

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 28th 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 August fieldwork went to field on September 1st 2022 and was designed to explore habits over August 2022. A UK nationally representative sample of 2,000 shoppers was surveyed.

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

Inflation is expected to impact spend on non-essential items, with UK retail spend forecast to reach £352.4bn in 2022

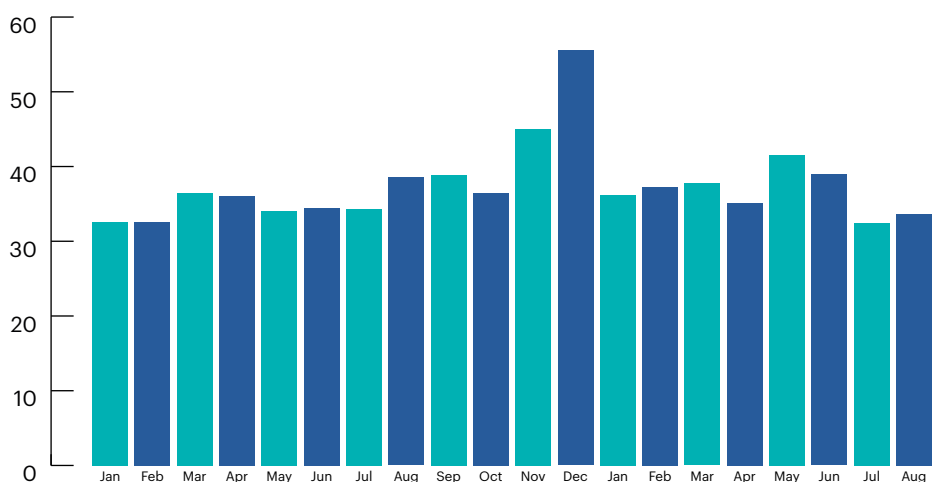
UK retail spend is forecast to reach £352.4bn in 2022, a fall of 1.2% on 2021. This will be propped up by inflation, with volumes forecast to decline 10.1%. Consumers are now facing a cost-of-living crisis, with the Bank of England forecasting inflation to touch 11% in Q4 2022, far from the bank’s target of 2% - which is not expected to be met until 2024. Rising food, fuel, and energy prices mean budgets are stretched, and spending on non-essential items will be reduced, despite some mitigation from government interventions. Online penetration is forecast to fall in 2022 to 23.4%, a drop of 2.8 ppts 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.

Despite a relative recovery, gift purchasing remained weak over August

Over the August 2022 calendar month, 33.5% 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. While this represented an increase vs. the 32.3% over July 2022, it still represented the lowest level of gift purchasing since April 2021 (July 2022 aside).

The summer months generally see lower levels of gift purchasing, owing to fewer relevant seasonal events, and shoppers prioritising spending on travel and leisure pursuits. However, the 33.5% August 2022 gift purchasing rate was lower than the 38.3% rate in August 2021. This is perhaps reflective of the impact that rising inflation – across energy, fuel, and food – is having on household incomes.

