

MOCA PAY Interview

Q&A: Dazbog coffee owners commit to mobile marketing, payment

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Russian émigrés Anatoly "Tony" and Leonid "Leo" Yuffa, founders of the 30-unit Dazbog Coffee Co. chain and roasting operation in Denver, say they are investing in technologies to reach, motivate and thank mobile-device using customers because history is repeating itself.

"It's one of those things like when they invented the fax machine - it changed how people did business. And then it [momentum] went to e-mail," Leo Yuffa said. "I think mobile is really the [latest] evolution. To be in business in the future, I think, you need to go mobile."

Dazbog, which operates three company locations and licenses 27 to others, since February has used mobile marketing tools from software-as-a-service provider Mocupay, such as digital coupons. It builds its base of opt-in fans by way of sweepstakes entry or other point-of-purchase or website incentive. As of mid May, 17 of the chain's coffee bars running Aloha point-of-sale-system software began using Mocupay's mobile gift card technology, with another three units running Micros Systems POS software soon expected to do likewise.

Mocupay's technology makes possible digital gift card purchases, reloading and use in restaurants and other merchant businesses by consumers whose phones support SMS/text messaging, WAP/Web 2.0 Internet browsing or proprietary mobile applications for iPhone, Android and Blackberry operating systems. The technology lets mobile gift card users pay for their transactions by showing merchant employees a patented, one-time use, six-digit code on their phone. By using that code system, consumers need not store on their mobile devices sensitive personal information, such as credit card numbers.

The Yuffa brothers, whose company name is a combination of two Russian words suggesting "good fortune," spoke with NRN about their move to mobile marketing, gift cards and loyalty program technologies.

Is mobile gift card technology helping you sell more gift cards?

Leo Yuffa: We've just started using mobile gift cards. At first, [Mocupay] was for mobile marketing and the harvesting of [guest phone] numbers. That has been working very well.

Tony Yuffa: What's happening is that people are taking their regular gift card and transforming it into a mobile card. We believe that while it is very early [in the transition process], transactions are going up.

By what amount?

Tony: In the 8- to 11-percent range [from the greater use of mobile gift cards versus plastic cards and the higher transaction amount typically associated with gift-card use].

What has surprised you about mobile marketing?

Tony: That people will opt in for a promotion like Win Free Coffee for a Year - I mean really opt in. In a very short time we harvested over 700 users. What have been some of the initial messages communicated using the mobile marketing platform?

Leo: We really focused on Coffee for a Year, but [loyal customers] want to know when we are opening up new stores, when new coffees are coming out and when we have new items. This is a nice way to communicate with them, without having to go through their computer where you can get caught up [or lost] in the junk mail.

How have your users responded to mobile marketing and gift cards?

Leo: The initial response is that they are very excited. They think it is something new, and they are excited to try it out. Our customer frequency is so high that we see our customers almost daily. So for us, it was a natural to do something like this: To use the phone to not only communicate with them, but also let them use it as a form of payment.

Tony: It has been very positive. [With mobile gift cards] the time of the transaction is actually much shorter than if we use some other type of payment.

Leo: Literally before you even get to the store you can push a button on your smart phone and get a [purchase authorization] code. After you order, you give them [counter help] the code and they enter it and you go. Then you get a confirmation.

What did it take to get ready to use the Mocopay platform?

Leo: It is not a great feat, but it does take some coordination to talk to all the [POS system and Mocopay] vendors. It takes that coordination, as well as the financial commitment. We're not doing this for a two-month promotion; we're looking at it long term.

Was that a significant financial commitment?

Leo: We believe in marketing, so we probably would have spent that amount on marketing.

Describe how the next year's marketing picture might look different than the past year's.

Leo: A big piece of our marketing is going to revolve around harvesting information from consumers and communicating with them and really dialing in how often our customers want to hear from us and what the response is to a call-to-action campaign. We'll figure out how do we get them in and how do we service them and provide the best service and communication with the customer now that we have that information.

What did the past year's marketing mix look like?

Leo: It was in-store marketing and on the street, such as with outdoor billboards and

in bus terminals and other venues and through special events. I think now it will be driven more towards the consumer and harvesting more names and numbers so that we can notify them when things are coming up, what we are doing in the community and what we have in store for them in the upcoming months and currently. The communication is going to be a lot more personal than it is with mass marketing.

Are you at a point in developing your mobile marketing platform where you regularly look over [Mocapay-generated] reports to plan strategic moves?

Leo: We're looking at it, on a weekly basis, right now.
Cite an example of something you might have spotted during a weekly review that prompted you to change or tailor a promotion differently?

Tony: In the past we utilized sweepstakes, much like the Win Coffee for a Year promotion. With Mocapay, we have been able to offer product promotions, offers and coupons. The weekly data from those mobile marketing campaigns help us to be more successful in driving traffic and in-store purchases.

What is the most challenging aspect of training employees to support this technology in the stores?

Leo: I think the most challenging thing is understanding Mocapay [and answering correctly] when people ask, "What is Mocapay?" It is a lot of things. It is for mobile marketing; it's a payment method, as well as for something we're going to be rolling out - a loyalty program. It's hard sometimes to translate that into a real precise two- or three-sentence definition of what Mocapay is. We believe in it, and we're really excited about it, and once the consumer gets it, they really understand it because a lot of them are phone and tech savvy.

So moving ahead, are you looking to do a dedicated mobile loyalty program?

Leo: That is correct. We're working through it, organizing it and we'll be going to market soon.

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