

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 36th 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 March fieldwork went to field on May 1st 2023 and was designed to explore habits over April 2023. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the April 2023 calendar month, with comparisons made between April 2023 and April 2022. Where relevant, comparisons have also been made to the wider tracking period.

UK retail spend to increase by 3.0% in 2023 as shoppers react to cost of living pressures

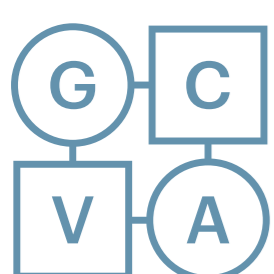
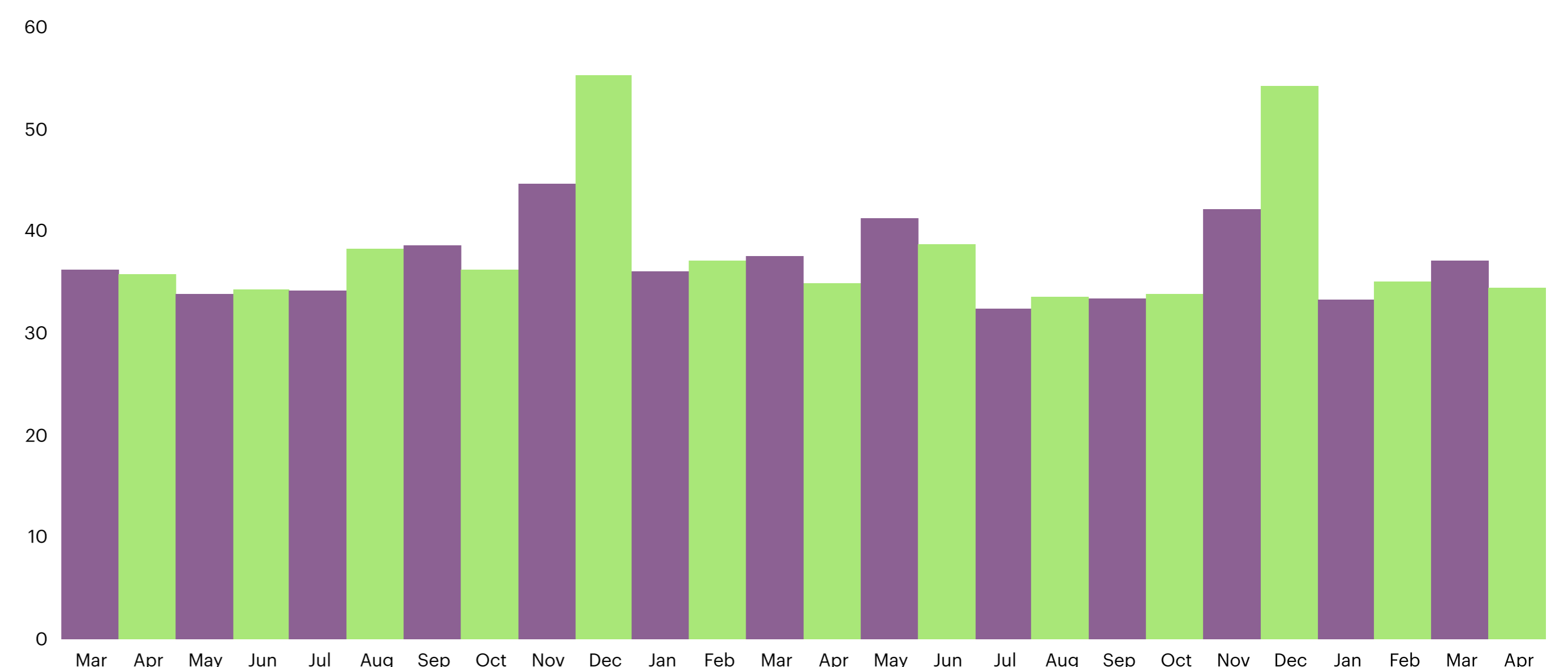
UK retail spend is forecast to be £380.4bn in 2023, up 3.0% on last year with growth shaped by the consumer response to the cost-of-living crisis. 7.7% inflation is included in this forecast and this is expected to trigger a 4.6% reduction in volumes as shoppers, particularly the least affluent, make economies to limit expenditure. The latest ONS data puts consumer price inflation at 8.7% in the year to April, down from 10.1% in March, as energy price increases in wake of Russia’s invasion of Ukraine dropped out of the calculation. However, while inflation appears to be on a downward path, progress towards the Bank of England’s 2% target is likely to be slower than previously expected with core inflation (excluding food) and fuel continuing to rise. This could lead to further interest rate rises, which will feed through into higher repayments when fixed rate deals expire and put further downward pressure on retail volumes.

