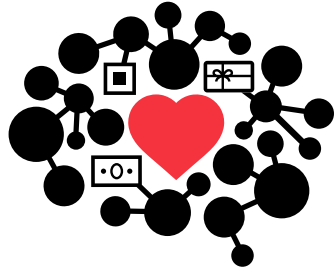




From Pandemic to Endemic

Understanding the next stage in American gift card use





EQ

Insights at the Heart of Payments

Introducing Blackhawk Network EQ

Consumer insights are so much more than facts and figures. It's about emotional intelligence and understanding the thoughts and feelings that drive their actions.

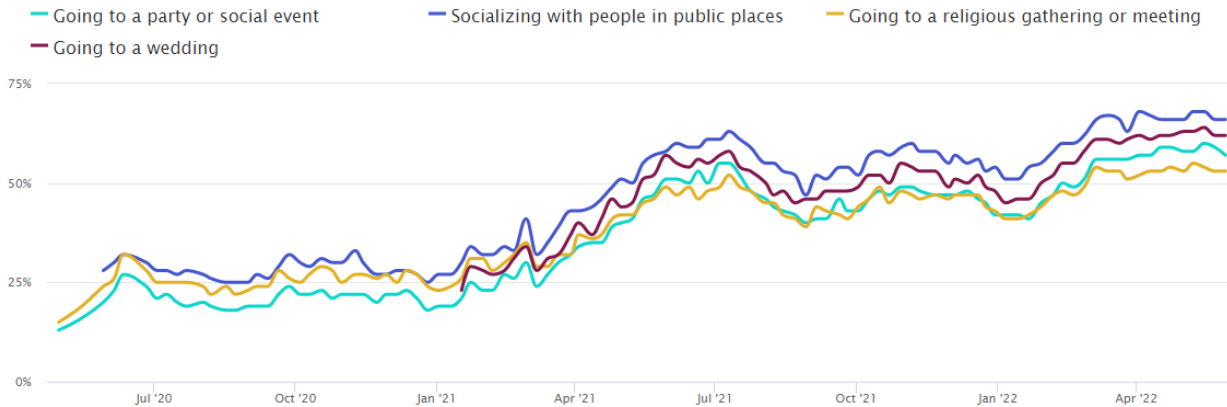
Blackhawk Network EQ helps brands build lasting relationships through payments.

Ready to be **together** again

After two years, it's clear that we'll most likely never see the virus that causes COVID-19 disappear completely. Nevertheless, as vaccines become more widely available and new strains of coronavirus prove to be more mild, Americans are starting to reconnect with the world around them. As of this writing, almost 70% of Americans say they feel comfortable socializing with people in public places. That's an all-time high since the start of lockdowns in March 2020.

Tracking Americans' Comfort With Socializing With Others in Public

The share of U.S. adults who said they feel comfortable doing the following activities right now:

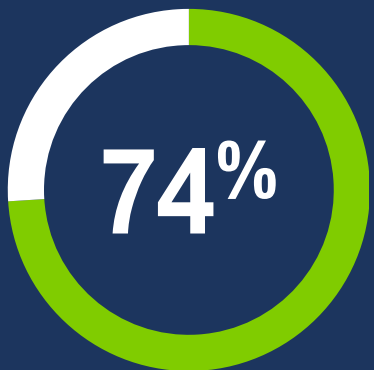


Weekly surveys are conducted among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of plus or minus 2 percentage points.

The choice and flexibility that comes with gift cards are more popular than ever, and return to in-person events means that we all have some catching up to do. People want to make good on weddings that were postponed and graduations and birthdays that were missed. Gift cards in America are about to enter a new phase of life—just like the rest of us.

Morning Consult. *Tracking the Return to Normal: Socializing.* <https://morningconsult.com/return-to-socializing/>, accessed May 20, 2022





