

The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards over 2020. The October fieldwork went to field on October 1st 2020, and was designed to explore habits over September 2020. A UK nationally-representative sample of 2,000 shoppers was surveyed.

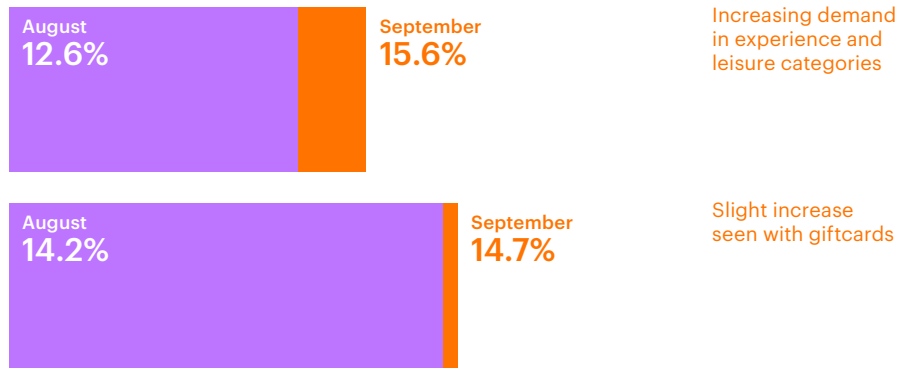
On the time-period comparisons, this wave covers the September calendar month, with comparisons made between September and August 2020. *Next month we will provide an analysis of 6 months consumer giftcard buying behaviour.*

GlobalData forecasts that Coronavirus will take £15.9bn out of UK retail spend in 2020

GlobalData's most recent forecast (as at September 2020) is that the overall UK retail market will be worth £330.4bn, compared with our original pre-COVID-19 forecast of £346.3bn. This 2.7% decline in expenditure will represent the first fall in decades – even in the financial crisis of 2008–9, total retail did not fall in nominal value. While demand in Food & Grocery has been strong, Non-Food retail has faced a torrid 2020. Clothing & footwear is the hardest hit sector, with a £15.1bn year-on-year decline, in spend which will force many of the weaker retailers out of business.

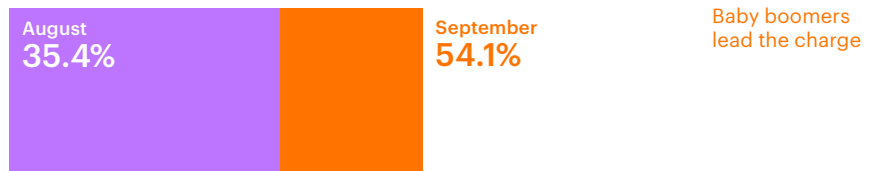
While many stores have now reopened, a number of retailers have been slow to do so, deciding that opening stores will not yet be profitable enough, or that they cannot make the safety standards required. So far, we can see that retail's return has been welcomed, but it is obvious that success has been limited. Shoppers are visiting shops with purpose – not only are they making fewer trips, they are shopping at fewer stores per trip; but conversion rates and basket sizes are up.

Gift purchasing increases over September



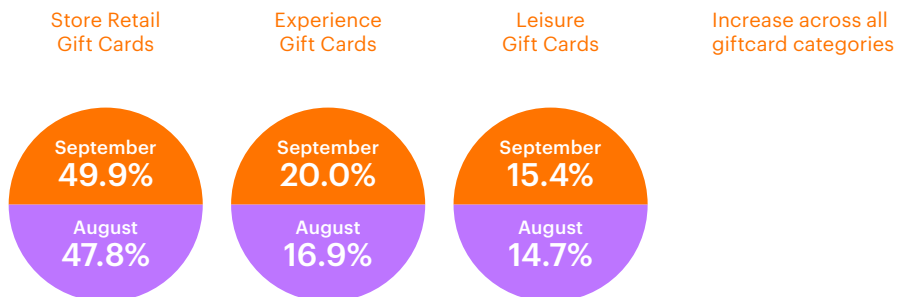
September saw a slight boost in overall gift buying – either in the form of physical gifts or gift cards for other people, or self-use gift card purchases – with 30.2% purchasing vs. 28.5% last time around. This increase in gift buying overall was driven by a rebound in demand across both physical gifts (15.6% vs. 12.6%) and physical gift cards for someone else (14.7% vs. 14.2%).

Physical gift cards continue their recovery



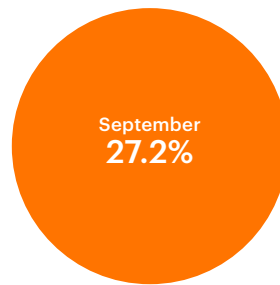
Over half of gift card purchasers (51.3%) bought a physical gift card from a retailer/gift card issuer instore over September, which represented a marked increase on those purchasing these cards over August (38.6%). This increase was driven primarily by the Baby Boomer cohort, with 54.1% of 55+ gift card purchasers buying physical gift cards from a retailer/issuer instore in September vs. 35.4% in August. While there are clear signs that greater social restrictions are set to characterise the next couple of months, at least, physical cards are benefiting from a gradual return to normality in everyday pursuits, as a rising proportion of consumers return to spending at physical retailers, foodservice outlets and leisure operators.

Rising demand for targeted gift cards



Following the uplift in purchasing of multi-store gift cards over August, September saw a boost in demand for more targeted gift card purchases. This was reflected in rising purchasing of single store retail gift cards (49.9% vs. 47.8%), experience gift cards (20.0% vs. 16.9%), and leisure gift cards (15.4% vs. 14.7%). This points both to a rising number of operators across these sectors being back in business, and perhaps less uncertainty about the long term health of specific operators, compared to March-June 2020.

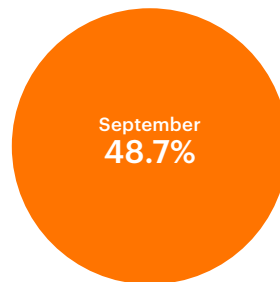
The role of gift cards in boosting local businesses has become more prominent throughout the year



Local businesses continue to be supported by giftcard purchases

The use of gift cards as a device to support local businesses has gradually increased since the lockdown. 27.2% of those purchasing gift cards for someone else said they did so to “support businesses that I like during the current crisis” over September. This compares to 22.7% who said they did so over August, and 21.2% in May 2020.

Further lockdowns in the run-up to Christmas are likely to boost demand for gift cards



All consumer groups agree giftcards will be their likely choice for Xmas (if lockdowns continue)

When it comes to the key reasons gift card purchasers cited for buying gift cards for someone else, over a quarter agreed that it is easier to get gift cards delivered (25.7% over September vs. 24.8% in August). For the September wave of research, respondents were also asked about the potential impact of a tighter lockdown on their spending during Christmas 2020, with almost half (48.7%) agreeing that in such as circumstance, they would be more likely to purchase gift cards for Christmas gifts. Level of agreement with this anticipated behaviour is strong across each of the age-groups, with 50.3% of Gen Z shoppers, and 49.2% of Baby Boomers, being in agreement.