

A decorative graphic consisting of a large, thin yellow arc that starts near the top right and curves down towards the bottom right. A horizontal black line is positioned below the arc, and a vertical black line is positioned to the right of the arc's end. A small yellow square is located at the intersection of these two lines. In the top left corner, there is a large green square with a small yellow square at its bottom right corner.

A Look at Holiday Spending: An AARP Bulletin Poll

October 2009



A Look at Holiday Spending An AARP Bulletin Poll

**Data Collected by ICR, Inc.
Prepared by Teresa A. Keenan, Ph.D.**

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The views expressed herein are for information, debate, and discussion, and do not necessarily represent official policies of AARP.

Acknowledgements

This work was done for the *AARP Bulletin*. The author would like to thank Barbranda Walls and Jim Toedtman for their input. She would also like to thank International Communications Research, Inc. for collecting and tabulating the data. For additional information contact Teresa Keenan at (202) 434-6274.

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Executive Summary

In an effort to learn more about midlife and older adults' anticipated holiday spending, AARP Knowledge Management fielded a short telephone survey on behalf of the *AARP Bulletin* among a nationally representative sample of 1,046 adults ages 50 and older.

Key Findings:

- When asked where they purchase most of their holiday gifts, roughly seven in ten (69%) respondents said at *stores or malls*. Fewer than one in ten said they purchased holiday gifts *online* (8%) or *through catalogues* (8%). One percent of respondents said they purchase holiday gifts *from street vendors*. Notably, one in nine (11%) respondents said they *do not purchase* holiday gifts.
- More than four in ten (44%) respondents said they plan to spend *less than \$300* on holiday gifts this year, with nearly one-fifth (18%) saying they plan to spend *less than \$100*. At the other end of the spectrum, more than four in ten (43%) said they plan to spend *more than \$300* on holiday gifts, with one-quarter (24%) saying they plan to spend *\$500 or more*.
- Among respondents who said they plan to give holiday gifts this year, nearly six in ten (57%) reported planning to spend *about the same amount* as last year. Another third (34%) said they plan to spend *less* money than last year, while one in twenty (5%) plan to spend *more* than last year.
- Of those respondents who said they both plan to give holiday gifts and to spend less on them than last year, about half (49%) reported that they will cut back by *buying fewer gifts*. One-quarter (24%) said they will *buy only sale items*, nearly one-fifth (18%) will *do more comparison shopping*, one in eight (12%) will *make more homemade gifts*, and one in ten (10%) will *use coupons*. One percent of respondents said they plan to *spend or give less money* as a way to cut back.
- When asked what they will do with the extra money they may have from spending less on holiday gifts, about half (48%) said they will *pay bills*. Roughly one in seven (15%) respondents noted they plan to *save for retirement*, one in eight (13%) plan to *pay down debt*, and one in ten (10%) plan to *put the extra money in an emergency fund*.
- Nearly eight in ten (77%) respondents who plan to give holiday gifts said they plan to pay for them with *cash, check, or debit card*, while one-fifth (19%) of respondents said they will use a *credit card*. Four percent of respondents said they will opt to use a *lay-away plan* for purchases. A large majority of respondents (87%) said they method of payment they plan to use this year is the same as the one they used last year; one in ten (10%) said they will use a *different* method of payment.
- Notably, among those who said they will use a different payment method, more than half (53%) said they used a *credit card* for last year's holiday purchases, while slightly more than one-third (37%) said they used *cash, check, or debit card*. Two percent reported having used a *lay-away plan* for last year's holiday gifts.

Background

In September 2009, AARP Knowledge Management contracted with International Communications Research, Inc. (ICR) on behalf of the *AARP Bulletin* to field a short telephone survey among a nationally representative sample of adults ages 50 and older to learn more about midlife and older adults' expectations for spending in advance of the holiday season^{1,2}.