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

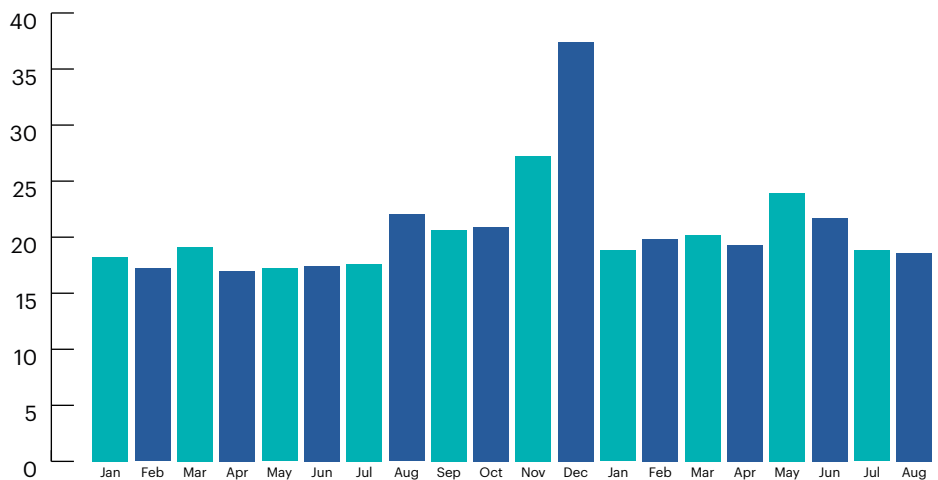


Gift card purchasing saw a slight month-on-month uptick

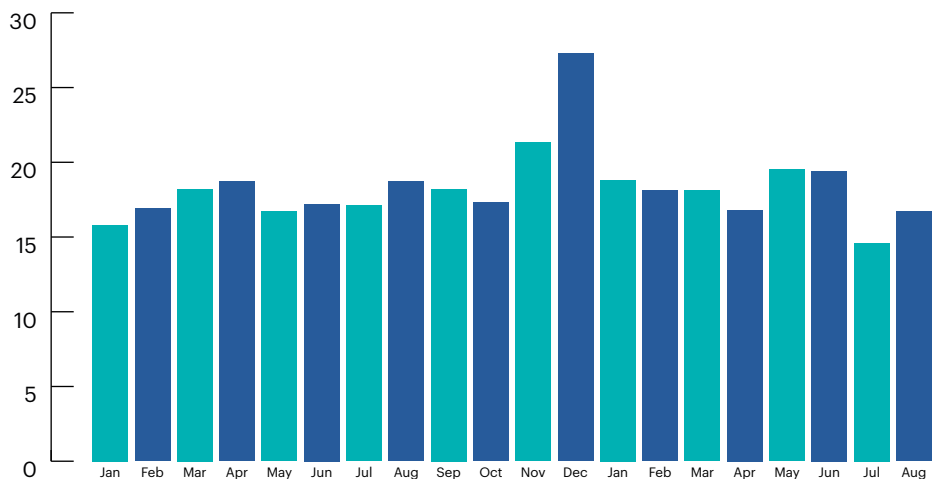
The proportion of UK consumers purchasing gift cards for someone else increased to 16.6% in August 2022 vs. 14.5% in July 2022. However, purchasing was notably lower than the 18.6% rate in August 2021. Meanwhile, the 18.5% purchasing physical gifts over August 2022 represented a decline vs. both July 2022 (18.7%) and August 2021 (21.9%).

The underperformance of gift cards is reflective of the wider impact of cost-of-living pressures, with shoppers looking to trade down to less expensive options, where possible. Lower demand for gifting as whole was further impacted over August 2022 by a greater proportion of the UK popular holidaying both domestically and abroad.

Did you purchase any of the following:
A physical gift for somebody else



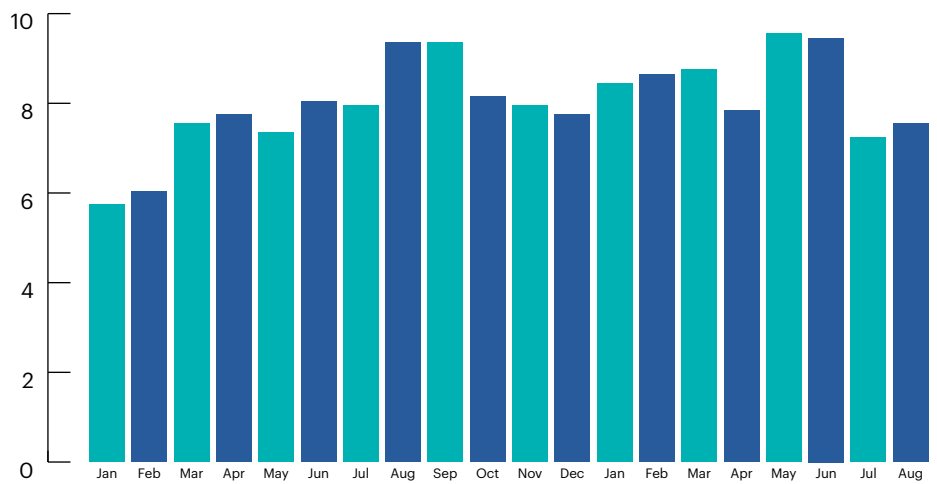
Did you purchase any of the following:
A gift card for somebody else



