

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 39th wave of monthly research, since GlobalData began tracking back in May 2020, with the initial research covering the period from the beginning of the lockdown (March 2020) to the end of May 2020.

The August fieldwork went to field on August 1st, 2023, and was designed to explore habits over July 2023. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the July 2023 calendar month, with comparisons made between July 2023 and July 2022. Where relevant, comparisons have also been made to the wider tracking period.

UK retail spend to increase 3.8% in 2023 as high inflation triggers volume declines

UK retail spend is forecast to rise to £385.6bn in 2023, up 3.8% on last year, with growth shaped by the consumer response to the cost-of-living crisis. 9.1% inflation is included in this forecast and this is expected to trigger a 5.3% reduction in volumes as many shoppers, particularly the least affluent, make economies to limit expenditure. While headline CPI inflation is now beginning to retreat, high wage and services inflation means that the base rate is expected to stay higher for longer and with it, mortgage interest rates. While the short-term economic outlook has improved slightly, the outlook for 2024 has weakened. Hefty increases in monthly repayments for the millions of homeowners remortgaging from cheap fixed rate deals, many taken out two years ago to benefit from a temporary cut in Stamp Duty, will act as a severe brake on retail spending going forward. That said, the long-awaited downturn in inflation raises hopes that the base rate will not rise as high as previously feared and tentative signs of lower mortgage rates should prove supportive for retail.

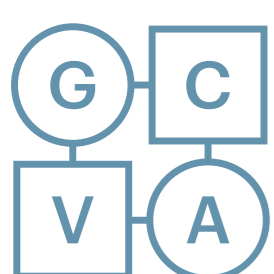
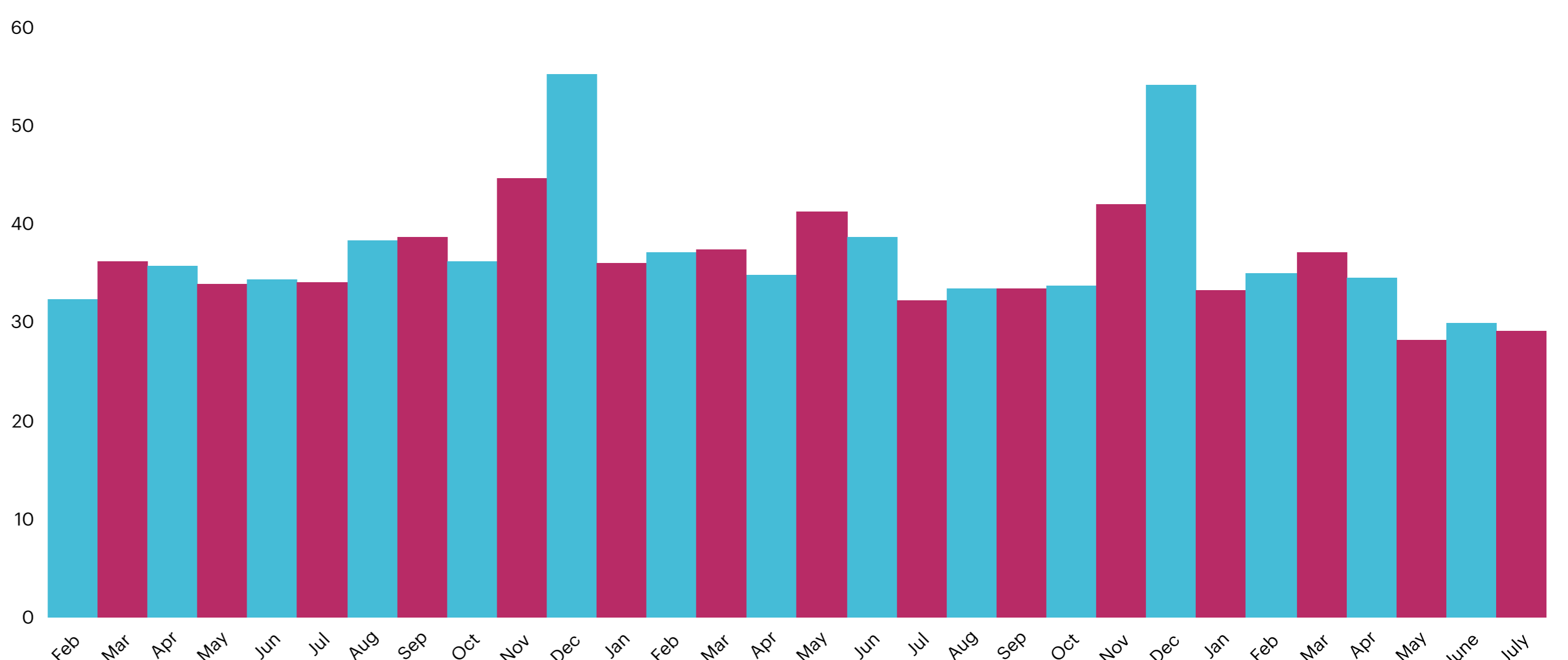
Gift purchasing falls back in July

