



Presents of mind – Christmas 2016

Most in Europe stay prudent despite high festive costs

ING International Survey special report – Christmas 2016

thinkforward



This survey was conducted
by Ipsos on behalf of ING



About the ING International Survey

The ING International Survey aims to gain a better understanding of how retail customers – and potential customers – of ING Bank around the globe spend, save, invest and feel about money. It is conducted several times a year, with past reports online at

www.ezonomics.com/ing_international_surveys.

This survey was conducted by Ipsos between 4 and 18 October 2016 using internet-based polling.

European consumer figures are an average, weighted to take country population into account.

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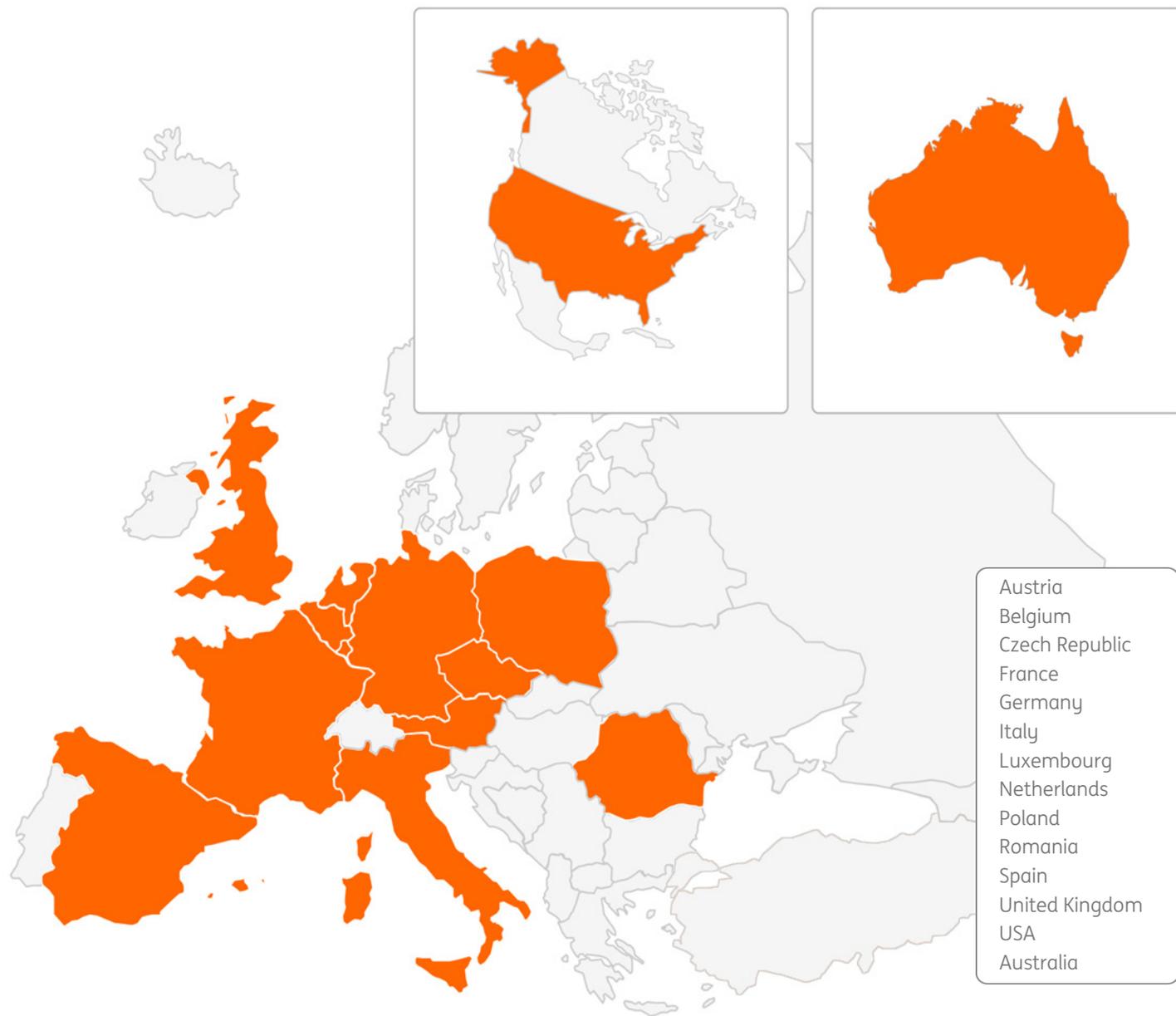
countries are compared in this report.

1,000

About 1,000 respondents were surveyed in each, apart from Luxembourg, with 500.

13,576

is the total sample size of this report.



Accounting for Christmas could be worth more than the sum of its parts

Some in Europe, Australia and the USA go into debt for the season; are festivities too focused on money?

