

Consumer Report

Get the Facts on Gift Cards



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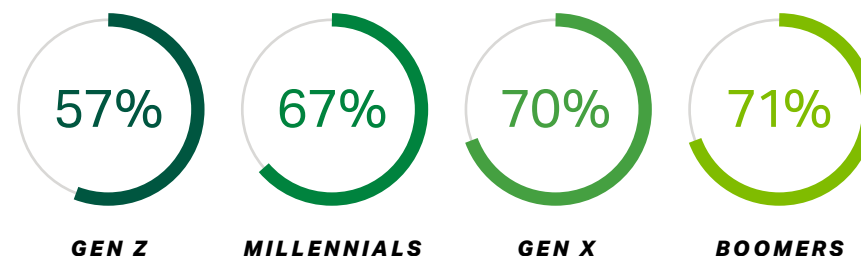
Sure, buyers can use a gift card exactly like they'd use cash, but is that really what they're doing? So many factors influence how consumers treat gift cards, from their age to their sex to whether the gift card is physical or digital.

Blackhawk Network partnered with the experts at Murphy Research to bring you key findings about the state of gift card purchasing. Take a look at the retail trends to identify opportunities to grow your gift card sales.

Gift Cards at a Glance

Who

67% of consumers purchased a gift card in the past year, either physical or digital



What

Are consumers purchasing physical or digital gift cards?



DIGITAL

Average of **3.4** digital gift cards purchased in the past year

27% purchased a digital gift card at least every three months



PHYSICAL

Average of **6.4** physical gift cards purchased in the past year

42% purchased a physical gift card at least every three months

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

When

Gift cards, especially physical, are generally last-minute purchases



DIGITAL

28% of digital gift cards are purchased more than a week before they're given

21% are purchased the same day they're given



PHYSICAL

13% of physical gift cards are bought more than a week before they're given

32% are bought the same day they're given



Where



purchase from a store that sells a variety of gift cards from different retailers or brands

39% prefer purchasing directly from the retailer, restaurant or brand in the store

60% bought from a mass merchandise store (e.g., Target)

52% from family restaurants or fine dining establishments

49% from ecommerce retailers (e.g., Amazon)

Why



Of the **67%** of consumers who bought a gift card in the past year:

59% bought a gift card to give to someone else

33% bought a gift card for their own use

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Physical Over Digital

More consumers use physical gift cards than digital ones. Though both have high awareness, they have different uses. Physical gift cards are seen more for the purpose of gifting, while digital gift cards are seen more for self-use.



**PHYSICAL
GIFT CARD**

99%
ARE AWARE OF

94%
HAVE USED



**DIGITAL
GIFT CARD**

92%
ARE AWARE OF

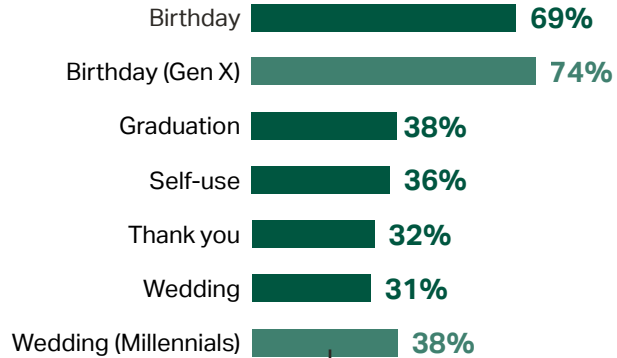
69%
HAVE USED

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.



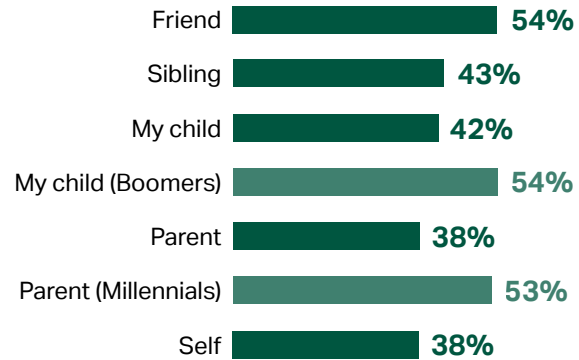
Physical Gift Cards

OCCASION:



