

Will the wedding industry be another casualty of COVID-19?

By Evie Fox Koob, NSW WEN committee member and Economist, Deloitte Access Economics.

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Source: Today (2020).

COVID-19 has disrupted nearly every part of life. Many Australians have faced unemployment or reduced work and had to reconsider their spending habits as household income has fallen. Large outdoor gatherings are either banned or severely restricted, with significant uncertainty about when this might change and under what conditions.

Bans on large gatherings include, to many Australians' disappointment, one particular event which can cost tens of thousands of dollars and depends on free movement – weddings. Many couples have had to postpone their big day and reconsider how much they are willing to spend on it.

With this potential shift in attitudes towards weddings, it is interesting to have a look at marriage rates in Australia, how much weddings cost and what COVID-19 might mean for the wedding industry going forward.

How many people are getting married?

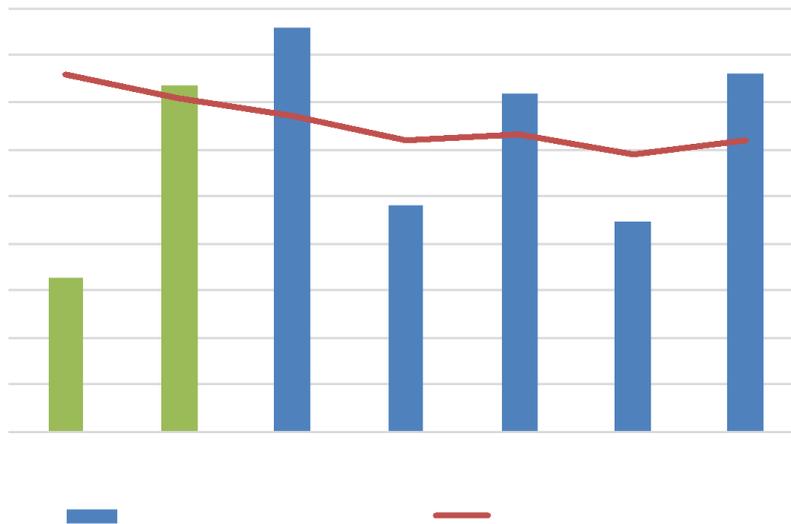
The ABS recorded **119,188 marriages in 2018**.¹ The absolute number of marriages has fluctuated in the last few years but risen since 1998 (see Chart 1). However, this can largely be explained by population growth, as the marriage rate – representing the number of marriages per 1,000 people – has fallen since 1998, and also declined slightly in the last five years.

Further, while the marriage rate in Australia in 2018 – 4.8 marriages per 1,000 people – is lower than some developed countries such as the United States (6.9) and Japan (4.9), it is higher than others such as New Zealand (4.3) and the United Kingdom (4.4).²

¹ Australian Bureau of Statistics, *Marriages and Divorces, Australia, 2018, cat. no. 3310.0* (2019) <https://www.abs.gov.au/ausstats/abs@.nsf/mf/3310.0>.

² Australian Bureau of Statistics, *Marriages and Divorces, Australia, 2018, cat. no. 3310.0* (2019) <https://www.abs.gov.au/ausstats/abs@.nsf/mf/3310.0>.

Chart 1: Number of marriages and marriage rate in Australia over time



Note: 2017 and 2018 data include same-sex marriages.
Source: ABS (2020).

So, while less people are getting married (and waiting longer to do so, as also shown in ABS data), the number of weddings remains close to 120,000 each year. Clearly, the wedding industry isn't going anywhere.

How much do we spend on weddings?

The average cost of an Australian wedding has been estimated through a number of surveys:

- The Easy Weddings 2019 Australian wedding survey found that the average cost of a wedding day is just over **\$30,000**.³
- Wedded Wonderland found that the average cost of a wedding in 2020 is \$62,579. Excluding the honeymoon, the actual wedding day costs around **\$50,000**, according to this estimate.⁴
- In 2016, Pacific Magazines' 'Cost of Love' survey of over 1000 Australian women put the average wedding cost at \$90,128. Excluding the honeymoon, the wedding itself costs a whopping **\$80,000** on average.⁵

The most significant cost driver for a wedding is likely to be the venue. Different estimates indicate that the average wedding venue costs \$15,000, \$26,000 or even \$41,500.⁶

³ Easy Weddings, *2019 Australian Wedding Industry Report* (2019) <https://www.easyweddings.com.au/business/wp-content/uploads/sites/11/2019/07/Easy-Weddings-2019-Survey.pdf>.

⁴ Wedded Wonderland, *The Average Cost of an Australian Wedding in 2020* (2020) <https://weddedwonderland.com/the-average-cost-of-an-australian-wedding-in-2020/>.

⁵ Pacific Magazines, *Cost of Love* (2016) <http://www.magazines.org.au/wp-content/uploads/Pacific-Magazines-Cost-of-Love.pdf>.

