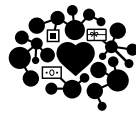


# From Pandemic to Endemic

European gift card evolution







Consumer insight should be more than facts and figures. Viewing survey data through a lens of emotional intelligence, and understanding what drives customers, helps to give a clearer view of current and future trends.

Blackhawk Network's goal with this research was to understand how consumer buying behaviour is changing as the EMEA gift card market emerges from the pandemic. Between January 12-24, 2022, over 14,000 people from 14 European countries completed our survey.

### **Insights are at the heart of payments**

During the pandemic, consumer confidence was severely affected, with 65.8% of consumers stating that they are still anxious about COVID when shopping. Despite significant drops in consumer confidence, alternative studies showed that the global economy experienced growth in 2021.

However, rising inflation, cost of living, and fuel prices caused consumer confidence to take a hit again in January of this year. And while the war in Ukraine is again predicted to cause figures to dip, expectations are that consumer confidence will bounce back.



# Trends

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- 1 Omncommerce is here to stay
- 2 Consumers want choice
- 3 Self-use continues to grow
- 4 Frictionless customer journeys are still critical



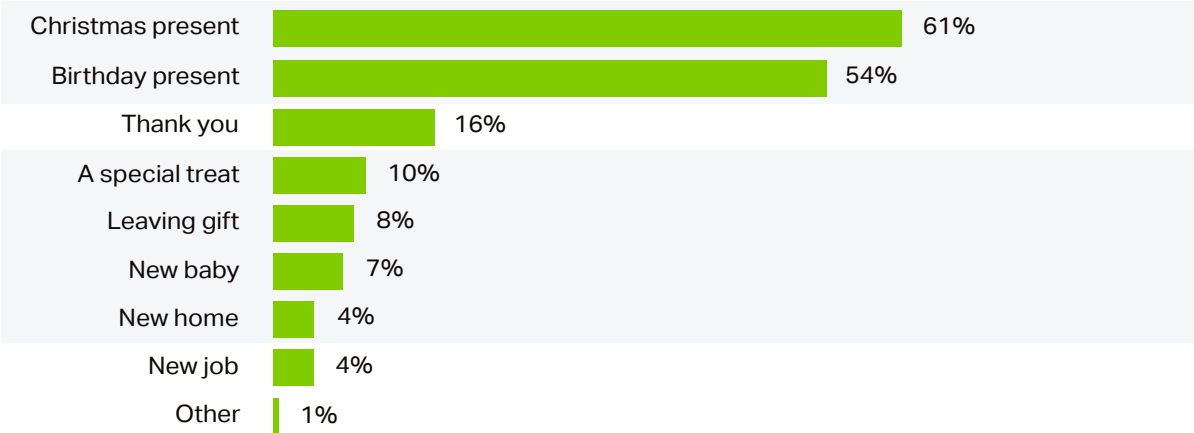


# How did the pandemic change the gift card industry?

Gift cards tend to fare well in times of socio-economic pressure, which strong sales over lockdown have reflected. Weddings, christenings, and birthday parties – cancelled or postponed events are finally taking place, which means people want meaningful and thoughtful gift ideas more than ever.

Outside of the main seasonal peaks like Christmas or Mother’s Day, there is an opportunity for marketers to adopt an ‘always on’ approach that can promote gift cards throughout the year to maximise reach and sales.

## Occasions gift cards are purchased





# How consumers are planning on buying gift cards in 2022

## How many did they buy last year?

Of the 48% of consumers who bought a gift card in 2021:

