



GIFT & LOYALTY CARD PROGRAM

Electronic Gift and Loyalty Cards are rapidly becoming a primary success ingredient for competing in the merchant bankcard services marketplace. The retail and restaurant industries are ripe with a new crop of sales opportunities for those who are willing to embrace the change and learn how to sell the new value-added products that merchants want. In that effort, you can count on United Bank Card to provide you with the best products, pricing and sales support possible as you work to become one of those who succeed in this changing marketplace.

More than ever, merchants are demanding maximum performance and value from their payment technology provider. To give you a competitive edge for attracting new business, United Bank Card has upgraded and expanded the card and merchandising choices for its merchant startup packages and packed more value into every card program.



NOW AVAILABLE!

- Choose from 30 preprinted Gift Card and 4 Loyalty Card designs
- Holiday and Occasion-specific cards
- Design your own custom Gift or Loyalty Card
- Countertop displays
- Card carriers
- Loyalty card holders
- Table tents
- Posters
- Card hangers
- and more!



Why Choose Gift and Loyalty Cards

Increased Income

- Gift Cards are often the most profitable square foot of selling space in the store
- Merchants report sales increases of 25% to 500% over paper gift certificates
- Customers spend more with gift cards: 61% spend more than the value on the card

Marketing Impact

- Cards improve brand awareness and function as small "billboards" in customers' wallets
- Cards consistently boost the effectiveness of marketing campaigns to attract new customers
- A variety of loyalty and reward programs give customers a reason to keep coming back

Management Tools

- Cards may be used to issue store credit for all merchandise returns which keeps cash in store
- Detailed reporting reduces fraud and eliminates burdensome manual accounting tasks

Program Features

- Providing secure, reliable transaction processing to thousands of merchant locations
- Certified compatibility with top point-of-sale terminals offering both dial-up and IP connectivity
- Location-redundant data centers (2 geographic locations)
- Card activations, redemptions, balance inquiries and other data requests are processed by POS terminal with the same speed and procedures as a credit card transaction
- Cards may be bulk activated for marketing purposes such as electronic coupons or giveaways at special events
- Transactions may be processed online using a web-based interface (Virtual Terminal), by phone via a voice response unit (VRU), and with a Windows PC running PC Charge Pro
- The daily batch report produces a chronological list of all transactions for the day
- A monthly corporate summary report presents transaction activity by location as well as total fees billed
- 24/7, password-protected online access to all reports
- Customer service and tech support is provided toll free, 24 hours a day, 7 days a week, 365 days a year



STANDARD CARD DESIGNS

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The 30 preprinted Gift Cards and 4 Loyalty Card designs are kept in stock for quick fulfillment. No additional cost for overprinting merchant name as shown on cards SC1 through SC8 below.

GIFT CARDS



SC1



SC2



SC3



SC4



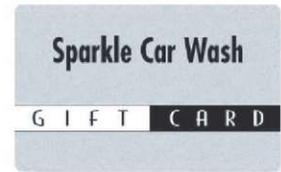
SC5



SC6



SC7



SC8



SC9



SC10



SC11



SC12



SC13



SC14



SC15



SC16



SC17



SC18



SC19



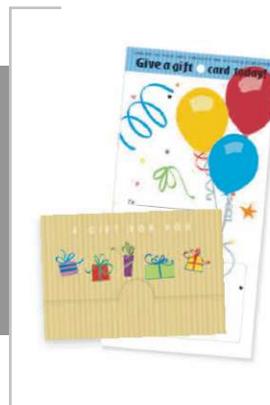
SC20



SC21



SC22



Gift Card Holders

An essential display and gift product. Card carriers or hangers are conveniently included in every order of cards when a merchant signs for the 100 Card or 500 Card Package. See all of the standard preprinted card designs on page 7.



STANDARD CARD DESIGNS

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HOLIDAY & OCCASION-SPECIFIC CARDS



SC23 - Birthday



SC23 - Valentine's Day



SC23 - Easter



SC23 - Mother's Day



SC23 - Father's Day



SC23 - Wedding



SC23 - Graduation



SC23 - Christmas/Holiday

LOYALTY CARD DESIGNS



RC1



RC3



RC2



RC4

TYPESTYLES & COLORS

Standard card designs include overprinting of merchant name in any of the typestyles and colors shown below.