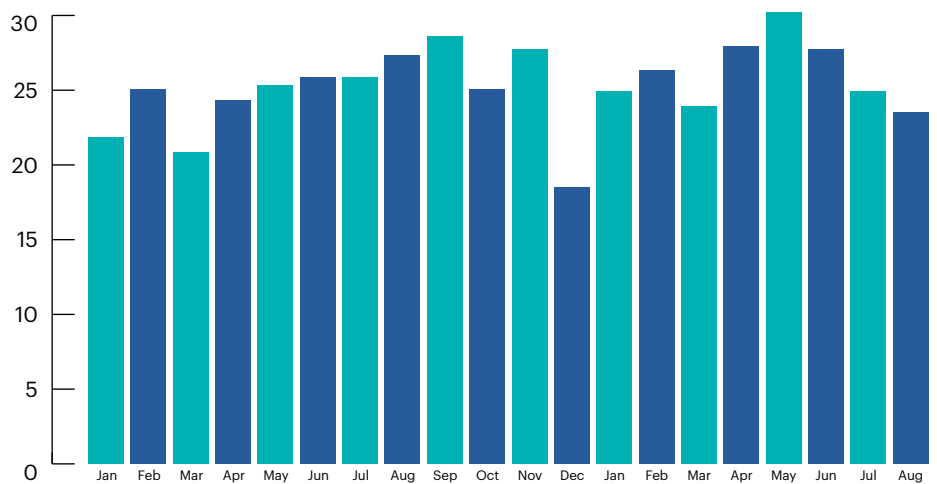
Self-use purchasing sees slight improvement on the month

The proportion of respondents purchasing a gift card for self-use increased to 7.5% over August 2022, compared to 7.2% in July 2022. However, this rate of purchasing was notably lower than the 9.3 % that purchased for self-use over August 2021. This weaker period of demand follows strong demand over May and June 2022. A key driver of this decline has been a higher proportion of UK consumers travelling on foreign holidays, following a couple of years of travel disruption. As a result, the proportion of gift card buyers purchasing physical cards via work reward/incentive programmes declined to 23.4%; the lowest level of purchasing since a pandemic-impacted December 2021.

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

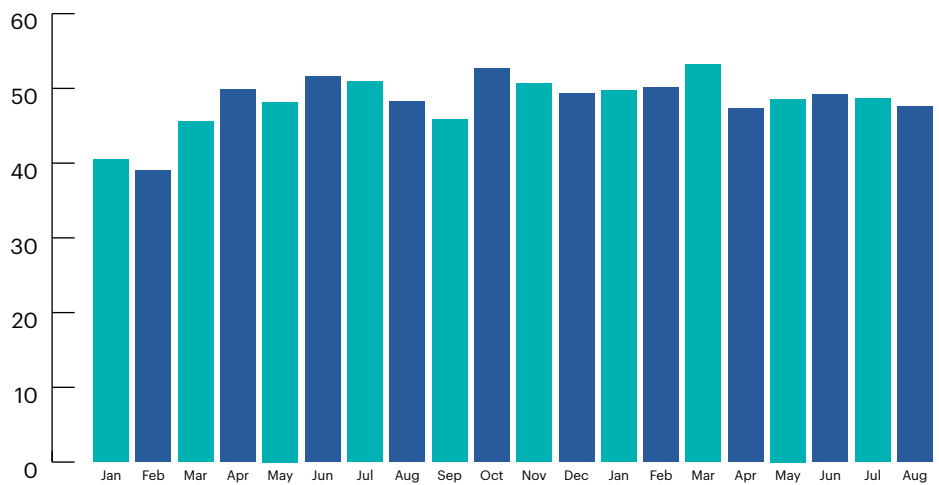


Digital gift card purchasing sees highest point since August 2021

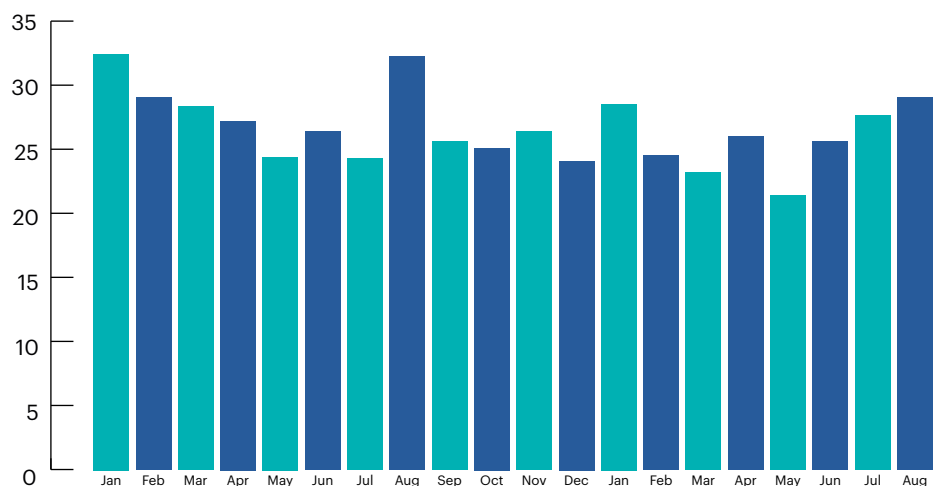
The proportion of gift card purchasers buying digital gift cards was at 27.5% over July 2022, compared to 24.2% in July 2021. The pandemic helped to accelerate the growth of digital, with 24.3% of respondents claiming to have converted to digital gift cards.

