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# NAB Consumer Sentiment Survey Q4-2022



February 2023

# NAB Consumer Sentiment Survey Q4-2022

Insights into consumer stress, attitudes, price perceptions, spending patterns and buying behaviours.

Consumer stress rises as cost-of-living pressures continue to bite. Fiscal caution will be a feature of 2023. Consumers are still spending but are switching to less expensive products to save money and cutting back where they can. Enticing shoppers to spend will be increasingly important.

## NAB Behavioural and Industry Economics

The **NAB Consumer Stress Index** increased in Q4 2022 but remains comfortably below the survey average. Stress associated with the rising cost of living continues to climb (now at a 4½ year high), with groceries, utilities and transport top of mind. With unemployment still low and beginning to translate into wage growth, stress arising from job security is still causing the least stress. That said, job stress is no longer falling, climbing noticeably in Q4. Consumer stress is highest among those aged 30-49 and in the \$35-50,000 income group.

Consumers are still buying but are more considered in their spending. Around 4 in 10 consumers have cut back or stopped buying coffees or lunches, car trips to save petrol and entertainment. Consumers remain less prepared to cut back on private school fees or tutors, children's activities, on pets, home services (e.g. house cleaning), insurances and gym, sports or club memberships.

If consumers are anxious about an impending economic slowdown, they are not yet revealing it, remaining relatively upbeat about the economy. That said, this is likely to be a lagging indicator, with NAB's latest monthly transaction data indicating spending softened in December after a solid rise in November, largely driven by weakness in retail goods and spending on fuel, while some discretionary spending showed strength. The fall-off in retail may reflect changes in seasonal spending patterns, with Black Friday and early Christmas shopping bringing spending forward. Putting aside the month-to-month volatility, retail spending appears to have levelled off in recent months. While total spending was up 1.6% in the December quarter, this is the

slowest quarterly growth rate this year and implies, at best, only a marginal rise in Q4 in real consumption (i.e. after accounting for inflation). Fiscal caution will be a feature of the year ahead with consumer expectations about making major purchases in the next 12 months also somewhat more pessimistic (particularly for major household items and cars). Consumers are still spending but switching to less expensive products to save money and researching to make more informed purchases. Fewer consumers are trying new products and are looking to trusted brands to help them manage current conditions - through deals, loyalty programs, subscriptions, budgeting tools & alerts and flexible payment options. This is providing important opportunities for customer retention.

Consumers have headed back to brick-and-mortar stores as shopping behaviours continue to "normalise". NAB estimates around 13% of the total retail trade is now online, but growth is slowing (particularly compared to last year due to the base effects from lockdowns in 2021). In part, this also reflects consumers allocating more of their discretionary income to services.

A key theme of 2023 will be just how quickly inflation moderates after peaking in late-2022 - and ultimately whether the RBA has done enough to ease inflation. Consumer demand appears to be turning and will be a key factor to watch in early-2023 as the full impact of rate rises flows through. One thing is certain - consumers will have less disposable income so enticing shoppers to spend will need to be a key focus of many businesses in the year ahead.

**NAB Chief Economist, Alan Oster**



## Summary

The **NAB Consumer Stress Index** increased in Q4 to 56.0 pts (55.2 pts in the previous quarter) but remains comfortably below the survey average (58.5 pts). Stress associated with the cost of living continued to lift - up 0.2 pts to a 4½ year high 67.7 pts – and remains the biggest cause of overall stress. Stress arising from job security is still causing the least stress. That said, stress levels associated with job security climbed noticeably in Q4 (up 2.6 pts to 42.3 pts). Consumers were also somewhat more worried about the ability to fund their retirement (up 2.0 pts to 58.1 pts), though stress levels associated with their health was basically unchanged at 55.6 pts.

**By state**, consumer stress is highest in NSW/ACT (57.3 pts), followed by QLD (56.3 pts) and VIC (55.6 pts), and lowest in TAS (52.1 pts), WA (52.4 pts) and SA/NT (53.7 pts). SA/NT and VIC were the only states to report lower stress in Q4. Capital cities (56.4 pts) overtook regional cities (55.4 pts) as the most stressed region in Q4, mainly reflecting a large increase in job stress (up 4.5 pts to 44.5 pts).

The “stress gap” between women (57.1 pts) and men (54.8 pts) widened in Q4 to its highest level in 2 years, with women reporting a sharp spike in consumer stress over jobs and cost of living. Women also continue to worry significantly more than men about retirement funding. Consumer stress increased across all age groups except those aged 50-64. It was highest in the 30-49 group (59.1 pts). By income, stress was highest in the \$35-50,000 income group (57.4 pts). Stress levels were also much higher among the unemployed (66.5 pts), those who lost their main source of income because of COVID (66.5 pts), renters (62.3 pts for apartments), or have children under 18 (58.4 pts).

Since the inception of this report NAB has been asking Australians about their spending patterns over the previous quarter. Advances in data analysis and collection mean NAB is now able to track actual spend through our own customer data. Hence, we have made the decision to halt this series and instead focus on future spending expectations.

In this report, we introduce a new measure of **household spending intentions** which counts the number of consumers that expect to spend more on a range of items over the **next 3 months** against those that expect to spend less. Overall, this suggests spending will be weak in Q1 2023 with more consumers on balance cutting back, particularly on non-essentials - travel/holidays, eating out, entertainment, home improvements, major household items, personal goods and charitable donations). Conversely, Australians on balance expect to spend more on essentials including groceries, utilities, medical expenses, transport and children.

Consumer expectations about making major purchases in the **next 12 months** were also somewhat more pessimistic. They appear most cautious regarding major household items, cars (well down from Q3), investment properties and other investments. There was also a large increase in the share of consumers expecting to spend less on private health insurance and home renovations.

**NAB’s Consumer Sentiment Survey also explores consumer behaviours** (positive, negative, habitual and impulsive), and how they are changing. The pandemic forced consumers to experiment and embrace new ways of living, shopping, and interacting. With the rising cost of living still top of mind for many, behavioural change in Q4 was again most evident for being mindful or careful of where they spent their money (though down somewhat from Q3). The next most common change was switching to less expensive products to save money (but also down from a little from Q3). Consumers are still buying, but what they spend their money on must be worth the investment. Consumers are splurging less and spending more on essentials and necessities like utilities and groceries.

When asked specifically about the cost of living around 4 in 10 consumers said they had **cut back or stopped buying** micro treats such as coffees, snacks or buying lunch, cutting down on car journeys to save petrol, or cancelling or cutting spending on entertainment, such as going to the cinema or theatre. Around 1 in 3 had cancelled, delayed or made more modest holiday plans, cancelled or cut back food delivery services (such as Uber Eats and Menulog), cancelled or delayed a major household purchase such as a TV or washing machine, or cut back on charitable giving.

It is also interesting to note where consumers are more reluctant to make cutbacks. **Consumers were less inclined to cancel or cut back** spending on private school fees or tutors, children’s activities such as sport, dance and hobbies, spending on their pets, outsourcing home services such as lawnmowing and house cleaning, insurances and gym, sports or club memberships.

**Consumers are looking to trusted brands/businesses** to play their role in helping them through this challenging time and this will build loyalty in the long term. In 2022 Amazon for example launched Amazon Access, a new hub for customers to explore the programs, discounts and features that the online retailer offers for affordable shopping.

**Cash-strapped consumers** are also likely to turn more towards **flexible payment options** such as buy now, pay later (BNPL), allowing customers pay for purchases in instalments, with no additional charges and no interest fee. “**Re-commerce**” is also likely to increase (i.e. the selling of previously owned items through online marketplaces to buyers who reuse, recycle or resell them). While the concept is not new, with platforms such as eBay having been around for decades, cost of living pressures should spur growth.

Consumers are also being more conscious about **supporting local businesses** and buying **Australian-made**. Buying local has been a way for consumers to feel that they are giving back. While consumers report less of this behaviour (particularly compared to a year ago as COVID restrictions and flood-related availability issues ease), hybrid work arrangements should see local shopping continue to be supported.

More consumers also report making **purchases because of great deals**. Consumers have been relying on deeper research to make **more informed** purchases. A lot of this behaviour has come from easier access to information and options consumers discovered as

they moved online during the pandemic. As a result, online reviews have grown in importance, affecting purchasing decisions and business visitation.

