



End-to-End Digital Coupon Process and Functional Overview

This document was the basis for the “End-to-end Process and Functional Requirements” as defined in the [Joint Industry Coupon Committee Voluntary Guidelines for Digital Coupons](#). Adopted in October 2012.

The objective of the JICC document was to provide guidelines for an “end-to-end digital coupon process” in the form of functional requirements. The purpose of outlining the general process in the form of functional requirements was to ensure that all of the parties involved in the life cycle of a digital coupon offer could achieve their desired objectives in a high-quality, well controlled manner, while making every effort to prevent fraud.

The objective of this document is to expand on the JICC document to show how our integrated approach is faster and more secure, and can be used to trade multiple currencies

Red Dog Networks builds the eCurrenC product -- is a Multi-Tender Payment Network. It's a subscriber-based service designed for *creating, distributing, tracking, authenticating, validating, authorizing, redeeming, settling, disbursing, accounting and reporting* on electronic currencies.

Definitions

We still agree with the basic definitions that we put forth for the JICC Guidelines, but this will provide a little more detail:

An *Offer* is a detailed description of an incentive that is offered to a consumer. There are two major types of digital offers: Retailer's Promotions, and Manufacturer's Coupons.

A *Retailer's Promotion* is an incentive in the form of a discount offered by a retailer to its consumers. It does not necessarily need to have the same tightly-controlled process as a manufacturer's coupon. However, it is in the best interest of the retailer to follow as many of the guidelines as possible to prevent internal fraud.

A Retailer's Promotion:

- It is **NOT** a Payment. There is no promissory note (or tendered item)
- Typically an Alternate Pricing Mechanism for items, or a transaction
 - Activated by a loyalty card, or a promotion number
- It is a mark down or discount to the price of the merchandise or service provided to the consumer. It is technically funded by the Retailer, Restaurant, or Service provider regardless:
 - If the Retailer gets compensated in the form of additional discounts on merchandise from their suppliers
 - If the Retailer gets compensation in the form of marketing/advertising dollars (e.g., Trade Dollars) from their suppliers or franchisor
- These discounts affect the Retailer's Gross Margin (as a reduction in sales) and their Net Profit

A *Manufacturer's Coupon* is a third party transaction. The manufacturer is responsible for paying the retailer for a portion of the consumer's transaction. Therefore, a coupon is treated like a form of legal tender (a promissory note), and should be as tightly controlled as possible in order to prevent fraud.

A Manufacturer's Coupon:

- Is considered a form of legal tender (like a check)
- Is treated as revenue by the retailer
- Is taxable revenue
- It goes through a clearing & settlement process
- Is auditable
- Affects the manufacturer's accounts payable
- Affects the retailer's accounts receivable

A *Network* is the scope of the distribution of an offer. There are two basic types of networks: Closed Loop and Open Loop:

- "Closed Loop" network: If an offer is a retailer's promotion, then the network can be an individual store (i.e., for an in-store promotion), a group of stores in a market or designated region, or the entire retailer's properties.
- "Open Loop" network: If an offer is a manufacturer's coupon, then the network can be any advertising/presentation channel, or retailer that resides within the distribution area of the offer.

Digital Coupon Process

An effective digital coupon process has eight distinct functional capabilities/components, designed to work together to prevent fraud on a massive scale. In other words, fraud prevention is as much an integrated process as it is a technology solution.

In eCurrenC the data do not need to be “Published” as described in this document, because all of the components are integrated (not desperate systems that have batch interfaces to each other). In eCurrenC the components have real-time access to the data via APIs.

The eight components are:

1. Offer Creation: This component provides the manufacturer, retailer, or advertising agency (any sourcing agent) the ability to create a valid offer for consumers. These data elements are necessary to bind the consumer presentation, point-of-sale authentication and validation, and coupon settlement process together. Each offer should contain:
 - *A unique offer ID:* Such that the offer ID can be published and then used at the point of sale to verify that an offer is valid before completing a transaction.
 - *Start dates:* One for distribution, and one for redemption.
 - *Expiration dates:* One for distribution, and one for redemption.
 - *Offer Creative:* This is what is visually presented to the Consumer. It includes Offer summary (reward), Short Description, Long Description, Requirement Description, and Terms and Conditions
 - *A requirements list:* This is a list of valid UPCs required to trigger the reward at the POS.
 - *A Reward (face value):* The Information sent to the POS (value off, percent off, net value, etc.)
 - *Manufacturer, or Issuer ID:* The ID of the issuing agent, whom is responsible for paying the redemption agent on behalf of the consumer.
 - *Purchase Order Numbers:* This is used by the clearing house in order to route for settlement information
 - *Other Budget and Routing information* that is used to help target and manage the distribution of the offers.
2. Offer Authorization & Managed Distribution: This component allows the issuing agency (in other words, the agency fiscally responsible for the offer) the ability to approve the offer. Upon approval, the offer is published to the other components in the process. This allows each of the other components in the process the ability to validate against an approved offer (i.e., authenticate against an approved published financial currency).
 - The offer information must be transmitted to the components responsible for presentation, account management, redemption, settlement, invoicing, and auditing.
 - The offer information must be transmitted to the point of sale such that the point of sale can validate the offer at the POS before the transaction completes.

