

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 45th wave of monthly research, since GlobalData began 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 January fieldwork went out on February 1st, 2024, and was designed to explore habits over January 2024. A nationally representative sample of UK 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the January 2024 calendar month, with comparisons made between January 2024 and January 2023. Where relevant, comparisons have also been made to the wider tracking period.

Retail spending growth slows to 3.0% in 2024 as inflation recede

Following expected growth of 4.4% to £387.7bn in 2023, retail spending growth is forecast to slow to 3.0% in 2024. In our projection, inflation drops sharply from 9.7% to 2.9% as the cost pressures that have pushed it higher, particularly energy price hikes, fall out of the calculation. Significantly, 2024 is set to be the first year since 2021 to record positive volume growth, albeit minor at 0.1%, reflecting shoppers' slightly greater capacity to spend. Real earnings growth, combined with the cut to National Insurance will create a more supportive context for discretionary spending. That said, not all households will feel this benefit. For those needing to remortgage and facing much higher monthly payments, household spending will remain more 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 2.0%, and health & beauty set to be the only non-food area to experience notable growth, of 4.0%.

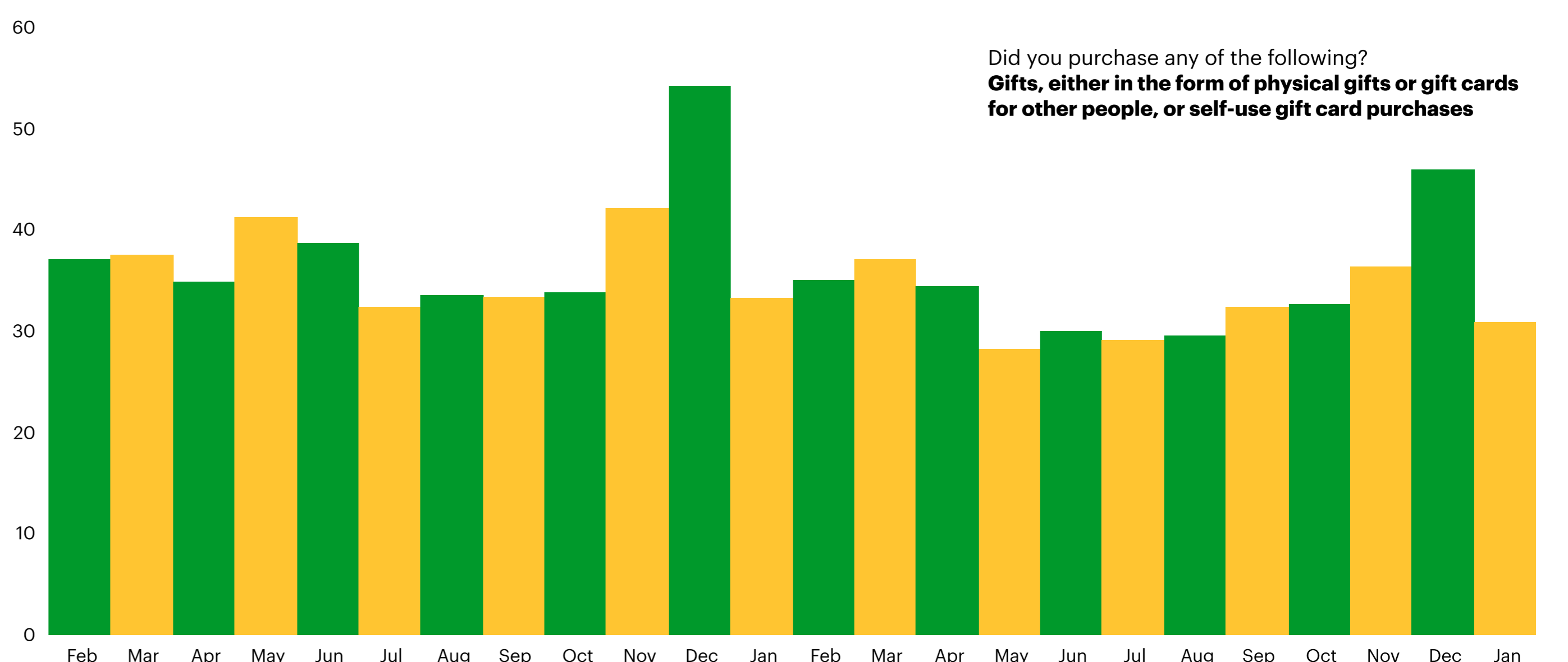
The online channel will see improved growth of 3.4% in 2024 following a rise of just 0.5% in 2023 and a decline of 9.9% in 2022, after the heights of the pandemic when online penetration reached over 27%. Online penetration will remain flat in 2024, at 22.8%, and will continue to rise over the coming years, with more rapid growth coming from the online food market as retailers' proposition improvements entice shoppers.