There has also been growth in **consumers making repeat purchases** due to convenience and affordability concerns. This has seen **growth in subscription services** (including direct to consumer), particularly in areas such as food, pets and beauty. This allows businesses to secure ongoing sales and build enduring customer relationships.

The pandemic saw a significant uplift in **consumers trying new products and brands** and a greater willingness to break relationships to seek “better” experiences. There has been a huge **loyalty disruption**. For many businesses, retaining customers became much more important than acquiring new ones. More recently however, fewer consumers have been trying new brands. Many businesses moved to reward their most loyal and valuable customers - allowing members to keep their status and points throughout the pandemic, or offering inducements such as free shipping, same-day delivery, easy returns and volume discounts. As the economy slows many businesses will need to build new sources of value to retain customers.

While “value” is important, there are a lot of other drivers. Consumers are demanding more from companies from an **ESG (environmental, social, and governance)** perspective and this is influencing purchasing decisions. Australians continue to report a willingness to pay more for sustainable products/packaging, although this may be tested going forward as cost-of-living pressures continue to bite. Increasingly businesses will need to navigate both both value for the consumer and company values

**eCommerce** (and mobile commerce) sales saw an unprecedented surge during the pandemic, prompting some businesses to assume that much of retail activity would not just move online but stay there. However, as COVID restrictions eased, consumers headed back to brick-and-mortar stores and a lot of shopping behaviours started to “normalise”.

NAB estimates that in the **12 months to December, Australians spent \$53.26 billion on online retail**, a level that is around 13% of the total retail trade. In year-on-year terms, the contraction, which had eased in November, worsened in December (-2.5% y/y), albeit not to the extent of the double-digit extent observed between August and October. That said, this is mostly due to the base effects from the lockdown in 2021, which boosted online sales. In year-on-year terms, media, and takeaway food, department stores, and games and toys continue to grow.

Consumers have been allocating more of their discretionary income to services such as entertainment and travel, partly reversing the goods-heavy spend of the past two years. In response to the easing in online sales, Amazon for example, has scaled back the size of its US delivery operations and staffing requirements.

eCommerce also redefined convenience. With cost-of-living pressures continuing to rise, however, price is becoming increasingly important to consumers, taking away some of the

advantages of online, in the absence of free postage. That said, online is expected to settle at levels higher than before the pandemic, albeit return to a more traditional seasonal sales cycle.

Certain pandemic behaviours - e.g. buy online, pick up in store (BOPIS) and a preference for fast delivery – are here to stay. Consumers are blending digital flexibility with instore familiarity. As a result, physical retail stores need to support both sales and fulfilment - online and instore - and provide a consistent brand experience irrespective of how the consumers interacts with them. The role of the store continues to evolve with more experiential and inspirational in-store experiences to entice customers to visit. Many brands have also turned to apps to enhance in-store shopping experiences.

**Advances in data capture and analytics** is driving more personalised consumer offerings and marketing strategies. It also provides scope for consumers to track their own personal spending more accurately. Consumers are likely to seek more options to control spending, including budgeting tools and alerts. They are also concerned about keeping financial details safe and secure. Google searches for “data privacy” and cyber security have risen significantly. Consumers are less likely to do business with a company if they have concerns about its data practices. Privacy is likely to become as important as convenience for many shoppers.

**Social commerce** (such as TikTok Marketplace) is another important growth trend where consumers can search for products and purchase directly from social media platforms. Though still very much in its infancy, many consumer facing **brands have embraced the metaverse** launching augmented reality (AR) and virtual reality (VR) offerings. VR creates an immersive virtual environment, while AR augments a real-world scene. AR users can control their presence in the real world while VR users are controlled by the system. AR also provides scope for consumers to “try-before-they-buy” through a virtual experience.

While on balance the number of consumers that holidayed overseas remained negative there was a sharp improvement from the last quarter and at the same time last year. There was also a higher net number that ate out or dined in less at a restaurant and who visited a major shopping centre.

Finally, **health and fitness have become increasingly important to consumers** post the pandemic. When asked if they felt they were prioritising their health over the past year, 4 in 10 Australians said they made it a bigger priority. Health awareness is higher among younger people in the 18-24 age group and among those on higher incomes. This could drive demand for a range of products and services including healthier food options, fitness and wellness products.

**Pet ownership has also risen** since the pandemic **driving demand for pet care** services, grooming and health products, toys, and accessories. Interestingly, pets have been one of the areas where consumers have been more reluctant to cut back their spend due to cost-of-living concerns.

## Key Tables

### NAB Consumer Stress Index (100 = extremely concerned)

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q3 2022
<b>Consumer Stress Index</b>	<b>55.1</b>	<b>55.7</b>	<b>56.1</b>	<b>55.2</b>	<b>56.0</b>
Job security	42.4	42.1	41.4	39.7	42.3
Health	54.5	55.3	54.7	55.4	55.6
Ability to fund retirement	55.6	56.4	56.4	56.1	58.1
Cost of living	62.6	64.7	67.0	67.3	67.7
Government policy	60.7	60.0	61.1	57.3	56.1

### Extent Costs Have Changed in Last 3 Months (net balance)

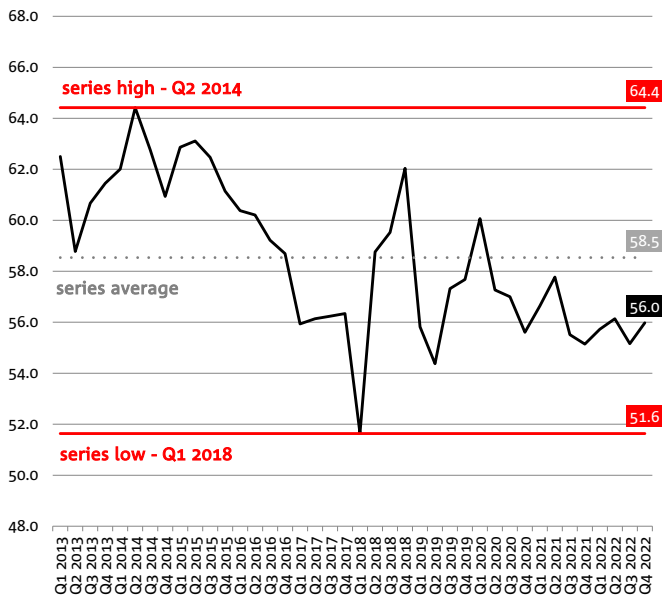
	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Travel/Holidays	27	30	48	55	57
Eating out	35	37	53	59	55
Entertainment	22	24	40	47	44
Groceries	58	64	72	78	73
Home improvements	42	45	52	55	55
Major HH items	31	38	49	51	51
Utilities	49	49	59	75	71
Telecoms	31	29	34	43	41
Personal goods	32	36	48	51	53
Medical expenses	35	40	45	52	49
Transport	51	52	66	72	69
Children	28	30	37	36	37
Mortgage	23	21	41	58	58
Rent	39	38	45	52	49
Other debt	25	28	32	37	41

### Expectations for Major Purchases in Next 12 Months (net balance - spend more/less)

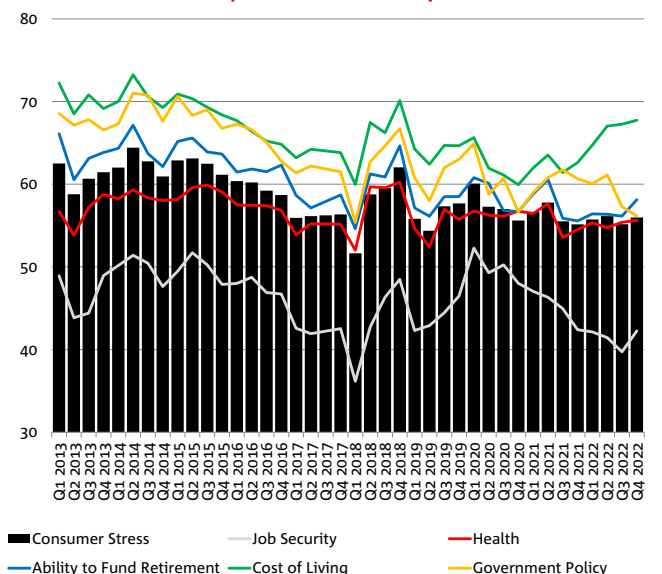
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q4 2022
Major household	0	-6	-14	-15	-17
Car	1	0	-6	-7	-12
Property (residence)	4	2	-5	-3	-4
Property (investment)	-5	-5	-11	-9	-12
Home renovation	9	9	-1	-1	-6
School fees (Private and Catholic)	-3	-9	-13	-10	-9
Holiday	15	14	2	-4	-5
Private health insurance.	1	4	-2	2	-5
Other Investments (excluding property)	0	0	-6	-8	-12

# NAB Consumer Stress Index

## NAB Consumer Stress Index



## NAB Consumer Stress Index (100 = extreme stress)



NAB’s measure of consumer sentiment is based on typical household stresses around job security, health, ability to fund retirement, cost of living and government policy, and how consumers see these factors impacting their current and spending and savings plans.