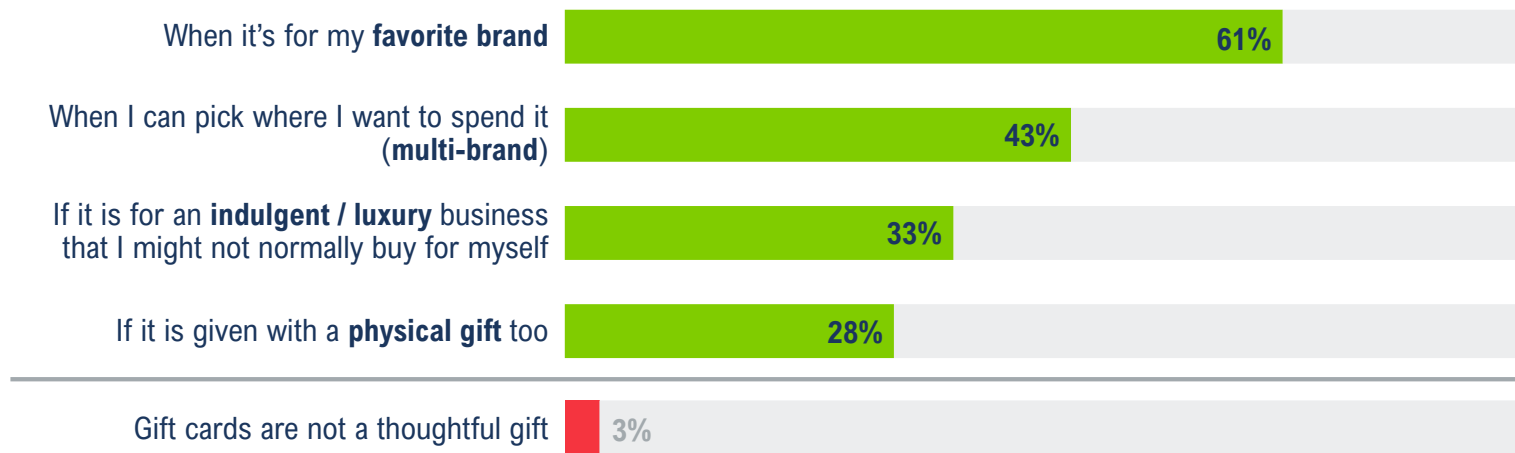
Did you know:

74% say gift cards give them the opportunity to shop for their perfect gift.

Gift cards are seen as especially **thoughtful**

The days when Americans viewed gift cards as impersonal or thoughtless gifts are long, long gone. We've all had to learn to be flexible, shop online, and to focus on our needs instead of our wants over the last two years. No wonder, then, that only 3% of Americans think that gift cards are not thoughtful gifts.

When gift cards are viewed as thoughtful



Blackhawk Network EQ Superlative Research, March 2022. N=3,274 Americans age 18 or over.

Hybrid shoppers thrive on the **convenience** of gift cards

Online or in-store, available at the local supermarket: Americans think gift cards are really easy to buy. A lot of shoppers—**almost 40%**—like buying gift cards when they're already in a store for other things. Where traditional supermarkets and mass merchandisers really excel is in meeting customers where they want to be for gift cards, whether that means in-store or online. Today's shoppers expect a seamless shopping experience with items available anywhere at any time.

Where Do You Typically Buy Gift Cards?

In-Store



73%

In a store that sells gift cards for a variety of brands

36%

In a store, directly from the brand

Online



35%

Online, directly from a brand's website

36%

Online, from a site that sells a variety of brands

I buy gift cards in these places because...

39%

I'm already there for other things

34%

Location is convenient

33%

I can buy other things while I'm there

29%

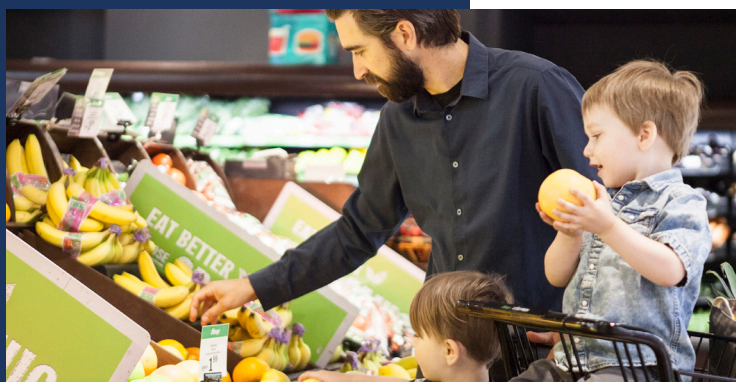
They offer lots of gift card options



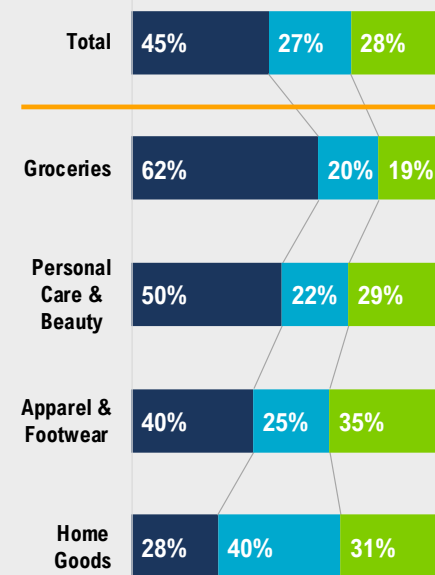
Online, offline, or both: gift cards and **hybrid consumers**

