

# THE EUROPEAN INCENTIVE MARKETING REPORT 2023

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REGIONAL PARTNER EDITION
BRITISH ISLES





## Leading Through Knowledge: IMA's Incentive Market Report

This report originated as a keynote presentation at the IMA Europe London Summit. While such events often serve primarily as networking platforms, the aim here is to offer something more substantive. The report is designed to provide actionable market statistics, including market value metrics, and strategic insights that can directly impact business decisions, thereby adding further value to association membership.

Knowledge sharing has always been a cornerstone of IMA Europe. Building on the success of the 2022 edition, efforts have been intensified to further elevate the quality and scope of disseminated industry knowledge. For this purpose, IMA Europe has partnered with Loyalty Chiefs, whose expertise and commitment have paved the path for the collection, curation, and dissemination of industry insights that resonate with our members.

The Incentive Marketing industry is incredibly complex and multifaceted. This report aims to capture that complexity in a nuanced manner. While comprehensive, it intentionally focuses on underexplored market trends and statistics, avoiding the reiteration of well-known but often overemphasized trends. The report serves as both a valuable resource and a manifesto to the commitment to elevating the industry's collective knowledge base, offering a fresh perspective that contributes meaningfully to commercial success of our members.



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Founder at Loyalty Chiefs





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#### One Report. Four Sections.

The European Incentive Marketing Report comprises four sections, briefly outlined below.

#### **Section 1 - Methodology and Rationale**

In this section, the groundwork for the entire report is laid out. The research approach is elucidated, providing insight into the methods used and the reasons behind the study. This section serves as the foundation for understanding the report's context and purpose

#### **Section 2 - Single Market Perspective**

This section presents a panoramic view of the European incentive market as a whole. A comparison with the US market is made, drawing out relevant statistical comparisons. Additionally, Europe-wide insights are provided to illuminate overarching trends and characteristics within the industry.

#### Section 3 - Regional Market Perspective - British Isles

The heart of the Regional Edition – British Isles of the report lies in this section. Market value size for Gift & Incentive Cards market and the Loyalty Programs market for this single specific region are explored, and remarkable regional insights are highlighted.

#### **Section 4 - Future Market Perspective**

In the concluding section, a peek into the future of the industry is taken. Emerging opportunities and potential challenges that lie ahead are identified. By offering a forward-looking perspective, valuable insights are provided for strategic decision-making in the ever-evolving incentive market.











## METHODOLOGY AND RATIONALE







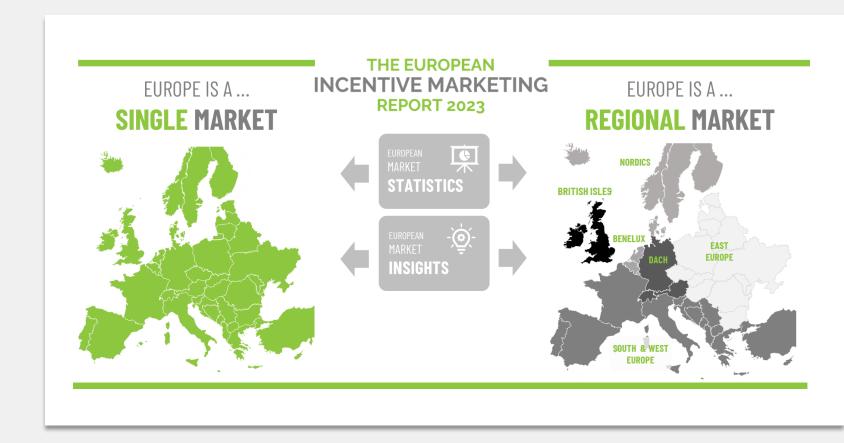
#### Balancing Single and Regional Perspectives for Strategic Success in the European Incentive Market

The European incentive market is a multifaceted landscape that demands a nuanced approach for successful navigation.

On one side, it presents itself as a single, unified market with standardized regulations, offering a conducive environment for scalability and broad operational strategies. On the other, it's a mosaic of regional markets, each with its own set of rules, consumer behaviors, and market dynamics.

Overlooking either perspective could lead to strategic missteps, compliance issues, or missed revenue opportunities.

With this report, we aim to shine a light on both these perspectives. Our goal is to take a significant step in creating greater clarity and awareness among businesses operating in this complex market.



## The Relevancy and Quest for Uniform Market Value Data

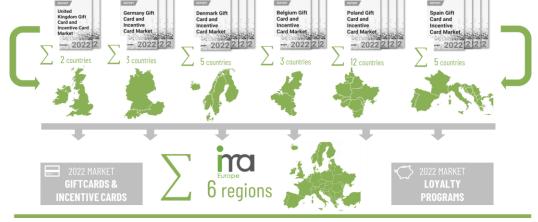
Understanding the market value of the European incentive industry is crucial for making informed business decisions. However, the challenge lies in finding a reliable, publicly accessible data source that provides a consistent view of the market, enabling meaningful comparisons.

We found this source in 'Research and Markets,' a leading research firm offering country-specific reports on Gift Cards and Loyalty Programs. Our methodology involved a bottom-up calculation, starting with individual country market values to estimate the market value for different European regions, and then calculating the total European market value. Where country-specific reports were unavailable, we extrapolated market value based on reasonable assumptions, clearly indicating such instances in the report. We also included additional metrics from the International Monetary Fund and the World Bank to provide a broader macroeconomic context.

We recognize that the incentive market is broader than just Gift Cards and Loyalty Programs. However, these are the sectors for which uniform, and publicly accessible market value data was available. We consider it a profound base to work on.