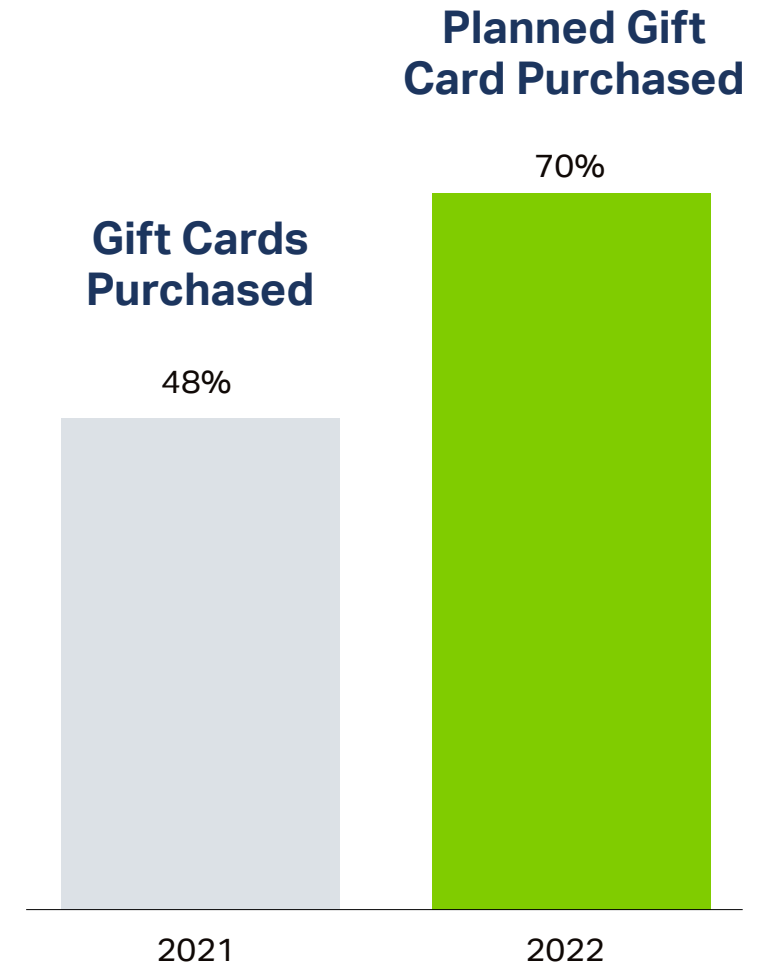
- **82%** had used a gift card themselves
- **80%** had bought up to 4 gift cards
- **20%** had bought more than 5 gift cards

The number of consumers buying gift cards is set to increase by almost **50%** in 2022, with **70%** of consumers planning on buying at least one card.

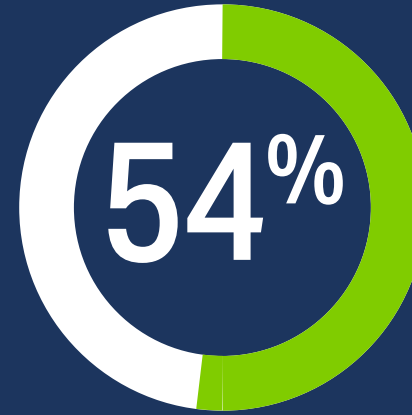
## Why did they buy last year?

The reasons for choosing gift cards were varied, but two main drivers stood out:

- **25%** were asked to buy gift cards by the recipients
- **55%** bought them because of the freedom they give the recipient







Will spend  
**more than** the  
gift card value

### More for their money

Over half of consumers spend more than the value of a gift card. For retailers, there is a double benefit. Not only are they capturing sender spend, but they are also seeing an uptick in Average Transaction Value (ATV) at point of redemption.