Over July 2023, 29.1% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. This represented both a decline on the Father's Day-driven June 2023 (30.0%) and, more markedly, July 2022 (32.3%).

This weaker year-on-year performance comes against the backdrop of UK shoppers beginning to feel greater pressure on their disposable incomes, and proactively looking to make cutbacks, where possible.

Despite this decline in gift purchasing, the actual value performance of the Gifting market will have been partially boosted by high inflation, which has offset some of the volume decline.

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**



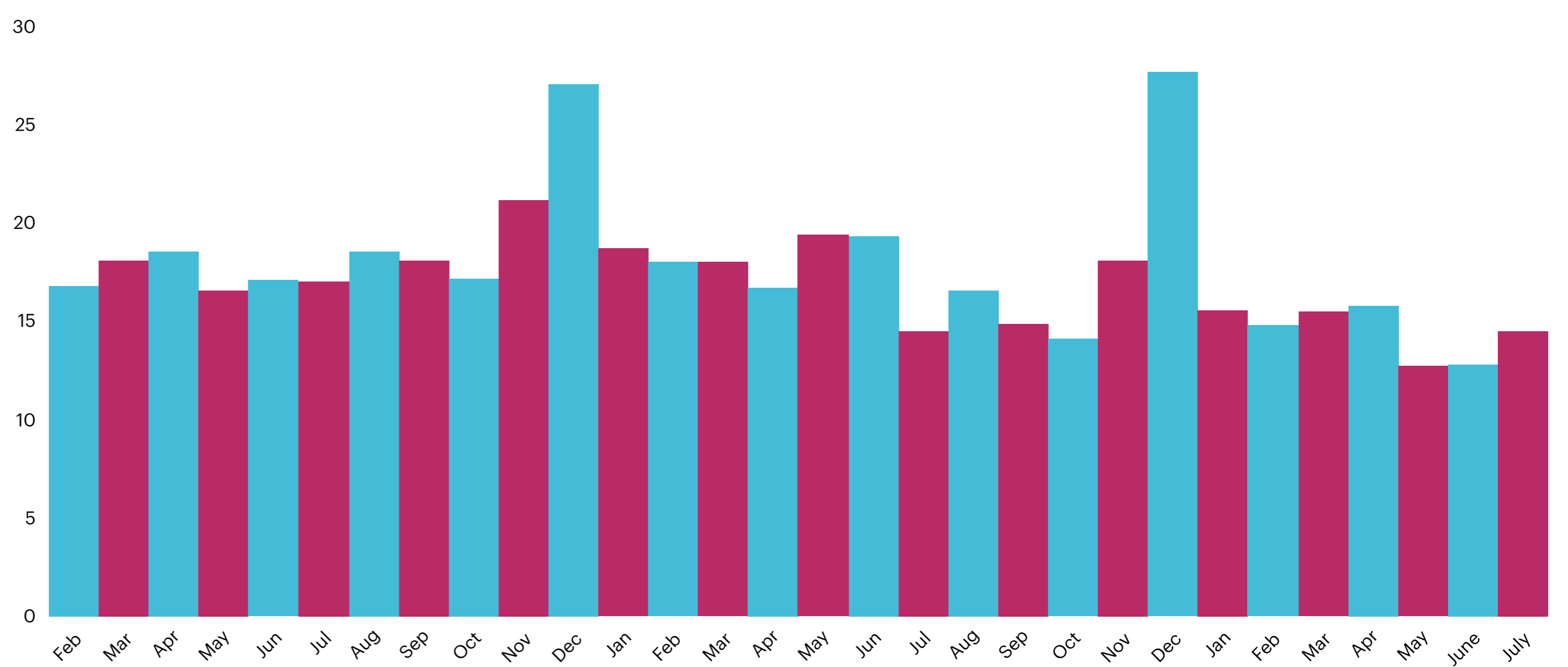
## Gift card purchasing held up better than physical gifts

The proportion of UK consumers purchasing gift cards for someone else was 14.5% over July 2023. While this was level with July 2022, it represented a clear increase on June 2023 (12.8%). In comparison, the 13.6% purchasing physical gifts was a decline vs. both July 2022 (18.7%) and June 2023 (16.2%).

