

How to Maximize Corporate and Consumer Sales this Christmas

DOWNTOWN

GIFT CARDS



WELCOME

Downtown Gift Cards tap into the desire to support local, meet the growing demand for multi-store gift cards and offer unbeatable local choice. This Christmas toolkit is designed to help you to maximize corporate and consumer sales this holiday season and on an ongoing basis, and incorporates research data from the Incentive Research Foundation, the GCVA, academic sources, plus research undertaken by Miconex with over 1500 employees, consumers and organizations.

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Consumer Sales

- 2.0 Consumers
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KEY TAKEAWAYS

- The message around supporting local has been heard loud and clear, with employees, organizations and consumers all showing a desire to support local. Downtown Gift Cards offer these audiences an opportunity to make a tangible difference locally.
- Downtown Gift Cards wrap up choice, flexibility and multi-store wants for all audiences.
- Gift cards are preferable to cash for both employees and consumers, with gift cards prompting 'mindful' and 'conscious' and 'guilt-free' spending. As gift cards tend not to be assigned to 'serious' mental accounts, it makes it easier for people to justify hedonic purchases.
- Downtown Gift Cards prompt specific visits into the downtown as an exciting purchase 'occasion', often accompanied by friends and family, and accessing additional services, driving additional footfall and spend.
- Gift cards are seen as a more thoughtful gift compared to cash, with cash gifts seen as 'crass'. They hit the sweet spot between choice and thoughtfulness.
- Employees showed a slight preference towards using their gift cards for practical items and consumers for treats, however, the distinction between the treats and practical isn't always clear as gift cards are often used to 'trade up'. As the cost of living begins to bite, this distinction may blur even further.
- Concerns around the risk of single retailer gift cards remain.
- The cost of living crisis suggests a prioritization of gift spending towards certain groups. The desire to avoid wasteful gifting was seen as a positive of gift cards, alongside the ease of buying.

**Corporate
Sales**

EMPLOYEES

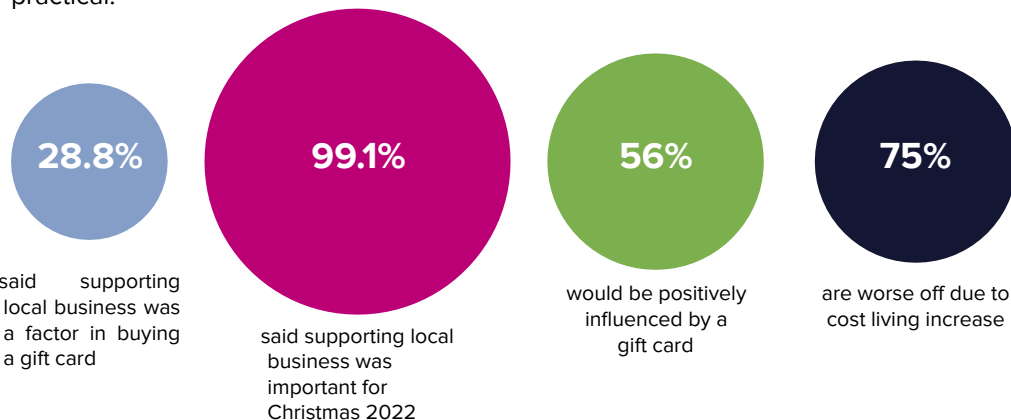
Key gift card trends for employees include support for local, preference for gift cards, increased popularity of multi-store gift cards and the cost of living.

Support for local. Employees want to support local. The GCVA found that 28.8% of gift card purchasers each month in 2021 said supporting local businesses was a factor in buying themselves a gift card, up from 24.5% in 2020. This was reflected in our 2022 research, with employees saying that support for local was important to them for Christmas 2022.

