

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 43rd wave of monthly research, since GlobalData began tracking back in May 2020, with the initial research covering the period from the beginning of the lockdown (March 2020) to the end of May 2020.

The November fieldwork went to field on December 1st, 2023, and was designed to explore habits over November 2023. A UK nationally representative sample of 2,000 shoppers were surveyed.

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

2023 retail forecast maintained at 4.3% but growth to drop to 3.1% in 2024 as inflation eases

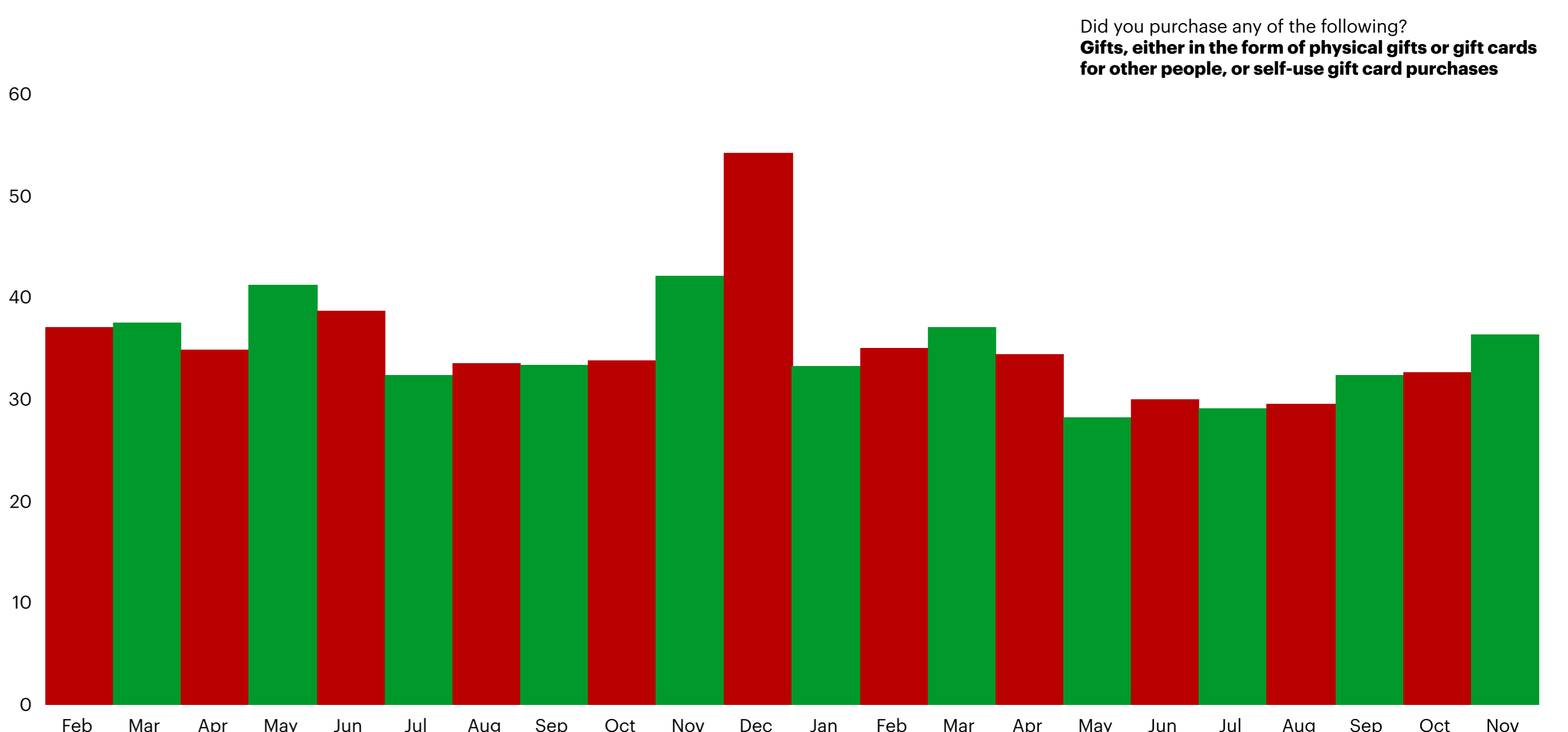
GlobalData expects UK retail spending to rise to £387.6bn in 2023, up 4.3% on last year in line with last month's forecast. The forecast assumes that 9.4% inflation will trigger a 5.0% reduction in volumes, as shoppers adjust their spending to offset higher living costs. For 2024, we have raised our forecast to 3.1%, following the larger-than-expected fall in inflation in November, the likelihood that interest rates could soon begin to fall, and the announcement in the Autumn Statement of a cut in employee National Insurance. The improvement to our forecast is driven by an expected 0.4% increase in volumes, making 2024 the first year to achieve volume growth since 2021.

