

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 38th 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 July fieldwork went to field on July 1st 2023 and was designed to explore habits over June 2023. A UK nationally representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the June 2023 calendar month, with comparisons made between June 2023 and June 2022. Where relevant, comparisons have also been made to the wider tracking period.

UK retail spending to increase by 3.8% in 2023 as shoppers react to cost of living pressures

UK retail spend is forecast to rise to £385.6bn in 2023, up 3.8% on last year with growth shaped by the consumer response to the cost-of-living crisis. 9.1% inflation is included in this forecast and this is expected to trigger a 5.3% reduction in volumes as many shoppers, particularly the least affluent, make economies to limit expenditure. The latest ONS read of consumer price inflation, at 7.9% in the year, suggests price rises are now on a downward path and is significantly below its 11.1% peak last October. However, progress towards the Bank of England’s 2% target is proving to be slower than previously expected, with core CPI inflation (excluding energy, food, fuel and tobacco) rising by 6.9% in the year to June 2023. The stubbornness of inflation means that June’s half-point rise in the base rate to 5.0% is unlikely to be last in the current cycle, and the hefty increases in monthly repayments for the millions of homeowners re-mortgaging from cheap fixed rate deals will significantly subdue discretionary demand through H2 2023.

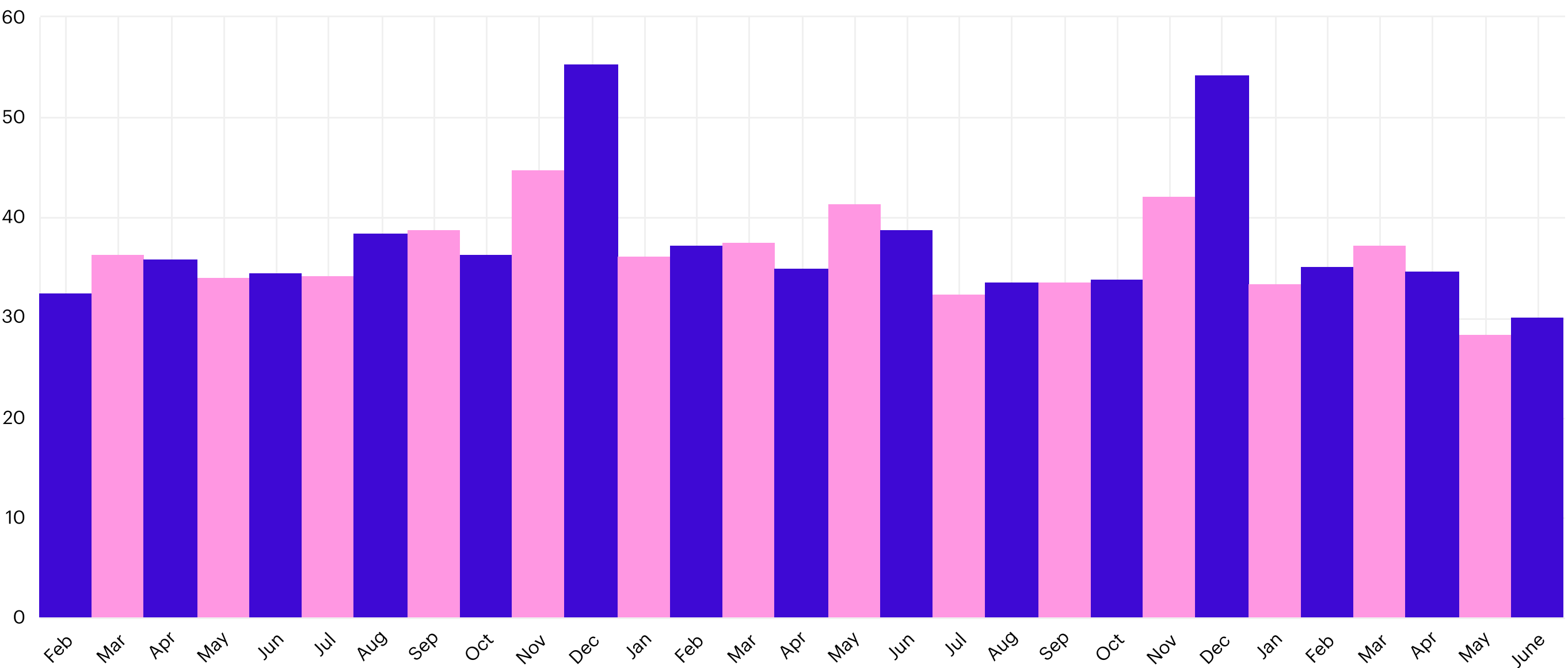
Gift purchasing sees a slight rise, driven by Father’s Day

Over June 2023, 30.0% of UK consumers bought physical gifts, gift cards or made self-use gift card purchases. This represented a Father’s Day driven increase in gift purchasing over May 2023 (28.2%), though was a significantly lower rate than purchasing over June 2022 (38.7%).

