



# Manulife Debt Series – *Holiday Season Spending*

October 2018

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# METHODOLOGY

# Methodology



Canadians (excluding the Territories) age 20-69, earning \$40K+



10-minute survey run on  
Ipsos' iSay Panel



August 31 – September 5, 2018



2,003 completed surveys  
Credibility interval +/-2.5%\*



Survey data weighted by:

- Gender
- Age
- Region
- Education

\* Credibility interval replaces margin of error for online panel surveys.

# EXECUTIVE SUMMARY

# Executive Summary (1/2)



## A commercialized holiday season puts pressure and stress on Canadians

- A majority of Canadians who plan to spend money over the holiday season agree the holidays have become too focused on spending money (78%), and over half feel pressure to buy gifts for certain people in their life (56%). Four in ten agree they get stressed/anxious leading up to the holiday season (44%) and that they are more stressed about their finances over the holidays than throughout the rest of the year (42%).
- One-quarter say this financial stress negatively affects their mental health (26%), and two in ten say it often ruins the holidays for them (22%). Among those in a lot of debt, agreement is more than double for both statements (53% respectively).
- The financial stress of the holidays can also seep into other aspects of one's life, with two in 10 of those in a relationship agreeing it causes stress/tension with their significant other (22%), and two in ten of those employed full or part time agreeing the financial stress of the season affects their productivity at work (19%). Again, this is far more pronounced among those in lot of debt, with nearly half indicating it affects their relationship with their SO (47%) and nearly four in ten saying it affects their productivity at work (38%).

## The financial hangover of the holidays may last well into the New Year

- Despite willingness among those planning to spend money on the holiday season to go into debt to buy gifts (61%), three in 10 say that each year they end up regretting the amount of money they've spent over the holiday season (32%), that the holiday season undoes all of the good financial decisions they've made throughout the year (29%) and they often struggle to pay off debt after the holidays (29%).

# Executive Summary (2/2)



## Canadians with a budget for the holiday season aren't optimistic about sticking to it

- Among those planning to spend money over the holiday season, eight in ten say they already have a budget for how much they'd like to spend (44%) or that they will have one (35%). However, over half who have a budget/plan on having one think it's likely they'll overspend (54%) – with those in a lot of debt (68%), 18-34 year olds (66%) and parents (66%) most likely to think they'll overspend.

## Fifteen percent of Canadians plan on going into debt for the upcoming holiday season

- Among holiday spenders, 15% indicated they plan on going into debt for holiday spending – those in a lot of debt (32% vs. 12% some/little/none), Quebec residents (24% vs. 13% ROC), parents (19% vs. 12% no children under 18) and those under 55 (18% vs. 9% 55+) are most likely to say they plan on going into debt.
- Credit cards are by far the most common credit those planning to go into debt say they'll use (74%), followed by line of credit (21%).
- As for how they plan on paying off this debt, cutting back on entertainment (45%), shopping (35%) and luxury items (34%), as well as making the minimum payments (33%) were the most common plans.

## Rising Bank of Canada interest rates causing Canadians to alter their holiday plans

- Among those planning to spend on the holidays, 1 in 10 say rising rates have already had an impact on how much they'll spend on gifts, whether or not they'll take a vacation over the holidays, or whether or not they'll travel to see family friends; additionally, roughly one-quarter believe this will have an impact on these plans.

## The debt situation of Canadians has shown signs of improvement compared to last wave

- Fewer Canadians self report they are in a lot of debt compared to May'18 (11% from 14%), with more reporting they are in no debt (23% from 18%), and among those with debt, less report they are paying more in interest payments compared to last year (19% from 23%).

# Media Angles/Headlines (1/2)



1

Six in 10 Canadians planning to spend over the holiday season either don't have a budget, or think it's likely they'll overspend

*Two in ten don't have a budget for the holiday season, and of those with one, over half think it's likely they won't stick to it*

2

Rising interest rates a holiday Grinch?

*One in ten planning to spend during the holidays say rising BoC have already altered their holiday plans, with a quarter believing they will*

3

While a majority of Canadians are willing to go into debt to buy gifts, a third report experiencing a financial holiday hangover, regretting the amount of money they've spent during the holiday season

*Three in ten say they often struggle to pay off debt after the holiday season*

4

Eight in ten Canadians agree the holidays have become too focused on spending money

*Over half agree they feel pressure to buy gifts for certain people in their lives and four in ten agree they can't afford to spend the amount of money they're expected to over the holidays*

5

A quarter of Canadians planning to spend during the holidays say the financial stress of the holiday season negatively impacts their mental health

*Two in ten say the financial stress ruins the holidays for them*

# Media Angles/Headlines (2/2)



6

Two in ten married/common law Canadians planning to spend over the holidays say the financial stress of the holidays causes stress/tension with their significant other  
*A quarter of partnered Canadians with debt say it causes issues in their relationship*

7

One in ten Canadians with debt have hidden a purchase completely or lied about the real cost  
*Electronics (more so among men) and clothes (more so among women) are the most commonly hidden purchases*

8

Half of Canadians with debt say their level of debt is causing them stress  
*Over four in ten often feel overwhelmed by their financial situation and four in ten don't think they'll ever be out of debt*

