

Third Edition

Secrets to Success

Through Gift Cards and
Gift Certificates

*Proven methods
to increase
traffic, sales
and profits*



Could this be your business?

We often stop at retailers, restaurants or service merchants and ask the owner or manager, “What’s the most profitable sale?” They think for a moment, calculating mark-ups and margins in their head, and they usually show us some small trinket with a huge mark-up, an item they were able to buy at a deep discount, or tell us about an especially profitable service they provide. Never, ever, do they pull out a Gift Card or Gift Certificate for their business.

But we’d like you to change that by considering the following facts:

- A Gift Card or Gift Certificate sale is consistently the most profitable sale in any restaurant or retail business.
- More and more customers are choosing Gift Cards or Gift Certificates for their purchases when they know they are available.
- Gift Cards and Gift Certificates are the most cost-effective methods to promote and build awareness for retailers and restaurant owners.

Gift Cards and Gift Certificates are The Perfect Sale!

Gift card sales are projected to increase by \$14 billion over the next five years, according to the publisher Packaged Facts. Nearly 35% of consumers who bought gift cards in the past 12 months expect to spend more on them in the next 12 months.

On the receiving end, 53% of those who have redeemed cards said often or always they spend more than the gift value, most likely in two store visits.

□ “*Gift Certificates require no inventory, take up no floor space, and generate immediate cash. They represent an interest-free loan to me that will be paid back in merchandise that will probably cost me half of the loan amount. I think of my Gift Certificate program as a bank with the most favorable lending rates in the world!*”

— TSB,
Golf Shop Owner

□ “*Gift Cards significantly reduce merchandise return costs and bring new customers into the establishment without the cost of advertising. Those customers usually purchase more than the face amount of the card, adding incremental sales.*”

— BB,
Jewelry Store Owner

We’re here to help you succeed!

You may not be actively promoting Gift Card and Gift Certificate sales to your customers and unlocking their full potential. We can understand how business owners can get so caught up in the purchasing, receiving, displaying, advertising, and promotion of their existing inventory. You are simply allowing the sales, profits, and promotional power that Gift Cards and Gift Certificates provide to just pass you by. But if you read this book, it will make it quite easy for you to see the clear benefits of Gift Cards and Gift Certificates.

It will also explain to you the methods and strategies to make them a key component of your business and profits!

We’ll show you how to develop a program to easily make more Gift Card or Gift Certificate sales for your business. We’ll not only give you many great ideas, but we’ll show you how other retailers and restaurant owners, just like you, have become successful in developing and promoting their own Gift Card or Gift Certificate programs.

It’s easy! Just mark off the programs that are right for your business.

We’ve provided you with convenient “notes” boxes for you to write down the Gift Card and Gift Certificate ideas and programs that seem best suited to your enterprise. We recommend you use them for easy reference when talking to your staff, management, or one of our Gift Card and Gift Certificate consultants.

What your accountant will say about Gift Cards and Gift Certificates.

“The biggest problems I see with many of my business clients is cash flow and working capital. A Gift Card sales program is just the ticket to help solve those problems. I even had a client who paid for most of his new business start-up costs by selling Gift Cards, in advance of his grand opening, for half price!”

— LS, CPA

Better Cash Flow.

“Cash up front”— three magic words. If everyone paid you in advance, how would your balance sheet look? And what about your cash flow?

Every time you sell a Gift Card or Gift Certificate it represents inventory that is paid for in advance. Until the recipient redeems the Gift Card or Gift Certificate, it’s as if you have an interest-free loan at your disposal. And when the customer does redeem the Gift Card or Gift Certificate, your only liability is your cost for the inventory claimed, which is just a fraction of the original amount.

□ *“Barter has become a very profitable part of my business. By utilizing Gift Certificates to barter for the goods and services my business needs, I don’t have to immediately use cash or inventory to get what I want. Gift Certificates are my barter currency!”*

— GM,
Nursery Owner

□ *“There’s nothing like a customer with a Gift Card. They’re the most fun to serve because they get to experience the joy of dining without having to pay! But most of my customers do end up paying — by spending far more than the value of the card!”*

— PP,
Restaurant
Manager

Greater sales and profits.

