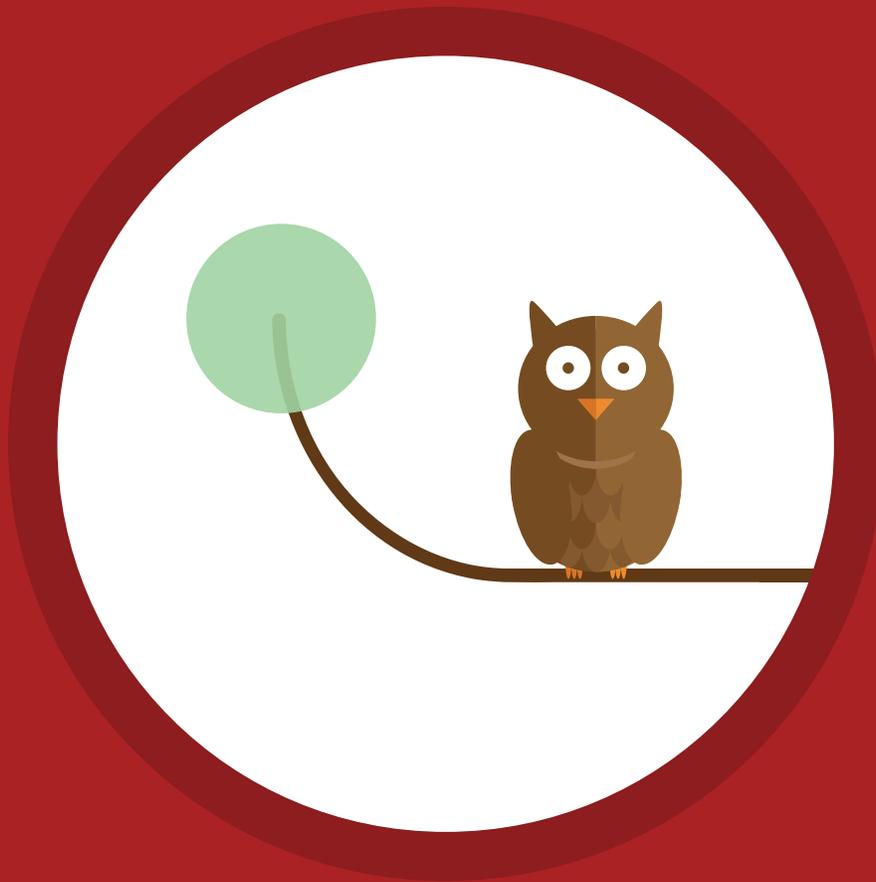


# Perch



## **Tightening Santa's belt:** Holiday spending and travel intentions in Alberta

Volume 2 Issue 2 | December 2016

# WHY LOOK AT HOLIDAY SPENDING AND TRAVEL INTENTIONS?

Rob Roach, ATB Financial

## *“Bah,” said Scrooge, “Humbug.” —Charles Dickens, A Christmas Carol*

One of the reasons the day after American Thanksgiving is called “Black Friday” is because it is—at least symbolically—the day retailers move from being “in the red” for the year to finally being “in the black.” While the importance of holiday shopping will vary from retailer to retailer, the surge in spending that takes place ahead of Christmas is often critical to their survival. With Alberta suffering through a second year of economic contraction, retailers are no doubt anxious that reduced consumer confidence will further chip away at their bottom line.

We won’t know if Christmas 2016 will be especially lean for retailers until after the books are closed for the year, but we can check in with Albertans regarding their spending intentions this holiday season to get a sense of what to expect. Hence, this survey.

Holiday travel is another important economic driver that may be affected by the ongoing recession. Unlike reduced retail spending, however, a pullback in travel outside Alberta might actually be a boon for the provincial economy. If more Albertans stay home over the holidays, this will keep their spending—even if it’s reduced—in the province.

The impact of the recession on holiday spending and travel is also a reminder of the economic distress many Albertans find themselves in and of the need for all of us to do what we can to ensure our neighbours have what they need both now and in the months ahead.

### **About Perch**

Thanks for taking a moment to read ATB Financial’s Perch. Published quarterly, each edition focuses on a topic of importance to Albertans and their prosperity.

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### **Who are we?**

We are ATB Financial’s Economics & Research team. We work to share our province’s economic story and to connect Albertans to the economic news and ideas they need to know about. Head on over to [atb.com/economics](http://atb.com/economics) to get a better look at who we are and what we do.

### **Methodology**

*This edition of Perch reports on the findings of an Ipsos poll conducted between November 1 and November 7, 2016 on behalf of ATB Financial. For this survey, a sample of 802 Albertans from Ipsos’ panel was interviewed online. Weighting was then employed to balance demographics to ensure that the sample’s composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within +/- 4 percentage points, 19 times out of 20, had all Albertan adults been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error.*

# HOLIDAY SPENDING INTENTIONS

## Many Albertans are planning to spend less over the holidays than last year

Four in ten Albertans (41 per cent) intend to spend less on gifts this holiday season compared to what they spent last year. Of those who are planning to cutback, 19 per cent say they will spend a lot less than last year and 22 per cent say they will spend somewhat less.

