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money



NAB Consumer Sentiment Survey Q1 2024



April 2024

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Q1 2024

Consumer stress eases for the first time in six quarterly surveys. Price perceptions moderated for all monitored goods and services. Concern over the economy also eased. But sentiment remains fragile with fears of renewed growth in prices over the coming year. Future spending expectations are still cautious though a little less restrained. With the number of consumers making targeted cutbacks continuing to rise, many Australians were able to make more savings and in most areas. Discounters (supermarkets and department stores) score highest for consumer satisfaction.

NAB Behavioural and Industry Economics

The NAB Consumer Stress Index eased in the first quarter of the year (to 58.5 pts vs. 59.5 in Q4 2023), after having risen for five consecutive quarters, though remains significantly higher than at the same time last year (56.6 pts). Despite this fall, the number of consumers with “very high” stress (90+ pts) increased slightly to 20.8% (20.7% in Q4 2023), and now sits at its highest level since March 2020.

NAB’s measure of consumer sentiment is based on household stresses arising from job security, health, ability to fund retirement, cost of living and Government policy. Lower stress was reported for all components of the index. Cost of living continues to cause the most stress but concerns eased (to 68.7 pts vs. 69.4 in the previous quarter and 68.9 a year ago) as inflation slows and consumers make cutbacks. Cost of living stress remains however well above the survey average (66.5 pts), with 1 in 3 (32.1%) Australians still reporting “very high” stress. On balance 78% of consumers believe prices increased over the March quarter (down from +82% in Q4 2023). Price perceptions moderated for all monitored goods and services, except travel (+66% vs. +64%), rent (+63% vs. +61%), personal goods (+61% vs. 60%) and children (+54% vs. +50%). Higher prices in Q1 were most noted for groceries (+78% vs. +81% in Q4), utilities (+74% vs. +75%) and transport (+70% vs. +71%).

On balance, the number of consumers predicting higher living costs in the next 3 months also fell (to +55% vs. +61% in Q4) and 12 months (+62% vs. +66%). So, despite consensus among most economists that inflation will continue to ease over the coming year, a greater number of consumers expect prices to be higher in 12 months’ time than in the next 3 months. This highlights the fragility of consumer sentiment - consumers do not trust that there will not be another shift in the economy resulting in renewed growth in prices.

Job security stress fell to 46.7 pts in Q1 after having risen sharply (to 48.2) in the previous quarter, although concerns remain well above average (45.8). While February’s fall in the unemployment rate (to 3.7% from 4.1%) followed larger-than-usual numbers of people in December and January who had a job that they were waiting to start (or to return to), the extent of the rebound in the February data points to the possibility there has been less underlying easing in the labour market than the RBA (and NAB) had been assessing.

Consumer concern over Government policy also moderated (to 61.5 pts vs. 62.8 in Q4 2023 and 59.1 the same time last year). Despite this, there is a significant share of consumers that remain highly sensitive to any change in Government policy. The number of consumers who reported “very high” levels of stress increased to 22.2% - the highest level since Q3 2021 (24.0%). Consumers also reported slightly lower stress arising from their ability to fund retirement (60.2 vs. 60.7 in the previous quarter) but still noticeably higher than at the same time last year (58.1). However, the number of consumers with “very high” stress levels increased to a near 3-year high (22.3%). Stress associated with health also fell further (to 55.4 from 56.5 in the previous

quarter) but remains higher than at the same time last year (54.8), though well below average (56.6). Only 13.3% of consumers reported “very high” stress associated with health.

By state, overall stress levels are highest among Victorians and by a noticeable margin, driven by much higher stress around job security and Government policies relative to all other states. Consumer stress was again lowest in WA. Stress fell in all age groups in Q1, except for 50-64 year olds (due to much higher concern over cost of living). Stress remains highest in the 30-49 age group (61.3), reflecting higher concerns around job security and health. Stress remains lowest (and by a big margin) among the over 65s (51.0), and for all measures except Government policies. Stress levels fell across all income groups, except those earning between \$50-75,000 where it increased quite sharply (up 3.9 pts to 61.3) and was highest overall, driven by a significant increase job stress (up 7.5 pts) and ability to fund retirement (up 6.4 pts)

Other key takeouts from the March survey include a significant spike in consumer stress among the unemployed (up 5.0 pts to 68.5), and significantly above the next highest group - house renters (62.1). Also interesting and perhaps reflecting the pause in interest rate hikes since November, consumers who own property with a mortgage reported a decline in overall stress levels in the March quarter (down 1.0 pt to 59.0), while consumers who own their home outright reported higher stress (up 1.2 pts to 55.8).

Consumers are now more sophisticated in how they approach saving to make ends meet and have doubled down on making targeted spending cutbacks, with reductions lifting in almost all areas. Cutbacks remain most common for eating out at restaurants (57% of consumers reported doing this in Q1 2024 vs. 54% in the previous quarter), on treats such as coffee and snacks (52% vs. 50%), entertainment (49% vs. 47%), car journeys to save petrol (46% vs. 45%), holidays (45% vs. 43%) and food delivery (43% vs. 38%). Consumers remain least inclined to cut spending on private school fees/tutors (10%), their children’s activities such as sport and hobbies (14%) and pets (18%).

Far fewer consumers over 65 cut or reduced their spending in all areas relative to other age groups, except car journeys and charitable giving. By income, a much higher numbers of consumers in the lowest group cut spending on food or skipped meals (46% vs. 31%), insurances (35% vs. 22%), and charitable giving (44% vs. 36%), but somewhat more in the highest income group cut spending on food delivery services (48% vs. 40%).

With the number of consumers making cutbacks continuing to rise, Australians were able to save more money in most areas. This is consistent with a lift in the household savings ratio (which increased by 3.2% in the final three months of last year, following eight quarters of falls). The biggest savings came from spending less on major household appliances (\$554 up from \$430 in Q4) and holidays (\$528 vs. \$409). The next biggest came from private school fees & tutors (unchanged at \$222). Monthly savings of some 25% were also made on insurances (\$134 vs. \$107) and pets (\$57 vs. \$26), and over 10% on charitable giving (\$42 vs. \$37), children’s activities (\$106 vs. \$95) and outsourced home services (\$100 vs. \$90).

The survey also highlighted large savings in the four areas where most consumers cut back - eating out at restaurants (\$122 vs. \$115 in Q4), buying micro treats (\$63 vs. \$58), entertainment (\$66 vs. \$61) and car journeys (\$69 vs. \$66). Combined, this totalled monthly savings of \$320, leaving a potential savings buffer of nearly \$3,840 a year if continued. Even areas where savings from spending cuts were smallest - subscription streaming services such as Foxtel and Netflix (\$32) and other subscription services such as newspapers and magazines (\$24) - could potentially save consumers around \$672 annually.

Younger consumers are the most likely to make these cutbacks. Across these four areas, consumers aged 18-29 saved \$131 eating out at restaurants, \$74 buying micro treats, \$73 on entertainment and \$90 on car journeys. Combined, this totalled monthly savings of \$368, leaving a potential savings buffer of nearly \$4,416 a year if continued - well above the Australian average.

More generally, by age, there were much higher savings made among the over 65s on major household items (\$665), 30-49 year olds on holidays (\$743), 50-64 year olds on private school fees and tutors (\$432) on car journeys to save petrol (\$90) among those aged 18-29.

Around 6 in 10 (59%) Australians used the savings made through these targeted spending cutbacks for day to day living expenses in the March quarter. Many also prioritised savings and paying down debt with around 4 in 10 (42%) people putting this extra money in savings or offset accounts, and 1 in 5 paying down other debt (20%) and their mortgages (19%). Just 1 in 15 consumers splurged on something they wanted (6%) or did something else (6%).

By age, key differences include a much higher number of consumers aged over 65 using these funds for day-to-day living (72%), more 18-29 year olds focussing on savings or offset accounts (56%) and splurging on something they wanted (12%), and more in the 30-49 group paying down other debt (26%). By income, 2 in 3 (66%) consumers in the lower income group relied on cutbacks for day-to-day-living expenses, compared to just 1 in 2 (51%) on higher incomes. Noticeably more consumers in the higher income group however used these funds for savings or in offset accounts (49% higher income; 32% lower income), paid down their mortgage (26% higher income; 17% lower income) or paid down other debt (29% higher income; 7% lower income).

The March quarter survey continues to highlight a cautious (though a little less restrained) consumer, both in terms of 3 month and 12 month spending expectations. Looking at the year ahead, spending intentions remain most conservative for major household items (-20% vs. -24%), school fees (-16% vs. -15%), investment properties (-15% vs. -20%), home renovations (-11% vs. -16%), holidays (-10% vs. -21%) and cars (-10% vs. -13%). Fewer consumers also expect to spend less on private health (unchanged at -6%), residential property (-8% vs. -13%), home renovations (-16% vs. -11%), other investments outside of property (-9% vs. -19%) and school fees (-15% vs. -13%). A much higher number in 30-49 and 50-64 age groups expect to spend less on cars, home renovations and major household items, and 65+ group more on private health insurance. By income, noticeably more in the highest group will spend less on holidays (-10% vs. -4%) and major household items (-22% vs. -17%), and in the lowest group other investments ex property (-20% vs. -5%) and investment property (-19% vs. -11%).

High living costs continue to drive a range of other small but meaningful changes in consumer behaviour. Shoppers across the income spectrum are looking for ways to save money. Consumers are more intentional in the allocation of their disposable income and the purchasing journey is more complex. The most common behavioural change reported by consumers continues to be mindful where they spend their money (on balance 45% of consumers exhibited this behaviour in Q1 2024), switching to less expensive products (35%), researching brands and product choices before buying (23%) and purchasing because of great deals (12%). When consumers want to purchase a product or service, more than ever they are turning to the internet and search engines to provide greater transparency and ease of comparing prices, highlighting the importance of search engine optimisation.

While consumers have become more conscious of the social, environmental and community implications of their purchasing choices, cost of living has become a significant barrier to translating values into action. Indeed, the share of consumers conscious of buying Australian made (8%) and supporting local business (6%) continued to decline in Q1 2024 and is well down from the same time last year (+19% and +20% respectively). Purchasing because of sustainability issues also fell further (-9% vs. -1% a year ago).

The pandemic clearly saw a significant uplift in consumers' willingness to break relationships, resulting in huge loyalty disruption. Consumers remain more open to trying discounted or generic products, but are taking fewer risks, with spending increasingly focussed on trusted relationships. On balance, the number of consumers who shopped on new websites (-11%), tried a new retailer (-6%) or product (-3%) remains well down on a year ago. And, while omnichannel is the expectation, online sales have eased significantly. The share of consumers purchasing online instead of shopping instore has stabilised at levels substantial lower than during the height of the pandemic. Historically, e-commerce has been viewed by consumers as a pathway to more inexpensive pricing. This is no longer necessarily the case. NAB estimates that in the 12 months to February, Australians spent \$56.0 billion on online retail, a level that is around 13.2% of the total retail trade, and a continuation of moderate growth (5.6%) relative to the 12 months to February 2023.

Chatbots based on generative AI is expected to transform online purchase behaviours. NAB recently surveyed over 700 SMEs to explore their awareness and understanding of emerging technologies. Around 1 in 10 (12%) retailers believed they have a clear understanding of AI and were keen to explore its possibilities, 1 in 5 (22%) said they understood the concept & how it could assist businesses in future, the majority, over 1 in 2 (57%), had a basic awareness of AI and its potential, while almost 1 in 10 (9%) said they had no awareness or understanding of AI. As AI-powered technologies continue to evolve, some analysts believe consumers will place greater value on 'human' input as a premium service. Memories can also affect consumer decisions. Successful marketing may increasingly focus on evoking emotions like nostalgia, particularly as technology becomes more ingrained.

We saw a further increase in the number of consumers who dined in at restaurants in the March quarter (-37% up from -35% and much higher than the -24% reported at the same time last year), holidaying overseas (-28% from -30% in Q1), visiting a major shopping centre (-16% vs. -13%) and holidaying in Australia (-12% vs. -15%). Consumers continue to desire memorable and immersive shopping and dining experiences.

Consumer expectations have increased. They want more discounts on essential items and for retailers (and others) to accept lower prices. In addition to consumer behaviours, we have started to track consumer satisfaction across a range of retail categories and service providers. With cost of living still top of mind, consumer satisfaction in Q1 was equal highest for discount supermarkets and major discount department stores (6.3 pts out of 10). They were followed by major furniture and electrical stores (5.6 pts), traditional department stores (5.4 pts) and telecom providers (5.2 pts). Major supermarkets (5.0 pts) were next, followed by banks, insurance companies and health insurers (4.9 pts). Customer satisfaction was lowest for major airlines and electricity & gas providers (4.8 pts).

When looking at the distribution of customer satisfaction scores, 3 in 10 Australians scored "high" levels of satisfaction (i.e. 8+ pts) for discount department stores (31%) and discount supermarkets (29%). Around 1 in 5 were also highly satisfied with major supermarkets (22%), telco providers (20%) and major banks (19%). Major airlines (12%) and major health insurers (14%) had the lowest number of highly satisfied customers.