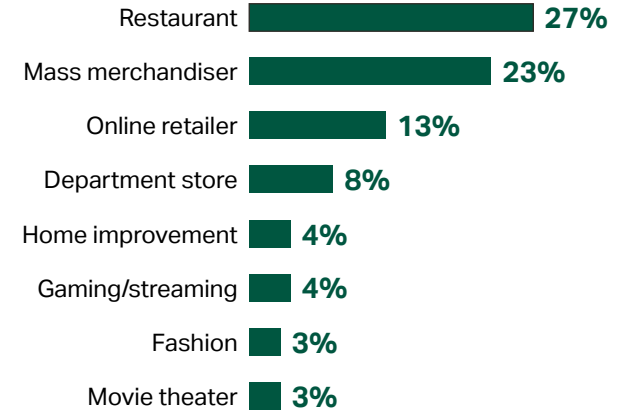
Millennials are at an age where their friends are getting married

RECIPIENTS:



- Average **6.4** physical gift cards purchased in the past year (60% gift, 40% self-use)
- **42%** of consumers purchased physical gift cards at least every three months

RETAILERS



The percentage of consumers who report having used a physical gift card increases as generations get older

94% of all consumers have ever used a physical gift card



Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

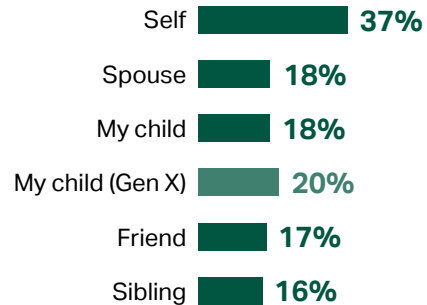


Digital Gift Cards

OCCASION:

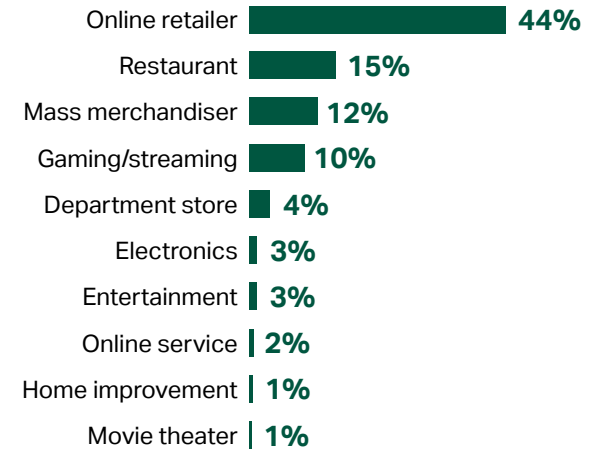


RECIPIENTS:



- Average **3.4** digital gift cards purchased (34% gift, 66% self-use)
- **27%** of consumers purchased digital gift card at least every three months

RETAILERS



Millennials have used digital gift cards more than any other generation



Digital gift cards are more popular than paying using a mobile app or mobile wallet



62%
used digital
gift cards



41%
paid with
a mobile app



28%
paid using a
mobile wallet

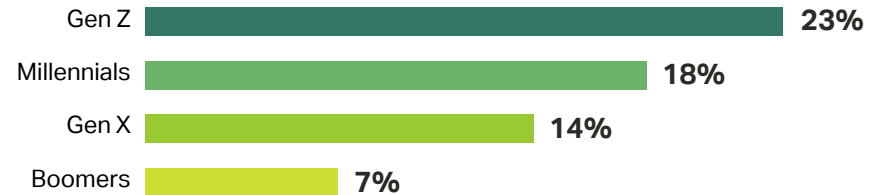
Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Using Cards Outside the Comfort Zone



Younger generations use gift cards more for new retailers

**USED GIFT CARD AT RETAILER
THEY HAD NOT PREVIOUSLY SHOPPED:**



Older generations with more established purchasing habits show stronger retailer and brand familiarity of gift cards received. Compared to older generations, younger generations are more likely to use gift cards at new retailers and on new brands.

86%

of consumers use gift cards at retailers they've tried in the past (93% of Boomers)

64%

of gift cards were for a specific store

21%

of gift cards were for multiple retailers

15%

of gift cards were usable anywhere (e.g., Visa®)

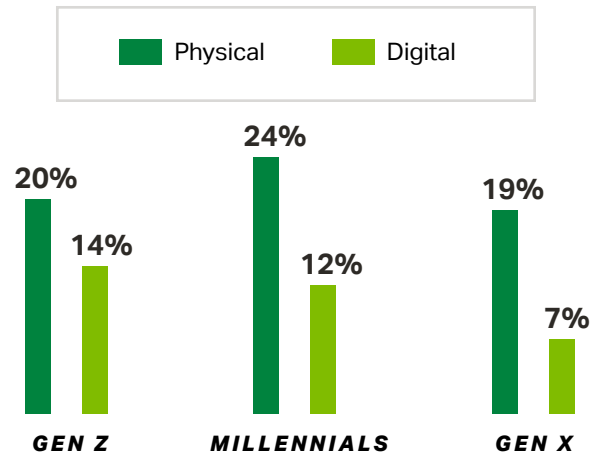
Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Thanks, Boss!