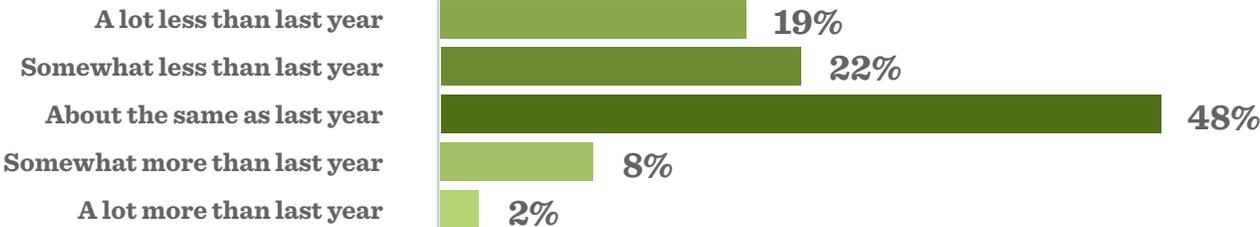
About half of us (48 per cent) are planning to be spend about the same as last year.

One in ten Albertans anticipate spending more this time around, with two per cent saying a lot more and eight per cent saying somewhat more than last year.

These findings point to an overall decline in holiday spending in Alberta this year.

Household income plays a small but not overwhelming role in the results. About 44 per cent of Albertans in households with annual income under \$40,000 are planning to cutback while 34 per cent of those with household incomes over \$100,000 are planning to do the same.

### Compared to last year, how much are you planning to spend on gifts this holiday season?



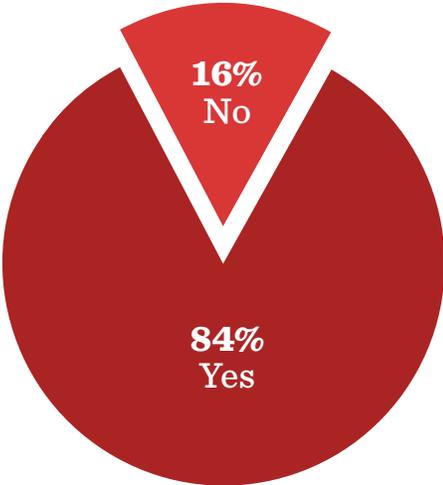
Source: Ipsos-ATB Financial Holiday Spending Survey 2016

# HOLIDAY SPENDING INTENTIONS *continued*

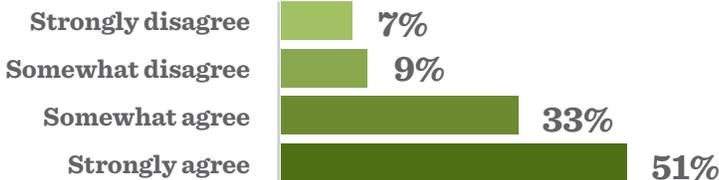
## *Not surprisingly, the recession is why Albertans are planning to cutback*

Among those planning to reduce their holiday spending, most (84 per cent) agree (51 per cent strongly/33 per cent somewhat) that they will do so “because of the economic downturn”, while just 16 per cent disagree (seven per cent strongly/nine per cent somewhat) that the recession is the reason they will reduce their holiday spending.

### Is the recession to blame?



### I will be reducing my holiday spending this year because of the economic downturn



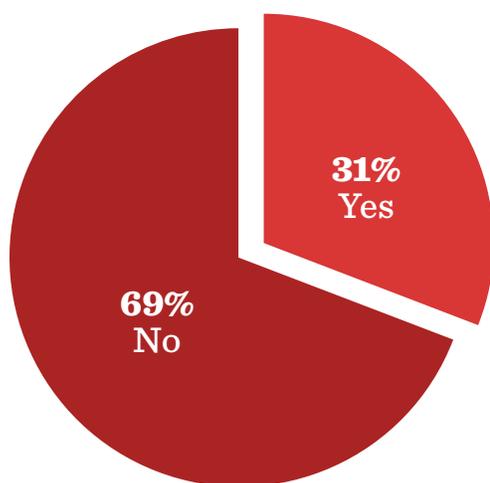
Source: Ipsos-ATB Financial Holiday Spending Survey 2016

# HOLIDAY TRAVEL INTENTIONS

## Most Albertans are planning to stay home over the holidays

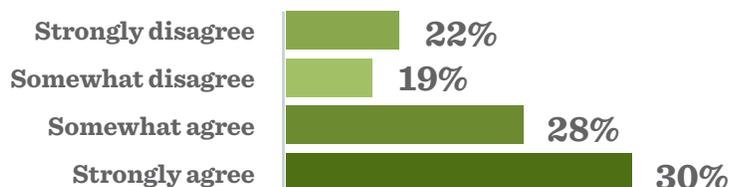
Although a majority of Albertans (69 per cent) are not planning to travel this holiday season, almost one in three anticipate hitting the road. Because this is the first time we have conducted this survey, we don't know if the number of Albertans planning to travel is up or down. We do, however, know that 58 per cent of those not planning to travel cite the economic downturn as the reason. This suggests that a larger number of Albertans are staying home over the holidays this year than would be the case if the economy was in better shape.

