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UK Gift Card Industry Insight

UK gift card
& voucher association

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Executive Summary

To develop a better understanding of the future of the UK gift card and voucher industry, the UKGCVA reached out to its members and the industry and sought their opinions on they expect to see in 2018. Overall, the biggest take-away from the survey was the confirmation that the industry is confident about its future prospects. Nine out of 10 respondents (90%) confirmed that they were positive about the future of the industry.

Other key findings included:

Just under a quarter of respondents (24%) believe that Brexit will have a direct negative impact on the gift card market, but a higher number (38%) felt it was still too early to tell.

65% of respondents were unsure about the impact that upcoming regulatory changes including the GDPR and the VAT legislation will have on the gift card industry. Gift card managers spent the majority of their time in the past year on B2B projects (58%) compared to 42% on B2C.

All respondents saw the B2B industry as a key growth area in the year ahead, with 82% going as far as to call it integral to this sector's growth and development.

In contrast, while 86% of the industry agree that the B2C market will have an impact on growth in 2018, only 42% saw it as an integral part.

The findings also highlighted the importance of technology to the development and expansion of the gift card industry. In fact, 100% of respondents said that technological innovation was important to the growth of the industry in 2018. Respondents seemed wary, however, of digital platforms or re-gifting services, noting these to be of little value to gift card growth in the years ahead. Nearly two-thirds of respondents (63%) stated that these were the least important technological factors for the industry.

Digital gift cards on the other hand were recognised as a top two growth factor for the industry by 85% of respondents. A rise in the use of digital gift cards was furthermore a clear expectation within the industry, with 59% of respondents noting as it the most likely change to occur in the next five years.

Taking advantage of the opportunities available from new technology will allow the industry to evolve into the digital world and will provide new avenues for growth and improved experiences for customers. Choosing the right path in this expansion of services will be crucial, however, to ensuring a successful market for gift cards in 2018 and beyond.

Overview

65%

Are uncertain of the impact of upcoming VAT legislation



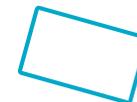
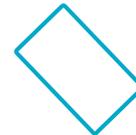
24%

Think Brexit will have a negative impact on the gift card industry

Despite respondents being generally uncertain /negative about external factors such as Brexit or VAT, respondents are **extremely positive** about the future of the gift card

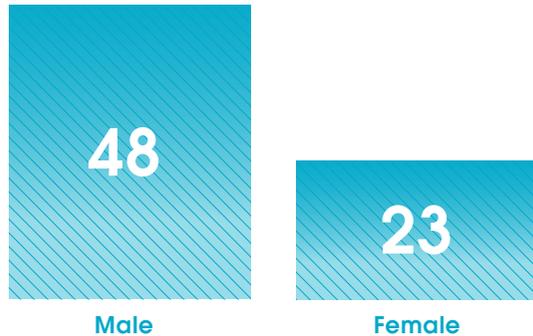
90%

Are positive about the future of the gift card industry

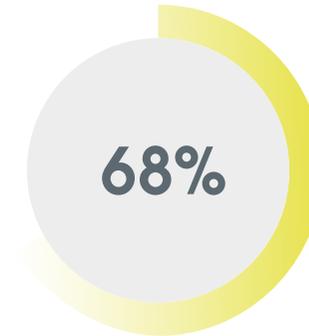


Demographic

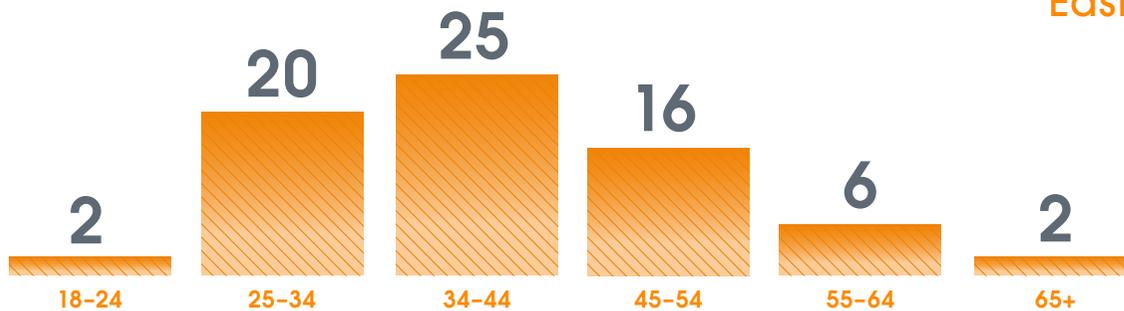
What is your gender?



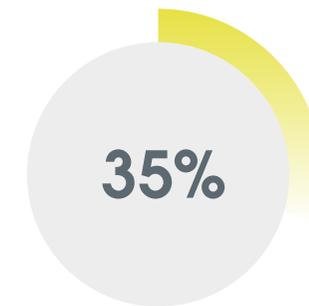
Over two-thirds (68%) of respondents were male



Which of the following categories best describe your age?



The highest number of respondents were between the ages of 35-44 (35%) and lived in the South East (34%)

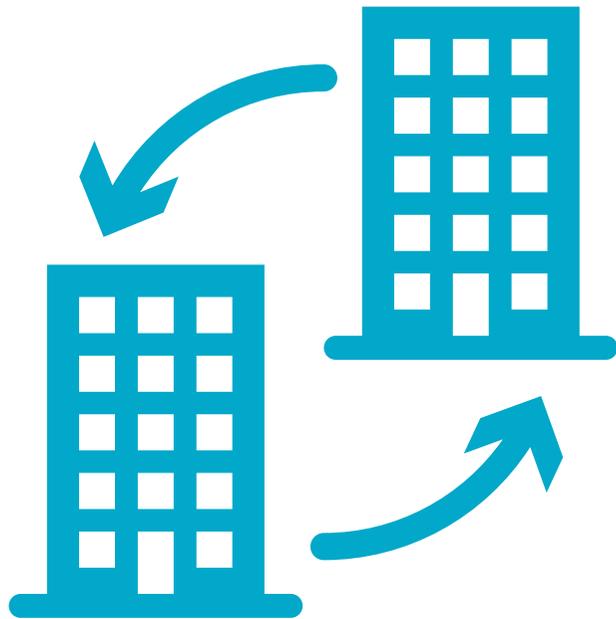


What region do you live in?