⁶ Wedded Wonderland, *The Average Cost of an Australian Wedding in 2020* (2020) <https://weddedwonderland.com/the-average-cost-of-an-australian-wedding-in-2020/>; Easy Weddings, *2019 Australian Wedding Industry Report* (2019) <https://www.easyweddings.com.au/business/wp-content/uploads/sites/11/2019/07/Easy-Weddings-2019-Survey.pdf>.

Studies also indicate that the cost of weddings has increased over time. In 2016, Pacific Magazines found that the average cost of a wedding had doubled in the last decade.⁷ Wedded Wonderland's annual surveys show that the cost of a wedding jumped by 22% from 2018 to 2020 alone.⁸

It is important to note that reporting the cost of a wedding as an average will likely be skewed by a share of weddings that are much more expensive than the majority. For example, Easy Weddings note that only 9% of wedding days cost more than \$60,000.⁹

However, despite the presence of outliers, with **weddings estimated to cost somewhere between \$30,000 and \$80,000**, this represents a significant cost burden for a couple.

Is there a 'wedding premium'?

It is pretty widely acknowledged that there is a premium associated with weddings. When couples contact venues, photographers and other wedding-related businesses, mentioning the word 'wedding' supposedly leads to a 'wedding premium' or mark-up compared to otherwise paying for that good or service. For example, research by Finder found that the wedding premium on venue packages is between 18% and 30%.¹⁰ The wedding premium can therefore represent a significant share of the final cost of weddings.

How big is the wedding industry?

It is difficult to directly value the wedding industry, as weddings requires resources from a range of traditionally defined industry categories.

However, a simple measure – the number of weddings multiplied by the average cost of a wedding – would suggest that the **industry is worth somewhere between \$3.6 billion and \$9.5 billion**. At the high end of this range, Pacific Magazines indicated that the Australian wedding industry in 2016 was valued at \$10.2 billion.¹¹ These estimates demonstrate that the Australian wedding industry is not insignificant in size.

What does this mean for couples' finances?

To put the cost of a wedding in context, we can consider the opportunity cost associated with weddings – or the value of alternative uses of money.

⁷ Pacific Magazines, *Cost of Love* (2016) <http://www.magazines.org.au/wp-content/uploads/Pacific-Magazines-Cost-of-Love.pdf>.

⁸ Wedded Wonderland, *The Average Cost of an Australian Wedding in 2020* (2020) <https://weddedwonderland.com/the-average-cost-of-an-australian-wedding-in-2020/>, Wedded Wonderland, *How much couples spend on weddings in 2018* (2018) <https://weddedwonderland.com/how-much-couples-spend-on-weddings-in-2018/>.

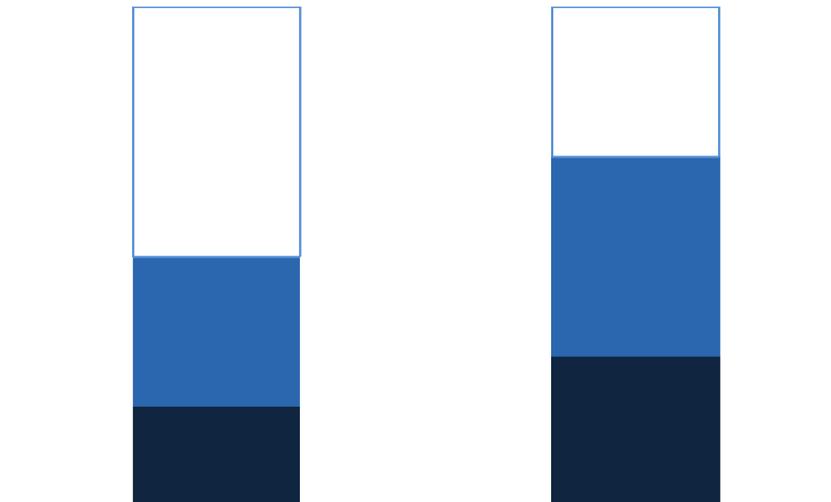
⁹ Easy Weddings, *2019 Australian Wedding Industry Report* (2019) <https://www.easyweddings.com.au/business/wp-content/uploads/sites/11/2019/07/Easy-Weddings-2019-Survey.pdf>.

¹⁰ Ally Foster, *Australian couples ripped off by price hikes when planning a wedding* (2019) <https://www.news.com.au/finance/money/costs/australian-couples-ripped-off-by-price-hikes-when-planning-a-wedding/news-story/07aadd69125a02120e086fdab67d13f1#:~:text=A%20survey%20by%20Finder%20found,was%20even%20higher%20at%20%2453%2C168.>

¹¹ Pacific Magazines, *Cost of Love* (2016) <http://www.magazines.org.au/wp-content/uploads/Pacific-Magazines-Cost-of-Love.pdf>.

Using the range above (\$30,000-\$80,000), and based on some rough calculations¹², **the average wedding in Australia represents around 20-50% of a couple’s annual income and 30-70% of a deposit on a house** (see Chart 2).¹³

Chart 2: Average wedding cost as share of alternative payments (percentage range)



Source: Easy Weddings (2019), Pacific Magazines (2016), ABS (2020), OECD (2020) and CoreLogic (2020).

