

IGN!TE 2005

2005 Update: Consumer Gift Card Benchmark Surveys

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- **Adult (October, 2004)—third year**
- **Teen (March, 2005)—second year**

2005 Update: Consumer Gift Card Benchmark Surveys

Adults 18 and up

Objectives

- Understand the usage of, and opinions about, gift cards among adult consumers
- Gain insight into intent to purchase during the winter holiday season

Methodology

- Independent national research firm
- 300 telephone interviews/national random sample of adult consumers between August 24 and September 4, 2004
- 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
- \pm 95% confidence; 2-8 pt. sampling error

Highlights in Four Areas

- **Purchasing Behavior**
- **Purchase Intent**
- **Purchase/Use Value**
- **Card Presentation**

Purchasing Behavior

- 75% of consumers have either purchased or received a gift card. *Up from 68% in 2003.*
- One-fourth (*one-third in 2003*) have never purchased or received, but of these, two in 10 (21%) say that they are likely to purchase this holiday season.
- Primary reason non-users have never purchased is that it has not occurred to them (26%/ *36% last year*)-- only 1 in 10 says gift cards are “too impersonal” or they prefer gifts or cash. One in 10 might be persuaded if there were a discount.

Purchase Intent

- *On average, number of gift cards expected to purchase declined from 2003 but expected spending on gift cards increased 20%.*
- Primary reasons for purchase is they want the recipient to get what they really want, including right size, color, etc. (49%), or can't decide what else to get (28%).
- 7 in 10 (*two-thirds in 2003*) gift card purchasers intend from the beginning to purchase a gift card for a particular recipient; two in 10 (*one in 10 in 2003*) make the decision as an impulse.

Purchase Intent

- Most purchases are for relatives outside immediate family (59%/49% in 2003) and friends (44%). Approximately 2 respondents in 10 purchase gift cards for their children (24%), parents (12%/21% in 2003), or siblings (16%).
- Most often purchased for birthdays (84%) and winter holidays (68%).
- 2 respondents in 10 say they have purchased for themselves – purchase cheaper gas, use in the future, or for convenience (*up from 1*). *Used to avoid carrying cash is up significantly, 21% vs. 2%*

Purchase/Use Value

- Average load is \$42/*\$38 in 2003*. Most popular ranges are \$20-\$29, and \$50 or more.
- Among those who have received gift cards, 7 in 10 use cards completely (68%/79% in 2003) and 8 in 10 discard 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%).
- Two in five redeem the entire value within one month; two in 10 wait six months or more.

Purchase/Use Value

- *Seven in 10 who have reloaded their cards put \$20 or more back on the card.*
- 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.

Card Presentation

- Slightly less than one-half say 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 significantly more likely than moderate purchasers to say that both of these attributes are important to their decision to make a purchase. Appearance and design are also slightly more important to non-users than to previous gift card users.

Card Presentation

- *Six in 10 view gift cards that reflect the occasion celebrated as an important design option.*
- *Seven in 10 say they are very or somewhat likely to purchase cards from a retailer who offers cards from a variety of merchants (69%)*
- *Six in 10 say they are likely to purchase from a retailer who offers a small gift as a bonus.*

Card Presentation

- *75% would be likely to purchase a combo card usable at two retailers.*
- *Six in 10 are likely to purchase same-merchant multiple card packs at a discount--main reason for not purchasing multi-packs is the they don't need that many.*

2005 Update: Consumer Gift Card Benchmark Surveys

Teens

Objectives

- Determine the overall purchasing power of teens
- Understand the usage of, and opinions about, gift cards among teen buyers and teen recipients

Methodology

- Independent national research firm
- On-line survey among teens, grades 10-12, with some post-secondary plans
- March 18-April 4, 2005
- 600 completed interviews, equally divided by grade and gender
- \pm 95% confidence level

