

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 34th 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 February fieldwork went to field on March 1st 2023 and was designed to explore habits over February 2023. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the February 2023 calendar month, with comparisons made between February 2023 and February 2022. 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 be £369.2bn in 2023

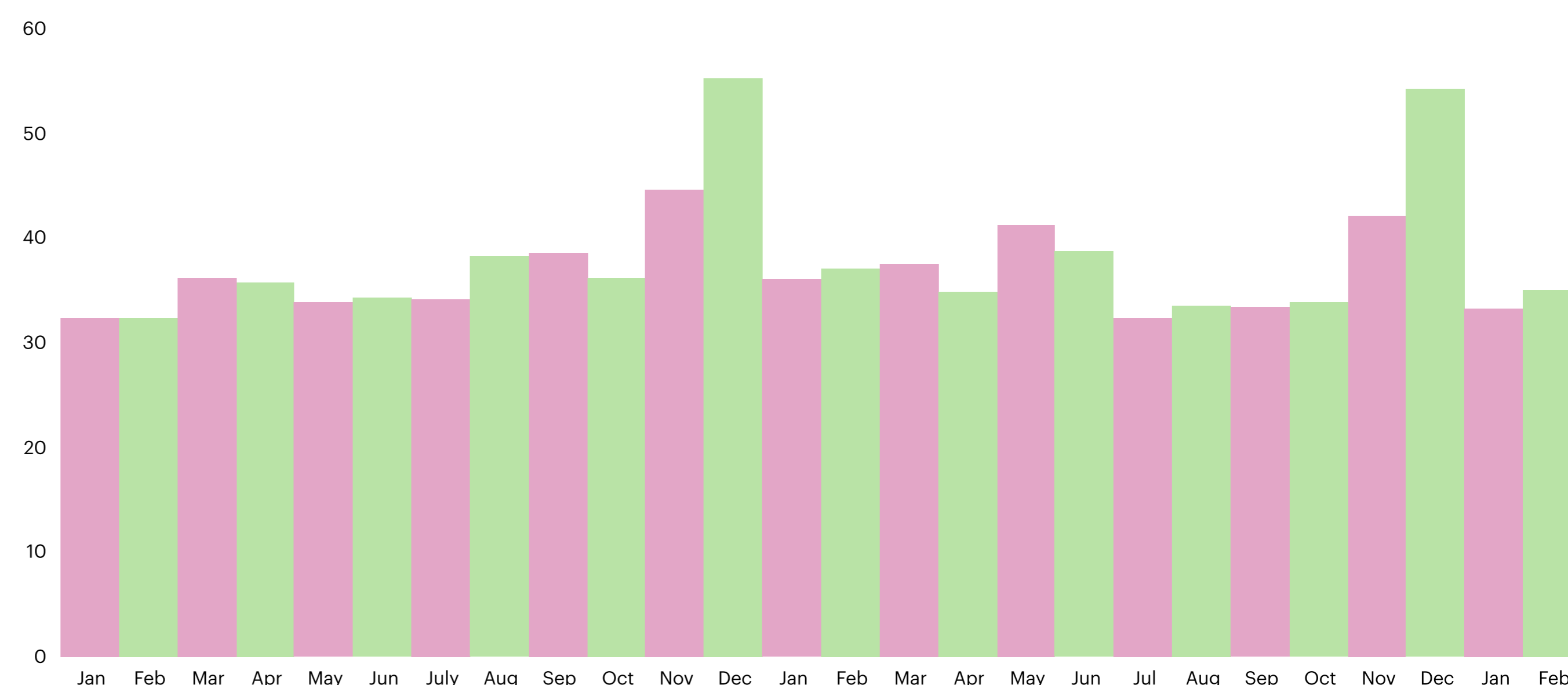
UK retail spend is forecast to be £369.2bn in 2023, a marginal decrease of 0.05% on 2022, with volumes set to decline 6.6%. The cost-of-living crisis within the UK is deterring all but essential spend, particularly among the less affluent. With the ONS reporting the Consumer Prices Index rose by 10.1% in the 12 months to January 2023, far from the Bank of England'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 government interventions (which are going to be less beneficial to consumers than last year in 2023). More households are going to be dragged into paying higher mortgage rates as each month goes by, when their fixed rate deals come to an end, significantly impacting discretionary income.

Gift-giving experiences weaker year-on-year demand

Over February 2023, 35.0% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. While this was slightly up vs. January 2023 (33.3%), it represented a decline compared to the 37.1% of consumers purchasing gifts over February 2022.

