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 33rd 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 January fieldwork went to field on February 1st 2023 and was designed to explore habits over January 2023. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the January 2023 calendar month, with comparisons made between January 2023 and January 2022. Where relevant, comparisons have also been made to the wider tracking period.

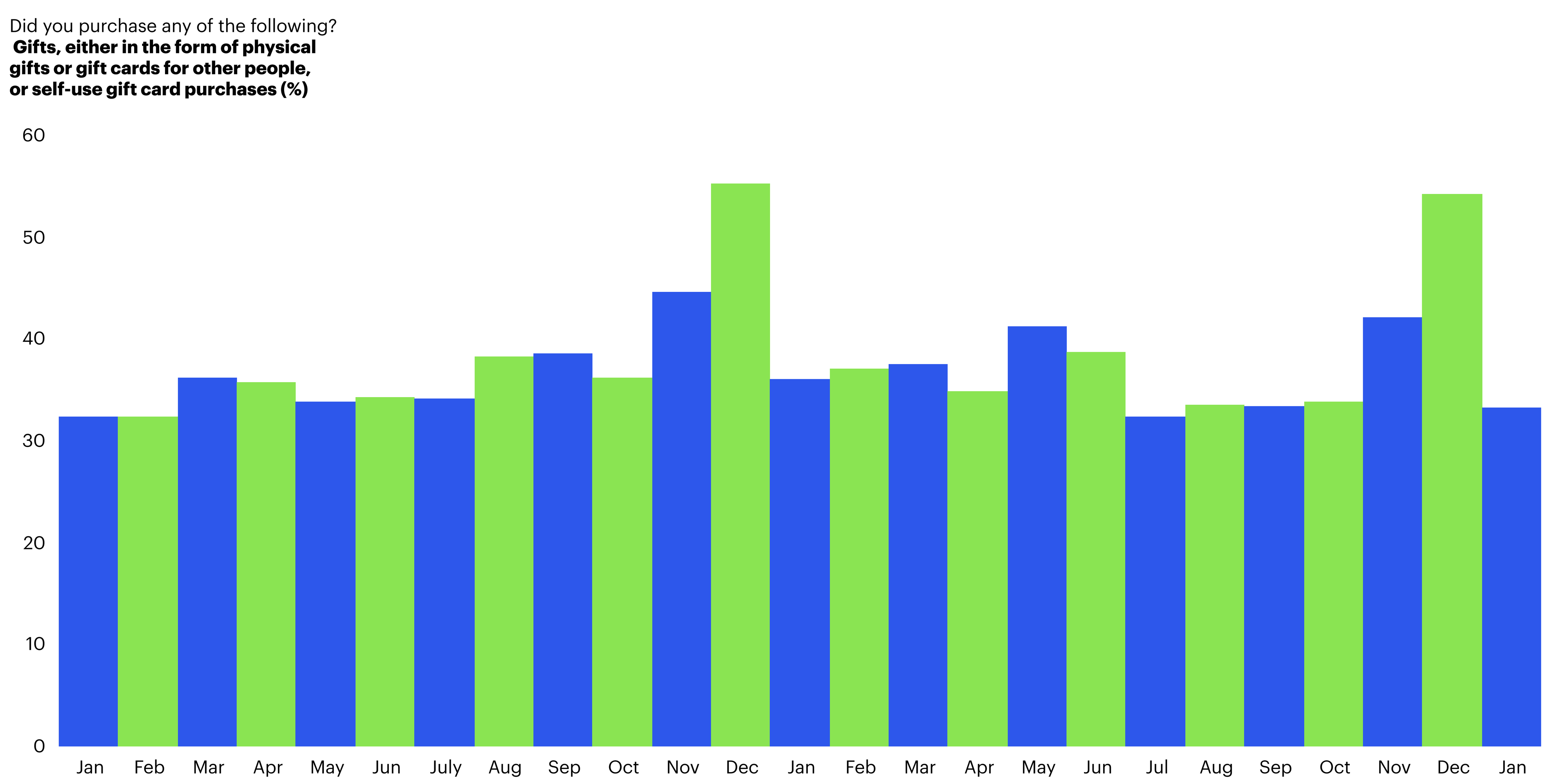
Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to be £369.2bn in 2023

UK retail spend is forecast to be £369.2bn in 2023, a marginal decrease of 0.05% on 2022, with volumes set to decline 6.6%. The cost-of-living crisis within the UK is deterring all but essential spend, particularly among the less affluent. With the ONS reporting that the Consumer Price Index rose by 10.1% in the 12 months to January 2023, far from the Bank of England's target of 2% - which is not expected to be met until 2024, rising food, fuel, and energy prices mean budgets are stretched, despite some government interventions (which are going to be less beneficial to consumers than last year in 2023). More households are going to be dragged into paying higher mortgage rates as each month goes by, when their fixed rate deals come to an end, significantly impacting discretionary income

Gift purchasing experiences its regular post-Christmas malaise

Over January 2023, 33.3% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. Unsurprisingly, this represented a significant decline on the 54.2% of UK consumers purchasing gifts over December.

