

PEOPLE PREFER PREPAID



2013 shopper reward preference study

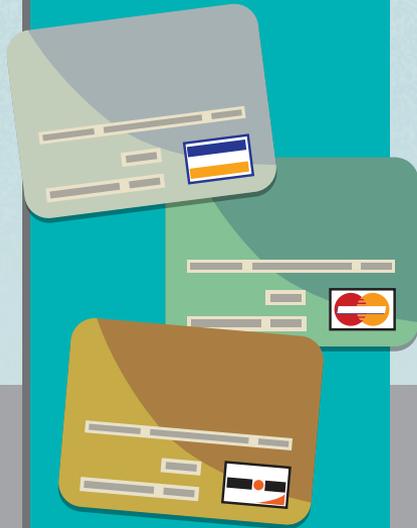
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give the people what they want

prepaid cards are
**POWERFUL
INCENTIVES**



Today's economy is forcing every industry to find new ways to increase sales and subscriptions. That's why it's more important than ever to know what can truly change consumer purchase behavior.

across the board, shoppers want prepaid card rewards

This discovery is not surprising. After all, prepaid cards offer the convenience of cash because they are accepted at millions of locations worldwide. Plus, they can be spent almost anywhere, unlike retailer-specific gift cards or bill credits.

consumers still prefer physical — not digital — rewards

In an era of showrooming and online shopping, this fact surprised us. But it makes sense. Digital wallets are not yet widely adopted. And finding the right eGift Card while shopping is still a path-to-purchase interruption for all but the most savvy consumers.

the bottom line: consumers view prepaid cards like cash

Everyone likes cash, right? It's the one reward that feels like "extra money" to spend at will. Plus, there's one additional benefit for you: a branded prepaid card keeps your business top-of-mind every time a consumer uses it.

I invite you to read this new study.

If you have questions or want further insights,
please contact me directly.

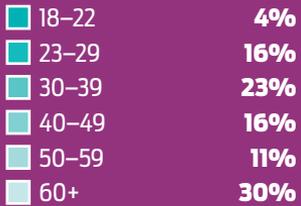
Theresa Wabler

Global Director of Marketing

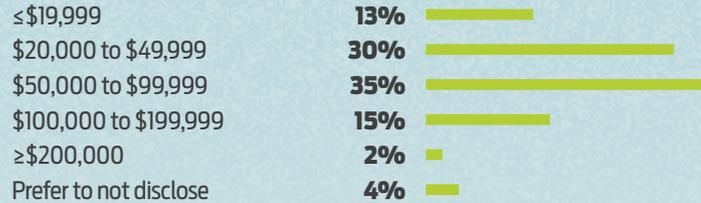
972.538.3902

theresa.wabler@parago.com

AGE



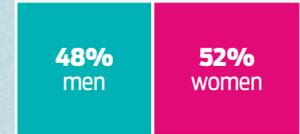
HOUSEHOLD INCOME



EMPLOYMENT



GENDER



OWN VS. RENT

66% own 34% rent

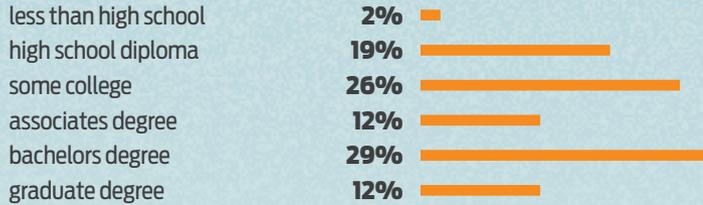


1,477 TOTAL RESPONDENTS

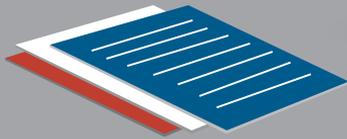
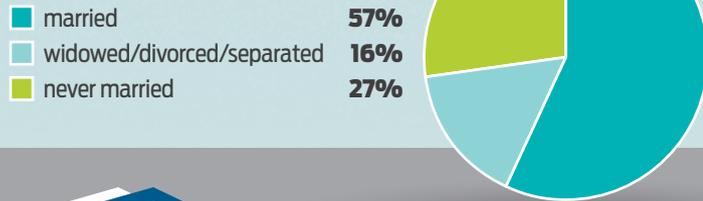
METHODOLOGY



