



2010 U.S. Gift Card Consumer Insights Study

March 2011

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OVERVIEW

Background

- First Data conducts an annual market survey (Consumer Insights Study) among gift card purchasers and receivers of both closed and open loop cards
- This important study:
 - Began in 2001
 - Identifies market and consumer gift card trends and consumer needs and preferences
 - Provides information that is shared with First Data clients and is used to help enhance their gift card programs

Study Objectives

- The primary objective of the Consumer Insights Study is to examine market and consumer trends, as well as consumers' needs and preferences, as they relate to gift cards. The results of the study:
 - Quantify the percent of the United States and Canadian populations giving/receiving gift cards (in total and by demographics)
 - Identify buying behaviors associated with gift card purchasing
 - Examine the gift card decision-making process
 - Compare purchase behavior from 2009 to 2010
- Additional objectives among gift card receivers include:
 - Evaluate the impact that gift cards have on recipient
 - Identify and quantify where recipients receive gift cards from and the total number of gift cards received
 - Determine the average card amount received (by store type)
 - Measure the incremental financial value that any changes in consumer buying behavior have on the merchant
 - Quantify uplift (i.e., overspend) by merchant type
 - Evaluate the effectiveness of innovative uses for gift cards such as e-gift cards and incentive gift cards

Methodology – United States

- A 20-minute web-based survey, using the e-Rewards online panel
 - First Data was not identified as the study sponsor
- Fielded: September 21-29, 2010
- Respondents must:
 - Be 18 years of age or older, and have purchased or received a gift card in the past 12 months
- Sample size: 2,010
 - Includes over-sample of African American, Hispanic, and Asian consumers to obtain 300 completes in each demographic segment for adjunct analysis
 - Data weighted to US Census Current Population Study on: age, race, gender, and education
- Additional analysis:
 - An identical study among Canadian consumers (n=400); results presented in a separate report



KEY INSIGHTS

Key Insights – Purchasing

Key Findings	Implications
<p>Availability of occasion-based gift cards drive purchase decisions for some consumers</p> <ul style="list-style-type: none">➤ 17% would not purchase a gift card if the appropriate occasion-based design was unavailable.	<ul style="list-style-type: none">➤ Incorporate occasion-based gift cards for key occasions for your business
<p>Gift card mall popularity has increased</p> <ul style="list-style-type: none">➤ While most consumers still purchase closed loop gift cards at a specific store, purchases at gift card malls has increased from last year (38% to 46% currently).	<ul style="list-style-type: none">➤ Establish or expand partnerships with gift card mall providers to increase sales.

Key Insights – Redemption Behavior

Key Findings	Implications
<p>Over a third of those receiving gift cards indicate they changed their purchasing plans because of the gift card.</p> <ul style="list-style-type: none">➤ When redeeming their gift card, 25% purchased an item they had not planned to spend money on, 8% bought a more expensive version of an item they already planned to buy, and 3% purchased an item from a store they don't normally shop at for such an item.	<ul style="list-style-type: none">➤ Gift cards provide your locations with incremental customers and sales.

Key Insights – Reloading Behavior

Key Findings	Implications
<p>Closed loop prepaid card reloaders indicate they do so to receive rewards or for the sake of convenience.</p> <ul style="list-style-type: none"> ➤ Rewards - the main reason for reloading - has increased from 15% to 25%. ➤ For 18% reloading is more convenient than paying with cash and another 8% indicate reloading is more convenient than paying with credit or debit cards 	<ul style="list-style-type: none"> ➤ Consider using rewards to promote reloading.
<p>Reloading via the Internet is the preferred method for 30% of reloaders.</p> <ul style="list-style-type: none"> ➤ Although in-store reloading is the preferred method for 70% of reloaders, 30% prefer to reload online 	<ul style="list-style-type: none"> ➤ Internet reloading is relevant and should be considered to encourage gift card re-use.
<p>Reloading encourages desired behaviors including increased frequency of store visits and additional spending per visit</p> <ul style="list-style-type: none"> ➤ 35% of reloaders report visiting the store more frequently after reloading their card; 20% spend more per visit 	<ul style="list-style-type: none"> ➤ Reloading encourages your customers to spend more money at your locations; explore ways to position your gift card as an everyday spending card.

Key Insights – E-Gift Cards

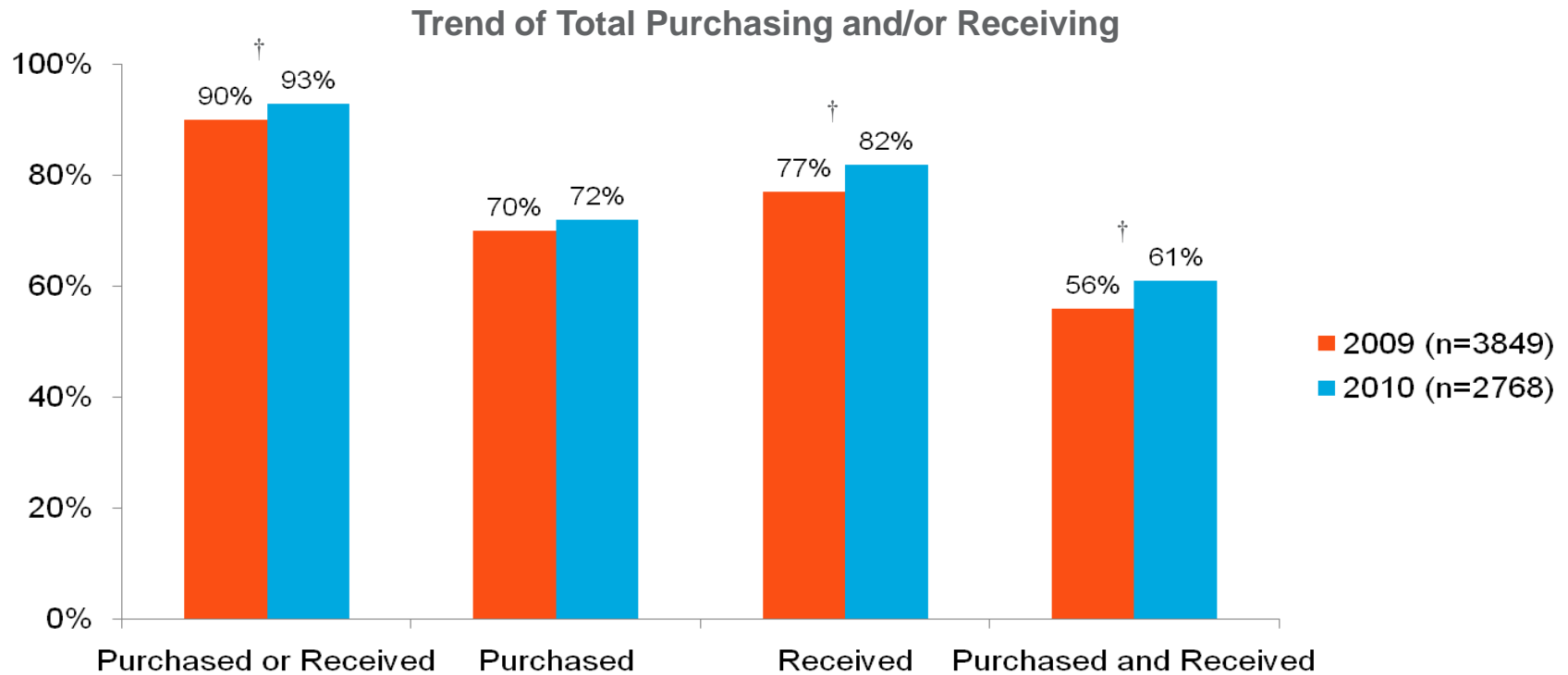
Key Findings	Implications
<p>E-gift card adoption is in its early stages</p> <ul style="list-style-type: none">➤ Only 12% of consumers have purchased an e-gift card, while 14% have received one➤ Almost all recipients of an e-gift card (98%) received it via e-mail.	<ul style="list-style-type: none">➤ Begin to develop and implement strategies for distributing your gift card electronically.➤ Experiment with distributing cards through social media sites, your own website and other channels to learn more about e-gift card users and optimizing high potential sales channels.
<p>A significant percentage say they are likely to send an e-gift card</p> <ul style="list-style-type: none">➤ 25% of consumers indicate they are likely to send e-gift cards, while 43% say they are unlikely.	<ul style="list-style-type: none">➤ Those most likely to send e-gift cards value the immediacy of delivery, ease of e-mailing, environmental friendliness, and ease of redemption.



OPEN LOOP AND CLOSED LOOP ANALYSIS

Prevalence of Gift Cards: 2009 vs. 2010

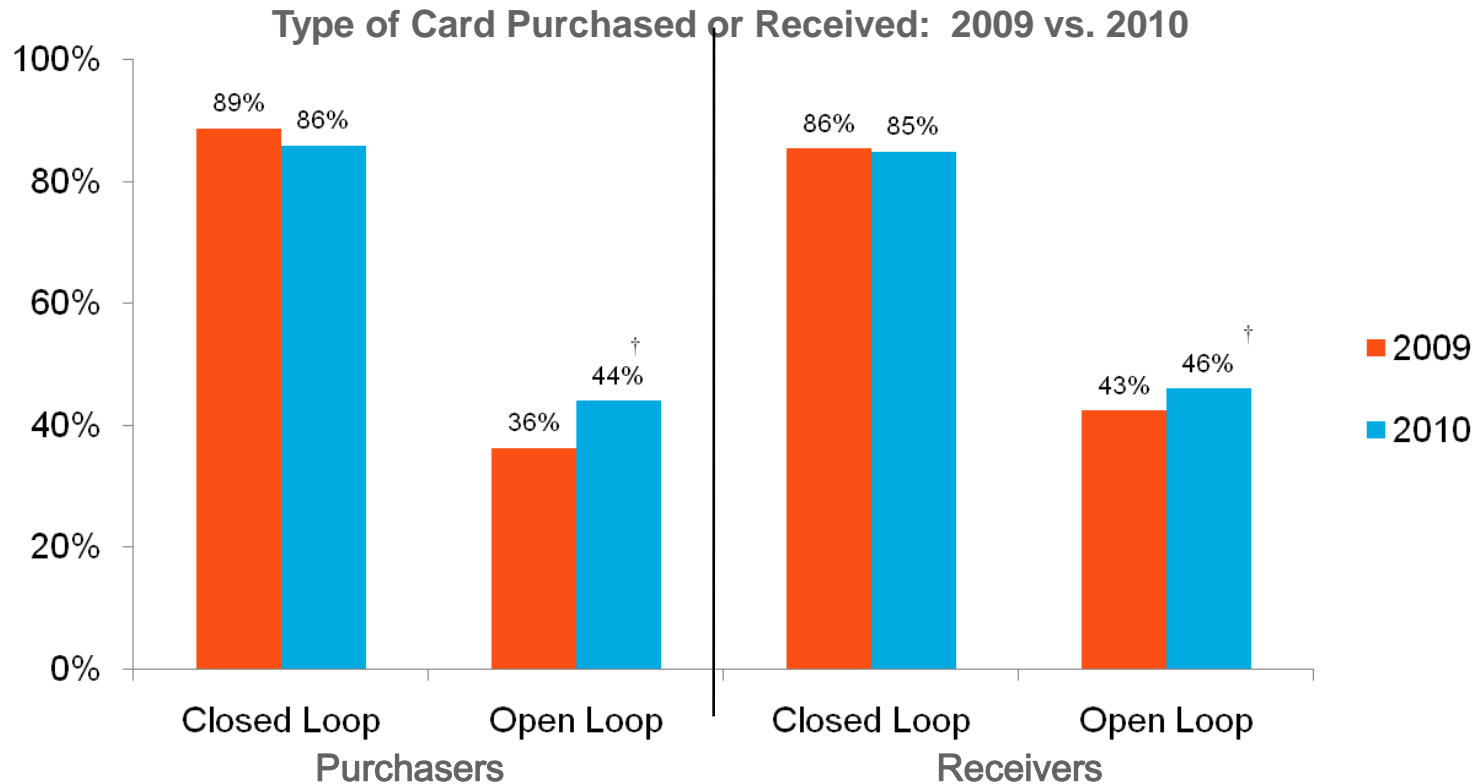
- Over the past year, the popularity of giving gift cards has grown. The proportion of consumers receiving a gift card in the past year has increased significantly since 2009, though purchasing has not seen as dramatic an increase.



† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Purchasers and Receivers: Closed vs. Open Loop

- Consumers are purchasing and receiving significantly more open loop gift cards this year than in previous years. Closed loop cards are still more frequently purchased and received than open loop ones, despite a slight decline in 2010.



† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Overlap in the Type of Gift Card Purchased or Received

- More respondents purchased open loop gift cards in 2010 as seen in significant increases in the Open Loop Only and Both categories. The number of respondents only purchasing closed loop cards decreased significantly.
- More consumers are receiving both closed and open loop gift cards, while the number of respondents receiving only closed loop cards has dropped significantly.

% of Purchasers	2009 [†]	2010
Open Loop Only	11%	14% [†]
Closed Loop Only	64%	56% [†]
Both	25%	30%

% of Receivers	2009 [†]	2010
Open Loop Only	14%	15% [†]
Closed Loop Only	58%	54%
Both	28%	31%

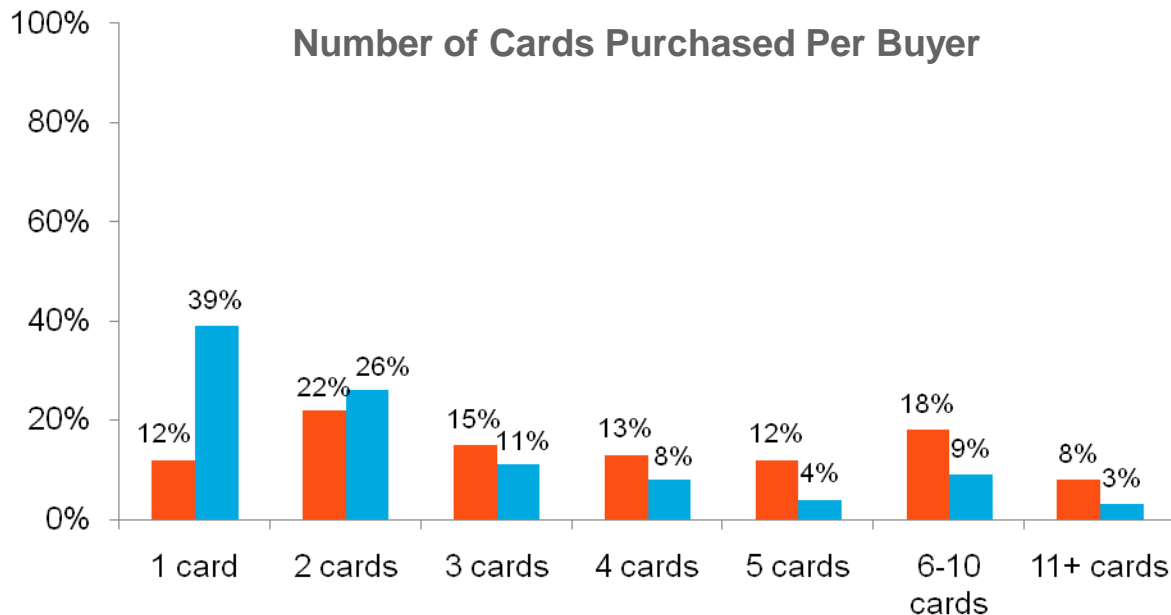
[†] Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level



PURCHASERS

Purchasers: Number of Closed and Open Loop Purchases

- As with previous years, open loop purchasers tend to purchase only one card while closed loop cards have a much more varied distribution.
- The total number of cards purchased has increased in 2010, as the average numbers of both open and closed loop gift cards have increased.



Average # of Gift Cards Purchased		
	2009	2010
Total	4.7	5.1
Closed Loop	4.3	4.7
Open Loop	2.4	2.8

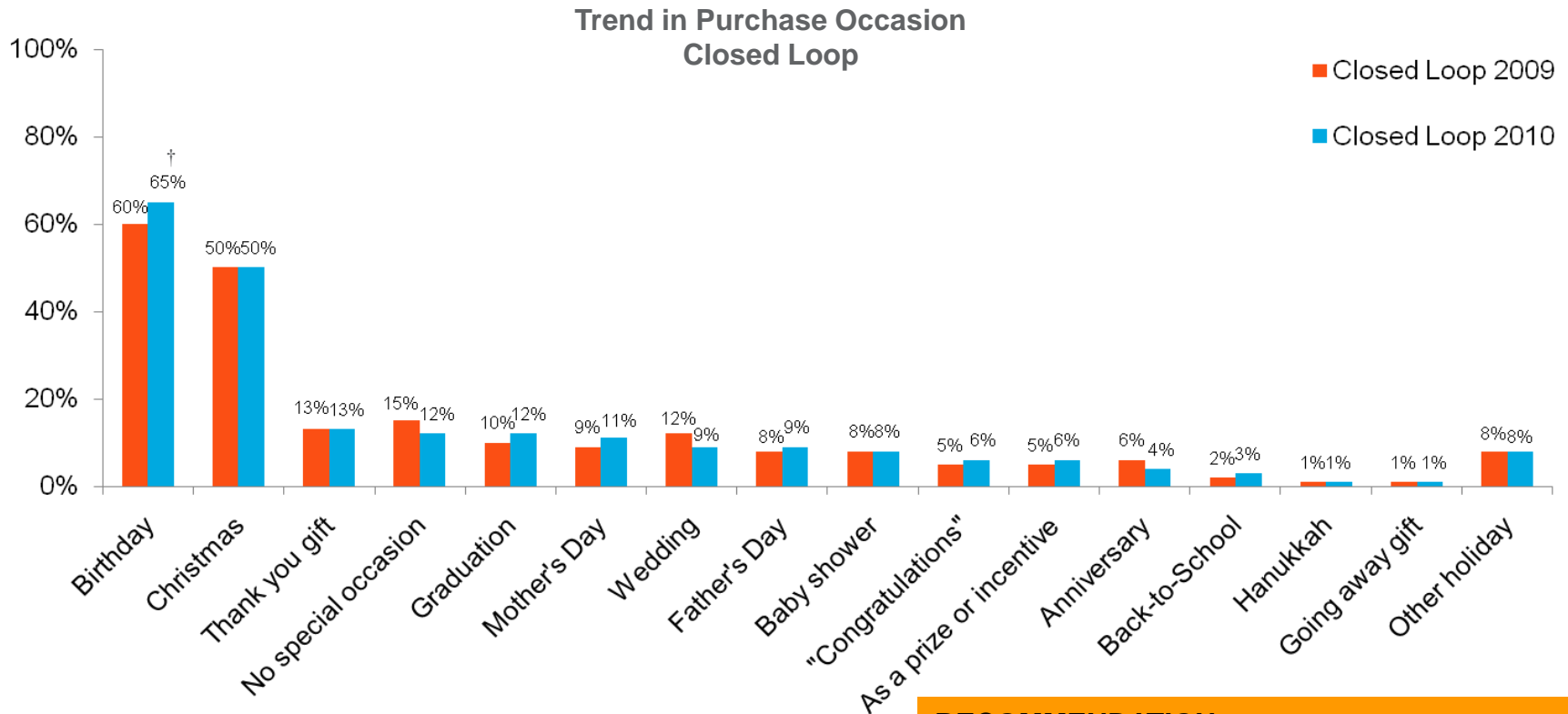
- % of Closed Loop Card Purchasers
- % of Open Loop Card Purchasers

† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

2010 Total Purchasers n=1539

Occasions for Purchase: Closed Loop Cards

- The proportion of customers purchasing closed loop cards for a birthday has increased significantly while purchases for Christmas remain unchanged from last year.



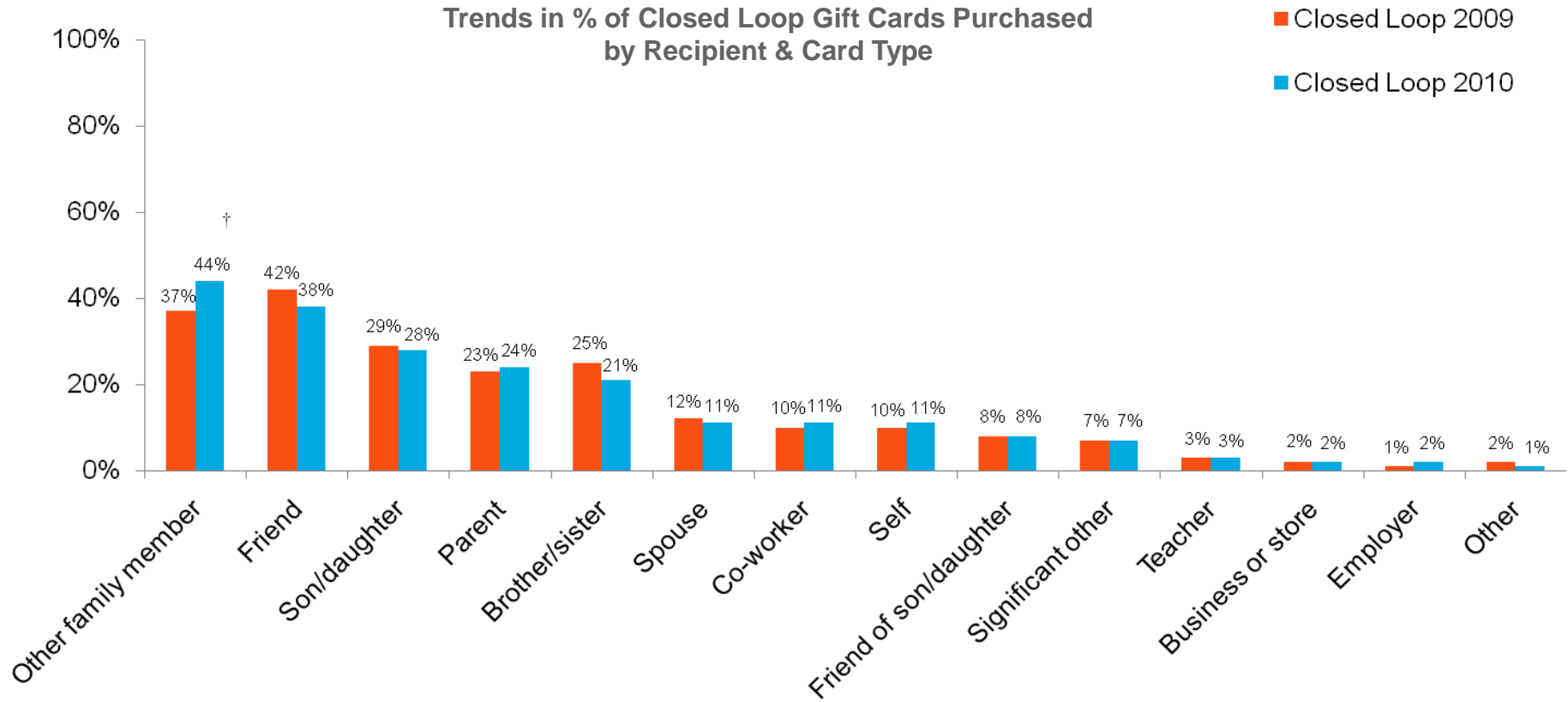
† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

RECOMMENDATION

- Provide card designs that align with peak occasions for your business.

