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 23rd 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 March fieldwork went to field on April 1st 2022 and was designed to explore habits over March 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

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

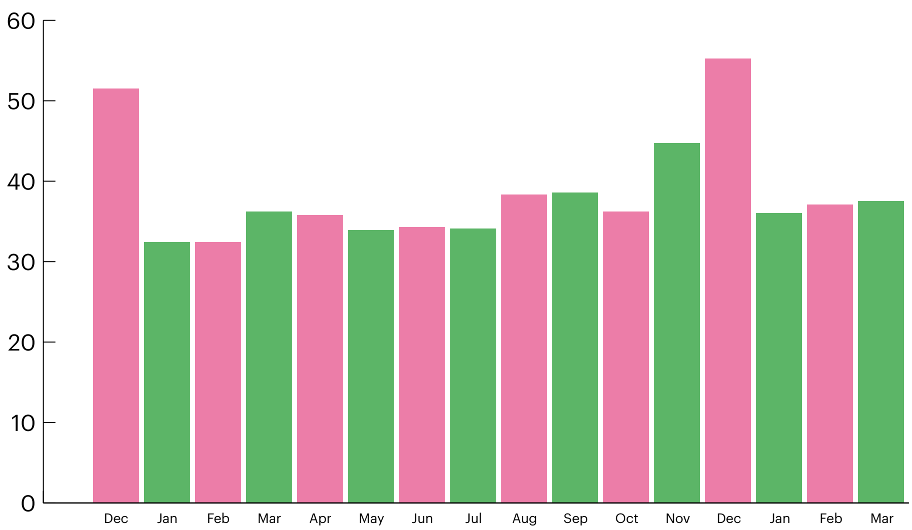
The UK Retail sector will continue its recovery over 2022

UK retail spend is forecast to hit £358.6bn in 2022, an increase of 1.1% compared to 2021. This will be inflationary driven, with volumes forecast to decline 4.6%. Consumers are now facing a cost-of-living crisis, with the Bank of England forecasting inflation to exceed 8% in H1 2022, while averaging 6.5% for the whole year, far from the bank's target of 2% - which is not expected to be met until 2024. The rising food, fuel, and energy prices mean consumers 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 sees year-on-year growth vs. weak comparatives

Over the March 2022 calendar month, 37.5% 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 was higher both than January and February 2022, driven by Mother's Day falling at the end of March. It was also higher than the 36.2% who purchased over March 2021. Given that the UK was under a restrictive third national lockdown over March 2021, this year-on-year increase in gift purchasing is unsurprising.

