The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards. This is the 20th wave of monthly research, since GlobalData began tracking, back in May 2020, with the initial research covering the period from the beginning of lockdown (in March 2020), to the end of May 2020.

The December fieldwork went to field on January 1st, 2021 and was designed to explore habits over December 2021. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the December 2021 calendar month, with comparisons made between December 2021 and November 2021. Where relevant, comparisons have also been made to the 20-month period.

For the 2020 comparisons, it is important to note that mid-October 2020 saw the introduction of the three-tier system in England. This was followed by the introduction of a second lockdown, in November 2020, and by the introduction of tier 4 restrictions through the second half of December. A year later, in early December 2021, amid the emergence of the Omicron variant, lighter restrictions were reintroduced to England, Scotland and Wales, to differing degrees.

Retail benefited from a less interrupted Christmas 2021

Overall Christmas shopper penetration increased 0.6 ppts to 86.9% in 2021 compared to 2020 but remained 3.6 ppts behind 2019 levels. After an interrupted 2020, consumers spent more this Christmas as they socialised with friends and family more, making the most of the occasion – 24.4% of shoppers spent slightly more, up 8.7 ppts on 2020.

As the Omicron variant caused COVID-19 cases to increase rapidly in the months preceding Christmas, consumers held off purchasing some gifts and items for the home amid concern of more restrictions during the festive period. Indeed, shoppers made purchases more last minute, 27.2% and 29.6% of shoppers made impulse purchases of food & drink and gifts respectively, up 1.3 ppts and 1.1 ppts vs. 2020.

On a channel and retailer-level, online sales remained elevated, even against the tough comparatives of 2022, and in the face of stores being able to re-open and operate with fewer restrictions in place. Upmarket retailers, such as Waitrose, Fortnum & Masons and M&S benefitted from a consumer desire to treat themselves with more expensive food and gifts. Elsewhere, Home retailers, such as Dunelm and Made, continue to benefit from consumers spending increased time at home and hence wanting to improve these environments.

In a forthcoming release, GCVA will be data relating to retail performance over the Christmas period.

The UK Retail sector will continue its recovery over 2022

UK retail spend is forecast to hit £359.5bn in 2022, an increase of 1.7% compared to 2021. While restrictions remained in place for most of H1 2021, H2 signalled the start of retail's recovery, which looks to continue carrying on in H1 2022. Despite the emergence of the Omicron variant in the lead up to Christmas, there were no restrictions on leisure or retail put in place by the government. The UK is now seeing a rapid fall in cases, with the work from home guidance expected to be lifted at the end of January. With just over 83% of the UK population having had both vaccine doses, and 63% having had a booster dose, the hope is that the recovery for the retail sector in 2022 will be able to carry on without the disruption brought about by new COVID-19 variants and restrictions.

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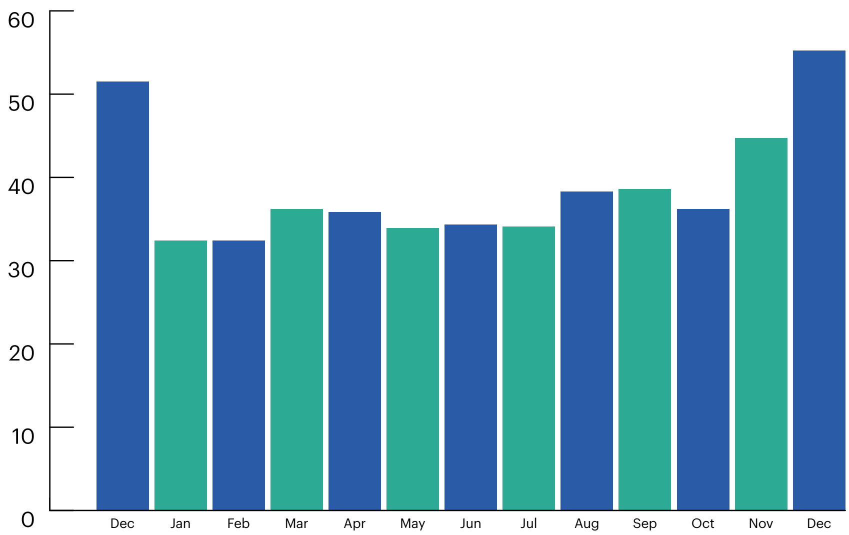
Gift demand benefited from weak year-on-year comparatives

