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.

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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 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.

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- Etsy launches AI-based gift finder

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APPENDIX

Data sources, definitions and methodology

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