


Kiwibank Household Spending Tracker: December Quarter, 2020

Living without tourists

Aggregated transactional data from
Kiwibank debit and credit cards

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Key spending insights

- **Early Christmas shopping keeps the momentum going.**
 - Kiwibank's transactional data shows that spending was up 6% last quarter. It doesn't sound like much, but it does follow a massive 27% spike in the September quarter. On an annual basis, spending is up a whopping **47.5%**. The holiday season helped to keep the momentum going. Retail spend was strong during the December quarter, with many of us getting our Christmas shopping done early. Spending on alcohol and Meat was notably high, up a combined 22%qoq. Please note, Kiwibank's strong domestic data may also be inflated by gains in market share across debit and credit cards. That's a home-grown problem we want. We have also seen a surge in the use of cards over cash.
- **Problem at the ports.**
 - Supply chain issues caused by bottlenecks at our major ports made it tough for many retailers to ensure shelves were stocked for Christmas. Recent media reports suggest that supply chain issues may get worse in the coming months too, impacting March quarter growth. But these shipping delays may have a lagged effect on spending. Recent behaviour clearly shows no loss of demand. So once the shelves are full again, those on the waitlist can proceed to checkout.
- **The rampant housing market underpins strong spending on furniture and renos.**
 - A rampant housing market has underpinned much of the strength in household-related spending. A reduction in overseas holidays also means there's money left in the jar for revamping the home. Demand is especially strong for durable items including household contents and furnishings. Spend was up 24% in the December quarter and up 92% on an annual basis. The holiday break also freed up time for repairs and renovations around the home. DIY spending continues to outpace 2019 levels and is up an annual rate of 91%.

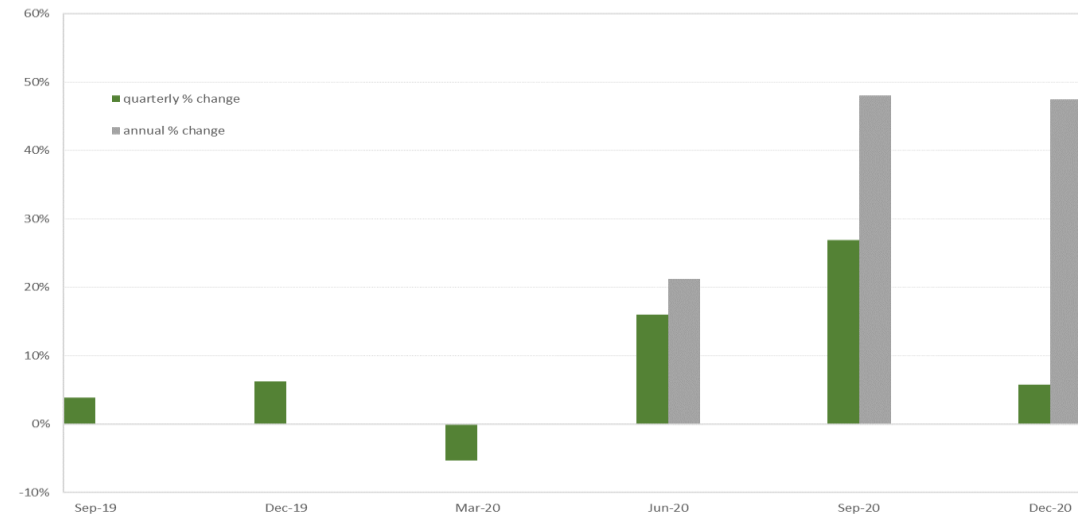
Key spending insights

- **Domestic spending on hospitality and accommodation is up with Kiwi holidaying at home. But overall spend is down. It's hard to make up for the lack of foreign tourists.**
 - With our border still closed, we're holidaying at home. Despite prices for domestic accommodation returning to pre-covid levels, our data show no signs of a slow down in spending. The value of Kiwibank transactions for hospitality and accommodation were up 71% and 149% respectively on the 2019 December quarter. Strong domestic tourist flows suggest Kiwi are helping to keep the 5% of our economy reliant on foreign tourists still running. But it's hard to make up for the lack of foreign tourists. Official StatsNZ data reveal that spending in these areas is down 3.7%. A vaccine should help drive the recovery in the tourist sector.
IT'S IMPORTANT TO NOTE THAT KIWIBANK TRANSACTIONAL DATA DOES NOT INCLUDE FOREIGN TOURIST SPENDING. SO WHILE OVERALL SPENDING COULD BE FLAT OR DOWN ON THE YEAR, WE'VE SEEN A SURGE IN KIWI RELATED DOMESTIC SPENDING.
- **Reality bites.**
 - We've gone two months without covid in the community. Our ability to keep the virus at the border has given households the confidence to move freely, in turn helping businesses to stay open. But much of this renewed optimism was founded on our covid management. The latest case is a reminder of the world in which we live, and that threat of another outbreak is always looming. We're all on tenterhooks awaiting updates, and hoping there are no clusters forming. Because clusters mean lockdowns. And our vaccines are still in transit.