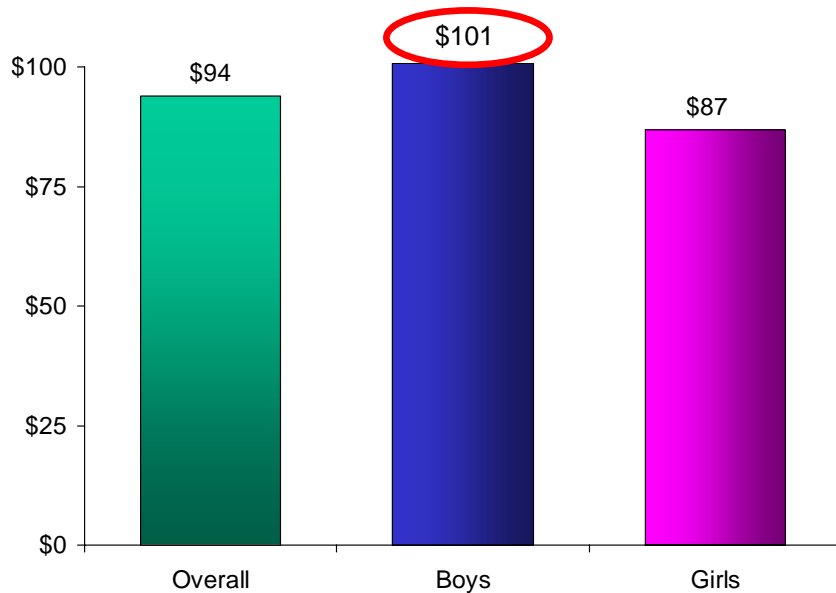
Highlights in Three Areas

- **Disposable Income**
- **Purchase behaviors**
- **Redemption Issues**
- **Card Presentation**

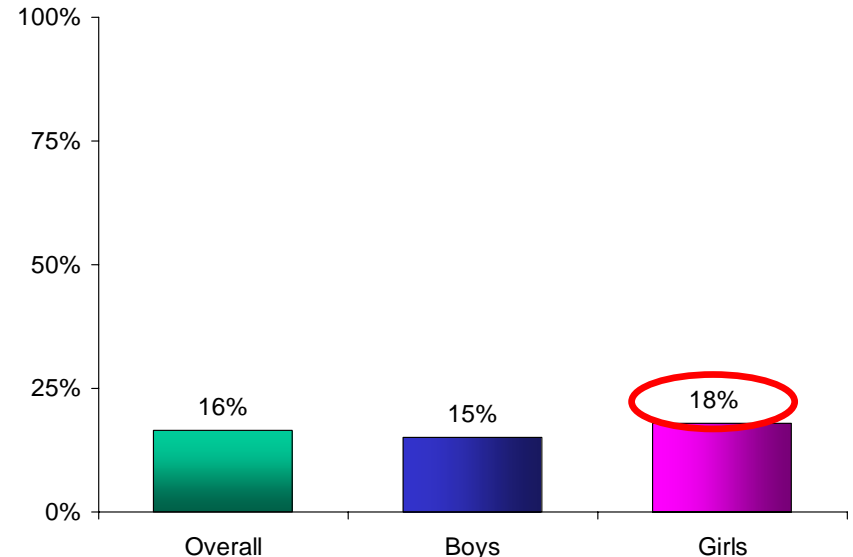
\$94 per month average disposable income

(While girls have less money to spend, they spend a greater portion of it on gifts.)

Disposable Income per Month



% of money spent on gifts



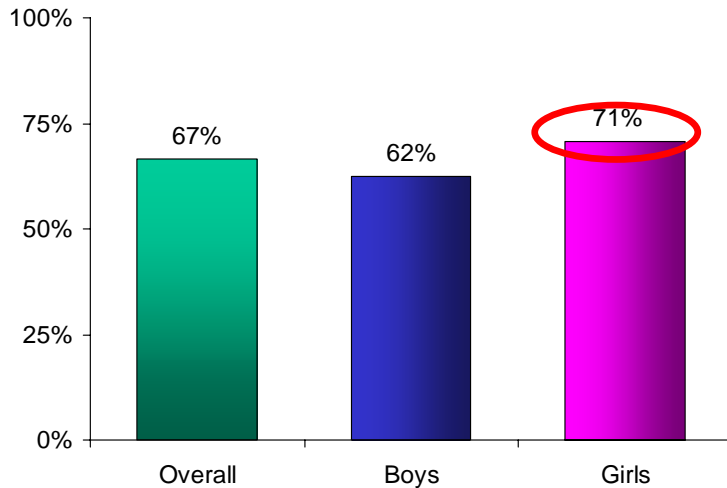
Q1. On average, how much money do you receive per month from all sources that is yours to do with as you want?

Q2. Over the course of a year, what percentage of your money would you say you spend on gifts for your family or friends?

