CONSUMER PROMOTIONS EBOOK

THE GUIDE

TO LAUNCHING YOUR NEXT CONSUMER PROMOTION USING PREPAID CARDS

How to Incorporate Prepaid Card Solutions to Maximize Your Next Consumer Incentive or Promotion Program

DCR STRATEGIES INC.
INTRODUCTION

The Prepaid Card is all about convenience and freedom of choice. It allows recipients to redeem their rewards their way—at millions of merchants worldwide. The cards also deliver significant cost savings, while improving the efficiency of your organization’s customer incentive or promotion programs.

What is a Prepaid Card? and how can it help my business?

A prepaid card combines the benefits of both debit and credit. Just like your credit card, prepaid cards can be used anywhere that Mastercard® or Visa® is accepted. That means you can use a prepaid card to make day-to-day purchases at stores, online, and virtually anywhere in the world.

However, they are also comparable to debit cards, since you can’t spend money that you don’t have; you can only spend the amount that has been loaded on the card.

What is the difference between prepaid and a debit or credit card?

Prepaid cards function much like a debit/credit card, except they are not connected to a bank account and you can only use the amount preloaded on the card. There is no actual credit attached to a prepaid card giving you better management of how much money is being authorized, loaded and spent.

Since you are not actually borrowing money, there is no credit check required during the application process. Prepaid cards do run on the credit card rails, though, so you will be able to shop at places that don’t accept debit cards. It’s truly the best of both worlds, making them great for corporate promotions.

Prepaid is the fastest-growing form of payment in the United States

With more than 50 percent of people buying a prepaid card for personal use in 2015, compared to 19 percent in 2008. In 2003, prepaid cards accounted for 800 million transactions worth $20 billion. In 2012, the numbers increased to 9.2 billion and $220 billion, respectively. And these numbers are only going up.
Prepaid Card Types
Before you launch a prepaid program, it is important to note the different types of cards available.

Non-Reloadable Cards
The one time use card, or non-reloadable card is by far the most popular option used by companies. A non-reloadable card is essentially a disposable gift card—once the card is out of money the “single use card” can no longer be used. Great for one-off promotions, rebates, sign-up, or purchase incentives.

Reloadable Cards
Unlike a non-reloadable prepaid card, which acts much like a store gift card, reloadable cards can be reloaded with additional funds at any time. They are loaded electronically, making them a great option for on-going loyalty, rewards or incentives programs.

Closed loop-cards (Restricted Access)
Closed loop cards have a unique benefit in that they can only be used at specific merchants. Using Merchant Category Codes (MCC) these cards can be restricted, meaning they can only be used at certain merchants, terminals or locations. Great for loyalty and incentive programs where redemption is restricted to a single company’s products and services.
Promotional Cards
This is a broad term used for all prepaid cards that are funded by businesses for promotions and rewards. Great for any type of promotion, rebate, incentive or loyalty award. They can be either single use, or reloadable - perfect for spending on whatever your customers' desire!

Non Promotional (GPR) Cards
These types of cards are often called “general purpose reloadable” (GPR) cards. They are personal-use cards paid for by consumers, often used as gifts or for making online purchases. Unlike promotional card programs, GPR cards are loaded with personal funds by the cardholder.

Virtual Prepaid Cards
A virtual prepaid card has the same functions as a physical prepaid card except that it can only be used for online purchases. These “cards” can only be loaded by the issuer and cardholders can instantly receive their card numbers via email. Virtual cards facilitate the customer’s online shopping experience by making it safer and more convenient for them to make purchases.

- NO ATM (Cash Access)
- Online Purchases ONLY
- Treated as card not-present

Great for online promotions - or bridge the gap between online and offline by offering a virtual card in-store!
According to a recent Leger survey, 55% of Canadian consumers would consider using an open-loop prepaid card after learning about the benefits.

Customized cards are proven to have a positive effect on your program. Showcase your brand on the card to drive engagement and increase brand exposure!

Card Customization and Design

Custom designed cards: These are branded cards that are customized with a company logo or other design features of your brand printed on the card. This option is available for multiple types of programs and provides your company with free advertising every time the card is used.

Non-branded prepaid cards: These cards have a standard design. They don’t include the client/company’s logo or other branding features. However, a customer can personalize the prepaid card by having their name embossed on the front of the card.

Get Creative!

Integrate your brand into every aspect of the program. Companies like Transat use prepaid cards for loyalty, incentives, giveaways, rebates, and more.

- Program Collateral
- Email Marketing
- Card Login Portal
- Carrier & Brochure
1. How do I use a prepaid card?

If you’ve ever used a debit or credit card before, you’ll know the drill: give the cashier/merchant your card, or swipe the card through the terminal yourself. Please ensure you have sufficient funds in the account, plus any applicable fees related to the transaction. If you are using the card for an online purchase, you will have to enter your card information, as well as any personal details the vendor requires, similar to making a credit card transaction.

2. Where can I use my prepaid card?

Since a prepaid card can be used anywhere that Mastercard or Visa is accepted, there are millions of opportunities to shop all over the world, including retail stores and online. Depending on the type of program you want to run, you may want to issue cards that can only be used at specific locations, or alternatively a single-use card that can be redeemed anywhere.

3. Loading money onto prepaid cards

Loading money onto a prepaid card is easy, because there are so many different options. Some cards are loaded by the prepaid card owner themselves, while others are loaded by an employer, business, merchant or government agency. Here are some of the loading options available:
Fees and Tolerance

It is important to know the different ways your customers can use the card before you launch your Prepaid Program.

What kind of fees apply to a prepaid card?

