

AUSTRALIAN CHRISTMAS SHOPPING INTENTIONS

WHAT TO EXPECT IN THE POST-COVID RETAIL WORLD



2022 CHRISTMAS SHOPPING

TRACKING SURVEY

The CPM-Retail Safari annual Christmas Shopping Intentions Survey is designed to offer insights into holiday shopping and purchasing behaviour before the gift-buying madness begins. In undertaking this research, we partnered with Swinburne University's CXI Research Group to conduct an online survey during August 2022, with a sample size of 523 representing the Australian population.

As we approach the 2022 Christmas shopping season, questions around purchasing behaviour changes in a post-COVID world abound. **What's different this year? What are the enduring changes? What's reverting back to pre-pandemic norms?**

Our 7th edition builds on data collected in our annual surveys since 2016. We'll compare the survey results to historical data and trends, where we'll **explore the shopping behaviours, attitudes, and preferences of Australian consumers for the 2022 holiday season**. Additionally, we'll provide specific insights into **how holiday shopping behaviour has changed relative to the pre-COVID era**, and **what Black Friday and Cyber Monday shopping trends are looking like** for the upcoming holiday season.

The Christmas trading quarter is the most critical time of year on the retail calendar. 2022 is looking to be the first post-pandemic holiday shopping season, and Australian consumers want it all this Christmas — the tangible experiences of in-person shopping, and the convenience of digital channels, when buying gifts for loved ones. However, with rising inflation and interest rates, price-sensitive consumers are a growing segment this Christmas, on the hunt for options that can meet their growing expectations around competitive pricing and convenience. Overlaying this state of play, the **newer and increasingly popular shopping events – Black Friday and Cyber Monday – are helping to drive shoppers** to increasingly do most of their Christmas shopping before the December month of festivities even begins.

In this report, discover insights and trends that will help drive and direct your strategy for a **successful holiday shopping season**.

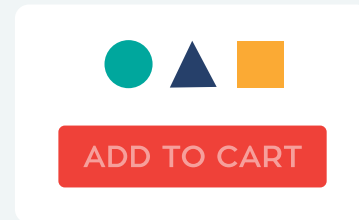
KEY FINDINGS

AUSTRALIAN CONSUMERS CHRISTMAS SHOPPING INTENTIONS



POST-COVID HOLIDAY SHOPPING CHANGES

Australians will be increasingly **looking for coupons, deals, discounts** and buying from online marketplaces when shopping for Christmas presents.



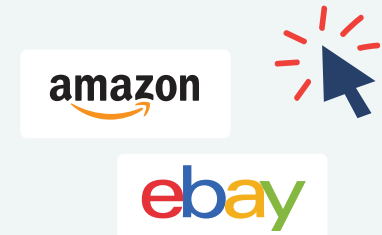
BLACK FRIDAY AND CYBER MONDAY

In 2022's Cyber Weekend sales events, **Aussies will be more likely to buy online instead of in physical stores**, and be **buying electronics**. These late-November events feed into the most significant post-COVID holiday shopping behaviour change: shoppers are increasingly looking for deals & discounts.



PHYSICAL STORE VS ONLINE DRIVERS

The ability to **see and touch a product is the overwhelming reason why shoppers prefer going to a physical store**. Conversely, shoppers nominate a **diverse range of reasons why they choose to shop online**. COVID-19 is a much less significant driver of online shopping compared with Christmas 2021.



PREFERRED FORMATS FOR HOLIDAY SHOPPING

Shoppers won't be using a single retail format for 2022 Christmas shopping. Internet-based retailers **maintain their status as the most popular retail format**, and their popularity continues to rise. Department stores are the second most popular format.

KEY FINDINGS

AUSTRALIAN CONSUMERS CHRISTMAS SHOPPING INTENTIONS



OMNICHANNEL SHOPPING IS THE NEW NORM

When shopping for Christmas presents, more consumers than ever are **planning on using a combination of in-store and online channels.**

Online is not replacing in-store when it comes to Christmas shopping though; rather, it's a **complementary channel.**



CHRISTMAS SPENDING PLANS

This year marks the post-COVID era, with many consumer behaviours returning to pre-COVID norms. **More consumers are planning to spend more than last year, and fewer consumers are intending to spend less.**



TOP CHRISTMAS GIFTS

For the first time in seven years running this survey, the most popular gift **consumers plan on giving this Christmas is electronics,** with gift cards falling to second place.

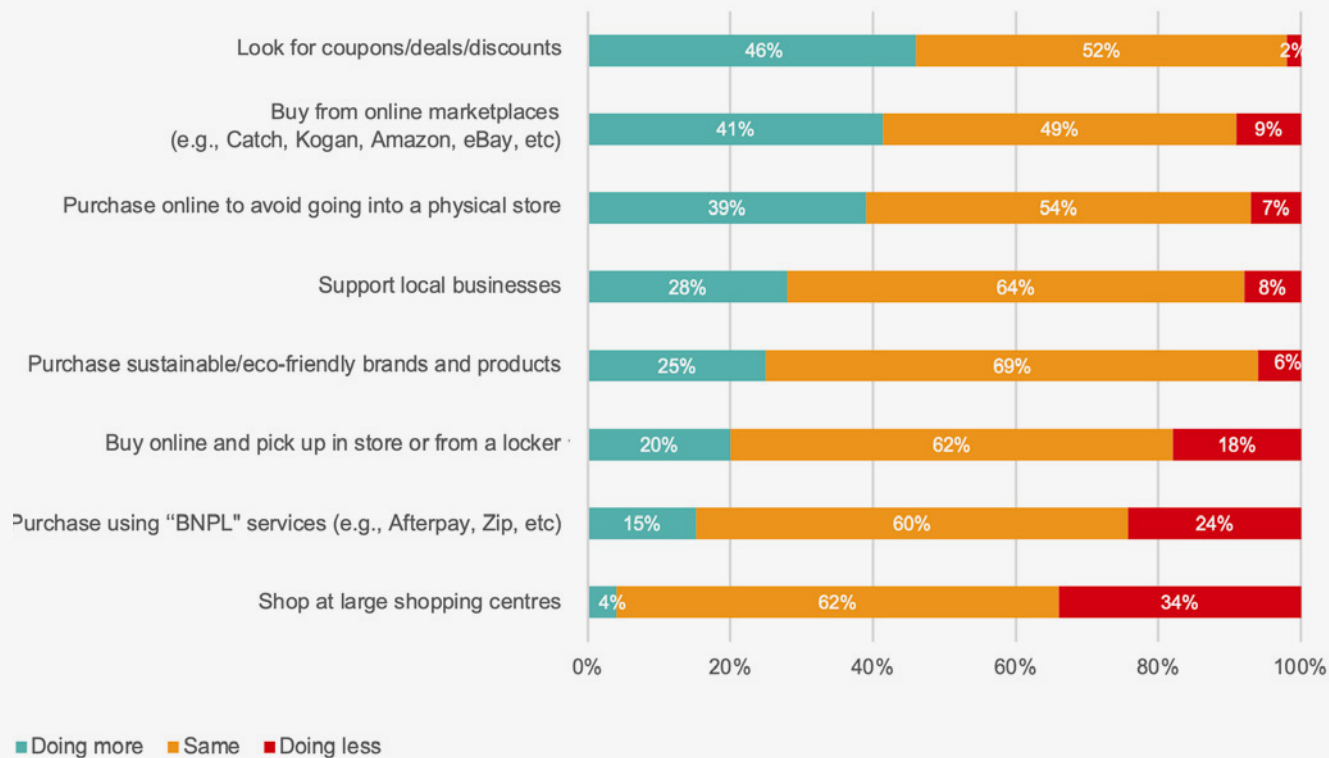


AUSTRALIANS ARE GETTING IN EARLY

Two out of three consumers plan to do most of their Christmas shopping before December. **November peaks as the most popular Christmas shopping month.**

POST-COVID HOLIDAY SHOPPING

This Christmas, the most significant change in Australians' shopping behaviour is looking for **coupons/deals/discounts** and **buying from online marketplaces**.



