



A Buyer's Guide to **TURN-KEY DISCOUNT PROGRAMS FOR ALUMNI ORGANIZATIONS**

How to identify and select a discount program that can effectively attract and engage your Alumni

WELCOME

Who Should Use This Guide:

This guide was written for alumni engagement professionals and other executives tasked with attracting more alumni, and boosting engagement and giving.

What You Should Learn:

The guide will outline the process for identifying alumni discount platform with the greatest engagement potential, helping you effectively evaluate competing platforms.

After reading this buyer's guide, you should have a more thorough understanding of how programs are built, why platforms differ, and which features are most important. This should help you gain confidence when selecting a discount program that is best suited to attract and engage your alumni audience.



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The Business Case for an Alumni Discount Platform

Of all American retail businesses, 91% offer their customers an engagement/loyalty program, and 98.4% of these loyalty programs use some form of discounting strategy to attract, engage, and retain their customers. Whether it's reduced airfare, rewards or points that can be redeemed for products, discounts are a tremendous motivator because they leverage all consumers' collective desire to save money. The best part? Discounts are popular with all demographic groups, regardless of age, income, or gender.

That's why a growing number of organizations are offering their members or constituents compelling local discounts at restaurants, retailers, theme parks and travel related providers. Compelling discounts are the closest thing to a universally appealing benefit, as roughly 96% of consumers use coupons or discount offers.

The more relevant and memorable discounts your organization can offer, the more alumni you can attract and engage, right? Some organizations have even tried building their own discount program and generated some interest and engagement. But their challenge becomes transitioning from a homegrown discount program to one that can meet the needs of a large, nationwide constituency, where alumni live in urban, suburban and rural areas.

Turn-Key Discount Platforms

That's where a turn-key nationwide discount program can help. It can deliver hundreds of thousands of discounts to your alumni, and as long as it delivers compelling, relevant and meaningful discounts, you'll have a new tool to help you:

- **Add real value to your benefits package**
- **Help members offset the cost of being a member**
- **Attract the attention of younger alumni**
- **Engage alumni who otherwise have not yet fully engaged**
- **Generate goodwill and help boost giving and engagement**

...Alumni are far more likely to engage or give to your organization, if they are first offered something of significant value.

Understanding the Secrets Behind Consumer Discounts

Before you compare discount programs, it's helpful to know about some hidden realities of the world of consumer discounts.

Personal Relevance is Key

For any discount program to be truly engaging it must be personally relevant to each of your alumni. If it lacks personal relevance it is unlikely to have the meaningful impact on engagement you're hoping for. ([See this long list of peer reviewed sources about the persuasive power of personal relevance.](#))

When it comes to a truly engaging member benefit, a discount network must deliver on all **four of these fundamental characteristics of personal relevance:**

1. The network must deliver **discounts with compelling value.**
2. The discounts must be **within close proximity** to where alumni live and work (physically or digitally).
3. The discounts must be **easy and convenient** to browse and redeem.
4. The discounts must be **from merchants they know and trust.**

A successful discount platform must deliver on each of these criteria, or it will languish and be ignored by the people you want to engage.



Understanding the Secrets Behind Consumer Discounts (Cont.)

The Coupon Quality Spectrum

We're all hungry to find deep and compelling discounts, but we've also encountered so-called discounts that are uninspiring, and not worth the effort.

And yet, because discounts are so popular, many retailers have found an audience for less relevant or ho-hum discounts as a means of upselling higher priced products, or clearing out unsold and less popular items. That's where private discount networks can help merchants by delivering a closed ecosystem of ideal consumers.

For example, consumers with a college degree or a professional career have a greater level of disposable income. Accordingly, the best discounts are often reserved for private discount networks that deliver these key consumer audiences.

Retailers are stingy with their deepest discounts. They reserve their best discounts for the purpose of attracting an ideal consumer that will spend more money and with greater frequency. Retailers will go to great lengths to avoid exposing their best and deepest discounts to the general public and existing customers who are willing to pay full price.



Understanding the Secrets Behind Consumer Discounts (Cont.)

