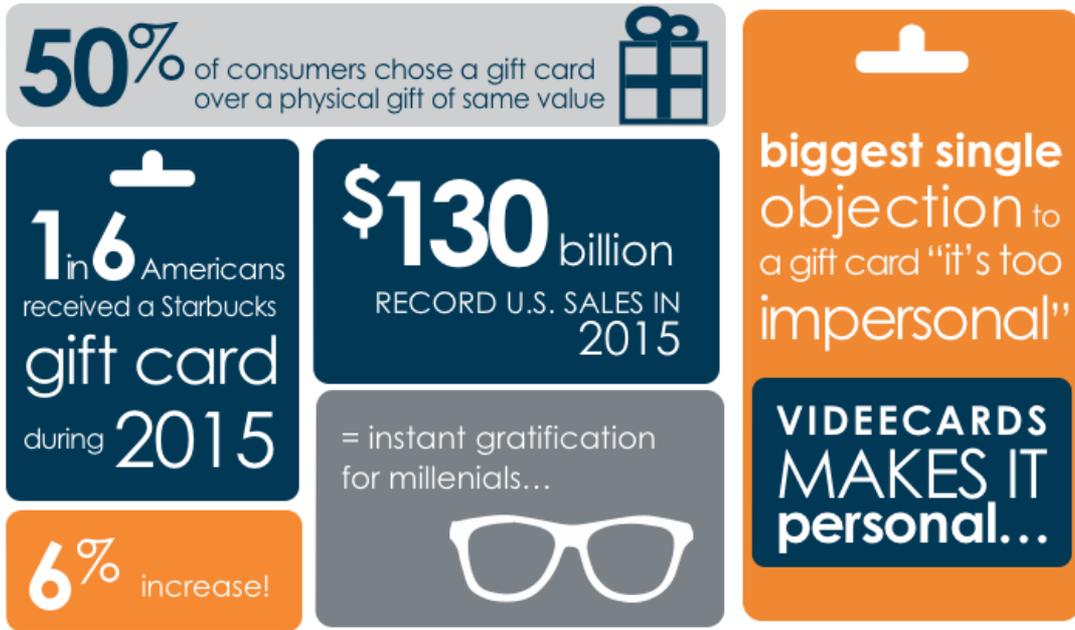


## The Next Generation of Gift Cards

Bringing Gift Cards to Life through Personalization and Videos



**50%** of consumers chose a gift card over a physical gift of same value 

**1 in 6** Americans received a Starbucks gift card during **2015**

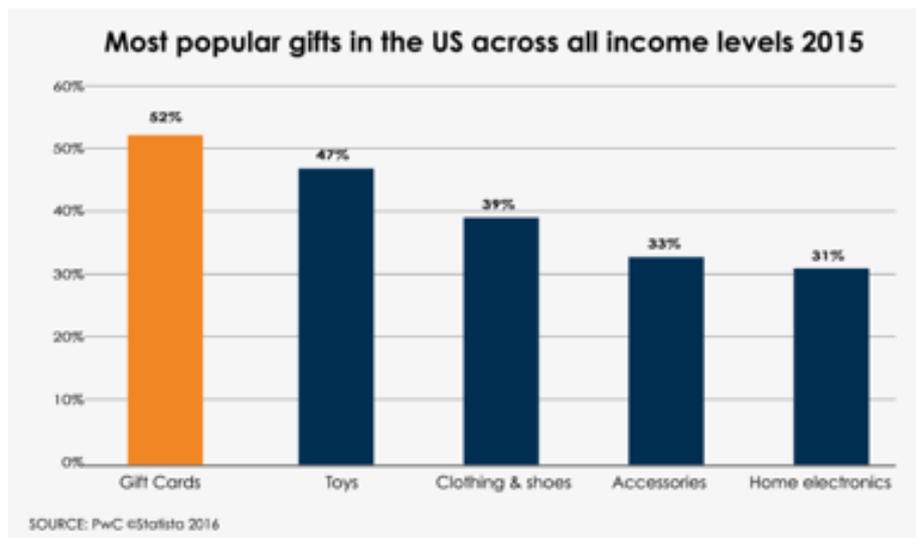
**\$130 billion** RECORD U.S. SALES IN 2015

biggest single objection to a gift card "it's too impersonal"

**VIDEECARDS MAKES IT personal...**

**6%** increase!

= instant gratification for millennials... 



August 2016

## Executive Summary

Mobile presents unique communication opportunities as it transforms why, when, where and how consumers can engage with brands and retailers. Mobile devices are more than just another channel; they are a highly valued, “always on” mainstay in the lives of many Americans, particularly millennials.

