

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 48th 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 April fieldwork went to field on May 1st, 2024, and was designed to explore habits over April 2024. A UK nationally representative sample of 2,000 shoppers was surveyed. On the time-period comparisons, this wave covers the April 2024 calendar month, with comparisons made between April 2024 and April 2023. Where relevant, comparisons have also been made to the wider tracking period.

Retail spending growth is expected to slow to 2.5% in 2024 as inflation recedes

Following growth of 4.5% to £388.2bn in 2023, retail spending growth is forecast to slow to 2.5% in 2024. In our projection, inflation drops sharply from 9.4% to 2.5% 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 declines, reflecting 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.

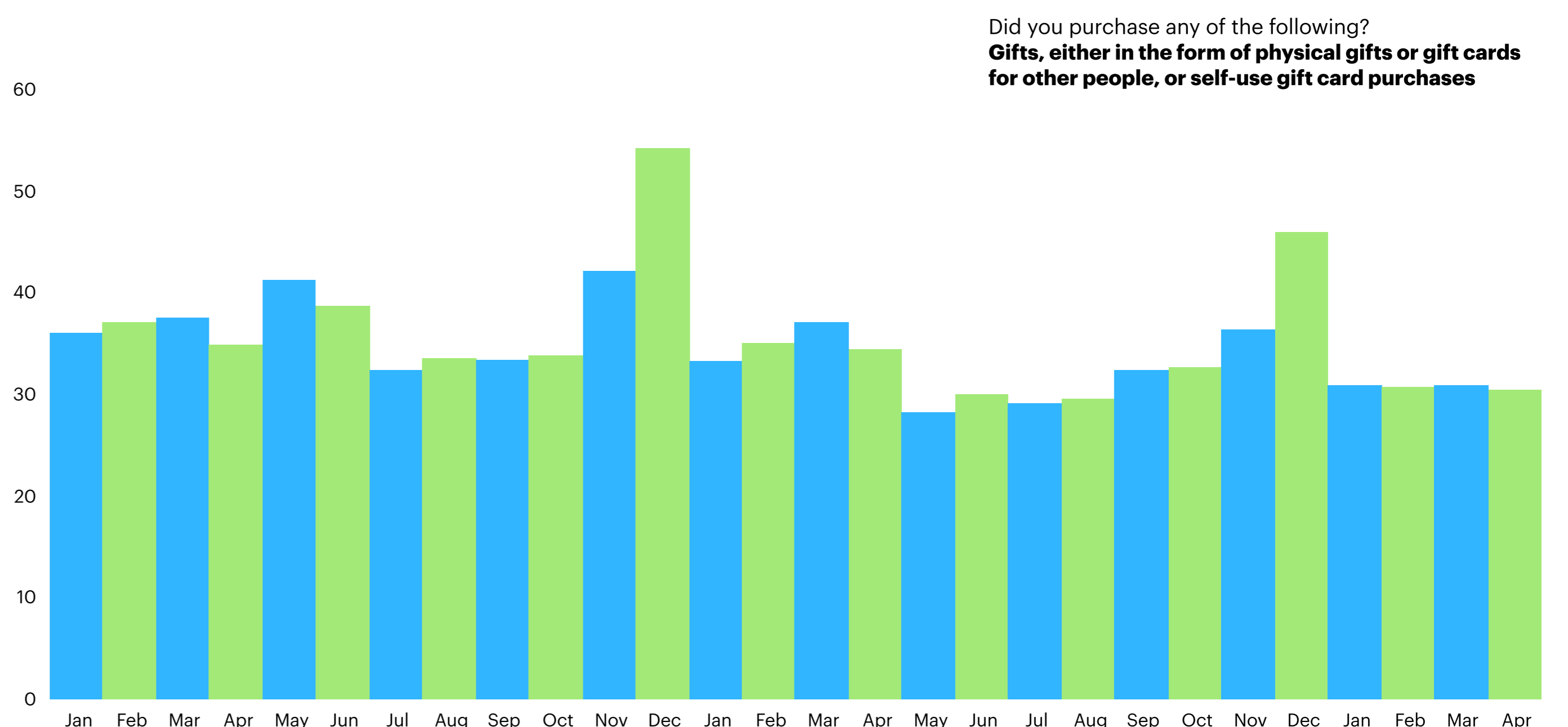
Growth in the food sector and prioritisation of essentials will continue to be the driving force of total retail spend in 2024 with non-food sectors continuing to lag behind, forecast to rise just 1.2% and health & beauty set to be the only non-food area to experience notable growth, of 4.4%. The online channel will see improved growth of 2.6% 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 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.