An uneven recovery

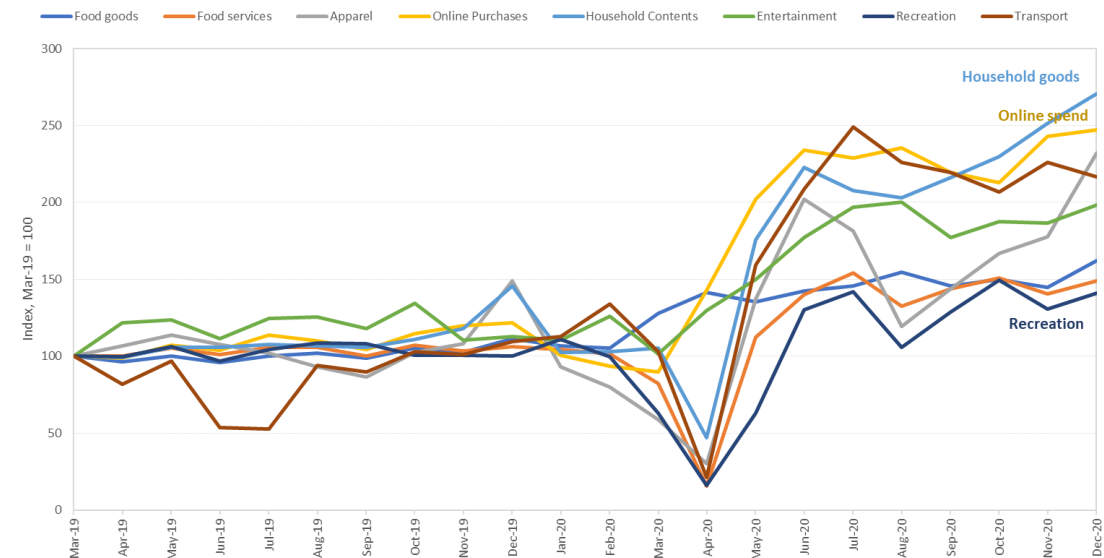
- The demand for a return to normal was unexpectedly strong. Spending behaviour has maintained momentum since leaving lockdown. For the past two quarters, spending has been up ~48% on an annual basis.
- But digging through the details reveals our favourite places to shop. Household goods are number one and we prefer the online platform. Fewer flight bookings and visits to the movies however sees Recreation at the bottom.
- We've seen a surge in debit and credit card usage post-lockdown, and a drop in the use of cash. Annual percentage changes will be inflated by the digital shift, but we can see where the money is going.

Kiwibank transactional data
Total Spend



Source: Kiwibank

Monthly spend
Category breakdown



Source: Kiwibank

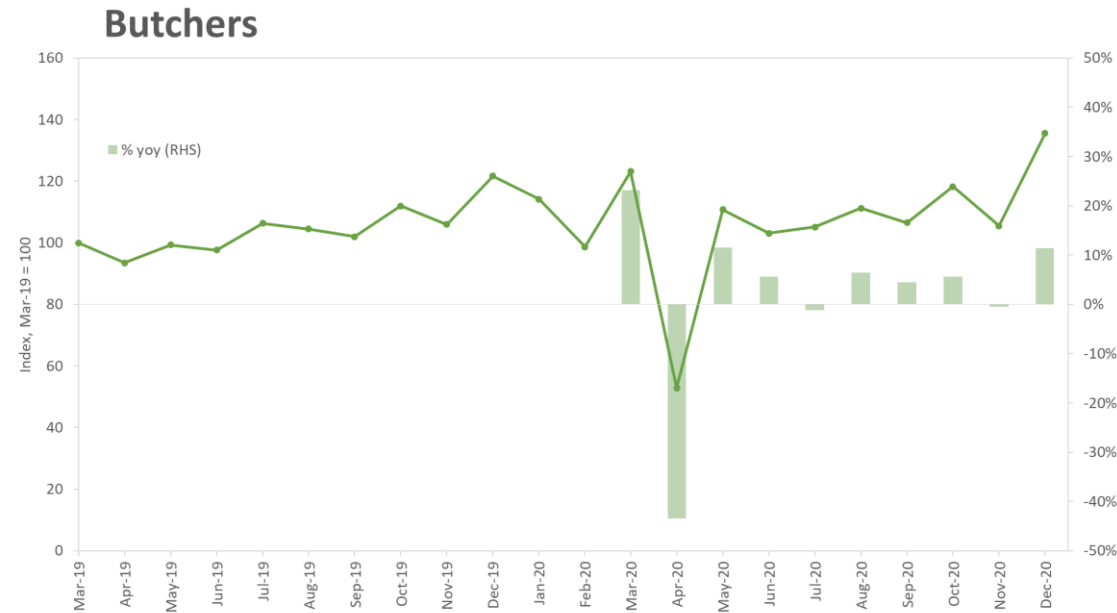
Festive feasting

While still at elevated levels, spending on food began to track sideways last June. But spending picked up over the holiday season.

