

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 29th 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 September fieldwork went to field on October 1st 2022 and was designed to explore habits over September 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

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

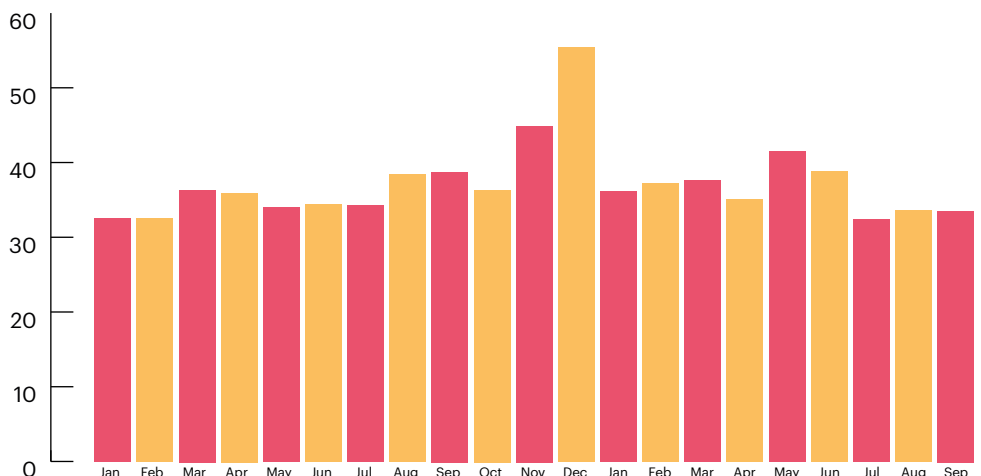
Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to reach £352.1bn in 2022

UK retail spend is forecast to reach £352.1bn in 2022, a fall of 1.2% on 2021. This will be propped up by inflation, with volumes forecast to decline 10.2%. 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 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, despite some mitigation from government interventions. Online penetration is forecast to fall in 2022 to 23.2%, a drop of 3.1 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 remained weak over September

Over the September 2022 calendar month, 33.4% 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. This represented a slight decline vs. the 33.5% who did so over August 2022, and a more significant underperformance compared to September 2021 (38.6%). Indeed, with the exception of July 2022, September 2022 was the lowest level of gift purchasing since April 2021. That gift purchasing has remained low, even after the typically weak summer months, reflects the impact that rising inflation – across energy, fuel, and food – is having on household incomes.

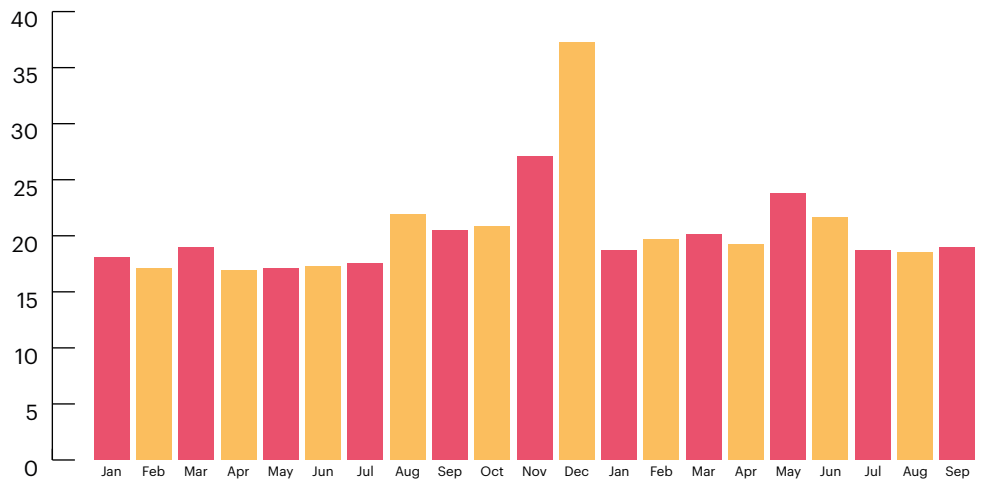
Did you purchase any of the following:  
**Gifts, either in the form of physical gifts or gift cards for other people, or self-use gift card purchases**