As life moved online and stayed there for two years, the line between digital and real got a little blurry. Today, consumers are equally comfortable buying online to pick up in-store—or buying in-store and shipping it to themselves at home. They're also a great way for people to bring cash into online shopping environments.

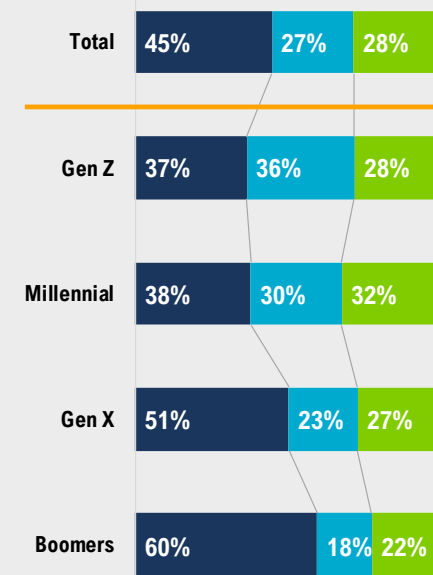
People are most concerned with speed, convenience, and value. They'll find it online or in-person—or both—if they need to.



Primary Method of Buying by Category



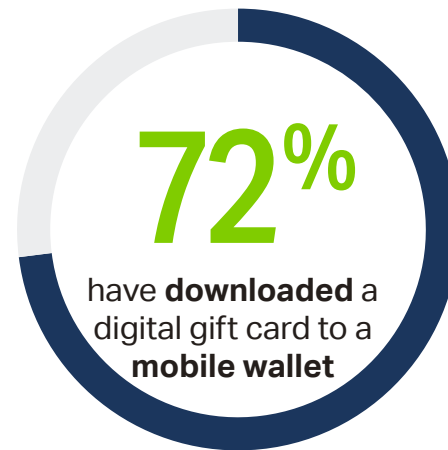
Primary Method of Buying by Age



1NRF and IBM. Consumers Want It All: Hybrid shopping, sustainability, and purpose driven brands, Jan 2022. N=19,100, age 18+ in 28 countries.

Gift cards are welcome whether they're **physical or digital**

The gap between physical and digital gift cards is also disappearing. Adoption of digital gift cards has jumped years ahead of our projections during the pandemic years. Mobile wallets also saw a huge increase in first-time adoption since 2020, giving people even more ways to use and spend digital gift cards.






Don't forget about **self-use** customers


Almost **60%** of Americans have purchased a gift card to use for themselves—a common tactic that is growing in popularity every year. Though it's not the first thing people think of when they picture gift cards, it's popular as a safe way to shop online and an easy way to take advantage of a promotion or discount.


58% of consumers purchase self-use gift cards



Gift cards are bought for self-use because...

 **53%** It's a faster / easier / safer way to pay for things

 **45%** To take advantage of promotions / discounts / points offers

 **40%** To use as cash for digital purchases

EQ INSIGHT

Unlock in-store self-use purchases with digital gift cards

Blackhawk Network EQ Global State of the Union Insights, March 2022. N=2,165 Americans age 18 or over.

Gift cards are an answer for **supply chain woes**

Out-of-stocks and long waiting lists for the most desirable items aren't going away any time soon, unfortunately. Instead of walking away from an empty shelf, many people would rather purchase a gift card as an alternate gift.



Blackhawk Network EQ Global State of the Union Insights, March 2022. N=2,165 Americans age 18 or over.

EQ INSIGHT

Portable gift card displays are perfect placeholders for out-of-stock gifting items





Flexibility is the gift card super power

With all the chaos of the last two years, consumers have adapted by seeking out flexible choices whenever they can. This is especially apparent in our recent study around graduation gifting. The more a gift was worth, the more people embraced flexible options like multi-brand gift cards or Mastercard® and Visa® prepaid cards.

