



Charity puts the squeeze on spending

By Bridie Smith

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Public donations of more than \$155 million to the tsunami appeal may dampen the retail sector, the Australian Retailers Association said yesterday.

Its Victorian executive director, Brian Donegan, said the association was expecting a dip in spending because of the Asian tsunami.

On Saturday night alone more than \$20 million was raised through a national televised concert.

"Clearly, if people are spending money on other things, then they are not going to have as much disposable income to spend on retail," Mr Donegan said. "In the short term there may be a bit of a lull."

A consumer psychologist, Michael Edwardson, predicted that discretionary items, including electronic goods, home entertainment systems and imported cars, would be hit hardest.

Where a disaster really affected people, a drop in discretionary, or joy, spending often happened. "People drop back on the things that maybe would be seen as spoiling themselves," he said.

But the research director at the Australian Centre for Retail Studies, Michael Morrison, disagreed. He said that in times of crisis, people often spent up on items that made them happy, which could see many people buying top of the range.

"Whatever happens, the top end of retail doesn't seem to change much, so I would expect that luxury items would do better," he said.

He said that after the September 11 terrorist attacks in America, people spent more on themselves and their loved ones.

"If they were going to have champagne it was going to be the best, if they were going to buy a bar of chocolate it was going to be the best," Mr Morrison said.

"I'd be very surprised if there is not a move to buying better, whatever that means to the individual consumer."

The D&B National Business Expectations Survey released yesterday showed that 22 per cent of businesses reported signs of a slowdown in consumer spending in the September quarter 2004. Retailers were the least optimistic, with 28 per cent tipping a downturn.

But D&B's economic consultant, Duncan Ironmonger, said the tsunami was unlikely to have any impact on the retailing.

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