

INCOMM DIGITAL SOLUTIONS

Digital Gift Cards Growing More Popular

offering new opportunities for employee rewards programs



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Overview

Of the consumers surveyed, **72%** have previously bought a gift card from a website or mobile app



This report outlines the results of a survey, executed in September 2014, that asked 500 consumers aged 18 through 65+ about their habits and preferences related to purchasing both physical and digital gift cards through online web sites and mobile apps. The report also includes the results of questions the survey asked consumers about intentions for purchasing gift cards during the 2014 holiday season. Of the consumers surveyed, 72% have previously bought a gift card from an online website or mobile website or app. The key focuses of this research are in three areas: 1) the purchase of both physical and digital gift cards from online websites and mobile websites/apps, 2) the purchase and usage of digital gift cards specifically, and 3) the storage of digital gift cards on mobile devices.

With this survey, we wanted to better understand consumer attitudes, preferences, and usages for digital gift cards. Why? Because as ecommerce, mobile commerce, and mobile payments rise in popularity, there are opportunities for companies to reward and incentivize employees with digital gift cards.

Results

Consumers now want choice: Why add digital gift cards to employee rewards programs

Among the survey respondents who have purchased gift cards from an ecommerce or mobile site, 41% indicated that they have purchased a physical card, 32% purchased a digital card, and 27% purchased both. More than half (57%) indicated that they purchase 2-7 gift cards annually via online sites and mobile apps.

Among the survey respondents, **77%** indicated that they want to be able to choose between digital and physical gift cards



Instead of preferring one form of gift card over another, an overwhelming majority of survey respondents (77%) indicated that they want to be able to choose between digital and physical gift cards when purchasing gift cards from ecommerce or mobile commerce apps and sites. The survey also asked customers about the features that are most important to them when purchasing gift cards online, and flexibility was an important theme in shopper responses: 56% of respondents indicated a variety of denominations being an important factor, 36% cited the ability to personalize the message, and 38% of customers indicated that it was important to have a variety of designs to choose from. Of

73% of survey respondents indicated that they are likely to buy 2-5 gift cards from online web sites or mobile apps this holiday season

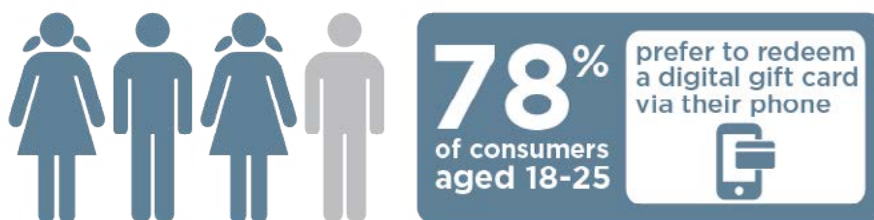
course, it should also be noted that 72% of respondents cited security as being important to the online purchasing experience.

Your employees are likely more interested in digital gift cards now than ever before

A vast majority (71%) of survey respondents are likely to purchase at least one gift card from an online web site or mobile web site or app this holiday season, while 74% are likely to purchase at least one digital gift card. All told, 73% of respondents indicated that they are likely to buy 2-5 gift cards from online web sites or mobile apps this holiday season.

Among the reasons for purchasing digital gift cards, 61% of respondents cited instant delivery as a key factor for their decision. Additional reasons for purchasing digital gift cards indicated by survey respondents include the fact they're easier to send (33%), easier and quicker to purchase (27%), and harder to lose (24%). A vast majority of consumers across age groups agree they are more interested in purchasing digital gift cards now than they were 2-3 years ago. These numbers are especially high for consumers 18-25 (90% agree) and 26-35 (88% agree).

One of the key takeaways from this survey is that the redemption mechanism for digital gift cards matters. Consumers were asked if they would prefer to redeem a digital gift card via scanning it from their phone or by carrying an email printout. Half of all consumers indicated they prefer redemption via their phones. Younger consumers aged 18-25 indicated the strongest preference for this method (78%).



Across all ages, **55%** indicated an interest in storing digital gift cards on their phones for self-use

Employees will appreciate the additional functionality provided by digital gift cards

One of the biggest growth areas for digital gift cards is among consumers who purchase gift cards for their own personal use. Young consumers aged 18-35 are especially likely to fall in this group, with 75% of respondents indicating they agree that they're interested in purchasing digital gift cards to store and use on their phone for their own purchasing needs. Across all age demographics, 55% of respondents indicated an interest in storing digital gift cards on their phones for self-use. The utility of digital gift cards to serve as a budgeting tool and the ability to earn loyalty rewards in the form of digital gift cards is helping to drive this trend.

In fact, 74% of survey respondents indicated that they participate in a loyalty program and 54% indicated that they participate in at least 2-3 loyalty programs. The survey asked these respondents how they preferred to redeem their points and 59% indicated a preference for gift cards. Echoing responses from other questions throughout the survey,

choice matters for loyalty program customers – 38% of respondents indicated that they want to choose between digital and physical gift cards for their rewards.

Digital Gift Cards as Rewards and Incentives

Digital gift cards offer convenience, speed, instant delivery, and mobile storage

Gift cards are an excellent way to reward and incentivize employees. They are gifts that consumers like and appreciate, they are more memorable and create a lasting reminder of achievement, and they are seen as a true gift rather than as part of compensation. That's why gift cards, as part of employee rewards programs, have been proven to improve employee performance.

But companies should no longer solely consider physical gift cards as rewards. As today's consumers – and thus employees – purchase more from their desktops and shop with their mobile devices in hand, companies benefit from incorporating digital gift cards into their employee rewards and incentives programs as well.

Digital gift cards offer convenience, speed, instant delivery, and mobile storage, and they're especially good as last-minute gift options. This study indicates that consumers enjoy digital gift cards as gifts and as personal budgeting tools, and that they're quickly growing in popularity given new consumer shopping and purchasing habits. Therefore, companies looking to boost performance and morale should consider digital gift cards as a way to show employees just how much they appreciate them.