TYPESTYLES

Futura Book
Helvetica Cond. Bold
 Janson Text
 Garamond Cond
COPPERPLATE
Bellevue Script
Savoie

TYPE COLORS

Black		Silver	
Red		Gold	
Blue			

Use this card with every purchase!

Receive points today!

All use this form and your account. The information will be used to build a database for your purchase history. For a full privacy policy, please visit [www.unitedbankservice.com/privacy](#).

Name: _____

Address: _____

City: _____ Zip: _____

State: _____ Birthday: ____/____/____

Phone: _____

Card #: _____

No. Rewards will be shown above only after first purchase.

get more than you pay for

You're an important customer. Let us reward you!

Receive points for your purchase today... and every day!

Sign up for your Rewards Card now! Add your fee for your new Rewards Card today!

Look for a separate card design when you receive your points card. For more information, please visit [www.unitedbankservice.com/loyalty](#).

Loyalty Card Holders

Designed to promote a loyalty program at point of purchase. Tear-off form allows merchant to capture their basic demographic information to build a database of their loyalty customers.

See page 6 for more information on card holders.



MERCHANDISING TOOLS

COUNTERTOP DISPLAYS



Small-Footprint Spinner

Display four rows of gift cards in a small space with this high-quality yet inexpensive countertop spinner display. Add standard or custom signage on top to complete the look.

CH5 – 6" wide x 11" high not including signage.

Shown above with standard card hangers and blank signage.

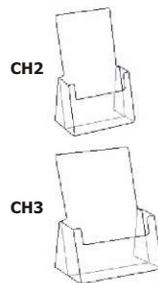


Cards-Only Display

Shown with our standard preprinted gift card signage. Just place your gift or loyalty cards in the holder and it's ready to go. Card carriers may be kept under the counter for use when cards are purchased.

Easily replace signage for seasonal holidays or other promotions.

CH4 – 5" wide x 7" high



CH2

CH3



Single Pocket Acrylic Card & Carrier Displays

When small is what you need. Display cards on 4" wide holders or 5.5" carriers. Shown with card holder 8H and card carrier CC3.

CH2 – 4.25" wide x 7" high

CH3 – 5.75" wide x 8" high



Two-Pocket Acrylic

Use any of our card hangers including the new hanger/carriers shown on page 7. Signage slides in behind card holders and can be changed for special promotions and holidays. Show with card holder 7H.

See page 8 for signage options.

CH1 – 8.5" wide x 9" high



MERCHANDISING TOOLS

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CARD CARRIERS

Enhance the gift-giving value of your gift cards with a greeting card style card carrier. The six pre-printed designs shown are available for immediate delivery. Each carrier provides space inside for writing the recipient's name and a brief message and is die cut for attaching the gift card.

Folded size: 5.5" x 4.25"
Custom designed card carriers may also be produced.

CC1 - Blue on white



CC7 - Navy on white



CC7 - Gold on white



CC1 - Black on white



CC7 - Silver on white



CC7 - Gold on white



Envelopes

Printed to coordinate with CC1 - CC11. Printed on white stock. Order separately. Custom printing available.

Use product numbers CE1 - CE11 to correspond with carrier numbers.

CC11 - Black & grey on white gloss



CC7 - Gold on white



CC7 - Silver on white



CC7 - Red on white



CC7 - Navy on white



Loyalty Card Holders

Two options designed to promote a points-based or dollar-value-based loyalty card program. Lower tear-off portion may be used to capture customer demographic data.



LCH1 For points-based programs

FRONT

BACK



LCH2 For dollar-value-based programs

FRONT

BACK



Restaurant Check Wallet/Table Tent Insert

A tasteful and effective way to promote gift cards in a restaurant setting. Customers are provided with a convenient option to add a gift card purchase to the check amount at the time they are paying for their meal.

Size: 4" wide x 6" high
Doubles as table tent acrylic display insert.