Key Tables

Consumer Stress Index (100 = extremely concerned)

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Consumer Stress Index	56.6	56.9	57.7	59.5	58.5
Job Security	42.0	42.2	43.3	48.2	46.7
Health	54.8	55.3	57.1	56.5	55.4
Ability to Fund Retirement	58.1	58.6	59.7	60.7	60.2
Cost of Living	68.9	69.9	69.4	69.4	68.7
Government Policy	59.1	58.7	59.1	62.8	61.5

Extent Costs Changed in Last 3 months (net balance - higher/lower)

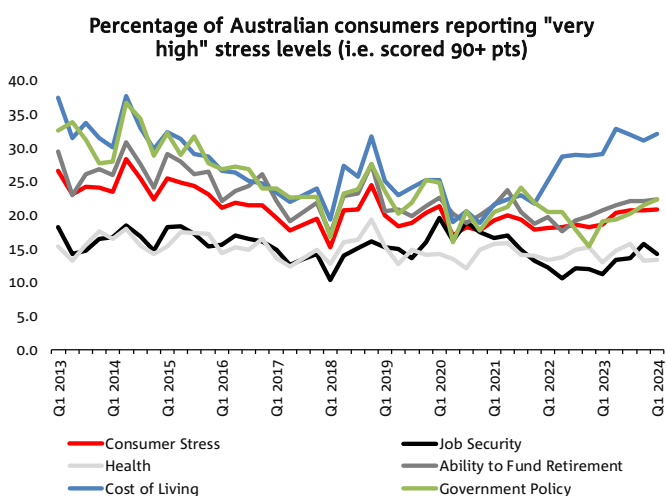
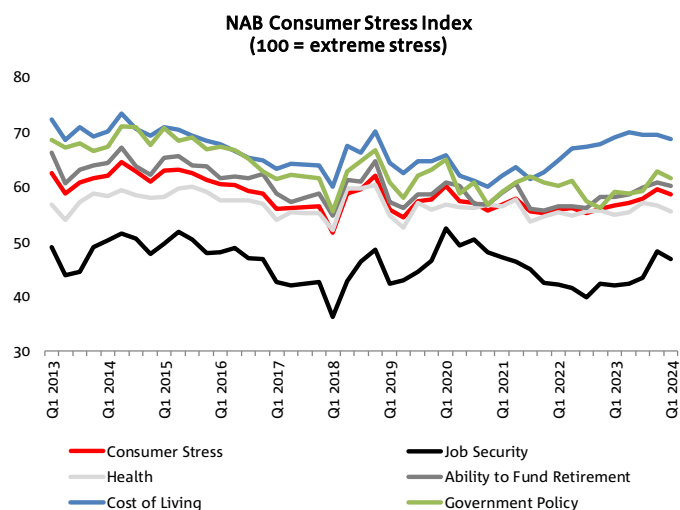
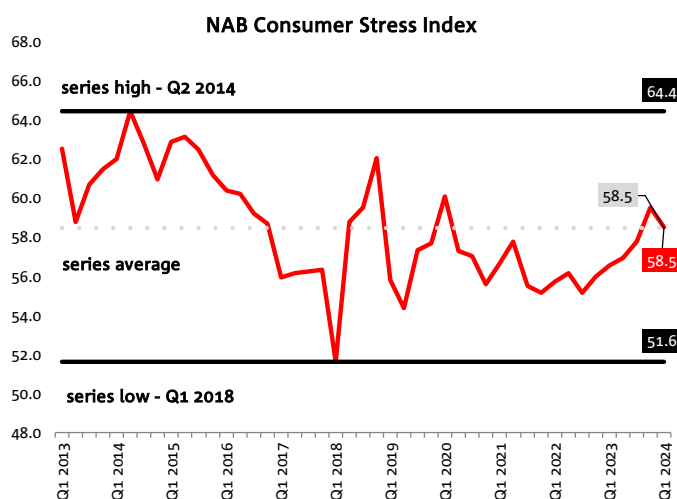
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Overall Cost of Living		83	81	82	78
Travel/Holidays	55	64	65	64	66
Eating out	55	65	68	68	67
Entertainment	46	58	57	59	59
Groceries	76	83	81	81	78
Home improvements	53	65	62	65	62
Major HH items	48	62	59	59	58
Utilities	69	77	79	75	74
Telecoms	40	51	53	56	55
Personal goods	52	59	59	60	61
Medical expenses	58	60	59	64	62
Transport	64	69	72	71	70
Children	46	50	46	50	54
Mortgage	62	67	65	67	63
Rent	55	62	59	61	63
Other debt	43	52	51	53	51

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

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Major household item	-17	-17	-18	-24	-20
Car	-9	-10	-9	-13	-10
Property (residence)	-5	-4	-7	-13	-8
Property (investment)	-12	-12	-13	-20	-15
Home renovation	-5	-9	-11	-16	-11
School fees	-14	-12	-13	-15	-16
Holiday	-7	-16	-18	-21	-10
Private health insurance	-3	-2	2	-6	-6
Other Investment (ex. property)	-6	-10	-9	-19	-9

NAB Consumer Stress Index...

The first quarter of 2024 saw a reduction in overall consumer stress levels after rising for five consecutive quarters as Australians were challenged by a slowing economy, higher interest rates and inflation. NAB’s measure of consumer stress is based on household stresses arising from their job security, health, ability to fund retirement, cost of living and Government policy. It provides a unique perspective of Australian consumers. In Q1 2024, the NAB Consumer Stress Index eased to 58.5 pts, down from 59.5 pts in the previous quarter though still significantly higher than at the same time last year (56.6 pts). But despite this fall, the number of consumers with “very high” stress (90+ pts) increased slightly to 20.8% (20.7% in the previous quarter), and now sits at its highest level since March 2020.



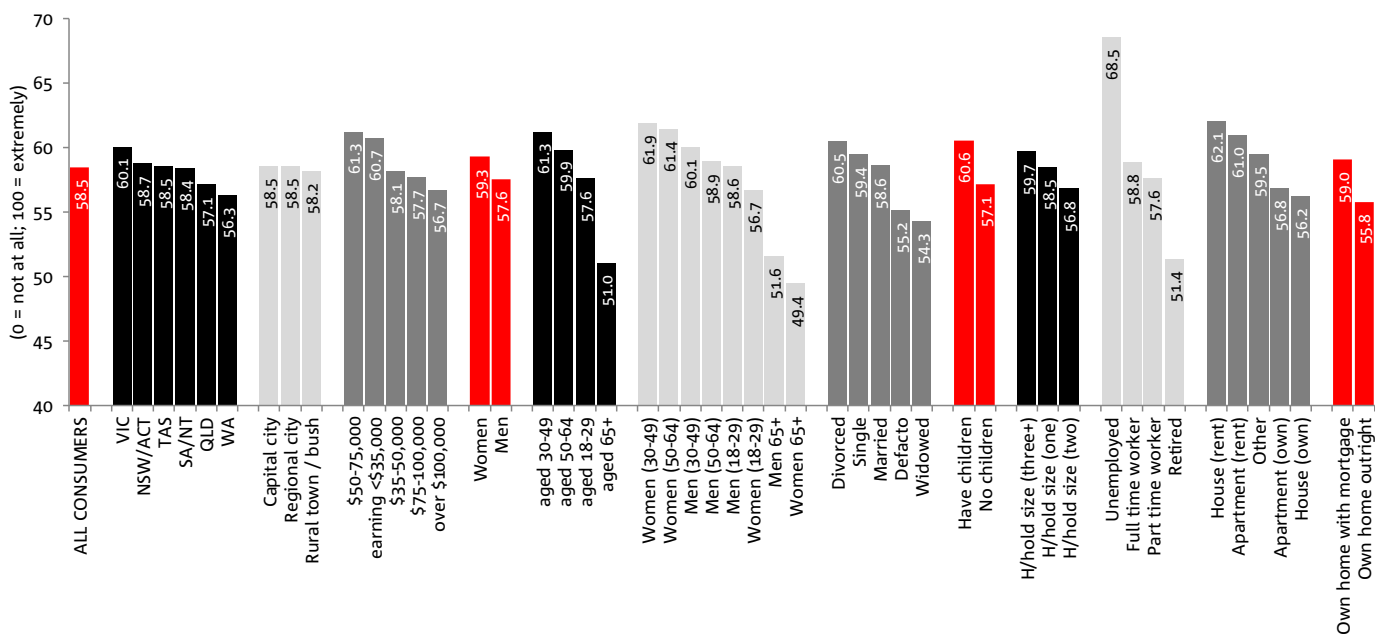
Lower stress was reported for all components of the NAB Consumer Stress Index in Q1. Cost of living is still causing the most stress but eased to 68.7 pts (69.4 pts in the previous quarter and 68.9 pts one year ago) as inflation slowed to 4.1% in Q4 from 5.4% year-in the Q3. Cost of living concerns are however still well above the survey average (66.5 pts), and around 1 in 3 (32.1%) Australian consumers report “very high” stress.

Job security stress is still causing the least stress for Australian consumers and fell to 46.7 pts in Q1 after having risen sharply to 48.2 pts in the previous quarter. Lower stress in Q4 coincided with a 4.2% increase in hourly wage growth in Q4 (the fastest rate since 2009). But with clear signs of easing in the labour market, concern around jobs remains well above average (45.8 pts).

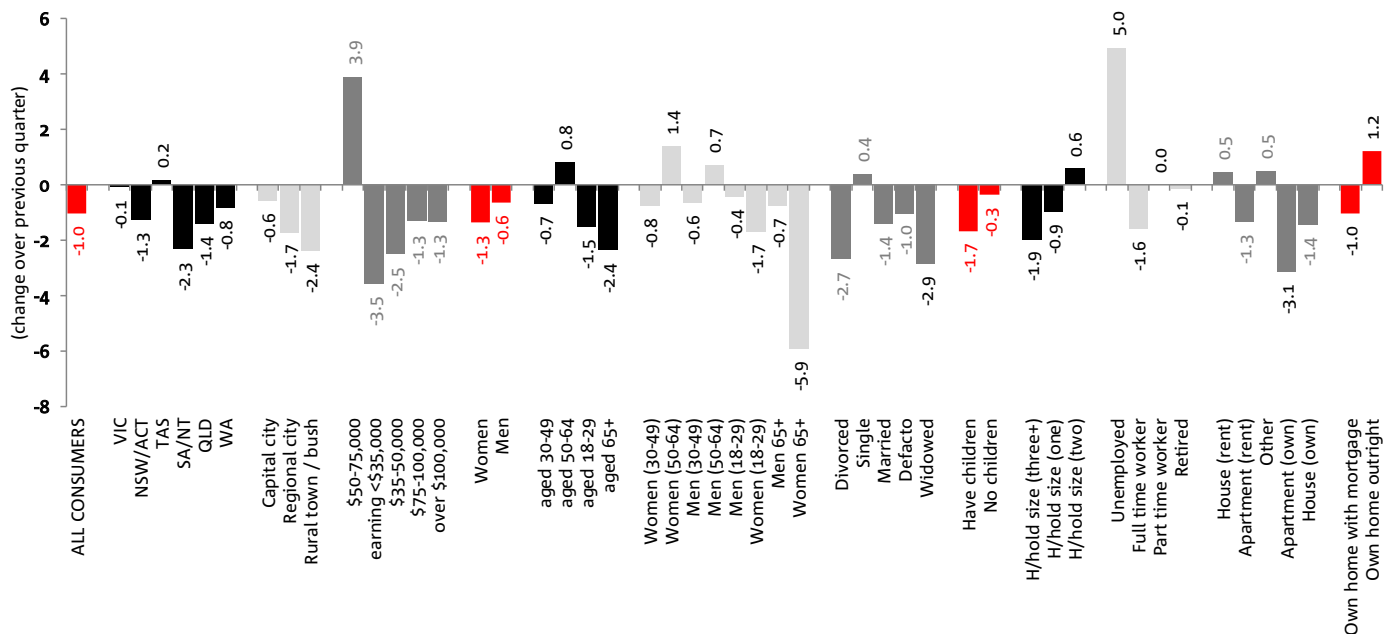
Consumer concern about the impact of Government policy on their future spending and savings plans also moderated in Q1 to 61.5 pts, from 62.8 pts in the previous quarter and 59.1 pts at the same time last year and continued to print below average (63.2 pts). Despite this, the number of consumers who reported “very high” levels of stress from Government policies increased to 22.2%, its highest level since Q3 2021 (24.0%).

Australian consumers reported slightly lower stress arising from their ability to fund their retirement in Q1, falling to 60.2 pts from 60.7 pts in the previous quarter but noticeably higher than at the same time last year (58.1 pts). Again, however, the number of consumers with “very high” stress levels increased to a near 3-year high (22.3%). Stress associated with the impact of health on consumer’s future spending and savings plans also fell further to 55.4 pts from to 56.5 pts in the previous quarter but remains higher than at the same time last year (54.8 pts), though well below average (56.6 pts). Only 13.3% of Australian consumers reported “very high” stress associated with health.

NAB Australian Consumer Stress Index: Categories



NAB Australian Consumer Stress Index: Categories (change on last quarter)



Stress levels varied widely across key demographic groups. Consumers in 37 of 49 monitored groups reported lower levels of stress during the March quarter, 11 groups reported higher stress with 1 group unchanged - see charts above.

By state, overall stress levels in the March quarter were highest in VIC (60.1 pts) by a noticeable margin, with consumers in this state also reporting much higher stress around job security (50.1 pts) and Government policies (64.1 pts) relative to all other states. Overall stress was again lowest in WA (56.3 pts), with TAS the only state reporting higher stress over the quarter, albeit up only slightly. Consumers in TAS also reported the highest stress stemming from cost of living (73.4 pts) and health (57.4 pts), with consumers in SA/NT most worried about their ability to fund their retirement (62.3 pts).

Overall stress levels moderated in all regions, particularly in rural areas (down 2.4 pts to 58.2 pts) and are now broadly on par in all regions. Job security stress however remains somewhat higher in capital cities (47.7 pts).

Overall stress levels eased for women (down 1.3 pts to 59.3) and men (down 0.6 pts to 57.6) during the March quarter, but the larger decline among women pushed the stress gap between women and men back in line with the survey average (1.7 pts). Though stress levels fell for all measures for both men and women, women continue to report significantly higher stress for retirement funding (62.9 pts women; 57.1 pts men) and cost of living (71.1 pts women; 68.2 pts men).

Overall stress fell in all age groups in Q1, except the 50-64 group where it increased due to of much higher concern over cost of living. Stress remains highest in the 30-49 group (61.3 pts), with this group also reporting the highest stress for job security (52.0 pts) and health (59.3 pts). Overall stress remains lowest (by a big margin) among the over 65s (51.0 pts), and they reported the lowest levels of stress for all measures except Government policies.

