

UK gift card
& voucher association

CONFERENCE 2017

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State of the Nation – Research Revealed

Maureen Hinton, Group Research Director, Global Data



State of the Nation – Research Revealed

A research project for the UK Gift Card & Voucher Association

Maureen Hinton, Group Research Director, GlobalData (Previously Verdict Research)

UKGCVA Conference 2017, 01 March 2017

- 1 Research – aims & methodology
- 2 Key findings from the consumer research
- 3 Potential and barriers
- 4 Summary

- 1 Statistics to support PR and marketing activity
- 2 To inform the membership and drive engagement
- 3 To gather opinions of:
 - UK consumers
 - Retail gift card managers
 - C-suite executives
- 4 To understand:
 - Evolving consumer trends
 - Opportunities for retailers & brands
 - The main barriers to growth

GlobalData's research was formed of three strands, comprising:



2,000

UK consumers
(nationally
representative)



21

Retail gift card
managers



40

Retail c-suite
respondents

Respondents were surveyed over December 2016, via anonymous online surveys, and asked about:



- Gift card purchasing habits
- Attractiveness of potential 'add-ons'
- Redemption and spending
- Spending vs. traditional gifting



- The role of gift cards within the wider organisation
- The influence on sales, marketing and loyalty strategy
- The promotion of gift cards
- Opportunities and barriers



Before we start – three quick
questions for you



1) When purchasing a gift card as a present, how much would you spend on average?

1. £5-10
2. £11-20
3. £21-30
4. £31-50
5. £50-100
6. £100+



2) When are you typically most likely to spend your gift card?

1. Within a week of receipt
2. Between one week and one month of receipt
3. Between one month and three months of receipt
4. Between three months and six months of receipt
5. More than six months after receipt



3) How often do you purchase gift cards?

1. At least once a month
2. At least once every two months
3. At least twice a year
4. At least once a year
5. Less frequently than once a year

Research – key findings

Gift cards are very popular



73%

of consumers have
purchased a gift card in
the past three years

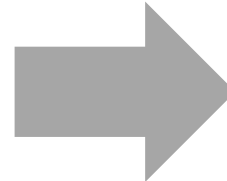
70%

of consumers have
received a gift card at
some point



36%

spend more when purchasing gift cards than they typically do when purchasing traditional gifts. **Almost 95%** spend at least the same



£26.21

Is the average amount spend by gift card buyers when gifting gift cards as a present



Average spend = £26.21

But 72%, when redeeming
the card spend on
average another...

