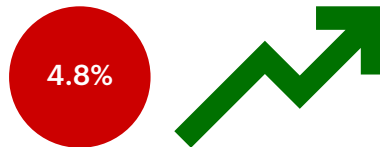


The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards. This is the 19th wave of monthly research, since GlobalData began tracking, back in May 2020, with the initial research covering the period from the beginning of lockdown (in March 2020), to the end of May 2020.

The November fieldwork went to field on December 1st, 2021 and was designed to explore habits over November 2021. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the November 2021 calendar month, with comparisons made between November 2021 and October 2021. Where relevant, comparisons have also been made to the 19-month period.

For the 2020 comparisons, it is important to note that mid-October 2020 saw the introduction of the three-tier system in England. This was followed by the introduction of a second lockdown, in November 2020.

Strong UK retail performance predicted in H2 after the lifting of restrictions



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UK retail spend is forecast to hit £352.7bn in 2021, an increase of 4.8% compared to 2020. While restrictions remained in place for most of H1 2021, H2 signalled the start of retail's recovery. Since the lifting of all restrictions in England in July consumers have begun to spend more on non-essential items such as beauty and clothing, as they visit restaurants, bars and clubs once again. The emergence of the new Omicron variant has led to concerns among consumers in the lead up to Christmas, but with just over 82% of the UK population having had both vaccinations, and 35% of eligible adults having received a booster jab, the hope is that the recovery for the retail sector will be able to carry on without the disruption brought about by new COVID-19 variants and restrictions.

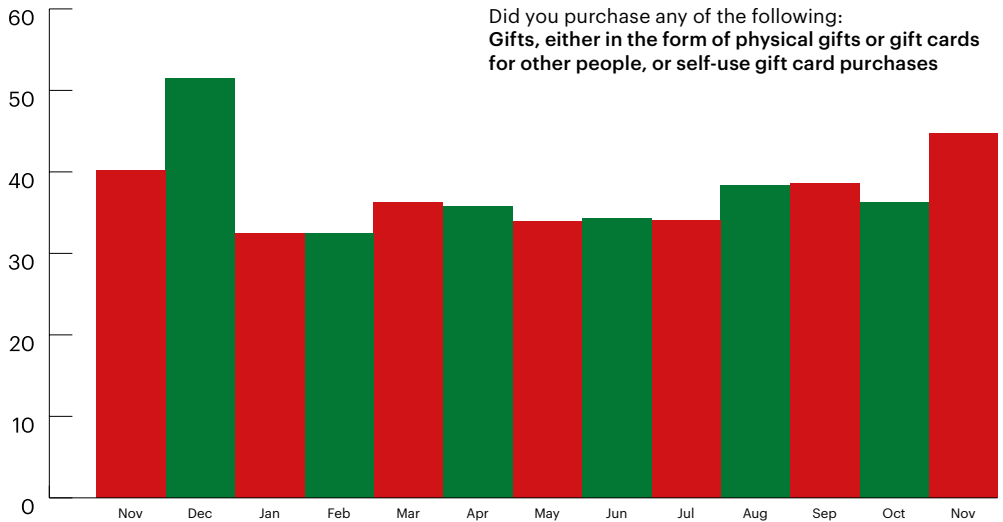
The food & grocery market is forecast to grow in 2021, with sales expected to increase by 0.3% to £167.6bn. Demand for this sector remained resilient in the first half of 2021, and while non-essential stores and hospitality venues opened, consumers have continued to spend more money on groceries, particularly with COVID-19 cases once again on the rise in the UK. Online food & grocery is forecast to continue to thrive, with online revenue set to grow by 20.0% against a strong comparative year.

The clothing and footwear market continued to be heavily impacted by the pandemic during the first half of 2021, as non-essential stores were forced to close amid the national lockdown and consumers remained reluctant to make discretionary purchases. The fast roll-out of the vaccine and the subsequential easing of restrictions has allowed the sector to experience stronger recovery in H2, as the recommencement of social events caused a rapid surge in demand for apparel products. However, this will not be enough to salvage the spend lost towards the beginning of the year, especially now that supply chain issues are causing delays to some retailers' key product lines, with the 2021 market forecast to be 13.1% lower than 2019 levels.

