



Restaurant Gift Card Report: 2023

Insights to boost your gift card sales

paytronix

The Guest Engagement Company

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A Message from Our CEO



I love giving restaurant gift cards. When I give a loved one a gift card to his or her favorite restaurant, I know that I'm giving an experience they will love.

This connection between brands and their most loyal guests is what sits at the foundation of Paytronix, and it drives me to come in every day and create more and better ways for restaurants to engage their guests. The gift cards given by Paytronix clients create so much joy in the world, and it's a privilege to be a part of it. You can tell so much about how guests are feeling about their favorite brands through the trends in the gift cards they purchase.

This year demonstrated that the changes driven by the pandemic have permanently shifted guest expectations and behavior. While last year had the highest spend on gift cards of the last three years, the number of gift cards sold fell as guests spent more per card roughly inline with inflation. Guests continued to reach for their phones to order digital cards, with e-gift cards seeing their largest sales ever, both in terms of proportion and total cards sold. And while guests favored quick-service restaurants throughout the pandemic, in 2022 they rediscovered their love of full-service restaurants and ventured back in force for the first time since 2020.

Taking a step back to see the big picture, this shows that guests are carefully considering their gifts to loved ones; choosing the brands they give with care and spending their resources on the brands that give them the greatest joy. They are engaging with the brands most ready to engage with them.

Many guests rediscovered what they love about eating out in 2022, and that means 2023 is the year guests will cement their post-pandemic preferences. We all need to make sure we are ready to engage with them.

– Andrew Robbins

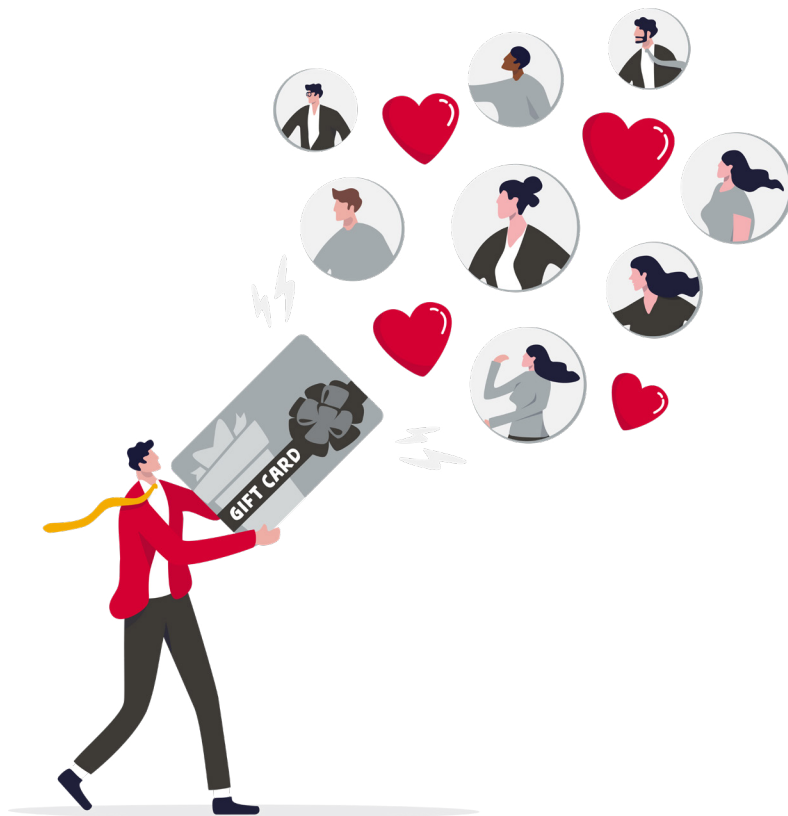
INTRODUCTION

Gift Cards Bring Guests Back to the Brands They Love

Nothing shows the mindset of the most loyal restaurant guests like gift card purchases. Who else would be simply delighted to receive the opportunity to visit their favorite brand, or to give the gift of their favorite brand to fellow aficionados? Paytronix is excited to provide gift card service to brands as a way to grow guest engagement and delight the most dedicated brand loyalists.

This report provides an in-depth look at annual restaurant gift card sales, with a focus on how the results from 2022 compare to those both pre- and post-pandemic. It examines gift card sales throughout the year, sales during holiday periods, sales by channel and service type, and redemption rates.

As the pandemic recedes, the restaurant industry continues to struggle with labor shortages and inflation. Still, dollars spent on gift card sales in 2022 are up 6% year over year. Much of this value can be accounted for by inflation: Despite the increase in revenue, the total number of gift cards sold has fallen. The reason is that loyal guests are still eager to support their favorite brands and are choosing pricier gift cards to maximize the value of their purchases.



Moreover, there is channel switch occurring. Quick-service restaurants (QSRs), the most resilient of brands during the pandemic, saw a slight decrease in sales, while full-service restaurants (FSRs), particularly those in the fine-dining category, saw increased sales both in terms of cards sold and total amount spent on cards. The pent up desire to sit down for a meal is starting to release. In addition, guests continue to move away from in-store gift card purchases in favor of e-gift cards. Digital cards are appealing to ever-more tech-savvy guests, a trend that we expect to continue and potentially increase in the coming years.

These trends point to the changing nature of brands' most loyal guests, who:

- Concentrate their spending on the brands they love by spending more on higher-value cards;
- Choose to purchase gift cards from full-service restaurants instead of quick-service ones; and
- Seek additional options when it comes to where they purchase their cards, as indicated by their move to digital and third-party channels.



KRISTIN'S INSIGHT:

Hello, my name is Kristin Lynch, and I'm Paytronix's Strategy & Analytics Director, Restaurants. Our Strategy and Analytics team has analyzed over 35 million gift card transactions worth over \$2.2 billion to bring you the data found in this report. Throughout this report, I'll cut through the numbers to distill actionable takeaways found by our team.

Methodology

All data is sourced from the aggregate gift card sales for 241 merchants continually operating gift card programs between January 1, 2019 and December 31, 2022. These merchants all had at least six months of gift card sales data starting in July 2018.

2022 Gift Card Sales Trends: By the Numbers



Year Over Year Card Sales

Change in Total Gift Card
Revenue:

+6% ↑

Change in Total Gift
Cards Sold:

-2% ↓

Change in Average Dollars
Loaded per Gift Card:

+8% ↑



Purchased Values

More Commonly Purchased Card Values

\$50 and \$100

Less Commonly Purchased Card Values

\$10 and \$25



Digital Cards

Year Over Year Change in Digital Cards Purchased

+6% ↑

Average Greater Value of a Digital Gift Card vs. a
Physical Gift Card at a Fine-Dining Concept:

\$82

Holiday Sales

Year Over Year Change in Total Gift Cards
Sold During the Holiday Period:

-5% ↓

Day which Gift Card Retailers Should
Hope for Good Weather:

Dec 23

Gift Card Trends:

A New High-Water Mark

When it comes to revenue from gift cards, restaurants can breathe a sigh of relief. Despite the brutal economic challenge of the pandemic, 2022 stands as the highest revenue-generating year for gift cards since 2020. This is one more sign that the restaurant industry is moving past the worst of the pandemic and regaining momentum.

But while gift card sales succeeded from a revenue standpoint, the total number of cards sold fell. There are two reasons for the decrease.

One is inflation. With the price of items on the menu increasing, a \$20 card simply doesn't purchase as much as it did a year ago.

The other is that guests are increasing the purchase values on cards, which could be related to inflation. Both full-service restaurants and quick-service restaurants saw increases in dollars per card, largely because guests began purchasing higher-value cards. As shown in Figure 3, guests at quick-service restaurants purchased fewer \$10 cards and more \$20 and \$50 cards in 2022 as compared to 2019, while guests at full-service restaurants showed preference for \$50 and \$100 cards over \$25 cards.