This weaker year-on-year performance comes against the backdrop of UK shoppers beginning to feel greater pressure on their disposable incomes, and proactively looking to make cutbacks, where possible. Indeed, of those that didn’t purchase gift cards during June, over one in ten (11.5%), said that this was because they have cut back significantly on their non-essential spending.

Despite this decline in gift purchasing, the actual value performance of the Gifting market will have been partially boosted by high inflation, which has offset some of the volume decline.

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



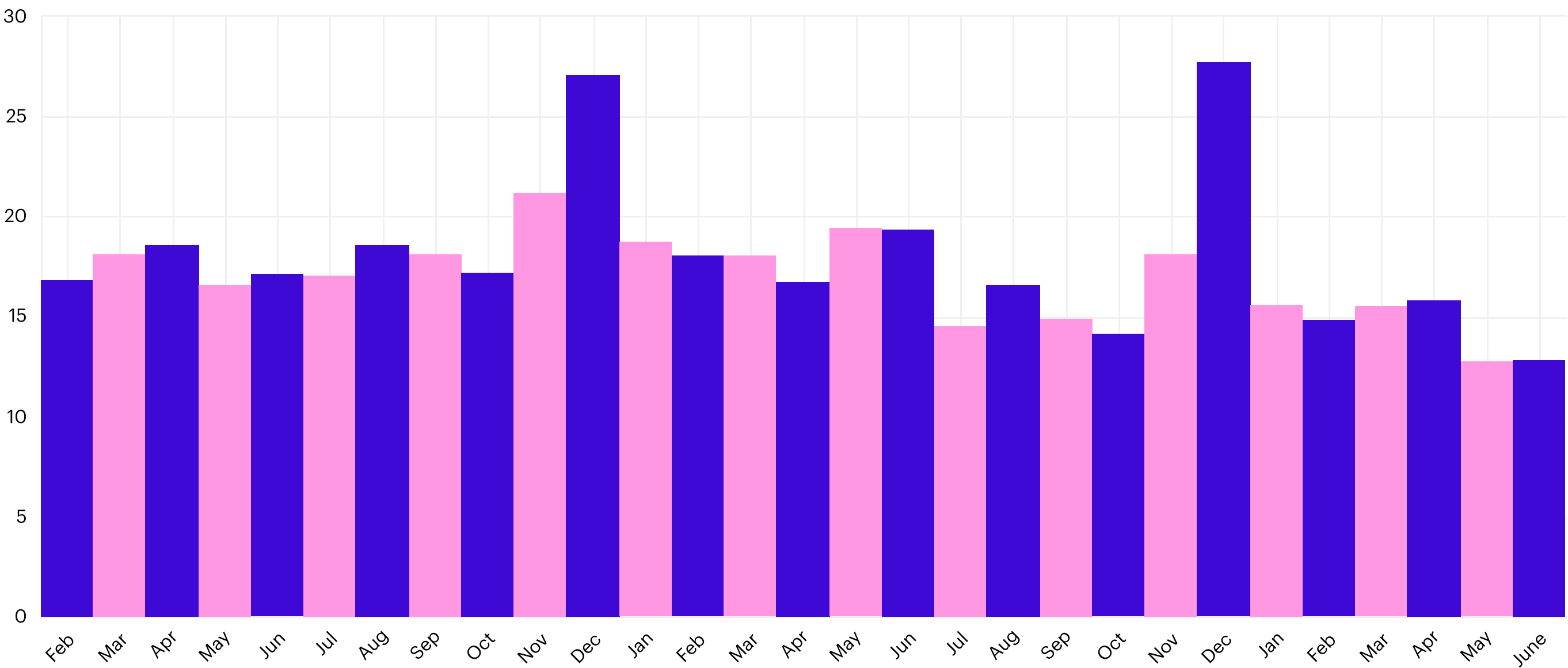
Gift card purchase  
penetration remained weak  
over June 2023

The proportion of UK consumers purchasing gift cards for someone else was 12.8% over June 2023. While this was slightly up on May 2023 (12.7%), it represented a marked decrease on June 2022 (19.3%). Moreover, the rate of purchasing over June 2023 represented the second lowest rate of purchasing since GlobalData began tracking, back in May 2020.