## Why are gift cards so popular?

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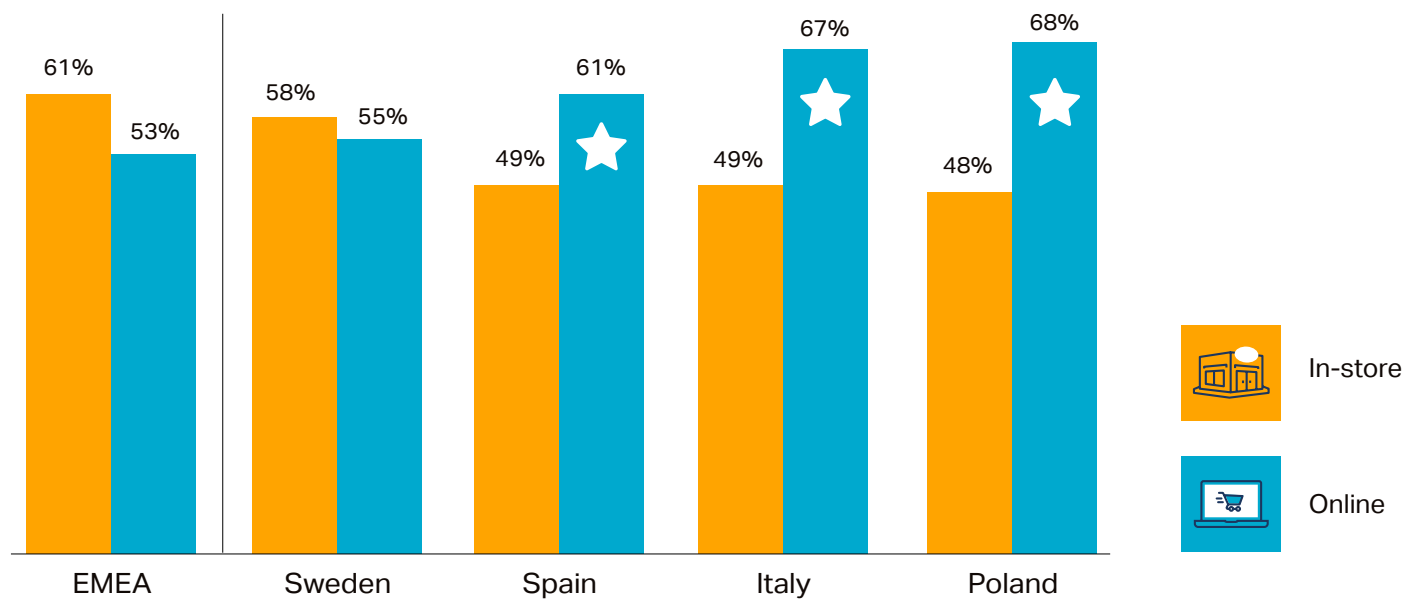
Gift cards take the difficulty out of choosing what to buy. They give the sender a safe option and represent guilt-free shopping to the recipient. Rather than just a gift that someone else has selected for them, they can enjoy the experience of choosing something they genuinely want.

Gift cards should be considered as the thoughtful option, instead of the last-minute gift they are often considered as. You aren't just giving someone a gift card; you're giving them the choice to purchase something meaningful and valuable to the recipient and not the gift giver.



# Where is online heading?

Increased sales throughout COVID weren't just a phenomenon. Consumers want every option and every channel – online, in-store, digital, physical – available wherever they're buying gift cards. Momentum continues to grow, as across Europe 53% of gift card purchases were made online. In Switzerland, Spain, Italy, and Poland, online purchases have overtaken in-store sales, with the gap closing in the UK.





# In-store buying behaviours

## For Consumers

Most customers still buy gift cards in-store, and while the majority of these are planned, a significant proportion are impulse purchases.

These purchases are not made at the primary fixture, instead they happen at secondary placements – usually tills. The location the consumer is buying from is the trigger point, reminding them they have an occasion they need to buy a gift for.

## For Retailers

Gift cards normally outperform any other product per square metre. Since they are so small, gift card fixtures can be attached to existing fixtures, allowing retailers two product lines in the same area. And with new impending legislation in the UK mandating the removal of confectionary from tills, gift cards become the perfect replacement.