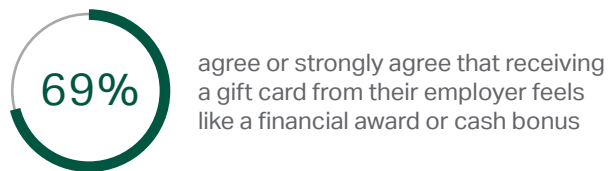
Younger generations receive more gift cards from their employers than older generations, especially Millennials. Gift cards received from employers and retailers tend to be more general than cards from friends and family.



Received a gift card from an employer:



Gift cards can be used to build employee engagement



Employers tend to favor physical gift cards, while cards received from retailers/businesses as a special offer are more often digital.

Of consumers who received gift cards from employers, **17%** were physical cards and **7%** were digital cards.

When businesses, employers or vendors give gift cards, they try to appeal to a range of tastes and lifestyles with the same reward.

	For a specific store, dining or entertainment experience	For anywhere
Gift card received	64%	15%
Gift card received from business, employer or vendor	50%	26%

Attitudes toward receiving a gift card from a brand

65% of consumers agree or strongly agree that getting a reward from a brand/retailer encourages them to purchase more often from the brand/retailer

65% also report that the reward makes them feel like the brand/retailer values their customers

63% agree or strongly agree that the reward encourages loyalty to the brand/retailer

When it comes to rewards from brands or retailers, most customers (60%) would prefer to receive a gift card rather than a discount, coupon, bonus "dollars" or other offer.

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Expiration Dates & Overspend



of consumers spend more than the value of the gift card



On average, they spend

\$31.75

more than the value of the gift card

Consumers are intentional when they use the gift cards they receive. More than half of consumers spend more than the value of the gift card when they use it. The top concern with gift cards is that they will expire.

Reasons for not using gift card

SAVING FOR:



Special occasion



When it will help me out more financially



When there's something I want from the retailer

76%

of consumers completely use up a gift card within one month of receiving

60%

use it up in one shopping occasion

47%

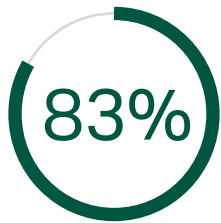
cite concerns over card expiration as their top barrier to gift card purchasing

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Engaging (& Uninteresting) Options



Special offers that consumers are somewhat/very interested in:



interested in **using** a gift card to get a discount off their purchase



interested in **buying** a gift card to get a discount off their purchase

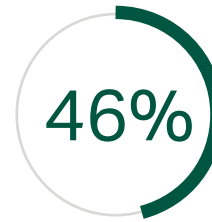


of consumers would be willing to **join a loyalty program** to receive special offers

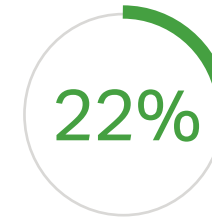
When it comes to options related to gift card purchasing, buyers have limited interest in personalization but are interested in options to customize their gift card for particular retailers. They also highly value special offers that would save them money.



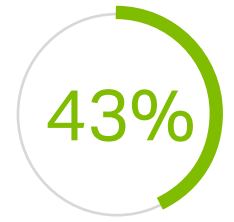
Personalization—including personalized messages, pictures, etc.—is relatively unimportant



consider gift card personalization options "not at all important"

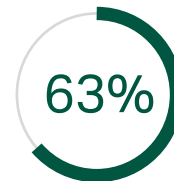


would pay more than \$3 for personalization



aren't willing to pay for it at all

Customization options, however, resonate with consumers



are very/extremely interested in the ability to customize gift cards with a choice of retailer, restaurant or other type of brand



express interest (very/extremely interested) in the option to purchase gift cards at a self-service kiosk that stocks cards from a wide variety of retailers

Across generations, Millennials have the highest interest in customization options.

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Treat Yourself



Whether they purchase them for themselves or receive them from others,

76%

of consumers
(80% of Millennials)
agree or strongly agree that
they see gift cards as an
excuse to treat themselves.

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.



Across generations, consumers think of gifts cards as an opportunity to treat themselves, though Millennials especially see them as an opportunity to spend more and try something new.

On average, consumers received 2.8 physical gift cards and 1.1 digital gift cards in the past year



of consumers **received a physical gift card** as a gift from friends or family



received a digital gift card from friends or family



While **73%** of Boomers share the perception of gift cards as an excuse to treat themselves, **80%** agree or strongly agree that they use gift cards the same way they would use cash.

