Depending upon one's vantage, Apple is already dabbling in the mobile payment market with its Passbook app. With Passbook, Apple provides a handy mobile container for other applications, relying on other companies like Fandango and Starbucks to provide the development as well as the processing relationships.

Additionally, Apple customers can make purchases at Apple stores using giftcards stored in their Passbook applications.

# The Cloud: Ready for Prime-Time?



## Netflix Hit by Outage, Blames Amazon

By Greg Bensinger, All Things Digital December 25, 2012

[Netflix Inc. said Tuesday it restored streaming video services a day after an outage triggered by technical problems at Web service provider Amazon.com Inc. stretched across the Americas.](#)

The service was running for all customers by Tuesday morning, Netflix said, after its and Amazon's engineers worked through the night to repair it.

Netflix, of Los Gatos, Calif., said the outage started about 3:30 p.m. Eastern Time on Monday. It prevented video streaming on a number of devices, such as Roku Inc. players.

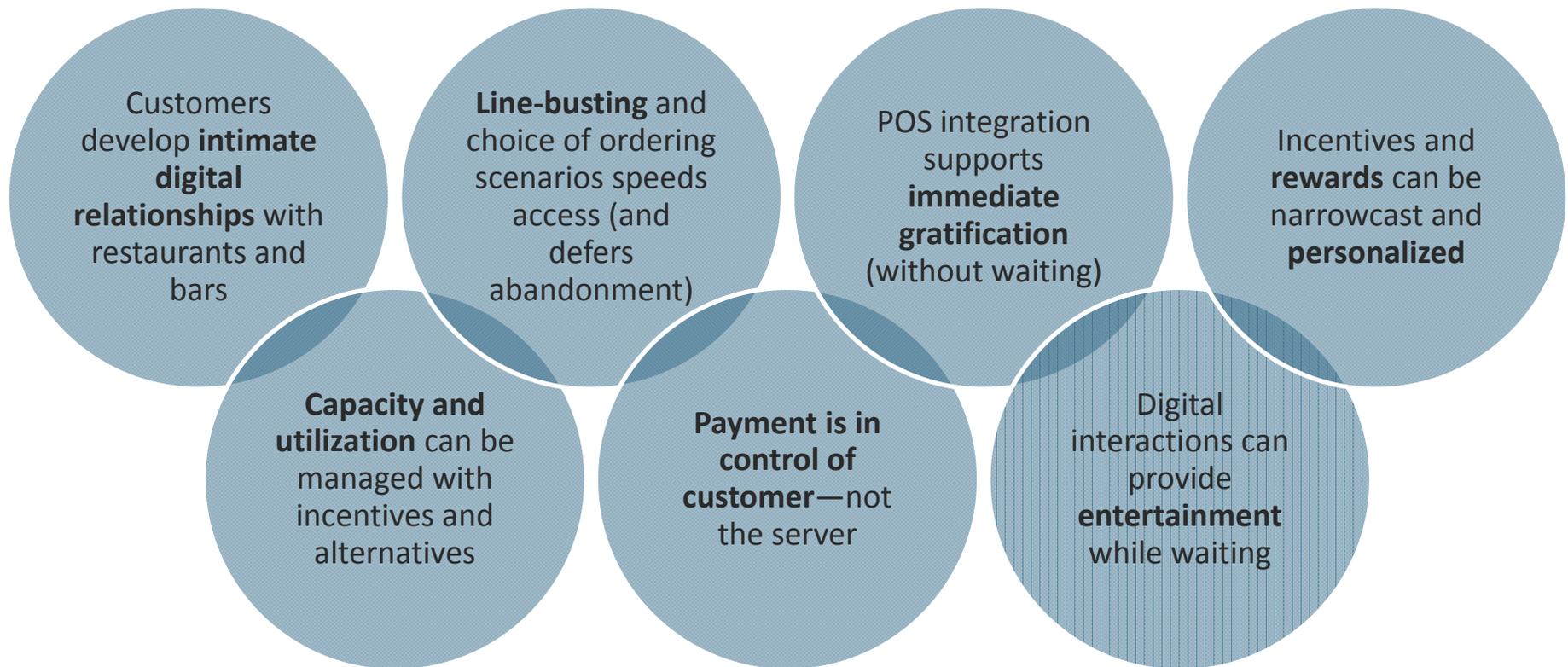
"We are investigating the cause and will do what we can to prevent reoccurrence," a Netflix spokesman said.

Other websites, such as software company Heroku Inc. and social media app Scope, also reported via Twitter service problems of their own that were traced to Amazon operations. Scope Chief Executive Amit Kumar said his engineers devised a way to bypass AWS and restore service. Heroku couldn't immediately be reached for comment.