Preference for gift cards. We also found that gift cards were the preferred choice for rewards and incentives, over cash. This aligns with academic research on mental accounting, showing that people will consider and treat rewards/incentives given as cash vs. gift card, differently even though the funds are economically identical. The academic research also suggests that gift cards can have a higher motivational power which is in line with the GCVA's findings, that 56% of people would be positively influenced by a gift card. There's the sense that the 'hedonic value' of a gift card, gives the employee permission to use the gift card as they wish, with more positive memories vs. cash as part of the salary.

Multi-store increases in popularity. The GCVA has reported that multi-store gift cards are rising in popularity, to 38% of monthly gift card purchases in 2021. This was reflected strongly in our employee research, with the majority of wanting to receive a multi-store gift card from their employer.

Cost of living. BMO Financial Group research found that over 75% of Canadians are feeling the squeeze of the increased cost of living, including grocery bills (81%) and rising cost of gas (76%). Compared to our research with consumers, a higher percentage of employees say they would use their gift card on something practical.



“When I go out into the city. I tend to support the independents because I think you get a higher quality experience. Businesses have been through a hard time and I think it has made people more loyal, and more aware of ‘shop local’.”

Employee

“I work in a school and we used to receive big box store vouchers. Someone must have said ‘why don’t we use Downtown Gift Cards instead’ and I’m pleased they did. I like my local Downtown Gift Card because it has independent businesses too.”

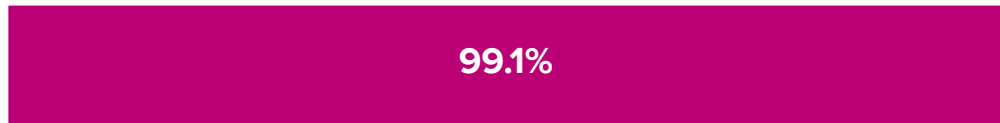
Employee

“It’s nice to have a gift card to treat yourself, but the practicalities of life at the moment means that being able to fill up your car with gas, or buy food for the week might be what staff really need.”

National brand employee

KEY FINDINGS FROM MICONEX'S RESEARCH WITH EMPLOYEES SHOW:

They Want To Support Local



of employees say that supporting local businesses is important to them for Christmas 2022

They Favour A Gift Card Over Other Incentives

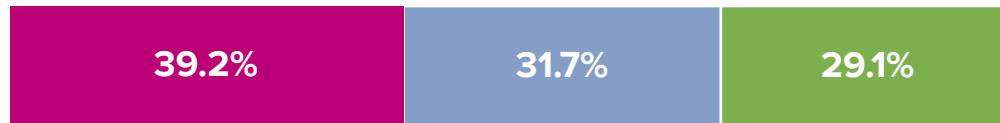


would prefer a gift card from their workplace

would prefer cash

social events

Priorities For Employees Are Mixed



employee experience is their main concern

wellbeing / mental health

cost of living

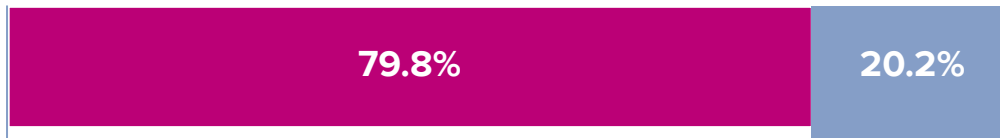
Multi-Store Gift Cards Are Top



of employees would prefer a multi-store gift card

prefer a single retailer gift card

They Drive Specific Visits



of employees who receive a gift card through work make a specific visit into the town or city to spend it

would wait until visiting anyway

Gift Cards Get Spent Quickly



would spend their gift card within 1-3 months

within 6 months

within 9 months

12 months

They Prefer Gift Cards To Cash as a Reward - Why?



because a gift card is more fun / interesting / exciting to spend

cash is seen as part of salary

feel less guilt spending on themselves

Practical Spend Is Just As Important As Treats



would spend a gift card on something practical

would spend their gift card on treats

Organizations

Key trends/concerns for organizations include hybrid/remote working, meeting the varying needs of a diverse workforce, recruitment and retention, local/national rewards, ease of switching and a return to social events.

