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## REGIONAL NSW MUTUAL CUSTOMERS SHOW NO SIGN OF SPENDING SLOWDOWN IN 2021

Newcastle Permanent, Australia's second largest mutual with over a quarter of a million customers located predominantly across the Hunter and Regional NSW, has today released its latest *Newcastle Permanent Customer Spend Trends Report*, which shows continued growth in customer retail and consumer goods spending and spending preferences at the end of 2020 and into the first two months of 2021.

James Cudmore, Newcastle Permanent's Chief Customer & Product Officer, said the trends are evidenced in over 9-million card transactions and nearly three quarters of a billion dollars (\$637,698,122) of customer spending between December 1 and February 28.

"Collectively our customers spent an average of \$7-million dollars a day on their cards across these three months."

"Our 320,000 customers – who span Sydney to the Queensland border, regional/rural NSW and interstate - drove an additional \$90.7-million into the Australian economy this December through February than they did in this period the year before," James said.

December 2020 alone saw an overall increase in card and online spending of \$40.8-million compared to pre-pandemic December 2019 spending. January saw year on year card purchases surge by \$23.7-million and in February we saw card expenditure rise again, with our customers spending an extra \$26.2-million swiping their Visa cards.

"Customer spending is showing no signs of slowing down, with funds we typically see earmarked in December and January for activities like international and interstate holiday travel directed into Food and Grocery, Home Improvement, Retail Goods, Automotive, Hospitality, Entertainment and Education spending.

"As a leading mutual we've seen a real spending confidence among our customers at the start of 2021, driven by an economy emerging from recession, progress towards the COVID vaccine rollout, regional community management of the pandemic, a more cashless economy and historic low interest rates," James said.

The mutual's customers spent up big at department stores (up 42% in February), discount stores (up 31% in February), clothing and apparel (up 13% in February) and retail goods (up 33% in February) spending an additional \$7.7-million in February 2021 and an extra \$11.8-million more in December 2020 than in the year before across these four categories.

"We had expected retail spending to ease after the November sales events and Christmas shopping period, but our love of retail has only continued to strengthen into 2021," said James when analysing the spending patterns.

Customers spent over \$6.6-million more at the supermarket in January and \$6.7-million more in February than they did in these months the year before, with grocery expenditure for the month remaining on par with that recorded in the April/May lockdown period.

"Not only were we buying more at the supermarket in this year, we also ditched the kitchen in favour of dining out, with \$1.3-million more spent on fast food and \$1.9-million on restaurant meals than in February 2020," James said.

“It seems our love of home renovation isn’t waning either. Our 320,000 customers spent an impressive \$14.7 million dollars on their cards at home improvement, nurseries and home hardware stores like Bunnings in February. That’s over \$4.1-million more than spent last February and follows strong monthly expenditure growth in this category since April/May last year.”

Unsurprisingly, airline and cruise travel, car hire, fuel and tourism spending were among the categories to suffer the biggest year on year decreases.

The latest *Newcastle Permanent Customer Spend Trends Report* data indicates that, although many customers are still routinely saving, they’re using money they’d usually spend on things like travel on their ‘to do’ and ‘would like’ lists, rather than putting it aside for that international holiday they don’t yet know when they’ll be able to take.

“We expect to see some interesting trends emerge from annual growth comparisons from now towards the middle of the year when the government’s stimulus wind down comes into effect, impacts of this become apparent, and year on year spending is compared against that of a challenging 2020 for Australia’s economy,” James said.

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