

The Revolution Quietly Happening on the High Street: e-Receipts

Published: 18:30, 04 Mar 2014 by David Parker

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Tesco reported last November that it is in talks with the technology company eReceipts to replace its paper till slips with an email alternative. A number of UK retailers are already on the bandwagon offering e-receipts including Monsoon, Aldo, Joy, French Connection, The Fragrance Shop, Accessorize and northern grocer Booths, writes **David Parker**

e-Receipts offers scope for Tesco to replace some of the 11.2bn paper receipts it prints at its checkouts every year. There is a strong financial incentive, too, with it being reported that retailers can save up to £5 per 1,000 transactions, while using less paper. Lord MacLaurin, Chairman of an e-receipts start up commented that "There's a certain inevitability about e-receipts."

If we look to the US, a number of the largest chains have offered e-receipt options for a while. They include: Nordstrom, Best Buy, Whole Foods, Kmart, Sears and Gap. In fact, just over a third of large American retailers offer digital e-receipts, and half of those do so at all their stores - according to a survey of 3,900 retailers released in 2013 by marketing firm Epsilon.

There is also a strong consumer demand for digital receipts. Accenture reports that in the US/Canada, 60% of those who use their smartphone to make payments would use it more if they could track receipts.

Europe's Advanced Payments industry report reflects the same view. Participating professionals expect that e-Receipts will be the third most used service by consumers.

But what impact does this have for banks?

When talking to bankers about their business, and especially commercial card bankers, the talk is often about how they would like to get "level 3/line item data." In Europe this would be like leapfrogging to nirvana, given today's limited merchant participation in enhanced data platforms.

In the US, American Express has launched a mobile app that uses the on-board camera to snap and store receipts for later reconciliation with account statements Chase has launched Jot, which associates a photographed receipt image with a payment transaction.

Now it looks like the next wave of technology is upon us. While both of the previous solutions just capture the image, new companies are launching services that automatically extract/read the data from the actual receipts - whether physical or digital.

They are in effect creating a receipt data vault for users; a place where all of their receipts are automatically stored. Companies offering these services in one way or another include: Expensify, Itemize, Neat Receipts, ShoeBoxed, and Concur.

Some of the solutions allow receipts once captured, to be tagged by project or event. That makes it easy for a business to run reports on specific activities, or for a consumer to find their partner's favourite perfume again at some future date.

Some of the solutions also allow for automatic reorder of previously purchased goods - which in the case of ordering regular home and office supplies is much easier and time effective. Given the recent floods in the UK there are many consumers who may have wished they had had more of their receipts digitally stored as the insurance companies come asking for proof of purchases.

But these are all user benefits. For the bank, there is potential for digital receipts to access level 3 data and beyond.

Moreover, the bank has the potential to see not just expenditure on their own cards, but on other banks/issuers cards. They can even see expenditure on wallets and with cash; they thus can for the first time really get a 360 view of a customer's expenditure.

And perhaps more importantly understand their product's role within that overall wallet expenditure. Is it from of the wallet, or the reserve card, or the online use only card. Of course with this type of insight a bank can then start to look at how to broaden the user of their product, whether by incentives or other marketing activity and thus increase their share of wallet.

Itemize have stated that in their US pilot that offers based on receipts (rather than just pre-stated preferences) saw an increased uptake of 97% over the control (preference only) group.

This is compelling in light of the fact that banks are putting great effort into driving offers to their customers. For example, Barclays announced in the middle of 2013 their 'bespoke offers' service; "we created bespoke offers for every consumer and retailer in the UK.

We estimate that if the typical UK consumer made maximum use of bespoke offers across their household spends they could potentially save as much as £2,100 per year." says Valerie Soranno Keating, CEO of Barclaycard. The analysis of receipts could thus start to play an important role in banks understanding of how to make relevant offers to cardholders.

With this additional data the bank can also potentially help users to manage their warranties. Perhaps more interestingly for the bank, they can also potentially help sell extended warranties as the manufacturers' ones expire.

As banks revenue streams are increasingly under pressure, we should expect that they will start to look for new ones. One of the key assets they can start to leverage is a real understanding of their customers.

As the revolution on the high street grows, with more e-receipts being issues, also helped by the recent announcement of Visa and MasterCard of their support for the feature called "host card emulation" (HCE) that will allow companies to deliver NFC payments without requiring a handset with a secure element and thus likely to deliver a strong growth in mobile payments it is likely we will start to see more and more of these services being offered to card holders.