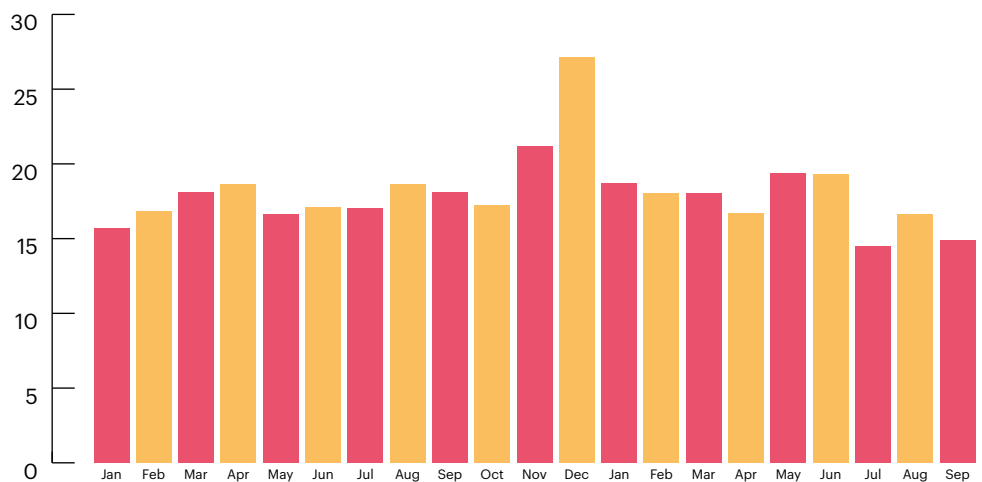
Gift card purchasing fell back sharply

The proportion of UK consumers purchasing gift cards for someone else declined to 14.9% in September 2022 vs. 16.6% in August 2022, and 18.1% in September 2021. Gift card purchase penetration was at its lowest since August 2020. 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, or forgoing gift purchasing altogether.

