

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 32nd 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 December fieldwork went to field on January 1st 2023 and was designed to explore habits over December 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the December 2022 calendar month, with comparisons made between December 2022 and December 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 £361.4bn in 2023

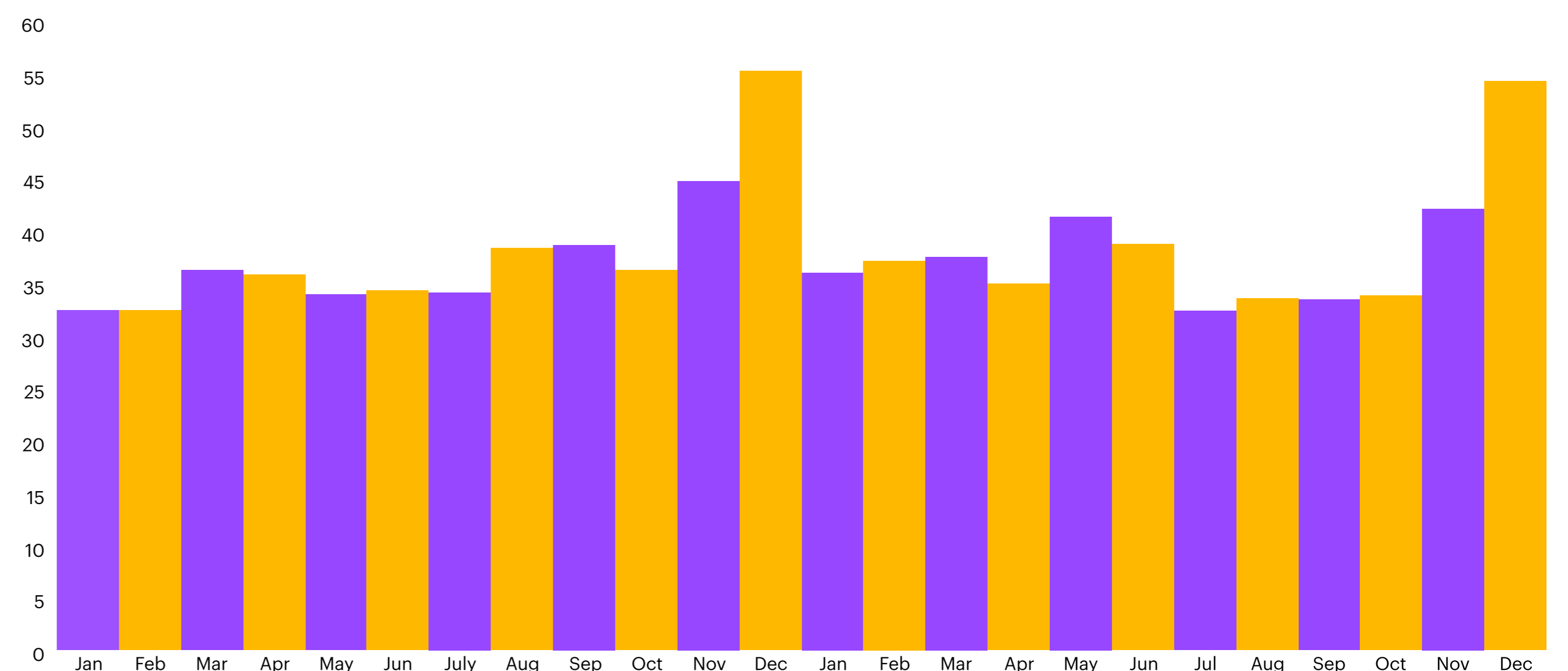
UK retail spend is forecast to reach £361.4bn in 2023, a decrease of 0.4% on 2022. Volumes are forecast to decline 6.2%. The cost-of-living crisis within the UK is deterring all but essential spend, particularly among the less affluent. With the Bank of England reporting inflation of 10.5% in January 2023; 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, despite some mitigation from government interventions. Online penetration is forecast at 23.1% with consumers returning to shops and spending less time at home as a result of there being no further COVID-19 restrictions in place.

Gift purchasing continues to rise, and year-on-year performance is better than expected

In December 2022, 54.2% of UK consumers purchased physical gifts, gift cards or made self-use gift card purchases. This figure increased 12.1 percentage points from November, though was down from 55.2% in December 2021. The monthly uplift in gifting can be attributed to the Christmas period. However, continued cost-of-living pressures have dampened year-on-year spend, with consumers looking to cut back, trade down and save, where possible. The proportion of respondents who said that they held back on purchasing gift cards, as part of wider attempts to reduce non-essential spending, increased from 10.8% in December 2021, to 13.6% in December 2022.

Yet, given the economic environment and financial squeeze across household budgets, December gifting fared better than previously forecasted. Financial cutbacks on gift spending were likely offset by an increase in the volume of gifts purchased, particularly given that social gatherings were still impacted by the pandemic in December 2021.