Consumer Preference by Gift Card \$ Value¹

 Visa / Mastercard
  Multibrand
  Single Brand

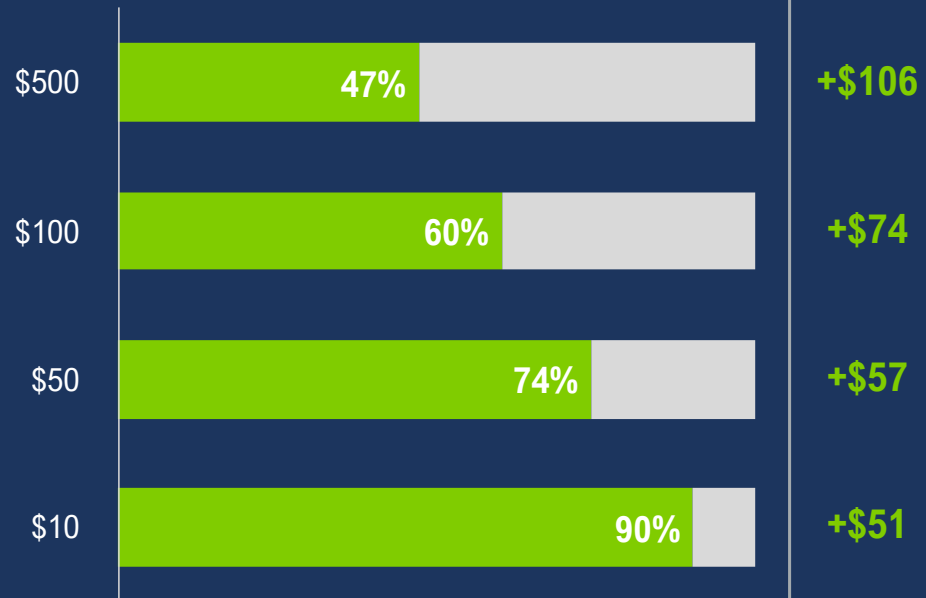
RANK	\$10	\$25	\$50	\$100–500
1		 	 	
2				
3	 			

Blackhawk Network EQ Superlative Research, March 2022. N=3,274 Americans age 18 or over.

Gift cards are **just the start**

For many shoppers, a gift card is just the spark. It's a little nudge to go back to their favorite store or pick out something they've had their eye on for a while. The smaller the gift the amount, the more willing shoppers are to spend more than the value of the gift card. Below, we can see how many shoppers say they're willing to spend more than the value of the gift card—and by how much, on average.

