

Consumer Morsel

Leisure activities: a return to socialization?

06 April 2023

Key takeaways

- Although the leisure sector was hard hit during the pandemic as lockdown restrictions forced many service-oriented leisure activities to close, the growth of "solitary outdoor leisure activities" quickly emerged.
- Bank of America credit and debit card spending on solitary outdoor leisure activities such as golfing and cycling has remained well above 2019 average levels. Additionally, Bank of America internal data on loan origination for Recreational Vehicles (RVs) experienced strong year-over-year (YoY) growth in 2022, reversing trends among all age groups.
- While in-person social leisure has rebounded rapidly, it did not come at the expense of solitary leisure as the latter still exhibits strong levels of spending compared to 2019. And, despite inflationary pressures, lower-income consumers continue to invest in their leisure time, suggesting discretionary spending in both categories of leisure activities could persist.

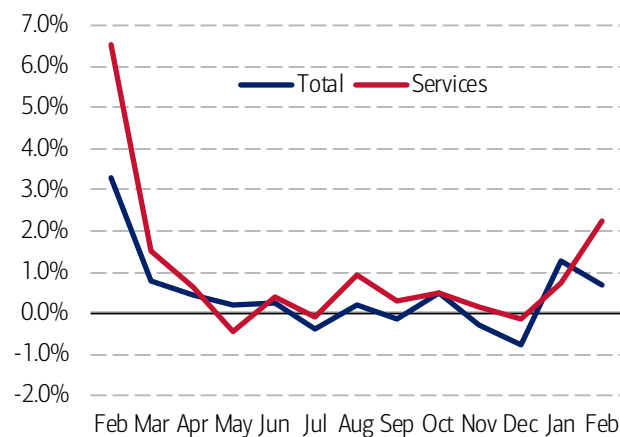
Pandemic pushes leisure sector to adapt

Throughout 2022 and continuing in 2023, one of the main supporters of economic resilience has been the strength of the US consumer as evidenced by Bank of America credit and debit card spending on services, relative to total card spending per household (Exhibit 1). Within service-providing industries, leisure has been a key driver of spending, but will this growth continue through the year?

The leisure and hospitality sector contracted sharply at the start of the pandemic, with the number of workers cut in half as these businesses were forced to temporarily close (Exhibit 2). Compelled to stay at home, consumers were forced to find other ways to obtain amusement and, in turn, shifted away from entertainment to leisure-related goods.

Exhibit 1: Total credit and debit card spending per household, based on Bank of America internal data (%MoM, monthly, seasonally adjusted)

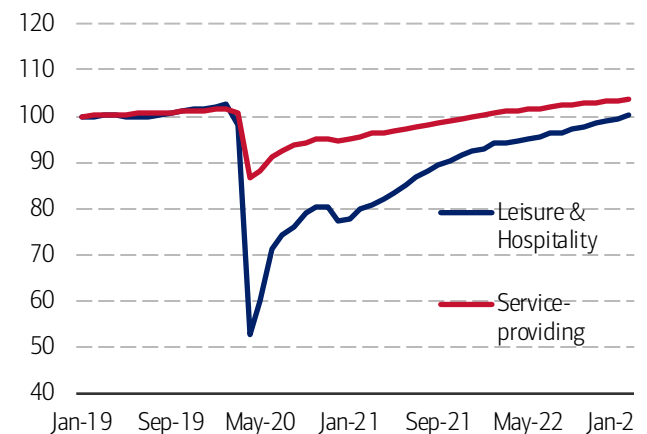
Services spending continues to outpace total spending



Source: Bank of America internal data

Exhibit 2: Number of employees in select sectors (index = January 2019)

Leisure & Hospitality sector was hard hit within the service-providing super sector