Weaker gifting demand over April

Over April 2023, 34.5% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. This represented a decrease both on the Mother’s Day demand-driven March 2023 (37.1%), and April 2022 (37.5%).

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. Indeed, of those that didn’t purchase gift cards during April, over one in ten (11.1%) said that this was because they have cut back significantly on their non-essential spending.

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

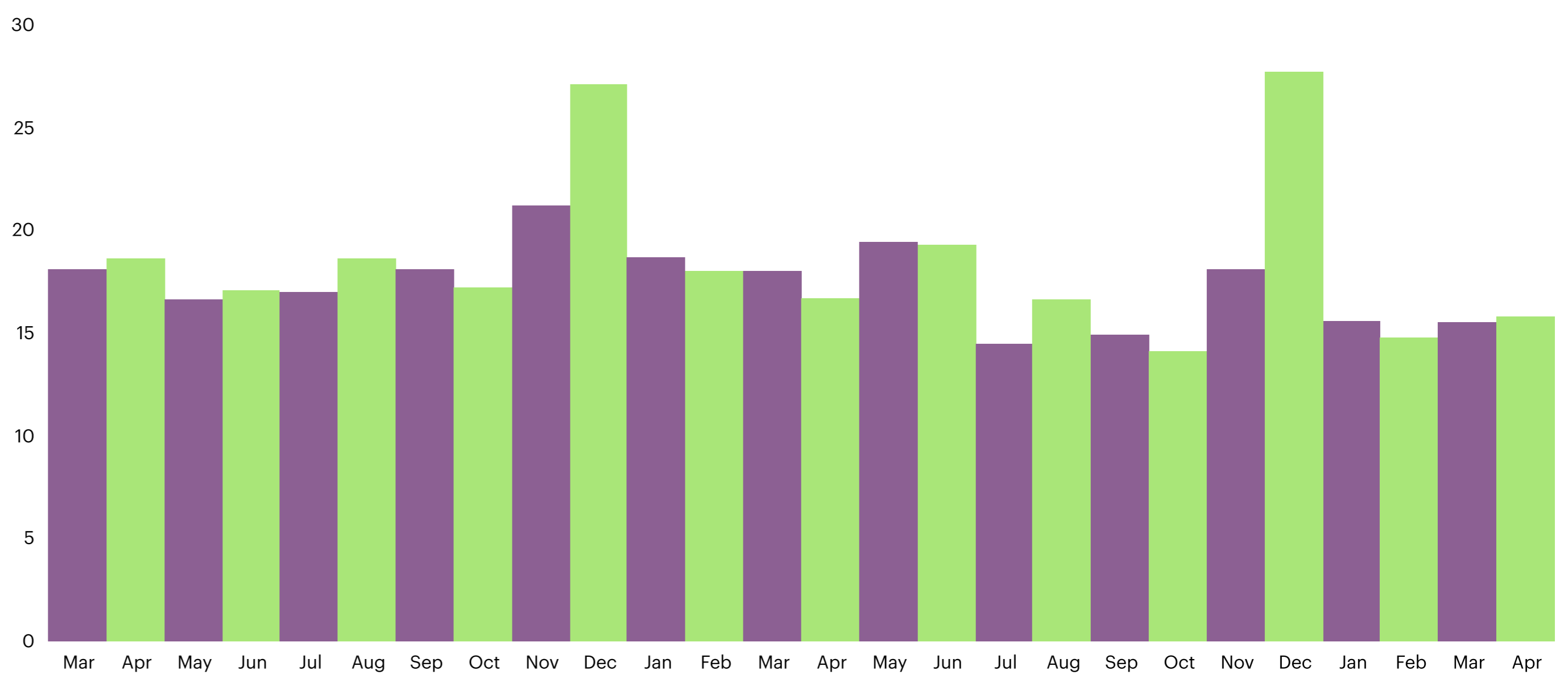


Gift card demand was weaker than 2022, though there are opportunities for the industry during the cost-of-living crises

