Gift Card Program | Description

RELIANCESTAR
PAYMENT SERVICES

Offer
Clients
The Gift
of Choice

Program Outline:
Electronic Gift Card

Benefits • Features • Processing • Statistics

What is a Gift Card?

A reusable, stored-value card that enables merchants to have an electronic alternative to paper gift certificates. Our gift cards are composed of high quality PVC formatted to standard credit card size and thickness, which includes a magnetic stripe on the back that contains various card information.

History of the Gift Card

Gift cards were originally introduced by retailers like McDonalds™ and JC Penney™ in the early 1970s and 1980s using thin plastic cards with the purpose of tracking purchases and redemptions more efficiently and securely than paper.

Gift card programs began getting more exposure and recognition in 1995 with their introduction by a few larger retailers, such as Blockbuster™ and K-mart™. These retailers adapted their gift card systems to replace paper gift certificates and to help streamline tracking and reconciliation. The gift card programs continued to gain momentum and popularity after several other large retailers began promoting the cards through the media and TV.

Over the years the gift card concept has proven its worth and overall necessity to retailers of all types. Gift card technology continues to grow and become an important tool and cash flow generator for businesses involved in various types of industries.

Sample front of card
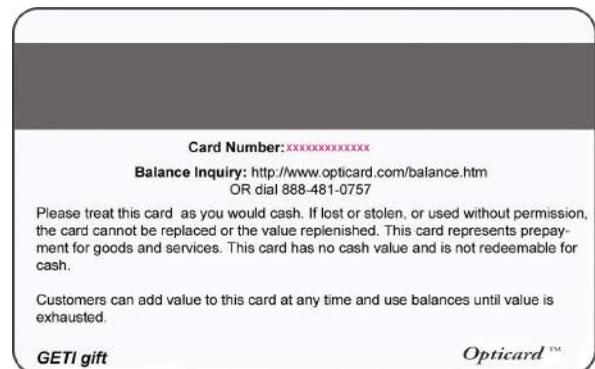
Sample back of card

How Does a Gift Card Work?

Gift Cards are sold to customers for their own use or can be given to family or friends. Cards can be redeemed at store locations just like a credit card and balances can be debited from the card upon purchase.

Cards are swiped through traditional credit card terminals and POS systems and payments are collected by the merchant at the time of sale.

Statistics and Benefits

Gift Card Statistics

Today gift cards continue to grow in popularity due to the ease of use, streamlined reporting and added security over paper based gift certificate programs. The programs offer many important features that help merchants manage sales, tracking and reconciliation of cards.

The technology offers the business owner complete control over how the program is managed and whom within the location has privileges to administer transactions at the location. The gift card offers the recipient the flexibility to use the balance to get what they want.

- **Two-thirds** of all consumers have purchased at least one gift card.
- **55%** of gift card recipients make more than one trip to the business to deplete the value of their card.
- The average recipient spends **20%** more than their card's initial value.
- **69%** of companies using them stated that gift cards are more effective than cash in motivating and rewarding employees.
- In the 2007 holiday season, the average amount placed on gift cards was **$203**.
- **10 - 15%** of gift card recipients never redeem the full value of a card, meaning the business keeps it as profit.
- **81%** of consumers purchase gift cards for birthdays. **67%** percent purchase gift cards for holidays.
- Studies found that **40%** of shoppers using a retailer's card bought items at **full price**. Only **16%** of shoppers using other payment methods bought at full price.
- When retailers switch from paper gift certificates to gift cards, they sell anywhere from **50-100%** more.

(Sources: American Greetings, epaynews.com, Green Sheet Quarterly, National Retail Federation, J.C. Williams Group, *Incentive* magazine)

Merchant Benefits

There are many benefits of launching and promoting a gift card program. Depending on the type of business, individual results may vary depending on the level of promotion and marketing to the customers.

Some of the many benefits of launching a Gift Card program:

- Increase sales and cash flow for the business
- Promotes impulse purchasing and additional sales
- Improves brand awareness within the community
- Provides real time web based tracking and reporting
- Security features to reduce fraud and duplicate usage
- Easy reconciliation and reporting systems to save time
- Fast transactions and ease of use at the point of sale
- Always know how much money is outstanding and what types of activity was processed
- Ability to issue gift cards in any dollar amount
- Cards can be re-used and recycled through the system
- You can issue, redeem or balance inquiry cards instantly through a terminal or online system
- Easily assign user privileges for all employees within a location

Gift Card Program Features

Electronic Gift Card (EGC)

The Electronic Gift Card (EGC) program offers merchants the flexibility of launching a standard gift card system within a single or multi-location environment. Cards can be issued to consumers for any dollar amount the customer chooses. All transactions are processed real time and balances are added and debited from the cards using a credit card terminal, POS system, web based virtual terminal or wireless terminal.

