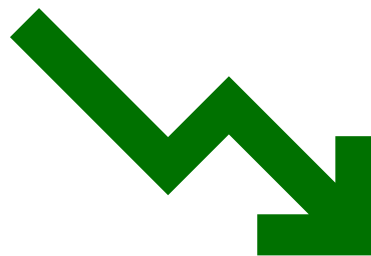


The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards over 2020. The November fieldwork went to field on November 1st 2020, and was designed to explore habits over October 2020. A UK nationally-representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the October calendar month, with comparisons made between October and September 2020.

Coronavirus will take £18.9bn out of UK retail spend in 2020

GlobalData's revised 2020 forecasts assume that that non-essential shops will reopen on December 2nd in England (November 9th in Wales) and will be allowed to remain open from thereon in. For 2020, the reopening of stores saw an initial pop in spending, but store operating restrictions and a reluctance of some consumers to go to busy places, mean this has not been a return to normal. GlobalData forecasts that the total retail market for 2020 will be £327.4bn, compared with our original pre-COVID-19 forecast of £346.3bn.



GlobalData's Pre
COVID-19 2020 UK Retail
Spending Forecast

£346.3bn

GlobalData's Revised
2020 UK Retail
Spending Forecast

£327.4bn

In relation to the impact on a sector level, it is non-food categories that have been most hit during 2020. For example, Clothing and Footwear have been the two retail sectors worst hit by coronavirus, due to their non-essential nature, and the cancellation of events that would normally have prompted clothing spend. GlobalData forecasts that total spend across Clothing and Footwear will decline by £14.2bn in 2020, which will represent over a quarter lost from market value. At the other end of the scale, the pandemic has led to an extra £11.2bn in food & grocery spend in 2020. This additional growth stems 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.



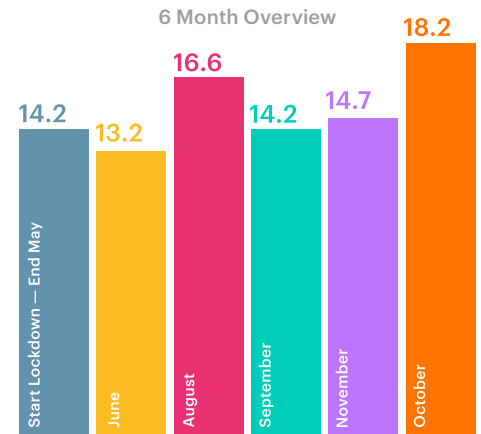
2020 Decline
£14.2bn

In a worst-case scenario, lockdown two could be extended, resulting in shops being highly limited or even shut completely for long spells of the festive period but, even if open, consumers are likely to operate with extreme caution for fear of getting ill or having to isolate over the festive period. Combined with uncertainty about the economy and personal finances, store-based retail is therefore set to be in for a difficult period and is unlikely to see anything like the same degree of uplift typically experienced in the fourth quarter.

Further increase in gift purchasing over October

October saw a further boost in overall gift buying – either in the form of physical gifts, gift cards for other people or self-use gift card purchases – with 35.9% purchasing vs. 30.2% last time around. The increase in gift buying overall was driven by a strong increase in purchasing across both physical gifts (18.7% vs. 15.6%) and physical gift cards for someone else (18.2% vs. 14.7%). Gift purchasing over October was at its highest rate since the GCVA started tracking this metric, back in May 2020. This increase is despite the impact of regional lockdowns and restrictions, on areas such as Wales, the North West and Yorkshire, and suggests that some gift purchasing may have been brought forward in anticipation.

Did you purchase a gift card for somebody else?



