

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 46th 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 February fieldwork went out on March 1st, 2024, and was designed to explore habits over February 2024. A UK nationally representative sample of 2,000 shoppers was surveyed. This wave covers the February 2024 calendar month, with comparisons made between January 2024 and February 2023. Where relevant, comparisons have also been made to the wider tracking period.

Retail spending growth to slow to 2.9% in 2024 as inflation recedes

Retail spending growth is forecast to slow to 2.9% in 2024, following expected growth of 4.5% to £388.2bn in 2023. In our projection, inflation drops sharply from 9.5% to 2.8% as the cost pressures that have pushed it higher, particularly energy price hikes, fall out of the calculation. However, 2024 is set to be the first year since 2021 to record positive volume growth, albeit minor at 0.1%, reflecting shoppers' slightly greater capacity to spend. Real earnings growth, combined with the 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 those facing much higher monthly payments, household spending will be squeezed.

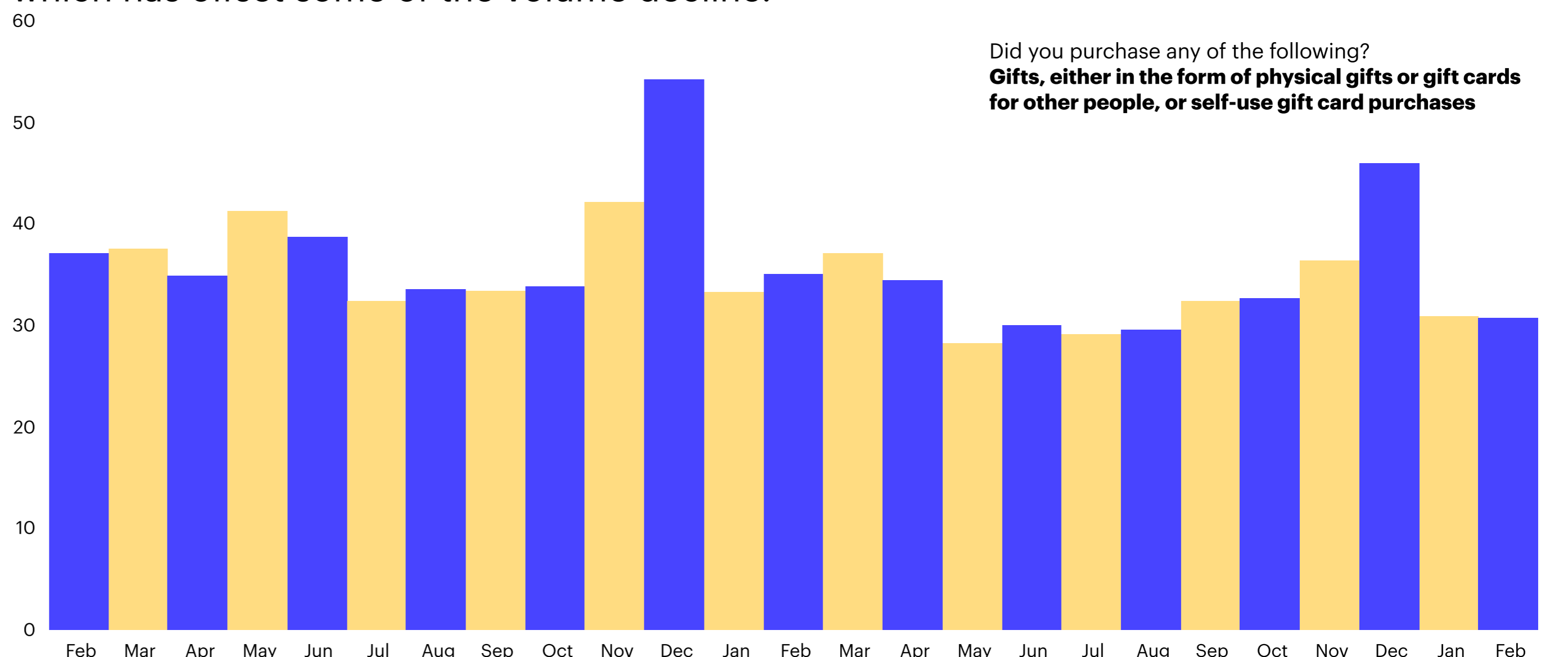
Growth in the food sector and prioritisation of essentials will continue to be the driving force of total retail spend in 2024 with non-food sectors continuing to lag behind, forecast to rise just 1.7% and health & beauty set to be the only non-food area to experience notable growth, of 4.7%.

