

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 27th 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 July fieldwork went to field on August 1st 2022 and was designed to explore habits over July 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

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

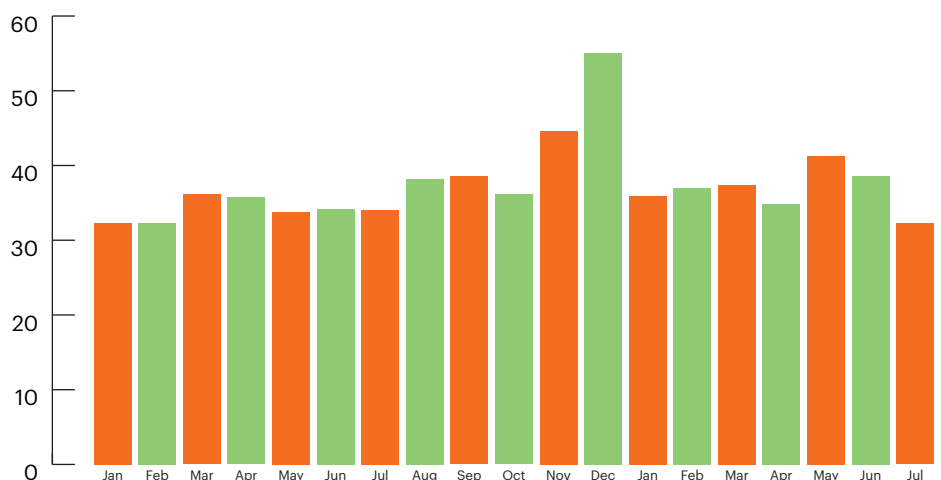
Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to reach £356.8bn in 2022

UK Retail spend is forecast to reach £356.8bn in 2022, a rise of 0.1% on 2021. This will be inflationary driven, with volumes forecast to decline 8.3%. 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 23.6%, a drop of 2.6 ppts 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 at its lowest level since August 2020

Over the July 2022 calendar month, 32.3% 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. The summer months generally see lower levels of gift purchasing, owing to fewer relevant seasonal events, and shoppers prioritising spending on travel and leisure pursuits. However, the 32.3% July 2022 purchasing rate was lower than the 35.1% rate in July 2021, and only on par with purchasing during a pandemic-impacted July 2020. This is perhaps reflective of the impact that rising inflation - across energy, fuel, and food - is having on household incomes.

