



# How to get more out of your gift card programme

A guide for retailers



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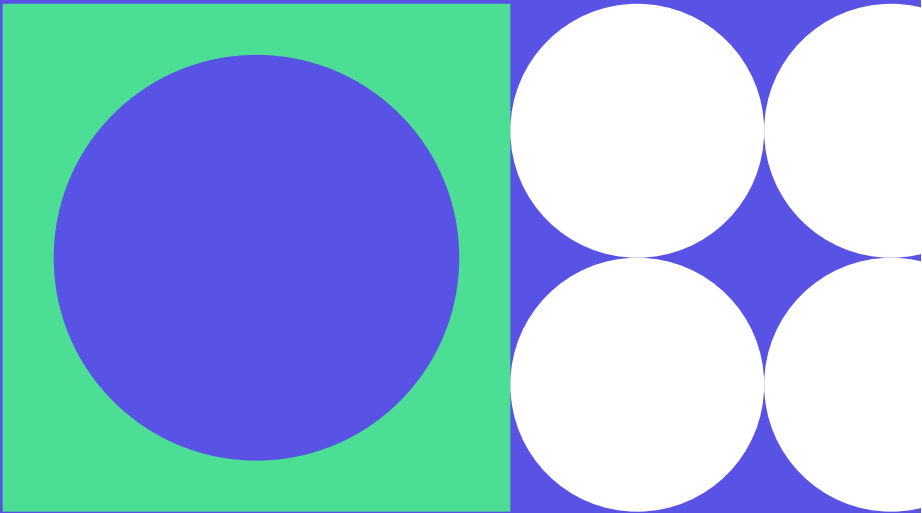
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Of all the industries affected by COVID-19, the impact on retail is indisputable. 2020 brought a [3.6%](#) fall in retail spend – the biggest in fifty years according to the Gift Card and Voucher Association (GCVA).

While retail spend declined, gift card purchasing continued to increase – from [13% in June to 25% in December](#). Developments in technology have enabled the gift card market to expand its offering for both the B2B market and end users. For those reasons, it’s vital as a retailer that you have a robust gift card programme.

This guide will help you create and make the most out of your gift card programme. We’ll evaluate recent statistics of the current landscape, examine trends, and help you spot opportunities for your business.





# The current landscape

Did you know that **38%** of gift card buyers have now converted to digital gift cards? As a retailer, it's important to pay attention to this statistic. With gift card purchases increasingly happening online, is your digital offering good enough? Do your customers know about your gift card offering? Are you delighting them at every stage of the buyer journey?



## 38%

of gift card buyers have now converted to digital gift cards<sup>1</sup>

Since the beginning of the pandemic, **32%** of gift card buyers have purchased a gift card from a retailer online either for the first time, or more than usual. While this statistic isn't surprising due to the various lockdowns over 2020/21 (where else could people buy gift cards if not online), it's worth considering how you can continue to hold your customer's attention online, even as brick and mortar shops begin to reopen their doors.

There's also lots of investment from venture capitalists and private equity entering the gift card industry. This is a sure sign that it's ripe for innovation with lots of opportunities available to retailers.

And as shopping habits change in the post-COVID, digital gift cards are growing in relevance. This is especially true as the gift card industry within the B2B market continues to expand.

<sup>1</sup> State of the Nation GCVA report at GCVA Connect 2021





## The increase of digital gift cards in the B2B market

In 2019 [21%](#) of gift card expenditure was made via B2B. This figure has been forecast to reach 31% by 2025. The U.K. gift card market is now worth [£6.9 billion](#), £1 billion more than its previous evaluation in 2019.<sup>2</sup>