Person for Whom Gift Card was Purchased

- Significantly more people purchase closed loop gift cards for other family members in 2010 than in 2009. Other, less dramatic changes can be found with purchases for friends and siblings.

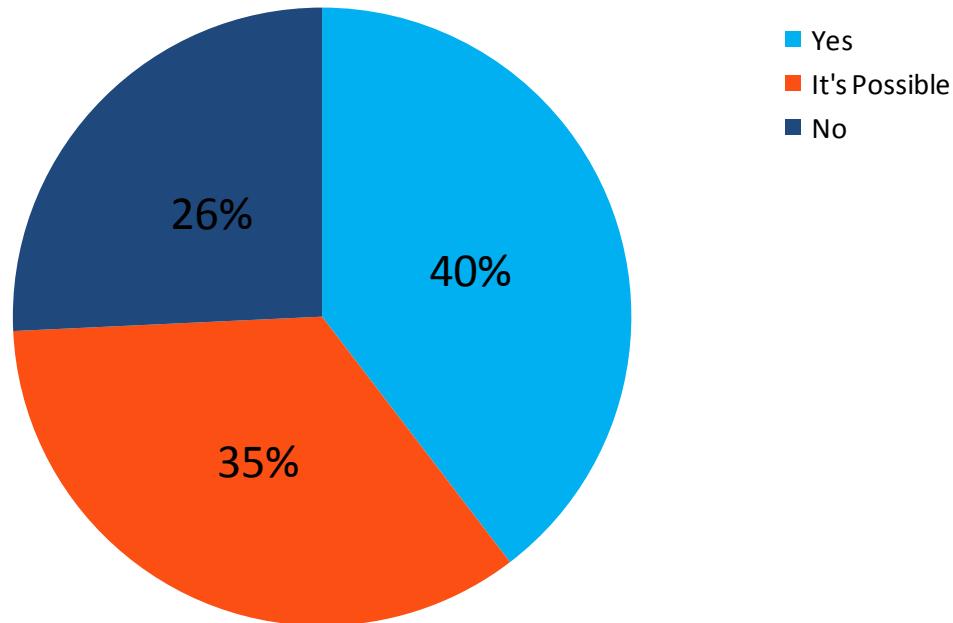


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Gift Cards to be Redeemed at the Location Where Card was Purchased

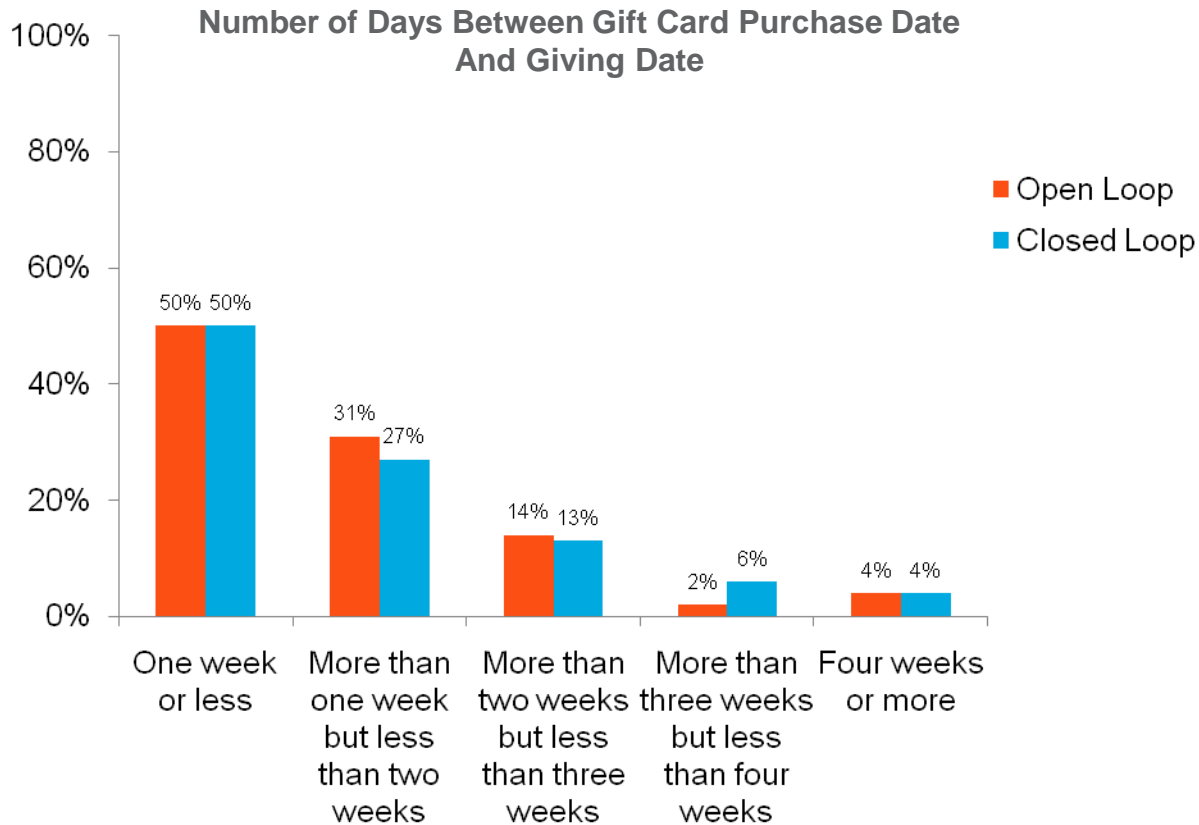
- 40% of purchasers believe recipients will redeem their gift cards at the particular merchant location the card was purchased from, while almost just as many say it's possible.

Purchasers Believing Receiver will Use Gift Card at the Same Location Where the Card was Purchased



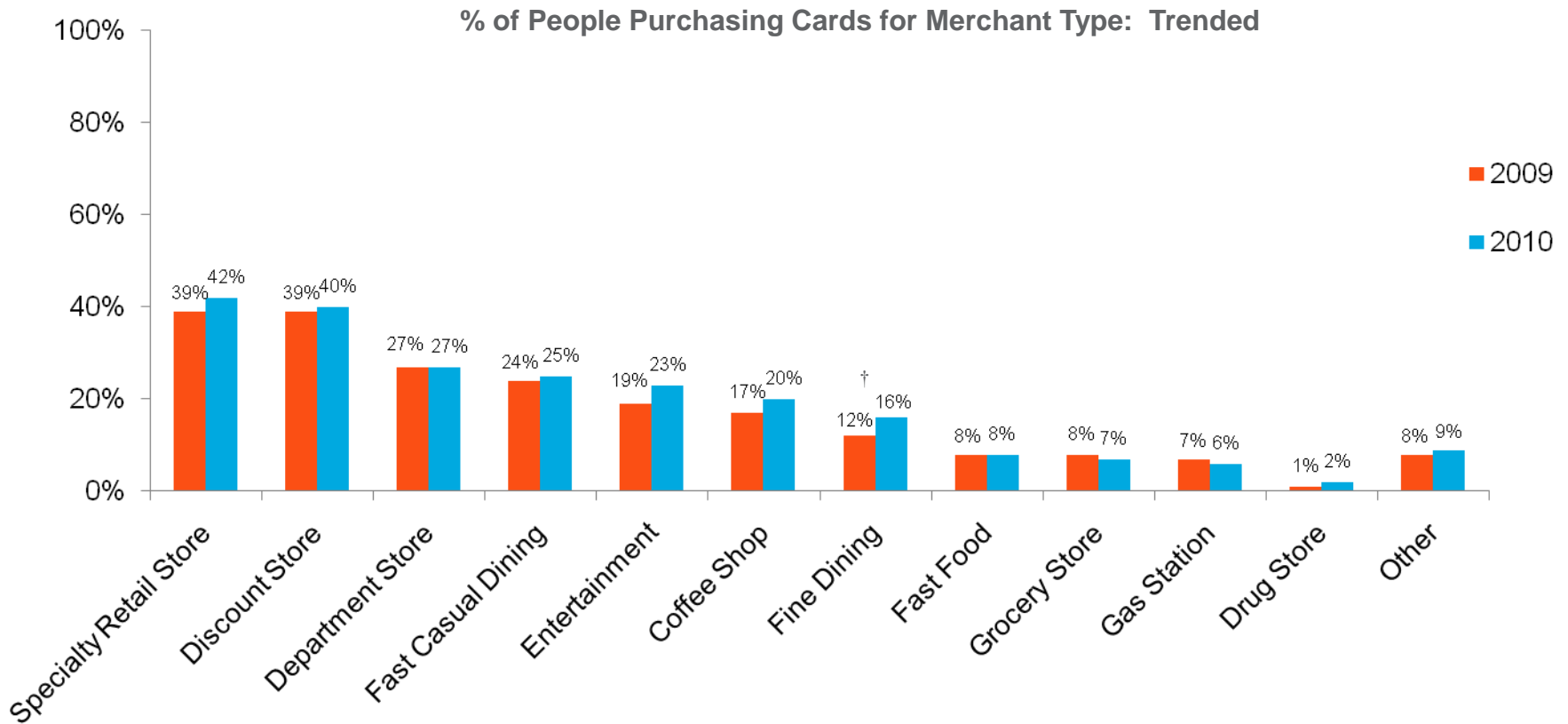
Advance Purchase Summary

- For both open and closed loop cards, half of respondents purchase gift cards within a week of giving them.



Closed Loop Purchasing by Merchant Type

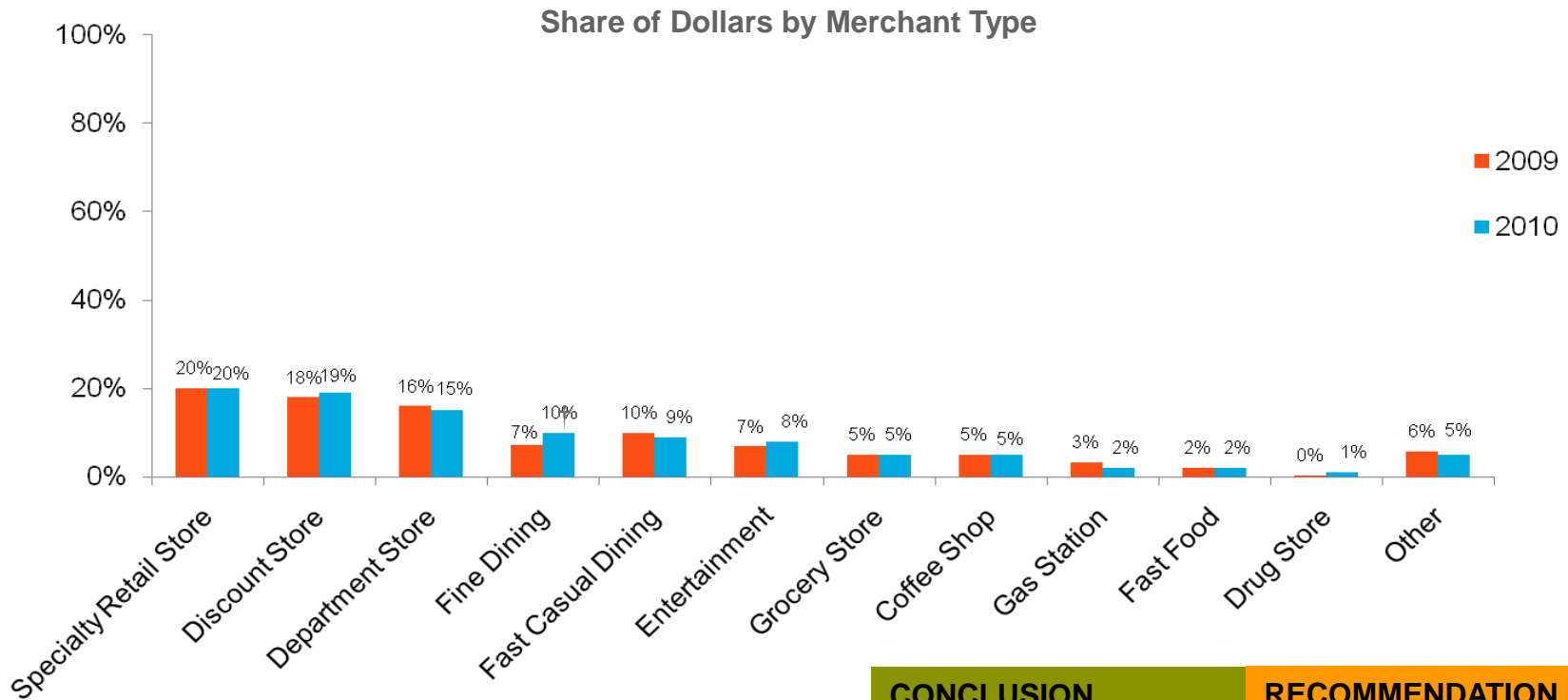
- As with last year, specialty retail stores and discount stores remain the top locations for closed loop gift card purchases. Fine Dining saw a significant increase over 2009.



† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Share of Dollars by Merchant Type

- Purchase share in 2010 is relatively unchanged compared to 2009, though a significant increase has been found in the dollar share for Fine Dining establishments.



CONCLUSION

- ▶ Competition across verticals remains strong.

RECOMMENDATION

- ▶ Look for opportunities to differentiate your gift card offerings.

† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Share of Dollars by Merchant Type

- Dollar shares rankings remain unchanged in 2010. Specialty stores register the highest dollar share, followed by discount stores and department stores.

	Average # Purchased	Average \$ Spent/Unit	Share
Specialty Store (n=738)	2.0	\$45	20%
Discount Store (n=551)	2.1	\$39	19%
Department Store (n=361)	2.0	\$51	15%
Fine Dining (n=213)	1.4	\$51	10%
Fast Casual (n=333)	1.8	\$31	9%
Entertainment (n=296)	1.7	\$31	8%
Grocery Store (n=96)	1.0	\$41	5%
Coffee Shop (n=267)	1.4	\$20	5%
Gas Station (n=84)	1.0	\$38	2%
Fast Food (n=104)	1.0	\$18	2%
Drug Store (n=26)	1.6	\$28	1%
Other (n=114)	1.0	\$68	5%

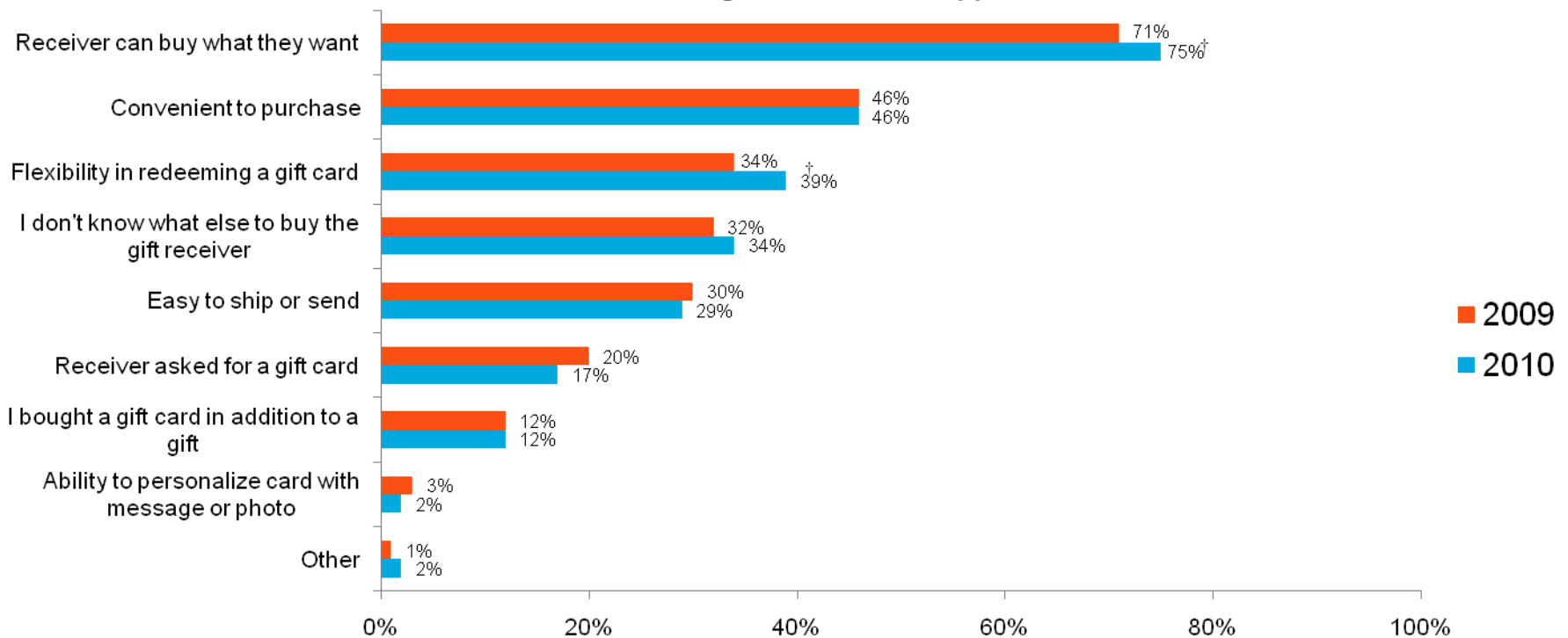


INFLUENCES ON PURCHASE

Influences on Gift Card Purchase

- Following the trend in previous years, most gift card purchasers choose a gift card so the receivers can buy what they want, showing a significant increase in 2010. Another significant increase is found in the number of respondents citing flexibility in redeeming a gift card as a reason for purchasing one.

Reasons for Purchasing a Gift Card as Opposed to a Gift



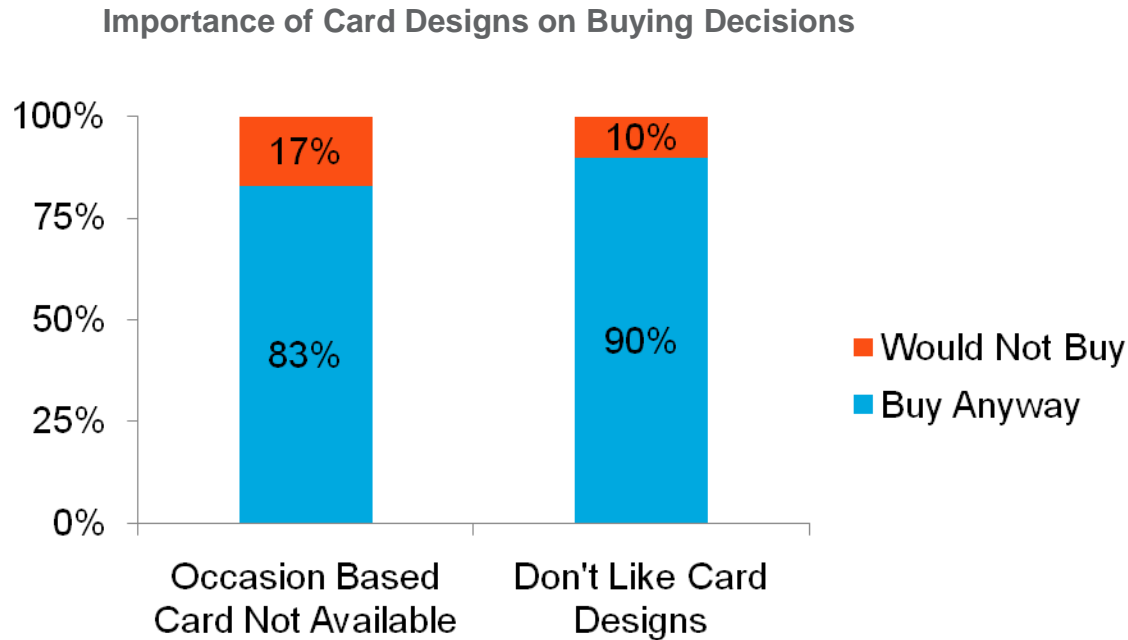
RECOMMENDATION

- Focus advertising on the convenience for both the purchaser and the receiver

† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Importance of Card Designs on Buying Decisions

- 17% of consumers will not purchase a card from a merchant if an occasion-based design is unavailable.
- 10% will not purchase a card from a merchant if an appealing design is unavailable.



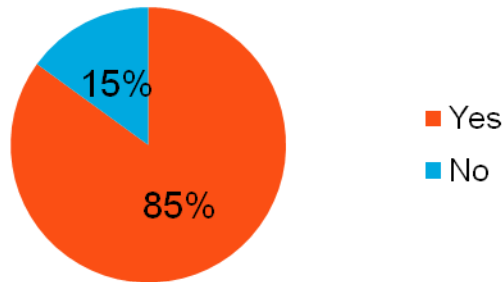
RECOMMENDATION

- ▶ Provide card designs that align with peak occasions for your business.

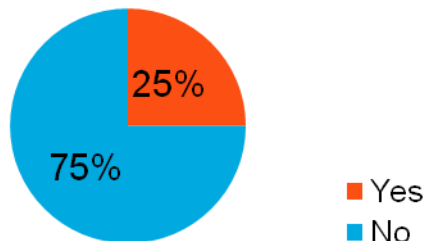
Preferences for Gift Card Packaging and Add-ons

- The majority of purchasers use the packaging provided with the gift card, do not give additional gifts with gift cards, and frequently give a greeting card when giving gift cards.