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

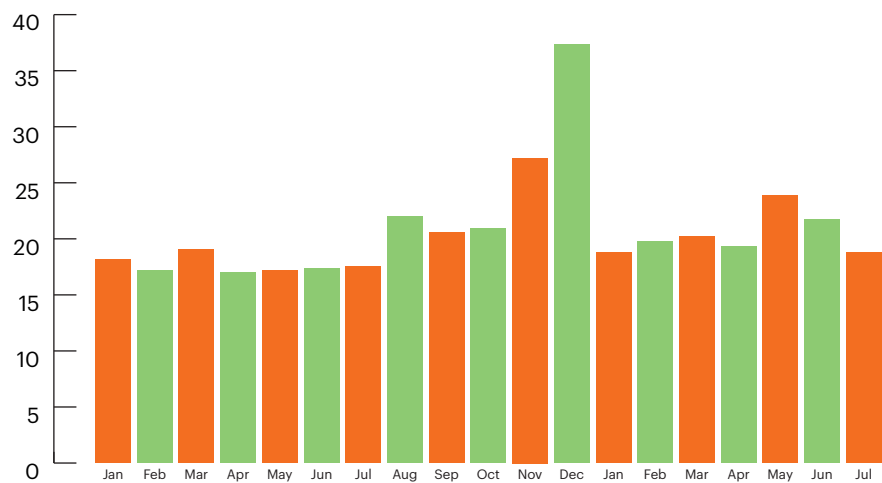


Gift card purchasing saw a notable year-on-year decline

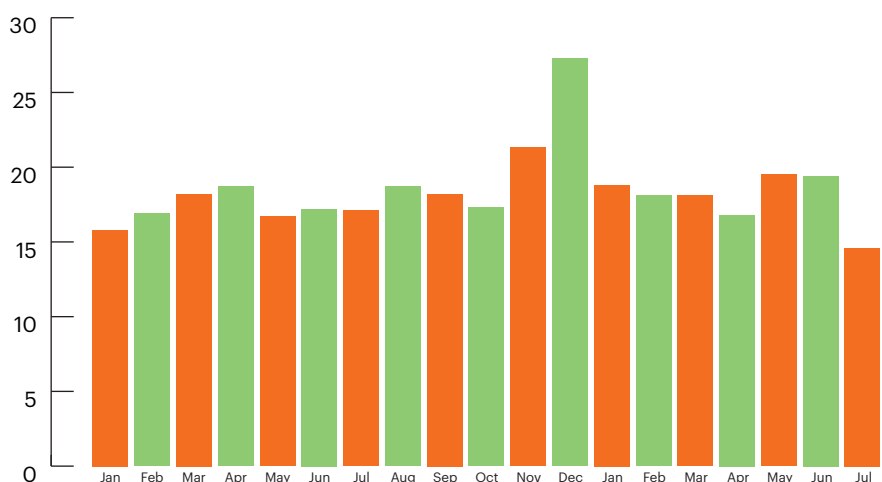
The proportion of UK consumers purchasing gift cards for someone else declined to 14.5% in July 2022 vs. 17.0% in July 2021. Moreover, the purchasing rate was at its lowest since July 2020. In contrast, physical gifts purchased for someone else saw an increase in purchasing, at 18.7% in July 2022 vs. 17.5% in July 2021.

The underperformance of gift cards is reflective of the wider impact of cost-of-living pressures, with shoppers looking to trade down to less expensive options, where possible. Moreover, even compared to July 2022, a greater proportion of UK consumers are attending social occasions and physical get-togethers, which has helped to boost physical gift purchasing.

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



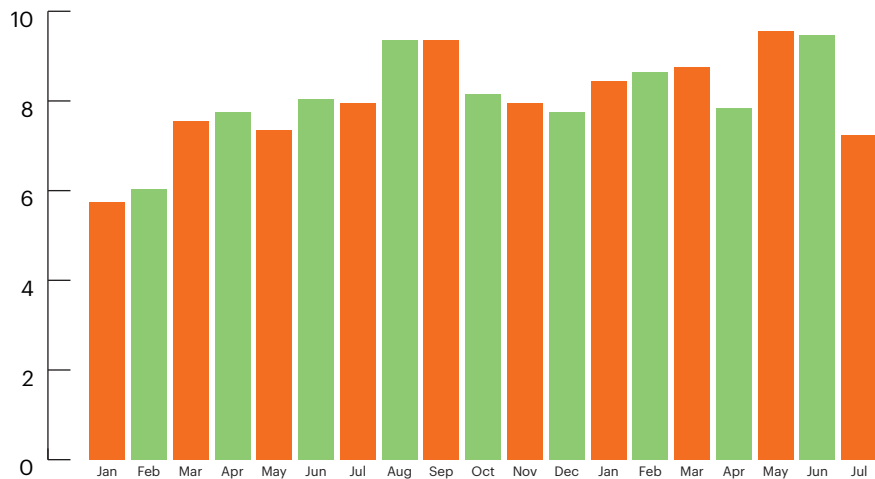
Did you purchase any of the following:
A gift card for somebody else



