

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 26th 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.

This report explores habits over the first six months of 2022 (H1 2022). Findings are based on GlobalData's monthly gift card fieldwork, which surveys a UK nationally representative sample of 2,000 shoppers a month.

On the time-period comparisons, comparisons have been made between H1 2022 and H1 2021. To provide some context regarding the external environment during these periods, during H1 2021 the UK was in a restrictive third lockdown over January-March. While restrictions were gradually lifted over late March-June 2021 – with non-essential retail and leisure reopening in mid-April – it wasn't until July 2022 that all remaining social restrictions were eventually lifted.

Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to reach £357.5bn in 2022

UK Retail spend is forecast to reach £357.5bn in 2022, a rise of 0.5% on 2021. This will be inflationary driven, with volumes forecast to decline 7.3%. Consumers are now facing a cost-of-living crisis, with the Bank of England forecasting inflation to touch 11% in Q4 2022, far from the bank's target of 2% - which is not expected to be met until 2024. Rising food, fuel, and energy prices mean budgets are stretched, and spending on non-essential items will be reduced, despite some mitigation from government interventions. Online penetration is forecast to fall in 2022 to 24.3%, a drop of 1.9ppts on 2021 as consumers return to shops and spend less time at home as a result of there being no further COVID-19 restrictions in place.

2022 forecasts are somewhat distorted by two issues. Firstly, Q1 is going up against the lockdown period of 2021 and so the current levels of y-o-y growth are high, boosting the full year figure. Overall non-food retail for the full year is positive in terms of value, but this is only because Q1 grew at 18%. The rest of the year will see sales fall by 3.2%. Secondly, the impact on value is masked by price rises, which we expect to average at around 6% for the year, and so we will see a major reduction in volumes across retail sectors.

Stronger gift purchasing over H1 2022

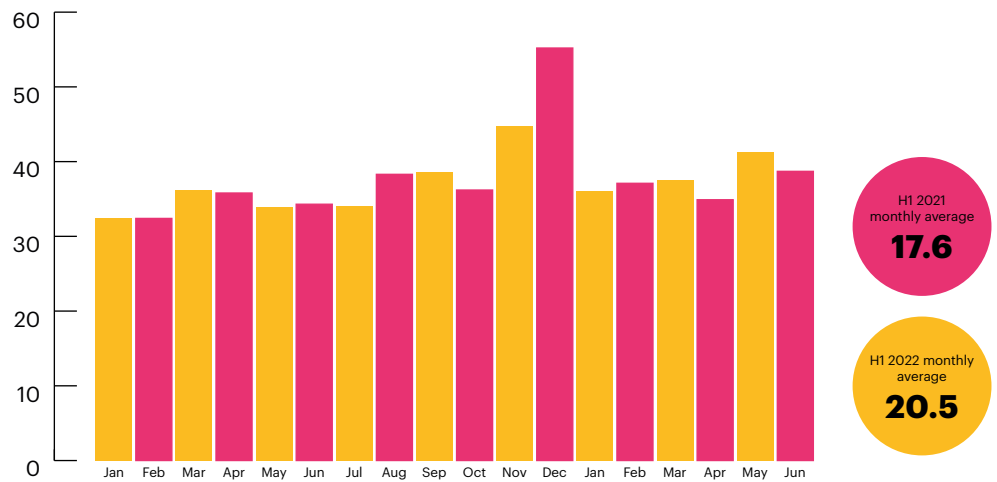
Over H1 2022 (January-June), an average of 37.6% of UK consumers per month said that they purchased gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases. This was comfortably ahead of the 34.2% monthly purchase average over H1 2021. This increase is primarily reflective of COVID restrictions still being in place during this comparable period over 2021, with a particularly restrictive third lockdown over January-March 2021.

The improved H1 2022 performance is also a result of much stronger gift purchasing over May and June 2022, with these months representing the highest level of non-peak purchasing since GlobalData started tracking, back in May 2020. Against a post-pandemic, restriction-free backdrop, UK consumers have felt further encouraged to attend and organise social events. This has been further encouraged by warm weather; according to the Met Office, in a series that goes back to 1884, May 2022 was the fifth warmest on record.