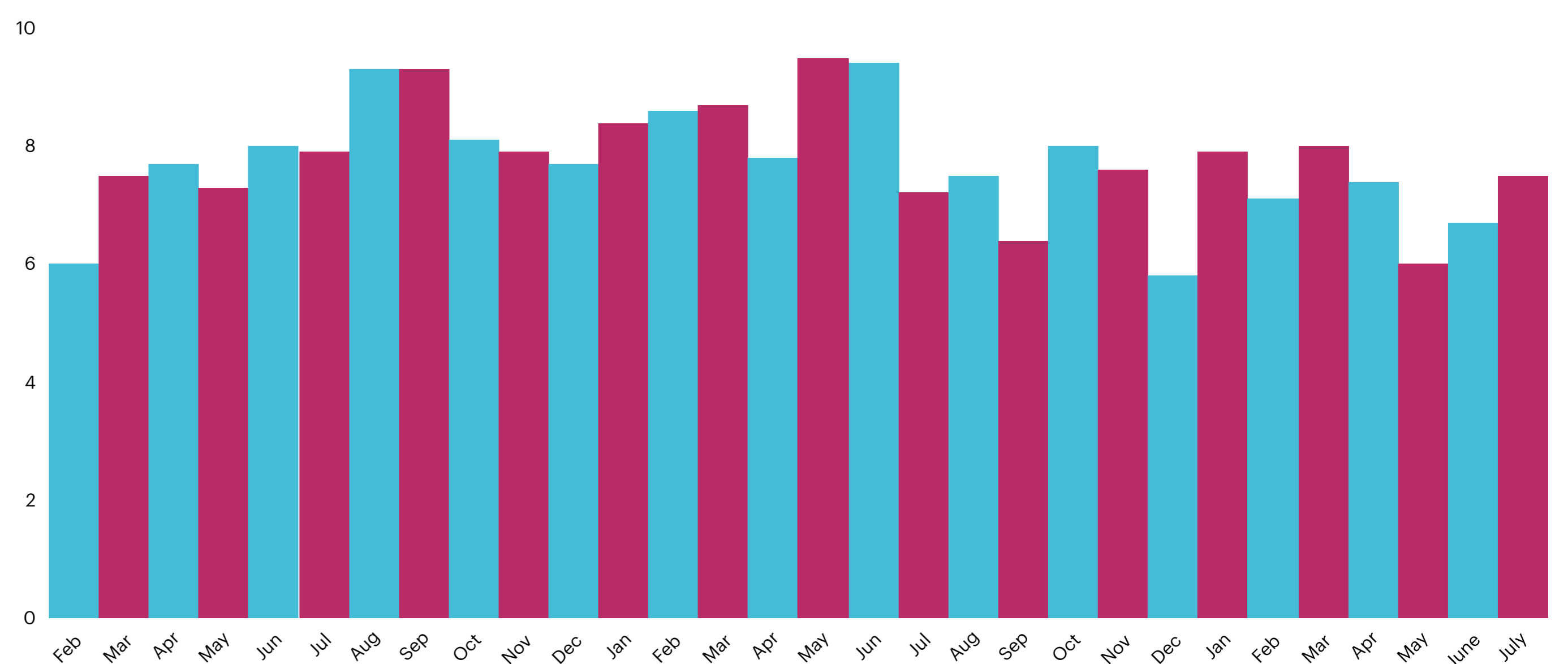
A key potential threat to gift cards during this period of higher inflation is that a delay in redemption can inevitably lead to the real value of the card declining more rapidly. Nonetheless, there are plentiful opportunities for the industry to promote the benefits of gift cards in the current climate. For the buyer/giver, they benefit from being a fixed-price option, amid growing prices for physical items.

In addition, when it comes to self-use, gift cards are playing an influential role in supporting shoppers looking for levers to help with saving and budgeting. The 7.5% of UK consumers purchasing for self-use was higher both than June 2023 (6.7%) and July 2022 (7.2%). The proportion of those purchasing self-use gift cards that cited “to help with saving money” was at 37.0% over July.

