BEST PRACTICES GUIDE

Maximizing Your In-Store Gift Card Program

TABLE OF CONTENTS

Introduction 2
Value of gift cards 3
6 Ideas for Success 4

First Data
beyond the transaction
INTRODUCTION

Gift cards: An important part of your sales and marketing mix

How do you make the most of your gift card program?

This guide provides 6 actionable suggestions to make your in-store gift card program even more attractive to consumers, online and in your store.

We’ve developed these best practices through years of work with hundreds of major merchants. We hope they inspire you to try a few new ideas.

$43 Billion
spent on gift cards during the 2012 holiday season*

 Ranked as most popular holiday gift by the National Retail Federation.

The future remains bright for the gift card market...

Projected growth through 2015*

8% Consumer incentives

5.5% Business to business

5% In-store gift and distributed gift

Gift cards are a gift to retailers, too!

While gift cards are a favorite among recipients, there are many benefits for retailers too. Closed Loop cards are especially attractive.

These are prepaid cards that can only be redeemed at the issuer's designated locations. Therefore, they specifically drive store traffic.

In fact, gift cards are redeemed in two to four trips, on average, depending on the dollar amount loaded to the card. That's a lot of extra trips to your store!

Gift cards also:

- **Attract new customers.**
  4% of gift card recipients report that they never or rarely visited the store for which they received a gift card.

- **Drive sales.**
  Customers spend an average of $20.79 more than the amount loaded to the gift cards they receive. Additionally, 31% of shoppers buy an item they didn’t plan to purchase or buy a more expensive item with the gift cards they receive.

- **Generate interest from unredeemed balances.**
  You have possession of the money loaded to gift cards the moment the cards are purchased. If those funds are deposited in an interest-bearing account, you will be able to earn a return on outstanding gift card balances.

- **Increase brand loyalty.**
  Gift cards not only bring new customers into your store but, when you encourage card reloads through marketing and incentives, can keep customers coming back for frequent visits.

* 2012 First Data U.S. Prepaid Consumer Insights Study
The right formula – 6 ideas for success!

💡 **Research**  Conduct a market and consumer assessment

1. **What category opportunities are present?**

   *Recommendation:* Create a “Category Scorecard” that lists all of the occasions your customers might celebrate with gift cards and the revenue currently generated by each category. Creating a scorecard will help you identify areas that are growing those that need attention.

   - Make sure your scorecard includes two subcategories – “everyday” cards and seasonal cards
   - Within these subcategories, break out everyday occasions such as birthday, thank you and wedding. Your seasonal subcategory should include annual events like holiday, Mother’s Day and graduation.
   - Your scorecard should include some of the following key measures:
     - Year-over-year count growth
     - Dollar load growth
     - Average load for activations
     - Reloads
     - Redemptions

Consider tracking these by channel of distribution such as business-to-business, third party, consumer incentives, virtual, and mobile sales.
The right formula – 6 ideas for success!

Plan

Determine objectives and strategies that align with your merchant brand strategies

2. Which target shopper groups are key to your brand strategy? (Think age groups, socio-economic ranges, ethnicities, etc.)?

3. What are key brand strategies and consumer value propositions that can be communicated in marketing and packaging throughout the program?

   Recommendation: Develop key messaging strategies not only around holiday seasons but also to position the value of a gift card. For example, a $25 gift card is preferred over a $50 gift, according to our 2012 Consumer Insights study, so it is important to incorporate this value in your marketing messaging.

Gift Card Messaging Strategies:

- Position value: Give a gift that keeps on giving
- Personalization: Let them choose the perfect gift
- Substitute gift: Couldn’t find the right gift? Gift cards are always the right gift
- Gift for any season or occasion: It’s a perfect gift for any occasion
The right formula – 6 ideas for success!

- **Plan & Monitor** Roll out your tactical plan and analyze your results

Making sure your gift card program stays on track is key to ongoing success and growth. Here’s what you can do:

4. Set up regular sales reporting and share it with other stakeholders in the organization to gain alignment with and commitment to the gift card marketing plan.

5. Review your category scorecard on a quarterly basis. Reflect seasonal sales only for the timeframe the season ran.

6. Within each occasion, rank your card designs and watch for consumer preference trends that could possibly be used to positively impact sales in slower growth categories.

For more information on how to make your gift card program more successful, email us at advancedmarketing@firstdata.com