



# Reward System – Administration

## Introduction

The Reward System was introduced to the Community Gift Cards platform as a means to reward gift card holders for using their gift cards.

Most rewards systems in the industry require an up-front investment by businesses who want to offer rewards to their customers, requiring those businesses to purchase points for distribution.

With the Community Gift Cards system, we've done things a little differently !

For most of what you see in this document, you will be accessing the "Rewards" section of the Dashboard.

## Settings and Rewards Levels

There are 4 different levels to the Reward System. They are Bronze, Silver, Gold, and Platinum.

By default, all gift card holders are automatically placed into the Bronze level. You have the option of specifying how each of the levels are defined, based on 3 different factors:

- Dollar values for each level
- Activities – the levels may be driven just by the actual use of gift cards to pay for goods and services, or by how many points have been received by the gift card holder, or both
- Time – are the levels driven by how “often” the card is used or how “often” points are received

As an example:

- Silver: \$1,000.00, Gold: \$5,000.00, Platinum: \$10,000.00
- Activities: points are “earned” only when the gift card is actually used to pay for good/services
- Time: 6 months
- This means that the value of the points earned in the last 6 months, determine the level that the gift card holder is in. If that value is \$ 2,345.67, they are a Silver gift card holder.

You access the settings above through the “Rewards” section of the Dashboard – click on the link to “Show Settings” at the top of the screen.

When you change any of level information settings and click on the “Save Settings” button, the system first determines if there are any impacts to the number of cards that will change from one level to another.

- If there are no impacts to your changes, the system simply updates your settings.
- If there would be an impact, a pop-up screen is shown that provides you with the details of what changes will occur if you move ahead, including total # of cards (old and new) for each level, number of cards that will go through a “downgrade” (along with summarized information on what level changes there will be), and number of cards that will go through an “upgrade” (along with summarized information on what level changes there will be). You have the option at this point of going ahead with your changes (by clicking on the “Ok – Save these changes” button on the pop-up), or canceling your changes (by simply closing the pop-up or by clicking on the “Cancel” button on the pop-up).

Along with the settings above, there are a few more:

- Send Regular E-mails for Total Rewards (to **Card Holders**): your options here are “No” (the default), “Weekly”, or “Monthly”. This identifies how often gift card holders are told about what their current rewards status is. Note that an e-mail is only triggered, when there has been activity to their rewards balance in the last week, or in the last month. The e-mail contains information regarding which Level they are at, the total points on their card, and in the case where they have received such an e-mail in the past, the change to the number of points since the last e-mail. Of course, the e-mail will also contain a link to their gift card.
- Send Level Changes E-mails (to **Card Holders**): your options here are “No” (the default) or “Yes”. The system will check for any Level changes on a regular basis (at most once every 6 hours). If you specify Yes here, then when the system determines that there have been changes since the last time, gift card holders that have had their level change will get an e-mail telling them of the change. (NOTE: this **includes** times when gift card holders have been “downgraded”). The e-mail will simply contain information regarding what their new level is. Of course, the e-mail will also contain a link to their gift card.
- Send Total Points Update Notifications (to **Locations**): your options here are “No” (the default), “Weekly”, or “Monthly”. This identifies how often Locations are notified of their total rewards points status, as given by that location to gift card holders. Note that an e-mail is only triggered, when the Location in question has a new total “given” points total since the last e-mail. The e-mail contains the total number of points given (and how it differs from the last e-mail that was sent), and of that total, how many points are unvested, how many points are vested but not yet deducted from any disbursements/payments to their location, and how many points are vested and have already been deducted from disbursements/payments to their location. A link is also provided at the bottom of that e-mail to the “Reward System – How It Works” document.
- Undeducted Limit (dollars): if you want to ensure that your members/merchants don't get too far “in the hole” with respect to undeducted rewards, you can impose a limit (see the Settings section of the Dashboard). For example, if a merchant has a habit of only giving points to card holders, but not actually using those gift cards for payment, they may never “catch up” and would never have a chance of actually getting paid anything out of the system, while still giving value to gift card holders. If you set something here, this will prevent such merchants from doing so...at some point, in order to give points, they would need to actually redeem cards and have those redemptions to deduct against. We HIGHLY recommend that you set a value in this field, but if you do not (blank or zero), then there will be no limitations to how many rewards can be given by merchants without them redeeming gift cards.

## Points versus Value

Based on the Activities Setting, gift card holders earn points. Those points end up being true “value” added to the gift card itself ... dollars and cents.

One point is worth 1 cent.

There is a “vesting” function, that translates points to value ... the vesting period is 24 hours. This means that 24 hours after the points are earned, true value is added to the gift card based on those points. This vesting function prevents a gift card holder from using the points that they have just earned, to purchase other goods or services right away.

Vesting occurs on a regular basis throughout the day.

When a reward is “vested”, actual value is added to the card in question. Note that there is a system charge to your account for that vesting, using 1 % of that value as the charge. As an example, if the points translate to \$10.00, then the system charge will be \$0.10, and this value will appear in the “Balance” section of the Dashboard.

## Location / Merchant Options

By default, any new locations in the system will \*not\* be able to give points to gift card holders.

