



# **Attitudes and Purchasing Behaviors of Recipients of Network Branded Gift Cards;**

**A Survey of 8,000  
Gift Card Recipients**

**A Report from:  
The Network Branded  
Prepaid Card Association (NBPCA)**

**May 2008**

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## Receipt of Network Branded Gift Cards – February 2008

A Study for the Network Branded Prepaid Card Association

### Introduction

It is recognized that gift cards have two unique customers- the purchaser/giver and the recipient/redeemer. Network branded gift cards (NBGCs) come with an American Express, Discover, MasterCard, or Visa brand logo and can be used at any merchant that accepts the brand. They differ from store gift cards that can only be used at a certain store or grouping of stores and offer a host of unique features and benefits.

In October of 2007, the Network Branded Prepaid Card Association (NBPCA), a non-profit trade organization that works to enhance the environment for the success of network branded prepaid cards, undertook a study of Network Branded Gift Cards (NBGCs) buyers. While the information presented in the buyer/giver study was of interest, it was determined that a complete picture of the customer environment could only be viewed with complimentary information about the recipient/redeemer. Thus, the NBPCA decided that it would initiate a research project to investigate the attitudes and behaviors of those who received a NBGC during the 2007 holiday season.

### Research Method

The results presented below are from a study of consumers who received gift cards during the 2007 holiday season. The study was developed by the NBPCA and Professor Dan Horne, an expert in gift card research who has conducted more than a dozen gift card-related studies over the past 15 years. The study was administered by Professor Horne utilizing a web-based panel. The panel was selected because of its close representation to the U.S. population as a whole. The data was collected between February 15th and February 20th, 2008. Over 8,000 individuals completed the questionnaire in a suitable manner. Because of branching and skip patterns, the number of responses to survey items varies.

Of the total number (8,234) of usable responses, 2,380 respondents reported having received NBGCs. Analysis was completed on this subset of the sample as well as the overall sample where appropriate.

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***\*Due to the large sample size, the margin of error for the questions in this study was less than two percentage points.***

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## Behavior

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### Gift Card Receipt

Did you receive any gift cards during the 2007 holiday season? (n=8234)

YES **68.9%**

NO **31.0%**

If so, did you receive at least one network branded gift card (logo with American Express, Discover, Mastercard or Visa)?

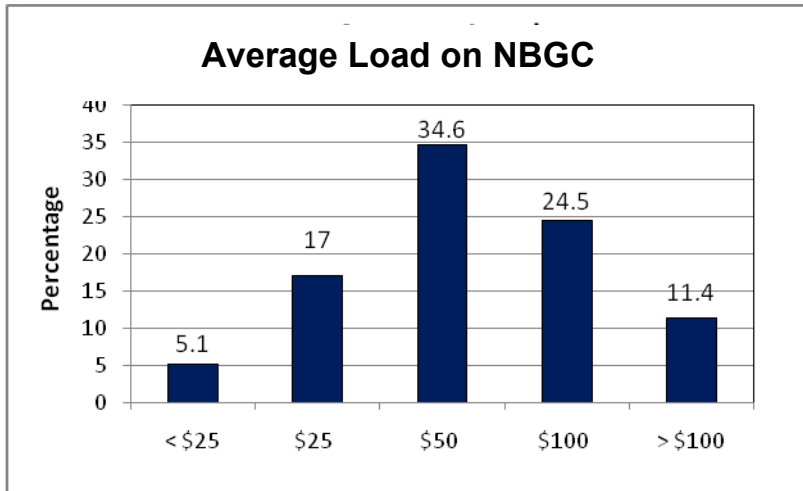
YES **41.9%**

NO **58.0%**

This generates a population estimate of **28.9%** receiving a NBGC during the 2007 holiday season.