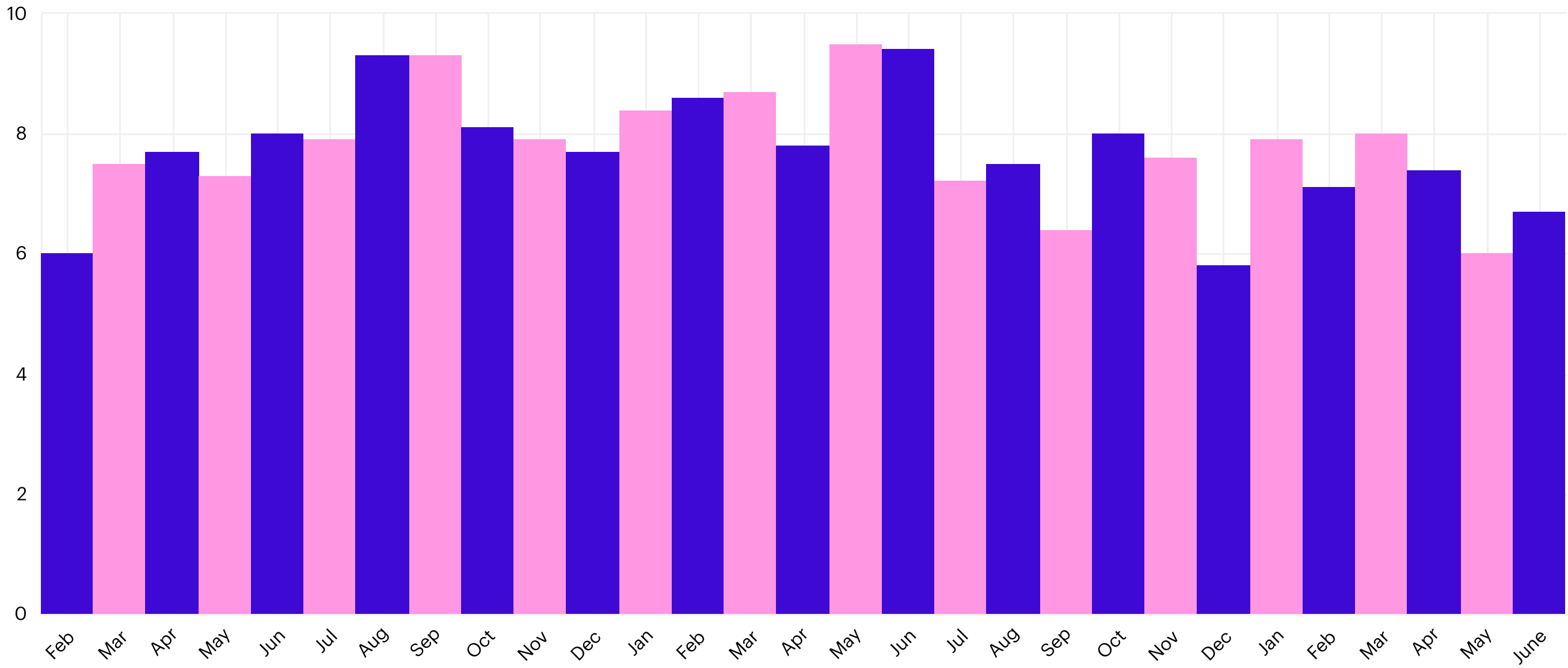
A key potential threat to gift cards during this period of higher inflation is that a delay in redemption can inevitably lead to the real value of the card declining more rapidly. Nonetheless, there are plentiful opportunities for the industry to promote the benefits of gift cards in the current climate. For the buyer/giver, they benefit from being a fixed-price option, amid growing prices for physical items.

In addition, when it comes to self-use, gift cards are playing an influential role in supporting shoppers looking for levers to help with saving and budgeting. The proportion of those purchasing self-use gift cards that cited “to help with saving money” was at 44.0% over June; the highest level since GlobalData began tracking this measure.

