

NAB CONSUMER SENTIMENT SURVEY Q1'21

INSIGHTS INTO CONSUMER STRESS, ATTITUDES, SPENDING PATTERNS & BEHAVIOURS



NAB Behavioural & Industry Economics

April 2021

As COVID-19 vaccination rates pick up around the world, many analysts are understandably asking what are the implications for consumer attitudes, behaviours and the path back to the “next normal”? While debate continues whether herd immunity is achievable even with high vaccination rates, as more consumers receive the vaccine the perceived safety of many activities (particularly those relating to leisure and travel) will rise, especially in countries hardest hit by the virus such as the US, Brazil, India, France, and the UK. Any increase in movement & travel intentions would be particularly welcomed by restaurants, hoteliers, airlines and many other consumer and hospitality-focused businesses. In the US, where around one-third of the population has received at least one dose of the vaccine, airport and store traffic is picking up. Israel currently leads the world in terms of roll-out with around 50% of the population fully vaccinated with the two doses required for “protection”. Even without herd immunity, the vaccine is expected to reduce hospitalisations and deaths from COVID-19 which will influence behaviour. But, what about Australia?

With the number of active cases remaining low and growing confidence in the ability of the healthcare system to cope, Australians’ concern over the virus has now eased to its lowest level since the pandemic began, despite low rates of vaccination. Domestic and more recently NZ travel, is picking up solidly, while foot traffic is growing in our major cities. That said, new NAB research suggests that consumer spending patterns in Australia will likely change with a broad deployment of a vaccine and not just for travel. At the same time however, with NAB’s Consumer Stress Index rising again (after falling for four consecutive quarters), some attitudes and behaviours that emerged during the height of the pandemic as consumers adopted a more “cautious” mindset and embraced online, are likely to continue.







Almost 7 in 10 (68%) Australians indicated they will get the vaccine, although 13% will not receive it and 19% are unsure. Attitudes vary widely by state, ranging from over 8 in 10 (81%) consumers in TAS planning to be vaccinated, to less than 6 in 10 (55%) in the NT. Consumers are also more likely to be vaccinated if living in capital cities (71%) than in regional (63%) and rural areas (61%). Men (73%) were more likely to get vaccinated than women (64%). By age, 8 in 10 (80%) consumers over the age of 65 said they will get the COVID vaccine when it is available, with this number falling to just 64% in the 30-49 age group.

While many people may already be doing what they feel comfortable doing, when compared to expected behavioural change among consumers who will not vaccinate, the biggest differences are in relation to taking domestic holidays (5.3 pts vaccinated vs 3.3 pts non-vaccinated - where 0 indicates no change in behaviour and 10 to a very significant extent), socialising in general (5.0 vaccinated vs 3.2 non-vaccinated), taking overseas holidays (6.0 vs. 4.3), eating out at restaurants (4.8 vs. 3.1) and social distancing and wearing face masks (3.0 vs. 3.4). This result is supported by consumer expectations in making major household purchases in the next 12 months, with the biggest expected increase in spend, on balance, likely to be on holidays. This was followed by health insurance, renovations and residential property. That said, Australians expect to spend less in all other areas, particularly cars and school fees. In terms of current spend, overall household spending patterns (essentials, non-essentials & financial spending) relaxed a little in Q1 with NAB’s spending indicator improving to -4 in Q1 from -7 in Q4 and -9 at the same time last year. Overall spending patterns were less conservative in NSW, VIC, and QLD, unchanged in WA and SA/NT but tightened in TAS. Spending continues being driven by essentials, particularly transport.

On balance consumers are continuing to show some reluctance to dining out at restaurants but with COVID cases remaining low and a further easing of restrictions, numbers are improving. There was also a significant improvement in visitation to major shopping centres, although on balance it is still negative. The pandemic has triggered and accelerated many changes in consumer spending patterns and behaviours. Australians remain particularly focussed on being more mindful where they spend their money and supporting local businesses. Other key areas of behavioural change include switching to less expensive products to save money, researching and choosing brands before purchasing, purchasing items online previously purchased in store and making purchases because of great deals. The COVID-19 vaccine is unlikely to reverse these trends.

The **NAB Consumer Stress Index** ticked up to 56.6 pts in the March quarter (from 55.6 pts in the previous quarter) but remains well down on the same quarter a year ago (60.1 pts). Higher stress was driven by growing concern over living costs, with groceries and utilities adding most to cost of living pressures. With the completion of the JobKeeper wage subsidy program looming during the survey period, concerns over government policy also rose, along with stress over financial security in retirement. But with the labour market recovering more quickly than initially expected, consumers worried less about their job security.

NAB CONSUMER STRESS INDEX (100 = extremely concerned)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Consumer Stress Index	60.1	57.3	57.0	55.6	56.6 
Key Stress Drivers:					
- Job security	52.3	49.3	50.2	48.0	47.0 
- Health	56.8	56.3	56.1	56.7	56.4 
- Ability to fund retirement	60.8	60.1	56.8	56.7	58.8 
- Cost of living	65.6	61.9	61.1	59.9	62.0 
- Government policy	64.9	58.8	60.7	56.6	59.0 

HOUSEHOLD SPENDING PATTERNS (net balance - spending more/less)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Non-essential spending	-25	-30	-26	-19	-15
Essential spending	13	7	5	9	11
Financial spending	-1	-2	0	2	6
Overall Spending Behaviours	-9	-14	-12	-7	-4

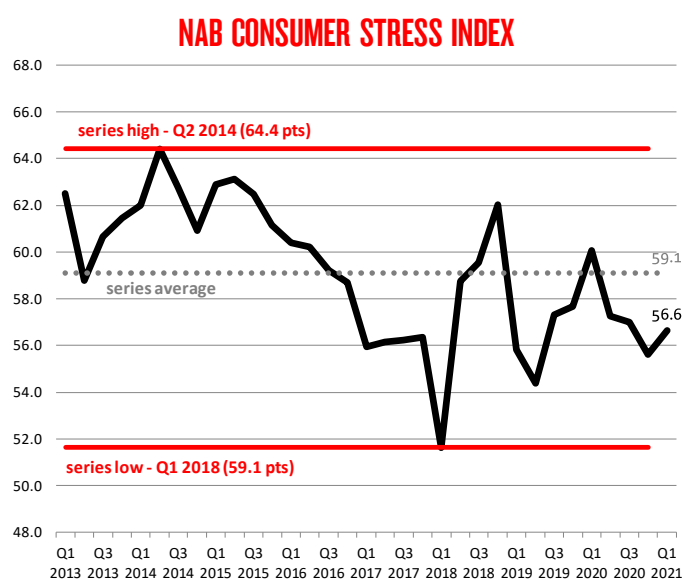
HOUSEHOLD SPENDING PATTERNS - SPENDING CATEGORY (net balance - spending more/less)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Travel/holidays	-27	-46	-40	-31	-23
Eating out (coffee, take-away, restaurants, etc.)	-31	-41	-32	-20	-18
Entertainment (movies, sports, concerts, etc.)	-36	-48	-41	-32	-23
Groceries (food, alcohol etc.)	16	28	19	18	18
Home improvements and maintenance	-14	-5	-7	-3	0
Major household items (appliances, furniture etc.)	-25	-22	-19	-14	-14
Utilities (electricity, gas, phone, etc.)	20	25	19	17	16
Personal goods (clothes, toiletries, sports, pets, etc.)	-17	-20	-18	-13	-13
Medical expenses (doctors, pharmacy, optical etc.)	14	5	8	10	13
Transport (car running costs and public transport)	13	-19	-14	0	8
Children (school fees, childcare, activities etc.)	3	-4	-4	-2	2
Paying off debt	10	8	8	10	13
Use of credit	-10	-10	-10	-7	-6
Savings, investments and super contributions	-2	-3	1	4	10
Charitable donations	-23	-24	-19	-16	-17

EXTENT HOUSEHOLD SHOPPING, PURCHASING & OTHER BEHAVIOURS HAVE CHANGED (net balance)

	AUST	NSW/ ACT	VIC	QLD	WA	SA/NT	TAS
Was mindful where I spent my money	44%	47%	43%	46%	41%	39%	45%
Supported local businesses	37%	36%	36%	34%	38%	46%	38%
Changed to less expensive products to save money	27%	30%	25%	23%	30%	29%	28%
Researched brand/product choices before buying	25%	26%	27%	24%	22%	20%	29%
Purchased online to avoid going into a store	19%	22%	22%	18%	13%	6%	12%
Made purchases because of great deals	17%	21%	15%	14%	20%	7%	21%
Purchased items online I would normally buy in store	15%	17%	22%	8%	14%	9%	17%
Visited stores based on social distance/safety/hygiene	14%	19%	18%	6%	11%	10%	-1%
Purchased sustainable/eco-friendly products/services	11%	11%	14%	11%	13%	4%	2%
Purchased a product based on availability	11%	11%	11%	10%	9%	14%	-2%
Tried a new product or brand	7%	7%	9%	7%	3%	1%	19%
Purchased a product due to convenience	6%	8%	7%	2%	6%	3%	15%
Shopped on a new website	4%	11%	5%	-4%	4%	-8%	7%
Bought online and picked up in store	0%	1%	4%	0%	-4%	-12%	-15%
Tried a new retailer	-2%	1%	0%	-5%	-8%	-7%	5%
Purchased from major retailers	-3%	1%	-5%	-1%	-6%	-10%	-9%
Changed my primary grocery store	-7%	-7%	-7%	-8%	-7%	-6%	-4%
Shopped at a new grocery store	-11%	-8%	-13%	-15%	-10%	-12%	-11%
Made online purchases out of boredom	-14%	-10%	-7%	-22%	-18%	-26%	-19%
Visited a major shopping centre	-15%	-12%	-23%	-11%	-10%	-18%	-7%
Dined in at a restaurant	-27%	-25%	-26%	-28%	-33%	-34%	-11%

NAB CONSUMER STRESS INDEX



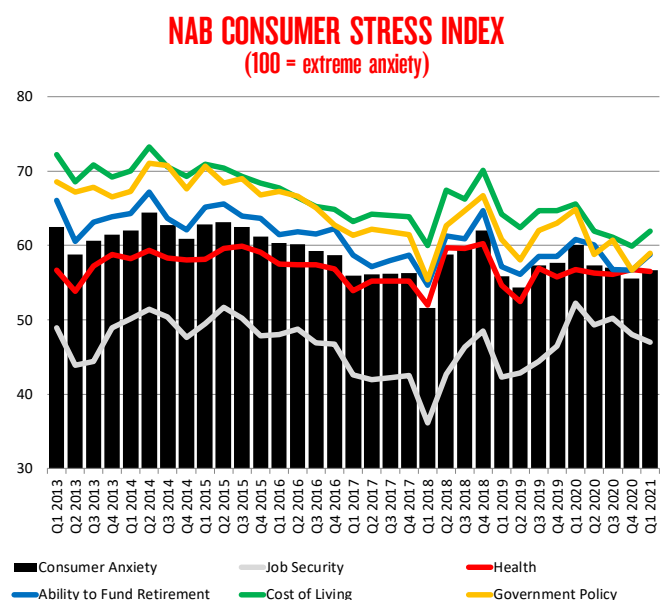
The **NAB Consumer Stress Index** ticked up to 56.6 pts in the March quarter, after having fallen over the last four quarters. But while the Index increased from 55.6 pts in the previous quarter, it was well down on the same quarter a year ago (60.1 pts) and still below the survey average (59.1 pts).

Higher consumer stress in Q1 was driven by growing concern over living costs, which climbed to 62.0 pts from a survey low 59.9 pts in Q4 20, despite the low inflation environment. Cost of living is still the biggest contributor to overall stress, with 1 in 5 (21%) consumers reporting 'high' stress (scoring 90 points or higher) and 29% 'medium' stress (scoring 70-89 points). The latest result also continues to highlight the ongoing disconnect between official inflation data and consumer focussed costs.