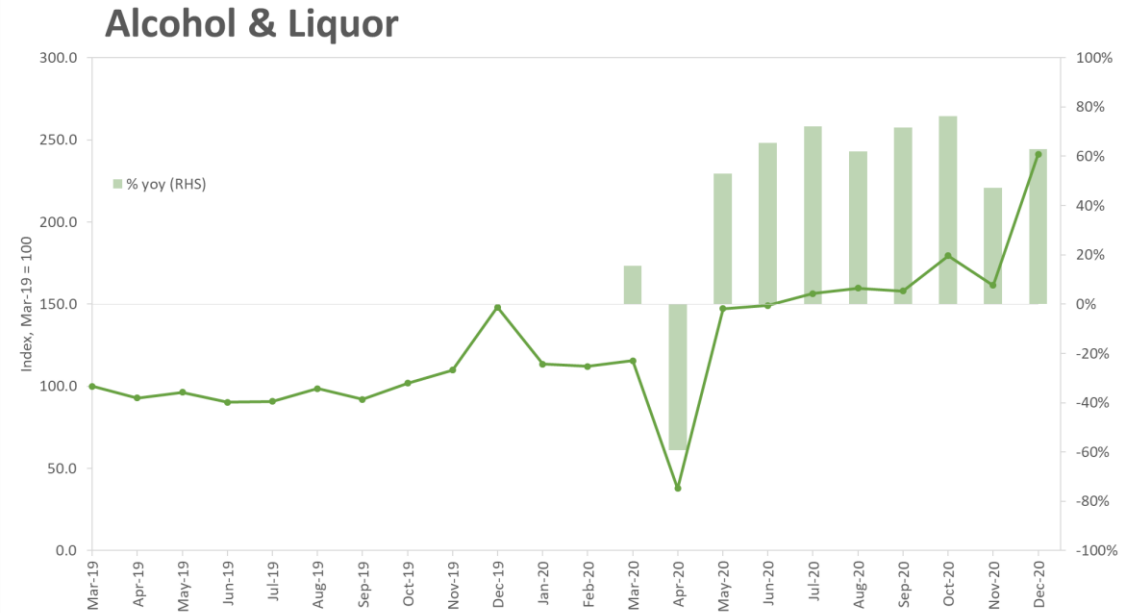
Prepping for potlucks and cooking Christmas dinner led to strong spending at the butchers and liquor stores.



