



Training Manual

SECTION 10: SELLING GIFT CARDS



Merchant Service Group, Inc.
With every transaction, every service,
every product, we put your needs first!

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How much are you currently spending on advertising?

- Yellow pages ad \$\$\$
- Newspaper ads \$\$\$
- Radio ads \$\$\$
- Television ads \$\$\$
- Direct Mail \$\$\$

How are you tracking your return on investment?

As a savvy businessperson, you know you have to spend money on marketing in order to bring customers into your business. However, the return on most advertising expenses is difficult to track.

The gift and loyalty program provides direct measurements of new customers and revenue generated. Promoting the cards in existing advertising campaigns can help increase your response rate and tie these campaigns back to specific customer purchases.

Every customer that comes through your door represents a major marketing investment. The gift and loyalty program provides a great tool to keep them coming back.

Sample Loyalty Programs and Promotions

Build customer loyalty and repeat purchases by rewarding customers that buy from you. Choose the loyalty program that best fits your business and make sure customers know it's available. Our program provides customized promotional materials to help you advertise reward options at the point-of-sale.

Tip: Keep your loyalty program simple so customers immediately understand the value and your staff can easily redeem the rewards earned.

Point Per Dollar Rewards

Customers earn one point for each dollar spent in your store. Once the points reach a certain level, customers can redeem them for predetermined rewards. You select the specific point levels and redemption options that are right for your business.

Examples:

30 Points = FREE ice cream cone

100 Points = FREE oil change

150 Points = Lunch for 2 (up to \$30 value)

Cash-Back Rewards

Customers earn "cash-back" value on purchases. The reward value is loaded onto the customer's card, driving future purchases and repeat business. You control the reward value and required purchase levels, if any.

Examples:

Earn 1% Cash-Back Reward on Every Purchase

\$100 Purchase Receives 5% Cash-Back

100 points = \$5 Value; 300 Points = \$20; 500 Points = \$50

Frequency Rewards

Customers purchase a set number of items to receive one free. You choose the number of purchases required and specific items eligible.

Examples:

5 Cups of Coffee = 1 Cup FREE

7 Carwashes = 1 Carwash FREE

10 Haircuts = 1 Haircut FREE

Projecting Your Sales Growth

This simple example shows how quickly the value can add up:

- The owner of a family restaurant loads \$5 on 100 gift cards and distributes them to the employees of local businesses.
- Within the next month, 60% of those cards are redeemed, since customers perceive it as "free money."
- At a minimum, he knows that 60 customers plus their dinner companions have come to his restaurant as a direct result of the promotion.

If the average bill comes to \$30, his revenue from that promotion would be \$1,800 minus the \$300 discount for the value loaded on the 60 cards that were actually redeemed (he keeps all unredeemed card value).

That's a return of \$1,500 from this simple one-time promotion.

But it doesn't stop there...

The owner successfully enrolls 60% of those people in his loyalty program using the same card they brought in that day. He now has them in his customer database for future marketing opportunities, plus they are more likely to come back again and again as they build value on their cards through his frequent diner reward program. The potential for revenue growth is exponential!

In most cases, the gift and loyalty program will more than pay for itself in the first month or two after it is launched.

Here is a basic formula to get your projections started:

1. How many customers do you have in a typical week?
2. What is the average purchase amount?
3. How many additional purchases a week do you think you will get from this program?
4. Multiply #2 by #3 for a quick weekly growth estimate.
5. Multiple that number by 4 for a monthly number, or 52 for an annual estimate.

If you're not sure how to estimate the number of new sales you will generate, this basic formula still demonstrates that it doesn't take much for the additional revenue to add up. Research shows that sales will typically increase 10-40% with a well-structured gift and loyalty program. Even if you start with a conservative estimate of 5% growth, the results are still impressive.

Here are a few other points to consider when estimating the impact this program could have on your sales.

What kind of volume are you currently doing with paper-based gift cards?

Are you promoting them?

What types of promotions would work best for your business?

How does this compare to the return on your current marketing efforts?

Projecting Your Sales Growth

When the total value of this program is taken into account -- building a marketing database, eye-catching advertisements in your customer's wallets, repeat purchase growth, streamlined gift card management, breakage card value, and more -- the potential impact for a retail business is significant.

Consider this...

Gift card sales hit an estimated \$17.2 billion during the 2003 November-December holiday season, or about 8% of retail sales.

