



## **Beating the Christmas credit crunch – Consumers no longer buy now pay later**

With Christmas just around the corner, Halifax examines how consumers' spending habits are changing in preparation for a 2008 credit crunch Christmas.

- 71% of consumers will pay for Christmas this year out of their hard earned cash, over a third (35%) will use a credit card, one in ten (14%) a store card and only 5% will use a loan to cover the cost of their Christmas spending
- One in five (21%) have changed their Christmas shopping habits to beat the credit crunch
- Of those who have changed their Christmas shopping habits men (75%) are more likely to take advantage of the pre Christmas sales
- Over a third (35%) of consumers started their Christmas shopping early this year
- More than one in five (23%) who've changed their Christmas shopping habits have saved earlier this year for Christmas.
- 39% admit they will be spending less this Christmas
- £449 is the average amount of debt that people using credit cards, store cards or loans to pay for Christmas are expecting to have in the New Year because of their Christmas spending.
- Over a third (37%) have prepared a gift list and 83% of those state they are sticking to it

### **Saving more, spending less**

Halifax research revealed that consumers are becoming savvier when it comes to paying for Christmas this year. More than one in five (23%) of those who will be using their savings to pay for presents have started saving earlier for Christmas and 71% are using their own cash to pay for gifts.

Consumers are keeping a firm hold of their purse strings this year with one in five (21%) changing their shopping habits to beat the credit crunch and two fifths (39%) admitting to spending less this Christmas. A third (33%) of consumers who have changed their shopping habits this year have arranged a gift spending limit with their friends and family to avoid splashing out.

Consumers are also finding other ways to help avoid the Christmas pinch; of those who admitted to changing their Christmas shopping habits, over half (56%) will be taking advantage of pre Christmas sales and a third (36%) will be cutting back on the number of presents they buy.

### **Planning ahead**

To help spread the cost of Christmas some consumers have planned ahead, Halifax research found over a third (37%) of consumers have prepared a present list with 83% of those sticking to it. One in three (35%) of consumers who admitted to changing their Christmas shopping habits have started their Christmas shopping early to help spread the cost. Of those who have changed their shopping habits 36% admitted it's because they are worried about their finances.

## **Consumers favor savings/cash over credit**

As more consumers aim to pay for their Christmas gifts with cash this year, there are still some consumers using credit cards (35%), store cards (14%) and loans (5%) to pay for their purchases.

A shopper who pays for presents in cash this Christmas will spend on average £317, but it seems people spending on credit cards are cutting back - on average they will spend £234.

## **Festive credit card spending**

For those who haven't saved for Christmas, credit cards or loans can sometimes be the only option. The average amount of debt that a person expects to have for all Christmas spending is £449.

## **Men vs. Women shopping habits**

When it comes to beating the credit crunch this Christmas women are more prepared than men. Of those who use their savings to pay for Christmas, one in three (30%) women admitted to specifically saving for Christmas earlier this year compared to only 15% of men. Only one in four (26%) men have prepared a Christmas gift list, but almost half (48%) of the women surveyed have.

Of those who've changed their shopping habits this year more than two fifths (44%) of women are worried about their finances this Christmas compared to only 23% of men. Almost half of women (47%) plan to spend less on presents this year, compared to 30% of men. Over half (53%) of women who plan to spend less will do so by cutting back and buying less gifts this year, however, men who have changed their spending habits are the better bargain hunters as 75% admitted they will be changing their habits by taking advantage of the pre Christmas sales.

## **Difference in regions**

The research shows that there are geographic variations to the UK's spending at Christmas

- Consumers in Scotland (86%) are the least likely to change their Christmas spending habits, but one in four (26%) in Yorkshire & Humberside will be changing in 2008.
- Of those who have changed their spending habits this year, consumers in the North (60%) have prepared for Christmas by starting their present shopping early this year, but over half (53%) in the West Midlands admitted to leaving their shopping to the last minute
- Consumers in the South East (46%) will be spending less on presents this year, but consumers in the North (67%) intend to spend the same as, if not more than Christmas last year
- Two thirds (64%) in Wales will be buying less gifts this year compared to previous years and almost half (49%) of consumers in the West Midlands will be agreeing a spending limit with friends and family.

**Mike Regnier, Halifax head of banking said;** "It's encouraging to see that more consumers are becoming prudent with their finances this year by choosing to use their savings, monthly income and cash to pay for their Christmas purchases, rather than opting for costly store cards which could see them paying out more in the long run."

## **Notes to Editor:**

Research undertaken by GfK NOP on behalf of Halifax. A representative sample of 1,001 adults were surveyed in November 2008.

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**Figure 1****What is the nation spending this Christmas?**

	<b>Cash</b>	<b>Savings</b>	<b>Current Account</b>	<b>Overdraft</b>	<b>Credit Card</b>	<b>Store Card</b>	<b>Loan</b>
Scotland	£239.0	£331.0	£318.0	£172.7	£166.0	£67.5	£140.9
North	£239.0	£235.1	£266.0	£130.6	£142.1	£103.4	£50.5
North West	£297.5	£265.1	£305.9	£166.4	£173.1	£133.7	£50.5
Yorkshire & Humberside	£417.4	£238.7	£341.6	£343.8	£179.9	£113.9	£616.8
East Midlands	£343.1	£316.8	£355.7	£293.6	£300.7	£159.1	£336.2
Wales	£528.9	£439.0	£410.9	£206.9	£297.3	£89.3	£2000.5
Anglia	£204.4	£151.5	£174.5	£152.3	£152.7	£162.5	£50.5
West Midlands	£260.9	£291.4	£300.2	£140.7	£351.8	£217.3	£50.5
South West	£342.2	£308.5	£344.2	£261.7	£309.4	£134.5	£99.1
London	£252.7	£229.8	£245.8	£133.4	£236.0	£114.9	£159.4
South East	£299.6	£283.1	£297.2	£221.1	£249.1	£171.6	£326.7
N. Ireland	£486.1	£456.1	£576.4	£173.8	£174.6	£50.5	£750.5
<b>Average</b>	<b>£317.4</b>	<b>£287.8</b>	<b>£311.9</b>	<b>£203.5</b>	<b>£233.9</b>	<b>£138.5</b>	<b>£331.7</b>

**Figure 2****Why have you changed your Christmas shopping habits this year?**

<b>Reason</b>	<b>Men</b>	<b>Women</b>
Worried about finances	23%	44%
To take advantage of pre Christmas sales	75%	44%
Buying less presents	34%	37%