



Marketer's Guide to Gift Card Strategy

paytronix

The Guest Engagement Company

Marketer's Guide to Gift Card Strategy

Gift cards have always offered a fantastic way to drive more brand engagement and visits. But with the advent of digital cards, rising inflation, and the availability of new channels through which to purchase them, gift cards have moved from nice-to-have to gotta-have. Whether your restaurant brand has always offered gift cards or if you're considering them for the first time, here are a few tips based on data from [The Annual Gift Card Report: 2023](#) from Paytronix to make your program cutting-edge.

Key Gift Card Sales Trends



Year-Over-Year Card Sales

Change in Total Gift Card Revenue:

+6% ↑

Change in Total Gift Cards Sold:

-2% ↓

Change in Average Dollars Loaded per Gift Card:

+8% ↑



Three Strategies for Gift Card Marketing Success

- 1 Harness Changing Gift Card Purchasing Behavior
- 2 Make Everyday a Great Day to Gift
- 3 Promote Gift Cards as a Brand Experience



1 Harness Changing Gift Card Purchasing Behavior

Digital gift cards continued to take a larger percentage of overall sales in 2022. At the same time, people are buying cards with higher values. You can take advantage of these trends to increase sales and revenue with a multichannel marketing strategy that leans into digital channels while also offering a mix of gift card denominations.

- **Satisfy the demand for convenient, on-demand gifting** – Make it easy for guests to purchase your gift cards online or through a mobile app. Not only did guests redeem digital cards more quickly than physical cards in 2022, digital cards were also loaded with up to 74% more value. Keep gift cards front and center with a prominent link on your site and easy mobile app navigation. You should also feature e-gift cards in multi-channel campaigns, including email, social media, and paid search.
- **Expand reach with third-party gift card partners** – Third-party channels represented 42% of all gift card sales in 2022. Expand your gift card program by selling through grocery stores, pharmacies, or hardware stores. Organizations, such as Blackhawk or InComm, and discount chains, such as Costco, BJ's, and Sam's Club, make for great partners.
- **Maximize your in-store captive audience** – In-store gift cards composed nearly half of sales in 2022. Displaying gift cards prominently in store gives guests an easy way to take a piece of your brand with them when they go. Maximize purchases by placing gift cards around your checkout area and incentivizing employees to mention cards to guests.

Proportion of Gift Card Sales by Channel

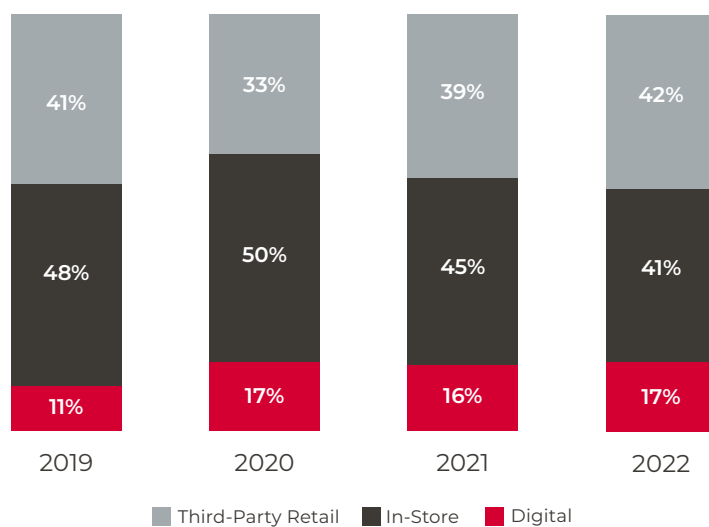


Figure 1

- **Get the denomination mix right to increase revenue** – Review the performance mix of physical card denominations available in store or via third parties. Given the increased average load in 2022, it's likely time to introduce a higher denomination card or offer cards with a higher base denomination. Recent data shows guests are buying cards with greater value – consider increasing your minimum card amount by \$5-10.