For the all important 'golden quarter', GlobalData continues to expect moderate growth of 3.5%, against very strong growth of 6.2% last year when shoppers were able to celebrate Christmas normally after Covid restrictions were lifted. Growth will vary significantly by sector. It will be fastest in food and grocery reflecting the strength of inflation, but sales will fall in clothing & footwear against very strong growth in 2022 when many shoppers splashed out on new outfits for the party season to make up for celebrations cancelled during the pandemic.

Gifts sees year-on-year decline in those purchasing...

Over November 2023, 36.3% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. While this is higher than October 2023 (32.6%), it represented a notable decline on October 2022 (42.1%). This weaker year-on-year performance comes against the backdrop of UK shoppers feeling greater pressure on their disposable incomes, and proactively looking to make cutbacks, where possible. Weaker gift spending over November 2023 also potentially points to consumers showing greater willingness to purchase closer to Christmas in order to achieve the best deals.

Despite this year-on-year decline in gift purchasing, the actual value performance of the Gifting market will have been partially boosted by high inflation, which has offset some of the volume decline.



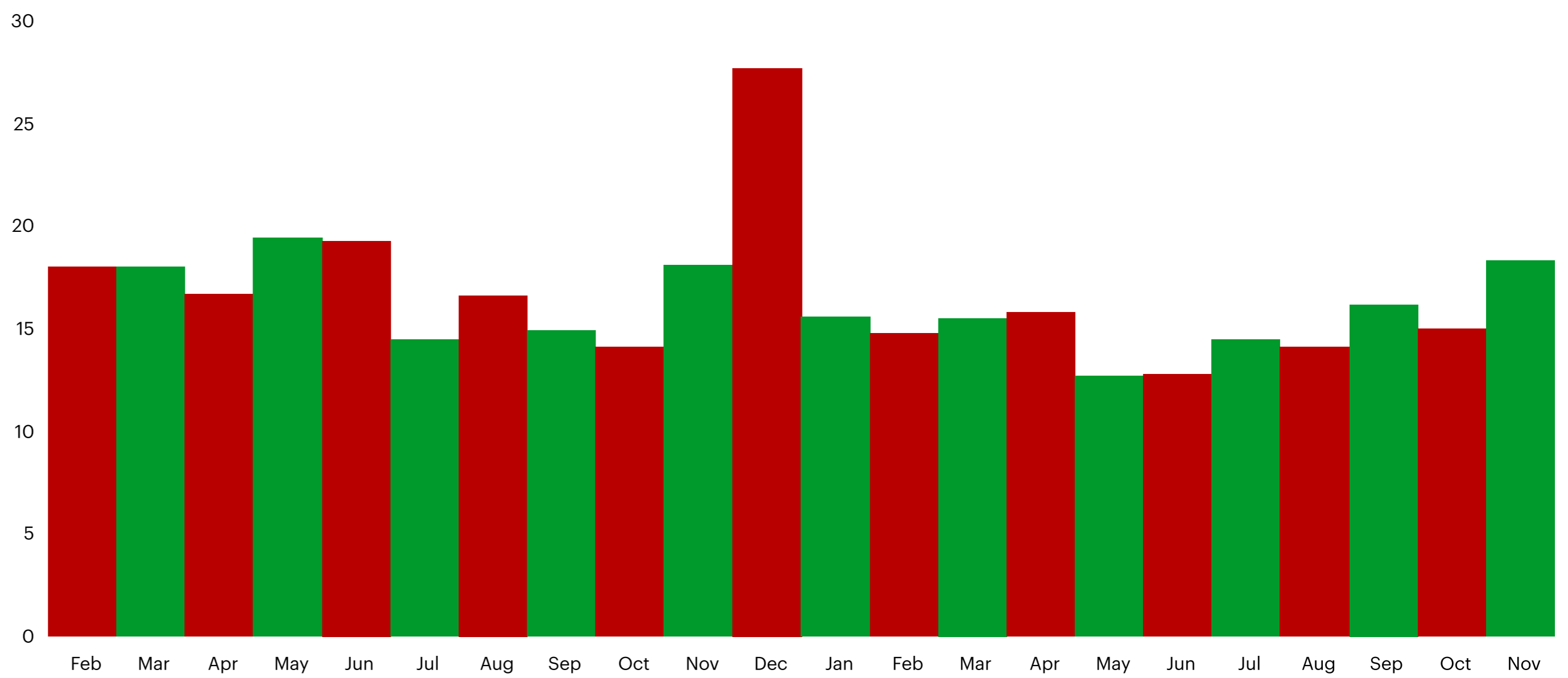
...however gift cards again outperform physical gifts

Despite the overall decline in the proportion of UK consumers purchasing gifts, the 18.3% purchasing gift cards for someone else represented an increase both on November 2022 (18.1%) and, more significantly, on October 2023 (15.0%). At the same time, the 18.7% purchasing physical gifts was significantly lower than the 25.4% that did so in November 2022.