Willingness to **Spend More** than the Gift Card Value*



**\$ Spent Beyond
Gift Card value**



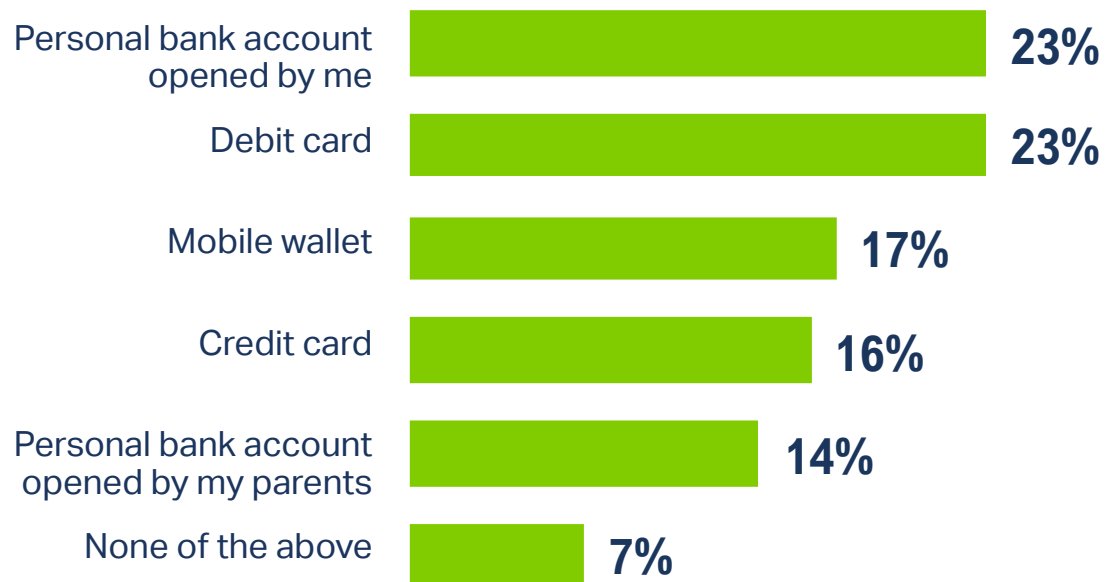


Get ready for the next generation of gift card users

Embracing an all-digital, different kind of shopper: Gen Z

Gen Z are the youngest workers in the American workforce (only 10% are already working full-time) and the third-largest generational cohort. They're also the most ethnically and culturally diverse generation in the US. They've also had a very different childhood than previous generations, having grown up in a connected world of smartphones and social media. Understanding Gen Z will be a blueprint for understanding all future generations, so let's dig in.

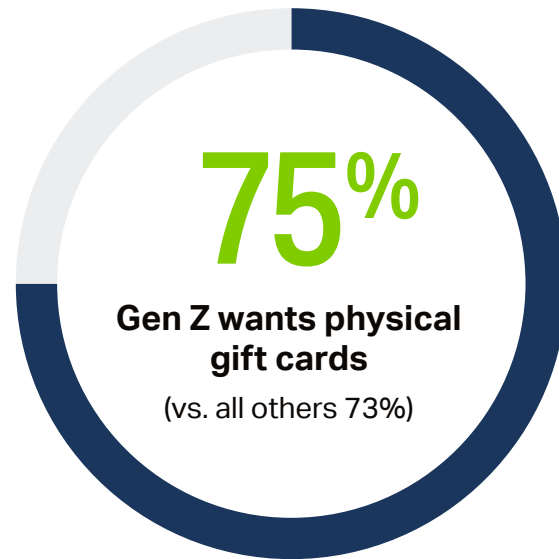
Financial Tools Leveraged by Gen Z



Thunes Gen Z Report: The Future of Spending. N=6,500 people 16-24 in 13 developed and emerging countries (US), Q1 2022.

Gen Z shops **differently**

Gen Z is more likely to be an omnichannel shopper—that is, to engage interchangeably with a brand's store, website, app, and social media channels. To them, interacting with Target's Instagram page is the same as wandering through their local store. Naturally, these digital-natives show no gap at all between digital and physical gift card adoption.