Revenue from Gift Card Sales by Year

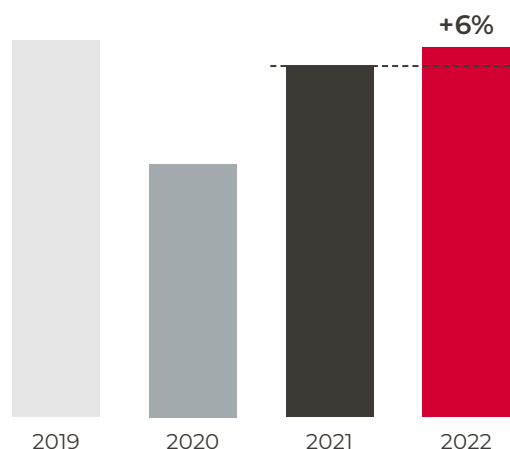


Figure 1

Number of Gift Cards Sold by Year

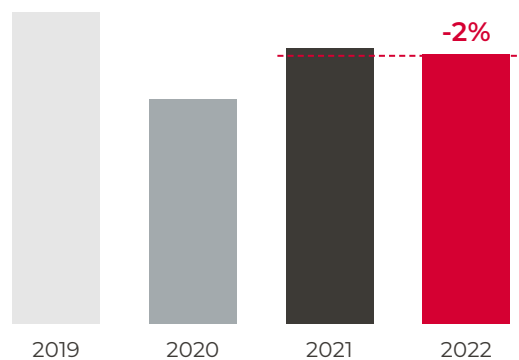


Figure 2

Gift Cards Purchased by Denomination, 2019 vs. 2022

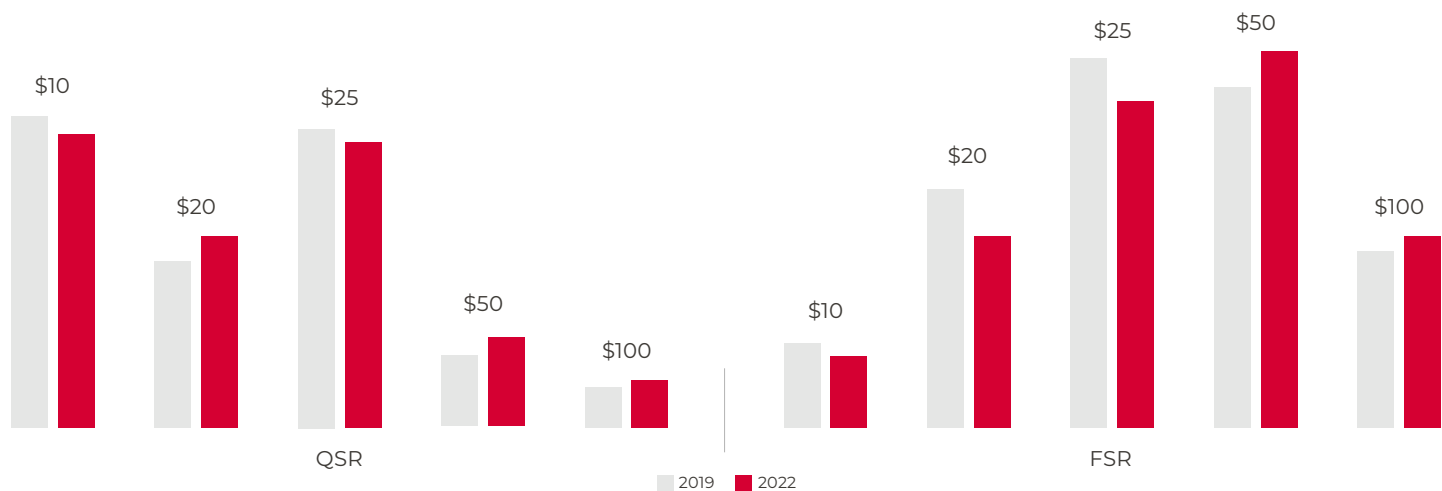


Figure 3



KRISTIN'S INSIGHT:

Brands themselves may be influencing the trend of higher-value cards by only selling higher-value cards or by making lower-value cards less available.

Breaking out the trends by concept, it's clear there's a growing desire to gift experiences to full-service restaurants. After the initial Omicron wave in January 2022 subsided, guests proved more anxious than ever to return to sit-down dining. Full-service restaurants, which encompass the categories of fine, family, and casual-concept restaurants, saw revenue from gift card sales in 2022 rise by 12% over 2021 and 1% over 2019. On the other hand, quick-service restaurants, the concept that best weathered the pandemic, saw a 5% decrease in revenue from gift cards since 2021 and an 8% decrease in revenue since 2019. In particular, the fine-dining category saw a notable increase in both revenue and number of cards sold.

Revenue from Gift Card Sales by Concept by Year

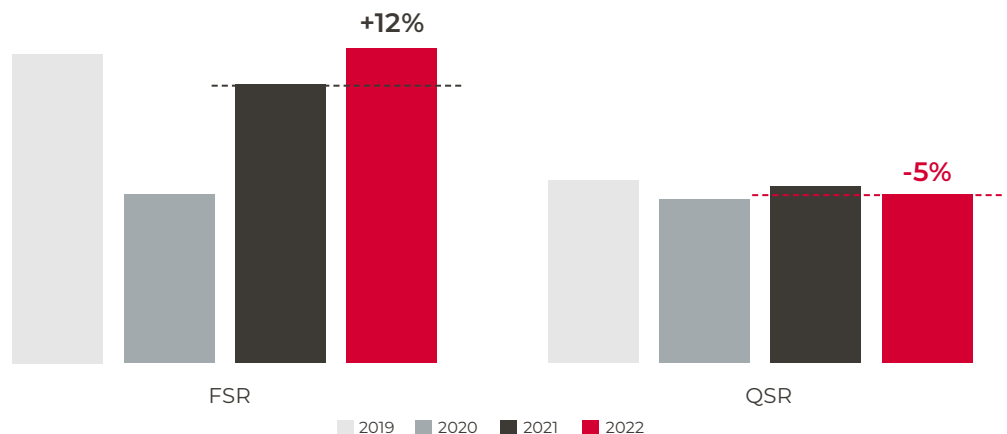
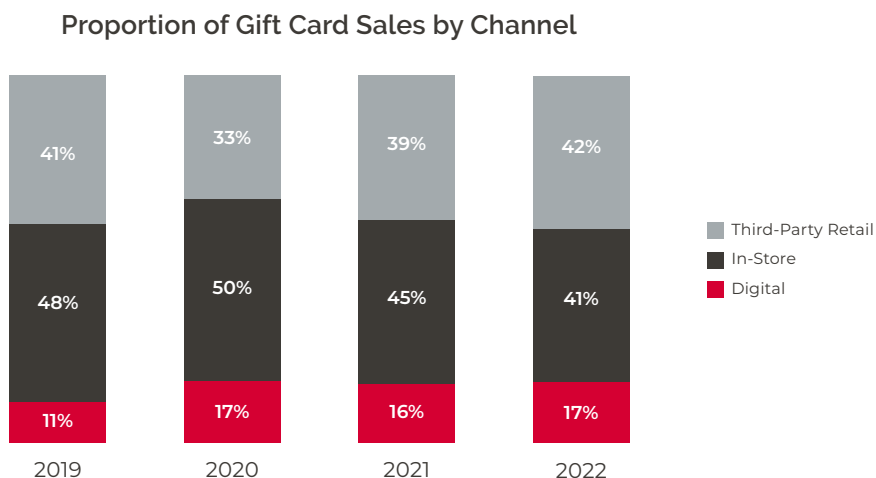


Figure 4

Finally, after the initial jump in usage at the beginning of the pandemic, digital card sales have reached a plateau in terms of proportion of cards sold.



KRISTIN'S INSIGHT:

Fine-dining gift card sales have not only recovered completely from the pandemic, they've also been the only concept to see an increase over 2019 numbers. This indicates a channel shift in consumer preferences – as guests emerge from the pandemic, *they prefer to gift experiences at fine-dining establishments.*



From our **social media**:

We asked our audience which concepts they'd purchased cards from last year, and here were the results:

What restaurant concepts did you purchase gift cards from in 2022?



Gift Card Trends:

Quick-Service Restaurants

Quick-service gift card sales revenue has declined to its lowest level in the last four years in terms of cards sold. While this may be concerning for some brands, quick-service gift card sales were comparatively unaffected by the pandemic when evaluated against their full-service counterparts. Quick-service gift cards accounted for over 70% of all restaurant gift cards sold during 2020 (as well as nearly half the revenue), so as the proportion of quick-service gift cards sold returns to the historical average, this may simply be a result of guests rediscovering their favorite full-service locations after favoring quick-service restaurants for several years.

QSR Gift Cards Sold by Year

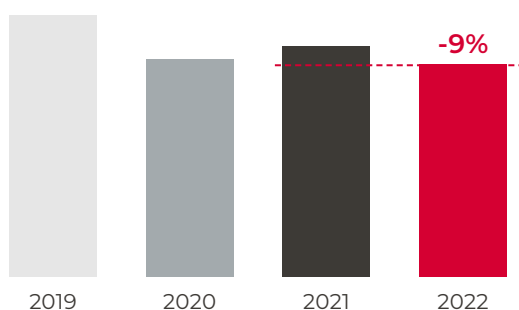


Figure 7

As with full-service restaurants, the dollars loaded per card for quick-service restaurants rose every year since 2019. The vast majority of quick-service restaurant gift cards, moreover, are valued at \$20 or less, although there has been a measurable uptick in cards valued at \$50 and \$100. This demonstrates that, as menu prices rise, guests are willing to increase their gift card purchases to keep their experiences equivalent despite inflation.

QSR Gift Card Average Load by Year

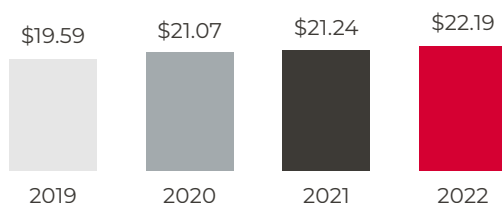


Figure 8

Number of QSR Gift Cards Sold by Denomination, 2022

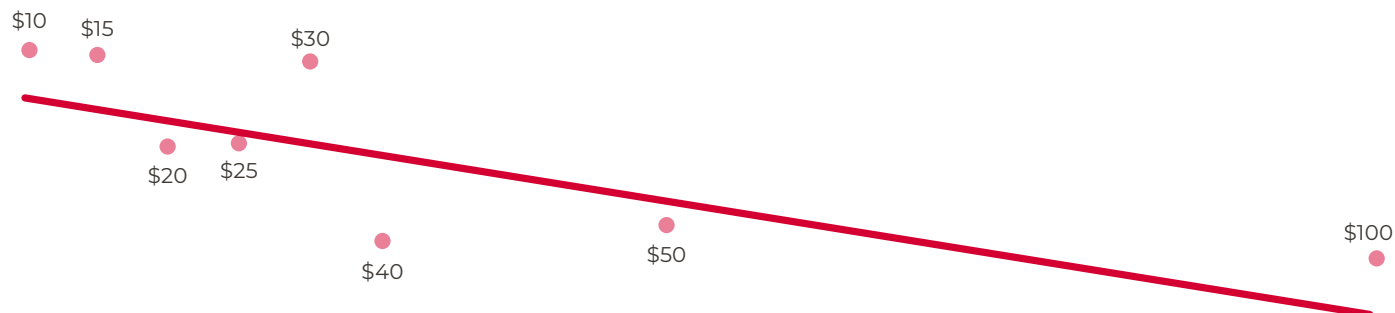


Figure 9



KRISTIN'S INSIGHT:

Gift card purchasing behavior appears to mirror that of loyalty guests. As we've shown in [a recent data brief](#), **loyalty guests' checks match inflation**. From the beginning of 2020 to the present day, restaurant loyalty guest check size grew in tandem with menu prices.