Continued

Did you purchase any of the following:

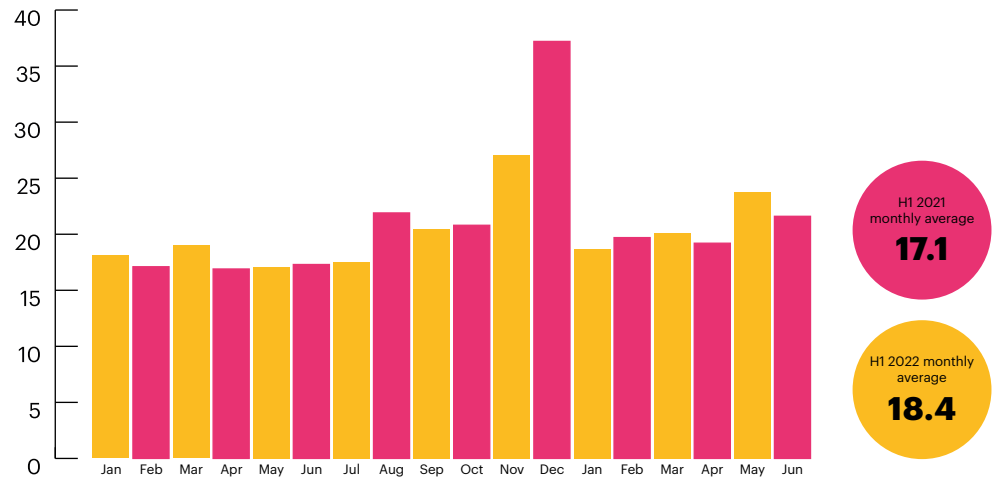
Gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases



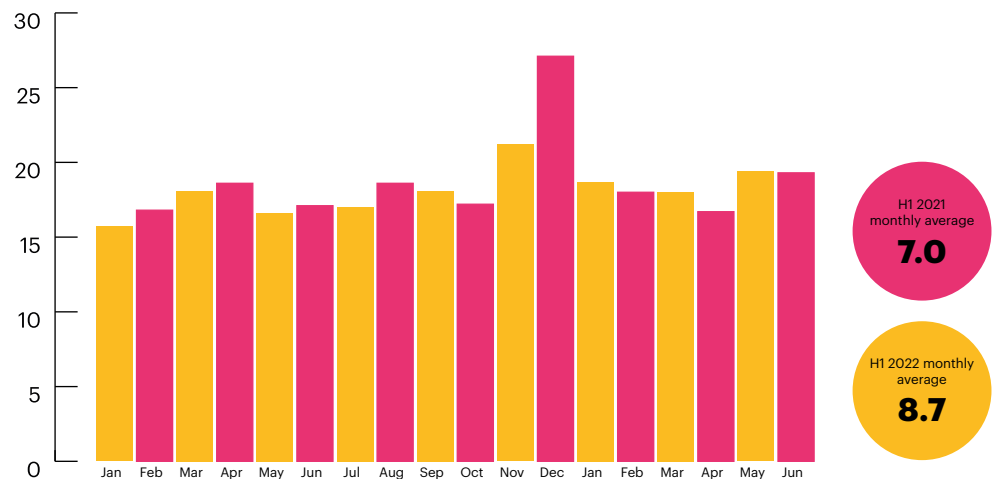
Both physical gifts and gift cards saw purchasing growth over H1 2022

The average monthly proportion of UK consumers purchasing gift cards for someone else grew to 18.4% over H1 2022 vs. 17.1% over H1 2021. Purchasing of physical gifts for someone else saw an even more significant increase, at 20.5% in H1 2022 vs. 17.6% in H1 2021. This is reflective of social occasions and physical get-togethers being permitted again in 2022, with 2021 seeing hospitality venues not reopening until mid-May. Given this context, it is unsurprising that gift card purchasing growth underperformed slightly vs. physical gifts. However, growth in purchasing still represents a strong performance. The greater relevance of gift cards during the pandemic, combined with rising inflation on physical items, means that the medium is well-placed to represent a strong alternative, particularly given that cards are purchased at fixed denominations.