KEY INSIGHTS

As inflation and interest rates rise, consumers this Christmas are likely to look for options that can meet their growing expectations around competitive pricing and convenience; **price-sensitive consumers are on the rise.**

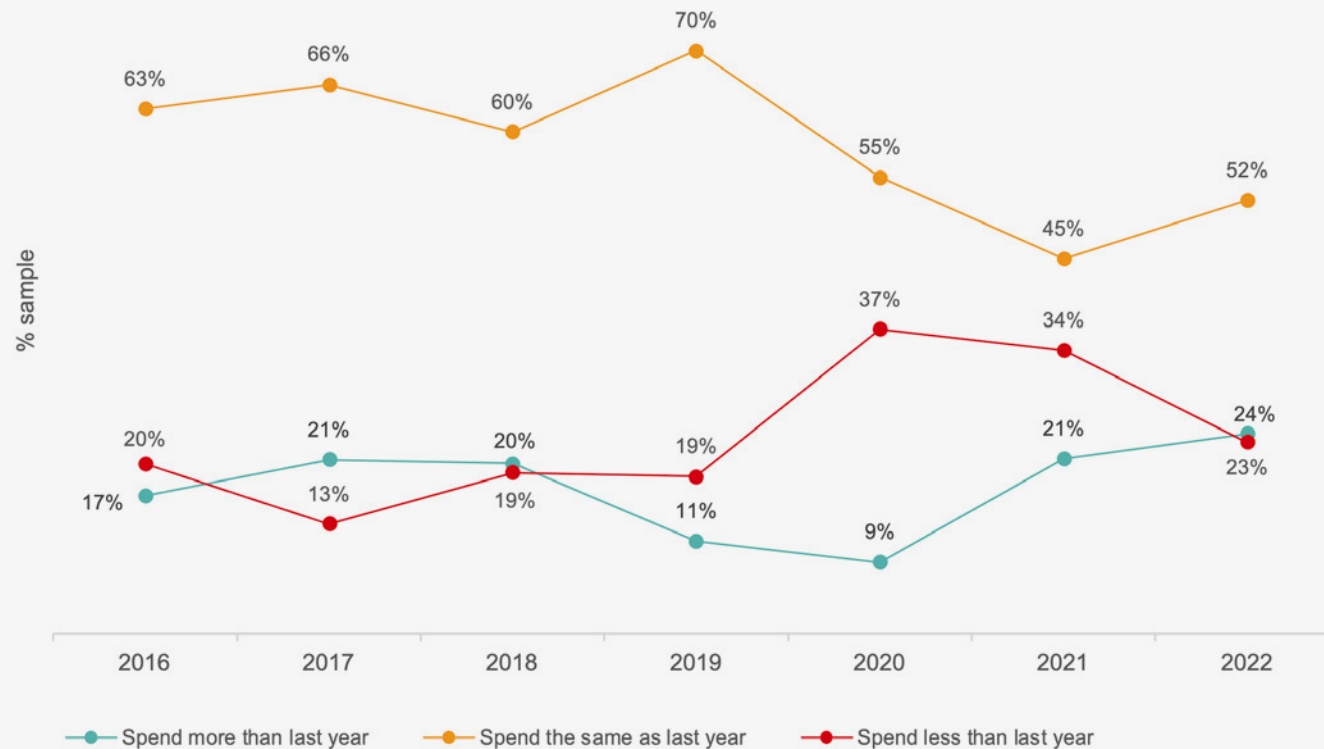
This new reality is likely driving a shift in purchasing behaviour around 2022 holiday gifting as respondents say they will **increasingly look for coupons, deals & discounts (46%), buy from online marketplaces (41%) and purchase online to avoid going into a physical store (39%)**. Supporting local businesses and eco-friendly buying are also on the rise (28% and 25% of respondents doing more, respectively).

Compared with pre-COVID times, one third of respondents have indicated their intention to do less shopping at large shopping centres (34%), which correlates with shopper intentions to do more online shopping to avoid entering physical stores (39%). This behaviour may be an after-effect of habits formed during COVID lockdowns.

The survey question was: Thinking about the coming Christmas season, to what extent will your shopping behaviour change relative to pre-COVID-19 for the following statements?

CHRISTMAS SPENDING PLANS

In 2022, Christmas spending is returning to pre-pandemic averages, with more consumers planning to **spend more than last year**, and **fewer consumers intending to spend less**.



KEY INSIGHTS

COVID caused a significant departure from long-term average Christmas spending plans – predominantly in 2020 – but in 2022 Christmas spending plans appear to be returning to pre-pandemic levels.

In 2020, a period of great uncertainty, Australian consumers understandably became more conservative with their Christmas spending. This change partially reversed for Christmas 2021.

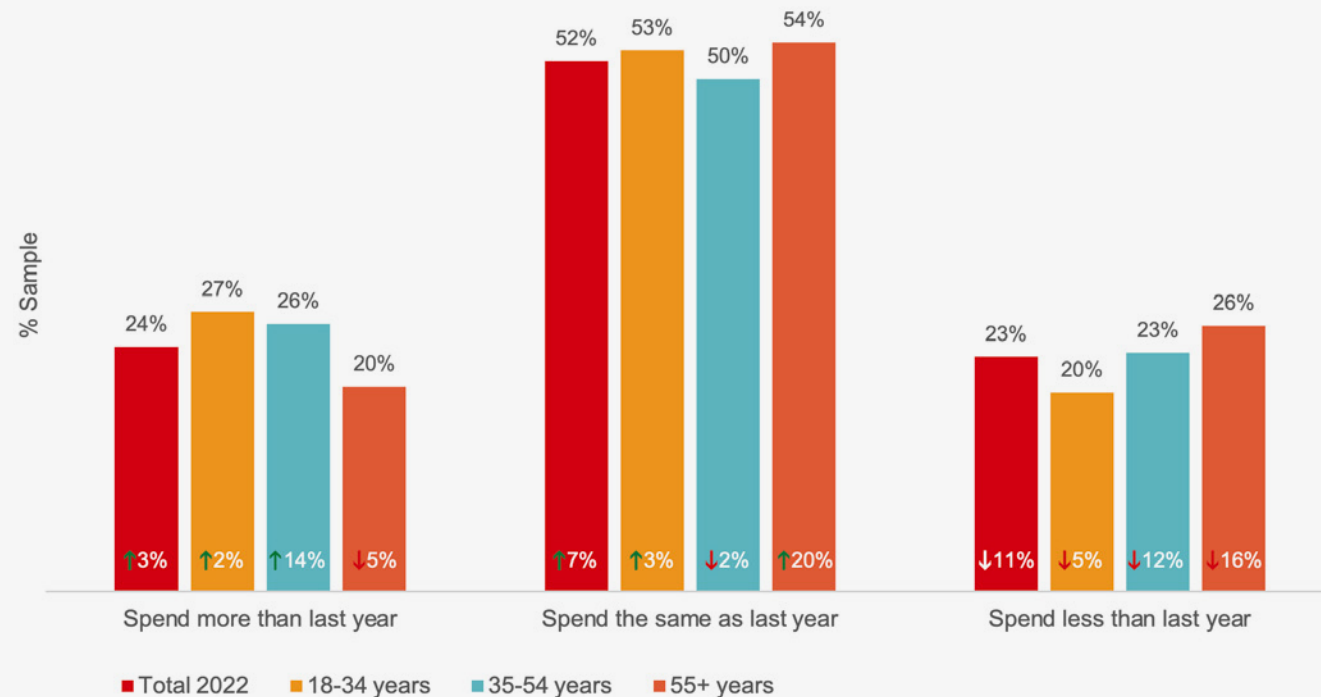
In 2022 we appear to be returning to pre-COVID averages, with the proportions of consumers planning on **spending more** (24%) or **less** (23%) than last year on holiday gifts approaching pre-pandemic levels.

In good news for Australian retailers, compared to 2021 a **reduced proportion** of shoppers are planning to **spend less** this Christmas (-11%), with a **slightly higher proportion** planning to spend more **than last year** (+3%).

The survey question was: How will your total Christmas spending this year compare with last year?

CHRISTMAS SPENDING PLANS BY AGE GROUP

Across all age groups a **majority of shoppers** intend to **spend the same as last year**, while the **18-34s** continue to be the most likely to **spend more** this Christmas.



KEY INSIGHTS

Christmas spending plans are quite consistent across the three age groups surveyed this year.

Approximately **half of shoppers** plan on **spending the same** last as last year, with roughly a quarter planning on spending more and a quarter spending less.

