

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 24th 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 April fieldwork went to field on May 1st 2022 and was designed to explore habits over April 2022. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the April 2022 calendar month, with comparisons made between April 2022 and April 2021. Where relevant, comparisons have also been made to wider tracking period.

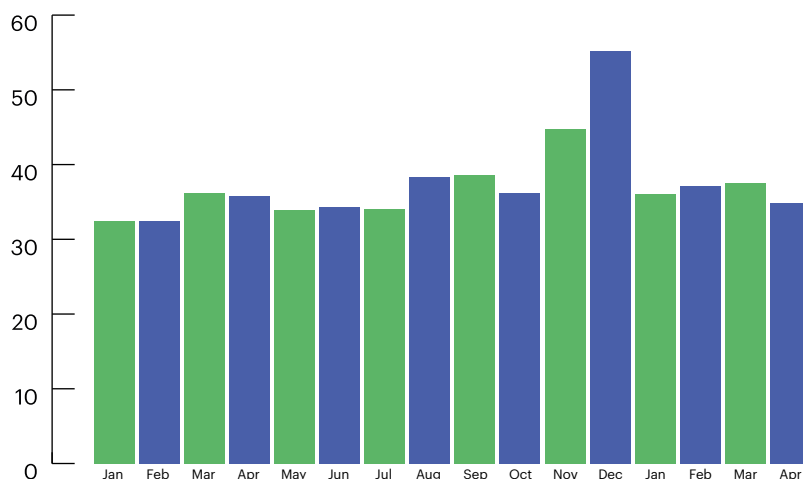
UK retail spend is forecast to reach £358.9bn in 2022, however inflation will limit spend on non-essential items

UK Retail spend is forecast to reach £358.8bn in 2022, a rise of 1.0% on 2021. This will be inflationary driven, with volumes forecast to decline 4.9%. Consumers are now facing a cost-of-living crisis, with the Bank of England forecasting inflation to touch 10% 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 for families to cope. Online penetration is forecast to fall in 2022 to 24.9%, a drop of 1.6ppts 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. Combined with a return to office - albeit in a hybrid working model as opposed to full time - instore retail is expected to see an improvement on the last two years.

Gift purchasing experiences year-on-year dip over April

Over the April 2022 calendar month, 34.9% 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 decline, against both a Mother's-Day driven March 2022 (37.5%), and notably also against April 2021 (35.8%). The year-on-year decline can perhaps be attributed to April 2021 seeing the reopening of non-essential retail, leisure and hospitality, which in turn helped to facilitate pent-up demand. However, weak gifting demand also comes against the backdrop of increasing pressure on household finances, which is contributing to many consumers looking to cut back on non-essential spending, where possible.

