

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 15th 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 July fieldwork went to field on August 1st 2021 and was designed to explore habits over July 2021. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the July 2021 calendar month, with comparisons made between July 2021 and June 2021. Where relevant, comparisons have also been made to the 15-month period.

Non-food retail demand remained muted over H1 2021



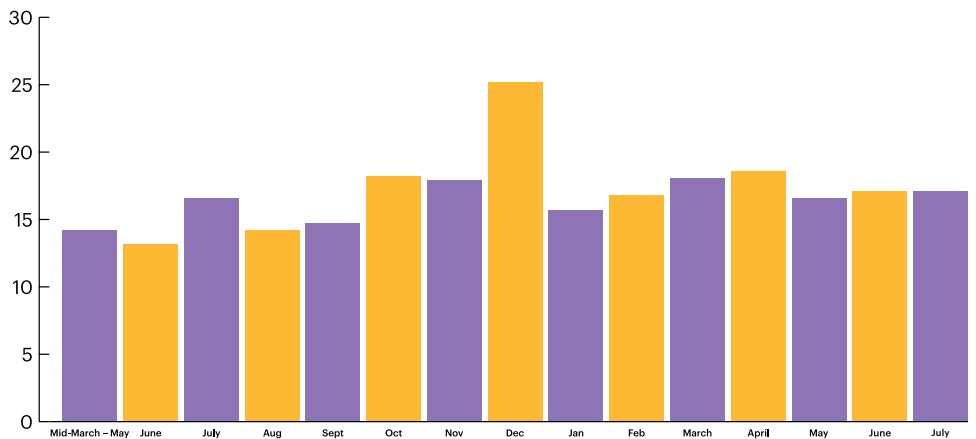
2020 brought a 3.6% fall in retail spend, the biggest year-on-year decline in more than fifty years. However, beyond this headline statistic are a wide variety of different experiences. Most marked was the contrast between physical and online performance, with online retail growing 32.4% vs. an -11.1% 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.

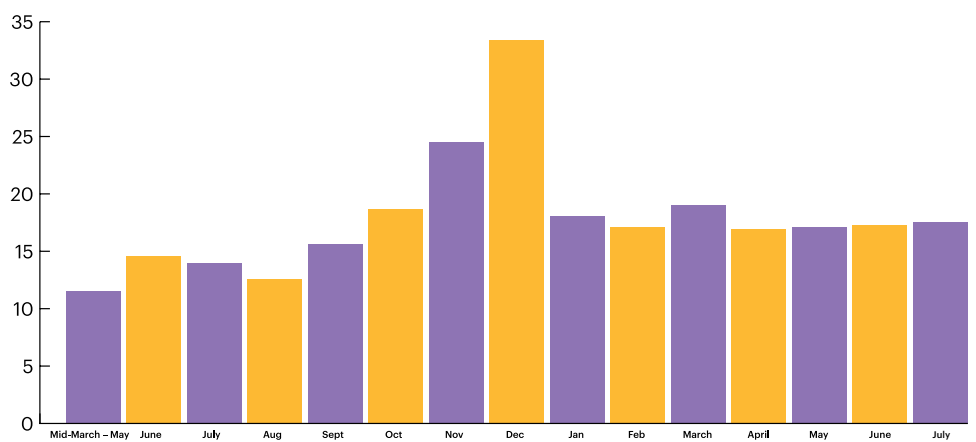
The Home market continued to prosper in H1 2021 as consumers continued to divert foodservice, leisure and holiday spend to their homes. Over the course of 2020, consumers became more confident shopping online for big-ticket items and we anticipate online sales to thrive even where stores remain open.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

Gift purchasing held relatively steady over July

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 the increase in gift buying over June, there was a slight dip over July; 34.1% 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 34.3% in June. The period saw further relaxation of restrictions, with almost all being lifted in England on July 19th. Indeed, the easing of restrictions over the last few months, combined with UK consumers taking traditional summer annual leave in greater numbers during this period, has helped to drive a rise in social occasions among many consumers, which in turn has created more gifting opportunities. This rise of physical occasions has helped to drive a slight uptick in purchasing of physical gifts, at 17.5% of consumers vs. 17.3% in June.

