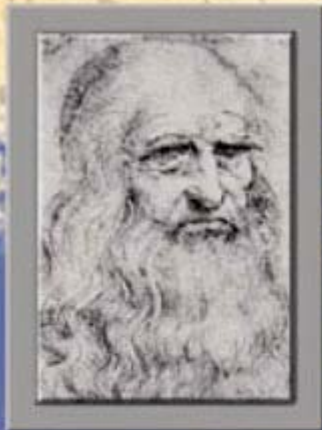


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The true value of marketing research is not in the reporting of numbers or in the use of analytical techniques. The real value of marketing research is in how the numbers are interpreted and used to develop an effective marketing strategy as part of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

*Marketing intelligence  
through research.*

## Tweens & Children Gift Card Study 2005

Conducted for



Payment Innovation

August 2005

05-8382



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## Objectives

- **Stored Value Systems (SVS) is interested in understanding the usage of and opinions about gift cards among parents of children aged 5 – 14 (tweens), 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 755 web interviews were conducted with a national sample of adults between July 27 and August 1, 2005.
- Respondents were screened to have children aged 5 to 14 in their household, to have previously purchased a gift card for a child 5 to 14, or have a child who has received a gift card.



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>100</u>	<u>150</u>	<u>200</u>	<u>250</u>	<u>300</u>	<u>500</u>	<u>800</u>
5/95	± 4 pts.	± 3 pts.	± 3 pts.	± 3 pts.	± 2 pts.	± 2 pts.	± 1 pts.
10/90	6	5	4	4	3	3	2
20/80	8	6	6	5	5	4	3
30/70	9	7	6	6	5	4	3
40/60	10	8	7	6	6	4	3
50/50	10	8	7	6	6	4	3

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# Management Highlights



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## Purchase Behavior Highlights

- Exposure to gift cards among children 5 to 14 years old is quite high; three-quarters have ever received a gift card, and three parents in five have ever purchased a gift card, either for their own child or for another child 5 to 14. Exposure is significantly higher among children 9 to 14 than among those 5 to 8, but there are few differences between boys and girls.
- Parents who have purchased gift cards for children 5 to 14 like that the kids can shop when and where they want. Two in ten say that gift cards are easy/convenient, and one in ten say that gift cards can teach or force budgeting, or that kids like them.
- While one-third of parents cannot think of anything they dislike about gift cards, slightly more than one-quarter believe that they are impersonal.
- On average, parents have purchased 2 gift cards for their own child in the past year. Those who bought gift cards for other children over the past year purchased 3 for other kids. Overall, parents have purchased slightly more than three gift cards in the past year; parents of children 9 to 14 purchased significantly more gift cards.



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# Summary of Purchase Behavior

	Parent of Child:		
	Total	5-8	9-14
	<u>%</u>	<u>%</u>	<u>%</u>
Ever received or purchased	82	72	→ 88
Never received or purchased	18	28	← 12
Average number of cards purchased for children 5-14 in the past year	3.4	3.1	→3.7
Average value of cards purchased for children 5-14 in the past year	\$29	\$33	\$27



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## Usage Habits Highlights

- Preferred occasions for purchasing gift cards are birthdays and winter holidays. Gift cards are also purchased for kids 5 to 14 to reward school and other achievements; this type of reward is more common among parents of 9 to 14 year olds.
- While parents of children 5 to 8 are more likely than those with children 9 to 14 to say that it is appropriate to give gift cards to children 8 and younger, six parents in ten, overall, agree that it is okay to give gift cards to kids younger than 9.
- Six parents in ten load between \$20 and \$29 on gift cards purchased for kids 5 to 14. Overall, parents say that the average load amount is \$29.
- Four out of five gift card purchases for children are pre-planned. Parents purchase these cards from a wide variety of retailers, including toy, department, book, clothing, and discount stores. Parents of 5 to 8 years olds are more likely to make their purchases at toy stores, and less likely to buy cards from department, book, electronics, or music stores. Parents of girls are more likely to buy from clothing stores, and less likely to buy from toy and electronics stores.



## Management Highlights

- Parents report that their child received an average of 3.5 gift cards in the past year, with 9 to 14 year olds receiving significantly more cards than 5 to 8 year olds.
- Aunts, uncles, and grandparents bestow gift cards most often, followed by parents and friends. Parents of 5 to 8 year olds are less likely to give gift cards than parents of 9 to 14 year olds.
- According to parents, kids most like gift cards because they can shop when and where they want. Parents of 5 to 8 year olds say that kids don't like gift cards because there's no immediate gratification, parents of 9 to 14 year olds are more likely to say that kids don't like that the cards are only usable at limited locations.
- One-half of parents say that the gift cards their children receive have between \$20 and \$29 loaded on them, with an average of \$42. Parents of kids 9 to 14 report cards loaded with significantly more money than parents of kids 5 to 8.
- Seven children in ten spend their gift cards within one month of receiving them; girls are more likely than boys to keep cards for six months to one year.



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## Summary of Usage Habits

	Total	Parent of Child:	
		5-8	9-14
	<u>%</u>	<u>%</u>	<u>%</u>
Number of gift cards child received in past year	3.5	2.7	→ 3.9
Average value of gift cards received	\$42	\$31	→ \$47
Child uses card up completely	74	75	74
Always/Often spend more than card value	34	36	34
Cards redeemed within one month	68	70	67



## Card Attribute Highlights

- Three-quarters of parents say that their kids use their gift cards up completely, with one-third always or often spending more than the value on the card. Six in seven discard the card when it is empty. Girls are more likely than boys to spend more than the value of the card.
- Slightly more than one-half of parents say that the appearance of the card or retailer packaging is important when making a gift card purchasing decision. Almost three-quarters of parents say that having a choice of designs is important.
- One-half of parents expect to purchase three or more gift cards during the coming holiday season. Parents expect to spend an average of \$98 on gift cards they purchase for the holidays.

# Summary of Gift Card Attributes and Enhancements

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	Parent of Child:		
	Total	5-8	9-14
	<u>%</u>	<u>%</u>	<u>%</u>
Importance of card appearance	59	61	57
Importance of choice of designs	72	72	72
Importance of retailer packaging	53	54	52



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## Summary of Expected Gift Card Purchases

	<u>Total</u>	<u>5-8</u>	<u>9-14</u>
	<u>%</u>	<u>%</u>	<u>%</u>
<b>Average expected card purchases</b>	<b>3.2</b>	<b>3.3</b>	<b>3.2</b>
<b>Average expected spending</b>	<b>\$98</b>	<b>\$93</b>	<b>\$101</b>

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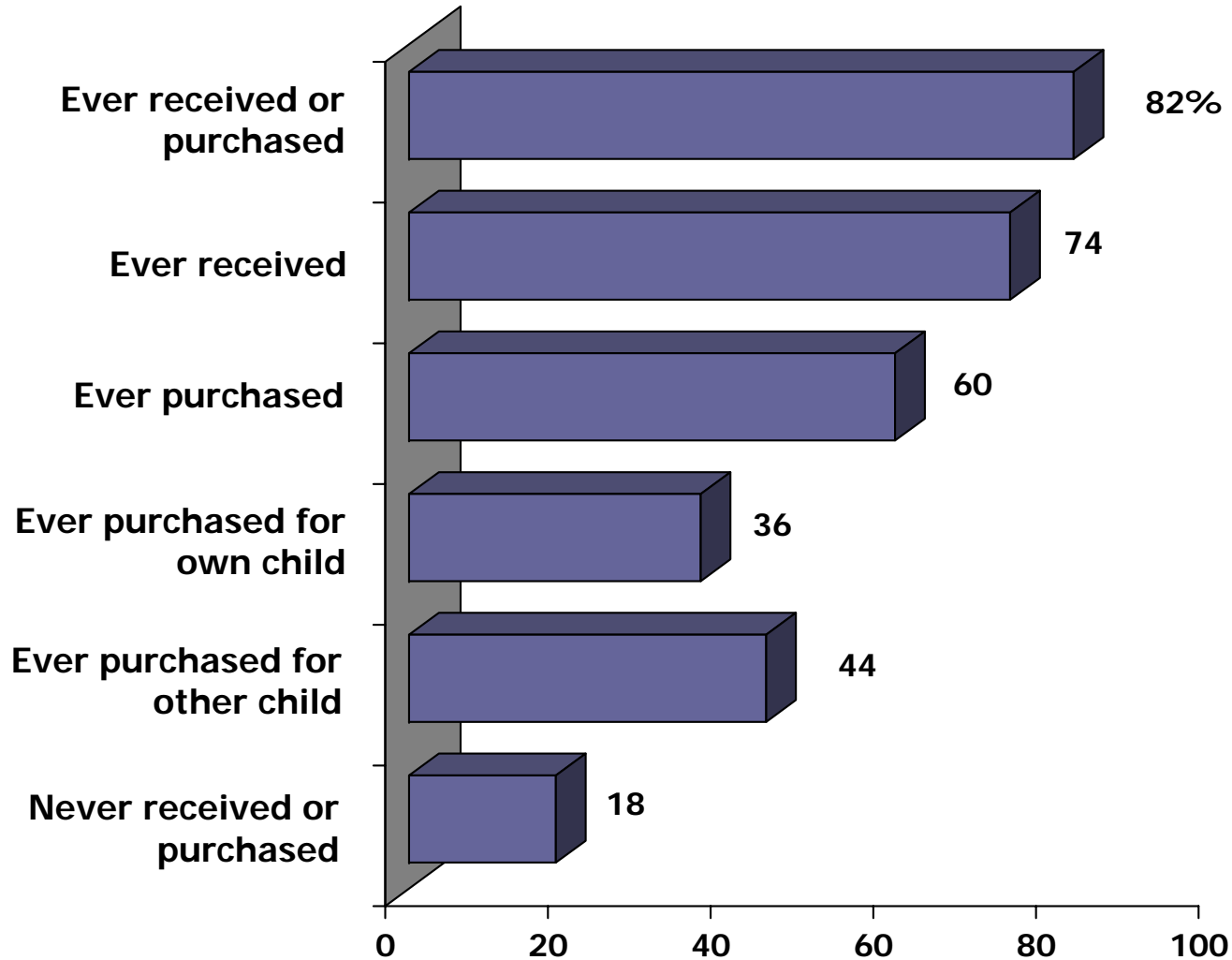
# Detailed Findings



# Incidence of Gift Card Usage

(among 939 contacts answering)

- Four out of five parents say that they have purchased a gift card for their child, or that their child has received a gift card.



Q.1a: Has this child ever received a gift card? When I say "gift card," I'm referring to the plastic cards you can purchase at a specific retailer instead of a paper gift certificate, not a greeting card or a frequent shopper card.

Q.1b: Have you ever purchased a gift card, either for this child or for another 5-14 year old child? Again, when I say "gift card," I'm referring to the plastic cards you can purchase at a specific retailer instead of a paper gift certificate, not a greeting card or a frequent shopper card.

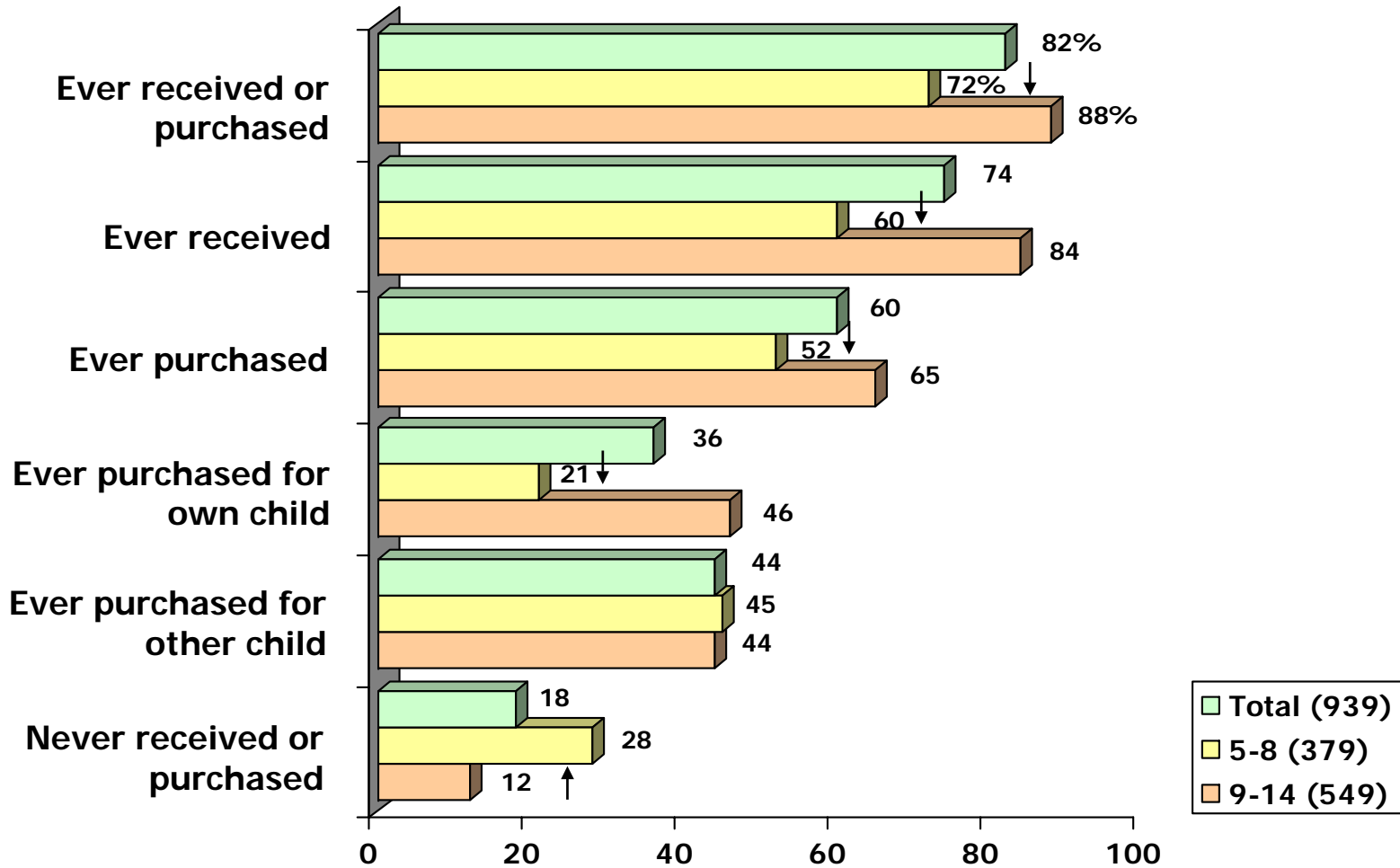


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# Incidence of Gift Card Usage

(among 939 contacts answering)

- Parents of children 9-14 are significantly more likely than those with 5-8 year olds to say that their child has received a gift card or that they have ever purchased a gift card for their child.



Q.1a: Has this child ever received a gift card? When I say "gift card," I'm referring to the plastic cards you can purchase at a specific retailer instead of a paper gift certificate, not a greeting card or a frequent shopper card.

Q.1b: Have you ever purchased a gift card, either for this child or for another 5-14 year old child? Again, when I say "gift card," I'm referring to the plastic cards you can purchase at a specific retailer instead of a paper gift certificate, not a greeting card or a frequent shopper card.

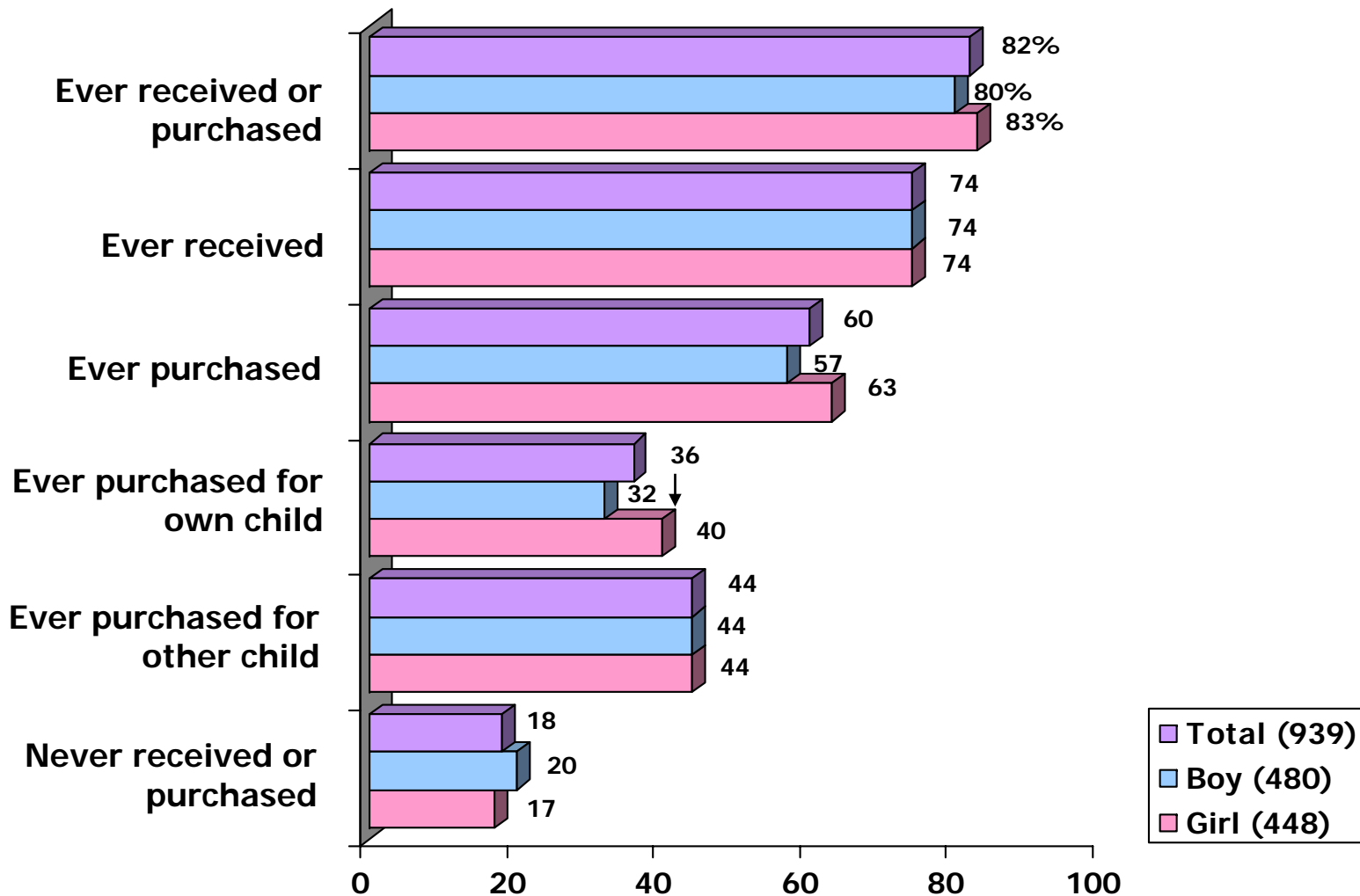


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# Incidence of Gift Card Usage

(among 939 contacts answering)

- Parents of girls are significantly more likely to say that they have ever purchased a gift card for their child.



