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How to Offer Gift Cards at Your Business

Gift cards are one way businesses are generating revenue during the coronavirus outbreak. Here's how to offer them at your business.

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Setting up a gift card program for your business requires just a few simple steps and increases customers' spending potential. — Getty Images/kate_sept2004

Gift cards are a simple way to attract new customers, increase sales and reward loyal fans with little to no effort. Customers who buy gift cards for others **spend 38% more** than the actual value of the gift card they purchase. Likewise, a **study by First Data** found that **72% of gift card shoppers** spend more than the value of the gift card when they come in to redeem their present.

Not only are gift cards a great tool for spreading the word about your business, but they also bring new customers through the door and increase basket size across two separate sales transactions. Here's how to get started with gift cards at your business.

It doesn't take a lot of effort to set up a gift card program at your business, depending on your existing technology and the type of gift cards you choose to offer. The first step to offering gift cards is to see what your existing point-of-sale (POS) system best supports. "A POS with an in-house gift card program makes things easier in terms of payment processing as well as reporting. You can easily track both gift card sales and redemptions and generally see how well your gift card program is going," write the experts at [Merchant Maverick](#).

Square, Clover, Shopify and Shopkeep are all popular gift card options that work well with POS systems. You may need to add an app or integration to your POS in order to begin offering gift cards. [Square](#) offers gift cards free for all merchants, but you do have to pay to produce physical cards, if you choose not to go the e-card route.

However, if your POS doesn't have gift card functionality, there are plenty of other options out there. [Giftfly](#), [GiftUp](#), [Yiftee](#), and [Givex](#) offer e-gift cards through apps that are specifically designed for small businesses. Your [merchant bank](#) may also offer a gift card program. Or, explore your options through credit cards like [Discover](#) or Visa; both of these brands offer gift cards that you may be able to customize for your business.



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Types of gift cards

There are [three main types](#) of gift cards you can offer at your small business:

Electronic: E-gift cards can be purchased online and sent to the recipient through your website, over email or in your store. These cards usually have a code that you type into your terminal or POS like a credit card transaction. Other e-gift cards use a QR code or barcode that can be scanned from the customer's phone.

Barcode: Some physical gift cards have barcodes that act as a unique account for a customer, storing information in the customer's account. If you want to combine gift cards with a customer loyalty program, this is a good option. The caveat is that you need a barcode scanner to process their gift card.

Magnetic stripe: these physical gift cards are charged by swiping the magnetic stripe through your terminal the same way you would accept a credit or debit card. The amount automatically gets deducted from the information stored on the stripe. This type of gift card is a more secure way to offer gift cards in-store.

[Read more: Tap, Wave, Go: Cashless Commerce is Coming]

How to activate gift cards with your point-of-sale system

The simplest way to activate gift cards is through your point-of-sale system. The process starts when a customer wants to **purchase a gift card** for a certain value. Your team collects payment up front the same way as any other sale. If you're offering physical cards, the customer selects their favorite design and your employee swipes the gift card through the terminal. Then, the dollar amount is keyed into the POS to process the payment. The card is now loaded with a dollar value, and your team can give the card and a receipt to the customer.

When a gift card recipient comes in to use their card, your employee accepts the card as they would any other payment type. Your POS will have an option to select "gift card" through the payment menu. The gift card gets run through the card reader, or, if you're using a barcode card, scan the barcode. Your merchant account processor approves the payment and the balance will be removed from the card account. If the balance is used in full, you can recycle the card or ask the customer if they want to reload a balance. The whole process is relatively seamless when run through your POS.

Merchants seeking to expand their gift card program should encourage the use of e-gift cards online. If you have the infrastructure, allow customers to access cards online, check balances, add more funds or make online purchases. Your gift card program can tie-in to a customer loyalty program, building engagement and encouraging repeat purchases over time.

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