In Q4 2022, the NAB Consumer Stress Index increased to 56.0 pts (55.2 pts in the previous quarter) and but remained comfortably below the survey average (58.5 pts).

Stress associated with the cost of living continued to climb - up 0.2 pts to a 4½ year high 67.7 pts – and it remains the biggest cause of overall stress. With unemployment still very low and beginning to translate into stronger wage growth, stress arising from job security is still causing the least stress. That said, stress levels associated with job security climbed noticeably in Q4 (up 2.6 pts to 42.3 pts), consistent with an easing in leading indicators of the labour market. Consumers were also somewhat more worried about the ability to fund their retirement (up 2.0 pts to 58.1 pts), though stress levels associated with their health was basically unchanged at 55.6 pts.

By state, overall stress was highest in NSW/ACT (57.3 pts), followed by QLD (56.3 pts) and VIC (55.6 pts), and lowest in TAS (52.1 pts), WA (52.4 pts) and SA/NT (53.7 pts). SA/NT and VIC were the only states to report lower stress in Q4. Cost of living stress continued to weigh most heavily on consumers in all states, led by QLD (70.2 pts), with job security stress lowest in all states but ranging from 46.3 pts in NSW/ACT to just 30.7 pts in TAS.

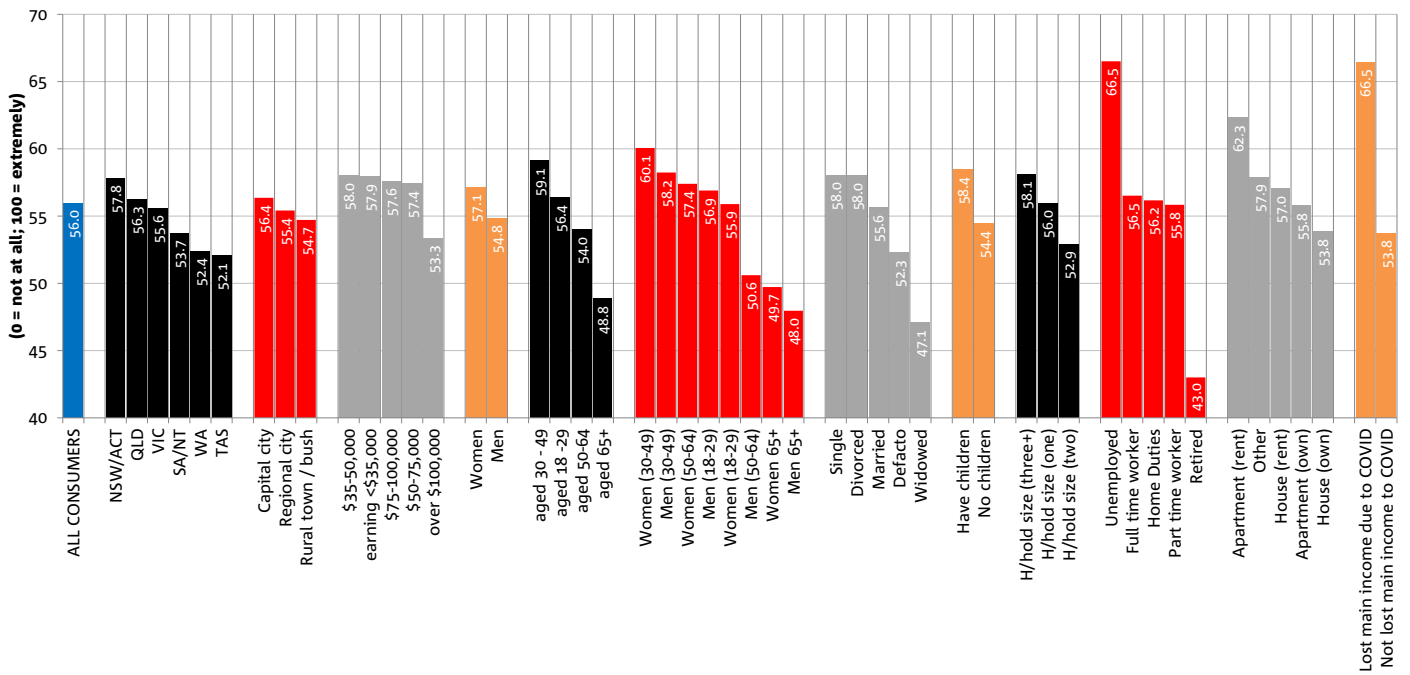
Capital cities (56.4 pts) overtook regional cities (55.4 pts) as the most stressed region in Q4, mainly reflecting a large increase in job stress (up 4.5 pts to 44.5 pts).

The stress gap between women (57.1 pts) and men (54.8 pts) widened in Q4 to its highest level in 2 years, with women reporting a sharp spike in stress over their jobs and cost of living. Women also continue to worry significantly more than men about retirement funding.

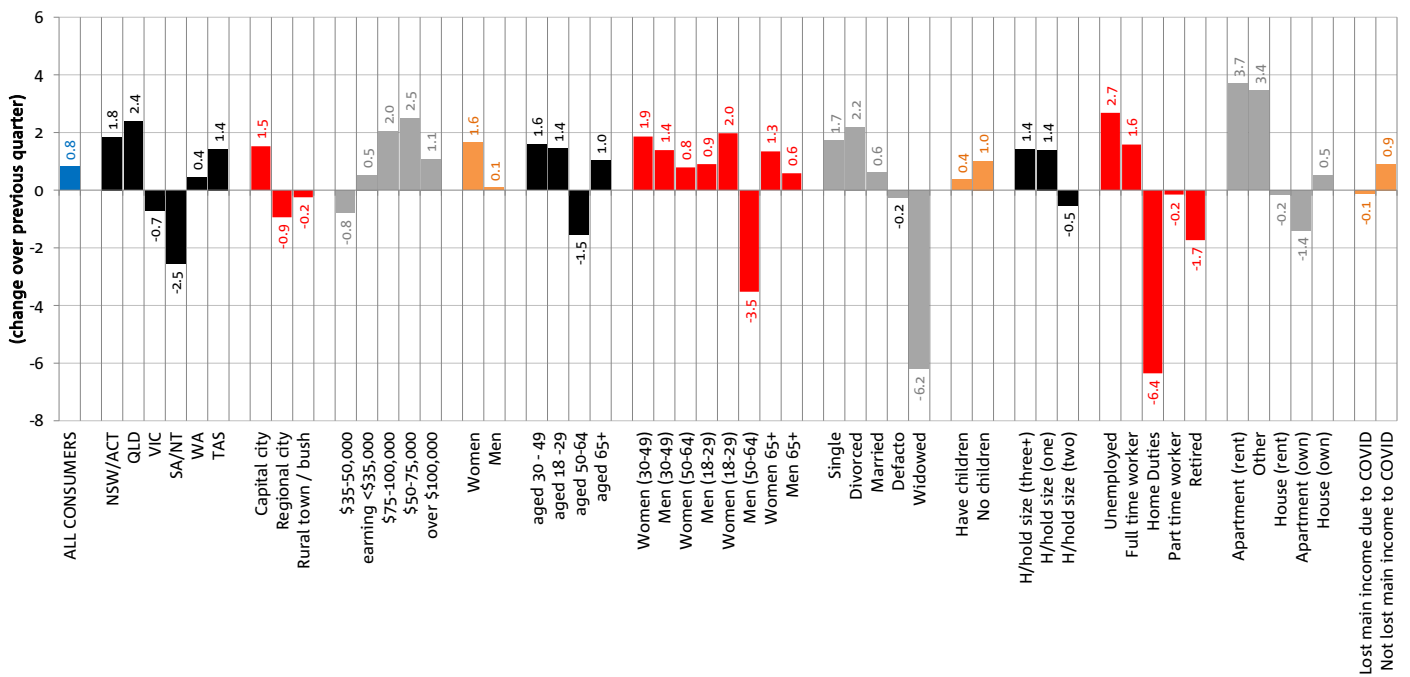
Consumer stress increased in all age groups except the 50-64 group. It was highest in the 30-49 group (59.1 pts) who also reported the highest stress levels for all measures (except government policy). Overall stress was lowest in the over 65 group (48.6 pts), but highest for government policy.

