

Home renovations and improvements drive consumer spending in October

Granular transaction data from more than 1.8 million Australians in October highlights impact of government HomeBuilder Scheme and reveals increase in consumer gambling.

Sydney - 26 November 2020: Today, consumer spending data from Zip's Weekly Spending Index, reveals how consumer spending has centred around home improvements, gambling and outdoor activities in the final months of 2020.

After months of lockdown measures across the country, Australians are ensuring that their homes remain their castles. Rather than spending on vacations, or even staycations, many consumers are instead choosing to invest heavily in their homes.

Key insights from Zip's Weekly Spending Index, October 2020, include:

- In line with the Federal Government's HomeBuilder scheme, **home improvements are on the rise**, with spend increasing across landscaping, trade services, installations and renovation services. [More here.](#)
- Driven by national sporting events, **consumer gambling increased in October.** [More here.](#)
- Australians are using the final months of 2020 to master new hobbies and skills, **turning to outdoor recreational activities** like boating, surfing and bowling and in some cases, extreme sports like axe-throwing. [More here.](#)
- **Pets are the real winners of 2020**, benefitting from both increased attention from owners spending more time at home and an increase in pet-related consumer spending. [More here.](#)
- Impacted by ongoing COVID-19 restrictions and despite increases in electronics and department store spending, the **retail industry continues to struggle**, with consumer spending down throughout October. [More here.](#)

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

"We're seeing the government's HomeBuilder Scheme continue to bear fruit throughout October, as more and more Australians take advantage of the subsidies and possibly redirect funds saved for holidays into home renovations. With well over 11,000 applications for the program submitted and an extension of the program likely, the scheme is providing effective stimulation for the sector. We wouldn't be surprised to see consumer spending in the home construction and renovation sector continue to grow.

Driven by some of the biggest sporting events on the Australian calendar and with restrictions still in place across Victoria throughout the month of October, it was unsurprising to see an increase in consumer gambling. As has been a common occurrence throughout COVID-19, Australians have taken to online gambling more than usual.

“What remains unclear is the impact of the ongoing uncertainty for consumers in regards to border and travel restrictions in the lead up to the Christmas period. A decrease in accommodation spend suggests that consumers aren’t confident in their ability to lock in interstate plans. As a result, businesses unable to open to full capacity over what would normally be the busiest time of the year, may struggle to fully recover in the New Year.”

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, October 2019 vs October 2020, and a week-by-week breakdown of October spend.

Zip Weekly Spending Index

October 2020

Monthly snapshot

October spending data, gathered from Pocketbook transactions, provides an overview of consumer spending at the end of Melbourne's 112 day lockdown and as the nation heads towards a near-normal Christmas.

The industries that have bounced back – and those that haven't – give us an insight into what Australia's future business ecosystem may look like.

General spending trends in October

Spending up (monthly, YOY) ¹		Spending down (monthly, YOY) ¹	
Installation and Renovation	+127%	Gyms & fitness centres	-30%
Bookmakers	+62%	Party & event planning	-60%
Trade services	+45%	ATM	-31%
Pet shops	+24%	Pubs & bars	-26%

The consumer spend data from October 2020 shows that the government may be starting to see the fruits of its HomeBuilder Scheme. Announced in June, HomeBuilder provides eligible owner-occupiers with a grant of \$25,000 to build a new home or substantially renovate an existing home where the contract is signed between 4 June 2020 and 31 December 2020.

Just four months on and there's been a significant increase in home spending. Installation and renovation (up 127%), landscaping (up 55%), construction, electrician services (up 34%) and trade services (up 45%) all recorded significant increases in consumer spend. For the finishing touches, there was an increase in consumer spending on furniture and homewares in October (up 17%).

Similar increases were recorded in consumer gambling, with a trifecta of sports – the AFL grand final, NRL grand final and key spring carnival race days – driving an increase in consumer gambling spend. With Victorians forced to watch from their homes, rather than pubs or venues and with restrictions in place across other states, there was a jump in consumer gambling (up 42%) with online bookmakers seeing a significant spike during October (up 62% year on year).

After months cooped indoors, consumer spend on extreme sports – from axe throwing to rock climbing – has seen a significant increase throughout October (up 85%). Less extreme, but nonetheless exhilarating, there was a jump in outdoor recreation activities like boating (up 10%), surfing (up 23%) and bike shops (up 50%).

¹ Selected data

Despite gearing up for the Christmas period, retailers are still suffering with consumer spend across the sector down in October. Clothing retail (down 11%), along with lingerie (down 14%) and cosmetics and beauty (down 13%) continue to suffer, with sporting goods (up 1%), outdoor gear (up 3%) and toys (up 3%) bucking the trend.

