



Peak 2024

GCVA
Consumer Report

Vol.
54



The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards.

The November and December fieldwork commenced on December 1st, and January 1st, respectively. Each wave was designed to explore habits during the previous month, across a UK nationally representative sample of 2,000 shoppers.

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Topline Takeaways

Representative UK population sample

- Retail spending growth slowed to 2.1% in 2024 off the back of receding inflation
- Strong year-on-year performance for Gifting over December
- Physical gifting outperformed Gift Cards over Christmas 2024
- Self-use purchasing increased across both November and December

Gift card buyers only

- Physical gift cards purchased online outperformed previous rates over peak 2024
- Digital gift cards experienced a dip against strong comparatives
- Single brand/retail gift cards reign supreme over Christmas
- Experience, Leisure, and Gaming gift cards all viewed as strong gifting options
- UK consumers see gift cards as a medium for supporting local businesses

Retail spending growth slowed to 2.1% in 2024 as a result of receding inflation



Following retail spending growth of 5.0% to £443.8bn in 2023, GlobalData estimates that this will slow to 2.1% in 2024. Inflation dropped sharply, from 9.0% to 1.8%, while volumes grew marginally by 0.3%, in 2024. This slight volume growth followed two years of significant declines (around 4%), reflecting how shoppers are remaining cautious emerging from the cost-of-living crisis. Despite this, real earnings growth and improved consumer sentiment has created a more supportive context for discretionary spending, and we expect spending growth to improve into 2025. 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.

Online Channels

The online channel saw improved growth of 3.6% in 2024 following a rise of 2.0% in 2023, and a decline of 5.3% in 2022, following the heights of the pandemic when online penetration reached over 30%. Online penetration increased marginally in 2024 to 27.3% and will slowly continue to increase until 2028, with more rapid growth coming from the online food market as anticipated improvements to retailers entice shoppers.

Grocery Outlook

The online channel will see improved growth of 3.2% in 2024, following a rise of 2.0% in 2023 and a decline of 5.3% in 2022, after the heights of the pandemic when online penetration reached over 30%. Online penetration will rise marginally in 2024 to 27.2% and continue to slowly rise in 2028 with more rapid growth coming from the online food market as retailers' proposition improvements entice shoppers.

Fashion Outlook

In Q1 2025, the market is expected to swing back into growth, albeit very muted at 0.9% for the quarter, while the online market will continue to outperform at 3.4%.

Strong year-on-year performance for Gifting over December



While experiencing a slight year-on-year dip in November (36.0% vs. 36.3%) (See figure 1), the 47.2% of UK consumers that bought physical gifts, gift cards or made self-use gift card purchases over December 2024 was higher than December 2023 (45.9%). The contrasting performance of the two months reflects stronger willingness for shoppers to wait closer to the day for their gifting purchasing, compared to 2023 when many shoppers planned purchases well ahead of time in order to save money.

With December representing the key month for gift purchasing, higher purchase penetration highlights a largely positive Christmas 2024 for retail. The period

benefitted from an improved backdrop for household finances, amid a widening gap between wage growth and inflation over the last few months. Indeed, the lower-than-anticipated inflation rate of 2.5% in December will have played a role in consumers feeling more financially secure this Christmas. With the cheaper cost of essential Christmas items, consumers possibly saved more on necessities and were able to allocate more of their budget towards gifts and leisure activities. For instance, the overall cost of Christmas dinner was lower this year, with the price of frozen turkeys dropping by 5.9% and brussels sprouts by 12.0%, according to the BBC.