In this survey, respondents were asked where they purchase most of their holiday gifts and how much they plan to spend on them this year. They were also asked how their holiday spending might differ from 2008, how they plan to cut back on holiday spending, and what they plan to do with any money they save from reducing their spending. Finally, respondents were asked their expected method of payment, if it differs from that used in the 2008 holiday season, and if so, how.

Detailed Findings³

Location of Holiday Purchases

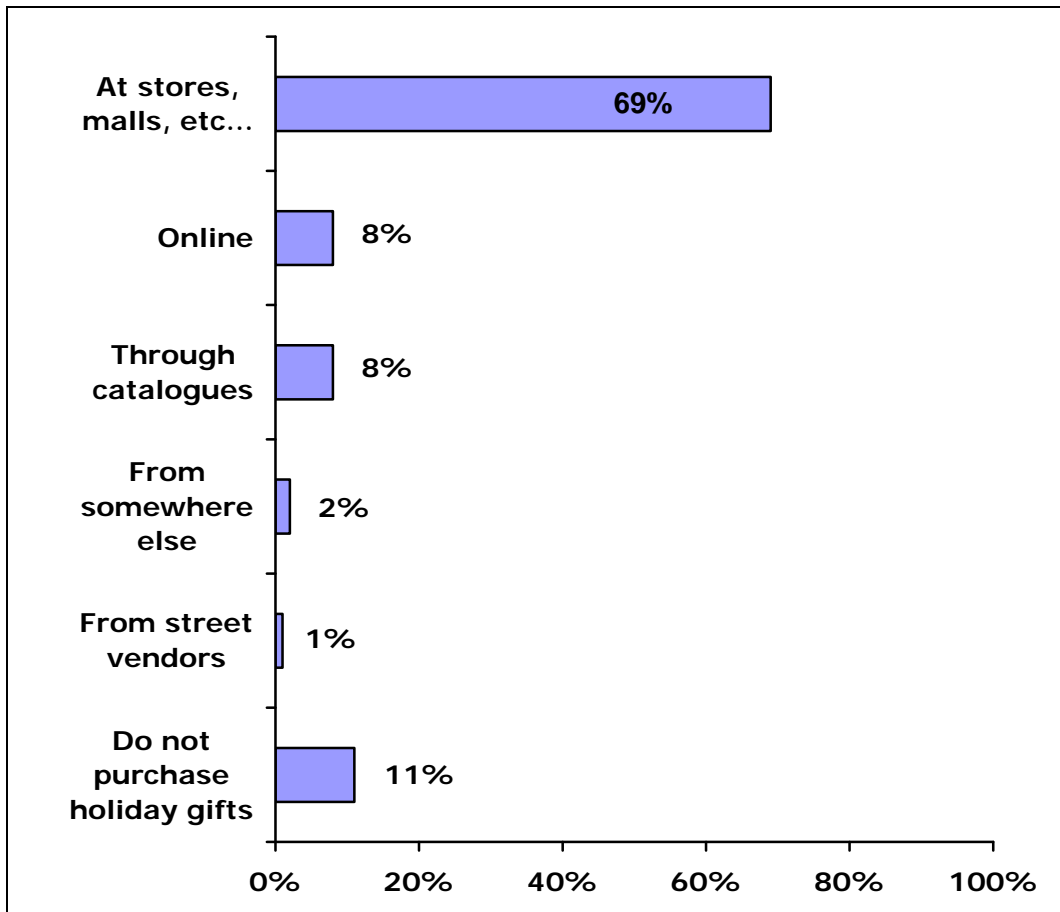
When asked where they purchase most of their holiday gifts, roughly seven in ten (69%) respondents said at *stores or malls* (see Figure 1). Fewer than one in ten said they purchased holiday gifts *online* (8%) or *through catalogues* (8%). One percent of respondents said they purchase holiday gifts *from street vendors*. Notably, one in nine (11%) respondents said they *do not purchase* holiday gifts.