Internal Industry Factor for Change

38% of respondents have seen an increase in senior level buy-in



Internal Industry —Key Findings

In 2017's State of the Nation report, the lack of senior level buy-in was a key issue, with only **20%** of respondents reporting gift card results to the board. Since then, senior level buy-in has increased dramatically with **38%** of respondents seeing an increase.

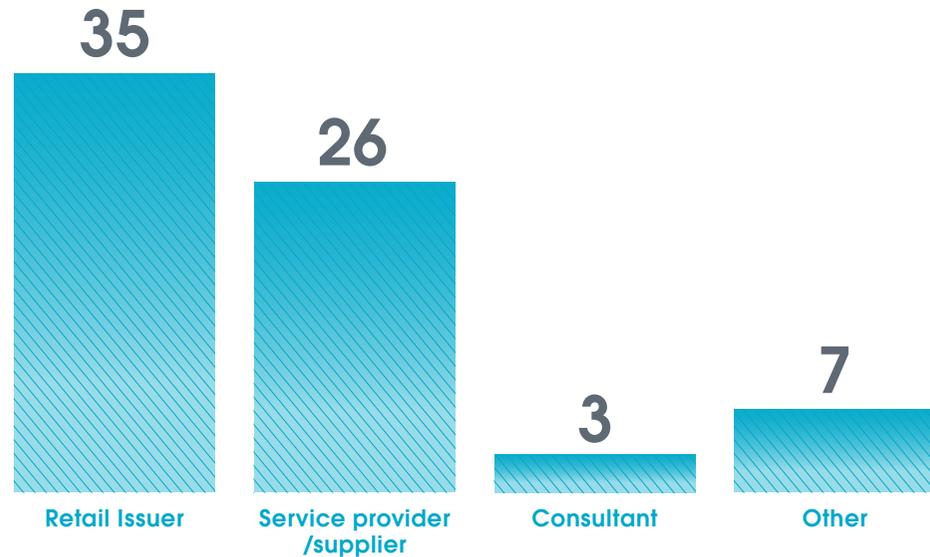
B2B and B2C markets have continued the trend shown in the State of the Nation report. In 2017, the majority **58%** of manager spent their time on B2B programmes while less **42%** focused on B2C.

58% B2B

42% B2C

Internal Industry Factor for Change

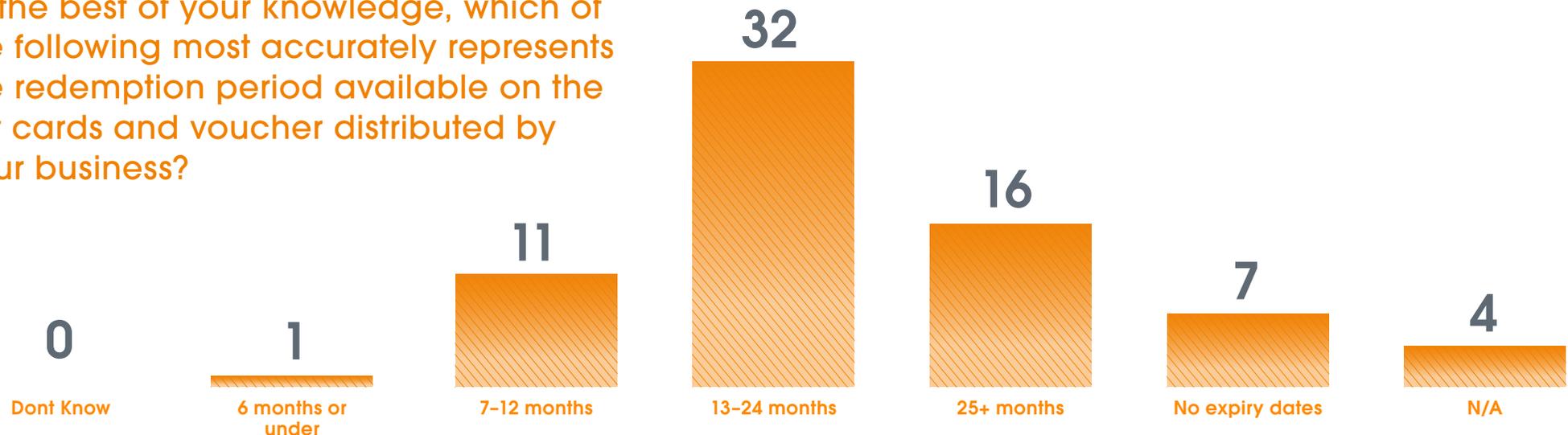
Which of the following most closely describes your role within gift cards and vouchers?



Retail issuers had the highest response rate amongst the sample (just under half of respondents, **49%** said that this closely described their job title)

Consultants, however, made up only **4%** of this respondent sample

To the best of your knowledge, which of the following most accurately represents the redemption period available on the gift cards and voucher distributed by your business?



Further Findings on Redemption

The most popular redemption period was 13–24 months with 45% respondents confirming this was the period of the redemption period used in their business



