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NAB Consumer Sentiment Survey Q2 2024



July 2024

NAB Consumer Sentiment Survey

Q2 2024

Consumer stress is rising again with sentiment fragile as consumers struggle with a lack of clarity over the path ahead. Cost of living remains the key worry but job security is adding most to the uplift in concern. The share of consumers reporting higher prices eased a little further with groceries, utilities, transport & eating out, top of mind for most Australians. While expectations for further increases in cost of living have become entrenched, consumers continue to adjust to these recurring challenges by taking greater control of household budgets, cutting spending in most areas. The top 4 (eating out, treats, entertainment & car travel) are saving consumers on average \$320 a month or \$3,840 a year if continued. 6 in 10 used cutbacks for day to day living expenses, 4 in 10 topped up savings or offset accounts, and 1 in 5 paid down their mortgage or other debt. Discounters continue to be viewed most favourably, with 8 in 10 consumers identifying price as the factor they value most.

NAB Behavioural and Industry Economics

The NAB Consumer Sentiment Survey measures how consumers are coping in response to changing economic conditions and personal finances, including their concerns, spending intentions, behaviours and preferences. NAB's Consumer Stress Index provides a more nuanced view of consumer sentiment and is an alternative to more traditional consumer confidence indices. It is based on cost of living, job security, ability to fund retirement, government policy and health. The survey seeks to not only measure consumer stress but how consumers adjust to ongoing challenges, capturing not only how they are feeling but how they are managing.

The NAB Consumer Stress Index resumed its upward trend in the June quarter rising to 58.9 pts in Q2 2024, following a modest decline in Q1 (58.5 pts) as consumers continue to be challenged by a lack of clarity over the path ahead amidst a slowing economy, still elevated price pressures and interest rates. Consumer stress remains well above the same time last year (56.9 pts) but does not suggest anything like the calamity more traditional confidence measures are indicating. One key reason consumer spending has not collapsed has been employment, providing an offset missed in most consumer 'confidence' measures. That said, job security concerns, while still low, are clearly rising and added most to the uplift in overall consumer stress – this is an increasingly important measure to watch. The labour market has eased around 0.5ppts over the past 12 months as the pace of employment growth has fallen marginally below the pace of population growth, though the unemployment rate remains very low at 4.0%. Overall, NAB sees employment growth remaining positive but not enough to prevent the unemployment rate from rising to around 4.5% by end 2024.

Cost of living remains the foremost consumer concern, lifting in Q2 (but is still well down from a year ago). The share of consumers reporting higher prices eased a little in the June quarter, with higher prices for groceries, utilities, transport and eating out, top of mind for most consumers. These are rational concerns as these categories continue to capture a higher relative proportion of household spend. The majority of Australians do not expect any respite in the short-term, with many becoming resigned to an extended period of higher prices with most expecting further increases over the next 3 and 12 months, despite most economists expecting inflation to slow. NAB still sees the trimmed mean measure improving to around 3.4% by end 2024, 2.8% by end 2025 and 2½% by early/mid 2026. Our view is that the RBA will be in a position to cut interest rates by May 2025, but this is dependent on inflation moderating in H2 as the weakness in activity data continues to flow through to prices. If inflation instead persists at its currently elevated rate – whether because goods prices rebound, or services fail to soften – the scope for cuts would quickly evaporate and the RBA would instead likely remain on hold deeper into 2025.

Consumer expectations for making major household purchases in the next 12 months were also more negative in Q2 compared to Q1. On balance, intentions were again most conservative for major household items, followed by investment properties, other investments and cars.

By state, overall stress rose sharply in TAS and was highest in the country by some margin, particularly due to cost of living, health and retirement funding concerns. Among other states and territories, stress remains elevated and was somewhat higher in VIC and NSW/ACT than in other parts of the country. It was lowest in SA/NT which was also the only state to report lower stress over the quarter.

Consumer stress levels increased more for women than men, widening the stress gap. Women report much greater concern related to cost of living and retirement funding, and also somewhat higher job stress. Consumer stress increased noticeably in the over 65 age group but remains lowest of all age groups and by a considerable margin, although older Australians are increasingly concerned about health and retirement funding. Stress levels also rose and remained highest in the 30-49 group, reporting the highest stress for all index measures bar Government policies (over 65s). Stress levels were unchanged but still highest in the lower income group and lowest but increasing in the higher income group. There was a significant fall in overall stress levels reported by the unemployed, though they continued to print highest of all groups.

Sentiment is extremely fragile as consumers struggle to make sense of the path ahead, but Australians continue to make deliberate and considered spending changes. Consumers continue to respond to cost of living pressures by cutting back or cancelling spending in most areas, particularly eating out at restaurants (57% of consumers report doing this in Q2), micro treats such as coffee and snacks, entertainment, car journeys to save petrol, holiday plans and food delivery services. Consumers remained least inclined to cut spending on private school fees/tutors (only 10% of consumers are doing this), children's activities such as sport and hobbies and pets. This aligns with consumer spending on pets which has been growing steadily including pet insurance and premium products such as raw dog food or supplements. Significantly more consumers on higher incomes cut spending on food delivery, holidays, and other subscriptions, while in the lower income group on food/groceries. Far fewer consumers over 65 cut or reduced spending in almost all areas.

On average, consumers report saving most by cutting or spending less on major household items (\$582) and cancelling, delaying or making more modest holiday plans (\$478). The survey again highlighted significant savings being made in areas where most consumers cut or stopped spending - eating out at restaurants (\$123), treats such as coffee and snacks (\$62), entertainment (\$64) and car journeys (\$71). Combined, this totalled monthly savings of \$320, leaving a potential savings buffer of \$3,840 a year if these behaviours are continued. Even in the areas where savings from spending cuts were smallest - other subscriptions such as newspapers, magazines, audio books & apps (\$23) and subscription streaming services such as Foxtel and Netflix (\$29) - could potentially save consumers \$624 annually. The monthly subscription industry has grown rapidly in recent years including items which have historically been viewed as one-off purchases such as video games.

6 in 10 consumers used the savings from spending cutbacks for day to day living expenses, 4 in 10 directed them to a savings or offset account, and 1 in 5 paid down their mortgage or other debt. Only 1 in 20 splurged on something they wanted. A much higher number of over 65s used their savings for day to day living expenses (74%), more 18-29 year olds put the money into a savings or offset account (56%) or paid down other debt (22%), and the 30-49 group toward their mortgage (25%). Somewhat more women used it for day to day living expenses (63% vs. 54%) and men their mortgage (21% vs. 15%). Twice as many women also splurged on something they wanted (7% vs. 3%). Noticeably more of those in the higher income group directed it toward their savings or offset account (50% vs. 30%) or paid down a mortgage (29% vs. 5%), while more in the lower income group used it for day to day living expenses (65% vs. 53%).

High living costs continue to drive a range of other meaningful changes in behaviour as consumers continue their search for ways to reduce stress. The most common behaviours include being mindful or careful about where to spend money, (on balance +43% of consumers report doing this in Q2), switching to less expensive products to save, researching brands & product choices before buying and making purchases because of deals. Consumers are becoming more knowledgeable about price setting and promotion cycles and are buying from multiple stores to get the best deals. At the same time, value driven consumers continue to be less conscious of buying Australian made (only +6% of consumers did this in Q2 vs. +43% in 2021) and supporting local business (+4% vs. +42% in 2021). Consumers also increasingly value the ability to defer payments over time with "Buy Now, Pay Later" growing. While consumers have become more conscious of the social, environmental and community implications of their purchasing choices, cost of living is also a significant barrier to translating these values into action, with the share of consumers purchasing because of sustainability also falling further (-13%). That said, provided price/value expectations are met, demand for sustainable products (e.g. bamboo clothing), from ethical companies remains a key consumer behaviour trend.

The pandemic clearly saw a significant uplift in consumers' willingness to break relationships, resulting in huge loyalty disruption. Consumers are increasingly re-focused on trusted relationships but want to be rewarded for their loyalty. On balance, the number of consumers who shopped on new websites (-11%), tried a new retailer (-9%) or product/brand (-6%) is well down on a year ago. The share of Australian shoppers who purchased items online they would normally purchase in store

also eased, representing the lowest number reporting doing so since NAB first started tracking this behaviour. Historically, e-commerce has been viewed by consumers as a pathway to more inexpensive pricing. This is no longer necessarily the case. Fewer consumers report dining at restaurants or eating out (-38%) and it remained the number one behavioural change Australians report doing less of in the last 3 months. The June quarter also recorded somewhat fewer consumers holidaying overseas (-33%) and in Australia (-17%).

Consumer expectations have clearly increased with discounters continuing to be viewed most favourably as more cash-strapped shoppers trade down. Discounters were growing at a rapid rate until the pandemic hit with a lack of online presence hampering their share of the market. This has clearly changed. Consumer satisfaction was again equal highest for discount department stores and discount supermarkets at 6.4 pts out of a possible 10 pts in Q2 (up from 6.3 pts in Q1). Almost 1 in 3 Australian consumers scored "high" levels of customer satisfaction (i.e. 8+ pts) for discount department stores (32%) and around 3 in 10 for discount supermarkets (31%) - both higher in Q2. Major furniture & electrical stores (5.6 pts), traditional department stores (5.4 pts) and telecom's (5.2 pts) followed. Major airlines were next with satisfaction rising to 5.0 pts (4.8 pts in Q1). That said, major airlines (14%) had the lowest number of highly satisfied customers in Q2, though this climbed to 14% from 12% in Q1. Major supermarkets also scored 5.0 pts (unchanged), banks (up from 4.9 pts) and electricity & gas providers (up from 4.8 pts in Q1 and lifting from bottom place). Satisfaction was unchanged and equal lowest for major health insurers and insurance companies (4.9 pts).

When asked what they value most, price & value lead the way, nominated by almost 8 in 10 (77%) consumers overall. This was followed by quality & reliability according to over 1 in 2 (52%) consumers. Customer service & support was next (1 in 4 or 24%). A relatively high number also valued most reputation & trustworthiness (22%), warranty & returns or refunds (17%), shipping & delivery options (16%), reviews & recommendations (15%) and availability & accessibility. Far fewer valued an online presence (4%), brand recognition (6%), environmental & ethical considerations (7%), shopping experience & enjoyment (8%) and human interactions (8%), while 3% did not know.

By age, noticeably more consumers over 50 valued price & value. Significantly more over 65s valued customer support & service and reputation & trustworthiness, particularly compared to the 30-49 age group, and human interaction, especially compared to the 18-29 group (13% vs. 5%). Twice as many people under 65 valued shipping & delivery options. Reviews & recommendations were valued far more by consumers in the 18-29 group (23%), particularly compared to the over 65s (6%). Social shopping is becoming an increasingly important driver of ecommerce, with a growing number of younger shoppers directly purchasing on a social media app. While Gen Z consumers continue to rely on influencers for product discovery and choosing which brands to trust an increasing number of brands are utilising "micro influencers" rather than a traditional influencer. Environmental & ethical considerations were valued by twice as many 18-29 consumers (10%) than in the 50-64 group (5%). Brand recognition and online presence was most valued by the 30-49 group.

When comparing consumers in the lower and higher income groups, interestingly, the biggest differences were the much higher number in the lower income group that valued customer support & service (31% lower income; 18% higher income), while for those on higher incomes, reputation & trustworthiness (34% higher income; 18% lower), reviews & recommendations (17% vs. 11%) and brand recognition (9% vs. 2%) were more valued.

Key Tables

Consumer Stress Index (100 = extremely concerned)

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Consumer Stress Index	56.9	57.7	59.5	58.5	58.9
Job Security	42.2	43.3	48.2	46.7	47.6
Health	55.3	57.1	56.5	55.4	55.7
Ability to Fund Retirement	58.6	59.7	60.7	60.2	60.2
Cost of Living	69.9	69.4	69.4	68.7	68.9
Government Policy	58.7	59.1	62.8	61.5	61.8

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

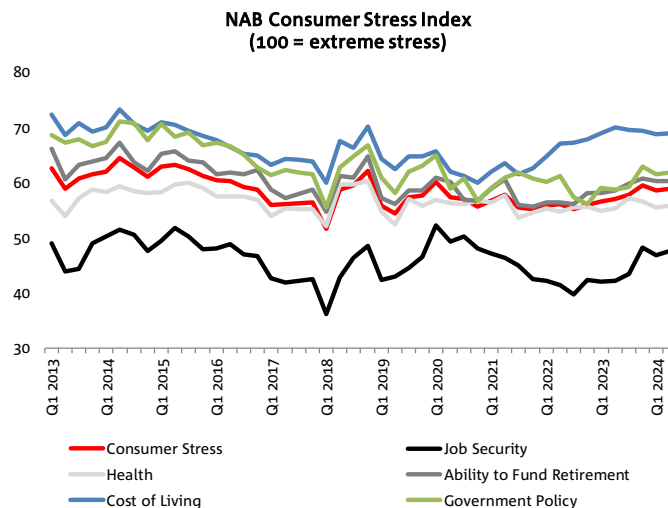
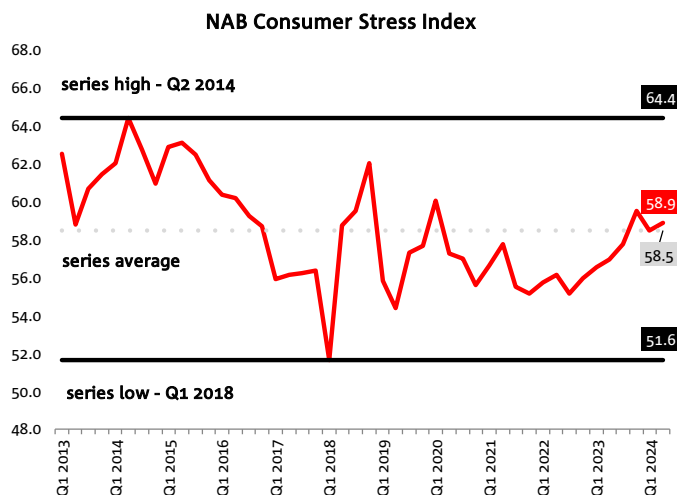
	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Overall Cost of Living	83	81	82	78	77
Travel/Holidays	64	65	64	66	61
Eating out	65	68	68	67	65
Entertainment	58	57	59	59	58
Groceries	83	81	81	78	79
Home improvements	65	62	65	62	60
Major HH items	62	59	59	58	55
Utilities	77	79	75	74	72
Telecoms	51	53	56	55	54
Personal goods	59	59	60	61	58
Medical expenses	60	59	64	62	59
Transport	69	72	71	70	67
Children	50	46	50	54	48
Mortgage	67	65	67	63	59
Rent	62	59	61	63	62
Other debt	52	51	53	51	49

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

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Major household item	-17	-18	-24	-20	-22
Car	-10	-9	-13	-10	-15
Property (residence)	-4	-7	-13	-8	-9
Property (investment)	-12	-13	-20	-15	-18
Home renovation	-9	-11	-16	-11	-13
School fees	-12	-13	-15	-16	-15
Holiday	-16	-18	-21	-10	-16
Private health insurance	-2	2	-6	-6	-4
Other Investment (ex. property)	-10	-9	-19	-9	-16

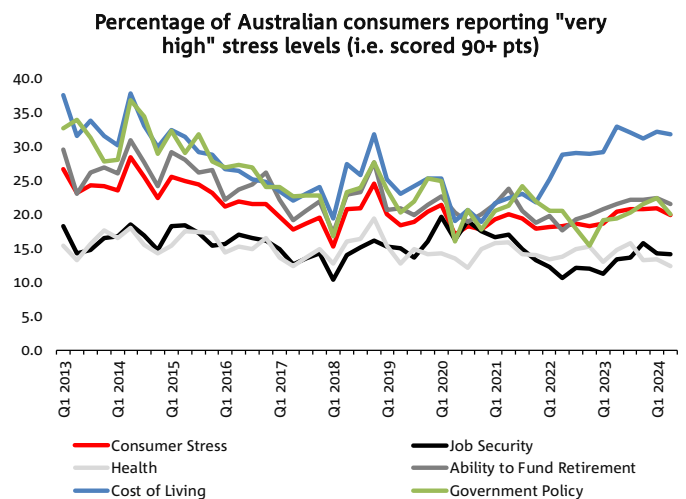
NAB Consumer Stress Index...

