

THE GIFT CARD REVOLUTION

HOW GIFT CARDS ARE TAKING OVER THE PIZZA BUSINESS

BY AMANDA JOHNSON

Gift cards are the gift certificates of the 21st century. This gift market is just starting to take off in the restaurant and retail industry.

Mike Hallahan, president of PSI Plastics, says that in the past few years he's noticed the large retailers move to this technology not only to increase business revenue but also as a way to attract new customers through cross-marketing.

New customers are reached through existing customers purchasing gift cards for special occasions, such as birthdays and Christmas. These are potentially customers that may have never walked through your door.

Gift card programs do involve a little initial investment to get started, but once it's done you make a profit as soon as a card is sold. Eighteen percent of gift cards go unredeemed, Mike says. "We refer to this as the breakage or money in your pocket."

To avoid the cost of transaction fees, Scott Hack, owner of Fast Break Pizza in Crestwood, Kentucky, has been looking for a way to integrate gift card transactions with his POS system. He says he hasn't been able to find a reliable software solution as of yet. He's been looking into having someone develop a custom software program or he says he might go with an outsourced solution. Whatever option he chooses, he's got some great ideas for marketing the card. "I've got some promotional ideas that I want to try to use them for—specifically to allow real estate agents to purchase them as well as for parents to buy them for kids during the summer," he says.

I asked Scott to explain his plans for marketing gift cards a little further. He suggested selling the cards to realtors as a "house warming" gift to "make the new home owner's life less hectic." He says he plans to sell them to agents at face value and as part of the deal the homeowner will receive the pizza, paper plates, napkins and utensils. Scott plans to implement a summer program using gift cards. For this he says, "I have an above average number of dual-income families in my delivery area that leave the kids home during the day alone. Someone has got to cook. Why not me? Who wants the kids playing with the stove? That's how I plan to market it as well."

When Scott told me that he'd talked to several people about his options of beginning a gift card program, I started doing a little research with some other pizzerias and companies. What I found out is that there are a multitude of options available.

Think-Tanker Perry Anastasakis, owner of Famous Pizza in Fairfield County, Connecticut, has found a way to integrate the cards into his business by using his POS system. He says that he bought a gift card module with his system that allows him to process the transactions and had a graphics company print cards for him. "The gift card module is excellent," he says. "Everything is the same except instead of pressing the cash or credit card button, you press redeem gift card and swipe. It also gives the customer their balance on the receipt. The best part is the cards are replenishable. If the customer does not choose to add more to their card, we keep the old card to reuse."

As for marketing his cards, Perry says that he's only been using them for about three months, and he's just begun to use the cards in his marketing plan. One of the things he's done with them is send out a mailer to all new movers in town that includes a letter of introduction and a gift card for a free pizza. He recently sold 100 of the \$20 cards as a fundraiser to a Relay for Life Cancer walkathon that they sold at their spaghetti dinner. He provides the marinara sauce each year for this event.

Eighteen percent of gift cards go unredeemed, giving you up-front profit.