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Gift cards gain in popularity for employee incentive and recognition
*But due diligence needed in purchasing says
Incentive Gift Card Council*

Nov. 18, 2008 - NAPERVILLE, IL – Corporations are expected to purchase a record number of gift cards this holiday season as part of employee recognition programs, according to the Incentive Gift Card Council (IGCC), a strategic industry group within the Incentive Marketing Association (IMA). This comes as no surprise, since the popularity of gift cards for consumers is well-documented, with some studies showing estimated spending by both businesses and consumers at \$400 billion in 2008.

“Make no mistake. Gift cards will continue to be an extremely popular choice – if not the top choice – for employee incentive, reward, loyalty and recognition programs,” said IGCC President Andrew Dodge. “Gift cards are ideal for corporate gift-givers looking for a meaningful gift that gives the recipient some personal choice, and are easy to buy, receive and distribute in a timely manner.”

Unfortunately, the economic downturn and tightened credit markets have squeezed a number of national retailers which sell their products from both traditional storefronts as well as via the Internet. Consequently, the IGCC advises businesses which buy gift cards to take some precautions.

“You don’t have to look far to see how many retailers have closed a large number of locations, or have completely gone out of business,” Dodge noted. “That is why it’s

critically important that companies exercise due diligence, and look very carefully at their potential gift card options.”

The Incentive Gift Card Council offers the following tips for businesses considering gift cards for a reward or incentive program:

- Know upfront and communicate to the recipient the terms and conditions of the gift card, including any fees, the card's potential decline in value over time, and any expiration dates. Buyers should be aware that “open-ended” cards issued by banks, shopping malls and credit card companies are more likely to have expiration dates and added fees. However, all gift cards issued by the nation's 25 largest retailers do not expire, and 84 percent of them have no fees, according to the National Retail Federation. In addition, some state laws have restricted retailers from imposing non-usage fees, and have placed limits on expiration dates.
- Buy gift cards from reputable retailers. If the retailer has experienced any store closings, ask about the reasons behind them. There may be financially-sound reasons for select store closings, but it is smart to inquire in detail about store closings, as well as any scheduled new store openings.
- Inquire how many store locations will accept the gift card, if they are conveniently located near the intended recipient, and if the gift cards are redeemable at the retailers' “e-store” web sites.
- Businesses using incentive suppliers to administer their gift card programs should not hesitate to contact their supplier with any concerns and can expect their supplier to perform due diligence on any gift card retailers.

“The vast majority of gift card issuers are reputable retailers with strong histories, customer loyalty, and financial resources,” Dodge said. “IGCC's intention is to advise and educate businesses and incentive suppliers on any potential problems which could occur as some retailers deal with some very hard choices in the months ahead.”

About the Incentive Gift Card Council – The Incentive Gift Card Council is a strategic industry group within the Incentive Marketing Association (www.incentivemarketing.org). The IGCC educates the incentive marketplace and the corporate community on the benefits of gift cards, including choice, value and service, and other key attributes recipients say that they want their awards to have. For more information, please visit <http://www.usegiftcards.org>

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