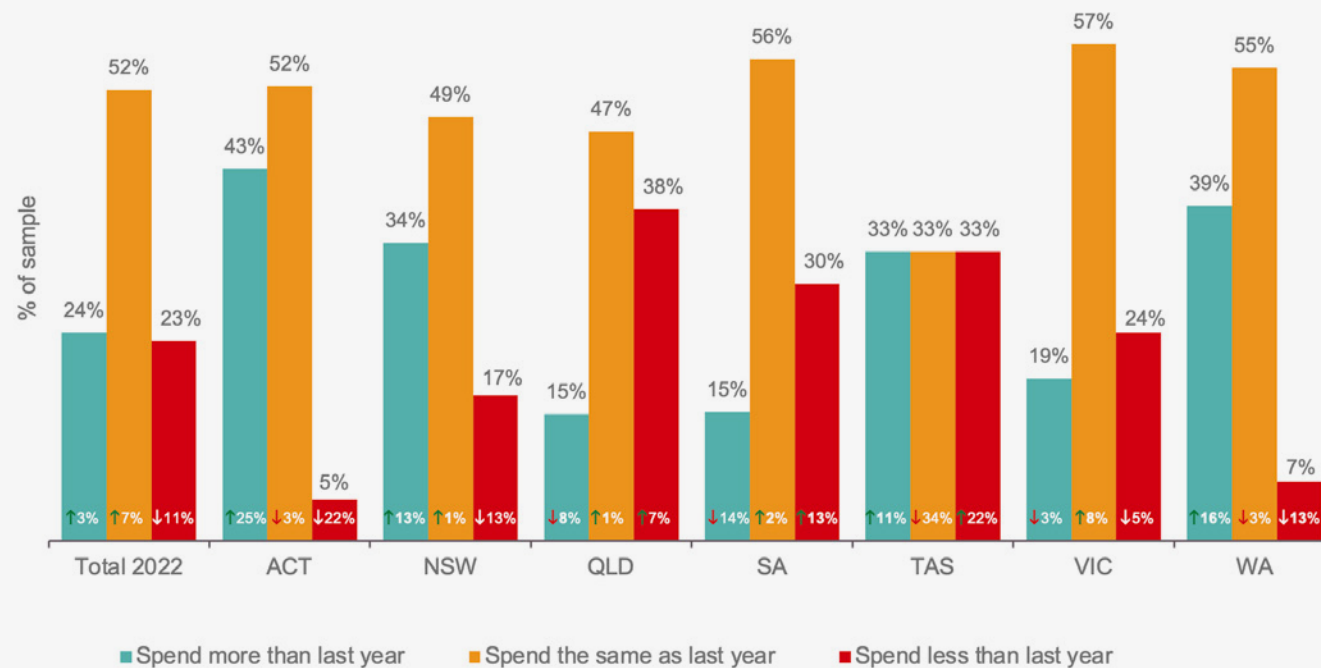
The **18-34** age group continue to be **the most likely to spend more** this Christmas (27%). However, the greatest increase occurred in the **35-54 age bracket**, with 26% of this group planning on spending more, up from 12%.

Compared to 2021, the **intention to spend less** this coming Christmas **decreased across all age groups**, with the age group most likely to spend less being the **55+ group** (26%). The 55+ age group recorded a significant increase in their intention to spend the same as last year (+20%).

The survey question was: How will your total Christmas spending this year compare with last year?

CHRISTMAS SPENDING PLANS BY STATE

Queenslanders are the most likely to be spending less this Christmas. ACT and Western Australians are the most likely to spend more than last year.



KEY INSIGHTS

Looking at Christmas spending intentions by state, **significant variations** are observed **relative to the national averages**.

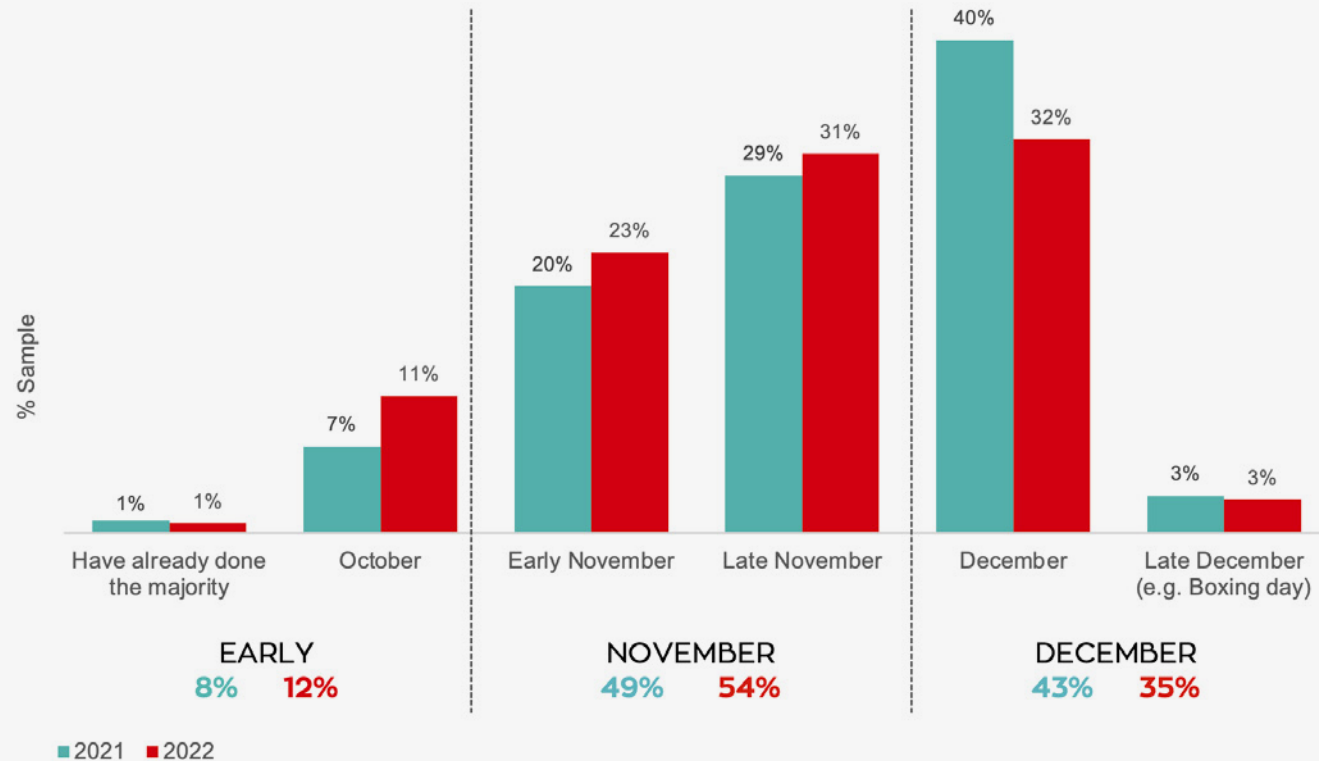
Shoppers in the **ACT, Western Australia and New South Wales** are showing the **greatest intent to spend more** this Christmas, with Canberrans leading the way with 43% planning to spend more (average across all states = 24%). Canberrans are also the least likely to be planning on spending less (5%), closely followed by Western Australians (7%).

At the other end of the spectrum, **Queenslanders** are **the most likely to be spending less** this Christmas (38%, average across all states = 23%). Tasmanians and South Australians are not far behind at 33% and 30% respectively.

The survey question was: How will your total Christmas spending this year compare with last year?

WHEN CONSUMERS PLAN TO SHOP

The majority (**66%**) of consumers plan to do their Christmas shopping **before December**. **November** peaks as **the most popular Christmas shopping month**.



KEY INSIGHTS

Australians are getting in early for their Christmas gifts. The time to act is now.

Overall, there have been some changes in the planned timing of Christmas shopping compared with last year, with **October** and **November** increasing in popularity. Only 12% of respondents plan on doing their Christmas shopping no later than October (up 4 points).

Over half of Australian consumers (54%) will do their shopping in **November**. **Late November** remains more popular than early November (31% vs. 23%), which coincides with Cyber weekend sales events.

