

Discover your *edge*

Thursday, 24 November 2016

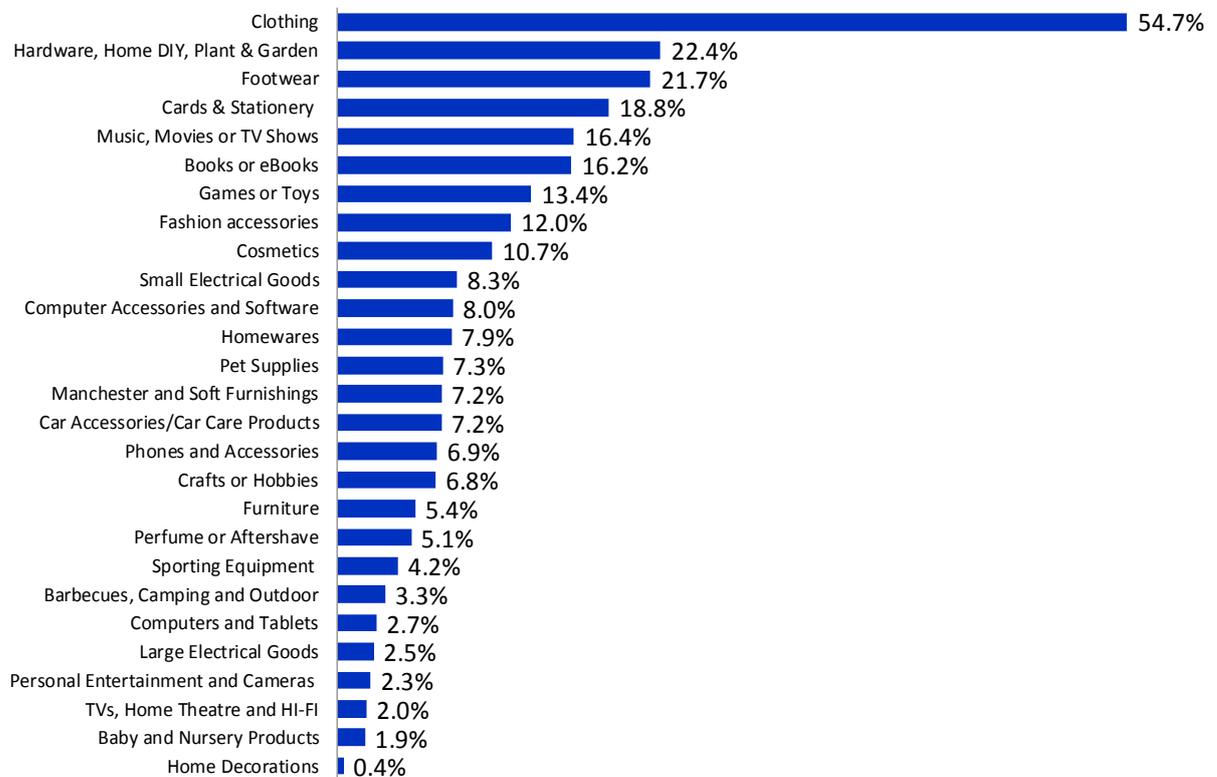
## ‘Experiences’ over ‘things’: Aussies spending more on leisure and entertainment, but less on discretionary commodities

During the 2015/2016 financial year, Australians spent almost \$105 billion on things—‘discretionary commodities’ spanning clothes and shoes, hardware, appliances and furniture, home entertainment products and sporting goods, games and toys, perfume and cosmetics, and more—purchasing around 85.5 million of these items between them, the recently launched State of the Nation Retail Spotlight from Roy Morgan Research reveals.

This translates to \$8.1 billion spent online and in-store in an average four weeks, with clothes being the most popular product category by far, with nearly 55% of us buying at least one item of clothing in any given four weeks.

Hardware/Home DIY/Plant and Garden products are a distant second (22.4%), just ahead of Footwear (21.7%). Cards and Stationery (18.8%) and Music, Movies and TV Shows (16.4%) complete the Top Five.

