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Boats, Pools and Home Furnishings: How the Lockdown Transformed Our Spending Habits

Consumers who held on to jobs or who are getting government benefits have seen bank accounts swell during the coronavirus pandemic because of restrictions on shopping and tourism. Now, they are spending with surprising strength to renovate homes and entertain families.

By [Matthew Dalton](#) and [Suzanne Kapner](#)

June 16, 2020 12:12 pm ET

A quiet reservoir of economic strength is forming among households flush with cash. And it is reviving consumer spending.

The crisis caused by the coronavirus has pushed millions into unemployment and left them straining to get by. But many consumers in the U.S. and Europe who have held on to their jobs or are getting government benefits have seen their bank accounts swell during lockdowns, according to government data, because of restrictions on shopping and big-spending activities such as tourism.

Consumers with means are driving surprising strength in a number of sectors. People are flocking to home-improvement stores and car dealerships. They want to install pools in their backyards and Jacuzzis in their bathrooms. Spending on furniture has jumped. So have sales of fitness and sports equipment.

And with vacations and summer camps canceled and pool memberships on hold, families are looking for other ways to entertain themselves this summer.

“I’ve got people I went to high school with who I haven’t spoken to in 20 years, asking how they can get a boat,” said David Schmitt, vice president of Buster’s Marine Service Corp., a boat dealership in Queens, N.Y.

For those still employed, paychecks have continued to roll in. Many of those laid off or whose businesses are suffering also have cash in hand, at least for now, as governments step in to replace much of their lost income. These measures include checks sent directly to consumers and increased unemployment benefits. In Europe, governments are subsidizing tens of millions of paychecks in order to persuade companies to forgo layoffs.

“People have a lot of purchasing power now,” said Samir Badouchi, commercial director at a tech startup, who bought some shoes and a T-shirt from Hermès in Paris days after France lifted its lockdown on May 11. “They’ve been at home and can’t spend for two months. No restaurants, no bars. People who go to sporting events can’t do that. They were forced to save.”



A line at Home Depot in Methuen, Mass., in May.

PHOTO: JIM DAVIS/THE BOSTON GLOBE/GETTY IMAGES

On Tuesday, the Commerce Department reported that retail sales rose a record 17.7% in May from the prior month, although total spending remained below levels before the pandemic. That followed a seasonally adjusted drop of 14.7% in April, the biggest decline since record-keeping began in the early 1990s.

The surge could represent pent-up demand, and economists project it could take years for the U.S. economy to recover. Spending could slow if workers haven’t regained jobs by the time unemployment insurance and government subsidies run out. Some categories of workers, including freelancers and some immigrants, aren’t eligible or haven’t received unemployment or stimulus benefits.

The U.S. entered a recession in February, and economists and policy makers disagree on how long it is likely to last. Some jobs have come back since the economy has started to reopen, but the unemployment rate remains at one of the highest levels since the Great Depression. Unemployment claims in Europe also surged.

So far though, deposits in commercial banks in the U.S. hit growth records in March and April and surged again in May.

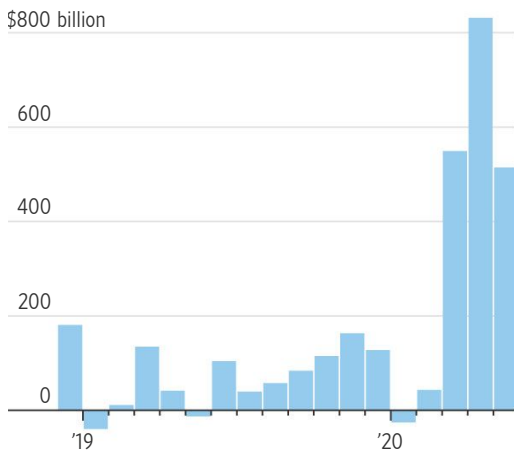
Bank of America Corp. Chief Executive Brian Moynihan said the average balance of smaller accounts—those with less than \$5,000—was up 30% to 40% at the end of May compared with 12 weeks previous, before the U.S. went into lockdown. He credits the rise to government stimulus checks.