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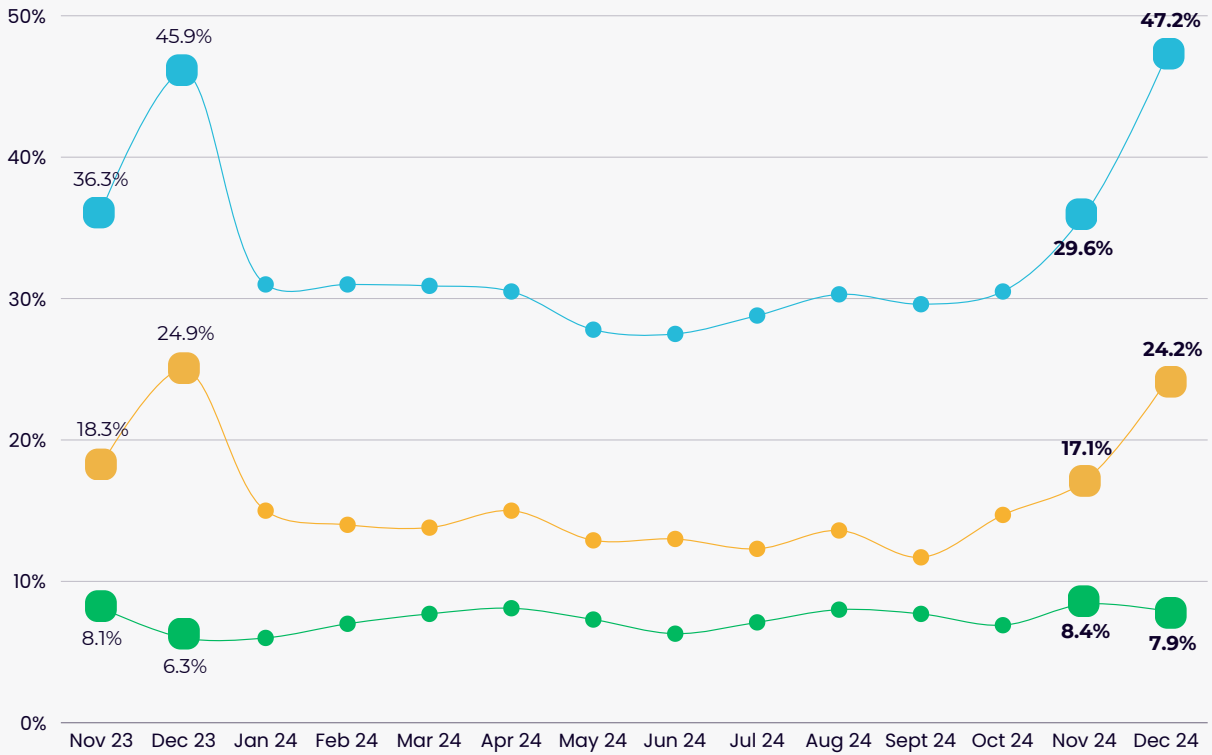
However, it is important to acknowledge that despite the broader recovery in consumer finances, many consumers remained slightly cautious with their spending in the lead up to Christmas, as their finances were still recovering from a few years of high inflationary

pressure. Moreover, improvement has not been evenly felt across all households. Of those that didn't purchase gifts cards over December, over a quarter (25.1%) said they didn't because they cut back significantly on non-essential spending, which was markedly higher than those citing this same reason in December 2023 (13.5%).

Figure 1:

Did you purchase any of the following:

- Gifts in any form (physical gifts or gift cards for any use)
- A gift card for somebody else
- A gift card for yourself



Physical gifting outperformed gift cards over Christmas 2024



While the proportion of UK consumers purchasing physical gifts for someone else increased from November (20.1%) to December 2024 (30.1%), purchasing of gift cards for someone else experienced a parallel year-on-year dip across both months (18.7% vs 27.8% in 2023).

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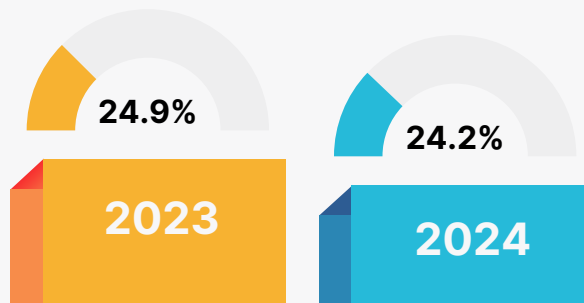
The outperformance of physical gifts can be partially attributed to the timing of Christmas 2024, which led to a higher proportion of UK consumers having a longer period off work. This longer downtime in turn encouraged more travelling and in-person socialising among

friends and family during the Christmas period. In this context, there remains a preference for physical gifting, with the convenience benefits of gift cards not holding as much sway. Of those that didn't purchase gift cards over December 2024, almost half (47.9%) didn't do so because they "don't consider Gift Cards thoughtful enough as a gift."

