

Q&A with Dan Battista, CEO and Partner of Factor4 providing Gift and Loyalty Processing for Small and Medium Sized Businesses



Dan Battista
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Interview conducted by:
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CEOCFO: *Mr. Battista, what is Factor4?*

Mr. Battista: We are a gift and loyalty processing company for the small and medium sized business. We provide transaction processing, full reporting and all the tools you need to have a successful gift and loyalty program.

CEOCFO: *How prevalent are gift and loyalty programs?*

Mr. Battista: I would tell you that most merchants have a gift card program whether it is a gift card or certificate. Gift cards take it to another level. Loyalty is probably used in about 75% of merchants right now where it rewards the top customer for coming in and keeps them coming in as well.

CEOCFO: *How does an engagement with Factor4 work for a company?*

Mr. Battista: Typically a small or medium sized business is looking for a technology solution that fits into their current processing framework, whether they are using a POS or processing terminal. We build an application or have an integration with many of the largest POS providers. For us, it is just a matter of setting the parameters up in their equipment and helping them design and print cards for them as well as provide any marketing materials. It allows them to sell the cards and promote their services to their customer.

CEOCFO: *Do you collaborate with a company to develop what their programs should be, to explain some of the options or do many companies know what they want when they come to you?*

Mr. Battista: On the gift card side, most of them understand what they are looking for. We typically work with them on the design and the display as well as the accessories that go with the gift card program. When it comes to the loyalty, we really become the business consultant where we understand their business model such as coffee shop. A loyalty program for a coffee shop is much different than a loyalty program for a furniture store because the average ticket is larger and the number of transactions is different. We typically work with the owner to set up a program that allows them to drive more business and more profitable business and can always be modified as the program goes.

CEOCFO: *Why does the look of the card matter?*

Mr. Battista: The value and the look of a card really matters because there is a perceived value in a plastic gift card. When someone is giving a gift card as a gift or utilizing it for themselves. The look of the card really makes a difference. You will find that many of the retailers have different options for the looks of the card whether it is for a different time of year or whether it is a holiday card, a birthday card, or it is in different designs or colors. It matters because consumers

seem to like that, and for the merchant, what really happens when a person buys a gift card, it is like having your logo in that consumer's pocket, so it is very important to make sure you drive your message the right way.

CEOCFO: *Would you tell us about the integration with Click-a-Waiter?*

Mr. Battista: The integration with Click-a-Waiter has been an important product for us. Click-a-Waiter is a white label POS solution that allows the ISO market, the POS organization that is an out selling merchant processing to sell their own point of sale solution and by being integrated with Click-a-Waiter, we are now able to be sold to any one of Click-a-Waiter's customers. The process for running transactions is very simplified. The person simply takes your card, swipes it and that transaction comes right to us and we send back the approvals. We are the preliminary integration for Click-a-Waiter when it comes to gift and loyalty, so we expect really great things about that partnership.

CEOCFO: *What is new in loyalty programs?*

Mr. Battista: Many different merchants do not really know who their top customers are and understanding who they are, making sure that they are aware how often they come in and how much they spend. That kind of quality information for the small to medium sized business is really key because we saw that little economic downturn about ten years ago. Merchants did not understand who their top customers were, so they could not reach out to them and say they had not seen them in a while and ask if they could come back in, what went wrong and if there was something they had done. That is really important. Collecting data on their consumer is the most important thing for loyalty programs that merchants can use.

"We are a leading, state of the art gift and loyalty platform that allows you to manage your programs easily, that helps you drive business, increase sales, increase profit and we have second to top of the line service that helps you when you need it."- Dan Battista

CEOCFO: *Are merchants turning to Factor4 because they are looking for that data or is it a nice side effect that they can embrace?*

Mr. Battista: Merchants are trying to increase sales and profits. I think this is a tool to do that. I think that is part of the understanding. Most merchants we deal with are very good at what they do for a living, so Joe's Pizza Shop is great at making pizza and Bob's Coffee Shop is great at making coffee. They do not really understand this side of the business and the more we can educate and help them, it helps them grow the business as well.

CEOCFO: *What is the competitive landscape?*

Mr. Battista: In the industry, we find that there are very few companies that are like us, simply focused on gift and loyalty. Many of the gift and loyalty companies are owned by merchant processing companies. They tend to force the merchant to use their credit card processing as well as their gift and loyalty. We are processor agnostic. We do not sell merchant processing, so we just focus on gift and loyalty. We think that gives us an advantage to our customers.

CEOCFO: *How do you reach out to limitless potential customers? How does Factor4 jump off the page if someone is doing a search or looking for a loyalty program?*

Mr. Battista: For us, it is all about the product that we sell and how we respond and communicate with our customers. We are very much in tune to customer service and responding to our customer's requests in a very timely, efficient and quick way so we are separating ourselves from the competition because we provide a great product and great service. A person will call and will get a person that answers the phone. It makes it a lot different in today's world when many of our competitors if you call, trying to find someone that can answer your question or talk to you about the product is very difficult.

CEOCFO: *How do you present the data you collect for a business and do businesses tend to make use of the data?*

Mr. Battista: The data that we collect and the merchant collects on the consumer is reported to the merchant to a portal that we allow the merchant to log in and look at their data at any given time. It collects all their data in a very simple and precise manner. They have a simple login that they can log into any time and they can take that and do with they want with it. With our system, we make sure that the consumer signs up and does that as well as that the merchant utilizes the data so that they get the most data, but we always want to have a consulting call to make sure that they are happy with the program, happy with the results and what we can do to modify it so that it works for them better.

CEOCFO: *How do you help a business understand the dollar value of having a program and having an efficient one?*

Mr. Battista: In this case, there are a couple ways to do this. One is that we work with them, utilizing a loyalty program to drive business in their slow time. We allow them to understand if Tuesdays are slow for them, we will set up a promotion that allows them to offer double points on Tuesday to drive business. The second way to do it is if we show them that now they have data on their top customers and they can then market to their non-customers and keep them coming in. They see a value there and the cost of this program is very small compared to the real benefit.

CEOCFO: *What has changed in your approach over time?*

Mr. Battista: No different than any other merchant, we understand that every customer is important. No longer is this a new product in the market but this is a product that has to be able to work for every different merchant and they have to be able to understand it and use it ease of use because there are so many pressures just on that small to medium sized business. To succeed, our system has to be very simple and easy to use and we can also offer support. Most merchants are very good at what they do but they do not understand this. The easier we can make it, the better off it is.

CEOCFO: *What is ahead for Factor4?*

Mr. Battista: We are currently looking at a variety of different acquisitions to grow. We have a processing platform that has a unique, expandable opportunity, so we are looking at acquisitions for other processes and groups that have merchants. We are also looking at more partnerships like Click-a-Waiter where we can drive additional merchants through our processing market.

CEOCFO: *Why choose Factor4?*

Mr. Battista: We are a leading, state of the art gift and loyalty platform that allows you to manage your programs easily, that helps you drive business, increase sales, increase profit and we have second to top of the line service that helps you when you need it.



The Gift & Loyalty Factor for Success