ING's third annual survey of Christmas spending suggests most people continue to manage the financial consequences of Christmas well and, furthermore, most people do appreciate the presents they receive.

However our research also confirms that a minority continue to report less than satisfying experiences.

Eighty-two percent of people in Europe say they received gifts last Christmas. Of these, about one in seven (15%) were given something they didn't appreciate, didn't like or couldn't use. The shares are only slightly different in the USA and Australia.

Nearly eight in ten (78%) in Europe indicate they appreciated the gifts they received last year. Of the 15% in 2016 who admit to receiving unwanted presents, more than half kept them anyway.

The next most common responses to receiving unwanted gifts were to give them to someone else (25%) or to sell them (14%). And one in ten (11%) actually tried to return them to the store.

Asked to estimate the financial value of these unappreciated presents, survey respondents suggest a range with a median value of around €45.

Managing festive budgets

Across Europe, at least 10% agree they went into debt to pay for Christmas – a similar share to the 2014 and 2015 surveys. Meanwhile, 40% agree they let their hair down and relax somewhat for the festive season, with Christmas the one time of year

they allow themselves to spend without worrying about money. There is variation between countries. In Romania, the USA, the UK and Australia, more people may allow themselves to relax than elsewhere.

Still, a clear majority indicate they do not let celebrations get the better of their finances. One reason may be a widespread belief that Christmas is too focused on money. About 70% in Europe, the USA and Australia agree on this.

The next most common responses to receiving unwanted gifts were to give them to someone else (25%) or to sell them (14%). And one in ten (11%) actually tried to return them.

People's complaints about Christmas appear largely related to the financial effect of the season – rather than any gifts they might receive.

Ho, ho, ho – or ho hum?

Some argue that Christmas is typically a waste of money. In his 2009 book *Scroogenomics*, economist Joel Waldfogel finds that recipients typically underestimate the cost of their presents.

Other research suggests however that gifts are actually valued by the recipient more highly than

their perceived and actual price. We find that most people appreciate their presents.

So when shopping for this year's gifts, it may be worth keeping in mind that you will most likely make a good choice.

There's no need to spend big: if you personally feel that Christmas nowadays is too focused on spending money, chances are you're not alone.



Fleur Doidge, writer/editor
Ian Bright, senior economist

Most people do get what they want for Christmas

Gift giving is interesting: it combines social, cultural and economic elements. At Christmas in many countries, friends and family often give each other presents – an act sometimes considered to demonstrate the value of a relationship.

Yet in our survey approximately 15% of present recipients in Christmas 2015 (and who could remember their gifts) say they received at least one gift they did not appreciate last year, with an estimated median cost of about €45. The proportions giving this answer are similar in the USA (19%) and Australia (14%).

By October 2016, less than a year later, eight percent cannot even remember whether they appreciated their gifts – despite the common concern about buying the “right” present. And as behavioural economist Cass Sunstein noted in a 2012 *Bloomberg* column, “spotlight bias” means we may exaggerate our own role in any event.

If that’s so, perhaps gift choices don’t really matter much. Yet some people spend large sums – our 2015 survey revealed a median total gift budget (per giver) in Europe, the USA and Australia of €200.