National Retail Federation

70% of U.S. households surveyed participate in some form of loyalty programs and 83% of these households use them every time they shop at those stores.

ACNielsen

Almost 70% of consumers surveyed said they planned to buy gift cards during the 2003 holidays.

National Retail Federation

Raising customer retention rates by 5% could increase value (profits) by 25% to 100%.

Bain & Company

The average gift card purchaser planned to buy more than 3 cards and spend about \$115 during the 2003 holiday season.

National Retail Federation

It costs as much as six to ten times more to acquire a new customer than to maintain an existing one.

Wall Street Journal

Retailers Perspective:

Christmas Eve 2001, a major retail home improvement chain sold 580,000 gift cards in 9 hours for a total value of \$21 million. The \$100 cards produced an average sale of \$152, creating a 52% ticket lift.

Starbucks sold 2.3 Million cards in 45 days for \$32 million in pre-loaded value.

Seattle Times, January 2002

Ruth's Chris Steakhouse had a 300% jump in prepaid gift sales in the first year.

Atlanta Journal-Constitution, August 2002

Powerful Marketing Tools

The gift and loyalty program provides powerful marketing tools to help you grow your business. Electronic gift and loyalty cards are proven ways to generate additional revenue -- many major retailers have invested millions of dollars to develop and promote this type of program, and keep investing in it because they see results.

Build Loyalty From Within Your Customers' Wallets

Customers appreciate the value and convenience of electronic card programs, knowing that their steady purchases will pay off. Each customized card is a visible advertisement for your business that customers will see virtually every day. Each time they open their wallets and see your card, they will think of your business. Your full color, unique card design becomes your business' "private currency" that increases customer loyalty and repeat purchases.

Know Your Best Customers

The program's technology allows you to build a customer database that can be used for targeted marketing promotions. When you enroll a customer in the loyalty program, the information is stored in a secure online database, accessible through any computer with Internet access. This becomes a growing list of customer's that you know will buy from you.

When you activate a new card, simply swipe the customer's driver's license* through the terminal to automatically capture their name and address data, or enter information online from enrollment cards the customers fill out. You can view your customer database online or download it to create highly targeted marketing lists. Use it to track demographics and spending patterns so you can identify your top customers. Then customize a marketing campaign to keep them coming back! Tip: Be sure to have a good privacy policy in place before you begin collecting customer data. This will assure your customers that you won't share their information with anyone outside your company and that providing it allows you to tell them about upcoming discounts and special promotions for the reward program.

Promotional Ideas:

Offer your customers a cash-back discount if they spend a certain dollar amount today. Load the cash-back value on the gift and loyalty card to drive future purchases and maintain the full revenue amount from the original sale.

Target special promotions to your cardholders to encourage business during your slow times. Invite customers to come in on Tuesdays (or other traditionally slow day for your business) to earn double reward points.

Load cards with a small dollar value and distribute them as "electronic coupons" at a special event. Use the gift cards as a customer service tool for returns or dissatisfied customers. By offering the customer a gift card with loaded value, you often turn the situation around, plus you maintain the revenue from the original sale.

Provide an incentive for employees to enroll customers in your rewards program, such as a bonus for hitting a certain target or contest prizes.

Gift Card Benefits

Replaces traditional paper gift certificates

Gift cards improve in every way on traditional paper gift certificates, providing an easy, secure gift system for your customers. Card users can view the remaining value of their cards at any time on the Internet, add more money to their card accounts, make online purchases, and more.

For the merchant, gift cards provide an extremely valuable marketing opportunity. By creating your own custom Gift Cards, awareness and loyalty are increased each time the customer opens their wallet. Remaining card balances bring customers back and increase average ticket size. Extensive tracking features let you view customers spending habits, manage store and employee performance, and control expenses quickly and easily.

Customer Loyalty Cards

Gift Cards can also track 'Rewards Points' for customer loyalty programs and contests, automatically calculating and reporting point totals after every use. Turn your business into a preferred destination by simply rewarding loyal customers and attracting new users with Reward Card programs.

Business Expense Cards

Easily track refundable expenses and control spending with employee expense cards. Your employees can use the cards just like debit cards, providing the employer with comprehensive reports on what was spent and where. Take complete control of employee expenses with complete security... lost or stolen cards can be instantly voided online or over the phone, and new cards issued immediately.

