

First Data's 2009 Holiday Gift Card Performance Report



Week 3: 2009 U.S. Holiday Season

Gift card redemptions in dollars rose by 5.1 percent in the third week of holiday shopping, compared with the same week in 2008, as consumers continue to redeem incentive gift cards that they received earlier this holiday season. Gift card sales dipped slightly for the week.

Overview

Merchant branded gift card redemptions continue to grow as consumers put their incentive gift cards to immediate use. Merchants that aggressively offered incentive gift cards to their customers are already enjoying the return visits and increased spending that the cards promote.

After two weeks of increases in gift card sales, Week 3 of the 2009 holiday season brought a 1.6 percent dip in dollars activated (compared with the same week in 2008). Through the first three weeks of the holiday, merchant branded gift card activations in dollars are up 1.7 percent, consistent with [First Data's Holiday Forecast](#) which predicted zero to 5 percent growth in dollars activated this holiday season.

The bulk of holiday gift card sales typically take place in the remaining days before Christmas. During Week 4 (12/15/08-12/21/08) of the 2008 holiday season, merchants activated about 50 percent more cards than they did in Week 3 of 2008. The final few days before Christmas had an even higher daily average.

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 will publish a [weekly report](#) through the holiday season.

All Gift Cards

Overall, the total dollar value of gift cards activated decreased 1.6 percent compared with last year. The number of gift cards activated decreased 2.7 percent. Gift card redemptions grew 5.1 percent.

All Gift Cards	CHANGE	
Dollar value of gift cards sold	-1.6%	
Number of gift cards sold	-2.7%	
Average gift card value	+1.1%	
	2008	2009
	\$30.53	\$30.86

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

Specialty Retail Gift Cards

Gift card activations remain strong for the specialty retail category. The number of activations grew 12.6 percent, and the dollar value of cards activated increased 5.2 percent over last year. Average gift card values declined by 6.5 percent mainly due to merchants moving to lower dollar value gift card incentives. Gift card redemptions, in dollars, increased by 12.3 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	+5.2%	
Number of gift cards sold	+12.6%	
Average gift card value	-6.5%	
	2008	2009
	\$43.83	\$40.97

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Restaurant Gift Cards

Restaurant gift card sales were down slightly for the week.

Restaurant Gift Cards	CHANGE	
Dollar value of gift cards sold	-1.5%	
Number of gift cards sold	-2.0%	
Average gift card value	+0.6%	
	2008	2009
	\$18.02	\$18.12

Recommendations for Merchants

Display your cards near popular gifting merchandise with low inventories, as 46 percent of consumers are either "likely" or "highly likely" to buy a gift card if an item they want is out of stock.¹

Aggressively promote your gift cards between now and Christmas. Approximately three quarters of gift card purchasers indicate that they buy their gift cards within two weeks of the gifting occasion, according to [First Data's 2008 U.S. Gift Card Consumer Insights Survey](#).

Keep gift card displays visible, full and neat. This is exceptionally critical for the remaining days before Christmas as consumers are flocking to stores expecting to quickly find suitable gift cards and carriers for their recipients.

About the First Data Holiday Gift Card Performance Report

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This report compares the number of gift cards sold between Monday, December 7, 2009 and Sunday, December 13, 2009 with those sold during the same period last year, Monday, December 8, 2008 through Sunday, December 14, 2008.

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

¹First Data. 2009 U.S. Gift Card Consumer Insights Survey. December 2009.

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