Your locations can choose whether they want to give points or not. When they do give points, a special icon is shown next to their business in the Marketplace, which gift card holders use as a means to see where they can use their gift cards. Some special highlighted text is also shown next to the icon.

If a location has competitors in the same business category as theirs in the Marketplace, having this special icon allows their business to stand out. Gift card holders are more apt to do business with those that offer rewards, than those that do not.

The rewards that locations offer, are a percentage of the transaction value, and that percentage can change by Level.

Example:

- Bronze: 5 %, Silver: 10 %, Gold: 15 %, and Platinum: 20 %
- In this example, the location is offering increasing rewards for those gift card holders that use their gift cards the most. A location could choose to reverse this – that is to say, the location may want to reward those one-time customers the most to help bring them to their door again in the future, while still providing rewards to repeat customers to perhaps a lesser degree.

You as the administrator have full control of these settings for all of the locations in your network. Simply go to the “Marketplace” section of the Dashboard, and Edit the location in question. On the pop-up screen, you can choose what percentages for each level. Note that you cannot have both a Discount plan, and a Rewards plan, for a given location. A location can either provide discounts, or can provide rewards, but not both.

## Reporting

In the “Rewards” section of the dashboard, under the Settings section, there are two other sections:

### Current Levels

This section shows you how many gift cards are currently in each level, and the total (vested) dollar amount that was actually added to those gift cards since the beginning. To view all of the gift cards for a specific level, click on the “Show Details” button beside the number of cards. Note that if there are a lot of cards in a level, the system could “time out”, so pay particular attention to the numbers before clicking on the button.

### Reporting

This section allows you to get a view of the activity that has happened in the rewards system. You can choose to show summary information, or detail information (by putting a check-mark in the “Show Details” box). You can also choose to only display Vested rewards (the default), or to show both Vested and Unvested rewards. You can also choose to see which rewards have actually been deducted from disbursements or not. You can also choose what “time-frame” that you’re interested in ... this will be the time-frame that the reward was actually “generated” in the system.

## Giving Points

Individual locations will be giving points to gift card holders when those holders are at their place of business.

Gift card holders can choose to either use their gift card to pay for goods and services (and also get rewards), or to just present their card to collect rewards (perhaps when their card doesn't have enough balance to cover those goods and services).

Locations follow the process they normally follow, by scanning or otherwise zooming into the card in question. The screen that shows the current balance, already has a "Redeem an Amount from the card" button – if the holder is using their card to pay for goods and services, the location will use this button.

When the location gives points, for the level of the card presented, an additional button will show entitled "Give Rewards Points" - this would be used in the second scenario (the gift card holder only wants the points and is not using their card to purchase anything).

### Redeeming a card

The card redemption process is essentially the same as the location has always followed. When the location offers rewards for the specific card in question, however, an additional field is shown entitled "Rewards Based On" ... in this field, the location needs to provide the dollar value of what the gift card holder is purchasing, **minus any taxes**. Another way to explain this is that the Amount to Redeem field (which locations have always used to enter the full transaction amount), already reflects any taxes that they collect, but the location does not want the gift card holder to earn points/rewards on those taxes, so the Rewards Based On field should be populated with the pre-tax amount.

The system will determine the correct amount of points based on the values provided, and those points will be given automatically to the gift card holder.

Note that if the location has "stored" items in the CGC system, including pre-tax and full price, the location will simply need to select which items are being purchased, and the system will automatically calculate and populate the redemption amount as well as the rewards based on amount.

If instead the location is integrated using a Webhook (an interface between the CGC platform and a system that the location is using), that Webhook could also provide pre-tax information and the system here again will automatically calculate and populate the redemption amount as well as the rewards based on amount.

### Giving points without redeeming a card

The second scenario might be that the gift card holder's card doesn't have enough balance to cover their purchase, but they do want to earn points/rewards in order to get some additional balance on their card. Similar to the redemption process, the location will access their card using the system, but instead of clicking on the "Redeem an Amount from the Card" button, the location will click on the "Give Rewards Points" button ... when they do so, they simply need to enter the "Purchase Amount" field with the pre-tax amount on which the rewards should be based. Once they click on the "Ok – Give Points" button, the system will do its thing and points will be given to the gift card holder.

NOTE: This is where the "Undeducted Limit" setting is important. In order to limit locations from only doing rewards give-aways and not actually redeeming cards, you can set a limit on how much value is "undeducted".

## Financial Implications

As stated in the Introduction section, we do things a little differently here at Community Gift Cards. Locations do not need to "purchase" points ahead of time, like most other rewards systems. Locations can start giving points as soon as they're set up in the system !

So you might be wondering who "funds" the points/value that gift card holders receive.

Well, as you know, with the Community Gift Cards system, when gift card holders actually use their gift cards to pay for goods and services, disbursements are made to those locations using the direct deposit approach.

Now, for any locations that have given points, the "value" that was given to the gift card holders, at their places of business, are simply deducted from the amounts that would normally have been deposited into their account.

The system keeps track of which points were given by which locations, and which points have already been deducted from any "disbursements" to them.