

**EXPECTED INCREASE IN 2014 HOLIDAY GIFT CARD SPEND  
MAY MEAN SANTA TAKES A VACATION THIS YEAR...**



## **2014 HOLIDAY SEASON GIFT CARD SPENDING REPORT**

**DECEMBER, 2014**

**SVS**

**STORED VALUE SOLUTIONS**

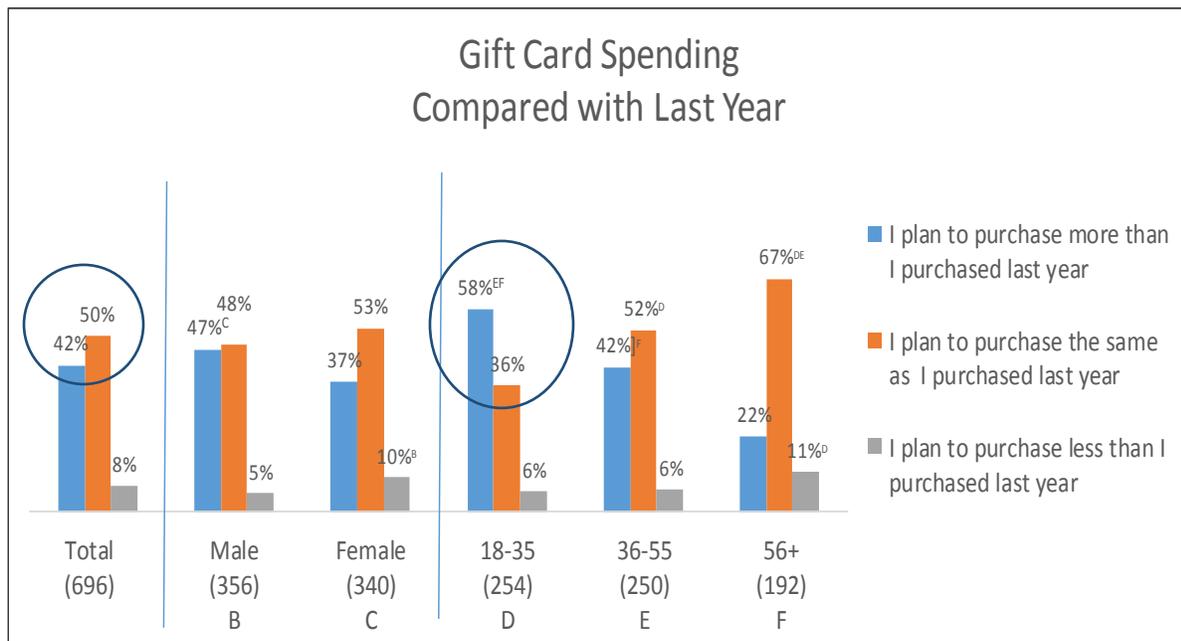
## Survey Background

With the 2014 holiday season drawing to a close, there have been varying estimates cited in the press regarding consumer gift card purchases this year. Stored Value Solutions (SVS) has been tracking gift card data for nearly a decade. In order to provide a near real-time estimate, coupled with our own first-hand view of including first-time gift card sales, same-merchant sales and average dollar amounts loaded on cards, we recently carried out research to understand consumers' intended gift card purchases as holiday gifts in 2014 relative to their spending in 2013. A nationally representative sample of 1000 adults 18+ completed a brief survey December 1-2. 696 adults (nearly 70 percent) confirmed they have purchased or intend to purchase gift cards this holiday season.

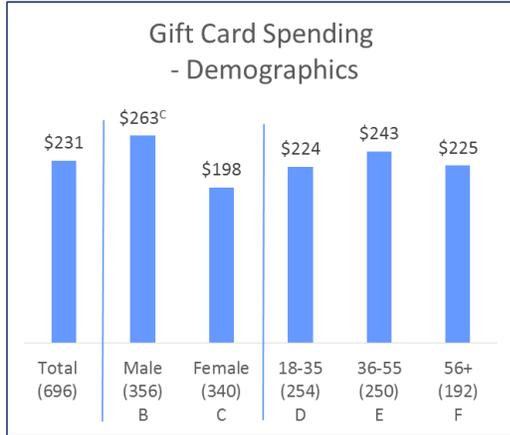
## Key Survey Findings

We have seen one optimistic forecast for the 2014 holiday gift card season (November-December) that puts Year-over-Year growth at 3 percent, to \$39.8BB.<sup>1</sup> Consistent with that perspective, our survey reveals that more than 9 in 10 American consumers plan to **spend as much or more** on gift cards during this holiday season than last year.

