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Pre-Christmas retail trade for 2021 predicted to remain steady year-on-year at \$58 billion

Australia's largest peak body for retail, the Australian Retailers Association (ARA), and strategic partner Roy Morgan are predicting this year's pre-Christmas spending will broadly match last year's high and be significantly above 2019 pre-pandemic spending.

The ARA-Roy Morgan 2021 pre-Christmas Retail Sales predictions forecast that overall spending will come in at \$58.8 billion, virtually unchanged on last year, but up 11.3% on pre-pandemic conditions.

Roy Morgan CEO Michele Levine believes this is good news for Australia: "Our sales forecasting reveals a country on the move; a consumer economy exhibiting all the signs of pent-up demand.

"No one believed that spending this coming Christmas could match the highs of last year, but as the population emerges from the most punishing crisis in a hundred years, shoppers are looking to reward themselves and their families.

"The sales aren't all going to be instore, however. The COVID 5-year digital acceleration means many more Australians are shopping online, so this Christmas we will see much more of a mix between in-store and online shopping," Ms. Levine said.

"There's a lot of Christmas cheer in these numbers, with the overall trend looking positive, and that is great news for small businesses and discretionary retailers who have suffered through some of the longest lockdowns in the world this year. The Christmas trading period is critical as it's the time when most discretionary retailers make up to two thirds of their profits for the year," ARA CEO Paul Zahra said.

"Although the ARA-Roy Morgan data predicts the impact of Covid lockdowns will continue to suppress retail sales, year-end spending in NSW and Victoria will bounce back strongly in December. And those states not impacted by lockdowns will enjoy a more gradual ramp-up in sales growth leading into Christmas. The overall trend is looking positive."

ARA-Roy Morgan 2021 pre-Christmas Retail Sales (by state and territory)

National retail trade for pre-Christmas 2021 is predicted to be in-line with 2020, with growth in Victoria, Tasmania and ACT; NSW and WA largely flat; and some contraction in Queensland, SA and NT off the back of strong pre-Christmas sales in 2020.

Pre-Christmas sales by state and territory (\$million)	2020 (actual)	2021 (forecast)	Change
New South Wales	18,370	18,285	-0.5%
Victoria	15,214	15,418	1.3%
Queensland	12,274	12,091	-1.5%
South Australia	3,710	3,604	-2.9%

Western Australia	6,444	6,480	0.6%
Tasmania	1,211	1,261	4.2%
Northern Territory	582	565	-2.8%
Australian Capital Territory	1,116	1,128	1.1%
Total	58,921	58,834	-0.1%

ARA-Roy Morgan 2021 pre-Christmas Retail Sales (by category)

By category, the predicted year-on-year change is more uneven than the breakdown by state, with double-digit growth predicted for hospitality offsetting falls in household goods and department stores.

Pre-Christmas sales by category (\$million)	2020 (actual)	2021 (forecast)	Change
Food	23,988	23,915	-0.3%
Household Goods	10,920	10,145	-7.1%
Clothing, Footwear, Accessories	4,776	4,721	-1.1%
Department Stores	3,356	3,092	-7.9%
Other Retailing	8,741	8,945	2.3%
Hospitality	7,141	8,016	12.3%
Total	58,921	58,834	-0.1%

The Roy Morgan data also values (for the first time) the impact of the most recent lockdowns on retail trade at \$131 million per day across the economy.

“Unsurprisingly, these impacts have been most keenly felt in NSW and Victoria, at \$40.4 million and \$55.2 million per day respectively. And it’s also unsurprising that the most impacted categories were hospitality and clothing, footwear and accessories, at \$71.7 million and \$55.7 million per day respectively,” Mr. Zahra said.

“These impacts will continue to weigh on annual growth in retail trade and will be compounded by the reduction in Government stimulus payments and the end of 'mortgage holidays' for tens of thousands of Australians in the coming months. We also have to remember that the sector is cycling some very high numbers off the back of a bumper Christmas last year.

“Overall though, the outlook is positive in the lead-up to Christmas and there’s a lot to be cheerful about in this years’ predictions.

“With elevated online sales, suppressed shopping demand, global supply chain disruptions and local delivery issues, the key message to consumers for this Christmas ‘tis the season to shop early,” Mr. Zahra concluded.

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