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

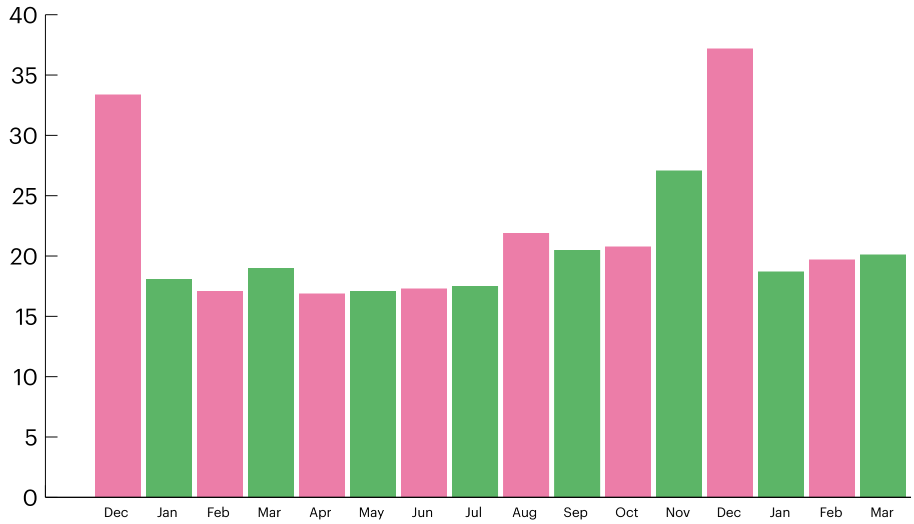


Physical gifts outperformed gift cards over March 2022

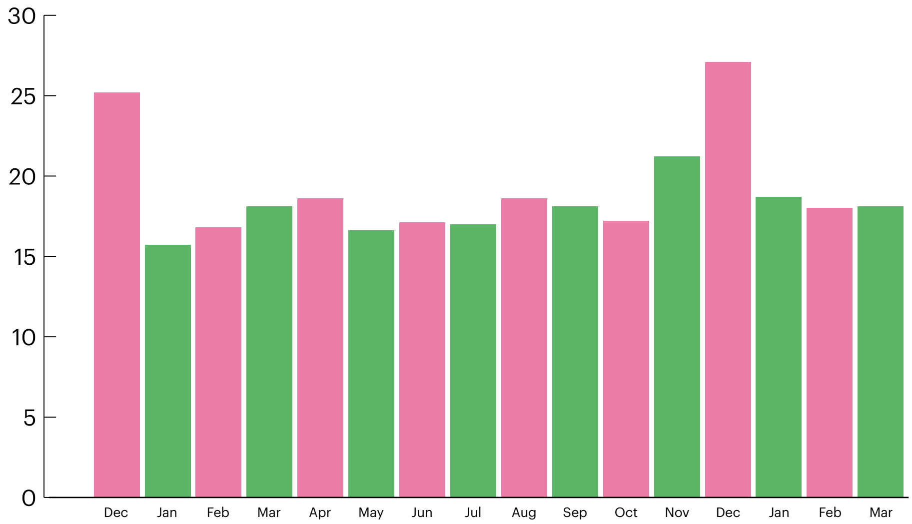
The proportion of UK consumers purchasing physical gifts for someone else increased to 34.0% in March 2022 vs. 32.7% in March 2021. This is reflective of social occasions and physical get-togethers being permitted again in 2022.

In contrast, the proportion purchasing gift cards for someone else remained practically level, at 18.0% in March 2022 vs. 18.1% in March 2021. Despite this relative under performance vs. physical gifts, this level of purchasing remains at an elevated level compared to the tracking period as a whole. For gift cards, their continued growth in popularity, even in the post-COVID environment, is reflective of their growing relevance through the pandemic. 33.5% of gift card buyers stated that 'I regularly purchase gift cards as gifts' as being a key reason for purchasing gift cards for somebody else over March.

