

THE POWER OF COLOR

A Research Report on Color Receipts and
Their Positive Impact on Consumer Behavior

From retail stores to restaurants, the search is on for new ways to sustain and grow a steady customer base, to keep customers coming back for more. TransAct Technologies, makers of Ithaca® brand POS printers for over 20 years, recently introduced POWEROLL™, a full-color intelligent receipt, to enhance branding and customer communications. This creates the ability for businesses to use color receipts as promotional tools or even as a source of revenue when advertising space is sold to vendors.

As we know, today's consumers are not yet in the habit of looking at their black-and-white receipts for promotions or other messaging. Without color, receipts aren't capturing consumer attention. However, with the introduction of POWEROLL™, we have changed the use of receipts forever.

To prove it, we commissioned an independent research firm to find out just how effective adding color to receipts can be. And the news for retailers and restaurants is even better than we expected.

Consumer reactions in the study deliver the proof that adding color to receipts isn't just about aesthetics. Color can actually improve your business, from boosting the effectiveness of promotions to polishing the halo over your brand and even generating new revenue. Moreover, receipts communicate in real time, while consumers are still in the store. This report shows that color receipts are ready to become the next great marketing medium.

We at TransAct believe adding color to receipts will make the crucial difference in the effectiveness of receipt marketing. Let us show you how color receipts can positively impact your business. For more information on how color can improve your business, please give us a call.

Bart Shuldman, Chairman, President and CEO, TransAct Technologies Incorporated

A Word on Methodology

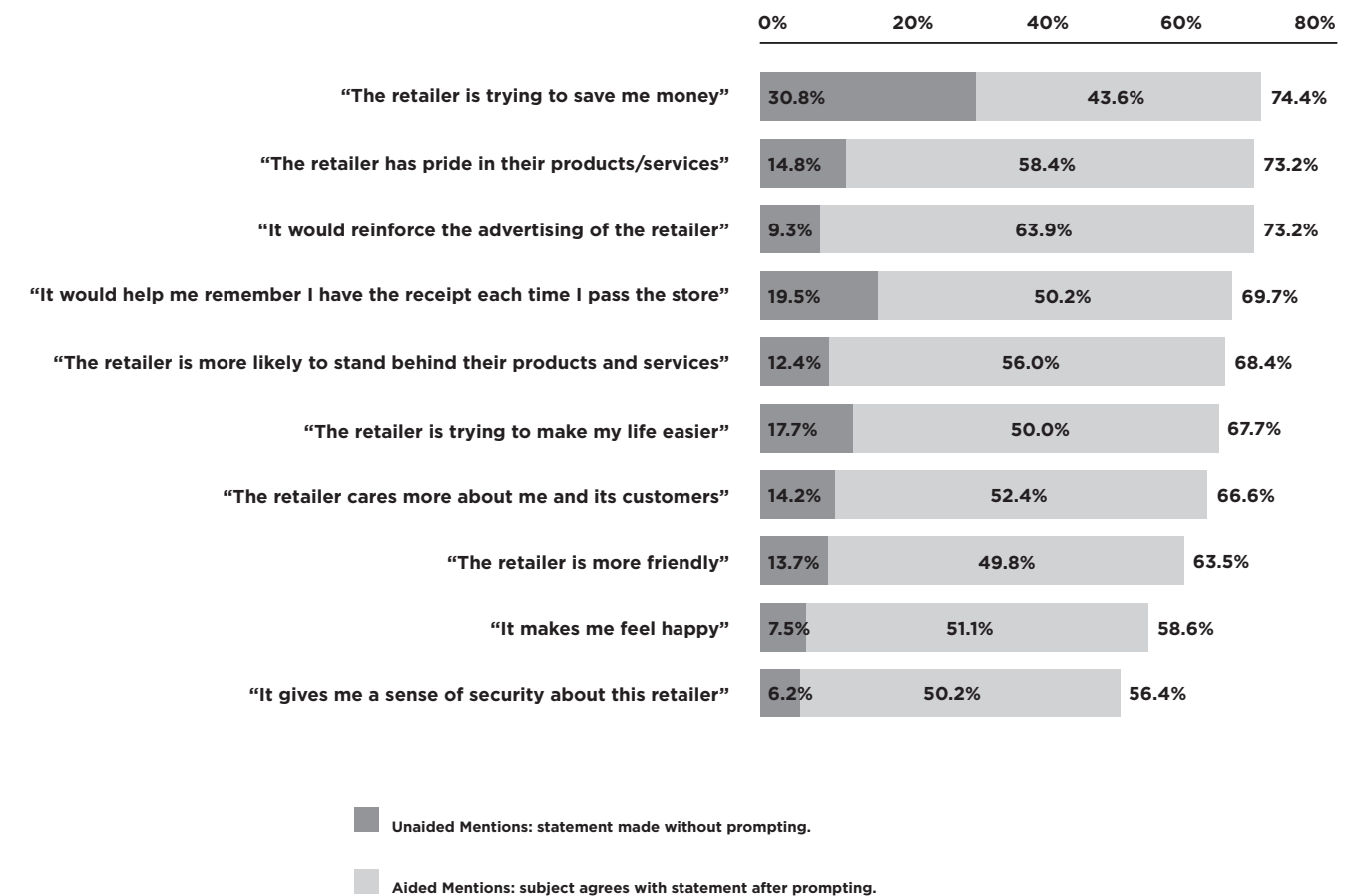
This research was conducted by The Michael Allen Company in conjunction with TNS Intersearch across a broad spectrum of market segments: quick serve restaurants, sit-down restaurants, coffee shops, clothing/department stores and specialty retail stores. Focus group sessions pointed to general consumer attitudes. For quantitative data, researchers polled hundreds of consumers exiting a number of national, high-profile chains across these same market segments. The consumers were shown both black-and-white and color receipts and were asked a number of questions regarding the following: (1) what they noticed, (2) the likelihood of returning to that store/restaurant based on seeing the promotion on the receipt, (3) the likelihood of redeeming a receipt coupon and (4) how the color receipt made them feel about the retailer. More details on the research firms are noted on the back page of this report.

