

**Customer loyalty is hard to come by:
Technology is the answer**

CARD LINKED MARKETING

Gone are the days when a customer would stay with the same bank for 20+ years, taking out mortgages, loans and making deposits and investments. Unfortunately, with today's commoditization of bank products and services, customers are quick to move.

Loyalty programs are one of the few areas where banks can truly differentiate, engage existing customers and attract new customers reducing churn and increasing retention, customer lifetime value and therefore profitability.

Yet loyalty is hard to build, therefore many banks are working hard to improve their customers' experience as a way of building that loyalty. The more a bank can personalize their loyalty programs and give customers real time compelling offers, the better chance they have at retaining that customer. In today's competitive world, it's clear that taking a highly personalized, customer-centric approach is the best strategy for growth.

To keep customers engaged and active with a loyalty program, the program needs to provide the customer with a personalized experience. The program must be relevant and add value for that customer in an immediate way.

The most common loyalty programs being offered by banks today tend to be tedious for the customer to manage, offer no or very little capability for customer personalization and don't help the customer build a connection to the bank's brand. Traditional loyalty programs like discounts, points and cash back promotions, used to be the only option but now there is a better way.

"True loyalty doesn't just serve and preserve valuable customer relationships; it creates and inspires more valuable customers. Loyalty is a mutual investment, not just an exchange."

Michael Schrage,
Harvard Business
Review

PUTTING CUSTOMER DATA TO WORK

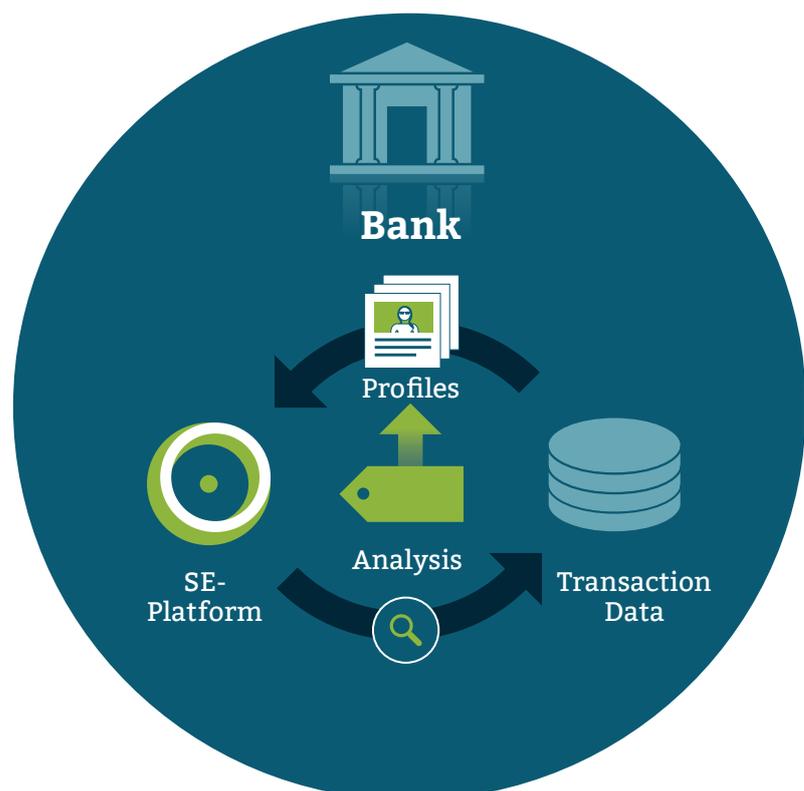
Up until now, banks were not permitted to use consumer purchase information for marketing due to security risks. Companies like Smart Engine have developed advanced technology making consumer purchase data accessible within the secure firewalls of banks to ensure privacy. For the first time, banks can evaluate customer data from multiple data sources to provide the highest offer conversion to their customers through personalized targeting. This enables banks to deliver value-added services to customers in real time, while maintaining security of personal identifiable information. This breakthrough is called Card Linked Marketing and it is dramatically changing customer loyalty programs.