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. The June quarter of 2024 saw a resumption in the upward trend in NAB’s consumer stress measure following a modest decline in the previous quarter as consumers continued to be challenged by a slowing economy, still elevated price pressures and high interest rates. In Q2 2024, the Index increased to 58.9 pts from 58.5 pts in the previous quarter and tracked well above the same time last year (56.9 pts). Encouragingly, however, the number of consumers who reported “very high” stress (90+ pts) eased slightly to 19.8% (20.8% in the previous quarter).



All components of the NAB Consumer Stress Index lifted in Q2, except ability to fund retirement. Job security is still causing the least stress for consumers but has ticked up. Despite slightly lower unemployment in May, other measures of labour demand including vacancies, employment intentions and availability of suitable labour suggest the labour market is easing. In the June quarter, job security concerns also added most to the uplift in overall consumer stress, rising to 47.6 pts from 46.7 in the March quarter and printed well above the survey average (45.9 pts).

Cost of living is still the biggest driver of consumer stress, and in Q2 it rose to 68.9 pts (68.7 pts Q1 but down from 69.9 pts a year ago). Higher stress was likely fuelled by a Q1 inflation print that surprised on the upside and a slightly higher monthly read in April. With little sign of respite, cost of living concerns continue to weigh heavily on consumers with almost 1 in 3 (31.6%) reporting “very high” stress.

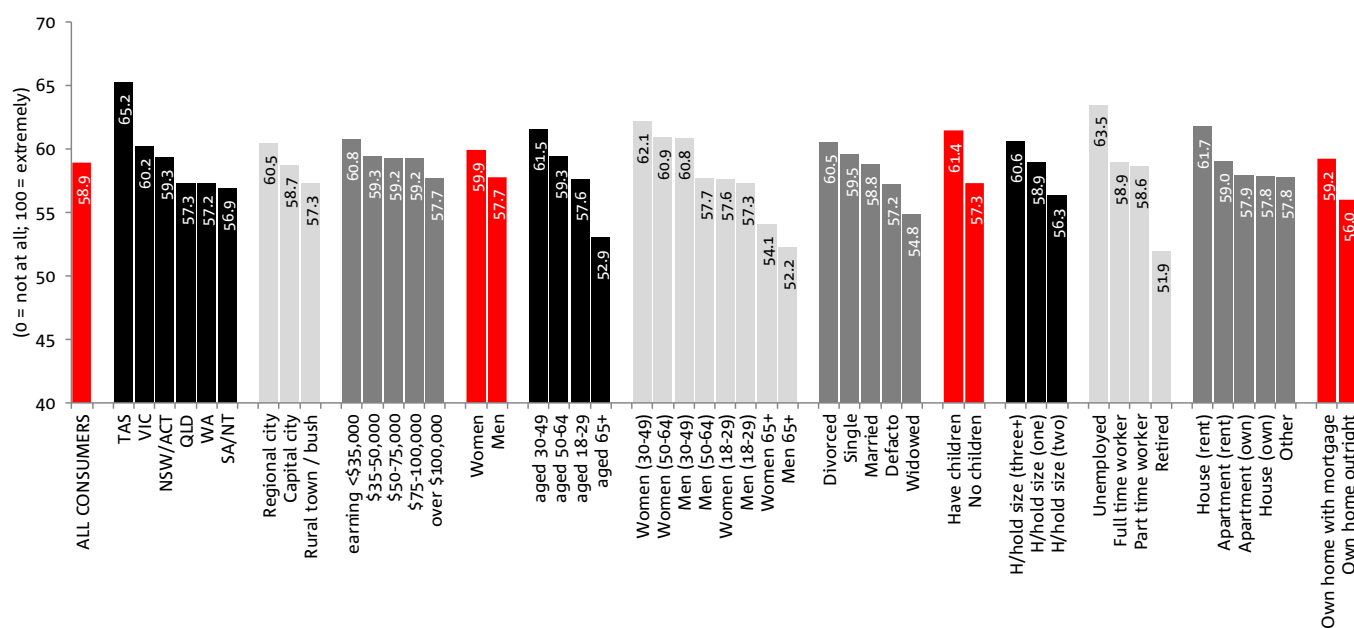


Consumer concern about the impact of Government policy on consumer’s future spending and savings plans also increased in Q2 to 61.8 pts (from 61.5 pts in the previous quarter and 58.7 pts at the same time last year). However, it continued to print below the survey average (63.1 pts). Despite this, the number of consumers who reported “very high” levels of stress associated with Government policies fell to 19.9 % in Q2 after climbing to a near 2-year high 22.2% in the previous quarter.

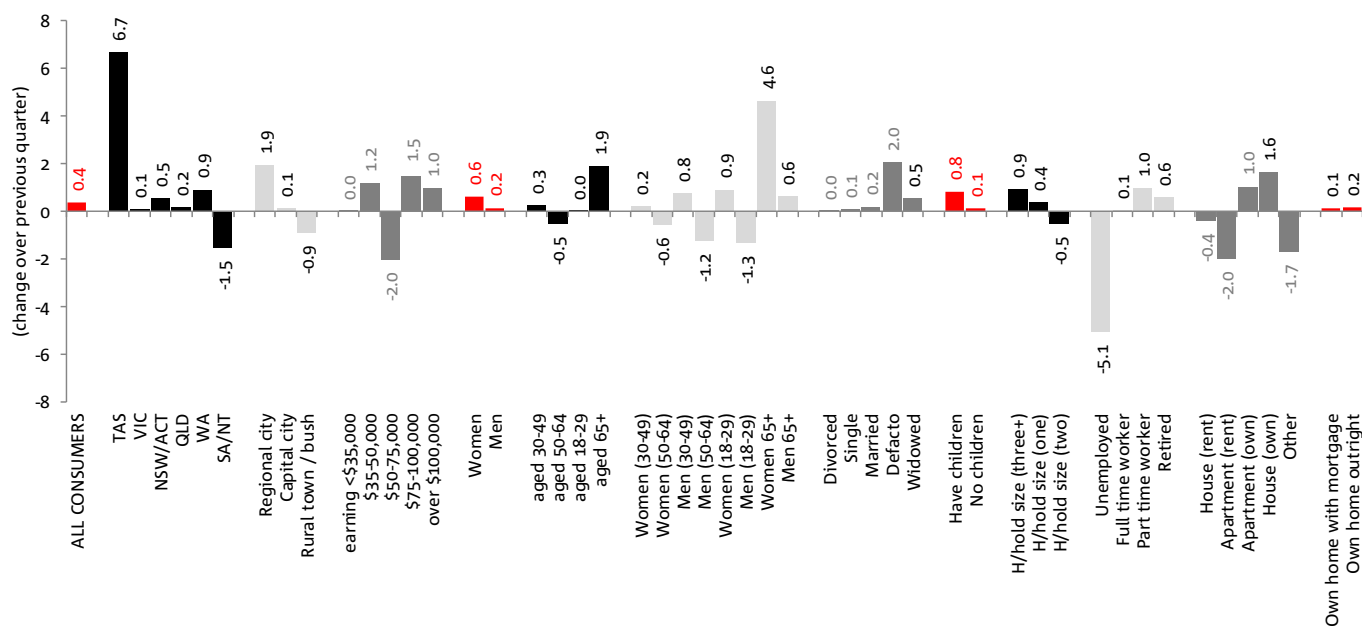
Stress associated with the impact of health on consumer’s future spending and savings plans also rose in Q2 to 55.7 pts. This was up from 55.4 pts in the previous quarter and 55.3 pts at the same time last year but continued to trend below the survey average (56.5 pts). Over 1 in 10 (12.2%) Australian consumers reported “very high” stress associated with health.

Consumer concern associated with their ability to fund their retirement however was unchanged at 60.2 pts but still somewhat higher than at the same time last year (58.6 pts). The number of consumers with “very high” stress levels about their retirement funding also eased to 21.4 % after printing at a near 3-year high 22.3% in the March quarter.

NAB Australian Consumer Stress Index: Categories



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



Consumer stress levels continued to vary across monitored groups. In the June quarter, consumers in 34 of 49 monitored groups reported higher levels of stress, 12 groups lower stress and 3 groups unchanged levels of stress.

By state, overall stress rose sharply in TAS and was highest in the country by some margin (up 6.7 pts to 65.2). Consumers in TAS also reported the highest stress for all components of the Consumer Stress Index, particularly cost of living (76.6 pts), health (64.5 pts) and retirement funding (67.5 pts). Among other states and territories, stress was somewhat higher in VIC (60.2 pts) and NSW/ACT (59.3 pts) than in other parts of the country. It was lowest in SA/NT (56.9 pts) which was also the only state to report lower stress over the quarter. While consumers in TAS scored stress highest for all measures, stress arising from job security was lowest in SA/NT (42.0 pts), health (53.7 pts), cost of living (67.7 pts) and Government policies (59.9 pts) in QLD and retirement funding in WA (56.9 pts).

Consumer stress was highest and increased somewhat in regional cities (60.5 pts) and for all index measures, especially retirement funding (63.0 pts). It was also marginally higher in capital cities (58.7 pts). Stress was lowest and fell in rural areas (57.3 pts), mainly reflecting much lower concern over job security (41.8 pts).

In other key groups, consumer stress levels increased more for women (up 0.6 pts to 59.9) than men (up 0.2 pts to 57.7) during the June quarter, with the larger increase stretching the stress gap to an above average 2.2 pts. Women reported much higher stress related to cost of living (71.4 women; 66.3 men) and retirement funding (62.3 pts vs. 57.9 pts), and also somewhat higher job stress (48.3 pts vs. 46.8 pts).

Consumer stress increased noticeably in the over 65 age group during the June quarter (up 1.9 pts to 52.9) but remains lowest of all age groups by a considerable margin. Higher stress for older Australians was linked mainly to heightened concern around health and retirement funding. Stress levels also rose and remained highest in the 30-49 group (up 0.3 pts to 61.5 pts), with this group also reporting the highest stress for all index measures bar Government policies (over 65s). Stress levels were unchanged in the 18-29 group (57.6 pts) and fell in the 50-64 group (down 0.5 pts to 59.3 pts), largely due to reduced concerns over retirement funding and cost of living.

Stress levels were unchanged but still highest in the lower income group (60.8 pts). It was lowest but increased in the higher income group (up 1.0 pts to 57.7). Consumers in the \$50-75,000 group reported noticeably lower stress (down 2.0 pts to 59.2), led by much lower concerns related to health and job security. Interestingly, cost of living stress was scored in a narrow band across all income groups, ranging from just 68.1 pts in the \$50-75,000 group to 69.9 pts in the lower income group. However, the number of consumers in the lower income group who reported “very high” cost of living stress was significantly greater in the lower income group (36%) than higher income group (28%).

Other key takeouts from the June survey included a significant fall in overall stress levels reported by the unemployed (down 5.1 pts to 63.5 pts), though stress levels in this group continued to print highest of all groups. We also noted a significant increase in overall stress reported by women over 65 (up 4.6 pts to 54.1), with this driven by heightened stress over Government policies (up 6.2 pts to 65.9), cost of living (up 5.4 pts to 67.6) and retirement funding (up 4.8 pts to 54.8).

General level of concern over the economy...

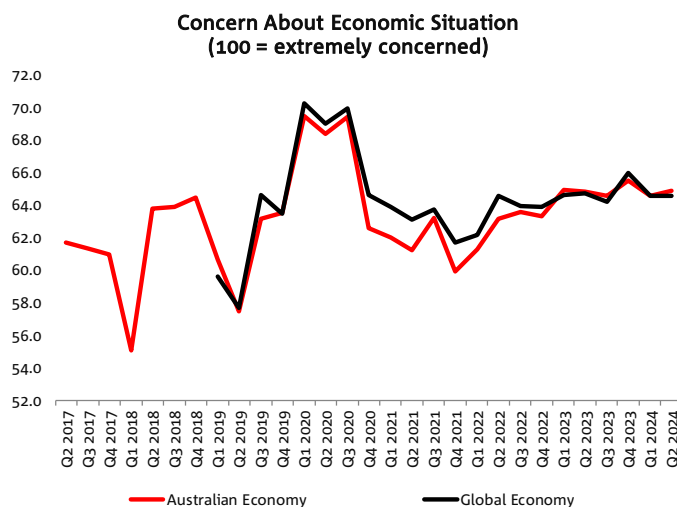
NAB’s overall view of the economy is largely unchanged, with growth tracking through a very weak period and the expectation the labour market will soften further through 2024. With GDP growth rebounding somewhat in H2, unemployment stabilising at around 4.5% and inflation returning to the target band by late-2025, we see a relatively soft landing.

