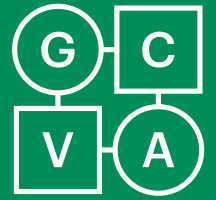
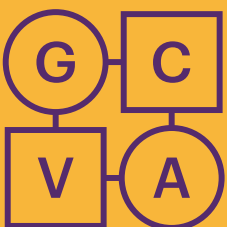
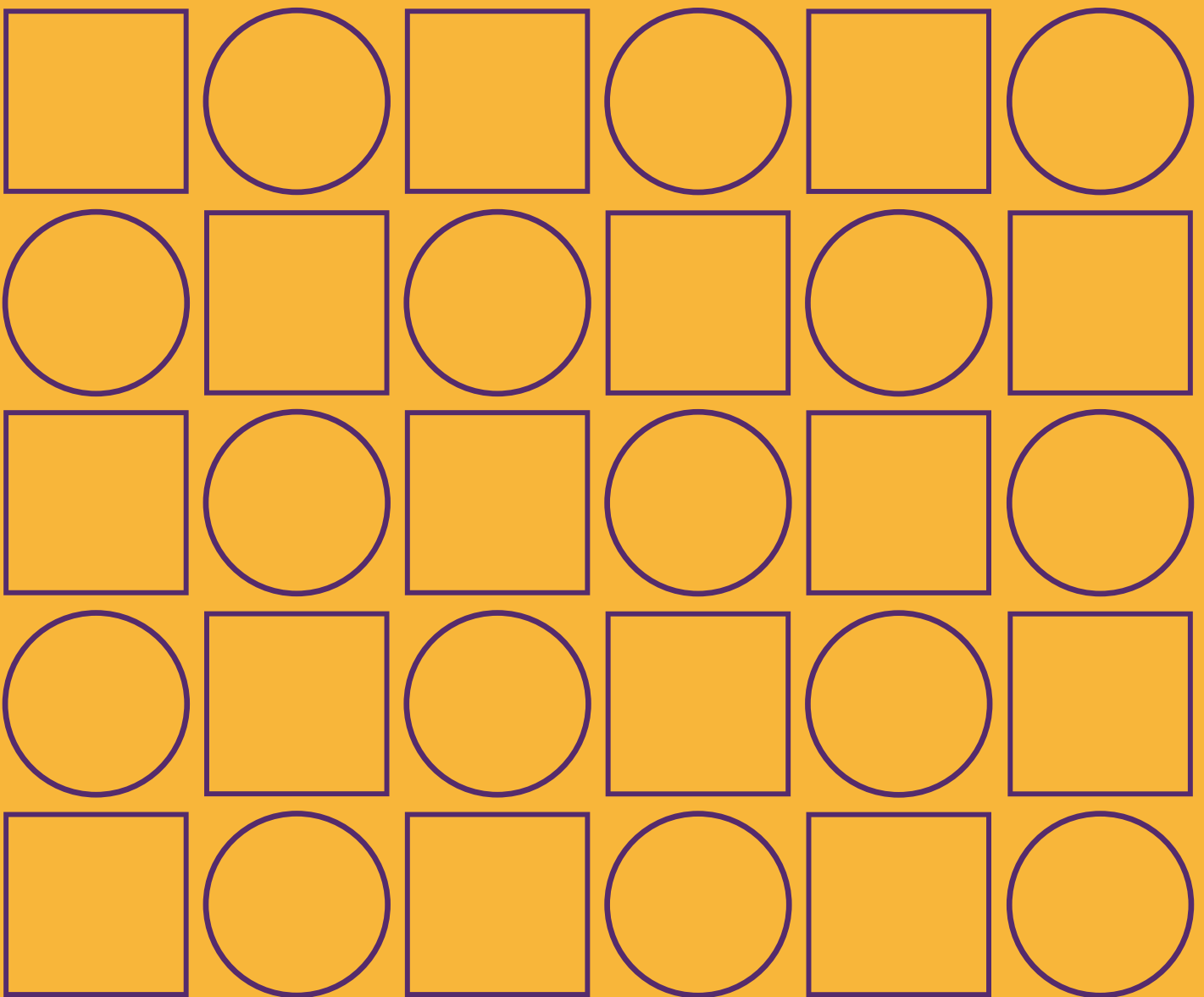


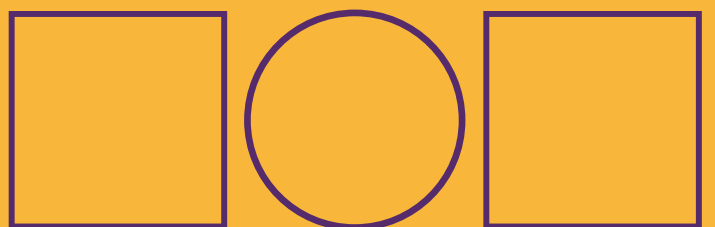
# State of the Nation '22



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Gift Card  
& Voucher  
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Appreciate Group is home to many of the UK's most-loved gifting, pre-payment and engagement solutions. Through its famous multi-redemption solution - Love2shop - it offers consumer and business customers the opportunity to gift and reward through a choice of hundreds of redemption options, from leading retailers and attractions, to top leisure and hospitality options.

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# State of the Nation '22

## Introduction

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Back in 2017, the GCVA partnered with GlobalData, launching our first State of the Nation white paper. This sought to provide an in-depth overview of the state of play in the UK gift card industry, with the white paper seeking to answer the question: “is the gift card industry ready for the modern consumer?”. The research told us that buying habits were evolving quickly, and the industry needed to adapt at the same speed to ensure gift cards remained relevant.

Fast forward a few years and that process of evolution has become a revolution, with the arrival of COVID-19 having turned UK retail on its head. 2021 was the second year of the pandemic and it represented another rollercoaster ride for the UK. While the arrival of vaccines thankfully began to turn the tide, the virus nonetheless continued to have a dramatic impact on both businesses and consumers, including over the key peak festive period.

