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Consumer Spending Responses to the COVID-19 Pandemic: An Assessment of Great Britain

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Since the first death in China in early January 2020, the coronavirus (COVID-19) has spread across the globe, dominated the news headlines and led to fundamental changes in the health, social, political and economic landscape. In this paper, we examine consumer spending responses to the onset and spread of COVID-19, and subsequent government imposed lockdown in Great Britain, GB (England, Scotland, Wales). Our sample period spans January 1st 2020 to 7th April 2020. This allows us to observe consumer spending behavior from the initial incubation phase of the crisis. We partition the sample period into incubation (1st-17th January), outbreak (January 18th-February 21st), fever (February 22nd-March 22nd) and lockdown (March 23rd–7th April 2020) phases. Using a high frequency transaction level proprietary dataset comprising 98,796 consumers and 19.8 million transactions made available by a financial technology company, we find that discretionary spending declines during the fever period as the government imposed lockdown becomes imminent, and continues to decline throughout the lockdown period. There is a strong increase in groceries spending consistent with panic buying and stockpiling behaviour in the two weeks following the World Health Organisation (WHO) announcement describing COVID-19 as a pandemic. We also observe variations in the level and composition of consumer spending across nations and regions (particularly during the early stages of the outbreak period), and by age, gender and income level. Our results are of particular relevance to government agencies tasked with the design, execution and monitoring economic impacts arising from the spread of the virus and the public health measures imposed to mitigate the health costs of the crisis.