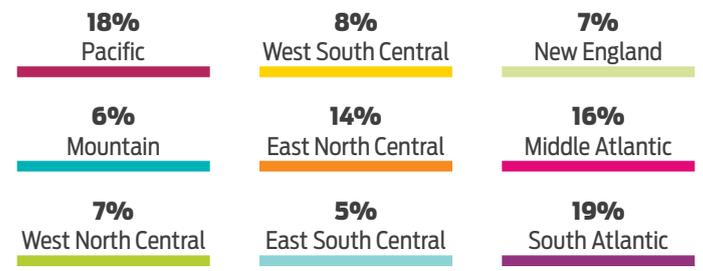
EDUCATION



MARITAL STATUS



REGION



2 OUT OF 3 SHOPPERS prefer physical cards over digital cards

**OVER
50%**

of shoppers prefer
prepaid cards over
Amazon gift codes

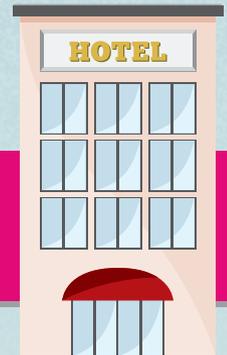




2X more consumers will pick a cable, internet or utility provider that offers a prepaid card reward



Most single-cup coffee maker buyers prefer **prepaid cards** over all other rewards



For **hotels**, a prepaid card reward is **4X more powerful** than 50% off a third night

2X more car buyers prefer a \$200 prepaid card over a \$250 instant discount



62% of replacement tire purchasers prefer a cash reward on a prepaid card

people still prefer plastic



more than
2 out of 3
shoppers
prefer physical cards
over digital cards

PLASTIC VS. DIGITAL

\$25 reward

31%
prefer digital

69%
prefer plastic

\$50 reward

29%
prefer digital

71%
prefer plastic

\$100 reward

26%
prefer digital

74%
prefer plastic

the higher the reward value, the stronger the preference

prepaid cards even beat Amazon gift codes

shoppers **prefer prepaid cards** over any other gift cards or codes



PREPAID VS. GIFT CARD

If you are offered a \$25 reward, what would you choose?



If you are offered a \$50 reward, what would you choose?



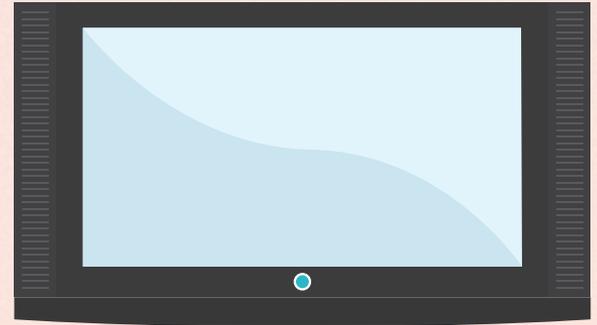
If you are offered a \$100 reward, what would you choose?



subscribers switch for prepaid cards

overall, **2X more customers** prefer a \$200 prepaid card instead of a \$200 bill credit

.....
only 1 in 5 want a monthly \$20 bill credit



REWARD PREFERENCE BY HOUSEHOLD INCOME

You are looking for a new cable & internet provider. You have found two similar providers in price and features. They are offering different rewards.

Which reward is most appealing to you?

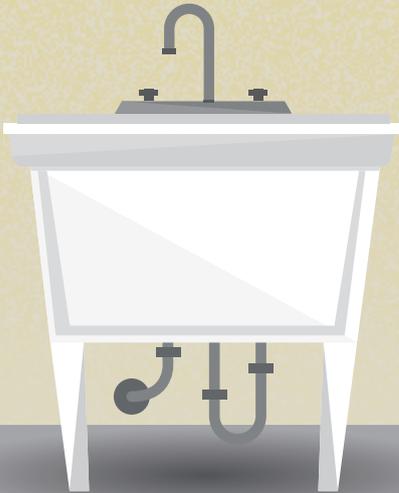
| | | | | | |
|--|------------------|----------------------------|----------------------------|------------------------------|-------------------|
| \$200 Visa, MasterCard or Discover prepaid card | 58% | 54% | 49% | 43% | 28% |
| \$200 bill credit (deducted off monthly bill in \$20 increments) | 18% | 22% | 21% | 20% | 19% |
| \$200 Amazon.com gift code | 19% | 16% | 20% | 27% | 39% |
| \$220 eCode (redeemed from online catalog of gift cards including a prepaid card and retailers such as Target, Walmart, etc.) | 5% | 8% | 9% | 7% | 11% |
| \$240 iTunes or Google Play gift card | 1% | 0% | 1% | 3% | 3% |
| household income: | ≤\$19,999 | \$20,000 – \$49,999 | \$50,000 – \$99,999 | \$100,000 – \$199,999 | ≥\$200,000 |