As a result of mobile’s ubiquity and its ease of use, online content is increasingly dominated by user-generated content and it has emerged as the new ‘must have’ marketing strategy. According to a recent Cisco whitepaper, mobile video will increase 11-fold between 2015 and 2020, accounting for 75% of total mobile traffic by the end of 2020<sup>1</sup>. In her 2015 internet trends report, Mary Meeker states that user-generated content (UGC) is exploding across all media platforms. Facebook users watch more than four billion videos a day, up 33% from last year. However, in 2015, people spent an average of 1hr 55m consuming digital video each day, and only 1hr 44m on social networks<sup>2</sup>. User-generated content is a powerful tool for consumer personalization, but also for fostering brand trust and encouraging brand engagement.

## Key Findings

- VideeCards is a new, unique technology that links existing imagery to user-generated video/photo/audio content through a mobile device, all from inside a brand/retailer’s app.
- User-generated content is exploding in the marketplace, particularly amongst millennials.
- Insight suggests that many consumers feel a gift card can be a last minute gift of ‘convenience’ and therefore lacks personalization and warmth. **65% of millennials gave a personalised gift because it felt “thoughtful”<sup>11</sup>.**
- Consumers who are between the ages of 25 and 54 are the biggest content drivers, contributing 70% of all UGC<sup>3</sup>.

## Recommendations

- Engage millennials on their smart phones and take gift card giving to a new level of emotional connection
- Capture personal data of the gift card sender and receiver using the VideeCards system. Your gift card consumers no longer need to remain anonymous to your brand.

## Introduction

Gifts, and the act of gifting, are a long standing tradition and a significant part of cultures around the globe. They are the center of many holiday celebrations, they can define and strengthen relationships, and they allow the expression of feelings and emotions toward friends and family.

In an article in Psychology Today, Brad Waters, MSW, LCSW, wrote, “The essence of gifting is about the offering of a gesture that recognizes the recipient. The act of the gifting has a “selfish” component and a “selfless” component, in that we feel something when giving and they feel something when receiving<sup>4</sup>.” The meaning and message behind the gift is arguably as important, if not more important, than the gift itself, or its monetary value.

Gift cards, the top requested holiday gift since 2007<sup>5</sup>, can fall short in sentiment and emotional appeal because, apart from the merchant and monetary value, they lack personalization, which is what creates the connection and meaning behind giving a gift. A New York based author and relationship advice columnist said, **“The problem with gift cards is that when you give them to someone you know well, it feels like you didn’t put much thought into the gift – which you probably didn’t<sup>6</sup>.”**

According to a 2015 SmartGift study, 82.6% of gift givers think that gift cards are **impersonal or thoughtless<sup>7</sup>**. Yet, the flexibility they provide the recipient is a significant advantage. CardCash’s consumer survey found that 77% of Americans have given a gift card in the last year, and more than two thirds of survey respondents plan to give a gift card in the next quarter of a year<sup>8</sup>.

*The market for gift cards isn’t going anywhere, but there is a solution for eliminating the gap in personalization, connection, and thoughtfulness.*

## What Gift Card Consumers Care About



**Millennials** (18-34 year olds) are the most sentimental group at big dates



almost 50%  
buy personalised items  
for Mother's Day



42%  
for  
Valentine's Day



40%  
for  
Father's Day

An extract from the YouGov/PhotoBox research, August 2016

### #1: Convenience & Flexibility

About two billion cards were sold in the US last year<sup>9</sup>, and this is due in large part to their accessibility for the purchaser and the freedom of choice for the receiver.

The Problem: While the convenience and flexibility benefits help reduce a lot of anxiety surrounding gift giving and receiving, these same features create the disadvantage of meaningful, personalized gifting.

### #2: Personalization & Connection

Gifts are given to connect people to people. It's a way to show emotion, share messages, and deepen relationships. Consumers do this today in a variety of ways.

The first is user-generated content in the form of video, audio, photo and text (most commonly used socially today, on channels such as Facebook, Twitter, and Snapchat). The second way consumers create connection and meaning with gift cards is by buying a greeting card and writing a supplementary personal note. More often than not, these are an added expense ranging anywhere from \$.50 to \$10+.<sup>10</sup>

The Problem: Currently, gift cards cannot address the personalization and emotional connections that consumers prefer (except by adding photos onto the plastic card itself). Today, buying a greeting card in which to house gift cards appears to be the accepted price for adding an element of personalization.

Tying these capabilities to gift cards will create the necessary new opportunities for personalization and the emotional connections that consumers crave, whilst eradicating the need for the additional greeting cards.