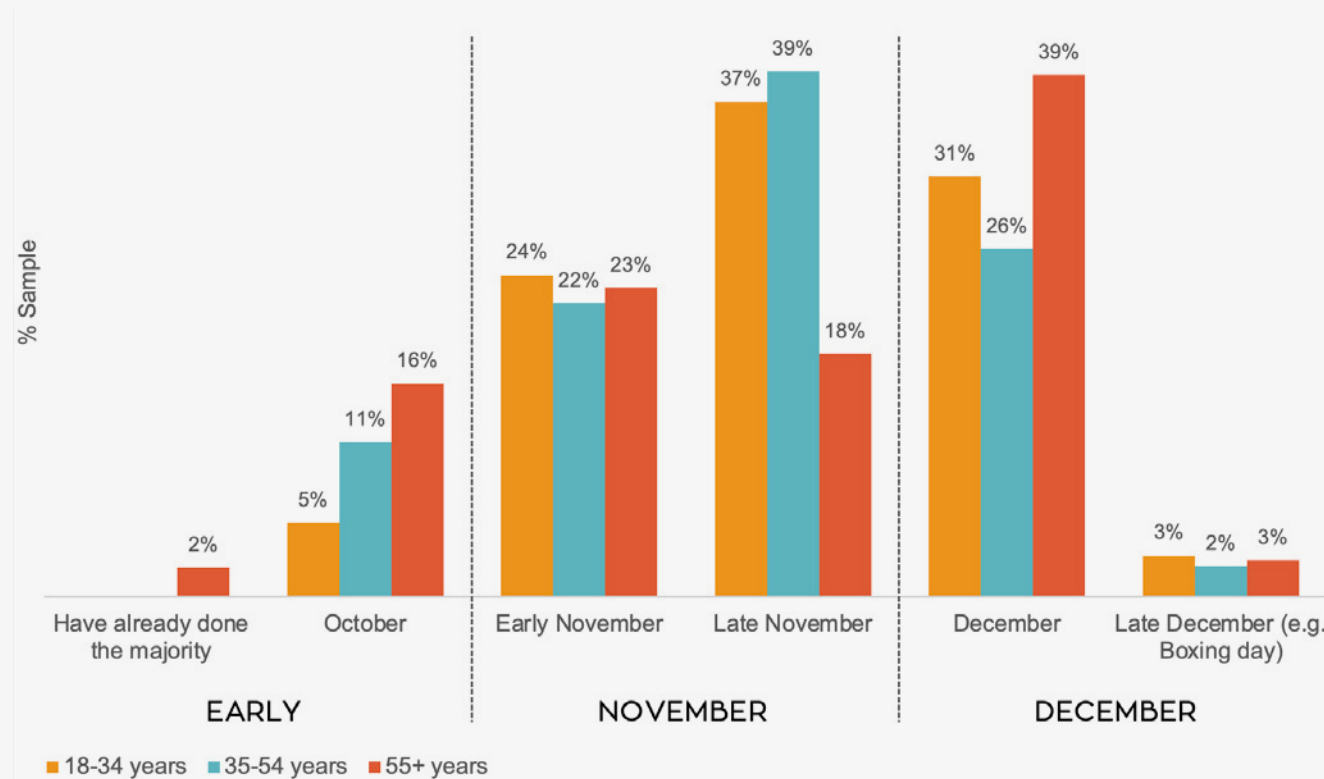
The significant increase in early bird shoppers planning to shop mostly in November or earlier (66%, up 9 points) is a return to the long-term (2016-20) average of 67%, after a shift to December in 2021.

The number of shoppers planning to shop for presents in **December** returned to the long-term average, down from 40% to 32%.

The survey question was: During which one of the following time periods do you plan to do most of your Christmas shopping?

WHEN CONSUMERS PLAN TO SHOP BY AGE GROUP

November peaks as **the most popular** Christmas shopping month across all age groups.



KEY INSIGHTS

November is the month that **the majority** of those in the **18-34 & 35-54** age brackets plan to do their shopping (61%). Shoppers in the 55+ age bracket show a significantly lower preference for November (41%), particularly late-November (18% vs. 37% and 39% for the two younger age groups).

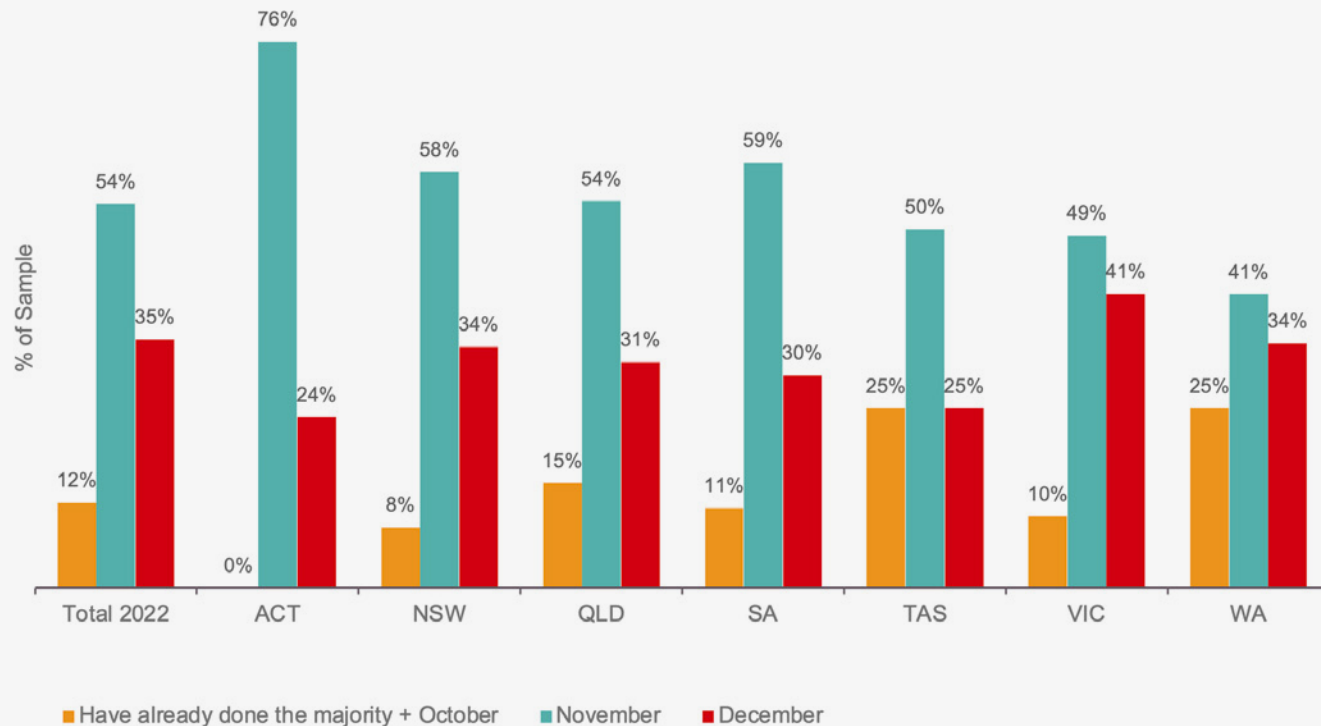
Shoppers in the 55+ age bracket show the highest preference for both early (October and earlier, 18%) and late (December, 42%) shopping. Early shopping is not popular with 18-34s, with only 5% of shoppers in this age bracket planning on doing their Christmas shopping at this time.

December is a popular choice across all three age brackets. For the 55+ age group it is the most popular time to shop for Christmas presents (42%), just edging out November (41%). The age group with the lowest preference for December is the 35-54 group (28%).

The survey question was: During which one of the following time periods do you plan to do most of your Christmas shopping?

WHEN CONSUMERS PLAN TO SHOP BY STATE

The **most popular Christmas shopping month** across all Australian states is **November**.



KEY INSIGHTS

Across all states a majority of shoppers plan to start their Christmas shopping in **November**. November is most popular in the ACT (76%), and least popular in WA (41%).

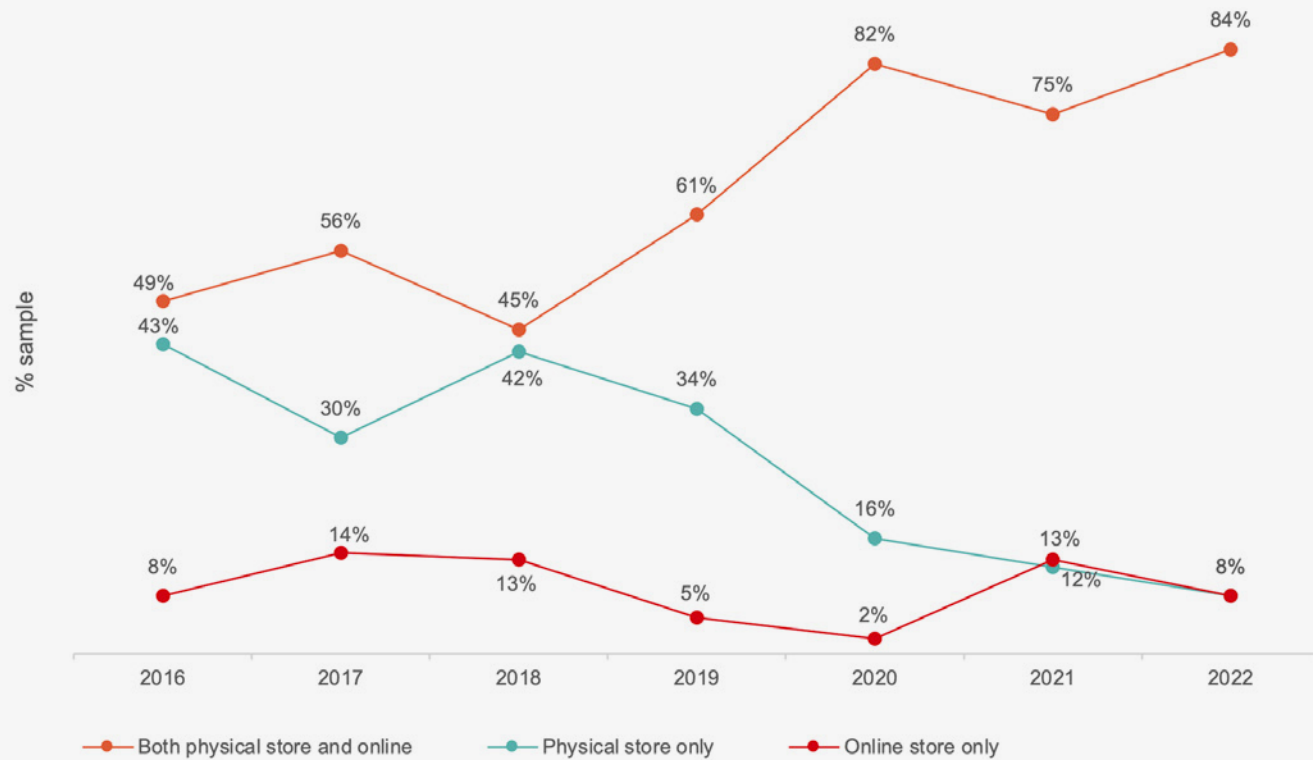
Both Tasmania and Western Australia appear to have more early birds, with 25% of shoppers planning on completing most of their Christmas shopping by October. At the other end of the spectrum, in the ACT Christmas appears to not be on their minds in October, with no respondents indicating an intention to do their Christmas shopping before November.

