

Gift Card Demographics

Gift cards have become almost omnipresent in today's society. They're available just about everywhere you shop, be it at a bricks-in-mortar store, through a catalog or online. And with more retailers removing expiration dates and non-usage fees from their cards, the incentives are becoming even more attractive to a wider audience that includes people of all ages, and from all walks of life.

In observing demographic trends among gift card users, Nancy Serrato, former IGCC president and current board member, says that within the last year she's seen "open loop network" cards gain in popularity. Those are the Visa, MasterCard and American Express types that function not as credit cards, but as stored-value gift cards. "They're targeting the 'tween' marketplace (which is too young to use their own 'official' credit cards, but old enough to shop)," says Serrato, "and being used as budgeting tools for the younger crowd."

Other changes within the industry include an elongation of the holiday season, which has to be re-forecast on an annual basis due to the high volume of cards that are sold during that time of the year, and subsequently redeemed after the holidays. "Gift cards have extended the retailers' selling season well into January," says Serrato, adding that about \$30 billion in gift cards were bought during the 2006 holiday season. "Where stores historically posted soft sales during the month after Christmas, they're now seeing about 40 percent of the holiday gift cards redeemed by the middle of January."

According to Corporate Research International, nearly 75 percent of all U.S. shoppers gave at least one gift card during the 2006 holiday season. More than 70 percent of respondents said they gave at least one redeemable gift card, while on average, each person gave 4.5 gift cards. Of the 3,000 who said they gave gift cards, 37 percent said that they gave more this season than they did last year.

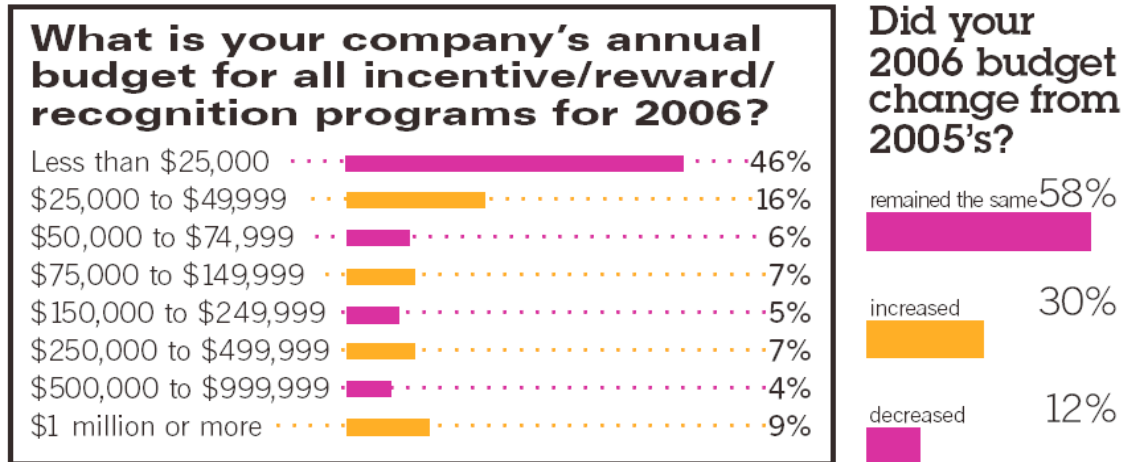
More than 67 percent of those surveyed received at least one gift card, Nearly a quarter of respondents (22 percent) said they received three or more gift cards this year. For the second year in a row restaurant gift cards were the most popular (27 percent), while gift cards for department stores (14 percent), discount department stores (10 percent), clothing stores (9 percent) and online retailers (7 percent) rounded out the top five selections.

The CRI survey also found that more people are waiting longer to redeem their gift cards. More than 40 percent of respondents said they redeemed the total amount of the gift cards they received during the 2005 holiday season by February of 2006, but more than a quarter (25 percent) said they waited until the following December to redeem their gift cards.

Expect to see gift cards reaching an even larger audience in the future, says Rich Killian, IGCC president. "They're being used everywhere from children's birthday parties to Wall

Street offices, and everywhere in between," says Killian. "They're extremely universal and possess the kind of trophy value that few other corporate or holiday gifts can match."

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