

INMARKET  
INSIGHTS

HOLIDAY 2021

# Gift Card Market Scorecard

NOVEMBER 2021



# Overview

While many more consumers are looking forward to family gatherings during the holidays (thanks to the wide availability of vaccines during the summer), the 2021 holiday season has a new challenge: the [global supply chain crisis](#). A global pandemic, labor shortages, the acceleration of omnichannel shopping and ecommerce, and logistic issues like the Suez Canal blockage in 2021 have led to port traffic jams and shipping delays that are expected to last well into 2022.

In response to this news, we've seen a rise in both early shopping and gift card purchases.

In many ways, the rise in gift card purchasing during the 2021 holiday season could be expected due to a number of reasons including:

1. **Flexible spending.** Gift cards offer the recipient the option to buy exactly what they want (no need to secretly return that thoughtful but less-than-desired sweater).
2. **Redeeming.** Gift cards allow recipients to redeem when and where they want. Consumers can buy when they're ready to buy thanks to the [Federal Gift Card Act of 2009](#), which ensures that gift certificates and store gift cards can't expire for 5 years. In addition, gift cards offer portability—allowing consumers to shop and buy either in store, online, or BOPIS (buy-online-pickup-in-store).

## How We Did It

Findings from the report are based on first and third-party transactional data sources, including InMarket's proprietary panel of opted-in, anonymized U.S. credit card/debit card consumers, and item-level sales data comprising more than 220,000 consumers in the U.S., in September and October 2021.

For more information about methodology or additional real-world recommendations around appropriate targeting, channel, content, and messaging strategies and tactics, visit [inmarket.com/insights](https://inmarket.com/insights) or [contact](#) your InMarket representative.

## A Consumer Survey by [Oracle](#) Found That:

91%

of respondents consider the supply chain crisis when making a purchase

91%

of respondents changed their buying behavior by stocking up on items, buying ahead of time, and monitoring shortages

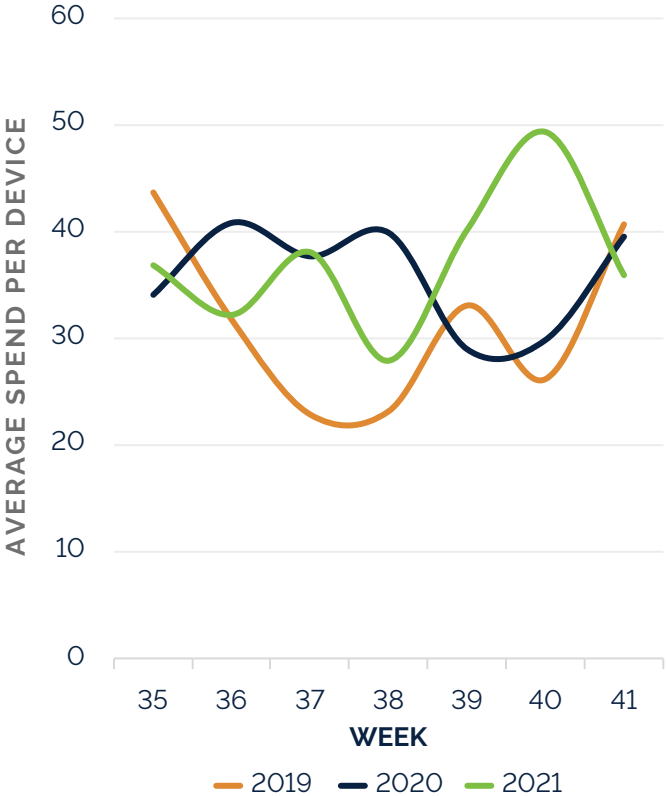
82%

of Americans are concerned about how the disruptions of the global supply chain will impact their life plans, including birthdays, holidays, and more

92%

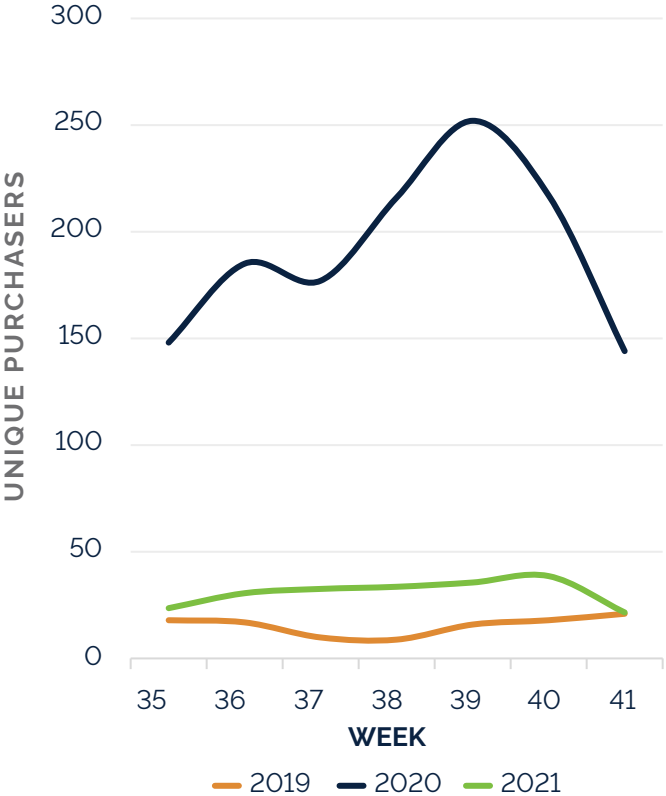
of respondents were concerned the issue will worsen

# Average Spend on Gift Cards per Device



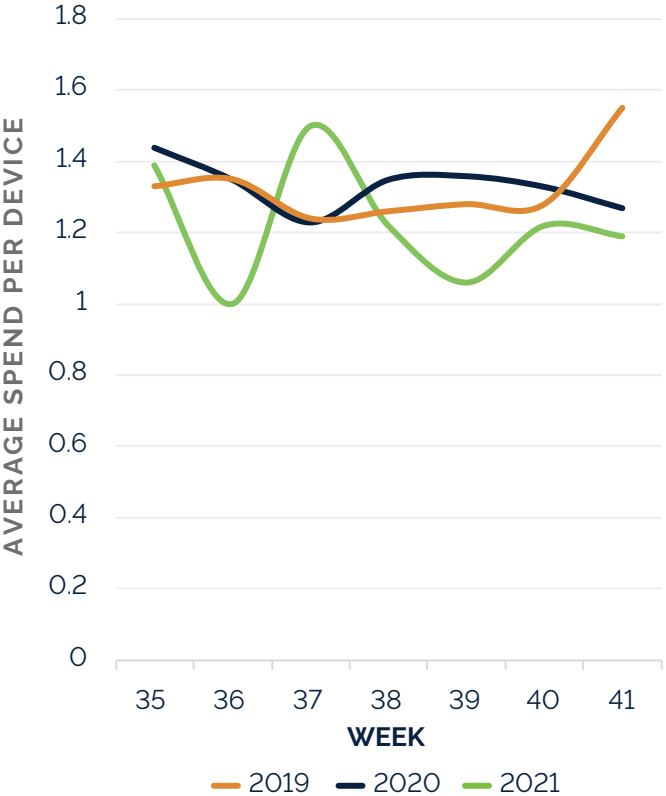
Average spend per device is up on average 7.7% 2021 vs. 2020, and up on average 24.2% when comparing 2021 to 2019.

# Unique Purchasers of Gift Cards



While 2020 saw more unique purchasers, the increase in average spend YoY (see Average Spend on Gift Cards per Device) highlights that consumers are spending more on gift cards—making it the go-to gift for giving during the 2021 holidays. Additionally, unique purchasers are still higher than in 2019 (on average 124.3% higher than in 2019).