only >\$200,000-
income households
prefer an **Amazon**
gift code over a
prepaid card

they represent
less than 3%
of all customers



prepaid cards are more powerful



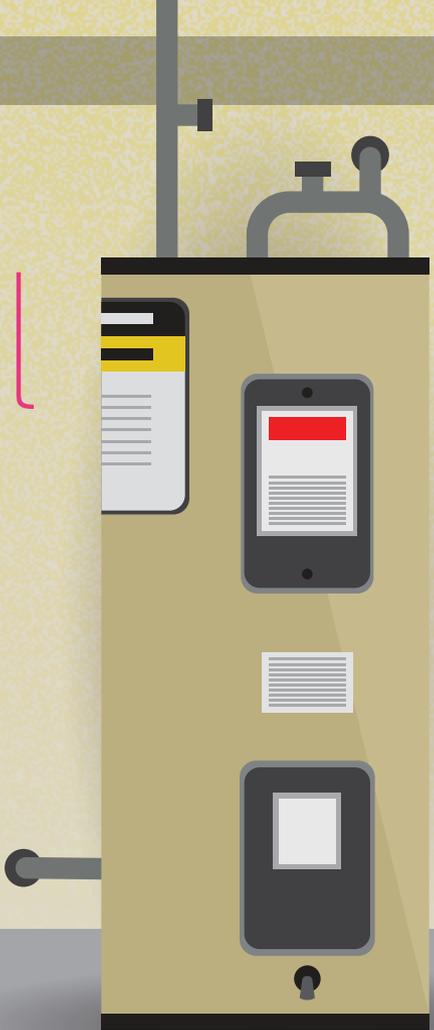
2X more customers
prefer a \$100 prepaid card
over a \$100 bill credit

.....

62% want a prepaid card

.....

only 28% prefer five \$20
monthly bill credits



REWARD PREFERENCE BY HOUSEHOLD INCOME

You are looking for a new utility provider (electricity, gas, etc.). There are two similar companies in your area that offer the same service, rates and have similar reputations. Both companies are offering rewards.

Which reward is most appealing to you?

| | | | | | |
|---|------------------|----------------------------|----------------------------|------------------------------|-------------------|
| \$100 Visa, MasterCard or Discover prepaid card | 72% | 62% | 62% | 55% | 56% |
| \$100 bill credit (to be deducted off monthly bill in \$20 increments) | 24% | 30% | 29% | 27% | 17% |
| \$200 in tickets to your local MLB/NFL team | 1% | 4% | 6% | 12% | 22% |
| 10,000 air miles (from American Airlines, United, Delta, etc.) | 4% | 4% | 4% | 6% | 6% |
| household income: | ≤\$19,999 | \$20,000 – \$49,999 | \$50,000 – \$99,999 | \$100,000 – \$199,999 | ≥\$200,000 |

for >\$200,000-
income households,
tickets to local
MLB/NFL events
is second

however, **56%** of
them chose prepaid
cards as their top
preference



drivers like money, not discounts

a **\$200 prepaid card** is preferred 2X
more than a \$250 instant discount

.....
prepaid card rewards are also
preferred 2X more than a \$200 fuel card



REWARD PREFERENCE BY HOUSEHOLD INCOME

You are looking for a new car. There are two similar models you are interested in from different dealers. Both dealers are offering rewards for purchasing or leasing a new vehicle.

Which reward would you prefer?

| | | | | | |
|--|------------------|----------------------------|----------------------------|------------------------------|-------------------|
| \$200 Visa, MasterCard or Discover prepaid card | 48% | 42% | 45% | 40% | 33% |
| \$200 fuel card good for purchasing gas at a top brand (Shell, Exxon, Mobil, Texaco, etc.) | 17% | 25% | 18% | 16% | 14% |
| \$250 instant discount off the price of the car | 21% | 20% | 21% | 21% | 8% |
| Certificate for a two-night hotel stay at a top-tier brand hotel chain anywhere in the United States | 3% | 3% | 4% | 7% | 11% |
| \$200 Amazon.com gift card | 12% | 10% | 12% | 16% | 33% |
| household income: | ≤\$19,999 | \$20,000 – \$49,999 | \$50,000 – \$99,999 | \$100,000 – \$199,999 | ≥\$200,000 |

buyers with incomes **>\$200,000** equally prefer a prepaid card or Amazon gift card