Customers who come in to purchase a Gift Card or Gift Certificate for a particular occasion are also likely to buy additional items. Perhaps they will buy more Gift Cards or Gift Certificates for other people on their list. Or just as likely, impulse buying will cause them to spend a little something on themselves.

Gift Card and Gift Certificate recipients commonly spend more than the face value of the Gift Card or Gift Certificate when selecting their gift. The power of the feeling of “getting something for nothing” has always been one of the most powerful motivators in a shopper’s mind.

Low cost for inventory and space.

Gift Cards and Gift Certificates require little or no investment in inventory — just the cost of the printed card or certificate itself. You don’t have to stock special product or assume any of the carrying costs of inventory. Once a Gift Card or Gift Certificate is sold, it only represents an outstanding credit toward merchandise already on your shelves. It really is the perfect sale.

Gift Cards and Gift Certificates require a very small bit of shelf space. The storage space required is minimal. Your business’s overhead costs for selling a Gift Card or Gift Certificate is next to nothing. But the profits are something else!

Customer Indecision: A Lost Opportunity.

Depending on your product, service, or time of year, thirty to seventy percent of your customers are buying for someone else. When undecided, or in a hurry, the Gift Card or Gift Certificate creates a purchase opportunity where there was none. Train your staff to read the telltale signs of customer indecision. If the customer answers “Yes” to the question, “Is this for a gift?” your employee will always have the right answer to save the sale! The problem is especially common when shopping for the person who has everything. If, however, a customer knows the recipient likes your store, that’s all he or she need know. Your Gift Card or Gift Certificate is a sure bet that the recipient will be pleased. Because Gift Cards and Gift Certificates offer recipients the opportunity to pick out their own gifts, merchandise returns are avoided altogether. This certainly pleases both the giver and the receiver. And it will no doubt please you.

Your business’s image and the positive feelings of gift giving.

As business owners, we all have distinctive personalities that can be seen in our establishments, our people and our merchandise. The unique personality of your business is what attracts your customers.

When customers purchase gifts, they seek to represent their personal and positive feelings with a gift uniquely tailored to the personality of the recipient.

□ *“Thousands of dollars in Gift Cards cost me pennies on the dollar and take up so little space. But we’re talking serious sales and promotion for my store!”*

— AD,
Salon Owner

□ *“Only about ten percent of Gift Certificate buyers state “convenience” as the primary factor for the purchase. More than half see specific benefits for the recipient, and the rest feel less uncertainty about the gift-giving process with the purchase of the Gift Certificate. It is clear that to more and more consumers, Gift Certificates provide emotional value by increasing the likelihood of a positive association between the gift and the giver by the recipient. But few retailers use these motivational factors in their promotional messages for Gift Certificate sales.”*

— Dan Horne,
Professor of
Marketing,
Providence College

When the gift happens to be a Gift Card or Gift Certificate, all three participants — the giver, the recipient, and your business, are associated with the positive feelings of giving. Any good marketer wants their product or service associated with positive thoughts and feelings in the consumer’s mind!

You probably see Gift Cards and Gift Certificates as only a “convenience purchase” by customers, but research shows that the Gift Card or Gift Certificate purchase is usually motivated by other factors. Dan Horne, Professor of Marketing at Providence College, has been studying Gift Certificate purchase behavior for many years. He has hard data that seems to be contrary to most retailers’ assumptions about Gift Certificate sales (see quote at left).

The OOHH & AHHH Factor!

Gift Cards and Gift Certificates have powerful promotional value in the small groups in which they are given. They portray your business in a high profile, graphic, and emotionally positive way. They are usually presented to perhaps the most captive audience possible — the recipient and the group of friends and relatives watching as the gift is opened! Those ooh’s and aah’s have tremendous promotional power! And the question, “What are you going to get?” takes everyone on an imaginary shopping spree at your business!

Every new customer that walks through your door is proof of your success!

