

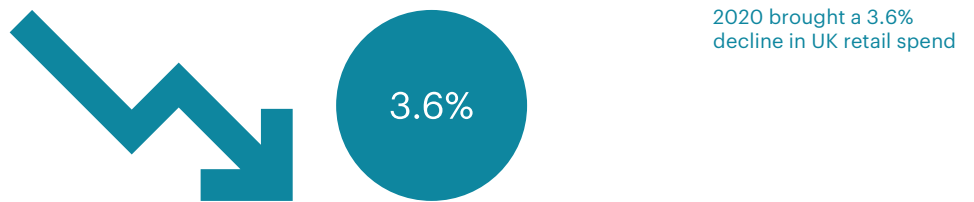
The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards. The February fieldwork went to field on March 1st 2021, and was designed to explore habits over February 2021. A UK nationally-representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the February 2021 calendar month, with comparisons made between February 2021 and January 2021.

UK Retail spending to remain subdued in 2021

2020 brought a 3.6% fall in retail spend, the biggest year-on-year decline in more than fifty years. However, beyond this headline statistic are a wide variety of different experiences. Most marked was the contrast between physical and online performance, with online retail growing 32.4% vs. an -11.1% decline in offline sales.

With fresh restrictions coming into place at the start of 2021, non-food retail demand has remained muted through Q1, and consumer hesitation to visit physical retail stores will remain in Q2, even following the re-opening of physical non-essential retail. Clothing & footwear will continue to be the two retail sectors worst hit in 2021, amid restricted retailer trading and lack of occasion-driven demand.

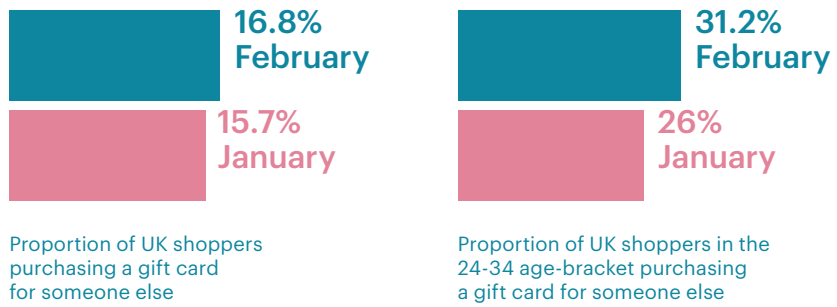


Gifts remains stable in February

Continuing the post-festive lull that occurred over January, the rate of gifting remained consistent over February, with 32.4% purchasing gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases. However, as with January, the overall level of gifting purchasing was still higher than several the previous waves since GlobalData began tracking back in May 2020 – and higher than every month over April-August 2020 – indicative of the transition that shoppers have made to online.



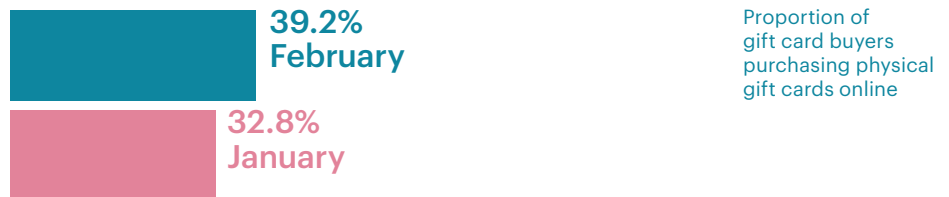
Gift card purchasing increases over February



While there was a slight decline in purchasing of physical gifts in February (17.1% in February vs. 18.1% in January), the proportion of UK shoppers purchasing a gift card for someone else increased to 16.8% (vs. 15.7% in January). This increase was most marked among shoppers in the 25-34 age-bracket, where purchase penetration increased to 31.2% vs. 26.0% in January.

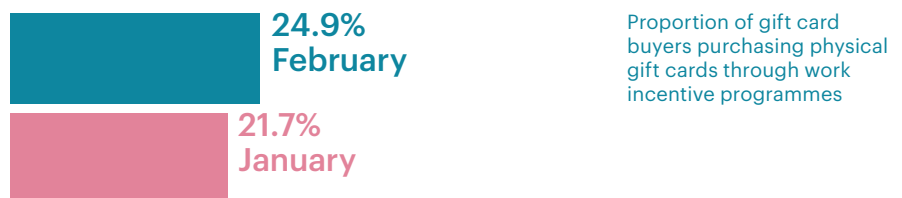
The key cited reason for gift card purchasing was that ‘it has been more difficult to choose physical gifts’ with 32.2% stating this as a purchase driver vs. 30.2% in January. Moreover, 38.9% agreed that they are more likely to purchase gift cards over the coming months (vs. 36.9% in January).