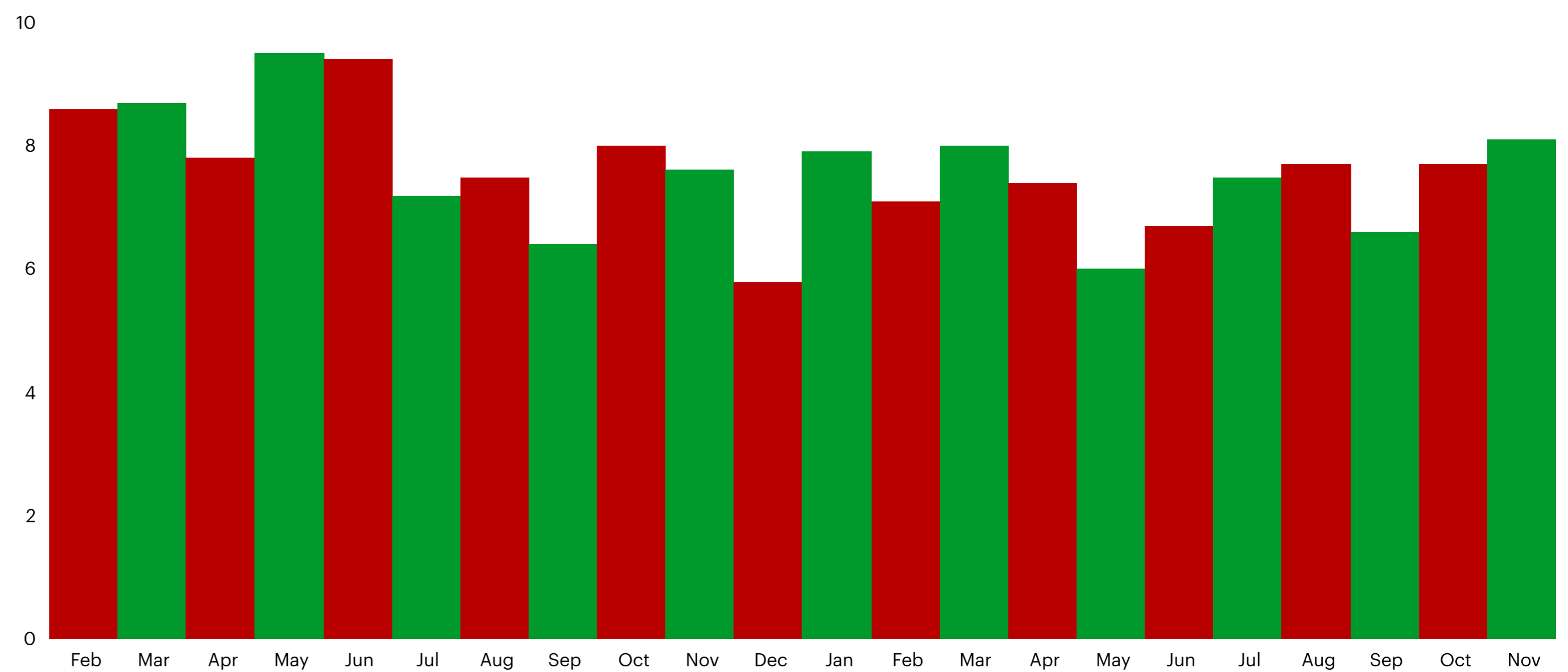
A key potential threat to gift cards during this period of higher inflation is that a delay in redemption can inevitably lead to the real value of the card declining more rapidly. Nonetheless, there are plentiful opportunities for the industry to promote the benefits of gift cards in the current climate. For the buyer/giver, they benefit from being a fixed-price option, amid growing prices for physical items.

In addition, 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. While priorities are gradually shifting elsewhere, as consumers look to balance cost-of-living pressures with festive spending commitments, the 8.1% of UK consumers purchasing for self-use was higher than November 2022 (7.6%). The proportion of those purchasing self-use gift cards that cited “to help with saving money” was at 39.8% over November.

