# UK Consumer Spending Report

June 2020

BARCLAYS

# Consumer spending fell 14.5% year-on-year in June but some retail categories started to show signs of a recovery

## Key insights:

- Overall consumer spending contracted by 14.5% year-on-year in June, but a retail uplift as shops reopened means this was the smallest fall recorded since lockdown began.
- Non-essential purchasing was down 22.3% year-on-year, but this fall was less steep than in May reflecting increased retail activity.
- Essential spending grew by 6.6% year-on-year, improving on the 0.9% growth in May, driven by strong supermarket shopping and recovering spend on fuel and public transport.
- Online purchasing was up 7.6% year-on-year, in part due to a significant uptake in online grocery shopping, while in-store purchasing fell by 29.4% in the same period.

"The good news is that, while consumer spending is still down compared to last year, people are clearly starting to spend again, with promising uplifts in some retail categories buoyed by more shops reopening and the warm weather in June."

**Raj Pattni,** Head of Insights Platform, Barclays

# 1. Big picture spend update

A strong 25.7% increase in supermarket shopping gave a significant boost to essential spending, which rose by 6.6% year-on-year. Essential expenditure was also bolstered by a bigger outlay on fuel that, while down year-on-year, improved strongly compared to the previous month as lockdown measures were relaxed. A slowdown in the decline of spending on 'other travel', which includes rail and other public transport, also helped lift essential spend.

Non-essential spending fell by 22.3% year-on-year, a smaller decline than May's 36.9% drop, bolstered by the gradual reopening of shops as lockdown measures eased and a 31.7% rise in spend at general retailers. Indeed, the outlook for non-essential retail overall was more positive this month, as several categories showed an uplift, including electronics, DIY, and sports and outdoor retailers. Although eating and drinking declined by 56.4% year-on-year, June's spending decline was lower than in May, when it was down 70.3%.

| | Spend | Transactions |
|---|---|---|
| Total | ▼-14.5% YoY | ▼-19.2% YoY |

| | Spend Growth | Transactions Growth |
|---|---|---|
| **Essential** | 6.6% | -12.9% |
| **Non Essential** | -22.3% | -22.9% |

# 2. Category snapshot: what are UK consumers spending on?

Retail spending enjoyed a better month overall, particularly general retail and grocery, with supermarkets achieving their biggest rise so far this year at 25.7%. A bright spot was home improvement and DIY with a 31.3% rise, the first increase since the start of the year, as consumers spent time enjoying their gardens in the good weather and improving their homes. Electronics spending also showed a significant improvement, rising by 14.3%.

Sports and outdoor retail had its best month of the year so far, with consumers seemingly pursuing active, outdoor lifestyles, leading to a 10.5% uplift – including a 50% surge in spending in the week of 14 to 20 June compared to last year. Furniture stores had their first rise this year at 17.6%. June's eating and drinking spend fell by 56.4% year-on-year but improved on May's 70.3% spending fall as people enjoyed al fresco dining and takeaway services from restaurants, pubs and cafes. A 5.7% increase marked the first rise for takeaways and fast food since lockdown.

**Retail 15.5%**

Clothing -28.3%

Grocery 27.2%

Household 23.6%

General Retailers 31.7%

Specialist Retailers -11.8%

**Hospitality & Leisure -71.4%**

Eating & Drinking -56.4%

Entertainment -76.5%

Hotels & Resorts -75.8%

Travel -80.1%

**Other -19.8%**

Digital Content & Subscriptions 43.5%

Fuel -33.8%

Motoring -20.4%

Other Services -23.0%

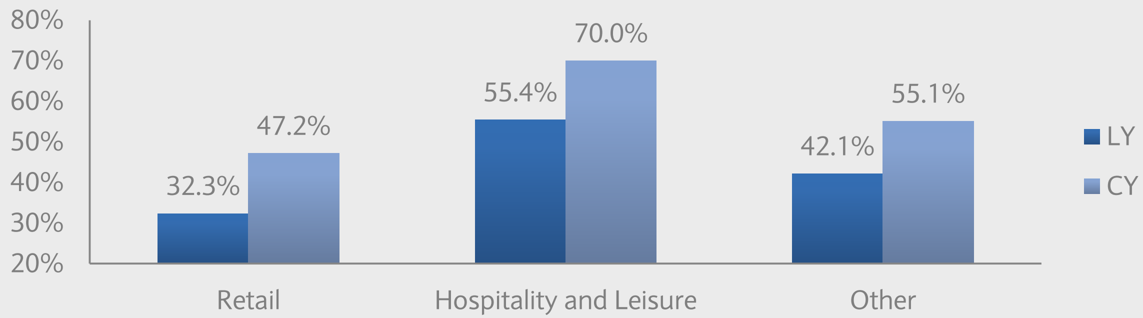
# 3. Channel snapshot: how are UK consumers spending?