This weaker year-on-year performance comes against the backdrop of UK shoppers beginning to feel greater pressure on their disposable incomes, and proactively looking to make cutbacks, where possible. Moreover the Valentine's Day gifting occasion is one where a mutual decision to either reduce spending, or not partake at all, is more easily discussed and reached.

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

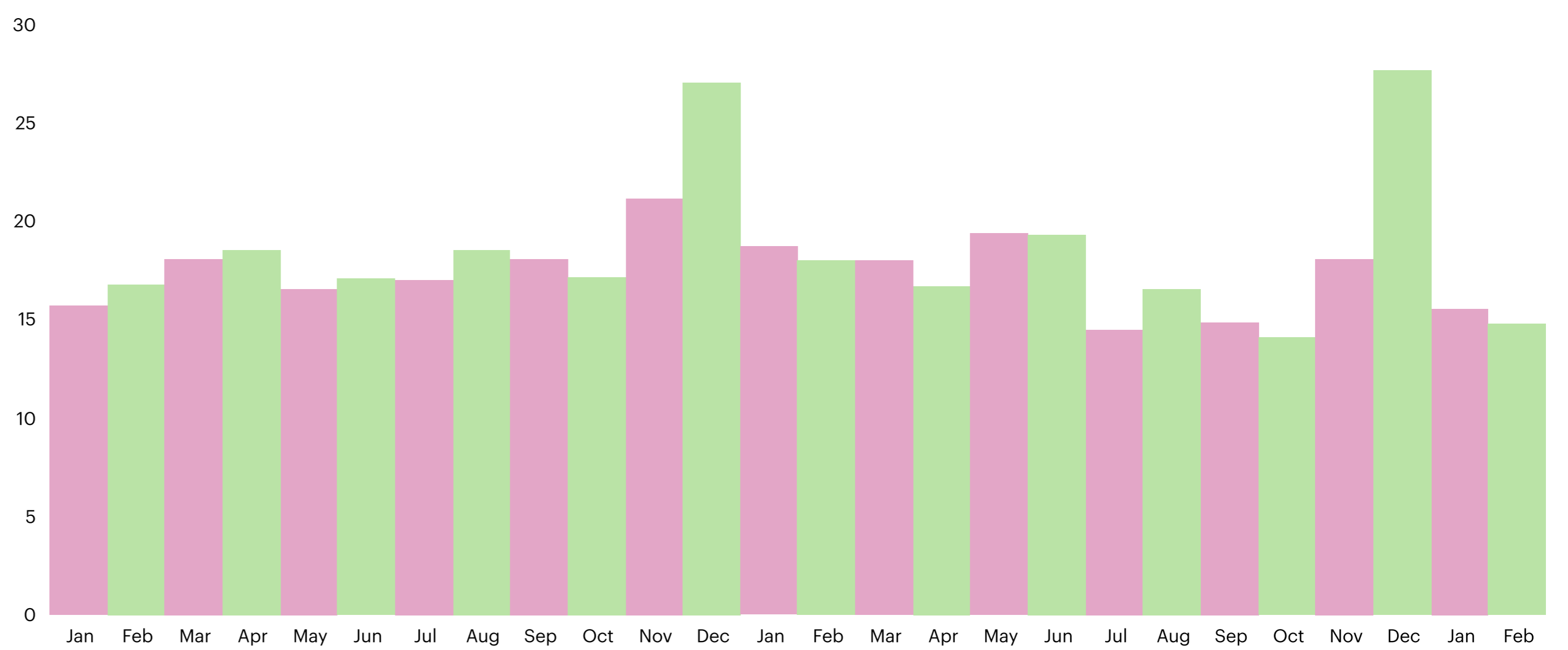


Opportunities for the industry to promote the benefits of gift cards during the cost-of-living crises