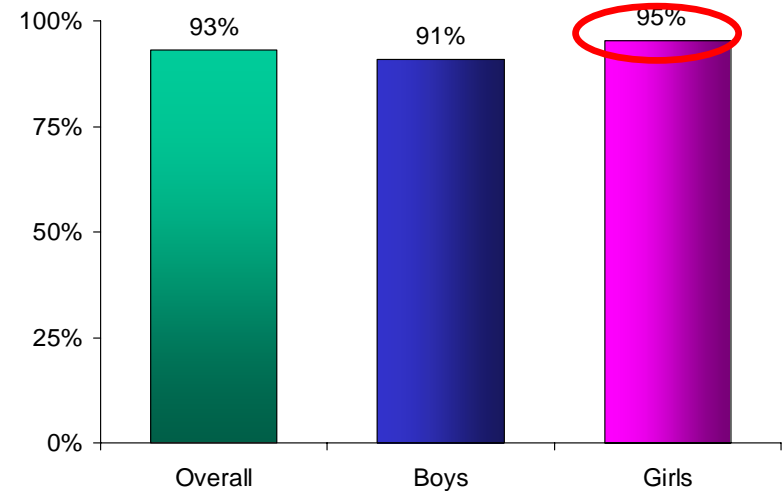
Base: Total: n=600, Boys: n=300, Girls: n=300

67% of teens have purchased a card.
93% have received one.

Buy Gift Cards



Receive Gift Cards



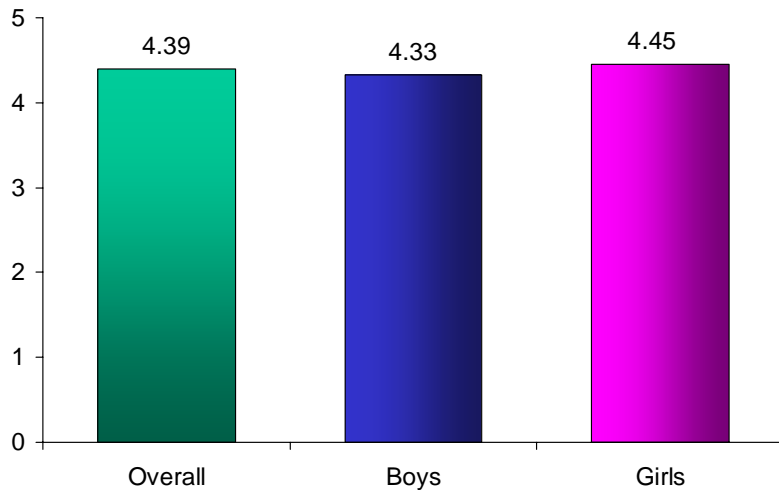
Q3. Have you ever purchased a gift card, either for yourself or someone else?

Q13. Have you ever received a gift card as a gift from someone else?

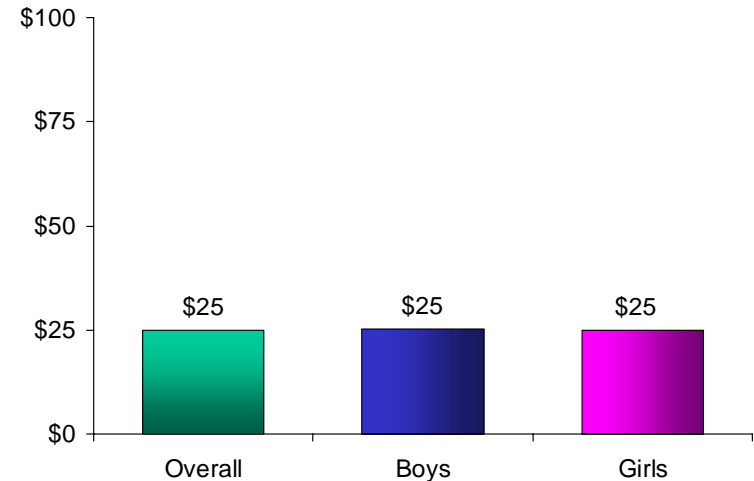
Base: Total: n=600, Boys: n=300, Girls: n=300

Purchasing behavior: Teens spend an average of \$100 per year on gift cards.