Gift cards remained a popular purchase over July



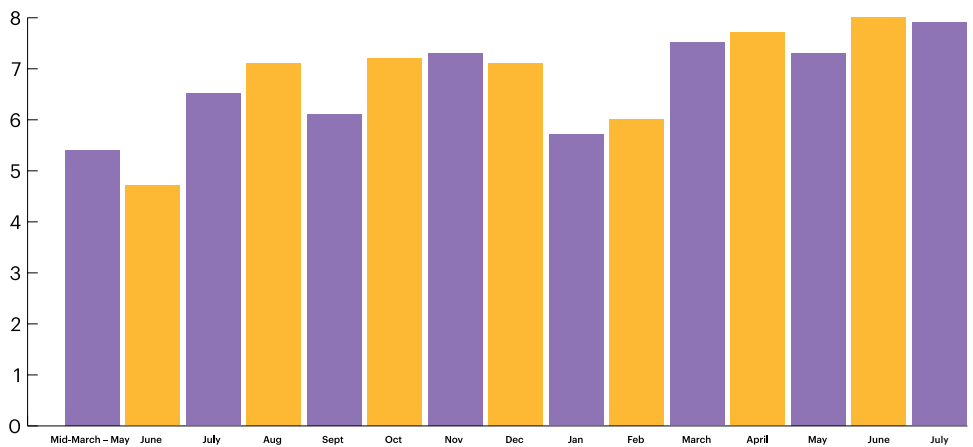
The proportion of UK consumers purchasing gift cards for someone else

The proportion of consumers purchasing a gift card for someone else eased slightly to 17.0% in July, vs. 17.1% in June. This rate of purchase was comfortably higher than July 2020, when 14.2% of UK consumer purchased gift cards for someone else. With most restrictions lifted across retail, leisure and foodservice operators, 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 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 eased slightly, to 7.9% in July, compared to 8.0% in June. Nonetheless, this represented the second highest rate of purchasing since GlobalData began tracking, back in May 2020. Self-use purchasing is being driven by a number of factors, including making it easier to shop online (mentioned by 38.1% of self-purchasers), and the potential of gift cards to support with saving money (mentioned by 39.9%). The rise of self-use represents a more general indication of the growing relevance of gift cards, particularly through the pandemic. This is reflected by the 34.8% of self-purchasers that agreed that they now “regularly purchase gift cards for myself”, the highest level since GlobalData began tracking, back in May 2020.

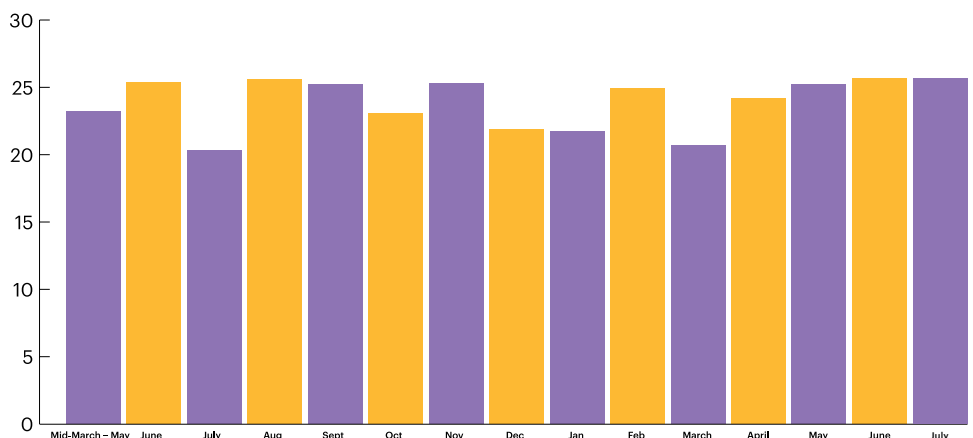
Did you purchase any of the following:
A gift card for yourself