Stress levels fell in all income groups, except the \$50-75,000 group where it increased quite sharply (up 3.9 pts to 61.3 pts) and was highest overall. This reflected significant a significant increase in stress associated with their job security (up 7.5 pts) and ability to fund retirement (up 6.4 pts)

Other key takeouts from the March survey included a significant spike in overall stress levels among the unemployed (up 5.0 pts to 68.5 pts), with stress levels in this group printing significantly above the next highest group - consumers who live in a rented house (62.1 pts). Also, interesting and perhaps reflecting the pause in interest rate hikes since November, consumers who own property with a mortgage reported a decline in overall stress levels in the March quarter (down 1.0 pt to 59.0), whereas consumers who own their home outright indicated stress levels had risen (up 1.2 pts to 55.8 pts).

General level of concern over the economy...

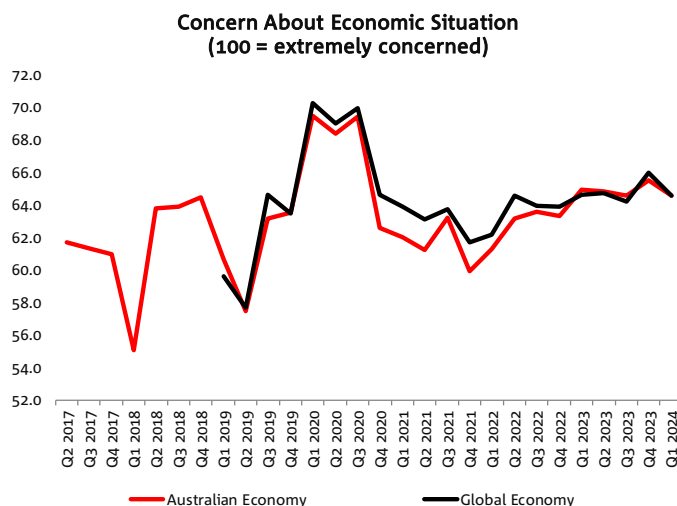
The National Accounts release showed growth of just 0.2% q/q in Q4 with annual growth falling to 1.5% y/y. Flat consumption was the defining story of the year, but declining dwelling investment and slowing business investment growth were also notable. Public demand and recovering exports provided offsetting support for growth.

NAB continue to expect growth to remain below trend at 1.7% over 2024, before improving to around 2¼% in 2025 and 2026. Household consumption will remain subdued in the near-term but should pick up later in the year, while housing and business investment are also likely to be subdued before turning up later in the year.

Households will continue to be supported by strong nominal income growth with hourly wages rising at their fastest annual pace since 2009. We expect wage growth to stabilise from here as the labour market eases further over the year ahead and continue to see the unemployment rate peaking at 4.5% by end-2024.

On inflation, subdued demand growth and ongoing supply-side recovery (including the labour supply) should see further gradual progress towards the RBA’s target band. NAB has inflation returning to just over 3% by end-2024 and near the middle of the RBA’s target band by end-2025. Given that inflation remains well above target, we expect the RBA to continue to take a cautious approach with November the most likely timing for a first rate cut. From there we see a profile of gradual rate cuts, back to around 3% by end-2025.

Against this background, the level of consumer concern about the impact of the domestic economy on their future spending and savings plans eased to 64.6 pts in the March quarter (65.5 pts in Q4), with the level of concern over the international economy also easing to 64.6 pts (66.0 pts in Q4) – see tables opposite for state detail.



Concern about the Australian economy

	NSW	VIC	QLD	WA	SA/NT	TAS
Q3'23	64.2	64.6	64.6	63.0	68.5	61.6
Q4'23	65.9	65.9	65.3	62.7	68.4	60.2
Q1'24	64.6	65.5	64.8	59.8	67.4	63.9

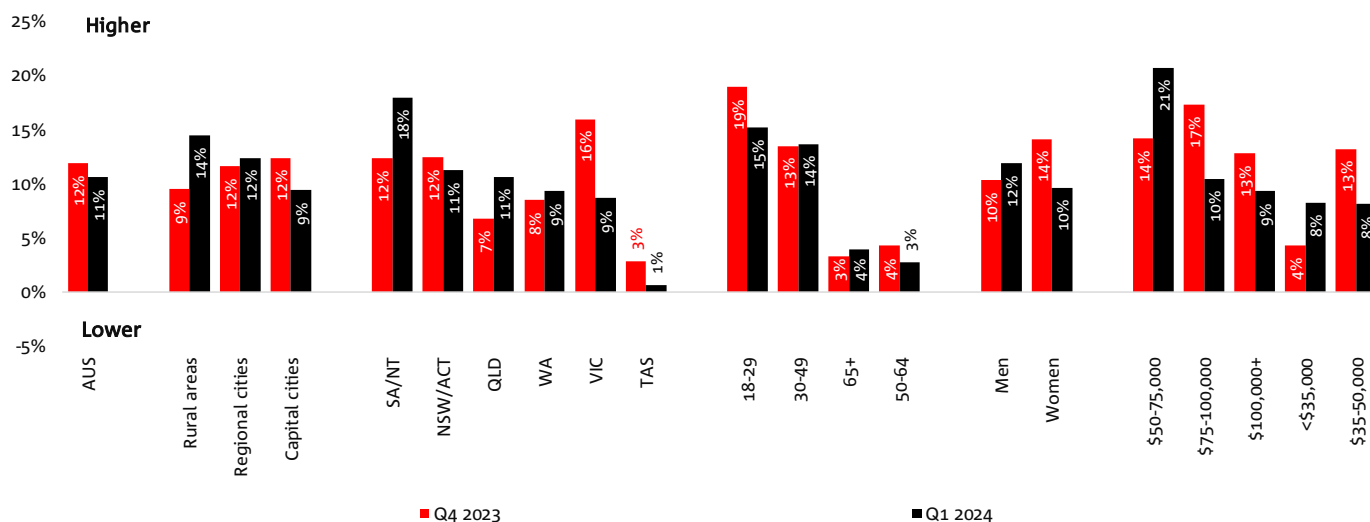
Concern about the International economy

	NSW	VIC	QLD	WA	SA/NT	TAS
Q3'23	63.2	63.2	65.4	64.0	69.6	61.4
Q4'23	67.2	65.0	64.9	65.5	67.7	65.2
Q1'24	65.2	64.9	64.4	62.6	64.2	65.1

Job security...

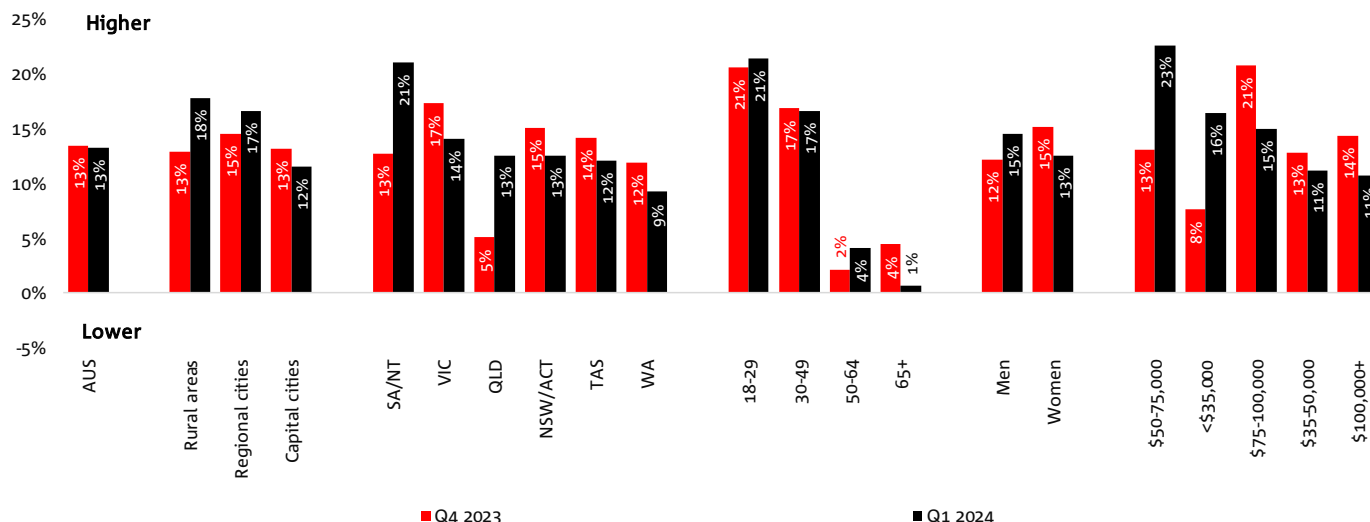
Job security stress moderated during the March quarter. February’s unemployment rate fell to 3.7% from 4.1%. The large increase in employment in February followed larger-than-usual numbers of people in December and January who had a job that they were waiting to start or to return to. This translated into a larger-than-usual flow of people into employment in February and even more so than February last year. This data supports our view that the labour market had not been cooling as quickly as headline labour market indicators had suggested at face value in the past few months. Indeed, the extent of the rebound in the February data points to the risk there has been less underlying easing in the labour market than we (and the RBA) had been assessing. NAB sees a gradual easing in the labour market as economic growth remains subdued this year, taking the unemployment rate to 4.5% by year end. Further out, improving growth and normalising population should see the unemployment rate stabilise around 4¼- 4½%.

How do expect your job security will change in next 3 months (net balance)



Though the net number of Australians who think their job security will be higher in the next 3 months continues to outweigh those who think it will be lower, it fell to +11% in the March quarter, from +12% in Q4. By region, it rose in rural areas (+14% from +9%) but fell in capital cities (+9% from +12%). In VIC, the number who thought their job security was higher almost halved to +9% (+16% in Q4) but rose noticeably in SA/NT (+18% from +12%) and QLD (+11% from +7%). There was little change by age, except for 18-29 year olds where the net number who thought their job security was higher fell to +15% (+19% in Q4) but was still highest overall. The outlook for men improved (+12% from +10%) but worsened for women (+10% from +14%). Expectations improved sharply in \$50-75,000 (+21% from +14%) and <\$35,000 (+8% vs. +4%) income groups, but was noticeably lower in all other income groups, particularly the \$75-100,000 group (+10% from +17%).

How do expect your job security will change in next 12 months (net balance)

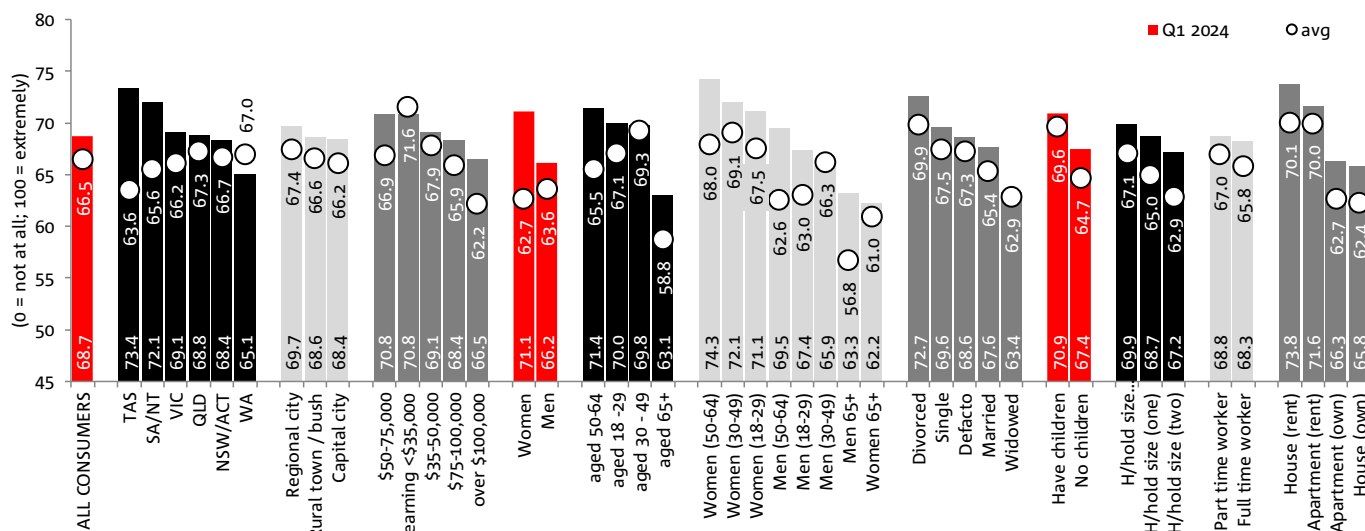


Looking ahead 12 months, an unchanged +13% believe their job security will be higher. This number however increased in rural areas (+18% from +13%) and regional cities (+17% from +15%) but fell a little in capital cities (+12% from 13%). It jumped sharply in SA/NT (+21% from +13%) and in QLD (+13% from +5%) but fell in all other states and was lowest in WA (+9%). We also noted a much higher number of people under the age of 50 who believe their job security will be higher in the next 12 months than those over 50. The outlook for men improved (+15% from +12%) but worsened for women (+15% from +13%). Expectations improved sharply in \$50-75,000 (+21% from +13%) and <\$35,000 (+16% from +8%) income groups. It fell in all other groups, with the \$100,000+ and \$35-50,000 groups least optimistic (+11%).

Cost of living insights...

Despite easing a little in the March quarter, cost of living is still causing the most stress for Australian consumers, with the level of concern still well above survey average levels, and in most key groups with few exceptions - WA, the lowest income group, and men aged 30-49 (see chart below). In addition, 1 in 3 Australians report “very high” stress. Lower inflation is clearly helping, with official data suggesting inflation has continued to edge down in the early months of 2024, though services inflation has proven more persistent than goods inflation, particularly in areas such as rents inflation, while high interest rates are also impacting.