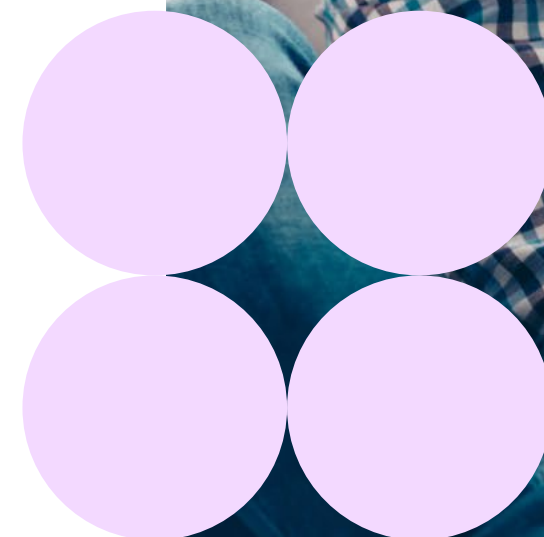
Advances in technology have allowed for this explosion in the B2B market with sales via an online portal up from [£250m in 2019 to £850m in 2020](#). Reward and employee benefit platforms are more engaging because the technology is easier to understand and use. This in turn encourages new and interesting retailers to become scheme adopters. Sales in the B2B gift card market are also more consistent throughout the calendar year. So, they're a more reliable source of income compared to B2C which often relies on the Christmas period to see it through quieter times of the year.

There are 30 million employees in the UK – a huge market available to you if you consider B2B in your gift card programme. And don't forget, employees are also consumers. The customers you are targeting in your B2C campaigns are also employees, so infiltrating the B2B market as a retailer gives you another opportunity to reach them.

It's vital that you don't overlook the B2B market and the impact it could have on your business. As Gareth Gillatt, Chairman of Tillo says, "if you're serious about gift cards, you need to be in B2B".

<sup>2</sup> Gift Card and Voucher Association (GCVa)

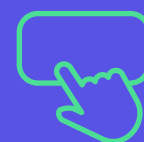
<sup>3</sup> State of the Nation GCVa report at GCVa Connect 2021



The gift card market is worth a massive [£6.9 billion](#)<sup>2</sup>



Sales via a B2B online platform increased from [£250m](#) in 2019 to [£850m](#) in 2020<sup>2</sup>



[38%](#) of gift card buyers have now converted to digital gift cards<sup>3</sup>



[83%](#) of Gen Z shoppers have purchased a gift card in the last 3 years<sup>3</sup>

[11%](#) of gift card purchasers have purchased through a work reward/incentive programme since the start of the pandemic<sup>3</sup>



## Remote working

The way people work has changed. Although lockdown restrictions have begun to ease in the UK, [85%](#) of employees want the option to continue to work remotely (though interestingly 77% of employers want their employees to return to the office!)

Undoubtedly, there will be more remote working than before COVID-19. This provides an interesting opportunity for employers – as they can't focus solely on incentives provided in the office anymore, like free fruit or free beer on Fridays.

Employers will need to look for new ways to incentivise and motivate their employees. During the pandemic, some companies have issued Caffè Nero gift cards, for example, to replace the coffee provided at team meetings. Or provided UberEATS gift cards for team lunches over Zoom. And in a time that is difficult financially for many companies, employers are also looking for cheaper alternatives to bonuses to continue to recognise their employees.

Gift cards can also help employees get set up at home with screens, chairs, desks, and other office equipment. Could your product feature in a 'new starter pack'? The pandemic is an opportunity for employers to reinvigorate the way they engage with their employees – and you could help them.

## Self-use

Although digital gift cards are primarily thought of as gifts for other people, more and more people are buying them for self-use.

[42%](#) of people who buy gift cards for self-use are millennials and 35% generation Z – which is reflected in the gaming, leisure, and experience gift cards they purchase. Of the users surveyed, [47%](#) gave their reason as 'to make it easier to shop online' and 35% said 'to help with saving money'.

And in the B2B market, employers are offering gift cards to their employees as part of their benefits package, contributing to this rise in self-use.

As a retailer, think about how you could embrace this trend by using them in your marketing strategy. Instead of 10% off via a voucher code, could you instead offer a £5 gift card? Could you use gift cards to entice customers back to their abandoned carts? There are lots of possibilities you can explore to engage with your customers and entice them to spend more with you.