Q.1a: Has this child ever received a gift card? When I say "gift card," I'm referring to the plastic cards you can purchase at a specific retailer instead of a paper gift certificate, not a greeting card or a frequent shopper card.

Q.1b: Have you ever purchased a gift card, either for this child or for another 5-14 year old child? Again, when I say "gift card," I'm referring to the plastic cards you can purchase at a specific retailer instead of a paper gift certificate, not a greeting card or a frequent shopper card.

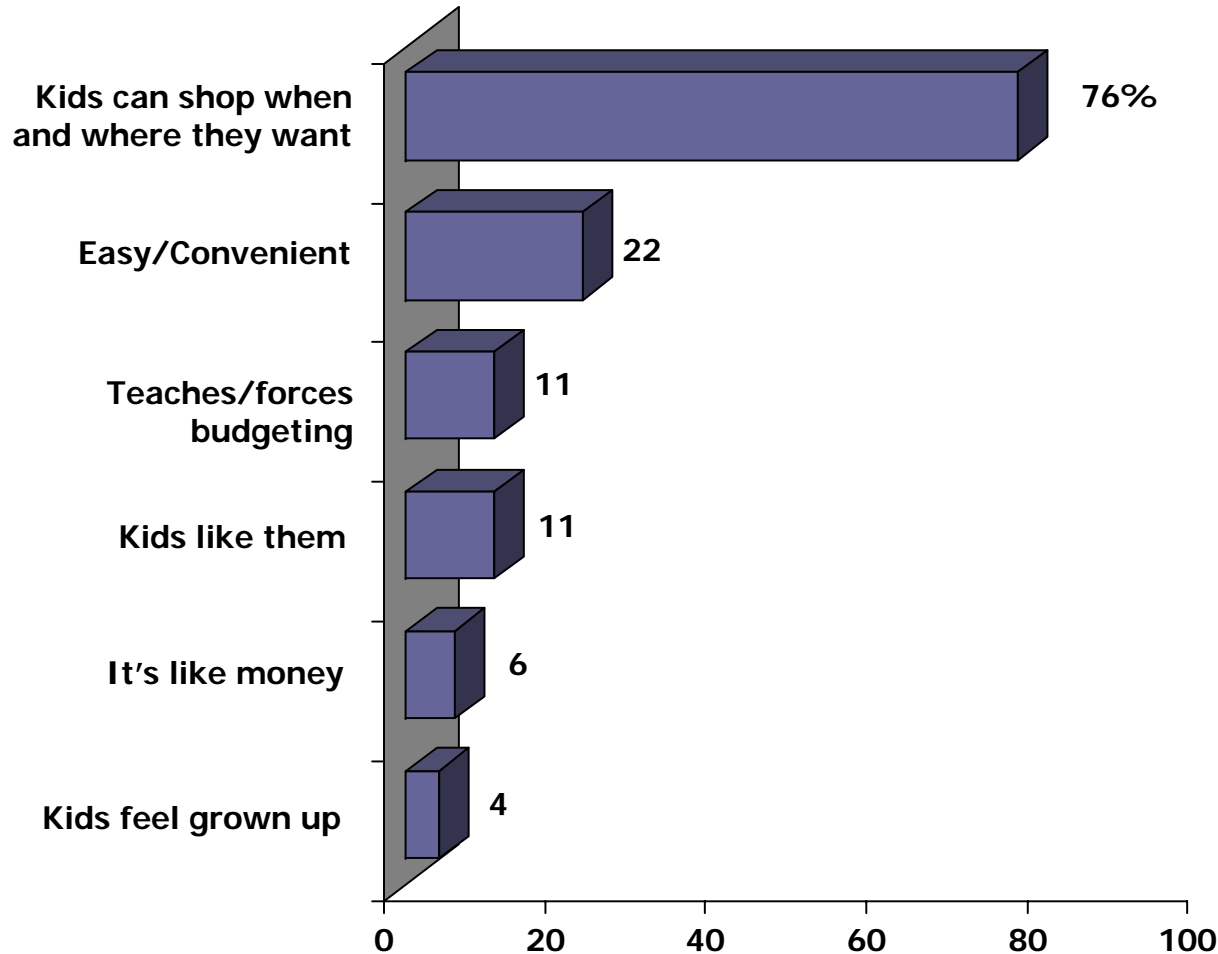


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# Like Best About Using Gift Cards for Children

(among 554 purchasers answering)

- The primary thing parents like about giving gift cards is that kids can shop where and when they like. Parents also feel that gift cards are easy or convenient, that they are a good budgeting tool, and that kids like them.

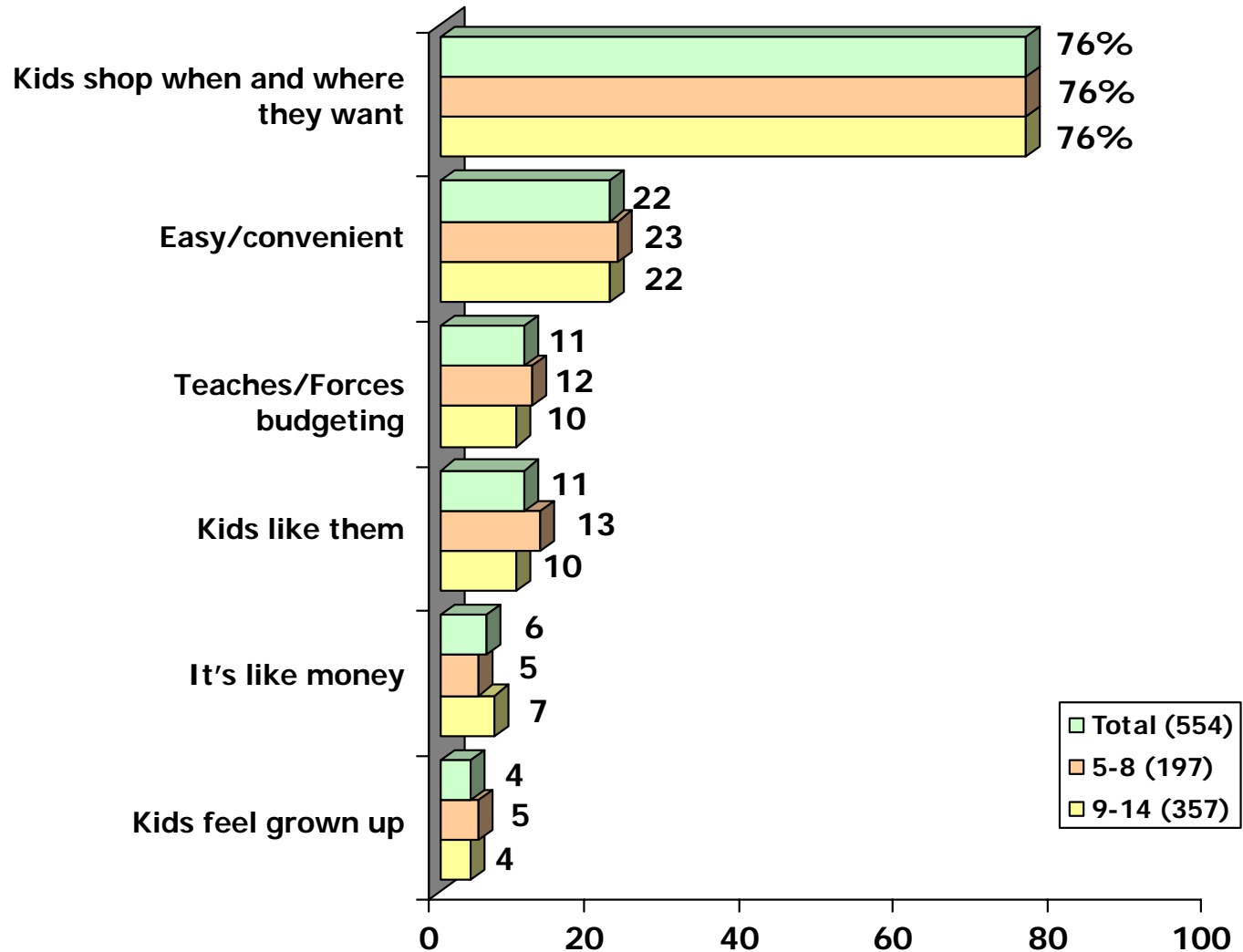


Q.6: What do you like best about using gift cards for children?

# Like Best About Giving Gift Cards to Children

(among 554 gift card purchasers)

- Parents like similar things about gift cards whether they have younger or older children.



Q.6: What do you like best about using gift cards for children?



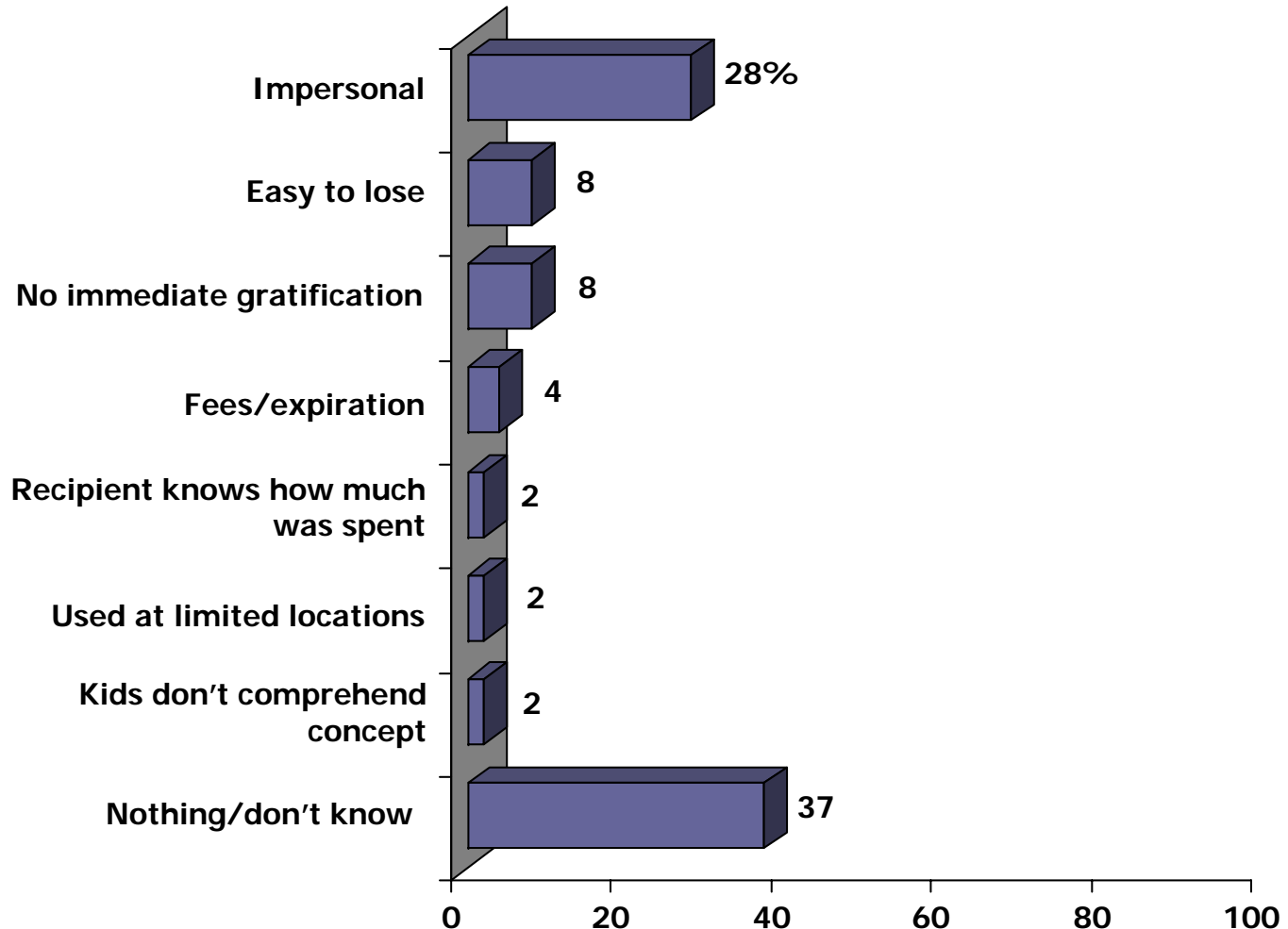


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# Like Least About Using Gift Cards for Children

(among 554 purchasers answering)

- One-third of parents cannot think of anything that they dislike about giving gift cards to children; one-quarter feel that they are impersonal.



Q.7: What do you like least about using gift cards for children?

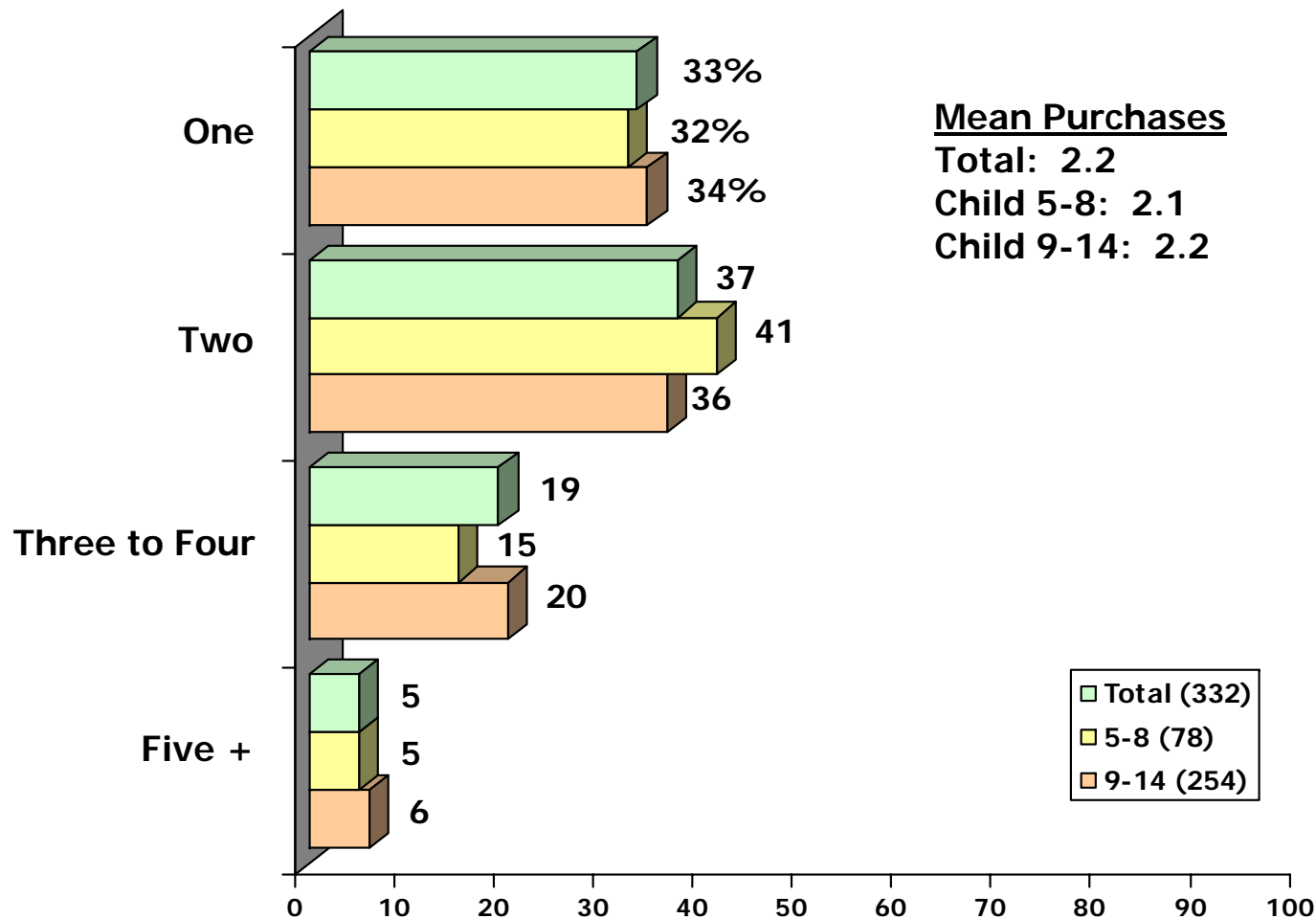


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# Past Year Purchases of Gift Cards for Own Child

(among 332 gift card purchasers)

- Parents of 5-8 year olds and 9-14 year olds claim to have purchased similar numbers of gift cards for these children over the past year.



Q.2: How many gift cards have you purchased for your \_\_\_\_\_ year old boy/girl in the past year, that is, since last summer?