NAB Australian Consumer Stress Index: Cost of Living



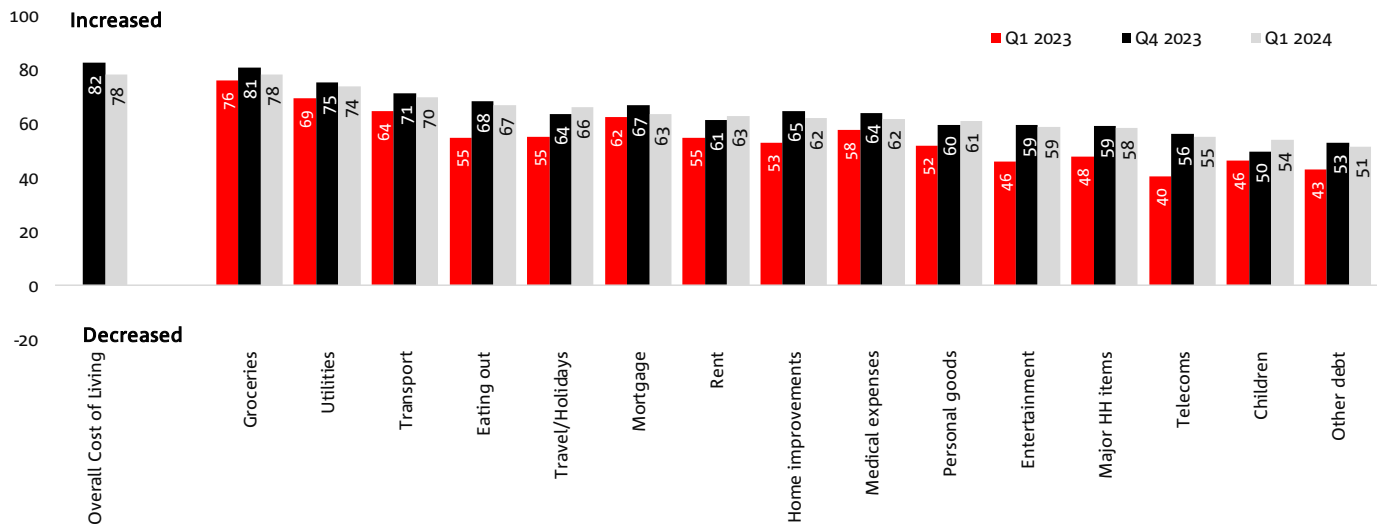
To help find which costs are growing, NAB tracks cost of living perceptions through the eyes of consumers by asking if they believe the cost of key goods and services rose or fell in the past 3 months. The results are reported in net balance terms - i.e., a positive result means the number of consumers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

Despite falling a little, the March quarter results show far more consumers (in net terms) still believe their overall cost of living rose than fell (+78% down from +82% in the December quarter). The number of consumers who said prices had increased moderated a little for all monitored goods and services over the quarter, except travel & holidays (+66% vs. +64%), rent (+63% vs. +61%), personal goods (+61% vs. 60%) and children (+54% vs. +50%). That said, more consumers said prices for all these goods and services increased than at the same time last year.

Higher prices in Q1 continued to be reported by most consumers for groceries (+78% vs. +81% in Q4), utilities (+74% vs. +75%) and transport (+70% vs. +71%) - see chart below.

Overall cost of living in Q1 increased according to most consumers in QLD (+81%), WA (+80%) and SA/NT (+80%). Outcomes were broadly similar across regions. The survey did however reveal a somewhat higher number of consumers over 50 that experienced higher living costs than those under 50, as well as a much higher number of women (+83%) than men (+73%). Interestingly, there was little difference between consumers in the lowest (+75%) and highest income groups (+77%) - see table below for detail.

Extent costs have changed in the past 3 months (net balance)



Extent your cost of living changed in the past 3 months (net balance): region, state, age & high/low income

	AUS	Capital cities	Regional cities	Rural areas	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	18-29	30-49	50-64	65+	Lower income	Higher income
Overall Cost of Living	78	78	80	78	78	75	81	80	80	70	76	76	80	81	75	77
Groceries	78	78	78	77	78	76	81	81	79	64	71	75	85	86	78	76
Utilities	74	73	73	76	71	73	79	74	74	68	63	71	83	79	70	73
Transport	70	68	72	74	69	69	71	66	71	73	64	68	74	73	70	68
Eating out	67	67	66	69	65	68	65	74	66	71	63	66	71	69	62	67
Travel/Holidays	66	65	65	70	65	65	67	71	59	81	66	62	68	69	64	65
Mortgage	63	63	65	66	62	67	59	71	52	78	64	62	68	57	53	66
Rent	63	63	62	61	62	59	68	67	59	67	64	62	68	54	58	61
Home improvements	62	61	64	65	62	60	66	60	62	63	53	57	68	74	67	59
Medical expenses	62	61	63	62	63	60	63	62	61	70	51	63	72	62	54	62
Personal goods	61	61	62	58	61	57	62	67	59	73	56	60	62	66	59	57
Entertainment	59	58	59	62	59	57	59	63	60	50	52	58	64	63	58	57
Major HH items	58	57	59	61	57	56	64	62	49	67	50	57	63	66	59	53
Telecoms	55	56	51	56	55	53	57	58	54	62	49	54	61	57	55	50
Children	54	54	52	58	55	53	52	62	46	63	51	56	55	49	49	54
Other debt	51	49	56	55	56	49	45	56	51	50	52	56	56	34	51	48

Spending changes made due to cost of living pressures, estimated savings from these changes & how they used these savings...

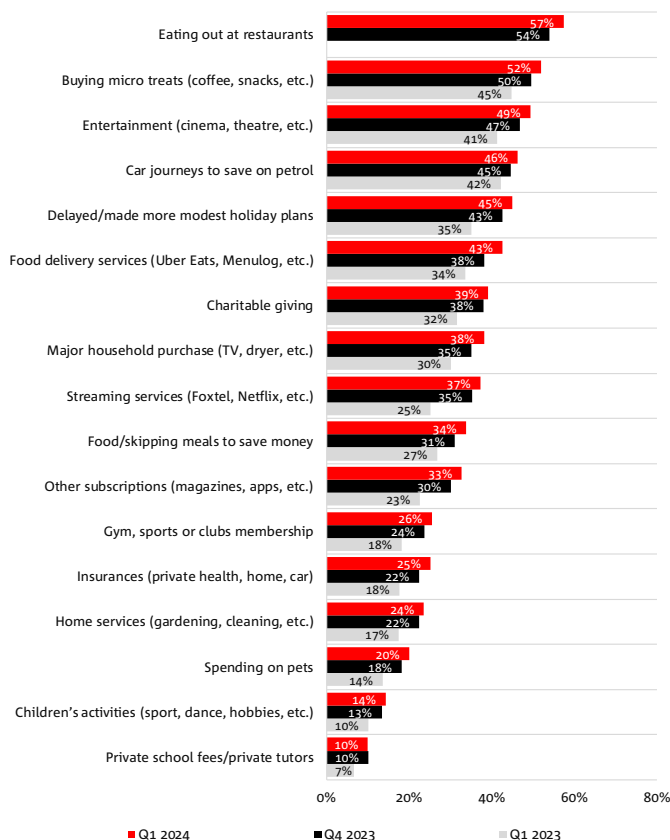
In the March quarter, more consumers responded to cost of living pressures by cutting back or cancelling spending in several areas. Most continued to cut back on non-discretionary goods and services, with the number doing so rising quarter. This spending management (along with further easing in inflationary pressures) goes some way toward helping to explain why cost of living stress eased during the quarter.

Cutbacks remained most common for eating out at restaurants (57% vs. 54% in the last quarter), micro treats such as coffee and snacks (52% vs. 50%), entertainment (49% vs. 47%), car journeys to save petrol (46% vs. 45%), holiday plans (45% vs. 43%) and food delivery services (43% vs. 38%). Consumers were least inclined to cut spending on private school fees/tutors (10%), their children’s activities such as sport and hobbies (14%) and pets (18%).

Far fewer consumers over 65 cut or reduced their spending in all areas relative to other age groups, except car journeys and charitable giving. A greater number of under 50s also cut back more in all areas than those over 50, except charitable where the highest number cut back in the 50-64 age group. Not surprisingly, noticeably more people in the 30-49 group cut back spending on their children (22%). More women than men pared or cut their spending in all areas, especially entertainment (57% vs. 41%), micro treats (59% vs. 44%) and food delivery services (49% vs. 35%).

When comparing lowest and highest income groups, we noted much higher numbers in the lowest group that cut spending on food or skipped meals (46% vs. 31%), insurances (35% vs. 22%), and charitable giving (44% vs. 36%), but somewhat more in the highest income group that cut spending on food delivery services (48% vs. 40%) - see table below.

Changes made to spending in past 3 months due to cost of living pressures



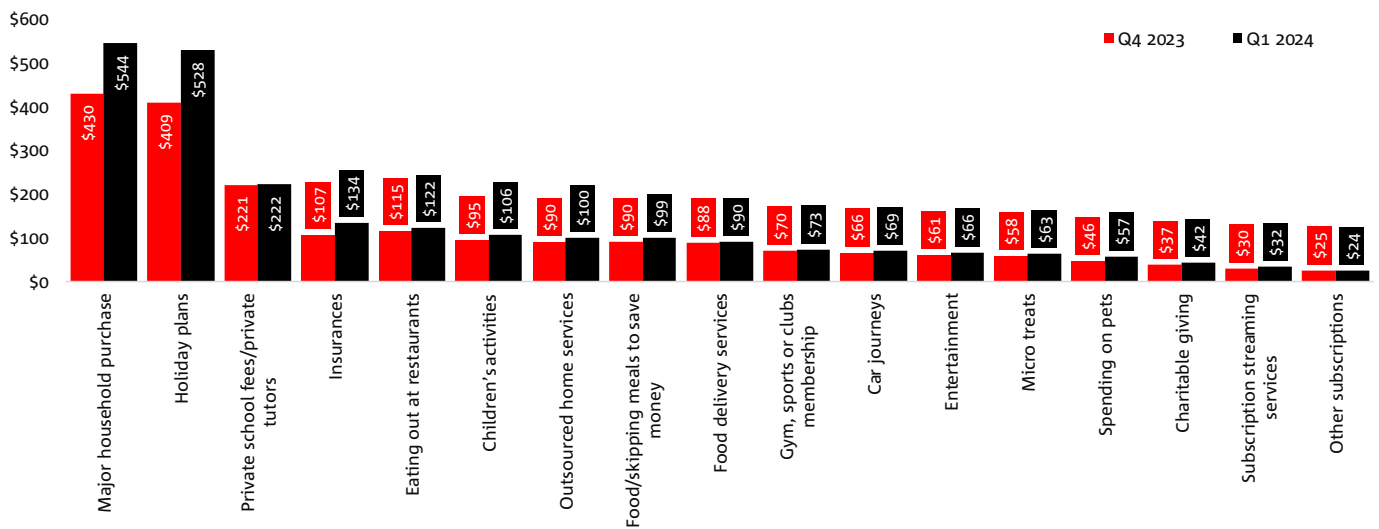
Cuts made to spending due to cost of living pressures: age, gender, high/low income

	All	18-29	30-49	50-64	65+	Men	Women	Lower Income	Higher Income
Eating out at restaurants	57%	60%	63%	62%	41%	51%	63%	56%	59%
Buying micro treats (coffee, snacks, etc.)	52%	56%	59%	55%	33%	44%	59%	55%	55%
Entertainment (cinema, theatre, etc.)	49%	54%	56%	53%	30%	41%	57%	52%	51%
Car journeys to save on petrol	46%	46%	51%	49%	37%	41%	51%	49%	43%
Delayed/made more modest holiday plans	45%	49%	49%	47%	31%	38%	51%	46%	45%
Food delivery (Uber Eats, Menulog, etc.)	43%	56%	52%	41%	15%	35%	49%	40%	48%
Charitable giving	39%	35%	42%	48%	30%	35%	43%	44%	36%
Major household purchase (TV, dryer, etc.)	38%	43%	46%	38%	20%	33%	43%	42%	40%
Streaming services (Foxtel, Netflix, etc.)	37%	45%	44%	37%	18%	30%	44%	44%	37%
Food/skipping meals to save money	34%	42%	41%	33%	15%	27%	40%	46%	31%
Other subscriptions (magazines, apps, etc.)	33%	42%	37%	32%	18%	29%	36%	35%	33%
Gym, sports or clubs membership	26%	33%	34%	23%	7%	21%	30%	24%	27%
Insurances (private health, home, car)	25%	30%	28%	25%	15%	21%	29%	35%	22%
Home services (gardening, cleaning, etc.)	24%	24%	29%	25%	12%	21%	26%	28%	25%
Spending on pets	20%	23%	27%	18%	7%	17%	23%	23%	21%
Children’s activities (sport, hobbies, etc.)	14%	14%	22%	14%	2%	11%	18%	16%	13%
Private school fees/private tutors	10%	14%	15%	7%	1%	8%	12%	11%	9%

Consumers saved more money from spending cutbacks in most areas during March. When those that pared or stopped spending in these areas estimated their monthly savings from doing so, the biggest savings came from spending less on major household appliances (\$554 up from \$430 in Q4) and holiday plans (\$528 vs. \$409). The next biggest came from private school fees & tutors (unchanged at \$222). Monthly savings of some 25% were also made on insurances (\$134 vs. \$107) and pets (\$57 vs. \$26), and over 10% on charitable giving (\$42 vs. \$37), children’s activities (\$106 vs. \$95) and outsourced home services (\$100 vs. \$90).

The survey also highlighted large savings in the four areas where most consumers cut back - eating out at restaurants (\$122 vs. \$115 in Q4), buying micro treats (\$63 vs. \$58), entertainment (\$66 vs. \$61) and car journeys (\$69 vs. \$66). Combined, this totalled monthly savings of \$320, leaving a potential savings buffer of nearly \$3,840 a year if continued. Even areas where savings from spending cuts were smallest - subscription streaming services such as Foxtel and Netflix (\$32) and other subscription services such as newspapers and magazines (\$24) - could potentially save consumers around \$672 annually.