The online channel will see improved growth of 3.0% in 2024 following a rise of just 0.6% in 2023 and a decline of 9.9% in 2022, after the heights of the pandemic when online spending reached over 27%. Online penetration will rise very marginally in 2024 to 22.8% and then continue to increase until 2028, with more rapid growth coming from the online food market as retailers' proposition improvements entice shoppers.

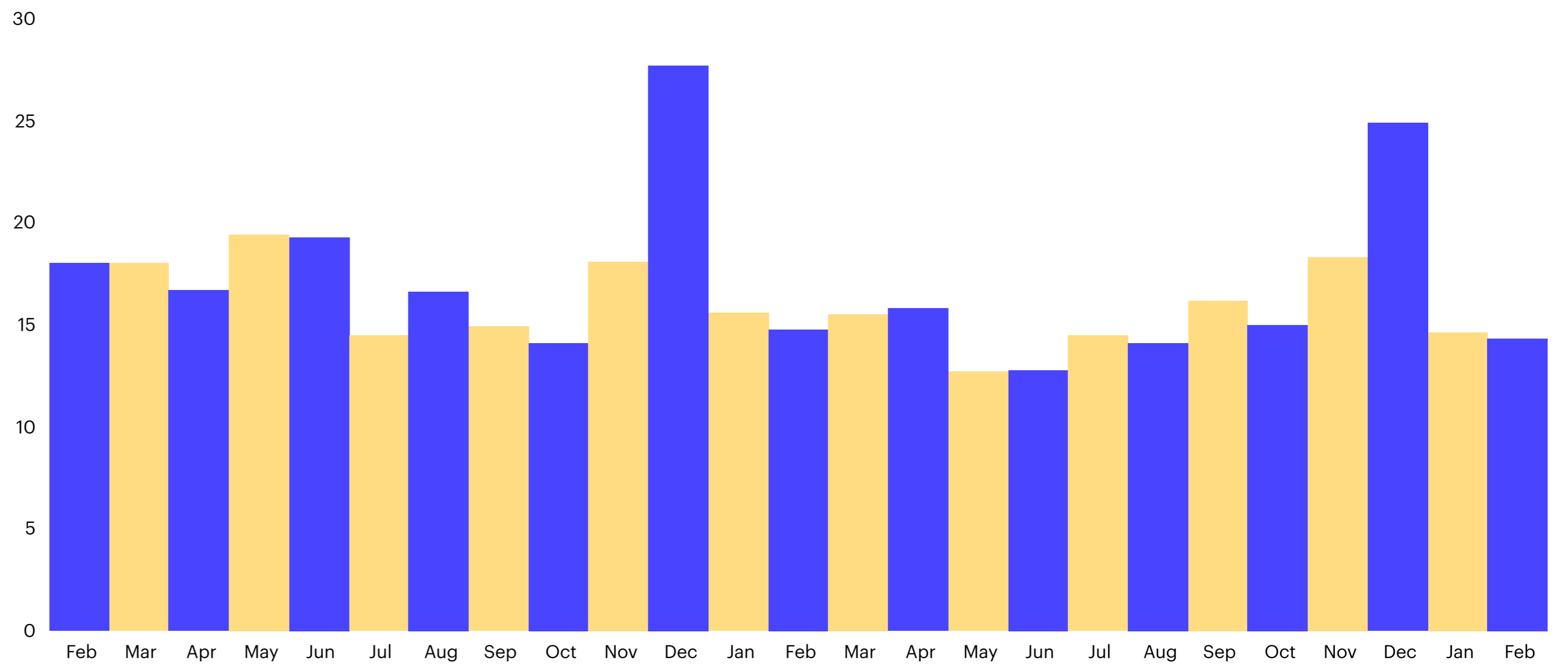
Gifts demand remained weak over February