With the completion of the JobKeeper wage subsidy program looming during the survey period, higher stress in Q1 was also driven by heightened worry over government policy (up 2.4 pts to 59.0 pts). Consumers were also more anxious about their financial security in retirement (up 2.1 pts to 58.8) - although the level of stress around both issues remains well below survey average levels (64.3 pts and 61.0 pts respectively).

But with the labour market recovering much more quickly than initially expected and the unemployment rate continuing to fall, consumers worried less about their job security (down 1.0 pt to 47.0). It is also well down from the same period last year when job security worries climbed to a survey high 52.3 pts.

Across key groups, stress remained highest among consumers who lost their main source of income due to COVID (67.7 pts), were self-employed (66.1 pts) or unemployed (65.2 pts), lived in a rented apartment (62.0 pts) or house (60.4 pts), for men aged 30-49 (61.4 pts) and for consumers earning less than \$35,000 p.a. (60.7 pts) - see chart on next page.



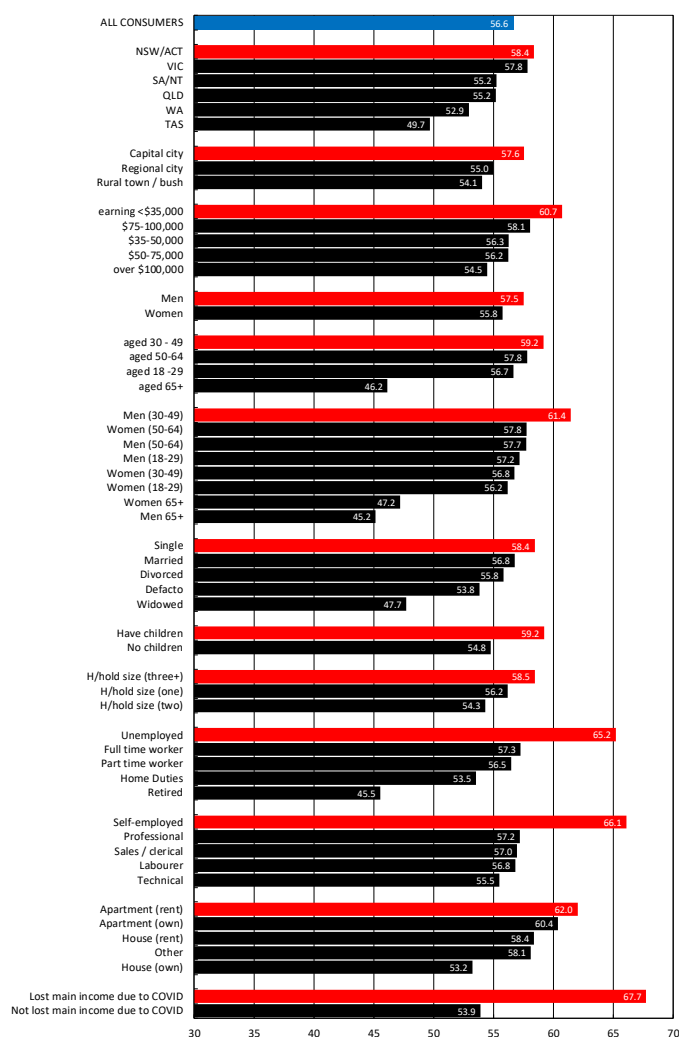
By state, consumer stress was highest in NSW/ACT (58.4 pts) and VIC (57.8 pts) and lowest in TAS (49.7 pts) and WA (52.9 pts). Consumers in NSW reported the highest stress across all measures except government policy, which was highest in VIC (61.5 pts). Stress was lowest in TAS for all measures except health, where WA led the way (54.2 pts). By region, stress was noticeably higher in capital cities, particularly for job security.

Men (57.5 pts) reported higher stress than women (55.8 pts) for the first time since mid-2019. Whereas men and women reported broadly similar levels of concern over retirement funding and health, men were much more worried about job security (49.2 pts men; 44.6 pts women) and government policy (61.6 pts men; 56.3 pts women), but women slightly more by cost of living (62.8 pts women; 61.1 pts men).

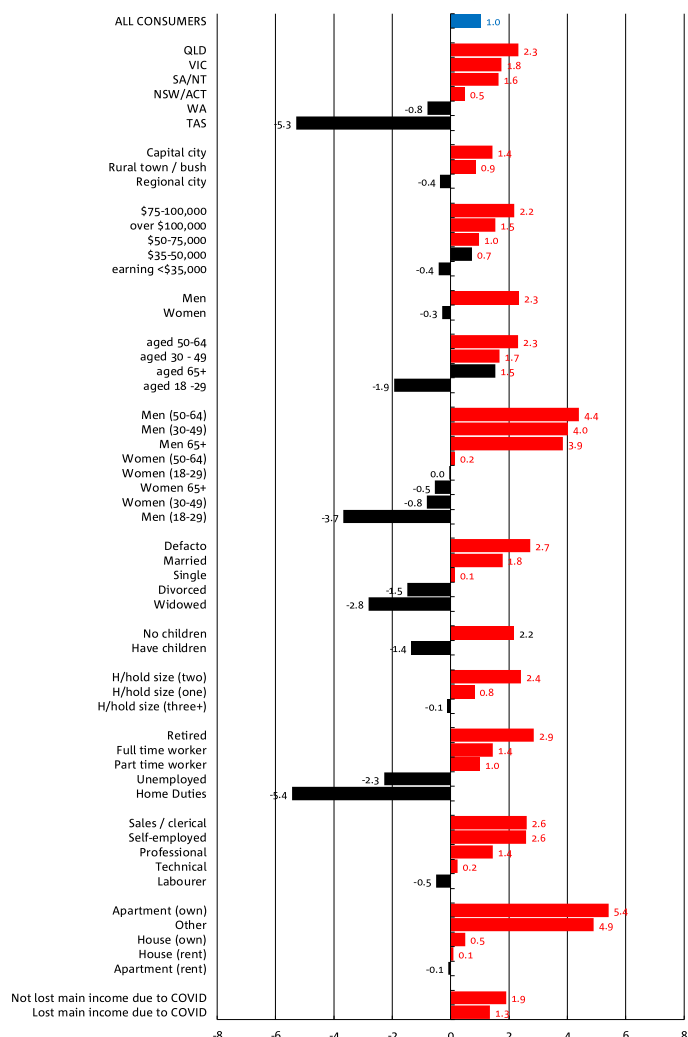
The 30-49 (59.2 pts) and 50-64 (57.8 pts) age groups replaced the 18-29 group (56.7 pts) as the most anxious in Q1, with stress lowest in the over 65 group (46.2 pts). The gender split by age however shows stress increased noticeably for men in all age groups (except 18-29) but was broadly unchanged for women irrespective of age. Men in the 30-49 group expressed higher stress for all measures in Q1 (particularly job security), with higher stress among men in the 50-64 group driven largely by retirement funding and government policy.

Among other findings, the stress gap between lower (60.7 pts) and higher (54.5 pts) income groups narrowed in Q1, with consumers earning less than \$35,000 p.a. reporting much lower stress over their job security, and those earning over \$100,000 p.a. noticeably more worried about their retirement funding, cost of living and government policy.

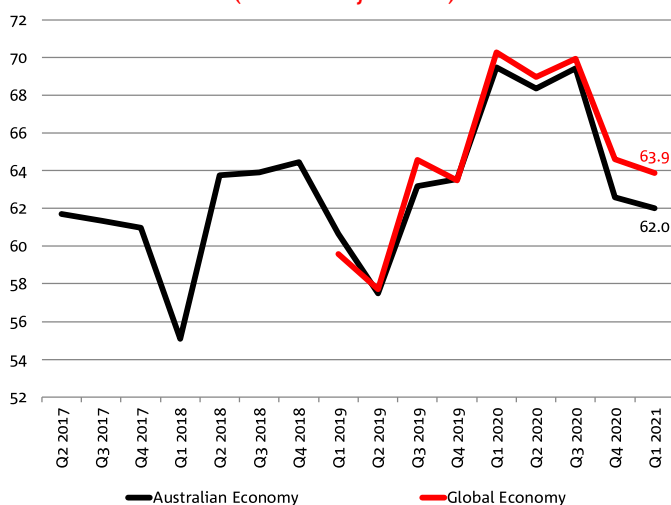
NAB CONSUMER STRESS INDEX: ALL GROUPS



NAB CONSUMER STRESS: ALL GROUPS (CHANGE)



GENERAL LEVEL OF CONCERN OVER THE ECONOMY

LEVEL OF CONCERN ABOUT ECONOMIC SITUATION
(100 = extremely concerned)

The Australian economy continues to recover at a rapid pace. The Q4 national accounts showed GDP rising by 3.1% in December to be 1.1% below its pre-COVID level. More recent NAB business survey and internal transactions data also points to ongoing strength in the economy for both business and the consumer. Globally, a resurgence in the spread of COVID across many parts of the world towards the end of 2020 impacted the global recovery but did not derail it. Most countries experienced a rise in GDP in Q4 2020 with some European countries the main exception.

Against this backdrop, consumers were less anxious about impact on their future spending and savings plans arising from both the domestic (down 0.6 pts to 62.0) and global economies (down 0.7 pts to 63.9).

There were however noticeable differences about the level of concern around the Australian economy across the country. Concern increased was highest in SA/NT (up 3.5 pts to 65.3). It also lifted in QLD (up 2.4 pts to 61.4) and VIC (up 0.4 pts to 63.8). In NSW, concern fell sharply (down 3.6 pts to 61.4). It also fell in TAS (down 2.2 pts to 62.6) and in WA where it was lowest of all states (down 1.6 pts to 58.0).

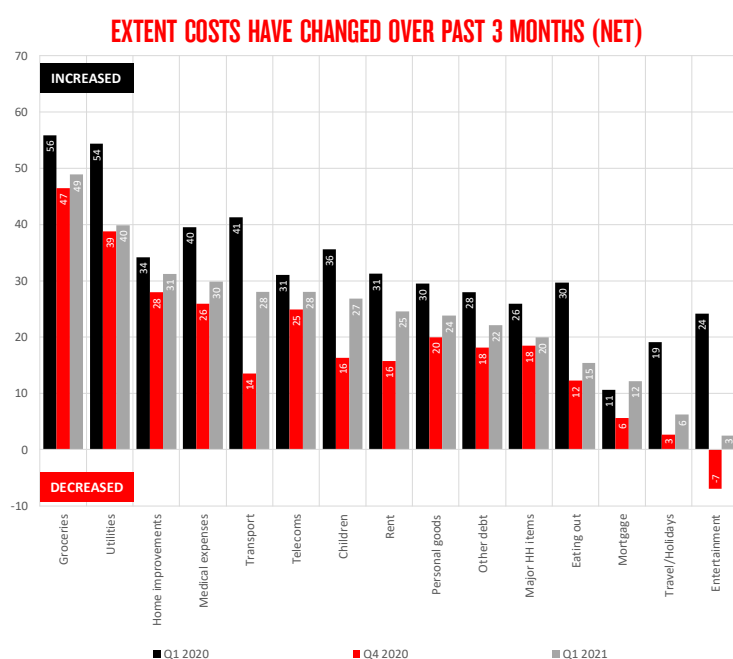
LEVEL OF CONCERN ABOUT AUSTRALIAN ECONOMY

	NSW	VIC	QLD	WA	SA/NT	TAS
Q4 20	65.0	63.4	59.0	59.6	61.8	64.8
Q1 21	61.4	63.8	61.4	58.0	65.3	62.6

COST OF LIVING PERCEPTIONS

The NAB survey also looked at cost of living perceptions among Australian consumers. When asked how their living costs had changed in the last 3 months, in net terms (the difference between the number of consumers who indicated costs had increased against those who said they fell) remained highest for groceries and utilities. And in Q1, the net number who identified groceries also increased slightly over the quarter to +49 (+47 in Q4), and to +40 for utilities (+39 in Q4).