Gift Cards Purchased by Denomination, 2019 vs. 2022

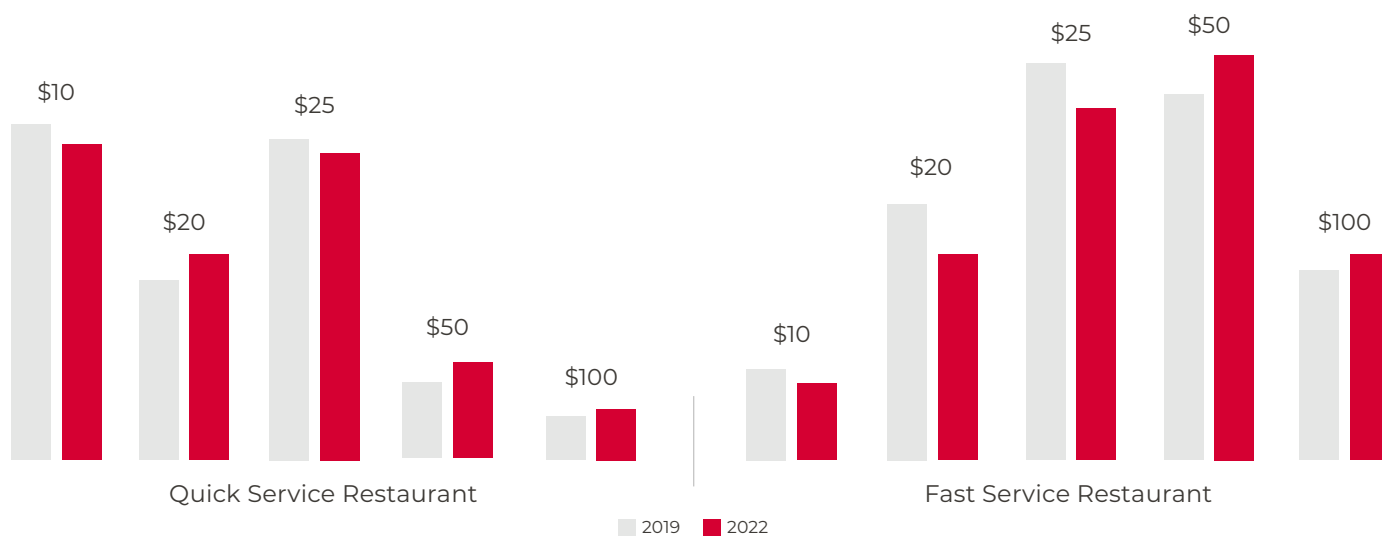


Figure 2

- **Implement digital testing to fine-tune your denomination mix** – Your digital gift card purchase experience offers a great platform for learning about your guests. Consider A/B testing higher gift card denominations for gift cards and e-gift cards. If you don't currently allow guests to enter their own gift value, add that feature to your site. It can provide deeper insight into what guests are willing to spend. Paytronix research shows an uptick in card denominations overall, but there are market variations.

2 Make Everyday a Great Day to Gift

Gifting happens every day, and you want to take advantage by encouraging guests to make your brand their gift of choice. While the holiday season between Black Friday and Christmas represents nearly half of annual sales, the rest of the year is full of gifting occasions and sales opportunities.

- **Help gift givers celebrate special relationships** – People love to share, especially with those closest to them. Gift cards offer an easy way to share a brand they love with those around them. Promote special occasions with unique gift card designs and promotions to drive sales. Valentine's Day, Easter, Mother's Day, Father's Day, Graduation and Back to School are peak sales occasions. Promoting gift cards at least one week prior to the occasion aligns with peak purchase behavior for physical cards, while digital cards can benefit from reminders the day before and the day of the holiday.

