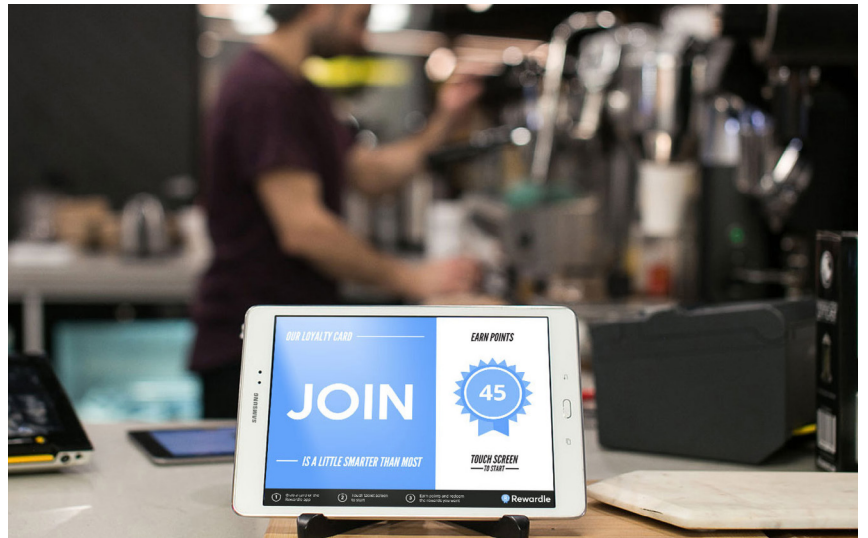


Case study: Rewardle



About Rewardle

Rewardle was founded in 2012 in Australia with a mission of modernising the loyalty card sector. This market opportunity grew from consumers becoming increasingly disappointed with more and more traditional paper and plastic loyalty cards bulking up their wallets. In pursuit of this mission, Rewardle has grown successfully as it helps local businesses improve by better understanding, and connecting with, their customers' consumption habits. Using Samsung tablets at the point of sale (POS), Rewardle currently supports over 5000 local businesses across Australia involving transactions from over two million members.



Rewardle brings the loyalty card properly into the digital era. The simplest way to describe Rewardle is providing a digital upgrade to the ubiquitous 'buy nine get one free punch card' popularly used at coffee shops and juice bars.

Rewardle merchants place a Samsung tablet running the Rewardle app on their counter. This allows customers to interact with the Samsung tablet using a Rewardle card or the Rewardle smartphone app to record their visit, collect points and redeem rewards. As the individual's Rewardle card can be registered and used across multiple participating outlets, the need for numerous loyalty cards can be significantly reduced and bulging wallets trimmed down. Rewardle also allows consumers to carry their membership data in the cloud.

Importantly, Rewardle's client merchants are provided with powerful analytics and marketing

insights and tools that have traditionally only been available to large retailers. Earlier, by just clipping or showing traditional loyalty cards, business owners had no information about these loyal customers, nor were they able to target them with deals or tailored offers to promote return visits or upselling.

The context for establishing Rewardle was (and remains) a loyalty card market which the business' founder saw as open to disruption: where, as a start-up in 2012, Rewardle claimed a first-mover advantage. Earlier, Rewardle's founder saw several key developments in digital commerce across global markets as supporting the business' offer and market entry.

They included shifts:

- From traditional data gathering to digital, online and big data;
- To mCommerce with purchases and payments increasingly shifting online and more transactions via mobile devices and through social media platforms; and
- From cash to cashless point of sale (POS) including greater use of credit cards, tap-and-go and mobile-based apps.



About the project

Rewardle has emerged as a very successful software business because it addressed many of the issues which have plagued the loyalty card market. However, it wasn't a macro-market or big end of town focus which prompted Ruwan Weerasooriya, to establish Rewardle and take the helm as CEO. "We are in there for the little guy. Our focus is local. Rewardle allows small local businesses to benefit from a digital, cloud-based, retention-marketing system which would normally only be accessible to the big guys. You could say Rewardle is democratising these services by unlocking many of the benefits of retention marketing including emails, social media and mobile outreach to the local, small business operator," Ruwan Weerasooriya.



"Samsung's tablet won on all points but most clearly on their quality and reliability; in our opinion they are streets ahead of the others in terms of hardiness."

Ruwan, CEO of Rewardle

Stand-alone and tough

A key differentiator and competitive advantage for Rewardle is the business' choice of Samsung tablets as the POS interface technology. Market research by Rewardle had earlier found POS systems to be a highly-fragmented sector across which integration with Rewardle would be incredibly complex – if possible at all. "We saw the best solution for Rewardle as a stand-alone device: a hub – central to the customer and business-owner transaction. We reviewed many android-based tablet providers. Samsung's tablet won on all points but most clearly on their quality and reliability; in our opinion they are streets ahead of the others in terms of hardiness. We chose Samsung with a high degree of confidence in placing them on merchants' counter tops. We knew they would work: knowing they were tough and could handle many of the bumps and spills that busy hospitality outlets, like coffee shops and juice bars, typically experience," Ruwan Weerasooriya.

By choosing Samsung tablets, Rewardle holds a unique and uncontested position in the Australian market; indeed, we are one of the largest Android-based tablet solutions in the global digital loyalty card sector.