Did you purchase any of the following?  
**A gift card for somebody else (%)**



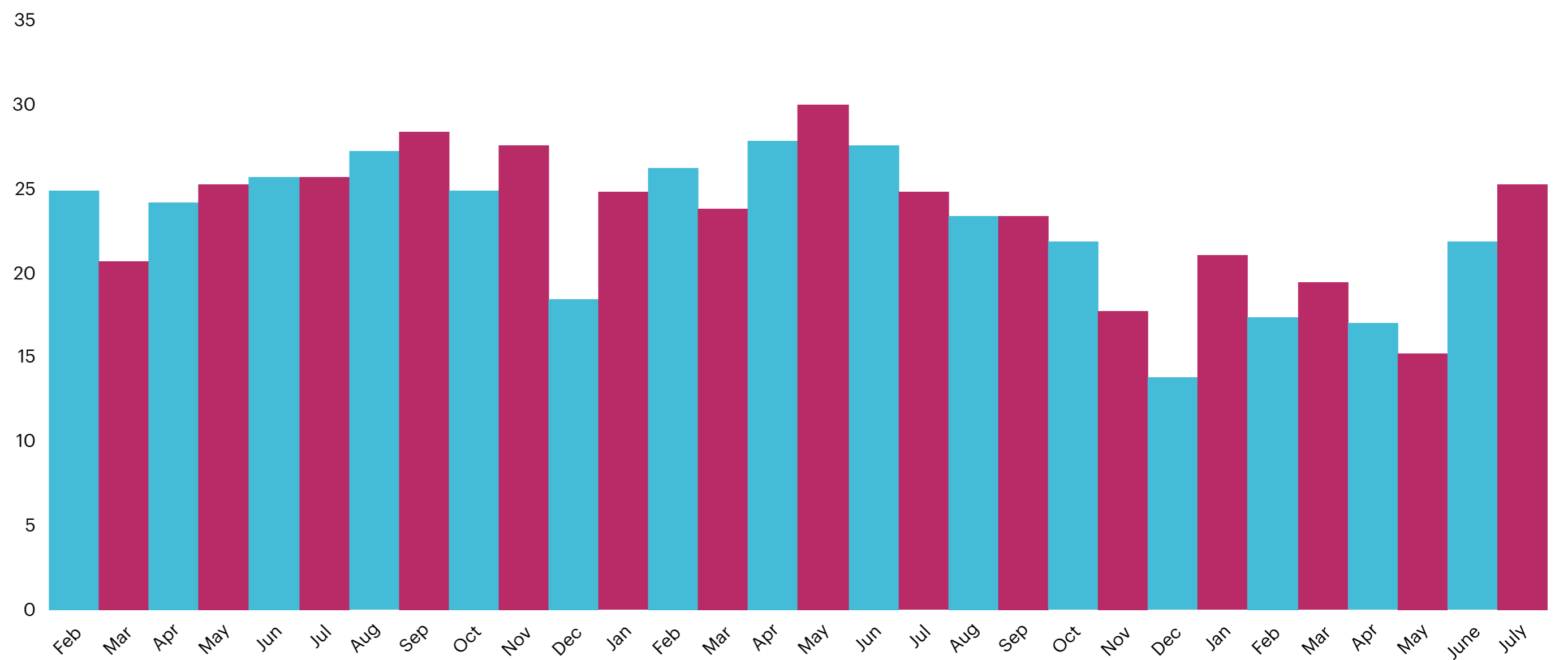
Did you purchase any of the following?  
**A gift card for yourself (%)**



Employers are leveraging gift cards as a support medium

The proportion of gift card buyers purchasing physical gift cards through an employee benefit programme was at 25.2% over June 2023; the highest level since June 2022. At the same time, the proportion of those purchasing digital gift cards through this route was 13.8% over July, which was the highest level since May 2021. Amid the impact to employees of the cost-of-living crises, work benefits and reward schemes represent an effective medium through which to funnel additional financial support.

