

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 47th 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 March fieldwork went out on April 1st, 2024, and was designed to explore habits over March 2024. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the March 2024 calendar month, with comparisons made between March 2023 and March 2024. Where relevant, comparisons have also been made to the wider tracking period.

Retail spending growth is forecast to slow to 2.7% in 2024 as inflation recedes

Following expected growth of 4.5% to £388.2bn in 2023, retail spending growth is forecast to slow to 2.7% in 2024. In our projection, inflation drops sharply from 9.4% to 2.7% as the cost pressures that have pushed it higher, particularly energy price hikes, fall out of the calculation. Significantly, volumes are forecast to be flat in 2024, following two years of decline. This reflects shoppers' slightly greater capacity to spend. Real earnings growth, combined with the further cut to National Insurance will create a more supportive context for discretionary spending. That said, this benefit will not be felt by all households. For those needing to remortgage and facing much higher monthly payments, household spending will be squeezed.

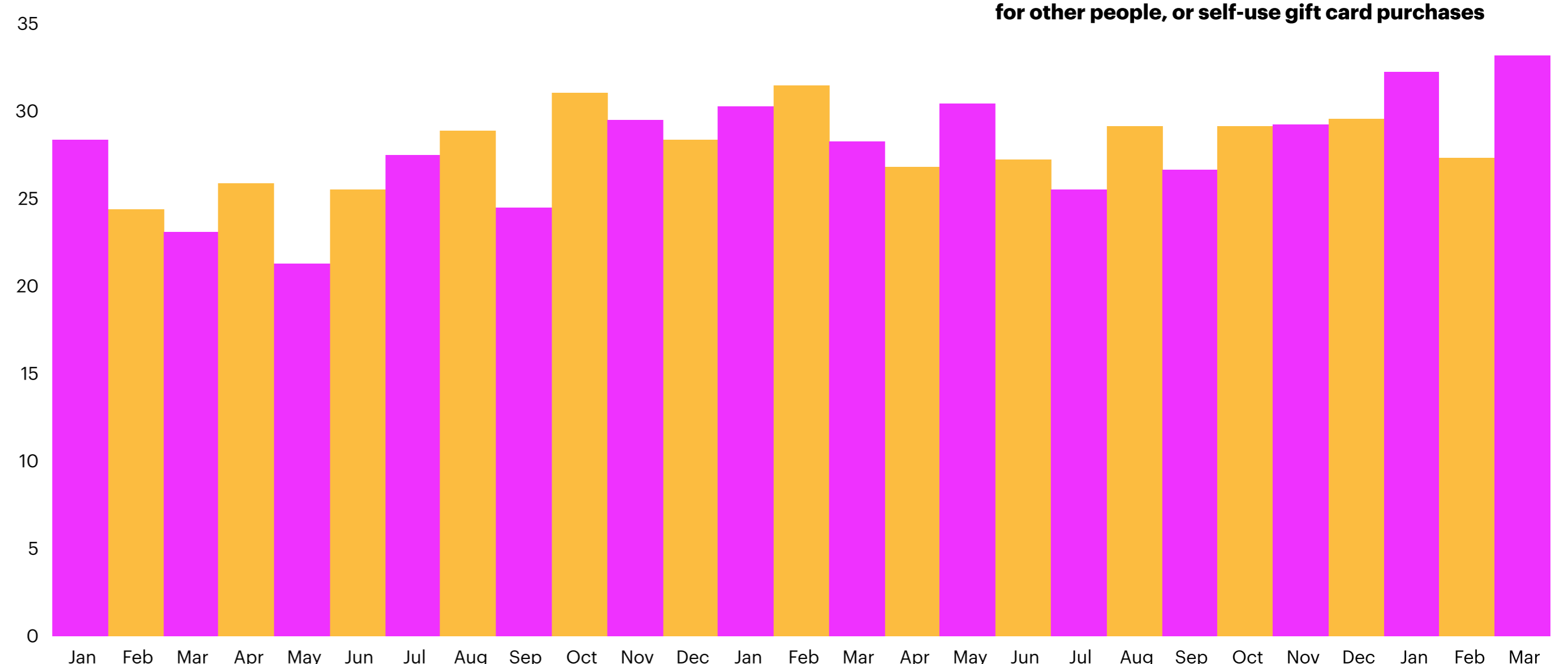
Growth in the food sector and prioritisation of essentials will continue to be the driving force of total retail spend in 2024 with non-food sectors continuing to lag behind, forecast to rise just 1.5%. Health & Beauty is set to be the only non-food area to experience notable growth, at 4.7%. The online channel will see improved growth of 2.6% in 2024 following a rise of just 0.6% in 2023 and a decline of 9.9% in 2022, after the heights of the pandemic when online penetration reached over 27%. Online penetration will hold level in 2024 at 22.7% and slowly rise out to 2028 with more rapid growth coming from the online food market as retailers' proposition improvements entice shoppers.