# Apps Empower Consumer Experience



# What Real-time Mobile Brings to the Party

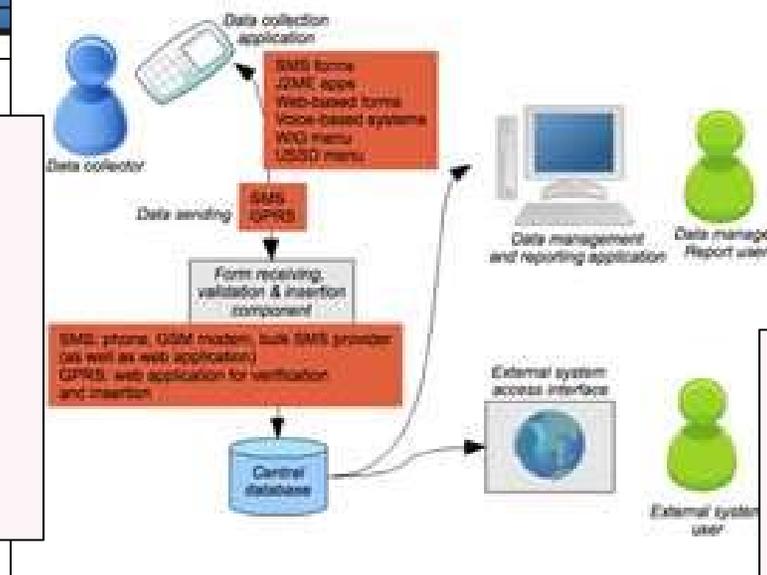


# Collaboration on Data and Risk Management Key to Getting to Mobile Largesesse



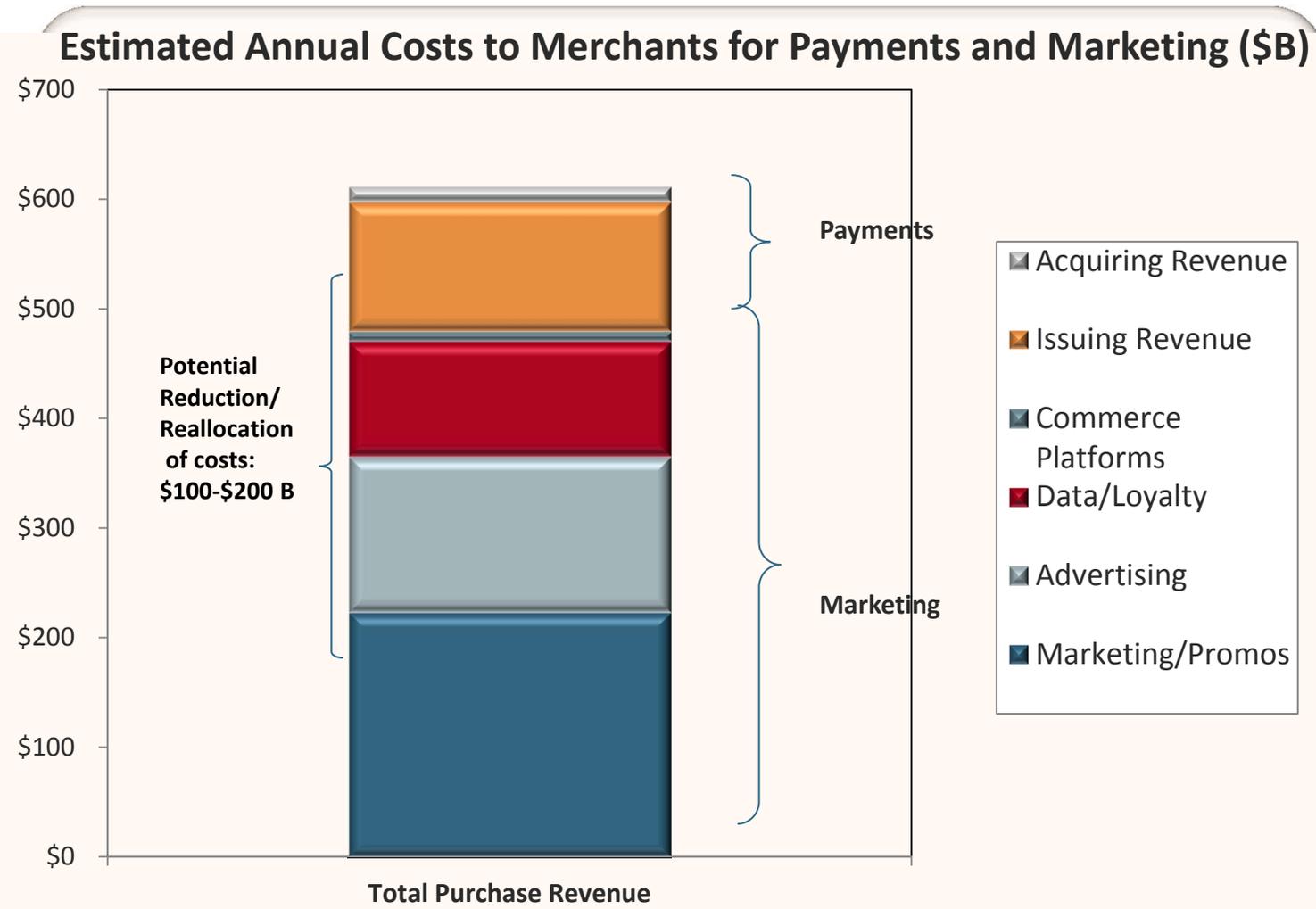
- Information on buyer at given merchant
- Account history with merchant payment type
- Buyer history with other bank payment types
- Risk management history
- Transaction session information

- Full information on buyer
- Full account history across multiple merchants
- Risk management history



- Mobile device/network data
- Mobile usage and session information
- Mobile marketing experiences

# Near-term ROI: Make payments transparent and optimize marketing costs



# Consumer Opt-in for Sharing SKU Data a Must

## LOCATION/AFFILIATION MARKETING

Handset provision of consumer data for promotions based on geodata/LBS; wallet composition—payment and loyalty; affinity re-selling

## REFERRAL MARKETING

Product references and referrals via social media (with bounties and referral commissions); brand and experience testimonials

Real-time product promotions  
Location-aware interactions  
3<sup>rd</sup> party, 1-to-1 placement  
Dynamic pricing

## COUPON AND DISCOUNT OFFERS

Product and service coupons and discount offers (e.g., pre-, during, post-shop) competitive product promotions;

## PARTNERSHIP MARKETING

Response to mobile marketing and advertising among product partners; selected channel placements and promotions



2<sup>nd</sup> Quarter

# ANDREW LORENTZ



# Game Plan

See mobile payments in the retail payment context

Explore main legal risks

Practical tips when considering a mobile commerce offering



# The Four Corner Payment System

Payer (Consumer)



Payee (Merchant)



Financial Institution



Financial Institution



**Legend:** Blues lines represent the flow of information and Red lines represent the flow of funds.

# The Four Corner Payment System - Annotated

Payer (Consumer)



Payee (Merchant)