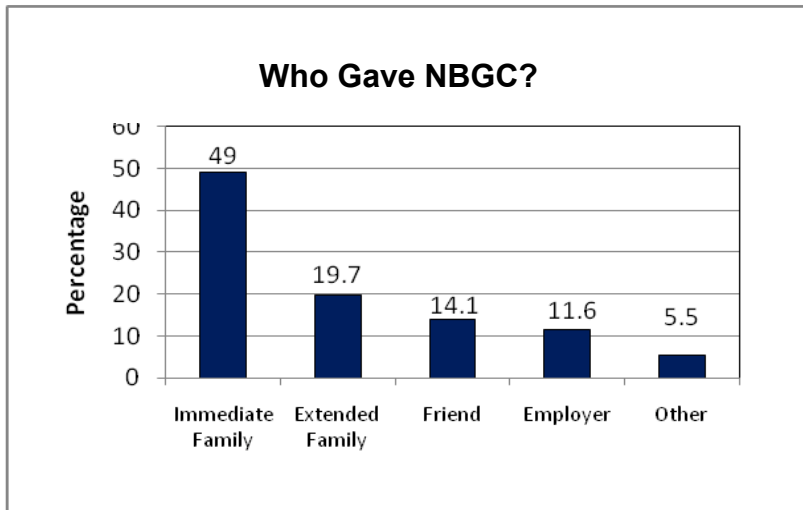
### Average Load on NBGC



Average load reflects the amount of money placed on the card. Even after eliminating outlier values, the average load value was \$116, reflecting the influence of the 11.4% of cards with >\$100 values. Many \$500 and \$1,000 value cards were reported.

Figure 1

### Who gave the NBGC?



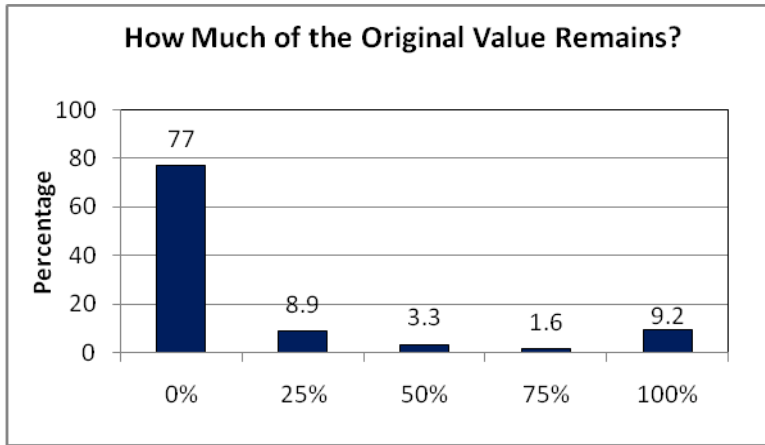
This suggests that NBGCs are an acceptable gift alternative within the immediate family. A further comparison with the responses dealing with store cards shows only a marginal difference.

Figure 2



### Pattern of Spending

About how much of the original value is now (as of approximately February 15<sup>th</sup>) left on the NBGC?



About 90% of the recipients have used the majority of their cards within seven weeks of Christmas. With less than 10% not using their card at all during this time period, non-redemption does not appear to be a major issue.

Figure 3

Within what time of receiving the NBGC did you first use it?

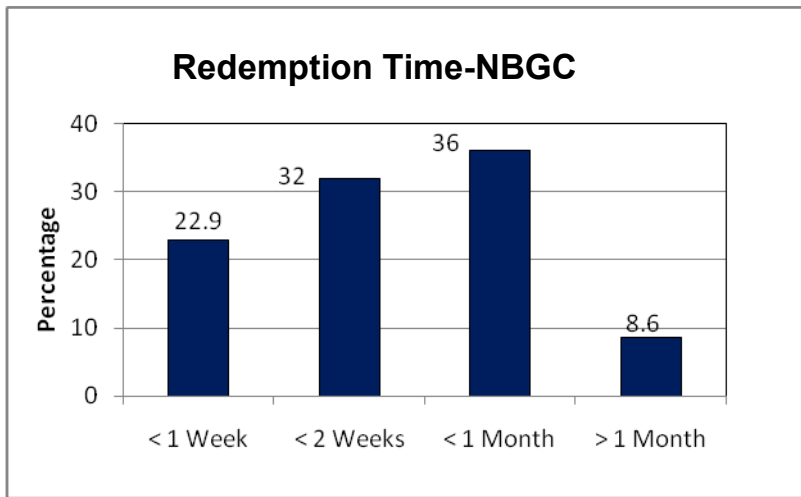


Figure 4

## Non-Redemption

Reasons were suggested for those who had not used the NBGC at all.