That's why it's important to know how to differentiate between coupons that engage, and those that don't. When it comes to discount programs, here are the three basic types of retail discounts found in most turn-key discount programs:

1. Online/Affiliate Offers

ONLINE ONLY TRANSACTIONS

Example: 8% off online, 1-800-Contacts

These offers are online only, and usually don't exceed 5-10% in value. Merchants provide a unique URL to the "publisher," so each transaction can generate revenue. That means a portion of every sale gets split between your discount provider and other parties. A few discount networks will pass along the entire available discount to the member, but most programs will take a portion of the available savings, and give your member a modest discount with diminished value.

Most discounts aren't unique, and often don't include a true deal at all.



NOTE: Many online deals are nothing more than advertisements that point to a merchant's clearance section on their website.

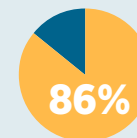


ONLINE ONLY TRANSACTIONS

Nationally Promoted
(All Ecommerce)



% OF ALL COUPONS: USAGE/POPULARITY: ENGAGEMENT:



Understanding the Secrets Behind Consumer Discounts (Cont.)



ONLINE TO IN-STORE TRANSACTIONS

Nationally/Locally Promoted

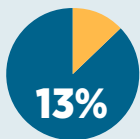
(Gym/Spa, Food Carryout, Rental Cars)



% OF ALL COUPONS:

USAGE/POPULARITY:

ENGAGEMENT:



2. Third Party Aggregated Offers

ONLINE TO IN-STORE TRANSACTIONS

Example: A gym or fitness center offers 10% off monthly fees on a membership

These offers are sourced via third party aggregators who compile discounts and package them together for distribution to online retailers and others willing to publish their discount offer. Some merchants, like gyms and spas, will only offer a discount through an aggregator, so these deals are typically not private or exclusive. Aggregators like ValPak® for example, will allow a discount program to use their inventory of local discounts, but these are the same public offers that are sent en masse to mailboxes as junk mail. The discounts are often forgettable, typically in the modest range of 5%-20% off, and usually come with extensive restrictions about when and how they can be used.



Understanding the Secrets Behind Consumer Discounts (Cont.)

3. Privately Negotiated Brick & Mortar Offers IN-STORE ONLY TRANSACTIONS

Example: A buy-one, get-one-free offer from a local restaurant

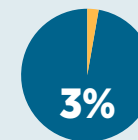
In-store, privately negotiated offers between the discount network and the merchant are the “gold standard” in the discount ecosphere. That’s because **90% of consumer spending occurs in a brick & mortar location**, so these offers usually have the highest relevance, usage and value. Since these offers are negotiated on a location-by-location basis, they can be costly to acquire for the discount program, and are the rarest to find.



IN-STORE ONLY TRANSACTIONS
Locally/Private Promoted
(Restaurants, Retailers, Auto Services, etc.)



% OF ALL COUPONS: USAGE/POPULARITY: ENGAGEMENT:



Understanding the Secrets Behind Consumer Discounts (Cont.)

THE COUPON QUALITY SPECTRUM



ONLINE ONLY TRANSACTIONS
Nationally Promoted
 (All Ecommerce)



% OF ALL COUPONS: USAGE/POPULARITY: ENGAGEMENT:



ONLINE TO IN-STORE TRANSACTIONS
Nationally/Locally Promoted
 (Gym/Spa, Food Carryout, Rental Cars)



% OF ALL COUPONS: USAGE/POPULARITY: ENGAGEMENT:



IN-STORE ONLY TRANSACTIONS
Locally/Private Promoted
 (Restaurants, Retailers, Auto Services, etc.)



% OF ALL COUPONS: USAGE/POPULARITY: ENGAGEMENT:



Understanding the Secrets Behind Consumer Discounts (Cont.)

Merchants that Don't Play

While it seems that all merchants offer a discount of some kind, the reality is that certain merchants simply aren't interested in participating in the discount space, and won't appear in most discount programs. Here are four primary reasons why:

- 1. Low Margins:** Retailers, like gas stations or Walmart®, are aggressive competitors in the low-price retail space. They are profitable by selling their products in high volume but at very low profit margins. Consequently, they are typically unwilling to offer deeper discounts to a discount program.
- 2. Exclusivity:** Merchants, like supermarkets, will only offer discounts on their own private-label brands through their store-owned loyalty program. They will, however, honor the ubiquitous coupons from manufacturers of consumer packaged goods (CPG) but only because the store is reimbursed for all related costs.
- 3. Branding:** High-end or niche merchants, like Rolex® and Whole Foods®, have a philosophy that discounting is contrary to their reputation as a premium or luxury brand.
- 4. Demand:** Popular retailers, like Apple®, can generate enough consumer demand for their newest products, like the iPhone® or Apple Watch®, without ever having to offer a discount.



