

2020 Christmas retail sales set to grow 2.8% to \$54.3 billion

The Australian Retailers Association (ARA) today released its pre-Christmas retail sales forecasts in conjunction with Roy Morgan, predicting a robust return to shopping across the November to December trading period, with \$54.3 billion to be spent across retail stores as people prepare for the festive season.

The forecast \$54.3 billion of spending is an increase of 2.8% on the \$52.9 billion spent during the same time in 2019, exceeding many expectations particularly given a pandemic which has disrupted much of the year.

ARA CEO Paul Zahra said the predictions for Christmas trading reflected the significant changes in spending patterns seen due to COVID-19 and were underpinned by the government stimulus response as well as recent responses to border controls and state restrictions.

“Retail sales growth of 2.8% year-on-year would be an incredible achievement given the barriers that retailers have bravely faced throughout 2020 - though there continue to be clear winners and losers within the retail categories,” he said.

“As Australians carry the ‘stay, play and work at home’ theme into the rest of the year, it’s no surprise to see a strong performance predicted in the Food and Household Goods categories. Hospitality remains inhibited by capacity constraints and discretionary spend is likely to remain lower across the Clothing, Footwear, and Accessories and Department Store categories.

“We anticipate some variation between the states and territories, and it’s been a year of up and downs, so these predictions carry a bit more uncertainty than last year - but also a lot more potential upside if we work together to create a healthy, safe summer,” Mr Zahra added.

Analysis of the ARA/Roy Morgan forecasts for each state and territory show strong growth for Queensland, Western Australia, South Australian, and Tasmania, with Victoria and NSW expected to decline.

“Most states that have remained open and largely virus-free since the initial lockdowns are expected to see double digit growth, and we are hopeful that effective pandemic management and pent-up demand in NSW and Victoria will shift the needle and provide a shot in the arm for retailers who have done it tough all year,” Mr Zahra said.

Michelle Levine, CEO, Roy Morgan said “When Australia locked down in March to deal with the rapidly spreading COVID-19 many expected 2020 would be a disastrous year for retailers. However, unprecedented Government action to stimulate the economy has supported many retailers throughout a tough year which is expected to see continued retail growth into year-end with Christmas spending forecast to grow 2.8% on a year ago to over \$54.3 billion.

“The banning of international travel has forced Australians to spend their money closer to home and retail sales have boomed in states such as WA and Queensland which have successfully dealt with COVID-19 although conditions have been tougher in the larger States of NSW and Victoria which have been impacted by the lack of tourists,” Ms Levine said.

“Some Australians are still concerned about returning to stores and shopping centres, so it’s great that we have new ways to shop available this year. More retailers have pulled out all the stops to adapt and have an online offering, so we expect online shopping to be very strong through to Christmas. Gift cards also remain a great option – allowing their lucky recipient to return to stores when things are a little quieter in the new year,” Mr Zahra said.

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“It’s great to see consumer confidence continue to grow, and we urge shoppers to shop whichever way they can and spoil themselves and their loved ones to make this a Christmas to remember. Retail is safe and ready for people to return to shops and put a smile on Aussie faces this Christmas, as the country recalibrates in 2021,” Mr Zahra concluded.

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

Category	2019 Pre-Xmas sales (\$m)	2020 Pre-Xmas sales forecast (\$m)	Forecast growth
Food	21,656	23,823	10.0%
Household Goods	8,886	9,742	9.6%
Clothing, Footwear and Accessories	4,226	3,712	-12.2%
Department Stores	3,048	2,987	-2.0%
Other Retailing	7,550	8,045	6.6%
Hospitality	7,489	6,092	-18.7%
National	52,856	54,341	2.8%

Source: Australian Retailers Association/ Roy Morgan. These forecasts are for the seasonally adjusted spending during the pre-Christmas period of November 12 – December 24, 2020.

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

State/Territory	2019 Pre-Xmas sales (\$m)	2020 Pre-Xmas sales forecast (\$m)	Forecast growth
New South Wales	16,662	16,540	-0.7%
Victoria	13,832	13,376	-3.3%
Queensland	10,767	11,773	9.3%
Western Australia	5,590	6,383	14.2%
South Australia	3,417	3,822	11.8%
Tasmania	1,098	1,213	10.5%
Australian Capital Territory	990	1,116	12.7%
Northern Territory	500	550	10.0%
National	52,856	54,341	2.8%

Source: Australian Retailers Association/ Roy Morgan. These forecasts are for the seasonally adjusted spending during the pre-Christmas period of November 12 – December 24, 2020.

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About us: founded in 1903, the Australian Retailers Association is Australia’s largest retail association, representing a \$340bn sector employing more than 1.2m people. As Australia’s premier retail body, the ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,500 independent and national retail members. To learn more, visit www.retail.org.au or call 1300 368 041

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