

# **How Gift Cards Can Help Grow Emerging eCommerce Brands**



DEVELOPED BY K+H CONNECTION AND THE FLOURISH CONFERENCE

# A whole new way to grow sales, brand awareness, and consumer engagement.



Are you thinking about turning on Gift Card functionality with your eCommerce storefront?

Or, do you have gift card functionality but not sure why you should spend time to develop it beyond a simple offering?

Does it feel like everything has already been done in ecomm and you want a way for your brand to stand out?

Are you a small business looking to drive in more customers, but see that gift cards are not as straightforward as you assumed?

Do you want a way to develop customer engagement that will lead to continued brand loyalty?

**Starting a gift card program, or enhancing current functionality, may be the perfect next step for your brand!**

Let's break down how to start a gift card program and along the way, we will show you some great tips on how to make your gift card more than gift, it will become a powerful tool that drives your sales and customer engagement goals forward.

# **First thing's first.**

## **Let's get on the same page.**



# **Gift cards matter.**

## **More than you think.**

Though seen as a basic necessity among most major retailers, gift cards are a vastly underutilized resource available to emerging ecommerce-based brands.

In a recent review of over 200 direct to consumer or ecommerce focused retailers, 80% offered at least one option for consumers to purchase a gift card but that often meant a less than optimal user experience and limited options.

This is because offering a traditional gift card is just the beginning to capturing the full power of a gift card program.

**By understanding essential elements of gift cards and how to capitalize on their flexibility, digital retailers can use gift cards as a tool to not only increase sales but develop customized strategies for their own unique business goals.**

# Q: Should I start with a physical or digital gift card?

*Gift card programs should offer both physical and digital cards as each offering has unique benefits.*

## A physical card makes a digital store a physical experience and brings the store to the consumer



It used to be that consumers were introduced to brands and products by going into stores and trying out products. However, technology has greatly affected the consumer's experience and introductions to brands and products. By relying heavily on a digital presence, brands are now asking consumers for an exponentially higher level of trust.

At the same time, consumers are much more cautious about where they spend their money and brand loyalty is harder to develop than ever before. Ensuring that a physical gift card is well-designed can bring the brand experience right to the consumer's finger tips.


A physical gift card is an easy, accessible entry point for many consumers who are interested in the product to have that essential initial brand interaction and drives consumers back to the digital storefront.

## Consumers expect a true digital experience

Offering a gift card is a basic necessity in order to capture as many sales as possible, but consumers are quickly increasing their expectations around the gifting and receiving experience. Much like a well developed physical card offering is key, so is a refined digital experience.







# Key elements of a positive digital gifting experience include:

## DESIGN

Consumers want to make sure their gift is as personal as possible. Offering a range of gift card designs helps make the experience more unique. On average, retailers offer between 10-20 digital card designs. Often, retailers use their digital gift cards to test new card designs before selecting them for physical gift cards. Other unique design elements include personalization and animation features.

## DELIVERY

Retailers often utilize third party services for digital gift cards and it is imperative that the delivery method remain on-brand for the recipient. These third party services often offer additional features such as the ability to schedule card delivery and email confirmation that the digital card has been received.

## DON'T FORGET!

As the contextual commerce trend continues to grow, it is important that both the purchase and redemption process are designed to be as simple and accessible as possible in order to capture last minute and impulse purchases.

***One 2018 survey reports that 54% of 18-34 year olds would be interested in sending a gift card via social media and that 60% would be interested in receiving a gift card via social media.***

**Ultimately, whether physical or digital, gift cards bring increased consumer awareness and support one of the most common goals for retailers: to stay top of mind with consumers.**



With a physical gift card, the consumer suddenly has a mini-billboard in their wallet, is consistently reminded of the brand, and often has a micro-moment where they actively play out spending the card in their mind. It serves as a marketing tool that immediately triggers thoughts like “I want to go buy....” Due to the growing integration of digital gift cards with digital wallets, this same occurrence is becoming standard in the digital realm.



# Q: How do gift cards help support other business goals?

*Whether your goal is to enhance the customer experience, grow brand presence, or increase the average consumer spend, gift cards can help support a number of key initiatives.*

## Enhanced ability to provide outstanding customer service

There are a number of ways gift cards empower retailers to provide a better experience. One way is that they can serve as an immediate option for when products are sold out, or if the consumer isn't entirely sure what they want to purchase (ie size or color). Gift cards can be an easy answer for complicated gifting and a fast option for last minute gifting.

Gift cards can also be beneficial tools for more specific customer service issues. No matter how many high standards a company has, there will be times when customers aren't satisfied for one reason or another.

Offering a gift card or promotional card can help remedy a number of customer service problems. In fact, one of the biggest growing trends seen is retailers using gift cards as a quick make-good offer when shipping or delivery times are longer than expected.

