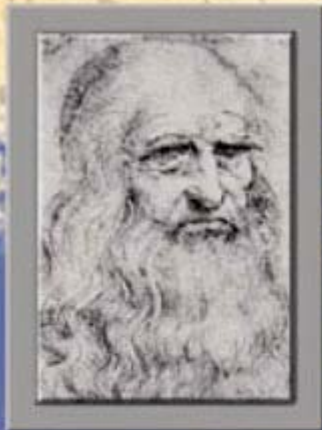


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The true value of marketing research is not in the reporting of numbers or in the use of analytical techniques. The real value of marketing research is in how the numbers are interpreted and used to develop an effective marketing strategy as part of the decision-making process. We call it:

*Marketing intelligence  
through research.*

## Gift Card Study 2004

Conducted for



Payment Innovation

October 2004

04-8019



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# Introduction

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## Objectives

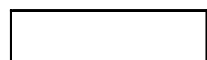
- Comdata is interested in understanding the usage of and opinions about gift cards among consumers, including:
  - Purchase habits
  - Usage habits
  - Intent to purchase
  - Importance of gift card attributes
  - Interest in gift card enhancements or add-ons



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## Method

- A total of 300 telephone interviews were conducted with a national RDD sample of consumers between August 24 and September 4, 2004.
- Respondents were screened to have previously purchased a gift card, received a gift card, or to be likely to purchase a gift card in the coming holiday season if they had neither received nor bought gift cards before.
- Where appropriate, results are compared with a similar study conducted in 2003.



Represents a number that is significantly higher.



Represents a number that is significantly lower.



Arrows are also used to indicate significant differences.



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## Limitations

- It should be remembered that survey results are based on a sample, which is subject to "sampling error." Sampling errors arise because interviews were conducted with a sample of the population instead of with all the population. Sampling error is based on two factors: (1) the size of the sample, and (2) the actual percentage answer of a given question. The following table shows the plus or minus variation which can be expected, due to chance, with various sample sizes.

Sampling Error  
(95% level of confidence)

If Percentage Answer Is	Plus or Minus Variation:						
	<u>25</u>	<u>50</u>	<u>100</u>	<u>150</u>	<u>200</u>	<u>250</u>	<u>300</u>
5/95	± 8 pts.	± 6 pts.	± 4 pts.	± 3 pts.	± 3 pts.	± 3 pts.	± 2 pts.
10/90	12	8	6	5	4	4	3
20/80	16	11	8	6	6	5	5
30/70	18	13	9	7	6	6	5
40/60	19	14	10	8	7	6	6
50/50	20	14	10	8	7	6	6

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# Management Highlights



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## Management Highlights

- Gift card usage has increased since last year. Three-quarters of consumers have either purchased or received a gift card, up from 68% in 2003. One-fourth have never purchased or received a gift card, but of these, two in ten (21%) say that they are likely to purchase a gift card this holiday season.
- The primary reason non-users have never purchased gift cards is simply that it has not occurred to them (26%), although one in ten says that gift cards are too impersonal, or that they prefer to give gifts or cash. One non-purchaser in ten might be persuaded if there were a discount.
- On average, the number of gift cards purchased in the past year has declined from 2003. Among those purchasing gift cards, one-half have purchased between one and four cards in the past year. Almost one-third have purchased five to ten cards, and fewer than one in ten has bought more than ten.
- Among respondents who have purchased a gift card for themselves, two in ten say it is to purchase cheaper gas (at Wal-Mart) or to avoid carrying cash. Usage of cards in order to avoid carrying cash is up significantly from last year (21% vs. 2%).



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## Management Highlights

- The primary reasons purchasers buy gift cards for others is that they want the recipient to get what they really want (49%) or they can't decide what else to get (28%).
- Most gift card purchases are made for relatives outside of the respondent's immediate family (59%), and for friends (44%). Approximately two respondents in ten purchase gift cards for their children (24%), siblings (16%), or parents (12%). Compared to last year, purchases for "other relatives" increased, while purchases for parents declined. Light gift card purchasers are less likely than heavy users to purchase gift cards for siblings or co-workers. Heavy purchasers are more likely than moderate and light purchasers to buy gift cards for their spouse or for themselves.
- Gift cards are most often purchased for birthdays (84%) and for winter holidays (68%).



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## Management Highlights

- Purchasers load an average of \$42 onto each gift card they purchase. The most popular ranges are \$20-\$29, and \$50 or more. This year, heavy purchasers loaded slightly less money, on average, on gift cards than others.
- Seven in ten gift card purchasers intend from the beginning to purchase a gift card for a particular recipient; two in ten make the decision as an impulse. Light purchasers are slightly more likely to have made their purchases on impulse.
- Only one-third of respondents mention something that they dislike about gift cards, primarily that they are impersonal.
- Two-thirds of respondents who have received gift cards in the past year have received between one and four cards, comparable to last year. The more gift cards a respondent buys, the more cards they are likely to have received in the past year, although heavy users are significantly less likely to report having received 11 or more gift cards in the past year than in 2003.



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## Summary of Purchase Behavior

	<u>2004</u>	<u>2003</u>
	<u>%</u>	<u>%</u>
Ever received or purchased	75	← 68
Never received or purchased	25	→ 32
Average number of cards purchased	4.50	→ 5.43
Average value of cards purchased	\$42	\$38



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## Management Highlights

- One-third of gift card receivers say that their employer has given gift cards as incentives or rewards for their employees.
- The average gift card a consumer receives has \$45 loaded on it, which is comparable to the average of \$42 purchasers report loading on cards they give away to others. Light gift card purchasers, on average, receive gift cards with the most value. Almost one-third receive gift cards with \$50 or more value on the card.
- Eight in ten gift card receivers were given their last gift card in an envelope, either provided by the giver (48%) or the retailer (34%). Fewer than one in ten received their card in a special package provided by the giver (8%). Use of special packages has declined from 2003.
- More than one respondent in ten says the most creative way in which they have been presented with a gift card was in a greeting card (14%); about one in fourteen have received their card wrapped as a present in a box. Other creative methods include: in an Easter egg, inside a coffee cup, and inside a balloon.



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## Management Highlights

- Clothing stores, discount stores, and restaurants are the favorite retail types among gift card receivers.
- Among those who have received gift cards, seven in ten use their cards up completely (68%), and eight in ten discard the card when its value is depleted (78%). One-half always or often spend more than the value of the card and make up the difference with their own money (52%). Seven in ten who have reloaded their cards put \$20 or more back on the card.
- Two in five gift card receivers redeem the entire value of the card within one month of receipt. Two in ten wait six months or more.
- A few gift card recipients have become loyal to merchants they had not previously patronized as a result of receiving a gift card from a store (13%). Heavy gift card purchasers are more likely than others to become regular shoppers at new stores as a result of receiving a gift card.



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## Summary of Usage Habits

	2004	2003
	<u>%</u>	<u>%</u>
Number of gift cards received in past year	3.16	NA
Average value of gift cards received	\$45	NA
Use card up completely	68	→ 79
Always/Often spend more than card value	52	53
Pay retailer to add value	22	21
Average added value	\$30	NA
Cards redeemed within one month	42	NA



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## Management Highlights

- Slightly fewer than one-half of all respondents say that the appearance of the card is very or somewhat important in their purchase decision (44%); slightly more than one-half (53%) say the same about having a choice of designs. Heavy purchasers are more likely than other purchasers to say that both of these attributes are important in their decision to make a purchase. Appearance and design are also slightly more important to non-users than to previous gift card users.
- Six respondents in ten view gift cards that reflect the occasion celebrated as an important design option.
- Seven respondents in ten say that they are very or somewhat likely to purchase gift cards from a retailer who offered cards from a variety of merchants (69%). Six respondents in ten (60%) say that they are likely to purchase gift cards from a retailer who offered a small gift as a bonus. Non-users are more likely than experienced gift card users to express interest in both of these.



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## Management Highlights

- Respondents are most interested in the ability to purchase one gift card usable in multiple stores (67%), and to purchase gift cards from multiple merchants at one location (54%). There is less interest in using gift cards to purchase merchandise over the Internet (28%), sending gift cards over the Internet (21%), or purchasing gift cards over the Internet (20%). Moderate purchasers are more interested than other purchasers in purchasing gift cards from multiple merchants at one retailer.
- Three-quarters of respondents say that they would be likely to purchase a combination card that could be used at two retailers. Six respondents in ten are likely to purchase multiple cards at a discount. The main reason for not purchasing multi-packs of gift cards is that they don't need that many.

# Summary of Gift Card Attributes and Enhancements

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	2004	2003
	<u>%</u>	<u>%</u>
Importance of card appearance	44	45
Importance of choice of designs	53	56
Likely to visit one merchant for many cards	69	72
Likely to buy card with bonus gift	60	NA
Interest in:		
One card for multiple stores	67	61
Cards for multiple merchants at one store	54	52
Use card to buy over the Internet	28	30
Reload card with credit card	22	NA
Send card via Internet	21	19
Purchase card over Internet	20	22
Likelihood of Purchase:		
Combination card (two retailers)	75	NA
Multiple cards at discount	61	NA
Purchase on web at retailers site	17	NA



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## Management Highlights

- Gift card purchasers expect to purchase fewer cards than last year, particularly heavy users. Light purchasers will buy an average of 3 cards this holiday season, moderate purchasers will buy 6 cards, and heavy purchasers will buy 13. However, those making gift card purchases will spend an average of \$223, in total, up from \$183 in 2003.



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## Summary of Expected Gift Card Purchases

	<u>2004</u>	<u>2003</u>
Average expected card purchases	4.6	→ 5.5
Average expected spending	\$223	←\$183

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# Conclusions and Recommendations



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## Conclusions and Recommendations

- Gift card usage has increased from 2003. Three-quarters of consumers have purchased or received gift cards, with the percentage of respondents who claim to have received a gift card increasing by 10 percentage points.
- New adoption of gift cards is comparable to last year, with 21% of those who have neither received nor purchased a gift card intending to make such a purchase this holiday season. However, one-half of non-purchasers indicate that nothing would persuade them to purchase a gift card, and the prime reason that 25% to 35% of non-purchasers do not buy cards is because they are too impersonal or because they prefer to give gifts or cash. This seems to imply that there is a small core group that are simply unlikely to embrace gift cards as a giving option at any time.
- Appearance and design continue to be important factors in the decision to purchase a gift card. Respondents say that the design matching the occasion is an important part of their decision to purchase. Unusual materials and shapes may also favorably impact the decision of one-quarter of respondents.



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## Conclusions and Recommendations (Cont'd)

- Lack of personalization continues to be the greatest complaint about gift cards, and one of the primary reasons for not purchasing them. Offering ways that gift cards could be more personalized or creatively given may also increase sales. For instance, retailers could show customers how they could make a gift card part of a themed gift, making the gift more personal, but having the benefit of greater ease in shopping.
- Convenience, for both the purchaser (multiple cards from one retailer, multi-packs) and the recipient (multi-store or combination gift card), continues to generate increased interest in gift cards. However, this does not extend to online options. There is comparatively little interest among consumers in purchasing, sending, or using gift cards via the Internet. The added value of a bonus gift with a card purchase is attractive to many, and may draw some non-purchasers who mention that a discount would prompt them to consider gift cards.



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## Conclusions and Recommendations (Cont'd)

- The majority of recipients use up the entire amount of the card and then throw it away. It may be advantageous to train cashiers to offer to reload money on the card where this option is available.
- Although the average number of gift cards respondents expect to purchase this holiday season is smaller than in 2003, they expect to spend over 20% more on gift cards this season than reported in 2003, suggesting that the average amount loaded on cards may increase.

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# Detailed Findings

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# Gift Card Purchase Behavior

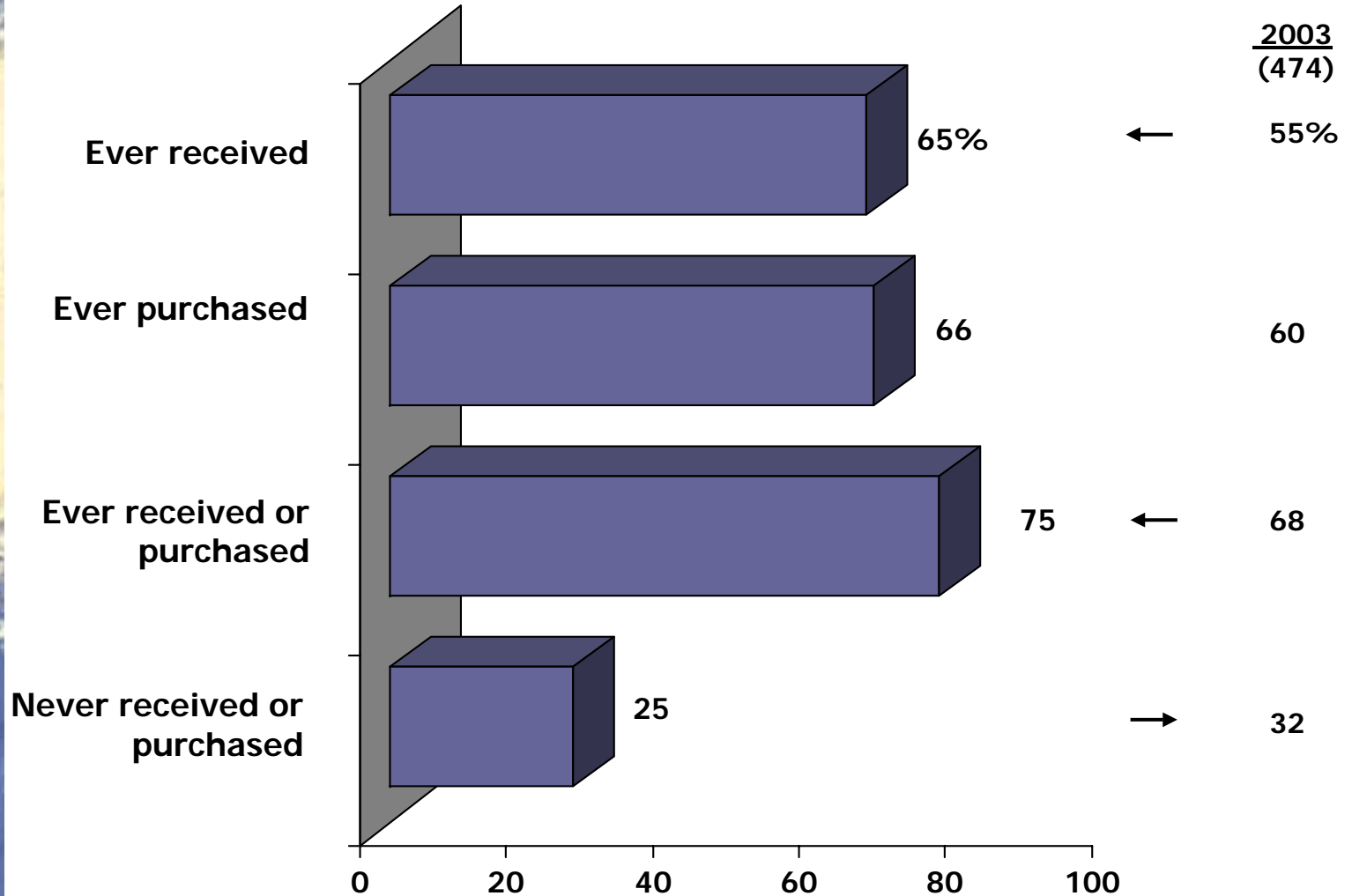


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# Incidence of Gift Card Usage

(among 435 contacts answering)

- Three-quarters of consumers have either purchased or received a gift card, up significantly from 2003.



Q. 1a: Have you ever received a gift card? When I say "gift card," I'm referring to the cards you can purchase at retailers instead of a paper gift certificate, not a greeting card.

Q. 1b: Have you ever purchased a gift card, either for yourself or someone else? Again, when I say "gift card," I'm referring to the cards you can purchase at retailers instead of a paper gift certificate.

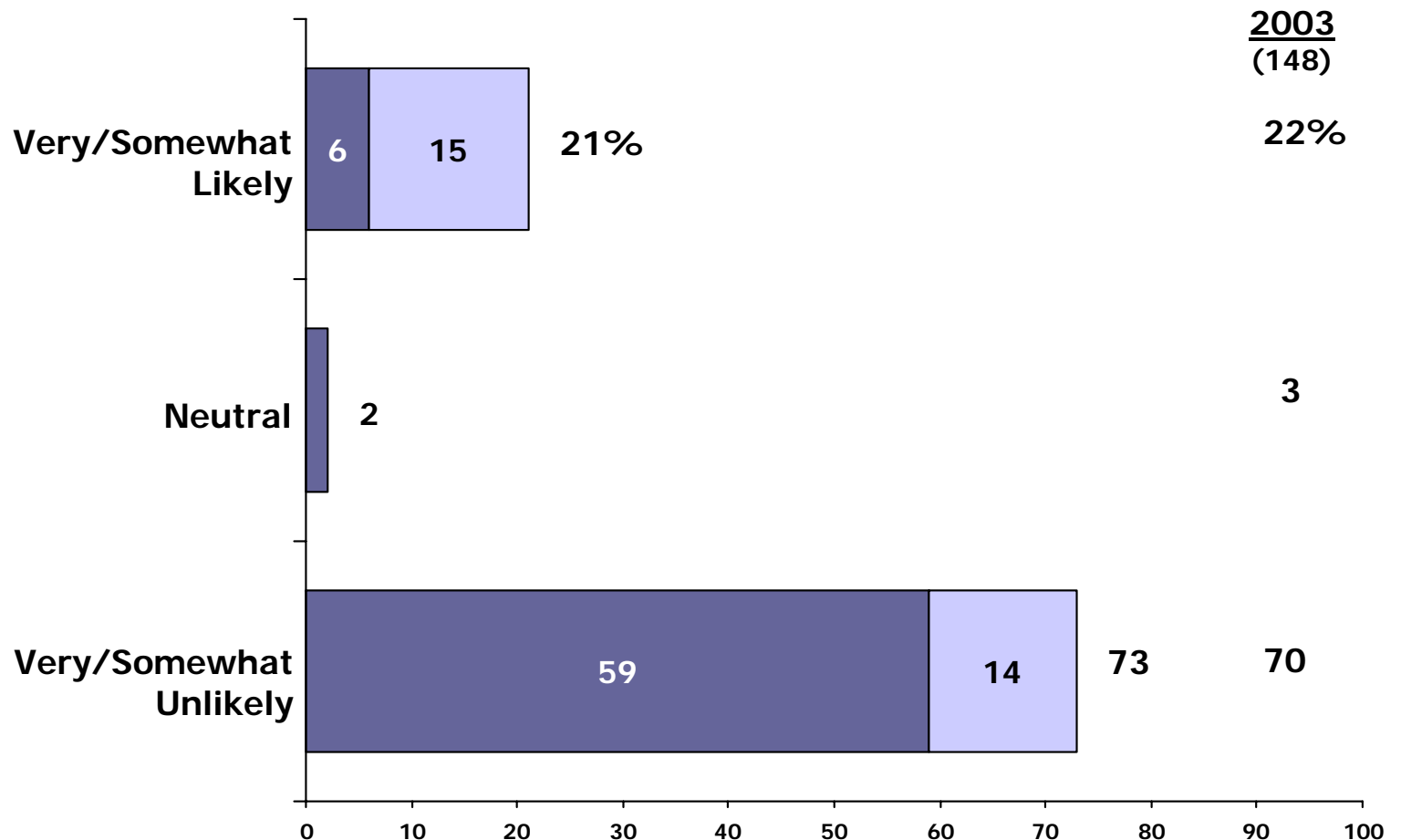


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# Likelihood of Purchase this Holiday Season

(among 128 non-users answering)

- Two respondents in ten who have never purchased or received a gift card are likely to purchase one in the coming holiday season.



Q.2c: How likely are you to make a gift card purchase during the holiday season this year? Would you say...

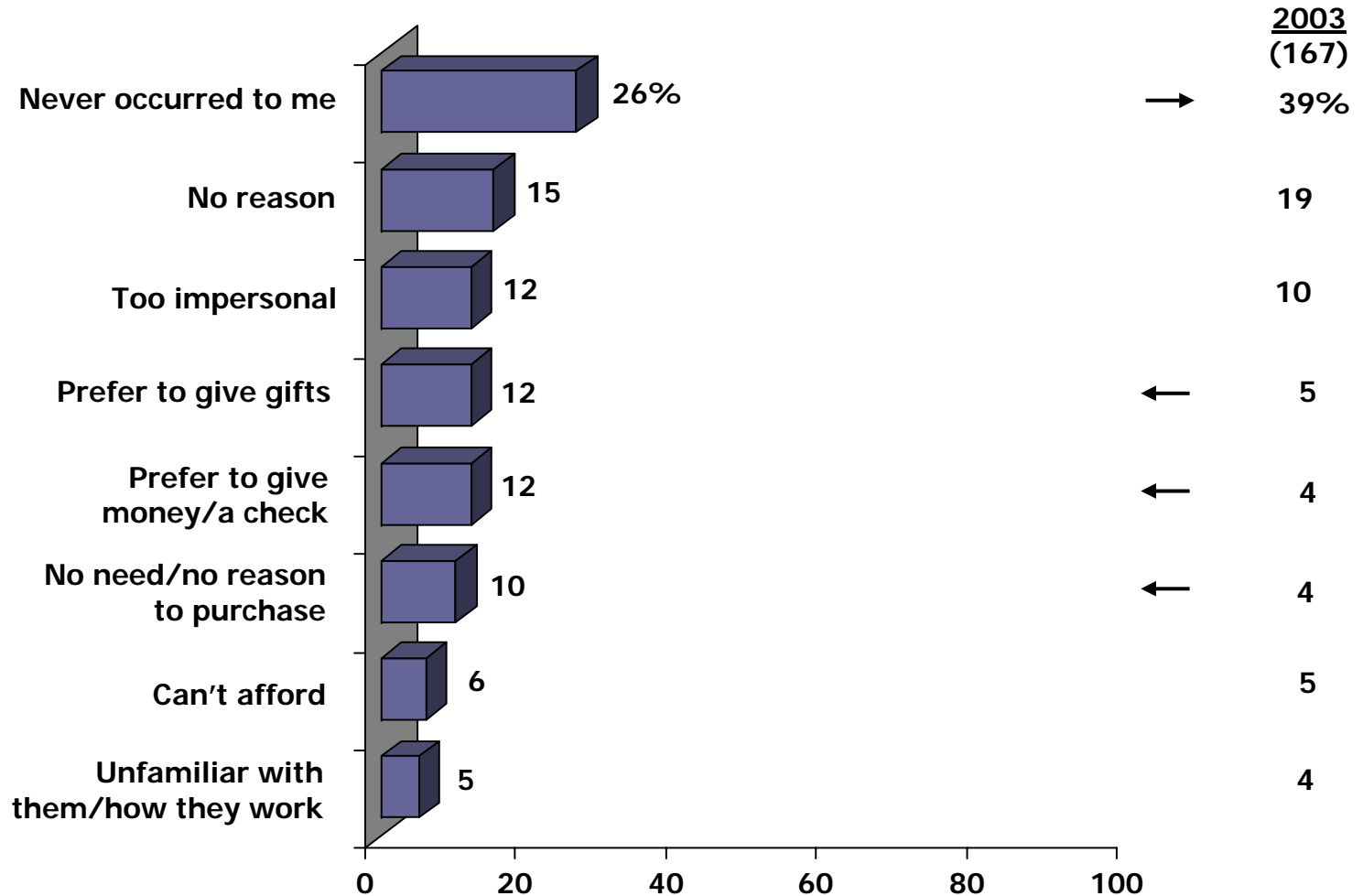


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# Reasons for Not Purchasing Gift Cards

(among 137 non-users answering)

- The primary reason cited for not purchasing gift cards is that it “never occurred” to non-purchasers. One in eight say that gift cards are too impersonal, that they prefer to give gifts, or that they prefer to give money or a check.



Q.2a: Is there a specific reason that you do not purchase gift cards?

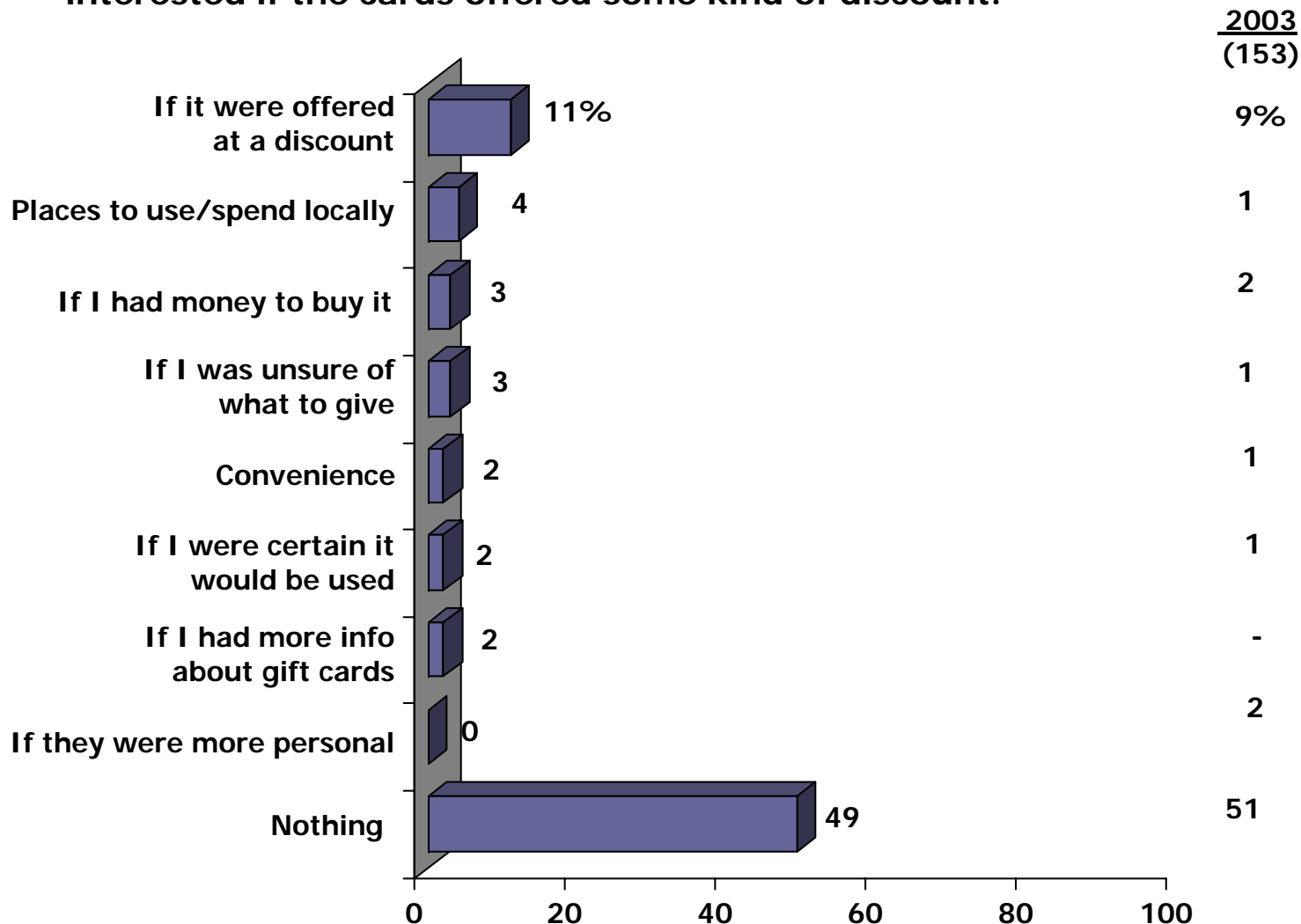


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# What Would Encourage Gift Card Purchase

(among 132 non-users answering)

- Although one-half of non-users say that nothing would make them more interested in purchasing gift cards, one in ten would be more interested if the cards offered some kind of discount.



Q.2b: What, if anything, would make you more interested in purchasing a gift card?