The home market is set to outperform overall retail for 2021 due to a strong performance during the first half of the year; this is as a result of the strong housing market and increased shopper confidence when buying home products online. The sectors are also set to benefit again from shoppers transferring money which had previously been earmarked for foreign holidays into the home. However, growth during the second half of the year has moderated as the reopening of leisure activities encourages spend within other categories such as clothing, and supply chain disruptions causes stock issues for home retailers.

Gift purchasing saw a strong year-on-year increase over November

Against a weak comparative of November 2020, which saw a second lockdown in England, there was a strong year-on-year rise in gift purchasing over November 2021. Over the calendar month, 44.7% of respondents purchased gifts; either physical gifts or gift cards for other people, or self-use gift card purchases, compared to 40.2% in November 2020. This rate of purchasing represented the second highest rate since GlobalData began tracking, back in May 2020; second only to December 2021.

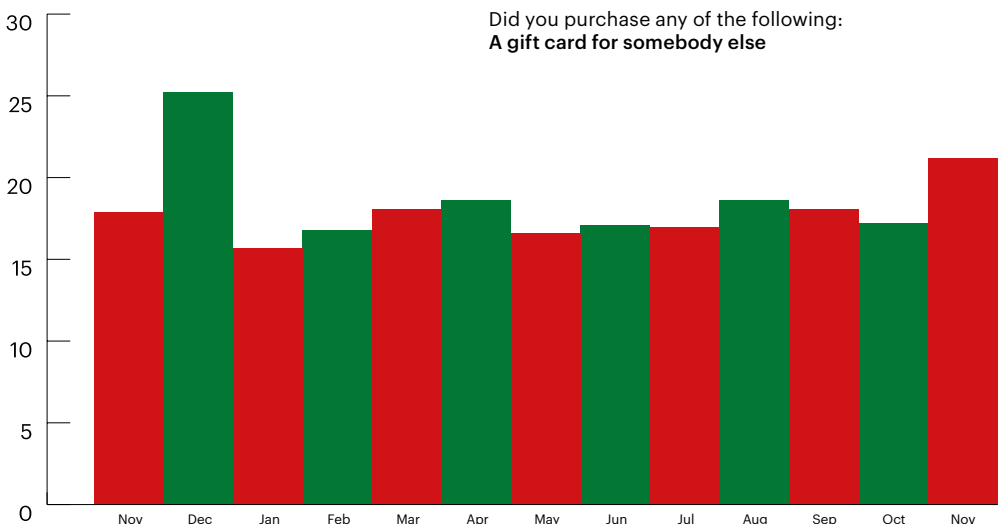


Both physical gifts and gift cards saw increased purchasing

The proportion of consumers purchasing a gift card for someone else increased to 21.2% in November 2021 vs. 17.2% in October 2021, and vs. 17.9% in November 2020. In the run-up to Christmas, gift cards have proved a popular option. This is reflective of their enduring popularity in categories such as leisure, hospitality and gaming; their cross-channel flexibility; and the potential role of gift card to support local businesses/local high street. Moreover, supply chain issues for some of the most wanted Christmas gifts is providing further opportunities for gift cards over Christmas 2021; 34.8% of those purchasing gift cards for someone else cited them being easier to purchase than physical gifts as being a key driver.