COLOR GENERATES POSITIVE ATTITUDES TOWARD THE BRANDS

Adding color branding on receipts may be the most powerful way to use POS printer technology as a communications vehicle. Displaying the logo and a message in color will go a long way toward aligning the store experience with the brand experience. Your receipts then communicate with your customers in real time with messages that are noticeable and relevant. In a fiercely competitive business environment, receipts become the brand's voice of appreciation to customers, while building customer loyalty.

The power of adding color to receipts as a way to enhance a brand became evident when consumers were asked what they thought of the company represented on the color receipt. They had overwhelmingly good things to say.

Positive Impact On Attitudes Toward Retailers

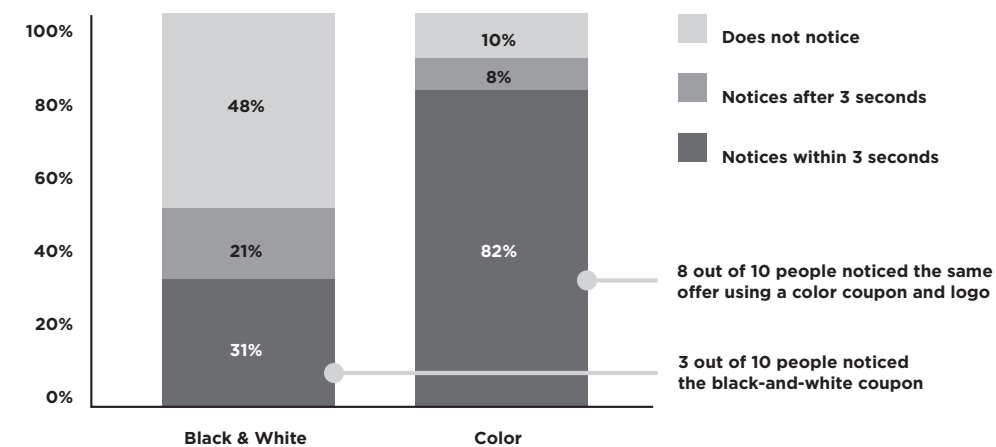


COLOR DOUBLES CONSUMER AWARENESS

A typical receipt today is one-color only, most often in black. The researchers in this study showed consumers a sample black-and-white receipt with a promotion on it to see if they noticed the promotion. Even given the unusual situation of being asked to look at a receipt, only 31% of the consumers noticed the offer within three seconds. Another 21% noticed it after three seconds. That means that even after they were given some time, only about 50% noticed the promotion.