On balance, our year-ended growth forecast is now marginally lower at 1.3% for 2024, with growth still likely to return to trend rates of around 2¼% beyond that.

Despite the slowing in growth, the labour market has remained resilient with strong employment growth seeing the unemployment rate at 4.0% in May. But we continue to expect further gradual easing in the labour market, with the unemployment rate rising to around 4½% by end-2024. This is consistent with further easing in the pace of wage growth.

Recent monthly inflation data for May has however raised some concerns the RBA is unlikely to cut rates soon and might even yet hike them again. From NAB’s perspective, we now expect the RBA to remain on hold for longer, with a first cut now unlikely until May 2025 (November 2024 previously). From there we see a steady profile of one cut per quarter back to 3.10%, now reaching that point in mid-2026.

Against this background, the level of consumer concern about the impact of the domestic economy on their future spending and savings plans increased to 64.9 pts in the June quarter (64.6 pts in Q1). The level of concern over the international economy was however unchanged at a still above survey average 64.6 pts - see tables for state detail.



Concern about the Australian economy

	NSW	VIC	QLD	WA	SA/NT	TAS
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
Q2'24	64.3	65.9	63.9	64.5	65.3	71.8

Concern about the International economy

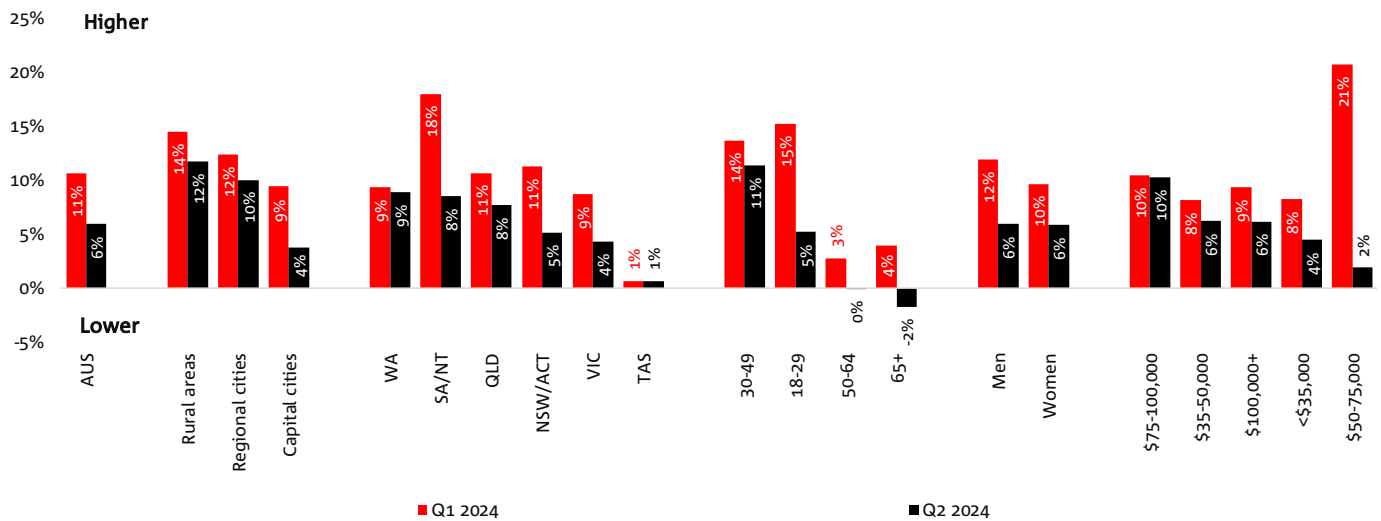
	NSW	VIC	QLD	WA	SA/NT	TAS
Q4'23	67.2	65.0	64.9	65.5	67.7	65.2
Q1'24	65.2	64.9	64.4	62.6	64.2	65.1
Q2'24	64.2	65.7	64.1	64.2	62.8	70.6

Job security...

The latest data shows the unemployment rate fell to 4.0% in May (4.1% in April). This was expected as there was an unusually high number of unemployed people waiting to start a new job in April that moved into employment in May, boosting both the change in employment and reduction in unemployment in the month. It does not suggest a labour market that is getting tighter, rather it supports the assessment last month's read overstated the pace of underlying cooling. The labour market remains tight, but the unemployment rate is off its recent lows. Though still consistent with a robust labour market, measures of labour demand (including vacancies and employment intentions) have eased noticeably from their extremes.

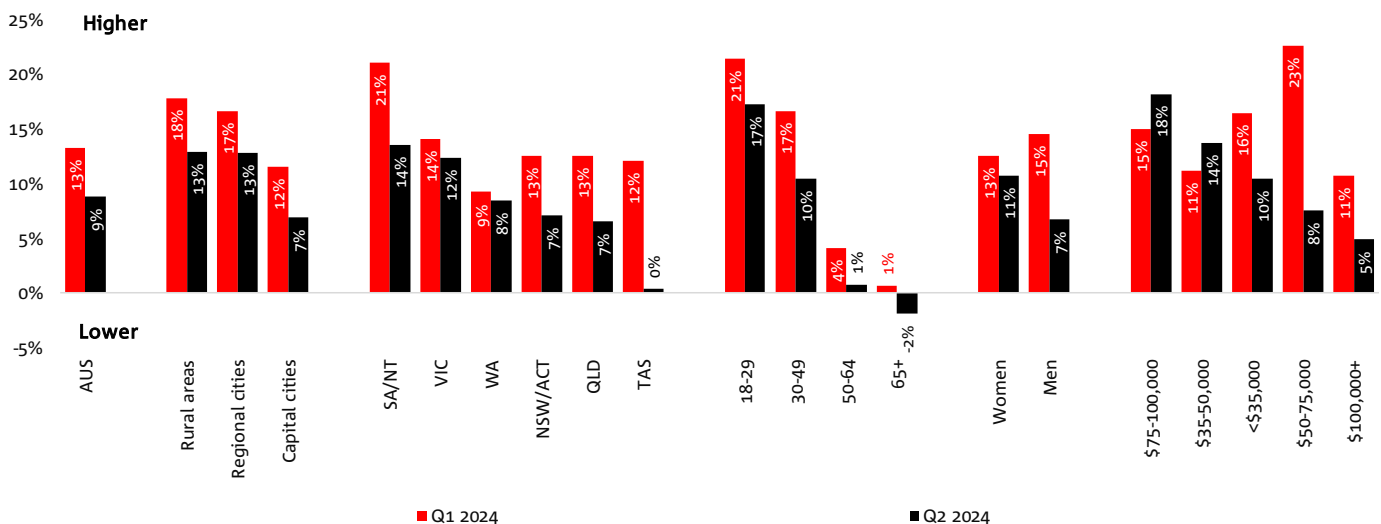
While labour demand is still elevated, employment growth is now tracking slightly below population growth. This should see the overall labour market continue to gradually ease over the year ahead to a peak unemployment rate of around 4½% by end-2024. Consistent with an easing labour market, wage growth also appears to have stopped accelerating. NAB sees underlying hourly wages, as measured by the WPI, easing to around 3¾% by end-2024. It was against this backdrop consumer job security stress resumed its upward trend in the June quarter (see above).

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



Heightened job security stress was also underlined by a much lower net number of consumers who now expect their job security to be higher in the next 3 months which halved to +6% in Q2 (+11% in Q1). It was lower in all regions (ranging from +12% in rural areas to +4% in capital cities) and most states except WA (+9%) and TAS (+1%) where it was unchanged. Consumers in all age groups were also less optimistic, with consumers over 65+ who expect their job security to be lower outweighing those who expected it to be better (-2%). Looking ahead to the next 12 months, fewer consumers in net terms also expect their job security to be higher than in the last survey (+9% vs. +13%). They were less confident about longer-term job security in all groups except in the \$75-100,000 (+18% vs. +15%) and \$35-50,000 (+14% vs. +11%) income groups.

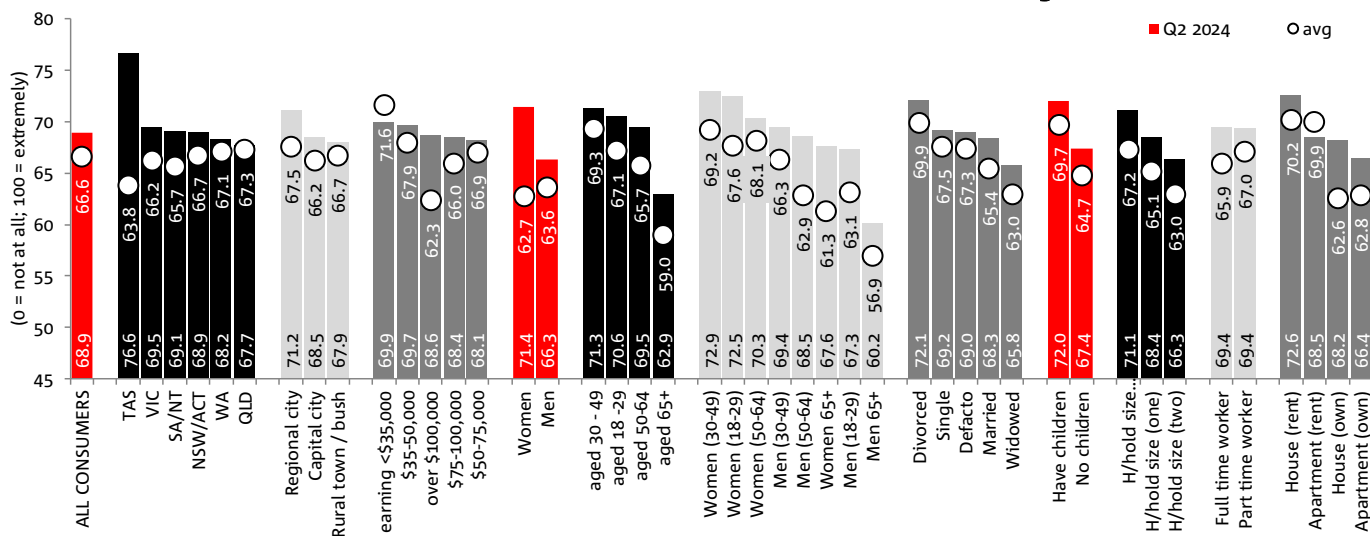
How do expect your job security will change in next 12 months (net balance)



Cost of living insights...

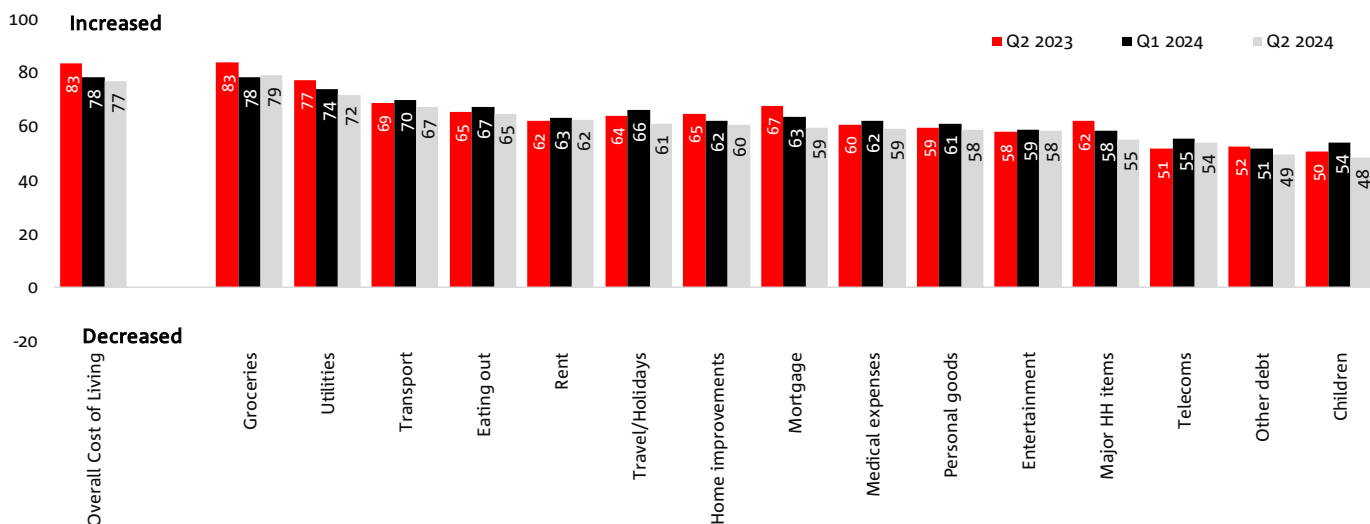
Cost of living is still the biggest driver of consumer stress. In Q2, it rose to 68.9 pts (68.7 pts Q1) and continued to print well above the survey average (66.6 pts). Cost of living pressures are being driven by high inflation (particularly rising prices for essential goods such as housing, utilities, petrol and groceries). Inflation is also rising faster than nominal incomes, causing real incomes to fall. Consequently, Australian consumers in most groups continue to struggle. In the June quarter, all monitored groups reported above average levels of stress associated with cost of living with just two exceptions (the lower income group and consumers who live in a rented apartment). Moreover, almost 3 in 10 (27%) Australian consumers overall experienced “very high” cost of living stress during the June quarter, with this climbing as high as 4 in 10 consumers in TAS (41%), women aged 30-49 (41%), or live in a rented house (39%).

NAB Australian Consumer Stress Index: Cost of Living



NAB tracks cost of living perceptions through the eyes of consumers by asking them if 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, while a negative result signals more believe costs have fallen than risen. The results are summarised in the chart below. Despite easing a little in the June quarter, the results continue to show far more consumers (in net terms) still believe their overall cost of living rose than fell (+77% from +78% in the previous quarter). Most consumers also continued to report higher prices for groceries (+79% vs. +78% in Q1), utilities (+72% vs. +74%), transport (+67% vs. +70%) and eating out (+65% vs. +67%). The net number of consumers who said costs increased in the last 3 months was a little lower in all other categories - see chart below.

