Business Success Strategy:
Prepaid Reward Cards

HELPING YOUR BUSINESS CUSTOMERS INCREASE SALES,
MOTIVATE EMPLOYEES AND CONTROL SPENDING

At a time when it's more imperative than ever to control costs while maximizing sales, prepaid reward cards provide strategies for a business to do both. This paper examines why and how financial institutions can and should provide prepaid reward cards to business customers.

1. EXECUTIVE SUMMARY

Financial institutions have found a thriving business market eager to purchase reward cards for their employees and customers. Card recipients prefer open-loop cards — meaning that they can be used at any merchant that accepts Visa® Debit cards or another electronic payment processor. Businesses are finding that they can attract and retain customers using reward cards and use these cards as effective employee incentives or budgeting tools.
The most appealing reward card offerings enable businesses to add their logos — helping them increase their brand awareness when recipients use them in the marketplace. As businesses seek new ways to remain competitive and control costs, financial institutions have a significant opportunity to increase their business customer share of wallet by offering these cards.

2. MARKET PREFERENCES

People who like to give and receive business reward cards appreciate open-loop (also called network-branded) cards. These cards bear the Visa®, Mastercard® or other network Brand Mark and can be used at any store that accepts that payment network brand. This card type is in contrast to closed-loop (or store-branded) cards, where you can only use the card at a specific retailer.

People also seek a convenient, trusted place to purchase their cards. Financial institutions have proven to be that trusted resource.

So the preferred model is to have a lot of redemption choices for the recipients (open-loop cards) and a convenient place to purchase the cards — such as a financial institution’s website.

Research has shown that the more engaged customers are with a financial institution, the more they spend and the more frequently they return. Thus, financial institutions that do not offer reward cards miss key opportunities to grow their share of wallet.

Source: The Gallup Organization

“Many businesses buy reward cards — even more than customers. They’ll get 20 at a time for their employees. They appreciate the convenience of buying from our bank.”

DELUXECARD PROGRAM CLIENT

6. PROGRAM IMPLEMENTATION

Financial institutions can sell DeluxeCard Visa Reward Cards online via a link from their website. This link directs customers to Deluxe’s web-based ordering solution.

WEB SALES PROGRAM
- Key code tracking for identification of referred orders
- Cards can feature corporate logos
- Deluxe rebate to financial institution on purchase fee
- Reward card load values: $20–$2,500
- Option to add business logo
- Choice of multiple designs and embossed messages
- Access to FREE marketing tools and support
- 24/7 English and Spanish cardholder support
- Orders can be paid via ACH, saving the business the charge of wire transfer

7. CONCLUSION

Businesses, like consumers, want to use prepaid reward cards. They need a trusted, high-quality, convenient source — one that makes it easy to order and gives them the flexibility to brand each card with their logos.

Programs like the DeluxeCard® Visa® Reward Card program enable any financial institution to tap into a growing opportunity to provide reward cards. By offering these cards, financial institutions can better serve their business customers, helping them increase sales, motivate employees and control spending.
4. FINANCIAL INSTITUTION BENEFITS
Prepaid reward cards offer several key benefits to financial institutions:

• Web ordering draws customers more regularly to a financial institution’s site, encouraging use of online banking features.
• Reward cards drive traffic, increase share of wallet and maximize revenue.

5. BUSINESS CUSTOMER BENEFITS
“The reward cards are a valuable customer service — a way to interact with more people.”
DELUXECARD PROGRAM CLIENT
Prepaid reward cards give businesses an attractive, professional way to recognize and incent prospects, customers and employees. Below is a sampling of effective ways businesses use prepaid cards.

Attract New Business
Many companies use prepaid cards — branded with their logo on them — to bring in new customers. For example, a hotel offers a reward card as an incentive to book an extra night.

Retain Current Customers
Companies offer their valued customers a reward card to thank them for their business. For example, a flower shop rewards its best customers with a bouquet and a card — a sure way to delight customers and keep them loyal.

 Appease Customers
Prepaid reward cards are ideal for situations where a customer is dissatisfied and a business needs to restore a relationship. For example, a car repair shop misdiagnoses a problem and the customer returns to report that the car is still running poorly. A timely fix plus a reward card will result in a truly satisfied customer — one willing to spread the word about the repair shop’s extra effort.

Reward Employees
Many businesses keep reward cards on hand to recognize specific actions on the part of an employee or team.

In an example, a credit union motivated its staff to promote a particular product by offering a reward for each sale. Every time a teller sold this product, their name would be entered into a drawing for the week. One name was then randomly drawn from the week’s entries and that person won a $50 DeluxeCard® Visa® Reward Card. This low-cost incentive engaged the tellers and created an extra reason to focus attention on the specific product being marketed. The result: more sales each week and renewed excitement about the campaign from week to week.

Get Referrals
A prepaid reward card can provide just the added incentive needed for a customer to make a referral. For example: A health club’s existing member refers a new customer to sign up for services. The new customer will receive a card as well as the referrer.

Control Employee Spending
Reward cards make it easy to limit the amount an employee can spend while traveling for business or when making purchases on behalf of the company. For example: A professional services group issues cards to employees attending trade shows. This makes it easy for the employee to stay on budget and eliminates the need to reimburse the employee for the purchases.

To FIVE REASONS BUSINESSES GAVE REWARD CARDS TO EMPLOYEES IN 2007
• Recognize performance
• Boost morale
• Build employee loyalty and trust
• Increase or maintain sales
• Foster teamwork

TOP FIVE BENEFITS OF OFFERING REWARD CARDS
• Ease of administration: 74.5%
• Redemption options: 57.3%
• Broad audience appeal: 54.4%
• Perceived value: 48.5%
• Cost-effectiveness: 41.4%
Source: Incentive magazine. August 2007

“Having our logo on the cards really matters. It gets our name in front of so many people.”
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Incentive magazine. August 2007
3. PROGRAM MODEL: DeluxeCard® Visa® Reward Card Program

To help financial institutions of all sizes take advantage of the growing prepaid card market, Deluxe developed the DeluxeCard® Visa® Reward Card Program. This turnkey program provides a prepaid card that can be used anywhere Visa Debit cards are accepted, with a fixed, non-reloadable face value as low as $20. (Visa is the leading card provider in terms of customer preference and merchant acceptance.)

Financial institutions can offer these high-demand cards to their business account customers to create a new revenue stream and also increase customer acquisition and retention.

The DeluxeCard program model features:

- A seamless addition to the financial institution’s product portfolio (no internal development costs and no special equipment or resources required)
- Convenient online sales
- Corporate and bulk card orders
- Cards with a business logo (available through online sales only)
- Simple ordering and inventory management
- Marketing tools

Deluxe gives participating financial institutions a rebate on the purchase fee for online orders that are referred from the financial institution’s website.

To maximize their brand power, companies can add their logo to the cards. There is a one-time set-up fee to cover the Visa approval process and the art set-up process at the processor. Once the business is set up, every card will feature its logo – expanding the reach of that business’s brand.

Businesses that rate reward card effectiveness at 3 or higher on a 5-point scale: **99.2%**

(49.6% rate as 4; 25.5% rate as 5. Source: First Data Corp, April 2007 survey.)

To what kinds of businesses use prepaid reward cards?

A few examples include:

- Realtors use reward cards as referral incentives and customer appreciation.
- Insurance companies use them to replace checks, thank customers and reward referrals.
- Automotive dealers use reward cards to drive sales, provide incentives for test drives and reimburse fleet expenses.
- Travel companies use them to disburse cash for tour groups, incentives for time-share presentations and rewards for current or past clients.

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