

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 30th 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 October fieldwork went to field on November 1st 2022 and was designed to explore habits over October 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the October 2022 calendar month, with comparisons made between October 2022 and October 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 £353.3bn in 2022

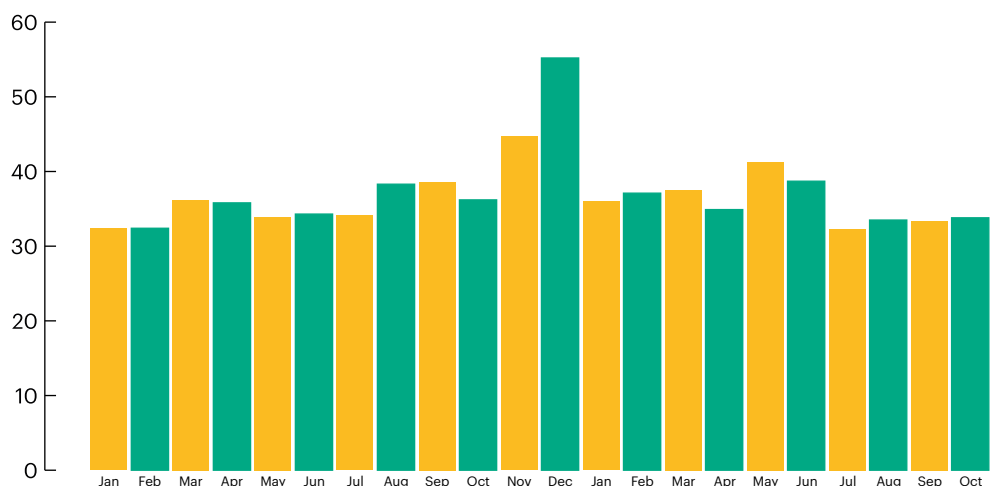
UK retail spend is forecast to reach £353.3bn in 2022 - a fall of 0.9% on 2021. This will be propped up by inflation, with volumes forecast to decline 9.8%. The cost-of-living crisis in the UK is deterring all but essential spend, particularly among the less affluent. Indeed GlobalData's Consumer Sentiment survey of 2,000 respondents in October 2022 reported 77.1% of consumers intending to spend less on retail over the next six months. 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 13.5%, a drop of 19.7 pts 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 experiences strong year-on-year decline

Over the October 2022 calendar month, 33.7% 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. While this represented the highest level of purchasing since June 2022, it was a significant underperformance compared to October 2021 (36.2%).

The continued underperformance of gifting reflects the impact that rising inflation – across energy, fuel, and food – is having on household incomes. GlobalData forecasts that overall spending will drop 3.0% over Christmas; the Gifting category is set to be hardest hit, with a decline of - 6.8% compared to 2021.

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



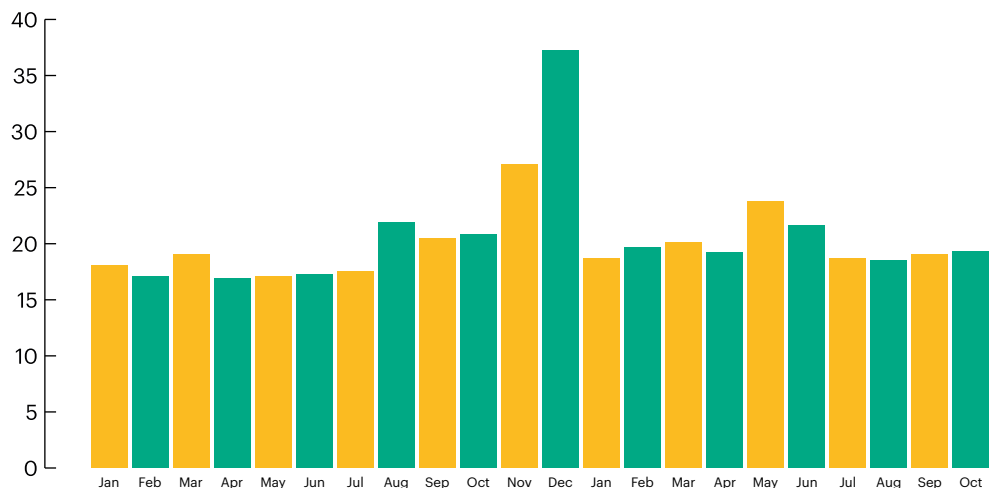
Physical gifts outperformed gift cards over October

The proportion of UK consumers purchasing gift cards for someone else declined again in October 2022, to 14.1%, compared to 14.9% in September 2022, and 17.2% in October 2021. This represented the lowest level of purchase penetration since June 2020; reflecting 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.