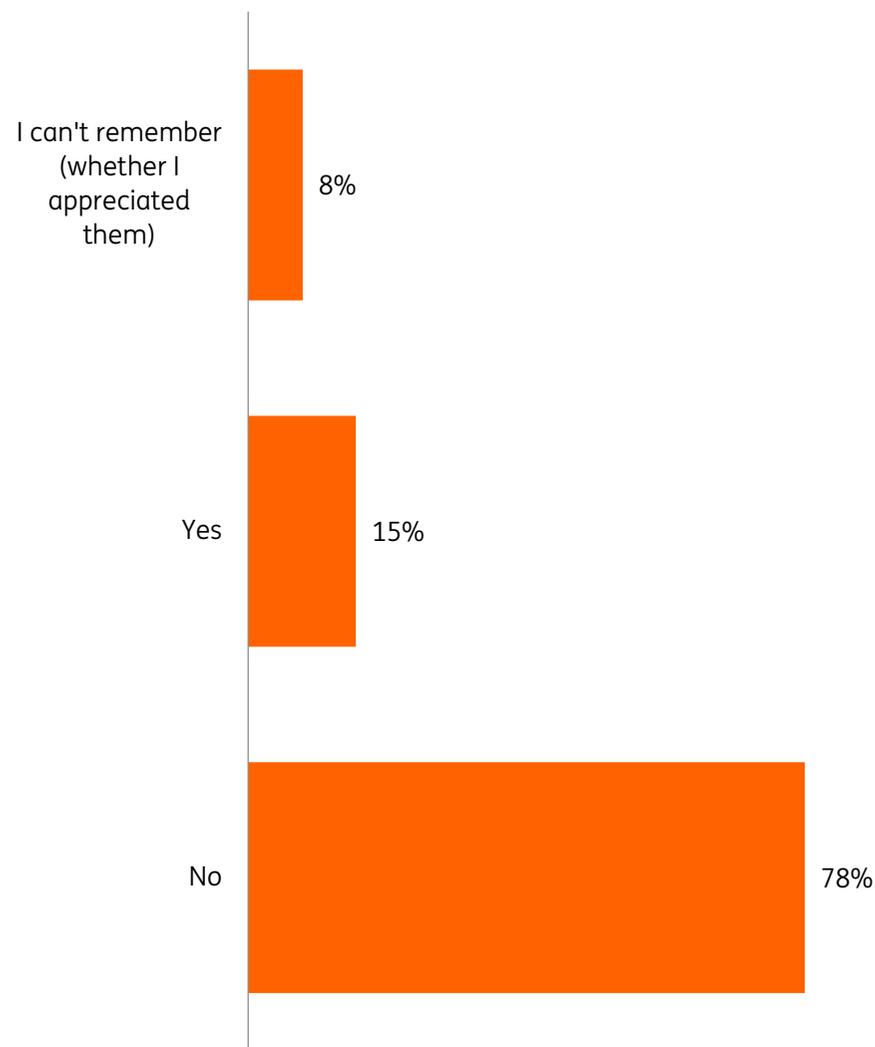
Gifts to be avoided for Christmas 2016

Items perceived as either not useful or not to the recipient’s taste were commonly cited by respondents this year as examples of unwanted Christmas 2015 presents. And it would seem that, when shopping for gifts, it might be best to steer clear of perfume and cosmetics, ornaments and clothing – especially shoes and sweaters.

The question

Did you receive any gifts LAST YEAR that you didn’t appreciate, didn’t like or couldn’t use?

Asked to respondents in Europe who indicated receiving Christmas presents in 2015 and could remember what they were given.



Sample size: 8,216

Unwanted gifts – are they still in circulation?

Christmas presents are typically considered a sign of appreciation – and it can be seen as rude to refuse them. It's no surprise, therefore, that our survey suggests those who receive unwanted or unappreciated presents may keep them anyway.

We find that most recipients (78%) actually do get gifts they like. Across Europe, only a small share (15%) say they received any unwanted gifts for Christmas 2015 – and about half kept them.

The next most popular move is to “re-gift” them to someone else – especially in Luxembourg (53%).

Only 14% of those in Europe who received unwanted 2015 presents sold them on, and just 11% “tried to return them in the store”. Five percent say they gave them back to the giver – with more people in the UK (11%) and Netherlands (9%) choosing this option. It might be interesting to know more about the personal relationships potentially involved here.

We also find that people in Europe aged 65-plus are more likely (37%) to say they donated unwanted presents to charity. A younger cohort, the 25-34s, has the highest share (11%) who say they simply threw them away.

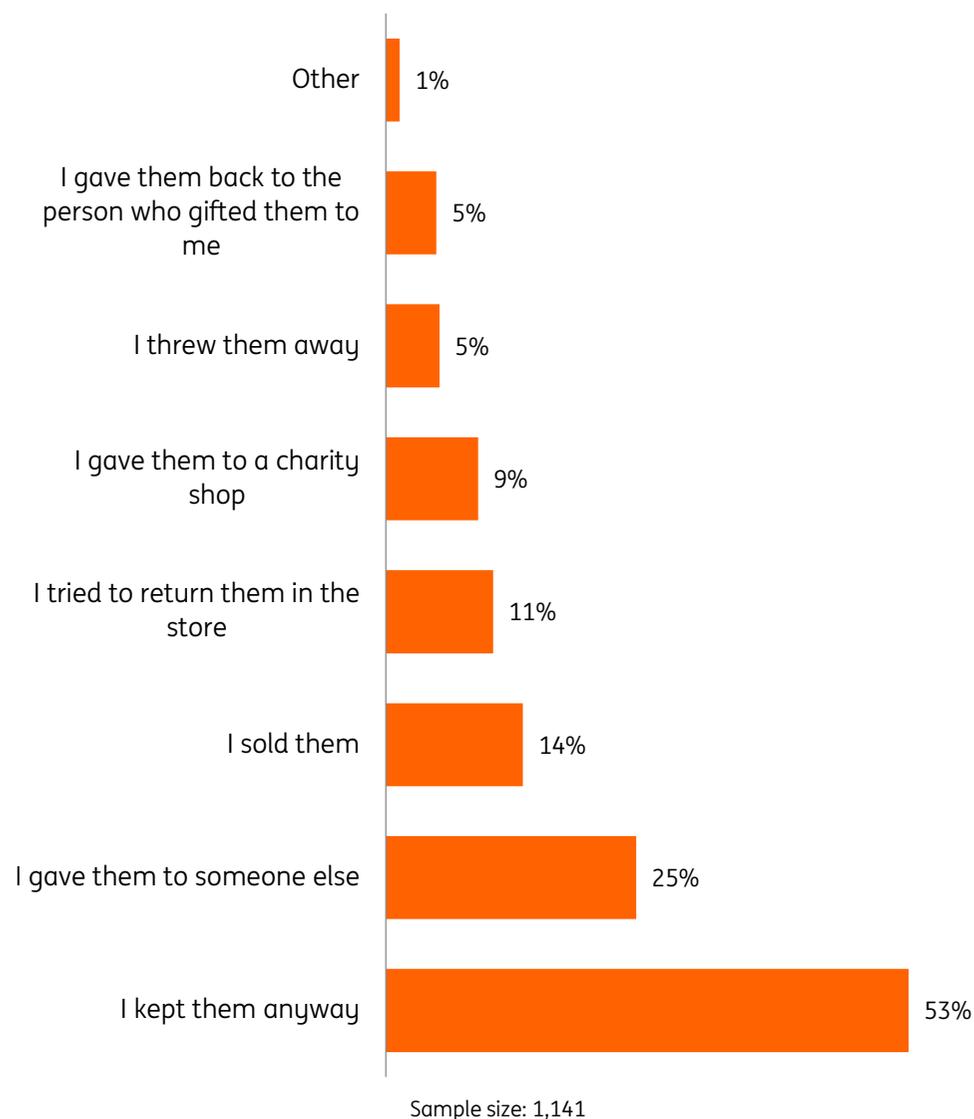
Larger shares in the USA (19%) say they threw their unwanted presents away, “re-gifted” them (40%) or tried returning them to a store (31%).