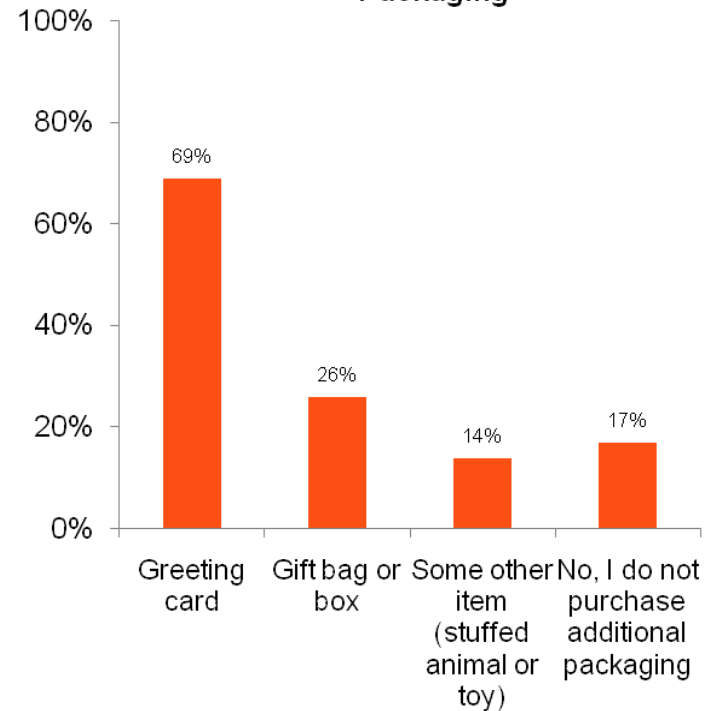
Percent Using Packaging Provided with Gift Card



Percent Giving Another Gift with Gift Card



Percent Giving Gift Card with Additional Packaging

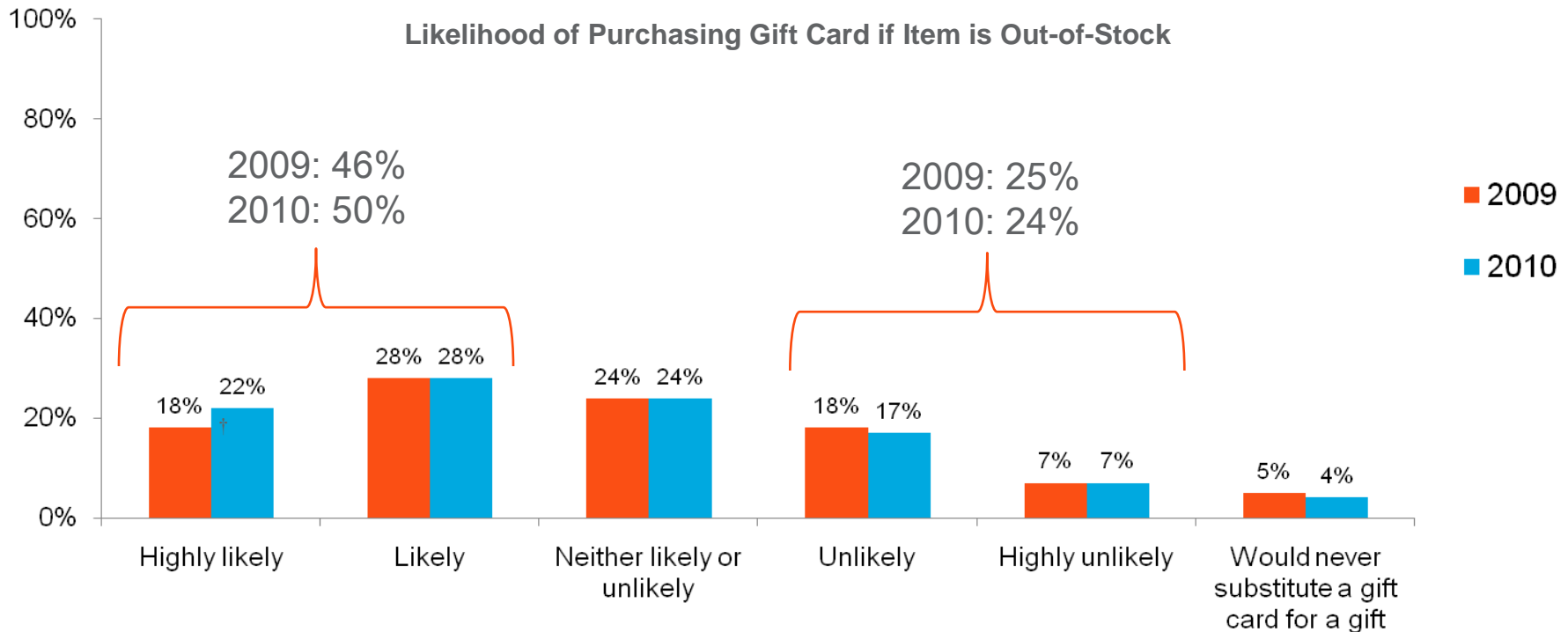


RECOMMENDATION

- Utilize greeting card area to promote gift cards
- Consider carrying 1 or more premium carriers that customers would pay for

Likelihood of Purchasing Gift Card if Item is Out-of-Stock

- This year, half of the respondents are likely to purchase a gift card if an item is out-of-stock. Also, a significant increase was found in those who say they are highly likely to purchase a gift card compared to last year.



RECOMMENDATION

- ▶ Include gift card displays with merchandise often bought as gifts
- ▶ Use out-of-stock tags as a way to promote gift cards: "This item is currently out of stock. Consider purchasing a gift card instead."

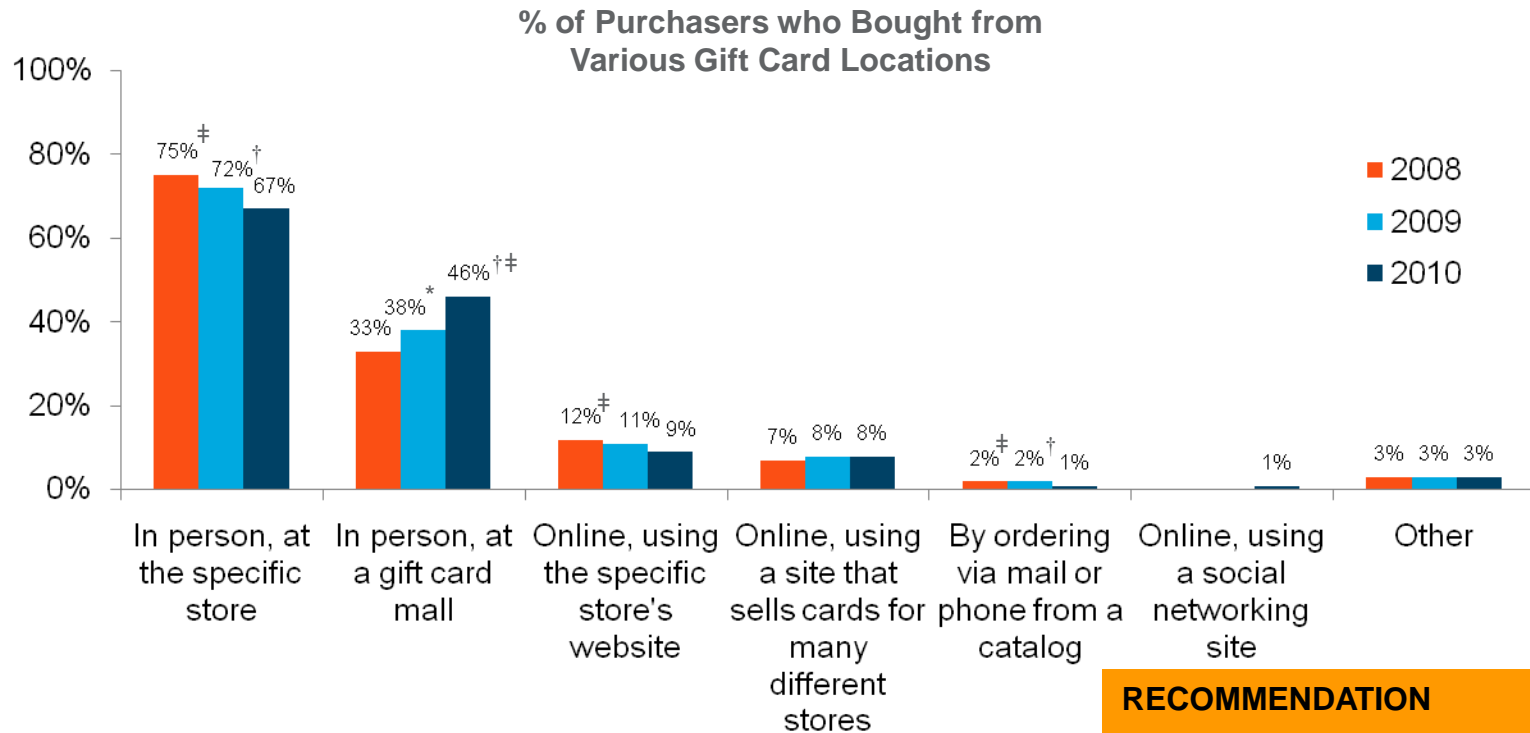
† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level



GIFT CARD MALL

Gift Card Purchase Location

- Gift card sales continue to shift away from merchants' own stores and toward gift card malls.



RECOMMENDATION

- Establish or expand relationships with gift card mall providers to better align with consumer behaviors and preferences

[†] Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

^{*} Indicates a statistically significant difference between 2008 and 2009 at the 95% confidence level

[‡] Indicates a statistically significant difference between 2008 and 2010 at the 95% confidence level

*Closed loop calculation: # of closed loop purchasers purchasing at least once from a gift card mall/total # of closed loop purchasers

*Open loop calculation: # of open loop purchasers purchasing at least once from a gift card mall/total # of open loop purchasers

Closed Loop Purchase Behavior: Gift Card Malls

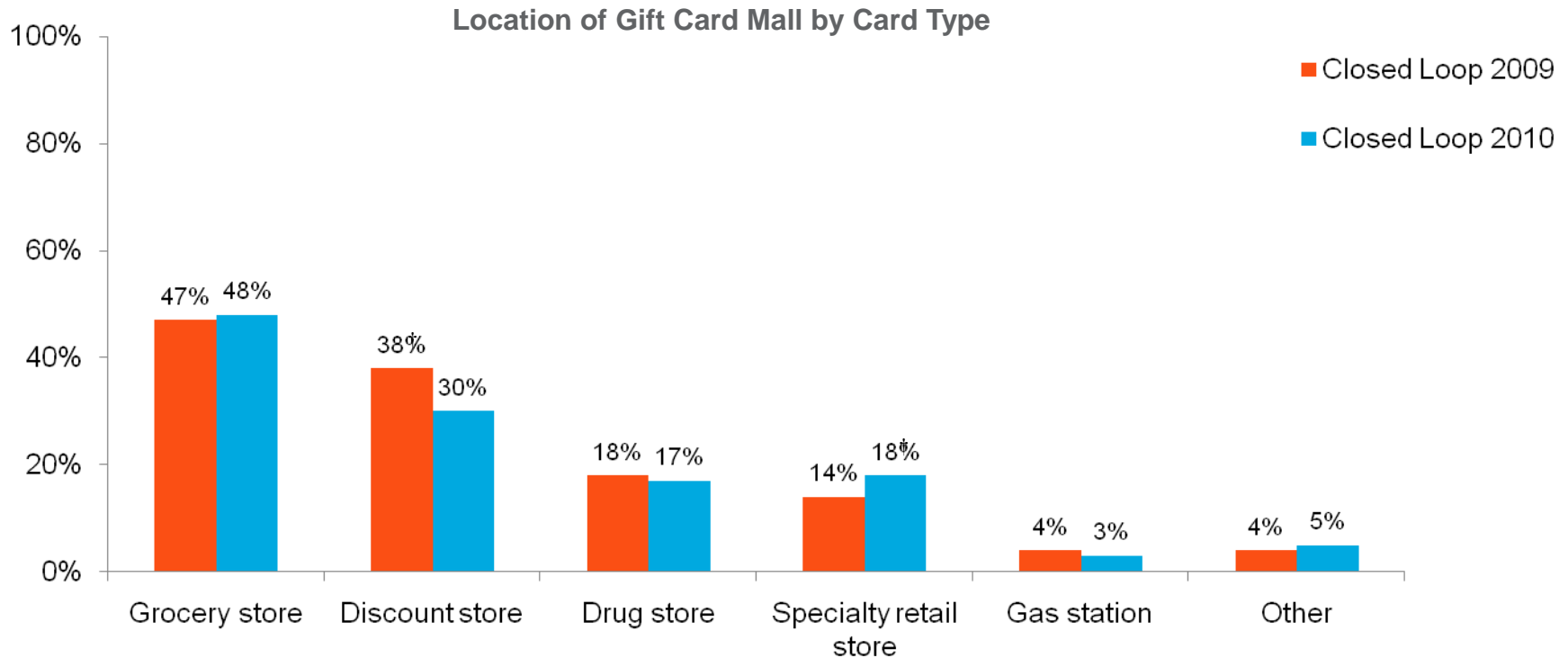
- In the event that a particular gift card is not available at a gift card mall, fewer than half of purchasers will end up buying the desired card – 44% will end up choosing another gift card

If intended gift card is out-of-stock at the gift card mall...	2009	2010
I'll go directly to the store	31%	33%
I buy a card for the same type of store	29% [†]	31%
I won't purchase a gift card	19%	13%
I buy a completely different card	12%	13%
Buy the gift card online at the merchant's website	10%	11%

[†] Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Location of Gift Card Mall by Card Type

- Significantly fewer people report purchasing gift cards from gift card malls located in discount stores while significantly more people report purchasing gift cards from malls in specialty retail stores. Other locations vary only slightly.



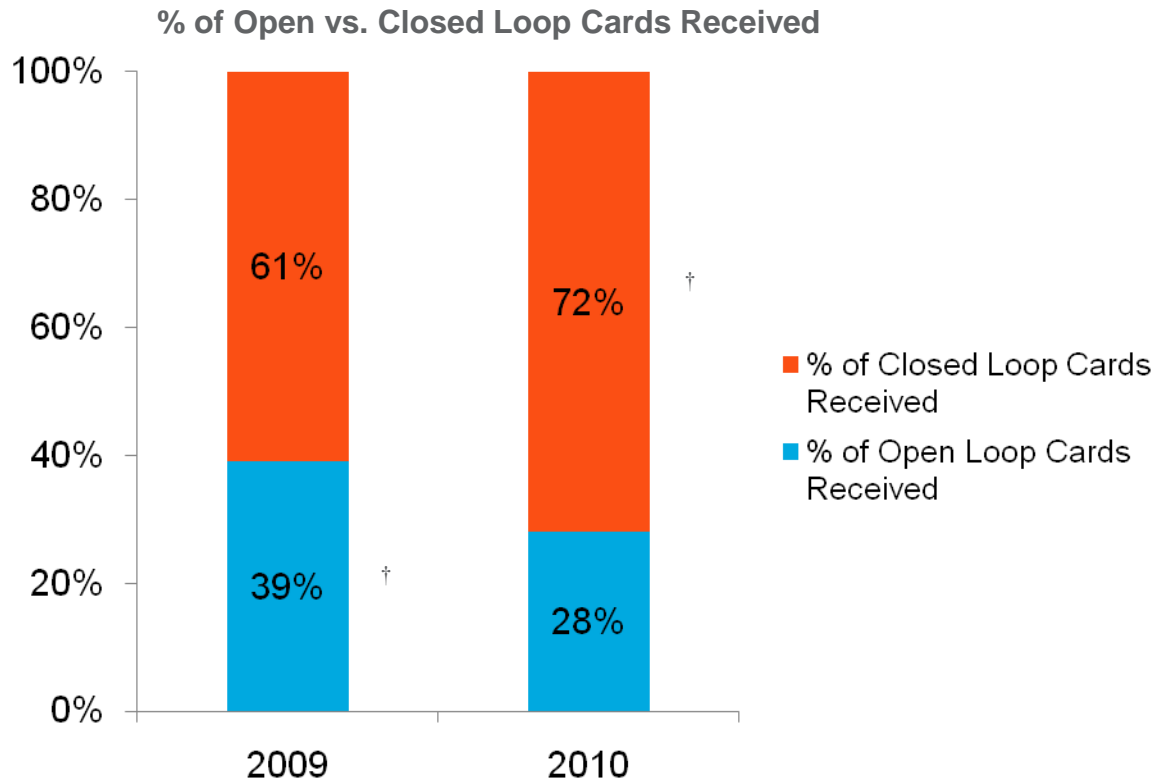
† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level



RECEIVERS

Receivers: Volume of Closed and Open

- Significantly more receivers were given closed loop cards this year compared to last and significantly fewer receivers were given open loop gift cards.

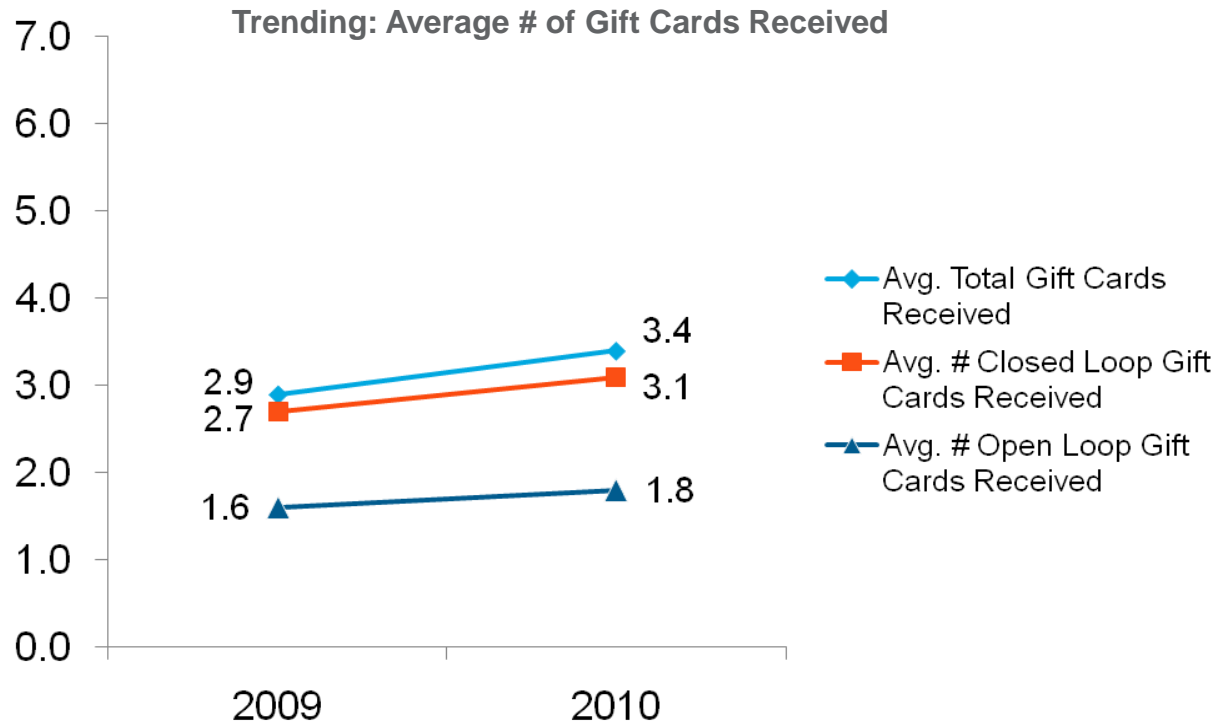


2010 Total Receivers n=1755

† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Trending: Average Number of Gift Cards Received

- The average number of gift cards received has increased significantly in 2010. The average number of closed loop gift cards has increased slightly, but the average number of open loop cards remains relatively unchanged.



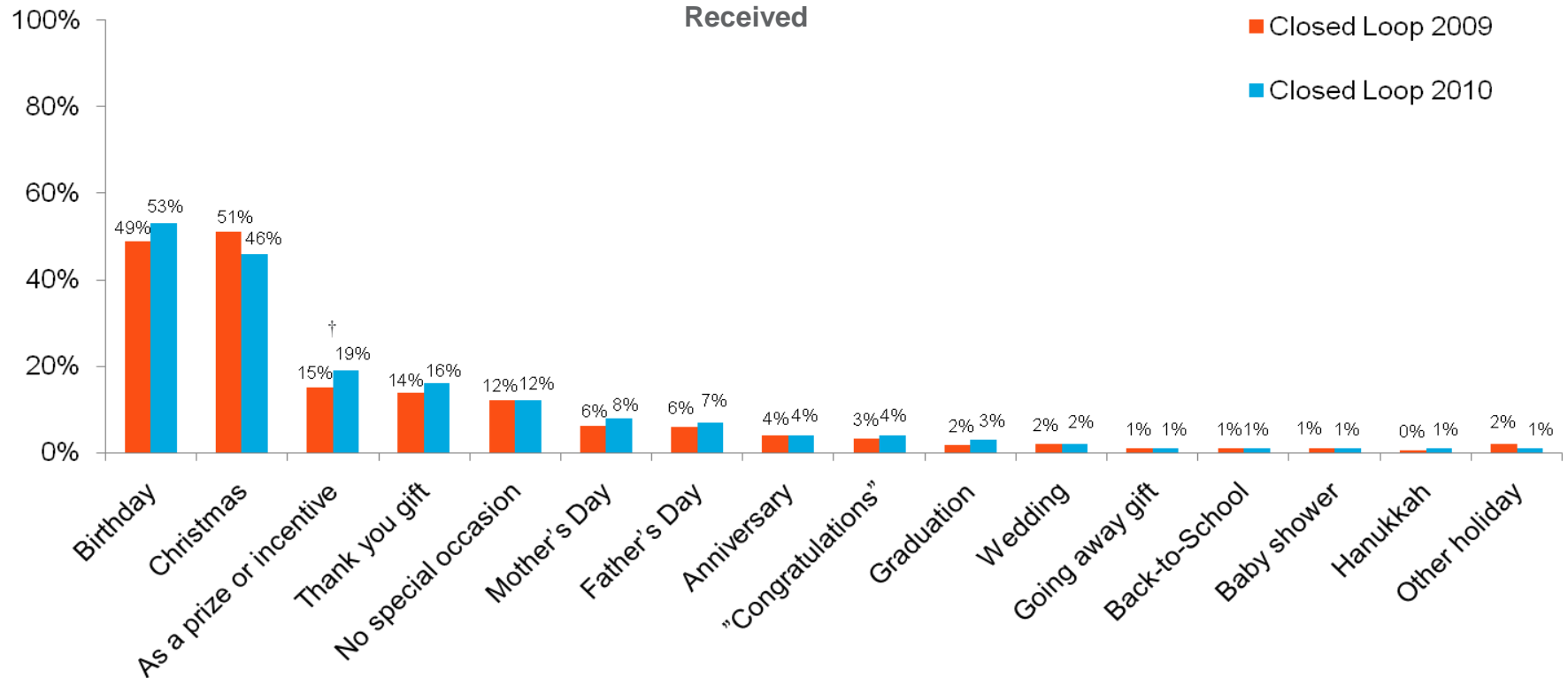
† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

2010 Total Receivers n=1755

Occasions Received: Closed Loop Gift Cards

- Birthdays and Christmas remain the most frequently cited occasions for receiving closed loop gift cards. Incentive programs are growing in popularity as they were mentioned significantly more frequently this year than last.

Trends in the Occasion for Which Closed Loop Gift Cards are Received

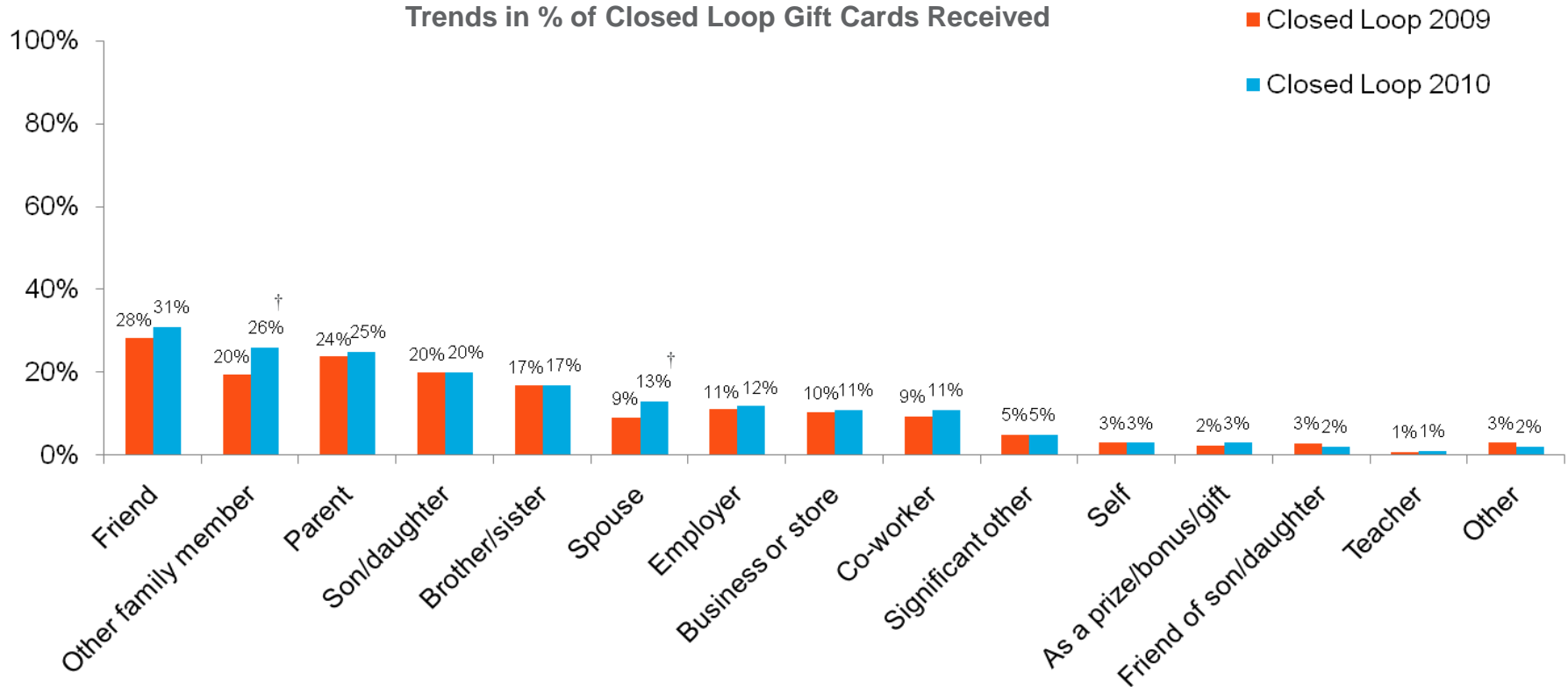


† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Person from Whom Closed Loop Gift Card was Received

- Closed loop gift cards are often received from friends and various family members. Significant increases were found in respondents receiving gift cards from other family members and spouses.