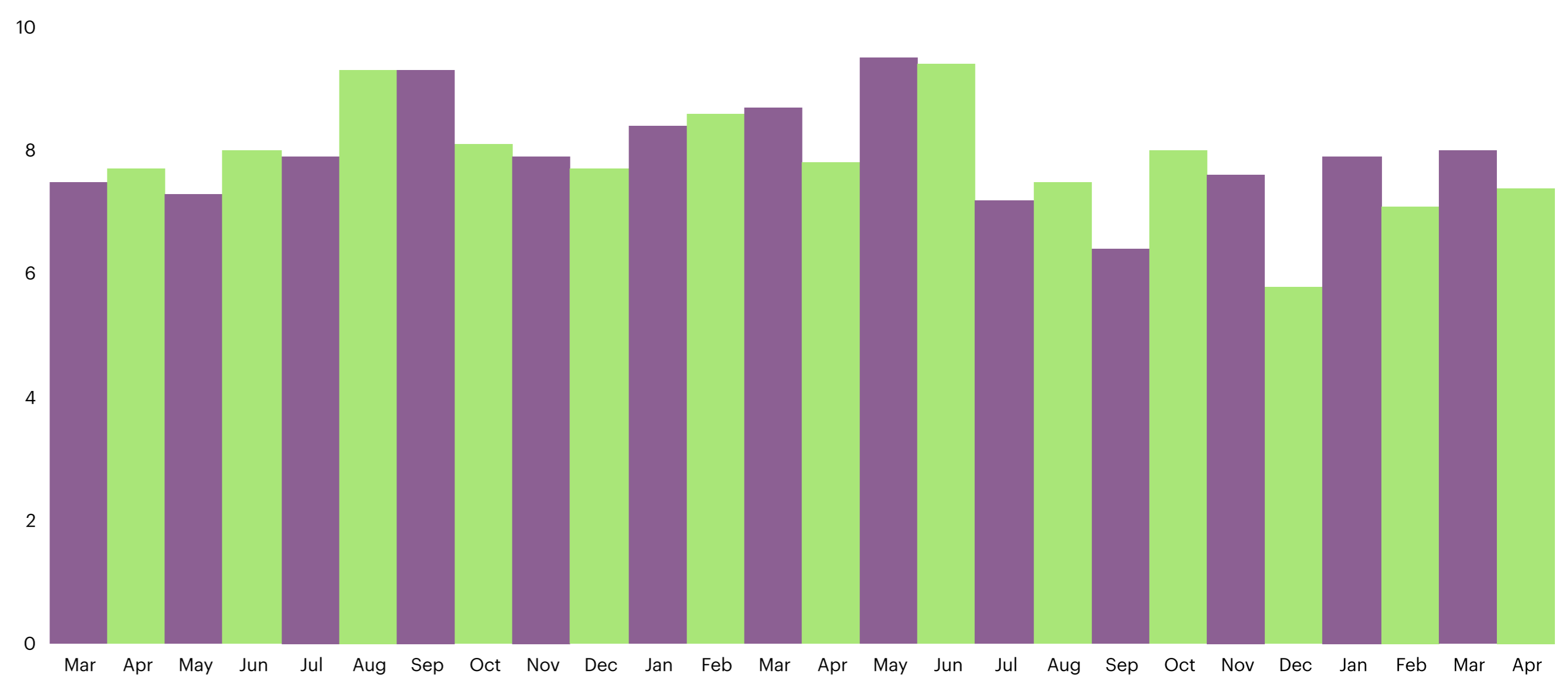
The proportion of UK consumer purchasing gifts cards for someone else was at 15.8% over April 2023. While this represented a slight increase on March 2023 (15.5%), it was a notable decline vs. April 2022 (16.7%). At the same time, the 7.4% purchasing for self-use was also lower than April 2022 (7.8%).

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 of gift cards in the current climate. For the buyer/giver, they benefit from being 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 39.7% over April.