MERCHANDISING TOOLS

CARD HANGERS

Fits all display racks. Top is micro-perfed for clean tear off after purchase and folds up into a card carrier for gift-giving as shown below. Cards may be attached using the provided die cuts or with removable two-sided adhesive for a cleaner look.

Custom card hangers can be created as well. Give your customers a choice—get a variety pack of two to five designs.

Unfolded size: 4" wide x 8" high

6H - Balloons
Birthdays
Graduation
All Occasion

7H - Gift Box
Birthdays
Holiday Season
All Occasion

8H - Gift Box
Valentine's Day
Mother's Day
Weddings
Day Spas, Salons

9H - Gift Box
Birthday
Graduation
Holiday Season
All Occasion

10H - Gift Box
Birthday
Father's Day
All Occasion
All Merchants

Folded

1H - Blue

2H - Silver

3H - Red

4H - Green

5H - Yellow

POSTERS

PS1 - Gift

PS2 - Loyalty

An essential point-of-purchase item. Placed in acrylic holders near the cash register or on high-visibility countertops, posters act as silent salespeople that work tirelessly every day, all year long.

Size: 8.5" wide x 11" high

Both posters available in two colors: red and metallic silver-blue

TT1 - Standard fold-up Gift Card tent



TT2 - Standard fold-up Loyalty Card tent



Table Tents

Available for both Gift and Loyalty Card promotion in two styles:

1. Printed sheet that fits in acrylic holder
2. Free-standing fold-up on heavy paper stock

Size: 4" wide x 6" high

Available in two colors: red and metallic silver-blue

Custom table tents may also be created as pictured above. Minimum quantity: 50



MERCHANDISING TOOLS

SEASONAL & EVERYDAY DISPLAY SIGNAGE

Give your customers a visual reminder to give gift cards for specific holidays and occasions. DS1A - DS4A fit the two-pocket acrylic display (CH1). DS1B - DS4B fit the single pocket display (CH2) and may be trimmed to fit the CH5 spinner rack.



DS1A



DS3A



DS4A



DS5A



DS1A



DS2A

ABOVE
Fits CH1
two-pocket acrylic



DS2B



DS6A



DS7A

Signage Variety Pack

Order all 8 signs as shown in one complete package for either of the two display sizes. Signs in package are all the same size. Not available in mixed-size pack.



Change Mats

Make an impression every time you make change. Black border and padded rubber backing with a heavy-duty, scratch-resistant vinyl cover. Die cut slot allows you to easily and invisibly insert new promotional sheets for special holidays and gift seasons.

CM1 - One size, holds 8.5" x 11" insert sheet
Insert sheet pictured above is included with each mat.



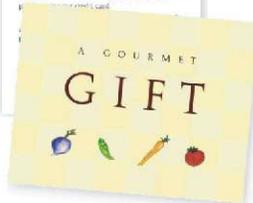
Buttons

Two standard designs:
BT1 - Red gift
BT2 - Silver-blue reward



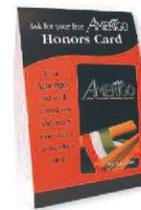
Custom button design and prices quoted upon request.

CUSTOM MERCHANDISING



If total control over product presentation is a requirement, Valutek's design department can work with you to implement your ideas or develop promotional concepts from scratch.

From custom card carriers, POP displays, printing and packaging, to full-blown program launches involving bulk-loaded promotional cards and targeted direct mail campaigns, you can help maximize your merchant's gift and loyalty card program.





LOYALTY CARD PROGRAMS

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Research shows that it costs up to eight times more to acquire a new customer, than to keep an existing customer coming back. Yet many merchants continue to overspend on campaigns to attract new business and underspend on securing and building value with the customers they already have.

Points for Purchases

The first step towards creating a Loyalty Program is deciding what point value to assign to customer purchases. Below are three examples of the options that are available:

- \$1 = 1 point (recommended)
- \$1 = 10 points (or other amount)
- 1 purchase = 50 points (or other amount)

Award Levels & Redemptions

The next step is to decide what reward(s) to give your customers when a specific point level is reached. Rewards may be products, services, discounts, or dollar value added to the card.

