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UK INTENDS TO HAVE A SAVVY CHRISTMAS AND SHAVE £1.3 BILLION OFF NATION'S CHRISTMAS BILL

New research shows UK shoppers will collectively cut back their spending by **£1.3 billion** this Christmas. People intend to spend 7% less than last year^[1] and two-thirds (64%) of the population plan to spend carefully as they don't want to get into debt. But, some areas of the nation are more determined to tighten their belt than others, and up to **26 million** people risk heading into 2011 with debt from this Christmas. The Consumer Financial Education Body (CFEB) can help.

The latest CFEB survey ^[2] indicates that many people have adapted to austerity. As the economic climate has become tighter over the past few years, the nation is shifting to savvy seasonal habits to make the most of its money – such as a shift to thrift, crafty cut-backs, and prudent planning. How are people making their money go further? CFEB’s survey shows:

- Nearly twice as many of us (37%) now set a Christmas budget and stick to it (up from 19% in 2005);
- 6 in 10 of us (59%) post our cards sooner to take advantage of the second-class postal rate, up from 40% in 2005;
- twice as many of us (16%) now source second-hand items as gifts (up from 8% in 2005);
- over half (54%) of us now cut-back on food costs in the supermarket, eg buying own brands (up from 25% in 2005);
- 60% of us now make an effort to use left overs in a new meal, up from 44% in 2005.

But certain parts of the UK are more highly evolved in their savvy habits than others, for example, people in Northern Ireland and the East of England have shifted their habits to a greater extent than those living in the East Midlands, Yorkshire & Humberside or London. (See Table 1 for full rankings).

Moreover, despite the nation's money saving intentions, as many as 26 million people still risk heading into debt during or after Christmas because they either plan to shoulder the whole cost in their December income, do not know how they will fund it, or need to borrow money to pay for it. Over a third of the population (34%) say they can fund Christmas OK from December's income without extra funding; and more than a fifth (21%) of the population either do not know how they will fund it (6%), or need to borrow money to pay for it (15%).

Tony Hobman, Chief Executive of the Consumer Financial Education Body said:

“It’s good news that so many people are being savvier with their money – taking a leaf out of days gone by, and adapting their lifestyle to make the most of their money. But it’s worrying that so many people are unsure how they’ll fund Christmas, and as many as 16 million - intend to fund it with a single month’s income.

“The festive season puts an extra pressure on all of us, especially financially. Our advice is be savvy and think ahead about the extra expenses you’ll incur. Then make a budget and stick to it. December’s pay-check might fund Christmas, but it also needs to stretch through until the end of January. Our cut-back calculator can help you review the small things you pay for daily or weekly, and reveal where you could release some spare cash”.

“People have good intentions but then often get carried away at the last minute, and that's when they get plunged into debt. The pressure of trying to get ready for Christmas can make it a stressful time for people. When stressed, people are more likely to impulse buy, or just grab what's on offer instead of shopping around. So there may be quite a difference in the amount that people think they are going to spend, and the amount they actually do spend.

Today, CFEB launches a new campaign – *Have a Savvy Christmas* - to help everyone manage their money throughout the festive season. The campaign is online at www.moneymadeclear.org.uk/christmas, and offers tips from Christmas past, advice for Christmas present, and hints for what's to come in Christmas future. It also includes a special online Christmas Cut-back Calculator which identifies where cash could potentially be released from daily or weekly expenses in December to fund extra festive needs, and living expenses in January. There is a range of free, downloadable guides to help people during the festive season - from managing money on a budget, to using credit cards, and borrowing money.

Table 1: Changes in seasonal habits, from 2005 to 2010 (overall ranking by region and nation)

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NOTES TO EDITORS

- [1] Based on a UK population of 47m adults (18+), each intending to spend an average of £28 less this Christmas vs. last Christmas.
- [2] ICM Research surveyed a random sample of 2,152 UK adults aged 18+ from its online panel between 10th and 12th November 2010. Surveys were conducted across the country and the results have been weighted to the profile of all adults. Among the adults surveyed, 2,155 said they celebrate Christmas, so data in this press release is based on 2,115. ICM is a member of the British Polling Council and abides by its rules: for more information go to: www.icmresearch.co.uk.
- [3] Key things which could spread the cost of Christmas include: buying items in advance in sales, online or in shops, or saving money throughout the year to fund Christmas.