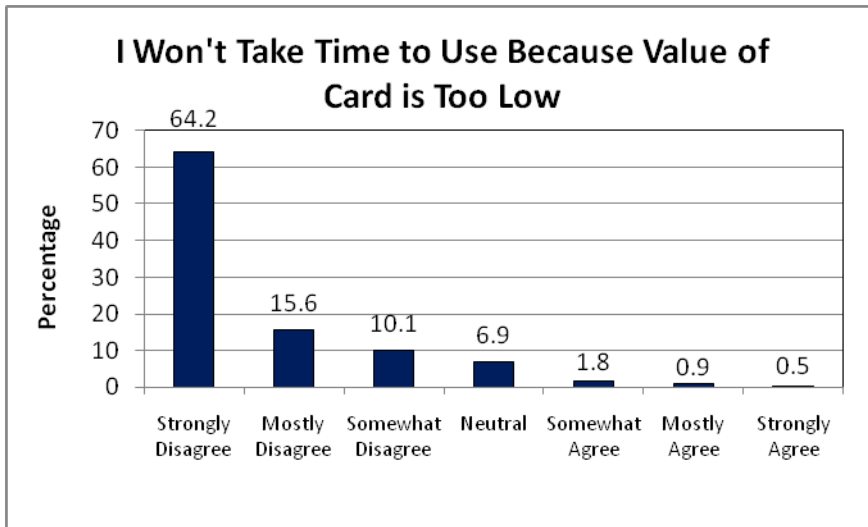


Figure 5

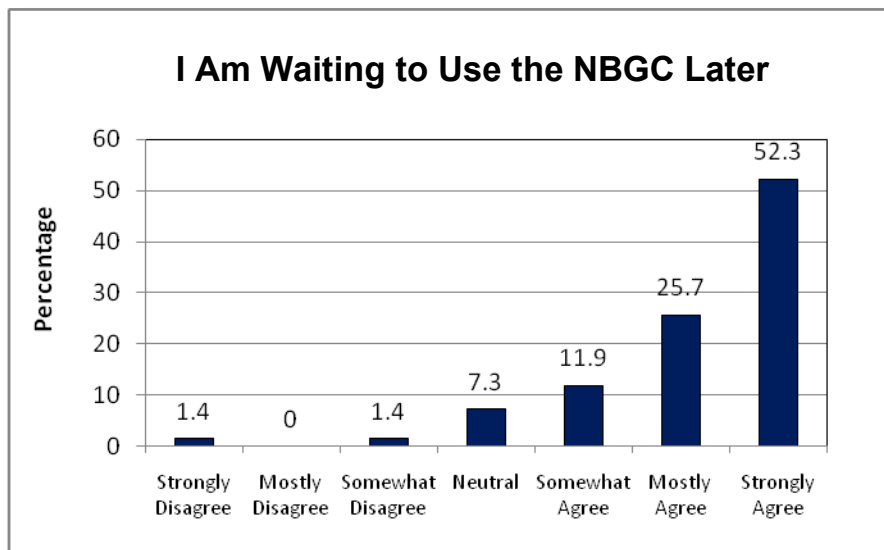


Figure 6



# Attitudes

## Receiver Enjoyment

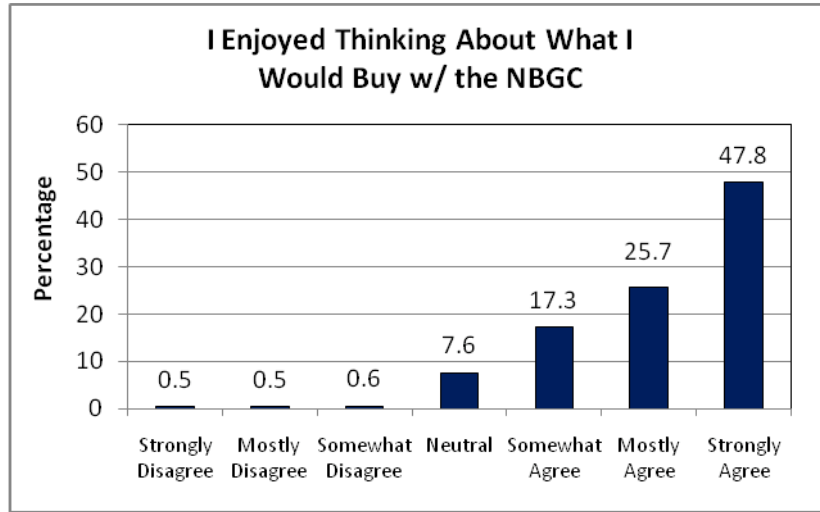


Figure 7



### Reasons for Appreciating the NBGC

I appreciated