

# Increase Sales With Gift Cards

The Pennsylvania Liquor Control Board (PLCB) sold 73,000 gift cards in half the time it took to sell 37,000 paper gift certificates.

by Kristen Chapin

The PLCB is a state agency that manages Pennsylvania's alcohol beverage industry. The agency operates 637 Wine and Spirits retail stores whose fiscal year 2003-2004 sales totaled more than \$1.3 billion. The retail operation is self-supporting, and all of the profits and taxes collected go to the Pennsylvania state treasury.

Until the 2004 holiday season, the PLCB used traditional paper gift certificates in its stores. However, processing the paper gift certificates was time consuming because each gift certificate had to be register certified. This means a sales associate had to enter each gift certificate amount into the system and print the validation of the certificate directly onto the document. "We often had companies purchase large batches of gift certificates for Christmas gifts or company parties, so certifying each certificate really held up the process," says Gail Chiavetta, store administrator at the PLCB. The agency decided to implement a gift card solution to eliminate this problem.

## Avoid Processing Fees With An In-House Gift Card Solution

After weighing the benefits of in-house versus third party gift card processing, the PLCB chose the former. "Cost was a factor," says Chiavetta. "We realized we could eliminate third party processing fees by doing the processing in-house." Also, the liquor agency did not want to lock itself into a contract with a third party provider. Just as you might do, the PLCB revisits its contracts regularly to see if a more cost-effective solution is available. If one were to be found,

breaking out of the contract and redesigning the system would be an expensive task.

The PLCB requested bids for the gift cards, stipulating the size, look, wording, and even card serial numbers it wanted. Gift card vendor Arthur Blank and Company responded with gift cards that met the liquor agency's requirements at the lowest price. The PLCB also needed software to process gift card transactions and store data that allowed the liquor agency to maintain the database itself. The agency chose payment management software vendor ISD Corporation's Stored Value gift card program.

## Integrate Two Servers For Gift Card Data Support And Security

Despite the benefits of in-house processing, it places significant demands on a retailer's IT infrastructure. Gift card solutions are data intensive, so the liquor agency purchased two new IBM RS/6000 servers. "We needed two servers to support the database," says Dee Mayer of the PLCB's management information systems. "One server houses the data and the ISD software, and the other server is for backup." The PLCB already had a WAN (wide area network) for its store communications, so data transmission security was already in place.

The PLCB already had a help desk that its stores called when they had POS-related questions. The agency decided to use the same help desk for gift card inquiries. "We created a separate number for customers to call and provided the help desk staff access to the gift card database," says Chiavetta.



The PLCB eliminated third party fees by bringing gift card processing in-house.

The PLCB began integrating the gift card software and servers at the back end in March 2004. "We were under a demanding timeline," says Mayer. "We needed to have the solution up and running by the holiday season." Once everything was integrated at the back end, Mayer's team tested the solution at two Wine and Spirits stores until it worked smoothly. Then the PLCB sent a software module upgrade to its other 635 stores via the WAN. "Stores uploaded the upgrade when they turned on their systems," says Chiavetta. "It was that simple."

The liquor agency began selling gift cards in November 2004. By the beginning of April 2005, it had sold approximately 73,000 gift cards, bringing in sales near \$1.8 million. The volume of gift cards sold in that six month period nearly doubled the 37,065 gift certificates sold by the PLCB in fiscal year 2002-2003. "At this rate, we should realize an ROI within a year," says Chiavetta. □

For More Information On ISD Corporation  
Go To [www.isdcorporation.com](http://www.isdcorporation.com)