A weak start to 2024 for gifting

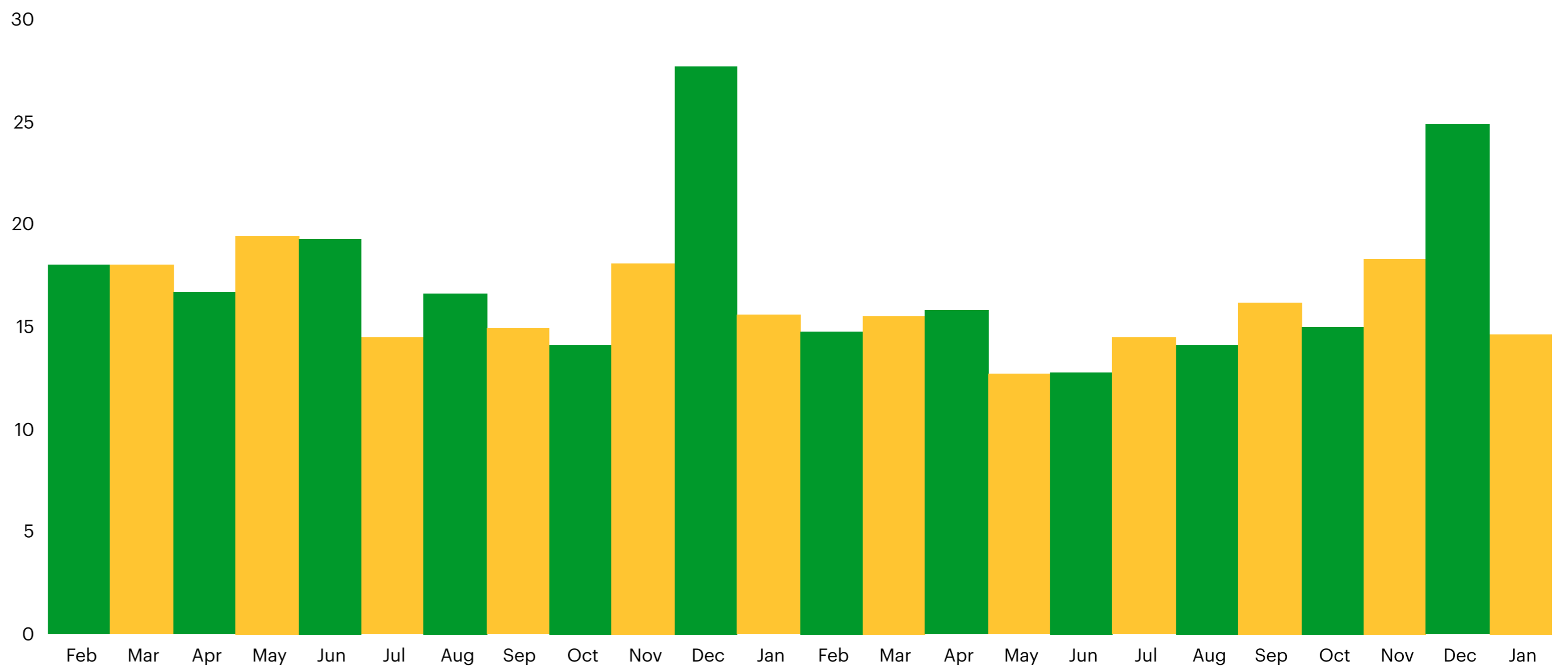
Over January 2024, just 30.9% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. While this was inevitably lower than purchasing over the 2023 golden quarter, gift purchasing was also markedly lower than January 2023 (33.3%).

