

Retail therapy dying out as consumers tighten their belts

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Retail therapy is dying out as consumers opt for less expensive leisure pursuits, according to a report for the Bank of England

Shops are reporting that fewer customers are making impulse buys as people tighten their belts to see out the impending recession.

Visitor numbers at major shopping centres are falling, and consumers are choosing "value" products ahead of branded, luxury items and major household purchases like furniture.

The bleak warning comes in the Bank's monthly Agents' Summary of Business Conditions report, which is based on interviews with 700 firms across the country.

"Discretionary expenditure was seen to be shrinking, with retailers reporting that fewer consumers were treating shopping as a leisure activity – reflected in reductions in both impulse spending and visitor numbers at major shopping centres," the report said.

"Factory outlets and discount stores continued to gain market share," it added.

It also warned that pubs and restaurants are suffering as people save money by eating and drinking at home, although hotels are reporting rising bookings as Britons shun expensive foreign holidays.

The pessimistic outlook was echoed by figures showing that Scottish consumers have been cutting spending on everything except essentials.

Non-food sales recorded their biggest drop in eight years, which the Scottish Retail Consortium put down to plummeting consumer confidence.

Research from Post Office Financial Services shows that Britons have cut their monthly outgoings by £160, in part by reducing their petrol and food bills.

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