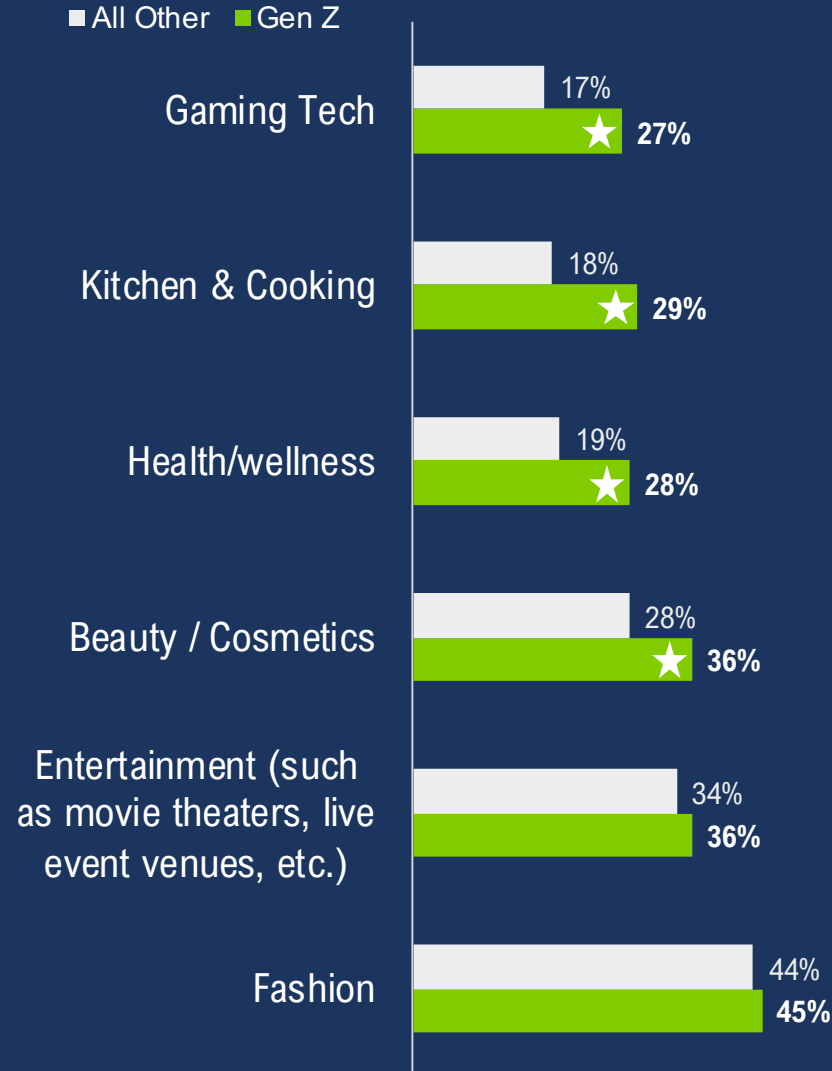


Gen Z is more likely to shop both in-store and online than all other groups—in every category! They also prefer buying gift cards at specific brands, rather than through third-party sellers like supermarkets.

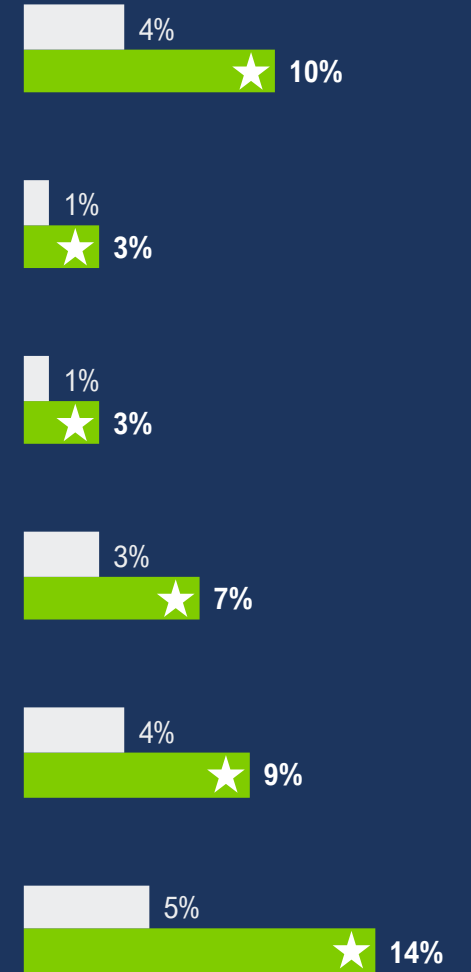


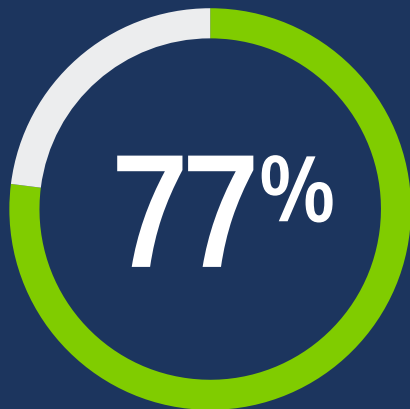
Blackhawk Network EQ Global State of the Union Insights, March 2022. N=2,165 Americans age 18 or over.

Where Gen Z Shops In-Store & Online



Where Gen Z Buys Gift Cards





of Gen Zs have **unused** gift cards
(vs. all others 59%)

Flexibility is key

More than any other generational group, Gen Z shoppers are more likely to prefer multi-brand gift cards. Multi-brand cards offer more choices for redemption the power to spend money in more places.

They also tend to have more gift cards they haven't used yet. Either because they haven't found the right item or are saving them up for a bigger purchase, Gen Z is more prone to spend their money how they want to, when they want to.

Why do you have unused gift cards?



