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2018 Christmas retail sales to grow 2.9% to $51.5 billion

Roy Morgan's annual Christmas retail sales forecasts conducted in conjunction with the Australian Retailers Association (ARA) indicate Australians will spend nearly $51.5 billion across retail stores during the Christmas trading period from November 9-December 24 (46 days).

Forecast retail spending this Christmas of almost $51.5 billion is an increase of 2.9% from the $50 billion of retail expenditure during the 2017 Christmas trading period.

Growth in retail expenditure is predicted across all six categories measured with spending on Food expected to grow the fastest by 3.7% from a year ago to nearly $21 billion. Also expected to enjoy strong growth are Hospitality businesses by 3.2% to over $7.3 billion.

Apparel and Household Goods will also record a significant increase in trade, with Roy Morgan and the ARA predicting $4 billion to be spent on Apparel including clothing, footwear & accessories, a 3.1% increase from 2017, while over $8.9 billion is forecast to be spent on Household Goods, a 2% increase from a year ago.

The slowest growing category is predicted to be Department stores for which spending is forecast to increase by 0.3% to $2.943 billion.

Predicted Retail Spending Growth by Category (2017 cf. 2018)

Category	2017 pre-Xmas Actual Results ($mil)	Roy Morgan 2018 forecast pre-Xmas sales ($mil)	Roy Morgan predicted sales growth
Food	20,163	20,908	3.7%
Household goods	8,757	8,931	2.0%
Hospitality	7,117	7,348	3.2%
Apparel – clothing & footwear etc.	3,906	4,028	3.1%
Department stores	2,935	2,943	0.3%
Other retailing	7,127	7,321	2.7%
National	**50,005**	**51,479**	**2.9%**

Retail sales forecast to grow most strongly in NSW, Victoria, South Australia & Tasmania

Analysis of Roy Morgan's pre-Christmas retail forecasts by State shows bumper growth is expected in four States led by Victoria up by 5.2% to over $13.5 billion.

Christmas retail spending in Australia's largest State of New South Wales is expected to increase by 3.1% to over $16.6 billion and increases of over 3% in retail sales are also predicted for South Australia and Tasmania. Tasmania is forecast to record Christmas retail sales of over $1 billion for the first time.

Forecast Christmas retail spending in Queensland is predicted to increase by 1.7% to over $10 billion for the first time while there are also increases predicted for both the ACT and NT.

Predicted Retail Spending Growth by State (2017 cf. 2018)

State or Territory	2017 pre-Xmas Actual Results ($mil)	Roy Morgan 2018 forecast pre-Xmas sales ($mil)	Roy Morgan predicted sales growth
NSW	16,132	16,629	3.1%
Victoria	12,843	13,512	5.2%
Queensland	9,907	10,071	1.7%
WA	5.395	5,366	-0.5%
SA	3,320	3,422	3.1%
Tasmania	998	1,038	4.0%
ACT	914	940	2.9%
NT	495	501	1.2%
National	**50,005**	**51,479**	**2.9%**

Michele Levine, Chief Executive Officer, Roy Morgan, says:

"Despite concern that a softening housing market may adversely impact retail spending in the important Christmas retailing season the research conducted by Roy Morgan in conjunction with the Australian Retailers Association (ARA) shows that Australians are shrugging off these concerns with retail spending in the Christmas sales period expected to rise by 2.9% in 2018 to nearly $51.5 billion.

"This is a faster rate of retail spending growth than achieved a year ago in 2017 when spending in the Christmas retail period grew by 2.7% to exceed $50 billion for the first time.

"The strong forecast growth is not surprising when one considers leading indicators such as the weekly ANZ-Roy Morgan Consumer Confidence Rating have had their best year since 2013 averaging 118.6 thus far in 2018. Consumer Confidence in early November is at 119.8 which is the highest Consumer Confidence has been at the beginning of the Christmas retailing season for five years.

"Strong growth in Christmas retail spending is forecast across the six retail categories headlined by growth of 3.7% in Food retailing to nearly $21 billion, up by 3.2% for Hospitality businesses to over $7.3 billion and by 3.1% to over $4 billion for Apparel including clothing, footwear and personal accessories.

"Forecast Christmas retail spending across Australia's eight States and Territories is led by growth of 5.2% in Victoria to over $13.5 billion and New South Wales by 3.1% to over $16.6 billion. Christmas retail spending in Queensland is forecast to exceed $10 billion for the first time and there is also strong growth forecast in Tasmania and South Australia.

"Last year's annual forecasts by Roy Morgan and the ARA predicted growth in retail spending for the Christmas period of 2.8% in 2017 which was only slightly higher than the actual retail sales growth achieved of 2.7% providing confidence that this year's forecasts will be similarly accurate.

"The ability to predict such accurate results for Australians' retail spending habits across the country and in differing retail categories in the run-up to Christmas is contingent upon Roy Morgan utilising the correct methodology and sampling techniques to interview a relatively small portion of Australians and draw an accurate picture on a wide variety of inputs.

"Roy Morgan's expertise with analysing the mood and feel of Australia allows Roy Morgan to consistently produce accurate in-depth segmentation across the Australian community through any demographic group that requires analysis. The psychographic segmentation and analytical tools available via Roy Morgan Helix Personas takes these capabilities for precisely targeting different communities in Australia to an even greater level."

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Russell Zimmerman, ARA Executive Director, says:

"With consumer spending on the rise as noted in September's retail trade figures, the ARA and Roy Morgan are confident that this year's Christmas sales will remain strong during the festive season, with a 3.67% total year-on-year growth across the retail sector.

"An estimated $21 billion is expected to be spent on Food this Christmas, which is a 3.7% increase from the previous year and coincides with the consistent figures recorded from this category throughout 2018.

"Christmas is a joyous and celebrated event, admired by Australians who embrace the season of giving. With the retail landscape continuing to adapt to changes in the industry, we can rely on this season to bring stability to retailers.

"As the online retail market continues to expand, the ARA are also predicting online gift purchases to increase by 2.7% with Australian shoppers expected to purchase many of their gifts online this year.

"Each year, the ARA and Roy Morgan work together to produce the only professionally researched industry Christmas predictions in Australia, and we believe the figures released today represent a comprehensive preview of retail figures leading into Christmas."

For interview opportunities with ARA Executive Director Russell Zimmerman call the ARA Media Team on 0439 612 556 or email media@retail.org.au

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

About the Australian Retailers Association:

Founded in 1903, the Australian Retailers Association (ARA) is Australia's largest retail association, representing the country's $310 billion sector, which employs more than 1.2 million people. As Australia's leading retail peak industry body, the ARA is a strong pro-active advocate for Australian retail and works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,500 independent and national retail members throughout Australia. For more information, visit www.retail.org.au or call 1300 368 041.

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