

Gift card sales remain resilient despite tough trading but leisure continues to challenge traditional retail market share, the UKGCVA and KPMG finds

- *UK gift card and voucher sales continue to grow despite adverse trading conditions*
- *Leisure continues to increase market share, reinforcing the growing consumer preference for experience over product ownership*
- *Growth in digital gifting outperformed more traditional physical or paper alternatives, nodding towards the growing preference for both added-convenience and the rise of enviro-conscious shoppers*

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UK gift card and voucher sales grew by 1.7% on a rolling year basis (0.9% like-for-like) in the second half of 2019, despite the widely publicised challenges facing many consumer businesses, including shoppers putting off purchases in light of ongoing Brexit uncertainty¹. That said, the latest analysis by the UKGCVA and KPMG also reveals that leisure continues to challenge the dominance of traditional retail by increasing market share, with shoppers increasingly favouring experience over product ownership.

Sales of gift cards and vouchers continue to be dominated by traditional retail, still accounting for 62.8% of the overall market. However, the latest data sees leisure-related sales grow by 24% on a rolling year basis. Moreover, leisure now accounts for 11.5% of the overall market – a gain of 2.5% if comparing the second half of 2018 to the second half of 2019.

Commenting on the latest figures from a retail-perspective, **Paul Martin, UK head of retail at KPMG**, said:

“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-focussed 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.”

Gail Cohen, director general at the UK Gift Card and Voucher Association, added:

“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.”

Additional key findings from the latest UK Gift Card and Voucher Sales Analysis and Outlook: H2 2019:

- The business-to-business market grew by 12.7% year-on-year, continuing the strong performance in this avenue of sales, as noted last year²
- There was a 13.7% like-for-like increase in sales of gift cards and vouchers to consumers online, reflective of the preferences of younger generations who prefer to shop online³. This is also being driven by the increased interest in leisure
- 'Open loop' options have gained popularity, with market share growing from 3.6% last year to 5.6% this year. Having taken this market share from 'multi-choice' options, it's clear that greater flexibility had become increasingly more important⁴
- Digital products saw their market share rise by 5%, taking this from physical and paper alternatives. While convenience will have contributed to this shift, the consumer demand for more environmentally-friendly options will also played a part

-ENDS-

Notes to Editors

1. KPMG previously found that a third of Brits were putting spending on hold due to Brexit ([here](#)). Separately, the BRC-KPMG Retail Sales monitor published in January 2020 revealed that retail sales in 2019 were the worst on record ([here](#)).
2. Last year's UKGCVA & KPMG report overview can be viewed, [here](#)
3. KPMG International's *Me, My Life, My Wallet* report can be viewed, [here](#)
4. Definition of 'Open-loop' versus 'Multi-choice' redemptions:
 - a. **Multi-choice:** Usually requires the use of a network such as Visa or MasterCard or a link between participating retailers systems. Cards are accepted at a restricted range of retailers.
 - b. **Open-loop:** Require the use of a network such as Visa or MasterCard and are accepted at any outlet displaying the network logo.

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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 32 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 17,600 partners and staff. The UK firm recorded a revenue of £2.40 billion in the year ended 30 September 2019. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 147 countries and territories and has more than 219,000 people 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.*