£14.34

+55% benefit to the retailer

Cards drive retailers' incremental sales



UK gift cards market
£bn

Incremental spending
£bn

£5.
6

+

£2.
2

=

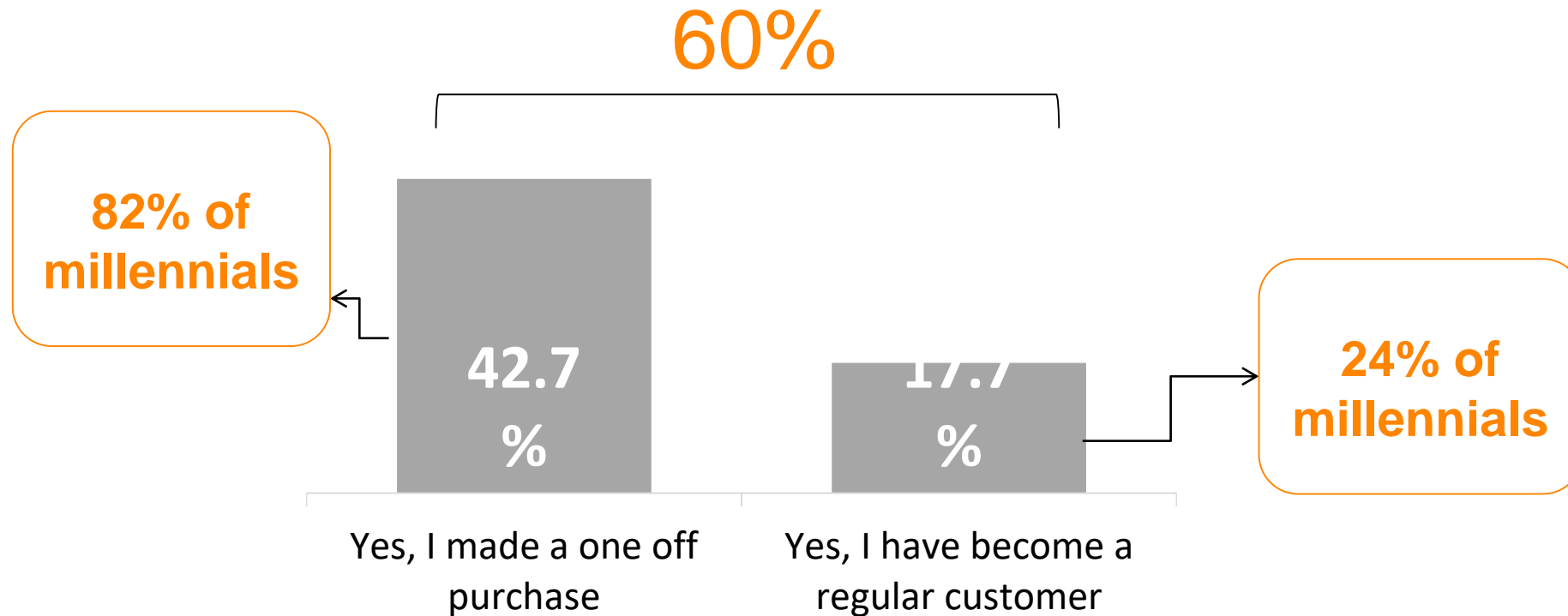
£7.8b

n

Cards attract new customers



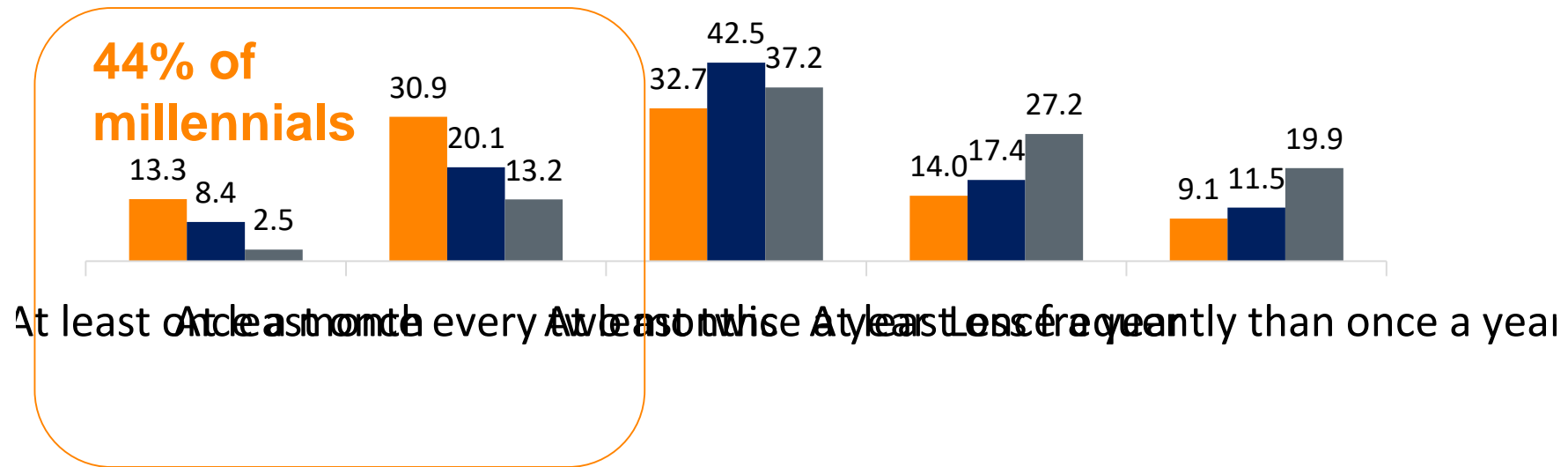
Have you ever been introduced to a new brand or organisation after being given a gift card?



