

MONEY PLANNING & BUDGETING MONEY PSYCHOLOGY

How to break bad spending habits amassed in lockdown

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Bingeing on chocolate, alcohol, streaming services or developing an online shopping habit are often "go to" pick-me-ups during times of crisis.

While consumers have been staying at home under COVID-19 restrictions, there is plenty of evidence to suggest many have picked up unsound spending habits.



If the convenience of online shopping has become a habit during the coronavirus lockdown, it may be time to nip it in the bud. ISTOCK

[June CBA credit and debit card data](#) found spending on alcohol in bottle shops was up more than 40 per cent on the same period last year, with furniture sales up a similar amount. Board games sold out and electronics and book sales boomed, along with household improvement and plant sales.

Financial coach Matt Herrn says "lifestyle creep" is part of human nature.

When someone upgrades an electronic gadget to the latest model, they create a habit where they become accustomed to the "next big thing", he says. "That can become a hard habit to break."

"Once we get accustomed to doing that, it becomes automatic, and it can be a big drain on your finances."

One of the best ways to break bad financial habits is to put the brakes on impulse spending.

"Remove the triggers that prompt you to spend by unsubscribing from emails from your favourite shops and avoiding online browsing," Herrn says.

"Make it harder to spend by cancelling buy-now-pay-later accounts and remove stored credit card details from online shopping websites."

During the pandemic lockdown, Sydney hairdresser Carmelo Cernuto's income dropped by more than 50 per cent.

Finding he suddenly had plenty of time on his hands, he ramped up his favourite pastime – collecting varieties of the desert rose.

"I started collecting them four years ago but during COVID-19 it has become an obsession," he says. "I've now got about 40 and I've run out of room. I'm turning into a plant hoarder."

Cernuto believes his extra spending was triggered in part by pandemic isolation. "Each time I bought a desert rose, my spirits lifted and the next thing I'm on a high. I've spent over \$3000."

He also spent hundred on seedlings. "They are sitting in the fridge waiting for spring," he says. "My partner is not crazy about this, or the money I've spent."

Thankfully, Cernuto's work situation has started to pick up.

"With spring under way, I'm back riding my bike and finding other ways to get that endorphin hit."

Dr Paul Harrison, chair of consumer behaviour and marketing at Deakin University, says when people become stressed, sleep deprived, sad or lonely, they often turn to the things that become second nature to give them instant reward.

Harrison says, under normal circumstances, an individual is able to more easily decide when overindulging or developing a bad spending habit is not a good idea.

"But, when stressed, they forget things; we're worse at problem-solving and less able to exercise discipline and self control," he says.

"We live in an environment that says when you're feeling stressed, worried or insecure, you consume," he says.

As the world moves towards a "new normal" for COVID-19, it's time you take a deep look at your recent spending decisions. Do any of them look out of the ordinary?

If so, may be time to act before your bad financial habit becomes firmly entrenched.

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