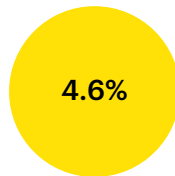


The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards. This is the 18th wave of monthly research, since GlobalData began tracking, back in May 2020, with the initial research covering the period from the beginning of lockdown (in March 2020), to the end of May 2020.

The October fieldwork went to field on November 1st 2021 and was designed to explore habits over October 2021. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the October 2021 calendar month, with comparisons made between October 2021 and September 2021. Where relevant, comparisons have also been made to the 18-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.

Strong UK retail performance predicted in H2 after the lifting of restrictions



UK retail spend is forecast to hit £353.3bn in 2021, an increase of 4.6% compared to 2020.

UK retail spend is forecast to hit £353.3bn in 2021, an increase of 4.6% compared to 2020. While restrictions remained in place for most of H1 2021, H2 signals the start of the opportunity for retail to begin its recovery after the pandemic. However, since the lifting of all restrictions in England in July, consumers have begun to spend more on non-essential items such as beauty and clothing, as they visit restaurants, bars and clubs once again. With just over 82% of the UK adult population having had both vaccinations, and the UK beginning preparations to offer booster jabs to the elderly and clinically vulnerable, the hope is that the recovery for the retail sector will be able to carry on without the disruption brought about by COVID-19 driven restrictions.

The food & grocery market is forecast to grow in 2021, with expenditure expected to increase by 0.3% to £169.1bn. Demand for this sector remained resilient in the first half of 2021, and while non-essential stores and hospitality venues opened, consumers have continued to spend more money on groceries, particularly with COVID-19 cases once again on the rise in the UK. Online food & grocery is forecast to continue to thrive, with online revenue set to grow by 20.0% against a strong comparative year.

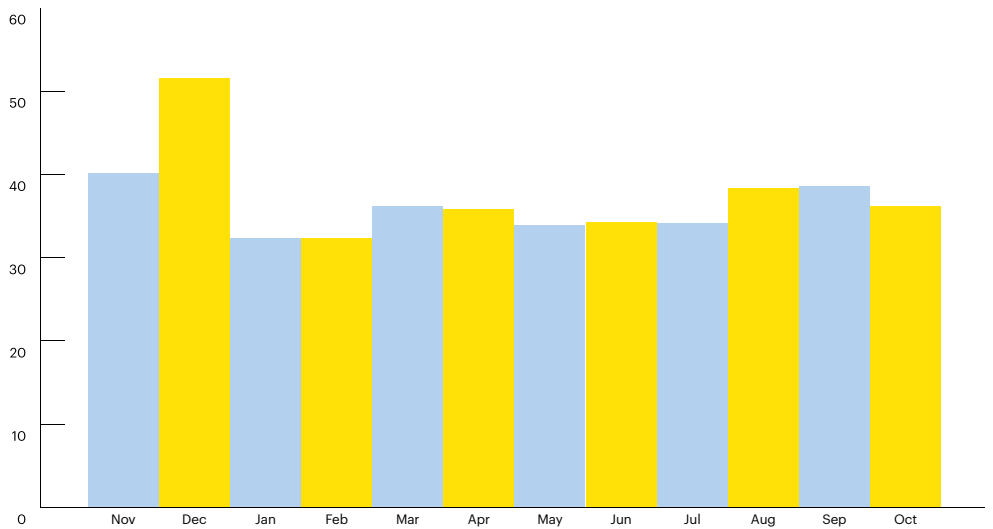
The clothing and footwear market continued to be heavily impacted by the pandemic during the first half of 2021, as non-essential stores were forced to close amid the national lockdown and consumers remained reluctant to make discretionary purchases. The fast roll-out of the vaccine and the subsequential easing of restrictions has allowed the sector to experience stronger recovery in H2, as the recommencement of social events caused a rapid surge in demand for apparel products. However, this will not be enough to salvage the spend lost towards the beginning of the year, especially now that supply chain issues are causing delays to some retailers' key product lines, with the 2021 market forecast to be 14.6% lower than 2019 levels.

The home market is set to outperform overall retail for 2021 due to a strong performance during the first half of the year; this is as a result of the strong housing market and increased shopper confidence when buying home products online. The sectors are also set to benefit again from shoppers transferring money which had previously been earmarked for foreign holidays into the home. However, growth during the second half of the year is set to moderate as the reopening of leisure activities encourages spend within other categories such as clothing, and supply chain disruptions causes stock issues for home retailers.