Millennials are keen users – future growth potential



How often do you purchase gift cards?
% of each age group



Millennials



Generation X



Baby Boomers

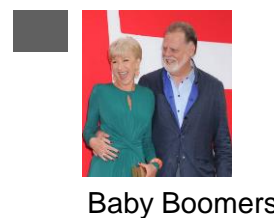
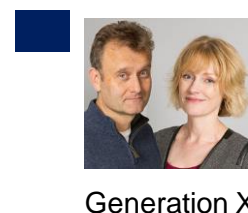
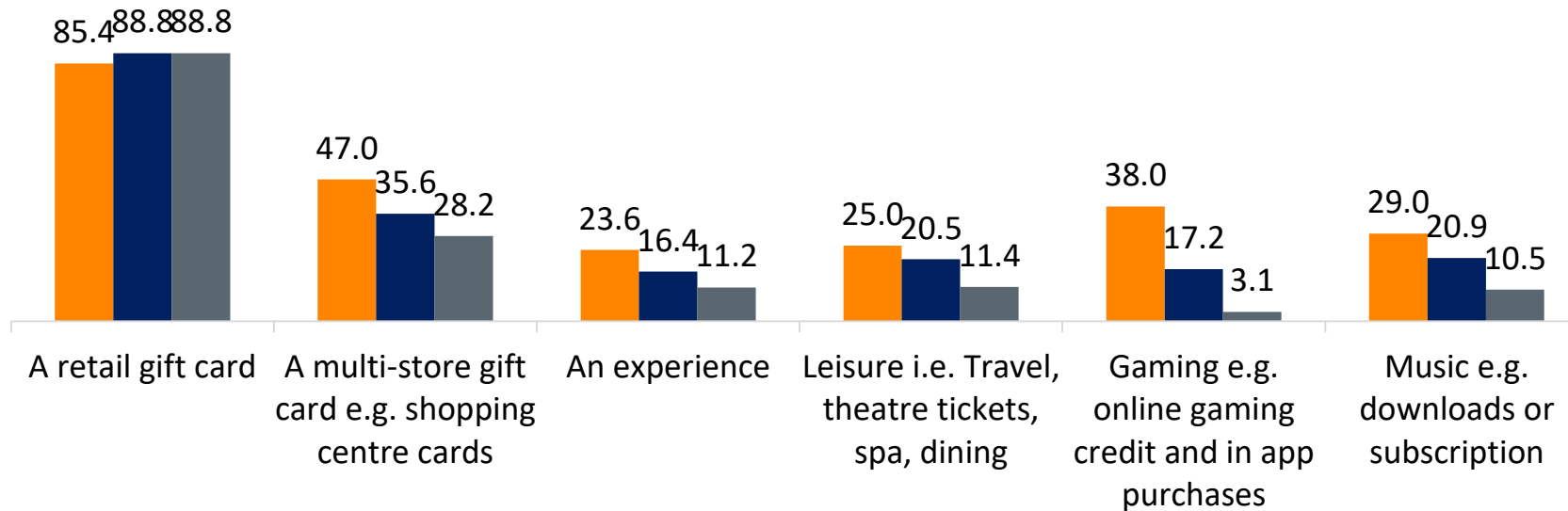
Millennials buy a wide variety of cards



Which gift card types have you purchased over the past 3 years?