(NEARLY)  
UNREGULATED



Network

 **HEAVILY  
REGULATED**

 **LIGHTLY  
REGULATED**

 **REGULATED  
AND FOR  
BANKS-  
ONLY\***

Financial Institution



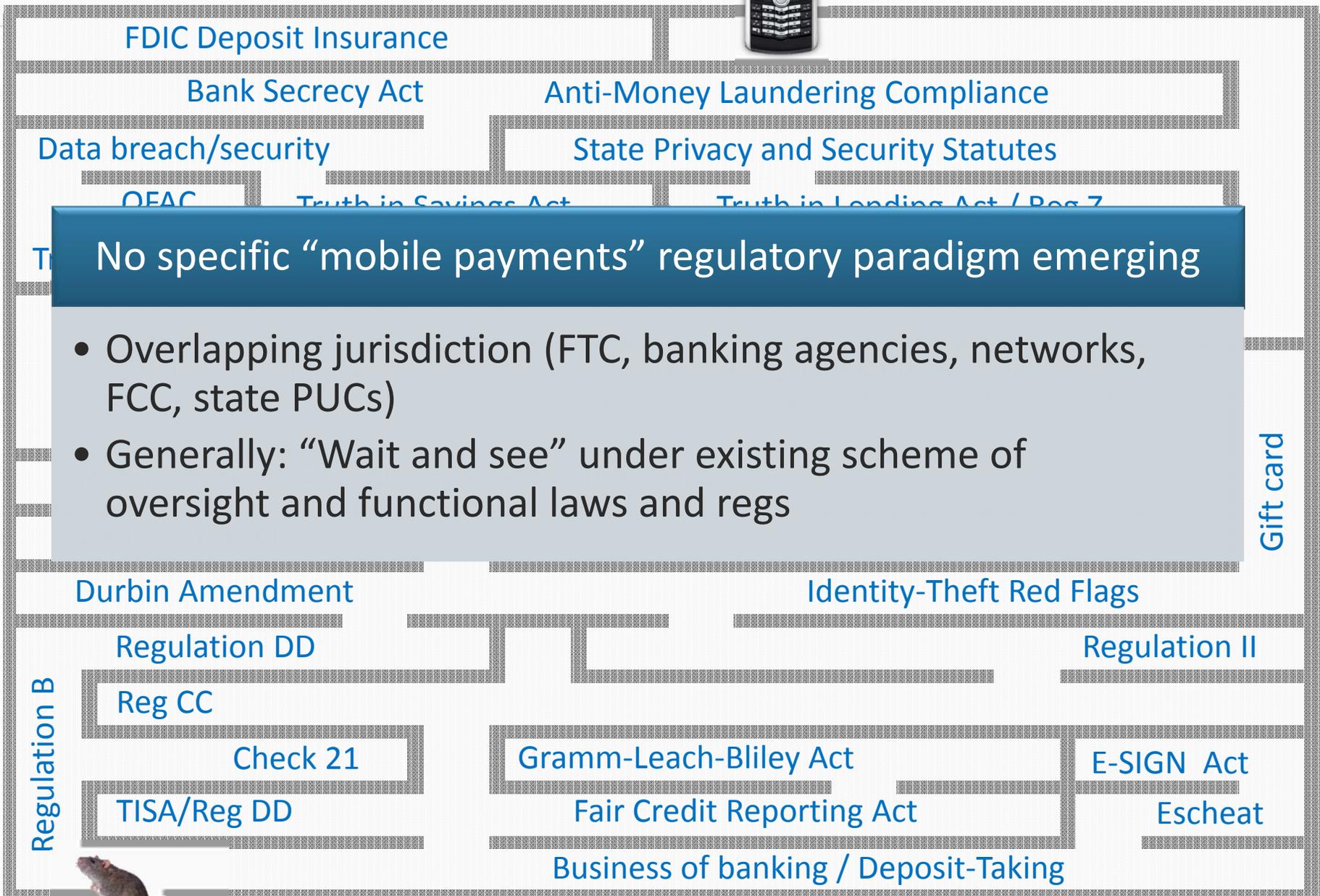
Financial Institution



**Legend:** Blues lines represent the flow of information and Red lines represent the flow of funds.

\*With apologies to PayPal and American Express

# “Heavily Regulated”



# “(Nearly) Unregulated”



|  |   |
|--|---|
| FTC Mobile Payments Workshop Report                    | <ul style="list-style-type: none"><li>• Unfair and Deceptive Acts and Practices</li><li>• Telephone Consumer Protection Act</li><li>• Privacy</li><li>• Data Security</li></ul> |
| Payment Card Industry Data Security Standards          | <ul style="list-style-type: none"><li>• PCI Mobile Payment Acceptance Security Guidelines</li></ul>   |
| Gift Card Rules/Prepaid Access Rule/Unclaimed Property |   |
| General network rules and payments law compliance      |   |
|  |   |
|  |   |
|  |   |



## Takeaways

Avoid the  
“regulated”  
zones

Don't feed more  
mouths in an  
already-complex  
system



# Practical Tips

## Be skeptical

- RFP, trial and pilot before major commitment
- You are a desirable merchant

“In addition [to other desirable characteristics], the incidence of chargebacks is very low among restaurants, as the service typically is provided before the card is used. “ Heartland Payment Systems

## Watch supplier risk

- Compliance risk
- Most offerings will NEVER scale
- Intellectual property infringement – mobile wallets are EVERYWHERE – who owns what?



# Practical Tips



## Verify underlying payment methods

- Consumer protection hard-wired
- Stored value great to lower cost of payments, but best if YOU are holding the value (“closed-loop”)
- No accident that Starbucks mobile app is the most used mobile payment method



## Practical Tips

Settlement flows and timing matter – if you actually want to get paid



*“Show me the money.”\**

Trust your instincts on customer experience

- You know your customers best – what will be of use to them?
- Don’t sign on to baffling arrangements
- Beware the “convenience claims” – who really leaves their wallet at home?

\*Technically, Jerry Maguire said this. But Suze Orman might have said it.



# Practical Tips

## Privacy

- Who controls acquisition and use of information about YOUR customers?

## Data security

- Potential improvement, but watch allocation of responsibility

## 3-part test

- Does it lower my cost of payments **OR**
- Is any increase in cost justified by increased spend or customer loyalty (ROI); **AND**
- Does the provider accept appropriate compliance responsibilities?

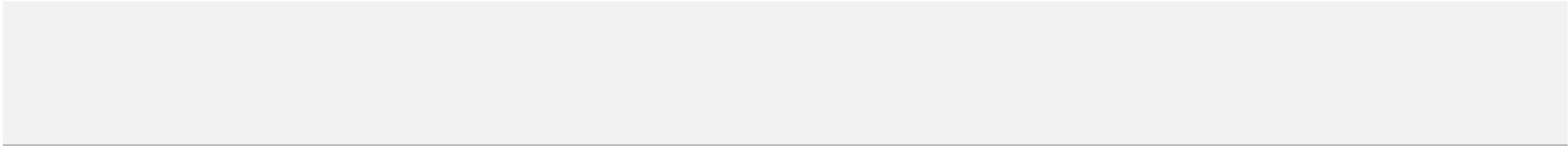




Video.mp4

# HALF TIME SHOW!





3<sup>rd</sup> Quarter

# STEVE MOTT

# Marketplace Lineup

Foursquare

- Making visits a social experience

Square

- Trolling by location

Shopkick

- Incentives for stopping by

Snapfinger

- Ordering out via mobile handset

Level Up

- QR code passes card credential for payment

TabbedOut

- Lets the diner control the payment

TableTop Media

- Controlling the interactions

Shopkeep

- Mobile checkout via iPad

Groupon

- Still broadcast-mode target for near-term

Merchant-Funded Rewards

- A baby step until banks and merchants get serious about sharing their common customer

# Foursquare: Mobile is Ideal for Location-based Marketing



foursquare

LOG IN SIGN UP

## Discover and share great places with friends.

Over 30 million people use Foursquare to make the most of where they are. Discover and learn about great places nearby, search for what you're craving, and get deals and tips along the way. Best of all, Foursquare is personalized. With every check-in, we get even better at recommending places for you to try.

Sign up with Facebook or Sign up with Email

## Get the app

Available on the App Store

ANDROID APP ON Google play

BlackBerry App World

Also on WebOS, Symbian, Series 40 and Meego, and Windows Phone.