Overall gift purchasing dipped over October

Following the positive upwards purchasing trajectory over July-September, amid the gradual easing of COVID-related restrictions, gift purchasing dipped over October. 36.2% 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 38.6% in September. However, this rate of purchasing represents a slight increase on the October 2020; a month during which the three-tier system was introduced to England.

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

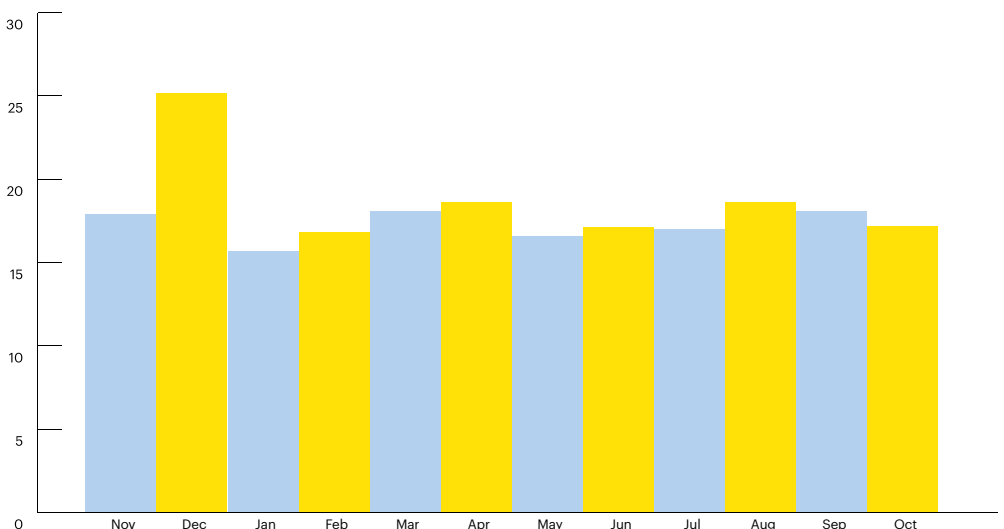


Physical gifts outperformed gift cards

The proportion of consumers purchasing a gift card for someone else declined to 17.2% in October, vs. 18.1% in September. In contrast, purchasing of physical gifts for someone else increased slightly, from 20.5% in September, to 20.8% in October. With November 2020 seeing a second lockdown in England, which in turn negatively impacted physical gift purchasing at the time, the expectation is that demand for physical gifts will continue to outperform over the coming months.

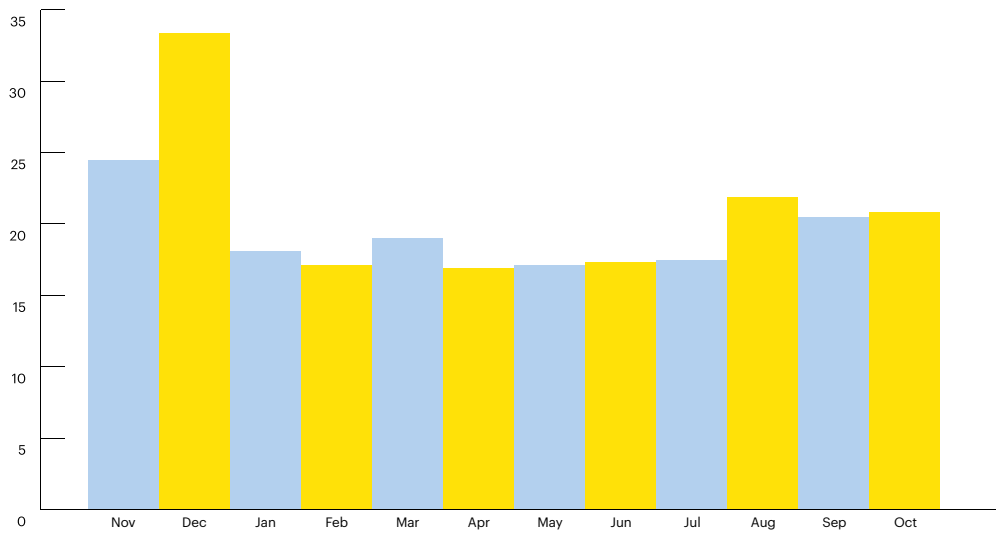
However, potential supply chains issues for some of the most wanted Christmas gifts might provide opportunities for gift cards. Indeed, there are signs that this might already be having an impact, with 40.3% of those purchasing gifts cards for someone else citing it being easier to purchase than physical gifts as being a key driver. This sentiment was at its highest level since GlobalData began tracking, back in May 2020.

