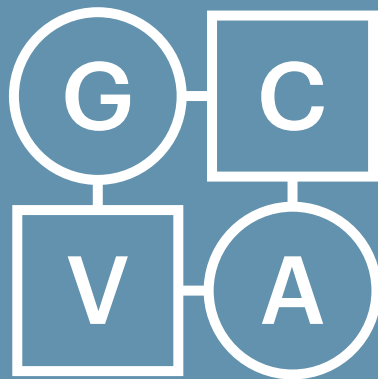


GCVA Conference 20

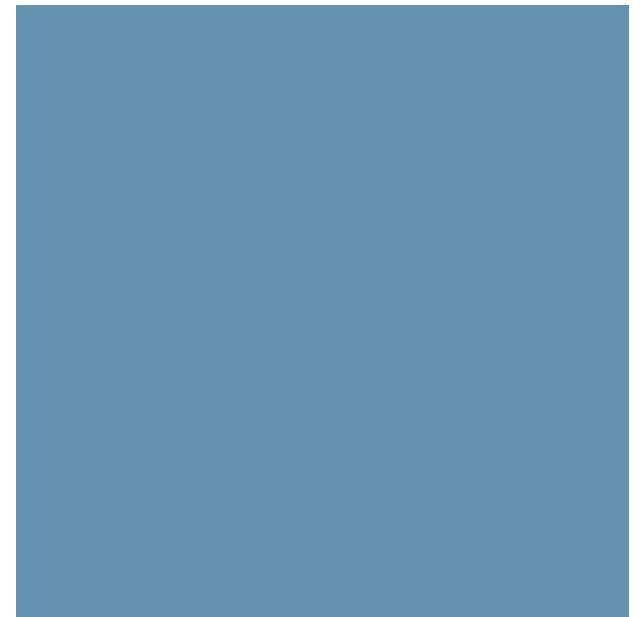
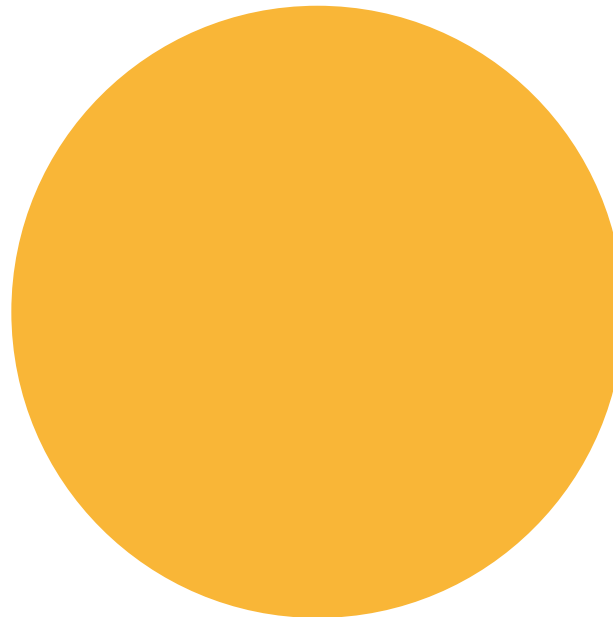


Lead sponsor

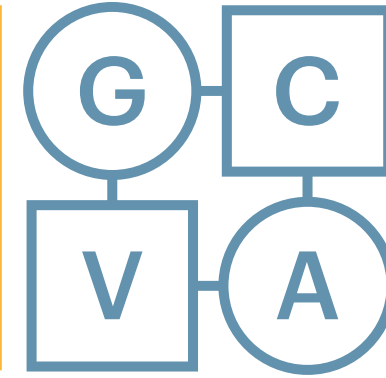


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PROFITABILITY



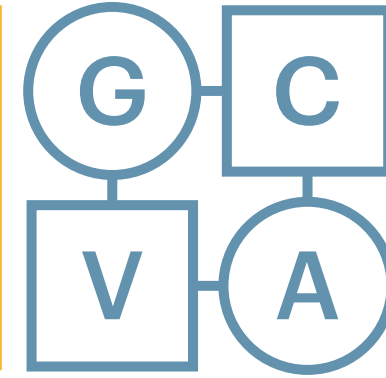
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UNCOVERING YOUR GIFT CARD PROGRAMMES PROFITABILITY

