



UK spending for a winter indoors as Supermarket sales surge

- **Essential spend up 5% in October, the month before England's second lockdown**
- **Spend on commuting and fuel fell back following renewed call to work from home**
- **High-street spending growth slowed in October but non-essential still up by 7%**

Essential spending grew 5% year on year in October, the month before England headed into a second national lockdown, according to the latest Lloyds Bank Spending Power Report.

Under the first lockdown in April, which also included Scotland, Wales and Northern Ireland, year on year spending on essentials fell 5%. At the time, this was driven by a steep fall in fuel spend of 54% year on year, as well as a fall of 86% in the amount spent on commuting.

Supermarket spend continues its bumper year

Spending in Supermarkets continued to underpin the growth in essential spend, up 21% on last year as local lockdown restrictions and poor weather led to more people stocking up for longer periods at home.

Areas under tighter restrictions in October also saw larger increases year on year in supermarket spend. Scotland and the North East both saw spending up 26% year on year. The North West spent 23% more and Wales, Yorkshire and the East Midlands saw an increase of 22%.

At the same time, the amount spent in restaurants in these areas dipped. On a month by month basis, spending in Welsh restaurants between September and October fell 22%, Scottish restaurants (with many closed across the central belt) took in 15% less, and the North West 10% less.

Yet, restaurants still continued to show their resilience during difficult times boosted by card spending, up 4% in October across the UK compared to the year before.

Regional restrictions impact travel spend

Following the government's advice to work from home where possible at the end of September, travel spend in October was hit hard with fuel spend down 16% compared to a year ago, reversing the

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recovery seen since July. Furthermore, the amount spent on commuting plummeted 52% year on year, versus a 44% fall in spending in September.

As a result, it was the first time since June 2020 that essential spend year on year growth had remained flat in two consecutive months.

The dramatic fall in the amount spent on fuel and commuting was more pronounced in regions under stricter local restrictions in October, likely similar to the restrictions faced by England in November.

Wales, which started its 'firebreak' lockdown on 23rd October and ran for 17 days was the most impacted region, with commuting spend down 36% compared to September 2020 (down 70% year on year). The North West and North East, also hit with tighter restrictions in places like Liverpool and Lancashire, saw commuter spend fall 20% and 15% month on month (both 46% year on year).

Unsurprisingly Wales also saw the biggest reduction month on month on the amount spent on fuel at 18% (28% year on year).

Non-essential spend up 7% year on year

Non-essential spend grew 7% year on year in October, the same growth seen in September. Significantly more was spent in department stores (23% increase year on year) and electrical stores (35% increase year on year).

Spending on clothing grew at the slowest pace since July, up just 2% year on year, having been as much as 6% up in August.

There has been no sign of people rushing to book holidays with spending still down 55% year on year. Similarly, recreational spend, which includes cinemas, theatres and gyms, fell back two percentage points in October, to 17% down year on year, with some parts of the recreational economy still closed to the public.

Gabby Collins, Head of Payments at Lloyds Bank, said: "The spending picture across the UK has been shaped by regional differences in tackling the pandemic, creating more distinct 'local economies' in places where restrictions force consumers to look for alternatives.

"With the new national lockdown in place in England until at least early December, along with strict rules in other parts of the UK, it's fair to say spending may see similar results in November. While the

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future remains uncertain, retailers will be hoping to take advantage of a spending splurge closer to Christmas.”

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Essential & Non-essential spending

Essential and Non-essential spending components are made up of identifiable transactions from debit and credit card spending, direct debits, and standing orders from current account data (cash transactions are not included in this analysis). There are strong calendar effects within spending components, some of which will be accounted for using year-on-year growth rates while we attempt to adjust for irregular calendar effects. As a longer history of data becomes available, the adjustment methodology may be altered in future to better correct some of these changes. All figures presented represent a year on year comparison. The data has been weighted to be representative of the UK population.

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