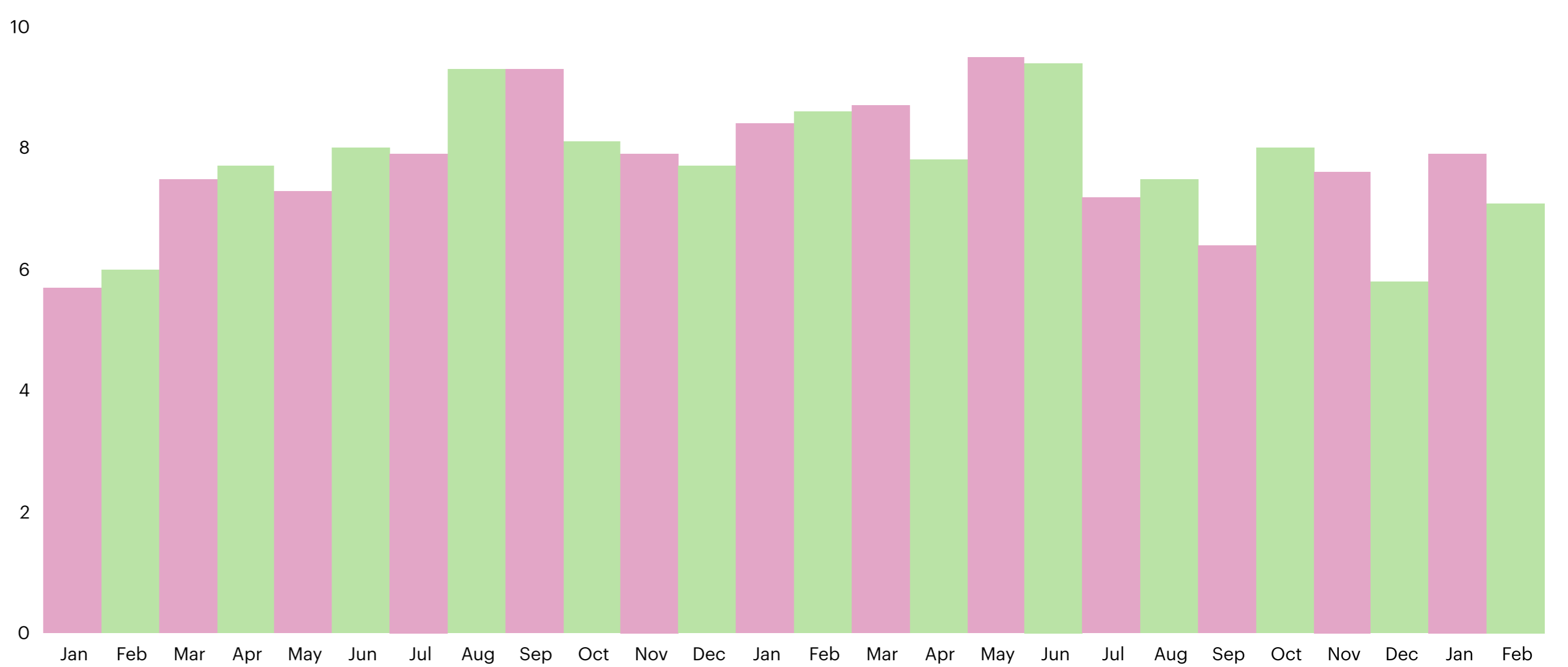
The proportion of UK consumers purchasing gifts cards for someone else was at 14.8% over February 2023; a decline vs. both January 2023 (15.6%), and February 2022 (18.0%). At the same time, self-use purchasing fell back to 7.1% vs. 8.6% in February 2022.

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 over gift cards in the current climate. For the buyer/giver, they benefit from being of a fixed-price option, amid growing prices for physical items. Moreover, 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. The proportion of those purchasing self-use gift cards that cited “to help with saving money” was at 42.9% over February.