Weak gifting demand continued into March

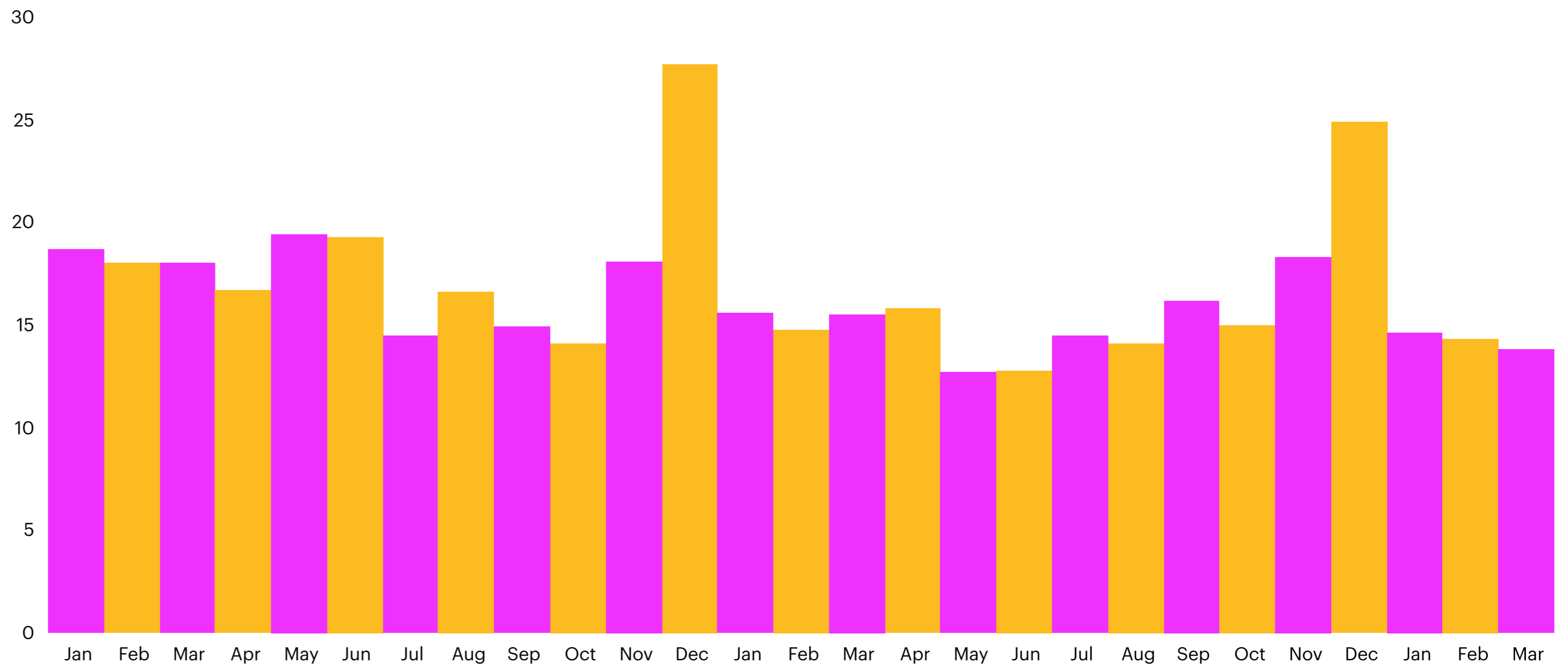
Over March 2024, just 30.9% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. While this was slightly higher than February 2024 (30.8%), gift purchasing was markedly lower than March 2023 (37.1%). This year-on-year March decline occurred across both physical gifts (15.6% vs. 21.8%) and, albeit to a lesser extent, gift cards (13.8% vs. 15.5%). This is partially a reflection of financially under pressure UK consumers remaining cautious, with 11.0% citing that they had cut back on non-essential spending as a reason for not purchasing.