Relative to the previous quarter, perceptions about rising costs in Q1 also increased for more consumers in all other expenditure categories. The biggest changes were in relation to transport (+28 vs. +14), children (+27 vs. +16), rent (+25 vs. +16) and mortgages (+12 vs. +6). The net number of consumers who said that entertainment costs had risen also out-weighted those who said it had fallen for the first time since Q1 2020 (+3 vs. -7) - see first chart below.



Consumers were also asked to identify the top 3 things that added most to their own cost of living over the past 3 months.

The bottom chart on the left clearly shows that not only were the cost of groceries perceived to have increased by most consumers in Q1, it also added most to their cost of living pressures according to 59% of all Australians - although this was down slightly from 62% in the previous quarter.

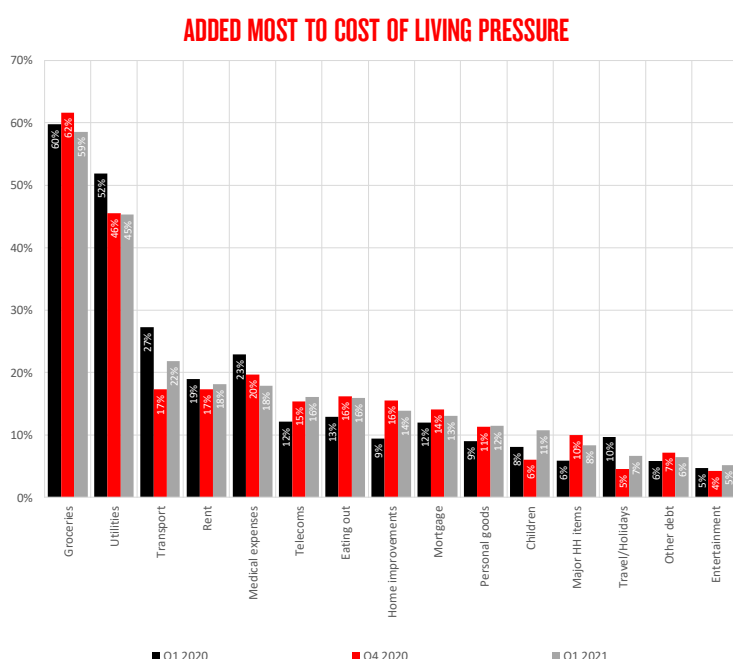
Utilities was the next biggest contributor to households' cost of living pressure according to 45% of all consumers (46% in Q4), followed by transport (22% and up sharply from 17% in the previous quarter), rent (18%), medical expenses (18%), telecommunications (16%) and eating out (16%).

The tables on the following page show perceptions of how living costs changed by state and what added most to cost of living pressures during the March quarter.

The extent costs changed was highest for groceries according to most consumers in all states. However, the net number of consumers who said prices increased ranged from +47 in VIC and TAS to +53 in SA/NT.

Noticeably more consumers in VIC (+46) also said their utility costs had risen than in other states, those in SA/NT home improvements (+41), WA and QLD medical expenses (+33), QLD children (+33) and TAS major household items (+37) and travel/holidays (+19). NSW was the only state to record a net decline in entertainment costs (-7) during Q1.

When looking at what added most to cost of living pressures, some key differences included a noticeably higher number of consumers calling out groceries in TAS (69%) and WA (67%), utilities in WA (51%) and VIC (50%), transport in TAS (28%) and QLD (27%), and telecommunications (29%), home improvements (+24%) and mortgages (22%) in TAS (29%).



EXTENT COSTS HAVE CHANGED OVER THE PAST 3 MONTHS: STATE (net balance)

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Groceries	49	48	47	51	50	53	47
Utilities	40	39	46	40	32	33	38
Home improvements	31	27	32	33	32	41	38
Medical expenses	30	29	28	33	33	28	28
Transport	28	23	29	35	25	33	36
Telecoms	28	28	34	24	21	29	32
Children	27	27	27	33	21	23	3
Rent	25	22	19	35	27	31	4
Personal goods	24	20	26	28	22	27	21
Other debt	22	21	22	27	18	24	5
Major HH items	20	16	18	27	17	23	37
Eating out	15	9	17	21	23	10	21
Mortgage	12	12	14	16	7	8	1
Travel/Holidays	6	0	11	10	8	3	19
Entertainment	3	-7	6	9	11	7	5

ADDED MOST TO COST OF LIVING PRESSURES OVER PAST 3 MONTHS: STATE (% of total responses)

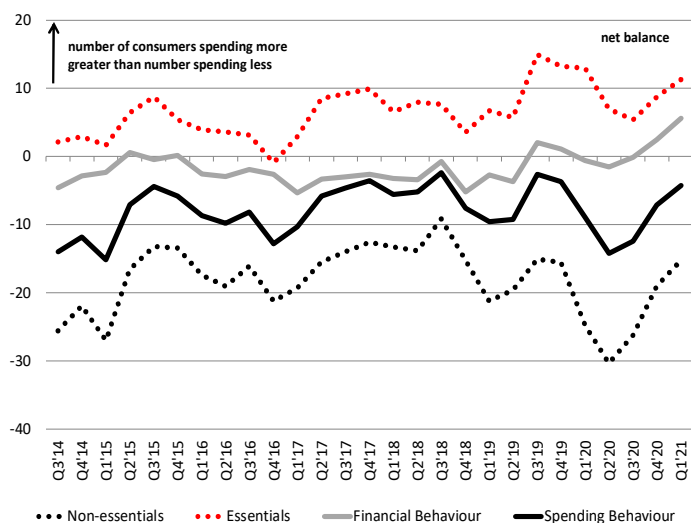
	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Groceries	59%	56%	57%	61%	67%	55%	69%
Utilities	45%	46%	50%	38%	51%	41%	45%
Transport	22%	22%	17%	27%	24%	21%	28%
Rent	18%	19%	17%	17%	21%	17%	17%
Medical expenses	18%	19%	17%	20%	19%	13%	12%
Telecoms	16%	15%	18%	15%	16%	16%	29%
Eating out	16%	15%	17%	16%	20%	12%	13%
Home improvements	14%	14%	13%	13%	17%	12%	24%
Mortgage	13%	15%	14%	8%	16%	11%	22%
Personal goods	12%	12%	12%	11%	9%	11%	12%
Children	11%	11%	14%	10%	8%	8%	8%
Major HH items	8%	9%	8%	7%	10%	9%	7%
Travel/Holidays	7%	6%	9%	7%	4%	5%	6%
Other debt	6%	6%	4%	10%	7%	4%	8%
Entertainment	5%	4%	8%	5%	6%	4%	0%

ADDED MOST TO COST OF LIVING PRESSURES (% of total responses)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Travel/Holidays	10%	3%	4%	5%	7%
Eating out	13%	9%	12%	16%	16%
Entertainment	5%	3%	4%	4%	5%
Groceries	60%	71%	66%	62%	59%
Home improvements	9%	15%	14%	16%	14%
Major household items	6%	9%	9%	10%	8%
Utilities	52%	52%	52%	46%	45%
Telecoms	12%	18%	18%	15%	16%
Personal goods	9%	14%	12%	11%	12%
Medical expenses	23%	18%	19%	20%	18%
Transport	27%	12%	14%	17%	22%
Children	8%	5%	5%	6%	11%
Mortgage	12%	14%	12%	14%	13%
Rent	19%	14%	15%	17%	18%
Other debt	6%	5%	7%	7%	6%

HOUSEHOLD SPENDING PATTERNS & EXPECTATIONS

HOUSEHOLD SPENDING PATTERNS: AUSTRALIA



Overall household spending patterns relaxed a little in Q1 but remain conservative. NAB's measure of household spending patterns (which counts the number of consumers that spent more on a range of items against those that spent less) showed a decline in the number of consumers (on balance) cutting back their spending relative to the previous quarter.

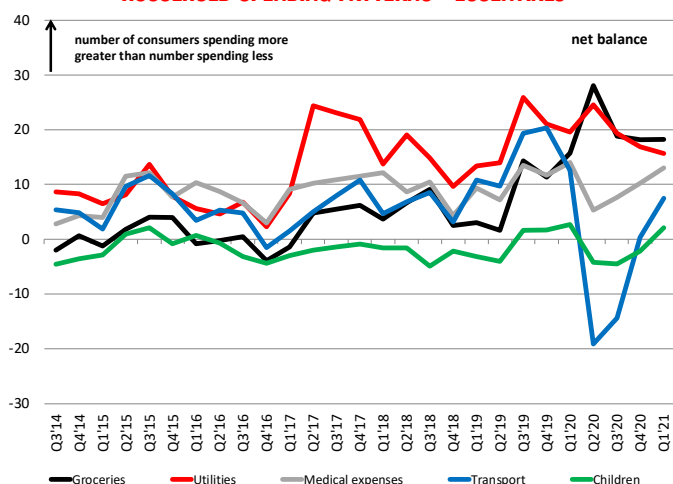
NAB's overall spending indicator improved to -4 in Q1 from -7 in Q4 and -9 at the same time last year. Spending continues being driven by essentials (+11), with the net number spending more in this category rising relative to the previous quarter (+9). The net number cutting back on non-essentials also fell (-15 vs. -19 in Q4) but increased for financial spending to a survey high +6 (+2 in Q4).

The table below shows that overall spending patterns were less conservative in NSW, VIC, and QLD, unchanged in WA and SA/NT but tightened in TAS.

HOUSEHOLD SPENDING PATTERNS: OVERALL (NET)

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Australia	-9	-14	-12	-7	-4
NSW/ACT	-6	-13	-11	-8	-3
VIC	-10	-14	-14	-5	-3
QLD	-12	-17	-14	-9	-5
WA	-8	-14	-13	-6	-6
SA/NT	-12	-19	-8	-7	-7
TAS	-8	-8	-10	-6	-11

HOUSEHOLD SPENDING PATTERNS - ESSENTIALS



Overall, the net number of consumers spending more on essentials rose to +11 in Q1 (+9 in Q4) but was down from +13 at the same time last year.

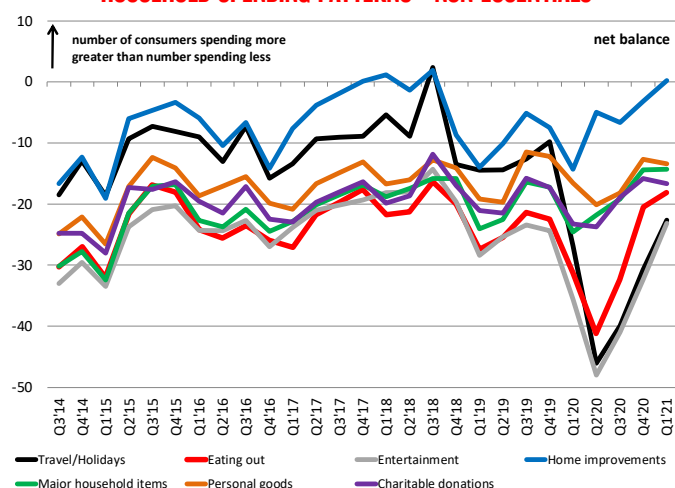
The net number that increased spending on transport rose sharply to +8 (0 in Q4), but the number spending more on groceries was unchanged (+18) and was a little lower for utilities (+16 vs. +17). Spending on children was net positive at +2 (-2 in Q4), with more consumers on balance also reportedly spending more on medical expenses (+13 vs. +10 in Q4).