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

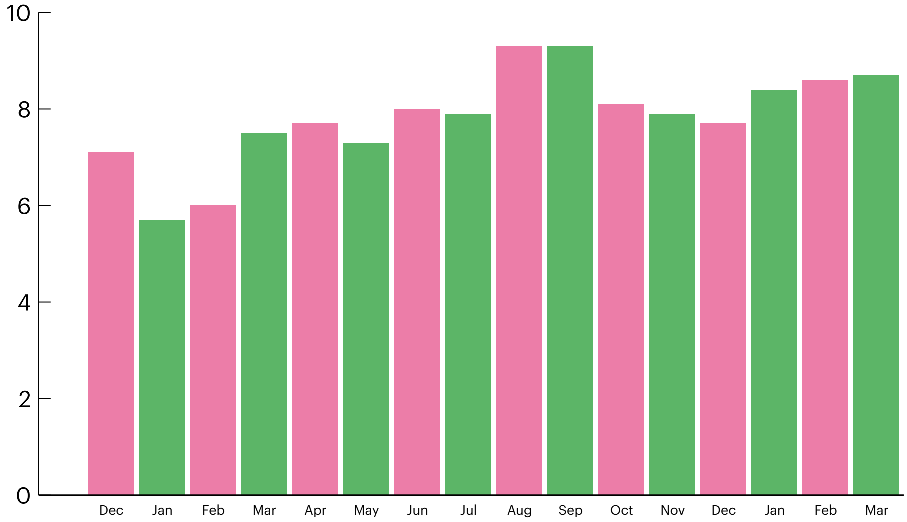


Rising demand for self-use as shoppers re-focus and return to the office

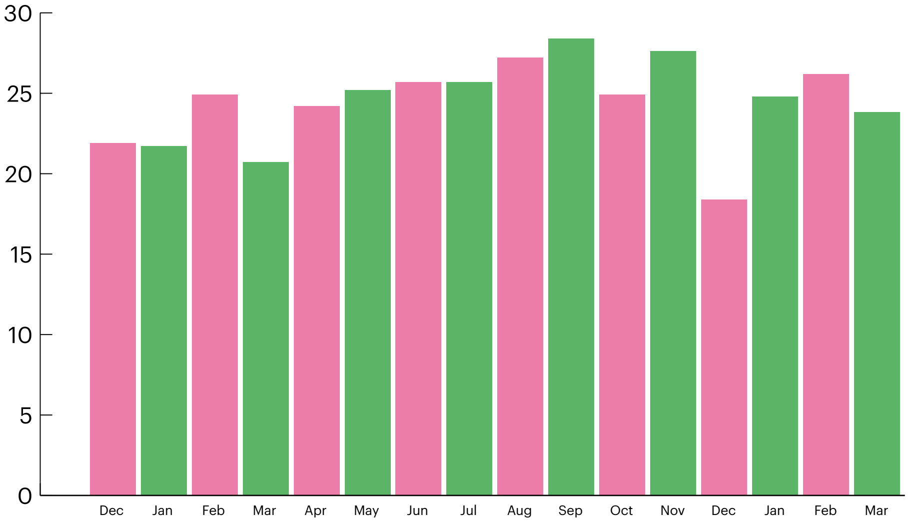
The proportion of respondents purchasing gift cards for self-use was at 8.7% over March 2022. Self-use purchasing was ahead of October-December 2021, when consumers were placing a greater focus on gifting for others. It was also comfortably above the 7.5% of consumers that purchased for self-use over March 2021.

This growth 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 23.8% over March 2022, a marked increase on March 2021 (20.7%).