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



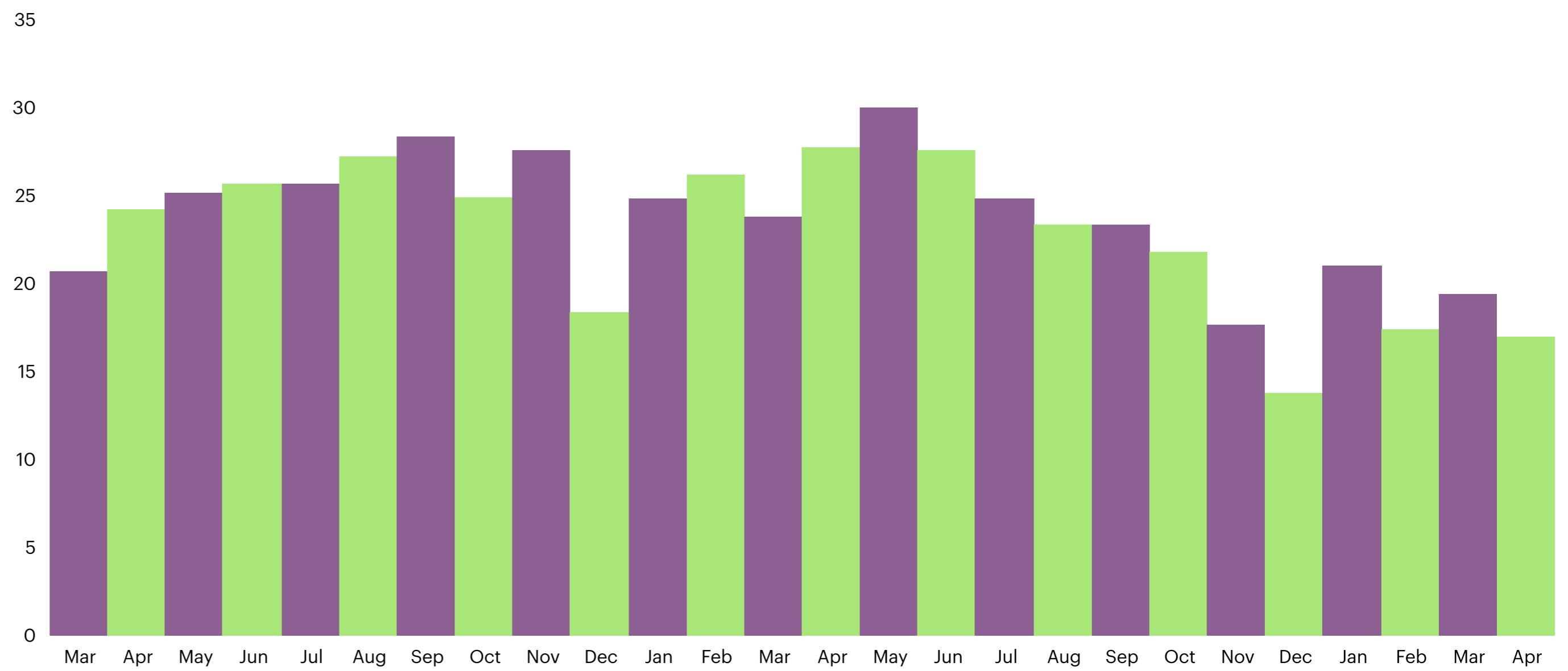
Did you purchase any of the following?
A gift card for yourself (%)



Opportunity for employers to leverage gift cards as a support medium

The proportion of gift card buyers purchasing physical gift cards through an employee benefit programme was at 17.0% over April 2023; a significant decline vs. April 2022 (27.8%). At the same time, the proportion purchasing digital gift cards through an employee benefit programme was at 12.2%, which was higher than April 2022 (9.3%). 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?
A physical gift card through a work incentive/reward programme/employee benefits programme