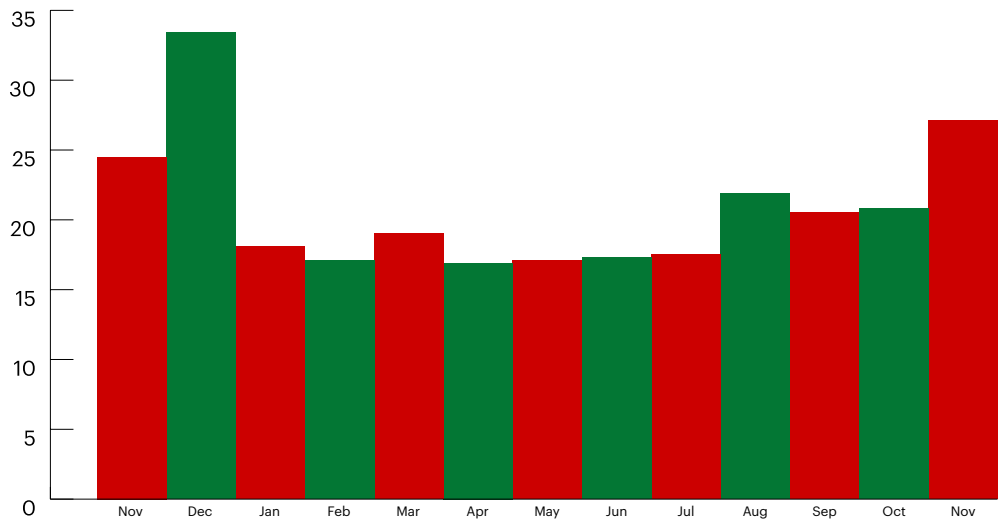
Purchasing of physical gifts for someone else also increased, from 20.8% in October 2021, to 27.1% in November 2021. Purchasing of physical gifts was markedly higher than over November 2020 (24.5%), when physical shopping and purchasing was strongly impacted by lockdown restrictions.

While there is strong uncertainty for the period in the immediate lead-up to Christmas 2021 – amid the strong spread of the omicron variant – the expectation is that physical gifts will continue to outperform.



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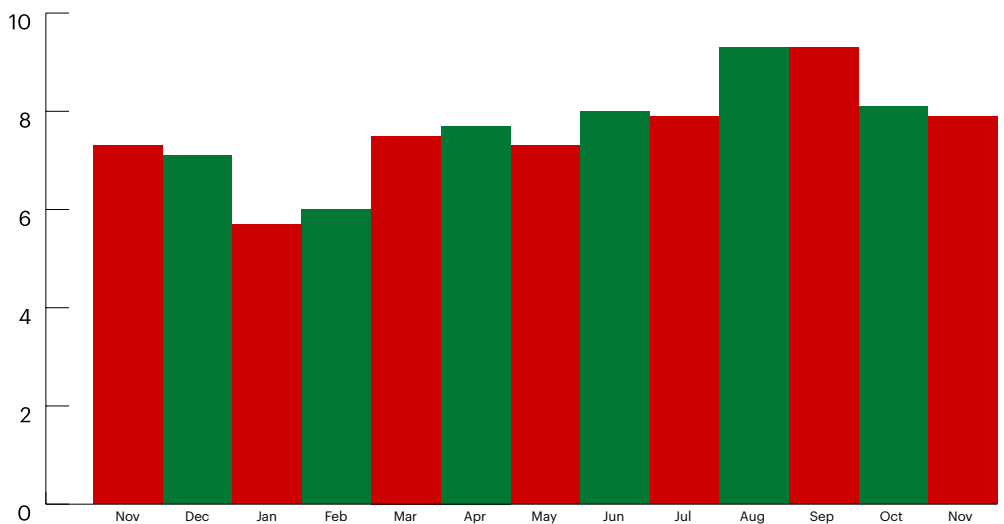
Did you purchase any of the following:
A physical gift for somebody else



Self-use purchasing
dipped over
November 2021

The proportion of respondents purchasing gift cards for self-use was at 7.9% over November, which was a slight dip on the 8.1% purchase penetration over October. This is reflective of the greater focus that consumers are currently placing on gift purchasing for others. Indeed, the longer-term year-on-year trends remain positive; for example, only 7.3% of respondents purchased gift cards for self-use over November 2020.