“Only 10% of consumers said that the majority of the promotional marketing they receive is relevant to their purchase interest.”

**Kitewheel Report,
The State of the Customer
Journey 2014**

Card linked coupon and cash back program with big results

A European bank issuing 9 million active debit and credit cards worked with Smart Engine to run a card linked marketing program of mixed coupons and cash back. Over 500,000 cardholders were invited by the bank to participate in the program and 90% of them made purchases within a 5-month period in 2014. Total card revenue increased by more than 14%.



“Rewards programs need to move beyond the traditional approach of ‘buy 10 and get one free.’ There’s a need to tighten the relationship and improve the engagement level.”

**Emily Collins,
Forrester Analyst**

A card linked marketing platform supplies an infrastructure to monetize customer data by generating purchase recommendations. These recommendations can then be turned into meaningful offers made to customers at the right time and the right place with the highest chance of engagement. This type of platform uses sophisticated data analysis and ensures that the consumers’ data will remain private while delivering personalized offers right to a customers’ mobile phone.

Reward Type of Program	Ability to personalize offer	Easy for the customer to manage and use	Able to monetize use of customer data	Offer via mobile app
Discounts	✗	✗	✗	✗
Cash back – no targeting	✗	✗	✗	✗
Points	✗	✗	✗	✗
Cash back – with targeting	✓	✓	✗	✗
Card Linked Marketing	✓	✓	✓	✓

Card Linked Marketing

THE NEXT GENERATION LOYALTY PROGRAM

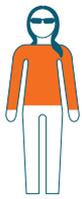
Technology often drives what type of rewards a bank can offer so leveraging a next generation loyalty platform sets the stage for increased customer engagement and lasting loyalty. With card linked marketing your customers will see highly relevant ads targeted to them based on their recent purchase behavior. And merchants have a new channel to get their message in front of active buyers when they are most engaged and likely to buy. Card linked marketing offers are the best way to increase your customers’ experience, engagement and lasting loyalty.

With a card linked digital loyalty platform, your customers will benefit by:

- Receiving relevant merchant offers at the right place at the right time
- Enjoying meaningful offers
- Avoiding spam
- Never miss good offers again
- Instantly enjoy savings
- Managing the wish list
- Sharing offers and benefits with friends
- Easy and transparent redemption
- Enjoying the shopping club

Card Linked Marketing attributed to a 2–3 times increase in card revenue vs. bank's points programs and the number of purchases at card linked marketing merchants increased by 5.57 times.

Use case 01



Sofia

31 year old
Loves to shop

Smart Engine Card Linked Loyalty Platform connects with merchants cashier system giving consumers exactly what they want – cash back offers that come right to their mobile phone for the products they want.



Sofia is strolling in downtown Vienna near 7 different department stores ...

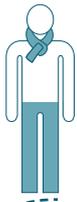
when she gets a coupon notification on her smartphone that she can get cash back on a pair of shoes she has always wanted ...

so she immediately accepts the offer and enters the store ...

where she also buys a bag and a watch and pays with her Bank Loyalty program card ...

earning her cash back on her new shoes with her Smart Engine Linked Loyalty Platform card that is synchronized with the merchant's cashier system.

Use case
02



Thomas

28 years old

Interests include cars, Facebook, and saving money

Bank Reward Offers powered by Smart Engine leading to a happy customer saving money on his insurance policy and then spreading the word via Facebook.



Thomas uses merchant funded offers through his bank loyalty program to save on purchases every day.

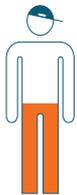
He receives his bank rewards offers based on his virtual behavior and interests.

Thomas frequently uses online banking and views his bank's reward offers. One day he sees a reward for a car insurance policy at a great rate ...

he decides to use the offer and buys the insurance policy with a direct debit.

He shares his great offer from the merchant funded program with his friends on Facebook and that he saved \$100 this month thanks to his bank loyalty program powered by Smart Engine.