Effective Promotional Item

Distribute custom-designed, full-color cards featuring your logo, name, and other information, such as pre-paid prizes or promotions. Gain repeat customers while totally controlling and tracking transactions and expenses. Use Gift Cards as non-cash refunds, customer and employee incentives, and vendor or salesperson rewards. And remember, Gift Cards will advertise for you each and every time they are used... or even seen!

Event Promotion / Trade show Prizes

Since Gift Cards are custom-designed using new or existing artwork, it is easy and cost-effective to promote special events, give them away at trade shows, and use them as special prizes at any time. At the same time, each card can be closely tracked, giving you direct results on a promotion's success. No more guesswork... you'll know exactly how many cards have been used, average value spent, when and where the cards were used, and more. Sophisticated marketing research is possible, all through our simple Gift Card system.

Gift Card Facts

- Many retailers do not count a gift card as a sale—instead, they wait until the gift card is redeemed and merchandise is exchanged.
- As a result, some of the \$17.24 billion spent on gift cards this holiday may not show up in “holiday” sales, but instead as sales in January or February when the gift card is redeemed.
- Most of today’s gift cards differ from traditional gift certificates because they are “stored-value” cards. When a consumer spends \$25 from a \$50 gift card, the card automatically updates the balance. This is more efficient than the retailer reissuing another gift certificate to the consumer for the balance.
- Retailers have different policies for gift cards. Some stores’ gift cards expire over a certain period of time (usually 12 months or more), and some stores’ cards depreciate month-by-month if a card has been inactive for a certain period of time. This is often the result of retailers using third-party companies to process and maintain their gift card systems. Often, third party companies charge retailers for inactivity on gift cards—a charge that retailers then pass to consumers who have not used their cards. As always, NRF recommends that consumers understand individual retailers’ policies before purchasing gift cards.
- Due to improved technology, some retailers are able to reissue a lost gift card if consumers have kept the original purchase receipt.

Another convenience factor is that many stores are able to carry gift cards at their check-out counters because today’s gift cards are not active until scanned. Also, many retailers like grocery stores carry a variety of different gift cards at their registers—for movie theaters, coffee shops, and clothing stores. NRF continues to forecast that holiday sales will increase 5.7 percent this year to \$217.4 billion, which would be the largest increase since 1999.

About the Survey

The NRF 2003 Gift Card Survey was designed to gauge consumer behavior and shopping trends related to the winter holidays. The survey, which polled 6,551 consumers, was conducted for NRF by BIGresearch from November 6-12, 2003. The consumer poll has a margin of error of plus or minus 1.0 percent.

BIGresearch is a consumer market intelligence firm that provides unique consumer insights that are gathered online utilizing very large sample sizes. BIGresearch’s syndicated Consumer Intentions and Actions survey monitors the pulse of more than 7,000 consumers each month to empower its clients with unique insights for identifying opportunities in a fragmented and changing marketplace.

The National Retail Federation is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet and independent stores as well as the industry's key trading partners of retail goods and services. NRF represents an industry with more than 1.4 million U.S. retail establishments, more than 20 million employees – about one in five American workers – and 2002 sales of \$3.6 trillion. As the industry umbrella group, NRF also represents more than 100 state, national and international retail associations. www.nrf.com

Industry Perspective

The Stage Has Been Set

A lot of our customers end up with gift cards when they're unsure about what to buy, but they know the person they're buying for loves our store." —Tina Baldock, Kirklands

Nilson Report

Gift card systems are the fastest growing consumer payment system in the U.S. over the last three years... Retailers have much to gain from the migration from paper certificates to plastic cards...gift cards will dominate the prepaid payment system for years to come.

Retail Card Forum

Shoppers using prepaid gift cards and certificates are less concerned about paying full price in retail stores than shoppers using other media, according to research by Daniel R. Horne, assistant professor of marketing at Providence College, RI. Horne's survey of gift card and certificate users found that 40% of shoppers using a retailer's gift card or certificate purchased items at full price, compared to 16% of shoppers using other payment methods.

Los Angeles Times

Macy's, Gap, Bloomingdale's and others are promoting prepaid gift cards that take the place of paper gift certificates, hoping to boost sales... The cards have an important advantage for retailers over paper gift certificates. Consumers using gift certificates receive their change in cash, which can be spent elsewhere. The electronic gift cards keep the money from leaving the store.