GIFT CARD KPIs

Measuring Success



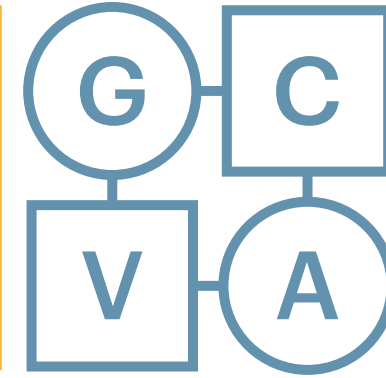
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- ✓ Total Sales
- ✓ Margins – by channel/ product (ie Amazon do a good job of data analysis)
- ✓ Incremental vs cannibalisation argument
- ✓ Uplift % ('attach')
- ✓ Breakage (dirty word...?)
- ✓ Card Design Optimisation
- ✓ Formats – physical/ digital
- ✓ Demographics – consumers

GOALS

Measuring Success



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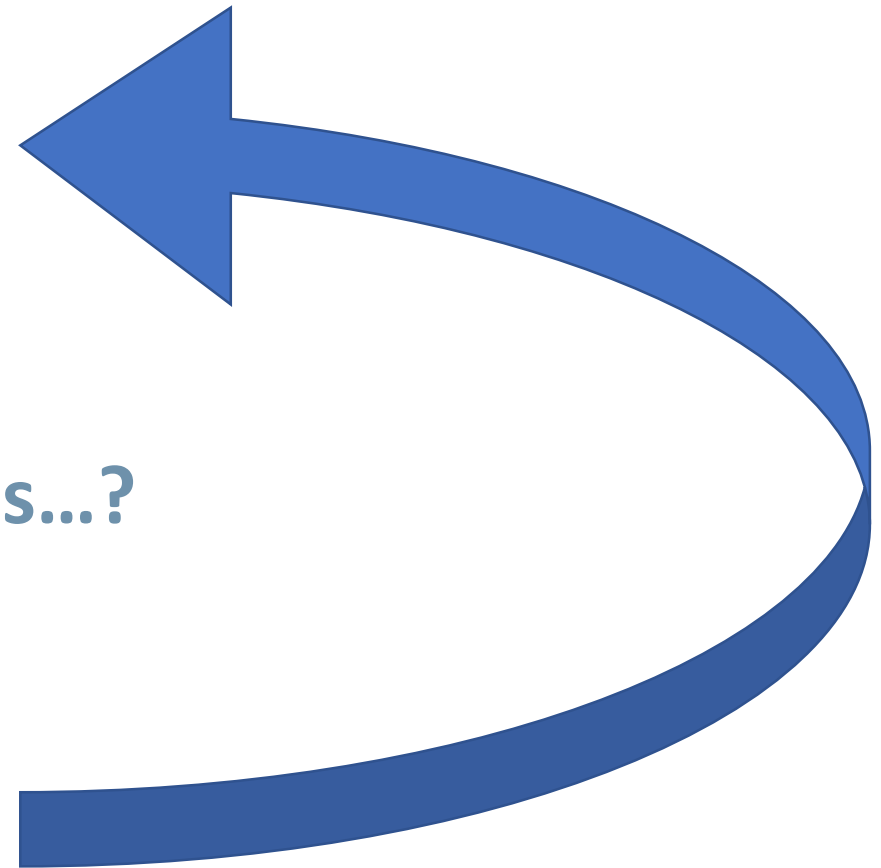
- ✓ **DRIVE** [profitable] Sales
- ✓ **INCREASE** Frequency/ Load



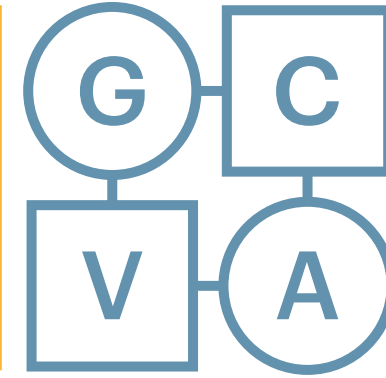
Can you sell too many Gift Cards...?



Reporting



ROI Formula...?



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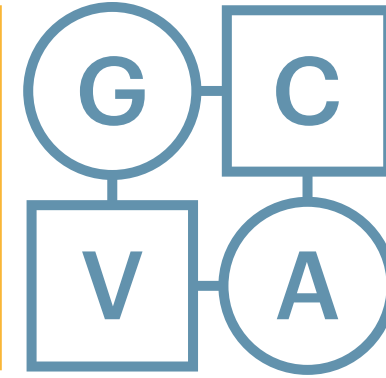
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(TOTAL REVENUE (LOAD) + LIFT - TOTAL COSTS)

TOTAL COSTS

X 100%

Contribution Margin

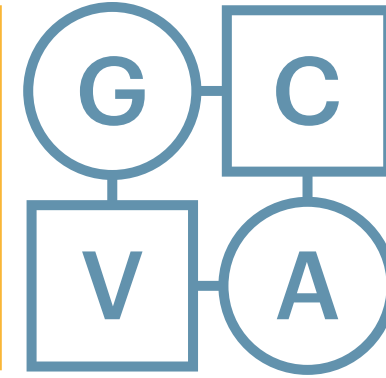


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(TOTAL REVENUE + LIFT) - VARIABLE COSTS

