
State of the Nation '17 UK Gift Card & Voucher Association

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Executive Summary

New research from the UKGCVA confirms that not only are gift cards and vouchers a gift of choice for UK consumers, but also a valuable – and growing – source of income for retailers and other businesses.

Our survey of 2,000 consumers shows that 73% have purchased a gift card at some point, and that seven out of 10 have received one from friends or family in the past three years. The findings also highlight their popularity among younger consumers, suggesting a bright future: 44% of 18-34 year olds buy a gift card at least once every two months.

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73% have purchased a gift card
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Gift cards provide a valuable boost to businesses' income. Almost all those buying cards for friends or family spend at least as much as they do when buying a traditional gift, and more than a third (36%) spend more. When redeeming their own cards, meanwhile, 72% of consumers spend more than the value on the card – making up the difference with their own money. That adds an average of £14 extra: 55% on top of the average value of the card itself.

And gift cards don't just boost spending for businesses: they broaden it, expanding the customer base. Six out of 10 consumers say they've been introduced to a new brand through a

gift card, and 17% (rising to a quarter of those under 45) have become regular customers as a result. The way in which consumers obtain gift cards is changing too, with more and more people receiving gift cards through businesses and other organisations.

Clearly, the B2B gift card market is already well established, with 80% of consumers stating they had received a gift card from their employer or another business, including through incentive programmes, within the last three years.

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Millennials are set to be the self-gifting generation
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However, this channel is likely to grow even further in the coming years, especially amongst younger consumers, as Millennials have expressed a keen appetite for receiving gift cards as incentives and rewards. Millennials are also set to be 'the self-gifting generation', as 17.5% admit to self-gifting, suggesting an additional revenue stream and marketing consideration that gift card strategies should consider. On any metric, gift

cards are therefore an important contributor to business profitability.

The C-Suite may be missing a trick

Almost all gift card managers – questioned in a separate survey – are confident that gift cards can grow even further. Many are already working hard to meet customer priorities for this to happen, by making cards redeemable online (71% in some cases, or by combining gift card and loyalty programmes (76%).

These managers face a number of barriers, however. For a start, two thirds have responsibilities above and beyond managing gift cards – and it's not always clear they have the support they need.

For example, a third of managers say their gift card strategy doesn't influence the company's wider marketing or sales strategies, which suggests that senior management is failing to maximise the benefits and potential of gift cards in many cases. Only one in five businesses have details of their gift card programmes reported to the board, and only about half of board members (53%) say gift cards are a growth area – compared to 95% of gift card managers.

Clearly, there is a lack of insight at the top: our research revealed that seven out of ten senior executives simply don't know the value of gift cards to their business – including, one assumes, a good number of the chief executives, chief financial officers or, most commonly, chief marketing officers

that 62% of gift card managers say they report to. Of course, the interests of the board are wide reaching and essential to the success of a company, but the very nature of a successful gift card programme requires interdepartmental cohesion, led from the top. Overall, more than half in the C-Suite (58%)

admit they're not very well informed of the opportunities in the gift card and voucher industry. For the industry to fulfil its potential and make the contribution it can to UK businesses, that needs to change. We hope that this research can go some way towards helping with that process.

Top 10 Takeaways

1 73.2% of consumers have purchased a gift card in the past three years

2 44.2% of 18-34 year olds buy a gift card at least once every two months

3 Almost all those buying cards for friends or family spend at least much as they do when buying a traditional gift, and spend more 36.3%

4 98.5% of consumers redeem gift cards within 12 months

5 Redeeming cards 72.1% of consumers spend more than the value on the card, adding 55% on top of the average value of the card itself

6 60% of consumers say they've been introduced to a new brand through a gift card, and 17.7% have become regular customers as a result

7 76% are looking to combine gift card and loyalty programmes

8 Gift card managers are spending more of their time on B2B gift card programmes than B2C, with a 57.6% \ 42.4% split in favour of B2B

9 20% of businesses have details of their gift card programmes reported to the board, and only 52.2% of board members say gift cards are a growth area – compared to gift card managers

10 70% of senior executives simply don't know the value of gift cards to their business