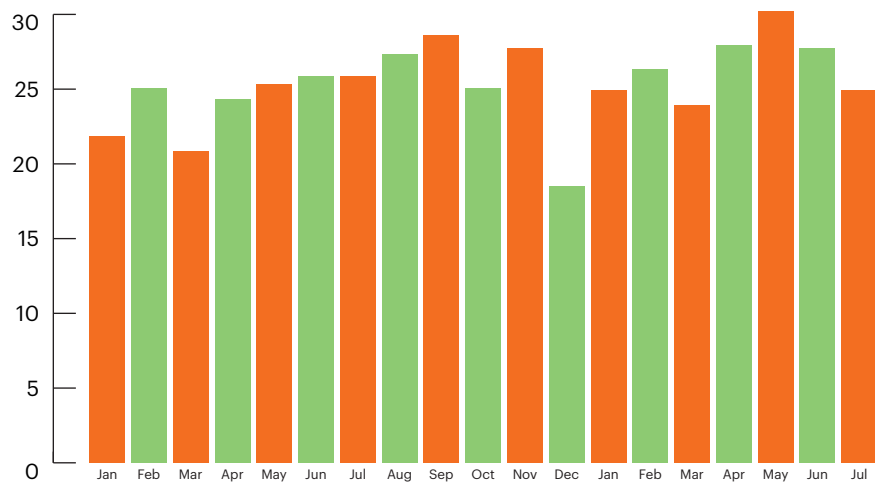
Self-use purchasing sees year-on-year dip

The proportion of respondents purchasing a gift card for self-use declined to 7.2% in July 2022, compared to 7.9% over July 2021. This decline follows a strong self-use purchasing trend over May and June 2022, with July 2022 purchasing at its weakest level since February 2021. A key driver of this decline has been a higher proportion of UK consumers travelling on foreign holidays, following a couple of years of travel disruption. As a result, the proportion of gift card buyers purchasing physical cards via work reward/incentive programmes declined to 24.8% in July 2022 vs. 25.7% in July 2021.

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

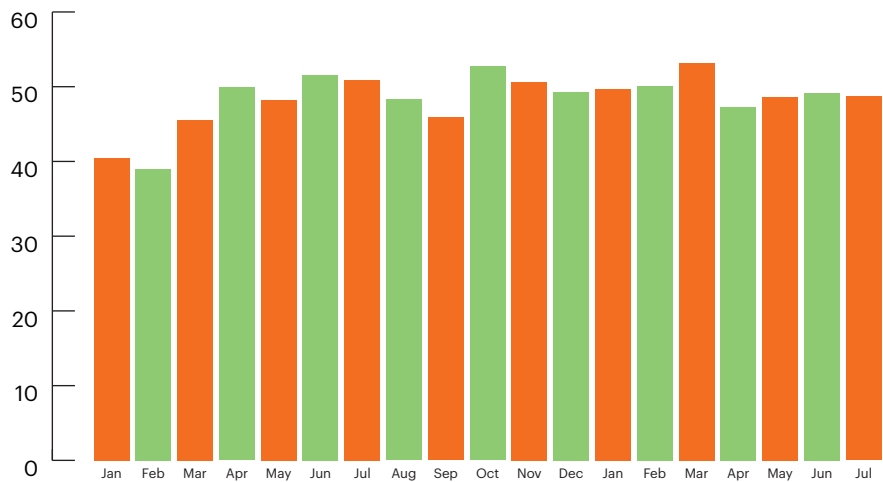


Physical gift card purchasing dips against tough year-on-year comparatives

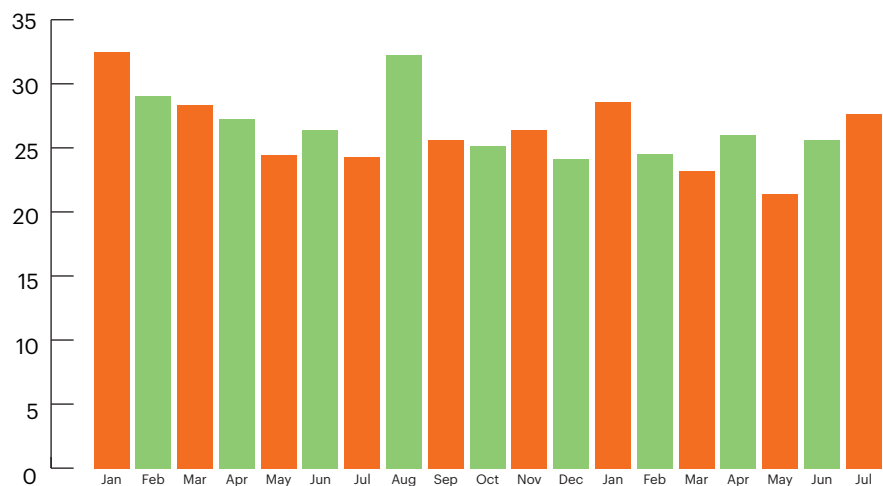
The proportion of gift card buyers purchasing physical gift cards instore declined to 48.4% in July 2022 vs. 50.6% in July 2021. This decline is reflective of a tough comparative, with July 2021 seeing the remaining pandemic restrictions lifted, which helped to drive greater demand for retail and leisure.