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



Extent cost of living changed in 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	77	76	77	79	78	75	81	80	80	70	76	76	80	81	75	77
Groceries	79	79	77	80	76	78	81	87	80	74	73	76	85	86	76	78
Utilities	72	71	72	75	69	73	71	74	72	82	66	69	77	77	70	72
Transport	67	67	66	70	63	68	70	72	65	69	66	64	70	71	63	70
Eating out	65	64	65	67	62	61	69	74	61	69	63	61	69	69	60	65
Rent	62	61	63	70	61	58	65	76	63	59	63	62	63	61	61	62
Travel/Holidays	61	60	59	66	56	61	63	70	65	56	57	60	66	61	60	63
Home improvements	60	60	59	63	58	59	62	68	60	56	49	55	70	72	64	61
Mortgage	59	57	66	64	56	58	60	67	61	72	55	62	64	51	58	62
Medical expenses	59	59	62	56	55	61	59	63	58	73	54	59	65	60	60	61
Personal goods	58	58	61	58	54	60	61	64	57	63	59	55	64	59	62	59
Entertainment	58	57	60	61	53	56	63	70	64	50	55	55	63	63	61	57
Major HH items	55	55	56	54	54	54	56	63	54	44	48	51	60	63	57	55
Telecoms	54	54	52	57	48	55	58	64	47	67	49	53	58	57	58	51
Other debt	49	48	52	49	46	52	48	56	46	53	52	47	53	47	55	48
Children	48	48	49	50	46	48	50	54	51	41	41	53	47	48	45	51

But there were some noticeable differences in perceptions of cost changes in key groups. By region, we noted a somewhat higher number of consumers in rural areas who said rents (+70%) and travel/holidays (+66%) increased than in other regions, and a much lower number in capital cities who said mortgage costs rose (+57%). By state, higher costs impacted noticeably more consumers in WA for groceries (+87%), eating out (+74%), rent (+76%), home improvements (+68%), entertainment (+70%) and major household items (+63%), and in TAS utilities (+82%) and medical expenses (+73%).

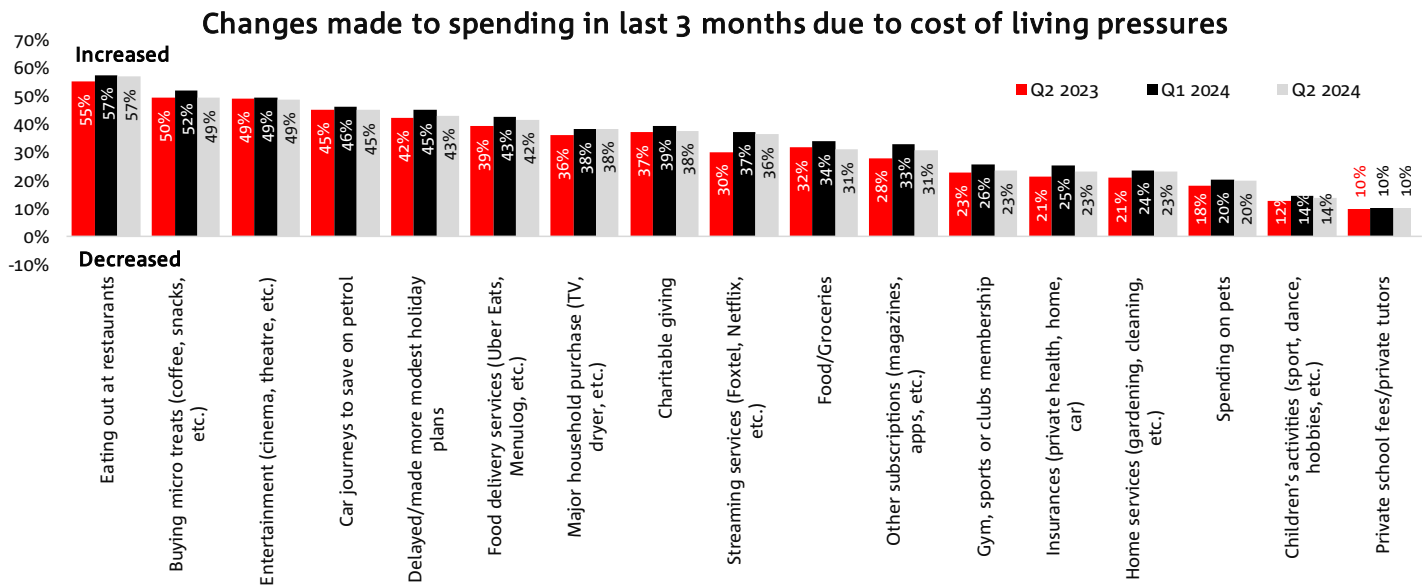
The survey also found a much higher number of consumers in age groups over 50 who identified higher costs for groceries, utilities, transport, eating out, home improvements, entertainment and major household items. Higher mortgage costs were highlighted by somewhat more consumers in the 30-49 (+62%) and 50-64 (+64%) age groups, and costs related to children in the 30-49 group (+53%). Cost changes impacted a broadly similar numbers of consumers in both lower and higher income groups in most categories. The biggest differences related to the somewhat larger number in the higher income group who said transport (+70% vs. +63%) and costs associated with children (+51% vs. +45%) increased, and a somewhat higher number in the lower income group who said the cost of telecoms (+58 vs. +51%) and other debt (+55% vs. +48%) increased over the last 3 months.

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

During the June 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 cutbacks most common for eating out at restaurants (unchanged at 57%), micro treats such as coffee and snacks (49% vs. 52% in Q1), entertainment (unchanged at 49%), car journeys to save petrol (45% vs. 46%), holiday plans (43% vs. 45%) and food delivery services (42% vs. 43%). Consumers remained least inclined to cut spending on private school fees/tutors (unchanged at 10%) and children’s activities such as sport and hobbies (unchanged at 14%) - see chart below.

Far fewer consumers over 65 cut or reduced spending in all areas relative to other age groups (except charitable giving which was on par with 18-29 year olds). Also apparent was the somewhat higher number in the 18-29 group that cut back on food delivery services (57%) or skipped meals to save money (41%), and in the 30-49 group major household items (48%). More women than men who cancelled or cut back spending in all areas except private school fees & tutors (same as men), especially eating out at restaurants (63% vs. 51%), holiday plans (49% vs. 37%) and food delivery services (47% vs. 35%).

When comparing consumers in the lower and higher income groups, significantly more in the higher group cut spending on food delivery services (48% vs. 34%), holiday plans (46% vs. 33%) and other subscriptions (36% vs. 26%), but in the lower income group on food/groceries (36% vs. 28%) - see table below.



Changes 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%	64%	58%	41%	51%	63%	54%	61%
Buying micro treats (coffee, snacks, etc.)	49%	54%	56%	50%	34%	44%	55%	48%	52%
Entertainment (cinema, theatre, etc.)	49%	55%	56%	48%	31%	43%	54%	44%	51%
Car journeys to save on petrol	45%	45%	49%	45%	39%	40%	49%	47%	43%
Delayed/made more modest holiday plans	43%	48%	50%	41%	29%	37%	49%	33%	46%
Food delivery services (Uber Eats, etc.)	42%	57%	51%	36%	16%	35%	47%	34%	48%
Major household purchase (TV, dryer, etc.)	38%	40%	48%	40%	20%	34%	42%	39%	41%
Charitable giving	38%	33%	41%	42%	32%	33%	42%	41%	39%
Streaming services (Foxtel, Netflix, etc.)	36%	47%	43%	33%	18%	32%	40%	34%	41%
Food/Groceries	31%	41%	35%	29%	16%	26%	35%	36%	28%
Other subscriptions (magazines, apps, etc.)	31%	41%	36%	25%	16%	28%	33%	26%	36%
Gym, sports or clubs membership	23%	34%	29%	18%	10%	20%	27%	21%	28%
Insurances (private health, home, car)	23%	25%	27%	24%	14%	20%	26%	26%	22%
Home services (gardening, cleaning, etc.)	23%	27%	30%	20%	11%	21%	25%	18%	27%
Spending on pets	20%	25%	25%	16%	8%	16%	23%	20%	21%
Children's activities (sport, dance, etc.)	14%	17%	21%	10%	3%	12%	16%	10%	14%
Private school fees/private tutors	10%	13%	16%	5%	2%	10%	10%	9%	10%

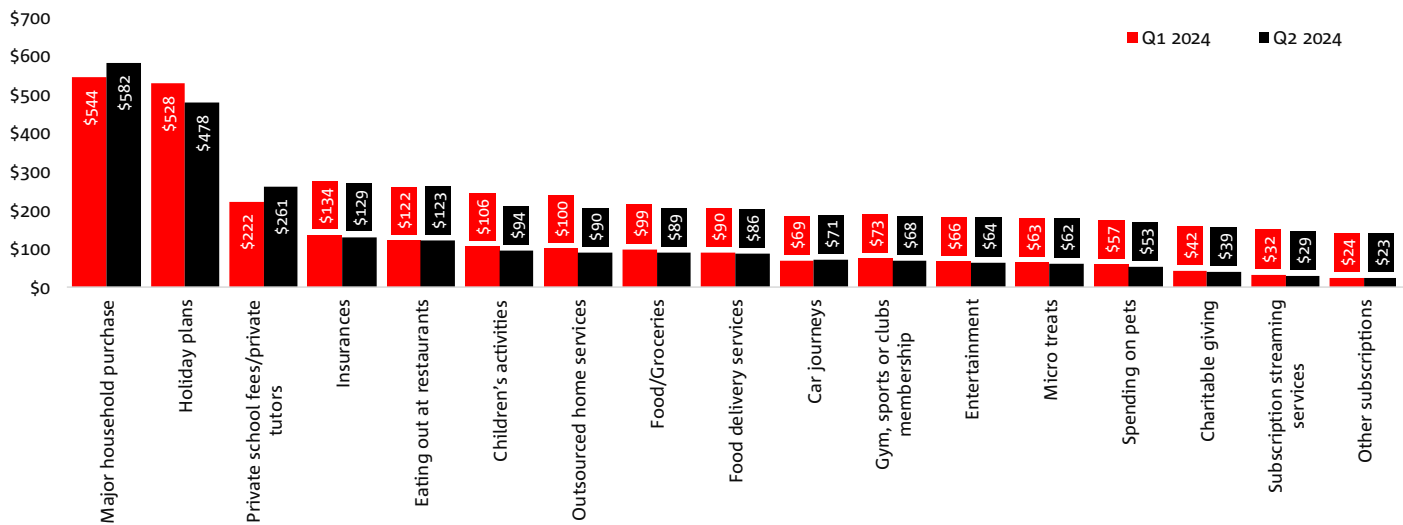
Consumers who cancelled, delayed or cut back spending in these areas were also asked to approximate how much they saved per month by doing so.

On average, they saved most money by cutting or spending less on major household items (\$582 up from \$544 in the previous quarter), by cancelling, delaying or making more modest holiday plans (\$478 vs. \$528 in Q1), and cutting or spending less on private school fees & private tutors (\$261 vs. \$222) and insurances (\$129 vs. \$134).

The survey again also highlighted significant savings made in areas where most consumers cut or stopped spending - eating out at restaurants (\$123 vs. \$122 in Q1), buying micro treats such as coffee and snacks (\$62 vs. \$63), entertainment including cinema, sporting events, concerts etc. (\$64 vs. \$66) and cutting down on car journeys to save petrol (\$71 vs. \$69). Combined, this totalled monthly savings of \$320, leaving a potential savings buffer of \$3,840 a year if these behaviours continued.

Even the areas where savings from spending cuts were smallest - other subscriptions such as newspapers, magazines, audio books & apps (\$23 vs. \$24) and subscription streaming services such as Foxtel and Netflix (\$29 vs. \$32) - could potentially save consumers \$624 annually.

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



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

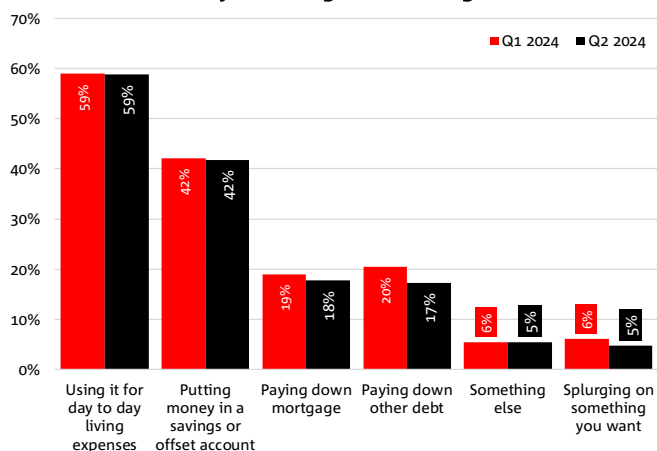
	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Major household purchase	\$582	\$667	\$490	\$787	\$562	\$593	\$571	\$709	\$694
Holiday plans	\$478	\$655	\$427	\$448	\$434	\$382	\$577	\$419	\$604
Private school fees/private tutors	\$261	\$246	\$288	\$865	\$351	\$325	\$202	\$136	\$356
Insurances	\$129	\$140	\$126	\$142	\$124	\$143	\$115	\$117	\$147
Eating out at restaurants	\$123	\$130	\$129	\$123	\$97	\$126	\$120	\$105	\$146
Children's activities	\$94	\$103	\$102	\$54	\$69	\$85	\$100	\$82	\$101
Outsourced home services	\$90	\$97	\$88	\$98	\$71	\$78	\$99	\$82	\$102
Food/Groceries	\$89	\$96	\$98	\$78	\$65	\$89	\$89	\$63	\$98
Food delivery services	\$86	\$92	\$88	\$83	\$58	\$83	\$88	\$58	\$96
Car journeys	\$71	\$111	\$64	\$67	\$55	\$67	\$74	\$65	\$76
Gym, sports or clubs membership	\$68	\$62	\$75	\$71	\$53	\$58	\$76	\$60	\$73
Entertainment	\$64	\$72	\$68	\$63	\$43	\$61	\$66	\$52	\$70
Micro treats	\$62	\$70	\$69	\$58	\$41	\$59	\$65	\$49	\$74
Spending on pets	\$53	\$68	\$52	\$46	\$46	\$50	\$55	\$34	\$59
Charitable giving	\$39	\$46	\$40	\$40	\$34	\$42	\$38	\$40	\$46
Subscription streaming services	\$29	\$32	\$28	\$28	\$31	\$29	\$30	\$27	\$29
Other subscriptions	\$23	\$22	\$22	\$27	\$26	\$24	\$22	\$23	\$24

By age, key takeouts during the June quarter included noticeably higher savings made by consumers in the 18-29 group by making more modest, delaying or cancelling holiday plans (\$655), cutting back on car journeys to save petrol (\$111) and spending on pets (\$68). Consumers under the age of 50 saved almost twice as much as those over 50 on cutting back spending on children’s activities, and in the 50-64 age group significantly more by cutting back on major household purchases (\$787) and private school fees & private tutors (\$102).

