Press Release

20 January 2021

BANK OF SCOTLAND

Restaurants hit by 21% dip in December spending

- **Spend in restaurants down by over a fifth on 2019**
- **Essential spend up 6% year on year; with non-essential spend falling 1%**
- **Card spending in first week of January down 8% on previous year; much lower than 39% drop seen at the start of March 2020**

The amount spent in restaurants plummeted by over a fifth in December compared to last year, as festive nights out on the town were all but cancelled across Scotland, the latest Bank of Scotland Spending Power Report has found.

Non-essential spend fell 1% year on year across the same period; as the hospitality industry bore the brunt of tough restrictions through the month.

This marked the first month since June where spending on non-essentials had fallen compared to 2019.

Any December dash of patrons to pubs and restaurants over Christmas was muted, as restaurant spending alone was down 21% on the previous year. This was the biggest drop seen in a single month since June 2020.

Similarly, without the usual stream of Christmas pantomimes and blockbuster cinema releases, recreational spending fell by almost a third compared to December 2019 (26%).

Yet, other sectors welcomed a healthier month, as shoppers pressed ahead with buying presents. Other retail spend, which includes online market places, welcomed a 26% year on year increase in takings and electrical spending increased 43% over the same period.

Gabby Collins, Head of Payments at Bank of Scotland, said: “By the end of what was an extraordinary year, people in Scotland have shown remarkable resilience in their finances. From all-time lows seen in April and May, essential spend was up on the previous year over the summer and autumn as people adapted; but the tightening restrictions clearly impacted spending towards the end of the year.

“However the things people are buying are drastically different to a year ago. This is likely due to several sector closures – as we’ve seen with restaurant spending – and the diversion of cash towards more groceries, the home and home improvements”.

Supermarket spend ends the year up by a quarter

Spending in supermarkets continued to surpass 2019 levels, up 24% in December, on last

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year.

Overall essential spend, which increased 6% year on year in the month, was held back from further gains by a dip in both commuting and fuel spend (58% and 17% down year on year respectively).

First week of January following lockdown spending trend*
With lockdown now in place across the vast majority of Scotland, the latest debit and credit card customer spending data shows that across the first week of January, people spent 8% less than the year before. In March 2020, in the week of the first lockdown, year on year spend had plummeted 39%.

Given the severity and shock of the first lockdown in March 2020, it's not surprising commuting sectors ground to a halt. Spending on fuel had dipped 53% in the first seven days of the March lockdown, compared to 2019, and spending on the commute by 86%. At the start of this lockdown, fuel spend fell less severely - by 30% - compared to the same week in January 2019, as did commuter spend, which dipped 76% over the same period.

Restaurants have also fared slightly better in the most recent lockdown, compared to last March. With many restaurants adapting over the past 9 months to services like delivery, spending fell 30% in the first week of lockdown, compared to the same period in 2020. In the first week of the March lockdown, people spent 75% less, than the same week in 2019.

ENDS

*Based on a sample of customers' debit and credit card spending, this is not representative of the UK population.
January 4th 2021 – January 10th 2021 vs January 6th 2020 – January 12th 2020
March 23rd 2020 – March 29th 2020 vs March 25th 2019 – March 31st 2019

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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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