

Three smart budgeting tips for Christmas giving

It's no secret that Christmas is one of the most expensive times of the year, but research suggests recipients often value the gifts less than someone paid for them reflecting an economic waste of millions each year. So for all the secret Santas out there, here are three smart shopping tips



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Christmas is an expensive time of the year and on average, households spent GBP 426 on [Christmas gifts in 2017](#), and that's not including the extra money spent on food and decorations. But, interestingly, it seems that the money we spend on gifts is not equally valued. In fact, [recipients would pay less for a gift item](#) than the person who gave it to them paid for it, reflecting a deadweight loss of millions annually. But here are three tips to budget and improve your Christmas spending.

1 Set a budget – preferably with cash

During the Christmas season, vendors don't let the opportunity to decorate their stores pass by and show their products in the most appealing way. And if that isn't quite enough to have you enter their stores, they have special offers to convince you. To stop yourself from purchasing things that you and others don't really need, it is very effective to set mental budgets.

Start your secret Santa shopping trip with a [clear budget in mind](#) and restrict your spending to a maximum amount. For example, if you commit to spending a maximum of GBP 100 or - even better - GBP 20 for each member of your family, it will help you restrict your spending on Christmas gifts. To be even more successful, you could withdraw money in cash up front. It's easier to spend extra money on a gift when you're paying by card.

2 Know your recipient - and know yourself

When looking for Christmas gifts, we often challenge ourselves to find the best gift to make the other person happy. We stroll from shop to shop to buy the perfect present. Although it can be a tedious and challenging job, finding this perfect gift will minimise the loss of gift value and economic waste.

The typical advice is to look for a gift that fits the [recipient's tastes](#) or reflects the [relationship](#) you have with them; an easy task if you are the secret Santa of your best friend – but what if you don't know the recipient that well? For example, your sister's new boyfriend? Don't be afraid; there is still hope. When in doubt about what to buy for the other person, focus on [your own tastes](#)! Find something personal that reflects you, your friend or your relationship and boost the recipient's appreciation for the gift.

Gifts that reflect the giver are valued too.

3 Be creative!

Is making sure that your gift is a good fit the only way forward? Absolutely not! As a secret Santa, you are holding multiple cards. One of the key factors is largely under your control. The formula is simple: put in the effort, be creative, and your gift will be more appreciated. [Effort](#) can take multiple forms. Givers might go literally the extra mile to find a gift, search for a gift for several days in a row - or carefully wrap it.

Similarly, [personalised](#) or [self-made](#) gifts are well received — this kind of creativity and effort signal thoughtfulness and love. So try to think outside the box! Who says you need to give a practical and materialistic gift? Why would you not give a symbolic gift or an [experience](#)?

In fact, when it comes to gifts, the latter seems to be the superstar - and could also come as a relief for your Christmas budget.

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