

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 11th 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, this iteration also marks the end of the 12-month period.

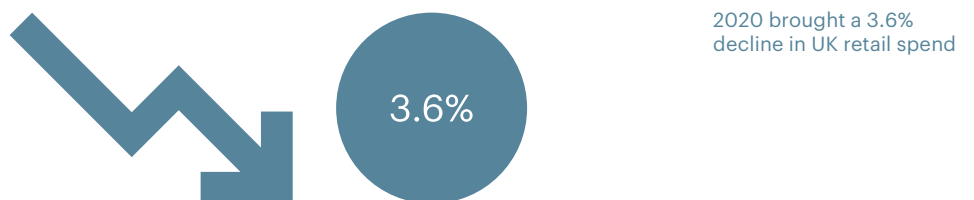
The March fieldwork went to field on April 1st, 2021 and was designed to explore habits over March 2021. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the March 2021 calendar month, with comparisons made between March 2021 and February 2021. Where relevant, comparisons have also been made to the wider 12-month period.

## UK Retail spending to remain subdued in 2021

2020 brought a 3.6% fall in retail spend, the biggest year-on-year decline in more than fifty years. However, beyond this headline statistic are a wide variety of different experiences. Most marked was the contrast between physical and online performance, with online retail growing 32.4% vs. an -11.1% decline in offline sales.

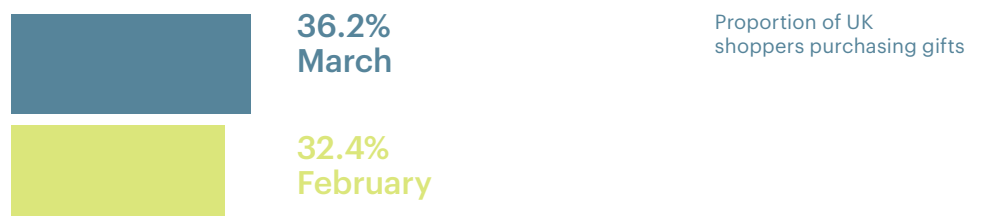
With fresh restrictions coming into place at the start of 2021, non-food retail demand has remained muted through Q1, and consumer hesitation to visit physical retail stores will remain in Q2, even following the re-opening of physical non-essential retail. Clothing & footwear will continue to be the two retail sectors worst hit in 2021, amid restricted retailer trading and lack of occasion-driven demand.



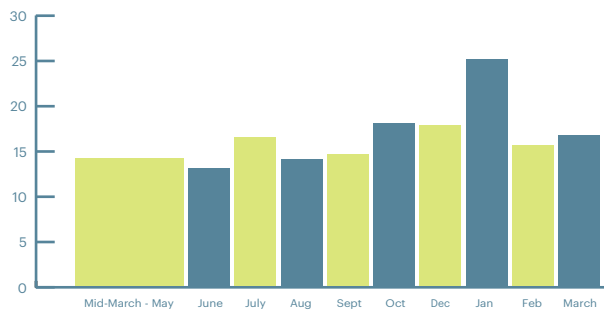
## Increase in gifting over March

Following an inevitable post-festive lull in demand, gift purchasing increased in March, with 36.2% purchasing either in the form of physical gifts or gift cards for other people, or self-use gift card purchases. This compares favourably to the 32.4% of UK consumers that purchased gifts across both January and February.

Moreover, even more so than January and February, the overall level of gift purchasing is still higher than several of the previous waves since GlobalData began tracking back in May 2020, and higher than every month over April-October 2020. This is indicative of both the cross-generational transition to online, and perhaps also reflects the looser approach to lockdown restrictions.



Gift card purchasing grows again over March

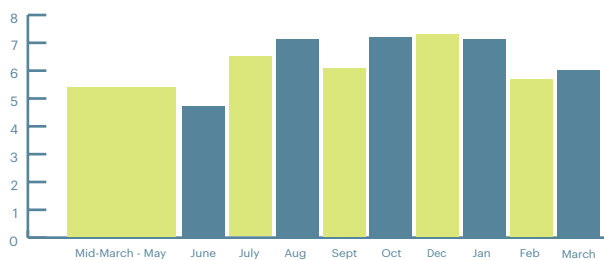


Proportion of gift card buyers purchasing gift cards for someone else over mid-March 2020 - March 2021

The proportion of UK shoppers purchasing a gift card for someone else increased to 18.1% (vs. 16.8% in February). In the context of the longer period since Global Data began tracking back in May 2020, this level of gift card purchasing is higher than every period except October and December 2020.

Gift cards have become an integral part of consumer gifting options, particularly given the greater difficulty in both buying and gifting physical items, amid the closure of non-essential stores, and restrictions around social engagements. Indeed, the key cited reason for gift card purchasing was that “it has been more difficult to choose physical gifts” with 29.8% stating this as a purchase driver.

Self-use purchase continues to rise in relevance



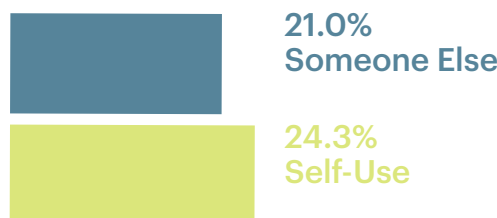
Proportion of gift card buyers purchasing gift cards for themselves over mid-March 2020 - March 2021

7.5% of UK consumers purchased a gift card for self-use over March 2021, compared to 6.0% in February 2021. This level of self-use purchasing was the highest since GlobalData began tracking back in May 2020.