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



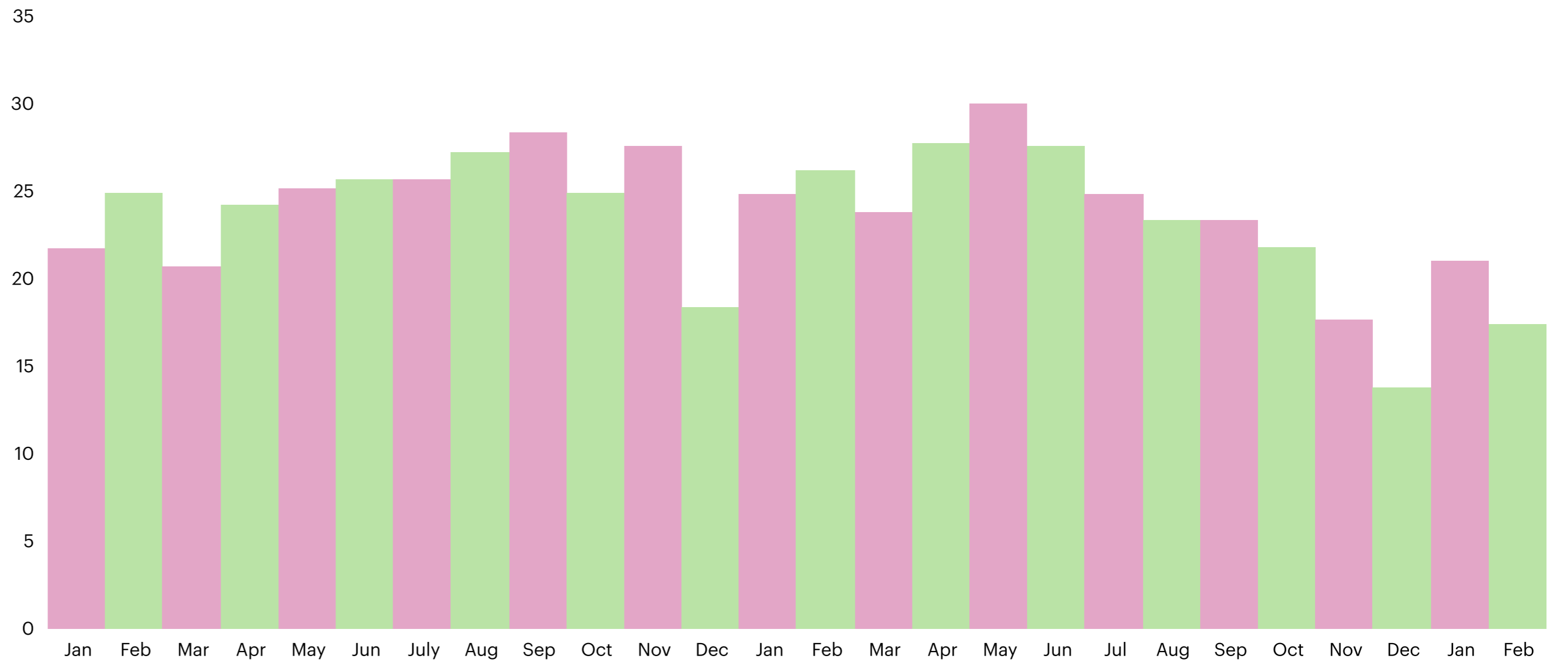
Did you purchase any of the following?
A gift card for yourself (%)



Opportunity for employers to use leverage gift cards as a support medium

Following a relative bounce back in January, the proportion of gift card buyers purchasing physical gift cards through an employee benefit programme was at 17.4% in February 2023. This represented a decline compared to both January 2023 (21.0%) and February 2022 (26.2%). Amid the impact to employees of the cost-of-living crises, work benefits and reward schemes represent an effective medium through which to funnel additional financial support.

