

GCVA DATA ANALYSIS 2024 H1 - UK

Gift card and voucher sales prove resilient in H1, with digital overtaking physical gift cards in market share for the first time

Executive Summary

In a period of continuing low economic growth, data from the gift card and voucher submitting membership nevertheless revealed a robust performance in 2024 H1, with like-for-like sales growth of 9.5% compared to 2023 H1 and a rolling year increase of 8.3%.

For the sixth successive period, growth was highest in the Leisure (experiences, hospitality, travel and entertainment) sector, rising 15.5% on a like-for-like basis and an eye-catching 24.6% over the rolling year. For Retail, these figures were a more modest - but still commendable - 9.4% and 7.8% respectively. With Retail representing around 95% of total sales, this growth still represents far more in real terms than the Leisure uptick. As inflation has now fallen back to around the Bank of England's target of 2%, the increase in sales also represents a much more significant gain than it did a year ago when inflation ate up most of the revenue rise.

As was the case in the last period (2023 H2), Grocers were the drivers of retail sales growth. For General Retail, it remained a tough period with consumers still reluctant to spend. As is usually the case in the first half of the year, it was B2B sales that performed most strongly, driven by the Employee Benefits sub-market, with 11.8% growth on a like-for-like basis and 10.7% rolling year. B2C sales take over in the second half of the year due to the Christmas period - but still rose by 4.3% on a like-for-like basis in 2024 H1, and 4.1% on a rolling year basis.

Given the predomination of the B2B market in this period (where most sales are online/portal-based) we have also recorded a notable first: sales of Digital Gift Cards represented more than 50% of the market, finally overtaking Physical Gift Cards. Digital Gift Cards sales grew 17.1% in 2024 H1 and by 16.3% across the rolling year. While this could be viewed as a landmark moment, nevertheless it remains to be seen whether digital sales will maintain this majority share into 2024 H2 when higher consumer purchases of gift cards and vouchers are likely to push physical format volumes up.

9.5%

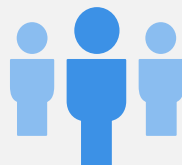
Like-for-like period growth

8.3%

Rolling year growth

27

Contributors



£1.42bn

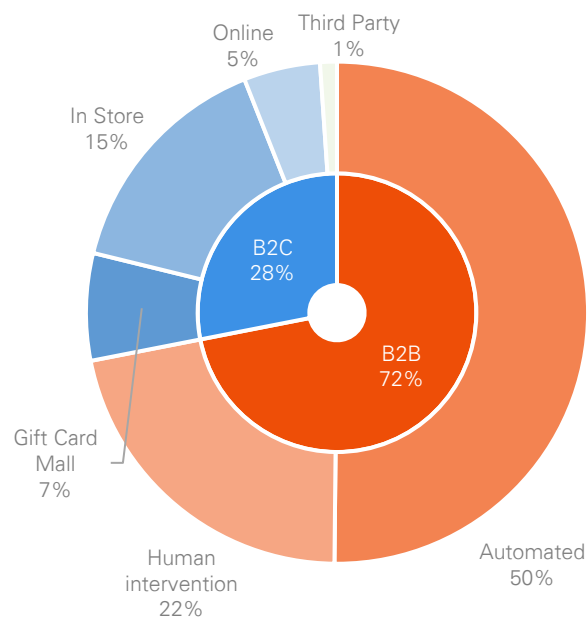
Total 2024 H1 sales

75%

Period growth driven by Grocers



Market share by sales channel (2024 H1)



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Hannah Shimko, Managing Director at the Gift Card and Voucher Association:

“As we reflect on the first half of 2024, it's heartening to see the resilience and adaptability of the UK gift card and voucher market in the face of ongoing economic challenges. The continued growth, particularly in the digital space, underscores the evolving preferences of consumers and businesses alike. For the first time, we have witnessed digital gift cards overtaking physical ones, a significant milestone that speaks to the rapid digitisation of our sector.

“Moreover, the robust performance of the Leisure sector, coupled with the enduring strength of the B2B market, highlights the critical role that gift cards play in both consumer and corporate landscapes. As we look ahead to the remainder of the year, I am optimistic that our industry will continue to innovate and thrive, providing valuable solutions that meet the needs of an ever-changing market.

“I would like to thank our members and partners for their ongoing commitment and contributions to such market insight, which are essential to our collective learning and continued success.”

Don Williams, Retail Partner at KPMG UK, added:

“The UK gift card and voucher market remains a bright spot in a challenging retail landscape. Despite the summer of sport and some easing of pressure on household finances, consumer spending and confidence remains subdued, with BRC data showing flatlining retail sales at 0.2% in June 2024 and GFK consumer confidence index for August sitting at -13.

“However, the gift card sector defied this trend with 9.4% like-for-like growth. Growth was highest (16.9%) in B2B, where employee benefit schemes are proving particularly valuable for businesses seeking to support their staff. Grocery gift cards saw a 23.2% like-for-like sales increase, perhaps reflecting a focus on essential spending.

“Digital gift cards achieved a majority (52%) market share for the first time, perhaps a watershed moment for the industry. Continued investment in digital offerings remains essential to ensure the customer journey is as smooth and convenient as possible on both purchase and redemption.

“Looking ahead, gift card providers should focus on a seamless customer experience whether in or between digital or physical channels and providing value added services.”

Methodology

The Gift Card & Voucher Association (GCVA) and KPMG UK analysed six months of gift and voucher sales data from 27 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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