Make sure to check the terms and conditions of your card to see what fees may apply. Typically, prepaid card fees are actually lower than the cost of maintaining a traditional chequing account, and prepaid cards do not require you to keep a minimum balance in order to avoid monthly fees. The great thing about a prepaid card is that, unlike a credit card, you don’t have to worry about interest charges. Depending on your card setup, different types of fee structures can be offered.

Types of fees:

- Load Fee
- Activation Fee
- ATM Fee
- Maintenance Fee
- Replacement Fee

Ensure that you have enough money on your card to account for fees and tip tolerance.

Prepaid card tolerance applies to all prepaid cards.

Tip Tolerance:

A tip tolerance is an extra amount charged to your prepaid card to account for tips at places such as restaurants, bars, and salons (places that typically require tips for the service received). The tip tolerance could account for up to an extra 20% on your bill. For example, if your prepaid card is loaded with $30 dollars and your bill is $29.50, chances are your card will be declined since it wouldn’t have enough funds to cover the tip. Mind you, tolerances don’t apply to other places such as retail or grocery stores.
Prepaid Benefits

**Easy To Use And Accepted Virtually Anywhere:** Use a prepaid card the same way you would use a debit or credit card. The cards work the same as typical credit and debit cards, and offer a more secure alternative to cash.

**Easy Disbursement:** With prepaid cards, disbursement of funds is made easy. Load funds online through a virtual portal, where funds are seamlessly deposited onto the card immediately. Even better, the cards are reloadable, giving you the option to reload as you see fit.

Forget about waiting for a cheque to arrive in the mail—with prepaid, funds are ready to be used as soon as they are loaded onto the card.

**No Credit Needed:** Although a prepaid card has all the advantages of a credit card, you are not actually borrowing money; therefore no credit check is done during the application process! It is impossible to go into debt when using a prepaid card. Similar to a debit card, with a prepaid card you are using only the money on the card.

**No Bank Account, No Problem:** Prepaid users do not need to have a traditional bank account in order to apply for or use the card.

"Prepaid cards are the fastest growing form of payment"

**Easy Access:** Access your funds online or at an ATM machine (most ATM machines accept prepaid cards). You can also manage your funds online via an online portal, which allows you to have full control over your spending.

**No Overdraft Fees:** This is where prepaid cards differ from debit cards—no overdrafts. In other words, you can never exceed the amount you’ve deposited on your prepaid card.

**Zero Liability:** Just like with other MasterCard or Visa cards, open-loop prepaid cards offer zero liability protection against fraud, theft, and other financial crimes. Also, if you lose your card, your balance stays the same. So don’t worry; your money is in good hands.
Perfect for Travel:

The travel prepaid card is convenient for people who are traveling since it replaces traveler’s cheques or the need to carry large amounts of cash.

Reporting:

Benefit from full visibility of your account and all your payment transactions. Reporting can be customized according to your needs, providing all the necessary details to help you manage your money accordingly.

For businesses, reports can help provide valuable customer insight by identifying trends in activity and behaviours.
Rebate Programs:

Mobile Rebates: 82% of smartphone users agree that digital coupons are much more convenient than their paper counterparts. One great option for offering mobile rebates is the use of virtual prepaid cards. With a virtual prepaid card, consumers can redeem their rebates on their smartphones through an online launch window, allowing customers to redeem their rebates with ease and convenience.

Faster Redemption: Payments to prepaid cards can be made in seconds, and are an excellent way to express to your consumers and clients that you care about their business. Fast payments will lead to repeat business, increased engagement, and a rise in consumer referrals. Online or instant redemption makes redeeming a reward or rebate an enjoyable experience, which, to the consumer, is the whole point—they want to feel rewarded for their loyalty to your business. Ensure your brand is always in your customer’s wallet with a carefully planned and executed rebate program.

Benefits:
- Easy-to-administer rebates
- Increase sales and reduce costs
- Streamline distribution of rebates and lower related costs
- Offer choice, convenience and value to customers
- Opportunity to promote a custom marketing message
- Build brand awareness

Visa or Mastercard prepaid cards are easy to distribute, easy to use and can be tracked to identify customer preferences and behaviour. They also provide ongoing advertisement of your brand every time the cards are used.

Prepaid cards are great for many types of programs such as rebates, contests, prizes, referrals, and more.
Referral and Incentive Programs

Prepaid cards are a great alternative for innovative and engaging referral and incentive programs!

Referral Programs:
There is no better endorsement than a referral. And there is no better reward than a prepaid card. Offering meaningful rewards creates another point of differentiation from your competition and opens another channel to create strong relationships with your customers. Prepaid cards are a great way to influence and motivate positive behaviours that are profitable for your business.

It’s hard to argue with the facts:
49% of U.S. consumers say friends and family are their top sources of brand awareness. People who are referred by a friend are 4x more likely to buy from a business, and one offline word of mouth impression drives sales at least 5x more than a paid impression. 92% of people trust recommendations from family and friends more than all other forms of marketing.

However, while 83% of consumers are willing to refer after a positive experience, only 29% actually do.

If you want people to recommend friends and family, you have to give them a worthwhile reason to do so. Your company must offer something of value, while at the same time expressing to the consumer that they are valuable.

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Flexible reward makes for a better experience!
From Global payments to customer loyalty engagement, DCR Strategies Inc. | TruCash brings ideas and technology together to satisfy the world’s payment and affinity needs. Our expertise, robust infrastructure and network, partnerships mean we can offer a program that can expand with your business.

For more information on any of our products or services, please visit us at www.dcrstrategies.com or contact us at:

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