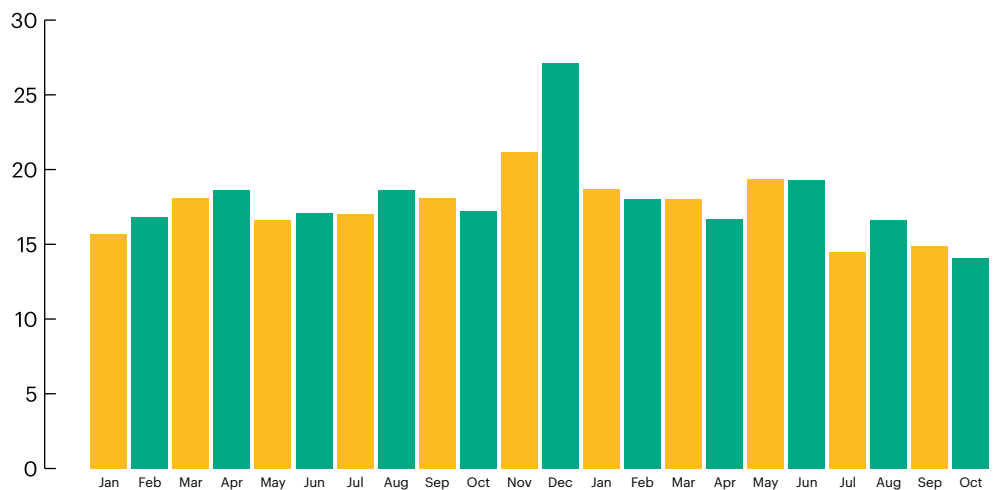
In contrast, while purchasing of physical gifts for other people (19.3%) declined markedly compared to October 2021 (20.8%), penetration saw an uptick compared to September 2022 (19.0%).

November will represent a particularly critical month for gifting, with it being the start of peak and the Black Friday weekend occurring towards the end of the month. While GlobalData anticipates a decline in spending over Christmas 2022 as whole, the Black Friday weekend should outperform. Consumers will be looking to find ways to make their money go further this Christmas. This will include shopping earlier, spreading out costs over a longer period and planning on capitalising on pre-Christmas sale events. Total UK Black Friday/Cyber Monday sales will continue to recover from the 2019 drop-off, growing 0.8% to £8.8 billion.