It's worth noting that neither IMA Europe nor Loyalty Chiefs has a vested interest in these reports, but they do offer a comprehensive view on the market. For those interested in a deeper analysis, the complete reports, including underlying data and assumptions, can be acquired from R&M.





## Gathering Insights: Talks with Executives All Across Europe

Knowledge sharing isn't just about broadcasting; it's equally about listening. Listening to our members, who often possess a wealth of experience and knowledge. This report presents the "insights" derived from multiple group interviews conducted with IMA executives representing diverse geographical regions across Europe. Careful selection was made to include leading executives, considering their expertise in various areas such as gift cards, merchandising, travel, platform providers, sustainability focus, crypto experience, and more. In total, we engaged in conversations with an impressive 30 market experts from 6 different regions.

During these group discussions, many facets of the incentive market were explored, including today's market sentiment, emerging trends, regulations, target audiences, technological developments, preferences and future thoughts. Within the structured focus group format, ample room was intentionally provided for spontaneous contributions and interaction among the participants. This approach yielded a wealth of insights that have been documented.

When selecting insights for this report, our focus was on highlighting regional nuances, but the process also unearthed insights of broader European relevance. The insights presented in this report have been carefully curated to offer fresh perspectives and shed light on lesser-known aspects of the market, with the aim of moving beyond the commonplace and well-trodden paths of insight. We view this process as an engaging journey of discovery and an addition to our understanding of the European incentive market. Noteworthy, it was fun as well.





## Honoring Our Report Partners: A Shared Journey of Invaluable Contributions and Unbiased Curation.

This report owes its existence to the invaluable contributions and expertise of our report partners.

Independence was a fundamental requirement for this research, acknowledged by both the IMA Europe board and Loyalty Chiefs, the author. While our report partners shared substantial input, the research outcomes were independently curated and presented in an impartial and unbiased manner.

Our partners are thanked for their leading role in enabling this research and fostering an environment where knowledge sharing thrives, all while upholding principles of independence and objectivity.



## THE EUROPEAN INCENTIVE MARKETING REPORT 2023

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## SINGLE MARKET PERSPECTIVE

This section of the research and report approaches the European incentive market from a Single Market perspective. This means that Europe is considered as a unified entity. The focus is on identifying common characteristics and trends across European nations, as well as comparing Europe as a continental market to the United States.





## EUROPE

SINGLE MARKET PERSPECTIVE











## EUROPE

SINGLE MARKET STATISTICS



#### **Economic Basics of the European (and US) Market**

The European Incentive Market is composed of 36 countries with a total population of 687 million individuals. The combined Gross Domestic Product (GDP) for these countries stands at \$22.7 trillion. The average GDP per capita is \$33,000 per annum. Although this report will explore the subject in greater detail subsequently, it is essential to highlight that prosperity levels vary substantially across different regions and countries within Europe. This variation has implications for the scale of the Incentive Market.

For a more comprehensive perspective, the European figures may be compared to another major market, specifically the United States. Often serving as an economic benchmark, the comparison reveals that the GDPs of the two markets are closely matched.

A significant difference emerges in the context of population size. Europe has a population that is more than double that of the United States. Consequently, the GDP per capita for an average American is approximately twice as high as that for an average European citizen.





#### **EUROPE & UNITED STATES**

**BASIC ECONOMIC PARAMETERS** 



USA

MARKET ECONOMY

**EUROPE** 

Countries (36)

Albania	Germany	Romania
Austria	Greece	Russia
Belarus	Hungary	Serbia
Belgium	Ireland	Slovakia
Bosnia and	Italy	Slovenia
Herzegovina	Latvia	Spain
Bulgaria	Lithuania	Sweden
Croatia	Moldova	Switzerland
Czech Republic	Netherlands	Turkey (partiall
Denmark	North Macedonia	in Europe)
Estonia	Norway	Ukraine
Finland	Poland	United Kingdon
France	Portugal	

NATIONAL INCOME 2022



**EUROPE** 

687

MARKET ECONOMY

333 million million

\$22,700 billion

\$33.000

\$22.900 billion

\$69.000

SOURCE:INTERNATIONAL MONETARY FUND AND THE WORLDBANK

#### **European (and US) Market Value** for Gift Cards & Incentive Cards



In 2022, the European Gift Card and Incentive Card Market commanded a value of \$59 billion, constituting 0.26% of the entire European Gross Domestic Product (GDP). When this aggregate market value is divided among the total population, the resulting average value per European citizen amounts to \$86 per annum.

This market dynamic presents a stark contrast when compared to the United States. The total market value in the U.S. is substantially higher, coming in at \$195 billion. This elevated valuation results in an average annual expenditure of \$584 per U.S. citizen on Gift Cards and Incentive Cards. Further accentuating the market's relative importance in the United States, this segment represents 0.85% of the national GDP, which is considerably higher than its European counterpart.

The comparison serves to underscore the notable differences between the European and U.S. markets, both in terms of scale and economic significance.

#### **GIFT CARD & INCENTIVE CARD MARKET**

#### **EUROPE SINGLE MARKET COMPARISON**



















MARKET VALUE SIZE 2022 **GIFT- & INCENTIVE CARDS** 





av. annual value

0,26% GDP 2022



0,85% GDP 2022



SOURCE: META ANALYSES BASED ON PUBLICLY AVAILABLE COUNTRY DATA FROM: RESEARCH AND MARKETS. IMF AND THE WORLDBANK (USA REPORT COVERS CONTAIN HYPERLINK

#### **European Market Value for Loyalty Programs**

The European market for loyalty programs was estimated at \$36 billion in 2022, representing 0.16% of the total GDP for the region. When this financial volume is distributed across the population, it equates to an average yearly expenditure of \$52 per European citizen.