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



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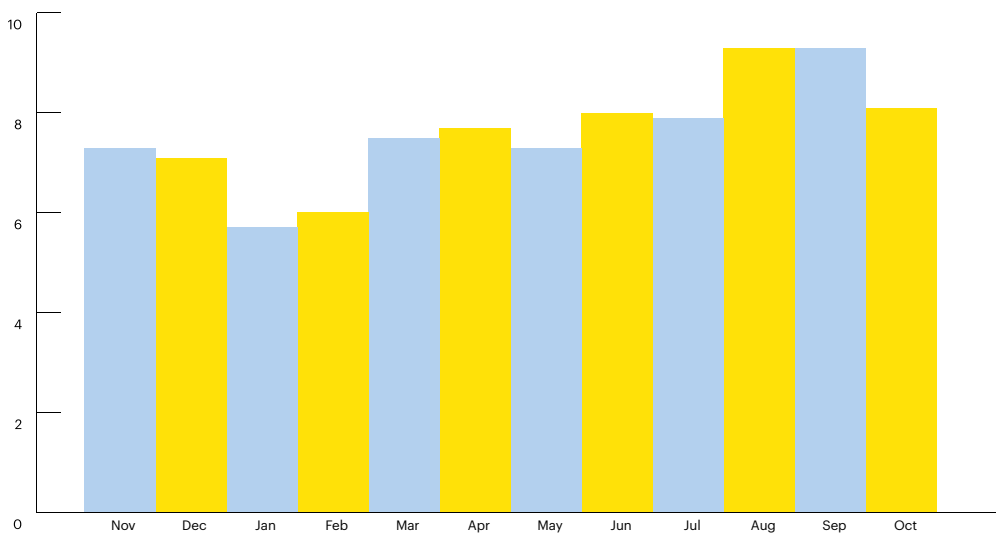
Did you purchase any of the following:
A physical gift for somebody else



Self-use purchasing is a key driver of gift card demand, despite an October decline

The proportion of respondents purchasing gift cards for self-use was at 8.1% over October, compared to 9.3% in September. Despite this short-term dip, this rate of purchasing was higher than October 2021 (7.2%) in addition to the majority of months during the 18 waves of consumer research. Self-use purchasing is being driven by a number of factors, including making it easier to shop online (mentioned by 39.2% of self-purchasers), and potential role of gift card to support local businesses/local high street (36.2%).

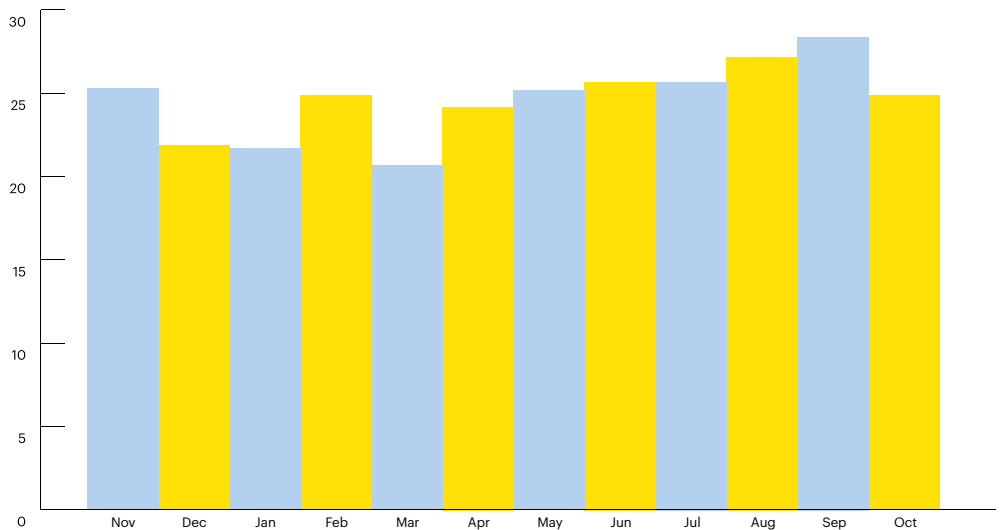
Did you purchase any of the following:
A gift card for yourself



A decline in purchasing via work incentive programmes over October

The proportion of gift card purchasers buying physical gift cards through work reward/incentive programmes was 24.9% over October, which was a decline on the 28.4% of gift card buyers who did so over September. This follows a consistent upwards purchase penetration trend since April 2021, with this previous boost perhaps reflecting both a return to a semblance of pre-COVID working patterns, and many companies being more proactive in their endeavours in this area.