% of each age group

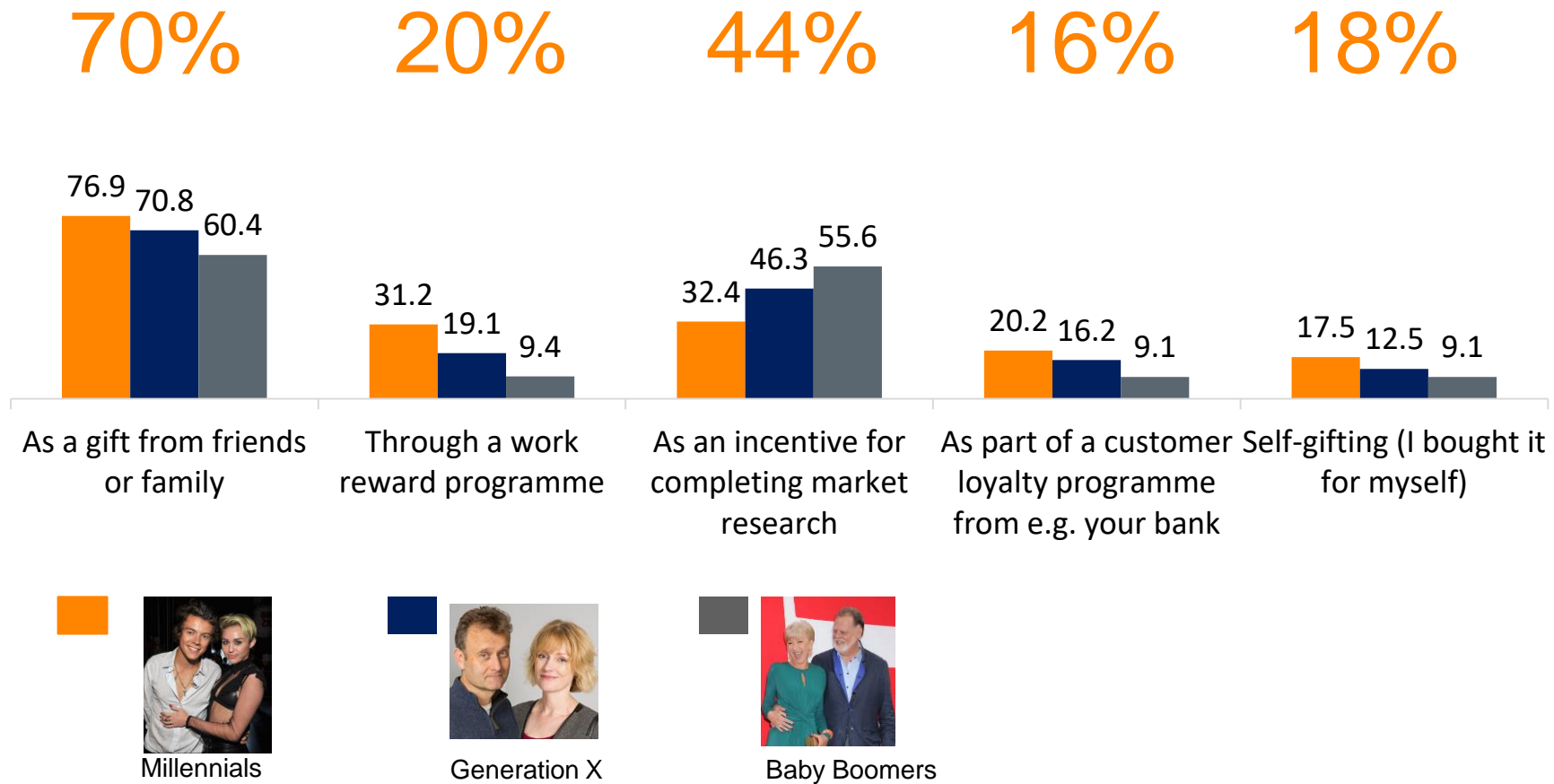
88% 38% 18% 20% 20% 20%



B2B has high penetration – more potential



How have you received a gift card?
% of each age group



Three key points



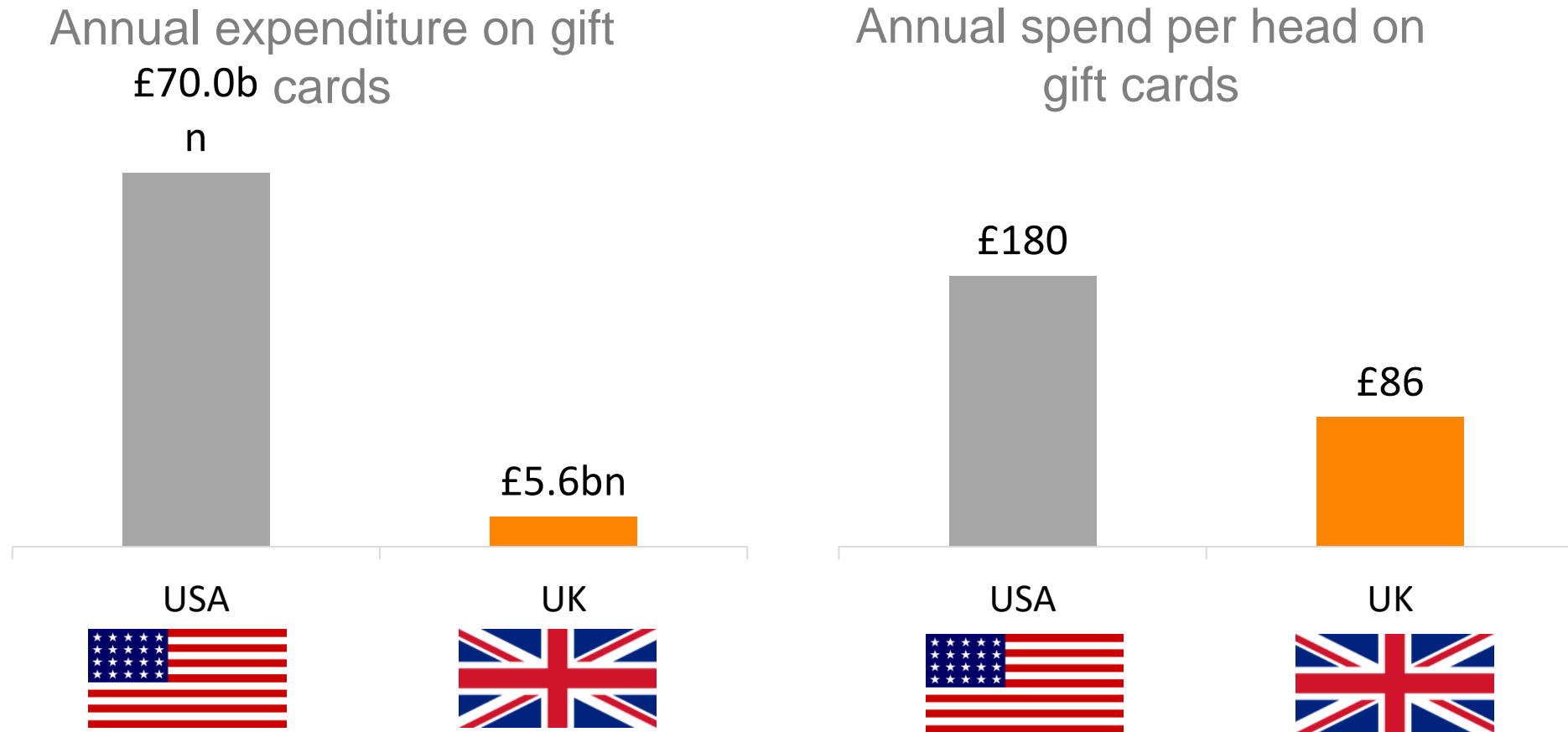
1 Gift cards are popular with consumers

2 They deliver substantial benefits to retailers including incremental revenue as well as new customers