Payback Period (years)



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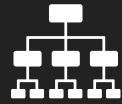
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TOTAL FIXED COSTS

CONTRIBUTION MARGIN

Typical profit margins per type of merchant

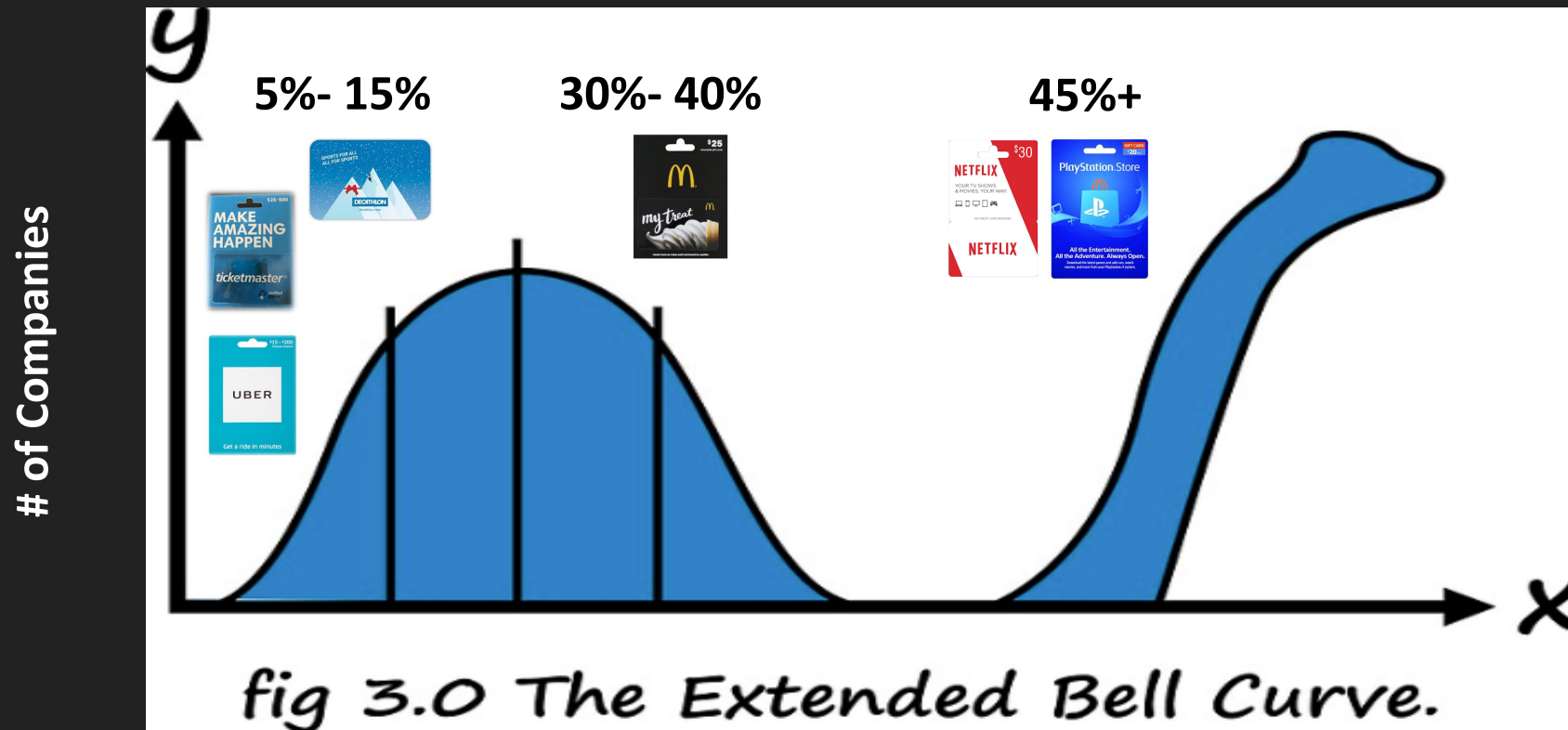
Aggregators



OmniChannel

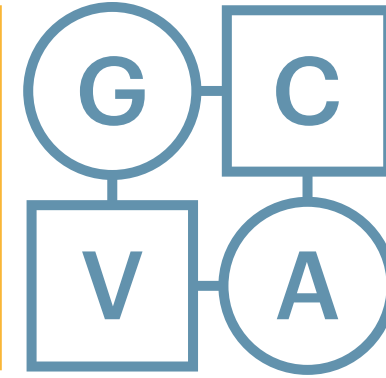


Subscription



Typical Profit Margin %

PROFITABILITY

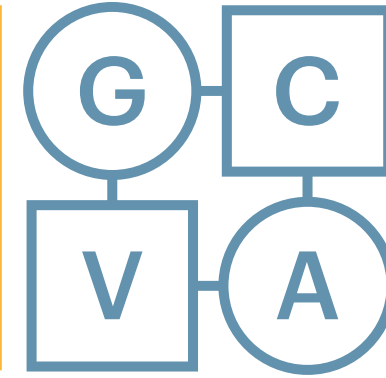


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GO TO
SLIDO QUESTIONS

1. How do you analyse Gift Card sales across your business....?

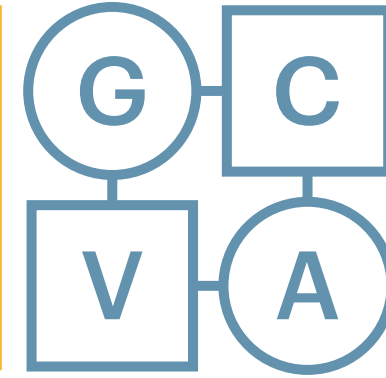


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1. By channel ie B2C, B2B, 3P
2. As a total – regardless of channel

2. What do you think your approx overall “Blended” ROI is for the entire gift card business (inclusive of all Channels, Denoms, Form Factors & Product Types (Gift Cards, Vouchers, Promo Codes) ?

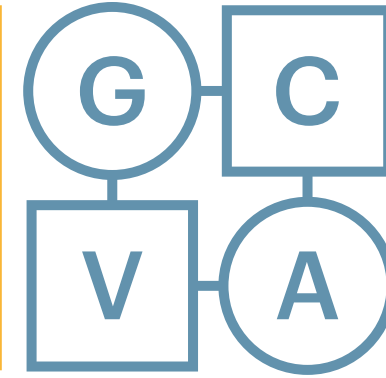


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1. <25%
2. 25% to 100%
3. 100% to 200%
4. 200%+