Younger consumers (<35 years of age) and male shoppers are the real story this year. According to our survey, **younger consumers**, in particular, intend to **spend more on cards** in the 2014 holiday season than they purchased last year.

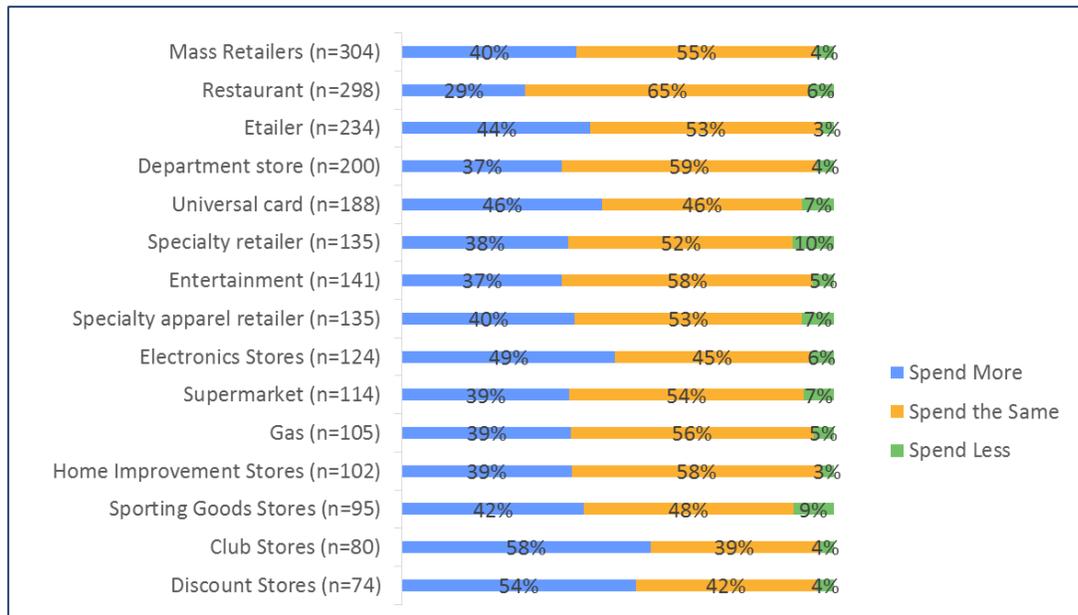


Similarly, **men on average plan to spend \$263 in gift cards** this holiday season, **33 percent more than women**. These statistics are of particular note in light of the fact that most gift cards have in past years been purchased by middle-aged women and retired (married) men. The younger and male gift card consumer profile is an interesting new phenomenon this year.



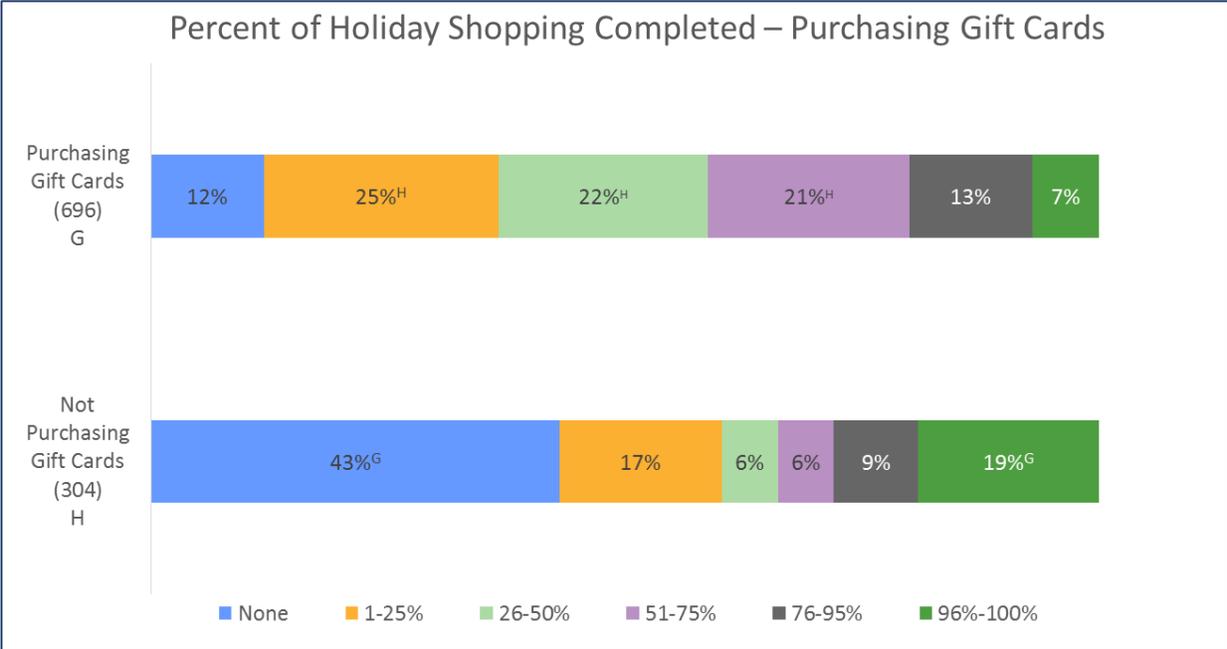
**Mass retailer** and **restaurant** gift cards continue to be the dominant card types purchased; this is true across age and gender. However, of particular interest this year is the growth in intended spending on **club**, **discount** and **electronic** store gift cards; each represents a YoY spending increase of nearly 50 percent or greater. This growth opportunity aligns nicely with the young, male gift card shopper.