### #3: Digital Integration



We're living in the digital world. US Adults are expected to spend 5 hours and 45 minutes per day on digital devices – with just over 3 hours of that on mobile (not including time spent talking on the phone)<sup>11</sup>. And of that time spent on mobile devices, the large majority is spent within apps (versus website browsers).

The Problem: Gift cards are still analog-only and do not integrate into today's digital society. Capitalizing on these daily digital behaviors offers significant advantages to gift card success. Adding the ability to digitize and personalize any gift card will open a world of possibilities for your consumers.

**The solution:** There is a very simple solution that addresses these aforementioned problems; it is VideeCards.

## VideeCards: an interactive GIFT Card

Our mobile solution is a unique system that personalizes physical gift cards (as well as photo merchandise, print materials and packaging) by linking to digital content from inside a brand or retailer's app. Using the API, your brand can create a peer-to-peer (P2P) platform enabling consumers to create and share personal video, audio and social content via your gift cards. Each brand's interactive images are protected by an API Key so that only the relevant app can discover the content behind the gift card – there is no cross-brand contamination. This, coupled with linking UGC into the gift cards, makes VideeCards a unique proposition in the marketplace. Furthermore, it has US Patent protection:

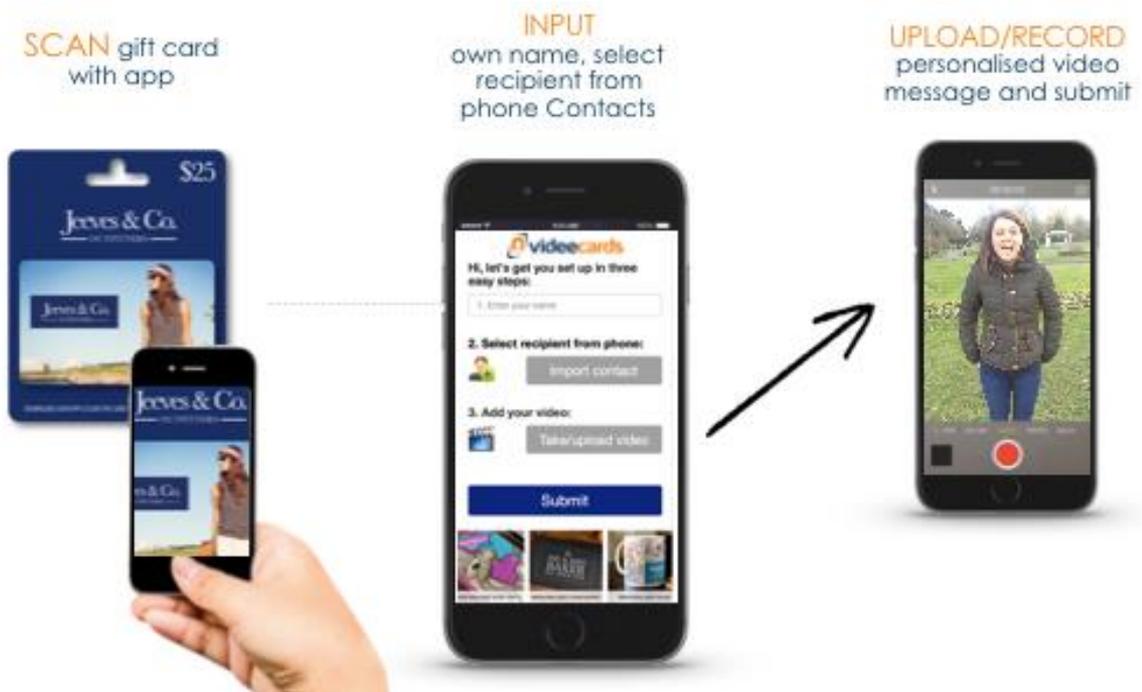
*The granting of the US Patent in October 2014 covers the system and method of embedding and linking user-generated content into printed media via phones, tablets and wearable devices.*



### How Does it Work?

This technology integrates directly with your brand's app, allowing the creating, sharing and interacting of user-generated content to happen on your platform – on both the giving and receiving end.