¹ The survey was fielded between September 23 and October 4. At the conclusion of the fielding period, responses had been received from 1,046 individuals. The sampling error is +/- three percentage points at the 95% confidence level. This means that in 95 out of 100 samples of this size, the results would fall in a range of no more than three percentage points of what would have been obtained if every person age 50 or older had been surveyed.

² Data were weighted to reflect the U.S. population age 50 and older.

³ Respondents in this study are ages 50 and over with more than six in ten (62%) between the ages of 50-64 and nearly four in ten (38%) ages 65+. Somewhat more than half were women (56%) and slightly less than half were men (44%). Roughly eight in ten (79%) are white, non-Hispanic; one in nine (11%) are black, non-Hispanic; four percent are Hispanic. Nearly half of respondents had a high school education or less (47%). One-quarter (28%) had some college or technical training and another quarter (25%) had a college or post-graduate education. Nearly six in ten (57%) were not AARP members. Roughly one-third (36%) have household incomes of less than \$30,000 per year, while roughly one in seven (15%) have household incomes of \$30,000-\$49,999 per year. Ten percent reported an annual household income of \$50,000-\$74,999, while roughly one in six (17%) reported an annual household income of \$75,000 or more.

Figure 1
Location of Holiday Gift Purchases
(n=1,046)



Source: *A Look at Holiday Spending*, October 2009

- Although there are no gender differences in holiday gift purchase locations, there are notable age and income differences (see Table 1). Respondents ages 50-64 are more likely than those ages 65 or older to say they purchase holiday gifts online (11% vs. 2%). Respondents ages 65 and older are more likely than those ages 50-64 to say they do not purchase holiday gifts (18% vs. 7%).
- Respondents with annual household incomes of less than \$25,000 are more likely than those with incomes between \$50,000 and \$74,999 to report that they do not purchase holiday gifts (13% vs. 2%).

Table 1
Location of Holiday Gift Purchases
By Age, Gender, and Income⁴

	Age		Gender	
	50-64	65+	Male	Female
	A	B	C	D
	(n=650)	(n=396)	(n=461)	(n=584)
Online	11% ^b	2%	8%	8%
Through catalogues	7%	10%	8%	9%
At stores, malls, etc...	72%	65%	70%	69%
From street vendors	2%	----	2%	1%
Somewhere else	1%	2%	1%	2%
I do not purchase holiday gifts	7%	18% ^a	11%	11%

	Income			
	<\$25K	<\$50K	<\$75K	\$75K+
	E	F	G	H
	(n=325)	(n=208)	(n=101)	(n=183)
Online	4%	7%	9%	19% ^{ef}
Through catalogues	10%	10%	3%	6%
At stores, malls, etc...	68%	71%	81% ^{eh}	67%
From street vendors	1%	2%	3%	----
Somewhere else	1%	2%	3%	----
I do not purchase holiday gifts	13% ^g	7%	2%	7%

