
State of the Nation '21

Introduction

This is the third iteration of our State of the Nation research, following the previous waves in 2017 and 2019. This research is supported by insight from bespoke primary research undertaken across a nationally representative sample of 2,000 UK gift card buyers, in January 2021. This year, further depth and context has also been provided by a monthly consumer research programme undertaken since May 2020, which has focused on understanding and quantifying how the COVID-19 pandemic has impacted consumer behaviour in gift cards.

The 2021 research reinforces the significant turbulence that has impacted both the gift card industry, and retail more generally, since the onset of the pandemic. 2020 saw some clear trends, from stores to online; from physical to digital; and from B2C to B2B. Some of these trends were already present in the market, with the pandemic serving to accelerate their development.

Others, meanwhile, reflect the unique, and hopefully short-term circumstances that have hit consumer demand and supply.

What 2020 has emphasised above all else, is that it is more important than ever that the industry seeks to satisfy fast evolving shopper requirements, ensuring the most effective programs and systems are in place. In particular, the switch to digital, which has been further accelerated by the significant restrictions placed on physical operators, means features such as cross-channel redemption are increasingly expected as default by consumers.

The 2021 white paper, focussing on the 2020 research results, provides a very clear picture of how gift card purchasing, and usage behaviour, has been impacted by the pandemic. It is hard, however, to draw direct year-on-year comparisons, with physical retail, leisure and experience operators being hit by significant restrictions throughout the year.

Gail Cohen
Director General, GCVA

About GCVA

The GCVA brings together the industry for networking, learning and sharing best practice. It was established as a trade body in 1991 to represent the key players in the market. Today, it provides an information and reference point for gift card suppliers and customers, and is at the forefront

of the issues affecting the industry. Its main objective is to raise the profile and use of vouchers and gift cards across the globe, as well as promoting the industry to consumers, businesses, government and other interested parties.

1

Gift cards for specific retailers remain the most popular option, purchased by **74.9%** of respondents over the past three years.

2

82.6% of Gen Z shoppers have purchased a gift card, compared to **67.6%** of Baby Boomers.

3

20.7% of gift card users have received a gift card as an incentive from a business or for market research, and **20.6%** through a work reward programme since the start of the pandemic.

4

Physical store locations have seen net falls in usage since the start of the pandemic, with the biggest being in high streets (used less by **33.1%** of gift card buyers), shopping malls used less by **32.9%** and retail parks used less by **28.7%**.

5

44.6% of respondents stated they have made gift card purchases within the past three years influenced by displays in physical stores.

6

42.7% of gift card buyers are now most likely to purchase gift cards online, ahead of stores **39.6%** and other options **17.7%**.

7

38.4% of respondents say they have now converted to digital gift cards.

8

47.1% of respondents now normally redeem their gift card online (up from **43.9%** in 2019), and **21.6%** of respondents tend to use it on their mobile device (up from **11.4%** in 2019).

9

62.6% of respondents expect gift cards to be flexible in terms of where they can use them, indicating that an omnichannel redemption offering is integral to an effective gift card strategy.

10

42.6% of respondents said they had made a one-off purchase at a new brand via a gift card and **21.7%** said they had become a regular customer, both figures of which are increases from 2019 (when they were **40.7%** and **18.5%** respectively).