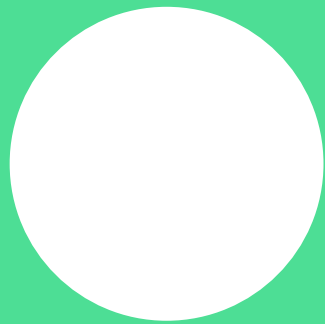
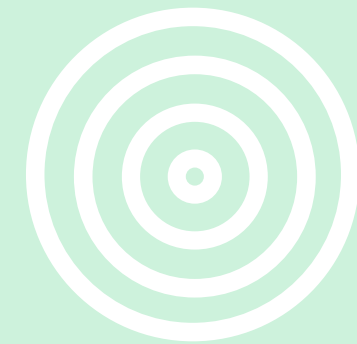
*"If you're serious about gift cards, you need to be in B2B."*

**Gareth Gillatt,**  
Chairman of Tillo





# The opportunities



Your gift card programme doesn't need to be a one-size-fits-all approach. There are many ways in which you can diversify your programme and make it really work for you.

Consider the following use cases and how you could apply them to your business.



## Rewards & recognition

Employers are adopting Rewards and Recognition platforms to help them retain their talent. Over a fifth (21.1%) of shoppers receive a gift card through work incentive programmes according to the UK GCVA State of the Nation, 2019.

If an employee performs well, hits a target, or even wins a company-wide competition, the employer can reward them with an instant gift card at a discount. This has been shown to increase employee satisfaction.

If you are on these platforms as a retailer, it creates new distribution channels and unlocks your ability to reach millions of new customers. Platforms also enable you to run events like flash sales, to help you launch a new product or service, all whilst having access to a real-time analytics dashboard to see what's working.

