

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 14th 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 June fieldwork went to field on July 1st, 2021 and was designed to explore habits over June 2021. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the June 2021 calendar month, with comparisons made between June 2021 and May 2021. Where relevant, comparisons have also been made to the 14-month period.

Non-food retail demand remained muted over H1 2021



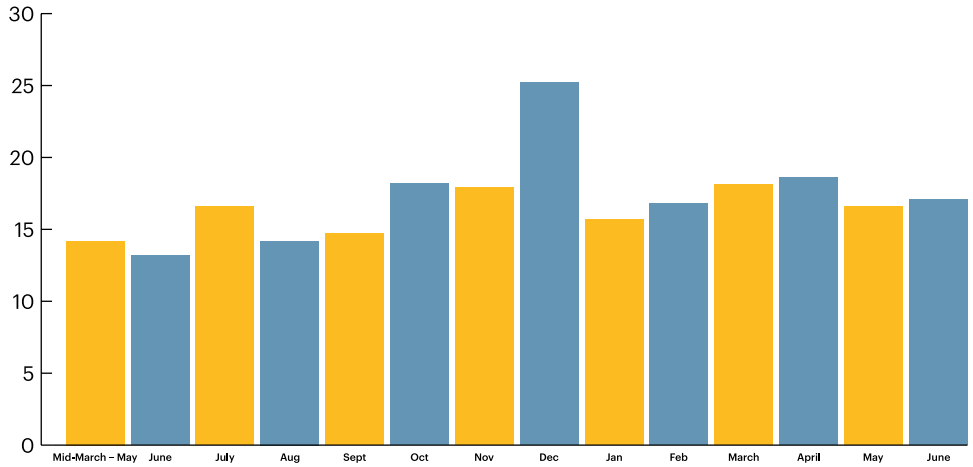
2020 brought a 3.6% fall in retail spend, the biggest year-on-year decline in more than fifty years. However, beyond this headline statistic are a wide variety of different experiences. Most marked was the contrast between physical and online performance, with online retail growing 32.4% vs an -11.1% decline in offline sales. The UK food & grocery market grew at a rate of 9.4% in 2020, increasing £14.5bn on 2019. Additional growth stemmed from a significant uplift in volume sales, as shoppers bought more than they needed at supermarkets in the earlier part of the crisis (particularly across food and household products), as well as gaining from consumers transferring spend from foodservice operators to supermarkets and other food retailers. This is a trend that has continued throughout the first half of 2021.

Non-food demand has remained muted over H1 2021, with consumer hesitation over visiting public places remaining even after the reopening of non-essential retail. With the lifting of most restrictions occurring from the 19th July, and much improved consumer sentiment about the economy, we anticipate a stronger recovery in Q3, especially from non-essential retail. Clothing and footwear will continue to be the two retail sectors worst hit by coronavirus in 2021, with their non-essential nature forcing most stores to temporarily close amid the national lockdown. The roll-out of the vaccine will allow the sector to gradually recover during H2, as the return of social occasions will help to drive renewed demand for apparel. Many younger consumers in particular will be eager to socialise, releasing pent-up demand for clothing & footwear.

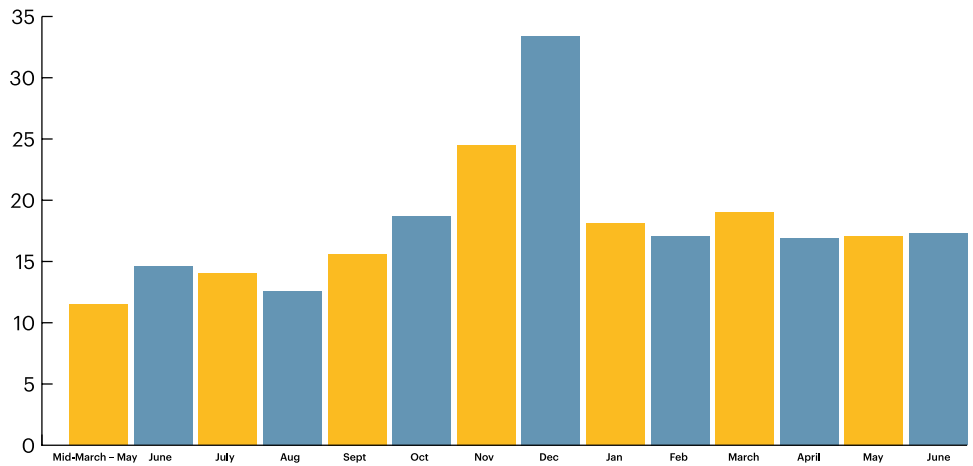
The Home market continued to prosper in H1 2021 as consumers continued to divert foodservice, leisure and holiday spend to their homes. Over the course of 2020, consumers became more confident shopping online for big-ticket items and we anticipate online sales to thrive even where stores remain open. Upholstery retailers are also protected in the immediate future from existing strong order books.

