

Date Monday, 22 November 2022

New Research Shows Good News in Store for Retail this Christmas

It's beginning to look a lot like last Christmas – with **most Aussies (59%) claiming they will spend the same or more (12%) than last year** despite growing inflationary pressures, a new survey has found. *The Christmas Gift Buying Survey* by Australian Retailers Association in collaboration with Roy Morgan also found the **average gift purchase is \$700**, down slightly (\$26) on last year.

ARA [holiday sales predictions with Roy Morgan](#) show Australians will **spend nearly \$64 billion** in the lead up to Christmas, **up 3%** on last year ([the latest updated forecasts released in early December](#) show retail spending is now forecast to exceed **\$66 billion** in the lead up to Christmas, **up 6.4%** on a year ago).

Sensory indulgence is a key theme for 2022, with **alcohol and food** topping the list of intended gift purchases for this year, followed by **vouchers gifts and cards, toys, jigsaws and boardgames**. Men were the most likely to purchase alcohol or food, whilst women were more interested in small inexpensive gifts or novelties, clothing shoes and sleepwear or books, music and DVD's. **Hospitality** businesses are also set to flourish in the run up to Christmas, with over \$9 billion in trade predicted – up 16.3% on 2021.

Other key findings of the ARA-Roy Morgan research include:

- Around **80% of Australians will purchase Christmas gifts** this year – up 2% on 2021.
- Aussies age **35 – 49 years will spend the most** – committing an average of \$933 to their gifts. The spending for this age group is up \$111 over last year.
- **Most Aussies say they will shop at the same time as last year** – but almost one quarter (21%) say they will shop earlier.
- **The majority of shopping will remain instore** – with around one third done online (down 14% point on 2021). Only 1% say they will do 100% of their shopping online.
- A slim majority of 52% (up 15% points from a year ago) say their **online shopping habits have 'Stayed the same' as last year** while just under a fifth, 17% (up 12% points) say they are now doing 'Less purchases online' than last year.

ARA CEO Paul Zahra said retailers have a lot to feel confident about this year, despite the economic headwinds.

"We are likely to see the robust spending continue for Aussie retail," he said. "This is encouraging news given the economic circumstances – most discretionary retailers make up to two thirds of their profit during this critical trading period. Many small businesses remain in recovery mode and have seen massive increases to their cost of doing business over the past two years. This forecast spending boost will help boost their dwindling cash reserves.

"Aussies truly plan to eat, drink and be merry this Christmas. It's no surprise we are seeing a shift towards food and entertaining with the holiday period over the past two years spent in the shadow of lockdowns," said Mr. Zahra. "The news couldn't come at a better time for the hospitality sector who have endured more pain than most businesses through the pandemic."

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 **Black Friday sales** are set to provide retailers with strong results in the lead up to Christmas with ARA-Roy Morgan forecasting sales to **reach a record \$6.2 billion** over the four-day Black Friday/Cyber Monday weekend (25 - 28 Nov).

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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*

ⁱ This ARA-Roy Morgan Snap SMS survey was conducted with an Australian-wide cross-section of 2,317 Australians aged 18+ on Thursday October 20 - Monday October 24, 2022, including 1,717 who plan on buying gifts for Christmas.