Comparing the Discount Program Business Models

Knowing how a discount program makes money will reveal much about the company's ability to attract and engage your alumni. Although each program will differ to varying degrees, most all discount networks operate on one of these two basic business models:

“Member” Funded Model

(MFM) A discount network that charges little or no upfront costs to the organization, but instead makes members subsidize the administrative costs via online purchases, upsells, or by other means. Members typically experience smaller discounts because a portion of each transaction is being divvied up among “middle men.”



Organization Funded Model

(OFM) A discount program that charges an organization a subscription or fee, and doesn't depend upon online transactions to monetize its program. This allows members to experience larger discounts and a greater selection of merchants because both brick and mortar stores and ecommerce merchants can participate in the discount program.



Knowing how a discount program makes money will reveal much about how well they are aligned with your business goals.

Comparing the Discount Program Business Models (Cont.)



THE “ALUMNI” FUNDED MODEL (MFM)

Discount networks using a constituent/member funded model (MFM) will give away access to their discount program, but will generate their operational revenues in ways that may not be readily apparent to your organization. For example:

1. Monetizing users’ online transactions:

Discount programs using an MFM will consist mostly of **Publicly Available Affiliate Offers** where transactions occur online. This will likely be a significant source of revenue. Most MFMs don’t negotiate directly with merchants, but obtain their discounts from sophisticated [affiliate marketing](#) programs who are incentivized to promote discounts via an online [affiliate network](#). Consequently, MFMs don’t provide many **Private, Brick & Mortar Offers** because these types of coupons (i.e. redeemed at the point-of-sale) can’t be monetized like they can an online transaction.

2. Upselling members on (e.g.) insurance or other products:

Many discounts networks use their network as a lead generation engine, aiming to contact your alumni and solicit them for insurance products. These programs then generate revenue from premiums, interest or investment income earned from those premiums. Some discount networks are subsidiaries of licensed wholesale and reinsurance brokerage firms that offer risk management, underwriting management and benefits consulting products. Depending on the laws in each state, they may or may not be required to divulge the amount of commission revenue they generate from your members.

Comparing the Discount Program Business Models (Cont.)

3. Soliciting merchants to join their discount network for a fee:

It's critical that your discount network continually add new merchants. However, when a discount network relies on generating revenue from merchants who join its program, it is likely to solicit and accept almost any merchant willing to pay a fee to gain access to your alumni. Similarly, popular merchants like restaurants will not participate, since they have little incentive to pay a fee to join a discount network that delivers few if any financial benefits. Consequently, many MFMs rely heavily on less popular merchants like spas, massage therapists, or tax preparation services, all of which have a very narrow audience, limited popularity, and low usage.

4. Selling, renting or loaning member contact information or usage data:

Some MFMs will generate revenue from selling, renting or loaning your user data to the highest bidder. Some call it "**Bulk Enrollment**," where your members' personally identifiable information is loaded onto a partner's database, often without your members' consent. Others will collect aggregated user data and sell that information to data warehouses.

5. Using points/gamification:

Some discount programs will heavily promote a points or "rewards" program, offering prizes or extra value to incentivize frequent purchases. To pay for it, they entice users to make purchases on clearance or unpopular items that, after fees and taxes, will often cost more than retail. Additionally, the rewards threshold is set as high as \$1,000 in total purchases before users can redeem any points.

While the Member Funded Model can be enticing because of the low barrier to entry, its business model prevents organizations from offering significant value. In the MFM model, engaging members takes a back seat to recouping provider costs. The average discount per transaction is in the range of 4%-12% per transaction. Consequently, most MFM programs experience low usage and are forgotten by members because they lack compelling value.



Comparing the Discount Program Business Models (Cont.)



The Organization Funded Model (OFM)

An organization funded model (OFM) is typically funded by an annual or per member licensing fee. Discount programs using an OFM are incentivized to engage as many of your members for as long as possible, in order to retain your organization as a paying client.

For OFMs, value must be compelling and relevant. Otherwise members fail to engage and the ROI is unsustainable.

