

Gift Cards: A Versatile Way to Grow your Brand



Thirstie, a technology company that connects alcohol brands with consumers, launched gift cards, an e-commerce consumer adoption solution, for its brands, and with this comes new opportunities.

The global gift card market multiplied in the past decade to about \$300 billion in size in the U.S., and this has attracted more and more retailers towards it. Gift cards have captured the interest of many businesses and customers, as they have proven to be mutually beneficial in several aspects. With a strong holiday e-commerce buying season, gift card sales were projected to rise even more than last year, given the steady recovery from the pandemic.

What Makes Them So Special?

Gift-cards are an essential tool in branding your business for multiple reasons. Not only are they a special type of product that can be used as payment in the future, but they also represent a cost-effective way to advertise and help establish your brand name. Retailers and marketers use them as a part of their promotion strategy to boost sales, drive brand awareness, and earn greater customer loyalty as they encourage repeat purchases. Gift cards offer consumers the ability to select their own products, are faster to buy, easier to send via email, and incentivise greater gift purchasing.

From a brand standpoint, they offer a great way to establish your brand and incentivize the recipients to purchase additional products from your company. For example, a customer who purchases a gift card from you might already be a loyal customer, but the recipient of the gift card might not have been aware of your brand at all. With this exchange, it helps increase your customer base and loyalty, and incentivizes the recipient to spend a value potentially higher than that of the gift card itself. This leads to more online traffic and customer attraction as opposed to simply offering products.

Different Types of Gift Cards

Given the expansion of the e-commerce industry as a whole, more and more brands are opting for digital gift cards, or 'e-gift cards', in addition to physical gift cards. E-gift cards are extremely beneficial since they have virtually no production cost, and are environmentally friendly as well. Given that there is a lower risk level associated with

their production, it makes them a great way for an already-established brand to begin their gift card offerings online.

Physical gift cards are placed in brick and mortar stores, and they are a great way to create brand awareness since they are likely to catch customer's eyes as they shop through stores. Grocery chains and drug stores allow you to place gift cards at the checkout counter, which can be greatly beneficial in attracting customers as they end their shopping experience. Liquor stores have a slightly different approach when selling gift cards, as they would have to be placed on shelves, like a physical product. This provides customers with a wider variety when it comes to purchasing alcohol products from brick and mortar liquor stores. In addition to placing physical gift cards in stores, we are also planning on selling physical gift cards online that will be mailed directly to the recipient.

The type of gift card that a brand should opt for using in their strategy depends on their key aims from selling this type of product. Physical gift cards are a great way to increase brand awareness, help create a more personalized product for the customer, and can be placed in several different locations, thereby increasing market reach. Physical gift cards integrate into the e-commerce platform as they are currently meant for online redemption, so brands can capture consumers that they would have otherwise not been able to. Since Thirstie's gift card brands allow for redemption of gift cards and e-gift cards on their online store, and this allows us to see the full e-commerce funnel of the user shopping experience. Virtual gift cards provide greater

flexibility, are more cost-effective from a production standpoint, and can be easier to place as they are available online and don't need to be placed in a particular location. Both gift card types are a great way for any brand to increase their awareness and tap into a wider customer base.