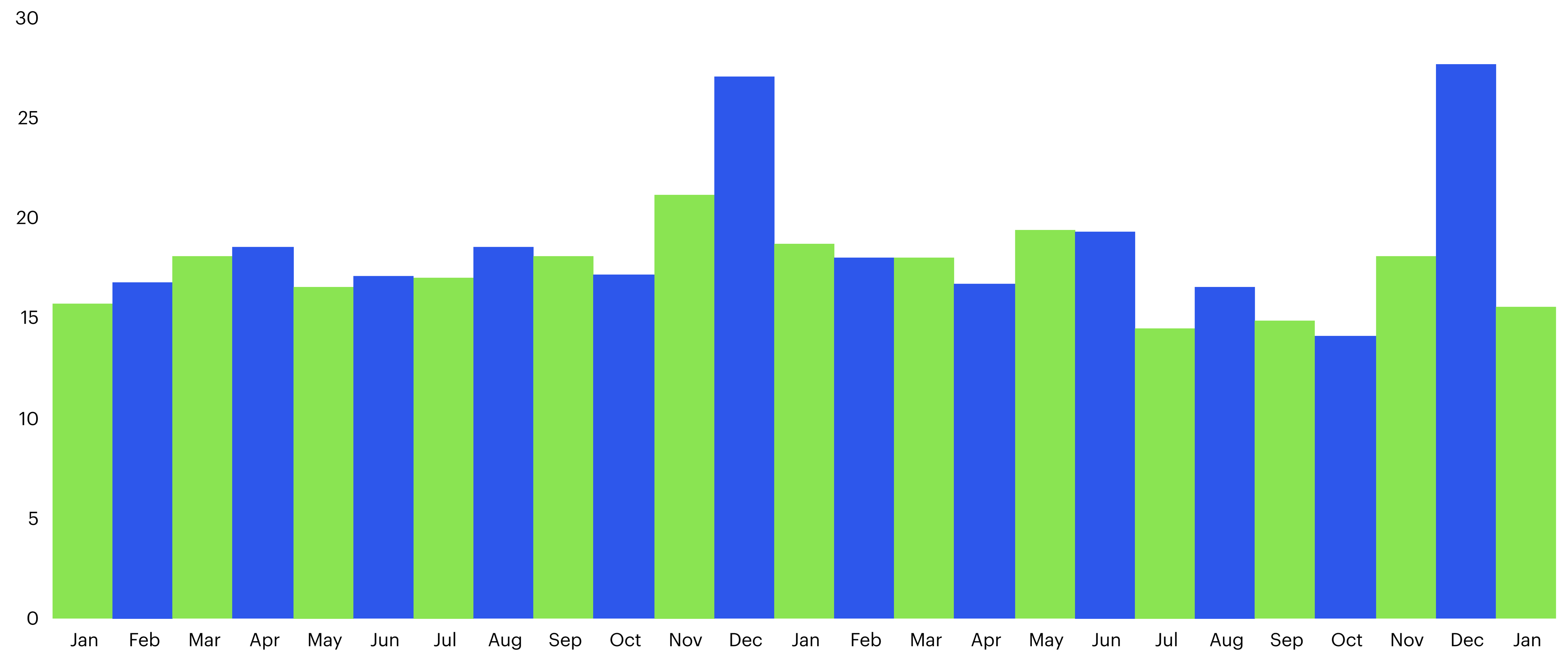
However, gift purchasing was also slightly down compared to January 2022, when 37.1% made purchases. Some of this year-on-year decline can be attributed to the caution that UK consumers continued to express over Christmas 2021, which in some cases spread social gatherings over a longer period of time, into the new year, However, it also comes against the backdrop of UK shoppers beginning to feel greater pressure on their discretionary income.



