

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 31st 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 2022 and was designed to explore habits over November 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the November 2022 calendar month, with comparisons made between November 2022 and November 2021. Where relevant, comparisons have also been made to the wider tracking period.

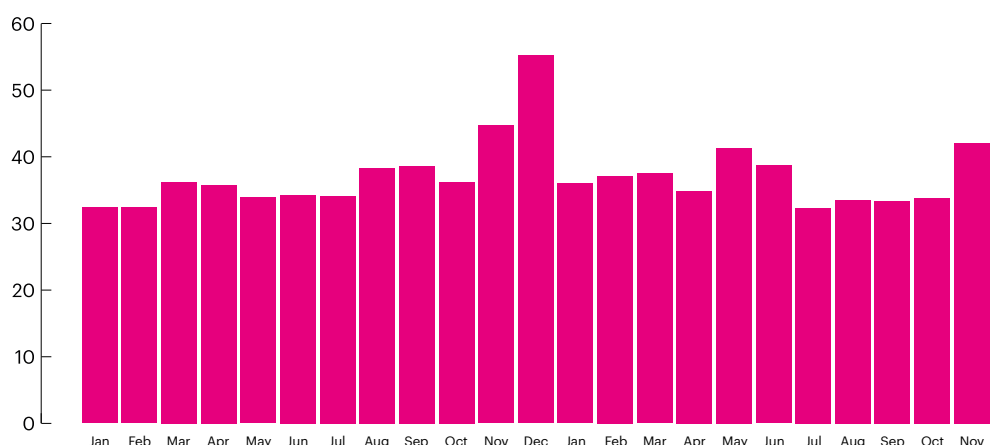
Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to reach £361bn in 2022

UK retail spend is forecast to reach £361.5bn in 2022, an increase of 1.4% on 2021. This will be propped up by inflation, with volumes forecast to decline 7.4%. The cost-of-living crisis within the UK is deterring all but essential spend, particularly among the less affluent. Indeed GlobalData’s Consumer Sentiment survey of 2,000 respondents in October 2022 reported 77.1% of consumers stated that they intend to spend less on retail over the next six months. With the Bank of England reporting inflation of 10.7% 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, despite some mitigation from government interventions. Online penetration is forecast to fall to 23% in 2022 a drop of 3.3ppts 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.

Gift purchasing ramps up, but year-on-year performance is still lagging

Over the November 2022 calendar month, 42.1% of UK consumers said that they purchased gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases. While this represented the highest level of gift purchasing so far in 2022, it was notably lower than the 44.7% purchasing gifts over November 2021. The month-on-month boost in purchasing over November was driven by UK shoppers looking to kick-start their Christmas 2022 spending, further supported by promotional activity over the Black Friday weekend. However, the continued relative underperformance of gifting reflects the impact that rising inflation – across energy, fuel, and food – is having on household incomes. GlobalData forecasts that overall spending will drop 3.0% over Christmas; the Gifting category is set to be hardest hit, with a decline of -6.8% compared to 2021.

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



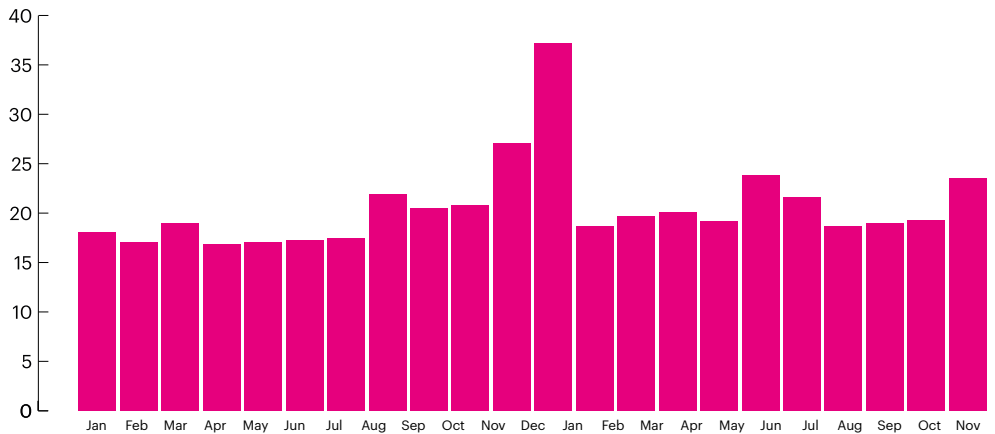
Physical gifts and gift cards both see purchasing growth over November