The table below shows the number of consumers spending more on essentials outweighed those spending in all state. But while the number doing so increased in NSW (+13 vs. +9), VIC (+11 vs. +9), QLD (+11 vs. +6) and WA (+11 vs. +10), it fell in TAS (+2 vs. +12) and SA/NT (+9 vs. +11).

HOUSEHOLD SPENDING PATTERNS: ESSENTIALS (NET)

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Australia	13	7	5	9	11
NSW/ACT	14	8	7	9	13
VIC	13	8	1	9	11
QLD	11	6	7	6	11
WA	15	5	2	10	11
SA/NT	11	5	8	11	9
TAS	15	10	14	12	2

HOUSEHOLD SPENDING PATTERNS - NON ESSENTIALS



Non-essential spending continued to rebound in key areas in Q1, although the net number that cut back their spending in the March quarter remained elevated for entertainment (-23 vs. -32), travel and holidays (-23 vs. -31) and eating out (-18 vs. -20).

The net number of consumers cutting back on non-essential spending was basically unchanged for major household items (-14), personal goods (-13) and charitable donations (-17) but was balanced for home improvements (0).

The table below shows the number of consumers that cut back non-essential spending fell in all states, except TAS, where the number of consumers still cutting back was also much higher than in other states - see Appendix 2 for individual state charts.

HOUSEHOLD SPENDING PATTERNS: NON-ESSENTIALS (NET)

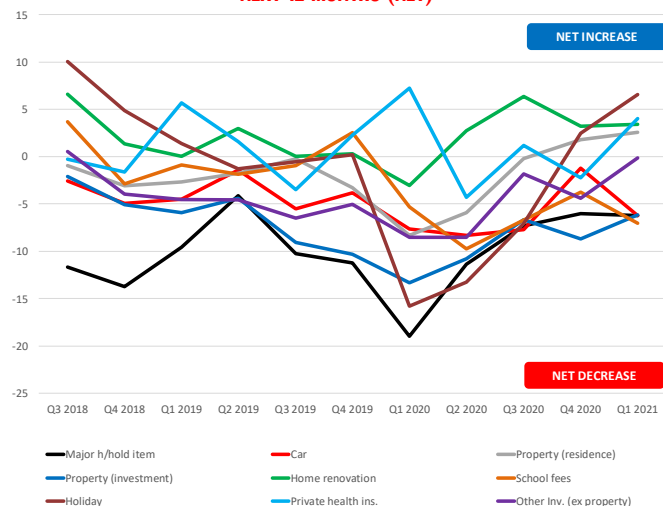
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Australia	-25	-30	-26	-19	-15
NSW/ACT	-21	-28	-26	-20	-14
VIC	-27	-30	-27	-16	-13
QLD	-28	-33	-29	-20	-16
WA	-26	-28	-24	-19	-17
SA/NT	-28	-37	-20	-19	-18
TAS	-23	-23	-27	-20	-22

Financial spending patterns (paying off debt, using credit cards and savings, investments & superannuation) was noticeably more positive in Q1, with overall net number of consumers who increased spending in this category rising to a survey high +6. Financial spending was positive in all states except TAS (-1), with improvements NSW (+3 vs. +7), VIC (+2 vs. +6), QLD (+4 vs. +1) and WA (+6 vs. +4). The net number of consumers who increased financial spending in SA/NT was unchanged (+3) and mildly negative in TAS (-1).

HOUSEHOLD SPENDING PATTERNS: FINANCIAL (NET)

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'20
Australia	-1	-2	0	2	6
NSW/ACT	1	-2	0	3	7
VIC	-1	0	4	2	6
QLD	-1	-3	-4	1	4
WA	-1	-2	-2	4	6
SA/NT	-4	-2	-2	3	3
TAS	-6	3	-8	-5	-1

EXPECTATIONS IN REGARDS TO MAKING MAJOR PURCHASES IN NEXT 12 MONTHS (NET)



Expectations for major purchases in the next 12 months were mixed in Q1. On balance, more consumers expect to spend more than less on holidays (+7), private health insurance (+4), renovations (+3) and residential property (+3). In all other areas, they expect to spend less - particularly on cars (-6) and school fees (-7 vs -4).

By state, noticeably more consumers in WA indicated they plan to spend less on major household items (-10) and residential property (-6), SA/NT on cars (-12) and school fees (-17), TAS (-16) and NSW (-11) on investment property and VIC on private health insurance (-1) and other investments (-3).

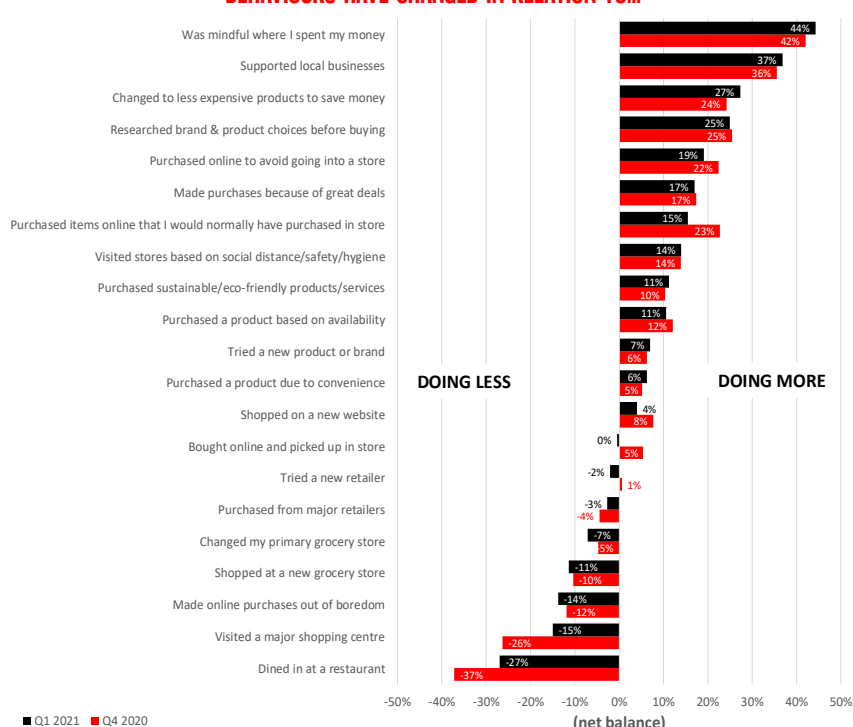
QLD and SA/NT were equally most positive for residential property (+8), with spending on holidays led by WA (+14) and SA/NT (+11), and spending on private health by SA/NT (+13) and TAS (+11) - see table below.

EXPECTATIONS FOR MAKING MAJOR PURCHASES IN THE NEXT 12 MONTHS (NET)

	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Major household item	-6	-5	-7	-10	-3	-4
Car	-5	-8	-6	-2	-12	-8
Property (residence)	3	1	8	-6	8	-4
Property (investment)	-11	-4	0	-5	-4	-16
Home renovation	4	1	5	5	1	6
School fees	-10	-9	3	0	-17	0
Holiday	3	9	5	14	11	-2
Private health insurance	4	-1	7	3	13	11
Other Investments (excl. property)	0	-3	0	5	0	6

HOUSEHOLD SHOPPING, PURCHASING & OTHER BEHAVIOURS

EXTENT YOUR HOUSEHOLD'S SHOPPING, PURCHASING & OTHER BEHAVIOURS HAVE CHANGED IN RELATION TO...



When asked to think back about their household's shopping, purchasing and other behaviours over the past 3 months and estimate the extent they had changed their behaviour in several areas, consumer caution was again the key theme.

In terms of doing more, a net 44% said they were being mindful of where they spent their money (up from +42% in Q4). The next most obvious behaviour was supporting local business +37% (up slightly from +36%).

Other areas where a significantly greater number of consumers said they were doing more included changing to less expensive products to save money (+27% vs. +24%), researching and choosing brands before purchasing (unchanged at +25%), purchasing items online they would normally purchase in store (+19% down from +22% in Q4) and making purchases because of great deals (unchanged at 17%).

The number of consumers who dined less in a restaurant continued to heavily outweigh those who dined out more often, but with COVID cases across the country remaining low and a further easing of restrictions, the net number doing less fell to -27% in Q1 (-37% in Q4). There was also a significant improvement in the net number visiting a major shopping centres, although it was still negative at -15% (-26% in Q4). The number of consumers making changes to their behaviours around purchasing online out of boredom (-14%), shopping at a new grocery store (-11%) or changing their primary grocery store (-7%) was broadly unchanged.

The table below shows how consumer behaviours changed by state during the quarter. Among some of the more obvious differences, it revealed that more consumers in VIC (+22%) and NSW (+22%) purchased products online to avoid going into stores, or visited stores based on social distance, safety or other hygiene considerations (18% and 19% respectively) than in other states.

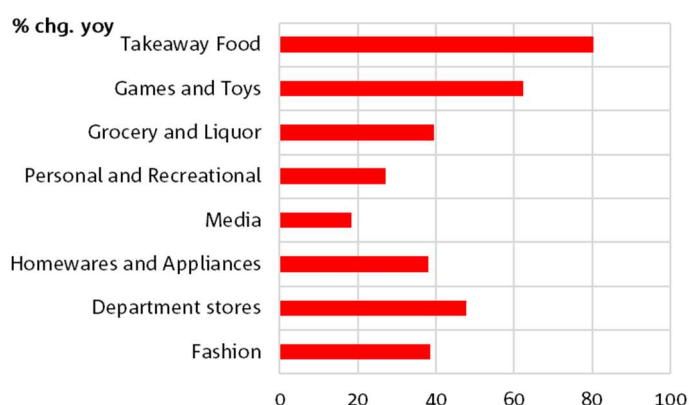
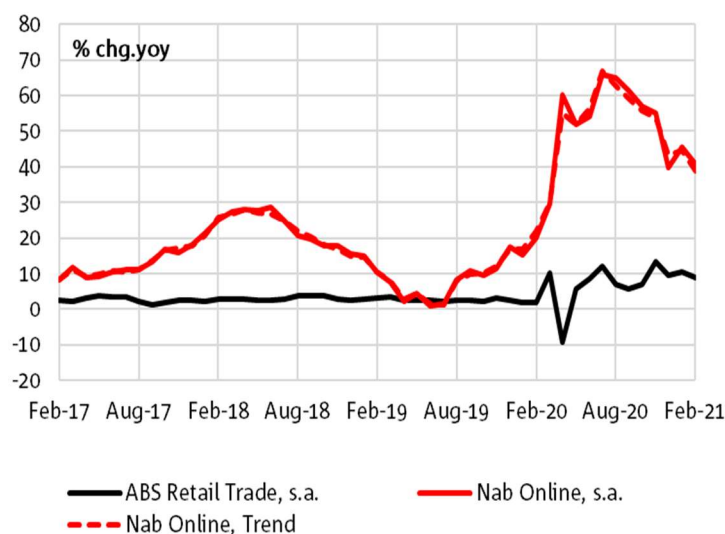
Also apparent was the much higher number of VIC consumers who purchased items online they would normally purchase in store (22%), consumers in NSW shopping on a new website (11%) and consumers in TAS who changed their behaviour around trying a new brand or product (+19%) or buying a new product due to convenience (+15%).

Among other observations, the highest number of consumers exhibiting negative behaviour towards dining in restaurants were in SA/NT (-34%) and WA (-35%), making online purchases out of boredom in SA/NT (-26%) and buying online and picking up in store in TAS (-15%) and SA/NT (-12%).