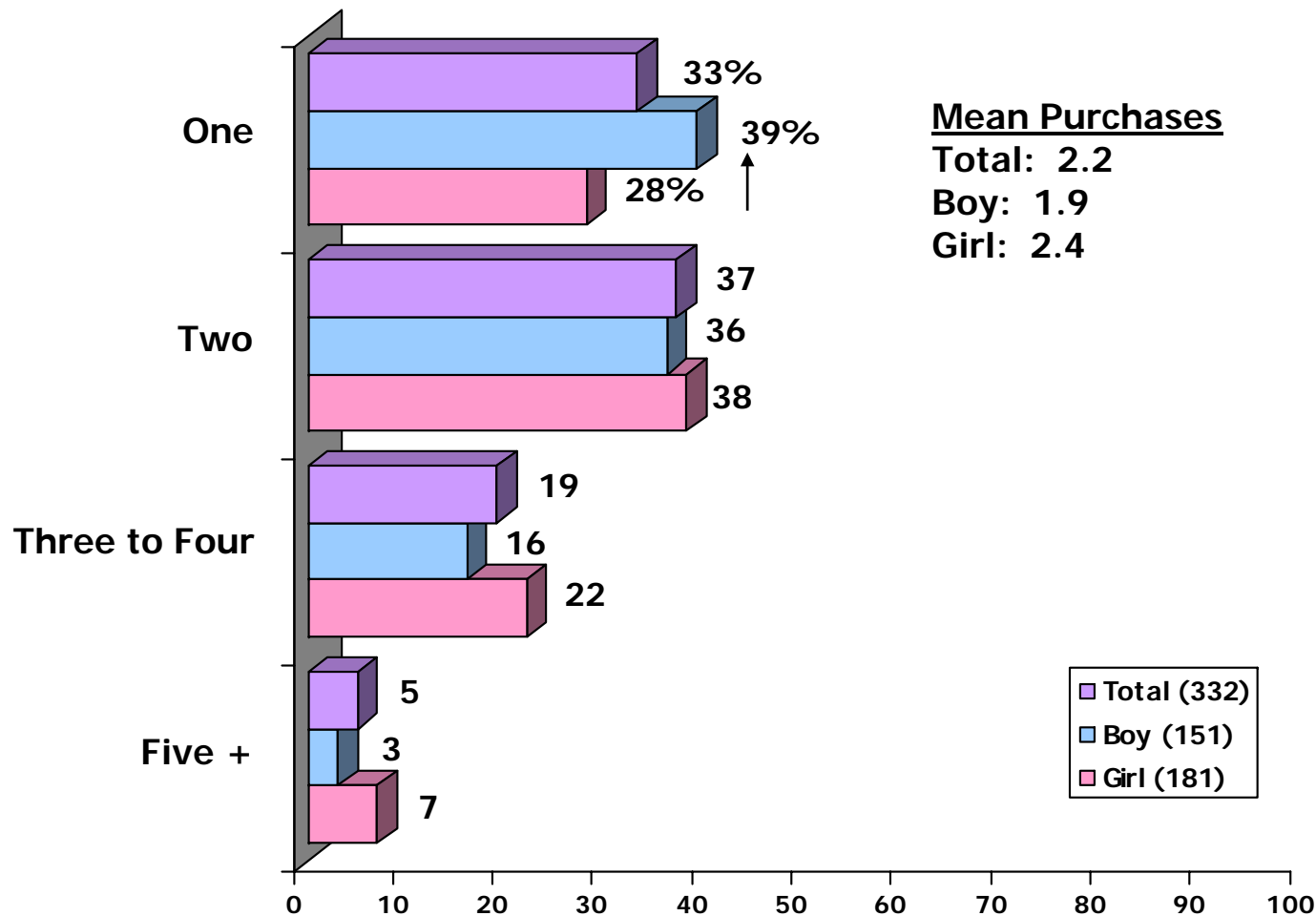


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# Past Year Purchases of Gift Cards for Own Child

(among 332 gift card purchasers)

- Seven parents in ten have purchased one or two gift cards for their child in the past year.



Q.2: How many gift cards have you purchased for your \_\_\_\_ year old boy/girl in the past year, that is, since last summer?

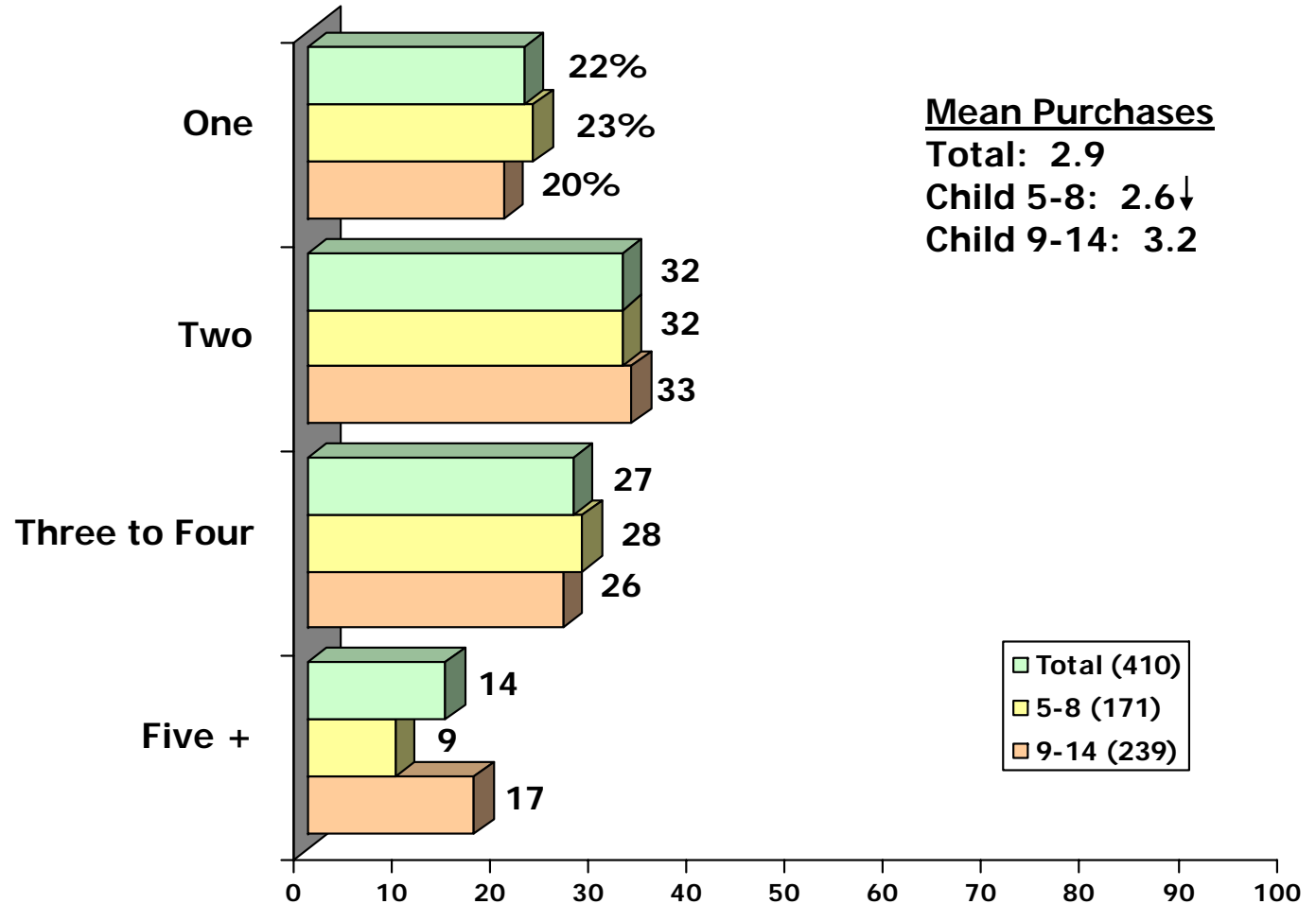


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# Past Year Purchases of Gift Cards For Other Child

(among 410 gift card purchasers)

- Two parents in five have purchased three or more gift cards for other children.



Q. 3: How many gift cards have you purchased for other 5-14 year olds in the past year, that is, since last summer?

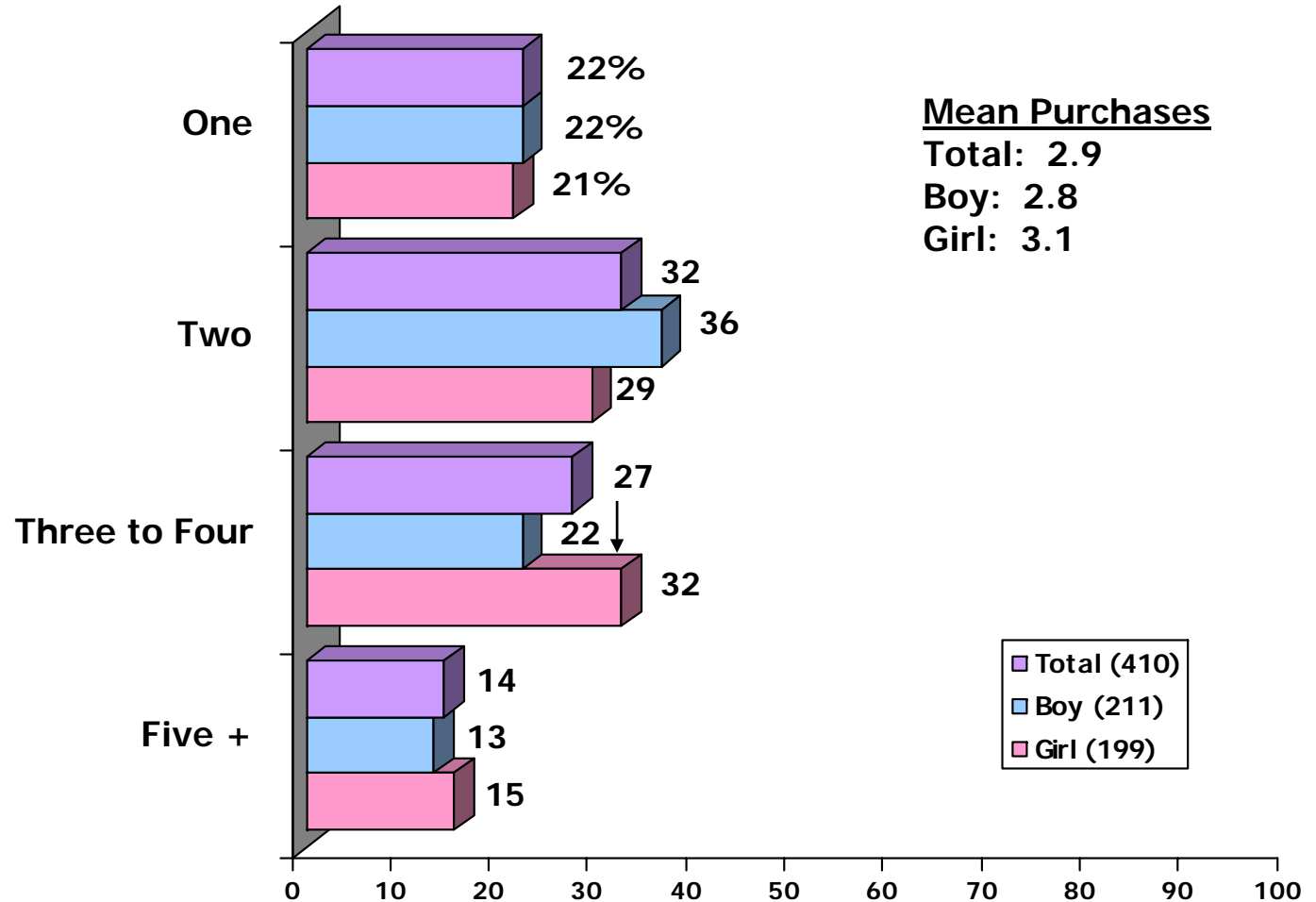


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# Past Year Purchases of Gift Cards For Other Child

(among 410 gift card purchasers)

- Parents of girls are significantly more likely to say that they have purchased three to four gift cards for other children in the past year.



Q. 3: How many gift cards have you purchased for other 5-14 year olds in the past year, that is, since last summer?

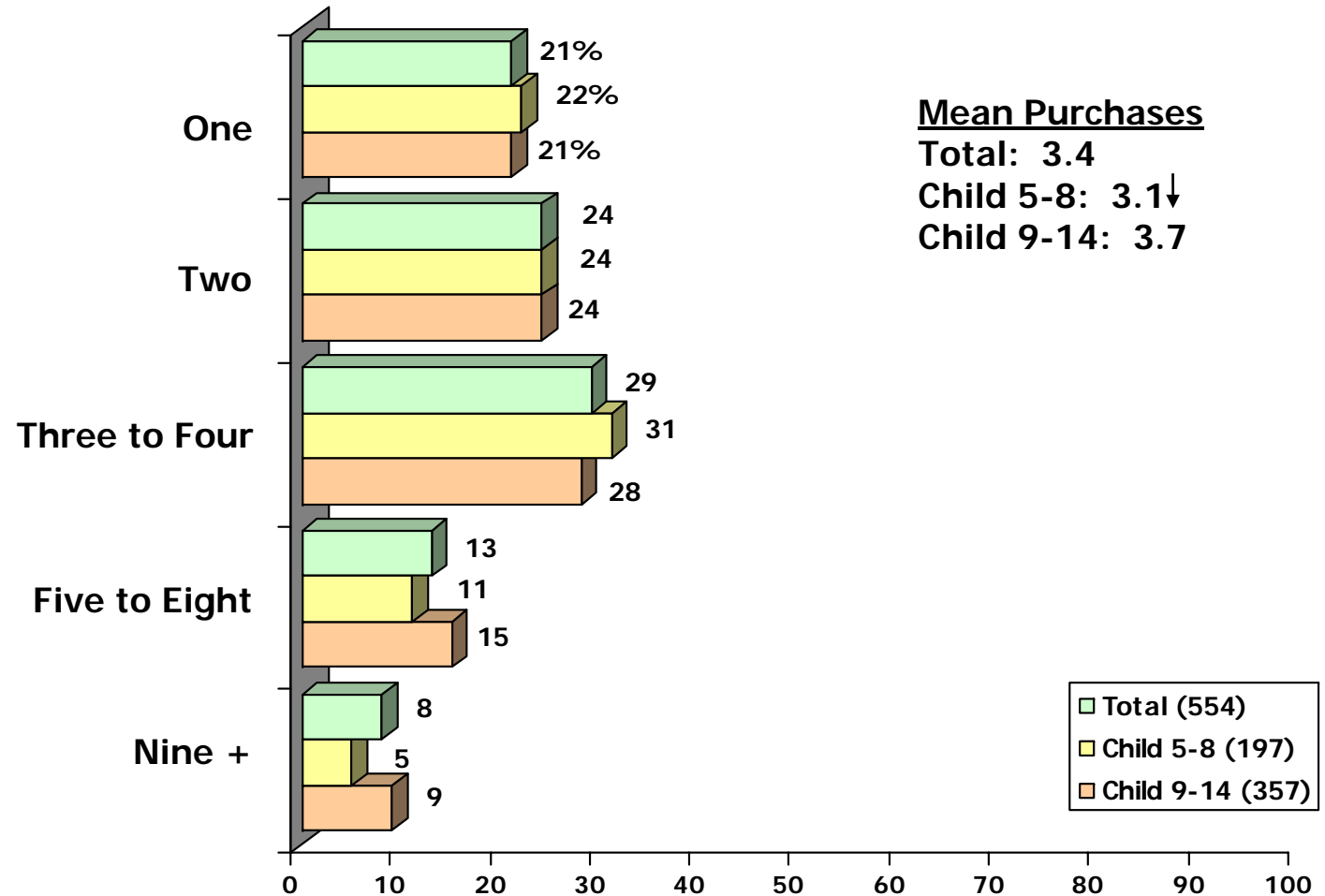


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# Total Past Year Purchases of Gift Cards

(among 554 gift card purchasers)

- In total, parents purchased slightly more than three gift cards for children in the past year. Parents of children 9-14 purchased more gift cards than those who have children 5-8.



### Mean Purchases

Total: 3.4

Child 5-8: 3.1↓

Child 9-14: 3.7

Q.2: How many gift cards have you purchased for your \_\_\_\_ year old boy/girl in the past year, that is, since last summer?

Q. 3: How many gift cards have you purchased for other 5-14 year olds in the past year, that is, since last summer?

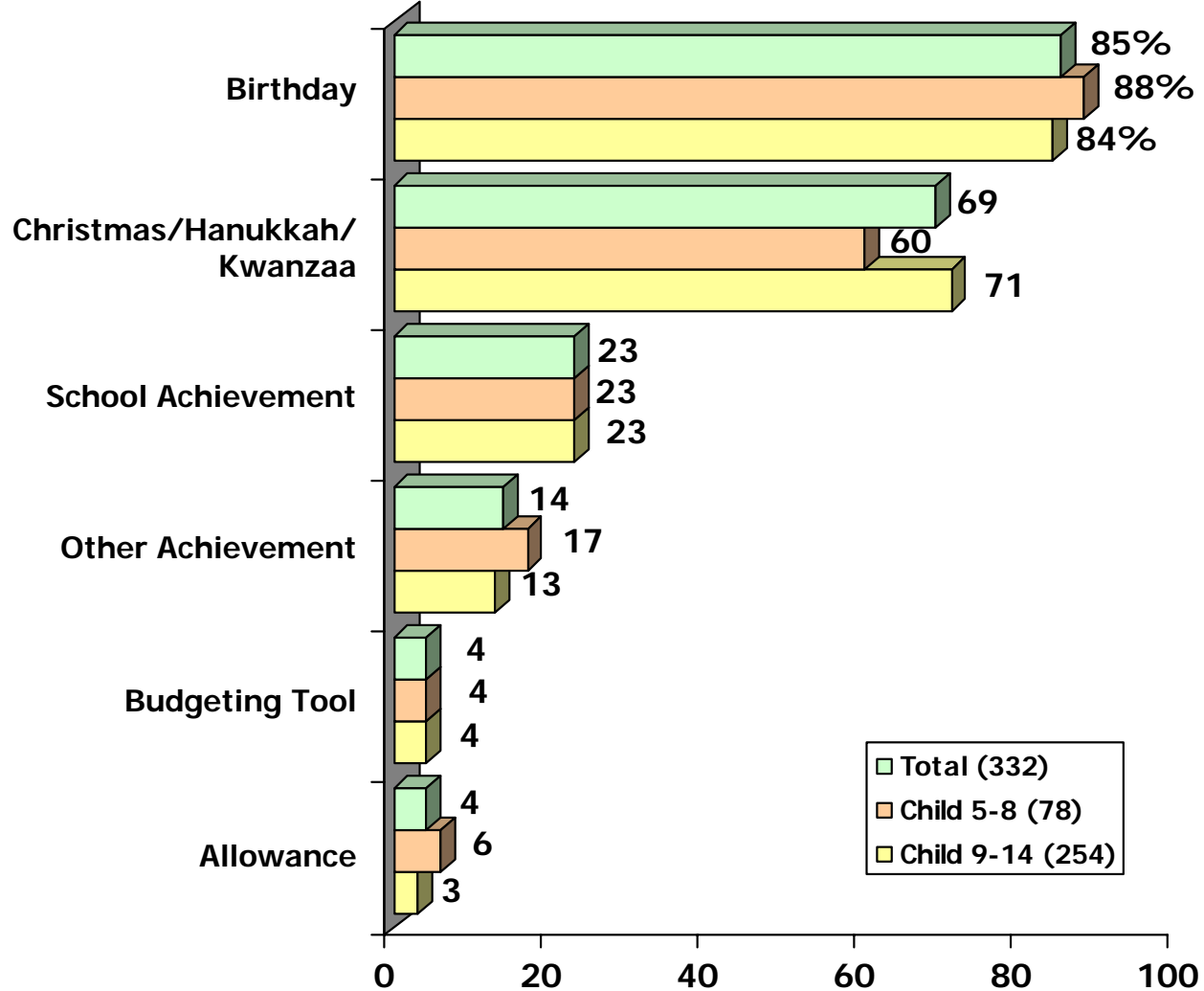


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# Occasions for Purchasing Gift Cards For Own Children

(among 332 gift card purchasers)

- Gift cards are primarily purchased for birthdays and winter holidays. School and other achievements are also reasons parents buy gift cards for their own children.