3. What are the biggest obstacles when entering new sales channels?

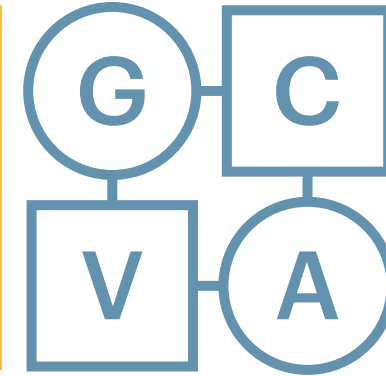


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1. IT barriers (integration, resource availability, costs, etc)
2. Discount levels
3. Security issues
4. Internal operational & communication challenges
5. Cannibalisation concerns
6. Financial risk (e.g. credit terms)
7. Other

4. How do you assess the B2B channel contribution...? (in % terms)

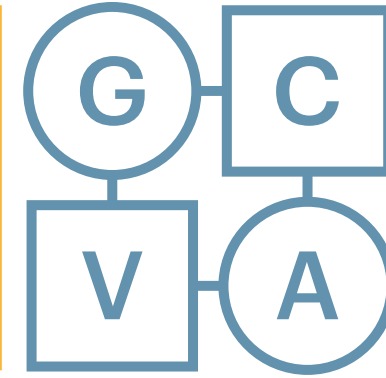


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1. New customer visit you were not going to get otherwise (incremental)
2. A customer visit you were going to get anyway but they spent more than they would normally have spent (uplift incremental)
3. A customer visit you were going to get anyway – no additional value (cannibalisation)

5. What would you estimate the minimum expected payback period is for a new gift card initiative to be approved by one's CFO, etc?

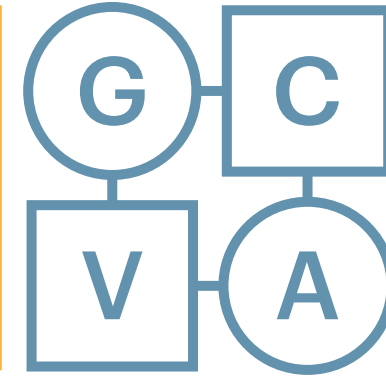


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1. 6 months
2. 12 months
3. 24 months
4. 36 months +

Open Questions from the audience....