Purchasing through work incentive programmes has grown in importance through the pandemic

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 July 2021, the proportion of gift card purchasers buying physical gift cards through this channel was 25.7%, the same level as in June. These two months represent the highest level since GlobalData began tracking, back in May 2020. At the same time, the proportion of gift purchasers buying digital gift cards through work reward programmes increased to 10.4% over July vs. 9.3% in June.

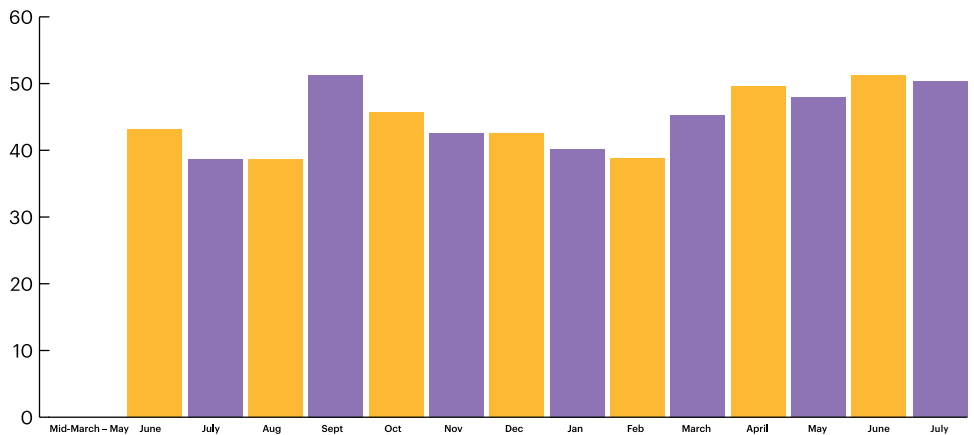
Which type of gift cards did you purchase?
A physical gift card through an employee benefits programme



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

50.6% of gift card purchasers bought a physical gift card from retailers instore over July vs. 51.3% in June. Despite this slight dip, this represents the second highest level of purchasing since GlobalData began tracking. Moreover this compares to 38.6% who did so over July 2020. At the same time, 59.3% of Baby Boomer gift cards shoppers purchased a physical gift cards from retailers instore – the highest since GlobalData began tracking. 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 and willingness of undertaking physical purchasing, and 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, with only a slight dip in purchasing of physical cards online over July (35.1% vs. 35.4% in June)

The pandemic has permanently cemented the greater influence of digital purchasing and redemption. 32.0% agree that they “expect all gift cards to be cross-channel”, with 27.5% of gift card shoppers claim to have converted to digital gift cards – the joint highest rate since GlobalData began tracking.

Multi-store gift cards see slight dip over July

The proportion of gift card buyers purchasing multistore gift cards dipped to 38.7% over July vs. 40.5% in June. Nonetheless, this rate of purchasing represented the third highest since GlobalData started tracking. At the same time, purchasing of single store gift cards held steady, at 45.3% vs. 45.2% in June, following the marked decline between May and June. The contrasting fortunes of multistore vs. single gift cards reflects the gradual opening up of non-essential retail, and increased inclination for shoppers to undertake the same types of physical of social, less-targeted shopping trips that they were pre-pandemic. This is also reflected in the increase in the proportion of Baby Boomer gift card buyers purchasing multistore gift cards, at 25.9% over July vs. 18.2% over June.