In other findings, stress was highest in the \$35-50,000 income group (57.4 pts) and lowest in the \$100,000+ group (53.6 pts) - and for all measures bar job security (highest). The survey also revealed much higher stress levels among consumers who were unemployed (66.5 pts), lost their main source of income because of COVID (66.5 pts), lived in rented apartments (62.3 pts), or have children under 18 (58.4 pts). Stress was however significantly lower for retirees (43.0 pts), widows (47.1 pts) and in the over 65 age group (48.8 pts) - both men (48.0 pts) and women (49.7 pts).

### NAB Australian Consumer Stress Index: Categories



### NAB Australian Consumer Stress Index: Categories (chg on last qtr)



# General level of concern over the economy

The national accounts confirmed that the economy remained resilient in Q3, and the labour force data continues to reflect a healthy but tight labour market. That said, leading indicators of the labour market have eased slightly, while high frequency transaction data suggest that spending growth has slowed.

Following growth of 0.6% in Q3, NAB expects a softer print of around 0.3% in Q4. We expect slower growth to persist into 2023 and 2024 - which will see growth in annual terms slow to below 1%. The slowing in growth will mainly come via weaker growth in household consumption.

Our forecasts for the labour market are unchanged - we still see the trough in the unemployment rate in Q4 at just below 3.5% before slower growth over the next two years is unable to absorb the recovery in population growth. That said, we only expect unemployment to rise just above a level that is consistent with full employment.

We continue to expect inflation to peak in Q4 before easing over the next two years - reaching 3.2% by the end of 2024. Global indicators of inflation pressure have eased and will likely begin to flow through. Domestic pressures continue to build but are not yet inconsistent with at-target inflation.

Following the 25bp increase in the cash rate at the December meeting, we see the RBA lifting rates at each of the next two meetings which will take the cash rate to 3.6% before pausing as global growth slows and inflation softens.

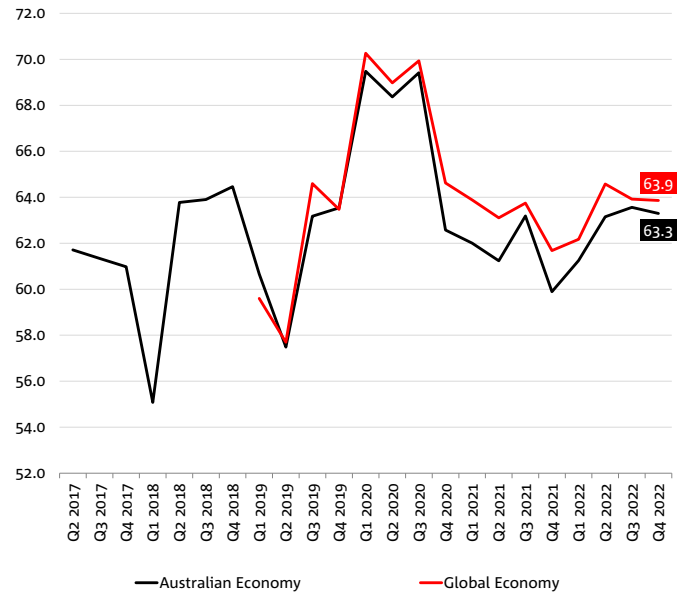
The risks around our forecasts are largely unchanged. Should wages react more strongly to a tight labour market or inflation remain sticky, the RBA could lift the cash rate higher, slowing growth further. Alternatively, there is some risk that the RBA takes a slower path to 3.6% if the data slows in early-2023.

Against this background, Australian consumers worried a little less about the impact on their future spending and savings plans arising from the domestic economy in Q4, with the overall level of concern easing to 63.3 pts (63.6 pts in Q3).

Overall concern was highest (and increased sharply) in QLD (up 2.8 pts to 65.5 pts). WA was the only other state to report higher concern (up 1.0pts to 61.1 pts), though still lowest overall. The level of concern moderated in all other states, with the biggest falls noted in SA/NT (down 2.6 pts to 63.3 pts) and VIC (down 2.4 pts to 62.8 pts).

Regarding the international economic situation, overall concern was unchanged at 63.9 pts in Q4. It was highest (and increased) in QLD (up 1.8 pts to 65.4 pts). Concern also increased in WA and up a sharper 3.7 pts to 64.2 pts. Global economic concerns weighed least heavily on consumers in TAS (61.1 pts), followed by VIC (63.1 pts) and NSW (63.3 pts).

**Concern About Economic Situation (100 = extremely concerned)**



## Level of concern about Australian economy

	NSW	VIC	QLD	WA	SA/NT	TAS
Q4 21	60.1	60.4	60.0	57.7	59.0	62.4
Q3 22	63.2	65.2	62.7	60.1	65.9	64.6
Q4 22	63.0	62.8	65.5	61.1	63.3	63.7

## Level of concern about Global economy

	NSW	VIC	QLD	WA	SA/NT	TAS
Q4 21	61.8	61.7	61.7	60.8	60.9	67.0
Q3 22	63.8	64.9	63.6	60.5	66.7	62.6
Q4 22	63.3	63.1	65.4	64.2	65.2	61.0



# Cost of living pressures

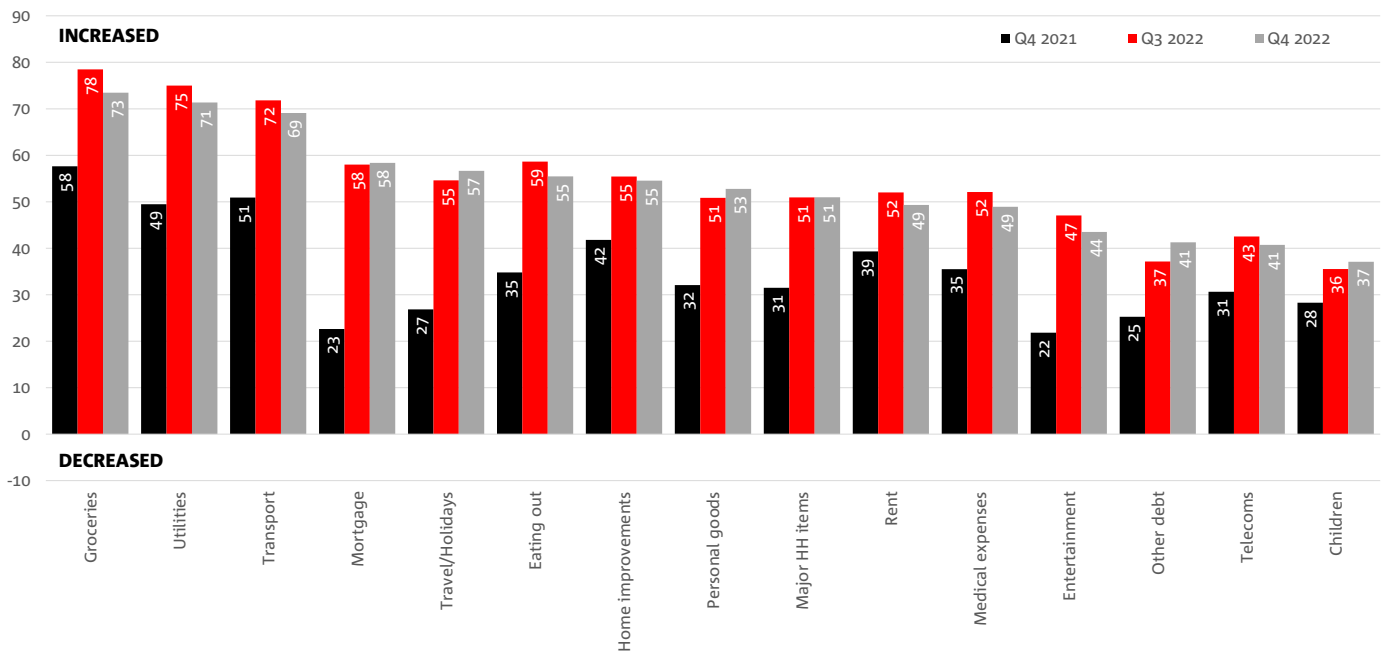
Cost of living pressures continue to be a key pain point for consumers, with the level of consumer stress related to these pressures currently at a multi-year high and trending above survey average levels in nearly all demographic groups

Notwithstanding official inflation data, how customers perceive prices is often as important as the price itself. To help identify

which costs are growing, NAB looks at cost of living perceptions through the eyes of consumers by asking if they believe the cost of key goods and services rose or fell in the past 3 months. Results are reported in net balance terms - i.e. a positive result means the number who believe costs increased outweighed those who believe they fell. A negative result signals more consumers think costs have fallen than risen.