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

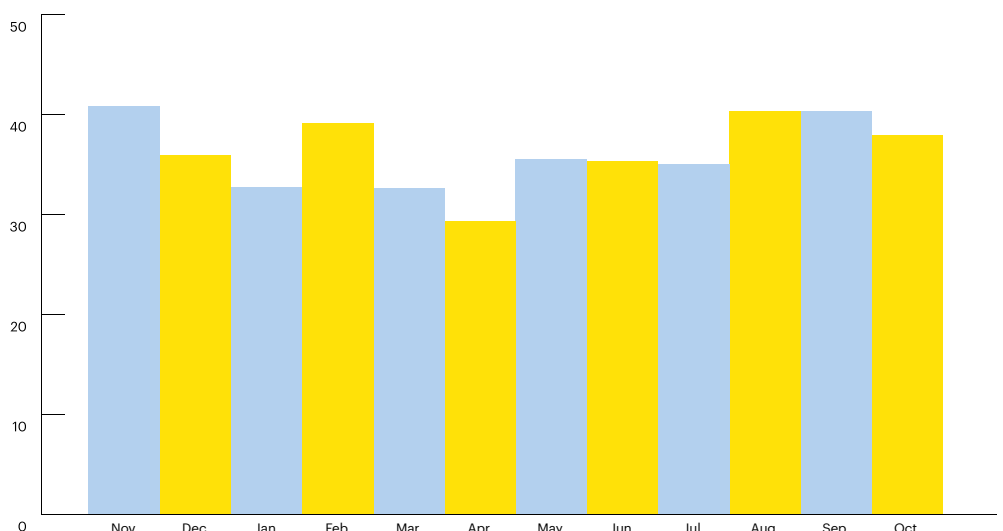


Physical purchasing outperformed online

The proportion of gift card buyers purchasing physical cards from physical stores was 52.4% in October, vs. 45.6% in September. This represented the highest level of purchasing in this way, since GlobalData began tracking, back in May 2020. At the same time, the proportion of gift card buyers purchasing physical gift cards through online declined to 38.0% in October vs. 40.4% in September. With a greater proportion of shoppers visiting physical stores to purchase gifts over November and December, this physical vs. online gifting trend is set to continue in the short term.

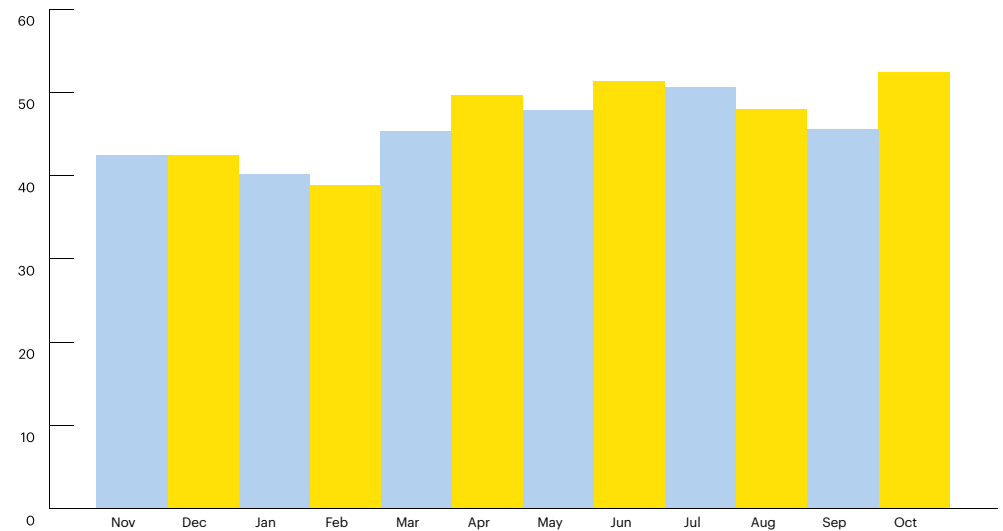
However, despite this short-term dip in online purchasing, amid the partial return to pre-COVID shopping habits, the pandemic has permanently cemented the greater influence of digital purchasing and redemption. This is evidenced by the 59.5% of gift card respondents that they “expect all gift cards to be cross-channel” – the highest level of agreement since GlobalData began tracking.