Change in Spending by Types of Gift Cards



While mass retail is defined by organizations like Walmart and , Target, etc. that continue to reign as the gift card of choice, etailers like Amazon, Ebay and other internet retail giants are holding their position. The restaurant category spans a broad spectrum of providers including fine dining, casual dining and quick service restaurants. We see an exciting shift for electronics retailers which includes chains like Best Buy, as well as for club (Sam’s, CostCo) and Discount Stores (Dollars Store, Big Lots, etc).

When it comes to mid-season gift card purchasing, **time is of the essence**. Those who are purchasing gift cards this holiday season are more likely to have begun their shopping, but less likely to have finished it. And...93 percent of consumers surveyed have not completed their shopping!



Historically, over 80 percent of consumers cite convenience as the most common driver of gift card purchases, and more than half appreciate the time savings they represent. As we get closer to Christmas and New Year’s Eve, convenience and time savings become even more compelling benefits of gift cards.

## Merchant Implications

Given this trending activity among 2014's holiday gift card buyers, here's our take for merchants looking to gain an increase in this category:

- With the rise of young male purchasers, merchants would be wise to cater to their comfort level with e-gifting and mobile cards
  - 85 percent of millennials plan to buy digital cards this holiday season<sup>ii</sup>
  - Roughly 50 percent of those that buy electronic gift cards plan to spend more than the year prior; experts forecast total spend on digital cards during this holiday season will total \$2.5BB-\$3BB<sup>iii</sup>
  - Merchants will be well served in being aggressive in: promotion; personalization, and consumer engagement
- Maximize marketing/communication messaging emphasizing convenience and time-savings benefits
- Merchants should appeal to male shoppers with appropriately curated POP displays
- All merchants can leverage promotion in aisles that appeal to the under-35 shopper
- As the 2<sup>nd</sup>-most popular gift card choice among men, restaurants should target men in their messaging about dining experience

## About Stored Value Solutions (SVS)

Award-winning Stored Value Solutions (SVS) is a global provider of gift cards and stored value solutions, managing successful gift card programs for top retail brands around the world. The company supports over 600 million card products in 50 countries and 26 currencies every year – with each card possessing the ability to influence consumer behavior and drive sales. With 20 years of industry experience, the SVS team has expertise in retail gift cards, promotional offers, consumer engagement strategies, eCommerce solutions and mobile interactivity. To learn more, please visit: [www.storedvalue.com](http://www.storedvalue.com)

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<sup>i</sup> [http://www.digitaltransactions.net/news/story/With-Holiday-Gift-Card-Sales-Wilting\\_Issuers-Will-Have-to-Push-Harder\\_Add-Digital](http://www.digitaltransactions.net/news/story/With-Holiday-Gift-Card-Sales-Wilting_Issuers-Will-Have-to-Push-Harder_Add-Digital)

<sup>ii</sup> <http://www.bsminfo.com/doc/incomm-research-proves-digital-gift-cards-popular-holiday-season-0001?atc~c=771+s=773+r=001+l=a>

<sup>iii</sup> [http://www.digitaltransactions.net/news/story/With-Holiday-Gift-Card-Sales-Wilting\\_Issuers-Will-Have-to-Push-Harder\\_Add-Digital](http://www.digitaltransactions.net/news/story/With-Holiday-Gift-Card-Sales-Wilting_Issuers-Will-Have-to-Push-Harder_Add-Digital)