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



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

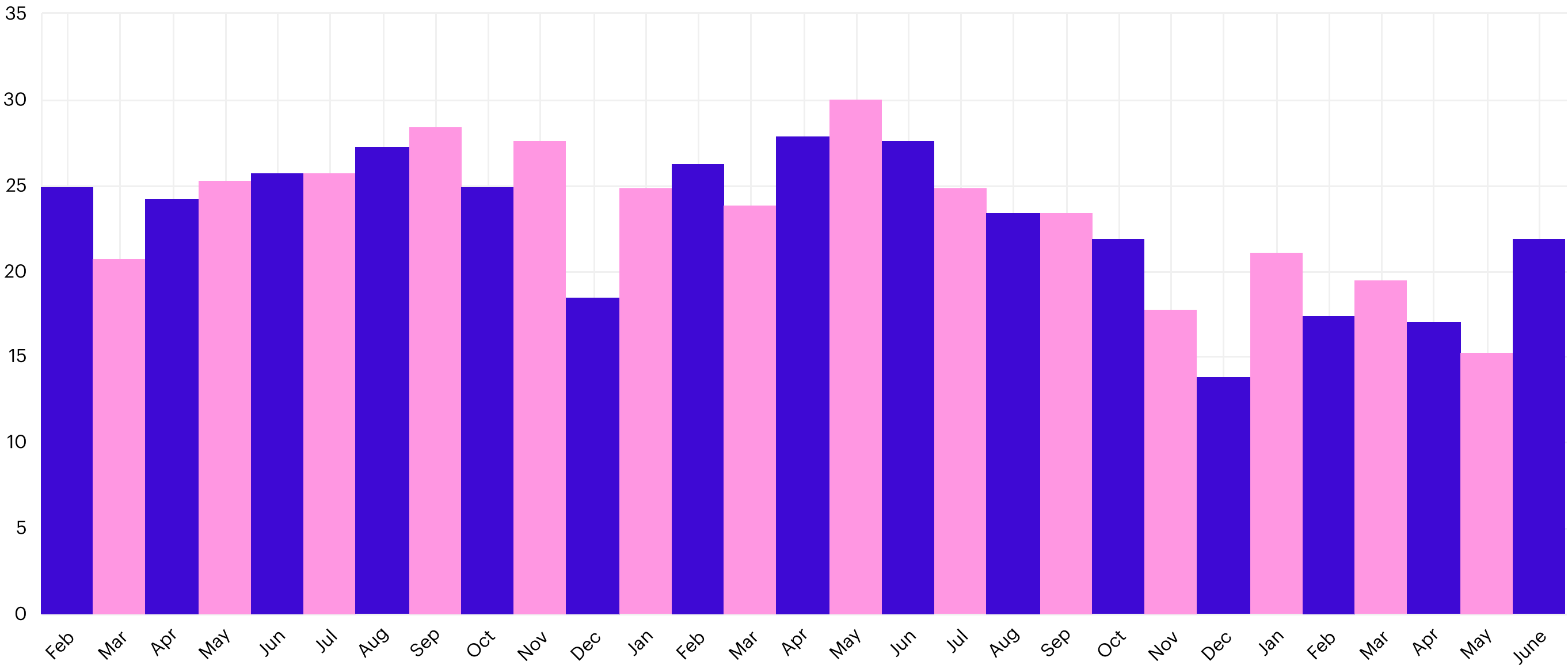




Signs that employers are beginning to leverage gift cards as a support medium

The proportion of gift card buyers purchasing physical gift cards through an employee benefit programme was at 21.8% over June 2023; the highest level since November 2022. Amid the impact to employees of the cost-of-living crises, work benefits and reward schemes represent an effective medium through which to funnel additional financial support.

Did you purchase any of the following?  
A physical gift card through a work incentive/reward programme/employee benefits programme