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

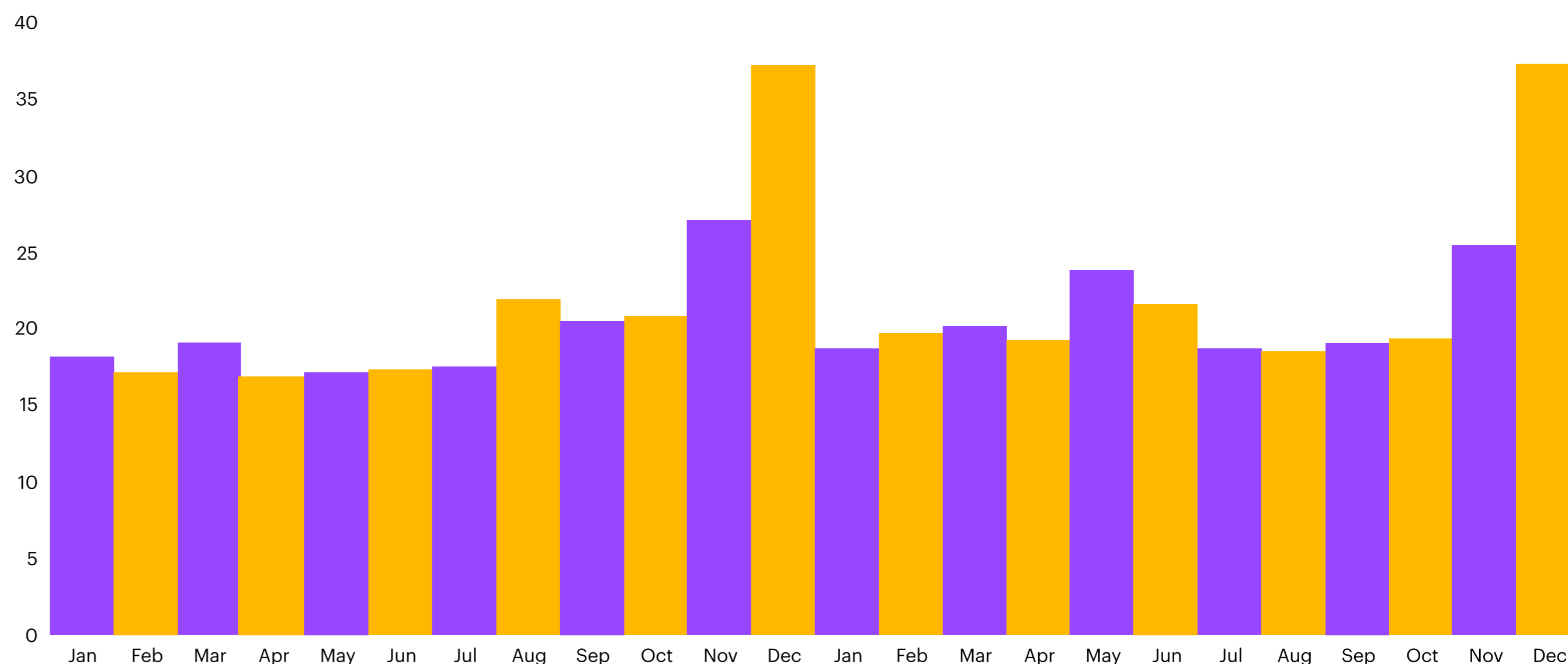


Gift card purchases offer cautious consumers fixed-price stability

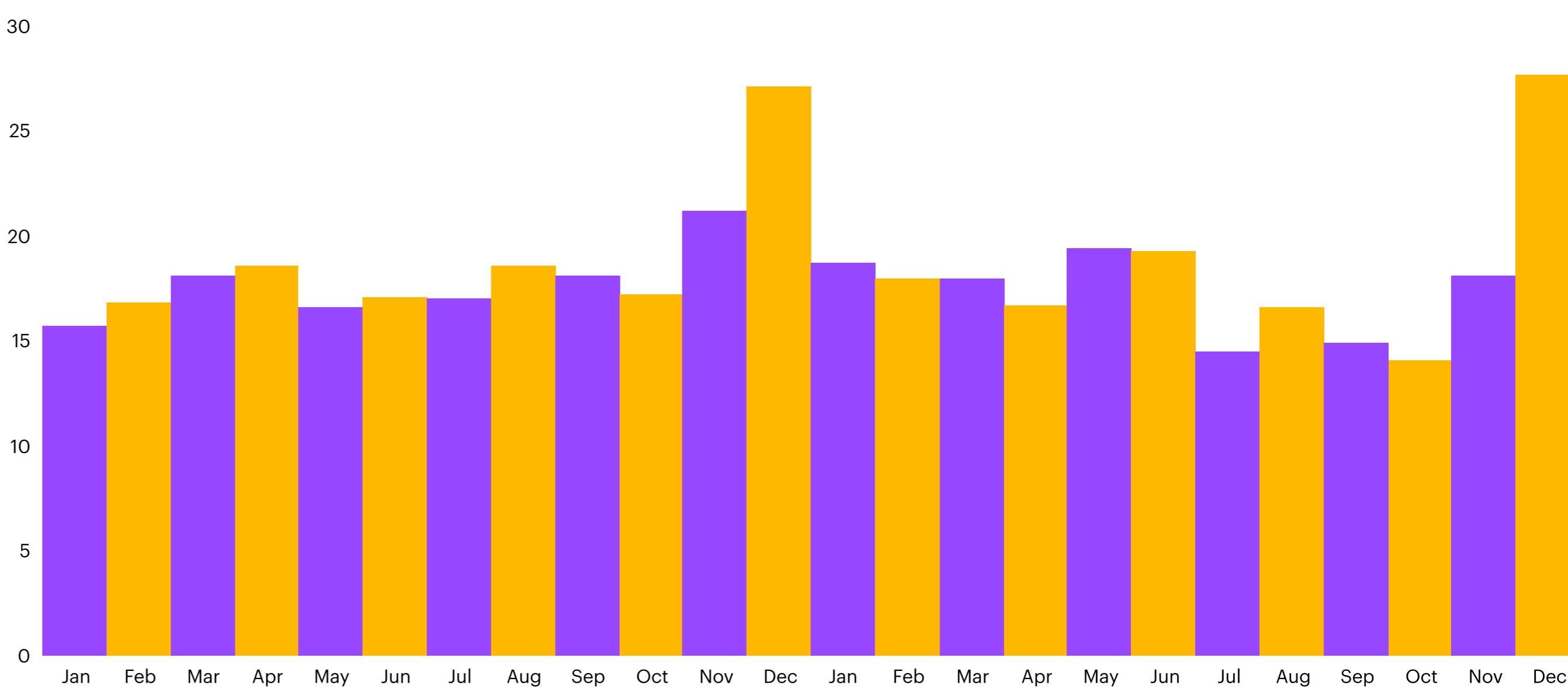
The proportion of UK consumers purchasing both physical gifts, and gift cards for somebody else, increased 11.9 and 9.6 percentage points since November 2022, reaching 37.3% and 27.7%, respectively. Moreover, compared with December 2021, physical gift purchasing for others was relatively stable, while gift card purchasing saw a growth of 0.6 percentage points.

Gift card purchasing likely picked up more traction compared with last year because a fixed-price option was favourable for shoppers who were more reluctant to spend on physical items; many of which have increased markedly in price.