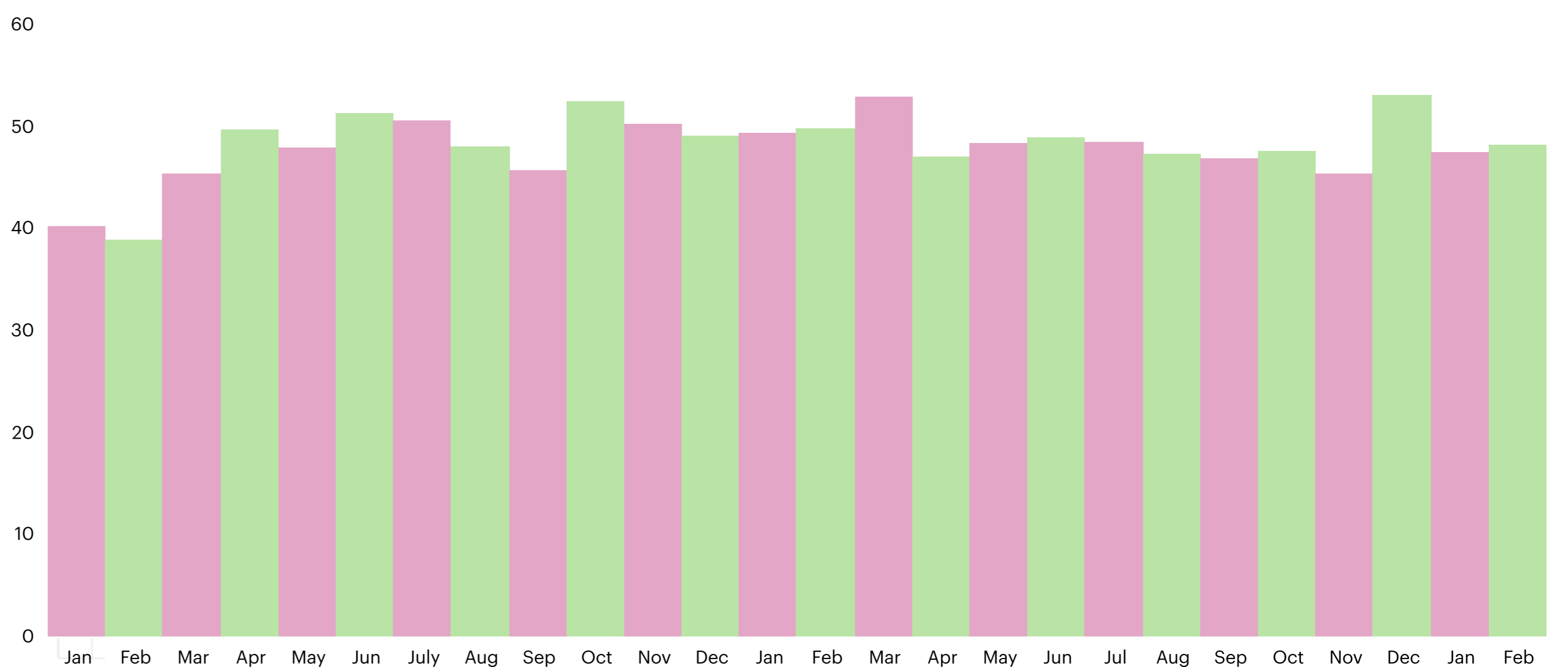
Did you purchase any of the following?
How have you received gift card(s) (this includes gift cards, vouchers, digital, e-gift codes etc.)? Please select all that apply Through a work reward programme.



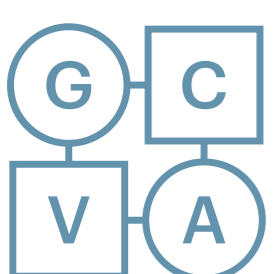
Digital continues to rise in prominence

The proportion of gift card buyers purchasing a digital gift card over February 2023 increased to 31.5% compared to 24.4% in February 2022. This continues a number of months of strong performance for digital, reflective both of shoppers being more accustomed to purchasing and redeeming digital gift cards, and a greater array of operators investing in digital options over the last couple of years.