Figure 2:

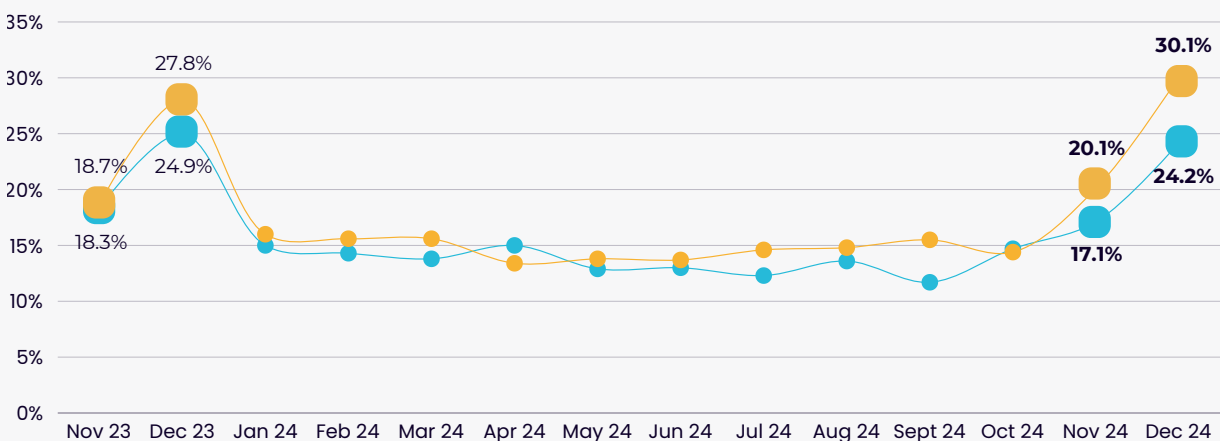
Purchasing a gift card for somebody else December 2023 vs December 2024:

- December 2023
- December 2024



Did you purchase any of the following:

- A gift card for somebody else
- A physical gift for somebody else



Self-use purchasing increased across both November and December



An increase in year-on-year self-use gift card penetration across both November and December 2024 reflects a greater degree of financial flexibility among UK consumers, amid improving household finances. It also points to employers viewing gift cards as a strong medium through which to provide incentives and additional support to employees during the Christmas period. Indeed, among those purchasing gifts cards, there was also a parallel increase across both months in those purchasing physical and digital gift cards through work incentives/reward programmes.

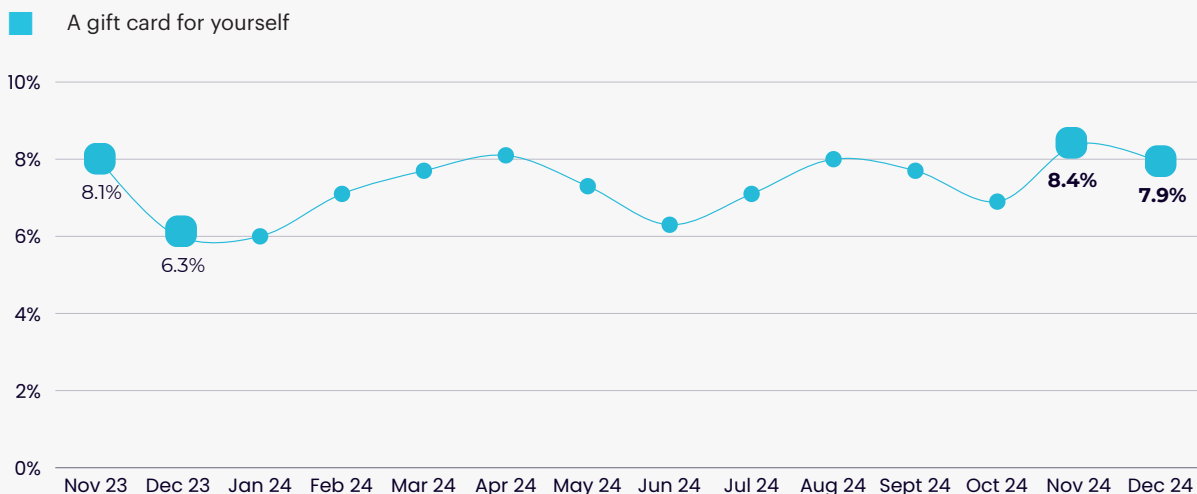
Gift cards have both the potential to support consumers during periods of higher outgoings and, increasingly, in supporting shoppers looking for levers to help with saving and budgeting. Indeed, the proportion of those purchasing self-use cards that cited “to help with saving money” was at 47.1% over December 2024; one of the highest levels of agreement since GlobalData began tracking this measure.