Source: Kiwibank



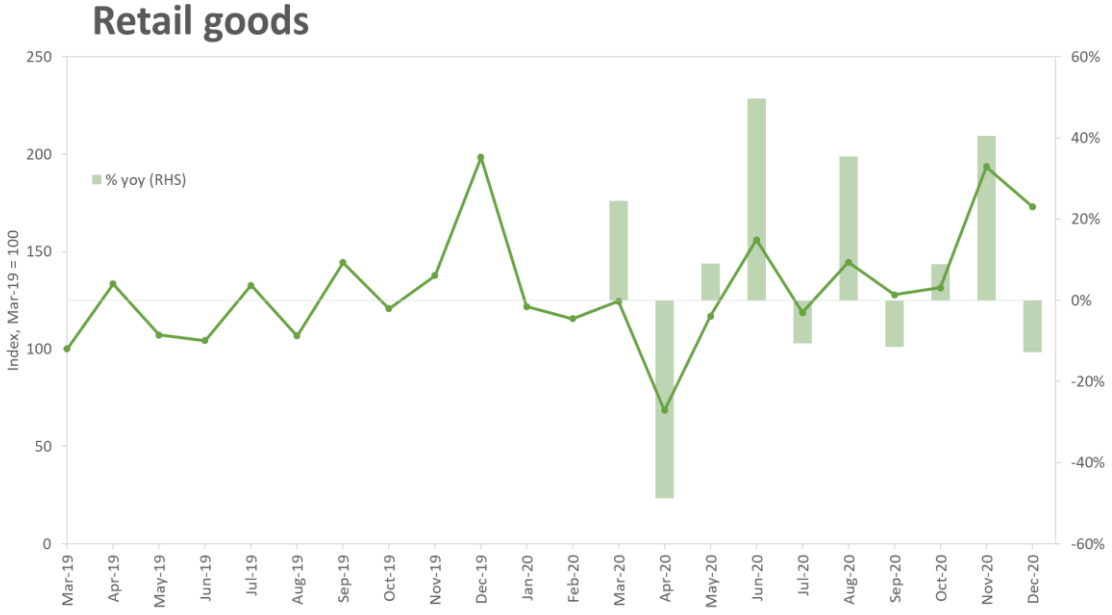
Source: Kiwibank



Source: Kiwibank

Problem at the ports

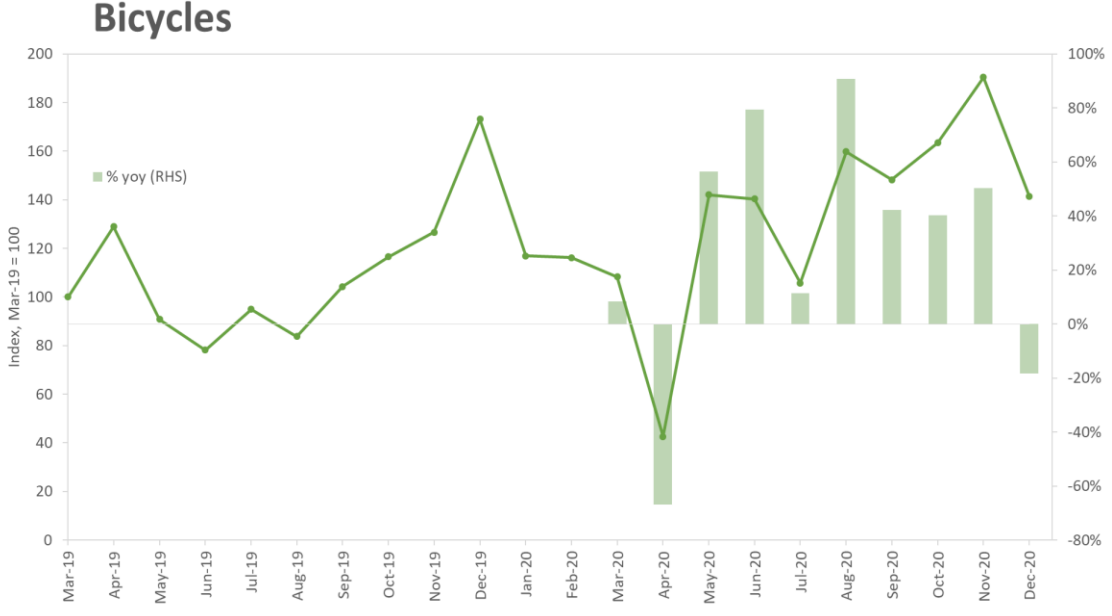
Retail spending was kicked higher by the holiday season, up 27%qoq. And many of us managed to get our Christmas shopping done early in November. But tentative signs of border disruption are already feeding through to spending. Spend in December fell as retailers had difficulty getting hold of stock. Spend on sporting goods and bicycles was down 5% and 18% on an annual basis, respectively.