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

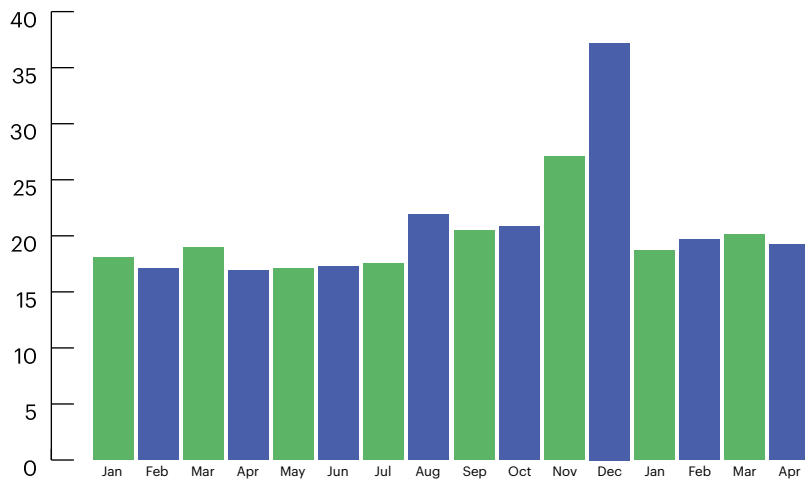


Physical gifts continued to outperform gift cards over April 2022

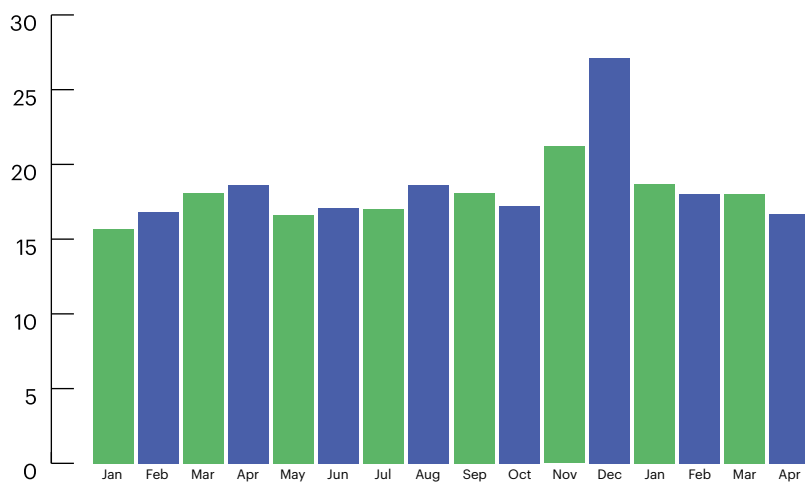
The proportion of UK consumers purchasing physical gifts for someone else saw a year-on-year increase to 19.2% in April 2022 vs. 16.9% in April 2021. This is reflective of social occasions and physical get-togethers being permitted again in 2022, and physical stores being accessible for the whole month, compared to only half of April 2021.

In contrast, and reflective of the same underlying drivers, the proportion purchasing gift cards for someone else saw a year-on-year decline, with 16.7% purchasing in April 2022 vs. 18.6% in April 2021.

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



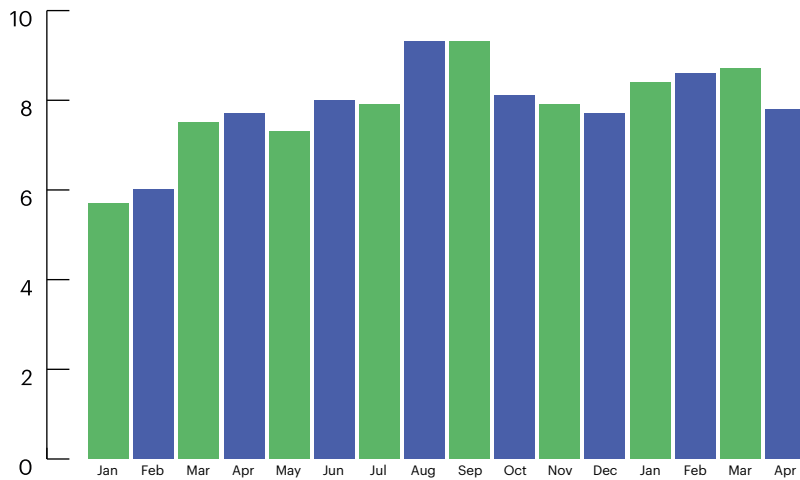
Did you purchase any of the following:
A gift card for somebody else



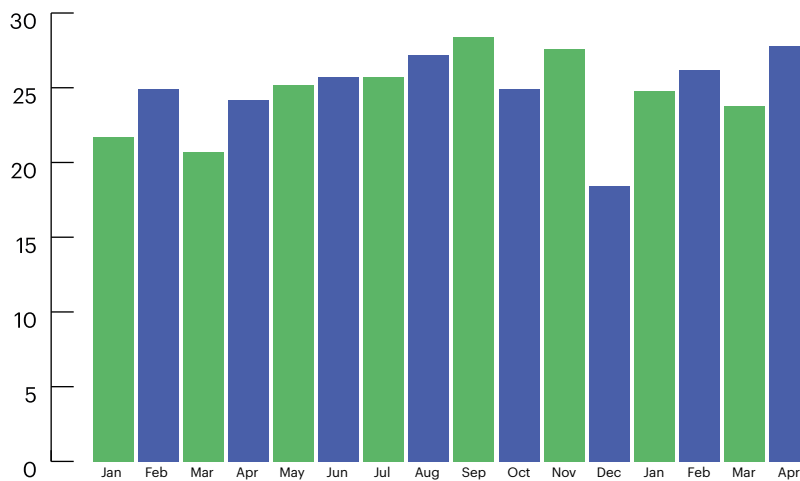
Stable demand for self-use, though opportunities exist

Despite a month-on-month decline (7.8% vs 8.7%), the proportion of respondents purchasing a gift card for self-use over April 2022 was up slightly vs. April 2021 (7.8% vs. 7.7%). The relevance of self-use continues to be underpinned by several drivers, including the rise of work reward and incentive programmes. Indeed, the proportion of gift card purchasers buying physical gift cards through work reward/incentive programmes was 27.8% over April 2022, the highest level since GlobalData began tracking, back in May 2020.