Source: Haver analytics

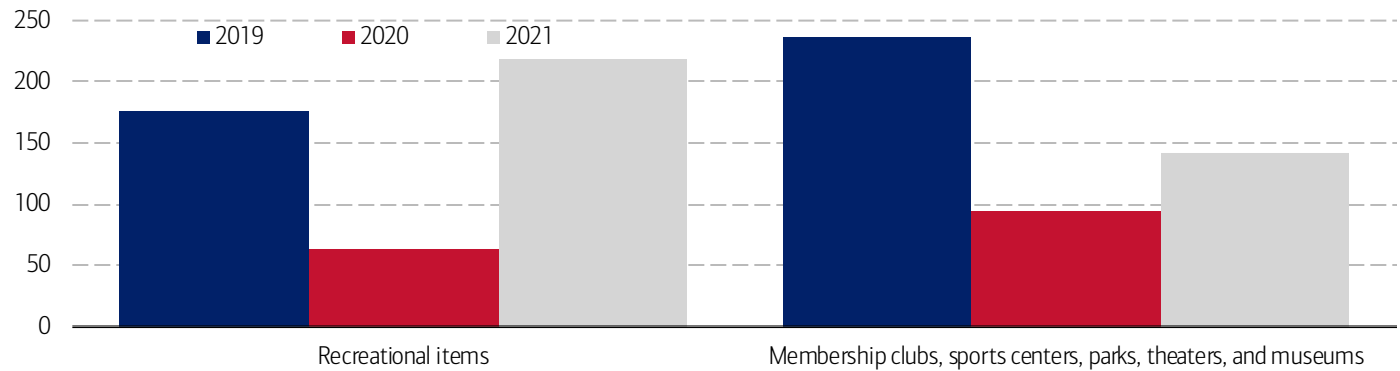
The value of alone time

So how did people adapt their leisure time during the pandemic? Consumer spending shifted away from traditional entertainment or "social" leisure activities, including amusement parks, movie theaters, and tourist attractions, and instead moved towards "solitary outdoor leisure activities" – a term coined by BofA Global Research – such as cycling and golf. This

change led to an increase in demand for leisure-related goods and a decrease in leisure-related services (Exhibit 3). According to the Bureau of Economic Analysis (BEA), inflation-adjusted (“real”) GDP for the outdoor recreation economy rose by 18.9% in 2021, compared with a 5.9% increase for the overall US economy.

Exhibit 3: Personal Consumption Expenditures by Type of Product (\$, billions)

Spending on leisure-related goods increased during the pandemic, whereas services fell



Source: Bureau of Economic Analysis

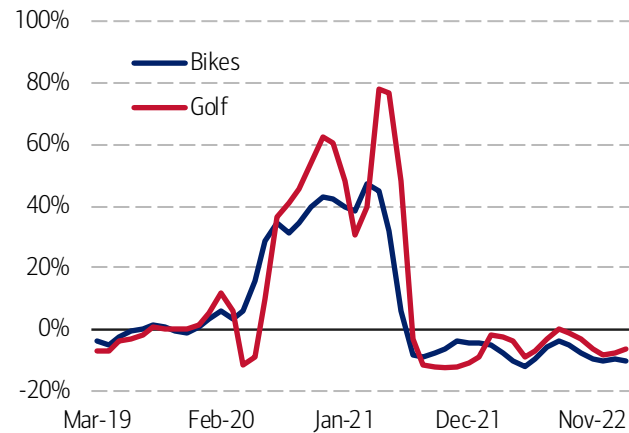
Spinning and driving in solitude

Golfing and cycling were popular choices for solitary outdoor leisure consumption. Bank of America credit and debit card spending on golf was particularly strong, reaching a peak of 78% year-over-year (YoY) growth on a 3-month moving average in May 2021 (Exhibit 4). However, this growth has largely decelerated and begs the question: has this demand for solitary leisure-related goods abated post-pandemic?

According to the National Golf Foundation¹, a record number of 3.3 million people played on a golf course in the US for the first time in 2022 – the previous annual record was set in 2000. Spending on golf and bikes remains above 2019 average levels, though this varies across age groups. Within solitary outdoor leisure-related card spending, golf seems to be more popular across older generations, whereas younger generations tend to spend more on bikes (Exhibit 5). So, it seems that despite YoY growth having recently slowed within these spending categories, the reopening of the economy has not necessarily dragged down spending on solitary outdoor leisure activities across all age groups.