Source: A Look at Holiday Spending, October 2009

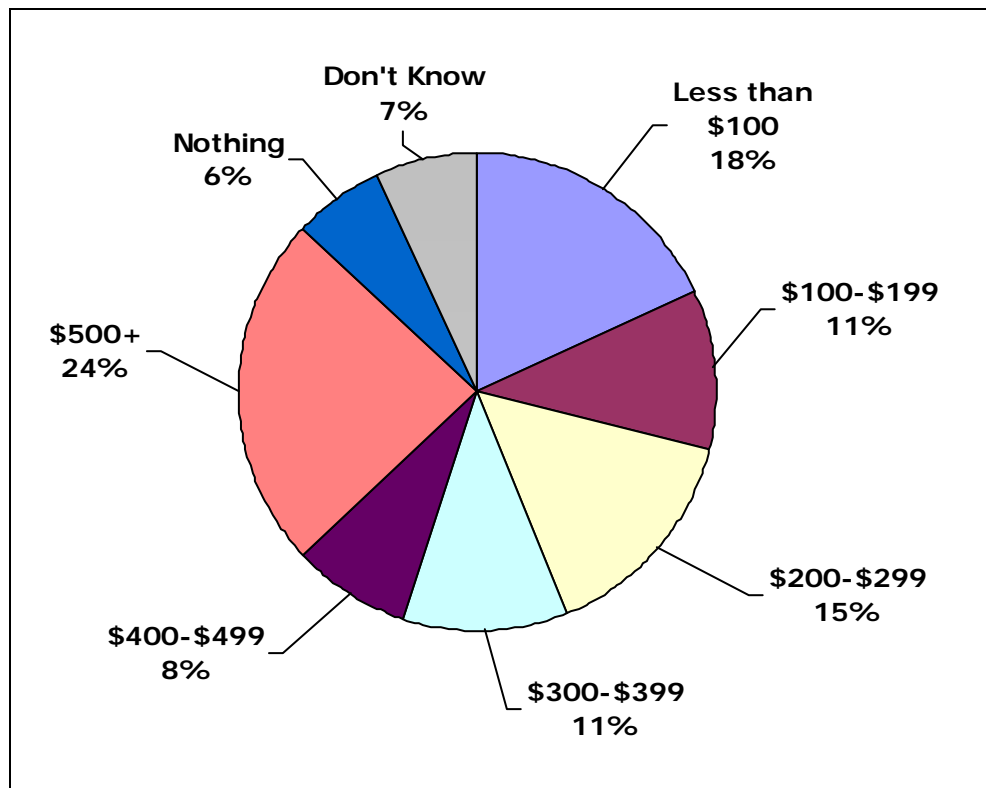
- Those with incomes between \$50,000 and \$74,999 are more likely than those with incomes less than \$25,000 or those with incomes of \$75,000 or more to say they purchase most of their holiday gifts at stores or malls (81% vs. 68% and 67%).
- Respondents with household incomes of \$75,000 or more are more likely than those with incomes less than \$25,000 or between \$25,000 and \$49,999 to say they purchase most of their holiday gifts online (19% vs. 4% and 7%).

⁴ How to Read the Tables: **Bold face** percents in columns (which represent demographic subgroups) are significantly higher than percents in adjacent columns. Superscripts (^{a/b/c, d/e, f/g/h, i/j}) indicate those columns in which there is a statistically significant difference. Dashes (----) indicate no responses were reported.

Anticipated Spending Level

More than four in ten (44%) respondents said they plan to spend *less than \$300* on holiday gifts this year, with nearly one-fifth (18%) saying they plan to spend *less than \$100* (see Figure 2). On the other end of the spectrum, more than four in ten (43%) respondents said they plan to spend *more than \$300* on holiday gifts, with one-quarter (24%) saying they plan to spend *\$500 or more*.

Figure 2
Planned Spending on Holiday Gifts
(n=1,046)