In Australia, more people than in Europe donated unwanted Christmas gifts to charity (20%).

The question

Did you receive any gifts LAST YEAR that you didn't appreciate, didn't like or couldn't use? / What did you do with these gifts?

Asked to the 15% across Europe who answered “yes”.



How people feel about paying Christmas costs

Choosing the right present, even for someone you know well, can be tricky, and pressure to appear generous can be intense. Fifteen percent of gift recipients (who could remember what they got) across Europe received something they did not appreciate in 2015.

We wanted to explore whether people feel their festive spending is out of a sense of obligation. In 2016, 42% of people in Europe agree with the statement “I feel forced to spend money at Christmas”, with the largest share in Spain (57%) and the lowest in the Netherlands (20%).

Italy (42%), France (44%) and the UK (44%) are closest to the average, with similar shares agreeing in the USA and Australia.

The share who agree changes little whether men or women are asked. Across the age brackets, though, the share tapers off slightly among people of 65 or over.

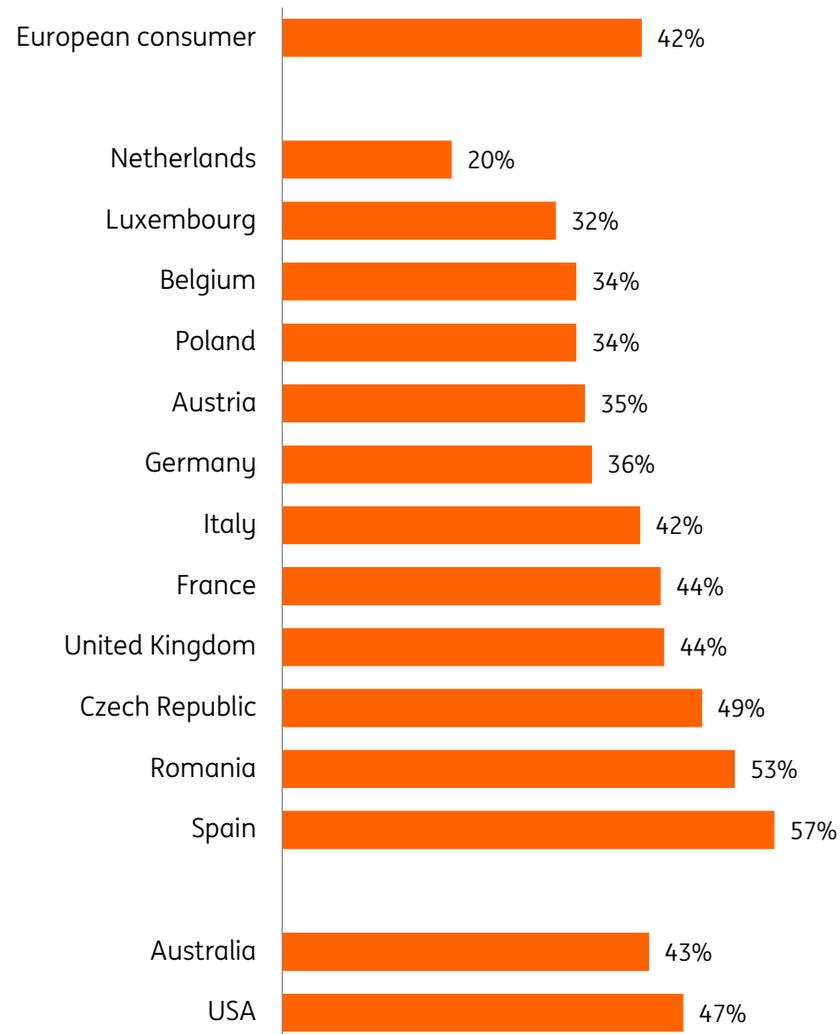
Presents cost money – and yet they also hold special meaning within cultural frameworks; gift giving can act as a kind of social glue, creating and sustaining interpersonal relationships.