3 Millennials are highly engaged, which will deliver future growth

Research – potential & barriers

The UK gift card market remains underdeveloped



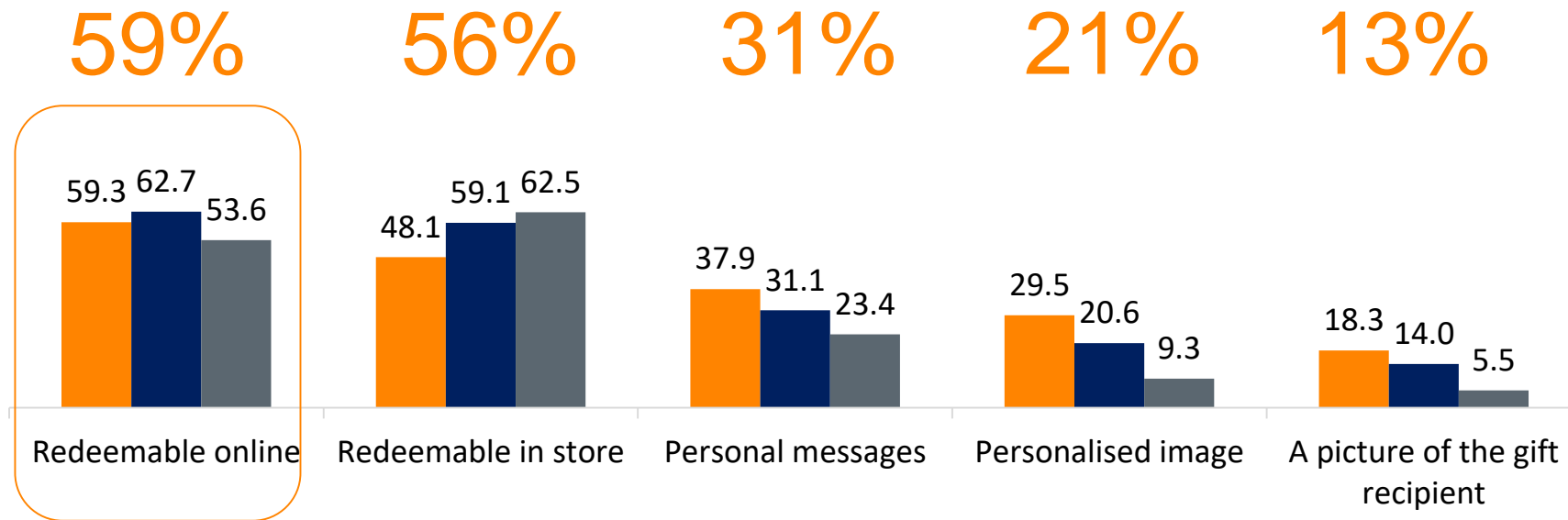
Source: SVS

Meeting consumers' expectations



Which gift card features would influence you to make a purchase?

