



Creating Lasting Value With A Point-of-Sale Cash Program

*Key insights of Discover® Network Cash Over usage
to build merchant loyalty and create differentiation*

**A Discover® Network White Paper
for Merchants**

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INTRODUCTION

With the variety and sheer volume of competitive shopping options available today, merchants find themselves in an intense competition to differentiate and drive loyalty. Today’s merchants must look for innovative ways to effectively reach new customers and build loyalty within their targeted consumer segments.

One way merchants are creating differentiation and delivering value is through Discover® Network *Cash Over*. *Cash Over* is a distinctive enhancement that enables Discover Network cardholders to obtain cash conveniently at the point-of-sale without a PIN, with no ATM or cash advance fees. *Cash Over* supports merchant business growth and adds unique value to consumers, which leads to increased customer loyalty with no additional cost. *Cash Over* has shown to increase the number of transactions and repeat visits, while driving higher average ticket sales – providing merchants with an effective tool to build revenue and loyalty.

In 2007, Discover Network conducted an independent study of *Cash Over* users, non-users and prospects to increase understanding of the program’s characteristics and effectiveness. The result offers key findings that will help merchants better understand and leverage this important feature.

KEY QUESTIONS

The independent study revealed a wealth of valuable information for Discover Network’s merchant partners. The key questions and findings summarized within this white paper include:

- What is *Cash Over* and how does it work?
- Why do consumers like *Cash Over*?
- Where and why do consumers use *Cash Over*?
- What is the value of *Cash Over* to merchants?
- What methods and messaging work best in marketing *Cash Over* to consumers?
- How can Discover Network help merchants leverage this unique opportunity?

WHAT IS CASH OVER AND HOW DOES IT WORK?

Cash Over brings a valuable utility to Discover Network cards with the ability to get cash at the point-of-sale with no added fees. Consumers benefit from the convenience of one-stop shopping by getting cash while they are making their routine purchases.

While this feature is only available on debit cards from other networks, Discover Network makes this enhancement available to all Discover Network cardholders. Thus, *Cash Over* helps merchants increase revenue and repeat visits while creating lasting relationships because they are giving consumers the convenience they desire.

THE VALUE OF CASH OVER TO CONSUMERS

Cash Over offers the following benefits to consumers:

- **Speed** – *Cash Over* saves consumers an extra trip to the bank or ATM.
- **Savings** – *Cash Over* is available at no cost – the consumer saves money with no ATM or cash advance fees.
- **Convenience** – *Cash Over* is an easy way to get cash for both routine use and emergencies.
- **Simplicity** – *Cash Over* gives consumers an easy way to track all their spending – cash and credit – on one card.

UNDERSTANDING THE DYNAMICS OF CASH OVER USAGE

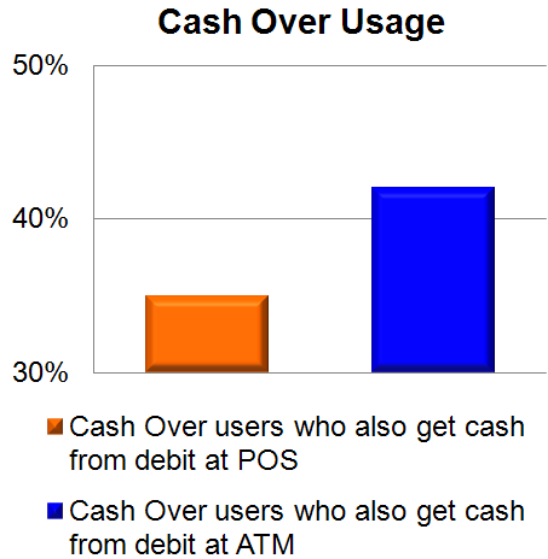
Consumer interest in obtaining more convenient cash from their credit and prepaid cards was high. Convenience was the primary driver for this popularity, with 70% of users citing this as a top reason for *Cash Over* satisfaction.

Positive Benefits Associated with <i>Cash Over</i>	
Benefit	Percentage
Convenience (Net)	70%
Easy / convenient	
No need to visit bank / ATM	
Easy to obtain cash	
Can get cash immediately for emergencies	
Saves time	
Benefits / Rewards (Net)	16%
Cash back	
Price (Net)	11%
No fees charged	

The more Cardholders become aware of Cash Over and its features, such as no cash advance fees, the more likely they are to use the service. After learning more about *Cash Over*, 34% of respondents that had not previously used the service stated they were more likely to use *Cash Over* in the future.

The availability of Cash Over has a direct impact on which stores customers frequent.