Source: *A Look at Holiday Spending*, October 2009

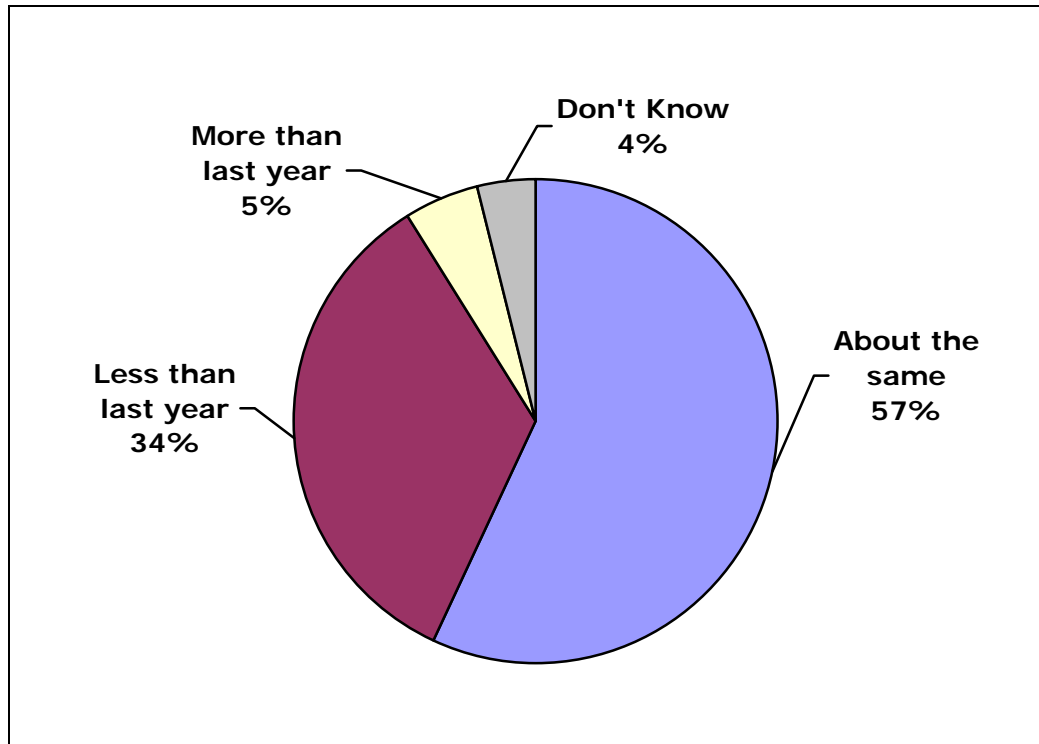
- As with holiday gift purchase locations, there are no gender differences in anticipated spending levels. But, respondents ages 50-64 are more likely than those 65+ to say they plan to spend *more than \$300* this year on holiday gifts (48% vs. 33%). They are also more likely to say they plan to spend *\$400-\$499* on gifts (10% vs. 4%). In contrast, respondents ages 65 and older are more likely to say they do not plan to spend anything on gifts this year since they do not plan to give any (11% vs. 3%).
- When considering differences by income level, perhaps not surprisingly, respondents with annual household incomes of less than \$25,000 are more likely than their more affluent counterparts to say they plan to spend *less than \$300* this year for holiday gifts (61% vs. 42%, 38% and 17%). They are also more likely to say they do not plan to give holiday gifts this year (9% vs. 2%, 1%, and 2%).

- Respondents with incomes of \$75,000 or more are more likely than those with incomes of less than \$25,000 to say they plan to spend *more than \$300* (78% vs. 24%), as are those with incomes between \$25,000 and \$74,999 (52% and 52% vs. 24%).

Holiday Spending Compared with 2008

Among respondents who said they plan to give holiday gifts this year, nearly six in ten (57%) reported planning to spend *about the same amount* as last year (see Figure 3). Another third (34%) said they plan to spend *less money* than last year, while one in twenty (5%) plan to spend *more* than last year.

Figure 3
Spending on Holiday Gifts Compared with Last Year
 (n=987)



Source: *A Look at Holiday Spending*, October 2009

- As shown in Table 2, men are more likely than women to say they plan to spend *about the same amount* of money as last year on holiday gifts (62% vs. 53%). Women, on the other hand, are more likely to say they plan to spend *less* this year than last year (40% vs. 27%).
- Respondents with annual household incomes of less than \$25,000 are more likely than those with incomes between \$25,000 and \$49,999 and \$75,000 or more to report that they will spend *less* than last year (45% vs. 30% and 23%).

