

A man with short dark hair, wearing a light blue button-down shirt and a dark grey apron, stands with his arms crossed in a cafe. He is smiling at the camera. The background shows a rustic cafe interior with wooden tables, chairs, and large windows. A chalkboard sign is visible to the right.

Best practices for
small business

Gift Cards

IN-HOUSE
ROASTED COFFEE
AND
LIGHT MEAL

First Data®



Gift Card Program advantages

You've wisely chosen or are considering a gift card program for your business. A well-run gift card program connects you to your customers in ways like no other product can. This allows you to run the same kinds of marketing and promotions as national retailers to grow your sales at a minimum cost.

Key benefits

- › Deliver consumer demand for convenience
- › Promote product and service awareness
- › Drive foot traffic into existing locations
- › Acquire new customers
- › Drive sales and revenue growth
- › Generate repeat business
- › Increase average ticket spend
- › Build brand recognition and loyalty
- › Reduce cash returns
- › Reduce fraud
- › Use as a simple, powerful marketing tool





41%

of gift card recipients say they would never have visited a store if they hadn't received a gift card.

Source: *First Data 2018 Consumer Insights Study*, October 2018.

Boosting the transaction

Accepting gift card payments can mean great profitability for your small business, because there are two sales tied to each gift card transaction (one for the giver and one for the receiver) and you can simultaneously reward loyal customers while bringing in brand new ones.

We'll help you answer some key questions:

- › Which "occasions" should I include in my assortment?
- › How many different card designs should I offer?
- › What style of design will appeal to my audience?



3x

average amount of trips that consumers take to spend their gift cards



51%

of gift card recipients say they started shopping at a store more frequently after receiving and redeeming a gift card



\$59

average amount that consumers spent over the original value of a gift card



55%

amount of gifting budget consumers say they will spend on gift cards

Source: *First Data 2018 Consumer Insights Study*, October 2018.

Gift Card Program basics

Always remember that your card designs should reflect your brand and customer base.

60/40 Rule

Sixty percent of your gift cards stock should be Birthday and “Everyday/All Occasion” cards. Forty percent of the space should be allocated to occasion cards, including Wedding and Congratulations.

The importance of new designs

Gift cards are no different than other merchandise in your store, your customers want fresh new looks and options. We recommend refreshing your assortment at least once a year.

Here is what we know:



17%

of consumers say they won't purchase a gift card, if the right occasion isn't available



10%

of consumers say they won't purchase a gift card, if they don't find an appealing design

Source: First Data 2017 Consumer Insights Study, September 2017



Tip

Cards can be dual purpose

Consider creating a gift card that is dual purpose to increase shelf life. For example, instead of offering a Valentine's Day card with a heart message, create a card with “Love” or a simple heart.



Tip Watch It Grow

Your gift card program should be growing at the same rate as your revenue.

How to track your growth

New program?

Document the performance of your prior program (e.g., gift certificates, bonus dollars) prior to launching.

Is your program delivering the right percentage of sales?

Your gift card program should generate 1–4% of your revenue. New gift card programs need 1–3 years to reach this range.

What category opportunities are there?

Make a list of all the occasions that your customers might celebrate with cards. A florist may have a different set of designs and incentives than a quick service restaurant.



Creating promotions

Customer loyalty is something you earn over time. While a variety of factors influence whether or not a consumer becomes a loyal customer, we have found that gift cards are excellent tools to help build loyalty because they encourage customers to:

- 1 Visit your stores more frequently
- 2 Try new products
- 3 Try more expensive or higher margin items
- 4 Spend more money
- 5 Choose a particular brand

For example, by offering gift cards as “Incentive Cards,” you can reward customers who perform certain desirable actions, such as purchasing a specific product.

Here is what we know:

42%

of respondents reported spending more than they had originally planned at a particular merchant because of the incentive offered.

Source: First Data 2017 Consumer Insights Study, October 2017.

61%

percent of respondents said that they prefer to receive a gift card over coupon or bonus bucks. Reward them for their loyalty and frequency.

Source: First Data 2018 Consumer Insights Study, October 2018.



Tip

Show Appreciation

Use gift cards as a “Thank You” for social media shout outs.

Customer rewards

Use gift cards as a way to drive spend and specific consumer behaviors.

Friends and family

Use gift cards to reward customers who bring friends and family to your business (e.g., Bring five friends and get a \$10 gift card). Your sales from five new customers will far exceed your investment.

Spending incentives

Run promotions that include gift cards as incentives, (e.g., Buy a \$25 gift card and receive a \$5 card free; Spend \$200 and receive a \$20 gift card).

Merchandise offers

Offer a gift card for purchases over a certain amount or for buying multiple products. Use them as gift-with-purchase incentives to drive sales of specific products when you are trying to move products.

Customer engagement

Use them as social media contest prizes. Seven out of 10 consumers say they’ve played a game on social media*. Engage customers with quizzes and contests and use gift cards as a reward. It will help drive frequency to your page and help you build a larger fan base.