Against a weak comparative of December 2020, which gradually saw the UK enter harsh, tier 4 restrictions, and parts of the South East effectively face a travel ban during the Christmas 2020 period, year-on-year gift purchasing trends were positive during December 2021. Over the calendar month, 55.2% of respondents purchased gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases, compared to 51.5% in December 2020. This rate of gift purchasing represents the highest rate since GlobalData began tracking, back in May 2020.

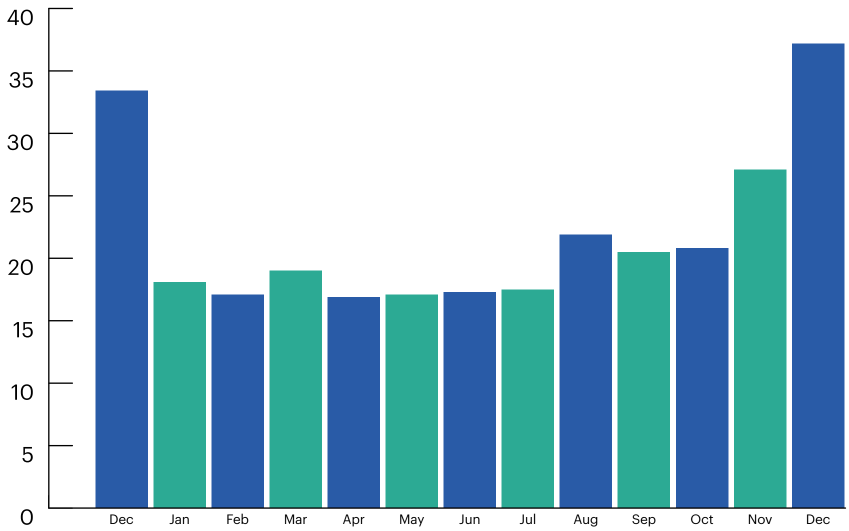
Did you purchase any of the following:
Gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases



Physical gift purchasing prospered as more families spent Christmas together

The proportion of consumers purchasing physical gifts for someone else increased from 33.4% in December 2020, to 37.2% in December 2021. This represented the highest level of purchasing since GlobalData began tracking this measure, amid significantly fewer social restrictions over Christmas 2021. This increase came despite continued supply chain issues, which impacted availability across many retailers. It also occurred despite many UK consumers looking to shun busy physical retail and leisure locations in the immediate period leading up to Christmas, with Omicron spreading rapidly across the country