Adding color to the receipts more than doubled the number of people who noticed the offer within three seconds. More than 80% of consumers who were shown receipts with two-color logos, promotion messages and coupons noticed them within three seconds. After three seconds, a total of 90% noticed the offer.

Color Increases Immediate Awareness of Promotions by 165%



Color is Power

Research done by Pantone® and the Pantone Institute, internationally recognized authorities on color, demonstrates the power of color: “Memory retention studies tell us that consumers are up to 78% more likely to remember a word or phrase printed in color than in black and white. The human eye is drawn to color. Color activates the right brain, while the printed word activates the left brain. When color is combined with the written word, it impacts consumers with the triple whammy of greater recall, recognition and attention.”

Leatrice Eiseman, Director of the Pantone Color Institute, *Impact of Color on Consumer Purchase Behavior*, speech at Retail Systems 2000, April 17, 2000. Eiseman is an industry color consultant and also the author of *Pantone Guide to Communicating with Color*, Grafix Press.



Consumer comments:

“You can’t see it if you don’t notice it.”

“You need something to get your eye to go there... especially if you’re putting the coupon on the receipt itself.”

“All RIGHT!”

“It definitely catches your attention. Whoa!”

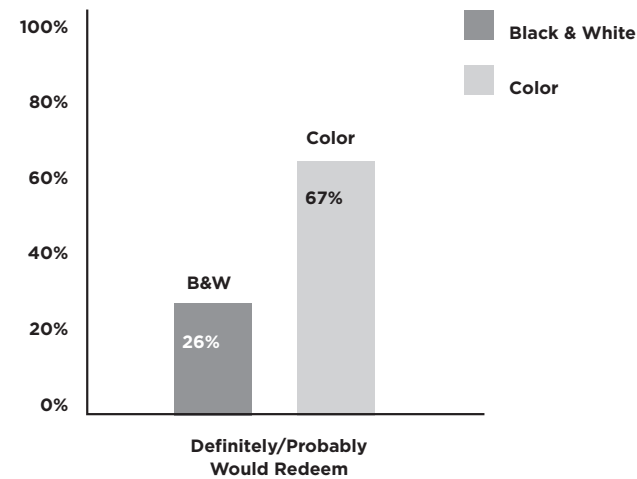
“I started reading it from the bottom because there’s red down there.”

Color Boosts Redemption By 158%

Awareness alone is only part of the equation for success. You need customers to act on your promotion to gain the extra sales. Consumers were asked whether they would act on the offers on both black-and-white and color receipts. More than twice as many people said they would redeem the coupon when it was in color. Across the board, from the coffee shop to the clothing store, color yielded impressive results in consumer likelihood to redeem.

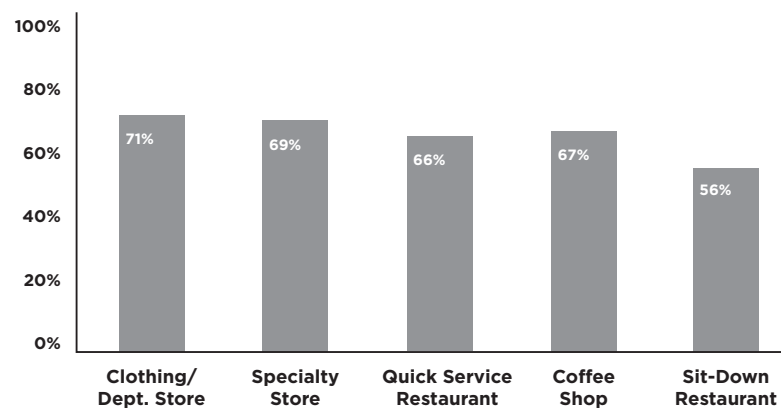


Redemption Is More Than Doubled



Higher Redemption

Likelihood of Redeeming Color Coupon by Store Type



Consumer comment:

"It's definitely going to be the kind of receipt you have to put in your pocket and save for another day."

