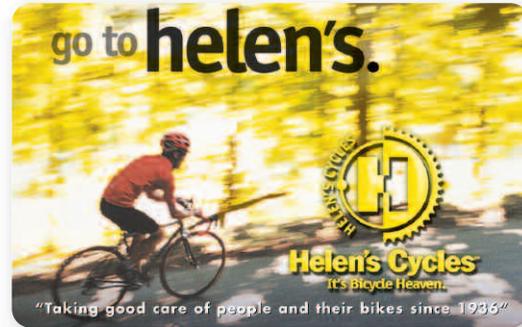


implement a first-rate, stored-value card system.

Those flashy little plastic cards.

They help the national chains sell, process, and track much more prepaid gift business than with their old paper gift certificates.

Fortunately, gift cards are not just for the big guys anymore.



How can I use a stored-value card?

Gift Cards

A cash-generating product that doubles as a small "billboard" in your customers' wallets. Balance declines as card is used encouraging repeat visits and additional spending above the original value.

Loyalty, Rewards Cards

Keep customers coming back for more by rewarding them with discounts, free products, services, or extra value on their cards. Choose from a variety of point values, reward levels and amounts.

Merchandise Credits

Minimize cash refunds. Cards may be loaded with the exact value of a product return for store credit.

Advertising & Promotion

From electronic coupons to co-branded cards paid for by one or more merchant suppliers, the marketing applications of stored-value cards are as wide open as the imagination.



The original Gift Certificate:
Difficult to keep track of, unused balance is usually refunded, doesn't easily fit in wallet.

System Features

Secure, real-time transaction processing for single and multiple-location merchants.

- Cards are easily activated, redeemed and reloaded at point of sale (POS).
- The POS terminal provides communication with the data center for accessing database information, recording transactions, and loading or unloading card balances. The terminal can also display messages from the data center in response to certain requests.
- Reliable, real-time transaction processing, secure information storage and retrieval, optional web-based transaction interface.
- Automated, monthly funds reconciliation for multi-location merchants.
- Daily batch report produces a chronological list of all transactions.
- Monthly corporate summary statement reports all activity by transaction type and location during the period, as well as total fees billed.
- Program activity reports may be accessed online at any time.
- Toll free customer support is provided 24 hours a day, 7 days a week.

Equipment Compatibility

Process credit cards and gift cards on one terminal.

- **Exadigm** Deskmate, Mobile Mate (IP capable)
- **Hypercom** T7, T7P, T7Plus, ICE (specific credit processors only)
- **Ingenico** Elite 510, 712, & 7770 portable
- **Lipman** Nurit 2085, 2085+, 2090, 3000, 3010, 3020, 8320
- **VeriFone** Omni 3300, 3350, 3730, 3740, 3750 & 3750IP
Tranz 330, 380, 380 x 2 & 460
- **PC Charge Pro** Dial-up or IP
- **POS Systems** Micros 3700, Maitre D, Digital Dining

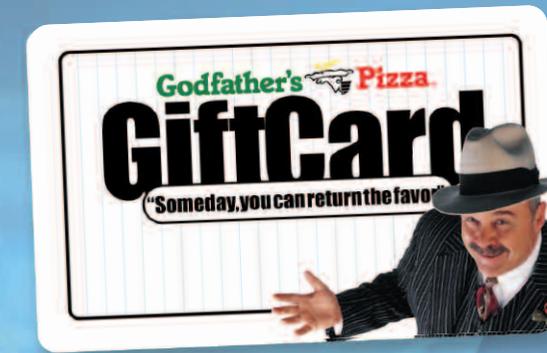


FOR MORE INFORMATION CONTACT:

San Diego Merchant Services, Inc
858-335-2992
SanDiegoMerchantServices.net

The Power of the Card

Replacing paper gift certificates is just the beginning.



Merchants of all sizes and types are discovering the power of electronic cards to increase their sales and create customer value.



Big Solutions for Small Merchants™

From one location to hundreds, we make it easy to implement a first-rate, stored-value card system.



Why have gift & reward cards become so popular?

- ✓ Cards have more perceived value than paper certificates or coupons
- ✓ Cards provide a more personal gift than cash without requiring the giver to select a specific item
- ✓ A card is a convenient way for people to participate in a loyalty program to receive rewards, discounts and incentives
- ✓ The card identifies the cardholder as a valued customer
- ✓ Cards are easy to buy, easy to give, easy to carry and easy to use

Why plastic vs paper?

- Increases prepaid gift sales
- Builds brand awareness
- Keeps full cash value in store
- Customers spend more
- Boosts loyalty program usage
- Easy to carry and use
- Powerful marketing tool
- Complete transaction reporting automates record-keeping



GIFT CARD FACTS

- The average initial value for gift cards is \$48—up from \$40 in the previous year
- 9 out of 10 top national retailers have switched to gift cards and outsourced their programs to dedicated gift card services companies
- Most gift card recipients make more than one trip to the store to use up the value of their card
- 56% of customers spend more than the original value placed on the card

One out of every two in-store purchases is made with an electronic payment instrument.*

Gift Cards outsold paper gift certificates last year—\$58 billion vs \$6 billion.**

* American Bankers Association
**The Nilson Report

Stored Value at a glance



Sales/Activations

Merchants merchandise gift cards much like they would any small impulse-buy product—by the register using counter displays with signage and colorful card holders. Customers purchase gift cards with cash, check or credit card for any dollar amount the merchant approves. Cards have no value until the merchant activates them for the desired amount through a card terminal—often the same one used for credit card transactions.

Redemptions

When a customer presents a gift card for full or partial payment of a purchase, the merchant swipes the card through their POS terminal for authorization and transmission of transaction data to and from the data center.

Balance updates are immediate ensuring that card value may not be used twice.

Reload Incentives

Cards may be “reloaded” with value at any time. Merchants often offer their customers an incentive to reload their cards. For example: provide 25 or 100 reward points for every \$25 loaded on the card.

Data Processing

A magnetic stripe on the back of the card identifies the card number and the merchant account to which the card belongs.

The system operates in real time on a secure debit network. Card activations, sales, voids, add values, balance inquiries, etc. are sent from the card terminal to the data center and an approval or other response is transmitted back to the POS terminal.

The POS terminal produces a paper receipt of each transaction—including the card balance—including the merchant and customer.

The potential is significantly larger than we had originally estimated.—Howard Schultz, Chairman, Starbucks

Loyalty Card Programs

Retain customers and increase shopping frequency with loyalty cards.

How sticky is your business?

In today's competitive retail environment, the battle to retain customers is fierce. The winners are those who establish and maintain one or more competitive advantages in the minds of their customers.

A Loyalty or Rewards Program is a powerful way to create a continuous reason for your customers to prefer your business over another.

The average cost of acquiring a new customer is eight times greater than the cost of retaining one. Conclusion: most businesses can boost profits by refocusing some of their promotional dollars towards customer retention.



Gift Cards



Display Racks

Merchandising

Successful Gift and Loyalty Card programs are merchandised effectively at the point of sale.



Card Holders



Buttons



Standard Countertop Displays take on a custom look when a merchant's unique cards are attached. Custom-designed merchandising materials may also be created.