Online spend increased by 7.6% year-on-year to take a 50.8% share of total spend. Online grocery purchasing enjoyed an exceptional 105.9% surge in spending, with demand for home deliveries going up as supermarkets raised the number of slots available for online ordering. Online eating and drinking spend displayed strong growth at 69.8% year-on-year as did household, general, motoring and specialist retailers and clothing.

However, online entertainment spend continued to fall significantly, with cinemas, theatres and live performance venues remaining closed. Downturns in online travel and hotels, resorts and accommodation spending reflected ongoing restrictions in place for UK holiday accommodation and quarantine rules for overseas travel. Online clothing's share of spend fell from 99.1% last month to 81.3% in June as high street stores reopened. However, this was stlll a long way from the broadly even split seen before lockdown.

| | In-store | | Online |
|---|---|---|---|
| Spend Growth | -29.4% | | 7.6% |
| Transaction Growth | -34.7% | | 29.9% |

Online Share of Spend




| Category | % Spend Online | Spend Growth Online |
|---|---|---|
| Clothing | 81.3% | 23.6% |
| Grocery | 16.1% | 105.9% |
| Household | 65.0% | 55.6% |
| General Retailers | 72.4% | 83.9% |
| Specialist Retailers | 63.2% | 94.3% |
| Eating & Drinking | 54.3% | 69.8% |
| Entertainment | 78.2% | -72.5% |

| Category | % Spend Online | Spend Growth Online |
|---|---|---|
| Hotels, Resorts & Accommodation | 92.5% | -66.9% |
| Travel | 84.7% | -78.9% |
| Digital Content & Subscription | 99.8% | 44.0% |
| Fuel | 2.0% | -23.1% |
| Motoring | 31.5% | 13.3% |
| Other Services | 84.2% | -7.5% |

# Appendix 1

| | Pure Spend Growth | Pure Transaction Growth |
|---|---|---|
| OVERAL | -14.5% | -19.2% |
| Retail | 15.5% | -1.7% |
| Clothing | -28.3% | -33.2% |
| Grocery | 27.2% | -2.3% |
| Supermarkets | 25.7% | -4.0% |
| Food & Drink Specialist | 41.4% | 10.5% |
| Household | 23.6% | 21.0% |
| Home Improvements & DIY | 31.3% | 36.0% |
| Electronics | 14.3% | 7.1% |
| Furniture Stores | 17.6% | 6.6% |
| General Retailers | 31.7% | 17.0% |
| General Retailers & Catalogues | 65.7% | 49.3% |
| Department Stores | -32.1% | -42.8% |
| Discount Stores | 30.6% | -2.8% |
| Specialist Retailers | -11.8% | -21.6% |
| Pharmacy, Health & Beauty | -33.0% | -34.8% |
| Sports & Outdoor | 10.5% | -17.0% |
| Other Specialist Retailers | -5.1% | -9.5% |

| | Pure Spend Growth | Pure Transaction Growth |
|---|---|---|
| Hospitality & Leisure | -71.4% | -65.3% |
| Eating & Drinking | -56.4% | -60.1% |
| Restaurants | -86.0% | -83.1% |
| Bars, Pubs & Clubs | -93.0% | -94.1% |
| Takeaways and Fast Food | 5.7% | -30.4% |
| Other Food & Drink | -68.2% | -64.2% |
| Entertainment | -76.5% | -80.0% |
| Hotels, Resorts & Accommodation | -75.8% | -87.5% |
| Travel | -80.1% | -71.1% |
| Travel Agents | -85.0% | -79.7% |
| Airlines | -79.0% | -79.2% |
| Other Travel | -74.5% | -70.4% |
| Other | -19.8% | -3.0% |
| Digital Content & Subscription | 43.5% | 45.8% |
| Fuel | -33.8% | -16.3% |
| Motoring | -20.4% | -46.2% |
| Other Services | -23.0% | -16.2% |

# Data methodology

## Data source:

Barclays debit card and Barclaycard credit card transactions in the UK.

## Data range:

The spending data in this report relates to the period 23 May 2020 to 26 June 2020.

## Inclusion criteria:

i. Customers aged at least 16 in the relevant period.

ii. Active customers using card payments in the relevant period (excluding spending on banking products, i.e. mortgages, loans, savings, utilities, tax and gambling).

## Spending growth calculation:

Percentage difference between total spend in the period 23 May 2020 to 26 June 2020 and total spend in the period 25 May 2019 to 28 June 2019.

## Spending categorisation:

Essential: essential travel (i.e. public transport), fuel, insurance and supermarket spend.

Other food and drink: cafes, bakeries and other any food and drink establishments that cannot be classified.

Entertainment: gym memberships and leisure activities such as cinema, family days out, sports and theatre.

General retailers: selling a wide range of different products, e.g. department stores, catalogue shops, online marketplaces.

Specialist retailers: selling a particular category of goods, e.g. toy shops, jewellers, sports shops.

Other services: education, legal, insurance, childcare, post office / delivery, charities and personal services, e.g. hairdressers.

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