Hybrid/remote working: The corporate landscape continues to evolve. Remote and hybrid working is here to stay and 83% of employers will continue to provide flexibility at greater scale post pandemic. The IRF suggests that non-cash incentives and rewards are, if anything, more vital where a significant percentage of the workforce is remote at any given time. Incentive budgets are also expected to increase by 34% in 2022, and this shows in our research, with the majority of organizations believing in the power of incentives.

Meeting the varying needs of a diverse workforce: The IRF says that over the last 20 years, there has been a dramatic jump in the number of U.S. businesses using non-cash rewards, rising from just 25% of businesses in 1996 to 84% of all U.S. businesses in 2016. Interestingly, 40% of organizations in our survey suggested that they use cash rewards currently, which may be an indication of the increased challenges faced by organizations to reward staff working in different parts of the country, or the world. Emphasising how organizations can meet the varying needs of staff across the country at a Downtown Gift Card level, alongside at a place level, could help more organizations to make the switch to local rewards.

Recruitment and retention: Performance based rewards were noted as the most common type of reward in our research. Recruitment and retention was another key concern for organizations, with Downtown Gift Cards presenting a possible solution. This aligns with research that shows that when firms describe benefits and rewards in their recruitment, they attract up to 300% more applicants. Not only this, but the more rewards signal a positive, caring culture (such as care for local), the more applicants the firm is likely to attract.

Support for local. Our research suggests that the majority of organizations want to show their support for local.

Ease of switching: The majority of organizations are also using rewards/incentives within customer and client activity. Even though organizations show a strong preference for supporting local, they are commonly using single retailer gift cards in their activity. Key to making the switch from existing rewards/incentives to Downtown Gift Cards is the ease of use. This is a focus area for communications with organizations.

Social events: Many organizations are planning social events for Christmas 2022. Interestingly though, our employee research suggests that most employees would prefer a gift card to a party.

“We have around 30 staff around the world. With staff being so spread out, one of the challenges we face at Christmas is working out what a suitable incentive/reward could be that works for all staff. In the past, a solution has been to allocate about \$100 per employee to staff who can’t attend a social event, given in cash as part of their salary. The difficulty with giving cash though is that it gets taxed.”

Organization Director

“Our main objective as an organization in relation to employees is recruitment and retention. We want to differentiate our company through the rewards and incentives we offer, not just through salary. Gift cards like Downtown Gift Cards could form part of that.”

Organization Director

“When it comes to giving your staff a gift card as a reward, it’s about making the people that are receiving the card happy. The bigger the choice the better, whether it’s local or national. If it was just local businesses, There was enough choice that we knew when we gave the gift cards to staff they would say ‘this is brilliant’, and ‘I go to these shops all the time so I can use this.’”

Organization Leader

“Ease of use was vital for us as a company, and we were pleased that the process of ordering the Downtown Gift Cards was easy.”

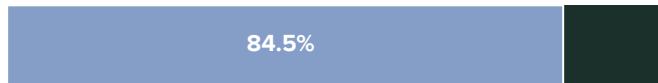
Organization Leader

“It’s likely that we’ll offer some type of social event this Christmas, after having a break for a few years. We’ll make the decision of what to do in September or October.”

Organization Director

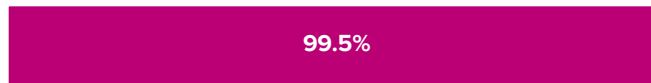
KEY FINDINGS FROM MICONEX'S RESEARCH WITH ORGANISATIONS SHOW:

Shop Local is a Factor



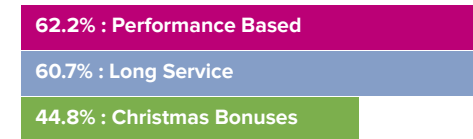
84.5% of organizations say supporting local businesses is a factor when choosing rewards/incentives

They're Positive About Rewards



99.5% of organizations believe that incentives for staff are a good idea

Performance Based Rewards Are Top



Most organizations use performance based bonuses and they are the most common reward type

