

CHRISTMAS GIFT BUYING - UK - 2024

Festive 2023 saw consumers again cut back, with gift spending particularly constrained. A sustained uptick in confidence should provide more opportunities in 2024.



Nick Carroll, Director of Retail Insight



Christmas Gift Buying - UK - 2024

This report looks at the following areas:

- The impact of the cost-of-living crisis on festive retail demand and gift purchasing.
- Detailed analysis on the shape of retail demand in the final months of 2024, including retailer and channel performance.
- Who consumers bought gifts for, how these were purchased and when gift shopping began in 2023.
- How much on average consumers spent on gifts, changes by key demographics year-on-year and in what month they spent the most.
- Key decision factors when evaluating which retailers to buy gifts from.
- Attitudes to gift reduction schemes, the importance of the high street at Christmas and the use of AI in gift searches.



Festive 2023 saw consumers again cut back, with gift spending particularly constrained. A sustained uptick in confidence should provide more opportunities in 2024.

Overview

The impact of the cost-of-living crisis cast a shadow across the festive 2023 period. Overall retail sales by volume fell by 2.8% in December, with average spending on gifting falling 5.3%. A majority (53%) of consumers agreed with some family/friends to not exchange gifts and the number participating in schemes like Secret Santa designed to keep costs down grew from 26% in 2022 to 32% in 2023.

This 'gift reduction' trend is a natural threat to festive demand. While value is the primary driver at present, concerns around over-consumption and impact on the environment from

BUY THIS REPORT NOW


€2600.00 | £2195.00 | \$2995.00*

store.mintel.com

Americas: +1 (312) 932 0400
China: +86 (21) 6032 7300
Germany: +49 (0) 211 3399 7411
India: +91 22 4445 1045
Singapore: +65 6653 3600
Thailand: +66 2 821 5122
UK: +44 (0) 20 7606 4533

*These prices are correct at time of publication, but are subject to change due to currency fluctuations.

MINTEL



throwaway gifting are also playing into this. For brands and retailers, it is important to challenge this directly with low-ticket value for money gifting options which serve to reassure consumers ethical/environmental concerns.

A positive for festive 2023 is that the uptick in financial confidence ahead of the event did translate to greater spending from higher income households, with average spending on gifts from households with an income over £75k up 11% year-on-year and greater purchasing of high-ticket categories like electricals and jewellery for this group. This gives hope that as confidence continues to recover in 2024 a broader range of demographics will be encouraged to trade-up in 2024 with more opportunities for retailers across the sector.

BUY THIS REPORT NOW

€2600.00 | £2195.00 | \$2995.00*

store.mintel.com

Americas: +1 (312) 932 0400
China: +86 (21) 6032 7300
Germany: +49 (0) 211 3399 7411
India: +91 22 4445 1045
Singapore: +65 6653 3600
Thailand: +66 2 821 5122
UK: +44 (0) 20 7606 4533

*These prices are correct at time of publication, but are subject to change due to currency fluctuations.

MINTEL

Report Content



EXECUTIVE SUMMARY

Opportunities for Christmas 2024

- It will be a better festive period in 2024, but don't expect miracles
- Greater full-price engagement must be encouraged among those that can spend
- Encourage those who are able to treat themselves
- The trend of Christmas creep reverses
- A delicate balance: getting the tone of communications right in 2024
- Christmas 2023 was a test case for the change in search, and retailers need to prepare for 2024

Market dynamics and outlook

- Consumer sentiment: wellbeing continued to recover ahead of Christmas
 - Graph 1: the financial wellbeing index, 2016-23
- Another December of volume decline
 - Graph 2: all retail sales, excluding fuel, non-seasonally adjusted, December 2019-23
- Taking into consideration November and Black Friday demand looks more positive
 - Graph 3: all retail sales, excluding fuel, non-seasonally adjusted, November and December combined, 2019-23
- Online outperforms the wider market in Q4 and across 2023
 - Graph 4: all online sales, value non-seasonally adjusted, year-on-year performance, 2023
- Multi-channel players continue strong performance into Q4
 - Graph 5: share of online sales, by type of retail operation, 2020-23

What consumers want and why

- Shoppers looked to cut back on the number of gift recipients in 2023
 - Graph 6: who gifts were given to at Christmas, 2023
- Online remains the most popular way to purchase gifts
 - Graph 7: how christmas gifts were purchased, 2023
- Purchasing in most categories edges down as repertoire of recipients narrows
 - Graph 8: most popular types of gifts purchased for Christmas, 2022-23
- Average spending on gifts falls year-on-year
 - Graph 9: average spending on gifts, 2019-23
- Desire for discounts truncates demand into the final months
 - Graph 10: when christmas gift buying began, 2021-23
- Price critical, but in a more confident environment, a broader range of factors will come into play
 - Graph 11: factors considered important when selecting which retailer to buy gifts from, 2023
- Stores still hold strong appeal to get in the festive mood