April continues 2024 trend of weak gifting demand

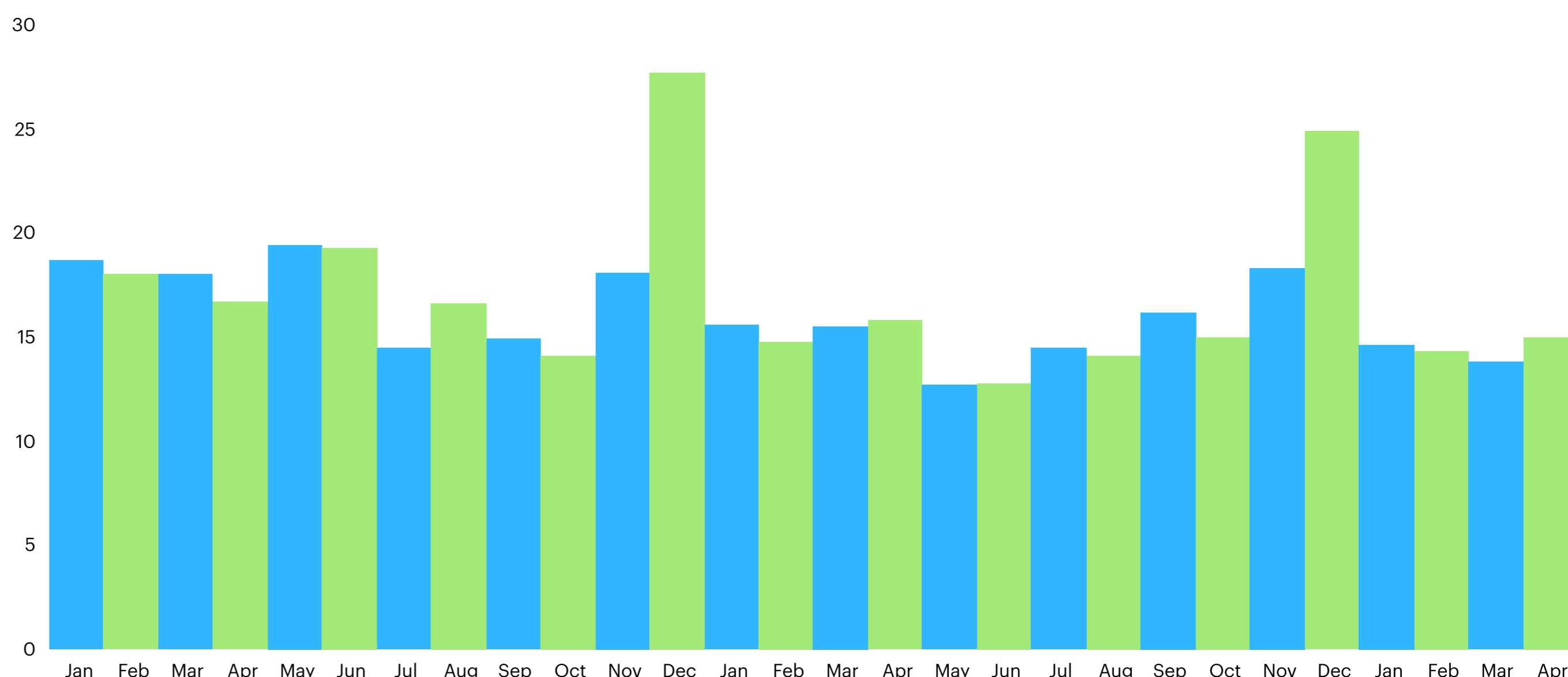
Over April 2024, just 30.5% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. This was both lower than both March 2024 (which coincided with Mother's Day), while gift purchasing was significantly lower than April 2023 (34.5%).