Over February 2024, just 30.8% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. While this was only slightly lower than January (30.9%), gift purchasing was markedly lower than February 2023 (35.0%). This year-on-year February decline occurred across both physical gifts (15.6% vs. 20.6%) and, albeit to a lesser extent, gift cards (14.3% vs. 14.8%), and points to financially under pressure UK consumers being more cautious in the post-festive period. Indeed, 11.1% of the proportion of those who didn't purchase gift cards cited that they had cut back on non-essential spending as a reason why (vs. 10.3% in February 2023).

In addition to the more general impact of lower discretionary demand, the weak year-on-year performance of gifting over February is also reflective of lower participation in the Valentine's Day event, with consumers looking to prioritise other events, such as Christmas and Mother's Day. Moreover, among those purchasing for Valentine's, there was greater demand for lower-value items, such as greeting cards, as extravagance gave way to conservatism. 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.



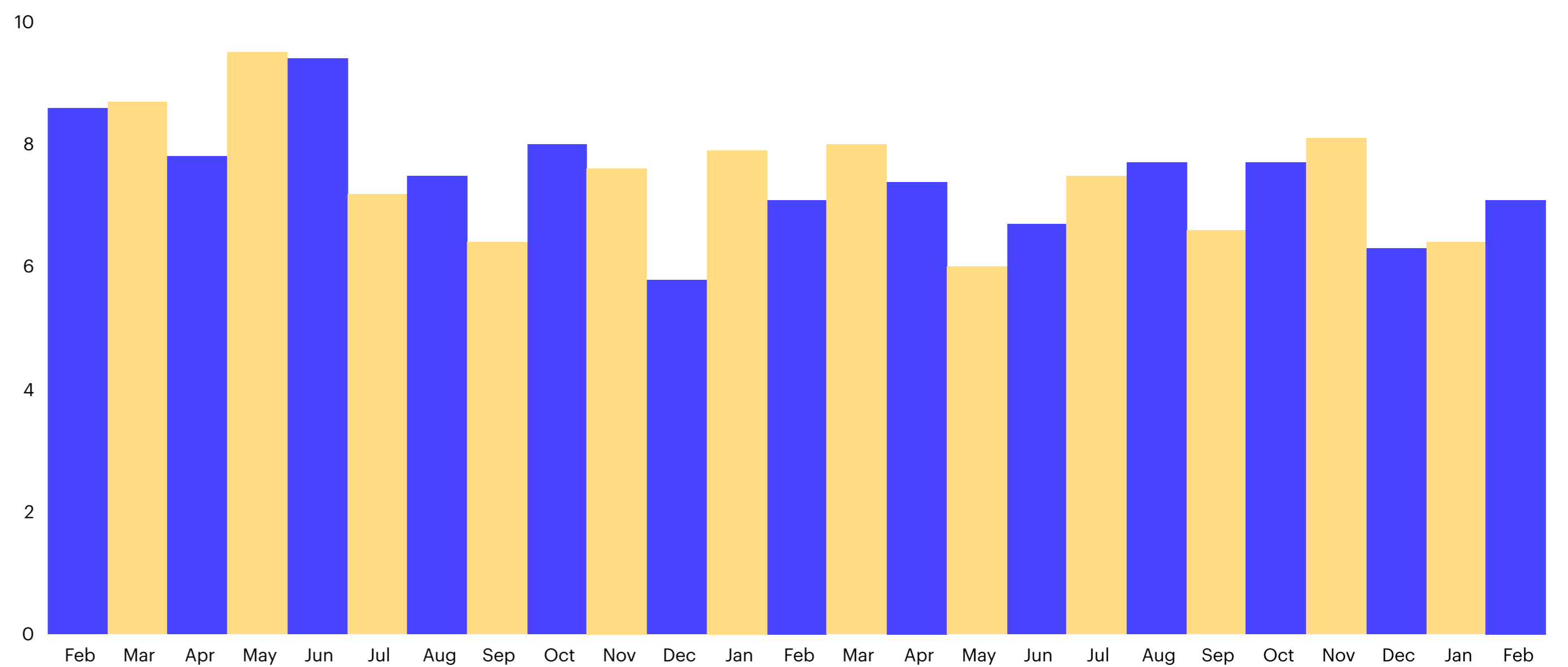
Did you purchase any of the following?
A gift card for somebody else