45%

Only had a redemption period under 6 months



1%

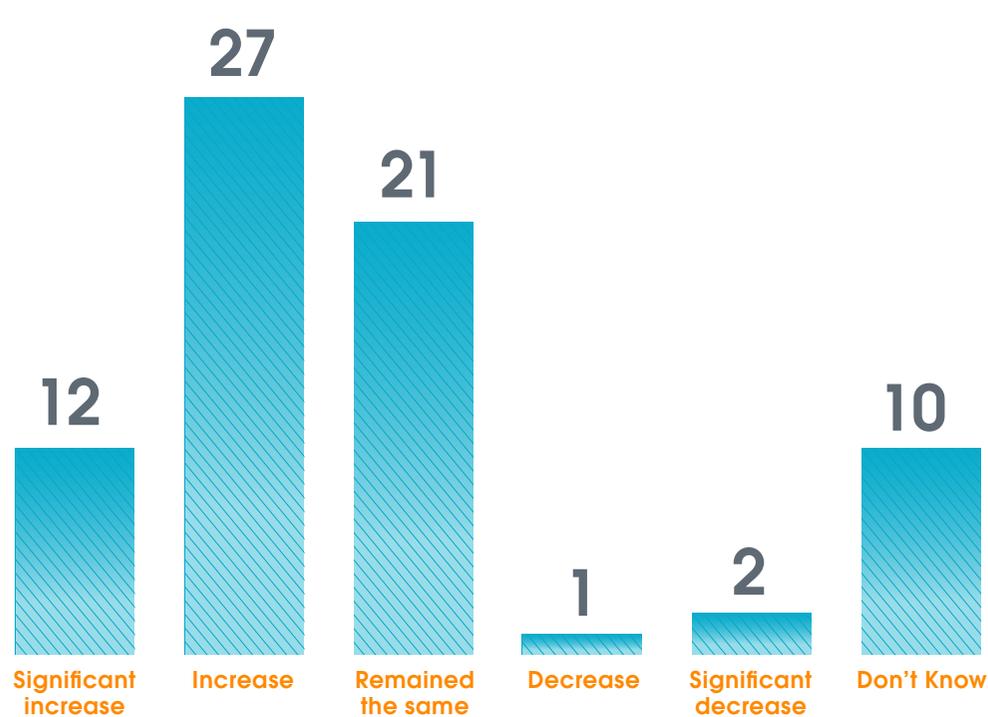
Over a 5th had a redemption period over two years

10%

Had no redemption period

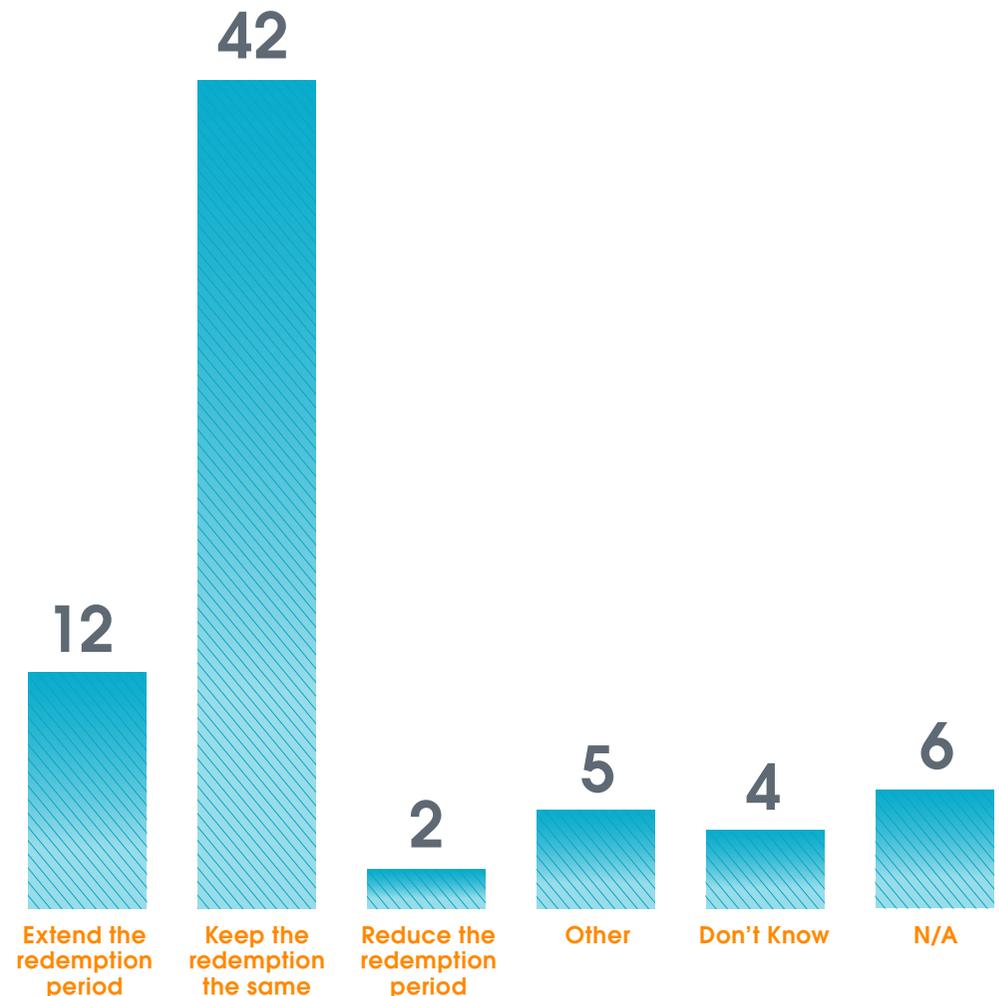
Internal Industry Factor for Change

To the best of your knowledge, which of the following most accurately represents the redemption period available on the gift cards and voucher distributed by your business?



