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WE ASKED OUR FELLOW GIFT CARD NETWORK MEMBERS A FEW QUESTIONS ABOUT VARIOUS CHALLENGES APPAREL COMPANIES FACE WHEN LAUNCHING AND RUNNING A GIFT CARD PROGRAM IN OUR FIRST INSTALLMENT OF "GIFT CARD PERSPECTIVES." THIS IS WHAT OUR MEMBERS HAD TO SAY...



Martha Weaver, Raise

What is an example of a challenge the apparel industry currently faces and how might gift cards solve the problem?

People are shifting the way they buy and spend from bricks & mortar to online and market share is rapidly moving to big box ecommerce - namely Amazon. When consumers start their shopping experience on line they rarely think about specialty apparel companies and instead start with aggregators (ex: google) which may not lead them to apparel stores. Merchants have to insert themselves back into the decision set and a great way to do this is through branded currency. If consumers think about and lock themselves into a merchants currency then that creates guaranteed future purchase and redemption. Instead of thinking about the plethora of stores a consumer can go to for a sweater, when they have a merchants currency they think about what sweater to buy from only that merchant.

What would the benefits be of apparel as tech-wearable gift cards in the future?

Seems like a wearable "Wallet" would make some sense....one that includes gift cards, credit cards and an ID. I'm not sure anyone would find much value in a wearable "gift card" alone.

Trends w/ apparel product-fast fashion vs sustainable materials?

Gift cards can help both types of retailers. What's great about GCs (and raise) platform is the flexibility to deliver different types of value to different merchants.

What programs/promotions have been most effective in apparel?

We've seen tremendous success with partners like Lord & Taylor, Gilt, Reebok, Adidas, Fanatics etc. Whether eCommerce or bricks and mortar branded currency for self use is a tremendous way to acquire and retain high-value customers. Thinking about gift cards not as gifts but as branded currency for self use is really game changing for our industry and the apparel merchants who jump on this are seeing tremendous growth and first mover advantage!

What type of design would you be looking for in an apparel brand card or specific occasion?

Digital or an easy way to turn a physical card into digital. While people still like gifting plastic, consumers are just as happy (if not more so) to consolidate all their plastic into a digital wallet for easy redemption.

How do you see apparel brands capitalizing on location based or beacon based technologies and gift cards?

When consumers have GCs in a mobile wallet, it allows the brand to have a 1:1 relationship and communication with the consumer. Adding location data to this (as we're doing at Raise) will enable us to send push notifications, deals and messages to consumers at the opportune time - be it when they enter a shopping mall, walk by a store, or are browsing in-store.

Companies in the slow fashion industry use sustainable methods to create apparel that last, while practicing ethical and environmentally-friendly methods.



What is an example of a challenge the apparel industry currently faces and how might gift cards solve the problem?

Since the recession a decade ago, consumers have proven that they are more willing to shop at discount apparel and department stores than they were before the 2008 recession. Consumer spending has gradually risen back nearly to that of pre-recession levels, but the willingness for those same consumers to remain loyal customers of discount stores hasn't wavered. Gift, Loyalty and Branded Currency Cards offer a unique opportunity to give the frugal consumer the ability to shop the full-price department store through various discount promotions and repeat customer benefits without compromising that consumer's positive habit of shopping for a better deal.

What would the benefits be of apparel as tech-wearable gift cards in the future?

Integrating loyalty and gift applications with wearable tech seems like a viable option, and a great opportunity to offer unique promotions tailored to the consumer's location – think RFID. While I think a wearable wallet seems like a viable option, because of the ability to include multiple currency types and brands' cards, I think a wearable gift card limited to one store might be asking a bit much of the consumer.



Steven Higdon, GCN

What programs/promotions have been most effective in apparel?

I've seen a few apparel companies offer a gift card redeemable for 5-15% of a total purchase price during the holidays, or moms dads and grads season good for a limited time or for certain products only following the time of original purchase.

Trends w/ apparel product-fast fashion vs sustainable materials?