Source: Kiwibank (credit card transactions only)



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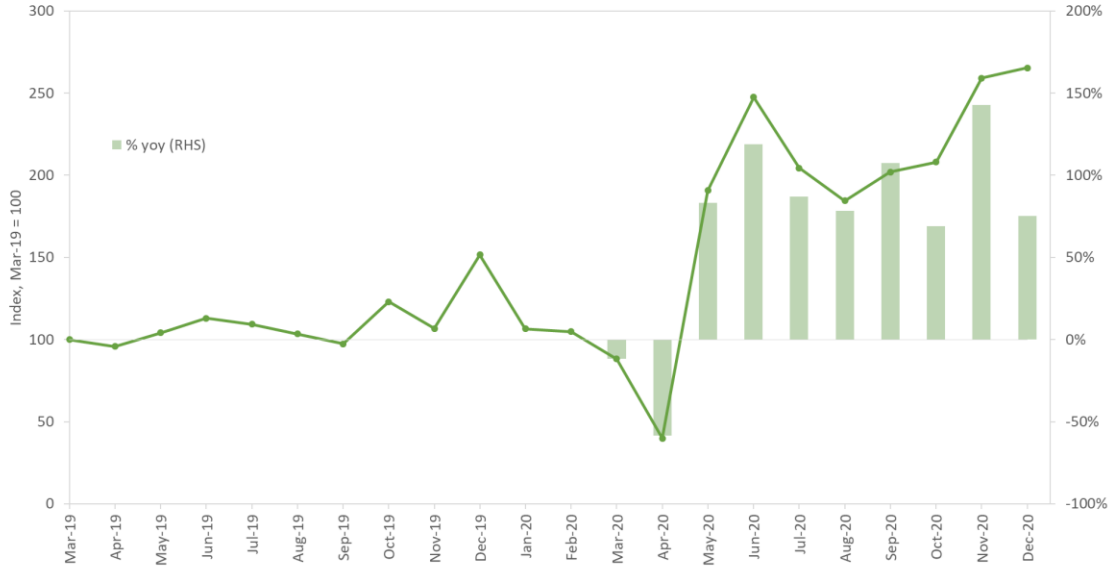


Source: Kiwibank (credit card transactions only)

Home improvement

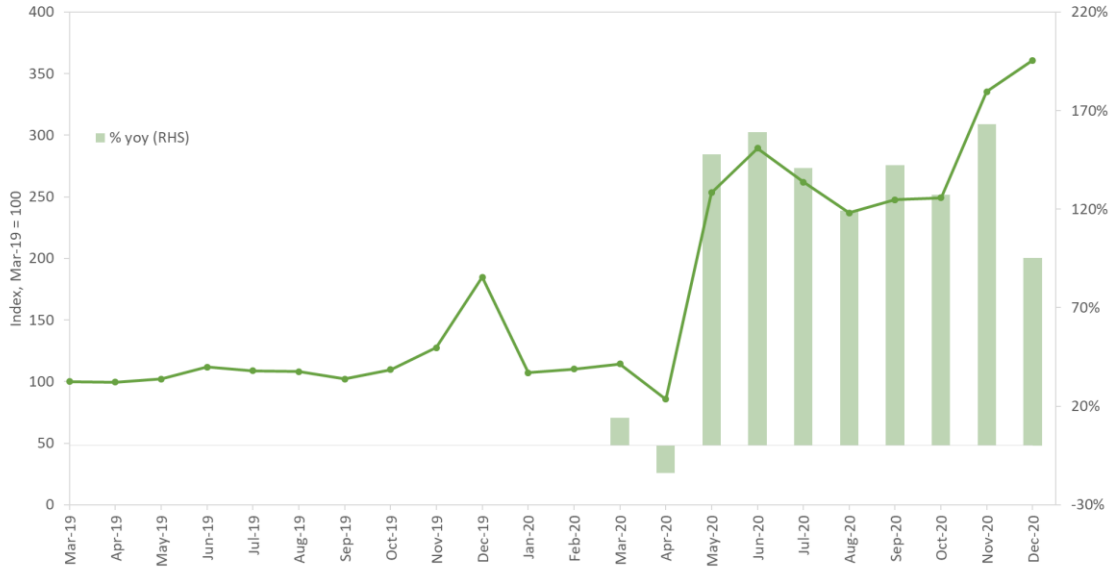
The rampant housing market has spurred many to take up the tools and do some DIY. And the holiday break meant more time was spent doing repairs and renovations. Demand for home furniture, electronics and hardware was especially strong over the December quarter. Spending continues to outpace 2019 levels.