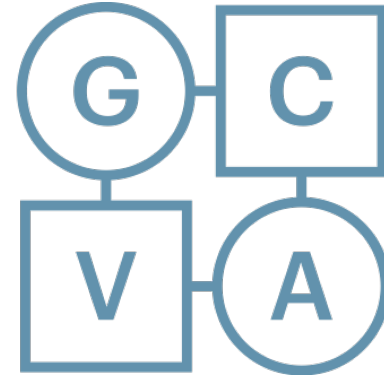


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ANY QUESTIONS PLEASE RAISE YOUR HAND

Proposed Slido Question: #6



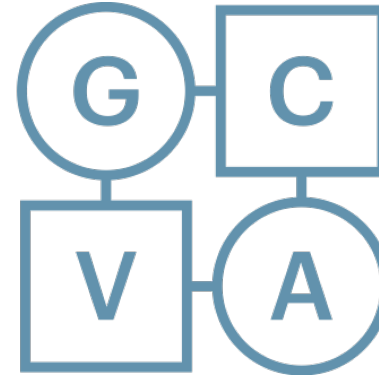
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What would you estimate the minimum required ROI is for a new gift card initiative to be approved by one's CFO, etc?

1. 25%
2. 50%
3. 100%
4. 200%

Proposed Slido Question: #7



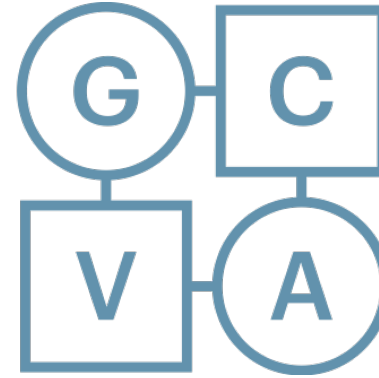
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What do you Estimate is the Average “Breakage” % across all Sales Channels?

- A. Less than 5%
- B. 5% - 10%
- C. 10% - 15%
- D. 15%+

Proposed Slido Question: #8



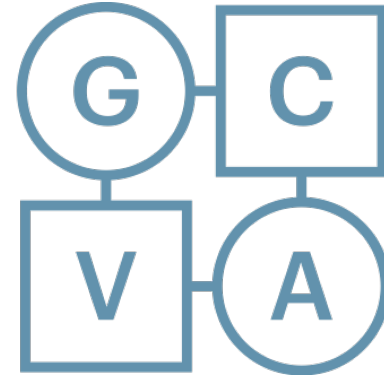
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What do you estimate is the Avg **SG&A/Overhead** (Salaries, Admin, etc.) as a % of Total Load Value for the Average Overall Gift Card Program

1. 10% or less
2. 10% - 20%
3. 20% - 30%
4. 30+

Proposed Slido Question: #9



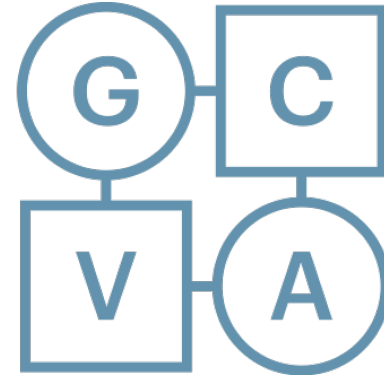
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What do you estimate is the Avg **Variable** Costs (Royalty, Plastics, Processing, etc) as a % of Total Load Value for the Average Overall Gift Card Program (all channels)

1. 5% or less
2. 5% - 10%
3. 10% - 15%
4. 15% - 20%
5. 20% +

Proposed Slido Question: #10



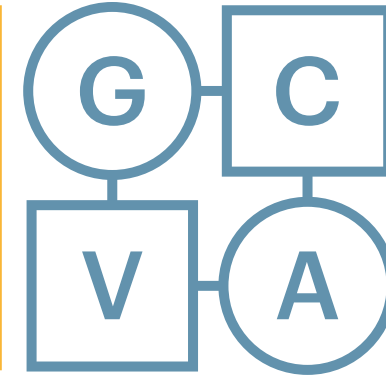
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What do you estimate is the Avg **Fixed** Costs (Set Up, Integration, Hosting, etc.) as a % of Total Load Value for the Average Overall Gift Card Program (all channels)