EXTENT HOUSEHOLD SHOPPING, PURCHASING & OTHER BEHAVIOURS HAVE CHANGED

	AUST	NSW/ ACT	VIC	QLD	WA	SA/NT	TAS
Was mindful where I spent my money	44%	47%	43%	46%	41%	39%	45%
Supported local businesses	37%	36%	36%	34%	38%	46%	38%
Changed to less expensive products to save money	27%	30%	25%	23%	30%	29%	28%
Researched brand & product choices before buying	25%	26%	27%	24%	22%	20%	29%
Purchased online to avoid going into a store	19%	22%	22%	18%	13%	6%	12%
Made purchases because of great deals	17%	21%	15%	14%	20%	7%	21%
Purchased items online I would normally buy in store	15%	17%	22%	8%	14%	9%	17%
Visited stores based on social distance/safety/hygiene	14%	19%	18%	6%	11%	10%	-1%
Purchased sustainable/eco-friendly products/services	11%	11%	14%	11%	13%	4%	2%
Purchased a product based on availability	11%	11%	11%	10%	9%	14%	-2%
Tried a new product or brand	7%	7%	9%	7%	3%	1%	19%
Purchased a product due to convenience	6%	8%	7%	2%	6%	3%	15%
Shopped on a new website	4%	11%	5%	-4%	4%	-8%	7%
Bought online and picked up in store	0%	1%	4%	0%	-4%	-12%	-15%
Tried a new retailer	-2%	1%	0%	-5%	-8%	-7%	5%
Purchased from major retailers	-3%	1%	-5%	-1%	-6%	-10%	-9%
Changed my primary grocery store	-7%	-7%	-7%	-8%	-7%	-6%	-4%
Shopped at a new grocery store	-11%	-8%	-13%	-15%	-10%	-12%	-11%
Made online purchases out of boredom	-14%	-10%	-7%	-22%	-18%	-26%	-19%
Visited a major shopping centre	-15%	-12%	-23%	-11%	-10%	-18%	-7%
Dined in at a restaurant	-27%	-25%	-26%	-28%	-33%	-34%	-11%

NAB ONLINE RETAIL SALES INDEX & ABS RETAIL SALES



The growing importance of online shopping in Australia is clear. NAB estimates that in the 12 months to February, Australians spent \$46.9 billion on online retail, around 13.2% of the total retail trade estimate (Australian Bureau of Statistics), and about 48.4% higher than the 12 months to February 2020. In month-on-month terms, NAB's Online Retail Sales Index was flat in February, after strong growth in January. When comparing this February to 2020, i.e. in year-on-year terms, the index continues to grow strongly, just under the pace set between April and November (50% to 60%).

In month-on-month terms, growth was recorded in WA, VIC, SA and TAS. The February sales contraction in NSW and ACT follows on from their strong growth in January. Note that February was the period of short 'Circuit breaker' lockdowns for VIC and WA. In year-on-year terms, VIC still leads, along with other large sales state NSW, and WA.

We continue to observe shifts in the relative category share in the index. Games and Toys now represents about 8.9% of the total, adding over a full percentage point in the past year. In 2012, this category was about 5% of the index. For media, its share in the index is now smaller, not helped this month by a large contraction.

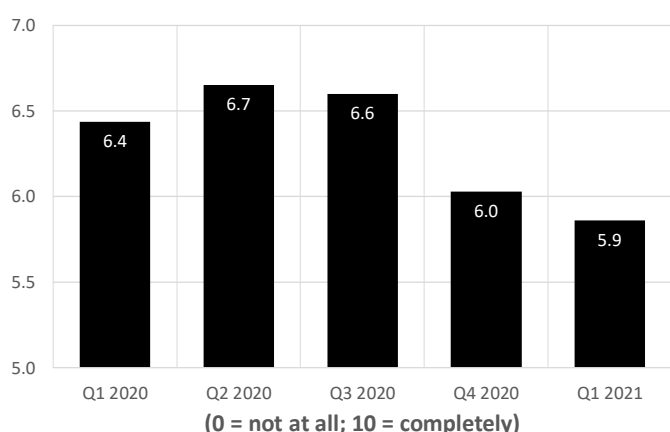
It is worth noting however, that in coming months, the year-on-year growth metric will be impacted by the base effects of the initial online spike of March and April 2020. An element of caution and perspective is advised when interpreting the year-on-year results over the next few months.

THE IMPACT OF COVID-19 ON CONSUMER BEHAVIOUR

The COVID pandemic has forced many consumers to rethink the way they will live, shop and spend in the future. People are creatures of habit and as life starts up again some old habits will return as many behavioural shifts have been the result of enforced change. But others will stick.

In this section, we explore the level of concern among Australian consumers over the pandemic, the extent the COVID vaccine will or will not change the way consumers live work and shop, and what they are most concerned about post the easing of COVID restrictions.

HOW CONCERNED ARE YOU ABOUT CORONAVIRUS?



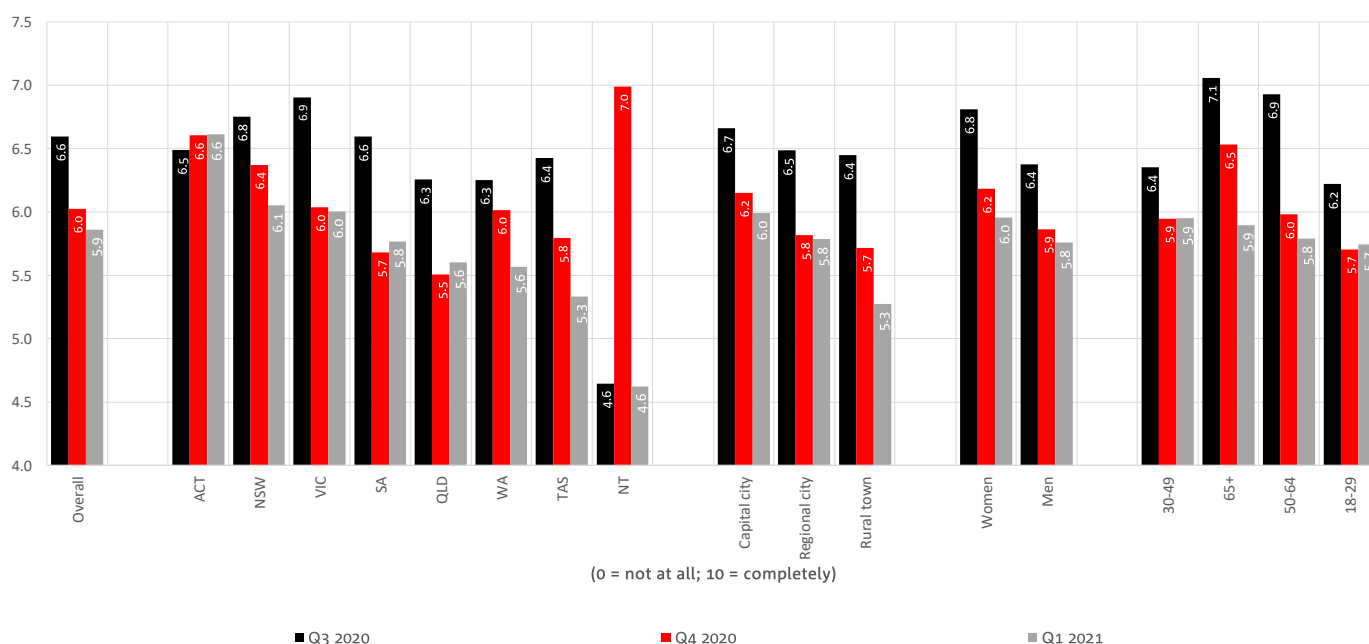
With the number of active cases remaining low and growing confidence in the ability of the healthcare system to cope, the level of concern over the virus eased a little further in Q1 a 'moderate' 5.9 pts. This was down from 6.0 pts in Q4 and 6.7 pts at the height of the crisis.

Results were however mixed across states. Concern was highest and unchanged in the ACT (6.6 pts) and lowest in the NT (4.6 pts). It fell in NSW (6.1 pts), WA (5.6 pts) and TAS (5.3 pts), was unchanged VIC (6.0 pts) but increased in SA (5.8 pts) and QLD (5.6 pts). By region, concern is still highest in capital cities (6.0 pts) and lowest in rural areas (5.3 pts).

Women (6.0 pts) continue to worry more than men (5.8 pts), although the level of concern abated slightly for both genders during the March quarter.

By age, the level of concern was highest in the 30-49 age group and on par with the over 65 group (5.9 pts). Concern fell noticeably in the 50-64 group and was lowest and unchanged in the 18-29 group (5.7 pts).

HOW CONCERNED ARE YOU ABOUT CORONAVIRUS?

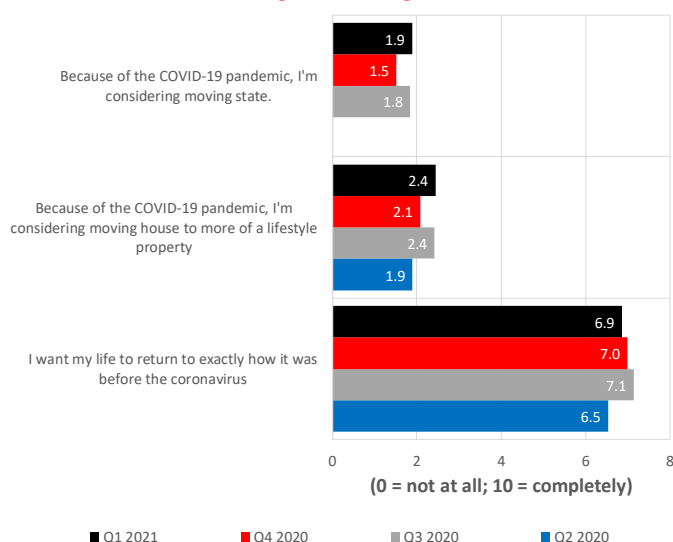


Do consumers want their lives to return to how they were before COVID?

When asked the rate the extent they agreed with the statement "I want my life to return to exactly how it was before the COVID-19 pandemic", on average consumers scored a relatively high 6.9 pts, which was down slightly from 7.0 pts in the previous quarter.

The extent of agreement with this statement did however vary somewhat by state. Consumers living in the NT were in highest agreement (7.3 pts) followed by VIC (7.1 pts), and those in WA (6.6 pts) and QLD (6.6 pts) were in least agreement. By gender, men (7.1 pts) were noticeably keener to return to their old lives than women (6.7 pts), as were consumers over the age of 65 (7.6 pts), especially when compared the 18-29 group (6.4 pts).

EXTENT OF AGREEMENT WITH FOLLOWING STATEMENTS



When asked if they were considering moving state because of the pandemic, state, overall agreement was relatively low, with consumers on average scoring just 1.9 pts, although this was up from 1.5 pts in the previous quarter.

While this statement was scored low across the country, consideration about doing so was somewhat higher in VIC (2.4 pts) where the impact on COVID has been most pronounced, and lowest in WA (0.9 pts). Consumers in the 18-29 age group remain most open to the idea of moving state (3.4 pts), with agreement falling in each successive age group to just 0.4 pts in the over 65 group. Men (2.5 pts) were more likely to consider the possibility of moving state than women (1.3 pts).