### % of Australians who buy commodities in average four weeks



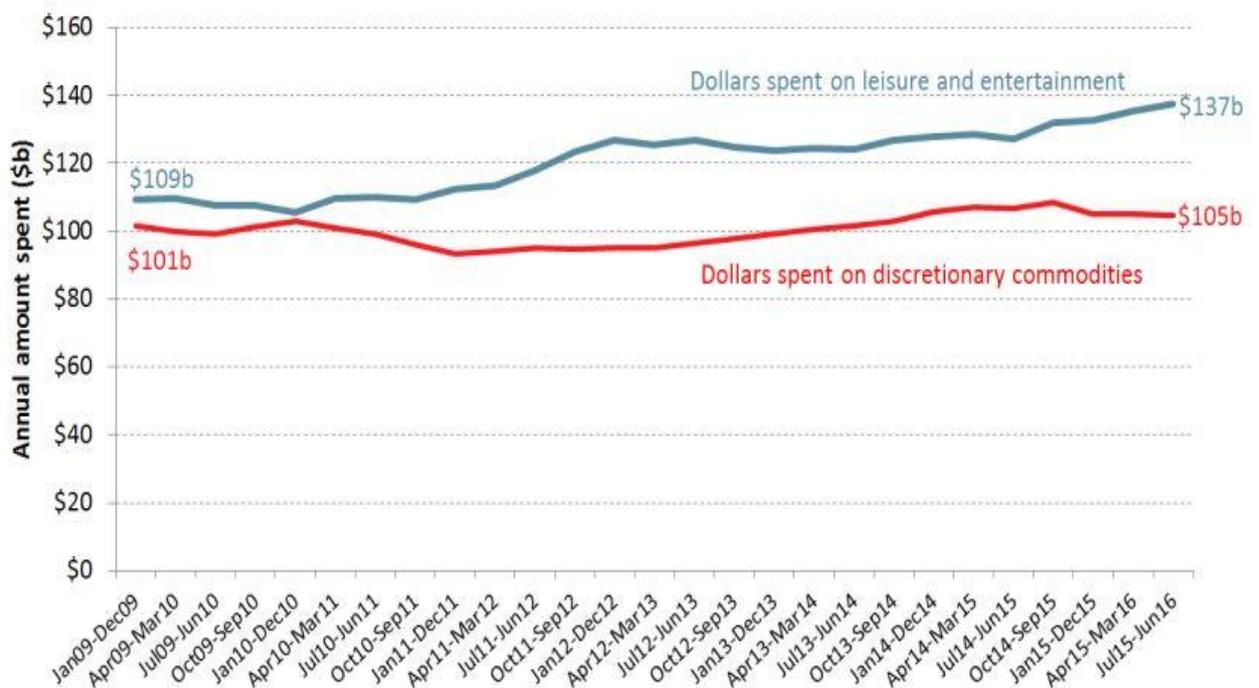
Source: Roy Morgan Single Source (Australia), July 2015-June 2016, n= 14,314. Base: Australians 14+

However, compared with the 2014/2015 financial year, expenditure on discretionary commodities is down 2.0%. In fact, the latest Roy Morgan data indicates that this decline in spending on things is being counteracted by our increasing expenditure on experiences: travel, wining and dining, entertainment and the like.

### *Doing rather than owning*

During the last financial year, Australians spent \$137 billion on leisure and entertainment, up \$10 billion year-on-year. This trend has been building for some time, as illustrated below.