1. Auto Reward Program

The simplest loyalty program is also one of the most effective. Merchants simply choose one point level that will trigger an automatic dollar-value reward added to the customer's card. For example, the program may be set up so that:

\$1 = 1 point. 50 points = \$5 reward.

When 50 points are accrued, the system automatically redeems the points and adds \$5 of value to the card.

With Auto Rewards, customers are continuously motivated to return because they have dollars or points (or both) on their cards at all times. And, with the "add value" function disabled for this program, clerks are prevented from accidentally adding dollars to the card instead of points. Point levels and awards may be changed at any time, however, the changes will apply to all cards—including cards that are already active.

2. Open Redemption Program

The main feature of this program is that there are no reward levels at all. Points are simply added to the card or redeemed in any amount the merchant chooses. This allows rewards and reward levels to be continuously flexible without making any award level or point value changes in the system.

3. Multiple Award Level Program

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. Awards are given according to each merchant's program rules.

4. Prepaid Value Card

Instead of a points-based offer, many merchants are successful using a prepaid approach to their loyalty programs. With this concept, the merchant loads extra value on the card or provides a discount incentive when customers prepay. For example: a drycleaner may offer to load \$55 on the card when the customer prepays for \$50 worth of service. Or a merchant may offer a 10% discount on all purchases made with a prepaid card. Compared to the cost of acquiring a new customer, prepaid value incentives are highly cost effective.

Customer Data Mining

Customer demographic information (name, address, etc.) may be tied to a specific card number and stored in our host database. Reports may then be generated and used to target certain customers with marketing offers based on card usage. Valutec has a simple popup web form that may be easily added to a merchant website allowing cardholders to "register" their cards themselves by entering their personal identification information.

The Loyalty Receipt

The terminal prints a receipt which shows the amount of the customer's purchase (for which points are being awarded), the reward value available to use for future purchases and the current point balance. To eliminate confusion, no previous redemptions are shown on the printed receipt.

Reports

A variety of reports are provided via e-mail, fax and website that present loyalty points earned, a summary of redemptions, voids, balance inquiries and all other transaction activity. For accounting purposes, reward value is separated from prepaid value on program reports.



POOLING

An essential management tool for merchants with more than one location and more than one owner.



What is Pooling?

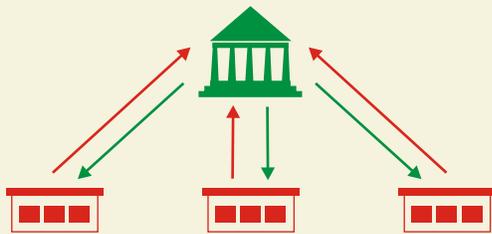
Tracking and reporting the card activations, add-values and redemptions that occur at different locations in a multi-store, multi-owner

What is Pooling ACH transfer?

Moving funds between the bank accounts of store locations to reconcile redemption imbalances according to the Pooling Report.

Which Type of Pooling is Right for Your Merchant?

1. CORPORATE POOLING



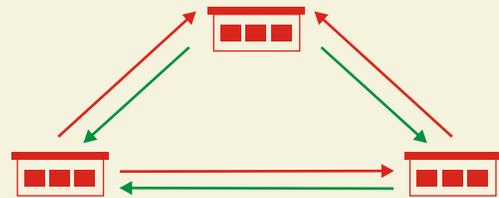
All funds from card sales are initially transferred to the central Corporate Account and then moved back to the appropriate merchant as cards are redeemed.

- Corporate Account maintains all funds
- Redemptions at any location are funded by Corporate Account
- Corporate Account can hold back a percentage of all redemptions

Choose Corporate Pooling when:

- Corporate office wants to retain funds from card sales and control the movement of funds
- Non-affiliated merchants, such as a mall, want a collective gift card program

2. LOCATION POOLING



Funds from card sales are initially deposited in the bank account of the "selling merchant" and then moved as necessary (usually once per month) to reconcile sales and redemptions of individual cards that may occur at more than one location.