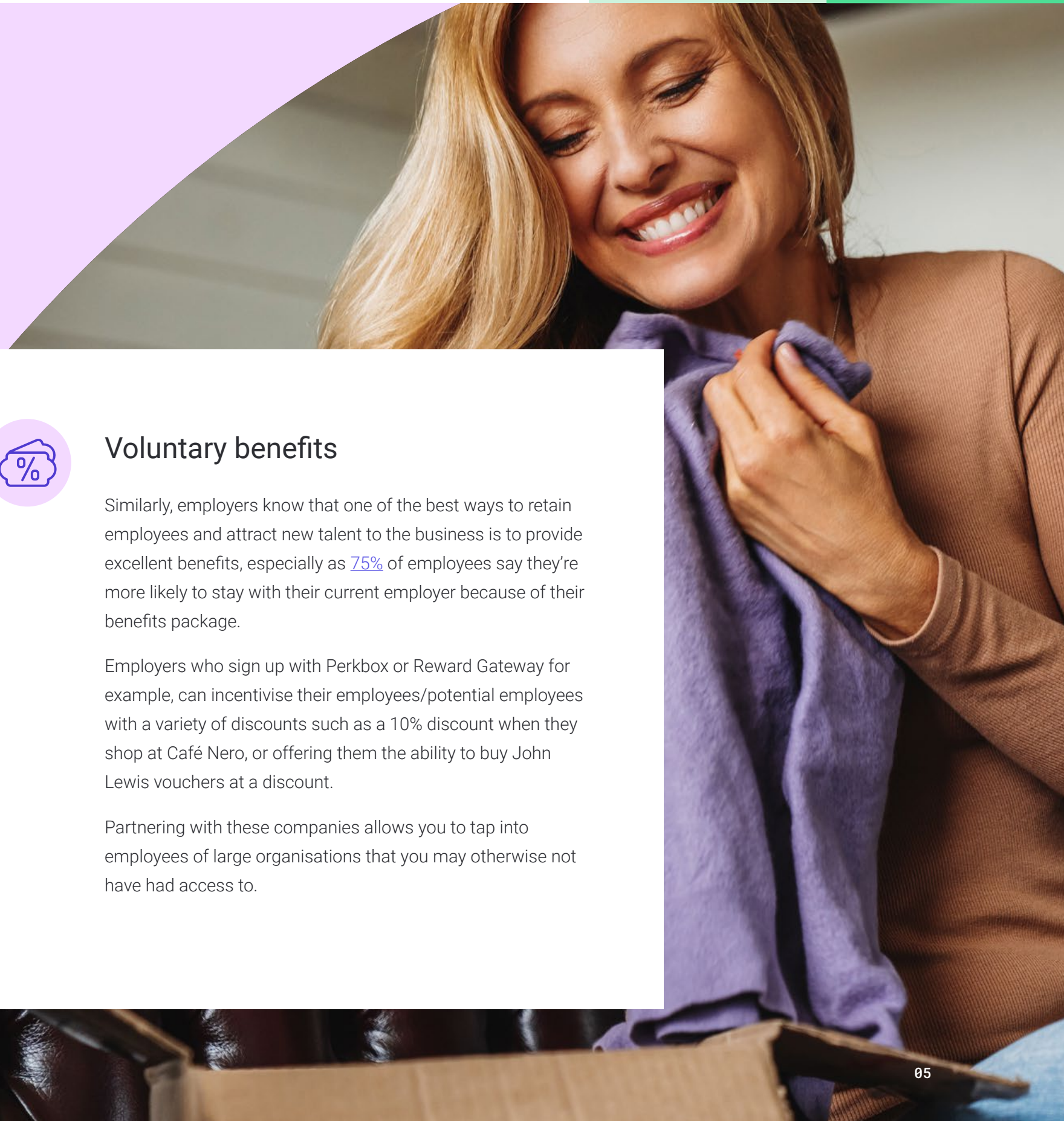


## Voluntary benefits

Similarly, employers know that one of the best ways to retain employees and attract new talent to the business is to provide excellent benefits, especially as [75%](#) of employees say they're more likely to stay with their current employer because of their benefits package.

Employers who sign up with Perkbox or Reward Gateway for example, can incentivise their employees/potential employees with a variety of discounts such as a 10% discount when they shop at Café Nero, or offering them the ability to buy John Lewis vouchers at a discount.

Partnering with these companies allows you to tap into employees of large organisations that you may otherwise not have had access to.





## Cashback

Cashback platforms like Quidco or TopCashback incentivise customers to shop with them by offering cash back in return. This cash is kept in their Quidco or TopCashback account to be spent on a future purchase of a gift card.

Partnering with a cashback platform allows you access to new potential customers, lists you alongside your competitors, and gives you the ability to run specific online offers. It also encourages customer retention.



## Loyalty

This approach, as the name suggests, rewards customer loyalty for taking an action. One of the most well-known examples is Tesco Clubcard, which, attracted nearly [five million customers](#) in its first year. Tesco Clubcard users accrue points when they spend money in Tesco and when they have collected enough points, the customer is rewarded with a gift card.

This is an approach adopted by many – not just by large supermarkets, but restaurants, pharmacies and even independent coffee shops who reward customers for buying nine coffees with their 10th free.

But the loyalty approach is not exclusively for B2C. For example, you can also use it in the workplace setting. Reward employees with kudos points, for example, and they could exchange them for a gift card.



## Gift card malls

Have you ever been in WHSmith or Boots or Sainsbury's and noticed a whole row of plastic gift cards from different retailers?

Gift card malls are the digital equivalent. Customer-facing, a customer can choose a gift card at face value – if it's worth £25, that's what they'll pay.