The **ACT** shows the **greatest bias** towards one **particular month**, with three-quarters of shoppers (76%) planning on doing most of their Christmas shopping in November. **Western Australians** show the **least preference** for a **particular month**, with their shopping plans being spread out across October to December.

The survey question was: During which one of the following time periods do you plan to do most of your Christmas shopping?

SHOPPER CHANNEL PREFERENCES

Omnichannel shopping will continue to be a major trend in Christmas 2022. A total of 84% of Aussies shoppers plan to use a combination of retail channels.



KEY INSIGHTS

Australian consumers want it all this Christmas — the tangible experiences of in-person shopping and the convenience of digital channels.

The proportion of consumers intending to use an omnichannel approach for their Christmas shopping has been increasing across all age groups for the past five years. This trend is continuing into Christmas 2022, with more consumers than ever planning on using a **combination of in-store and online channels** when shopping for Christmas presents this year (84%, up 9%).

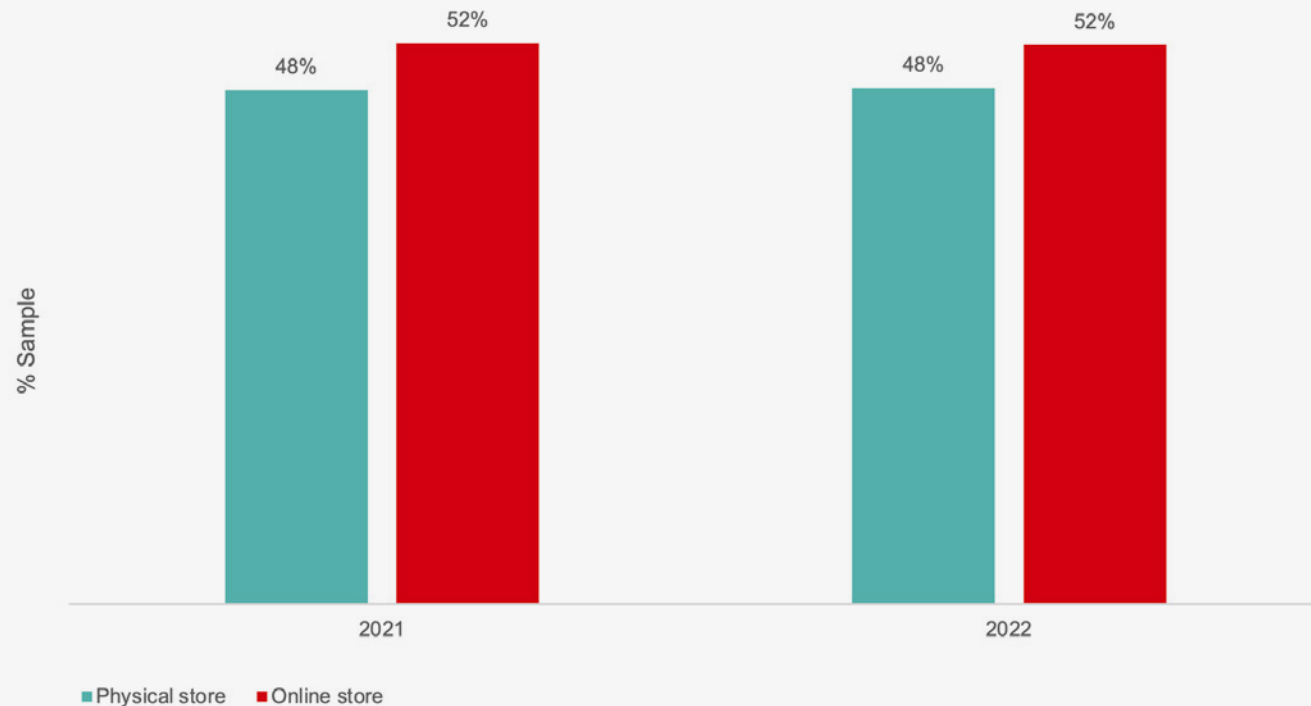
Physical store-only shoppers continue the long-term decreasing trend as new omni-shoppers incorporate an element of online purchasing into their Christmas plans.

After an unsurprising pandemic-induced spike in 2021, online-only shopping is dropping back to pre-COVID averages (2016-21 = 10%). In 2022, 8% of shoppers are planning on using online channels only, down from 13% in 2021.

The survey question was: What proportion of your Christmas shopping do you plan to complete through the following channels?

OMNISHOPPERS: PHYSICAL VS. ONLINE

For Christmas 2022, omnichannel consumers intend to use physical stores as often as online channels.



KEY INSIGHTS

Though physical store-only shoppers are decreasing as omnichannel shoppers dominate, physical stores remain an important part of the omnichannel shopper experience.

Of the **84%** of shoppers intending to use an **omnichannel approach** for Christmas 2022, they will be using physical stores as often as online channels for their purchases (48% and 52% respectively). This is unchanged from 2021.

Combining physical store-only shoppers with omnichannel shoppers, **48% of Christmas shopping is expected to be conducted in-store in 2022.**

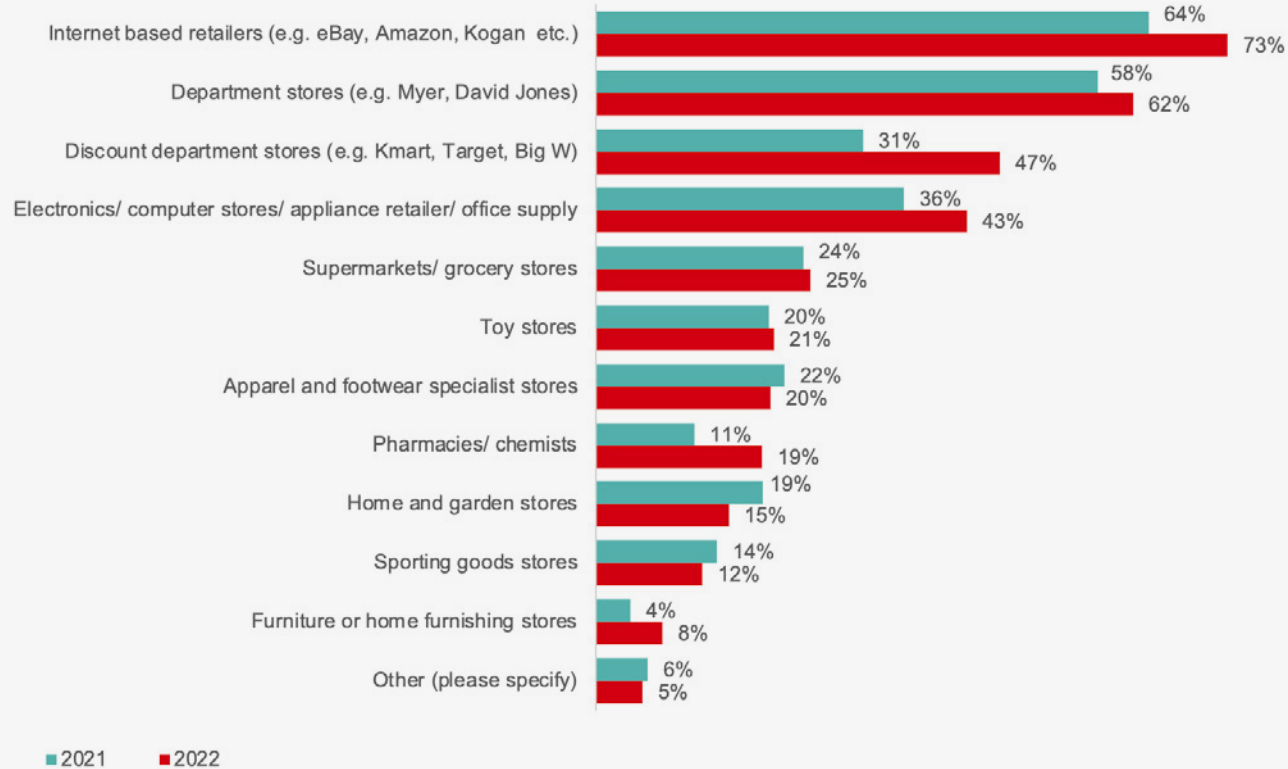
Physical stores remain a critical touchpoint in Australians' holiday shopping journeys.

Though the growth of eCommerce and the impact of the pandemic are influencing shopper behaviour, in-store shopping remains popular with shoppers.

The survey question was: What proportion of your Christmas shopping do you plan to complete through the following channels?

CHRISTMAS SHOPPING FORMATS

Internet-based retailers maintain their status as **the most popular** retail format for Christmas shopping, and their popularity continues to rise.



KEY INSIGHTS

Consistent with the increasing proportion of omni-shoppers, **consumers won't be using a single retail format** for their **Christmas shopping in 2022**.

The **highest ranked** retail format for this year's holiday shopping is **internet-based retailers** such as eBay, Amazon, Kogan, etc., at 73%. The 2016-20 average for this category was just 36%. With COVID it jumped to 64% in 2021, and it continues to grow in popularity in 2022.

In second place are **department stores** at 62%, followed by **discount department stores** at 47% (the greatest year-on-year increase of 16%).

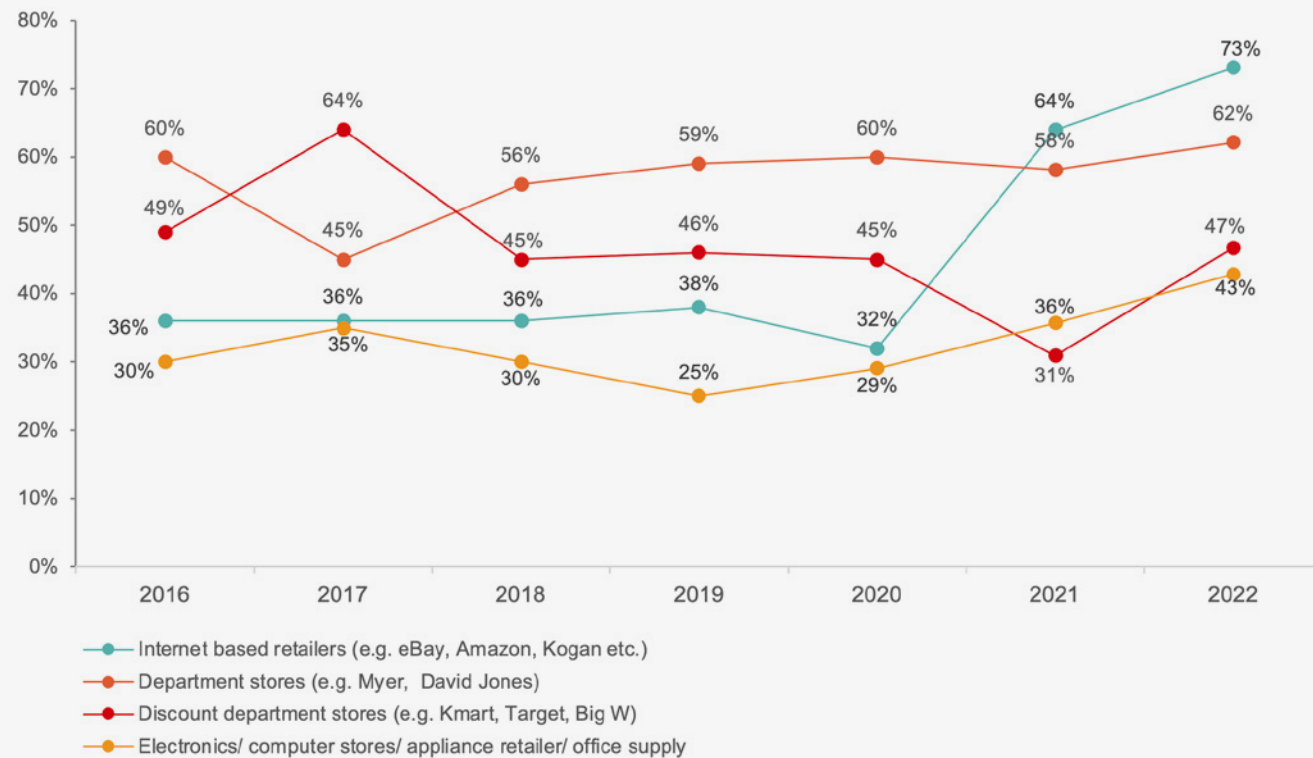
The intention to buy Christmas presents from **Electronics/computer stores/appliance retailer/office supply** continue to increase (43%, up 7% from 2021).

Shoppers continue to be least likely to shop for presents at **furniture or home furnishing stores** (8%) and **sporting good stores** (12%).

The survey question was: At which of the following shopping formats do you plan to buy Christmas gifts?

TOP CHRISTMAS SHOPPING FORMATS

Traditional shopping formats remain popular for Christmas gift shopping. **Online shopping** is an addition – not a replacement.



KEY INSIGHTS

Looking at the most popular Christmas shopping retail formats from 2016 to 2022, there are three important insights to take note of:

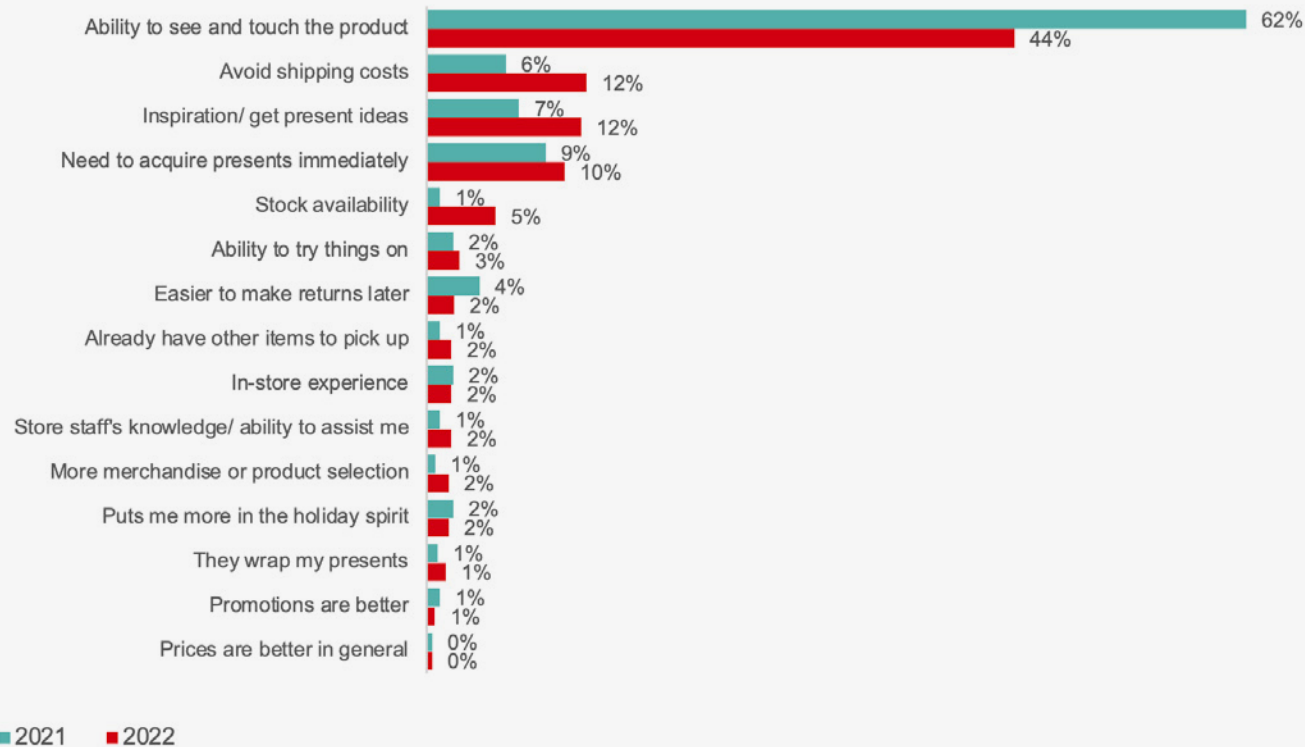
- 1. Internet-based retailers** have more than doubled in popularity since 2020 (32% → 73%)
- 2. Electronics/computer stores/appliance retailer/office supply retailers** are slowly-but-surely trending upwards (30% in 2016 → 43% in 2022)
- 3. Department stores and Discount department stores** are remaining consistent in their popularity

The story here is that **online is not replacing in-store when it comes to Christmas shopping;** rather, it's a complementary channel that offers today's choice-conscious omni-shopper a unique value proposition.

The survey question was: At which of the following shopping formats do you plan to buy Christmas gifts?

TOP REASON FOR SHOPPING IN-STORE

The ability to **see & touch** the product remains **the top reason** by a large margin for **shopping in physical stores** this Christmas.



KEY INSIGHTS

This holiday shopping season, regardless of age, by far the **top reason Australians** will **choose to shop in a physical store** versus online is the **ability to see and touch the product** they are considering buying (44%, down 18% from 2021).

Other important reasons for shopping in physical stores this upcoming Christmas that scored higher this year relative to 2021 include:

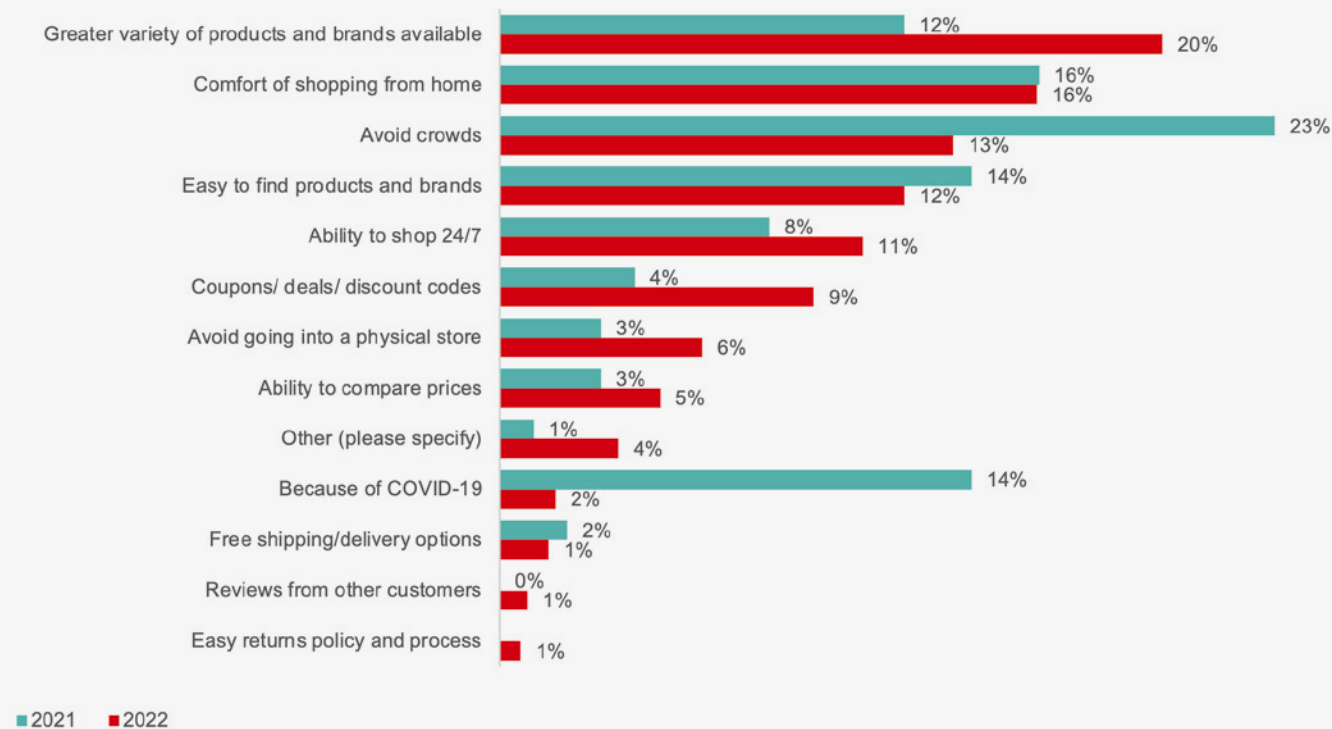
- **Avoid shipping costs** (+6%) – the second highest rated reason
- **Getting inspiration and gifts ideas** (+5%)
- **The need to acquire presents immediately** (+1%) – moved from second highest reason to fourth

For Christmas gift shopping, **physical stores are here to stay**. Just as online channels offer a unique value proposition, so to do physical stores with their offering of tangible experiences, expert salespeople and immediate purchasing of items with no shipping costs.

The survey question was: What is your main reason for shopping in a physical store this Christmas?

TOP REASON FOR SHOPPING ONLINE

To find the perfect Christmas gifts, **more Australians** are doing their shopping online because of a perceived **greater variety of products and brands being available**.



KEY INSIGHTS

Overall, the reasons given for shopping for Christmas presents online have significantly changed relative to 2021.

This Christmas, **an increased number of shoppers** are shopping online rather than in-store because of the **greater variety of products and brands available** (20%, up 8% from 2021). It is now **the predominant reason for shopping online**, up from 5th last year.

The pandemic has made Australians more comfortable with purchasing online, with **16%** of consumers nominating the **'comfort of shopping from home'** as their main reason to shop online for their Christmas presents – the second most popular reason nominated.

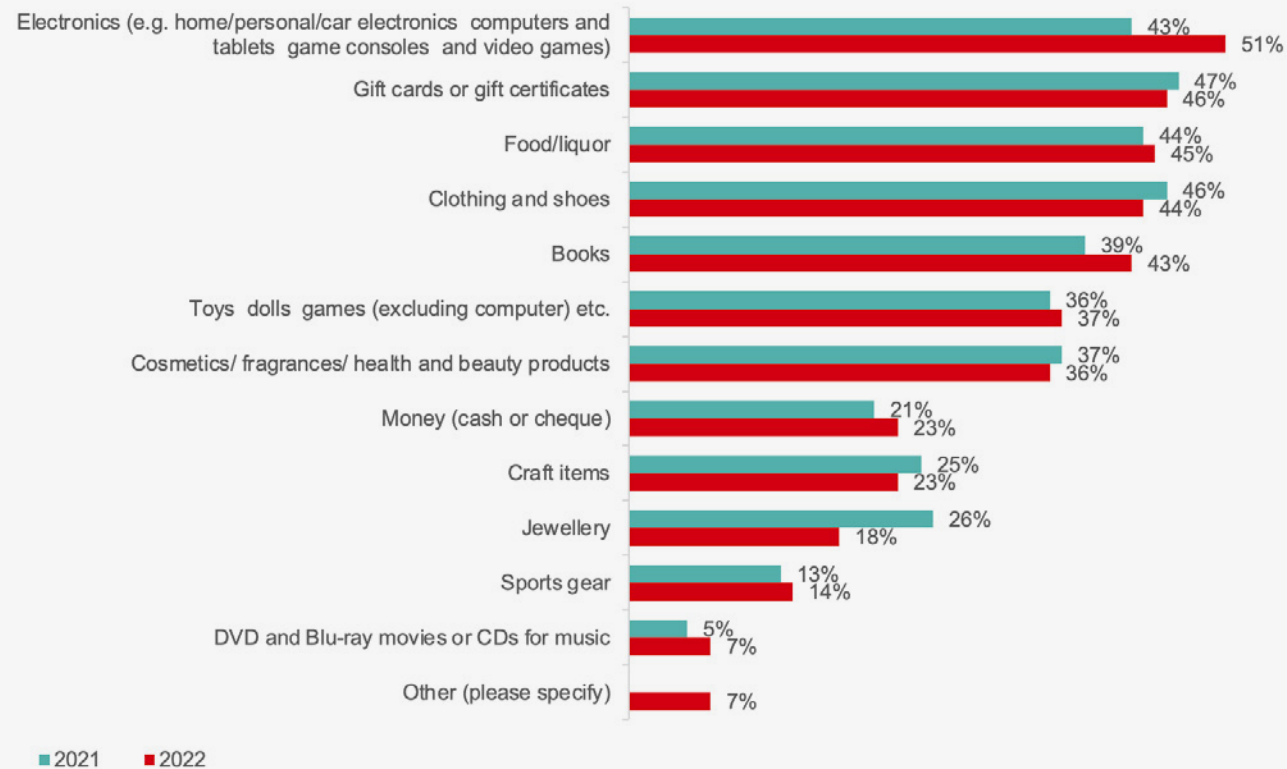
The **biggest change** compared with Christmas 2021 is the **decrease in COVID-related reasons** such as:

- Because of COVID-19 (14% → 2%)
- Avoid crowds (23% → 13%)

The survey question was: What is your main reason for shopping online this Christmas?