- Funds move from location to location
- Selling location holds funds from sales
- Redemptions at any other location are funded by the original selling location
- Funds for cards reloaded at any other location will be moved to the original selling location

Choose Location Pooling when:

- Affiliated merchants, such as a chain of restaurants, want funds from card sales to be retained by the locations rather than swept into a central corporate account
- There is no corporate entity controlling the stored value program

POOLING FUNCTIONS/OPTIONS	CORPORATE POOLING	LOCATION POOLING
Report available on the 5th of each month	YES	YES
Merchant can utilize report to move funds	YES	YES
Corporate office can hold back a percentage of pooled funds	YES	
Option for Valutek to move funds automatically on or about the 20th of each month	YES	YES
Cost per location for Valutek to manage the monthly ACH funds transfer	\$5.00/month	\$5.00/month



FREQUENTLY ASKED QUESTIONS

Why sell electronic gift cards versus paper gift certificates?

Electronic gift cards have several advantages over paper certificates:

Increased Sales

Gift cards normally outsell paper gift certificates by 20% to 500% for almost every merchant who makes the switch. Why? Consumers love them. So much that they spent ten times more on gift cards than paper certificates last year.

No Cash Back

With a paper certificate, unused balances are normally refunded to the gift recipient. The declining balance of a gift card ensures that the full value remains on the card until it is used. Which is why gift cards are often used to issue store credit for merchandise returns.

Fraud Prevention

Gift cards have no value until they are activated with a card terminal. Which is why they may be displayed on the counter without concern that theft will result in a loss other than the card itself. Cards cannot be duplicated or photocopied. A clerk ID and/or password for terminal functions may also be used to provide additional security.

Easier Recordkeeping

Unlike the manual process of issuing and redeeming paper gift certificates, every gift card transaction is recorded electronically at the point of sale. A complete suite of program reports provides immediate access to key data such as total outstanding card balances, transaction detail and other card activity information.

Marketing Value

Gift cards have come to be known as “little billboards in the wallet.” Market data shows that gift cards have greater perceived value than paper coupons. When used in a marketing campaign, cards are much more likely to be kept and used. Conclusion: electronic cards are powerful tools for driving more customers in a merchant’s door. Gift Cards, Loyalty Cards, Prepaid Cards, and Promotional Cards all create a direct, visual and physical connection with customers that results in increased purchase quantity and frequency.

What are the benefits to a merchant’s customers?

Gift, loyalty and stored-value cards are more exciting and convenient products to buy, use and give than paper certificates or coupons. Loyalty cards identify and reward a valued repeat customer and stored-value cards provide a convenient way for customers to pay for frequent purchases.

What is the difference between a Gift Card and a Stored Value Card?

There is no difference in the functionality of the cards as both contain prepaid value. The main difference lies with who uses the card. Gift cards are purchased by one customer and given to be used by another. Stored-value cards are purchased and used by the same person—usually for convenience or to participate in a prepaid frequent buyer program that provides purchase incentives to cardholders.

How does a Gift or Stored Value Card work?

Merchants usually display their gift cards right by the cash register or other point of sale. Customers purchase cards with cash, check or credit card for any dollar amount the merchant approves. The merchant activates the card by swiping it through their POS terminal and executing an activation transaction for the desired dollar amount. The card is now ready to be used at any participating store location.

Will the merchant be able to utilize their existing credit card processing equipment?

In many cases, yes. Valutec applications run on a wide variety of leading credit card terminals from Ingenico, Hypercom, Lipman, Thales and VeriFone.

What type of reporting is provided with this program?

Merchants may generate a wide variety of program activity reports using Valutec’s online reporting interface at www.valutec.net. Certain reports may also be generated by the merchant’s card terminal. 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. Valutec generates a monthly Corporate Summary

statement which reports all transactions captured on Valutec’s database during that time period, as well as total fees billed. This report aggregates transactions at the corporate level and by location.

How can a merchant get customers to load more value on their cards?

Customers will reload value on their cards for simple convenience and/or if they receive some kind of additional value. For example, a drycleaner might provide \$55 of value to customers who prepay \$50 on their card. It’s actually just a 10% discount, but because it is prepaid, the dollars are guaranteed to be spent at the store the card belongs to, instead of a competitor.

When should cards be reordered?

Merchants should always be aware of their card inventory and stock up well-ahead of peak selling seasons. Custom card reorders require 15 business days for card production plus shipping time. Pre-printed standard cards are shipped 3 to 5 days from receipt of order.