Couples also spend more on weddings than they expect. Easy Weddings’ survey found that the average cost of wedding is 47% higher than the average original wedding budget.¹⁴ A 2019 survey by Members Equity Bank found that 51% of married couples regretted the amount of money they had spent on their wedding and that 19% had borrowed money to pay for their wedding.¹⁵

Further, many couples rely on their parents to support the cost of their wedding. Easy Weddings indicated that 59% of couples are financially supported by their parents and only 39% will fund the wedding on their own.¹⁶ A 2017 survey found that parents pay a third of total wedding costs.¹⁷ While many parents are happy to contribute to their children’s weddings, there are also obvious

¹² Assuming each individual in the couple earns the average annual wage based on the latest ABS earnings data, and that deposits represent 20% of house prices.

¹³ Australian Bureau of Statistics, *Average Weekly Earnings, Australia, May 2020, cat no. 6302.0* (2020) <https://stats.oecd.org/Index.aspx?DataSetCode=ANHRS>; OECD, *Average annual hours actually worked per worker* (2020) <https://stats.oecd.org/Index.aspx?DataSetCode=ANHRS>; CoreLogic, *Australian Housing Values Record A Fourth Month Of Decline, Down 0.4% In August, With Trends Beginning To Diverge Across The Cities* (2020) <https://www.corelogic.com.au/news/australian-housing-values-record-fourth-month-decline-down-04-august-trends-beginning-diverge>.

¹⁴ Easy Weddings, *2019 Australian Wedding Industry Report* (2019) <https://www.easyweddings.com.au/business/wp-content/uploads/sites/11/2019/07/Easy-Weddings-2019-Survey.pdf>.

¹⁵ Members Equity Bank, *Half of Aussie couples regret how much they spent on their wedding* (2019) <https://www.mebank.com.au/news/half-of-aussie-couples-regret-how-much-they-spent/>.

¹⁶ Easy Weddings, *2019 Australian Wedding Industry Report* (2019) <https://www.easyweddings.com.au/business/wp-content/uploads/sites/11/2019/07/Easy-Weddings-2019-Survey.pdf>.

¹⁷ Pacific Magazines, *Cost of Love* (2016) <http://www.magazines.org.au/wp-content/uploads/Pacific-Magazines-Cost-of-Love.pdf>.

opportunity costs for parents spending \$10,000 to \$27,000 on this – particularly in a world of low interest rates and declining super balances.¹⁸

Has COVID affected decisions about weddings?

It is clear that COVID-19 has disrupted traditional wedding planning in 2020. For example, Wedded Wonderland reports a rise in postponed weddings and reduced wedding budgets.¹⁹ Easy Weddings indicates that wedding-related businesses are expecting losses of 50% in 2020 as the number of weddings falls by half.²⁰

But the question is, will COVID-19 represent a bump in the road or will short-term pain lead to longer-term struggles? In other words, how long will the damage last?

Some reports are positive. COVID-19 may simply lead to a drop in weddings in the short-term that is matched by a higher than average number of weddings in the medium-term, as postponed weddings are replanned. Based on a survey of businesses, EasyWeddings projects 145,000 weddings in 2021 (20% higher than a standard year) and 150,000 weddings in 2022.²¹ As a luxury good, if we return to 'normal times', we may also see couples continue to spend more than expected on their wedding day.

However, it may be that the disruption caused by COVID-19 to the wedding industry will translate to a longer-term trend of couples being more considered about the amount they spend on their wedding, and/or a reduction in the number of weddings altogether. The physical distancing restrictions in place right now, which in NSW mean that wedding guests cannot leave their tables, dance or sing, are likely to remain in place for a while, and perhaps remain in the social consciousness for years.

The effect of legally, or socially, enforced physical restrictions on couples' willingness to hold weddings would have significant knock-on effects on the large wedding industry, with implications for a range of businesses – florists, cake makers, and wedding invitation suppliers, to name a few.

As with every part of life right now, we can't predict how COVID-19 will affect behaviour and decision-making in the next few years and longer – but I'm interested to see what happens!

¹⁸ Aleks Vickovich, Joanna Mather and Duncan Hughes, *Virus wipes 15 per cent of superannuation savings* (2020) Australian Financial Review <https://www.afr.com/wealth/superannuation/virus-wipes-15-per-cent-of-superannuation-savings-20200324-p54dao>.

¹⁹ Wedded Wonderland, *The Average Cost of an Australian Wedding in 2020* (2020) <https://weddedwonderland.com/the-average-cost-of-an-australian-wedding-in-2020/>.

²⁰ Easy Weddings, *The impact of coronavirus on the wedding industry – and how industry leaders recommend getting through it* (2020) <https://www.easyweddings.com.au/pro-education/coronavirus-wedding-industry/>.

²¹ Easy Weddings, *The impact of coronavirus on the wedding industry – and how industry leaders recommend getting through it* (2020) <https://www.easyweddings.com.au/pro-education/coronavirus-wedding-industry/>.