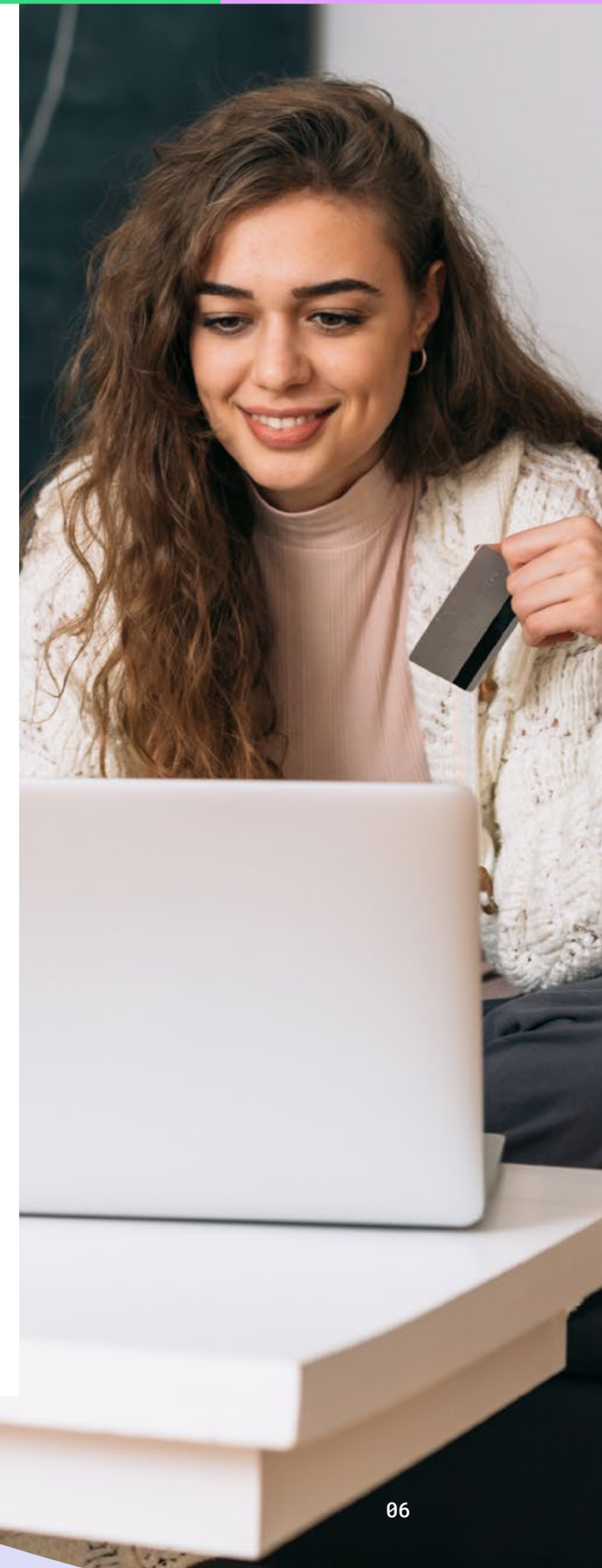


## Affiliate

Affiliates help you get in front of even more potential customers. There are a few different approaches to this.

Groupon for instance, uses digital gift cards for customer acquisition and retention. For example, offering a £5 digital gift when a customer signs up or by using digital gift cards to incentivise a particular deal.

Energy and telecom providers will also use affiliates in their marketing strategy to incentivise new customers. For example – signing up to Sky and receiving a free £50 M&S gift card as a reward. [17%](#) of recipients of gift cards over the past three years have done so as an incentive e.g. for signing up for a bank or energy supplier or for completing market research.







## Insurance

Gift cards can be used for insurance pay outs too. If a customer damages their iPad and plans on claiming on their home insurance. The insurance company, instead of issuing them with the money to replace it, could instead issue a gift card for PC World or Currys.

Why would they do this? Because if a customer purchases a gift card through a platform like Tillo, it's discounted. The insurance company saves money. So regardless of whether it's the customer, or the insurance company who is buying the replacement iPad, purchasing it with a gift card will be cheaper than purchasing with cash.



## Charity

Charities use gift cards to supply goods for people in need.

Similar to insurance companies, charities will use gift cards to buy on behalf of their consumer. For example, an Asda gift card could be used to purchase food.

Gift cards can be donated directly, but charities must ensure the gift card is spent on the intended need. This avoids cards being used to purchase alcohol or games if intended for groceries.

However, if the gift card was for Primark and the need was clothing, the risk would be less and donating a gift card directly would still be possible.



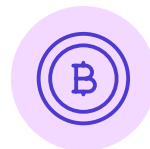




## Delay Repay

If you've experienced train delays, there's a high chance you are familiar with this scheme. In the past, train companies have refunded part or all (depending on the length of the delay) of the train fare back to the customer.

Now, train companies can offer customers a choice, a cash refund to their bank account, or a digital gift card. By choosing the digital gift card, both parties benefit. The train company receives a discount on the gift card and the customer gets a gift card at an elevated value.



## Digital currency

Digital currency has boomed in recent years, with bitcoin being the most well-known of them all.

