



RETAIL UPDATE

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The redeeming qualities of smarter, greener gift cards

FOR THE EIGHTH YEAR IN A ROW, gift cards are the most requested holiday gift item. An October National Retail Federation survey found that 60% of shoppers would rather receive a gift card over items like clothing (52%), electronics (35%) and jewelry (25%).

Nationally, gift card use is growing at the rate of 6% a year, which translates into a lot of plastic and PVC – about 75 million pounds worth by some estimates. It also translates into a lot of misplaced and unused cards, especially when it comes to Millennials, who are more than twice as likely as older adults to lose gift cards, according to a recent Bankrate.com survey.

DIGITAL GIFT CARDS

One of this season's hottest trends offers a cure for lost and forgotten gift cards in the form of digital gift cards, the use of which are growing at an annual rate of 200%. Bankrate says 59% of gift cards now offer a digital version, up 18 percentage points from 2010. Most analysts agree that digital cards are here to stay, and some think we're moving toward a primarily digital gift card market.

For retailers, digital cards require little investment in inventory, said Lori Laub, co-founder of Yiftee, a company that can get a retailer's digital gift card program running within a day of signing up.

From a store's website, a Yiftee button invites a merchant's website visitors to send an eGift digital card for use in the store or online. A click of the button produces a pop-up box in which the gifter specifies the dollar amount, pays for the card, types in a personal message, and sends the card instantly via email, text or Facebook.

The card is stored in the recipient's mobile phone until it's redeemed. Wherever the recipient and his mobile device go, the digital cards are always with him. Yiftee tracks card use and sends email

or text reminders to recipients that have unused cards. Unlike physical gift cards, any unspent amount is returned to the sender when the gift expires.



At purchase time, the recipient keys in a 16-digit card code and expiration date, similar to manually inputting data from a traditional magnetic stripe card. If redeeming the card in a physical store, the recipient presents the image of the card (stored on their mobile device) to the sales clerk, who keys in the 16-digit code.

The main requirement is that the retailer must accept MasterCard, which Yiftee uses to issue and accept the cards. Yiftee makes money by charging the gift giver a small "eDelivery" percentage fee - a \$100 gift costs the sender \$106, for example.

Some Yiftee retailers have found ways to use the digital cards to drive traffic, like tying them to store promotions – "Purchase \$50 at our store and receive an eGift Card of \$10 to use on your next visit." A group of merchants in Danville, Calif. used Yiftee to set up a town-wide gift pass for local businesses. At Yiftee.com/Danville, gifters can purchase a gift pass that can be used at one (or a mix) of 40 participating merchants.

If a gifter is purchasing for someone in a different city or state, she can search a nationwide merchants list on Yiftee's website to find establishments local to her gift recipient.

"There are lots of reasons why electronic gift cards appeal to customers," said Jeanine Skowronski,

Bankrate.com analyst. "For starters, they're a quick fix for anyone who needs a gift on the fly. Second, unlike their plastic counterparts, they don't take up excess real estate in your wallet."

GREEN GIFT CARDS

If a physical card is your preference or you'd like to offer both types to your customers, New Hampshire-based Monadnock Paper Mills offers a cost-competitive, sustainable alternative to plastic that has put millions of gift cards, membership cards and hotel keys into eco-friendly circulation.

The paper company's Envi card stock, made of renewable FSC-certified wood fiber, is durable, recyclable and prints using offset, digital and thermal printing techniques. It embosses, foil stamps, laminates and accepts magnetic stripes, bar codes, signature panels and holograms. It can also bend and, for those who forget to empty their pockets, withstand a washing machine cycle. Best of all, Envi cards contain no PVC - just throw them in the paper recycle bin after use.

The Envi card stock is just one of several eco-friendly items in Monadnock's fiber-based suite of paper products. For retailers seeking to improve their eco-profile, the company makes moisture-proof labels, folding box board, tag and ticket stock, signage, shopping bags and Envi Wallgraphics, an eco-alternative to vinyl stocks used for murals, wall covering and decals.

All of the products in Monadnock's Envi portfolio are engineered to meet the standards and certification requirements of the Forest Stewardship Council, Rainforest Alliance, ISO Environmental Management System and Green-e, a national independent consumer protection program for renewable energy and retail carbon offset products.

For more info, visit Yiftee.com and Enviportfolio.com. ■

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