

How

GIFT CARD PROGRAMS BENEFIT KEY MERCHANT INITIATIVES

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The Powerhouse Brands Consulting team has found that as more merchants continue to embrace and experiment with their growing gift card programs, the benefits of offering a branded prepaid card program continue to be discovered. As individual merchants roll out these programs and enhance them, program benefits are often touted internally, but are not widely known or shared. As a consequence, merchants looking to launch or add resources to an existing gift card program often have trouble explaining the complex nature of these benefits to executive teams that control the resources in a company, and as a result, gift card programs are often under resourced.

Gift card is such a flexible and beneficial product that ironically, the pure number of benefits can be overwhelming to communicate to upper management. The key in breaking down these benefits is how they translate into support for an organization's key initiatives.

Here is a brief overview of the basic impacts of a gift card program and their benefits to both merchants and consumers.

| GIFT CARD IMPACTS | BENEFIT TO MERCHANT | BENEFIT TO CONSUMERS | OUTCOME FOR MERCHANT |
|--|---|--|-----------------------|
| Consumers purchase prepaid cards | Guaranteed future sales and revenue | Consumers can be confident in their gifting decision | Revenue |
| Consumers gift the card to others. | Drive new customers to spend with merchant | Consumers can gift their favorite brand regardless of color, style, and size | New customers/Revenue |
| Consumers redeem the card tend to spend more than the value (Lift) | Gift card consumers are driving traffic and incremental spend | Consumers see the gift card as "free money" to use above their normal spend limits | Traffic/Revenue |
| Gift cards offer flexibility in redeeming online, geographically, and timing | Value sits in Merchant coffers until spent and is universal currency | Consumers can choose when and what to spend the card on | Free cash/Revenue |
| Gift cards are expected to have images associated with them | Specific products or branded themes can be promoted | Consumers are able to gift relevant and interesting products | Branding/Marketing |
| Gift Cards are popular in employee and loyalty programs | Drive share of wallet and incremental visits | Consumers can use the points they earn to get their favorite brand's gift cards | Traffic/Revenue |
| Gift cards are available in many consumer channels | Merchants have another opportunity to have a brand presence | Consumers have a choice from multiple convenient locations | Branding/Marketing |
| Gift Cards are the number one gift across all categories | Gift cards make hard-to-gift brands giftable | Consumers will have a positive gifting experience | Share of Wallet |
| Gift Card is a flexible marketing tool for product purchases | Drives incremental, controllable marketing opportunities to drive product sales | Consumers prefer gift cards to coupons or other discount vehicles | Product Sales/Revenue |
| Gift Cards can be used for merchandise credits instead of cash | More merchandise credit monies kept in the business | Consumers have an easy way to spend funds on new items | Revenue |
| Gift Cards are a cash equivalent | Program Interest and Breakage | Gift Cards can be spent like cash in that merchant's location | Revenue |
| Gift Cards can be suggested for out of stock items | Consumer converts instead of walking away empty-handed | Consumer can still purchase a product for a last minute gift or replacement of product | Revenue |
| Consumers expect businesses have a gift card option | Companies that do have a gift card win | Consumers have access to an easy gifting option from their favorite brands | Share of Wallet |

THE POWERHOUSE BRANDS DIFFERENCE:

Powerhouse Brands Consulting works with premium and emerging merchants to manage their gift card programs and create positive consumer gifting experiences in any and every gift card sales channel. Our clients choose us because of our gift card experience with big brands and our proactive, creative, and transparent philosophy.

Find out more about how we're revolutionizing gift cards at powerhousebrands.com