

Korean Digital Gift Voucher Card Case Study



“With HID’s digital gift card issuance solutions, we boosted online affiliated cards purchases. Many of our customers were impressed by this concept. For example, some company executives created tailored messages like “Happy Thanksgiving!” on customized cards and distributed them to employees. The solution helped us achieve 200% growth during the 2010 Thanksgiving season,”

Chang-moog Cho,
Team Leader, Planning & Strategic Team (Gift Voucher), Samsung Tesco Co. Ltd (Home plus)

Products / technologies:

- FARGO HDP5000 Printer and Encoder

Two Korean Retail Giants – Home plus and Shinsegae department store and E-Mart

HID Global has introduced a pilot digital gift card issuance solution to two Korean retail giants, Home plus and Shinsegae. The solution boosted their market share and drove tremendous sales growth during the Thanksgiving season in 2010.

Established in 1999, Home plus is a leading Korean discount retail chain. Jointly owned by Tesco and Samsung, South Korea’s largest corporation and the world’s second largest conglomerate by revenue, Home plus operates in hypermarkets and express retail formats as well as a home delivery shopping service.

Shinsegae, the South Korean department store franchise, is today the country’s leading retail brand. Along with its subsidiary, E-Mart, Shinsegae has become the largest retailer in South Korea. As the first discount retailer in South Korea, E-Mart has 127 outlets today.

Korea is home to one of Asia’s most dynamic and largest retail markets, ranking fourth in U.S. dollars behind Japan, China and India. According to a report by Shinsegae Research Institute of Distribution, it is expected that the Korean retail market will grow by 5.7% in 2011 to W211 trillion (189 billion USD). However, with Korea’s notoriously saturated consumer goods market, very few untapped opportunities and fierce competition, the two Korean retail giants have been driven to identify new growth strategies.

In Korea, pre-paid gift cards are held in the same esteem as conventional modes of payment – credit cards and cash. They are often treated as an ideal gift for both individuals and corporate enterprises. By deploying HID FARGO® HDP5000 card printers, retailers can offer on-demand personalized gift cards for consumers, adding a personal touch that is not available with conventional paper gift vouchers.

Gift cards come in various forms: with standard or customized designs, and disposable or rechargeable. They provide gift card recipients with a customized experience and instant gratification, making the cards perfect gifts for all occasions – birthdays, weddings or even company gala dinners

Challenges

- Unchartered territory: Since this is the first time a digital gift card issuance project implemented in the country and even in Asia; thus there were many queries on its effectiveness. In addition, no guiding principles or regulations in terms of legalities or logistics are available. The retailers were going through a path never travelled before.
- Ease of use - The system must be user friendly and easy to manage since the frontline operators of the retail chains do not have technical knowledge.



“We are satisfied with the on-demand digital gift card issuance program offered by HID Global. This technology definitely paved the way to the new paradigm of gift cards. Unlike paper gift vouchers, the digital gift cards are 100% personalized, enhancing the customer experience. We will continue to implement this sophisticated system in 2011.”

Min-jung Lee,
Team Manager,
Corporate Business Division,
Shinsegae E-Mart

- Short lead time - All the printers and systems had to be installed in hundreds of retail chain stores across the country in a short timeframe.
- Nationwide maintenance network and professional technical support - With a large customer base as well as vast geographical coverage, retailers requested a perfect maintenance network that covers all of South Korea.
- Best printing quality - The preferred customized design on digital gift cards were often photo images, so cutting edge print quality was one of the key requirements of the project.

Solutions

Coupled with VAN (Value Added Network) service for POS transaction provided by HID's software partner, YBL Co Ltd, FARGO® HDP5000 printers delivered revolutionary digital gift card solutions.

With this solution, the end users can personalize digital gift cards by uploading designs to the retailers' online platforms or by submitting the digital files via storage media such as USB to the retail chains. The design can be flexibly edited and customized with text messages or company logos. Since most consumers want to print family or friends' pictures on the cards, the superb printing quality of FARGO® HDP 5000 printers perfectly satisfied the various needs.

The turnaround time is quick; the customers collected their cards on-the-spot or the next day after they order online.

HID Global also worked together with YBL to provide extensive technical support. Training sessions for the frontline staff were conducted across the country to ensure smooth project implementation. With an extensive local support staff, the printers were timely installed at hundreds chain stores.

Results

The personalized gift card program developed a unique differentiation strategy, raising the customer experience to next level. The program received overwhelming response and Home plus achieved record-breaking sales during the 2010 Korean Thanksgiving season. The sales tripled over last year, showing 200% growth.

Unlike conventional paper vouchers, the digital gift cards have the capability of unlimited recharging and offer special discounts at franchise stores that prompted repeated purchase. According to the retailers' internal analysis, the recharge rate is an average of 65%, which means that 6.5 out of 10 people will recharge the cards and purchase again, far exceeding retailers' expectations.

Another key business advantage of the digital gift card is that no stamp tax (0.45 USD per each new card issuance) is required for recharging the gift cards. Conversely, conventional gift vouchers can be used only once and stamp tax is required on every purchase. In other words, digital gift cards save stamp tax for every recharge, reducing the operation costs for retailers.

The solution also created excellent branding opportunities, where corporations can now print company logos, slogans and even personalized customer information on the cards.

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