Christmas Gift Buying - UK - 2024

- Graph 12: attitudes to christmas gift shopping, 2023

Retailer activity

- Above-the-line spending dips 8.4% in Q4 2023
 - Graph 13: total recorded above-the-line, online display and direct mail spending by retailers on advertising during Q4, 2019-23
- Amazon focuses on simple joys
- Aldi utilises own store for some festive out-of-home marketing
- Co-op looks to support in-community spending
- Etsy launches AI-based gift finder

MARKET DYNAMICS

Macro-economic factors

- Inflation eases ahead of Christmas, but shoppers still feel the pinch
 - Graph 14: CPI inflation rate, 2021-23
- Inflation in food and drink continues to eat into discretionary retail spend
 - Graph 15: inflation, overall index (CPI) and core categories, 2023
- A continued period of real income growth should bring a brighter Christmas 2024
 - Graph 16: real wages growth, annual % change in wage growth vs inflation, 2016-23
- Consumer sentiment: wellbeing continued to recover ahead of Christmas...
 - Graph 17: the financial wellbeing index, 2016-23
- ...as did consumers' assessment of their financial prospects
 - Graph 18: the financial confidence index, 2016-23
- However, this was a polarised recovery in confidence
 - Graph 19: 'I feel pretty confident that I'll be OK' in the coming year, 2019-23
- Interest rate concerns cast shadow on improving confidence
- Overall, the picture remains one of cutting back...
- A mixed and difficult market, but many consumers were determined to have a good Christmas
 - Graph 20: attitudes towards Christmas celebrations, 2023

Retail sales performance

- Another December of volume decline
 - Graph 21: all retail sales, excluding fuel, non-seasonally adjusted, December 2019-23
- Shoppers remained consistent in their approach to keep costs down
 - Graph 22: all retail sales, excluding fuel, non-seasonally adjusted, 2023
- A bigger Black Friday
- November takes highest share of Q4 spending in five years
 - Graph 23: retail sales (excl fuel) in October-December as a percentage of total retail sales in the final quarter, 2019-23

Christmas Gift Buying - UK - 2024

- Taking into consideration November and Black Friday, demand looks more positive
 - Graph 24: all retail sales, excluding fuel, non-seasonally adjusted, November and December combined, 2019-23
- Store-based players struggle to match heights of 2022
- Non-store retailers regain some demand lost to postal strikes in 2022
 - Graph 25: key category performance in December and November and December combined, non-seasonally adjusted value and volume, 2023

Retailer performance

- Analysing retailers' reported Christmas results
- Retail sales by sector
- Grocers: premium performs well as sector does benefit from the uptick in confidence
- Grocery: sector performance and reported retailer results
- Fashion: a weaker market outperformed by leading players
- Fashion: sector performance and reported retailer results
- Household goods: some positives in a very difficult market
- Household goods: sector performance and reported retailer results
- Health and beauty the standout performer in non-foods
- Health and beauty: sector performance and reported retailer results
- Greater spending power brings Christmas joy for Fortnum & Mason
- Mixed goods and miscellaneous specialists: sector performance and reported retailer results

Channel performance: in-store and online

- Online outperforms the wider market in Q4 and across 2023
 - Graph 26: all online sales, value non-seasonally adjusted, year-on-year performance, 2023
- November 2023 brings highest online penetration of sales since 2021
 - Graph 27: online share of all retail sales, Q4 2019-23
- Multi-channel players continue strong performance into Q4
 - Graph 28: share of online sales, by type of retail operation, 2020-23
- Earlier shift to peak online grocery demand bedding in
 - Graph 29: all online store-based grocery retail sales, value non-seasonally adjusted, year-on-year performance and share of total sales, 2022-23
- Non-food-store-based players have a strong Q4 online
 - Graph 30: predominately non-food retail category performance, non-seasonally adjusted year-on-year % change, 2023
- Stores see lowest share of non-food demand since 2021 in November
 - Graph 31: estimated share of total non-food sales, store versus online and other non-store, 2022-23

WHAT CONSUMERS WANT AND WHY

Who gifts were given to

- Just under nine-in-ten give gifts
- Children remain at the heart of Christmas gifting
- Repertoire of recipients hit by the polarisation of finances ahead of Christmas
 - Graph 32: repertoire of Christmas gift recipients, by household income, 2023
- Gift reduction trend returns from pre-pandemic...
- ...as shoppers agree to limit recipients to keep costs down
 - Graph 33: 'I agreed with some family/friends that as we wouldn't give each other gifts', by household income, 2023
- More consumers engage in formal schemes designed to keep spend down
- Retailers need to make sure gifts that fit such schemes are easily shopped
 - Graph 34: 'I participated in a 'Secret Santa' exchange with friends/family, by household income, 2023

How gifts were purchased

- Online remains the most popular channel to purchase gifts
- In-store purchasing level year-on-year after a boost in 2022
 - Graph 35: how christmas gifts were purchased, 2020-2023
- Those with the largest shopping lists most likely to be multi-channel
 - Graph 36: channels used to purchase Christmas gifts, by age, 2023
- Stores critical to creating the festive period
- Online has strengths but a balance must be kept between in-store and online during Q4
- Switch to independents from higher earners in 2023
 - Graph 37: 'I bought more gifts from smaller/independent businesses compared to last year', by household income, 2023