# Key: Dining & Drinking are Inherently Social

The screenshot shows the Foursquare interface for Colorado Springs, CO. The top navigation bar includes the Foursquare logo, a search bar, the location "Colorado Springs, CO", and "LOG IN" and "SIGN UP" buttons. Below the navigation bar, there are several sections:

- Suggestions for Best Nearby:** Includes a "Show me places ..." section with filters: "I haven't been to", "I have been to before", "My friends have been to", and "With Foursquare specials".
- Discover places that your friends love:** Includes a Facebook sign-up button and a "Sign up with email" link.
- Location Pins:** A map of Colorado Springs shows several numbered location pins (1-8) in orange and blue, indicating popular spots.
- Place Listings:** A list of nearby dining and drinking spots is shown, including:
  - The Rabbit Hole Dinner & Drinks:** 101 N. Tejon St. (btwn Tejon & Nevada), American, 9.1 rating. A user comment says "My favorite late night spot in the Springs! - Lyn H." and there is a "SPECIAL" badge.
  - Hooked on Hookah:** 6406 N. Academy Blvd (Dublin & Academy), Hookah Bar, 8.5 rating. A user comment says "Surprise sheesh flavor - Calvin S." and there is a "SPECIAL" badge.
  - Il Vicino:** 5214 N. Nevada Ave, 6.4 rating.

# Square: Highly Disruptive and Non-Differentiating

The image displays the Square app interface. At the top, there are icons for 'Square', 'Square Register', 'Square Wallet', and a 'Sign In' button. The main content area features a registration form with the following elements:

- Text: "Start accepting credit cards today."
- Text: "Sign up and we'll mail you a free Mobile Card Reader."
- Form fields: "Email address", "Password", and "Confirm password".
- Button: "Get Free Card Reader" (blue).
- Text: "2.75% per swipe, no additional fees, and next day deposits" with a right-pointing arrow.

To the right of the registration form, there is a section titled "Square register >" showing a tablet displaying a merchant interface. The tablet screen shows a grid of clothing items for sale, including "White Oxford", "Blue Oxford", "Pink Oxford", "Striped Wool", "Red Buffalo", "Bl & Red Plaid", "Rust Plaid", "Blue Polka Dot", "Royal Check", "Madras", "Full Spectrum", "Navy Wool", "Sail Copper", "Kahuna 13.5", "Other", "Other Jean", and "Blue Silk Scarf". A "Charge \$261.97" summary is visible on the right side of the tablet screen, listing items and their prices: Blue Oxford (\$125.00), Striped Wool (\$72.00), Blue Silk Scarf (\$45.00), and Tax (\$19.97). A "Clear Sale" button is also present. A hand is holding a green American Express card over a white Square mobile card reader attached to the tablet.

At the bottom left, there are logos for VISA, MasterCard, American Express, and DISCOVER. To the right of these logos, it says "Works with iOS and Android devices."

# Online: A Directory; Mobile: A Mess

The screenshot shows the Square mobile app interface for Colorado Springs. At the top, there is a search bar with the text "Search" and a location filter set to "Colorado Springs". Navigation options include "Grid" and "Map". Below the navigation bar, there are three large featured images: Starbucks, Jives Coffee Lounge, and My Jerky Shop-JBL Act... (with a speech bubble saying "JERKY NEVER TASTED IS GOOD!"). The main content area is a grid of business listings, each with a logo, name, and address. The listings are:

|  |  |   |
|--|--|---|
|  <b>Koru Street</b><br>224 N. Tejon St.               |  <b>The Local</b><br>Mobile Merchant 🚚                    |  <b>Colorado Springs Philhar...</b><br>111 South Tejon St. |
|  <b>Wild Fire Tees</b><br>301 E Pikes Peak ...       |  <b>2 Chics - Your Cooking D...</b><br>Mobile Merchant 🚚 |  <b>Giftabilities L.L.C.</b><br>P.O. Box 75023            |
|  <b>Tactical 16, LLC</b><br>PO Box 75373            |  <b>Delicias</b><br>21 N. Nevada Ave.                   |  <b>2 Chics Your Cooking Diva</b><br>Mobile Merchant 🚚   |
|  <b>Escape Velocity Comics</b><br>19 East Bijou St. |  <b>Purple Mountain Coffee</b><br>218 W Colorado Ave.   |  <b>AllCustom Apparel</b><br>631 W. Colorado A...        |

# Shopkick: Getting Shoppers Into Stores

shopkick™ THE APP ABOUT COMMUNITY PRESS CONTACT HELP/FAQ FOLLOW US!

SUBSCRIBE NOW!