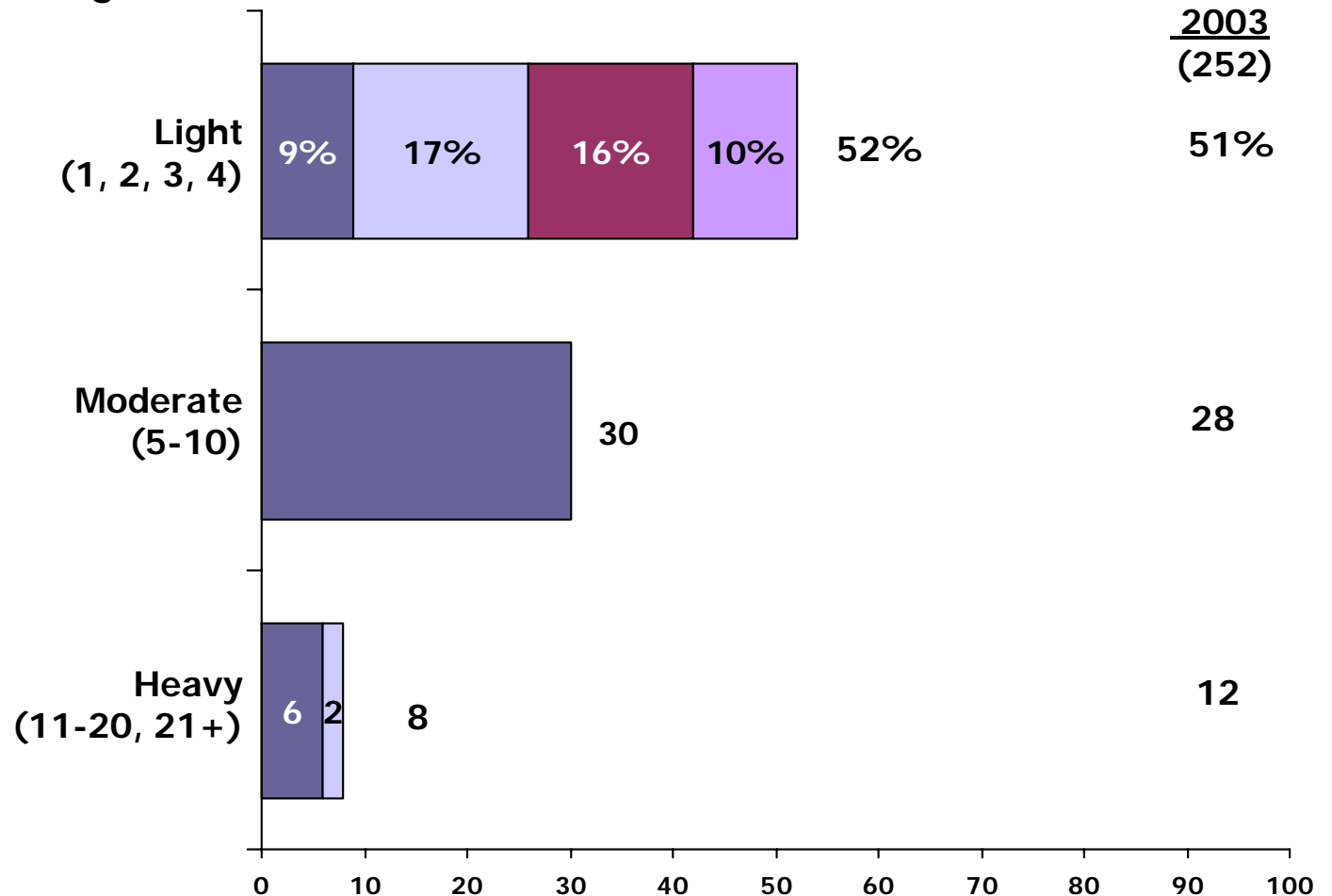


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# Past Year Purchases of Gift Cards

(among 250 gift card purchasers)

- One-half of gift card purchasers have purchased between one and four gift cards in the past year. One-third have purchased between five and ten. Fewer than one respondent in ten has bought more than ten gift cards since last fall.



Q.4: How many gift cards have you purchased in the past year, that is, since last fall?



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## Past Year Purchases of Gift Cards

(among those who have ever purchased gift cards)

- In total, the average number of cards purchased declined from 2003 because significantly more people who had ever purchased gift cards did not purchase gift cards in the past year.

	<u>2004</u>	<u>2003</u>
	<u>%</u>	<u>%</u>
(Base)	(287)	(276)
<b><u>Number of Gift Cards Purchased in Last Year</u></b>		
Zero	19	← 12
1-4	52	51
5-10	30	28
11+	8	12
<b><u>Mean Number of Cards Purchased</u></b>	<b><u>4.5</u></b>	<b>→ <u>5.4</u></b>

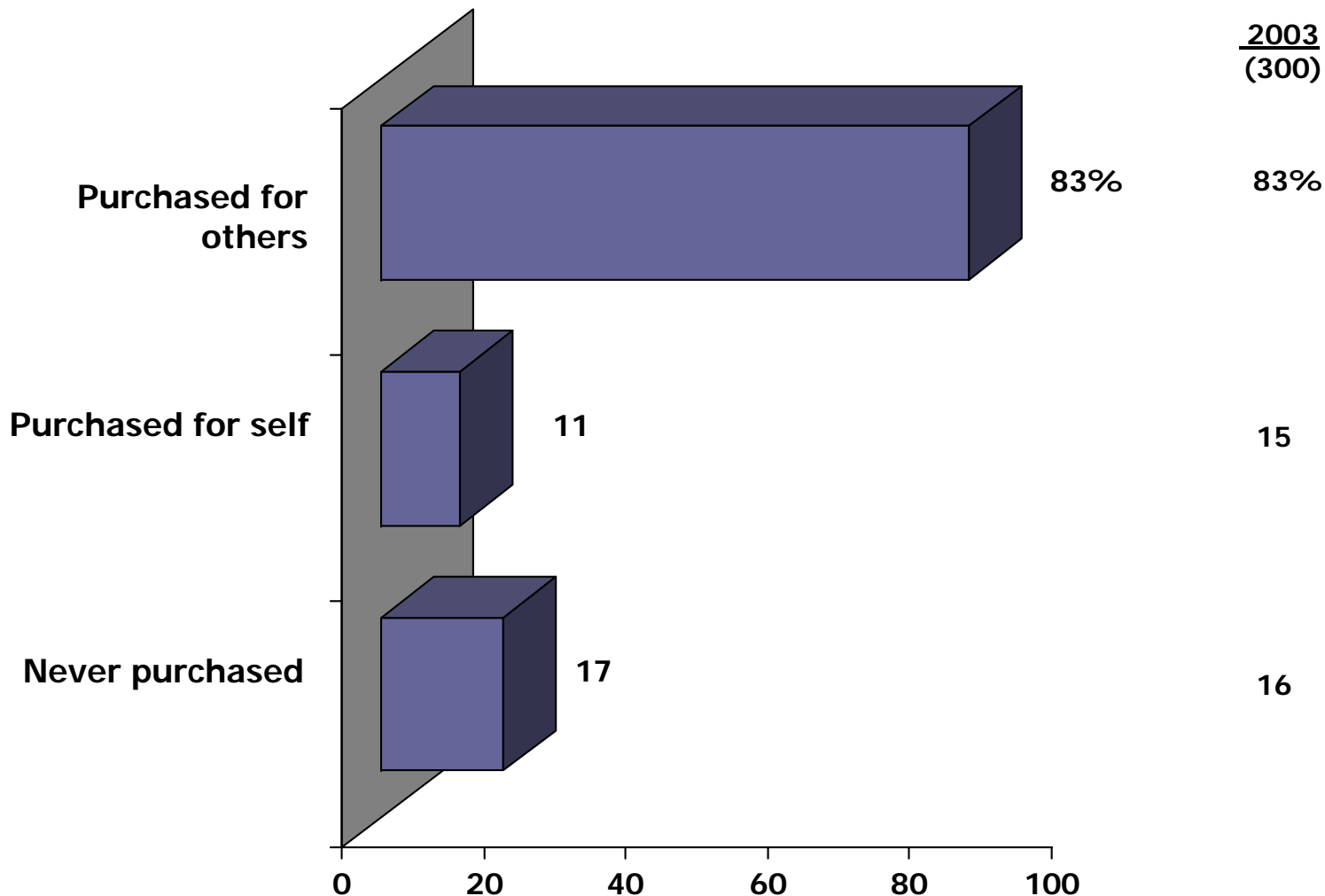


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# Gift Card Purchases

(among 300 respondents)

- More than eight respondents in ten have purchase gift cards from others; one in ten has purchased gift cards for themselves.



Q.1b: Have you ever purchased a gift card, either for yourself or someone else? Again, when I say "gift card," I'm referring to the cards you can purchase at retailers instead of a paper gift certificate.



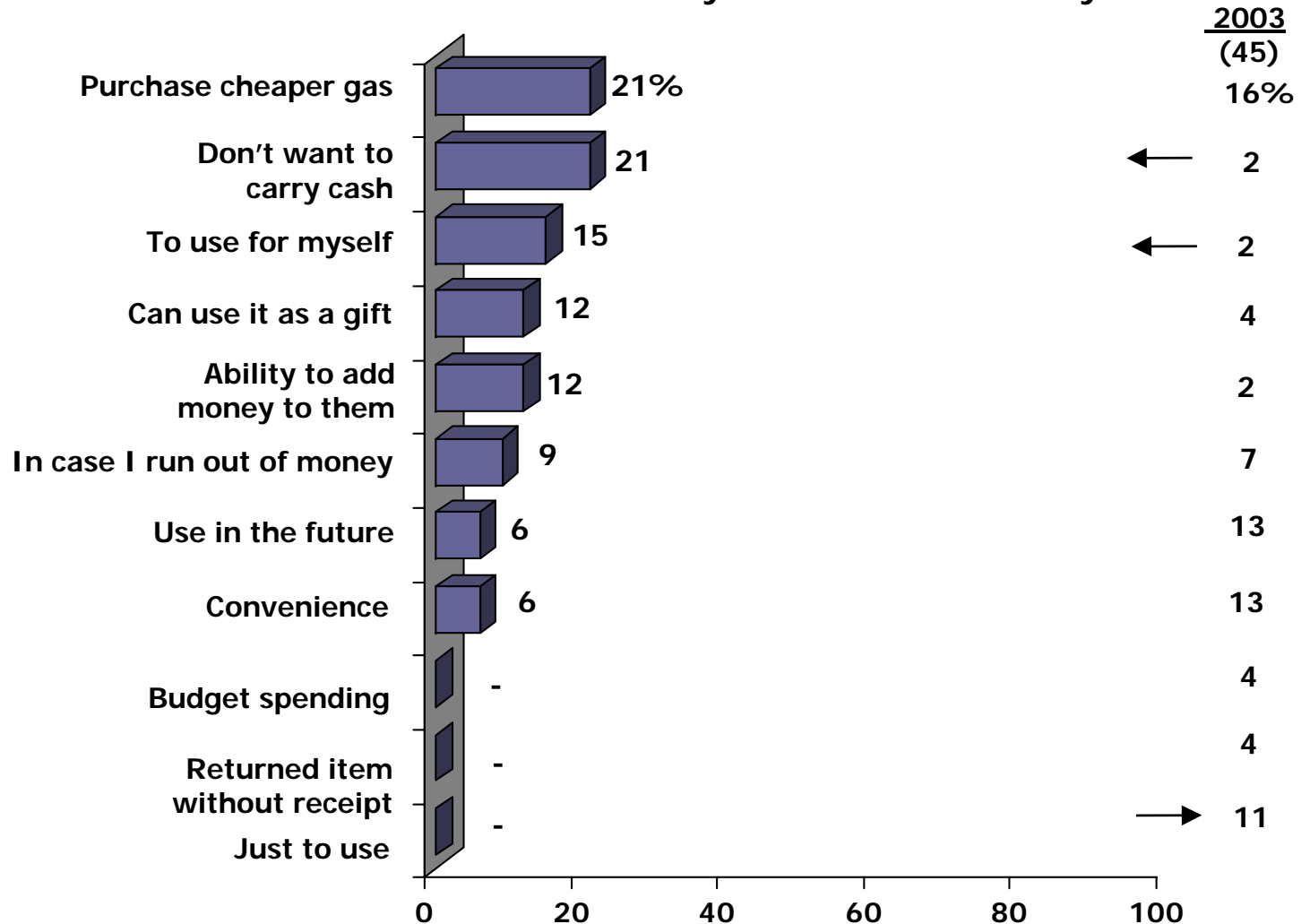
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# Reasons for Purchasing Gift Cards for Self

(among 34 purchasing card for self)



Those who have purchased gift cards for personal use cite a variety of reasons. Compared with last year, more consumers purchase gift cards to use themselves because they do not want to carry cash.



Q.3a: You mentioned that you have purchased a gift card for yourself. What are the main reasons you purchase gift cards for yourself?

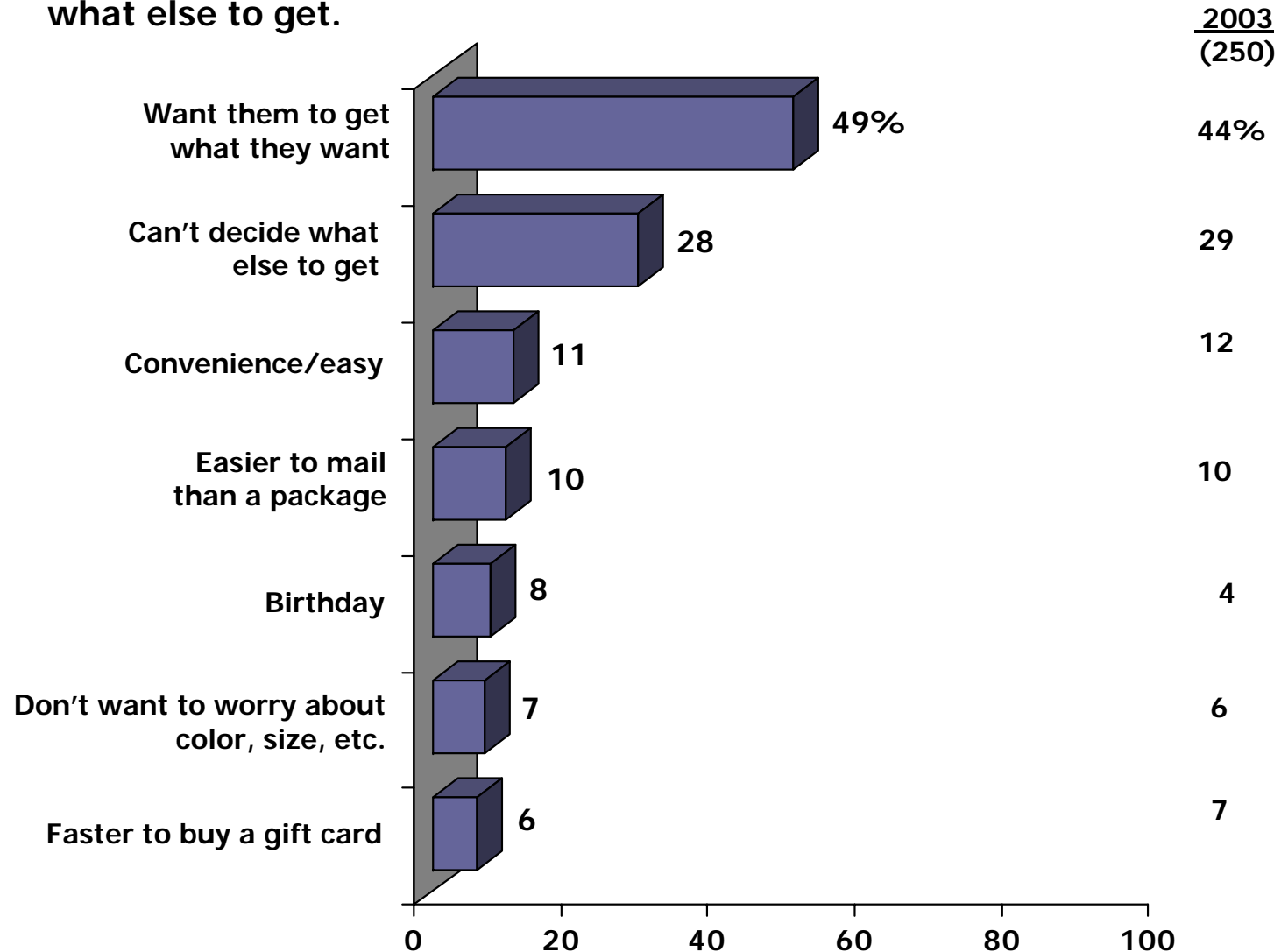


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# Reasons for Purchasing Gift Cards for Others

(among 249 gift card purchasers)

- The primary reason for purchasing gift cards is the desire for the recipient to be able to get what they want, followed by indecision over what else to get.



Q.3b: What are the main reasons you purchase gift cards for others?



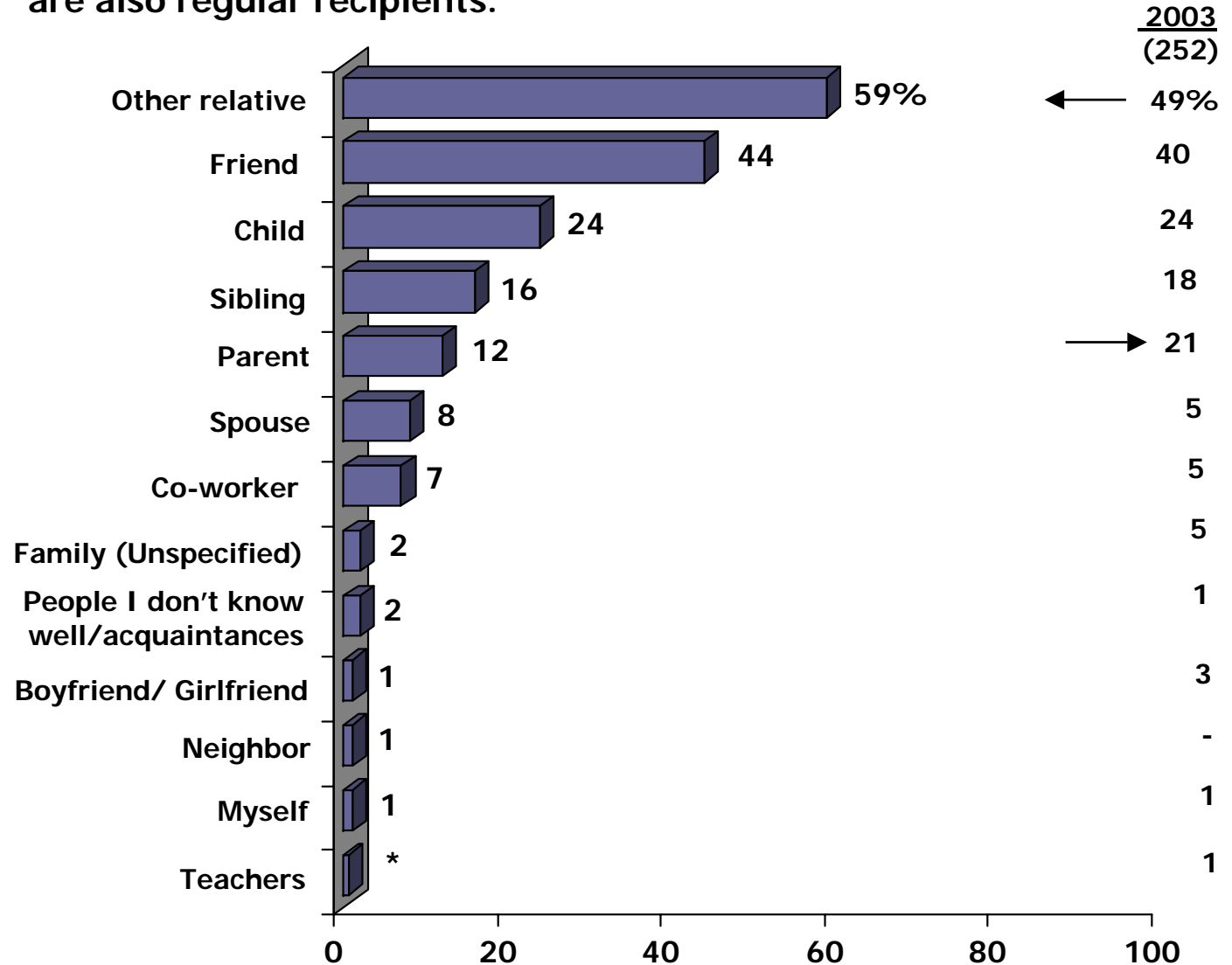
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# Gift Cards Purchased For:

(among 250 purchasers)



Gift cards are primarily purchased for relatives outside of the immediate family and friends. Friends, children, siblings, and parents are also regular recipients.



Q.5: For whom do you usually purchase gift cards?



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## Gift Cards Purchased For:

- Heavy gift card purchasers (11 or more cards in the past year) are more likely than others to purchase cards for spouses or themselves. Light (1-4 cards) purchasers are less likely to purchase cards for siblings or co-workers than heavy purchasers.

	Purchase		
	Light (1-4)	Moderate (5-10)	Heavy (11+)
(Base)	(130)	(75)	(21)*
	<u>%</u>	<u>%</u>	<u>%</u>
Other relative	55	65	71
Friend	39	52	57
Child	19	29	24
Sibling	14	19	<sup>L</sup> 38
Parent	12	15	14
Spouse	6	8	24
Co-worker	5	8	<sup>L</sup> 19
Family (unspecified)	4	1	-
Boyfriend/Girlfriend	1	1	-
Teacher	1	-	-
People I don't know well/acquaintances	1	3	-
Neighbor	1	3	-
Myself	-	-	14

*L = Significantly higher than Light.*

*\* Caution: Small Base Size.*

*Q.5: For whom do you usually purchase gift cards?*

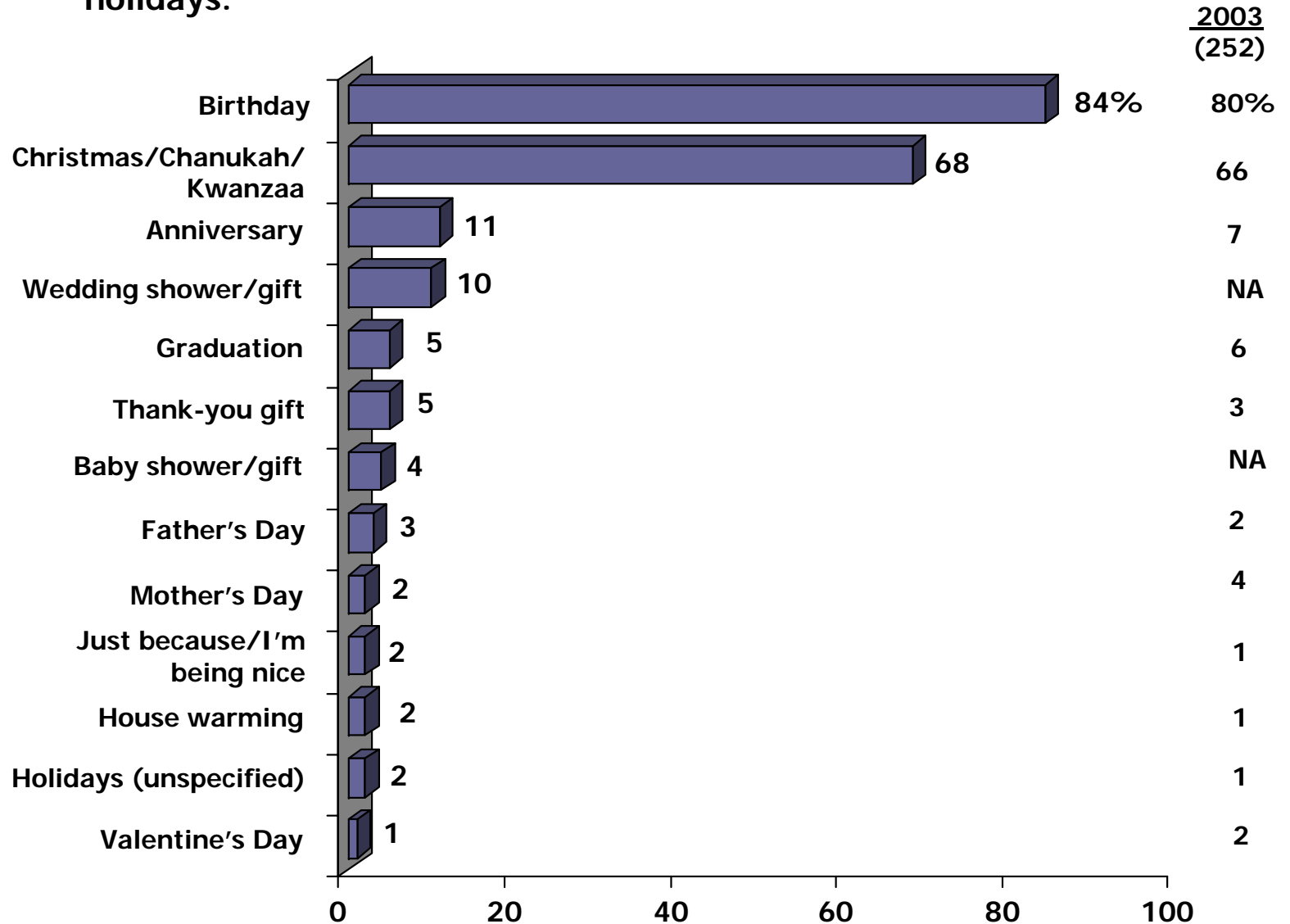


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# Occasions Gift Cards Purchased For:

(among 250 purchasers)

- Birthdays spur the majority of purchases, followed by the Winter holidays.



Q.6: For what occasions do you usually purchase gift cards?



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## Occasions Gift Cards Purchased For:

- Heavy purchasers are more likely to buy gift cards as holiday presents and for wedding shower/gifts.

	Purchase		
	Light (1-4)	Moderate (5-10)	Heavy (11+)
(Base)	(130)	(75)	(21)*
	<u>%</u>	<u>%</u>	<u>%</u>
Birthday	83	87	86
Christmas/Chanukah/Kwanzaa	62	75	81
Anniversary	9	12	14
Wedding shower/gift	8	11	24
Thank you gift	6	7	-
Graduation	5	7	5
Holidays (unspecified)	3	1	-
Baby shower/gift	2	8	10
Father's Day	2	5	-
Mother's Day	2	4	-
Just because/I'm being nice	2	3	5
House warming	2	3	5
Valentine's Day	-	1	-

\* Caution: Small Base Size.

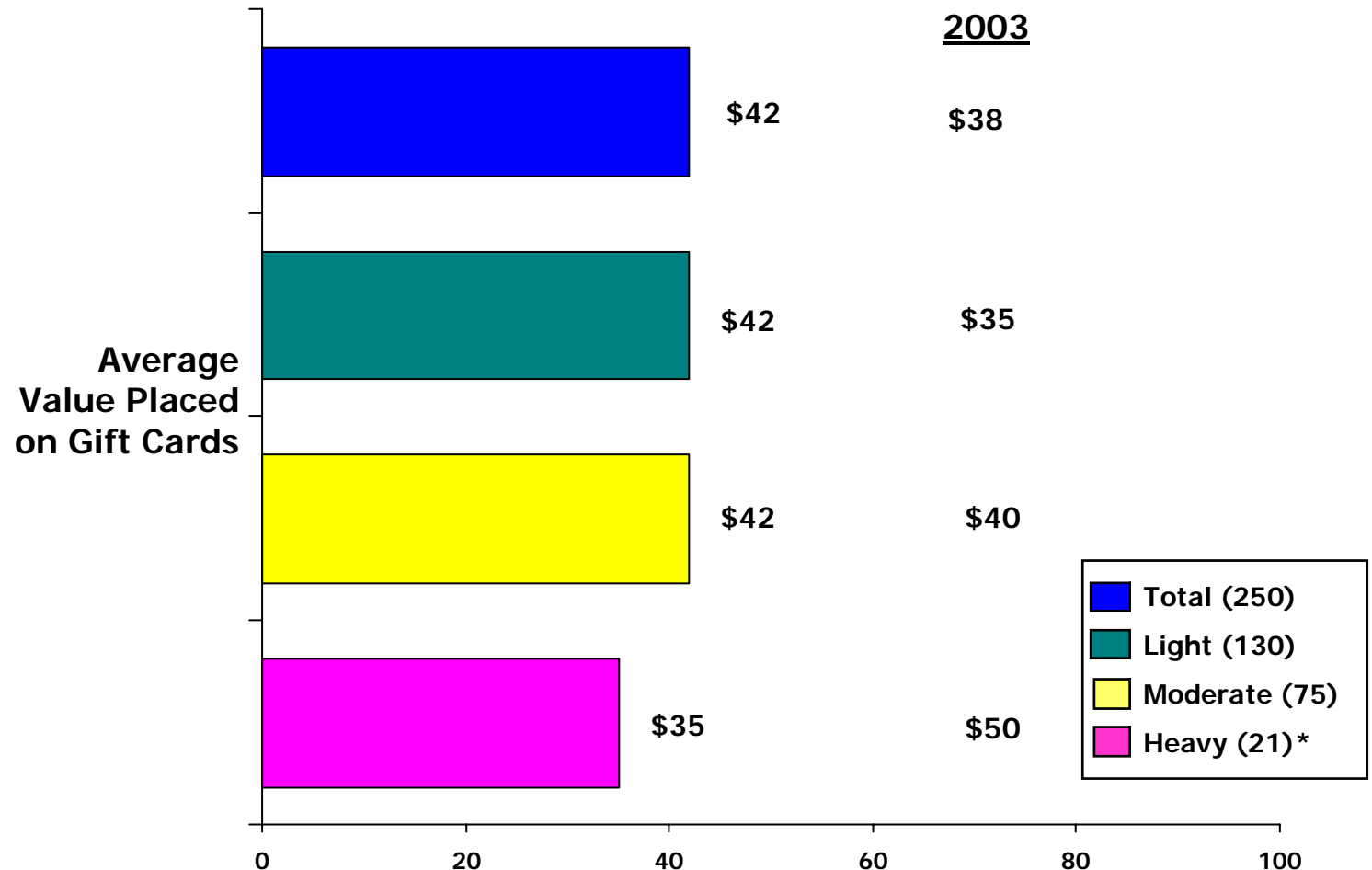
Q.6: For what occasions do you usually purchase gift cards?