This year-on-year April decline occurred across both physical gifts (13.4% vs. 18.0%) and, albeit to a lesser extent, gift cards (15.0% vs. 15.8%). This is partially a reflection of financially under pressure UK consumers remaining cautious, with 10.8% citing that they had cut back on non-essential spending as a reason for not purchasing.

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.



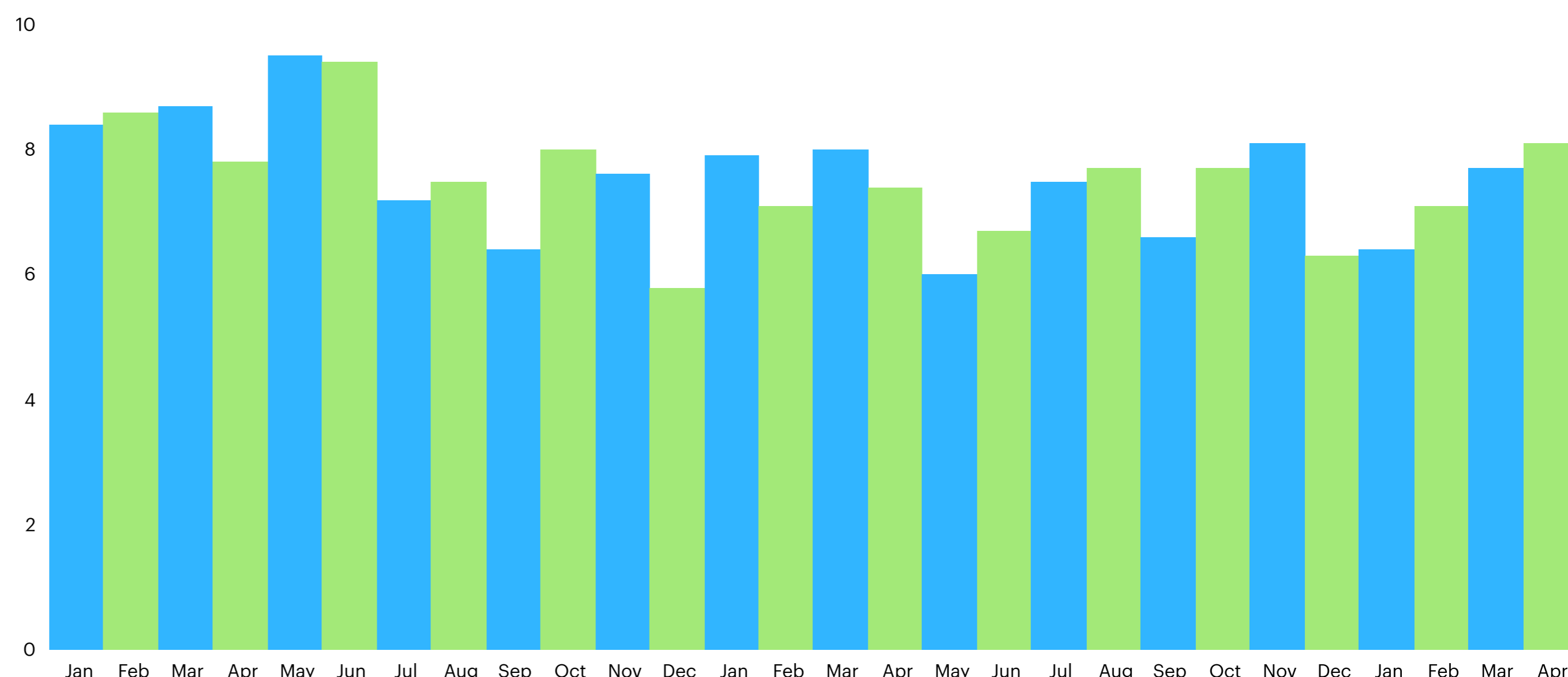
Did you purchase any of the following?
A gift card for somebody else