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



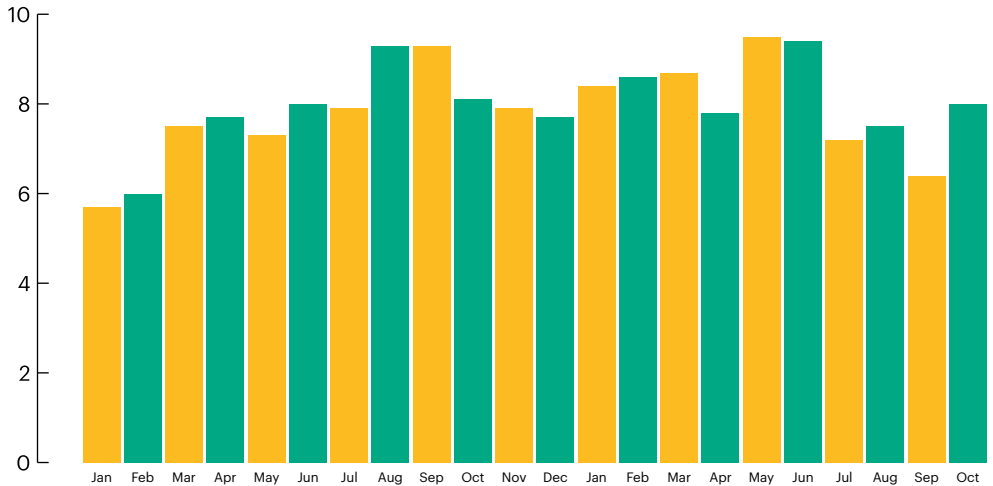
A gift card for somebody else



Self-use gift card purchasing increases

The proportion of respondents purchasing a gift card for self-use was at 8.0% over October 2022, representing an increase vs. September 2022 (6.4%), and only a slight decline compared to October 2021 (8.1%). This month-on-month increase has likely been driven by shoppers looking for levers to help support with saving for both the Christmas period, and everyday spending. Indeed, the proportion of those purchasing gift cards that cited “to help with saving money” as a driver increased to 36.3% in October 2022, vs. 34.7% in September 2022.

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

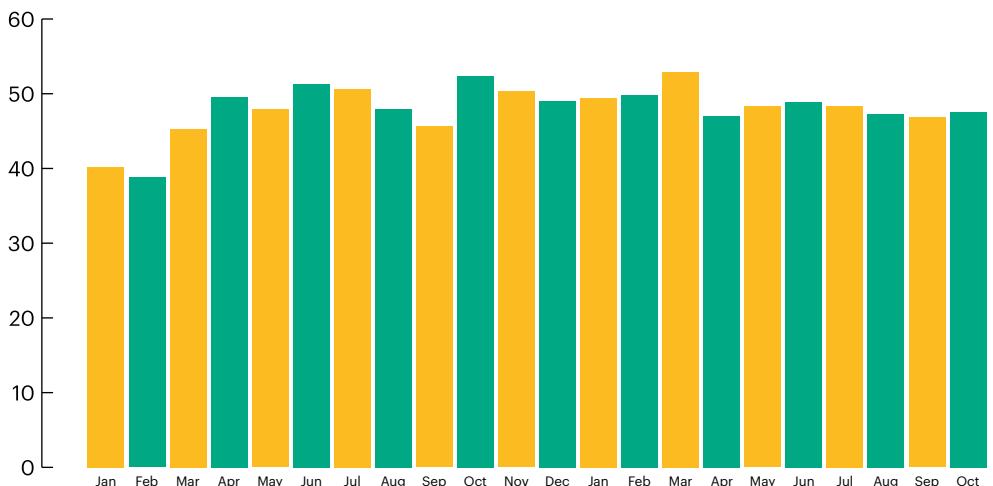


Digital gift card purchasing at highest point since August 2021

The proportion of gift card purchasers buying digital gift cards was at 31.0% over October 2022, compared to 24.5% in September 2021, and 25.0% in October 2021. Conversely, the proportion of gift card buyers purchasing physical gift cards instore declined vs. October 2021 (47.6% vs. 52.4%). There was an even more significant decline in those purchasing physical gift cards online, which was at 28.4% in October 2022 vs. 38.0% in October 2021.

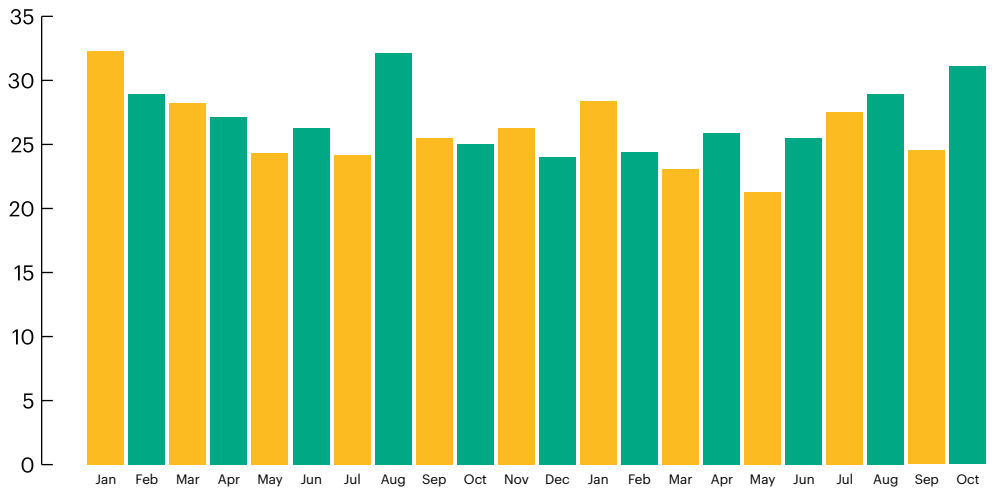
The pandemic helped to accelerate the growth of digital, with 15.5% of respondents claiming to have converted to digital gift cards.