Conversely, the proportion of gift card buyers purchasing physical gift cards instore declined again, to 47.3% in August 2022 vs. 48.0% in August 2021. The traditional summer holiday months are typically leaner for physical gift cards, with some shoppers transferring spend towards more convenient alternatives, including digital and online. Indeed, while also declining on the year, the proportion of gift card buyers purchasing physical gifts cards online saw a month-on-month increase to 35.6% in August 2022 vs. 34.2% in July 2022.

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

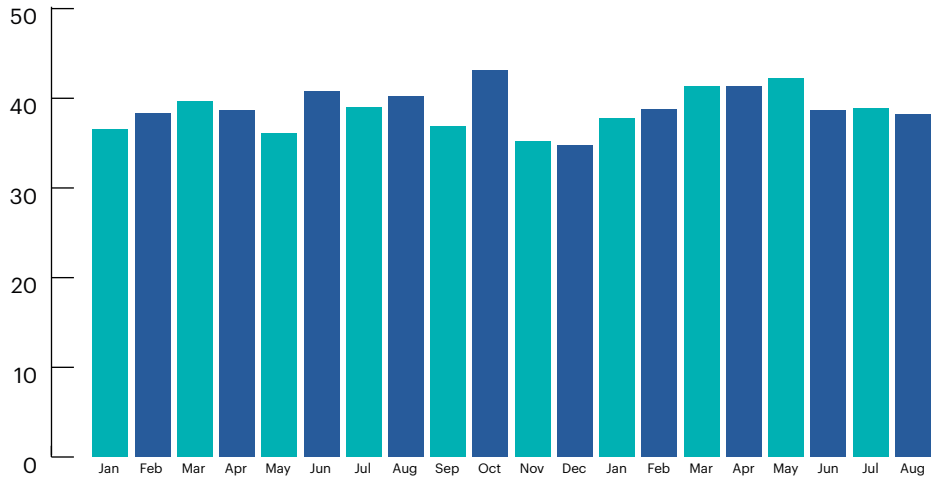


Single retailer gift cards saw a marked decline over August 2022

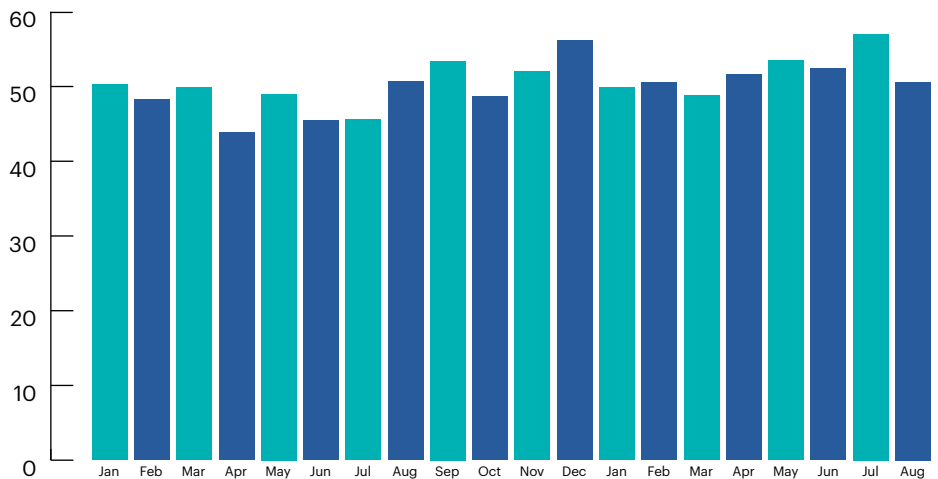
Following the heights of July 2022 (the highest rate of purchasing since GlobalData began tracking), the proportion of gift card buyers purchasing single retailer gift cards declined to 50.3% over August 2022. While at a similar level to purchasing over August 2021 (50.4%) this represented a marked decline compared to July 2022 (56.7%). At the same time, the proportion purchasing multi-store gift cards declined again, to 38.0%