### Are you planning a trip this holiday season?



Source: Ipsos-ATB Financial Holiday Spending Survey 2016

### I will not be traveling over the holidays this year because of the economic downturn



Source: Ipsos-ATB Financial Holiday Spending Survey 2016

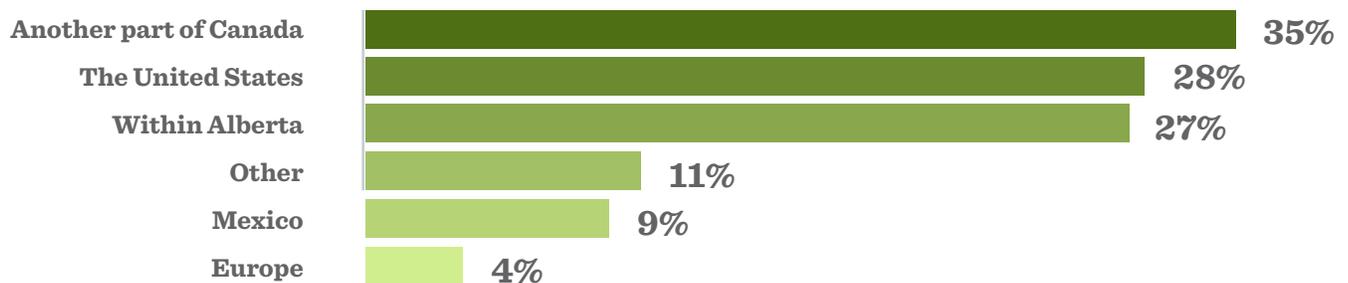
# HOLIDAY TRAVEL INTENTIONS

## *continued*

### **North American destinations are the most popular among Alberta travelers**

Of those Albertans who intend to travel over the holidays, 35 per cent are planning to go to other parts of Canada, 28 per cent to the United States, nine per cent to Mexico and four per cent to Europe. About three in ten travellers (27 per cent) are expecting to travel within Alberta.

#### **Where are you planning to travel to this holiday season?**



*Note: Total is greater than 100 per cent because some Albertans are traveling to more than one place. Source: Ipsos-ATB Financial Holiday Spending Survey 2016*



# TODD TALKS

Todd Hirsch, ATB Chief Economist

## Coal in our stockings this year?

There are a number of ways to get a sense of how the ongoing economic downturn is affecting Albertans. For example, food bank usage and the unemployment rate are both up. And, as the results outlined in this edition of *Perch* show, four in ten Albertans are planning to spend less money over the holidays.

The good news—if you can call it that—for retailers is that this number is not higher. One in ten Albertans say they might even spend more than they did last year and five in ten are planning to hold the line and spend about the same as they did last year.

This, along with the spending levels that have marked the recession so far, indicate that Alberta's retail sector is not—thankfully—about to collapse. At the same time, profits will be down for many retailers. Some might have to close their doors, leaving even more people out of work.

Amid the holiday cheer—which we could really use—will be an undertone of sadness as the economic downturn makes life harder for many Albertans.

There are signs that the provincial economy will pull itself out of recession next year, but this is cold comfort for those who are struggling in the here and now. What's more, the labour market's recovery will lag behind the boost in GDP. Next year is going to be another tough one for Albertans looking for work.

So what do we do about it?

Should we resolve to spend more this Christmas even if we can't afford it? That's a bad idea. However, if we can redirect some of our spending toward local retailers, this might help offset the drop within Alberta. We benefit tremendously from open trade, but voluntarily supporting homegrown enterprises would keep a few extra dollars circulating here at home.

Perhaps most importantly, we should embrace the spirit of the holiday season and think about what we can do to help others. It might be making the effort to be extra cheerful in the face of the tough year we have had. It might be digging a little deeper in terms of giving to charity or donating time to help those in need.

The drop in retail spending is just one indication of the recession's impact but it is a good reminder that it's real people who feel it. From the owners, managers, employees and suppliers of retail stores to the tens of thousands of Albertans wondering how they are going to get by this winter, the "R-word" is not an abstraction.

Given this, let's all do what we can to make this holiday season about caring for our neighbours as much as we can. We might not get exactly what we want in our stocking this year, but we can help make sure no one gets a lump of coal.

### Todd Talks

ATB's Chief Economist Todd Hirsch is one of our country's most sought-after speakers on the economy. In clear and energetic talks, Todd breaks down what is happening in Alberta's economy. Request Todd to come speak at your event at [toddhirsch.com](http://toddhirsch.com)

### Rob Talks

ATB's Director of Insight Rob Roach is available to speak about any of the topics explored in *Perch*. Request Rob to speak by emailing him directly at [rroach@atb.com](mailto:rroach@atb.com)

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