Q.4: For what occasions or reasons do you usually purchase gift cards for your child?



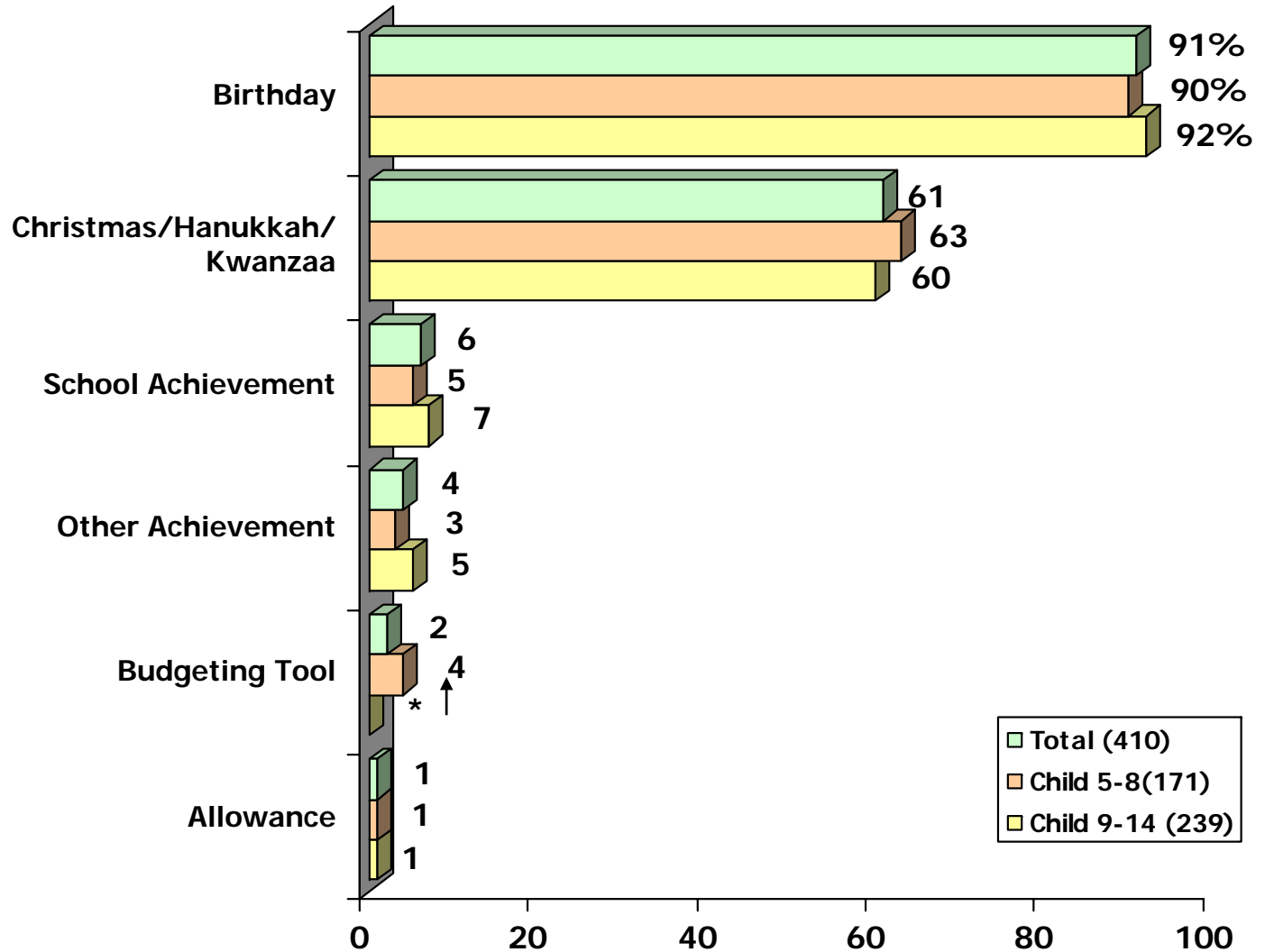
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# Occasions for Purchasing Gift Cards

## For Other Children

(among 410 gift card purchasers)

- Gift cards purchased for other children are primarily for birthdays and winter holidays.



Q.5: For what occasions or reasons do you usually purchase gift cards for other 5-14 year olds?

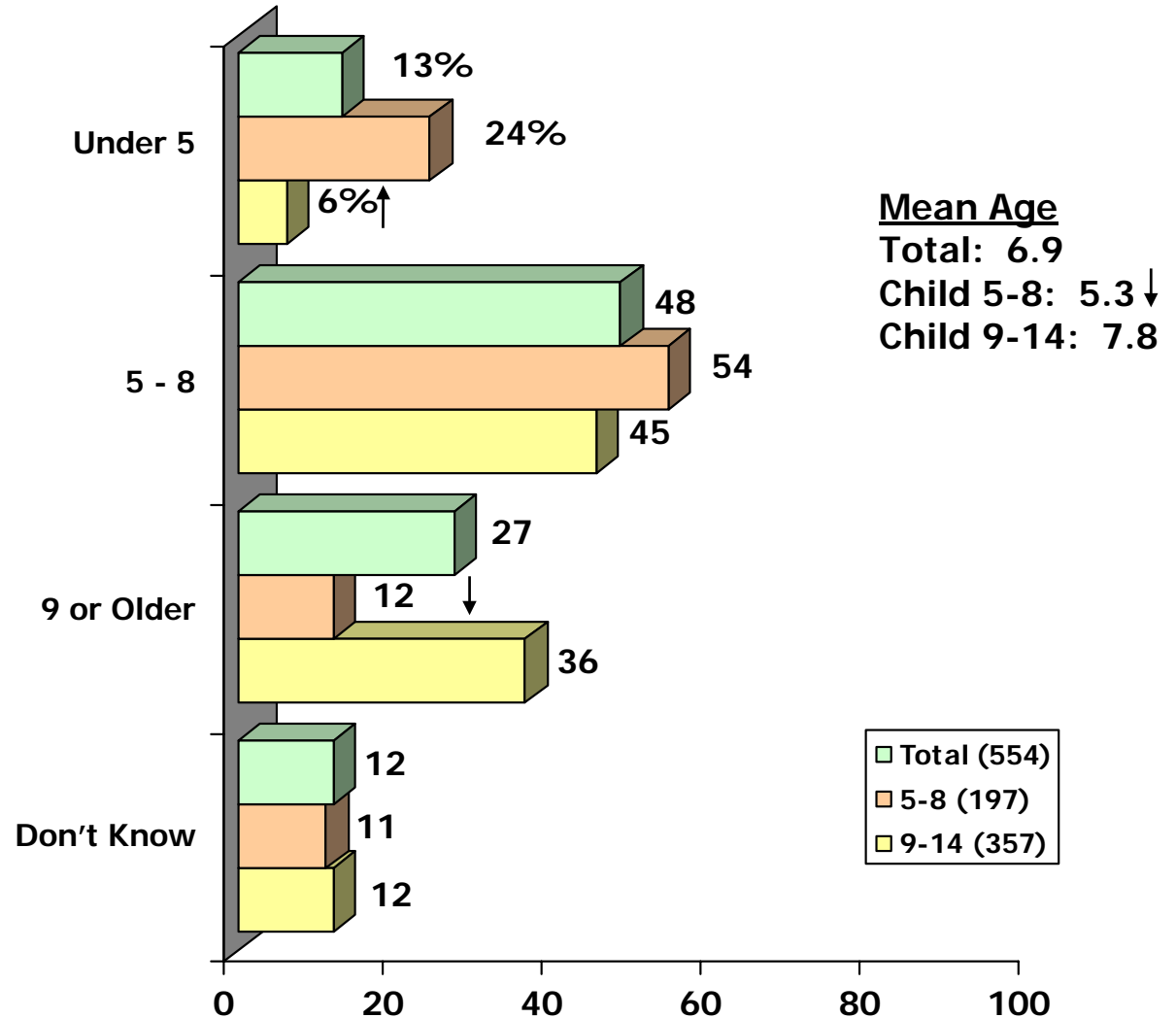


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# Youngest Age Appropriate for Gift Cards

(among 554 gift card purchasers)

- Overall, almost two-thirds believe that it is appropriate to give gift cards to children 8 and younger. Parents of younger children are more likely to say that it is appropriate to give gift cards to younger children.



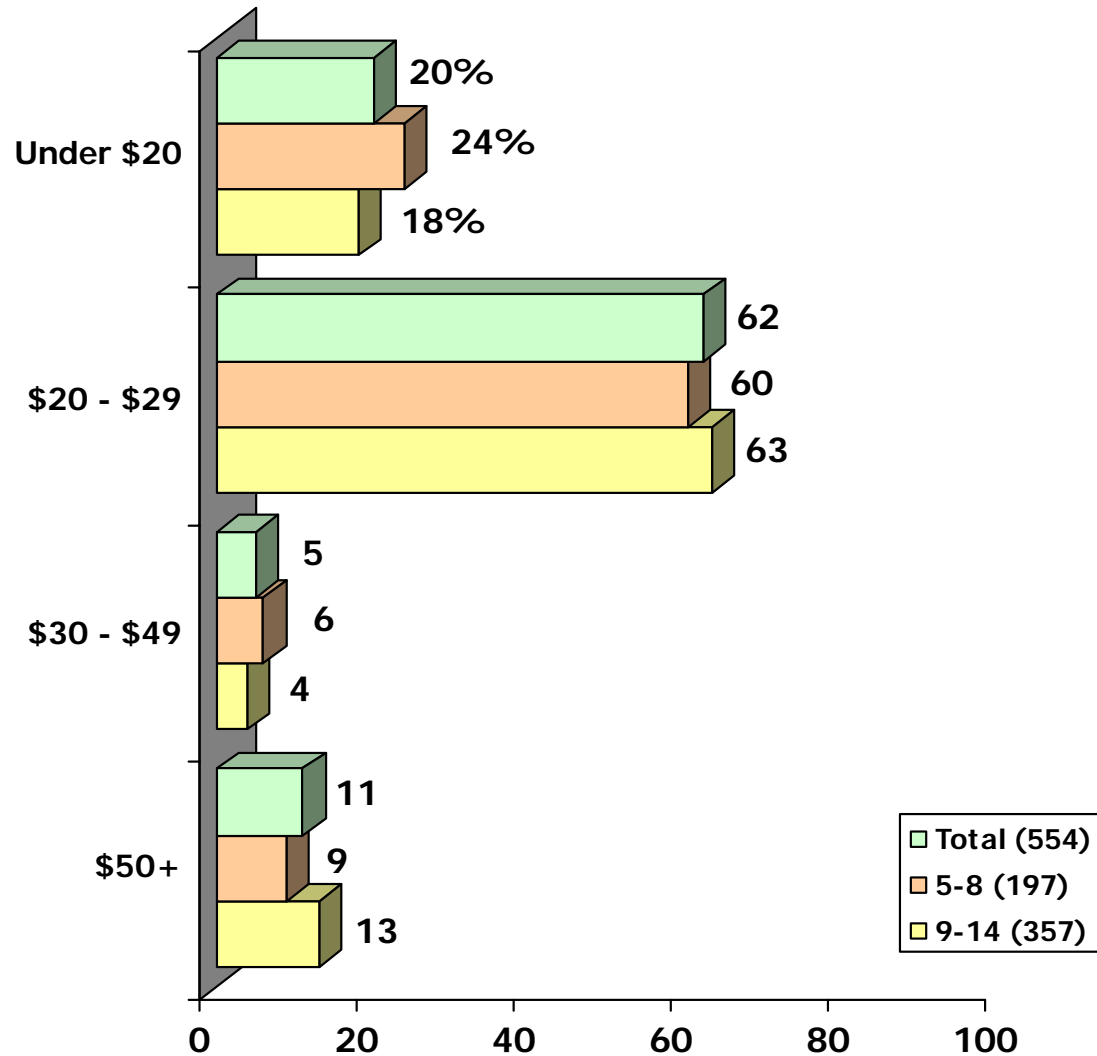
Q.8: What is the youngest age that you think is appropriate for children to receive gift cards?



# Average Value of Gift Cards Purchased

(among 554 gift card purchasers)

- Two-thirds of parents load cards for kids with \$20 to \$29.



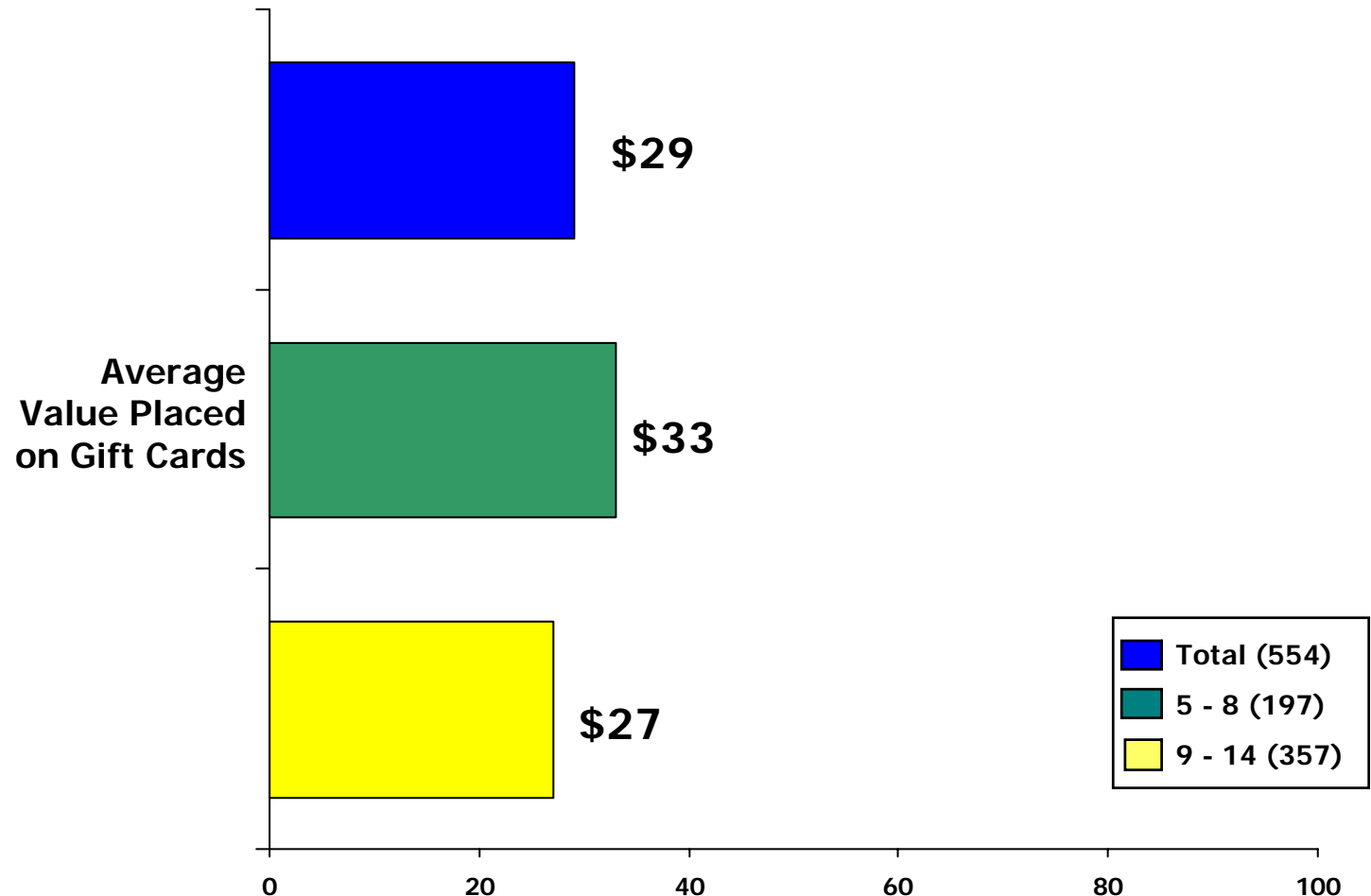


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# Average Value of Gift Cards Purchased

(among 554 gift card purchasers)

- Purchasers load gift cards they purchase for children with an average of \$29.



