

Christmas Spending Habits: Resilient Brits Still Managed To Splash Out

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Many of us had good intentions to be a little more frugal this Christmas than last.

But despite the doom and gloom, latest research from Mintel shows that, for some, the spirit of Christmas was simply too much to resist.

In October last year, as many as two in five (41%) adults said that they planned to spend less at Christmas than they had done in 2007. But new figures just released show that only 28% of adults said they actually managed to do this. Meanwhile, at the other end of the spectrum, three in ten (31%) adults spent more than they did in 2007, compared to just 19% who had planned to spend more, when asked in October.

“Back in October when the financial crisis was in full swing, people were understandably scared and were being very cautious about their spending,” explains Richard Perks, Director of Retail and Financial Research at Mintel.

“But by December things were looking more stable, food and fuel costs had come back down and so had interest rates. Most people were feeling a little more flush than they had in previous months, which would explain the disregard for their plans. They had the cash and came out and spent it,” he adds.

Still young at heart

But not everyone benefited from this change of heart amongst British shoppers, as it was mostly the young Brits splashing the cash over Christmas. Indeed, half of 16 to 24 year olds (49%) said that they actually spent more this Christmas than they had done in 2007 - a trend that has been very much reflected in the retailer results we have seen over the past few weeks.

“While the middle mass market such as M&S, Next and Debenhams had a pretty tough time, the younger end of the picture was much brighter, with good figures from New Look, Primark, ASOS and JD Sports,” comments Richard Perks. “Meanwhile, those retailers that have already gone into administration were the ones who were struggling before the poor trading really set in during November and December.”

What lies ahead for 2009

But when this is all said and done, there is no getting away from the fact that the retail prospects for 2009 are grim. The income squeeze of 2008 will be replaced by a recession thanks to the Credit Crunch.

Unemployment is rising and at worst could easily have doubled by some time in 2010. This will affect the whole working population. And the younger end will be hit just as much as everyone else, perhaps more so, since they have a culture of living off borrowings.

“Although times will be tough, there are still opportunities to be had. Retailers that have a clear idea of who their target market is and can give their customers what they really want, will be ideally placed to ride out the storm and could even gain market share,” explains Richard Perks.

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