



## FREE MONEY



**U.S. BANK IS REWARDING ITS MOST LOYAL CHECK-CARD HOLDERS** with “free money” that can be used at popular retailers the bank knows are relevant to those key customers.

Each week, some customers will receive an email alerting them that they have received a gift ranging in value from \$2 to \$50, depending on the retailer. The retailer is selected based on customers’ transactional data.

The gifts are redeemed when the cardholder uses their U.S. Bank Check Card when they shop at the specific retail store, website or restaurant named in the email message. Once the purchase is completed, the bank credits the cardholder’s account with the specified gift amount.

The program is in partnership with FreeMonee Network. The FreeMonee Gifts function like a gift card on an individual’s debit or credit card, allowing consumers to purchase anything they want with the designated merchant.

On average, 50% of redemption takes place within 72 hours and ranges between 2% and 30%, said Jim Taschetta, CMO of FreeMonee. —

**PATRICIA ODELL**

## Missing the Loyalty Mark? It Might Be Your Fault!

### MANY MARKETERS’ DISSATISFACTION WITH THEIR LOYALTY PROGRAMS

may be directly tied to the priorities marketers set for these initiatives. In a new survey, marketers reported that their top priority was getting consumers to spend more (47%). At the same time, half of loyalty members gripped in a separate report that they wanted out, feeling bombarded by spam and irrelevant offers.

This has contributed to just 24% of marketers considering their loyalty efforts “very effective” and 44% “somewhat effective,” according to a new survey from SAS and Loyalty 360. Reducing churn and developing customers into brand evangelists were a distant second and third, even though marketers are finding new and innovative ways to activate their brand advocates.

Another problem appears to be that only 36% of the respondents reported high or moderate integration of loyalty data with other customer data, a likely contributor to loyalty members’ grips about irrelevant offers.

Only half of the respondents reported formal customer-lifecycle or voice-of-the-customer programs. Among those with a defined customer lifecycle, the biggest percentage (40%) believes that lifecycle begins after the sale, missing an opportunity to plant the seeds of loyalty earlier in the buy cycle while customers are still considering purchase options. — PO

## EXXONMOBIL KICKS UP REWARDS



### THIS SPRING, EXXONMOBIL AND LOCATION-BASED REWARDS PLATFORM

Shopkick began testing a program that will give registered users Kicks rewards simply for walking into an Exxon or Mobil retail store the next time they gas up.

Smartphone-equipped drivers at some 375 Exxon or Mobil gas station/c-store installations in three cities—New York, Miami and Washington, D.C.—can open the Shopkick app, enter the c-store and earn Kicks, points in Shopkick’s cross-retail reward system that can then be used to purchase gift cards, movie tickets, entertainment downloads or Facebook Credits, among other things.

The pilot program is intended to test the power of location-based rewards to build customer loyalty for ExxonMobil at a time when many gas shoppers are be-

coming increasingly disloyal. Where once shoppers stuck primarily to the same gas stations, mostly because they were near home or convenient to an often-traveled route, today’s rising gas prices are influencing more drivers to go out of their way to cut the cost of filling up that tank.

“ExxonMobil came to us because it is in a commodity business and is looking for ways to differentiate itself,” says Shopkick chief revenue officer Doug Galen. “Look, gas is upward of \$4 a gallon. When I fill up my car, I feel it. They’re looking for a way to give back some added value to the consumer.”

The other aim is to see if consumer behavior can be changed: both by getting some shoppers who usually pay at the pump to come into the convenience store and shop, or possibly by getting them to come to their Exxon or Mobil station more frequently. “We’re seeing if we can influence behaviors and create one extra trip to the gas station, one extra stop at the convenience store in a week,” says Galen.

— BRIAN QUINTON



## Something for You

E-gift cards offer marketers more sales and customer service opportunities

**WHILE E-GIFT CARDS CURRENTLY ACCOUNT FOR ONLY 4% OF OVERALL ANNUAL GIFT CARD SALES, THEY ARE RAPIDLY BEING ADOPTED BY MORE AND MORE SHOPPERS:**

Nearly 20% of consumers purchased or received one last year, an increase of 50% over 2010, according to First Data. Virtual gift card sales are projected to reach \$8 billion by 2013 and \$11 billion in 2014, according to Tower Group.

"Some 59 of the top 100 brands are selling e-gift cards today, with almost all of the brands trying to figure out how to do it," says David Nelsen, CEO of Giftango.com. "I think 2012 will be a big year."

### Maximizing Merchandising

According to a recent survey from CashStar, 75% of the marketers who have finished their budgeting plans for the year plan to increase the share of their promotional budget devoted to e-gift cards.

Here are six tips to improve your gift card marketing efforts:

**1. BE DIFFERENT:** Marketers should figure out what makes their e-cards different from all the others and then promote those benefits. For example, some brands are offering auto-reload for e-gift cards to encourage repeat business and loyalty.

**2. INCREASE VISIBILITY:** Promote e-cards in stores and within other marketing materials. Home Depot includes messaging on its instore gift card malls to alert consumers about its e-gift card option. Market the cards on your home page, as well as throughout your site.

"You shouldn't have to click four different links to get to the gift card section of a merchant's site—that's something that should be very prevalent," Nelsen says.

**3. BE CREATIVE:** Broaden your design styles and customization options. Walmart offers 64 designs for the cards on its website, everything from Earth Day to weddings. And think about Starbucks—its designs are unique to the brand, and yours should be too.

**4. OUT OF STOCK? NO PROBLEM:** Add a "purchase a gift card instead" option on your website—or instore when an item is out of stock. "A lot of consumers, especially in a gift-buying capacity, have a pretty good idea of what they want, and if the item is not available, people are willing to choose a gift card instead of buying something

else that they are not sure the recipient would like," says Michael Hursta, vice president of prepaid services at First Data.

**5. CONSIDER PROXIMITY:** Use flexible displays promoting gift cards as an alternative so they can be relocated close to any items that are running out of stock. Design cards to coordinate with the out-of-stock items.



"In a digital world you can react faster if things are moving out of stock," Hursta says. "It's easier to present the consumer with the option to purchase an electronic gift card."

**6. PROMOTE EMPLOYEE AWARENESS:** Employees should be trained to offer gift cards when a specific item is not available. "In that situation, it's not hard for an employee to say, 'You can purchase a gift card or do the same online. And here's a way you can design that card to be focused toward the specific product you wanted so the recipient can see you put some thought in to the gift,'" Hursta says.



### Mobile Convenience

Mobile will ultimately be a "game changer," taking the convenience of gifting to a whole new level, says CashStar CEO David Stone.

Web gifting, or the ability to purchase an e-card from a mobile phone on the mobile web, is also emerging. Some 35% of consumers who own a smartphone now access the web through the mobile device. CashStar has enabled this capability for all Gap and Williams-Sonoma brands, Stone says.

Once brands have solved the problem of being able to process e-cards at the point of sale, including via mobile phones, by either scanning or hand keying in the code, they have opened up a world of opportunity for leveraging e-gift redemption for other purposes.

**1. CUSTOMER SERVICE:** Customer service issues can be immediately resolved by sending an e-gift. For example, if a customer was dissatisfied with a bouquet of flowers delivered to a friend, respond with an apology and an e-gift card.

**2. LOYALTY CUSTOMERS:** E-cards provide an instant "thanks" to loyal shoppers. "It's an easy way to say thanks for shopping with us that's pretty powerful," says First Data's Hursta.

**3. PARTNERSHIPS:** Partner with other merchants or reward programs, like Shopkick or Viggle, to broaden reward offerings, says Giftango's Nelsen. —PATRICIA ODELL