June saw an uplift in gift purchasing

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

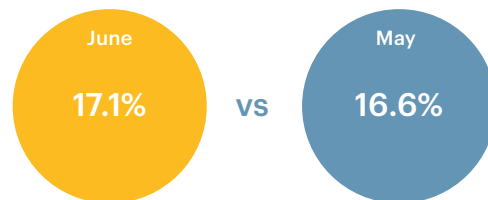


Did you purchase any of the following:
A physical gift for somebody else



Following month-on-month declines across both April and May, June saw an uplift in overall gift purchasing. Over June, 34.3% 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 33.9% in May. The relaxation of restrictions over the last few months, allied to the warmer weather, and events such as Euro 2020, has led to a rise in social occasions among many consumers, which in turn has created more gifting opportunities. This trend is set to continue amid the further relaxation in restrictions in England on July 19th.

Gift cards were a popular option over June



The proportion of consumers purchasing a gift card for someone else increased to 17.1% in June vs 16.6% in May.

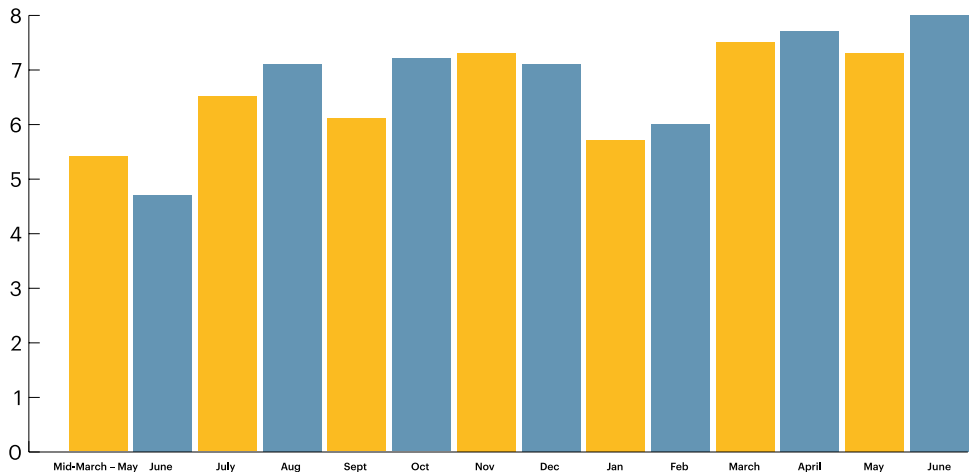
The proportion of consumers purchasing a gift card for someone else increased to 17.1% in June vs. 16.6% in May. With retail, leisure and foodservice operators gradually opening, gift cards have been an ideal option to facilitate the types of pre-pandemic social activities that have been restricted for large parts of the last 15-16 months. This has been combined with the residual demand for gift cards as a convenient gifting option for a proportion of consumers who have remained cautious about face-to-face social contact.



Self-gifting continues to rise in relevance

The proportion of respondents purchasing gift cards for self-use increased to 8.0% in June – the highest level since GlobalData began tracking, back in May 2020. Self-use purchasing is being driven by a number of factors, including the potential of gift cards to support with saving money (mentioned by 39.9% of self-purchasers), gift cards making it easier to shop online (mentioned by 29.0%), and to help support local businesses (mentioned by 34.8%). The rise of self-use represents a more general indication of the growing relevance of gift cards, particularly through the pandemic.