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



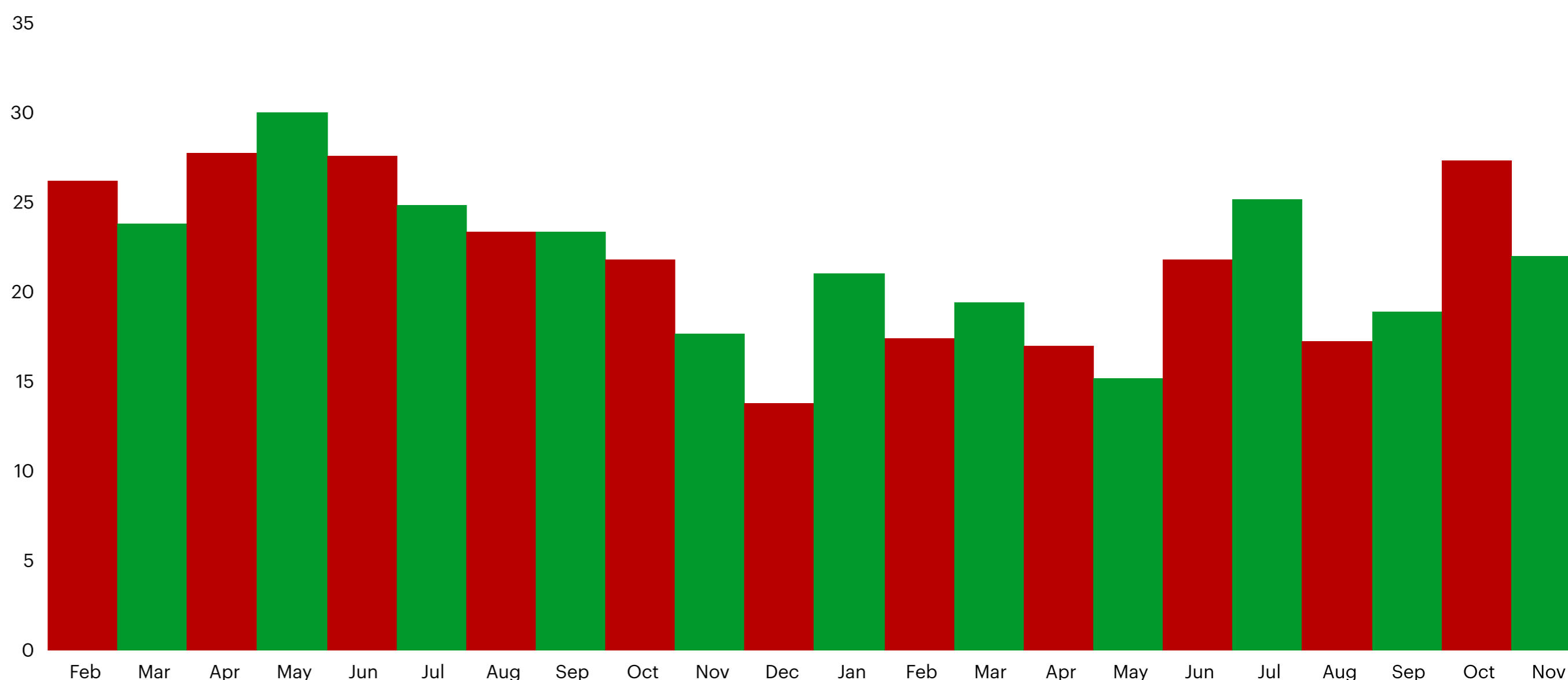
Did you purchase any of the following?
A gift card for yourself



Strong year-on-year growth in purchasing via work programmes over November

The proportion of gift card buyers purchasing physical gift cards through an employee benefit programme was at 22.0% over November 2023. While this represented a slight dip compared to October 2023 (27.3%), it was notably higher than November 2022 (17.7%). With many consumers feeling financially under pressure over the festive period, work programmes have been a good route to provide additional support.

