

Gift Card/Certificate Best Practices

1. **Customers expect online gift cards for all brick and mortar stores and gift certificates for every online store.** As online consumers are becoming more sophisticated, they expect certain functionality on websites, such as electronic gift certificates or gift cards they can buy for friends.
2. **Make sure customers can check their balances, replenish, and track transactions online.** Allowing customers to perform these tasks online brings them back to your site, where they may buy more. Merchandise these pages. They should also be able to call the number on back of gift cards to do both.
3. **Cross-channel functionality is difficult, but becoming the norm.** Cross-channel usage, such as gift cards that can be redeemed either online or in the retail brick and mortar store is a difficult integration project, but is increasingly expected by consumers. Some third-party providers can make it easier.
4. **A gift card program should be considered a revenue-generating product.** Merchandise your gift card program as thoughtfully as you would any major product line. Allocate enough resources (cash, time and web site real estate) to ensure its success.
5. **Consider “breakage” when measuring the success of your gift card program.** Many people receive gift cards and fail to use them. Also, when customers’ balances go below \$15, they are most likely not to use it or replenish it. Factor that in when evaluating margins associated with this program.
6. **A gift card program is good for more than simply product sales.** Use gift cards to reward high-value customers, as prizes for contests and instead of refunds, issue gift cards that they will use to buy from you again.
7. **Allow enough time to launch your gift card program and plan a trial period.** The time needed for the physical production of the gift cards and integration to point-of-sale systems must be accounted for. Gift programs will affect marketing, operations, and finance.
8. **Promote your gift card program anywhere you’d promote a high-value product.** Use all your channels to market your gift cards, such as advertising, promotional flyers, in-store signage, web site, and point-of-sale systems.
9. **Seriously consider using a third party to help implement, operate and manage the back-end of your gift card program.** Producing and distributing cards, managing the funds (and associated security issues), providing advanced functionality, integrating online to offline, etc., may be better done by a company focused on this segment.
10. **Use gift cards as a part of your loyalty programs.** Send out the (physical or virtual) gift card when certain purchase thresholds are reached, promoting return visits to your store.
11. **Ensure internal buy-in and compliance.** Finance, accounting and legal teams need to weigh-in on state and federal laws surrounding gift card tender, fees and expiration dates.

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eCommerce Diligence™ Checklist

Gift Card/Certificate Key Questions to Ask Providers

Company

1. How long have you been in this business?
2. How many clients have you sold? How many have left your company, and why?
3. What size or types of clients fall into your “sweet spot”? Won any awards in that space?
4. What peripheral or supporting services do you offer (e.g., technology, creative design, fulfillment, reporting, industry legal updates)?

Products/Services

If perpetual license:

- a. What are the hosting requirements?
 - b. What should I expect regarding upgrades (both timing and pain)?
 - c. Do you provide customization/implementation services?
 - d. Can outside third parties provide customization/implementation?
1. What optional services do you provide as part of your solution?
 2. How long to implement a basic or sophisticated solution?
 3. Does your solution integrate to all of my channels? What can't be integrated?
 4. Which third-party product technology ecommerce platform providers have you worked with in the past? Please describe your process.
 5. What optional services do you provide as part of your solution?
 6. What ROI should I expect from implementing your solution?
 7. What type of training do you provide to use your solution?
 8. What skills does my organization (or hired third party) need to implement this platform?
 9. What technical support services are available?
 - a. Are there human beings I can reach during reasonable hours (chat or phone) or do I have to wait over 24 hours for an email response or callback?
 - b. Is your support team located in the US or abroad?
 10. Do you have a support knowledge base, community forum, or applications that are shared by customers?

If SAAS/ASP:

- a. Do all tiers include maintenance and support?
 - b. How often are new features introduced?
 - c. What do I do if I need a feature you don't have or plan to have soon?
1. What optional services do you provide as part of your solution?
 2. How long to implement a basic or sophisticated solution?
 3. Does your solution integrate to all of my channels? What can't be integrated?

Features

2. What key features are included in your solution?
3. What is your product's competitive advantage over other packages? Why?
4. Can your solution provide the ability to use offline gift cards to purchase online and offline?
 - a. How do you make sure the card is not used offline and online at the same time?
5. Do you provide the actual production of the gift cards or is it done by another company?
 - a. Are there any minimum quantities or gift card amounts? Any maximums?
6. What are the different fulfillment options for delivery of the gift cards to the customer?
7. How do you prevent fraudulent use of cards?
 - a. Does this include card duplication prevention?
8. Do you have online tools to allow customers to view the value of the card?
 - a. Can it be customized for my look-and-feel?
9. What is the process used to activate the gift cards?
 - a. Can this be processed in batch for mass activation of cards?
10. What information do you track with gift cards?
 - a. Customer information and demographics, purchase history, etc.?
11. What type of reporting do you have to track the gift cards?
 - a. Do you have analytical reporting as well?

Pricing

1. What is the license fee (if perpetual license)?
2. What are the pricing schedules and what features do they include (if SAAS/ASP)?
3. How do you charge for annual support? What about maintenance?
4. Are there any additional fees (e.g., implementation, transaction costs, revenue sharing)?

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