

# Zip: Lockdown in Victoria hindering national economic recovery

- Granular transaction data from more than 1.8 million Australians in August reveals the extent by which the nation's economic recovery has been stunted by lockdown restrictions in Victoria, with hospitality and the arts as the biggest strugglers.

**Sydney - 23 September 2020:** Consumer spending data from Zip's Weekly Spending Index has revealed the extent to which Melbourne's lockdown is impacting the nation's economic recovery, with spending on the arts and hospitality significantly reduced, despite seeing strong bounce backs during June and July.

Melbourne is a city known as the country's arts epicentre, a coffee-obsessed cafe culture and home to some of Australia's best restaurants. However, August's COVID-19 restrictions have revealed just how integral Melbourne is to the nation's hospitality and arts and culture industries.

National spending data from Zip has demonstrated that throughout August, spending at cafes (-24% year-on-year) and restaurants (-18%), galleries (-87%) and museums (-83%) were all down significantly in August - undoing all the recovery progress made as Aussies returned back to cafes and restaurants at pre-COVID levels throughout June and July. This regression highlights the impact that Melbourne's lockdown could be having on the nation's hospitality industry.

## Other key insights include:

- **Closed borders, local shopping, home investment:** While travel expenditure is down due to international and domestic border closures, local spending has grown significantly throughout the month.
- **Australia's newest COVID-19 hobbies:** Not content with sitting at home doing nothing, Australians are finding distractions to help them get through the pandemic. More money has been spent on martial arts (like boxing classes, MMA and jiu jitsu training), bikes, hobby shops and sports betting in August 2020, compared to 2019.
- **Lockdown heartache:** Despite months of year-on-year decreases in legal expenditure, August saw lawyers pocket almost double what they did in the same month in 2019. Incidentally, dating agencies also saw increased expenditure during the same period. Perhaps lockdown got the better of many relationships.
- **Lights, camera, action for the Aussie film industry:** As blockbuster films return to the cinema screens, spending on film production in Australia has significantly jumped in August (+80%).
- **Investment-on-self continues to rise:** For the second consecutive month, cosmetic procedures spending grew significantly year-on-year (+60%), there were more Australians turning to mental health and counselling services (+30%).
- **Ecommerce is still king** as ATM withdrawals remain down year-on-year (-36%), and purchases through online marketplaces continue to climb (101%). Online shoppers used Zip more frequently throughout the month (+11.3%).

- **Local spending, international investing:** Foreign exchange services like TransferWise saw growth in August (+69%), while the rise of the everyday COVID investor continued, with investment spending up more than a third on last year (36%). More here.
- **Buy now, pay later continues to surge:** All states saw spending with Zip increase month-on-month with Victoria seeing the biggest spike (+8.9%). More here.

**Peter Gray, Co-founder and COO of Zip said:**

*“Melbourne’s importance to the national economy was highlighted throughout August.*

*Hard restrictions and lockdown measures are causing incredible strain on businesses. Hospitality, tourism and the arts are industries integral to the Victorian and Australian economy and each saw significant damage throughout August, despite optimistic signs of recovery throughout June and July.*

*The extension to JobKeeper and access to alternative forms of responsible credit, like Zip, have kept money flowing through the economy - however, until businesses are again able to fully open for business in Melbourne, Australia’s economic recovery cannot happen.*

*Melbourne’s recovery, therefore, is critical to Australia’s recovery.”*

The Zip Weekly Spending Index is based on anonymised transaction data from a sample of more than 1.5 million Zip customers and 300,000 Pocketbook users. Unlike other retail reports, the index provides a granular look at week-by-week changes in spending across different categories, providing fresh insights into consumer behaviour during the COVID-19 crisis.

**The key findings are outlined below. Data must be attributed to ‘Zip Weekly Spending Index’. Note the report has two sections, August 2019 vs August 2020, and a week-by-week breakdown of August spend.**

# Zip Weekly Spending Index

## August 2020

### Monthly snapshot

July spending data, gathered from Pocketbook transactions, demonstrates how businesses across industries in Australia contended with continued lockdown measures in Melbourne, and national border closures.

### General spending trends in August

Spending up (monthly, YoY) <sup>1</sup>		Spending down (monthly, YoY) <sup>1</sup>	
Installation & Renovation	+112%	Travel agents	-93%
Lawyers	+89%	Stadiums and arenas	-64%
Film Production	+80%	Holiday resorts	-52%
Remittance	+69%	Mortgage brokers	-23%

### Closed borders, local shopping, home investment

COVID-19 has significantly impacted movement in and around Australia. And while domestic travel and tourism has bore the brunt of border closures - spending at travel agents (-93%), travel insurance (-88%) and airports (-83%) - there's been a trend toward hyper-local shopping.

Supermarkets, which saw significant spending growth during the early stages of the pandemic, have since been replaced by bakeries (+55%), farmers markets (+12%), butchers (+20%), and seafood stores (+16%). Hyper local holiday destinations are also seeing a boon throughout August, with caravan and camping grounds growing substantially year-on-year (+36%).

As international and domestic travel plans are put on ice, and many are avoiding dipping their toes into the property market (mortgage brokers down 23% year-on-year), Australians are instead continuing their COVID-19 trend of investing significantly in their current homes. Spending on renovations (+112%), electronics (+55%), appliances (+44%) and kitchen and bathroom retailers (+61%), among others, have all rocketed throughout the month.

### Australia's newest COVID-19 hobbies

Australians are finding new ways to get through the COVID-19 lockdowns, whether they are government mandated or self-imposed.