Did you purchase any of the following:  
A physical gift card for somebody else



Did you purchase any of the following:  
A gift card for somebody else



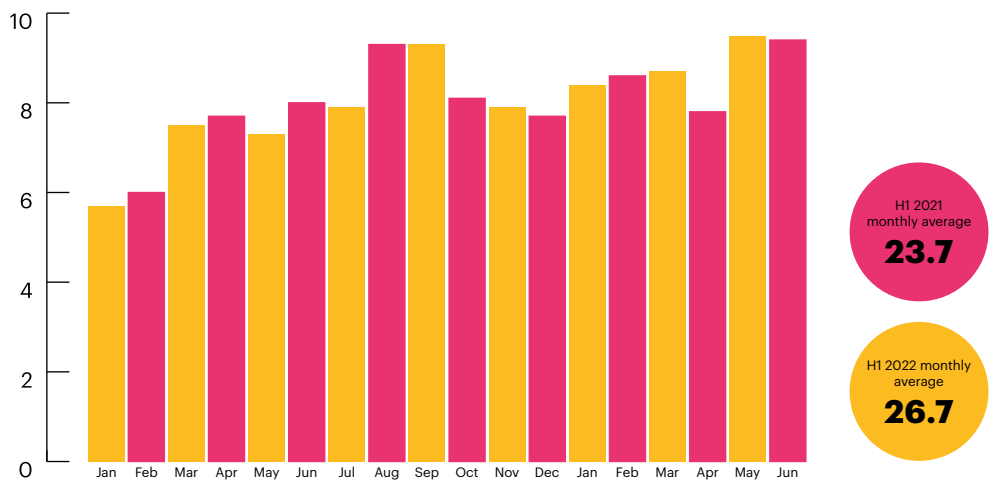
Self-use continues to grow in relevance

The average monthly proportion of UK consumers purchasing a gift card for self-use increased to 8.7% over H1 2022 vs. 7.0% in H1 2021. Moreover, May 2022 (9.5%) and June (9.4%) represented the highest level of self-use purchasing since GlobalData began tracking, back in May 2020.

The relevance of self-use continues to be underpinned by several drivers, including the rise of work reward and incentive programmes. Indeed, the proportion of gift card purchasers buying physical gift cards through work reward/incentive programmes hit 30.0% over May 2022, which was also the highest level since GlobalData began tracking, back in May 2020. Another key driver of self-use purchasing has been the potential for gift cards to support with saving money. This has become an even more important factor, given the relentless rise in consumer prices through H1 2022. 39.6% of those purchasing cards for self-use over June 2022, cited 'to help with saving money' as a reason for purchase.

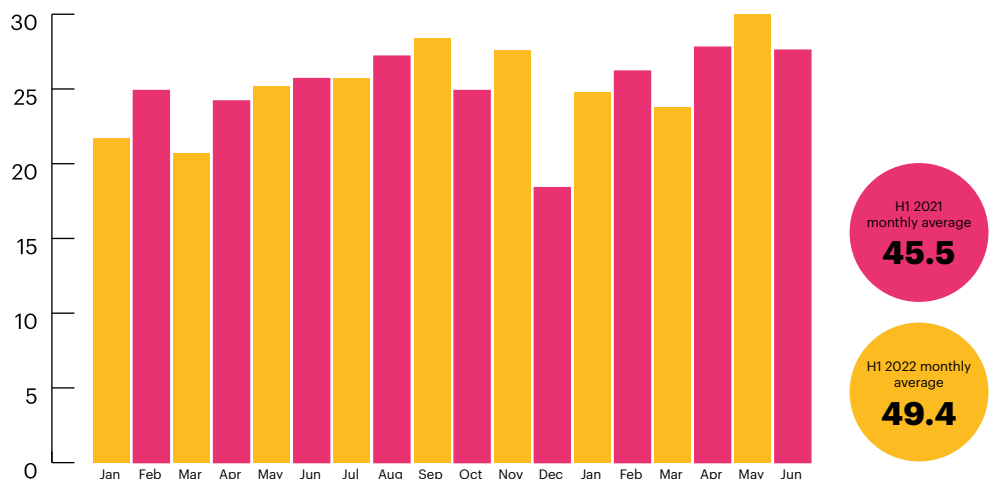
Did you purchase any of the following?