Table 2
Spending on Holiday Gifts Compared with Last Year
By Age, Gender, and Income⁵

	Age		Gender	
	50-64	65+	Male	Female
	A	B	C	D
	(n=631)	(n=351)	(n=434)	(n=548)
More than last year	5%	6%	6%	6%
About the same	57%	58%	62% ^d	53%
Less than last year	36%	32%	27%	40% ^c

	Income			
	<\$25K	<\$50K	<\$75K	\$75K+
	E	F	G	H
	(n=296)	(n=204)	(n=101)	(n=178)
More than last year	4%	6%	6%	4%
About the same	49%	61% ^e	58%	71% ^{eg}
Less than last year	45% ^{fh}	30%	33%	23%

Source: A Look at Holiday Spending, October 2009

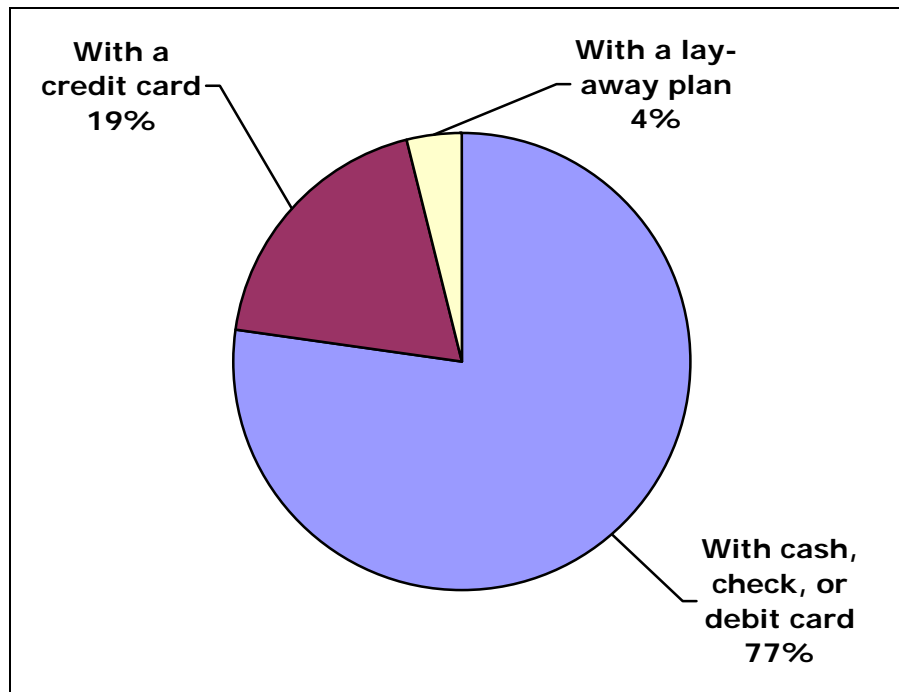
- Those with incomes between \$25,000 and \$49,999 are more likely than those with incomes less than \$25,000 to say they plan to spend *about the same amount* on holiday gifts (61% vs. 49%).
- Moreover, those with incomes of \$75,000 or more are more likely than those with incomes less than \$25,000 or those with incomes between \$50,000 and \$74,999 to say they will spend *about the same amount* as last year (71% vs. 49% and 58%, respectively).
- There are no age differences in holiday spending plans.

⁵ How to Read the Tables: **Bold face** percents in columns (which represent demographic subgroups) are significantly higher than percents in adjacent columns. Superscripts (^{a/b/c, d/e, f/g/h, i/j}) indicate those columns in which there is a statistically significant difference. Dashes (----) indicate no responses were reported.

Anticipated Method of Payment

Nearly eight in ten (77%) respondents who plan to give holiday gifts said they plan to pay for them with *cash, check, or debit card*, while one-fifth (19%) of respondents said they will use a *credit card* (see Figure 4). Four percent of respondents said they will opt to use a *lay-away plan* for purchases.