When compared to the U.S. market, different trends emerge. In the United States, individual spending on loyalty programs averages at \$74 annually, exceeding the average in Europe. However, the overall market size in the U.S. is \$24 billion, which is less than Europe's. This difference is also evident when examining the sector's percentage of the total GDP, which is lower in the United States.

This comparative analysis reveals notable disparities between the loyalty program markets in Europe and the United States. While Americans generally spend more on a per-person basis, Europe outshines the U.S. in terms of total market size and its ratio to GDP. These insights are particularly valuable for industry stakeholders interested in understanding the differing market dynamics between these two regions.



#### LOYALTY PROGRAMS MARKET

#### **EUROPE SINGLE MARKET COMPARISON**











\$22.600 BILLION



\$22.900 BILLION



MARKET VALUE SIZE 2022 **LOYALTY PROGRAMS** 



\$36 billion

0,16% GDP 2022

0,13% GDP 2022





SOURCE: META ANALYSES BASED ON PUBLICLY AVAILABLE COUNTRY DATA FROM: RESEARCH AND MARKETS, IMF AND THE WORLDBANK (USA REPORT COVERS CONTAIN HYPERLINK)

# **EUROPE** SINGLE MARKET INSIGHTS

#### SINGLE MARKET EXECUTIVES

SINGLE MARKET INSIGHTS, GATHERED DURING REGIONAL MARKET DISCUSSIONS























#### SINGLE MARKET MARKET INSIGHTS















MICRO GIFTING

CRYPTO

CONTINENTAL









































complexities and margin pressures. After a period of inflation among physical brands, stability has been restored, giving the market a sense of confidence and optimism.





GIFT CARDS

## The Omnichannel Transformation of Gift Card Engagement

The future of gift cards is undeniably omnichannel, with platforms like WhatsApp and Social platforms taking center stage in how rewards are distributed and redeemed. This isn't a passing trend; it's a fundamental shift towards seamless connectivity that enhances individual relational engagement. For companies, the imperative is clear: adopt digital strategies that go beyond traditional email and resonate with the digital consumer.

GIFT CARDS

### Social Engineering Fraud on the Rise in the Gift Card Industry

The gift card industry is grappling with a specific type of criminal activity: social engineering fraud. Criminals exploit the system by posing as buyers from reputable corporations. They engage in seemingly legitimate procurement processes, receive the products, but then disappear without making any payment. This trend is a global issue, possibly more prevalent in markets where English is widely spoken, affecting vendors and consumers alike.



**GIFTCARDS** 

## **Expiration Date Extension: Implications for the Gift Card Industry**

As governments increasingly mandate the extension of gift card and voucher expiration dates, the industry faces a pivotal moment. Europe lags behind the U.S., where gift cards already have no expiration date—a change that could bring a host of implications if adopted in Europe. Firstly, the business model of gift cards, particularly for providers and aggregators, often relies partly on non-redemption. An indefinite lifespan could pose serious challenges to this revenue stream. Secondly, for vouchers tied to services like hotel stays, there's the issue of rising costs over time, while the voucher's value remains static. Moreover, looming on the horizon is the distant but unsettling possibility that governments might eventually funnel non-redeemed funds into public coffers. While this dark scenario may seem far off, it's a concern that's increasingly on the minds of stakeholders in the gift card market. This is a crucial time for the industry, requiring both adaptability and foresight to navigate the changes ahead.



#### GIFT CARDS

## The Art of Precision Engagement: Restricted Open-Loop Cards to Redefine Relationships

In a market inundated with one-size-fits-all solutions, the power of restricted open-loop gift cards lies in their tailorability. By pinpointing spending restrictions that delight both givers and receivers, providers can harness this tool to refine customer engagement to an art form. This isn't just about activation rates; it's about transforming the way businesses and consumers interact, deepening ties, and enhancing satisfaction.





#### GIFT CARDS

## The High Stakes of Customer Service in the Gift Card Aggregation Industry

In the realm of gift card aggregation, customer service is a multifaceted challenge. The stakes are high, especially when customers are keen to utilize their digital wallets instantly. Minor glitches can spiral into damaging online reviews. Complicating matters further, the illicit use of stolen credit cards for gift card purchases can embroil the business in legal difficulties and unfounded accusations. Hence, the art of customer service management is both complex and vital for long-term success.



usage to memorable brand experiences. They may cost more to produce and ship, but they often fetch a higher price, effectively boosting profit margins.



## Digital Takeover: How Gift Cards Outmaneuvered Physical Gifts in the Global Arena in no-time

The digital era has revolutionized the incentive landscape, rendering traditional physical gifts less compelling. Gift cards offer quicker delivery, cost-efficiency, eco-friendliness, flexibility, measurability, and scalability. Particularly in our increasingly globalized world, digital gift cards effortlessly serve international programs, something that physical merchandise struggled with.

#### Unlocking the Future: Navigating the Comeback of Merchandising in the Incentive Market with Efficient Stocking Practices, International Brand Collaboration, and Rapid Global Shipping Capabilities

Internationally oriented merchandising players are experiencing an upward trend in the incentive market, regaining some of the ground they had lost. This resurgence can be attributed to several key factors. Firstly, these distributors purchase their goods directly from manufacturers who have been in the incentive game for years, offering better profit margins compared to retail brands. Secondly, strong players maintain their own inventory, which not only improves margins but also ensures faster and

more reliable delivery. Thirdly, the global appeal of certain brands like Apple and Sonos allows for a centralized inventory and a worldwide assortment, leading to economies of scale and scope.