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



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



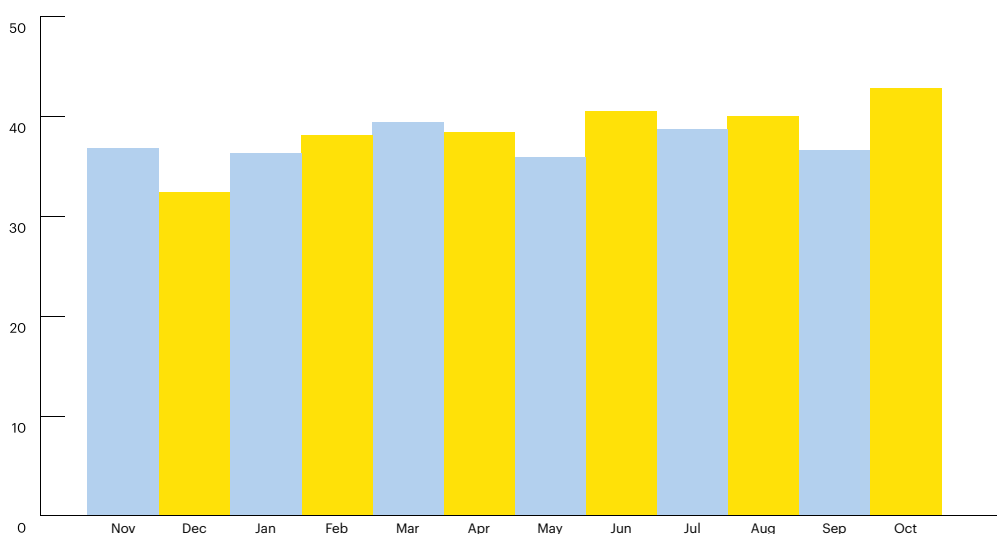
Multi-store gift card types saw growing penetration over October

The proportion of gift card buyers purchasing multistore gift cards increased to 42.8% over October vs. 36.6% in September. At the same time, the proportion purchasing single store retail gift cards dipped to 48.4% vs. 53.1% in September.

Purchasing penetration for multi-store gift cards represented the highest level since GlobalData began tracking. This growth in purchase penetration reflects the gradual opening up of non-essential retail, and increased inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic.

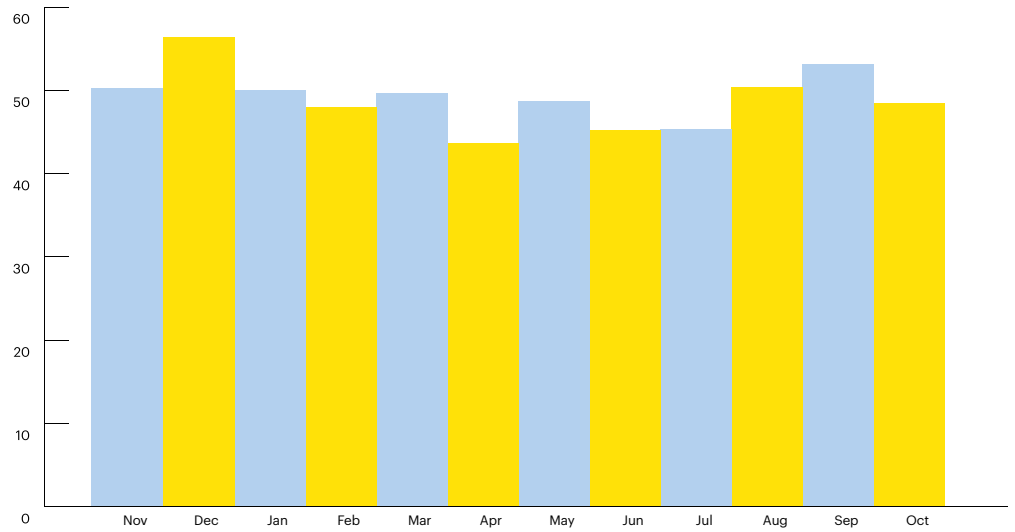
When purchasing gift cards (includes gift cards, vouchers, digital, e-gift codes etc.), which types of gift cards did you purchase, either for yourself or someone else?