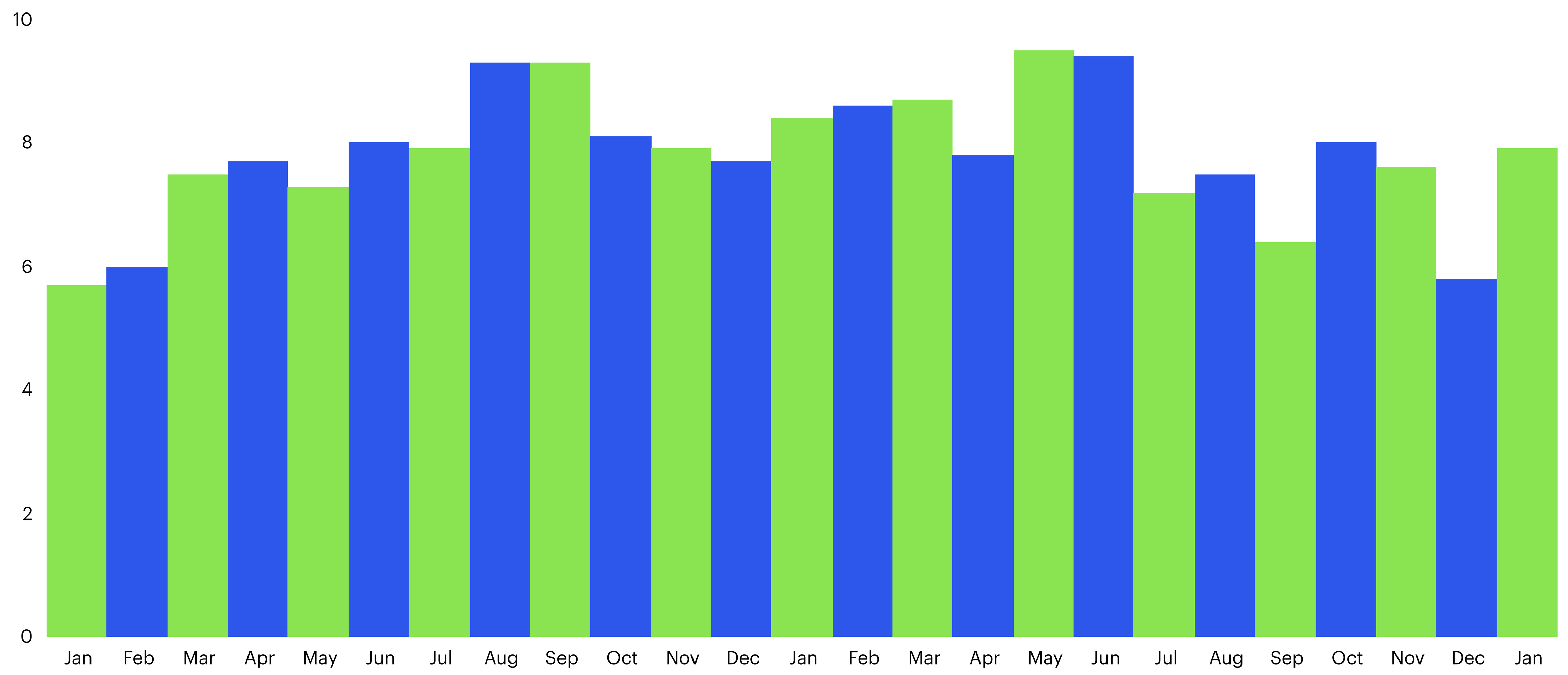
Opportunities for the industry to promote the benefits of gift cards during the cost-of-living crises

The proportion of UK consumer purchasing gifts cards for someone else was at 15.6% over January 2023 vs. 18.7% over January 2022. At the same time, self-use gift card purchasing also fell back (7.9% vs. 8.4%), albeit demand held up slightly better. There are plentiful opportunities for the industry to promote the benefits over gift cards in the current climate. On the gifting side, they benefit from being of a fixed-price option, amid growing prices for physical items. Moreover, when it comes to self-use, gift cards are playing an influential role in supporting shoppers looking for levers to help with saving and budgeting. The proportion of those purchasing self-use gift cards that cited "to help with saving money" was at 41.4% over January.