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# Average Value of Gift Cards Purchased (among purchasers)

- Purchasers load each gift card they purchase with an average of \$42. This year, heavy purchasers put less money on average on their gift cards than light and moderate purchasers.



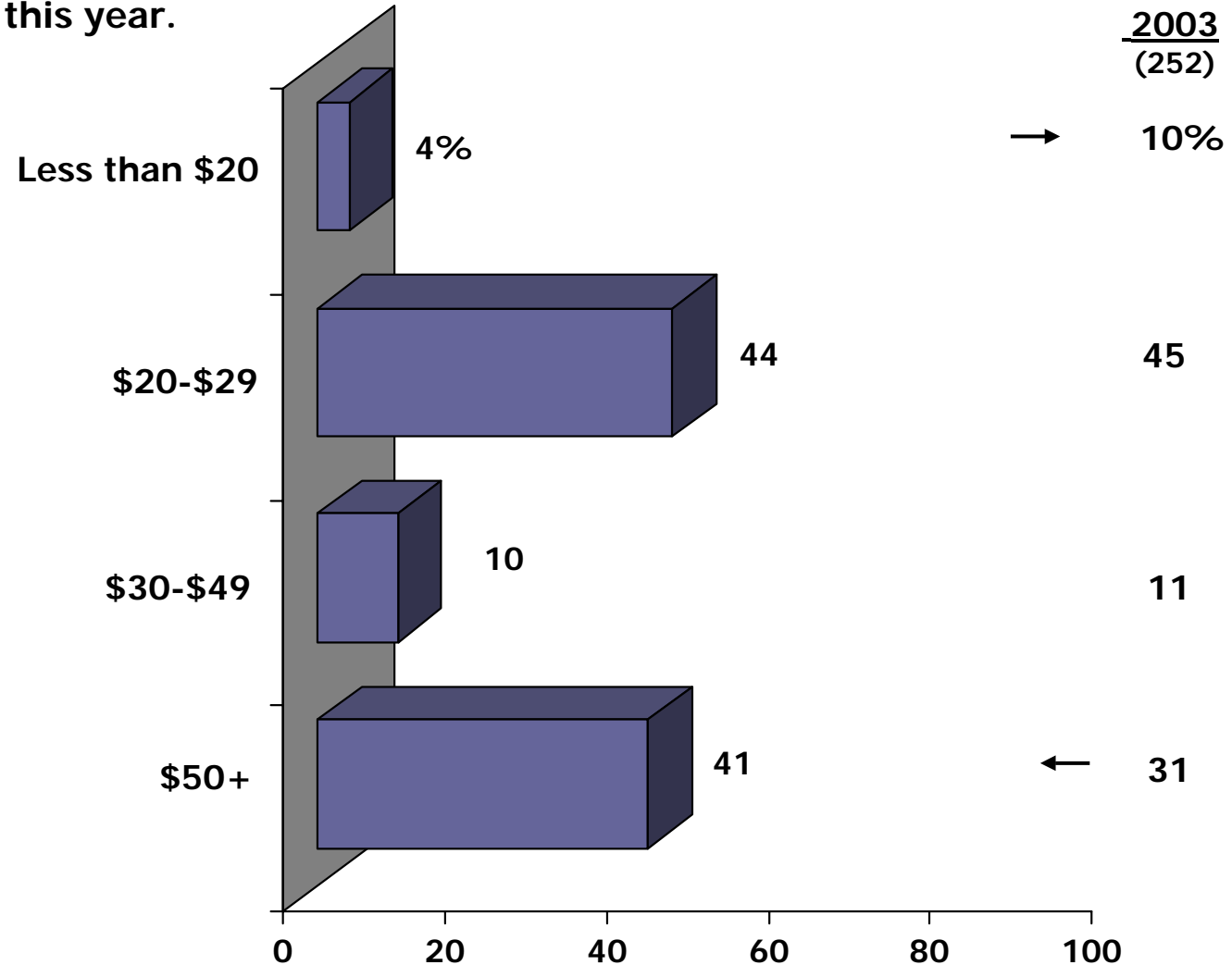
\* Caution: Small Base Size.

Q.7: What is the average value of the gift cards you purchase?

# Average Value of Gift Cards Purchased

(among 250 purchasers)

- Almost one-half of purchasers put a value of \$20 - \$29 on gift cards they present to others. Two purchasers in five put \$50 or more on the card. Purchase of gift cards valued below \$20 declined significantly this year.



Q.7: What is the average value of the gift cards you purchase?

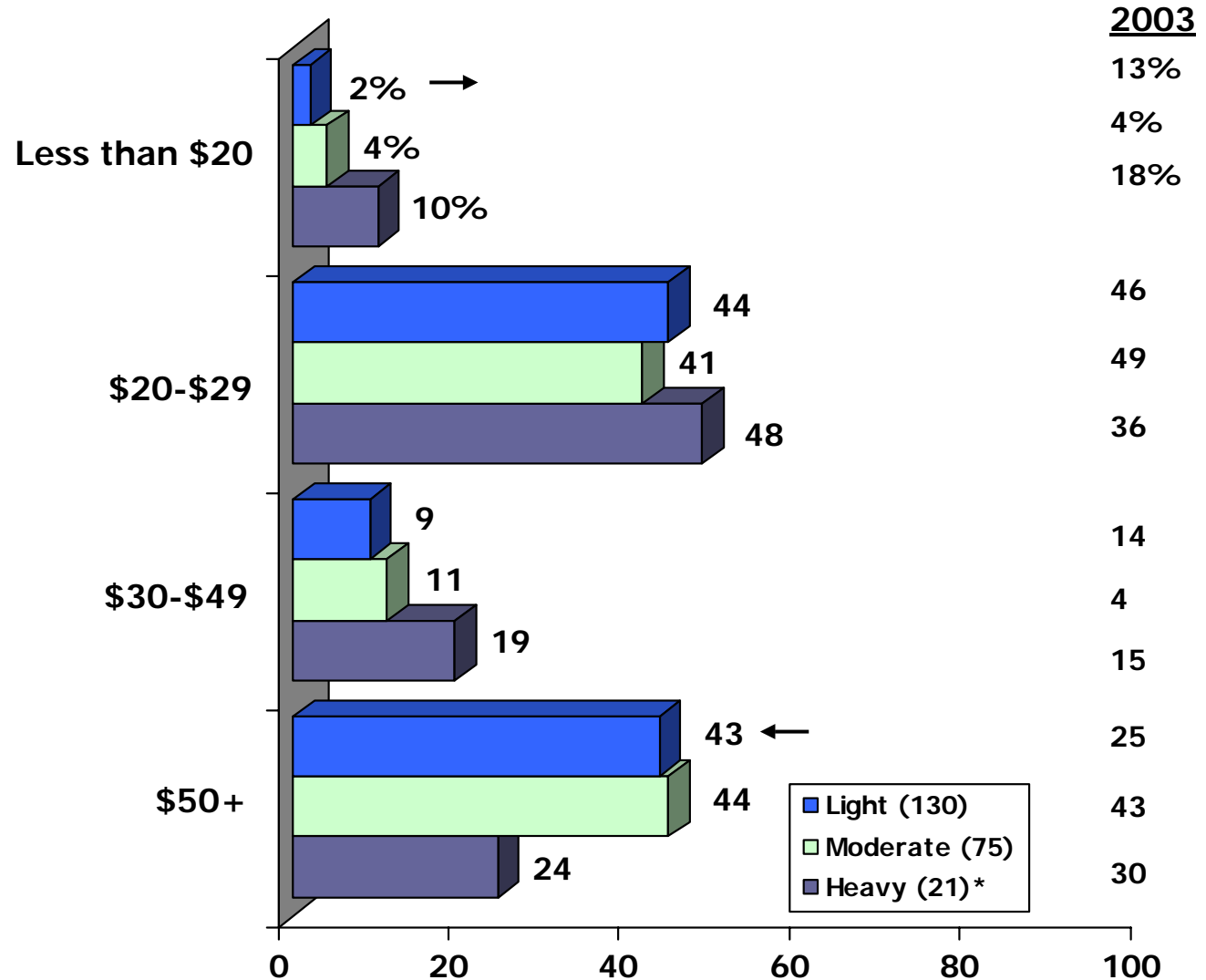




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# Average Value of Gift Cards Purchased

- Light gift card purchasers are more likely to load cards with \$50 or more compared to last year.



\* Caution: Small Base Size.

Q. 7: What is the average value of the gift cards you purchase?

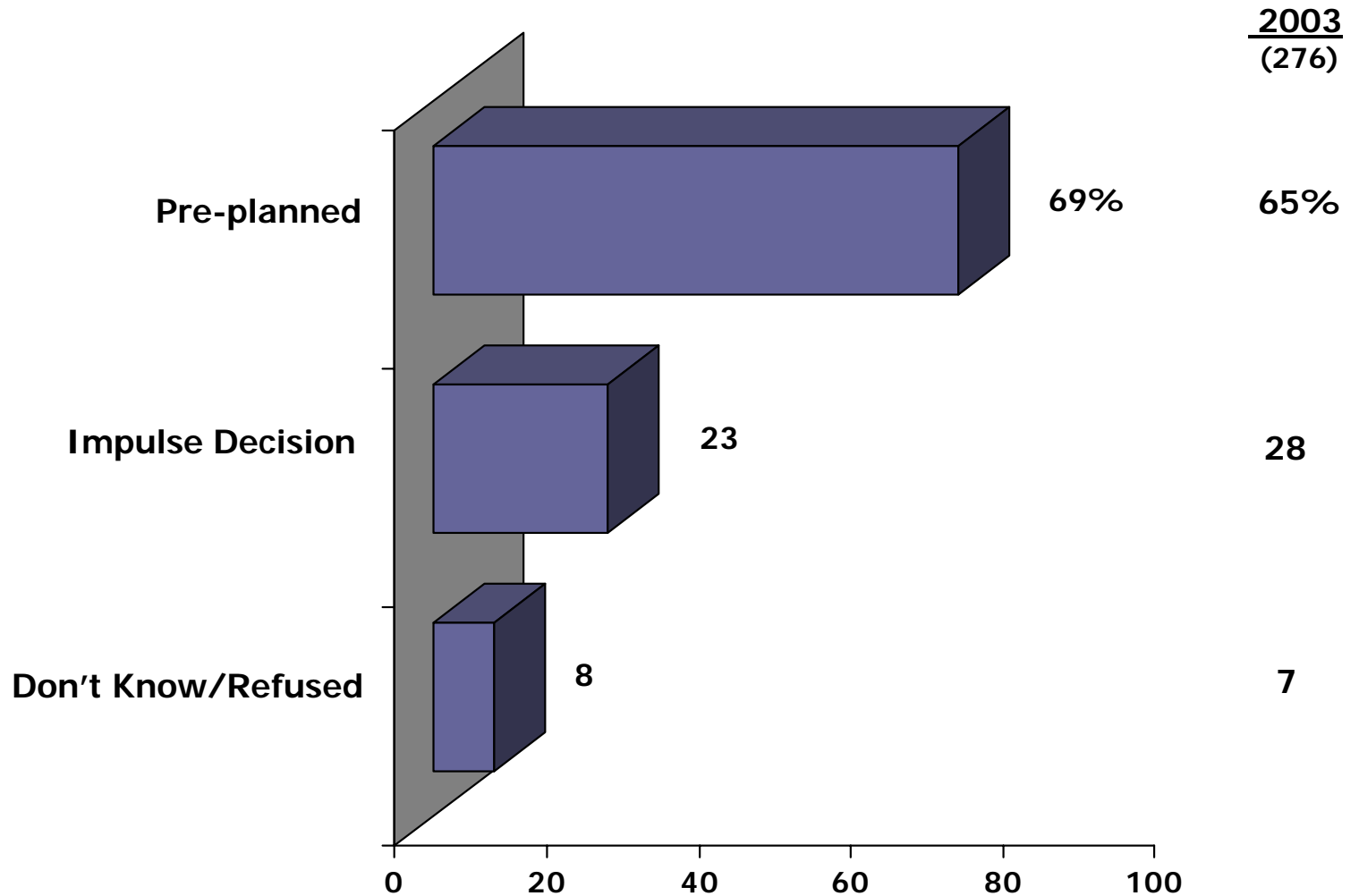


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# Gift Card Purchase Decision

(among 287 gift card users)

- More than two-thirds of gift card purchases are planned rather than impulse decisions.



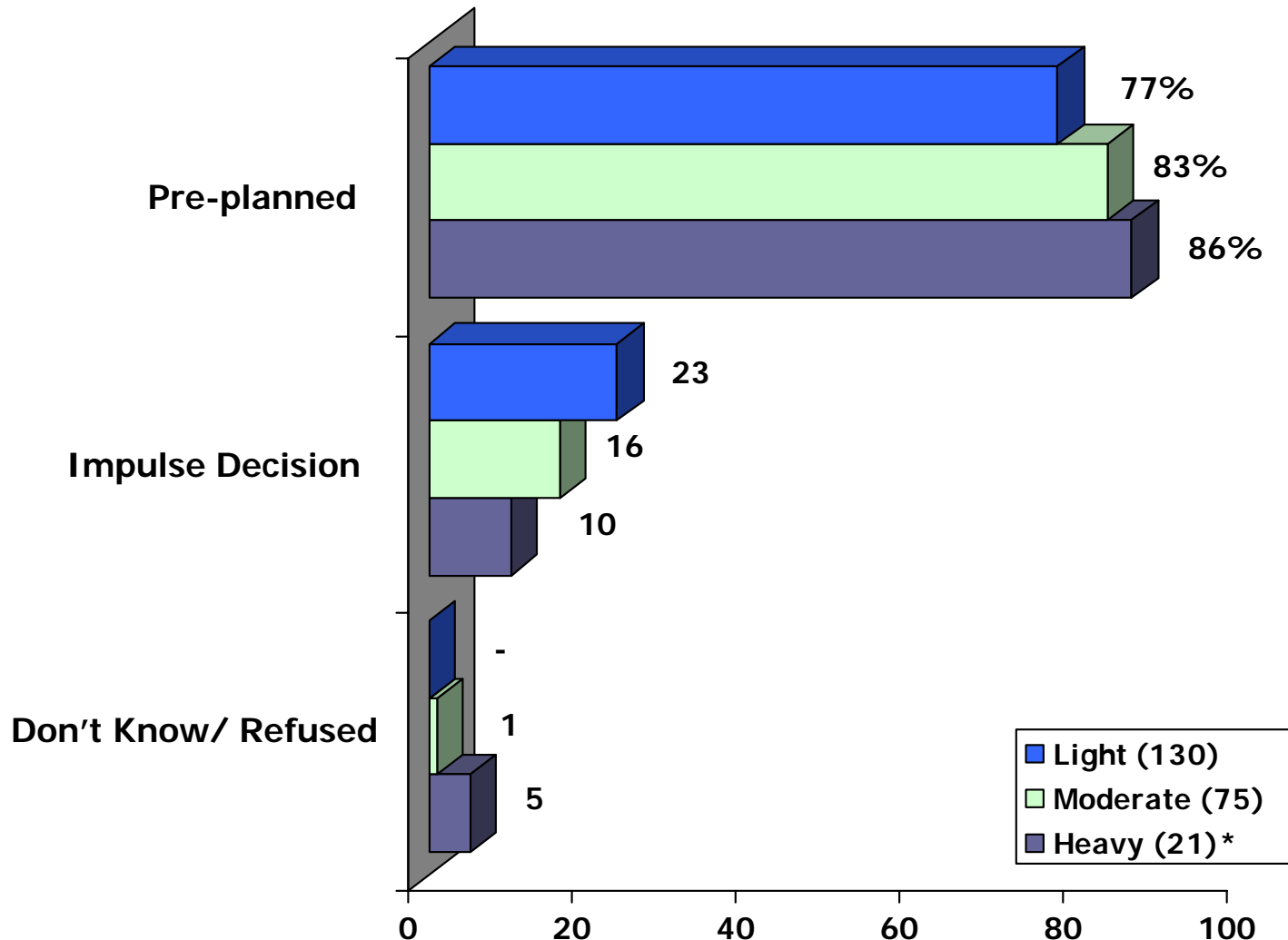
Q.8: Overall, when you purchase gift cards for others do you intend from the beginning to get a gift card, or is it an impulse decision?



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# Gift Card Purchase Decision

- Respondents who purchase one to four gift cards per year are more likely to purchase gift cards as an impulse.



\* Caution: Small Base Size.

Q.8: Overall, when you purchase gift cards for others do you intend from the beginning to get a gift card, or is it an impulse decision?



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## Dislikes About Gift Cards

- Only two in five respondents overall can think of something about gift cards that they dislike, primarily that they find them to be impersonal. Those who have purchased gift cards on impulse are slightly more likely to mention dislikes, and significantly more likely to dislike that there are limited places a gift card can be used.

	Total	Pre-Made Decision	Impulse Decision
(Base)	(300)	(197)	(67)
	<u>%</u>	<u>%</u>	<u>%</u>
<b><u>Net One or More</u></b>	<b><u>39</u></b>	<b><u>36</u></b>	<b><u>45</u></b>
Impersonal	17	16	15
Cards expire	4	2	8
Easy to lose	4	5	3
Use at limited locations/stores	3	2	→ 9
Unable to redeem for cash	2	2	-
Uncertain of balance on card	2	3	2
Design/appearance of gift cards	2	2	2
Nothing	57	62	52

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# Gift Card Usage Habits

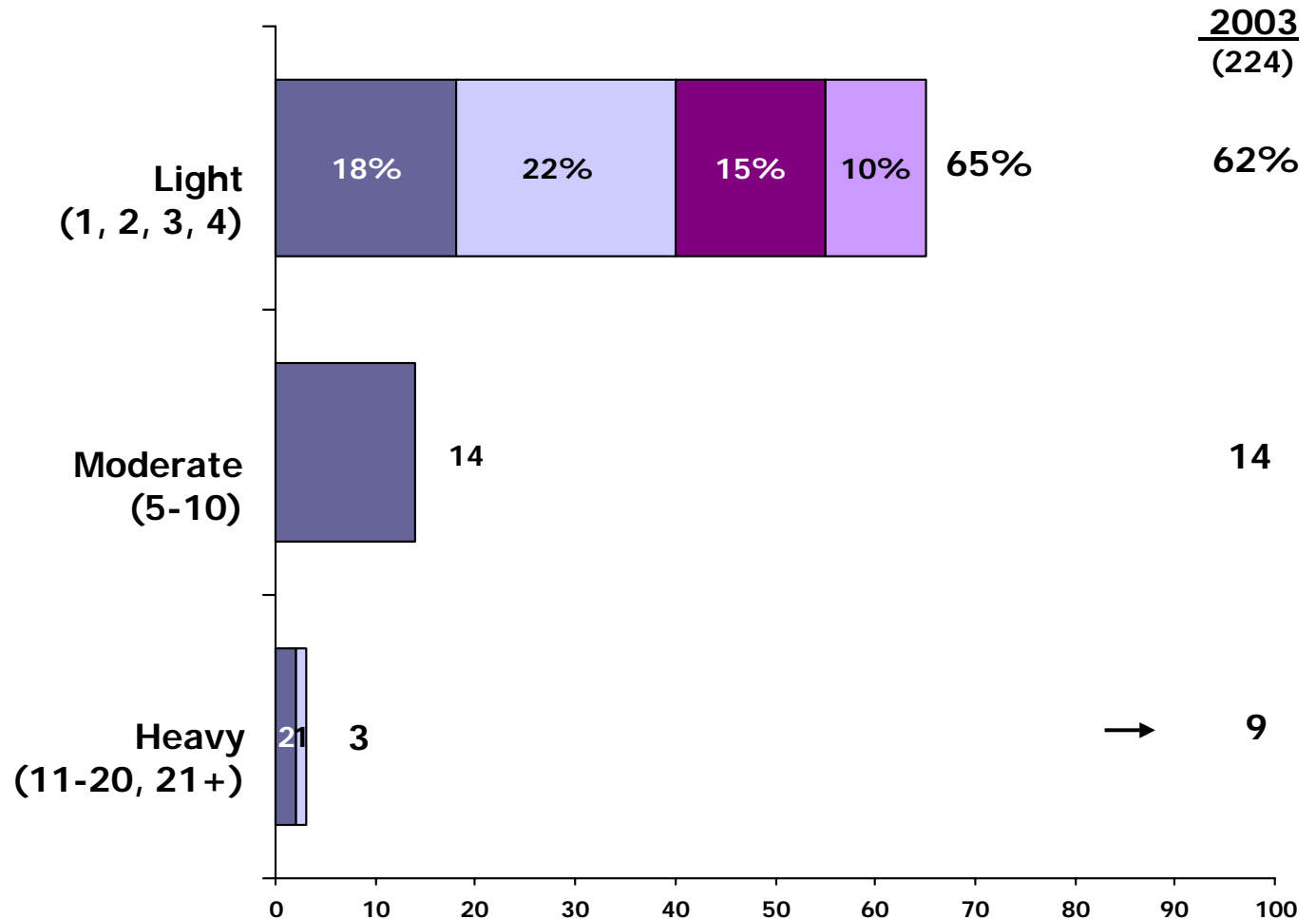


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# Past Year Receipt of Gift Cards

(among 255 gift card receivers)

- Among respondents receiving gift cards in the past year, almost two-thirds have received between one and four gift cards.



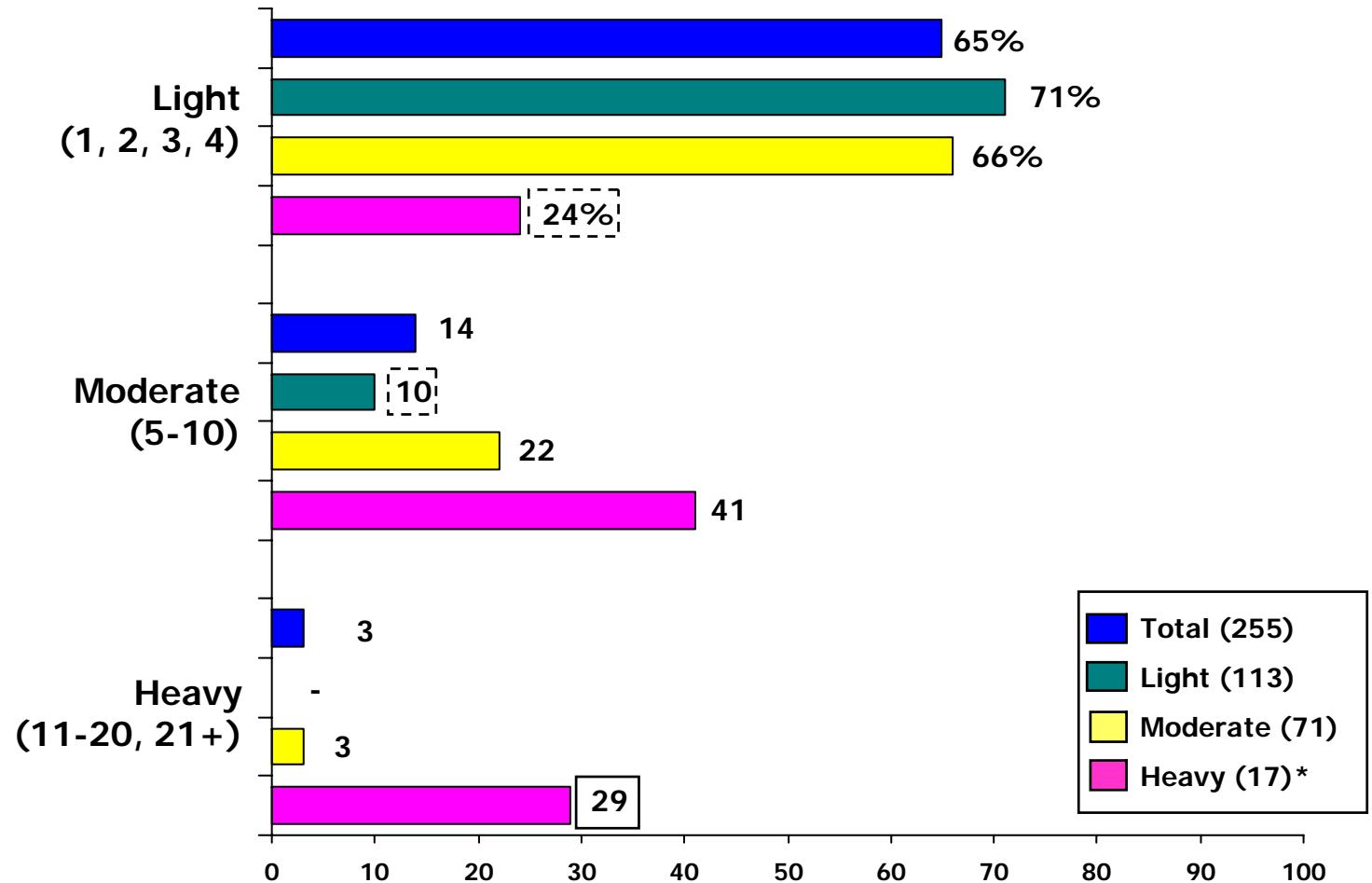
Q.17: How many gift cards have you received in the past year, that is, since last fall?



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## Past Year Receipt of Gift Cards

- Heavy gift card purchasers are significantly more likely than others to have received eleven or more gift cards in the past year.



\* Caution: Small Base Size.

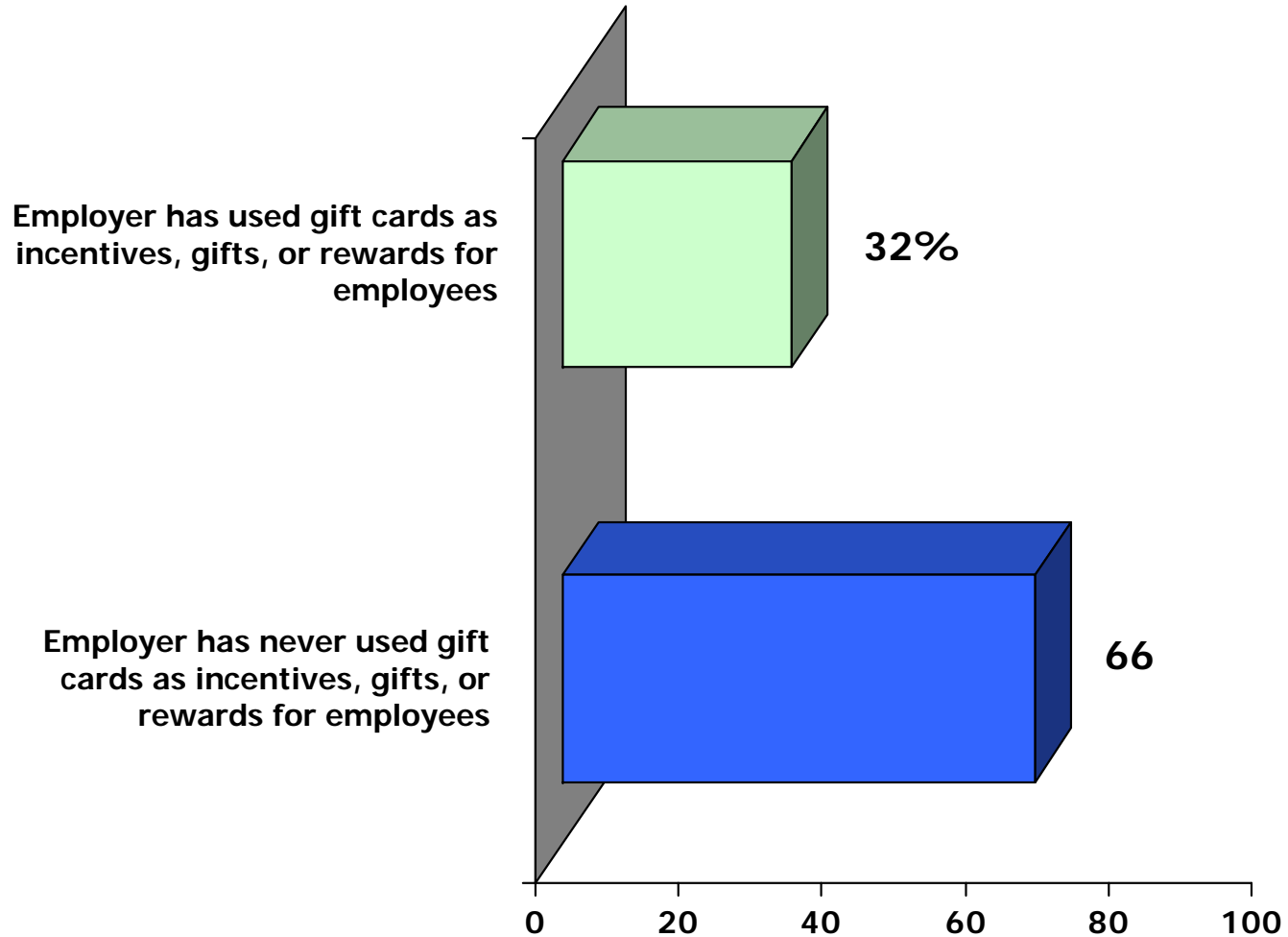
Q.17: How many gift cards have you received in the past year, that is, since last fall?