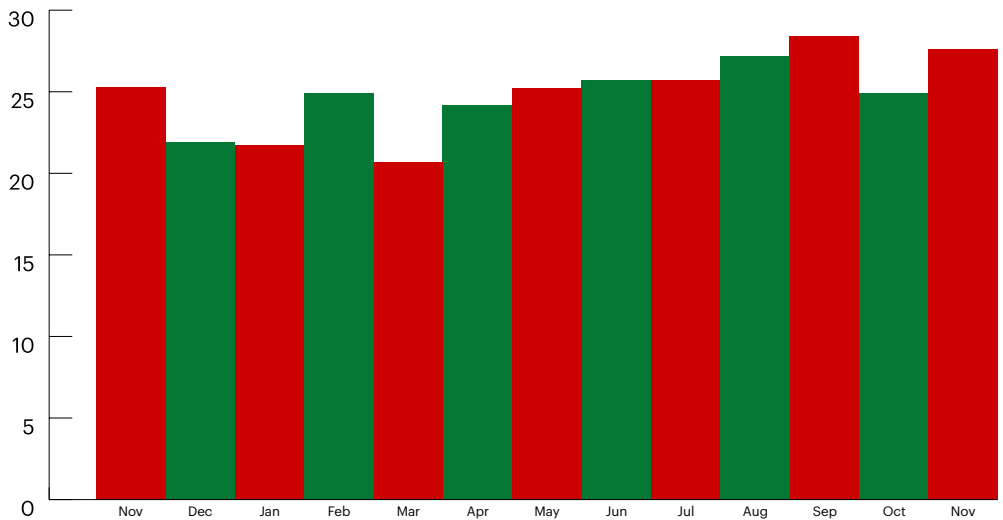
Did you purchase any of the following:
A gift card for yourself



An increase purchasing via work incentive programmes over November

The proportion of gift card purchasers buying physical gift cards through work reward/incentive programmes was 27.6% over November 2021 vs. 24.9% in October 2021, and 25.3% over November 2020. This follows an almost consistent upwards purchase penetration trend since April 2020, perhaps reflecting both a return to a semblance of pre-COVID working patterns, and many companies being more proactive in their endeavours in this area.

Which type of gift cards did you purchase?
A physical gift card through an employee benefits programme

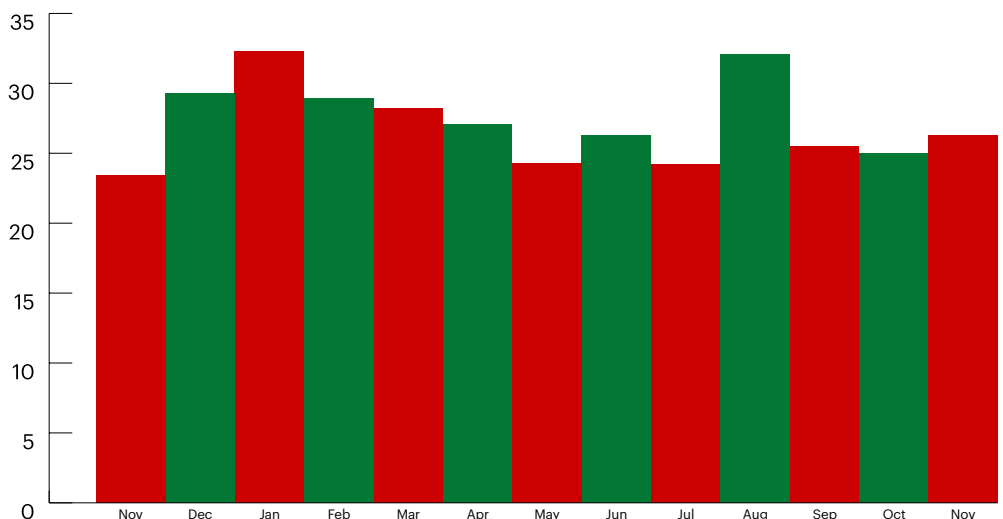


Digital gift cards outperformed over November 2021

In addition to physical purchases through work incentives programmes, digital gift cards also represented a key driver of demand over November 2021. The proportion of gift card buyers purchasing digital gift cards was 26.3% over November 2021 vs 24.9% in October 2021. Despite the favourable comparatives for physical retailing, digital card purchasing was also higher than November 2020, when 23.4% of gift card buyers purchased this type of card. Elsewhere, purchasing of physical gift cards from retailers, both instore and online, dipped over November 2021.