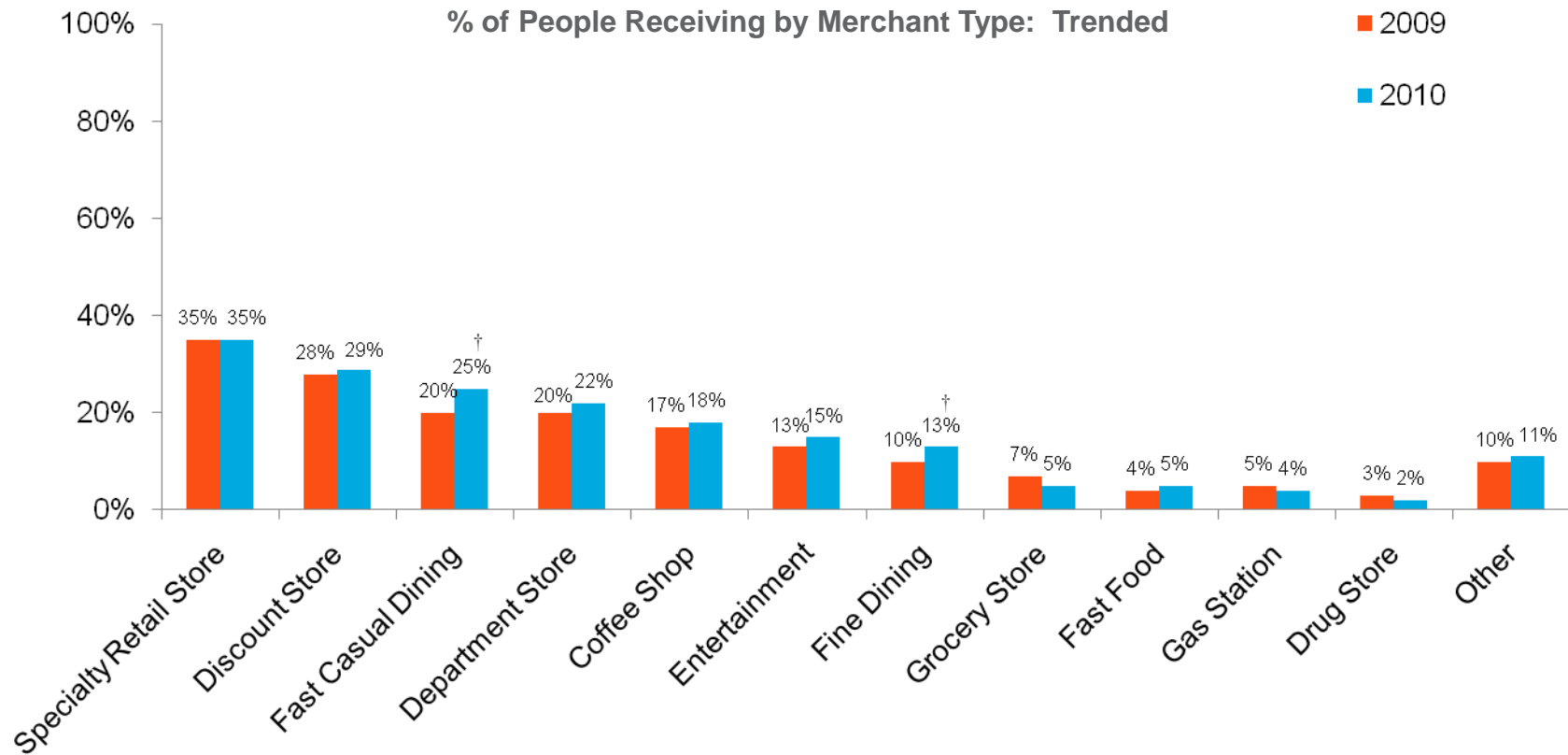
Trends in % of Closed Loop Gift Cards Received



[†] Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Closed Loop Receiving by Merchant Type

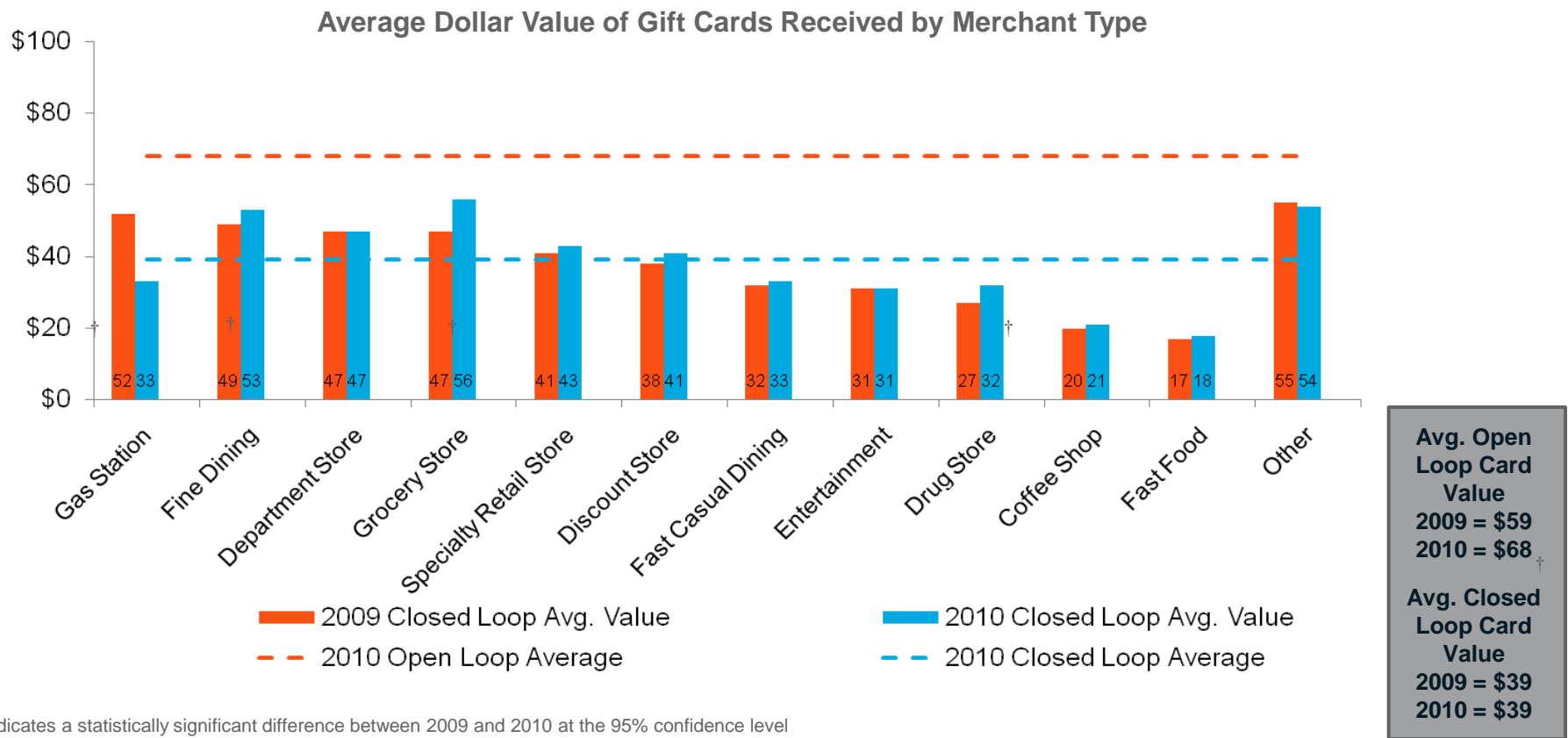
- This year, significant increases were found in the number of gift cards received from both fast casual dining and fine dining, though specialty retail stores and discount stores remain the most popular.



† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

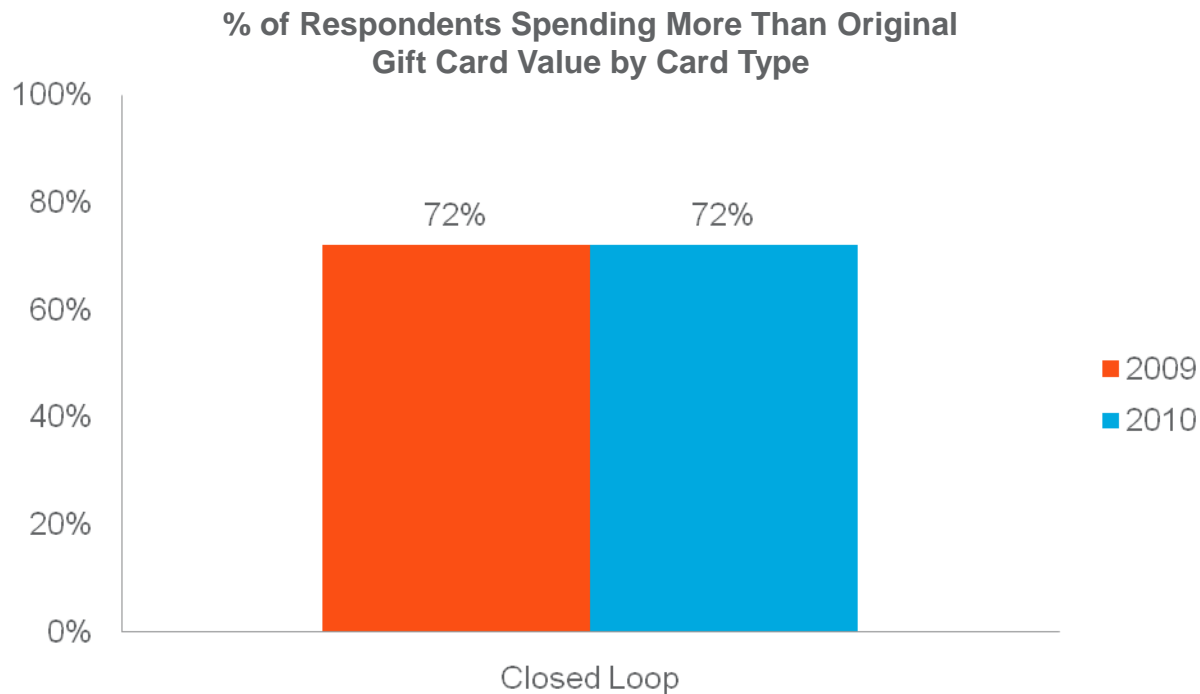
Average Gift Card Value by Merchant Type

- The average value of open loop gift cards received in 2010 has increased significantly.
- Average card value received decreased for gas stations. Conversely, fine dining, grocery store, and drug store card values are up significantly compared to last year.



Gift Card “Overspend”

- The percentage of US respondents reporting spending more than the value of their gift cards is the same as in 2009.

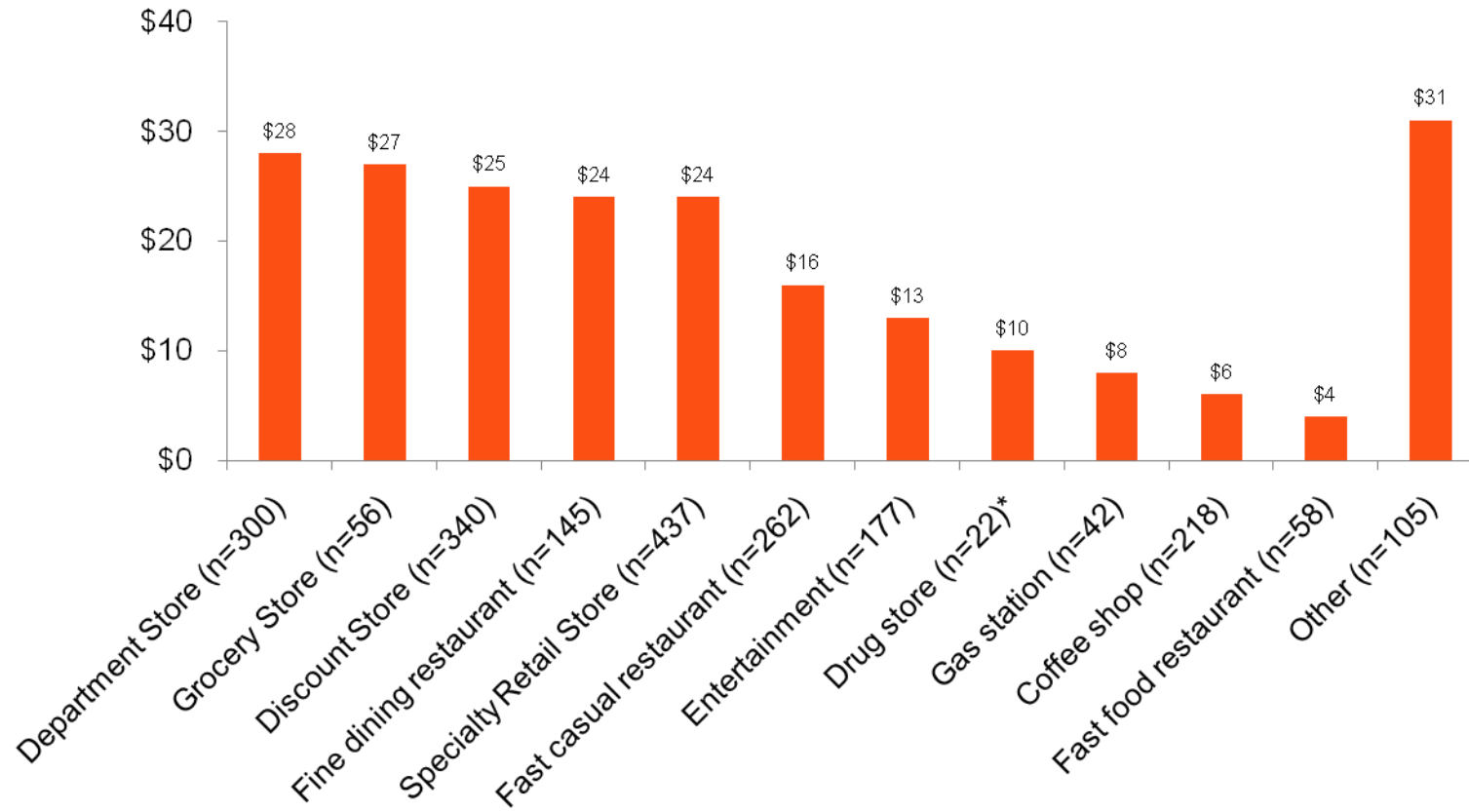


† Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Average Gift Card Overspend

- Department stores, grocery stores and discount stores have the highest average overspend amounts among merchant types in the US.

Average Amount Spent Over the Value of the Gift Card



*Small base size n<30; interpret with caution.

Relationship Between Issuing Merchant and Receiver

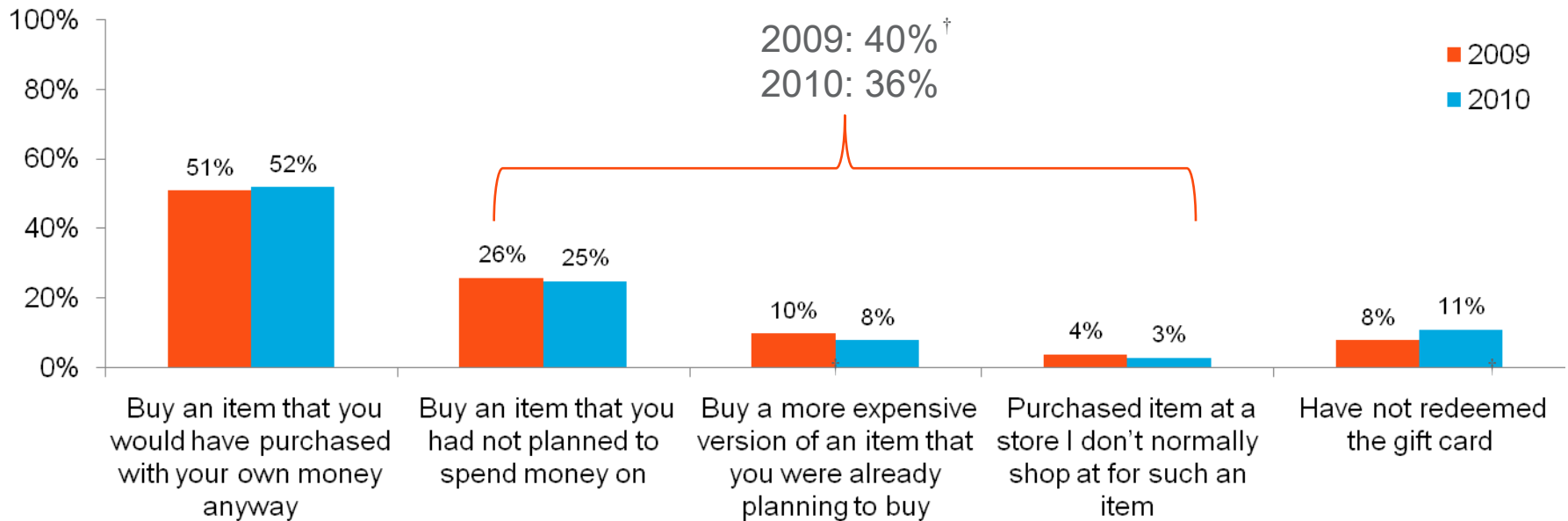
- In some instances, gift cards can provide merchants with new customers. When thinking about the gift card that was received most recently, 11% of gift card receivers noted they had never or rarely visited the merchant's locations.



Item Gift Card Was Redeemed For

- Over a third of gift card receivers changed their purchasing behavior because of the gift card.

% Redeeming the Gift Card For...



RECOMMENDATIONS

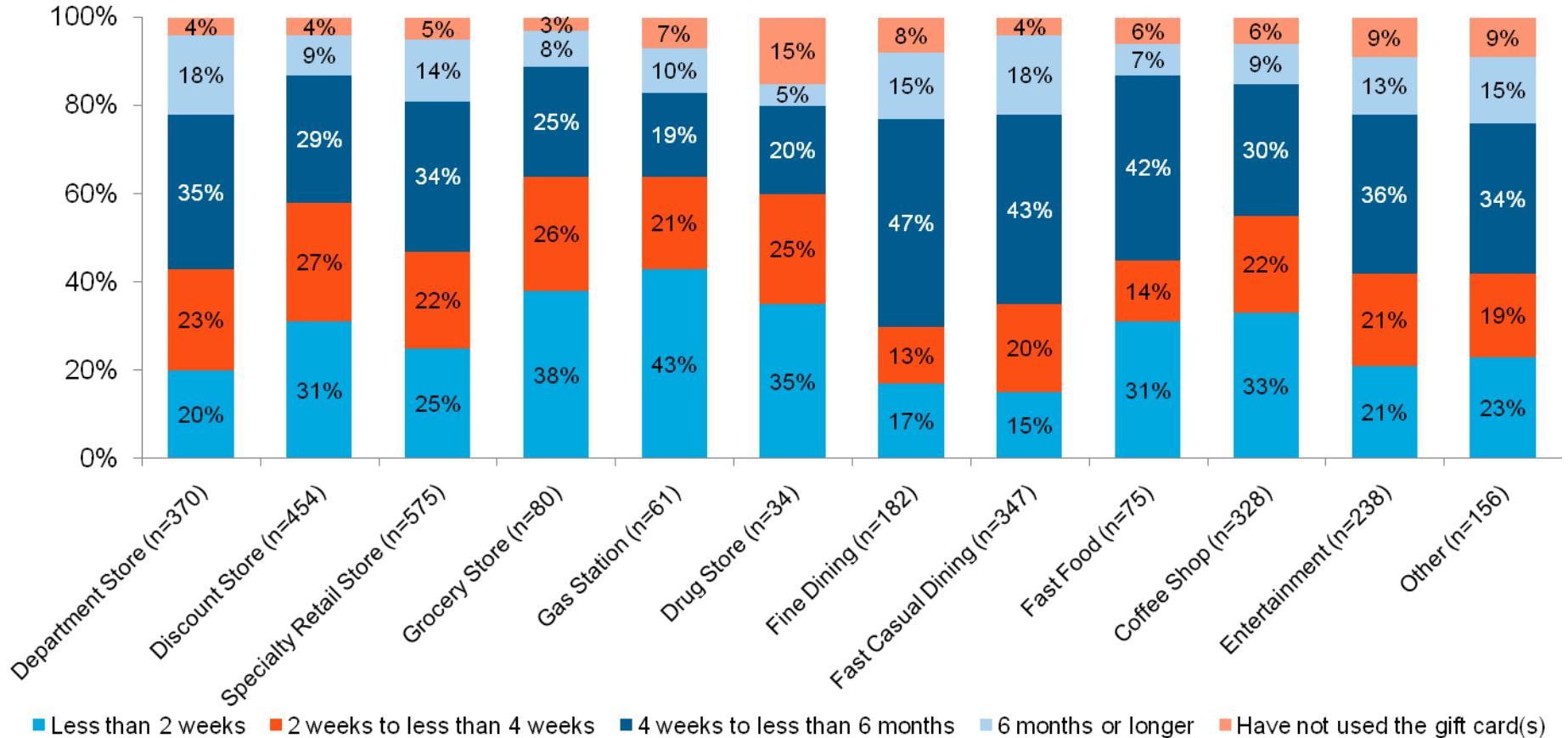
- Consumers tend to splurge when redeeming gift cards. Drive cardholders back to your locations with advertising in the post-holiday periods.

[†] Indicates a statistically significant difference between 2009 and 2010 at the 95% confidence level

Time Before Use of Gift Card

- Gift cards for gas stations, grocery stores, and discount stores are redeemed most quickly, typically within four weeks or less after they are received.

