



A FIRST DATA CUSTOMER SUCCESS STORY:

COLD STONE CREAMERY, INC. EXPANDS SALES AND BRAND WITH FIRST DATA'S GIFT CARD SOLUTIONS

Client

Cold Stone Creamery, Inc.

Challenge

Transition from an inefficient and highly fraudulent, paper-based gift card program to an electronic system

Solution

First Data's Premium Gift Card Solution, including Card Production, Inventory Management and Fulfillment, Internet Sales, Third-Party Distribution and Franchise Settlement

Results

- Improved gift card distribution: from 1,200 locations to 35,000
- Increased sales: 5% of overall sales from gift cards
- Reduced fraud: paper-based system was easily manipulated by fraudsters
- Improved cash flow: franchisees no longer have to purchase paper certificates

Cold Stone Creamery® has been one of America's fastest-growing ice cream concepts, with approximately 1,200 stores across the United States. Due to rapid growth, the company was challenged with managing an inefficient paper-based gift certificate program. Franchise owners were responsible for the purchase of paper certificates and the return of any unused certificates for reimbursement. Customers could only use their paper certificates at specific stores, but wanted to use them at various locations. Fraudsters made copies of the paper certificates and erased expiration dates. The paper system was also hard to track, creating back-office inefficiencies.

Cold Stone Creamery partnered with First Data and launched a centralized, electronic system that not only pleased franchise owners and customers alike, but also expanded the company's sales and brand exposure.

"Cold Stone® confections are the perfect gift for any occasion and our customers have expressed that they love the flexibility of where they can buy and where they can redeem our gift cards," says Daniel Beem, President, Cold Stone Creamery, Inc.



We find that our sales dip a bit in the winter time as the weather turns colder, but our gift card program has helped offset this due to the majority of gift cards being sold in the holiday season and being redeemed within 90 days. ”

Daniel Beem, President,
Cold Stone Creamery, Inc.

The Challenge

Boasting 20 years of serving up the finest ice cream, cakes, smoothies and shakes, Cold Stone Creamery® franchises are increasingly sought for their innovative ice cream Creations™. In 2005, to support and increase its impressive growth, the company took a hard look at its inefficient, paper-based gift card program.

Cold Stone Creamery understood that electronic gift cards were gaining popularity with consumers and that they would make life easier for franchise owners. However, the company needed a partner to help them launch a centralized and easily managed gift card solution. Ideally, this partner would handle gift card production, inventory management, in-store and online sales management/distribution and franchisee fund reimbursement. In addition, Cold Stone® wanted a partner that could help grow its brand visibility through additional sales distribution channels.

The Solution

Cold Stone turned to First Data, its long-time payment acceptance provider. Together, they rolled out a centralized electronic gift card program and in just over six months, the program was implemented and being used in all franchise locations across the United States. First Data provided its Premium Gift Card Solution, as well as Card Production, Inventory Management and Fulfillment, Internet Sales, Third Party Distribution and Franchise Settlement solutions.

Cold Stone then worked with First Data to expand its gift card sales network through Internet and other third-party distribution sales to provide additional brand visibility. With First Data's eGift Social solution as well as its integrated third-party gift card distribution network, Internet and in-store retailers were already capable of supporting Cold Stone gift card sales, creating almost limitless distribution possibilities.

The Results

"One of the great benefits of the gift card program is that our brand is in front of people even when they are not within the four walls of our stores. Anytime a company can stay top-of-mind with its customers it is a great thing," says Beem.

Cold Stone Creamery has experienced positive program growth year-over-year since the rollout. Thanks to the third-party distribution network, Cold Stone went from 1,200 distribution locations to 35,000. Not coincidentally, the company has seen an increase in sales. Gift cards bring new customers into Cold Stone stores and gift card customers typically spend more than their gift card value. Today, Cold Stone sees 5% of its overall sales from gift cards.

Further, the electronic gift card program instantly provided Cold Stone and its franchise owners with operational efficiencies as well as a significant decrease in fraudulent redemption. It eliminated the need for Cold Stone to print, inventory, manage, pack, ship and track paper gift certificate orders, and it automated franchise funds settlement.

Perhaps best of all, the system increased customer satisfaction because they can now purchase gift cards from many more retail locations and use them at any Cold Stone Creamery location. "Our decision to choose First Data as our gift card processor has enabled our program to evolve with the demands of the industry and they are always bringing new opportunities," says Beem.