

Thursday 13 October 2022

## Pre-Christmas sales forecast to reach \$63.9 billion – up 3% on last year

Australian retail sales are set to remain strong over the festive trading period, with consumers to continue spending in the face of cost-of-living challenges, according to the most comprehensive Christmas insights ever released by the Australian Retailers Association (ARA) in collaboration with strategic partners Roy Morgan and Salesforce.

Australians are forecast to spend \$63.9 billion in the pre-Christmas sales period (November 14 – December 24), which is up 3% on last year. Hospitality businesses are set to flourish in the run up to Christmas, with over \$9 billion in trade – up 16.3% on 2021.

Out of the states and territories, South Australia is set to record the biggest growth in sales on last year (up 6.6%), followed by the Northern Territory (up 6.5%). Consumers in NSW are forecast to spend nearly \$20 billion in the pre-Christmas sales (up 3.1% on 2021), with Victorians to fork out \$16.5 billion (up 0.8%) and Queenslanders \$13.3 billion (up 4.6%).

The full breakdowns are provided in the tables below:

### ARA/Roy Morgan Pre-Christmas Sales (Retail Categories)

| Category          | 2021 Pre-Christmas Sales (\$m – seasonally adjusted) | 2022 Pre-Christmas Sales forecasts (\$m – seasonally adjusted) | Growth % vs 2021 (seasonally adjusted) |
|-------------------|--|--|--|
| Food              | \$24,346   | \$24,793   | 1.8%                                   |
| Household Goods   | \$11,584   | \$11,289   | -2.5%                                  |
| Clothing          | \$5,294  | \$5,374  | 1.5%                                   |
| Department Stores | \$3,249  | \$3,442  | 5.9%                                   |
| Other Retailing   | \$9,785  | \$9,979  | 2.0%                                   |
| Hospitality       | \$7,788  | \$9,058  | 16.3%                                  |
| <b>TOTAL</b>      | <b>\$62,047</b>                                      | <b>\$63,935</b>  | <b>3.0%</b>                            |
| Food              | \$24,346   | \$24,793   | 1.8%                                   |
| Non-Food          | \$37,701   | \$39,142   | 3.8%                                   |

### ARA/Roy Morgan Pre-Christmas Sales (States and Territories)

| State/Territory    | 2021 Pre-Christmas Sales (\$m – seasonally adjusted) | 2022 Pre-Christmas Sales forecasts (\$m – seasonally adjusted) | Growth % vs 2021 (seasonally adjusted) |
|--------------------|--|--|--|
| NSW                | \$19,375   | \$19,985   | 3.1%                                   |
| Victoria           | \$16,329   | \$16,467   | 0.8%                                   |
| Queensland         | \$12,682   | \$13,262   | 4.6%                                   |
| South Australia    | \$3,846  | \$4,100  | 6.6%                                   |
| Western Australia  | \$6,839  | \$7,053  | 3.1%                                   |
| Tasmania           | \$1,253  | \$1,300  | 3.8%                                   |
| Northern Territory | \$570  | \$607  | 6.5%                                   |
| ACT                | \$1,153  | \$1,161  | 0.7%                                   |
| <b>TOTAL</b>       | <b>\$62,047</b>                                      | <b>\$63,935</b>  | <b>3.0%</b>                            |

**Food:** Supermarket, grocery stores, Liquor, and other specialised food retailing; **Household Goods:** Furniture, houseware, textile goods, electrical and electronic goods and hardware; **Clothing:** Clothing, footwear, personal accessories; **Department Stores;** **Other Retailing:** Newspaper, book, recreational goods, pharmaceutical, cosmetic, toiletry, stationery, flowers, etc.; **Hospitality:** Cafes, restaurants and takeaways

According to Salesforce's [Holiday Insights Hub](#), which tracks holiday shopping and commerce trends from November - December, inflationary pressures and climbing interest rates will kick start holiday shopping earlier in Australia and New Zealand, with 33% of holiday sales forecast to occur in the first three weeks of November – before Cyber Week even begins. Salesforce also forecasts:

- 84% of sales will take place prior to the week of Christmas
- 25% of all the sales during the holiday period will take place during cyber week
- The average discount rate will be highest during Cyber Week, averaging 22%
- 70% of all traffic and 60% of all orders to occur on a mobile device during the holiday season

ARA CEO Paul Zahra said the forecasts point to upbeat trading conditions in the run up to Christmas.

“Christmas is the most critical time of year on the retail calendar and given the financial pressure households are under at the moment, we know that many businesses were feeling nervous about a potential downturn in spending over the festive period. However, the good news is that consumers are set to continue opening their wallets in the face of cost-of-living pressures with \$63.9 billion to be spent in stores and online in the lead up to Christmas – a 3% increase on last year,” Mr Zahra said.

“Retail sales are running at record levels at the moment, and our forecasts show sales will remain strong for the remainder of the year. There’s a delayed lag associated with rising interest rates and inflationary pressures, so there will inevitably be a softening of sales, but it appears that won’t occur until next year.

“While businesses are combating record levels of labour shortages and supply chain constraints, there’s still plenty to be optimistic about this Christmas. The Cyber Weekend sales are growing in popularity every year, and that’s set to provide retailers with good momentum for their festive trade,” Mr Zahra said.

Roy Morgan CEO Michele Levine said the retail industry has proved resilient in 2022 despite the heavily discussed pressures of rising interest rates and inflation.

“There was plenty of concern earlier in the year that the RBA’s decision to increase interest rates at the fastest rate since 1994 would severely dent retail sales during the closing months of the year, and especially in the lead-up to Christmas. Roy Morgan’s forecast pre-Christmas retail sales of \$63.9 billion, an increase of 3% points on last year’s record sales, show the strength of the Australian consumer is set to power through these challenges.

“Retail sales have been exceptionally strong during the last few months as consumers continue to benefit from the high level of savings built up during the pandemic from extensive Government stimulus programs and the lowest level of unemployment in decades allows consumers to continue spending despite the financial pressures of inflation and higher interest rates.

“Hospitality is a standout sector with forecast growth of 16.3% on a year ago to expected total spending of over \$9 billion as Australians are set to enjoy the freedom of an Australian summer without any pandemic related restrictions crimping trade in the pre-Christmas period,” Ms Levine said.

Jo Gaines, Area Vice President Retail and Consumer Goods, Salesforce said: “Christmas can come early for retailers this year, with consumers set to increase their spend, online and in store across November and especially Cyber Week.

“We know retailers are feeling the squeeze. To keep costs under control and boost sales, retailers need to look beyond tailoring communications to their customers and find ways to automate processes, remove friction and make it easier for consumers to purchase from them.”

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**About us:** *The Australian Retailers Association (ARA) is the oldest, largest and most diverse national retail body, representing a \$400 billion sector that employs 1.3 million Australians and is the largest private sector employer in the country. As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community. To learn more about ARA's exclusive member benefits and more, visit [retail.org.au](http://retail.org.au)*