Time Before Gift Card is Used Up

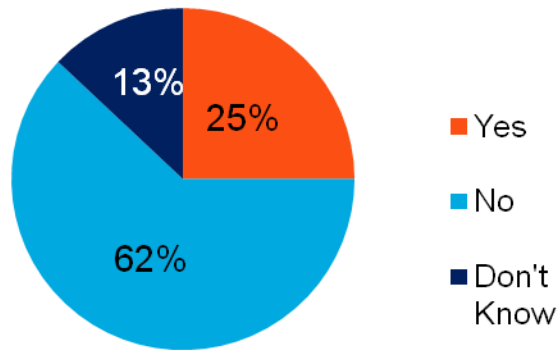


■ Less than 2 weeks ■ 2 weeks to less than 4 weeks ■ 4 weeks to less than 6 months ■ 6 months or longer ■ Have not used the gift card(s)

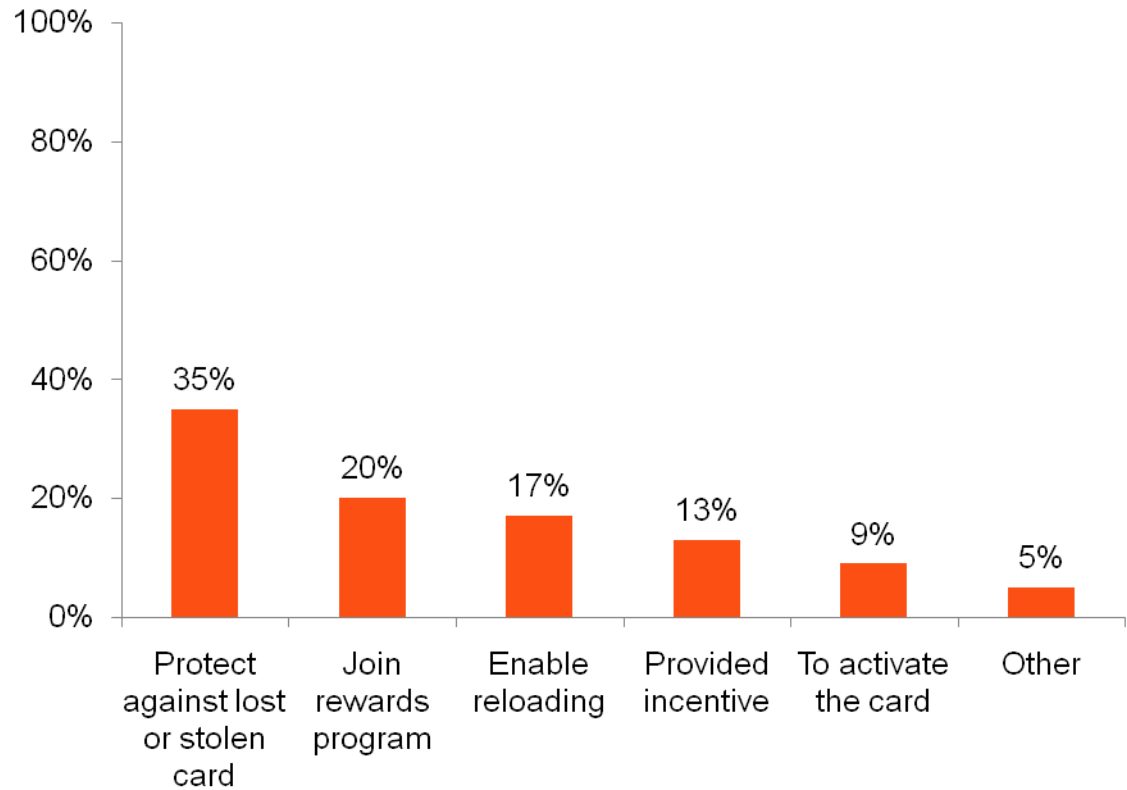
Gift Card Registration

- 25% of consumers have registered a gift card - the most common reason is to protect against losing the card or having it stolen.

Percent Registering Gift Cards



Reasons for Registering Gift Card

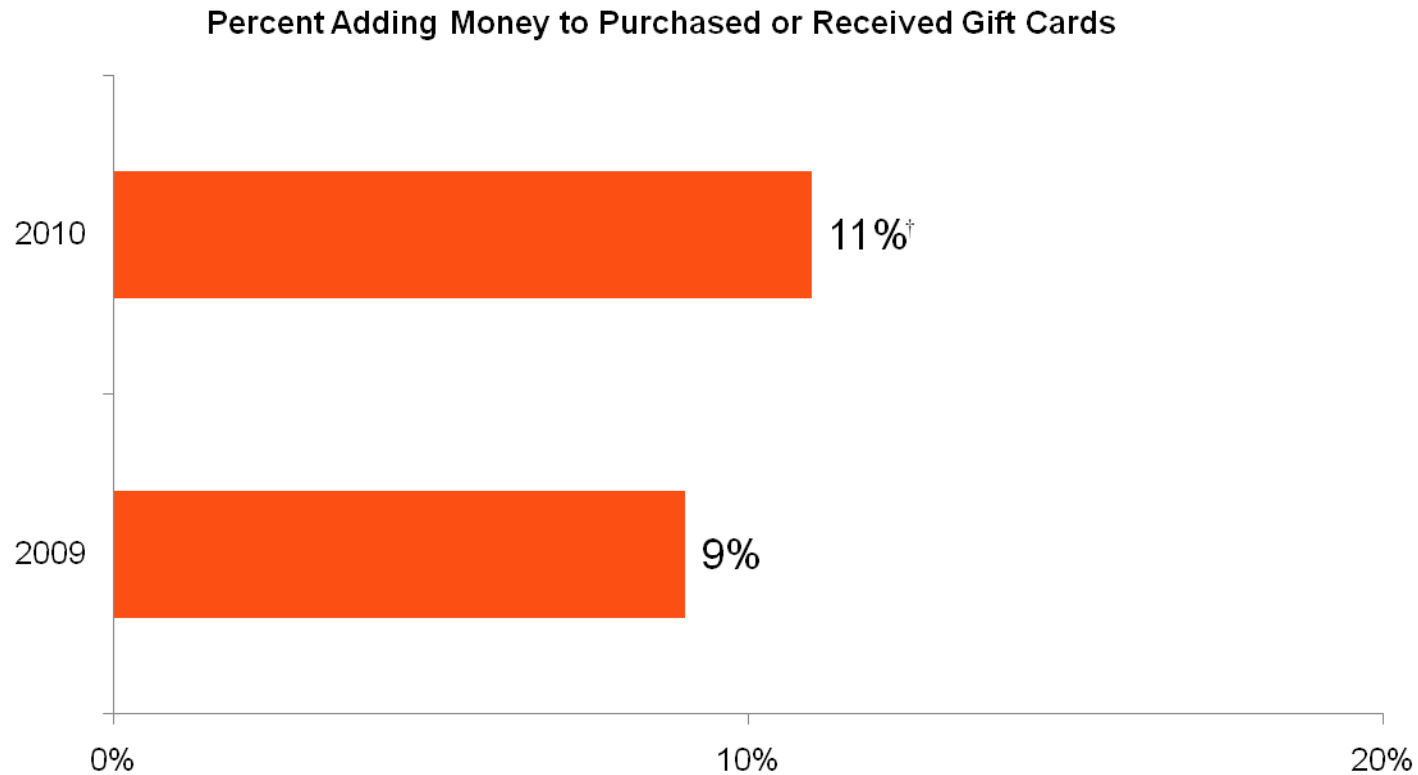




RELOADING

Reloading Behavior

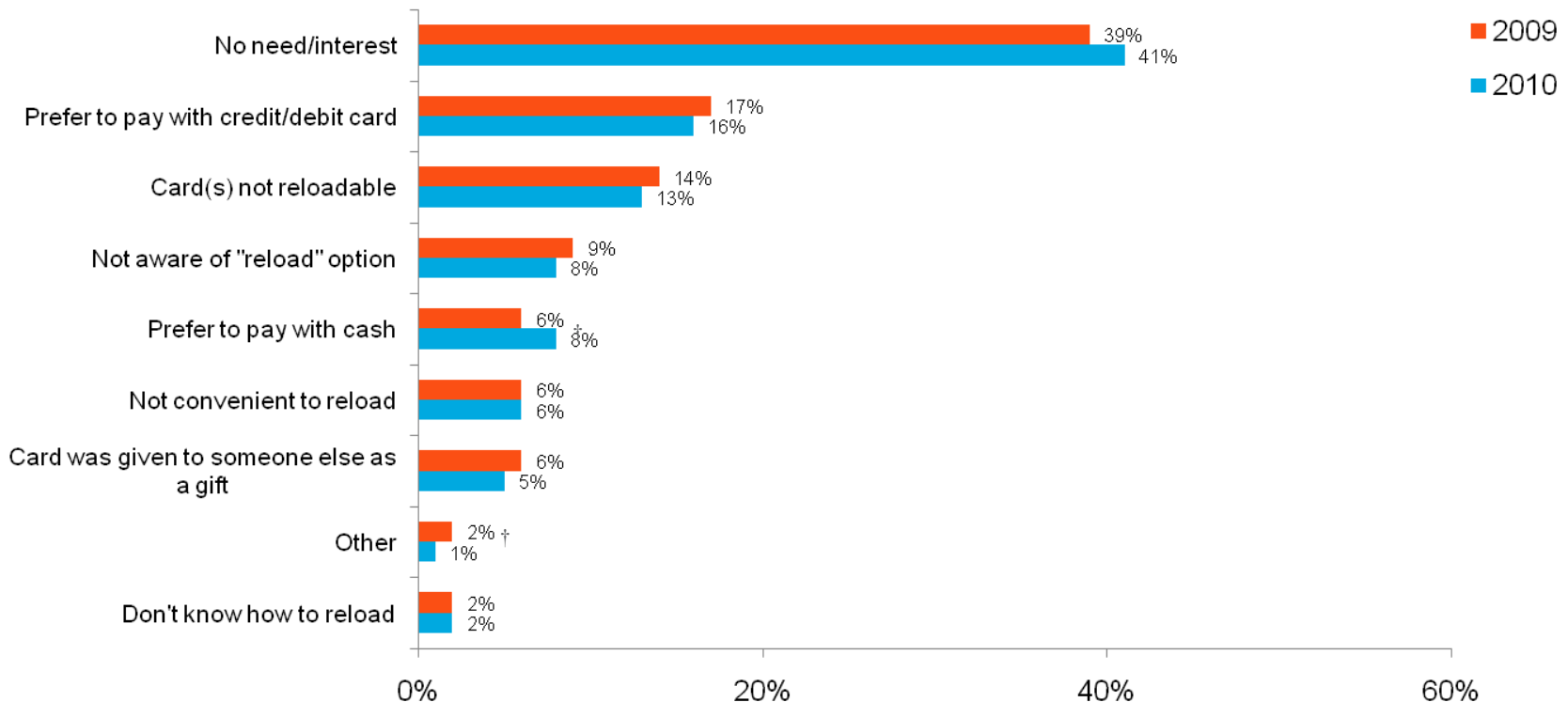
- Significantly more people report reloading gift cards in 2010



† Indicates a statistically significant difference between 2008 and 2009 at the 95% confidence level

Reasons for Not Reloading Gift Card

- Continuing the trend from previous years, the most common reason gift card users cite for not reloading their card is that they have no need or interest.
- Significantly more users in 2010 report they would rather pay with cash than reload their gift card, though it is still a small percentage of respondents.



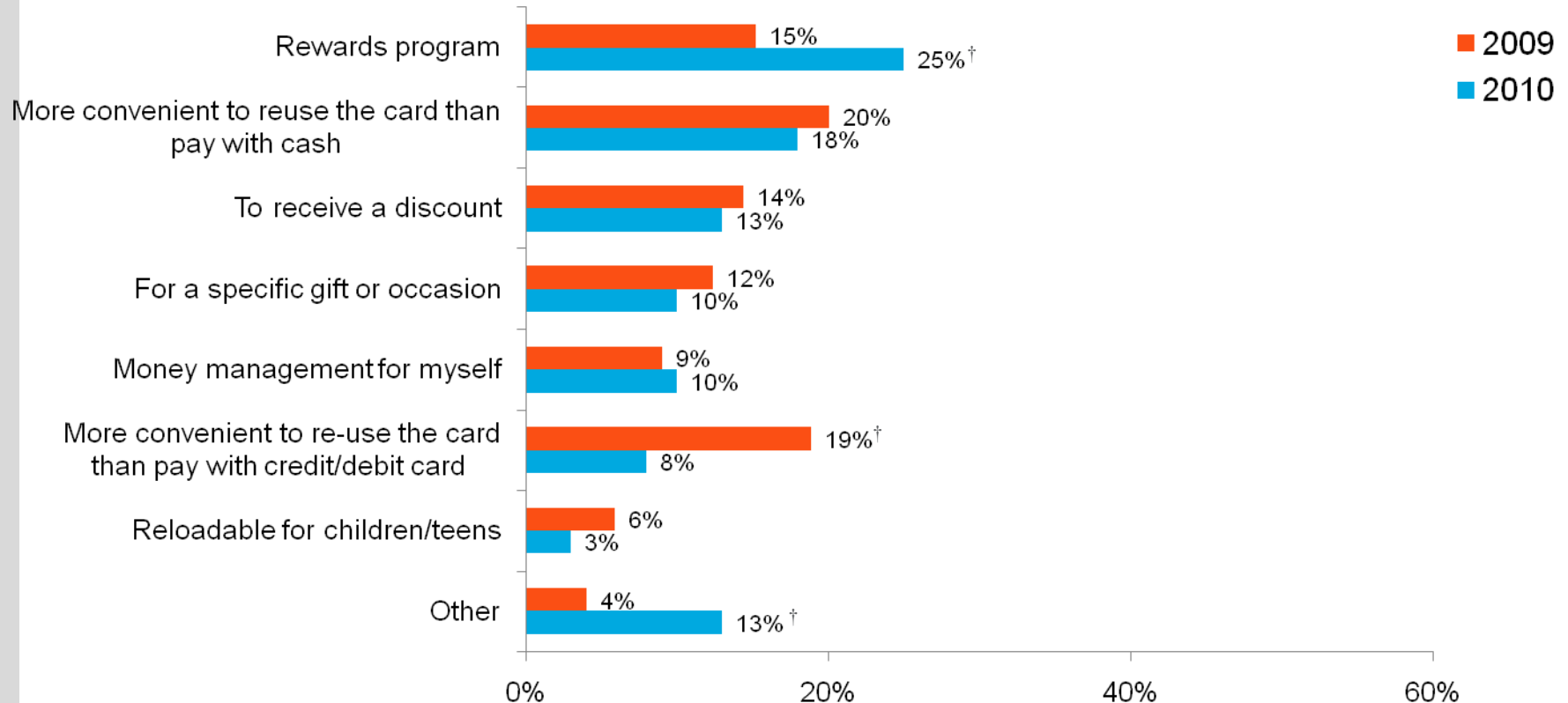
RECOMMENDATIONS

- When a customer uses a gift card, have the cashier ask if they would like to reload the card
- Make it clear that the card is reloadable and explain how to reload either on the card itself or on the packaging

† Indicates a statistically significant difference

Reasons for Reloading Gift Card

- Significantly more respondents cited joining a rewards program as the reason for reloading a card in 2010. Convenience and discounts are also among other frequently cited reasons.

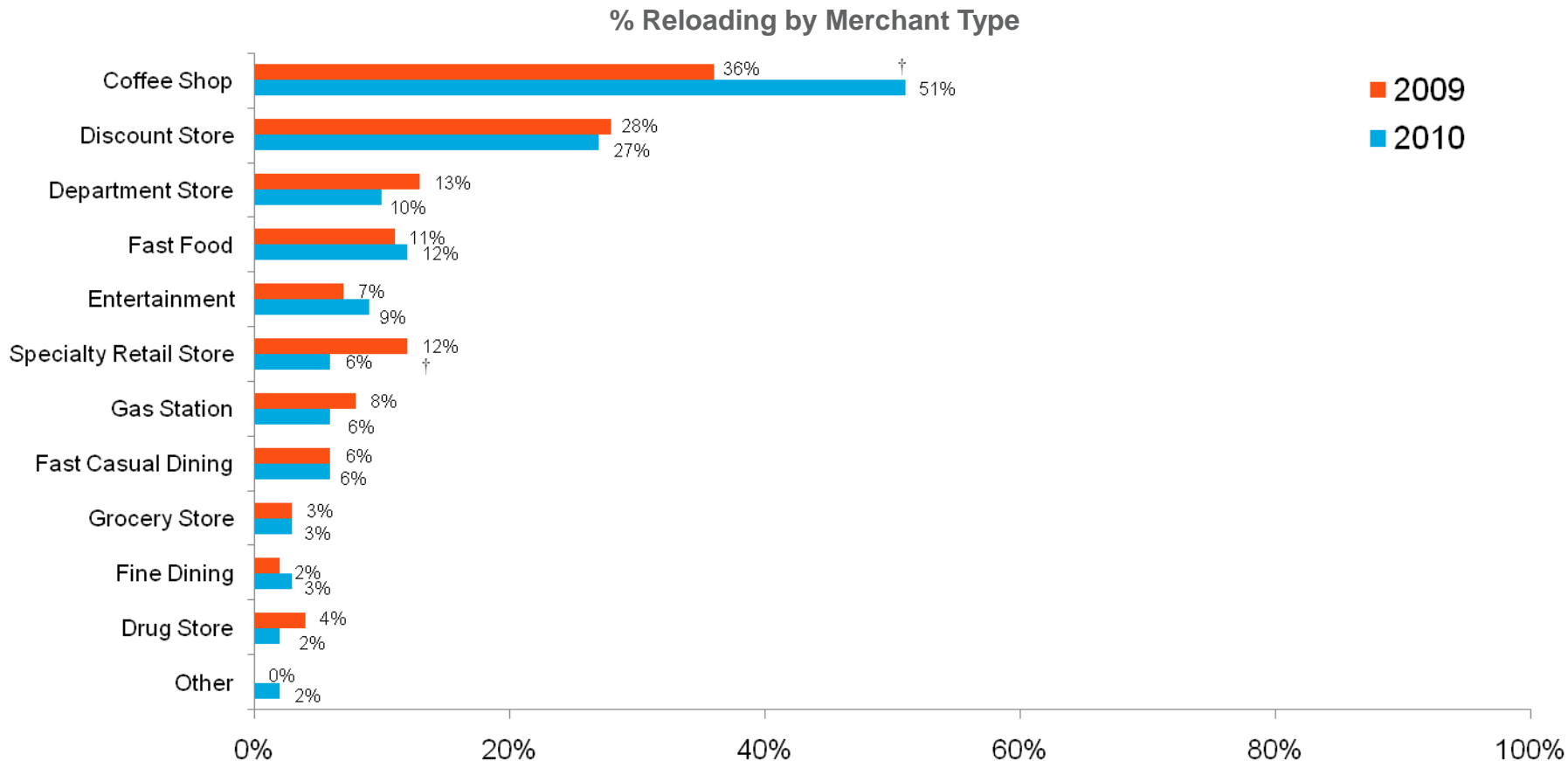


RECOMMENDATIONS

- When possible, offer incentives for reloading such as rewards or discounts
- Emphasize the convenience of reloading and reusing gift cards

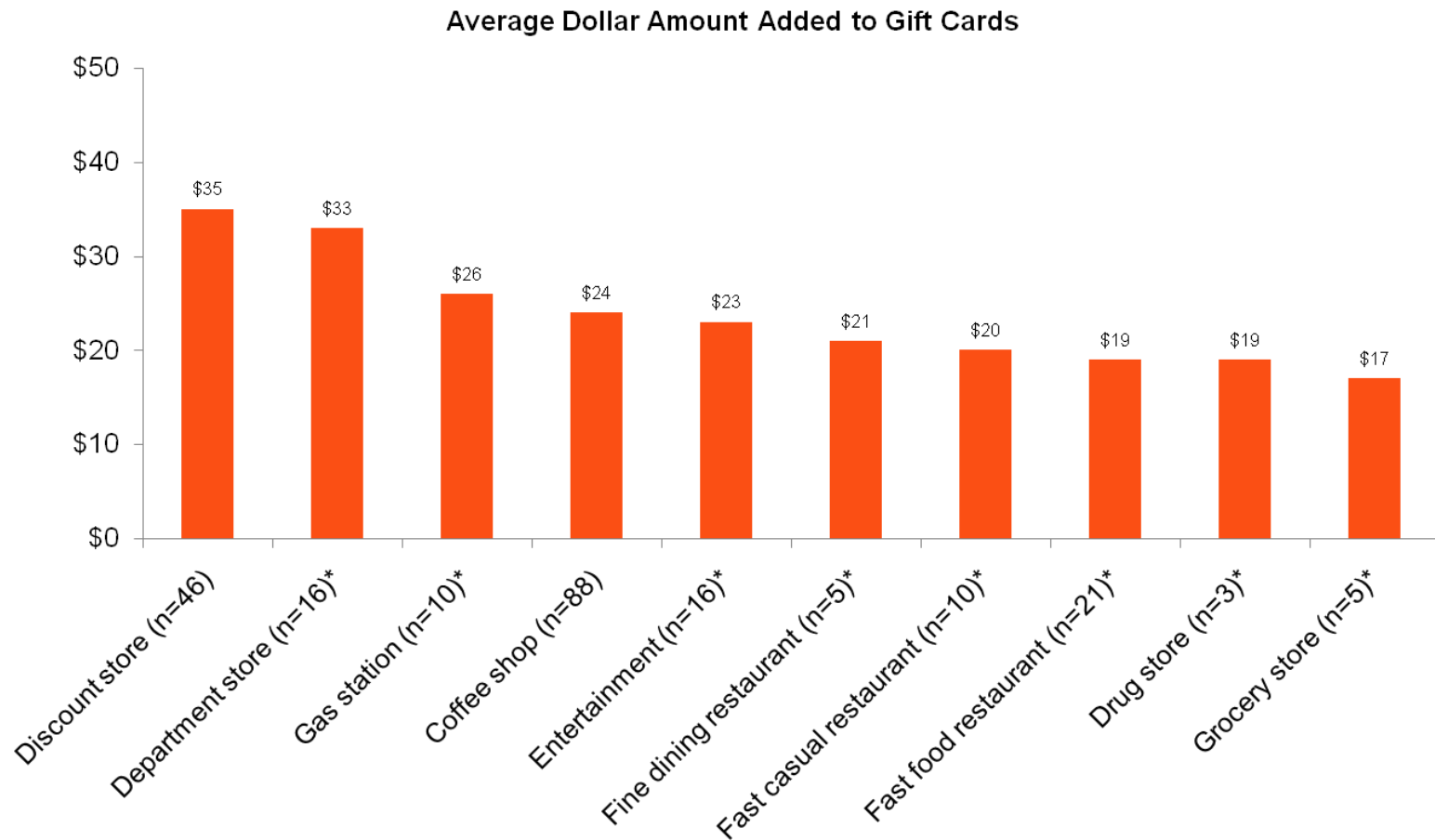
Reloading Behavior by Merchant Type: Closed Loop

- The percentage of consumers reloading a Coffee Shop gift card has increased significantly; Specialty Retail Store reloading declined significantly