of Gift Cards Purchased in Last 12 Months



Average Value of Gift Cards Purchased



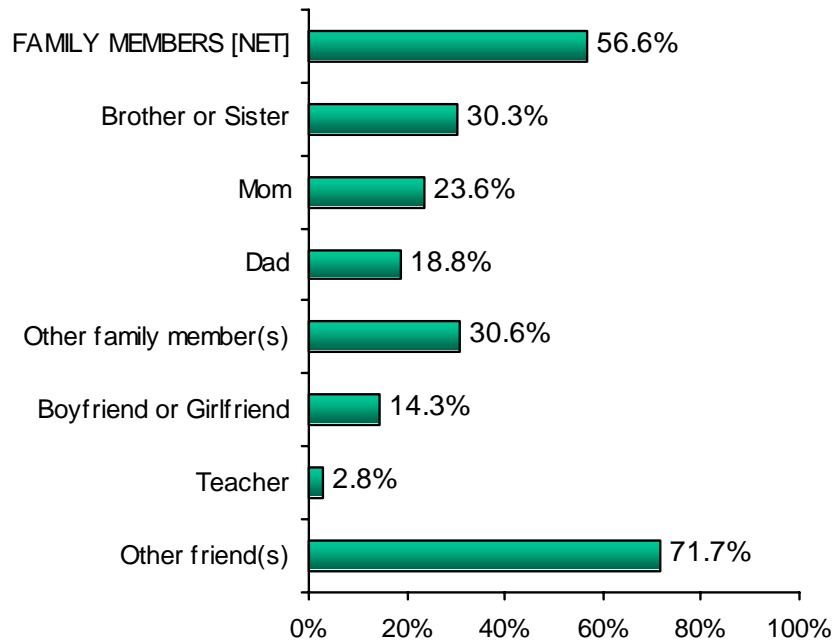
Q4. Over the last twelve months, approximately how many gift cards did you purchase as gifts for family or friends?

Q5. What would you say was the most common face value of the gift cards you purchased for family and friends?

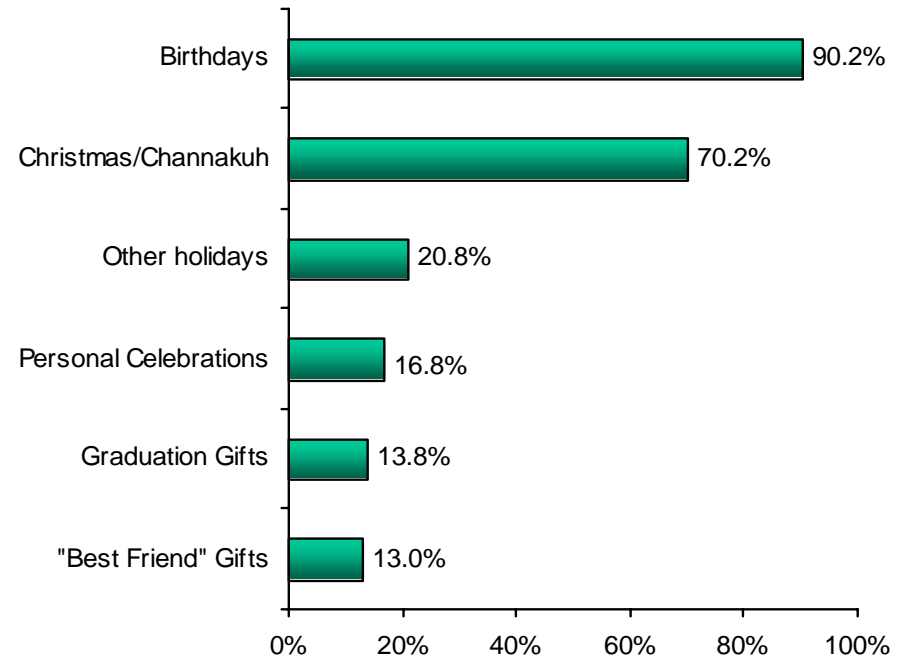
Base: Total: n=399, Boys: n=187, Girls: n=212

Purchasing Behavior: Teens tend to buy gift cards for friends and family, primarily for birthdays and Christmas.