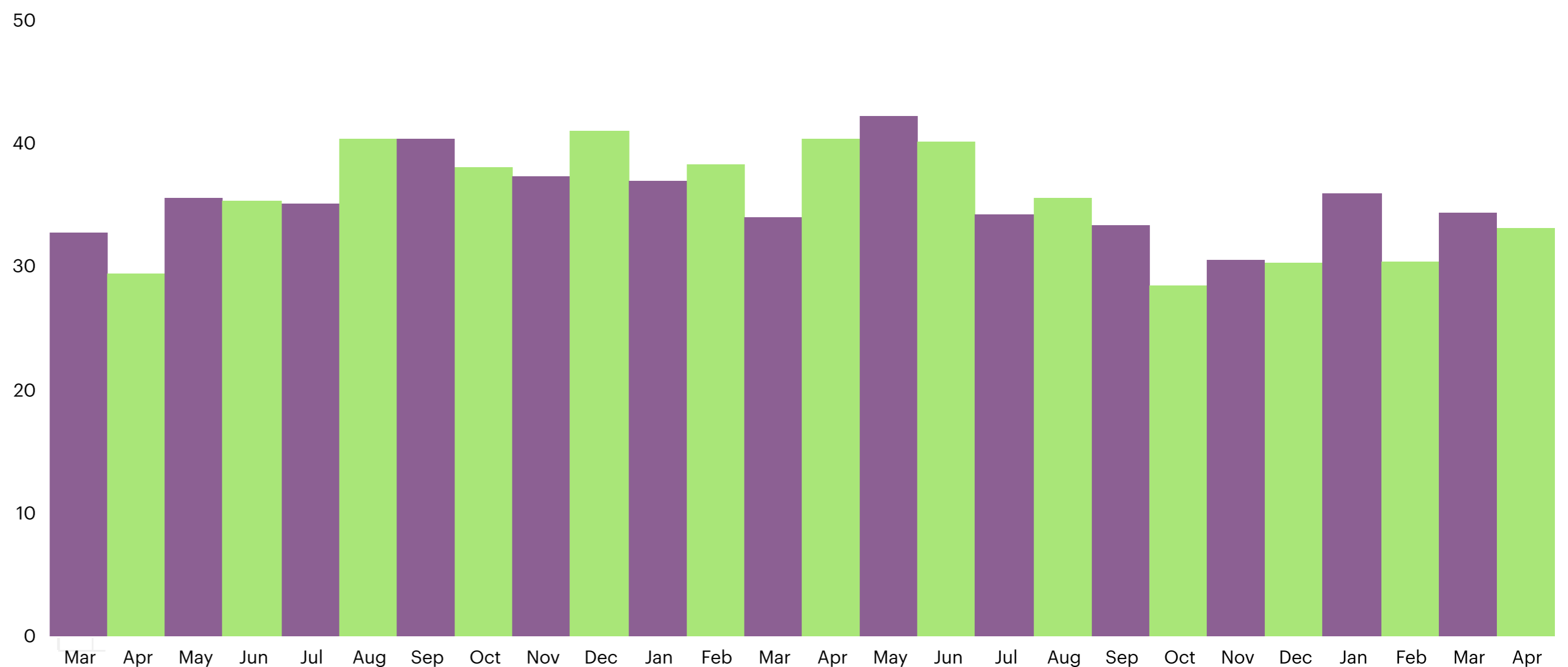


Digital continues to rise in prominence

The proportion of gift card buyers purchasing a digital gift card over April 2023 increased to 26.8% compared with 25.9% in April 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. The growing popularity of digital gift card options is also reflected in the 36.2% of gift card buyers who said that they purchased a gift card for someone else as it is easier than purchasing physical gifts.