Figure 4
Anticipated Method of Payment
(n=987)



Source: *A Look at Holiday Spending*, October 2009

- There are no gender or age differences in anticipated methods of paying for holiday gifts. But, respondents with incomes less than \$25,000 are more likely than those with incomes of \$75,000 or more to report using *cash, checks, or debit cards* to pay for holiday gifts (83% vs. 71%). They are also more likely than their more affluent counterparts to purchase gifts with a *lay-away plan* (8% vs. 1% for each other income group).
- In contrast, respondents with incomes of \$25,000 or more are more likely than less affluent ones to say they plan to pay for their holiday gifts with *credit cards* (24%, 27% and 29% vs. 9%).

Payment Method Compared with Method Used in Previous Year

A large majority of respondents (87%) said the method of payment they plan to use this year is the *same* as the one they used last year; one in ten (10%) said they will use a *different* method of payment.

- Women are more likely than men (13% vs. 7%) to say the method of payment they will use this year is *different* than the one they used in 2008.
- Respondents with annual household incomes of \$75,000 or more are more likely than those with incomes below that level to say the method of payment they will use this year is the *same* as the one they used last year (96% vs. 87%, 85%, and 83%).

Among respondents who said they will use a different payment method than they used last year, more than half (53%) said they used a *credit card* for last year's holiday purchases, while slightly more than one-third (37%) said they used *cash, check, or debit card*. Two percent reported having used a *lay-away plan* for last year's holiday gifts.

- Respondents with annual household incomes less than \$25,000 are more likely than those with incomes between \$50,000 and \$74,999 or \$75,000 or more to say they used *cash, checks, or debit cards* last year (67% vs. 19% and 5%).
- In contrast, respondents with incomes between \$50,000 and \$74,999 or \$75,000 or more are more likely than those with incomes less than \$25,000 to say they used *credit cards* last year (90% and 95% vs. 32%).

Ways to Cut Back on Holiday Spending

Of those respondents who said they both plan to give holiday gifts and to spend less on them than last year, about half (49%) reported that they will cut back by *buying fewer gifts*. One-quarter (24%) said they will *buy only sale items*, nearly one-fifth (18%) will *do more comparison shopping*, one in eight (12%) will *make more homemade gifts*, and one in ten (10%) will *use coupons*. One percent of respondents said they plan to *spend or give less money* as a way to cut back.

- Among those who plan to give gifts but spend less on them, respondents ages 50-64 are more likely than those ages 65 or older to say they plan to *buy fewer gifts* as a way to cut back (56% vs. 35%).
- There are no other gender, age, or income differences in plans to cut back on holiday spending.

Plans for Extra Money

When asked what they will do with the extra money they may have from spending less on holiday gifts, about half (48%) said they will *pay bills*. Roughly one in seven (15%) respondents noted they plan to *save for retirement*, one in eight (13%) plan to *pay down debt*, and one in ten (10%) plan to *put the extra money in an emergency fund*.

- Among those who plan to give gifts but spend less on them, respondents ages 65 or older are more likely to say they will use the extra money for *other things* not noted (12% vs. 1%).
- Respondents with annual household incomes of less than \$25,000 are more likely than those with incomes of \$75,000 or more to say they will *pay bills* (57% vs. 29%).
- Respondents with incomes between \$50,000 and \$74,999 are more likely than those with incomes less than \$25,000 to say they will *pay down debt* (26% vs. 6%).
- Finally, respondents with incomes of \$75,000 or more are more likely than those with incomes less than \$25,000 or between \$25,000 and \$49,999 to say they will use the "extra" money to *save for retirement* (35% vs. 12% and 9%).

Conclusions

If the results of this survey of midlife and older adults are any indication, we should expect holiday spending this year to be about the same as last year, with nearly six in ten respondents saying they plan to spend about the same amount as last year. While most respondents who plan to give gifts say they plan to pay for them with cash, check, or debit card, much as they did in previous years, we might expect to see a dip in credit card purchases reflective of those holiday purchasers who say they will use a different method of payment this year.

Appendix A: Annotated Questionnaire

Holiday Spending
(n=1,046 Adults50+)

Q1. Where do you purchase most of your holiday gifts?