Brand Awareness: Capitalizing on Gift Cards

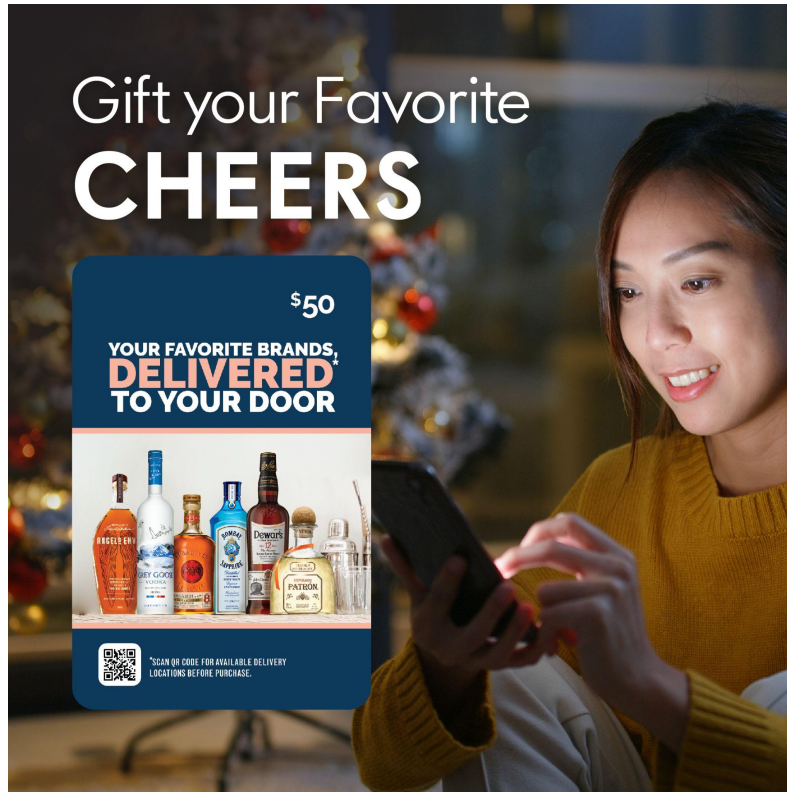
Gift cards give brands the opportunity to connect directly with their existing customers, and simultaneously increase their customer base. This also helps brands drive their e-commerce sales as consumers will adapt to purchasing bottles online. By integrating the concepts of gifting and gift cards with the e-commerce industry, brands can hone in on existing customer behaviors with online purchasing and enhance demand.

Consumers generally respond in a positive way when given greater choices, and by giving them the option to purchase a bottle of liquor versus a gift card, the latter seems to be a more attractive option as it integrates more choice.

In addition to offering customers with greater choice, the integration of physical gift cards along with virtual gift cards is a great way to drive e-commerce sales and purchases. Since Thirstie's physical gift cards can only be redeemed online, this incentivizes customers to try out a new platform and purchase alcohol online if they have not previously done so, and if they have, it reinforces their behavior. It also helps improve overall revenue, since on average customers spend 40% more than the value of a gift card itself, and this is great for the brand's bottom line.

75 percent of consumers have stated that they prefer a physical gift card as compared to a digital one. Even though digital gift cards offer a great deal of flexibility and can be attractive for younger generations, physical gift cards are a better aid for brand awareness and consumer adoption. Since Thirstie's physical gift cards are currently only redeemable online, they are a great way to offer new gifting options since they integrate the benefits of e-commerce and grow online storefront engagements.

When a consumer is checking out at a store and sees a gift card on display by the cashier, they might be more likely to purchase it as it is incentivising. Even if they do not purchase it immediately, the brand's logo is likely to be displayed and this will help attract new customers that might not be aware of your brand from before. Physical gift cards are also more secure to purchase, and are more likely to generate additional revenue as customers typically buy more than the amount of the gift card itself.



Benefits of Integrating Gift Cards and E-commerce

Alcohol brands can benefit greatly by integrating both digital and physical gift cards into their online stores. Gift cards are the best way to capture holiday sales, especially for the alcohol beverage industry. Since consumers' preferences are usually specific, it is oftentimes much easier to purchase a gift card for one's favorite alcohol brand as compared to buying a specific product. This flexibility makes a gift card model perfect for alcohol brands, and it also helps capture customer preferences in a unique way.

In addition to the flexibility, gift cards can often be accompanied with loyalty programs or special promotions that incentivize customers to use them. This is a great marketing opportunity, as it helps open the doors for a deeper customer relationship. They also

help you to better understand your customers as gift cards collect vital data that can give you market insights. Gift cards open doors for improving prediction on customer behavior and personalizing their experience. From market insights on which time of the year gift card sales might be more prominent, to the choice between a digital or physical gift card, there are behavioral patterns that can be uncovered from this product.

Age demographics are another useful insight, as studies have shown that millennials are more likely to engage in using e-gift cards as compared to other age groups. By optimizing the distribution of digital gift cards, brands can help attract and engage younger consumers by improving their digital experience.

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Supply-Chain Shocks

The pandemic resulted in a supply-chain crisis that resulted in several companies halting production, causing product shortages at a global scale. This expanded the markets for gift cards and increased demand, since they offered a flexible and no-frills way to buy a gift for an individual. Gift cards are a much more meaningful token as compared to handing someone cash, especially for the holiday season. Gift cards create a sales boost because shoppers often spend more than the card itself is worth.

and if they don't redeem the entire value of the card in one purchase, they are likely to return for another one in the future.