

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 25th 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 May fieldwork went to field on June 1st 2022 and was designed to explore habits over May 2022. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the May 2022 calendar month, with comparisons made between May 2022 and May 2021. Where relevant, comparisons have also been made to the wider tracking period.

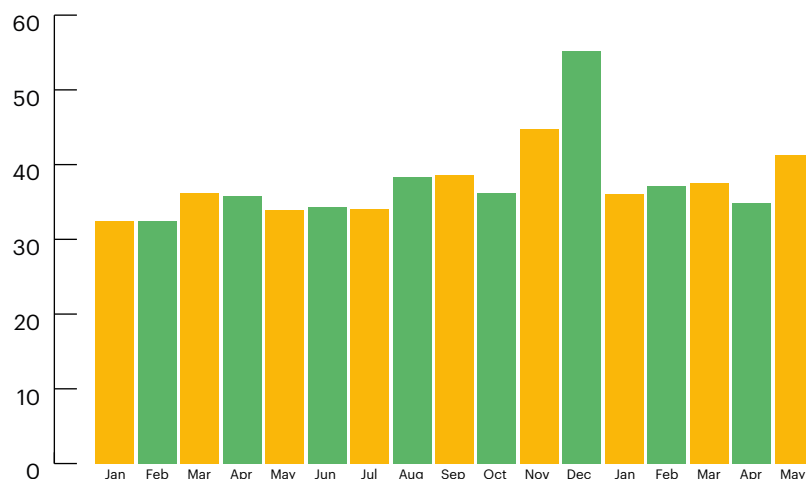
Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to reach £358.1bn in 2022

UK Retail spend is forecast to reach £358.1bn in 2022, a rise of 0.7% on 2021. This will be inflationary driven, with volumes forecast to decline 5.5%. Consumers are now facing a cost-of-living crisis, with the Bank of England forecasting inflation to touch 11% in Q4 2022, far from the bank's target of 2% - which is not expected to be met until 2024. Rising food, fuel, and energy prices mean budgets are stretched, and spending on non-essential items will be reduced, despite some mitigation from government interventions. Online penetration is forecast to fall in 2022 to 24.3%, a drop of 1.9ppts on 2021 as consumers return to shops and spend less time at home as a result of there being no further COVID-19 restrictions in place.

Gift purchasing hits highest non-peak level since the start of the pandemic

Over the May 2022 calendar month, 41.3% of UK consumers said that they purchased gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases. This not only represents an increase vs. both May 2021 (33.9%) and April 2022 (34.9%) but is the highest level of non-peak purchasing since GlobalData started tracking. According to the Met Office, in a series that goes back to 1884, May 2022 was the fifth warmest on record. Against a post-pandemic, restriction-free backdrop, UK consumers have felt further encouraged to attend and organise social events.

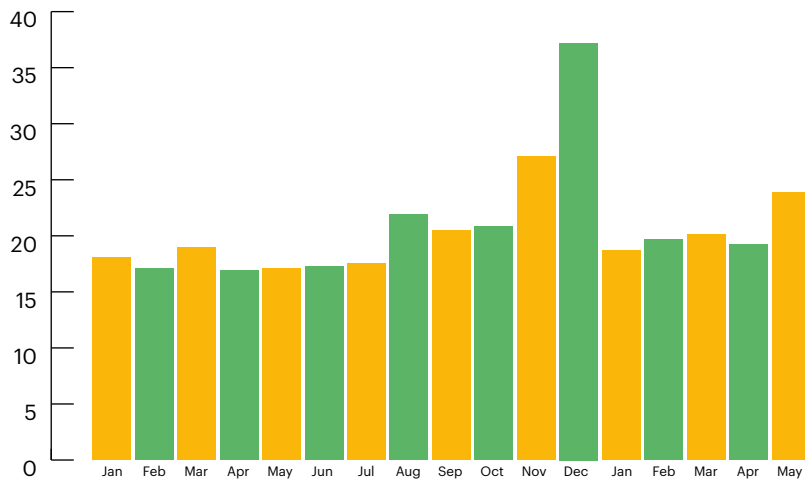
Did you purchase any of the following:  
**Gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases**



