

GCVA DATA ANALYSIS H1 2020 - UK

The gift card and voucher sector sees its first contraction in like-for-like volumes for years, as the entire economy is rocked by the impact of the Covid-19 pandemic.

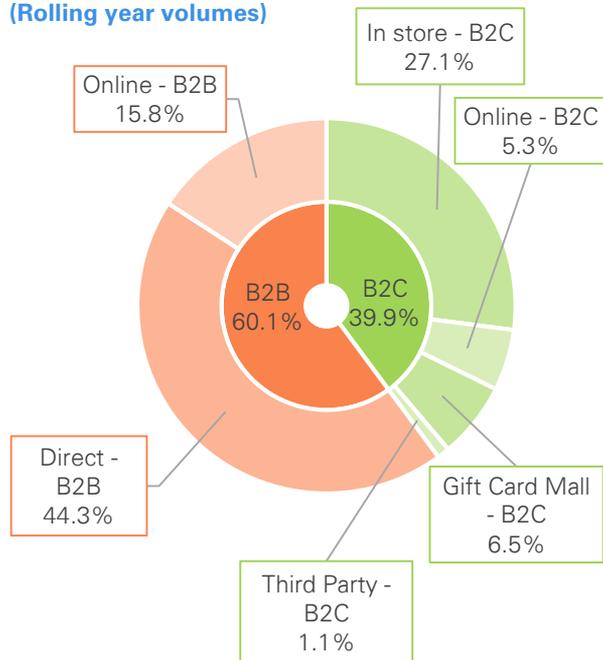
Executive Summary

In a half year dominated by the effects of Covid-19, the gift card and voucher association data submitting membership felt the effects. H1 2020 saw a drop in like-for-like volumes across all sectors, products and channel types – the first time since analysis began that this has happened.

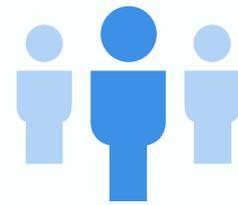
According to a survey of members¹, every respondent was in agreement that Covid-19 had been the key driver impacting sales performance. Leisure was hit harder than Retail as lockdown effectively brought business to a halt, while most retailers were able to carry on trading through online channels.

The existing trend towards online sales continued and indeed was accelerated by Covid-19, with significant growth in digital and eVouchers.

Market share by sales channel (Rolling year volumes)



29
Contributors



£907.8m
Total H1 2020 sales



5.4%
Like-for-like period
contraction



8.2% B2B
Like-for-like period
growth



B2C 32.2%
Like-for-like period
contraction



1. As part of the data-collection process we conducted a survey of the GCVA membership (including non-data submitting members) to help add context to the data insights. Thank you to all members who took the time to complete the survey and provide valuable responses.

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Gail Cohen, director general at the Gift Card and Voucher Association:

“There is no doubt that impact of COVID-19 has been profound for all industries, with gift card and voucher sales far from immune in this climate. However, what is clear from our latest analysis is that this £7bn UK industry presents a real opportunity for retail and leisure businesses, as well as the wider economy, to grow.

“The growth and resilience of B2B sales demonstrates that this industry has progressed significantly in recent years and is no longer the outdated consumer-only industry we think we all know. With the retention of employees top of mind for many businesses – especially as the furlough scheme starts to unwind – rewarding staff will only grow in importance. Indeed, the GCVA has recently launched the #giftcard500 initiative, calling for the increase in the tax-free employer gifting allowance from £50 to £500.”

Methodology

The Gift Card & Voucher Association (GCVA) and KPMG UK analysed six months of gift and voucher sales data from 29 members of the GCVA. KPMG UK then aggregated and analysed the data, sorting by market (business-to-consumer or business-to-business), by sector (leisure, retail or agent), by product (physical card, paper voucher, digital or e-voucher), by channel (direct, online, gift card malls or via third party), and also by method of redemption (closed loop, multi-choice or open loop).

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Don Williams, Retail Partner at KPMG UK, added:

“The pain felt by UK retailers has been clear to see this year, albeit we know that not all businesses have been impacted equally. A closer look at the performance of retailers in the latest analysis shows a great deal of disparity where sales of retail gift cards and vouchers are concerned. Some have realised growth of 185%, whilst others have faced declines of 58%.

“For the businesses that can remain firmly on the radar of consumers, prospects still remain promising despite the overall contraction in growth. However, bucking the trend will require exploration of alternative channels like businesses-to-business sales, as well as upping digital capabilities and offerings in order to truly adapt to the changing consumer landscape.”