

# Second wave of COVID flattening curve of economic recovery: Zip

- Granular transaction data from more than 1.8 million Australians in July shows that Australia's COVID recovery has been stunted by lockdown and increased restrictions.
- Consumer data shows sectors where spending has been slower to return, and hints at potential long-term impacts.

**Sydney - 19 August 2020:** Consumer spending data from Zip's Weekly Spending Index has unveiled that the country's economic recovery has stagnated following the wide scale lockdowns in Greater Melbourne, border closures and spikes in COVID-19 cases throughout the country in July.

While June signalled economic recovery and optimism, the economic picture in July was one of stagnating growth and increasing pessimism. Zip's data demonstrates that many of those segments that saw recovery in June and were on their way to pre-COVID levels - like cafes, pubs and bars, restaurants and gyms - have seen their recovery stunted, or have reversed throughout July.

The spending data also suggests broader concerns about the wellbeing of Australians, with spending on debt consolidation and mental health services both rising significantly in July 2020, compared to 2019.

Investment in self care has also extended to personal appearance, with spending on cosmetic procedures, tattooists, hair removal. Perhaps connected to an increase in spending on appearances, dating agencies also enjoyed a spending bump in July.

Other trends accelerated by COVID-19 have continued in July. These include the move away from physical cash and towards ecommerce; away from public transport and increased adoption of bicycles; and on home entertainment, computer and video game systems.

## Key insights include:

- Despite significant jumps in spending in June compared to May, **recovery remained flat in July for many segments within the hospitality industry**. Restaurants, cafes and pubs had all made significant recoveries in June, which stayed flat in July. [More here.](#)
- **Australians are turning to debt consolidation and mental health support:** Spending on debt consolidation services was at its highest rate during the COVID period (+38%), highlighting the plight that many Australians are in. Counselling & Mental Health services were also up significantly during July (+47%). [More here.](#)
- **Investment-on-self has increased:** Cosmetic procedures spending was more than doubled compared to July 2019 (+106%), tattooists continued to see growth after months of losses (+59%), and spending with dating agencies almost doubled (+90%).
- **Ecommerce is still king** as ATM withdrawals remain down (-17%), and purchases over online marketplaces continue to climb (90%). [More here.](#)
- **Trains, planes and automobiles are all still lagging.** Spending on public transport (-38%), airlines (-43%), taxis (-54%) and car rental (-43%) all continue to be down on last year. Bike

shops are continuing their astonishing COVID-related growth with July 2020 seeing double the sales compared to 2019 (+99%).

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

*“The recent spike in COVID-19 appears to have flattened the curve of Australia’s economic recovery. Instead of building on the nation’s retail growth in June, we instead are looking at a far bleaker picture that may spell the end for many bricks and mortar businesses. A second lockdown period was the last thing many businesses could have afforded.*

*July was an incredibly tough month for many industries, and we saw some gains made in June either paused, or wiped out completely. More concerning was the fact that many Australians were turning to debt consolidators, and mental health services to support them during their plight.*

*While these are incredibly trying times, we’re also seeing the resilient best of Australians, playing with the hand that they have been dealt. Every day I see new businesses that would typically have been bricks and mortar move online to build new revenue streams, in the hope of surviving these tough periods.*

*What these businesses are doing well - and all businesses should look to do - is moving with consumer trends. As more money moves online, ensure your business is there to capitalise on it.”*

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

# Zip Weekly Spending Index

## July 2020

### Monthly snapshot

July spending data, gathered from Pocketbook transactions, demonstrates how businesses across industries in Australia began to recover following lockdowns and increased restrictions throughout the country.

### General spending trends in July

Spending up (monthly, YoY) <sup>1</sup>		Spending down (monthly, YoY) <sup>1</sup>	
Cosmetic procedures	+106%	Music venues	-72%
Dating agencies	+90%	Construction services	-62%
Counselling & mental health	+47%	Childcare	-34%
Supermarkets & groceries	+20%	Car insurance	-19%

Australia in July was underscored by a series of backwards steps in the battle against COVID-19. The Greater Melbourne area was well entrenched in strict lockdowns, restrictions growing in other states, and Australians were increasingly pessimistic about their outcomes — both economically and mentally.

While panic buying was shelved in July, Australians did continue spending unseasonably high amounts at supermarkets and grocery stores (+20%). However, this could be a signal of increased time spent at home — particularly as costs associated with travel (be it local or beyond) were all down significantly. Car insurance was down around a fifth compared to July 2019 (-19%), and could be a sign that Australians were looking for better deals or pausing insurance as they used their cars less and less.

More time spent at home meant reduced need for child care services, and this was reflected in a 34% decrease in spending in July 2020. More time at home also means more time with loved ones, and may be a contributing factor toward the continued increase in pregnancy services (+36%). Or - perhaps conversely - may have contributed to more Australians looking to new loved ones, with almost double spent on dating agencies (+90%) compared to the same month last year.