Number of Gift Cards Sold by Day, 1H 2022

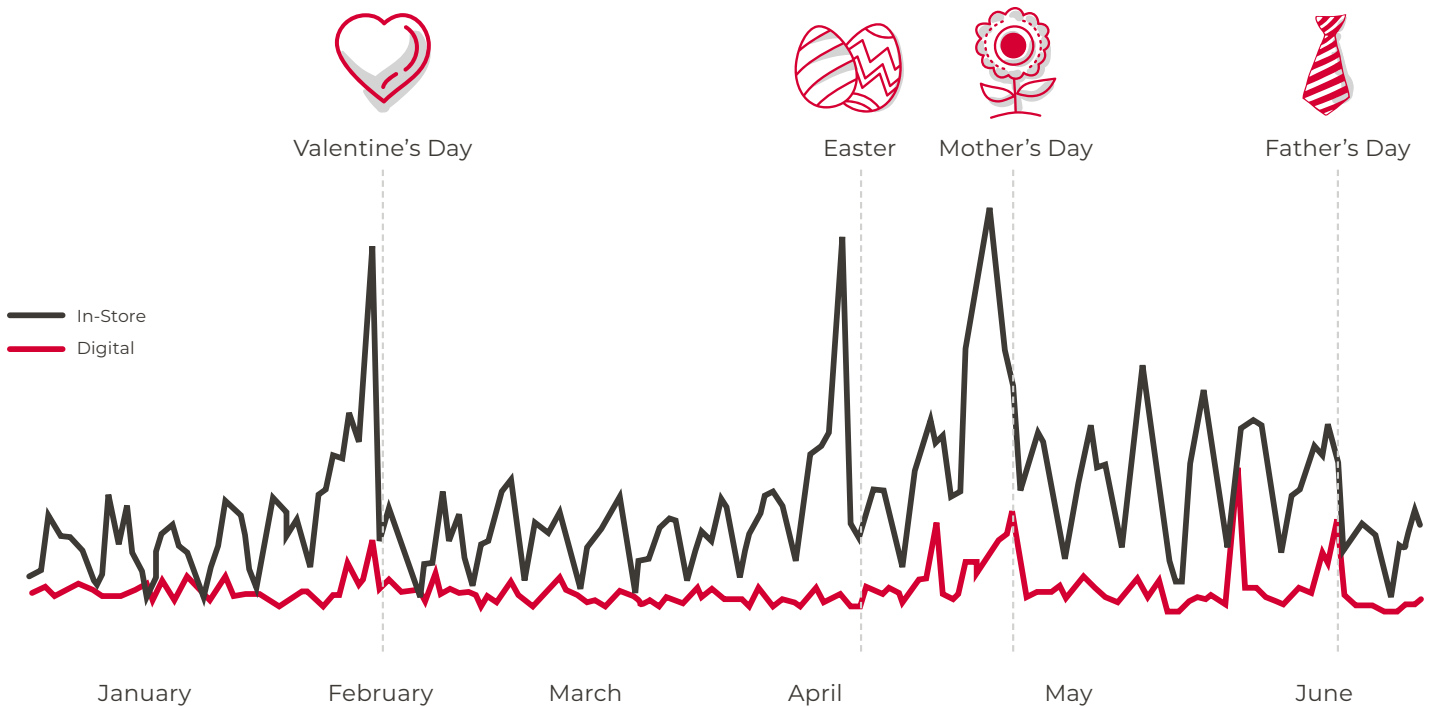


Figure 3

- **Empower “Thank you’s,” “You go girls,” and “Just because” occasions** – Promote digital cards for everyday gifting by making them easy to purchase and share. Digital gift cards composed 19% of sales during the majority of the year, versus 15% of sales during the Black Friday to Christmas holiday season in 2022. Offering e-gift card customization and delivery via email or mobile makes it convenient for loyal guests to share the love.
- **Encourage self-gifting** – Consumers are increasingly self-gifting.¹ Encourage this by incentivizing loyalty members to load balance on their loyalty-linked gift card. Offering dollar-bonus gift cards, like a \$55 card for \$50, will encourage frequent guests to keep coming back.
- **Holiday, holiday, holiday ... bring on the cheer!** – Based on volume, the traditional holiday season, from Thanksgiving through Christmas, is the best time to capture gift card sales. For holiday shoppers looking to share their favorite dining experiences, find stocking stuffers, or send gifts to family and friends near and far, gift cards are the perfect choice. Look to offer a variety of holiday gift card designs and provide envelopes or sleeves that make a gift card extra special.