Management Make The Decisions



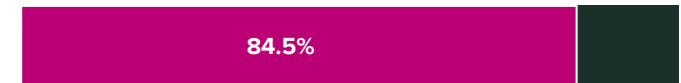
44.7% of companies say reward decisions are made by middle management, with 39.3% making them at CEO/MD level

Cash is the Most Popular



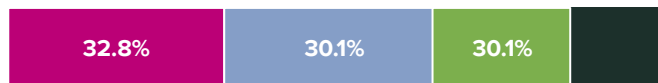
40% of companies reward/incentivize their staff using cash, followed by gift cards (37%).

Parties are on



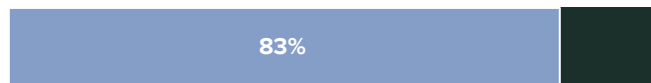
84.5% of organizations are planning a 2022 Christmas social event for staff.

Wellbeing And Mental Health Are Top Priority



32.8% wellbeing / mental health, 30.1% employee experience, 30.1% cost of living

Competitions are on



83% The majority of companies use competition prizes

Referral Campaigns are on



80.1% Most companies run this type of campaign

They like to say thank you

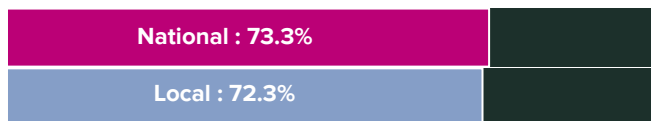


79.6% of companies give suppliers or customers thank you gifts...



22.6% weekly, 28.7% monthly, 27.4% quarterly, 20.1% annually

Nationals & Locals are Important



When choosing a gift card for staff, clients or customers, 73.3% of companies said having a mix of national brands was important/very important, and 72.3% said having a selection of local businesses was important/very important.

Interest In Themed Reward Propositions Is High



OPTIONS FOR CORPORATE SALES

Downtown Gift Cards are used by a variety of organizations, including voluntary, public and private sector, for a range of people, including employees, volunteers, customers and clients, and for a multitude of reasons, from rewards and incentives, to thank you gifts. To cater for the varied use cases of Downtown Gift Cards, there are a number of ways for organizations to buy and use them.

Option 1. Preloaded Downtown Gift Cards

Ideal for organizations who want to give out Downtown Gift Cards to lots of staff at once.

Organizations can place an order with Downtown Gift Cards, receive an invoice and pay by bank transfer or credit card. Preloaded gift cards then can be sent to a central office location for the employer to distribute. These cards can be locked until an agreed date, for example, they could be ordered in advance and only unlocked on the night of the Christmas party when they are given to staff. This is great for organizations that have an event or lots of people in one place.

“As the order was over \$2000, Miconex arranged an invoice for us to pay, and our gift cards arrived by special delivery literally the next day. It was an Amazon level of speed with the power of local. For security, the cards were locked, so we contacted Miconex to say the cards had arrived and they unlocked them, ready to hand to people.”

Organization Leader

Option 2. Unique digital codes

Ideal when staff work remotely, or are spread out across the country.

Organizations can choose to order unique digital codes for Downtown Gift Cards. These codes can then be incorporated into an email, and sent by the organization to each recipient. This is a great option for organizations with staff working from home or customers across the country, as it allows them to choose a delivery destination and there are no GDPR concerns.

These unique digital codes allow the recipient to visit <https://mydowntowngiftcards.com/> and order their chosen Downtown Gift Card and also allows the recipient to add more value to the card if they wanted. For example, the organization gives the recipient a \$50 unique digital code and the recipient orders a \$100 gift card. The unique digital code can also be restricted to a specific gift card and value if desired.

“We had been using \$50 Amazon vouchers as a thank you to customers for referring a friend. Gift cards or vouchers are popular with customers, but we wanted to do something more local. Customers can log into the portal and get a link to share with a friend. If their friend signs they both get a \$50 Downtown Gift Card as a unique digital code. The digital codes make it really convenient for us as a company as it reduces the time needed to ask customers which regional gift card they'd like, and time to despatch the cards to customers.”

