



Gift cards & the charity sector:

The Charity Shop Gift Card

February 2023



Over the last few years, the humble gift card has really proven its versatility with acceleration in new and innovative use cases.

Gone are the days when gift cards were just used for, well, gifting.

Today their unique nuances have seen them recognised as a method of instantly transferring digital currency in a way that traditional banking systems simply can't.

And this has opened up a whole new world for gift cards. We're talking employee and customer reward schemes, product refunds, private currencies for online gaming and more.

Even the free school meals initiative (brilliantly championed by England star footballer Marcus Rashford that ensured millions of hungry school children were fed while UK schools were closed during the 2020 COVID-19 lockdown) was powered by gift cards.

The free school meals initiative in particular opened consumer and government eyes to just how flexible the gift card product really is and what it can help us achieve. Alongside this, we've seen a strong rise in mobile delivery and mobile redemption. This removes any customer friction at the point of sale and has only enhanced the customer experience all the more when spending digital gift cards.

In short, gift cards have never looked so good.

In this whitepaper, we're going to explore the birth of a brand new category of gift cards within none other than the charity sector, how The Charity Shop Gift Card is leading the way and how we at Savvy are helping to make it happen.

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The Charity Sector

The charity sector is pretty unique. As a far cry from the money-making retailers and big businesses that consumers would usually spend a gift card with, you may be wondering how exactly gift cards are establishing themselves as an invaluable tool in this previously untapped area.

Not only has the acceptance of charity shopping grown over recent years, with second-hand and thrifting trending amongst fashionistas, but behind the scenes, governments and councils are continuously working with charities to try and tackle the many social issues facing the UK today.

The Challenge

It's news to no one that between the chaos of the pandemic and the pinch of the cost of living crisis, many people in the UK have been under more mental and financial stress than ever before. Vulnerable people everywhere are concerned about how they'll afford to stock the fridge next week, or how they'll afford to buy their children essential clothes and furniture.

Alongside this, the government and councils are facing their own challenges whilst trying to offer support in these situations. When money is there to give, how can they be sure that vulnerable people will spend it as intended and help themselves? For those in difficult financial situations, it's not always that simple.

Gift Cards in the Charity Sector

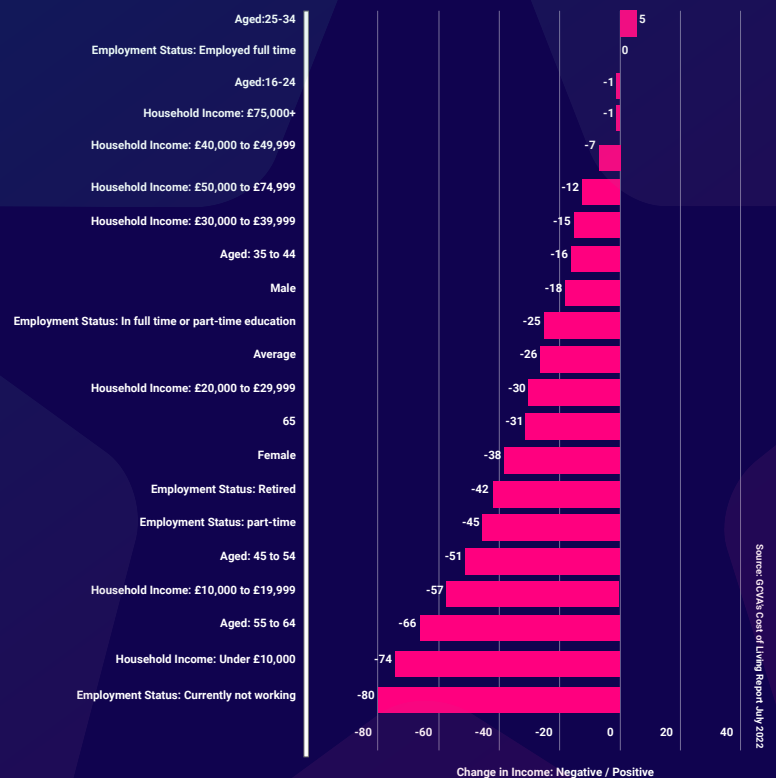
'Those with household incomes of under £10,000 and those currently not working will be hit the hardest by the cost of living crisis'

This is where gift cards come in. The number one defining characteristic of a gift card is the restriction it puts on where and how the money loaded onto it can be spent. A family in desperate need of a food shop? A council can offer a £50 supermarket gift card and know exactly where the money will be spent. Not only this, but they can transfer funds pretty much instantly - both easier and more streamlined whilst combatting the issue of someone potentially not having a bank account.