**Insight:** Secondary placements are key to drive gift card sales



## Gift card purchases

Planned



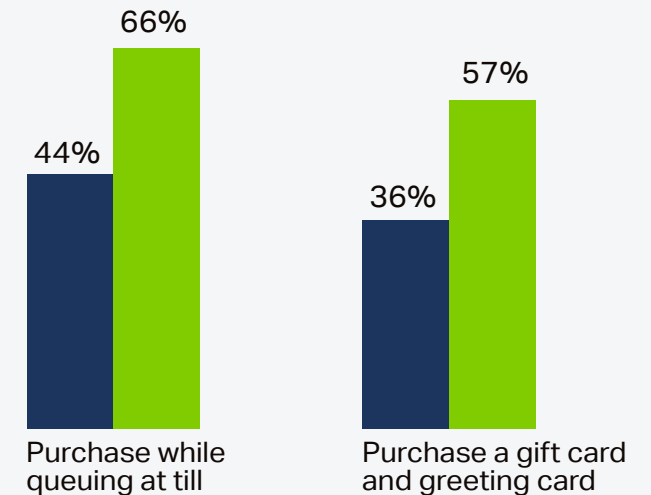
76%

Last-minute



24%

## Last minute gifters buy at secondary placements

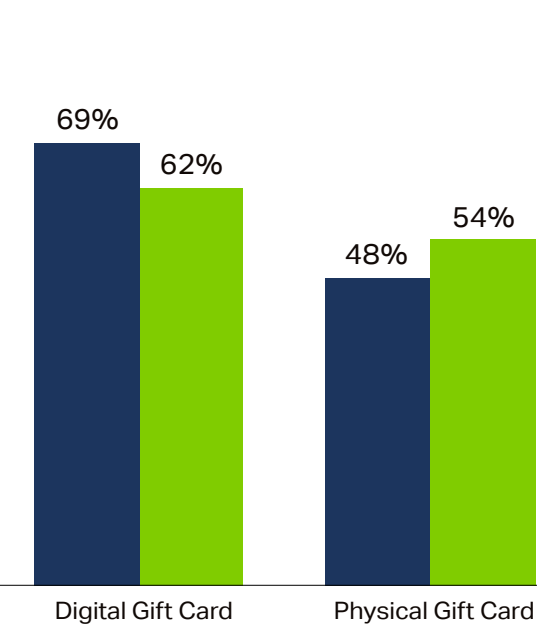




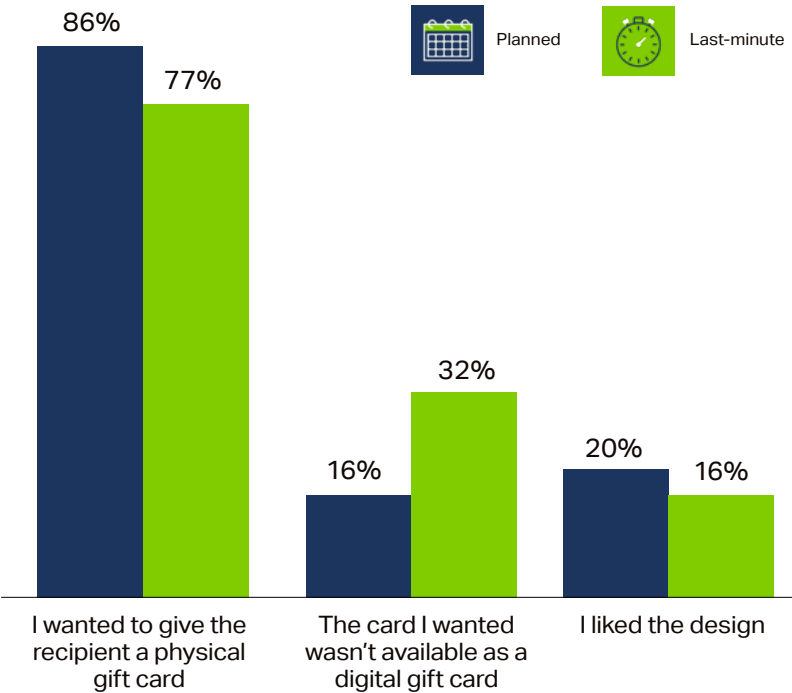
# Online buying behaviour

Different gift card options are appropriate for different occasions. For example, a wedding could call for a physical card, while a leaving gift might be a digital one. There is also a shift towards digital becoming more mainstream. Rather than a last resort, digital sales are moving towards being the first port-of-call, highlighting a change in consumer buying habits.