A gift card for yourself?



And which type of gift cards did you purchase?

A physical gift card through an employee benefits programme



### Physical card purchasing rebounds strongly over H1 2022

An average monthly proportion of 49.4% of gift card buyers purchased physical gift cards instore over H1 2022 vs. 45.5% over H1 2021. Stronger demand for physical gift cards is reflective of the greater ease in physically purchasing, gifting, and redeeming gift cards in the post-COVID environment.

This stronger demand for physical gift cards has also extended to purchasing online. A monthly average of 38.7% gift card purchasers bought a physical gift card online over H1 2022 vs. 34.2% over H1 2021. Conversely, the average proportion of gift card purchasers buying digital gift cards was at 24.8% over H1 2022, compared to 27.9% over H1 2021. Nonetheless, it is important to note that over a quarter of June 2022 gift card buyers claim to have converted to digital.

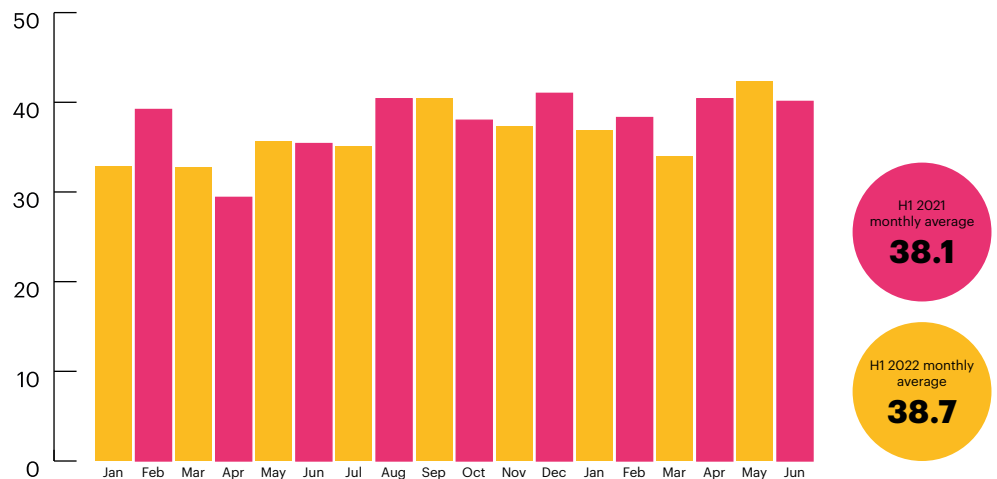
And which type of gift cards did you purchase?

A physical gift card from a retailer/gift card issuer instore



And which type of gift cards did you purchase?

A physical gift card from a retailer/gift card issuer online



Both multi-store and single retailer gift cards saw robust performance over H1 2022