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

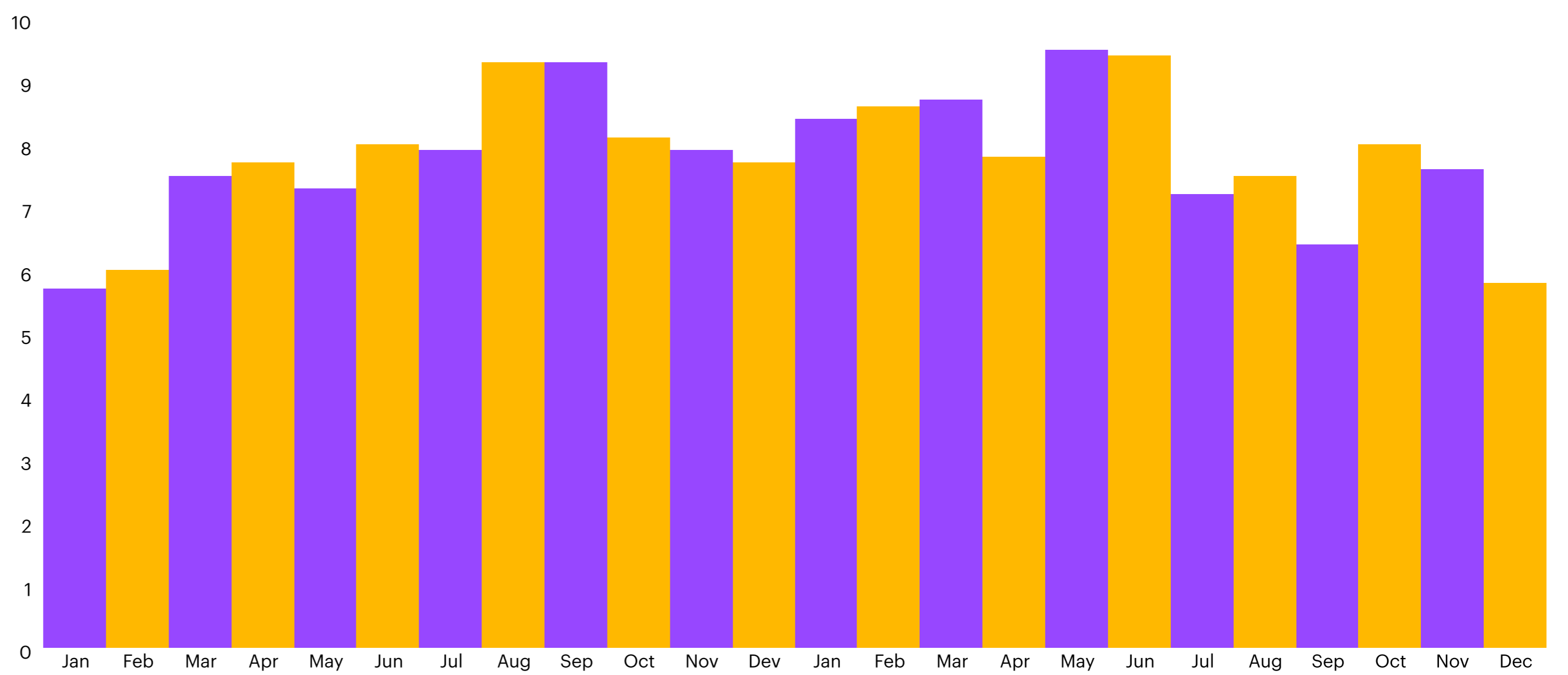


Self-use gift card purchasing declines as shoppers look to cut back on non-essential spending

The proportion of UK consumers purchasing gift cards for themselves fell from 7.6% in November 2022 to 5.8% in December 2022, as financially under pressure shoppers looked to prioritise spending on others. The December 2022 figure was also down 1.9 percentage points from last year, pointing toward yet another sign of consumers making adjustments to their spending and cutting back on non-essential purchases, amid growing cost-of-living pressures.