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

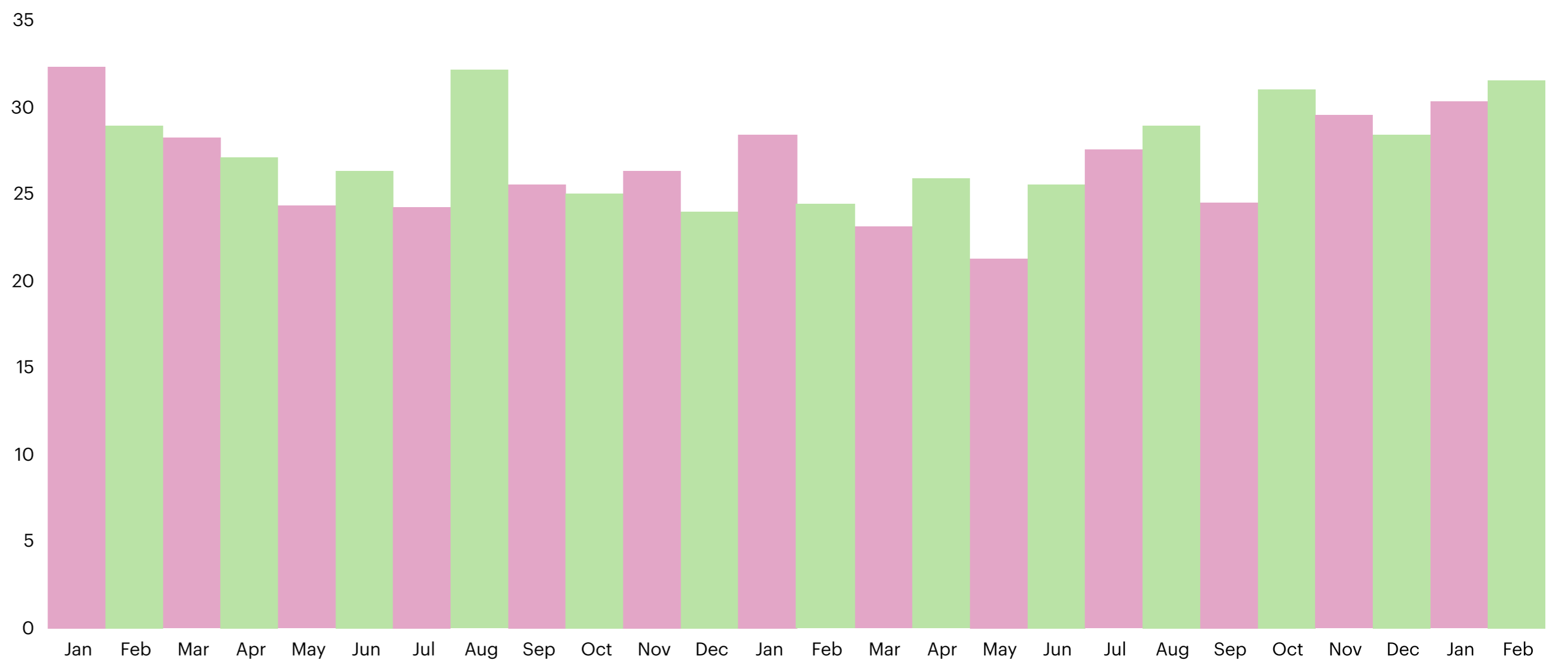


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Retail gift cards boosted by Valentine's purchasing

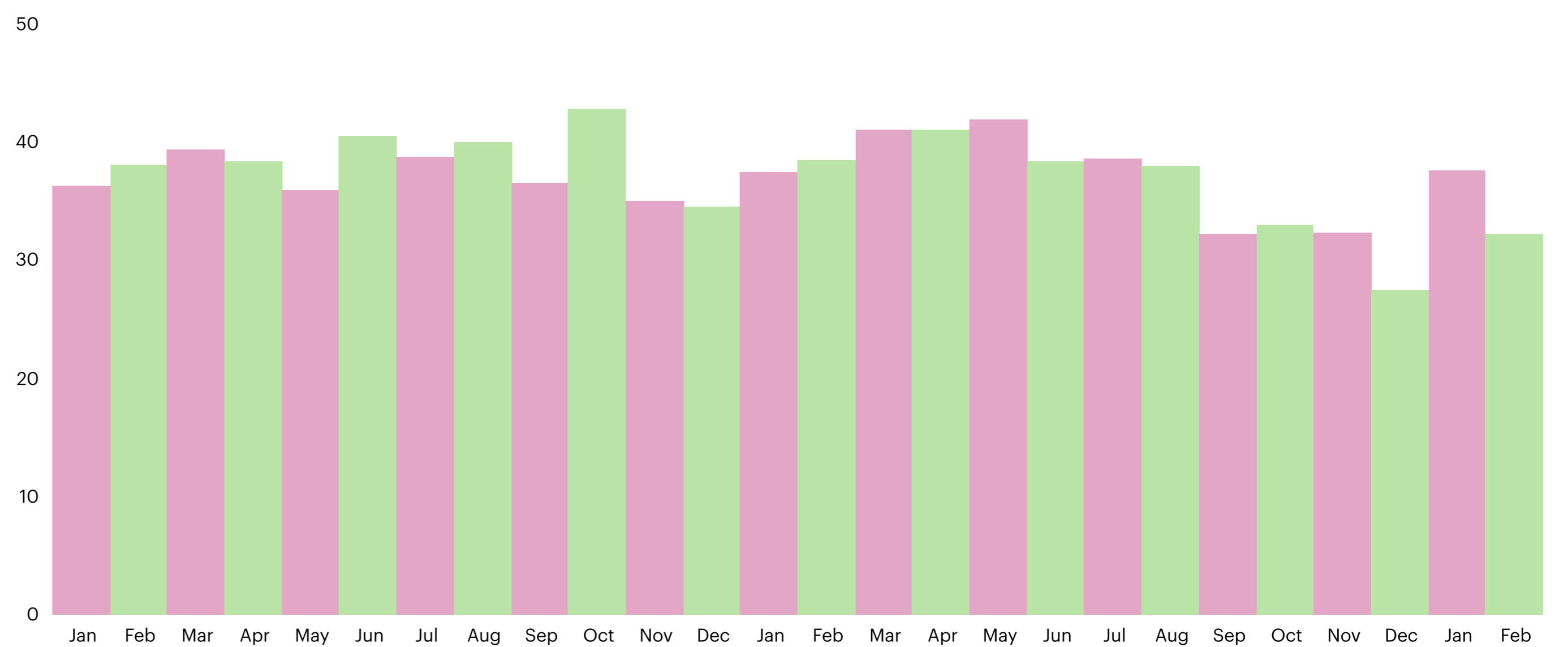
Did you purchase any of the following?
A digital gift card from a retailer/gift card issuer online