Exhibit 4: Bank of America credit and debit card spending on select solitary leisure categories (YoY% growth, non-seasonally adjusted, 3-month moving average)

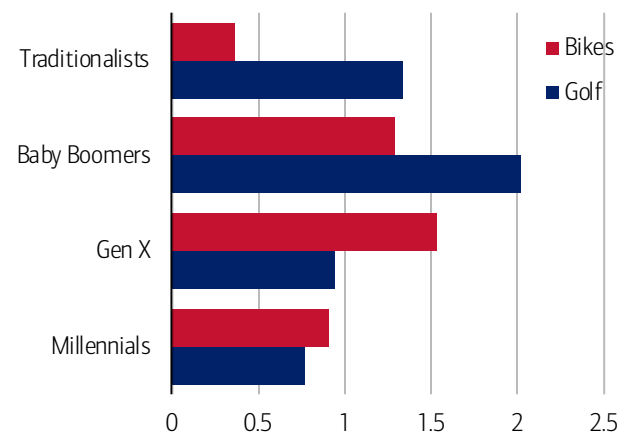
Spending growth has decelerated in bikes and golf and is similar to 2019 growth rates



Source: Bank of America internal data
 Note: Golf includes golf courses.

Exhibit 5: Bank of America credit and debit card spending by generation on select solitary leisure categories (index, 2019 average =1, 28-day moving average as of March 25)

Older generations spend more on golf compared to younger generations



Source: Bank of America internal data

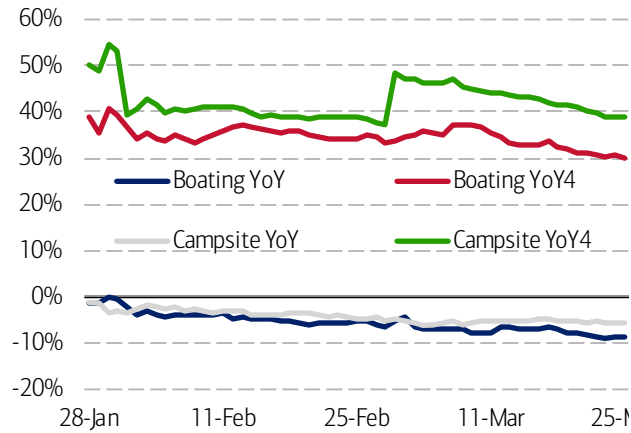
Over the river and through the woods

Boating and RVing were the two largest conventional activities as defined by the BEA within outdoor recreation in terms of dollars added in 2021. While Bank of America card spending growth on campsites and marine activity, like boat rentals, has slowed on a YoY basis, when compared over a 4-year period, it has increased greatly (Exhibit 6). As of March 25, spending on campsites and marine activity has grown 39% YoY and 30% YoY from 2019, respectively.

Campsite spending growth remains above boating for both time periods, though the ‘jump’ at the beginning of the month for campgrounds could be for those who pay on a monthly basis. Bank of America internal data found elevated RV loan origination YoY% growth across all age groups in 2022 (Exhibit 7). Given that millennials and Gen Xers reported the largest increases, this implies that long road trips, which might involve camping and RVing, continue to be popular leisure activities for younger generations.

Exhibit 6: Bank of America credit and debit card spending YoY and YoY4 growth in boating and campsite categories until March 25 (% growth, 28-day moving average)

Boating and campsite card spending growth has slowed both YoY and YoY4

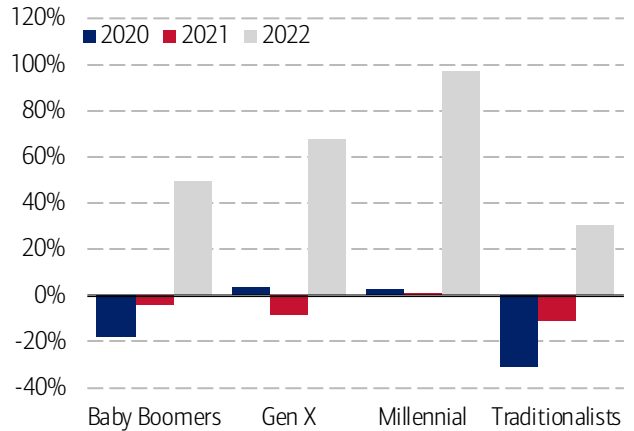


Source: Bank of America internal data

Note: Boating includes marinas & marine services/supplies and boat leases/rentals.