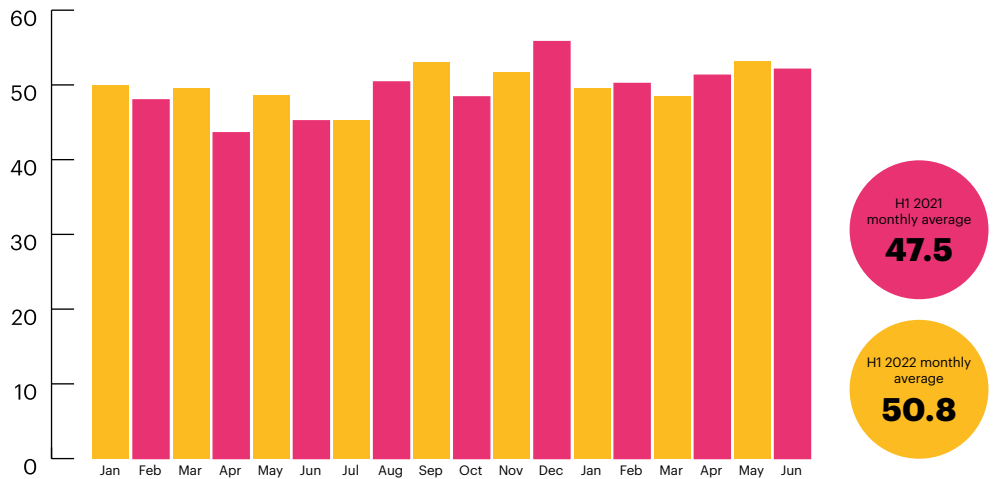
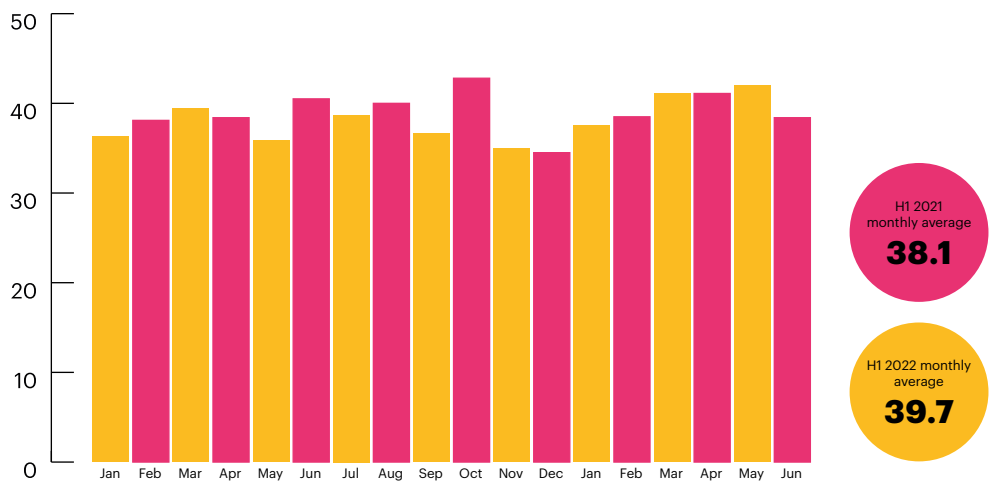
When purchasing gift cards (includes gift cards, vouchers, digital, e-gift codes etc.), which types of gift cards did you purchase, either for yourself or someone else?

A multi-store gift card- a single gift card which can be spent 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

The average monthly proportion of gift card buyers purchasing single-store retail gift cards increased to 50.8% over H1 2022 vs. 47.5% over H1 2021. At the same time, the average proportion purchasing multi-store gift cards grew to 39.7% in H1 2022 vs. 38.1% over H1 2021.

The increasing penetration of retail gift cards reflects the growing inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic. Moreover, purchasing of cards of specific brands suggests higher confidence that these operators will still be around for cards to be redeemed, following the uncertainty in UK retail over much of the last 24 months. For multi-store gift cards, these cards facilitate users being able to shop around for the best prices, which is becoming more important given the growing influence that inflation is having on UK consumers.