9

While down from May 2018, over a third of Canadians with debt say it negatively impacts their mental health  
*Three in ten say debt keeps them up at night*

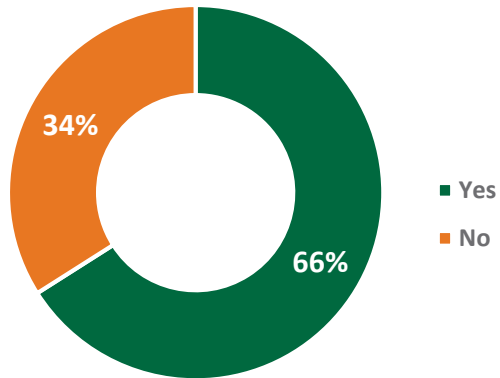
# DEBT AND THE HOLIDAY SEASON

# Spending During the Holiday Season

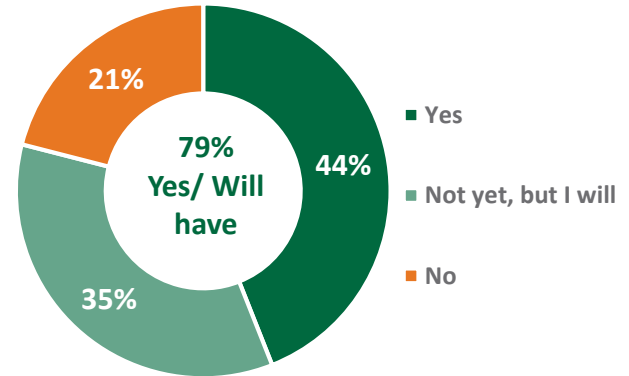


Two-thirds of Canadians are planning to spend during the upcoming holiday season on gifts, travel, parties, etc. Of those, 4 in 10 already have a budget in mind for how much they plan to spend, and 1 in 3 say they don't have one yet, but will.

## Planned to Spend During Holiday Season



## Planned Budget for Holiday Season



Thinking about the upcoming winter holiday season (Christmas, Hanukkah, New Years, Kwanzaa, etc.), do you plan on buying gifts, or spending money on things like travelling to see loved ones, parties, etc.? Base: All respondents (n=2003)

© 2018 Ipsos Do you have a budget in mind for how much you plan to spend on gifts, travel, parties, etc.? Base: Planning to spend during holidays (n=1439)

# Likelihood to Overspend on Holiday Budget



Over half of those with a holiday budget think they'll overspend this holiday season, with those in a lot of debt, 18-34 year olds, and parents the most likely to think they'll overspend. The majority who think they'll overspend think it will be below \$500, with 1 in 10 saying over \$500, or they don't know.

## Likelihood to Overspend on Budget

■ Very likely
 ■ Somewhat likely
 ■ Not very likely
 ■ Not at all likely



54% Likely

46% Unlikely



68%

A lot of debt

(vs. 52%  
some/little/none)



66%

18-34

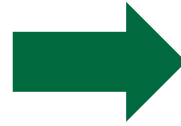
(vs. 53% 35-54,  
44% 55+)



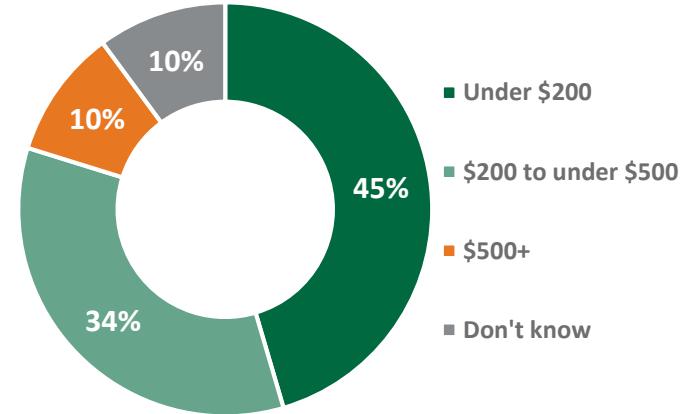
66%

Parents

(vs. 48% no kids)



## Think Will Overspend By....



How likely do you think it is you'll overspend your budget for the holiday season? Base: Have holiday budget (n=1132)

