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## Unused Gift Cards Give Retailers \$8 Billion Boon

By John P. Mello Jr.  
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No doubt there will be even more unused gift card money sitting in limbo after this holiday season. According to the National Retail Federation, gift card sales will hit \$24.81 billion during that period this year, a \$6 billion increase over 2005, when it was \$18.48 billion.

Most consumers wouldn't think of paying for an item and leaving a store without it, but that is essentially what is happening with about 10 percent of the gift cards sold each year to the public.

"We estimate the overall raw volume in gift cards this year to be (US) \$80 billion," Brian Riley, senior analyst for bank cards with the Tower Group, told the E-Commerce Times. "Through dormancy fees and abandonment, unused funds will run about \$8 billion."

### ***Use Better Than Disuse***

Although some merchants add millions to their bottom line each year through unredeemed cards -- both [Home Depot](#) (NYSE: HD) and [Best Buy](#) (NYSE: BBY) each recently added about \$43 million to their coffers from dormant cards -- Riley maintained that merchants would much rather see the cards used than expire.

"The idea is to get the customer into the store, because when the cards get used they're often used as part of a bigger purchase," he explained. "If someone gives me a Home Depot card for 100 bucks, I'm likely to buy a \$150 product with it."

Indeed, estimates on how much more an average consumer with a gift card spends range from 15 to 40 percent.

"The ideal situation is to bring [card holders](#) into the stores," Riley noted. "The programs aren't designed to burn them out of the money. But at end of the day, there's still a lot of it sitting there with merchants asking, 'What do we do with it now?'"

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