2021 began with the UK once again in a state of lockdown. Although by July, with restrictions being removed ahead of ‘Freedom Day’ and stores ‘re-opening’ the country was at least on a path to recovery. This saw year-on-year retail sales growth soar against weak comparatives, particularly across previously struggling categories such as apparel and leisure. However, there were more bumps in the road to come, with supply chain issues, rising inflation and the emergence of the Omicron variant hitting spending in the run-up to Christmas, and over the festive period itself.

Unsurprisingly, the impact on gift card purchasing has also been dramatic. There have been many challenges, such as the COVID impact on buying gift cards for specific occasions, declining consumer confidence and the closure of physical retail and leisure venues.

Gail Cohen  
*Director General, GCVA*

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## About GCVA

GCVA brings our industry together to drive innovation and growth. 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

An average of **7.7%** of UK consumers per month purchased a gift card for themselves over 2021 vs. **6.4%** over 2020, with significantly higher purchase propensity among younger age cohorts

# 2

Gift card purchasing was boosted by retailer stock issues in 2021, with an average of **35.8%** of gift card purchasers over Q4 stating it was easier to buy a gift card than a physical gift

# 3

The proportion of UK consumers purchasing gift cards increased over Christmas 2021, with **27.1%** of shoppers buying a gift card for someone else over December 2021, compared to **25.2%** in December 2020

# 4

Consumer expectations around digital cards and cross-channel flexibility continue to increase; **40.8%** of consumers expect all gift cards to be cross-channel in the future

# 5

Physical gift cards bounced back strongly in 2021, as stores re-opened; across the year, a monthly average of **47.4%** of gift card buyers purchased physical gift cards instore vs. **43.4%** in 2020

# 6

The proportion of UK gift card buyers purchasing leisure and experience gift cards also recovered strongly, with the average proportion of monthly gift card buyers purchasing for the latter increasing to **23.0%**, up from **17.9%** in 2020

# 7

Employee benefit, reward and B2B schemes continue to increase in significance; **39.5%** of consumers received at least one gift card over the last three years through work rewards or incentives

# 8

Gift cards are increasingly seen as a tool to support local businesses and high streets; **28.8%** of monthly gift card purchasers in 2021 said supporting local businesses was a motivation, compared to **24.5%** of purchasers in 2020

# 9

Consumers are more worried about gift cards expiring before they can be used than they were pre-pandemic; **26.5%** of consumers see this as a reason not to buy, up from **20.9%** in 2020

# 10

Over half of all those receiving gift cards over the past three years have been introduced to a new brand or organisation via this format

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# The State of the Nation in 2022

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This white paper explores several key themes that are driving consumer behaviour in the UK gift card industry, both pandemic driven and in the longer term. It also examines how gift card managers are responding to these evolving dynamics.

Key managers themes explored are:

- Gift cards through the pandemic
- In-focus: Christmas 2021
- Evolution of gift card purchasing
- Maximizing the potential of gift cards – the challenge for gift card managers
- Industry opportunities – the gift card managers' perspective

## 01 Gift cards through the pandemic

### The pandemic transforms how people shop for gift cards

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Gift cards have come into their own since the onset of the pandemic. The rising relevance and improved perceptions of gift cards has been driven by their growing cross-channel flexibility; their role in enabling consumers to offer their support to local businesses and local high streets; and their enduring popularity in categories such as leisure, hospitality and gaming. This was even though some of these consumer sectors themselves were thrown into disarray by the arrival of COVID-19.

This rising prominence of gift cards is reflected in them increasingly becoming viewed as a viable everyday gifting option. In the monthly consumer tracking that GCVA and GlobalData have been running throughout 2020 and 2021,

the average proportion of consumers purchasing gift cards for someone else citing 'I regularly purchase gift cards to give as gifts' increased from 30.3% in 2020, to 32.8% in 2021.

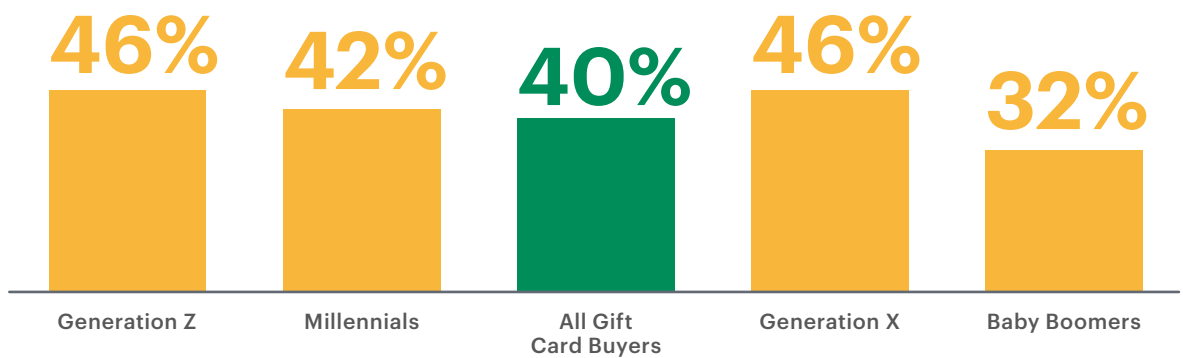
The second most cited motivation for purchasing on behalf of someone else has also been a factor that has come more to the fore over the pandemic period. An average of 32.4% of gift card buyers over 2021 cited that 'it is easier than the option of buying physical gifts' as a key motivator (2020: 29.6%). This has been a key driver throughout the pandemic, amid the enforced closure of physical stores through 2020 and into 2021, and the supply chain issues that began to bite over H2 2021.

## Younger consumers show enthusiasm for gift cards

Gift cards remain relatively more popular among younger consumers. 41.9% of Gen Z shoppers have purchased within the last three years, and this then rises to 45.8% of millennial shoppers. From here penetration falls significantly. In contrast, just 32.0% of Baby Boomers have bought over the last three years. The strong popularity of gift cards among younger age cohorts reflects the increasing demand for leisure, experience and gaming gift cards over the last decade.

