

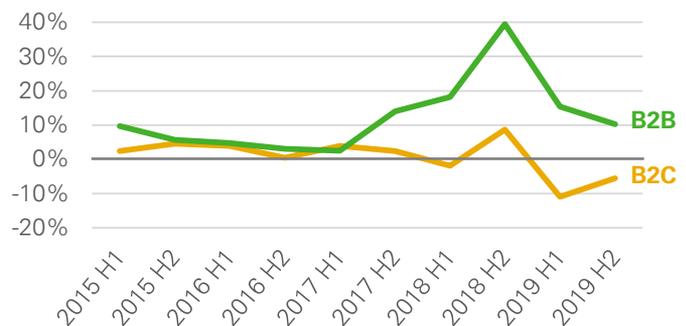
UKGCVA DATA ANALYSIS H2 2019

The gift card and voucher sector has shown resilience by maintaining growth in a year which saw the first overall retail sales decline since 1995¹.

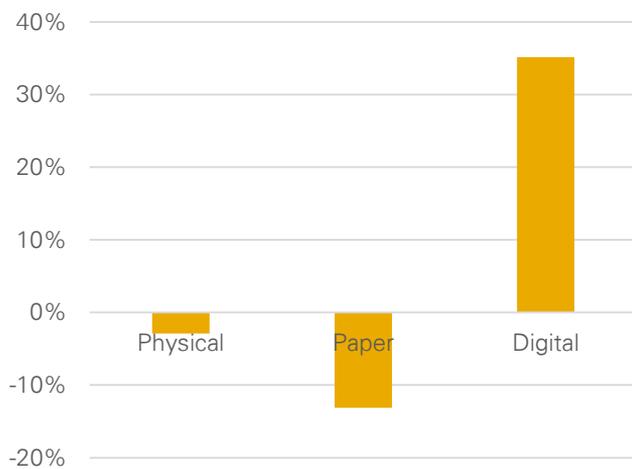
Executive Summary

The gift card and voucher association data submitting membership has demonstrated growth for another year in a contracting sales environment. Business to business sales, open loop and digital offerings continue to be the rising stars in a sector still dominated by closed loop, physical gift cards. Leisure offerings continue to gain market share and challenge the dominance of traditional retail, reflecting the swing in consumer behaviour among Millennials and Generation Z². This is also true of online sales, though only 1 in every 10 gift cards or voucher sales occur online vs. 2 in every 10 overall retail sales suggesting that there is room for significant further growth.

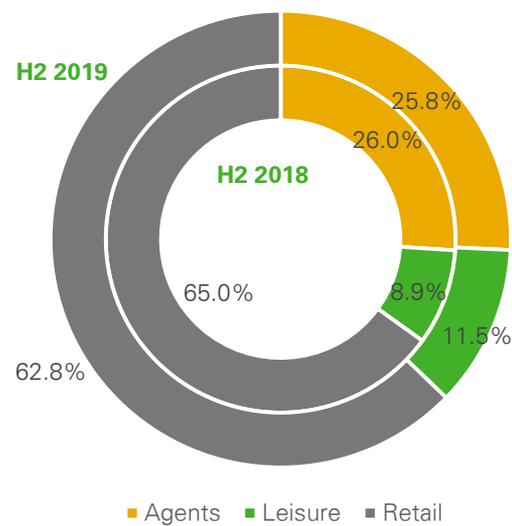
B2B Growth remains strong (like-for-like)



Digital gift cards outperform other products (like-for-like growth)



Leisure sector challenges retail market share



0.9%

Like-for-like period growth



1.7% Rolling Year growth



£1,612.4m

Total H2 2019 sales

31 Contributors



1. Source: BRC-KPMG Retail Sales Monitor, released 9 January 2019
2. Source: Me, my life, my wallet, KPMG Global 2018

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

“The challenges being faced by all consumer businesses have been painfully clear in recent months, whether it is record low retail sales figures or the latest business casualties. However, the clear resilience of gift card and voucher sales is testament to the importance of this avenue in generating additional revenue and boosting customer loyalty.

“As the latest figures outline, gift cards and vouchers hold a whole array of new avenues for consumer-facing businesses to consider or improve upon, whether it be business-to-business sales as organisations look at new ways to incentivise and reward their people; or reminding ourselves of preferable buying choices, like the growing popularity of experiences. All consumer-facing businesses need to think beyond the traditional view of this growing market, as gift cards and vouchers are changing rapidly and offer a whole host of new opportunities.”

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Paul Martin, UK head of retail at KPMG:

“In a landscape where winning and maintaining customer loyalty is often the line between success and failure, retailers can’t afford to overlook the key role gift cards and vouchers play. That’s especially true given that growth of gift card sales remain so resilient, despite such volatile trading more broadly. Leisure might be winning some more market share, but many retail players are actually recording double-digit growth of their gift card and voucher sales.

“If anything, the rise in market share of leisure-focused gift cards bolsters the argument that more work is required to make retail more experiential. Shopping is no longer deemed the leisure activity it once was and that needs to change.”

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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