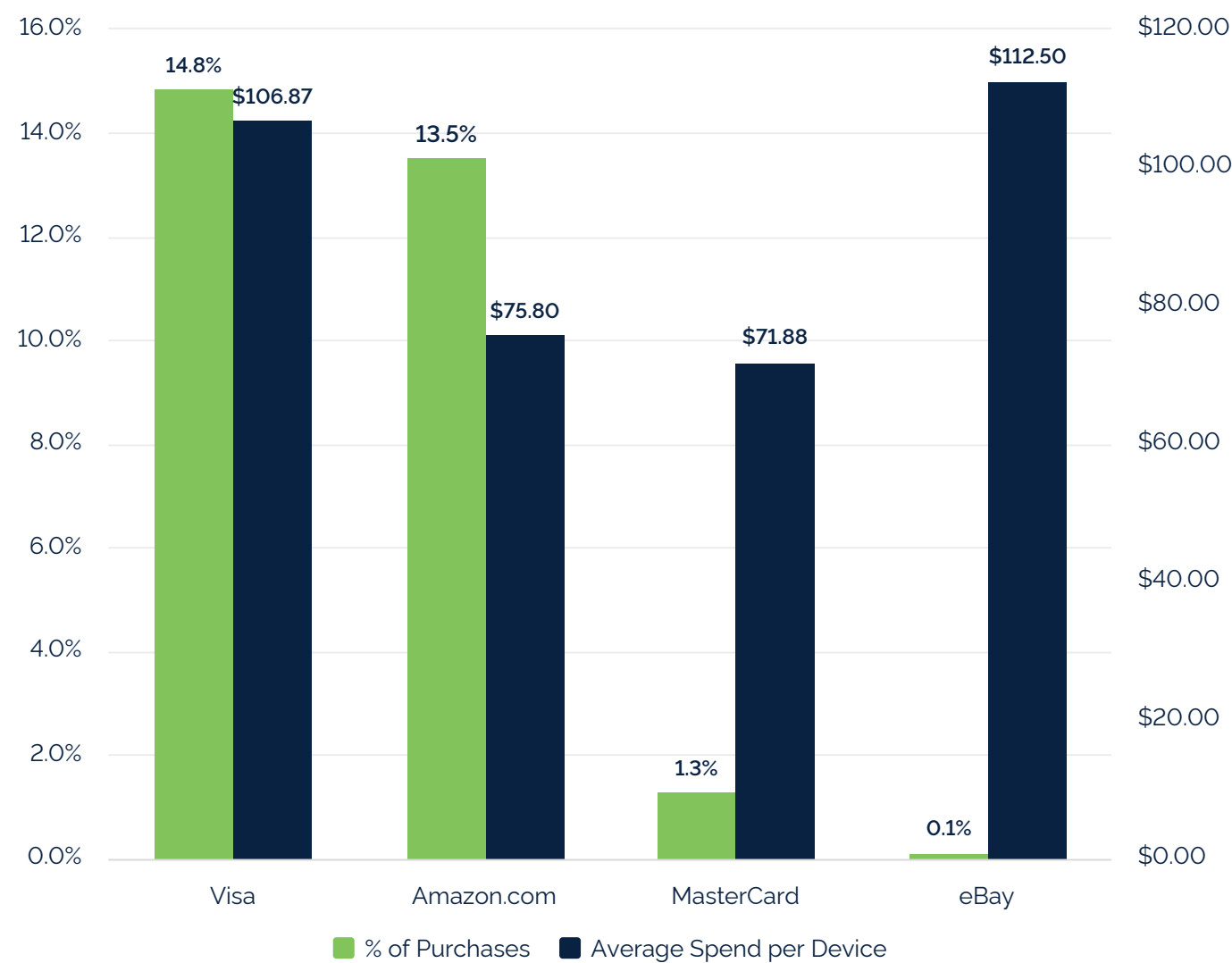
# Average Number of Gift Card Transactions per Device



Overall, consumers are purchasing a higher volume of gift cards. When comparing 2021 to 2019, average transactions per device increased by 10.7%. When comparing 2021 to 2020, transactions per device dropped marginally by 0.2%, indicating that we've seen a healthy return to pre-pandemic shopping behaviors.



# Average Spend on Gift Cards per Device vs. % of Purchases — Finance & Ecommerce Category

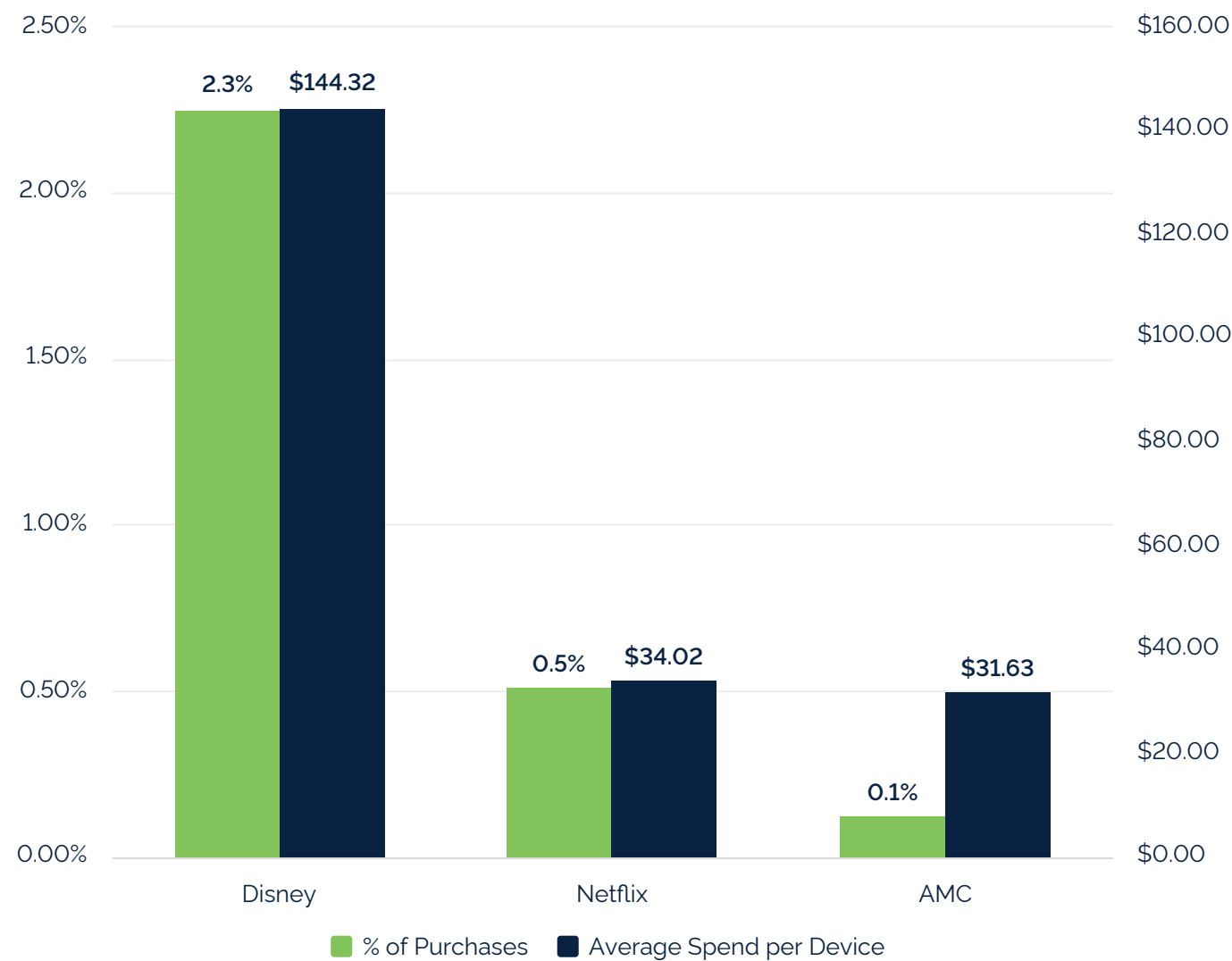


**Visa** held the highest percentage of gift card purchases (14.8%) and the second-highest average spend per device (\$106.87). Its direct competitor, **MasterCard**, held the second-lowest share of purchases (1.3%) and lowest average spend per device (\$71.88). In contrast to Visa's physical gift cards, MasterCard's gift cards expire (the balance does not), and require a physical replacement—a possible impediment to accessible funds and a reason consumers may prefer Visa.

Ecommerce retailer **Amazon**—which accounted for more than 40% of US online retail sales in 2020—nearly doubled its 2020 share of purchases at 13.5%, and increased its average spend per device by \$22.71 YoY. Amazon gift cards are also versatile as they can be used for other services such as Amazon Prime, Kindle, Marketplace products, and Amazon Fresh.

However, these brands saw an increase in average spend YoY, suggesting that consumers are spending significantly more on this particular gift card category.