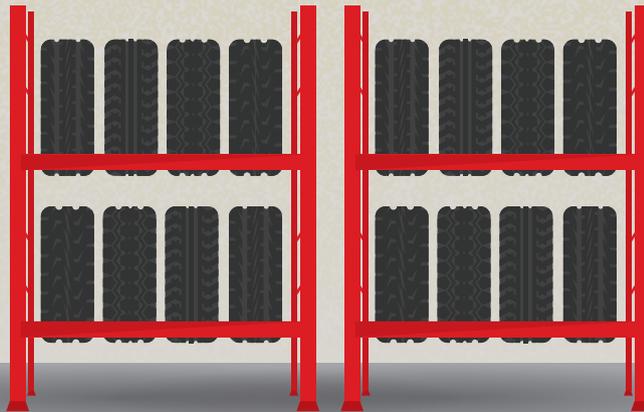
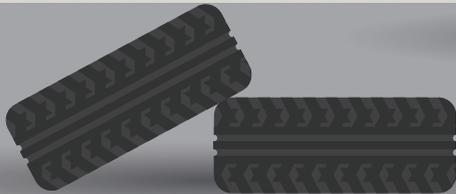
33% would choose a prepaid card; **33%** would choose an Amazon gift code



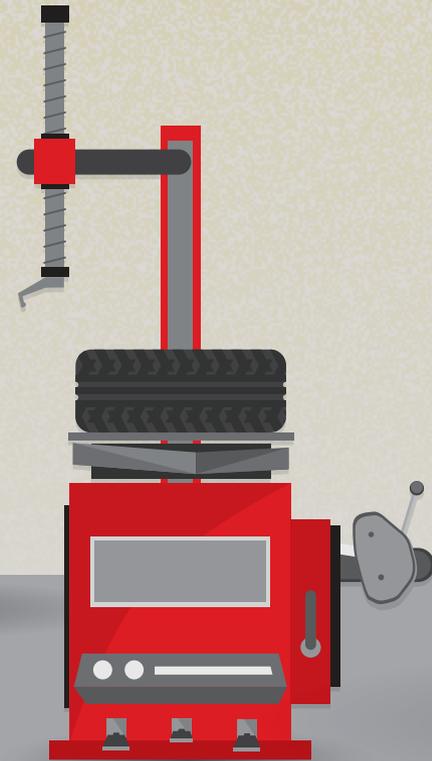
buyers go the extra mile for a prepaid card

**62% OF
BUYERS**

prefer a cash
reward on a
prepaid card



**no other incentive
even comes close**



REWARD PREFERENCE BY HOUSEHOLD INCOME

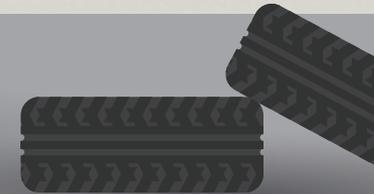
You are looking to buy a new set of tires. Two tire stores close to you are offering the same tires, with installation, for the same price. Both stores are offering an incentive to buy your tires with them.

Which reward would make you most likely to purchase at one location over the other?

| | | | | | |
|---|------------------|----------------------------|----------------------------|------------------------------|-------------------|
| \$50 Visa, MasterCard or Discover prepaid card | 73% | 58% | 62% | 56% | 71% |
| \$60 gift card to tire retailer | 7% | 10% | 6% | 6% | 4% |
| Free year of oil changes (after rebate, value up to \$120) | 8% | 14% | 16% | 23% | 7% |
| \$300 in discounts & coupons for future auto services (tire rotation, oil change, etc.) | 12% | 18% | 16% | 15% | 18% |
| household income: | ≤\$19,999 | \$20,000 – \$49,999 | \$50,000 – \$99,999 | \$100,000 – \$199,999 | ≥\$200,000 |

7 out of 10 buyers with the lowest and highest incomes prefer prepaid cards

over 56% with incomes from \$20,000–\$199,999 prefer prepaid cards



coffee's as good as cash

prepaid cards and coffee wake people up

most single-cup coffee maker buyers prefer prepaid cards over all other rewards



COFFEE MAKERS

REWARD PREFERENCE BY AGE

You are looking at two similar single-cup coffee makers. They both have the same styles and features, and are both priced at \$99.99. Each product comes with a reward.