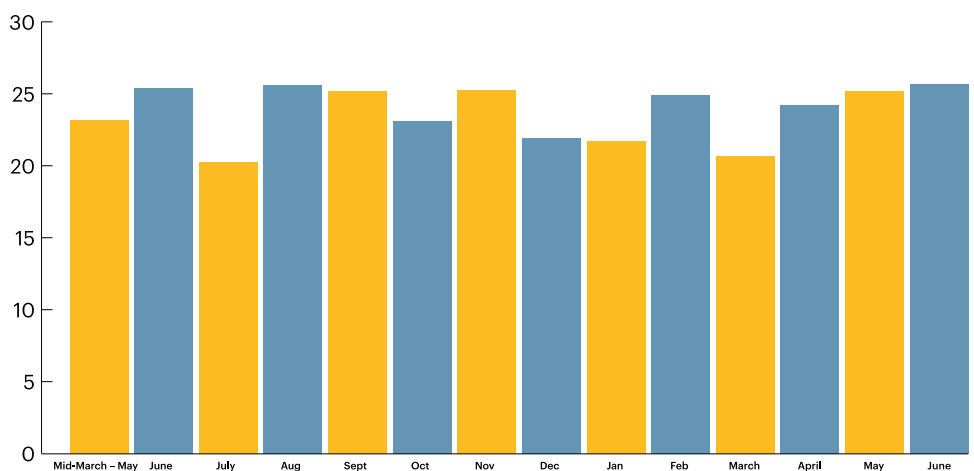
Did you purchase any of the following:
A gift card for yourself



Purchasing through work incentive programmes hit heights over June

Partially linked to, and a driver of, the rise in gift card self-use has been the increase in purchasing through work reward programmes. Over June 2021, the proportion of gift card purchasers buying physical gift cards through this channel increased to 25.7%, which is the highest level since GlobalData began tracking, back in May 2020. Moreover, of those that said they received gift cards over June, 7.7% said they did so through a work reward programme, the second highest level since GlobalData began tracking.

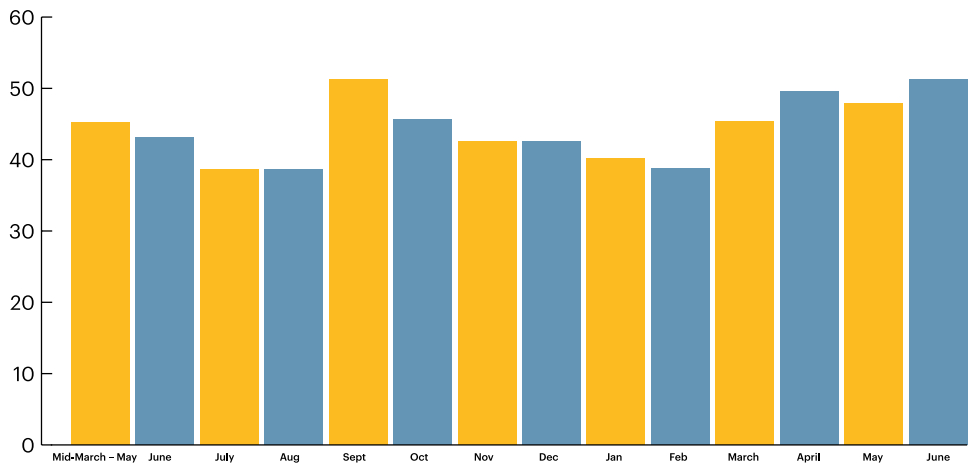
Which type of gift cards did you purchase?
A physical gift card through an employee benefits programme



Shoppers are more willing, and able, to purchase physical gift cards

51.3% of gift card purchasers bought a physical gift card from retailers instore, which is the highest level since GlobalData began tracking. Encouragingly, 53.8% of Baby Boomer gift card respondents purchased in this way, which represents a significant leap on the 33.0% of this generation that did so over May. Physical gifts cards purchased from physical stores remains the main outlet for gift card purchasing. With lockdown restrictions easing, this strong demand for physical gift cards is reflective both of greater ease in physical purchasing, and of physical gifting.

Which type of gift cards did you purchase?
A physical gift card from a retailer/gift card issuer instore



Shoppers increasingly expect gift cards to be cross-channel

Despite the increase in gift card purchasing in physical stores, the impact on online purchases has been negligible. There was a slight dip in purchasing of physical cards online over June (35.4% vs. 35.6% in May), though the proportion of gift card shoppers purchasing digital gift cards online increased to 26.3%, from 24.3% in May.

