

A First Data Case Study

Sodexo Boosts Use of Employee Cafeterias With First Data[®] GO-Tag[™] Solution

A pilot program launched by Sodexo and First Data to test a prepaid, contactless payment solution has been an unqualified success. Based on First Data's GO-Tag[™] solution, the SoGo Cash Card/Tag program allows users to load funds to a prepaid account and use their choice of a spending card or sticker to make purchases at select First Data cafeterias. The sticker can be placed on any convenient object, such as an employee badge or cell phone, so employees don't have to carry a purse or wallet with them to make purchases. Compared with a control group using only a standard, magnetic-stripe card, the SoGo Cash Tag sticker resulted in significant increases in frequency of visits to employee cafeterias, frequency of reloads, number of redemptions and redemption amounts.

Background

Sodexo, with headquarters in Issy-les-Moulineaux, France, is a world leader in food and facilities management services. Founded in 1966 by Pierre Bellon, the company today is the leading provider of integrated food and facilities management services in the U.S., Canada and Mexico, serving 10 million customers in 6,000 locations every day.

One of Sodexo's business lines is operating employee on-site restaurants, with 2,700 currently in its management portfolio. A First Data gift card client, Sodexo was looking for ways to expand its "cashless solutions" by developing a Sodexo-branded spending/gift card program. The goals of the SoGo Cash Card/Tag program were:

- Leverage stored value technology to build on cashless payment strategy
- Drive incremental sales and increase check average
- Deliver key benefits for clients, guests and Sodexo, including convenience, speed and ease of use
- Market "one card strategy" providing gift card and personal spending card solutions

This would help make the Sodexo on-site restaurant the first stop for corporate employees, encourage repeat use and increase sales while maximizing the speed of service.

Solution

In the spring of 2008, a pilot program was initiated using contactless technology in Sodexo's cafeterias at two First Data facilities—one at its Denver corporate campus and one at its Hagerstown, Maryland, office. The First Data cafeteria program would have two key differences from other SoGo Cash Card locations currently in pilot:

Sticker form factor. In addition to a spending card, typically carried in a wallet, the First Data pilot program would include the First Data GO-Tag sticker form factor (branded for this program as the SoGo Cash Tag). Because the sticker could be placed on an employee badge, cell phone, MP3 player or any other convenient object, it didn't require employees to have their purses or wallets with them to make purchases in the cafeteria.

Contactless technology. The stickers would use contactless technology. Instead of time-consuming interactions at the point-of-sale (such as handing over cash, swiping a card and signing a receipt or entering a PIN), the employee would simply tap or wave the sticker in front of a contactless reader at the point-of-sale. The value of the transaction would then be debited from the balance on the employee's prepaid account.

First Data's research, supported by industry data, suggested that the greater convenience provided by both of these differences would result in more extensive employee adoption of the program. The pilot program provided First Data and Sodexo with an opportunity to test these assumptions.

Sodexo and First Data were then able to compare the SoGo Cash Tag customer acceptance and use at First Data with another SoGo Cash Card pilot account at the corporate headquarters of a large national employer, using standard prepaid spending cards with a magnetic stripe. This approach allowed the two companies to compare and contrast the GO-Tag solution usage and results with those of a traditional prepaid solution.

"Building awareness of a program like this is very important in influencing its adoption."

Lisa Fugate, First Data Marketing Director

Building Momentum through Increased Awareness

The pilot program launch was planned for late February 2008 in the Denver cafeteria and early March in the Hagerstown cafeteria. To ensure that all employees knew about the program—and to generate as much interest as possible—First Data started an extensive awareness campaign several weeks before each launch. Campaign components included:

- Executive-sponsored e-mails to all employees, beginning three weeks before the launch and continuing for two weeks after the launch. The e-mails provided basic information about the program and directed employees to the company's intranet for more details
- Signs posted throughout the buildings to promote the program
- Table tents in the cafeteria
- Postings (such as FAQs and a daily blog) on the company intranet
- Giveaways of preloaded cards
- A big cafeteria promotion the day of the launch, with balloons, posters, free cookies and staffed tables set up to explain the program

As a result of First Data's extensive awareness campaign, a survey conducted just one week after the launch showed that 86 percent of employees were aware of the program.