% of each age group



Millennials



Generation X



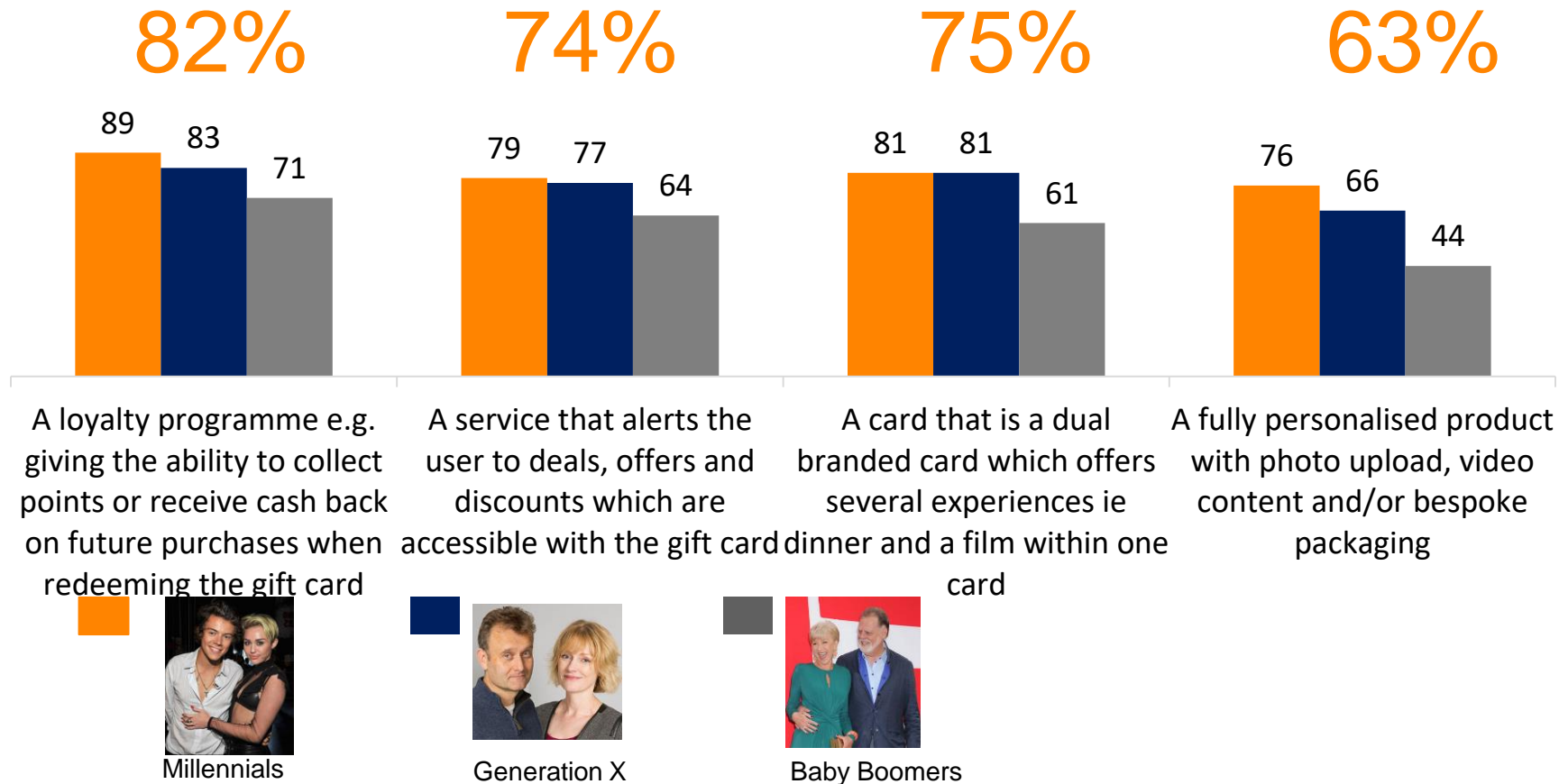
Baby Boomers

Loyalty cards are attractive



Of the following gift card 'add-ons', which would you be interested in?

% of age groups



Gift card managers' views:



95%

“Gift cards are a growth channel in my organisation”

29%

“Gift cards provide consumer insight in my organisation”

14%

“Gift cards are part of a customer loyalty scheme in my organisation”

Are you able to present a legitimate business case for investment for gift cards, to the board/decision makers, based on consumer feedback?



