

GIFT CARD AND VOUCHER SALES ANALYSIS AND OUTLOOK UK

2024 H2

GCVA DATA ANALYSIS 2024 H2

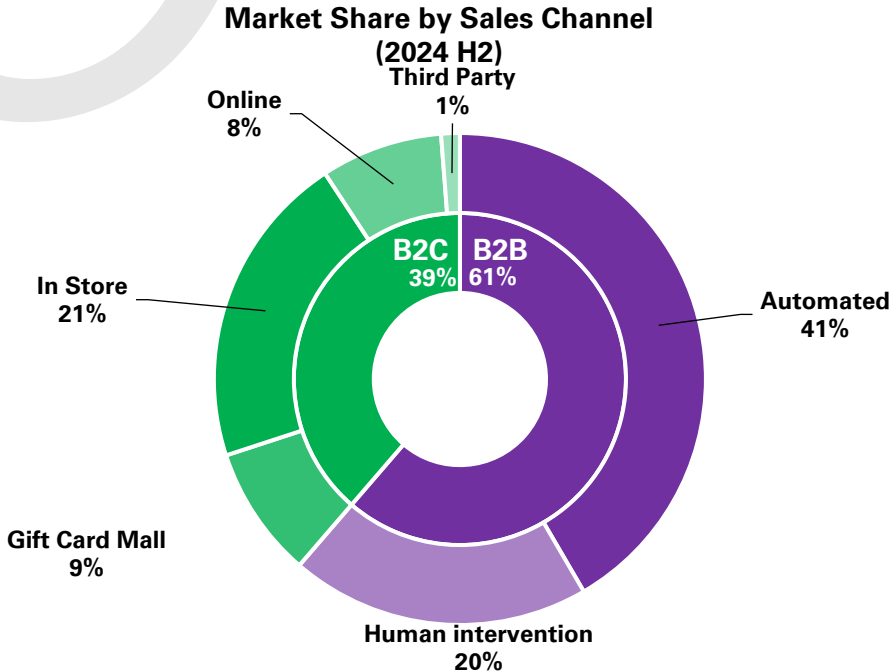
Gift card and voucher sales saw double digit growth both like-for-like and in the rolling year for the first time since H1 2021, led by spending on essentials.

Executive Summary

Despite a faltering, low-growth economic environment, data from the gift card and voucher data submitting membership showed an impressively strong performance in H2 2024, with like-for-like sales growth of 11.39% compared to H2 2023 and a rolling year increase of 10.64%. This was the first period since H1 2021 that both like-for-like and rolling year growth have been in double digits – all the more striking an achievement given the challenges experienced more widely in the retail and leisure sectors. For the seventh period in a row, growth was strongest in Leisure with a like-for-like increase of 13.3% and 11.9% over the rolling year, although Retail was not far behind at 11.3% and 10.6% respectively. Given that Retail accounts for around 95% of sales, the uplift in sales recorded in this category makes up the great majority of growth.

As in previous periods, performance across Retail sub-categories varied – and once again it was Grocers that led the way, accounting for approximately 50% of growth, with General Retail slightly more modest and Fashion struggling to creep into positive territory. In terms of markets, B2B was the driver of growth, recording a 13.7% like-for-like increase and 12.8% rolling year – not far off double the uplift seen in the B2C sector (7.9% and 6.8%) even though the second half of the year is traditionally a strong time for consumer sales due to the Christmas period.

Meanwhile, in a notable first, digital sales took the majority market share over the rolling year (50.3%) – even if they didn't quite pass that threshold in H2 as physical cards continued to be an important gift item between consumers in the festive period. Closed Loop sales saw the highest growth during H2 (12.6%), ahead of Multi Choice (8.1%) with the dominance of B2B sales perhaps being the explanation for this.



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Hannah Shimko, Managing Director of the Gift Card and Voucher Association (GCVA), said:

The continued strength of the gift card market, even amid ongoing economic challenges, underlines the sector's resilience and versatility. With double-digit growth for the first time since 2021, it's clear that gift cards are playing a vital role for consumers and businesses alike.

"The standout growth in B2B sales highlights how employers are using gift cards not just as rewards, but as practical tools to support staff—especially through benefits and savings schemes focused on essentials like groceries. This shift reflects the evolving role of gift cards as more than just a gift—they're now a meaningful part of employee wellbeing strategies.

"Digital gift cards crossing the 50% market share milestone (the first time across a full year) marks a major turning point for the industry. Consumers are embracing the convenience, speed, and flexibility that digital options offer, particularly during key gifting moments like Christmas.

"Leisure gift cards also continue to shine, with people still valuing experiences and treats even when budgets are tight. Whether for days out, holidays, or home entertainment, these products give recipients a chance to enjoy something special that might otherwise be out of reach.

"What's clear from this report is that gift cards have become an essential tool—offering flexibility, value, and choice. Whether helping people manage everyday costs, rewarding employees, or simply spreading joy, gift cards continue to adapt and thrive in a challenging market. Their growing popularity is a testament to the unique role they play in the modern economy."

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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Don Williams, Retail Partner at KPMG UK, added:

"The UK gift card market is proving to be a real bright spot amid a challenging retail landscape. Double-digit growth - 11.4% like-for-like and 10.6% in the rolling year - is noteworthy, especially in the context of consumer spending expected to grow by 1.0% in the year, retail sales growth across the year of 0.7% (which was driven more by price than volume and by food (3.3%) rather than non-food (-1.5%) and with consumer confidence very muted. It's clear that gift cards are providing a valuable service to both consumers and businesses.

"Digital gift cards crossing the 50% market share milestone (the first time across a full year) marks a major turning point for the industry. Consumers are embracing the convenience, speed, and flexibility that digital options offer. Nevertheless, physical gift cards held their ground for the 2024 H2 period, demonstrating a continued relevance for seasonal gifting. This mirrors the trend we see in overall retail spending in UK where >6 out of 10 purchases are still made physically.

"Grocery gift cards saw a 23.2% like-for-like sales increase, reflecting a focus on essential spending and probably "self-gifting" through employer provided platforms. In contrast, fashion gift cards saw 0.2% growth overall and a decline of -6.8% in the B2C market, which echoes the challenges seen in discretionary categories overall. With uncertain economic conditions on the horizon, possibly marked by ongoing high inflation, we would not expect this to change into 2025.

"Given the continued dominance of B2B sales and the expected continued pressure on consumer spending and confidence through 2025 members should seriously consider how well their B2B offerings are positioned to support employers in navigating increased NI costs through non-wage benefits and for employers to continue to provide support to their employees with cost of living pressures and access to "experiential treats". "

"Looking ahead, the gift card sector is well-positioned for further growth if the same patterns continue. The sector needs to continue to focus on innovation and particularly on convenience for customers in terms of access, flexibility and ease of purchase and redemption. Additional opportunities will emerge for instance in sectors affected by suppressed non-discretionary spend, retailers will need to consider how well they are positioned to capitalise on emerging consumer behaviour trends, such as the circular economy and particularly within second hand."