Consumer Report

Get the Facts on Gift Cards
Contents

8 Gift Cards at a Glance
9 Physical Over Digital
15 Using Cards Outside the Comfort Zone
17 Thanks, Boss!
21 Expiration Dates & Overspend
23 Engaging (& Uninteresting) Options
27 Treat Yourself
33 Demographics + Methodology
Sure, buyers can use a gift card exactly like they’d use cash, but is that really what they’re doing? So many factors influence how consumers treat gift cards, from their age to their sex to whether the gift card is physical or digital.

Blackhawk Network partnered with the experts at Murphy Research to bring you key findings about the state of gift card purchasing. Take a look at the retail trends to identify opportunities to grow your gift card sales.
Gift Cards at a Glance

Who

67% of consumers purchased a gift card in the past year, either physical or digital

- Gen Z: 57%
- Millennials: 67%
- Gen X: 70%
- Boomers: 71%

What

Are consumers purchasing physical or digital gift cards?

- Digital:
  - Average of 3.4 digital gift cards purchased in the past year
  - 27% purchased a digital gift card at least every three months

- Physical:
  - Average of 6.4 physical gift cards purchased in the past year
  - 42% purchased a physical gift card at least every three months

### When

Gift cards, especially physical, are generally last-minute purchases

**DIGITAL**
- 28% of digital gift cards are purchased more than a week before they’re given
- 21% are purchased the same day they’re given

**PHYSICAL**
- 13% of physical gift cards are bought more than a week before they’re given
- 32% are bought the same day they’re given

### Where

- 64% purchase from a store that sells a variety of gift cards from different retailers or brands

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>39%</td>
<td>Prefer purchasing directly from the retailer, restaurant or brand in the store</td>
</tr>
<tr>
<td>60%</td>
<td>Bought from a mass merchandise store (e.g., Target)</td>
</tr>
<tr>
<td>52%</td>
<td>From family restaurants or fine dining establishments</td>
</tr>
<tr>
<td>49%</td>
<td>From ecommerce retailers (e.g., Amazon)</td>
</tr>
</tbody>
</table>

### Why

Of the 67% of consumers who bought a gift card in the past year:

- 59% bought a gift card to give to someone else
- 33% bought a gift card for their own use

Physical Over Digital

More consumers use physical gift cards than digital ones. Though both have high awareness, they have different uses. Physical gift cards are seen more for the purpose of gifting, while digital gift cards are seen more for self-use.

Millennials are at an age where their friends are getting married

**OCCASION:**

- Birthday: 69%
- Birthday (Gen X): 74%
- Graduation: 38%
- Self-use: 36%
- Thank you: 32%
- Wedding: 31%
- Wedding (Millennials): 38%

*Millennials are at an age where their friends are getting married*

**RECIPIENTS:**

- Friend: 54%
- Sibling: 43%
- My child: 42%
- My child (Boomers): 54%
- Parent: 38%
- Parent (Millennials): 53%
- Self: 38%

---

- **RETAILERS**
  - Restaurant: 27%
  - Mass merchandiser: 23%
  - Online retailer: 13%
  - Department store: 8%
  - Home improvement: 4%
  - Gaming/streaming: 4%
  - Fashion: 3%
  - Movie theater: 3%

---

- Average 6.4 physical gift cards purchased in the past year (60% gift, 40% self-use)
- 42% of consumers purchased physical gift cards at least every three months

---

The percentage of consumers who report having used a physical gift card increases as generations get older

94% of all consumers have ever used a physical gift card

Digital Gift Cards

**OCCASION:**
- Self-use: 34%
- Birthday: 26%
- Just because: 16%
- Reward: 13%
- Thank you: 11%

**RECIPIENTS:**
- Self: 37%
- Spouse: 18%
- My child: 18%
- My child (Gen X): 20%
- Friend: 17%
- Sibling: 16%


- **Average 3.4 digital gift cards purchased (34% gift, 66% self-use)**
- **27% of consumers purchased digital gift card at least every three months**

**RETAILERS**
- Online retailer: 44%
- Restaurant: 15%
- Mass merchandiser: 12%
- Gaming/streaming: 10%
- Department store: 4%
- Electronics: 3%
- Entertainment: 3%
- Online service: 2%
- Home improvement: 1%
- Movie theater: 1%

**MILLENNIALS**
- Millennials have used digital gift cards more than any other generation
  - 75%

**GEN X**
- 72%

**GEN Z**
- 65%

**BOOMERS**
- 61%

**Digital gift cards are more popular than paying using a mobile app or mobile wallet**
- 62% used digital gift cards
- 41% paid with a mobile app
- 28% paid using a mobile wallet
Using Cards Outside the Comfort Zone

Younger generations use gift cards more for new retailers

**USED GIFT CARD AT RETAILER THEY HAD NOT PREVIOUSLY SHOPPED:**

<table>
<thead>
<tr>
<th>Generation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>23%</td>
</tr>
<tr>
<td>Millennials</td>
<td>18%</td>
</tr>
<tr>
<td>Gen X</td>
<td>14%</td>
</tr>
<tr>
<td>Boomers</td>
<td>7%</td>
</tr>
</tbody>
</table>

Older generations with more established purchasing habits show stronger retailer and brand familiarity of gift cards received. Compared to older generations, younger generations are more likely to use gift cards at new retailers and on new brands.

86% of consumers use gift cards at retailers they’ve tried in the past (93% of Boomers)

64% of gift cards were for a specific store

21% of gift cards were for multiple retailers

15% of gift cards were usable anywhere (e.g., Visa®)

Thanks, Boss!