Women saved substantially more than men by reducing, delaying or cutting spending on holiday plans (\$577 women vs. \$382 men), children’s activities (\$100 vs. 85), outsourced home services like house cleaning, lawn mowing etc. (\$99 vs. \$78) and on gym, sports or club memberships (\$76 vs. \$58). Men however saved much more from spending less on private school fees & private tutors (\$325 men; \$205 women) and insurances (\$143 vs. \$115).

Consumers in the higher income group made larger savings than those in the lower income group in all areas except major household items (\$709 lower income; \$694 higher income), other subscriptions (\$23 vs. \$24), subscription streaming services (\$27 vs. \$29) and charitable giving (\$40 vs. \$46) - see table.

What are you doing with savings made?



Spending management was again key for most consumers who saved money in the June quarter, with an unchanged 6 in 10 (59%) using the savings made for day to day living expenses. An unchanged 4 in 10 also continued to prioritise savings and put this extra money into a savings or offset account (42%). Around 1 in 5 however paid down a mortgage (18% vs. 19% in Q1) or other debt (17% down from 20%). Only 1 in 20 did something else (5%) or splurged on something they wanted (5%).

By age, key differences included a much higher number in the over 65 group who used their savings for day to day living expenses (74%), 18-29 group who put it into a savings or offset account (56%) and pay down other debt (22%), and the 30-49 group to pay down a mortgage (25%). By gender, somewhat more women used it for day to day living expenses (63% vs. 54%) and men to pay down a mortgage (21% vs. 15%). Twice as many women also splurged on something they wanted (7% vs. 3%). Noticeably more consumers in the higher income group put their savings into a savings or offset account (50% vs. 30%) or paid down a mortgage (29% vs. 5%), but in the lower income group used it for day to day living expenses (65% vs. 53%).

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%	18%	17%	5%	5%
18-29	52%	56%	18%	22%	6%	5%
30-49	53%	43%	25%	18%	4%	7%
50-64	64%	33%	16%	17%	5%	3%
65+	74%	31%	6%	10%	7%	2%
Men	54%	44%	21%	16%	3%	5%
Women	63%	40%	15%	18%	7%	4%
Lower income	65%	30%	5%	15%	7%	7%
Higher income	53%	50%	29%	19%	4%	5%

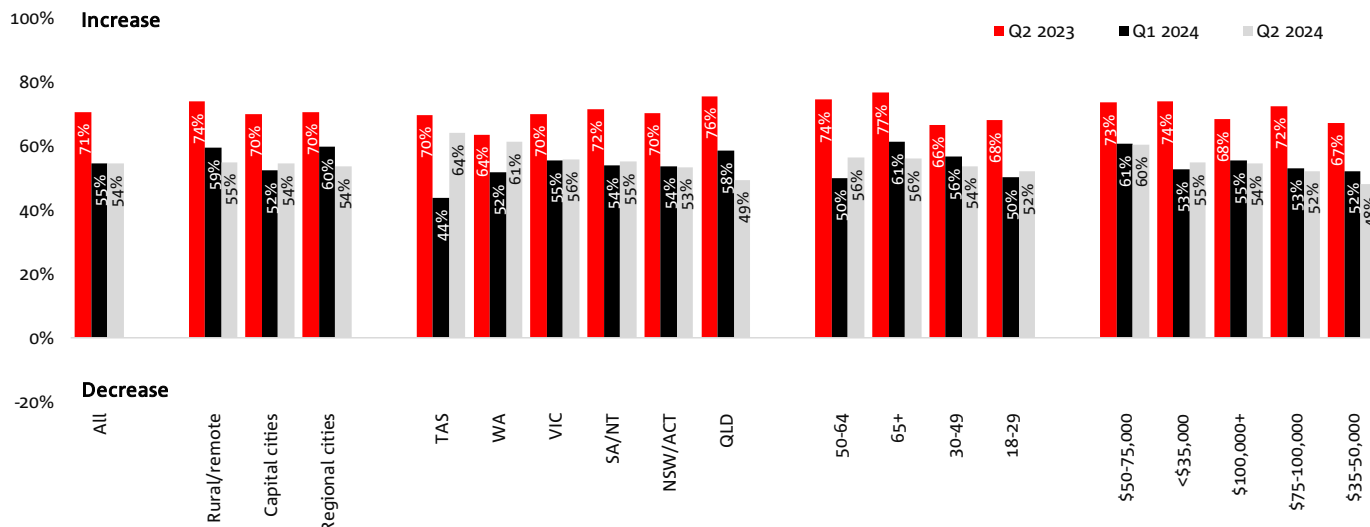
Future cost of living expectations...

Having explored how consumers responded to cost of living pressures in the past 3 months, we also asked them to estimate how their overall cost of living will change in the next 3 & 12 months. The majority still believe there will be no respite from cost of living pressures in the short-term, with the net number predicting higher living costs still significantly outweighing those who believe it will fall - though stabilising at +54% (+55% in the previous quarter but down from +71% at the same time last year).

Fewer consumers in rural areas (+55% vs. +59%) and regional cities (+54% vs. +60%) think their cost of living will rise in the next 3 months compared to the previous quarter, but more in capital cities think it will increase (+54% vs. +52%). Expectations varied widely by state. They were largely unchanged in VIC (+56%), SA/NT (+55%) and NSW/ACT (+53%). However, the net number expecting their cost of living to increase fell noticeably in QLD (+49% vs. +58%), increased sharply in TAS (+64% vs. +44%) and was also somewhat higher in WA (+61% vs. +52%).

By age, the net number predicting higher costs increased in the 50-64 group (+56% vs. +50%), and also inched up in the 18-29 group (+52% vs. +50%) but remained lowest overall. Fewer consumers in the over 65 (+56% vs +61%) and 30-49 (+54% vs. +56%) however expect their living costs to increase in the next 3 months. Expectations were basically unchanged across all income groups, except the lower income group where slightly fewer expect their living costs to increase (+48% vs. +52%), with consumers in the \$50-75,000 groups the most pessimistic (+60%) - see chart below.

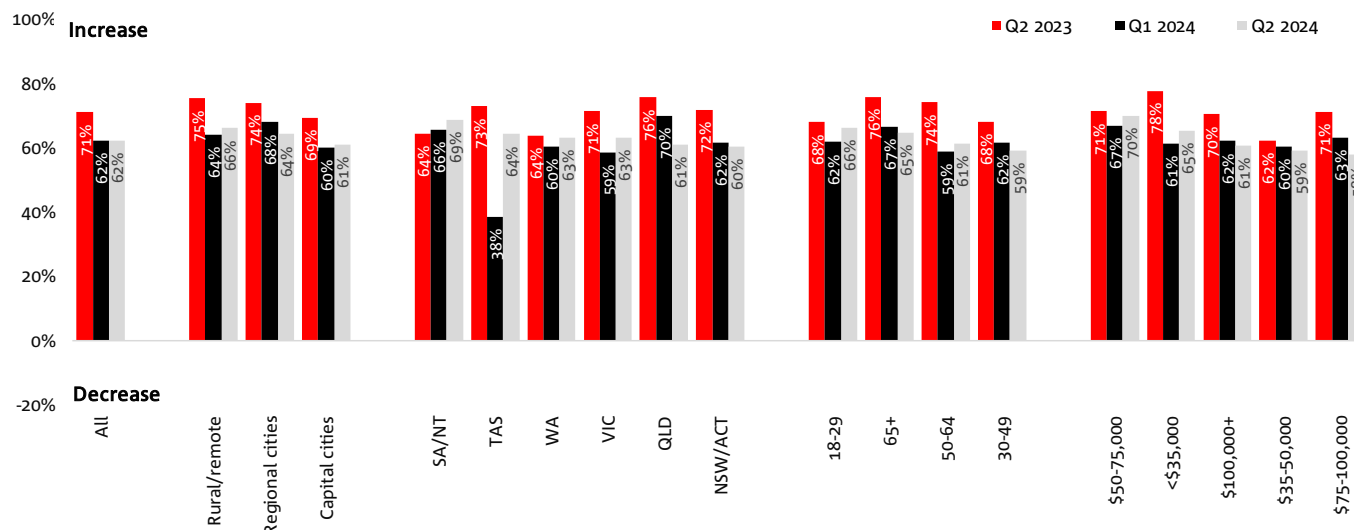
How will overall cost of living change in the next 3 months (net balance)



Most consumers also believe their living costs will continue to grow over the next 12 months, with the net number expecting them to do so unchanged at +62% (though down from +71% one year ago). Interestingly, expectations for increasing cost of living pressures over the next 12 months have become entrenched despite consensus expectations among experts for inflation to slow inflation further this year.

The number of consumers who expect their living costs to increase over the next 12 month fell in all key groups relative to the same time last year (except in SA/NT). Relative to the previous quarter however, we noted a much higher number who expect their cost of living to rise in TAS (+64% vs. +38%), and somewhat higher number who also anticipate higher living costs in SA/NT (69% vs. 66%), (+63% vs. +60%), VIC (+63% vs. +59%), among consumers in the 18-29 age group (+66% vs. +62%), and consumers in the \$50-75,000 (+70% vs. +67%) and lower income (+65% vs. +61%) groups - see chart below.

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 plan to spend more or less on a range of goods and services. 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 June quarter survey continued to highlight a cautious (and also a little more restrained) consumer, with the overall net number planning to cut back on all spending rising a little to -13 (-12 in the previous quarter and 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 rising to -29 (-28 in the previous quarter and 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 but fell slightly to +4 (+5 in the previous quarter and at the same time last year). Intentions around financial spending (paying off debt, using credit and super, savings & investments), were more restrained with the net number expecting to spend less in the next 3 months inching down further to -4 (-2 in the previous quarter and -3 at the same time last year).

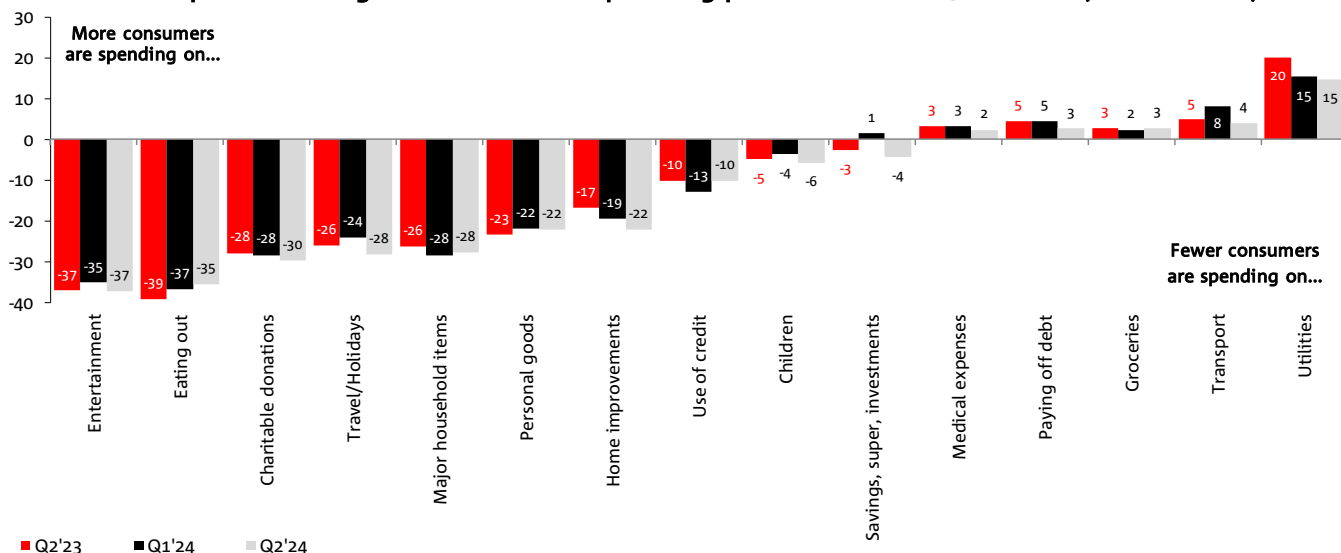
Overall future spending plans remained conservative across the country in the June quarter, with the net number planning to cut back spending outweighing those intending to spend more in all states - ranging from -5 in TAS to -15 in WA and QLD, with TAS, SA/NT and VIC the only states where fewer consumers planned to cut back relative to the previous quarter. In terms of non-essential spending, more consumers still expect to cut back in all states, ranging from -13 in TAS to -34 in WA, with TAS, SA/NT and VIC again also the only states where fewer consumers planned to cut back their spending than in the last quarter. When it came to future spending plans for essentials, more consumers on balance expect to spend more in all states, with this ranging +1 in TAS +9 in SA/NT. More consumers on balance in all states also plan to lower their financial spending, with the exception TAS where more expect to increase their spend (+8) - see Appendix 2 for more State detail.