The restrictions placed on how a gift card can be spent solve the problem for both the recipient and also the issuer. This is why the government is utilising gift carding in these instances as a way to leverage the existing gift card infrastructure to issue funds through retailers for specific purposes instead of simply wiring money through the Post Office, for example.

And this is exactly how The Charity Shop Gift Card came about. The component pieces were all in play, but the people behind this initiative were able to assemble them all together to create something both innovative and invaluable that is changing the game for gift cards in the charity sector.

Groups most affected by the cost of living crisis



Source: GOV.UK Cost of Living Report July 2022



The Charity Shop Gift Card

COMMUNITY | ECONOMY | ENVIRONMENT

These are the core values of The Charity Shop Gift Card. But how did it all begin?

The Story

It all started over two years ago when the idea for this initiative came independently to two different people; **Lottie Bradley and Sarah Cox.**



Lottie Bradley
Co-founder

Lottie is the retail design manager for Save the Children, a UK children's charity working in over 100 countries to ensure children are fed, learning and treated fairly. Lottie was struck with the question of why there isn't a gift card for charity shops in the same way there is for garden centres, spas or book shops for example.

Lottie's father, Richard, saw something in the concept of a gift card for charity shops and thought it sounded interesting. Due to his contacts in the payment industry, he was able to approach Lee Fellows who had previously worked in the gift card sector. Lee put Richard in touch with the right people and, also intrigued by the potential, stuck around to help nurture this concept and bring it to life.

Fast forward to the COVID-19 pandemic, and Lee was sadly made redundant. This left him doing consultancy work and with time to continue helping Richard launch The Charity Shop Gift Card and before he knew it, Lee was on board as Managing Director and Co-Founder.



Sarah Cox
Head of Support Sector Partnerships and Co-founder

Whilst Lottie, Richard and Lee were all planning and nurturing the idea of The Charity Shop Gift Card, Sarah Cox's life was turned upside down and she unexpectedly found her and her four children having to leave their home, taking nothing with them. Dependent on clothes and housing donations from friends, family and colleagues, Sarah felt extremely appreciative but also, without her own money to spend, realised how important choice is in relation to mental health and self-esteem.

What if her children didn't feel comfortable in the clothes donated to them? What if they no longer felt like themselves in clothes they weren't able to choose? Clothes are more than just clothes. They form our identity; something that everyone has a right to. As a keen charity shopper, Sarah wondered if there was a way that people in her financial situation could access the items in charity shops, giving them the dignity of choice, without the charity missing out.

The idea of The Charity Shop Gift Card was once again born, and with her first-hand knowledge and past experience working with vulnerable families in inner-city Bristol, Sarah began to develop this as a concept. However, the missing piece of the puzzle was a background in gift cards and financial services. In order to fill the gap, Sarah very quickly contacted the Charity Retail Association. What she didn't expect to hear is that they were already working with someone on this very same concept, but promised that they would give her an introduction.



Meeting of the minds...

The Charity Retail Association put Sarah in touch with Richard and Lee. As soon as they heard her story, passion and experience of working with councils and support agencies, they knew they needed to join forces. The partnership just made sense.

Sarah joined the team and The Charity Shop Gift Card was launched in November 2021, starting with a small number of regional charities. Since then, its success has snowballed into what it has become today.

Timeline



The Charity Shop Gift Card team decided unanimously to register the business as a social enterprise. This requires the business to use the majority of its profits for the community it represents. With this in mind, once profitable, 65% of its profits will be converted into gift cards and donated to food banks, refugees and other support agencies.



How it works

So, what about the card itself? The Charity Shop Gift Card is a non-reloadable gift card that can be spent at any of the participating charity shops whilst the card is valid and there are funds loaded.

The scheme utilises both physical gift cards (which are recyclable and compostable) and eVouchers which are critical for some sales channels and the most effective medium for government disbursements.

When it comes to how a typical retailer approaches the gift card market opportunity, there are two main audiences; B2B and B2C. The biggest opportunity actually lies within B2B which is over half the entire market value according to the Gift Card & Voucher Association. However, for The Charity Shop Gift Card product, there is a third category - Government to Consumer (G2C).