Lastly, technological advancements have minimized previous drawbacks such as long shipping times; orders are now often shipped within a day. While it's no easy feat, merchandising players who tackle these challenges head-on could be looking at a promising future.

#### MERCHANDISE

## From Generic to Iconic: The Unstoppable Rise of Branded Incentives explained

In the ever-evolving landscape of incentive programs, a seismic shift has occurred. A decade and a half ago, 80% of rewards were high-value but non-branded items, while only 20% were brand-name products. Fast forward to today, and the market has flipped entirely, with 100% of incentives being brand-name products. This shift is driven by two key factors: consumer desire for quality and the message employers want to send to their employees.





#### MERCHANDISE

### From Rivals to Partners: the Evolving Relation with Gift Card Aggregators

The merchandising industry has seen its fair share of exits, making it less crowded than the bustling gift card sector. But this has turned out to be a blessing in disguise. The remaining players in merchandising are now in a stronger position, and gift card aggregators are taking notice. More and more, these aggregators are looking to classic physical gift companies to enrich their offerings, sparking discussions about potential strategic alliances and takeovers.



#### **TRAVEL**

### Beyond Hotels: AirBnB's Impact on the Future of Travel Incentives

The emergence of AirBnB has been a game-changer in the realm of travel incentives and gift cards. As traditional hotel vouchers become less appealing, AirBnB credits are stepping in to fill the gap, offering a more tailored and authentic travel experience. This change presents businesses with new opportunities to engage their audience through unique and customizable travel rewards.





#### TRAVEL

### The New Travel Equation: Quality Over Quantity in the Face of Economic Strain

As the cost-of-living crisis looms, people are not skimping on the quality of their vacations; instead, they are being selective about the quantity. They are traveling less often but are making sure that when they do, they go big. Points and credits are being strategically used to make these quality experiences possible, revealing a new dynamic in how people are choosing to navigate financial challenges through travel.



In today's climate of instant gratification, the phenomenon of micro gifting plays a critical role within incentive marketing strategies. Despite their low average purchase price of €1 to €2, these small gifts can have a significant impact on customer relationships and retention. They are particularly effective when consisting of digital content such as exclusive downloads or trial periods for services. The power of micro gifting lies in its ability to surprise and reward customers at various touchpoints throughout their lifecycle with the brand, such as completing a survey or performing another small favor. This strategic use of immediate, modest rewards taps into consumer needs for instant satisfaction and can significantly boost engagement. In summary, micro gifting is a cost-effective, psychologically savvy method that can serve as a valuable tool in your incentive marketing toolbox, elevating customer satisfaction and brand loyalty.



#### **CRYPTO**

#### The Untapped Potential of Crypto Incentives Among Young, Financially Stable Professionals

Despite a slowdown in mass acceptance, cryptocurrencies have untapped potential as incentives for a particular demographic. Young professionals in their early thirties, who are not only technologically advanced but also financially well-off, represent a golden opportunity for crypto initiatives. Catering to this demographic, already primed to engage with complex and risky financial systems, could create a valuable niche for cryptocurrencies. This focused approach may serve as the precursor to broader market adoption and mitigate existing skepticism about crypto as an incentive option.





CRYPTO

## Crypto Incentive brands are Shifting Towards more Exclusive Partnerships

A notable evolution is occurring among crypto incentive brands concerning the selection of distribution partners. Influenced by factors such as financial commitment and business alignment, suppliers are increasingly pursuing focused and exclusive partnerships. This is a strategic choice, aimed at facilitating a more efficient approach to tackling unique industry challenges, like market skepticism and targeted growth. These exclusive relationships allow both suppliers and distributors to more effectively navigate market challenges.



#### SUSTAINABILITY

## **Economic Prosperity as Unseen Driver Behind Sustainability Choices in European Incentives**

In Europe, the adoption of sustainability within the economy and particularly in incentive marketing varies considerably. Wealthier, Western, and Northern countries show a greater orientation toward sustainable practices. In Scandinavia, clients demand sustainable options and reject non-sustainable ones, while recipients often make eco-friendly choices when given the option. In the South and East where the incomes are lower, the biggest driver behind sustainable options is outer appearance.

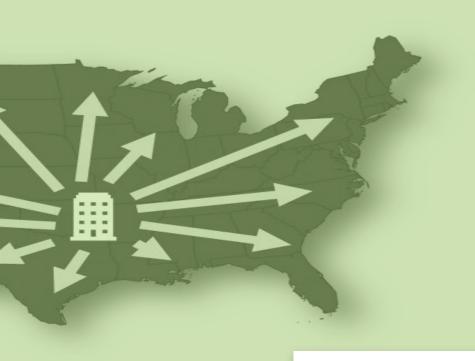




#### SUSTAINABILITY

## Sustainable Incentives are activating Younger, Previously Untapped Groups

Incorporating sustainable and philanthropic options in rewards programs has unveiled fascinating dynamics. Participants opting for these green rewards are notably younger—by a decade—compared to those going for traditional alternatives. A considerable number of these y 'eco-conscious redeemers' were first inactive in the program, casting doubt on the impact of standard monetary incentives. Their reengagement, spurred by options aligning with social causes, not only diversifies the program's demographic but also amplifies societal relevance.



**SAME CURRENCY** 

**SAME** CULTURE **SAME** RULES

SAME LANGUAGE

**SAME** NEEDS **SAME** BRANDS

**SAME** RETAILERS

SAME .... LOCAL ...