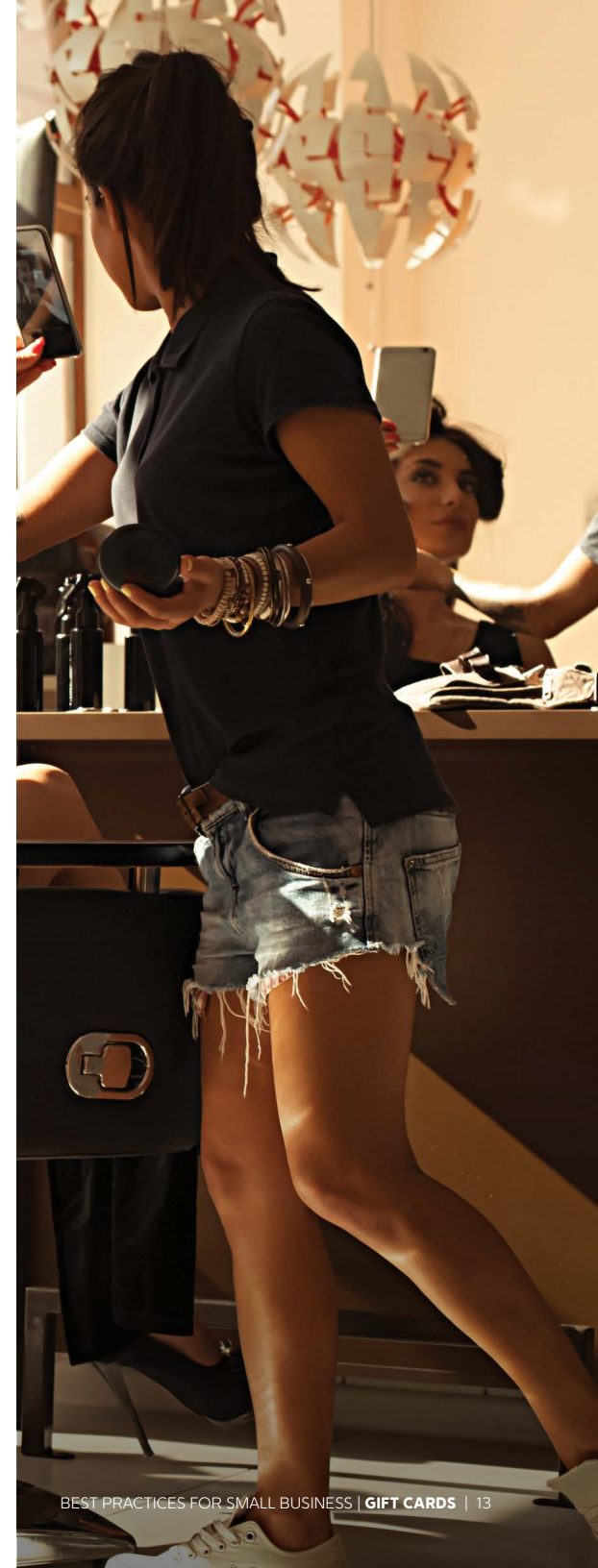
Customer rewards

Use them as a reward for consumer behavior (e.g., If a customer provides a great social media “shout out” to you).

Foot traffic

Use them to drive behavior on low-traffic days (e.g., “Come in on Tuesday and get a \$5 gift card with purchase”).

*<http://blog.kontestapp.com/infographic-facebook-contests/>



Merchandising Store basics

In addition to keeping displays neat, organized, and full at all times, and having plenty of visual signage that promotes your gift card selection, here are some tips:

Create visual cues

Remind your customers throughout the in-store experience that you sell gift cards. Place gift cards at the POS, in changing rooms, on trays, or a carry-out bag.

Provide value options

Allow customers to choose the gift card value either by enabling them to activate any amount on their gift card at the register (\$5 to \$500) or offering numerous value increments within a specified dollar range (e.g., all \$5 increments between \$5 and \$500).

Include a free carrier

Offer a few options of branded paper stock gift card carriers, so that customers can choose their favorite. Your carriers can be very inexpensive (e.g., a paper sleeve) or if you are a luxury merchant, offer a nicer, more elegant carrier, like a gift box or tin that reflects your brand well.



Tip Say Yes to Packaging

Packaging for gift cards can be a great incremental sale and gives you additional opportunities to create brand awareness.



Tip

Do It With Flair

Providing employees buttons, signage, and bag stuffers that promote your business helps ensure that gift cards become a part of each and every sale in your store.

Employees Are the Secret to SUCCESS

The success of any program is based on adoption. It's just as important to get each of your store employees' excited about the program as it gets your customers to participate.

- › Appoint a "Gift Card Ambassador" for your store(s)
- › Make sure employees understand the benefits of gift cards for customers (e.g., Convenience, allow the customer to choose what they want)
- › Offer small incentives to employees based on executing your gift card plan (e.g., Setting the goal of selling 50 cards this week)
- › Keep gift cards handy and promote them (e.g., Asking customers if they would like to buy a gift card alongside another purchase)
- › Ensure your employees know about digital gift card options, if available

firstdata.com/giftcards

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