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

In contrast to gifting, there was an increase in self-use purchasing, with 8.1% buying over April 2024 vs. 7.4% in April 2023. At the same time, among those purchasing gift cards, over a fifth (20.8%) bought a physical gift card through an employee benefits programme; markedly higher than both April 2023 (17.0%) and March 2024 (18.4%). 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 at 38.3% over April 2024.

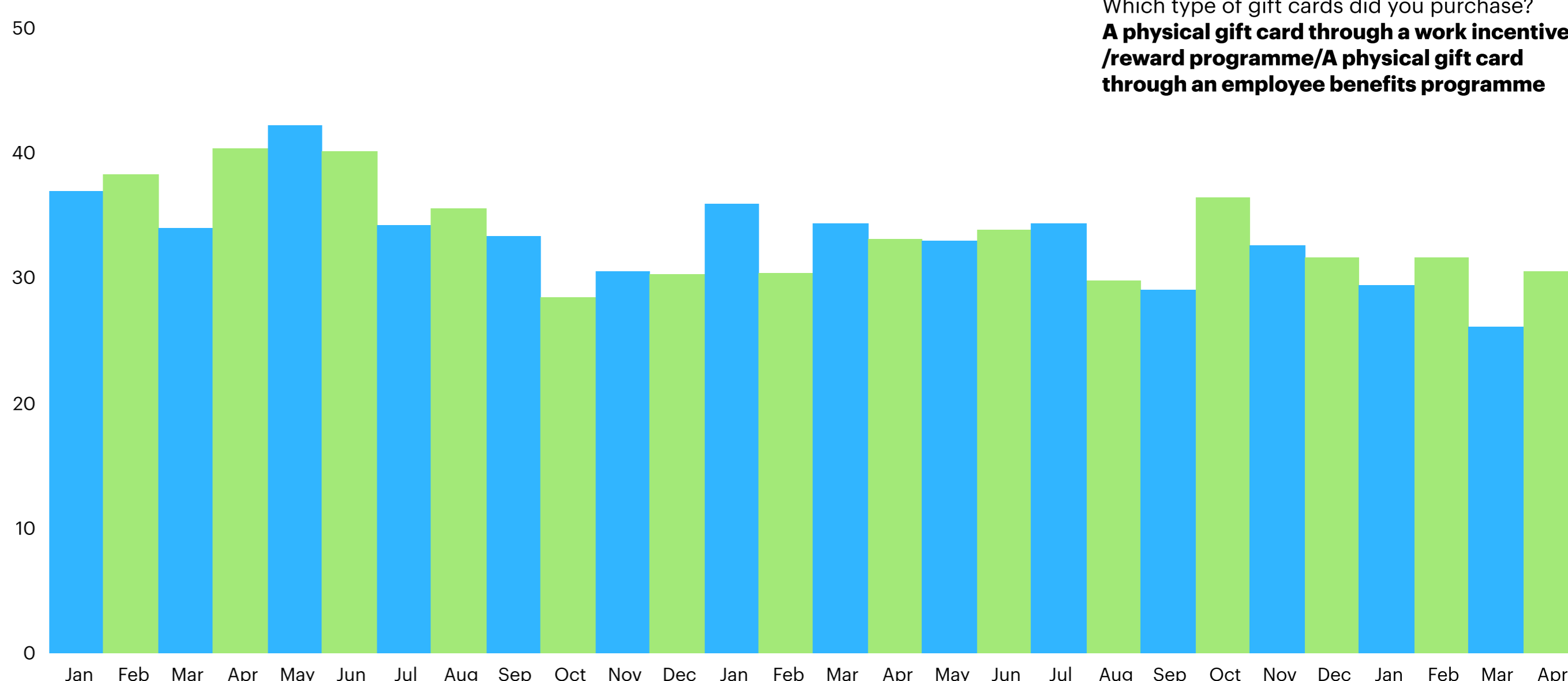
Did you purchase any of the following?
A gift card for yourself