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**

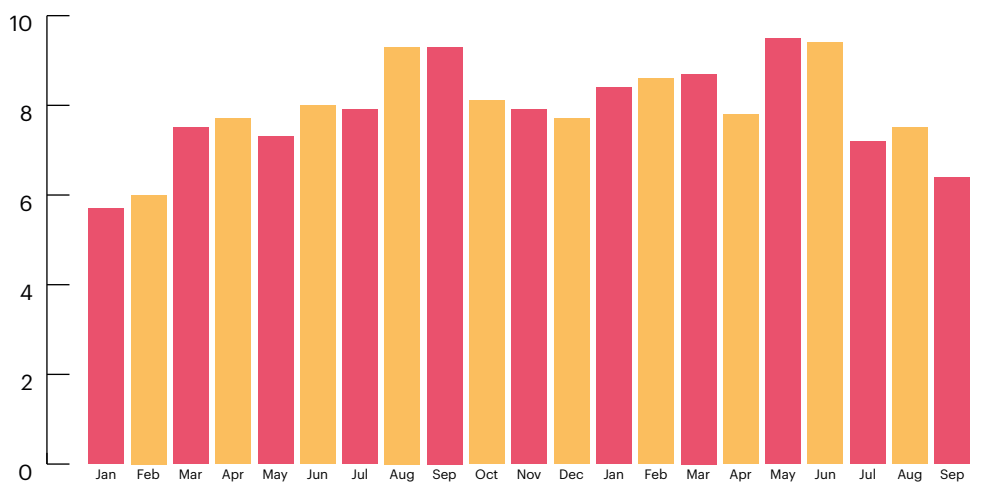


September saw a decline in self-use purchasing

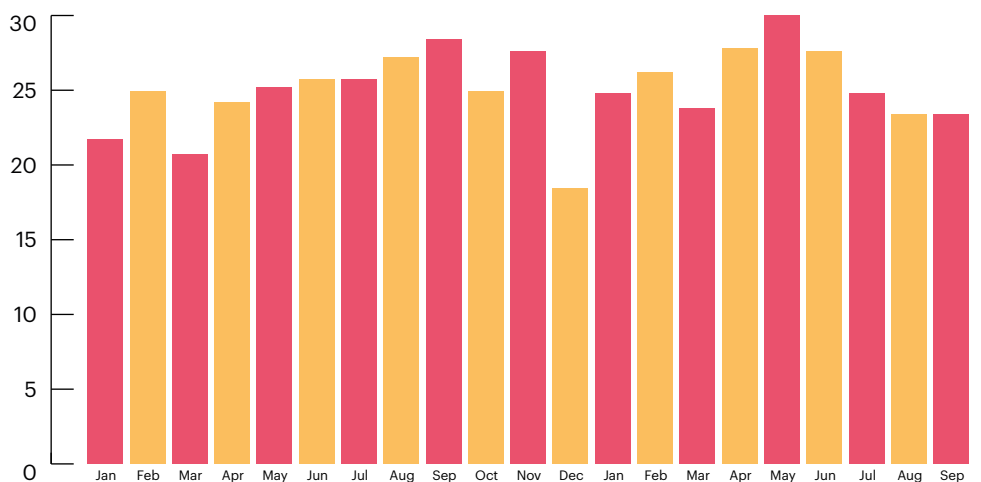
The proportion of respondents purchasing a gift card for self-use declined to 6.4% over September 2022, compared to 7.5% in August 2022. This rate of purchasing was also significantly lower than the 9.3% that purchased for self-use over September 2021. This weaker period of demand follows strong demand over May and June 2022. UK households are under increasing financial pressure at a period following spending on foreign holidays and before the potential outlay for Christmas 2022. Indeed, self-use purchasing over September 2022 was at its lowest level since February 2021.

However, there are signs that purchasing gift cards to facilitate more essential spending has held up better; the 23.4% of gift card buyers purchasing physical gift cards through work incentive programmes was stable vs. August 2022.

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



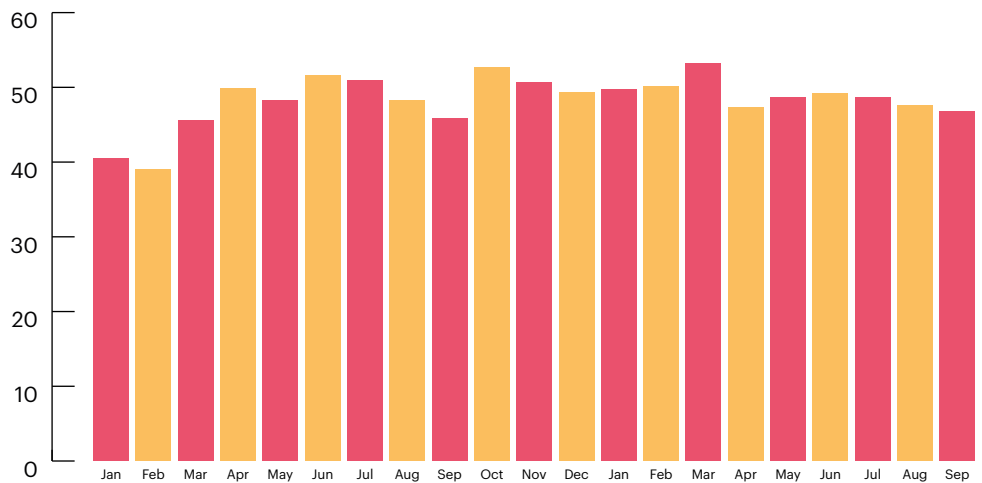
And which type of gift cards did you purchase?  
**A physical gift card through an employee benefits programme**



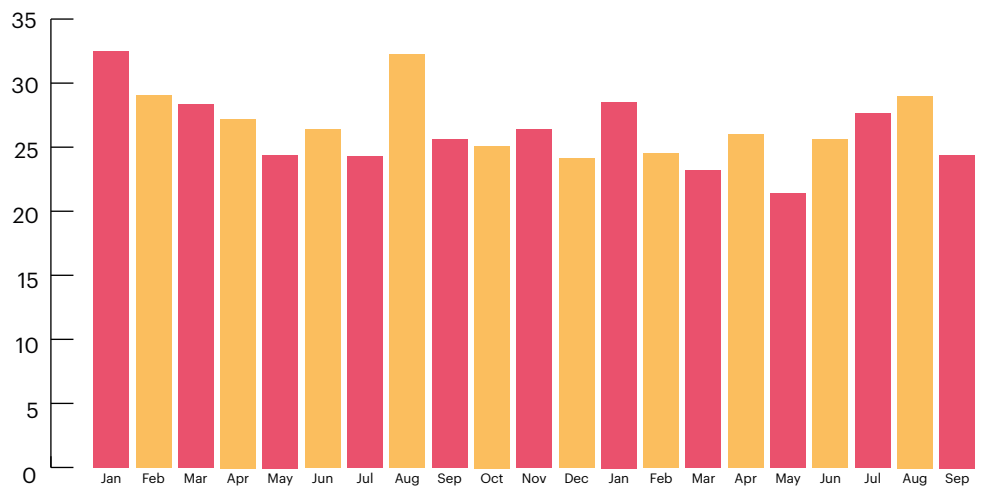
Physical gift cards held up comparatively better over September

