

Loyalty Programs FAQ's

GIFT AND LOYALTY IN A
SNAP

1. What types of loyalty programs does your program support?

- a. There are many applications of the loyalty programs and they can be used to track when people come in, how much they spend, and even reward them for referring new customers, but the three main ways to set up the program are:
 - i. Point-per-dollar program: Your customers earn a point for every dollar they spend, then can redeem the points for rewards when they reach certain pre-determined levels (there can be multiple tiered levels or just one automatic redemption level). Decide whether to reward them with cash value back on the gift card or products or services.
 - ii. Percentage back program: The terminal can be programmed to automatically put a certain percentage of credit back on the card to be spent on a later visit, like gift card value. For example, if the program is 5% back, and I spend \$75 today, when my card is swiped, the terminal will add \$3.75 in value to my card that I can use the next time I come, or save up for later.
 - iii. Point-per-visit program/Frequency ("Electronic Punchcard"): This only gives the customer one point every time they come and make a purchase (or per specific item), like a buy 10, get one free program at the local coffee or sandwich shop. This is best if all your products are about the same price. This type of program places less incentive on the customer spending more money with each visit, which can be a disadvantage.

2. Do I need to buy loyalty cards separate from the gift cards?

- a. No, our program allows you to track both programs on one card. Each account in our system can hold both a gift card value and a loyalty value. The advantages of this are that if someone were to come into the store for the first time with a gift card, while they may spend all of their gift card value, you can give the card right back and show them that they have earned loyalty points or a percentage back on their card, so the card still has value for them, and they will put it back in their wallet, and return to continue to participate in your program. Conversely, because you can hold both values, it makes it easy to reward customers in your loyalty program with gift card value back on the card (for example, when they earn 100 points, the program gives them \$5 gift value back on the card).

3. I don't want to have a loyalty program that gives away free stuff. How do I avoid this?

- a. ProfitPoint's loyalty program is designed to encourage specific purchasing behavior by your customers prior to generating rewards. The key is to ask your customers to do more than they would have otherwise to earn a reward. Your account representative can discuss with you way to create win-win situations for you and your customers.

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4. How do I encourage customers to enroll in our loyalty program?

- a. It can be very valuable to have customers enroll in your loyalty program and provide demographic information (name, address, email address, etc). Not only will the loyalty card encourage customers to visit you more often and spend more with you, but you can contact customers in new ways through email and direct mail marketing. You can also determine the profile of your typical customer and target consumers who meet that profile.
- b. Be generous with points to encourage participation. Provide a reward simply for filling out an enrollment form. Provide an additional in store discount or a free item when customers enroll. Consider giving customers a \$5 or \$10 gift card when they enroll in the loyalty program. And make sure you are prominently displaying your loyalty card and point of purchase signs introducing your program.

5. How can a Loyalty Program help to grow my business?

- a. Loyalty programs are designed to encourage customers to come back more often and spend more than they would normally because you are rewarding them compared to your competition who is not.

6. What is the difference between a Gift Card & Loyalty program?

- a. Gift card programs are based on dollars, while loyalty program are based on tracking values until a predetermined threshold is reached and then a reward is given.

7. Will your loyalty program work through our existing POS system?

- a. In some cases we can use your existing POS system. There are some variables we will need to determine such as who you are processing your credit cards through and what software is being used to transfer the data between your system and any outside source.

8. What seems to be the most popular form of loyalty?

- a. There are several ways that our loyalty program works. The most effective is a point per dollar program. A customer earns 1 point for every dollar they spend. You determine a threshold amount that your customer needs to reach. Once this goal is achieved, our software will automatically add a pre-determined amount to their cards.
(i.e., spend \$200 and earn a free \$20 gift card).