Online	8%
Through catalogues	8%
At stores, malls, etc...	69%
From street vendors	1%
Somewhere else	2%
I do not purchase holiday gifts	11%
Don't Know	1%
Refused	----

Q2. How much do you plan to spend for holiday gifts this year?

Less than \$100	18%
\$100-\$199	11%
\$200-\$299	15%
\$300-\$399	11%
\$400-\$499	8%
\$500 or more	24%
Nothing; don't plan to give gifts this year	6%
Don't Know	7%
Refused	----

<Asked of respondents age 50+ who plan to give gifts this holiday; n=987>

Q3. Compared to last year, how much do you plan to spend on holiday gifts?

More than last year	5%
About the same amount as last year	57%
Less than last year	34%
Don't Know	3%

<Asked of respondents age 50+ who plan to give gifts this holiday and who plan to spend less than last year on holiday gifts; n=293>

Q4. How do you plan to cut back on your spending for gifts?

Buy only sale items	24%
Do more comparison shopping	18%
Buy fewer gifts	49%
Make more homemade gifts	12%
Use coupons	10%
Spend/give less money	1%
Some other way	4%
None of these	7%
Don't Know	1%
Refused	---

<Asked of respondents age 50+ who plan to give gifts this holiday and who plan to spend less than last year on holiday gifts; n=293>

Q5. If you think you will spend less money on holiday gifts this year, what do you plan to do with the extra money?

Put it in an emergency fund	10%
Pay bills	48%
Pay down debt	13%
Save for retirement	15%
No extra money	6%
Other	5%
Don't Know	5%
Refused	2%

<Asked of respondents age 50+ who plan to give gifts this holiday; n=987>

Q6. How do you plan to pay for your gifts? (Check all that apply.)

With cash, check, or debit card	78%
With a credit card	20%
With a lay-away plan	4%
Don't Know	2%
Refused	----

<Asked of respondents age 50+ who plan to give gifts this holiday; n=987>

Q7. Is the method of payment you intend to use this year the same as the one you used last year?

Yes	87%
No	10%
Don't Know	2%
Refused	----

<Asked of respondents age 50+ who plan to give gifts this holiday and whose method of payment for holiday gifts will differ from last year; n=82>

Q8. What method did you use last year to pay for your holiday gifts?

With cash, check, or debit card	37%
With a credit card	53%
With a lay-away plan	2%
Don't Know	9%
Refused	4%

Demographic Characteristics

We're almost finished. I just have a few additional questions that I'd like to ask for classification purposes.

What is your age as of your last birthday? _____ years

50-64	62%
65+	38%

Are you male or female?

Male	44%
Female	56%

Are you or your spouse or partner currently a member of AARP?

Yes	42%
No	57%
Don't Know	1%

What is your current marital status?

Married	39%
Widowed	15%
Divorced	10%
Separated	7%
Single	28%

What is the highest level of education that you completed?

Less than high school graduate	22%
High school graduate	25%
Some college or technical training beyond high school	25%
College graduate	15%
Post-graduate or professional degree	10%

Which of the following best describes your current employment status?

Employed or self-employed <u>full-time</u>	31%
Employed or self-employed <u>part-time</u>	12%
Retired and not working	40%
Unemployed and looking for work	5%
Housewife	6%
Disabled/handicapped	1%
Other, not employed	6%

What best describes your race?

White, non-Hispanic	79%
Black, non-Hispanic	11%
Hispanic	4%
Other	3%
Refused	3%

Households are sometimes grouped according to income. Please indicate which group best estimates your annual household income before taxes. (*Check only one.*)

Less than \$10,000	10%
\$10,000 to \$19,999	16%
\$20,000 to \$29,999	10%
\$30,000 to \$39,999	7%
\$40,000 to \$49,999	8%
\$50,000 to \$74,999	10%
\$75,000 or more	17%