Of those who did purchase gift cards for themselves in December, 20.1% cited seasonal promotions as the main reason for doing so. The same promotions only captivated 14.5% of consumers looking to purchase themselves gift cards in December 2021, pointing towards a higher proportion of UK shoppers who were looking to capitalise on bargains.

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

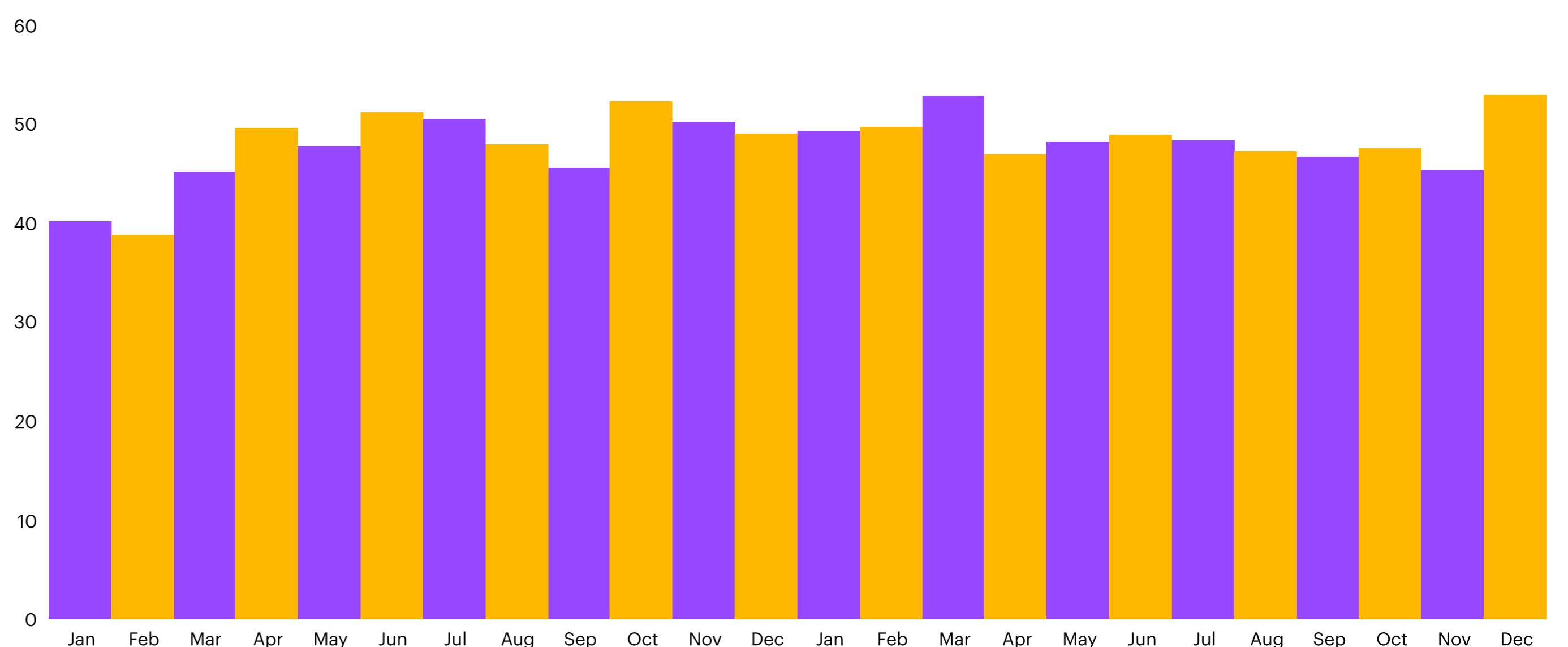


Despite consumers re-embracing physical channels, the use of digital gift cards grew year-on-year