receiving the NBGC because of my relationship to the giver.

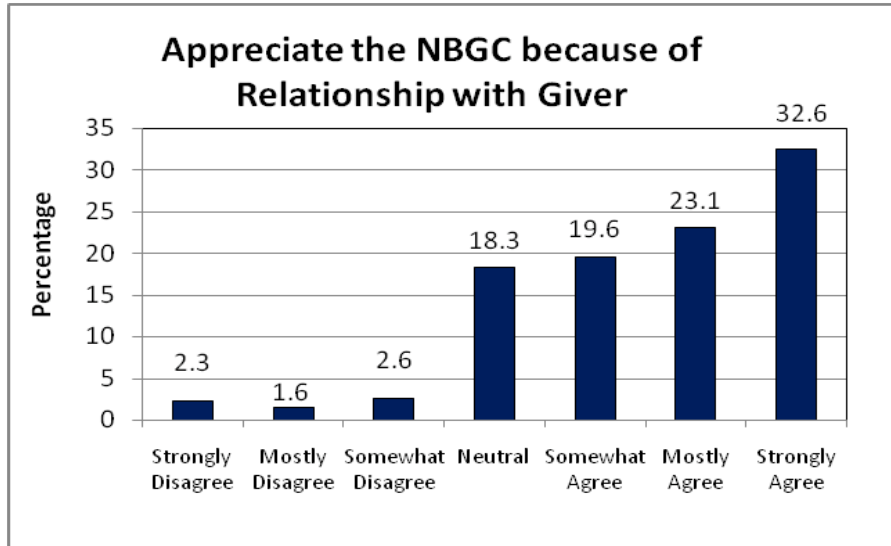
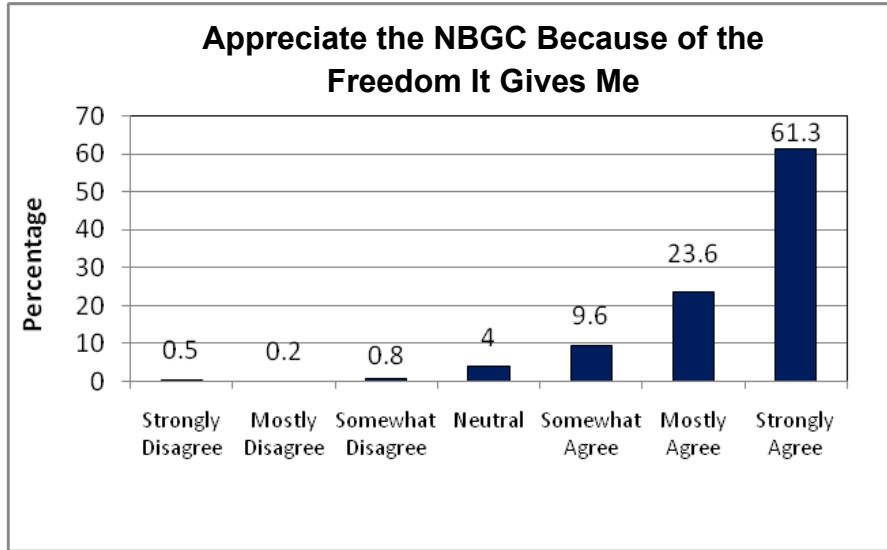


Figure 8



I appreciated receiving the NBGC because it gives me the freedom to choose the perfect gift for myself.