Organization Leader

Option 3. Call off cards

Ideal for organizations who want to use gift cards of different denominations through the year.

Organizations can choose to allocate a set amount to rewards and incentives, which can be paid by invoice. We can send the organization however many gift cards they would like, and all of the card numbers are recorded on a Google Sheet which is shared with the client.

The organization can then ask Miconex to load card(s) to a set amount by entering the details onto the spreadsheet and emailing us. This is ideal for organizations who may want to use Downtown Gift Cards for different purposes through the year, such as birthdays, performance based rewards and thank you gifts, and may not know when ordering which denominations they require.

“One of the benefits of using Downtown Gift Cards is that it's an easy way to reward staff. That ease of use was vital for us as a business. The way it works for us is that we have a stock of gift cards and holders which all have a serial number on a spreadsheet. I allocate an amount to a serial number on the spreadsheet, add the date of activation and the reason for the reward, and let Miconex know so they can activate the gift card. This avoids security issues and means we can issue gift cards for different values, depending on the occasion, with a card holder to suit.”

Organization Leader

KEY MESSAGES FOR CORPORATE COMMUNICATIONS

Key messages for communications with employers and organizations.

- **Shop local.** Make your incentive one that matters to your staff (they care about local).
- **Be a local hero.** You can make a tangible difference locally when you buy Downtown Gift Cards for your staff (they drive specific visits into the town or city, and quickly too).
- **The employee choice.** This is the gift your staff want to receive (non-cash). Research shows they'd rather have a gift card than a social event.
- **Meet employee needs.** Downtown Gift Cards can help you to meet the needs of your staff, from employee experience (part of welcome packs, retention and Christmas thank you), wellbeing and mental health (treat yourself, time for you type messaging) and the cost of living (here's a helping hand from us).
- **Flexibility.** Staff want multi-store gift cards that they can spend on practical items as much as treats. This is what Downtown Gift Cards offer.
- **Use throughout the year.** This is a product that you can also use throughout the year. An attractive alternative to the single retailer gift cards you may already be using. Our research with employees shows that 73.1% would prefer to receive a multi-store gift card.
- **Collaboration.** Downtown Gift Cards make it easy for your organization to choose local instead of cash, even if your staff are spread out. Collaboration with other Downtown Gift Card programs around the UK and Ireland (and even internationally) makes this feasible.
- **Attract staff.** Strengthen your culture with your care for local, attracting talent with the right mind-set, and differentiate from the competition.
- **It's easy to switch.** Whether for employees, clients or customers, there are lots of options with Downtown Gift Cards.
- **You don't have to pick between national brands or independents.** One Downtown Gift Card that (in many cases) includes nationals and independents allows you to cater for diverse wants/needs/interests/ages of staff.



**Consumer
Sales**

CONSUMERS

Key gift cards trends/concerns for consumers include support for local, preference to both give and receive gift cards over cash, treats and trading up, increased popularity of multi-store gift cards, 'whole-family gifts', cost of living and local gift cards as a driver of new visits to the town or city.

Support for local: The message around supporting local is reaching consumers, and continues to resonate. The GCVA found that 26.4% will continue to purchase gift cards to support companies they like.

The cash 'cringe factor': The same sentiment around receiving cash as a gift was evident when it came to giving cash as a gift.

Treats and trading up: Whilst there was a slightly stronger preference for 'treats' over practical items in our research with consumers (as opposed to employees), the element of trading up meant that the distinction between the two isn't always clear. As the cost of living begins to bite, this distinction may blur even further.

Multi-store: The popularity of single retailer gift cards fell below 50% in 2021, suggests the GCVA. The preference for multi-store gift cards is particularly pronounced with the younger generation who favour flexibility and convenience when buying gift cards. This was reflected in our research with consumers wanting to buy and receive multi-store gift cards, with the main buzzwords being 'choice', 'convenience' and 'flexibility'. The risk attached to single retailer gift cards does still appear to be a concern for consumers.

