



# The Ogloba B2B Gift Card Platform: White Paper

## 1. Overview

The B2B, also known as the incentive card market, represents a large portion the global gift card market. Corporate sales of gift cards are attracting new customers, reaching new markets, growing brand awareness, and developing new revenue streams for a wide range of businesses. In the US, it accounts for about 30% of the sales while in Europe and Asia, it reaches 50% to 80% of the cards sold. The global market is estimated around US\$ 60 billion.

Gift cards are a popular option for firms seeking to reward and recognize their employees or third parties. 52% of US businesses use gift cards or pre-paid cards to reward or incent employees (63%), sales people (31%), channel partners (3%), or customers (37%). Incidence of gift card programs increases with the size of the company (Incentive Research Foundation, 2012). Large firms have an average budget of US\$ 151,000 for gift cards for the programs they manage. The reason gift cards are so popular is that they are convenient, desirable, and are offered by a variety of retailers, with a number of face values.

## 2. Flexible, convenient, global

Most obviously, gift cards can be used to reward employees. General employee rewards include: spot rewards for work completed above and beyond the call of duty; survey participation; date of hire/anniversary gifts, birthday, wedding, end-of-the-year or holiday gifts; length of tenure awards; or new employee referrals, etc. Closed loop gift cards are largely preferred to other types of rewards due to closed-loop cards flexibility and convenience, the ability to tailor the reward to the individual employee while still offering them some discretion in the specifics of redemption, and the fact that closed-loop cards are not subject to taxation or commission charges the way open-loop cards are.

Gift cards have myriad other uses. For example, call centers often use gift cards to say “sorry”, to ease customers service issues such as excessive waiting times to be connected to an operator or miscues in the automated connection process, and when a customer becomes increasingly dissatisfied during the call center process.

Electricity supply companies such as UK Power Networks, a supplier of power, natural gas, renewable energy and energy management products and services for homes and businesses, offer “refer a friend” programs, where they give gift cards as an incentive to sign up customers’ friends and families. UK Power Networks has gave new residential customers more than £5 million in gift card incentives over the last year.

Generally speaking, gift cards are used as incentives – especially in the insurance industry – as a reward for lead generation and sales activities, as referral gifts and “thank-yous” to customers for signing new contracts or policies or adding assets to a contract or a policy, to incent consumers to keep an appointment with a sales representative, as part of internal corporate incentive programs, externally as part of customer cost lowering strategies, and as a reward for completing service or sales process questionnaires.

In addition, B2B cards are also used for charity and funds raising, social rewards, credit card rewards (cashback), and restricted international funds transfer to friends and family. The American Red Cross launched a campaign called “Give a Little, Buy a Lot”, which was designed to increase

blood and platelet donations during the holidays. In that particular campaign, donors had a chance to win a gift card.

Carrefour has built a free money transfer corridor between its stores in the Gulf region and Indonesia, where many workers in the Gulf originate from. The workers buy Indonesian cards at the Carrefour hypermarket checkouts in Saudi Arabia and transfer them back to Indonesia, free-of-charge, for their relatives to redeem.

Many companies in Asia have a lot of employees to keep motivated. They buy gift cards in bulk to have on hand as a “spot reward”, which is rewarding employees immediately for their exceptional work or cross-functional efforts. When they say “thank you” with spot rewards, employees are able to understand the reason why they were rewarded and are incited to continue to work above and beyond in the future. Most of the employment contracts include the benefit of gift cards at, for example, Chinese New Year. Carrefour, the world's second largest retailer, has promoted B2B extensively with the technical support of Ogloba. In its Asian operations, B2B gift card sales represent up to 15% of global sales, meaning that 15% of retail sales at the checkout are paid for with closed loop B2B gift cards.

In Europe, B2B cards are often bought by work councils or workers unions taking advantage of social regulations which differ in each country. In the Middle East, B2B cards are commonly used as promotional items by the corporate clients or suppliers of the retail chain to launch new products such as newspaper subscriptions and air miles redemption. They are named “Promotional Cards”. Locked gift cards can be distributed with a magazine or other channel, to reach the target audience. Recipients must register online to activate the card, immediately populating the database with new customers. The unlocked card brings in the customer to make their first purchase. These cards can be “Mystery Cards” whereby the value is not printed on the card so it remains unknown to the customer. Customers only learn the coupon value when they redeem it. Cards can also require a minimum purchase to be redeemed.

### **3. The Ogloba Solution**

Ogloba has developed a breakthrough technology that can manage and support any B2B program from the issuing of the cards to the acquiring of the transactions. Unlimited numbers of B2B accounts, and cards suppliers can be created with self-serve online storefronts. Our powerful campaign management solution supports flexible PAN management, open value cards, reloadable and multiple redemption cards, virtual gift cards, and mobile gift cards with audio, photo and video messages. The B2B solution centralizes the procurement of cards from multiple vendors, the reconciliation of the suppliers invoices, the inventory management in multiple locations, B2B contracts management, the pricing including volume discount and yearly rebates, order taking with approval layers , invoicing and payment tracking, as well as the accounts management.

Ogloba gives merchants a variety of turn-key program management options such as order budgeting with discount inclusion, immediate or scheduled partial delivery, and a tracking system with deferred unlocking of the cards. The integration with legacy systems like SAP is seamless. All functions menus are customized to be accessible by anyone in the organization from the CFO to the intern via a web browser. Monitoring is in real time and reports are generated automatically, or on demand.