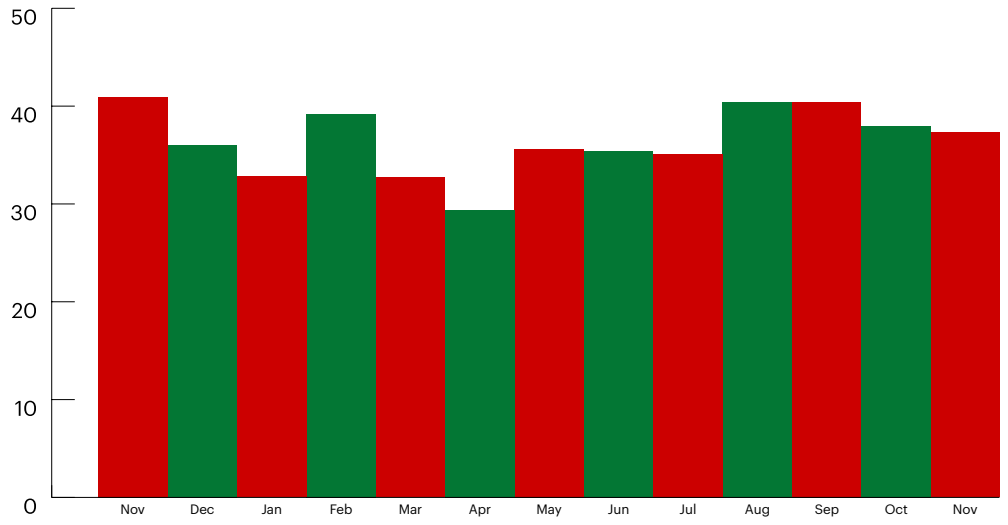
Amid the partial return to pre-COVID shopping habits, the pandemic has permanently cemented the greater influence of digital purchasing and redemption. This is evidenced by the 59.5% of gift card respondents that they “expect all gift cards to be cross-channel” – the highest level of agreement since GlobalData began tracking.

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

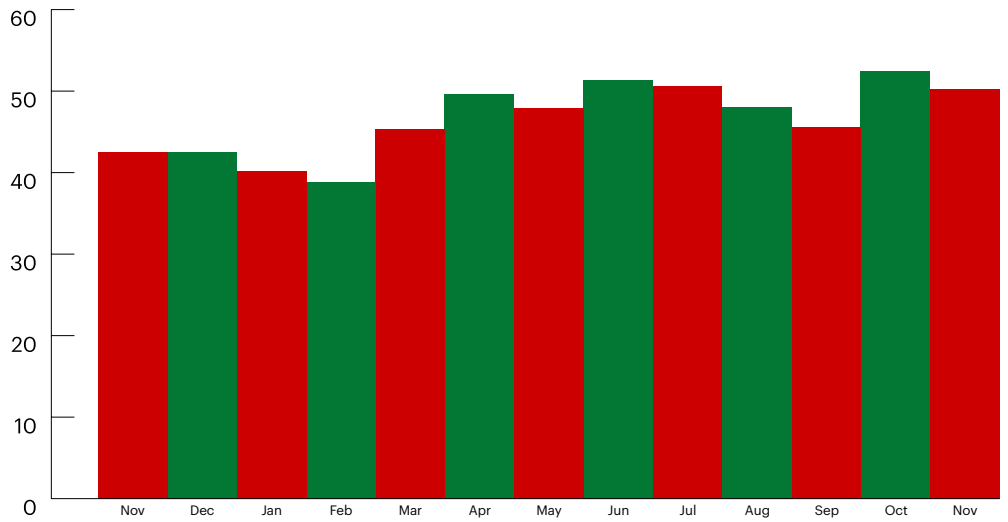


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Which type of gift cards did you purchase?
A physical gift card from a retailer/gift card issuer online