Did you purchase any of the following?
A gift card for somebody else (%)



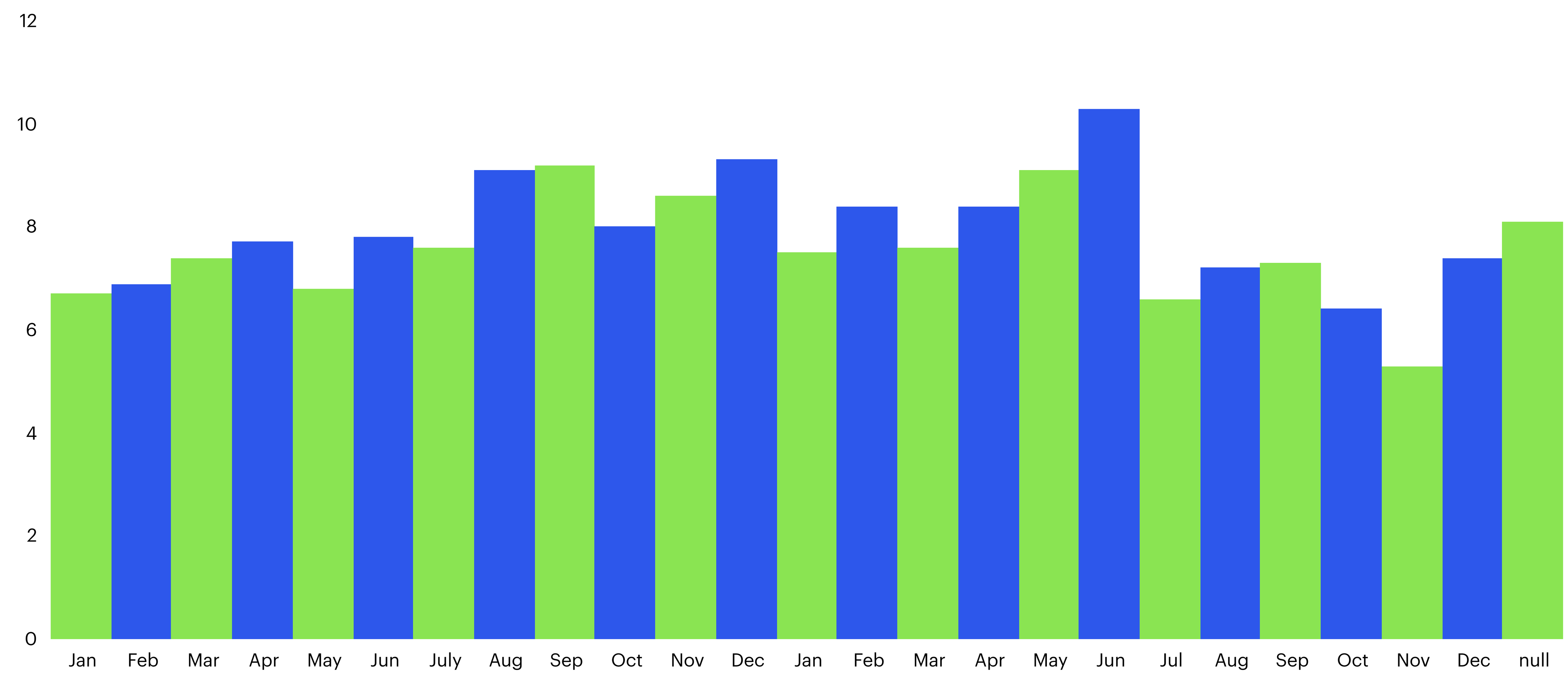
Did you purchase any of the following?
A gift card for yourself (%)



Post-Christmas B2B bounce back

The proportion of gift card buyers purchasing physical gift cards through an employee benefits programme increased to 21.0% in January 2023 vs. 13.8% over December 2022. At the same time, the proportion receiving a gift card through a work reward programme increased to 8.1% vs. 7.4% in December 2022. Amid the impact to employees of the cost-of-living crises, work benefits and reward schemes represent an effective medium through which to funnel additional financial support.

Did you purchase any of the following?
How have you received gift card(s) (this includes gift cards, vouchers, digital, e-gift codes etc.)? Please select all that apply Through a work reward programme.