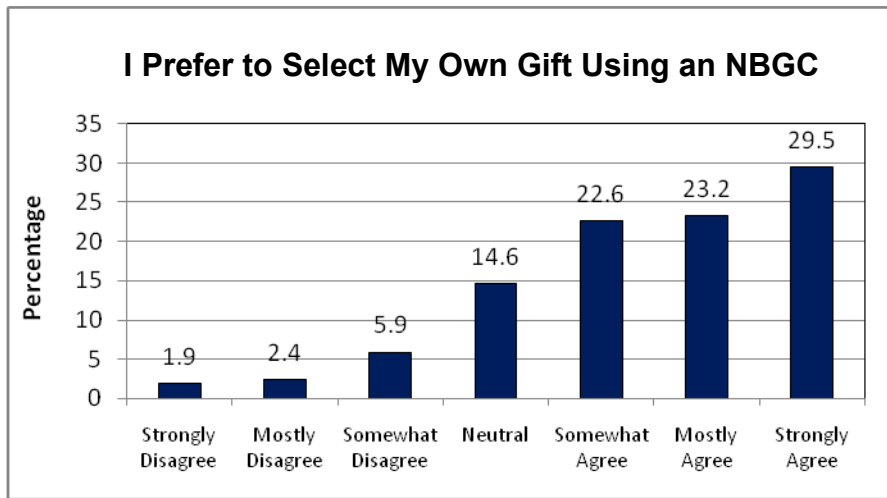


Viewing Figures 9 and 10 together demonstrates how the freedom to make one's own choices resonates with consumers.

Figure 9

### General Attitudes toward Gift Cards (Network Branded and Store)

I would prefer to select my own gift by using a gift card rather than having someone select a gift for me.



Figures 9-14 provide compelling evidence of the value consumers see in gift cards in general.

Figure 10



Overall, I have had a good experience with gift cards I received in the past.

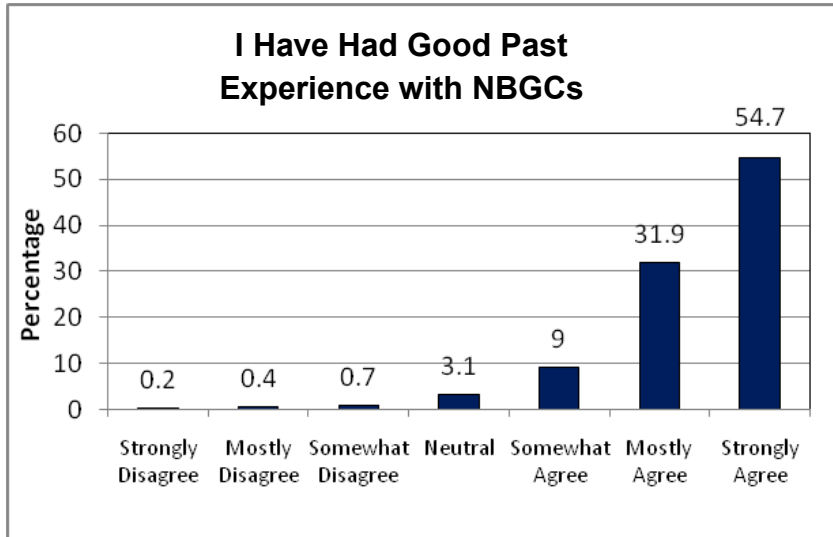


Figure 11

In general, gift cards are better than traditional gifts.