Average Amount Reloaded by Merchant Type

- Discount stores have the highest average reload amount among merchant types

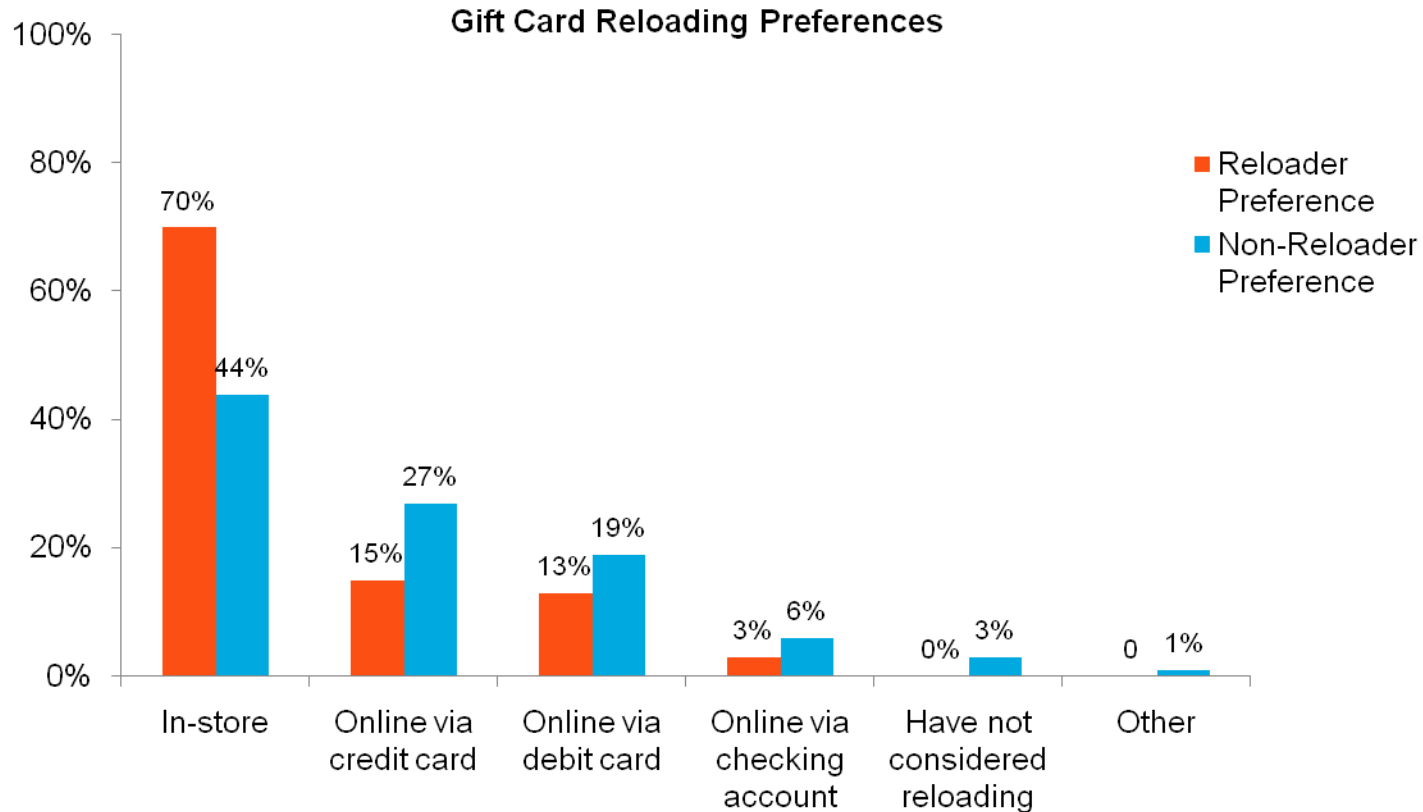


*Small base size n<30; interpret with caution.

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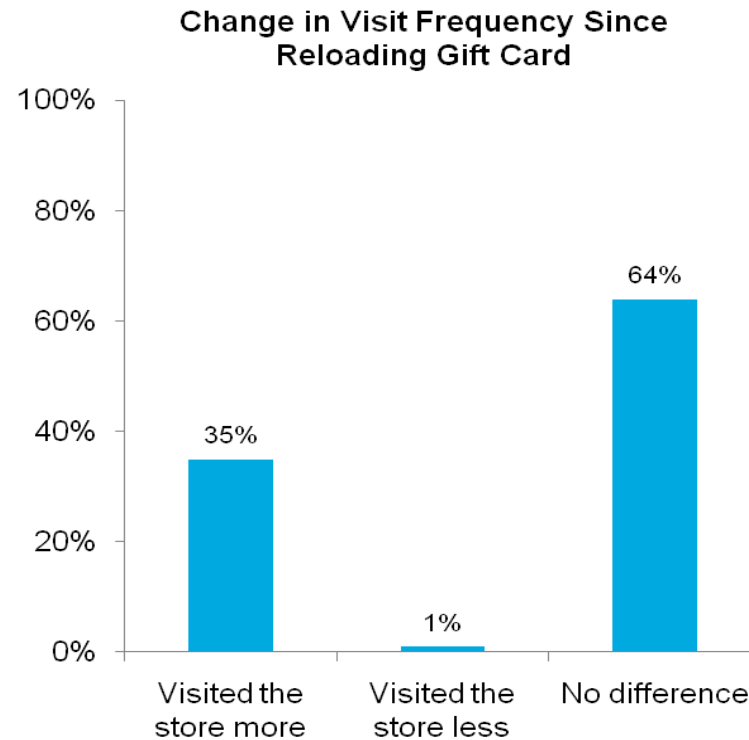
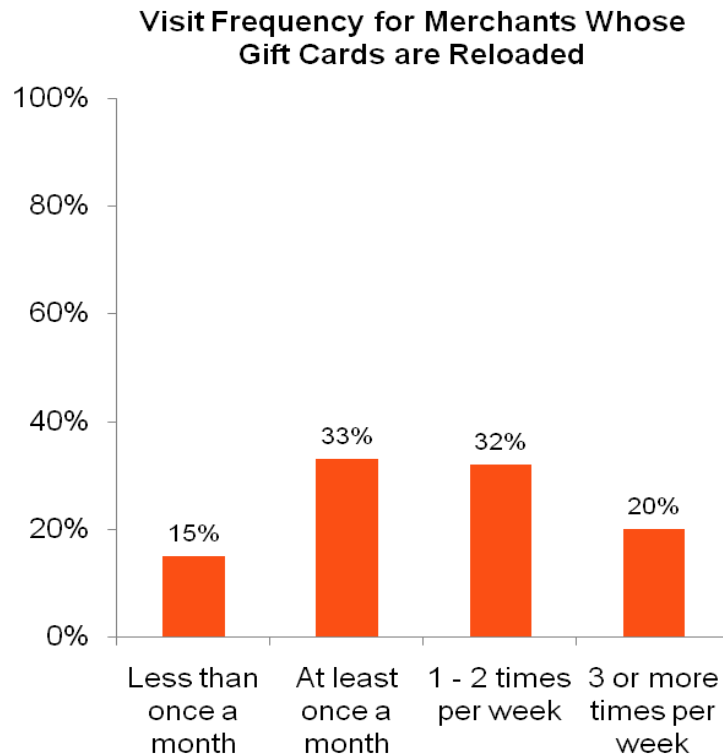
Reloading Preferences

- Although the majority of respondents prefer to reload gift cards in-store, a significant percentage would rather reload online.



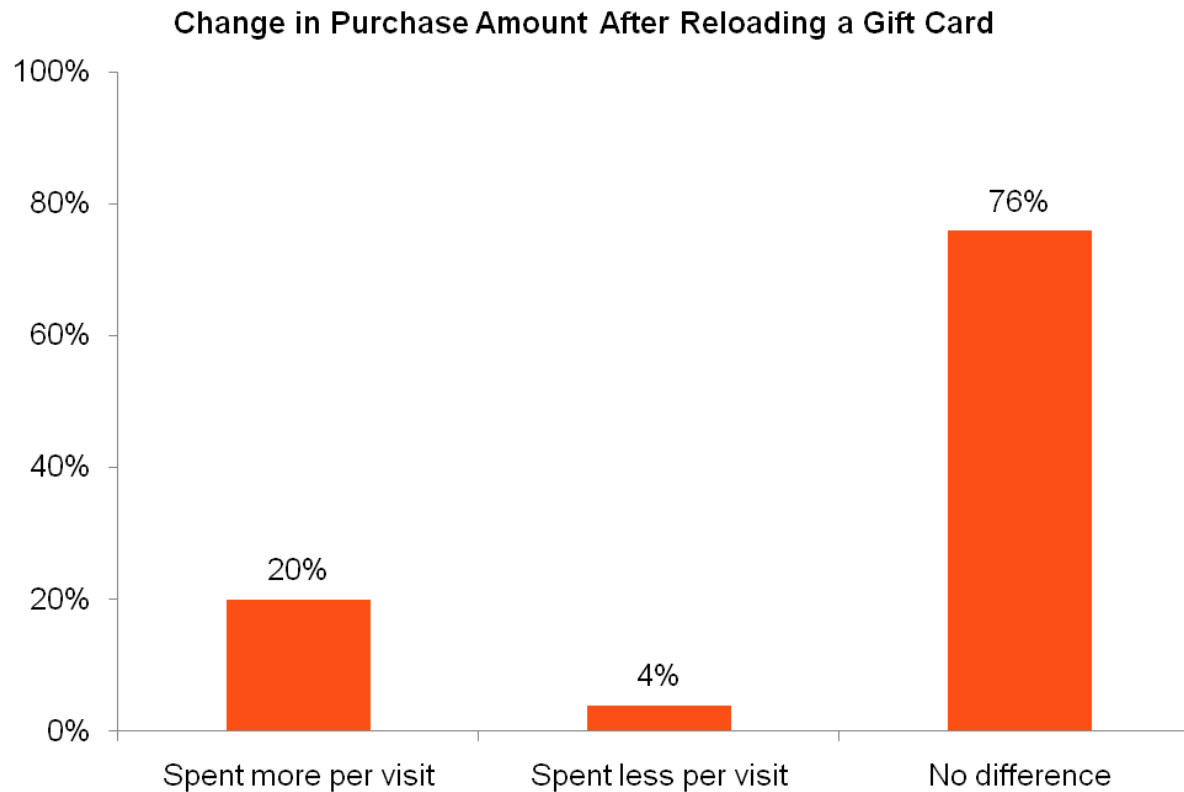
Reloading: Influence on Visit Frequency

- Most people who reload gift cards visit the merchant at least once a month. Of those who have reloaded their cards, over a third indicate the card has led them to visit the store more frequently.



Reloading: Influence on Average Purchase Amount

- One-fifth of gift card purchasers report spending more per visit after reloading gift cards.



Incentives Offered for Reload

- Just over half of consumers report not being offered an incentive for reloading their gift cards. Among those who were offered incentives, free merchandise is the most frequently cited offer.





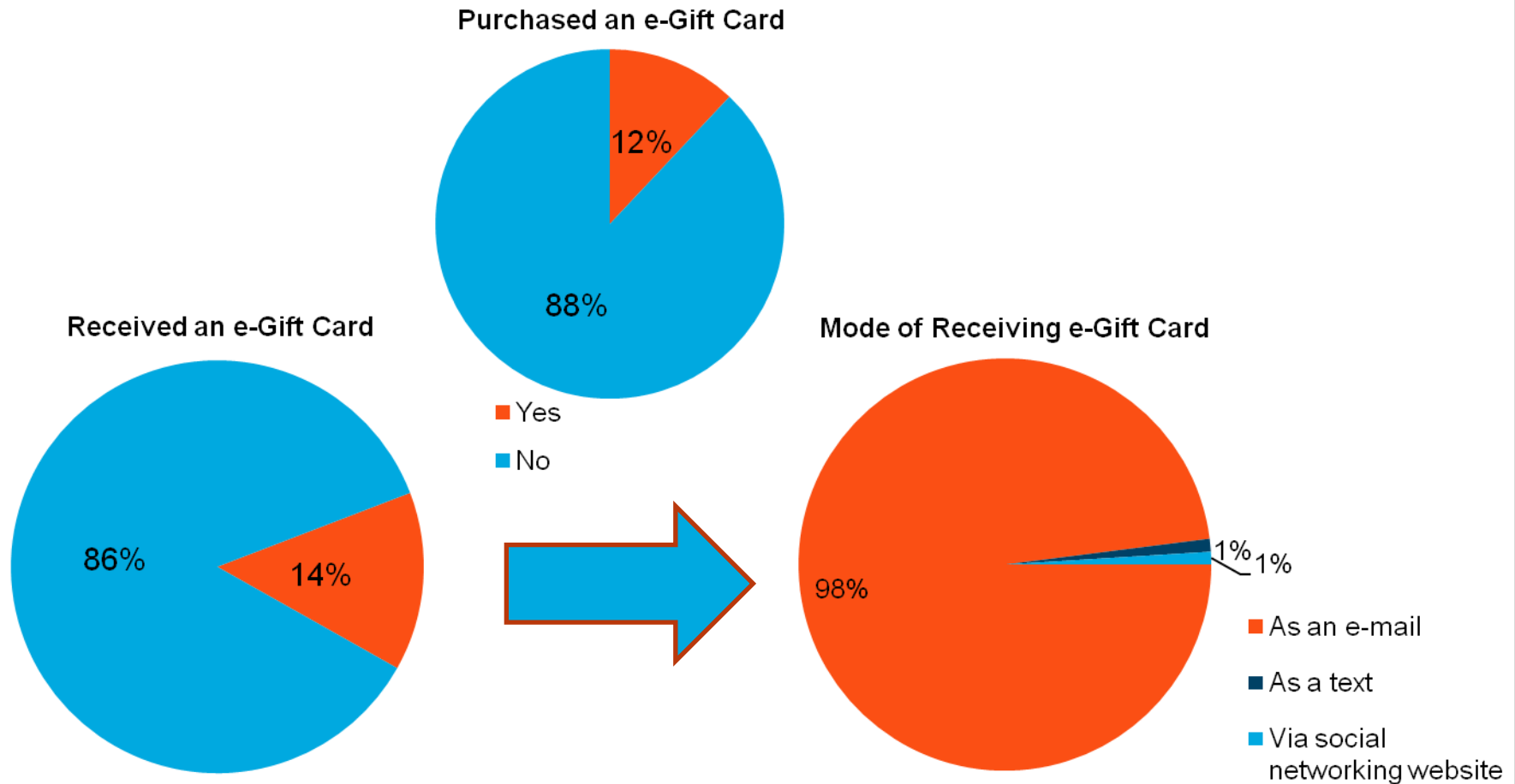
E-GIFT CARDS

E-Gift Card Definition

e-Gift cards are gift cards that you can purchase over the Internet and the account number is sent directly to the recipient's email address, mobile phone or sent via text message. e-Gift cards can be used just like regular gift cards online or in the store. Benefits of e-Gift cards include: there is no card to lose, immediate delivery and they are safer and better for the environment.

E-Gift Card Use

- Most consumers have never purchased or received e-gift cards. However, almost all of those who have received one received it through e-mail.

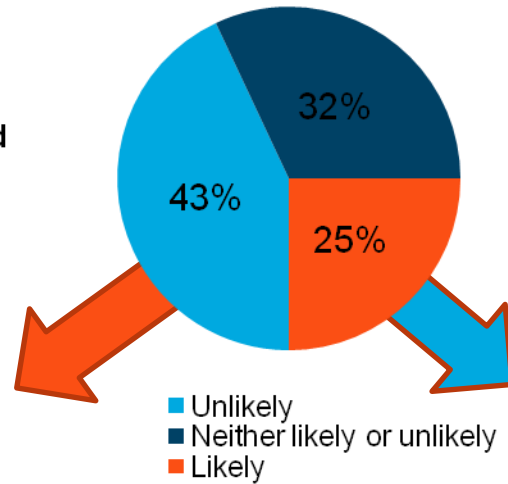
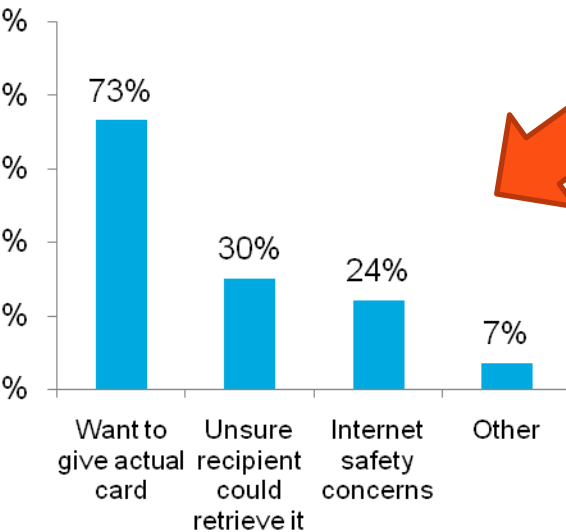


Likelihood of Sending e-Gift Cards

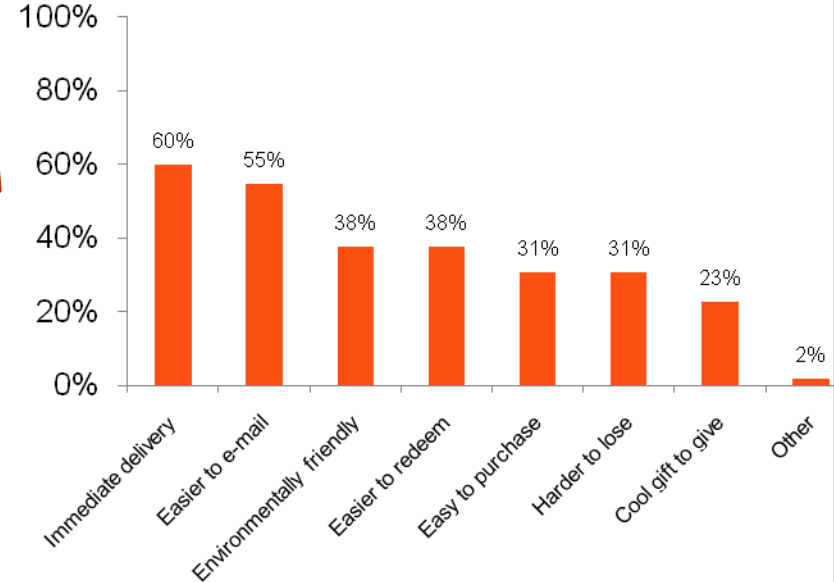
- Although most people still prefer to give an actual gift card, the most commonly cited reasons for sending e-gift cards are their immediate delivery and ease to give, receive, and redeem.

Likelihood of Sending e-Gift Cards

Reasons to be Unlikely to Send e-Gift Cards



Reasons to be Likely to Send e-Gift Cards



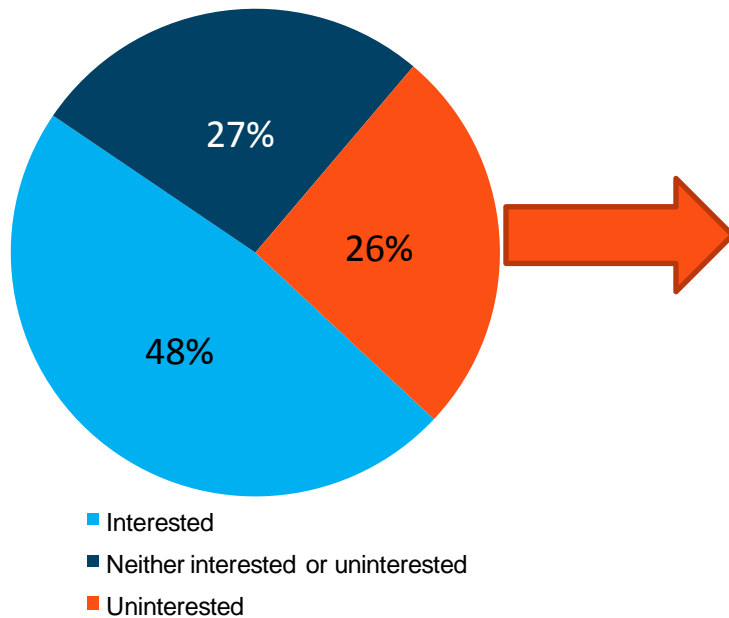
RECOMMENDATION

- Consider selling virtual gift cards through your website or a social networking website to learn about the virtual card channel and increase distribution of your card

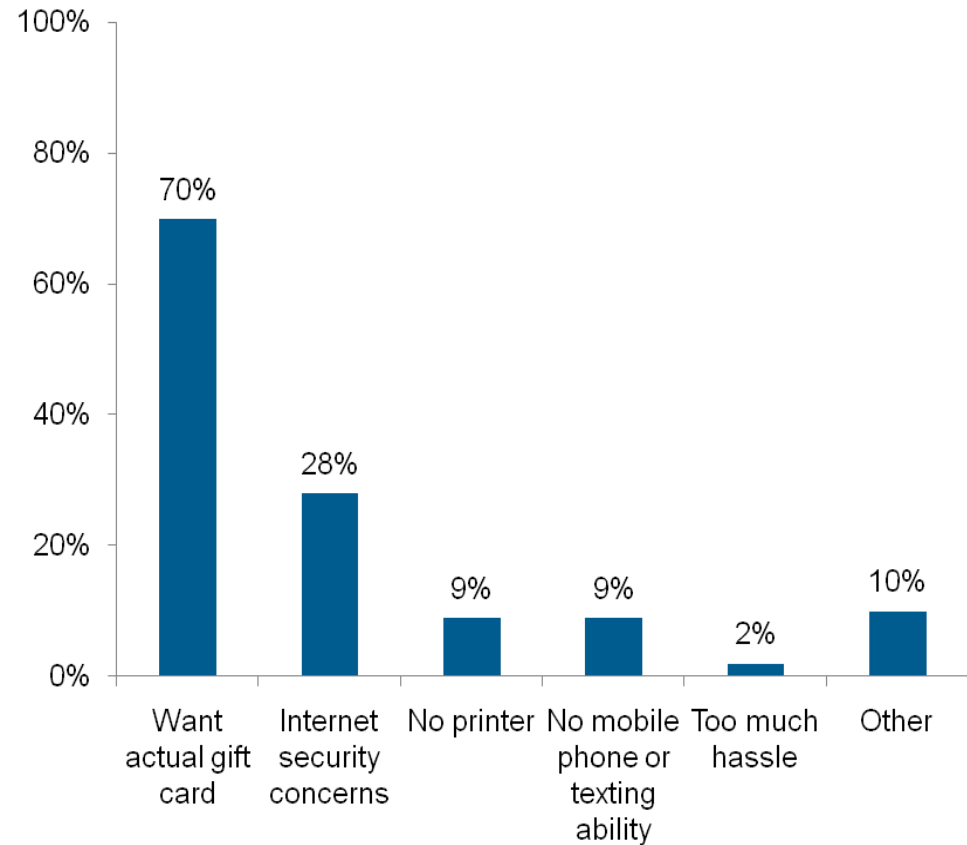
Interest in Receiving e-Gift Cards

- Nearly half of respondents are interested in receiving an e-Gift card.