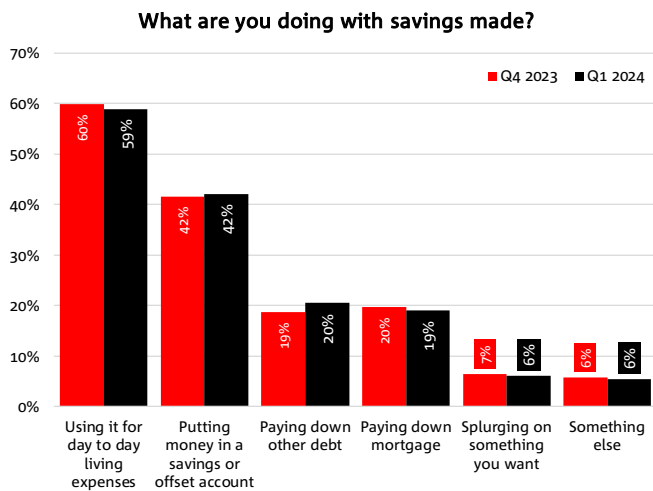
Estimated savings per month from spending cutbacks (avg \$)



Estimated monthly savings from cutbacks: age, gender, higher/lower income

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Major household purchase	\$544	\$485	\$554	\$548	\$665	\$556	\$536	\$562	\$542
Holiday plans	\$528	\$326	\$743	\$645	\$440	\$471	\$598	\$497	\$655
Private school fees/private tutors	\$222	\$121	\$240	\$432	\$20	\$177	\$246	\$201	\$242
Insurances	\$134	\$133	\$144	\$146	\$109	\$124	\$143	\$149	\$161
Eating out at restaurants	\$122	\$131	\$135	\$112	\$99	\$120	\$123	\$99	\$153
Children's activities	\$106	\$94	\$115	\$113	\$5	\$83	\$118	\$93	\$122
Outsourced home services	\$100	\$102	\$110	\$101	\$65	\$94	\$105	\$82	\$126
Food/skipping meals to save money	\$99	\$106	\$110	\$85	\$74	\$106	\$94	\$82	\$120
Food delivery services	\$90	\$95	\$103	\$69	\$52	\$88	\$91	\$74	\$96
Gym, sports or clubs membership	\$73	\$82	\$80	\$67	\$38	\$61	\$82	\$68	\$88
Car journeys	\$69	\$90	\$69	\$65	\$52	\$67	\$70	\$60	\$71
Entertainment	\$66	\$73	\$76	\$57	\$41	\$60	\$71	\$52	\$78
Micro treats	\$63	\$74	\$72	\$53	\$42	\$59	\$66	\$53	\$72
Spending on pets	\$57	\$60	\$60	\$55	\$41	\$57	\$58	\$43	\$60
Charitable giving	\$42	\$46	\$44	\$41	\$36	\$41	\$43	\$29	\$54
Subscription streaming services	\$32	\$31	\$34	\$35	\$26	\$32	\$33	\$27	\$32
Other subscriptions	\$24	\$29	\$22	\$25	\$21	\$23	\$24	\$28	\$23

The table above shows monthly savings by age, gender and in higher and lower income groups. By age, key takeouts included much higher savings made in the over 65 group on major household items (\$665), the 30-49 group on holiday plans (\$743), the 50-64 group on private school fees and tutors (\$432) and the 18-29 group on car journeys to save petrol (\$90). Women saved substantially more than men from spending on holiday plans (\$598 vs. \$471), private school fees and tutors (\$246 vs. \$177), children’s activities (\$118 vs. \$83) and gyms, clubs or sports memberships (\$82 vs. \$61). Consumers in the highest income group made bigger savings than those in the lower income groups in all areas except major household items (\$562 vs. \$542) - see table above.



Spending management is key for most Australians that saved money, with around 6 in 10 (59%) using savings made to for day to day living expenses in the March quarter. Many also prioritised savings and paying down debt with around 4 in 10 (42%) people putting this extra money in savings or offset accounts, and 1 in 5 paying down other debt (20%) and their mortgages (19%). Just 1 in 15 consumers splurged on something they wanted (6%) or did something else (6%).

How savings were used did differ somewhat in key groups.

By age, key differences included a much higher number in the over 65 group using it for day-to-day living (72%), in the 18-29 group putting it into savings or offset accounts (56%), and in the 30-49 group to pay down other debt (26%). We also noted a much higher number in the 18-29 group who used these saving to splurge on something they wanted (12%).

What are you doing with savings made: age, gender, higher/lower income

	Using it for day to day living expenses	Putting money in a savings or offset account	Paying down mortgage	Paying down other debt	Splurging on something you want	Something else
All	59%	42%	20%	19%	6%	6%
18-29	53%	56%	19%	18%	12%	4%
30-49	56%	43%	25%	26%	6%	4%
50-64	60%	31%	22%	18%	2%	9%
65+	72%	36%	11%	6%	3%	6%
Men	58%	46%	21%	18%	6%	5%
Women	60%	39%	20%	20%	7%	6%
Lower income	67%	32%	17%	7%	9%	9%
Higher income	51%	49%	26%	29%	8%	4%

By gender, a somewhat higher number of men that put this extra money into a savings or offset account (46% men; 36% women).

By income, 2 in 3 (66%) consumers in the lower income group used it for day-today-living expenses, compared to just 1 in 2 (51%) in the higher income group. Noticeably more in the higher income group however put it into a savings or offset accounts (49% higher income; 32% lower income), paid down their mortgage (26% higher income; 17% lower income) or paid down other debt (29% higher income; 7% lower income) - see table above.

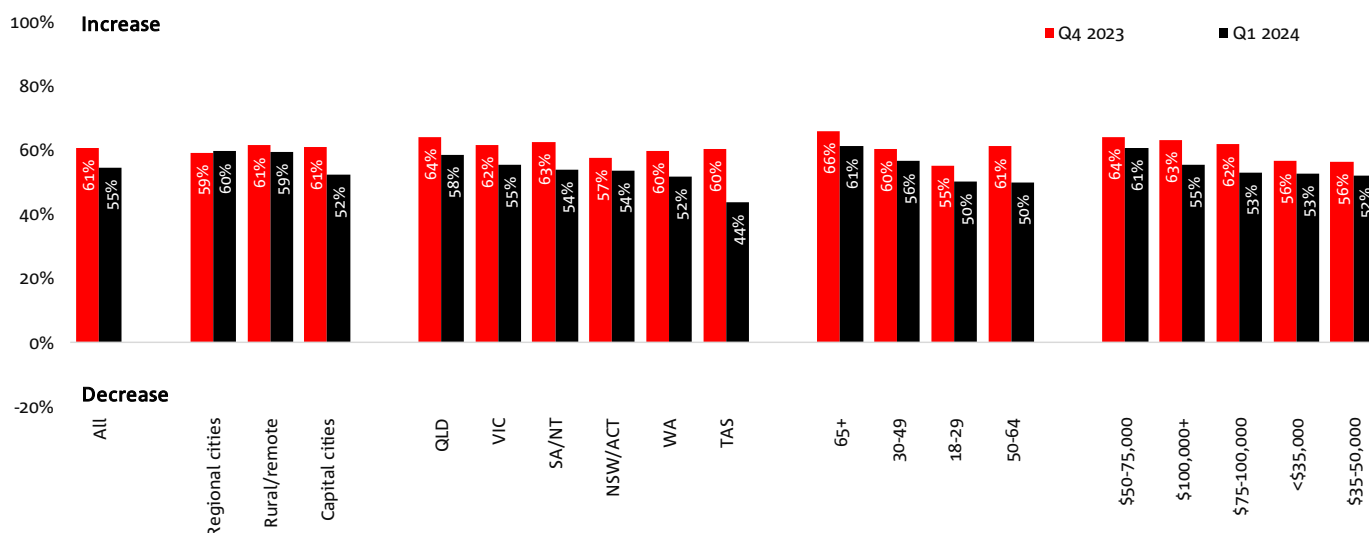
Future cost of living expectations...

Having explored how consumers responded to cost of living pressures in the past 3 months, we then asked them to estimate how their overall cost of living will change over the next 3 & 12 months. Though still elevated, we recorded a further fall in the net number predicting higher living costs in the next 3 months (+55% down from +61% in Q4). Fewer consumers also expect their living costs to increase in the next 12 months relative to the previous quarter (+62% vs. +66%). Interestingly, despite consensus expectations among experts for lower inflation this year, more consumers expect their cost of living to be higher in 12 months' time than in the next 3 months.

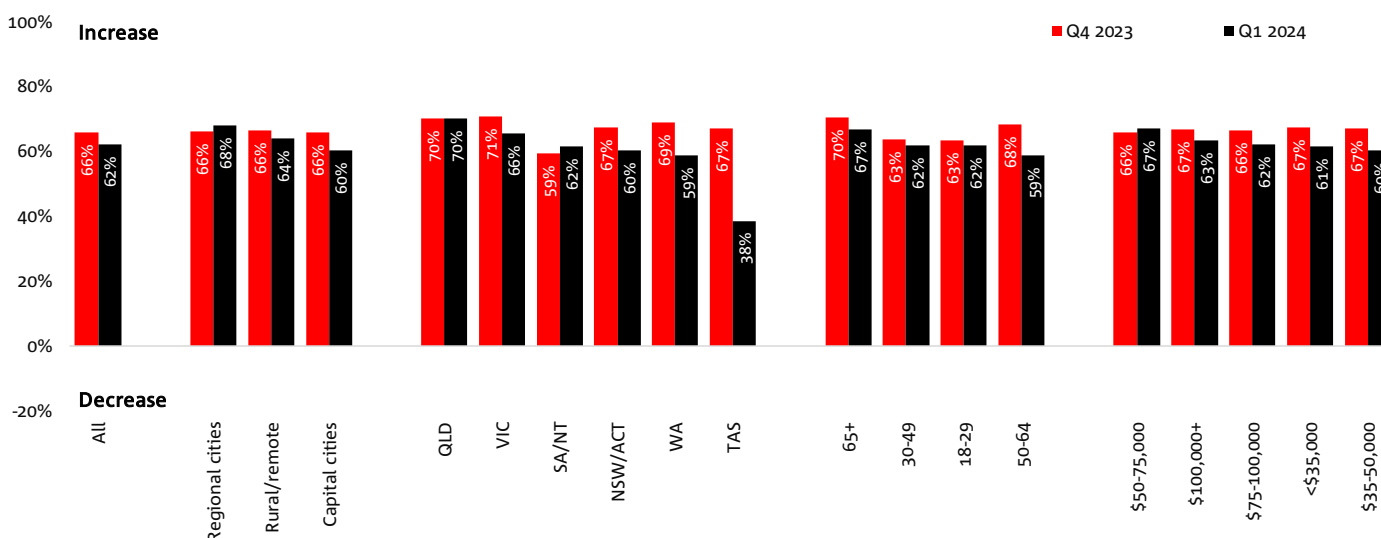
Fewer consumers in all key groups expect their cost of living to be higher in the next 3 months, except in regional cities where slightly more think it will increase (60% vs. +59%). The number predicting higher costs in the short-term fell most in capital cities (+52% vs. +61%), TAS (+44% vs. +60%), the 50-64 age group (+50% vs. +61%) and \$75-100,000 (+53% vs. +62%) and \$100,000+ (+55% vs. 63%) income groups.

In the longer-term, consumers in all groups also expect their cost of living to increase, except in regional cities (+68% vs. +66%) and QLD (unchanged at +70%), Interestingly, TAS was the only group where fewer consumers expected their cost of living would increase in the next 12 months relative to the next 3 months - see charts below.

How will overall cost of living change in the next 3 months (net balance)



How will overall cost of living change in the next 12 months (net balance)



Future household spending intentions...

NAB’s Consumer Spending Pulse tracks expected changes in household spending intentions in the next 3 months - i.e. whether consumers are planning to spend more or less on a range of things. Stressed consumers typically show increased saving intentions, but also increased spending on products the consumer perceives as necessities. These behaviours occur as a means to gain control in an otherwise uncontrollable environment.

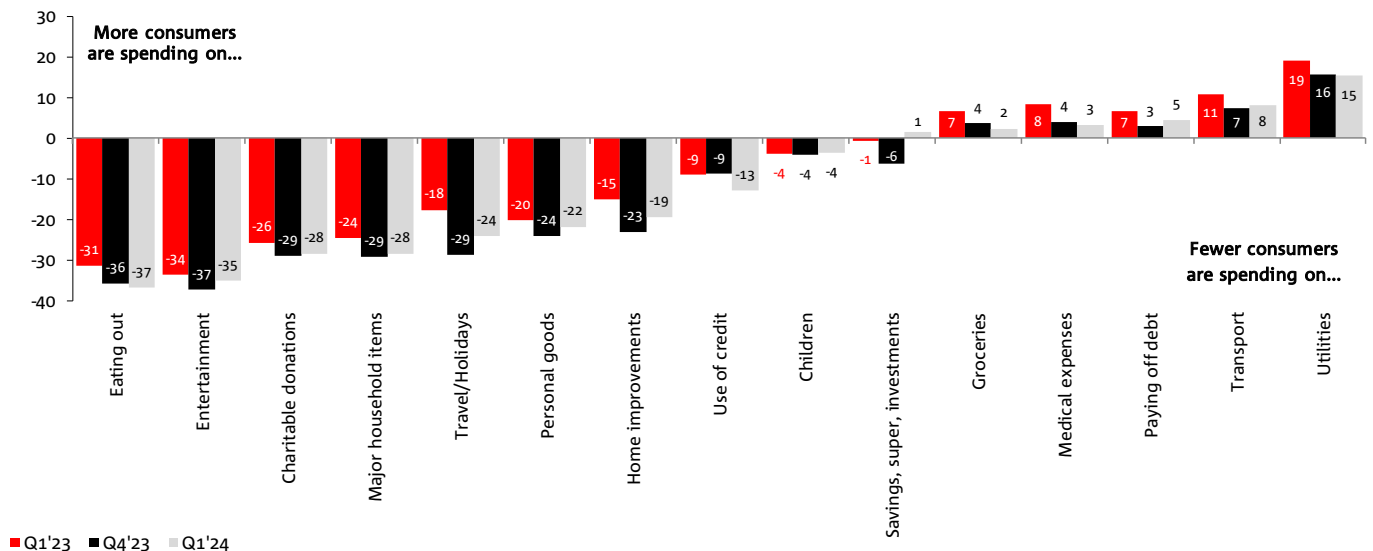
The March quarter survey continues to highlight a cautious (though a little less restrained) consumer, with the overall net number planning to cut back on all spending at -12, from -13 in the previous quarter and -9 at the same time last year. On balance, more consumers plan to reduce spending on non-essentials (i.e., travel/holidays, eating out, entertainment, home improvements, major household items, personal goods, and charitable donations), than spend more with the net number planning to spend less at -28 (-30 in the previous quarter and -24 at the same time last year). In terms of spending on essentials (groceries, utilities, medical expenses, transport, and children), the net number planning to spend more exceeded those planning to spend less (unchanged at +5 but was down from +8 at the same time last year). Intentions around financial spending (paying off debt, using credit and super, savings & investments), were also a little less restrained with the net number expecting to spend less in the next 3 months inching down to -2, from -4 in the previous quarter.