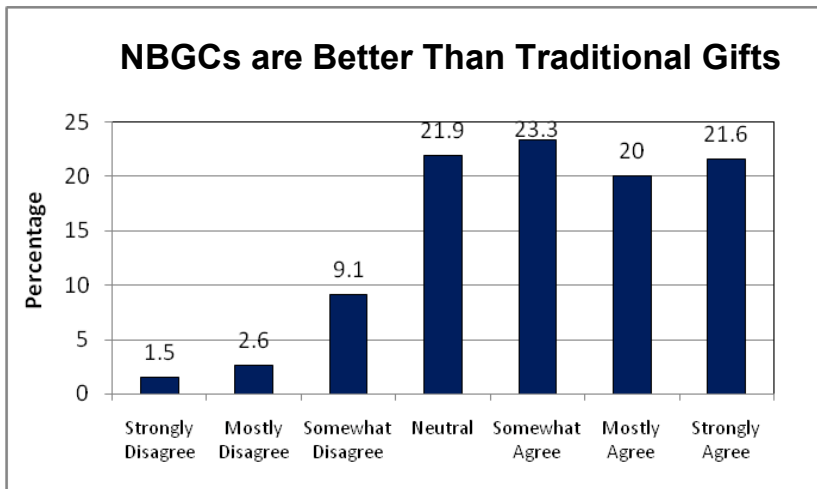


Figure 12

The level of disagreement with the statement is surprisingly low. Clearly, in the minds of most recipients, NBGCs provide additional value over traditional gifts. The stigma that the gift card is a “cop-out” or “last resort” is refuted by recipients.



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PREPAID CARD ASSOCIATION

In general, gift cards are better than receiving cash.

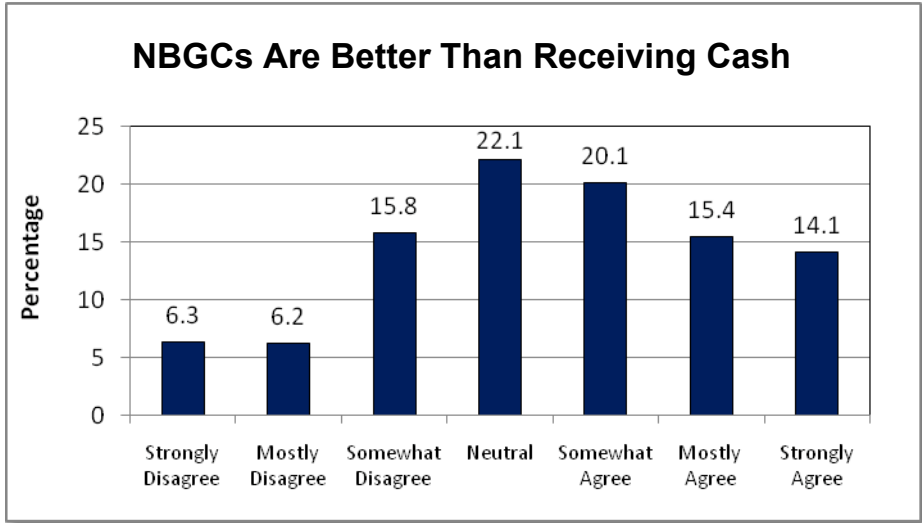


Figure 13

Taken together with Figure 13, we find evidence of the new reality when it comes to gift giving. Gift cards are a preferred, if not THE preferred, alternative in many cases.

I feel like I receive too many gift cards as gifts.

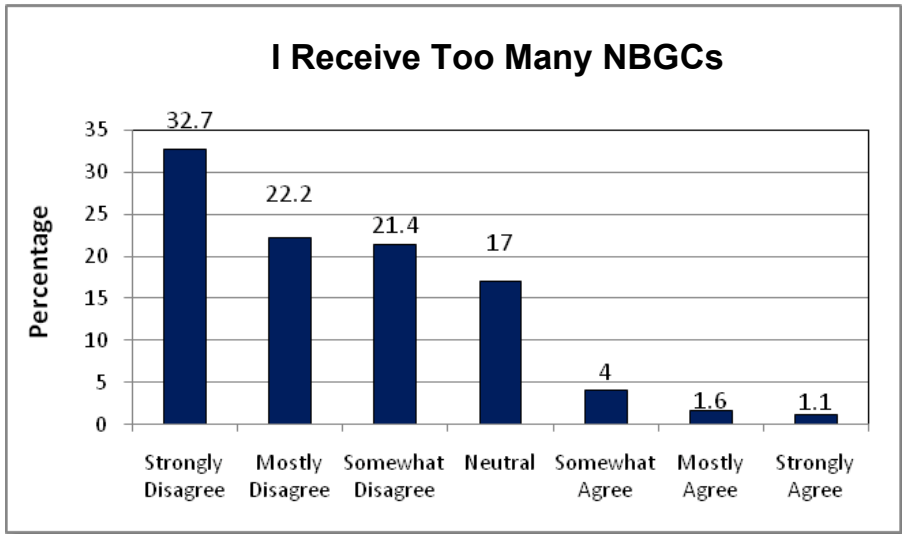


Figure 14



## Issues

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Did you encounter any problems when you were making the payment with the NBGC?