Whole family gifts: An offshoot of the multi-store benefits was the benefit of Downtown Gift Cards being used for whole family gifts, enabling a couple or family's needs to be catered for within one gift.

Cost of living: The GCVA found that gift card spending may increase as prioritization of spending across recipients increases, for example, diverting spend to own children, service providers such as teachers and grandparents. A key reason for this is to reduce waste of unwanted gifts, to reduce the cost of delivery, and to reduce the cost of overall spending. These themes were reflected in our research with Downtown Gift Cards being easy to buy and reducing waste both mentioned.

New visits: An interesting area of research is that of new visits, with most people receiving Downtown Gift Cards using them on a specific visit downtown, often taking others with them and enjoying additional sectors as part of the overall 'occasion'.

CONSUMER QUOTES

"I've always quite liked independents but I think I've become more conscious of supporting them over the last 8 years, probably because of the increased information that is available about the impact that independent businesses have. The majority of money spent with independents stays local."

"Cash will end up being spent on gas or rubbish that I don't even remember. When you get a gift card, the spending is more conscious"

"I don't like giving cash as it feels a bit 'last minute Joe'; almost 'I haven't thought about your present, so here's £20'. A gift card is more personal."

"If I'm getting new winter boots, then having the gift card will soften the blow on a quality item and then it's both something practical and a treat too."

"The worry with single retailer gift cards is if the business goes under and you lose that money. I prefer multi-store gift cards because it spreads the risk."

"When I get a Downtown Gift Card or we get one as a family, spending it turns into more of a day out. We'll go out and have a meal and spend the day in the city, looking around the shops too. Or if it was a gift for myself or my husband, we'll use it on a date night. It also gets used quite quickly. If I get a gift card for Christmas, then I will tend to use it in January as January is quite a miserable month and it's something nice and fun to do."

KEY FINDINGS FROM MICONEX'S RESEARCH WITH CONSUMERS SHOW:

Support for local

95.8%

are keen to support local businesses for Christmas 2022

They Want To Buy Gift Cards

95%

Plan to buy at least one gift card, and 38% plan to buy 4-6

They Want To Receive Gift Cards

95.7%

Would like to receive a gift card for Christmas 2022

32.7%

Prefer single retailer cards

67.3%

Prefer multi-store gift cards

47%

Would spend theirs on something practical

53%

Would spend theirs on a special treat

They'd rather give a gift card than cash

97.1%

Would give a gift card over cash

Most have given a gift card

88.9%

Have gifted one

They prompt specific visits

89.6%

Make a specific visit into the town or city to spend it

Why Do They Buy?

24.3%

reduces waste and unwanted gifts

24.6%

Saves time searching for gifts

33.5%

Easy to buy and send

51.6%

Hope or imagine that when they buy a gift card, it gets spend on a special treat

KEY MESSAGES FOR CONSUMER COMMUNICATIONS

Key messages for communications with consumers.

- This is how you can support local this Christmas. This isn't a new message but it's still a relevant one, especially communications that show the impact of shop local for your community. Do one good thing this Christmas, this is how you can make a difference.
- Give them a gift that you'd be delighted to receive (multi-store). The gift that everyone wants to receive this Christmas. Downtown Gift Cards offer unbeatable local choice.
- Give them the push they need to treat themselves. Everyone needs a little nudge to treat themselves.
- A gift the whole family can enjoy. One gift card, a whole family of smiles.
- Trading up. With a Downtown Gift Card in their pocket, they'll be trading up to something fancy.
- Avoid the cash cringe factor. Hit the sweet spot between choice and flexibility, and thoughtfulness and meaning, with a Downtown Gift Card.
- Give them a great January this Christmas. They'll be thinking of you as they spend their gift card on a grey January day.
- Less waste, more fun. No-one wants to waste money this year. Forget about finding the 'perfect' gift. Forget about posting. Downtown Gift Cards are easy to buy/reduce waste/save you time.