1. 5% or less
2. 5% - 10%
3. 10% - 15%
4. 15% - 20%
5. 20% +

APPENDIX

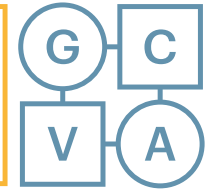


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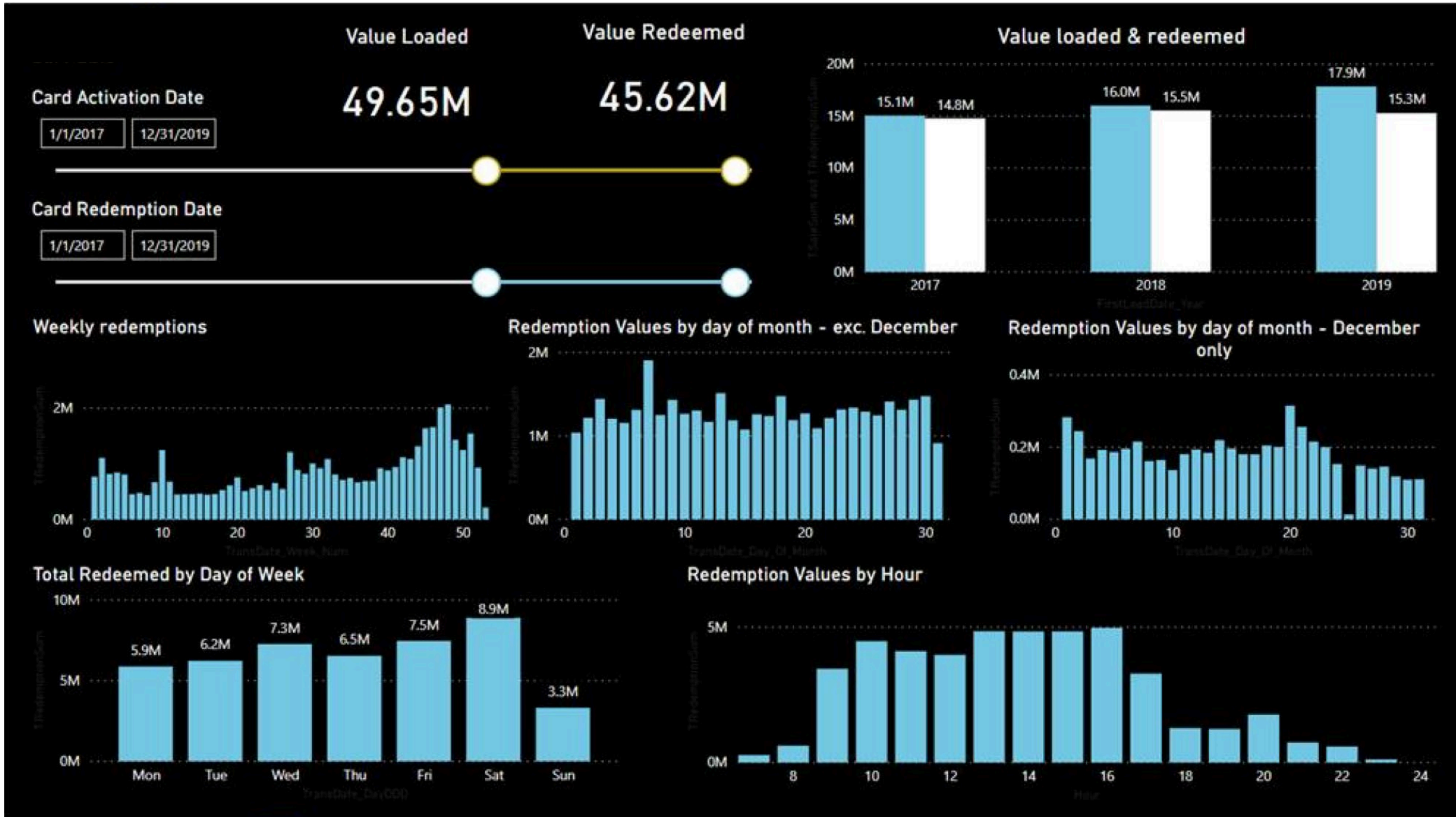
UNCOVERING YOUR GIFT CARD PROGRAMMES PROFITABILITY

