

RETAIL

Sephora among brands offering best digital gift card experiences, says RSR

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Image courtesy of LVMH's Sephora

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LVMH-owned beauty retailer Sephora's exemplary mobile gifting experience is a result of the brand's mastery of customer-facing strategies such as discoverability, wide range of payment options and quick delivery, according to a new report from Retail Systems Research.

Retail Systems Research's sixth annual Digital Gift Cards In 2016: Where Omni-Channel Strategy Meets Customer Expectations report evaluated the gifting experiences of 100 of the United States' top restaurants, retailers and airlines, with this year's study taking new criteria, such as omnichannel payments and loyalty components, into account as well. Starbucks, Sephora and The Home Depot nabbed the top three spots this year due to their streamlined in-app purchasing experiences and wide range of payment options, highlighting what other brands must emphasize in their own experiences to maximize sales.

"Each year, CashStar sees more gift card sales being made via our clients' mobile Web sites and mobile apps," said Gerry Gilbert, vice president of product at [CashStar](#). "Retailers that don't offer a mobile purchase option, or those that offer a less than ideal experience, scored lower in the RSR study.

"However, this does not mean that retailers offering a mobile experience for customers can relax. Rather, those retailers need to monitor the purchase, receipt and redemption experience just as regularly as they would other customer experiences."

Consistency on mobile

Of the 100 brands evaluated for this study, 81 offered the ability to purchase gift cards via digital channels. While this number is a step up from previous years, many retailers still do not provide the option for customers to buy gift cards via mobile Web or apps.

In an increasingly mobile-first world, retailers must ensure that consumers can easily locate gift card options on their mobile sites and apps and purchase them within seconds, especially with one-tap checkout solutions such as Apple Pay and Visa Checkout.

"It's critical to focus on the customer experience," Mr. Gilbert said. "Having a mobile-optimized program pays off most when all aspects of the mobile Web experience are optimized from discoverability of the offering through to the buy process, email notification, viewing the gift card and then storing and redeeming all via mobile.

"The research highlighted that the challenge is in stitching all of those pieces together to create one seamless experience," he said. "And once the experience is developed, maintaining and then continuing to innovate and deliver value as mobile technology evolves is important too that can be challenging for retailers that don't have ample resources."

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Sephora lets consumers choose between purchasing digital or classic gift cards

Sephora took the number-one spot this year as the retailer with the best digital gift card program, due to the beauty giant's consistency across three major categories: the buyer experience, recipient experience and discoverability.

Sephora fans can easily locate gift card purchasing options within its app or on its mobile site by scrolling down the homepage. The brand also maintained traits exemplified by the top five mobile gifting leaders, some of which include supporting bulk purchases of cards, providing a wide range of payment options and delivering gift cards to recipients on time.

Sephora enables customers to purchase an egift card or mobile gift card that is delivered directly to the recipient's device of choice. They may also buy a classic gift card that arrives in physical form, accompanied by a complimentary compact mirror. Classic gift cards can be purchased via mobile and mailed to recipients' homes.

Individuals who receive a mobile gift card can save it to their Sephora To Go app account or to Apple Wallet, making the funds easily accessible at any time.

Starbucks, The Home Depot, Dunkin' Donuts and Amazon rounded out the top five retailers with the best digital gifting experiences.

Successes and faux pas

Retailers looking to bolster their current gift card purchasing experiences must take note of several must-have elements. Discoverability should be at the top of their lists, meaning that customers must be able to easily find a section of the site or app where they can buy a gift card.

Card personalization is another key aspect for success. Only 30 of the retailers examined by Retail Systems Research offered the ability to include a custom photo, voice message or video with their digital gift cards.

Additionally, many shoppers appreciate having the option to purchase gift cards with loyalty points accumulated from their credit card accounts. Twenty-nine of the retailers surveyed offered this option.

Lastly, to ensure that the gift card delivery process goes smoothly, brands should create notification tools for the buyer's benefit. This eliminates the need for the buyer to ask the recipient if he or she received the gift card and potentially spoil the surprise.

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Starbucks is driving gift card purchases through a Visa Checkout promotion

"We're seeing that as retailers continue to invest in driving engagement and commerce through their mobile apps, having gift card purchase, storage and redemption experiences within the app is very important," Mr. Gilbert said. "Every merchant that has a native app has the ability to offer a comprehensive gift card experience within the app.

For retailers with high engagement apps (e.g. Starbucks and Sephora), the likelihood of customers looking to the mobile app to make a gift card purchase versus a mobile Web site is high," he said. "Similarly, offering consumers the ability to store and redeem gift cards from within their mobile app is also really important because it is convenient and easy for consumers and it creates a compelling reason for them to download the app.

"Taking that a step further, retailers are increasingly using gift and promotional cards as rewards for their loyalty programs, and these cards can be distributed through and stored in their mobile apps. Retailers that aren't supporting

gift cards in their mobile apps are missing out on all of these engagement opportunities."

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