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

In contrast to gifting, self-use purchasing held up better, with the same proportion of UK consumers purchasing for self-use as in February 2023. We expect that it 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 34.0% over February 2024.

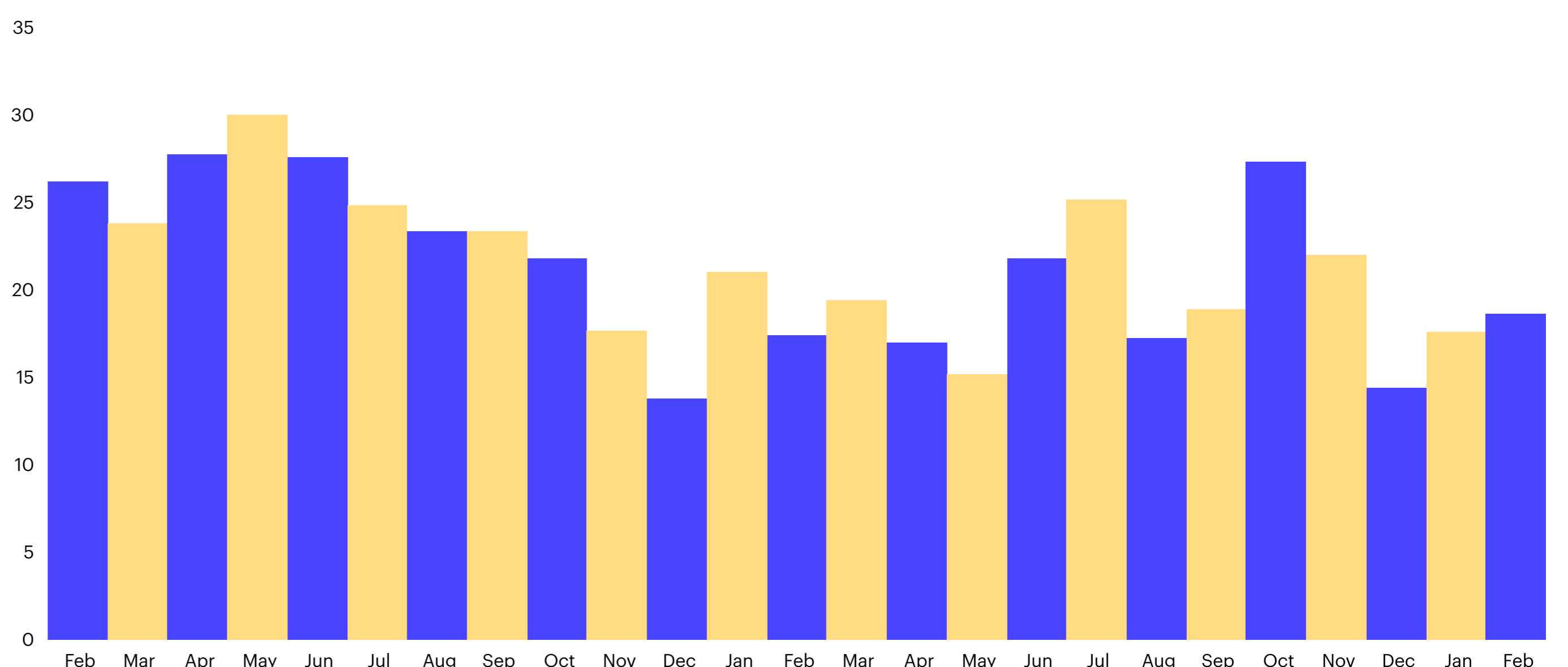
Did you purchase any of the following?
A gift card for yourself



Growth in purchasing via work programmes over February

The proportion of gift card buyers purchasing via employee benefit programmes increased both vs. January 2024 and February 2023. With many employees attempting to get back on a financially even keel in the post-festive period, work programmes will represent a good route to provide additional support.