ANDROID market

Available on the App Store

REWARDS SIMPLY FOR WALKING INTO STORES

GADGETS MUSIC MOVIES FASHION GIFT CARDS

FREE APP

DOWNLOAD FOR FREE

For iPhone™

For Android™

Target Holiday Specials Inside! 0.2 miles 2 60

Best Buy 10% Off Special! 0.5 miles 2 75

Macy's Sale Inside! 2 miles 2 50

American Eagle 15% Off Special! 3 miles 2 35

Sports Authority shopkick Exclusive: Get \$20 Off 4 miles 2 75

Wet Seal shopkick Exclusive: Get \$10 Off 4 miles 2 60

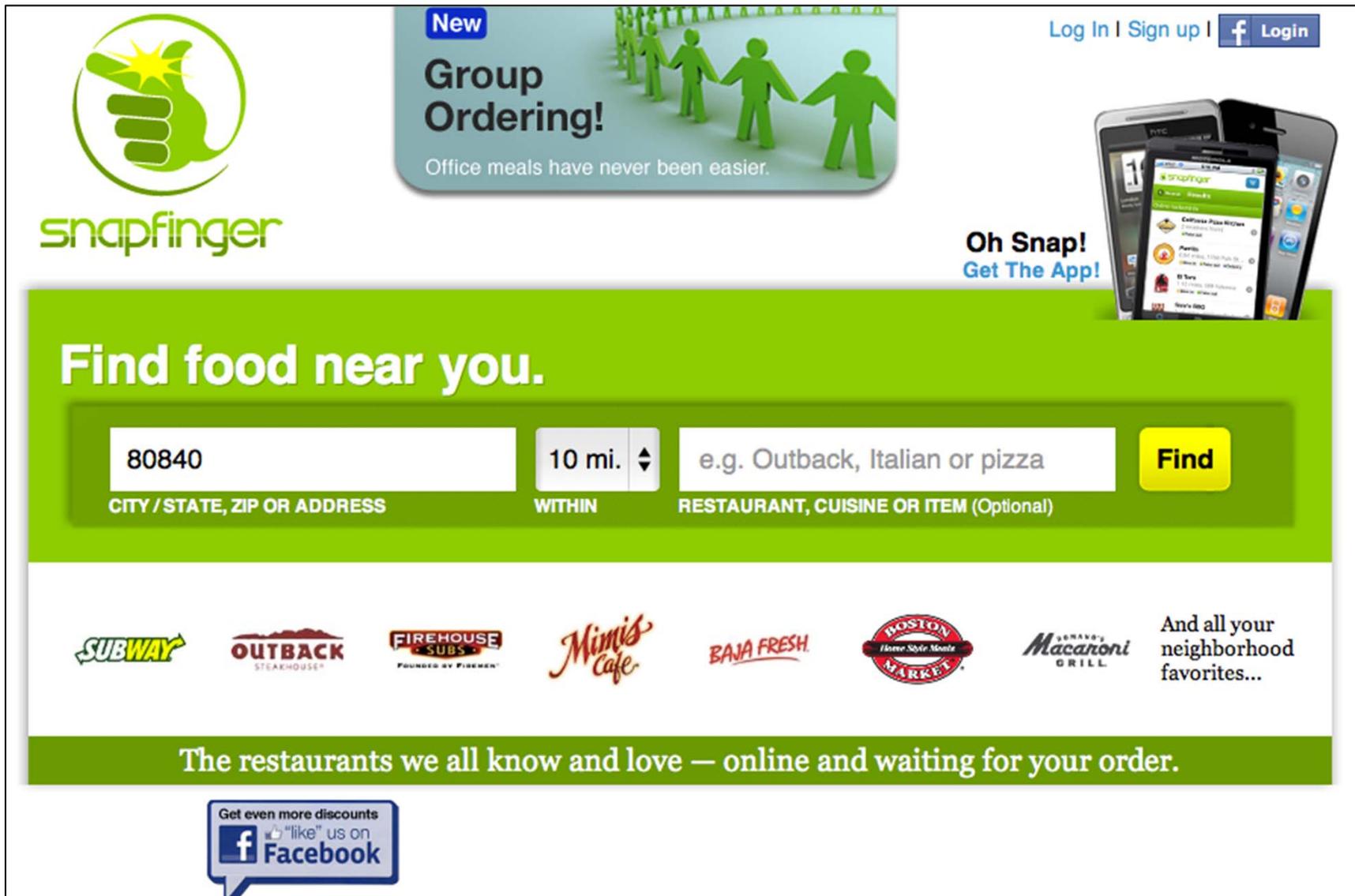
Stanford Shopping Ce... Holiday Specials Inside! 4.3 miles 1 15

AMERICAN EAGLE OUTFITTERS BEST BUY Crate&Barrel macy's SIMON MALLS SPORTS AUTHORITY TARGET wet seal.

HOME THE APP ABOUT CONTACT US JOBS FAQ / HELP TERMS OF SERVICE PRIVACY POLICY

© shopkick 2010

# Snapfinger: Order Out & Ahead by Mobile



The advertisement features a green and white color scheme. At the top left is the Snapfinger logo, a green hand pointing right with a starburst. To its right is a 'New Group Ordering!' banner with a photo of people holding hands and the text 'Office meals have never been easier.' Further right are 'Log In | Sign up | Facebook Login' links. On the right side, there are images of smartphones displaying the app interface. Below these is the text 'Oh Snap! Get The App!'. The main section is a green bar with the text 'Find food near you.' and a search form. The search form has three input fields: a zip code field with '80840' and the label 'CITY / STATE, ZIP OR ADDRESS'; a distance field with '10 mi.' and a dropdown arrow, labeled 'WITHIN'; and a restaurant/cuisine field with 'e.g. Outback, Italian or pizza' and the label 'RESTAURANT, CUISINE OR ITEM (Optional)'. A yellow 'Find' button is to the right of the search fields. Below the search bar is a row of restaurant logos: Subway, Outback Steakhouse, Firehouse Subs, Mimis Cafe, Baja Fresh, Boston Market, and Sonny's Macaroni Grill. To the right of these logos is the text 'And all your neighborhood favorites...'. At the bottom of the green bar is the text 'The restaurants we all know and love — online and waiting for your order.' Below this is a blue speech bubble containing the text 'Get even more discounts' and 'like us on Facebook' with the Facebook logo.

**New**  
**Group Ordering!**  
Office meals have never been easier.

Log In | Sign up |  Login

Oh Snap!  
Get The App!

## Find food near you.

80840  
CITY / STATE, ZIP OR ADDRESS

10 mi.   
WITHIN

e.g. Outback, Italian or pizza  
RESTAURANT, CUISINE OR ITEM (Optional)

**Find**

And all your neighborhood favorites...

The restaurants we all know and love — online and waiting for your order.

Get even more discounts  
 "like" us on Facebook

# LevelUp: A Quick Response Code Play



Download the LevelUp app for iPhone & Android.

Got a BlackBerry? You're covered too. Just head to [TheLevelUp.com](http://TheLevelUp.com) in your mobile browser.

Link a credit or debit card to get your unique code.

Paying with LevelUp is just like using your card...but much faster.



Pay by scanning your code.

You'll save instantly on your first purchase everywhere. Plus, the more you pay with LevelUp, the more you'll save.



# A New Network for Merchant Acceptance

## LevelUp is the interchange zero payment network.

LevelUp charges no processing fees. When your customers pay you \$10 with LevelUp, you get \$10. Period.



## How does LevelUp work?

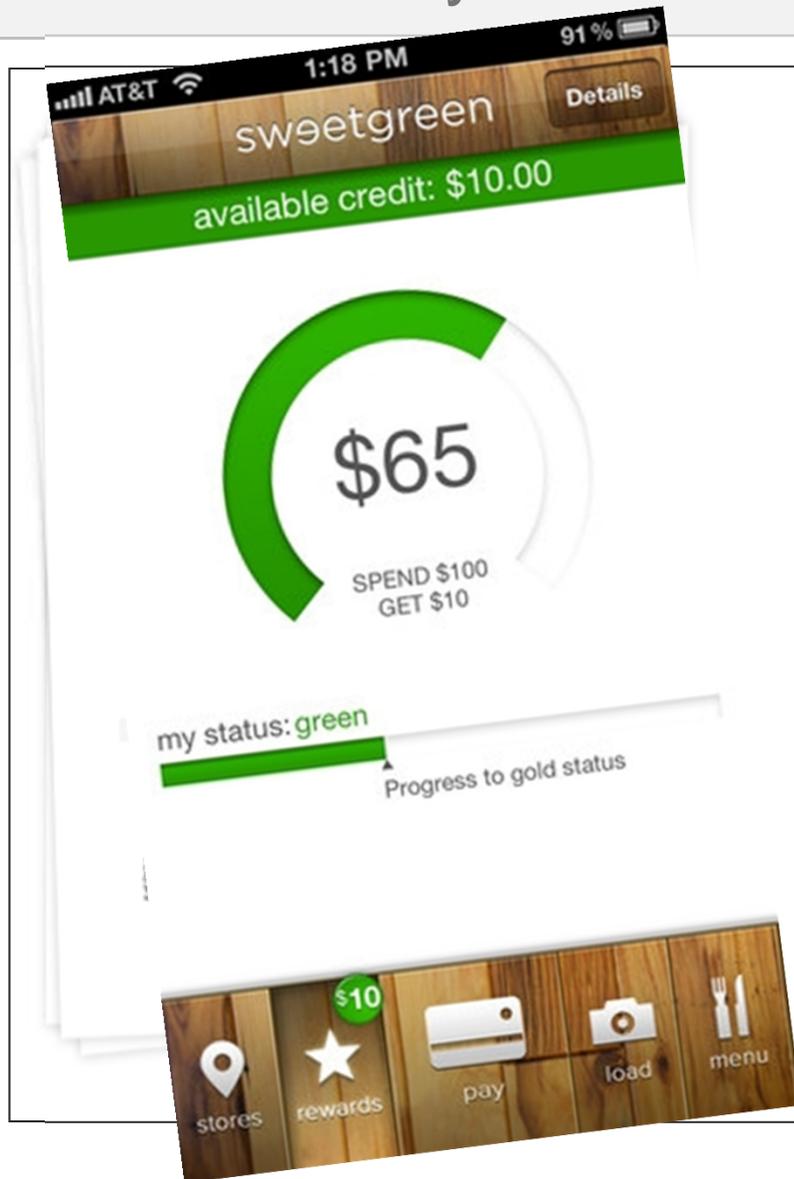
LevelUp is a mobile payment network. Customers pay with phones, not with cards or cash. Not only is this fast, secure and convenient, it means we can offer a **0% payment processing rate**.