Studies show that 1 in 7 cardholders use *Cash Over* to obtain cash at the point-of-sale. Nevertheless, consumers indicated that *Cash Over* was primarily used as an additional option for convenient cash access rather than a replacement of existing cash access options. They cited a desire for having the ability to receive *Cash Over* access with their credit card, but still wanted to use their debit cards to obtain cash from the point-of-sale and ATMs as well.



THE VALUE OF CASH OVER TO MERCHANTS

Cash Over provides consumers with another reason to frequent merchants offering the service.

Cash Over Creates Differentiation

The value *Cash Over* users find in the offering directly impacts their choice of stores. With busy schedules and multiple demands,

consumers are looking for convenience that helps them accomplish more with their time.

Consumers have shown a desire for *Cash Over* at the places they shop regularly and indicated they will be more loyal to merchants who offer it. Users also stated that acceptance of *Cash Over* has a direct impact on which stores they frequent, driving increased traffic to those stores.

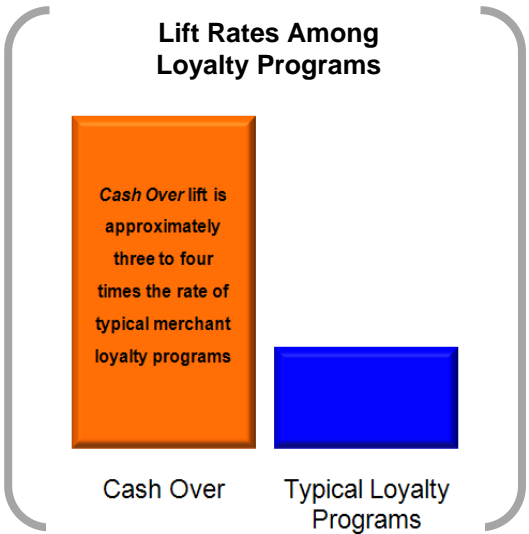
The study found that *Cash Over* users get cash at the point-of-sale an average of 3.6 times per month, and more than 40% use it at least once a month.

Cash Over Drives Loyalty

Convenience was the most important feature cited by *Cash Over* users and prospective users, saving them time and keeping them coming back.

The added utility and convenience of *Cash Over* have shown to increase consumer transactions by 23% and average ticket size by 7% (not including

the cash amount).¹ This equates to approximately three to four times the lift seen by typical merchant loyalty programs.²



Of the respondents, 32% cited access in grocery stores as a decision point in store selection, and 29% also cited it as selection criteria for large discount stores. The respondents cited several other important locations for acceptance, including:

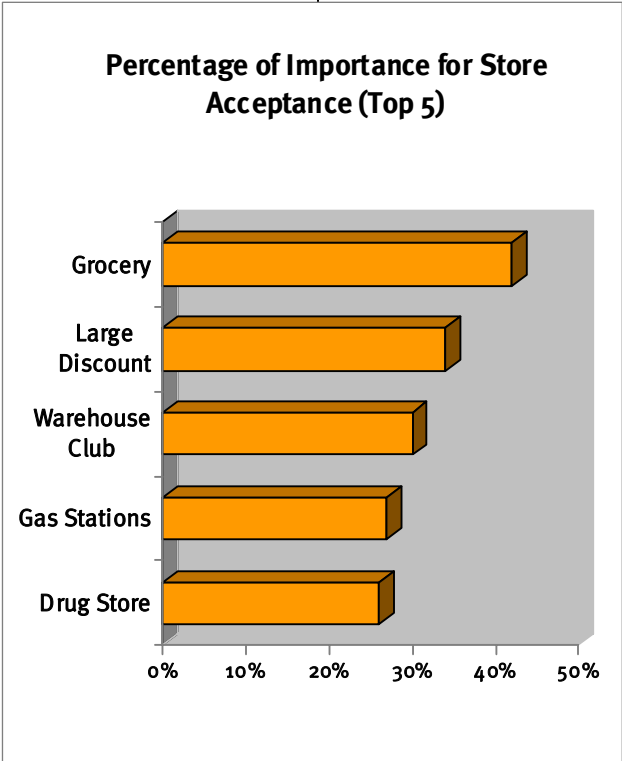
- Warehouse clubs
- Gas stations
- Drug stores
- Home improvement stores

Users generally felt that it was important for a variety

of store types to offer *Cash Over* services, demonstrating the importance of convenience offerings at locations where consumers regularly frequent.