Did you purchase any of the following?
A physical gift card through a work incentive/reward programme/employee benefits programme

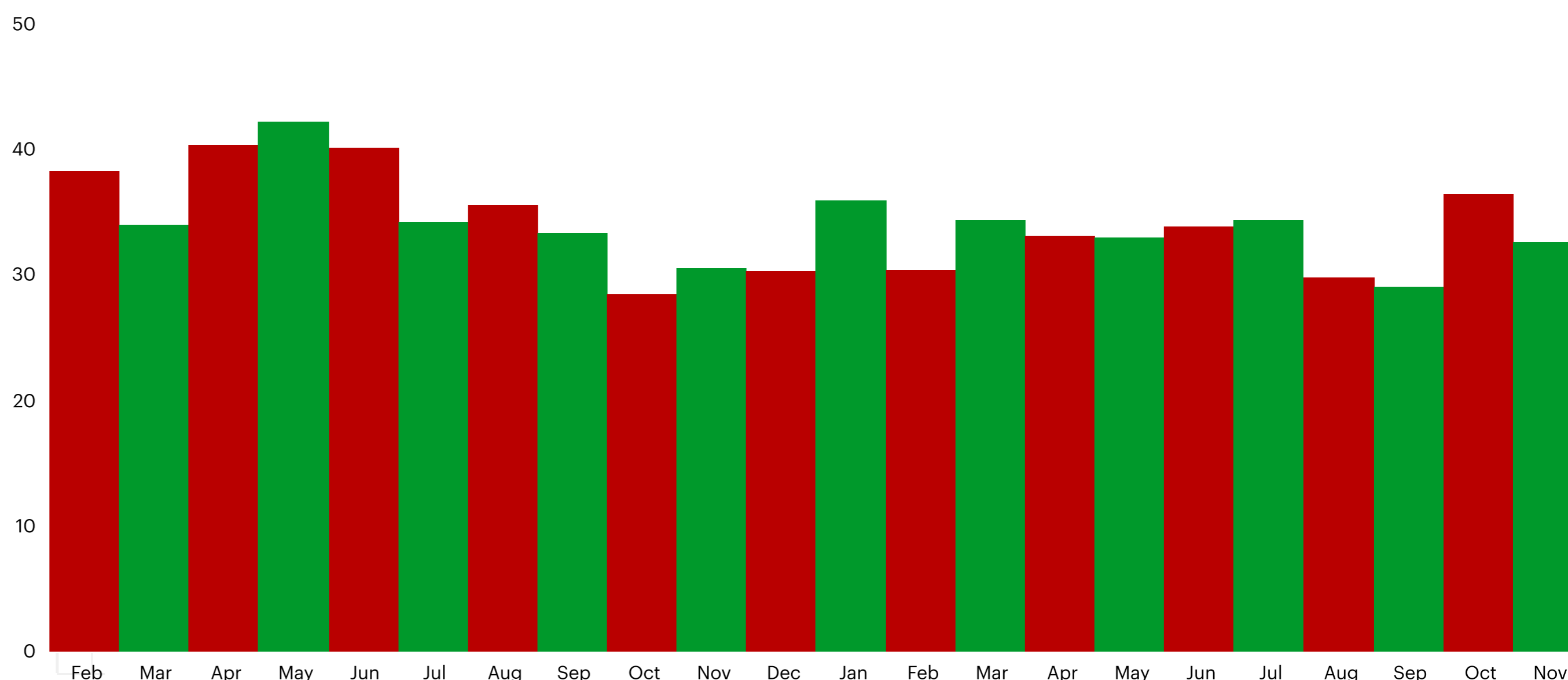


Physical gift cards rebound over November

Following the impact to demand of the adverse October weather, physical gift cards bounced back over November. The proportion of gift card buyers purchasing physical gift cards instore was at 46.6%, an increase both on October 2023 (44.3%), and November 2022 (45.4%).

