

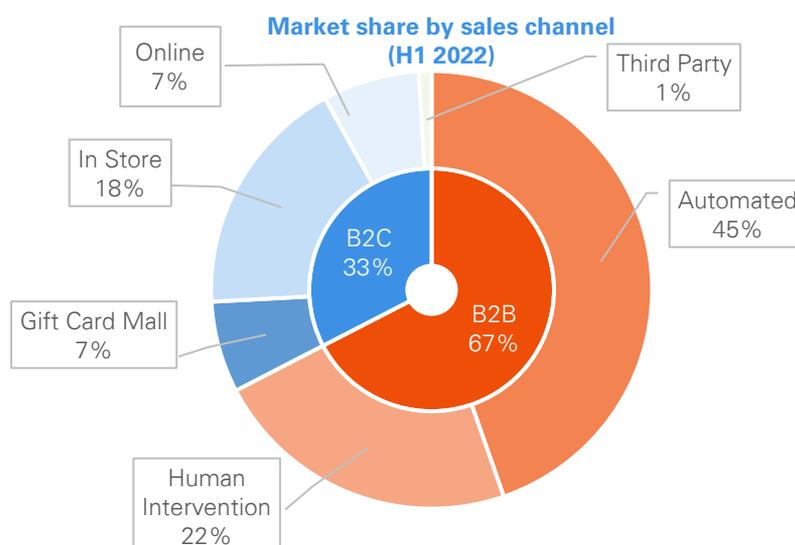
# GCVA DATA ANALYSIS H1 2022 - UK

**Gift card and voucher sales prove resilient, with the Leisure sector reporting significant growth, as customers seek experiences, hospitality, travel and entertainment.**

## Executive Summary

In a trading period stalked by rising inflation and cost-of-living fears, there was a resilient performance from the Gift Card and Voucher Association (GCVA) data submitting membership that led to an overall rolling year rise in sales of 1.1%. While modest, this increase represents an achievement given the factors that have increasingly stoked fears of an economic slowdown. Continuing the trend seen in the previous six-month period, it was the Leisure industry (experiences, hospitality, travel, and entertainment) that led the way, with stellar growth of 94.0% on a like-for-like basis against H1 2021 as the nation continued its post-pandemic return to socialisation. This boost in Leisure seems to have diverted some spending from Retail, where there was a small decline on both a rolling year -2.0% and like-for-like -1.3% basis. For the first time, analysis of Retail has been further broken down into General, Grocers and Fashion, providing deeper insights into movements in the Retail sector. It was Fashion and Grocers which excelled in H1 2022, with like-for-like growth of 63.8% and 28.4% respectively.

Other trends also observed in previous periods continued. Digital has once again continued on its upward trajectory, rising 8.5% on a rolling year basis, contrasting to a reduction in physical of -4.7%. Last time we also noted a relative decline in B2B sales (that had rocketed during the pandemic) and a rise in B2C – and this is another trend that has continued this period. B2B sales fell -11.8% on a like-for-like basis, while B2C rose by 44.7%. However, it is still the B2B segment that dominates the market, at 67.4% of all sales. Notably, average load values have seen larger growth than sales values, indicating that despite an overall growth in sales, volumes themselves have declined.



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 @GCVA\_  
info@gcva.co.uk

 GCVA  
www.gcva.co.uk

**Gail Cohen, Director General at the Gift Card and Voucher Association:**

“It’s encouraging to see that gift card and voucher sales have remained resilient, despite a backdrop of inflation and rising living costs. The industry has made a fierce comeback following the challenges of the Covid-19 pandemic and gift cards continue to have an important place in people’s spending habits.

“Many are using gift cards as an innovative way to lessen the impact of the cost-of-living crisis, for example, to manage overall spending on presents and reduce the extra costs associated with physical gifting. Businesses are also using gift cards to reward employees and customers when money is tight.

“The leisure industry has seen exponential growth and people are continuing to prioritise socialising and experiences, as we move out of the pandemic.

“Whilst retail is holding steady, in-store B2C sales have increased, showing that people are returning to the shops and footfall is rising. The multi-channel element of gift cards clearly remains crucial as digital and in-store spending increases. Once again, the gift card industry is providing a much-needed solution to consumer and business’ needs.”

**Don Williams, Retail Partner at KPMG UK, added:**

“Despite the well documented challenges for consumers, with rising prices of essentials (gas/electricity and food) exacerbated by an increase in the tax burden and interest rates, retail sales have been more resilient than many might have predicted. The gift card and voucher market has in many ways surpassed this performance with strong growth of 44.7% in the B2C market. This is particularly reassuring when set against declining consumer confidence, including a record low in June.

“The step up in digital gift card products seen during Covid-19 remains “locked in”, and the like-for-like growth of 22.7% in the first half of 2022 is particularly pleasing when set against the backdrop of the lockdown seen in the previous year. Digital products look intent to become the dominant form in the gift card and voucher market over the next year and continued investment in availability and experience of these products should be high up all participants’ agendas.

“The economic outlook is set to be challenging for the next year or more. This will require a renewed effort by retailers to attract and retain customers, many of whom will be increasingly on the lookout for new ways to save. This backdrop, however, may well provide good opportunities for the gift card and voucher sector, for instance, with the strength of employee benefits schemes within the B2B market highlighting this as an important route for employers to support their staff.”

## 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 or retail), 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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