Household Contents & Furnishing



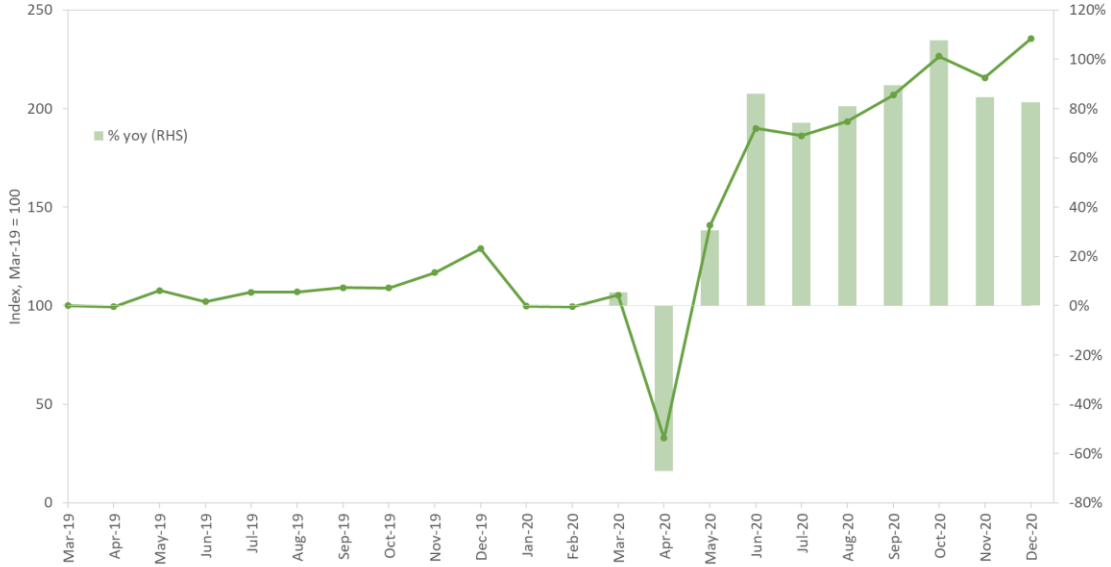
Source: Kiwibank

Home Electronics



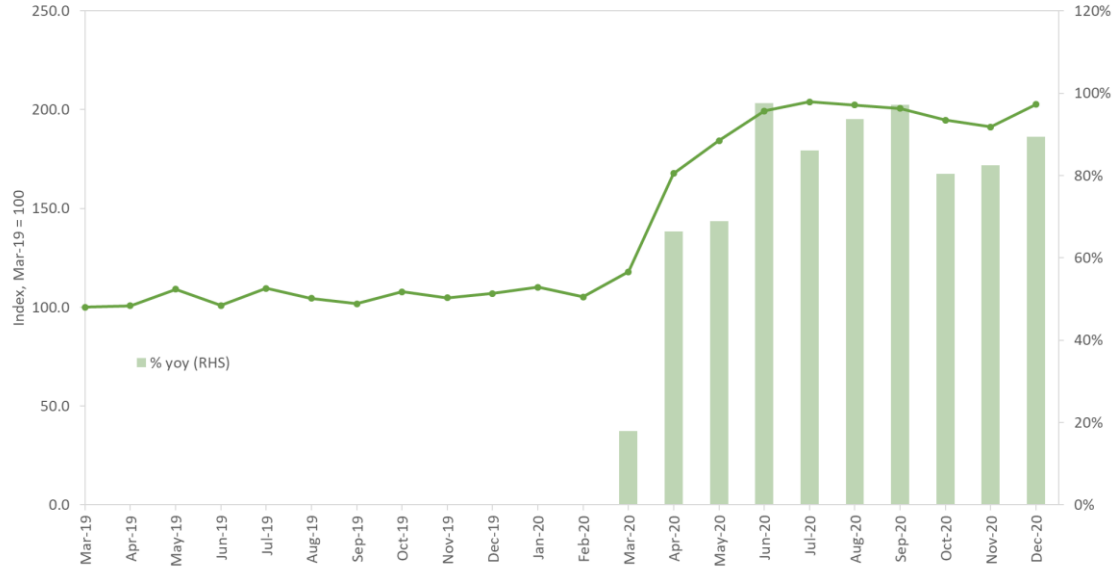
Source: Kiwibank

Hardware



Source: Kiwibank

Home & Online Entertainment



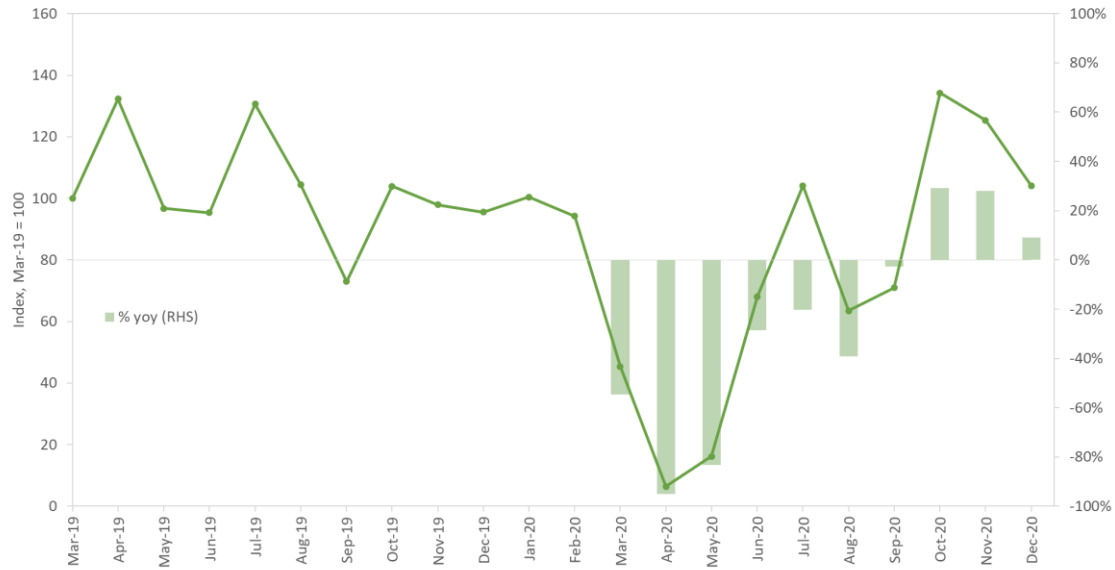
Source: Kiwibank

Opting for the outdoors

Spending on goods remains strong, but demand for services is struggling to recover. The holiday period didn't help. Kiwi preferred to be out and about, at the beach or the cricket.

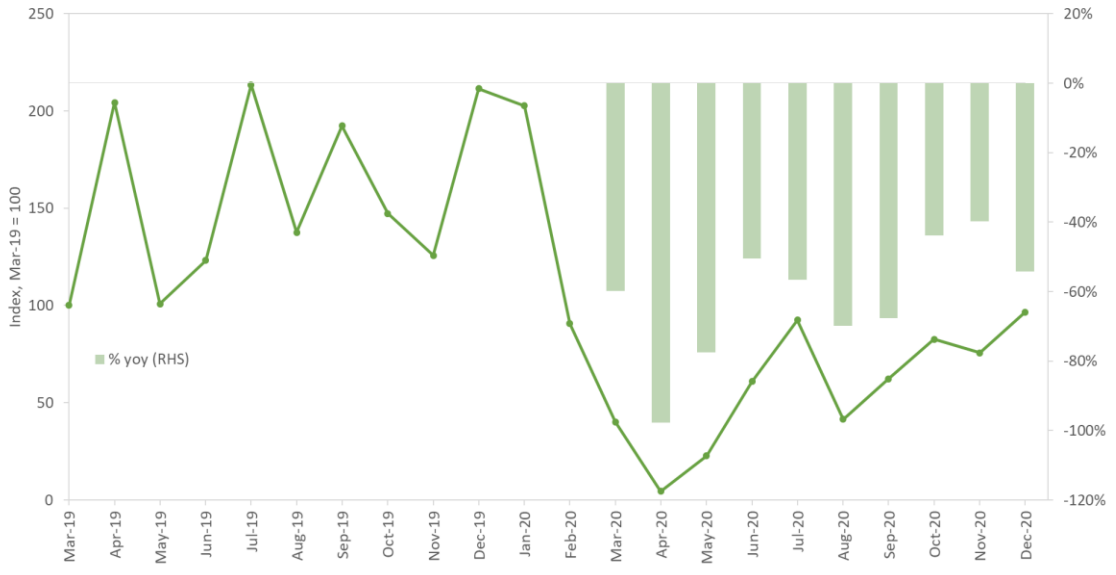
Home entertainment (Netflix, Neon etc) picked up in December, but spending at the movies continues to swing up and down.