# Average Spend on Gift Cards per Device vs. % of Purchases — Entertainment Category

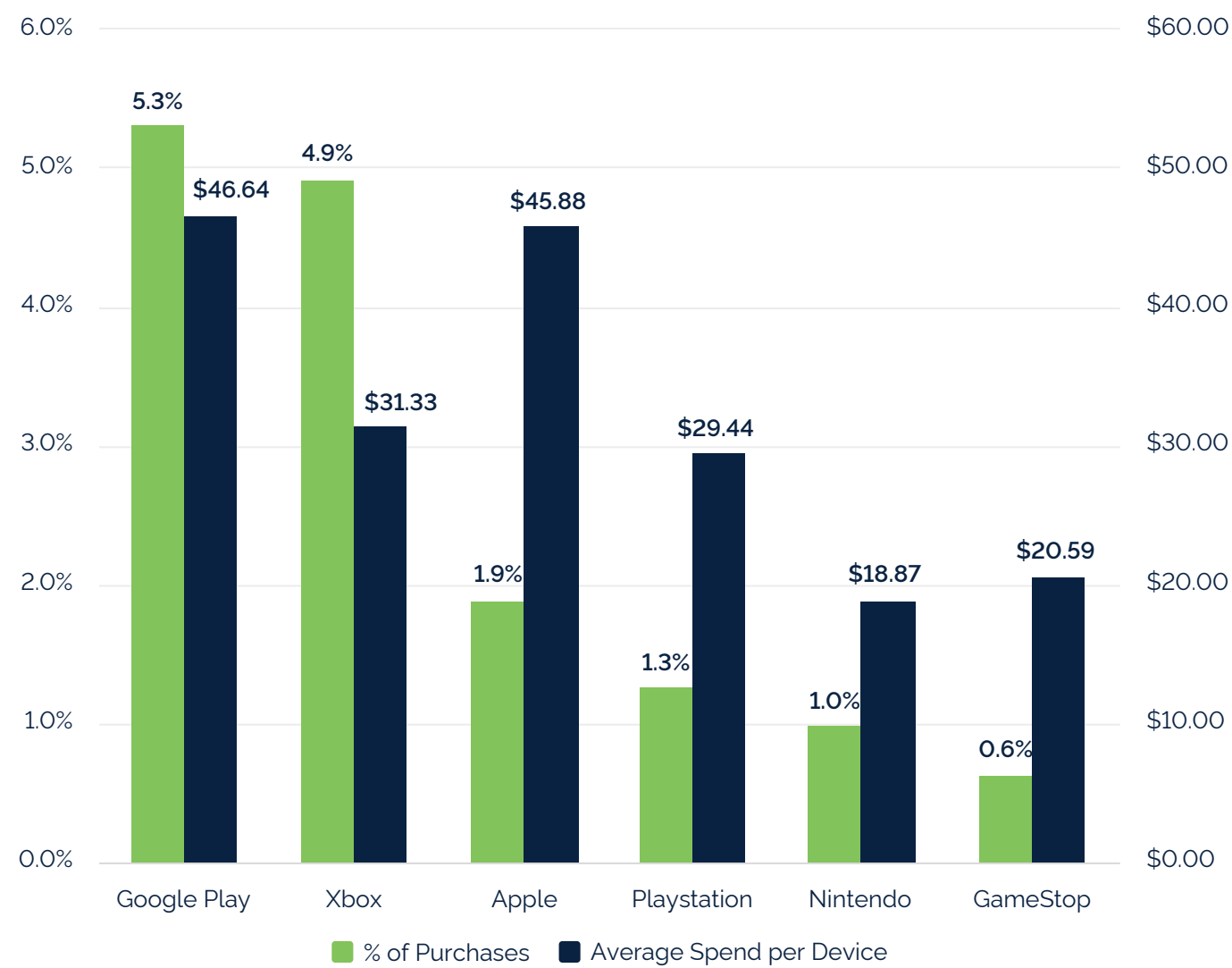


**Disney** gift cards—which can be spent on park tickets, resorts, cruise lines, its online retail stores, dining, and more—eclipsed other brands with both the highest share of purchases (2.3%) and average spend per device (\$144.32). After closures of its parks in 2020, Disney **reopened** all park locations during summer 2021 to meet high demand: The Disney Parks, Experiences and Products segment **earned** \$4.3 billion during the reopening quarter, up over 100% YoY. Consumers were eager to spend at Disney, and gift card sales are expected to further increase during the holidays.

**Netflix** grew its share of purchases by 0.4% and its average spend by \$3.71 YoY—indicating that streaming is holding steady among gift card purchasers.

Traditional movie theater, **AMC**, saw both the lowest share of purchases (0.1%) and average spend per device (\$31.63) on gift cards during Sept-Oct 2021, despite seeing a 0.3% share of purchases the same time period in 2020. However, its average spend per device was up from \$19.43 in 2020, suggesting that while fewer consumers were purchasing gift cards, the increase in average spend may be attributed to the **\$0.50** increase in ticket prices and concessions price increases. Movie theaters continue to experiment with online, hybrid, and in-theater releases, which may be impacting overall purchasing behavior.

# Average Spend on Gift Cards per Device vs. % of Purchases — Electronics & Games Category

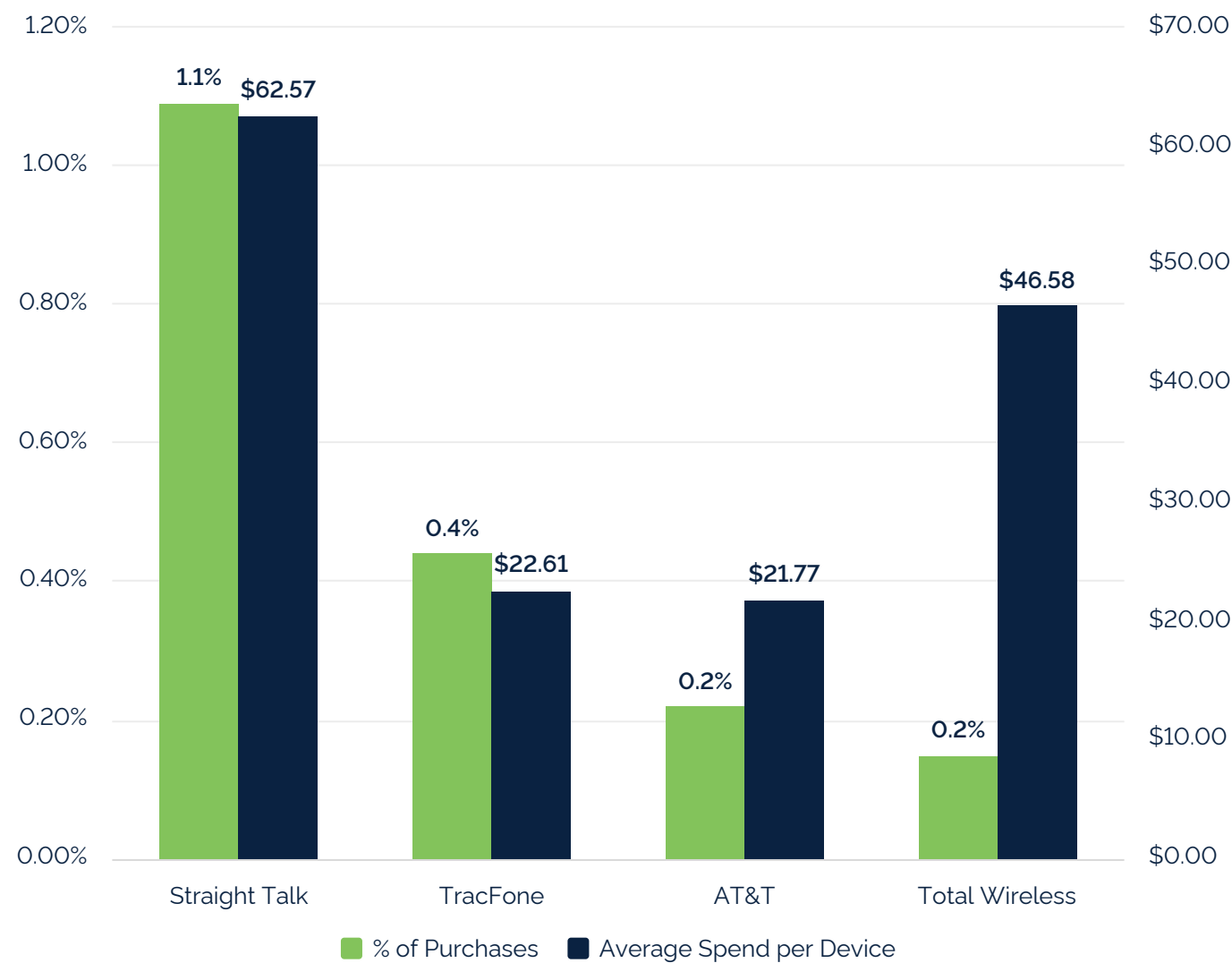


**Google Play** held the highest share of gift cards (5.3%) and the second-highest average spend (\$46.64). Google Play gift cards are versatile as they can be used to purchase apps, games, music, movies, TV shows, and more. These gift cards are also [available](#) at dozens of retailers including Walmart and Amazon. Additionally, the new Google Pixel 6 [released](#) on October 28, 2021, which may have also helped bolster Google Play gift card sales for users wanting new apps, games, and more on their devices.