Use case
03



Ethan

21 years old

Student whose hobbies include music, beer, and partying. Prefers paying with his mobile wallet

Smart Engine geo based shopping behaviour profiling enables consumer to take advantage of the perfect offer through his mobile wallet – the future of spending that's safe, easy and convenient.



Ethan prefers paying for purchases with his mobile wallet for everything from entertainment to travel to books and other every day purchases. He is able to pay with his mobile wallet thanks to his bank's merchant based offerings targeting his interests.

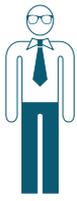
One day Ethan sees a coupon on his mobile wallet news feed for a discount on tickets to his favorite band's upcoming show ...

he decides to use the coupon and pay with his mobile wallet.

Ethan instantly receives a purchase confirmation and can access the tickets through his mobile wallet.

Once at the show Ethan receives a notification for a discount on 2 beers from the venue's bar thanks to Smart Engine's GEO based shopping behavior profiling. Ethan redeems the coupon and pays for the beers through his mobile wallet skipping the bar line completely.

Use case
04

**Christian**

37 years old

Frequent traveller

Frequent traveller uses his bank loyalty program app to find points of interest in new city. SmartEngine Geo based shopping behaviour profiling makes sure that he is given relevant offers to get cash back on exactly what he's looking for.



Christian just arrived in Florence for a business trip and wants to get a nice glass of local wine ...

but he doesn't know the city very well and decides to consult his Bank Loyalty program app to look up the best wineries in the area that have cash back offers.

Christian sees that the winery closest to him offers cash back through his bank loyalty program, so he redeems the offer on his app which is automatically linked to his bank card.

He goes to the winery and buys the bottle of wine with his card ...

he instantly receives a cash back confirmation on his mobile device and sees other offers that may be of interest to him thanks to Smart Engine's GEO based shopping behavior profiling.

HERE'S HOW IT WORKS.**Mobile App**

Your customers access the targeted offers wherever and whenever they like. They select their favorite merchants, search for offers nearby, receive notifications about campaigns and check their savings

Easy Redemption

Your customers redeem the offers at check-out with the bank's payment cards and wallets. Our platform supports fully automated processing of:

Coupons – receive the discount at the check-out

Cash Back – transfer the redemption amount to the customers' accounts

Loyalty Points – accumulate points by using the bank's card

"91% of consumers feel that an 'in the moment' offer from a brand could influence their purchase."

