The future of gift cards
2016 PREPAID CONSUMER INSIGHTS STUDY
Study Details

3,650
RESPONDENTS
Survey of 3,650 consumers, aged 18 and up.

2,341
SCREENED
2,341 consumers screened to have purchased or received traditional/plastic or e-gift closed loop gift cards within the past 12 months.

2016
OCTOBER
Survey conducted October 2016.
Data from survey was weighted to correspond to census distributions.

The gift card as we know it is transforming into something bigger. Make no mistake, gifting of physical cards is as strong as ever. But buyers are adopting digital gift cards now more than ever, embracing the convenience of mobile apps and gift cards as the new currency. As busy consumers do more on their mobile devices, they are embracing mobile apps and reloadable gift cards as a new form of tender.

Our 2016 Consumer Insights Study shows six major trends that are reshaping the industry and point to tremendous opportunity for retailers and financial organizations to engage with consumers in new and exciting ways. We also see three consumer groups driving gift card purchases, each with its own distinct patterns and motivation.

Six trends shaping the industry:

- Three’s company
- Shift happens
- Keep spending
- Treat yourself
- Where it’s app
- Make it personal
We found that three major consumer groups are driving gift card adoption and spending. Of these three groups, one buys the most physical and e-gift cards across all verticals, one spends the most across both card form factors, and one leads the way in self-purchasing of gift cards, not to give, but to use for themselves.

**The Socializers**
**AGES 18-34**
Percent of respondents who purchased more gift cards in 2016.

- 21% Physical Gift Cards
- 34% E-Gift Cards

- Value hunters
- Convenience junkies
- Love "authentic" experiences

**The MTV Generation**
**AGES 35-54**
Are most likely to purchase gift cards for self-use.

- 40% Physical Gift Cards
- 44% E-Gift Cards

- Work to live
- Researchers and skeptics
- Brand loyalty

**The Maturists**
**AGES 55+**
On average, spend the most.

- $75 Physical Gift Cards
- $84 E-Gift Cards

- Cautious
- Self-sacrificing
- Less digitally savvy

In addition to choice, your audience matters. Different age groups purchase differently.

#threescompany
2. #shifthappens

The gift card market is shifting, but don’t toss your plastic cards. While consumers continue to embrace digital gift cards, physical gift cards aren’t going anywhere, with the average number of physical cards purchased rising steadily in the last four years.

**Survey Question**

Approximately how many physical gift cards in total have you purchased in the last 12 months?

**Results**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Physical Gift Cards Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.8 (1,420 respondents)</td>
</tr>
<tr>
<td>2013</td>
<td>5.1 (576 respondents)</td>
</tr>
<tr>
<td>2014</td>
<td>4.7 (1,089 respondents)</td>
</tr>
<tr>
<td>2015</td>
<td>5.5 (1,052 respondents)</td>
</tr>
<tr>
<td>2016</td>
<td>5.9 (1,032 respondents)</td>
</tr>
</tbody>
</table>

The average number of physical gift cards purchased has risen for the last four years from 4.8 to 5.9.

72% of respondents purchased or received physical gift cards.

51% of respondents purchased or received digital gift cards.

People want choice, whether it’s the convenience of mobile gifting apps or finding that perfect gift card for Mom. #shifthappens
3. #keepspending

Overspending the amount of a gift card is the new normal. 75% of consumers with gift cards in 2016 spent $27.74 more than the amount on the card, up from 69% last year.

**Survey Question**

In the last 12 months, when paying with your gift card, did you spend more than the value of the card?

**Results**

69%  
2015  
1,144 respondents

75%  
2016  
1,117 respondents

Three-quarters of consumers with gift cards spend more than the value of the card.

Market to your consumers with the idea that they will overspend, with special deals, bundles, and the option for auto-reload. #keepspending
4. #treatyourself

Self-purchase of gift cards is rapidly becoming the new tender type for many consumers. Driven by loyalty points, rewards, and discounts, more consumers are purchasing gift cards for their own use than in years past.

**Survey Question**

Did you purchase a physical or e-gift card for yourself?

**Results**

53%  

Since 2014, self-purchase of physical cards has grown by 9%.

13%  

Since 2014, self-purchase of digital cards has grown by 13%.

More than half of digital gift card purchasers self-purchase.

How are you packaging and marketing gift cards? Because they’re not just gifts anymore. They’re the new currency. #treatyourself
5. #whereitsapp

In 2016, we’re seeing more consumers embracing mobile apps for storing their gift cards, for convenience and to keep from losing them.

**Primary Question**

How interested are you in using an app to store gift card information on your mobile phone?

**Results**

50% of consumers are interested in storing gift card information on an app.

**Further Results**

- 37% responded: More convenient
- 37% responded: Don’t have to carry cards
- 33% responded: Less likely to lose the cards

People are ready for mobile gift card apps—as long as they’re secure.

#whereitsapp
6. #makeitpersonal

More than half of respondents are interested in receiving some kind of notification (email, text, push) about gift card balances and special offers.

**Survey Question**

How interested would you be in receiving electronic notifications (email, text messages, etc) about balances or special offers from a merchant whose gift card you had stored in an app on your mobile phone?

**Results**

- **85%**
- **80%**
- **67%**

Across all ages groups, 78% are at least somewhat interested in email or text notifications about balances or special offers.

Personalized service is key to marketing success, and mobile gift card apps give you the platform to engage with customers and cardholders. #makeitpersonal
As the 2016 Consumer Insight Study shows, consumers, whether they are Socializers, the MTV Generation, or the Maturists, love the range of choices they have for gift cards—physical, digital, and mobile. Card purchasing goes beyond gifting, as more people self-purchase cards to use in place of cash or credit.

Savvy gift card providers should embrace and promote the mobile gift card app, which offers the possibilities of auto-reload, convenient transactions, and personalized marketing and customer service.

Customers are ready.