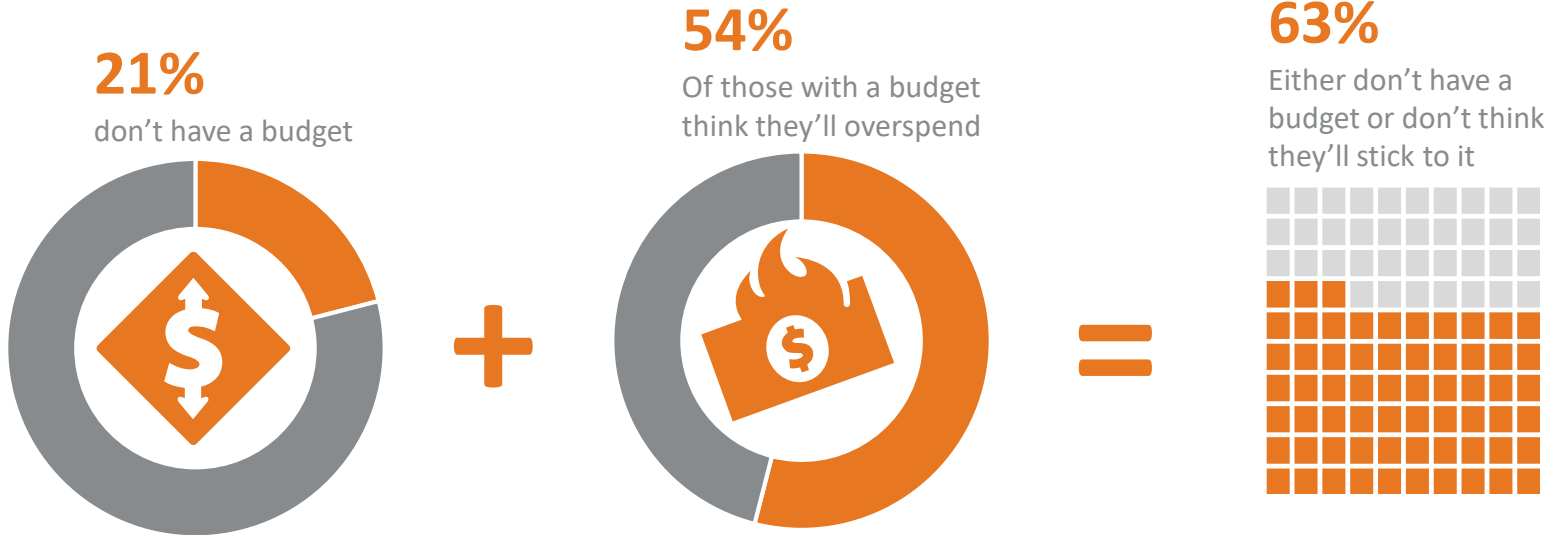
© 2018 Ipsos If you had to guess, how much do you think you'll overspend by? Likely to overspend (n=1044)

# Budgeting and Overspending



Over 6 in 10 Canadians who plan to spend over the holidays either don't have a budget, or think it's likely they won't stick to their budget.

Among those planning to spend over the holiday season...

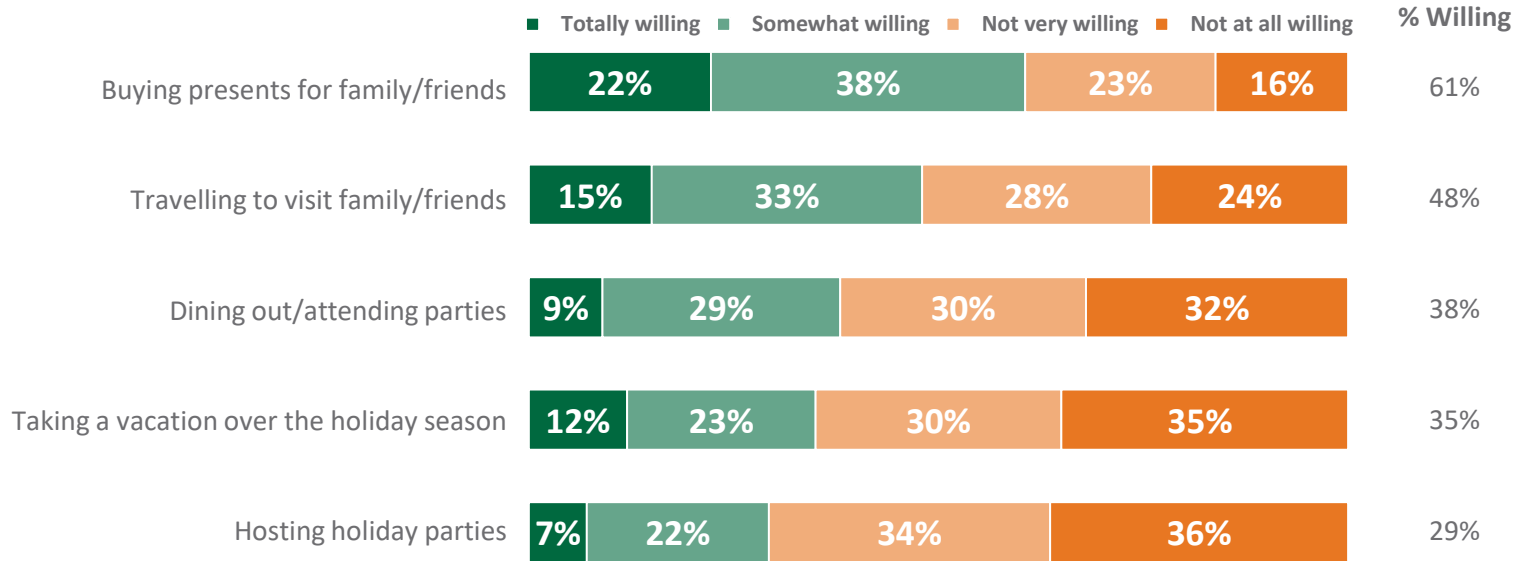


Do you have a budget in mind for how much you plan to spend on gifts, travel, parties, etc.? Base: Planning to spend during holidays (n=1439)