Dan Horne, retailing professor at Providence College in Rhode Island, said sales of gift cards and certificates have been growing 11% to 15% annually since 1993, thanks in large part to gift cards. Americans will spend billions on them, he said. The cards appeal to time-pinched consumers in search of a convenient gift, Horne said. Also, corporations purchase batches of the cards to give to customers.

Retailers view the cards, which usually have the store logo on them and easily slip into a consumers' wallet, as a form of branding. "A reusable gift card can be a constant reminder of a store and its brands," said Joe Enos, a spokesman for Old Navy.

Neiman Marcus is credited with creating the electronic gift card in 1994. The retailer — known for its expensive, not to say extravagant, merchandise — has actually sold cards with values in the \$100,000 range, said Billy Payton, vice president of marketing at the Dallas-based chain. "We launched the prepaid gift card because we believe it can be fun to buy, fun to give and fun to use," Payton said.

The Associated Press

Retailers have high hopes for the future of electronic gift cards. Finding that perfect gift for someone — at Christmas or any other time is never easy, but a growing number of retailer's think they have the solution...It's plastic.

Stores are converting gift certificates from documents to electronic cards. They're less cumbersome to carry, have a technological edge that appeals to kids and are advantageous for retailers.

Card Marketing

Neiman-Marcus and Barneys New York are wrapping up higher gift sales after replacing paper gift certificates with magnetic stripe, prepaid cards in all stores. Customer response has been so strong; the upscale stores are now jockeying to develop the most colorful and unique cards for

Industry Perspective

every occasion, before mainstream department stores jump on the bandwagon. Although the trend began at two of the nation's most upscale stores, retailers from Bloomingdale's to Target are offering prepaid gift cards, because of the convenience and cost savings the cards offer.

ATM & Debit News

Consumers reported receiving 4.3 gift cards last year, with an average face value of \$35. Consumers who gave gift cards stated that they spend an average of nearly \$143 on the plastic annually. The average amount consumers spend above the value of the card is \$24.

Also significant to retailers is that they enjoy the "float" on unspent funds while consumers keep their cards in their wallets.

Gift Cards Emerge as Perfect Choice for Person with Everything

Washington, DC, November 20, 2003

There will be less guesswork in gift buying this holiday, according to the findings of a new National Retail Federation (NRF) survey.

The inaugural NRF Gift Card Survey, conducted by BIGresearch for NRF, found that:

- 69.9 percent of consumers plan to buy gift cards this holiday, spending an average of \$34.24 per card.
- Gift cards are a great selection for the person who has everything.
- They are more convenient than the gift certificates of years past, and they're no longer considered the 'lazy man's gift'—people love to get them.
- Nearly 50 percent of consumers (48.4%) in an earlier NRF holiday survey said they would like to receive gift cards this year, up from 41.3 percent last year.
- NRF experts think the economy may be driving much of the gift card excitement.
- Most consumers have been avidly watching their wallets for over a year and haven't been spending much on themselves.
- Receiving a gift card for the holidays and actually being able to go to the store and browse for yourself can be a liberating and much more rewarding experience than opening up another shirt and tie.

The study also found that:

- Consumers plan to spend \$17.24 billion on gift cards this holiday, which would account for nearly 8 percent of all holiday sales.
- The average person purchasing a gift card will be purchasing more than three cards (3.34), spending a total of \$114.44.
- Older consumers are spearheading gift card growth. Consumers over age 65 plan to buy 3.90 cards, on average, spending \$130.62. Consumers 55-64 will purchase an average of 3.61 cards, spending \$134.80.
- Men plan to spend \$120.57 each on gift cards while women plan to spend \$109.23.

Gift Card Program

Welcome To Valutec Card Solutions

Why Choose Valutec? ...because a Stored Value card program is only as good as it works. How will you measure the success of your card program? To the thousands of merchants who have chosen Valutec, success means a system that is easy to implement, operate and expand while generating maximum sales at the lowest possible cost.

You will appreciate our commitment to your success in many ways, large and small. From the air-tight security of our data systems to the little stickers you'll place on your phones or terminals should you ever need to call us.

We call it The Valutec Advantage. You'll call it a great decision.

