Factors that Impact Discount Rates on Gift Cards and How Businesses Can Benefit

Pamela Rivera | Dr. Jing Zhou

The use of gift cards has significantly increased in the United States over the recent years. They are particularly convenient when you run out of gift ideas. Interestingly, there is a high percentage of gift cards’ value that remains unused every year. For this reason, online marketplaces serve as a space where people can sell their unused gift cards at a discounted price. There is a wide range of discount rates on these gift cards and the reason behind these differences is unknown. The research question to be investigated in this thesis is to identify the factors that impact the discount rates on gift cards and their individual weights. For example, some of these factors could be the size of the business, the industry, or the type of products offered. Once these factors have been identified, the main objective is to find relationship patterns that will most likely reveal information about consumer perception. I will use this information to determine how businesses can use this type of data to their advantage.

The first step to my thesis research will be to compile information about gift cards and its perceived cash value from previous studies. Then, I will collect data from the most popular and reliable online marketplaces. Once I have a significant amount of data, I will run regressions and prediction analyses that will allow me to identify the relationship between various factors and discount rates. The results will reveal the factors that play an important role when calculating discount rates. Therefore, these findings will be beneficial to businesses because the final results will help companies develop a better understanding regarding how consumers perceive their products/services and how to improve business strategies and overall return on investments.