For some, demand will have also been impacted by Mother's Day occurring earlier in 2024 compared to 2023 (March 10<sup>th</sup> compared to March 19<sup>th</sup>), with a higher proportion of related spending falling in February. Of those who didn't purchase gift cards, 29.5% cited there being no gifting occasions during the period as a barrier, compared to 26.8% in March 2023. Moreover, among those who did purchase for Mother's Day 2024, there was greater demand for lower-value items, such as greeting cards, as extravagance gave way to conservatism. Despite this year-on-year decline in gift purchasing, the actual value performance of the Gifting market has continued to be 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



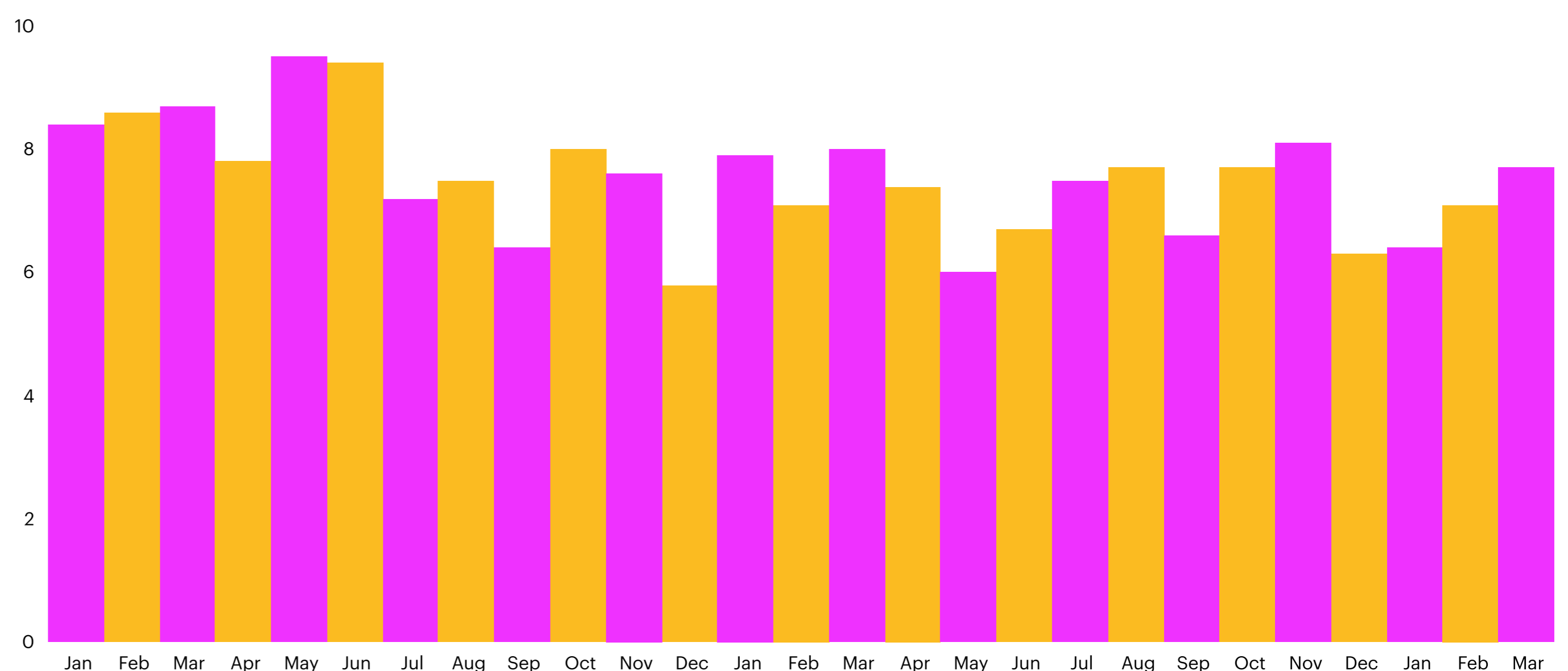
Did you purchase any of the following?  
**A gift card for somebody else**