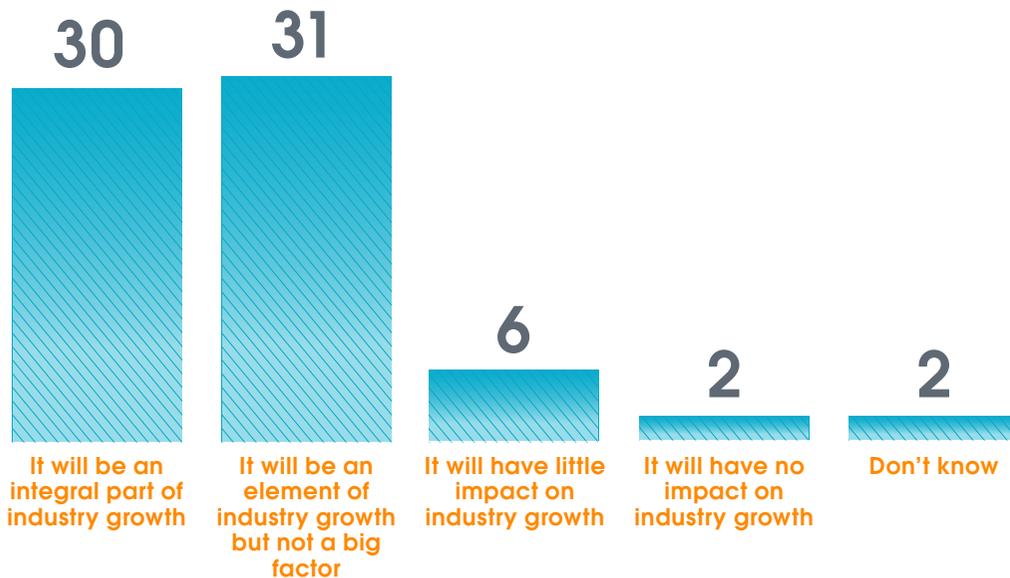
38% of respondents believe that internal senior level buy-in has increased over the past 12 months, 10 while 30% believe that it has stayed the same

59% of respondents anticipate that their business will keep the redemption period on gift cards and vouchers the same in the next 12 month



Internal Industry Factor for Change

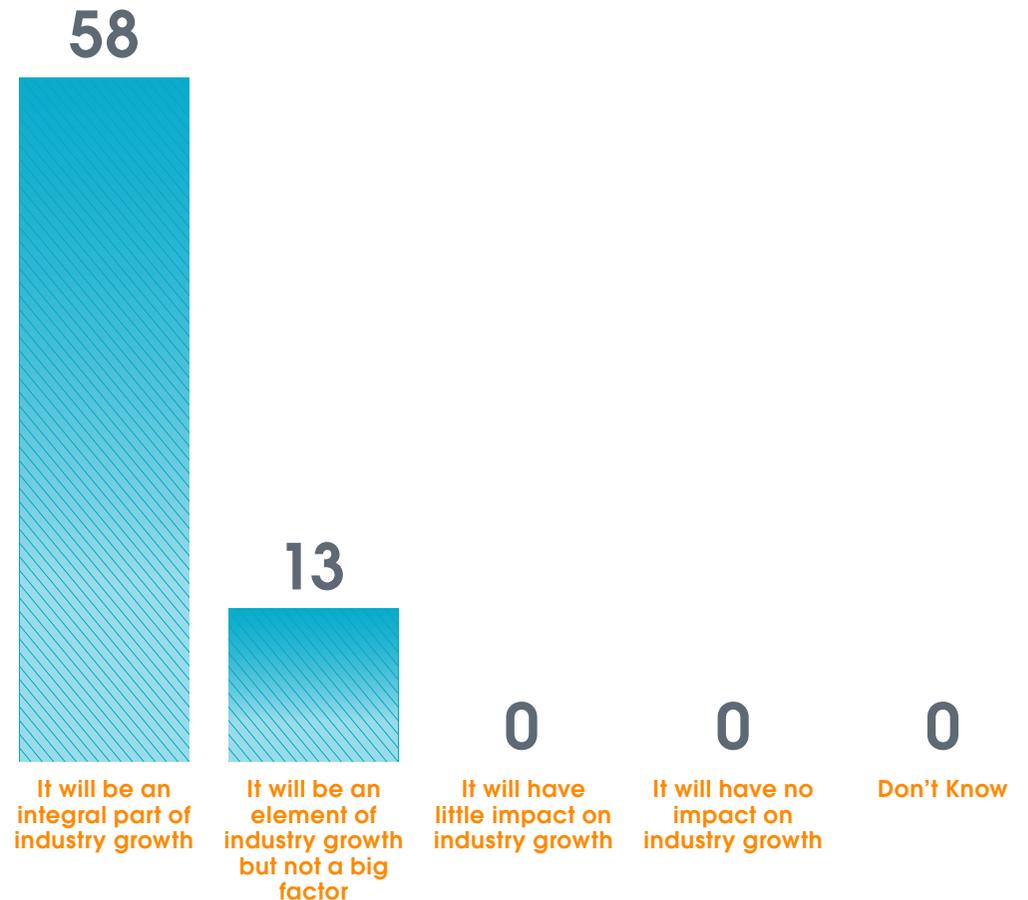
Which of the below statements is most aligned towards your views on B2B market growth in 2018?



44% of respondents think that B2C market growth will be an element of gift card industry growth in 2018, but not a big contributor

However, 42% believe that it B2C market growth will be an integral factor

82% of respondents think that B2B market growth will be an integral part of gift card industry growth in 2018

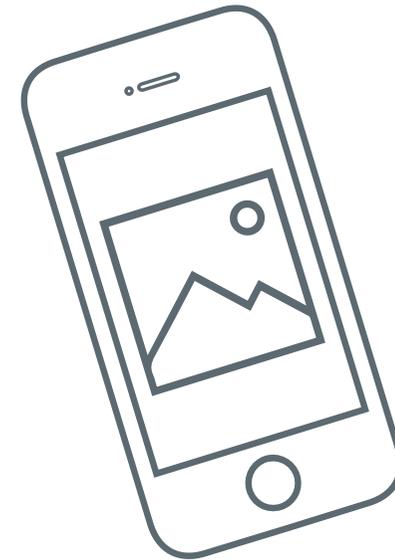


External Factors for Change

Technological innovation was seen as important to gift card industry growth in 2018 by all respondents.