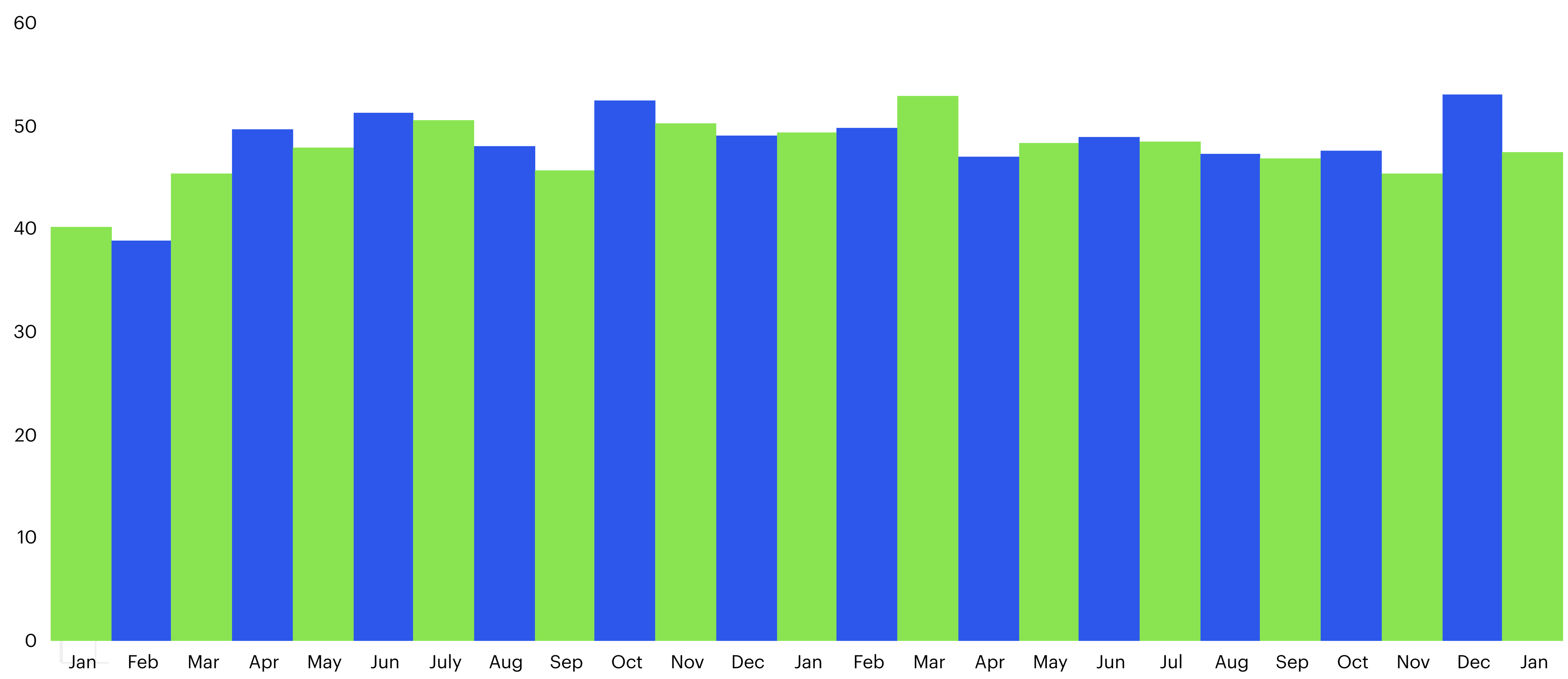


Digital continues to rise in prominence

The proportion of gift card buyers purchasing a digital gift card over January 2023 increased to 30.3% compared with 28.4% in January 2022. This continues a number of months of strong performance for digital, reflective both of shoppers being more accustomed to purchasing and redeeming digital gift cards, and a greater array of operators investing in digital options over the last couple of years.

At the same time, the proportion of gift card buyers purchasing physical gift cards instore was at 47.4%, lower than both December 2022 (53.0%), and January 2022 (49.4%). This is reflective of January 2023 being up against the stronger gifting month of January 2022, and Christmas 2022, when physical gift cards are more favoured.