New customers — it's what you are in business for...to grow and succeed. Retailers spend thousands of dollars to attract new customers with advertising. But advertising is an expensive but poor second cousin to the best promotion of all — WORD OF MOUTH. A Gift Card or Gift Certificate is a tangible endorsement of your business from one person to another. It is THE MOST POWERFUL PROMOTION your business will ever have. And someone else is paying for the privilege of selling your products and services!

Most Gift Card or Gift Certificate recipients are new customers for your business and provide you the opportunity to turn a new customer into a repeat customer. Instruct your sales staff to give Gift Card and Gift Certificate redeemers special attention! Regular customers may give Gift Cards and Gift Certificates to people who have never been in your store before. The card or certificate will bring that person into your store. This is a great opportunity for you to win additional business from that person in the future!

Gift Cards and Gift Certificates also work in other ways. If you wanted to give a friend or relative a Gift Card or Gift Certificate, and you know he or she likes a particular store or restaurant, you would come in even if you'd never been there before. And you just might like the business enough to go there again, or

□ *“I've used coupons to some success in the past, but I've found that small denomination Gift Cards get me significantly higher response. Why? First, my customers seem to be inundated with coupon discount offers and it's getting harder and harder to stand out from the clutter. Second, a Gift Card is perceived as having real value, as opposed to a percentage off if they get something.”*

— *GT,*
Pizza Parlor
Owner

□ *“We did a mailing to small to mid-sized businesses in our area, telling them about our Gift Certificate for incentives and gifts. The response was so great we went to one of the larger companies and worked with them to develop a custom-printed Gift Certificate program. It resulted in the biggest one-time sale in our company's history!”*

— *GP,*
Book Store Owner

buy a second Gift Card or Gift Certificate for another person on your list. Getting new people in your establishment is what it's all about and Gift Cards and Certificates are a proven method to get new customers through your front door in a variety of ways!

Corporate incentives and gift-giving: A huge, untapped market.

The fastest-growing market your business may be missing is the corporate gift and employee incentive market. Gift Cards or Gift Certificates are an excellent choice for motivating employees and thanking clients or customers because they give the recipients exactly what they deserve: Choice.

By selling your Gift Cards or Gift Certificates to local companies as a business gift, or as a prize or incentive for corporate salespersons, your store can benefit from tremendous exposure to all who might receive such a gift — and to each and every one who competes for such a prize.

The corporate premium and incentive market includes any corporation that might purchase your merchandise for business gifts or promotional giveaways (premiums) — and for rewarding peak performance by employees, sales reps, distributors, and others (incentives). Corporations promote these products both internally and externally to a very receptive audience.

In this market, no product will promote the name of your business better than your Gift Card or Gift Certificate. Offering brand name merchandise will do well to promote the brand, but not your business. With a Gift Card or Gift Certificate, more people will recognize your name and remember your business when they need the goods and services you provide. And the winner will still have the option to redeem the Gift Card or Gift Certificate for brand-name merchandise, or for whatever else you sell, for the value specified on the certificate. Identify and contact the Premium and Incentive Buyer for each corporation in your area. The corporate marketing or sales department is the best place to start.

Public Relations: Creating the most favorable selling climate for your business.

Your Gift Card or Gift Certificate will also promote your sponsorship of a wide variety of community events, raffles, and programs. With your Gift Card or Gift Certificate as a prize, the public relations value of this type of exposure is not limited to the winners, but all participants in these events. Everyone in your community is a potential customer, and community goodwill creates top-of-mind awareness of your business. Participatory events and programs are an excellent and affordable way to reach them. Wherever people gather to see or participate in an event, there's an opportunity to sell your message.

