October 2024

GCVA
Consumer Report

Vol.
52

GCVA partners with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes in the UK towards gift cards.

The September fieldwork commenced on October 1st, 2024, and was designed to explore habits over September 2024. A UK nationally representative sample of 2,000 shoppers were surveyed.

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Gift Card Voucher Association (GCVA)

Topline Takeaways

- **Retail spending growth to slow to 2.1% in 2024 as inflation recedes**
- **Year-on-year decline in gifting purchasing over September 2024**
- **Self-use is playing a key role in saving and budgeting in 2024**
- **Online and digital continue to outperform**
- **Retail gift cards bounced back over September**
- **UK consumers see gift cards as a medium for supporting local businesses**
- **Experience, Leisure, and Gaming gift cards were popular options over September**

Retail spending growth to slow to 2.1% in 2024 as inflation recedes

Following continuous growth of 5.0% to £443.9bn in 2023, retail spending growth is forecast to slow to 2.1% in 2024. In our projection, inflation drops sharply from 9.0% to 1.8% Sept 2023 vs Sept 2024 as the cost pressures that have pushed it higher, fall out of the calculation. Volumes are forecast to rise in 2024, following two years of significant declines (around 4%), reflecting how shoppers are remaining cautious coming out of the cost-of-living crisis. Despite this, real earnings growth, combined with the further cut to National Insurance will create a more supportive context for discretionary spending and we expect spend growth to improve throughout the year. That said, this benefit will not be felt by all households. For those needing to remortgage and facing much higher monthly payments, household spending will be squeezed.

Food, Health & Beauty

Growth in the food sector and prioritisation of essentials will continue to be the key driver of total retail spend growth in 2024 with non-food sectors forecast to rise 1.5%, and health & beauty driving this, forecast to experience notable growth of 5.6%.

Online Channels

The online channel will see improved growth of 3.1% in 2024 following a rise of 2.0% in 2023 and a decline of 5.3% in 2022, after the heights of the pandemic when online penetration reached over 30%. Online penetration will rise marginally in 2024 to 27.2% and slowly rise out to 2028 with more rapid growth coming from the online food market as retailers' proposition improvements entice shoppers.

Year-on-year decline in gifting purchasing over September 2024

29.6% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases over September 2024. This represented a decline vs. both August 2024 (30.3%), and September 2023 (32.4%). While household finances are on the upwards trajectory, many families will have had to contend with the impact of summer holiday-related outgoings, in addition to encountering other spending priorities, such as Back-to-School expenditure.

While both suffered a year-on-year decline, it was again physical gifts that outperformed over September, with 15.5% purchasing a physical gift for someone else. This, while lower than September 2023 (16.2%), has actually increased from August 2024 (14.8%). In contrast, the 11.7% purchasing gift cards for someone else was markedly down both from 16.2% in 2023, and compared to August 2023 (13.6%).

