



GIFT CARDS

WILL NEVER GO OUT OF FASHION. IT'S OUR CULTURE!

The gifting market in India is estimated to touch USD 84 billion by 2024. As gifting options have evolved, so have the forms of gifts. From vouchers to gift cards, the growth has been huge and gift cards continue to thrive. While gift cards were mostly restricted to corporate firms and MNCs in the B2B segment, an increasing number of consumers are buying for gifting purposes and buying gift cards for self-consumption is a new trend

SHWETHA SATYANARAYAN

You don't have to teach Indians to gift; we are inclined to gift culturally," says Lifestyle CMO Srinivasa Rao. And isn't that absolutely true! For a country like India, spending on gifts must be in the blood. From the days of gifting sweet boxes during occasions like Diwali and Christmas

to now sending e-cash on mobile wallets, gifting in India has come a long way. And so has the journey of gift cards. Just a decade ago, when one did not know what gift to buy for a friend, paper vouchers from different brands came handy. As technology took over, vouchers made way for gift cards, and now even e-gift cards.

Growing at lightning speed of 300% annually in the last three years, how are these gift cards ruling the market?

THE GROWTH CURVE

"Our journey with giving out gift cards was an occasion-based trial and we started with Mother's Day gift cards. The

result was overwhelming and we saw that gift cards were a major hit. From there on, we started issuing gift cards for occasions like Diwali, Valentine's Day and so on. The opportunities in India are diverse and our culture encourages gifting – whether in the form of cash or a gift. However, though the gifting market is huge, gift cards are still a small portion of it," says SPAR's Managing Director and CEO Rajeev Krishnan. While Rao agrees that Indians are inclined to gift culturally, he also adds that the convenience of gift cards has led to the growth of this segment. "Gift cards are easy to procure, easy to gift and save time substantially for both – those who are buying and those who are gifting. With many brands now introducing gift cards that can be used in omni-channel platforms, the popularity of gift cards will continue to grow," he says.

GROWTH DRIVERS

Although the Indian gift card market is smaller compared to the US' and Australian markets, there is a new wave of growth happening in India, says Flipkart Business Lead Aditya Soni. "Earlier, gift cards were predominantly used by corporate firms and most of the transactions happened in the B2B segment. However, gift cards are moving towards the B2C segment and will soon find massive users. Although the gift card segment is in a nascent stage in India, it will grow exponentially," he predicts.

Echoing similar views, Arvind Brands' CIO Piyush Chowhan says the B2C segment in gift cards will be the next big shift. "Most brands are focusing on building a relationship with

GIFT CARDS ARE MOVING TOWARDS THE B2C SEGMENT AND WILL SOON FIND MASSIVE USERS

their customers and it does not end with the transactions. As the concept of brand loyalty is changing, more brands are taking a holistic approach to stay connected with their consumers. Hence, gift cards play a key role and brands are taking an extra effort to personalize the gift cards and customize them as per the needs of a consumer. Customer engagement is noticeably high with gift cards," he notes.

HONEY, IT'S MONEY ALL THE WAY!

As gift cards grow, will they overpower cash in India? "No way," chorus all the industry experts who believe that cash runs the country and it's a far-fetched idea to think cash will have a competitor anytime soon. "There is a lot of value attached to cards but it doesn't deliver emotions and when a consumer buys or gifts a card, they are trying build a relationship. We have to look beyond plastic money to understand the intent of it. However, gift cards can never be compared to cash in India," says

Chowhan. Rao agrees that as gift cards gain popularity among millennials, cash and gift cards will continue to co-exist and cash will never go out of fashion in India.

TRENDS IN THE PIPELINE

The power of the product is huge and as the consumer segment continues to dominate, there could be a lot of manifestations, says Soni. "Gift cards can be a game-changer for a brand and with many millennials buying gift cards for self-consumption, there is a huge opportunity for its growth. Moving on from just gifting purposes, gift cards could soon be used for other purposes and maybe even COD on gift cards could become an option in the future. Hence, the power of a gift card is massive," he says. While Krishnan agrees that the opportunities for the growth of gift cards are diverse, he predicts that the use of gift cards in omnichannel ways will be the way forward. ©



300%

GIFT CARDS MARKET IS GROWING AT 300% ANNUALLY