Exhibit 7: Bank of America RV loan origination YoY growth over 2020, 2021 and 2022 by generation (%)

2022 saw increased growth across all generations



Source: Bank of America internal data

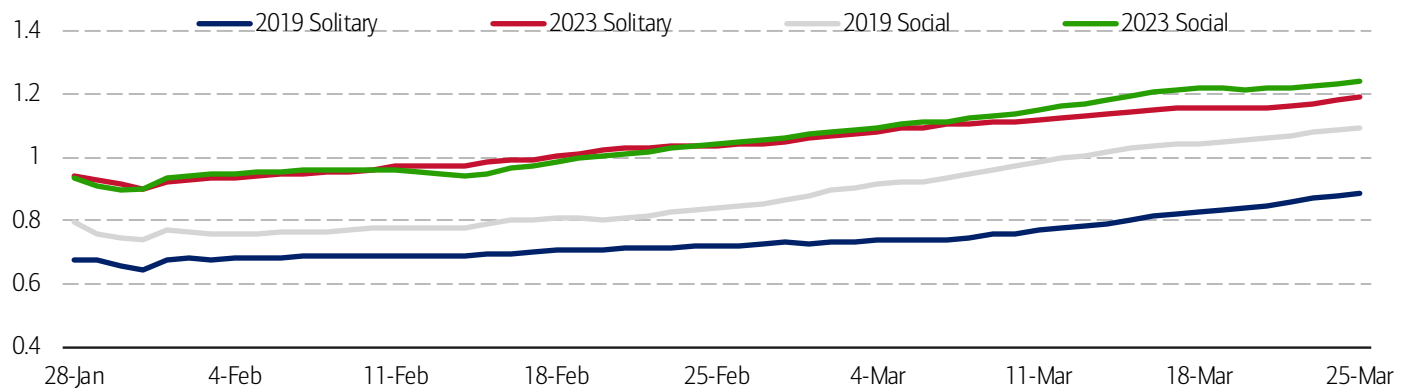
Experience leisure to the fullest

As pandemic-era attitudes and restrictions are left behind, social leisure activities have tried to capitalize on consumer behavior that values experiences over material goods. So, has the leisure sector reverted to socialization?

There’s no doubt that the reopening of the economy has prompted a return to mixing socially with others. However, Bank of America data shows that solitary leisure card spending is much stronger now than pre-pandemic and was even equal to that for social leisure activity for a duration in February 2023 (Exhibit 8). While solitary outdoor leisure activities show notably elevated levels of credit and debit card spending compared to 2019, social leisure activities remain predominant.

Exhibit 8: Bank of America credit and debit card spending levels for solitary and social leisure activities as of March 25 in 2019 and 2023 (28-day moving average, index, 2019 average=1)

Though solitary leisure spending has increased notably compared to 2019, spending on social leisure activities is still predominant



Source: Bank of America internal data

Note: Solitary leisure includes spending in the following categories: golf, bikes, boating and campsites. Social leisure includes spending in the following categories: tickets excluding theater and amusement parks, amusement parks and fitness clubs.

Fun and fitness

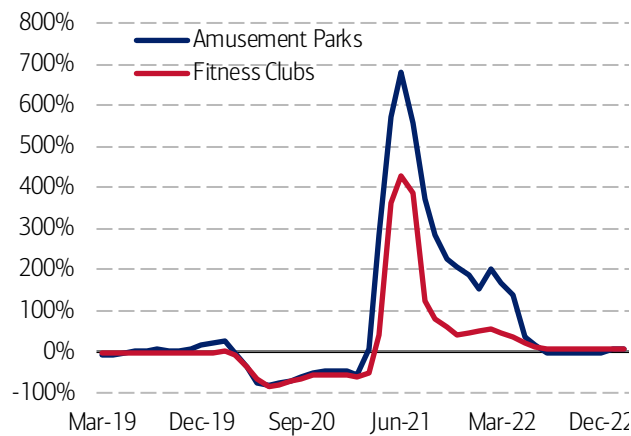
Bank of America credit and debit card spending growth YoY% (3-month moving average, non-seasonally adjusted) at fitness clubs and amusement parks increased dramatically following the reopening of the economy and is slightly above pre-pandemic trends (Exhibit 9).

Even so, we note a preference for in-home fitness continues among certain age groups, notably baby boomers and traditionalists, as we discussed in a [previous Consumer Checkpoint](#). This suggests to us that solitary leisure trends might continue to be of more interest than in-person group leisure activities for those generations.