**Xbox** may be seeing an usually high share of purchases (4.9%) as a new Xbox Series X console was [released](#) November 10th with pre-orders quickly selling out. While the shipping crisis has [impacted](#) computer chips and other raw materials, gift cards can still be used to purchase consoles and games to be redeemed at a later time.

**Apple** saw a decrease in share of purchases from 6.4% in 2020 to 1.9% in 2021. However, average spend per device increased from \$28.83 in 2020 to \$45.88, suggesting that the consumers who were purchasing Apple gift cards were spending more. Additionally, the [global chip shortage](#) has finally reached Apple, with delays impacting both new products—like the iPhone 13 lineup, iPad mini, the 9th-gen iPad, Apple Watch Series 7, and Macbook Pro—and older products. These supply chain issues may leave consumers resorting to Apple gift cards as an alternative to purchasing hardware this holiday season.

# Average Spend on Gift Cards per Device vs. % of Purchases — Telecom Category



Among the telecom category, brands that focused on low cost plans and devices, no-contract phone service, and/or pay-as-you-go options saw higher average spend per device as modest pricing and flexibility appeared to be priorities among gift card purchasers. Economic concerns and uncertainty are likely contributing to the popularity and preference of gift card purchases for this category.

**Straight Talk** had the highest share of purchases (1.1%) and average spend per device (\$62.57). Additionally, this brand is available nationwide at Walmart, making gift card purchases easily accessible and redeemable.

**TracFone** (0.4% share of purchase, \$22.61 average spend per device), similar to Straight Talk, is also sold in many drug stores, convenience stores, and big box stores like Walgreens, 7-Eleven, Walmart, Target, and more.

Despite the lowest share of purchases (0.2%), **Total Wireless** had the second-highest average spend per device (\$46.58). It is also readily available at many convenience and drug stores like 7-Eleven, Walgreens, CVS, and more for easy gift card redemption.

**AT&T**, a more ubiquitous telecom brand, had the second lowest share of gift card purchases (0.2%) and the lowest average spend per device (\$21.77). Unlike its cost-friendly competitors in this category, AT&T's price point tends to be higher and focuses on annual contracts, which might give its competitors an advantage, since it's simpler to give a more flexible "pay as you go" gift option.

# Average Spend on Gift Cards per Device vs. % of Purchases — Apparel/Shoes Category

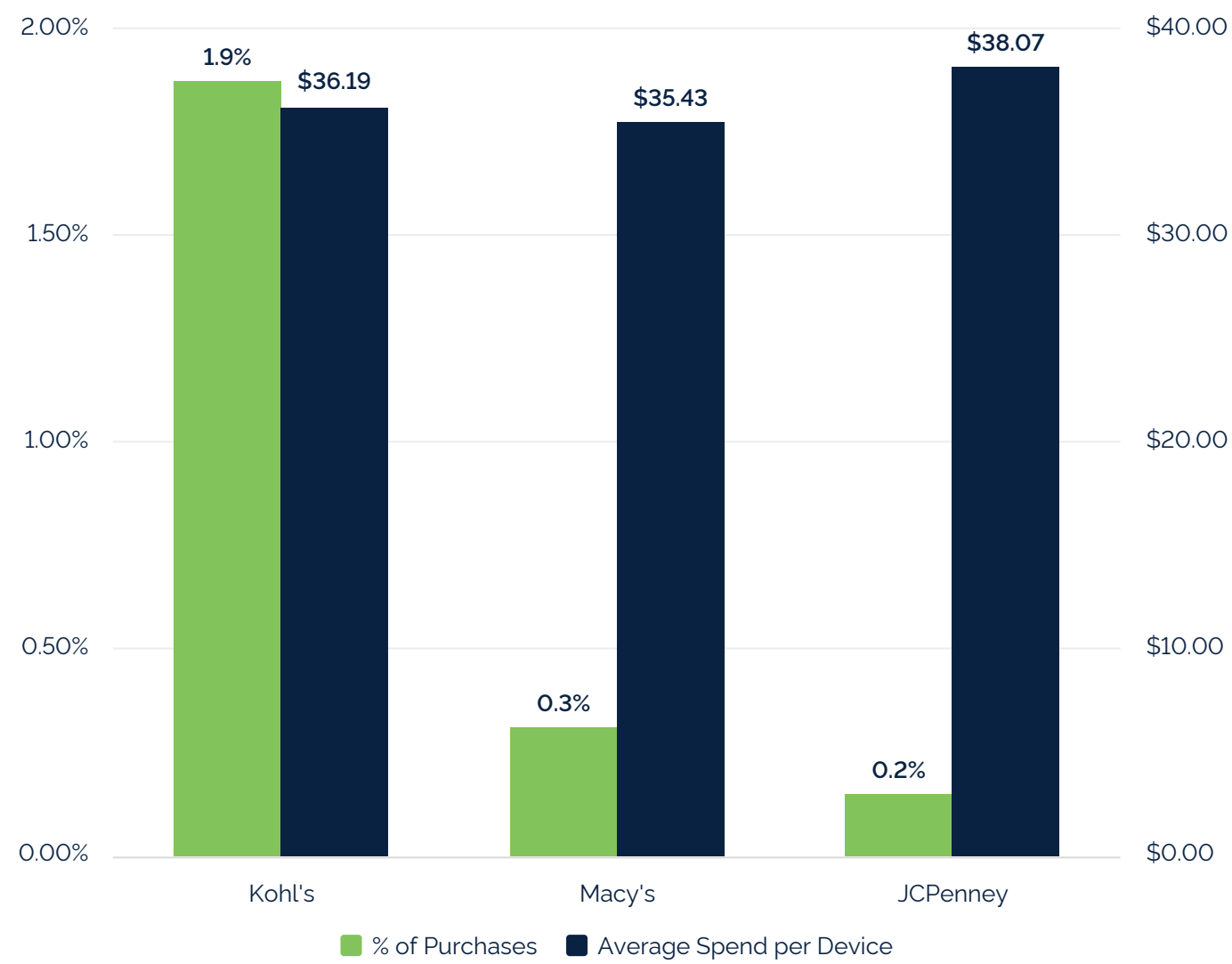


2021 gift card purchases among the apparel/shoes category boasted far fewer brands than compared to 2020. Financial challenges of some retail brands post-pandemic may have impacted and limited interest and purchasing of gift cards amongst struggling retailers. Additionally, the early 2021 boom in [retail sales](#)—strengthened by stimulus checks and vaccinations—may have depleted the need for new clothes in the latter part of this year. However, the brands that did persevere were value-friendly brands.

**Gap** and **Old Navy**, both owned by parent company Gap Inc, held a majority share of purchases (0.3% share of purchases each), and the highest average spends per device (\$38.64 and \$35.00 respectively). Old Navy reported a [2.3%](#) growth in web sales, suggesting that online spending, such as digital gift cards, will continue to be popular throughout the holidays. Gap's highly popular [collaboration](#) with Kanye West's Yeezy label also sold out almost immediately with each release, which may have further bolstered Gap's attractiveness.



