

Thursday November 9, 2023

Value on Christmas list, with average Christmas gifting spend projections down

Despite an expected softening in the broader pre-Christmas spending period, the popularity of Black Friday is set to continue, giving retailers a much-needed boost to the holiday shopping season.

This year's holiday season will usher in the value-driven, bargain-savvy consumer, with new research revealing shoppers will be spending less per head but shopping purposefully, amid the cost-of-living crunch.

According to a new survey by the Australian Retailers Association (ARA), in collaboration with Roy Morgan, 30% of shoppers will cut their Christmas gifting budgets in 2023, while 61% will look to maintain last year's spending and 9% intend to spend more.

As a result, the average gifting spend is tipped to be \$646 per person, down from \$700 in 2022.

Toys and games will be the most-sought after gifts (mentioned by 20% of respondents) – propelled by the resurgence of Barbie followed by the classic staple of gift cards (18%), and clothing shoes & sleepwear (16%).

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

- Around 76% of Australians will purchase Christmas gifts this year – down 3% on 2022.
- **Most Aussies say they will shop at the same time as last year (76%)** – but one fifth (20%) say they will shop earlier.
- **Most of the shopping will remain instore** – with just over one third (36%) done online.
- Most consumers (55%) say their online shopping habits have 'Stayed the same' as last year while over a fifth (21%) say they are now doing 'Less purchases online' than last year.
- Almost half of shoppers (49%) will purchase a Christmas gift that is environmentally friendly.

ARA holiday latest sales predictions with Roy Morgan forecast Australians will spend \$67.1 billion in the lead up to Christmas this year, up just 0.6% on 2022.

ARA CEO Paul Zahra said Christmas shoppers this year will be much more considered and deliberate in their spending.

"Many Australians are under significant financial pressure, and their Christmas gifting behaviour will reflect this," Mr Zahra said.

"A big part of their buying mentality will be geared towards bang for their buck. Shoppers will actively seek out good deals but they're still looking for gifts that reflect their personal values.

"For retailers, sales and promotions will be more important than ever this year – especially on the marquee Black Friday and Cyber Monday weekend.

"With increased competition and reduced spending across discretionary categories, retailers will be mindful of shopper's shifting spending focus and will be motivated to entice shoppers however they can."

Despite the soft Christmas spending forecast, the Black Friday sales are set to provide retailers with strong results in the lead up to Christmas with ARA-Roy Morgan forecasting record sales to \$6.36 billion over the four-day Black Friday/Cyber Monday weekend (24 – 27 Nov) up 3% on last year.

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About the Australian Retailers Association (ARA)

The Australian Retailers Association (ARA) is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 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

About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 80 years' experience collecting objective, independent information on consumers. To learn more visit www.roymorgan.com.