Digital gift cards were seen to be the most important factor for growth in 2018

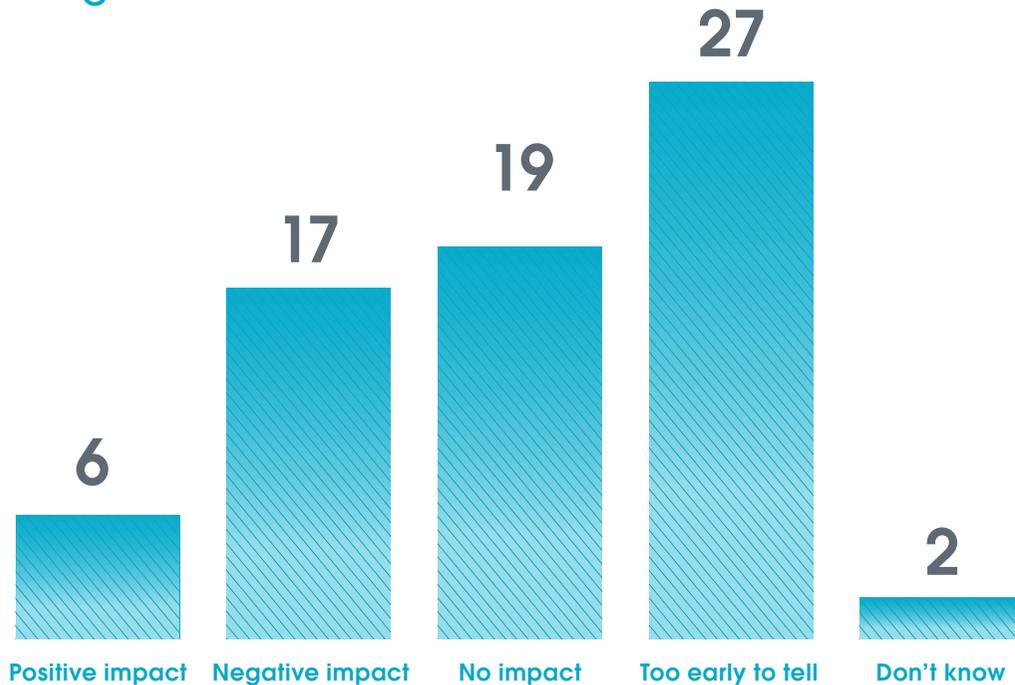
100%
of respondents said this was
important to industry growth



85% of respondents ranked this 1st/
2nd most important growth factor

Internal Industry Factor for Change

Which of the following statements best reflect your views towards the UK's withdrawal from the European Union (Brexit's) impact on gift cards and vouchers?



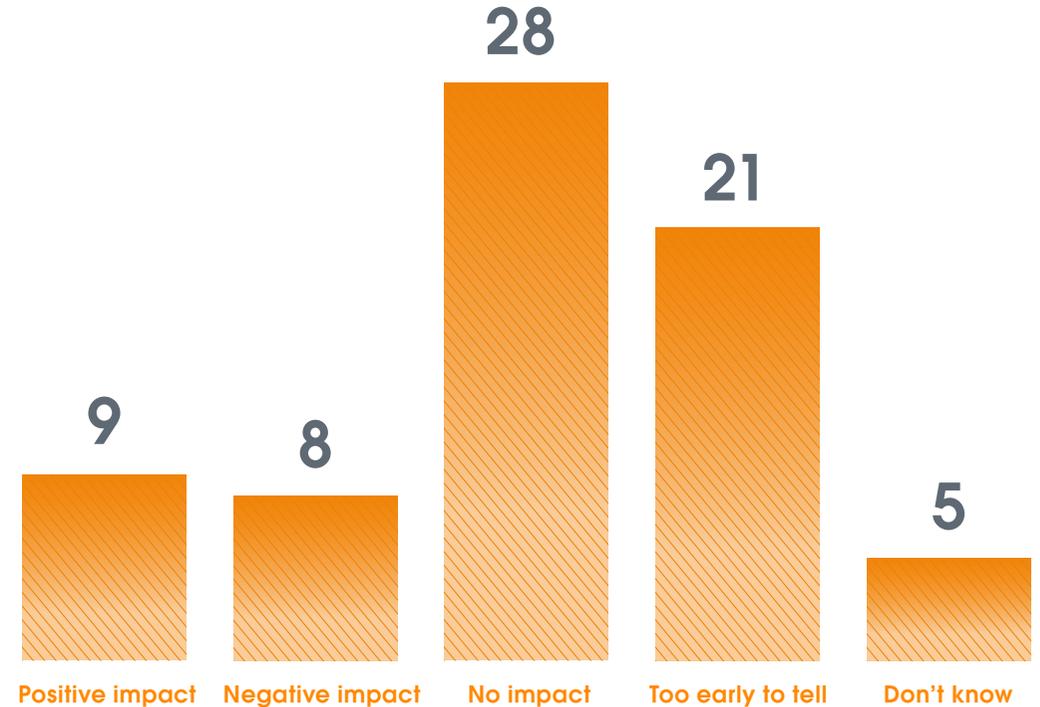
The largest majority **38%** of respondents believe it is too early to tell what effect Brexit will have on the gift card industry

However, **27%** believe that Brexit will have no impact, followed by **24%** who think it will have a negative impact

Following its implementation into national law on 25th May, what impact do you think the General Data Protection Regulation (GDPR) will have on gift cards and vouchers?

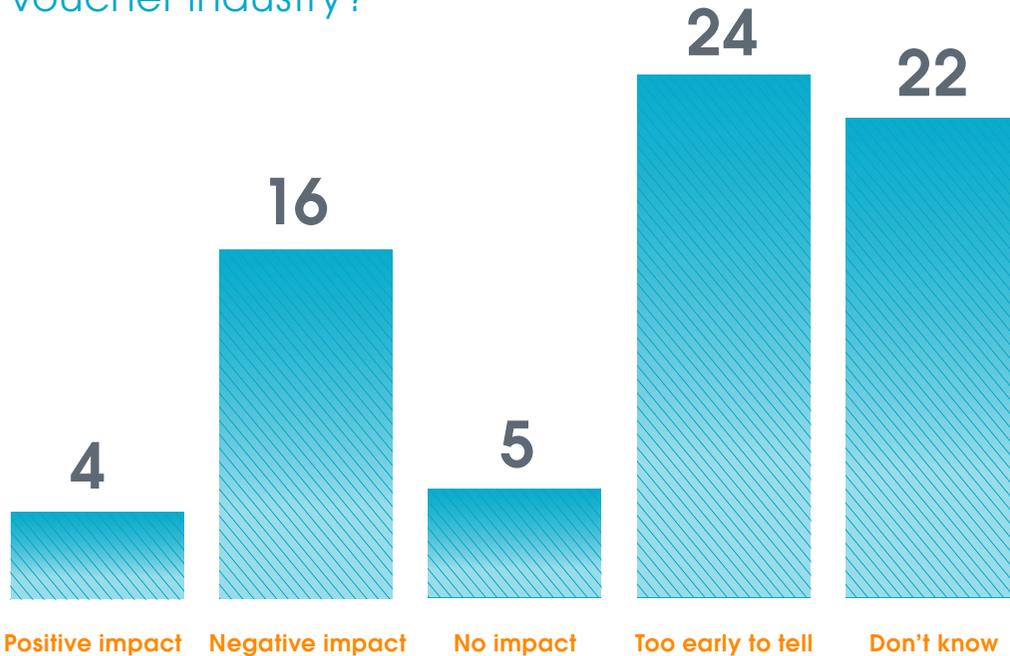
The largest majority **39%** of respondents think that GDPR will have no effect on the gift card industry