Plus, LevelUp grows your business with LevelUp Campaigns. With LevelUp, you'll attract new customers and make them more loyal.

When you join LevelUp we promise that you'll never pay a processing fee. LevelUp only makes money when we add real, conclusive value to your business. That's the interchange zero mission.



# Merchants Pay 35% for Incremental Business



## So, how does LevelUp make money?

LevelUp charges 35 cents for every dollar of credit successfully used by customers via a LevelUp Campaign. For example:

**Your Customer Acquisition Campaign** drives a new customer to your business with a \$2 incentive. The customer spends \$10. You fund the \$2. We charge an additional \$0.70 for having delivered the new customer.

**Your Loyalty Campaign** drives customers to come back more often and spend more money via a \$10 reward, unlocked only when they spend \$100. When they spend their reward, LevelUp earns \$3.50 for having motivated that customer loyalty.

LevelUp only charges when we've conclusively added value. We even give you the analytics to decide if we're doing our job in a way that makes you money. And if we're not, **you can cancel at any time.**

# Tabbedout: Pushing Payments to Tabletop



## PAYPAL NOW ACCEPTED IN BARS AND RESTAURANTS!

Tabbedout now offers PayPal as a payment option within the app. Instead of settling your tab with a credit card, you can now pay using your PayPal account at select Tabbedout locations in Austin, TX, with more locations to come soon. Just enter your secure PayPal username and password to pay right from your phone, and never worry about forgetting your credit card or handing it to a stranger again!

PayPal is available in the Tabbedout app in these Austin locations now, with more locations and cities coming soon!

- [The Woodland](#)
- [Beerland](#)
- [Mohawk](#)
- [Trifecta on 3rd](#)
- [Shangri-la](#)



Download the new version of the Tabbedout app available now in the Android

# Consumer Controls Checkout Process



# Restaurants/Bars: Great Adoption Nexus

The screenshot displays the Tabbedout website. At the top, the logo reads "Tabbedout™ what are you waiting for?". Navigation links include ABOUT, HOW IT WORKS, LOCATIONS, PARTNERS, PRESS & EVENTS, and CONTACT. There are also icons for Apple and Android. The main banner features the text "SHARE WITH FRIENDS" and "CHECK IN & SHARE WITH YOUR FRIENDS." Below this is a graphic showing social media icons (email, Facebook, Twitter) followed by a plus sign and an equals sign, next to a glass of beer. Two smartphones are shown: one displaying the app's login screen with fields for Username and Password, and another displaying the app's main interface with options for General, Check-in, and Check-Out, and a section for sharing with friends.

**Tabbedout FOR CONSUMERS**

Tabbedout is the cure for forgotten credit cards and missing out on a good time. Our goal is to make mobile payment a simple and secure process that is widely available. The free Tabbedout app for iPhone and Android lets you **OPEN** a tab with your phone, **VIEW** your tab in real-time and **PAY** your tab anytime, anywhere.

**DOWNLOAD >**  

**Learn More >**

**Tabbedout FOR MERCHANTS**

Tabbedout means no more credit cards left behind. We make mobile payment a simple and secure process so customers can pay on their own time and you can serve more people, especially during peak hours. Our mobile payment solution integrates directly with your point-of-sale (POS) system and does not require additional hardware

**Learn More >**

**THE LATEST HAPPENINGS**

  **NEWS** **SIGNUP**

A new #beer just for dogs? Soon we'll have to make a dog friendly app for closing tabs.  
<http://t.co/YZ4edAZQ>  
43 minutes ago

Nice! RT: @OrrRick: 2 days in Dallas and haven't had to pull out my wallet yet!  
@Tabbedout @Humperdinks @Trinityhall @TGIFridays @starbucks  
about 1 hour ago

# TableTop Experience—Ziosk



**TableTop Media** [HOME](#) [TOUR THE ZIOSK](#) [HOW ZIOSK HELPS](#) [WHERE IS ZIOSK?](#) [PRESS & MEDIA](#) [CONTACT](#)

## ZIOSK® BRINGS MORE TO EVERY TABLE

- ▶ READ, WATCH, AND PLAY
- ▶ ORDER DESSERT & REORDER DRINKS
- ▶ PAY ON THE ZIOSK

**SEE HOW ZIOSK HELPS ▶**

Convenient and fun, the Ziosk takes the boredom out of waiting and the waiting out of paying.

Your card never leaves your hand. Pay on the Ziosk securely with credit, debit and gift cards. No more waiting!