Following a month-on-month decline over October, the proportion of UK consumers purchasing gift cards for someone else recovered in November 2022, to 18.1%, compared to 14.1% in October. At the same time, the proportion of UK consumers purchasing physical gifts for other people increased to 25.4% over November 2022, compared to 19.3% in October 2022.

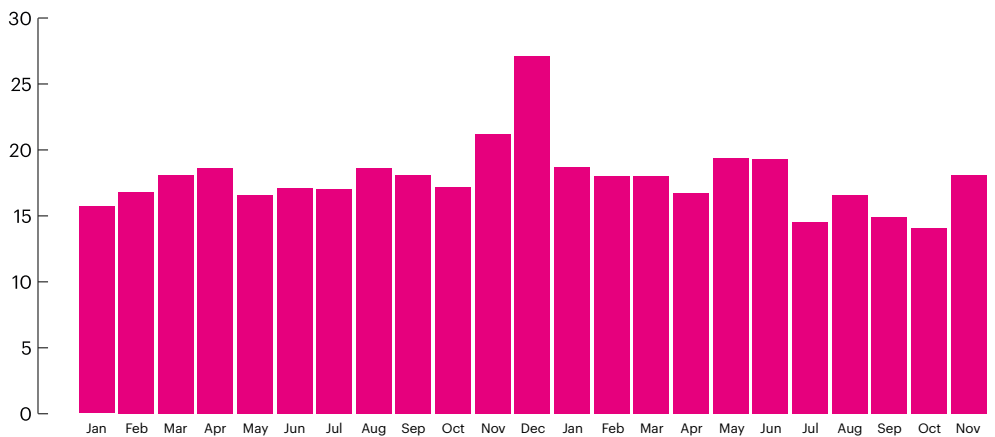
However, both physical gifts and gift cards for other people saw marked declines in purchasing compared to November 2021. This is despite the outperformance of the Black Friday weekend, which GlobalData estimates continued to recover from its post-2019 drop-off, with spend growing 0.9% to £8.8 billion.

Despite the wider consumer malaise, gift cards are well-placed to achieve a strong December. The fixed priced domination of gift cards should benefit at a time of high inflation, while the potential impact of the Royal Mail strikes should also persuade some to choose gift cards as an alternative.

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



A gift card for somebody else

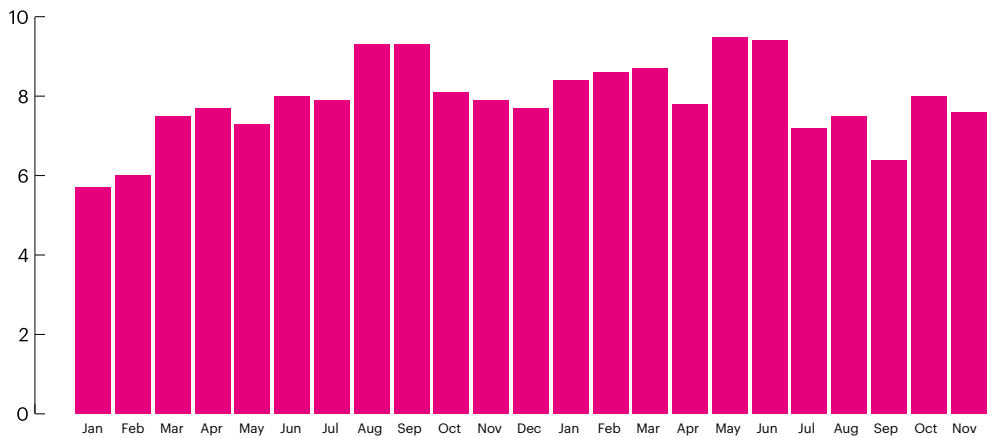


Self-use purchasing dips, with shopper priorities being elsewhere

The proportion of respondents purchasing a gift card for self-use was at 7.6% over November 2022, representing a decline both vs. October 2022 (8.0%), and November 2021 (7.9%). This decline has likely been driven by financially under pressure UK consumers looking to prioritise spending elsewhere, both towards Christmas 2022, and amid rising inflation across essential spending outlets.