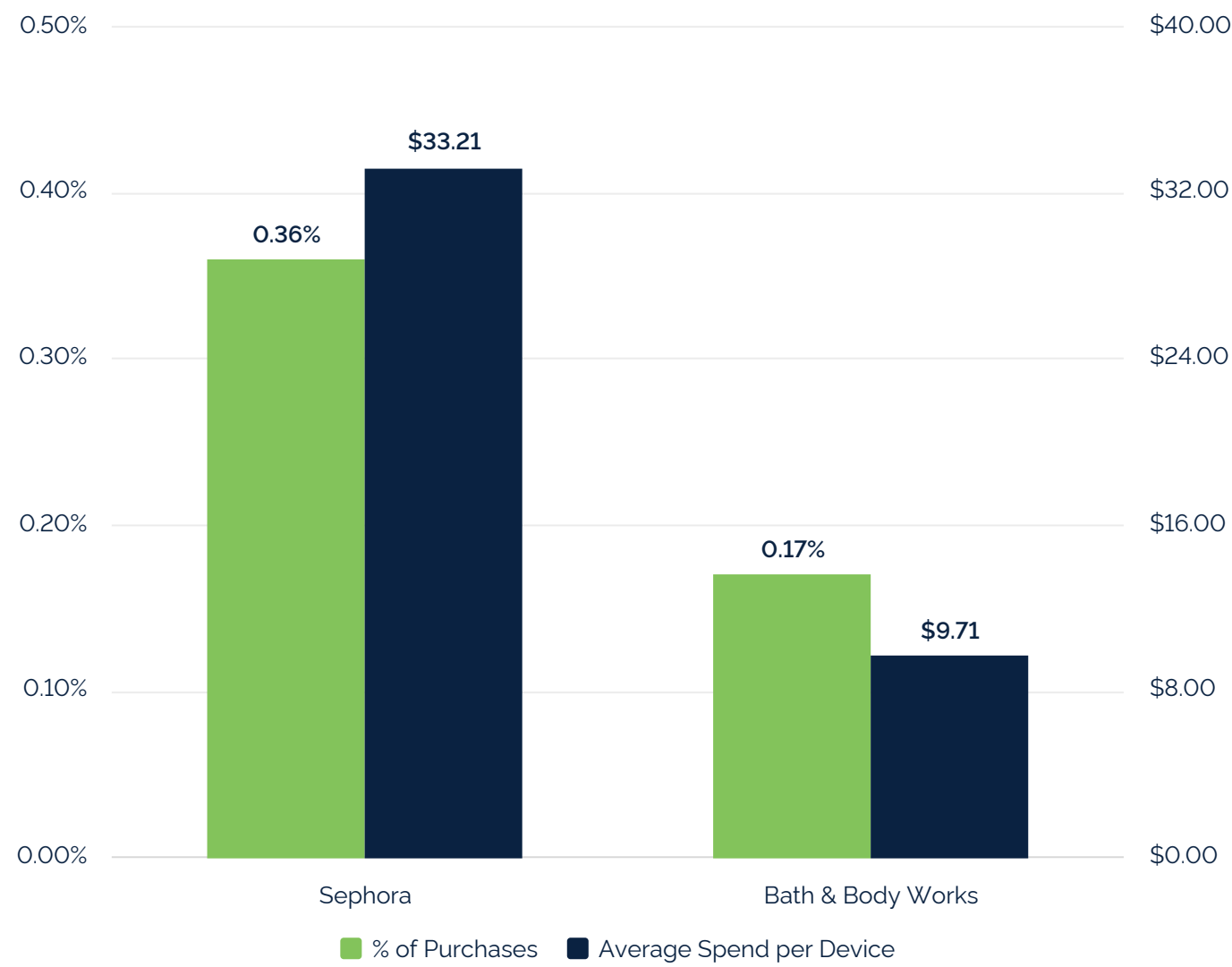
# Average Spend on Gift Cards per Device vs. % of Purchases — Department Category



**Kohl's** saw the highest share of purchases (1.9%) and a \$36.19 average spend per device. The chain reported a 35% increase in digital sales compared to pre-pandemic levels in 2019. Digital sales represented 26% of total sales, lower than 2020's 41% (a pandemic anomaly), but 20% higher than 2019, suggesting that a strong and growing digital strategy is correlated with its strong gift card performance.

Struggling department stores **Macy's** and **JCPenney** saw similar average spend (\$35.43 and \$38.07 respectively), but far lower share of purchases—indicating that consumers much preferred Kohl's as their go-to department store gift card supplier.

# Average Spend on Gift Cards per Device vs. % of Purchases — Beauty Category

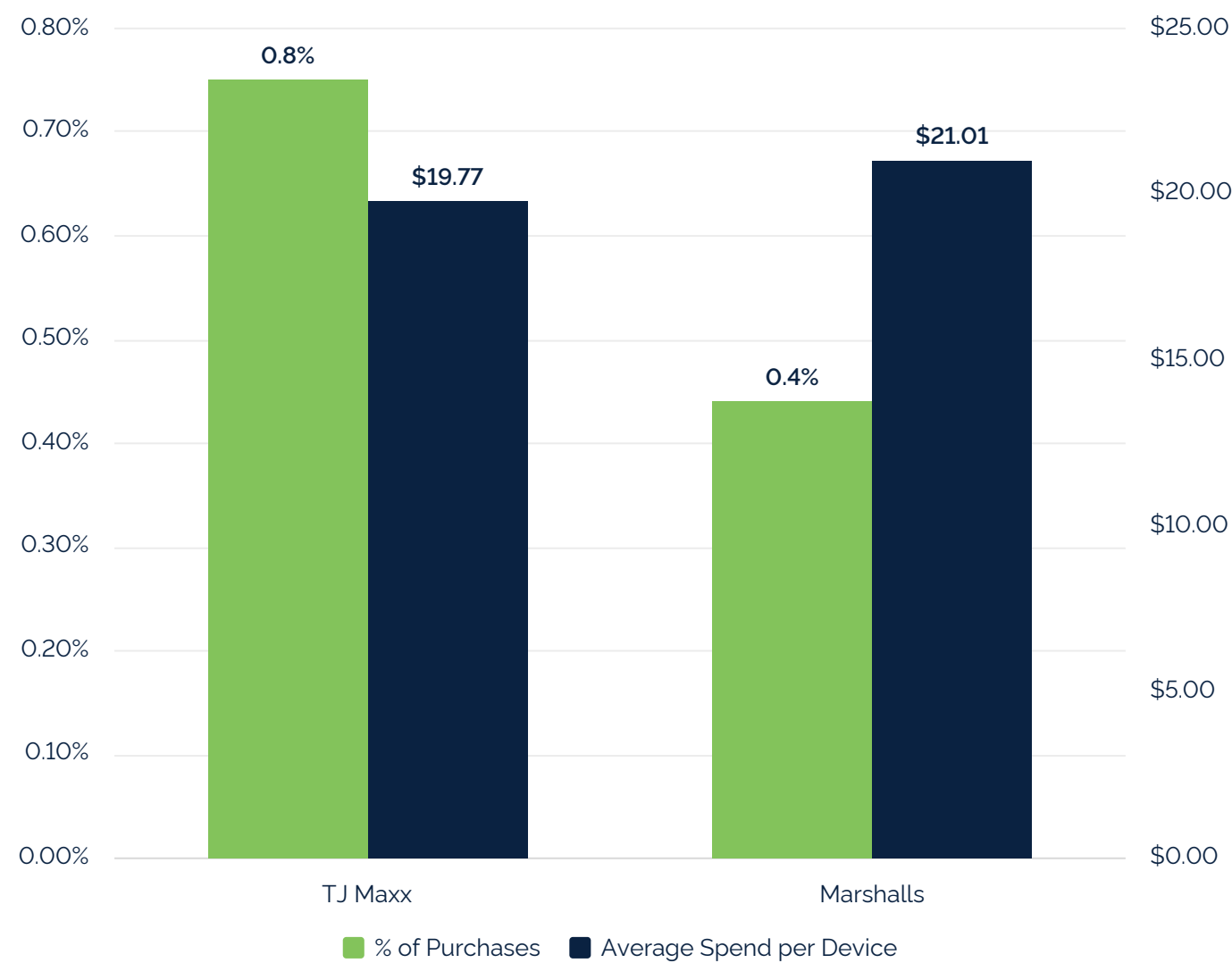


Similar to 2020, among the beauty category, two brands emerged as having the largest share of gift card purchases.

**Sephora** held both the highest share of purchases (0.4%) and average spend per device (\$33.21). One of Sephora's largest sales—its [VIB Sale](#) (also known as the "Holiday Savings Event") where members can save up to 30% off products—ran from November 5-15, which may have been ideal timing for gift card purchases, so beauty enthusiasts could redeem more value for their dollar. Additionally, the beauty retailer's Senior VP of E-commerce, Carolyn Bojanowski, stated the importance of adding more services and features to its website to draw in more shoppers—such as [same-day delivery](#), Instagram Checkout, and a partnership with Klarna. Sephora also introduced buy-online-pickup-in-store (BOPIS) as a result of the pandemic to further bolster success. Combined, the beauty retailer has seen a 75% increase in online sales YoY, a trend expected to rise throughout the holidays and positively impact gift card sales as well.

