

More people give the gift of choice

Some restaurant chains offer gift cards at a discount, but beware of card 'deals' at online auction websites – they may be scams.

By Marilyn Gardner, Staff writer of The Christian Science Monitor / November 13, 2006

Like holiday shoppers everywhere, Ann Hatch has spent countless hours trying to find just the right presents for family members and friends. But too often her best efforts have failed, with recipients sometimes commenting that they didn't want the item or couldn't use it.

Exasperated, she now takes a different approach: She buys gift cards.

"Gift cards, in my house, have become a way of life – especially with a son in graduate school who has made them his preference for at least four or five years," says Ms. Hatch, a media relations director in Dallas. "It's really tough to guess, even with your own child, what she or he collects, owns, wants, or needs."

As shoppers make their holiday lists, retailers expect gift cards to be one of the most popular purchases. For the first time, cards will top toys, games, music, and movies as the gift of choice, according to a new American Express survey. Only apparel ranks slightly higher.

Two-thirds of consumers plan to purchase gift cards, according to a Deloitte & Touche survey. Gift-givers expect to buy an average of 4.6 cards, up from 3.9 last year. Those purchases could exceed the \$18.3 billion consumers spent on holiday gift cards last year, according to the National Retail Federation. Yet 23 million Americans still have not used gift cards they received last year, Consumer Reports estimates. Some people have lost cards. Other cards have expired.

Options range widely. Some cards are good at specific stores, restaurants, and salons. Others can be spent anywhere in a mall. Still others, available through credit-card companies, can be used at any store and even online. A new entrant in the field, Giftscriptions, allows recipients to choose from among 50 magazines.

One fan of gift cards, April Masini, who writes the AskApril.com advice column, likes them in part because they are easy to buy. "You can purchase them online, and have them e-mailed or snail-mailed to the recipient – or to yourself, to wrap and present in person," she says.

Still, this one-size-fits-all gift has its disadvantages. "Recipients feel they're impersonal, or worse, recycled," Ms. Masini says. "And if you're sensitive about people knowing how much you spent, the gift card will tell the person exactly what you're giving them in terms of money."

Tim Ferriss, a guest lecturer on high-tech entrepreneurship at Princeton University, describes himself as a "frustrated consumer" on the subject. "Gift cards are convenient

– for the person giving the gift," he says. "For the recipient, it's like cash with conditions."

Of the dozen or so cards he has received, he has only used one or two.

Many have come from stores he never patronizes. "In the rare cases that I liked the stores, I didn't need anything from them. Receiving a gift card, to me, doesn't show any more forethought than giving cash, and it's less flexible."

In cases like this, some recipients find a ready solution. "If you don't like a gift card ... someone gave you, pass it on as a recycled gift," Masini suggests. But Nan Andrews Amish takes a different view. "I do not re-gift cards," she says. "Some have expiration dates, which makes this tricky."

If Ms. Amish, a marketing consultant in the San Francisco Bay Area, does not shop at a particular store for herself, she might use the gift card to buy gifts for others.

Despite the generic appearance of gift cards, different restrictions and conditions apply. Although cards from individual stores and restaurants typically carry no purchasing fees, those from credit-card companies and malls often do.

"You do have to be aware that some companies' cards come with stipulations, such as monthly deductions from the amount if you activate the card and then don't spend the balance within the first year," Hatch says. She calls such fees and penalties "unfair, because the companies already have received the money and they simply are taking it away from you and making an extra profit themselves."

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