When it comes to who gift card buyers are purchasing on behalf of, over the past three years 'other' family members are the most common group to gift to (cited by 48.3% of those that purchased gift cards), followed by spouse/partners (28.0%). Other popular recipients are friends, children and siblings, all of which sit at very similar level (between 25 and 28%).

Purchased at least one gift card over the last three years

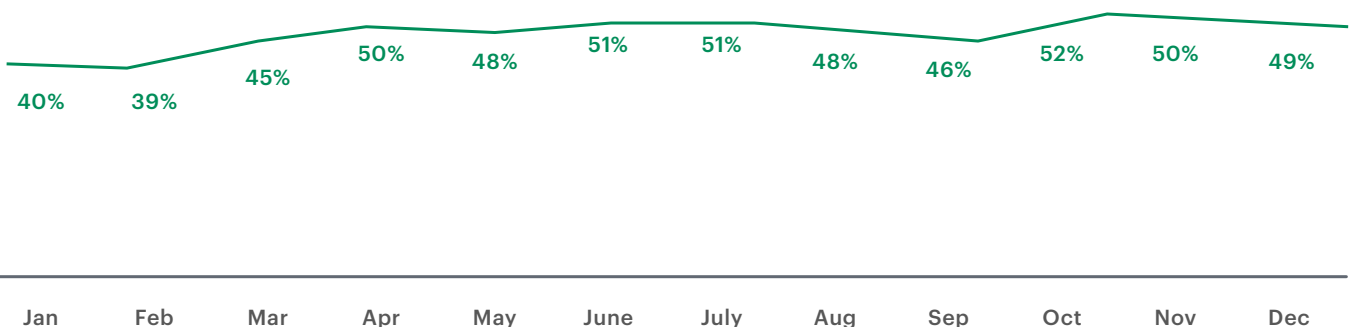


## Physical gift cards bounce back in 2021

Physical gift cards purchased instore and online both saw growth over 2021. The purchasing of physical gift cards from physical stores remained the most popular form of buying throughout 2021, with a monthly average of 47.4% of gift card buyers vs. 43.4% in 2020. At the same time, the proportion of gift card buyers purchasing physical gift cards online increased to 36.4% in 2021 vs. 33.9% in 2020.

*This chart below shows monthly purchasing of physical gift card instore over 2021. As the restrictions began to be lifted through late Q1 and into Q2, there was a marked increase in gift card buyers purchasing this way. This was driven both by the greater ease of making these gift card purchases, but also the parallel greater ease in redemption of these types of cards.*

Gift card buyers purchasing physical gift card in physical stores over 2021



## Digital gift cards come to prominence during the pandemic

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At the same time that physical gift cards experienced a more positive trajectory over 2021, the proportion of gift card buyers purchasing digital gift cards declined from an average of 28.3% each month in 2020, to 27.0% in 2021. However, while digital was inevitably impacted by the recovery of physical, the pandemic has permanently cemented the greater influence of both digital gift card purchasing and redemption. Indeed, GlobalData's monthly consumer tracking found that an average of 27.5% of gift card buyers in 2021 said that they had converted to digital gift cards, vs. 24.2% in 2020.

The rising influence of digital gift cards is reflected in the evolving consumer sentiment to gift cards more generally. A higher proportion of gift card buyers now expect all gift cards to be cross channel, with agreement for this increasing significantly, from 26.2% in 2020, to 40.8% in 2021. Digital gift cards have been seen as a particularly useful method through which to facilitate online shopping, with just over a fifth (21.6%) of those purchasing gift cards for someone else citing 'to help the recipient to shop online' as a key motivator over 2021.

*“A higher proportion of gift card buyers now expect all gift cards to be cross channel, with agreement for this increasing significantly, from 26.2% in 2020, to 40.8% in 2021”*

## The return of non-essential physical shopping trips benefits multistore card

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Average monthly purchasing of multistore gift cards among gift card buyers increased to 38.0% over 2021 vs. 35.5% in 2020. This reflected a return of the type of more sociable, non-essential shopping trips taken pre-pandemic.

At the same time, single retailer gift cards experienced a slight year-on-year dip, from an average of 50.1% of monthly gift card buyers in 2020 to 49.1% in 2021. However, more targeted single retailer gift cards generally continue to be the most popular gift card option and see particular prominence during the peak period; 55.8% of gift card buyers purchased these over December 2021.

On a generational level, there is clear divergence in preference when it comes to purchasing of multistore vs. single retailer gift cards. For example, in December 2021, 69.8% of Baby Boomer gift

card buyers purchased gift cards from specific high street retailers or store-branded gift cards. There is a greater sense among these shoppers that such purchasing represents a more thoughtful approach to where the recipient might like to spend the card. Indeed, just 21.2% of gift card buyers in this cohort purchased multistore gift cards during the month.

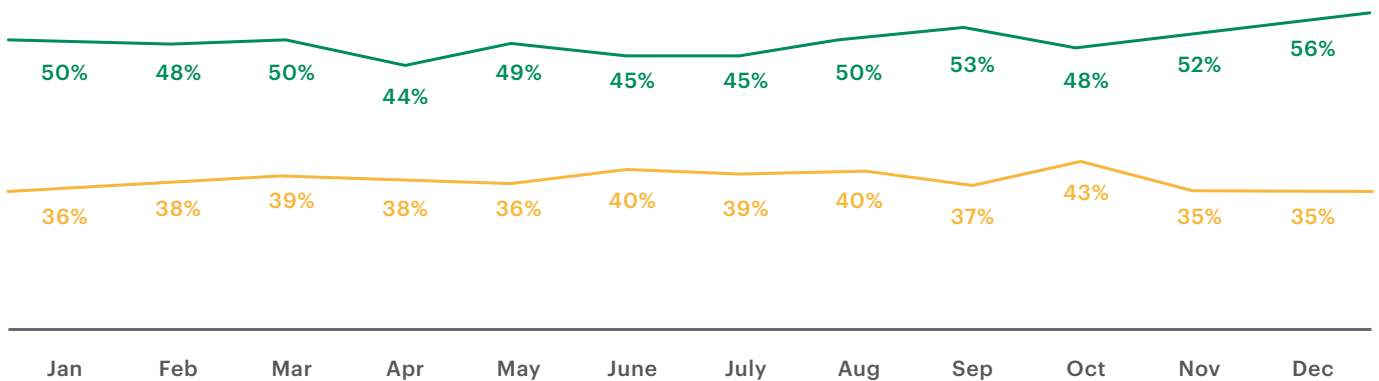
In contrast, only 33.5% of Gen Z gift card buyers purchased a retail gift card over December 2021. Gen Z and millennial consumers are more likely to prioritise choice and flexibility, as well as gift cards that offer options beyond traditional high streets. With younger generations looking for flexibility and convenience when making purchases, 48.8% of Gen Z gift card buyers purchased multistore gift cards during the month.