The key factor driving this growth in self-use purchase has been the ability of gift cards to facilitate online purchasing, particularly for older and less tech-literate demographics. “To make it easier to shop online” was cited by 37.5% of these consumers; the highest level since GlobalData began tracking.

Another key driver here is “to help with saving money”, which was cited by 36.4%.

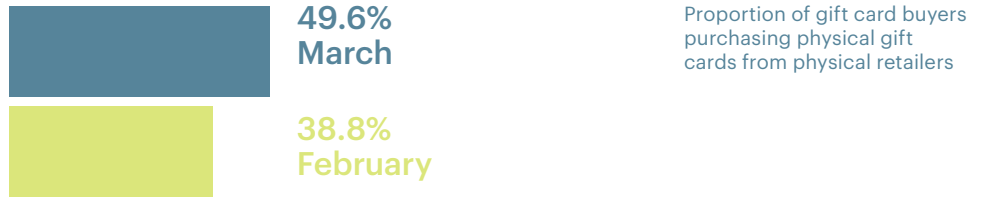
Gift cards have an important role in supporting local businesses



Proportion of gift card buyers purchasing physical gift cards for someone else or self-use who did so because they “want to support local business and/ or my local high street”

Gift cards have proved 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. 21.0% of consumers purchasing a gift card for someone else, and 24.3% of consumers purchasing for self-use cited “I want to support local businesses and/ or my local high street” as a key driver of purchase over March 2021. Moreover, over a quarter (25.2%) agreed that they are/will continue to purchase gift cards “with the intent of supporting companies I like”.

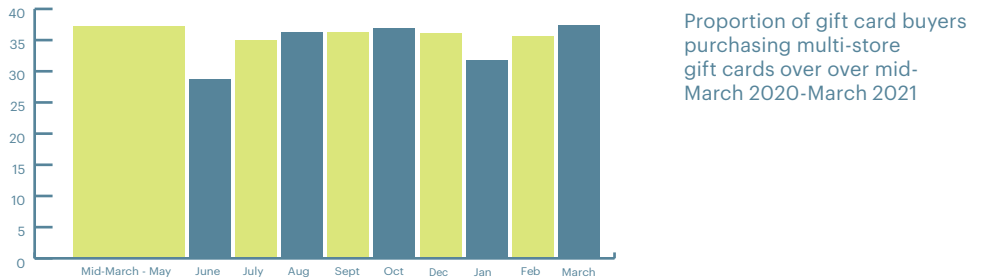
Gift card purchasing from physical stores regains momentum



49.6% of gift card purchasers bought a physical gift card from a physical retailer over March, compared to 38.8% who did so over February. Except for September and October 2020, this type of purchasing was highest since GlobalData began tracking. This reflects the significant strides made by the grocers especially in evolving their gift card propositions, including the rise of gift card malls.

At the same time, there was a dip both in purchasing of physical gift cards online (32.7% vs. 39.2%) and digital gift cards (28.2% vs. 28.9%). A key driver behind this decline is the greater confidence that gift cards will be able to be used in physical locations again over the coming months.

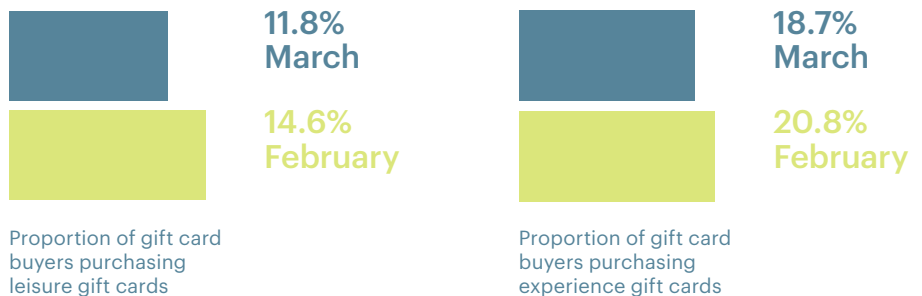
Both single brand and multi-store see growth over March



March saw a further increase in the proportion of gift buyers opting for multi-store gift cards, at 39.4% vs. 38.1% in February. This represented the highest level of purchasing from this gift card type since tracking started in May 2020.

However, this has not been at the expense of single store gift cards, with 49.6% purchasing these vs. 48.0% in February. Uncertainty remains in relation to the future of specific brands, with 63.7% of gift card buyers expressing concern “about gift cards for brands that might not be around for too long”. However, amid the imminent reopening of non-essential businesses, it seems that consumers felt more comfortable in making this more targeted purchases.

Following an early 2021 burst in demand, March saw a fall in experience and leisure gift card purchasing



There was a further slight dip in purchasing of both leisure gift cards (11.8% vs. 14.6% in February) and experience gift cards (18.7% vs. 20.8% in February). For both gift card types, this decline brings them down the near the mean of purchasing since this racking began, back in May 2020. This decline – following strong purchasing over January and February 2021 – is an inevitable reflection of a relative tempering in the vaccine roll-out driven enthusiasm, particularly given that many of these businesses are still not operating.

