UK Consumer Spending Report

December 2019

BARCLAYS

Consumer spending increased just 1.0% in December, but non-essential spend indicates some signs of cautious consumer optimism

Key insights:

- Overall consumer spending grew by just 1.0% in December, driven by a drop in spending on essential items, particularly in supermarkets
- Spending on non-essentials grew 1.8% year-on-year as consumers reflected greater confidence and cautious optimism following the General Election*
- Spending on eating and drinking grew 9.7% as consumers enjoyed themselves during the festive period
- Online spending increased 4.2%, compared to a 1.0% decline in face-to-face expenditure, and now represents 40.3% of all consumer spending.

"December saw a contraction in supermarket spending, but the picture on discretionary expenditure suggests a slightly more positive consumer outlook."

Raj Pattni, Head of Insights Platform, Barclays

*Source: Barclaycard Consumer Confidence Survey, December 2019

1. Big picture spend update

Both overall essential spend and supermarket spending contracted 0.9% year-on-year in December, amid intense pre-Christmas discounting, suggesting consumers switching to budget grocery stores. Petrol expenditure was down 0.5% year-on-year.

Non-essential spending grew by 1.8% compared with December 2018. Bright spots included spending on entertainment, which increased by 5.5%, and eating and drinking, which grew by a combined 9.7%.

	Spend	Transactions
Total	▲ 1.0% YoY	▲ 4.8% YoY

	Spend Growth	Transactions Growth
Essential	-0.9%	2.8%
Non Essential	1.8%	5.8%

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

Clothing spend continued to contract, down by 3.3% again this month. Other specialist retailers, including toy shops and gaming stores, saw a 4.0% decline in spending.

Cinema spend was up 19.0%, likely due in part to the release of Frozen II and the latest Star Wars movie, while shows and concerts saw 2.5% growth compared to falls of 27.6% and 12.3% in November and October respectively.

Spending in restaurants declined by 2.6% as consumers favoured spending in pubs (up 11.7%) and on fast food and takeaways (up 12.5%).

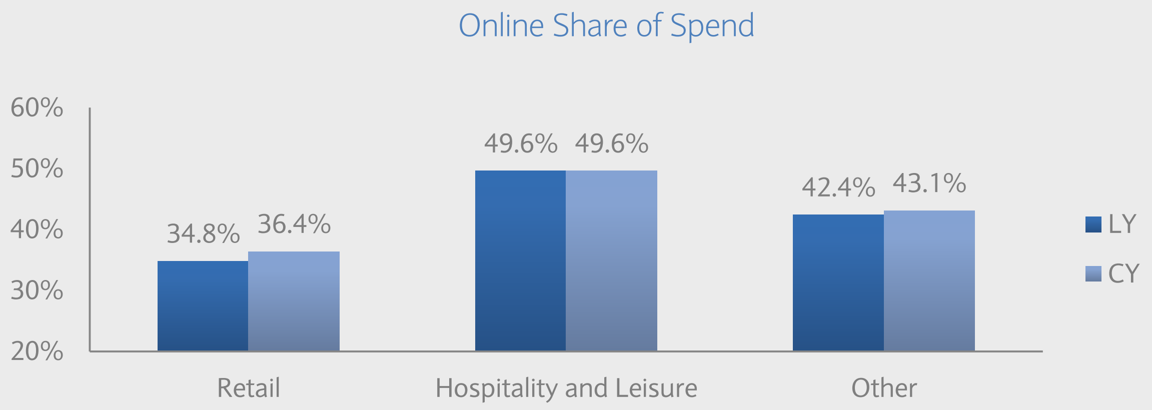
Retail -0.1%	Clothing -3.3%	Grocery -0.7%	Household -2.7%	General Retailers 5.2%	Specialist Retailers -1.8%
Hospitality & Leisure +5.5%	Eating & Drinking 9.7%	Entertainment 5.5%	Hotels & Resorts 2.3%	Travel 2.1%	
Other +0.5%	Digital Content & Subscriptions 14.7%	Fuel -0.5%	Motoring -2.2%	Other Services -0.2%	

3. Channel snapshot: how are UK consumers spending?

Online spending increased 4.2%, compared to a 1.0% decline in face-to-face spending, and now represents 40.3% of all consumer spending. The overall online share of retail spending increased to 36.4% compared to 34.8% for the same time last year.

The online share of general retail spending grew from 54.1% last year to 57.4% this year, with online spending growing by 11.7% while face-to-face contracted by 2.4%. Online spending on clothing grew marginally by 0.2%, compared to a 6.3% decline in face-to-face spending, leaving the online share of clothing spend at 47.9% compared to 46.3% last year.

	In-store		Online
Sales	-1.0%		4.2%
Transaction Growth	4.4%		5.9%



Category	% Spend Online	Spend Growth Online
Clothing	47.9%	0.2%
Grocery	10.8%	3.9%
Household	54.0%	-2.1%
General Retailers	57.4%	11.7%
Specialist Retailers	32.0%	1.5%
Eating & Drinking	15.5%	17.2%
Entertainment	74.7%	4.4%

Category	% Spend Online	Spend Growth Online
Hotels, Resorts & Accommodation	63.3%	4.9%
Travel	77.2%	3.7%
Digital Content & Subscription	99.0%	14.3%
Fuel	3.7%	N/A
Motoring	22.1%	-5.8%
Other Services	68.9%	0.6%

Appendix 1

	Spend Growth	Transaction Growth
OVERALL	1.0%	4.8%
Retail	-0.1%	1.2%
Clothing	-3.3%	-5.7%
Grocery	-0.7%	4.4%
Supermarkets	-0.9%	3.1%
Food & Drink Specialist Stores	1.6%	14.2%
Household	-2.7%	-1.9%
Home Improvements & DIY	-3.8%	1.0%
Electronic Stores	-3.9%	-6.0%
Furniture Stores	1.8%	1.7%
General Retailers	5.2%	-0.6%
General Retailers and Catalogues	10.7%	-2.2%
Department Stores	-4.8%	-1.3%
Discount Stores	4.9%	5.7%
Specialist Retailers	-1.8%	-0.6%
Pharmacy, Health & Beauty	0.3%	1.2%
Sports & Outdoor	0.3%	-3.5%
Other Specialist Retailers	-4.0%	-1.6%

	Spend Growth	Transaction Growth
Hospitality & Leisure	5.5%	11.1%
Eating & Drinking	9.7%	11.2%
Restaurants	-2.6%	-5.1%
Bars, Pubs & Clubs	11.7%	19.9%
Takeaways and Fast Food	12.5%	9.0%
Other Food & Drink	11.3%	12.9%
Entertainment	5.5%	15.8%
Hotels, Resorts & Accommodation	2.3%	8.3%
Travel	2.1%	10.0%
Travel Agents	1.1%	2.5%
Airlines	1.5%	-3.7%
Other Travel (Rail, Hire, Cruises)	3.2%	10.7%
Other	0.5%	8.9%
Digital Content & Subscriptions	14.7%	21.9%
Fuel	-0.5%	2.4%
Motoring	-2.2%	8.2%
Other Services	-0.2%	5.0%

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 19 November 2019 to 22 December 2019.

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 average spend per active customer in the period 19 November 2019 to 22 December 2019 and average spend per active customer in the period 19 November 2018 to 22 December 2018.

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.

Barclays Market and Customer Insights

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We can help you keep up-to-date with spending trends, monitor your market position and enhance your understanding of customer behaviour, based on actual customer spending.

Leveraging anonymised data from our 250 million monthly customer transactions in the UK can help you understand who your customers are and how, when, and where they spend.

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