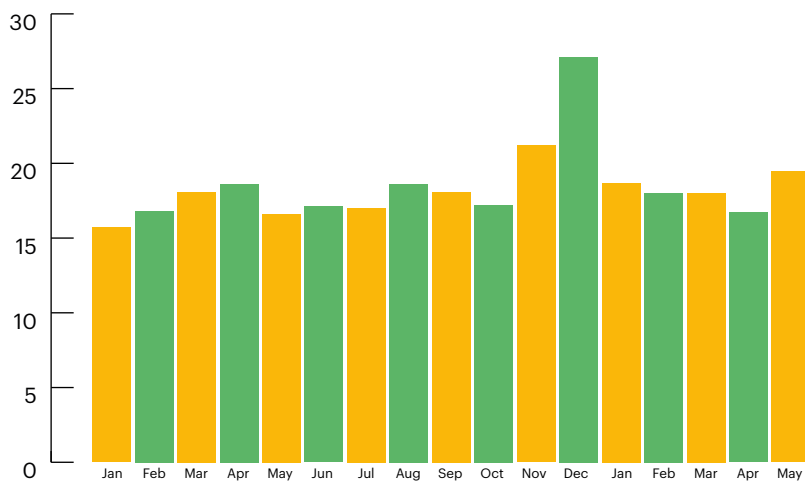
Both physical gifts and gift cards saw purchasing growth

The proportion of UK consumers purchasing gift cards for someone else saw a year-on-year increase to 19.4% in May 2022 vs. 16.6% in May 2021. Physical gifts for someone else also saw an increase in purchasing, at 23.8% in May 2022 vs. 17.1% in May 2021. This is reflective of social occasions and physical get-togethers being permitted again in 2022, with 2021 seeing hospitality venues not reopening until mid-May. The rising relevance of gift cards during the pandemic, combined with rising inflation on physical items means that the medium is well-placed to represent a strong alternative, particularly given that cards are purchased at fixed denominations.

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



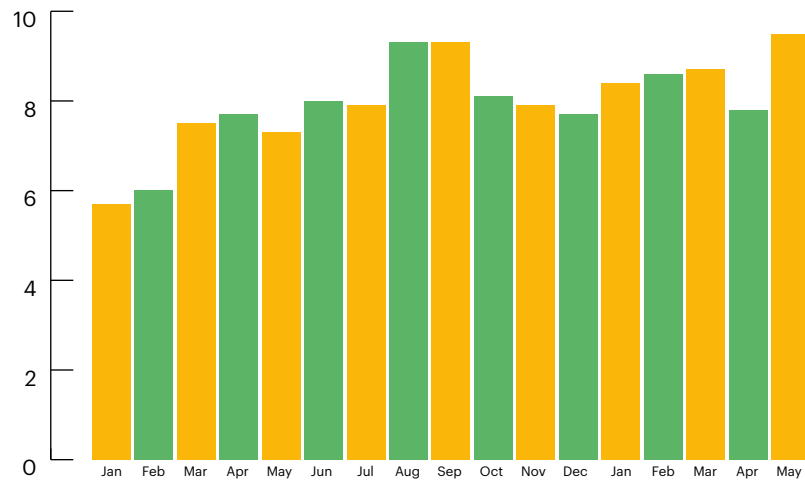
Did you purchase any of the following:  
**A gift card for somebody else**



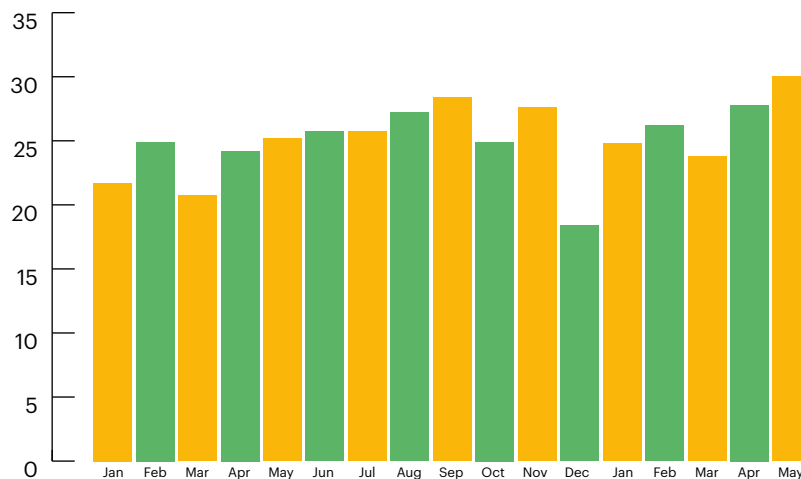
Self-use purchasing at its highest level

The proportion of respondents purchasing a gift card for self-use increased to 9.5% over May 2022, which is the highest level since GlobalData began tracking, back in May 2020. The relevance of self-use continues to be underpinned by several drivers, including the rise of work reward and incentive programmes and the potential for gift cards to support with saving money. Indeed, the proportion of gift card purchasers buying physical gift cards through work reward/incentive programmes was 30.0% over May 2022, which was also the highest level since GlobalData began tracking, back in May 2020.