Half of online shoppers purchase physical gift cards



A missing digital gift card is driving last-minute online shoppers to purchase a physical gift card



**52%** bought for speed of delivery



**43%** wanted to send it directly to the recipient



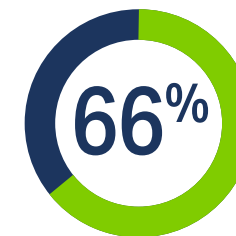
**42%** were concerned about the environment



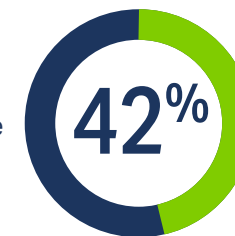
## Tailored gifting

Tailored gifting is one of the most unique aspects of gift cards – there is almost no other gift that allows for the same amount of customisation.

**Over three quarters (76%) of consumers base their load value on two factors:**



Load value  
based on the  
**recipient**



Load value  
based on the  
**occasion**

By understanding this, marketers can use the normal retail principle of 'basic, better, best' to increase ATV. Creating tailored marketing messages, scaled from basic to premium, helps them double down on the occasion.



# How do occasions affect load value?

**What occasion are you likely to spend the most on, when buying a gift card?**



At Christmas, people are buying multiple gift cards, spreading their spend out across multiple recipients. In contrast, a person's birthday only comes around once a year, so the buyer is more likely to increase the load value.



# Consumers want to choose their load value

80% of shoppers want to be able to choose the load value, which increases to an incredible 97% online, all of which has the added benefit of boosting ATV by an additional 30%.

These figures once again drive home the importance of giving consumers choice.

Not being able to choose load value leads to a significant rise in abandoned baskets, negatively affecting overall customer acquisition and retention.

**Insight:** Load value is a revenue driver and protects you from lost sales



Inability to select the gift card load value could lead to an abandoned purchase

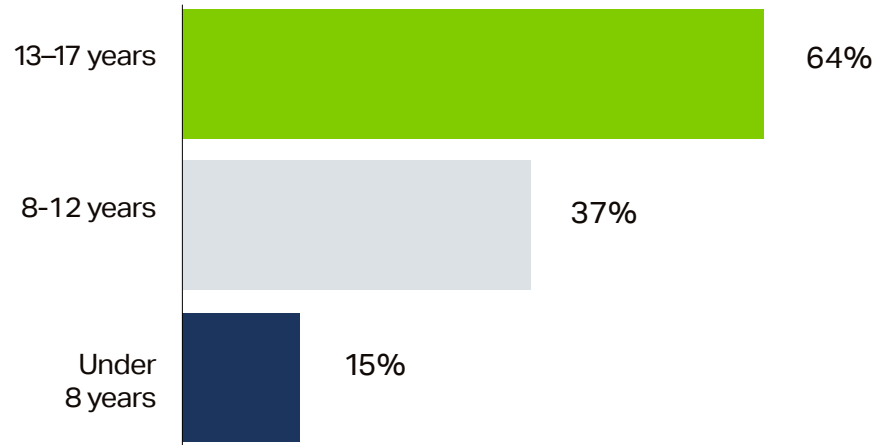




# Gift cards and gaming

Three quarters of the \$200 billion global gaming industry is estimated to be digital, and to access this content almost a quarter of gamers (23%) are using gift cards as their preferred payment method.

This includes the 64% of children 18 and under who are playing video games. Many of these are receiving gift cards to make purchases, as a vast majority of those surveyed (70%) believe them to be a safe way to pay online. Parents also love buying gift cards for their children as a budgeting tool and as a means of allowing managed purchasing freedom online.