Gift Card Trends:

Full-Service Restaurants

From the worst of the pandemic, gift card sales at full-service restaurants have seen a remarkable recovery. Year over year, both revenue from gift card sales and total cards sold at full-service restaurants increased, by 12% and 10%, respectively. Moreover, revenue from gift card sales at full-service restaurants has increased since 2019, although the number of cards sold at full-service restaurants has yet to hit pre-pandemic levels, with one exception: fine dining.

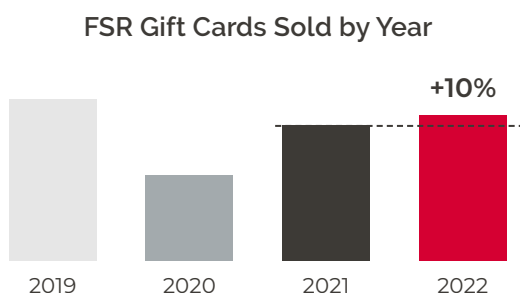


Figure 10

The majority of card sales at full-service restaurants are for \$20, \$25, \$50, and \$100 cards. As compared to 2019, the percentage of \$50 and \$100 cards has risen, while the percentage of \$20 and \$25 cards has fallen, indicating that inflation has pushed up the cost of a dining experience at these restaurants, and on the whole guests have responded in positive correlation with higher prices.

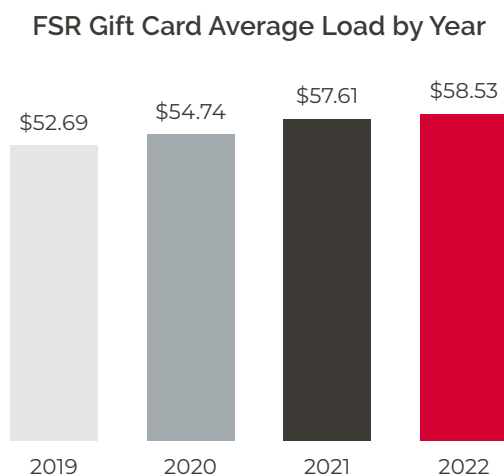


Figure 11

Number of FSR Gift Cards Sold by Denomination, 2022

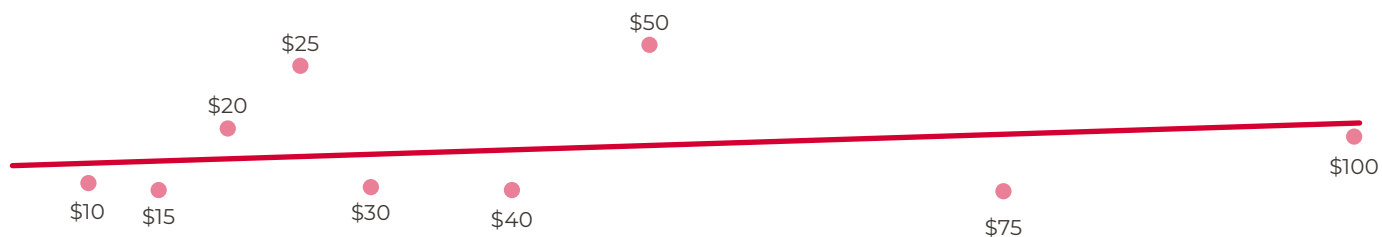


Figure 12



KRISTIN'S INSIGHT:

The fine-dining category bucks the trend: it has seen growth in the number of cards sold, revenue from gift cards, AND value loaded per card. This could be because more fine-dining restaurants are introducing gift cards.

Gift Card Trends: Channel Changes

At Paytronix, restaurant gift card sales are measured through three primary channels:

- **Digital Sales** — This channel consists of all digital consumer gift card purchases made via a restaurant's website (i.e., e-gift) or web app.
- **In-Stores Sales** — This segment consists of all gift card sales at the individual store level, where guests visit a location and purchase gift cards in person.
- **Third-Party Retail Sales** — Blackhawk and InComm are the primary partners for this sales channel. Each provides a system that allows the restaurant chain to make its gift cards available for purchase at other retail locations, such as grocery and convenience stores.

As in previous years, sales were not evenly distributed across channels. The number of cards sold through in-store sales fell 9% year over year, while the number of cards sold through third-party retail channels increased by approximately 4%, and the number of digital cards sold rose 6% to its best year on record. When revenue is considered, third-party sales had a particularly banner year, with third-party total sales coming within 3% of 2019's number.



Gift Cards Revenue by Channel

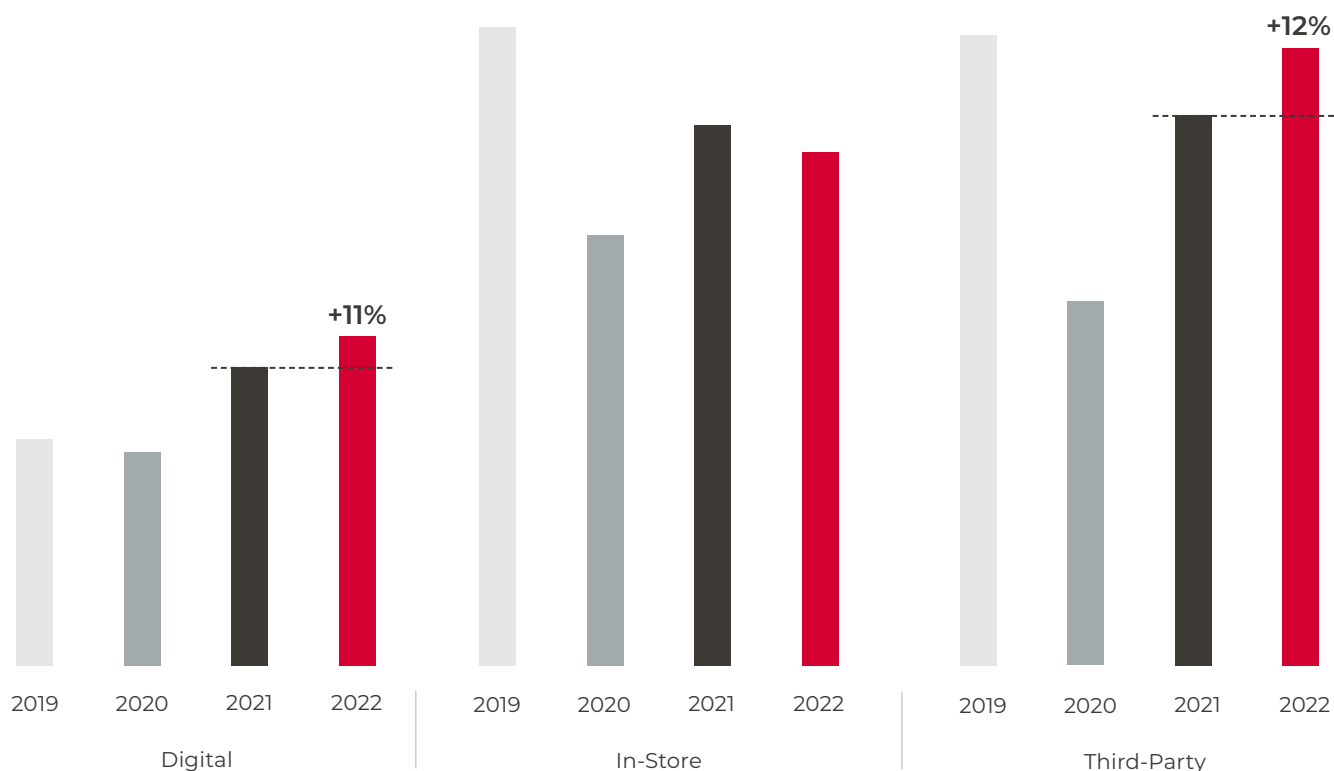


Figure 13



KRISTIN'S INSIGHT:

The sharp rise in third party as a channel indicates guests are responding to seeing gift cards for purchase in locations other than the restaurant itself or online.

Gift Card Trends:

Third-Party Retail

Blackhawk & Incomm — These competitors in the gift card industry manage the sale of gift cards through a variety of retail locations, including grocery and pharmacy stores. They enable the restaurant brands they serve to add incremental sales by increasing the number of outlets where physical cards are sold. In 2022, InComm sales drove a large percentage of third-party retail's increase, while discount cards struggled to reach 2019 values.