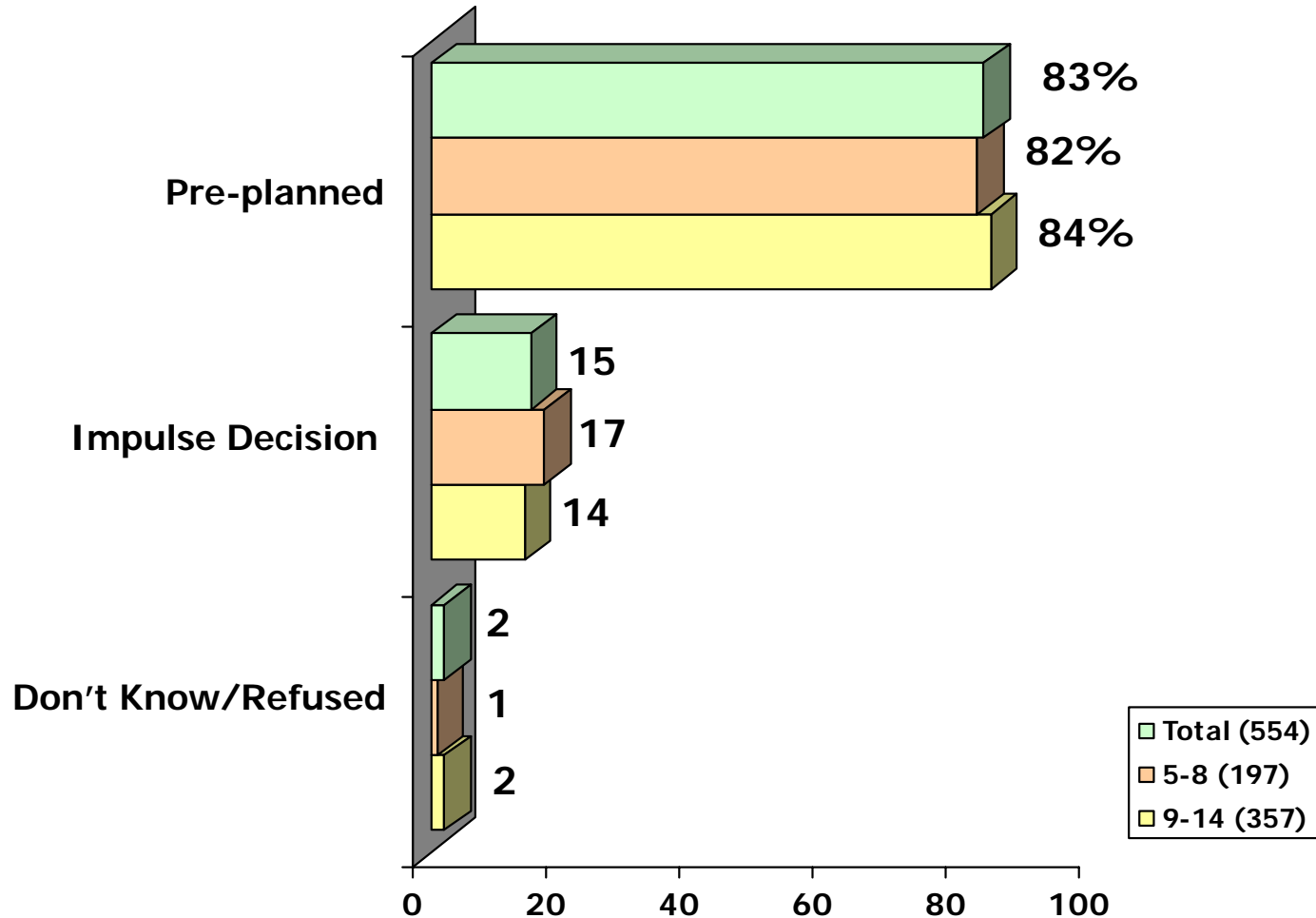


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# Gift Card Purchase Decision

(among 554 gift card purchasers)

- More than four out of five respondents say that their gift card purchases for kids are planned in advance.



Q.10: Overall, when you purchase gift cards for children do you intend from the beginning to get a gift card, or is it an impulse decision?

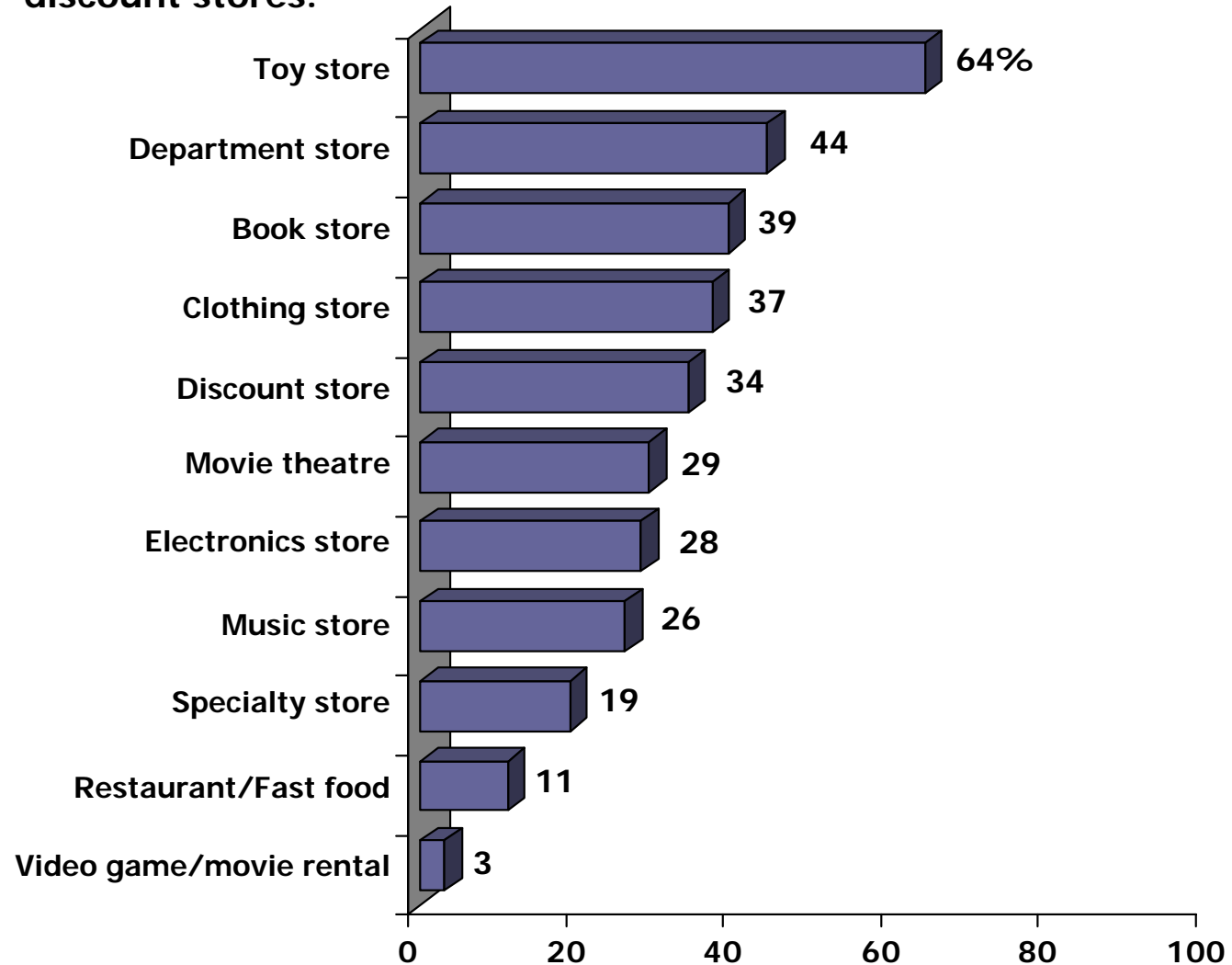


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## Retailers Gift Cards Purchased From

(among 554 gift card purchasers)

- Toy stores are the most popular retailers for acquiring gift cards for kids, followed by department stores, book stores, clothing stores and discount stores.



Q.11: What types of retailers do you choose to purchase gift cards for children?



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## Retailers Gift Cards Purchased From

- Parents with children 9-14 are more likely than those with children 5-8 to purchase gift cards at department, book, electronics, or music stores, and less likely to buy them at toy stores.
- Gift cards for clothing stores are more often purchased by parents of girls, while boys' parents are more apt to buy gift cards at toy stores and electronics stores.

	Total (Base)	Parents of Children		Child's Gender	
		5-8	9-14	Boy	Girl
		(197)	(357)	(272)	(282)
	%	%	%	%	%
Toy store	64	78	← 56	68	← 59
Department store	44	36	→ 49	40	48
Book store	39	30	→ 44	35	43
Clothing store	37	32	40	24	→ 49
Discount store	34	29	36	34	34
Movie theatre	29	27	30	26	32
Electronics store	28	22	→ 31	33	← 23
Music store	26	18	→ 31	24	28
Specialty store	19	19	19	16	22
Restaurant/fast food	11	12	11	10	13
Video game/movie rental	3	1	4	4	1

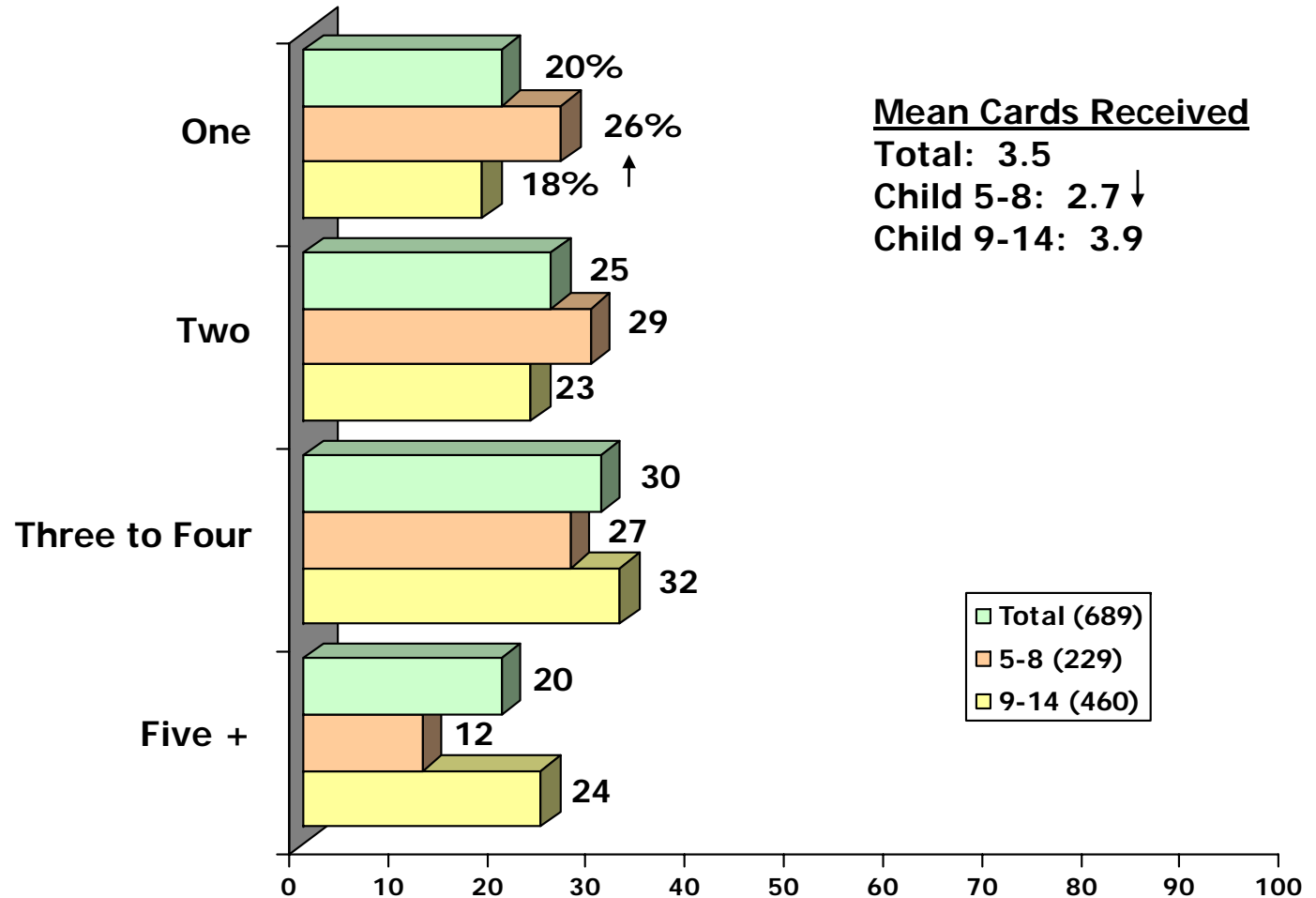


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# Child's Past Year Receipt of Gift Cards

(among 689 ever received)

- Children have received an average of 3.5 gift cards in the past year. 9-14 year olds have received more gift cards than 5-8 year olds.



Q.15: How many gift cards did your \_\_\_\_ year old boy/girl receive in the past year, that is, since last summer?

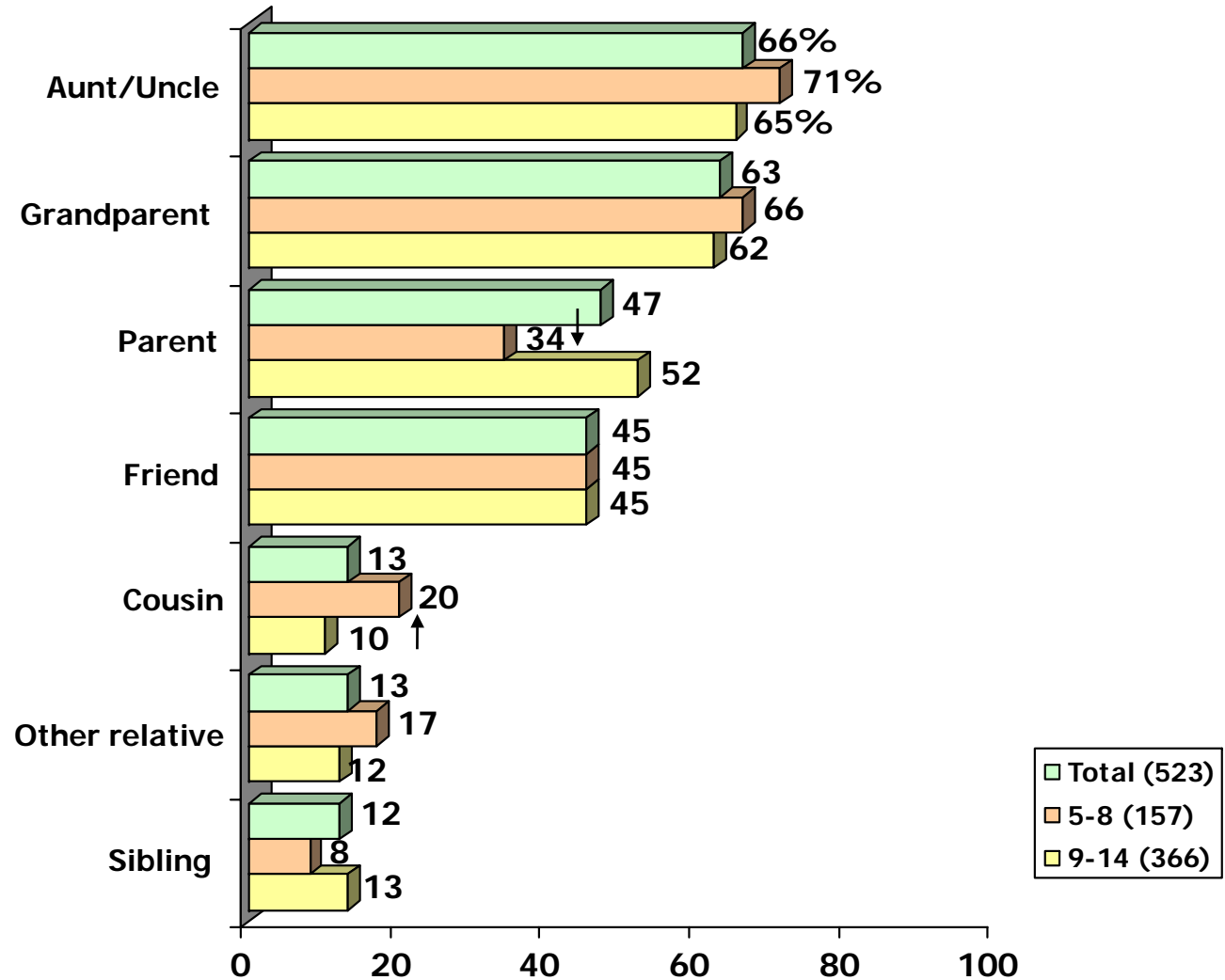


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# Gift Cards Purchased By:

(among 523 receivers)

- Aunts, uncles and grandparents purchase the most gift cards for kids, followed by parents and friends. Parents are significantly less likely to buy gift cards for 5-8 year olds than 9-14 year olds.



Q.16a: Who usually purchases gift cards for your child?

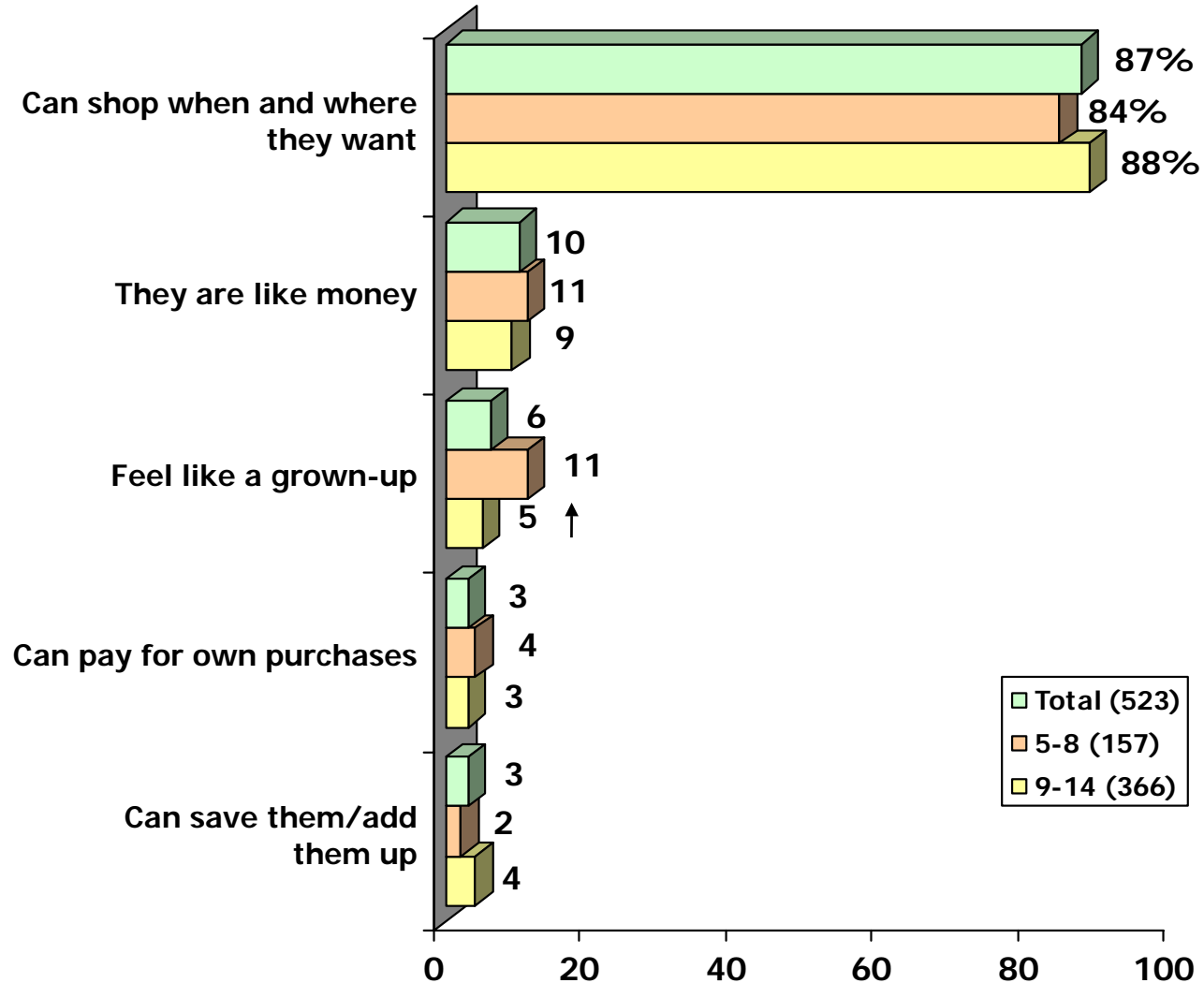


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# Kids Like Best About Gift Cards

(among 523 gift card receivers)

- According to parents, kids like gift cards because they can shop when and where they want.