Demand for physical cards held up better compared to March

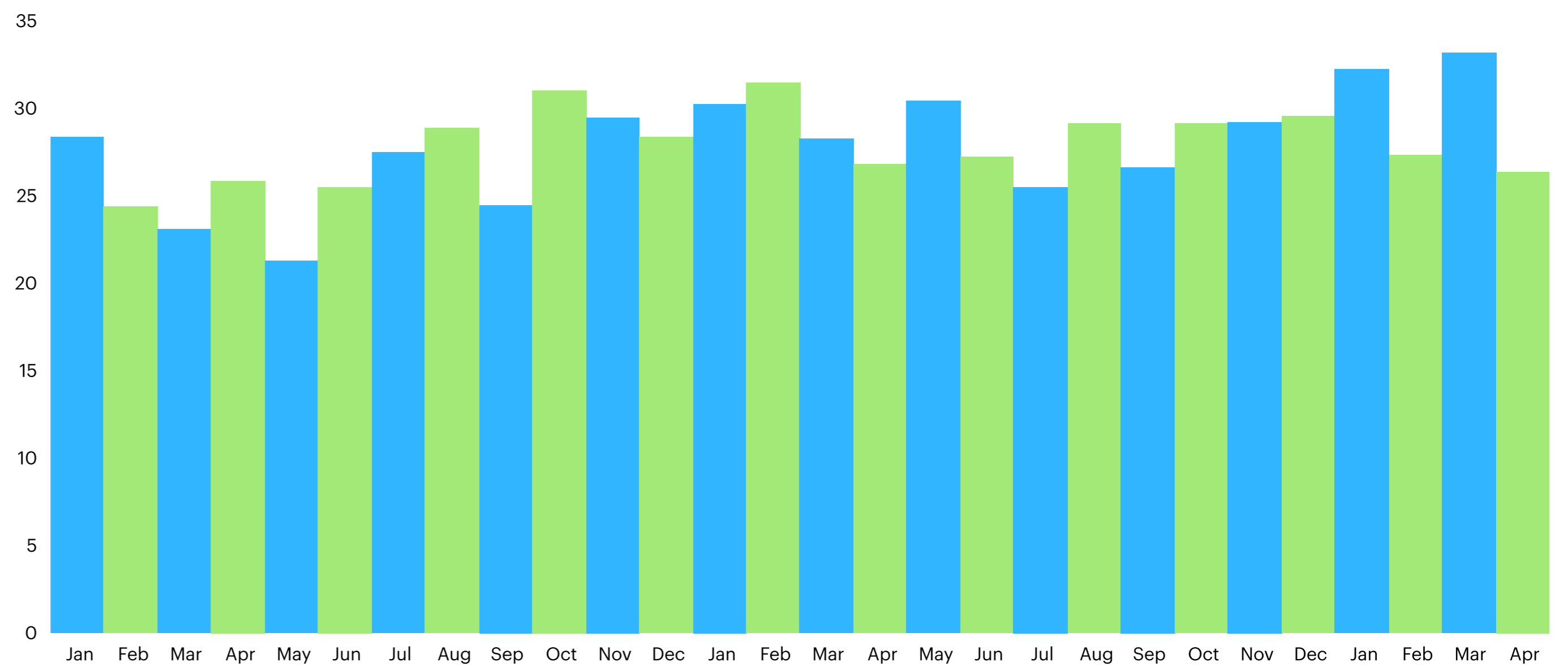
26.4% of gift card buyers purchased digital gift cards over April 2024, which represented a slight year-on-year decline vs. April 2023 (26.8%). Nonetheless, despite the proportion of gift card buyers purchasing physical cards either instore or online declining more significantly year-on-year, demand for both held up better vs. March 2024. Some of this will be reflective of a higher proportion of March Mother’s Day 2024 gift card buyers favouring more convenient digital options, and this falling back over April.