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# Gift Card as Employee Incentive (among 255 gift card receivers)

- One-third of gift card receivers say that their employer has used gift cards as incentives or rewards for their employees.



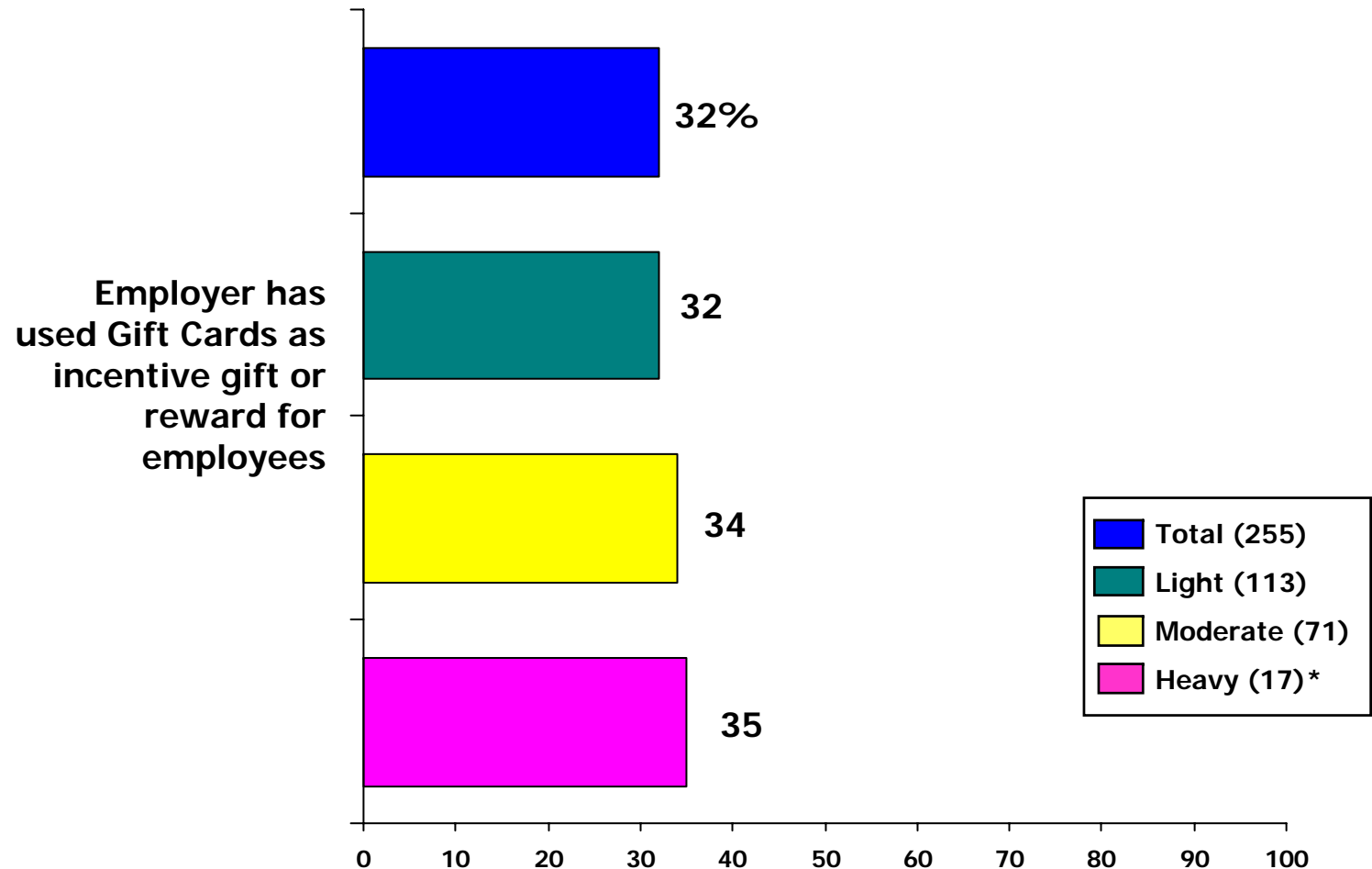
Q.28: Has your employer ever used gift cards as incentives, gifts or rewards for employees?



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## Gift Card as Employee Incentive

- There is little difference in the number of employers who offer gift cards as incentives to their employees among the different groups of gift card purchasers.



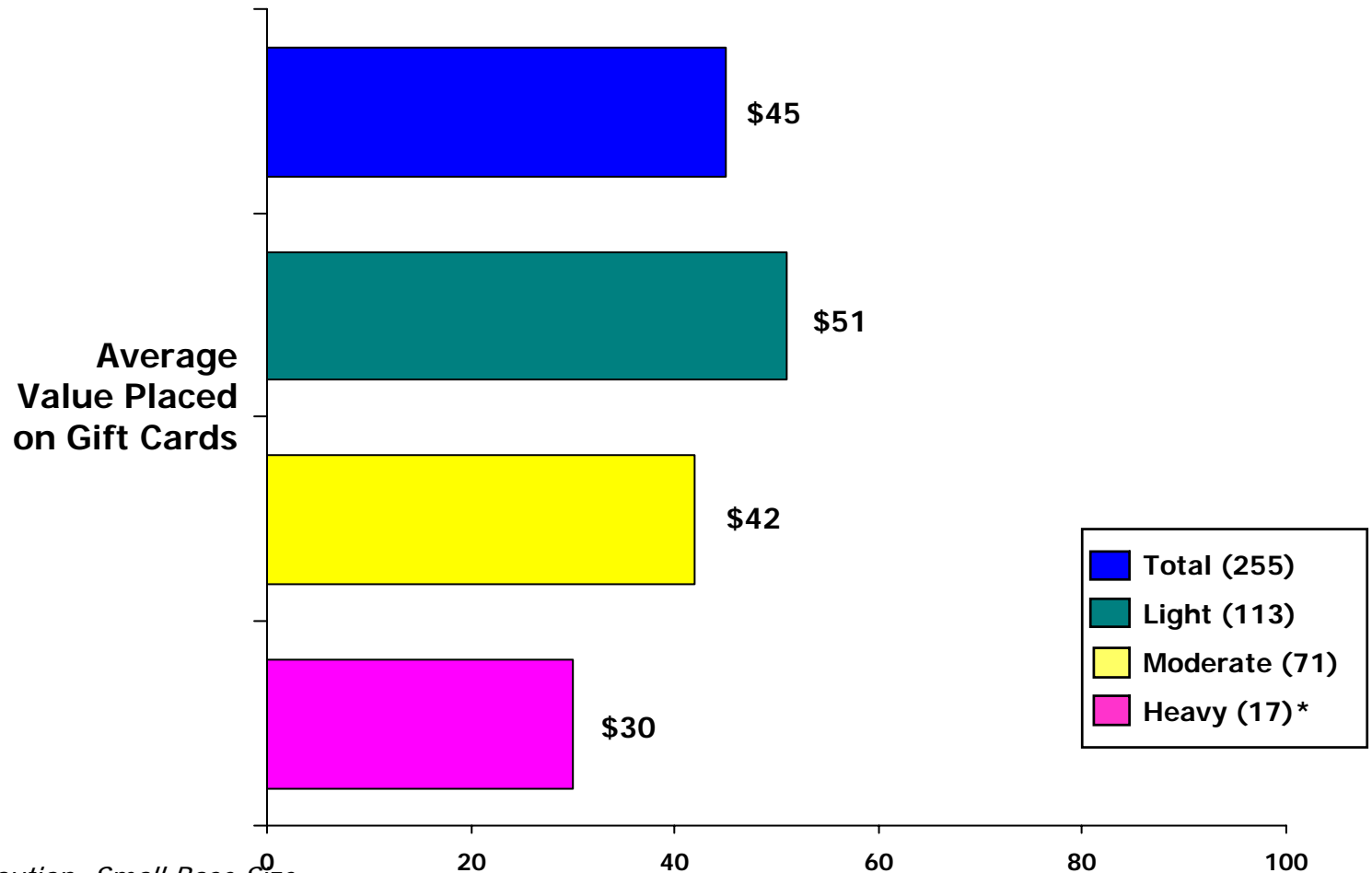
\* Caution: Small Base Size.



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## Average Value of Gift Cards Received (among receivers)

- The average gift card a consumer receives has \$45 loaded on it. Light gift card purchasers, on average, receive gift cards with the most value.



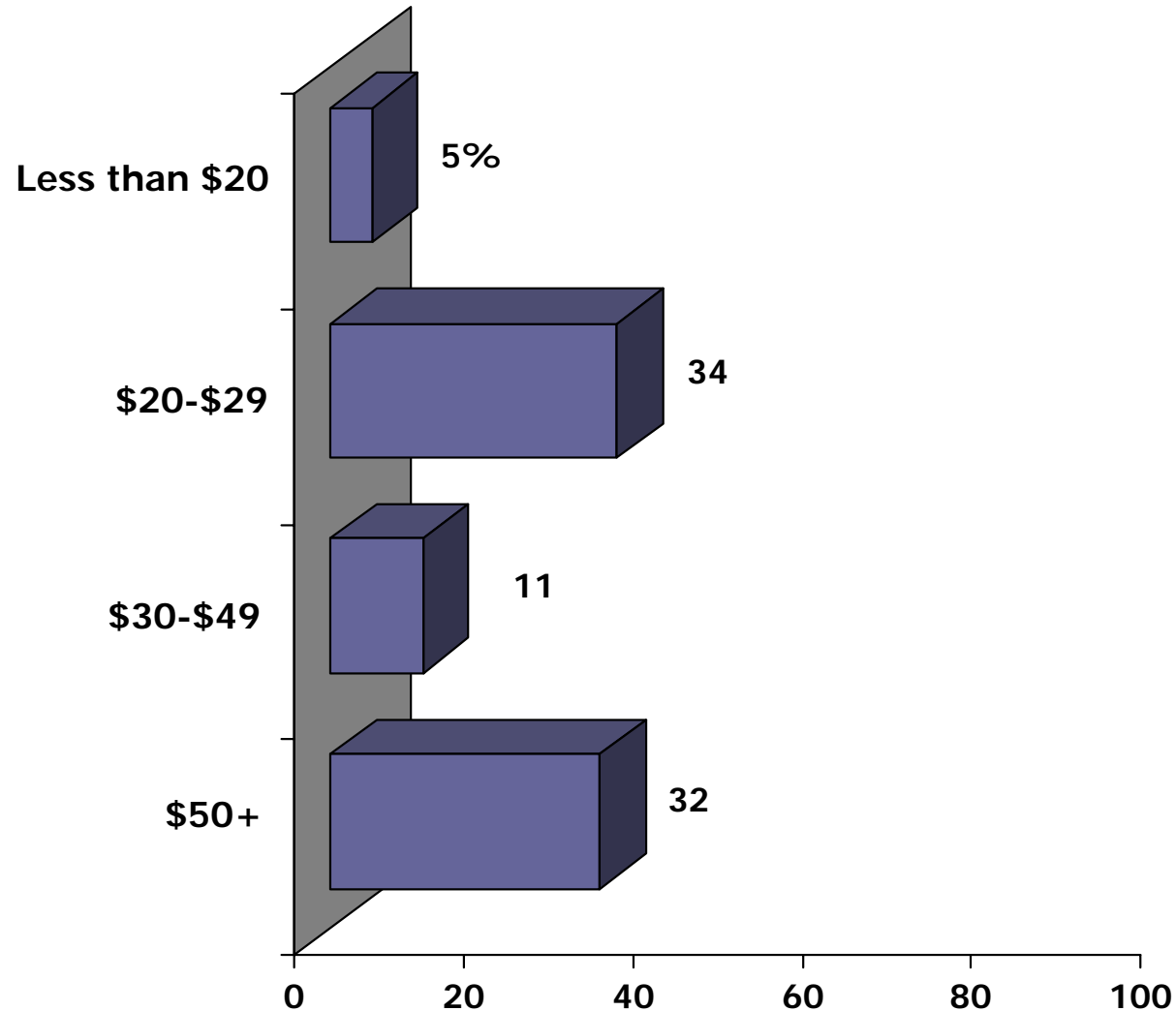
\* Caution: Small Base Size.

Q.18: What is the average value of the gift cards you have received in the past year?

# Average Value of Gift Cards Received

(among 255 receivers)

- Almost one-third of consumers receive gift cards with \$50 or more on the card.



Q.18: What is the average value of the gift cards you have received in the past year?



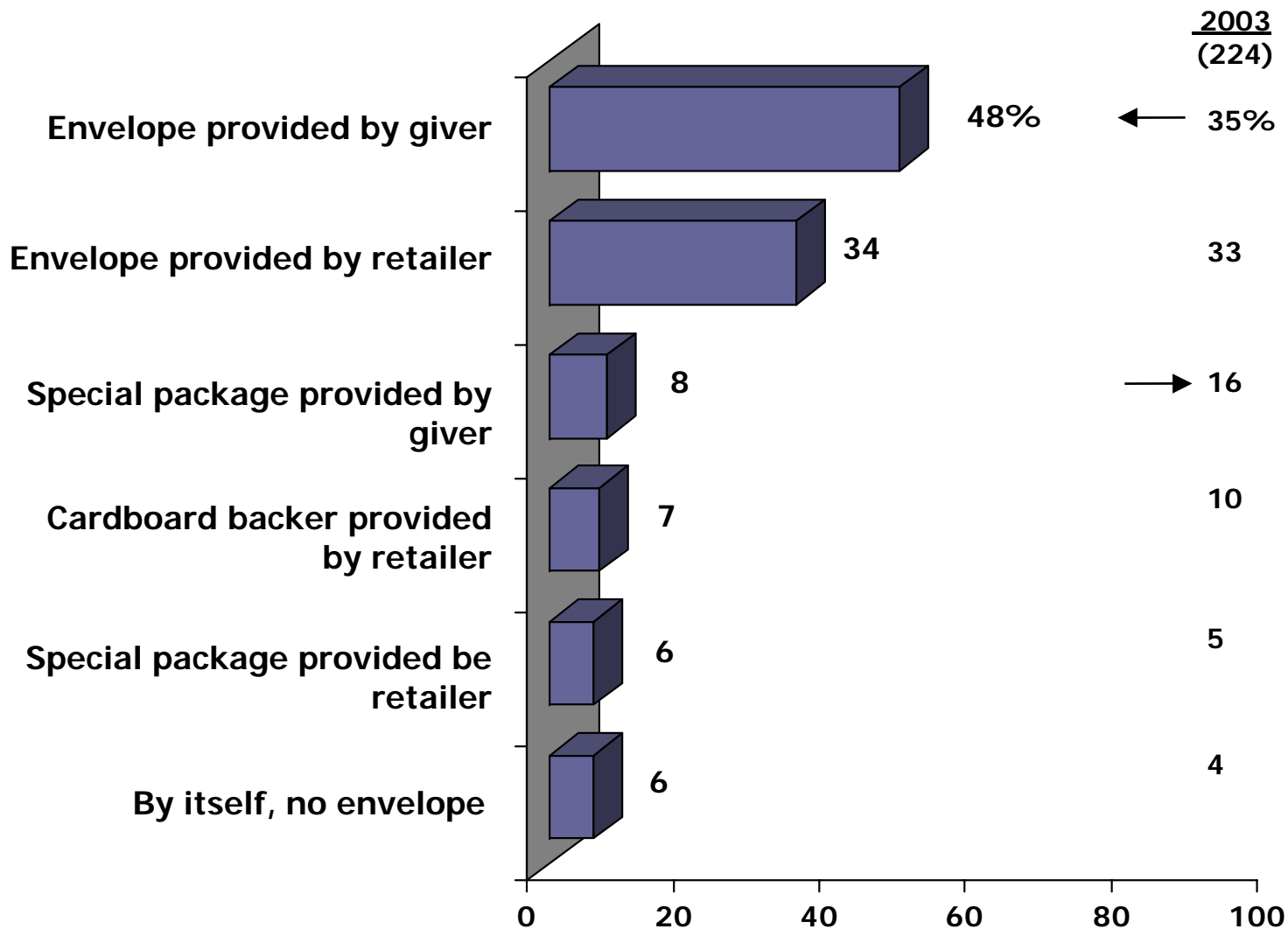


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# Packaging of Gift Cards

(among 255 gift card receivers)

- Eight gift card recipients in ten received their last gift card in an envelope. Compared with last year, givers are more likely to use envelopes and less apt to put the gift card in a special package.



Q.25: The last time you received a gift card as a gift, how was it packaged?

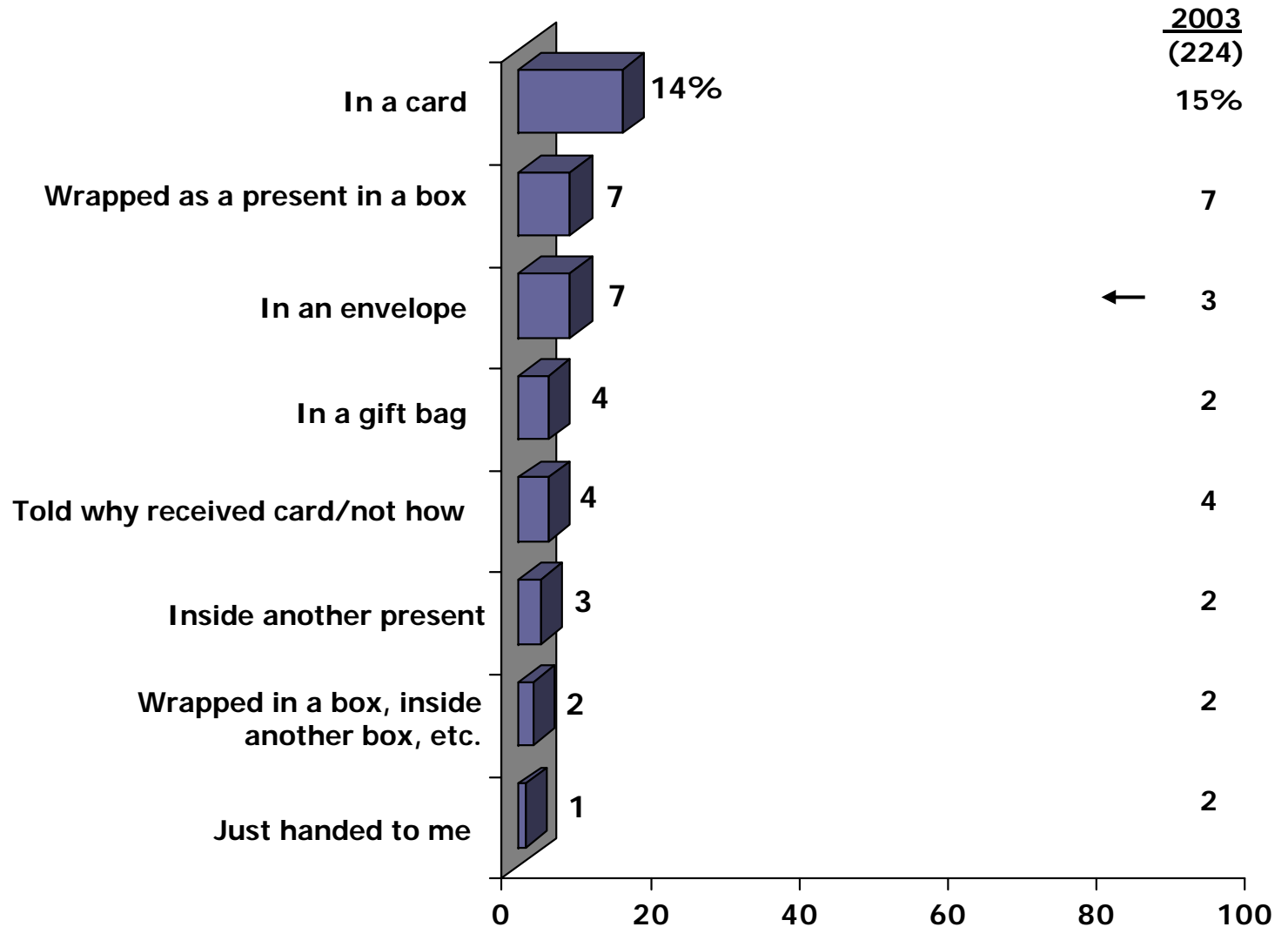


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# Creative Packaging of Gift Cards

(among 255 gift card receivers)

- About one respondent in seven says that the most creative way they have received a gift card was inside a greeting card.



Q.26: What is the most creative, fun way you have ever been given a gift card?



# Other Creative Packaging

(verbatim comments)

- A few people are very creative when presenting a gift card as a gift.

*In an Easter egg.*

*In a huge box wrapped in layers of wrapping paper with different boxes in the big box.*

*In my tool box.*

*In a basket of food.*

*I got a gift card inside a Starbucks stainless steel coffee cup with mints and little coffees. I opened up the cup and found the card.*

*Inside a balloon.*

*Attached to a Christmas ornament.*

*In a piñata.*

*In a gift bag with other things that went with the gift card.*

*I received a gift and I had to look in the pocket of it to get the card.*

*I received a Red Lobster gift card hanging from a balloon from the ceiling in my office.*

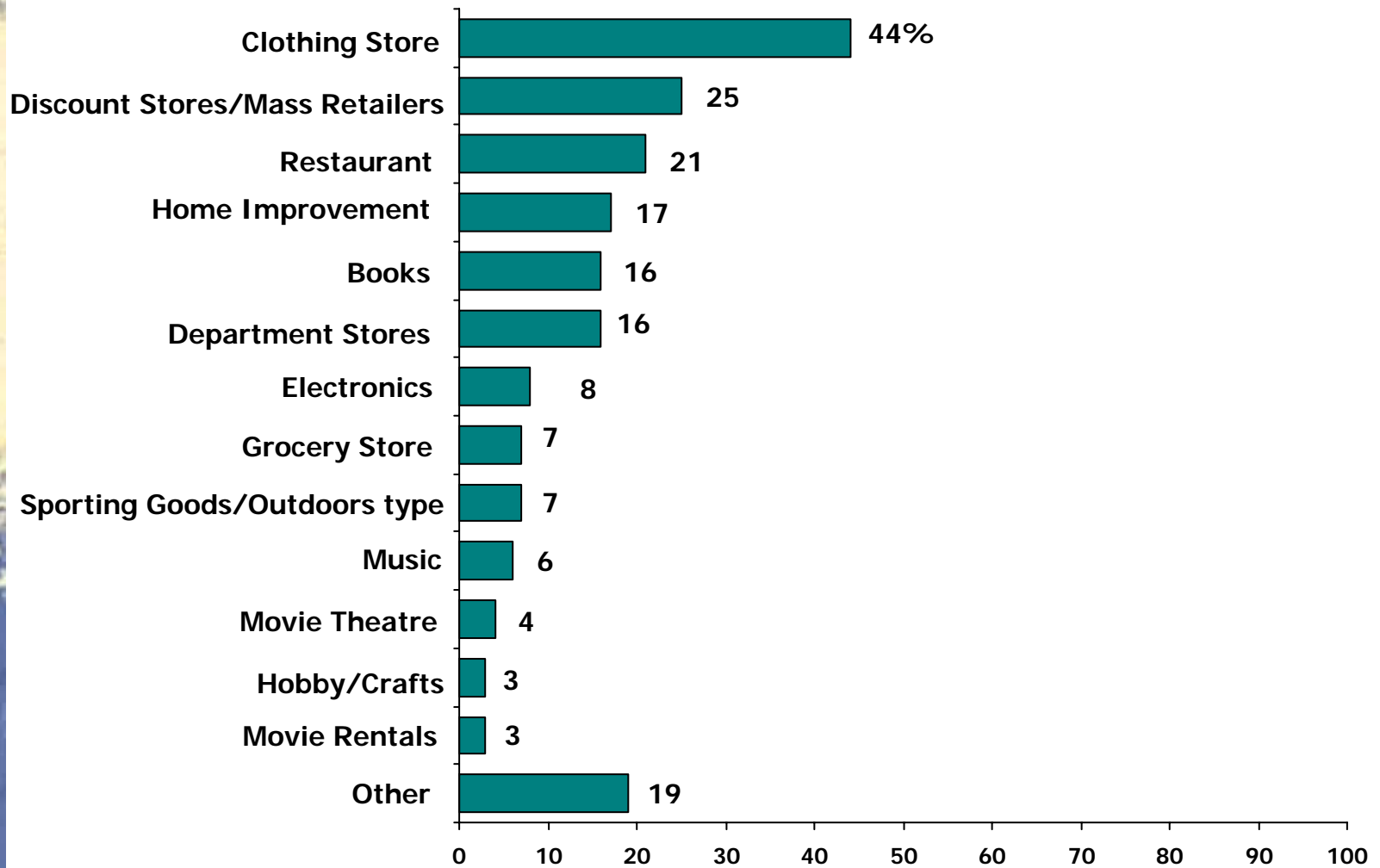
*Someone made it look like a bouquet of flowers.*



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## Favorite Retailer Types (among 255 gift card receivers)

- Clothing stores, discount stores, and restaurants are the favorite retail types of gifts cards.



Q.20: What are your favorite types of retailers to receive gift cards from?