People may therefore feel required to spend on Christmas presents, regardless of personal beliefs – or the size of their bank balance.

The question

“I feel forced to spend money on Christmas”

Percent who answered “agree” or “strongly agree”.



Sample size: 13,576

If Christmas can be too commercial why buy into it?

Every year as the festive season rolls around, people in Europe, the USA and Australia are bombarded with opportunities to spend money as companies compete to sell related goods and services.

We asked if Christmas is too focused on spending money – and across Europe 70% agree. People in the USA and Australia respond similarly to the question.

The exception is Poland, where just 53% agree. The Netherlands' share is 59% – but budgets there may focus on the early-December Sinterklaas festival.

Economist Joel Waldfogel's bestselling 2009 book *Scroogenomics: Why You Shouldn't Buy Presents for the Holidays* argues that it doesn't make sense to spend much at Christmas.

More might be achieved economically, he suggests, if less is wasted on festive gifts that don't fill specific individual needs.

In his related 1993 paper "The Deadweight Loss of Christmas", Waldfogel explains that, although gift-giving can be beneficial, "it is more likely the gift will leave the recipient worse off than if she had made her own consumption choice with an equal amount of cash".

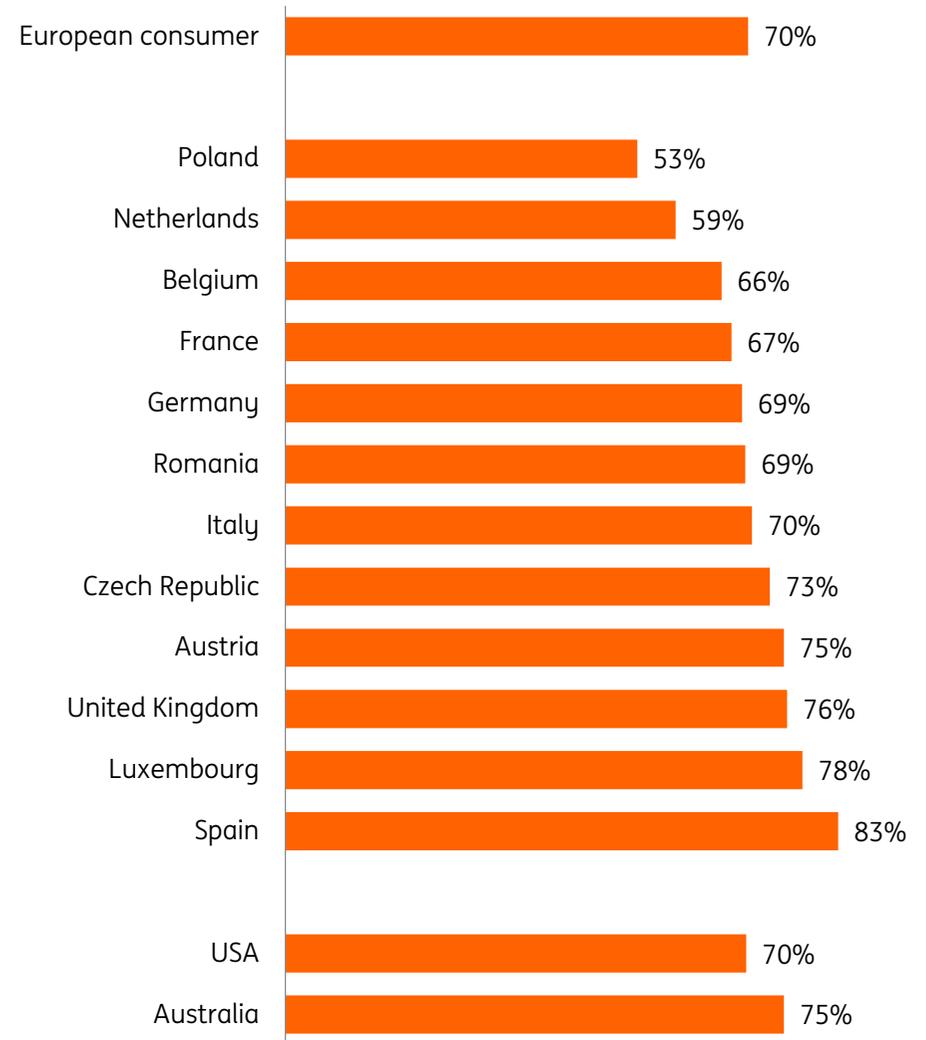
Why then do some people overspend at Christmas time? Behavioural economists have shown that the way people spend money is based on natural features of social psychology.