Despite the rising prominence of physical gift card purchasing among gift card buyers, the pandemic has permanently cemented the greater influence of digital purchasing and redemption. 35.3% agree that they 'expect all gift cards to be cross-channel', the highest level of agreement since GlobalData began tracking, back in May 2020. Moreover, this sentiment is shared across generations, with over a fifth of Baby Boomers (22.5%) agreeing.

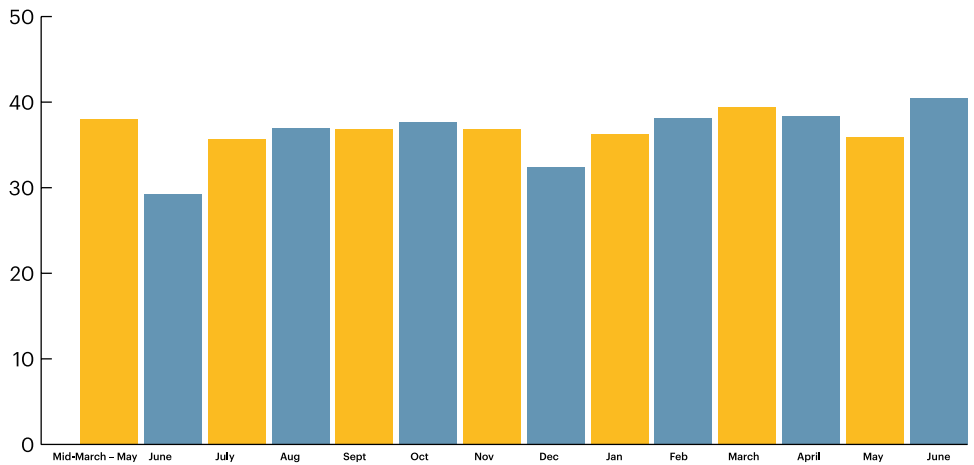
At the same time, 26.6% claim to have converted to digital gift cards, with over a third of Gen Z's (33.5%) claiming to have done so.

Multistore gift cards benefit from the return of non-essential physical shopping trips

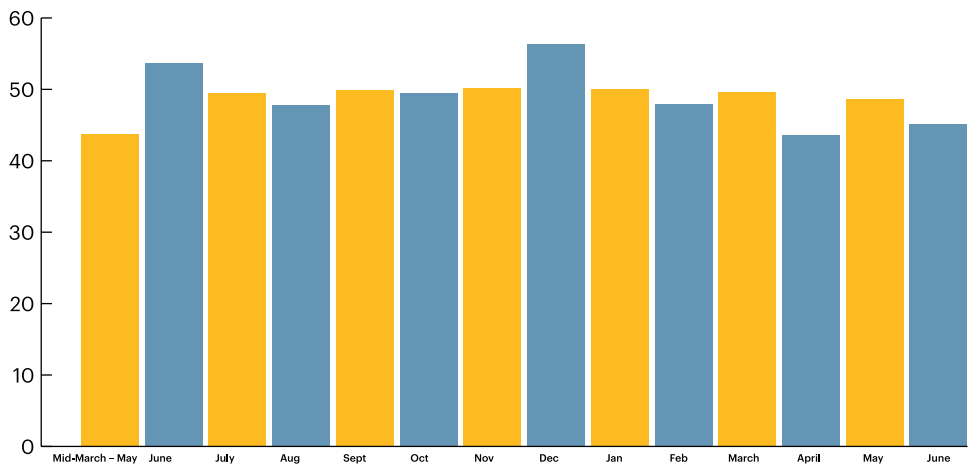
The proportion of gift card buyers purchasing multistore gift cards increased to 40.5% over June, which represents the highest level since GlobalData began tracking. This has partially come at the expense of single store retail gift cards (45.2% in June vs. 48.7% in May), and reflects the gradual opening up of non-essential retail, and increased inclination for shoppers to undertake the same types of physical or social, less-targeted shopping trips that they were pre-pandemic.