Self-use will continue to play a role in saving and budgeting in 2024

In contrast to gifting, self-use purchasing held up better, with 7.7% purchasing for self-use over March 2024. This was slightly lower than March 2023 (8.0%), though higher than February 2024 (7.1%). We expect that self-use will continue to play an important role over 2024 in supporting shoppers looking for levers to help with saving and budgeting. Indeed, the proportion of those purchasing self-use cards that cited “to help with saving money” was 39.0% over March 2024.

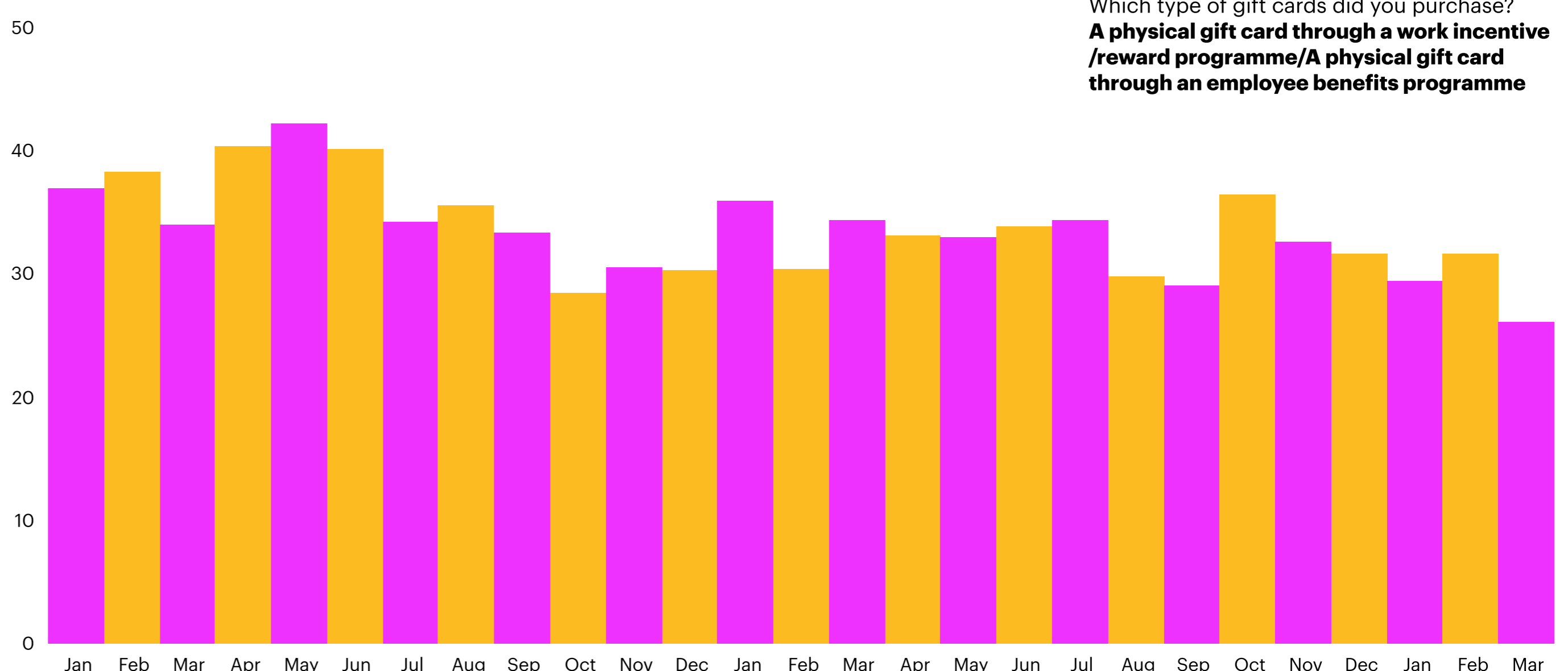
Did you purchase any of the following?  
**A gift card for yourself**