This year-on-year January decline occurred across both physical gifts (15.7% vs. 18.4%) and gift cards (14.6% vs. 15.6%), and points to financially under pressure UK consumers being more cautious in the immediate post-festive period. Indeed, the proportion of those that didn't purchase gift card, 11.1% cited that they had cut back on non-essential spending as a reason why (vs. 10.3% in January 2023).

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 declines.



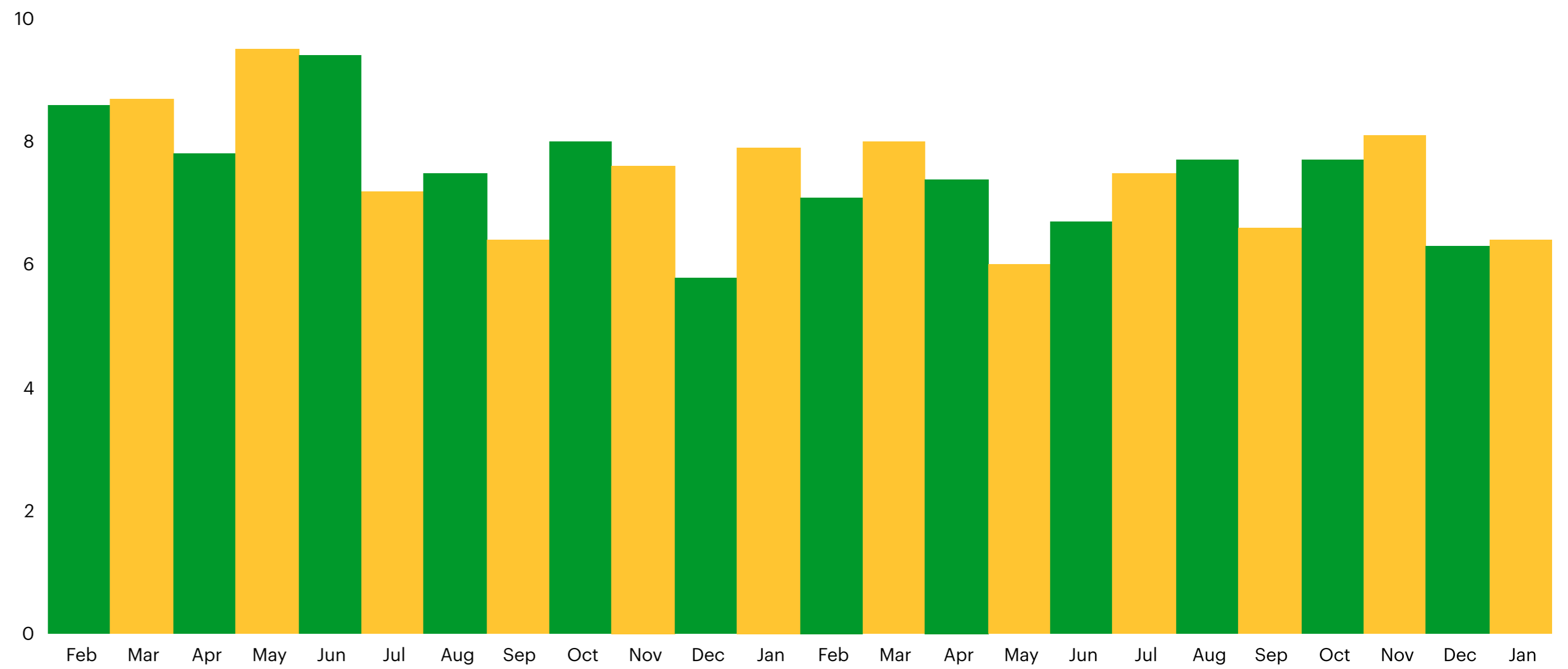
Did you purchase any of the following?  
**A gift card for somebody else**



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

While there has been a year-on-year dip in the proportion of UK consumers purchasing for self-use (6.4% vs. 7.9%), we expect that it 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 40% over January 2024.