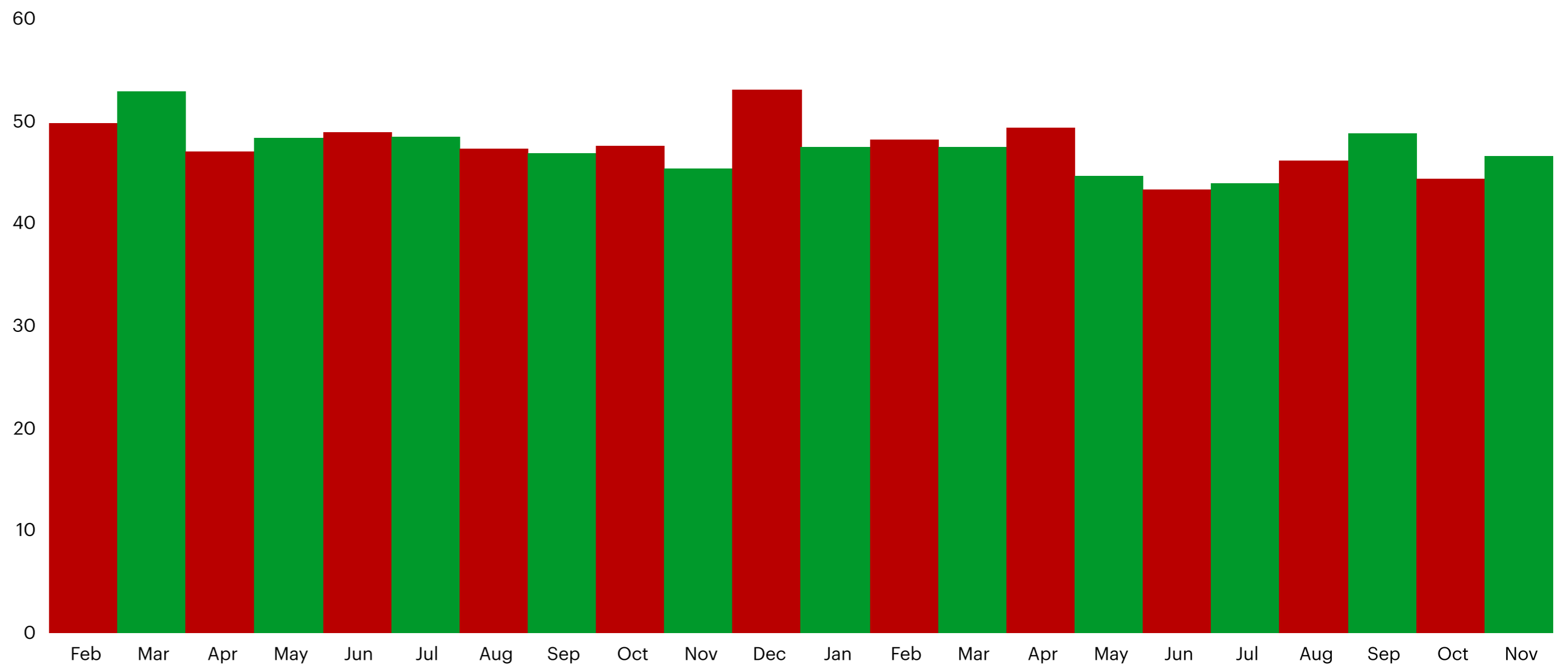
At the same time, while purchasing of physical gift cards online fell back to 32.6% in November 2023 (vs. 36.5% in October 2023), this still represented an increase on November 2022 (30.5%). Demand here will have benefitted from higher demand for purchasing via work incentive programmes.