It can be hard to resist splashing out for a special event, for example, especially if peers are spending large sums.

The question

"I think Christmas is too focused on spending money"

Percent who answered "agree" or "strongly agree".



Sample size: 13,576

More good news – few fall into a festive debt trap

Although the survey confirms that many people feel Christmas is too much about spending money, it also reveals that some overdo it and end up in debt once the tinsel has been packed away for another year.

On average, 10% of people in Europe indicate they went into debt last year to pay for Christmas – about the same as in 2014 and 2015.

Of these, some perhaps choose to pay for Christmas using a credit card and pay it off quickly in a month or so.

However, others no doubt struggle to settle the bills and they may have longer-term problems as a result.

There is considerable variation between countries, from a low of 3% in Luxembourg to highs of 19% in Romania and 22% in the USA – where nearly a quarter agree with the statement.

Across 12 European countries, 84% “disagree” or “strongly disagree” with the statement “last year I went into debt to pay for Christmas”.

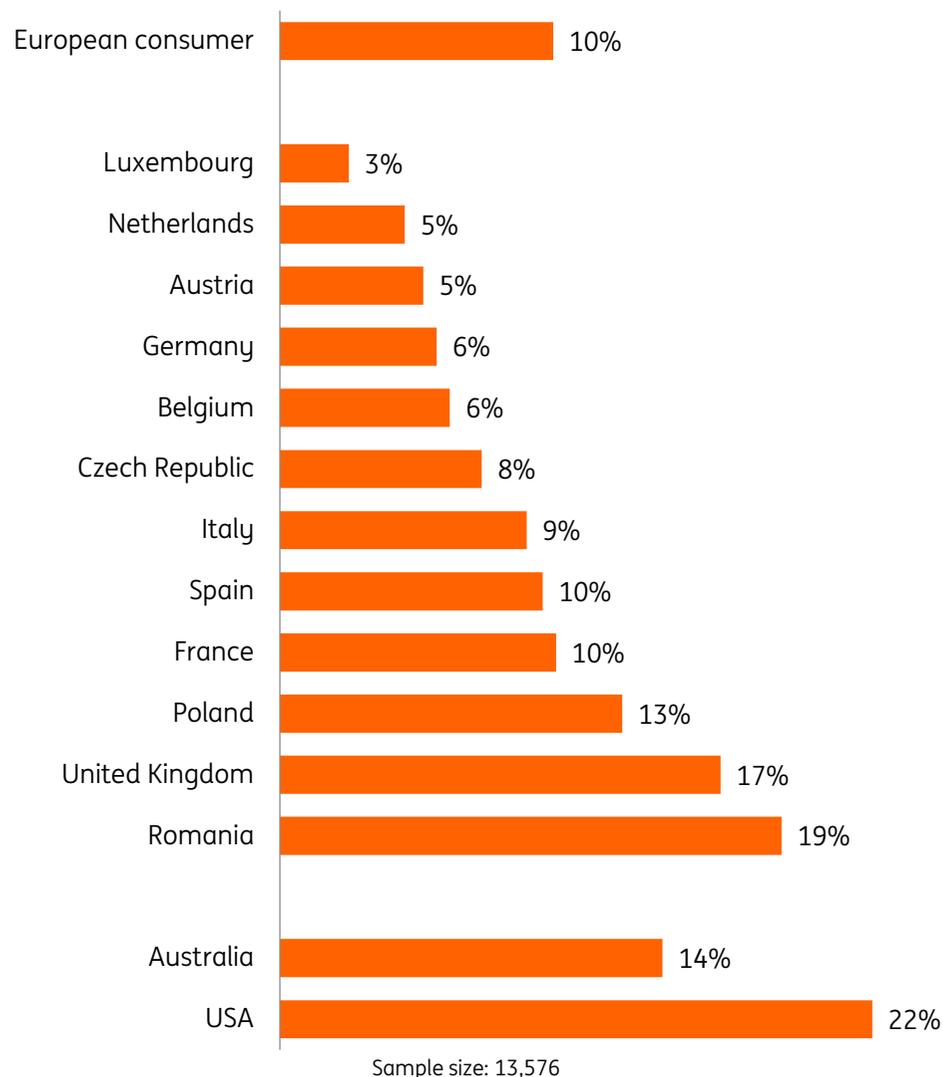
A leap forward for prudent planning?

