



The MasterCard survey finds that more than half of the 400 respondents plan to maintain spending on non-essentials such as dining out, fashion items and electronic goods. ST PHOTO: DESMOND FOO

Consumers 'still spending, but carefully'

Two surveys suggest that improving economy is encouraging shoppers

BY LEOW SI WAN

CONSUMERS are likely to remain prudent in the next six months, although there are signs that spending will increase gradually.

According to the latest MasterCard survey on consumer spending habits, released on Tuesday, more than half of 400 consumers surveyed in Singapore, or 57 per cent, said they plan to maintain their spending on non-essentials such as dining out, fashion items and electronic goods into the first half of next year.

While the results of the survey - which is published twice yearly - indicate a

still-cautious consumer mindset, they also suggest that the recovering economy has had an impact on spending decisions.

The survey was conducted from Oct 1 to Nov 9 this year.

When the last survey was published six months ago, only 3 per cent of those polled planned to increase their spending, while 41 per cent said they would spend less.

This time around, only a third of respondents plan to reduce their expenditure while 14 per cent said they will spend more.

MasterCard Worldwide's economic adviser for Asia-Pacific, Middle East and Africa Yuwa Hedrick-Wong said the findings were "positive for a stronger outlook of domestic consumption in 2010", and that private consumption can be expected to grow if the economy continues to improve.

MasterCard's survey results were also supported by an MSN Singapore poll of

more than 6,200 people last month.

The report said that while 86 per cent said they would purchase Christmas presents, 62 per cent will be watching their spending during the festive season, buying only for close friends and family.

Retail expert Lynda Wee said this careful mood is to be expected.

Dr Wee, chief executive officer of retail consultancy Bootstrap, said: "It is just after the economic crisis and people are still in saving mode. If they have money, they would rather invest wisely.

"The downturn would also have forced people to take a hard look at their spending habits, so people are likely to hold out for the good sales."

Retailers, she added, would do well to offer value for money.

"They could bundle items. If not, they can sell really interesting products or limited editions of items to tap the emotions of customers," she said.

The MasterCard survey also revealed that while a majority of customers plan to maintain a budget, dining and entertainment are the discretionary areas where they are most likely to spend, with 72 per cent willing to fork out money for such services - a jump from 43 per cent six months ago.

Indeed, food and beverage outlets are seeing strong demand.

Executive chef and director Kwang Mang Tuck of Moi Lum Restaurant said: "Compared to six months ago, I have seen an increase of about 20 per cent in the number of customers, but they tend to buy value sets."

A value set at the Chinese restaurant on Maxwell Road costs about \$100 for 10 people, while the restaurant's most costly deal is priced at about \$500 for 10.

Ms Usha Raman, a sales and marketing executive at dessert cafe Canele Patisserie Chocolaterie, said of the demand for corporate Christmas orders: "We have noticed a surge in last-minute orders, probably because people are taking time to research and choose the best deals.

"Companies could also have realised that they have bigger budgets than expected."

To offer more choices, the cafe has expanded its Christmas catalogue to include savoury items such as roast turkey and baked ham.

And with just one week to go to Christmas, consumers like Ms Jac Tay, 28, will be among those busy looking for last-minute gifts.

But she will be more selective this Christmas.

The executive said: "I have received my bonus and I am still buying presents for Christmas. But I will look out for gifts which are good value for money or which offer other freebies."

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