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



Warmer weather and loosening restrictions boost leisure and experience

Amid the loosening of restrictions which, for many, began in May 17th with the return of indoor hospitality, as well as businesses such as cinemas, there are clear signs that UK consumers are favouring gift cards which facilitate usage of leisure and experience businesses. Indeed, over June, the proportion of gift card buyers purchasing experience gift cards (23.7%) and leisure gift cards (16.3%) was at the highest level since GlobalData began tracking, back in May 2020.

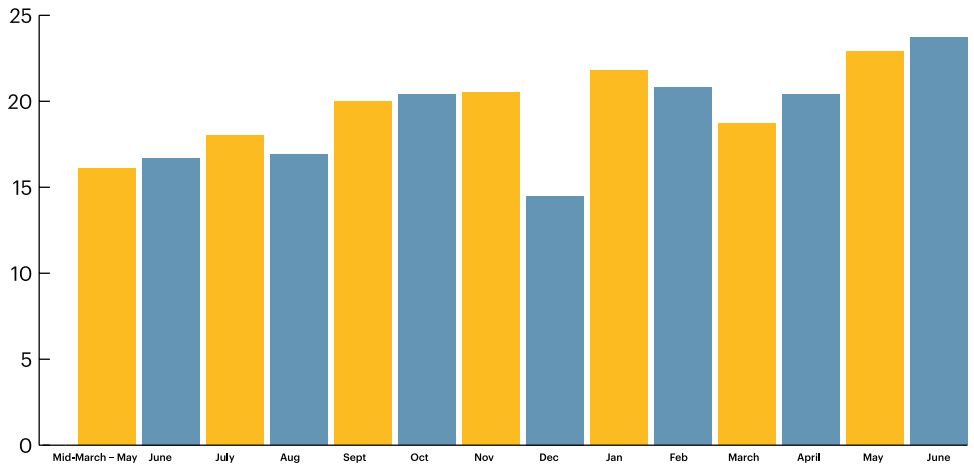
With further loosening of restrictions for many, on July 19th, this strong demand is likely to remain through Summer 2021, with UK consumers taking advantage of domestic leisure and tourism options, amid continued restrictions on foreign travel/holidays.



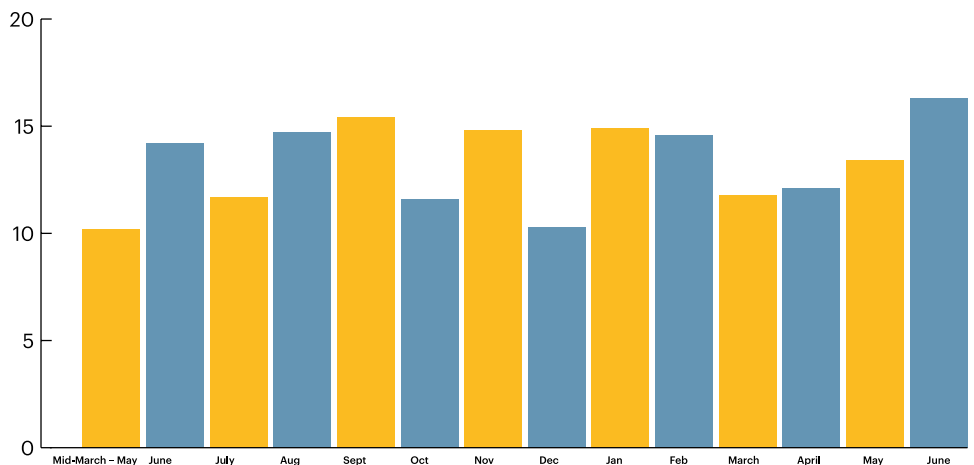
Warmer weather and loosening restrictions boost leisure and experience

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. hot air balloon ride, helicopter ride, hotel stay



Leisure e.g. Travel, theatre tickets, spa, dining



Gift cards have an important role in supporting local businesses

Gift cards have proved 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. 31.1% of consumer purchasing a card for someone else, and 34.8% purchasing for self-use cited 'I want to support local businesses and/ or my local high street' as a key driver of purchase over June 2021 – the highest level since GlobalData began tracking.

Moreover, almost a quarter (26.1%) agreed that they are/will continue to purchase gift cards "with the intent of supporting companies I like", and 33.5% agreed that "I have noticed that more local businesses have started to sell gift cards".

