



# HOW TO GET THE MOST OUT OF YOUR SPA GIFT CARDS



Gift cards or gift certificates are an important part of your spa revenue. Spa gift cards are a thoughtful and highly desired gift, and an excellent way to increase revenue, boost brand awareness, and help attract new customers and retain existing ones.

As we head into the holiday season, spas should be focusing on gift cards sales and maximizing their potential.

With Book4Time spa software, you can create and sell your own gift cards to increase brand recognition and market penetration. Our central system makes it easy to manage your own gift card program across all locations, plus sell and redeem them right in our Point of Sale system.

## Some gift card facts and statistics:

- By 2024 it's estimated that the global gift card market will reach more than \$698 billion.
- In 2018 55% of consumers surveyed reported being interested in giving or receiving digital gift cards that can be added to a mobile app or digital wallet.
- 55% of survey respondents in 2018 were interested in giving and 67% are interested in receiving a digital gift card.
- 81% of consumers purchase gift cards for a birthday
- 65% of gift card recipients spend 38% more than the value of their cards.
- Gift cards are one of the most requested gifts during the holiday season
- 63% of people would prefer to receive an experience gift over a material gift for the holidays.

We spoke with Winnie Tang, Director of Business Development at Givex, a Book4Time technology partner that offers omnichannel POS, gift card, loyalty and stored value ticketing solutions, about how to make the most of your gift card program and why it's so important to do so.



**Winnie Tang,**  
Director of Business Development  
at Givex

## Tapping into a "gifting culture"

Tang explained that we have a "gifting culture" as a society.

"It's integral to how we interact socially," she said. "It's part of our love language. Spas can tap into this and businesses can increase spa revenue through the sale of gift cards." People want to receive them and they are an easy gift for people to



buy. Plus, as mentioned in the facts and statistics above, a majority of people spend more than the value of the card. According to Tang, this is considered an effect of what is called tender “bucketing” in psychology.

“We look at money in different buckets,” she said, “like household expenses, business expenses, etc. Gift cards go in the ‘free money’ bucket, which means the recipient does not view gift card dollars as part of their own expenses, so will spend some of their own money in addition to the money already made from the sale of the gift card. It’s almost guaranteed future revenue because gift cards are typically redeemed within 30 to 60 days.”

## **How gift cards increase customer acquisition and retention**

According to Outbound Engine, acquiring a new customer can cost five times more than retaining an existing one, and increasing customer retention by 5% can increase profits from 25-95%. Also, the success rate of selling to an existing customer is 60-70%, while the success rate of selling to a new customer is only 5-20%.

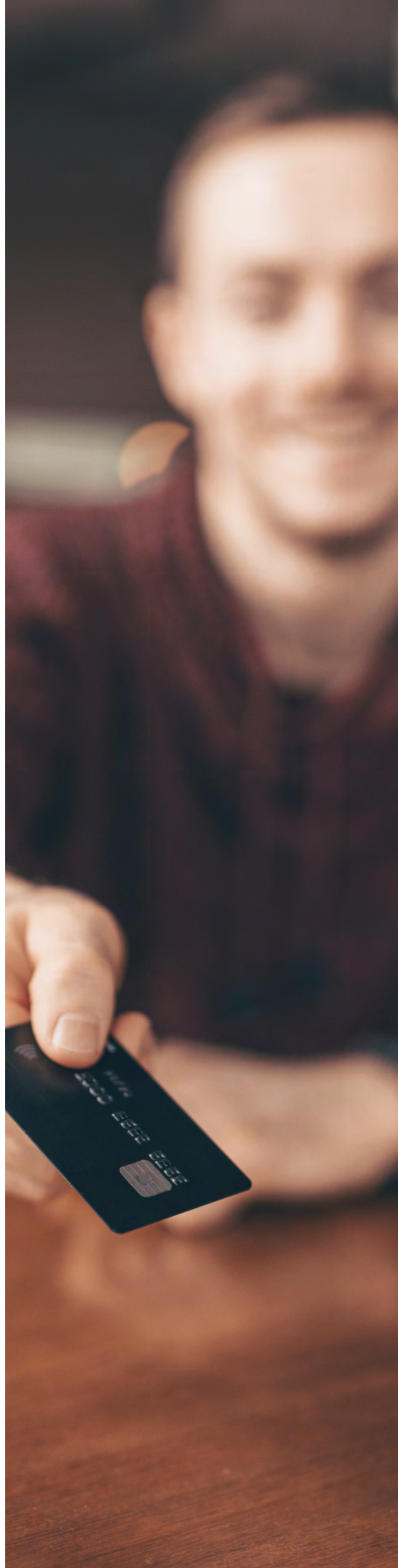
Gift cards make acquisition a lot easier. They are one of the best ways to introduce people to your brand. Tang says, “When someone receives a gift card they are often being introduced to that brand for the first time. This is an excellent way to encourage people to discover your spa and gain new customers.