The EGC program was designed specifically for retailers and offers many time saving features to minimize steps and speed up point of sale transactions. Processing transactions using this system is easy for merchants and their employees.

Basic Steps to Sell and Redeem Gift Cards:

Issuing a Gift Card

1. Customer requests card denomination amount and merchant collects payment from customer upfront.
2. Merchant selects program on terminal or POS system, inputs clerk ID, and swipes the card through the terminal.
3. Merchant keys in dollar amount for the card and the terminal processes the transaction to add that amount to the card.
4. Receipt is printed showing the balance on the card and the card is handed to customer.
5. Transaction is complete.

Redeeming a gift card

1. Customer presents the gift card as form of payment for goods or services.
2. Merchant selects program on terminal or POS system.
3. Merchnat inputs clerk ID and swipes the card through the terminal.
4. Merchant keys in dollar amount to redeem off the card.
5. The terminal processes transaction and the amount is subtracted from balance on the card.
6. Receipt is printed to show customer the balance on the card and the card is handed back to customer.
7. Transaction is complete.

Transaction Types

The Electronic Gift Card (EGC) program supports several transaction types that can be processed at the point of sale. All transactions are associated with user and terminal privileges that can be assigned by the merchant using the online system. Each terminal may be defined to allow or prohibit each of the supported transaction types. Additionally, each clerk may be defined with specific transaction privileges.

Explanation of Supported Transaction Types

Issuance	The issuance transaction activates the card. This transaction may be received from the POS or terminal via a swipe of a magnetic stripe on a card or from a Web Server as the result of a completed Internet order. The card is assigned to a specific program type at the time of issuance. A batch issuance transaction is supported to allow the activation of multiple cards in a single transaction.
	Cards can be manufactured with a predetermined value on the magnetic stripe of the card or can be issued for any desired amount. This allows a retailer to provide both types of cards to fit their customer's needs.
Purchase	The purchase transaction deducts the amount of the purchase from the current balance on the card. Multiple redemption transactions may be performed on each card until the balance is zero. The remaining card balance will be printed on the receipt.
Balance Inquiry	The balance inquiry transaction provides the current balance on the card and the last 10 transactions performed on the card. This provides a history of the card usage to help alleviate customer disputes. Balance inquiry may be initiated from the POS, a stand-beside terminal, or from the Internet. Internet balance inquiry may be performed by retailer personnel or by the cardholder.
Add Value	The add value transaction allows additional value to be added to an active card.
Void	A void transaction reverses a prior issuance, purchase or an add value transaction. The card number and original authorization code are required to process a void.
Transfer	A transfer transaction allows the balance to be transferred from a damaged card to a new card. Multiple card balances may be combined onto a single card for the convenience of a customer.
Clerk Maintenance	All transactions must be initiated by an employee with a valid clerk ID and with the authorization to perform the requested transaction. Clerk IDs may be added, deleted and modified on the POS, on a stand-beside terminal, or via the Internet.
Reports	Clerk and terminal reports are available on the POS or a stand-beside terminal. Detailed reports are available on the Internet (see Reports section).

Internet Features

We provide a web merchant interface for all customers enrolled in the gift card service. Access is restricted to user with a valid merchant logon ID, username and password.

All transactions included in the Gift Card processing platform are supported at no additional cost

Virtual Terminal functions include the following:
Issuance, Batch issuance, Add value, Balance transfers, Redemptions Card Block, and Void.

- All program types are supported - Gift cards, Retail Merchandise cards and Employee Incentive cards can be issued and redeemed from the web site.
- Real-time reports can be generated by supplying all or part of the following criteria:
  Store numbers, Date range and Program type.
- New users can be added, and privilege levels can be modified or deleted at any time.
- Terminal clerks can be added, modified or deleted directly from the web site, making it easier to manage your clerks.
- Includes a list of error codes and provides a terminal guide for commonly used terminal types.

Balance Inquiry screenshot

Issuance Report screenshot

Internet Reporting

The reports provided on the Internet allow the retailer to generate detail or summary level data in report format. Most reports can be generated for specific or all program IDs and for individual stores or, if privileged, for all store locations.