Recipients of Gift Cards



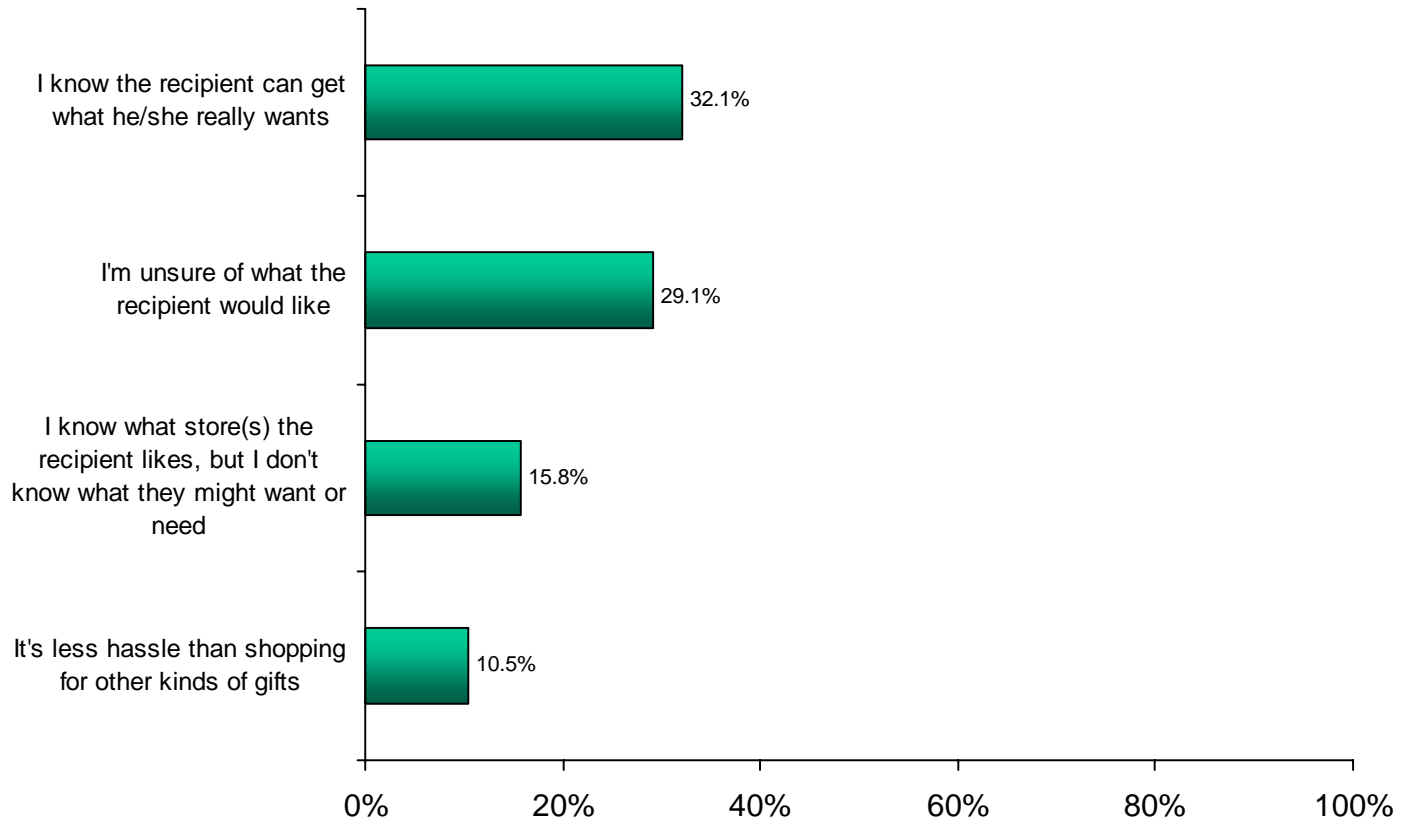
Occasions for Giving Gift Cards



Q6. For whom do you most often purchase gift cards?
Q7. For what occasions do you usually purchase gift cards?
Base: Total: n=399

Purchasing Behavior: For teens, gift cards take the risk out of gift giving.

Reasons for Giving Gift Cards

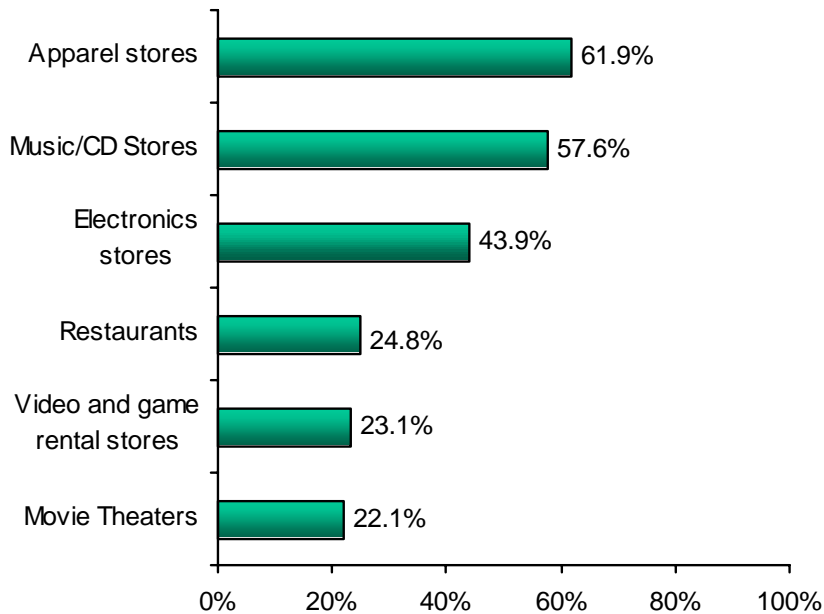


Q10. What's the most important reason you give gift cards as gifts to your family and friends?

