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Plastic Money

Getting more 'gift' from your gift card

BY YLAN Q. MUI
THE WASHINGTON POST

The gift card made its mark as the all-purpose present: functional but not that much fun. Until now.

This holiday season, retailers rolled out gift cards that can light up like video games, laugh like Tickle Me Elmo, play music like MP3 players and double as DVDs.

And did we mention the one with two holes that works as a finger puppet?

The innovations are an attempt to address the love-hate relationship many shoppers have with gift cards. They are one of the most popular holiday purchases, according to the National Retail Federation, with more than two-thirds of consumers expected to buy at least one this year.

The hate part? They're impersonal. A piece of plastic with a magnetic strip and a note telling the recipient exactly how much you spent carries little emotional value. "It was kind of the lazy person's way to gift," said Robert Skiba, general manager of Comdata Stored Value Solutions, a gift card provider in Brentwood, Tenn.

So retailers have gotten creative. Circuit City has one card that looks traditional — but drop it into your computer's disc-drive tray and it works as a DVD. It includes a snowball-fight video game in which your character gives up and makes snow angels when it loses, as well as an offer for 50 free downloads from eMusic, holiday screensavers, wallpaper and printable gift labels.

Best Buy sells a SpongeBob SquarePants DVD gift card with games such as "Creature from the Krusty Krab," printable coloring sheets and a "Jellyfish Jam" music video. For the more practical customer, a sturdy card with a sharply ridged edge can also be used as an ice scraper: "A dual-action gift!" the packaging reads.

Target has been one of the most creative retailers: One card, inspired by Nintendo's new video gaming system, Wii, glows with blue light at the touch of a button. Another is scented and features Target's trademark dog wearing a wreath. There's a card with a close-up of the furry red Sesame Street character Elmo, who giggles with the press of a button.

Target also sells an MP3-player gift card, available only in the amount of \$50. It's shaped like an Altoids container with pull-out ear buds and a USB connector, and can hold up to 15 songs. The player isn't as intuitive to use as an iPod, but it might impress the tweeners (and maybe a few grown-ups) on your list.

Stores aren't charging extra for these fancy gift cards. Skiba said retailers are willing to absorb the higher costs because of the anticipated future payoff: Shoppers tend to spend more than the cards' value when they are redeemed. For example, Target found that customers spend an average of \$43 when they shop with gift cards — \$27 on the card and \$16 from their own pockets. "Retailers have been using these gift cards as a way to attract people to come back into their store," said David Herskovits, partner in the consumer business practice at consulting firm Deloitte and Touche USA. "That's a very smart use from the retailer's perspective."

Retailers are already plotting 2007 designs, with scratch-and-win gift cards and even more multimedia features. Skiba said the message of the hyped-up gift card is: "You thought about it. You looked at it. You cared." But he notes that gift card sales represent just 5 percent of the expected \$457.4 billion in total retail sales this holiday season.

"You're delusional if you think this is going to replace a Christmas present under the tree," he said.



ASSOCIATED PRESS

Shoppers at the Westfarms Mall in West Hartford, Conn., line up to purchase gift cards as holiday gifts.

Experts downplay the idea of widespread gift card theft

BY RICHARD J. DALTON JR.
NEWSDAY

Forward this information to 10 friends: Rumors of gift-card theft are greatly exaggerated.

An e-mail that's been repeatedly forwarded says criminals are scoping out gift cards on display racks, copying down the numbers, waiting for the card to be activated and then using the gift card for online purchases.

The e-mail has generated widespread interest, as consumers are expected to spend \$24.8 billion on gift cards this holiday season. But this crime is far from widespread, according to retailers and even the law enforcement officer who issued an alert about the scam.

"It's probably not a large-scale issue," said Det. Sgt. Colin Fagan, of Jackson County, Ore., who warned consumers of the scam on Nov. 9. "I wouldn't panic about it."

Fagan said a confidential informant told him about the gift card theft but he doesn't know of any victims. Scott Krugman, spokesman for the National Retail Federation, said the industry trade group's loss-prevention experts found that the crime is rare. "It's the equivalent of a pickpocket," Krugman said. "It's not an epidemic."

Newsday examined about two dozen gift cards from a variety of retailers with an online presence. Nearly all of them had scratch-off codes to prevent theft.

But not all cards have the codes, and some retailers don't require the code for online purchases, Krugman said.

Krugman said thieves would have to keep checking many numbers, waiting to find a card that has been activated. "to maybe get \$20 or \$50. ... Is it possible? Yes. Is it a practical crime? No, it's not practical."