81%

“Yes, we have the evidence & data to present a business case for investment”.

19%

“No, we do not have the data but there is an appetite for investment”.

Gift card managers often have other responsibilities

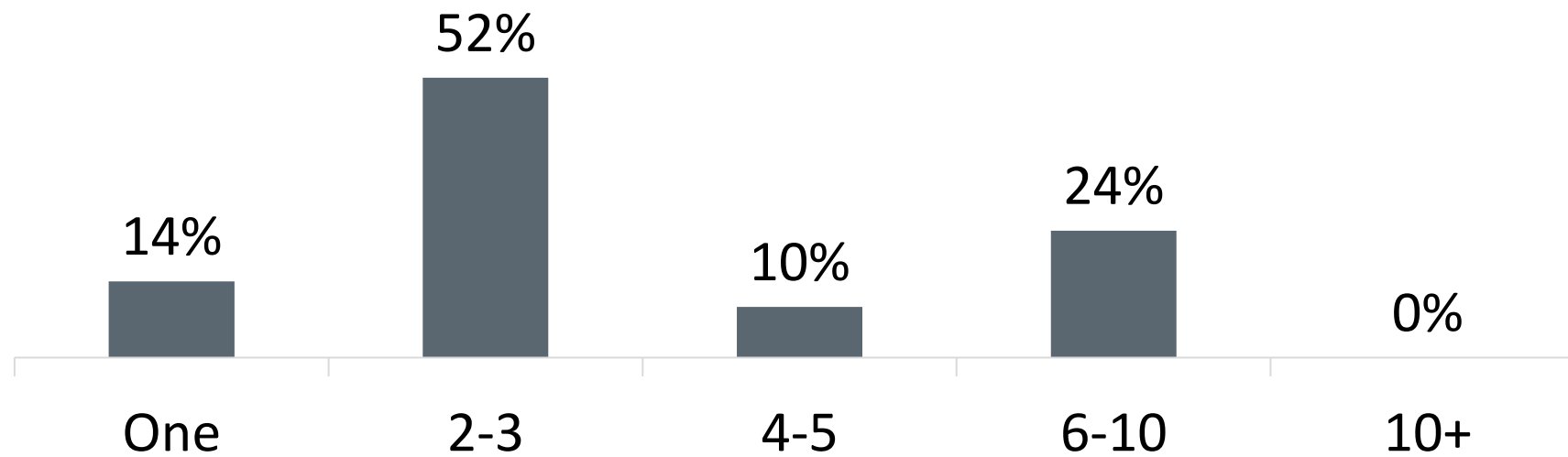


Which of the following best describes your role? (gift card managers)