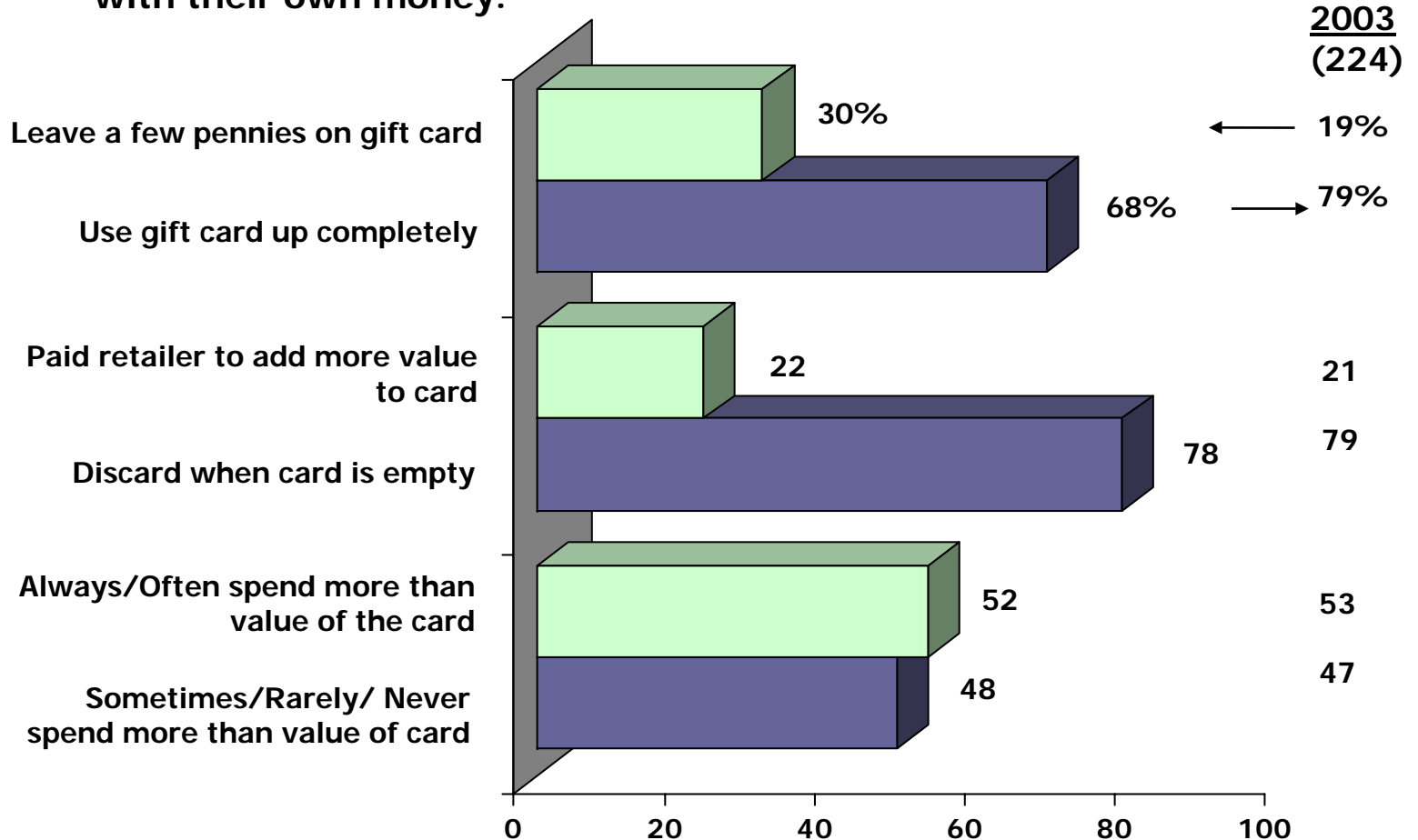


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# Gift Card Usage

(among 255 gift card receivers)

- Seven gift card receivers in ten use up their card completely, and eight gift card receivers in ten discard the card when it is empty. One-half spend more than the value on the cards and make up the difference with their own money.



Q.21: When you use a gift card, do you ever dispose of the card with a few pennies still left on it, or do you always make sure that it is completely used up?

Q.22: Have you ever used a gift card's value up and then paid the retailer to put more on it for future use?

Q.24: When you make purchases with a gift card, how often do you spend more than the value of the card, 56 using your own money to make up the difference?

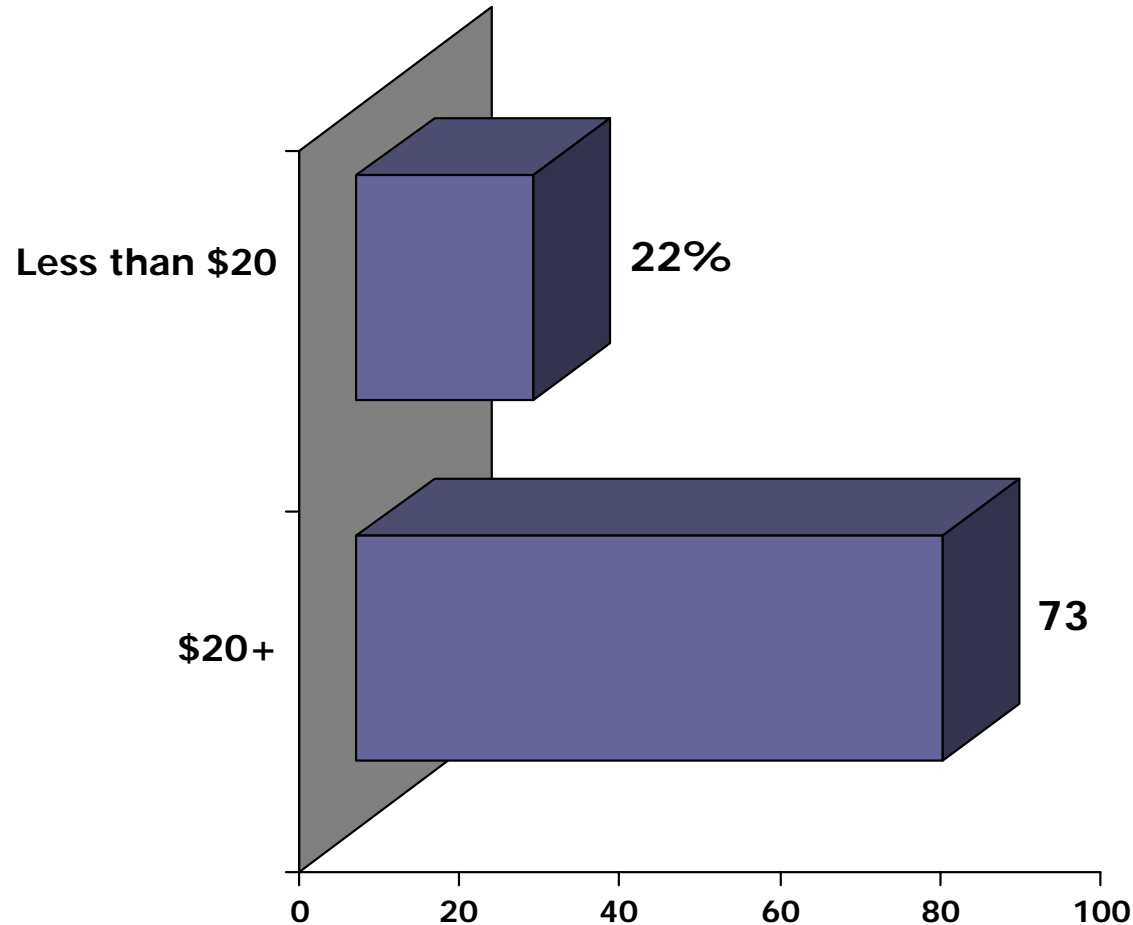


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# Average Reload Amount

(among 55 gift card receivers who have reloaded their cards)

- Seven gift card receivers in ten who have reloaded their cards put \$20 or more back onto the card.

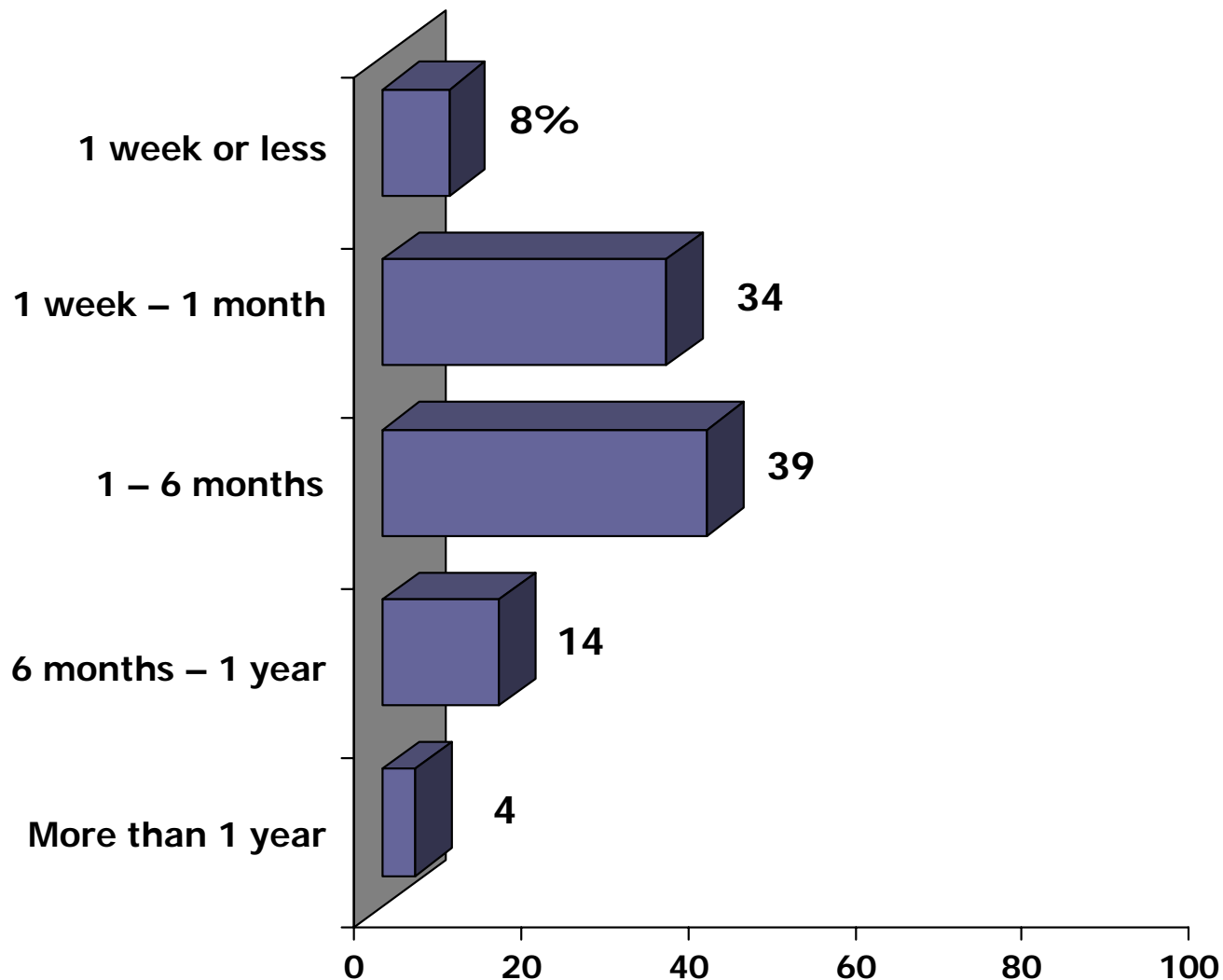


Q.23: If you have reloaded a gift card, what is the average amount you reloaded it with?



## Length of Time Cards Held

- Two gift card receivers in five redeem the entire value of their gift card within one month of receiving it.



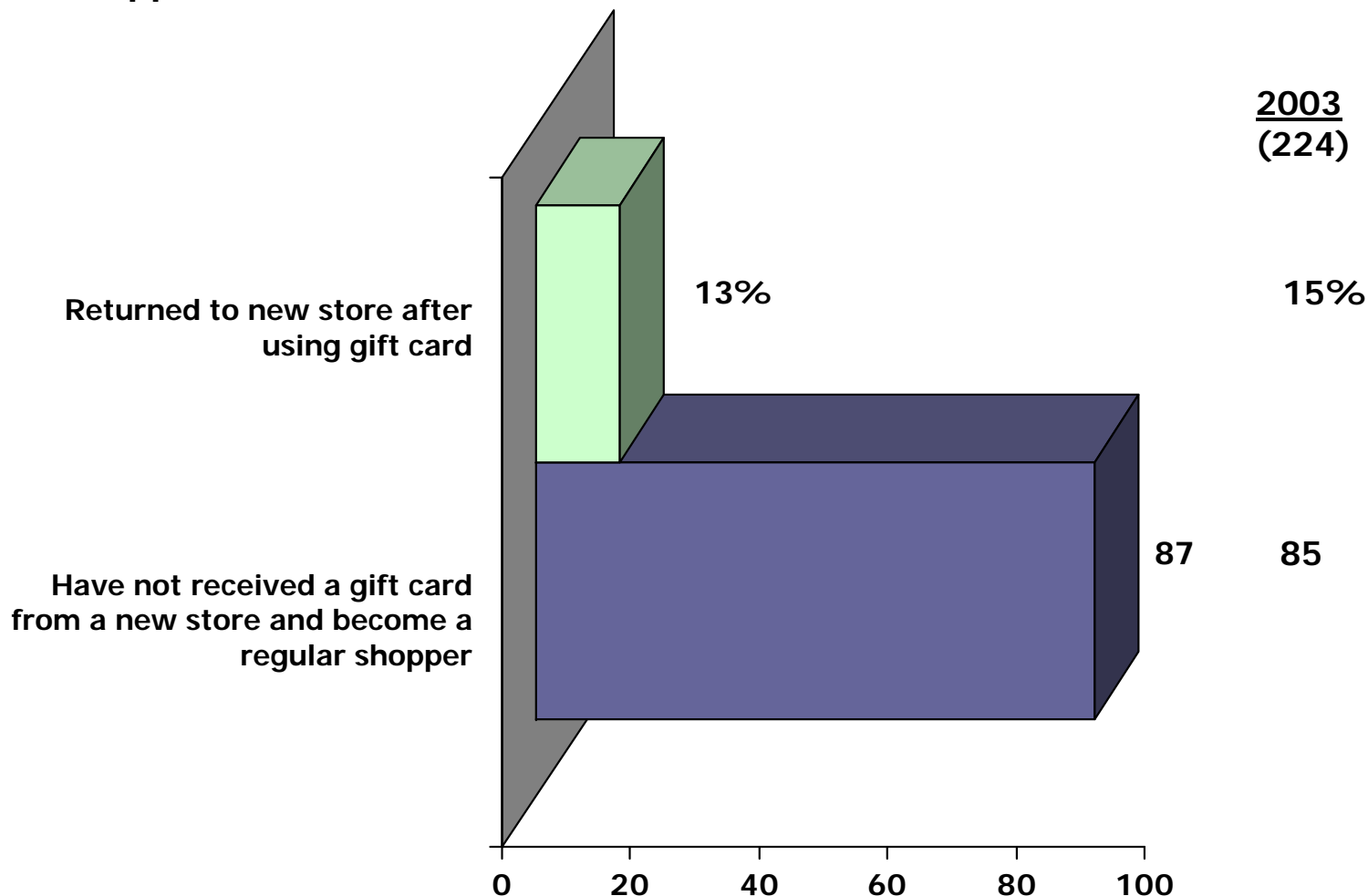
Q.19: When you receive a gift card, how long would you say you hold the card before you redeem its entire value?



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## Gift Card Usage – New Loyalty (among 255 gift card receivers)

- One gift card recipient in eight has received a gift card from a merchant they did not normally frequent, and become a regular shopper as a result.



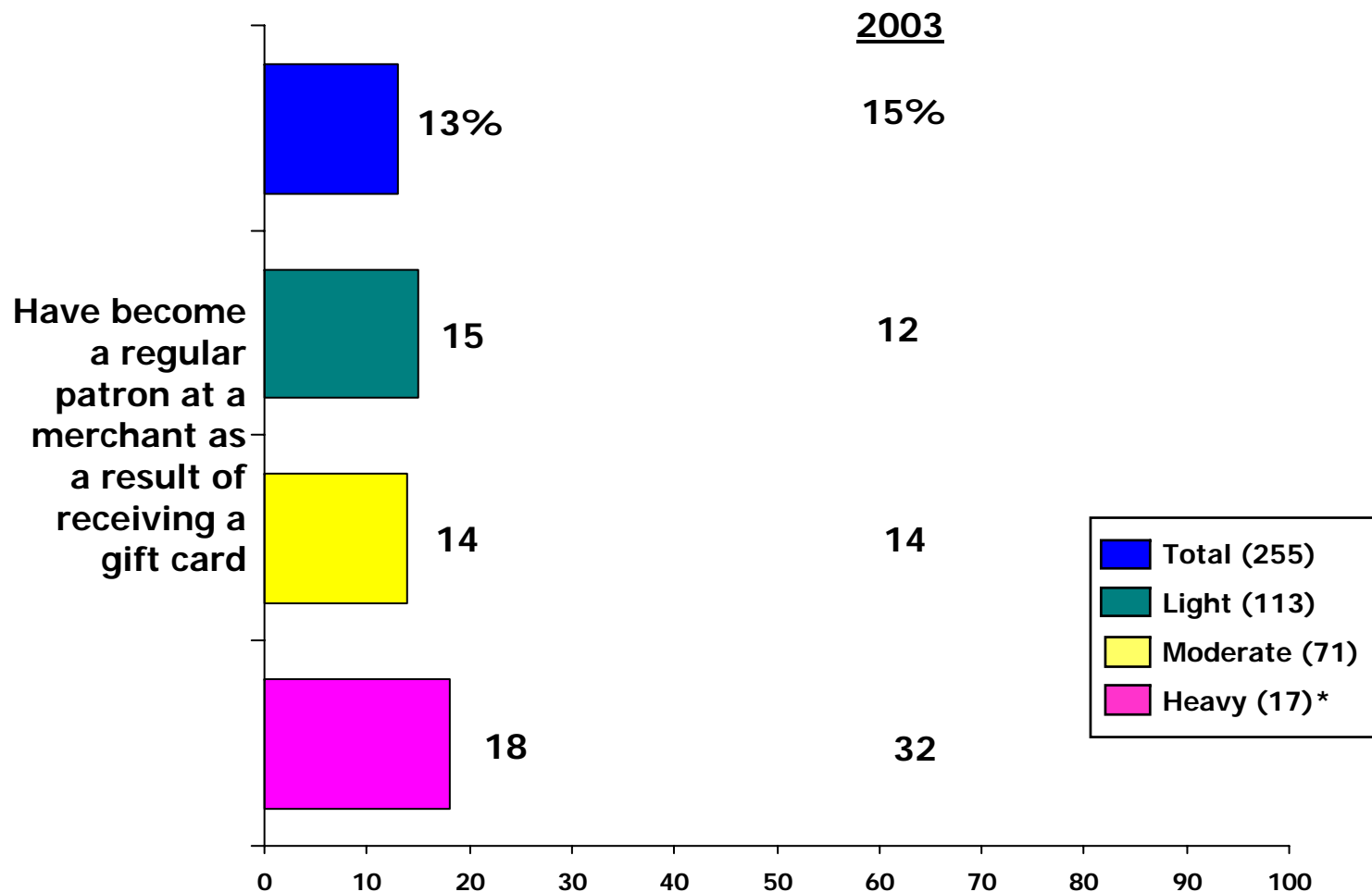
Q.27: *Have you ever received a gift card from a store that you did not normally frequent, and then begun shopping there on a more regular basis as a result?*



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## Gift Card Usage – New Loyalty

- Heavy gift card purchasers are slightly more likely than others to become a regular shopper at a new store from which they receive a gift card.



\* Caution: Small Base Size.

Q.27: Have you ever received a gift card from a store that you did not normally frequent, and then begun shopping there on a more regular basis as a result?

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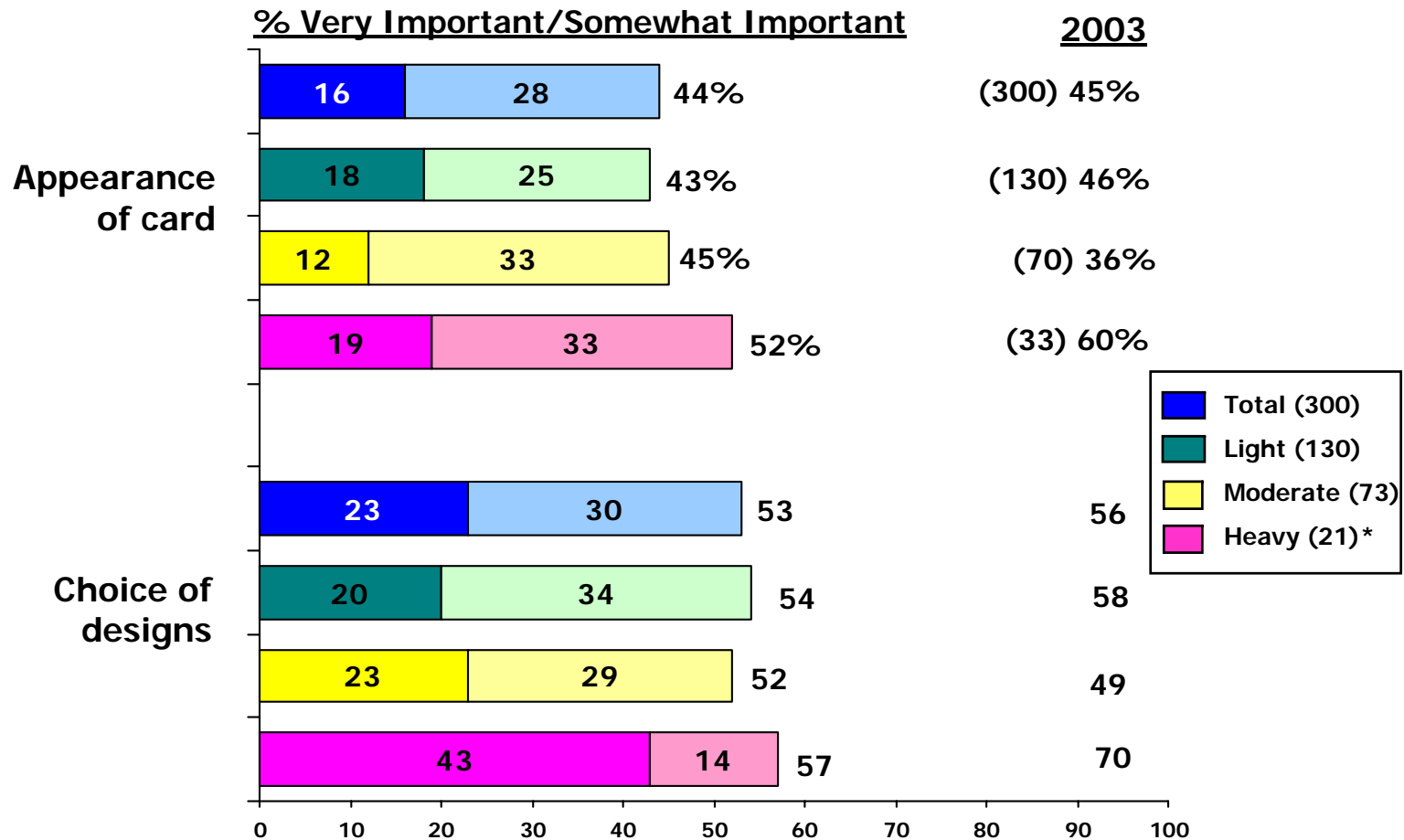
# Gift Card Attributes and Enhancements



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# Importance of Appearance/Design

- Approximately one-half of respondents say that the appearance and design of a gift card is very or somewhat important in their decision to purchase. Heavy purchasers are more likely than moderate purchasers to view these things as important.



\* Caution: Small Base Size.

Q.9: How important would the appearance of a card be in your decision to purchase it? Would you say . . .

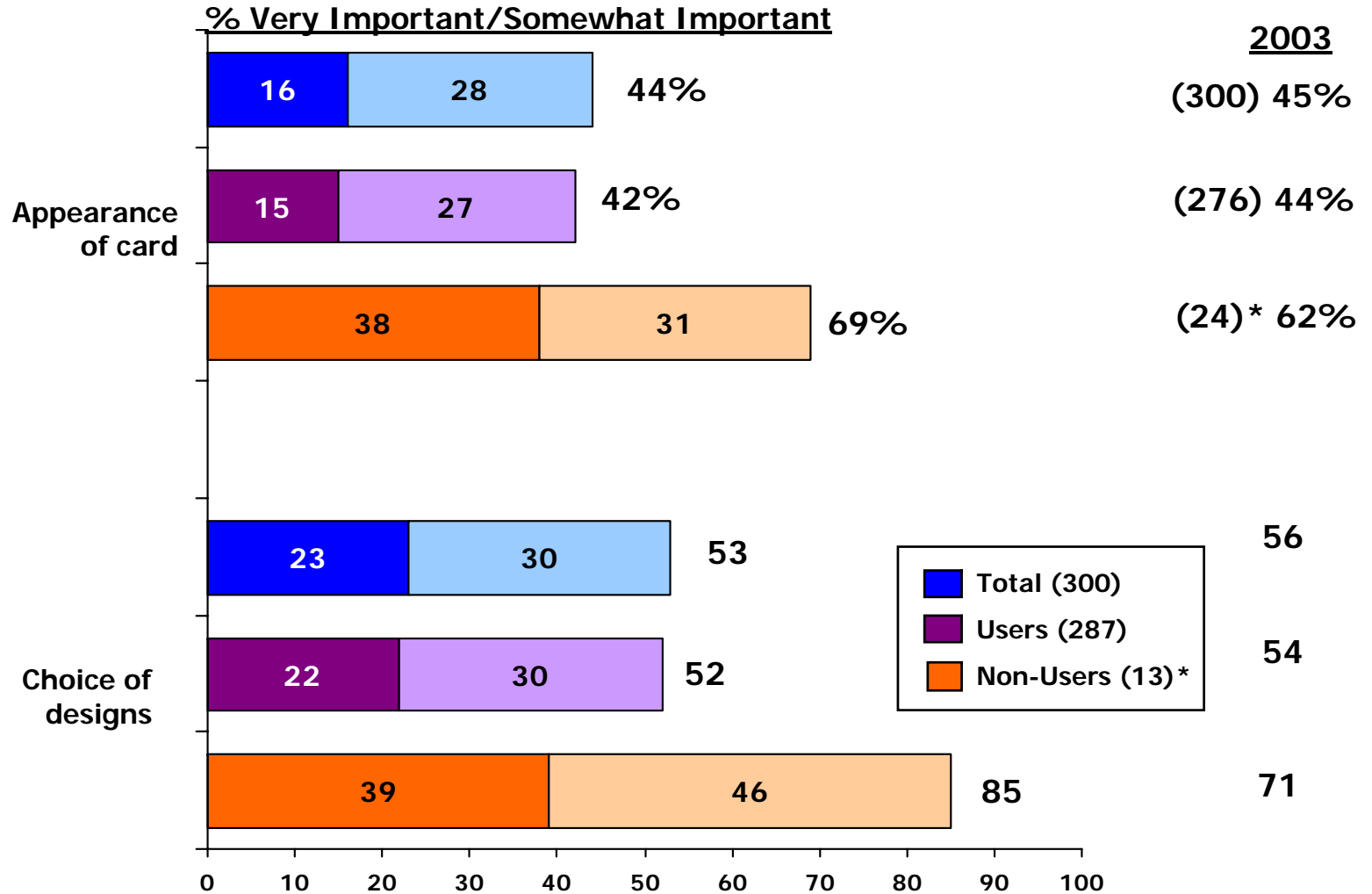
Q.10: How important would it be that a merchant offers you a choice of designs, for instance, cards that have the words "Happy Birthday" or "Congratulations," when you purchase a gift card? Would you say . . .



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# Importance of Appearance/Design

- The appearance and design of a gift card is perceived as slightly more important to the purchase decision among non-users, that is, people who have never purchased or received a gift card.



\* Caution: Small Base Size.

Q9. How important would the appearance of a card be in your decision to purchase it? Would you say . . .

