

# First Data's 2009 Holiday Gift Card Performance Report



## Recap: 2009 U.S. Holiday Season

Gift card activations in dollars rose by 2.1 percent in holiday '09 with merchants aggressively promoting gift card incentives and Santa's helpers making a last-minute appearance.

### Overview

Holiday '09 ended as it began—with a flurry of gift card activity. During the Black Friday weekend, merchants dramatically increased their use of gift card incentives to attract customers to their stores. Gift card purchasers joined the party late, but came through in a frenzy of activity in the last shopping days of the season.

Through the entire holiday season, merchant branded gift card sales (in dollars) increased by 2.1 percent compared with last year. That increase falls in the middle of the range predicted by First Data in our October [Holiday Forecast](#), which predicted zero to 5 percent growth in dollars activated this holiday season.

The First Data *Holiday Gift Card Performance Report* provides insights based on aggregated transaction data generated by First Data's merchant branded gift card processing business and our observations of the marketplace. First Data published a [weekly report](#) throughout the holiday season and will produce a follow-up report in early February examining gift card redemption activity in the weeks following Christmas.

## Percent Change in Gift Card Performance

Holiday Season 2009 vs. 2008

- Dollar Value of Gift Cards Sold
- Average Gift Card Value



# First Data's 2009 Holiday Gift Card Performance Report

## All Gift Cards

Overall, during the holiday season (i.e., from the Monday before Thanksgiving through the Sunday after Christmas), the total dollar value of gift cards activated increased 2.1 percent compared with the same weeks in '08. The number of gift cards activated increased 0.2 percent.

All Gift Cards	CHANGE	
Dollar value of gift cards sold	+2.1%	
Number of gift cards sold	+0.2%	
Average gift card value	+1.9%	
	<b>2008</b>	<b>2009</b>
	\$29.39	\$29.95

Note: "All Gift Cards" includes merchant types not represented elsewhere in this report.

## Specialty Retail Gift Cards

Specialty retail posted a particularly strong holiday performance. The number of activations increased 6.7 percent, and the dollar value of cards activated rose 7.3 percent over last year. Average gift card values grew by 0.5 percent.

The specialty retail category includes merchants that sell clothing, electronics, books, sporting goods, hardware, music, video, beauty supplies, home goods and other items.

Specialty Retail Gift Cards	CHANGE	
Dollar value of gift cards sold	+7.3%	
Number of gift cards sold	+6.7%	
Average gift card value	+0.5%	
	<b>2008</b>	<b>2009</b>
	\$42.92	\$43.14

## Restaurant Gift Cards

Restaurant gift card sales also increased in holiday '09. Activations, in dollars, rose by 5.8 percent. The number of cards activated climbed 5.6 percent.

Restaurant Gift Cards	CHANGE	
Dollar value of gift cards sold	+5.8%	
Number of gift cards sold	+5.6%	
Average gift card value	-0.2%	
	<b>2008</b>	<b>2009</b>
	\$18.09	\$18.13

## Holiday Analysis

Holiday '09 could be referred to as "Christmas of the Incentive Card," with merchants significantly increasing their use of gift cards to improve their overall sales results. Incentive gift cards were used to attract customers to stores, encourage splurging on high-dollar items, promote incremental purchases for gift giving, increase average tickets and provide "discounts" without damaging brands.

Merchants' aggressive use of gift cards as incentives likely reflected both a concern over increased competition for scarce consumer dollars and a desire to increase market share. Gift card incentive use grew across discount stores, department stores, specialty retailers, entertainment locations, restaurants and gift card mall providers. Clearly, the most significant usage increases occurred among specialty retailers, demonstrated by an astonishing 46.9 percent YOY increase in gift card dollars activated on Black Friday.

# First Data's 2009 Holiday Gift Card Performance Report

Common gift card incentives—seen both in-store and online—encouraged consumers to purchase:

- A certain item to receive a free gift card
- A specified dollar amount of merchandise to receive a free gift card
- A certain dollar amount of gift cards to receive a free gift card
- A certain dollar amount of gift cards to receive a discount on those cards
- A gift card to receive a discount on merchandise
- A gift card to receive a free item or service

The influence of incentive cards on redemptions appeared immediately, with gift card redemptions rising in the week after Thanksgiving by 14.7 percent for specialty retailers and 3.4 percent across all merchant types. The cards continued to have a positive impact on redemptions through the entire holiday period, and First Data expects incentive card redemptions to notably contribute to merchants' post-holiday merchandise/service sales in January.

After a very challenging year for gift card sales, consumers materialized in the final days before Christmas to significantly help holiday and full-year gift card performance. Gift card sales in November and December account for upwards of 35 percent of all gift card activations during the course of the year, and the few days before Christmas are the largest gift card sales days of the year. Overall activations, in dollars, increased by 11.8 percent from the Monday before Christmas to the Sunday after Christmas. Part of that increase likely resulted from shoppers making an in-store decision to switch to gift cards when faced with thin merchandise selections on store shelves.

Gift card malls continued their strong performance. A small sampling of our data shows that merchant branded gift card sales through gift card malls, in dollars, increased by about 13 percent during the holiday season.

## About the First Data Holiday Gift Card Performance Report

The First Data *Holiday Gift Card Performance Report* provides insights based on aggregated transaction data generated by First Data's merchant branded gift card processing business and our observations of the marketplace. First Data published a [weekly report](#) through the holiday season and will produce a follow-up report in early February looking at gift card redemption activity in the weeks following Christmas.

This report compares gift card activations and redemptions from Monday, November 23, 2009 through Sunday, December 27, 2009 with activity in the same period last year, Monday, November 24, 2008 through Sunday, December 28, 2008.

Prior-year transaction data represents comparable closed loop transactions processed by First Data for the retailers included in the summary.