



News release

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Santanomics: Ireland tops Christmas spending league

The Christmas period is a 'make or break' time for retailers and their supply chain, with sales made in November and December having a disproportionate impact on their performance for the year.

Last year, for example, total spending over the Christmas period in the major Western economies amounted to around \$445 billion. But who are the big spenders? Which nation's shoppers embrace the seasonal spending spree with a ho! ho! ho! and which shun it with a no! no! no! PwC's economists set out to discover.

Based on average spending per person over the Christmas period, the 2013 results show that:

- Ireland tops the league, with spending of around \$1,200 per person;
- Of the major Western economies, the UK leads the way, spending around a third per person more than shoppers in the US; and
- Of the Eurozone countries included in the sample, French Christmas spending per person is the highest, followed by Germany and Italy.

Table 1: Irish consumers are the most generous when it comes to Christmas spending

Rank				Christmas spending per person (constant 2013 US\$)		
2003	2007	2013	Country	2003	2007	2013
1	1	1	Ireland	1156	1244	1184
2	2	2	UK	1018	1033	1065
3	3	3	US	956	862	776
5	4	4	Canada	691	753	682
8	5	5	France	496	606	574
6	8	6	Germany	606	471	520
4	6	7	Italy	754	538	462
9	9	8	Portugal	390	469	357
7	7	9	Greece	498	506	188
10	10	10	Spain	330	258	184
11	11	11	Brazil	132	162	166
12	12	12	Russia	34	67	93

Sources: PwC analysis, Datastream, national statistical agencies, World Bank

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What about emerging markets? PwC's analysis includes the two biggest emerging markets that celebrate Christmas, Brazil and Russia and shows that per person spending over the Christmas period in these countries is relatively low. But when looking at total spending over the Christmas period (see Table 2 below), Brazil and Russia rank in the Top 10. This is because they are homes for a large number of consumers, even though individual spending might be comparatively low.

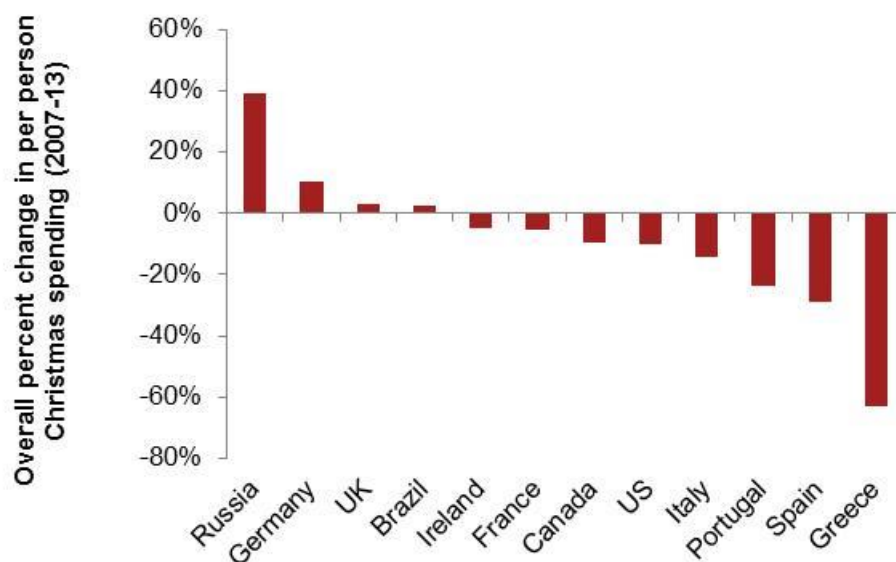
Table 2: The US tops the list in aggregate terms

2013 total Christmas spending (constant 2013 US\$ bn)					
Rank	Country	Spending	Rank	Country	Spending
1	US	245	7	Canada	24
2	UK	68	8	Russia	13
3	Germany	42	9	Spain	9
4	France	38	10	Ireland	5
5	Brazil	33	11	Portugal	4
6	Italy	28	12	Greece	2

Sources: PwC analysis, Datastream, national statistical agencies, World Bank.

A closer analysis of Christmas spending per person (see Figure 1) shows that the financial crisis is still having an impact. Says PwC senior economist Richard Boxshall: "Some of the scars of the financial crisis are still visible in Christmas spending habits: US Christmas spending remains 10% behind that of 2007 in real terms. In Greece, real per person Christmas spending dropped by around 60% overall in the six years to 2013." Spanish and Portuguese real Christmas spending per person also remains significantly below 2007 levels.

Figure 1: Christmas spending in the US has still not recovered since the financial crisis



The UK and Germany are the only major Western economies where Christmas spending has bounced back to exceed pre-crisis levels in real terms. Added Boxshall: "Shoppers of the UK and Germany are determined to have themselves a merry little Christmas."

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Notes:

Assumptions and methodology

The following approach was used to obtain estimates of Christmas spending:

- We obtained annual household consumption data from the World Bank and monthly retail sales data from national statistical agencies.
- We used the retail sales data to convert annual household consumption data into a monthly series. To do this we assumed that household consumption follows the same trend as retail sales.
- Using this new series we defined and estimated Christmas spending as the excess expenditure arising in November and December compared to the other months of the year. However other seasonal spending patterns may exist during a calendar year and so these numbers should be interpreted as giving a broad indication of cross-country differences in Christmas spending habits as opposed to precise dollar estimates.
- We limited our analysis to the G7 excluding Japan (which we have called the major Western economies), Brazil and Russia, and the peripheral Eurozone economies which we monitor. We excluded China, Japan and India as Christmas is not a traditional holiday in these countries.
- All of our numbers are in constant 2013 US dollar terms.

The December edition of PwC's *Global Economy Watch* can be found at www.pwc.com/gew

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