However, **30%** believe that it is too early to tell



Internal Industry Factor for Change

Which of the following statements best reflects your views towards the upcoming VAT legislation in 2018 and its impact towards the gift card and voucher industry?

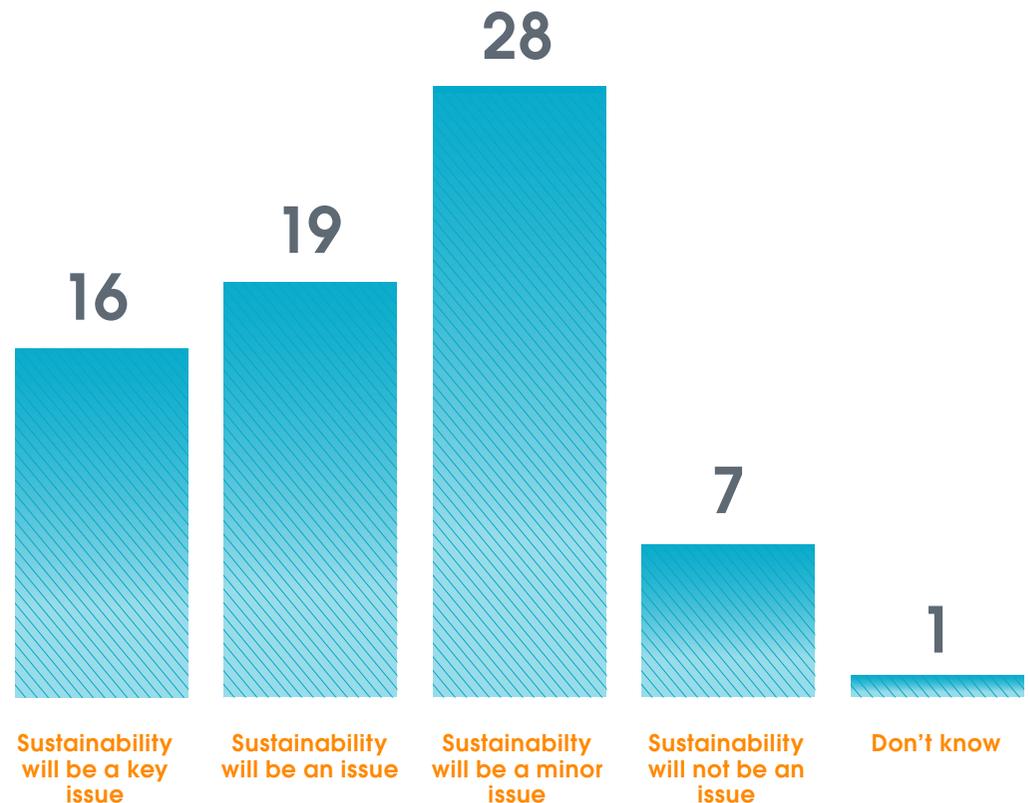


Respondents were rather more uncertain about VAT legislation, with **65%** answering that it was too early to tell or that they didn't know what effect it would have on the gift card industry (**34%** and **31%** respectively)

Those who did decide one way or another, thought it would have a negative impact **23%**

In general, respondents see sustainability as an issue for the gift card industry, with only **10%** thinking that it would be no issue at all

The largest majority **39%** believe it will be a minor issue



Internal Industry Factor for Change

Which of the following statements best reflects your opinion towards environmental sustainability and the gift card and voucher industry in 2018?

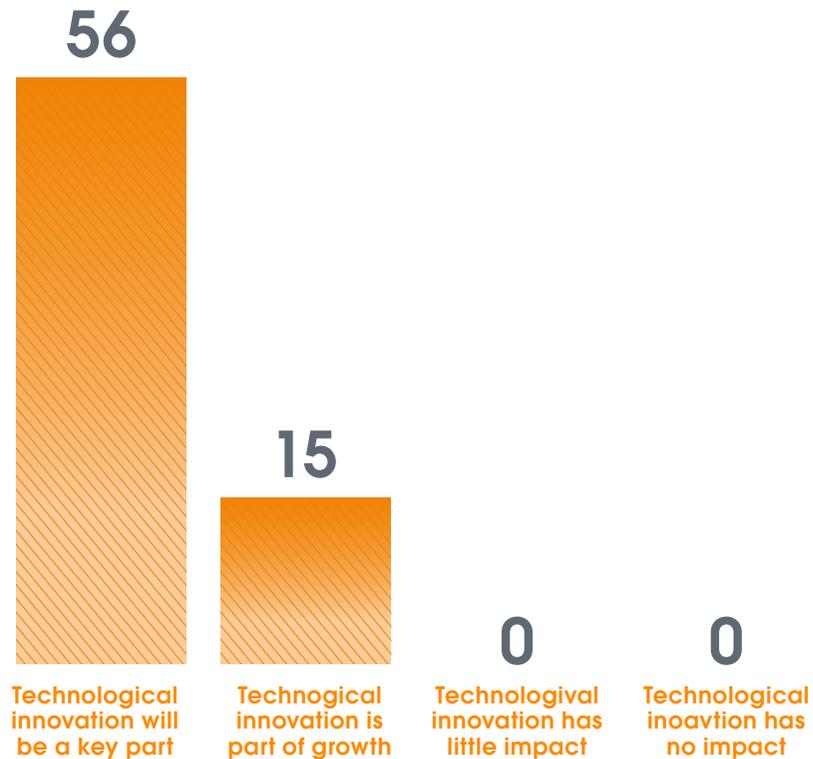


In general, respondents see sustainability as an issue for the gift card industry, with only 0% thinking that it would be no issue at all

The largest majority 39% believe it will be a minor issue

Which of the following statements best reflect your opinion towards technological innovation and its impact on gift card and voucher growth?

