



# DEFINITIVE GUIDE TO B2B GIFT CARD SALES



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# INTRODUCTION

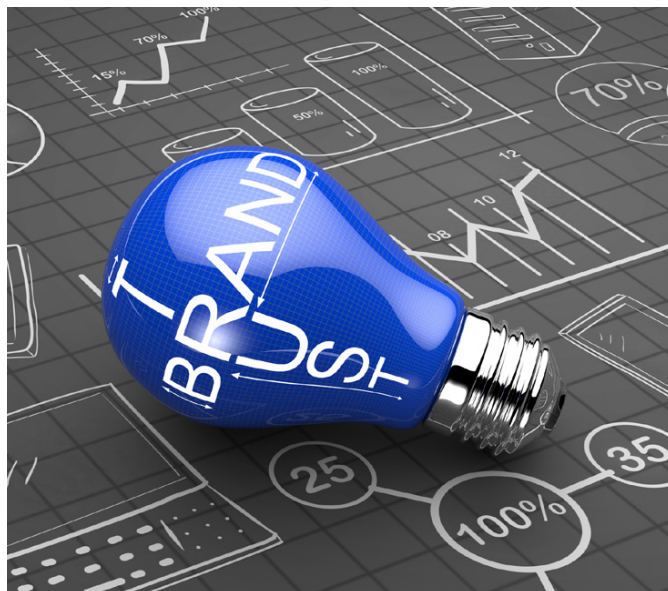
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Branded currency plays a critical role in a merchant's marketing mix and customer retention strategy. Gift cards, points, loyalty, rewards and promotional value all help merchants expand their market share, reach new corporate customers and retain those customers.

As branded currency continues to evolve and promotional and loyalty programs grow more complex, merchants are increasingly teaming up with specialized prepaid card companies to turbocharge their B2B gift card sales.

From basic fulfillment to lead management and fraud prevention, this guide is designed to walk merchants through the considerations of setting up and launching a successful B2B gift card program.

# THE BASICS



According to Incentive Federation Inc., U.S. businesses spend more than \$90 billion annually on non-cash incentives - a 17% increase from 2013<sup>1</sup>. Of those non-cash incentives, gift cards are the most popular delivery mechanism by far. The breakdown for companies offering these types of rewards for sales programs, channel programs, employee programs and customer programs are as follows:

<b>Sales</b>	<b>72%</b>
<b>Channel</b>	<b>63%</b>
<b>Employee</b>	<b>71%</b>
<b>Customer</b>	<b>51%</b>

Awards points and gift cards account for two-thirds of that \$90 billion market spend, with gift cards accounting for roughly \$24 billion alone<sup>2</sup>.

## THE IMPORTANCE OF BRANDED CURRENCY

As demonstrated in the research, there is a large slice of pie available to merchants who are willing to step up their B2B gift card game. Emerging technologies, dynamic consumer preferences and the ability to be connected from anywhere are shifting the way businesses engage with and appeal to existing and prospective customers. Branded currency broadens the horizon beyond traditional marketing to connect on a deeper level with customers. It is a motivator of action and driver of loyalty, facilitating a deeper connection between brands and consumers via an improved and incentivized experience.

### WHAT IS BRANDED CURRENCY?

Branded currency includes digital and physical currency created by brands that can be exchanged by consumers for goods or services. Branded currency connects brands to people and encourages action on the part of the recipient. It can refer to gift cards, loyalty points and even incentives from employers to employees. Businesses can use branded currency to drive a host of behaviors, including purchasing, online conversion, and loyalty.

## WHY B2B GIFT CARD PROGRAMS ARE A WIN-WIN

B2B Gift Card programs facilitate action on the part of the recipient while driving new revenue for a merchant. Consumer perception of a brand can move mountains. This makes B2B gift card programs a valuable way to gain broad awareness and distribution of their gift cards by leveraging the positive brand reputation and loyalty they already have.

