Gift Cards for Online Marketplaces: White Paper
1. Overview

The growth of online purchases is indisputable. Retailers who have not moved online are suffering with the traditional bricks-and-mortar approach. Conversely, there are those retailers born in the internet age that have become online giants without ever having opened a physical store. These retailers, such as Amazon, eBay and Rakuten, have become online marketplaces as well by bringing together buyers and sellers in an online environment.

Some of these large market places have successfully launched their own gift card programs, but not all of them. There is still an untapped market for the other players who have not yet launched their gift card programs (Taobao, Mercado Livre, among others).

The successful online retailers such as Amazon, have experienced tremendous growth. The Amazon gift card is one of the top 5 selling gift cards in the United States.¹

There is also an untapped market in many rural regions. As an example, approximately 70% of Rakuten’s customers are located in rural areas. In many urban centers in Asia, customers can easily visit a shopping center to make their purchases. The proximity of retailers to customers in crowded Asian cities means that e-commerce retailers have targeted the rural population who can not easily reach a shopping center or a High Street type of environment.

Ogloba proposes to change the way online merchants commercialize gift cards, especially in remote regions. Cash is still king in remote areas, and for this reason, Ogloba can work with companies such as Rakuten to convert cash to a prepaid plastic or digital gift card. Consumers in remote areas are already shopping online, but they do not like to share credit card information and are very weary of security problems with the internet in their countries. For this reason, a prepaid Rakuten gift card sold in small stores throughout the remote regions of countries such as Indonesia would represent an innovative and cost-effective solution to the current challenges faced by online merchants and market place providers.

There are over 20,000 POS locations throughout Indonesia that have the potential of becoming locations where rural customers can convert cash to a prepaid gift card. Online merchants are beginning to approach this new market and Ogloba is helping them with the technical solution and POS know-how.

Lastly, online retailers operating in remote regions are not likely to want to share the slim margins on their products with middlemen like U Kash or Paysafecard. For this reason, they are seeking a connection with one company that can take them to remote POS. This is where Ogloba can intervene.

1.1 How it works

Ogloba offers the capability for online market places to manage their own gift card program. We remove the need for the middlemen through our Back Office processing platform. Ogloba connects its platform directly to the POS cash register system. When an online retailer issues its own gift card via the Ogloba platform, they are immediately able to support activations and redemptions (online) everywhere Ogloba is connected.

¹ GiftCardRescue.com in Ellicott City has polled consumers about cards they would like to receive and has come up with the list of the 20 most desired cards. No. 1 is Walmart, followed by Target, McDonald’s and Amazon.com. If you get a card you do not want, card exchange sites such as GiftCardRescue and PlasticJungle.com can help you swap an unwanted card for one you will use.
Gift Cards for Online Marketplaces

By centralizing the gift card program, the Ogloba platform acts as the gateway to a host of related services for the online market place retailer, allowing them to:

1. Create and sell the merchant’s gift card on their own website/app.
2. Create and sell the merchant’s gift card in a third party location.
3. Sell third party gift cards in the merchants website/app.
4. Convert cash to gift card for consumers in remote areas (Rakuten in Indonesia).

Traditionally, in order to administer and manage the 4 services described above, retailers would have to subcontract several different providers. With Ogloba, the retailers can focus on marketing and selling gift cards, instead being preoccupied with IT and back office operations.

The key to this approach lies in Ogloba’s capability to connect to a large number of Points-of-Sale through its webservice software solution. The online retailer does not have to worry about reaching remote locations. Ogloba has studied the cash register systems of several large countries still using cash as the primary form of payment. We have concluded that a technical integration with the major cash registers systems currently operating in these areas (IBM, Wincor Nixdorf, NCR) is extremely feasible. Ogloba has already integrated its platform with these providers in other markets.

Ogloba facilitates the distribution of prepaid products in order to increase the market reach of online retailers and market places.

Figure 1: Leading online marketplaces
2. Back Office Management

The Ogloba gift card platform is a one-stop management system that allows online merchants to control the entire gift card creation, activation, and redemption process.

2.1 Card Type

The digital gift card works in exactly the same way as a standard plastic gift card – except of course, it is not a physical object. It can be redeemed online by entering the card number (with PIN if necessary), or in a physical store by scanning the EAN128 barcode that appears on the mobile screen when customer requests redemption.

![Sample digital card created in back office](image1)

![Sample digital gift card redemption screen](image2)
3. Ogloba’s Value

3.1 Card Issuing and Redemption

The Ogloba platform issues the gift cards of the online marketplace retailer. The merchant has the advantage of issuing gift cards without having to create a brand new in-house system, or having to subcontract several different providers to manage a specific market segment. Another advantage resides in the float and breakage that remain the property of the online marketplace merchant.

3.2 Technology

Ogloba has developed, in-house, a suite of software solutions that support prepaid transactions for customers in over 60 countries. We have created innovative solutions to meet the growing needs of the prepaid market. The most significant development has taken place in the provision of gateway services to connect the online merchants to Tier 1 content and distribution partners.

3.3 Automation

Ogloba strengths lies in its ability to write algorithm that automates most tasks associated with managing a gift card program. Our Back Office platform is designed to allow online marketplaces and content providers to focus on marketing and selling. We handle all the technological aspects of the business, and clear all the transactions and financial flows daily.

3.4 Reporting

Ogloba provides real time reporting via a friendly web service interface. Partners can make important decisions based on transactional data that is presented in an easy-to-read format. We have over 50 types of reports already created that enable all the different stakeholders to know how their side of the business is performing instantaneously.

3.5 Gateway to the online marketplace merchant

Ogloba can create the technical infrastructure through which the online merchant will create, distribute, and sell gift cards. There will be no need to sub-contract multiple vendors. Ogloba platform connects the online merchant to 3rd party content aggregators for the sale of those cards inside the merchants website and/or app. No matter the commercial model the merchant decides to adopt, the Ogloba platform can help drive incremental sales in all of the merchant’s sales channels.

4. Conclusion

In summary, this Ogloba solution enables the online marketplace merchant to issue its own gift card and sell them directly in their eco-system. Some large online merchants like Taobao in China and Mercado Livre in Brasil do not have their own gift card market. Therefore, there is an untapped potential in these markets. Even though other large online merchants like Rakuten already have their own gift card, they face the challenge of supporting their customer base in rural areas. The Ogloba platform will help companies such as Rakuten to convert cash at the POS to a Rakuten gift card for use on their site.