POS Equipment Compatibility*

Certified 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 from major manufacturers such as those listed below:

Exadigm

Deskmate, Mobile Mate (IP capable)

Hypercom

T7, T7P, T7Plus and ICE (specific processors only)

Ingenico

Elite 510, 712 and 7770 portable

Lipman

Nurit 2085, 2085+, 2090, 3000, 3010, 3020 and 8320

VeriFone

Omni 3300, 3350, 3730, 3740, 3750, 3750IP, Tranz 330, 380, 380 x 2 and 460

PC Charge Pro – Dial-up or IP

POS Systems – Micros 3700

*A complete and current list of certified terminal and POS systems may be downloaded at www.valutec.net. New releases are posted as they become available.



SELLING POINTS

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Program Benefits & Sales Emphasis

Sales and Average Ticket Increase

Gift cards drive sales and average ticket amounts higher in several different ways. As the customer brings a gift card into the merchant location to redeem the stored value amount, they are most likely evaluating merchandise based on amount of out of pocket cash they can justify on the purchase. This is going to allow the customer to spend more money than they would if they didn't have a gift card.

The merchant also has the ability to leave any unredeemed value on the card—which will prompt the customer to return to use the remaining balance. In most cases, when there is little value left on the card, the customer will supplement it with another form of payment for the final purchase. This is just one way the card increases sales. Customers will also use the card value towards a more expensive item that they may not have otherwise purchased.

Building Brand Identity

A merchant's card can serve 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 catchy 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. Using cards as marketing tools can turn a good program into a great one.

Creating Customer Loyalty

Again the fact remains that the card is going to be in the wallet of the card

The Power of the Card

1. Boosts prepaid gift sales from two to ten times
2. Declining balance keeps cash in store
3. Customers spend more and are less price sensitive:
 - 55% spend more than the value of the card
 - 41% pay retail price using plastic vs 11% with cash
4. Convenient for customers to carry and use
5. Merchant becomes a destination shopper vs an impulse shopper
6. Wallet placement builds brand awareness
7. Loyalty Program increases shopping frequency
8. Minimizes losses—can't be easily duplicated
9. Powerful promotional tool for a wide variety of advertising/marketing campaigns
10. Web-enabled transaction reporting and financial management from one to hundreds of locations
11. Usable across multiple sales platforms: retail stores, catalog sales and e-Commerce

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.

Points-based loyalty programs may be used to track customer purchase activities 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. 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 and as a stored value gift card. The same terminal can process the loyalty transactions as well as, the gift and stored value transactions.

Potential Income from Breakage

The term "breakage" is used in the gift card industry for the amount of prepaid value that is never redeemed. There are laws that govern this environment that many merchants are not aware of. The legal term is escheatment. Many state laws stipulate that if cash is accepted and delivery of goods purchased doesn't happen within a specified period of time,

the money must be paid to the state where the transaction occurred.

Valutec's system produces reports that specifically assist merchants in tracking all of the information that is necessary for reporting escheatable funds back to the government.

In some states, merchants are able to eliminate the need to forfeit these funds by automatically deducting a monthly amount of value from the card balance after a specified period of inactivity. This period can be determined by the merchant. For example: If the card is inactive for twelve months, our system can subtract \$3.00 monthly from the value of the card until the value of the card is depleted. With this service fee debit process, the deducted amount moves from the liability portion of the financials to the revenue portion. Merchants should always consult their legal counsel to determine what the current laws are in their state of operation.

Merchandise Returns

Handling merchandise returns for store credit is often a cumbersome process for merchants—especially when the goal is to minimize cash refunds. A stored value or gift card provides an automatic, declining-balance tool for issuing, tracking, and redeeming store credit, without extra paperwork or recalculation of unused balances.



OVERCOMING OBJECTIONS

Common Resistance Points & Objections

It is cheaper to use my current paper gift certificate program?

For most merchants, the dramatic sales increase of Gift Cards easily justifies the moderate cost. But there are other details to consider when comparing the cost of a paper gift certificate program to an electronic Gift Card program. The manual tracking of sales and redemption of certificates is time consuming and does not easily confirm the amount of outstanding balances or the authenticity of certificates as they are redeemed.