Another key driver of self-use is that the gift card came with a promotion; For example access to discounts or additional cash value added to the card. In December 2024, this reason was cited by 29.9% of gift card buyers (vs. 17.5% in December 2023), which was the highest rate of agreement since GlobalData began tracking this measure.

An increase in year-on-year self-use gift card penetration across both November and December 2024 reflects a greater degree of financial flexibility among UK consumers, amid improving household finances.

Figure 3:

Did you purchase any of the following:



Physical gift cards purchased online outperformed previous rates over peak 2024



Physical cards purchased online were an outperforming option among gift card buyers, with the proportion purchasing this type increasing year-on-year across both November and December

2024. At the same time, there was a slight year-on-year dip among those purchasing physical cards instore.

While physical gift cards are viewed as more thoughtful options for Christmas gifting, there has been an

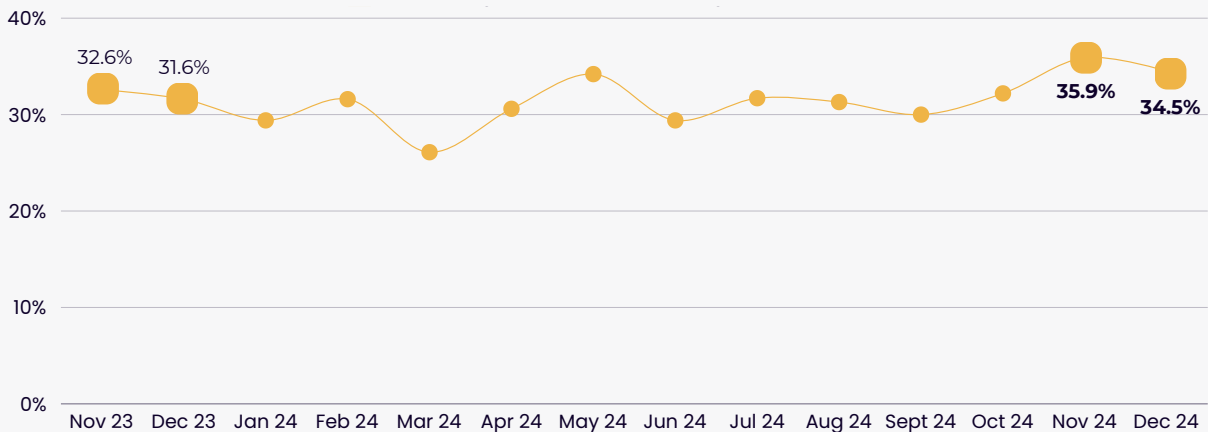
increasing willingness and ability (with more brands selling gift cards through their online platforms) to purchase gift cards online over the past few years, in addition to the parallel growing influence of online retail more generally. This is reflective of the rise of gift card categories such as entertainment, leisure, and gaming, which are not as readily available in physical stores.

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Figure 4:

Which type of gift cards did you purchase?

■ A physical gift card from a retailer/gift card issuer online



Digital gift cards experienced a dip against strong comparatives



While purchasing of digital gift cards remained stable over November 2024, there was a marked year-on-year dip in purchase penetration among gift card buyers over December 2024. Some of this can be attributed to strong comparatives, with digital purchasing increasing significantly in December 2023, against the backdrop of postage delays amid Royal Mail strikes.

Consumer expectations continue to rise when it comes to cross-channel purchasing and redemption.