It was widely reported throughout July that rental costs had plummeted due to an increased supply of properties — this additional supply was highlighted throughout the Zip Weekly Spending Index by increased spending on real estate agents (+40%). However, spending data is not showing a reduction in rental costs, as overall rental spending was **up** 11% compared to July 2020.

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<sup>1</sup> Selected data

An industry that did not see significant growth in July was hospitality. While cafes, restaurants, pubs and bars all saw recovery in June, the industries could not build on this growth and remained flat in July.

- Cafes:
  - May: -38.6%
  - June: -1.6%
  - July: -0.4%
- Pubs and bars:
  - May: -73.6%
  - June: -30%
  - July: -22.6%
- Restaurants
  - May: -19%
  - June: +6.5%
  - July: +4.2%

However, considering these establishments in the Greater Melbourne area have been completely shut during this period, this could signify that other states have been returning to their favourite spots in huge numbers.

Lockdowns and increased restrictions had an impact not just on the economy, but also on the mental health of Australians. [Beyond Blue reported](#) that more than half of the COVID19 mental wellbeing support service site visits in July came from those in strict lockdown in Victoria. Spending on mental health and counselling services spiked to the highest levels since the pandemic began, up 47% compared to the same period last year. A possible contributing factor was increased and ongoing personal financial strain. During July, more Australians turned to debt consolidators than at any other point during COVID (up 38% for the month).

Increased pressure due to debts may have caused Aussies to take matters into their own hands: spending on lotteries were up 61% compared to July 2019; while gambling also continued to be significantly higher than the year before (+59%).

However, Australians were investing more of their money in themselves throughout July. Spending on cosmetic procedures had more than doubled in July (+106%), tattoo parlours were continuing their upward trend with a 59% increase in spending, year on year. Spending on hair removal (+55%), skin care (+39%), hairdressers (+14%), and beauty salons (+6%) also increased during the month.

### Buy now, pay later trends in July

Spending up (monthly, YoY) <sup>1</sup>		Spending down (monthly, YoY) <sup>1</sup>	
Books	+25%	Baby goods	-35%
Children's toys	+16%	Appliances	-23%
Fitness equipment	+14%	Cosmetics	-17%
Hair care	+9%	Shoe stores	-11%

Similarly to when the country entered its first lockdown, buy now, pay later spending on home gym

and fitness equipment was up for the month. Additional time with kids at home could have been the reason that toys were big winners in July, which saw 16% increase in purchasing through buy now, pay later. Shoe stores, which have been significantly up in previous months, have clearly run its course and are now one of the key categories to decline.

## 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 29 June – Sunday 5 July	Tattooists	+76%	Casinos	-75%
	Employment agencies	+27%	Nightclub	-72%
	Clothing retailers	+13%	Music venues	-69%
	Cafes	+7%	Airlines	-34%

Monday 6 July – Sunday 12 July	Boating	+148%	Stadiums & Arenas	-67%
	Debt consolidation	+96%	Churches	-41%
	Pregnancy services	+94%	Skiing & snowboarding	-28%
	Vehicle repairs	+58%	Libraries	-21%

Monday 13 July – Sunday 19 July	Bike shops	+91%	Parking	-36%
	Real Estate Agents	+65%	Churches	-30%
	Bottleshops	+55%	Pubs & bars	-21%
	Debt consolidation	+27%	Breweries	-6%

Monday 20 July – Sunday 26 July	Bookmakers	+78%	Campground & Caravan parks	-67%
	Print media	+60%	Public transport	-30%
	Employment agencies	+27%	Vending machines	-22%
	Insurance services	+17%	ATM	-21%

Monday 27 July – Sunday 2 August	Online marketplaces	+108%	Employment agencies	-23%
	Lotteries	+61%	Insurance services	-15%

	Campground And Caravan Parks	+43%	Cafes	-11%
	Debt consolidation	+27%	Clothing retailers	-3%

While the Federal Government had been actively making policy announcements throughout April, May and June; it had fewer announcements to make in July. However, that wasn't to say public policy was having no impact on spending patterns.

Pubs in Melbourne were shut for the entirety of July, it wasn't until the week of July 13th that NSW began to impose tighter restrictions on local pubs, bars, restaurants and cafes. This restriction contributed to decreased spend in pubs and bars (-21% - the biggest decrease at the time), but was balanced by an increase in spend on bottleshops (+55%). The tightened restrictions at pubs also contributed to a drop in spending at breweries (-6%) when spending throughout the rest of the month was higher compared to the same period last year.

On July 21st, the Treasury announced that JobKeeper would be extended until March 2021. That policy decision coincided with a rapid drop off in spending on employment agencies (-23%). Recruiters had previously enjoyed significant growth throughout the month, however shortly after the JobKeeper extension was announced, the industry saw its only spending decline across the month.

[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 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