Spending intentions (net balance)

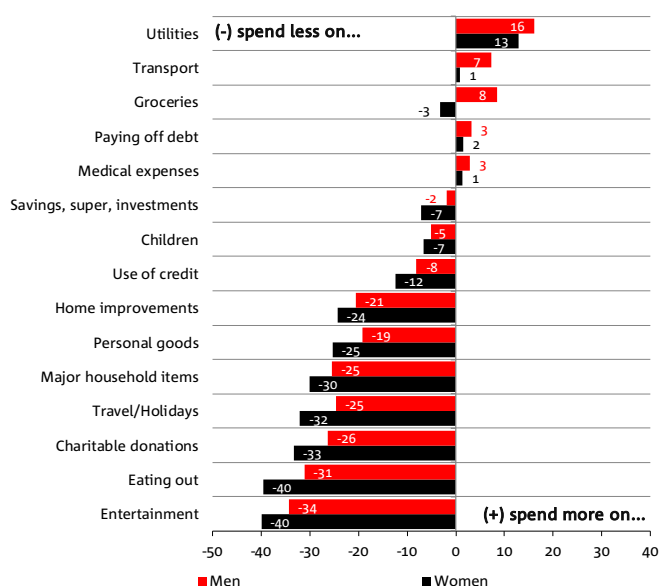
	Non-essentials			Essentials			Financial spending			Overall		
	Q2'24	Q1'24	Q4'23	Q2'24	Q1'24	Q4'23	Q2'24	Q1'24	Q4'23	Q2'24	Q1'24	Q4'23
AUS	-29	-28	-30	+4	+5	+5	-4	-2	-4	-13	-12	-13
NSW/ACT	-30	-24	-29	+2	+7	+4	-5	0	-1	-14	-9	-12
VIC	-28	-31	-28	+5	+3	+5	-3	-2	-6	-12	-14	-12
QLD	-32	-27	-33	+3	+6	+7	-6	-5	-6	-15	-12	-14
WA	-34	-29	-32	+4	+5	+7	-4	-4	-6	-15	-13	-14
SA/NT	-19	-31	-26	+9	+6	+5	-2	-3	-4	-7	-13	-11
TAS	-13	-30	-33	+1	-12	+7	+8	-12	-3	-5	-20	-14

By individual spend category, most Australian consumers on average still expect to spend less on entertainment such as movies, sporting events, concerts etc. (-37 vs. -35), eating out including coffee, take-away bars & restaurants (-35 vs. -37), charitable donations (-30 vs. -28), travel /holidays (-28 vs. -24), major household items like furniture & appliances (unchanged at -28), personal goods such as clothing, toiletries, jewellery, hair & beauty, gadgets, sports & pets (unchanged at -22) and home improvements (-22 vs. -19) in the next 3 months. But with the cost of energy transmission set to rise, most Australian consumers continue to expect to spend more on utilities in the next 3 months (unchanged at +15) - though ranging from +9 in NSW/ACT to +23 in SA/NT - see chart below and Appendix 2 for more state detail.

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



Expected changes in household spending patterns in next 3 months: gender (net)

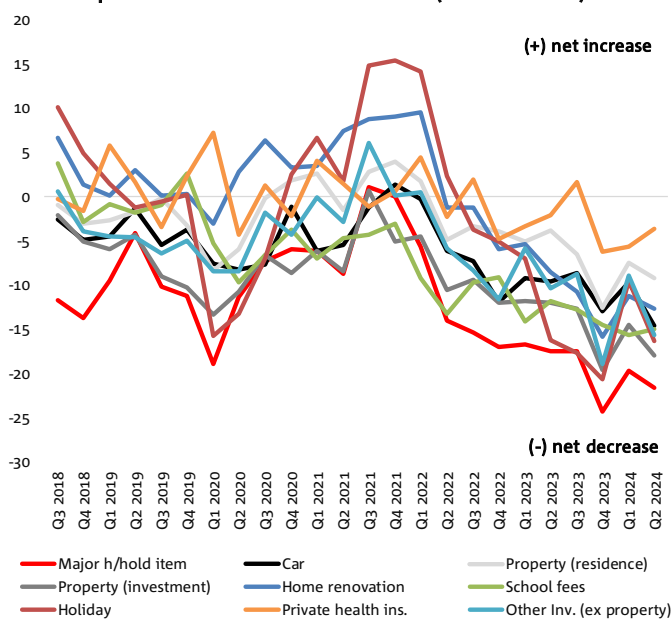


This quarter, we highlight expected changes in spending behaviours in the next 3 months by gender. Overall, the results reinforce NAB findings that women are typically more mindful and careful where they spend money and more likely to change to less expensive products to save than men.

When it came to non-essential spending expectations, we noted a much higher number of women planning to spend less in the next 3 months on entertainment (-40 vs. -34), eating out (-40 vs. -31), charitable donations (-33 vs. -26), travel/holidays (-32 vs. -25), on major household items (-30 vs. -25) and home improvements (-24 vs. -21) than men.

When it came to essential spending however more men expect to spend more on utilities (+16 vs. +13), transport (+7 vs. +1), groceries (+8 vs. -3) and medical expenses (+3 vs. +1). Financial spending expectations were broadly the same for paying off debt (+3 men; +1 women), but somewhat more women planned to cut back their use of credit (-12 vs. -8) and spend on superannuation, savings & investments (-7 vs. -2).

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



Expectations for major purchases in the next 12 months were more negative in June compared to Q1, with the net number planning to spend less still outweighing those planning to spend more, and also higher in most categories bar private health insurance (-4 vs. -6) and school fees (-15 vs. -16).

Intentions were again most conservative for major household items (-22 vs. -20), followed by investment property (-18 vs. -15), holidays (-16 vs. -10), other investments outside property (-16 vs. -9), cars (-15 vs. -10) and school fees (-15 vs. -16). Fewer also expect to spend less on residential property (-9 vs. -8).

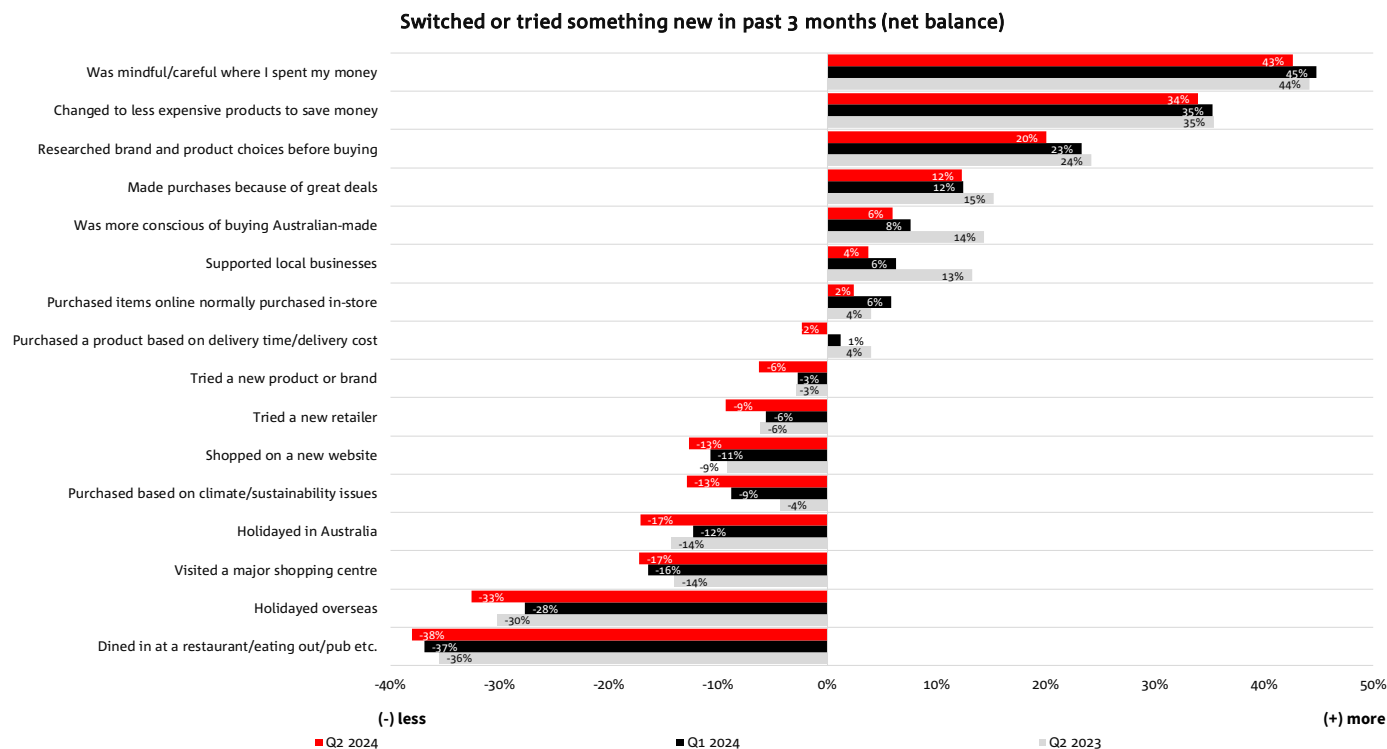
We noted a much higher number in 18-29 (-10) and 30-49 (-8) age groups who expect to spend less on private health insurance in the next 3 months, and also in the 30-49 age group on cars (-18), other investments outside property (-12) and holidays (-21). Significantly more men than women expect to spend less on school fees (-18 vs. -11), other investments outside property (-18 vs. -11), investment property (-22 vs. -14) and major household items (-25 vs. -17). By income, more people in the lower group plan to spend less in all areas, particularly investment property (-32 vs. -12), other investments (-30 vs. -13) and school fees (-25 vs. -10).

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.	-4	-10	-8	3	8	-2	-5	-6	-2
Property (residence)	-9	-5	-12	-10	-8	-7	-12	-16	-4
Home renovation	-13	-9	-13	-16	-14	-13	-12	-15	-9
Car	-15	-13	-18	-12	-12	-14	-15	-14	-13
School fees	-15	-20	-12	-13	-25	-11	-18	-25	-10
Other Inv. (ex property)	-16	-13	-20	-14	-8	-12	-18	-30	-13
Holiday	-16	-12	-21	-14	-15	-17	-16	-20	-11
Property (investment)	-18	-18	-17	-21	-19	-14	-22	-32	-12
Major h/hold item	-22	-15	-24	-25	-21	-17	-25	-25	-18

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 changed, 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 of purchasing (i.e. if they were doing more or less of these things).



High living costs continue to drive a range of consumers spending behaviours, with shoppers in all demographic groups looking for ways to save money. During the June quarter, spending change among shoppers remained most evident for being mindful or careful about where they spent their money, with the net number doing so heavily outweighing those less mindful (+43% down slightly from +45% in the March quarter).

Positive behavioural change was next most common for switching to less expensive products to save money (+34% down from +35%), researching brands & product choices before buying (+20% down from 23%), and making purchases because of great deals (unchanged at +12%).

More consumers were still more conscious of buying Australian made and supporting local business than those who were not during the June quarter. But with little respite from cost of living pressures, value driven consumers continue to become less conscious of buying Australian made (+6 vs +8 in Q1) and supporting local business (+4 vs. +6 in Q1).

Moreover, the net number buying Australian made more than halved from the same time last year (+14%) and was much lower than during the final quarter of 2021 (43%), with the number supporting local business also down heavily from 13% last year and 42% in the final quarter of 2021.

Slightly more Australian shoppers also purchased items online they would normally purchase in store (+2% down from +6% in the March quarter), representing the lowest number doing so since NAB first started tracking this data.

In terms of doing less, enduring cost of living pressures are clearly continuing to weigh on shoppers, with their spending behaviours in all these areas becoming more restrained in the June quarter. During the quarter, we recorded a further increase in the number of consumers who dined in less at restaurants or ate out (-38% up from -37% in Q1) and it remained the number one negative behavioural change among Australians in the last 3 months. The June quarter also recorded somewhat higher increases in the net number who holidayed less overseas (-33% vs. -28%) and in Australia (-17% vs. -12%) or made purchases based on climate or sustainability issues (-13% vs. -9%).

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	43%	42%	42%	45%	42%	37%	48%	50%	45%
Changed to less expensive products to save money	34%	39%	37%	32%	26%	29%	38%	38%	39%
Researched brand and product choices before buying	20%	24%	22%	20%	13%	19%	21%	18%	29%
Made purchases because of great deals	12%	25%	15%	9%	-2%	11%	13%	9%	19%
Was more conscious of buying Australian-made	6%	-4%	0%	8%	23%	8%	4%	10%	4%
Supported local businesses	4%	3%	-4%	4%	16%	6%	2%	7%	3%
Purchased items online normally purchased in-store	2%	6%	10%	-5%	-7%	4%	1%	-6%	11%
Purchased based on delivery time/delivery cost	-2%	10%	1%	-11%	-11%	-1%	-4%	-8%	3%
Tried a new product or brand	-6%	0%	-2%	-11%	-15%	-6%	-7%	-6%	-1%
Tried a new retailer	-9%	-2%	-9%	-12%	-15%	-6%	-12%	-10%	-5%
Shopped on a new website	-13%	-6%	-9%	-17%	-20%	-11%	-14%	-18%	-6%
Purchased based on climate/sustainability issues	-13%	-4%	-14%	-18%	-15%	-12%	-13%	-14%	-10%
Holidayed in Australia	-17%	-12%	-20%	-21%	-13%	-12%	-23%	-17%	-12%
Visited a major shopping centre	-17%	-12%	-14%	-26%	-19%	-12%	-22%	-13%	-16%
Holidayed overseas	-33%	-30%	-32%	-34%	-35%	-28%	-37%	-30%	-29%
Dined in at a restaurant/eating out/pub etc.	-38%	-30%	-37%	-46%	-40%	-35%	-42%	-37%	-35%

The table above continues to highlight some big differences in spending behaviours among Australians over the last 3 months.

By age, they included a significantly lower number in the over 65 group who researched products and brands before buying (+13%), but a much higher number buying Australian made (+23%) and supporting local business (+16%). In the 18-29 group, significantly more shoppers made purchases because of great deals (+25%) or based on delivery times and cost (+10%), and with this group also by far the least likely to have made fewer purchases based on climate or sustainability issues (-4%) than other age groups. Noticeably more shoppers in age groups over 50 tried less new products and brands or shopped on a new website than those under 50.

The key contrasts in behaviours between men and women over the June quarter included the significantly higher number of women more mindful or careful about where they spent their money (+48% women vs. +37% men) or changed to less expensive products (+38% vs. +29%). We again also recorded a much higher number of women who said they dined in less at restaurants or ate out (-42% vs. -35%), holidayed overseas (-37% vs. -28%), visited a major shopping centre (-22% vs. -12%) or holidayed in Australia (-23% vs. -22%)

By income, a much larger number of consumers in the higher income group said they researched brand choices before buying (+29% vs. +18%), made purchases because of great deals (+19% vs. +9%) or bought items online they normally bought in store (+11% vs. -6%). But a higher number in the lower income group were more conscious of buying Australian made (+10% vs. +4%). They were also less likely to have purchased based on delivery time or cost (-8% vs. +3%) or shopped on a new website (-18% vs. -6%).