The consensus amongst respondents is that technological innovation is key to the gift card industry

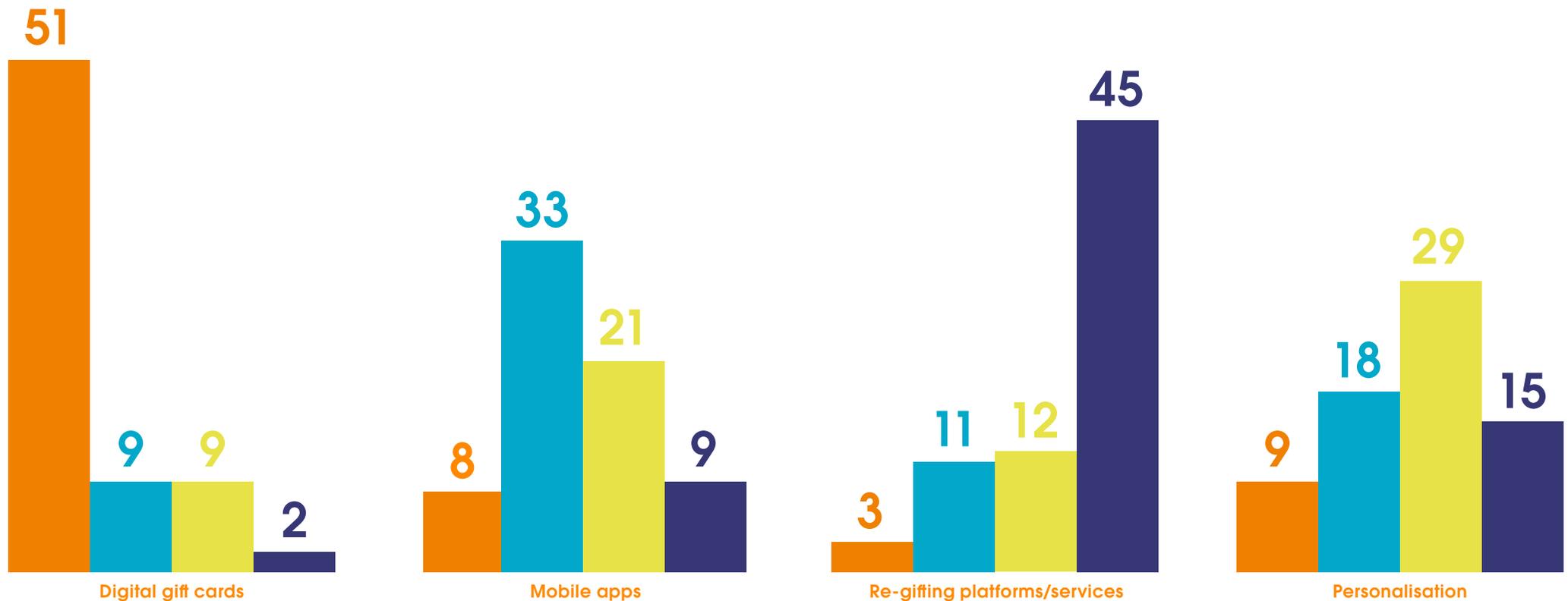


All of the sample answered that technological innovations will be a key part or are a part of gift card industry growth (79% and 21% respectively)

Internal Industry Factor for Change

Please rank the following technological innovations in the order you think are the most important for the growth of gift cards and vouchers (1 – Most likely; 6 – Least likely)

- Most Important
- 2
- 3
- Least Important



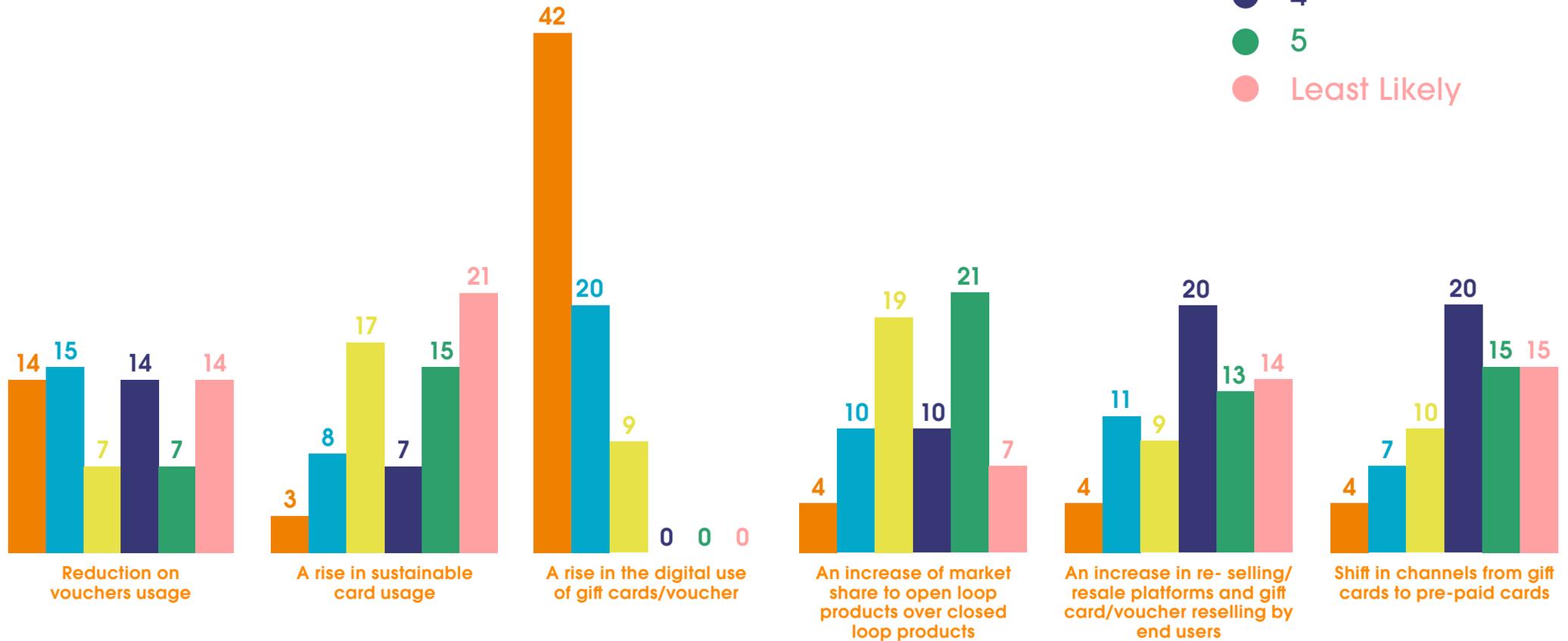
Digital gift cards are seen as the most important technological innovation according to 51% of respondents