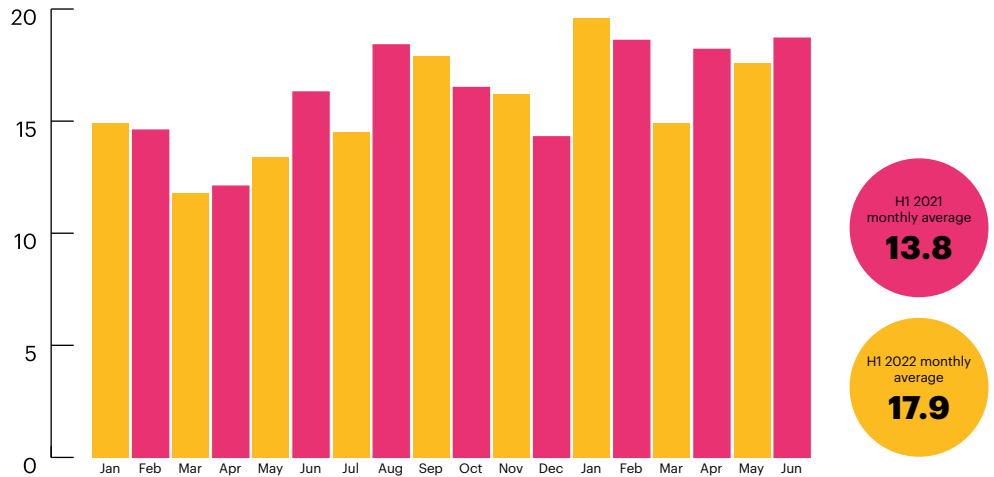
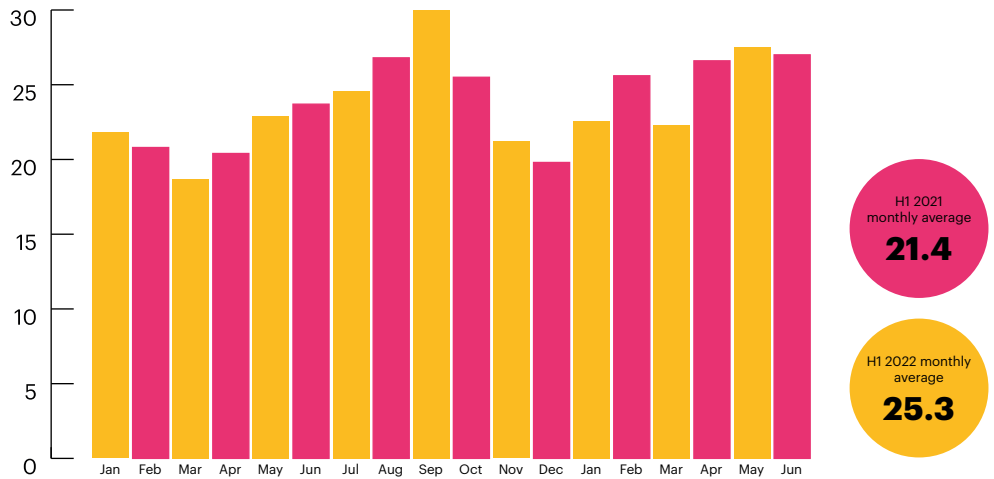
Demand for leisure and experience gift cards remains strong

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?

An experience e.g. hot air balloon ride, helicopter ride, hotel stay

Leisure e.g. Travel, theatre tickets, spa, dining

Both experience gift cards (25.3% vs. 21.4%) and leisure gift cards (17.9% vs. 13.8%) saw strong growth in average monthly purchasing among gift card buyers over H1 2022 vs. H1 2021. Gift cards have been an ideal option to facilitate the types of pre-pandemic social activities that were restricted for large parts of 2020 and into 2021.



Gift cards have an important role in supporting local businesses

Gift cards have proven an increasingly important medium through which shoppers have been able to funnel financial support to local retail and leisure businesses, while these businesses have been heavily restricted in their ability to trade. Now that the UK has seemingly moved into a post-COVID phase, gift cards are set to represent a permanent additional revenue stream for local retail and hospitality operators. Indeed, over H1 2022 a monthly average of 33.6% of those purchasing gift cards for someone else cited 'I want to support local businesses and/ or my local high street' as a purchase driver. This was significantly higher than the 24.1% average of monthly purchasers who cited this reason over H1 2021.