

Creating & Using Gift Cards & Customer Loyalty Cards with a Point-of-Sale System

They are small, plastic cards, brightly colored and even some are partly transparent. They have a magnetic strip on them. You have seen them all over and might possibly have one or two in your wallet. They look somewhat like a credit card and are available in supermarkets and most major retailers. They are Gift Cards and Loyalty Cards and if the major retailers think they are one of the greatest marketing tools ever known, why are not you using them?

Quick definitions: Gift Cards are purchased by your customer for a variable dollar amount and given as a gift to another person who comes to your business and can purchase up to the value of the card, with the card as a payment type, it is swiped like a credit card. Loyalty cards are cards that identify a customer as part of a business' loyalty or rewards program that either give customers a special price or give customers who purchase some set amount a special "reward". Then there also, "Store Credit" Cards. Instead of giving back cash for a store return the customer is given a credit toward future purchases in the store; it is a sort of Gift Card to yourself, to use it you have to come back to the store.

Okay so we know what we are talking about, here are some tips on designing and printing your cards, as well as, how to implement a gift card or loyalty card program

First, front of the card design considerations. Take advantage of the fact you can print the front of the cards in full color. Use your company logo and name to build "brand loyalty" that is help people to identify your business name and logo with your products and services. Do not put a lot of "copy" word, verbiage on the front of the card you will plenty of space on the back, printed in black and white, for that. Also, more specifically, keep the card generic, don't print the words, "Gift Card" or an amount. Why because the same card can be used for not only a Gift Card, but as a Loyalty Card and as a Store Credit Card. The same card! That is a lot of marketing mileage.

"Marketing Mileage"? Yes, marketing, advertising for your business. Every time that card is taken out and viewed as a customer sorts through their wallet or purse they get the positive impression of your business. Each viewing is what advertising professions call an "impression" and advertisers pay big bucks in the form of print ads in newspapers and

magazines to get those "impressions" your will cost less than a dollar a card.

Still under the topic of design considerations is customization. Two points here. You can use peel and stick labels printed from your standard computer printer to mark the cards as gift, loyalty or Store Credit card if you think you have or to denote a gift amount. You can also have printed a card carrying an envelop or folder to put the card in that will be less expensive than the card and is something a somewhat creative person can do themselves.

Second, the all important back of the card. By standard convention most commercial printers print black and white on the back of the card which also has the magnetic strip. There is no technical reason not to print color it is just that it is less expensive and there is that strip across the entire card messes with a design.

Things to consider here are to make sure you have all your business contact information here if it is not on the front and put it down again just for clarity. Also, include the statement that the card remains the property of the business. This allows you to get the card back and reuse it. A very environmentally "green" concept.

Now some technical stuff. If you have a quality Point-of-Sale system provider they will be your source for the cards themselves so you will not need to worry about this but if you need to you can do it yourself.

By standard convention all magnetic cards have three "tracks" of data. And magnetic card readers come as 3 track readers that are programmed, depending on the software being used, as 1 track, 2 track or 1 and 2 track readers in most POS applications.

So you need to know what kind of magnetic strip reader you will be using and what track to program on the cards. You will also need to know if any leading or following characters are needed. Such characters are used often to denote the end of a line of information or a carriage return that your software will need. If you are unsure of the technical requirements check with your Point-of-Sale system provider and you may need to have your printer send you blank test cards to test in your POS system.

Now what do you program on the cards? Use a 8 to 12 character long number that is randomly generated. That is you will be printing 500 to 1000 cards at a time and you will need a number to identify the card in your POS system. You could use a sequential number, the first card is 1 the second 2 but then someone could easily guess the next card in sequence so it is safer to use random numbers. You can easily down load a free add-on for Microsoft Excel to create these random numbers just type "Random Number Generator in the Help query box for more information.

You will then send your art work and file with the random numbers to the printer.

Finally some tips on using Gift, Loyalty and Store Credit cards. Gift cards are great as a way to provide your current customers a way to bring their friends into your business and should be actively promoted as such. Ask your customers if they have friends with birthdays or depending on your business and the specific holiday mention to your customers that giving a gift card is a great way to introduce them to your business.

On the accounting side of things remember that technically the sale of a gift card is not a current sale, it is a liability a kind of accounts payable that you owe in the future in the form of merchandise to a new customer. You would not charge sales tax on the "sale" but would do charge sales tax on the items when redeemed and the gift card is used as a form of payment. Your POS system should report the sale of gift cards separately so you can enter that information into your accounting program.

For more information on setting up and using Loyalty cards in a rewards program see our article on, Setting up and Using Customer Information for Sales & Marketing.

Hopefully this information helps get you started enjoying the benefits of these valuable tools for retailers and restaurants.

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