Gift Card & Voucher Association

August 2024

GCVA
Consumer Report

Vol. *50*

GCVA partners with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes in the UK towards gift cards.

The July fieldwork commenced on August 1st, 2024, and was designed to explore habits over July 2024. A UK nationally representative sample of 2,000 shoppers were surveyed.

gcva.co.uk info@gcva.co.uk thegcva @gcva

Topline Takeaways

- Retail spending expected to slow to 2.7% in 2024 as inflation recedes
- Gift purchasing at its strongest since April, though still lags 2023
- Self-use is playing a key role in saving and budgeting in 2024
- Digital gift cards continue to outperform
- Experience, Leisure, and Gaming gift cards were popular options over July

Retail spending expected to slow to 2.7% in 2024 as inflation recedes

Following retail spending growth of 5.0% to £443.8.1bn in 2023, this growth is now forecast to slow to 2.7% in 2024. In our projection, inflation will drop sharply from 9.0% in 2023 to 1.8% as the cost pressures that have pushed it higher, particularly energy price hikes, fall out of the calculation. Volumes are forecast to rise in 2024, following two years of significant declines (around 4%), reflecting how shoppers are remaining cautious as they emerge from the cost-of-living crisis. Despite this, real earnings growth, combined with the further cut to National Insurance, will create a more supportive context for discretionary spending and we expect spend growth to improve throughout the year. 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.

Food, Health & Beauty

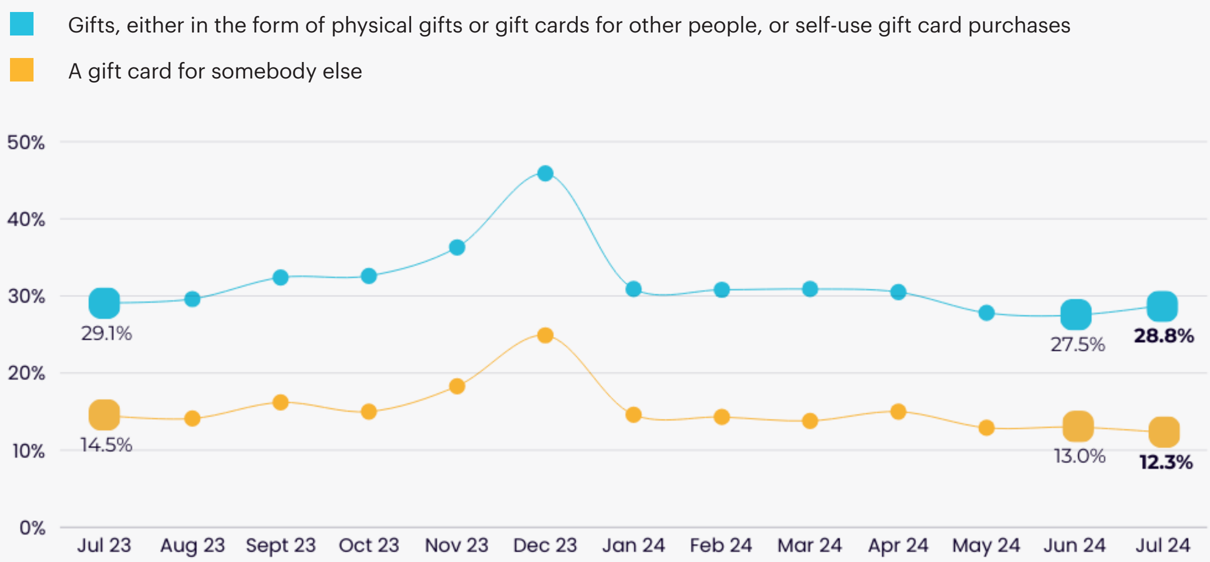
Growth in the food sector and prioritisation of essentials will continue to be the key driver of total retail spend growth in 2024 with non-food sectors forecast to rise 2.5%, and health & beauty driving this, forecast to experience notable growth of 5.4%.

Online Channels

The online channel will see improved growth of 2.7% 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 30%. Online penetration will rise marginally in 2024 to 26.9% and slowly rise out to 2028 with more rapid growth coming from the online food market as retailers' propositional improvements entice shoppers.

Figure 1:

Did you purchase any of the following:



Gift purchasing at its strongest since April, though still lags 2023

28.8% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases over July 2024. This represented the strongest rate of purchasing since April 2024, and was notably ahead of June 2024 (27.54%), which was the lowest rate of gift purchasing since June 2020.

However, purchasing remains weak, and gift purchase penetration remained subdued compared to July 2023 (29.1%).

> 28.8% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases over July 2024.