Re-gifting platforms/services are seen as the least important innovation (45%)

Internal Industry Factor for Change

Please rank the following technological innovations in the order you think are the most important for the growth of gift cards and vouchers (1 – Most likely; 6 – Least likely)

- Most Likely
- 2
- 3
- 4
- 5
- Least Likely



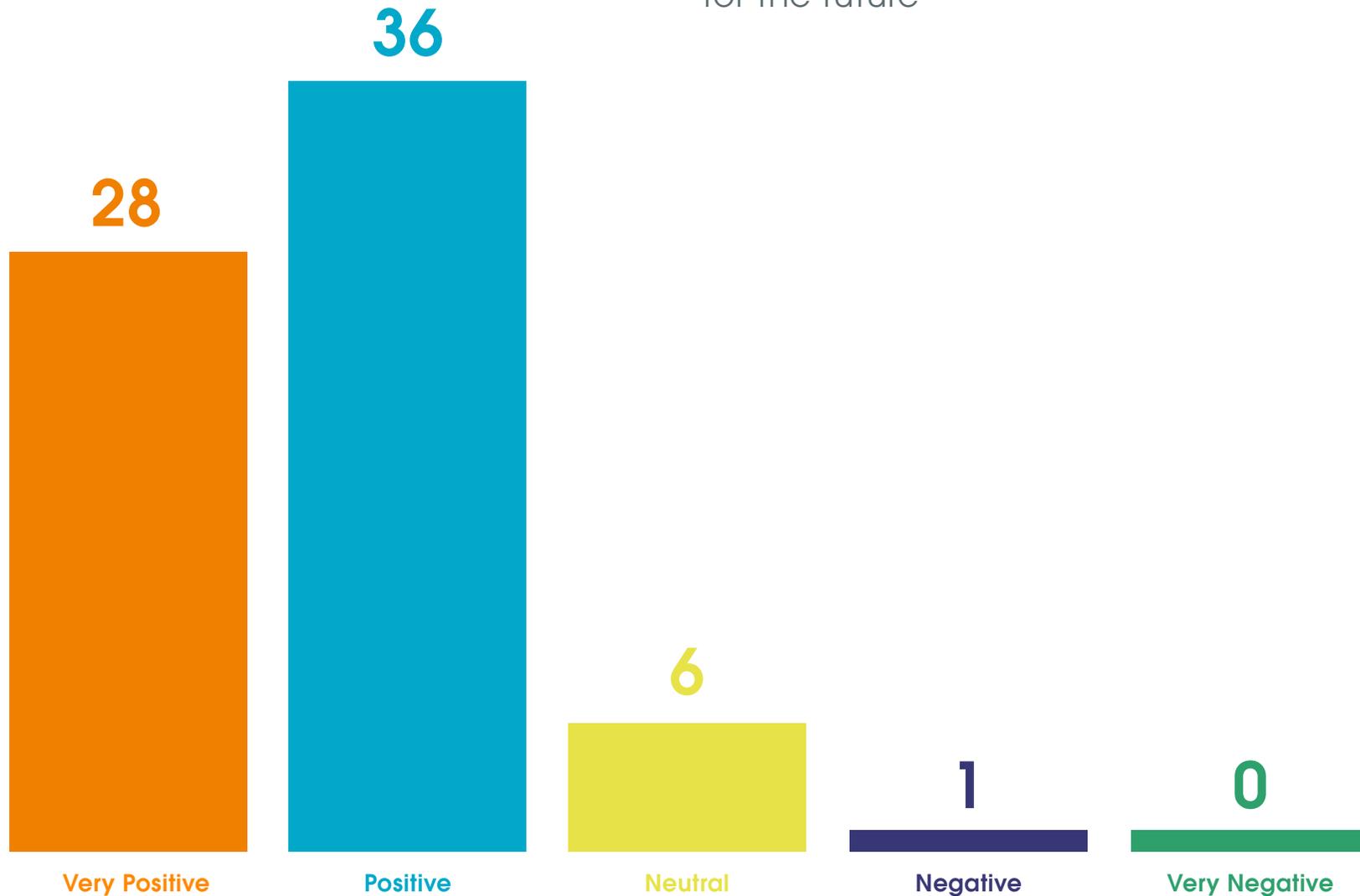
Digital gift cards are seen as the most important technological innovation according to **71%** of respondents

Re-gifting platforms/services are seen as the least important innovation **63%**

Internal Industry Factor for Change

Overall, how do you feel about the future of the gift card and voucher industry?

Overall the outlook for the gift card and voucher industry is very optimistic, as 90% of respondents answered that they either **very positive** or **positive** for the future



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