

WEEKLY CONSUMER SPENDING SERIES

Week ending
22 July 2018



CHANGE IN SPENDING

Note: Calculations exclude spending on fuel

| LAST 7 DAYS VS. SAME WEEK LAST YEAR | LAST 30 DAYS VS. SAME PERIOD LAST YEAR | LAST 52 WEEKS VS. SAME WEEKS YEAR PRIOR |
|--|---|--|
| SPENDING | SPENDING | SPENDING |
| +0.66% | +1.70% | +3.96% |
| TRANSACTIONS | TRANSACTIONS | TRANSACTIONS |
| +1.29% | +2.59% | +4.26% |

THIS WEEK AT A GLANCE

Spending hits mid-winter blues

The cold weather and a stormy weekend this week led to growth of just 0.7% vs last year. This actually resulted in negative real spending growth this week, down a substantial 0.8% when adjusting for price inflation with the consumer price index at 1.5% for the year ended June 2018.

Fuel was once again the fastest growing category, while a big boost in liquor spending appears to show Kiwis are staying home to try and wade out the last bit of winter before things warm up again coming into spring.

Going up

| | |
|---|---------------|
|  Fuel | +17.3% |
|  Liquor | +6.7% |
|  Takeaways | +5.4% |



Hospo takes a bite out of supermarket spending

This week saw the first decline in spending at supermarkets and dairies since the start of January, with spending at the storetype falling by 0.6%. This occurred all the while spending at takeaways increased by 5.4%, and spending at bars, cafes and restaurants increased by 5.0%. The increase in hospitality (bars, cafes, restaurants and takeaways) spending resulted in the storetype collecting 27.0% of all New Zealand food spending for the week, increasing its share of food spending by 0.9 percentage points vs the same week last year.

Warning signs for supermarkets have long been there, as younger generations have shunned traditional meal preparation time in favour of food prepared for them. This is part of a broader movement we have seen to an on-demand economy, with the proliferation of convenience driven companies such as Netflix, Uber and Airbnb. Supermarkets have responded to this trend with more ready-to-eat options and online ordering, but still somewhat lack the convenience of having a pizza delivered to the door due to fixed delivery times, and a business model predicated on selecting items off a shelf.

As declining supermarket spending appears to be correlated with falling consumer confidence and currently high fuel prices, it will be intriguing to see over the coming months whether this trend continues or whether it is simply a one-off blip.

NB: The BNZ Marketview Consumer Spending Series provides a measure of national consumer spending trends in the core retail categories (excluding fuel). It is based on the monthly credit and debit card spending of BNZ customers. It includes GST, but excludes other forms of electronic transactions such as overseas cards, gift cards, corporate and fuel cards. Numbers reported are actual values and volumes i.e. not seasonally or inflation adjusted. Accordingly the series may differ from other electronic transaction data reports.

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