The results are summarised in the chart below.

**Extent costs have changed in past 3 months (net)**



It continues to show that more consumers believe costs increased than fell in all monitored spending categories in the last 3 months. Moreover, the net number that identified higher costs was significantly higher than at the same time last year in all monitored spending categories.

Consumer perceptions of higher prices in Q4 remained most evident for groceries, where a net +73% said they increased (down from +78% in Q3 but up from +58% one year earlier). The Q4 survey also showed a very high net number still pointing to rising utility costs (+71% down from +75% in Q3 but up from +49% one year ago). With bowser petrol prices still relatively high, the net number of consumers who said transport costs increased also remained elevated at +69% (down slightly from +72% in Q3 but up from +51% in Q4 21). Perceptions of higher prices for groceries, utilities and transport were also most evident for most consumers in all states and regions.

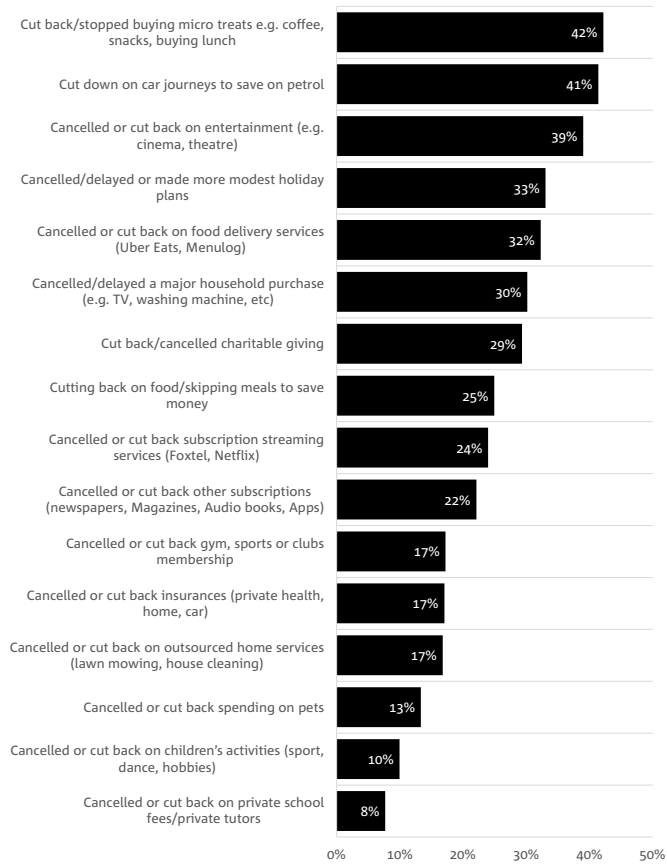
The net number of consumers who said costs had risen also heavily out-weighted those that said they had not in all other spend categories, ranging from +58% for mortgages to +37% for spending on children.

Cost of living pressures are prompting consumers to change the way they spend. With incomes squeezed by rising costs, there is a natural tendency to pay closer attention to spending. In Q4, around 4 in 10 consumers overall responded to cost of living pressures by cutting back or not buying micro treats such as coffees, snacks or buying lunch (42%), cutting down on car journeys to save petrol (41%), or cancelling or cutting spending on entertainment, such as going to the cinema or theatre (39%).

Around 1 in 3 cancelled, delayed or made more modest holiday plans (33%), or cancelled or cut back food delivery services such as Uber Eats and Menulog (32%). Around in 10 cancelled or delayed a major household purchase such as a TV or washing machine (30%), or cut charitable giving (29%).

Consumers were less inclined to cancel or cut back spending on private school fees or tutors (8%), children’s activities such as sport, dance and hobbies (10%), spending on their pets (17%), outsourcing home services such as lawnmowing and house cleaning (17%), insurances such as private health, home and cars (17%) and gym, sports or club memberships (17%).

**Cuts made to spending in past 3m due to cost of living pressures**



VIC, QLD and WA to -4 in SA/NT. In terms of non-essential spending, the net number planning to cut back was highest in QLD (-22) and lowest in TAS (-15). More consumers in all states planned to spend more on essentials, but this was much higher in SA/NT (+17) than other states, particularly TAS (+2). Financial spending was expected to be broadly unchanged in all states bar NSW/ACT (+2) and SA/NT (-4) - see table below.

**Future spending patterns: Overall (net balance)**

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Non-essentials	-20	-20	-19	-22	-20	-19	-15
Essentials	+9	+8	+8	+9	+7	+17	+2
Financial	0	+2	0	0	-1	-4	-1
<b>Overall</b>	<b>-6</b>	<b>-6</b>	<b>-7</b>	<b>-7</b>	<b>-7</b>	<b>-4</b>	<b>-5</b>

The survey found that the highest net number of consumers expect to spend more on utilities (+20), followed by transport (+13) and groceries (+10). In contrast, the greatest number expected to curb spending on entertainment (-27) and eating out (-27), followed by charitable donations (-23) and major household items (-21) - see appendix 2 for State details.

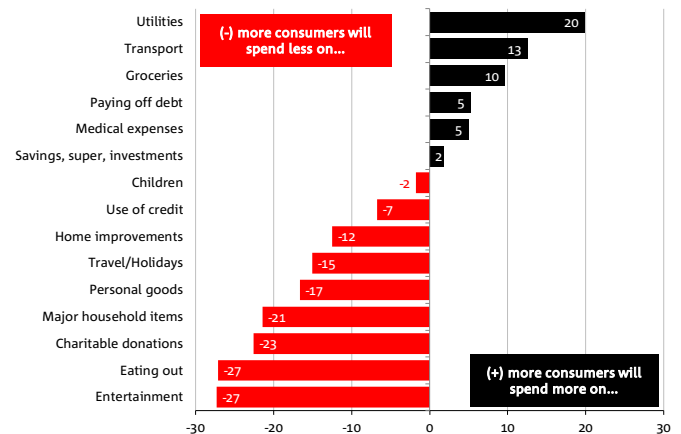
**Future household spending behaviours**

In this report, we introduce a new measure of future household spending behaviours which counts the number of consumers that expect to spend more on a range of items over the next 3 months against those that expect to spend less. Overall, the net number of consumers who intended to spend less out-weighed those that intended to spend more (-6).

Future spending behaviours did however vary significantly by type of spending. Noticeably more consumers in net terms (-20) planned to reduce their spending on non-essentials (travel/holidays, eating out, entertainment, home improvements, major household items, personal goods and charitable donations), but the number who expected to spend more on essentials (groceries, utilities, medical expenses, transport and children) outweighed those that expected to spend less (+9). Financial spending behaviours (paying off debt, using credit and super, savings & investments) are expected to be unchanged (0).