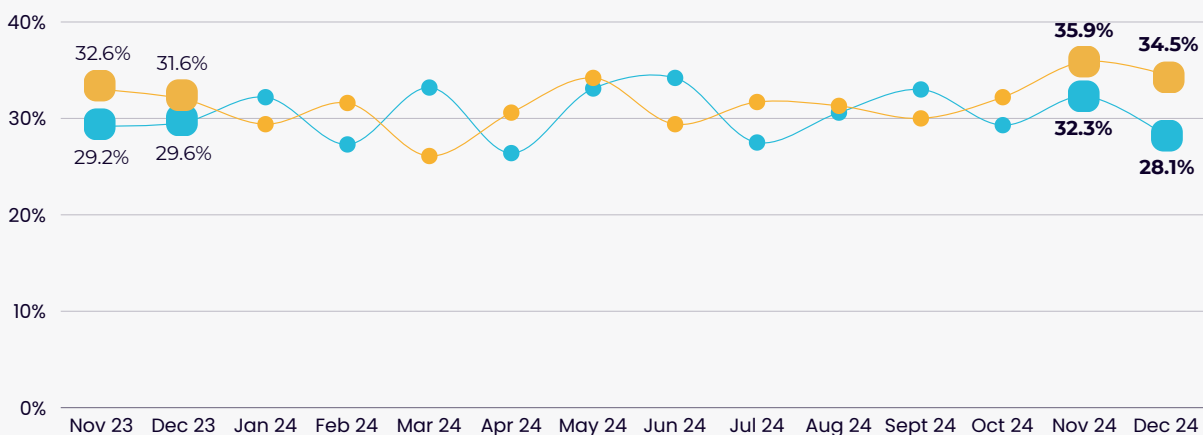
While digital options are typically less favoured for Christmas purchasing, this higher prevalence of physical purchasing was heightened over Christmas 2024 due to the increase in physical gatherings. Nonetheless, while

digital was less influential as a gifting medium, consumer expectations continue to rise when it comes to cross-channel purchasing and redemption. Indeed, In December 2024, 54.0% of respondents agreed with the statement “I expect all gift cards to be usable across all of the retailer’s sales channels”, compared to 39.9% who expressed the same sentiment in December 2023.

Figure 5:

Which type of gift cards did you purchase?

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



Single brand/retail gift cards reign supreme over Christmas



Among gift cards buyers, there was a higher tendency to purchase gift cards for specific retailers and brands over November and December 2024, compared to the same period in 2023. These options are generally seen as more thoughtful and personalised and so are typically favoured across key occasions such as Christmas. This tendency will have been further exacerbated by the rise in physical gatherings over Christmas 2024.

While multistore gift cards underperformed; conversely, the 34.3% of gift card buyers purchasing them over December 2024 was slightly higher than December 2023 (33.0%). Multi-store cards have the potential to overcome lingering consumers concerns around the lack of flexibility that gift cards provide, compared to other payment options. The challenge for these gift card types

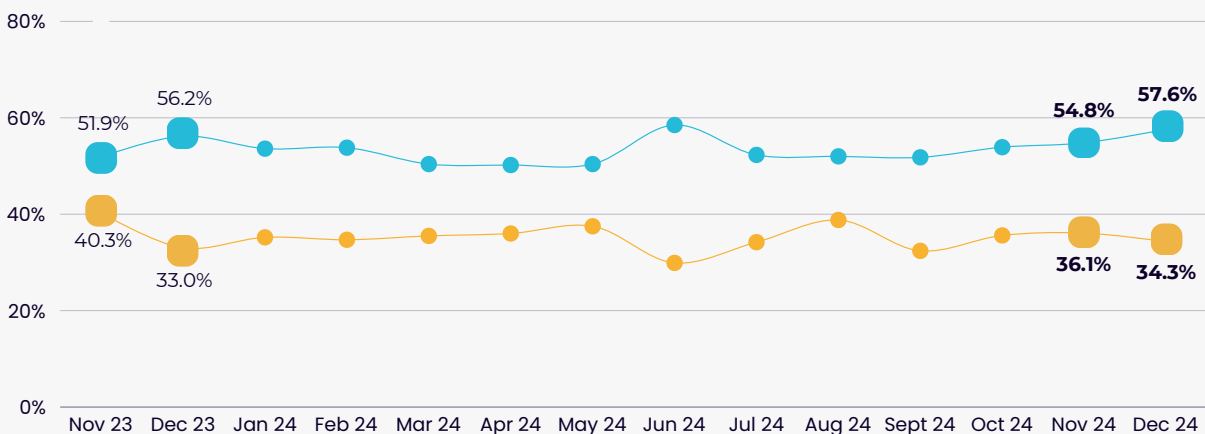
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continues to be, perceptions of thoughtfulness to the gift card recipient, measured against the freedom of spend across a range of retailers.

