

SNAPSHOT:

» Incentive Cards

The incentive and loyalty gift card market in the U.S. is estimated at about \$22.7 billion, according to the Incentive Research Foundation's most recent report. The economic downturn dampened incentive program growth worldwide when company budgets were under pressure, but growth is resurging in the wake of the recession.

Closed-loop prepaid rewards cards have the largest share of all types of rewards cards, but open-loop gift cards are growing in popularity. But closed-loop retail cards continue to command attention. With the economic downturn and the rise of Internet shopping, retailers in the U.S. and Europe are recognizing the power of gift cards to bring foot traffic into stores, which is helping generate fresh interest in programs harnessing closed-loop retail cards.

In the U.S., corporate clients are looking for more digital incentive cards with an immediacy factor for driving quick results that can be analyzed to sharpen marketing tactics. In Europe, clients have shifted spending from pure sales incentive rewards programs to rewards that are more focused on engaging the individual employee in broader corporate goals, such as training and professional development. Overall, corporations are seeking incentive programs that trigger a specific, immediate and measurable action from target recipients, and emerging themes include digital platforms for greater customization, social networking and an eye toward the global market.

CONSUMERS' MOST-PREFERRED TYPES OF REWARDS

74% Open-Loop

17% Cash

8% Closed-Loop Retail Card

SOURCE: Incentive Research Foundation and Incentive Gift Card Council, "B2B Gift Card Market Study" (2012).

NEW TECHNOLOGY, NEW CAPABILITIES

For companies looking to invest in corporate incentives, new technologies and marketing opportunities abound, including:

- More customized rewards cards, such as e-gift cards easily tailored to specific marketing or motivation goals
- Technology to immediately trigger loading of rewards funds when end users perform a specific action, such as a product trial, demonstration or review
- Voiceover greetings built in to rewards cards to convey specific message or reinforce brands
- NFC, "tap to pay" capabilities
- Real-time funds-loading and response-measurement
- New tools to measure and analyze rewards program response

PREPAID INCENTIVE CARD TRENDS IN CANADA

Corporate usage of incentive card programs rose in 2013, with 75.3 percent of Canadian companies polled saying they used incentives to motivate and reward employees, customers and channel partners, up from 65 percent who said so a year earlier.

The majority, or 62.4 percent of respondents, said using prepaid incentive cards helped them gain an edge over competitors, compared with 53 percent who said so a year earlier. In addition, 42.5 percent of respondents said they used incentives for referrals to acquire new customers and employees, up from 36 percent who said so a year earlier.

SOURCE: Berkeley Payment Solutions, "2013 Canadian Incentive Trends Survey."



Prepaid MasterCard card from Swift Prepaid. Image courtesy of Bancorp.

U.S. INCENTIVE CARDS IN ACTION

\$8.5 billion Sales Incentives

\$7.3 billion Employee Recognition Programs

\$5.2 billion Customer Incentives

\$1.7 billion Channel Sales Programs

SOURCE: Incentive Research Foundation and Incentive Gift Card Council, "B2B Gift Card Market Study" (2012).

EXPERT INSIGHTS



SUPER-TARGETED INCENTIVE CARDS ON THE RISE

Opportunities are growing for corporations harnessing restricted network incentive cards for highly targeted marketing promotions limited to a location, group, venue or experience, with the ability to restrict usage down to a specific merchant terminal. Companies are using "action-triggered" cards—zero-balance open- or closed-loop prepaid cards—that instantly are loaded with funds when a consumer completes a product demo or product registration, for example.



WAR ON PAPER CONTINUES

Companies continue to shift rewards from paper-based checks and certificates to electronic prepaid vehicles, which provide a lower-cost, automated way of delivering rewards through the merchant system most common to customers.



DEMOGRAPHICS MATTER

Young adults expect more rewards and also expect rewards to be delivered immediately because they have grown up with choices, brands and technology that demand instant gratification.



GOING GLOBAL

As the prepaid industry matures, the need for unified global prepaid programs is on the rise to serve multinational companies. Multicurrency prepaid card solutions are growing in demand in North America and Europe, the Middle East and Africa.



MOBILE WALLET TREND COMING TO INCENTIVE CARDS

The movement toward mobile wallets is driving interest in e-gift cards that can be sent to a consumer's mobile phone. Ideally, consumers can redeem their e-gifts with their phones at the POS, and though few retailers have this capability now, instant e-gift redemption is expected to rise soon.