Gift Card Dollars Loaded from Black Friday to Christmas Eve: All Cards

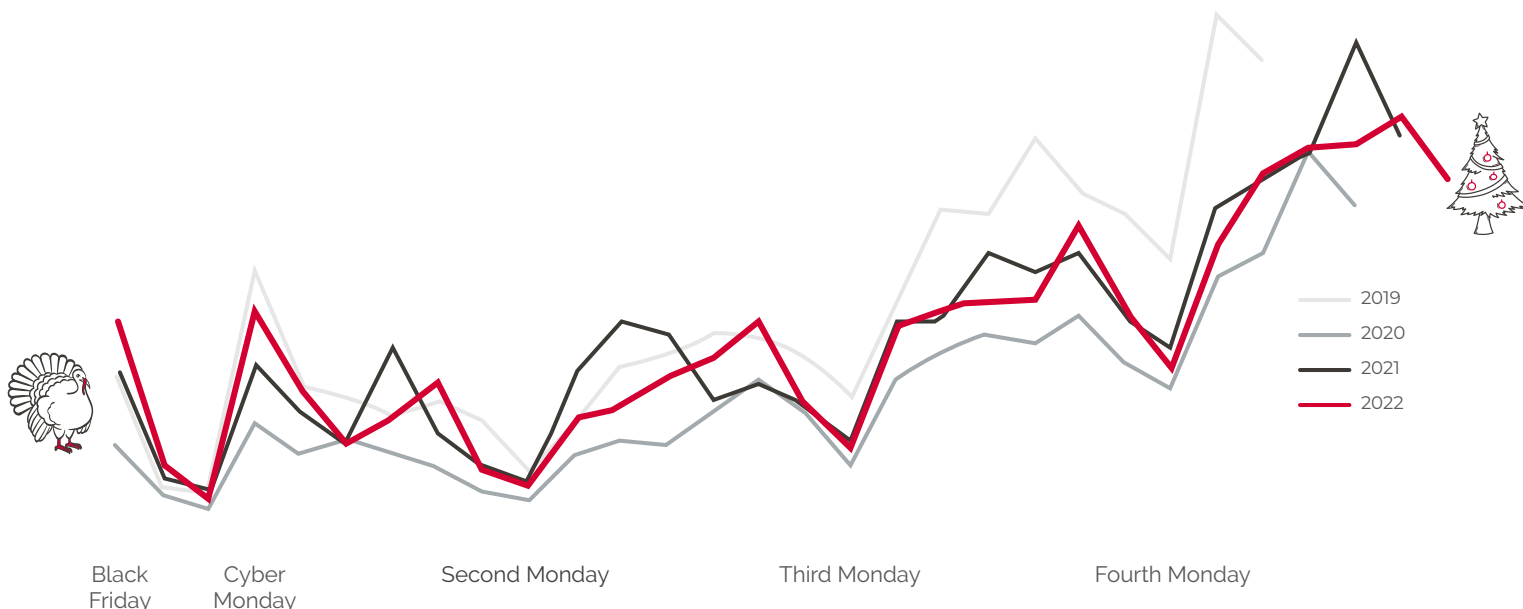


Figure 4

¹ CivicScience, 'To Me, With Love From Myself' – Self-Gifting Trending This Season


Start hot and keep going for holiday success

Capitalize on active holiday shoppers by increasing the frequency of promotional communication as the holiday season progresses.

Peak Holiday Gift Card Shopping Days:


NOVEMBER

2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	 23	Black Friday	25
26	Cyber Monday	28	29	30		

DECEMBER

2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					Friday in December	2
3	4	5	6	7	Friday in December	9
10	11	12	13	14	Friday in December	16
17	18	19	20	21	Friday in December	Day Before Christmas Eve
24	 25	26	27	28	29	30
31						



3 Promote Gift Cards as a Brand Experience

Guests purchasing your gift card is a meaningful brand endorsement. That makes gift cards a unique tool in your marketing tool kit. Developing creative gift card promotions can foster loyalty, as well as help your best guests be brand ambassadors.

- **Reward brand loyalty while increasing average balances** – Offering a bonus gift card can help drive guests to buy a higher denomination. A \$10 bonus gift card with the purchase of a \$50 gift card may incentivize a customer to spend more than they originally intended. Work these offers on a limited basis to drive sales on certain days or in certain channels, for example, “Bonus Mondays” or a “Give and Get” Instagram story.
- **Flash sales create instant demand for your most loyal guests** – Offer a one-day gift card sale. Duffy's Sports Grill, for example, increased gift card sales by 10 times its daily average on flash-sale days. Make it fun and tie in the promotion with what makes your brand unique. Promote via email, social media, and with mobile alerts.
- **Create a seamless experience for loyalty program members** – Your loyalty members are some of your most dedicated fans, and they'll want to share the love. By connecting your loyalty program with a gift card, you can deliver bonuses directly into a reloadable account. This allows you to promote exclusive gift card offers directly to your most loyal guests.
- **Help loyalists support their causes** – Make it easy for local organizations to profit from the passion for your dining experience. Help your loyal guests support causes they care about while enabling new guests to try your restaurant. Offer gift cards in bulk to organizations so they can meet their fundraising goals while raising the profile of your brand.

Duffy's Sports Grill Year-Over-Year Gift Card Sales

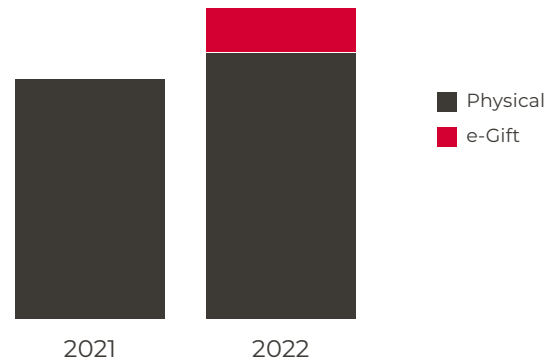


Figure 5

Gift Cards Drive Meaningful Guest Engagement

Gift cards offer restaurant marketers a unique way to engage their loyal guests, acquire new guests, and drive immediate revenue. What better way for loyalists to demonstrate their love of your brand and dining experience than sharing it with others? With the right strategies, gift card marketers can improve program performance and support broader guest engagement goals.



Here's How Paytronix Helps You Give Your Guests the Best



In-Store Sales

Make it convenient for guests to purchase gift cards at any of your locations. Get creative by designing cards for every season and special occasions.



Retail Sales

Add a third-party retail channel to your sales strategy and enjoy a lift in total gift card sales.



Discounted Retail Sales

Sell gift cards through BJ's, Costco, and Sam's Club. Let us handle discount tracking so that you can post the expense at precisely the right moment for your accounting requirements.



On-the-Go Sales

Fulfill last-minute gift-giving needs by letting your guests order and send physical and virtual gift cards online via your app.

We'd Love to Serve You

Paytronix is the guest engagement company. Learn how we can help you get the most from your gift card program at www.paytronix.com or call **617-649-3300, ext. 5**.

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