Multistore and retail gift card purchasing over 2021

- A single retailer card
- A multistore gift card

In June 2021, as 'Freedom Day' approached, the proportion of gift card buyers purchasing multistore gift cards increased to 40.5%. This partly came at the expense of single store retail gift cards (45.2% in June vs. 48.7% in May).



## Demand for Leisure and experience related gift cards returns

Demand for leisure (travel, theatre / entertainment tickets, spa, dining) and experience (hotel stay, adventure sports etc.) gift cards unsurprisingly saw strong bounce back over 2021, following an extremely weak 2020. The average proportion of monthly gift card buyers purchasing leisure and experience gift cards increased to 15.1% and 23.0% respectively, over 2021 vs. 12.9% and 17.9% in 2020.

As 2021 progressed there was a considerable upsurge in gift cards associated with leisure and experiences. This accelerated during April, as the UK announced the re-opening of outdoor venues including pubs and restaurants, zoos and theme

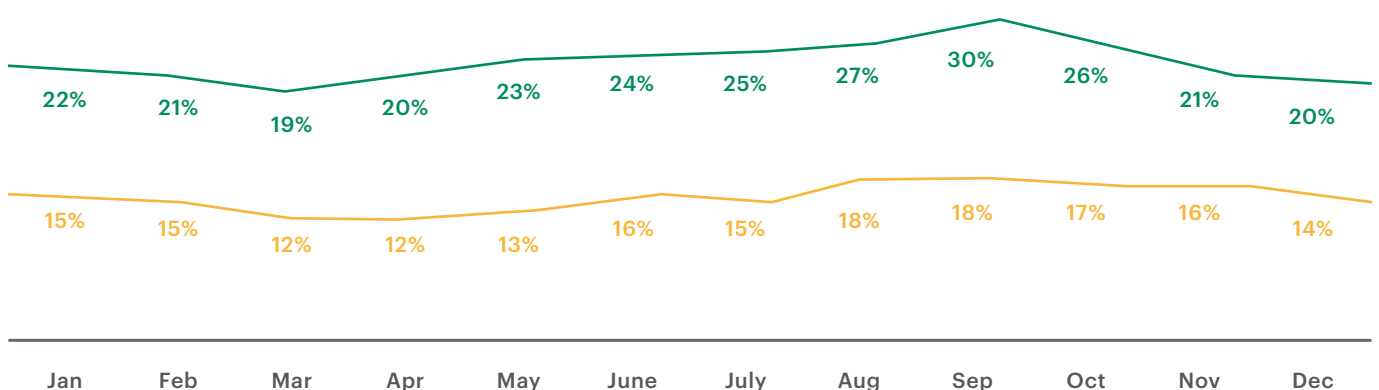
parks, as well as indoor leisure facilities, such as gyms. By mid-2021 this had extended to large outdoor seated venues, like football stadiums, with up to 10,000 spectators.

Demand for leisure and experience gift cards was combined with the residual demand for gift cards as a convenient gifting option for a proportion of consumers who remained cautious about face-to-face social contact. In addition to the short-term relative boost in demand for these types of gift cards, they are also benefitting longer term, as an outlet for the type of gifting demand that would have previously been directed towards traditional retail categories, such as media.

Gift card buyers purchasing Leisure and Experience gift cards over 2022

- An experience gift card
- A leisure gift card

Leisure and experience gift cards saw a continuous surge in demand from May onwards amid the loosening of related restrictions. This was particularly driven by the behaviour of millennials & Gen Z, as they took advantage of opportunities to resume these kinds of activities and spent money that they had saved up while staying at home on enjoying themselves. Purchasing was further accelerated during the summer holiday period.



## Gift cards expiration perceived by some to be a barrier to purchase

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Amid the operating restrictions placed on retail, leisure and experience businesses through 2020 and into 2021, there was inevitably much uncertainty around whether consumers would be able to redeem gift cards prior to expiry dates. This is despite many businesses being pro-active and flexible on this front, such as offering extensions and other solutions.

There is little evidence that this has impacted the speed with which gift cards are spent, with the most popular bracket for redemption being within one

month and three months of receipt. There is little variation across the generations, including 34.7% of Baby Boomers and 38.4% of Millennials spending within this timeframe. That said, only 29% of Gen Z shoppers have the same level of urgency to spend their gift cards during that time-frame. Among these shoppers 'between three months and six months of receipt' is the most common option, at 35.5%. This again reflects that this group is more relaxed about gift card expiration.

*"Expiry dates were cited by 26.5% of consumers as a barrier to purchase in 2021, up from 20.9% in 2020. These concerns are most evident among Baby Boomers (32.0%) and less so among Millennials (23.0%) and Gen Z (19.6%), with younger groups being both less likely to worry about expiring values in general, but perhaps also feeling more empowered by digital technology to monitor and, if necessary, request changes to expiration dates"*

## 02 In-focus: Christmas 2021

### Gift cards were more popular than ever over Christmas 2021

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According to consumer research GlobalData and GCVA conducted over January 2021, 36.5% of consumers received more gift cards as a gift over Christmas 2021 vs. the previous year. This was compared to just 10.3% of consumers who received

fewer gift cards compared to the previous year. Gift cards provided a particularly important gifting option for both the Gen Z (40.6% received more gift cards) and Millennial (36.1% received more) age cohorts.