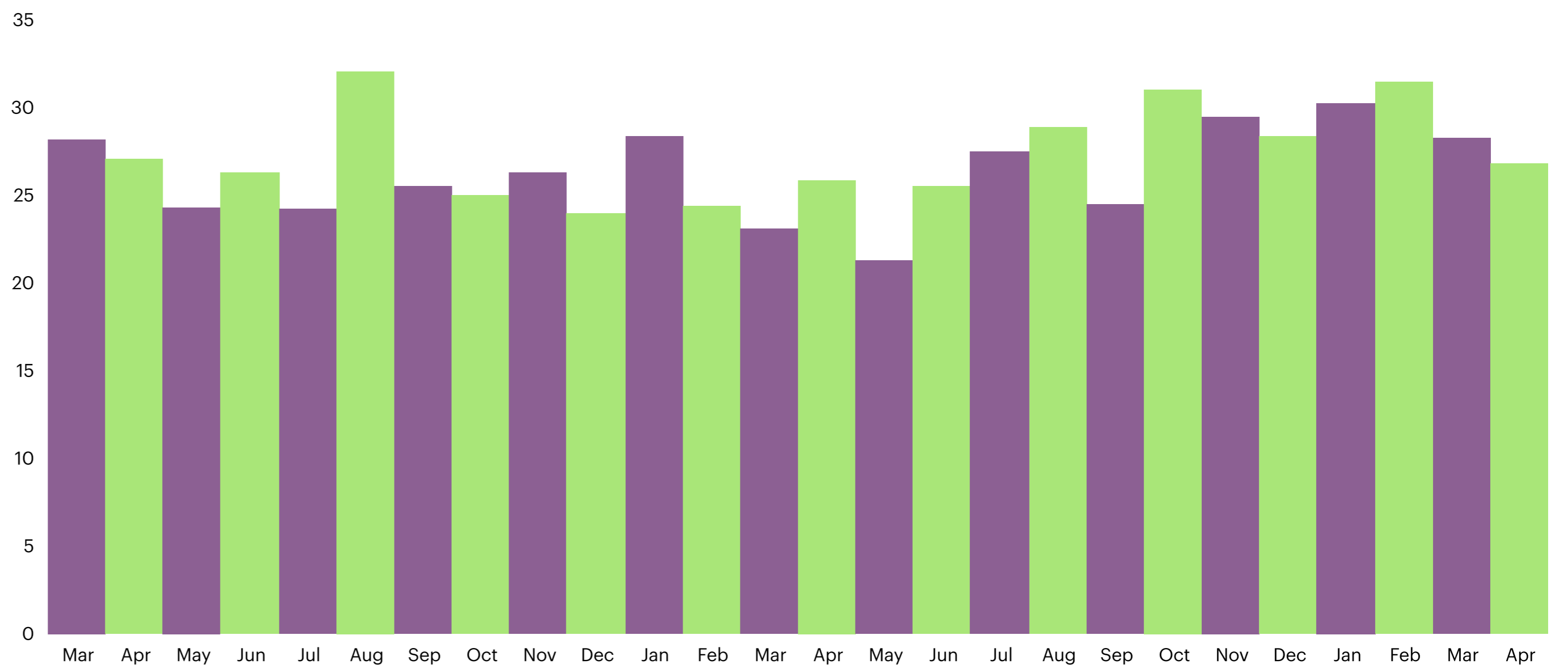
The continued rise of digital is most directly coming at the expense of online purchasing of physical cards, which was at 33.1% of gift card buyers over April 2023 vs. 40.4% over April 2022. Demand here is also being impacted by physical purchases made instore; 49.4% of gift card buyers purchased this way over April 2023 vs. 47.0% over April 2022.