### Awareness

B2B gift card programs essentially open up another storefront for your business. As an option among other incentives, your brand gains awareness and earns some additional reputation points. Perhaps a company celebrates employee anniversaries by awarding a gift card for your brand. Not only is the recipient exposed to your brand, but they have the added understanding that their company trusts you as a partner.

**“** *Studies show that people who use a gift card are more likely to buy full price items.*

**- GiftCard Partners, Inc.<sup>4</sup>**

## BY THE NUMBERS

**52%**

The percentage of U.S. consumers that have received a gift card via a B2B gift card program in the last year.

**25%**

The percentage of surveyed consumers that reported they were motivated to shop as a result of receiving a gift card.

**32%**

The percentage of shoppers who spent more than the worth of the gift card (lift/overspend).

- according to research by GiftCard Partners, Inc<sup>3</sup>

## Increase Market Share

Being an option within a company's incentive program gives your brand additional exposure. This aids in new customer capture as well as in re-engagement with latent or lost customers. Getting back to the basics - there are \$24 billion of market share up for grabs, which is sure to expand as consumer preferences and incentive programs evolve. A B2B gift card program can increase sales and promote trial of your products and services to a market segment that may have otherwise remained untapped.

## Gain competitive Edge

B2B gift card programs enable brands to add a revenue stream to augment online, in-store and third party gift card programs. Whether brands use a specially designed gift card or one with a company logo, the positive association between a brand and a reward received by a consumer is priceless. This reinforcement of brand perception is a powerful way for companies to promote themselves and stand apart from the competition.

# BEYOND FULFILLMENT

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How do you grow B2B gift card sales and increase engagement with your brand? Gift card management has grown far beyond simple fulfillment. In order to maximize sales, merchants need streamlined and easily manageable ways to expand ordering options, find new business, manage leads, combat fraud, invoice customers and collect payments. The days of simple gift card and eCode fulfillment are gone. Improved account management and faster fulfillment have shifted the focus to optimization of B2B gift card programs and finding the best opportunities that will deliver the biggest return on investment.

Working with a prepaid card company can enable merchants to maximize their revenue opportunities by providing deep insights into orders, streamlining fulfillment and managing new and existing leads. Many prepaid card companies offer a digital platform and consulting relationships to handle the complex tasks associated with successful B2B gift card programs. End-to-end program management considerations include:

## Dedicated Marketing Support & Lead Generation

- B2B gift card program partners can help strategize, create and execute marketing initiatives aligned with your brand and B2B gift card sales goals
- Partners can aid in the management of partner and affiliate programs
- Some solution providers help identify new opportunities and creation of custom campaigns that attract qualified prospects



## Fraud Protection

- Some partners and platforms provide end-to-end system security, including monitoring and fraud controls, compliance management and risk mitigation.
- Third party providers offer a number of technology solutions that leverage data analytics, machine learning, behavioral and predictive modeling to identify and stop fraud quickly.
- Consultants can connect merchants with the right solutions for their unique situation and help to architect a fraud strategy that minimizes risks without impacting sales.



## Bulk Gift Card Fulfillment

- Some solution providers enable bulk orders to be shipped in an organized, trackable fashion with orders containing multiple denominations clearly labeled
- Some partners offer overnight delivery so your bulk order can reach its intended recipient on a tight deadline
- May include an API or other digital platform that enables merchants to manage operational details of eGift card programs, including delivery of eGift cards and activation

## Direct to Recipient Fulfillment

- This enables the vendor to ship physical gift cards directly to your corporate recipient for companies who don't have the bandwidth to handle it inhouse
- This can be beneficial for merchants or corporations who have complex, international B2B gift card programs

## Payment operations

- Flexible payment options for you and your recipients
- Management of billing and invoicing
- Secure payment processing

## Warehousing and Inventory Management of Physical and Digital Cards

- Vendors that have more than one production facility can ensure adequate capacity and to potentially decrease shipping costs
- Vendors that have quick turn times and adequate resources to meet deadlines

## Card Printing

- Some offer custom design and printing or co-branded options. This may include your company slogan, a tagline or reward program custom message.
- Some vendors offer the ability to customize the way in which the gift cards are delivered to recipients, including personalized letters or packaging.

