



Restaurants hit by 37% spending dip in December

- **December supermarket spend up by over a fifth compared to last year**
- **Limited festive dining options not enough to draw in customers, as spend in restaurants down nearly two fifths**
- **Card spending in first week of January down 8% on previous year; much lower than 40% drop seen at the start of March 2020**

The amount spent in restaurants plummeted in December - by almost two fifths compared to last year - as festive nights out were all but cancelled across the UK, the latest Lloyds Bank Spending Power Report has found.

Non-essential spend fell 2% year on year across the same period; as the hospitality industry bore the brunt of tough restrictions through the month.

Any December dash of patrons to pubs and restaurants over Christmas was muted, as restaurant spending alone was down 37%, on the previous year. This was the biggest drop seen in a single month where a full national lockdown has not been in place.

Similarly, without the usual stream of Christmas pantomimes and blockbuster cinema releases, recreational spending fell by almost a third compared to December 2019 (28%). Like spending in restaurants, this resulted in the biggest dip outside of a national lockdown.

Yet, other sectors welcomed a healthier month, as shoppers pressed ahead with buying presents. Other retail spend, which includes online market places, welcomed a 29% year on year increase in money taken in, and electrical spending increased 36% over the same period. Department store spending increased by 8% and health and beauty retailers took an additional 5%, compared to the same time last year.

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Gabby Collins, Head of Payments at Lloyds Bank, said: “By the end of what was an extraordinary year, people 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 fifth

Spending in supermarkets continued to surpass 2019 levels, up 21% in December, on last year.

Overall essential spend, which increased 4% year on year in the month, was held back from further gains by a dip in both commuting and fuel spend (60% and 17% down year on year respectively).

First week of January follows lockdown spending trend*

With lockdown now in place across almost all of the UK, the latest customer debit and credit card spending data shows that across the first week of January, people spent 9% less than the year before. In March 2020, the week of the first national lockdown, year on year spend had plummeted 40%.

Given the severity and shock of the first lockdown in March 2020, it’s not surprising commuting sectors ground to a halt. Customer data found spending on fuel had dipped 52% in the first seven days of the March lockdown, compared to 2019, and spending on the commute by 86%. At the start of the latest lockdown, fuel spend fell less severely, by 30% compared to the same week in January 2019, as did commuter spend which dipped 73% over the same period.

Restaurants have also fared slightly better when compared to the first days of the March lockdown. With many restaurants adapting over the past 9 months, switching to services such as pick-up and delivery, spending fell 41% in the first week of January’s lockdown, compared to the same period in 2020. This is in contrast to the first week of March 2020, where people spent 79% less, than the same week in 2019.

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*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). 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 UK population.

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