Some retailers protect the numbers by keeping the cards behind the counter.

Still others have further security measures. Borders bookstores require customers to enter a valid credit card number to use a gift card online and permits use of just one gift card per online purchase, said Rex Spoutz, product specialist for gift cards for the retailer.

"I truly don't expect to see this," Spoutz said. "It seems like a pretty pedestrian way to try to execute a scam."

Wal-Mart said it has security measures for gift cards but declined to elaborate.

As a precaution, consumers should buy the cards kept behind the counter or buy them from the retailer's Web site, said Gail Hillebrand, senior attorney with Consumers Union.

Consumers should also keep the receipt, make sure the scratch-off area is intact and avoid purchasing cards from online auction sites, as they may be counterfeit, according to the NRF.

MONEY MATTERS

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Toyota announces increase in production for 2007

NAGOYA, Japan (AP) — Toyota announced a global production target of 9.42 million vehicles for next year, increasing the odds that the Japanese manufacturer will surpass troubled General Motors Corp. as the world's No. 1 automaker.

The latest figure, announced by Toyota in a release, marks a 4 percent increase over the 9.04 million vehicles the company expects to produce this year and easily clears the 9.2 million vehicles GM is estimated to have produced this year.

GM does not give targets for next year, but it has been forced to scale back production recently, seeing its market share eroded by Asian automakers, including Toyota, which have a reputation for better mileage.

News Corp. plans to swap DirecTV stake with Liberty

NEW YORK (AP) — Rupert Murdoch's News Corp. will swap its controlling stake in the satellite TV broadcaster DirecTV Group Inc. with Liberty Media Corp. in exchange for Liberty's 16 percent stake in News Corp., the companies announced.

The deal settles a long-simmering dispute between Murdoch, News Corp.'s chairman and CEO, and Liberty's Chairman John Malone, who surprised Murdoch two years ago by suddenly building up a large stake in the global media conglomerate that Murdoch built.

Under the deal, which had been expected, News Corp. will give Liberty its 38.4 percent stake in DirecTV, three regional sports cable networks and \$550 million in cash.

In return, News Corp. will receive Liberty's entire stake in News Corp., which is worth 16.3 percent of the company's value.

News Corp. said in a statement that the deal will amount to a buyback of about \$11 billion of its own stock.

Krispy Kreme reports sales down from last year

NEW YORK (AP) — In a long-delayed quarterly filing, Krispy Kreme Doughnuts Inc. said sales for the first quarter of its 2007 fiscal year were down 16.6 percent from the comparable quarter, while average weekly sales per store were down 10.3 percent.

Just in time for Christmas, Krispy Kreme released its quarterly report — for the quarter ended April 30.

The loss for the quarter was \$6 million, or 10 cents per share, compared with a loss of \$53.4 million, or 86 cents per share, in the year-earlier quarter. A year ago, Krispy Kreme posted a charge of \$35.8 million to settle litigation. Revenue dipped nearly 22 percent to \$119.4 million from \$152.5 million.

Actuant buys Lancaster electronics firm for \$91M

MILWAUKEE (AP) — Actuant Corp., a maker of tools and hydraulic equipment, said it has bought Maxima Technologies & Systems LLC for \$91 million.

The electronics group based in Lancaster, Pa., specializes in instruments and controls for marine and agricultural vehicles.

Milwaukee-based Actuant valued the cash transaction at \$91 million, including the assumption of \$1.9 million of Maxima's debt, Actuant said in a statement.

Maxima has about 500 employees, mostly in the U.S., with smaller operations in Spain and Mexico. Maxima's revenue is about \$65 million, Actuant said.

The acquisition continues Actuant's growth since its creation through a spin-off in 2000.

Actuant has \$1.3 billion in sales, up from \$482 million in 2000, with half of its sales outside North America. It has operations in more than 30 nations with more than 6,300 employees.

Haven woman named officer of M&T investment

Bonnie L. Miller, Schuylkill Haven, has been named vice president. Miller is a relationship manager for the M&T Investment group's Retirement Services division.

Miller has nine years of experience in the financial services field and is graduate of Penn State University with a bachelor's degree in general business.

She is active on the board of the Girl Scouts of Penn's Wood Council, is a member of the Schuylkill Chamber of Commerce and Schuylkill Haven PTO.

Miller is fully licensed with Series 6/63 and Pennsylvania Life, Accident and Health licenses. She also holds CFP designation.