- Blackhawk Network
 - Value of cards sold increased 8.5% year over year.
 - Number of cards sold increased by 6.2%.
- InComm
 - Value of cards sold increased 42% year over year.
 - Number of cards sold increased by 17.8% year over year.
 - The growth of InComm sales drove the third-party retail gift card sales to new heights in 2022.

These figures are based on Paytronix data and are not indicative of all Blackhawk and InComm sales in 2022.

Discounted Third Party — These are retailers, such as BJ's, Costco, and Sam's Club, that sell gift cards at a discounted rate.

- Value of cards sold decreased by 0.6% year over year.
- Number of cards sold decreased by ~4% year over year.



Other Third Party — These are other channels, such as online reservation sites that sell gift cards to guests directly. This segment makes up only about 1% of card sales.

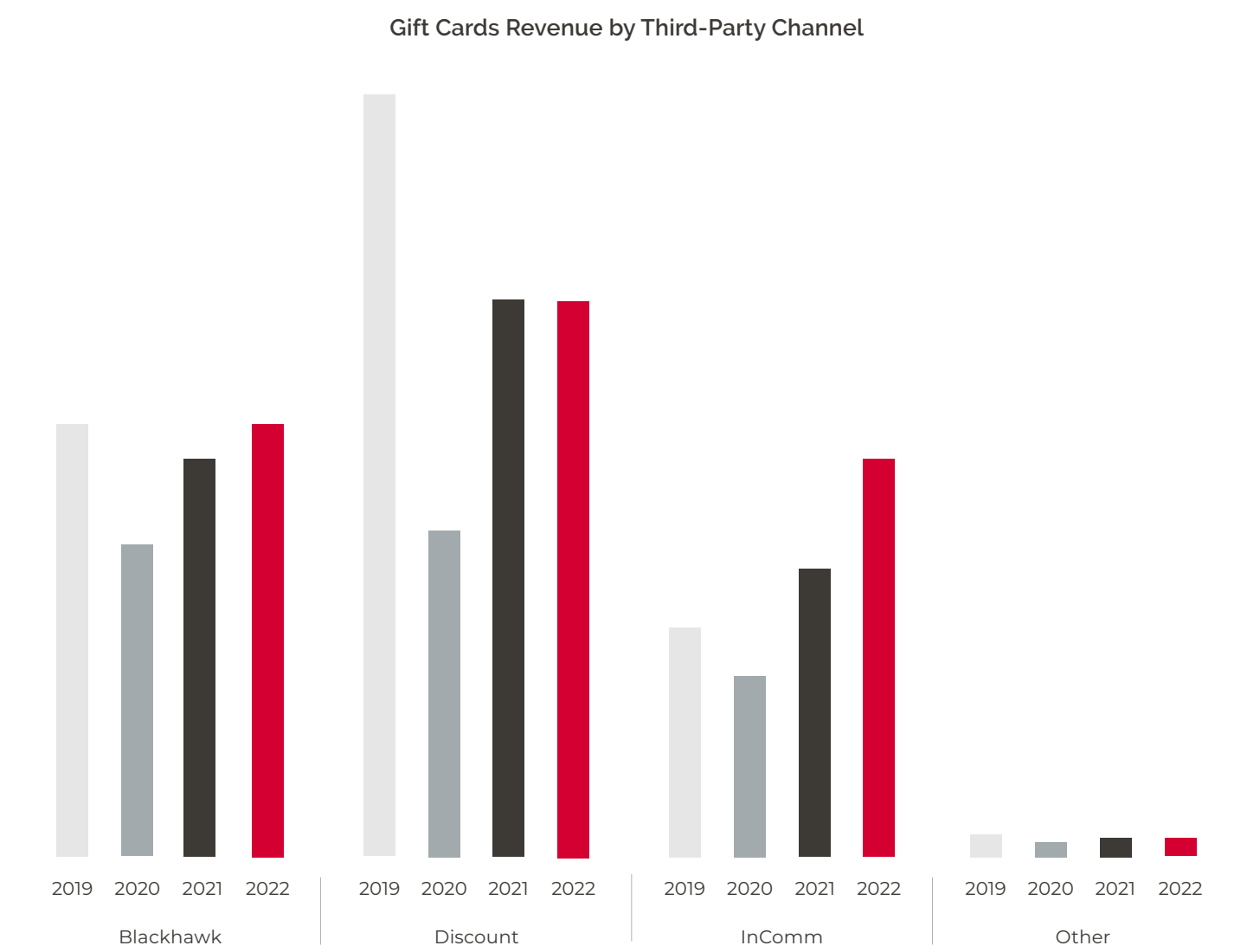


Figure 14

Gift Card Trends:

Digital

Digital gift card sales leapt as a percentage of card sales in 2020 as consumer expectations adjusted to become more internet focused. From pre-pandemic levels of just over 10%, since 2020, e-gift cards consistently made up 15-17% of gift card sales. Digital card sales also showed steady growth, with the number of cards increasing by between 6-15% year over year since 2019. Meanwhile, both in-store and third-party sales have yet to reach their 2019 heights, and in-store sales were higher in 2020 than in 2022, indicating a significant shift in behavior among clients.

Number of Gift Cards Sold by Channel

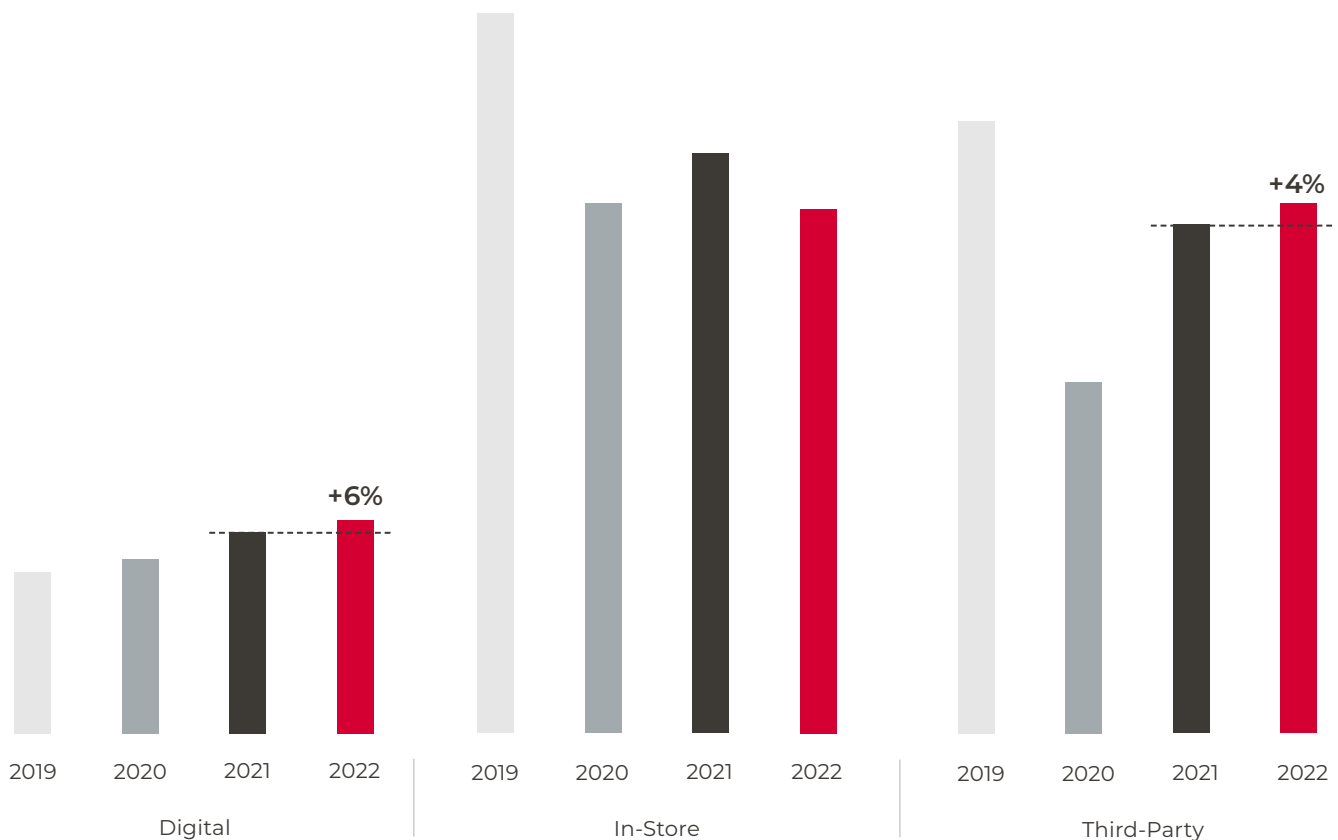


Figure 15

Digital card value per card is also significantly higher than physical cards, regardless of concept. Of particular note are fine-dining cards, which had 74% higher loads for digital versus physical cards, and casual cards, which had 50% higher loads for digital cards.