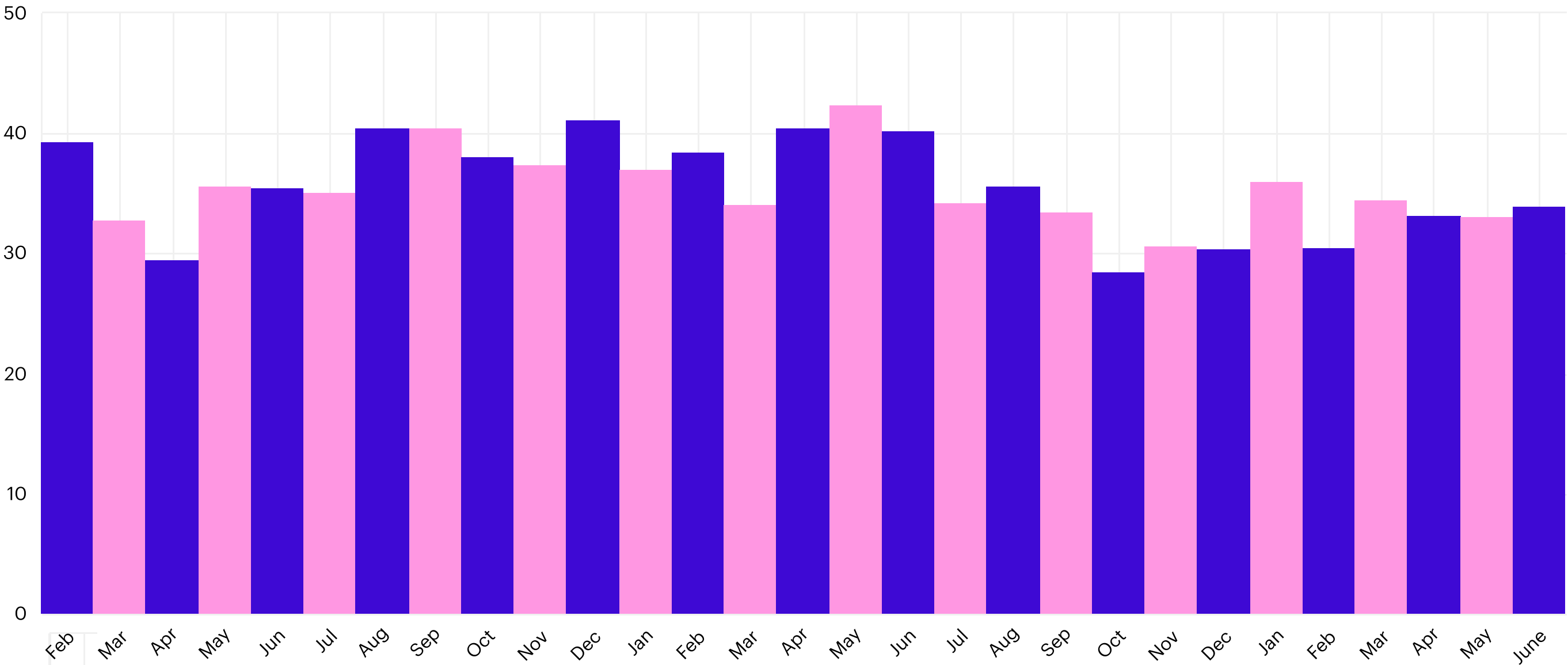


Digital continues to rise in prominence

The proportion of gift card buyers purchasing a digital gift card over June 2023 increased to 27.2% compared with 25.5% in June 2022. This continues a number of months of strong performance for digital, reflective both of shoppers being more accustomed to purchasing and redeeming digital gift cards, and a greater array of operators investing in digital options over the last couple of years. The growing popularity of digital gift card options is also reflected in 41.0% of respondents who agreed that they expect all gift cards to be cross-channel.

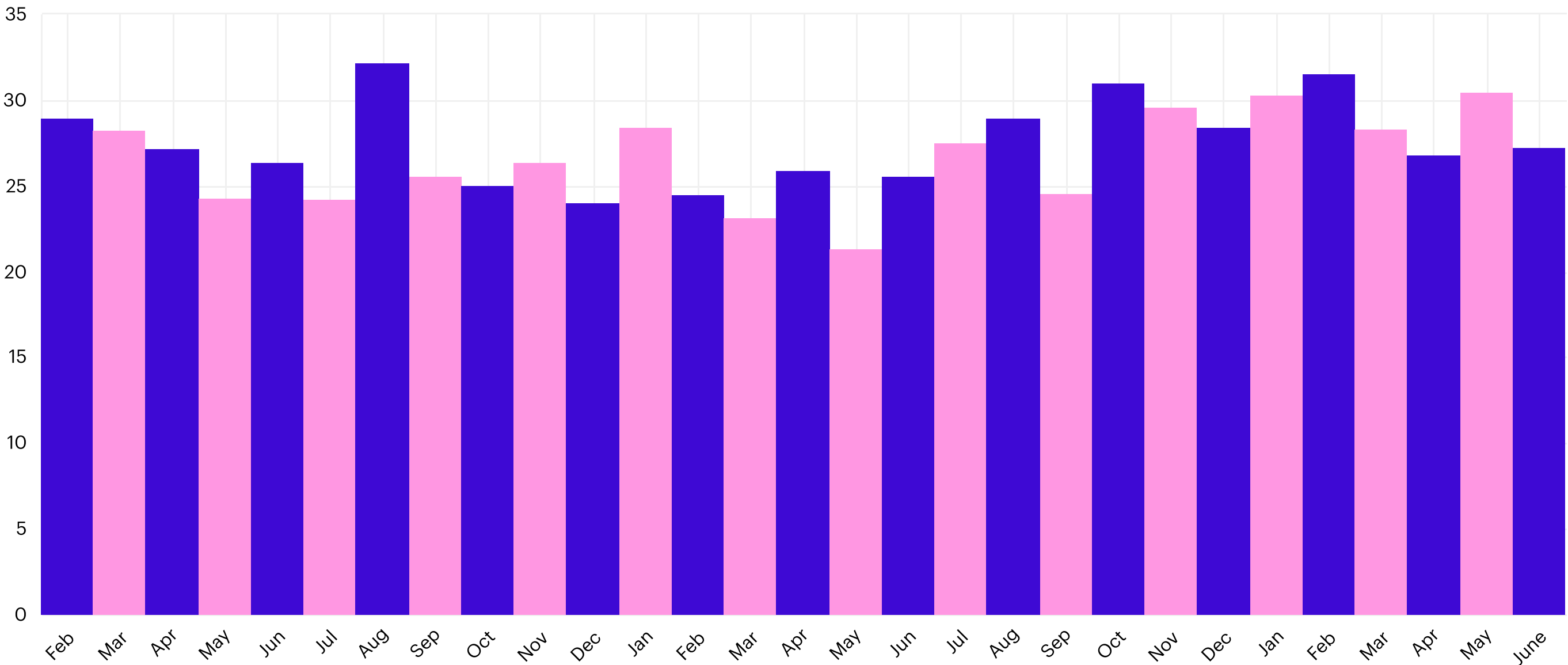
The continued rise of digital is most directly coming at the expense of online purchasing of physical cards, which was at 33.9% of gift card buyers over June 2023 vs. 40.1% over June 2022. Elsewhere, there are also signs that demand for digital is impacting instore gift card purchasing. The proportion of gift card purchasers buying physical gift cards instore was at 43.3% representing a decline both vs. May 2023 (44.7%) and June 2023 (48.9%).

