

The GCVA is partnering with GlobalData to deliver a monthly snapshot of consumer behaviour and attitudes when it comes to gift cards. The January fieldwork went to field on January 1st 2021, and was designed to explore habits over December 2020. A UK nationally-representative sample of 2,000 shoppers was surveyed.

On the time-period comparisons, this wave covers the December 2020 calendar month, with comparisons made between December and November 2020.

COVID-19 turned retail on its head over 2020

Fall in UK retail spend over 2020



2020 brought a 3.6% fall in retail spend, the biggest year-on-year decline in more than fifty years. However, beyond this headline statistic are a wide variety of different experiences. Most marked was the contrast between physical and online performance, with online retail growing 32.4% vs. an -11.1% decline in offline sales.

Retail spending via bricks-and-mortar plummeted alongside footfall, as consumers had to navigate the economic uncertainty and fluctuating social distancing regulations. Retailers in more discretionary categories – such as fashion – have been particularly exposed.

In contrast, there are those who have had a stellar 2020, including food retailers, online players and those operating in certain niches, such as leisurewear.

Christmas was all about the home

Black Friday has seen Christmas shopping start earlier and earlier in recent years. This was once more the case in 2020, as shoppers looked to work within budgets, be organised and to give plenty of time for orders to arrive, and retailers offer deals in an attempt to tempt consumers into spending. However, with 'Lockdown two' keeping stores closed for much of November and early December, and tier 2 and 3 restrictions making shoppers nervous, even more of this activity than usual occurred exclusively online.

This placed huge pressure on online delivery infrastructure. For example, in November Tesco had to place online shoppers into queues for delivery slots as, despite its massive capacity expansion in 2020, demand became overwhelming. Delivery firms such as Yodel and Citysprint recruited thousands of new couriers and Royal Mail reported delays in deliveries.

One positive for retailers, however, is that with the majority of consumers spending more time at home they were at least more flexible about exactly when they were able to receive deliveries. Indeed, Christmas 2020 was all about the home – shopping from home, delivery to homes, eating at home, and spending on homes, as consumers looked to improve the environments in which they are now spending so much of their lives.

Unfortunately, the high street did not fare so well, and with many stores either forced to stay closed during the key month, or restrict footfall, high street sales started weak and got worse as the period progressed.

Despite heightened restrictions, December saw a strong increase in gift purchasing



December inevitably saw a further increase in gift buying – either in the form of physical gifts or gift cards for other people, or self-use gift card purchases – with 51.5% purchasing vs. 40.2% in November. This represented the highest rate of gift purchasing since the GCVA started tracking this monthly metric, back in May 2020. Physical gifts were the most popular option for UK consumers, with 33.4% purchasing vs. 24.5% in November.

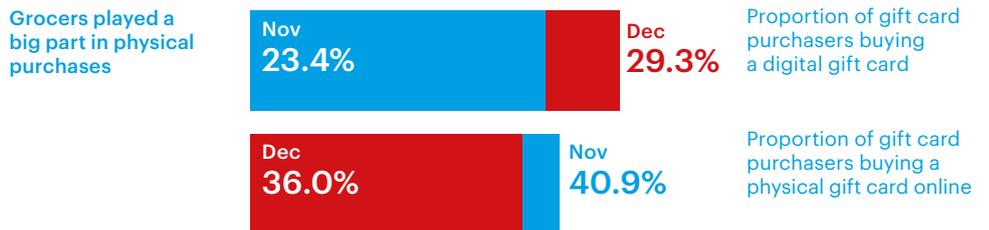
Gift cards were a key outlet for Christmas gift spending



Despite 35.3% of respondents in November claiming that they would be likely to purchase gift cards for Christmas gifts if restrictions were still in place, it was actually over a quarter (25.2%) of the nationally representative consumer panel that claimed to have purchased a gift card for somebody else during December vs. 17.9% in November. Over a third of respondents (34.1%) stated that restrictions were a driver of this purchasing, with over a fifth of gift card purchasers (20.2%) choosing to purchase them due to it being easier to get gift cards delivered.

Elsewhere self-purchase/self-use gift cards saw a slight dip over December, at 7.1% vs. 7.3% in December.