Average Load per Card, Digital vs. Physical Cards, 2022

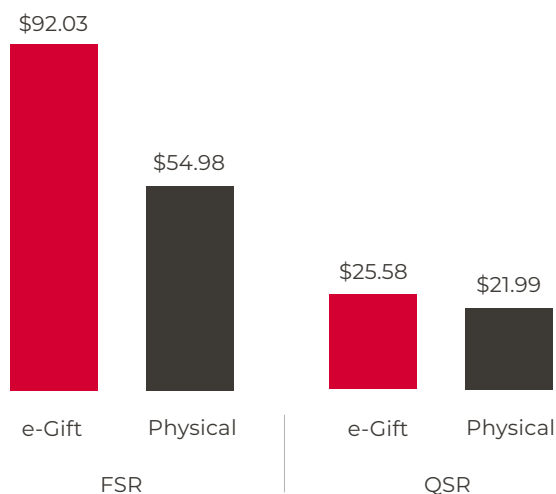


Figure 16



KRISTIN'S INSIGHT:

As with all years covered in this report, in 2022 the total value of digital gift cards sold hit new highs. At Paytronix, **we expect this trend to continue.**

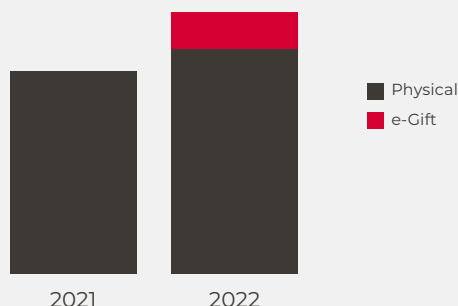


Duffy's Sports Grill's Flash Sale Raises the Bar

Duffy's Sports Grill improves guest engagement with a holiday gift card sale like no other. And e-gift is the icing on the cake.



Duffy's Sports Grill Year-Over-Year Gift Card Sales



Bringing the Duffy's Sports Grill home

For over a decade, Duffy's Sports Grill has offered gift cards through Paytronix to provide loyal guests an additional way to experience the brand, and in 2020 Duffy's Sports Grill hit on a novel concept: on three days a year, they would heavily promote a gift card "Flash Sale" – offering physical gift cards with bonus dollars to entice guests to buy. The 2021 results were dramatic: On flash sale days, sales increased by up to 10.9 times the daily average!

Digital makes it better

In 2022 Duffy's Sports Grill expanded the program bonuses while including e-gift cards in the promotion. The results speak for themselves: In addition to a year-over-year increase of revenue from physical gift cards of 10%, e-gift card sales accounted for an additional 10% increase as well.

Paytronix Case Study | Duffy's Sports Grill



33
LOCATIONS

1M
BURGERS SERVED
ANNUALLY

37
YEARS FAMILY
OWNED & OPERATED

\$1M+
DONATED SINCE
2016

Founded in 1985 by two
childhood friends.

Casual dining, great
beer selection,
energetic menu.

Duffy's Sports Grill is headquartered in Palm Beach County, Florida, and operates 33 full-service, casual-dining restaurants throughout the state. The company has become a regional market leader known for top-quality casual dining, emphasizing fresh ingredients and grilled items in a distinctive sports atmosphere. www.duffysmvp.com



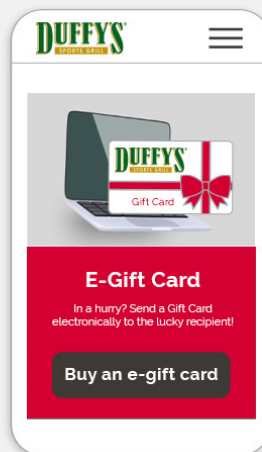
A Great Concept That Gets Better with Age



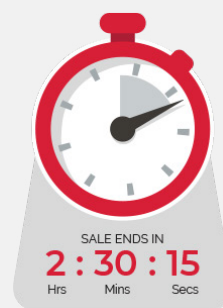
31% of total gift card sales
occurred on flash days



10% lift in year-over-year
physical gift card sales



21% overall year-over-year
lift thanks to the addition
of e-gift



The key to success?
The urgency/excitement
of flash sale days

"Duffy's Sports Grill is a welcoming place, and we want our guests to feel at home here. These gift card flash sales allow our guests to share the fun they have at our restaurants, and allow friends and family to share their love of Duffy's Sports Grill. We can't wait to partner with Paytronix to make next year's flash sale even better."

Tracy Clary, Director of Marketing
Duffy's Sports Grill

Gift Card Trends:

Moms, Dads, and Grads

While November and December consistently account for nearly half of annual gift card sales, there's a second spike that occurs in May and June, a.k.a. the "Moms, Dads, and Grads" period. There are a number of other holidays that likewise produce increased gift card sales in the first half of the year (1H), such as Valentine's Day and Easter.

As detailed in our [2022 Mid-Year Gift Card Report](#), total gift card sales ran approximately 2% behind 2021. Sales of gift cards spiked in May and June, and January, March, May, and June saw decreases from 2021.

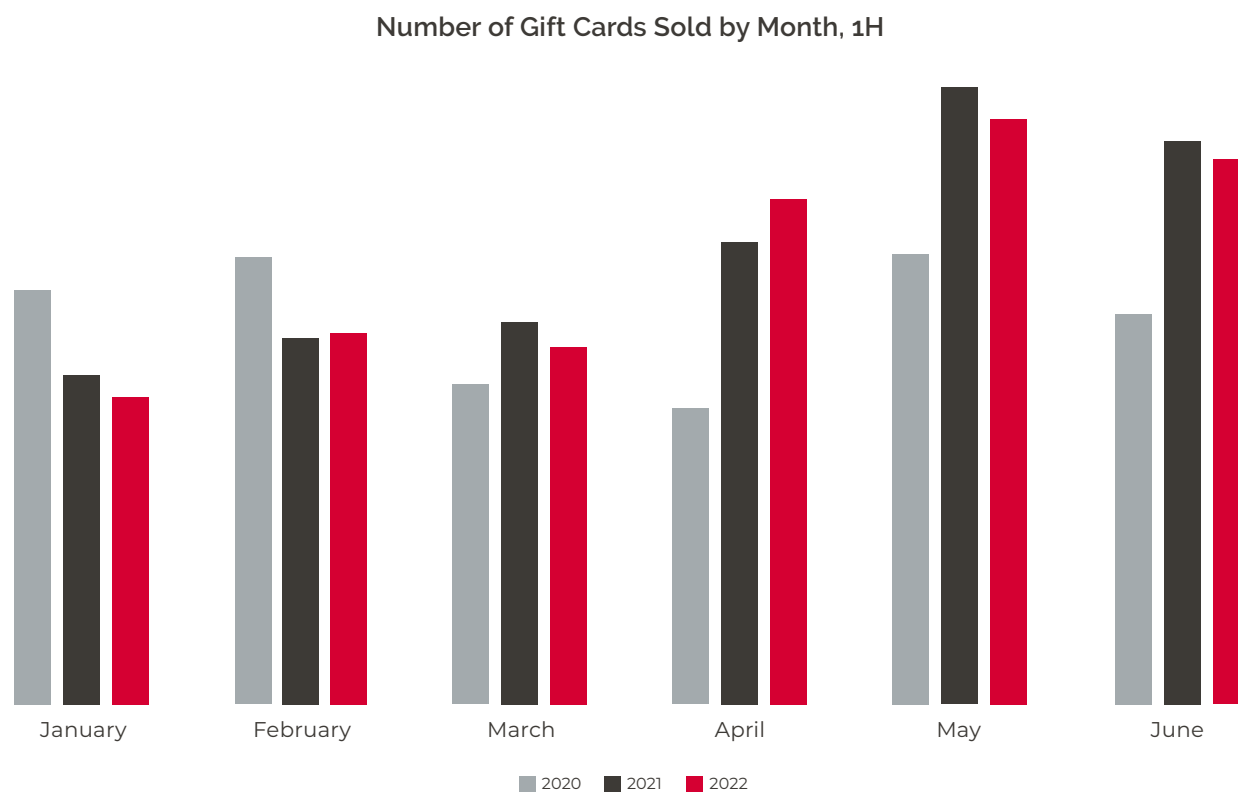


Figure 17

Gift card sales spike around major holidays in the first half of the year, particularly Mother's Day, Valentine's Day, and Easter. Then they remain elevated throughout the months of May and June due to graduations, with a majority of the sales during this period occurring in store. A pattern for digital versus in-store sales has emerged. They both rise the day before a holiday, but in-store sales tend to peak then. Meanwhile, digital sales peak the day of the holiday and drop quickly thereafter.

