



Gift and Loyalty Cards

PRODUCT SHOWCASE

GETI : Gift & Loyalty Programs

What is A Gift Card?

Gift cards look like and act like a credit card, except it has "YOUR store logo or name. A gift card is purchased by the customer and activated for any amount. You collect the funds upfront and simply activate the card. The card is pre-paid and serves as an electronic replacement for paper gift certificates. The customer can bring the card back and use the balance toward goods or services. Cards can be reactivated and funds can be added anytime.

What is A Loyalty Card?

A loyalty card is designed to reward your loyal customers. You can reward based on visits, items or dollars spent in the location. You can also promote slower days of the week and reward your customer's with points for visiting.

Loyalty programs can assist you in creating a loyal customer base and increase sales!

Merchant Benefits

- Increased Consumer Spending – Awareness is at an all time high! Sales can sometimes double from paper to plastic.
- Powerful Promotional Tool – Merchants can use the cards as a tool to increase sales during slow days or promotions.
- Increase Store Traffic – Signs and display material in your store will attract more customers wanting to buy a gift for a loved one.
- Promotes Customer Loyalty – Merchants can use the cards to help keep the customers coming back.
- Great Impulse Purchase – It has been studied & proven that consumers will tend to impulse purchase if you are promoting a product at the point of sale.
- Replace Paper Gift Certificate – Most all merchants selling paper gift certificates experience problems with tracking, reporting, fraud and duplicate use.
- Slippage and Breakage – The BIGGEST reason to use gift cards is not to have to give customers cash back. Balances stay on cards. Typically only 85% of a cards value is actually redeemed.

The Gift Card Industry

Though gift cards were expected to be a common holiday gift, they were even more popular than projected. According to a BIGresearch survey, consumers spent an average of \$164.81 on gift cards, up from the \$146.20 they expected to spend. As a result, gift card spending during the holidays was \$27.8 billion, higher than the \$24.8 billion initially estimated by NRF. This almost DOUBLED versus the \$88.03 average dollar amount per card in 2005.

Synergistics Research reports that 64 percent of surveyed households find a multi-purpose gift card to be valuable.

According to a January 2007 National Retail Federation survey, 79.7% of consumers said that they plan on buying at least one gift card next holiday season.

In November, 2006, only an estimated of 5.6% of consumers have completed more than two thirds of their holiday shopping, and 68.5% have only completed 10% of their total holiday shopping. Most consumers use gift cards as a last minute gift.

The Gift Card Industry – Cont.

An estimated 10 to 15 percent of gift card recipients never cash in cards. Gift card recipients also bring new customers into stores that they might not have otherwise visited.

Many retailers offering gift cards provide "collectible" or "limited edition" cards.

While shoppers can easily purchase gift cards at a variety of locations, most consumers (76.7%) chose to buy gift cards from stores where the card could be used.

Consumers reported receiving an average of 2.63 gift cards in the 2006 holiday season.

Advantages For The Retailer?

- Studies show that people spend more on gift cards than on gift certificates. The average gift card denomination in 2004 was \$50 – twice the amount people would spend on the average gift certificate at the time.
- According to the January 2007 BigResearch survey, 50.9% of gift card holders have spent much more than the value of the card when redeeming it.
- The 2006 annual Gift Card FACTS Report stated that 58% of merchants said that gift cards are more effective compared to merchandise.
- In the same report it was shown that on a scale from 1 to 5 , 5 being the highest, merchants rated gift cards effectiveness as follows: 0% rated 1, 4% rated 2, 22% rated 3, 50% rated 4, and 24% rated 5.
- Research also shows that people who buy with gift cards are less likely to be fussy about the price they're paying. The J.C. Williams Group's study found that 40% of shoppers using a retailer's card bought items at full price. Only 16 per cent of shoppers using other payment methods bought at full price.
- Retailers are also partial to gift cards because they tend to decrease the amount of merchandise that is returned. You won't have to fake it when you say, "No, I really do like it" when you open what Grandma got you this time.
- Another reason retailers have taken to gift cards is that they appear to smooth out the drastic sales drop in the weeks after the busy Christmas season. Gift cards are purchased in large numbers in November and December and given as gifts at Christmas. But many are not redeemed until January or later.
- In a research conducted by Incentive magazine, 69% of companies stated that gift cards and gift certificates are more effective than cash in motivating and rewarding employees

What's the Difference Between Gift Cards and Gift Certificates?

- Robert McKinley, chief executive officer of CardWeb.com stated, "Retailers like them because it gives them a pipeline into the teen market and the estimated 20 to 23 million 'un-banked' consumers who don't hold accounts at financial institutions but want the buying ease of plastic".
- It's more than just plastic vs. paper. While both products are sold in pre-set denominations, you'll get cash back if your gift certificate is worth more than your purchase.
- Profitability - gift cards out perform paper certificates, eliminating the need to refund cash back. Pre-paid Sale - generates immediate cash flow
- Multiple Uses - merchandise return cards, employee incentives, marketing tactics, etc.
- Better Reporting - extremely difficult and time consuming to track paper certificates
- Accurate, Online Tracking - track activity by store, venue, issuer, account or by individual card
- Eliminates Fraud – Extremely difficult to duplicate.
- Pick up a pair of \$45 pants with your \$50 jean store gift certificate and you can go down the street and buy lunch at the doughnut shop with your change. Not so with a gift card. Buy something for \$45 with the \$50 gift card and you have \$5 left to spend at the same store next time you're there.
- Also, Gift cards are reusable, and can be redeemed at different businesses.