

Gift Cards

Growth & Risk in 2015

The gift card industry saw steady growth, surpassing expectations about overall retail sales.

More Money Than Ever

US gift card transactions will generate **\$129.7 billion**, a **6.3% jump** from 2014's \$122 billion. That equals almost...

3.6 Mark Zuckerbergs



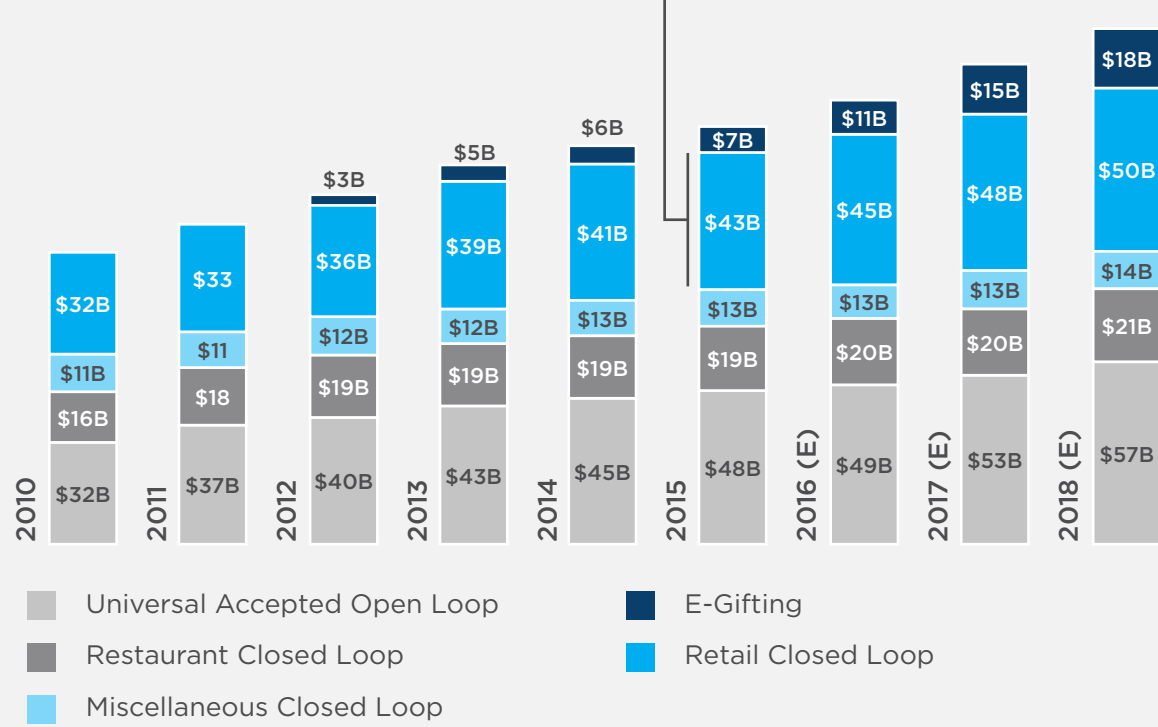
Net worth: \$35.7 billion

Electronic gift cards are expected to rise 26% to \$7.1 billion.

Where the Gift Card Spend Goes

Each segment (including restaurants, retail, and e-gifting) grew in the past year, but at a slower rate than the industry's 2012 peak.

Retail Closed Loop cards will hit a new high of \$43 billion.



The State of Unused Gift Cards

Spillage remains relatively low in 2015 thanks to the continued impact from 2009's CARD Act on junk fees and expiration dates.

Since 2008, the annual amount of spillage has dropped from close to...



That's still a sizable amount: based on 2015's gift card revenue, it adds up to **\$973 million**.

What Does the Future Hold?

E-Gifting

This trend is at a tipping point as developments in mobile wallets affect retail and network-branded gifting. The shift won't curb consumers' demand for gifting products—just expand options and shift component value.

Potential merchant failure is still a risk, following recession retail bankruptcies.

Adoption of EMV chips for branded network payment cards could heighten fraud risks for weaker channels (e.g., electronic and low-cost magnetic stripe gift cards).

Possible Risk

RadioShack's 2015 bankruptcy filing affected **\$46 million** in consumer funds.

New Payment Methods

Mobile payment methods directly link merchants with a wide customer base, changing how people acquire and deliver gift cards.

Peer to Peer (P2P) Payments With Venmo, PayPal has seen P2P volume surge in just one year, from **\$700 million** in Q3 2014 to **\$2.1 billion** in Q3 2015.

Learn more about how CEB helps financial services executives by visiting <http://CEBURL.com/Giftcards>.