## Customized Reporting

- Solution providers may provide detailed reporting on operational and financial aspects of gift card program, from printing and shipment to delivery and fulfillment

# THE FUTURE OF B2B GIFT CARD PROGRAMS

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According to research conducted by the Incentive Gift Card Council, over 70% of gift cards are purchased by Sales, Marketing/ Management and Human Resources departments and 80% of those respondents reported used the gift cards for employee rewards or consumer promotions<sup>5</sup>.

More compelling data:

- 61% purchase gift cards 4 or more times a year
- 30% are spending over \$25,000 a year on gift cards
- 70% are purchasing from the merchant web site

The research confirmed the highest performing categories of gift cards include<sup>6</sup>:

- Restaurants - 85.9%
- Entertainment - 59.4%
- Department Stores - 39.1%
- Fast Food - 37.5%

These verticals are obvious choices when it comes to the types of merchants who have strong B2B gift card programs. But given the increased connectivity of consumers, the nuanced preferences of Millennial consumers and the different ways in which all consumers choose to engage with brands, there are far wider opportunities that exist that branch beyond these traditional gift card industries

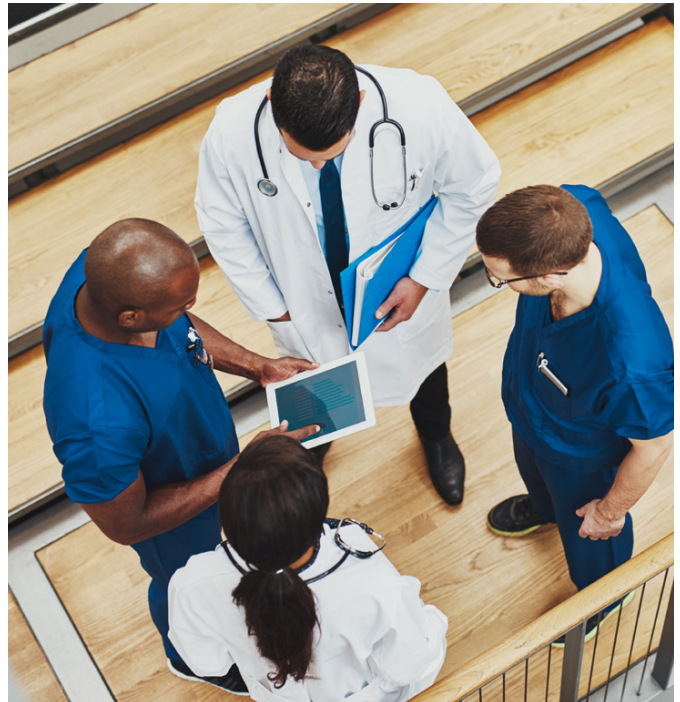


## HEALTHCARE

The field of healthcare is vast and deep but all areas typically require some degree of continued education. Many of these continued education credits can be earned online, but are often expensive. One way to facilitate continued education while showing employee appreciation and relieving some of the cost burden is via gift cards to online continued education services. [Oncourselearning.com](#) is an example of a continuing education service that offers [gift cards for healthcare service providers](#). Healthcare organizations can purchase these gift cards and use them to reward their healthcare employees while ensuring they're able to meet their continued education requirements.

An additional aspect of this is companies offering wellness-related gift card incentives. As the U.S. healthcare system continues to evolve, many organizations are implementing health-related incentives and shifting their focus to keeping employees healthy.

An estimated 70 percent of employers already offer wellness programs and 8 percent more plan to do so during the next year, according to a 2016 study from the Society for Human Resource Management. The value of corporate wellness incentives has jumped to \$693 per employee, up from \$430 just five years ago, according to a recent study from the National Business Group on Health<sup>7</sup>.