# Willingness to go into Debt During Holiday Season



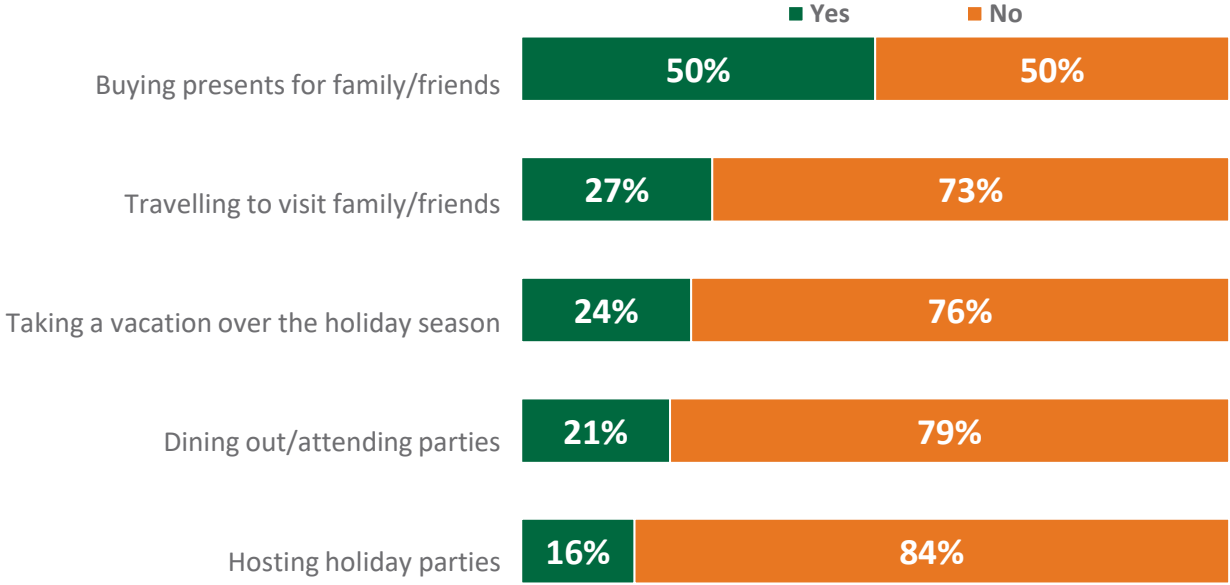
Canadians are most willing to go into debt to buy presents for family friends, with 6 in 10 being willing. Half are willing to go into debt to visit family/friends, with willingness being lower for dining out/parties, taking a vacation and hosting holiday parties.



# Previous Debt Use Over Holidays



Half of Canadians planning to spend during the holidays have previously gone into debt to buy presents, with about one-quarter having gone into debt to travel to visit family/friends or to take a vacation.



**80%**  
A lot of debt (vs. 46% some/little/none)

**64%**  
Parents (vs. 43% no kids)

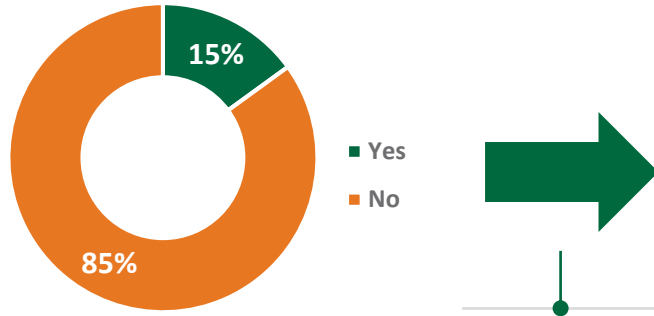
**56%**  
Under 55 (vs. 40% 55+)

# Planning to go into Debt for Upcoming Holiday Season



Fifteen percent of Canadians planning to spend during the holidays say they plan on going into debt for the holiday season, with those in a lot of debt, Quebec residents, parents, and those under 55 years old most likely to say they plan to. Of those planning to use debt, three-quarters say they plan on using credit cards, 2 in 10 say lines of credit, and concerningly, 1 in 10 say payday loans.

## Planning to go into Debt for this Holiday Season



**32%**

A lot of debt

(vs. 12%  
some/little/none)



**24%**

Quebec

(vs. 10% BC, 13% ON,  
13% AB, 11% Atl)