Figure 6:

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 retail gift card – a gift card for a specific high street retailer or a store branded gift card
- A multi-store gift card – a single gift card which can be spend in multiple retailers, brands, outlets or businesses



Experience, Leisure. and Gaming gift cards all viewed as strong gifting options



The proportion of gift card buyers purchasing experience and leisure gifts cards –for activities such as hotel stays, spa breaks, and restaurants – increased compared to November and December 2024. These card types benefitted from stronger demand due to their perception as more thoughtful gifting options. Demand was also boosted by an increase in supply, with many national, regional, and local leisure and experience businesses introducing options.

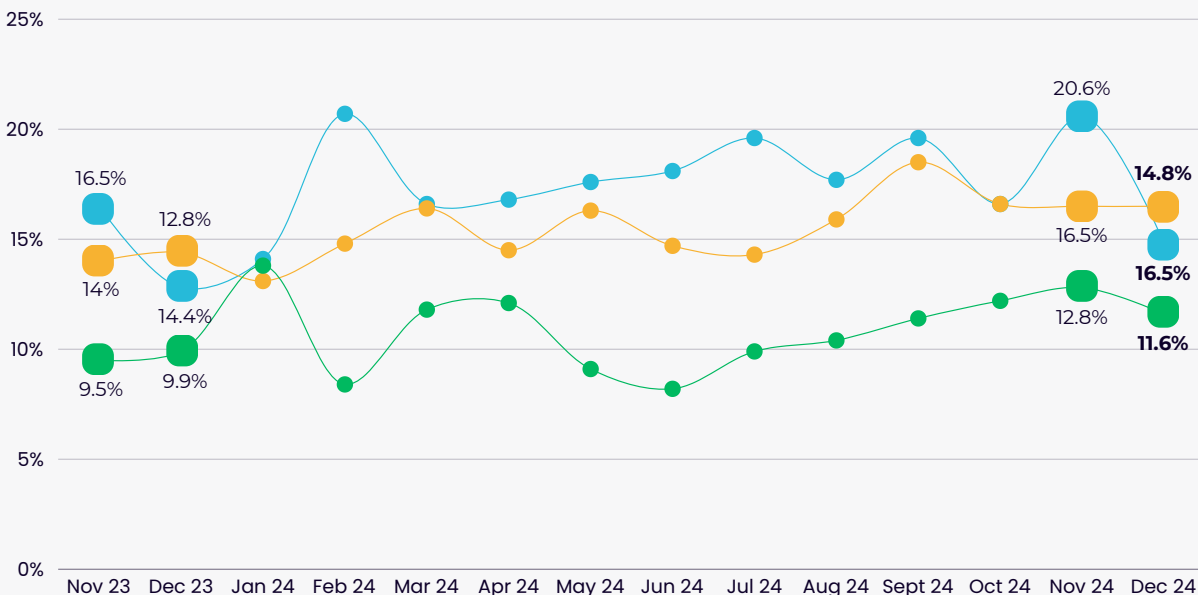
Gaming gift cards will have directly benefitted from being supplementary purchases to more expensive consoles and video games gifting. This is especially pertinent considering the popular of video games such as EA FC 25, which encourage additional in-game purchases.

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Figure 7:

Experience, Leisure. and Gaming gift cards all viewed as strong gifting options

- An experience e.g. hot air balloon ride, helicopter ride, hotel stay
- Leisure e.g. Travel, theatre tickets, spa, dining
- Gaming e.g. online gaming credit and in app purchases

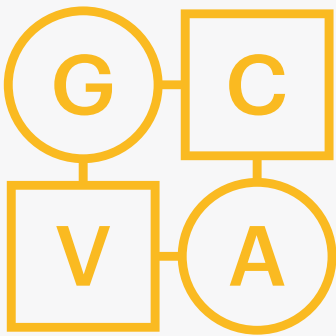


UK consumers see gift cards as a medium for supporting local businesses



There are signs that many are being proactive in purchasing gift cards to funnel support to local companies. Over December 2024, 29.2% of UK consumers agreed with the statement “I have/will purchase gift cards with the intent of supporting companies that I like”. This is almost double the 15.0% who expressed this sentiment in December 2023.

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The GCVA is the trade body and membership organisation for gift cards and vouchers. The association represents the key players in the industry and promotes best practice for the benefit of gift card issuers, services and consumers.

Regarding time-period comparisons, this month’s report covers the peak Christmas period, with comparisons made between November and December 2024, and November and December 2023. Where relevant, comparisons have also been made to the wider tracking period.

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