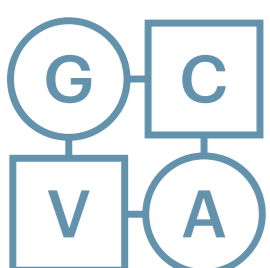
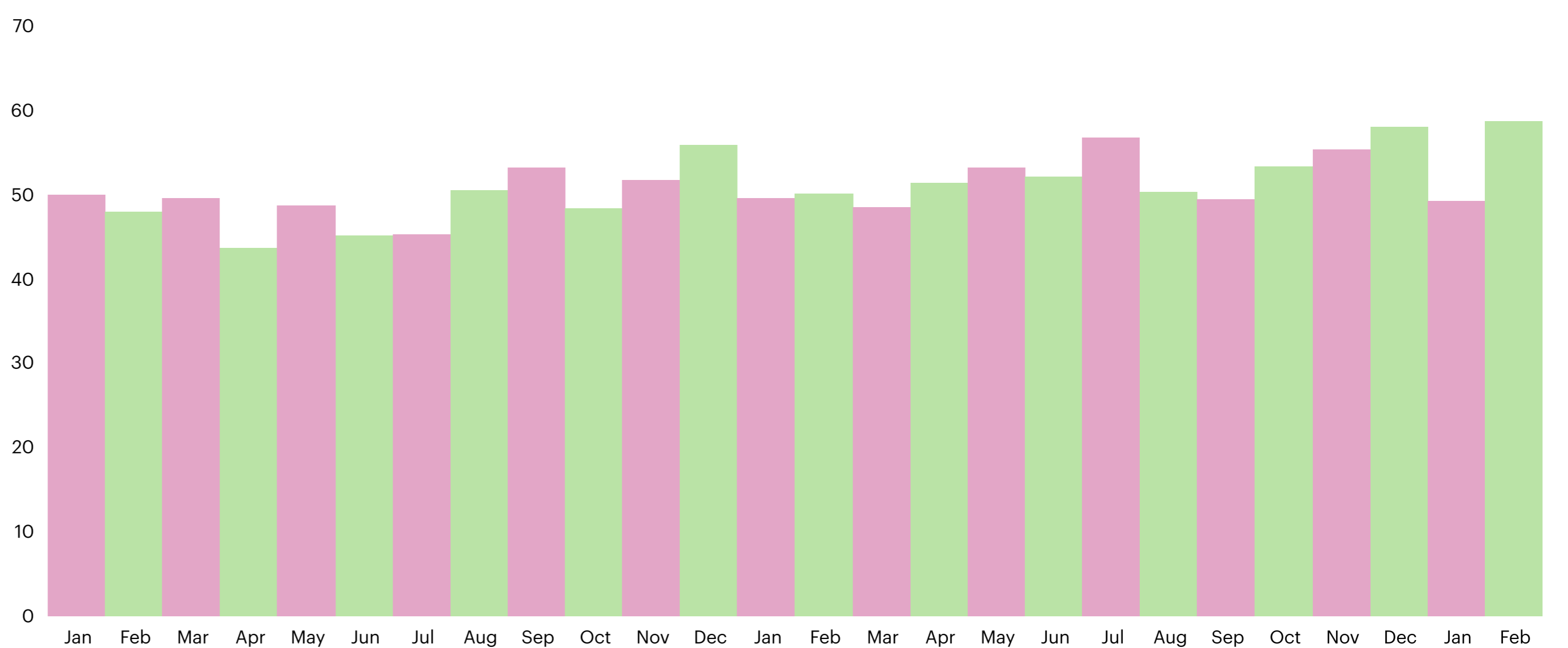
The proportion of gift card buyers purchasing retail gift cards surged to 58.7% over February 2023. Not only did this represent an increased on both January 2023 (49.2%) and February 2022 (50.2%), it was also the highest increase rate of purchasing since GlobalData began tracking, back in May 2020. Retail gift cards were particularly favoured over February due to it coinciding with Valentine's Day, and these cards being perceived as a more personal and thoughtful gifting option.

