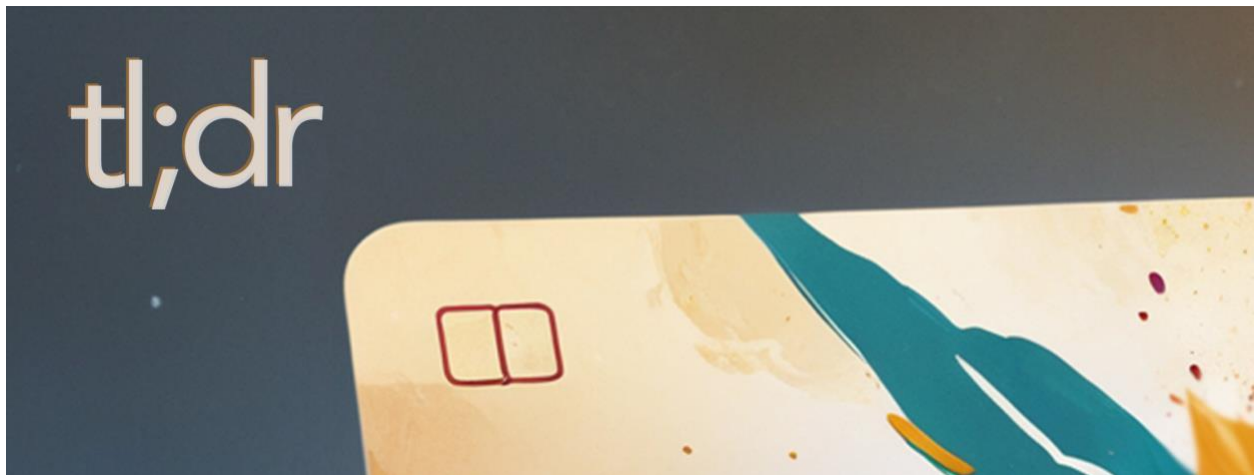


Coalition Gift Cards: Unlocking Value for Customers and Merchants

TLDR

Coalition gift cards provide a flexible and engaging shopping experience across a network of merchants, encouraging customers to explore new products and stores. For merchants, these cards serve as a strategic tool for retaining revenue, enhancing customer engagement, and fostering a collaborative community.



Introduction

Traditional gift cards limit customers to a single merchant, restricting their shopping options. Coalition gift cards, however, offer a versatile solution that benefits both customers and merchants by providing a more dynamic shopping experience and encouraging merchant collaboration. According to a 2021 study by CivicScience, gift card spending has seen consistent growth, with 62% of consumers purchasing gift cards during the holiday season ([source](#)).

This white paper explores how coalition gift cards drive revenue, enhance customer experience, and support community building among merchants.



The Value of Coalition Gift Cards for Customers

1. Flexibility and Choice

Enhanced Shopping Freedom: Coalition gift cards allow customers to choose from a variety of products across multiple merchants. A study by Fiserv (formerly First Data) found that 72% of consumers prefer gift cards that can be used at multiple locations ([source](#)).

Increased Perceived Value: Coalition gift cards are seen as more valuable because they offer customers a broader shopping selection, making them an appealing gift option for various occasions. Research from the Gift Card & Voucher Association (GCVA) indicates that multi-store gift cards are perceived as having a higher value by consumers ([source](#)).



2. Discovery of New Merchants

Cross-Merchant Exploration: Encourages customers to discover new and niche merchants within the network, driving traffic and engagement across the coalition. A survey by BigCommerce found that 61% of consumers are likely to try new brands when given the opportunity ([source](#)).

Supporting Small Businesses: Allows customers to support small businesses by spreading their spending across multiple merchants. In a survey by Intuit QuickBooks, 83% of consumers reported they prefer to support small businesses whenever possible ([source](#)).



3. Enhanced Customer Experience

Seamless Shopping Journey: Offers a unified shopping experience across the network, eliminating the need to manage multiple gift cards. According to PwC's Global Consumer Insights Survey 2019, 73% of consumers cite experience as an important factor in their purchasing decisions ([source](#)).

Flexibility in Returns: Provides an attractive alternative to cash refunds, allowing customers to receive their refund in coalition gift card credit, which they can use across the network. The National Retail Federation (NRF) suggests that clear and customer-friendly return policies are a significant driver of customer loyalty ([source](#)).



The Value of Coalition Gift Cards for Merchants

1. Revenue Retention

Alternative to Cash Refunds: Helps retain revenue by offering coalition gift cards as an alternative to cash refunds, appealing to customers who value flexibility. According to Shopify, offering store credit instead of cash refunds can retain up to 30% of revenue that would otherwise be lost ([source](#)).

Reduced Impact of Returns: Keeps funds within the network even when a refund is issued, benefiting other merchants and maintaining economic activity within the coalition. A report from the Centre for Retail Research suggests that collaborative strategies like coalition gift cards can help reduce the negative impact of returns on retailers (placeholder for "[source](#)").



2. Increased Customer Lifetime Value (CLV)

Encouraging Repeat Purchases: Incentivizes customers to return to the network, boosting the CLV for participating merchants. Data from Bain & Company shows that increasing customer retention rates by just 5% can increase profits by 25% to 95% ([source](#)).

Cross-Promotion Opportunities: Drives traffic and repeat purchases across the coalition through cross-promotion, enhancing the overall CLV. A study by Yotpo found that 60% of consumers make repeat purchases when they are aware of cross-promotional offers ([source](#)).



3. Enhanced Collaboration and Community Building

Collective Marketing Power: Creates a sense of community among merchants, enhancing the network's visibility and attracting customers interested in a diverse shopping experience. According to an Accenture study, 91% of consumers are more likely to shop with brands that provide offers and recommendations that are relevant to them ([source](#)).

Unified Customer Engagement: Encourages collaborative promotions, offering joint deals or bonuses to strengthen the network's appeal. Research from McKinsey & Company indicates that collaborative marketing strategies can increase customer engagement by up to 50% ([source](#)).



Case Studies and Scenarios

Boosting Holiday Sales

A promotion offering an extra 10% value on coalition gift cards during the holiday season boosts sales and encourages spending across the network. Gallup reports that 56% of holiday shoppers plan to purchase gift cards as gifts ([source](#)).

Managing Returns Strategically

A customer returns a high-ticket item and receives a coalition gift card, which they use across multiple merchants, keeping the revenue within the network. A 2023 Retail Dive study found that 68% of consumers are more likely to accept store credit over cash if it offers added value ([source](#)).

Cross-Merchant Promotions

Merchants offer a limited-time bonus where customers earn extra tokens for using their coalition gift card at multiple merchants, driving cross-shopping behavior. A 2022 report by ScienceDirect indicates that 89% of consumers are influenced by loyalty programs when choosing where to shop ([source](#)).



Conclusion

Coalition gift cards offer a compelling alternative to traditional gift cards by providing customers with greater flexibility and encouraging cross-merchant engagement. They serve as a strategic tool for merchants to retain revenue, increase CLV, and foster a collaborative community. By adopting coalition gift cards, merchants can create a more interconnected and resilient network.



Sources

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