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



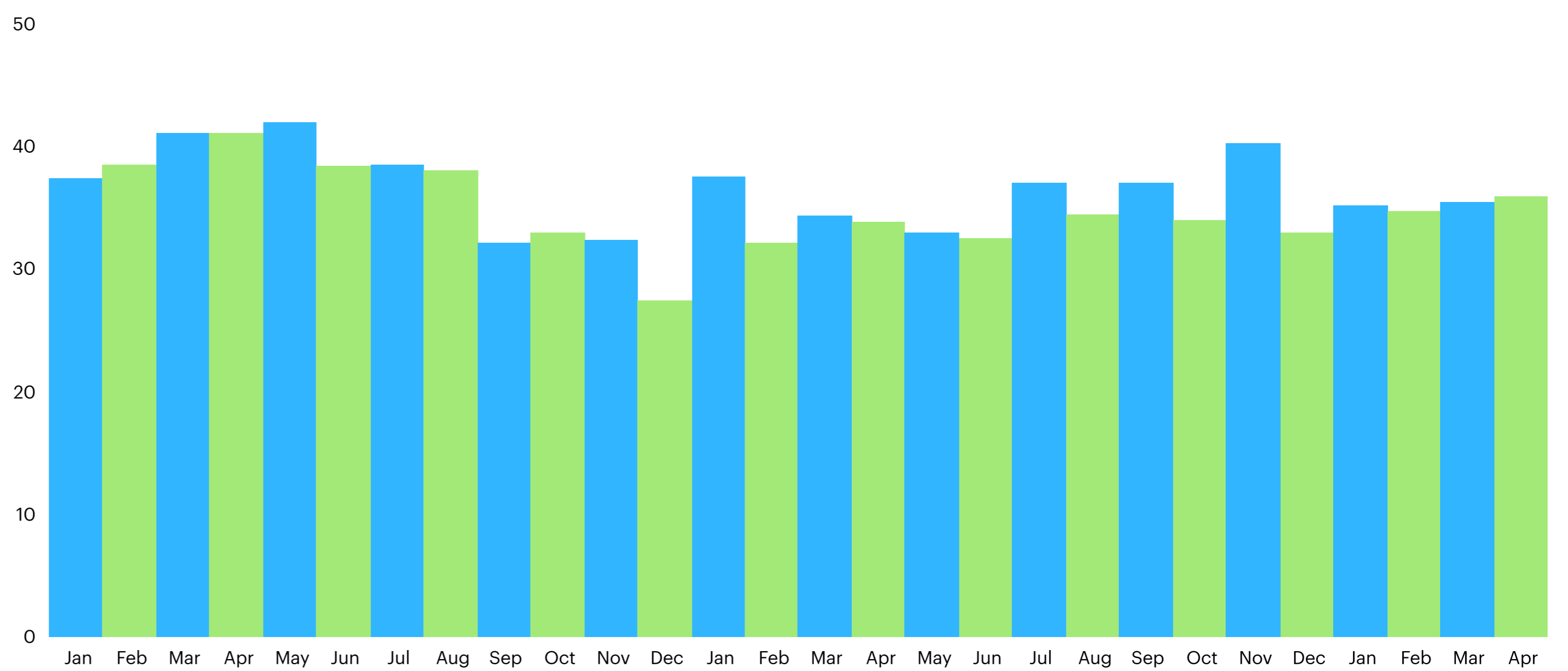
Multistore cards outperformed over April