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



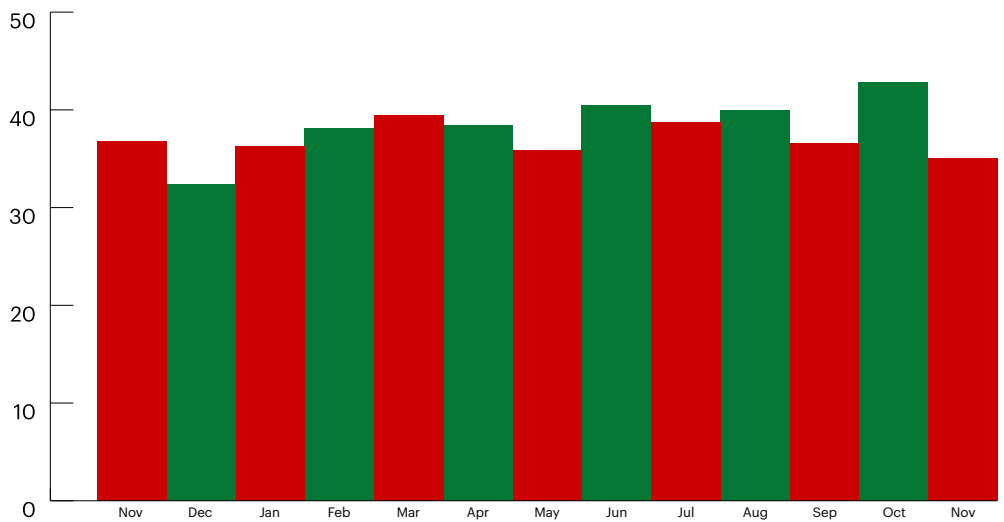
Retail gift cards experienced a significant boost over November

The proportion of gift card buyers purchasing single store gift cards increased to 51.7% over November vs. 48.4% over October. At the same time, the proportion purchasing multistore gift cards dipped to 35.0% in November vs. 42.8% in October

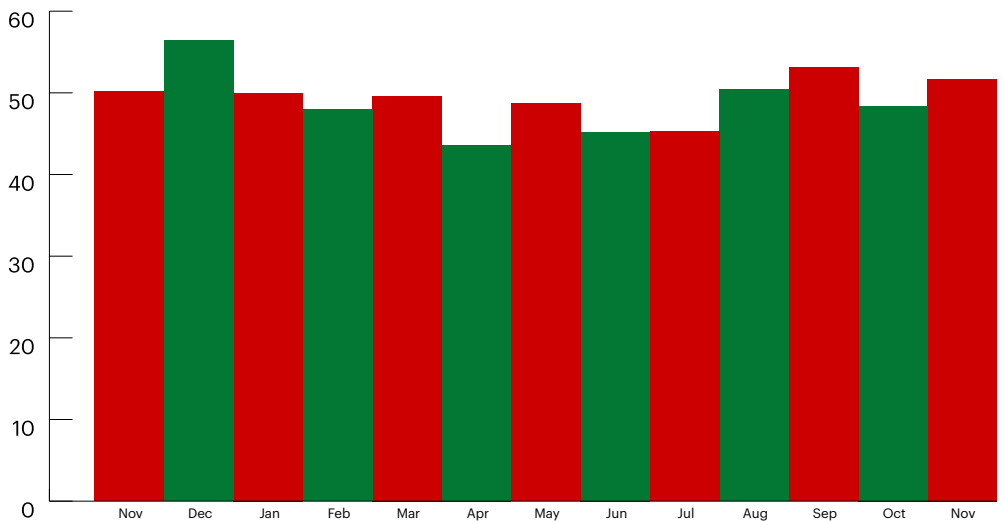
The rising penetration of retail gift cards reflects increased inclination for shoppers to undertake the same types of physical, shopping trips that they were pre-pandemic. Moreover, purchasing of cards of specific brands suggests a growing confidence that these operators will still be around for cards to be redeemed, following the uncertainty in UK retail over much of the last 18-21 months.