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



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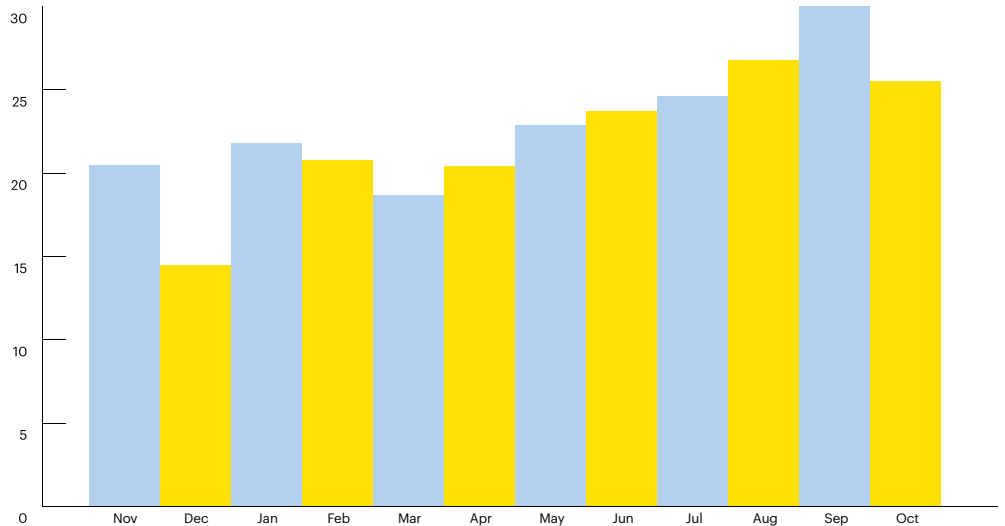
A retail gift card – a gift card for a specific high street retailer or a store branded gift card



Robust demand for leisure and experience gift cards

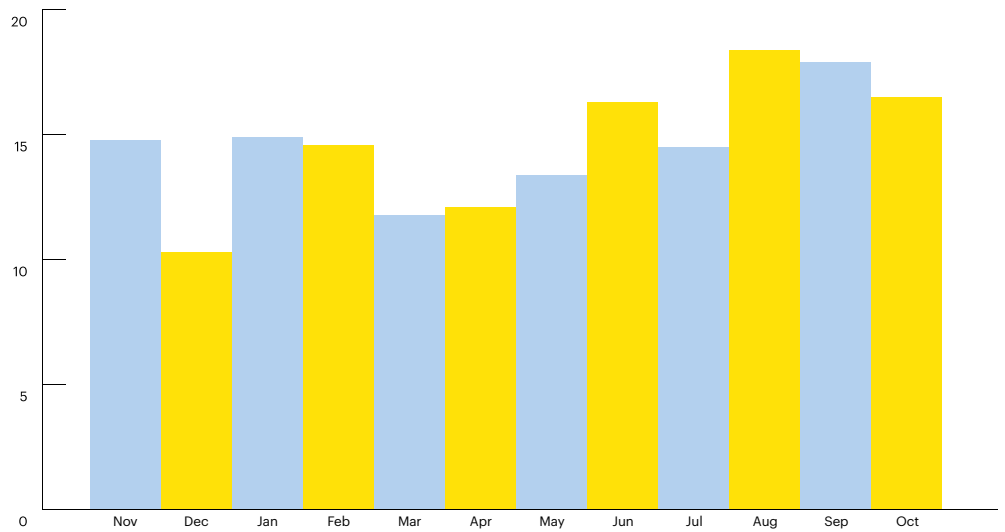
Purchase penetration for both leisure and experience gift cards declined over October, which followed high demand during the summer holidays over August and September. Indeed, Summer 2021 has again been one for staycations, and demand for these gift card types was boosted by the loosening of many of the remaining restrictions for leisure, experience and hospitality businesses. Despite the October decline, purchase penetration of 25.5% and 16.5% for experience and leisure cards, respectively, still represented among the highest level of purchasing since GlobalData began tracking.

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



Continued

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. 32.3% 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 October 2021.