**19%**

Parents

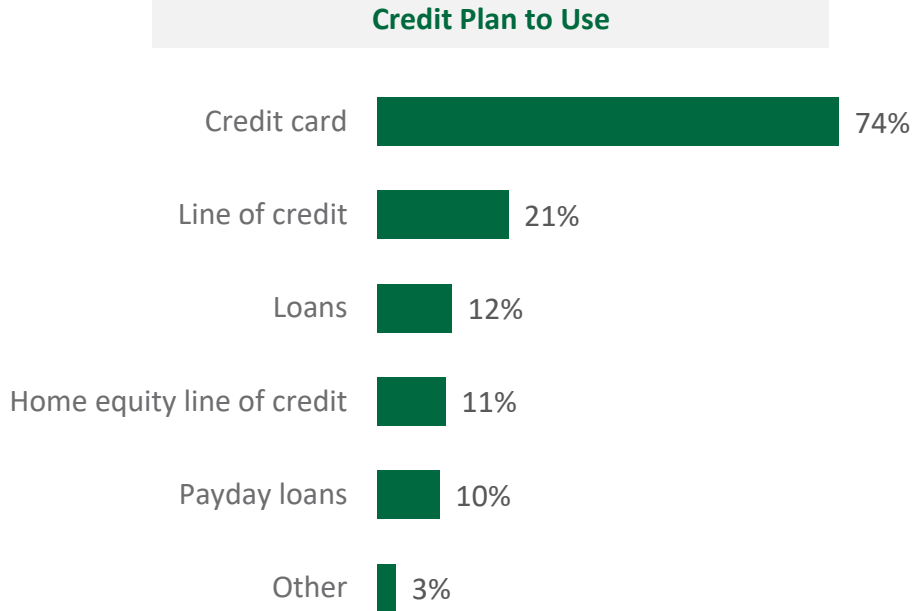
(vs. 12% no kids)



**18%**

Under 55

(vs. 9% 55+)



Are you planning to go into debt for the upcoming holiday season (gifts, travel, parties, etc.)? Base: Planning to spend during holidays (n=1439)

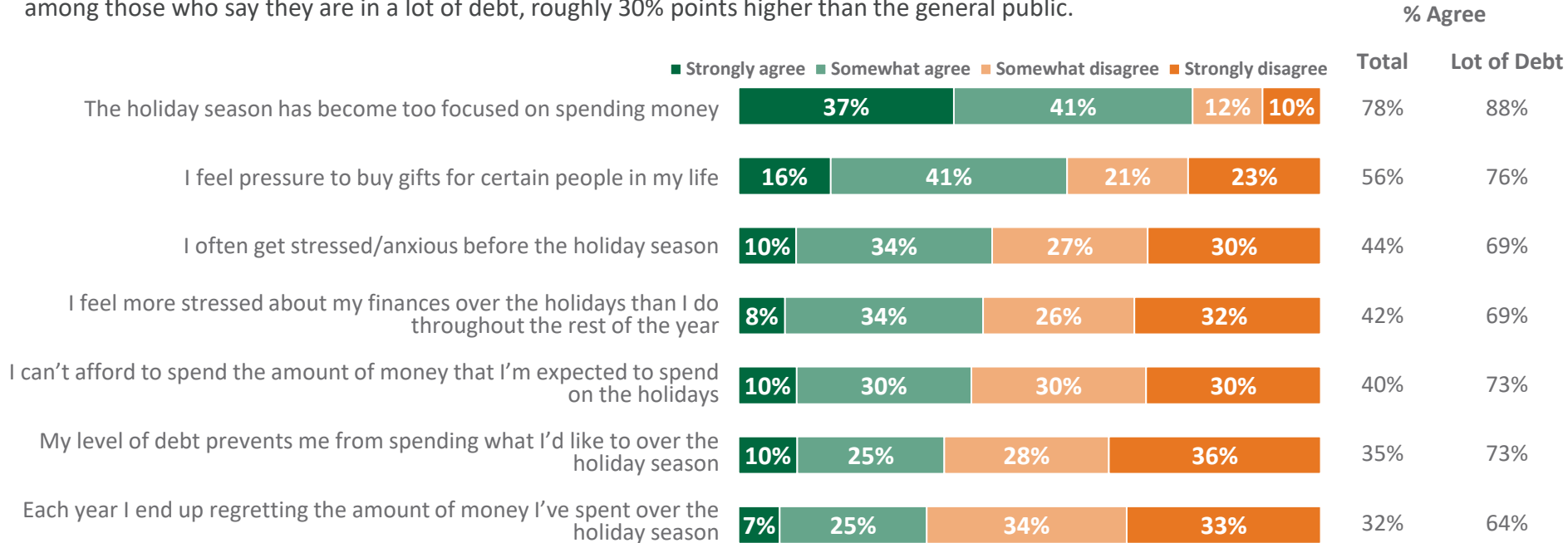
© 2018 Ipsos You mentioned you plan on using debt for the upcoming holiday season, what types of credit do you plan on using? Base: Planning to use debt (n=211)