Did you purchase any of the following:
A physical gift for somebody else

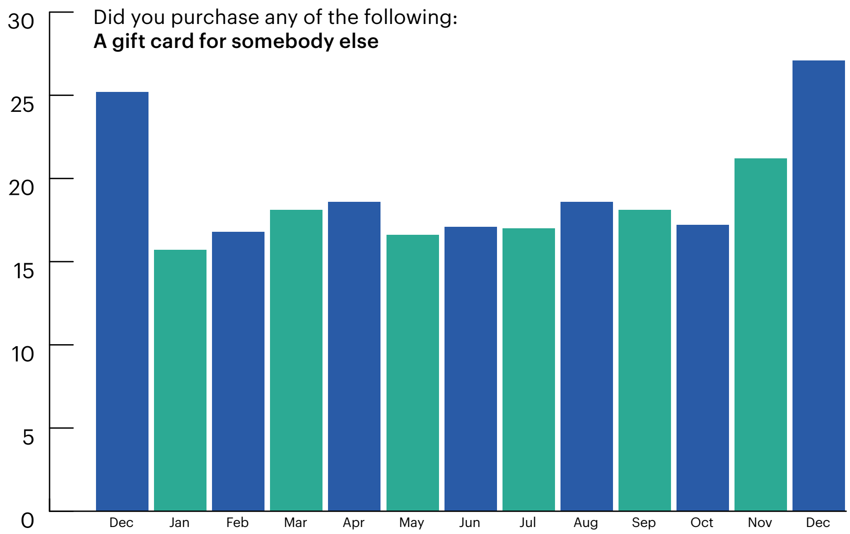


Gift cards prospered again over Christmas 2021

The rise in physical gift purchasing, and improved picture around physical social gatherings, did nothing to temper the strong demand for gift cards. The proportion of consumers purchasing a gift card for someone else increased to 27.1% in December 2021 vs. 25.2% in December 2020. Here too, this was the highest rate of purchasing since GlobalData began tracking, in May 2020.

Indeed, gift cards have come into there own since the onset of the pandemic, with 41.5% of buyers stating that 'I regularly purchase gift cards as gifts' as being a key reason for purchasing gift cards for somebody else over December. The rising relevance and improved perceptions of gift cards has been reflective of their enduring popularity in categories such as leisure, hospitality and gaming; their cross-channel flexibility; and the potential role of gift card to support local businesses/local high street.

Did you purchase any of the following:
A gift card for somebody else

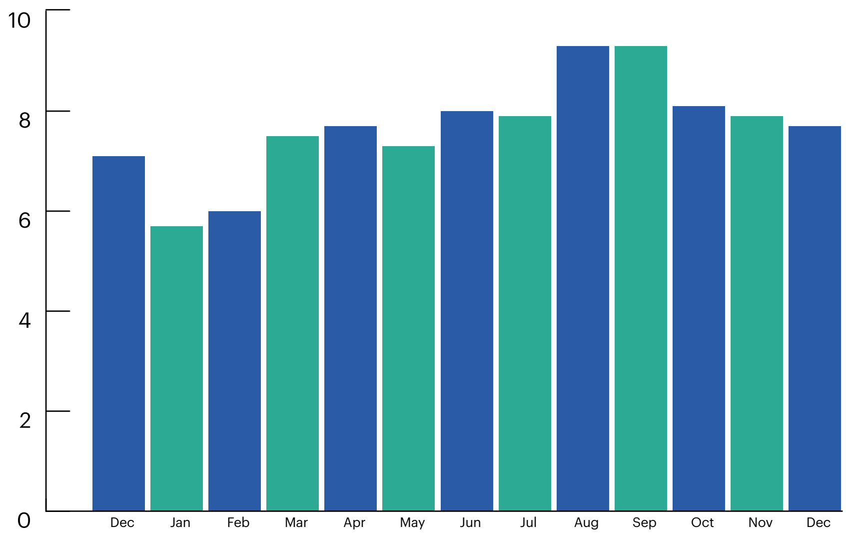


Self-use purchasing dipped again over December 2021

The proportion of respondents purchasing gift cards for self-use was at 7.7% over December, which was a further slight month-on-month dip on the 7.9% purchase penetration over November. Above all, this was reflective of the greater focus that consumers were placing on gift purchasing for others. It should also be noted that, for many consumers, Christmas spending commitments and plans came against the backdrop of mounting financial difficulties, amid rising inflation.

However, the longer-term trends relating to self-use purchasing remain positive purchasing; for example, only 7.1% of respondents purchased gift cards for self-use over December 2020.