The shares who agree with the statement “I save money for Christmas” have risen since 2015: 41% of Europeans now agree (up from 33%); 45% of Australians (up from 34%); and 62% of people in the USA (up from 46%). More respondents appear to be planning ahead for festive spending. This may help explain why only a small proportion are falling into debt as a result of the holiday season.

The question

“Last year I went into debt to pay for Christmas”

Percent who answered “agree” or “strongly agree”.



“Christmas is the one time of year I don’t need to worry”

Planning for a big expense – setting a budget and putting money aside ahead of time – is a key way of ensuring you can enjoy eventual celebrations.

And 40% of people in Europe in 2016 say they allow themselves not to worry about spending money during Christmas, up from 30% in 2015.

The share is highest in Romania (61%), with the USA next (55%; 44% in 2015). These countries also have the largest proportions in the 2016 survey who agree they went into debt to pay for Christmas last year.

Are people discounting the chance that future spending could cause money problems? Behavioural factors, such as a natural bias towards optimism, may play a role.

Some people may simply be better prepared in 2016. Comparing this year’s results with the 2014 and 2015 Christmas reports, we find that many who agree they “allow themselves not to worry” also say they save money for Christmas.

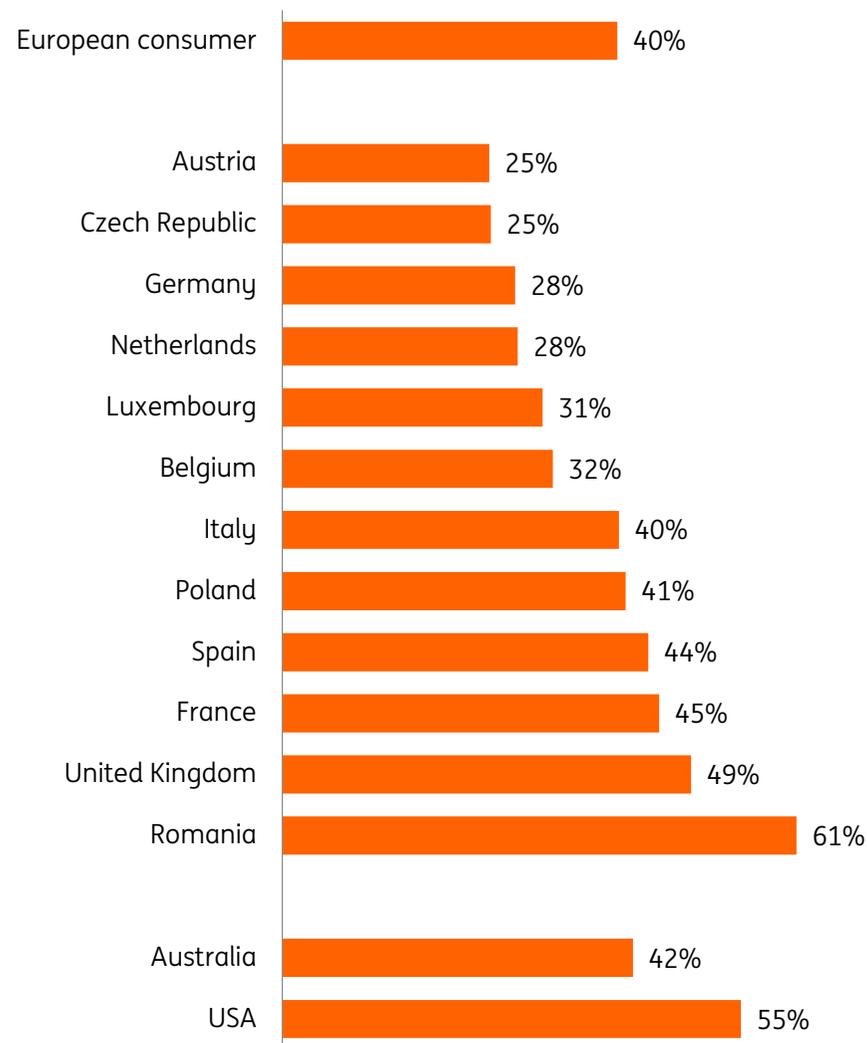
A festival for the young?

Younger people aged 18-34 and men are slightly more likely to agree that Christmas is the one time of year they allow themselves not to worry about spending. This appears to tally with several common cultural stereotypes – about the young having less to worry about generally, for example, and about males aiming to appear as generous, strong providers for their family.

The question

“Regardless of my financial situation, Christmas is the one time of year I allow myself to not worry about spending money”

Percent who “agree” or “strongly agree”.



Sample size: 13,576

What should be under the tree for Christmas 2016?