While 2020 has been a challenging year for many, household pets have been the real winners. Not only have many had their owners home for significantly more time than usual, but they are also benefiting from an increase in consumers spending attention. While spend on services like pet boarding and walking have dropped (down 33% and 39% respectively), pet shops have bucked the downward retail trend and have recorded a jump in activity (up 24%). Similarly pet insurance (up 12%) and pet grooming (up 7%) have also recorded increases.

Still impacted by COVID-19 restrictions and in active states, perhaps hesitancy, the fitness industry continues to remain down overall on 2019. However, while consumer spending on gyms and fitness centres has decreased (down 30%), spending on personal trainers increased throughout October (up 16%).

Buy now, pay later trends in October

Spending up (monthly, YOY) ¹		Spending down (monthly, YOY) ¹	
Home services	+76%	Photographers	-34%
Petrol & service stations	+55%	Nail salons	-16%
Skin care	+27%	Tutoring	-15%
Household appliances	+25%	Eyewear	-6%

In line with the increased home investment trend within everyday spending, purchases on home services (cleaners, pest control etc.) and household appliances also grew significantly this month.

The fuel price hike at the beginning of October prompted an increase in spending on buy now, pay later for petrol and service stations.

The biggest declines in spend for the month were photographers, nail salons, tutoring (as kids were going back to school) and eyewear.

Week-by-week snapshot

General spending (week by week)

Weeks	Spending up (weekly, YOY) ¹		Spending down (weekly, YOY) ¹	
Monday 28 September – Sunday 4 October	Cosmetic Procedures	+526%	Interstate Coaches & Trains	-93%
	Caravan Dealers	+369%	Art Galleries	-67%
Week 40	Building Construction	+100%	Public Transport	-38%
	Surf School	+52%	Petrol & Service Stations	-24%

Weeks	Spending up (weekly, YOY) ¹		Spending down (weekly, YOY) ¹	
Monday 5 October – Sunday 11 October	Import & Export Agents	+169%	Travel Insurance	-87%
	Confectionary	+97%	Party & Event Planning	- 68%
Week 41	Bike Shops	+54%	Yoga	-25%
	Bottleshops	+45%	ATM	-25%

Weeks	Spending up (weekly, YOY) ¹		Spending down (weekly, YOY) ¹	
Monday 12 October – Sunday 18 October	Language Schools	+176%	Escorts Agencies	-93%
	Art Schools	+86%	Comedy Clubs	- 72%
Week 42	Pet Training	+44%	Taxis	-59%
	Ice Cream & Frozen Yogurt	+23%	Restaurant	-25%

Weeks	Spending up (weekly, YOY) ¹		Spending down (weekly, YOY) ¹	
Monday 19 October – Sunday 25 October	Skin Care	+102%	Martial Arts	-87%
	Pest Control	+60%	Art Galleries	- 79%
Week 43	Bookmaker	+36%	Dog Walkers	-60%
	Counselling & Mental Health	+25%	Juice Bars	-39%

Weeks	Spending up (weekly, YOY) ¹		Spending down (weekly, YOY) ¹	
Monday 26 October – Sunday 1 November	Building Construction	+115%	Museums	-81%
	Bookmaker	+66%	Taxis	- 56%
Week 44	Counselling & Mental Health	+25%	Pubs & Bars	-37%
	Golf	+25%	Nail Salon	-34%

October saw a relative return to normalcy across Australia as the nation began to wind back restrictions. Consumer spending habits throughout the month were underscored by major sporting events, a return to school and easing of restrictions in Melbourne.

While fuel prices hiked at the beginning of the month, there was a significant drop in everyday spending on petrol (down around a quarter), suggesting consumers may have avoided the pumps while costs were at a premium.

October typically spells the end of various sporting code seasons. This year, the AFL and NRL Grand Final fell on the same weekend. Throughout COVID-19 bookmaking activities have seen an increase and October was no different as there was a seasonal increase in Australian gamblers.

Culture and the arts have seen continued declines in spending throughout COVID-19 and despite recoveries in other industries, spending within still continues to be well short of this time last year. Week on week, galleries, museums and comedy clubs continue to struggle. With restrictions easing throughout November, there are hopes that these industries can claw back some of their losses.

[ENDS]

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 May. 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) 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, South Africa, the United Kingdom and the USA. Zip also owns Pocketbook, a leading personal financial management tool. Zip 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 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.

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