Dashboard 1

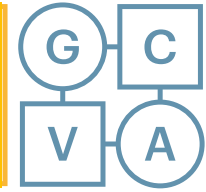


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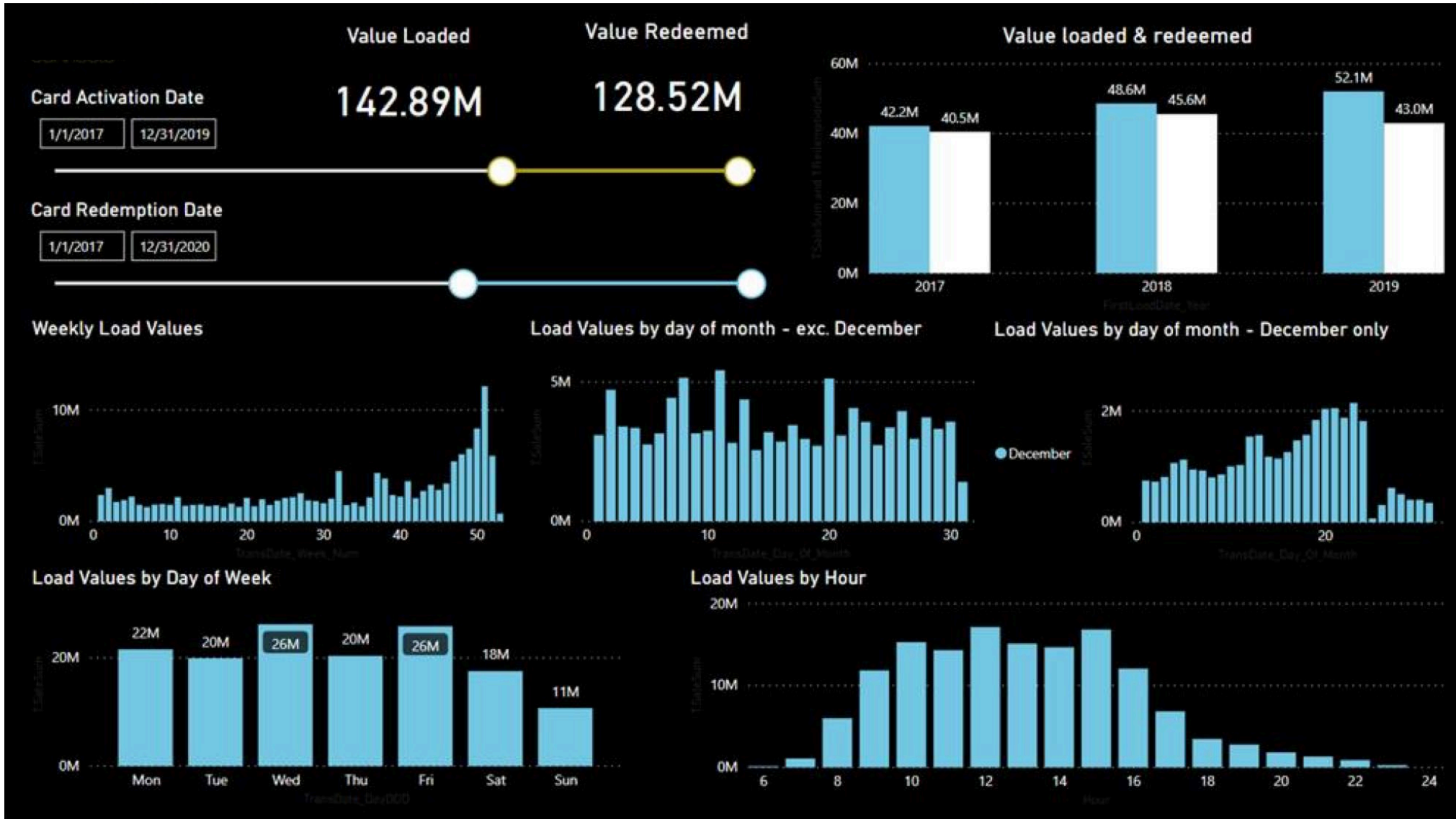