□ *“As a small business owner, I’m constantly being asked to contribute to community events, charities, you name it. I don’t always want to give cash, and if I give product, I want to make sure the donation promotes my business. By having Gift Cards at hand, I conserve cash and am always assured that my business, not what I sell, is promoted.”*

— *FR,*
*Sporting Goods
Store Owner*

□ *“We always kept our Gift Certificates in a drawer, and only brought them out when someone asked for them. But after we put a display by the register, a decal on the door, and buttons on the salespeople, our Gift Certificate Sales increased tenfold!”*

— *TR,*
*Music/Video Store
Manager*

The result is powerful publicity in front of your most valuable prospects, the members of your community. For best results, look for community groups, charities, and business clubs that host participatory events like carnivals, sporting events, antique shows, craft fairs, and more. Your Gift Card or Gift Certificate can be donated as a prize to be won in a competition, or by a drawing or door prize. Every time the prize list is announced, that's valuable PR for your business. Plus, you're assured that your business's name will always be announced, because a Gift Card or Gift Certificate is always referred to by the merchant's name. Your publicity won't be overshadowed by the brand name of your merchandise.

Gift Cards and Gift Certificates can also play a vital role in promoting and obtaining goodwill for your retail community. Great ideas include a common Gift Card or Gift Certificate redeemable in any participating store, a commitment by a group of retailers to market their respective Gift Cards and Gift Certificates, or a Chamber of Commerce developing its own Gift Card or Gift Certificate “currency” that keeps dollars in the community. In each case, the results will clearly pay off in the form of greater overall traffic and sales. “Welcome Wagon” programs and mailings to those new to the community are also good ideas. Basically, what's good for your neighbor is also good for you. Gift Cards and Gift Certificates can help your entire retail community benefit and grow.

What your customers don't know could hurt your sales and profits!

From a marketing point of view, Gift Cards and Gift Certificates are often taken for granted, not by customers, but by the merchants who sell them. The fact is, you spend a great deal of time, thought, and effort to display your products in the best possible light. This is what makes your merchandise and your business rise above the competition.

Doesn't your Gift Card and Gift Certificate deserve the same attention? If you gave your Gift Card and Gift Certificate just a fraction of the prominence you give to the rest of your merchandise, would you see an increase in Gift Card and Gift Certificate sales? You bet you would!

Why?

Because the majority of customers in your store who are seeking a gift purchase are seeking to eliminate doubt and insecurity. And Gift Cards and Gift Certificates solve that problem every time. But many gift-purchasing customers won't do so unless you remind them that Gift Cards and Gift Certificates are available. Otherwise, they'll just go on to another business. It's that simple! Only with active promotion will you be able to reap the rewards of a successful Gift Card or Gift Certificate program and sell more of the most profitable product you can provide.

□ *“For less than a \$150 investment in Gift Cards, I generated \$17,000 in sales! And almost half of those sales would have just walked out my door!”*

— *BL,*
Gift Shop Owner

□ *“I created a simple ‘Christmas Club’ where, after ten house cleanings, I gave one for free to new customers. It worked great! And many gave the certificate as a gift to their friends, who are now new customers for me!”*

— *TA,*
Maid Service

Here's how to let them know...

The Point-of-Purchase Display.

The most popular place to promote Gift Cards or Gift Certificates is at the cash register, or point of purchase. This is where impulse buying is most prominent, and where waiting customers expect to see interesting products and information. At the very least, a successful Gift Card or Gift Certificate program will include some sort of point-of-purchase display. This might include a countertop sign with a card or certificate sample showing customers that Gift Cards or Gift Certificates are available. Gift Cards should be prominently displayed in a rack near your register or in any high traffic area of your business. Since they are not valid until activated by your staff, you can safely display them anywhere.

The One-to-One Sales Pitch.

Although a sign may not always grab your customers' attention, your staff can. You can have staff wear buttons or name tags that promote the availability of your Gift Card or Gift Certificate. You might also train your staff to ask customers if they would like a Gift Card or Gift Certificate. Even if they are not interested at the moment, customers will remember having heard that they are available, and are more likely to consider them in the future. Perhaps you could hold a competition for your staff: The ones who sell the most Gift Cards or Gift Certificates might win prizes, free merchandise, or even Gift Cards or Gift Certificates of their own. Getting your staff involved can add a valuable personal touch to your sales message.

Strategically Located Signs.