Nonetheless, self-use gift card purchasing is playing an increasingly influential role in supporting shoppers looking for levers to help with saving. Indeed, the proportion of those purchasing self-use gift cards that cited “to help with saving money” as a driver, increased to 47.6%; the highest level since GlobalData began tracking, back in May 2020.

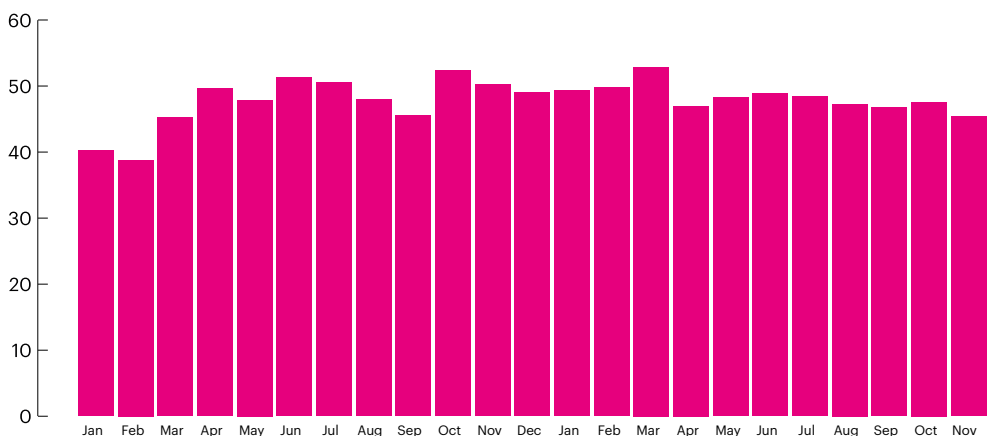
Did you purchase any of the following?
A gift card for yourself



Digital gift cards see strong year-on-year growth

While declining slightly against the heights of October 2022, the proportion of gift card purchasers buying digital gift cards was at 29.5% over November 2022, compared to 26.3% in November 2021. The pandemic helped to accelerate the growth of digital, with 39.7% of respondents expecting all gift cards to be cross-channel, and 15.4% stating that they’ve converted to digital gift cards. Moreover, given the potential impact of the Royal Mail strikes, digital cards are well placed in the immediate run-up to Christmas 2022. Elsewhere, physical gift cards purchased both instore and online saw year-on-year declines in purchasing among gift card buyers. However, with brands increasingly focusing on the inclusion of more experiential presentation elements to their physical offerings, these options are likely to represent strong gifting options for Christmas 2022.

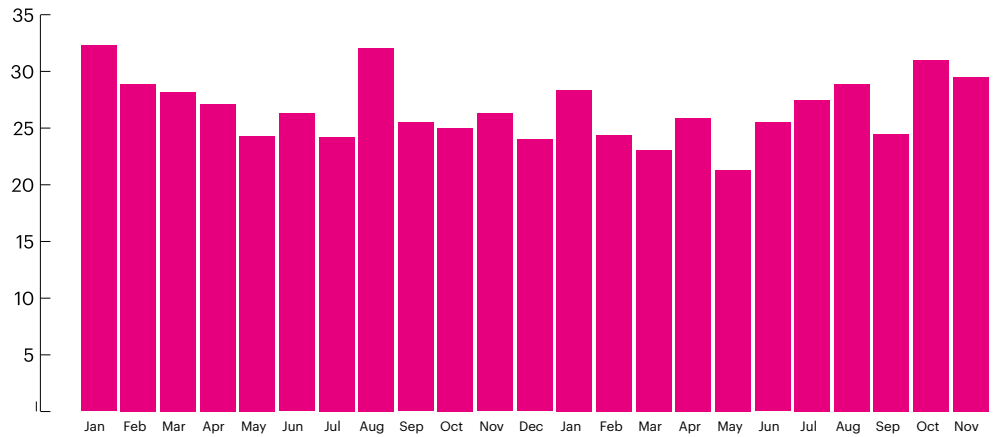
And which type of gift cards did you purchase?
A physical gift card from a retailer/gift card issuer instore