But businesses that support in-person group activities are recuperating. Bank of America data on payments per small business client in the lodging and amusement sectors have outpaced and are exhibiting stronger YoY% growth than small businesses within the services sector as a whole (Exhibit 10). And the inflow-to-outflow ratio in small business customer deposit accounts, which we view as a proxy for profits, for the amusement sector remains above 2019 levels for month-end February 2023 (Exhibit 11).

Exhibit 9: Bank of America credit and debit card spending on select social leisure categories (YoY% growth, non-seasonally adjusted, 3-month moving average)

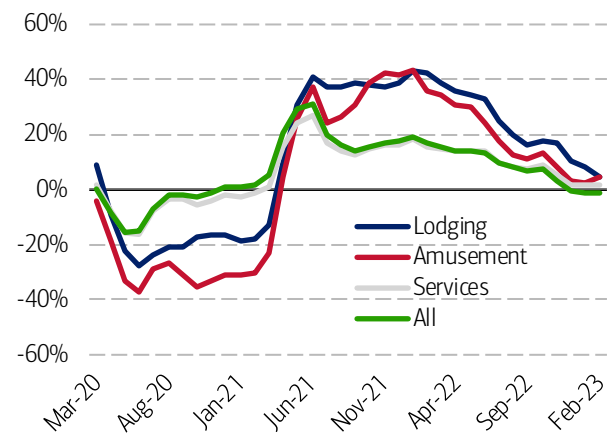
Social leisure categories remain slightly above pre-pandemic growth rates



Source: Bank of America internal data

Exhibit 10: Small business customer payments by select sectors (YoY% growth)

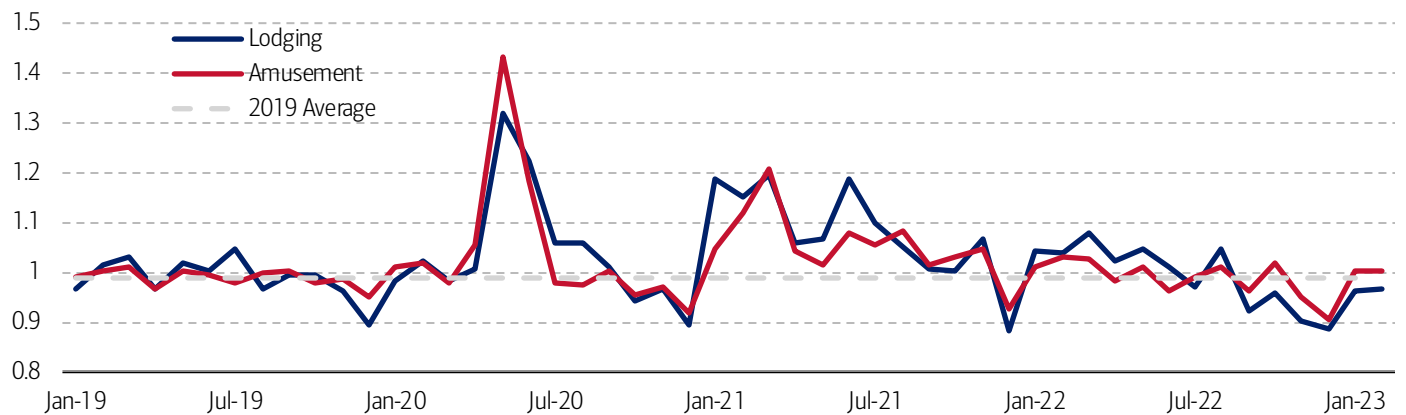
Lodging and amusement sectors continue to have elevated growth compared to the overall service sector



Source: Bank of America internal data

Exhibit 11: Inflow-to-outflow ratio for Bank of America small business customer deposit accounts from select sectors (2019 average = index, non-seasonally adjusted)

Throughout the recovery from the pandemic, the inflow-to-outflow ratios of both small business lodging and amusement sectors largely remained above their 2019 average levels, though have recently moderated



Source: Bank of America internal data

Will inflation threaten a good time?

Macroeconomic headwinds and inflationary pressures are driving prices higher for both solitary and social leisure activities. And, as we saw in our [latest Consumer Checkpoint](#), Bank of America aggregated card spending is moderating even among services. So what does this mean for leisure going forward?