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



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

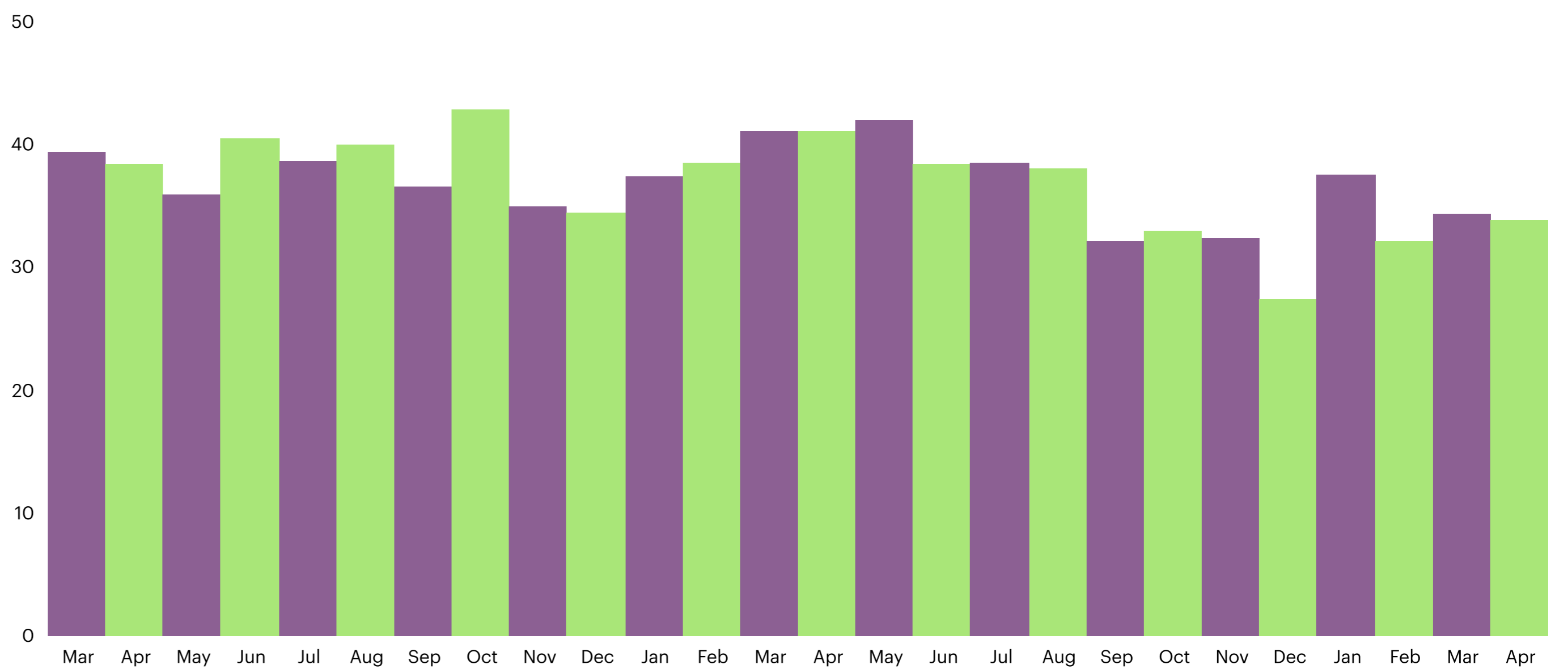


Multistore gift cards see more significant year-on-year purchasing decline

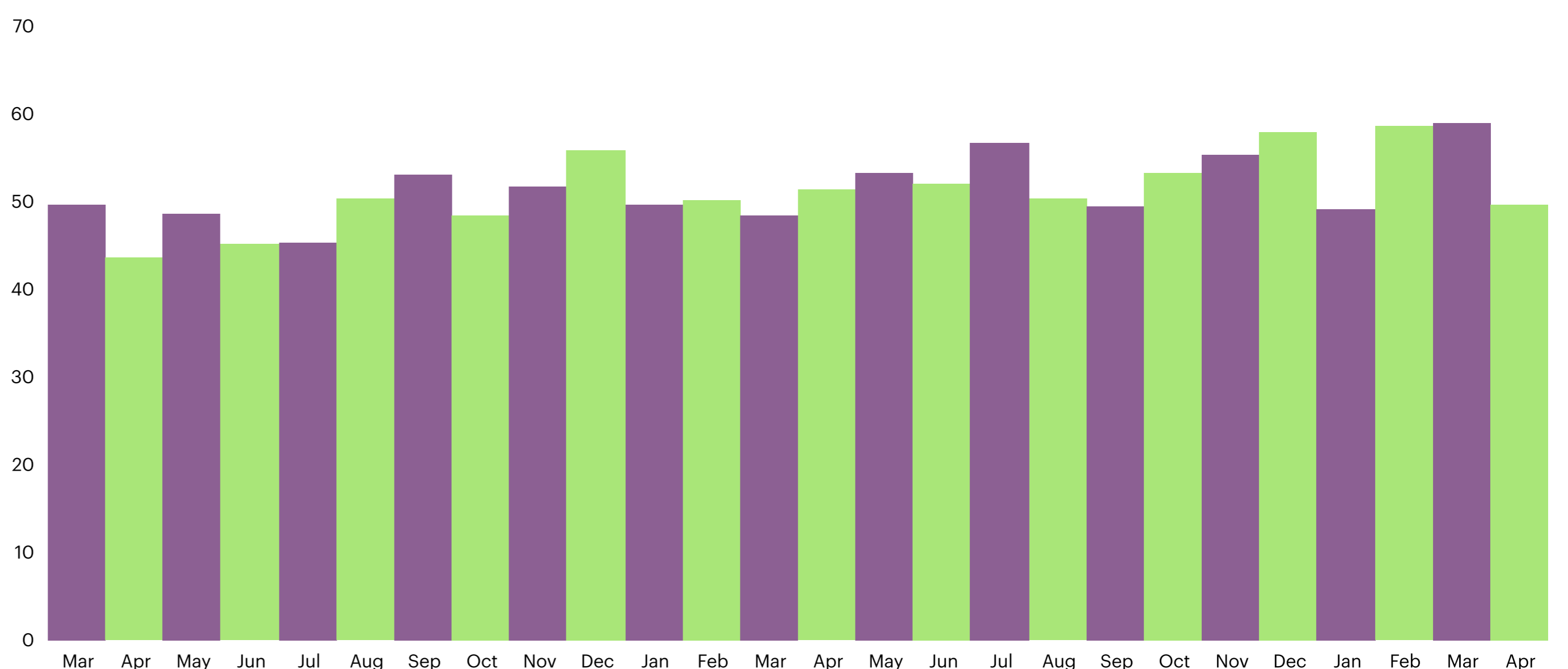
Multistore gift cards continued to struggle over April 2023, with the 33.9% of gift card buyers purchasing this card type being notably lower than April 2022 (41.1%). Nonetheless, multistore gift cards should be well-placed over 2023, given the post-pandemic return of physical shopping as a hobby, and the growing inclination for consumers to shop around for the best deals.