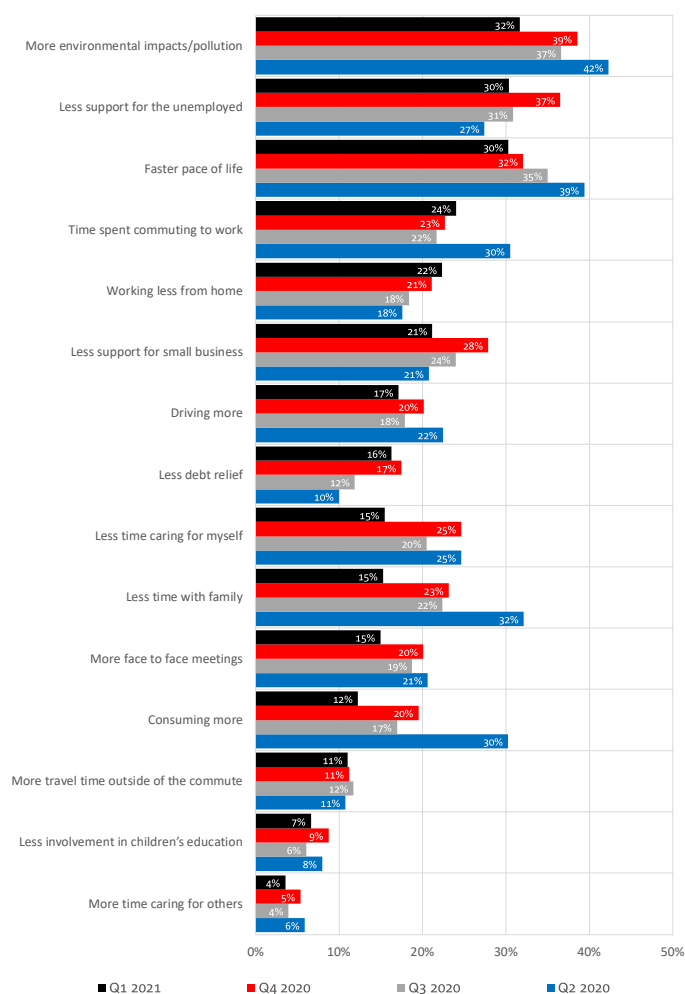
NAB's research also found that relatively few consumers were considering moving to a lifestyle property - although the extent they agreed with this statement increased to 2.4 pts in Q1 (2.1 pts in Q4).

By state, consideration was highest in VIC (2.8 pts) and NSW (2.7pts) and lowest in TAS (1.4 pts) and WA (1.8 pts). Once again younger Australians (4.0 pts) were in highest agreement relative to other age groups, particularly the over 65s (0.7 pts), as were men (2.9 pts) than women (2.0 pts) - see table below.

EXTENT OF AGREEMENT WITH STATEMENTS: STATE, GENDER & AGE

	I want my life to return to exactly how it was before the coronavirus	Because of the COVID-19 pandemic, I'm considering moving house to more of a lifestyle property	Because of the COVID-19 pandemic, I'm considering moving state.
Overall	6.9	2.4	1.9
NSW	6.9	2.7	2.1
VIC	7.1	2.8	2.4
SA	6.8	2.1	1.6
ACT	6.8	2.2	1.6
WA	6.6	1.8	0.9
TAS	7.0	1.4	1.1
NT	7.3	2.6	1.9
QLD	6.6	2.2	1.6
Men	7.1	2.9	2.5
Women	6.7	2.0	1.3
18-29	6.4	4.0	3.4
30-49	6.7	3.1	2.4
50-64	6.9	1.5	1.0
65+	7.6	0.7	0.4

WHAT ARE YOU MOST CONCERNED ABOUT POST THE EASING OF CORONAVIRUS RESTRICTION?



Consumers were in highest agreement about wanting their lives to return to how it was before the pandemic. But a significant sub-set of these consumers (almost 1 in 5) were in 'low' agreement (i.e. they scored agreement with this statement 4.0 pts or less). To gauge why, we asked them to identify what they feared losing most after coronavirus restrictions have eased.

Their biggest concern was returning to a world of more environmental impacts/pollution, although the number citing this concern fell to 32% (39% in Q4). It was however of much less concern for consumers in the 50-64 age group (20%).

Around 3 in 10 (30%) cited less support for the unemployed (37% in Q4), but this resonated more strongly in the over 65 age group (39%). Around 3 in 10 (30%) also worried about returning to a faster pace of life (32% in Q4), but this was an issue for almost twice as many women (39%) than men (20%).

Consumers next worried most about time spent commuting to work (24% vs. 23% in Q4), particularly those under the age of 50. Working less from home was cited by 22% of all consumers, but by 25% of men and 33% of people in the 18-29 age group.

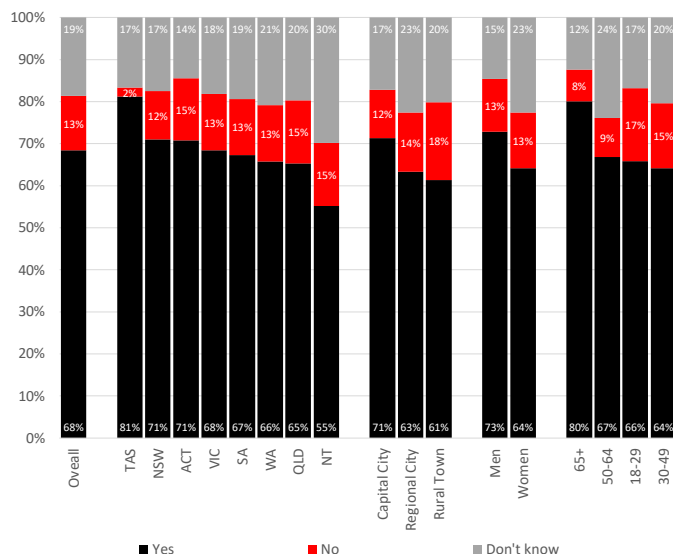
Relative to the previous quarter, we also saw noticeable falls in the number who did not want their lives to return to a pre-COVID normal because of less time caring for myself (15% vs. 25%), less time with family (15% vs. 23%), consuming more (12% vs. 20%), and less support for small business (21% vs. 28%).

That said, spending less time caring for myself was much more important in the 18-29 group (22%), spending time with family in the 30-49 group (26%) and less support for small business in the over 65 group (27%).

WHAT ARE YOU MOST CONCERNED ABOUT POST THE EASING OF CORONAVIRUS RESTRICTIONS: GENDER & AGE?

	Overall	Men	Women	18-29	30-49	50-64	65+
More environmental impacts/pollution	32%	30%	33%	33%	37%	20%	31%
Faster pace of life	30%	20%	39%	33%	35%	29%	12%
Less support for the unemployed	30%	28%	32%	27%	28%	33%	39%
Less support for small business	21%	25%	18%	18%	23%	20%	27%
Less time with family	15%	13%	17%	11%	26%	9%	2%
Time spent commuting to work	24%	25%	23%	33%	28%	18%	3%
Less time caring for myself	15%	15%	16%	22%	16%	12%	5%
More face to face meetings	15%	16%	14%	14%	19%	12%	10%
Working less from home	22%	25%	20%	26%	28%	16%	5%
Driving more	17%	17%	17%	23%	21%	11%	3%
Consuming more	12%	14%	11%	16%	14%	8%	5%
Less debt relief	16%	16%	17%	18%	16%	18%	11%
More travel time outside of the commute	11%	12%	10%	14%	15%	4%	2%
Less involvement in children's education	7%	9%	5%	4%	11%	5%	2%
More time caring for others	4%	5%	2%	5%	3%	3%	2%

WILL YOU GET THE COVID-19 VACCINE WHEN IT IS AVAILABLE?



Will the COVID vaccine play in influencing consumer behaviours?

Almost 7 in 10 (68%) Australian consumers indicated they will get the COVID-19 vaccine when it is available. Only 13% said they won't and 19% were unsure.

But results varied widely by state, ranging from over 8 in 10 (81%) consumers in TAS who plan to be vaccinated to less than 6 in 10 (55%) in the NT.

By area, more consumers living in capital cities (71%) plan to vaccinate than in regional cities (63%) and rural areas (61%).

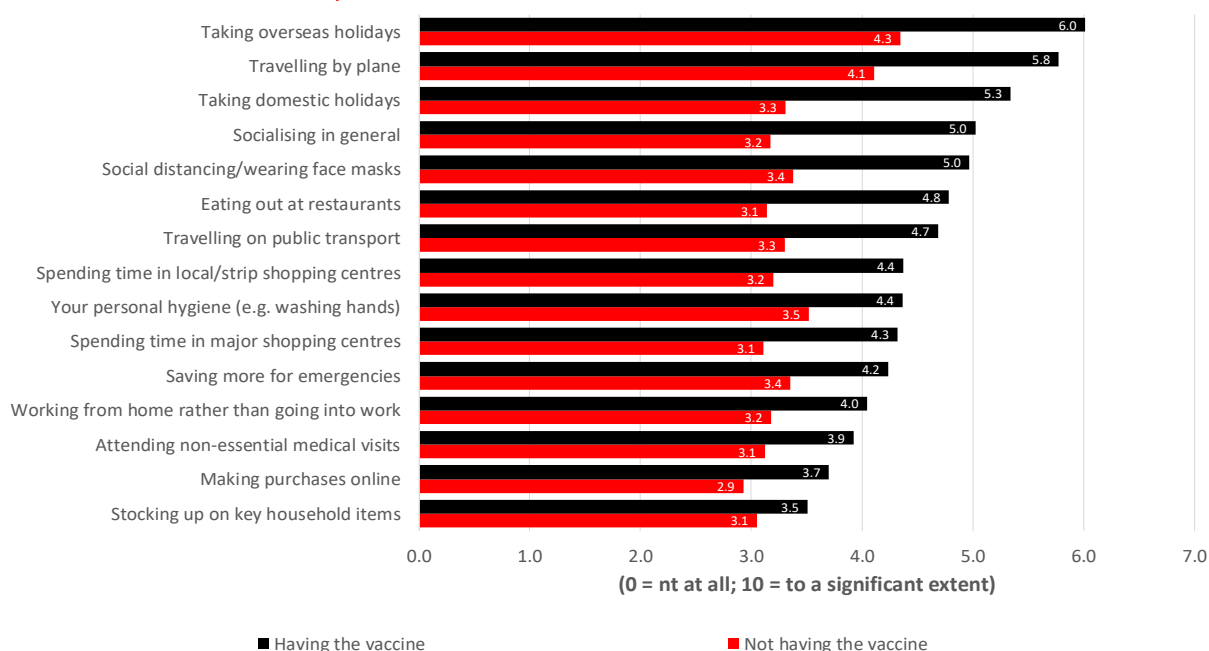
Men (73%) were more likely to get vaccinated than women (64%). By age, 8 in 10 (80%) consumers over the age of 65 said they will get the COVID vaccine when it is available, with this number falling to just 64% in the 30-49 age group.

Having established whether consumers planned to get a COVID vaccine (or not) when available, we were curious to know if their decision would change the way they will live, work or shop in some key areas. The results clearly suggest having the vaccine will, with this sub-set of consumers indicating they will change their behaviours more significantly than those who don't plan to vaccinate. The results are summarised in the chart below.

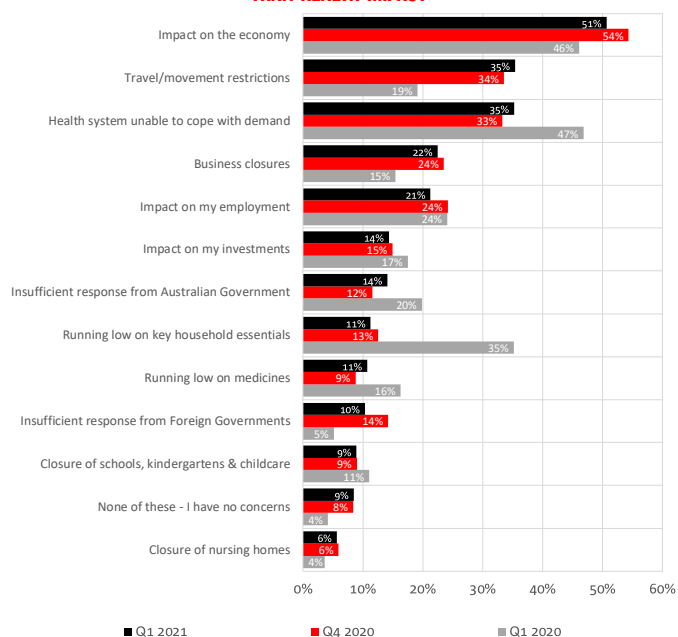
Vaccinated consumers plan to change the way they live, work and shop more so than unvaccinated consumers in all areas. The areas where they plan to change their behaviours most are taking overseas holidays (6.0 pts), travelling by plane (5.8 pts), taking domestic holidays (5.3 pts), socialising in general (5.0 pts), social distancing and wearing face masks (5.0 pts), eating out at restaurants (4.8 pts) and travelling on public transport (4.7 pts) - although the extent they expect to change their behaviours can at best be described as 'moderate'. Behavioural change among vaccinated consumers is expected to be least obvious in relation to stocking up on household items (3.5 pts), making online purchases (3.7 pts) and attending non-essential medical visits (3.9 pts).