Overall future spending plans were conservative across the country in the March quarter, with the net number planning to cut spending outweighing those intending to spend more in all states - ranging from -20 in TAS to -9 in NSW/ACT. NSW/ACT, QLD and SA/NT were the only states where fewer consumers planned to cut back relative to the previous quarter. In terms of non-essential spending, more consumers expect to cut back in all states, ranging from -24 in NSW/ACT to -31 in both VIC and SA/NT (also the only states where more consumers said they plan to cut back relative to last quarter). When it came to future spending plans for essentials, more people expect to spend more in all states, except TAS where more consumers intend to spend less (-12). The number expecting to spend more ranged from +7 in NSW/ACT to +3 in VIC. Financial spending intentions across states ranged widely from -12 in TAS to 0 in NSW/ACT. Fewer consumers in all states expect to spend less than in the previous quarter, except TAS - see Appendix 2 for more State detail.

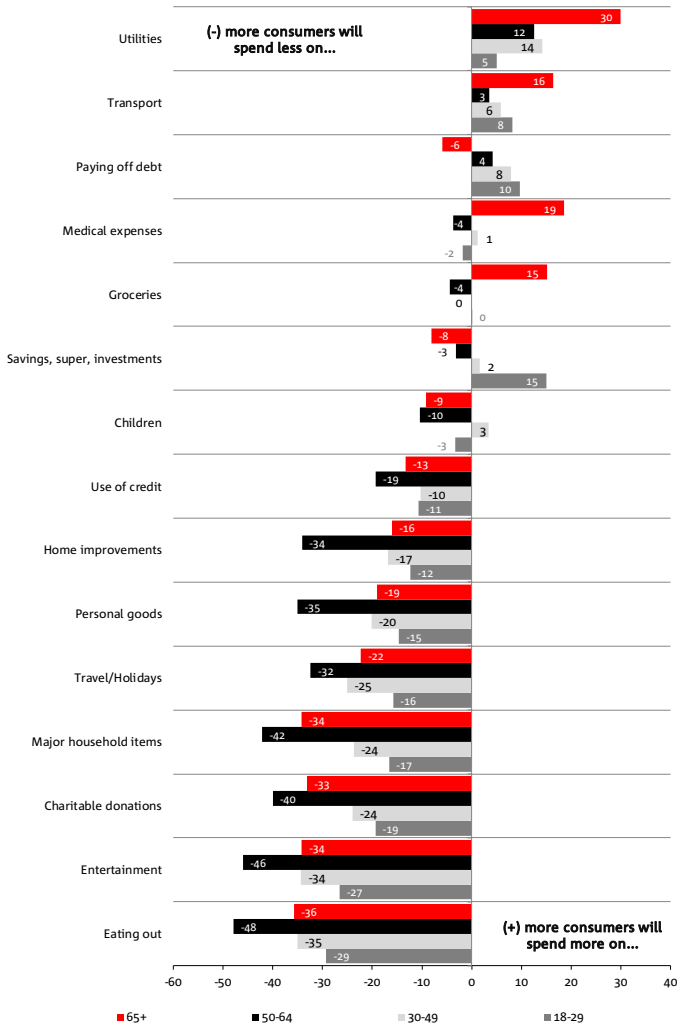
Spending intentions (net balance)

	Non-essentials			Essentials			Financial spending			Overall		
	Q1'24	Q4'23	Q1'23	Q1'24	Q4'23	Q1'23	Q1'24	Q4'23	Q1'23	Q1'24	Q4'23	Q1'23
AUS	-28	-30	-24	+5	+5	+8	-2	-4	-1	-12	-13	-9
NSW/ACT	-24	-29	-22	+7	+4	+5	0	-1	-1	-9	-12	-9
VIC	-31	-28	-23	+3	+5	+9	-2	-6	0	-14	-12	-8
QLD	-27	-33	-29	+6	+7	+8	-5	-6	0	-12	-14	-11
WA	-29	-32	-22	+5	+7	+12	-4	-6	0	-13	-14	-6
SA/NT	-31	-26	-23	+6	+5	+14	-3	-4	-6	-13	-11	-8
TAS	-30	-33	-19	-12	+7	+8	-12	-3	-6	-20	-14	-7

Expected changes in household spending patterns in the next 3 months (net balance)



Expected changes in household spending patterns in the next 3 months: age (net balance)

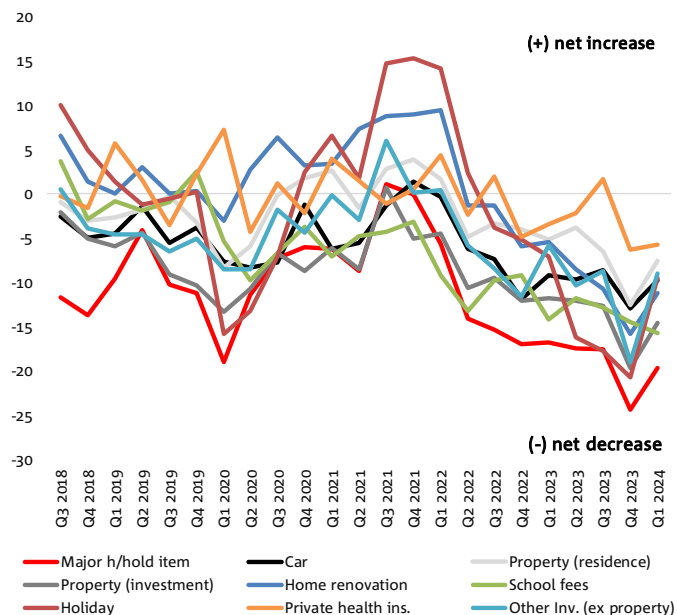


The chart above shows expected spending changes by item. In Q1, most consumers said they expect to cut back on eating out (broadly unchanged from Q4 at -37). Expected spending on entertainment was a little less restrained (-35 vs. -37), broadly similar for charitable donations (-28) and major household items (-28), and less restrained for travel & holidays (-24 vs. -29). Most consumers on balance still expect to spend more on utilities in the next 3 months (basically unchanged at +15 but down from +19 one year ago), followed by transport (+8 from +11 one year ago), with slightly more consumers also expecting to spend more on groceries (+2 but down from +7 at the same time last year).

The accompanying chart on the left looks at expected changes in spending behaviours by age. It clearly shows differing priorities and needs at various stages of life. In particular, we noted a much higher number of over 65s expecting to spend more on utilities (+30), transport (+16), medical expenses (+19) and groceries (+15), whereas noticeably more consumers in the 18-29 group expect to spend more on super, savings & investments (+15), and along with the 30-49 group paying off debt.

The survey also highlighted a much higher numbers in the 50-64 age group that expect to spend less in most areas than do other age groups, especially home improvements (-34), personal goods (-35), entertainment (-46) and on eating out (-48). In contrast, fewer consumers in the 18-29 age group expect to cut spending on non-essentials, particularly on travel & holidays (-17), major household items (-17), entertainment (-27) and eating out (-29).

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



Expectations for major purchases in the next 12 months were less pessimistic in March compared to the last quarter, though the net number planning to spend less continued to outweigh those planning to spend more in all categories.

Intentions were most conservative for major household items (-20 vs. -24), school fees (-16 vs. -15), investment property (-15 vs. -20), renovations (-11 vs. -16), holidays (-10 vs. -21) and cars (-10 vs. -13). Fewer also expect to spend less on private health (unchanged at -6), residential property (-8 vs. -13), home renovations (-16 vs. -11), other investments outside of property (-9 vs. -19) and school fees (-15 vs. -13).

We noted a much higher number in 30-49 and 50-64 age groups that expect to spend less on cars, home renovations and major household items, and 65+ group more on private health insurance. Significantly more men than women expect to spend less on residential (-12 vs. -4) and investment (-17 vs. -12) property and school fees (-18 vs. -13). By income, noticeably more in the highest group will spend less on holidays (-10 vs. -4) and major household items (-22 vs. -17), and in the lowest group other investments ex property (-20 vs. -5) and investment property (-19 vs. -11) - see table below.

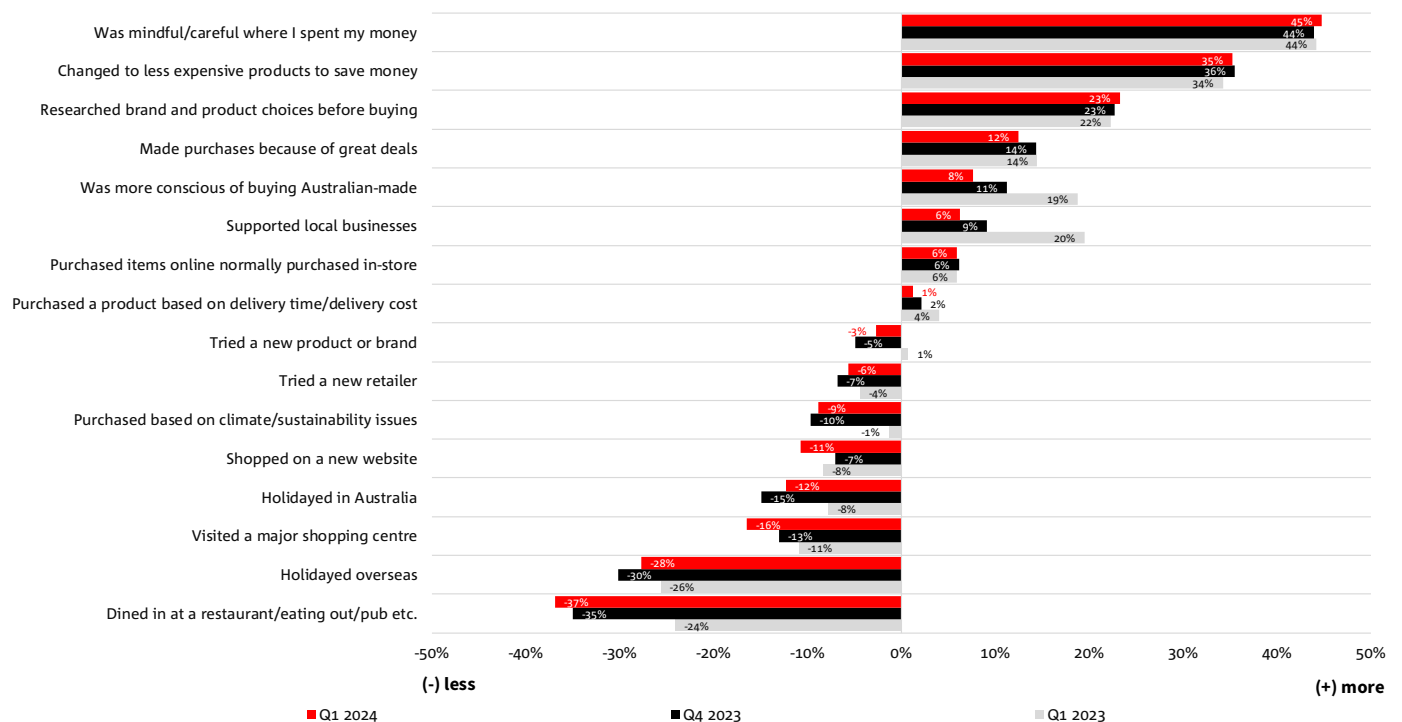
Expectations for major purchases: age, gender & lower/higher income

	AUS	18-29	30-49	50-64	65+	Women	Men	Lower income	Higher income
Private health ins.	-6	-5	-14	-13	15	-8	-4	-7	-7
Property (residence)	-8	1	-10	-13	-7	-4	-12	-11	-8
Other Inv. (ex property)	-9	-10	-12	-6	0	-10	-8	-20	-5
Holiday	-10	-7	-14	-10	-4	-7	-12	-4	-10
Car	-10	-3	-15	-15	-2	-9	-10	-8	-11
Home renovation	-11	-10	-15	-19	1	-10	-12	-8	-10
Property (investment)	-15	-10	-17	-14	-17	-12	-17	-19	-11
School fees	-16	-12	-17	-20	-16	-13	-18	-19	-14
Major h/hold item	-20	-12	-22	-26	-18	-18	-21	-17	-22

Shopping Behaviours

In this section, we explore how consumer behaviours and habits changed over the last 3 months. We focus on whether consumers have 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 changed around more general themes. To show if and how their behaviours had changed, they 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 several areas (i.e. if they were doing more or less of these things).

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



High living costs continue to drive a range of consumers spending, with shoppers across the income spectrum looking for ways to save money. During the March quarter, spending change continued to be most evident for being mindful or careful about where they spent their money, with the net number doing so heavily outweighing those being less mindful (+45% up slightly from +44% in the previous quarter). Positive behavioural change was next most common for switching to less expensive products to save money (+35% vs. +36%), researching brands and product choices before buying (unchanged at +23%), and making purchases because of great deals (+12% vs. +14%).