This year-on-year July decline was driven by gift cards (12.3% vs. 14.5%). In contrast, physical gifts experienced a positive performance, with 14.6% purchasing, compared to 13.6% in July 2023. With July coinciding with improved weather and the latter stages of the Euro 2024 tournament, some of this performance can be attributed to a greater number of physical gatherings.

Despite the wider year-on-year decline in gift purchasing, the actual value performance of the Gifting market has continued to be partially boosted by inflation, which has offset some of the volume decline.

Self-use is playing a key role in saving and budgeting in 2024

While self-use purchasing saw a slight year-on-year dip over July 2024 (7.1% vs. 7.5%), there was an increase in purchasing compared to June 2024 (6.3%). Moreover, we expect it to continue to be an important role over the remainder of 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 38.0% over July 2024.

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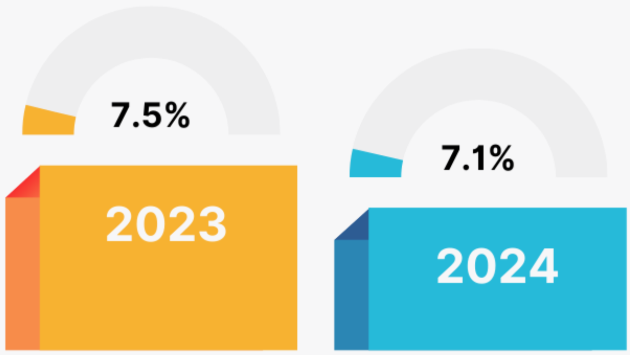
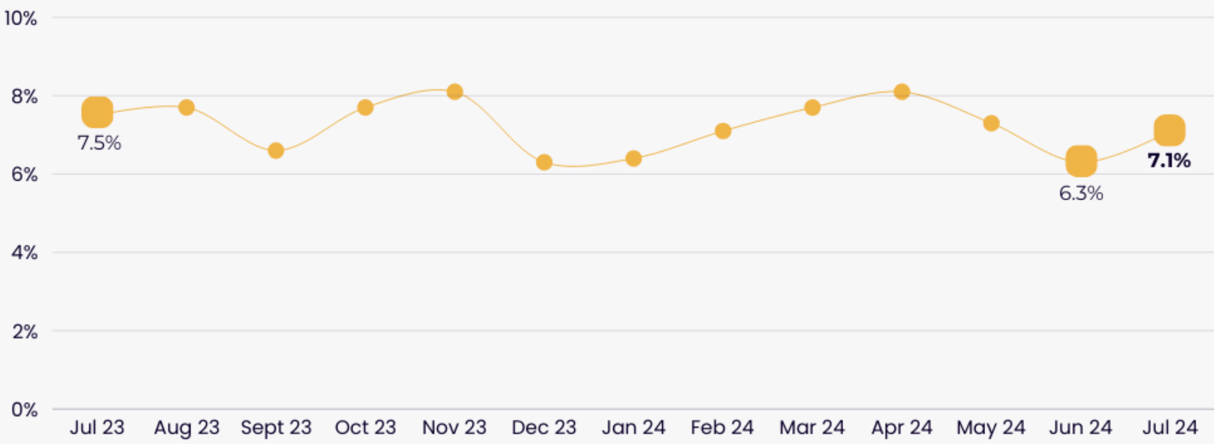
Figure 2:

Purchasing a gift card for yourself July 2023 vs July 2024:

July 2023
July 2024



Data trend over a 12 month period:



Digital gift cards continue to outperform

While physical gift cards purchased instore and online cards both saw a month-on-month increase in purchase penetration, digital gift cards were the only type to experience a year-on-year increase over July 2024 (27.5% of gift card buyers vs. 25.5% in July 2023). This follows the heights of June 2024, which saw the rate of digital purchasing being at its highest since GlobalData began tracking, back in May 2020. This is hardly surprising, given the growth of self-use purchase, the greater convenience that these cards provide, and rising shopper expectations are cross-channel purchase and redemption.

Digital gift cards was the only type to experience a year-on-year increase over July 2024

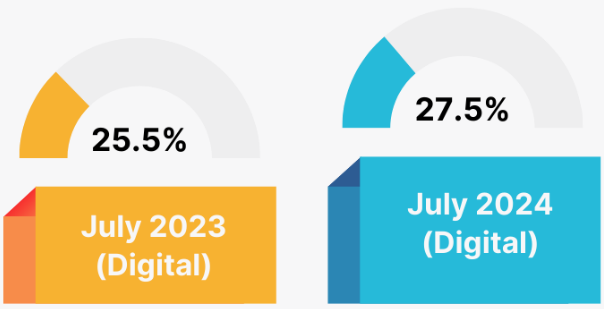
Indeed, 40.9% of respondents agreed with the statement **"I expect all gift cards to be cross-channel"**.