- Versatility - systems compatibility with a wide variety of terminals and POS environments
- Reliability - market-proven data processing systems, reporting & money management
- Customization - complete merchandising, card design and production services
- Expertise - the know-how to help merchants achieve their highest sales potential
- Data Mining - customer data capture and database management for marketing & security
- Fulfillment - warehousing and deployment of materials for gift & loyalty card programs
- Support - 24/7, toll free customer service and technical support
- R & D - ongoing technology and product development to ensure future competitiveness

Valutec Card Solutions is a financial transaction processing company providing comprehensive electronic Stored Value, Gift and Loyalty Card services to small and middle market merchants of all industry types since 1998.

4 Ways to Profit with Stored Value

Gift Cards

A cash-generating product that doubles as a miniature "billboard" in your customer's wallet. Card balances decline as the card is used encouraging repeat visits and limiting cash refunds.

Loyalty & Membership Programs

Acquire customers and retain them, that's the goal. Now you can automatically keep track of point balances and transaction activity for a multitude of rewards and incentive programs.

Merchandise Credits

Cards can be loaded with the exact value of a product return for store credit. Declining balance keeps cash in store by limiting refunds.

Advertising & Promotion

The marketing applications of stored-value cards are as wide open as the imagination—from electronic coupons to co-branded cards paid for by one or more merchant suppliers.

Gift Card Programs

Jump Start: Make money from day one.

Forget about the high cost of launching a first-rate Stored Value Card program. Now you use our \$99 startup package to begin generating income immediately with your own Gift or Loyalty cards. You'll receive 100 Gift or Loyalty Cards personalized with your business name, display materials, and complete account setup including live phone training. And at just \$39 per month, you'll make money even if it takes two years to sell your first 100 Gift Cards.

When would you like to sell your first Gift Card? How about next week?

Within 3 days of receiving your order, we will imprint and encode your cards, set up your account to process gift card transactions and ship your Jumpstart package to you. Which means that about a week from now, you'll be able to put out your card display, sit back, and watch the program pay for itself every month of the year—not just during the holiday season.

With Jumpstart, the program truly is self funding. At an average activation value of \$35 per card, the profit from your 100 cards will easily pay for another 1,000 cards. Which in turn will generate sales of \$30,000 or more. All for one low monthly fee that covers transaction processing,* 24/7 access to program activity reports, and toll-free customer service.

So, if you needed an overwhelming reason to get going with a high-profit Gift Card program or a business-building Loyalty card program, this is it. Jumpstart it!

Launch Box

The Electronic Gift Card.

It's the most rapidly-growing merchant product of all time. Nine out of ten big-name national retailers have switched to plastic and proven its impact on sales.

In just the last two years, gift card sales have swept past paper gift certificates to \$63 billion vs \$12 billion. And it's all cash, sitting in bank accounts like yours, collecting interest.

Thanks to Valutec, high-quality, high-profit gift card systems are now available to merchants of any size. From single-store mom & pop shops to on-the-move, 100+ location franchises.

Virtually every merchant type—restaurants, bookstores, day spas, sporting goods stores, whatever you can think of—are experiencing gift card success every day.

“But will gift cards work for you?”

That is the question. The answer? Cards outsell paper gift certificates from two to ten times, every time. Consumers buy them on impulse from displays near the checkout counter.

Corporations give them as gifts to their customers and employees. And every card has a double value as a small-but-powerful billboard for your business whenever your cardholders open their wallets. So, wouldn't you like to find out what kind of sales boost gift cards will generate for you? Valutec's LaunchBox™ program is specifically designed for small merchants who are looking for a simple, easy-to-implement, low-cost way to get started selling gift cards. One flat monthly

Gift Card Programs

fee—about the cost of cable TV—covers all of your transaction processing, program activity reporting and toll-free customer service calls.

Choice Program: Create Your Own Program

For large single-location merchants, multiple-location retail chains and franchise companies, the Choice Program* is often the best solution. Merchants have complete flexibility to create custom combinations of cards, merchandising, and pricing. Transaction processing under this program is normally billed on a per transaction basis, however, the flat monthly fee is becoming a popular option for franchise companies and other organizations with individual store owners.

What we call the “Choice” program is simply the ability to assemble all of the card, merchandising, setup, and transaction costs individually.

It’s not so much a “program” as it is a way for merchants to custom-design their own programs based on card quantities, merchandising combinations and transaction volumes that don’t fit the pre-determined packages of Jumpstart or LaunchBox.

Loyalty Card Programs

Retain customers and increase shopping frequency with Loyalty cards. How sticky is your business?