Kitewheel Report,
The State of the Customer
Journey 2014

Smart Engine

A SMART DIGITAL LOYALTY PLATFORM

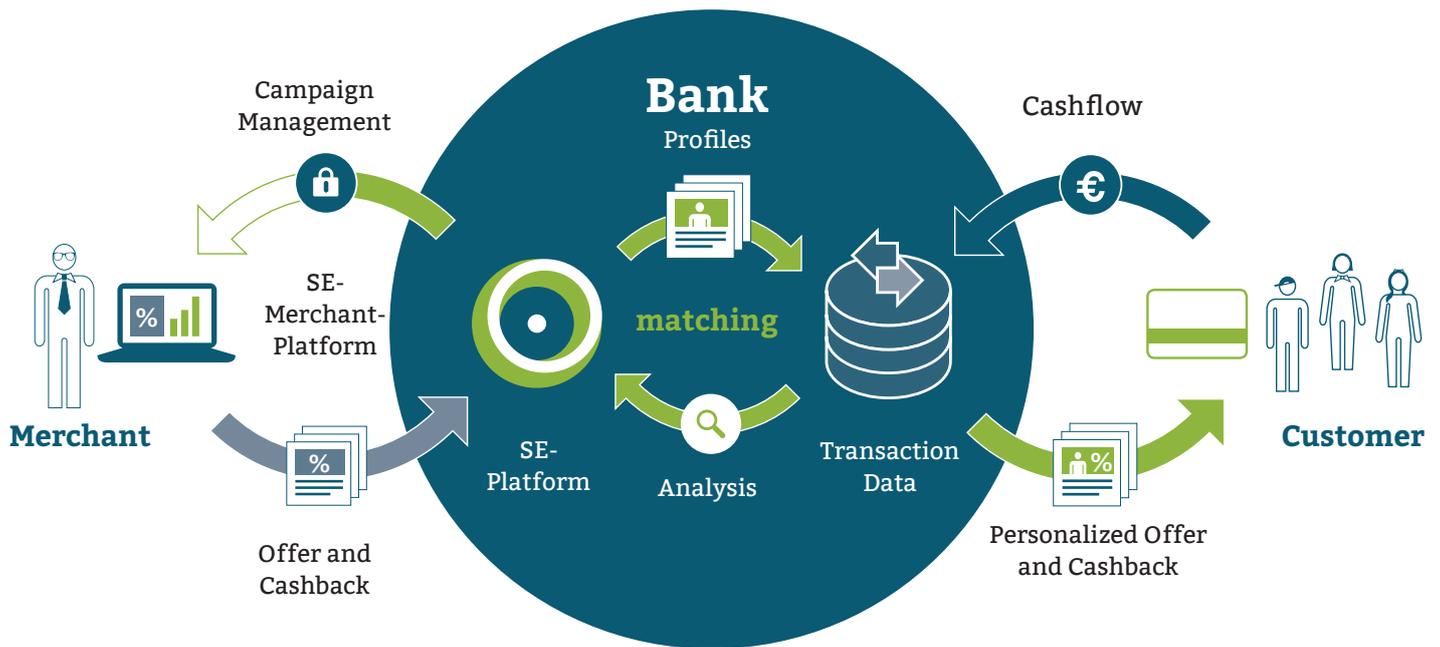
“While consumers confirmed that in the moment offers are highly likely to influence their purchase – most companies are currently struggling to connect data, and take action in real-time to capitalize on this opportunity.”

**Kitewheel Report,
The State of the
Customer Journey
2014**

Consumers are already using payment cards daily. The Smart Engine Card Linked Offer Platform gives consumers the power to use their payment card to save money on the items they were already going to purchase. Sounds like magic? Actually, the Smart Engine Predictive Analytics identifies the most profitable customer segments for merchant target marketing campaigns. Smart Engine integrates SKU data with information from your CRM systems, merchants and social networks to identify buying behavior and product preferences of your customers. With Smart Engine, merchants can target market segments with real time offers for the highest conversion rates in the industry.

- Increase sales and turnover at your partner merchants
- Activate the customer potential with your partner merchants
- Pinpoint targeted customers
- Take advantage of all modern communication channels
- Reduce workload of staff and customers
- See, monitor and control merchant success
- Profit from a performance driven and merchant funded program

Smart Engine provides customers with a complete technology platform plus 1st level support of cardholders and merchants. In fact, one of their current customers is a payment processor and acquirer running a loyalty platform on behalf of multiple banks. This particular customer issued 10,000 unique coupons with a 79% activation conversion and a 27% rate of conversion into redemption.



Smart Engine delights customers and merchants alike with personalized offers based on Big Data analysis and delivered on mobile phones.

Smart Engine card linked marketing platform is the most comprehensive way to improve your customer loyalty programs from infrastructure to business processes. Unlike most vendors, Smart Engine supports all 3 types of loyalty programs – cash backs, coupons and points.

Make sure your bank has the benefit of the superior Smart Engine Card Linked Marketing Platform – the key to personalized shopping, attractive to merchant offers, fast and appealing discounts and transparent savings.

About

SMART ENGINE

Smart Engine was founded in 2011 to help loyalty program owners, banks, and financial services deepen customer relationships. Big data analysis produces more effective segmentation and offer development, delivered right into customers' hands on mobile devices.

Smart Engine is a privately held corporation based in Vienna, Austria with offices in New York, Hong Kong and Moscow. We work with leading international banks, processors and retailers.

Want to increase the engagement and effectiveness of your loyalty programs?

Smart Engine will complete a free Proof of Concept to show you exactly how it can be done.

Get started today at www.smartengine.at