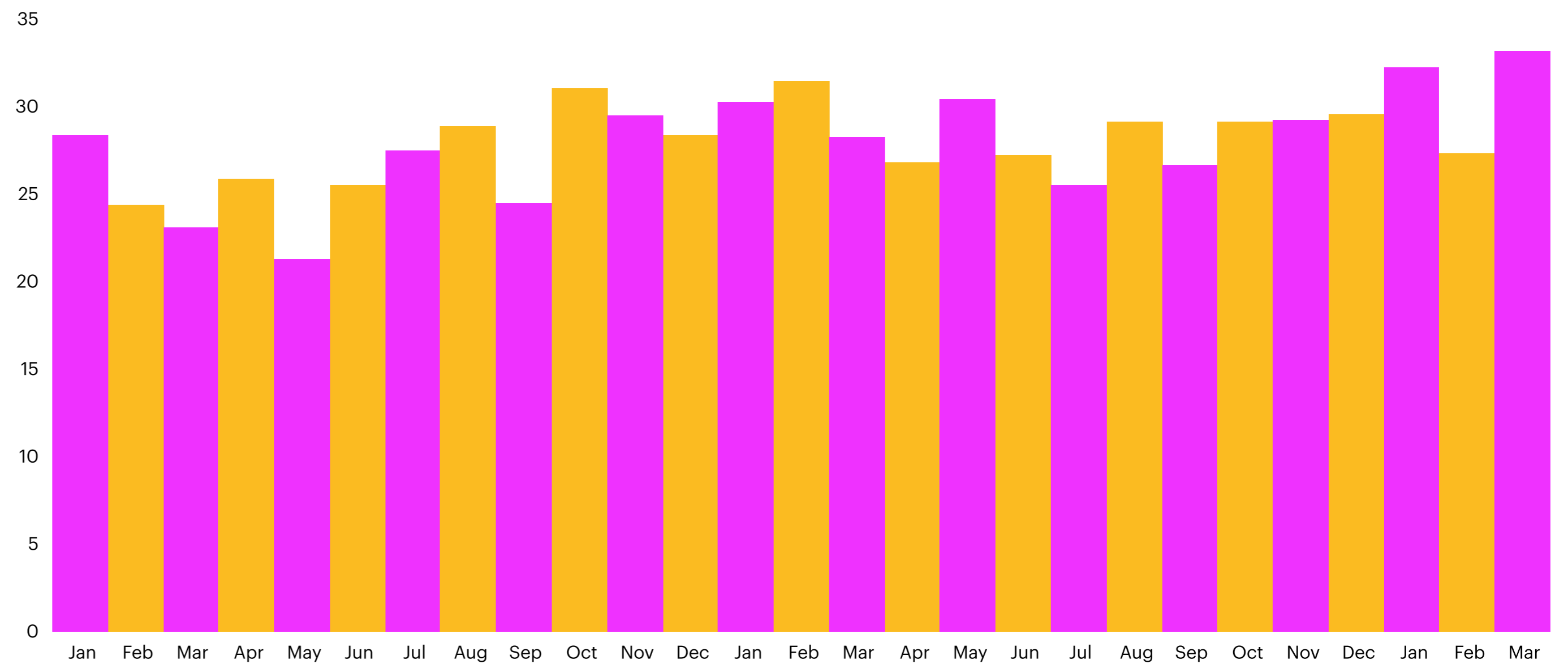
Digital gift card purchases proved more popular over March 2024

33.2% of gift card buyers purchased digital gift cards over March 2024, which was an increase on both February 2024 (27.3%) and March 2023 (28.3%). This meant that digital overtook online physical (purchased by 26.1% of gift card buyers vs. 34.4% in March 2023), as the second most popular type of purchase, after physical instore purchases. Moreover, the rate of digital purchasing was at its highest since GlobalData began tracking. This is hardly surprising, given the growth of self-use purchases, the greater convenience that these cards provide, and rising shopper expectations are cross-channel purchase and redemption.