Value driven consumers are also becoming much less conscious of buying Australian made (+8 vs. +11) and supporting local business (+6 vs. +9%, and significantly less so when compared to the same time last year (+19% and +20% respectively).

In terms of doing less, we saw a further increase in the number of consumers who dined in at restaurants (-37% up from -35% and much higher than -24% reported at the same time last year), holidayed overseas (-28% from -30% in Q1), visited a major shopping centre (-16% vs. -13%) and holidayed in Australia (-12% vs. -15%). The number of consumers that shopped less on new websites increased (-11% vs. -7%) but was broadly unchanged for making purchases based on climate or sustainability issues (-9%) and trying new retailers.

Shopping behaviours: age and gender

	All	18-29	30-40	50-64	65+	Men	Women	Lower income	Higher income
Was mindful/careful where I spent my money	45%	43%	43%	52%	43%	40%	49%	40%	48%
Changed to less expensive products to save money	35%	39%	35%	38%	30%	30%	40%	36%	38%
Researched brand and product choices before buying	23%	25%	24%	26%	19%	24%	22%	17%	31%
Made purchases because of great deals	12%	24%	13%	10%	2%	7%	17%	3%	20%
Was more conscious of buying Australian-made	8%	2%	-1%	12%	23%	10%	6%	7%	8%
Supported local businesses	6%	2%	3%	7%	16%	10%	3%	7%	8%
Purchased items online normally purchased in-store	6%	13%	7%	5%	-3%	4%	7%	0%	13%
Purchased product based on delivery time/cost	1%	11%	3%	-3%	-7%	-1%	3%	-5%	6%
Tried a new product or brand	-3%	7%	-3%	-8%	-8%	-2%	-4%	-9%	4%
Tried a new retailer	-6%	1%	-5%	-10%	-10%	-4%	-7%	-11%	-2%
Purchased based on climate/sustainability issues	-9%	-3%	-6%	-13%	-14%	-8%	-9%	-14%	-4%
Shopped on a new website	-11%	-7%	-9%	-12%	-16%	-9%	-13%	-15%	-4%
Holidayed in Australia	-12%	0%	-13%	-21%	-15%	-10%	-14%	-28%	-5%
Visited a major shopping centre	-16%	-3%	-18%	-24%	-20%	-11%	-21%	-21%	-16%
Holidayed overseas	-28%	-15%	-30%	-36%	-29%	-25%	-30%	-31%	-28%
Dined in at a restaurant/eating out/pub etc.	-37%	-22%	-40%	-47%	-38%	-33%	-41%	-43%	-36%

The table above shows spending behaviours by age, gender, and high/low income, and it continues to highlight some big differences in spending behaviours among Australians in these groups over the last 3 months.

By age, key differences in the March quarter included a significantly higher number of consumers in the 50-64 group who said they were more mindful of where they spent their money (+52%), and the higher number in this age group also less inclined to holiday in Australia (-21%) and overseas (-36%) or dined in at restaurants (-47%). Noticeably more people over 65 were however much more conscious of buying Australian made (+23%) and supporting local businesses (-16%). A much higher number of Australians over 50 were also less inclined to have tried a new retailer or made purchases based on climate or sustainability issues than those under 50.

In contrast, a far greater number in the 18-29 age group made more purchases because of great deals (+24%), bought items online they would normally buy in-store (+13%), bought products based on delivery times and cost (+15%) and tried a new product or brand (+7%).

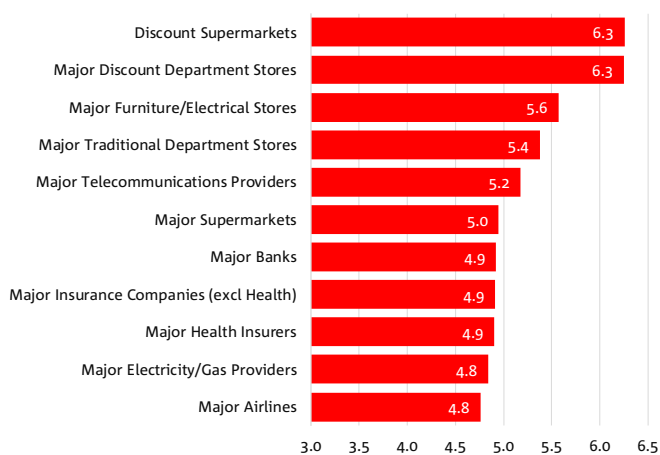
By gender, the biggest differences included the much higher number of women than men more mindful or careful about where they spent their money (+49% women vs. +40% men), changed to less expensive products (+40% vs. +30%), and made purchases because of great deals (+17% vs. +10%). We also recorded a much higher number of women who said they dined in less at a restaurant or ate out (-41% vs. -33%). In contrast, the survey found a much higher number of men that supported local businesses more during the March quarter (+10% men; +3% women).

By income, the March quarter survey recorded a much larger number in the higher income group that researched brand choices before buying (+31% vs. +17%), made purchases because of great deals (+20% vs. +3%) and bought items online normally bought in store (+13% vs. 0%). However, a much higher number of lower income earners were less likely to have a tried a new retailer (-11% vs. -2%), shopped on a new website (-15% vs. -4%), made purchases based on climate or sustainability issues (-14% vs -4%), visited a major shopping centre (-20% vs. -6%), and holidayed in Australia (-28% vs. -5%).

Customer satisfaction

Customer satisfaction is essential for business growth. Studies find a direct correlation between how happy customers are and how much money a business makes. Businesses that track customer satisfaction can also better understand what they do well and where they can improve. Customer satisfaction leads to higher customer loyalty and advocacy of their business, increased customer retention and reduced customer attrition. In this survey, NAB asked consumers to rate satisfaction with various goods and services providers (based on a score from 0 to 10 where 0 is not at all satisfied and 10 completely satisfied).

Customer Satisfaction (score out of 10)



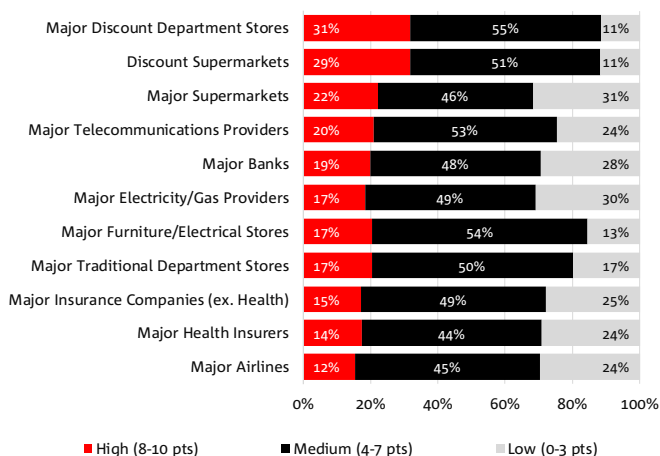
Customer satisfaction in Q1 was equal highest for discount supermarkets and major discount department stores (6.3 pts). They were followed by major furniture and electrical stores (5.6 pts), traditional department stores (5.4 pts) and telecom providers (5.2 pts). Major supermarkets (5.0 pts) were next, followed by banks, insurance companies and health insurers (4.9 pts). Customer satisfaction was lowest for major airlines and electricity & gas providers (4.8 pts).

Satisfaction was rated somewhat lower for all businesses in rural areas. It did not vary significantly by age, though satisfaction was somewhat lower in the 50-64 group for insurances, utilities and (with the over 65s) airlines. It was somewhat higher in the 65+ group for furniture & electrical stores. There was little difference in satisfaction levels between men and women - see table below.

Customer satisfaction scores: region, age and gender

	Capital City	Regional City	Rural Area	18-29	30-49	50-64	65+	Men	Women
Discount Supermarkets	6.3	6.4	5.9	6.1	6.2	6.3	6.6	6.7	6.3
Major Discount Dept Stores	6.3	6.3	5.9	6.2	6.1	6.3	6.5	6.1	6.4
Major Furniture/Electrical Stores	5.6	5.7	5.3	5.4	5.5	5.4	6.0	5.7	5.4
Major Traditional Dept Stores	5.4	5.6	5.0	5.3	5.3	5.3	5.6	5.5	5.3
Major Telecoms Providers	5.2	5.3	4.9	5.1	5.1	5.1	5.4	5.3	5.0
Major Supermarkets	5.0	5.0	4.5	4.8	5.1	4.8	5.0	5.0	4.9
Major Banks	5.0	5.0	4.5	5.2	5.0	4.6	4.8	4.9	5.0
Major Insurance Co (ex. Health)	4.9	5.0	4.7	5.1	4.9	4.6	5.0	4.9	4.9
Major Health Insurers	4.9	5.0	4.6	5.2	4.9	4.5	4.9	4.9	4.9
Major Electricity/Gas Providers	4.8	5.0	4.5	5.1	4.8	4.4	5.0	4.8	4.9
Major Airlines	4.8	4.8	4.4	5.0	4.9	4.4	4.5	4.7	4.9

Customer Satisfaction (Distribution)



When looking at the distribution of customer satisfaction scores, however, we found 3 in 10 Australians scored “high” levels of satisfaction (i.e. 8+ pts) for discount department stores (31%) and discount supermarkets (29%). Around 1 in 5 were also highly satisfied with major supermarkets (22%), telco providers (20%) and major banks (19%). Major airlines (12%) and major health insurers (14%) had the lowest number of highly satisfied customers.

We noted a higher number of customers in regional cities with “high” satisfaction for discount supermarkets (32%), telecoms (24%) and utilities providers (21%), furniture & electrical (20%) and traditional department stores (21%), but much lower numbers in rural areas for major discount stores (26%), discount (24%) and major supermarkets (17%) and traditional department stores (13%).

By age, noticeably more customers over the age of 50 reported “high” levels of satisfaction with major discount department store than those under 50, with noticeably more customers in the over 65 age group with “high” levels of satisfaction for major telecoms providers (26%), gas and electricity providers (21%) and insurance companies (19%). The 50-64 age group had the lowest number of highly satisfied customers with major health insurers (11%), and along with the over 65 group major airlines (10%).

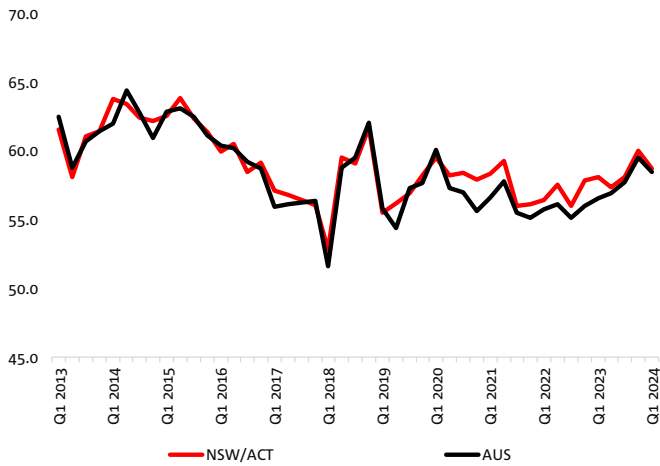
The number of highly satisfied customers was broadly similar for men and women, except for discount supermarkets where it was somewhat higher for women (31%women; 27% men), and major supermarkets, where it was somewhat higher for men (24% men; 20% women).

Customer satisfaction (scored “high”): region, age and gender

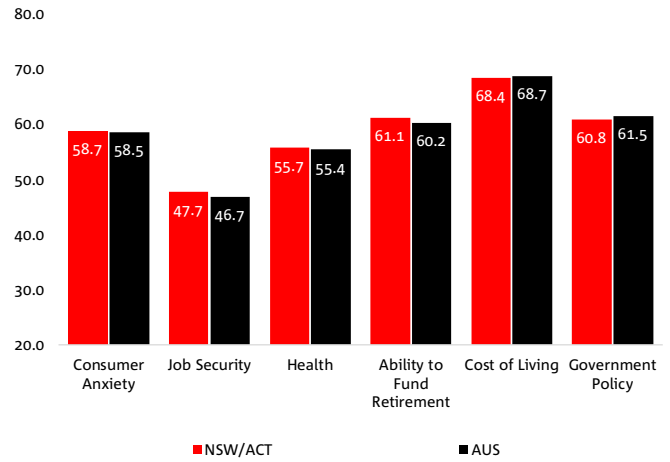
	Capital City	Regional City	Rural Area	18-29	30-49	50-64	65+	Men	Women
Major Discount Dept Stores	31%	34%	26%	28%	28%	33%	35%	30%	32%
Discount Supermarkets	28%	32%	24%	26%	27%	30%	33%	27%	31%
Major Supermarkets	22%	24%	17%	20%	22%	20%	24%	24%	20%
Major Telecoms Providers	19%	24%	20%	18%	19%	19%	26%	22%	19%
Major Banks	19%	22%	17%	19%	19%	17%	22%	20%	18%
Major Electricity/Gas Providers	17%	21%	16%	17%	17%	16%	21%	17%	18%
Major Furniture/Electrical Stores	16%	20%	16%	16%	17%	15%	21%	19%	16%
Major Traditional Dept Stores	17%	21%	13%	17%	17%	16%	17%	18%	16%
Major Insurance Co (ex. Health)	14%	18%	16%	14%	14%	13%	19%	16%	14%
Major Health Insurers	14%	16%	12%	14%	15%	11%	18%	15%	14%
Major Airlines	12%	14%	10%	14%	15%	10%	10%	13%	12%

Appendix 1: Consumer Stress Index - States

Consumer Stress: NSW/ACT



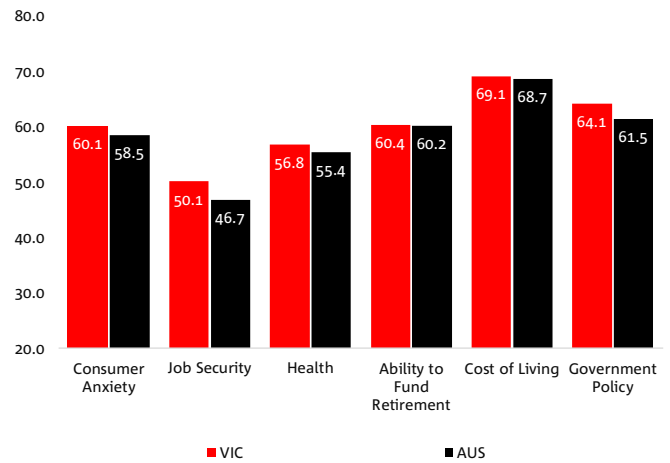
Consumer Stress: NSW/ACT (Q1 2024)