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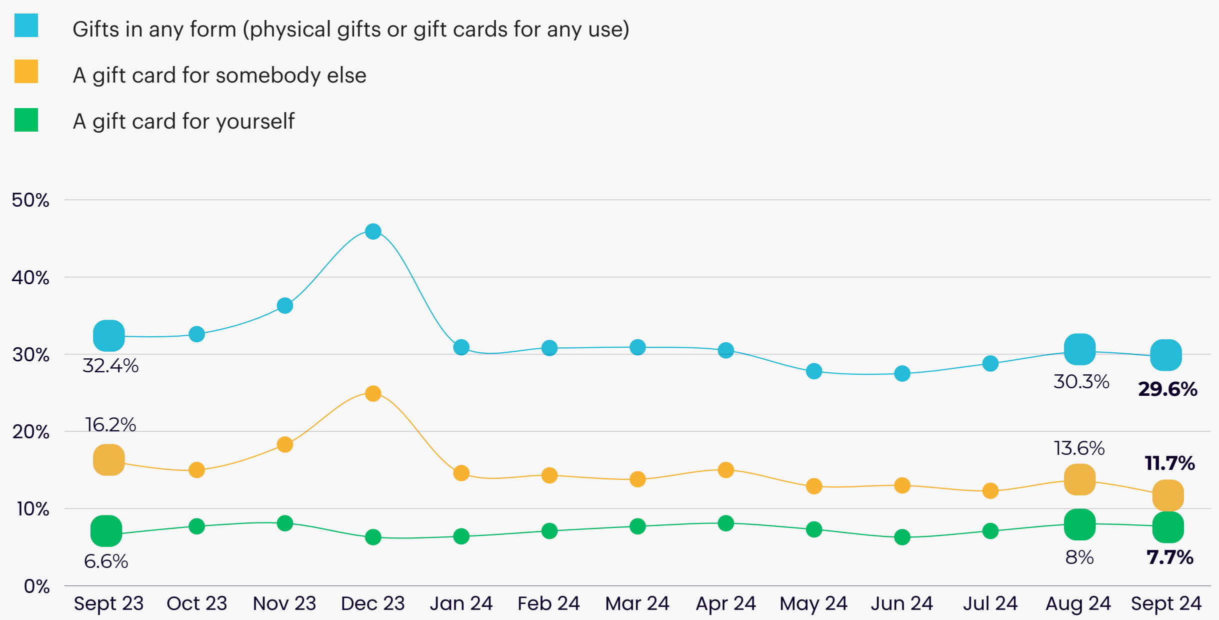
Figure 1:

Did you purchase any of the following:



Self-use is playing a key role in saving and budgeting in 2024

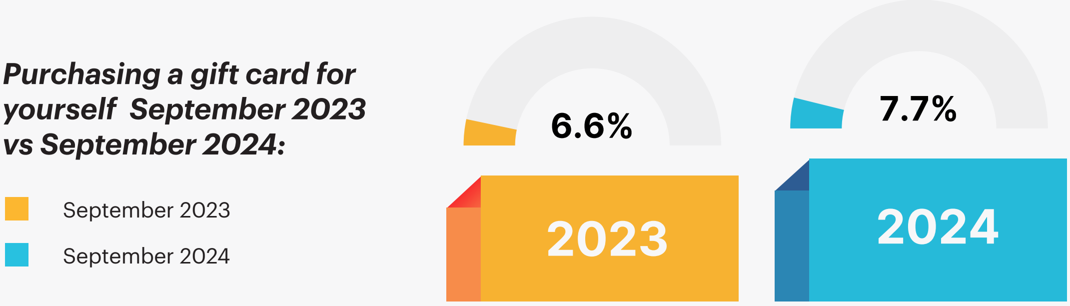
Self-use purchasing experienced another strong performance over September 2024, with 7.7% purchasing compared to 6.6% (September 2023). Among those purchasing gift cards, over a tenth (14.7%), bought a digital gift card through a work incentive/reward programme; higher than September 2023.

The proportion of those purchasing self-use cards that cited "to help with saving money" was at 43.5% over September 2024.

