

UK **gift card**
& **voucher** association



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Gift card and voucher sales grow despite challenging trading conditions

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Gift card and voucher sales grow despite challenging trading conditions 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 year before recorded a healthy 15.6% growth in business-to-business (B2B) sales, which includes gift cards issued via an employer's reward programme. While sales direct to consumers contracted by 9%, likely due to low retail sales growth in recent months*, they remain the main driver of business-to-consumer (B2C) gift card sales, accounting for two-thirds of the market.

Retail remains the most important sector within the gift card industry, with retail sales making up 67% of the overall market, but there was also strong improvement in the leisure industry, with the sector having grown by 13% year-on-year. Although a preference for physical gift cards continues taking 72.5% of the market share 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 not only to 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 lacklustre 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."

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 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 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.

Title: Government Business

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Government Business
Business Information for Local and Central Government

How to keep staff motivated in the run up to Christmas

On behalf of the UK Gift Card & Voucher Association, Michael Dawson looks at how employers can boost morale and maintain staff productivity as thoughts begin to turn to Christmas

It's well known that maintaining workplace productivity in the run up to Christmas can be challenging. This means that employers must work even harder to find ways to keep staff motivated, productive and engaged throughout December.

In order to establish which perks, incentives and rewards can really make a difference, it's important to first take the time to understand exactly what contributes to lower productivity over the festive period.

Why is motivation particularly low around Christmas?

While it may be that some of the decline in productivity around Christmas can be attributed to people entering holiday mode, it's important to bear in mind that there are also a number of other, more serious, contributing factors. International research has

shown that December is actually the most stressful time of the year for 42 per cent of workers, while another survey found that 23 per cent of UK employees feel more stressed in the run up to Christmas. This is partly due to the fact that December is one of the shortest working months, with as few as 20 working days, due to Bank Holidays. This, coupled with the fact many workplaces are closed between Christmas and New Year, means employees are often under huge pressure to get all their work done and ensure targets are met before the end of the year.

It's also likely that many people face increased financial worries over the festive period, with the average household spending an extra £500 in December compared with other months.

And with public sector employees less likely to receive a Christmas bonus than their private sector counterparts, they may feel forced to turn to credit cards, savings or even payday loans to cover the additional cost.

So, what can be done? In order to improve staff morale in December, employers should look to introduce measures that will specifically tackle these issues.

Offer incentives

Incentives and rewards are a great way to improve employee motivation and combat stress in the workforce over Christmas, helping to keep morale and productivity high. Research we carried out found that 65 per cent of UK workers would be motivated to work harder if they received an individual cash bonus or gift card from their employer.

So, what are the most effective incentives and rewards? Well, research has shown almost half (47 per cent) of UK workers stated that they would most appreciate

Research has shown that December is actually the most stressful time of the year for 42 per cent of workers

Christmas Incentives

Written by Michael Dawson, CEO at OneCall Research



Title: Good Housekeeping UK

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Link: <https://www.goodhousekeeping.com/uk/consumer-advice/a29831755/gift-cards/>

Monthly Unique Users: 1,800,000

DA: 89

Good Housekeeping

5 things you need to know about gift cards

From expiry dates to your rights as a consumer



When House of Fraser went into administration last year, there were issues over the company not honoring its gift cards. Although this problem was later resolved, it understandably left some consumers feeling uncertain about the stability of gift cards.

Yet, despite the risks, it appears gift cards are still proving popular options for hard-to-please recipients. According to the UK Gift Card and Voucher Association, nearly 84% of us have purchased a gift card at some point in our lives, with the Gen Z and millennial generations being the most frequent purchasers of gift cards.

As gift cards seem to be increasing in popularity here's what you should consider if you're planning on buying one this Christmas...

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How to bulk up your savings

Pay by credit card

If you're buying a gift card with a value of more than £100, pay on a credit card. If the retailer you buy from goes bankrupt, your card provider will be jointly liable for your purchase under Section 75 of the Consumer Credit Act, which means you'll have a better chance of getting your money back.

Go digital

Buying a gift card for a beauty lover? Watch out for the terms and conditions. MAC, Jo Malone and Mulan Brown are just a few beauty brands that don't accept gift cards in department store concessions.

To avoid having to travel miles to a specific shop, opt for a gift card that can be used both in store and online.



Title: Internet Retailing

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Link: <https://internetretailing.net/guest-comment/guest-comment-why-retailers-should-take-notice-of-consumer-demand-for-gift-cards>



GUEST COMMENT Why retailers should take notice of consumer demand for gift cards

GUEST COMMENT 29 Nov 2019 10:30 by Gail Cohen



GUEST COMMENT Why retailers should take notice of consumer demand for gift cards

It is no secret that the current retail environment is rather challenging. In December, a **report by the KPMG/psos Mori Retail Think Tank** predicted intensified challenges throughout 2019, including changing consumer behaviour, the oversupply of physical stores, debt levels and regulatory costs. As **reported in the Guardian**, major players from ASDA to Primark have warned of choppy waters ahead.

In such an environment, any activity which can drive consumers to retailers' ecommerce sites and encourage greater spend should be encouraged and embraced wholeheartedly. The question, of course, is what kind of activity is actually effective at doing so?



Gail Cohen is director general of the UK Gift Card and Voucher Association

THE CONSUMER PERSPECTIVE

The UK Gift Card and Voucher Association (UKGCVA) recently published its **State of the Nation 2019** research, drawing on a nationally representative survey of 2,000 UK shoppers.

The survey highlighted the enduring relevance of a popular consumer proposition that has been around for years – the gift card – which includes digital, physical and paper forms.

A massive 83.7% of UK shoppers have purchased one at some point in their lives. Perhaps even more significantly, the youngest generation Z/Millennial generation (aged 18-34) shoppers represent the most frequent purchasers of gift cards. 43.7% of this age bracket purchase a gift card at least once every two months, as opposed to 34.8% of Generation X (aged 35-54), and just 16.3% of baby boomers aged 55 and above. This is largely impart to the rise in omnichannel strategies, which allow consumers to spend their gift cards online, as well as in-store.

What do these results tell us? Not only have gift cards retained powerful penetration in customer consciousness over time but, crucially, they are particularly popular amongst the younger demographics that retailers need to attract and maintain in order to retain a strong customer base into the future.

A well managed gift card scheme can help retailers to optimise every step in a customer chain – from initially raising brand awareness and attracting them to the retailer in question, to maximising their average spend with that retailer, and finally to returning as a repeat customer and increased loyalty. Let's take a closer look at how.

ATTRACTING CUSTOMERS AND DEVELOPING BRAND RECOGNITION

As well as receiving gift cards as presents from friends or family or rewards from employers, more and more people are buying gift cards for themselves. Little surprise, then, that over half (50.3%) of recipients redeem their gift cards within a month of receipt, and 98.6% within a year. For the retailer in question, if the recipient did not already shop with them, then this is a golden opportunity to engage with new customers, increase brand awareness and expand its marketing list.

For online retail in particular, it is worth highlighting that 58.6% of survey respondents said that the ability to redeem their gift card online would be a major factor in choosing a purchase decision. Gift cards can be a powerful means of driving consumers to an ecommerce website, where valuable data collection and cross-selling opportunities can take place with relatively little effort on the retailer's part. Special online promotions or website areas for gift card holders, for example, can enhance the shopping experience and maximise the sensation of a treat.