Interest in Receiving e-Gift Card



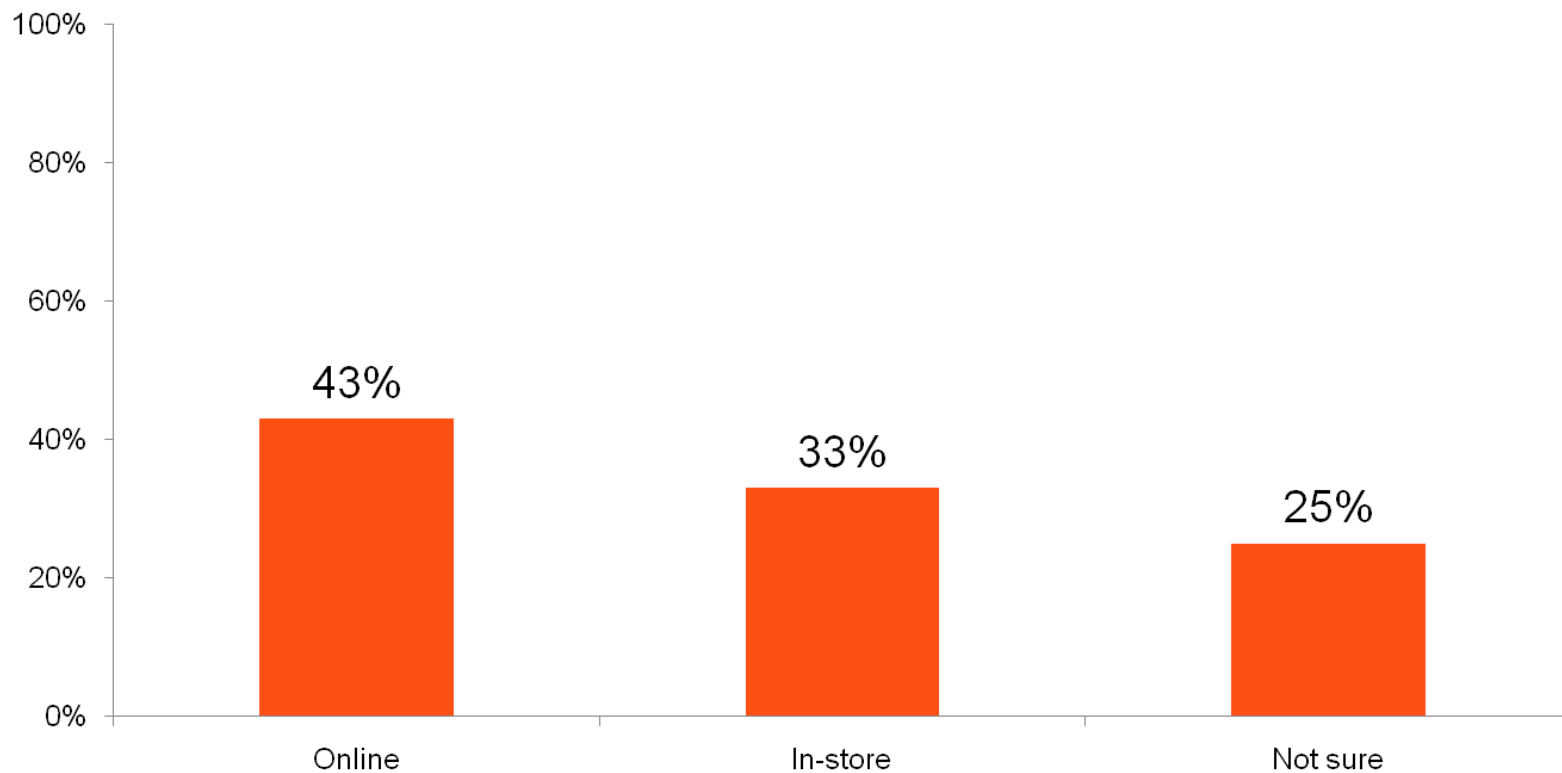
Reasons for Not Being Interested in Receiving e-Gift Cards



e-Gift Card Redemption

- The majority (43%) of consumers report they would redeem e-gift cards online if they were to receive one. However, one quarter are not sure where they would go.

Location of e-Gift Card Redemption

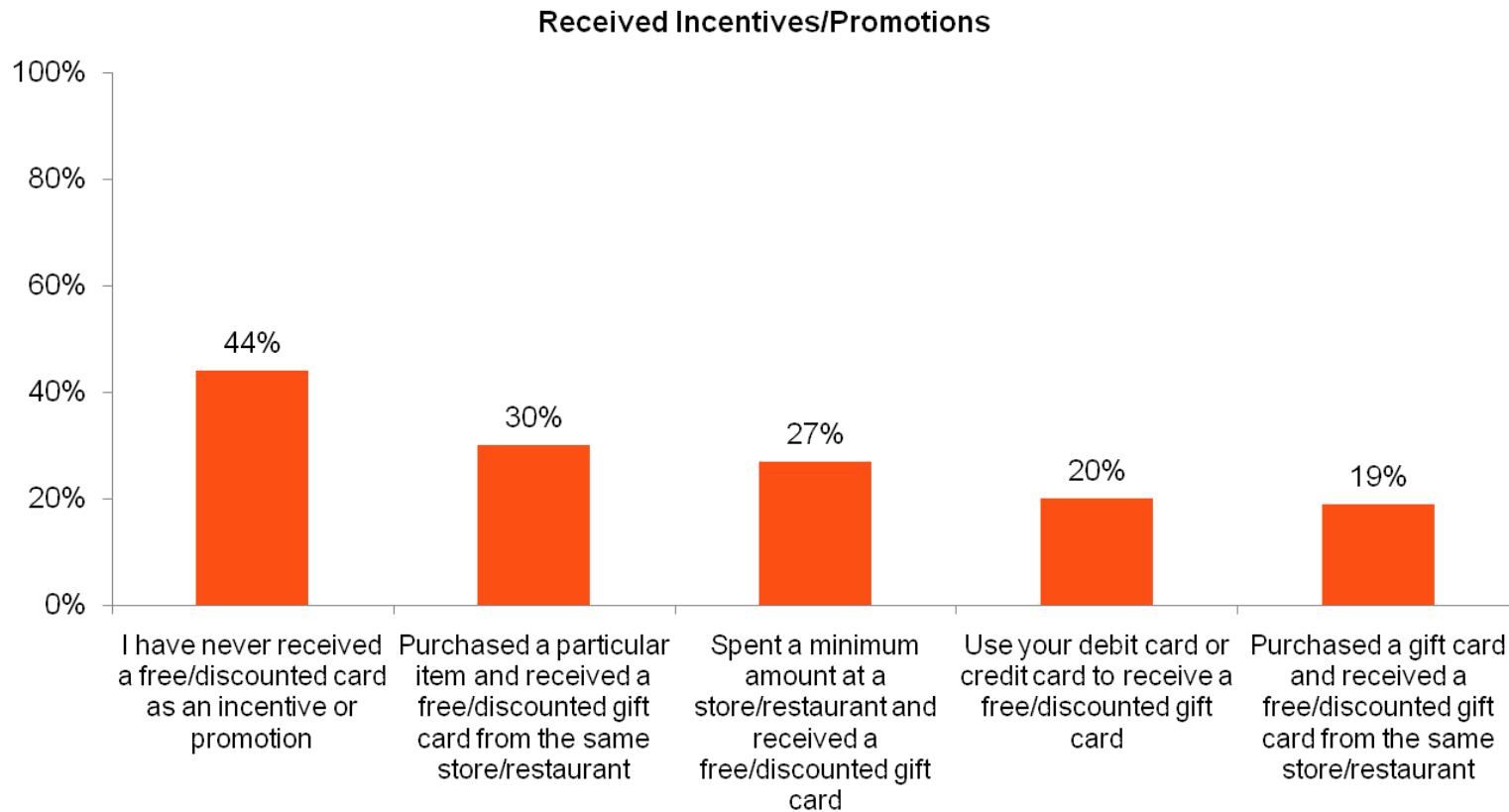




GIFT CARDS AS CONSUMER INCENTIVES

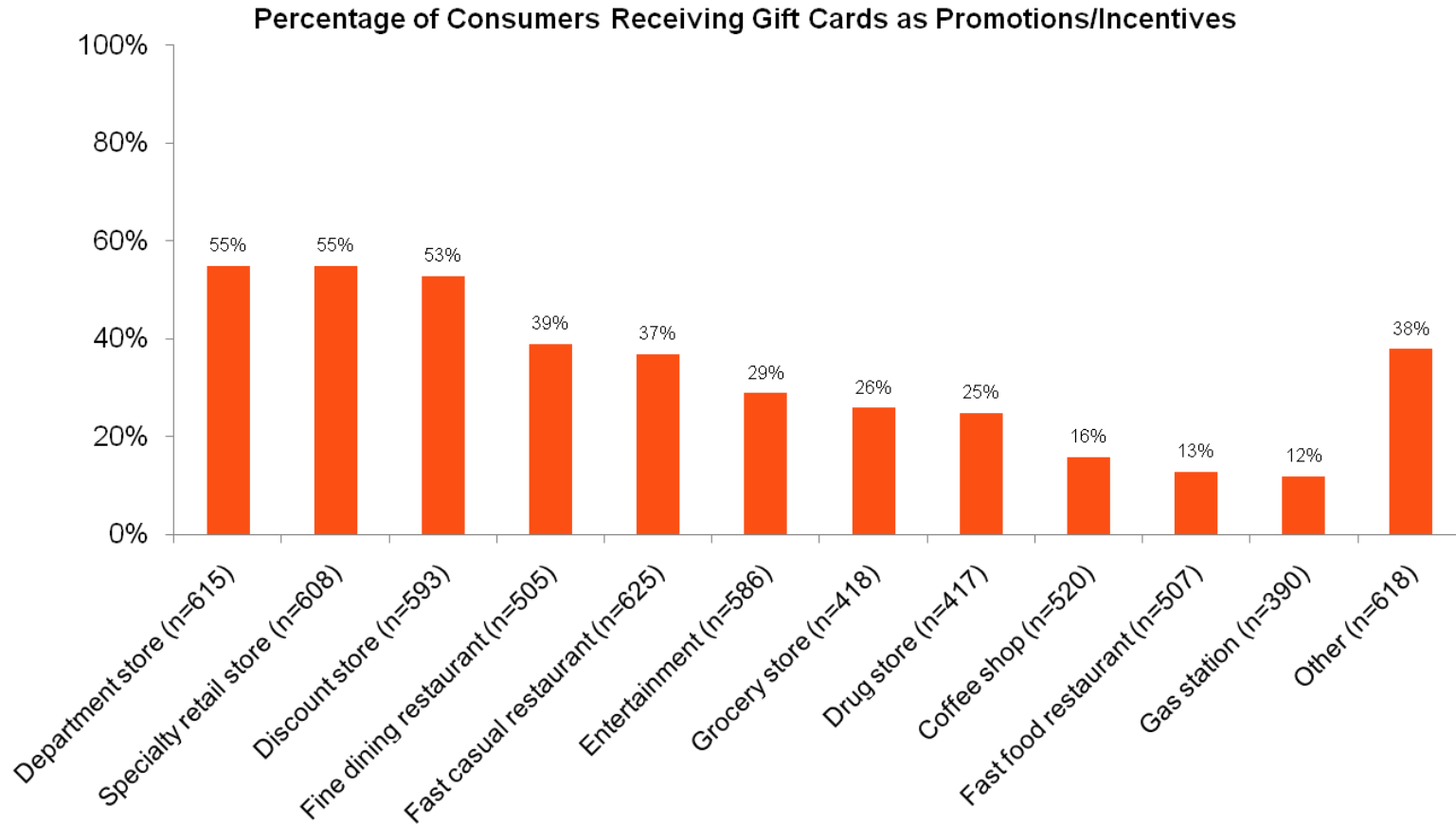
Incentives Received

- A large portion of consumers report never receiving a gift card as an incentive. Of those who have received a gift card as an incentive or promotion, the majority report getting a free card after purchasing a particular item.



Percent Receiving Incentives by Merchant Type

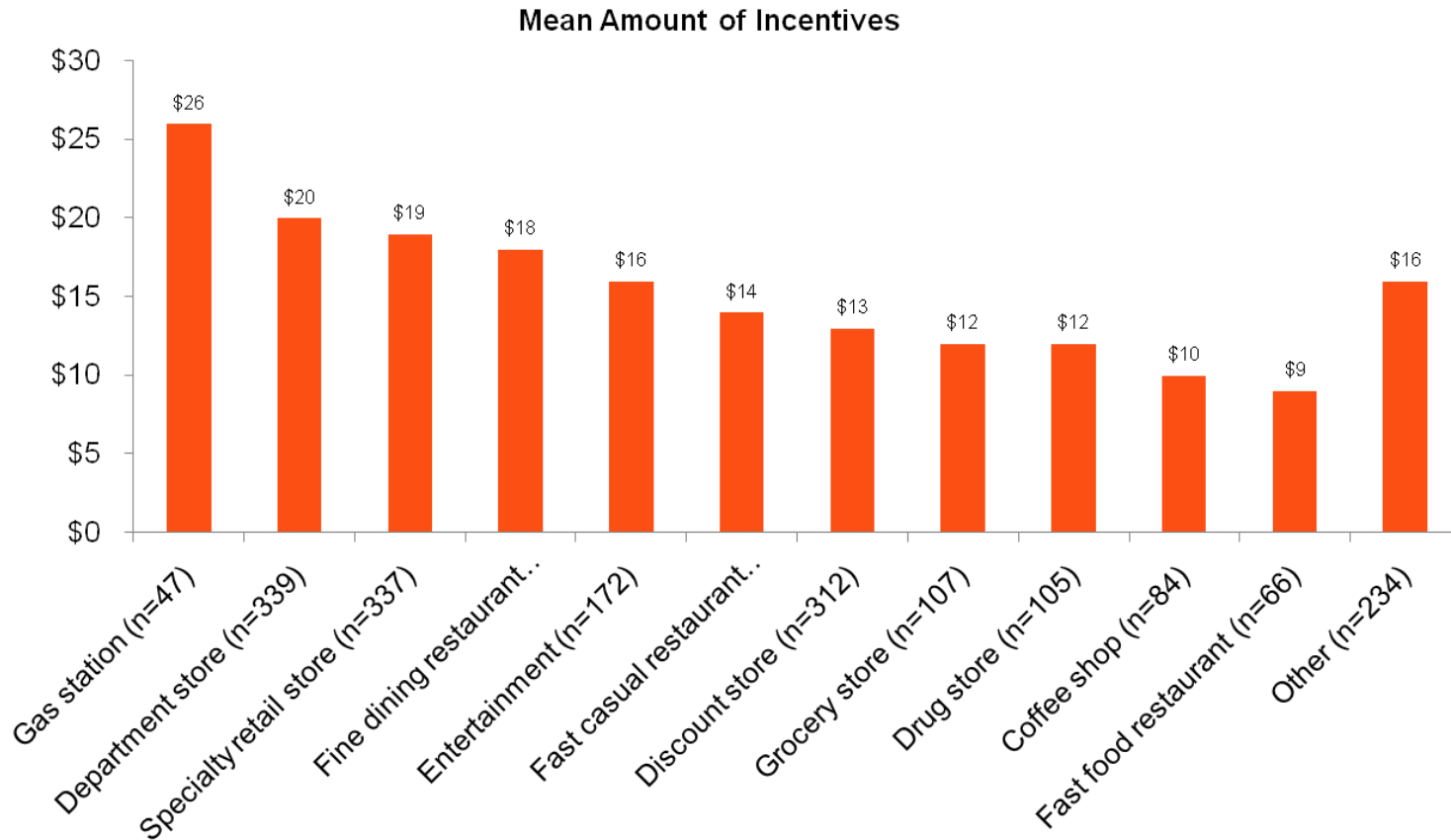
- Department stores, specialty retail stores and discount stores are cited most often for providing gift cards as incentives.



*Small base size n<30; interpret with caution.

Mean Amount of Incentives by Merchant Type

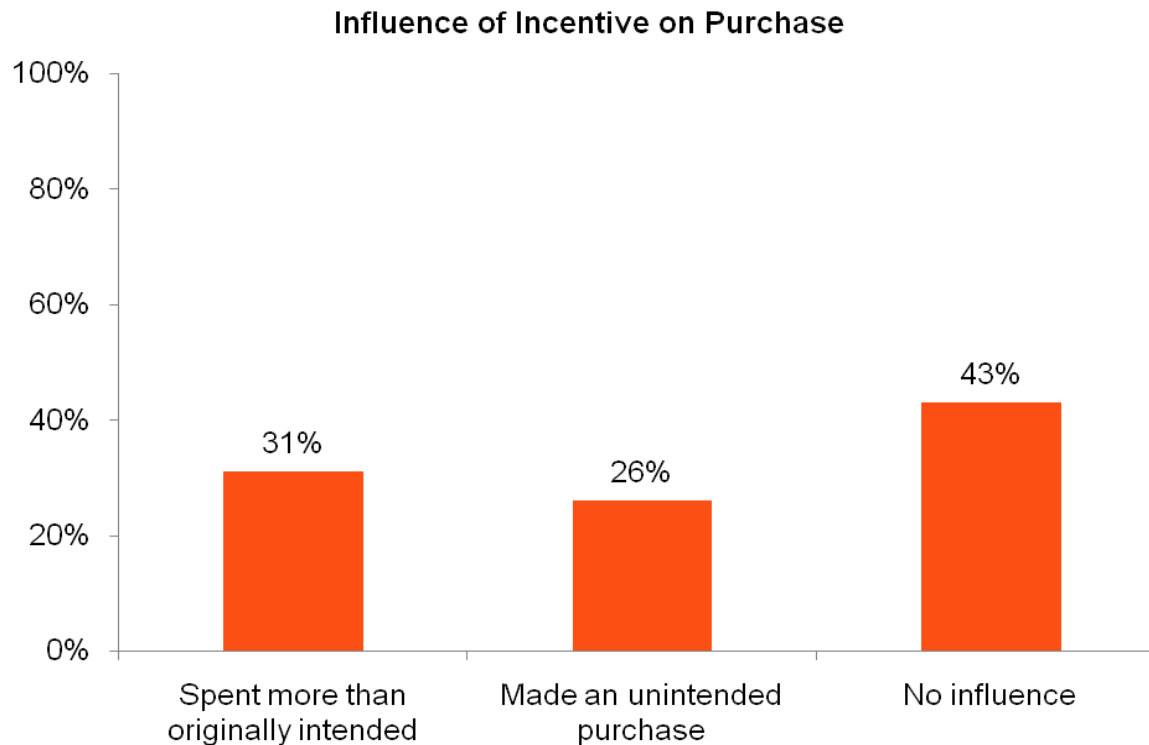
- Gas stations provide the highest average value in their gift card related incentives while fast food and coffee shops offer the lowest average value.



*Small base size n<30; interpret with caution.

Influence of Incentives

- Over half of consumers receiving an incentive report that receiving it altered their purchasing intentions by either spending more (31%) or by purchasing something that wasn't originally intended (26%).



RECOMMENDATION

- Consider investing in gift cards as consumer incentives to attract customers to your stores, increase their average spend, and promote particular items



DEMOGRAPHICS

Demographics

	Total Sample	Purchasers (a)	Receivers (b)	Both (c)
Products Held				
Checking account	97%	96%	96%	98%
Savings account	84%	79%	79%	87%ab
Debit card	86%	84%	86%	87%
Credit card	84%	87%b	75%	86%b
Use Direct Deposit				
Yes	82%	77%	80%	83%
No	17%	23%c	20%	16%
Unsure	1%	0%	0%	1%

Lower case letters represent statistically significant differences at the 95% confidence level

Demographics

	Total Sample	Purchasers (a)	Receivers (b)	Both (c)
Gender				
Male	49%	52%	54% ^c	46%
Female	51%	48%	46%	54%
Race				
Caucasian	68%	67%	67%	69%
African American/Black	11%	13%	14% ^c	10%
Hispanic American	14%	13%	13%	14%
Asian/Pacific Islander	5%	4%	5%	5%
Native American/Alaska Native	1%	1%	0%	1%
Other	1%	2%	1%	1%
Age				
18-24	13%	8%	18% ^{ac}	11%
25-34	18%	10%	18% ^a	19% ^a
35-44	18%	18%	12%	21% ^b
45-54	19%	23%	17%	20%
55+	32%	41% ^c	35% ^c	29%

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Demographics

	Total Sample	Purchasers (a)	Receivers (b)	Both (c)
Employment				
Employed Full-Time	52%	46%	41%	57%ab
Employed Part-Time	14%	11%	15%	14%
Not employed at this time	12%	9%	20%ac	9%
Retired	21%	30%c	23%c	18%
Refused	1%	4%	1%	2%
Marital Status				
Single, never married	30%	28%	38%c	28%
Married	53%	57%b	44%	55%b
Divorced or separated	12%	11%	11%	13%
Widowed	3%	3%	5%	3%
Refused	2%	1%	2%	1%
Education				
Less than high school	1%	4%	0%	1%
Graduated high school	15%	19%c	18%c	13%
Some college	43%	40%	41%	44%
Graduated college	32%	28%	33%	32%
Post-graduate	9%	9%	8%	10%

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Demographics

	Total Sample	Purchasers (a)	Receivers (b)	Both (c)
Household Composition				
Self (1)	15%	18%	19% ^c	13%
Self plus one other person (2)	39%	42%	40%	38%
Three people (3)	18%	15%	18%	19%
Four or more people (4+)	25%	23%	21%	27% ^b
Geography				
Rural	20%	21%	17%	21%
Suburban	55%	58%	49%	56% ^b
Urban	22%	18%	28% ^{ac}	20%
Income				
Under \$20,000	4%	6% ^c	8% ^c	2%
\$20,000-\$39,999	20%	25% ^a	27% ^c	16%
\$40,000-\$59,999	27%	26%	20%	29% ^b
\$60,000-\$74,999	11%	7%	9%	13% ^a
\$75,000-\$99,999	14%	17% ^b	11%	14%
\$100,000-\$149,999	9%	9%	7%	10%
\$150,000-\$299,999	3%	2%	3%	4% ^a
\$300,000 or more	0%	0%	1%	0%

Lower case letters represent statistically significant differences at the 95% confidence level

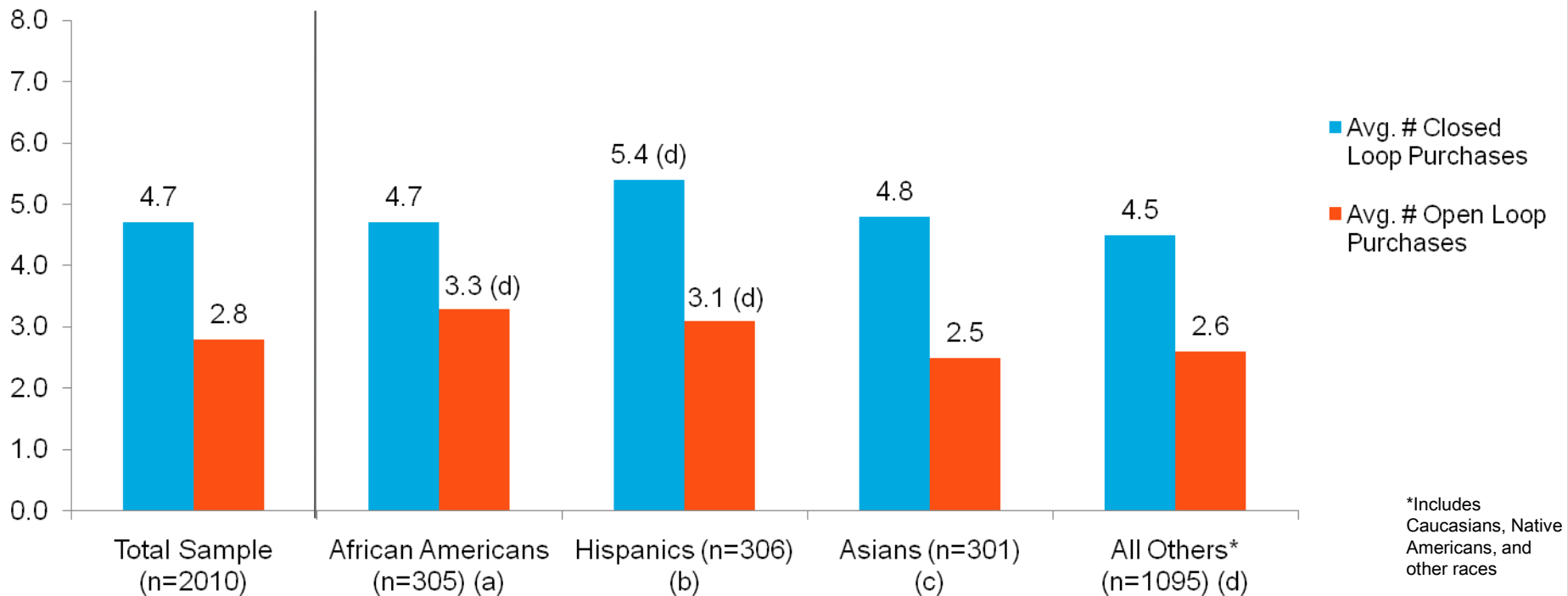


ETHNICITY ANALYSIS

Average Number of Gift Cards Purchased

- Hispanics give more closed loop gift cards than any other ethnicity group. African Americans give more open loop gift cards than other groups.

