

Gift cards still popular

Gift cards are high on consumer shopping lists and retailers are getting creative with their offerings, as they realise the value of the simple gift card. A tighter year-end budget and a lacklustre economy are key factors driving consumers to be pragmatic this festive season and into the new year.

"The 16th edition of the Deloitte Year-end Holiday Survey bears out the trends we are seeing from our stores. Consumers are adopting a sensible outlook towards gifting this year and are looking to realise more value from their spend. Gift cards will be a key feature on this year's shopping list, with the recently launched iTunes card likely to be high on the most wanted list," comments Angelina dos Santos-Barrett, product manager at Innervation Value Added Services.

Retailers are also waking up to the fact that they can leverage their channels and gift cards are being used to drive online sales as well as being offered as refunds in lieu of cash.

"Malls often use association branded cards as their in-store gift cards. This has its benefits since it can be used anywhere and does not require additional infrastructure, but individual stores see the value of having their brands in customers' wallets. The FICA requirements for mall gift cards can also be a deterrent."

There is a growing trend in the older age group to be more sensible in their gifting options.

"The range of stores offering gift cards is now extensive and we have seen a marked uptick in the more discerning consumer looking for luxury store cards to give as a gift. High-end consumer goods are a definite favourite. We are even seeing a trend toward using gift cards as wedding presents - a smart way to avoid receiving duplicate gifts, and one which is being embraced by couples who request cards from their favourite stores."

The high-end gifting market is bigger than most think. In 2012, Starbucks launched 5000 stainless steel \$450 limited edition gift cards. It sold out in six minutes. That is \$2.25 million worth of gift cards in 360 seconds.

Retailers are seeing the benefit of the simple gift card. Not only do recipients of the gift cards spend between 20-50% more on their purchases, but also some opt to re-use their cards, charging them with more credit at the checkout points.

The gift card is also making its way into everyday life. "Many school tuck-shops have opted to go the way of gift cards, as it cuts down on the time to checkout, is simple to use and pupils and parents prefer the cashless option."

The growing movement towards a more pragmatic lifestyle is making the gift card option increasingly attractive. Consumers are seeing the benefit of leveraging all the retail channels. Loyalty points are being redeemed as gift cards, which significantly add to their attraction. Personalised gift cards are also gaining traction, allowing the personal touch.

"It may not seem all that personal to give a gift card but more people are realising the practicality of them."

Not only does one save oneself the angst of finding an appropriate gift but also, by using the entire available retail channels, one could be making every cent work. The smart retailer will also make it as attractive as possible to get the best value out of your hard-earned cash and drive sales in a depressed economy," do Santos-Barrett concludes.

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