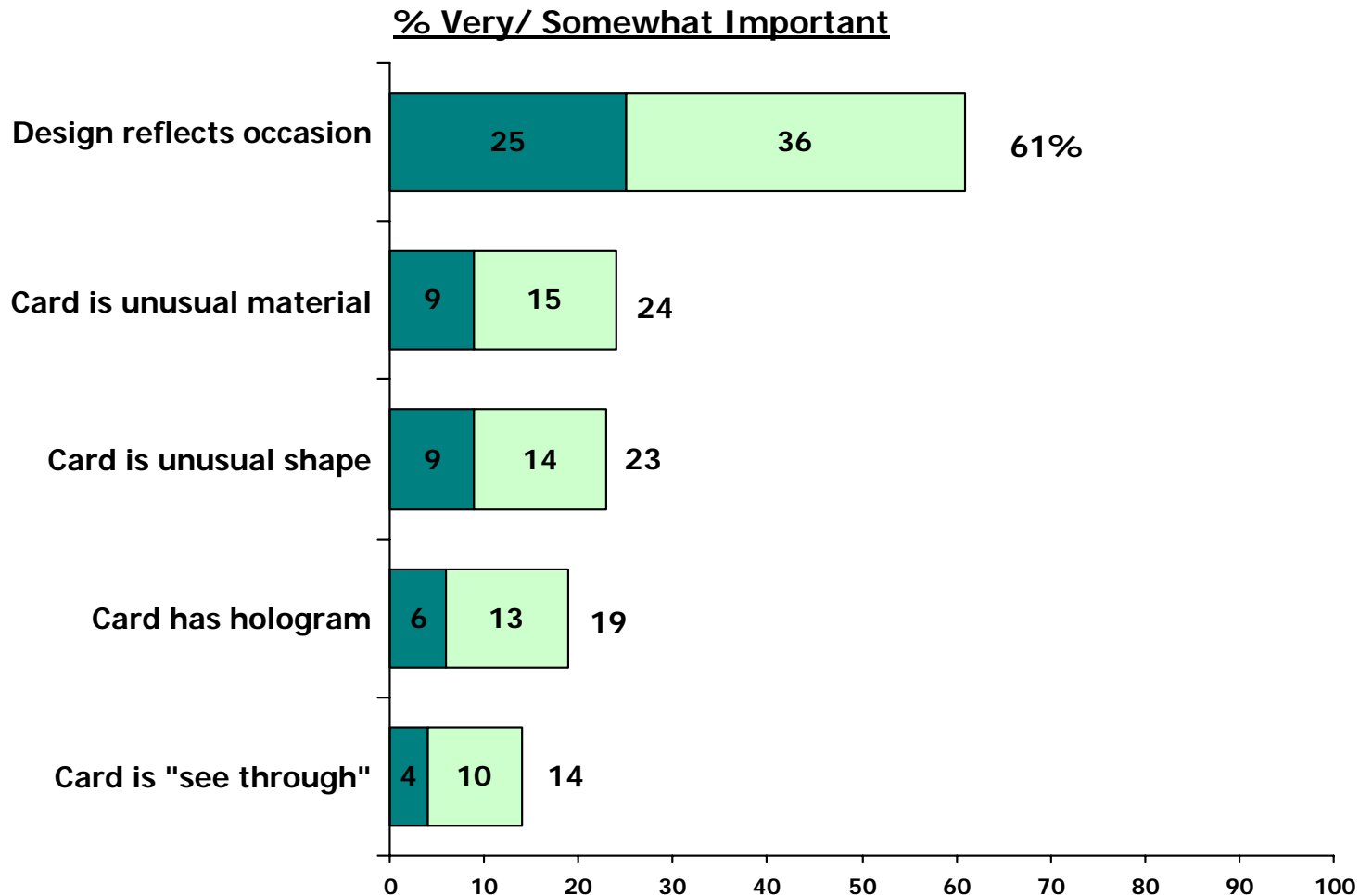
Q.10: How important would it be that a merchant offers you a choice of designs, for instance, cards that have the words "Happy Birthday" or "Congratulations," when you purchase a gift card? Would you say . . .



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# Gift Card Design Options (among 300 respondents)

- Six respondents in ten view gift cards that reflect the occasion being honored as an important design option.



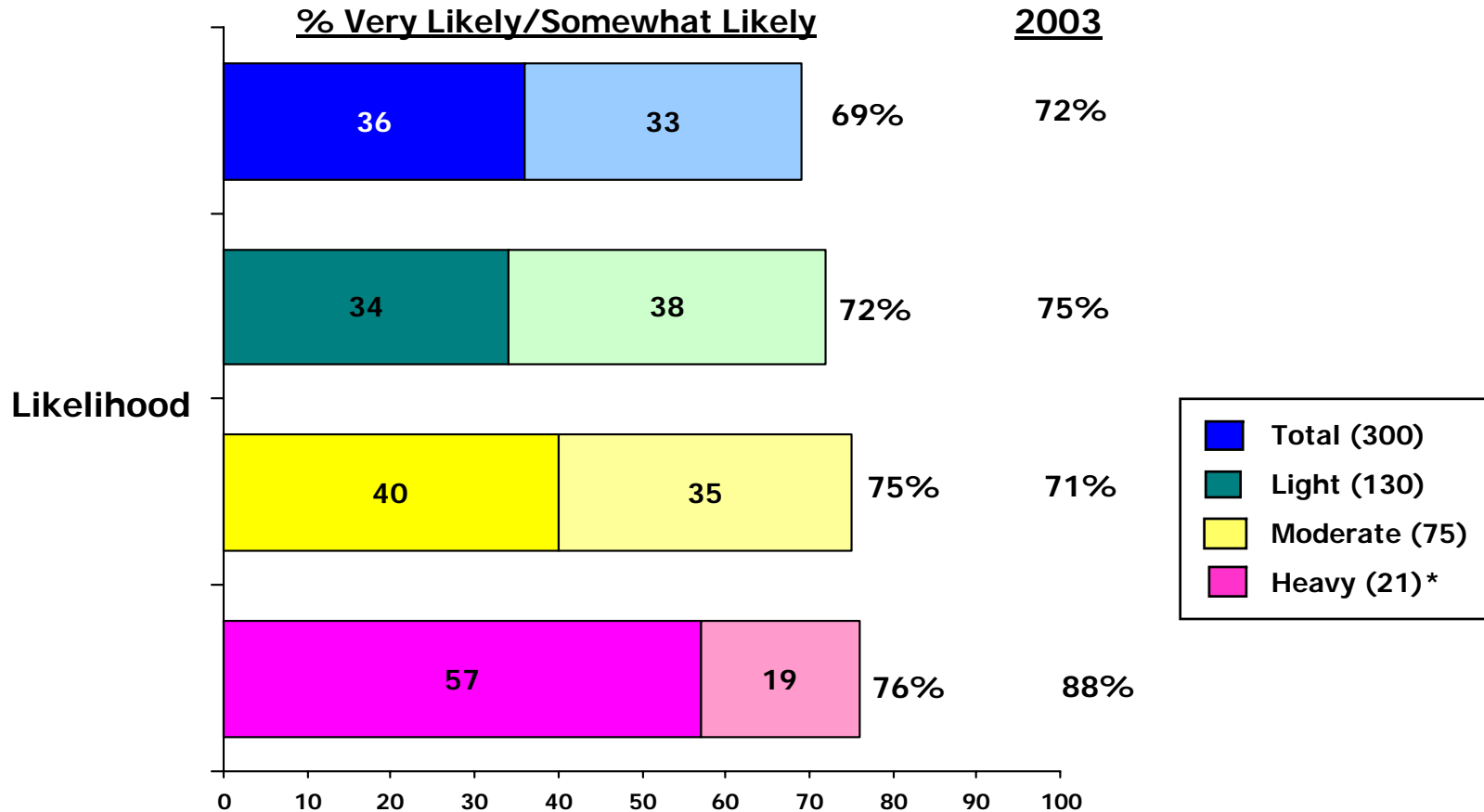
Q.11: I'm going to name several options in a gift card design. For each one tell me how important that item would be in your decision to **purchase** a gift card:



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# Likelihood of Visiting One Merchant for Multiple Cards

- Seven respondents in ten say that they would be very or somewhat likely to purchase gift cards from a retailer that offered gift cards from a variety of merchants.



\* Caution: Small base size.

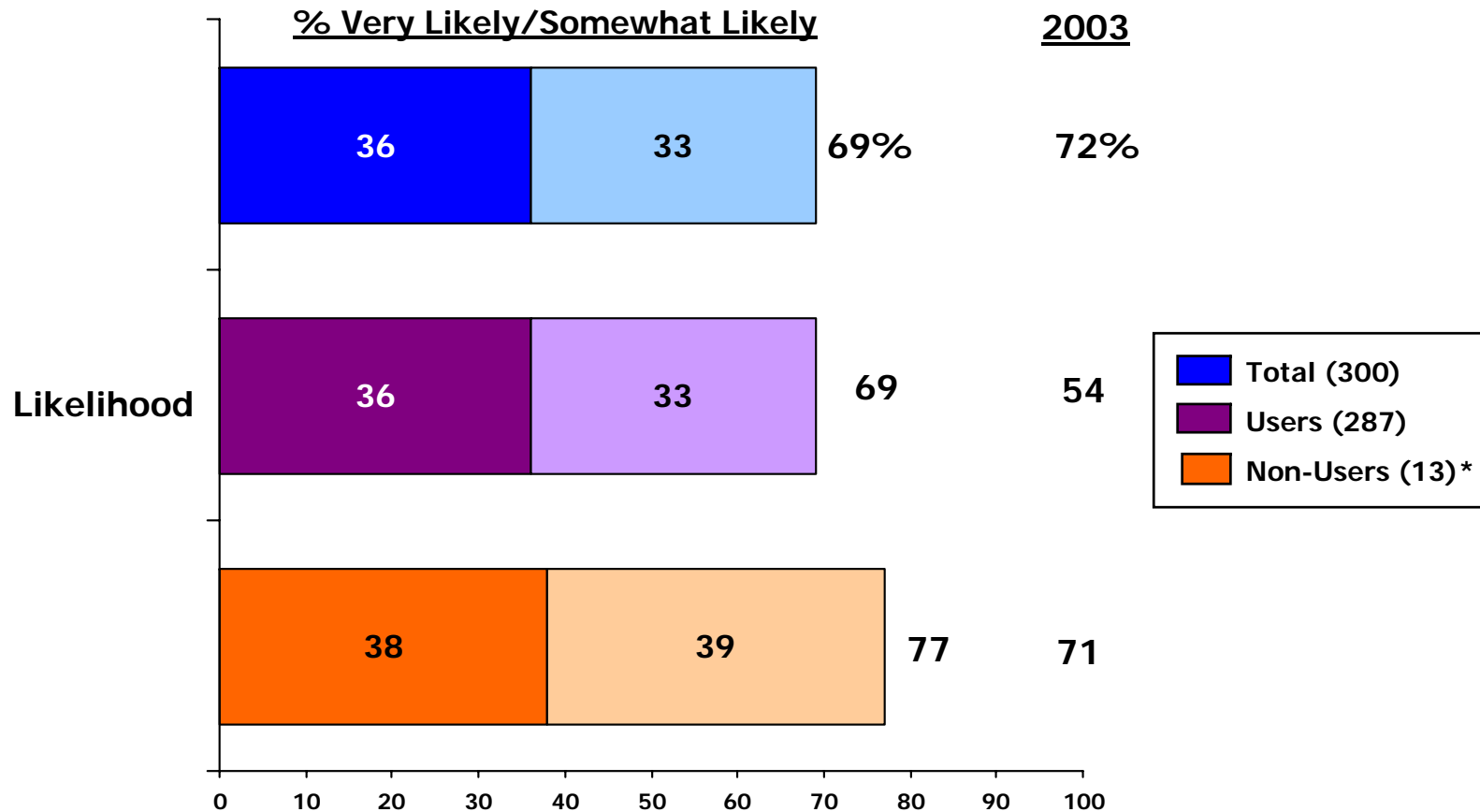
Q.12: If you knew that a retailer offered gift cards from a variety of merchants, rather than just one, how likely would you be to go to that specific retailer for gift cards? Would you say...



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# Likelihood of Visiting One Merchant for Multiple Cards

- Non-users express slightly more interest in being able to purchase gift cards from multiple merchants at one retail location.



\* Caution: Small base size.

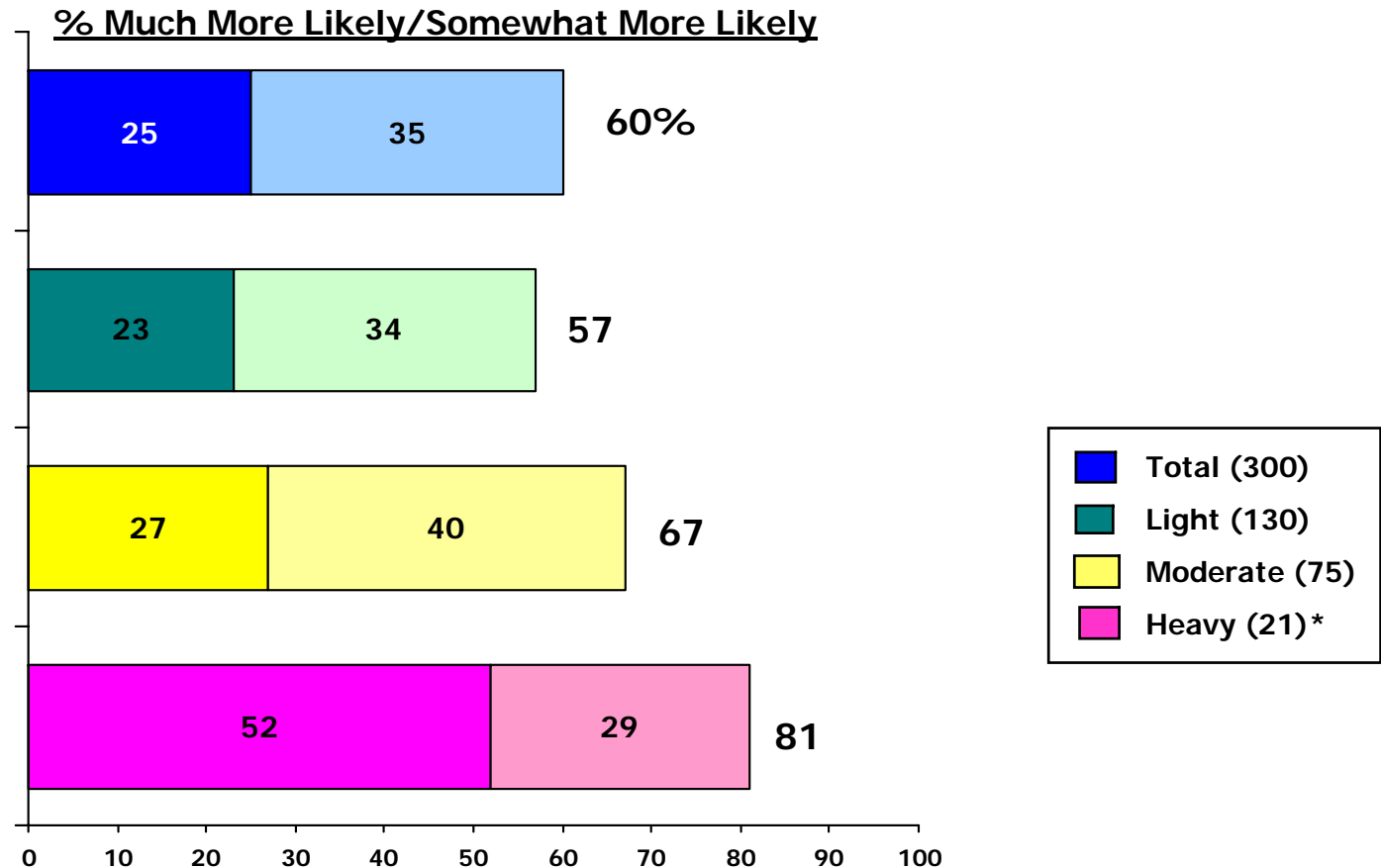
Q.12: If you knew that a retailer offered gift cards from a variety of merchants, rather than just one, how likely would you be to go to that specific retailer for gift cards? Would you say...



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## Likelihood of Buying a Gift Card if Retailer Offered a Small Gift as Bonus

- Six respondents in ten are more likely to purchase a gift card if the retailer offered a small gift as a bonus. The more gift cards a consumer purchases, the more likely they are to purchase even more gift cards with a small gift included.



\* Caution: Small Base Size.

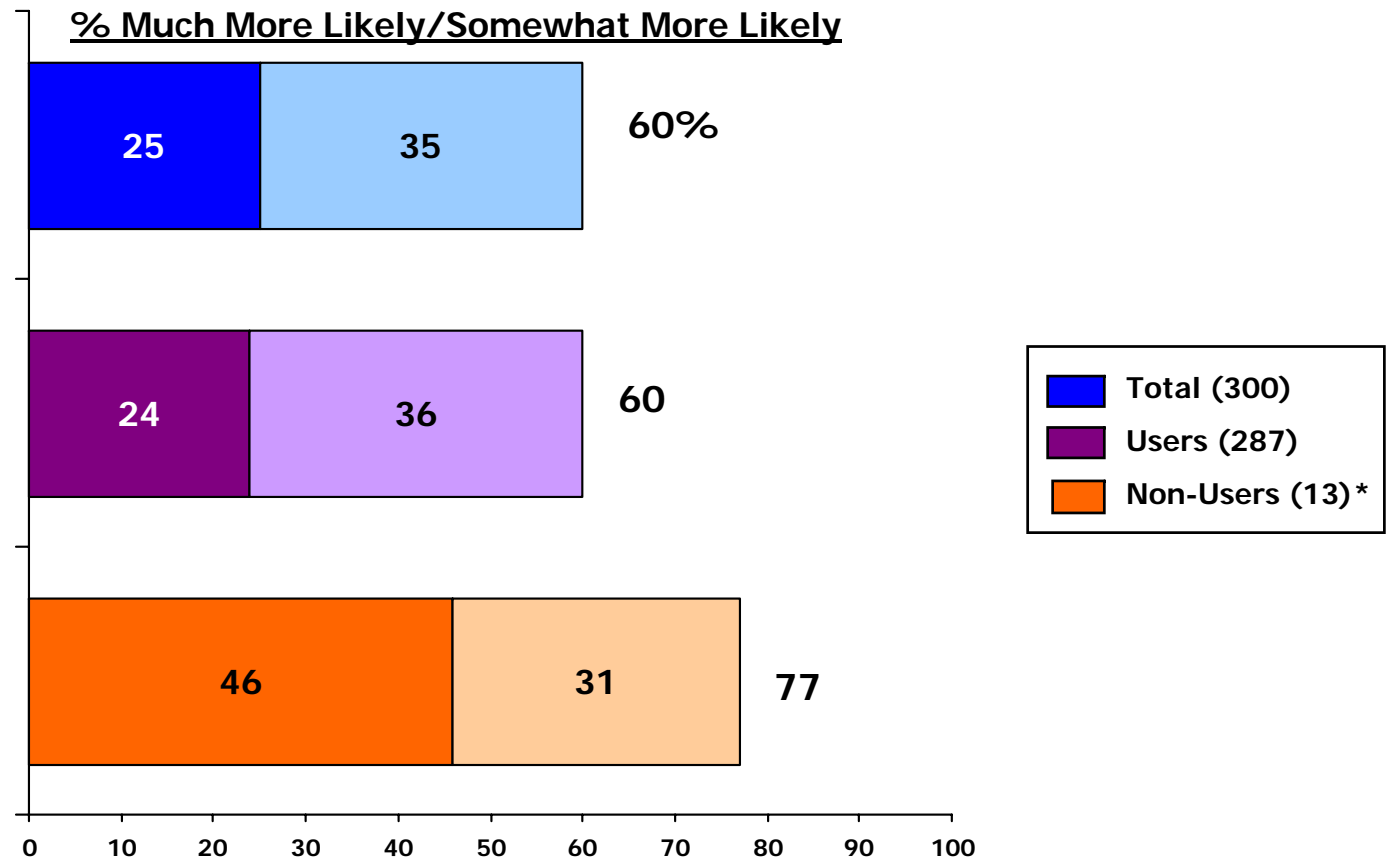
Q.13: How much more likely would you be to buy a gift card if the retailer offered you some sort of small gift with a value of less than \$5, as a bonus for purchasing the gift card? Would you say...



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# Likelihood of Buying a Gift Card if Retailer Offered a Small Gift as Bonus

- Non-users are slightly more likely than current gift card users to purchase gift cards if the retailer offered a small gift as a bonus.



\* Caution: Small base size.

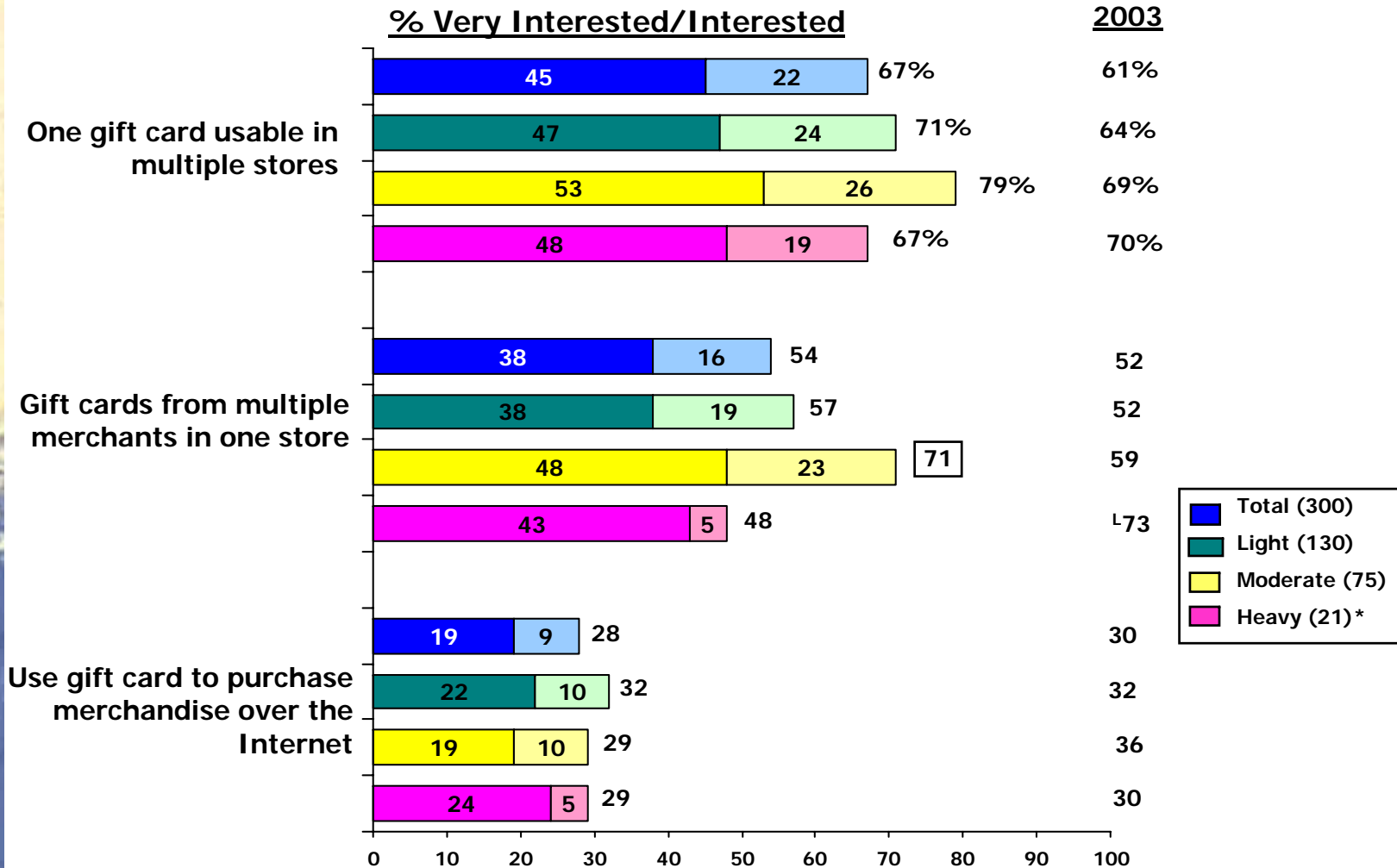
Q.13: How much more likely would you be to buy a gift card if the retailer offered you some sort of small gift with a value of less than \$5, as a bonus for purchasing the gift card? Would you say...



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# Interest in Gift Card/Merchant Features

- Almost seven respondents in ten would be interested in purchasing one gift card that could be used in multiple stores, over one-half would be interested in purchasing gift cards from multiple merchants in one store. There is less interest in purchasing and using gift cards over the Internet.



\* Caution: Small base size.

L = Significantly higher than light.

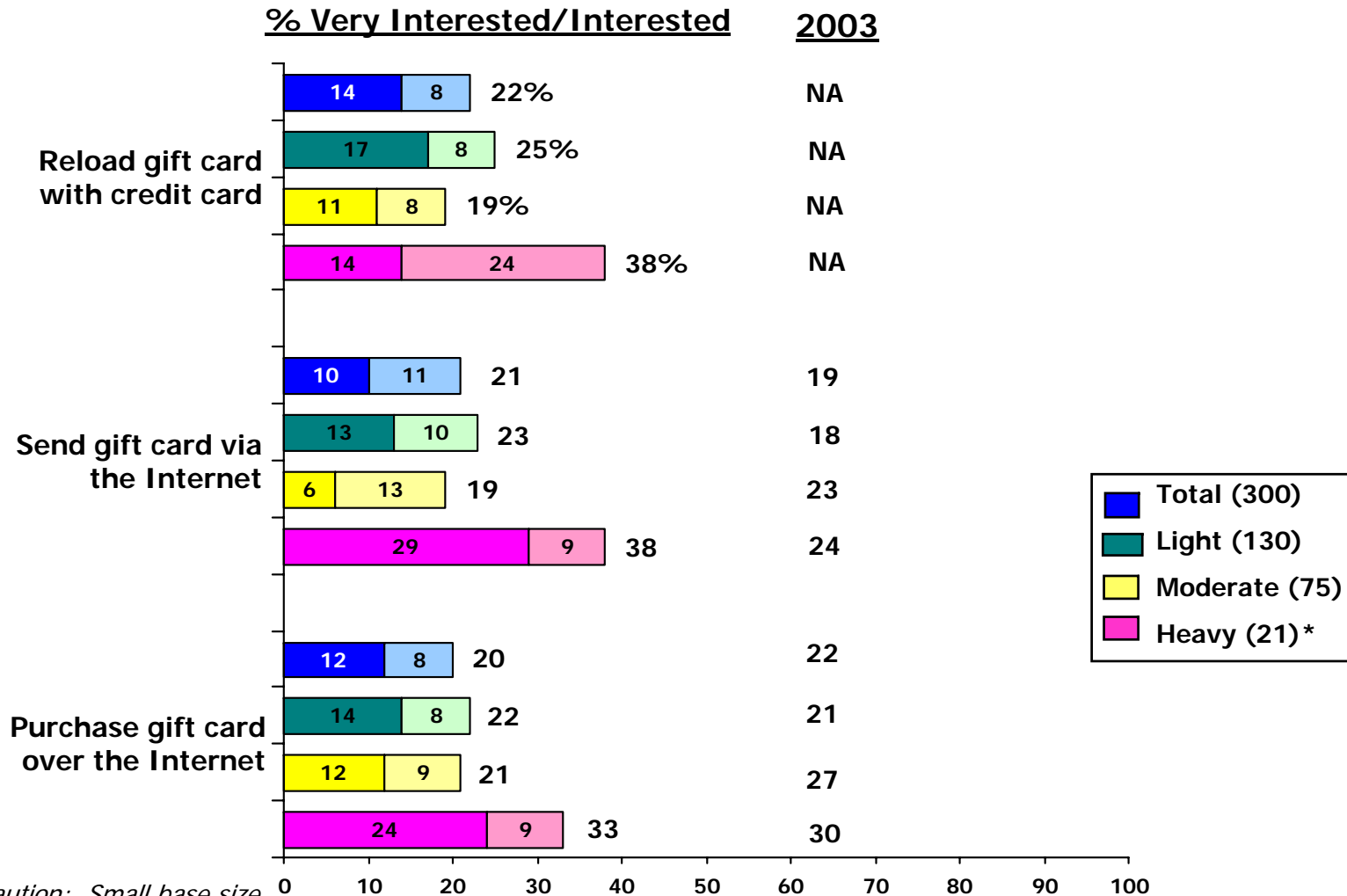
Q.31: Using a scale of one to five, where "5" means you would be very interested, and "1" means you would not be interested at all, how interested would you be in the following options?



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# Interest in Gift Card/Merchant Features

- Two respondents in ten are interested in reloading gift cards with credit cards and sending and purchasing gift cards over the Internet. Heavy purchasers are more likely than others to be interested in any of these features.



\* Caution: Small base size.