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



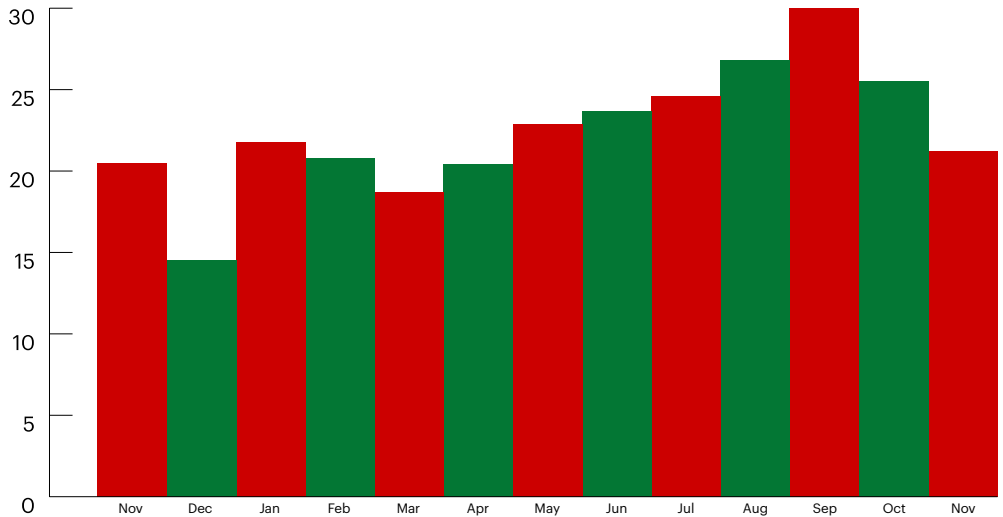
A retail gift card – a gift card for a specific high street retailer or a store branded gift card



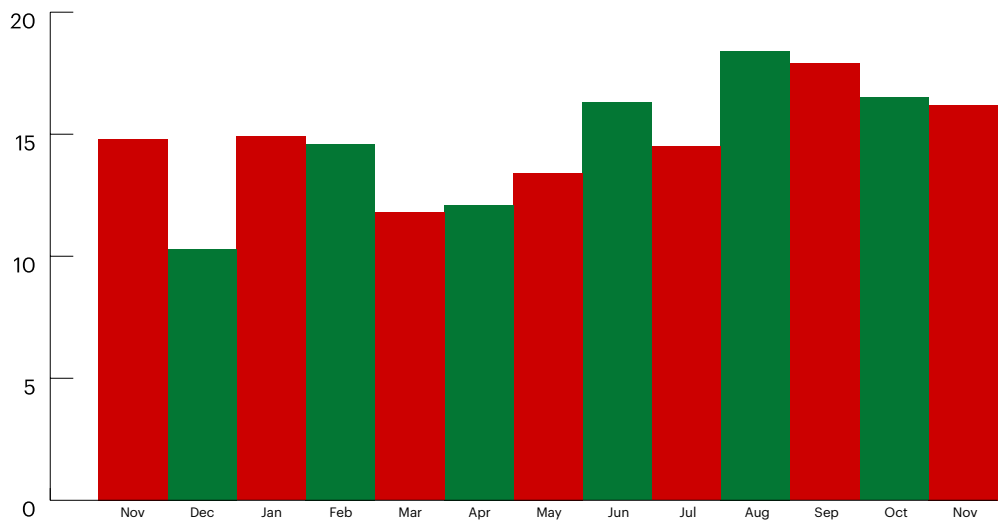
Easing demand for leisure and experience gift cards

Purchase penetration for both leisure and experience gift cards declined further over November, with demand being weaker than the peak period during the summer holidays over August and September. However, despite this decline, purchase penetration has remained relatively robust, particularly compared to 2020. Indeed, the November 2021 purchase penetration of 25.5% and 16.5% for experience and leisure cards, respectively, was higher than penetration of 20.5% and 14.8% in these categories over November 2020.

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



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



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. 34.9% of consumers agreed with the statement “I have noticed that more local businesses have started to sell gift cards” over November 2021.