# Money, Debt and the Holiday Season



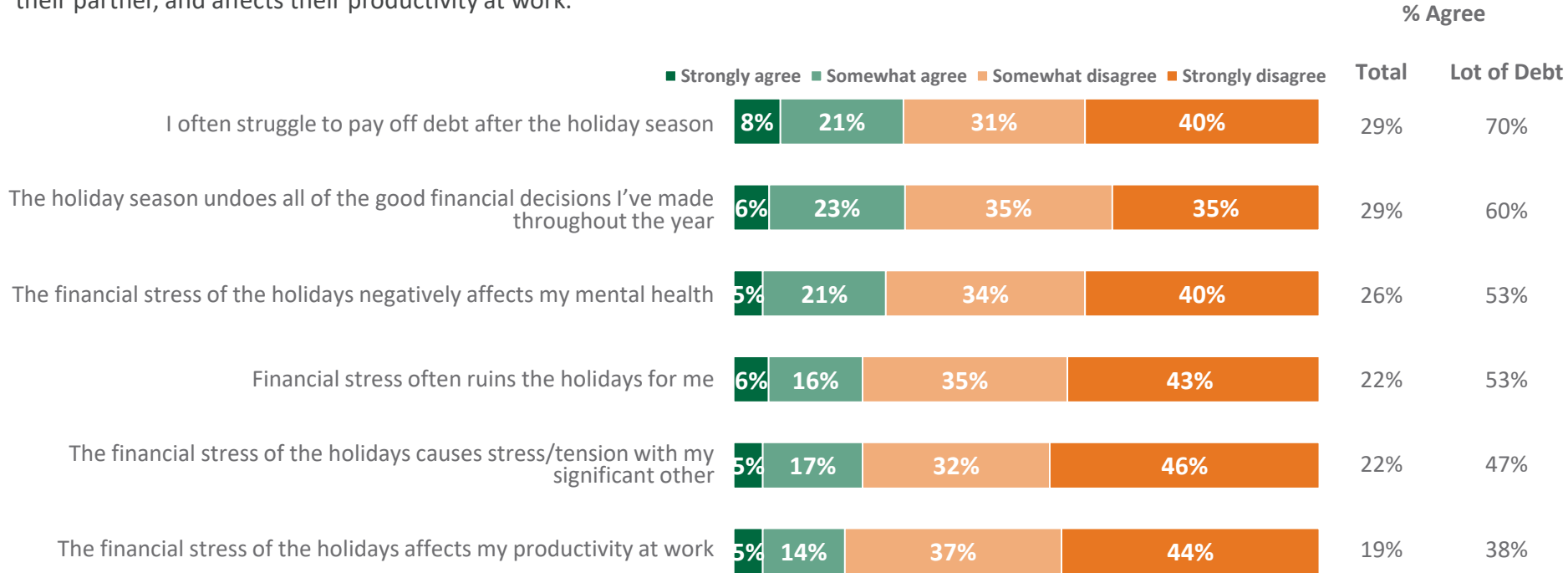
Eight in 10 Canadians who plan on spending over the holidays agree the holiday season has become too focused on spending money, and over half agree they feel pressure to buy gifts for certain people in their lives. Four in 10 agree they get stressed/anxious before the holidays, that they are more stressed about finances over the holidays than the rest of the year, and they can't afford to spend what they are expected to. One in 3 agree their level of debt prevents them from spending what they'd like to over the holidays, and that each year, they regret the amount of money they spend. These are both significantly higher among those who say they are in a lot of debt, roughly 30% points higher than the general public.



# Money, Debt and the Holiday Season (Cont'd)



Additionally, 3 in 10 say they struggle to pay off debt after the holiday season; at 7 in 10, this is more than double among those who are in a lot of debt. Three in 10 also agree the holiday season undoes all the good financial decisions they've made throughout the year. Concerningly, 1 in 4 say the financial stress of the holidays negatively affects their mental health, with this being over half among those in a lot of debt. Two in 10 agree the financial stress ruins the holidays, that it causes tension with their partner, and affects their productivity at work.