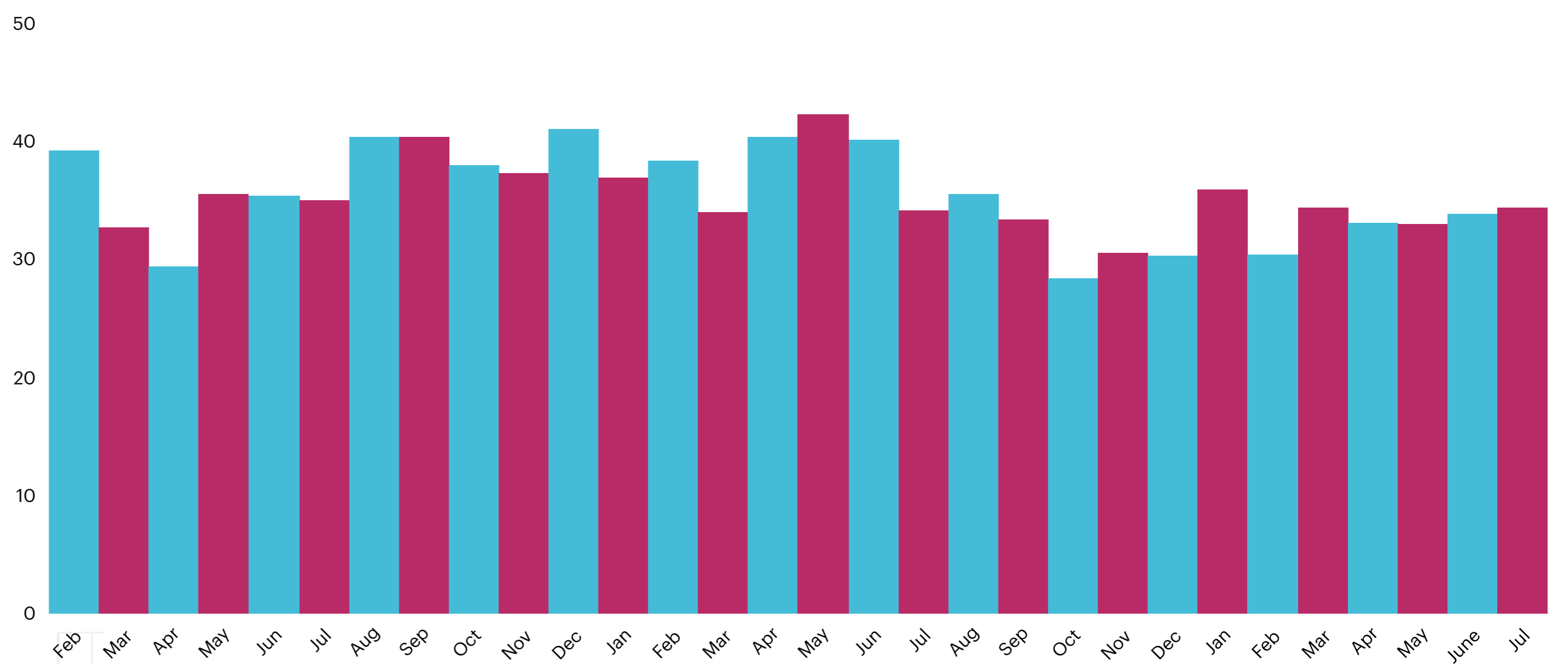
Did you purchase any of the following?  
**A physical gift card through a work incentive/reward programme/employee benefits programme**



