

Jump-Start Sales with Electronic Gift Cards

EVERYWHERE YOU TURN YOU SEE GIFT CARDS. MAJOR RETAILERS.... RESTAURANTS... GROCERY STORES AND PHARMACIES.... SPECIALTY SHOPS.

Recent studies report that consumers spent \$35 billion in 2007 on gift cards – up 25 percent over the previous year – with the growth trend in sales projected to continue (although slowed a bit by the current recession). Time-strapped gift givers love the cards because they eliminate the stress of shopping for the perfect gift, along with the risk that it will be returned.



Gift receivers also love the cards because they gain a measure of freedom to purchase from a wide variety of alternatives. Over time, gift cards have become well accepted, and are seen by most consumers as more personal than gifts of cash.

Although gift cards have become a significant revenue source in the public business arena, private clubs lag far behind this trend. Most clubs still utilize antiquated paper gift certificates, which are difficult to manage and offer little “sex appeal” at the sales counter. The good news is that clubs have a variety of sources to draw upon to add professional gift cards to their retail offering to members and guests.

Are gift cards worth the trouble?

In a word – *yes!* When members are shopping for holiday and birthday gifts, why not provide an attractive incentive for them to spend at the club, instead of at a local retailer or restaurant. Keep in mind that the camaraderie and friendships between your members are a source of significant gift giving. Providing attractive holiday and birthday gift cards offers your members a convenient way to fulfill their gift-giving needs, while supporting their club’s operations.

You might ask “What’s the advantage of plastic gift cards over paper gift certificates?” Here are some items to consider.

- *Paper gift certificates are invisible* – They are kept in a drawer and have no marketing visibility or sales appeal to the members. Out of sight – out of mind.



BILL BOOTHE
CLUB/RESORT TECHNOLOGY
RSM MCGGLADREY, INC.

- *Paper gift certificates are cumbersome* – Even if they are computer-generated, they are a pain for the members to keep track of. Paper is out – plastic is in.

- *Paper gift certificates are old-fashioned* – No matter what you do with a paper certificate, it’s old school. Get with the times using attractive gift cards that invite members to spend at the club.

What about gift card packaging? There is a lot of research that supports the importance of attractive packaging for gift cards. A recent consumer survey by The Marketing Workshop indicates that consumer awareness of special packaging is very high – 88 percent – and that consumers care enough about packaging that they’re willing to pay for it! In fact, 55 percent of consumers recently surveyed said they were more likely to purchase gift cards if special packaging was available, and 62 percent said they preferred having multiple packaging options available.

The most popular packaging format is a tin box, followed by paper pouches and greeting cards. Consumers expect to pay between \$1.50 for a paper carrier and \$2.50 for a tin box. So make sure attractive packaging options are part of your club’s gift card program.

What are my computer options? Most of today's club management software offers a gift card module integrated with the POS and member billing modules. Members can purchase a gift card and charge the purchase amount to their member account (or credit card if the club allows). The system tracks who made the purchase, the amount of the purchase, and optionally, the name of the intended recipient. Redemption history is tracked, so if a card is misplaced or lost, a replacement card can be issued.

The plastic cards can be printed with custom graphics and purchased for about a dollar each. The club purchases the cards from a company that specializes in magnetic card printing (there are many who do the whole transaction over the Internet), and the cards are encoded with the member account information at the club's POS stations.

An inexpensive (\$50-100) magnetic card swipe unit attached to the POS PC is used. If your club accepts credit cards at POS, the same credit card swipe device is used for gift cards.

Alternatively, most credit card providers also offer gift card programs. The cards are produced in the same fashion described above. The difference is that the member, recipient and redemption information is tracked by the credit card company, and is available to you online. In most cases, the gift card service is free of charge, or involves a small fee. Of course, this alternative only makes sense if your club accepts credit cards at all POS stations.

How do I properly allocate revenue? Most gift card solutions allow you to control where certain card balances can be redeemed. For instance, if your club restricts golf shop gift card balances to be spent only in the golf shop, most gift card solutions will accommodate that restriction at POS.

If however, your club embraces a "universal gift card" approach, which allows cards to be purchased and redeemed anywhere in the club, most

solutions will still track where each gift card was purchased, and where it was redeemed. That allows you to allocate sales as needed to the various departments. *Be careful in evaluating gift card solutions to make sure you clearly understand the tracking and redemption-control features offered by the providers.*

Getting Started: Talk to your existing club management software provider to determine what they can offer. Visit other clubs using that solution. Check with your credit card processor to see what they can offer, and ask for private club references using their solution. Go see the systems in action at other clubs.

Talk to your department heads about the merits of selling gift cards. With the economy heading into a recession, you'll need every trick in the book to maintain sales volumes. **BR**

Bill Boothe is director of club/resort technology consulting for RSM McGladrey, Inc. the nation's 5th largest accounting, tax and consulting firm. He has assisted more than 325 private clubs and resorts with the planning, evaluation, selection and implementation of computer technology in all facets of their operations. Bill can be reached at bill.boothe@rsmi.com and at (561) 682-1638.

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For more information, contact:
Bill Boothe, Director
Club Consulting Services
561-682-1638 bill.boothe@rsmi.com
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