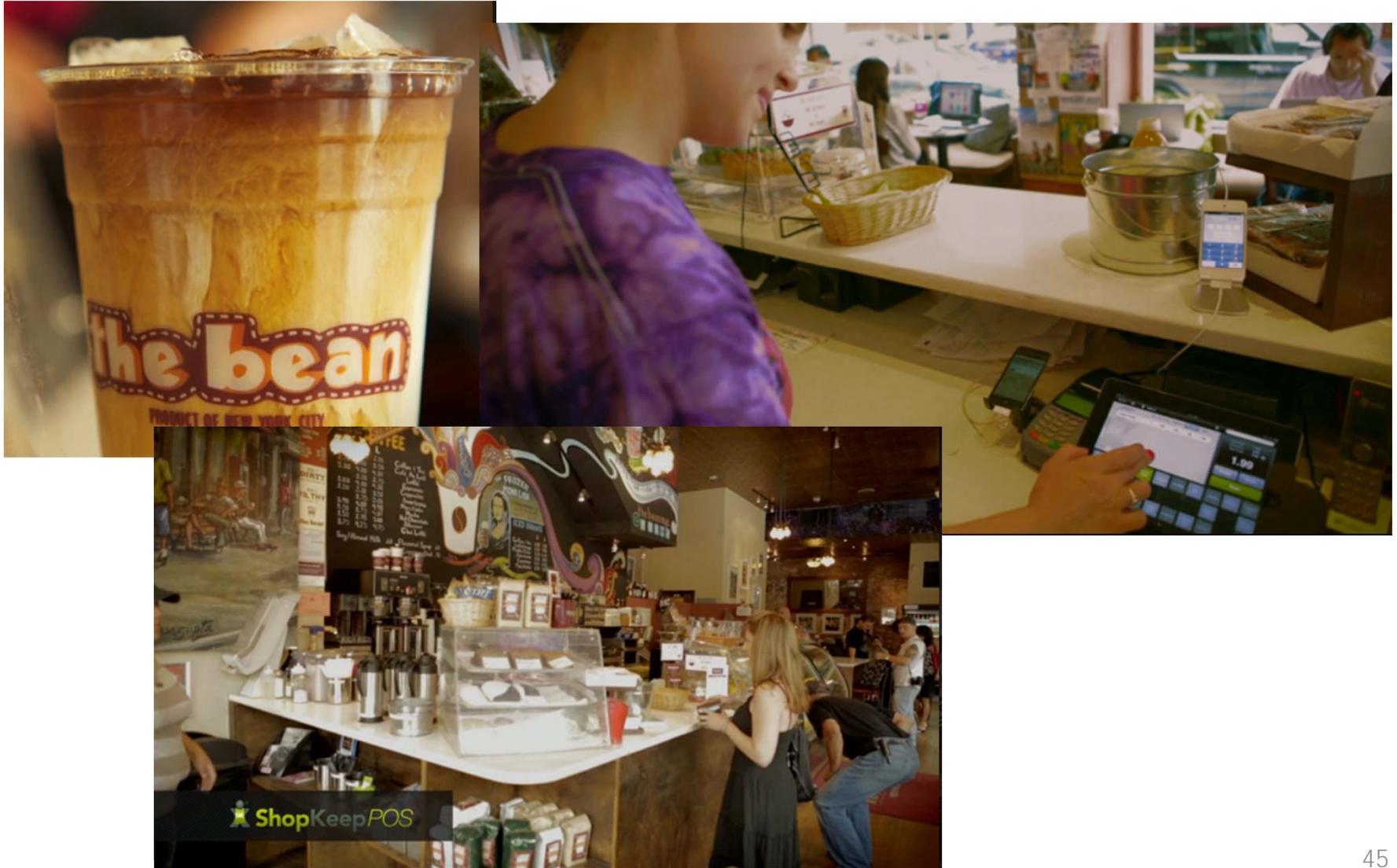
**HOW ELSE DOES ZIOSK HELP?**

“Who likes to sit around in a busy restaurant waiting to pay for your food! When you are finished eating you want to leave. Amazing concept!”  
- Allan G, Customer

**Hospitality TECHNOLOGY**  
2010 Breakthrough Award

**NATIONAL RESTAURANT ASSOCIATION**  
2009 Technology Innovation Award

# ShopKeep Simplifies Checkout



# Shopkeep: iPad 'POS' Terminal Operation

## How it works.

It's quite simple, really.

### 1 Add Items

Scroll through available items with a finger swipe or use the search tool to look up items quickly.

### 2 Create Discounts

By individual item or the entire sale.

### 3 Track Tax

Track your sales tax easily.

### 4 Cash or Card

Accept cash or securely take credit using the iDynamo card reader.

### 5 Modifiers



# Groupon is Still Broadcast-Mode

**Groupon** Featured Deal Local Getaways Goods Weddings Gifts

All Deals New Deals Food & Drink Events & Activities Beauty & Spa Fitness Health Home & Auto Shopping Education

Colorado Springs

**Briarhurst Manor Restaurant – Manitou Springs**  
Five-Course Upscale Dinner for Two or Four (Half Off)

from **\$58** **Buy!**

| Value | Discount | You Save |
|-------|----------|----------|
| \$116 | 50%      | \$58     |

Buy it for a friend!

Time left to buy  
**3 days 4:24:24**

**Over 260 bought**  
Limited quantity available

The deal is on!

Foodie Date Night Girls Night Out

Refer Friends. Get \$10\*

Get Pumped for Wedding Season.  
 **See The Deals**

**More Great Deals** [See All](#)

**\$10 for \$20 Worth of Sri Lankan Food at Curry Leaf**  
Colorado Springs (Downtown Colorado Springs)  
 Over 530 bought

**\$10**  
\$20 value  
**View It!**

View Colorado Springs

# Merchant-Funded Rewards: Simply Card-based Segment Profiling...

The screenshot displays a Cardlytics interface with several sections:

- New Offer!**: A banner for a 5% Cash Back offer on Apple iTunes purchases.
- Transaction History**: A table listing recent transactions with columns for date, card type, merchant, amount, and total balance.
- Active Offer!**: A 20% Cash Back offer from The Body Shop, valid until 4/25/2011.
- Additional offers:**: A list of other offers from merchants like Capitol Lig and The Sharp.
- Reward Earned!**: A notification for cash back earned.
- Video Player**: A control bar at the bottom with play/pause, stop, volume, and speed controls.

| Date       | Card Type | Merchant             | Amount   | Total       |
|------------|-----------|----------------------|----------|-------------|
| 03/18/2011 | DEBIT     | MIXENERGY ONLINE PMT | \$300.00 | \$11,670.26 |
| 03/16/2011 | CHK CRD   | FIVE GUYS #114- 5814 | \$10.78  | \$11,970.26 |
| 03/16/2011 | CHK CRD   | WWW.ADVANCEAUTO 5533 | \$89.85  | \$11,981.04 |
| 03/15/2011 | CHK CRD   | SUPERCUTS 7230       | \$48.00  | \$12,070.89 |
| 03/14/2011 | CHK CRD   | REDBOX *DVD REN 7841 | \$14.98  | \$12,116.89 |
| 03/14/2011 | CHK CRD   | Gekko Sushi 5812     | \$18.90  | \$12,131.87 |
| 03/14/2011 | CHK CRD   | APL*ITUNES 5735      | \$19.98  | \$12,150.77 |
| 03/14/2011 | CHK CRD   | FELLINI S PIZZA 5814 | \$30.19  | \$12,170.75 |
| 03/14/2011 | CHK CRD   | ATKINS PARK RES 5812 | \$44.52  | \$12,200.94 |



## Intro to Cardlytics

- Bank rewards program
- CLICK new offers to view and activate
- SHOP using the card associated with the account
- ENJOY your rewards
- No coupons to clip or promo codes to enter
- Offers based on shopping habits
- Easily save \$200 per year or more

