

Gift Card/Certificate Best Practices

1. **Customers expect gift cards online for all brick and mortar stores and gift certificates for every online store.** As online consumers are becoming more sophisticated, they expect certain functionality on web sites, such as electronic gift certificates or gift cards they can buy for friends.
2. **Make sure they can check their balances, replenish and track transactions online.** Allowing them to do these online brings them back to your site, where they may buy more. Merchandise these pages. They should also be able to call the number on back of gift cards to do both.
3. **Cross-channel functionality is difficult, but becoming more prevalent.** Cross-channel usage, such as gift cards that can be redeemed either online or in the retail brick and mortar store is a difficult integration project. Some third party providers can make it easier.
4. **A gift card program should be considered a revenue-generating product.** Merchandise your gift card program as thoughtfully as you would any major product line. Allocate enough resources (cash, time and web site real estate) to ensure its success.
5. **Consider “breakage” when measuring the success of your gift card program.** Many people receive gift cards and fail to use them. Also, when customers’ balances go below \$15, they are most likely not to use it or replenish it. Factor that in when evaluating margins associated with this program.
6. **A gift card program is good for more than simply product sales.** Use gift cards to reward high-value customers, as prizes for contests and, instead of refunds, issue gift cards that they will use to buy from you again.
7. **Allow enough time to launch your gift card program and plan a trial period.** The time needed for the physical production of the gift cards and integration to point-of-sale systems must be accounted for. Gift programs will affect marketing, operations, and finance.
8. **Promote your gift card program anywhere you’d promote a high-value product.** Use all your channels to market your gift cards, such as advertising, promotional flyers, in-store signage, web site, and point-of-sale systems.
9. **Seriously consider using a third party to help implement, operate and manage the back-end of your gift card program.** Producing and distributing cards, managing the funds (and associated security issues), providing advanced functionality, integrating online to offline, etc., may be better done by a company focused on this segment.
10. **Use gift cards as a part of your loyalty programs.** Send out the (physical or virtual) gift card when certain purchase levels are reached, promoting return visits to your store.
11. **Ensure internal buy in and compliance.** Finance, accounting and legal teams need to weigh in on state and federal laws surrounding gift card tender, fees and expiration dates.