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



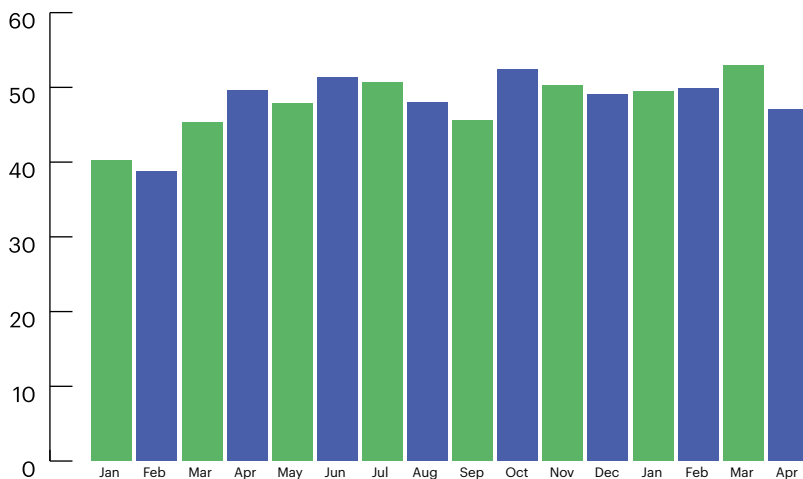
Physical online purchasing sees strong year-on-year performance

40.4% of gift card buyers purchased physical gift cards online over April 2022, compared to 29.4% over April 2021, with physical gift cards purchased instore seeing a purchase penetration decline (47.0% vs. 49.6%). Conversely, the proportion of gift card purchasers buying digital gift cards was at 25.9% over April 2022, compared to 27.1% in April 2021.

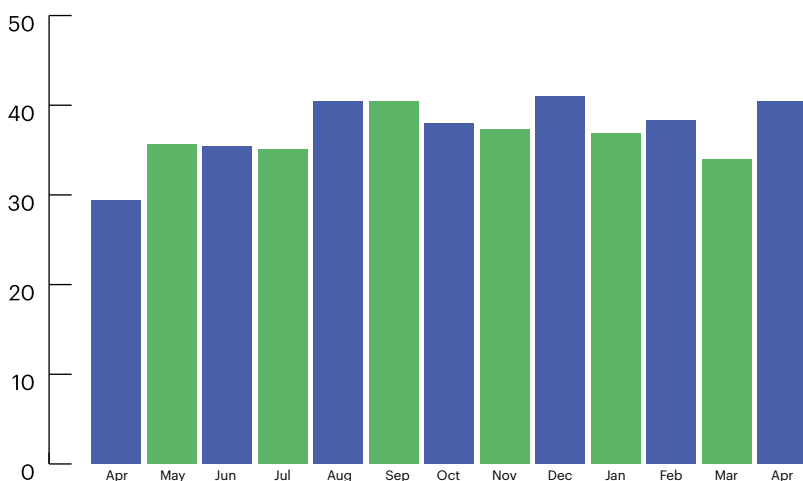
These purchasing dynamics are reflective of three factors. Firstly, April 2021 represented an easier comparative for physical online card purchasing, with the opening of non-essential retail driving pent-up demand for store purchases. Secondly, the rise of physical gift cards, this time last year, as opposed to digital, can be attributed to shoppers being better able and confident to redeem these cards in physical locations. Thirdly, buying physical cards in this way has been boosted by the growth in purchasing via work incentive schemes.

However, despite the resurgence of physical gift cards, the pandemic has permanently elevated the greater influence of cross-channel and digital purchasing and redemption of gift cards. Indeed, 60.7% of gift card purchasers agree that they expect all gift cards to be cross-channel; the highest level of agreement since May 2020.

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



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



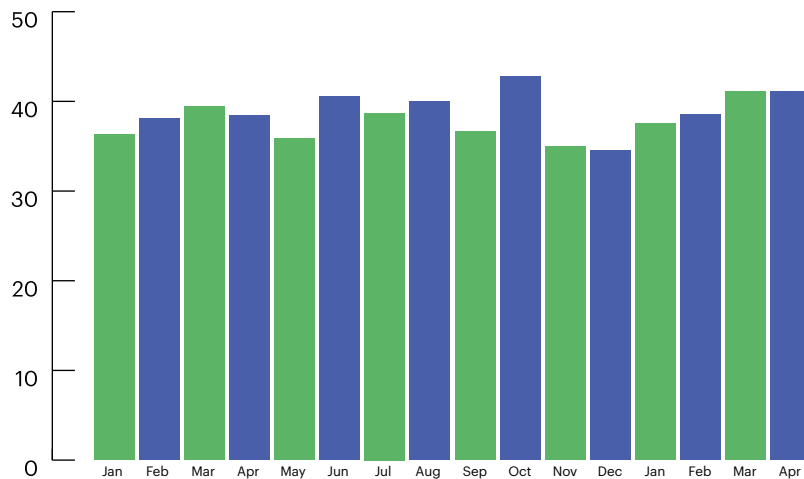
Both multi-store and single retailer gift cards saw robust performance over April 2022

The proportion of gift card buyers purchasing multi-store gift cards increased to 41.1% in April 2022 vs. 38.4% in April 2021. At the same time, the proportion purchasing single retailer gift cards grew at an even faster rate, to 51.3% over April 2022 vs. 43.6% in April 2021.