**Bath & Body Works** sees a 0.2% share of purchases and \$9.71 average spend per device, likely due to its low price point for products—suggesting B&BW gift cards may likely be a stocking stuffer. The self-care brand reported that its latest sales period totaled [\\$1.70 billion](#), a 54% increase from 2019 levels. This jump may be due to the demand for hand sanitizers and lotions during the pandemic. Bath & Body Works also added that it is optimistic about its fall and holiday lineup of merchandise, which is expected to drive momentum in the back half of the year.

# Average Spend on Gift Cards per Device vs. % of Purchases — Discount Category

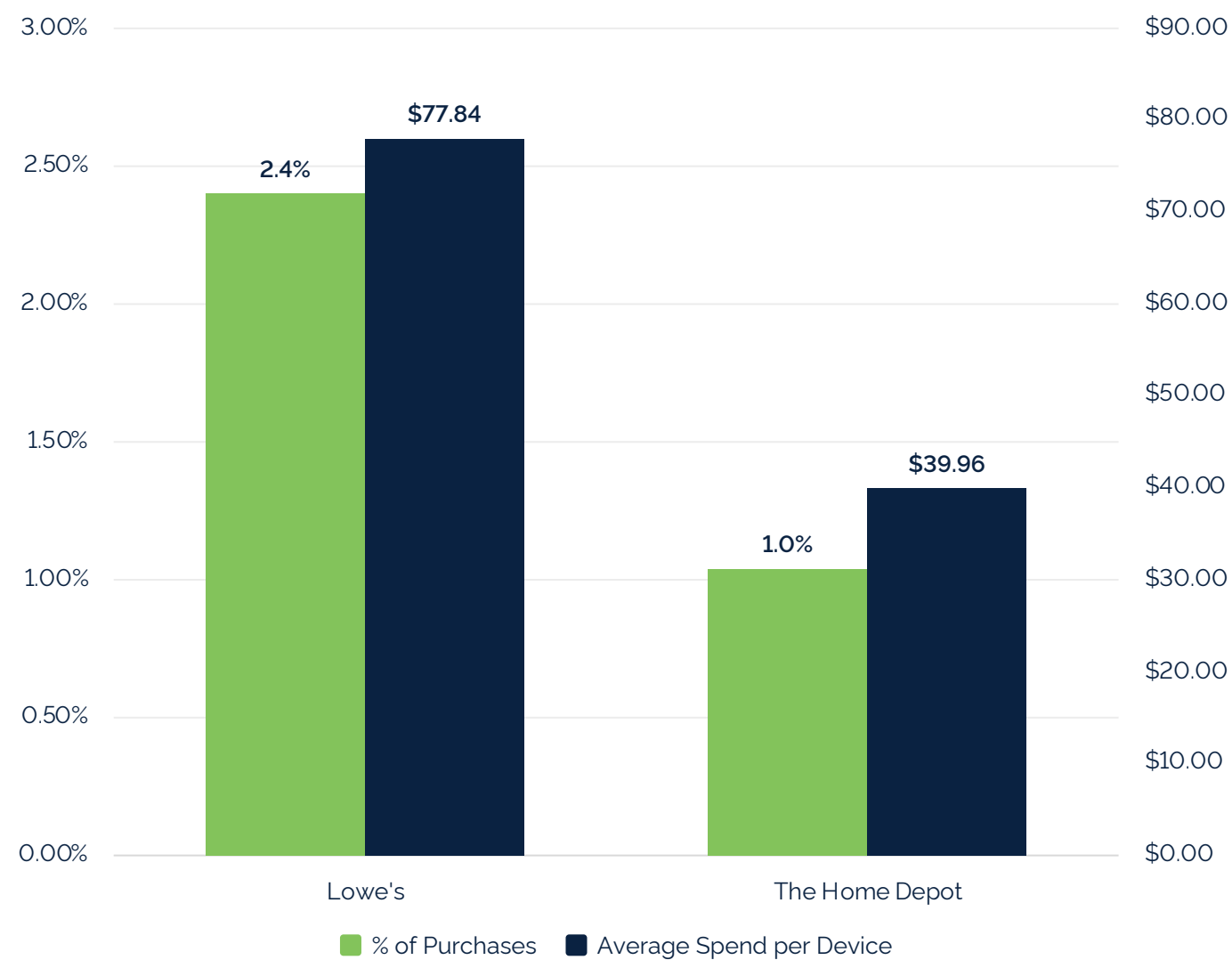


TJ Maxx and Marshalls, both owned by parent company TJX Companies, both have seen YoY growth in share of purchases.

**TJ Maxx** saw an increase from 0.3% share of purchases in 2020 to 0.8% in 2021, while **Marshalls** saw an increase from 0.2% in 2020 to 0.4% 2021. However, average spend per device for TJ Maxx dropped from \$30.73 in 2020 to \$19.77 in 2021, and from \$29.17 in 2020 to \$21.01 in 2021 for Marshalls. Overall, consumers appear to be purchasing a higher volume of gift cards but are spending less.

While other retailers have largely expanded or emphasized its online offerings, TJX CEO Ernie Herman stated that its “treasure-hunting experience continued to draw customers into our stores around the world.” This is further supported by open-only same-store sales at TJ Maxx and Marshalls stores having increased 18% from pre-pandemic levels two years ago. However, with supply chain issues to consider, gift card sales may continue to see an increase throughout the holidays.

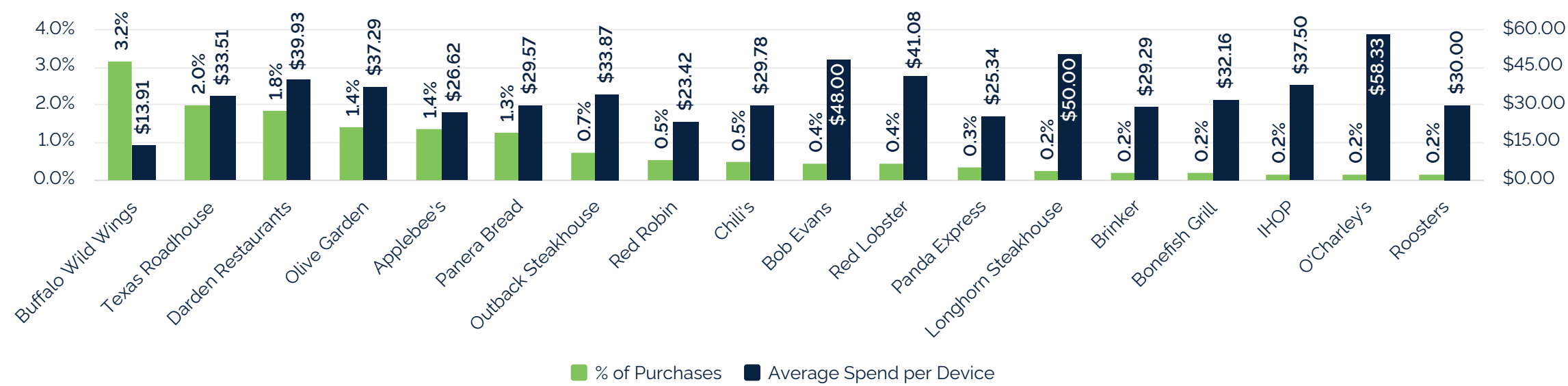
# Average Spend on Gift Cards per Device vs. % of Purchases — Home Improvement Category



While The Home Depot and Lowe's are arguably the most popular home improvement chains, **Lowe's** has both a higher share of purchases (2.4%) and average spend per device (\$77.84) for gift cards. This higher share and spend may be attributed to the fact that Lowe's is traditionally geared towards DIYers while The Home Depot is more popular among contractors and professionals. Additionally, in the summer, Lowe's saw a 7% increase in digital sales, suggesting a strong omnichannel strategy.