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

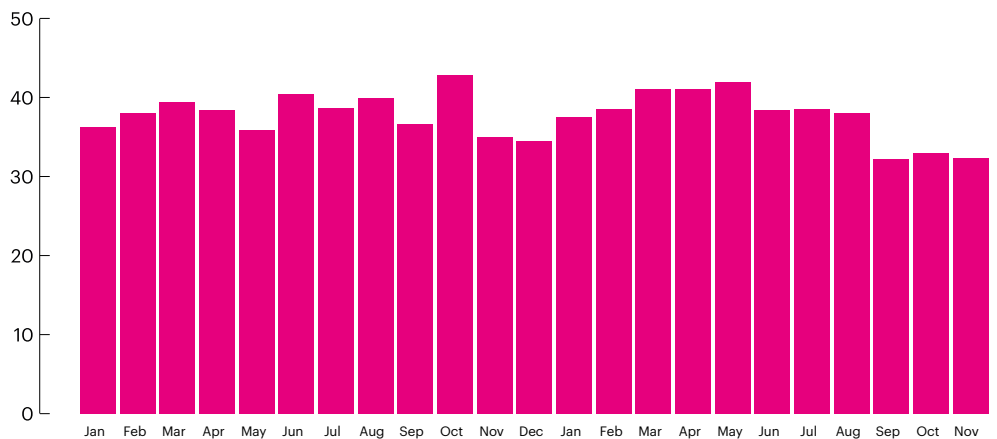


Single retailer gift cards saw strong year-on-year growth

The proportion of gift card buyers purchasing single store gift cards increased again over November 2022, to 55.4%. This represented a healthy increase, both vs. October 2022 (53.3%), and November 2021 (51.7%). Indeed, the rate of purchasing of single store gift cards over November 2022 was at the second highest level since GlobalData started tracking, back in May 2020. Moreover, these cards are likely to continue their outperformance over December 2022, with consumers viewing these as more thoughtful Christmas gifting options.

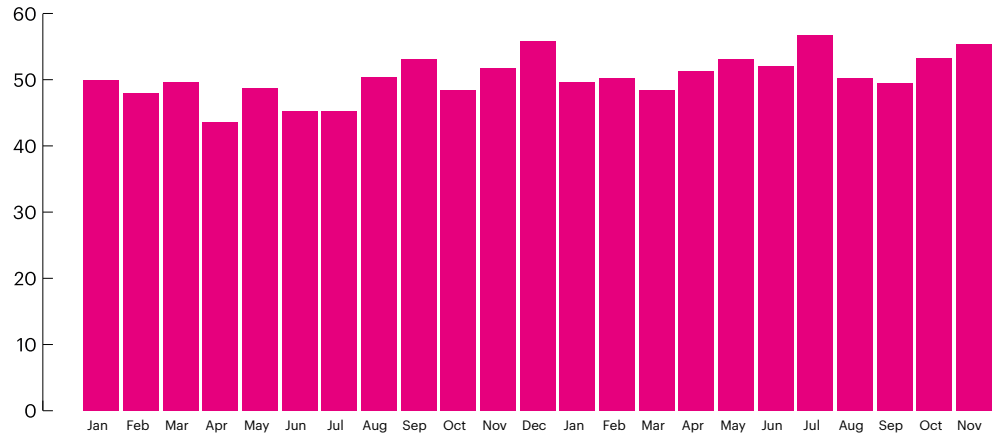
At the same time, the proportion purchasing multi-store gift cards continued the negative trend, at 32.4% compared to 33.0% in October 2022, and 35.0% in November 2021.