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



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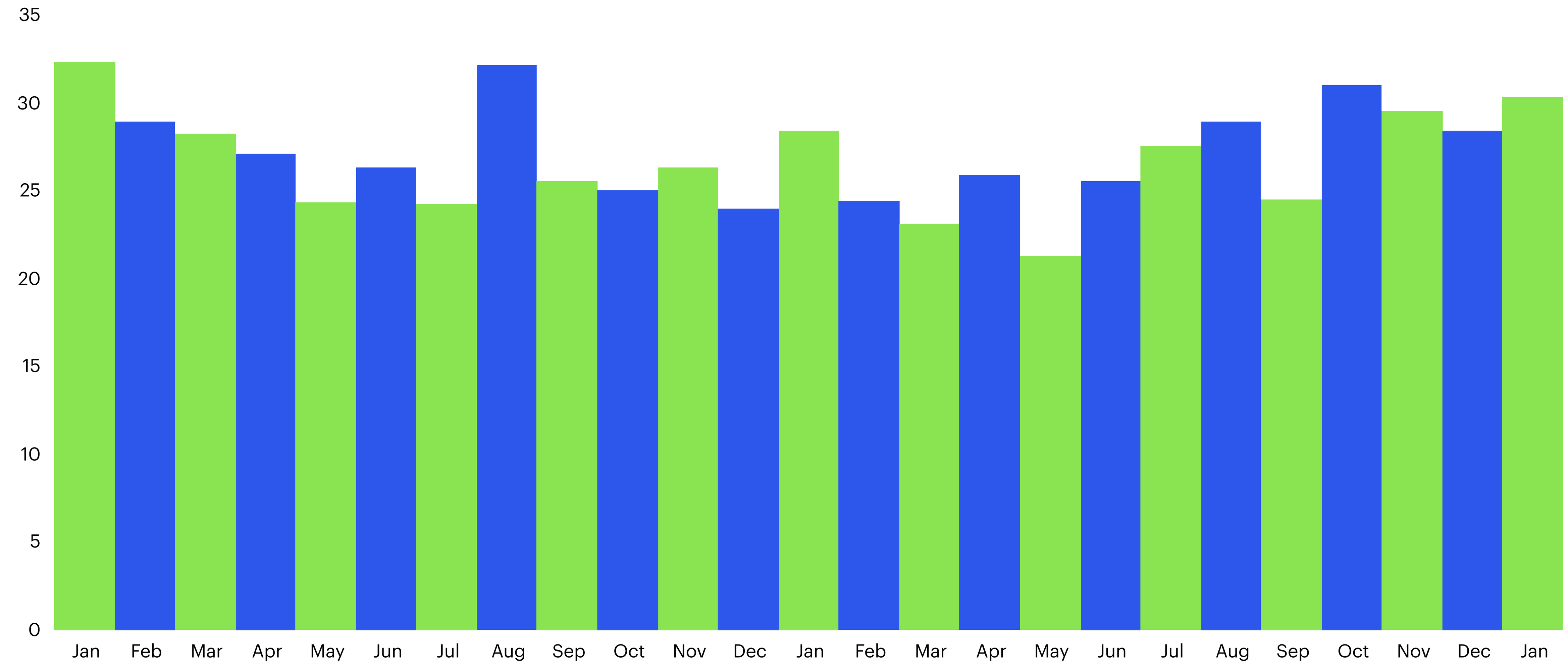
Did you purchase any of the following?
A digital gift card from a retailer/gift card issuer online