**SAME CURRENCY** 

**LOCAL** CULTURE

**LOCAL RULES** 

**LOCAL** LANGUAGE

**LOCAL NEEDS** 

**LOCAL** BRANDS

**LOCAL** RETAILERS



CONTINENTAL

#### Why the US can be worked as a **Single Market and Europe cannot**

When comparing the European and American incentive markets, it becomes clear that the uniformity that makes the American market efficient is lacking in Europe. The continent's diverse tapestry of languages, cultures, and regulations mean that a centralized approach — often effective in the U.S. — becomes impractical. The necessity for local understanding and adaptability sets the European market apart.

## THE EUROPEAN INCENTIVE MARKETING REPORT 2023

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## REGIONAL MARKET PERSPECTIVE

This section of the research and report examines the European incentive market from a Regional Market perspective. This entails approaching Europe through the lens of six distinct geographical regions.



#### EUROPEAN INCENTIVE MARKETING

## BRITISHISLES REGIONAL PERSPECTIVE

This section of the research and report approaches a geographic region within Europe. For this individual region, market data will be scrutinized, and region-specific remarkable trends and developments will be highlighted.













#### **ECONOMIC BASICS**

### The British Isles: an economic power region of serious proportion.

The British Isles, consisting of two countries—United Kingdom and Ireland—occupy a significant position within the European context. With a combined population of approximately 72 million people, the region accounts for 11% of the total European population. This substantial figure underscores the demographic weight of the British Isles in the broader European landscape.

In terms of economic performance, the collective Gross Domestic Product (GDP) of the British Isles is an impressive \$3.6 trillion, making up 16% of Europe's total GDP. This indicates that the region is not only large in terms of its population but also wields considerable economic influence.

When examining relative prosperity, the British Isles significantly outperform the European average. Both in terms of population and GDP, the region is a major player, highlighting its importance in economic and strategic considerations across Europe.



#### **ECONOMIC BASICS**

**BRITISH ISLES REGION - EUROPEAN COMPARISON** 



Ireland United Kingdom



NATIONAL INCOME 2022

billion

million

**EUROPEAN** MARKET ECONOMY

687

million

MARKET ECONOMY

**BRITISH ISLES** 

of europe

\$22.700 of europe billion

\$50,000

\$33.000

SOURCE:INTERNATIONAL MONETARY FUND AND THE WORLDRANK

#### Gift Card & Incentive Card Market of the British Isles: Market Value Size

Shifting our economic lens to the British Isles, which includes the United Kingdom and Ireland, the Gift Card and Incentive Card market provides valuable insights. The combined market size for these cards in the region is approximately \$10.0 billion, accounting for 16.9% of the total European market.

On a per capita basis, the annual value of these cards in the British Isles stands at \$128, a figure that is significantly higher than the European average. This suggests that residents of the British Isles are more actively engaged with these financial products compared to the broader European populace.

Furthermore, when contextualized as a percentage of the region's Gross Domestic Product (GDP), Gift Cards and Incentive Cards make up 0.28%. This is slightly above the European average, leading to a cautious interpretation that their relative popularity within the region is quite favorable.





**BRITISH ISLES REGION - EUROPEAN COMPARISON** 



GDP 2022

11% EUROPE

\$3.600 16% EUROPE

**BRITISH ISLES** 

REGIONAL MARKET VALUE SIZE



**EUROPE** 

SINGLE MARKET VALUE SIZE

\$59.0 billion

0,26%

of GDP 2022

average annual value per resident 2022

\$33,000 🙈 average GDP 2022



SOURCE: META ANALYSES BASED ON PUBLICLY AVAILABLE COUNTRY DATA FROM: RESEARCH AND MARKETS. IMF AND THE WORLDBANK NOTE: IN THE CASE OF MISSING COUNTRY DATA PROJECTIONS WERE MADE BASED ON GDP AND AVERAGE GDP %

#### Gift Card & Incentive Card Market of the British Isles: regional country breakdown

In addition to the regional overview, a detailed examination of the individual countries within the British Isles offers valuable insights. The United Kingdom stands out as the country with the largest market value, estimated at \$9.3 billion, and also has the highest GDP in the region.

When considering market value as a percentage of GDP, the UK leads significantly with a rate of 0.3%. This is notably higher than Ireland, which lags behind in the area of gift and incentive cards.

However, it's worth mentioning that Ireland outperforms the UK in terms of value per capita, likely due to its considerably higher average income.

#### **GIFT CARD & INCENTIVE CARD MARKET**

#### **BRITISH ISLES REGION - REGIONAL COUNTRY BREAKDOWN**

	GC&IC '22 : value		GDP '22		GC&IC '22: % GDP '22
Gift- & Incentive Card Market: European Market 2022	\$59.022.773.529		\$22.654.000.000.000		0,26%
Gift- & Incentive Card Market: British Isles region 2022	\$10.007.900.000	100%	\$3.600.000.000.000	100%	0,28%
Ireland	\$722.700.000	7%	\$529.000.000.000	15%	0,14%
United Kingdom	\$9.285.200.000	93%	\$3.071.000.000.000	85%	0,30%

GDP '22: value p. res.			Residents '22: number
\$33.021	\$86		686.048.000
\$49.931	\$139	100%	72.100.000
\$103.725	\$142	7%	5.100.000
\$45.836	\$139	93%	67.000.000

NOTE: IN THE CASE OF MISSING COUNTRY DATA REPORT, A COUNTRY MARKET VALUE PROJECTION WAS MADE BASED ON GDP AND AVERAGE GDP %. (MARKED LIGHT GREEN AND GREY, IF APPLICABLE









## **Loyalty Programs Market of the British Isles: Market Value Size**

Shifting our economic lens to the British Isles loyalty programs market provides valuable insights. The combined market size for these programs in the region is approximately \$7.9 billion, accounting for a significant 22% of the total European market.

