

MARKETING

Gen Zers gallivant with gift cards as preferred payment method: report

August 15, 2022



An image of the American Express Art x Platinum card. Image credit: American Express

By AMIAH TAYLOR

Young consumers are increasingly opting to make purchases on self-use gift cards, per global branded payment leader Blackhawk Network's new [report](#) on consumer gift card preferences and use cases.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

The commerce authority outlines shopping patterns and preferences pertaining to global consumer gift card usage. Top findings include the need for retailers to be more agile, focus on self-use gift cards and adapt for the next generation of gift card users.

"Retailers have learned how to be nimble to tackle many of the hurdles thrown their way over the last few years," said Jay Jaffin, chief marketing officer at [Blackhawk Network](#), Pleasanton, in a statement.

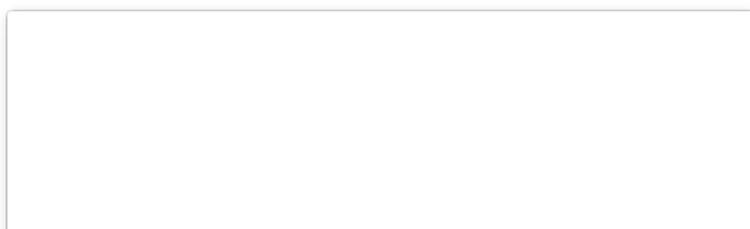
"Now, retailers must accommodate the latest shopper preferences, while also managing the demand for hybrid shopping flexibility, cost of goods and other economic challenges," he said.

"Our new research offers marketers a valuable look into how to implement or adapt gift card and payments programs, which have proven to offer impactful solutions to many of the shifting trends retailers are seeing today and will see in the future."

Gen-Z and gift cards

Modern consumers are dually compelled to buy online and place in-store pick ups.

Forty-five percent of shoppers prioritize in-store shopping over the digital alternative, while 28 percent are hybrid shoppers and 27 percent are strictly online consumers.



[View this post on Instagram](#)

A post shared by Giftcards.com (@giftcards)

An image of a Gen Z consumer holding a gift card

As the rate of hybridized shopping increases, 58 percent of consumers are purchasing self-use gift cards.

Customers are opting for self-use for its convenience. As a more speedy way to pay for their purchases, gift cards also allow shoppers to take advantage of promotions, discounts and point offers.

Retailers can add ease to the patron experience by bringing e-gift cards to bricks-and-mortar stores.

Gift cards have the added advantage of being positively correlated with overspending. 90 percent of consumers are willing to spend more than the dollar amount on a gift card.



A scene from Visa's 2021 contactless spending campaign. Image credit: Visa

On average, shoppers will exceed the balance on a \$10 gift card by \$51 and surpass the value of a \$500 gift card by \$106.

Gen Z buyers, in particular, are the most likely demographic to obtain self-use gift cards, with nearly one-fifth, or 18 percent, using gift cards as cash for digital purchases. The most desired gift card categories among Gen Z shoppers are gaming, restaurant, fashion and mass merchants, as well as general Visa/Mastercard options.

Customer cognizance

The continued success of luxury is largely reliant on Gen Z and millennial shoppers ([see story](#)).

Consequently, for retailers to remain profitable and desirable, they must adapt to the changing needs of their youthful consumer bases. Brands must take note not only of the preferred payment styles of Gen Z patrons but also of their tendencies towards data security.

Gen Z consumers are less likely than other demographics to share their personal information and more privacy oriented ([see story](#)). This demographic prefers monetary rewards in exchange for sharing their personal data.

Beyond consumer data acquisition preferences, retailers must also be aware of the digital transitions that will assist them in staying relevant, such as direct-to-consumer marketing and establishing a presence in the metaverse ([see story](#)).

© 2022 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.