The use of digital gift cards has fluctuated throughout the year as online shopping trends show signs of consolidation and UK consumers re-integrate both on- and offline shopping channels. The proportion of UK consumers who had previously professed a total conversion to digital gift cards reduced from 25.6% in December 2021 to 14.4% in December 2022. During the same period the proportion of consumers who purchased physical gift cards in-store increased 4.0 percentage points, to 53.0%. GlobalData expects this trend to continue as shoppers continue to re-embrace the in-store purchasing experience.

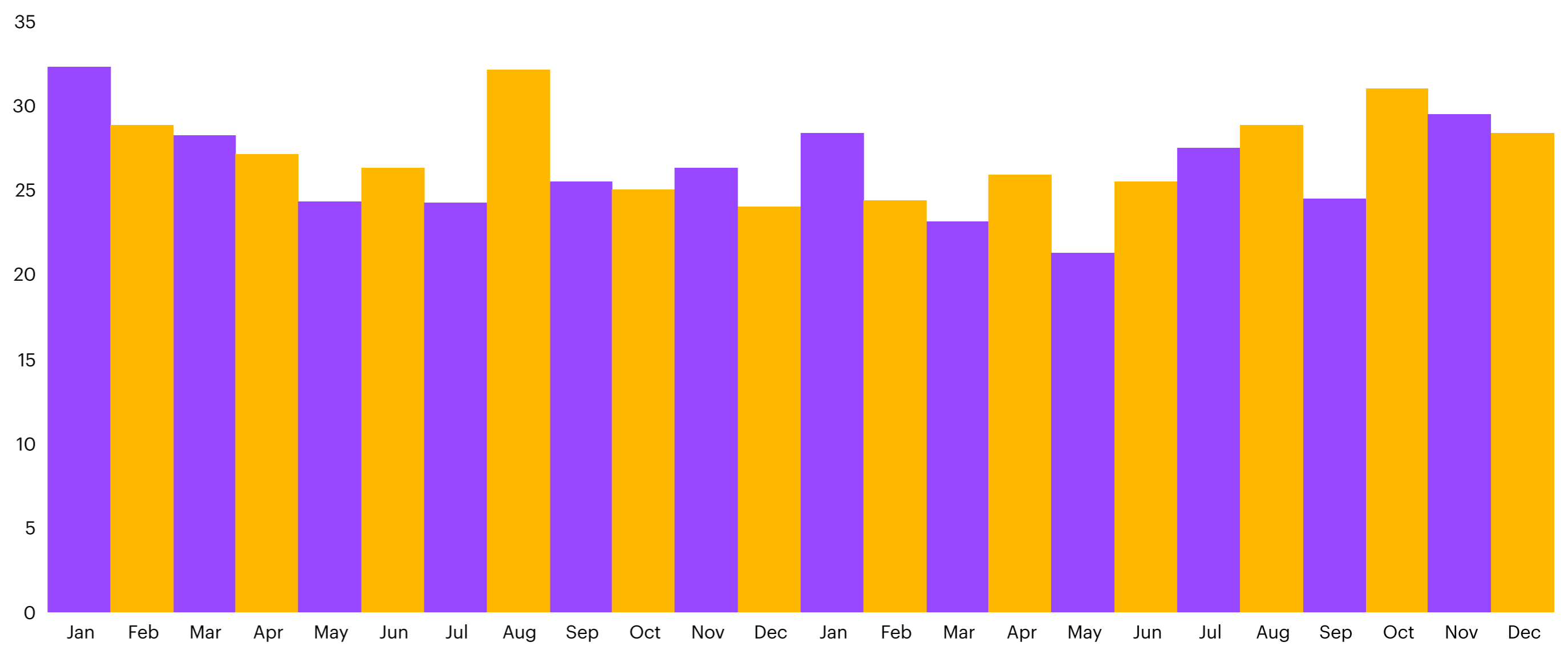
That said, the proportion of UK consumers who purchased digital gift cards in December 2022 increased to 28.4% compared with 24.0% the previous year. Fears of postage delays amid Royal Mail strikes was likely a driver of this increase, with digital gift cards being a good way to mitigate any risks.