Physical online cards outperform over July

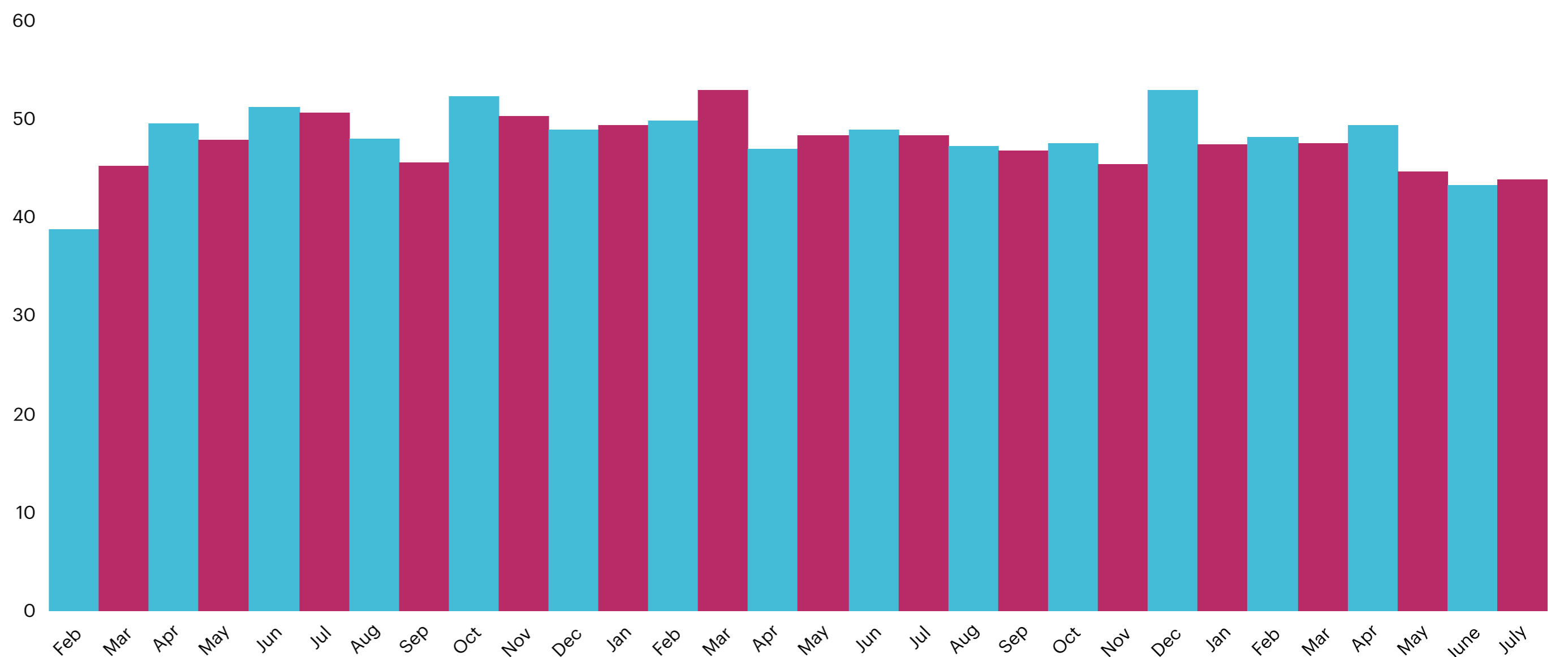
The proportion of gift card buyers purchasing a physical gift card online increased to 34.4% over July 2023, up slightly vs. both June 2023 and July 2022. There are signs that this stronger demand for online physical cards, and the continued heightened relevance of digital gift cards (albeit demand here fell back over July 2023) is impacting in-store gift card purchasing. The proportion of gift card purchasers buying physical gift cards in-store was at 43.9% representing a marked decline on July 2022 (48.4%).

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



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Did you purchase any of the following?  
**A physical gift card from a retailer/gift card issuer instore**