Age range of gift cards bought for children

13-17  
year olds  
most likely  
to receive  
gift cards



64%  
Children 18 and  
younger play  
video games



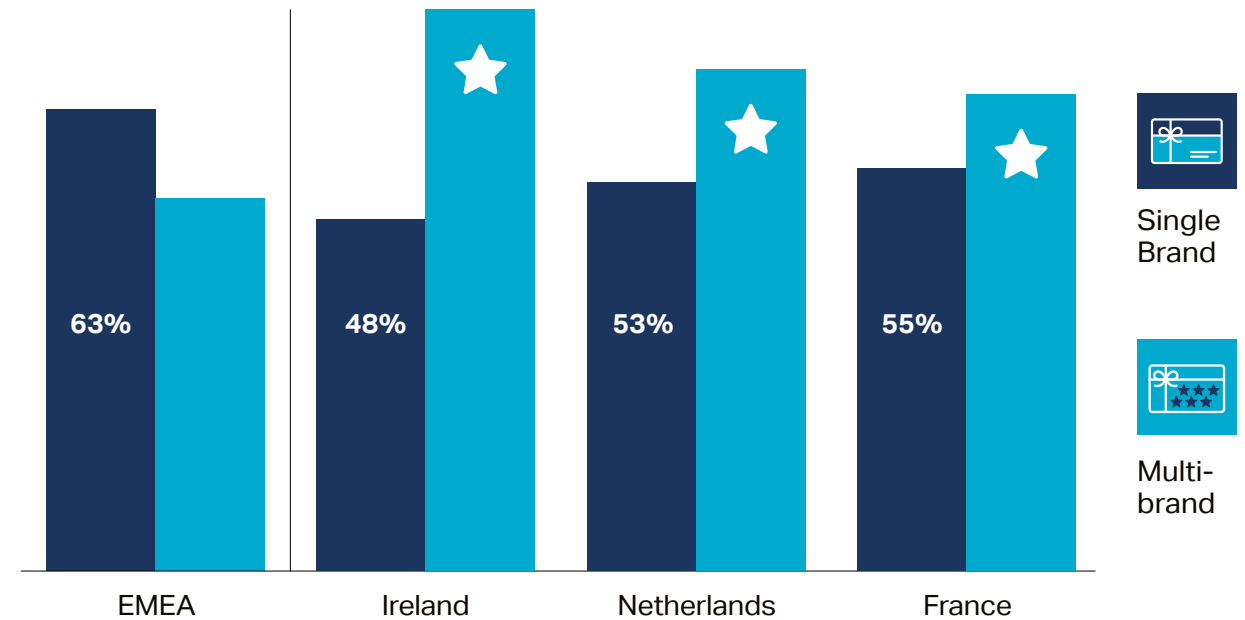
70%  
Gift cards offer  
children a safe  
way to pay online



# Multi-brand gift cards

The rise of multi-brand cards is yet more evidence that consumers want choice. While, cumulatively, 63% of cards bought are single brand, in Ireland, the Netherlands, and France, multi-brand cards are the most popular choice over single brand gift cards.

