

Consumers prioritise travel spend at the start of 2022

- Travel-related average credit card spend increased 453% YoY in the first two months of 2022
- Travel spend accounted for 7% of all credit card spend in January and February 2022 compared to just 2% in January and February 2021
- Entertainment-related spend in January and February increased 171% YoY
- However, travel spend is still not at pre-pandemic levels and is down 17% compared to 2019

NewDay – one of the UK’s leading credit providers with c.5 million customers – has published insights into its customers’ spending trends for the first two months of 2022. The data showed consumers prioritised booking holidays, with average credit card spend on hotels, flights and travel bookings increasing 453% in January and February year-on-year (YoY) as consumers took advantage of reduced global travel restrictions. The further lifting of Covid restrictions in England coincided with entertainment-related spend including bars, nightclubs, restaurants, theatres and sports increasing by 171% YoY for January and February, as people felt more confident in going out and socialising.

With NewDay providing one in six credit cards in the UK, its credit card spend data is a useful indicator of consumer confidence. Year-on-year comparisons illustrated the impact Covid restrictions had on consumer spending habits, with big jumps in spend categories most impacted by Covid. Other trends include:

- Total spend increased 27% YoY in the first two months of 2022 and showed double-digit growth against pre-pandemic levels (19%)
- Restaurant spend increased from the lows of last year with average spend increasing 149% YoY as people ate out more. Significantly, restaurant spend exceeded pre-pandemic levels by 83%
- Retail spend showed a more modest 14% YoY increase in January and February, but exceeded pre-pandemic levels by 15%
- Spending on entertainment increased 64% compared to pre-pandemic figures

Sharvan Selvam, Direct to Consumer Commercial Director, commented: “The year-on-year increases may look extreme, but were in some ways expected in light of the travel restrictions and uncertainty over the previous two years. People are making up for their lack of holidays abroad and embracing unrestricted social freedoms despite the rising cost of living. It will be interesting to see if these trends continue into the second quarter as the cost of living continues to rise.”

Credit cards remain a popular option for consumers when it comes to booking flights and hotels. They provide extra protection under section 75 of the Consumer Credit Act, which means that consumers will be refunded should there be cancellations with the airline or tour operator. Paying by credit card also means consumers can take advantage of travel offers on flights and accommodation by booking in advance.

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Methodology

The analysis was carried out using our portfolio of UK consumer products and associated credit card transaction data. It relates to the period 1 - 31 January 2022 and 1 - 28 February 2022 and is compared with the same period for 2019 and 2021. The data is based on the average card spend per active user. Travel spend includes all spending on holidays, hotels, flights and travel bookings. Entertainment spend includes all spend related to restaurants, bars, nightclubs, sports, theatres, exhibitions, events, recreation and amusement.

About NewDay

NewDay is one of the UK's largest providers of consumer credit with the simple purpose of helping people move forward with credit. We are proud to serve close to five million customers across the UK through our portfolio of brands designed to meet a range of different consumer credit needs. This includes five of our own brands, alongside a stable of retail and e-tail partnerships with leading brands.

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