B2B and G2C

The genesis for this new G2C category was the free school meals initiative during the first Covid lockdown.

Schools were closed which deprived millions of children of access to their normal school meals funded by the government, and delivered through school catering service providers.

Within weeks of the lockdown commencing, a national programme had been launched to replace the in-school meal system with digital gift cards for national supermarket chains instead.

A national food programme valued at several hundred million pounds for approx 5 million hungry children was launched at unprecedented speed - all made possible thanks to the gift card infrastructure already in place and ready to go.

The clear success of this food voucher programme clearly opened the government's eyes to its potential to address other government disbursement programmes where vast sums are distributed annually.

In fact, the provisional local government finance settlement has confirmed an almost £60 billion package for councils in England in the next financial year, recognising that challenging financial times are ahead for the most vulnerable in society.

This should make getting help to those who need it easier than ever. This brand new G2C segment gives The Charity Shop Gift Card a unique opportunity as it is a highly effective tool to link organisations with funds and the people who desperately need to see funds distributed quickly and efficiently as possible with no bureaucracy or time delays.

When it comes to working with local councils (and the B2B sector in general), The Charity Shop Gift Card just makes sense.

✓ **Councils are continuously looking for ways to work with social enterprises**

✓ **Promotes the circular economy and therefore helps achieve CSR goals**

✓ **Promotes money being spent in local charity shops**

✓ **As a result, it supports local employment**

✓ **Reduces the admin involved in sourcing specific items for people**

✓ **Peace of mind that money isn't being spent in a potentially inappropriate way**

B2C



On the other side of the coin, The Charity Shop Gift Card exists as a themed gift card specifically to be spent within charity shops. Shoppers everywhere are turning to slow fashion and second-hand shopping in order to be more sustainable; be that vintage shopping, apps such as Depop and Vinted and, of course, charity shop shopping.

And for those who strive to shop more sustainably, there's a distinct lack of sustainable options within gift cards. In fact, there's nothing quite like The Charity Shop Gift Card out there on the market.

Sustainability isn't the only factor at play when it comes to consumer interest. With the cost of living crisis tightening the purse strings of people everywhere, charity shops are proving a cost-effective way to update your wardrobe and express individuality on a budget. There's never been a better time for consumers to explore the joy of shopping within charity shops.

Charity shops saw a **surge in interest** in 2022, with sales **22% higher** than pre-pandemic due to **cost of living crisis**"

- iNews

Social media has also played a part in the rise in the popularity of charity shopping. Teenagers and young people in particular are making thrifting in charity shops and markets cool. In fact, the hashtag #thrifflip has 1.7 billion views on TikTok with hauls, tips and tricks for finding bargain treasures and tutorials on personalising and upcycling second-hand items.

Tapping into the social media market, The Charity Shop Gift Card has just announced their first brand ambassador, Instagram influencer Jen who goes by @charityshopgirlcsg. Using Jen's influence and following, The Charity Shop Gift Card has the opportunity to tap further into the consumer market and reach new consumers.



The Savvy side of the story

So, how does Savvy come into all this? Whilst The Charity Shop Gift Card was beginning to pick up and change the game in the charity shop sector, we were working in the background to give The Charity Shop Gift Card the right platform to help their endeavour excel.

Why Savvy?



"When looking at how to bring the Charity Shop Gift Card to market, we didn't shop around. We knew that Savvy would be the processor to help us bring our idea to life because we knew exactly what they could provide for us; connectivity into sales distribution networks but also that personal touch that we wanted.

We knew that by choosing Savvy, we'd get more support than we would with any other processor, with their full backing not only generally but also from a technical and commercial perspective."

- Lee Fellows, The Charity Shop Gift Card



"We're so proud to have partnered with The Charity Shop Gift Card and be a small part of helping their product make a difference. This unique product is the latest example of a brand new type of offering that is leveraging the gift card infrastructure and opening everybody's eyes to the power and flexibility of this payment product."

- Eoin Whyte, Savvy

At Savvy, we're proud to not only have given The Charity Shop Gift Card the platform to bring their product to life but were also able to offer them distribution onto their target B2B and G2C sales channels from the get-go, making The Charity Gift Shop Card available to a wide range of consumers and businesses from day one.