Informed marketing

The broad and increasing acceptance of Rewardle owes much to merchants appreciating the reliability, simplicity and ease of using a Samsung tablet. They are also attracted to how this technology is opening an opportunity to better engage with their consumers via digital-based, retention marketing. "Previously small businesses marketed mainly to attract new customers: using traditional methods like letter drops and local press advertisements. Typically, this is the level they were limited to purely because of their small scale and limited resources. With Rewardle's digital platform, merchants have grasped the

benefits of retention marketing. They understand the value-add of investing in current customers. In this light, they also see the value in capturing data relevant to these customers: then mining that data and using insights from it to encourage them back more often and spend more. Obviously, it's way more cost effective to retain customers than attract and keep new ones," Ruwan Weerasooriya.

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“The combination of the convenience of Samsung tablets at POS plus Rewardle’s software as a service (SaaS) platform, means this previously untapped segment can now access an affordable, digital loyalty system with Rewardle.”

Ruwan, CEO of Rewardle

Benefits

Market development and growth: Rewardle’s Samsung tablets can now be found at the POS at over 5000 local businesses across Australia: active across about 900 postcodes. With an addressable market of around 200,000 local businesses, Rewardle confidently plans to grow the number of merchants using its platform to significantly over the next few years. “The larger our network of merchants the larger our membership becomes and the more merchants want to join. This network effect feeds the growth of our business and is driving healthy growth in use of Rewardle on both sides of the counter” Ruwan Weerasooriya.

Opening a big new market

Collectively, small independent businesses, as the long tail of the national retail sector, represent a major proportion of the industry. Prior to Rewardle, few of these operators could access or afford digital loyalty systems which enabled retention marketing. The combination of the convenience of Samsung tablets at POS plus Rewardle’s software as a service (SaaS) platform, means this previously untapped segment can now access an affordable, digital loyalty system with Rewardle.

“I often describe Rewardle as ‘big data for small businesses’. Opening this market and getting to our current scale has required a lot of leg-work over the past five years. It’s paid off. For example, our network of independent cafes and coffee shops using Rewardle is the largest in the country. It’s six times the size of the biggest local coffee shop chain. Overall, the footprint of Rewardle merchants is around six to seven times bigger nationally than the local presence of a well-known, American fast food chain,” Ruwan Weerasooriya.

Cost effective

Using Samsung tablets has provided Rewardle with a very cost effective way to enter the cluttered and competitive POS technology and service sector. In passing this cost saving on to its merchants, Rewardle has attracted smaller businesses through competitive pricing of its services. “Many small businesses have made the, usually very expensive, shift across to a franchise because, stand-alone, they could not afford to compete effectively as they’d like. Rewardle can provide a much more cost-effective alternative. Our merchants often say Rewardle has allowed them to compete much more effectively – often with the big guys – for an outlay their business can afford,” Ruwan Weerasooriya.



Challenges

For Rewardle, the fundamental industry shift from traditional paper to digital systems remains a challenge. Moving loyalty programs from paper or plastic punch cards into the smart-phone era may seem an obvious step to make given how omnipresent digital devices and services are now. However, that logic is not always playing out across small business, according to Rewardle. “From many angles, traditional card programs simply work or, rather, work simply. We have to show merchants we can ‘build a better mouse trap’. We believe there is a clear and substantive value-add case for both merchant and consumer to shift across to digital. Rewardle’s offer of one card across many outlets, Samsung tablet convenience and reliability plus our SaaS, cloud-based service which allows data mining and retention marketing is very convincing,” Ruwan Weerasooriya.

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Results and ROI

Since 2012, Rewardle has become a very successful business. Supported now by a number of high profile retailers, Rewardle is the clear leader in the digital loyalty card market nationally as well as a recognised innovator in the segment globally. The impact of this innovation has lifted market support for Rewardle to over 5000 local businesses across Australia. The business is active across about 900 postcodes and supported by more than two million customer members. Rewardle plans to grow the number of merchants using its platform to 1.5 million over the next few years. "While we are confident we have the right system to support this growth, we never take the market for granted. Taking a leaf from Samsung's book, we are continually looking to innovate and improve the technology and the service we offer our merchants and members," Ruwan Weerasooriya.

Looking ahead

For Rewardle, the future is digital. As more commerce shifts online, the business sees growing support for its positioning as a social network connecting consumers with their favourite places. As mobile devices are used more for transactions, Rewardle sees a number of consumer trends developing on the back of this. Rewardle is already one of retail's biggest, mobile, pre-ordering platforms and the business expects ordering-ahead to grow as a proportion of their merchants' sales. "With growing mCommerce via mobile and social, we see loyalty and retention marketing as evolving and becoming more influential: extending to include more transactional capability where, for example, our merchants can sell to their customers directly via their mobile devices," Ruwan Weerasooriya.

Looking ahead, as Rewardle's merchant base grows the business is well placed to negotiate advertising with media partners. They can help enhance the platform by reflecting insights gained, for example, to an individual merchant's customers, to a local market area like a high street, or by outlet type, such as coffee shop or pizza restaurant. "The aim here is for merchants to engage with their Rewardle member customers in a more personalised and tailored way: to improve that relationship through more considered and relevant targeting," Ruwan Weerasooriya.

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