A true OFM doesn't depend on user transactions as a primary source of revenue. To succeed, it must focus on delivering compelling value in the form of **privately negotiated brick & mortar offers**. Consequently, OFMs typically have an average discount in the range of 25%-40% off per transaction.

Because OFMs generally don't charge merchants to join their network, they must be more selective about who they allow to join their network – favoring popular local merchants instead of low-usage, online-only merchants.

Comparing the Discount Program Business Models (Cont.)

WHY OFMs DELIVER MORE VALUE

Member Funded Models have few, if any, direct relationships with merchants. OFMs, however, will have a significant number of direct relationships with merchants. This allows them to deliver greater value to your members because:

DIRECT RELATIONSHIPS WITH MERCHANTS

OFMs (in contrast to MFMs) will cultivate and nurture ongoing direct relationships with merchants. This allows them to deliver greater value to your alumni because:

- 1. They can negotiate directly for better discount offers;**
- 2. They can execute custom redemption codes and serialized coupon offers to make redemptions easier and more reliable;**
- 3. They can work directly with merchants to provide higher levels of customer service, resolving questions and issues quickly and efficiently;**
- 4. They can pass along to members the entire discount the merchant is willing to offer, rather than keeping a portion to help pay for expenses.**

OFMs are incentivized to grow the number of members who sign up and actually use the discount program. The more members they can attract and engage, the more the OFM will benefit. As the program grows and more constituents use the discount program, the cost per member should actually decrease.

With most organizations, the costs of acquiring new members can be significant, but if the discount program is structured correctly, it can be a cost effective tool to attract new alumni into your program. Likewise, you can't expect to attract alumni by offering little or no value. You must offer compelling value in order to get alumni to initially engage.

Comparing the Discount Program Business Models (Cont.)

The “Hybrid” Model

Keep an eye out for programs that charge a monthly subscription fee, yet also heavily rely on monetizing their business from online transactions.

You can recognize these programs by knowing the percentage of their merchant network that has **Privately Negotiated Brick & Mortar Offers** versus the percentage of **Third Party Aggregated Offers** and **Online Merchant Offers**.

Discount programs using the hybrid model in large part consist mostly of **Third Party Aggregated Offers** and **Online Merchant Offers**. A very small percentage are **Privately Negotiated Brick & Mortar Offers**. Ask your sales representative for the percentage of contractual relationships they have negotiated directly with merchants, and how many are obtained from third parties. This will help you identify whether or not their network consists of the prime **Privately Negotiated Brick & Mortar Offers**. They may not be willing to share this information, which should serve as a red flag.



20 Key Elements to an Effective Member Discount Program



Discount programs vary widely, so when your organization is vetting alumni discount programs, evaluate how each one delivers on these key elements:

1. Is it a closed (password protected) discount network?

Merchants reserve their best discounts for closed networks where they can control the exposure of their discounts behind a password-protected wall. Discounts offered to the general public are usually less compelling, and not a retailer's best discount.

2. Do they have only one-off, daily deals? Or, do they also have evergreen offers?

As opposed to daily deals, evergreen offers have no looming expiration date. Evergreen offers are a win for consumers, as the deals are available when the member has the greatest need, not merely when the merchant is trying to clear out unwanted inventory.

3. Is your organization's branding front and center?

One of the major benefits of a alumni discount program is regular, positive interactions with your organization. As such, a discount program should feature your name and branding front and center. Some program providers just promote themselves throughout their web properties and apps.

20 Key Elements to an Effective Member Discount Program (Cont.)

4. Do the majority of discounts consist of privately negotiated brick & mortar offers?

Although online spending is growing, 90% of all retail purchases are still made in-store. If the discount program is generally made up of online discounts, then the program will only be relevant to your members for a small percentage of their purchases.

5. Are the discounts in close proximity to where your members live and work?

Research shows that the average consumer travels just 15-20 minutes for most of their everyday purchases. If the discounts aren't near where your members live and work, they are unlikely to engage.

6. Are the discounts easy and convenient to redeem?

Consumers demand ease and convenience from the merchants they patronize. When your alumni face multiple steps to redeem an offer, or must wade through a flood of terms and conditions, redemption is frustrating and lose value.

7. What percentage of merchant offers are negotiated directly with merchants, and what percentage are obtained from a third party source?