Color Brings Customers Back

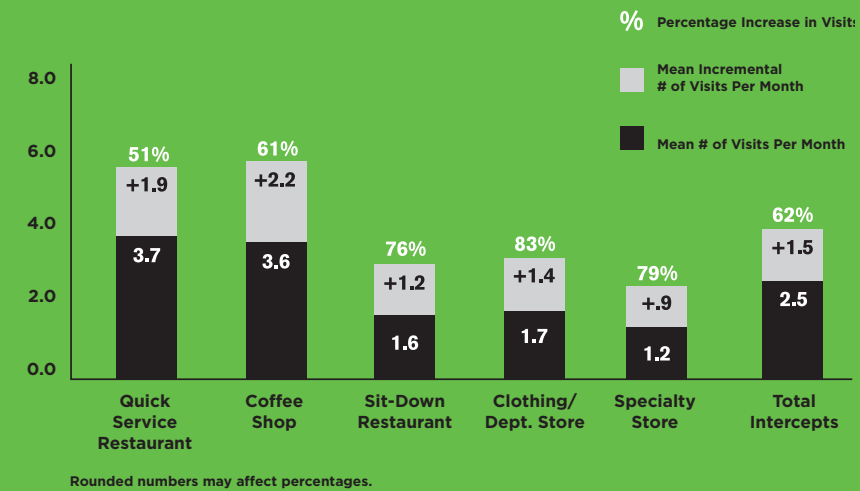
Customer loyalty also increases when you add color to receipts. Not only does it increase total return visits by an average of 62%, adding color increases the frequency of visits between one and two times a month, depending on store type.

Multiply the 62% average monthly increase in visits by average monthly revenue, and see that color is a simple way to generate more income. Even chains realizing a more modest overall increase in sales are generating new revenue that wouldn't have been there before.

Increasing revenue may be the most tangible result of using color receipts as communications tools, but the boost to brand image may ultimately be the most valuable. A color receipt is not merely a utilitarian transaction confirmation, but a strong link to a customer's next visit.

More Business

Increased Awareness from the Color Receipt Increases Frequency of Visits by 1-2 Times/Month



Calculate Your Increase in Revenue

To calculate your increase in revenue, multiply your monthly revenue by 62%. Depending on the type of store, the percentage can be even higher. For example, a sit-down restaurant increases the number of monthly visits from 1.6 to 2.8, or 76% while the average for all segments is 62%.



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FREE
MP3 PLAYER
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Consumer comment:

"It's going to encourage you to go to that store more."

About TransAct Technologies

TransAct Technologies Incorporated (Nasdaq:TACT) is the leader in developing and manufacturing market-specific printers for transaction-based industries. These industries include gaming, lottery, banking and hospitality. Each individual market has distinct, critical requirements for printing and the transaction isn't complete until the receipt and/or ticket is produced. TransAct printers are designed from the ground up based on market specific requirements and are sold under the Ithaca® and Epic product brands. TransAct distributes its products through OEMs, value-added resellers, selected distributors, and direct to end-users. Transact has over two million printers installed around the world. TransAct has a strong focus on the after-market side of the business, with a high commitment to printer service, supplies and spare parts. Transact is headquartered in Wallingford, CT. For more information on Transact, visit www.transact-tech.com or call 203-859-6800.

Two research firms joined forces to conduct this research from December 2001 to March 2002.

About The Michael Allen Company

The Michael Allen Company, founded in 1979, is a growth strategy consulting firm based in Westport, Connecticut. The company specializes in assisting clients achieve profitable growth through improved customer insight and a market-driven approach. The company serves Fortune 500 clients in a variety of industries, including pharmaceutical/biotechnology, food and beverage, financial services and retail. For more information, visit www.MichaelAllenCompany.com.

About TNS Intersearch

A division of Taylor Nelson Sofres, TNS Intersearch is the tenth largest custom research company in the United States and is organized into specialized groups including e-commerce; food and beverages; information technology; media; public opinion polling; restaurants; retail; telecommunications; and travel, leisure and hospitality. Taylor Nelson Sofres is the fourth largest market information group in the world and provides market information in more than 100 countries. For more information, visit www.intersearch.tnssofres.com.



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