Conversely, the proportion of gift card purchasers buying digital gift cards was at 27.5% over July 2022, compared to 24.2% in July 2021. The pandemic helped to accelerate the growth of digital, with 23% of respondents claiming to have converted to digital gift cards.

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



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



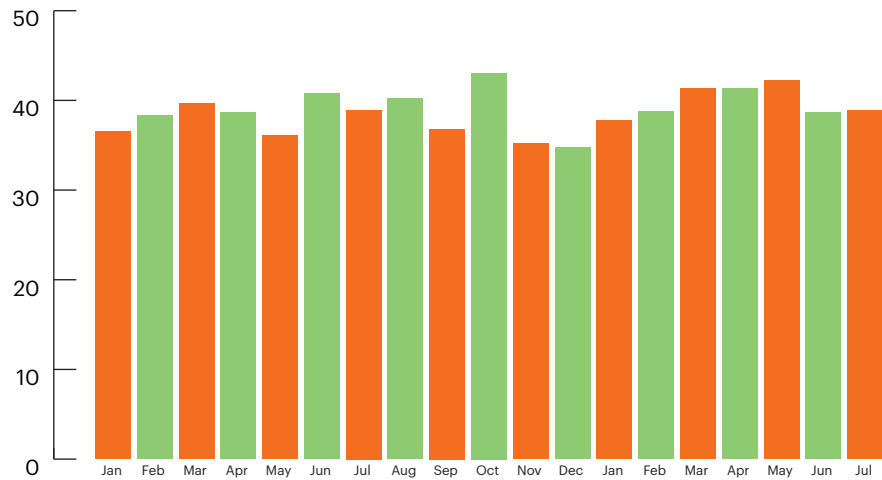
Single retailer gift cards saw strong demand over July

The proportion of gift card buyers purchasing single retailer gift cards increased to 56.7% over July 2022. This not only represented a significant increase on July 2021 (45.3%) but was also the highest level of purchasing since GlobalData began tracking, back in May 2020. Conversely, the proportion purchasing multi-store cards (38.6%) remained relatively consistent vs. July 2021 (38.7%).

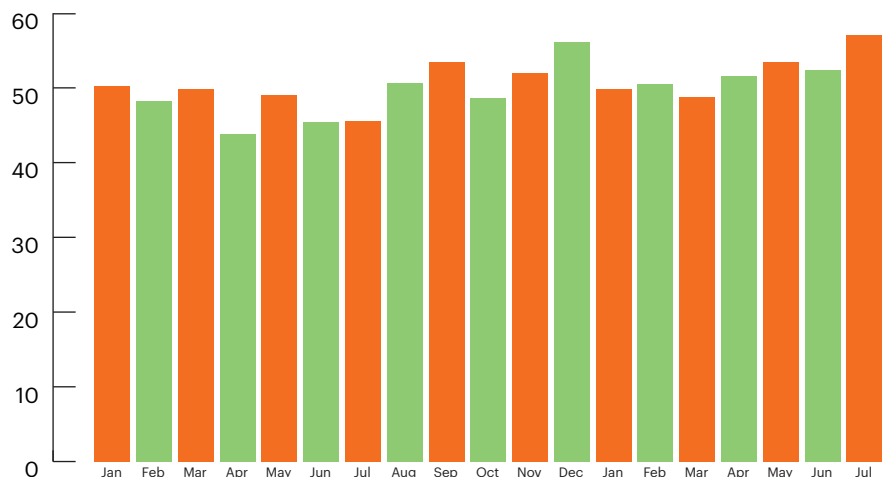
The increasing penetration of retail gift cards reflects the increased inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic. Moreover, purchasing of cards of specific brands suggests higher confidence that these operators will still be around 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.

