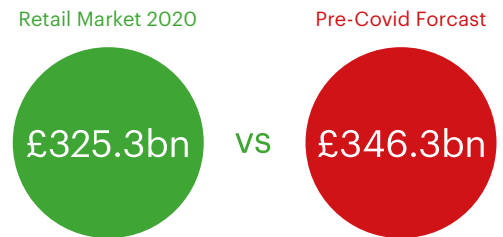


The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards over 2020. The December fieldwork went to field on December 1st 2020, and was designed to explore habits over November 2020. A UK nationally-representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the November calendar month, with comparisons made between November and October 2020.

We saw a marked increase in overall gift buying over November, despite alignment with a second, 4-week lockdown in England. This is in marked contrast to significant decline back during the first lockdown and is reflective of the proximity of Christmas and the prospects for households to meet up from December 23-27. Despite a slight dip in purchasing of gift cards over November, it is clear from the fieldwork that many see gift cards as a potential Christmas gifting option amid the continuation of restrictions through December.

Coronavirus will take £21.0bn out of UK retail spend in 2020

Total retail market for 2020 is lower than original predicted estimated at £325.3bn, compared original pre-COVID-19 forecast of £346.3bn.



GlobalData's revised 2020 forecasts are based on the continued ability of non-essential stores to trade throughout the forecast period. The reopening of stores after the first lockdown saw an initial pop in spending, but store operating restrictions and a reluctance of some consumers to go to busy places, meant that this was not been a return to normal. The timing of the second lockdown has been damaging, and GlobalData forecasts that the total retail market for 2020 will be £325.3bn, compared with our original pre-COVID-19 forecast of £346.3bn.

Whilst food & grocery spend has increased, clothing & footwear are the areas worst hit by Covid 19



In relation to the impact on a sector level, it is non-food categories that have been most hit during 2020. For example, clothing and footwear have been the two retail sectors worst hit by coronavirus in 2020, due to their non-essential nature, and the cancellation of events that would normally have prompted clothing spend. GlobalData forecasts that total spend across Clothing and Footwear will decline by £14.2bn in 2020, which will represent over a quarter lost from market value.

At the other end of the scale, the pandemic has led to an extra £9.0bn in food & grocery spend in 2020. This additional growth stems from a significant uplift in volume sales, as shoppers bought more than they needed at supermarkets in the earlier part of the crisis (particularly across food and household products), as well as gaining from consumers transferring spend from foodservice operators to supermarkets and other food retailers.

Despite restrictions, UK shoppers begin to ramp up Christmas gift purchasing



Rise in physical gift purchases as Christmas approaches

November saw further restrictions for UK shoppers with regional tier-based curtailments giving way to a second lockdown in England, which saw pubs, restaurants, gyms and non-essential shops being forced to close for four weeks from November 5th. Despite this, November saw a further 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 40.2% purchasing vs. 35.9% last time around. Indeed, gift purchasing over November was at its highest rate since the GCVA started tracking this metric, back in May 2020.

Primarily, this increase was driven by purchasing of physical gifts, which grew from 18.7% to 24.5%. With Christmas fast approaching, there is a clear sense of consumers trying to get ahead of the game, and many will be wary of the online delivery delays experienced earlier in 2020.

Slight dip in gift card purchasing, though strong prospects over December



Over a third of consumers say they are likely to buy giftcards for Xmas

November saw a slight dip in the proportion of shoppers purchasing gift cards for someone else, from 18.2% to 17.9%. Inevitably, some of this was driven by the closure of non-essential stores. Among gift card purchasers, the proportion that purchased physical gift cards instore dipped from 45.7% to 42.5%.

However, the prospects for gift card demand in the run-up to Christmas look promising. Over a third of respondents (35.7%) state that, if there are still restrictions in place, they will be more likely to purchase gift cards for Christmas gifts. This sentiment is particularly strong across the millennial cohort, with 46.1% of age 25-34 shoppers planning on this behaviour.

Online continues to drive demand for gift cards



Baby boomers are driving the on-line charge

40.9% of gift card purchasers bought a physical card online over November compared to 33.5% who did so over October. Here too, it is millennial shoppers leading the way, with 46.9% purchasing physical cards online vs. 39.3% in October. Interestingly, over a third (33.7%) of baby boomer gift card purchases (55+) also purchased a physical card online over November.

Leisure bounces back as shoppers plan for a better 2021



Following a significant decline in leisure gift card purchasing (e.g. Travel, theatre tickets, spa, dining) over October, the segment saw a relative bounce back over November. 14.8% of gift card purchasers purchased these cards over November vs. 11.6% in October. This uplift can at least partially be attributed to consumers looking more positively ahead to 2021, against the backdrop of positive signs on the vaccine front. This positivity is particularly prevalent among Gen Z shoppers (16-24) with over almost a quarter (24.5%) of gift card purchasers in this age-group buying leisure cards.

Consumers looking to gift cards as a way to support local businesses



Over a quarter (25.2%) that purchased gift cards for other people said they did so as they wanted to support local businesses on their high street, with this sentiment shared by 24.2% of consumers who purchased gift cards for themselves. This enthusiasm to support local businesses through purchasing gift cards is most marked among younger shoppers, with 38.4% of Gen Z gift card purchasers citing the aim of supporting local businesses as a purchase motivator.

Indeed, gift cards have been a key outlet for shoppers looking to support local businesses during these difficult times. Moreover, many businesses have been proactive in offering such options, with 33.1% of respondents noticing that more local businesses have started to sell gift cards .

Generation Z refers to shoppers aged 16-24
Millennials refers to shoppers aged 25-34
Generation X refers to shoppers aged 35-54
Baby Boomers refers to shoppers aged 55+