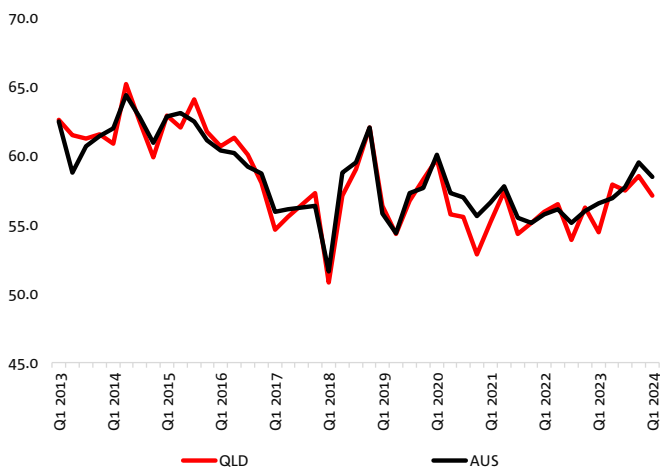
Consumer Stress: VIC



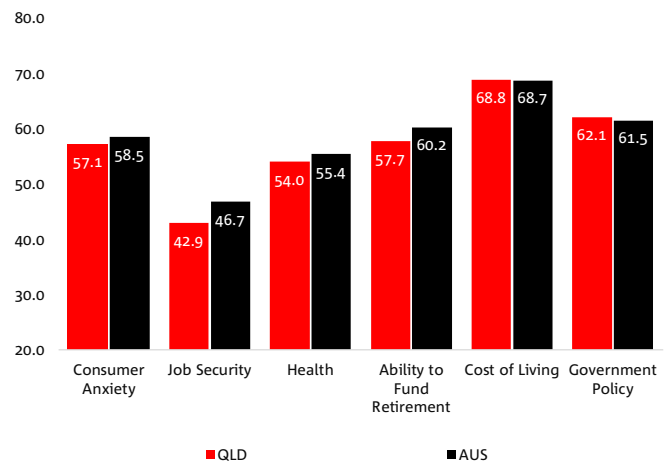
Consumer Stress: VIC (Q1 2024)



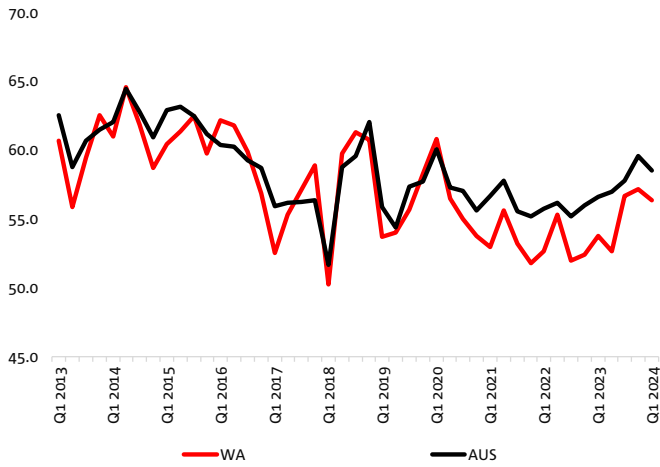
Consumer Stress: QLD



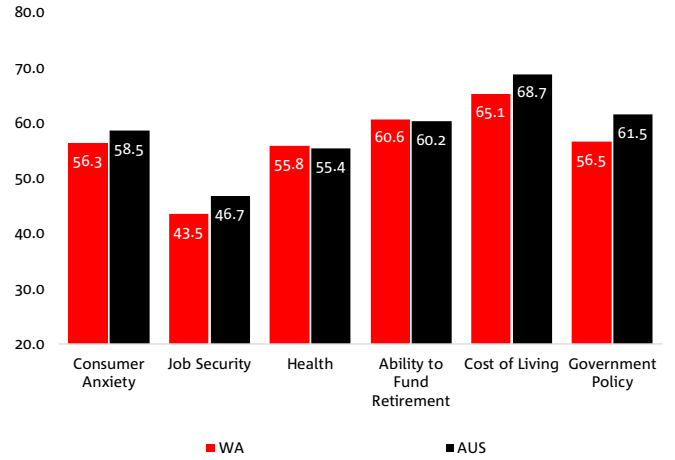
Consumer Stress: QLD (Q1 2024)



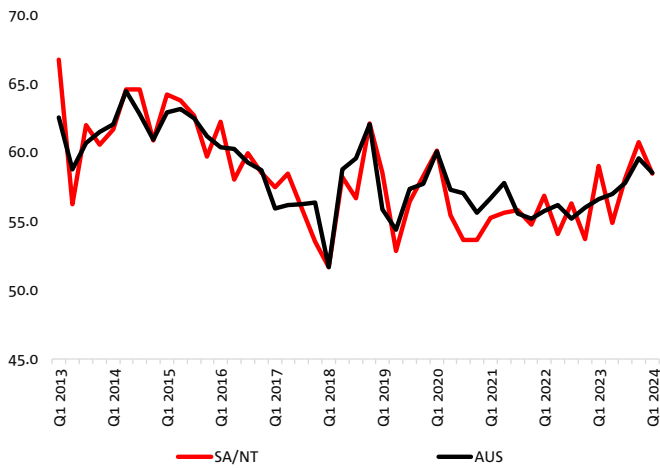
Consumer Stress: WA



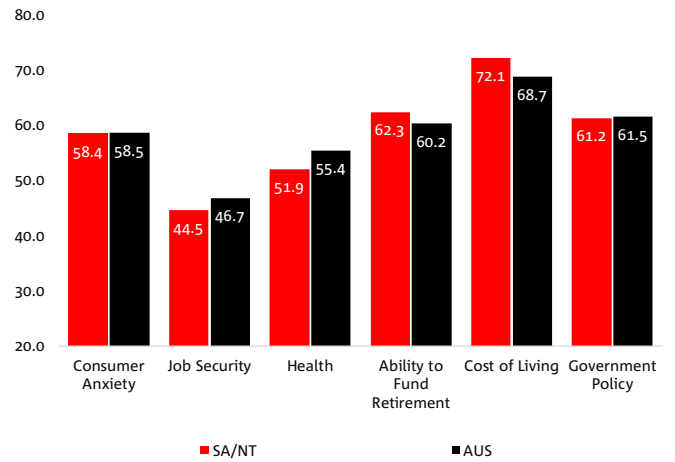
Consumer Stress: WA (Q1 2024)



Consumer Stress: SA/NT



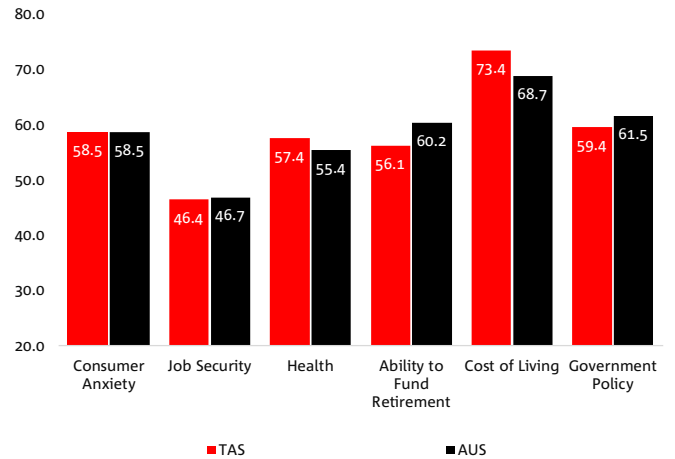
Consumer Stress: SA/NT (Q1 2024)



Consumer Stress: TAS

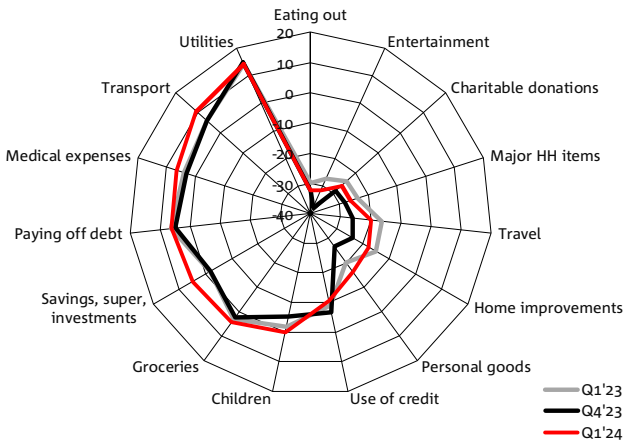


Consumer Stress: TAS (Q1 2024)

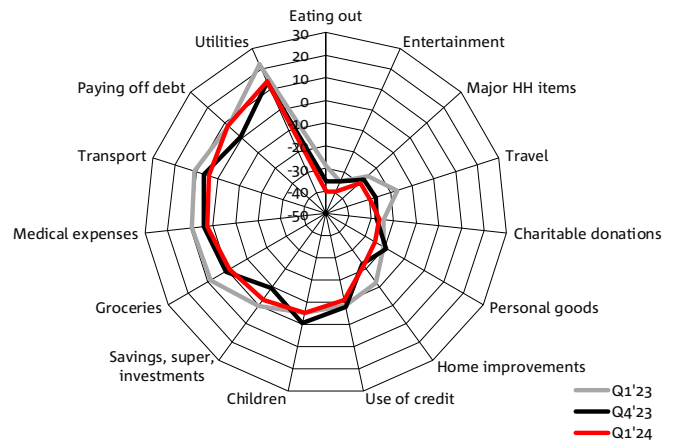


Appendix 2: Future Spending Patterns: States

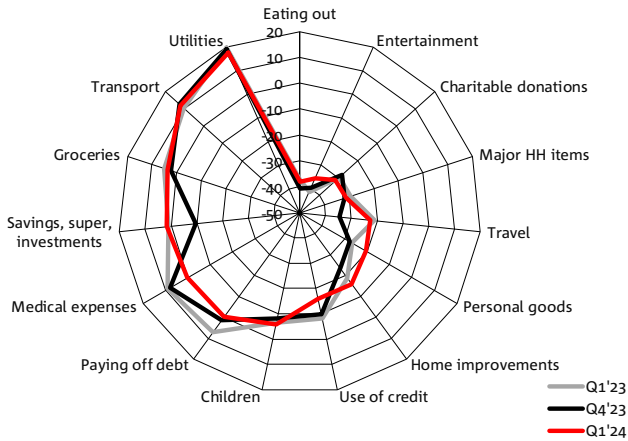
NSW/ACT: Changes in spending patterns (net)



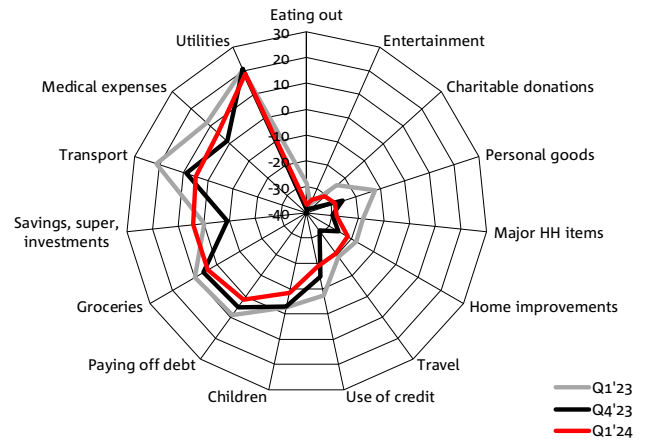
VIC: Changes in spending patterns (net)



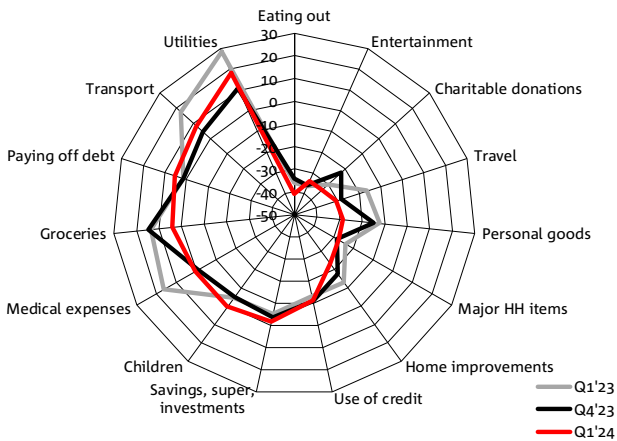
QLD: Changes in spending patterns (net)



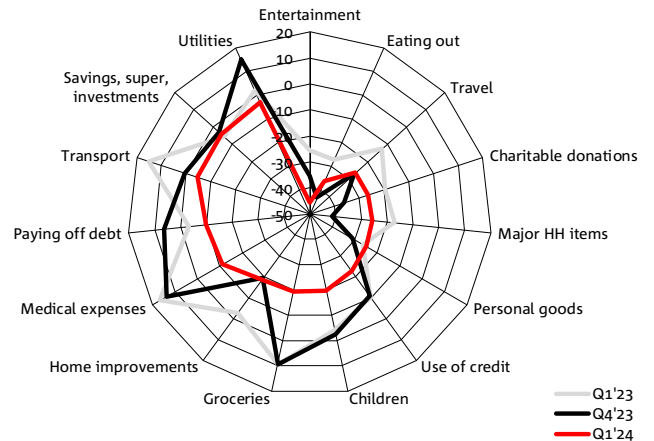
WA: Changes in spending patterns (net)



SA/NT: Changes in spending patterns (net)



TAS: Changes in spending patterns (net)





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