Movies & Events



Source: Kiwibank

Amusement parks



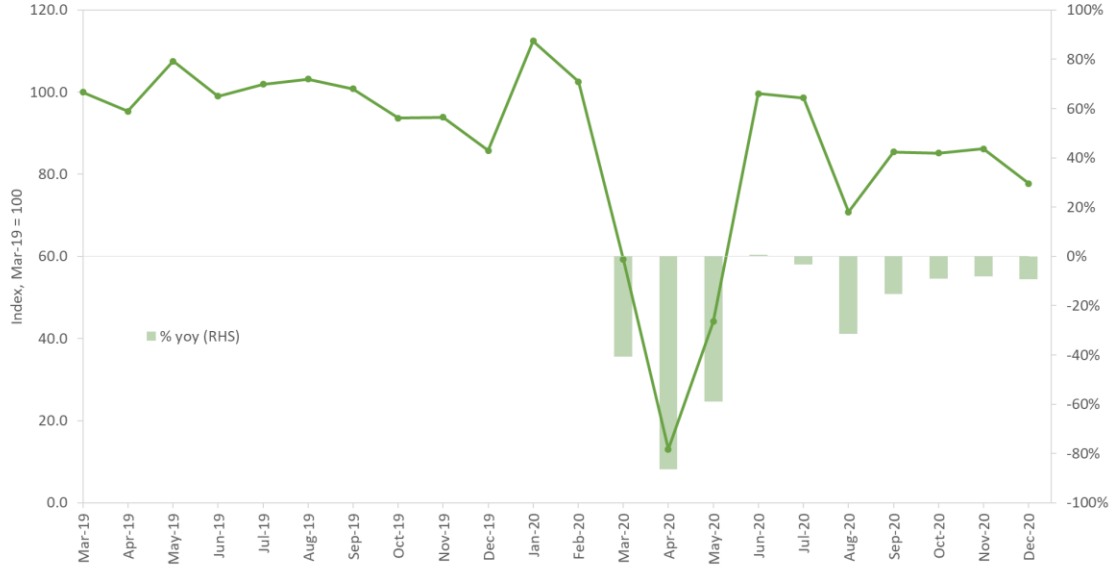
Source: Kiwibank (credit card transactions only)

Acting tourist

Flight bookings remain below pre-Covid levels with international travel strictly off the cards for most of us. On the flip-side, domestic tourism has been on the rise. And spending on hospitality and accommodation maintained momentum. Kiwi are doing their part, but it's hard to make up for the lack of foreign tourists.

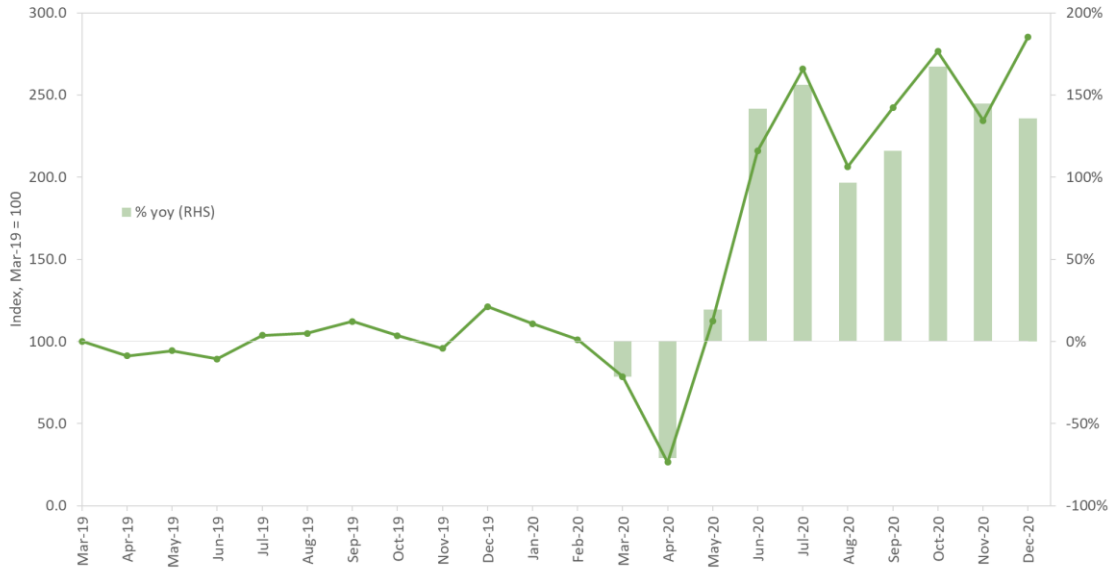
Official StatsNZ data reveals that spending in this area is down 3.7% compared to December 2019.