YES	<b>7.8%</b>
NO	<b>92.2%</b>

Was the problem with the NBGC payment resolved to your satisfaction?

YES	<b>65.7%</b>
NO	<b>34.3%</b>

## Terms and Conditions

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A Report from the Network Branded Prepaid Card Association (NBPCA): Attitudes and Purchasing Behaviors of Recipients of Network Branded Gift Cards; May 2008

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I fully understood the Terms & Conditions of the NBGC.

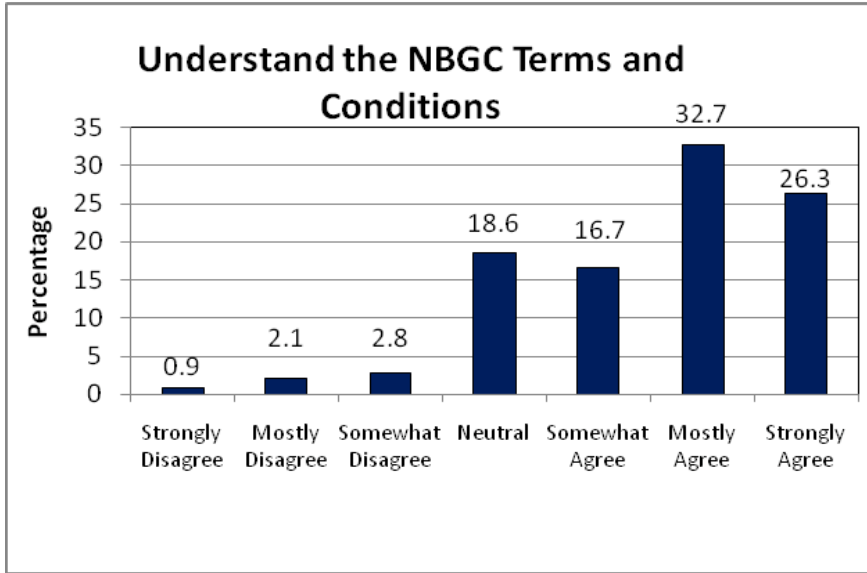


Figure 15

I trusted that the NBGCs Terms & Conditions of use would be fair.

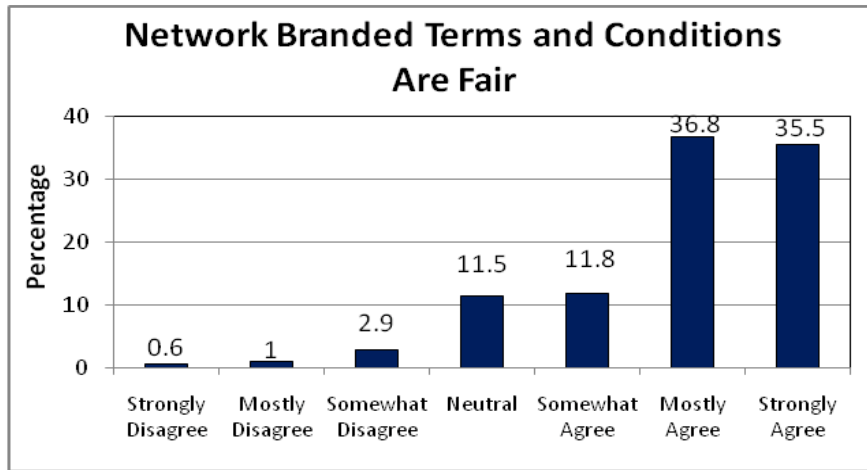


Figure 16

The low levels of disagreement to the statements in Figure 15 and 16 show that industry communication efforts have been largely effective.