If the discount network has direct relationships with merchants, it will typically get the deepest discounts. If the discount platform uses a third party, discounts are usually modest, and not especially unique or compelling.



20 Key Elements to an Effective Member Discount Program (Cont.)



8. Are the discounts unique and exclusive, or are they available to the general public?

When discounts are offered to the general public, they have little or no lasting appeal. But unique, members-only discounts are generally considered more valuable, and are a powerful tool to attract your audience.

9. Do the discounts save members on everyday purchases?

Discounts on everyday items should comprise the majority of your program. It's okay to have a few merchants like day spas and Jiu Jitsu classes, but because the usage of these offers is so infrequent, they should consist of less than 1% of your network. These deals won't inspire alumni to use your discount program regularly.

10. How deep are the discounts?

It goes without saying that the deeper the discount, the more excited alumni will be to use the discount program on a regular basis. Look for programs where the average discount across all categories exceeds 25%-40% or more. Anything less than that is unlikely to inspire member engagement.

11. Do they manage your member data securely and confidentially?

Be wary of discount programs that give away their discounts in order to get your data for marketing purposes. Look for discount programs with a history of success in managing complex security demands, like those that have large corporate clients with sophisticated data security procedures and protocols. If a billion dollar company is willing to trust its data with your discount network, you'll know you're in good company.

20 Key Elements to an Effective Member Discount Program (Cont.)

12. Do they offer instantly redeemed “show your phone” mobile coupons?

The fastest growing segment of coupon usage is from a mobile device redeemed in-store. The key here is redeemable in-store. At a cash register. On the spot. In contrast, some “mobile coupons” are really just an upsell to purchase a companion coupon booklet, or print the coupon at home. Make sure mobile coupons can be redeemed simply by showing the mobile device at the point-of-sale.

13. Do they offer travel and other big ticket items?

Discounts at major theme parks are increasingly hard to find, but some discount networks are large and powerful enough to negotiate discounts at places like *Walt Disney World*® and *Disneyland*® Resort. Discounts on hotels and car rentals are also popular with members, but only if those discounts are better than the public online travel booking engines. In addition to travel, look for discounts on new cars, auto repair, home and garden items, etc.

14. Do they offer a merchant compliance program?

It's critical that merchants accept every coupon from your discount program. But sometimes businesses change ownership, or the teenager at the counter hasn't been sufficiently trained about which coupons are legitimate or not. Ensuring compliance requires a good relationship between the discount program and the merchant. Without a direct relationship, alumni risk a disproportionate amount of customer service issues.



20 Key Elements to an Effective Member Discount Program (Cont.)



15. Do they offer marketing and promotional services?

How will your alumni learn about new and relevant offers? Your staff should NOT have to create and execute a marketing strategy on its own. Quality discount programs promote the network to your alumni on your behalf through email, social media, printed materials, and more. Ongoing education is vital, as it can take time to get alumni in the habit of saving. Push for high standards in this area, as there is a direct correlation between promotion and usage. The better the provider is at communicating relevant messages, the more your alumni will use the program.

16. Do they offer customer support?

Consumers sometimes need a little hand-holding with even the best discount programs. Maybe they need help downloading the mobile app, or finding a specific restaurant from the discount network? Who should they contact? Most membership organizations are already short staffed, and don't have the resources to take those calls. A quality discount program will provide support for your members as part of its program offering. Look for seamless methods to handle issues, including call centers, email, and real-time chat.

17. Do they want to be a partner or just a vendor?

A successful discount benefit program will be as invested in the success of the program as you are. Work with that partner to create a great launch effort, set goals, monitor and adjust key performance indicators, and change the program as necessary. Whether you're having monthly or quarterly calls, you should be able to trust that your partner is working behind the scenes to make your discount program perform as well as possible.

20 Key Elements to an Effective Member Discount Program (Cont.)

18. Do their offers require purchase of a certificate, or other multiple-step redemption process?

Ease of redemption is a key factor to a successful discount program. When a discount is confusing to redeem, it's a forgettable experience that few members will want to use. Some dining deal programs, for example, require the purchase of a coupon/certificate, but redemption is difficult, takes time, and is usually disappointing. Look for a discount program that has instantly redeemable coupons.