Figure 3:

Purchasing a digital gift card July 2023 vs July 2024:

July 2023

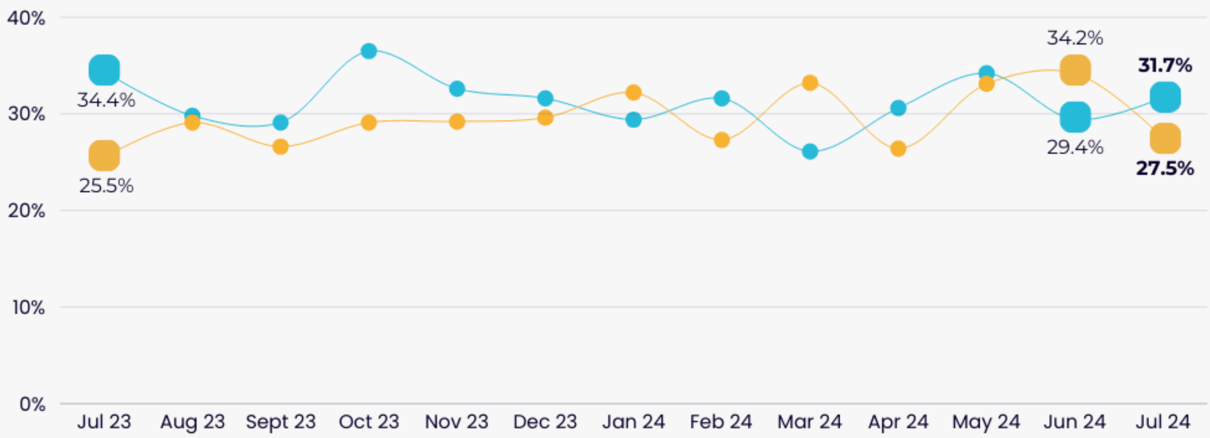
July 2024



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



Experience, Leisure, and Gaming gift cards were popular options over July

While both multistore and single-store retail gift cards saw year-on-year declines in purchase penetration, there was an increase in gift card buyers purchasing experience, leisure and gaming gift cards. Purchasing for activities such as hotel stays, spa breaks, and restaurant visits are typically higher around this time of the year, and demand for related gift card types will have been further boosted by more UK consumers undertaking 'day-cations'. Moreover, with July coinciding with the school summer holidays, this helped to drive the boost in gaming gift cards.

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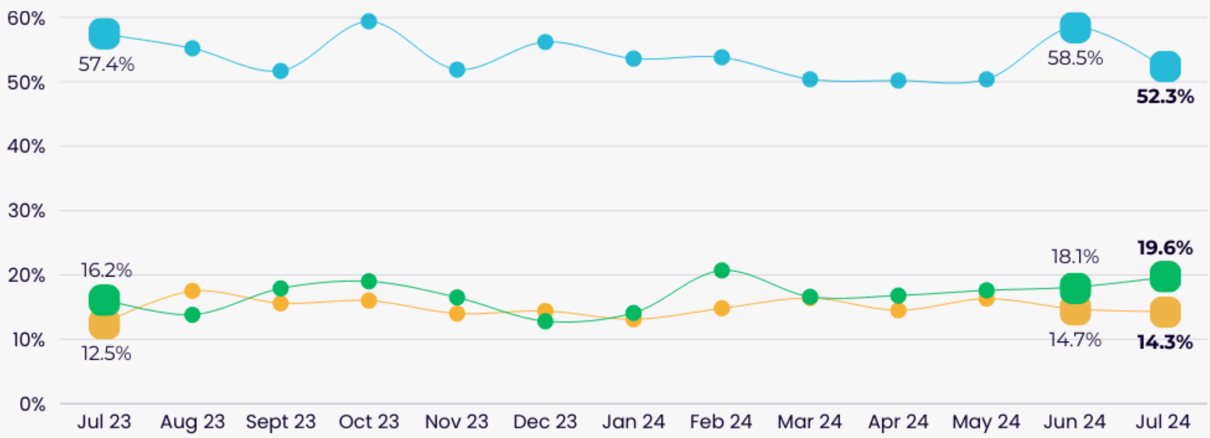
Figure 4:

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 retail gift card – a gift card for a specific high street retailer or a store branded gift card
- Leisure e.g. Travel, theatre tickets, spa, dining
- An experience e.g. hot air balloon ride, helicopter ride, hotel stay

Data trends over a 12 month period:



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.

On the time-period comparisons, this wave covers the July 2024 calendar month, with comparisons made between July 2024 and July 2023. Where relevant, comparisons have also been made to the wider tracking period.

gcva.co.uk

info@gcva.co.uk

thegcva

@gcva