Q.16b: What does your \_\_\_\_\_ year old boy/girl like best about gift cards?

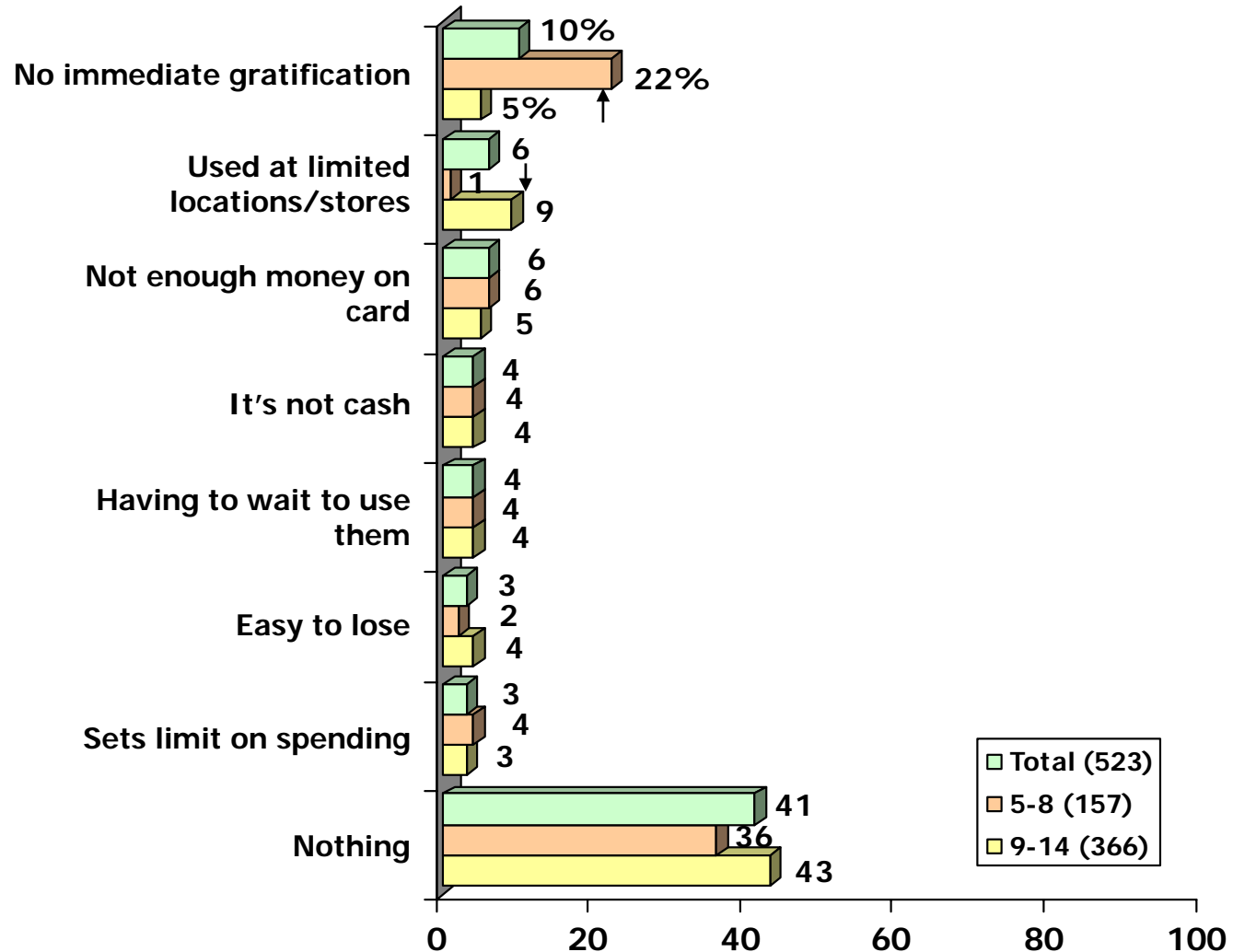


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# Kids Like Least About Gift Cards

(among 523 gift card receivers)

- Parents think that kids are most likely to say that they don't like that gift cards don't provide immediate gratification. Parents of 5-8 year olds say this much more often than 9-14 year olds.



Q.16c: What does your \_\_\_\_\_ year old boy/girl like least about gift cards?

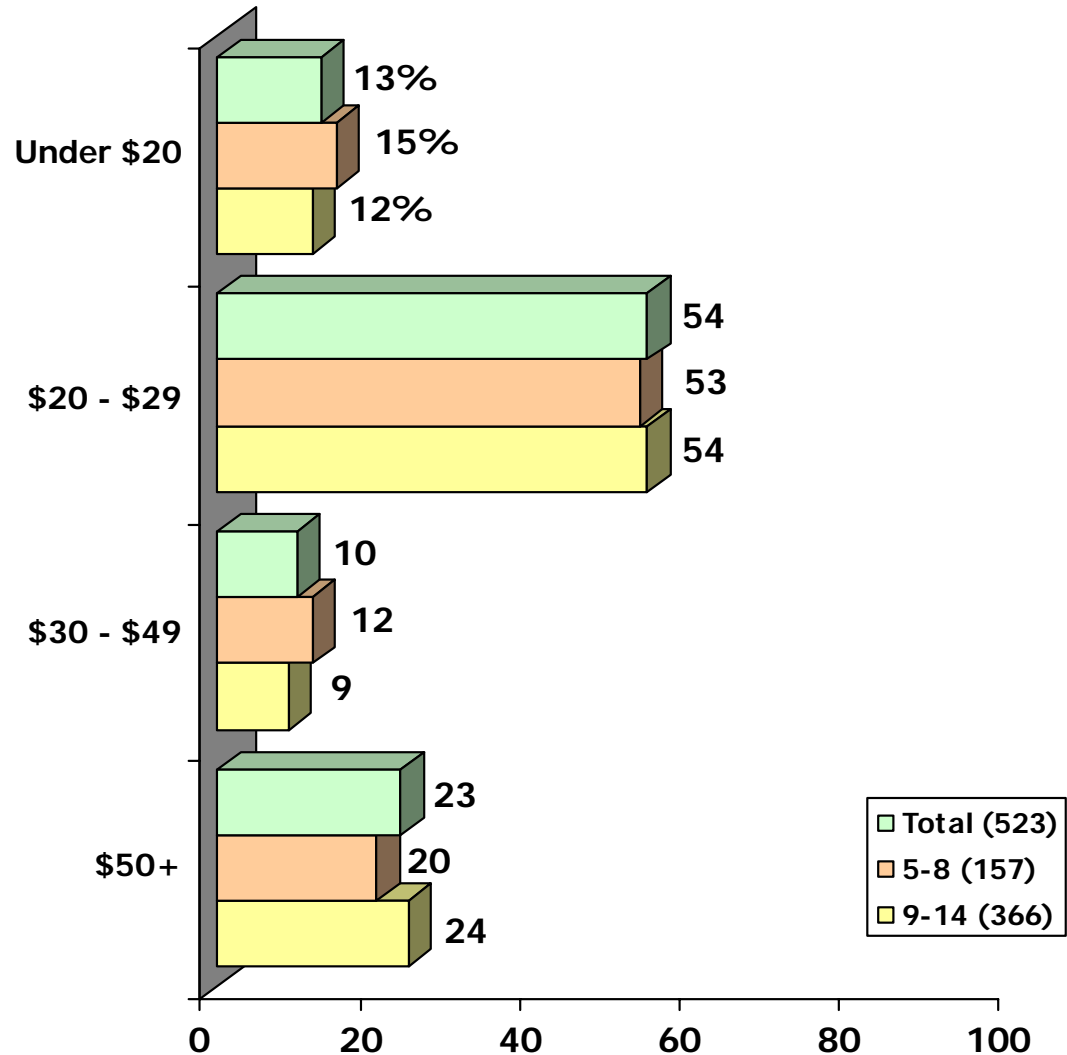


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# Average Value of Gift Cards Received

(among 523 gift card receivers)

- One-half of respondents say that the cards their children receive have \$20 to \$29 on them.



Q.17: What is the average value of the gift cards your \_\_\_\_year old boy/girl received in the past year?

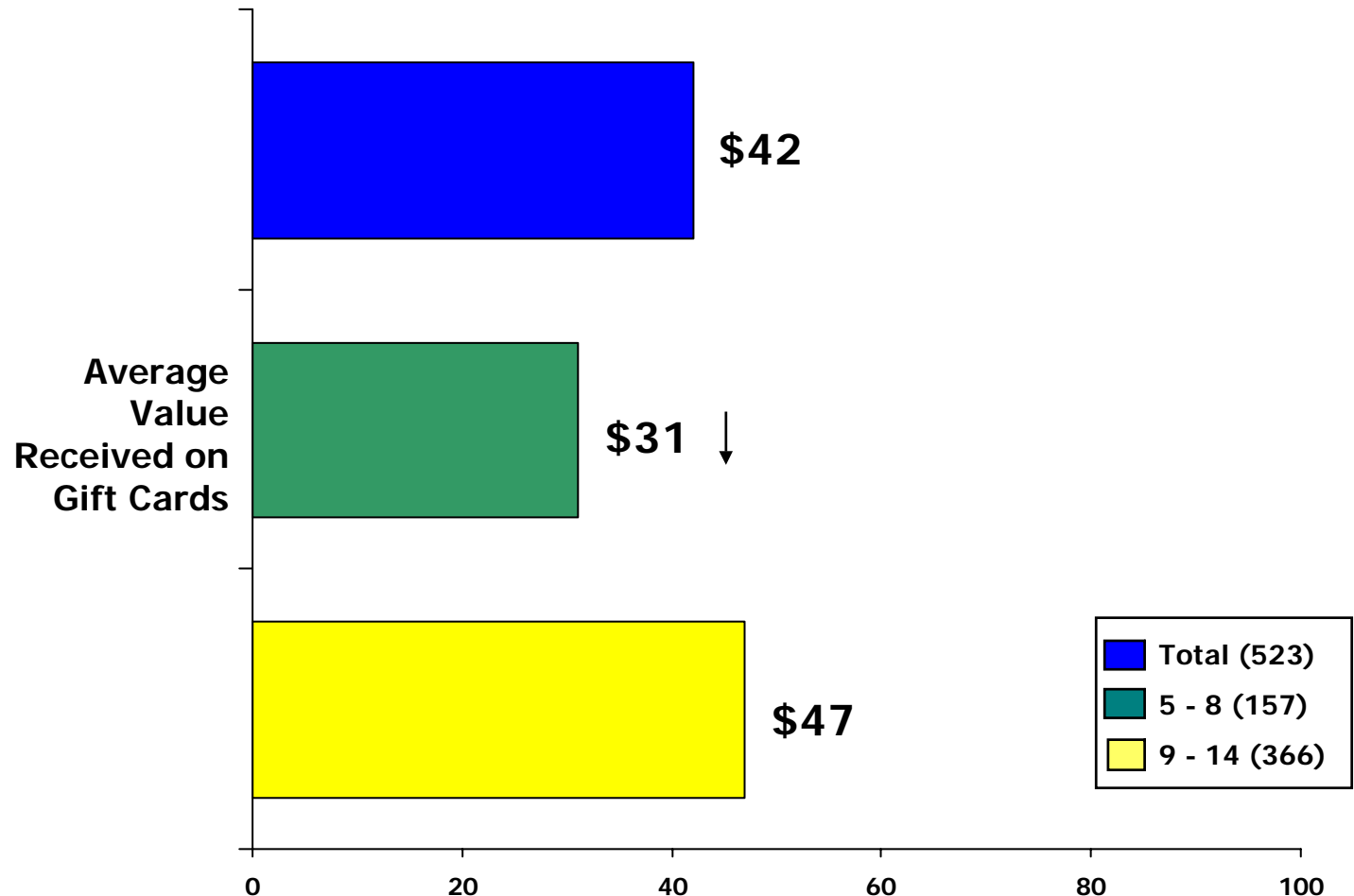


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# Average Value of Gift Cards Received

(among 523 gift card receivers)

- Parents say that the gift cards their children receive have, on average, \$42 loaded on them. Parents of 9-14 year olds report higher load amounts than parents of 5-8 year olds.



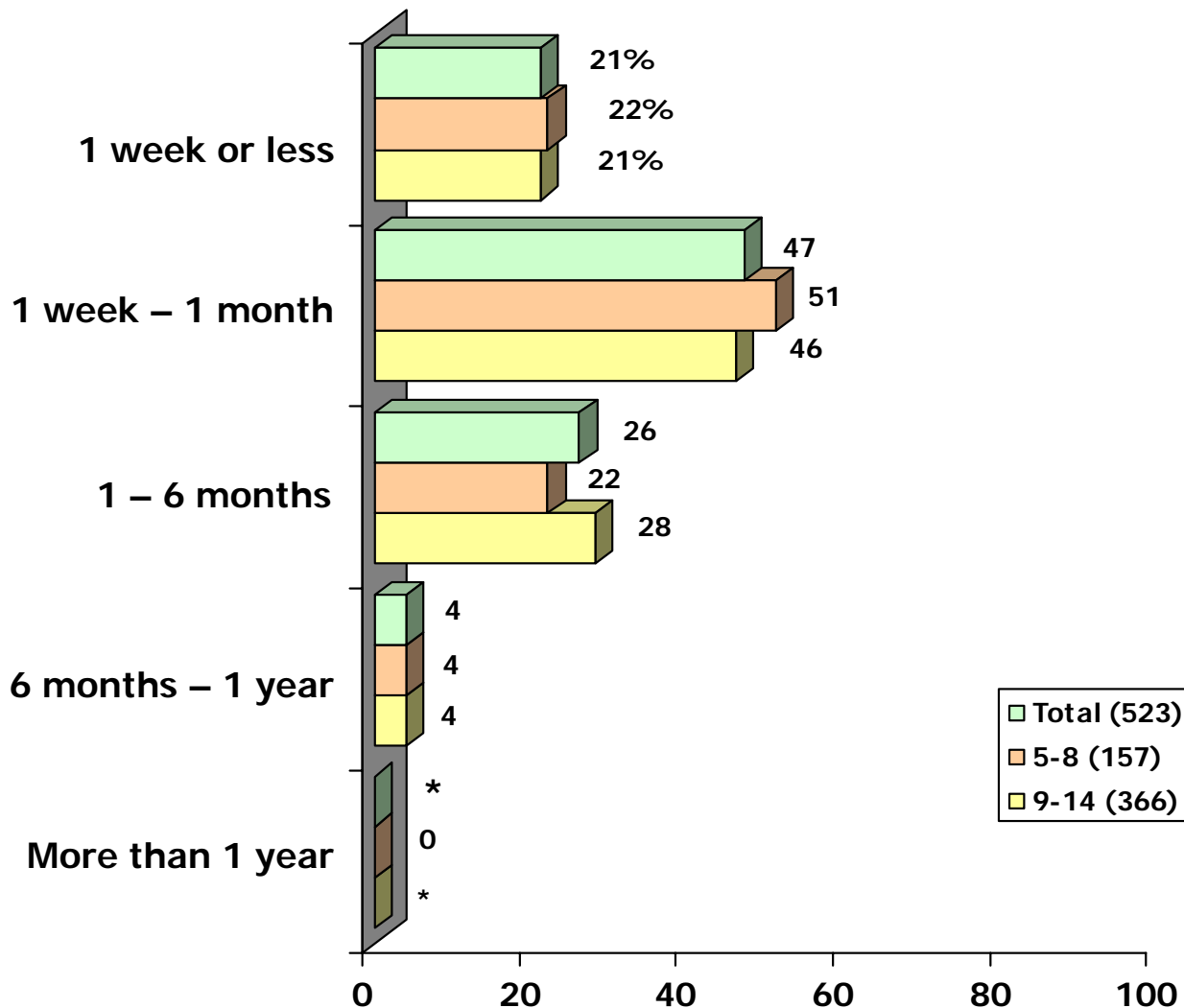


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# Length of Time Cards Held

(among 523 gift card receivers)

- Almost seven kids in ten spend gift cards they receive within one month.



\* Less than 0.5%.

Q.18: When your child receives a gift card, how long would you say they hold the card before they redeem its entire value?