On a per capita basis, the annual value of these programs in the British Isles stands at \$110, more than double the European average. This suggests that residents of the British Isles are highly engaged with these loyalty programs, far exceeding the level of engagement observed across Europe.

Furthermore, when contextualized as a percentage of the region's Gross Domestic Product (GDP), Loyalty Programs make up 0.22%. This is considerably above the European average, leading to the interpretation that the market's relative popularity within the region is exceptionally strong.



#### LOYALTY PROGRAMS MARKET

**BRITISH ISLES REGION - EUROPEAN COMPARISON** 



11% EUROPE

\$3.600 GDP \$3.600 BILLION 16% EUROPE

#### **BRITISH ISLES**

REGIONAL MARKET VALUE SIZE

\$7.9 bi

22,0% 0,22

ket of GDP 2022

yerage annual value per

\$50,000

average GDP 2022

#### EUROPE

SINGLE MARKET VALUE SIZE

\$35.9 billion

narket value

0,16% of GDP 2022

\$52

average annual value per resident 2022

\$33.000 average GDP 2022



SOURCE: META ANALYSES BASED ON PUBLICLY AVAILABLE COUNTRY DATA FROM: RESEARCH AND MARKETS, IMF AND THE WORLDBANK NOTE: IN THE CASE OF MISSING COUNTRY DATA PROJECTIONS WERE MADE BASED ON GDP AND AVERAGE GDP %

## Loyalty Programs Market of the British Isles: regional country breakdown

Continuing with the regional analysis, a closer examination of the individual countries within the British Isles yields important insights. The United Kingdom emerges as the country with the largest market value in loyalty programs, estimated at \$7.3 billion, and also boasts the highest GDP in the region.

When evaluating market value as a percentage of GDP, the UK significantly leads with a rate of 0.24%. This is notably higher than Ireland, which lags behind in the area of loyalty programs.

However, it's worth mentioning that Ireland outperforms the UK in terms of value per capita, likely due to its considerably higher average income.

#### LOYALTY PROGRAMS MARKET

#### **BRITISH ISLES REGION - REGIONAL COUNTRY BREAKDOWN**

NOTE: IN THE CASE OF MISSING COUNTRY DATA REPORT, A COUNTRY MARKET VALUE PROJECTION WAS MADE BASED ON GDP AND AVERAGE GDP %. (MARKED LIGHT GREEN AND GREY, IF APPLICABLE)

	LP '22: value		GDP '22: value		LP '22: % GDP '22
Loyalty Program Market: European Market 2022	\$35.892.700.000		\$22.654.000.000.000		0,16%
Loyalty Program Market: British Isles region 2022	\$7.902.400.000	100%	\$3.600.000.000.000	100%	0,22%
Ireland	\$571.600.000	7%	\$529.000.000.000	15%	0,11%
United Kingdom	\$7.330.800.000	93%	\$3.071.000.000.000	85%	0,24%

	LP '22: value p. res.		Residents '22: number
\$33.021	\$52		686.048.000
\$49.931	\$110	100%	72.100.000
\$103.725	\$112	7%	5.100.000
\$45.836	\$109	93%	67.000.000





RESEARCH AND MARKETS

### **BRITISH ISLES**

## REGIONAL MARKET INSIGHTS



#### BRITISH ISLES REGIONAL MARKET

### **CONSULTED EXECUTIVES**

#### fascinating conversations, remarkable insights

As an industry association, IMA is committed to the exchange of knowledge among members. For the preparation of this report, discussions were held with several prominent IMA executives about the market. Some of the collected regional remarkables can be found here.





GIFT CARDS

# Leveraging Modern IT and Revenue Models: How the UK Dominates European Gift Card Digitalization

The UK has positioned itself at the forefront of gift card digitalization within Europe. The region's lead can be traced back to the robust IT frameworks of its brands and merchants, which enable effortless integration with vendor platforms. This technological sophistication is further complemented by a comprehensive understanding and acceptance of the gift card as a revenue model across the chain.



**GIFTCARDS** 

## The Double-Edged Sword of UK's Gift Card Digitalization

In the United Kingdom, the gift card industry's accelerated digital transformation has a paradoxical effect. While technological advancements have simplified market entry, leading to a proliferation of vendors, they've also inadvertently commoditized the sector. As a result, buyer power is at an all-time high, compressing profit margins to razor-thin levels. Despite a booming market and impressive revenues, the question remains: who is truly capitalizing?





#### GIFTCARDS

### **UK Gift Card Leaders Explore Alternative Revenue Models**

With gift card commoditization tightening profit margins, UK aggregators are under pressure to innovate. They are actively seeking to break away from the deteriorating status quo by investigating business models with robust margins and enhanced customer value. Given the likelihood of the broader European market falling into a similar trajectory, UK firms are expected to be at the forefront of industry evolution once more.



## Brexit's Aftermath: Disruptions Now a Standard Component of Business Strategy

The hurdles of Brexit—prolonged delays and burgeoning paperwork—are no longer exceptions but norms that have been baked into the operational calculus of businesses. Planning and strategy have been retooled to factor in these new constants.

## Streamlining Logistics: The Strategic Use of European Warehouses for Deliveries

With Brexit's red tape posing substantial delays for customs checks, British merchandising enterprises have adopted a strategic countermeasure. By establishing warehouses in the Netherlands, they can now efficiently serve the European market. Particularly for shipments to Ireland, this method proves to be timelier and more cost-effective than sending packages directly from the UK.