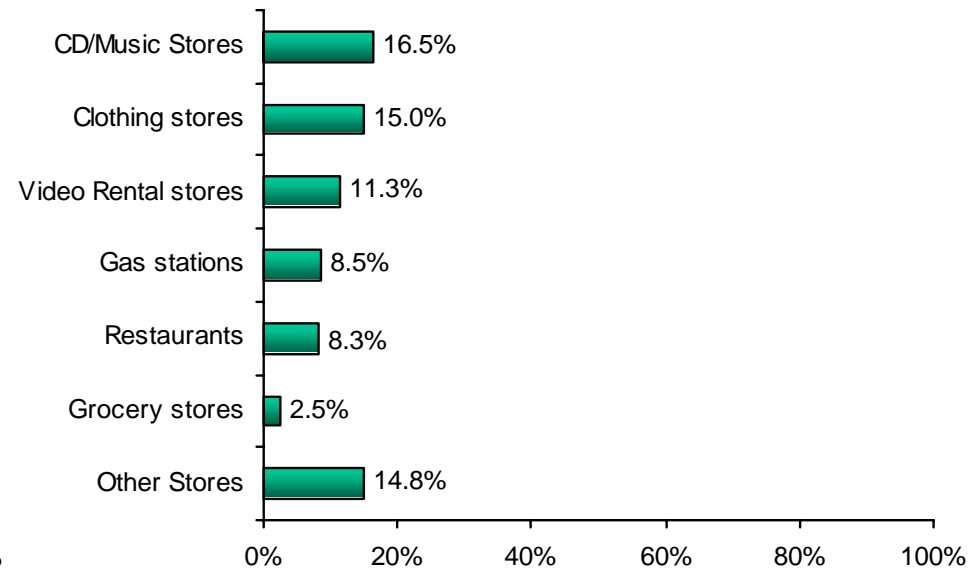
Base: Total: n=399

Purchasing Behavior: Clothing and music stores are popular destinations to purchase gift cards, for others or themselves.

Types of Stores when Buying for Others



Types of Stores when Buying for Self (as Prepaid Cash Card)

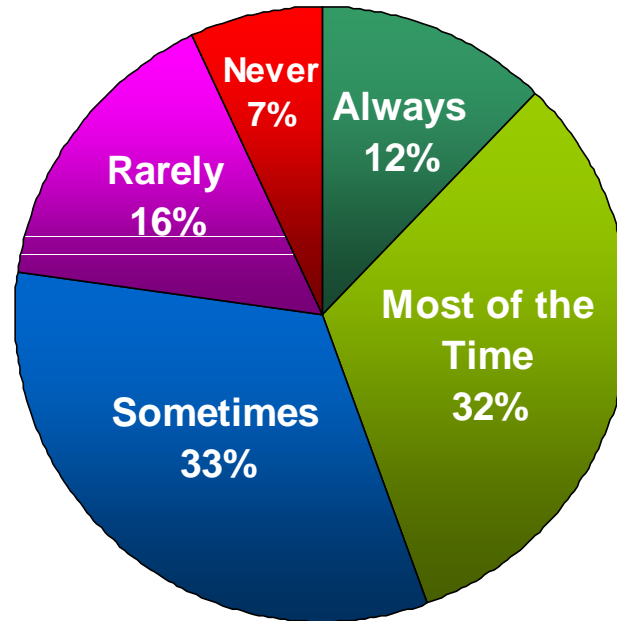


Q11. In general, what types of retail stores do you purchase gift cards from most often when buying gifts for others?

Q12. Have you ever purchased a gift card for yourself to use as a prepaid cash card at ...?

Base: Total: n=399

Redemption: Three-fourths spend more than just what's on the gift card.