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



Continued

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

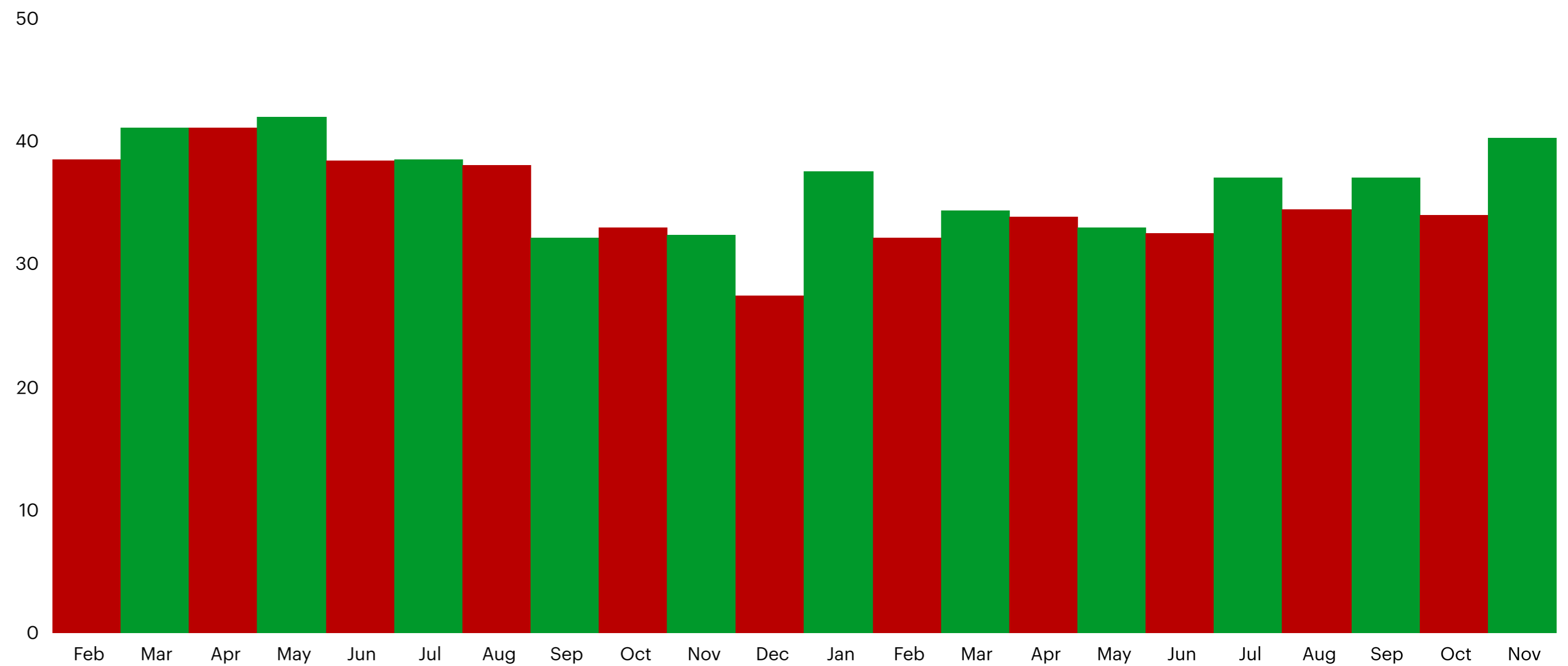


Multi-store gift cards see strong performance over November

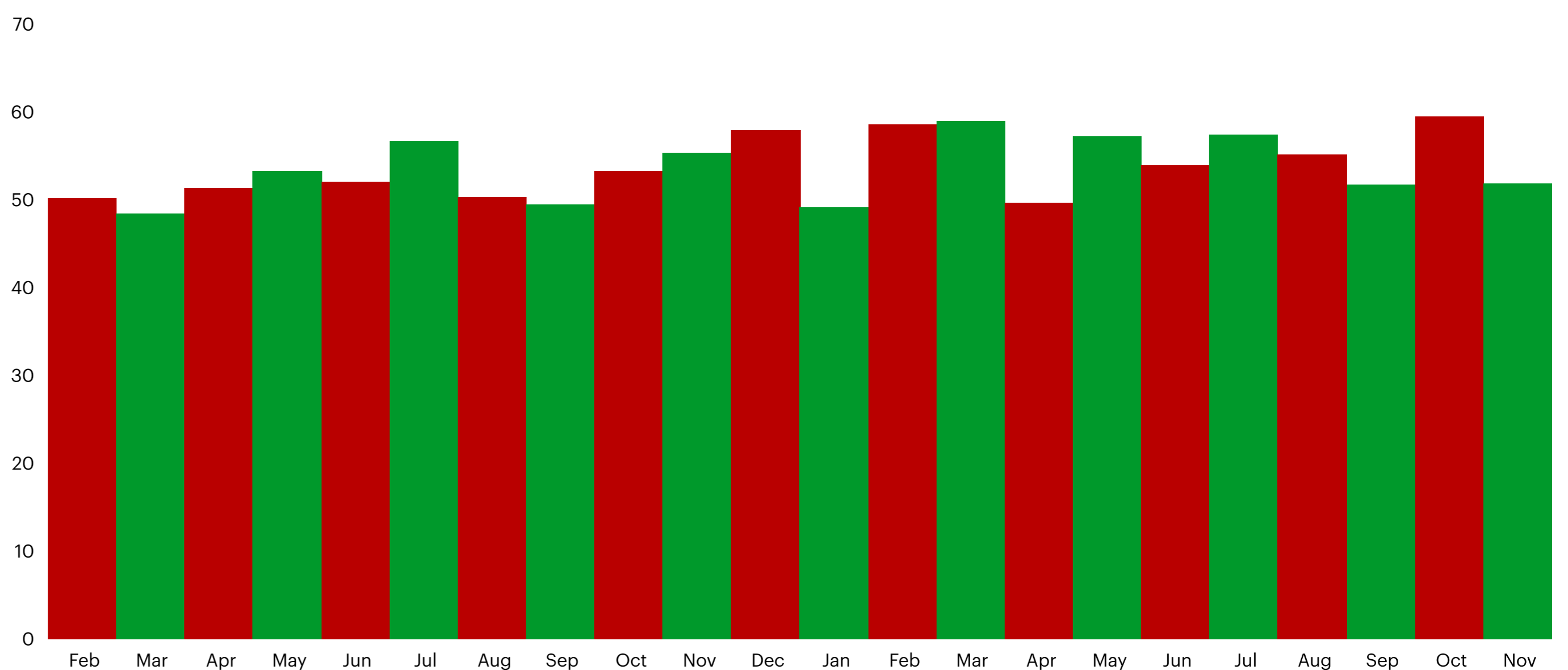
The proportion of gift card buyers purchasing multistore gift cards was at 40.3% over November 2023, higher than both October 2023 (34.0%) and November 2022 (32.4%). Here, there are potential benefits from promoting the potential of multistore cards in helping consumers to shop around for the best deals.