Which reward would make you most likely to purchase one over the other?

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|------------|
| \$20 Visa, MasterCard or Discover Prepaid Card | 35% | 46% | 52% | 50% | 46% | 47% |
| \$20 plastic gift card for the retailer you would buy from | 15% | 12% | 13% | 10% | 8% | 7% |
| \$30 in free coffee to use with that machine | 50% | 38% | 33% | 39% | 45% | 45% |
| 2 insulated coffee mugs, worth \$25 | 0% | 4% | 1% | 1% | 1% | 1% |
| respondent age: | 18-22 | 23-29 | 30-39 | 40-49 | 50-59 | 60+ |

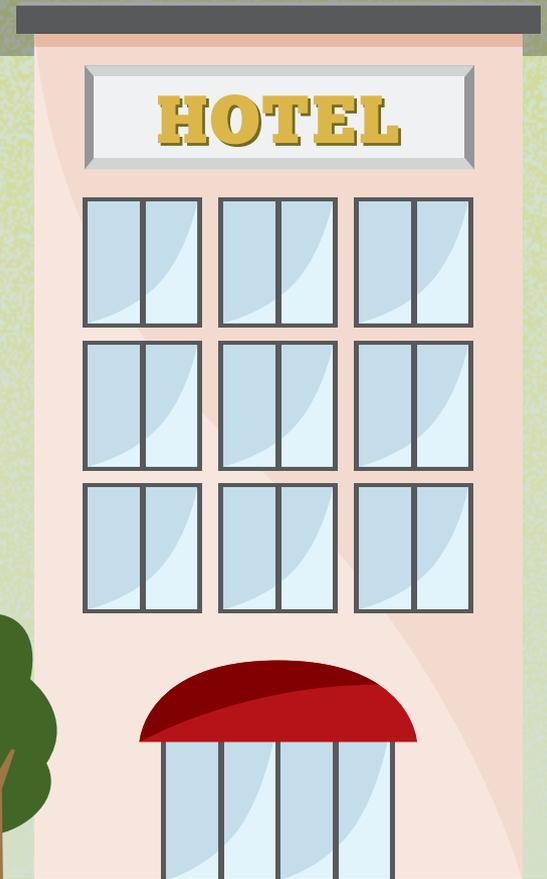
18–22 year olds prefer \$30 in coffee over a prepaid card

60+ year olds prefer a \$30 prepaid card, but coffee is their second choice



put more heads in beds

2 out of 3 people will book
for a prepaid card reward
.....
it's 4X more popular than
50% off a third night



REWARD PREFERENCE BY HOUSEHOLD INCOME

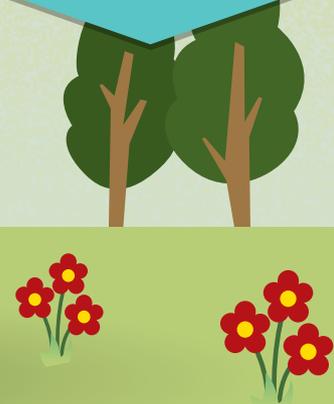
You are looking to book a hotel. There are two hotels in the location that you like. They both have 4-star ratings and reviews. They are both offering rewards for a three-night stay.

Which reward would make you most likely to book?

| | | | | | |
|---|-----------|---------------------|---------------------|-----------------------|------------|
| \$50 Visa, MasterCard or Discover Prepaid Card | 74% | 70% | 68% | 55% | 53% |
| 50% off the hotel room for the 3rd night | 15% | 14% | 16% | 25% | 28% |
| \$100 in coupons to local attractions and restaurants | 5% | 7% | 8% | 14% | 11% |
| \$75 gift card to your next stay at that hotel chain | 6% | 9% | 7% | 6% | 8% |
| household income: | ≤\$19,999 | \$20,000 – \$49,999 | \$50,000 – \$99,999 | \$100,000 – \$199,999 | ≥\$200,000 |

prepaid card rewards are preferred at all household incomes

They are most **powerful** for incomes up to \$99,000.



parago creates engaging solutions that inspire action & impact results

As the most comprehensive single-source provider of incentives and engagement, we deliver **\$2 billion in rewards** to **50 million people** worldwide each year using our advanced technology. Our relentless focus on innovation drives better results, making us the smart choice.



Theresa Wabler

Global Director of Marketing

972.538.3902

theresa.wabler@parago.com

consumer rebates & promotions

employee rewards & recognition

sales & channel management