Which type of gift cards did you purchase?  
**A physical gift card through a work incentive/reward programme/A physical gift card through an employee benefits programme**

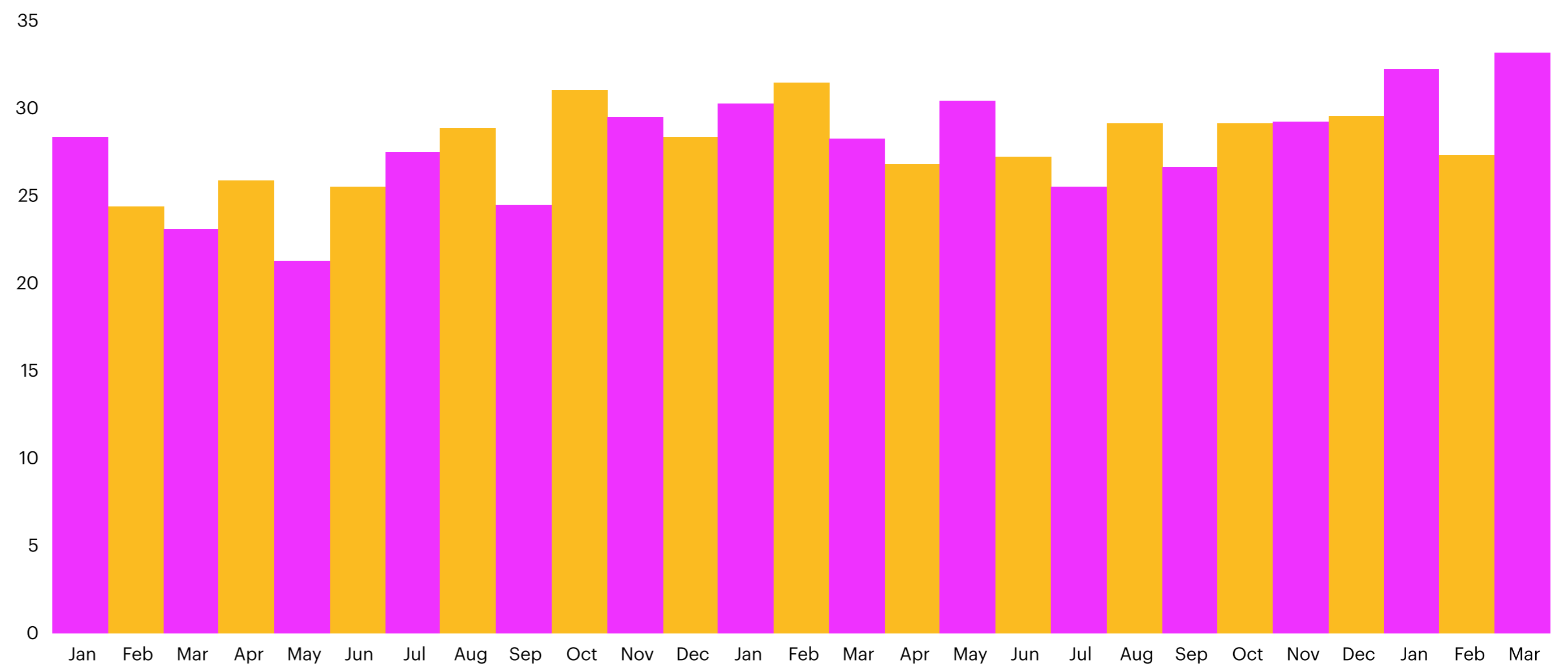


Which type of gift cards did you purchase?  
**A digital gift card from a retailer/gift card issuer online**