Further increase in gift purchasing over October

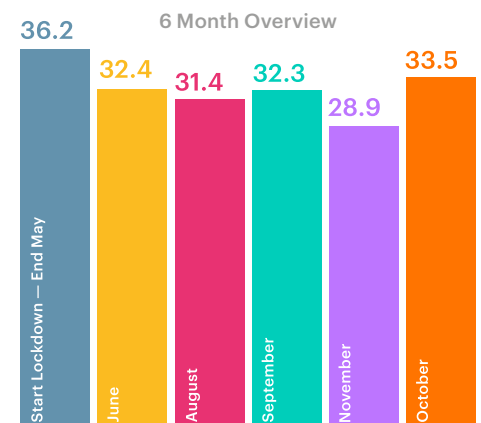
Online is driving demand for gift cards

Over a third of gift card purchasers (33.5%) bought a physical card online over October compared to 28.9% who did so over September. This increase was especially pronounced among the Baby Boomer cohort, with 29.7% purchasing physical gift cards online vs. 23.8% in September. The research highlights some key drivers here, with 29.3% of overall gift card purchasers (vs. 25.7% in September) stating that they purchased physical cards online as it was easier to get these delivered, and 29.4% (vs. 29.0% in September) stating that they purchased gift cards as it has been more difficult to choose physical gifts.

Online was also a key indirect driver of demand for gift cards, with 21.6% of gift card purchasers saying that they purchased a card for someone else to help the recipient shop online (vs. 18.5% in September). This driver is seeing particular growth in importance among younger shoppers; 23.0% of Gen Z consumers purchased gift cards to help the recipient shop online, compared to 16.1% in September.

With there being significant uncertainty around the prospects for non-essential physical stores reopening in December, online will play a crucial role for gift cards demand over the festive period. To this end, there has been a significant jump in agreement among respondents suggesting that they are more likely to purchase gift cards as it has become more difficult to purchase physical gifts over the coming months (46.1% - the highest level since the research programme began back in May 2020).

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

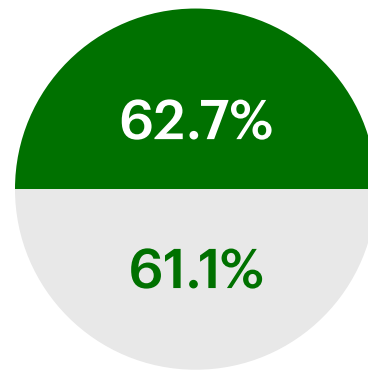


Online is driving demand for gift cards



Multi-store demand bounces back

37.7% of gift card purchasers purchased a multi-store gift card over October vs. 36.9% in September. At the same time, there has been a slight dip in demand for single store retail gift cards (49.5% vs. 49.9%). This trend is reflective of the impact that restrictions are having both on the ability for consumers to redeem gift cards at specific stores, and the greater uncertainty around the long terms prospects for specific companies. Indeed, 62.7% agreed that they are concerned about buying gift cards for brands that might not be around for too long (vs. 61.1% in September).

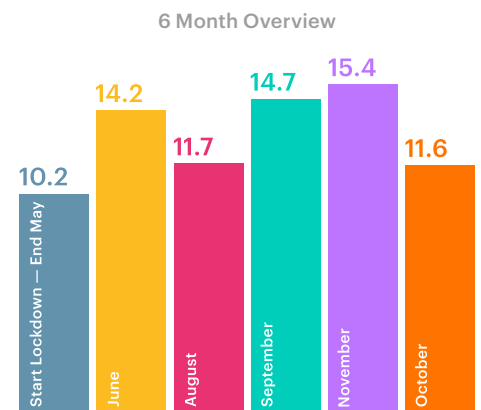


Consumers concerned about the risk in buying specific brand gift cards

Further restrictions have hit demand for leisure gift cards

Perhaps unsurprisingly, demand for leisure gift cards (e.g. Travel, theatre tickets, spa, dining) took a significant hit over October, with 11.6% of gift card purchasers buying these cards vs. 15.4% in September. This is the lowest level of purchasing since this research began back in May and is indicative of the significant pressures that the leisure industry is facing. This trend inevitably isn't uniform across the age-groups, with purchasing of leisure gift cards actually increasingly slightly among Gen Z shoppers (15.5% vs. 14.6%), but declining markedly among Baby Boomers (5.1% vs. 6.9%).

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



Further restrictions have hit demand for leisure gift cards