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



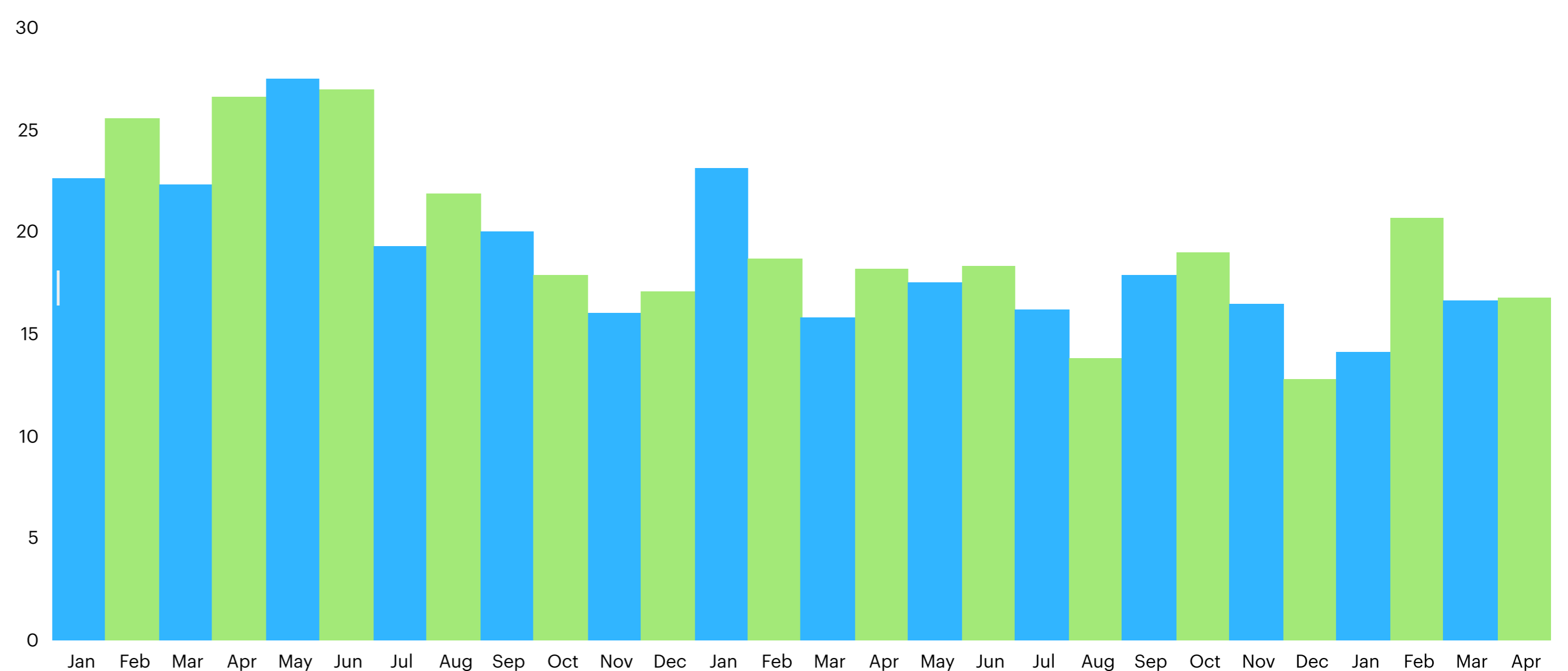
Multistore gift cards outperformed over April 2024, with 36.0% of gift card buyers purchasing this card type, compared to 33.9% in April 2023. Elsewhere, while year-on-year demand for retail gift card held up (50.2% vs. 49.6%), a lower proportion of gift card buyers purchased Experience and Gaming gift cards.

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



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 drive 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



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