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



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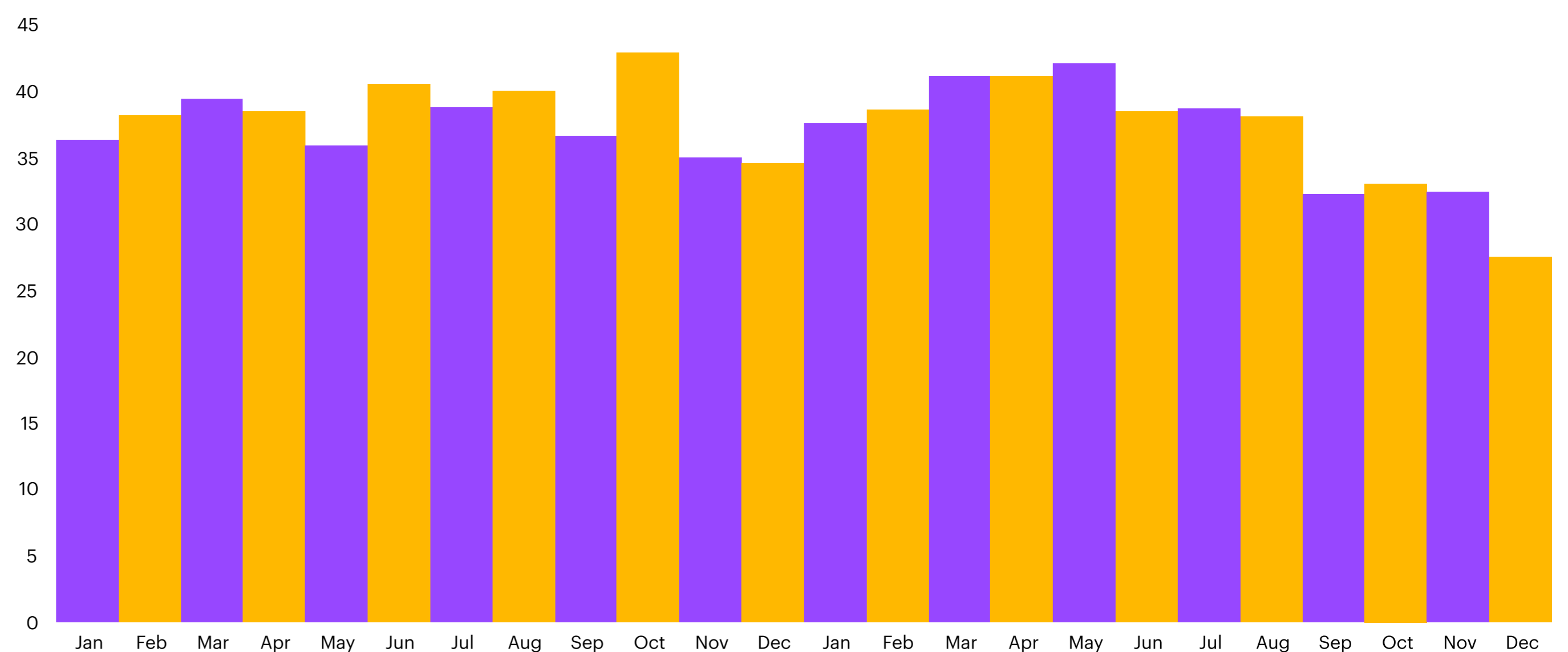
Did you purchase any of the following?
A digital gift card from a retailer/gift card issuer online



