

Press Release

19th November 2020



Supermarket spend soaring as Scots prepare for a winter indoors

- **Essential spend also grew 8%, driven by supermarket spend**
- **Spending on fuel and the commute fell as government continues to encourage home working**

Scotland's spending recovery since lockdown lifted in July remained strong in October with spending up 8% year on year, despite tougher restrictions in place across the country, the latest Bank of Scotland Spending Power Report has found.

Reflecting limited opening times for the hospitality sector in October, and even tougher measures in place across the central belt, spending in restaurants fell for the first time since July 5% year on year. Furthermore, the amount spent on recreational activities, such as cinema and theatre visits, shrunk 18% year on year as the sector continues to struggle in the wake of closed and empty venues.

There has also been no sign of people rushing back to book holidays for next year, with spending still down 57% compared to October 2019.

However, strong growth in spending in home stores and electrical stores (both up 44% compared to last year), alongside an increase of 41% at other retailers (such as online marketplaces) in October helped push non-essential spend to growth for the third successive month.

Food and drink continues to outperform 2019, despite travel woes

Essential spend in October grew 8% in Scotland as Scots continued to spend record amounts in Supermarkets, up 26% year on year. This marked the 8th consecutive month of plus 20% year on year growth, coinciding with the first national lockdown.

However, typical commuter spending in October was hit hard, with fuel spend down 14% compared to a year ago, having recovered to 10% down on last year just a month earlier. Furthermore, the amount spent on public transportation plummeted 60% year on year, versus a 51% fall in spending in September.

While it's encouraging that essential spend continues to hit levels above those seen in 2019, the pandemic has caused a shift in where people's money is going, rather than showing evidence of a country close to being back to normal.

Gabby Collins, Head of Payments at Bank of Scotland, said: "The introduction of a new tiered system in Scotland in November to tackle the pandemic, along with the announcement of regions

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moving into Tier 4, will likely have an impact on national spend through winter. However it's too early to say how pronounced that impact will be. While the future remains uncertain, the hospitality and retail sectors will be hoping to take advantage of a spending splurge closer to Christmas, even if that moves online."

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Essential & Non-essential spending

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

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