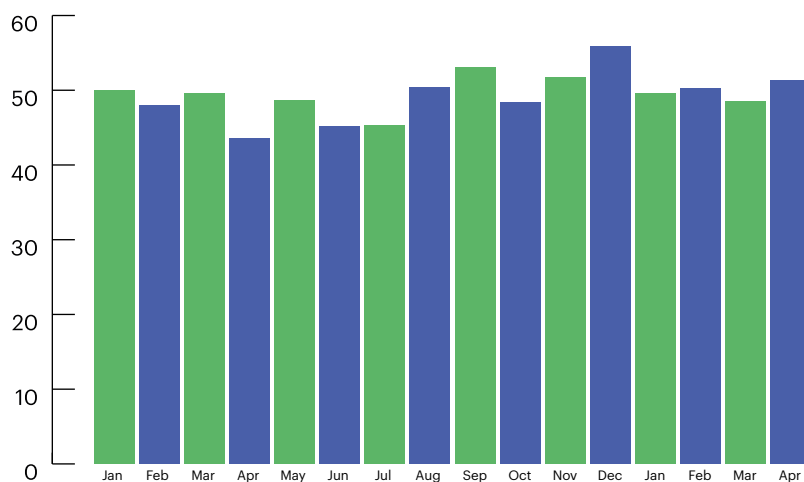
The increasing penetration of retail gift cards reflects the increased inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic. Moreover, purchasing of cards of specific brands suggests higher confidence that these operators will still be around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



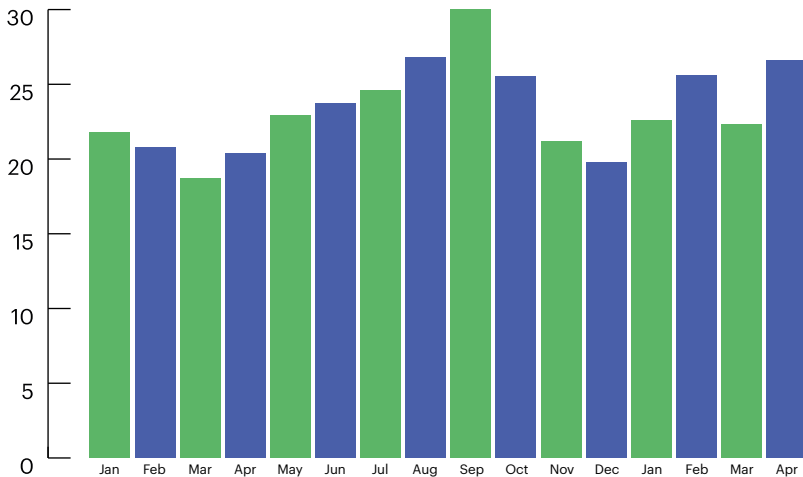
A retail gift card – a gift card for a specific high street retailer or a store branded gift card



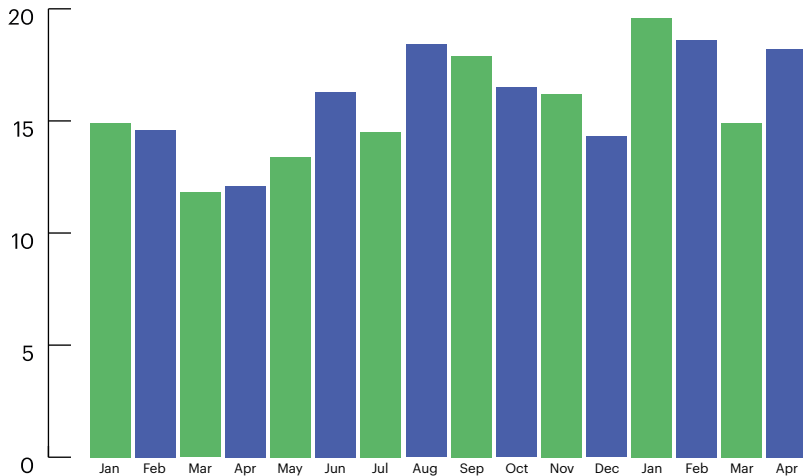
Demand for leisure and experience gift cards remains strong

Both experience gift cards (26.6% vs. 20.4%) and leisure gift cards (18.2% vs. 12.1%) saw strong year-on-year purchasing growth among gift card buyers. 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.

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, 37.7% of those purchasing gift cards for self-use, agreed that one of the drivers was "I want to support local businesses and/or my local high street" – the highest level since GlobalData began tracking.