

First Data's 2009 Holiday Gift Card Performance Report



Week 1: 2009 U.S. Holiday Season

Total dollars placed on merchant branded gift cards on Black Friday increased by 17.8 percent, with specialty retail cards experiencing growth of almost 50 percent.

Overview

Consumers love gift cards and demonstrated that sentiment in their first full week of holiday shopping. In 2009, with uncertainty surrounding consumers' commitment to spending, many merchants used gift cards as incentives to attract customers to their stores. Consumers took the bait and rewarded the most aggressive merchants with increased foot traffic and store sales. Of course, not all merchants used incentives to sell cards and some—primarily those that sell their cards through gift card malls—saw growth as well.

The First Data *Holiday Gift Card Performance Report* provides insights based on aggregated transaction data generated by First Data's gift card processing business and our observations of the marketplace. First Data will publish a weekly report through the holiday season.

Black Friday Gift Card Performance

All Gift Cards

Black Friday marked a strong start to the holiday shopping season for gift cards. Although the vast majority of holiday gift card purchases typically occur in the two weeks just prior to Christmas, we believe that the early numbers provide evidence of consumers' continuing commitment to gift cards. We also reaffirm our [forecast](#) that total dollars loaded onto merchant branded gift cards will be flat or grow by up to 5 percent in the holiday season of 2009.

All Gift Cards – Black Friday	CHANGE	
Dollar value of gift cards sold	+17.8%	
Number of gift cards sold	+9.8%	
Average gift card value	+7.2%	
	2008	2009
	\$36.83	\$39.50

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

Specialty Retail Gift Cards

The dollar value of specialty retail gift cards activated on Black Friday soared 46.9 percent, and the number of specialty retail cards activated grew 39.7 percent. The growth appears to have been driven by the use of gift cards as incentives by specialty retailers. Many merchants are including a free gift card with the purchase of a gift card or merchandise in order to drive store traffic and sales.

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 – Black Friday	CHANGE	
Dollar value of gift cards sold	+46.9%	
Number of gift cards sold	+39.7%	
Average gift card value	+5.1%	
	2008	2009
	\$46.35	\$48.72

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Full-Week Gift Card Performance

All Gift Cards

Overall, the number of gift cards activated for the week was comparable to last year, but the dollar value loaded onto cards grew 5.7 percent, consistent with growth in the average card denomination. Consumers liked the convenience of gift card malls; the dollar value of gift cards sold through gift card malls increased by 14.9 percent, with average denominations increasing by 4.2 percent.

All Gift Cards – Full Week	CHANGE	
Dollar value of gift cards sold	+5.7%	
Number of gift cards sold	-0.1%	
Average gift card value	+5.7%	
	2008	2009
	\$34.17	\$36.13

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

Specialty Retail Gift Cards

For specialty retailers, Black Friday saw the greatest increase in gift card performance, but activity was strong throughout the week, with a 13.4 percent increase in the number of cards activated and a 22.2 percent increase in the dollar value of specialty retail gift cards.

Specialty Retail Gift Cards – Full Week	CHANGE	
Dollar value of gift cards sold	+22.2%	
Number of gift cards sold	+13.4%	
Average gift card value	+7.8%	
	2008	2009
	\$46.96	\$50.60

Restaurant Gift Cards

Dollars loaded on restaurant gift cards grew 3.4 percent for the week, while the number of cards activated decreased 2.9 percent.

Restaurant Gift Cards – Full Week	CHANGE	
Dollar value of gift cards sold	+3.4%	
Number of gift cards sold	-2.9%	
Average gift card value	+6.5%	
	2008	2009
	\$18.06	\$19.23

Recommendations for Merchants

With the extreme competition for consumers' dollars this holiday season, consider using your gift card as an incentive to increase foot traffic and sales at your locations. As the Black Friday numbers indicate, consumers respond well to promotions involving gift cards.

Also, keep in mind that as your inventories run low, your gift card will become an even more compelling purchase for customers. According to our 2009 U.S. Gift Card Consumer Insights Survey, 46 percent of gift card purchasers said that they are likely to buy a gift card if an item they want is out of stock.

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 gift card processing business and our observations of the marketplace. First Data will publish a weekly report through the holiday season.

This report compares the number of gift cards sold between Monday, November 23, 2009 and Sunday, November 29, 2009 to those sold during the same period last year, Monday, November 24, 2008 through Sunday, November 30, 2008.

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