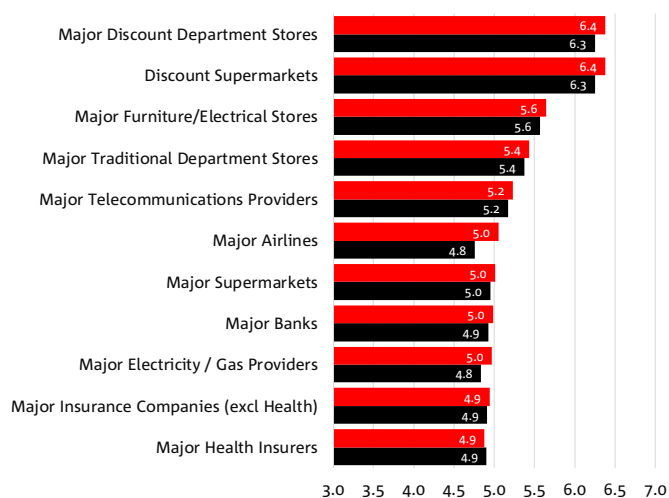
Customer satisfaction

Customer satisfaction can be defined as a measurement that determines how happy customers are with a company's products, services and capabilities. In addition to consumer behaviours, NAB has recently started to track customer satisfaction across a range of retail categories and service providers.

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 asks consumers to rate their 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). The latest survey findings show it varies widely across retail and service providers.

Customer satisfaction (score out of 10)



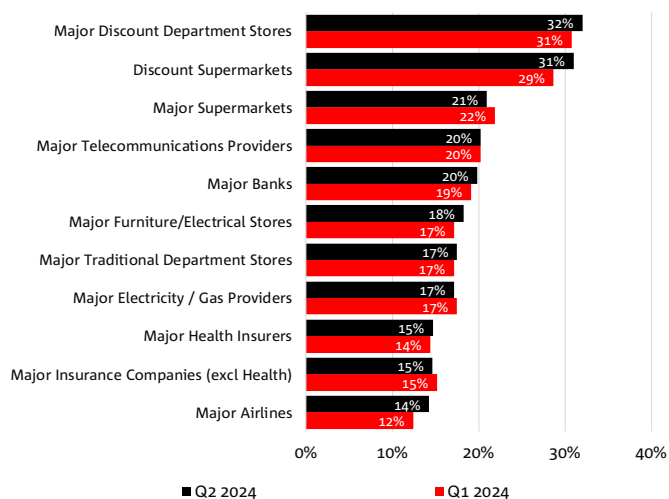
Customer satisfaction again scored equal highest for discount department stores and discount supermarkets at 6.4 pts in Q2 (up from 6.3 pts in Q1). Major furniture & electrical stores (unchanged at 5.6 pts), traditional department stores (unchanged at 5.4 pts) and telecoms providers (unchanged at 5.2 pts) followed. Major airlines were next with satisfaction rising to 5.0 pts (4.8 pts in Q1). It was also scored at 5.0 pts for major supermarkets (unchanged), banks (up from 4.9 pts) and electricity & gas providers (up from 4.8 pts in Q1 and lifting from bottom place). Satisfaction was unchanged and equal lowest for major health insurers and insurance companies (4.9 pts).

Customer satisfaction scored lowest in rural areas in all retail and service categories compared to other regions, particularly discount supermarkets (6.0 pts), traditional department stores (4.8 pts) and major banks (4.5 pts). Satisfaction was somewhat higher in capital cities for traditional department stores (5.6 pts) and major airlines (5.2 pts). By age, customer satisfaction was highest in the 65+ group in all retail and service categories, especially major supermarkets (5.7 pts) and electricity & gas providers (5.4 pts). We again saw little difference in customer satisfaction scores 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
Major Discount Department Stores	6.5	6.3	6.1	6.0	6.4	6.4	6.7	6.3	6.5
Discount Supermarkets	6.4	6.4	6.0	6.1	6.3	6.4	6.8	6.3	6.4
Major Furniture/Electrical Stores	5.7	5.6	5.3	5.1	5.6	5.8	6.2	5.7	5.5
Major Traditional Department Stores	5.6	5.2	4.8	5.1	5.4	5.4	5.8	5.5	5.3
Major Telecoms Providers	5.3	5.1	4.9	5.0	5.2	5.1	5.6	5.3	5.1
Major Airlines	5.2	4.9	4.6	4.8	5.2	4.8	5.3	5.1	5.0
Major Supermarkets	5.1	4.9	4.9	4.6	4.9	5.0	5.7	5.1	4.9
Major Banks	5.1	4.9	4.5	5.1	5.0	4.6	5.2	4.9	5.1
Major Electricity / Gas Providers	5.1	4.9	4.6	4.9	4.9	4.6	5.4	5.0	5.0
Major Insurance Co. (ex. Health)	5.0	4.9	4.7	4.9	5.0	4.4	5.3	4.9	5.0
Major Health Insurers	4.9	4.9	4.6	4.9	5.0	4.2	5.1	4.9	4.9

Customer satisfaction (scored high)



When looking at the distribution of customer satisfaction scores, however, we found that almost 1 in 3 Australian consumers scored “high” levels of customer satisfaction (i.e. 8+ pts) for discount department stores (32%) and around 3 in 10 for discount supermarkets (31%) - with both retail categories seeing an increase in the number of highly satisfied customers over the quarter.

Around 1 in 5 customers were also highly satisfied with major supermarkets (21% vs. 22% in Q1), telecoms providers (unchanged at 20%) and major banks (20% vs. 19%).

Major airlines (14%) had the lowest number of highly satisfied customers in the June quarter, though this climbed to 14% from 12% in the previous quarter. Next lowest were insurance companies (unchanged at 15%) and health insurers (15% vs. 14%).

Customer satisfaction (scored “high”) - region, age & gender (Q2 2024)

	Capital City	Regional City	Rural Area	18-29	30-49	50-64	65+	Men	Women
Major Discount Department Stores	32%	33%	31%	27%	31%	33%	37%	31%	33%
Discount Supermarkets	30%	34%	29%	28%	30%	31%	36%	31%	31%
Major Supermarkets	21%	22%	20%	13%	20%	22%	29%	23%	19%
Major Telecoms Providers	20%	22%	18%	14%	21%	18%	28%	22%	19%
Major Banks	20%	21%	16%	14%	20%	16%	28%	21%	19%
Major Furniture/Electrical Stores	18%	18%	18%	10%	20%	16%	26%	19%	18%
Major Traditional Department Stores	19%	16%	10%	12%	20%	17%	19%	20%	16%
Major Electricity / Gas Providers	17%	18%	17%	12%	18%	14%	24%	20%	14%
Major Health Insurers	14%	16%	13%	13%	16%	11%	18%	16%	13%
Major Insurance Co. (ex. Health)	13%	17%	17%	10%	15%	13%	20%	16%	13%
Major Airlines	15%	14%	11%	11%	18%	11%	15%	17%	11%

Across regions, we noted a higher number of customers in regional cities with “high” satisfaction for discount supermarkets (34%) and in capital cities with traditional department stores (19%). But we also found a much lower number of highly satisfied customers in rural areas for traditional department stores (10%) and major airlines (11%), and in capital cities insurance companies (13%).

By age, a noticeably larger number of consumers over 65 reported high satisfaction with discount supermarkets (36%), major supermarkets (29%) telecoms providers (28%), banks (28%), furniture & electrical stores (26%), electricity & gas providers (24%) and insurance companies (20%) than in other age groups and somewhat more in the 30-49 age group with major airlines (18%). We also noted a much lower number of consumers under the age of 198 who scored high levels of customer satisfaction with major supermarkets (13%), telecoms providers (14%), banks (14%), furniture & electrical stores (10%) and traditional department stores (12%) than in other age groups.

The number of highly satisfied customers was broadly similar between women and men in most retail categories and service providers. Key exceptions were the somewhat larger number of men who scored customer satisfaction high for major supermarkets (23% men; 19% women), traditional department stores (20% vs. 16%), electricity & gas providers (20% vs. 14%) and major airlines (17% vs. 11%).

What consumers value most when dealing with a business

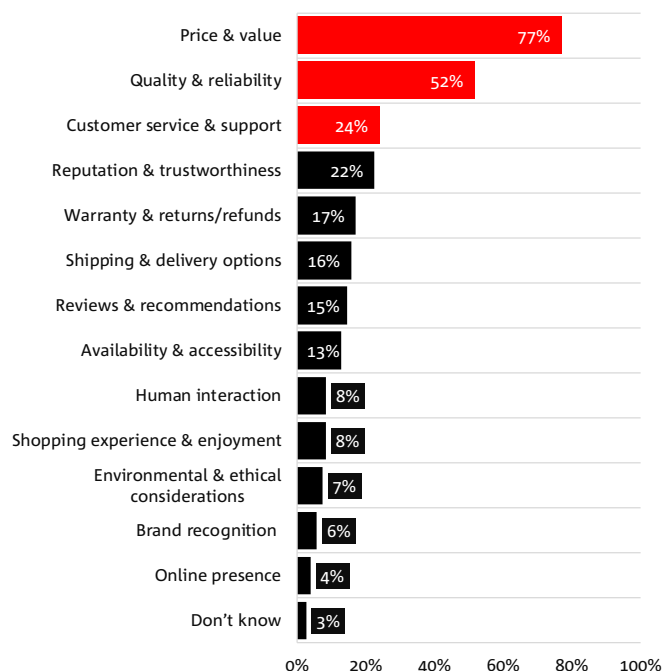
In today’s competitive business landscape, customers have more options and greater expectations than ever before. Understanding consumer values is critical for businesses to build a strong and competitive value proposition for their customers. In this survey, we asked consumers for the first time to nominate up to 3 things they value most when dealing with a business.

In an environment of persistent cost of living pressures, price & value were key according to almost 8 in 10 (77%) consumers overall. The next most important expectation according to over 1 in 2 (52%) consumers was quality & reliability. Customer service & support was also valued most by 1 in 4 (24%) consumers.

A relatively high number of consumers also valued most reputation & trustworthiness (22%), warranty & returns or refunds (17%), shipping & delivery options (16%), reviews & recommendations (15%) and availability & accessibility when dealing with a business.

Far fewer however most valued an online presence (4%), brand recognition (6%), environmental & ethical considerations (7%), shopping experience & enjoyment (8%) and human interactions (8%), while 3% did not know.

What consumers value most when dealing with a business



What consumers value most when dealing with a business: region, age, gender & higher/lower incomes (Q2 2024)

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Price & value	77%	74%	72%	83%	82%	76%	78%	77%	76%
Quality & reliability	52%	48%	50%	53%	57%	53%	51%	46%	54%
Customer service & support	24%	19%	17%	27%	38%	26%	22%	31%	18%
Reputation & trustworthiness	22%	23%	18%	22%	29%	23%	21%	18%	24%
Warranty & returns/refunds	17%	12%	17%	19%	20%	17%	17%	17%	16%
Shipping & delivery options	16%	18%	18%	17%	8%	12%	19%	16%	15%
Reviews & recommendations	15%	23%	18%	10%	6%	13%	17%	11%	17%
Availability & accessibility	13%	15%	15%	10%	10%	12%	13%	14%	14%
Human interaction	8%	5%	6%	10%	13%	10%	7%	12%	7%
Shopping experience & enjoyment	8%	9%	9%	8%	7%	8%	9%	11%	8%
Environmental & ethical considerations	7%	10%	7%	5%	8%	6%	8%	6%	7%
Brand recognition	6%	6%	8%	4%	4%	8%	3%	2%	9%
Online presence	4%	4%	6%	3%	2%	4%	4%	2%	4%
Don't know	3%	4%	3%	2%	1%	1%	4%	5%	2%

What consumers valued most did however differ in key groups.

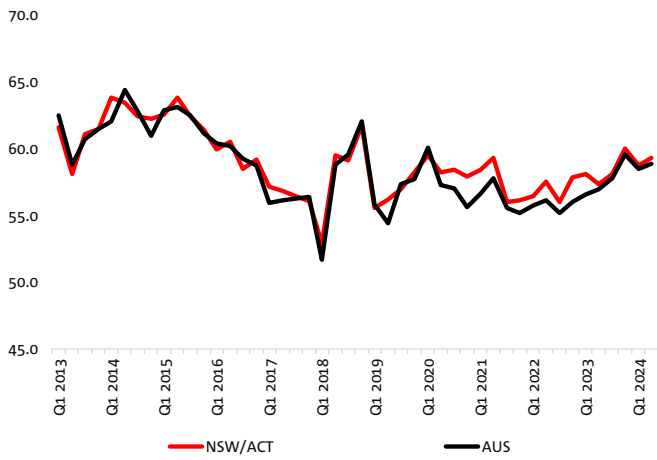
By age, noticeably more consumers over 50 valued price & value than under 50. Significantly more over 65 also valued customer support & service (38%) and reputation & trustworthiness (29%), particularly when compared to the 30-49 age group (17% & 18% respectively), and human interaction (13%) especially compared to the 18-29 group (5%). Twice as many people under 65 valued shipping & delivery options than those of 65. Reviews & recommendations were valued far more consumers in the 18-29 group (23%), particularly when compared to those over 65s (6%), with environmental & ethical considerations also valued by twice as many people in the 18-29 group (10%) than in the 50-64 group (5%). Brand recognition (8%) and online presence (6%) was most valued by somewhat more people in the 30-49 group than in other age groups.

What men and women most valued when dealing with a business aligned closely in most areas. The exceptions were a somewhat higher number of men who valued customer support & service (56% men; 22% women) and brand recognition (8% vs. 3%), and higher number of women shipping & delivery options (19% women; 12% men) and reviews & recommendations (17% vs. 13%).

