

Cost of Living Rises and Gift Cards

As the cost of living continues to rise, new research shows how people are responding. **23% are planning to increase spending on gift cards.** Here are some of the reasons why.

	People are cutting back on travel and parcel postage in order to save costs. Gift cards allow for easy remote gifting		Business who issue gift card rewards and incentives are seeing their impact on loyalty increase. 66% of people are more likely to be influenced by such schemes because of recent price rises.
	As the cost of consumer goods continues to rise, gift cards allow you to set a fixed budget for gift buying and stick to it.		Spending on gifts is being concentrated on our nearest and dearest. 28% of us are planning to reduce or stop overall spending. Fewer gifts for work colleagues, friends and distant relatives. More for young children, partners and grandparents.
	'Self gifting' is predicted to rise. 24% of us are more likely to buy a gift card for ourselves. These are a great way to cap spending on subscriptions or gaming, access gift card only deals and discounts, as well as manage costs.		However, gifting for teachers predicted to rise, with 34% of people planning on spending more on end of term thank you gifts, as this becomes an increasingly important gifting occasion in the UK.

Gift card use on the rise as present buying hit by cost of living crisis

As the cost of living continues to rise, new research commissioned by GCVA has revealed how people are cutting the cost of gift buying to help make ends meet.

Over a quarter of UK adults (28%) said that they were looking to reduce their overall spending on presents in the immediate future.

Nieces, nephews, aunts and uncles are most likely to lose out when their next birthday comes around, with 38% of gifts for extended family members being downgraded or stopped entirely. There will also be less generous spending on work colleagues (48% reduced or stopped) and close friends (38%).

In order to still keep up with birthdays and gifting occasions despite the financial squeeze, many people are switching from physical gifts to gift cards. Of the 1,043 UK adults surveyed, 23% are planning to increase spending on gift cards to make the present buying process more affordable and avoid waste.

Cost of Living Crisis & Gift Cards survey commissioned and delivered by PR Agency One & property of the GCVA.

Our panel of consumers are adopting a number of tactics to economise when it comes to gift buying. For example, people said that they intend to save fuel by travelling less to family gatherings and so face-to-face giving was less important.

People are also trying to avoid price inflation on popular presents, using gift cards to set a strict budget for each occasion rather than have overall spending creep up. There was also increased concern about wasting money. People were less keen to take a chance on a surprise gift if there was a chance it would be unwanted, and the present go unused.

One group that was bucking this trend were teachers, with 34% of people intending to increase their spending on end of term gifts. Suggesting how important a gifting occasion this has become and the residual goodwill for teachers after lockdown.

Gift cards sales were also predicted to increase for self-use. 24% of people surveyed said that they were more likely to buy a gift card since the cost of living increase. Gift cards are often used as a way to cap spending (e.g. on home entertainment or gaming spending). They can also be used to access to rewards and discounts.

The research also found that rising costs are increasing the power of incentive schemes, to promote loyalty and repeat custom. Meaning that the use of gift cards by businesses is likely to increase as they look for ways to reward and support customers or employees who may be struggling financially.

The biggest increase in impact was seen when rewards or incentives were offered alongside supermarket shopping. Of those surveyed, 66% said that they were likely to be more positively influenced by a reward or incentive for supermarket shopping.

We're seeing enormous shifts in consumer behaviour as the impact of price inflation hits home. The gifting sector is not immune from its impacts and some reduced spending is likely. However, it's clear that people are increasingly relying on gift cards as living costs rise. They offer an adaptable solution to a multitude of issues.

Whilst accessing deals and discounts is a strong driving factor behind increased usage, we can see that gift cards are also enabling people to carry on gifting, rewarding and saying thank you throughout this crisis.

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