'Tis the season to be stingy

CHRIS ZAPPONE. The Age. November 21, 2009

CHRISTMAS may be less than merry for retailers across the country, with more than one-third of shoppers planning to cut back their seasonal splurge.

About 35 per cent of households polled expect to spend less at Christmas compared with last year, according to the November Westpac-Melbourne Institute reading of consumer sentiment.

Squeezing the spending plans is a combination of worries about rising interest rates and the diminishing impact of federal cash handouts intended to head off a drastic economic slowdown. The gloomy result differs somewhat to other more positive readings about consumer confidence. [....]

A weaker Christmas will weigh on retailers, who depend on the holiday season to generate as much as 40 per cent of their annual profits. [...] Overall, households intend to spend an average of $317 on Christmas gifts this year, pointing to a total of about $2.5 billion earmarked for the holiday season.

People aged 45 to 49 planned to spend the most on gifts - $404 on average - while only 3.4 per cent of those in the 50-to-54 age bracket planned to spend more in 2009.

"Those on low incomes were more inclined to spend less on Christmas gifts this year, with 44.6 per cent of those earning less than $40,000 indicating they would be cutting their spend," Mr Hassan said.

"This seems to confirm the impact of last year's fiscal payments, which were predominantly paid to low-income households - pensioners and households receiving the income-tested family benefit."


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