Which type of gift cards did you purchase?  
A physical gift card from a retailer/gift card issuer online



Gift card buyers increasingly turn their attention towards retail gift cards

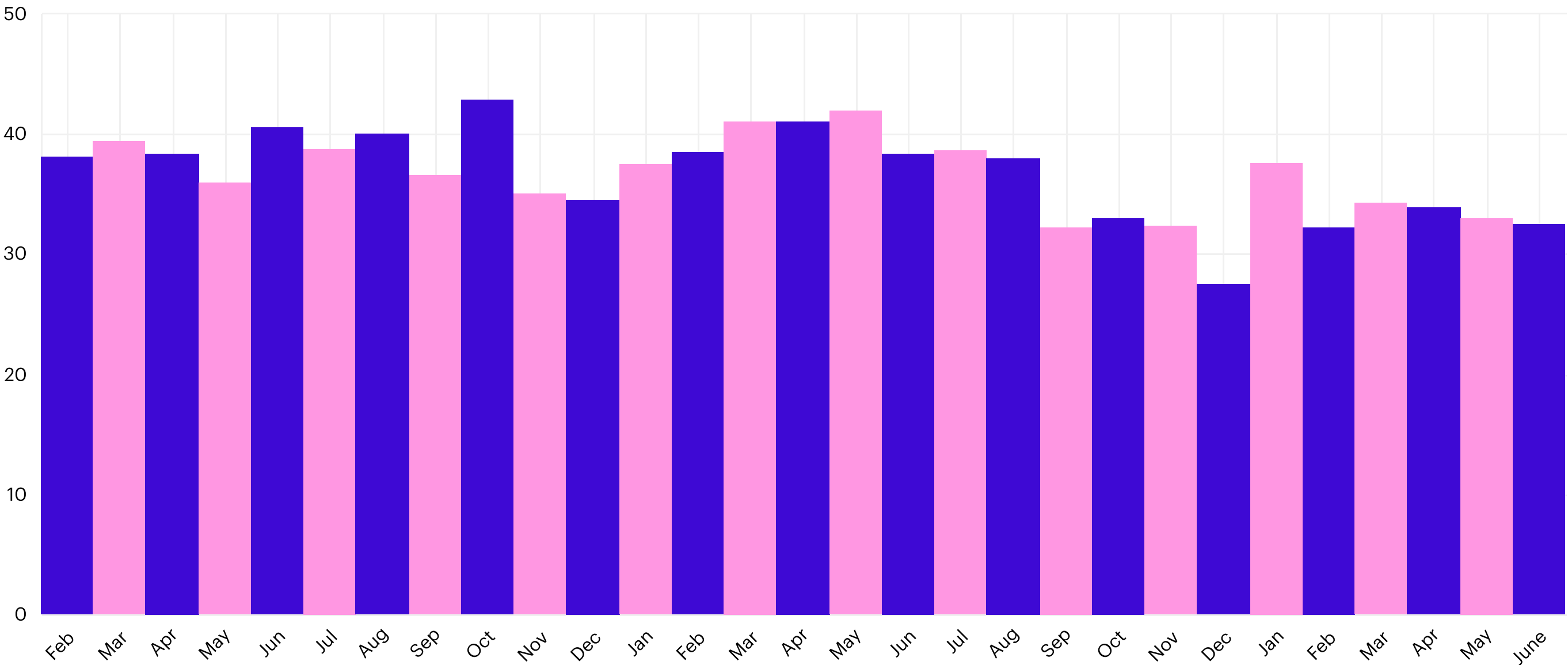
Did you purchase any of the following?  
A digital gift card from a retailer/gift card issuer online