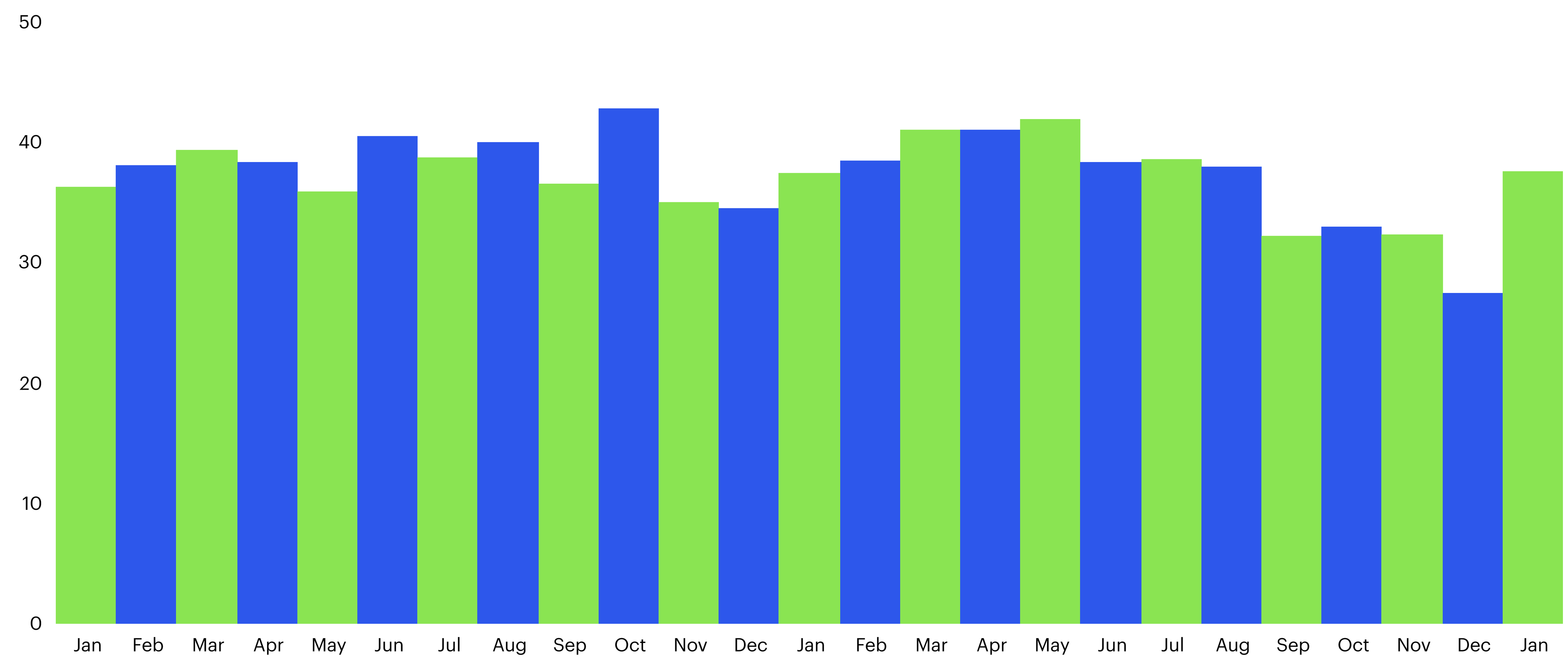


Multi-store gift cards bounce back over January 2023

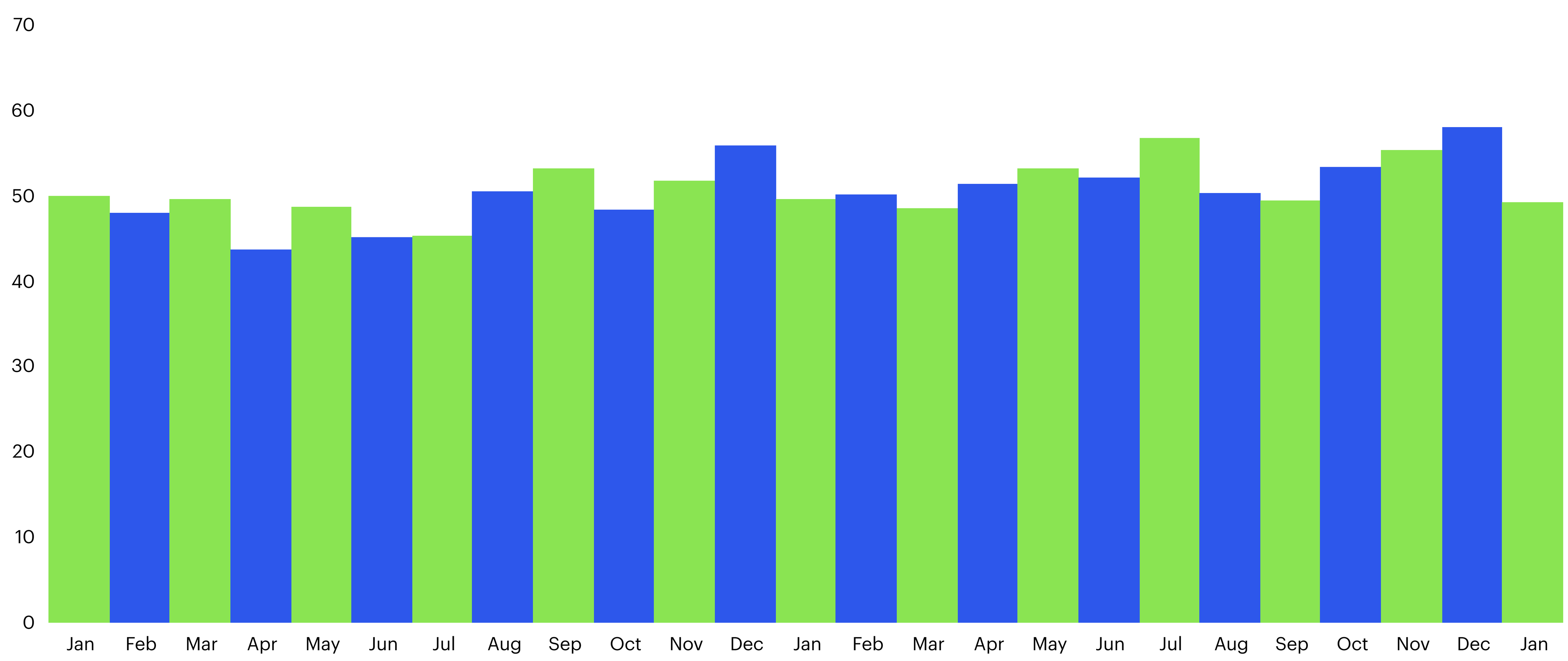
Due to sometimes being perceived as a being less personal or thoughtful gifting option, demand for multi-store gift cards was particular weak over December 2022. However, the 37.6% of gift card buyers purchasing these over January 2023 (27.5%) was both significantly higher than December 2022, and a slight increase on January 2022 (37.5%). Multi-store gift cards should be well-placed over 2023, given the post-pandemic return of physical shopping as a hobby, and the growing inclination for consumers to shop around for the best deals.

