

# UKGCVA DATA ANALYSIS H1 2019

Strong growth in all sectors underlines the success of the UK's Gift Card and Voucher industry. B2B is booming whilst digital takes over from paper.

The UKGCVA and KPMG work in partnership to deliver a bi-annual report for members of the association. Sales figures are provided by 32 UKGCVA participating members (a sample of the overall market) and are then analysed by KPMG, resulting in a detailed view of the gift card and voucher market for the six month period.

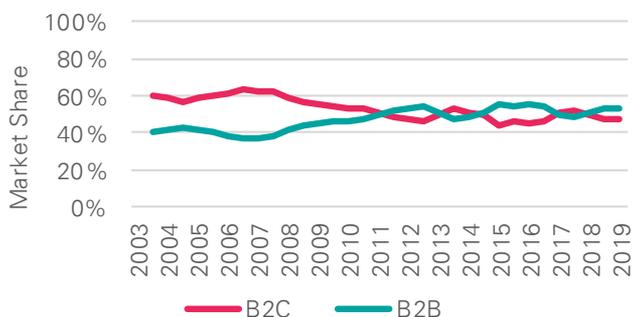
## Summary of findings

The gift card and voucher market continues to grow strongly in the context of a difficult global economic situation. The story is one of B2B sales growth (15.6%) and B2C market contraction (down 9%) which reflects the negative outlook of UK consumer confidence (according to the GfK UK Consumer Confidence Index for July). Retail retains two thirds of the market share, and direct sales remain the dominant sales channel, attracting over two thirds of the B2C market share.

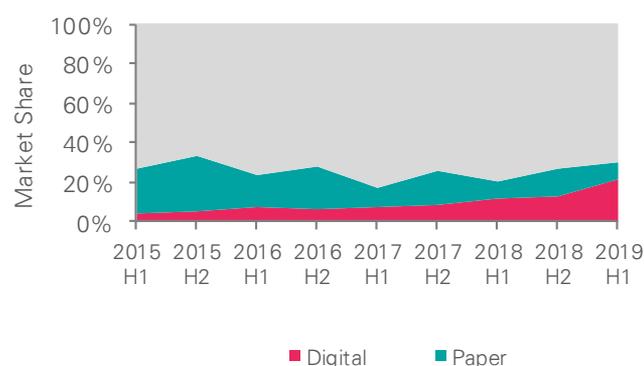
B2C sales via Gift Card Malls continue to grow strongly in all sectors (3.6% overall) whilst the overall B2C market contracts and sales via all other B2C channels fall.

Whilst physical gift cards are the most popular option taking 70% of the overall market share and over 90% of the B2C market share, digital and e-vouchers are challenging this status quo. Digital and e-vouchers now take 35% of the B2B market share. On the opposite end of the spectrum, paper vouchers continue their long decline, now making up just 8% of the market, down from an average of 26% through 2013-2015.

## B2B growing in importance (seasonally adjusted)



## Growth of digital and the decline of paper



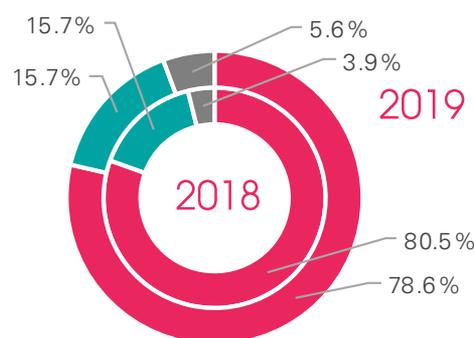
7.2% Year on Year growth

15.6% Like-for-like period growth in B2B

3.6% Like-for-like growth of Gift Card Malls

13.5% Leisure shows strongest growth

## Market share by redemption type in H1



- Closed Loop** Gift cards that are issued and redeemed by the same company or within the same category of companies.
- Multi-Choice** Cards that are only accepted at a restricted range of retailers.
- Open Loop** Cards that are accepted at any outlet displaying the network logo used (e.g. MasterCard or Visa).



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**Gail Cohen, director general for the UK Gift Card & Voucher Association:**

"The continued growth of the market only underlines gift cards' increasing importance as a revenue and loyalty generation tool. It's particularly encouraging to record this growth in the first half of the year, which tends to be slower compared with the months leading up to Christmas.

"The growth of gift card malls is also noteworthy, pointing to not only the consumer's calls for added convenience and choice, but also how consumer businesses are forming alliances and partnerships to generate additional revenue and loyalty."

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**Paul Martin, UK head of retail at KPMG:**

"Placed against a backdrop of lackluster sales in retail in recent months, it's perhaps easy to have overlooked the significant role gift cards and vouchers play in obtaining additional revenue and encouraging customer loyalty. This is arguably even more important during tough times, like those currently being faced by retail and consumer business more broadly.

"As is evident in the latest analysis, businesses need to think carefully about the interplay between physical and online offerings, as well as their partnerships with other businesses. Relationships with other reward partners, or business-to-business sales, may well provide a welcome boost of consumer interest. It is certainly a channel many players must now consider, and just like their product sales more broadly, there is a vital need to offer flexibility where purchase and redemption is concerned."

Paul.Martin@kpmg.co.uk

**Methodology**

The UK Gift Card & Voucher Association (UKGCVA) and KPMG UK analysed six months of gift and voucher sales data from 31 members of the UKGCVA. KPMG UK then aggregated and analysed the data, sorting by market (business-to-consumer or business-to-business), by sector (leisure, retail or agent), 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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