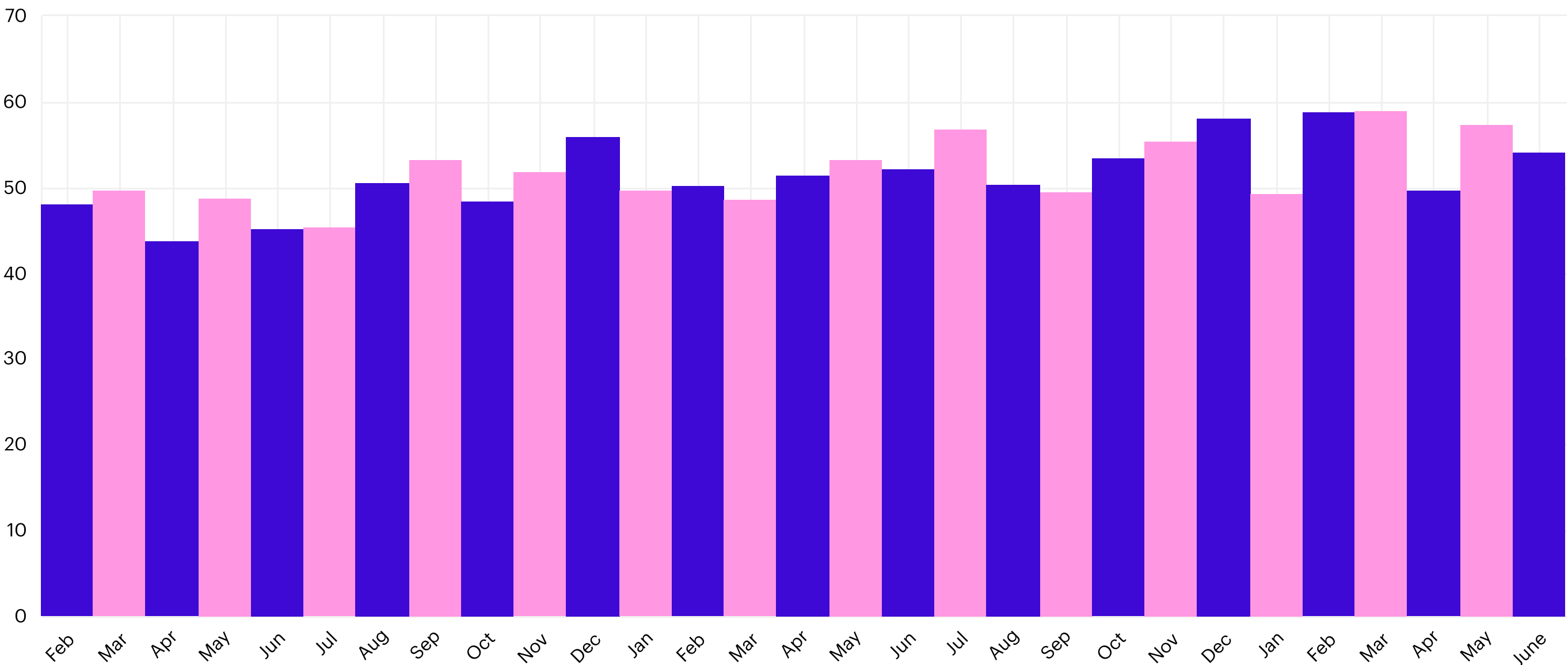
Amid the wider decline in gift card purchasing, demand for retail gift cards has remained robust. The proportion of gift card buyers purchasing these cards was at 54.0% over June 2023, compared to 52.1% over June 2022. These cards are benefitting through 2023 compared to 2022 due to the return of physical gatherings. Moreover, on the supply side, demand for retail gift cards is being boosted by more experiential and sustainable physical options.