Number of Gift Cards Sold by Day, 1H 2022

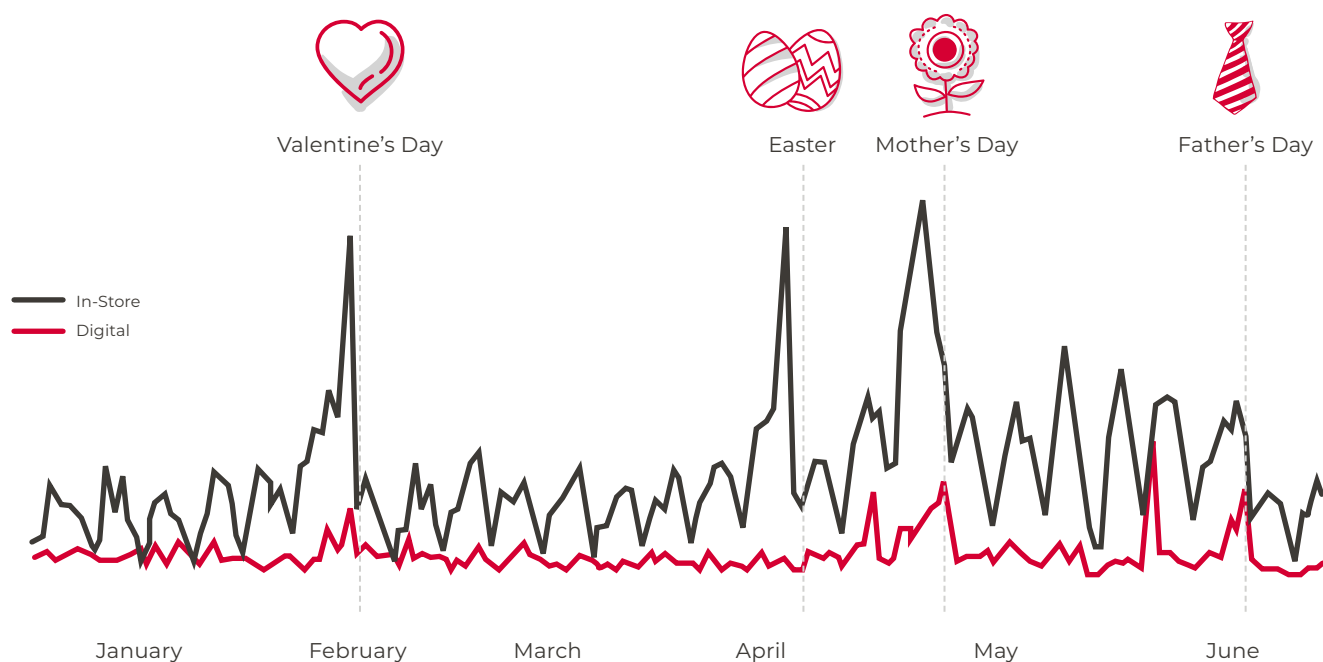


Figure 18

Gift Card Redemptions

The redemption profile of gift funds helps restaurants predict traffic after gift cards have been sold and helps accounting teams understand when the balance of a gift card is unlikely to be redeemed, allowing them to either claim breakage as revenue or escheat the value to states that require it. Redemption activity is rapid early on and tends to level off at about six months from purchase. Full Redemption for 2022 will be issued in the Paytronix 2022 Mid-Year Gift Card Report.

Gift cards sold in 2021 were redeemed at a lower rate as compared to 2020 and 2019. Moreover, the redemption rate was slightly higher for cards purchased during the holiday period (57%) than those purchased during the non-holiday period (54%).

Overall Redemption Curve Values by Year

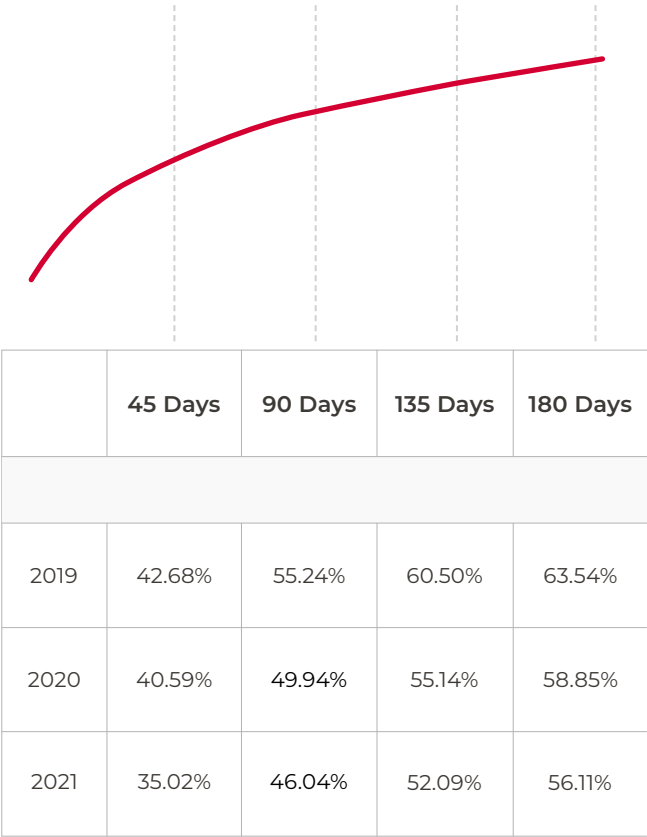


Figure 19



Guests tend to use their e-gift cards sooner than they use physical ones. The data shows that e-gift cards were more likely to be redeemed in the five days immediately following purchase. After the sixth day, physical gift cards had higher redemption rates. Overall, physical cards were redeemed more often (56%) than digital gift cards (50%) in 2021.

While gift card redemptions decreased overall in 2021, fine dining was the one concept that bucked the trend. Fine-dining gift cards were redeemed at their highest rate in 2021, with guests flocking to these establishments as the pandemic waned. Redemptions of fine-dining cards were up about 2% from 2021, whereas those for QSRs were down 10%.

Year-Over-Year Redemptions of Fine-Dining Gift Cards

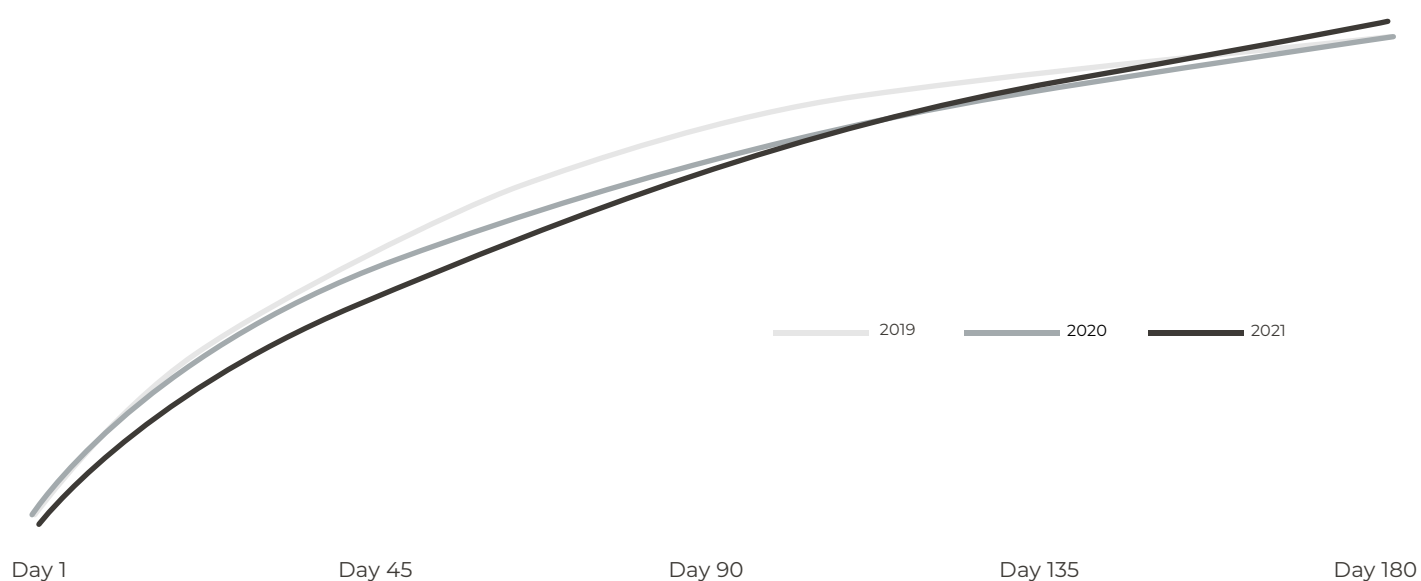


Figure 20

For a full breakdown of gift card redemption trends 2019-2021, [see our 2022 Mid-Year Gift Card report](#).

Holiday Gift Card Trends: Overall

Gift cards sold in November and December traditionally account for nearly half of all gift card sales for the year. Those two months, referred to as the holiday period for the remainder of this report, provided 45% of 2022's sales, in line with previous years.

Proportion Gift Cards Sold, Holiday vs. Non-Holiday

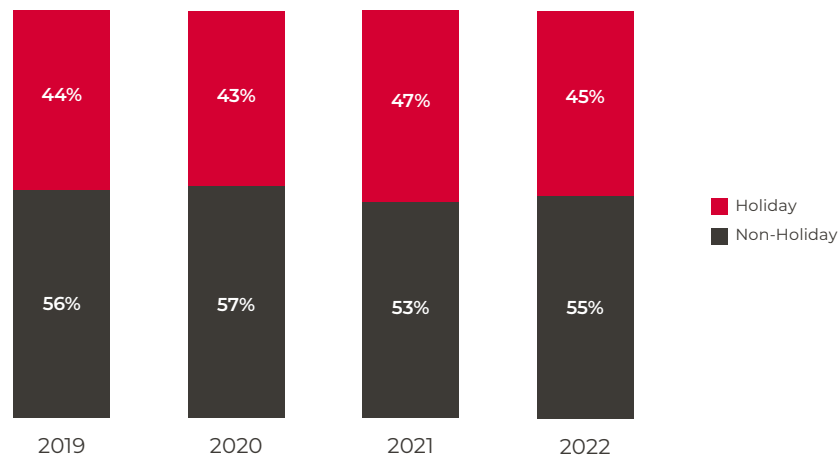


Figure 21

While the proportion of cards sold in the holiday period held steady, the total value of cards sold is up approximately 1.4% year over year. However, the number of gift cards sold in 2022 dropped by 5.1% versus 2019 and by 10.7% from 2021. Between Black Friday and Christmas Eve 2022, the value of physical gift cards is down nearly a fifth (22%) versus 2019 and down 7.9% since 2021. Digital gift cards, on the other hand, have seen the value of sales increase by a whopping 77% since 2019 for the same time period, while the value of digital gift cards sold also increased 4.6% since 2021.