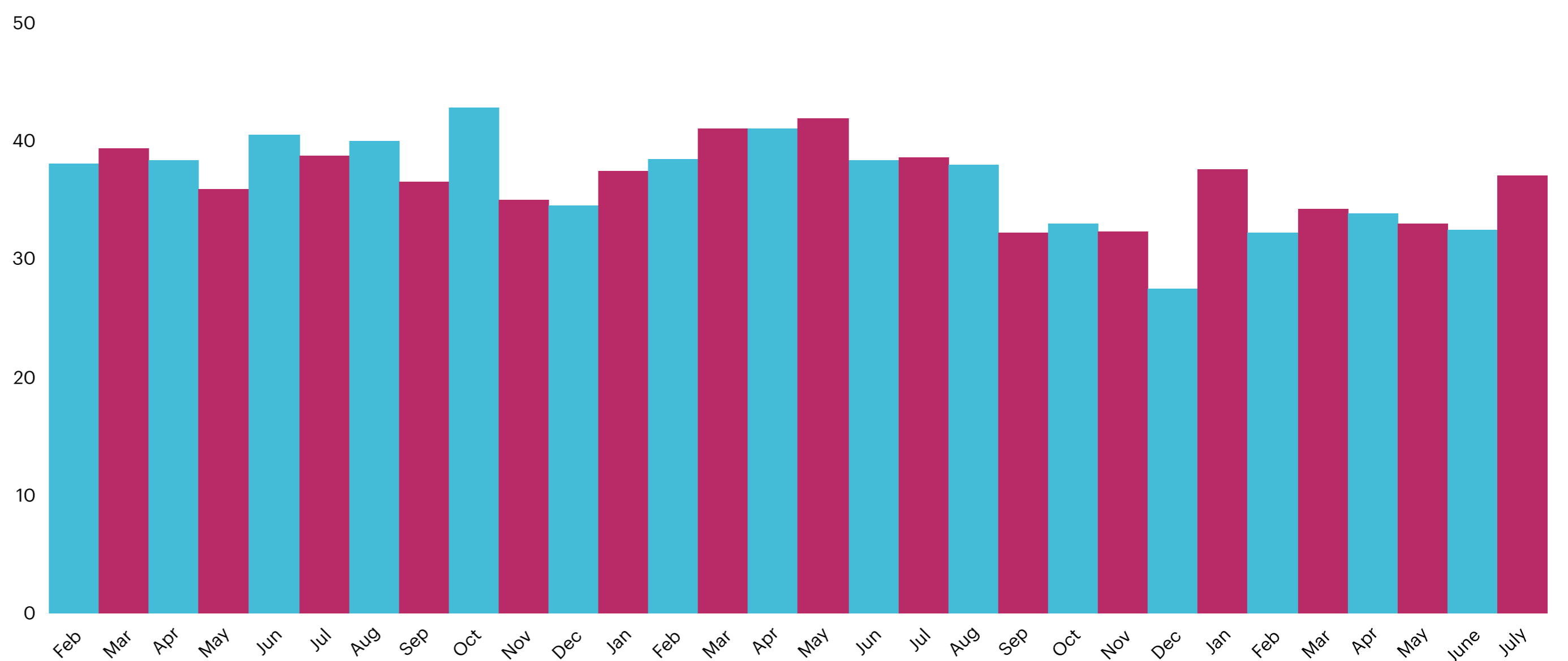


Gift card buyers increasingly turn their attention towards retail gift cards

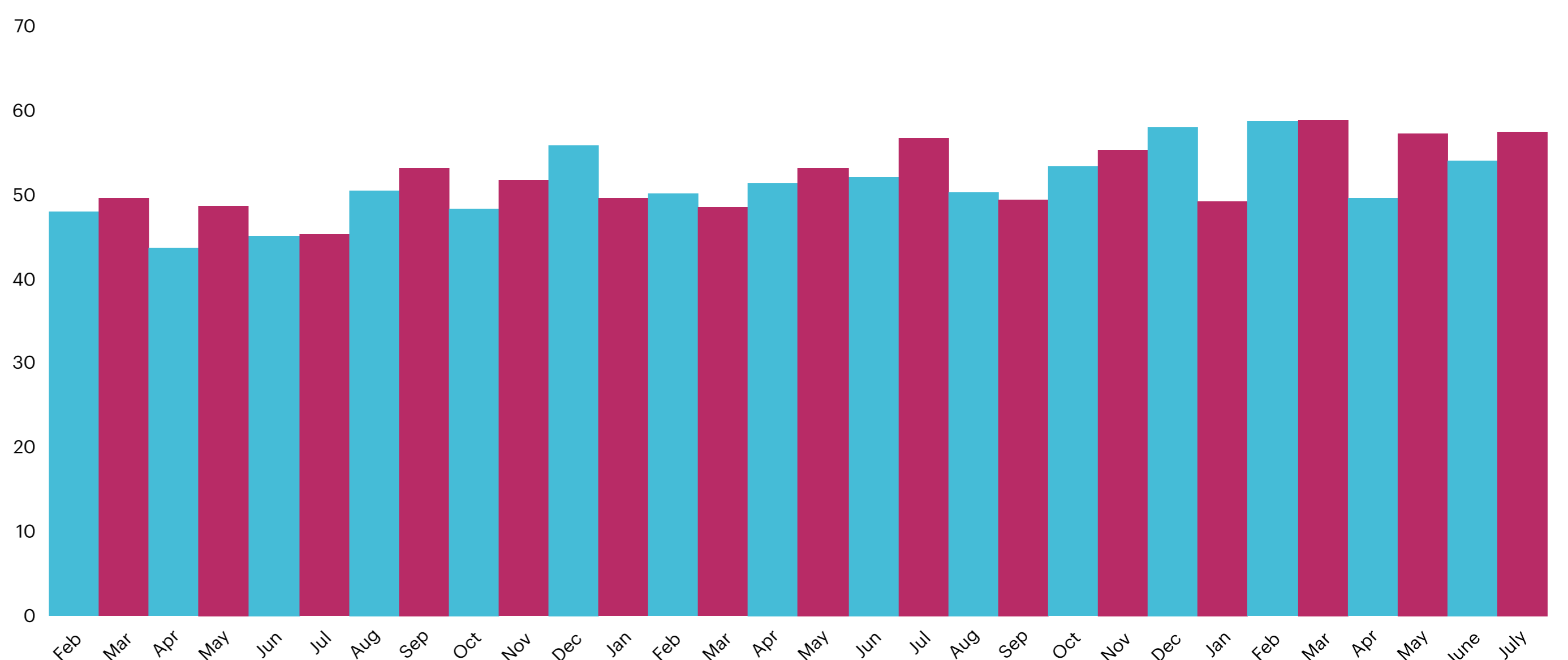
Amid the wider decline in gift card purchasing, demand for retail gift cards has remained robust. The proportion of gift card buyers purchasing these cards was at 57.4% over July 2023, compared to 56.7% over July 2022. These cards are benefitting through 2023 compared to 2022 due to the return of physical gatherings. Moreover, on the supply side, demand for retail gift cards is being boosted by more experiential and sustainable physical options.