The Results

In both pilot locations—representing diverse job functions—First Data employees are taking to the program in much greater numbers than those using conventional, magnetic-stripe spending cards at the control group’s corporate cafeteria. The difference can be attributed primarily to the increased convenience provided by:

- **The sticker form factor**, which enables employees to buy food and beverages without having to carry a purse or wallet with them
- **The contactless technology**, which gets them through the cafeteria line faster

For Sodexo, the program is helping to increase:

- **Brand awareness**, because of the visibility of stickers on employees’ badges and word of mouth from participants
- **Transactions**, improving the number of cafeteria transactions per day
- **Reloads**, accelerating the number of reloads to employees’ prepaid accounts

A key component of any successful pilot program is having effective techniques in place to measure the results.

“We took the time before the launch to gain an in-depth understanding of Sodexo’s goals and develop metrics that would determine the degree to which the program succeeded at meeting those goals.”

Matt Withey, First Data Product Director for Prepaid Programs

For Sodexo, important metrics averaged over a three-month period indicated:

- **Percentage of employees participating.** The pilot program achieved a participation rate of 32 percent overall, with 1,244 employees participating out of a total of 3,800
- **Reload location and amount.** Once participants had used all the funds in their accounts, they could reload accounts via the Web or at the point-of-sale in the cafeteria. Those using the Web could, if they wished, set up their accounts to automatically reload based on a specific timeframe (i.e., once a week, once a month, etc.) or once the funds in their account reached a predetermined minimum amount. Results showed that:

- Reloads set up to occur automatically via the Web averaged a 15 percent higher dollar amount than those made in the cafeteria
- In comparison with the control group, First Data employees averaged 4.3 times more reloads per activation (2.9 reloads per activation for First Data versus 0.69 for the control group)
- Reloads via the Web were 4.4 times more frequent than those in the cafeteria

- **Usage of card versus sticker form factor.** A survey conducted six weeks into the pilot showed that 96 percent of participants used the sticker exclusively, rather than the card or a combination of both
- **Number of redemptions.** The number of redemptions by First Data employees was 33 percent higher than those of the control group—even though the control group had significantly more potential participants
- **Average ticket size.** In comparison to pre-pilot average expenditures per employee, the pilot average was 10.2 percent higher
- **Transaction speed.** Industry data indicates that contactless transactions are significantly faster than both cash transactions and traditional card transactions—and the pilot program confirmed this finding. Time trials at the First Data cafeterias showed that transactions using the prepaid cards and stickers were approximately twice as fast as cash transactions, and five times faster than credit and debit card transactions (both of which required signatures)

“These results show that the SoGo Cash Card and Cash Tag program can help change the behavior of Sodexo’s customers,” noted Lisa Fugate, First Data Marketing Director. “The results definitely met our expectations, and in some cases significantly exceeded them.”

In addition, surveys of First Data employees show that the program is generating significantly increased customer satisfaction. Typical comments include:

- Love not carrying my wallet
- Really love it—especially not having to sign anything, it is truly tap and go
- I spend a fraction of the time in line paying than I did before

Sodexo is also pleased with the results of the pilot program. “Our new SoGo Cash Card program is off to a promising start,” says Bill Mitchell, Senior Director of Brand Management for Sodexo Corporate Services.

“Feedback from pilot locations indicates users are finding the program very relevant, benefiting from the added convenience and ease of use it provides for their on-site spending needs, and using the program for all facets of our multipurpose card strategy.”

Bill Mitchell, Senior Director of Brand Management,
Sodexo Corporate Services

Future Plans

Based on the tremendous success of the pilot program, Sodexo is launching the program at additional on-site restaurants it operates around the world.

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