19%

Haven't found the right item

vs. all others 14%



18%

Saving them for a larger purchase

vs. all others 12%



17%

Forgot to use it

vs. all others 12%



15%

**Spreading out my spending
(more budget friendly)**

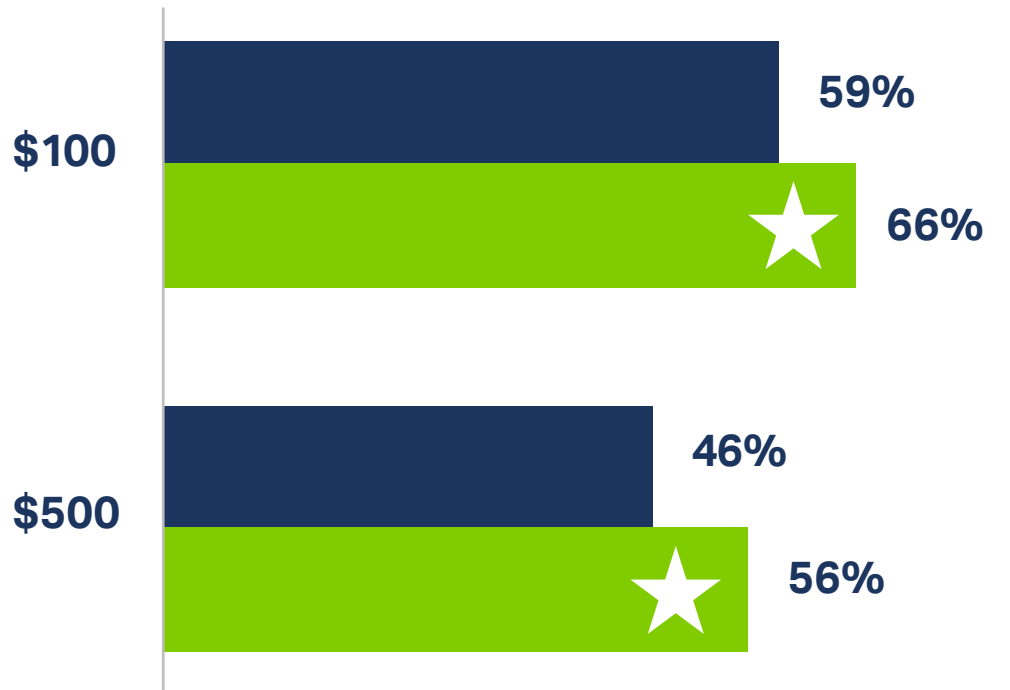
vs. all others 14%

Blackhawk Network EQ Global State of the Union Insights, March 2022. N=2,165 Americans age 18 or over.

Gen Zers are eager to be **big spenders**

Younger shoppers are more eager than other generational groups to overspend their gift cards. They're also more likely to say that they enjoy retail therapy and shopping for fun.