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

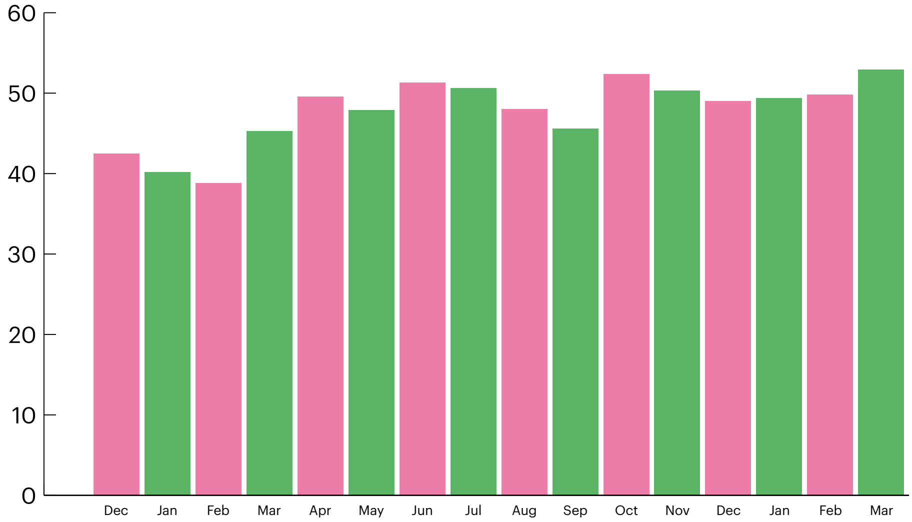


Physical gift cards significantly more favoured compared to 2021

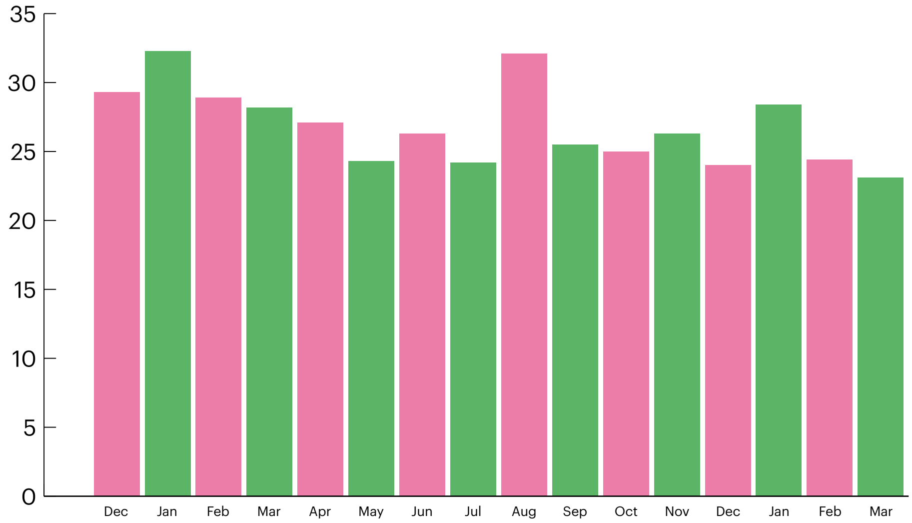
The proportion of gift card purchasers buying physical gift cards instore reached 52.9% in March 2022, compared to just 45.3% in March 2021. This represents the highest level of this type of card purchasing since GlobalData began tracking and is reflective of the greater ease both of purchasing and redemption of these types of cards.

Conversely, the proportion of gift card purchasers buying digital gift cards was at 23.1% of gift card buyers over March 2022; the lowest level of purchasing since GlobalData began tracking. 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% 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 digital gift card from a retailer/gift card issuer online

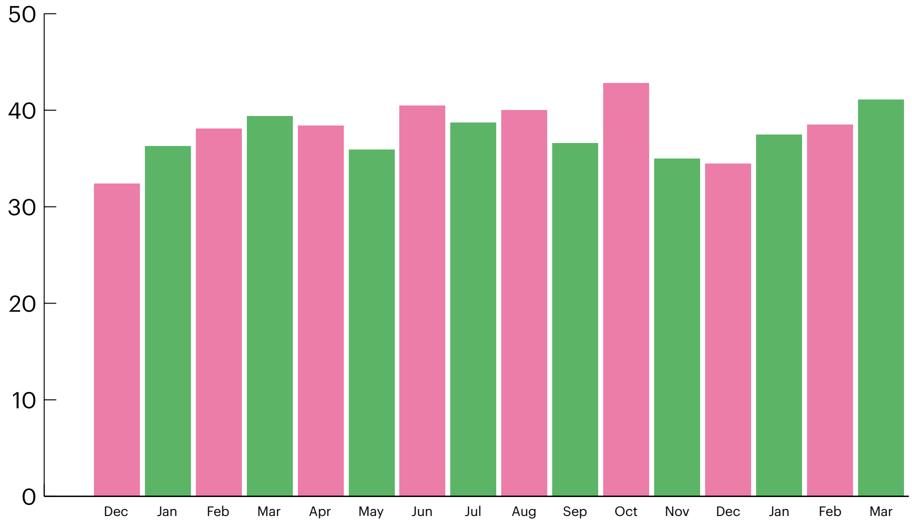


Multi-store gift cards performed strongly over March 2022

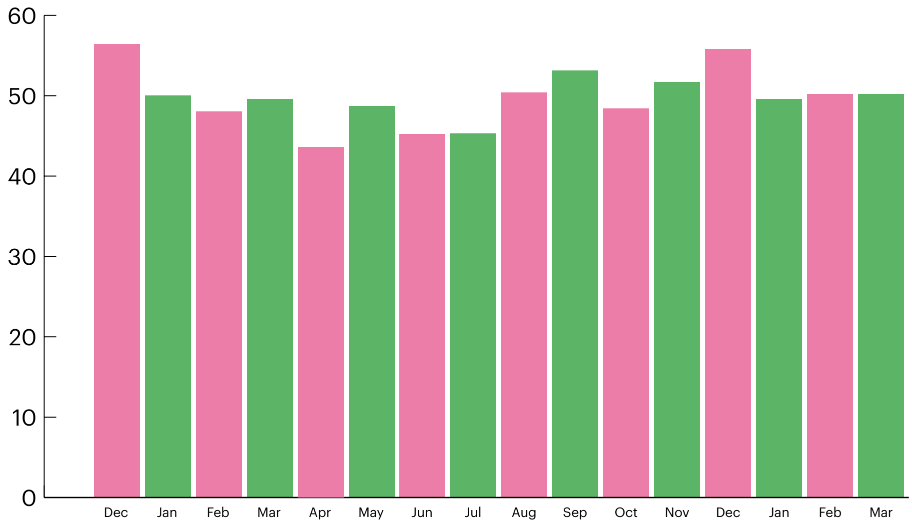
The proportion of gift card buyers purchasing multi-store gift cards increased to 41.1% in February 2022 vs. 9.1% in February 2021. At the same time, the 48.5% of gift card purchasers buying single retailer gift cards was a decline against both February 2022 (50.2%) and March 2021 (49.6%).