Gift Cards and Gift Certificates are not always

impulse products. Nor are they usually a last-minute gift idea. So doesn't it make sense to promote their availability beyond the view of your cash register? Get your Gift Card and Gift Certificate message out among your other products. Try small tent-style signs on tabletops or counter where your other merchandise is displayed. Perhaps you might hang a colorful ceiling or wall sign where customers can see it from a distance.

Window Displays.

The world's greatest retailers spend serious time and money designing their window displays. Window promotions bring people inside to spend money. Your window tells everyone outside who you are, what you do, and what you offer. But you don't only want them to see your merchandise. Indeed, you want them to know which credit cards you take and what your business hours are, so you put that information in your window, too. Featuring a decal promoting Gift Cards and Gift Certificates in your window can have the same impact.

Sweepstakes.

Nothing works like a little incentive! Your point-of-purchase display might feature an entry box for a sweepstakes drawing to be held when Gift Card and Gift Certificate sales are most important to you, such as at Christmas. Every customer who buys a Gift Card or Gift Certificate would be entered in the drawing to win a Gift Card or Gift Certificate for themselves. You could select a single grand prize denomination, or break the prize pool into first-, second-, and third-place prizes of descending value. All you need is a sign promoting the drawing, small entry forms, and an entry box. You can recoup the cost of the prize cards and certificates and

□ *“By adding a Gift Card offer to my radio advertising during key holiday periods I’ve significantly increased sales. Christmas is great, but Mother’s Day, Father’s Day, and June graduation time create real sales as well. Often the incremental Gift Card sales pay for the whole radio buy!”*

— *HG,*
Jewelry Store
Owner

□ *“By building a mailing list through contest promotions offering Gift Certificates, my mailer response rates are three to four times higher than if I made a blanket mailing or purchased a mailing list.”*

— *CM,*
Hardware Store
Owner

even earn significant profits from the extra sales generated by this type of promotion.

Mailing Lists.

Sweepstakes and Gift Cards or Gift Certificates create another marketing opportunity for you: Developing mailing lists. Capturing important information about your customers, who they are and where they're from, will make for more effective direct mail and advertising programs. Every time you sell a Gift Card or Gift Certificate you should get the name and address of the giver. Each time a Gift Card or Gift Certificate is redeemed you should get that information from the recipient. Contest entry forms are a great method to get information on everyone who comes through your door!

You'll find that direct mail programs to customers who have already come into your store to be significantly more effective than blanket household mailings. And with information about where your customers come from, you can make better informed advertising media buys.

Occasions Marketing.

Holidays and other calendar events provide especially good opportunities to market your Gift Card or Gift Certificate. Demand is greatest during the Christmas holidays, but you can boost profits with special Gift Card or Gift Certificate promotions for Valentine's Day, Easter, Mother's Day, Father's Day, graduation time and any other occasions when gift-giving is customary. Of course, year-round opportunities exist for birthday, wedding, and anniversary Gift Cards and Gift Certificates. When you create advertising that has holidays or occasions as its theme, always prominently include Gift Cards and Gift Certificates as part of the ad. You'll see a big increase in sales!

Gift Certificates Are Powerful Promotion.

You've now seen all the sales, marketing, and PR opportunities that Gift Cards and Gift Certificates will provide for your business. They clearly pack a heavy promotional punch for your dollar. And there's very little investment required to select, display, and promote a Gift Card and Gift Certificate that truly represents your unique establishment. Greater traffic in your store, satisfied customers, new business, goodwill in the community, valuable public relations, greater awareness and more effective advertising — all of these are affordable and achievable through a well-planned Gift Card and Gift Certificate program.



Inventors of

EZ GiftCard™

The logo for EZ GiftCard features the word "EZ" in a bold, yellow, sans-serif font, followed by "GiftCard" in a blue, cursive script font. A thick, curved bar with a rainbow gradient (yellow, green, blue) is positioned below the text. The trademark symbol "TM" is located at the top right of the "Card" portion.

Patent Pending

**...and everything else you need for
gift card and gift certificate success**

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