In contrast, while the proportion of gift card buyers purchasing multistore gift cards increased vs. June 2023 (37.1% vs. 32.5%), there was a decline vs. July 2022 (38.6%). Here, there are potential benefits from promoting the potential for these cards in helping consumers to shop around for the best deals.

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**



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

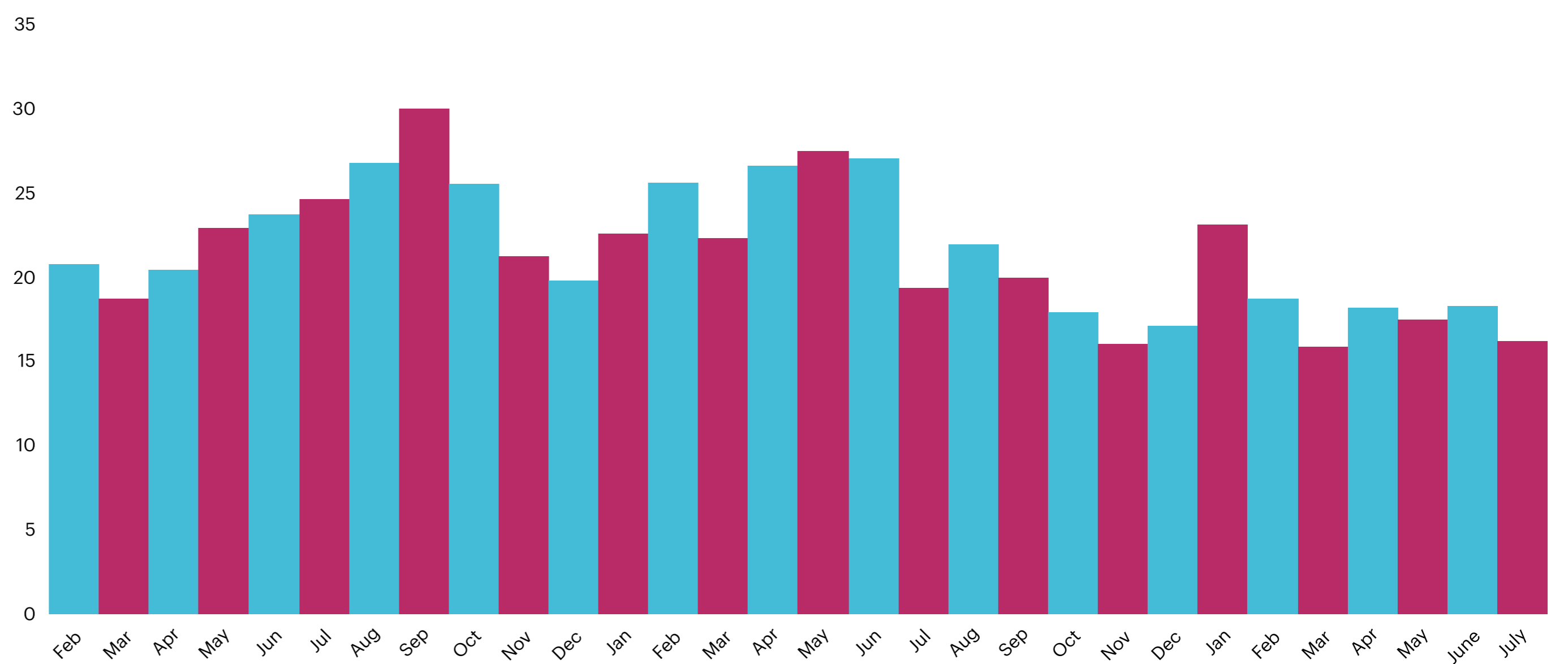


### Leisure and experience gift cards experience lower demand vs. 2022

16.2% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, or hotel stay) in July 2023. This represented a marked decline both on July 2022 (19.3%) and June 2023 (18.3%). Elsewhere, the proportion of gift card buyers purchasing for leisure activities (travel, theatre tickets, spa days) also saw a similarly large decline vs. July 2022 (12.5% vs. 18.7%).

The 2023 outlook for experience and leisure gift cards is mixed. Demand should remain robust among UK consumers choosing to forgo foreign holidays, amid cost-of-living pressures. However, among others, demand could suffer from greater priority placed on the main summer holiday.

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**