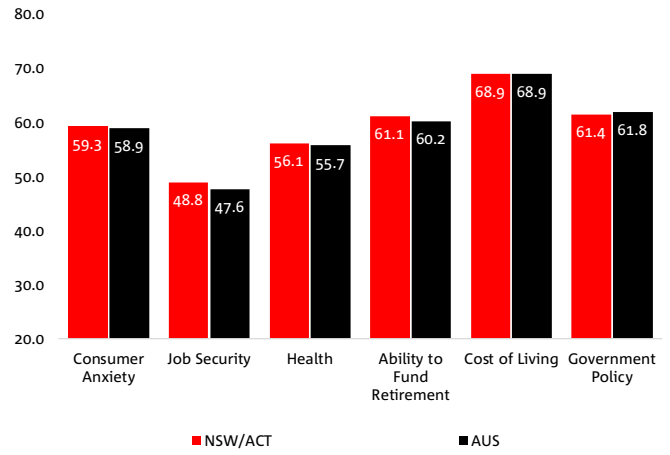
When comparing consumers in the lower and higher income groups, the biggest differences were the much higher number in the lower income group that valued customer support & service (31% lower income; 18% higher income), but in the higher income group reputation & trustworthiness (34% higher income; 18% lower income), reviews & recommendations (17% vs. 11%) and brand recognition (9% vs. 2%).

Appendix 1: Consumer Stress Index - States

Consumer Stress: NSW/ACT



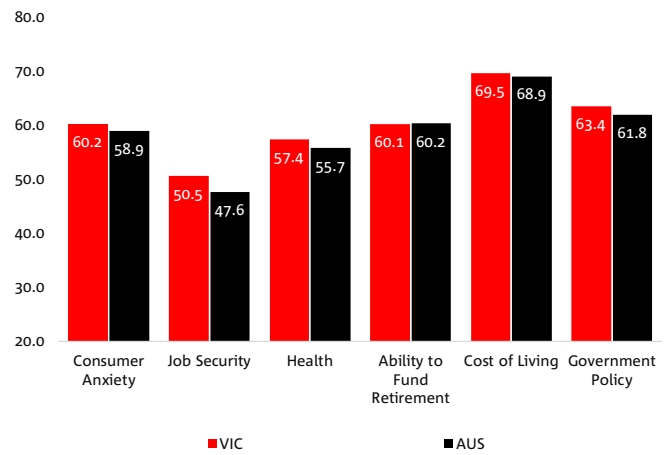
Consumer Stress: NSW/ACT (Q2 2024)



Consumer Stress: VIC



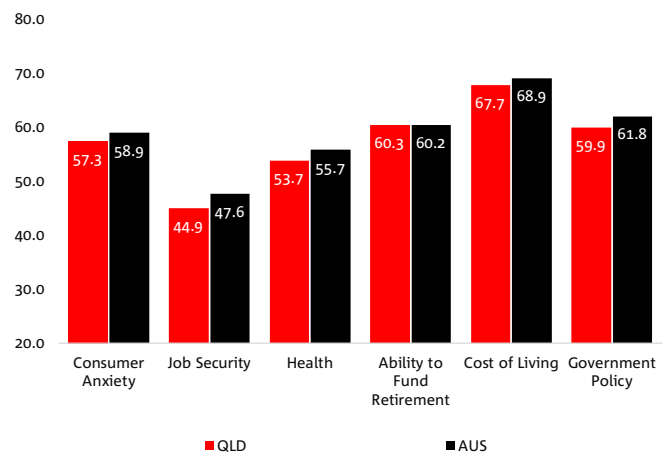
Consumer Stress: VIC (Q2 2024)



Consumer Stress: QLD



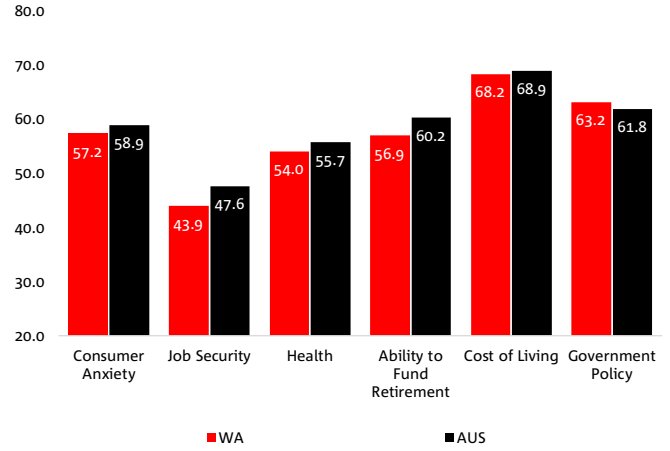
Consumer Stress: QLD (Q2 2024)



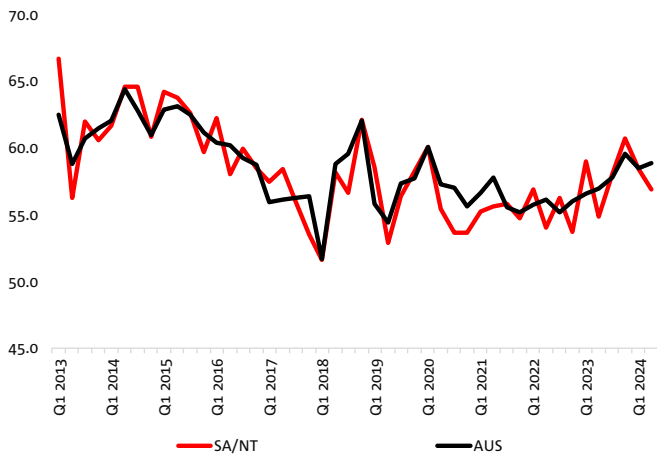
Consumer Stress: WA



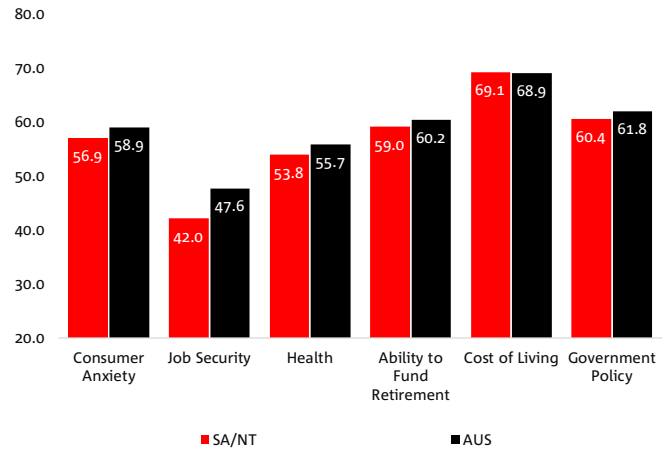
Consumer Stress: WA (Q2 2024)



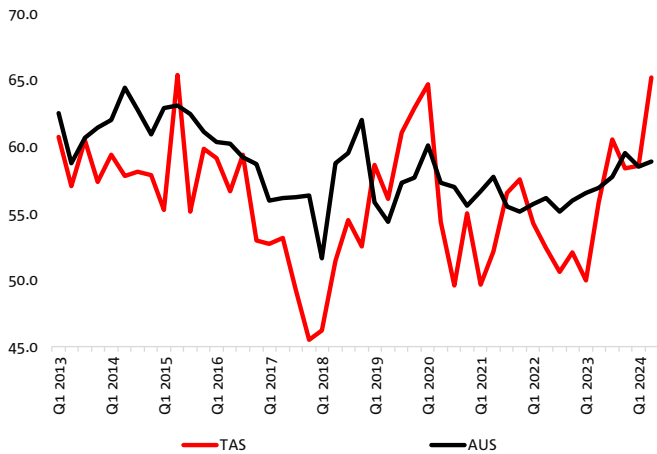
Consumer Stress: SA/NT



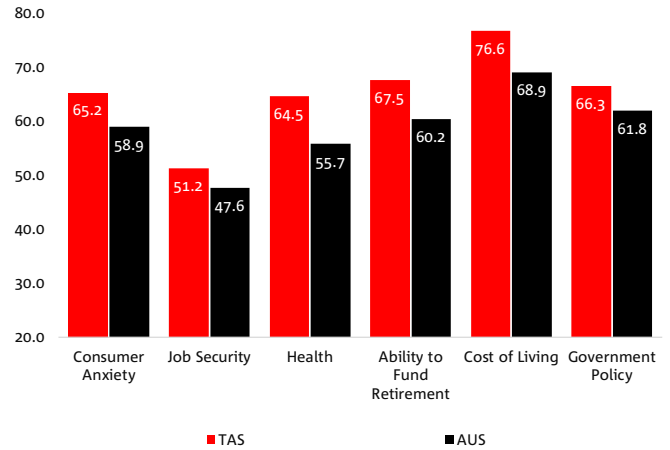
Consumer Stress: SA/NT (Q2 2024)



Consumer Stress: TAS

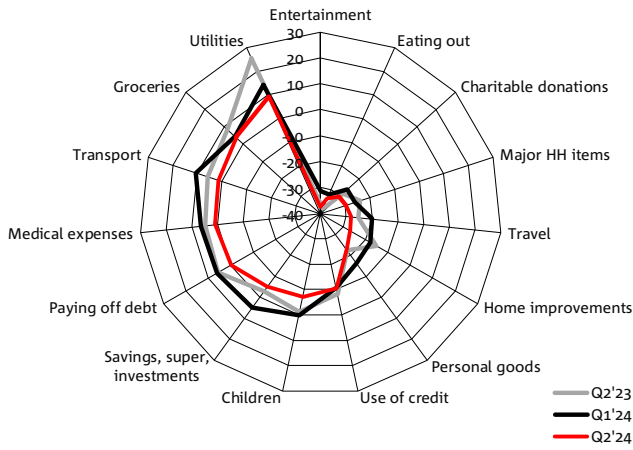


Consumer Stress: TAS (Q2 2024)

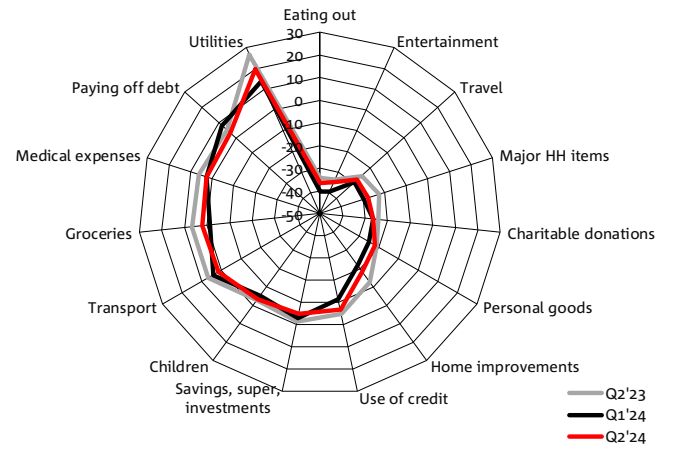


Appendix 2: Future Spending Patterns: States

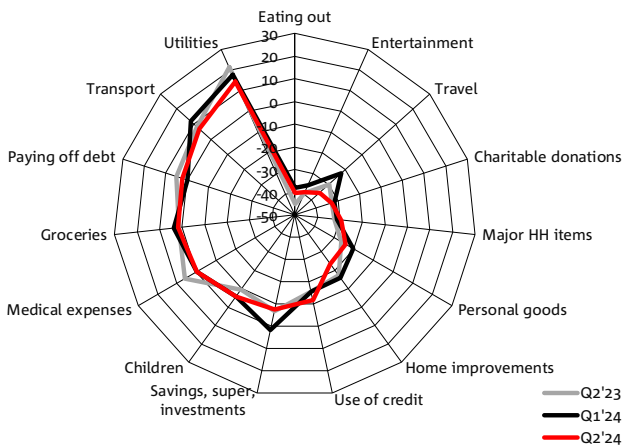
NSW/ACT: Changes in spending patterns (net)



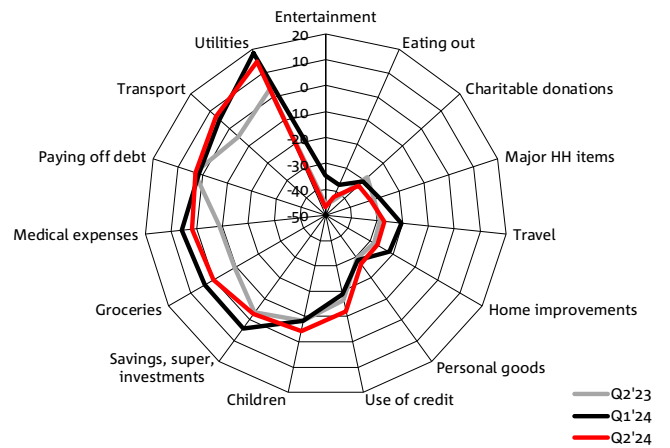
VIC: Changes in spending patterns (net)



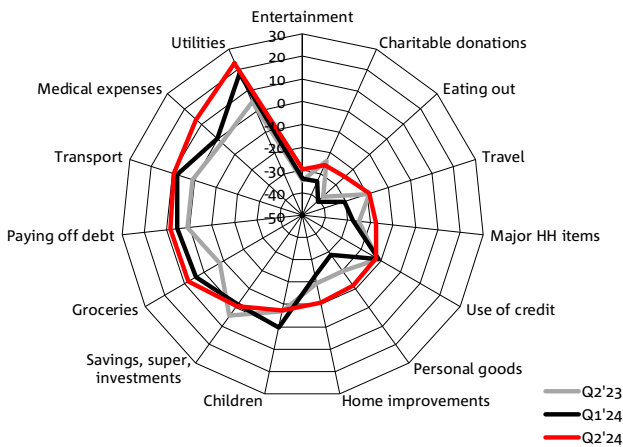
QLD: Changes in spending patterns (net)



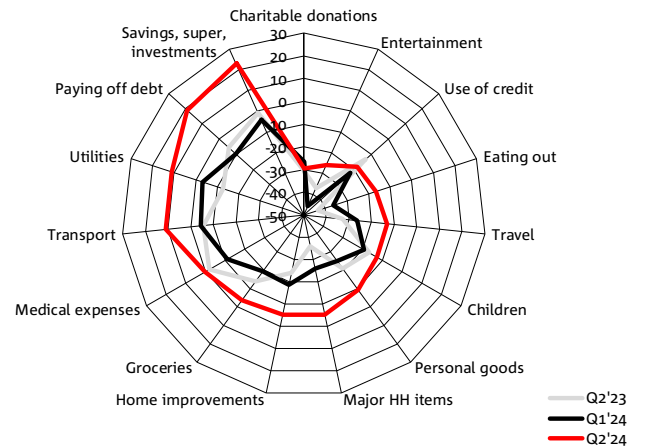
WA: Changes in spending patterns (net)



SA/NT: Changes in spending patterns (net)



TAS: Changes in spending patterns (net)





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