In the event of a state audit, an electronic card system provides the ability to limit your liability under unclaimed property (escheatment) laws by providing an accurate card balance and aging report. Our system recently allowed one merchant to reduce their liability from a projected \$27,000 to \$1,400.

With an Electronic Gift or Loyalty Card Program, sales, redemptions and other transactions are captured in realtime on the host data processing system. Instead of a manual accounting process, all program activity information is available 24/7 via Valutec's website.

My current program works just fine.

A paper program does put a gift certificate in the hands of a gift giver. What it does

not do is provide a unique, proprietary, plastic, high-impact marketing device that enables the merchant's name and logo to travel with customers.

The built-in promotional advantages of cards not only create increased brand awareness among current customers but can also drive in new business more effectively than paper coupons or other marketing pieces. If a consumer has value stored on a card, they are more likely to carry it and use it than respond to a newspaper ad.

The cards can be used in so many other ways than just the traditional giftgiving mechanism that the merchant is used to. Cards have become an incredible marketing and promotional device that can independently drive increases in sales and average size of each sale. There aren't many merchants who consider a paper gift certificate program a profit center.

My customers won't buy more gift cards than gift certificates.

The big advantage gift cards have over paper certificates is the ability to create a "grab-and-buy" display at the point-of-purchase. Through effective merchandising, prepaid gift sales can surge to many times the previous level of gift certificate sales. What works for the big

national retailers like The Home Depot® or Barnes & Noble® can work just as well for smaller chains and single location merchants.

It's not safe to have gift cards out on display in the store.

Cards have no value until they are swiped and activated by an authorized sales clerk or manager. In the event that the cards are misplaced or stolen, the only loss to the merchant is the cost of the cards. Certain functions in the point of sale program may also be password protected and only accessed by trusted personnel or management (i.e., any function that applies value to the card).

If the customer loses the card, the merchant has no obligation to replace the card. However, upon the discretion of the merchant, a card replacement function can be performed which deactivates the original card and applies the remaining value to a new card.

I don't want additional equipment.

In many cases, merchants can use their existing equipment to process both credit cards and Stored Value cards. However, because Gift and Loyalty card programs are revenue generators, upgrading to a new terminal is easily justified by the additional profit the merchant may use to pay for the terminal.

I don't have any graphics to use to create a card design.

Valutec's in-house graphics department can quickly create custom card designs for merchants using logos, art and type-styles from merchant business cards or from electronic files supplied on disk or via email. In addition, we offer several standard card designs merchants can simply add their name to for a semi-custom solution.

It's too expensive to get started.

Start out with a 100 Card Package and build your program from there. The profit from sales of the 100 cards will more than pay for a new terminal if needed and additional cards.

I'd prefer to wait until closer to the holiday season to launch a program.

Birthdays are the number one purchase occasion for Gift Cards, which means that the best time to launch a Gift Card program is always now.

Program Definitions

Gift Card

Custom-designed, credit-card-style plastic cards are used in place of a merchant's paper gift certificates. Gift cards are generally treated like a retail product and are merchandised at the point of sale with a variety of countertop displays. The merchant's customers purchase gift cards in any dollar amount using cash, check or credit card. The amount of the "gift" value is loaded and stored on the host database by swiping the card's magnetic stripe through a certified POS terminal. The balance declines as the card is used but may be reloaded at any time.

Loyalty Card

Magnetic-stripped cards are used to track customer purchases for the purpose of administering a customer loyalty program. Tracking may include number of visits, amount of purchase or other measurable concepts to which points are awarded that may be redeemed according to the terms of the merchant's program. The simplest reward program (Auto Rewards) automatically adds spendable dollar value to the card when a pre-determined point level is reached. To avoid confusion for both clerks and customers, separate card designs should generally be used for gift and loyalty programs.

Stored Value

Also known as a prepaid card, value card, or cash card, a stored value card has the same functionality as a gift card, but the purchaser generally uses the card personally instead of giving it as a gift. Merchants offer incentives ranging from convenience to prepaid discounts that motivate consumers to purchase value today that will be redeemed at a future date.