## INSURANCE

There are branded value opportunities for other industries as well. Leaders in the insurance industry like [State Farm](#) have begun offering branded gift cards for purchase. These are typically co-branded gift cards in conjunction with the card associations that offer a flexible, safe and convenient gift-giving option. These programs seem to mainly operate at the consumer level right now, but the possibility for expansion exists. Since these are branded gift cards via the card brands debit systems, they can be used at millions of merchants worldwide, rather than just through the merchant offering the card. The value is in having the merchant's branding on the card, to expand awareness and to enjoy the association between the positive gift-receiving experience and the brand.



## NONPROFITS

Charitable gift giving continues to rise in popularity. As some consumers choose to give back to communities and charitable organizations rather than giving merchandise as gifts, nonprofit organizations have an opportunity to leverage their brand and increase the amount of donations they receive. Charity gift cards offer the ability to do this easily; a person can purchase one to give to a friend or family member in lieu of a physical gift and the recipient can redeem it as a donation towards the nonprofit. [DonorsChoose.org](#) is one organization that offers these gift cards, and it has corporate relationships with brands like Crate&Barrel, Google, and Omaha Steaks. For corporate orders of \$25,000 or more, they will add a corporate logo as well as other personalizations to the card.

## CIVIC ENGAGEMENT

Even the government is getting aboard the gift card train, with some local and state governments offering incentives to community members in the form of gift cards. [The State of California recently announced](#) that it would offer gift cards to help students pay for college. The program allows friends and relatives to purchase the gift cards as a way to contribute to college savings accounts, linked to California's Scholarshare 529 plan. Recipients can then redeem those gift cards via the Scholarshare website where the funds are directly transferred into their college savings plan.

While not all of these industries have opened themselves up to the B2B route yet, the potential still exists to expand current gift card offerings into that segment. Merchants, organizations, service providers and governments need to get keen about how they appeal to their core audiences and how branded currency can help them establish and maintain long and fruitful relationships.

# CONCLUSION

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B2B gift card programs are an integral part of growth for any company. They provide access to new distribution channels and industry relationships and ultimately boost sales. Merchants looking to kick-start or expand a B2B gift card program have more opportunities than ever to be successful.

That is not to say that challenges don't exist, especially as technology and consumer preferences become more complex. Digital gift cards in particular have had a rocky start, causing headaches for retailers despite their growing popularity. While the majority of recipients still choose to receive physical gift cards, it's a trend that will quickly begin to shift; as increasing numbers of Gen Y and Millennials engage with loyalty programs, there will be an increased need for real-time delivery of rewards. RSR Research provided analysis

reflecting that retailers have struggled in this and other areas relating to seamless gift card delivery - the number of retailers unable to follow through with gift card offerings doubled from 2015 to 2016<sup>8</sup>.

Delivering a seamless and powerful gifting experience may be complicated, but as more specialized B2B gift card service providers enter the market, there will be more solutions to address pain points. As the B2B gift card landscape continues to expand, brands can choose to outsource to a professional team that will provide operational support and oversight. Third party providers often have the capacity to handle gift card programs from end-to-end, including design, printing, program launch and fulfillment.

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# INNOVATORS IN PAYMENTS CONTENT & CONSULTING

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## ABOUT CONTENT REWIRED

Content Rewired specializes in the strategy and execution of content marketing for payments companies. As a custom content and digital marketing shop, we excel in creating industry-tailored white papers, articles and thought leadership for payments companies as well as digital marketing and distribution strategy and support.



## ABOUT FLOURISH

The Growth of Branded Currency will take place April 10-12, 2017 at The DoubleTree Hotel in downtown Omaha, Nebraska. The conference will feature content targeted at the Branded Currency community including gift card, promotional value, point-based programs, point of sale systems, loss prevention, fraud, and those who utilize these tools and programs. Join retailers from all over North America and service providers from around the world will as we come together to discuss this \$150 Billion industry.