When compared to expected behavioural change among consumers who will not vaccinate, the biggest differences are in relation to taking domestic holidays (5.3 pts vaccinated; 3.3 pts non-vaccinated), socialising in general (5.0 pts vaccinated; 3.2 pts non-vaccinated), taking overseas holidays (6.0 pts vaccinated; 4.3 pts non-vaccinated), eating out at restaurants (4.8 pts vaccinated; 3.1 pts non-vaccinated) and social distancing and wearing face masks (3.0 pts vaccinated; 3.4 pts non-vaccinated).

EXTENT HAVING/NOT HAVING COVID-19 VACCINE WILL CHANGE THE WAY YOU LIVE, WORK & SHOP IN TERMS OF THE FOLLOWING



TOP CONCERNS REGARDING CORONAVIRUS OTHER THAN HEALTH IMPACT



The COVID pandemic has also raised concerns outside of its direct impact on personal health. Outside of direct health concerns, the biggest worry by some margin according to most consumers remains the impact the virus is having on the economy - although this fell slightly to 51% (54% in Q4) as the economy continues to recover at a rapid pace.

But with international borders still effectively closed and sporadic uncertainty on domestic borders, around 1 in 3 (35%) consumers continued to identify travel movements and restrictions as the area they were next worried about most (34% in Q4).

Despite low case numbers, 35% highlighted the ability of the healthcare system to cope (33% in Q4).

Other areas of most concern in Q1 included business closures (22% vs. 24%) and the impact on employment (21% vs. 24%).

Interestingly, slightly more consumers worried about an insufficient response from the Australian government in Q1 (14% vs. 12% in Q4), but fewer worried about an insufficient response from foreign governments (10% vs. 14%).

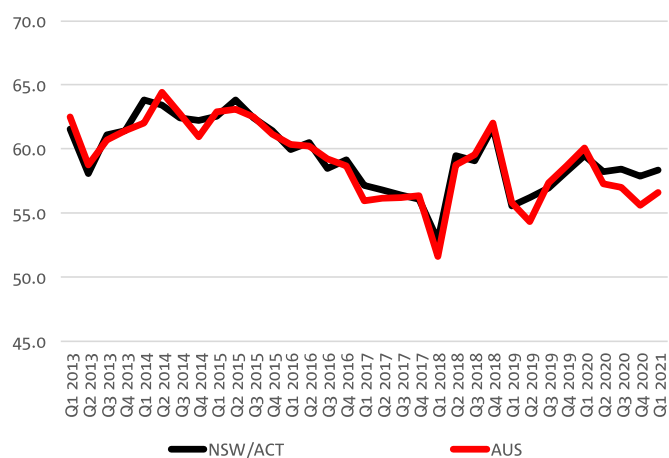
A break down by state shows the impact on the economy was also the main worry in all states. Concern over travel and movement restrictions was however of more concern to consumers in the NT (49%) and TAS (44%). Concern in TAS over business closures (33%) was also much higher than in other states and the impact on my employment in the NT (30%). Noticeably more consumers in the ACT were worried about the impact on their investments (24%) and an insufficient response from the Australian government (22%), and WA by an insufficient response from foreign governments (16%) - see table below for detail.

TOP CONCERNS BY STATE

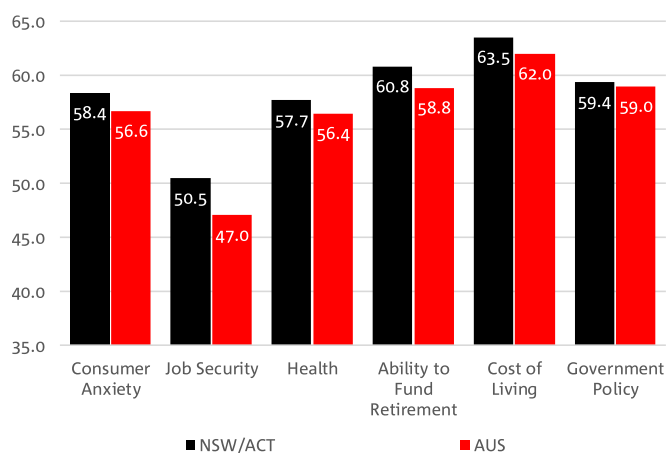
	AUS	NSW	VIC	SA	ACT	WA	TAS	NT	QLD
Impact on the economy	51%	49%	51%	53%	54%	51%	46%	55%	52%
Travel/movement restrictions	35%	36%	37%	32%	39%	33%	44%	49%	33%
Health system unable to cope with demand	35%	31%	33%	42%	27%	40%	48%	40%	39%
Business closures	22%	22%	24%	28%	24%	18%	33%	15%	21%
Impact on my employment	21%	24%	22%	16%	19%	20%	18%	30%	18%
Impact on my investments	14%	16%	13%	13%	24%	12%	13%	15%	14%
Insufficient response from Australian Government	14%	14%	15%	15%	22%	12%	4%	11%	15%
Running low on key household essentials	11%	13%	10%	11%	7%	12%	0%	15%	11%
Running low on medicines	11%	11%	9%	13%	5%	11%	9%	15%	12%
Insufficient response from Foreign Governments	10%	8%	10%	8%	12%	16%	4%	10%	12%
Closure of schools, kindergartens & childcare	9%	8%	11%	12%	5%	7%	5%	10%	9%
None of these – I have no concerns	9%	9%	9%	5%	3%	8%	11%	5%	8%
Closure of nursing homes	6%	6%	6%	5%	10%	4%	11%	0%	7%

APPENDIX 1: CONSUMER STRESS - STATES

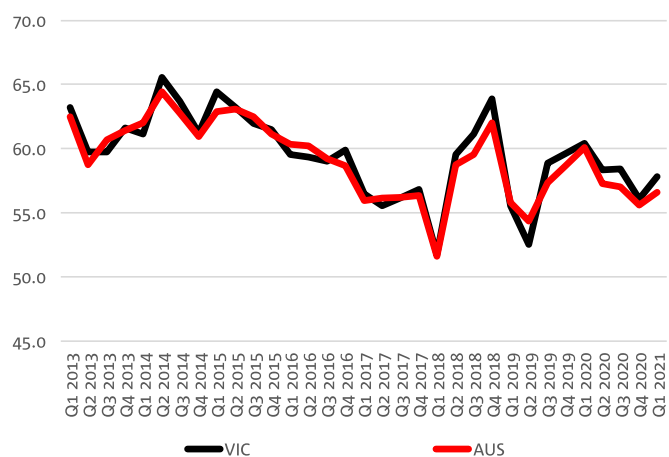
CONSUMER ANXIETY: NSW/ACT



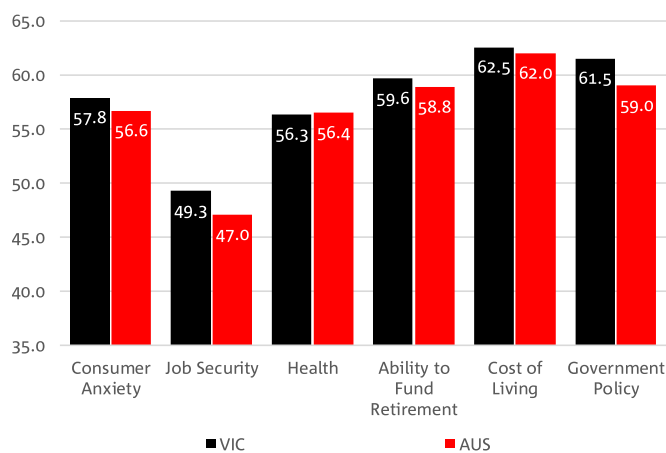
CONSUMER ANXIETY: NSW/ACT (Q1 2021)



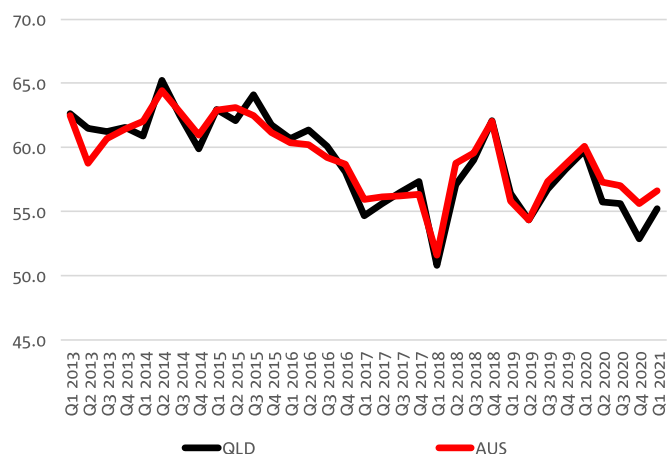
CONSUMER ANXIETY: VIC



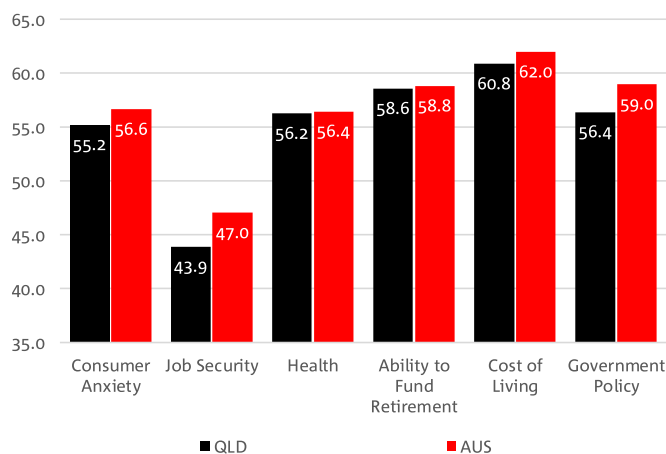
CONSUMER ANXIETY: VIC (Q1 2021)