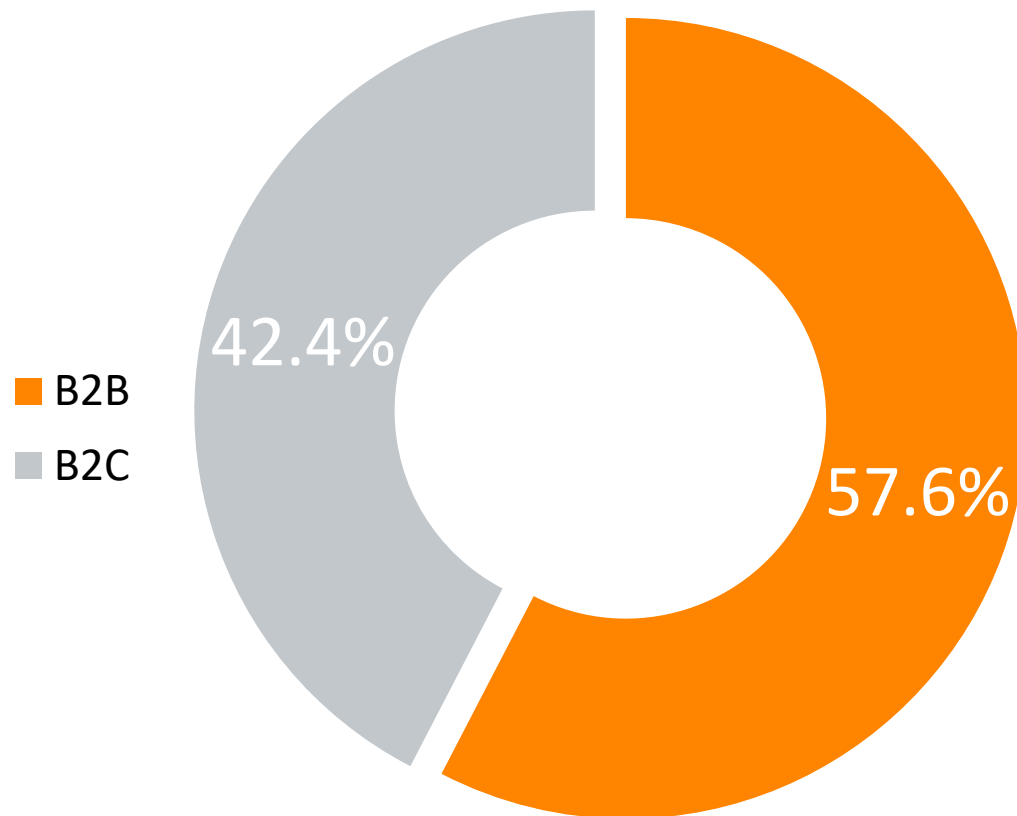
...and small teams

How many people are on the gift card team within your organisation? (gift card managers)



Battle for resources – B2B vs. B2C

How much time do you /your team spend on B2B v B2C? (gift card managers)



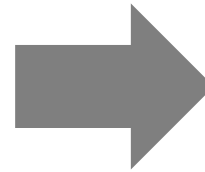
52.4% of gift card managers said that B2B is the biggest growth channel in their business.

42.9% said that B2B and B2C are both growth channels



95%

of gift card managers said that gift cards are a growth channel within their organisation



52%

of c-suite respondents said that gift cards are considered an area of growth for their business

62%

of gift card managers said that a board-level executive is aware of the gift card strategy



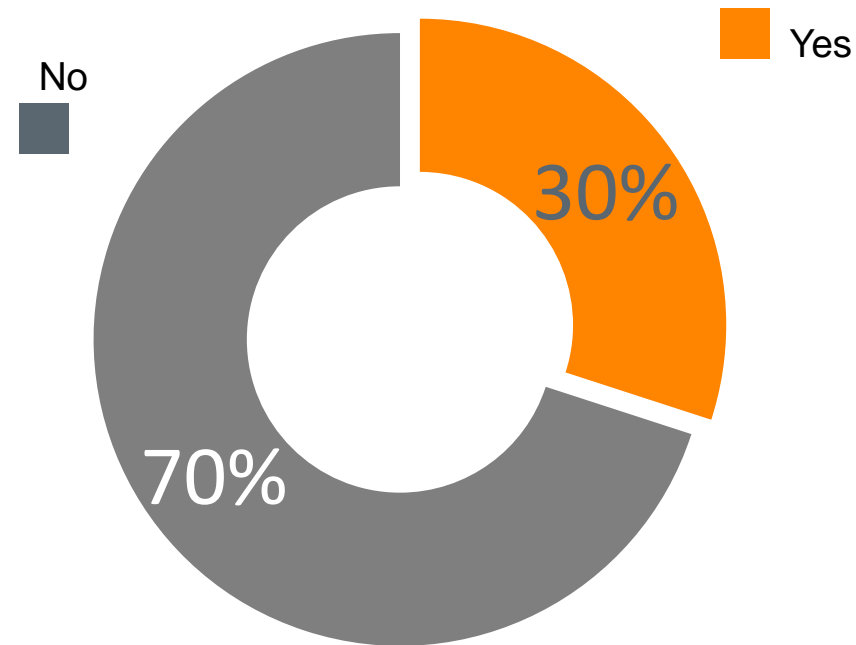
24%

of gift card managers said that a board-level executive is actually accountable for the gift card strategy

14%

of gift card managers said that a board-level executive works closely with them on gift card strategy

Do you know the value & contribution of the gift card programme to your business? (C-suite)





43%

of senior executives say that they are informed about the opportunities in the industry

28%

of senior executives don't even know who is responsible for the gift card strategy in their business.

28%

Don't believe that gift cards help to increase either customer spend instore or customer loyalty, or are an opportunity to capture customer data



3% say “cards are best sellers”

20% “cards are among best sellers”

25% “cards are mid-rank sellers”

A SIGNIFICANT REVENUE STREAM

UK MARKET REMAINS UNDERDEVELOPED

ONLINE PRESENTS STRONG POTENTIAL

A FOCUS ON EVOLVING PROPOSITIONS...

...BUT BATTLE FOR RESOURCES...

...AND DISCONNECTION AT BOARD LEVEL



HOW CLOSE DO YOUR ANSWERS CORRESPOND



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