Conversely, multi-store gift cards struggled, with the 32.2% of gift buyers purchasing this card type being lower than both January 2023 (37.6%) and February 2022 (38.5%). Nonetheless, multi-store gift cards should be well-placed over 2023, given the post-pandemic return of physical shopping as a hobby, and the growing inclination for consumers to shop around for the best deals.

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

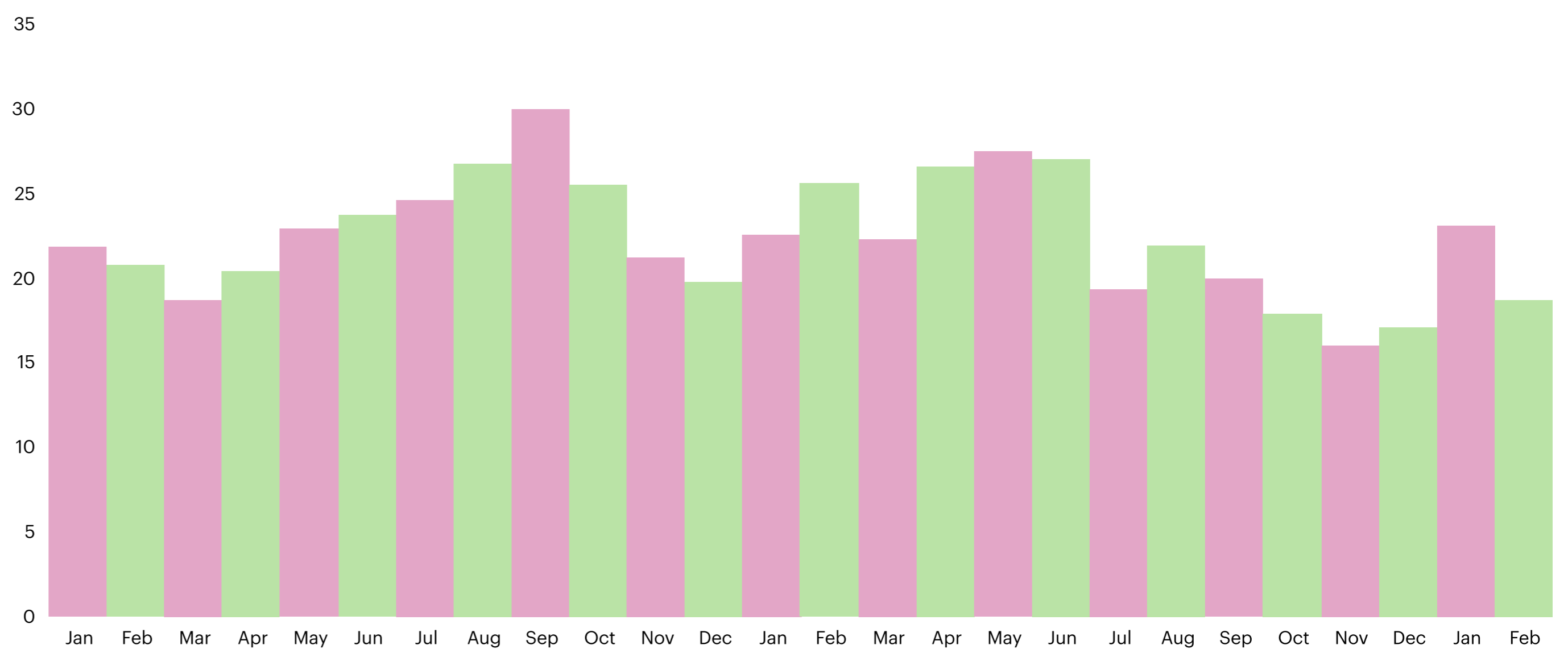


Leisure and experience gift cards experience lower demand

18.7% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, hotel stay) in February 2023, which represented a significant decline on the 25.6% that purchased over February 2022. This decline followed a strong January, when consumers were more focussed on planning their excursions for the year ahead. The 2023 outlook for experience gift cards is mixed. Demand for experience gift cards should remain robust among UK consumers choosing to forgo foreign holidays, amid cost-of-living pressures. However, among others, demand could suffer from greater priority placed on the main summer holiday.

Elsewhere, the proportion of gift card buyers purchasing for leisure activities (travel, theatre tickets, spa days) decreased from 18.6% in February 2022 to 16.8% in February 2023. An unclear economic outlook for 2023 might have played a part in consumers holding back on leisure 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