### Gift cards were a particularly popular peak option...

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When compared against the weak comparative of Christmas 2020, which gradually saw the UK enter harsh, tier 4 restrictions, and parts of the South-East effectively face a travel ban, year-on-year purchasing trends were particularly positive over December 2021. 27.1% of consumers purchased a gift card for someone else over December 2021 vs. 25.2% in 2020.

As highlighted, gift cards are representing an increasingly popular Christmas gifting option, with experience, leisure and gaming cards, for example, representing a strong alternative to traditional physical categories, such as music and video.

Moreover, supply chain issues for some of the most wanted Christmas gifts also provided further opportunities for gift cards over Christmas 2021; 34.8% of those purchasing gift cards for someone else cited the fact that it was 'easier to purchase than physical gifts' gifts as being a key driver. Over 40% of respondents said they planned to purchase gift cards in coming months as it has become more difficult to purchase physical gifts.

## ...but Omicron has an impact later in the period

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During the Christmas 2021 period, UK consumers were rattled by the arrival of Omicron and, although a return to full lockdown was ultimately avoided, restrictions were re-introduced, and shoppers began to develop concerns over the risks of going out in public.

After a promising start to trading in November and the first two weeks of De-

ember, the enthusiasm of shoppers started to dip towards Christmas, as Omicron impacted footfall. This pattern was mirrored in gift card purchasing and while almost 43% of shoppers purchased gift cards in the first half of December, this fell to 34% in the week leading up to Christmas. Moreover, only 13% of shoppers surveyed purchased gift cards on Christmas Eve.

## Physical gift cards were a popular option over December 2020

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Physical gift cards performed particularly strongly over December 2021, with 49.0% of gift card buyers purchasing physical gift cards instore vs. 42.5% in December 2020. Gen Z and Baby Boomers contributed equally to the steep rise in physical gift cards purchased instore over Christmas, with over 52% of both cohorts purchasing these products over December 2021.

In contrast, demand for digital gift cards took a hit. With consumers showing a return to physically meeting up and exchanging gifts and greeting cards, even in the face of omicron, it was this non-tangible form of cards that proved less popular. The proportion of gift card purchasers buying digital gift cards declined to 24.0% in December 2021, from over 29.3% in December 2020.

## Single retailer gift cards more popular during Christmas despite small dip from previous year

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As meeting up and exchange of gifts resumed, gift cards linked to specific retailers were a way for UK consumers to show their recipients that they had put more thought into the purchase.

Purchasing of single retailer gift cards also suggested a growing confidence that these operators will still be around for cards to be redeemed, following the uncertainty in UK retail over much of the last two years.

55.8% of respondents purchased a single retailer gift card over December 2020, in comparison to 56.4% in 2020. These options were more popular among the Baby Boomer & Gen X cohorts (69.8%

& 61.7% of gift card buyers purchased, respectively) compared to younger generations (just 33.7% of Gen Z gift card buyers purchased a retail gift card).

Younger groups, having had their expectations raised by the modern ease of cross-channel shopping, are more likely to show a preference for flexibility in where gift cards can be used. Indeed, multistore gift cards experienced higher growth (34.5% purchased in December 2021 vs. over 32.4% the previous year) with Gen Z shoppers (48.8% of gift card buyers purchasing) showing most interest in multistore gift cards.

## 03 Evolution of gift card purchasing

### Employee benefits, reward and B2B continue to rise in significance

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Across the year as a whole, physical gift cards through work incentive/reward programmes were purchased by 24.5% of consumers on average per month vs. 23.7% in 2020. At the same time, an average of 11.2% of consumers purchased digital gift cards this way.

The importance of the channel is also reflected when examining consumer

behaviour over the past three years. This highlights the increasing significance of B2B, with an almost equal proportion of consumers having received a gift card as a reward or incentive from a company, as they have purchasing gift cards themselves. This is on par with the proportion of shoppers purchasing gift cards.

*“Across the year as a whole, physical gift cards through work incentive/reward programmes were purchased by 24.5% of consumers on average per month vs. 23.7% in 2020”*

## Shoppers across all age groups demanding cross-channel flexibility

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Despite the rising prominence of physical gift card purchasing among gift card buyers in 2021, the pandemic has permanently cemented the greater influence of digital purchasing and redemption.

This is seen in the expectations and possible future actions of consumers; a monthly average of 40.8% of gift card buyers in 2021 said that they expect all gift cards to be cross-channel, up from

just 26.2% in 2020. Moreover, 27.7% of gift card shoppers claim to have converted to digital gift cards in 2021 compared to 24.2% in 2020.

Cross-channel flexibility is an expectation that is notably higher among younger consumers, with this sentiment highest among the Millennial cohort. In contrast, it is at its lowest among Baby Boomers.

**41%**  
of gift card buyers in 2021  
said that they expect all gift  
cards to be cross-channel

**28%**  
of gift card buyers in 2020  
said that they expect all gift  
cards to be cross-channel



## Mobile wallets and digital delivery are rising in significance

When it comes to features that would potentially influence purchasing, mobile wallets (7.5%) and delivery within social media/messaging platforms (7.1%) are both embryonic demands among gift card shoppers overall. However, their influence rises among Gen Z shoppers, to 14.2% and

15.4% respectively, indicating signs of their likely prominence over the coming years.

Elsewhere, personalisation in the form of images (cited by 6.7%), pictures of the recipient (5.3%) or personal messages in the form of print/voice/video (7.5%) all remain minor demands.

Gift card features that would influence purchasing among Gen Z shoppers



## Money saving is the biggest stimulant for self-use card purchasers

An average of 7.7% of monthly gift card buyers purchased gift cards for themselves over 2021 vs. 6.4% over 2020, with significantly higher purchase propensity among younger age cohorts. The rise of self-use represents a more general indication of the growing relevance of gift cards, particularly through the pandemic. This growth of self-use continues to be underpinned by several drivers.

Firstly, gift cards represented a key medium through which UK shoppers were able to support struggling local businesses through the various lockdowns that the UK has experienced over the last couple of years.