In today's competitive retail environment, the battle to retain customers is fierce. The winners are those who establish and maintain one or more competitive advantages in the minds of their customers. A loyalty program can be a powerful means of creating a compelling reason for consumers to prefer one business over another. With a Loyalty Card in her wallet, a customer is much more likely to choose that merchant the next time she makes a purchase.

Points for purchases

The first step in creating a Loyalty Program is to decide what point value to assign to customer purchases. Our recommendation is that you keep it simple and award one point for every dollar a customer spends.

Award levels & redemptions

The next step is to decide what reward(s) to give your customers when a specific point level is reached. Rewards can be products, services, discounts, or spendable value added to the card. The system can accommodate up to 6 (six) Award Levels.

Each time an Award Level

is reached, the terminal printer will print a message advising the merchant and cardholder that the cardholder is eligible to redeem an award at that time.

The cardholder has the option to not redeem an award and continue accumulating points in the program. Awards are given by the merchant according to their specific program rules. The Loyalty receipt

The terminal prints a receipt which tracks the points added to the customer's Loyalty account and provides a total for all points accumulated to date and available for redemption (point balance). To eliminate confusion, no previous redemptions are shown.

Terminal applications

All of the terminals and applications that process Stored Value / Gift Card transactions can also be set up to process transactions for the Loyalty Program.

Reports

The system will provide reports indicating loyalty points earned through purchases, a summary of redemptions, transactions voided, balance inquiries and other activity relative to that merchant's program.

Data Mining

Through Valutec's web-based Virtual Terminal application, customer demographic information can be tied to a specific card number and stored in our host database. This database can be used to

Loyalty Card Programs

target marketing campaigns to specific customers based on a variety of card usage criteria. Valutec has a simple popup web form that can easily be added to a merchant website to allow cardholders to “register” cards themselves by entering their personal identification information.

With a Loyalty Card in her wallet, a customers are much more likely to choose your company the next time she makes a purchase.

Marketing Benefits

Create Customer Loyalty (Destination VS Impulse)

Again the fact remains that the card is going to be in the wallet of the card holder. When a person is going out to eat or shop, and the card is in their wallet, they may go an extra mile to that specific store (destination) because they have value stored on that card. It is going to be more cost effective for them and allow card holder to get more for the cash that is in their pocket. This creates loyalty by persuading the card holder to frequent that merchant location when it may not have been the most convenient choice.

Loyalty Programs can also be set up and managed in our network to track items, such as number of visits, amount of money spent, nightly stays in a hotel, number of cups of coffee bought over a period of time, etc. The list goes on and on. Our System can track up to six different levels of reward and will automatically adjust when reward redemption is recorded. The same card may be used for the recording of loyalty points, as well as a stored value gift card. The same terminal can process the loyalty transactions, as well as the gift and stored value transactions.

Create Brand Identity

The Customized card serves as a function of the Marketing department as much as it does a financial one. The card is basically a "Billboard in a Wallet". Every time a card holder opens their wallet or purse, they will see the customized card and be reminded that they have value on the card. The merchant's name will be placed in the mind of their customer every time they see the card; the card is a walking advertisement. Also, as those card holders talk about the card to other people, the card is doubling its effectiveness.

One of our sales phrases is "Let the card do the promoting". Although the card program can be a critical part of any advertising campaign, it has the ability to sell and/or promote itself. For example, restaurants may have their servers wear a sample card around their neck or as a button on their shirt with a catching statement about the program. Many stores have contests based on who can sell the most cards. The possibilities are endless, and the marketing representative in the organization is a critical influence in the decision. This is one of the most important aspects of the program.

Frequently Asked Questions

Q. Why electronic gift cards versus paper?

A. The electronic gift card concept is quickly becoming the medium of choice for retailers across the country. Among the significant reasons are No Cash Back (value remaining after partial redemption stays on the card, ensuring additional opportunities to solidify the customer relationship or retain funds) and real time Data Capture (virtually eliminates both the losses associated with paper gift certificates and costly tracking and accounting).

Q. What are the benefits of this program to a merchant?

A. Electronic gift/stored-value cards are convenient (carried in wallet with other plastics), secure (cannot be photocopied) and, as a branded "billboard in a wallet", establishes the merchant as the destination. With this product, a merchant will gain more name recognition and exposure in the marketplace further widening its existing customer base.