19. Do they charge merchants to join the discount network?

Some discount networks will charge merchants to join their network, using your organization's name as leverage. While it's important for providers to build their discount network for your alumni, the big difference is in how it's done. Free programs will accept any merchant, often focusing on small, independent merchants such as massage therapists or Jiu-Jitsu classes who have a very narrow audience and limited popularity.

20. How much of their revenue comes from online transactions, insurance sales and other sources?

Some discount platforms don't want you to know that their "free" or "nearly free" discount program has some hidden costs. Programs that offer mostly online discounts are usually ignored by members because they lack value.



A Word About Restaurant Discounts

Because most people are accustomed to dining out, restaurant discounts are a critical factor in getting alumni to participate in your discount program.

On average, Americans eat out 4.2 times a week, or a little over 18 times per month. According to the [Bureau of Labor Statistics](#), the average American spends **\$232 per month**, or \$2,784 per year to eat commercially prepared food outside the home. High income individuals (in the top 20% income bracket) will spend a whopping \$6,510 per year on commercially prepared food.

Although most national chain restaurants have wonderful name recognition and consumer appeal, they are typically quite restrictive about giving real, honest-to-goodness discount offers that are redeemed at the point-of-sale. Most use gift cards and other methods that require a multiple step redemption process, making it more difficult for members to truly save money.

While casual and fine dining restaurants are popular and searched for most frequently, quick serve (fast food) restaurants are typically the most frequently redeemed. Make sure your discount network has a good mix of casual, fine and quick serve restaurants for your alumni to choose from.

This can be expensive for the discount network, but pays off significantly for your organization, as alumni will frequently return to your mobile app or online discount network to look for a local restaurant discount.



...Restaurant discounts are critical to getting alumni to participate in your discount program.

Size Matters: Comparing Discount Networks

When doing your due diligence, be prepared to encounter some rather creative methods with how discount networks compare themselves to competitors. It's helpful to know how they spin those numbers to their advantage, making it harder for you to arrive at an apples-to-apples comparison.

According to the [U.S. Census Bureau's Quarterly Retail Report](#), 90% of all disposable income is spent at brick and mortar stores, while just 10% is spent online. If your discount program has only online merchants, then it will only be relevant for about 10% of your constituent's overall purchases. In-store offers are critical to the success of your discount program.

That's why the number of physical merchant locations within proximity of your alumni can mean all the difference when it comes to alumni engagement. The more physical locations your alumni can save, at the more opportunities they'll have to engage with your program.

But because most discount programs are monetized by online transactions, they have little motivation to include merchants with physical locations. In these cases you'll notice they simply avoid any mention of their total number of in-store merchant locations.

Instead they use creative methods to arrive at an estimated number of discount "offers" or "discounts." But this tactic is prone to manipulation and can obfuscate the true breadth and depth

of their savings network. If a discount network lacks a significant number of physical locations for your alumni to save, be on the lookout for these creative methods to deceptively report the size of their discount network:

1. Creative Math:

Some programs add the number of locations and discount offers together, calling them "opportunities to save" or "ways to save." A savings location should be just that: a single physical location with one or more discounts on its product or service.



Size Matters: Comparing Discount Networks (Cont.)

2. Multiple Counting of Same Location:

Some programs count the same offer multiple times simply by manipulating the expiration date. For example, they will list the same product/service for an entire year, but expire an offer each month. In this way the program will count 12 offers for the same product and/or service. This practice underscores the reason to compare physical locations rather than the number of “discounts” or “offers.”

3. Counting Redemption Type:

Another technique used to artificially inflate the size of the merchant network is to count each type of redemption method as a unique offer. For example a mobile coupon, an in-store coupon and an online discount are counted as three distinct offers, when in fact the discount and product are the same.

4. Counting Cities Instead of Locations:

One technique used to inflate the size of networks is to count the number of cities where savings can be had. But rather than counting cities or towns with physical locations, some providers count all municipalities because any user with access

to a computer can use an online discount. Look for savings networks that count **in-store locations** with a discount offer. The [most recent U.S. Census of Governments reports](#) 19,522 municipalities in the United States. So be on the lookout for those networks who use municipalities as their only measurement for the size of their network.

5. Location Inflation:

Some providers inflate their numbers by using grocery/convenience stores and pharmacies in their location counts. To justify this, they may offer public-facing grocery coupons or pharmacy discounts that offer very little value, and are available virtually anywhere. With [40,000 grocery stores](#), [155,000 convenience stores](#), and over [67,000 pharmacies](#), ask your program if they include these types of stores in their location counts.