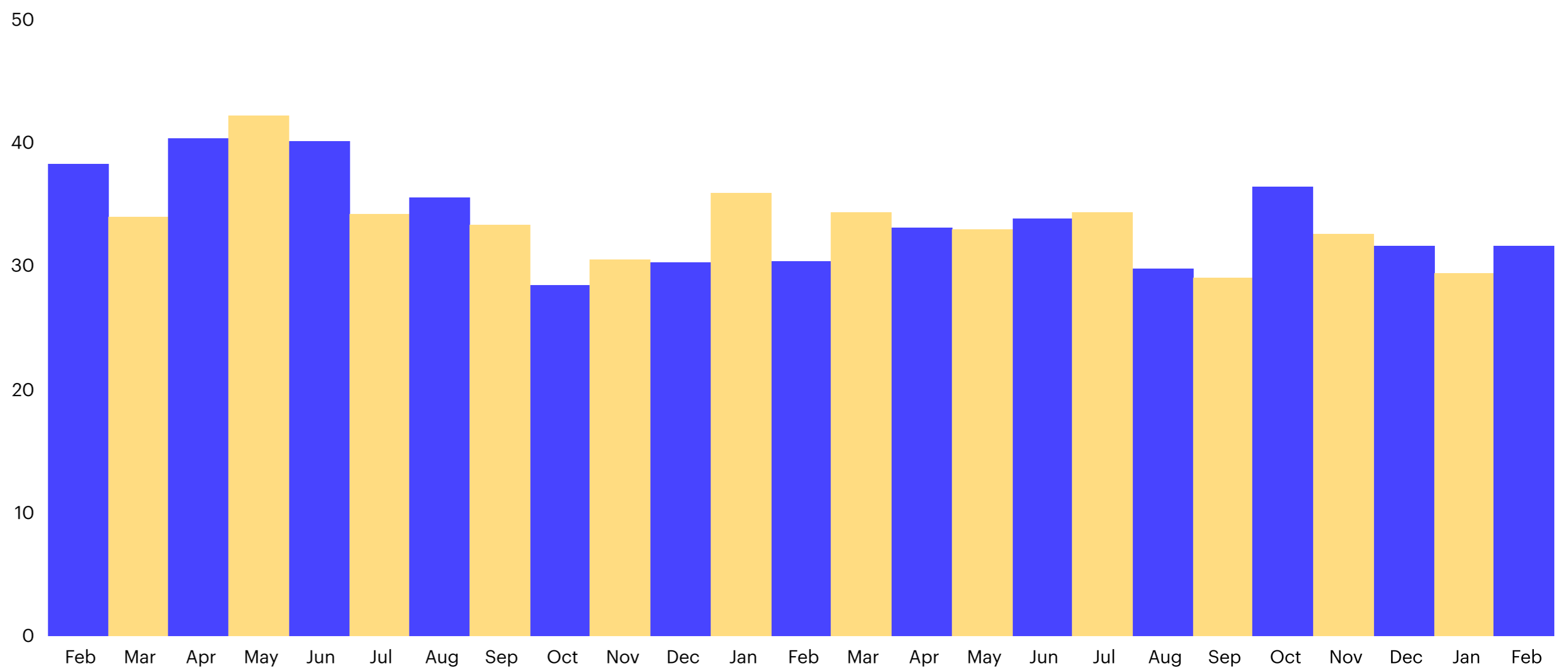
And which type of gift cards did you purchase?
A physical gift card through a work incentive/reward programme/A physical gift card through an employee benefits programme



Physical online purchases were favoured over digital

31.6% of gift card buyers purchased physical gift cards online over February, which was an increase on the 30.4% doing so in February 2023. This led to this card types leaping digital cards (purchased by 27.3% of gift card buyers vs. 31.5% in 2023), as the second most popular type of purchase, after physical in-store purchases.