Willingness to Spend More than the Gift Card Value



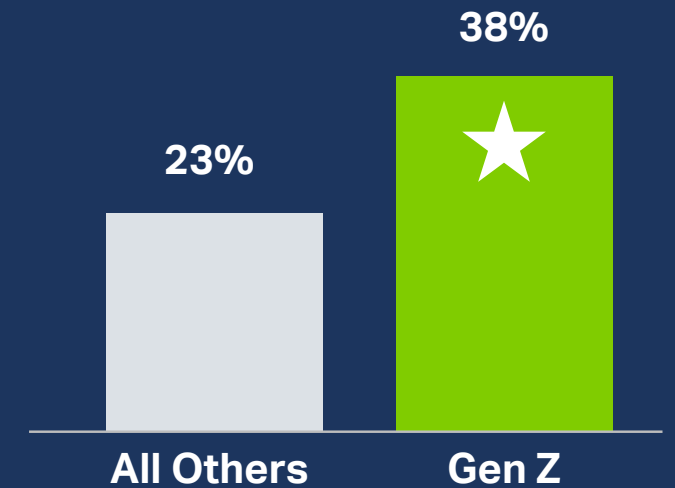
\$ Spent Beyond Gift Card Value

+\$66

+\$97



Gen Zs love "retail therapy" & shopping for fun

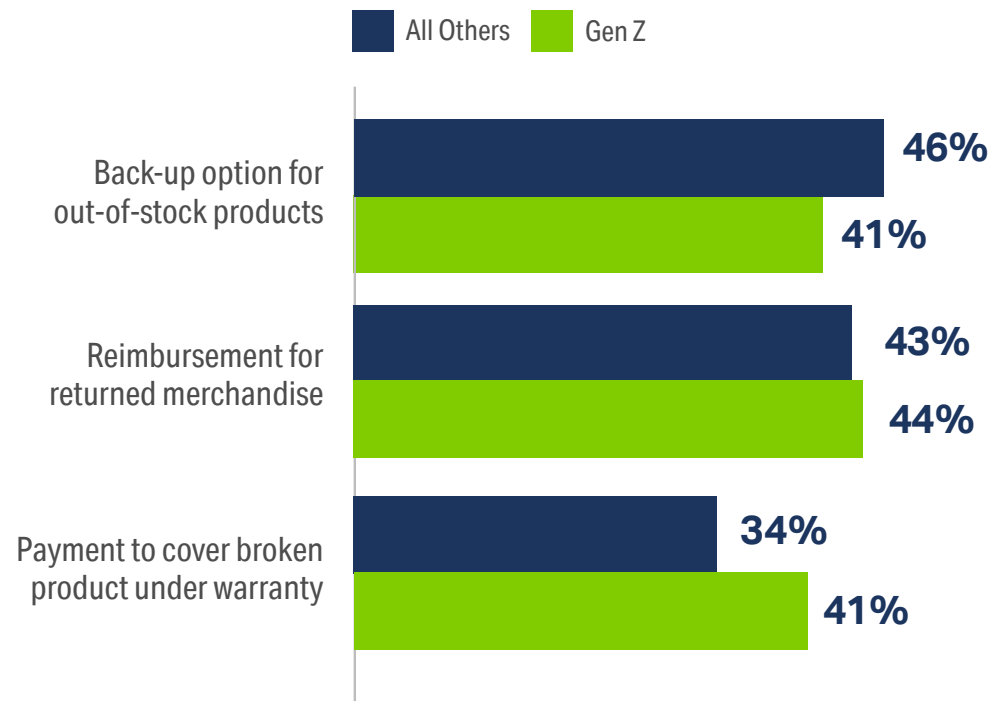


Blackhawk Network EQ Global State of the Union Insights, March 2022. N=2,165 Americans age 18 or over.

Savvy and unsentimental shoppers

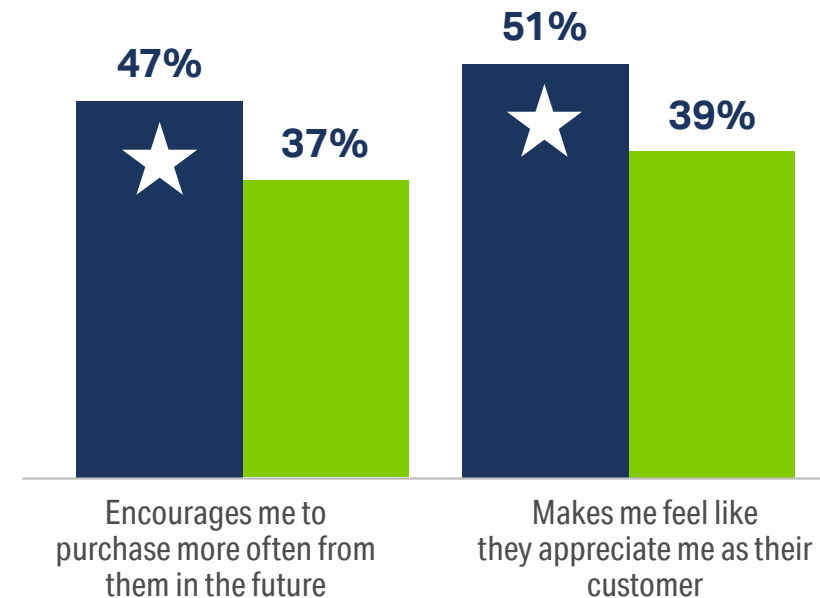
For years, retailers have built loyalty ties to customers with small gestures: loyalty points, friendly social media banter, quick apologies. Unfortunately, those tactics have become so ubiquitous that, to Gen Z, they're simply how business gets done. You won't win any extra brownie points with Gen Z for doing, as they see it, the bare minimum. A Gen Z shopper is less likely than all other groups to feel encouraged or appreciated by a reward from a business.

Gen Z is aligned on using gift cards to resolve out-of-stocks, returns and warranties



Rewards need to go further to drive loyalty for Gen Z

Getting a reward from a business...





Talk to Blackhawk Network

The world of gift cards is constantly changing as shoppers grow and adapt to the digital landscape, social media, and the COVID-19 endemic future. To find out how to guide your gift card program into the future, talk to Blackhawk Network.

Ready to learn more?

Call 866.219.7533