**The Home Depot** (1.0% share of purchases, and \$39.96 average spend) has attempted to mitigate the impact of the shipping crisis by **reserving** its own container ship and **flying in** "smaller, higher value items" like power tools. However, the chain's VP of Transportation **stated** that this practice has helped keep in-demand products stocked, but that chartered ships are 4x as costly than its pre-established shipping rates and only move a smaller amount of product—which may be driving up the cost of products, and thus deterring shoppers. Also, in contrast to Lowe's successful summer digital sales, The Home Depot reported that its own performance through digital platforms was "**essentially flat.**"

## Average Spend on Gift Cards per Device vs. % of Purchases — Casual Dining Category



The popularity of the casual dining category may be driven by vaccinated consumers excited to socialize more with family and friends after a long period of social distancing. Popular sporting destinations where friends can gather to eat, drink, and watch a game at restaurants like Buffalo Wild Wings lead the way with the highest share of purchases (3.2%).

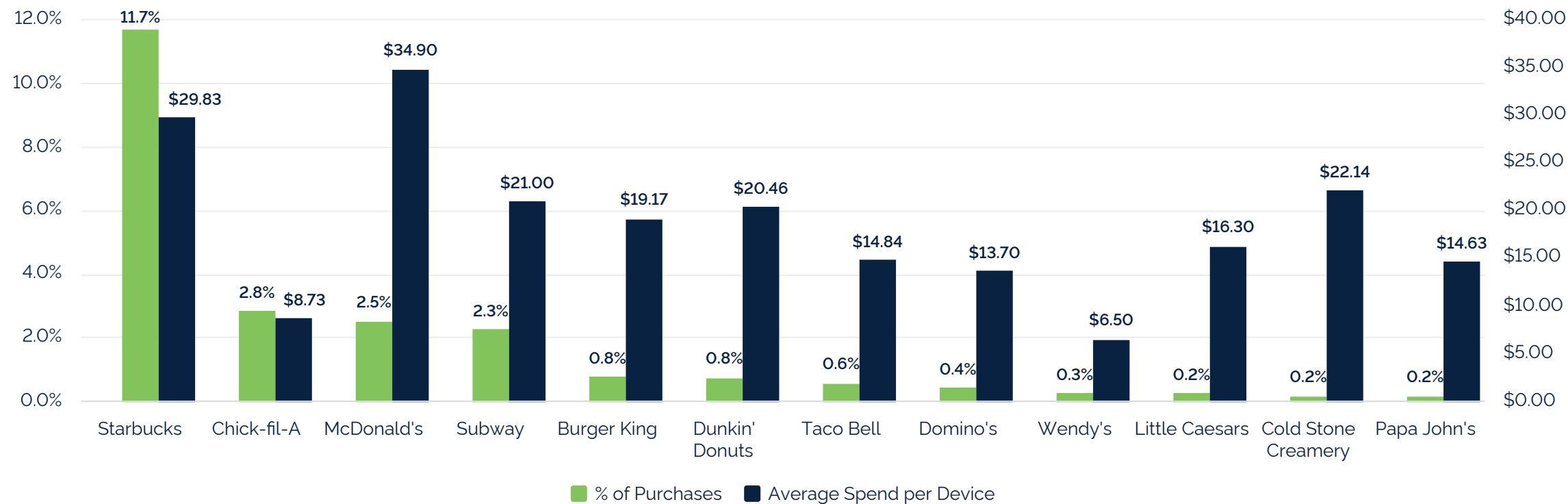
**Buffalo Wild Wings** has the highest share of purchases (3.2%), but the lowest average spend (\$13.9), suggesting that a higher volume of consumers are making “micro” transactions. This chain is known for its weekly specials—like half-priced wings on Tuesdays, or boneless wings on Thursdays—so, with a lower price point per meal, the average spend may be lower as well.

Restaurant groups such as **Darden**—which owns Olive Garden and Longhorn Steakhouse—and **Brinker**—which owns Chili’s—were popular options as its gift cards allow diners to flexibly redeem meals at a wider selection of restaurants. Darden in particular held the third-highest share of purchases (1.8%), and its property, Olive Garden, had the fourth-highest share of purchases (1.4%). Darden [reported](#) that its fiscal fourth quarter same-store sales nearly returned to 2019 levels, and also predicted that its total sales for 2022 will top pre-pandemic revenue. **Olive Garden**, which accounts for about half of Darden’s revenue, also surged [61.9%](#), suggesting that diners will enjoy receiving a gift card to help pay for their next meal.

**Panera Bread**, which has 1.3% share of purchases and \$29.57 average spend, was a new brand that hadn’t been seen before. The chain pivoted its strategy in response to changing consumer behaviors during Covid-19. Panera Bread [transformed](#) its layout to appear as a “Next Gen” local neighborhood bakery—featuring double drive-thru lanes, added technology, expanded outdoor seating, [unlimited coffee](#), and more—to attract both dine-in and to-go diners.



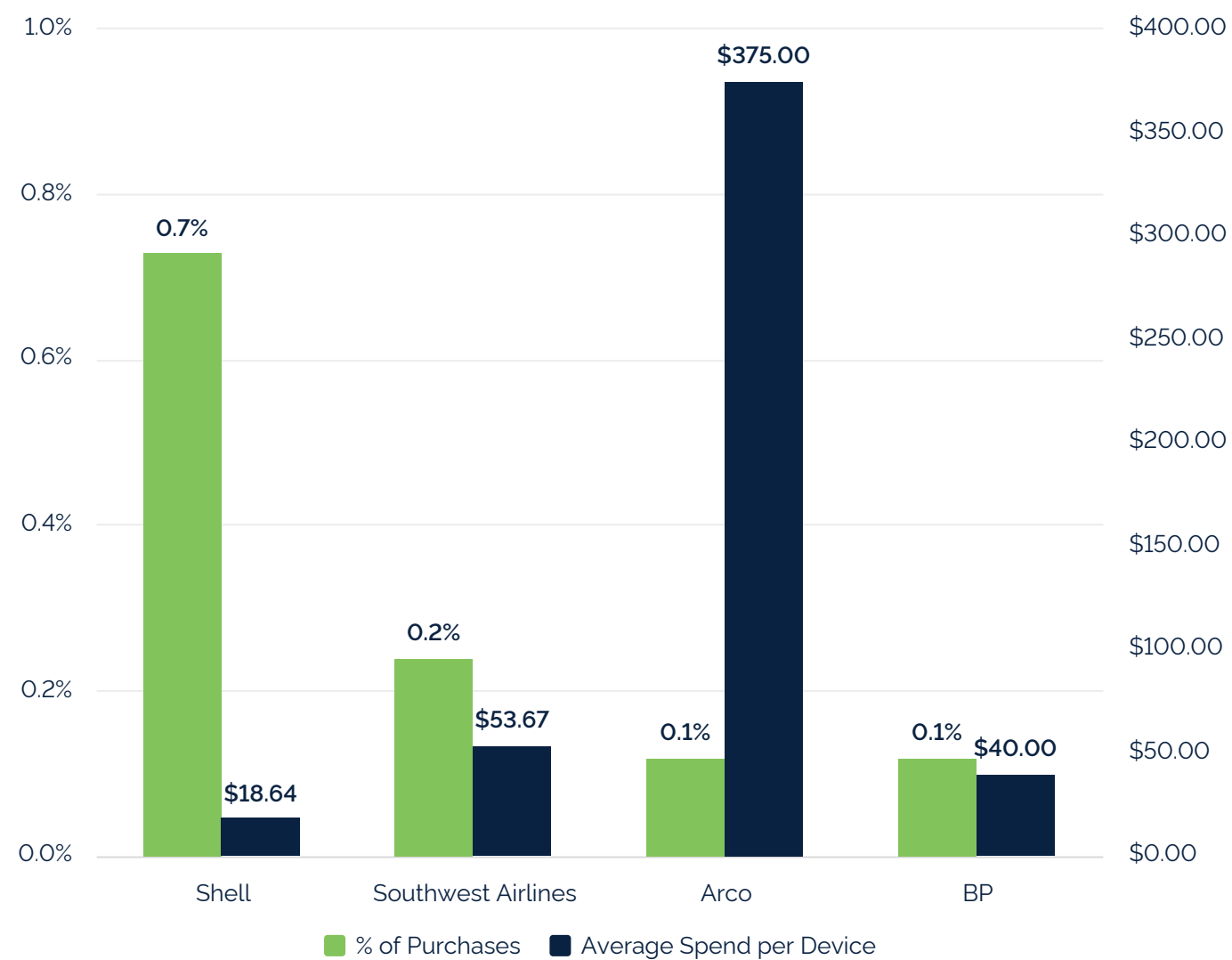
## Average Spend on Gift Cards per Device vs. % of Purchases — QSR/Fast Food Category



**Starbucks** eclipsed all other brands in the category with the highest share of purchases (11.7%), and the second-highest average spend (\$29.83). Known for its highly popular “cult favorite” holiday drinks—such as Pumpkin Spiced Lattes ([500MM+](#) drinks sold since 2003) and Peppermint Mochas—Starbucks is a popular choice as a gift card stocking stuffer. Additionally, the coffee chain's popular mobile rewards app allows users to send their Starbucks Rewards to recipients via an eGift Card, and also easily reload existing gift cards.