Online gift card purchasing has continued its momentum



The increase in overall gift card penetration has been driven by a rise in the proportion of gift card buyers purchasing physical gift cards from retailers/gift card issuers online, with 39.2% doing so vs. 32.8% in January. This meant that physical gift cards purchased online were the most purchased gift card type for the first time since GlobalData began tracking, back in May 2020. At the same time, there was a slight dip in purchasing of digital gift cards (28.9% vs. 32.3%) and physical gift card from physical stores (38.8% vs. 40.2%).

Purchasing through work incentive programmes was a popular option



Despite a slight dip in purchasing of digital gift cards via work incentive programme, there was a marked rise in purchasing of physical gift cards through these channels, with 24.9% of gift card buyers doing so over February vs. 21.7% in January. This reflects the attractiveness of these discounted options, particularly following a festive spending splurge, as shoppers refocus their spending towards more everyday purchasing.

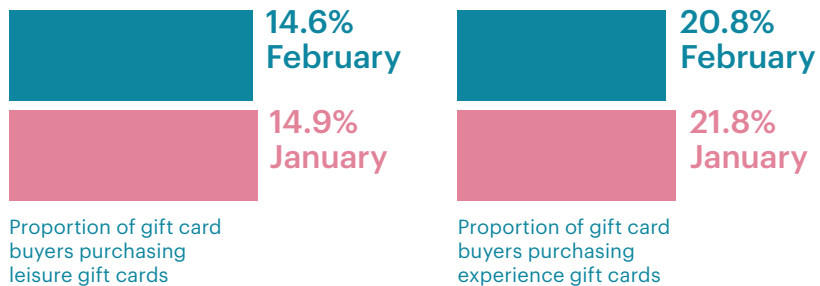
## The trend towards multi-store gift cards has continued



Proportion of gift card buyers purchasing multi-store gift cards through work incentive programmes

February saw a further increase in the proportion of gift buyers opting for a multi-store gift card, at 38.1% vs. 36.3% in January. This represented the highest level of purchasing to this gift card type since tracking started in May 2020. This preference of multi-store is highest among the youngest Gen Z (16-24) generation, with 45.2% of gift card buyers in this cohort opting for these cards. At the same time, just 48.0% of gift card buyers purchased a single store gift card over January vs. 50.0% in January and 56.4% in December. Single store gift cards had benefitted in the run-up to Christmas, with more targeted gift card options often being viewed as a more thoughtful and considered gifting choice. However, with significant uncertainty around the future of UK retail, amid several high-profile closures over 2020, there is a sense that shoppers are opting for the safer choice for their regular gift card purchasing. Indeed, linked to this, 65.5% of respondents agreed with the statement "I am concerned about buying gift cards for brands that might not be around for too long".

## Despite the strict lockdown, demand for experience and leisure gift cards remained robust

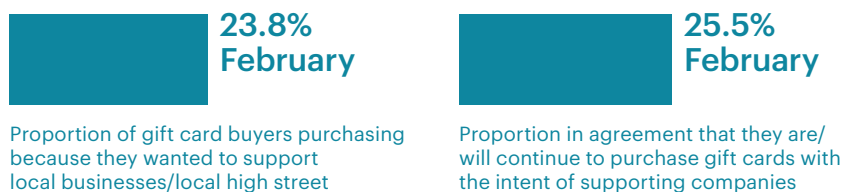


Proportion of gift card buyers purchasing leisure gift cards

Proportion of gift card buyers purchasing experience gift cards

There was a slight dip in purchasing of leisure gift cards (14.6% vs. 14.9% in January) and experience gift cards (20.8% vs. 21.8%). However, for both, the purchasing rates among gift card buyers was at its second highest rate since this tracking began, back in May 2020, following the previous high points the month before. This is despite experiences such as hot air balloon rides and hotel stays not currently being possible, and perhaps reflects the desire among UK consumers for brighter 2021 post vaccine roll-out.

## Gift cards set to have an important role in boosting local businesses over 2021



Proportion of gift card buyers purchasing because they wanted to support local businesses/local high street

Proportion in agreement that they are/will continue to purchase gift cards with the intent of supporting companies

The use of gift cards as a device to support local businesses increased again over February. 23.8% of gift card buyers for someone else said that they did so because they wanted to "support local businesses and/ or my local high street". At the same time, over a quarter (25.5%) agreed that they are/will continue to purchase gift cards "with the intent of supporting companies I like".