

Gift card and voucher sales grow despite difficult trading conditions, the UKGCVA and KPMG reveals

- *UK gift card and voucher sales grew by 7.2% over the past year, despite adverse trading conditions*
- *Business-to-business sales were the key contributor to overall growth in the first half of 2019, up 15.6% compared to the same period last year, whilst sales direct-to-consumers fell by 9%*
- *The decline in direct-to-consumer sales was felt predominantly by retailers, down 12%, however retail still accounts for two-thirds of the market overall.*
- *By contrast, leisure sector sales benefitted most, growing by 13.5% and now accounting for 17% of the overall market.*

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The UK's gift card and voucher market has grown by 7.2% year-on-year, according to the latest analysis carried out by the UK Gift Card & Voucher Association (UKGCVA) and KPMG UK.

The analysis – looking at sales performance in the first half of 2019 compared to the same period the preceding year – recorded growth of as much as 15.6% in business-to-business (B2B) sales, including, for example, gift cards issued via an employer's reward programme.

However, sales direct to consumers (B2C) contracted by 9%, which could be attributed to difficult trading conditions such as economic slowdown, lower consumer confidence and record low retail sales growth in recent months*.

While retail remains the most important sector within the gift card industry, with retail sales accounting for two-thirds of the overall market, there was also strong improvement in the leisure industry, with the sector having grown by 13% year-on-year.

Direct sales (sales via the issuers own store) remains the main driver of B2C gift card sales more broadly, accounting for two-thirds of the market – bucking the presumption that only online sales are realising growth.

Whilst a preference for physical gift cards continues – accounting for 72.5% of the market – digital and e-vouchers are proving increasingly popular, now accounting for 26.9% of sales (up from 12% in the first half of 2018).

Promisingly, gift card malls (the selection of gift cards stocked by third party businesses) grew by 3.6% on a like-for-like basis, highlighting the growing importance consumers place on convenience and choice in the gift card market.

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

“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.”

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

“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.”

-ENDS-

Notes to Editors

* The BRC-KPMG Retail Sales Monitor recorded record lows in the months of [May](#), [June](#) and [July](#) 2019. To view press releases outlining each month’s performance, please click on the respective month.

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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).

About KPMG in the UK:

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 16,300 partners and staff. The UK firm recorded a revenue of £2.338 billion in the year ended 30 September 2018. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 154 countries and has 200,000 professionals working in member

firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

About UKGCVA:

The UK Gift Card & Voucher Association (www.ukgcva.co.uk) was established as a trade body to represent the key players in what is today a c£6 billion gift card and stored value solutions market. With 90 members representing key retailers, issuers and suppliers the UKGCVA provides an information and reference point for the Gift Card & Voucher industry and is at the forefront of the issues affecting the industry.

Its main objective is to provide a platform and infrastructure for the industry and to raise the profile and use of gift cards and vouchers within the UK, promoting the industry to consumers, businesses, government and other interested parties.

The UKGCVA is the key industry organisation to share new ideas, innovate and promote best practice with the UK gift card and voucher industry. It runs a programme of events, meetings, research projects and updates throughout the year, including its flagship conference, a key date in the industry calendar. The conference, which runs over two days, brings together all stakeholders in the sector to learn, debate, network and focus on the industry.

The latest industry data is received from UKGCVA participating data members and the data and report are produced by KPMG UK.

** The data in the report is provided by UKGCVA participating retailers & issuers, representing the key industry players in the market.*