Research Article

Comparative Analysis of Digital Gift Card and Physical Gift Card

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Abstract:
The digitization of Gift cards with the use of Gift card Wallet will allow users to easily manage their Gift cards. It will also allow the retailers for profiling customers based on their usage of Gift cards which could lead to increased business and profits. Moreover, users will not need to maintain physical Gift cards at all which will add to the convenience of shopping. Apart from this, the Gift card Wallet offers an easy solution for Corporate Reward Programs and raise fund for Non-Profit organizations. In 2012, CEB Tower Group estimated that shoppers spent $110 billion in gift cards. That’s 10% more than the year before.

I. Introduction:
A Gift card is a restricted monetary equivalent or scrip that is issued by retailers or banks to be used as an alternative to a non-monetary gift. Gift cards have become increasingly popular as they relieve the donor of selecting a specific gift. The recipient of the Gift card can use it at his or her discretion within the restrictions set by the issuing agency. A Gift card may resemble a credit card or display a specific theme on a plastic card the size of a credit card. The card is identified by a specific number or code, not usually with an individual name, and thus could be used by anybody. Mobile Gift cards are delivered to mobile phones via SMS messages and phone applications allowing users to carry only their cell phones. Benefits include tying them to a particular phone number and ease of distribution through email. Virtual Gift cards are delivered via e-mail to their recipient, the benefits being that they cannot be lost and that the consumer does not have to drive to the bricks and mortar location to purchase a Gift card. Of the consumers surveyed, 89% have purchased two or more gift cards by online or mobile means annually. E-gifting, or the sending of digital gift cards, is picking up moment up as plastic card growth levels off. E-gifting grew 20 per cent, from $5 billion in 2013 to $6 billion in 2014. In fact, e-gifting is expected to hit $14 billion in 2017, comprising nearly 10 per cent of the gift card market. The main reason to choose digital gift card over physical gift card is gaining more benefits in less work, with best services.

II. Problems Description:
The utility of the gift card in the market is increasing, so as the threats attached to it. The physical gift card has many drawbacks as compared to the digital gift card. There are many chances to lose the gift card. Physical gift cards can be easily damaged. It also has a danger of theft or duplication. Card gives no notifications as the expire date approaches and the card gets expire, which leads to the major loss of money (Shi, W., Pan, J. and Tang, X., 2016). In case of physical gift card the person gets stuck to the card of a particular brand or company and has no independence to choose, or convert the card in desire card. Person has to carry a card physically every time which can be difficult if a person has multiple cards.

III. Assumptions and models:
Majority of the literature related to the Gift cards exist only for the US market since that is where the concept of Gift card evolved. During the literature review, the following observations were made. Gift card sales have surged in recent years. With electronic or virtual gift cards and mobile applications that allow consumers to purchase and redeem gift cards from their mobile/smart phones, sales only continue to grow. While consumers flock to them for their flexibility, businesses have embraced them as a means to increase sales. Not only are buyers spurred into making new purchases, but they often spend more than the gift card amount. For retailers, gift cards can also be instrumental to improving cash flow and managing inventory. The popularity of digital gift cards shows no sign of abating and will likely continue to grow as more consumers begin to use digital gift cards via convenient new mobile applications. Online information and near-ubiquitous connected mobile devices have transformed even the most casual shoppers into product experts. Even after both manufacturers and retailers have provided a level of product content that didn’t exist until very recently, the most basic and seemingly uninteresting products warrant online video reviews and comparisons from consumer advocates. This makes buying anything for anyone increasingly difficult, because as consumers, we’re not only more educated about virtually every product under the sun, but that education makes us more discerning and difficult to purchase. It is one of the prime reasons that more and more shoppers are deciding, when it’s time to buy a gift, a digital gift card is the perfect solution. Find a brand you know the recipient will like, and let them choose exactly what he/she wants. Apart from the very concept of Gift card, we must also look into the feasibility of using the specific technologies for development of the application for a specific platform.

The basic steps for the customer interface on homepage are outlined in the figure above. There will be various ways for discovering the products (Gift cards) offered in the app as depicted in the figure above. All the ways except Global Search will have lists of products. The Global Search will allow users to describe the product with a variety of filters and sorting options to efficiently find the best product for the user. Customers will have the option to login. Once logged in, users will be presented with product options based on their past usage history. Customers will also be able to browse the products without logging in (Jing L., n.d.). As denoted above the process of getting digital gift card is very easy as compared to the the energy required to get physical gift cards. There are many drawbacks of physical gift card such as security, unannounced expires, losing a card, thief, damages and many other problems which are overcome by the digital gift card. The digital gift card gives the customer a freedom to choose from many available brands in one pace and even changing the gift card into the desired one, because of this feature the customer has not be bind to the single purchased card and can be changed to any card.

IV. Scope:

Gift card sales have surged in recent years. With electronic or virtual gift cards and mobile applications that allow consumers to purchase and redeem gift cards from their mobile/smart phones, sales only continue to grow. While consumers flock to them for their flexibility, businesses have embraced them as a means to increase sales. Not only are buyers spurred into making new purchases, but they often spend more than the gift card amount. For retailers, gift cards can also be instrumental in improving cash flow and managing inventory (Baird N. and Rowen S., 2013).

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V. Conclusion:

A digital gift card wallet would be a very useful tool from user perspective which will lessen users’ inconvenience of managing paper-based gift cards. Using web and mobile applications, management of gift cards would be very easy with a summarised view of gift card balances and expiry dates. Commercial organizations could tie-up with digital gift card wallets for introducing targeted loyalty programs. To conclude, a digital gift card wallet would open up a range of possibilities of applications for commercial organizations.

VI. Reference:


