

MEDIA RELEASE

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Cash-strapped Kiwis plan to spend less this Christmas

Retailers beware; those tills might not be ringing very loudly in December as almost half of us plan to spend less this Christmas and two thirds of us believe our current financial situation is worse or a lot worse than it was 12 months ago.

The Research New Zealand poll asked Kiwis about how a tightening economy, rising prices and a falling real estate market was affecting them.

The poll found 28 percent of New Zealanders felt their current financial situation was worse and a further 11 percent felt it was a lot worse than it was 12 months ago.

When asked about their plans for Christmas, 45 percent of Kiwis said they planned to spend less this year and 46 percent said they would spend about the same. Only 7 percent said they would be spending more than a year ago.

Research New Zealand Director Emanuel Kalafatelis says the poll results confirmed that high food and petrol prices, a tightening economy and the real estate market slump were hitting Kiwis hard.

“Only one in five, or 19 percent of the people we polled said the state of the economy was having no impact on their standard of living or their financial situation. That means for the vast majority of us, times are tough.

“Christmas is traditionally time for a big spend-up and racking up a lot of debt to hopefully be paid off later, but if you go by these poll results it looks like the shops and holiday destinations may be a little quieter this year as people feel the pinch.

“There’s a new mood of frugality about this year that’s in clear contrast to the last few years of consumption fuelled by growing household indebtedness”.

Mr Kalafatelis said Kiwis were planning to spend less on their summer holiday, with 34 percent of Kiwis saying they would spend less than the year before, and 48 percent saying they would spend about the same. In contrast, 14 percent said they planned to spend more on their holiday plans.



Other results included:

- ◆ 28 percent of those polled said the state of the economy was having a big impact on their standard of living and 53 percent said it was having somewhat of an impact
- ◆ Of those who said the state of the economy had impacted on their present financial situation or standard of living, 41 percent said their total value of their savings and investments had decreased and 18 percent said the total value of their debts had increased
- ◆ 69 percent of all respondents reported they had taken steps to improve or help manage their current financial situation, including 74 percent cutting back on non-essential spending and 58 percent cutting back on basics

The Research New Zealand poll of 500 people aged 15 and over was conducted by telephone between the 14 and 22 October. The maximum margin of error is +/- 4.5 % (at the 95% confidence level). The data has been weighted to ensure it is an accurate representation of New Zealand's general population. The poll was not taken on behalf of any organisation but as part of Research New Zealand's monthly survey of attitudes and opinions.



Respondents were asked: *Thinking about Christmas in two months time. As a result of your current financial situation, do you plan to: spend less than last year, spend about the same, or spend more?*

And what about your holiday plan for Christmas? Are you planning to; spend less than last year, spend about the same, or spend more?

How much of an impact, if any, would you say the state of the economy is having on your financial situation and standard of living at present?

Compared to your financial situation at about the same time last year, would you say your current financial situation is...?

Have you or are you doing anything in particular to help manage your current financial situation or improve it for the future?

In the next 12 months, do you expect your financial situation to be...?

Table 1: Spending plans for Christmas

Thinking about Christmas in two months time. As a result of your current financial situation, do you plan to ...?

	October 2008 Total Sample
Base =	500 %
Spend less than last year	45
Spend about the same	46
Spend more	7
Don't know	1
Refused	0
Total	100

Total may not sum to 100% due to rounding.

Table 2: Holiday plans for Christmas

And what about your holiday plan for Christmas? Are you planning to ...?

	October 2008 Total Sample
Base =	500 %
Spend less than last year	34
Spend about the same	48
Spend more	14
Don't know	3
Refused	1
Total	100

Total may not sum to 100% due to rounding.



Table 3: Impact of economy on financial situation

How much of an impact, if any, would you say the state of the economy is having on your financial situation and standard of living at present?

	October 2008 Total Sample
Base =	500 %
A big impact	28
Somewhat of an impact	53
No impact at all	19
Don't know/Refused	0
Total	100

Total may not sum to 100% due to rounding.

Table 4: Reasons for impact

Is this because of any of the following?

	October 2008 Total Sample
Base =	408* %
The total value of your savings and investments has decreased	41
The total value of your debts has increased (not counting any home loans you might have)	18
You have suffered a financial loss because of the collapse of a finance company	6
You have suffered a financial loss because of the slump in the residential real estate market	16
Other	11
None of the above	32

Total may exceed 100% because of multiple response.

*Sub-sample based on those feel the state of the economy has had an impact on their financial situation and standard of living.

Table 5: Comparison of financial situations

Compared to your financial situation at about the same time last year, would you say your current financial situation is...?

	October 2008 Total Sample
Base =	500 %
A lot worse	11
Somewhat worse	45
Somewhat better	19
A lot better	6
No change	18
Don't know	0
Refused	1
Total	100

Total may not sum to 100% due to rounding.



Table 6: Managing the impact

Have you or are you doing anything in particular to help manage your current financial situation or improve it for the future?

	October 2008 Total Sample
Base =	500 %
Yes	69
No	30
Don't know/Refused	1
Total	100

Total may not sum to 100% due to rounding.

Table 7. Activities undertaken

Which of these have you, or are you, doing?

	October 2008 Sub Sample
Base =	347* %
Cutting back on basics such as food, power or fuel	58
Cutting back on non-essential spending such as entertainment and holidays	74
Finding ways of increasing your income by getting a new or second job, or working longer hours	40
Increasing the amount you save	39
Making lifestyle changes such as downsizing your home, or changing where you live	21
Selling assets to raise cash	15
Other	6
None of the above	0
Don't know/Refused	1

Total may exceed 100% because of multiple response.

Table 8: Expectations about future financial situation

In the next 12 months, do you expect your financial situation to be...?

	October 2008 Total Sample
Base =	500 %
A lot worse	4
Somewhat worse	28
Somewhat better	38
A lot better	10
No change	16
Don't know/Refused	4
Total	100

Total may not sum to 100% due to rounding.



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