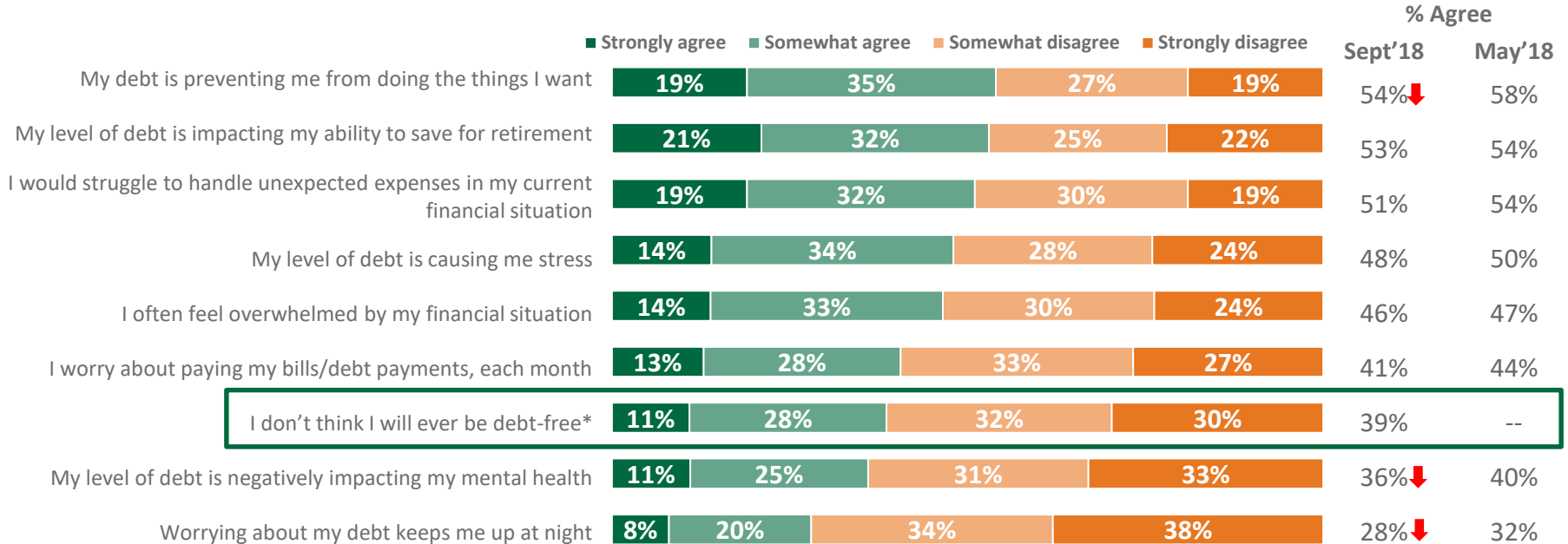


# THE DEBT LANDSCAPE

# Attitudes Towards Debt



Four in 10 Canadians with debt don't think they'll ever be debt free. Other attitudes about debt have remained fairly stable compared to last wave.



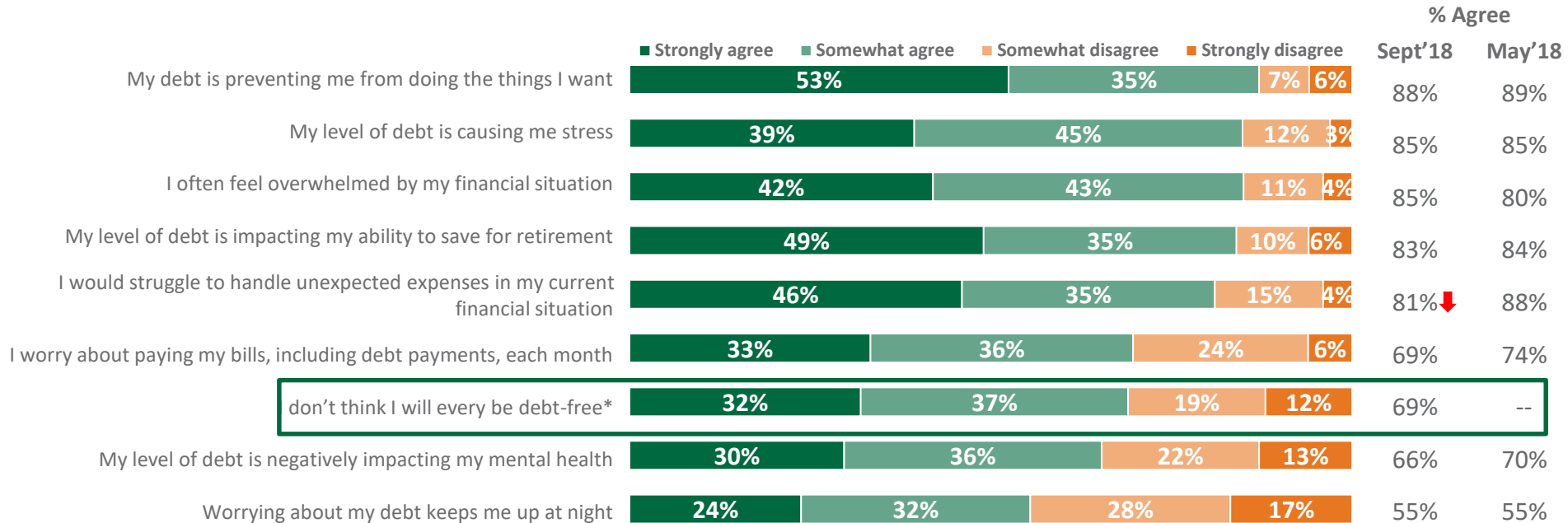
\*Statement added Sept'18

↑ ↓ Arrows indicate significant differences from May'18

# Attitudes Towards Debt – Those in a Lot of Debt



Among Canadians who say they have a lot of debt, 7 in 10 believe they'll never be debt free. Other attitudinal statements are stable compared to the last wave.