Only **42%** report spending more with gift cards than they normally would.

Consumers spend more on gift cards for self-use than for those meant for gifts—except for Boomers, who spend the same amount—and spend less on a gift card for gifting than they would spend on a different gift

TYPICAL SPEND

Gift-giving gift card average value:

\$47.91

Self-use gift card average value:

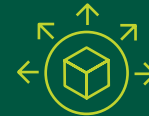
\$51.93

Non-gift card gift average value:

\$59.52

Buyers purchase gift cards for self-use and gift cards for others at different locations

FOR GIFTING



53%

mass merchandiser



47%

family restaurants/
fine dining



42%

quick-service restaurants

FOR SELF-USE



20%

ecommerce retailer



18%

mass merchandiser

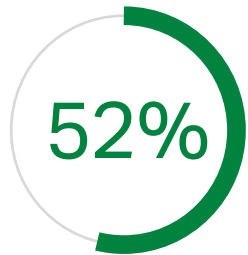


17%

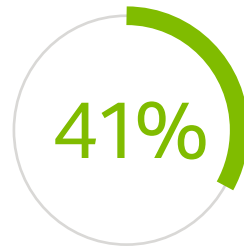
quick-service restaurants

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

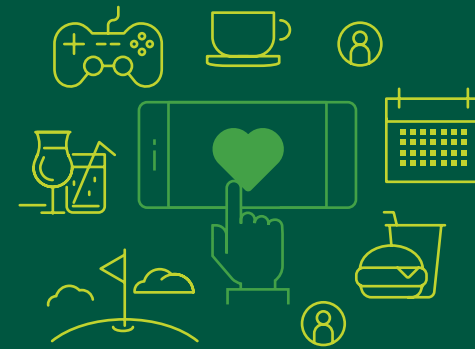
Members of Gen Z are less likely than other generations to buy gift cards as a gift for someone else, but just as likely to buy them for themselves



bought a gift card to give **someone else** in the past 12 months



41% bought a gift card for **personal use** in the past 12 months



While Gen Z and Millennials purchase self-use gift cards at similar rates for ecommerce, mass merchandisers and quick-service restaurants, Gen Z reports twice as much engagement with entertainment and gaming cards compared to Millennials.

Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.



DEMOGRAPHICS + METHODOLOGY



SURVEY LENGTH

20 minutes



RESPONDENTS

3,389



AGES

18–75



PRIMARY OR SHARED

RESPONSIBILITY

FOR HOUSEHOLD SHOPPING

ETHNICITY

80%

White/Caucasian

11%

Black/African-American

11%

Hispanic/Latino

6%

Asian-American

GENDER

48%

Male

52%

Female

GENERATIONAL MAKEUP

6%

Gen Z

27%

Millennials

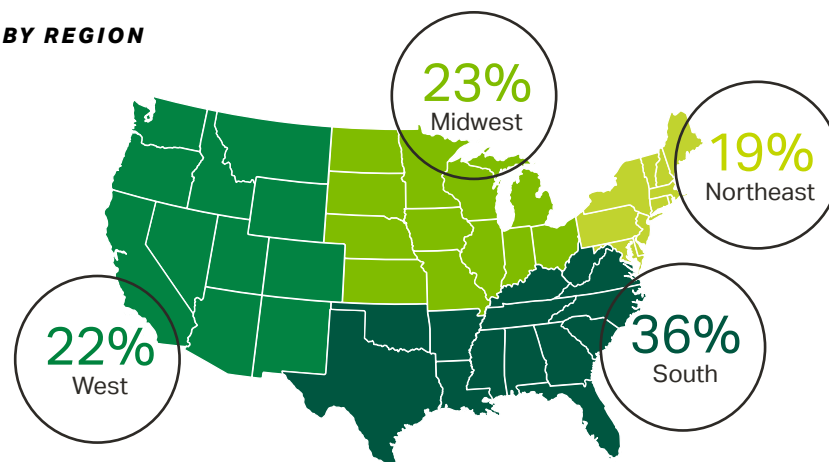
34%

Gen X

33%

Boomers

BY REGION



Blackhawk Network, "Consumer Gift Card State of the Union," conducted by Murphy Research, March 2019.

Blackhawk Network connects brands and people through innovative commerce, incentives and engagement solutions with the goal of deepening customer relationships, motivating sales, and engaging employees. We pioneered branded value to help brands create rewarding experiences and relationships that drive sales, productivity, loyalty and growth.

Learn more at:
BlackhawkNetwork.com