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

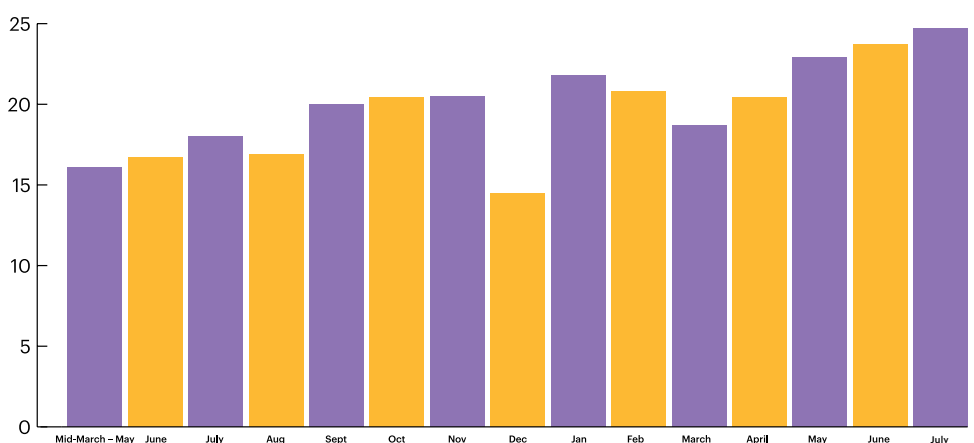


Staycations drive greater spending on experience gift cards

While double-vaccinated UK consumers are finally seeing a relative relaxation around the rules of holidaying abroad, Summer 2021 has again been one for staycations. This is particularly given that it has coincided with the loosening of many of the remaining restrictions for leisure, experience and hospitality businesses. July saw 24.6% of gift card purchasers buy experience gift cards (for pursuits such as hot air balloon rides, helicopter rides, and hotel stays) vs. 23.7% in June. This represented the highest rate of purchasing since GlobalData began tracking.

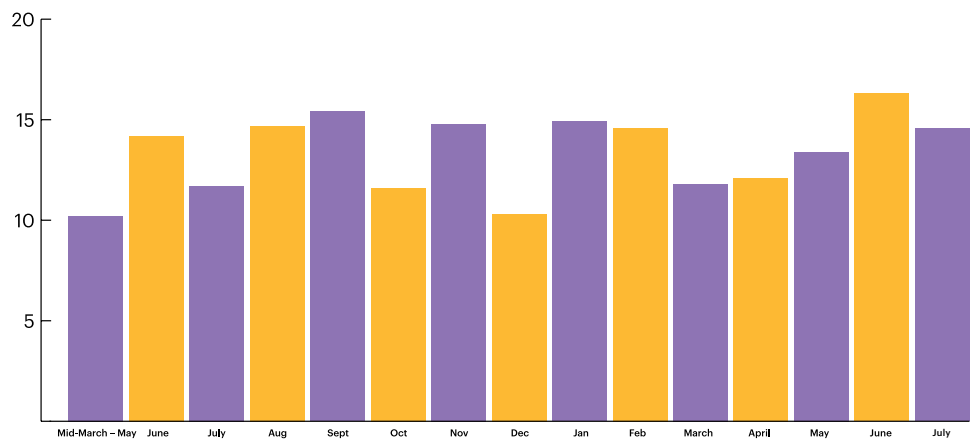
When purchasing gift cards (includes gift cards, vouchers, digital, e-gift codes etc.), which types of gift cards did you purchase, either for yourself or someone else? Please select all that apply

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



Staycations drive greater spending on experience gift cards

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. 33.5% of consumers purchasing a card for someone else cited "I want to support local businesses and/ or my local high street" as a key driver of purchase over July 2021 – the highest level since GlobalData began tracking. This sentiment is particularly held among younger Gen X consumers, with 42.3% of these shoppers citing this. Moreover, over a quarter (27.5%) agreed that they are/will continue to purchase gift cards "with the intent of supporting companies I like", and 35.1% agreed that "I have noticed that more local businesses have started to sell gift cards".