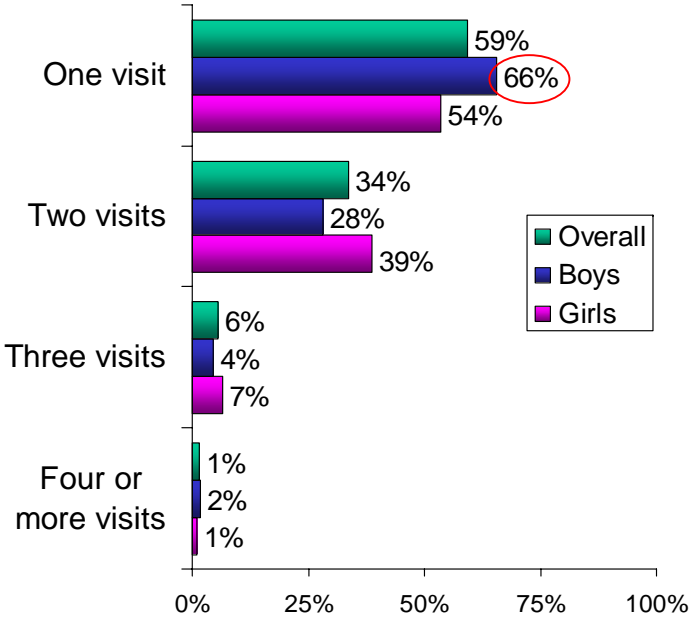


Q14. When you shop using a gift card you've received as a gift, how often do you spend more than the value on the card, using extra money to make up the difference?

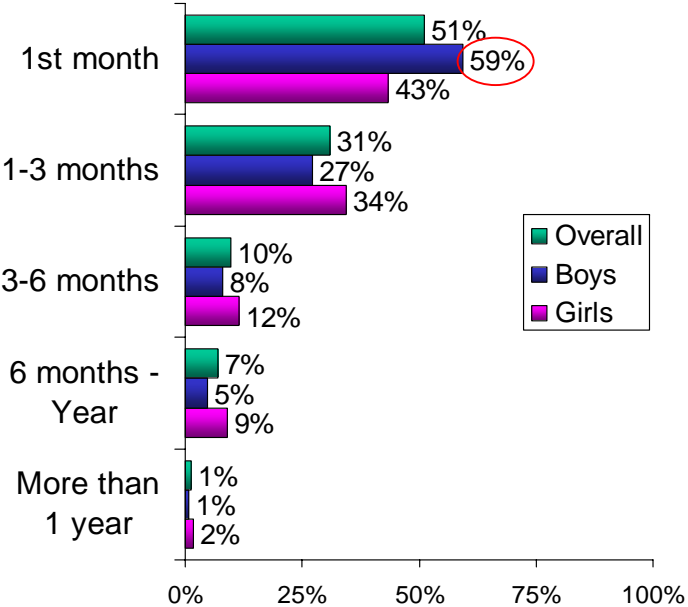
Base: Total: n=559

Redemption: Teens use up gift cards on the first visit, in the first month.

of trips to use up value of card



Time to use up value of card



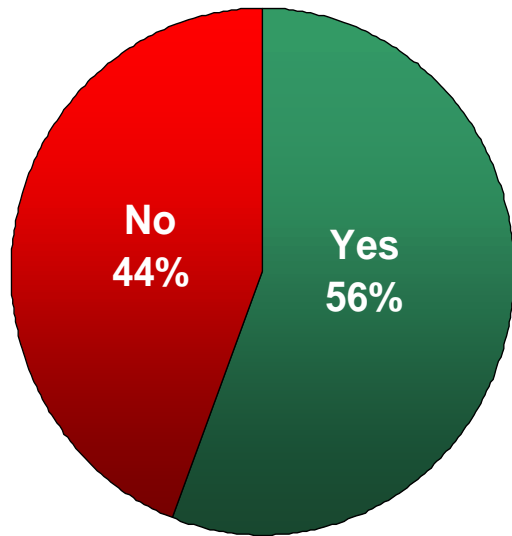
Q15. When you shop using a gift card you've received as a gift, how many trips do you usually make to the gift card's store before you've used up the value on the card?

Q16. Once you have received a gift card as a gift, about how long does it take you to use up the value of the card?