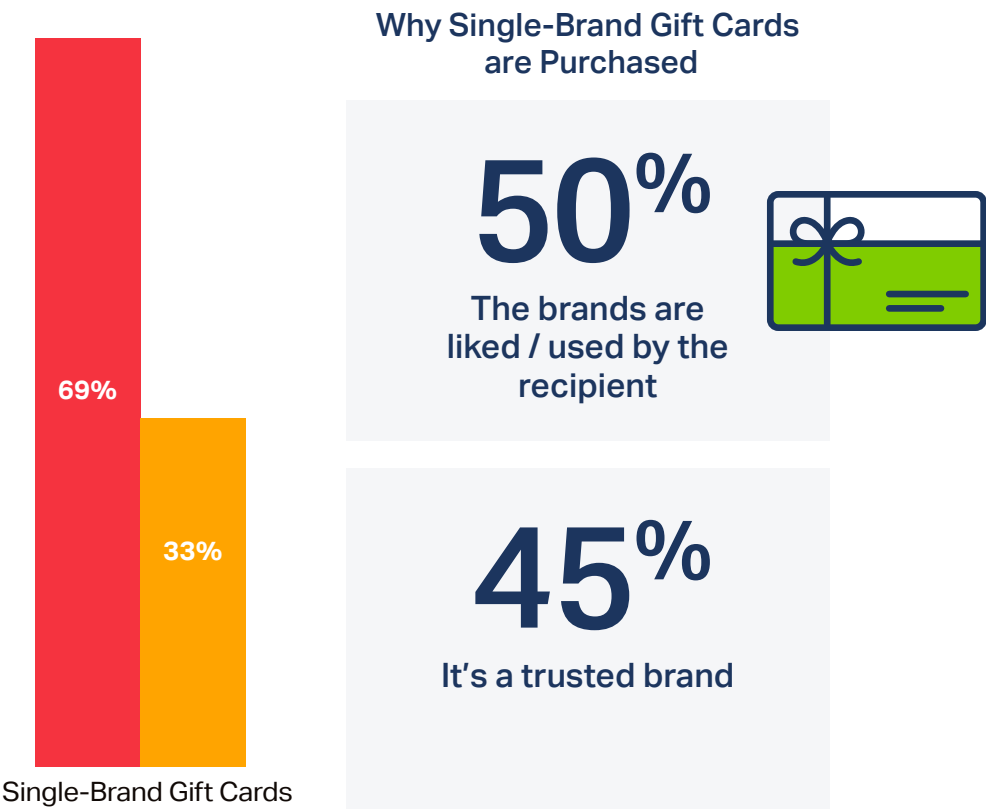
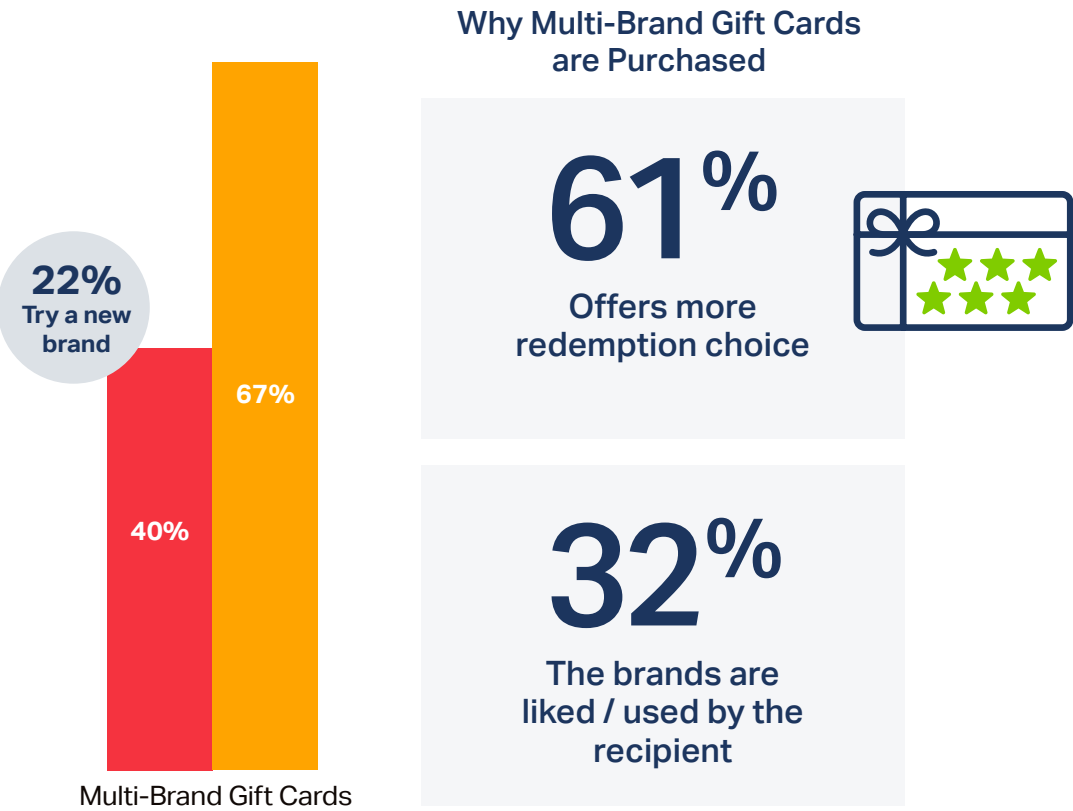
But even as these figures rise, sellers must continue to give consumers the options they want – both single and multi-brand cards.





