

**Case
Focus**

Driving Footfall, Minimizing Fraud and Improving Reporting

Branded Fashion Retailer USC, Deploys Stored Value Gift Scheme with Torex Retail



The UK's choice based gift market is set to reach £3.7 billion in sales by 2007 according to research advisory firm Giftex. Stored value cards are set to play a key role in driving this growth as an ever increasing number of retailers recognise the shortcomings of paper based vouchers.

One organization that has recently deployed a stored value gift card solution is branded fashion retailer USC who turned to leading retail systems technology provider Torex Retail to integrate a stored value solution from Stored Value Systems (SVS) into their existing EPoS system.

Background

USC is a leading branded fashion retailer selling men's, women's and children's clothes through 60 stores across the UK. The sector as a whole is fiercely competitive and driving traffic and increasing average spend are just two of the challenges faced by the retailers operating in this space.

USC was keen to look at ways of potentially driving footfall as well as eliminating the ever present risk of fraud presented by traditional paper based gift vouchers.

As Andrew McSherry, IT Manager for USC points out, "Paper based gift vouchers have, until recently, been the default choice for consumers looking to give some kind of voucher to someone. While they provide the convenience of choice for consumers, they represent a security challenge for retailers and tracking their use can be a real issue. A book of vouchers is effectively a book of paper money and the potential for abuse is significant especially if the vouchers fall into the wrong hands.

"Despite the shortfalls in paper based systems, we recognized that vouchers can play a key role in offering greater customer choice and also in promotional activity.

The Challenge

USC was keen to switch from a paper based approach to an electronic solution. Such a move would eliminate the security risk associated with vouchers because electronic cards have no value until they are credited by a consumer. It is at that point that it is obviously in the interest of the consumer to look after the card because it now has monetary value.

As well as addressing security issues, USC was keen to integrate the stored value solution into its existing Torex Retail supplied EPoS solution.

USC also recognized that deploying such a solution would enable it to further improve reporting of voucher sales at head office level as well as allowing the company to start developing sophisticated traffic building promotions which were extremely difficult to execute with paper based schemes.

According to Andrew McSherry, "Torex Retail has an intimate understanding of our systems and they were the obvious partner to help us address these challenges."

Case Focus

Driving Footfall, Minimizing Fraud and Improving Reporting (continued)

The Solution

Torex Retail's solution to this set of issues was to integrate a stored value gift card scheme from leading provider (SVS). The Torex Retail team integrated the system into the existing EPoS infrastructure in a way that eliminated the need for extra hardware.

To credit a gift card, a sales assistant simply has to swipe the card through the existing magnetic swipe reader and then credit the card with the amount of money the customer requires. The seamless process simplifies reporting and because every transaction is logged on the SVS database, USC has a much better insight into voucher usage.

The solution was rolled out in 60 stores and went live in November 2005, in time for the Christmas trading period.

Results to Date

Although the solution has only been in place for three months, USC is already realizing a number of benefits.

The most obvious of these benefits is the elimination of security issues because the cards are worthless until the customer charges them.

An improvement in head office reporting has enabled USC to quickly identify sales levels attributable to vouchers as well as being able to track and analyze purchasing and spend patterns.

Andrew McSherry believes the electronic scheme offers a number of advantages, "With a paper based scheme, once a voucher had been sold, it was virtually impossible to track its use. With the electronic solution we can see where and when it is used and importantly what goods are bought with it.

But perhaps the greatest benefit has been in the use of the cards as a promotional medium. Prior to Christmas, USC distributed a large number of cards each pre-charged with £5 voucher in shopping areas close to their outlets. Many denominations of credits were on these cards, from £5 to £500 and the only way for consumers to establish what was on the card was to visit the store.

According to Andrew McSherry, "This promotion delivered two key benefits. Firstly, it drove significant customer volumes to our stores. It also drove a sales increase because once in store, people would spend much more than the £5 on the card and as a result we saw substantial sales uplift. Developing such a promotion with a paper based voucher scheme would have been impossible

"The fact that the cards can be re-credited time and again effectively gives us a branded presence in the consumer's wallet. This means we are more likely to be front of mind when a consumer is either looking to purchase something for themselves or looking for gift ideas for friends and family"

Focused on the Future

The scheme has already had a positive impact at USC, and the company is looking to the future.

"As well offering us a promotional and gift voucher solution, we believe the cards have potential in other areas. We are already looking at enabling an Internet based crediting solution allowing a person to charge a card remotely on behalf of another person. This could suit parents who want to control their children's spending and restrict it to certain outlets. The Torex Retail team has delivered a solution that has already made a positive impact on our business and the ease of use, means staff are already very comfortable with the new way of working when it comes to dealing with gift vouchers," Andrew McSherry adds.