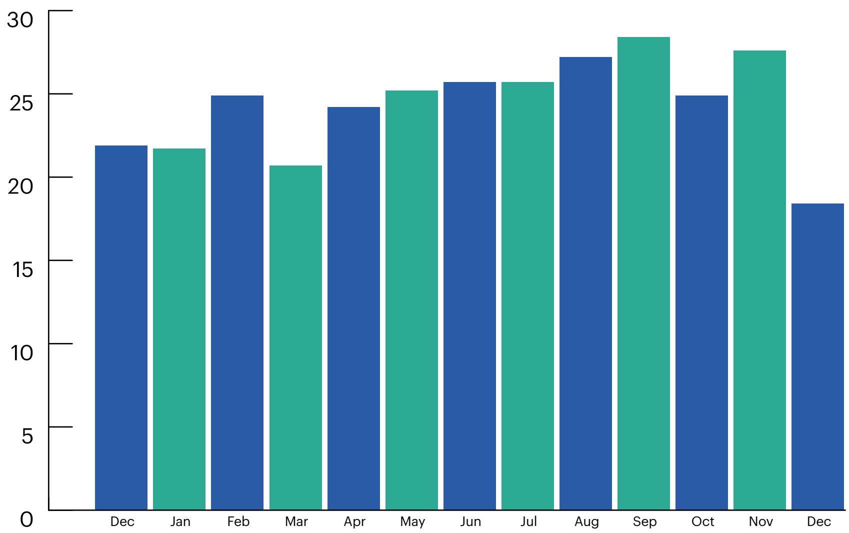
Did you purchase any of the following:
A gift card for yourself



Lower purchasing via work incentive programmes over December

The proportion of gift card purchasers buying physical gift cards through work reward/incentive programmes was 18.4% over December 2021, a decline on both December 2020 (21.9%) and November 2021 (27.6%). The drivers behind this declining trend reflect those at play when it comes to weaker self-use purchasing over December, and in particular the greater prioritisation of gift purchasing.

And which type of gift cards did you purchase?
A physical gift card through an employee benefits programme



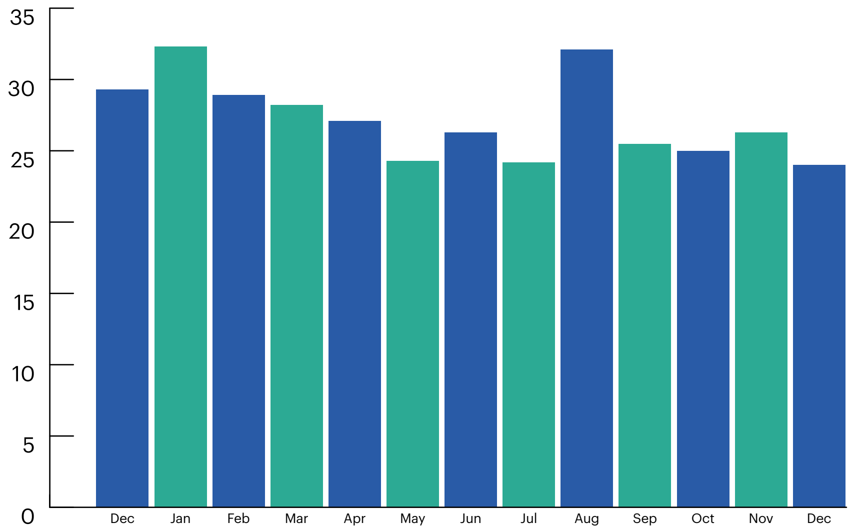
Shoppers preferred gifting physical cards over Christmas 2021

The proportion of gift card purchasers buying physical gift cards online reached 41.0% in December 2021, compared to 36.0% in December 2020. This represented the highest level since GlobalData began tracking. Elsewhere, despite a month-on-month dip, the proportion of gift card purchasers buying physical cards in physical stores saw healthy year-on-year growth, at 49.05 in December 2021 vs. 42.5%.