Money in the Bank

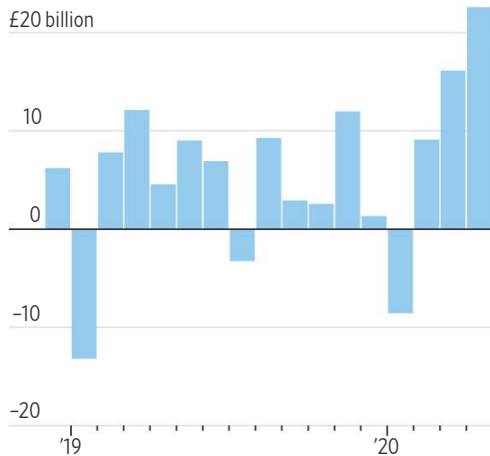
Funds on deposit have swelled as lockdowns cut down consumer spending.

MONTHLY CHANGE IN BANK DEPOSITS

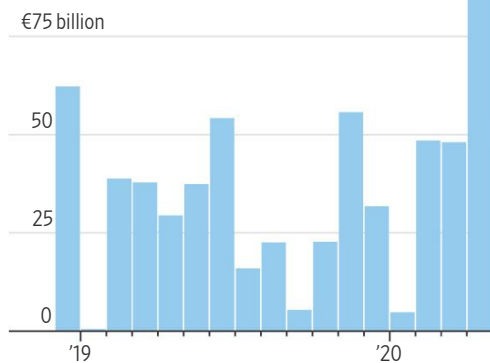
U.S.



U.K.



Eurozone



Notes: U.S. data are all commercial bank deposits, eurozone are household overnight deposits, U.K. are all household bank deposits; £1=\$1.26; €1=\$1.13
Sources: U.S. Fed; Bank of England; ECB

In the U.K., retail bank deposits in April showed their biggest jump on record, according to the Bank of England. In the eurozone, short-term household deposits rose by €90 billion, or about \$101 billion, in April, the largest increase since the euro was launched two decades ago, according to the European Central Bank.

Officials, economists and industry executives say this cash provides the consumer with fuel to power the economy.

“She has a lot more trepidation, obviously, just because of what’s going on,” said Todd Vasos, chief executive of discount retailer [Dollar General Corp.](#), referring to a typical consumer. “But I would tell you she still has money in her pocket.” He added that could change once the stimulus checks and unemployment benefits run out.

Other factors weighing on consumer confidence, analysts warn, are the protests against police violence that have rocked U.S. cities and looting that has damaged important shopping areas. [Macy’s Inc.](#) delayed the reopening of four stores in early June by several days, and its New York City flagship was looted. [Target Corp.](#), [Walmart Inc.](#), [Nike Inc.](#) and other chains temporarily closed hundreds of locations.

Daniel Gallant, the executive director of a New York City arts organization, has cut spending on discretionary items such as dining out and travel by half

since the pandemic started. He said he doesn’t plan to rush out and spend when the economy reopens, because he is worried about losing his job once his company’s paycheck protection loan runs out.

 SHARE YOUR THOUGHTS

How do you feel about making big purchases right now? Join the conversation below.

“I’m cutting back on indulgences,” the 44-year-old said. “A date night is a long walk and sharing a bottle of wine, not dinner in an expensive restaurant.”

Other consumers have been using funds to pay off credit-card debt. Revolving consumer credit outstanding—mainly

credit cards—fell in April by \$56 billion, or 5.5%, the biggest monthly drop on record, according to government data.

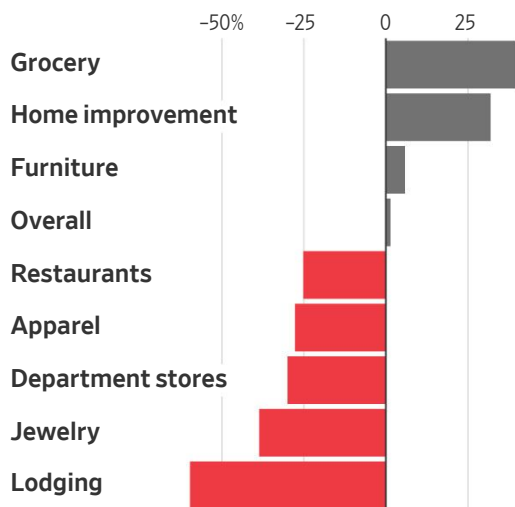
Mike McCoy, 30, was an investigator at a legal services company in Seattle before being laid off in March. He estimates federal and state unemployment benefits are paying him \$19 an hour, compared with \$17 an hour he earned on the job. He bought himself a new computer monitor and has paid off more than half of his \$9,000 in credit-card debt. He is planning to pay it all off by the end of July, when the federal benefit of \$600 a week is set to expire.

