

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

On the time-period comparisons, this wave covers the January 2021 calendar month, with comparisons made between January 2021 and December 2020.

### COVID-19 turned retail on its head over 2020

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.

Retail spending via bricks-and-mortar plummeted alongside footfall, as consumers had to navigate the economic uncertainty and fluctuating social distancing regulations. Retailers in more discretionary categories – such as fashion – have been particularly exposed. In contrast, there are those who had a stellar 2020, including food retailers, online players and those operating in certain niches, such as leisurewear.

While the vaccine roll-out in full flow, 2021 is generally looks much brighter. However, it still promises to be another turbulent year.

### January saw a post-festive lull in gift purchasing



Following the Black-Friday driven surge in demand in November, and strong Christmas gift purchasing over December, January saw a notable decline in gift buying – either in the form of physical gifts or gift cards for other people, or self-use gift card purchases. 32.4% purchased a gift in January vs. 51.5% in December. This decline was particularly marked among Baby Boomers, with just 19.1% purchasing a gift over January.

However, the overall level of gifting purchasing was still higher than a number of the previous waves since GlobalData began tracking, back in May 2020. Indeed, gift purchasing was at a lower rate over April-August 2021, with January's over performance over these months, despite the UK being in lockdown, indicative of the transition that shoppers have made to online.

## Digital gift cards increased in popularity over January



Overall gift purchasing declined – for gifting & self use

At an overall level, gift card purchasing declined in line with wider gift purchasing over January, with 15.7% purchasing a gift card for someone else (vs. 25.2% in December), and 5.7% purchasing a gift card for themselves (vs. 7.1% in December).

Of those that did purchase gift cards, there was a further increase in purchasing digital gift cards from retailers/gift card issuers, with 32.3% purchasing these card types (vs. 29.3% in December). This represented the highest rate of purchasing among gift card buyers since GlobalData began tracking, back in May 2020. At the same time, there was a drop in purchasing physical gift cards, both instore and online.

Amid the continuation of lockdown restrictions for the foreseeable future, this switch to digital reflects the growing ease and familiarity of shoppers in using digital gift cards. Indeed, linked to this, **22.7% of gift card buyers cited “to help the recipient to shop online” as a purchase motivator over January.**

However, the rise in digital gift cards points to consumer fears around the future of physical stores, and when some of these will be accessible again, highlighting that the industry still has some way to go to promote the cross-channel redemption of physical gift cards.

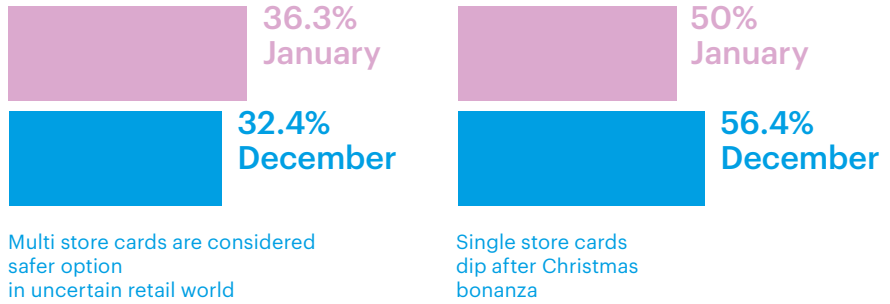
## A rise in digital purchasing through work incentive programmes



Gift purchases through work programmes continue to be an attractive option

January also saw a rise in the purchasing of digital gift cards through work incentive programmes among gift card purchasers. 17.1% of gift card buyers purchased digital gift cards via this method vs. 13.2% in December. This reflects the attractiveness of these options, particularly following a festive spending splurge, as shoppers refocus their spending towards more everyday purchasing.

Gift card buyers show a preference for multi- store gift cards



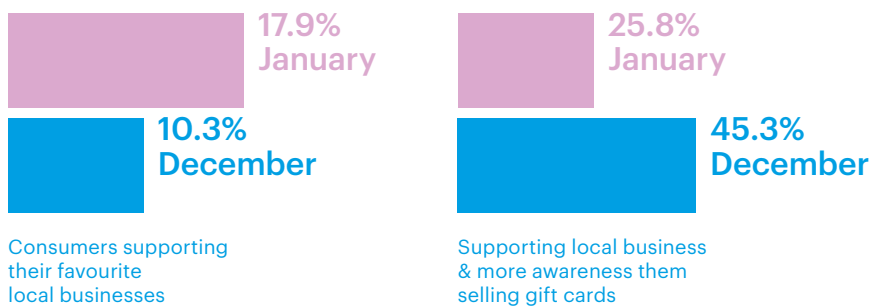
Among gift card purchasers, there was an increase in those opting for a multi-store gift card, at 36.3% penetration vs. 32.4% in December. At the same time, just 50.0% of gift card buyers purchased a single store gift card over January vs. 56.4% in December. Single store gift cards had benefitted in the run-up to Christmas, with more targeted gift card options often being viewed as a more thoughtful and considered gift 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, 66.3% of respondents agreed with the statement “I am concerned about buying gift cards for brands that might not be around for too long”.

Experience gift cards back on the agenda



A higher proportion of gift card buyers purchased experience gift cards over January, with 21.8% purchasing – the highest proportion since GlobalData began tracking, back in May 2020. The rate of purchasing among Gen Z gift card buyers was particularly high, at 30.1%. 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



The use of gift cards as a device to support local businesses increased over January. 17.9% of gift card buyers for someone else said that they did so to “support businesses that I like during the current crisis”. This compares to 10.3% who said they did so over December 2020. This driver is particularly relevant among Gen Z shoppers, with 25.8% of gift card purchasers in this cohort claiming they purchased to support businesses that they like, and 45.3% noticing that more local businesses have started to sell gift cards.