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



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

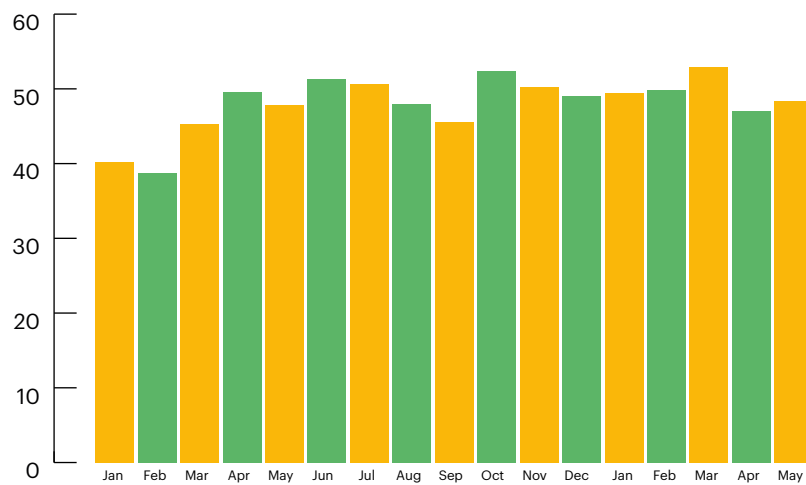


Physical online purchasing sees strong year-on-year performance

42.3% of gift card buyers purchased physical gift cards online over May 2022, compared to 35.6% over May 2021; the highest level since GlobalData began tracking. The strong demand for physical cards purchased online is reflective of a preference for shoppers to gift tangible items. Demand has also benefitted from an end to the delivery issues that impacted online fulfilment during the pandemic. Physical gift cards purchased instore also saw growth in purchasing penetration, at 42.3% in May 2022 vs. 35.6%.

Conversely, the proportion of gift card purchasers buying digital gift cards was at 21.3% over May 2022, compared to 24.3% in May 2021. The rise of physical gift cards, as opposed to digital, can be attributed to shoppers being better able and confident to redeem these cards in physical locations.

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



A physical gift card from a retailer/gift card issuer online



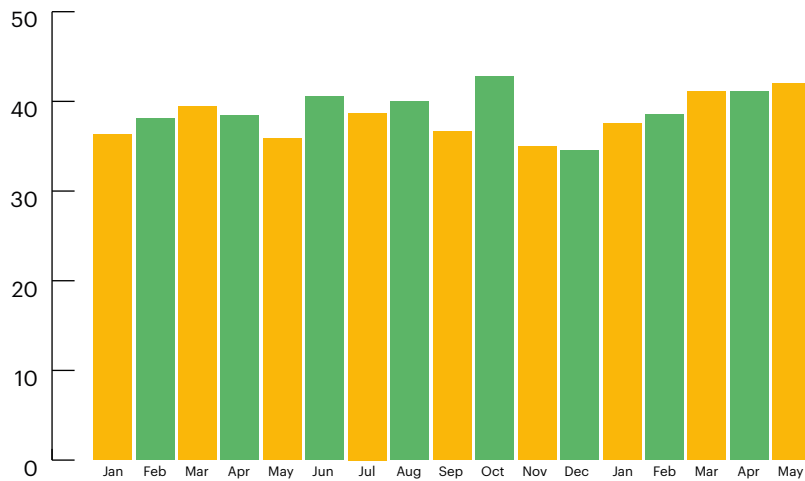
Both multi-store and single retailer gift cards saw robust performance over May

The proportion of gift card buyers purchasing multi-store gift cards increased to 42.0% in May 2022 vs. 35.9% in May 2021. At the same time, the proportion purchasing single retailer gift cards grew to 53.2% over May 2022 vs. 48.7% in May 2021.