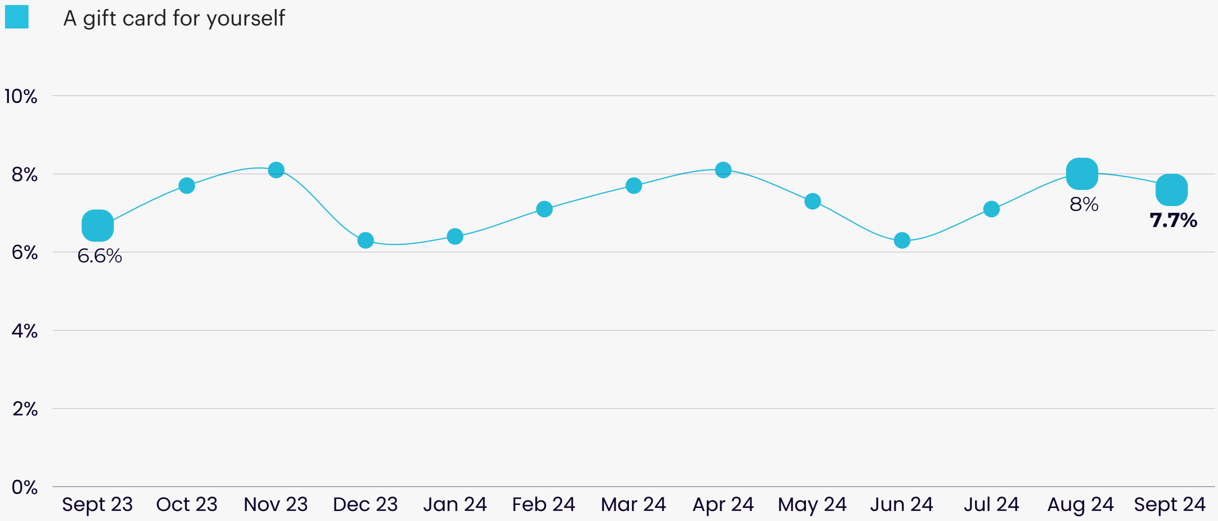
Moreover, we expect it to continue to be an important role over the remainder of 2024 and in 2025 in supporting shoppers looking for levers to help with saving and budgeting. Indeed, the proportion of those purchasing self-use cards that cited "to help with saving money" was at 43.5% over September 2024.

Figure 2:

Purchasing a gift card for yourself September 2023 vs September 2024:



Data trend over a 12 month period:



Online and digital continue to outperform

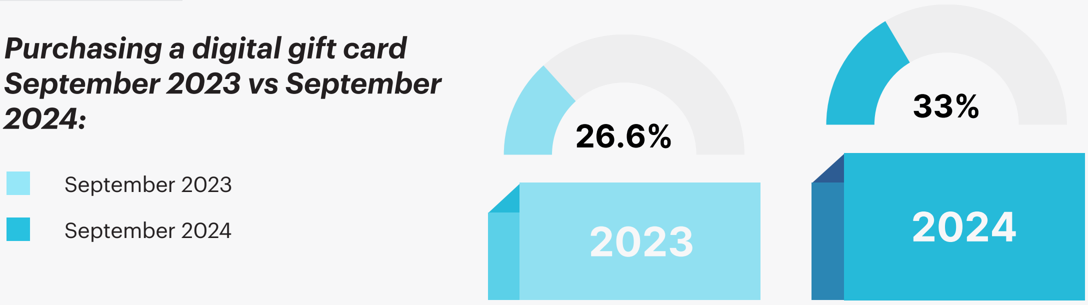
Compared to the year before, a higher proportion of gift card buyers purchased physical gift cards online (30.0% vs. 29.1%), and digital gift cards (33.0% vs. 26.6%) over September 2024. For the former, this is reflective of the greater convenience in purchasing physical cards online. Indeed, during the month there was a parallel decline in those purchasing physical cards instore (41.4% vs. 48.7%).

54.5% of respondents agreed with the statement "I expect all gift cards to be usable across all of the retailer's sales channels".

