

# GCVA DATA ANALYSIS H1 2023 - UK



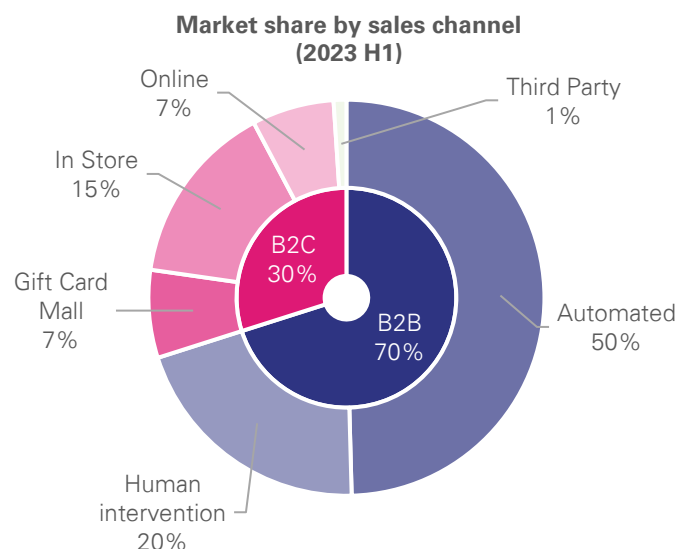
**Gift cards switch up a gear amidst a cost of living crisis, pointing to an important role in helping people access discounts and manage their money.**

### Executive Summary

Despite an ongoing cost of living crisis, double digit inflation and rapidly rising interest rates, data from the gift card and voucher data submitting membership showed a robust increase in sales in the first half of 2023, up 8.4% on a like-for-like basis from the first half of 2022, while rolling year figures also grew by 1.3%.

This commendable performance was most marked in Leisure (experiences, hospitality, travel and entertainment), which recorded a like-for-like uplift of 16.1%, while Retail recorded lower – but still impressive – growth of 8.0%. This is now the fourth period running that Leisure has led the way, although it represents only a small portion of total sales (5.2%). The figures also underline once again how much bigger the second half of a year is in gift card sales terms – largely due to the Christmas period – with £1.35bn in sales in H1 2023 compared to just under £2bn in H2 2022. Nevertheless, the performance in the first half of the year should give heart to retail and leisure operators, given the tough prevailing conditions in which it was achieved.

In the second half of 2022, B2C sales increased across every channel – but in this period it was B2B that shone, recording 11.7% like-for-like growth while B2C sales only notched up fractionally at 1.4%. In Retail, B2B accounted for 72.4% of total sales, compared to 28.5% of sales in Leisure. Closed loop retained the greatest share across both B2B and B2C, although the growth in B2C was driven by Multi-Choice products. Across both markets, digital again continued its march – now accounting for 48% of sales, just 1 percentage point behind physical gift cards. It would be no surprise if, in our next report covering H2 2023, digital has become the predominant sales format.





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

“The gift card market has demonstrated unwavering resilience amidst a cocktail of challenges. Both retail and leisure have seen commendable growth demonstrating the enduring popularity of gift cards and also their role in helping people to reduce the impact of the cost-of-living crisis.

“Significant growth of B2B sales reflects increasing appetite from businesses to support and reward both customers and employees. Gift cards offer a flexible way to promote loyalty, allowing recipients to choose whether to discount everyday essentials or give themselves a treat.

“Cash-strapped consumers have also found gift cards are an excellent way to access discounts or to avoid price inflation by capping their spending on gifts.

“Also, continuing the post-lockdown trend, gift cards for leisure are an increasingly popular choice. Whether that’s for holidays and trips out, or for home entertainments such as video streaming or games, leisure gift cards remain a valued option. They allow people to enjoy a treat, rather than a cash gift that might be swallowed up by everyday expenses.

“The versatility of gift cards puts them in a unique position to support people in a multitude of ways and the growth in sales is testament to that.”

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

“Performance of gift cards in the first half of the year against challenging market conditions, high inflation and the cost of living crisis is encouraging and provides strong momentum going into the second half of the year.

“Consumers have returned to stores following the rise in digital activity sparked by Covid lockdowns. Yet the investment in digital continues to bear fruit as digital sales have increased by 15.2%. As consumers increasingly shop across real word and digital channels, the industry must continue to invest in ensuring the customer experience is seamless across all platforms.

“B2B continues to be a growth opportunity as companies seek to provide staff with access to attractive discounts and offers to help with the inflationary environment.

“The pressure on consumers’ pockets is expected to continue as inflation rates moderate. The industry needs to continue to focus on how it can help consumers with that challenge either personally (self-gifting) or through gifting to loved ones. Additional divergence of performance in category is expected rather than by category for example within fashion, grocery, and homewares, with protection as well as convenience likely to be an increasing consideration for buyers of gift cards as we progress through this year, into 2024 and beyond.”

#### **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 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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