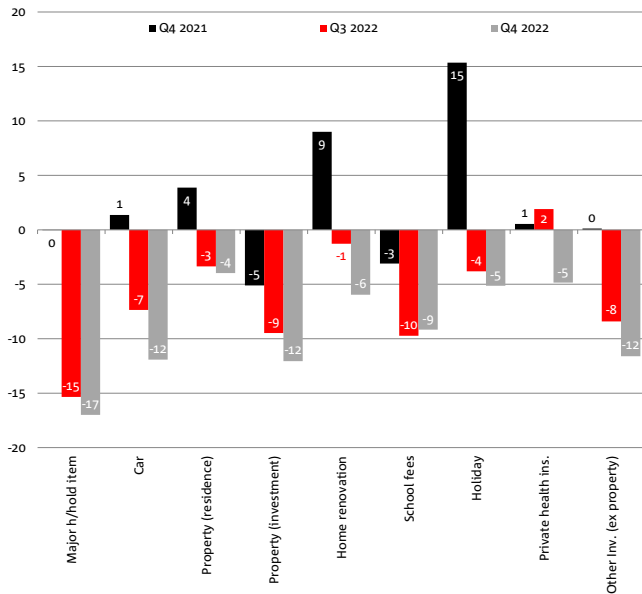
Spending patterns were broadly similar across the country with the overall net number expecting to cut back ranging from -7 in

**NAB Consumer Spending Pulse - Expected changes in household spending patterns in next 3 mths (net balance)**



Consumer expectations about making major purchases in the next 12 months were also somewhat more pessimistic in Q4, with the net number intending to spend less outweighing those expecting to spend more in all areas. Their spending plans were most cautious in regard to major household items (-17), cars (-12) and well down from -7 in Q3), investment property (-12) and other investments (-12). The survey also revealed a large increase in the net number planning to spend less on private health insurance (-5 from +2 in Q3) and home renovations (-6 from -1 in Q3).

**Expectations in regards to making major purchases in next 12 months (net balance)**



Expectations for major purchases in the next 12 months did vary somewhat by state. In QLD (-19), NSW/ACT and VIC (-18), most consumers were planning to spend less on major household items, but in WA cars (-18), SA/NT investment property (-17) and other investments (-17) and TAS investment property (-42).

Spending intentions were also negative in NSW/ACT, VIC and QLD in all categories, but more consumers expected to spend more in WA on health insurance (+5), SA/NT on residential property (+5), holidays (+6) and private health insurance (+8), and TAS on home renovations (+9).

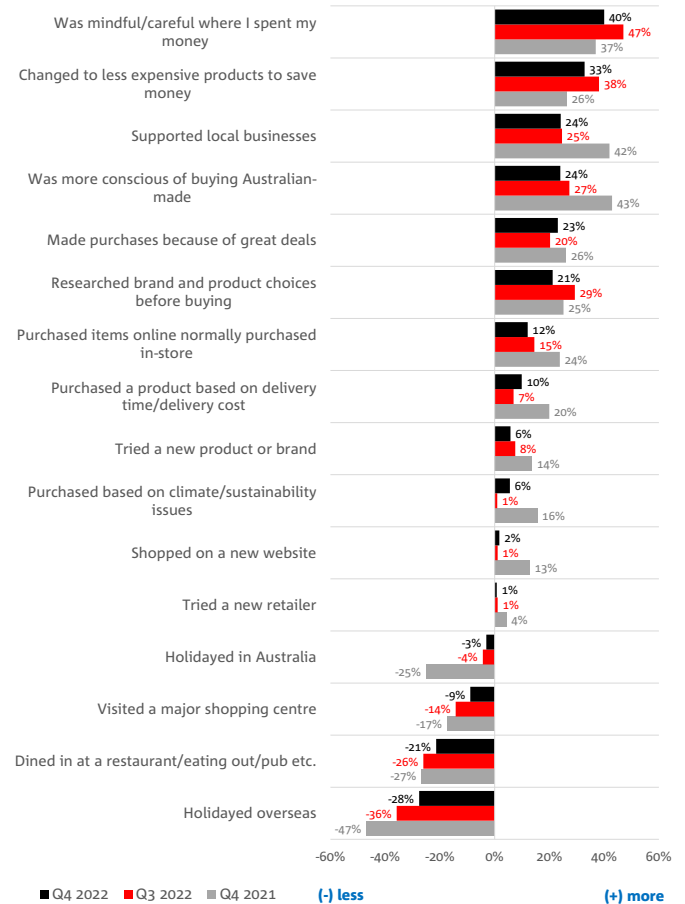
## Switching and trying something new

In this section, we explore how consumer behaviours/habits changed in the last 3 months across a number of issues. Specifically, we explore whether they switched or tried new products, brands, stores, or ways of purchasing, if their household was influenced by various cost, value, convenience, safety environmental or social issues, and whether their behaviours had changed around a number of more general themes.

To establish how behaviours had changed, all consumers were asked to think back over the past 3 months and rate the extent they switched or tried a new product, brand, store, or way or purchasing in the following areas in the last 3 months. With the rising cost of living still top of mind for many, behavioural change in Q4 was again most evident for being mindful or careful of where they spent their money, with the net number behaving this way at

an elevated +40% (though down somewhat from +47% in Q3). The next most common change was switching to less expensive products to save money (+33% but also down from +38% in Q3).

**Switched or tried something new in past 3m (net balance)**



The net number of consumers more conscious about supporting local businesses (+24%) and buying Australian-made (+24%) were the next most common changes in Q4. More consumers (+23%) also made purchases because of great deals (30% in Q3), but noticeably less (+21%) researched brand and product choices before buying (+29% in Q3). We did however note an improvement in the net number who purchased based on climate or sustainability issues (+6% from +1% in Q3).

In net terms, the number that holidayed less overseas continued to heavily out-weigh those that holidayed more (-28%), though it represented a sharp improvement from the last quarter (-36%) and at the same time last year (-47%). We also recorded a higher net number that ate out or dined in less at a restaurant (-21% from -26% in Q3), and who visited a major shopping centre (-9% from -14% in Q3).

Among some of the main differences by age or gender were the much higher number of consumers over the age of 50 that supported local businesses and were more conscious of buying

Australian made. However, noticeably more consumers over 50 also did not visit a major shopping centre, eat out or dine in at a restaurant, or holiday overseas.

In contrast, noticeably more consumers in the 30-49 and 50-64 age groups were mindful of where they spent their money. Noticeably more consumers the 30-49 group also made purchases because of great deals or bought items online normally purchased in stores. Along with the 18-29 group, significantly more consumers in the 30-49 group also bought products based on delivery times and cost or tried a new product or brand.

By gender, key differences included the higher number of women who were mindful or careful where they spent their money (+43% women; + 37% men), or changed to less expensive products to save money (+36% women; +30% men). We also noted a significantly higher number of women who holidayed less overseas (-31% women; -24% men), ate out or dined in at a restaurant (-25% women; -17% men), or visited a major shopping centre (-14% women; -4% men).

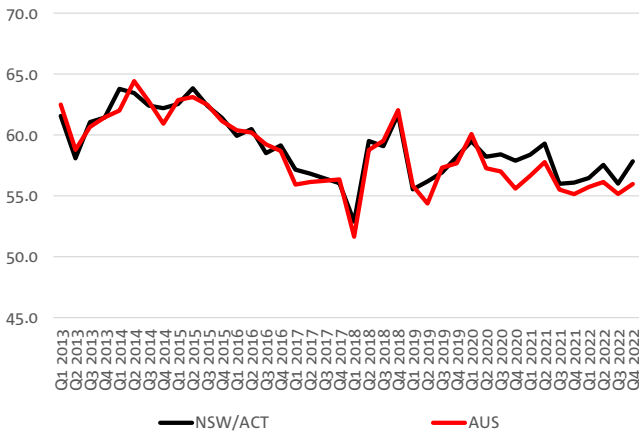
## Switching or trying something new: Age and gender

	Overall	18-29	30-49	50-64	65+	Men	Women
Was mindful/careful where I spent my money	40%	28%	45%	46%	39%	37%	43%
Changed to less expensive products to save money	33%	36%	37%	34%	21%	30%	36%
Supported local businesses	24%	19%	21%	28%	30%	22%	26%
Was more conscious of buying Australian-made	24%	12%	20%	31%	36%	23%	25%
Made purchases because of great deals	23%	27%	31%	20%	10%	24%	23%
Researched brand and product choices before buying	21%	11%	26%	24%	21%	20%	23%
Purchased items online normally purchased in-store	12%	14%	22%	8%	-3%	12%	12%
Purchased product based on delivery time/delivery cost	10%	19%	16%	5%	-5%	10%	10%
Tried a new product or brand	6%	13%	10%	5%	-7%	6%	6%
Purchased based on climate/sustainability issues	6%	6%	11%	4%	-2%	6%	5%
Shopped on a new website	2%	9%	9%	-4%	-12%	3%	1%
Tried a new retailer	1%	7%	8%	-1%	-15%	3%	-1%
Holidayed in Australia	-3%	-4%	2%	-2%	-11%	-1%	-5%
Visited a major shopping centre	-9%	1%	-3%	-18%	-19%	-4%	-14%
Dined in at a restaurant/eating out/pub etc.	-21%	-9%	-20%	-27%	-30%	-17%	-25%
Holidayed overseas	-28%	-15%	-21%	-38%	-42%	-24%	-31%