At the same time, the 49.2% of gift card buyers purchasing retail gift cards over January 2023, represented a decline both on December 2022 (58.0%), and January 2022 (49.6%).

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?
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

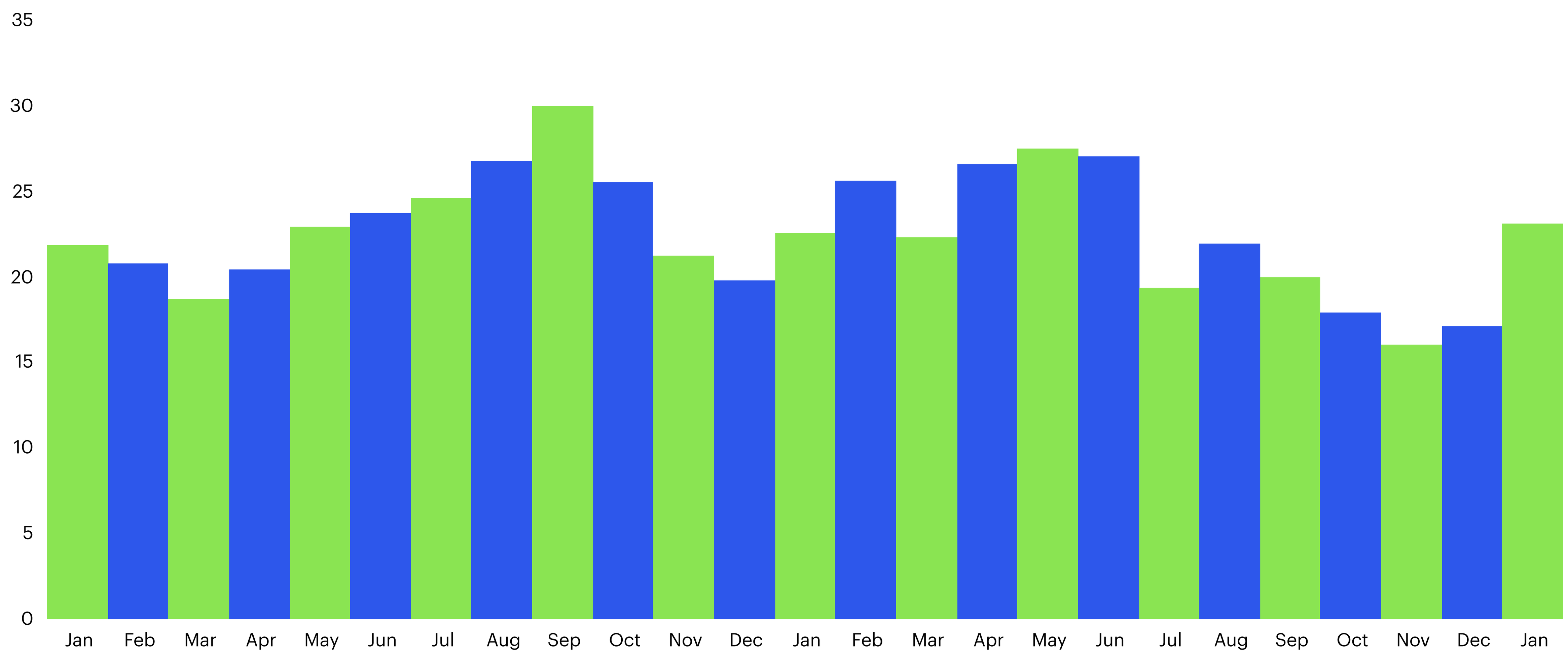


Experience gift cards see strong year-on-year growth

23.1% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, hotel stay) in January 2023, up from 22.6% in January 2022. Greater focus on these gift card types is inevitable earlier in the year, with consumers turning their attention to planning excursions for the year ahead. Moreover, compared to last year, UK consumers feel much more confident in making medium and long terms plans, with pandemic-related restrictions seemingly behind us.

At the same time, those purchasing gift cards for leisure activities (travel, theatre tickets, spa days) decreased from 19.6% to 16.2% over the same period. Despite an increase on December 2022 (12.9%), an unclear economic outlook for 2023 might have played a part in consumers holding back on leisure purchases as gifts, with uncertainties on whether recipients have the capacity to take the breaks, time off, or additional expenses required for experiences.

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



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