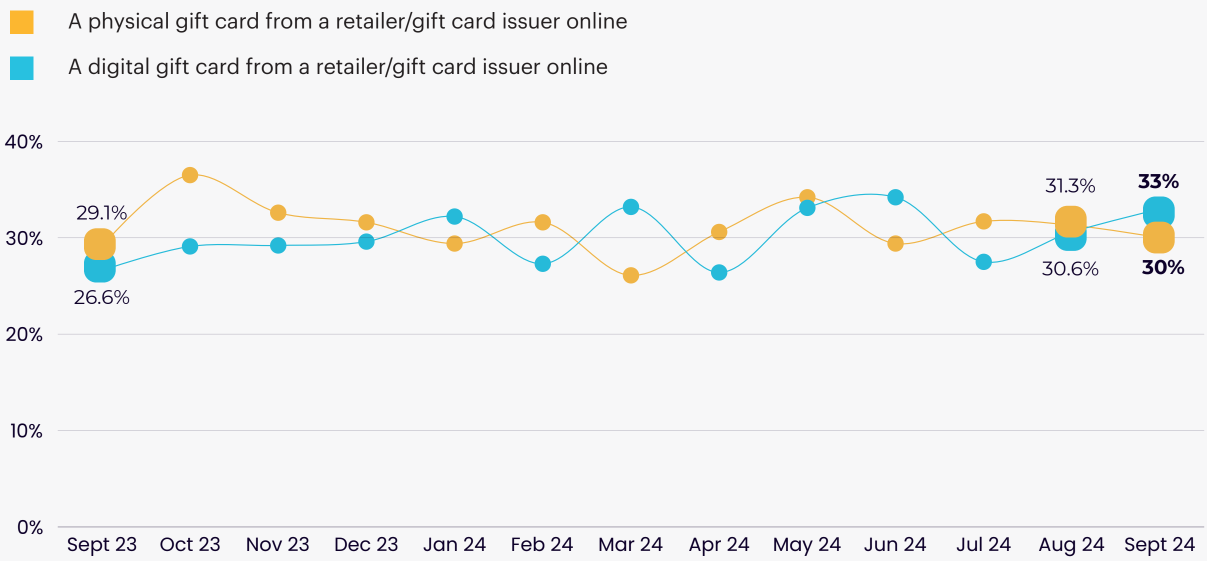
The strong year-on-year performance of digital gift cards is reflective of the growth of self-use purchase, the greater convenience that these cards provide, and rising shopper expectations are cross-channel purchase and redemption. Indeed, 54.5% of respondents agreed with the statement "I expect all gift cards to be usable across all of the retailer's sales channels".

Figure 3:

Purchasing a digital gift card September 2023 vs September 2024:



Which type of gift cards did you purchase?



Retail gift cards bounced back over September

Following their significant underperformance over August, Retail gifts held their own to a much greater extent over September. 51.8% of gift card buyers purchased retail gift cards during the month, which represented a similar rate to both the previous month and September 2023. In contrast, multi-store gift cards experienced a significant year-on-year and month-on-month decline in purchasing.

While there was a lack of meaningful seasonal gifting occasions during the period, the end of the summer holidays and ensuing return of everyday habits for many families will have afforded opportunity for more thoughtful, considered gift card purchasing.

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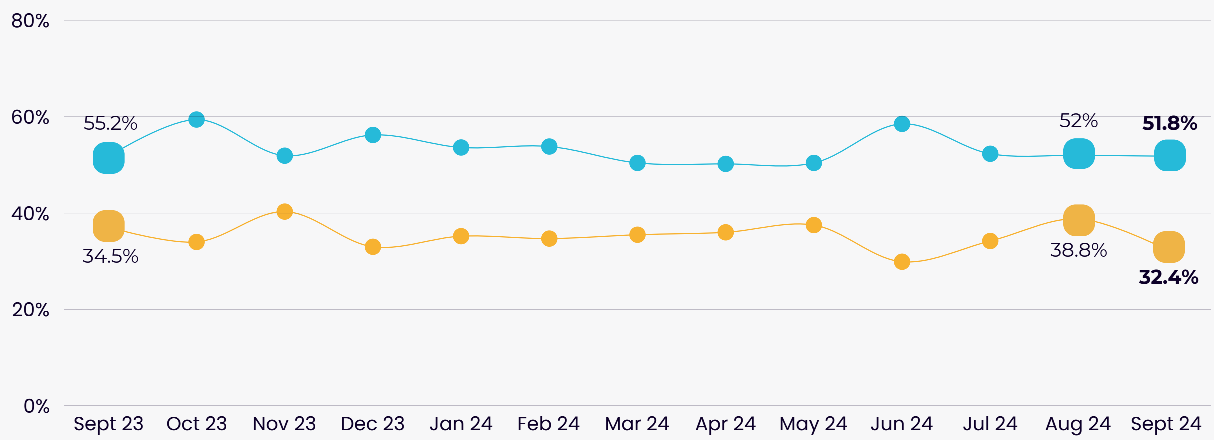
Figure 4:

When purchasing gift cards (includes gift cards, vouchers, digital, e-gift codes etc.), which types of gift cards did you purchase, either for yourself or someone else?

