



Loyalty Programs

Valutec[®]

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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.

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 on the receipt advising the merchant and cardholder that the cardholder is eligible to redeem an award at that time.

Point levels and awards may be changed at any time, however, the changes will apply to all cards — including cards that are already active. 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 successfully 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 dry cleaner 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.



We've reduced our marketing costs and bonded our customers to us. We wanted it to be valuable to us, and to our customers. Valutec has helped us do that.

—Gino Pitera, Gerten's

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 email, 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.

Repeat customers are the heart of every successful company.