

How to Set up the Right Gift Card Program

You've made the decision. It's time for your business to offer gift cards. Congratulations - I wholeheartedly agree. But the decision to stock this popular gift product may be the easy part. Now it's time to choose a supplier, your cards and merchandising materials. You remember now why you put this decision off for so long - there is much to consider. By focusing on a few important variables, you'll be more likely to choose the right partner to help create the most effective gift/loyalty card marketing program for your business.

Where Do I Begin?

A simple question, so let's tackle it. You may have already received a few calls from various Independent Sales Organization (ISO) reps who have made you think about gift cards. These ISOs typically offer a variety of services, from credit card transaction processing solutions to credit acceptance services and even gift cards. Maybe you've even taken the first step and contacted a few gift card providers online. After listening to the sales talk and reading through materials, you should have a few questions to help figure out the right solution for you.

Begin with a few simple queries for your ISO or gift card seller. If you are talking with an ISO, figure out which of the gift card suppliers they represent and learn a little more about them. Some suppliers focus solely on gift card programs and, therefore, may be more experienced to help their clients/businesses in finding the perfect program for their needs and purposes. Other companies may offer gift cards in addition to a host of financial services.

Look closer. Ask whether they are using a proprietary gift card system and platform or whether they are licensing a system from someone else. Ask them what their stated uptime is. (It can be aggravating to have a system go down for some technical issue right when you are trying to process or sell a card to a customer.) Ask what kind of customer service program is in place. Is their phone support available on their dime? How about email? Is there an all-hours, all-days service coverage in place if a problem comes up?

Now you will want to compare the differing plans available to you. Plans are usually divided into flat-fee billing or per-transaction billing. With per transaction billing, businesses are charged according to various activities. Small fees may be billed for card activating, card redemption, when value is added or when balance inquiries are made. With flat-fee payment plans, businesses purchase a block of transactions that combine all the various types of card activities. To determine the best option for your company, you will have to make some estimates as to how much sales and activity you will generate. A good gift card supplier should be able to help you through this process.

Once your gift card program is launched, you'll need to track results. To this end, you should inquire about the types of reports that will be made available to you and how you will be able to view and access these. Essentially, the more reports you can see, the better. Once you get used to what all the reports and data mean, you will be able to have a firmer grasp on how well certain aspects of your program are functioning.

What about the Equipment?

Equipment and point-of-sale (POS) system compatibility should also be considered before settling on a gift card supplier. Gift card platforms are software applications that are downloaded into a merchant's credit card processing terminal or integrated into the merchant's POS system. Various gift card companies' applications are certified on specific terminals and POS systems. This should be one of the first questions you ask - will this company's gift card processing application work in my terminal environment? Is it integrated into my POS system? Look for companies with higher numbers of compatible terminal and POS systems - chances are they have more equipment experience and partner relationships. This is a sign of market strength and legitimacy.

Gift Card Design

Now comes the emotional part - choosing your card. You have a number of choices here but the first decision you'll need to make is "standard or custom?" Standard cards are designed by the gift card company and are often available for specific markets and targeted holiday buying events. The advantage to standard cards is speed-to-market. Since the cards are already designed and printed, they can be personalized for your business by adding your business name and other text (some companies can even print your logo on standard cards) and you can be selling gift cards within a week. The key is to choose a gift card company that offers a standard card design that appeals to you. Larger companies offer tools on their websites that let merchants not only check out their standard card designs, but try out different typestyles and colors for the personalization on their chosen design before they commit to a card.

If speed to market isn't quite as vital, you may wish to look into a full-custom card. Although the expense may be higher and turnaround a little slower,

you will have the advantage of completely controlling your branding and image. You can develop a card design that fits with the personality of your business and coordinates with your marketing plans. Some card suppliers will even have designers available who can put together the type of card you desire at a worthwhile price. Ask about the design-approval process, whether it can be handled rapidly and is web or email-based.

A Few More Questions Worth Asking

Rather than stop with card design, find out what additional merchandising tools are available. Some card suppliers will have an array of card carriers and hangers, display racks, posters, signage and envelopes that will help you drive awareness and sales. Presentation at the place or point of purchase can dramatically boost card sales...and profit for you. Some suppliers can also provide you with various gift card presentation products that you can sell along with your gift cards.

A great final question is "How does this company communicate with merchants?" Most major gift card companies offer newsletters and email notifications designed to make the merchant more effective and notify them about new products and services. The gift and loyalty marketing business is dynamic and growing. It pays to partner with a company that will keep you informed of industry trends and tips to increase your sales.

Bringing in a gift or loyalty program will likely be a very good decision for your business. But once you start processing cards with your chosen partner, it can be difficult to convert your program to another supplier. Take some time before you make your choice to ask the right questions. Choosing the appropriate vendor will ensure your new program operates exactly as you hope and expect it will.

About the Author

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