Gift cards purchasing via physical stores holds steady, amid uneven online demand

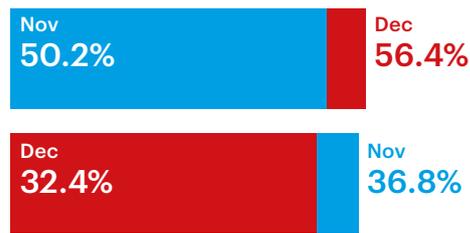


Despite significant restrictions on non-essential stores, the proportion of gift card purchasers buying physical gift cards from physical outlets held steady, at 42.5% compared to November. This highlights the strong influence that the grocers hold in this segment.

Elsewhere, the success of online over December was uneven. 29.3% of gift card purchasers (for someone else) purchased a digital gift card from a retailer/gift card issuer online, a significant increase on the 23.4% who did so in November. However, the proportion of gift card buyers purchasing physical cards online declined, from 40.9% to 36.0%. This is reflective of a number of factors, including concerns around the speed of delivery in the run-up to Christmas, and the fact that many families were unable to meet up in person over the festive period. However, it also points to consumer fears around the future of physical stores, and when some of these will be accessible again, highlighting that the industry still has some way to go to promote the cross-channel redemption of physical gift cards.

More targeted single-store gift cards were the preferred choice of December

Consumers demonstrated that more thought and considered choices were made at Christmas



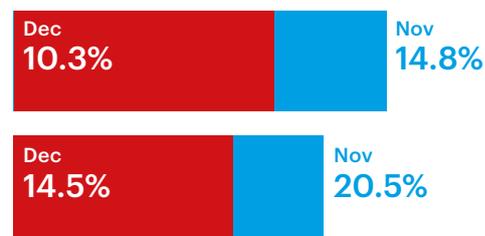
Proportion of gift card purchasers buying a retail gift card for a specific retailer/store

Proportion of gift card purchasers buying a multi-store gift card

56.4% of gift card purchasers bought a retail gift card for a specific high street retailer or a store branded gift card over December, vs. 50.2% that do so in November. This is a stark contrast to the performance of multi-store gift cards, where purchase penetration fell from 36.8% to 32.4%. There is certainly a sense among shoppers that targeted gift cards are viewed as a more thoughtful and considered gift choice, and these will have been a particularly strong option for stores that consumers were previously planning on purchasing physical gifts from. The rising importance of this sentiment was particularly apparent among Gen X shoppers, with 39.3% purchasing a single-store gift card vs. 29.8% in November.

Leisure and Experience suffer over December

Baby boomers demonstrated their concern in this sector with significantly reduced purchases



Proportion of gift card purchasers buying a leisure gift card

Proportion of gift card purchasers buying an experience gift card

Unsurprisingly, given the external backdrop, both leisure gift cards (10.3% in December vs. 14.8% in November) and experience gift cards (14.5% vs. 20.5%) both saw marked dips in purchasing among gift card buyers. This decline was particularly apparent among Baby Boomer respondents, with just 4.7% purchasing experience gift cards, and 3.4% purchasing leisure gift cards. Demand for these gift cards will continue to suffer in the short term, both due to uncertainty around the long-term health of some of the companies operating in these segments, but also due to uncertainty around when the current restrictions are likely to be lifted. Compared to previous lockdowns, there is uncertainty around the potential length, amid the vaccine roll-out and the dangers of more virulent COVID-19 strains.

Gaming gift cards saw strong uplift in the run-up to Christmas

Gen z shoppers were unsurprisingly the stronger cohort – both self-use and gifting

Proportion of gift card purchasers buying a gaming gift card

Proportion of Gen Z gift card purchasers buying a gaming gift card



11.3% of gift card purchasers bought a gaming gift card over December vs. 7.9% who did so over November. These cards were a particularly strong outlet for Gen Z shoppers – purchasing for both gifting and self-use purposes – with 17.6% of gift card purchasers in this cohort buying these cards. Video games and consoles more generally saw strong growth over 2020, representing a substitute for other leisure pursuits during the lockdown. The launch of the PlayStation 5 and the new Xbox in Q4 2020, provided a further boost to the category. Moreover, when it comes to gift cards, here again demand has benefitted from these cards being seen as more thoughtful and considered purchases compared to more general alternatives.