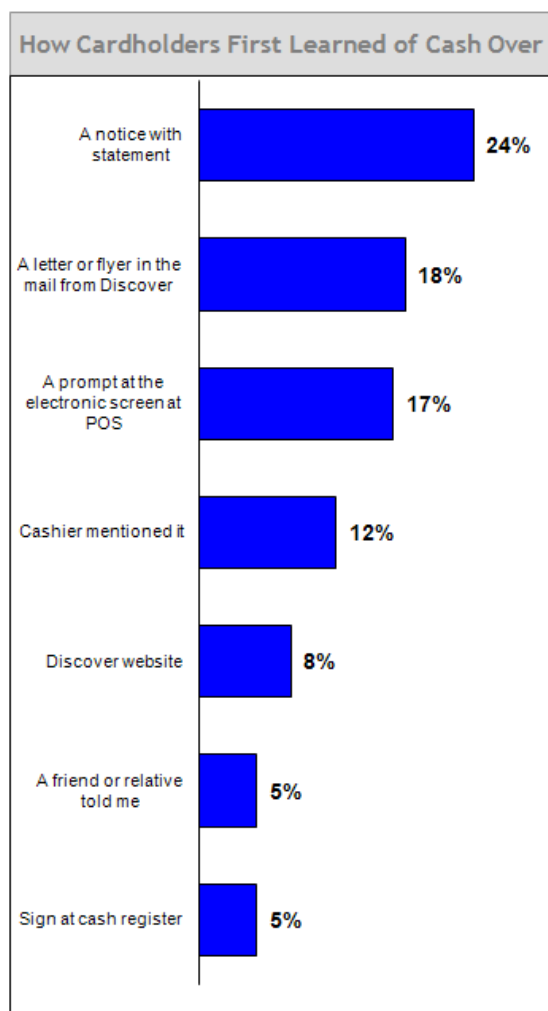
HOW TO DRIVE AWARENESS OF CASH OVER ACCEPTANCE

The study identifies the most effective methods to create awareness and customer adaption. While most Cardholders learn about *Cash Over* from their card issuer, merchants have a large impact on adoption of *Cash Over*. One-third (33%) of current users first learned about *Cash Over* at the point-of-sale: 12% from a prompt at the electronic point-of-sale screen, 15% from a cashier mention, and 6% from register signage.



This data suggests that merchants have a unique advantage in reaching consumers through a message of convenience, ultimately helping them drive loyalty and create store traffic. Merchants should stress the convenience of not needing to locate an ATM, a quick transaction, and no additional fees as key benefits.

¹ Discover Network study
² Based on data from leading loyalty programs



In addition, signage which informs consumers about the Discover Network *Cash Over* reinforces the offering during checkout.

KEY LEARNINGS

The study findings noted within the white paper should help provide merchants with key attributes of *Cash Over* to aid in marketing efforts that drive traffic and build loyalty.

Key takeaways are noted below to help merchants better utilize, understand and leverage this important feature.

- Consumers want convenient access to cash with their credit card
- Merchants can leverage *Cash Over* to increase store traffic by creating a valuable convenience offering that sets them apart from other merchants.
- *Cash Over* drives store choice and creates loyalty by providing convenience to consumers.
- Consumers expect *Cash Over* access at grocery and large discount stores.
- Other key store types for *Cash Over* access include: warehouse clubs, gas stations, drug stores and home improvement stores.
- Speed and convenience with no additional fees are key features that appeal to consumers, and should be highlighted in marketing / promotional materials.
- Point-of-sale marketing and signage helps increase awareness of *Cash Over* offerings.
- Joint marketing opportunities with Discover Network provide an effective means of publicizing *Cash Over* acceptance and benefits.

IMPLEMENTATION

Merchants can start accepting *Cash Over* transactions quickly and easily by following the steps noted:

1. Update POS systems to prompt for *Cash Over* on Discover Network cards
2. Format Authorization and Settlement files to send the Processing Code and *Cash Over* amount
3. Train staff on *Cash Over* availability and how to promote it among consumers at checkout
4. Market the offering to the merchant's consumers and prospects

For more information on *Cash Over* implementation, merchants can contact their processor to ensure their systems are set-up to authorize *Cash Over* transactions.

CASH OVER RESOURCES

Discover Network offers materials to help merchants enhance their marketing efforts and create *Cash Over* awareness. Materials and services include point-of-sale signage and opportunities to promote *Cash Over* acceptance through Discover Network Issuers.

For information on Discover Network *Cash Over* or other support services, visit DiscoverNetwork.com or contact your Discover Network Relationship Manager, your merchant processor, or acquirer.

ABOUT THE SURVEY

In 2007, Discover Network commissioned a survey from an independent research firm where potential respondents were invited to participate via e-mail, and asked to complete a 10-15 minute online survey. More than 1,400 respondents from a variety of demographic characteristics were selected. After qualifying for the full survey, respondents were placed into four proportionate groups – current *Cash Over* users, Discover Network Cardholders but non-users, Cardholders not aware of the program, and Discover Network card prospects.