Flight Bookings



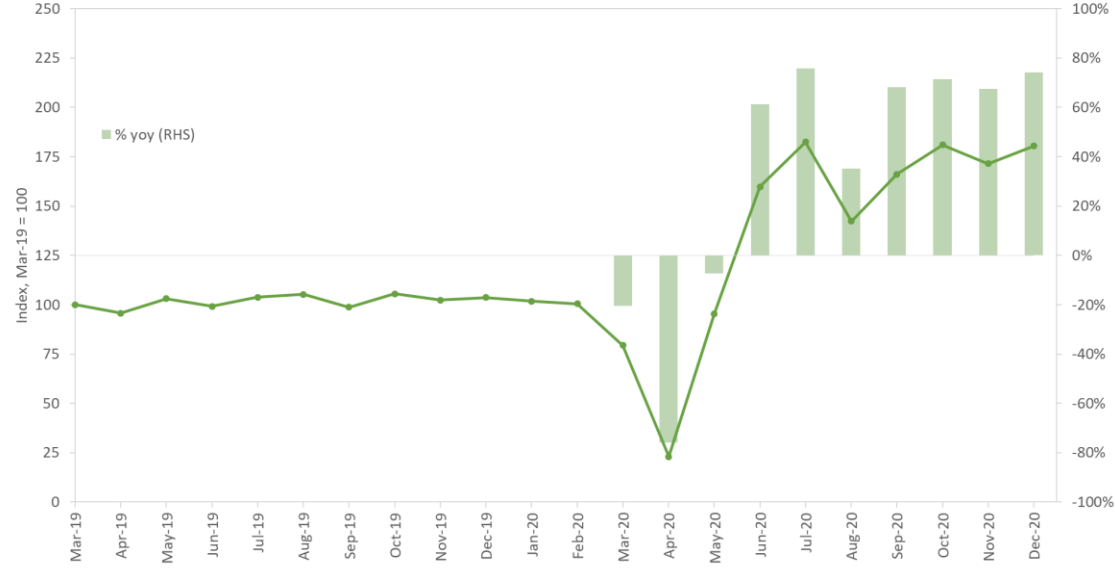
Source: Kiwibank

Hotels & Accommodation



Source: Kiwibank

Restaurants, Bars & Cafés

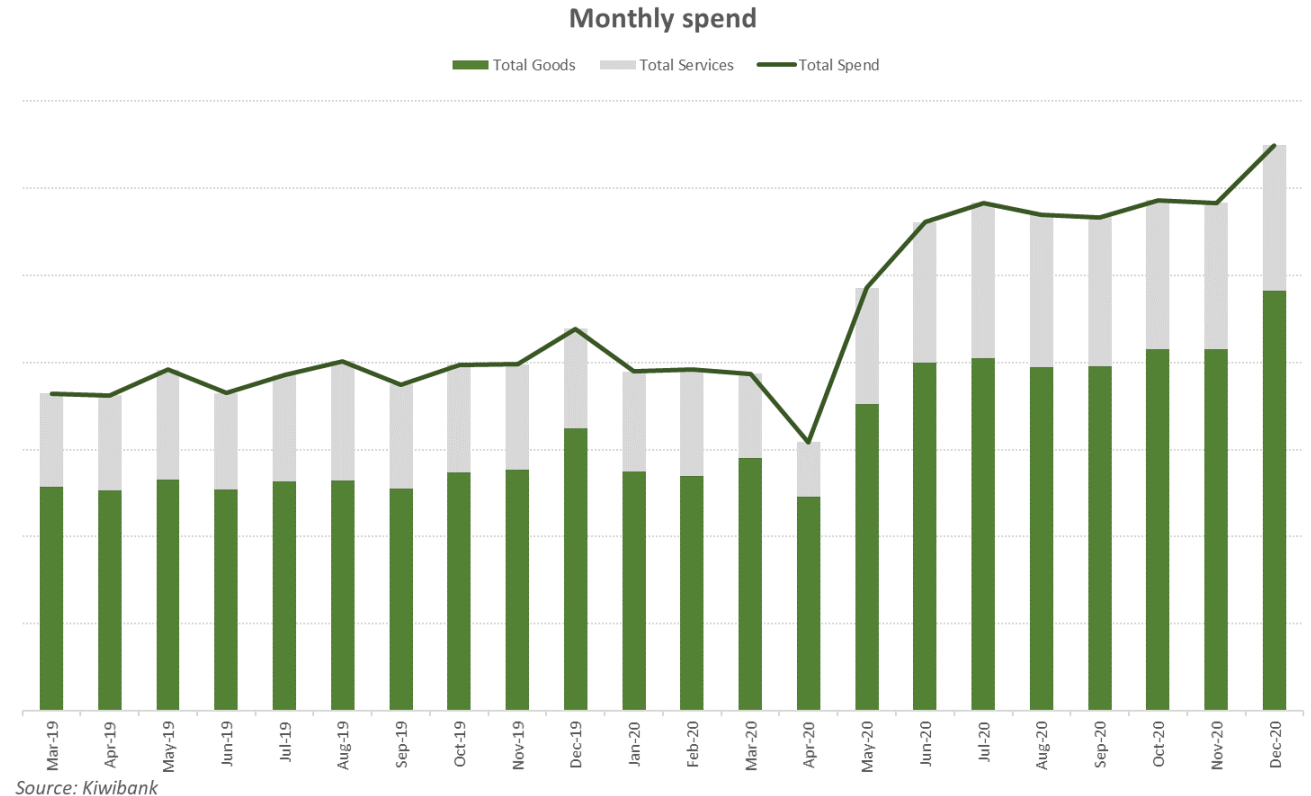


Source: Kiwibank

Another strain, another lockdown?



- We're all on tenterhooks awaiting updates on the latest covid case. We're hoping no clusters are forming. Because clusters mean lockdowns. And our vaccines are still in transit.
- But should another lockdown take place, the hit to the economy may not be as severe. We've adapted to living with alert levels.
- In the meantime, a sneak peak at the data for January suggests another strong month. The America's cup might see particular strength in the Auckland's hospitality and accommodation scene.



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