Early in the pandemic, everyone wanted a piece of jigsaw puzzles. That trend looks to be continuing as spending at hobby shops rises throughout August (+34%). Bike shops have been one of the biggest beneficiaries throughout the entire COVID-19 pandemic, and August activity has seen more

<sup>1</sup> Selected data

growth (+48%) as those across the country find new ways to stay fit and get around their cities. Martial arts classes and equipment saw more growth (+153%) as Australians look to get summer-body ready.

Without being able to attend sporting events, stadiums have seen a significant dip in spending (-64%) while bookmakers have seen continued growth (+54%) since the nation's favourite sports have been back.

### Buy now, pay later trends in August

Spending up (monthly, YoY) <sup>1</sup>		Spending down (monthly, YoY) <sup>1</sup>	
Apparel	+27%	Tyres	-12%
Garden & hardware	+19%	Shoe stores	-8%
Food & beverage	+18%	Books	-7%
Furniture & homeware	+16%	Dentistry	-7%

Australians chose to make more purchases using Buy Now Pay Later in August, and all states saw spending with Zip grow month-on-month. Victorian Zip spending grew the most in the country (+8.9%).

There was also growth in use of Zip in both male (+4.2%) and female (+7.4%) demographics, as well as all age groups. Online spending using Zip has continued to rocket throughout August (+11.3%).

### Week-by-week snapshot

#### General spending (week by week)

Weeks	Spending up (weekly, YoY) <sup>1</sup>		Spending down (weekly, YoY) <sup>1</sup>	
Monday 27 July – Sunday 2 August	Aquariums	+288%	Holiday resorts	-53%
	Bike shops	+80%	Car insurance	-48%
	Car dealers	+58%	ATM withdrawals	-25%
	Tattooists	+25%	Child care & day care	-13%

Monday 3 August – Sunday 9 August	Campground & caravan parks	+340%	Stadiums & arenas	-67%
	Adult education	+148%	Mortgage brokers	-44%
	Sports betting	+98%	Shoe stores	-14%

	Vineyards & wineries	+33%	Cafes	-14%
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Monday 10 August – Sunday 16 August	Lawyers	+538%	Taxis	-67%
	Bakeries	+305%	Skiing & snowboarding	-57%
	Bike shops	+74%	ATM	-34%
	Real estate agents	+15%	Restaurant	-16%

Monday 17 August – Sunday 23 August	Online marketplaces	+155%	Theatres	-89%
	Investing	+100%	Car rental	-45%
	Counselling & mental health	+58%	Pubs & bars	-35%
	Farmers markets	+25%	Car insurance	-19%

Monday 24 August – Sunday 30 August	Online marketplaces	+93%	Travel agents	-93%
	Martial arts	+49%	Lawyers	-43%
	Videogame retailers	+34%	Gyms & fitness centres	-34%
	Bottle shops	+28%	Debt consolidation	-11%

Monday 31 August – Monday 7 September	Computer retailers	+71%	Adult Education	-54%
	Online marketplaces	+41%	Car dealers	-23%
	Investing	+23%	Sports betting	-25%
	Employment agencies	+2%	Bike shops	-6%

August was a month underscored by government tussling on border closures, the continued and extended lockdown in Melbourne and one of the most tumultuous reporting seasons in recent times.

The volatile market conditions created dynamic spending patterns with some segments, like car dealers, seeing significant growth year-on-year, in one week, only to have that cancelled out by year-on-year declines in other weeks (+58% in the first week of August, and -23% during the final week).

The week that Queensland Premier Anastasia Palaszczuk announced a hard border closure with NSW (5 August), Australians were flocking to local caravan parks and campgrounds for holidays.

Spending at these local holiday spots was up more than three times when compared to the same period in 2019.

During the third week of August, spending on lawyers was more than five times more than at the same time last year. That same week saw bakeries see a three times growth, year-on-year. Incidentally, this was the week that Melbourne announced that it would extend its state of emergency for a further four weeks. Perhaps Australians were turning to bakeries to ease their lockdown frustrations.

While more money than usual was being bet on sports, the betting frenzy reached its crescendo during the second week of August (+98% year-on-year). However, it's possible that the novelty of sports betting had worn off by the end of August as the month finished with year-on-year declines in spending on bookmakers.

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### **Notes for editors**

#### **About the report**

The Zip Weekly Spending Index is based on anonymised transaction data from a sample of more than 1.5 million Zip customers and 300,000 Pocketbook users

Data from the more than 1.8 million Zip and Pocketbook accounts was analysed to identify trends in consumer spending throughout June. This also included transaction data from financial services accounts linked to the Pocketbook app.

Unlike other retail reports, the Zip Weekly Spending Index provides a granular look at week-by-week changes in spending across different categories, providing fresh insights into consumer behaviour during the COVID-19 crisis.

#### **About Zip**

ASX-listed Zip Co Limited (Z1P: ASX) or ("Zip") is a leading player in the digital retail finance and payments industry. The company offers point-of-sale credit and digital payment services to the retail, home, health, automotive and travel industries. Zip has operations across Australia, New Zealand, the USA and United Kingdom, with associates in South Africa. Zip also owns Pocketbook, a leading personal financial management tool and SME lending provider Spotcap. The company is focused on offering transparent, responsible and fairly priced consumer and SME products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit-decisioning technology to deliver real-time consumer responses. Zip is managed by a team with over 100 years' experience in retail finance and payments and is a licensed and regulated credit provider.

For more information, visit: [www.zip.co](http://www.zip.co)

#### **For more information:**

Lucas Howe, Sling & Stone - 0435 802 559

Matthew Abbott, Zip - 0402 543 128

