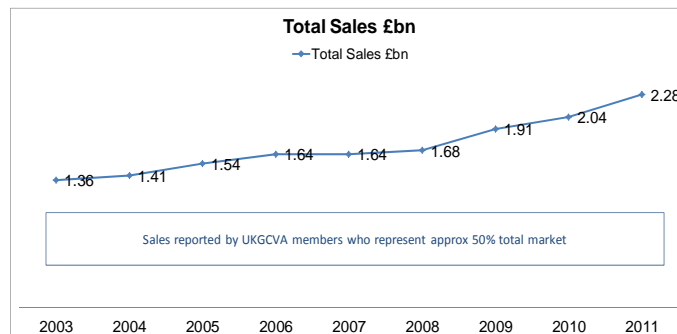


UK Gift Card & Voucher Association

Gift Cards & Vouchers in the UK – Summary 2011

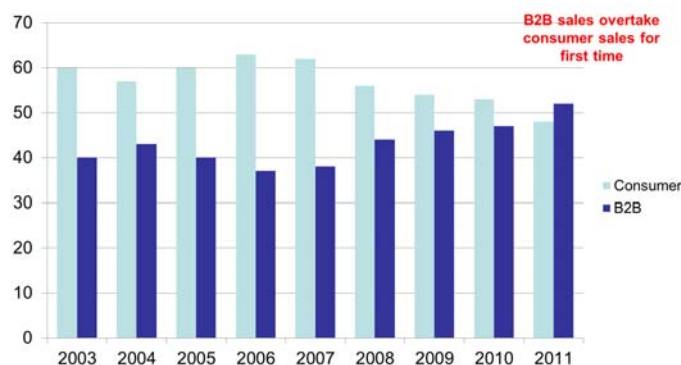
12% increase on 2010

In 2010 UK Gift Card & Voucher Association (UKGCVA) members recorded sales of £2.04bn; in 2011 this rose to £2.28bn, an increase of 12%. According to the British Retail Consortium average retail sales increases year on year were 2.2%, so the gift card and voucher market far exceeded average retail growth rates. Based on previous estimations, where UKGCVA members represent approximately 50% of the market it is anticipated that the market as a whole is now worth over £4.5bn.



Business to Business exceeds consumer sales for first time

2011 saw the sales of gift cards and gift vouchers to corporations exceed those sales to consumers. Business to business sales are defined as the sales of gift cards and gift vouchers to corporations for use as customer incentives, employee rewards and insurance replacement. In tough economic times employers continue to invest in their people; gift cards and vouchers provide a desirable and convenient mechanic for awards and recognition.



Stability paper v plastic

In 2009 plastic gift cards overtook paper gift vouchers as the principle mechanic for prepaid gifting and stored value. However over the last two years the split between paper and plastic has remained static, with around 55% gift cards and 45% vouchers. Paper remains strong in the business to business sector and the potential for this sector to jump direct to digital or eVoucher delivery is looking more likely. 95% of the sales made by UKGCVA members from the leisure sector (including experience days, travel and hotels) are facilitated by a paper voucher rather than a gift card. Corporate agencies offer a mix of paper and plastic with the greatest percentage increase in sales coming from the restricted and open loop cards issued by corporate agencies and incentive houses.

Increase sales across Agents, Leisure and Retail

Agencies experienced the greatest percentage growth at 23% followed by leisure operators at 15%. Sales from retailers rose by 7.9%, still well above the BRC's 2.2% general retail increase.

Sales via the internet have also grown significantly especially in the business to business sector with sales up 231%.

Exciting year of growth ahead

With average increases of between 2% and 12% over the last 9 years the UKGCVA forecasts a continuing upward trend into 2012. New innovations in the market will further boost sales. Some retailers launched eVoucher programmes at the latter end of 2011 and indications are that many more will follow in 2012. The use of social media and mobile along with the introduction of NFC all assist in harnessing new distribution channels for vouchers and cards. Gone are the days of Gift cards and vouchers seen as the 'last minute, don't know what to buy gift'; couple this with the new distribution channels offered by digital and the outlook for 2012 looks very positive.

Written February 2012 by Andrew Johnson, Director General of the UKGCVA.

For more details please contact the UKGCVA on 0870 241 6445 or Andrew@ukgcva.co.uk

About the UKGCVA

UK Gift Card & Voucher Association was established as a trade body in 1996 to represent the key players in the £4.5 billion prepaid gifting market including gift cards, vouchers and stored value solutions. It provides an information and reference point for both voucher and gift card suppliers and customers, and is at the forefront of the issues affecting the industry. Its main objective is to raise the profile and use of vouchers and gift cards within the UK, promoting the industry to consumers, businesses, government and other interested parties.

About the UKGCVA Data Collection

Since 2003 the UK Gift Card & Voucher Association has been collating industry sales data from members. From 2009 this data collection has been managed in partnership with Ernst & Young who provide quarterly reports and analysis. The data provided in this document compares annual like for like sales, 2010 v 2011.