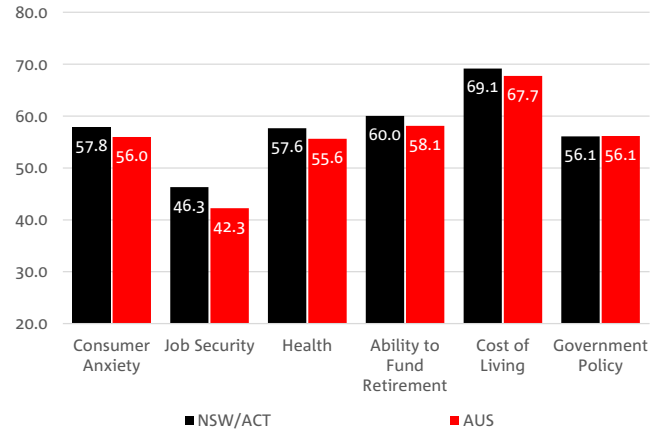


# Appendix 1: Consumer Stress Index - States

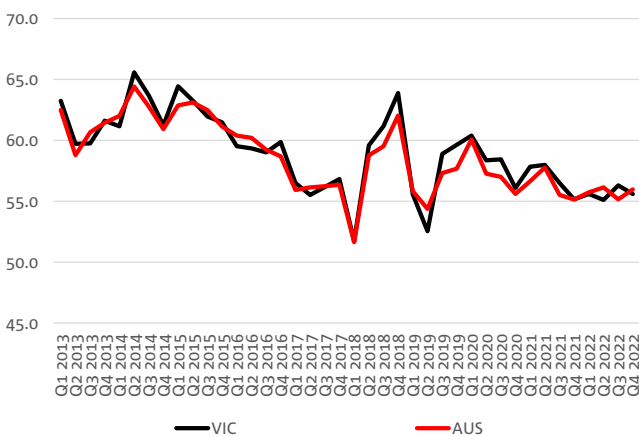
**Consumer Stress: NSW/ACT**



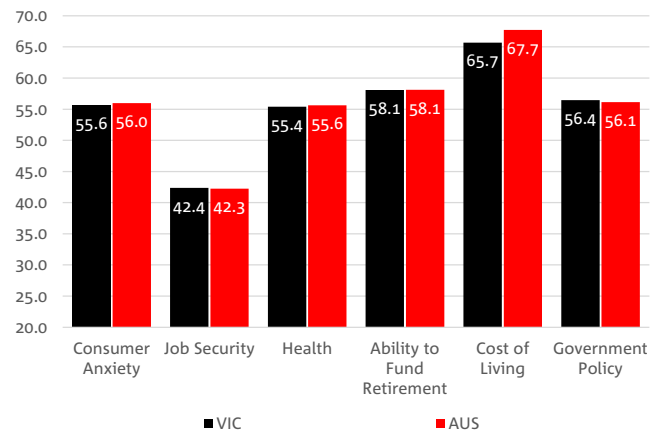
**Consumer Stress: NSW/ACT (Q4 2022)**



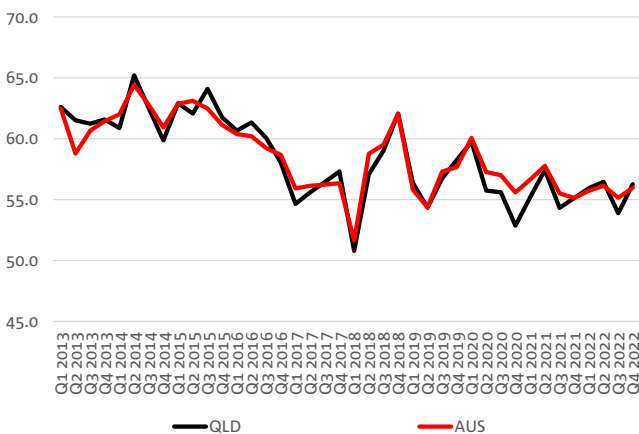
**Consumer Stress: VIC**



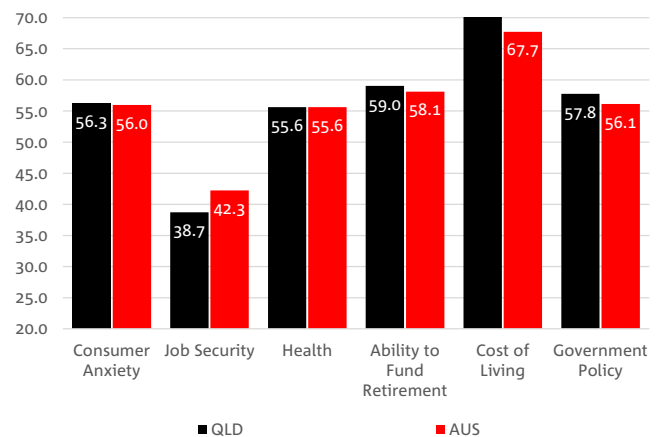
**Consumer Stress: VIC (Q4 2022)**



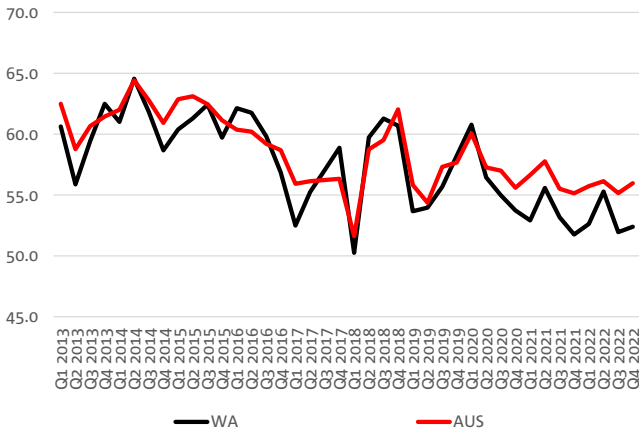
**Consumer Stress: QLD**



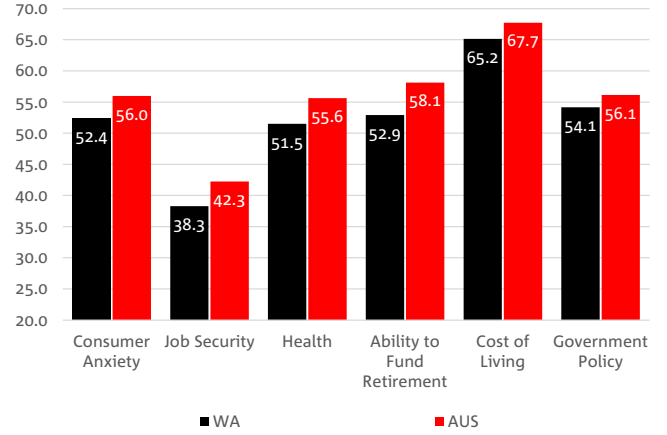
**Consumer Stress: QLD (Q4 2022)**



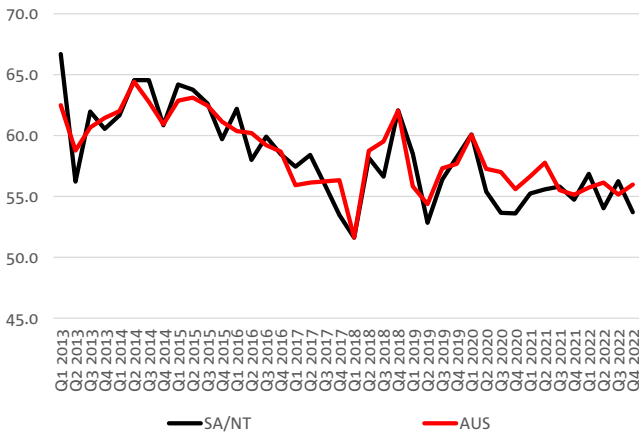
**Consumer Stress: WA**



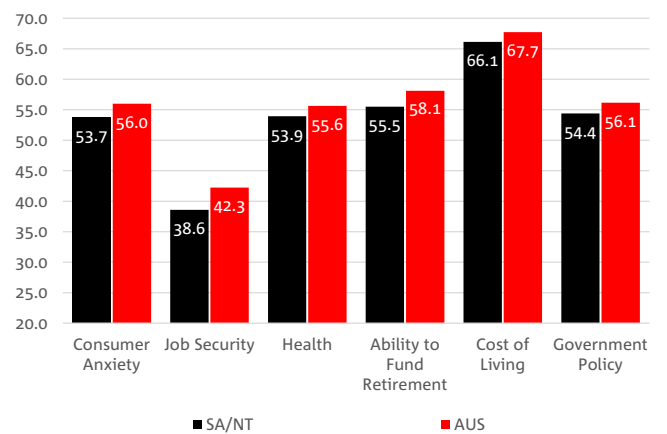
**Consumer Stress: WA (Q4 2022)**



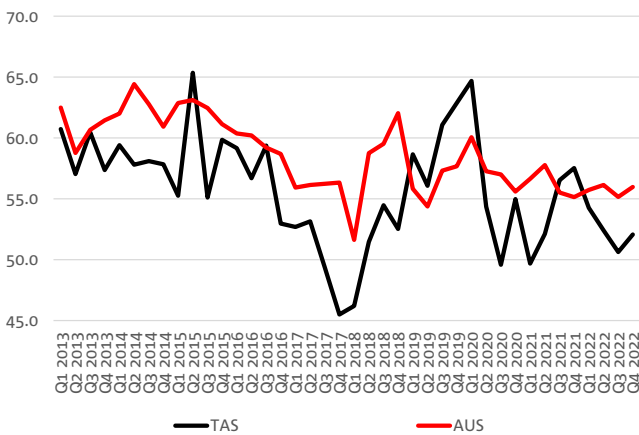
**Consumer Stress: SA/NT**



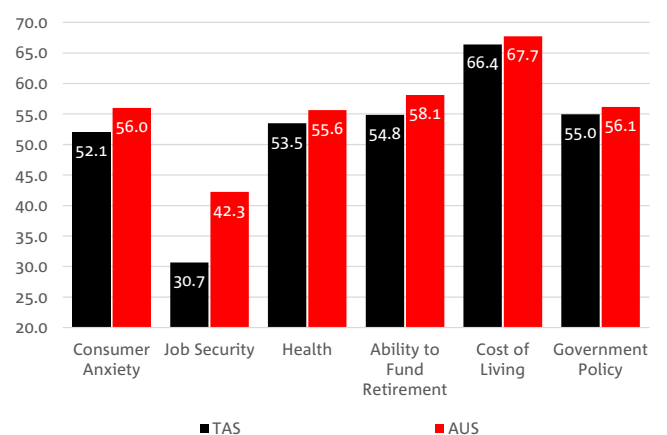