Secondly, gift cards have increasingly been seen as an effective facilitator of spending across relevant products and channels. For example, through the pandemic, they were seen as a secure and straightforward medium through which to help shoppers in transitioning their spend

to digital channels. Gift cards also continue to hold strong relevance when it comes to subscription media and video games.

The third factor driving the rise in gift card self-use has been the increase in purchasing through employee reward programmes. The rising influence of these schemes in the industry has been reflected by the strong growth through B2B channels over recent years.

Finally, there is the potential of gift cards to support shoppers with budgeting and saving money. Retailers often offer discounts with gift card purchase along with the added convenience of online shopping, which can sometimes be seen as a better way of locating lower prices on branded items. This value factor has been well established in the fact that respondents have placed 'to help with saving money' as the top factor while indulging in self-use gift cards (38.2% in 2021).

## The evolving role of gift cards in providing support for local businesses

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Gift cards have proved an increasingly important medium for shoppers to funnel financial support to local retail and leisure businesses while these businesses have been heavily restricted in their ability to trade. An average of 28.8% of gift card purchasers each month said supporting local businesses or high streets was a factor in buying themselves a gift card, up from 24.5% of purchasers in 2020. The pandem-

ic encouraged consumers to become more aware of, and supportive of, businesses in their community.

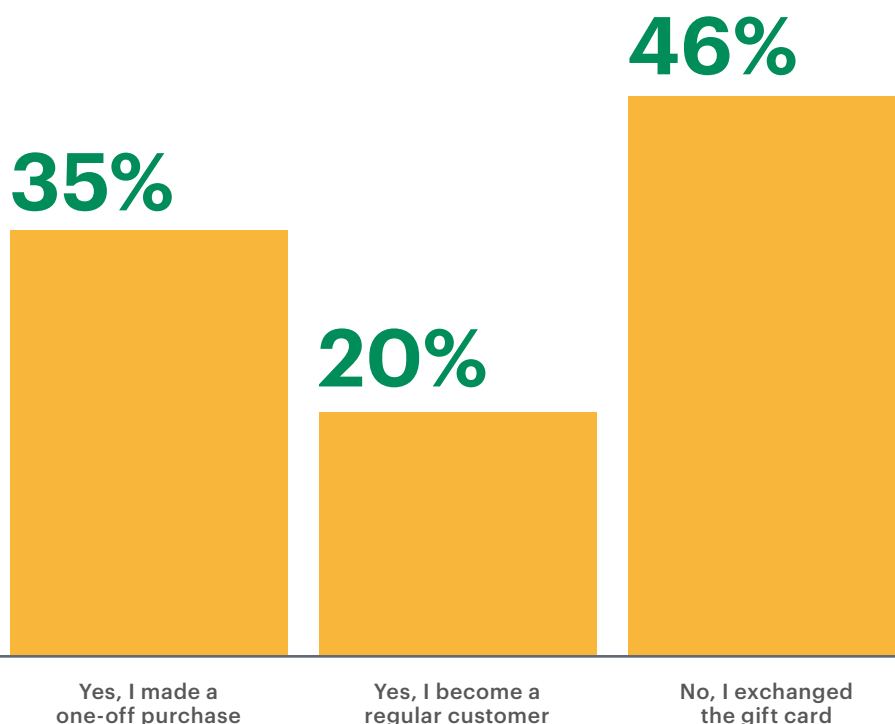
Moreover, this trend looks set to endure, with over a quarter (26.4%) of respondents agreeing that they will continue to purchase gift cards with the intent of supporting companies they like, and 34.0% agreeing they have noticed that more local businesses have started to sell gift cards.

*“An average of 28.8% of gift card purchasers each month said supporting local businesses or high streets was a factor in buying themselves a gift card, up from 24.5% of purchasers in 2020”*

## Gift cards are a key facilitator for new customer acquisition

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Over half of all those receiving gift cards have been introduced to a new brand or organisation via the format, and this rises to 67.3% of Gen Z consumers. Over half of those who have been introduced to a new brand then become regular customers.



## 04 Maximizing the potential of gift cards – the challenge for gift card managers

### Gift card managers typically have a strong day-to-day focus on the category

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45.5% of gift card managers said that driving gift card strategy represents the entirety of their role, with a slightly smaller proportion (42.4%) stating that the category represents a significant proportion of their role. This suggests that on the whole retailers continue to take the category seriously, particularly given the potential influence on customer acquisition and retention.

In addition to benefitting from having dedicated category managers, the research also highlighted that most retailers have further internal support. 68.2% of gift card managers said that there are at least two people on the gift card team; of these over a third (36.4%) have at least four team members, and over a fifth (22.7%) at least six members.

*“68.2% of gift card managers said that there are at least two people on the gift card team; of these over a third (36.4%) have at least four team members, and over a fifth (22.7%) at least six members”*

### The gift card function typically sat within marketing or trading

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30.4% of respondents said that the gift card function within their organisation sits within the marketing department. This was followed by trading (26.1%) and finance (17.4%). This inconsistency is a consequence of the varied role of gift cards – as

a sales line, marketing lever, and loyalty driver. There are clear signs that the gift card function is shifting as the role of gift cards evolve, with loyalty and customer experience all areas of responsibility.

### Gift card managers focus mainly on day-to-day commercial elements

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When it comes to the responsibilities that gift card managers said that they have for the function, the key ones cited were sales channels (90.9%), strategy (84.8%), business development (81.8%), operations (81.8%) and budget/finance (81.8%). This reflects that the role of gift card managers is more geared towards day-to-day customer acquisition and retention.

In contrast, a lower proportion have responsibility for more technical areas of focus, including design (78.8%), marketing research (72.7%), innovation/technical development (66.7%), and the customer journey instore/online (both 63.6%).



## Driving board-level engagement remains a challenge

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Aligned to the findings regarding the responsibilities that gift card managers typically hold for the function, just 66.7% said that this included board engagement. Indeed, gift card managers stated that the function typically reports to sub-board level, with 66.7% stating senior managers/directors, 15.2% other c-suite, and just 9.1% for both CEO and CFO.