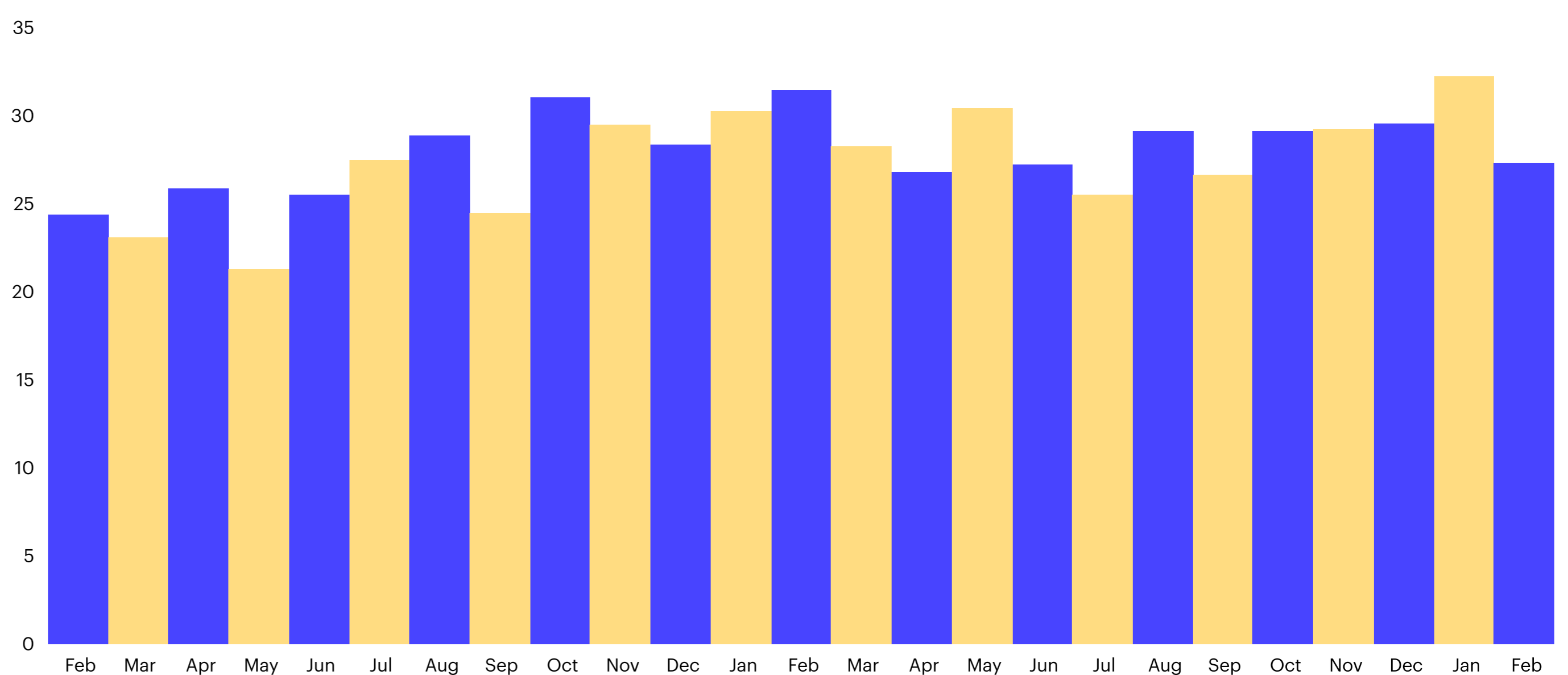
And which type of gift cards did you purchase?
A digital gift card from a retailer/gift card issuer online



