

Thursday, 17 December 2020

## 2020 post-Christmas retail sales to grow 3.9% to \$19.5 billion

**Roy Morgan's annual post-Christmas retail sales forecasts conducted in conjunction with the Australian Retailers Association (ARA) project Australians are set to spend \$19.46 billion across retail stores during the post-Christmas trading period, an increase of 3.9% from a year ago.**

The post-Christmas sales are expected to have a slightly higher rate of growth than the pre-Christmas sales with the Australian economy continuing to recover and indicators such as the ANZ-Roy Morgan Consumer Confidence continuing to increase – now at 109.3, up 19.1pts (+21.2%) since August 29/30, 2020.

The ABS Retail Sales data for October showed seasonally adjusted sales of \$29.55 billion, up 1.4% on September and up a strong 7.1% on a year ago. The stronger than expected result for October has now boosted forecasts for pre-Christmas sales by over \$440 million and sales are now expected to increase by 3.6% on a year ago to \$54.8 billion.

Growth in retail expenditure is predicted to be strongest in the two biggest categories of Food, up 10.5% from a year ago to over \$8.5 billion, and Household Goods, up by 12% to over \$3.5 billion.

However, other categories are still feeling the impact of COVID-19 and this is especially true for Hospitality for which post-Christmas spending is expected to decline by 16.7% to \$2.2 billion. There are also smaller declines expected for Apparel including Clothing, Footwear & Accessories, down 5.2% to \$1.4 billion and Department Stores are forecast to be 1.2% lower than a year ago at around \$1.04 billion.

The category combining 'Other retailing' which includes online retailing is predicted to experience growth of 2.9% to spending of nearly \$2.8 billion.

### Predicted Retail Spending Growth by Category (2019 cf. 2020)

Category	2019 Post-Xmas sales (\$m)	2020 Post-Xmas sales forecast (\$m)	Forecast growth
Food	7,722	8,533	10.5%
Household Goods	3,138	3,513	12.0%
Clothing, Footwear and Accessories	1,474	1,397	-5.2%
Department Stores	1,050	1,037	-1.2%
Other Retailing	2,690	2,768	2.9%
Hospitality	2,657	2,214	-16.7%
<b>National</b>	<b>18,731</b>	<b>19,455</b>	<b>3.9%</b>

**Source:** Australian Retailers Association/ Roy Morgan. These forecasts are for the seasonally adjusted spending during the post-Christmas period of December 26, 2020 – January 15, 2021.

### Retail sales forecast to grow most strongly in Queensland, NSW and Tasmania

Analysis of Roy Morgan's post-Christmas retail forecasts by State and Territory shows growth expected to be strongest in Queensland, up by 7.9% to over \$4.1 billion and in NSW up by 4.4% to over \$6.1 billion.

Post-Christmas retail spending is also forecast to grow strongly in Tasmania, up by 7% to \$419 million, Western Australia, up by 3.6% to over \$2 billion, and South Australia, up by 3.5% to over \$1.25 billion.

The long second lockdown is still impacting on spending in Victoria with the forecast for post-Christmas spending in the State virtually unchanged from a year ago at just over \$4.9 billion

There is also strong growth predicted in both the ACT (+5.6%) and the NT (+3.1%).

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## Predicted Retail Spending Growth by State & Territory (2019 cf. 2020)

State/Territory	2019 Post-Xmas sales (\$m)	2020 Post-Xmas sales forecast (\$m)	Forecast growth
New South Wales	5,884	6,140	4.4%
Victoria	4,923	4,925	0.0%
Queensland	3,821	4,122	7.9%
Western Australia	1,978	2,049	3.6%
South Australia	1,209	1,252	3.5%
Tasmania	392	419	7.0%
Australian Capital Territory	347	367	5.6%
Northern Territory	177	183	3.1%
<b>National</b>	<b>18,731</b>	<b>19,455</b>	<b>3.9%</b>

**Source:** Australian Retailers Association/ Roy Morgan. These forecasts are for the seasonally adjusted spending during the post-Christmas period of December 26, 2020 – January 15, 2021.

### ARA CEO Paul Zahra said the forecasts are encouraging for retailers who've endured a disruptive year due to COVID-19:

*"For many retailers, 2020 has been a year to forget, but things have certainly picked up with strong pre-Christmas sales and that's now set to flow through to Boxing Day and into 2021," Mr Zahra said.*

*"We know Australians love to snap up a bargain during the Boxing Day sales, and despite all the challenges that have been thrown at us, this year will be no different. The Australian economy is bouncing back – consumer confidence is on the rise, people are heading back to their favourite shops, and that's reflected in these figures."*

*"These figures paint a picture of what Australians have been through this year. People are spending more time at home, so Household Goods and Food sales are up, while Hospitality is down as venues operate with reduced capacity," Mr Zahra said.*

*"Overall, the post-Christmas retail sales forecasts are incredibly strong and are a positive sign that we're in for a much brighter 2021."*

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

*"The annual ARA/Roy Morgan post-Christmas retail spending forecasts predict a strong spending increase of 3.9% in 2020/21 to almost \$19.5 billion for the period that kicks off with the traditional Boxing Day sales period beginning the day after Christmas.*

*"The strong [ABS Retail Sales figures for October](#), showing growth of 7.1% on a year ago to sales of \$29.55 billion, have also provided a boost to the forecast for pre-Christmas sales now expected to increase 3.6% on a year ago to \$54.8 billion, up from the earlier forecast of just over \$54.3 billion.*

*"Australian retailers have generally enjoyed a much better last six months than many expected when the COVID-19 pandemic hit in March/April and Retail Sales for the month of April plunged a record 9.2% on a year ago while most of Australia was confined to their homes in a national lockdown.*

*"The unprecedented Government support including JobKeeper wage subsidies, a doubling of JobSeeker from April – September and providing access to two tranches of up to \$10,000 for Australians in financial hardship to withdraw from their superannuation as well as mortgage and other loan deferrals by Australia's banks have provided a significant windfall to millions of Australians.*

*“This stimulus has amounted to hundreds of billions of dollars injected into the economy and retail sales growth over the six months from May to October has been well above historical averages despite Victoria spending nearly four months in a second lockdown.*

*“However, this stimulus is now being progressively withdrawn from the economy and sales growth in September-October (averaged +6.4% compared to a year ago) was significantly below that during the ‘boom’ months of June – August (+9.2%).*

*“Nevertheless, some categories are expected to keep up strong growth in the post-Christmas period including the two largest categories of Food with an expected growth of 10.5% to sales of over \$8.5 billion and Household Goods, up 12% to over \$3.5 billion.*

*“The strongest growth in post-Christmas sales is expected in two of the largest States led by NSW, up 4.4% to over \$6.1 billion and Queensland, up 7.9% to over \$4.1 billion. In contrast post-Christmas sales in Victoria are forecast to be virtually unchanged on a year ago at just over \$4.9 billion.”*

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## **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 75 years’ experience 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 a \$340 billion sector employing more than 1.2 million people. As Australia’s premier retail body, the ARA works to ensure retail success by informing, protecting, educating, advocating and saving money for its 7,500 independent and national retail members throughout Australia.

To learn more visit [www.retail.org.au](http://www.retail.org.au) or call 1300 368 041.

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