

Lockdown equals slowdown for some

Friday, 26 February 2021

The three days of lockdown for Auckland earlier this month made a clear impression on our retail spending figures. While only Auckland moved into Level 3 lockdown, the impact was felt across the country, albeit at different levels.

Looking at the five day period bracketing lockdown (the day before, three days of lockdown and the day after), underlying spending through Paymark was down 21%, relative to trend, amongst Core Retail merchants in Auckland/Northland. While Northland didn't go into Level 3 we include the region in these stats as Paymark groups Northland merchants with those of Auckland in its standard reporting. This should not impact the overall patterns discussed below materially.

Compared with the same days last year, spending would have been expected to change at the rate of growth averaged to date in February. Instead, a decline in spending across many Auckland/Northland merchants led to \$44 million less spending than to be expected.

A similar exercise for the rest of New Zealand, under Lockdown Level 2 for three days, showed spending amongst Paymark's Core Retail merchants to be down 2% or \$6 million, not surprisingly a more modest impact.

The daily and sector patterns did differ between the two Lockdown zones.

Alert level 3 requires everyone who can to work from home and to stay isolated when not working. Supermarkets are deemed to be essential services so are allowed to open, but social distancing rules apply.

In Auckland/Northland, there was a small increase in spending at Food/Liquor shops on Sunday and again on Thursday but this did not offset the declines experienced Monday-Wednesday. In the rest of New Zealand, there was extra Food/Liquor spending on Sunday and Monday but the changes on other days were relatively minor.

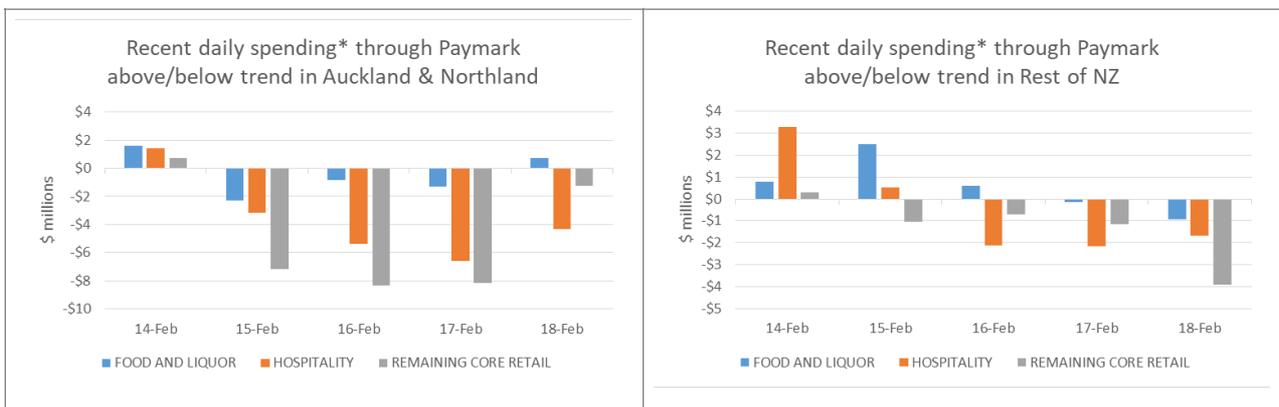


Figure 1: All Cards NZ annual underlying spending growth through Paymark around Lockdown for core retail merchants (* Underlying spending excludes large clients moving to or from Paymark)

The big spending falls in Auckland/Northland came amongst the cafes and bars within the Hospitality sector and the wide range of shops within the rest of the Core Retail sector. There was little in the way of extra spending either before or after Lockdown Level 3 amongst these merchants.

Elsewhere in New Zealand there was also generally lower spending than expected amongst Hospitality and Other Core Retail merchants but the declines were modest compared to Auckland/Northland and would also have been influenced by wet weather during these days.

ENDS

Note to editors:

These figures reflect general market trends and should not be taken as a proxy for Paymark's market share or company earnings.

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