When it comes to senior management engagement in gift card strate-

gy, almost a fifth (18.2%) of gift card managers surveyed, stated that there is no board-member involvement with the gift-card strategy, with the majority (50.5%) stating that a board level executive is just aware of the gift card strategy. In contrast, just over a quarter of respondents said that there is more hands-on board level involvement: 12.1% board-level approval/sign-off; 9.1% input into gift card strategy; 6.1% board level strategy accountability.

*“Just over a quarter of respondents said that there is more hands-on board level involvement: 12.1% board-level approval/sign-off; 9.1% input into gift card strategy; 6.1% board level strategy accountability”*

## There is strong belief that gift cards are not influential in overall company strategy

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A lack of c-suite engagement is reflected in the almost half of gift card manager respondents (45.5%) who said that they believe gift cards strategy is not influential to the wider company marketing, loyalty, customer insight and/or sales strategies. However, the picture is not universally bleak here. Over a third of gift card managers said that gift cards are part of their marketing strategy, while the influence that gift cards have on both the entire sales strategy and on informing consumer insight was cited by 15.2%.

One area that has seemingly declined in influence since the previous wave of gift card manager research (back in

2019) is the influence that gift cards have on loyalty strategy, cited by just 3.0%. With the intervening period seeing the pandemic drive acceleration in online development, this is perhaps reflective of the more sophisticated approach that retailers are taking to customer interaction, in addition to accelerated investment into fulfilment propositions and new store formats, and the rise of new revenue streams such as subscription.

## However, gift cards are used strongly for targeted strategic initiatives

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While gift card managers continue to face challenges in driving board-level engagement, there is confidence in the role that gift cards play in driving overall performance. 69.7% believe gift cards represent a growth channel, while 60.6% state that they are leveraged to win new customers. There is also agreement that gift cards have

a strong role both in short term customer interaction – with 54.5% citing their use for both providing refunds and winning back disappointed customers – and longer-term customer interaction, as it can be used as a brand engagement tool (cited by 51.5%) representing part of the company’s loyalty scheme (27.3%).



## Gift card managers believe they are well-placed to make the case for investment

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69.7% of gift card managers said that they have the evidence and data to present a business case for investment to decision makers, with the key sources being gift card sales metrics (95.7%), internal gift card customer behavioural data (87.0%), and insight and data from GCVA (73.9%). A

further 15.2% of gift card managers believe they have the data but are unable to make the investment case. Of the remaining gift card managers, 6.1% don't believe they have the necessary data, while just under one in ten (9.1%) do not have access to the board/decision makers.

## 05 Industry opportunities – the gift card managers' perspective

### The B2B channel continues to grow in significance

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Almost all surveyed gift card managers said that their company offers both B2B and B2C gift card programmes. The average cited time spent by gift card managers across these two areas is 57%-43% in favour of B2B. This is reflected in the role that gift card managers say that gift cards play in their organisation; 84.8% state that gift cards are used with third parties with reward and recognition schemes, while 75.8% said that they are used with third parties as employee or customer incentives.

Linked to this, when it comes to growing the gift card programme, gift card managers focus on developing partnerships and marketing; 94% of respondents said they look to develop partnerships with specialist third parties. Elsewhere, reflecting the growing prominence of B2B, just under half (48.5%) look to develop partnerships directly with other retailers/brands, while 39.4% look to partner with other companies, such as price comparison businesses, energy and media companies.

### Ensuring effective gift card marketing is a key focus

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The second most used lever when it comes to growing the gift card programme is investment in marketing and working with the marketing team, cited by 69.7% of gift card manager respondents. With gift cards significantly less likely to be a focus for higher profile media campaigns, instore displays and word-of-mouth have traditionally been more important. In 2022, the most cited

promotional tool is the website (mentioned by 93.9%), specific instore displays and proximity to tills (both 60.6%), and promotion via social media (42.4%). Elsewhere, 36.4% of gift card managers said that gift cards are used as part of promotions via partnerships with other companies, such as price comparison businesses, energy and media companies.

*“The most cited promotional tool is the website (mentioned by 93.9%), specific instore displays and proximity to tills (both 60.6%), and promotion via social media (42.4%)”*

## Public sector – consumer (G2C) is an emerging channel

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Amid the growing use of G2C vouchers in areas such as school meals and sports equipment, this represents an embryonic part of the industry. Indeed, around a third of gift card managers in the industry stated that their organisation offers G2C vouchers. GCVA sees significant potential

for growth in the Government-to-Consumer (G2C) segment. In particular, the National Free School Vouchers scheme has highlighted the potential in this area. The scheme allows schools to place orders for grocery gift cards on behalf of parents and carers of eligible children.

## Security concerns remain a stumbling block in the growth of partnerships

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Despite B2B and the growth of partnerships representing a key focus of growth for gift card managers, almost a third stated that they are concerned about how secure their gift card programmes are with third parties. This unease is an inevitable reflection of relinquishing control of the selling process, particularly given that most retailers have invested heavily in improving their in-house security processes over recent years. However, it is notable that this level of concern is lower than the 46.2% of gift

card managers that cited third parties as a security concern in 2019.

Elsewhere, around a third of gift card managers said that they are concerned about how secure their gift card programme is online, with just over a fifth concerned about security through an app. Gift Cards have represented just one of many mediums that scammers have looked to leverage at a time when more consumers have been spending more time at home and online.

## Flexible redemption is the key proposition focus for gift card managers

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When it comes to the specific features that gift card programmes either currently offer or are likely to add in a future gift card proposition, the ability to purchase and redeem online were cited by almost all gift card managers. This aligns with significantly evolved consumer expectations that the pandemic has helped to facilitate. Linked to this, and reflecting the growing influence of digital, over two-thirds are looking to make gift cards usable and storable within mobile wallets.

Elsewhere, sustainable physical products were ranked joint third (66.7%) in the features that gift card programmes either currently offer or are likely to add in a future gift card proposition. ESG will only continue to grow in importance in the coming years, and the industry should continue to push the potential for re-use of gift cards, where possible.