PURCHASE PLANS FOR PRESENTS

For the first time in seven years running this survey, the No. 1 gift consumers plan on giving this Christmas is **electronics**, with gift cards not far behind.



KEY INSIGHTS

Top holiday gifts for Christmas 2022:

- Electronics
- Gift cards or gift certificates
- Food/liquor

The biggest change in the types of gifts on shoppers' purchase lists this Christmas is the **increased intention to buy electronics**. It is the **most popular** Christmas present shoppers intend to buy in 2022, with one in two shoppers (51%) planning on purchasing electronic gifts (up from 43% in 2021).

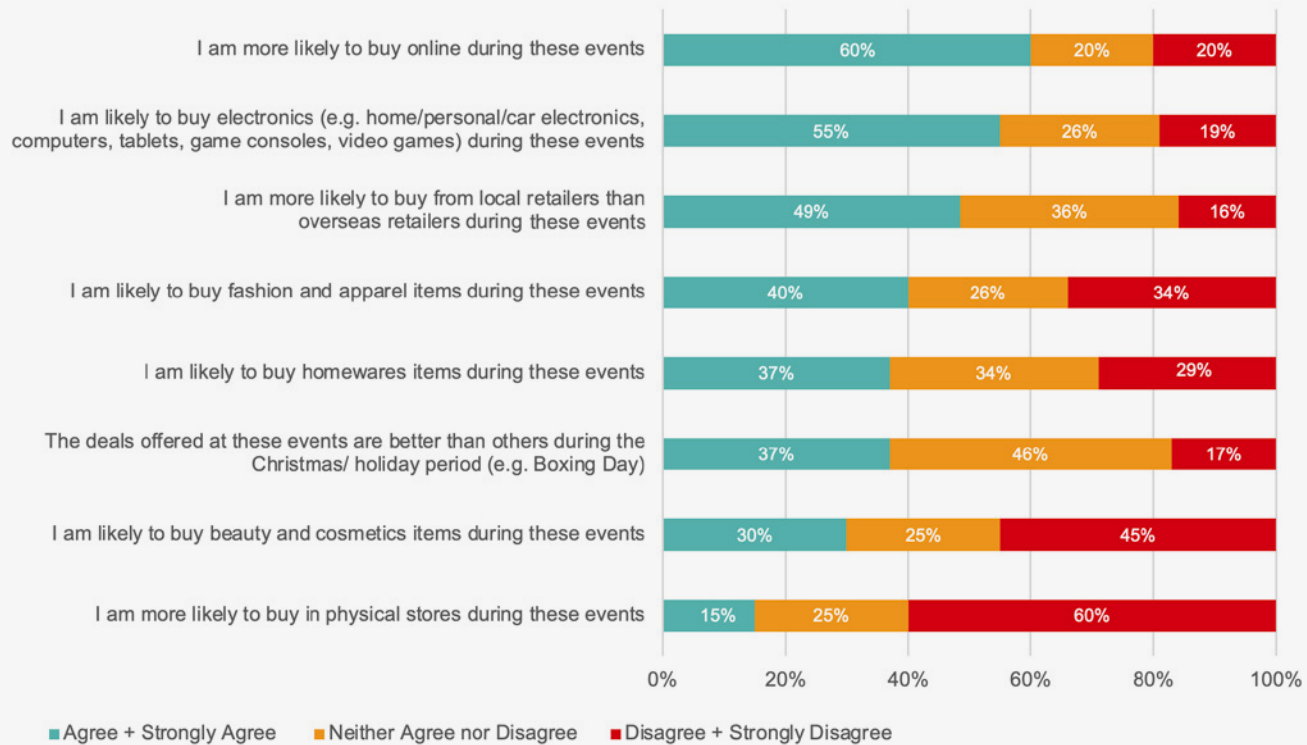
Gift cards maintain their status as a popular gift choice for Christmas shoppers. However, for the first time in seven years running this survey, gift cards are not the top ranked holiday gift, having been surpassed by electronics.

Likely due to the rise of streaming services, **DVD and Blu-ray movies or CDs for music are the least popular** Christmas present category for the second year in a row.

The survey question was: Which of the following types of gifts do you plan to buy this Christmas?

MERRY CYBER CHRISTMAS?

In 2022 Cyber weekend sales events, **Aussies will be more likely to buy online instead of in physical stores, and buy electronics.**



KEY INSIGHTS

Are Black Friday and Cyber Monday now a part of the Christmas shopping season?

During Black Friday and Cyber Monday events in 2022, Australians:

- show a preference to buy online (60%) than in physical stores (15%);
- are likely to buy electronics (55%); and,
- are more likely to buy from local than overseas retailers (49% agree vs. 16% disagree).

With record-breaking sales in 2021*, the Black Friday and Cyber Monday four-day shopping period is officially part of the 'Christmas shopping season', with Australians starting their Christmas spending sooner in order to take advantage of pre-Christmas bargains.

Black Friday and Cyber Monday coincide with what will be the most popular Christmas shopping period in 2022 – late November (31% of shoppers). These events also feed into the most significant post-COVID holiday shopping behaviour change, with shoppers increasingly looking for coupons, deals & discounts (46%).

The survey question was: Thinking about this year's Black Friday (November 25) and Cyber Monday (November 28) sales events and your Christmas shopping, to what extent do you agree or disagree with the following statements?

KEY TAKEAWAYS TO HELP SHAPE YOUR HOLIDAY COMMERCE STRATEGY FOR 2022 AND BEYOND



SPENDING IS RETURNING TO PRE-COVID NORMS

One-in-four shoppers are planning to spend more this year, up from only 9% in 2020.



SHOPPERS ARE BECOMING MORE VALUE CONSCIOUS

Though a quarter of consumers are planning on spending more on shopping this Christmas, **almost half of shoppers (46%) indicate that they are more focused on coupons, deals & discounts** than they were pre-COVID. This trend is expected to continue as economic pressures, such as inflation and interest rates, hit shoppers in their hip pockets.



OMNICHANNEL SHOPPERS ARE THE 'NEW NORMAL'

While the trend of physical-only shoppers converting into omnichannel shoppers has been progressing for a number of years, COVID accelerated this trend to the point where almost **nine-in-ten shoppers now use both physical and online channels for their Christmas shopping**. This change appears to have stuck.



NOVEMBER IS THE SEASON - FOR SHOPPING

Two-in-three shoppers will have done most of their Christmas shopping by November. While the shift away from December to earlier months is a significant change on 2021, it represents a return to pre-COVID shopper behaviour with respect to Christmas shopping timing.

FINAL THOUGHTS

TACTICS TO BOOST SALES THIS CHRISTMAS SHOPPING SEASON

GO EARLY!

Two-thirds of Aussie shoppers do most of their Christmas shopping before December.

This is a consistent long-term trend. Having your Christmas retail marketing strategy in place early will help you to get the most out of the biggest retail shopping season of the year.

USE SALES AND/OR PROMOTIONS TO DRIVE TRAFFIC

Broad economic pressures are making a large segment of **Aussie shoppers more value conscious** over this year's Christmas shopping period. More than ever, sales and promotions will help draw shoppers your way.

HAVE AN OMNICHANNEL STRATEGY

Omnichannel shoppers are now the norm – and on average they do half of their Christmas shopping online. **Having a consistent and seamless physical and online presence isn't an option anymore – it's essential.** In-store merchandising, virtual product advisors and digital shelf analytics can all contribute towards building a seamless experience for shoppers, no matter what channel they choose to interact with you through.

USE IN-STORE MERCHANDISERS AND PRODUCT ADVISORS

Interacting with products is the dominant reason why Aussie shoppers choose to go to a physical store. **In-store merchandisers** and **product advisors** can assist shoppers through their expert product knowledge, enhance shoppers' in-store experience, and help convert shoppers into buyers.



INSIGHTS BROUGHT TO YOU BY

AUTHORS

If you would like further information regarding the 2022 Christmas Shopping Intentions research, please contact us.

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Mariluz Restrepo is CPM's leading in-house expert on omnichannel retail, consumer behaviour and trends affecting the shopping space. As our noted retail authority, Mariluz leads CPM's marketing strategy and research, and is a key collaborator on thought leadership initiatives. Her research covers retail-oriented topics such as retail forecasting, trends and customer shopping habits, as well as merchandising and contact centre best practices.

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A natural collaborator, Nabs jointly finds solutions that transform retail landscapes. Leading initiatives of strategy, sales and merchandising operations, he's a key driver in helping clients strengthen their brands and generate sales. Nabs works in partnership with our clients to develop insights, strategies and ideas that ensure success of their marketing and sales efforts.

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