Whilst we were able to offer distribution onto the gift card malls in the likes of Tesco and WH Smith, we were also able to offer distribution into the G2C and B2B markets. The UK gift card market is worth 7 billion pounds a year and half of this revenue goes through third parties, including the gift card malls but also the marketing reward, employee reward and customer incentive agencies that issue gift cards.

For us here at Savvy, The Charity Shop Gift Card is a slightly different customer from the rest of our roster for sure. They are not a typical retail brand as the product operates as a multi-retail product, but we love a challenge and we knew that we were the processor that they needed.



How Savvy helped make it happen

When looking at ways to bring their product to market, they had two possible options to choose from; on-network or off-network. An off-network gift card runs through an Electronic Point of Sale system (EPOS system), such as a Boots gift card that can only be used in Boots stores and their website. An on-network gift card runs through the Mastercard and VISA rails, such as a One4All multi-retail gift card.

We helped them weigh up the pros and cons of each option. Whilst they probably could have deployed a cookie-cutter type product by going on-network, it was certainly the far more expensive option long term, especially as the programme volumes scaled. The usage and limitations set by these on-network products was also an inhibiting factor.

The final decision was to go off-network instead and run it as a multi-retail product on closed-loop rails. This followed the example of the highly successful Book Tokens gift card programme which has operated in an identical fashion for years so the precedent had already been set. Lee Fellows knew he had a partner that could deliver in Savvy.

A key dependency was a low-cost, rapid and repeatable EPOS integration and onboarding model as the various charity shop brands wanted to join the programme. Savvy already had a REST API infrastructure that was onboarding 4-5 new systems every month so the chips were already in place.

Perhaps a bigger concern was the ability to easily identify sales and redemptions by each charity shop, linking those transactions to the charity shop retailer/brand so that monthly invoicing and settlement would be easily managed. Savvy's Insight Analytics engine provided a plug-and-play capability to easily identify the partner activity to substantially ease the administration overhead behind the scenes.





What's next?

So, what's next for The Charity Shop Gift Card and this innovative new gift card use case and category? This really is just the beginning. In years to come, this could be a £50 million per annum category - perhaps even more.

In the B2B sector particularly, there is money waiting to be spent each year on helping those in communities who need it most and there are millions of people in need on a weekly basis. The Charity Shop Gift Card provides a practical tool and solves many of the challenges and issues faced by this sector when it comes to spending this money wisely.

The Charity Shop Gift Card's plan for the future essentially breaks down into three objectives:

Increase redemption network

Increase the redemption network. They have just over 800 charity shops onboard with the initiative today but in 2023, this is set to expand to a whopping 3000.

Increase Awareness

Pushing The Charity Shop Gift Card to consumers has been tricky whilst the initiative has been in its infancy as ultimately, there needs to be enough shops to be able to spend the gift card in. Today, however, that milestone has been reached and it's time to get the word out.

Maximise G2C channel

Maximise the G2C channel. This is expected to become the most important channel and critical for The Charity Shop Gift Card's commercial success. It again, however, relies on there being a sufficient number of shops where recipients can spend their cards.



Win with Savvy

Want to find out how Savvy can bring your product to market and help your gift card programme excel?

You can win with Savvy with our gift card processing and retail data analytics services - the perfect combination to help take your gift card programme to the next level.

Get in touch to learn how Savvy can help you control and reduce costs, grow your revenue and ultimately improve your performance.



About Savvy

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We at Savvy are a leading technology company providing expert international stored value processing and analytics. We are the partner of choice for many big B2C brands, partners and affiliates, helping them optimise their stored value exchange programmes and drive business performance.

We are passionate about helping businesses win, driving commercial growth and delivering exceptional customer experiences. Through our people, our technology and our third-party connections, we offer you the competitive advantage you need to get ahead.

Our proprietary, API-rich technology follows a secure cloud-distributed architecture with 24/7/365 connectivity and scalability. Integrations are fast, risk-free and flexible, keeping any IT disruption to an absolute minimum. With over 150 real-time API connections and growing, Savvy wires our customers into the leading sales channels to drive sales and customer loyalty.

Our solutions are flexible, scalable and easy to integrate, supporting both physical card and digital formats. Whether you're looking to launch, change or optimise your solution, our brilliant team are ready to support with you your gift card programme and ongoing gift card management.



150+ third-party secure API connections



£5 billion+ in programme data value



5000+ retail outlets are succeeding with us



8000+ hospitality outlets are thriving with us



160 million+ transactions managed annually

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