There are lots of different providers of digital currency, and a user can buy and trade it – holding their currency in a digital wallet. But digital currency is not a recognised currency in the retail space, so how can you, the retailer, tap into this market?

Enter: digital gift cards. Platforms like Tillo make digital currency much more accessible, by exchanging the digital currency for a gift card at the specific exchange rate at the time of spending.

Interested in  
knowing more?

Book a demo today





## Case study

# NEW LOOK

The New Look story began in 1969 as a single fashion store in the UK. From there, they have grown to become a leading fashion brand, with 475 stores in the UK and Ireland. Their online offering, newlook.com, also ships to around 66 countries worldwide.

## Challenge

New Look wanted to expand its reach into the UK B2B market; however, the API integrations and float management required to work with new partners made the whole process awkward for both parties. New Look also wanted to track its gift voucher sales in real-time and move away from using Excel spreadsheets.

## Solution

Tillo's powerful API instantly connected New Look to hundreds of new partners and their millions of B2B end users. Integrating with a new partner was previously a strain on both parties' time and resources, and Tillo helped New Look to streamline the whole process.

Additionally, Tillo's dashboard gave New Look access to live performance analytics to easily monitor their sales and track the success of discount campaigns.

## Results

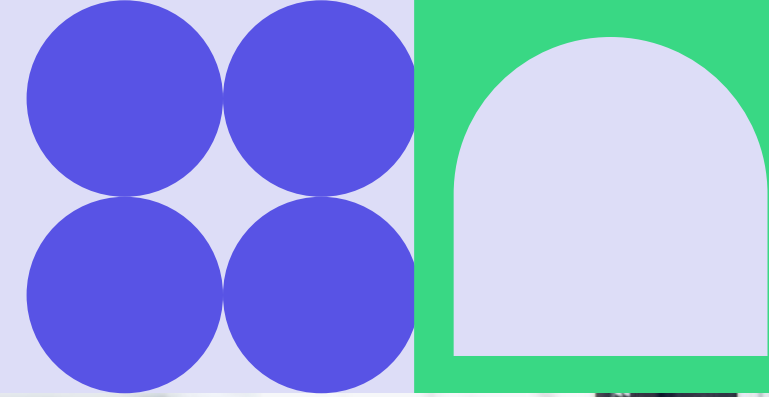
New Look has experienced 28% average YoY Face value sales growth since joining the Tillo network in 2017 and processed over seventy thousand gift cards to date. Moreover, despite the economic uncertainty caused by the coronavirus pandemic and successive lockdowns, New Look's face-value sales actually increased by 42% in 2020.

*"We're over the moon to see online B2B sales growth despite having to intermittently close all of our high-street stores because of COVID-19. Having access to new streams of B2B gift card revenue really helped us get through a difficult year. Tillo is our favourite reporting tool of all the partners we work with. It's incredibly user friendly and easy to use and we love the constant stream of new features you release."*

**Roly Gordon,**  
Senior Partnership Manager at New Look



# Making your gift card programme really work for you



## Embrace an omnichannel approach

In the past retailers only had access to physical gift cards. This meant relying on customers coming into the store to purchase. But with the rise of digital, that's no longer the case.

It's now naïve to think if a customer really wants your product, they'll come into your store. And as Chairman of Tillo, Gareth Gillatt says, "The retailers who do really well understand it's about getting their product in front of as many people as possible".

The key element to consider with an omnichannel approach is consistency. You want your customer to have the same experience whether they are in store, on your website, on a third-party website, or buying via a B2B platform. And you want that experience to be incredibly easy, with no delays at check out. Because as soon as the experience is clunky or error-prone, customers will be averse to using it.

Five years ago, you may have been able to get away with a basic product. But now the landscape has completely changed, and customers expect consistency and a multi-channel offering. Put simply, if you don't have an omnichannel approach, it will be detrimental to your sales.

## Find excellent companies to partner with

It's difficult to do everything through one company. Not only are there processors who configure the programmes, there are also partners who print and design your physical cards and technology providers who will, for example, enable Apple Pay.

Partners may service a section of the market that you may not otherwise be able to reach. Obtain a partnership with large businesses, and you remove the need to build your own sales team and capabilities. The businesses and brands who do well, use partnerships to their advantage, finding a way to make them mutually beneficial.