Elsewhere, with 51.9% purchasing retail gift cards over November 2023, this represented a decline both compared to October 2023 (55.4%) and, even more notably, compared to October 2023 (59.4%). In the immediate run-up to Christmas, demand here should benefit by more experiential and sustainable physical options.

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



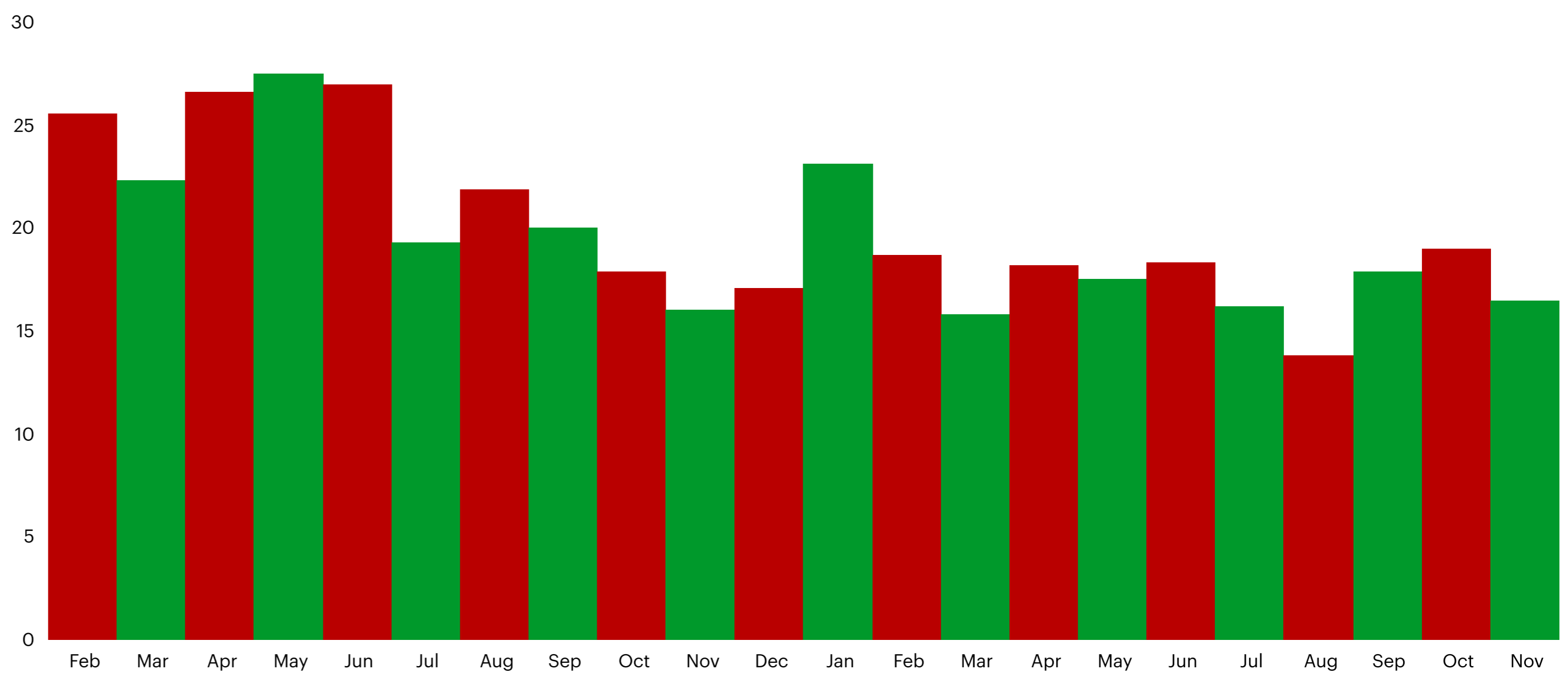
A retail gift card - a gift card for a specific high street retailer or a store branded gift card



Experience and leisure gifts cards see year-on-year growth over November

Over November 2023, 16.5% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, or hotel stay), which represented an increase on November 2022 (16.0%). Elsewhere, 14.0% of UK gift card buyers purchased leisure gift cards (e.g. for travel, theatre tickets, spa days), which was up compared to November 2022 (12.9%). Both leisure and experience gift cards have suffered over 2023 amid the return to holidaying abroad, and the more general greater financial priority placed on the main summer holiday. However, there are signs that shoppers are seeing these as good gifting options for Christmas 2023.

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