Elsewhere, while experiencing a slight year-on-year purchasing decline (49.6% vs. 51.3%), demand for retail gift cards remained relatively robust. These cards have benefitted through 2023 compared 2022 due to the return of physical gatherings. Moreover, on the supply side, demand is being boosted by more experiential and sustainable physical options.

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

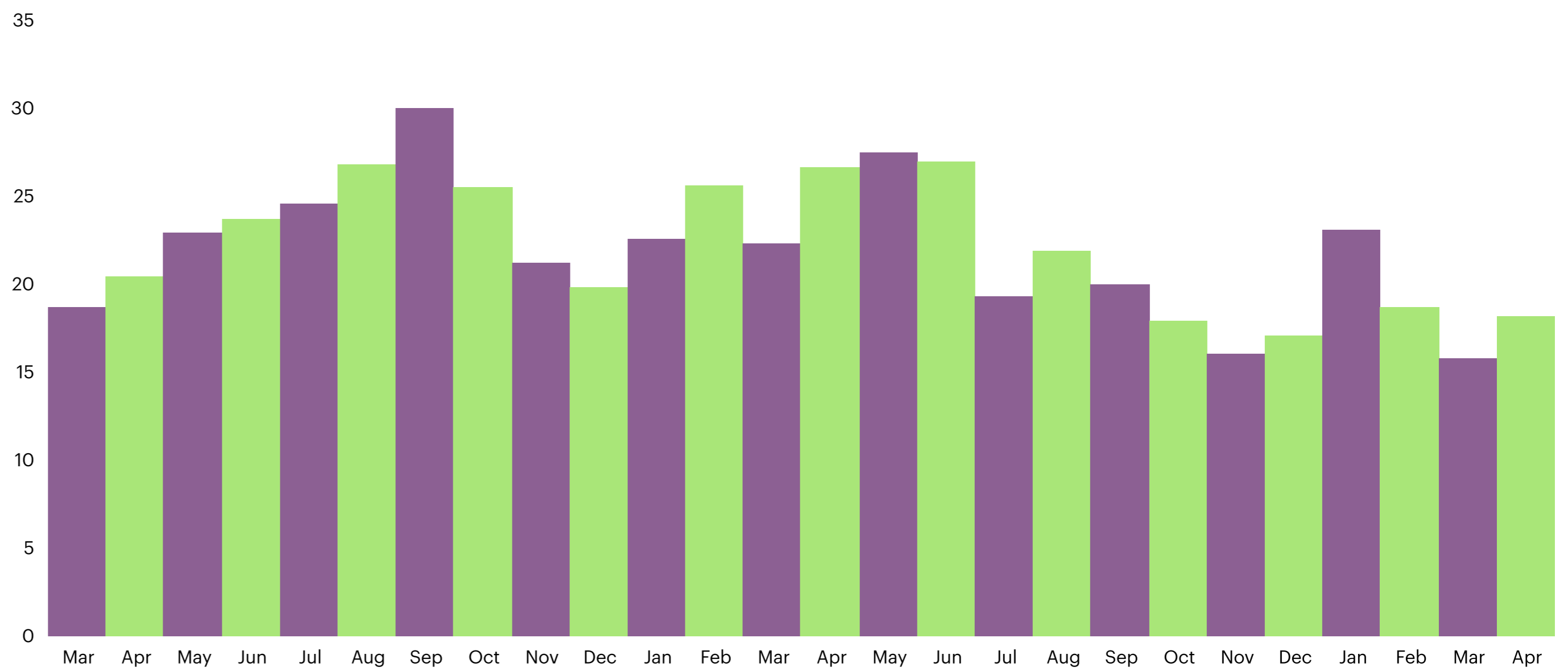


Leisure and experience gift cards experience lower demand

18.2% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, hotel stay) in April 2023, which, while more positive than March 2023 (15.8%), represented a significant decline on the 26.6% that purchased over April 2022. Elsewhere, the proportion of gift card buyers purchasing for leisure activities (travel, theatre tickets, spa days) also saw a decline vs. April 2022 (14.0% vs. 18.2%).

The 2023 outlook for experience and leisure gift cards is mixed. Demand should remain robust among UK consumers choosing to forgo foreign holidays, amid cost-of-living pressures. However, among others reasons, demand could suffer from greater priority placed on the main summer holiday.

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