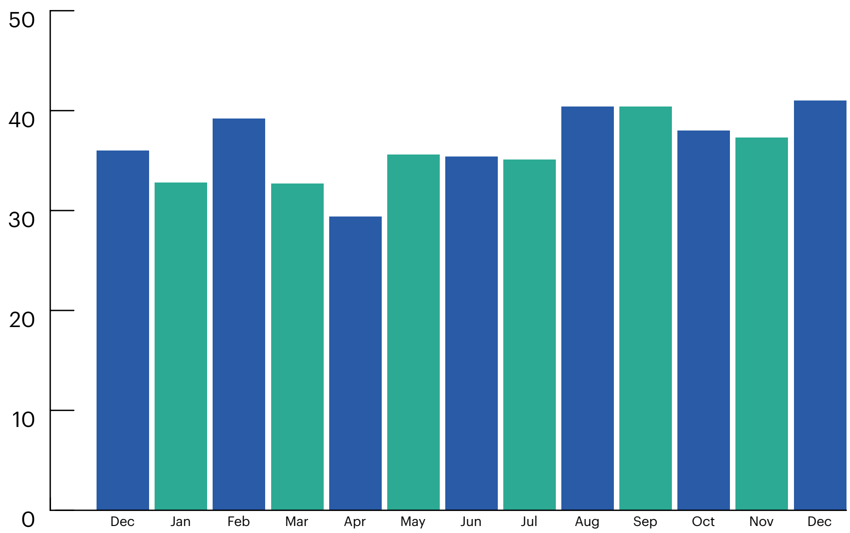
The popularity of physical gift cards for use as Christmas gifts is reflective of more positive perceptions among the recipient when compared to less formal, digital alternatives. These perceptions are further improved by enhanced delivery methods employed by retailers and issuers, such as the use of gift card boxes and packages.

Conversely, despite their relatively strong performance over 2021, the proportion of gift card purchasers buying digital gift cards declined year-on-year, at 24.0% in December 2021 vs. 29.3% in 2020. Digital gift cards were not only impacted by being seen as a less thoughtful Christmas gifting option, but also due to it being significantly easier to buy and gift physical gift cards this year.

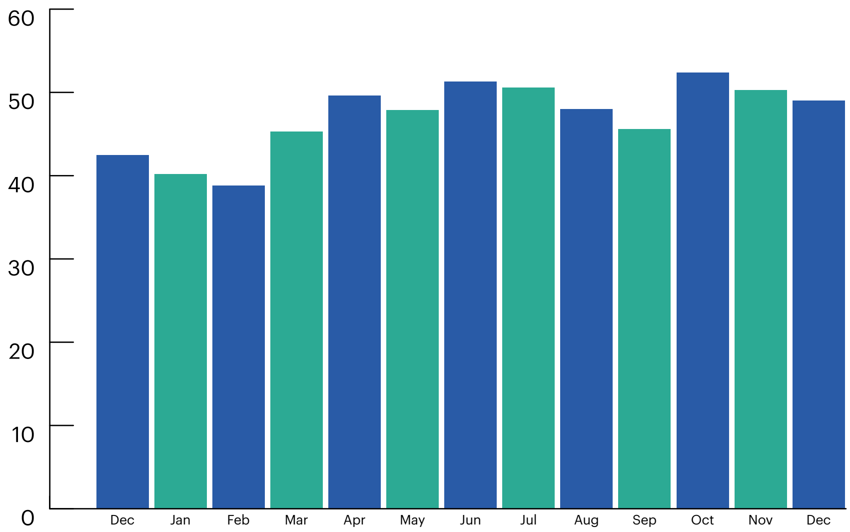
And which type of gift cards did you purchase?
A digital gift card from a retailer/gift card issuer online