The rising penetration of multi-store gift cards reflects increased inclination for shoppers to undertake the same types of physical social, shopping trips that they were pre-pandemic. Moreover, with inflation having a growing influence on UK consumers, these cards facilitate users being able to shop around for the best prices.

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



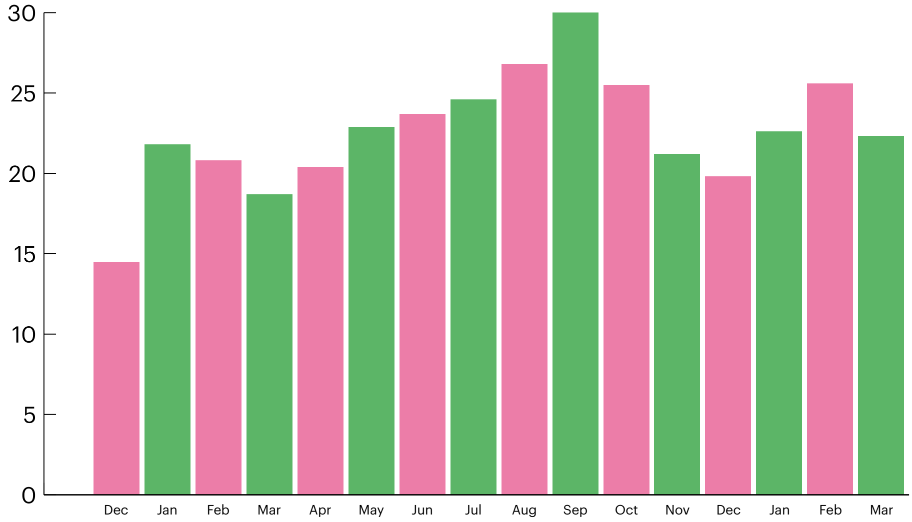
A retail gift card – a gift card for a specific high street retailer or a store branded gift card



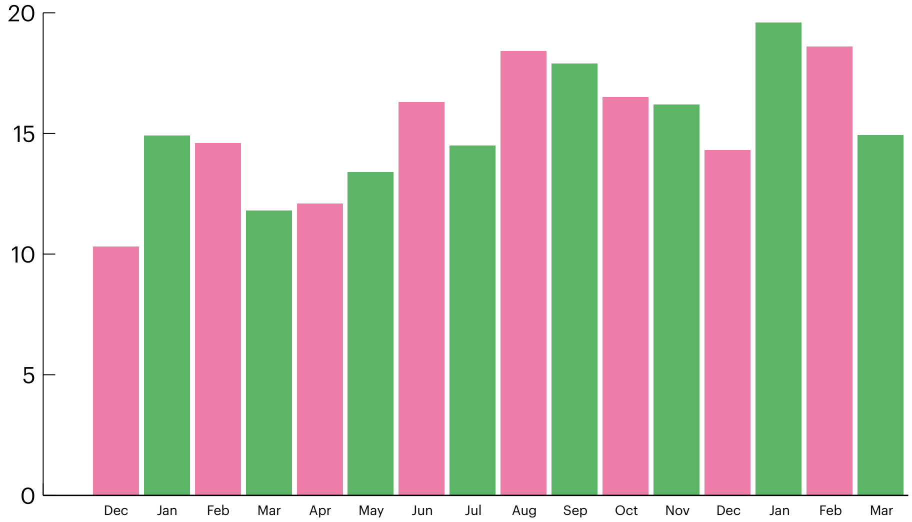
Demand for leisure and experience gift cards remains strong

Both experience gift cards (22.3% vs. 18.7%) and leisure gift cards (14.9% vs. 11.8%) 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, 34.4% of respondents agreed that "I have noticed that more local businesses have started to sell gift card".