The proportion of gift card buyers purchasing physical gift cards instore declined again, to 46.8% in September 2022 vs. 47.3% in August 2022. Nonetheless, this represented an increase on the 45.6% of gift card buyers purchasing this type over September 2021. Conversely, both physical gift cards purchased online, and digital gift cards, saw month-on-month, and year-on-year purchase penetration declines. The relative outperformance of physical cards purchased instore is reflective of a reversal of the typical trend seen over the summer months when online purchasing helps shoppers to transfer spend towards more convenient alternatives.

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

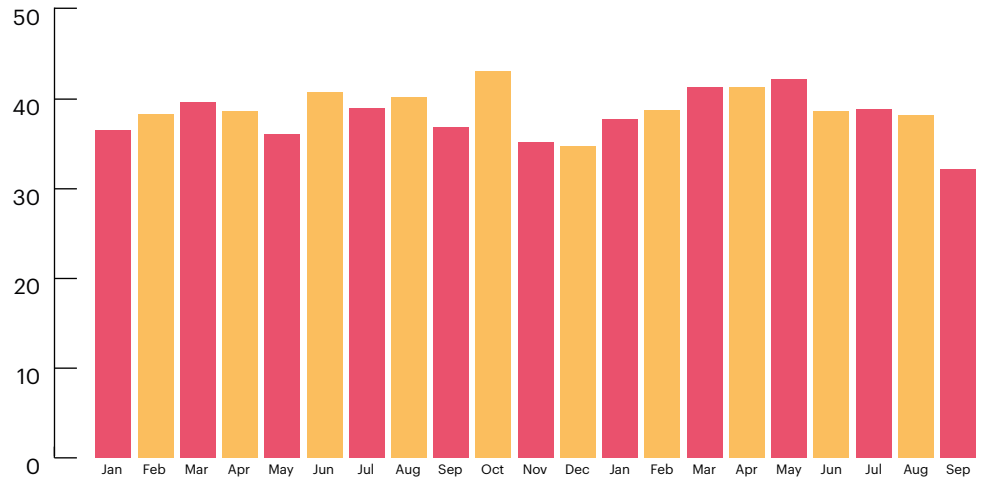


Single retailer gift cards saw another decline over September 2022

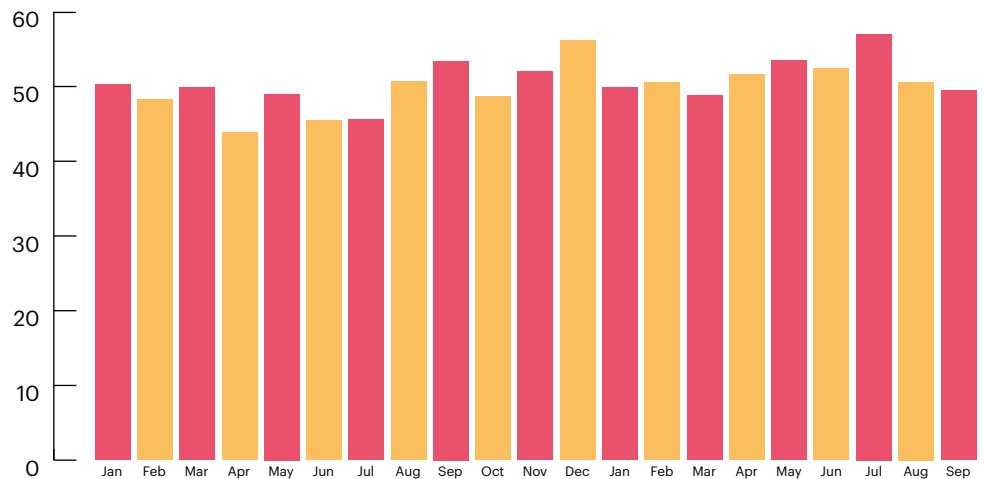
The proportion of gift card buyers purchasing single store gift cards over September 2022 declined again, to 49.5%. This follows two highly contrasting months, with July 2022 seeing the highest rate of purchasing since GlobalData began tracking (at 56.7%), and August 2022 seeing a significant fall back (to 50.3%). At the same time, the proportion purchasing multi-store gift cards declined again, to 32.2%; the lowest level of purchasing since May 2020.

