



Australian National  
Retailers Association

# MEDIA RELEASE

*ANRA is the voice of Australia's leading retailers*

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## **Shrewd shoppers will create challenges for retailers this year**

- ***GFC might be over, but wallets could remain shut***
- ***One in two say they will only go shopping during the sales***
- ***January sales purchases paid for with cash, not credit***

While the majority of Australians believe the global financial crisis is behind them, canny consumers will not part with their money lightly in 2010, a retail insight survey by the Australian National Retailers Association (ANRA) and American Express has found.

A national survey of 1000 Australians has found 56 per cent of Australians believe the GFC is over, but only 39 per cent of people feel confident enough to spend on discretionary items like clothing, footwear, home wares and whitegoods.

"Shrewd shoppers will create challenges for retailers this year," ANRA CEO Margy Osmond said.

"While ANRA is pleased to see an upgrade in the growth forecast for the retail sector<sup>1</sup>, there are still a few obstacles on the path to recovery and rising interest rates is the largest hurdle. There have been four rate rises since October last year which will continue to eat away at incomes and dampen consumer confidence.

"The first quarter of the year is the toughest for retailers, so we would urge the Reserve Bank not to lift rates again too hastily. The other changed reality retailers are now confronted with is a sales-orientated consumer.

"We've seen unprecedented discounting over the past 12 to 18 months, and shoppers are used to bagging a bargain. So much so, 47 per cent of those surveyed say they'll only go shopping now when there is a sale on – this increased to 55 per cent among those aged between 25 and 34," Margy Osmond added.

Geoff Begg, Vice President Merchant Services at American Express, said shoppers are becoming increasingly clued up on how to get the biggest bang for their buck. "In the past 12 to 18 months shoppers have learned when and where to shop, how to pay for everyday items and how to use rewards points – all in the name of reducing their bill," he added.

The survey shows that shoppers have entered 2010 with less debt than last year. Close to 50 per cent of those who received the Federal Government's cash handout last year saved the money or used it to pay off their credit cards. This preference for cash as opposed to credit is reflected in the habits of shoppers during the January sales.

"Those who hit the shops during the January sales financed their purchases with their own cash or by using debit cards or gift vouchers (63 per cent) as opposed to credit (37 per cent) which is further confirmation of the cautious consumer," Margy Osmond said.

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The survey is an online poll of 1000 Australians aged 18 and over conducted by PureProfile from 5-7 March. The results are attached below. More results (by age group) are available on request.

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<sup>1</sup> Access Economics expects retail sales will grow by 2.6% in 2009-10 (up from previous forecast of 1.4%)

<b>Do you believe the Global Financial Crisis is over and the recovery is underway?</b>	<b>Overall</b>	<b>Male</b>	<b>Female</b>
Yes	56%	59%	53%
No	30%	30%	30%
Don't know	14%	10%	17%
<b>Does this make you more confident to spend on discretionary items in 2010?</b>			
Yes	39%	43%	35%
No	49%	46%	52%
Don't know	12%	10%	13%
<b>Thinking about your discretionary spending intentions over the next six months, what will you be buying?</b>			
Fashion	13%	9%	17%
Footwear	16%	14%	17%
Home wares	14%	15%	14%
Jewellery	4%	3%	4%
Books/Music/DVDs	16%	17%	15%
Liquor	13%	15%	12%
Takeaway/Restaurants	19%	21%	18%
Other	5%	6%	3%
<b>Did you receive any of the Government stimulus package handouts in 2008-2009?</b>			
Yes	73%	71%	76%
No	27%	29%	24%
<b>If you received cash handouts, did you</b>			
Spend the cash	44%	46%	42%
Save it	25%	24%	27%
Pay off credit cards	22%	23%	21%
Other	9%	8%	10%
<b>Are you going into 2010 with more or less debt than this time last year?</b>			
More	30%	28%	32%
Less	55%	59%	52%
Not sure	15%	13%	16%
<b>Thinking about the post-Christmas clearance sales, did you go shopping during the January sales?</b>			
Yes	27%	26%	28%
No	73%	74%	72%
<b>How did you finance your spending at the January sales?</b>			
Credit card	37%	44%	31%
Debit card	14%	17%	11%
Cash	38%	31%	44%
Used gift vouchers I had received/purchased	11%	8%	14%
<b>Do you expect the discounting to end and prices to go back to normal levels in 2010?</b>			
Yes	62%	61%	62%
No	38%	39%	38%
<b>Given the level of discounting that has occurred in the last 12-18 months, do you only go shopping when there is a sale on now?</b>			
Yes	47%	45%	49%
No	50%	52%	48%
Don't know	3%	3%	3%