Dashboard 2

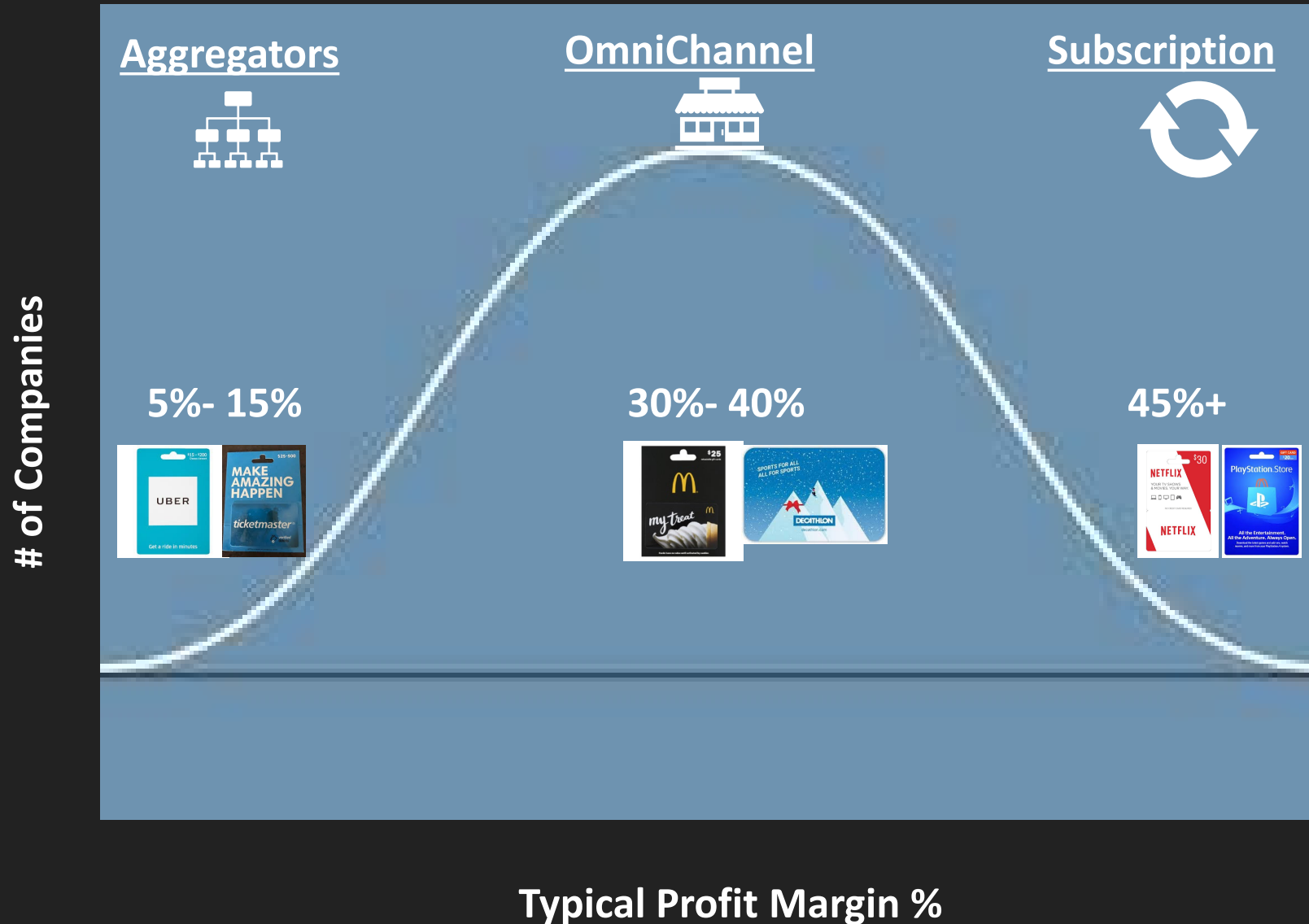


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Typical profit margins per type of merchant



PROFITABILITY PER CHANNEL - considerations & unique costs

Channel	In-Store	D2C	B2B	3P
Considerations	N/A if e-Com Pure Play	<ul style="list-style-type: none"> In-House or Outsourced? Promotional Discounts? 	<ul style="list-style-type: none"> Channel Discount In-House or Outsourced to a B2B Agency? 	<ul style="list-style-type: none"> 3P Royalty Rate Plastics Outlay
Unique Channel Costs	Practically noting except Physical Store Fixtures if they need to be Retrofit for Gift Cards?	<ul style="list-style-type: none"> Internal Web Services Fees D2C Royalty Rate (4% to 10% Commission if Outsourced to a D2C Platform) 	<ul style="list-style-type: none"> Channel Discount (5% to 15%) B2B Sales Commission (2.5% to 5% if Outsourced) 	<ul style="list-style-type: none"> 3P Royalty Rate (6% to 20%) Largest Plastics of all channels (but maybe not in the UK?)

Total Costs Broken Down

FIXED COSTS

- ▶ Set Up Fees (BIN's, etc.)
- ▶ One Time Conversion Costs (from legacy program to new program)
- ▶ One Time Implementation Fees
- ▶ Monthly or Yearly Hosting Fees
- ▶ Other SAAS / Fees
- ▶ Other Fixed Costs

SG&A

- ▶ Compliance Costs
- ▶ Selling and Marketing Salaries
- ▶ Accounting and IT Salaries
- ▶ Overhead Charges
 - ▶ Office Rent
 - ▶ Office Supplies
 - ▶ T&E
 - ▶ Health Insurance
 - ▶ Other

VARIABLE COSTS

- ▶ Card / Carrier Plastics / Paper Production Costs (\$/card) for Cards Sold and Unsold
- ▶ Code Issuance Fees (for Cards Sold and Unsold)
- ▶ 3rd Party Royalty Rates
- ▶ D2C Royalty Rate (if applicable)
- ▶ B2B Agency Fees (if applicable)
- ▶ Fulfillment Costs
- ▶ Customer Service / Customer Appeasement Costs
- ▶ Dormancy Costs (if applicable)
- ▶ Promotional Discounts (passed onto Consumer for D2C)
- ▶ Channel Discounts (B2B)
- ▶ Credit Card Processing Costs (D2C / In-Store)
- ▶ Franchisee Reimbursement Fees upon Redemption
- ▶ Fraud / Loss Prevention (LP) Costs
- ▶ Redemption Costs