Get involved with the GCVA – the governing body for gift cards in the UK. Attend their events to help you increase your learning but use them as networking opportunities. Meet potential partners and understand their business and what they have done. Understand the landscape of the market, conduct your own research, and go from there.

*"The retailers who do really well understand it's about getting their product in front of as many people as possible".*

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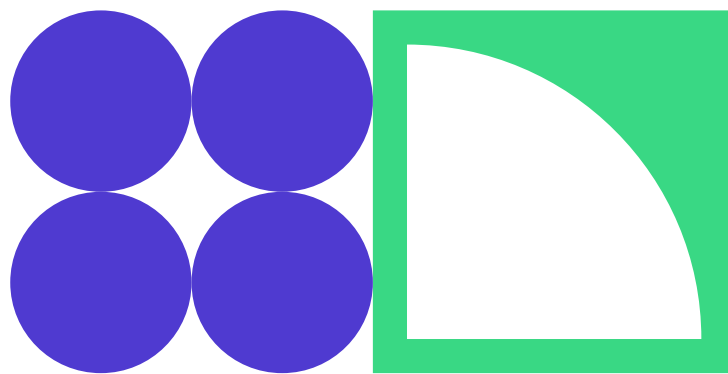
## Invest in technology

Technology is moving quickly and it's important you start investing in it now. But don't panic, spending millions is not a prerequisite to getting started and achieving ROI – it can be a very incremental process. A nominal investment could ensure you have a strong digital product and get you started in the B2B market.

The first place to start is ensuring that your customers have a seamless journey. Make sure your gift cards can be used on your ecommerce website. And invest in 3D scanners at your tills, so customers can scan with their phones.

If you need to get buy-in from your finance team, focus on the huge opportunity there is to increase revenue and loyalty. Use the statistics in this document to show them the revenue potential a strong gift card programme can create. Gift cards provide benefits far beyond the card value – the GCVA found that [68%](#) of customers, when redeeming their gift card, spend on average an additional £23.50 – a 79% benefit to the retailer.

Once you've got the basics in place, you can begin to use data insights in your gift card programme to really evaluate what is and isn't working. The retailers who do exceptionally well manipulate their gift card programme based on spending, discount levels, and use cases. The insights you uncover may even help you launch new products or launch your existing ones into new countries.



# 68%

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# Key takeaways



Remember that gift card customers convert at 100%. [43%](#) of recipients spend their gift card within a month of receipt and 98% within the year, so it's important that you ensure your gift card programme is as good as it could possibly be.



Consider how you can work in the B2B space. With a higher percentage of sales existing in B2B than in B2C, you could be missing out on a large section of the market.



Don't hesitate when it comes to investing in tech. Until you start, you won't be able to explore what opportunities the technology can unlock for you.



It has become so engrained during the pandemic to shop online. Gift cards could be an excellent way to entice customers back into stores and encourage different spending habits. We truly are entering the golden age of gift cards.

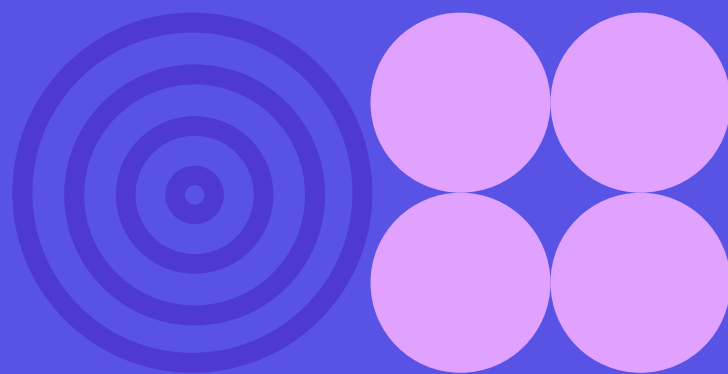






Tillo helps retailers reach more than 10 million end users.  
Get in touch today and let us do the heavy lifting for you.

Book a demo today



[www.tillo.io](http://www.tillo.io)