A retail gift card – a gift card for a specific high street retailer or a store branded gift card

A multi-store gift card– a single gift card which can be spend in multiple retailers, brands, outlets or businesses



UK consumers see gift cards as a medium for supporting local businesses

Over a quarter (27.1%) of respondents said that they have noticed that more local businesses have started to sell gift cards. Moreover, there are signs that many are being proactive in purchasing gift cards to funnel support to local companies. 26.1% of UK consumers agreed with the statement “I have/will purchase gift cards with the intent of supporting companies that I like”.

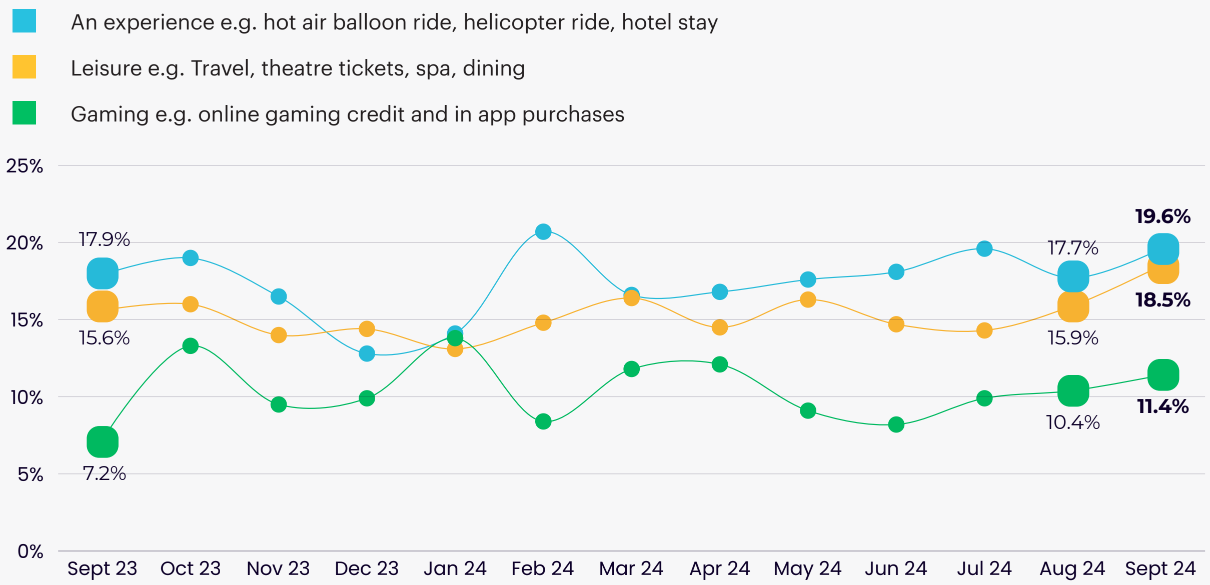
Experience, Leisure, and Gaming gift cards were popular options over September

The performance of experience and leisure cards – purchasing for activities such as hotel stays, spa breaks, and restaurants – will have benefitted from consumers opting for more thoughtful gifting options during the month. Moreover, many will have looked to plan ahead following the end of the summer holidays. Meanwhile, gaming cards received a boost from the release of recent football console game EA FC 25, which launched on September 20th/27th depending on the version purchased.

> Demand for experience related gift card types will have been further boosted by more UK consumers undertaking ‘day-cations’.

Figure 5:

Experience, Leisure, and Gaming gift cards were popular options over September



The GCVA is the trade body and membership organisation for gift cards and vouchers. The association represents the key players in the industry and promotes best practice for the benefit of gift card issuers, services and consumers.

On the time-period comparisons, this wave covers the September 2024 calendar month, with comparisons made between August 2024 and September 2023. Where relevant, comparisons have also been made to the wider tracking period.

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