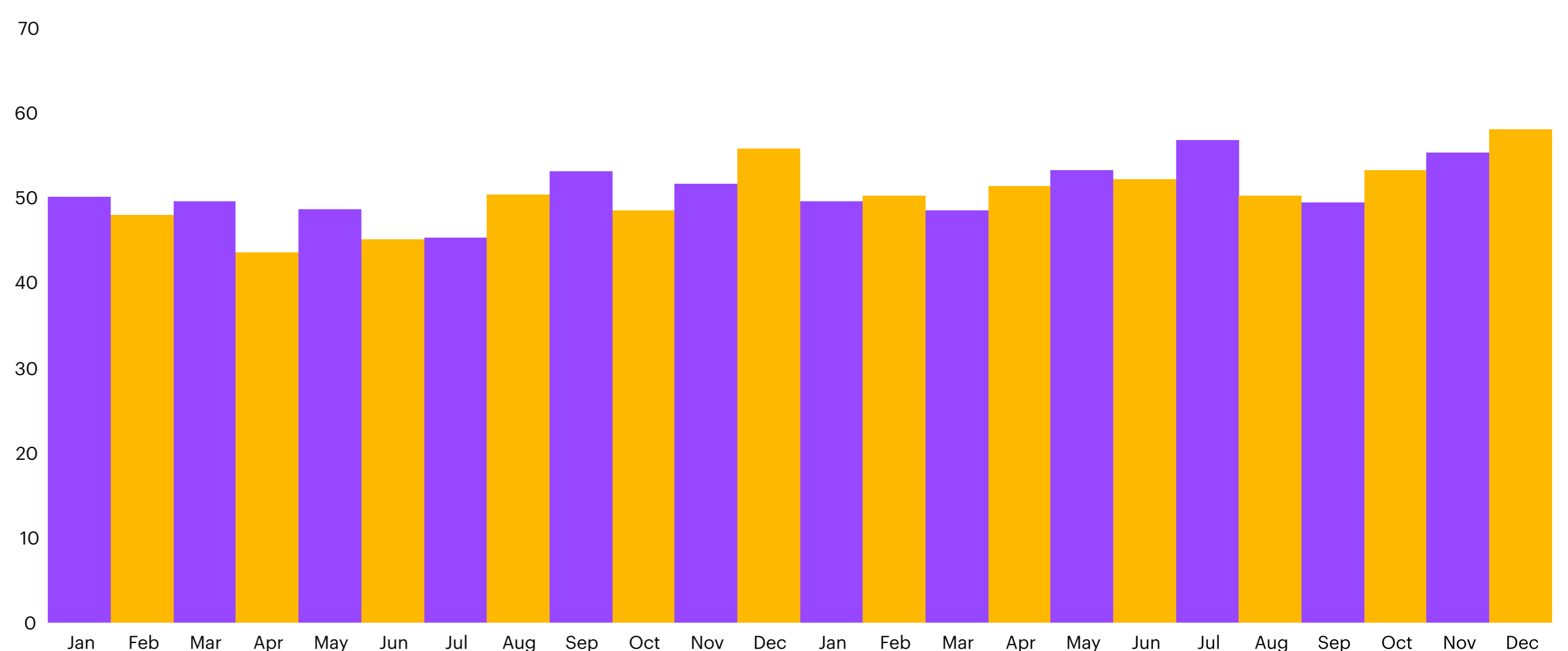
Single-store gift cards are outperforming multi-store gift cards

58% of gift card purchasers bought single-store gift cards in December 2022. This represents growth from 55.4% in November 2022 and 55.8% in December 2021 and is the highest recorded percentage since tracking began in 2020. As single-store gift cards grow in popularity, multi-store gift card purchasing was at its lowest rate since GlobalData began tracking, with just 27.5% of gift card buyers purchasing, compared with 34.5% the year prior. Reasons for this decline include the perception of being less personal or thoughtful as gifts.