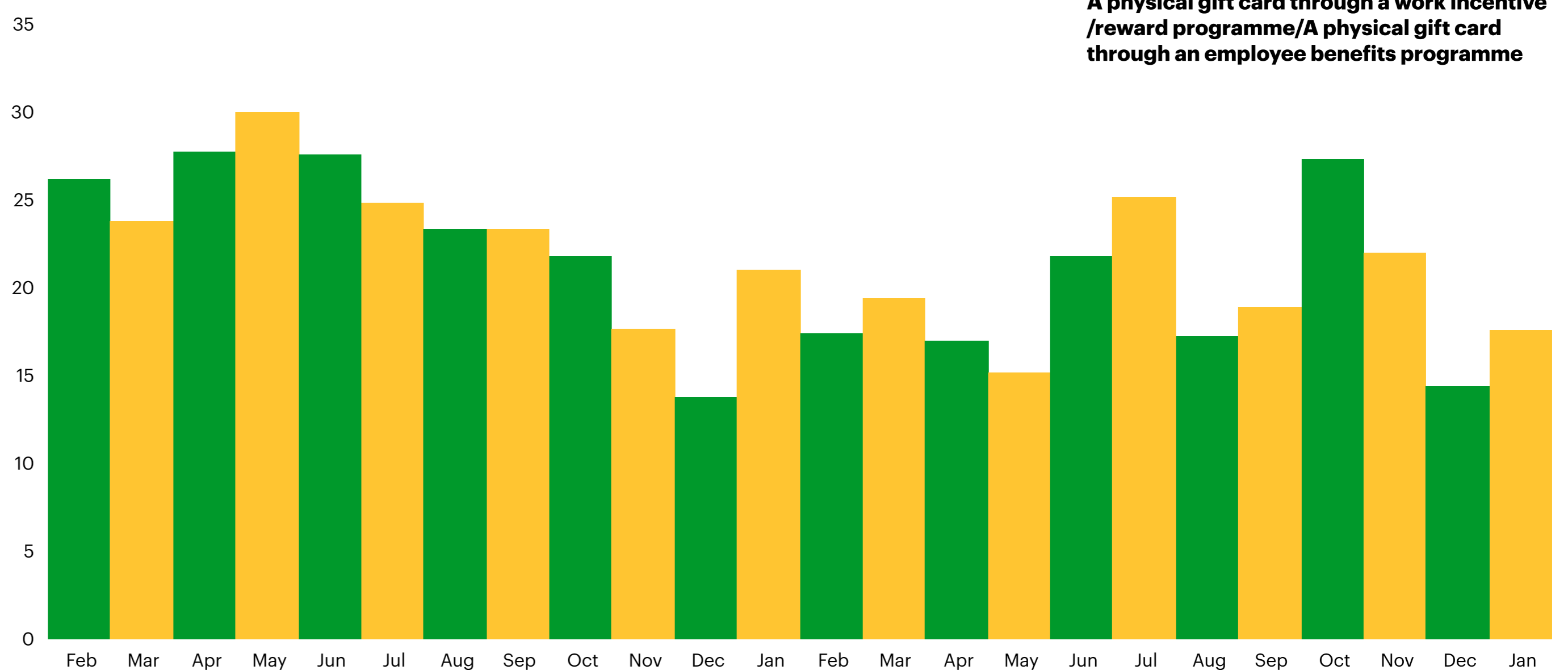
Did you purchase any of the following?  
**A gift card for yourself**



Year-on-year drop in purchasing via work programmes over January

With UK consumers reprioritising towards everyday spending, the proportion of gift card buyers purchasing via employee benefit programmes increased in January 2024 vs. December 2023. Nonetheless, here too there was a January-on-January decline, with the proportion of gift card buyers purchasing physical gift cards via this route declining to 17.6% vs. 21.0%. With many employees attempting to get back on a financial even keel in the post-festive period, work programmes will represent a good route to provide additional support.