Often referred to as "Fast fashion vs. slow fashion" has become a hot topic for many consumers. Fast fashion being the process in which companies try to get new fashion trends and products into market as quickly as possible – often times with disregard for production controls put in place to limit waste and environmental impact. Inversely, slow fashion's emphasis lies lastly on profits, as it implores customers to consider the environmental and personal impact of potentially damaging production and delivery methods. The arrival of the internet social justice warrior and consumers' willingness to buy into the subsequently contrived trends means a lot of larger brands need to be conscious of their products' materials – including gift, loyalty and branded currency cards.

What type of design would you be looking for in an apparel brand card or specific occasion?

Whether you choose physical or digital, an on brand card is imperative. On-brand means more than just a logo placed on a company's branded color background. Seasonally relevant cards are great, especially for last minute buyers, but relevant-to-product cards are a great opportunity to drive traffic toward specific promotions or new product lines.

How do you see apparel brands capitalizing on location based or beacon based technologies and gift cards?

Location based and beacon based technology allows the apparel brand to tailor selections, deals and promotions more effectively for their consumer. It also allows brands to drive traffic toward specific cards – whether they be digital or physical – depending on the company's card program objectives.



Matt Davies, Powerhouse Brands Consulting

What is an example of a challenge the apparel industry currently faces and how might gift cards solve the problem?

Frankly, many apparel retail brands that are not wholesaling or expanding their revenue streams in other ways seem to be facing a number of challenges, including declining traffic to online sales, leading to closing stores or in some cases, bankruptcy.

What would the benefits be of apparel as tech-wearable gift cards in the future?

Tech wearable gift cards through RFID technology could be integrated into sleeves or sewn into other parts of the apparel. By linked prepaid cards to apparel, loyalty programs, auto-load, and other functions could be easily accessible, leading to a wallet-less environment. Adding personal pins or fingerprint requirements to the setup would allow for levels of additional security. This could also be linked to electronic doors, cars, etc. Think about putting on a shirt and suddenly it knows who you are through bio-metrics and lets you access payment and other permission-based life experiences so you can just walk out the door.

Trends w/ apparel product-fast fashion vs sustainable materials?

The information we're getting from apparel companies is that there is a place for both and the individual's economic position tends to dictate their purchasing habits. Fast fashion was on a big growth spurt but quality clothing is definitely still a major focus for high end wholesalers. We don't see a lot of high end brands chasing cost today, especially since the US economy has started ramping up again.

What programs/promotions have been most effective in apparel?

Lots of brands have luck with the tiered promo card with purchase of X or more. This promo is basically a BOGO where the brand can sell higher levels of product while driving the customer back into the store later. There is product lift in the 'earn' process and traffic driven and lift during the 'burn' time period, which can be variable. Using gift cards for this type of promo reduces the stigma of using coupons

and makes the promo attractive to a wider range of consumers, increasing traffic and usage. Using promo cards allows an expiration date and can also allow limitations, such as minimum purchases.

What type of design would you be looking for in an apparel brand card - or specific occasion?

Occasion cards are great- we've also seen a ton of positive sales around 'expression' cards that emphasize a feeling between the purchaser and recipient, such as Victoria Secret's 'I Love You' card.

How do you see apparel brands capitalizing on location based or beacon based technologies and gift cards?

I think integrating gift cards can be a valuable tool in integrating into a beacon or location strategy where individual consumer data tracking is important. The technical functionality of integrating RFID chips into gift cards is definitely possible, and can even be embedded into paper based cards. The trick here is that there must be a larger acknowledgement and program that embraces the consumer individual data and has a need to link individual consumers to some sort of personal data. The technology is there to execute through the prepaid card, and would add payment functions to the program easily, but needs a program to support. Examples of this sort of program would be incorporating sizing, consumer preferences, past purchases, or recommended products into an automated concierge type shopping experience. There have been concepts like augmented reality dressing rooms that have tried employing these tactics, with few successful attempts so far (at least that have caught on).

Recommendations how apparel brands can incorporate product selection for e-comm & out of stocks?

Simple- use gift cards as another size for product. 'Give this as a gift card' is a no-brainer, and has been employed by a few startups that run wish-lists. The integration into sizing is rare however, due to the challenges on getting the attention and investment for the IT involved in the integration.

