

GCVA DATA ANALYSIS H2 2022 - UK

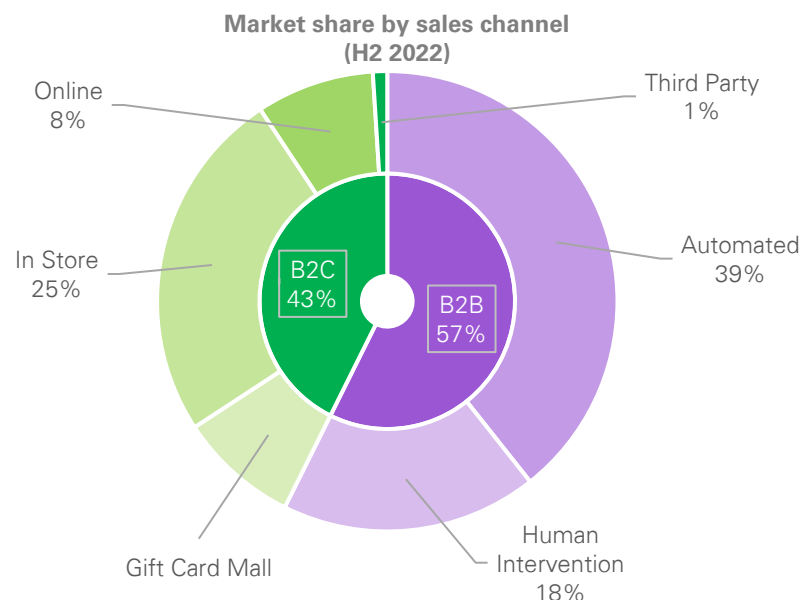
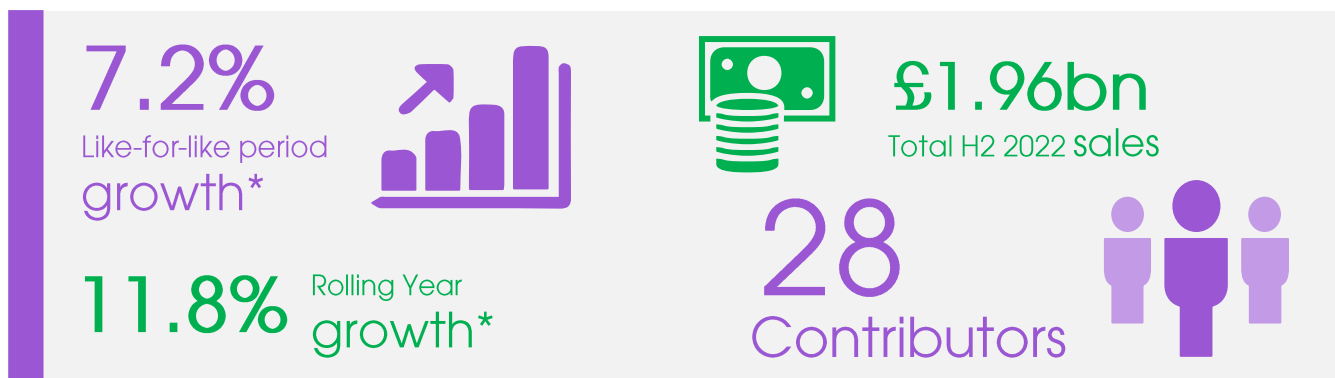
Given tough trading conditions, retailers and Leisure operators have performed resiliently, with gift card and voucher sales remaining steady.

Executive Summary

Despite challenging prevailing conditions, the performance of the gift card and voucher industry has been reassuringly strong in H2. We see a commendable like-for-like rise of 7.2% and a rolling year increase of 11.8%, this excludes Open Loop products which has seen a decline.

For the third period running, it was Leisure that led the way, experiencing like-for-like growth of 7.6%, while Retail experienced a contraction of -3.7%. Once again, therefore, a boost in Leisure (experiences, hospitality, travel, and entertainment) in the post-Covid period appears to have diverted some spend away from Retail. Nevertheless, retailers posted a resilient performance overall: out of 23 Retail members, there was a median uplift in sales of 10.4%. However, some members experienced a decline which can be attributed to generally tough trading conditions.

Reflecting the emergence of consumers back into a non-restricted world, B2C sales increased across almost every channel, particularly Gift Card Malls which grew by 20.5%. B2B sales fell but remain strong overall, representing 57.4% of the total market. However, this is nearly 10 percentage points below the 67.3% B2B market share reported in H2 2020, putting B2B and B2C back on a more level playing field post Covid. Meanwhile, Digital continued to grow as the sales format of choice, experiencing like-for-like growth of 17.4%. The shift away from Physical Cards and Paper Vouchers continues to accelerate – with Digital becoming the key channel to watch.





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

"It's encouraging to see the continued resilience of the gift card sector, maintaining a strong performance through turbulent times.

Both retail and leisure have experienced impressive growth, with a clear appetite from consumers for experiences, hospitality and entertainment. The cost-of-living crisis has tightened budgets but gift cards are playing a vital role in ensuring that people can still enjoy these activities.

Digital has grown 19.3%, as people look to make sustainable, quick and easy purchases. However, with in-store sales accounting for 58% of B2C and Gift Card Malls up by 20.5%, consumers continue to value the role of the high street. Retailers should look to invest in these points of sale to continue to drive footfall.

The 44.6% growth in rewards and incentives highlights the potential for gift card providers in the B2B sector as employers continue to seek ways to provide vital support for their staff.

The industry has once again demonstrated its versatility in providing innovative solutions for consumers and businesses alike. Whilst gift cards remain central to gifting, increased diversification of use sees them utilised for rewards, incentives, discounts and more."

Methodology

The Gift Card & Voucher Association (GCVA) and KPMG UK analysed six months of gift and voucher sales data from 28 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 Gift Card, Paper Voucher or Digital), by channel (In-Store, Online, Gift Card Malls or via Third Party), and also by method of redemption (Closed Loop, Multi-Choice or Open Loop).

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Don Williams, Retail Partner at KPMG UK, added:

"The performance of the gift card market is encouraging, against a backdrop of Retail sales which have generally faced difficulties with rising prices of essentials squeezing the pockets of the nation. With 13.3% rolling-year growth in the B2C market, the gift card market has surpassed expectations.

The growth in Digital gift card products has continued, with a strong 17.4% increase. The investment of gift card providers in Digital offerings, is now translating into sales. However, further investment in this area should still be on the agenda, in order to keep up with changing consumer needs and desires. For example, 'reloadable' Digital gift cards are now becoming popular with consumers.

With costs continuing to rise, the economic outlook once again looks set to challenge retailers. Investment in attracting and retaining customers, will be on the agenda for most if not all consumer facing businesses. With employee benefit schemes maintaining their dominance in the B2B market, gift card providers are provided with renewed opportunity to work with employers who are working hard to support their staff through this challenging economic environment."