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



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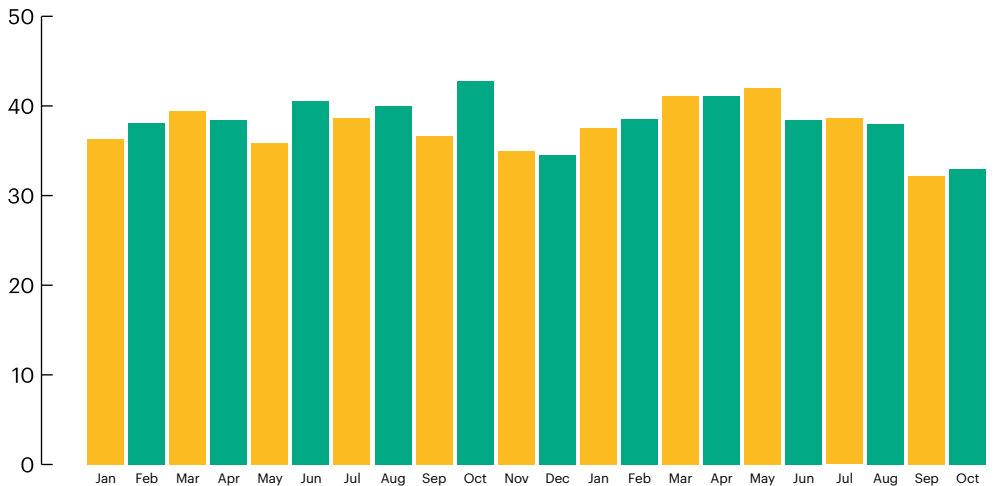
A digital gift card from a retailer/gift card issuer online



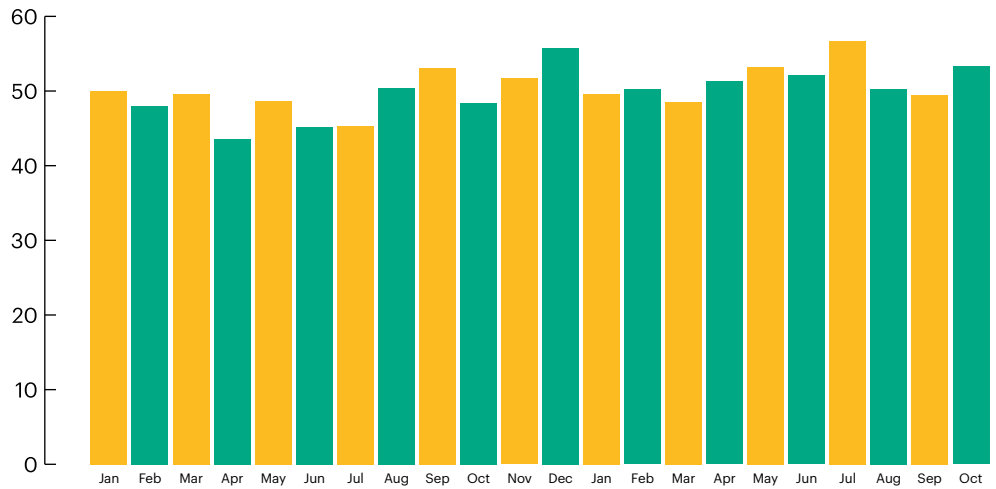
Single retailer gift cards saw strong year-on-year growth

The choppy, varying performance of single store gift cards continued over October 2022, with 53.3% of gift card buyers purchasing these types; an increase vs. both September 2022 (49.5%) and October 2021 (48.4%). At the same time, the proportion purchasing multi-store gift cards significantly declined year-on-year, at 33.0% in October 2022 vs. 42.8% in October 2021. As we move into peak, we expect a more marked outperformance of single store gift cards, with consumers viewing these as more thoughtful Christmas gifting options.