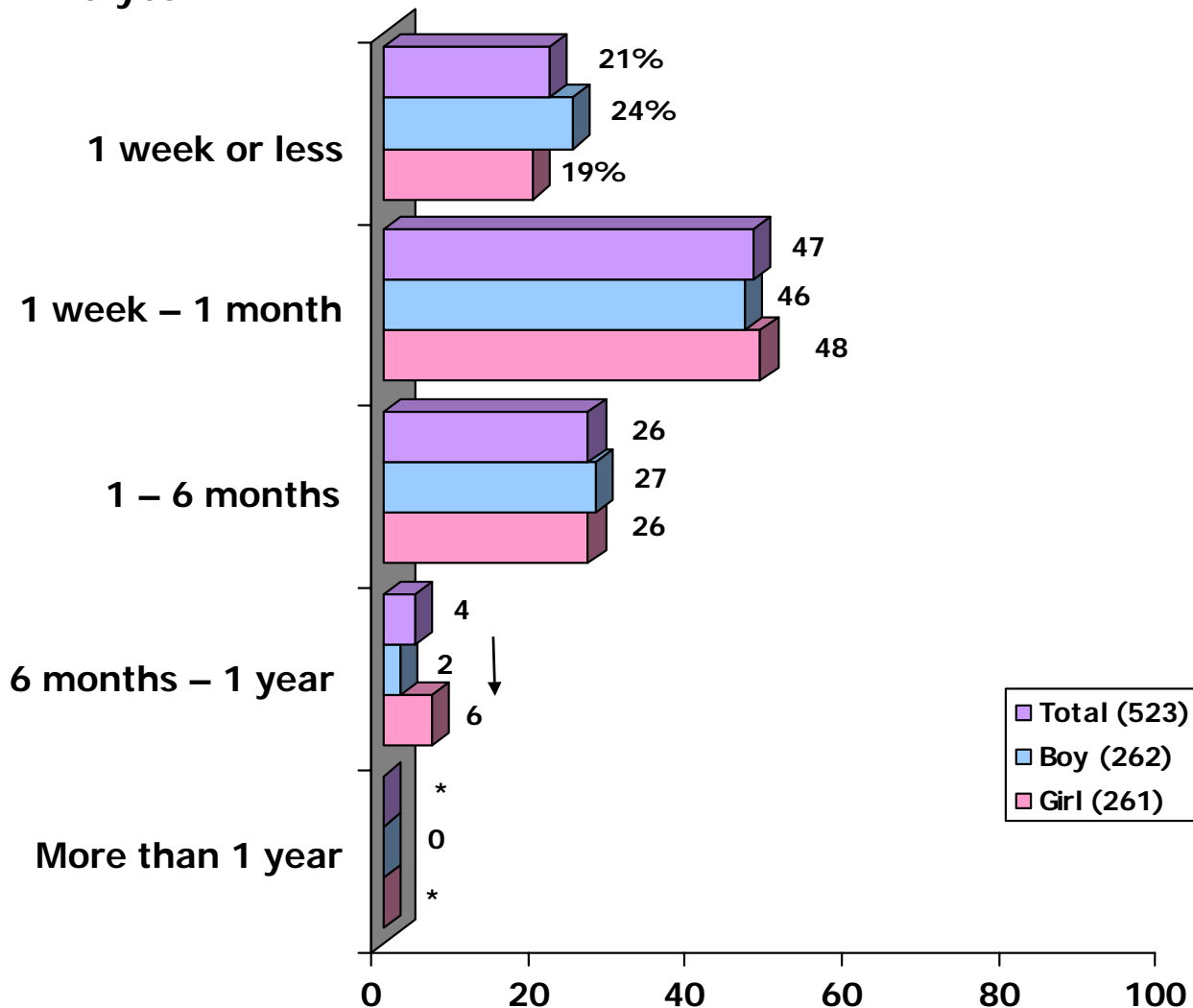


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## Length of Time Cards Held

(among 523 gift card receivers)

- Although boys and girls are equally likely to spend their gift cards in one month or less, girls are more likely to keep a card for 6 months to a year.



\* Less than 0.5%.

Q.18: When your child receives a gift card, how long would you say they hold the card before they redeem its entire value?

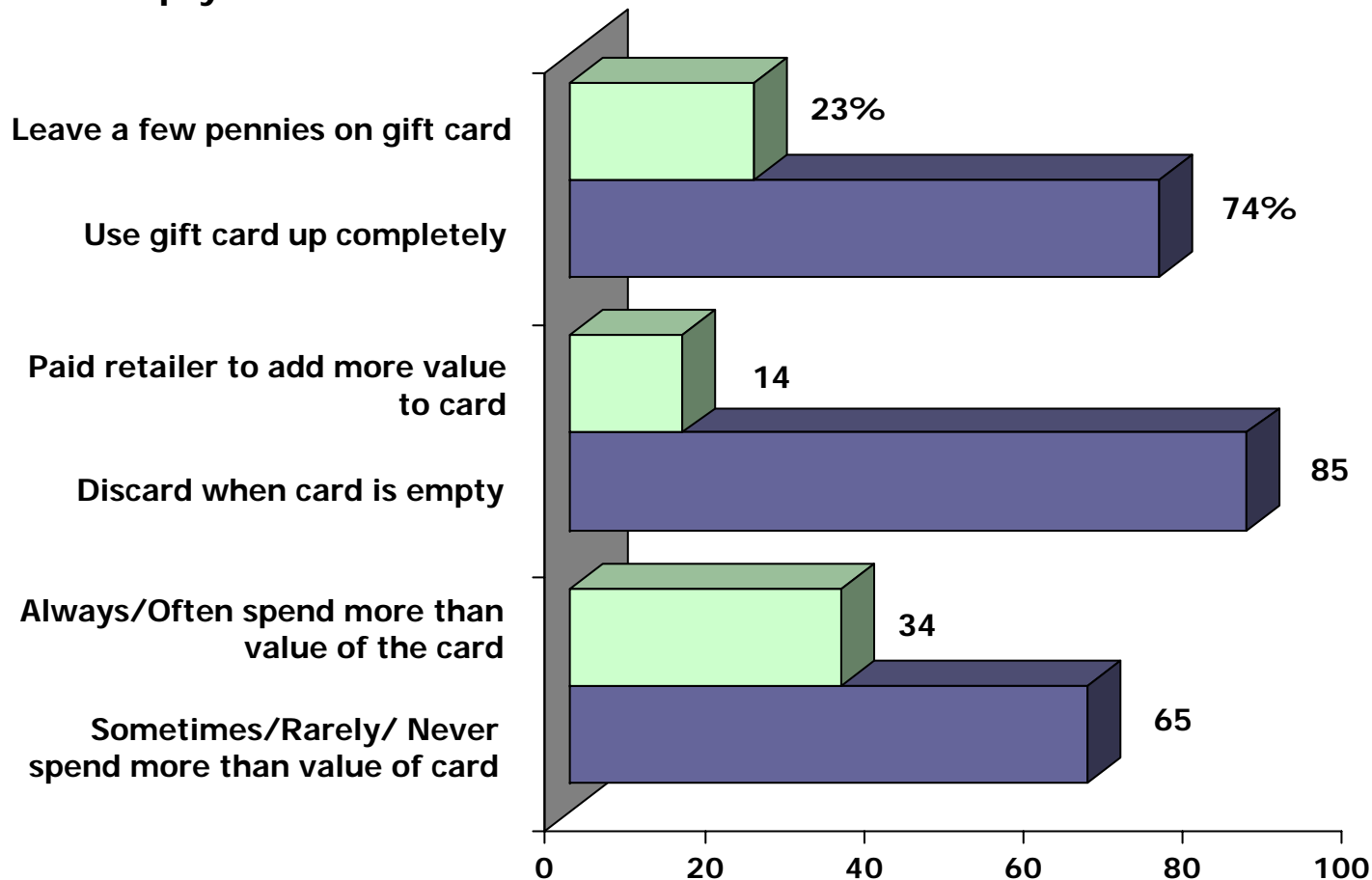


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# Gift Card Usage

(among 523 gift card receivers)

- Three-quarters of parents say that their children use their gift cards up completely, and one-third always or often spend more than the value of the card. More than eight in ten discard the card when empty.



Q.19: When your child makes purchases with a gift card, how often do you or your child spend more than the value of the card to make up the difference between the card value and the item the child wants?

Q.20: When your child uses a gift card, do you or they ever dispose of the card with a few pennies still left on it, or is it always completely used up?

Q.21: Have you ever paid a retailer to put more value on a gift card for your child to use?

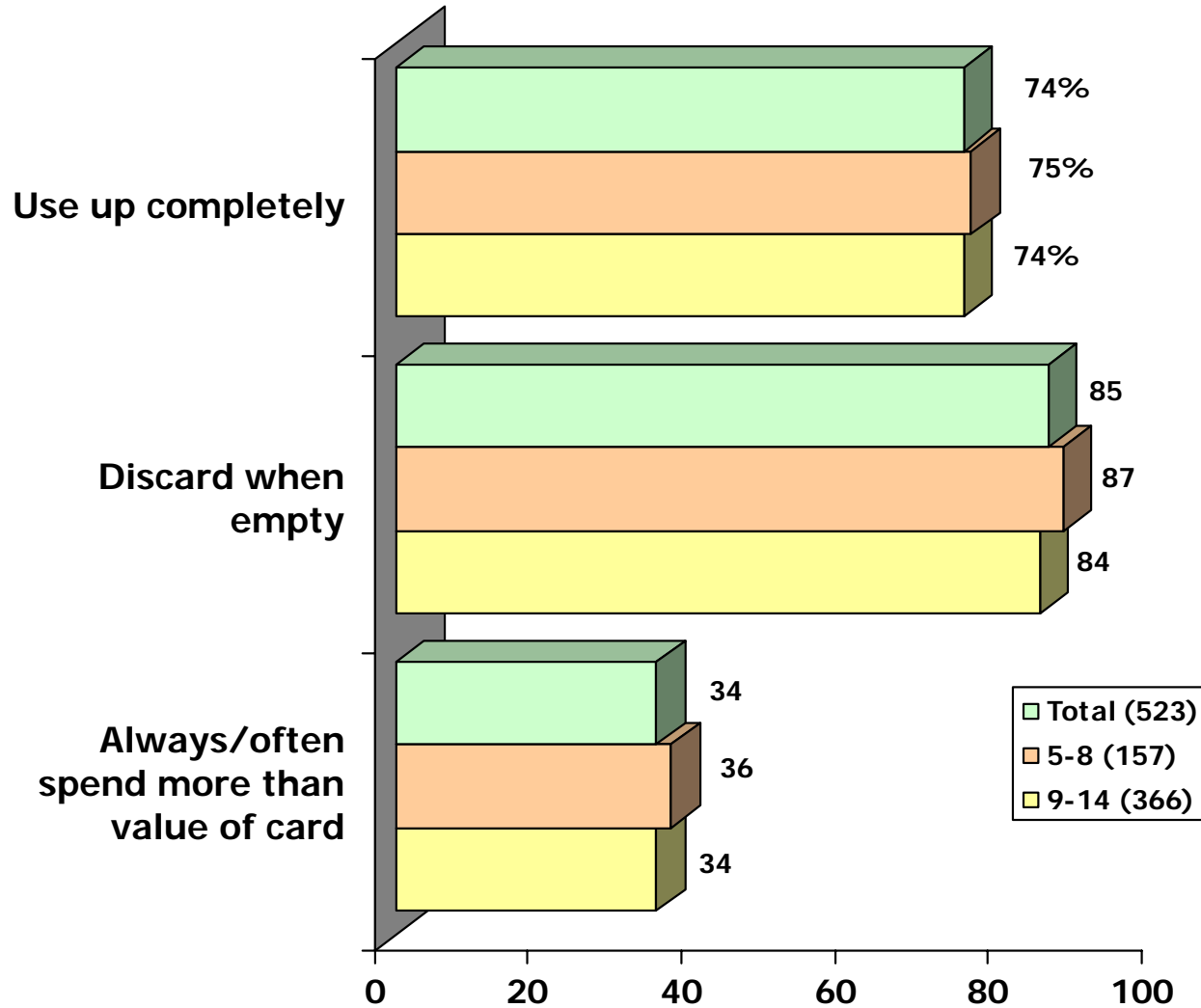


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# Gift Card Usage

(among 523 gift card receivers)

- Children use gift cards in similar ways, regardless of age.



- Q.19: When your child makes purchases with a gift card, how often do you or your child spend more than the value of the card to make up the difference between the card value and the item the child wants?
- Q.20: When your child uses a gift card, do you or they ever dispose of the card with a few pennies still left on it, or is it always completely used up?
- Q.21: Have you ever paid a retailer to put more value on a gift card for your child to use?

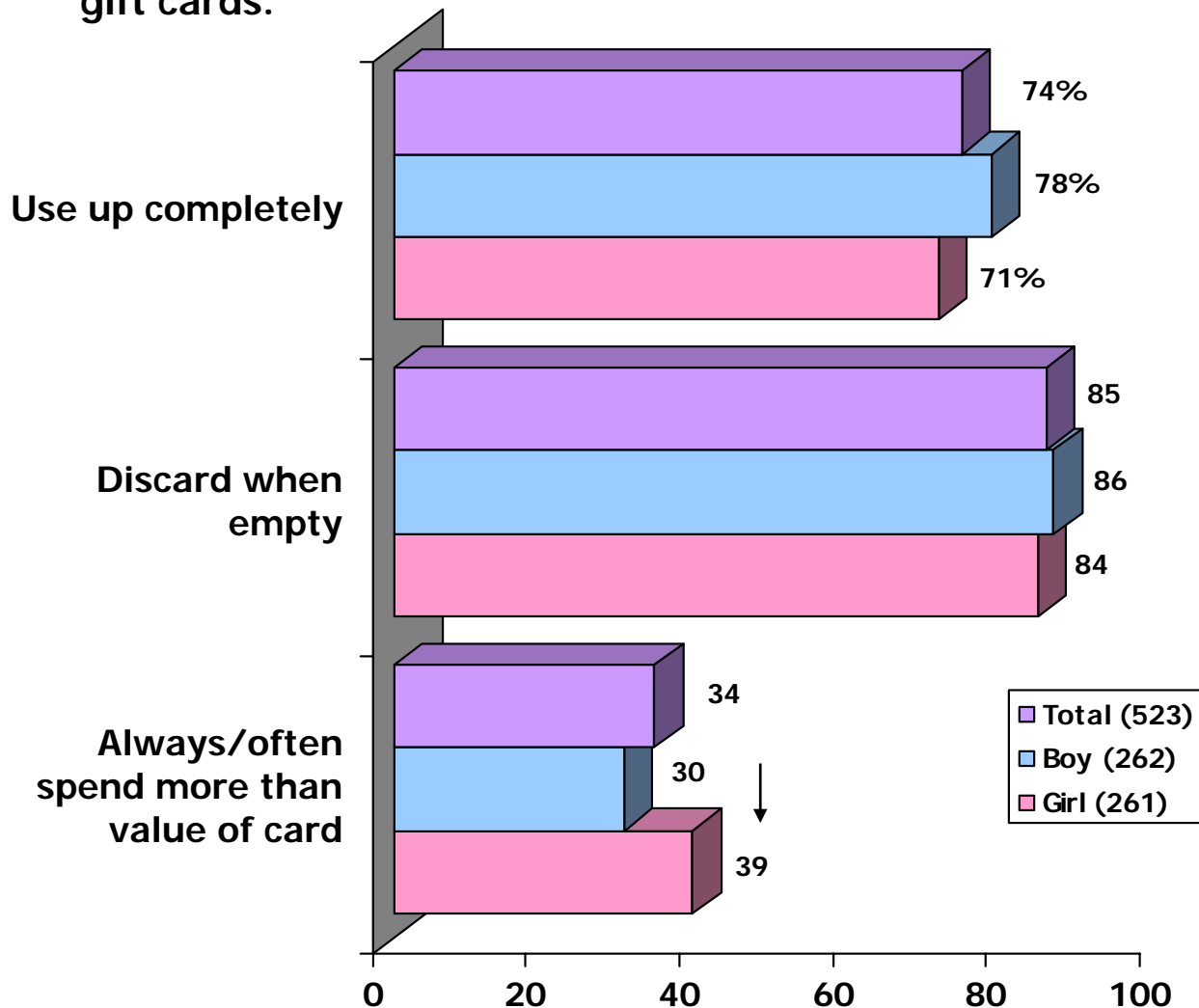


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# Gift Card Usage

(among 523 gift card receivers)

- Girls are more likely than boys to spend more than the value of their gift cards.



- Q.19: When your child makes purchases with a gift card, how often do you or your child spend more than the value of the card to make up the difference between the card value and the item the child wants?
- Q.20: When your child uses a gift card, do you or they ever dispose of the card with a few pennies still left on it, or is it always completely used up?
- Q.21: Have you ever paid a retailer to put more value on a gift card for your child to use?

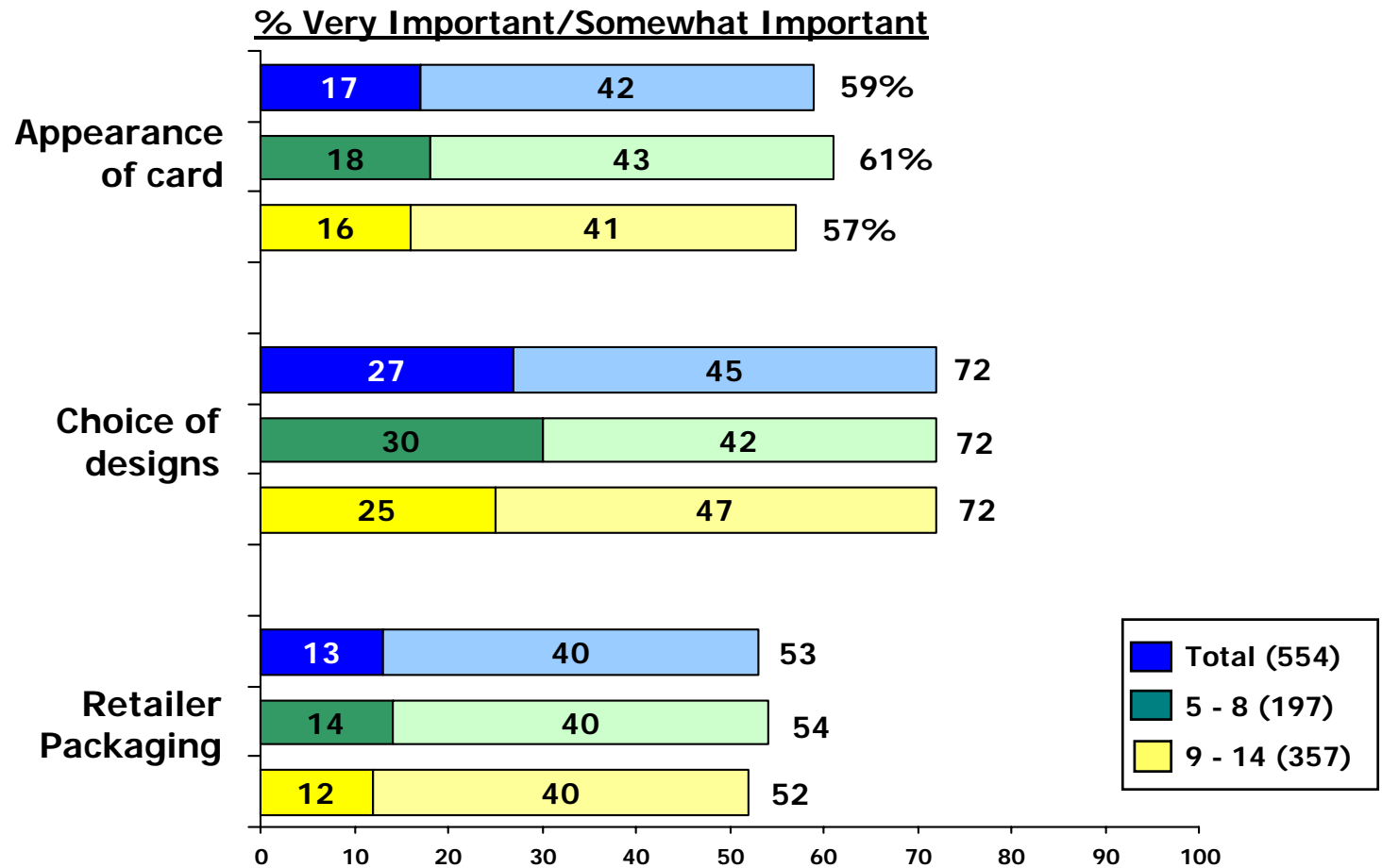


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# Importance of Appearance/Design

(among 523 gift card purchasers)

- Slightly more than one-half of respondents say that the appearance or retail packaging of a gift card is very or somewhat important in their decision to purchase. Almost three-quarters say that a choice of designs is important.