A physical gift card from a retailer/gift card issuer online



A physical gift card from a retailer/gift card issuer instore

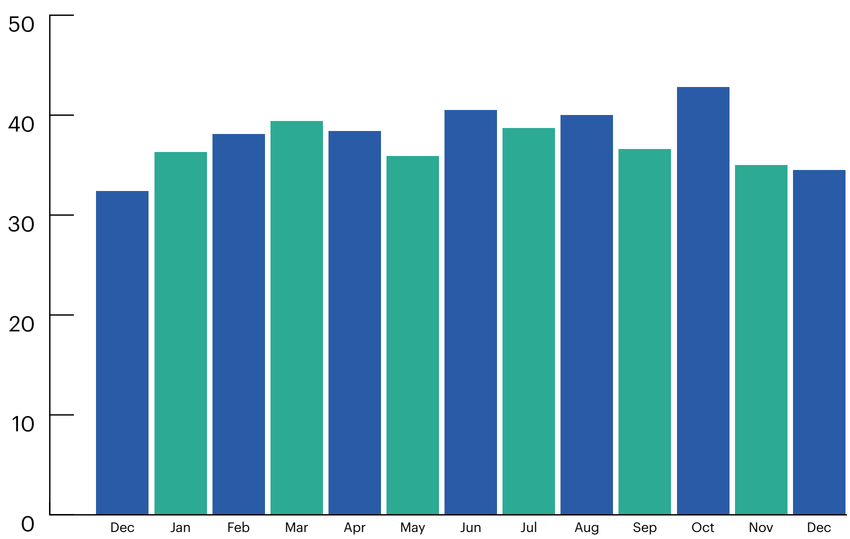


Retail gift cards experienced a significant boost over December

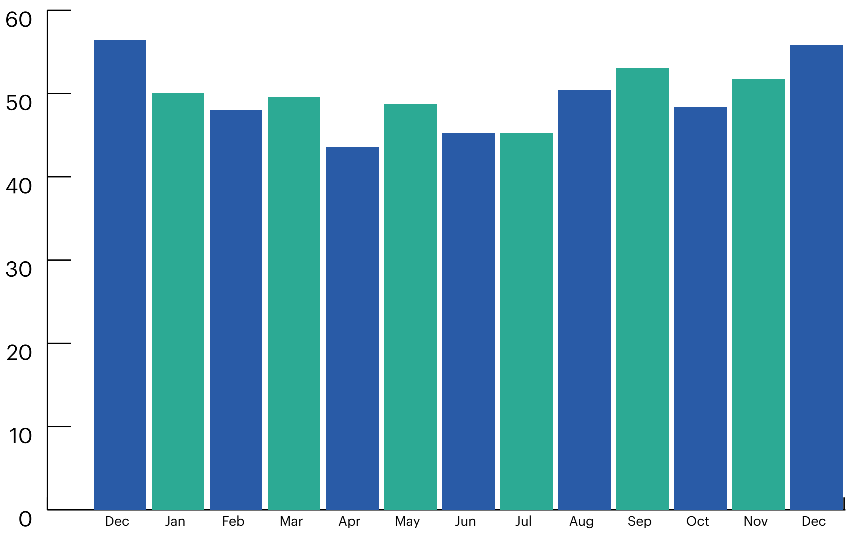
The proportion of gift card buyers purchasing single store gift cards increased to 55.8% over December vs. 51.7% over November. At the same time, the proportion purchasing multistore gift cards dipped to 34.5% in December vs. 35.0% in November.

The rising penetration of retail gift cards reflects increased inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic. Moreover, purchasing of cards of specific brands suggests a growing confidence that these operators will still be around for cards to be redeemed, following the uncertainty in UK retail over much of the last 18-21 months. The single store card type also benefitted over December from purchasing of cards for specific retailers and brands being viewed as a more thoughtful Christmas gifting approach.