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

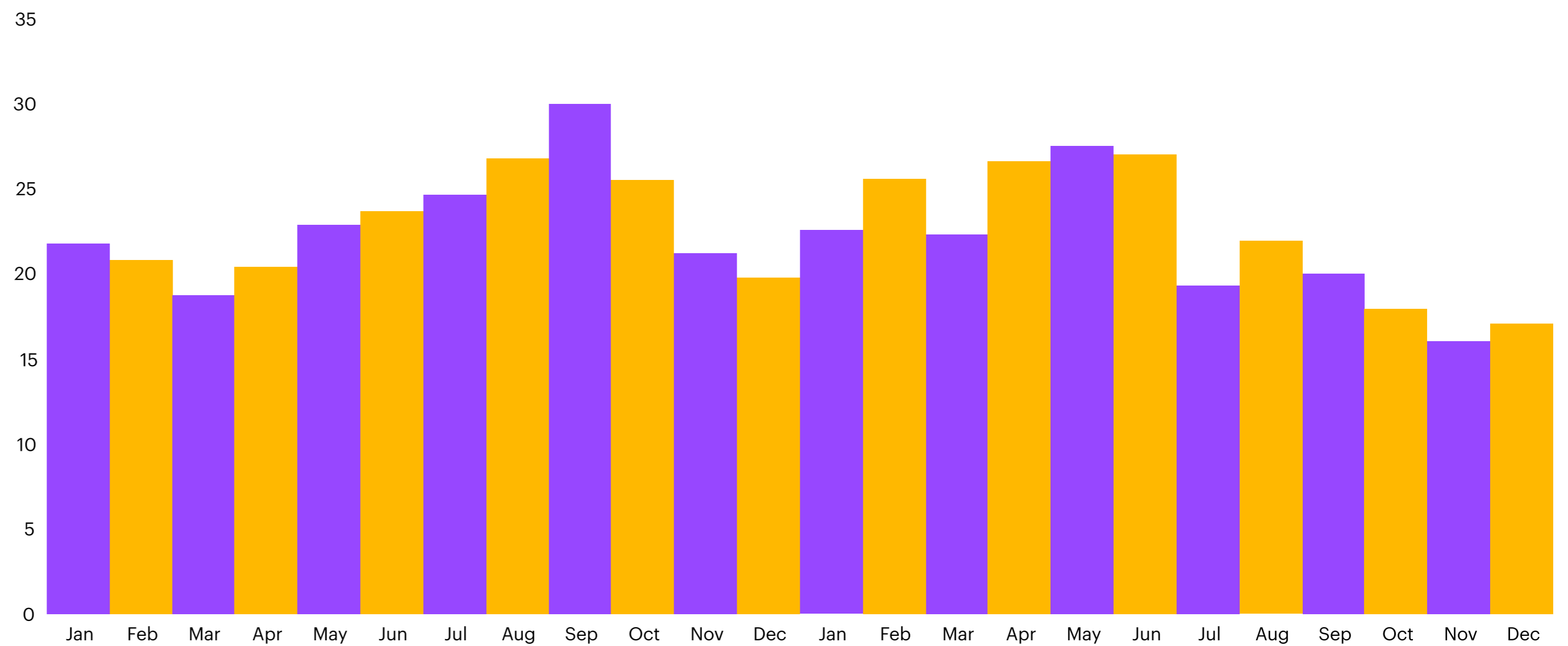


Experience and leisure-oriented gift cards were not as popular this Christmas

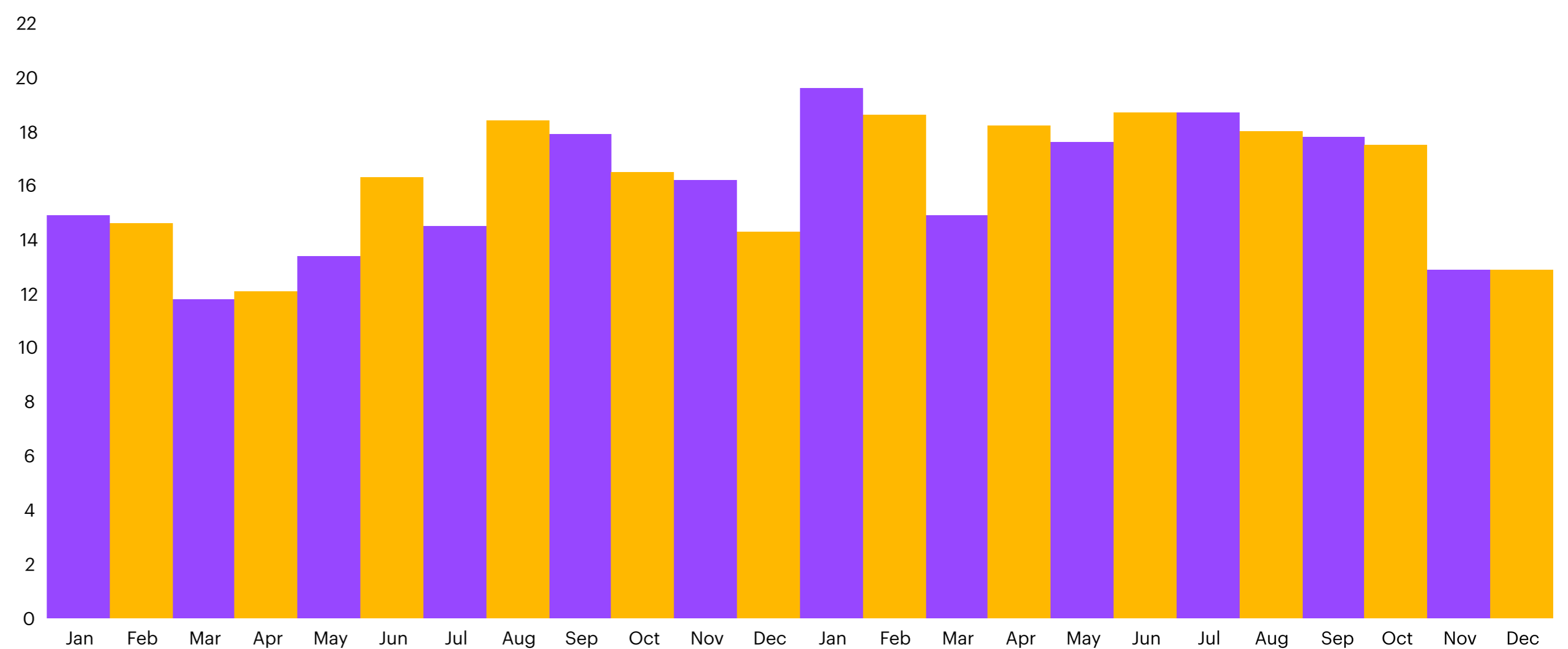
17.1% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, hotel stay) in December 2022, down from 19.8% for the same period in 2021. At the same time, those purchasing gift cards for leisure activities (travel, theatre tickets, spa days) decreased from 14.3% to 12.9% over the same period. An unclear economic outlook for 2023 might have played a part in consumers holding back on such 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



Fewer shoppers are buying gift cards to support their local businesses

As UK consumers become increasingly concerned about how rising costs and utility bills will impact their own household budgets, there is less concern over purchasing gift cards to support local businesses. In December 2022, 32.3% of UK consumers who bought gift cards for themselves were driven by the desire to support businesses on their local high street. In December 2022, this figure decreased to 21%. As long as inflation stays high, it is likely this figure will continue to decline into 2023 as shoppers adapt their shopping behaviours to protect themselves.