Number of Gift Cards Sold During the Holiday Season

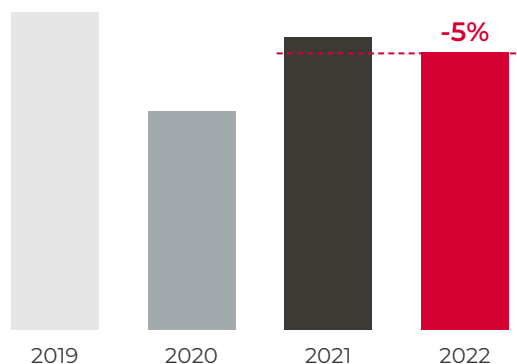


Figure 22

Guests' preferred channels change between the holiday and non-holiday period. Digital cards consistently make up slightly less of the proportion of cards sold during the holidays, indicating a guest preference for physical cards during this period.

Proportion of Gift Card Sales by Channel, Holiday vs. Non-Holiday

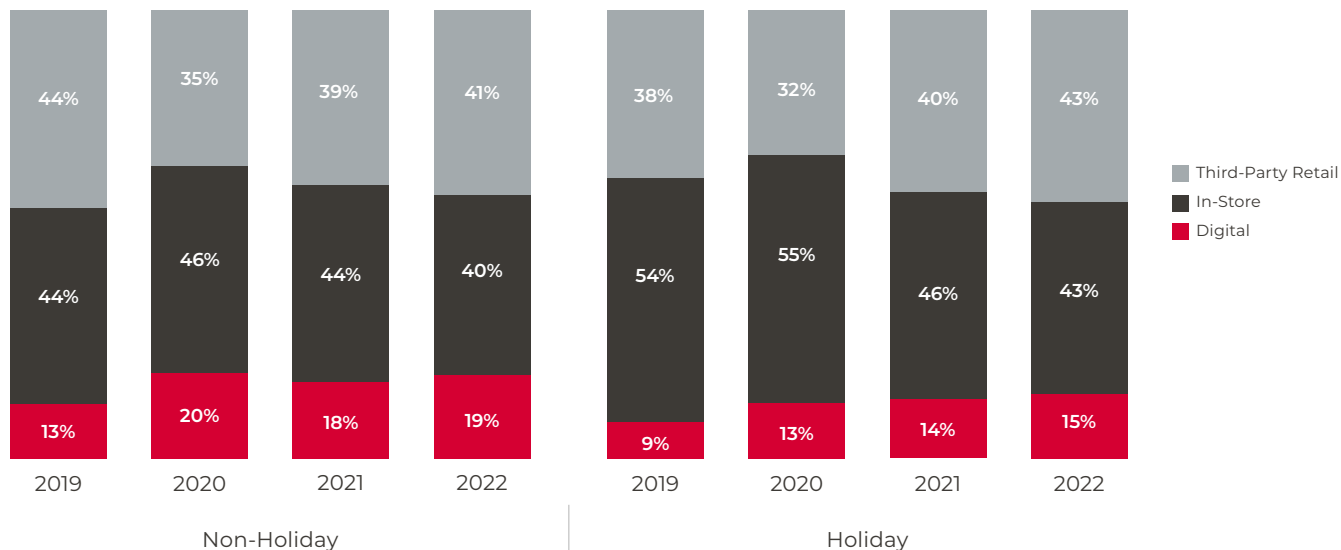


Figure 23



From Our Social Media:

"Something occurred to me this year that had never occurred to me before re: [e-gift] cards, after I attended an extended family get-together for Christmas. ALL of the adults gave each other gift cards, typically to their favorite eateries and restaurants. If those had been given as [e-cards], there would have been nothing to show and boast about. The get-together would have still been fun but not nearly as memorable. There is a specific use case for digital gift cards, but they AREN'T always a replacement for their physical counterpart." [link](#)

Holiday Gift Card Trends: Black Friday to Christmas Eve

In many ways, the pattern of cards sold per day from Black Friday to Christmas Eve matched traditional patterns. Sales largely followed a week-over-week pattern with an initial spike occurring Cyber Monday and sales increasing steadily until December 23. While the pattern largely held in 2022, the weather caused a deviation of particular note. A massive winter storm rocked most of North America December 23, traditionally the best day for gift card sales. The storm pushed gift card sales, particularly sales of in-store fine-dining cards, to their lowest number in the last four years, lower even than sales in 2020 during the worst of the pandemic.

Gift Card Dollars Loaded from Black Friday to Christmas Eve: All Cards

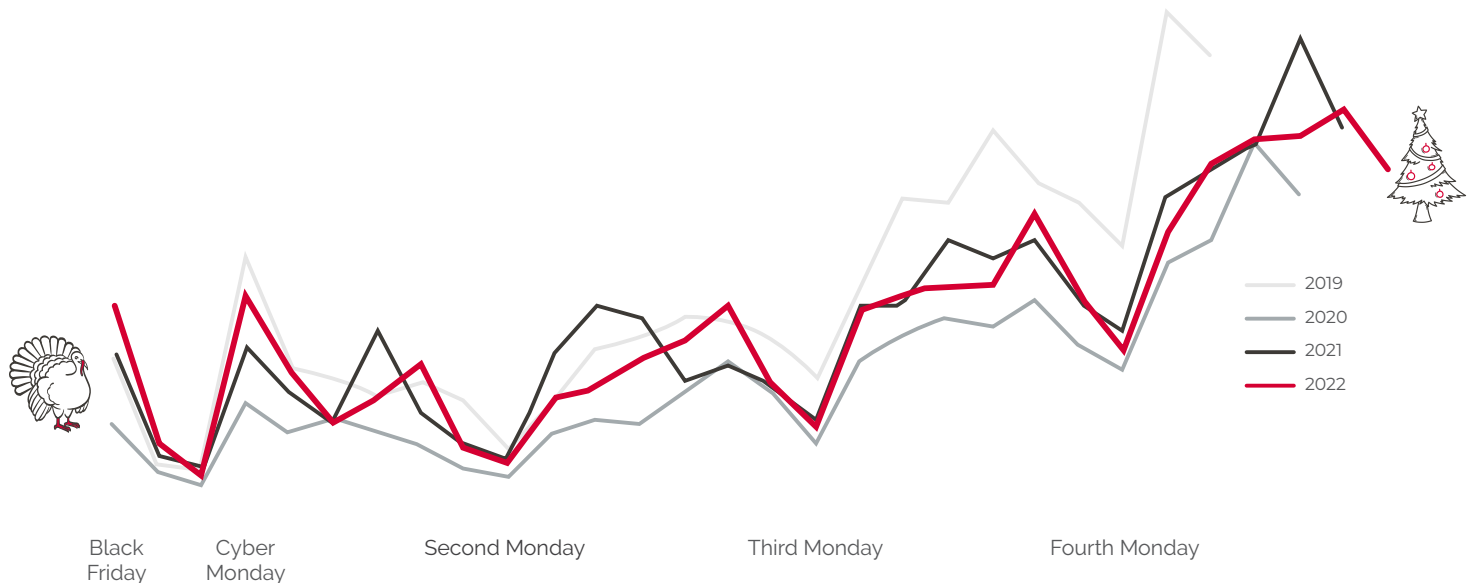


Figure 24

Holiday Gift Card Trends: Digital

Cyber Monday continued to see the largest sales of digital gift cards of the holiday period, accounting for 17.2% of holiday sales and acting as a bellwether for the holiday season as a whole. E-gift card sales on Cyber Monday hit a high in terms of spend for the years analyzed in this report, as well as a high for number of cards sold. Overall, e-gift card sales for the holiday season have increased over 70% since 2019, although they still represent a mere 12% of the cards sold during the period between Black Friday and Christmas Eve.

Gift Card Dollars Loaded from Black Friday to Christmas Eve: Digital Cards

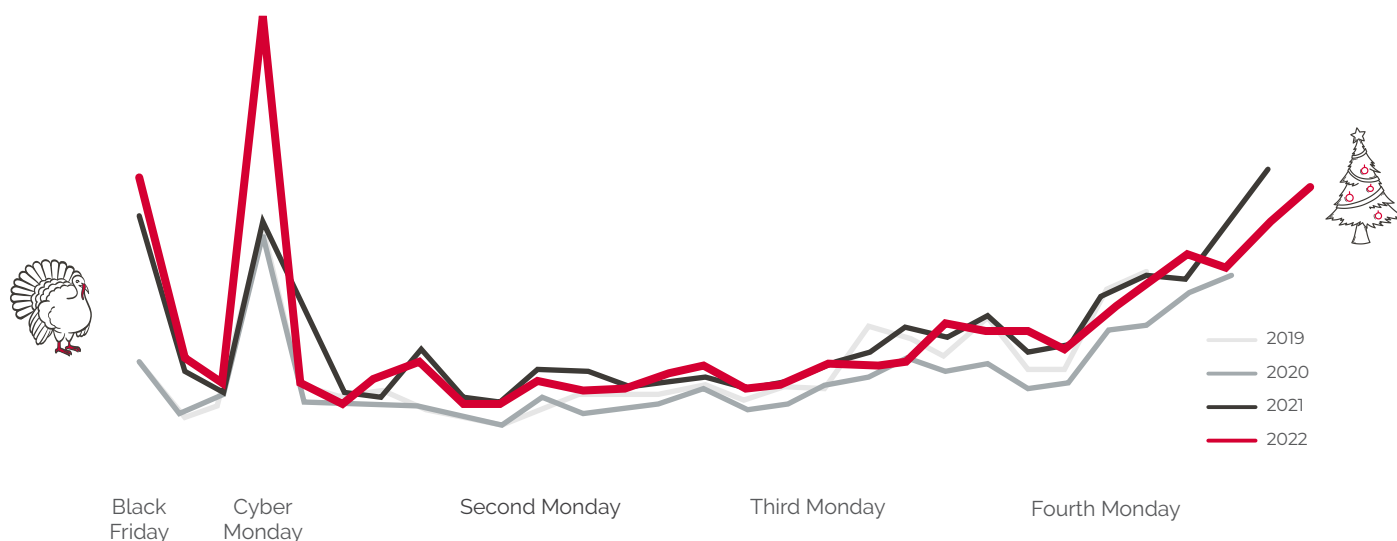


Figure 25



KRISTIN'S INSIGHT:

In addition to the spike on Cyber Monday, the last two years have also seen more than double the number of cards sold on Black Friday, pointing to a shift in trend in card purchases. This trend is particularly applicable to QSRs, indicating those brands may now be running specials on both Black Friday and Cyber Monday to garner sales.