\*Statement added Sept'18

↑ ↓ Arrows indicate significant differences from May'18

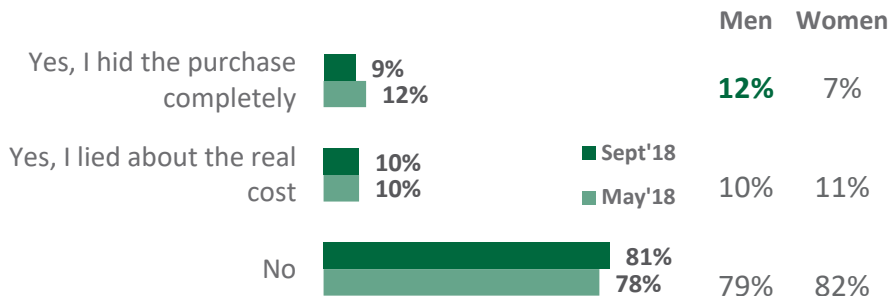
# MONEY AND RELATIONSHIPS

# Hidden Spending

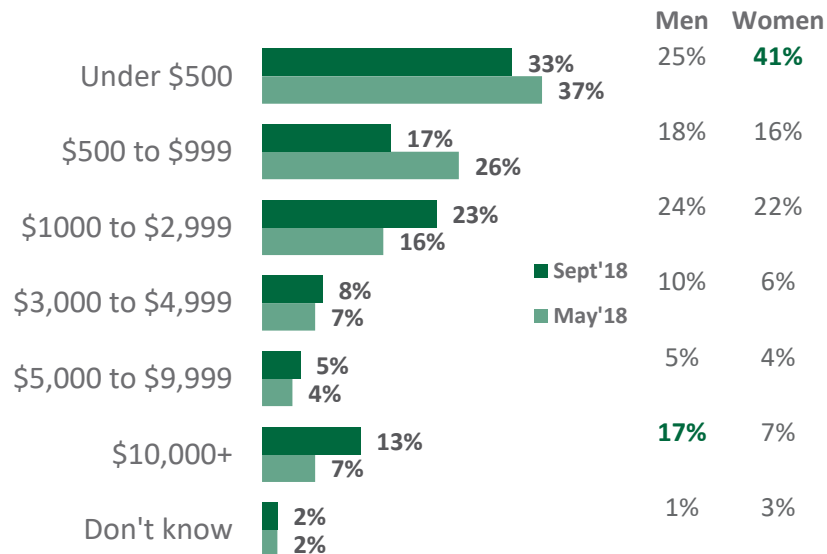


Consistent with the previous wave 1 in 10 Canadians who are in debt say they have completely hidden the cost of a large purchase from a loved one, with an additional 1 in 10 saying they lied about the cost. While half of these purchases were under \$1,000, over 1 in 10 say these purchases were over \$10,000, with men more likely to have hidden these larger purchases.

## Hid large purchase from loved one



## Cost of the hidden purchase



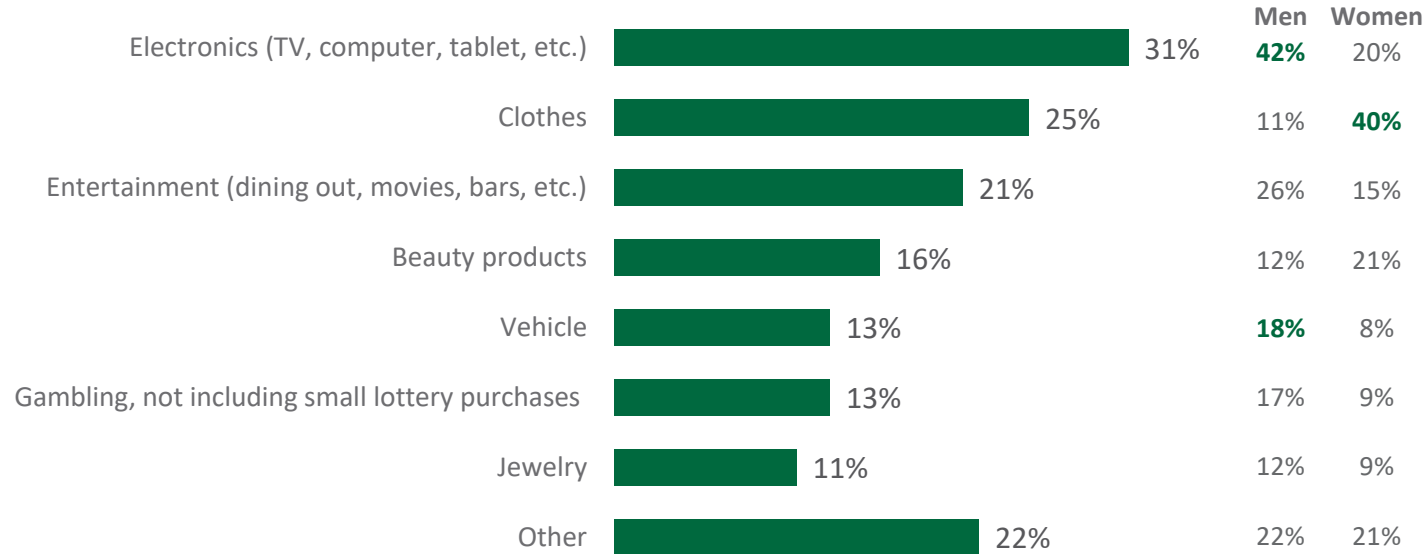
Green, bolded font indicates a significant difference between subgroups

Have you ever made a large purchase and hidden the cost from loved ones? Base: All respondents (n=1547)

Approximately how much was the total cost of the purchase? Base: Hid a large purchase (n=328)

# Types of Hidden Purchases

The most commonly hidden purchases are electronics, clothes and entertainment. Men are more likely to have hidden purchases of electronics and vehicles, while women are more likely to have made hidden spending on clothes.



Green, bolded font indicates a significant difference between subgroups

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