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



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

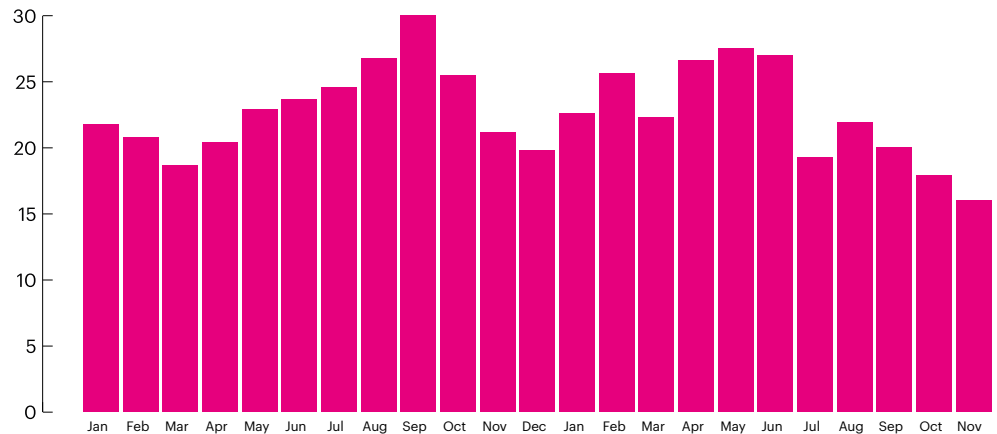


Experience and leisure cards see further demand dip

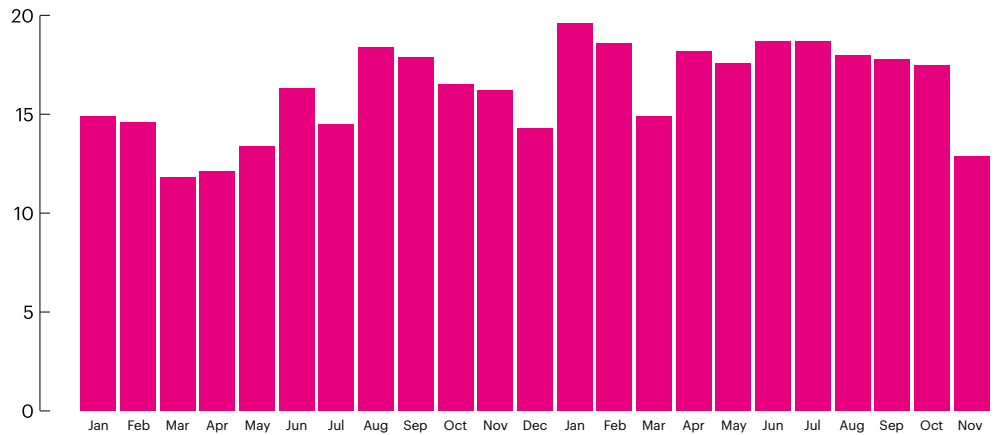
The proportion of gift card buyers purchasing experience cards (e.g. hot air balloon ride, helicopter ride, hotel stay) was at 16.0% in November 2022. This represented a decline both vs. October 2022 (17.9%), and more markedly on November 2021 (21.2%). At the same time, the 12.9% of gift card buyers purchasing leisure gift cards (e.g. travel, theatre tickets, spa, dining) was both lower than October 2022 (17.5%), and a pandemic-impacted November 2021 (16.2%).

Demand for both leisure and experience gift cards have both inevitably been hit by a post-summer malaise. This has been exacerbated by tightening household finances, and shoppers showing greater caution as a result.

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



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 moved into a post-COVID phase, gift cards are set to represent a permanent additional revenue stream for local retail and hospitality operators. Indeed, 23.2% of those purchasing gift cards for self-use cited “I want to support local businesses and/ or my local high street” as a purchase driver.