Gifts given in 2023

- Fashion the most popular gifting category
- Purchasing in most categories edges down as repertoire of recipients narrows
 - Graph 38: most popular types of gifts purchased for Christmas, 2022-23
- An uptick in high ticket purchasing from higher earners...
- ...means that many of those most able to spend did trade up
 - Graph 39: most popular purchased categories by gift buyers with a household income of over £75,000, 2022-23
- A hero product launch and a sport heavy year give an early indication of what may be on wish lists
- A difficult period for toys and games
- Demand could be built back by first encouraging lower-ticket gifting

How much was spent on gifts

- Heading into Christmas, a majority were expecting to cut back

Christmas Gift Buying - UK - 2024

- While many planned to cut back, some got caught up in the Christmas spirit
 - Graph 40: 'overall I spent more than I planned to this Christmas', 2023
- Average spent on gifts dips in 2023
- Confidence leading into Christmas plays out in festive spend
- All groups except those with the largest incomes cut back in 2023
 - Graph 41: average spent on Christmas gifts, by household income, 2022-23
- Families cut back, meaning opportunity for cost-spreading initiatives will still be key in 2024
 - Graph 42: average spent on Christmas gifts, by parental status and age of children, 2022-23

When gifts were purchased

- Desire for discounts truncates demand into the final months
 - Graph 43: when christmas gift buying began, 2021-23
- The trend of Christmas creep reverses
- Opportunities remain to tap into high-value early starters
 - Graph 44: Average spent on gifts by when consumers started their gift shopping, 2022-23
- Majority of Black Friday demand is pre-planned
- December has grown its share of gift spending across the past three years
 - Graph 45: when the most was spent on Christmas gifts, 2021-23
- However by December 90% of the highest value shoppers have spent most of their budget
 - Graph 46: when the most was spent on Christmas gifts, by when gift buying began, 2023

Factors important when selecting gifts

- Price will always be important when selecting gifts...
- ...however, in a more financially confident environment, a broader range of factors will come into play
 - Graph 47: factors considered important when selecting which retailer to buy gifts from, 2023
- Flexible payment options a patronage driver for over half of those in a difficult financial situation
 - Graph 48: importance of price and payment options when selecting which retailer to buy gifts from, by financial situation, 2023
- A more-confident shopper is a more-demanding one
 - Graph 49: factors selected as extremely important by those who describe their finances as healthy, 2023
 - Graph 50: factors selected as extremely important by those who describe their finances as struggling/in-trouble, 2023
- Unique will always stand out...
- ...even if finding unique becomes simpler
 - Graph 51: 'I used an artificial intelligence (AI) tool (eg ChatGPT, Google Bard) for gift inspiration', by age, 2023
- Trust and advice in unfamiliar categories still critical
- While brand recognition aids festive purchasing, big-name brands still need to work to stand out

INNOVATION AND MARKETING TRENDS

Trends and innovations for Christmas 2023

- Major grocers invest in the battle for value Christmas dinner
- Giving back top of the agenda
- Sainsbury's looks to give first-time hosts a few pointers
- Lidl looks to bring the fun to Christmas 2023
- Co-op looks to support in-community spending
- Etsy launches AI-based gift finder

Advertising and marketing activity

- Above-the-line spending dips 8.4% in Q4 2023
 - Graph 52: total recorded above-the-line, online display and direct mail spending by retailers on advertising during Q4, 2019-23
- Major players cut back
 - Graph 53: leading retailers' spending on recorded above-the-line, online display and direct mail advertising, 2021-23
- Aldi and Currys spent over 50% of annual above-the-line spend in Q4
 - Graph 54: leading retailers' spending on recorded above-the-line, online display and direct mail advertising, proportion of total spend by quarter, 2023
- Spending on TV broadly stable with retailers cutting back on digital
 - Graph 55: recorded above-the-line, online display and direct mail advertising spend by retailers, by media type, Q4 2021-23
- Amazon focuses on simple joys
- Tesco takes a surreal approach to getting shoppers in the mood
- Aldi utilises own store for some festive out-of-home marketing
- Retailers look to star power to gain attention
- M&S focuses on making in-home special
- Etsy focuses on the personal touch

APPENDIX

Data sources, definitions and methodology

- Data sources and financial definitions
- Abbreviations and terms
- Consumer research methodology
- Nielsen Ad Intel coverage

Disclaimer

This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by a UK licensed market survey agent ([See Research Methodology for more information](#)).

Terms and Conditions of use

Any use and/or copying of this document is subject to Mintel's standard terms and conditions, which are available at <http://www.mintel.com/terms>

If you have any questions regarding usage of this document please contact your account manager or call your local helpdesk.

Published by Mintel Group Ltd

www.mintel.com

Help desk

UK	+44 (0)20 7778 7155
US	+1 (312) 932 0600
Australia	+61 (0)2 8284 8100
China	+86 (21) 6386 6609
India	+91 22 4090 7217
Japan	+81 (3) 6228 6595
Singapore	+65 (0)6 818 9850