*“Reflecting the growing influence of digital, over two-thirds are looking to make gift cards usable and storable within mobile wallets”*

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# Conclusion

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As with many other areas of UK retail, the pandemic has accelerated slow-burning trends and left in its wake a radically different landscape.

The strengths of gift cards are now clearer than ever. In the resurgent areas of spending on leisure and experiences, and as physical stores continue to battle back, they will have a key role to play, not least among the minority of consumers who are fiercely determined to support their local high streets and businesses. Younger consumers are also becoming more aware of the benefits, particularly when it comes to shopping cross-channel and potentially saving money.

Moreover, as supply chains and stock availability enter a new era of inflation, uncertainty and insecurity, gift cards

suddenly stand out as a much more convenient alternative. They also continue to become an ever more popular incentive for employers and businesses. Gift cards represent an important medium through which retailers and brands can both attain and maintain customer loyalty.

However, in order to take advantage of these opportunities there are also challenges to navigate. Fears around expiration dates, company viability and the struggles of the high street itself all need to be overcome. In our first report in 2017, we said that businesses need to evolve and adapt to evolving consumers needs and requirements, particularly around flexible purchase and redemption, and technological integration. This need to evolve has now become even more pressing.

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# Glossary

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## Consumer segments:

*This white paper*

- Generation Z refers to shoppers aged 16-24
- Millennials refers to shoppers aged 25-34
- Generation X refers to shoppers aged 35-54
- Baby Boomers refers to shoppers aged 55+

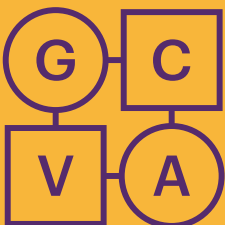
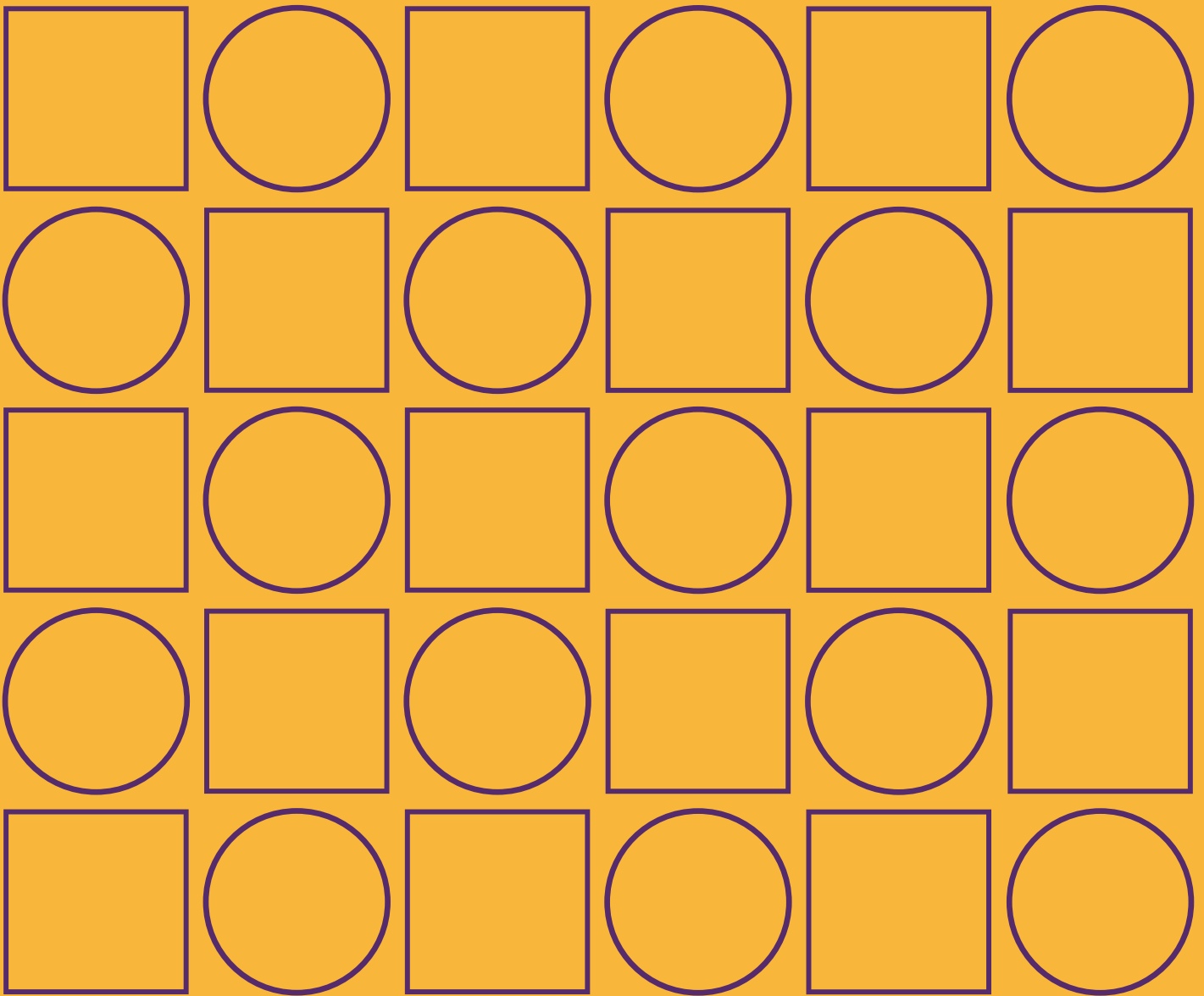
## Primary research:

*This project included two strands of primary research*

A monthly consumer research programme, across a nationally representative sample of 2,000 UK consumers over May 2020-January 2022

Additional targeted consumer questions, over January 2022 and February 2022. Both phases were across a nationally representative sample of 2,000 UK consumers

A specific gift card managers survey which was completed by 33 UK-based gift card managers



Gift Card  
& Voucher  
Association