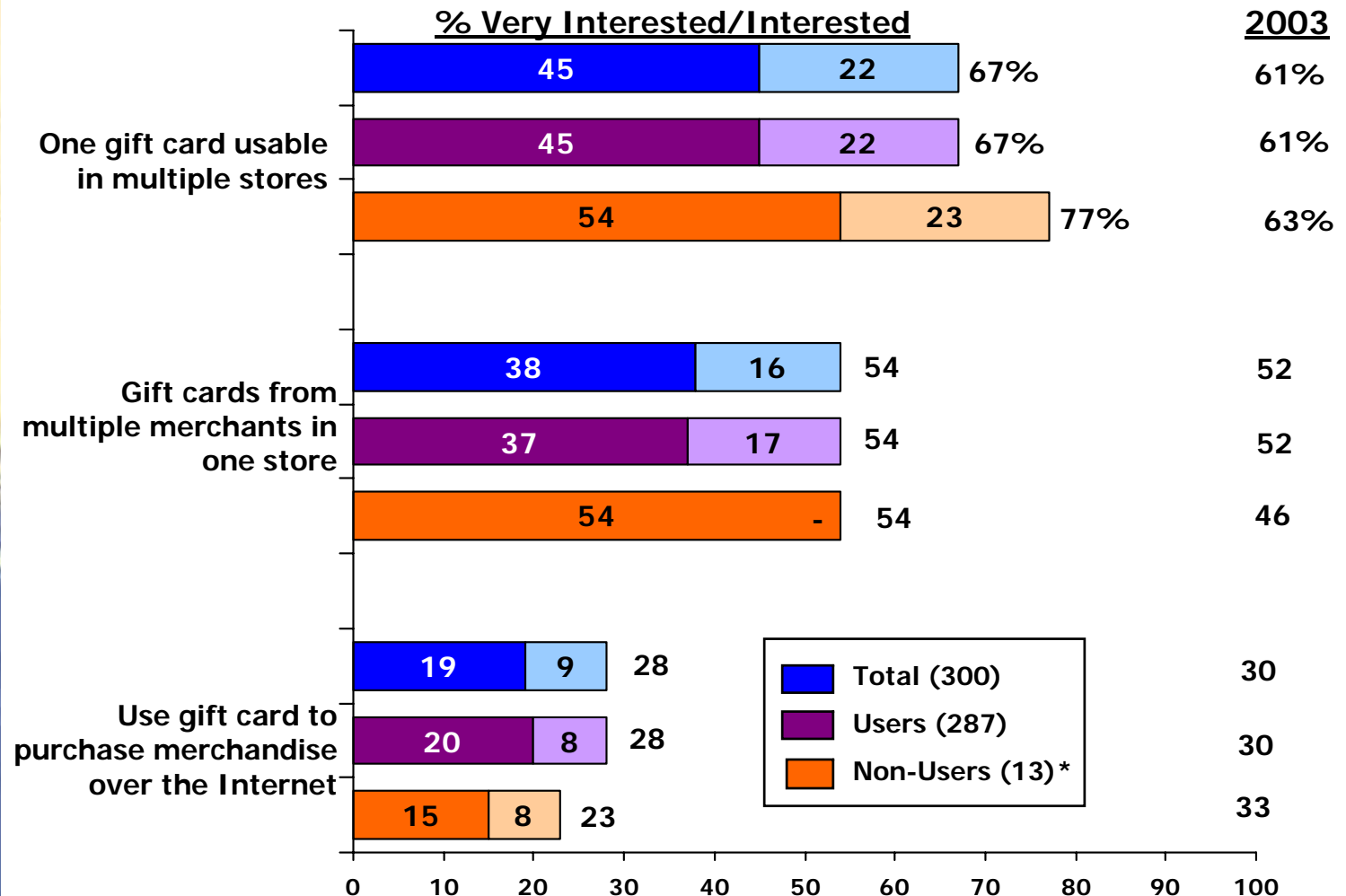
Q.31: Using a scale of one to five, where "5" means you would be very interested, and "1" means you would not be interested at all, how interested would you be in the following options?



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# Interest in Gift Card/Merchant Features

- Previous non-users of gift cards are equally interested in most of the proposed features as are experienced users, and are slightly more interested in one gift card that can be used in multiple stores.



Caution: Small base size.

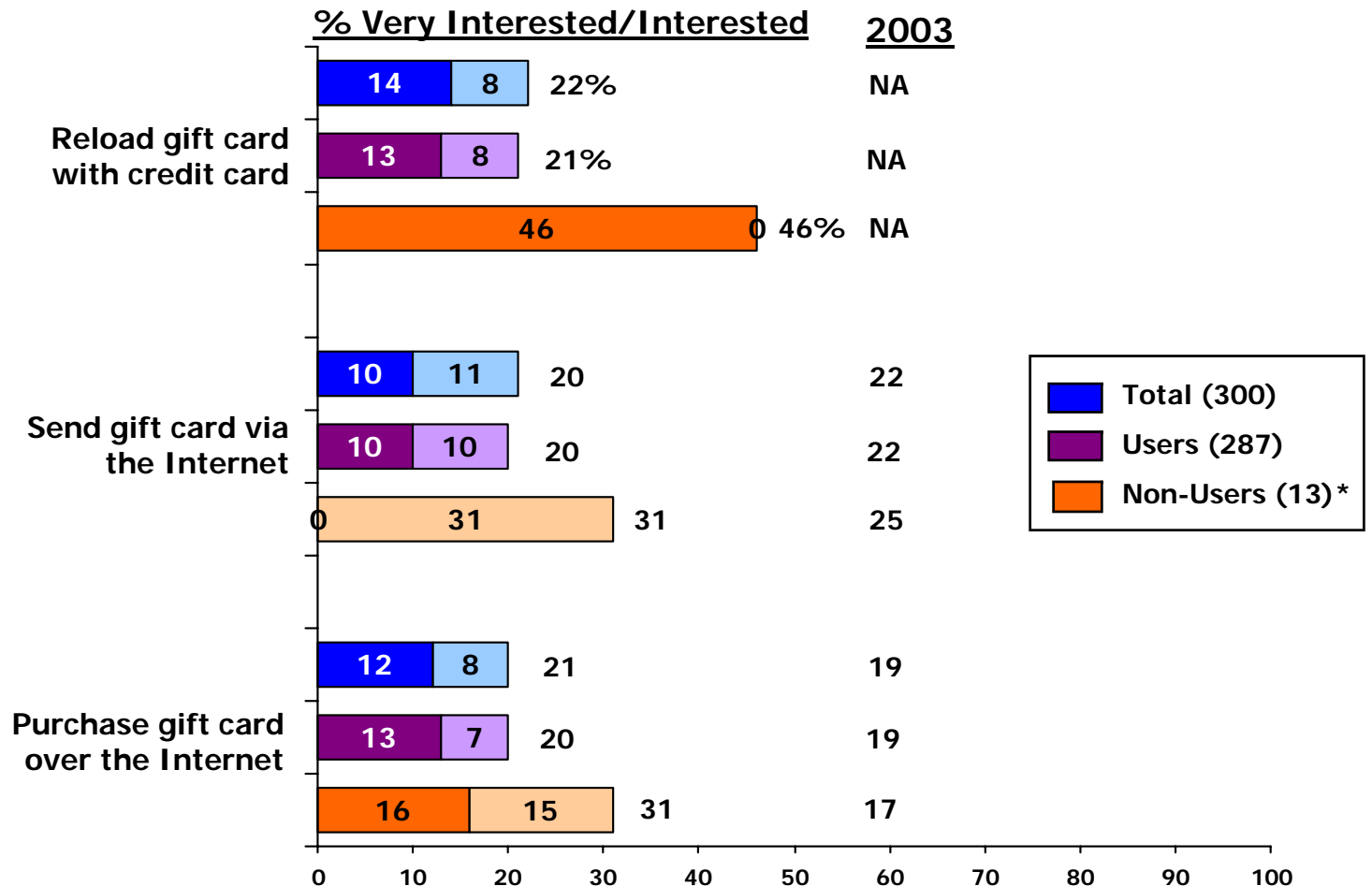
Q.31: Using a scale of one to five, where "5" means you would be very interested, and "1" means you would not be interested at all, how interested would you be in the following options?



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# Interest in Gift Card/Merchant Features

- Non-users are slightly more interested in reloading gift cards with credit cards and using the Internet to purchase and send gift cards than are experienced users.



Caution: Small base size.

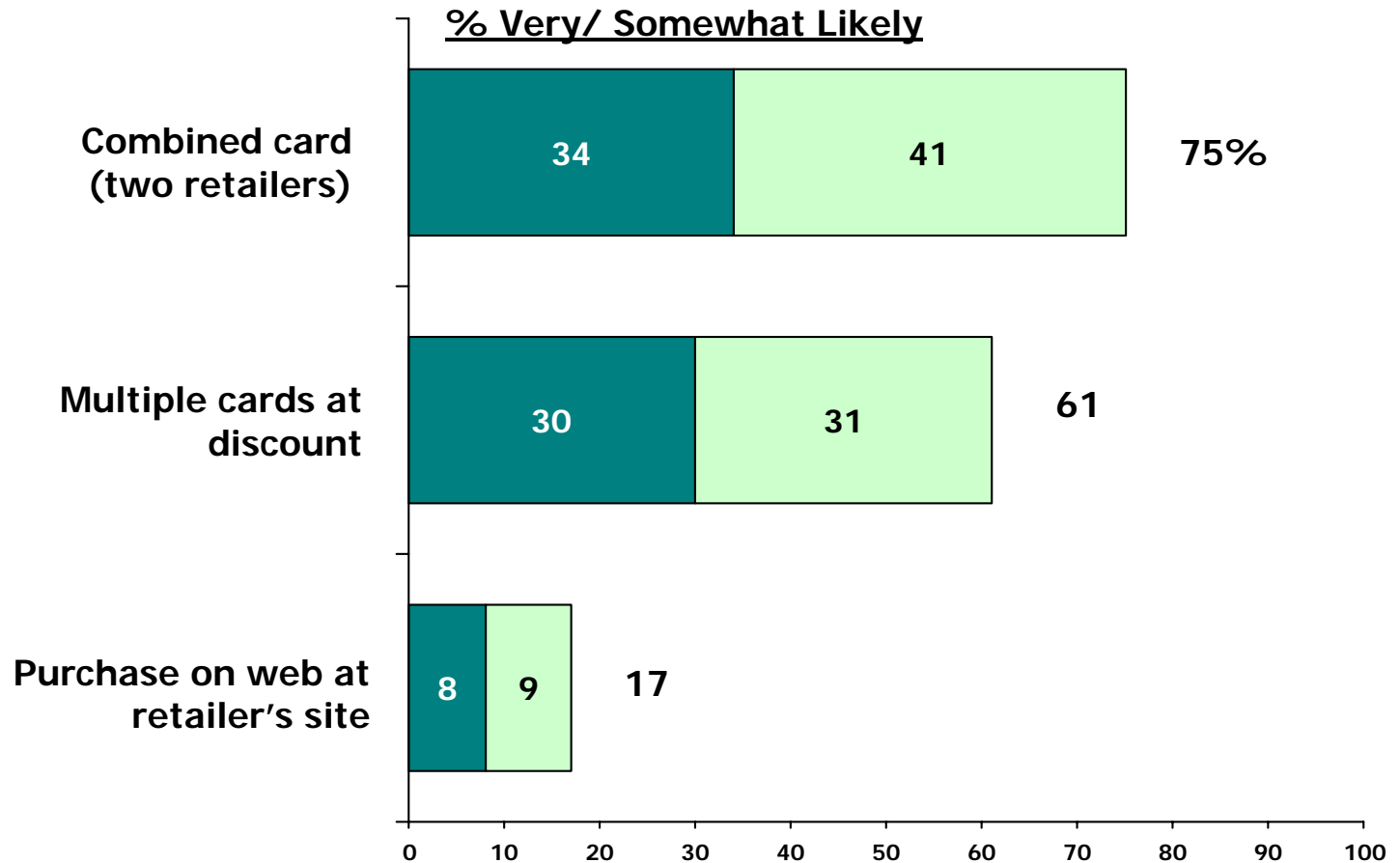
Q.31: Using a scale of one to five, where "5" means you would be very interested, and "1" means you would not be interested at all, how interested would you be in the following options?



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# Likely Impact of Purchase Options (among 300 respondents)

- Three-quarters of respondents say that they would be likely to purchase a card that could be used at two retailers. Six respondents in ten are likely to purchase multiple cards at a discount.



Q.14: If two retailers offered a gift card that was good at both of their stores, how likely would you be to purchase that card? For instance, it might be a dinner and a movie card, or an apparel and a book card.

Q.15: If a retailer offered packets of multiple gift cards at a discount, how likely would you be to buy a packet?

Q.16: How likely are you to buy a gift card on the Web in the next year, from a specific retailer's own website?

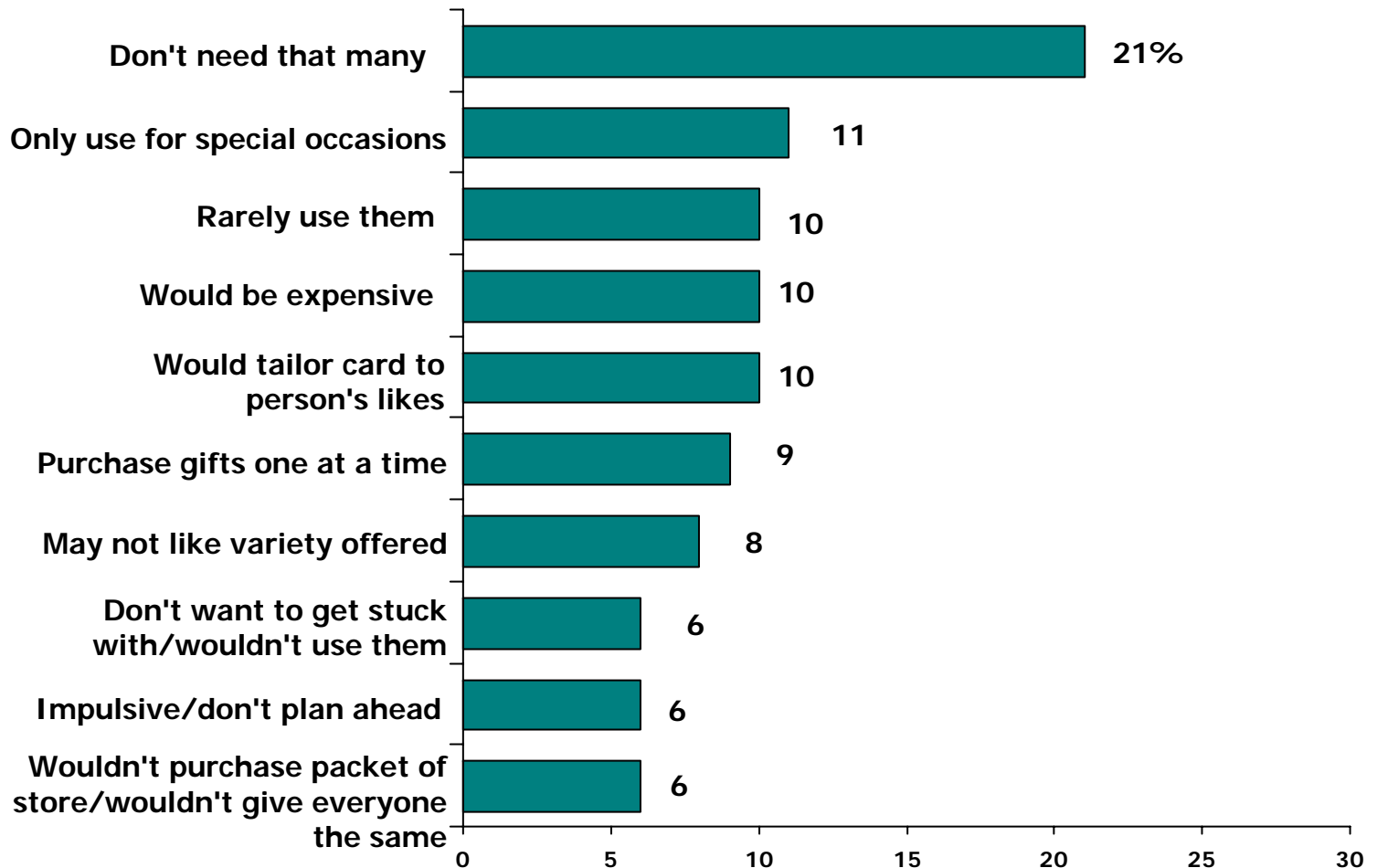


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# Reasons Not Interested in Discount Multi-packs

(among 90 gift card users not likely to buy a packet of multiple gift cards at a discount)

- One respondent in five who is not likely to buy a multi-pack say that they don't need that many.



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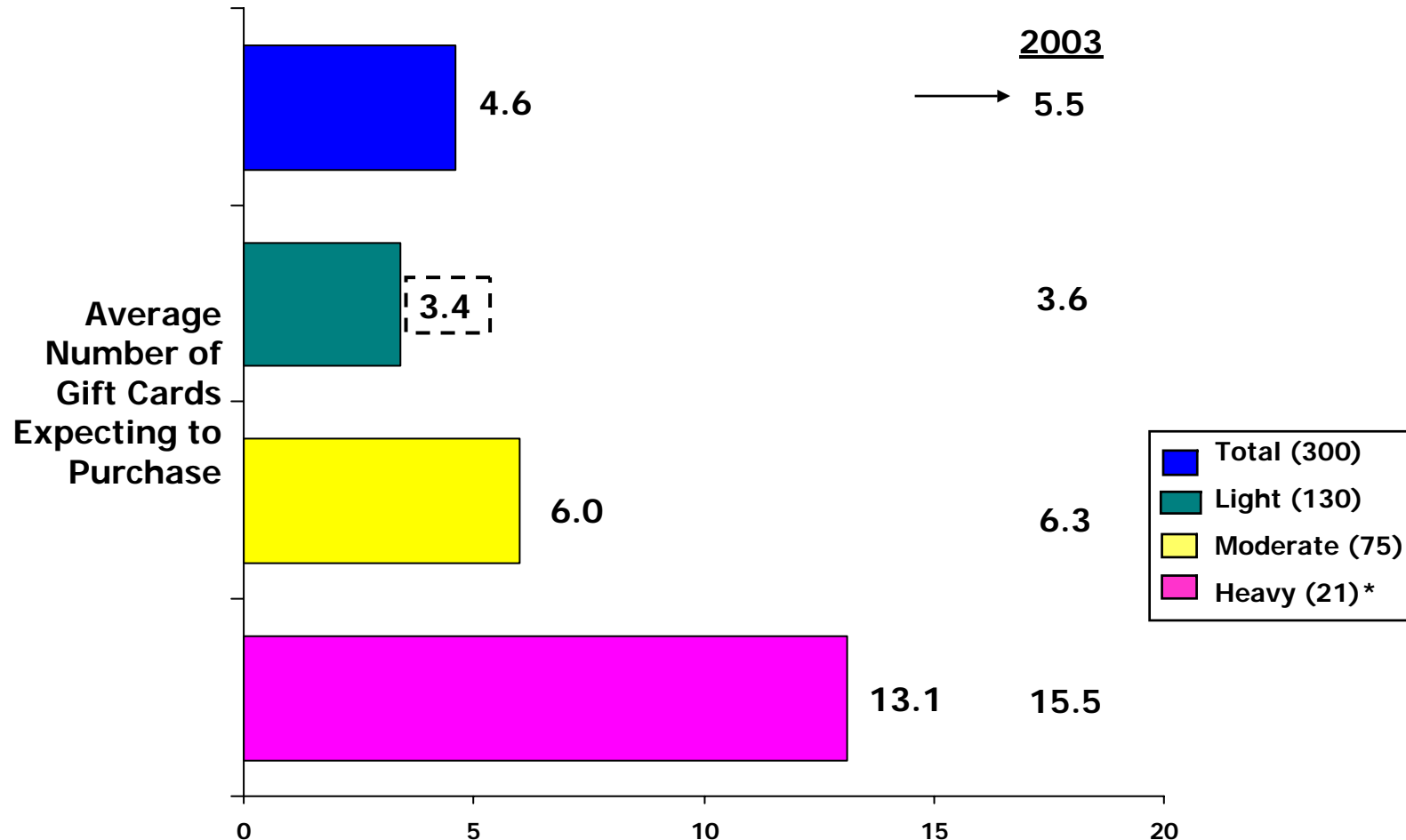
# Expected Gift Card Purchases



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## Expected Card Purchases

- Respondents expect to purchase an average of 4.6 gift cards during the coming holiday season, down from anticipated purchases of 5.5 cards last year. Heavy purchasers will buy the most cards, light purchasers the fewest.



*Caution: Small base size.*

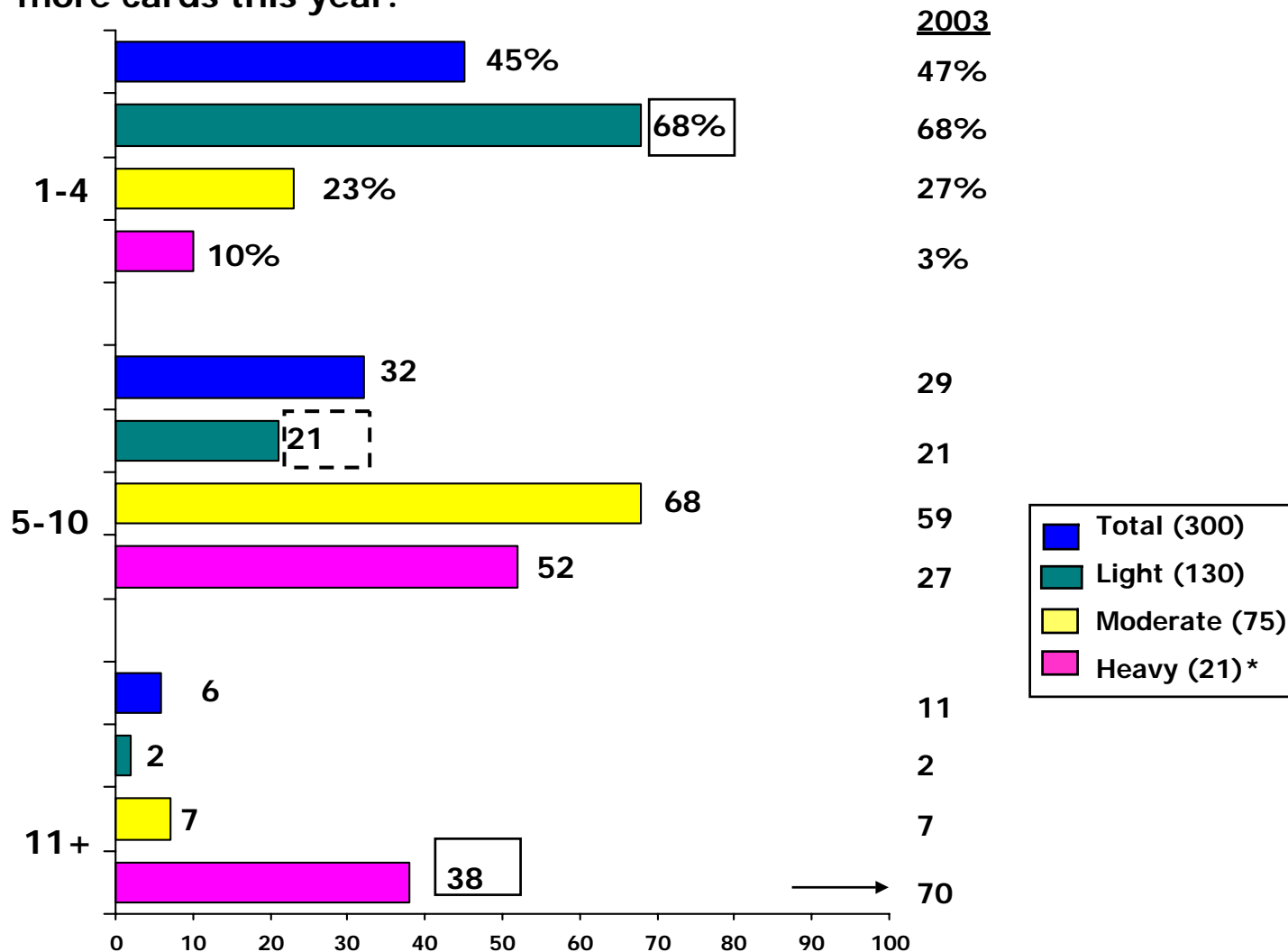
*Q.29: Approximately how many gift cards do you think you might buy over the coming holiday season?*



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## Expected Card Purchases

- One-half of respondents intend to purchase between one and four gift cards in the coming holiday season. One-third will purchase five to ten, and fewer than one in ten will purchase more than 10 gift cards this season. Heavy gift card purchasers are less likely to purchase 11 or more cards this year.



Caution: Small base size.

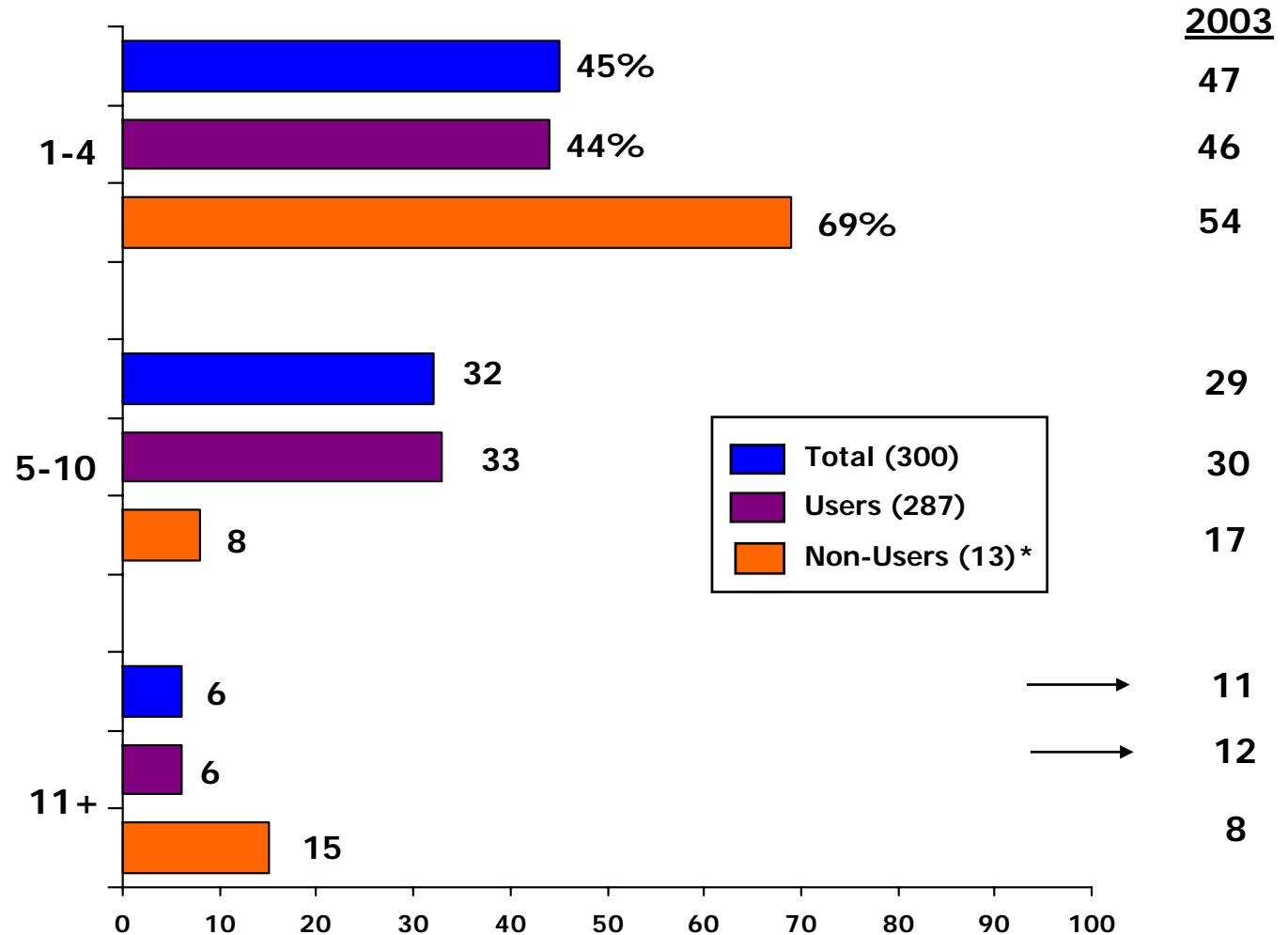
Q.29: Approximately how many gift cards do you think you might buy over the coming holiday season?



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## Expected Card Purchases

- Seven in ten non-users who think that they will purchase gift cards in the coming months expect to purchase between one and four gift cards.



Caution: Small base size.