**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

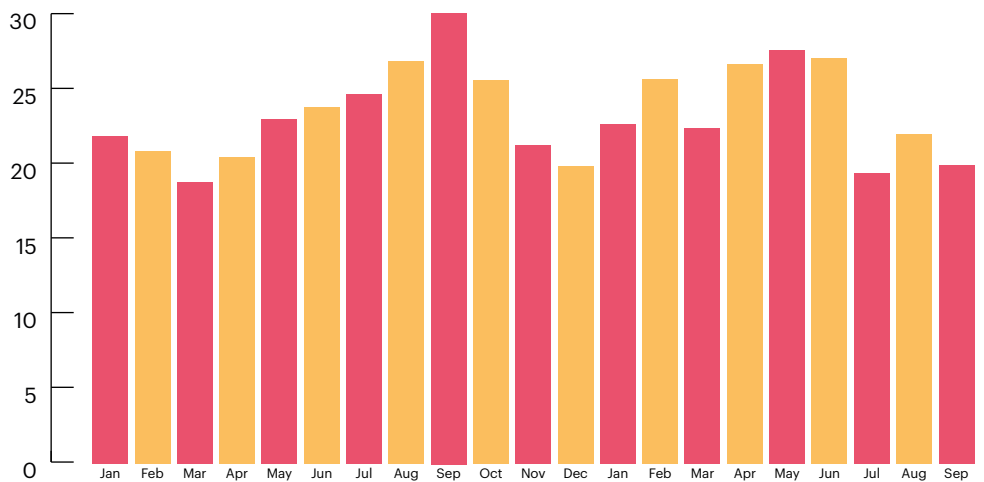


Experience cards see a post-summer demand dip

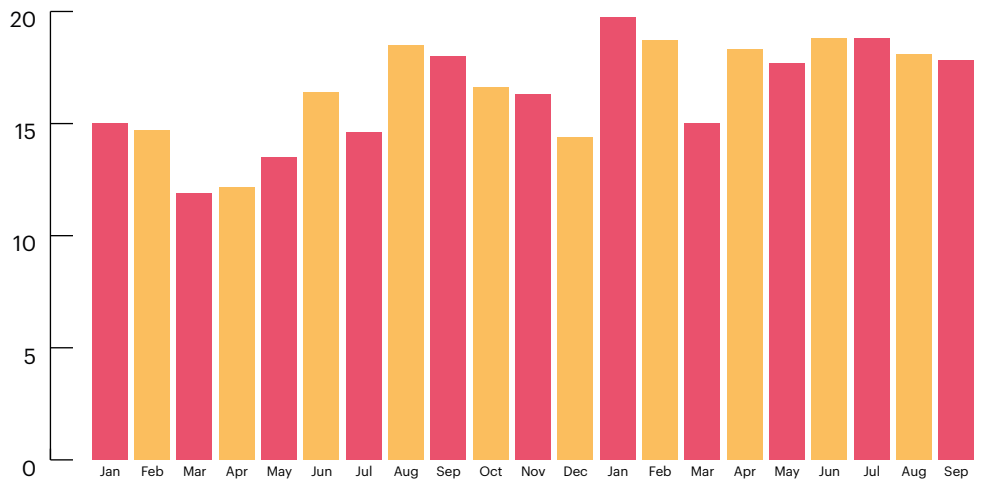
The proportion of gift card buyers purchasing experience cards (e.g. hot air balloon ride, helicopter ride, hotel stay) was at 20.0% in September 2022. This represented a decline both vs. August 2021 (21.9%), and more markedly on September 2021 (30.0%). At the same time, while the 17.8% of gift card buyers purchasing leisure gift cards (e.g. travel, theatre tickets, spa, dining) was lower than both August 2022 (18.0%), it was slightly higher than September 2021 (17.9%).

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?**  
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, 24.6% 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.