# Cards people get vs. Cards they want

There is a gulf between the gift cards people want and the ones they are receiving. While 67% of people want multi-brand cards, 69% of gift cards purchased are single brand. Single brand is for when the buyer knows what the recipient wants to receive, multi-brand is for when they're unsure.



# Promotions persuade shoppers

Promotions have huge power to sway consumers. If you are a new entrant into the gift card market or you are simply looking to disrupt a category or share shift, investing into promotions or added value campaigns can drive consumers to your brand. Linking this to a gifting occasion will hugely increase the customer's incentive. Promotions and added value are also key drivers to stimulate self-use purchase of gift cards.



**Insight:** Highlight occasions such as birthdays, in gift card promotions to better tie the category to the occasion, especially for last-minute gifters



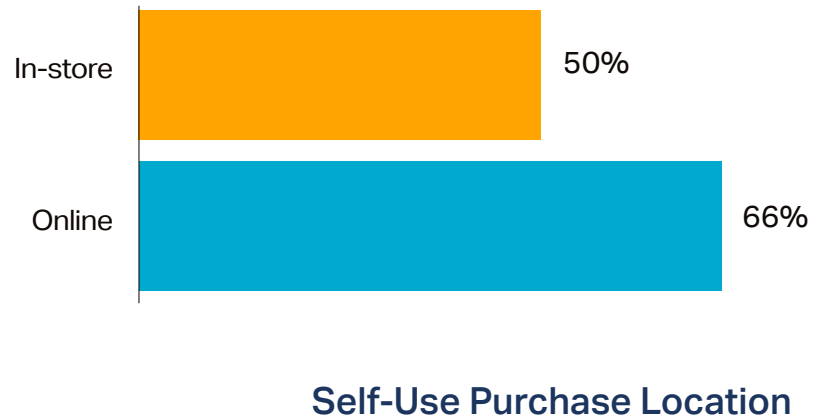


# The rise of self-use gift cards

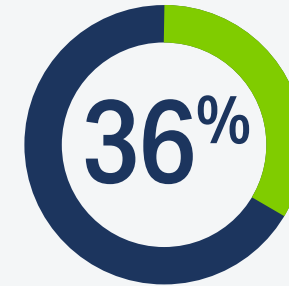
Self-use and gifting cards sales have begun to rebalance. Markets that were once predominantly purchased for self-use have started to shift towards gifting and vice versa.

## Why people buy self-use gift cards

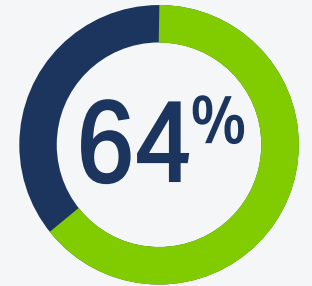
- Buying gaming credit
- Promotions and added value
- Budgeting spends
- Un-banked cash buyers
- Increased anonymity



84%  
purchased  
a digital gift  
card



Purchase gift cards  
for self-use



of gift card purchases  
are planned

## Why Digital Gift Cards for Self-Use



56%

Online  
Shopping



47%

Faster  
Delivery



45%

Environmentally  
Friendly

# 6 TIPS

## FOR ENDEMIC GIFTING

1. **Amp up communications** for gift card occasions; birthdays are the top occasion with the highest load value
2. Shoppers want **physical and digital gift card options** BOTH in-store and online
3. **Streamline online shopping** with single basket and single sign on
4. Actively promote and stock gift cards at **secondary placements** (tills) to drive last-minute and planned purchases
5. **Promotions are effective** and drive consumers to consider different gift card options
6. Provide **variable load gift cards**, especially online, or shoppers will abandon their baskets







# Talk to Blackhawk Network

Need help with your gift cards?

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Get in touch:

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**david.rebelo@bhnetwork.com**



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