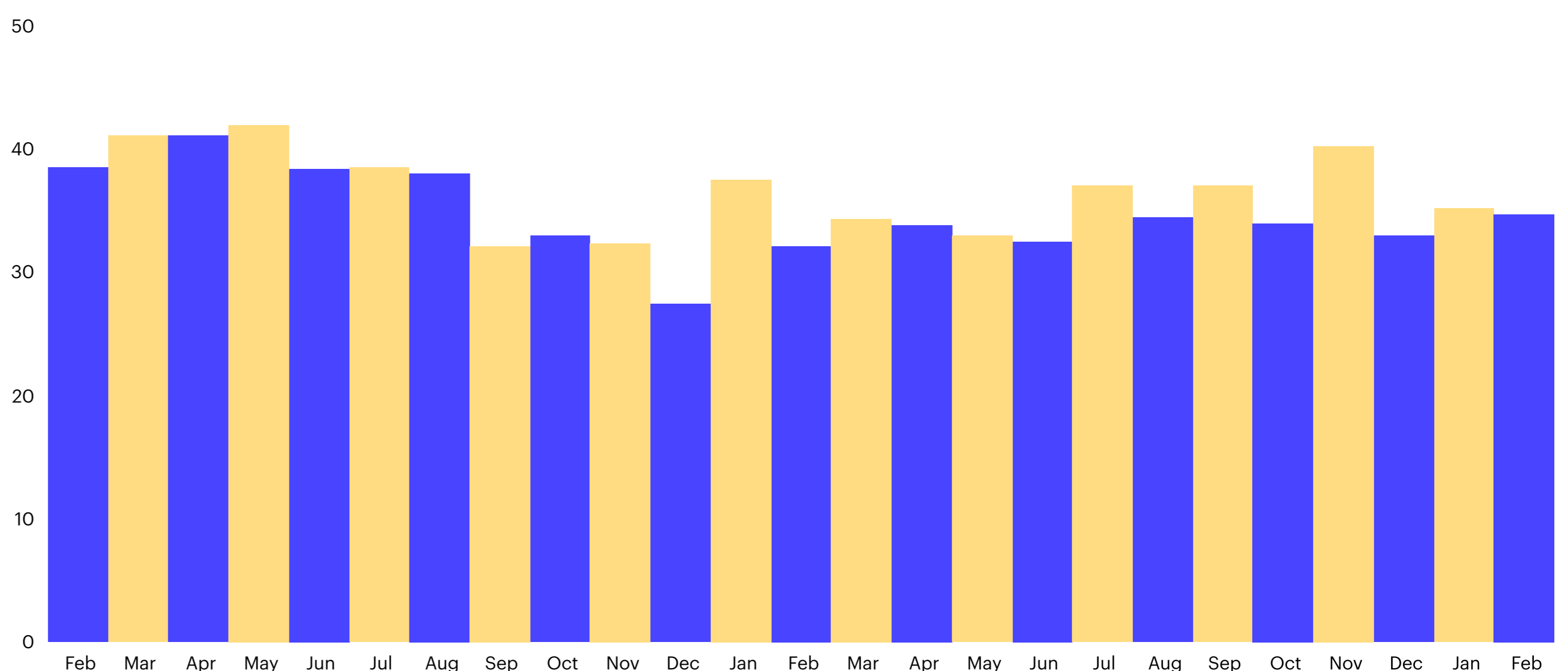
Multistore cards outperformed alternatives over February

Perhaps reflecting the lower priority that UK consumers gave to Valentine’s Day – an event where single brand cards would usually be preferred – multistore gift cards outperformed over February 2024. 34.7% of gift cards purchased cards of this type over the month compared to 32.2% in February 2023. In contrast, the proportion purchasing single-brand gift cards declined to 53.8% vs. 58.7% in February 2023.

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 physical gift card from a retailer/gift card issuer online



Gaming e.g. online gaming credit and in app purchases



Experience gift cards saw purchasing growth over February

While Leisure, Retail, and Gaming gift cards all saw a year-on-year purchasing decline among gift buyers, experience gift cards were the only other gift card type (aside from multistore) that saw year-on-year growth (20.7% vs. 18.7%). Purchasing for activities such as hotel stays will have been driven both by Valentine’s Day demand and also 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