Younger generations receive more gift cards from their employers than older generations, especially Millennials. Gift cards received from employers and retailers tend to be more general than cards from friends and family.
When businesses, employers or vendors give gift cards, they try to appeal to a range of tastes and lifestyles with the same reward.

### Gift cards received

<table>
<thead>
<tr>
<th>For a specific store, dining or entertainment experience</th>
<th>For anywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift card received</td>
<td>64%</td>
</tr>
<tr>
<td>Gift card received from business, employer or vendor</td>
<td>50%</td>
</tr>
</tbody>
</table>

### Attitudes toward receiving a gift card from a brand

- 65% of consumers agree or strongly agree that getting a reward from a brand/retailer encourages them to purchase more often from the brand/retailer.
- 65% also report that the reward makes them feel like the brand/retailer values their customers.
- 63% agree or strongly agree that the reward encourages loyalty to the brand/retailer.

### Employers tend to favor physical gift cards, while cards received from retailers/businesses as a special offer are more often digital.

- Of consumers who received gift cards from employers, 17% were physical cards and 7% were digital cards.

---

Consumers are intentional when they use the gift cards they receive. More than half of consumers spend more than the value of the gift card when they use it. The top concern with gift cards is that they will expire.

- 76% of consumers completely use up a gift card within one month of receiving it.
- 60% use it up in one shopping occasion.
- 47% cite concerns over card expiration as their top barrier to gift card purchasing.

---

Engaging (& Uninteresting) Options
When it comes to options related to gift card purchasing, buyers have limited interest in personalization but are interested in options to customize their gift card for particular retailers. They also highly value special offers that would save them money.

---

**Special offers that consumers are somewhat/very interested in:**

- 83% interested in using a gift card to get a discount off their purchase
- 81% interested in buying a gift card to get a discount off their purchase
- 63% of consumers would be willing to join a loyalty program to receive special offers

**Personalization—including personalized messages, pictures, etc.—is relatively unimportant:**

- 46% consider gift card personalization options “not at all important”
- 22% would pay more than $3 for personalization
- 43% aren’t willing to pay for it at all

**Customization options, however, resonate with consumers:**

- 63% are very/extremely interested in the ability to customize gift cards with a choice of retailer, restaurant or other type of brand
- 55% express interest (very/extremely interested) in the option to purchase gift cards at a self-service kiosk that stocks cards from a wide variety of retailers

---

Across generations, Millennials have the highest interest in customization options.

Whether they purchase them for themselves or receive them from others, 76% of consumers (80% of Millennials) agree or strongly agree that they see gift cards as an excuse to treat themselves.

Across generations, consumers think of gift cards as an opportunity to treat themselves, though Millennials especially see them as an opportunity to spend more and try something new.

On average, consumers received 2.8 physical gift cards and 1.1 digital gift cards in the past year.

79% of consumers received a physical gift card as a gift from friends or family, while 21% received a digital gift card from friends or family.

While 73% of Boomers share the perception of gift cards as an excuse to treat themselves, 80% agree or strongly agree that they use gift cards the same way they would use cash.

Only 42% report spending more with gift cards than they normally would.

Consumers spend more on gift cards for self-use than for those meant for gifts—except for Boomers, who spend the same amount—and spend less on a gift card for gifting than they would spend on a different gift.

**TYPICAL SPEND**

- **Gifting gift card average value:** $47.91
- **Self-use gift card average value:** $51.93
- **Non-gift card gift average value:** $59.52

Buyers purchase gift cards for self-use and gift cards for others at different locations.

**FOR GIFTING**

- 53% mass merchandiser
- 47% family restaurants / fine dining
- 42% quick-service restaurants

**FOR SELF-USE**

- 20% ecommerce retailer
- 18% mass merchandiser
- 17% quick-service restaurants

Members of Gen Z are less likely than other generations to buy gift cards as a gift for someone else, but just as likely to buy them for themselves.

52% bought a gift card to give someone else in the past 12 months.

41% bought a gift card for personal use in the past 12 months.

While Gen Z and Millennials purchase self-use gift cards at similar rates for ecommerce, mass merchandisers and quick-service restaurants, Gen Z reports twice as much engagement with entertainment and gaming cards compared to Millennials.

DEMOGRAPHICS + METHODOLOGY

SURVEY LENGTH
20 minutes

RESPONDENTS
3,389

AGES
18–75

PRIMARY OR SHARED RESPONSIBILITY FOR HOUSEHOLD SHOPPING

ETHNICITY

80% White/Caucasian
11% Black/African-American
11% Hispanic/Latino
6% Asian-American

GENDER

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48%</td>
<td>52%</td>
</tr>
</tbody>
</table>

GENERATIONAL MAKEUP

<table>
<thead>
<tr>
<th></th>
<th>Gen Z</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6%</td>
<td>27%</td>
<td>34%</td>
<td>33%</td>
</tr>
</tbody>
</table>

BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>23%</td>
</tr>
<tr>
<td>Northeast</td>
<td>19%</td>
</tr>
<tr>
<td>West</td>
<td>22%</td>
</tr>
<tr>
<td>South</td>
<td>36%</td>
</tr>
</tbody>
</table>

Blackhawk Network connects brands and people through innovative commerce, incentives and engagement solutions with the goal of deepening customer relationships, motivating sales, and engaging employees. We pioneered branded value to help brands create rewarding experiences and relationships that drive sales, productivity, loyalty and growth.

Learn more at: 
BlackhawkNetwork.com