Q. What is the difference between a GIFT CARD and a STORED-VALUE CARD?

A. There is no difference in the functionality of the cards; both are pre-paid value cards. With the gift card, the customer is excited about a slick, state-of-the-art gift-giving solution that allows the receiver to actually choose the gift. The merchant benefits from replacing an obsolete paper gift certificate program with today's technology, electronic processing. With the stored-value card, an emphasis is placed on enhancing the individual customer relationship through the use of incentives and an optional, associated rewards program.

Q. How does the Gift/Stored-Value card work?

A. A customer enters the merchant's establishment and asks to purchase a gift/stored-value card. The merchant takes a gift/stored-value card from inventory and activates it for the dollar amount desired by swiping the card through the POS terminal. The card is now ready to be used at any participating store locations.

Q. Will I be able to utilize my existing equipment?

A. In most instances yes! If you have an existing Verifone Tranz 330 or Tranz 380 terminal, we are the only company that can provide you with a gift card program and not make any changes to your present credit card provider or require you to buy expensive new terminals in order to process gift cards. We are in the process of certifying Hypercom and Talento terminals. We can utilize the Nurit 2085 terminals as well. Gift Card applications can run on stand-alone terminals as well. The use of a printer is required for production of receipts and reports.

NT environment, you can use our PC Charge product.

Q. What type of reporting will I receive with this program?

A. Merchants receive daily and monthly reports. The Daily Batch report produces a chronological list of all transactions, a total count and total dollar amounts by transaction type, occurring since the terminal was last cleared. We generate a monthly Corporate Summary statement which reports all transactions captured on our database during that time period, as well as, total fees billed. This report aggregates transactions at the corporate level and by location. Delivery methods include electronic transfer, facsimile or hard copy.

Q. How soon can the card be redeemed at a participating store location after value has been added to the card?

A. The gift/stored value card may be used immediately after activation. Gift/Stored Value card transactions are processed real time.

Frequently Asked Questions

Q. When should cards be reordered?

A. Merchants should always be aware of their card supply so as not to deplete their inventory during their peak season. Keep in mind that when reordering cards, the process will take 15 days from the time of order plus time for shipping and handling. If cards have been pre-produced and stored, the only time involved will be the shipping of cards.

Q. How do I get the customer with an existing card to add more value?

A. This is a very important revenue generator and can be very profitable for your business. The use of incentives with the program will entice consumers to add value to the card. For example, if a customer adds \$50.00 to his existing card, offer to give that customer \$55.00 worth of value or offer discounts or additional services specific to gift card users. The "added-value" feature of this card program offers limitless marketing opportunities to enhance customer relationships and build brand awareness.

Q. How do I get my employees fired up about the Gift / Stored Value Card Program?

A. Incentives, incentives, incentives - a concept that works with customers and employees alike! A reward program, encouraging friendly competition between employees, will build a strong, goal-oriented team, while promoting your new and dynamic gift card program.

Equipment Compatibility

Most merchants can use their existing POS equipment

Equipment compatibility is an essential ingredient for gift card success. Valutec has helped drive the development of robust Gift and Loyalty card transaction processing software for the most popular and capable credit card terminal models with major manufacturers.

Terminals

VeriFone (Tranz 330, 380, 380 x 2, 460, Omni 3300, 3740, 3750), Ingenico (Elite 510, 712, 7770), Thales Talento T1, Lipman (Nurit 2085, 3000) and the new Exadigm multiple-interface (wireless, IP, dial-up) terminal. Hypercom terminals (T7, T7P, ICE) may only be used for both Stored Value and Credit Card processing with certain credit card processors (such as First Data, Abanco, Bank of America). Please confirm availability prior to implementing your card program.

Cash Register/POS Systems

Through an interface with Datacap, Valutec is compatible with POS cash register systems produced by Casio, Digital Dining, and Maitre'D.

Valutec is also compatible with the Micros 3700 and 8700 touch screen capable platforms and Windows-based dial-up or IP processing using PC Charge Pro (versions 5.6.3 or later).
Computer / Web Options

Virtual Terminal

Valutec's web-based transaction interface turns any computer with an internet connection running MS Explorer into a transaction processor. Through the Virtual Terminal, demographic data can also be entered for each cardholder so that customer purchase activity can be stored, "mined" and used to target marketing offers to specific groups of customers.

This capability is especially useful for Reward Card programs where tracking a customer's card use is a requirement.

POS compatibility is a continuous development priority at Valutec. Updates and new releases are posted to the website as they become available.