**McDonald's**, with the third-highest share of purchases (2.5%) and highest average spend (\$34.90), also appeared to be popular. Its wide availability both online and at physical chains like Ralph's, Kroger, Food 4 Less, Walgreens, Amazon, CVS, and many more made it easy for consumers to pick up a gift card while already shopping. Its ubiquity and availability made McDonald's gift cards convenient to purchase. In addition, McDonald's [2 for \\$6 Mix & Match deal](#), the [Saweeetie 'N Sour meal](#), the [return of the McRib](#), and the [Mariah Meal](#), were all lucrative reasons to keep hungry diners wanting to get the best deal or try the newest meal.

# Average Spend on Gift Cards per Device vs. % of Purchases — Travel Category

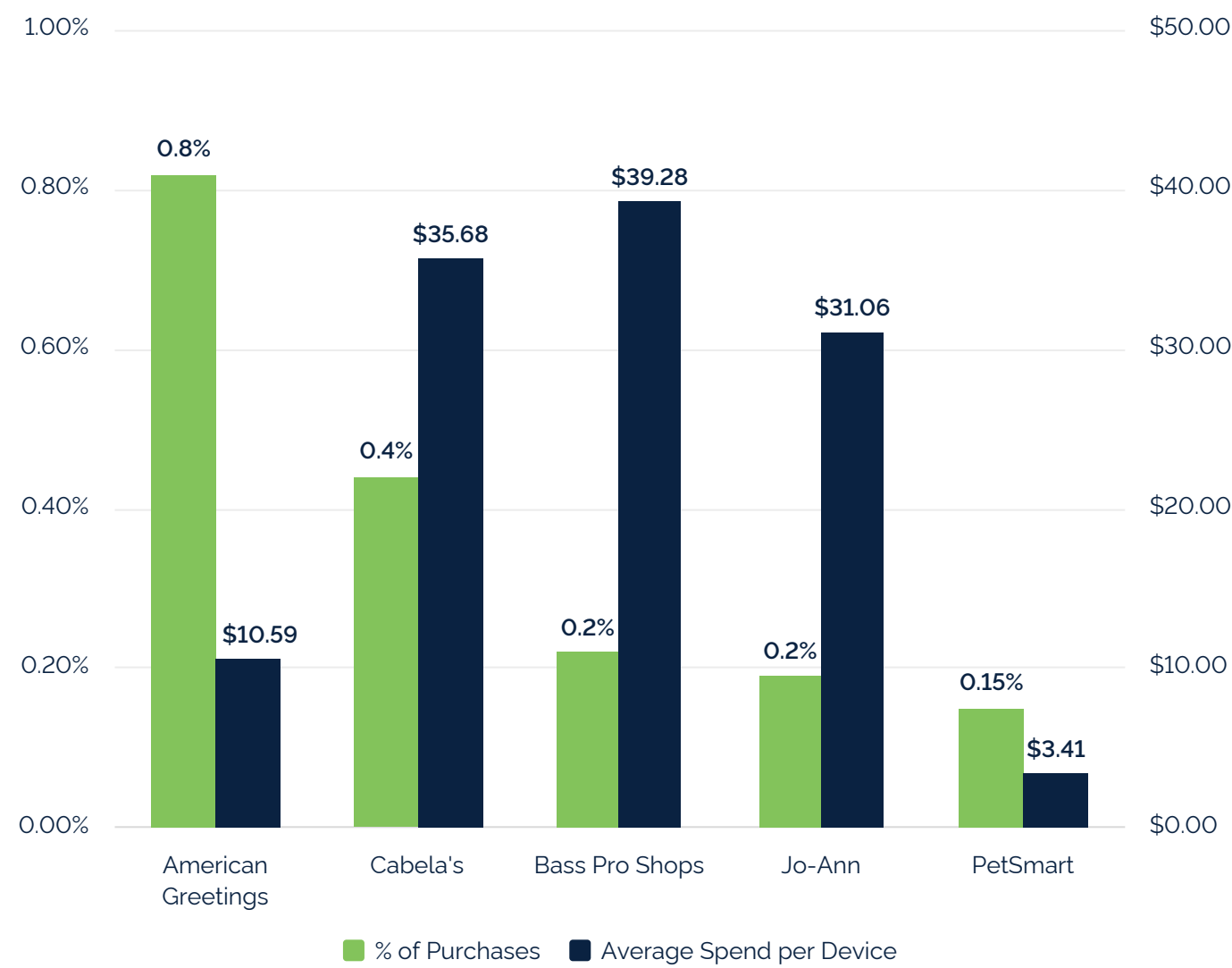


Among the travel category, three gas brands were the most popular gift card options. According to an InMarket survey on 2021 travel plans, 57% of respondents plan on traveling by car for Thanksgiving (up 2.2x from 2020), and 60% of respondents plan on traveling by car for the December holidays (up 2.6x from 2020). With the increasing demand for road travel and rising gas prices, consumers may look to fuel—rather than airfare—for their preferred gift card purchases.

**Shell**—which markets itself as higher quality fuel due to its patented cleaning system to protect car engines—had the highest share of purchases (0.7%) but the lowest average spend per device (\$18.64). The higher cost of fuel at Shell may be driving a higher volume of modest purchases.

In contrast, **Arco**—which often promotes everyday low fuel prices due to not accepting credit cards—had the lowest share of purchases (0.1%) but the highest average spend per device (\$375.00). Arco's PumpPASS is a prepaid card which may be a convenient way to purchase gas in lieu of a traditional credit card. These cards are also widely available at retailers such as Walmart and Amazon, making them more accessible for purchase.

# Average Spend on Gift Cards per Device vs. % of Purchases — Miscellaneous Category



**American Greetings** held the highest share of purchases (0.8%) but the second-lowest average spend per device (\$10.59). Cards are a big part of the holiday gift giving season, but the chain also offers a variety of party supplies, gift wrap, tissue paper, and more—all useful essentials to receive ahead of the holidays. Additionally, American Greetings' wide availability at retailers such as Walmart, Target, Kroger, and more make redeeming a gift card convenient.

**Bass Pro Shops**, which owns **Cabela's**, saw the highest average spends per device—\$39.28 and \$35.68, respectively. Combined, they saw 0.7% share of purchases. In comparison to other brands in this category, outdoor and camping equipment have a higher price point, which may explain the higher average spend per device.

# Conclusion

With the shipping crisis top of mind this holiday season, gift card purchases are expected to increase as consumers start to get ahead of these delays, as observed throughout the fall months. Additionally, gift cards are also growing in popularity largely due to flexible selection, freedom to redeem gift cards on one's own schedule, and convenient digital purchasing. With real-time news of the supply-chain issues and the attractive perks of gift cards to consider, consumers may rely on this method of gift giving this holiday season. The implications of the shipping crisis and an increase in gift card giving means the holiday season has started earlier and is likely to extend into early 2022.

Key recommendations for brands looking to capitalize on these trends/findings include:

- Promote your gift card option throughout the holiday season by communicating shipping windows and encouraging early online shopping.
- Continue to emphasize flexible and convenient omnichannel shopping (BOPIS, curbside pickup).
- Promote the general availability and convenience of gift card cards. Make sure your brand is seen and available at multiple locations such as big box, convenience, and drug stores that see a high volume of foot traffic. This ensures convenient selection and a lower barrier to entry for purchasing.
- Promote the stability, flexibility, security, and value of your brand and gift card option. Value-based brands, products, and services that offer flexibility with no contract commitments and emphasize value/savings will continue to be popular gift card options.
- Build a dedicated strategy and tactical plan to target gift card shoppers to spend with you. The popularity of general purchase gift cards like Visa represent an enormous opportunity for retailers to attract and encourage these gift card recipients to spend their precious dollars at their locations. Consider promotions, rewards, and other incentives to drive these users to your respective brand(s).



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