6. Clients Instead of Locations:

When the number of physical locations is not convenient to report, some discount networks will cite their number of clients. This says nothing about how many ways your member can save.

...because most discount programs are monetized by online transactions, they have little motivation to include merchants with in-store discounts.

Industry Terms

Affiliate network: A web publisher or network of websites that promote discounts via its online channels.

Affiliate marketing: A type of [performance-based marketing](#) in which a business rewards an [affiliate](#) or “publisher” for delivering web visitors to its ecommerce website.

Discount platform: A collection of merchant-offered discounts that are bundled into a coupon book or digitally delivered platform and given as a benefit to a closed member group or constituency.

In-store: A merchant location where a purchase is made for a product or service at a physical location, sometimes referred to as a brick and mortar store.

Location: A physical store offering to sell goods or services.

Merchant: A retailer or brand with one or more locations.

Mobile coupon: A discount offer redeemed by showing a mobile device at the point-of-sale.

Offer: A coupon or discount given by a merchant, for a reduced final price on goods or services.

Offline merchant: A physical store location, not an ecommerce site.

Online merchant: An ecommerce site selling goods or services.

Print at home: A coupon or offer that is printed by the user.

Retail proximity: A merchant within a consumer’s typical travel distance.

In Conclusion

If done thoughtfully, a turn-key discount platform can have a significant impact on your organization's ability to attract and engage your constituents.

For additional information, you may want to consider the following resources:

Ebooks:

- [The Ultimate Guide to Discount Programs](#)
- [Earning Engagement: 3 Steps to Capture Attention & Earn Loyalty](#)
- [Bridging the Leadership/Membership Gap](#)
- [Nice Guys Finish First: A Kinder Gentler Outlook on Winning in Business – and Life](#)

Case Studies: See how other organizations have used a discount program to solve specific challenges

- Member Acquisition: [Member organization boosts member acquisition](#)
- Member Retention: [Member organization drives increased member retention](#)
- Member Engagement & Acquisition: [Farm Bureau Federation boosts lagging engagement and acquisition](#)
- Member Retention: [Organization retains 80% of members by adding a discount program to member benefits](#)

Buyer's Guide to Turn-Key Discount Programs, by Gary Toyn. He has also authored [Bridging the Leadership/Membership Gap: The Impact of Proximity on Consumer Purchases](#); and the [VAESE Alumni Relations Benchmarking Study](#). Opinions are his own. Layout and design by Sue Thurber. Editorial team: Andrew Graft and Ashley Autry.

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Evaluation Checklist:

When evaluating a turn-key discount program, use this worksheet to help you evaluate each program's strengths and weaknesses.

Business Information:

1. Discount Network Name: _____
2. Years in Business: _____
3. Number of in-store merchant locations [\(see page 22\)](#) _____
4. Does it measure the size of its network with any of the following terms?

 Locations Opportunities to Save Offers Cities/towns/markets Number of Clients
5. Do they include grocery/convenience stores and pharmacies in their location counts? [\(see page 23\)](#) Yes No
6. What percentage of its merchants are privately negotiated brick & mortar offers? [\(see page 23\)](#) _____
7. What percentage of its merchants are Third Party Aggregated Offers & Publicly Available Affiliate Offers? [\(see page 22\)](#) _____
8. What percentage of its merchants have offers that are transacted online only? [\(see page 22\)](#) _____
9. What is the average discount per offer?

 less than 5% 10% 20% 30% 35% or more

Ask the following questions about each discount platform you are considering:

1. Does the discount network use an Organization Funded Model? (an OFM vs. MFM) (see page 9)	<input type="checkbox"/> Yes <input type="checkbox"/> No	11. Does it offer popular, familiar merchants, reflecting a consumer's everyday purchases? (see page 17)	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Is it a closed discount network requiring a member password? (see page 15)	<input type="checkbox"/> Yes <input type="checkbox"/> No	12. Does it consist of mostly evergreen offers? (as opposed to just daily deals) (see page 15)	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Is your organization's branding front and center? (Is it white labeled?) (see page 15)	<input type="checkbox"/> Yes <input type="checkbox"/> No	13. Does it have a history of managing alumni data securely and confidentially? (see page 17)	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the majority of its discounts consist of privately negotiated brick & mortar offers? (see page 16)	<input type="checkbox"/> Yes <input type="checkbox"/> No	14. Does it offer discounts on travel, Disney theme parks and other big ticket items? (see page 13)	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Does it offer rich discounts? (averaging 25%-50% off) (see page 17)	<input type="checkbox"/> Yes <input type="checkbox"/> No	15. Does it have mostly direct merchant relationships? (vs. affiliate/3rd party aggregators) (see page 16)	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Does it offer a mobile app with <u>show-your-phone</u> mobile coupons? (see page 18)	<input type="checkbox"/> Yes <input type="checkbox"/> No	16. Does it offer a merchant compliance program? (to make sure merchants honor their offer) (see page 18)	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Are the discounts easy/convenient to redeem? (as opposed to gift cards/certificates) (see page 20)	<input type="checkbox"/> Yes <input type="checkbox"/> No	17. Does it offer professional marketing and promotional services? (see page 19)	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Are the discounts in close proximity to where your alumni live and work? (see page 16)	<input type="checkbox"/> Yes <input type="checkbox"/> No	18. Does it offer toll-free, web chat and email member support services for your members? (see page 19)	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Are the discounts unique or exclusive? (vs. available to the general public) (see page 17)	<input type="checkbox"/> Yes <input type="checkbox"/> No	19. Does it have a client support team to help your organization succeed over time? (see page 19)	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Does it offer rich online discounts? (Or does the network keep a portion of each transaction?) (see page 20)	<input type="checkbox"/> Yes <input type="checkbox"/> No	20. Does it avoid charging merchants to join its discount network? (see page 20)	<input type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation Checklist:

When evaluating a turn-key discount program, use this worksheet to help you evaluate each program's strengths and weaknesses.

Business Information:

- Discount Network Name: Access Development
- Years in Business: 34
- Number of in-store merchant locations ([see page 22](#)) 330,000+
- Does it measure the size of its network with any of the following terms?
 Locations Opportunities to Save Offers Cities/towns/markets Number of Clients
- Do they include grocery/convenience stores and pharmacies in their location counts? ([see page 23](#)) Yes No

- What percentage of its merchants are privately negotiated brick & mortar offers? ([see page 23](#)) 87%
- What percentage of its merchants are Third Party Aggregated Offers & Publicly Available Affiliate Offers? ([see page 22](#)) 13%
- What percentage of its merchants have offers that are transacted online only? ([see page 22](#)) <1%
- What is the average discount per offer?
 less than 5% 10% 20% 30% 35% or more

Ask the following questions about each discount platform you are considering:

1. Does the discount network use an Organization Funded Model? (an OFM vs. MFM) (see page 9)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	11. Does it offer popular, familiar merchants, reflecting a consumer's everyday purchases? (see page 17)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. Is it a closed discount network requiring a member password? (see page 15)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	12. Does it consist of mostly evergreen offers? (as opposed to just daily deals) (see page 15)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. Is your organization's branding front and center? (Is it white labeled?) (see page 15)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	13. Does it have a history of managing alumni data securely and confidentially? (see page 17)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the majority of its discounts consist of privately negotiated brick & mortar offers? (see page 16)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	14. Does it offer discounts on travel, Disney theme parks and other big ticket items? (see page 13)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. Does it offer rich discounts? (averaging 25%-50% off) (see page 17)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	15. Does it have mostly direct merchant relationships? (vs. affiliate/3rd party aggregators) (see page 16)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. Does it offer a mobile app with show-your-phone mobile coupons? (see page 18)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	16. Does it offer a merchant compliance program? (to make sure merchants honor their offer) (see page 18)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. Are the discounts easy/convenient to redeem? (as opposed to gift cards/certificates) (see page 20)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	17. Does it offer professional marketing and promotional services? (see page 19)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. Are the discounts in close proximity to where your alumni live and work? (see page 16)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	18. Does it offer toll-free, web chat and email member support services for your members? (see page 19)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. Are the discounts unique or exclusive? (vs. available to the general public) (see page 17)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	19. Does it have a client support team to help your organization succeed over time? (see page 19)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
10. Does it offer rich online discounts? (Or does the network keep a portion of each transaction?) (see page 20)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	20. Does it avoid charging merchants to join its discount network? (see page 20)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No