## Increased average consumer spend

As mentioned earlier, when consumers receive a gift card, something special happens—there's a rare type of excitement that sparks and they immediately think of how they'll spend it.

Suddenly, they have permission to splurge and buy that higher ticket item they've been eyeing for the last few months. Or, they throw a couple extra fun items into their cart because they can get more for what they're spending out of pocket.

Consumers spending above and beyond the amount of a gift card is one of the most consistent occurrences with gift cards. ***A recent 2018 study shows that 70% of consumers spend beyond the value of a gift card.*** Spending above the card amount is very common for premium merchants because gift cards are commonly used to gift the preferred brand when buying a desired item at full price may be beyond the gifter's budget.

## Distribution in new sales channels

Not only do gift cards offer retailers the ability to capture additional consumer sales, they also open new opportunities in alternative channels. Developing a third-party presence for placement along major national brands is an easy way to expand the brand's reach and allows for an additional opportunity for the consumer to say yes to the brand. Additionally, bulk gift card ordering allows for easy B2B sales in channels such a loyalty or even directly to other companies for use as employee incentives.



## Enhanced customer loyalty, retention, and data collection

**Digitally based retailers have a unique advantage over traditional brick and mortar based businesses—they have been capturing key consumer information right from the start and consumers are significantly more likely to have an account with an ecommerce merchant.**

Incorporating loyalty through the use of gift cards, points, and other stored value methods can increase consumer brand engagement. Unique strategies can be developed to promote continued engagement and to recapture consumer attention with customers who haven't been on the website in a while. *A recent study shows that 52% of consumers report gift cards would keep them engaged in a loyalty program over other items like merchandise or discounts.*

In brick and mortar stores, there is often a lot of consumer anonymity when gift cards are redeemed. However, digital retailers have the ability to capture information about the recipient upon redemption and bonuses can be utilized to prompt account creation and assist with capturing consumer data.



# Q: What types of promotions can I run with gift cards?

Given the flexibility of gift cards, the possibilities of using them to drive promotions are only restricted by imagination. Depending on the business goals, there are some classic ways digitally based brands can use gift cards in promotions.

## Collect consumer information.



Instead of the traditional percentage offer in exchange for a consumer's email address or creation of a store account, offering a code for a dollar amount off can be more effective. The idea of "free money" sounds more enticing to consumers and puts an easily quantifiable value on the information exchange.

## Increase the average sales amount



A simple form of promotion is to offer a specific amount in the form of a promotional card code for a set amount off of a predetermined amount, i.e. receive \$10 toward a minimum \$100 purchase. This style of promotion is very successful because it makes it easier for the consumer to understand the value. For example, one case study by an outdoor gear company ran an email marketing test of a 15% off code vs. \$50 off and found that the dollar-based offer generated 170% more revenue and had a 72% higher conversion rate. Additionally, many brands like this offer type because it is not a discount on the brand but rather a value add for the consumer.

## Drive sales during off peak times



One way promotional cards can be used is to offer them as an incentive for a return trip. A common example of this is during the holidays when retailers promote offers like "Buy \$100 gift card, get a \$20 card". Because promotional cards are legally different than gift cards, the \$20 card often has stipulations for dates it is valid. When done as an email marketing campaign, retailers can easily group qualifying customers into a segment and send reminders during the time frame the promotional card is valid.

**If it hasn't become noticeable yet, the term gift card is slightly misleading. In fact, that's why we prefer the term branded currency. Once retailers understand how to utilize different forms of stored value in the larger business picture, it becomes so much more than simply a gift card and is an integral tool for growing an emerging ecommerce business.**



Are you ready to take the next steps to take advantage of all the opportunities branded currency offers? Don't miss this year's Flourish Conference happening April 1-3, 2019 in Chicago, to grow your gift card program in all new ways.

**LEARN MORE**



## About The Flourish Conference

The Flourish Conference is the first conference to focus exclusively on the unique opportunities and challenges of the Branded Currency industry. What is Branded Currency? It's gift cards, payments, loyalty points, coupons, promotional codes, credits or anything that allows a customer to exchange for a retailer's goods. Combine all of this under one integrated experience and you have Branded Currency. Flourish brings together top retailers and service providers to shape the future of this industry.



## About K+H Connection

Founded by Kristen Thiry and Holly Glowaty, K+H Connection focuses on payment technology consulting with special expertise in stored value and prepaid products and services; also known as branded currency.

We are growth hackers for branded currency. We help our clients identify opportunities and develop strategies to maximize every element of their branded currency ecosystem.

Why do we say branded currency? Because it is demands a truly integrated customer and payment experience. We see the tools like gift card, loyalty and promotions as the first step in your customer experience journey and strive to help you create something frictionless and truly unique to your brand. No other consulting firm takes this approach.