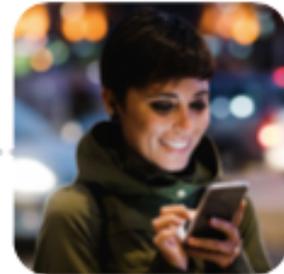
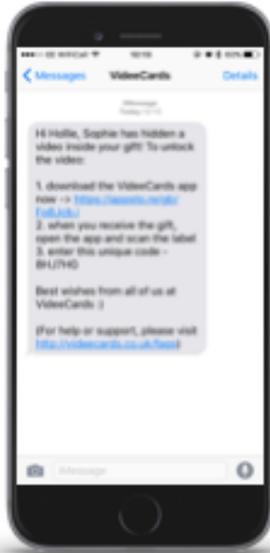
### USER JOURNEY: Giver/Sender of Gift Card



**MEANWHILE...THE RECEIVER GETS A NOTIFICATION AND INSTRUCTIONS**

**SYSTEM-GENERATED SMS**  
contains a link to the App Store listing, an instruction set and a unique code

**RECIPIENT READY**  
app downloaded, eagerly awaiting gift...



**USER JOURNEY: Recipient of Gift Card**

**SCAN** gift card with app

**WATCH** personalised video message



**RESPOND**  
send thanks by video or words!

**UPSELL / X-SELL**  
in-app ads

**REGISTER**  
loyalty scheme/  
personalised rewards

This system could be applied to any and every gift card in your repertoire. **Two billion gift cards were sold in 2015** with a value of **\$130 billion** in the US alone, each one with the potential to capture and deliver digital, personal sentiments.



## Features and Benefits

### **Brand**

#### **Easy to Deploy**

No 3<sup>rd</sup> party app needed - our technology sits within your brand's app, bringing you direct 1:1 brand/consumer contact

#### **Drive Consumer Engagement and builds a database**

Encourages new app downloads/use and p2p messaging within the app. Through the VideeCards system, personal data of BOTH users can be captured and stored within the app

#### **Secure Sharing & Brand Protected**

An API key in the app protects the brand's interactive images. A secondary authentication protocol adds an additional security layer

#### **Data Insights**

The dashboard delivers rich granular metrics for each campaign, so brands get quantifiable response tracking, in real time

#### **Appeal to Millennial Purchasing Preferences**

Increase revenue within this target demographic through premium pricing

#### **Advertising Opportunities**

Partner brands could bid for ad space on the consumer's landing page within your app, for an added revenue stream.

### **Consumer**

#### **Easy to Use**

Millennials can use their inherent behavior to capture and share their emotions in a new application: gift card giving.

#### **Truly Personalized Giving**

Allows sender to add an emotional layer to what is normally static, convenient or thoughtless, gift.

#### **Saves a Few Dollars**

Replaces the need for an accompanying greeting card to express thanks, congrats, best wishes, season's greetings or other emotions.

## Conclusion

Gift cards are a tremendous source of revenue for brands of all sizes. They have always provided the convenience and flexibility gifters need – and now they can fill the personalization and emotional gap that gifters want.

VideeCards will enhance the gift giving AND receiving experience of gift cards by putting the power of personalization into the hands of your consumers. Through this system, your brand provides consumers the opportunity to share unique messages of their own creation, connect or reconnect with friends and loved ones, and strengthen relationships of all kinds.

Because givers and receivers feel satisfaction through gifting, this digital, brand-based interaction has the power to touch the hearts of many. As Steve Jobs said as he released the iPod, “when you can touch someone’s heart, that’s limitless.”

### Sources:

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<sup>2</sup>Mary Meeker - Kleiner Perkins Caufield Byers, 2014. <http://www.kpcb.com/internet-trends>

<sup>3</sup>Sparkreel LLC. <http://www.sparkreel.com/>

<sup>4</sup>Psychology Today, 2012. <https://www.psychologytoday.com/blog/design-your-path/201212/holiday-gift-cards-americas-30-billion-problem>

<sup>5</sup>Gift Card Granny. <https://www.giftcardgranny.com/statistics/>

<sup>6</sup>The Street, 2015. <http://www.thestreet.com/story/13405814/1/stop-and-read-this-before-you-put-that-gift-card-in-the-stocking.html>

<sup>7</sup>Let's Talk Payments, 2015. <https://letstalkpayments.com/gift-cards-are-impersonal-according-to-82-6-of-gift-givers-survey-on-consumer-habits-in-gifting/>

<sup>8</sup> CardCash, 2016. <https://www.cardcash.com/gift-card-statistics/>

<sup>9</sup>CNN, 2015. <http://money.cnn.com/2015/08/10/investing/gift-cards-soar-in-popularity/>

<sup>10</sup>Greeting Card Association, 2016. <http://www.greetingcard.org/abouttheindustry/tabid/58/default.aspx>

<sup>11</sup>YouGov and PhotoBox, 2016 <http://group.photobox.com/research-shows-that-personalisation-fires-up-our-creativity/>