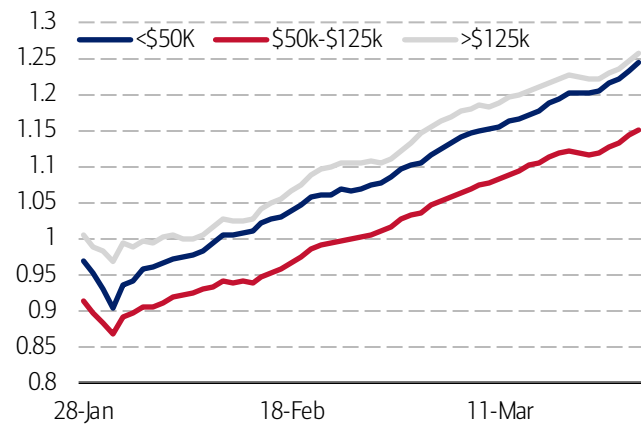
Particularly for lower-income consumers (household income <\$50k), this typically leaves less room for spending on discretionary items, which often includes leisure goods and services. However, it seems that leisure might be an exception this time – lower-income consumers have the highest levels of spending for social leisure activities according to Bank of America internal data.

Looking explicitly between each category, both higher (household income >\$125k) and lower-income consumers spent at similar levels on an indexed basis across a 28-day moving average through March 25 for solitary outdoor leisure activities (Exhibit 12), while spending levels for social leisure activities on an indexed basis are similar across middle (household income \$50k-\$125k) - and higher-income consumers (Exhibit 13). Most recently, lower-income consumers have increased levels of spending compared to the other income cohorts.

This could be a positive sign for the leisure sector as we look forward to the rest of 2023. Although lower-income households make up a smaller share of overall consumer spending, they historically have a larger impact on the rate of change in overall consumer spending within a given sector. We will continue to monitor these trends as the macroenvironment is ever-changing.

Exhibit 12: Bank of America credit and debit card spending levels on solitary leisure activities by income through March 25 (index = 2019 average)

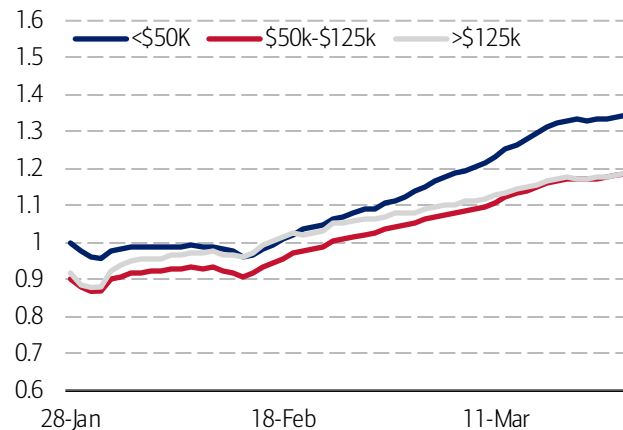
Middle income consumers have the lowest levels of spending on solitary leisure activities



Source: Bank of America internal data

Exhibit 13: Bank of America credit and debit card spending levels on social leisure activities by income through March 25 (index = 2019 average)

Lower-income consumers have the highest levels of spending on social leisure activities



Source: Bank of America internal data

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and are generally defined as under \$5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate can be explained by the following reasons:

- 1) Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.
- 2) Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.
- 3) Overall total card spending includes small business card spending while per household card spending does not.
- 4) Differences due to using processing dates (total card spending) versus transaction date (per household card spending).
- 5) Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Bank of America consumer auto loan originations data reflect loans for private vehicle sales and covers originations at dealers, direct purchases and refinances.

Solitary leisure includes spending in the following categories: golf, bikes, boating and campsites. Social leisure includes spending in the following categories: tickets excluding theater and amusement parks, amusement parks and fitness clubs.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Generations, if discussed, are defined as follows:

- 1) Gen Z, born after 1996
- 2) Younger Millennials: born between 1989-1995
- 3) Older Millennials: born between 1978-1988
- 4) Gen Xers: born between 1965-1977
- 5) Baby Boomer: 1946-1964
- 6) Traditionalist: pre-1946

Any reference to card spending per household on gasoline include all purchases at gasoline stations and might include purchases of non-gas items.

Additional information about the methodology used to aggregate the data is available upon request.

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ⁱ National Golf Foundation, Golf Industry Research Report [National Golf Foundation - Golf Industry Facts \(ngf.org\)](https://www.ngf.org)