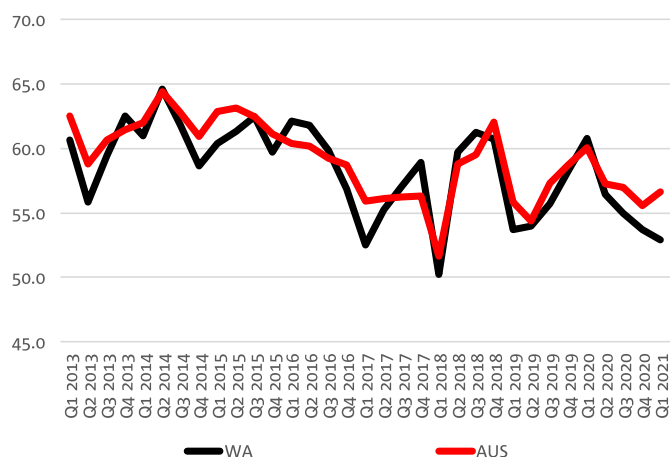
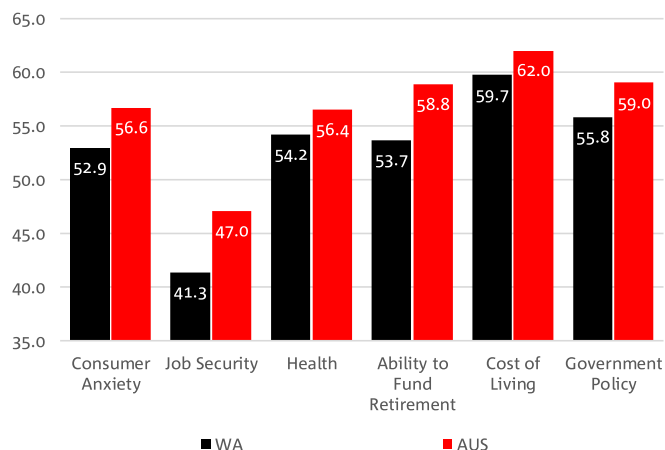
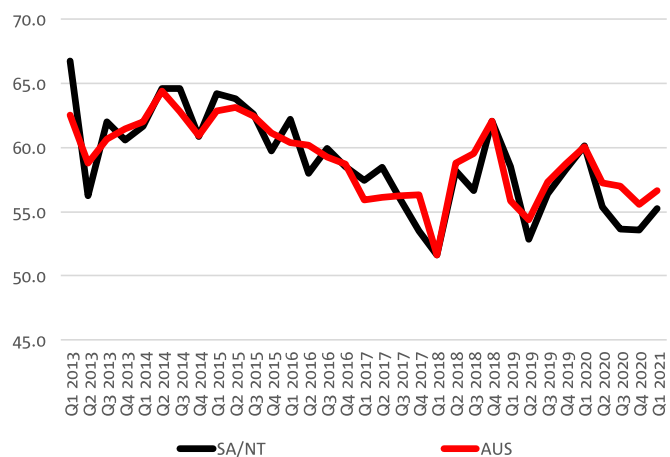
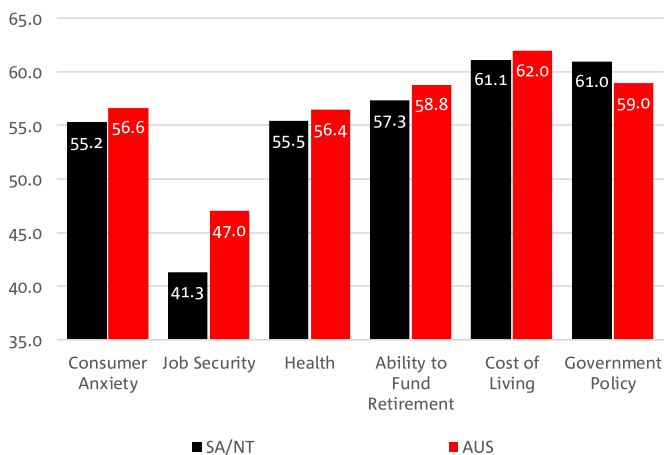
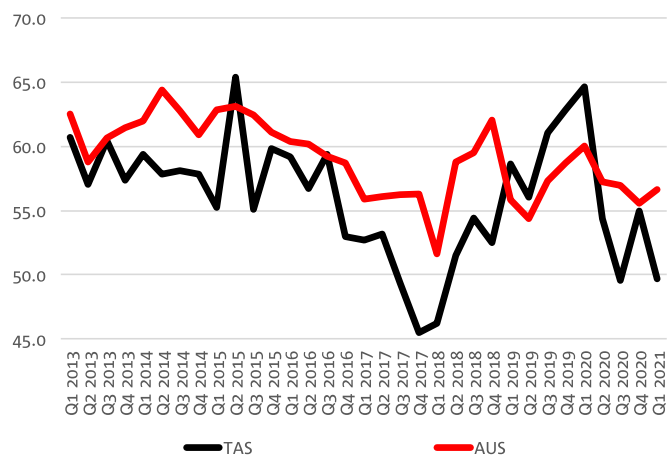
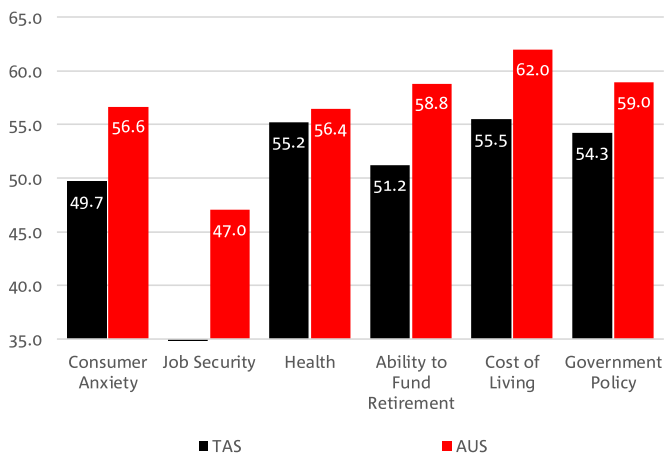


CONSUMER ANXIETY: QLD



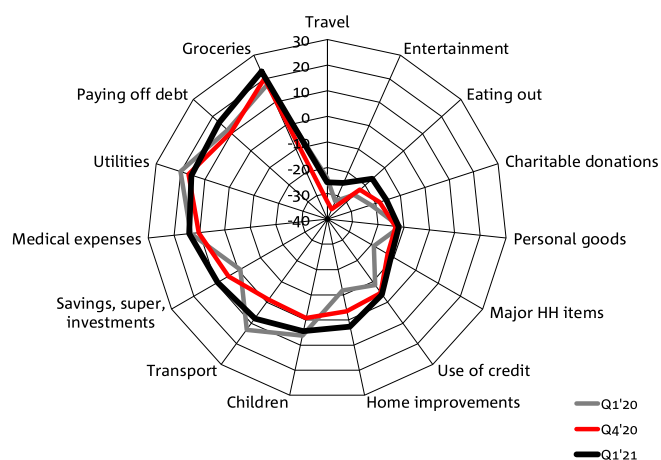
CONSUMER ANXIETY: QLD (Q1 2021)



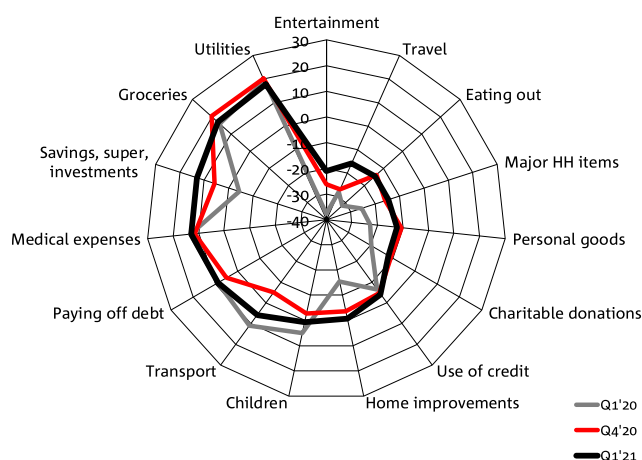
CONSUMER ANXIETY: WA**CONSUMER ANXIETY: WA (Q1 2021)****CONSUMER ANXIETY: SA/NT****CONSUMER ANXIETY: SA/NT (Q1 2021)****CONSUMER ANXIETY: TAS****CONSUMER ANXIETY: TAS (Q1 2021)**

APPENDIX 2: CHANGES IN SPENDING PATTERNS- STATES

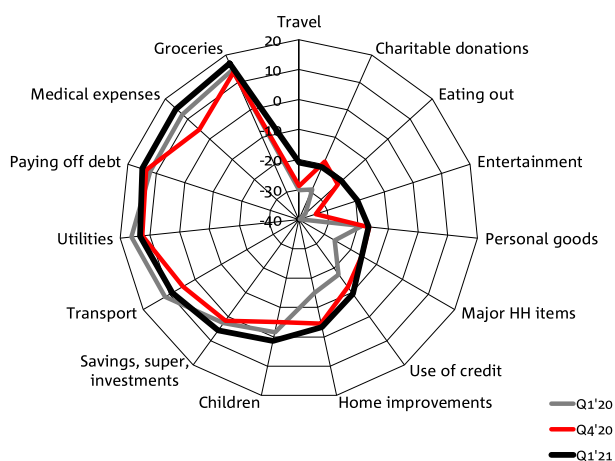
**NSW/ACT: CHANGES IN SPENDING PATTERNS
(net balance)**



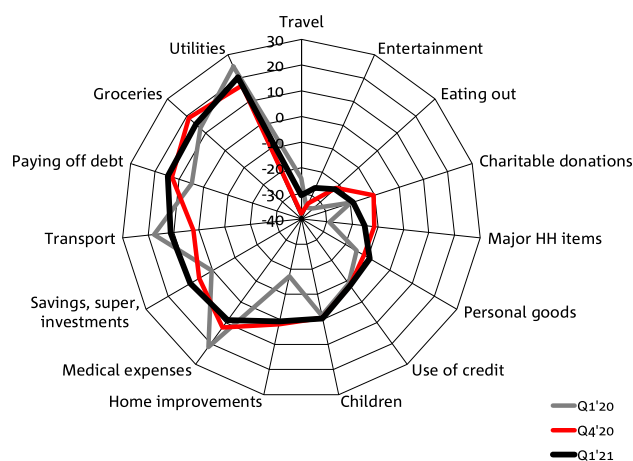
**VIC: CHANGES IN SPENDING PATTERNS
(net balance)**



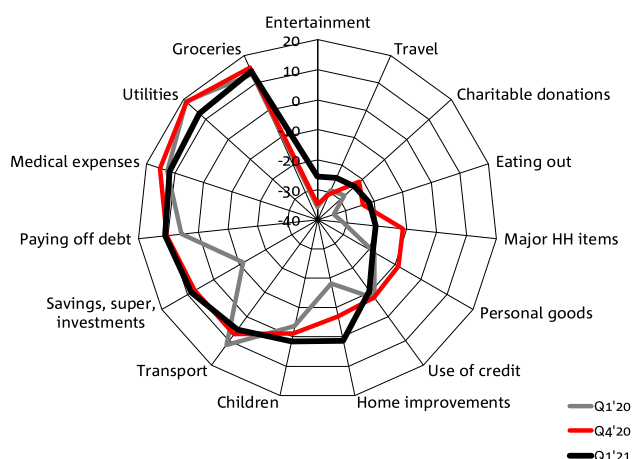
**QLD: CHANGES IN SPENDING PATTERNS
(net balance)**



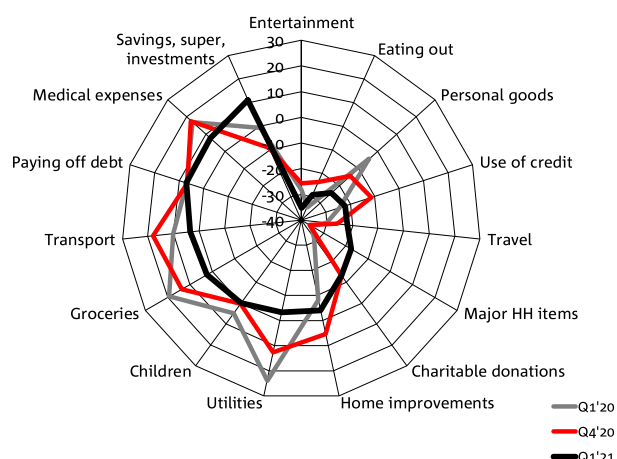
**WA: CHANGES IN SPENDING PATTERNS
(net balance)**



**SA/NT: CHANGES IN SPENDING PATTERNS
(net balance)**



**TAS: CHANGES IN SPENDING PATTERNS
(net balance)**



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