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

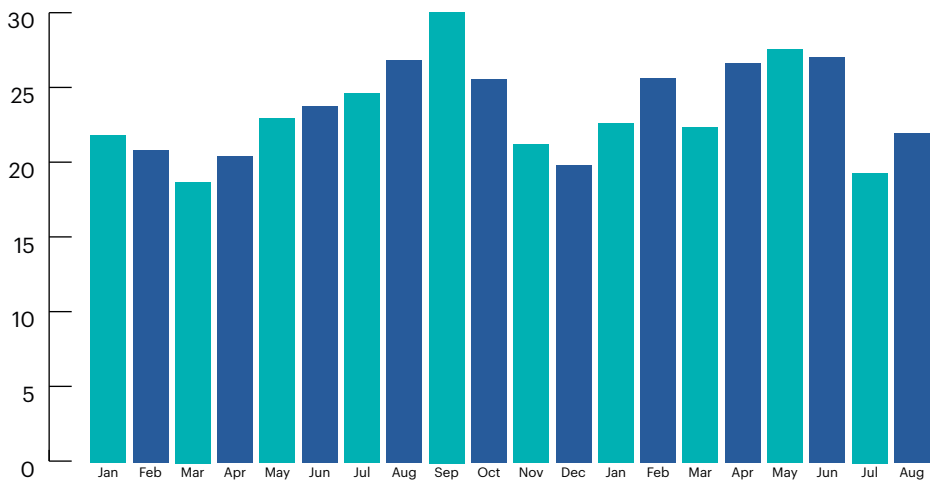


Experience cards see month-on-month uplift

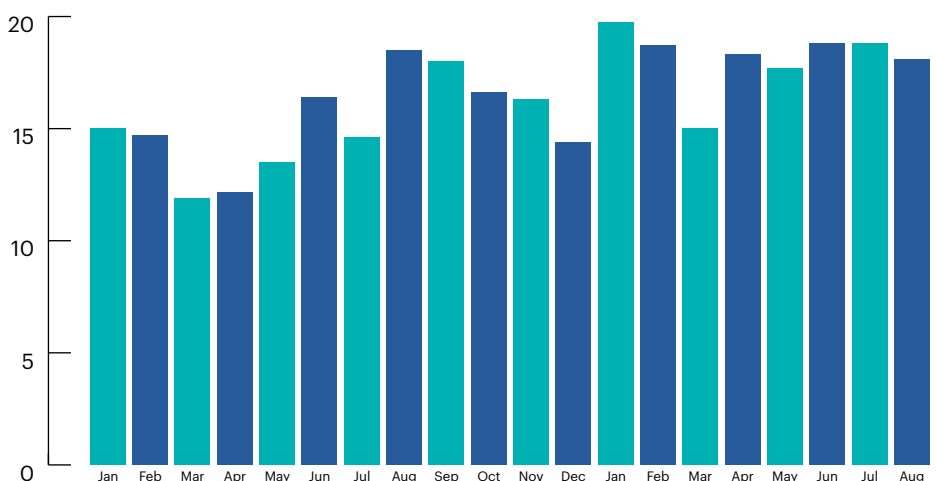
The proportion of gift card buyers purchasing experience cards (e.g. hot air balloon ride, helicopter ride, hotel stay) was at 21.9% in August 2022. While this represented an increase on July 2022 (19.3%), it was notably lower than the 26.8% of gift card buyers purchasing over August 2021. At the same time, the 18.0% of gift card buyers than purchased leisure gift cards (e.g. travel, theatre tickets, spa, dining) was lower than both July 2022 (18.7%) and August 2021 (18.4%)

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. However, the weaker late summer performance of leisure and experience gift cards is reflective of consumers having greater ability to pre-plan their summer holidays and social endeavours in 2022, which has led to less need to pre-purchase for future social activities. Moreover, with greater numbers holidaying abroad, this has led to a re-prioritisation of spend.

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 moved into a post-COVID phase, gift cards are set to represent a permanent additional revenue stream for local retail and hospitality operators. Indeed, 31.8% of those purchasing gift cards for someone else cited "I want to support local businesses and/ or my local high street" as a purchase driver.