Across Europe, 46% say they got practical gifts such as household items for Christmas last year. Twenty-six percent received presents related to hobbies or leisure.

Twenty-one percent in Europe say they received money presents in 2015; 16% received gift cards, while 14% got luxuries or other “special” items. More Czechs (70%) are practical gift givers.

Half in the Netherlands say they received no Christmas gifts last year. Potential reasons may include the Sinterklaas festival, marked in the Netherlands and in parts of Belgium earlier in December.

We also asked what people want for Christmas 2016, and 76% in Europe say they don't want any particular gift. Among the 24% who do, more Romanians (45%) and Poles (37%) name a specific item.

Electronics, cars, money and jewellery are popular in all countries, followed by books, holidays and practical household items. Requests for happiness, health or world peace may be less easy to satisfy.

These results include people who do not celebrate Christmas.

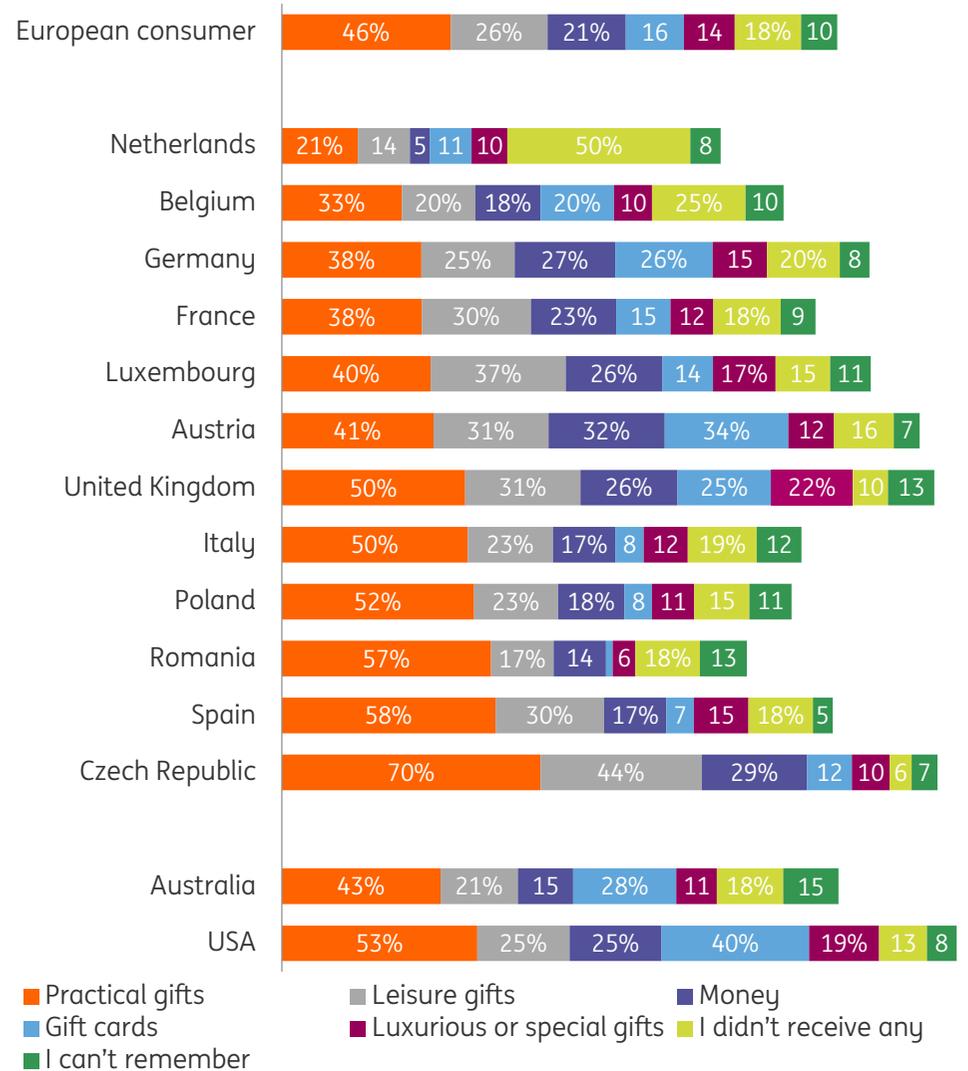
The value of festive giving

Economist Joel Waldfogel observes in his 2009 book *Scroogenomics* that Santa Claus does a “perennially poor” job of matching gifts with people: if people chose their own presents, they would choose differently. Yet Christmas is more than the sum of its parts – retaining cultural meaning beyond the cash value of any presents people might receive. It's often the thought (and effort) that counts.

The question

What type of gifts did you receive for Christmas LAST YEAR?

Asked to everyone. Respondents could choose one or more of the following seven options.



Sample size: 13,576

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