Q.12: How important would the appearance of a card be in your decision to purchase it? Would you say . . .

Q.13: How important would it be that a merchant offers you a choice of occasions, for instance, cards that have the words "Happy Birthday" or "Congratulations," when you purchase a gift card? Would you say . . .

Q.14: How important is the retailer packaging in your decision to purchase a gift card? Would you say...

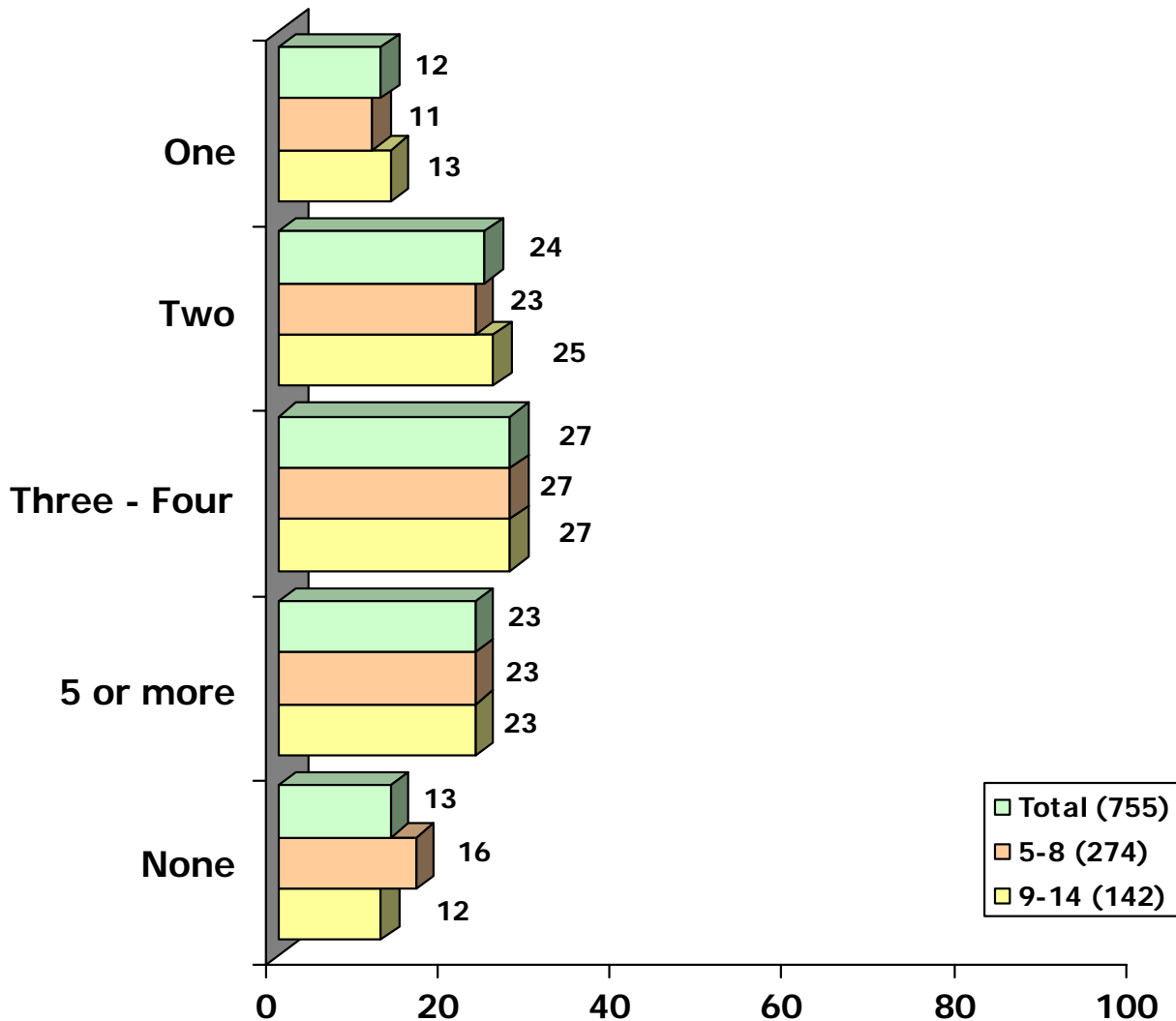


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## Expected Card Purchases

(among 755 respondents)

- Almost one-quarter of parents of 5-14 year olds expect to purchase 5 or more gift cards in the coming holiday season.



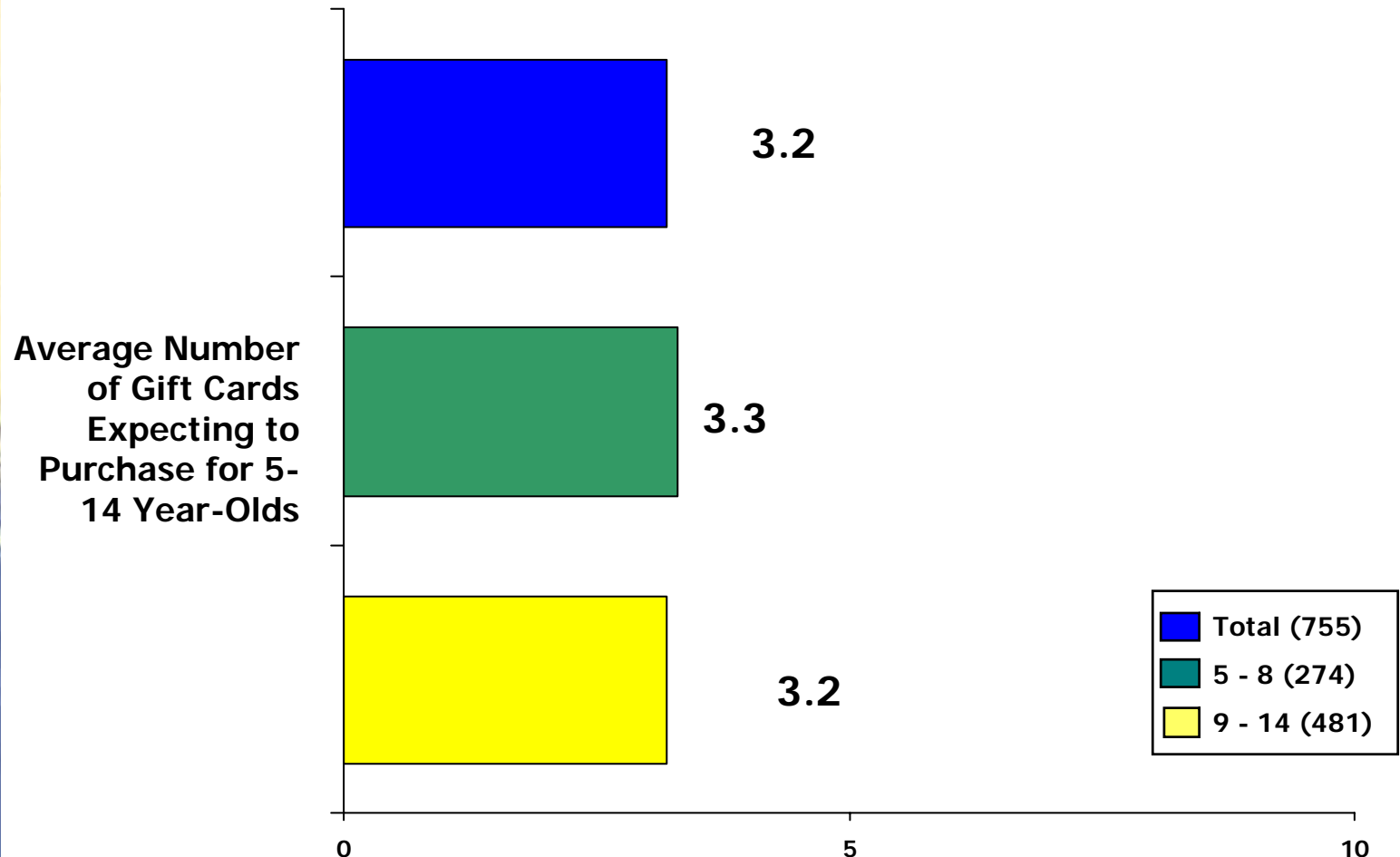


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# Expected Card Purchases

(among 755 respondents)

- Parents expect to purchase an average of three gift cards for kids this holiday season.

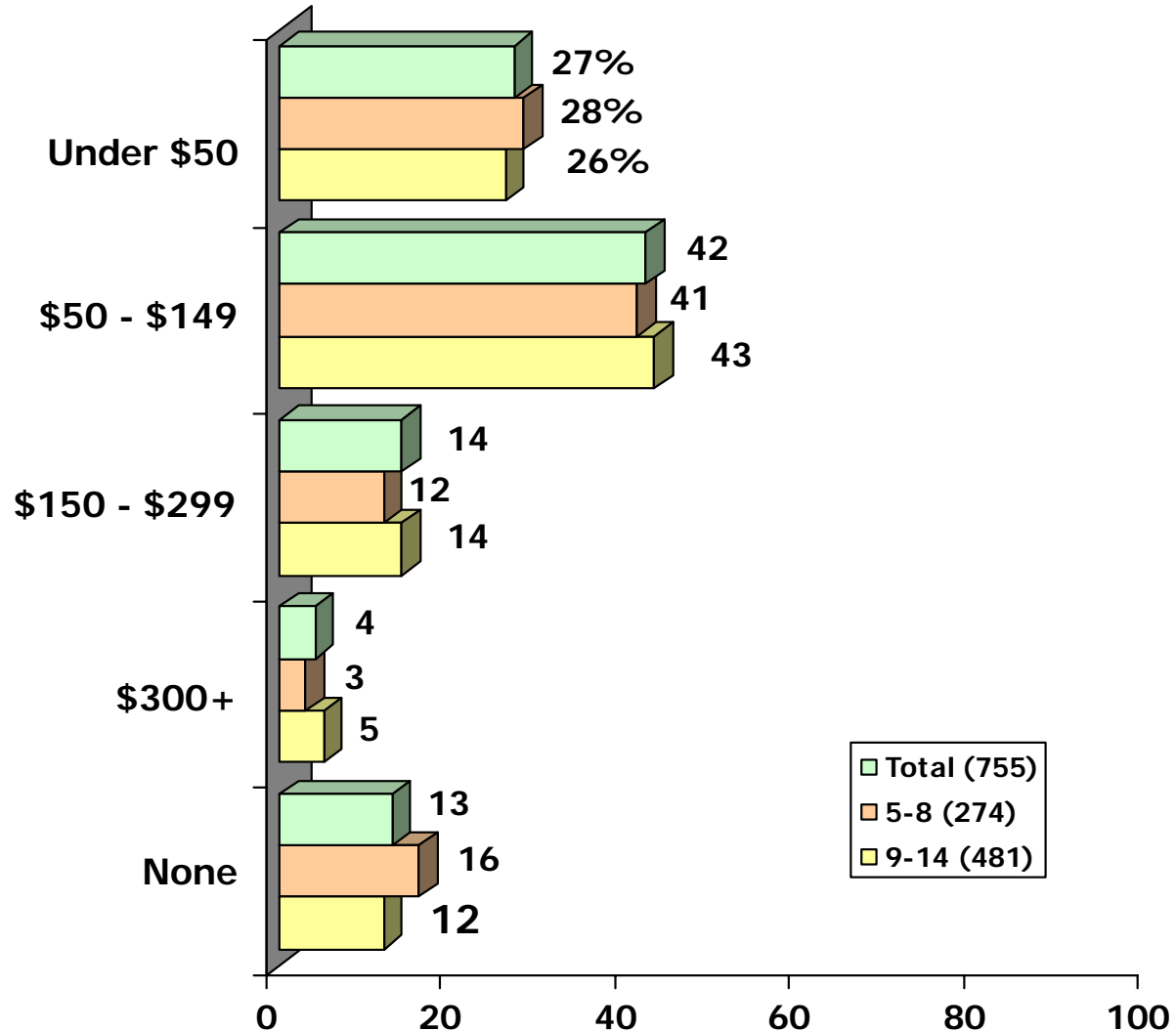




# Expected Card Purchases

(among 755 respondents)

- Two respondents in five expect to spend \$50 - \$149 on gift cards for 5-14 year olds in the coming holiday season.



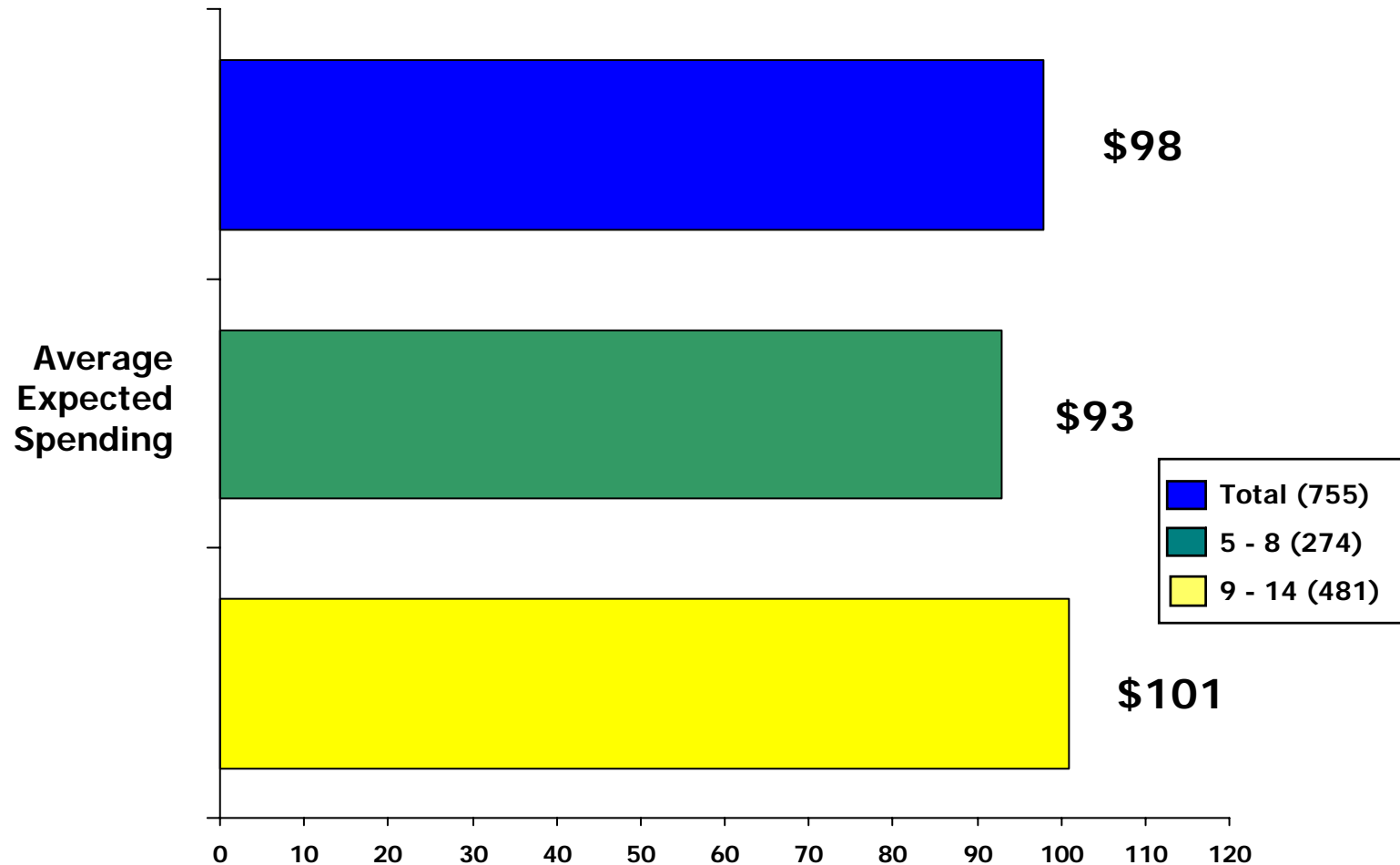


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# Expected Spending on Card Purchases

(among 755 respondents)

- Adults expect to spend close to \$100 on gift cards for 5-14 year olds.



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# Respondent Characteristics



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# Demographics

	(Base)	Parents of Children	
		Total	
		5-8	9-14
		(274)	(481)
		%	%
<b><u>Age</u></b>			
18-29	14	27	← 6
30-34	21	24	19
35-39	22	18	→ 24
40-44	22	18	→ 25
45-49	15	10	→ 18
50+	7	4	→ 8
<b><u>Average Age</u></b>	<b><u>38.3</u></b>	<b><u>35.5</u></b>	<b><u>→39.9</u></b>
<b><u>Income</u></b>			
Less than \$30,000	19	21	18
\$30,000 - \$50,000	31	31	31
\$50,000 - \$75,000	22	20	24
\$75,000 - \$100,000	12	12	12
\$100,000 +	9	10	8
<b><u>Average Income (\$000)</u></b>	<b><u>54.3</u></b>	<b><u>53.9</u></b>	<b><u>54.6</u></b>
<b><u>Ethnicity</u></b>			
White/Caucasian	87	85	88
African American/Black	5	5	5
Hispanic/Latino	4	6	4
Asian	1	2	*
Other/Refused	3	2	3
<b><u>Gender</u></b>			
Male	13	10	14
Female	87	90	86



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# Certification Statement

**Job Number:** 04-8382

**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.  
August 2005