Holiday Gift Card Trends: In-Store

As digital cards have grown in popularity, in-store cards have seen a decline, with the number of in-store cards sold hitting its lowest number on record for the holiday season from Black Friday to Christmas Eve, even lower than 2020.

Gift Card Dollars Loaded from Black Friday to Christmas Eve: In-Store Cards

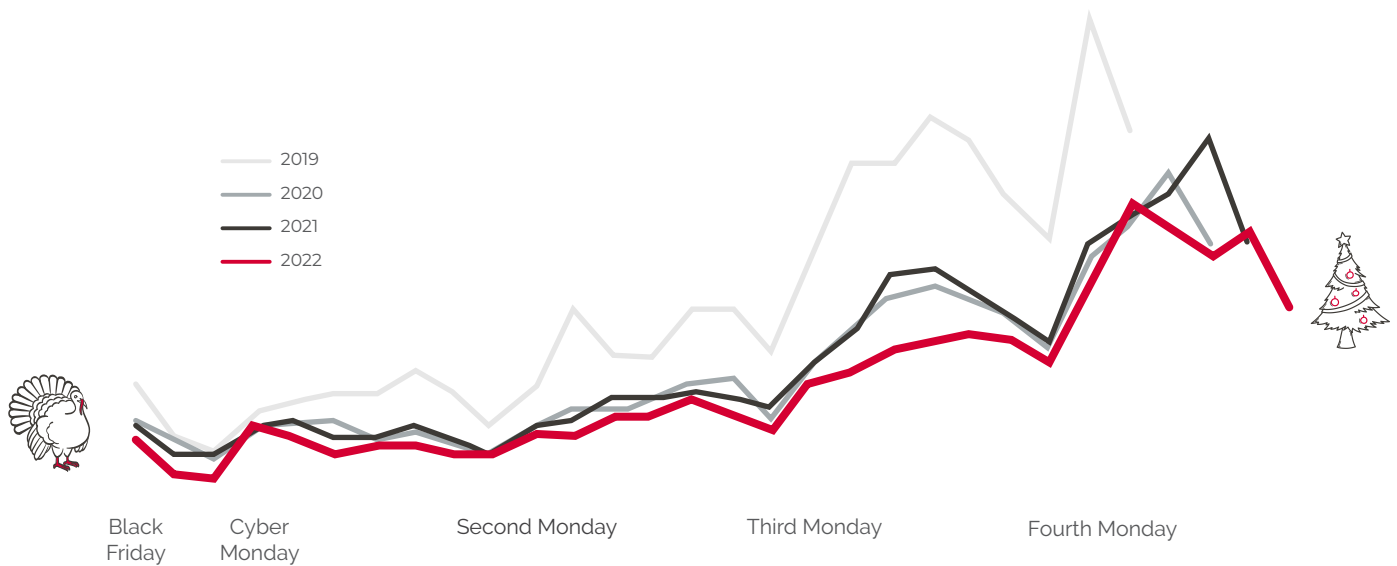


Figure 26



The effects of the late-December winter storm are particularly clear when only in-store cards are considered. 2022 in-store card sales track 2020 and 2021's sales right up until the final Wednesday of the holiday shopping season, when sales plummet.

Mitigating Gift Card Fraud

Gift cards make gift-giving easier for consumers and provide a valuable revenue stream for restaurants. Unfortunately, gift card fraud is a pervasive problem for merchants. A common form of fraud that targets the merchant involves using technology to "guess" the gift account numbers at lightning speed, enabling criminals to test many randomly generated numbers until they hit a valid card. This approach, called a "brute-force attack," can grant immediate access to the value on compromised cards. *Companies should encourage, if not require, guests to create, use, and rotate long and complex passwords. Password managers are great resources. Hackers are hacking less; instead, they are increasingly logging in to accounts with stolen or guessed credentials.*

While this report details trends in both digital and physical gift cards, any form of stored value is susceptible to fraud, including comp cards and stored value linked to a loyalty program. To help reduce merchants' exposure to fraud, Paytronix offers a variety of safeguards:

Avoidance of Sequential Numbers

Using sequential numbers when issuing gift cards may seem like a logical thing to do, but it vastly increases the potential for fraud. Sequential numbers are, by their nature, more vulnerable to guessing by criminals. Paytronix randomizes the number sequence on the gift cards it issues, making it more difficult for criminals to guess card numbers.

Employing a Personal Identification Number (PIN)

Paytronix defaults to requiring guests to use a PIN to check their balance or redeem their gift card online. PINs are important for physical and e-gift cards. PINs, which are random numbers, offer an additional layer of security and fraud protection. When ordering physical gift cards, merchants should make sure the card number is not visible on displays and the PIN is protected with a scratch-off film.

Defend against BOTs

BOTs are increasingly being used to compromise accounts. BOTs are used in brute-force attacks on gift cards. A layered defense should include user verification technologies such as CAPTCHA to defend against BOT attacks.

Monitor Gift Card Redemptions

By monitoring unusual gift card redemption activity, companies can respond more quickly. Paytronix offers several tools and reports in this area.

CONCLUSION

The Resilience of Guest Engagement

The restaurant industry showed its resilience in 2022. After coping with pandemic lockdowns and depressed attendance in 2020 and 2021, 2022 brought a new COVID variant, supply chain issues, staffing shortages, and ever-persistent inflation — yet restaurants never stopped providing their guests with the treats they love.

As mentioned earlier, gift cards allow restaurants a glimpse into the minds of their most loyal guests. And what that glimpse shows is a fanbase willing to overcome the challenges of the pandemic and spend extra to engage with brands who provide the treats they crave. Whether through digital options or placing gift cards in the aisles of supermarkets, brands that reach out to their guests often find an eager audience. As technology is further adopted and we return to sit-down restaurants, gift cards will remain a way for a brand's most loyal guests to show their enthusiasm. Forward-looking restaurant brands, rejoice: The future belongs to both guests and brands who engage.

Glossary

The language of gift cards is derived from state and federal accounting laws, sales channels, and the unique processes involved in selling gift cards. Below are some common terms used to describe important elements related to gift card sales.

Gift Card Sales Units are the number of stored-value accounts activated by a Paytronix customer in the time period identified.

Third-Party Retail Sales are gift card sales that occur in retail establishments not owned by the restaurant brand. InComm and Blackhawk are the leading providers for this sales channel, which is common in grocery, convenience, and drug stores.

Discounted Third-Party Retail Sales are gift card sales that occur in retail establishments such as membership warehouses, where members receive a discount off the face value of the gift card. BJ's, Costco, and Sam's Club dominate the market for discounted third-party retail sales.

Other Sales Channels may include online gift card sales sites and channels that are not frequently used across the industry. Since their individual sales volumes are not enough to impact gift card sales planning and reporting, we have aggregated them into one category.

Redemption Profile is the term applied to the time it takes for the owner of a gift card to redeem its full value. Redemption profiles are used by accounting groups to establish liability profiles and escheatment policies.

Breakage is an amount of unredeemed gift card value after a certain period.

Escheatment involves the return of unused funds. Gift cards sold in particular states may not be held on the books as liability by the merchant for an indefinite period, nor can the merchant claim the unused funds as breakage. Instead, the value of the gift card liability must be given to the state after a certain period. In general, 12-15% of gift card balances are never redeemed.

Here's How Paytronix Helps You Give Your Guests the Best



In-Store Sales

Make it convenient for guests to purchase gift cards at any of your locations. Get creative by designing cards for every season and special occasions.



Retail Sales

Add a third-party retail channel to your sales strategy and enjoy a lift in total gift card sales.



Discounted Retail Sales

Sell gift cards through BJ's, Costco, and Sam's Club. Let us handle discount tracking so that you can post the expense at precisely the right moment for your accounting requirements.



On-the-Go Sales

Fulfill last-minute gift-giving needs by letting your guests order and send physical and virtual gift cards online via your app.

For more information, visit www.paytronix.com or call **617-649-3300, ext. 5**. Or visit www.paytronix.com/resources for more tips on how to boost your gift card sales.

paytronix

The Guest Engagement Company