## Easing Post-Brexit Regulatory Strain: UK Shifts Towards Pragmatism

Brexit has freed the UK from the tight grip of EU regulations, ushering in a phase of regulatory relaxation. Aimed at enhancing the market competitiveness of British companies, these changes signify a shift towards pragmatic governance rather than bureaucratic rigidity.

#### **IRELAND**

### United in Language, Divided in Essence: UK & Ireland

The commonality of language might suggest otherwise, but the UK and Ireland have substantial differences, whether in regulations, market dynamics, or cultural nuances, that should not be underestimated in strategic planning. Since Brexit, procedural differences have emerged, contributing, among other things, to an English retailer exiting the Irish market due to food regulations.





#### **IRELAND**

### Open-loop popularity: Lenient Laws and Dormant Retail

Ireland experiences a surge in open-loop cards for its incentive programs, unlike the UK, where retail gift cards reign. Contributing factors include relaxed regulations and large brands with under-developed card networks. Reduced reliance on gift card aggregators further establishes the strength of network-branded cards but stymies growth in the retail gift card sector.

### **CURIOUS ABOUT THE OTHER FIVE REGIONS?**

#### ASK YOUR REGIONAL REPORT PARTNER TO SEND YOU THE FULL EUROPEAN INCENTIVE MARKET REPORT

This document serves as the regional edition of the comprehensive report. Each regional report partner has also received a digital copy of the complete report, which they are permitted to share with trusted associates upon request. All six regions are examined in a comparable manner within the full report, making it a unique and comprehensive overview.













## THE EUROPEAN INCENTIVE MARKETING REPORT 2023

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## FUTURE MARKET PERSPECTIVE

This concluding section involves a selection of insights derived from the conversations with IMA market legends about significant aspects and trends that will shape the future of the European Incentive market.

#### THE FUTURE OF THE EUROPEAN INCENTIVE MARKET

### **CONSULTED LEGENDS**

#### fascinating conversations, remarkable insights

There are market executives, and then there are market legends. Pioneers who have built the market to what it is today and still reign at the top. They were asked about the future of the market—what opportunities and challenges loom on the horizon and what is required to remain successful in incentive marketing in the coming years. A selection of their unique contributions is included in this report.



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DENNIS VAN DEN BERG CEO TOUCH INCENTIVE IMA EU BOARD MEMBER

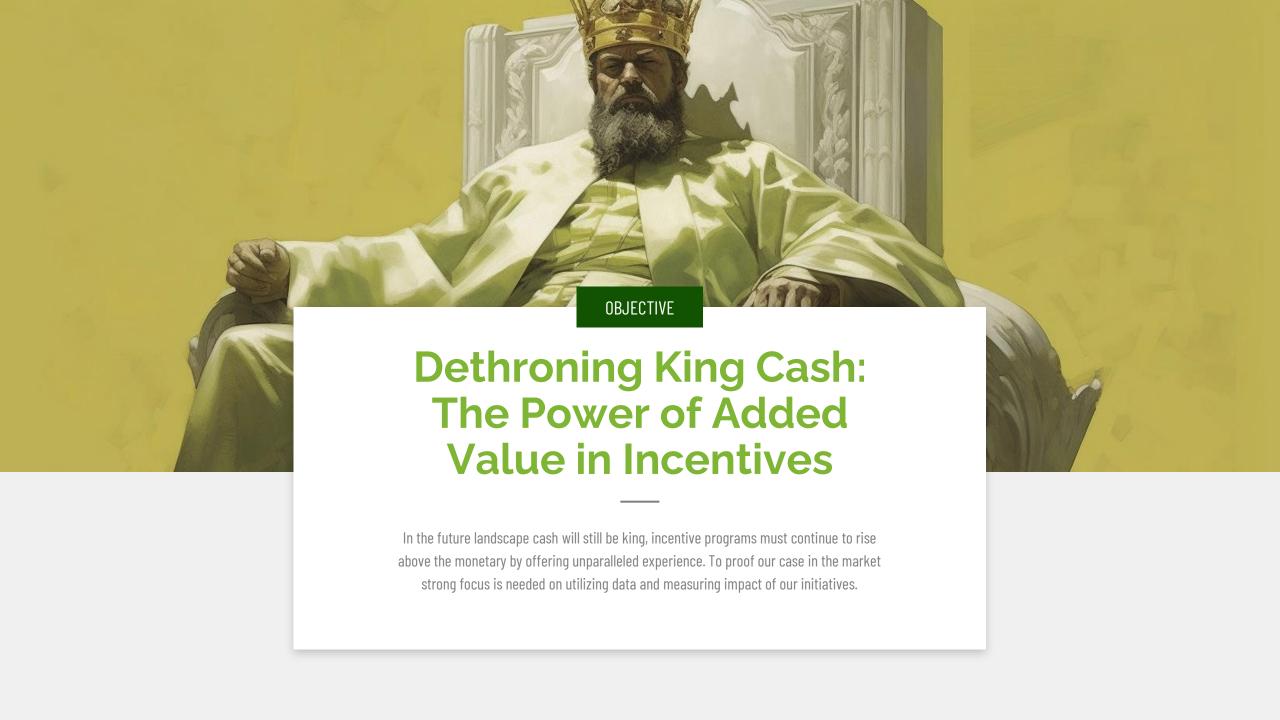


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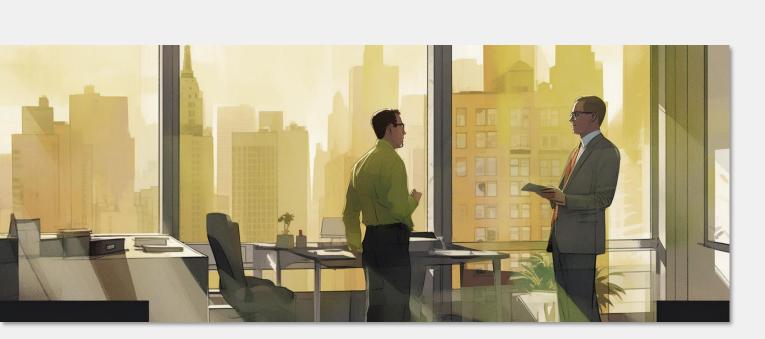