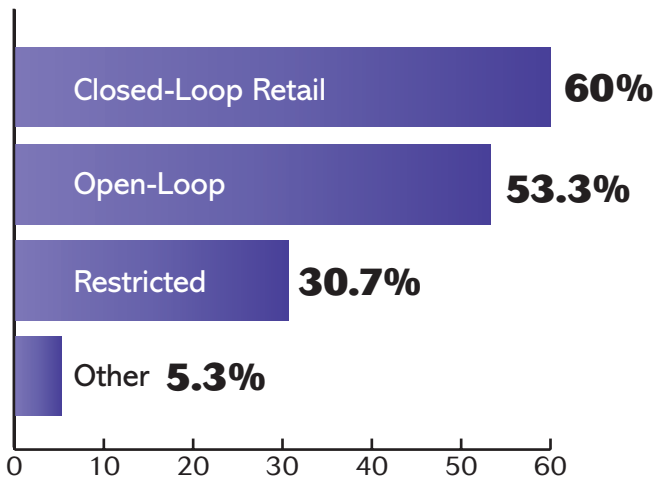
INCENTIVE CARDS MEET SOCIAL NETWORKING

Social networks are a growing force in gift cards, accounting for \$1 billion of \$100 billion of U.S. gift card sales in 2011.

SOURCES: Paybefore interviews with executives from Aimia, Citi, First Data, Gifted2you.com, Incentive Marketing Association, InteliSpend, Loyalty360, Maritz, Parago and StoreFinancial Services.

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MOST COMMONLY USED FORMS OF U.S. INCENTIVE GIFT CARDS



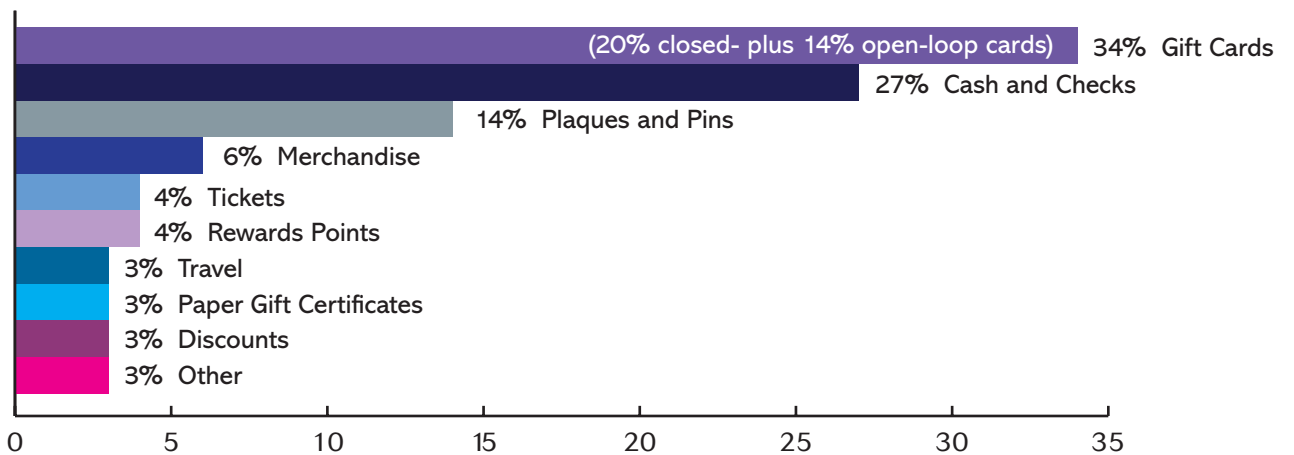
SOURCE: Incentive Research Foundation and Incentive Gift Card Council, "B2B Gift Card Market Study" (2012).

NEW BRAND MARKETING OPPORTUNITIES

Enhanced technology and the capability to capture precise data about how rewards are redeemed are revolutionizing marketing opportunities for corporations. The newest types of incentive cards enable corporations to:

- Integrate rewards programs within marketing programs to be more closely associated with specific brands and products
- Promote and deliver rewards through new venues, such as social media, email and at events
- Create quick-turnaround rewards programs consumers can use at any POS
- Gather advanced data-reporting from incentive card program managers

B2B INCENTIVE SPENDING



SOURCE: First Data, "Prepaid Business Incentive Card Study" (Fall 2012).