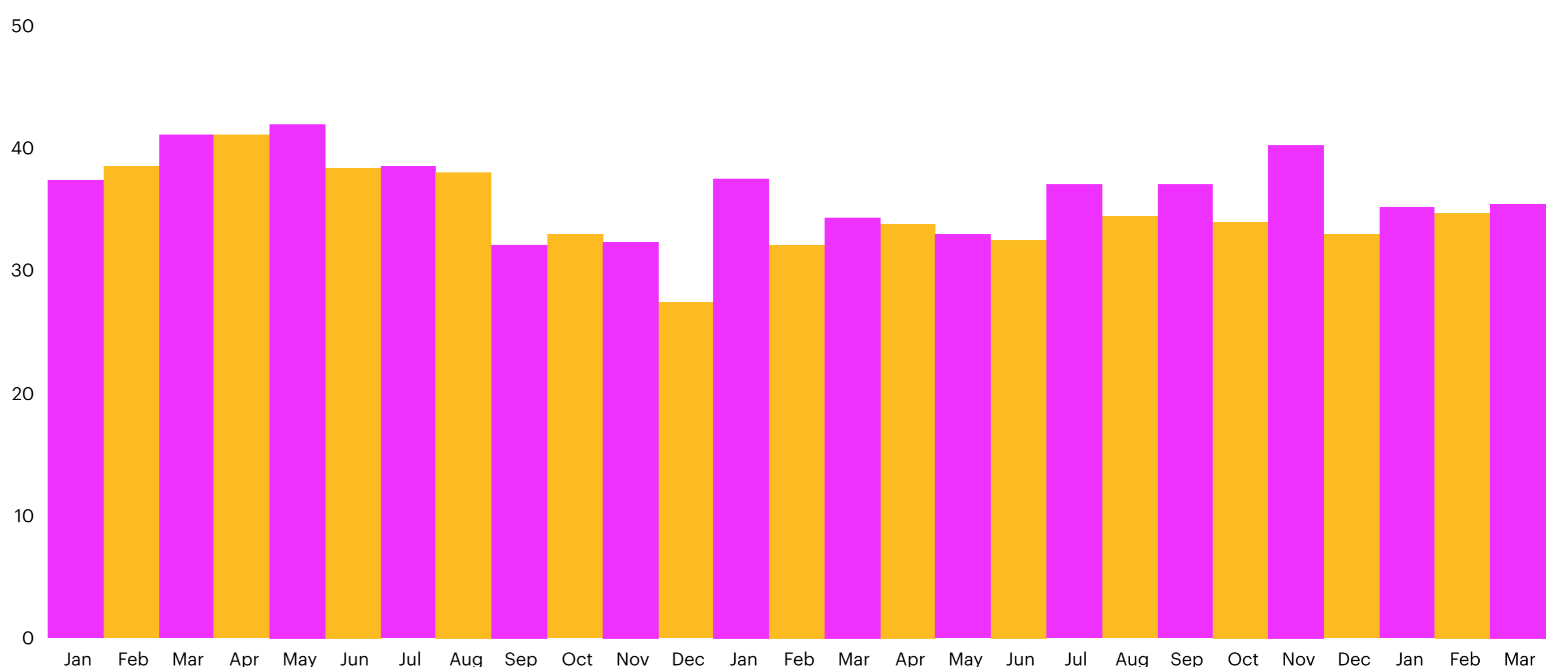
Multistore gift cards outperformed over March 2024, with 35.5% of gift card buyers purchasing this card type, compared to 34.3% in March 2023. In contrast, the proportion purchasing single-brand gift cards declined to 50.4% vs. 58.9%, perhaps reflecting both Mother’s Day spending being split between February and March, and the higher tendency for smaller ticket purchases for the event.

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



Both experience and leisure gift cards saw year-on-year purchasing growth among gift card buyers. Purchasing for activities such as hotel stays and spa breaks will have been driven both by Mother’s Day demand and also by consumers beginning to plan for holidays and breaks for the rest of 2024.

**An experience e.g. hot air balloon ride, helicopter ride, hotel stay**



Multistore cards outperformed alternatives over March

Experience and leisure gift cards saw purchasing growth over March

Leisure e.g. Travel, theatre tickets, spa, dining

