

— Program FAQ's —

**Valutec**<sup>®</sup>  
An FIS Company



**2010-2011**

**GIFT & LOYALTY PROGRAM MARKETING**

[www.valutec.net](http://www.valutec.net)

# Card Program Questions/Answers

## Q. Why a flat monthly fee instead of a per-transaction fee?

- A. When considering a gift or loyalty card system, many merchants are concerned about the possibility that transaction costs may become too high. Perhaps customers will make numerous small purchases with their cards or there will be excessive balance inquiries. Providing a low, fixed cost allows the merchant to know precisely what their monthly program costs will be (up to 4,000 transactions).

## Q. What if a merchant has multiple locations?

- A. The monthly fee is charged per location. Therefore, a small merchant could order a single LaunchBox package for two locations, but they will pay two monthly program fees.

## Q. When does the flat monthly fee begin?

- A. The first monthly fee will be assessed on or around the 10th day of the month following the date the contract is verified as complete and entered into the system for production.

## Q. If a merchant orders more cards, or adds another card program (such as loyalty), does the monthly fee increase?

- A. No. Merchants may run any type of card program Valutec offers, and order as many cards as they wish with no change in their flat monthly fee. The only time a merchant pays more for transaction processing under JumpStart or LaunchBox is if they exceed the annual allowance of 4,000 transactions per location. Transactions above 4,000 are billed at 15 cents each. Every year, another allowance of 4,000 transactions is provided. Merchants who generate even 8,000 transactions per year, with a 15 cent surcharge on the 4,000 additional transactions, will often pay less under a flat monthly fee than per-transaction fee billing.

## Q. How quickly will JumpStart and Standard LaunchBox orders be completed and shipped?

- A. The 100 cards in a JumpStart package are standard cards that are preprinted and warehoused for rapid fulfillment — as are the cards in a standard card LaunchBox package. Because no proof is required to add a merchant name to a standard card design, most orders will ship within 3 to 5 business days of Valutec receiving an informationally-complete order form. All orders are shipped via FedEx ground, unless otherwise specified. This means that merchants can launch a card program within 10 business days of signing the contract.

## Q. If no card proof is provided for standard cards, what happens if an error is made on the merchant's name?

- A. Printing the merchant's name clearly on the order form and confirming the spelling with the merchant at time of sale is the first step to avoiding errors. Whenever possible, attach a merchant's business card or other printed piece to the contract.

If we are not certain of the spelling, we will check with the salesperson and/or merchant prior to producing the cards. In the event that Valutec makes an error, cards will immediately be reprinted at no charge.

## Q. Can a merchant put a logo or other artwork on a standard card?

- A. Merchants now have the option to send their logo artwork to Valutec and have it placed on a standard card. This is called Valutec's LogoCard and details can be found on our Website regarding acceptable file formats, etc. LogoCards require an additional setup fee of \$125. Merchants desiring personalized standard cards - without a logo - can choose from one of five type colors and seven typestyles and can include two lines of text on their standard card design.

## Q. How quickly will custom card LaunchBox orders be completed and shipped?

- A. Custom card LaunchBox orders require the same graphic design, proof approval, and 15 business day production cycle as any custom card program. Depending upon the merchant, the design/approval process can take from 5 to 15 days. From the date a merchant signs their contract, 5 to 7 weeks is the average time to deliver a custom card LaunchBox package. Valutec also offers a printing technology called "LightningPrint" that allows for custom cards to be produced in as little as three days. Information about LightningPrint is on our website.

## Q. What about JumpStart and LaunchBox card reorders?

- A. All JumpStart and LaunchBox reorders must be submitted to Valutec on an Additional JumpStart/LaunchBox Cards Order Form. Card reorder pricing is the same for both. All card reorders automatically include a card holder for every card ordered. Wholesale cost to the reseller for card reorders will be the current contract rate for the JumpStart and LaunchBox programs as set forth in the reseller's current agreement.

## Q. Does JumpStart and LaunchBox data appear separately from regular transaction information on reseller reports?

- A. Yes. JumpStart, LaunchBox, and Choice transactions are tracked and reported separately so that all "fee-based" transaction data will be unaffected by the "zero-fee" status of transactions that are billed under a flat monthly fee rate.

## Q. What kind of merchants are most likely to buy a JumpStart or LaunchBox package?

- A. JumpStart and LaunchBox are intended for small merchants who typically will not sell more than 500 cards a year per location. The annual transaction allowance is sufficient to cover transactions for gift card sales of from 750 to 1,250 cards per location per year.

# Frequently asked QUESTIONS

**Q Why sell electronic gift cards versus paper gift certificates?**

**A** 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 'em. So much that they spent ten times more on gift cards than paper certificates the last several years.

#### 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 card until it is used. This 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. Accordingly, 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.

## System 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 give-aways at special events. (extra fee applies)
- 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 Merchant 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 are provided toll free, 24 hours a day, 7 days a week, 365 days a year.

**Q What are the benefits to a merchant's customers?**

**A** 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.

**Q Can I increase the 4,000 transaction limit for flat-fee programs?**

**A** Yes. Your standard buyrate covers 4,000 transactions, annually. You can add blocks of 1,000 for an additional \$8/mo. or blocks of 4,000 for \$20/mo. All additions are per location and all locations must share the same limit/fee.

**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 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.

**Q** How does a Gift or Stored Value Card work?

**A** 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.

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

**A** In many cases, yes. Valutec applications run on a wide variety of leading credit card terminals from Ingenico, Lipman, Thales, and VeriFone. See our website for a more detailed list.

**Q** What type of reporting is provided with this program?

**A** Merchants may generate a wide variety of program activity reports using Valutec's online reporting interface at [www.valutec.net](http://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

## 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 for 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.

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.

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

**A** Customers will reload value on their cards for simple convenience and/or if they receive some kind of additional value.

For example, a dry cleaner 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.

**Q** When should cards be reordered?

**A** 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 usually shipped within 10 days.