But shoppers are spending more in some categories than before the pandemic.

Focus on Home

Consumers sharply cut spending during the pandemic in some sectors while boosting outlays for groceries and items for the home.

Change from a year earlier in U.S. retail spending for the week ending June 6



Source: Mastercard SpendingPulse

For the week ended June 6, sales at home improvement retailers jumped 32%, while sales at furniture stores were up 6%, compared with the same week last year, according to Mastercard SpendingPulse, which tracks sales for in-store and online purchases.

Richard Hudnett and his wife spent nearly \$8,000 on recent home improvement projects. They ripped up carpeting in their Orlando, Fla., home and replaced it with tile; extended their driveway; and redecorated their daughter’s bedroom.

The 39-year-old college administrator said he was able to afford the upgrades because of the money he has saved since the pandemic started. The family froze

their annual passes to Walt Disney World Resort, SeaWorld and other theme parks and their gym membership, and suspended day-care payments. Mr. Hudnett has a \$1,200 United Airlines credit from a canceled trip to New Jersey planned for this summer. Instead of flying, the family of five plans to visit local state parks on



Richard Hudnett and his daughter, Kinsley. The family is using money saved to do renovations on their home in Orlando, Fla.

PHOTO: HUDNETT FAMILY

the weekends. “The state parks are much cheaper,” Mr. Hudnett said.

In some areas where lockdowns have been lifted, people are out in force at car dealerships. U.S. car sales rebounded in May after a historic drop in April, easily beating analysts’ expectations. Though they were 30% lower than in May 2019, dealerships in many states are still closed. Dealerships that are open are running out of popular models.

In Europe, auto sales climbed back in May after collapsing in April, when most of the continent was locked down.

In France, people want to buy a new car to go on vacation rather than risk being infected by the coronavirus traveling by train, salesmen said. Others were spurred by French government incentives to buy a new car that pollutes

less.

At a Peugeot dealership in the south of Paris, Guillaume Quagliotti said sales of the brand and Citroën, both owned by PSA Group, were up significantly in May at the dealership compared with a year ago.

“We weren’t expecting this at all,” said Mr. Quagliotti, a salesman. “People have saved some money, and they want to enjoy themselves.”



An Aston Martin car dealership in Roslyn, N.Y., last month.

PHOTO: GETTY IMAGES

Also in France, demand for Jacuzzis and other home spa equipment is booming. “Spa sales have been explosive,” said Hervé Mery, who owns a spa and pool business east of Paris. “We’re selling one a day. Before the lockdown it wasn’t even one a week.”

In California, Kasey Meisner and her husband are building a pool at their Escondido home. In past summers, the couple took their five children to the local community pool, but that is closed this year.

“With everything going on, we needed something to keep the kids busy,” said Ms. Meisner, who is 33 years old. She said they have saved in recent weeks by not going out to eat or buying clothes. “When you have a huge family, you can save a lot of money by staying home,” she said.

Her contractor, Bruce Dunn, president of Mission Pools, said requests for new construction were up 40% in April and May compared with a year ago. In Shreveport, La., Michael More II, chief executive of Morehead Pools, said demand this year through June is running 200% ahead of last year. His biggest problem is getting enough skilled labor.

Jewelry sales were down 39% and apparel sales were down 28% in the week ended June 6, according to Mastercard SpendingPulse.

The luxury-goods industry, which has long been geared toward courting tourists in major European and U.S. cities, is shifting operations to cater to domestic clientele and sell to them online. Apparel retailers have resorted to steep discounts to lure reluctant shoppers.

Candace Chang recently bought three pairs of shoes at Nordstrom Inc., even though her pay in advertising sales has been cut by 20%. She also bought a yoga mat from Lululemon Athletica Inc. and a dress from online retailer Lulus.com.

“It hurts that my pay has been cut, but the deals are great and it makes me feel better about everything else going on,” said the 32-year-old Manhattan resident. “Since I can’t spend on travel and entertainment, I’m spending more on stuff.”

Corrections & Amplifications

Todd Vasos is chief executive of discount retailer Dollar General Corp. An earlier version of this article incorrectly spelled his surname Basos. (Corrected on June 17, 2020)

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