“There is also the element of brand recognition you get through what is essentially cash converted to special money associated with your brand, when your business name is written on the card with the brand logo. It’s what we call “brand wallet.” And if a person who received the gift card has a good experience at the spa, when they need to give a gift, they are more likely to choose that spa over somebody else, like the competition.”

## **How to market your gift cards**

You have to market your cards. They are not going to sell themselves.

Use your customer relationship management (CRM) system and run promotions. Promotions can play a big role, says Tang. “Associate the purchase of a gift card with an event, occasion or reason, like Mother’s Day, Graduation, or Back to



School. Mother's Day is one of the highest revenue days for gift cards. And bundle them in with other purchase options, like BOGO (Buy One Service, Get Free gift card), or spend \$100, get a \$25 gift card, for example." It can then be suggested that the guest use the card either for themselves or give it to someone else, which plants the idea for them to bring in a new customer to your spa. Pairing a gift card with merchandise, like a spa product, is another idea.

Another good opportunity is charitable causes, says Tang. "You can donate gift cards to charities and nonprofits for fundraisers and silent auctions. This brings in new customers and ties your spa brand to good causes."

## **Digital gift cards are a must**

"If the spa is not already offering gift card sales online, through their website they absolutely must start," said Tang. "Make it digital. Ideally, the recipient can even add it to their Apple wallet. Make it visible on your website."

More than half of consumers surveyed before the pandemic reported being interested in giving or receiving digital gift cards that can be added to a mobile app or digital wallet, especially Millennials. Given the rise in virtual adoption that has since taken place, you can be almost certain that this number has increased since then.

## **Encourage and train employees to sell your gift cards**

Staff training and marketing are big missed opportunities for gift card sales, says Tang. "Employees should be encouraged to sell gift cards through incentives, or even contests – whoever sells the most cards in the month gets a reward. They're on the front lines with the customers, so if they are promoting the cards they will increase your sales.

"We did a survey with one of our resort spa clients and because they had high staff turnover, no one was selling gift cards. No one even knew they had them. You have to keep training your team and familiarizing them with what you have to offer. You should be treating your gift cards like any of your other spa services or products. Incorporate it into your marketing strategy. It can't just be something that you just stick beside the cash register and wait for people to notice. It should be marketed, featured on your website, and included in your social media."



## Remind people to use their cards and not let them go unredeemed

It's also important to remind people to use their gift cards. Up to 3 Billion USD in gift cards reportedly goes unredeemed each year in the US alone. This is called "breakage" in the gift card industry and can be considered a profitable "side effect" of gift card programs. But you're better off encouraging people to use their cards. The revenue you stand to generate from impressing a new customer, turning them into a returning customer, and encouraging them to refer their friends is much greater than the few hundred dollars or so that you may get from an unused card.

"Send out emails to remind customers to use their gift cards," says Tang. "You can't put an expiry date on it but you can offer some sort of reward if they come in and use it before the end of the year."

This is where digital gift cards come in extra handy. When a person purchases one through Book4Time, they input the information of the recipient. Then you can contact the person to remind them to use their card, put a freeze on it if it's lost or stolen, and use that contact information for marketing purposes.

*Don't lose out on all the benefits gift card sales have to offer. Contact us at Book4Time to find out how we can help.*



Are you ready to explore how you can take your spa revenue to the next level with revenue management with Book4Time?

[Schedule a demo today!](#)

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