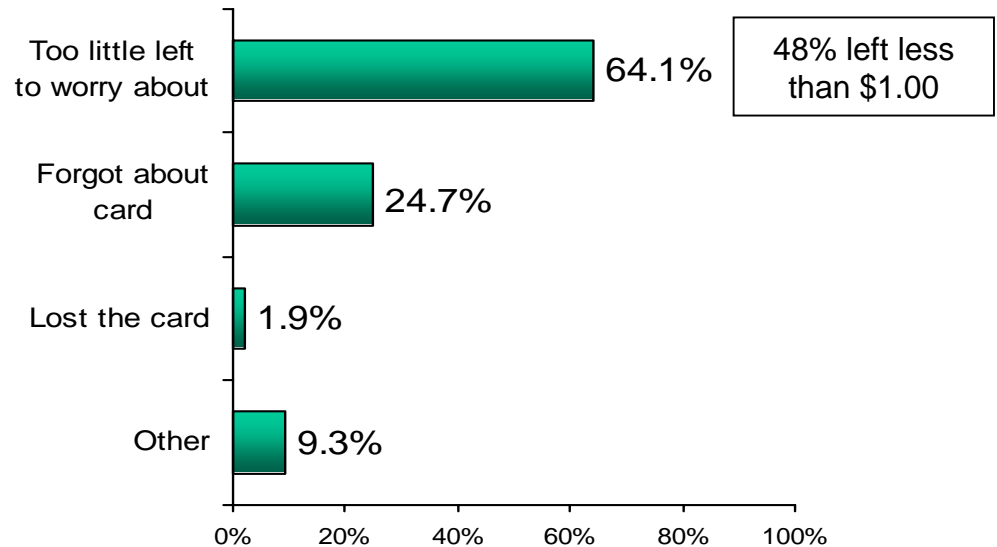
Base: Total: n=559, Boys: n=273, Girls: n=286

Redemption: Over half leave money on a gift card, but it's usually an insignificant amount to them.

Ever left money on a gift card?



Why did you leave money on card?



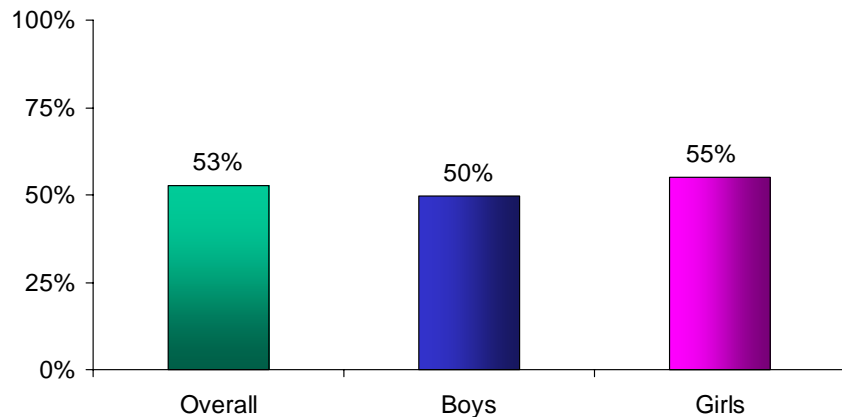
Q17. Have you ever left any money on a gift card unused?

Q17b. Please indicate why you have left money on a gift card unused.

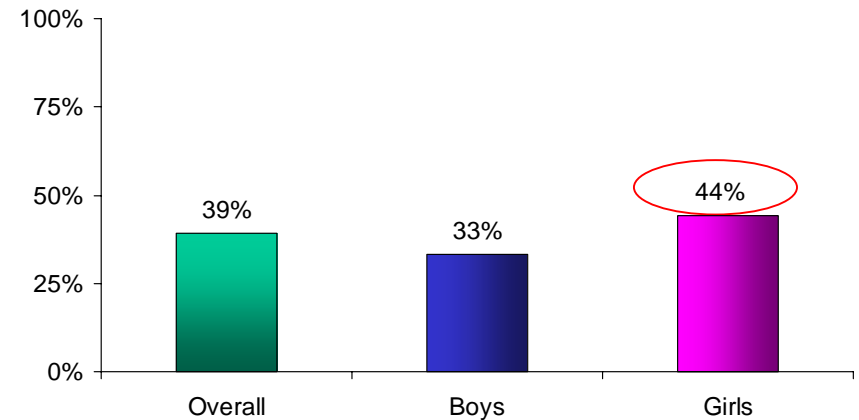
Base: Total for Q17: n=559, Total for Q17b: n=312

Card Appearance: Card appearance matters to half of teen purchasers while designs for specific occasions are less important.

Appearance of Gift Card is Very/Somewhat Important



Designs for Specific Occasions are Very/Somewhat Important



Q8. How important is the appearance of the card in your decision to purchase it?

Q9. Some retailers offer a variety of gift card designs and artwork options suitable for different occasions.

How important is it to you, as a potential customer, that these options are available?

Base: Total: n=399, Boys: n=187, Girls: n=212