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

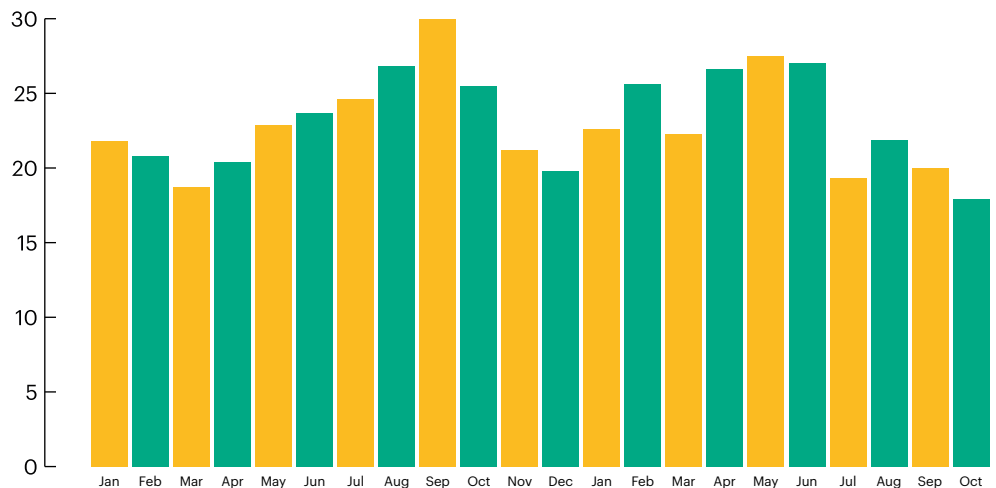


Experience cards see a further demand dip

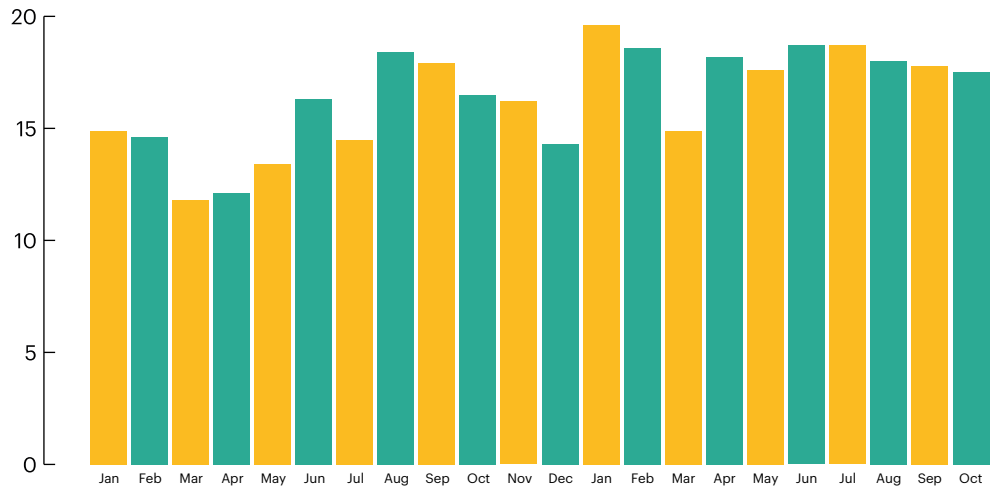
The proportion of gift card buyers purchasing experience cards (e.g. hot air balloon ride, helicopter ride, hotel stay) was at 17.9% in October 2022. This represented a decline both vs. September 2022 (20.0%), and more markedly on October 2021 (25.5%). At the same time, while the 17.5% of gift card buyers purchasing leisure gift cards (e.g. travel, theatre tickets, spa, dining) was lower than September 2022 (17.8%), it was slightly higher than a pandemic-impacted October 2021 (16.5%).

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? 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



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, 28.1% 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.