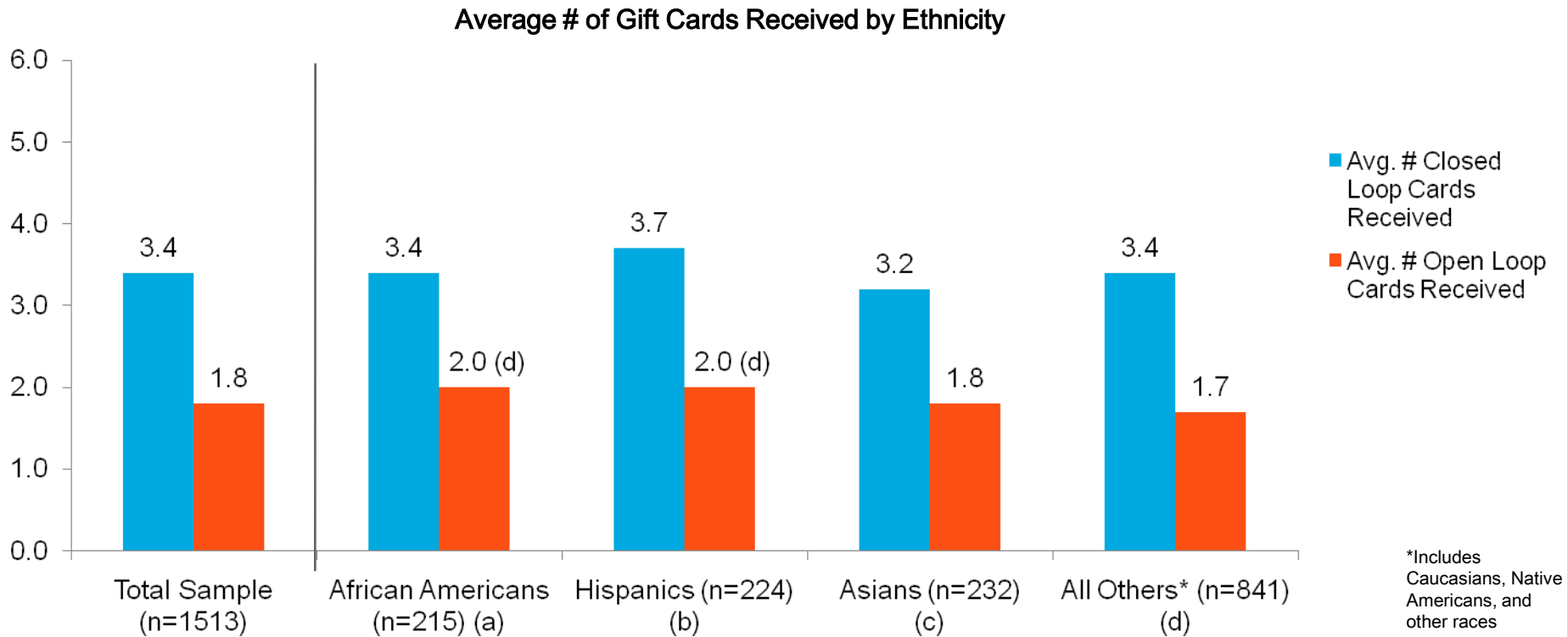
Average # of Gift Cards Purchased by Ethnicity



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Average Number of Gift Cards Received

- Hispanics receive slightly more open loop gift cards than the overall average or the other ethnicity groups while Asians receive slightly less.



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Occasions for Purchase (Closed Loop)

- Hispanics purchased more gift cards for birthdays than other ethnic groups while the All Others category did the same for Christmas.

Occasions for Purchase by Ethnicity (Closed Loop)

	Total Sample n=1344	African Americans n=179 (a)	Hispanics n=203 (b)	Asians n=193 (c)	All Others* n=767 (d)
Birthday	65%	64%	75% ^{ad}	66%	62%
Christmas	50%	44%	42%	35%	54% ^{abc}
No special occasion	12%	12%	11%	16%	13%
Thank you gift	13%	11%	15%	20% ^{bd}	13%
Wedding	9%	13% ^d	16% ^d	9%	8%
Graduation	12%	18% ^d	20% ^d	16% ^d	9%
Mother's Day	11%	16% ^d	17% ^d	11%	9%
Father's Day	9%	9%	12%	6%	8%
Baby shower	8%	11%	12% ^d	10%	7%
Anniversary	4%	4%	3%	2%	5%
"Congratulations"	6%	6%	9% ^d	8%	5%
As a prize or incentive	6%	6%	9% ^d	3%	5%
Back-to-school	3%	3%	4%	2%	2%
Hanukkah	1%	--	--	0%	2%
Going away gift	1%	3%	0%	3% ^a	1%
Other holiday	8%	9%	10%	11%	8%

RECOMMENDATION

- Consider these purchasing preferences, keeping your own demographics in mind, when creating your cards

*Includes Caucasians, Native Americans, and other races

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Closed Loop Merchants

- Significantly more Hispanics purchase gift cards for discount stores than Asians and the All Others category. Asians purchase more gift cards from coffee shops than African Americans or Hispanics.

% of Purchases by Merchant Type & Ethnicity

	Total Sample n=1344	African Americans n=179 (a)	Hispanics n=203 (b)	Asians n=193 (c)	All Others* n=767 (d)
Discount Store	40%	45% ^c	47% ^{cd}	33%	39%
Specialty Retail Store	42%	34%	42%	43%	43%
Department Store	27%	37%	38% ^d	34%	24%
Fast Casual Restaurant	25%	21%	26%	19%	26%
Entertainment	23%	17%	28% ^a	19%	22%
Coffee Shop	20%	16%	21%	29% ^{ad}	20%
Fine Dining Restaurant	16%	17%	19%	14%	16%
Fast Food Restaurant	8%	12%	11%	6%	7%
Grocery Store	7%	6%	6%	7%	8%
Gas Station	6%	7%	3%	4%	7% ^b
Drug Store	2%	3%	1%	4% ^b	2%
Other	9%	8%	9%	13%	9%

*Includes Caucasians, Native Americans, and other races

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Person For Whom Gift Card was Purchased (Closed Loop)

- Significantly more Asian purchasers buy closed loop gift cards for friends than African Americans and the All Other category. Hispanic parents buy more closed loop gift cards than Asian parents.

% of Gift Cards Purchased by Recipient & Ethnicity (Closed Loop)

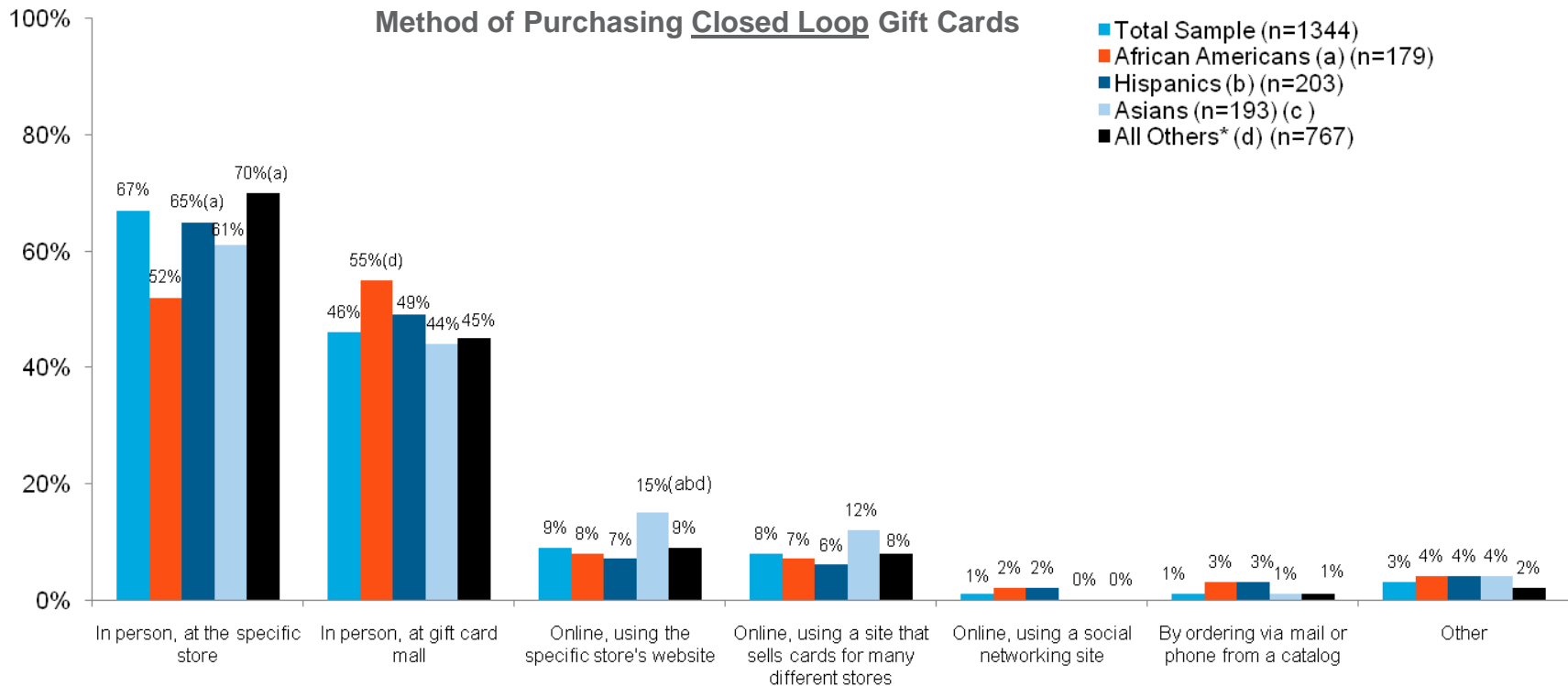
	Total Sample n=1344	African Americans (a) n=179	Hispanics n=203 (b)	Asians n=193 (c)	All Others* n=767 (d)
Friend	38%	42%	50% ^d	58% ^{ad}	33%
Other family member	44%	44%	43%	38%	44%
Son/daughter	28%	28%	31% ^c	18%	29% ^c
Brother/sister	21%	21%	26%	18%	20%
Parent	24%	20%	27% ^c	13%	24% ^c
Spouse	11%	12%	12%	11%	10%
Co-worker	11%	15% ^d	20% ^d	18% ^d	8%
Self	11%	13%	8%	11%	11%
Friend of son/daughter	8%	12% ^d	14% ^d	9%	7%
Significant other	7%	11% ^c	8%	3%	6%
Teacher	3%	2%	3%	5%	3%
Business or store	2%	--	2%	2%	2%
Employer	2%	3%	4% ^d	7% ^d	1%
Other	4%	2%	1%	1%	6% ^{abc}

*Includes Caucasians, Native Americans, and other races

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Method of Purchasing Gift Card by Ethnicity

- African Americans are more likely to purchase gift cards in person from gift card malls, but less likely to purchase in person at the specific store than other ethnicities.



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*Includes Caucasians, Native Americans, and other races

Avg. Purchase Value by Merchant Type & Ethnicity

- African Americans and Hispanics tend to spend less on gift cards than Asians and *All Others* except on cards for grocery stores.

Average Dollar Value of Gift Card by Merchant Type & Ethnicity

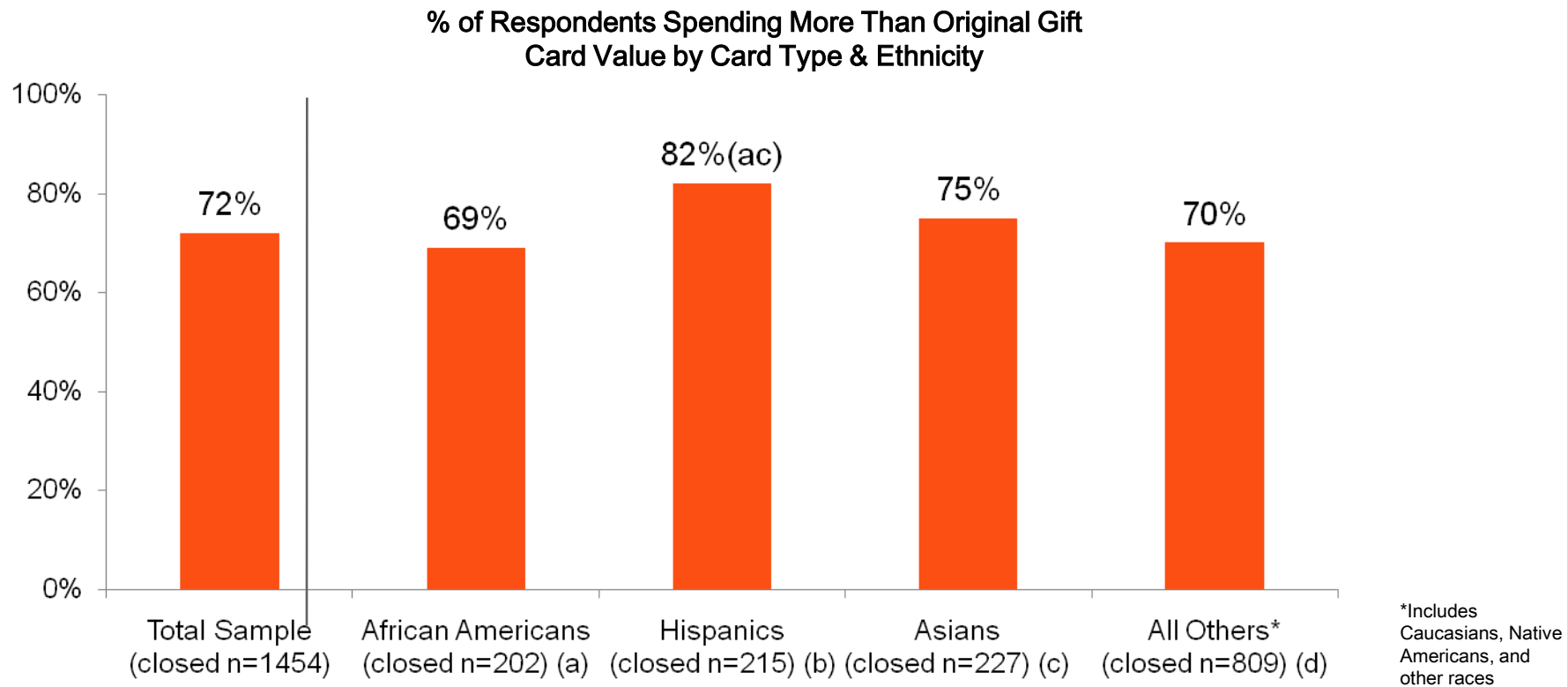
	Total Sample n=1344	African Americans n=179 (a)	Hispanics n=203 (b)	Asians n=193 (c)	All Others* n=767 (d)
Grocery Store	\$56	\$60 c	\$65 cd	\$35	\$55 c
Department Store	\$47	\$47	\$47	\$53 abd	\$46
Fine Dining	\$54	\$49	\$61 ade	\$57	\$52
Specialty Retail Store	\$43	\$47 d	\$46 d	\$49 d	\$41
Gas Station	\$33	\$24	\$39 ad	\$47 abd	\$34 a
Discount Store	\$41	\$41	\$41	\$40	\$41
Fast Casual Dining	\$33	\$34 d	\$37 d	\$38	\$31
Entertainment	\$31	\$33 b	\$29	\$35 bd	\$31
Drug Store	\$32	\$23	\$25 a	\$34 ab	\$34 ab
Coffee Shop	\$21	\$19	\$21	\$22 a	\$21 a
Fast Food	\$18	\$21 d	\$20 d	\$21 d	\$17
Other	\$54	\$53	\$51	\$54	\$54

*Includes Caucasians, Native Americans, and other races

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Closed Loop Gift Card “Uplift” by Demographics

- Hispanics are more likely to overspend than Asians and African Americans.



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Average Amount Spent Over Gift Card Value by Merchant Type

- Asians tend to overspend more than African Americans, Hispanics, and *All Others* except in discount stores, grocery stores, fine dining, and entertainment.

	Total Sample n=1454	African Americans n=202 (a)	Hispanics n=215 (b)	Asians n=227 (c)	All Others* n=809 (d)
Department Store	\$28	\$29 d	\$32 d	\$34 d	\$25
Discount Store	\$25	\$27 d	\$32 cd	\$23	\$23
Specialty Retail Store	\$24	\$30 d	\$26 d	\$31 d	\$22
Grocery Store	\$27	\$20	\$34 acd	\$23	\$27 a
Gas Station	\$8	\$4	\$9 a	\$12 abd	\$8 a
Drug Store	\$10	\$9 d	\$12 ad	\$22 abd	\$6
Fine Dining	\$24	\$33 bd	\$27 d	\$30 d	\$23
Fast Casual Dining	\$16	\$15	\$17 d	\$21 abd	\$15
Fast Food	\$4	\$7 bd	\$5 d	\$10 abd	\$4
Coffee Shop	\$6	\$5	\$8 ad	\$8 ad	\$5
Entertainment	\$13	\$13 cd	\$18 acd	\$9	\$12 c
Other	\$31	\$46	\$29	\$38 bd	\$26

*Includes Caucasians, Native Americans, and other races

Lower case letters represent statistically significant differences at the 95% confidence level



APPENDIX

Demographics by Card Type

	Gender		Race			
	Male (a)	Female (b)	African American/ Black (a)	Hispanic American (b)	Asian/ Pacific Islander (c)	All Other (d)
Purchasers						
Purchased Closed Loop Only	58%	54%	44%	48%	55%	59%ab
Purchased Open Loop Only	15%	13%	24%d	17%	17%	13%
Purchased Both	27%	32%a	31%	35%d	28%	28%
Receivers						
Received Closed Loop Only	57%b	50%	45%	50%	56%	55%a
Received Open Loop Only	15%	16%	20%d	18%	15%	14%
Received Both	28%	34%a	34%	32%	29%	31%

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Demographics by Card Type

	Education				
	High school or less (a)	Some college (b)	Associates degree (c)	Bachelor's degree (d)	Post-graduate (e)
Purchasers					
Purchased Closed Loop Only	73%bc	48%	57%	61%b	57%
Purchased Open Loop Only	10%	18% d	15%	9%	11%
Purchased Both	17%	34%a	28%	30%a	32%a
Receivers					
Received Closed Loop Only	61%	51%	58%	52%	51%
Received Open Loop Only	15%	16%	12%	16%	13%
Received Both	24%	33%	29%	32%	36%

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Demographics by Card Type

	Age				
	18-24 (a)	25-34 (b)	35-44 (c)	45-54 (d)	55+ (e)
Purchasers					
Purchased Closed Loop Only	51%	48%	56% ^b	56% ^b	63% ^{abcd}
Purchased Open Loop Only	8%	12%	14% ^a	17% ^a	16% ^a
Purchased Both	41% ^{cde}	40% ^{cde}	30% ^e	27% ^e	21%
Receivers					
Received Closed Loop Only	50%	44%	57% ^b	52% ^b	60% ^{abd}
Received Open Loop Only	9%	14%	15% ^a	21% ^{abce}	16% ^a
Received Both	41% ^{cde}	43% ^{cde}	28%	26%	24%

Lower case letters represent statistically significant differences at the 95% confidence level

Demographics by Card Type

	Employment				Marital Status			
	Employed Full-Time (a)	Employed Part-Time (b)	Not employed at this time (c)	Retired (d)	Single, never married (a)	Married (b)	Divorced or separated (c)	Widowed (d)
Purchasers								
Purchased Closed Loop Only	52%	58%	55%	66%abc	56%	56%	56%	51%
Purchased Open Loop Only	17%bc	7%	12%	14%b	10%	16%a	15%	17%
Purchased Both	31%d	34%d	33%d	20%	34%b	28%	28%	32%
Receivers								
Received Closed Loop Only	51%	50%	58%a	60%ab	52%	55%	55%	49%
Received Open Loop Only	18%bc	12%	8%	15%c	13%	15%	20%a	25%a
Received Both	31%d	38%ad	34%d	25%	36%bc	30%c	24%	26%

Lower case letters represent statistically significant differences at the 95% confidence level

Demographics by Card Type

	Household Composition				Geography		
	Self (1) (a)	Self plus one other person (2) (b)	Three people (3) (c)	Four or more people (4+) (d)	Rural (a)	Suburban (b)	Urban (c)
Purchasers							
Purchased Closed Loop Only	61%cd	60%cd	52%	50%	63%bc	56%c	49%
Purchased Open Loop Only	13%	16%	14%	13%	14%	14%	16%
Purchased Both	25%	25%	34%ab	37%ab	30%	30%	35%
Receivers							
Received Closed Loop Only	56%c	56%c	47%	52%	57%	54%	51%
Received Open Loop Only	13%	15%	19%a	14%	17%	14%	17%
Received Both	31%	29%	34%	34%	26%	33%a	32%

Lower case letters represent statistically significant differences at the 95% confidence level

Demographics by Card Type

	Income			
	Less than 50,000 (a)	\$50,000- \$74,999 (b)	\$75,000- \$124,999 (c)	\$125,000+ (d)
Purchasers				
Purchased Closed Loop Only	58% ^d	59% ^d	53%	45%
Purchased Open Loop Only	14%	15%	15%	14%
Purchased Both	28%	26%	33% ^b	41% ^{ab}
Receivers				
Received Closed Loop Only	55%	54%	51%	52%
Received Open Loop Only	16%	15%	12%	18%
Received Both	29%	30%	38% ^{ab}	30%

Lower case letters represent statistically significant differences at the 95% confidence level