In contrast, the proportion of gift card buyers purchasing multistore gift cards declined over June 2023, with the 32.5% of gift card buyers purchasing this card type being notably lower than June 2022 (38.4%). Here, there are potential benefits from promoting the potential for these cards in helping consumers to shop around for the best deals.

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 multi-store gift card – a single gift card which can be spend 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

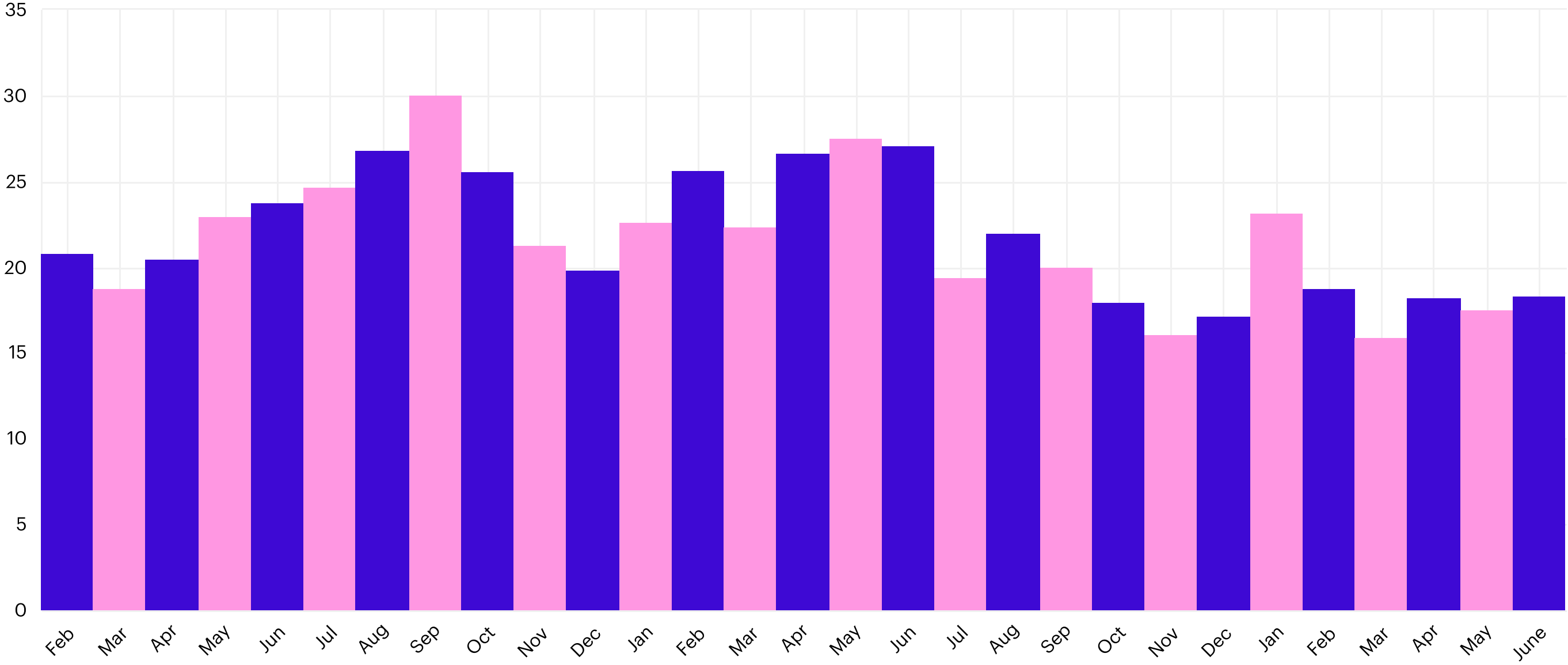


Leisure and experience gift cards experience lower demand vs. 2022

18.3% of UK gift card buyers purchased experience gift cards (e.g. for a hot air balloon ride, helicopter ride, or hotel stay) in June 2023. While this represented an increase on May 2023 (17.5%), it was notably lower than June 2022 (27.0%). Elsewhere, the proportion of gift card buyers purchasing for leisure activities (travel, theatre tickets, spa days) also saw a decline vs. June 2022 (14.5% vs. 18.7%).

The 2023 outlook for experience and leisure gift cards is mixed. Demand should remain robust among UK consumers choosing to forgo foreign holidays, amid cost-of-living pressures. However, among others, demand could suffer from greater priority placed on the main summer holiday.

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  
**An experience e.g. hot air balloon ride, helicopter ride, hotel stay**



**Leisure e.g. Travel, theatre tickets, spa, dining**