**Consumer Stress: SA/NT (Q4 2022)**



**Consumer Stress: TAS**

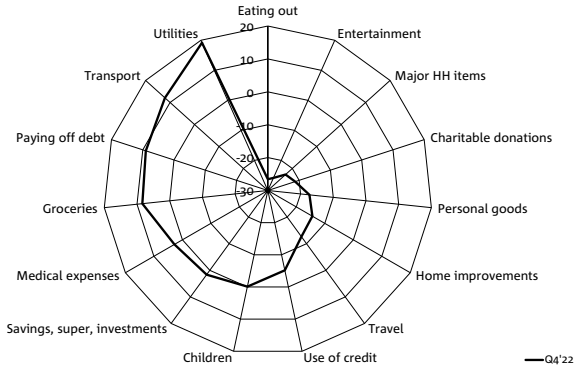


**Consumer Stress: TAS (Q4 2022)**

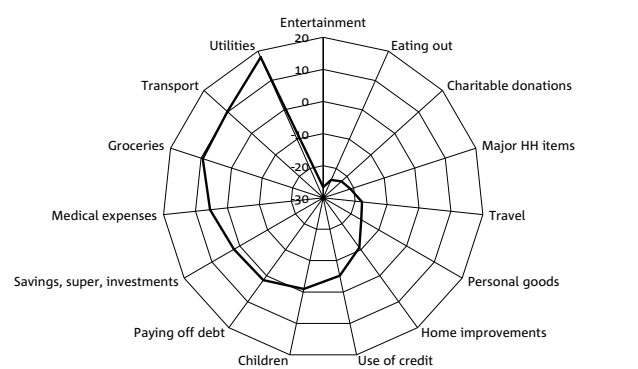


# Appendix 2: Future Spending Patterns: States

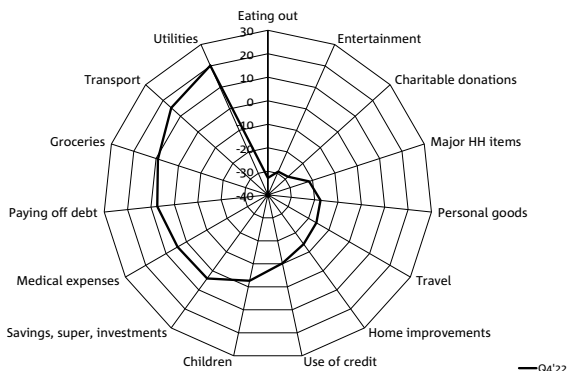
**NSW/ACT: Changes in spending patterns (net balance)**



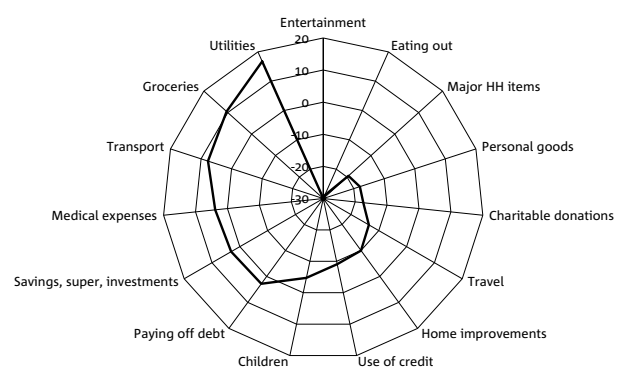
**VIC: Changes in spending patterns (net balance)**



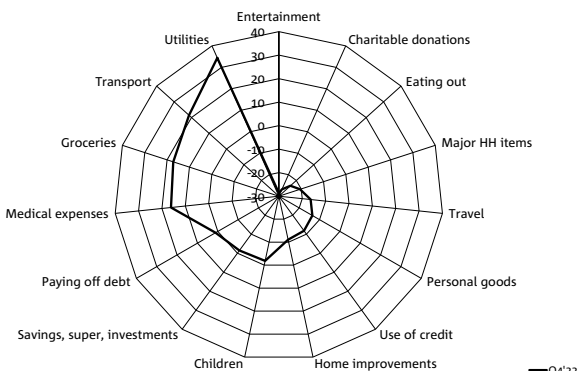
**QLD: Changes in spending patterns (net balance)**



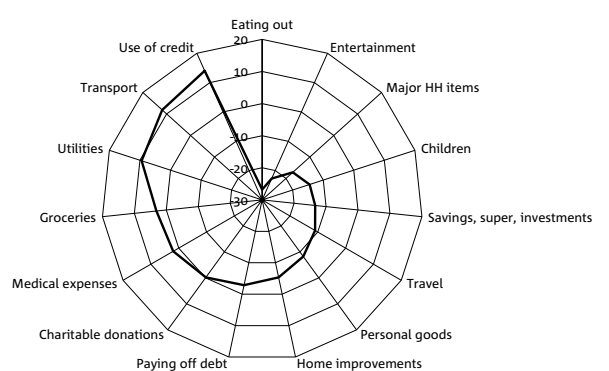
**WA: Changes in spending patterns (net balance)**



**SA/NT: Changes in spending patterns (net balance)**



**TAS: Changes in spending patterns (net balance)**





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