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



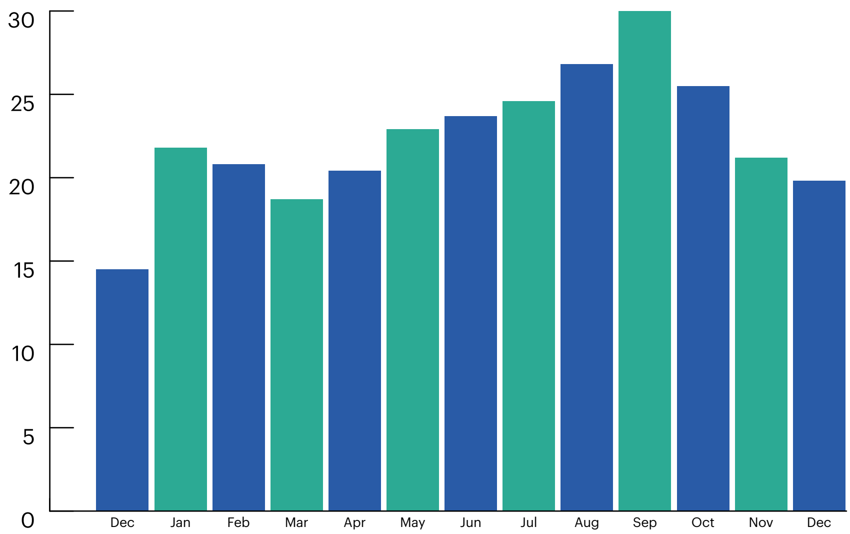
A retail gift card – a gift card for a specific high street retailer or a store branded gift card

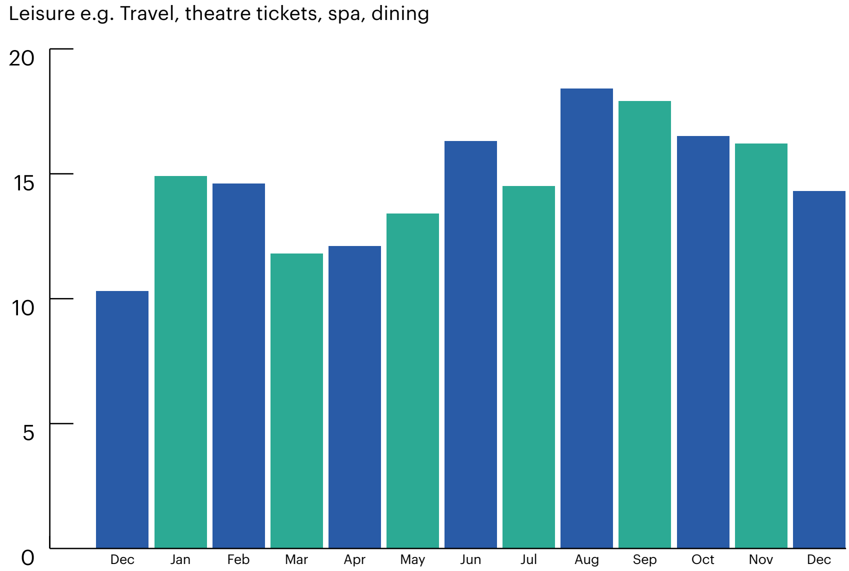


Stronger year-on-year demand for leisure and experience gift cards

Demand for leisure and experience gift cards remained strong over December 2021, with purchase penetration of 19.8% and 14.3% for experience and leisure cards, respectively, vs. higher penetration of 14.5% and 10.3% in these categories over December 2020. This was despite a slight month-on-month decline across both gift card types vs. November 2021, with uncertainty around future COVID restrictions, amid the rapid spread of the Omicron variant.

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?
An experience e.g. An experience e.g. hot air balloon ride, helicopter ride, hotel stay





Easing demand for leisure and experience gift cards

Gift cards have proven an increasingly important medium through which shoppers have been able to funnel financial support to local retail and leisure businesses, while these businesses have been heavily restricted in their ability to trade. 35.8% of consumers agreed with the statement "I have noticed that more local businesses have started to sell gift cards over" Decemner 2021.