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STORES HAVE OFTEN DONE THE SALES WITH SPECIFIED HOURS, AND I THINK A LOGICAL STEP FROM THAT IS USING LOCATION BASED INFORMATION FROM PEOPLE THAT HAVE SIGNED UP FOR NOTIFICATIONS AND GIVING THEM TIME-CONSTRICTED PROMOTIONS.

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Desiree Wiercyski, Powerhouse Brands

What is an example of a challenge the apparel industry currently faces and how might gift cards solve the problem?

The growing consciousness about the reality of level of impact that fast fashion is having on the environment is a challenge the industry will need to address more as time goes on. While, many consumer habits around fast fashion have been solidified, there's new piece of cognitive dissonance consumers have to account for when shopping.

H&M has a great example of how retailers can address this through their recycling program. When a customer brings in unwanted clothes at an in-store dropbox, they get a coupon for 15%. Since gift cards have replaced coupons in so many realms, why not through this type of program as well? Instead of 15%, what about a \$5 gift card?

What would the benefits be of apparel as tech-wearable gift cards in the future?

Anything that reduces friction at the point of sale is great. And location based reminders can be good prompts to draw someone in a store. I'm not sure how gift specifically would benefit with wearables, but they can be a game changer for the loyalty scene.



Trends with apparel product – fast fashion vs sustainable materials?

Some brands have taken note over consumers' requests for sustainable or ethical products at a reasonable price. H&M has a "Conscious Collection", and notes which products are included on the main browsing pages before a consumer clicks for more information. What if stores took an approach to highlight these pieces by having promos along the lines of "Buy 3 sustainable basic t-shirts, get a \$10 gift card". It could even be a completely different card than what is sold, highlighting what the company is doing to be sustainable.

How are apparel industry newcomers (self-buying) different than before?

There are so many ways. We're starting to see the first full horde of digital natives; that means the consumers can be more well-informed about everything-style, price, availability, and nearly anything else you can think of. They are also the first generation that has grown up with the fast-fashion mentality. This means a couple things-trends are fleeting and it's hard for retailers to capture and promote an "it" item in a meaningful manner. The flip-side of this means that now more than ever there are no rules in fashion or apparel. When someone can buy a shirt on sale for \$3, they're free to play and try new things. Unfortunately, this means it's hard for some in the industry to convey the value in a higher price point. The discrepancy between the budget conscious shopper or deal seeker, and the luxury shopper is the largest it's ever been.

What programs/promotions have been most effective in apparel?

I've seen clients do well with various types of spend-and-get promotions. Also, just paying attention to the calendar and developing promotions around prime-times for the brand's target market can be huge. I think nearly every brand has at least one key time beyond the industry staples of Dads & Grads and Holiday.

What type of design would you be looking for in an apparel brand card – or specific occasion?

I think it depends. To me, the texture and feel of a card is important for apparel brands because it's another way to develop the consumer experience and trigger the recipient to think of the store.

How do you see apparel brands capitalizing on location based or beacon based technologies and gift cards?

Stores have often done the sales with specified hours, and I think a logical step from that is using location based information from people that have signed up for notifications and giving them time-constricted promotions. Sometimes it's all about triggering behavior to lead to other behavior, if a consumer wasn't planning on entering the store but does so based off of a promotion, they're primed to make more spontaneous decisions such as spending more than they planned based off the promotion. Also, if a consumer was already planning on being at the store and receives a promotion, chances are, that will make them happy. In turn, that makes them less likely to be critical and more open to increased spending.

Recommendations how apparel brands can incorporate product selection for e-comm & out of stocks?

There are some companies that let people digitally gift product where they can chose to accept the product and select the right size and color, but from what I've seen, if they want something completely different, that process is rather uninspiring. I think that there needs to be a shift from separating gift cards and product, to understanding that gift cards are truly product and can step in and fill the hole when a consumer faces unexpected errors when going to purchase a product. Also, I think if product teams and gift card teams work together to address the idea of digitally gifting product, that weird space when a consumer may simply get a credit can be filled to enhance the experience.