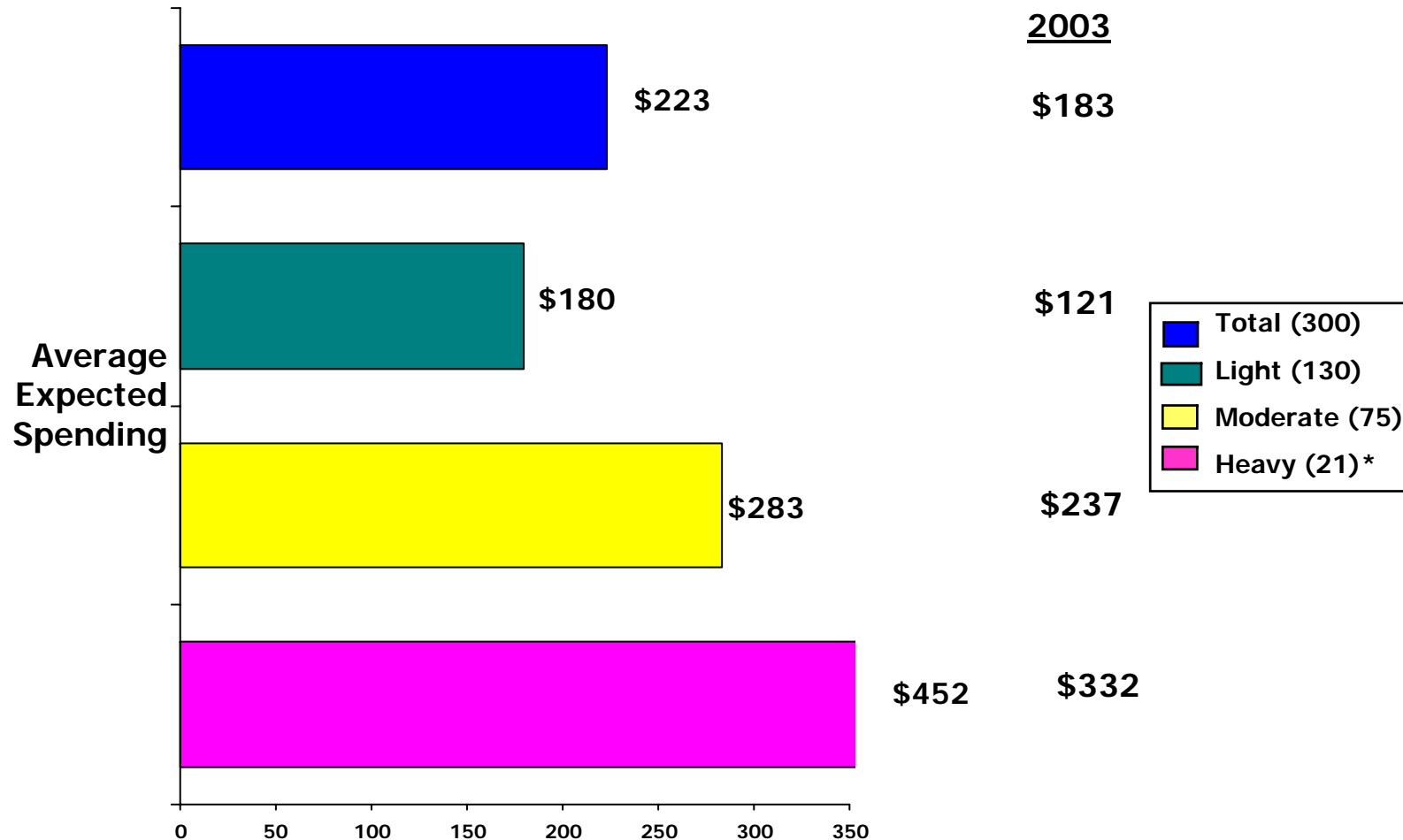
Q.29: Approximately how many gift cards do you think you might buy over the coming holiday season?



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## Expected Spending on Gift Cards

- Respondents overall expect to spend an average of \$223 on gift cards this holiday season, up from \$183 last year.



\* Caution: Small base size.

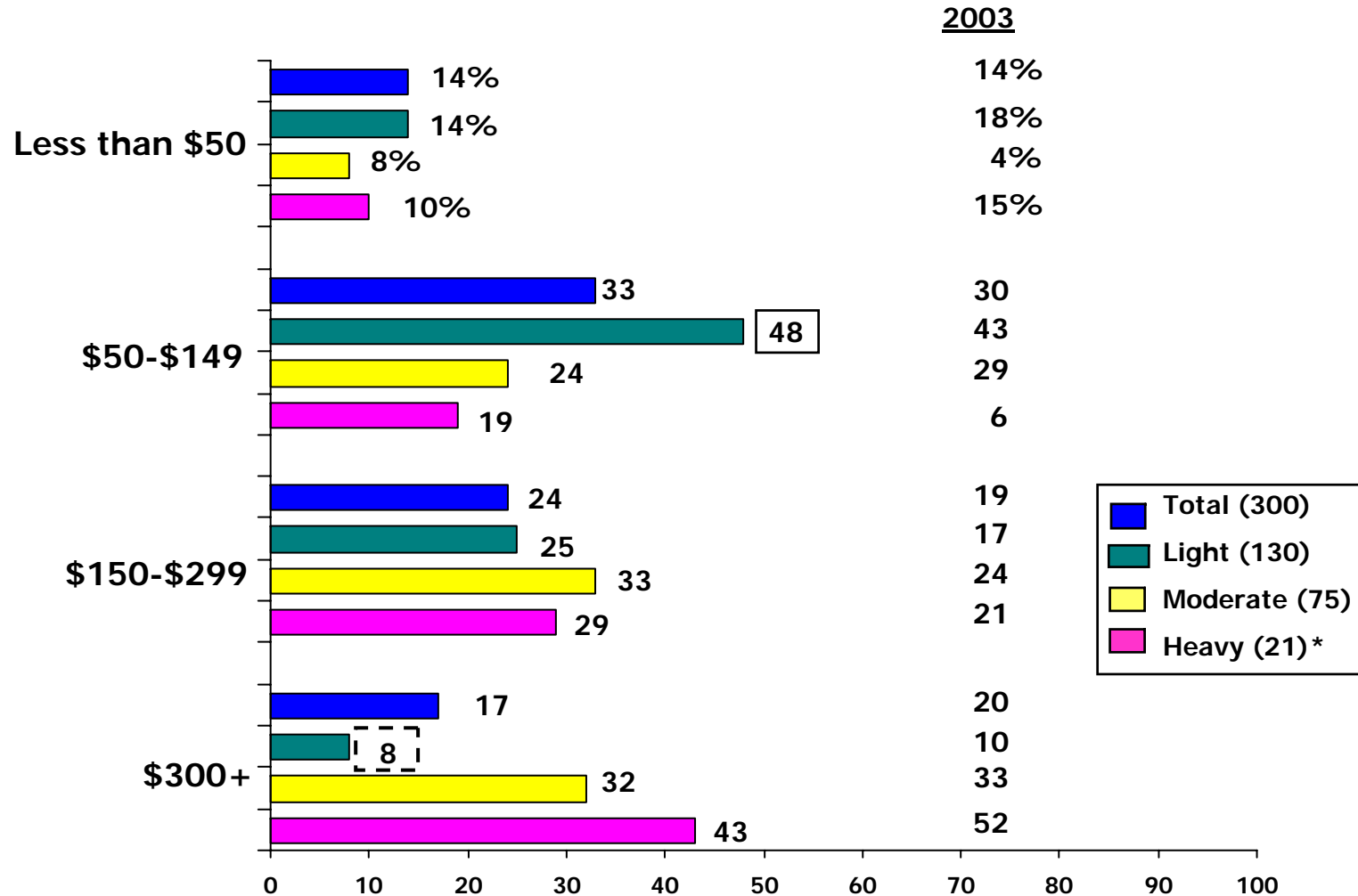
Q.30: In total, how much do you think you will spend on these gift cards?



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# Expected Spending on Card Purchases

- Light gift card purchasers are most likely to spend \$50 - \$149 on gift cards this holiday season; heavy purchasers expect to spend \$300 or more.



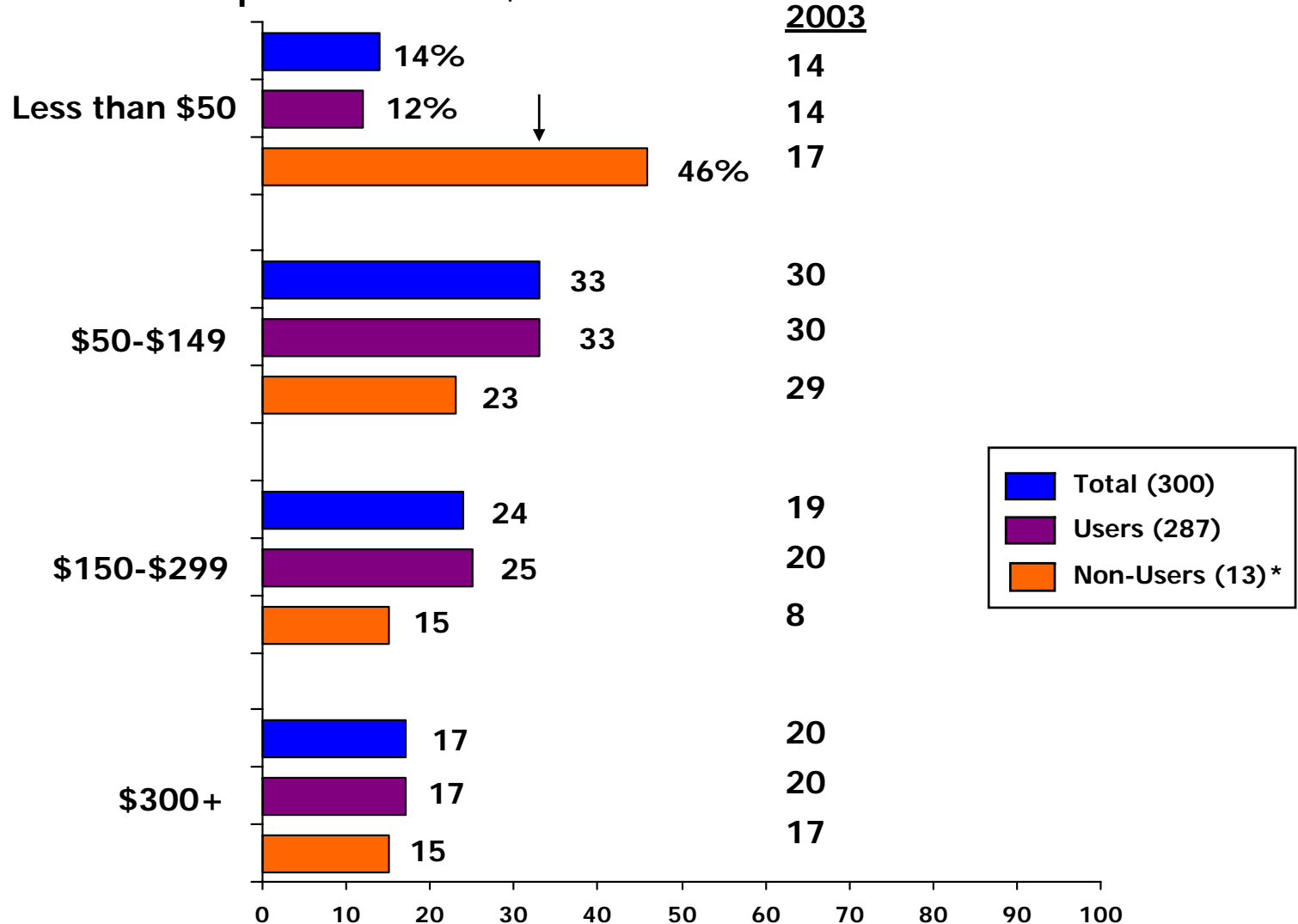
Caution: Small base size.

Q.30: In total, how much do you think you will spend on these gift cards?



## Expected Spending on Card Purchases

- Non-users who expect to purchase gift cards this holiday season are more likely than those who have previously received or purchased gift cards to spend less than \$50.



Caution: Small base size.

Q.30: In total, how much do you think you will spend on these gift cards?

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# Respondent Characteristics



## Respondent Characteristics

- Moderate gift card purchasers are significantly more likely than light purchasers to be 30-39 years of age, and heavy users are more likely than moderate users to be 40-49 years of age.
- Heavy users are less likely than other purchasing groups to identify themselves as White/Caucasian; moderate users are least likely to identify themselves as Black/African American.
- All purchasing groups are more likely to be female.



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## Demographics

	Total (300) %	Purchase		
		Light (1-4) %	Moderate (5-10) %	Heavy (11+) %
(Base)		(130)	(75)	(21)*
<b><u>Age</u></b>				
15-17	4	4	3	-
18-29	18	18	15	10
30-39	18	15	→ 28	14
40-49	19	22	15	→ 38
50-59	21	23	19	19
60+	19	18	19	19
<b><u>Income</u></b>				
Less than \$30,000	25	20	20	24
\$30,000 - \$50,000	25	27	24	14
\$50,000 - \$75,000	16	18	17	14
\$75,000 - \$100,000	12	13	15	10
\$100,000 +	9	11	9	19
<b><u>Ethnicity</u></b>				
White/Caucasian	83	85	89	67
African American/Black	7	8	1	14
Hispanic/Latino	3	3	4	10
Asian	1	-	1	-
Other/Refused	5	4	4	10
<b><u>Gender</u></b>				
Male	26	27	20	19
Female	74	73	80	81

\* Caution: Small size base.

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# Appendix



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# Certification Statement

**Job Number:** 04-8019

**Job Name:** Gift Card Study

## **Standards**

We hereby certify that the research reported herein was designed, conducted, analyzed, and reported following "*generally accepted research procedures*" as defined by The CASRO (Council of American Survey Research Organizations) Code of Standards and Code of Business Practices with regard to confidentiality, privacy, disclosure, data collection, data processing, reporting, data ownership, and storage.

CASRO's Data Collection Guidelines and Data Processing Guidelines are an integral part of our quality control process. We follow these guidelines on all MWI projects.

## **Objectivity**

This report fairly, accurately, and objectively reflects the complete results of our research. Nothing has been omitted from the methodology, tabulations, or analytical report which would change the analysis or interpretation of the reported findings.

## **Use of This Research**

MWI offers this research, including its Conclusions and Recommendations, as our professional judgment in understanding the marketing environment facing the client, and what we conclude and recommend based on our knowledge of the situation at hand in relation to our experience and judgment. Acceptance of this research, and action or results of actions based thereon, are the sole responsibility of the client.

This research is for the sole and exclusive proprietary use of our clients and its agents. Any use of this research in advertising, promotion, or publicity should be reviewed by The Marketing Workshop, Inc. prior to such use.

## **Additional Information**

Additional information on any aspect of this research, in accordance with CASRO guidelines, will be provided upon request.

## **Submitted by:**

Carolyn H. Garfein, Sr. Vice President  
THE MARKETING WORKSHOP, INC.  
October 2004



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**Comdata  
Gift Card Survey**

Hello, this is \_\_\_\_\_ with Compass Research, an independent market research firm. We're conducting a survey about gift card purchasing habits, and would like to include your opinion. **DO NOT PAUSE**

1a. Have you ever received a gift card? When I say "gift card," I'm referring to the cards you can purchase at retailers instead of a paper gift certificate, not a greeting card.

- |                                 |   |
|---------------------------------|---|
| Yes                             | 1 |
| No                              | 2 |
| <b>(DO NOT READ)</b> Don't Know | 3 |

1b. Have you ever purchased a gift card, either for yourself or someone else? Again, when I say "gift card," I'm referring to the cards you can purchase at retailers instead of a paper gift certificate. **(MULTIPLE ANSWERS ALLOWED)**

- |                                 |   |   |                     |
|---------------------------------|---|---|---------------------|
| Yes, for myself                 | 1 | → | <b>ASK Q.3a</b>     |
| Yes, for someone else           | 2 | → | <b>SKIP TO Q.3b</b> |
| No                              | 3 |   |                     |
| <b>(DO NOT READ)</b> Don't Know | 4 |   |                     |

**IF "NO/DK" AT Q.1A AND "DK" AT Q.1B, THANK AND TERMINATE.**

2a. Is there a specific reason that you do not purchase gift cards? **(MULTIPLE ANSWERS ALLOWED, IF "OTHER," PROBE AND CLARIFY)**

- |   |   |
|---|---|
| Never occurred to me                      | 1 |
| Unfamiliar with them/how they work        | 2 |
| Too impersonal                            | 3 |
| Never saw them on display/can't find them | 4 |
| Worried about them being stolen           | 5 |
| Other ( <b>SPECIFY</b> ) _____            | 6 |
| <b>(DO NOT READ)</b> Don't Know           | 7 |

2b. What, if anything, would make you more interested in purchasing a gift card? **(PROBE & CLARIFY)**



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2c. How likely are you to purchase a gift card during the holiday season this year? Would you say...

Very Likely	5	→	<b>IF "NO/DK" AT Q.1A, SKIP TO Q.9</b>
Somewhat Likely	4	→	<b>IF "NO/DK" AT Q.1A, SKIP TO Q.9</b>
Neither likely nor Unlikely	3	→	<b>IF "NO/DK" AT Q.1A, SKIP TO Q.9</b>
Somewhat Unlikely	2	→	<b>IF "NO/DK" AT Q.1A, TERMINATE</b>
Very Unlikely	1	→	<b>IF "NO/DK" AT Q.1A, TERMINATE</b>
<b>(DO NOT READ)</b> Don't Know	6	→	<b>IF "NO/DK" AT Q.1A, TERMINATE</b>

**GIFT CARD PURCHASERS (PUNCH 1 AND/OR 2 AT Q.1b)**

3a. **(ASK IF Q.1b=1)** You mentioned that you have purchased a gift card for yourself. What are the main reasons you purchase gift cards for yourself? **(PROBE & CLARIFY)**

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3b. **(ASK IF Q.1b=2)** What are the main reasons you purchase gift cards for others? **(DO NOT READ LIST. MULTIPLE ANSWERS ALLOWED)**

Can't decide what else to get them	1
I want them to be able to get what they want	2
I don't want to have to worry about the right size, color, etc.	3
It's faster to get a card than to shop for an item	4
It's easier to mail a gift card than a package	5
It's cheaper to mail a gift card than a package	6
Other (SPECIFY)	7
<b>(DO NOT READ)</b> Don't Know	8

4. How many gift cards have you purchased in the past year, that is, since last fall?

None	1
1	2
2	3
3	4
4	5
5-10	6
11-20	7
21+	8
<b>(DO NOT READ)</b> Don't Know	9



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5. For whom do you usually purchase gift cards? **(DO NOT READ LIST. MULTIPLE ANSWERS ALLOWED)**
- |                                 |    |
|---------------------------------|----|
| Parent                          | 1  |
| Spouse                          | 2  |
| Sibling                         | 3  |
| Child                           | 4  |
| Other relative                  | 5  |
| Boyfriend/Girlfriend            | 6  |
| Friend                          | 7  |
| Co-worker                       | 8  |
| Other (SPECIFY) _____           | 9  |
| <b>(DO NOT READ)</b> Don't Know | 10 |
6. For what occasions do you usually purchase gift cards? **(DO NOT READ LIST. MULTIPLE ANSWERS ALLOWED)**
- |                                 |    |
|---------------------------------|----|
| Christmas/Hanukah/Kwanzaa       | 1  |
| Birthday                        | 2  |
| Graduation                      | 3  |
| Mother's Day                    | 4  |
| Father's Day                    | 5  |
| Valentine's Day                 | 6  |
| Wedding Shower Gift             | 7  |
| Anniversary                     | 8  |
| Baby Shower Gift                | 9  |
| Other (Specify) _____           | 10 |
| <b>(DO NOT READ)</b> Don't Know | 11 |
7. What is the average value of the gift cards you purchase?
- \$ \_\_\_\_\_
- (DO NOT READ)** Don't Know 1
8. Overall, when you purchase gift cards for others do you intend from the beginning to get a gift card, or is it an impulse decision?
- |                                     |   |
|-------------------------------------|---|
| Plan to purchase from the beginning | 1 |
| Impulse decision                    | 2 |
| <b>(DO NOT READ)</b> Don't Know     | 3 |



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9. How important would the appearance of a card be in your decision to purchase it? Would you say . . .

**READ CHOICES**

Very important	5
Somewhat important	4
Neither important nor unimportant	3
Somewhat unimportant	2
Very unimportant	1
<b>(DO NOT READ)</b> Don't Know	6

10. How important would it be that a merchant offers you a choice of designs, for instance, cards that have the words "Happy Birthday" or "Congratulations," when you purchase a gift card? Would you say . . .

**READ CHOICES**

Very important	5
Somewhat important	4
Neither important nor unimportant	3
Somewhat unimportant	2
Very unimportant	1
<b>(DO NOT READ)</b> Don't Know	6

11. I'm going to name several options in a gift card design. For each one tell me how important that item would be in your decision to **purchase** a gift card: **REPEAT SCALE AS NEEDED.**

	Very Imp.	Somewhat Imp.	Neither	Somewhat Unimp.	Very Unimp.	DK
The card design reflects the occasion for which you are purchasing it such as a birthday, anniversary or holiday design.	5	4	3	2	1	6
The card is an unusual shape.	5	4	3	2	1	6
The card is made out of an unusual material other than traditional plastic.	5	4	3	2	1	6
The card is a "see through" card, made of clear plastic.	5	4	3	2	1	6
The card has a hologram on it so that the image changes as you reposition the card.	5	4	3	2	1	6



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12. If you knew that a retailer offered gift cards from a variety of merchants, rather than just one, how likely would you be to go to that specific retailer for gift cards? Would you say...
- |                                 |   |
|---------------------------------|---|
| Very Likely                     | 5 |
| Somewhat Likely                 | 4 |
| Neither Likely nor Unlikely     | 3 |
| Somewhat Unlikely               | 2 |
| Very Unlikely                   | 1 |
| <b>(DO NOT READ)</b> Don't Know | 6 |
13. How much more likely would you be to buy a gift card if the retailer offered you some sort of small gift with a value of less than \$5, as a bonus for purchasing the gift card? Would you say...
- |                                 |   |
|---------------------------------|---|
| Much More Likely                | 3 |
| Somewhat More Likely            | 2 |
| Not any More Likely             | 1 |
| <b>(DO NOT READ)</b> Don't Know | 4 |
14. If two retailers offered a gift card that was good at both of their stores, how likely would you be to purchase that card? For instance, it might be a dinner and a movie card, or an apparel and a book card.
- |                                 |   |
|---------------------------------|---|
| Very Likely                     | 5 |
| Somewhat Likely                 | 4 |
| Neither Likely nor Unlikely     | 3 |
| Somewhat Unlikely               | 2 |
| Very Unlikely                   | 1 |
| <b>(DO NOT READ)</b> Don't Know | 6 |
15. If a retailer offered packets of multiple gift cards at a discount, how likely would you be to buy a packet?
- |                                 |   |   |                      |
|---------------------------------|---|---|----------------------|
| Very Likely                     | 5 | ? | <b>SKIP TO Q. 16</b> |
| Somewhat Likely                 | 4 | ? | <b>SKIP TO Q. 16</b> |
| Neither Likely nor Unlikely     | 3 | ? | <b>SKIP TO Q. 16</b> |
| Somewhat Unlikely               | 2 |   |                      |
| Very Unlikely                   | 1 |   |                      |
| <b>(DO NOT READ)</b> Don't Know | 6 | ? | <b>SKIP TO Q. 16</b> |



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15a. Why are you unlikely to buy a packet of multiple gift cards? **PROBE & CLARIFY**

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16. How likely are you to buy a gift card on the Web in the next year, from a specific retailer's own website?

- |                                 |   |
|---------------------------------|---|
| Very Likely                     | 5 |
| Somewhat Likely                 | 4 |
| Neither Likely nor Unlikely     | 3 |
| Somewhat Unlikely               | 2 |
| Very Unlikely                   | 1 |
| <b>(DO NOT READ)</b> Don't Know | 6 |

**GIFT CARD RECEIVERS (PUNCH 1 AT Q.1a) ASK Q.17-Q.28**

17. How many gift cards have you received in the past year, that is, since last fall?

- |                                 |   |
|---------------------------------|---|
| None                            | 1 |
| 1                               | 2 |
| 2                               | 3 |
| 3                               | 4 |
| 4                               | 5 |
| 5-10                            | 6 |
| 11-20                           | 7 |
| 21+                             | 8 |
| <b>(DO NOT READ)</b> Don't Know | 9 |

18. What is the average value of the gift cards you have received in the past year? **RECORD WHOLE DOLLAR AMOUNT.**

\$ \_\_\_\_\_

19. When you receive a gift card, how long would you say you hold the card before you redeem its entire value?

- |                                 |   |
|---------------------------------|---|
| 1 week or less                  | 1 |
| Between 1 week and 1 month      | 2 |
| Between 1 and 6 months          | 3 |
| Between 6 months and 1 year     | 4 |
| More than 1 year                | 5 |
| <b>(DO NOT READ)</b> Don't Know | 9 |



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20. What are your favorite types of retailers to receive gift cards from? **DO NOT READ CHOICES.**

Books	1
Clothing store	2
Coffee shop	3
Electronics	4
Home Improvement	5
Movie Theatre	6
Movie Rentals	7
Music	8
Restaurant	9
Others (specify)	10

21. When you use a gift card, do you ever dispose of the card with a few pennies still left on it, or do you always make sure that it is completely used up?

Leave a few pennies sometimes	1
Always use it up	2
<b>(DO NOT READ)</b> Don't Know	3

22. Have you ever used a gift card's value up and then paid the retailer to put more on it for future use?

Yes	1		
No	2	?	<b>SKIP TO Q. 24</b>
<b>(DO NOT READ)</b> Don't Know	3	?	<b>SKIP TO Q. 24</b>

23. If you have reloaded a gift card, what is the average amount you reloaded it with? **RECORD WHOLE DOLLAR AMOUNT.**

\$ \_\_\_\_\_

24. When you make purchases with a gift card, how often do you spend more than the value of the card, using your own money to make up the difference?

Always	1
Often	2
Sometimes	3
Rarely	4
Never	5
<b>(DO NOT READ)</b> Don't Know	6



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25. The last time you received a gift card as a gift, how was it packaged? **(MULTIPLE ANSWERS POSSIBLE, READ CHOICES IF NECESSARY)**

Just by itself, no envelope	1
Envelope provided by retailer	2
Envelope provided by person who gave you the card	3
Cardboard backer provided by retailer	4
Special package provided by retailer	5
Special package provided by person who gave you the card	6
<b>(DO NOT READ)</b> Don't Know	7

26. What is the most creative, fun way you have ever been given a gift card? **(PROBE & CLARIFY)**

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27. Have you ever received a gift card from a store that you did not normally frequent, and then begun shopping there on a more regular basis as a result?

Yes	1
No	2
<b>(DO NOT READ)</b> Don't Know	3

28. Has your employer ever used gift cards as incentives, gifts or rewards for employees?

Yes	1
No	2
<b>(DO NOT READ)</b> Don't Know	3

**ASK ALL**

29. Approximately how many gift cards do you think you might buy over the coming holiday season?

\_\_\_\_\_

**IF "0," SKIP TO Q.31**

30. In total, how much do you think you will spend on these gift cards? **RECORD WHOLE DOLLAR AMOUNT.**

\$ \_\_\_\_\_



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31. Using a scale of one to five, where "5" means you would be very interested, and "1" means you would not be interested at all, how interested would you be in the following options? **(RANDOMIZE LIST)**

The ability to purchase gift cards over the Internet	_____
The ability to send a gift card to someone via the Internet	_____
The ability to use a gift card you have received to purchase merchandise over the Internet	_____
The ability to purchase a single gift card that could be used in more than one type of store	_____
The ability to purchase gift cards from multiple merchants at one store	_____
The ability to reload a gift card using a major credit card	_____

32. What, if anything, do you dislike about gift cards? **(PROBE & CLARIFY)**

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I just have a few more questions that will help us group your answers with others.

33. Which of the following ranges includes your age?

15-17	1
18-24	2
25-29	3
30-34	4
35-39	5
40-44	6
45-49	7
50-59	8
60+	9
<b>(DO NOT READ)</b> Don't Know	10

34. Which of the following categories most closely represents your annual household income? **(READ LIST.)**

Under \$20,000	1
\$20,000 to less than \$30,000	2
\$30,000 to less than \$40,000	3
\$40,000 to less than \$50,000	4
\$50,000 to less than \$75,000	5
\$75,000 to less than \$100,000	6
\$100,000 and over	7
<b>(DO NOT READ)</b> Don't know/Refused	8



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35. To be sure we're representing all groups in this survey, please tell me with which of the following ethnicities you most closely identify. **(READ LIST)**?

- |                                 |   |
|---------------------------------|---|
| African American/Black          | 1 |
| White/Caucasian                 | 2 |
| Hispanic/Latino                 | 3 |
| Asian                           | 4 |
| Other <b>(SPECIFY)</b> _____    | 5 |
| <b>(DO NOT READ)</b> Don't know | x |

36. Gender **(DO NOT ASK)**

- |        |   |
|--------|---|
| Male   | 1 |
| Female | 2 |

Thank you for your time and cooperation. Your opinions **DO** count!

Before I hang up, I would like to verify that I reached you at **(READ THE PHONE NUMBER YOU DIALED)**. And, may I please have your name in case my supervisor needs to validate this interview?

Respondent's Name: \_\_\_\_\_ Phone: (\_\_\_\_)\_\_\_\_\_

Interviewer's Name: \_\_\_\_\_ Date: \_\_\_\_\_