

Gift Cards



One advantage to having my own personal finance column is it gives me an excuse to research anything that interests me. This holiday season I found myself thinking about gift cards. My wife tells me they are impersonal and don't show a lot of thought or planning. However, it turns out that gift cards are the #1 most requested gift for ten years in a row. I had lots of questions about gift cards, such as: What percentage of holiday spending is spent on them? How many get lost or go unredeemed? Is there a way to resell or trade gift cards? Is there an easy way to always have a gift card when you need it, other than carrying it around in your car? Here is what I found out.

How much is spent on holiday shopping and how much on gift cards?

Total holiday shopping this year may exceed \$1 trillion for the first time in history. That would mark a 5.8% increase over the \$947 billion spent last year. 87% of this spending still occurs in brick-and-mortar retail stores, although the \$123 billion that is expected to be spent online represents a 16.6% increase over last year's online sales. \$160 billion is expected to be spent on gift cards, although that figure is for the entire year, not just the holiday season. Nevertheless, gift card sales have been growing significantly every year since 2008.

Unused Gift Cards

I wonder how many of those \$160 billion worth of gift cards will be lost or never used. Surprisingly, we are getting much better at using our gift cards. According to finder.com, \$7 out of every \$100 went unused in 2008. Currently, less than \$1 out of every \$100 goes unused. I am ashamed to say that my propensity to lose or never use gift cards is above average. Several data sources claim that \$45 billion in gift cards issued since 2005 are still unused. Some of that

money will be lost and never spent. This seems like a bonanza for the retailers who get to keep the money. Unfortunately, the retailers immediately book gift card sales as a liability and can only recognize the revenue when the card is redeemed.



Organize Your Gift Cards

I've noticed that I usually don't have the right gift card with me when I want to use it. However, I discovered an app called [Gyft](#) that enables you to upload all of your gift cards, verify the balances, and keep them nice and safe for you until you are ready to use them. So when you head to that restaurant or store, you just need to open the Gyft app on your phone and there's your card.

Trading or Selling Your Gift Cards

Sometimes, we end up with gift cards for retailers we do not typically patronize. The good news is a whole industry has cropped up to buy and resell gift cards. These include [Gift Card Granny](#), [Cardpool](#), [Card Cash](#), and [Raise](#). To learn how this works, I looked at the economics of buying or selling a Starbucks gift card on Cardpool. I can currently sell a \$50 Starbucks gift card for \$37.75 in cash or get \$40.02 if I exchange it for an Amazon gift card. Naturally, I would never sell a Starbucks gift card because I love coffee too much. I would be on the other side of that transaction, but I would have to pay \$45 to buy a \$50 Starbucks gift card from the site. Apparently, the buyer is not really issued a card, but a paper certificate, which takes 3-7 days to receive.

Interesting Gift Card Trivia

- **Highest Resale Value:** Grocery store gift cards (e.g., Safeway), followed by gas cards
- **Most Resold Gift Cards:** #1 iTunes, #2 Amazon, #3 Best Buy
- **Most Preferred Gift Card Brands:** #1 Amazon, #2 Walmart, #3 Target

Happy Holidays to all.

P.S. I will not be publishing an article next week. I'll be busy spending my gift cards. 😊

THOUGHT THIS WAS INTERESTING

New Zealand—The easiest place to start a business



I think it is difficult enough to start a business in a country you are familiar with. The idea of starting a business abroad is intimidating. However, some countries definitely make it easier than others. The World Bank publishes the Ease of Doing Business Ranking each year. This monster report is based on data from 12,500 data sources and ranks 190 countries from best to worst.

The #1 most business-friendly place for a startup is New Zealand for the third year in a row. The United States has been getting more difficult in recent years but is still in the top 10 (#8).

Some of the factors that make it easier or more difficult include: Getting credit, enforcing contracts, labor market regulations, construction permits, trading across borders, and protecting investors.

See the top 10 and bottom 10 and lots of other interesting details [HERE](#).