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

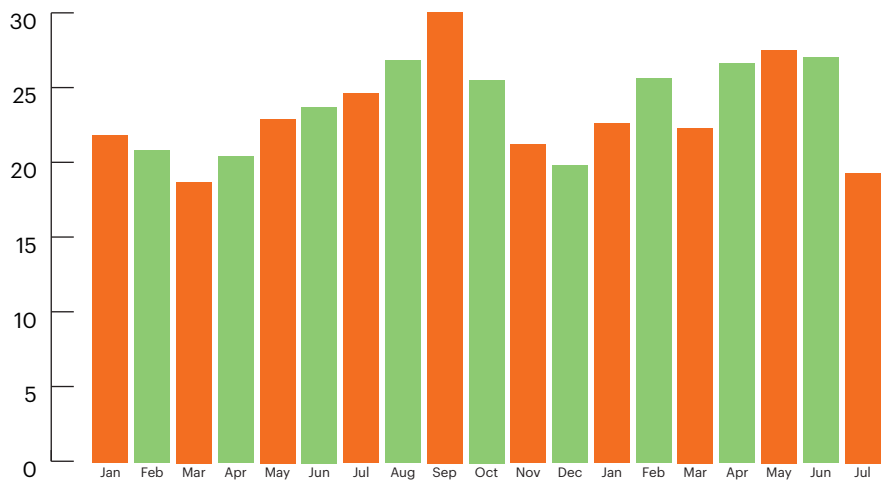


Demand for leisure gift cards holds up stronger than experience cards

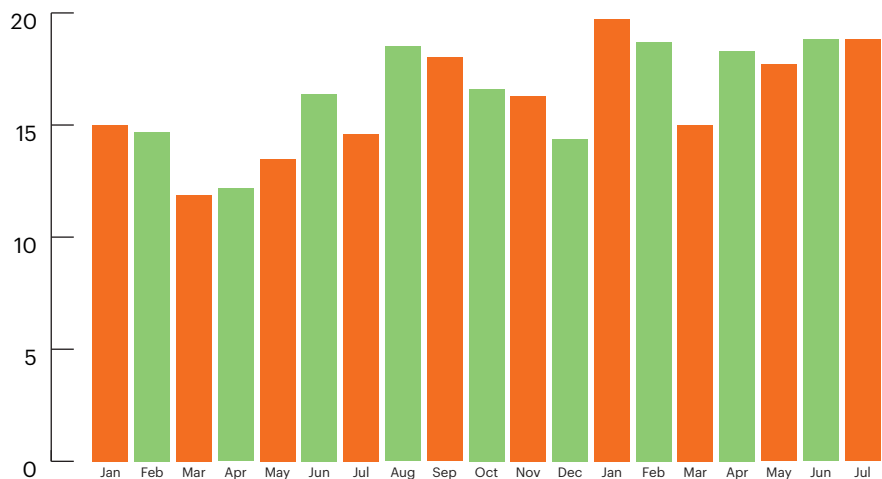
The proportion of gift card buyers purchasing leisure gift cards (e.g. travel, theatre tickets, spa, dining) was at 18.7% in July 2022 vs. 14.5% in July 2021. Gift cards have been an ideal option to facilitate the types of pre-pandemic social activities that were restricted for large parts of 2020 and into 2021.

However, purchasing of experience cards (hot air balloon ride, helicopter ride, hotel stay) dipped to 19.3%, representing a significant decline compared to both July 2021 (24.6%) and June 2022 (27.0%). The poor performance of experience is reflective of consumers having greater ability to pre-plan their summer holidays and social endeavours in 2022, which has led to less need to pre-purchase for future social activities. Moreover, with greater numbers holidaying abroad, this has led to a re-prioritisation of spend.

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



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, 34.0% agreed with the statement “I have noticed that more local businesses have started to sell gift cards”.