Daily Transaction Detail Report	The Daily Transaction Detail Report provides information, summarized by store, regarding all various transactions processed during a particular time period (up to 30 days).
Store Reconciliation Report	The Store Reconciliation Report provides settlement information for one day or a range of days. The data is summarized by Store.
Store Averages Report	The Store Averages Report provides information summarized by Store, concerning the number of cards issued, the average dollar amount issued, the number of cards redeemed, and the average dollar amount redeemed.
Issuance Summary Report	The Issuance Summary Report summarizes Issuance data for a specified day or a date range. The Issuance data is listed for each program ID by store.
Redemption Summary Report	The Redemption Summary Report summarizes Redemption data for a specified day or a date range. The Redemption data for each program ID by store is listed.
Issuance Detail Report	The Issuance Detail Report provides Issuance detail data for a specific day only. The detail data is listed by Program ID for each Store. Information provided for each transaction includes transaction time, card number, dollar amount, authorization code, clerk id, terminal id, reference number, and a denial code if applicable.
Redemption Detail Report	The Redemption Detail Report provides purchase data for a specific day only. Information provided for each transaction includes transaction time, card number, dollar amount, authorization code, clerk id, terminal id, reference number, and a denial code if applicable.
Outstanding Gift Certificate Balance Report	The Outstanding Gift Certificate Balance Report provides current outstanding balance data. The outstanding balances for a specific program ID or all programs can be displayed. The outstanding balance information provided includes total number of cards, total dollar amount, and the current outstanding dollar amount.
Aging / Expiration Report	The Aging/Expiration Report provides expiration analysis for activated stored value cards.

Store Reconciliation Report

Production Test

Company: (OP) Division: (01) Area: (01) Store: (0001)
Program: (*) Profile: (*)
Report Date: 01/01/2009 - through - 01/31/2009

DivAreaStore:	Location	Issued/Add Value Amt	Issuance Discount	Purchase Amt	Processing Fee	Settle Amount	ACH Status
01010001	Corporate Office	$345.30	$0	$21.80	$0	$323.50	No ACH
Grand Total:	Production Test	$345.30	$0	$21.80	$0	$323.50	

Store Reconcilliation Report screenshot

Store Averages Report

Production Test

Company: (OP) Division: (01) Area: (01) Store: (0001)
Program: (*) Profile: (*)
Report Date: 07/01/2009 - through - 07/31/2009

DivAreaStore	Location	# Cards Issued	Avg. Amount Issued	# Cards Redeemed	Avg. Amount Redeemed
01010001	Corporate Office	1	$0.50	0	$0.00
Grand Total:	Production Test	1	$0.50	0	$0.00

Store Averages Report screenshot

Daily Transaction Detail Report

Production Test

Company: (OP)   Division: (01)   Area: (01)   Store: (0001)
Program: (*)   Profile: (*)

Report Date: 01/01/2009 - through - 01/31/2009

Activity: Scroll down to EPB Activity

Date	Time	Transaction	PPC Number	Amount	Auth Code	Clerk Id	Terminal	Program	Batch#
01/16/2009	09:57	ISS	0000000047407	$251.08	4000C5	+keith	99	EGC	
01/16/2009	09:59	AVL	0000000047407	$36.22	4000C7	+keith	99	EGC	
01/16/2009	10:01	ISS	0000000047407	$58.00	4000C8	+keith	99	EGC	
01/16/2009	09:58	PUR	0000000047407	$21.80	4000C6	+keith	99	EGC	

Totals:

Transaction Type	Count	Amount	Transaction Type	Count	Amount	Net Count	Net Amount
Issuance:	2	$309.08	Issuance Void:	0	$0	2	$309.08
Add Value:	1	$36.22	Add Value Void:	0	$0	1	$36.22
Redemption:	1	$21.80	Redemption Void:	0	$0	1	$21.80
Balance Transfer:	0	$0	--------------	----	----	0	$0

Daily Transaction Detail Report

Issue Detail Report

Production Test

Company: (OP)   Division: (01)   Area: (01)   Store: (0001)

Report Date: 01/01/2009 - through - 01/31/2009

Date	Time	Card Number	Settle Amt	AuthCode	Type	Clerk Id	Terminal

Production Test : Corporate Office   Area : 01   Division : 01

Profile : Gift Card 1   (EGC 000100000000)

| 01/16/2009 | 09:57 | 0000000047407 | $251.08 | 4000C5 | ISS | +keith | 99 |
| 01/16/2009 | 09:59 | 0000000047407 | $36.22 | 4000C7 | AVL | +keith | 99 |

Gift Card 1 (EGC 000100000000)   Profile Totals: ISS   1 $251.08 AVL 1 $36.22

Profile : Gift Card 2   (EGC 000400000000)

| 01/16/2009 | 10:01 | 0000000047407 | $58.00 | 4000C8 | ISS | +keith | 99 |

Gift Card 2 (EGC 000400000000)   Profile Totals: ISS   1 $58.00   AVL 0 $0

Total: Production Test : Corporate Office

EGC   Program Totals: ISS   2 $309.08 AVL 1 $36.22

Grand Totals: Production Test

Gift Card 1 (EGC 000100000000)   Profile Totals: ISS   1 $251.08 AVL 1 $36.22
Gift Card 2 (EGC 000400000000)   Profile Totals: ISS   1 $58.00   AVL 0 $0
EGC   Program Totals: ISS   2 $309.08 AVL 1 $36.22

Issuance Detail Report