#### **Australians' annual spend on leisure and entertainment**

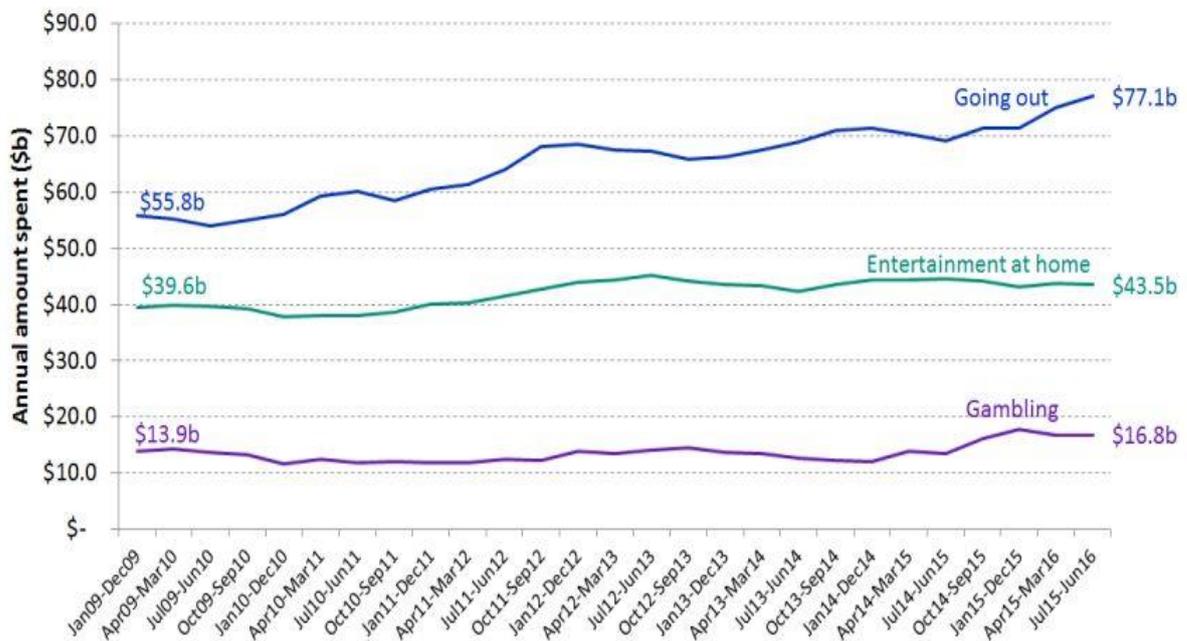


**Source:** Roy Morgan Single Source (Australia), January 2009-June 2016. **Base:** Australians 14+

Going out accounts for the largest chunk of our leisure spending—\$77.1 billion per year, in fact (up from \$69 billion). Whether it's dining out or going to a bar or café, going to the movies or a concert, attending an exhibition or a sporting event, hitting the gym or pursuing a hobby or interest, going out is big business.

Entertainment at home (ordering takeaway or entertaining family or friends, for example) accounts for \$43.5 billion, while gambling comprises the third component of Australians' entertainment expenditure (\$16.8 billion).

## Breakdown of Australians' leisure spending: going out, home entertaining and gambling



**Source:** Roy Morgan Single Source (Australia), January 2009-June 2016. **Base:** Australians 14+ (except for gambling, which is Australians 18+)

### Michele Levine, CEO, Roy Morgan Research, says:

*“The fact that Australians are spending more on ‘experiences’ (leisure activities outside the home) and less on ‘things’ (discretionary commodities) is one of the most striking findings of Roy Morgan Research’s latest retail-focused State of the Nation report. It also poses a challenge for retailers selling discretionary commodities.*”

*“As mentioned above, nearly 55% of Australians buy at least one item of clothing in an average four weeks, which equates to an annual spend of \$25.1 billion – under a third of what we spend on going out in a year! What’s more, the amount Australians spend on going out has increased by 38% over the last seven years, while our clothing spend has increased by 20%.*”

*“Of course, this doesn’t mean retail is dead: just that it needs to adapt to this growing desire for experiences and entertainment. Incidentally, the State of the Nation report reveals a year-on-year increase in the number of Aussies visiting bricks-and-mortar stores (an additional 90 million visits to retail outlets in the last financial year), which suggests that many retailers are already working to provide customers with an in-store experience that goes beyond the transactional. Naturally, converting this experience into sales is crucial...”*”

**For comments or more information about Roy Morgan Research's latest State of the Nation report with a spotlight on retail, please contact:**

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#### **About Roy Morgan Research**

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

#### **Margin of Error**

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2