About the research:

ICM Research asked 2,115 UK consumers how much they have prepared already for Christmas; how much they intend to spend on Christmas this year versus last year; which money saving seasonal habits they do now, but did not do in 2005. A list of 22 different money-saving, festive activities were provided in three categories: thrifty ways & back-to-basics; planning ahead; cutting-back. The results reveal what consumers intend to spend during Christmas; how they intend to fund their Christmas spending; which habits the nation follow now, and indicates the shift in each ones popularity since 2005. It also reveals which areas in the UK save or spend the most/least; and which areas plan-ahead or cut-back the most/least.

National highlights:

- The average adult intends to spend £391 on Christmas this year, compared with £419 last year (£28 less per head);
- Last year, women outspent men by £28 per head but this year women are only spending £6 more;
- Almost a quarter of us (24% or 11m people) say “Stuff the cost I’m going to enjoy myself this Christmas”;
- Over a quarter of us (28% or 13m people) find Christmas “really stressful” because they “try to make it great for all the family”;
- 42% of people admit they haven’t done key things^[3] which can spread the cost of Christmas throughout the year;
- More than four in ten of us (45%) would prefer Christmas to have less of an emphasis on expensive gifts
- Over half of consumers (56%) would like to adjust advertising in the run up to the festive season, for example: limit ads aimed at children to reduce the pressure on parents, or prevent Christmas ads before mid November to reduce pressure.

Regional highlights:

- People in Northern Ireland (NI) are the most likely to save money throughout the year (34%, compared with 16% of Londoners); along with the South West, NI is most likely (71%) to be careful not to get into debt this Christmas.
- The number of people in the East Midlands who redeem money-off coupons is the lowest in the country: just 65%, compared with 91% in Northern Ireland.
- The North West has seen the biggest change in number of people who set a Christmas budget. Five years ago, they were the least likely to set a budget (just 14%). Whilst this proportion has increased everywhere, the North West has seen the largest jump – 37% will set a budget this year; but that’s still considerably behind Northern Ireland’s 53%.
- The North East has maintained its position as highest spenders, but people here too are cutting back: £517 last year, but £489 this year; this region has seen the biggest rise in the number of people cutting back on buying presents for the children of family members: up from 9% five years ago to 26% this year; but they are the least likely to emphasise cutting back on expensive presents - just 36% want this, compared with 59% in Scotland.
- People living in Wales are the most likely to say “stuff the cost, I’m going to enjoy myself this Christmas” (32% in Wales compared with 20% in the North East and South East); and 68% of people in Wales would like to adjust advertising in the run-up to Christmas, compared with 48% in NI and the East of England).
- A third of people in the North West save money throughout the year (33%), they are the highest savers after NI (34%);
- A higher than average number of people in the West Midlands still go out for Christmas meal (8%, compared with 3% in the South West and East of England).
- People in East Midlands are the least likely to buy secondhand gifts (7% compared with 23% in South West); and least likely to prepare a Christmas list and stick to it (35%). There are some notable increases in this score around the UK, but it’s only risen slightly in East Midlands, by contrast, 63% of people in NI say they write a list to stick to.

About CFEB

The Consumer Financial Education Body (CFEB) was created in April 2010 by the Financial Services Act 2010. It is responsible for helping consumers understand financial matters and manage their finances better, and does this by providing impartial advice through a national financial advice service which is available online, in print, over the phone, and face-to-face in some areas of the UK (from Spring 2011, it will be available face-to-face nationwide). Visit: www.moneymadeclear.org.uk or to speak to a Money Guide phone 0300 500 5000.

For more information call the CFEB press office on 020 7943 0593 or visit: www.cfebuk.org.uk. Additional PR materials available upon request: detailed regional fact sheet and case study.