

# Christmas spending plans

## NZ consumer expectations of spending on gifts this year

The Westpac McDermott Miller Consumer Confidence survey included two additional questions in the December quarter.<sup>1</sup> Specifically, we asked consumers whether they expected to spend more, less or the same on Christmas gifts this year compared to last year, and roughly how much they expected to spend.

- Most consumers expect to either hold steady or reduce spending on gifts this year compared to last year: 48% of respondents said they planned to spend less in 2009 while 42% said their spending would be about the same. Just 7% said they would spend more. The same questions asked of Australian consumers in the Westpac-Melbourne Institute Consumer Confidence Survey revealed that 14% expected to spend more this Christmas, while 35% said they would spend less.
- All NZ regions showed similar levels of caution toward Christmas spend. However, rural consumers were the most cautious with only 6% saying they would spend more on gifts, while 51% said they would spend less. Metropolitan consumers were the most upbeat, with 8% saying they would spend more, and 45% saying they would spend less.
- The reluctance to spend more this year is likely to reflect consumer's continued caution around current economic conditions and still tight cash flows. Indeed, in the December quarter consumer confidence survey a net 21% of respondents still said that they felt worse off financially compared to last year.
- About 45% of NZ consumers that gave a spending estimate said they plan to spend over \$500 on gifts this Christmas. 19% expect to spend \$300 to \$500 and 36% plan to spend less than \$300 this year. In Australia, 42% of consumers said they would spend \$500 or more, 26% said they would spend between \$300-\$500, while 32% planned to spend \$300 or less.

<sup>1</sup> Both questions were modelled on the additional questions asked in the November Westpac-Melbourne Institute Consumer Sentiment Survey in Australia.

### Expected spending on gifts (% of responses)

	Less	Unchanged	More	Net % exp more
NZ	48	42	7	-41
Metropolitan	45	44	8	-37
Secondary	47	42	8	-39
Rural	51	42	6	-45

### How much do you plan to spend on gifts this year?

#### (% of responses)

< \$100	11
\$100 - \$299	17
\$300 - \$499	14
\$500 - \$799	13
\$800 +	21
Don't know	22
Refused	2
<b>Total</b>	<b>100</b>

- Overall, the median New Zealand consumer plans to spend \$443 on Christmas gifts in 2009. The planned average spend is higher, being well in excess of \$500. In Australia, median spend was estimated to be A\$443. New Zealanders appear to be far more generous in gift giving than Australians, particularly after taking into account much higher incomes in Australia.
- By gender, males showed less caution toward Christmas spending than females, with 41% saying they would spend less and 8% saying they would spend more. In comparison, 54% of females said they would spend less and 6% said they would spend more.
- Those aged 50+ were the least cautious about Christmas spending, with only 41% of consumers saying they would spend less while 6% saying they would spend more (on net -35%). 30 to 49 were the most cautious with 53% saying they would spend less, while 7% said they would spend more (on net -46%).

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