Overview  
Video

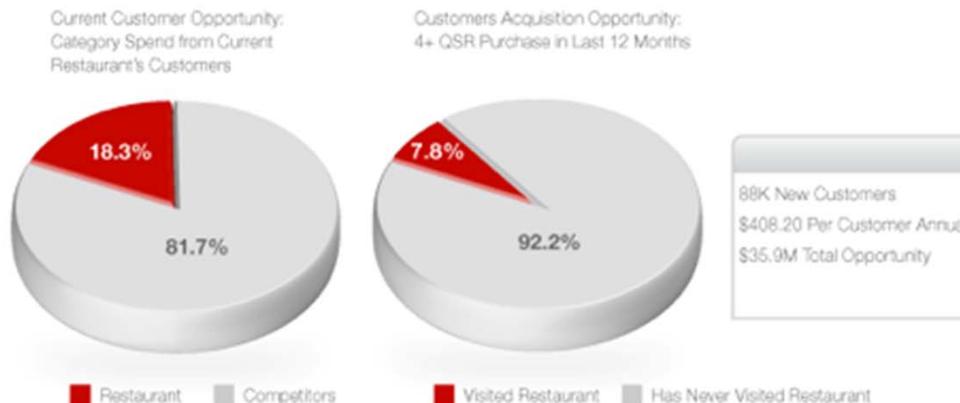
Retail  
Marketing

# ...but Claim to Have Better ROIs than Coupons

## Fast-Casual Restaurant Experiences 7X ROI with Cardlytics

**THE CLIENT:** A fast-casual restaurant chain experienced sales growth of 44% last year while the rest of the restaurant industry struggled through stagnant growth. Constantly seeking new & innovative growth opportunities, the restaurant utilized Cardlytics' transaction-marketing channel to help accomplish this astounding growth.

**THE OPPORTUNITY:** Due to its unique access to bank card transaction data, Cardlytics was able to show the restaurant that there were large, unrealized growth opportunities in the restaurant category, to the tune of \$35M.



**THE SOLUTION:** Cardlytics worked with the restaurant to develop an innovative transaction-marketing strategy targeting two audiences:

- Existing Customers: Customers that made a purchase at the restaurant in the previous 90 days received a 10% cash back in-statement offer
- New Customers: Customers who made a purchase at a competitor's store in the past 90 days received in-statement offers ranging from 10-20% cash back

### THE STATS

#### TIME:

75 day period in Q3 2011

#### OFFER:

Existing Customers: 10% cash back  
New Customers: 10-20% cash back

#### CUSTOMER ENGAGEMENT:

Click Activation Rate: 24.1%

#### SALES:

Conversion Rate: 17.5%  
ROI: 5X

#### EXISTING CUSTOMERS:

Revenue Lift: 34.6%

#### NEW CUSTOMERS:

Percentage of Redemptions from New Customers: 31.5%

## What Do We Do Now?

Focus relentlessly on maximizing customer relationship (i.e., increase *their* value as a priority, not *yours*)

Get creative about how to help your customers monetize their value

Dump old ways of doing business (e.g., non-discriminating coupons)

Shape the customer experience around what's great about your business proposition

Don't forget about ways to engage your staff in the experience



4<sup>th</sup> Quarter

**QUESTIONS?**

# Presenter Information

**Steve Mott**  
**Principal, BetterBuyDesign**  
dba CSI Management Services, Inc.  
1386 Long Ridge Road  
Stamford, CT 06903  
and 1214 Querida Drive  
Colorado Springs, CO 80909  
(o) 203.968.1967  
(c) 203.536.0588  
stevemottusa@yahoo.com  
[www.betterbuydesign.com](http://www.betterbuydesign.com)

**Andrew J. Lorentz**  
**Partner, Davis Wright Tremaine LLP**  
Washington, DC  
(o) 202.973.4232  
andrewlorentz@dwt.com  
[www.paymentlawadvisor.com](http://www.paymentlawadvisor.com)

# Disclaimer



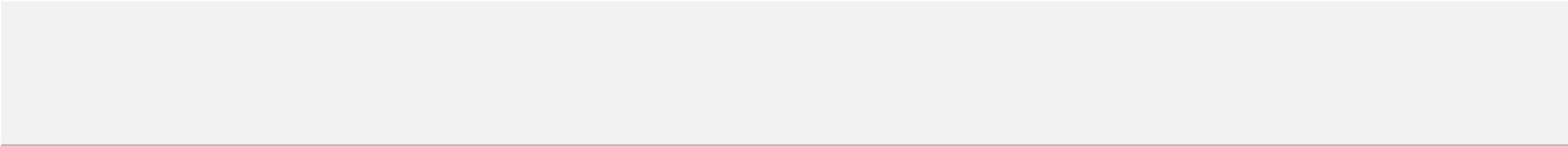
This presentation is a publication of BetterBuyDesign and Davis Wright Tremaine LLP. Our purpose in making this presentation is to inform our clients and friends of recent legal developments. It is not intended, nor should it be used, as a substitute for specific legal advice as legal counsel may only be given in response to inquiries regarding particular situations.

Attorney advertising. Prior results do not guarantee a similar outcome.

Davis Wright Tremaine, the D logo, and Defining Success Together are registered trademarks of Davis Wright Tremaine LLP.

© 2013 Davis Wright Tremaine LLP

#GTRH2013



**MORE INFORMATION...**

# Research Trends: Mobile a Must

Since 1999, technology has redesigned how we live, and thanks to the iPhone, mobile usage has skyrocketed. Reports show that over 50% of all visits to restaurant websites are now from mobile devices.

The current estimate is that there are 105 million smartphone users in the US, and 89% of them have used their phone to access the web. Recent research from analytics platform Restaurant Social Media Index found that, in a U.S. study of 38.2 million restaurant diners, 72% were mobile users.

An in-depth study on internet marketing in the restaurant industry by analytics firm Restaurant Sciences provided surprising numbers:

- Less than 1 in 8 full service restaurant chains have a mobile website
- Fewer than 1 in 20 independents in the full service segment have a mobile website.
- Less than 4 in 10 independent restaurants display a menu on their website

# Mobile-Friendliness is Essential

According to Google, research shows that not having a mobile-friendly site could hurt business, by reducing consumer spend. So, what happens when a user encounters a non-optimized site?

48% are frustrated and annoyed when they get to a site that's not mobile-friendly

48% feel that if a site doesn't work well on their smartphone, the company doesn't care about their business

A mobile-optimized site gets a different reaction from users.

74% are more likely to return to a mobile-friendly site in the future

67% are more likely to buy a business's product or service if the site is mobile-friendly

Those figures, when considered alongside the Restaurant Science data, clearly shows that the restaurants who are lagging behind need to begin embracing and integrating technology or they will soon find themselves at a competitive disadvantage. So, yes, having a mobile-friendly website matters.