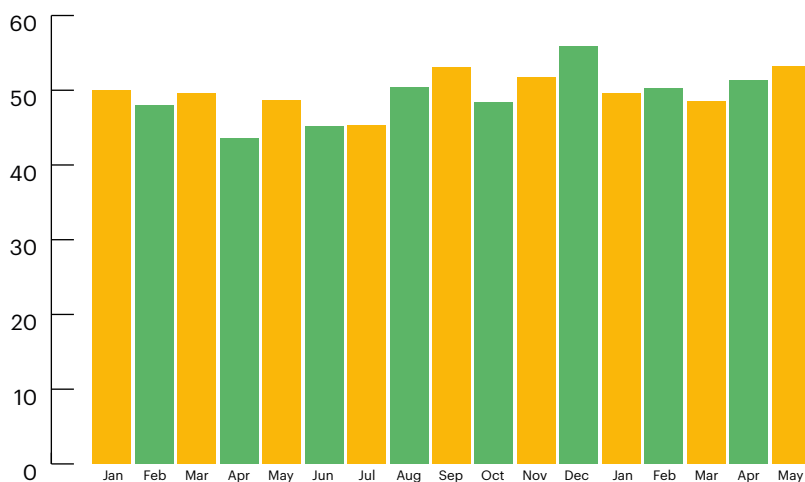
The increasing penetration of retail gift cards reflects the increased inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic. Moreover, purchasing of cards of specific brands suggests higher confidence that these operators will still be around for cards to be redeemed, following the uncertainty in UK retail over much of the last 24 months. For multi-store gift cards, these cards facilitate users being able to shop around for the best prices, which is becoming more important given the growing influence that inflation is having on UK consumers.

**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



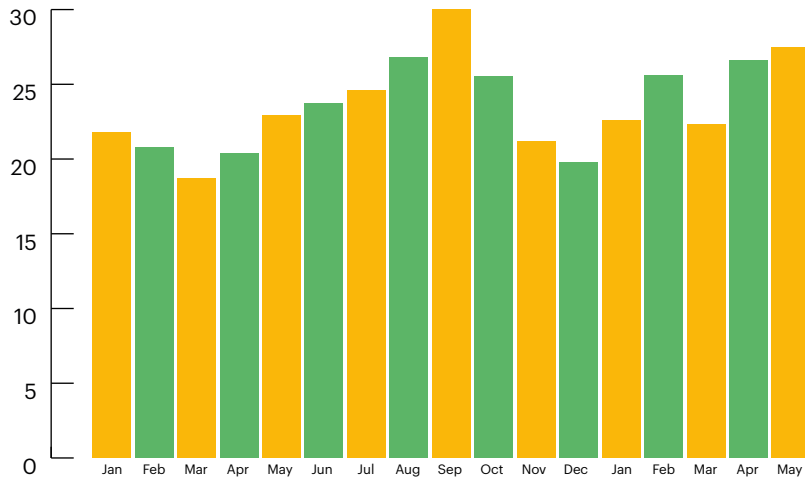
**A retail gift card – a gift card for a specific high street retailer or a store branded gift card**



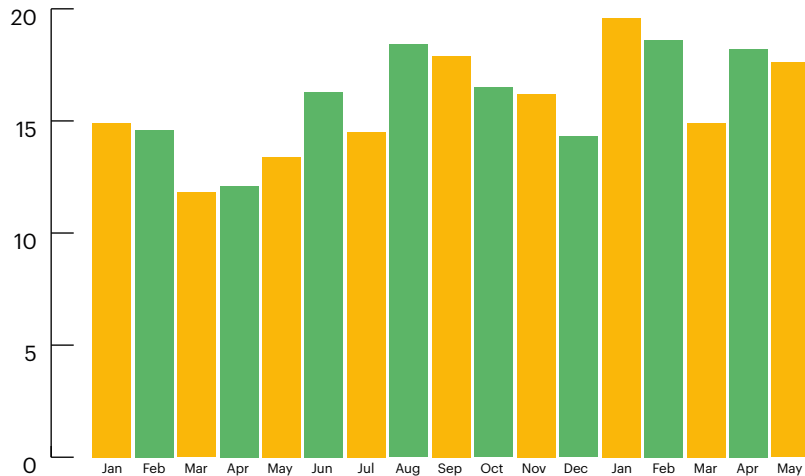
Demand for leisure and experience gift cards remains strong

Both experience gift cards (27.5% vs. 22.9%) and leisure gift cards (17.6% vs. 13.4%) saw strong year-on-year purchasing growth among gift card buyers. Gift cards have been an ideal option to facilitate the types of pre-pandemic social activities that were restricted for large parts of 2020 and into 2021.

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



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



Gift cards have an important role in supporting local businesses

Gift cards have proven 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. Now that the UK has seemingly moved into a post-COVID phase, gift cards are set to represent a permanent additional revenue stream for local retail and hospitality operators. Indeed, 36.1% agreed with the statement “I have noticed that more local businesses have started to sell gift cards” – the highest level since GlobalData began tracking this metric, back in December 2020.