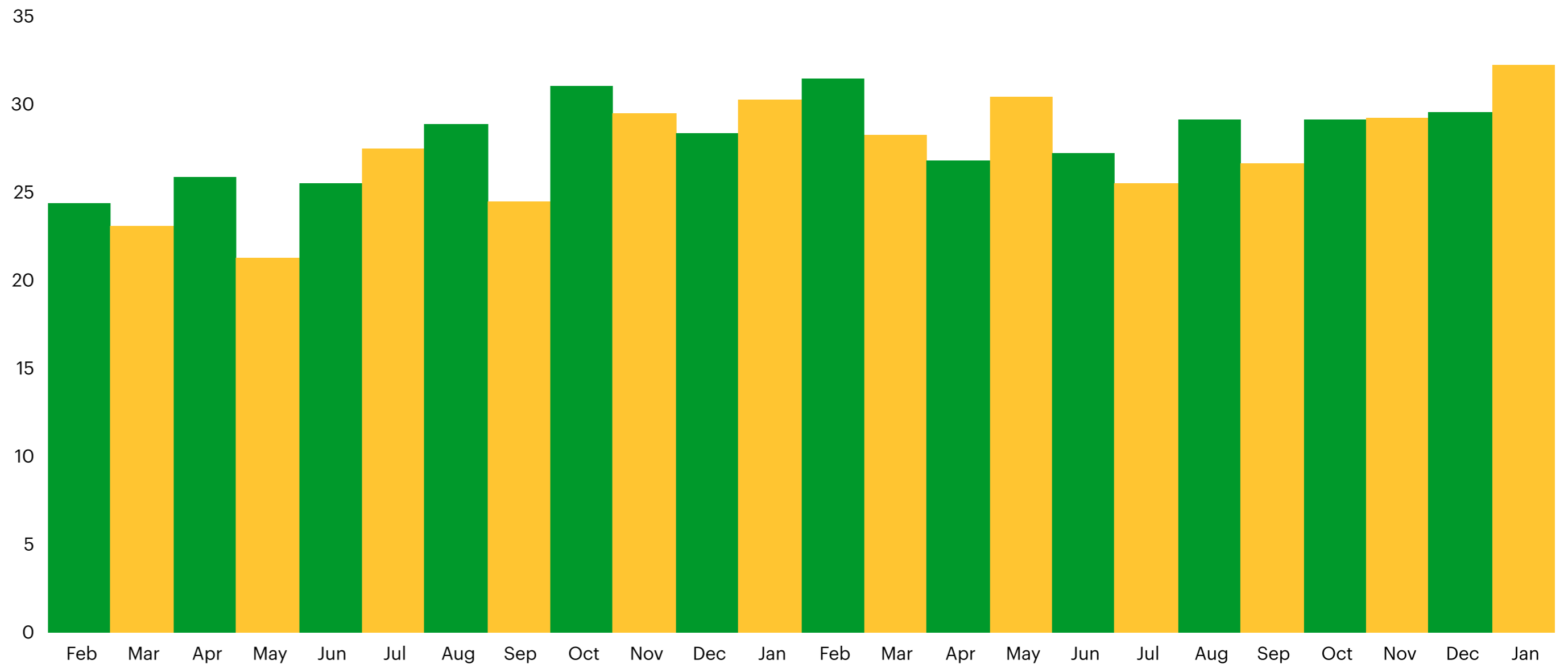
And which type of gift cards did you purchase?  
**A physical gift card through a work incentive/reward programme/A physical gift card through an employee benefits programme**



Digital gift cards continue to rise in prominence.

While physical gift cards continue to represent the most popular choice for Christmas purchases, digital represents an increasingly popular everyday choice, 32.2% of UK gift card buyers purchased digital gift cards over January 2024, which was the highest rate of purchasing since January 2021. This is hardly surprising, given the growth of self-use purchases, the greater convenience that these cards provide, and rising shopper expectations of cross-channel purchase and redemption.

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



Retail and Gaming gift cards are the only types to see year-on-year penetration growth

With shopper priorities elsewhere in the immediate post-Christmas period, most gift card types saw a decline in purchasing among gift card buyers over January. The exceptions of this included retail gift cards, which continue to be viewed as more considered gifting options. Elsewhere, the proportion of gift card buyers purchasing gaming gift cards increased to 13.8% vs. 11% in January 2023. Gaming gift cards continue to represent a popular choice and will have seen a spike in the immediate post-Christmas period, as owners of new consoles and games purchasing to facilitate in-game purchases etc.

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



**Gaming e.g. online gaming credit and in app purchases**