#### OBJECTIVE

## **Turning Data Into Authority: The Future of Incentive Marketing Accountability**

Data collection is no longer optional; it's a necessity that remains underutilized in our sector. Moving from mere vendors to strategic partners in our clients' eyes, we can make accountability more than just a buzzword. By merging use-case and purchasing data, we not only build a strong business rationale but also position ourselves for proactive growth. Furthermore, in periods of economic instability, this datacentric strategy helps quantify what matters, making us agile and resilient.





#### OBJECTIVE

## From Vendor to Visionary: Seizing Control with True Client Partnership

When you shift from being a vendor to becoming a genuine partner, you're not just fulfilling orders; you're shaping futures. This involves not just executing strategies but advising on them, helping plot the course for mutual success. By innovating and leading change, you move from a replaceable cog in the wheel to the hand that turns it.

## Unifying the Unmanageable: IT Integration as the Lynchpin of Future Incentive Marketing Success



Coming years clients won't just want variety; they demand seamless efficiency. Robust IT platforms will become the cornerstone of our business connecting channels, suppliers, content, support and analytics. The providers offering these integrated solutions, will evolve from mere suppliers to (well paid) indispensable force in their clients' value machine.

In today's business landscape within the incentive marketing sector, there is a clear trend where clients are increasingly seeking a one-stop solution. These companies aim to appreciate and motivate their customers and employees through incentive marketing solutions. However, they no longer want to waste their time and resources coordinating various suppliers for diverse reward channels and partners. This shift is not merely a preference but a strategic necessity. The answer to this call for simplification and optimization lies in advanced IT integration.

In practical terms, this means there is a need for a robust IT platform that serves as a central hub for all incentive marketing activities. This platform must not only integrate various reward channels and partners but also offer the possibility for real-time data analysis, customer segmentation, and operational efficiency. Through this integration, the entire incentive ecosystem becomes not only more manageable but also significantly faster. It eliminates duplicate work, reduces error margins, and accelerates the time-to-market for new incentive programs.

For the providers of these IT platforms, this development changes the rules of the game entirely. The role of the provider becomes exponentially more critical; they are no longer 'just' a supplier of a service or product. Instead, the provider becomes an all-connecting link in the client's value chain. This would enable the provider to charge a healthier margin, not only because of the great added value provided, but also because of the great interweaving, switching a risky and costly endeavor.

The one-stop solution trend and the pivotal role of IT integration is not a temporary phenomena. They are the response to a market demand for greater efficiency, speed, and manageability within the world of incentive marketing. Providers who ignore these signals risk falling behind, while those who can offer an integrated, all-encompassing solution position themselves as indispensable, strategic partners in their clients' ecosystems. It's a win-win situation: clients receive the seamless, integrated solutions they need for their incentive programs, and providers become essential, non-exchangeable partners with a strong negotiating position.

### **European Tenders will Drive Consolidation**

As the demand for efficiency and scalability rises due to European tenders and international client needs, smaller national players in the incentive programs market face challenges. The solution lies in strategic collaborations that lead to market consolidation, enabling them to meet complex, international requirements effectively.

In the current landscape, the market for incentive programs is fragmented, primarily dominated by small, national players.

Meanwhile, our clients are increasingly operating on an international scale, and projects are becoming larger and more complex in scope. This situation sets the stage for transformative changes.

The emergence of European tenders in the field of incentive programs is significantly altering market dynamics. There is a growing demand for efficiency and scalability, driven not only by a need for economies of scale and infrastructure but also by a requirement for specific local expertise in legislation, culture, language, and preferences. These multi-dimensional changes present formidable challenges for small, domestic operators.

Faced with the daunting task of meeting heightened and increasingly intricate requirements from international clients and their European tenders, the smaller national players find themselves at a crossroads. The challenge lies in achieving a level of efficiency and scalability that is almost impossible to attain individually.

The possible answer to these complexities is found in strategic collaboration and market consolidation. By forming strategic alliances, companies can achieve economies of scale and scope that are the required in the pan-European arena. This enables them to better compete at a European level and meet the elevated requirements of intricate, international projects. Through strategic consolidation players will be better able to capitalize on the opportunities of the evolving Incentive marketing landscape..



## What will the Future of Incentive Marketing Bring?

As we turn our gaze toward the future, we come to the close of this report. If the projections from research agencies hold true, promising growth is on the horizon for the European incentive market. The question remains: where will this growth occur and who will be the key players? For this report, I've had the privilege of speaking with market pioneers and experts, some of whom have been in the game as long as the market itself has existed. These are entrepreneurs who understand that while the future is uncertain, preparation is essential. In the spirit of Darwin: it's not the strongest who survive, but the most adaptable. One thing is certain: our market will continue to evolve, yet its essence will remain unchanged.

Until next year. Keep sharing knowledge.



Jonathan Grey
IMA Europe co-founder
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