Again, eCurrenC is integrated so there is no need to “Publish” the information to other components. Each sub-system makes direct calls to service to provide real-time

3. Offer Presentation (discovery and save): This component allows the consumer the ability to find and save the offer to their account. The company presenting the offer is responsible for:
 - Verifying that the offer is still available for consumption. (Inside the distribution dates)
 - Verifying that the offer has not expired. (Inside the expiration dates)
 - Validating that terms and conditions are met before depositing a promotion or coupon into the consumer’s account. (e.g., limit one-per-account, budget controls, etc.)
 - Linking the offer ID to the consumer or a consumer’s account in some unique manner. (eCurrenC creates a unique coupon ID, then links it to the offer ID and the consumer’s account ID)

4. Consumer Account Management: This component allows consumers the ability to create, view, and manage their personal account information, and offers.
 - Consumers should be able to change the name, address, phone number, frequent shopper card number, or email address associated with their account.
 - Consumers should be able to view the requirements and statuses of their offers.
 - The account management component must be able to automatically remove manufacturer’s coupons from a consumer’s account once the offer has expired.
 - The account must be able to distinguish coupons that have been redeemed, from coupons that are still available for redemption.

5. Coupon Redemption: This component is responsible for providing the discount to the consumer at the point of sale. The component must:
 - Identify the consumer (or consumer’s account) during the transaction, and retrieve all offers saved in the consumer’s account that can be redeemed at their current location.
 - Validate the purchase of the product which meets the criteria of the published offer (i.e., validate that the terms and conditions are met, correct product was purchased, etc.) prior to providing a discount
 - Provide a discount to the consumer, applying the discount correctly within the transaction (based on offer type).
 - In *real-time*, notify and remove the offer from the Consumer Account Management component in the network that a redemption has occurred, in order to prevent multiple redemptions of that coupon within that Network.
 - Notify the Coupons Settlement component, Coupon Invoicing & Payment component, and Coupon Report & Audit component of the redemption in order to complete the process. This should be done on a predictable and standard timeline e.g., daily, weekly.
 - eCurrenC also provides a notification of potential coupon stacking issues.

6. Coupon Settlement: This component sorts coupons according to issuer and offer ID. The settlement component should be able to provide the Coupon Invoicing & Payment component with the following for each redemption:

- Issuing agency
- Offer ID
- Redemption value
- Retailer's name or retailer ID
- eCurrenc can provide the store location or store ID for more accurate settlement.
- eCurrenC will also add the specific product ID to the issuing agent so they can determine the specific products being affected by the offer.

7. Coupon Invoicing and Payment: This component invoices the issuer's agency on behalf of the retailers for the coupons redeemed for the published offers (within a specified time period). The invoicing component should be able to provide the issuer or their agent with the following:

- Offer IDs
- Coupon counts per offer ID
- Total redemption value per offer ID
- Total redemption fees (for example, retailer's processing fee)
- Total of all redemption values for the invoice
- Total of all redemption fees for the invoice
- eCurrenC can provide much more detailed information that can be used for audit and arbitration.

8. Coupon Report & Audit: This allows all parties involved in the transaction the ability to validate that a consumer has saved an offer, redeemed an offer inside a transaction for a specified product, and then track that transaction through the settlement process. Therefore each coupon should be tracked back to a:

- Unique transaction ID
- Unique coupon
- The offer ID
- Consumer ID, or consumer account ID
- Product purchased that meets the requirements
- Face value of the purchased product
- Face value of the reward
- If the reward is a product, then provide the product UPC of the reward
- eCurrenC can provide much more detailed information that can be used for audit and arbitration.