## Network Branded Gift Cards Forecasts

**How many branded cards did you buy for gift giving this past holiday season?**

NBGC Purchased in Holiday '07: 0.54 cards per person.

**How many branded cards do you think you will buy next holiday season?**

NBGC Predicted Purchase in Holiday '08: 1.28 cards/person.

Thus, the growth rate of NBGCs is an astounding 137%.

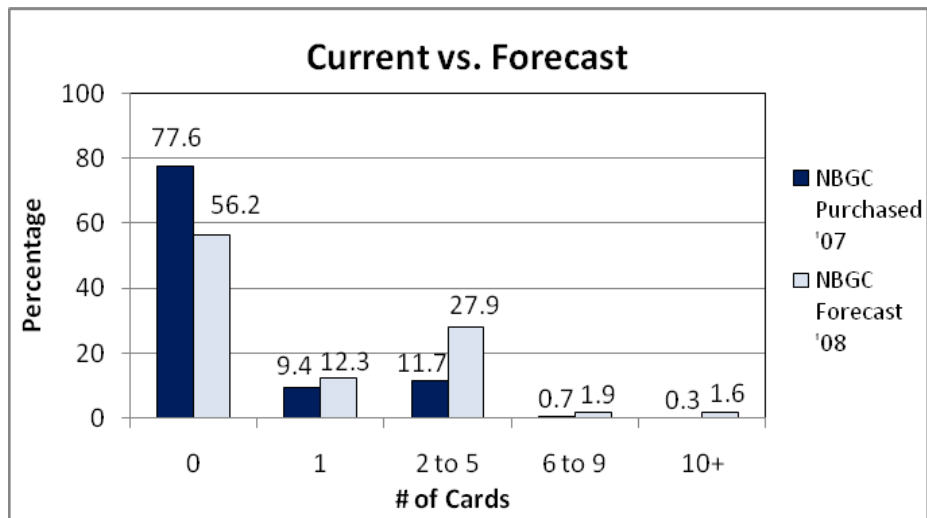


Figure 17



## Demographics

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### Gender

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38.1% Male

61.9% Female

### Age

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5.2% Under 21

33.4% 21-34

35% 35-49

22.8% 50-64

3.5% 65 or older

### Annual Household Income

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21.5% Less than \$25,000

34.2% \$25,000 – 49,999

23.2% \$50,000 – 74,999

11.6% \$75,000 – 99,999

9.5% \$100,000 or more

## Some Key Findings

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- 1) The average NBGC load this holiday season was \$116.
- 2) Recipients of NBGCs agree that a key feature of the card is the ability to choose a perfect gift for themselves. This perception is even somewhat higher among those who have received such cards in the past. Prior experience has strengthened the freedom of choice perception.
- 3) NBGCs have crossed the threshold to being a more acceptable personal gift. They are now welcome for gift giving between close friends and within the family whereas previously they were seen as a gift for those necessary, but not close gifting relationships.
- 4) The majority of consumers see value in gift cards and do not believe they receive too many gift cards. They have made a clear statement that gift cards are better than cash. They prefer them to traditional gifts for the following reasons:
  - a. Freedom to choose a gift that suits them.
  - b. Enjoyment from thinking about what special gift to buy.
  - c. Have had good experiences in the past with gift cards which reinforces the behavior.
- 5) Less than 2.7% of NBGC recipients reported having a problem during redemption that was not resolved to their satisfaction.
- 6) There is a clear pattern of statistically significant correlation between the emotional value (i.e., enjoyment, imagination, fun in anticipation of purchase) and shopping enjoyment in general. Thus, those who enjoy shopping also perceive greater emotional benefits of the NBGC.
  - Females perceive greater emotional value than males.
  - People enjoy fantasizing about what they will buy with their gift card. They see the gift card as a special treat and get enjoyment from thinking about what special items to buy for themselves with it.
- 7) 90% of NBGCs are used within the first 1-2 months of receipt. This is well before any maintenance fees kick in. Of those who have not yet spent the funds on the card, they seem to be waiting to make a specific purchase.