UK Consumer Spending Report

August 2020

BARCLAYS

Consumer spending grew by 0.2% year-on-year in August, the first rise since February this year

Key insights:

- The 0.2% year-on-year growth in overall consumer spending reflects a much more positive picture for retail.
- Non-essential spending saw its smallest fall since the lockdown began, with a 1.6% drop year-on-year compared to a 4.7% fall in July.
- Essential spending rose by 5.1% year-on-year, largely driven by stronger growth in grocery purchasing.
- Online spending increased by 10.6% year-on-year and continues to claim a higher share of spend in most categories than before lockdown.

"With overall consumer spending showing the first signs of growth since lockdown there are reasons to be cautiously optimistic for some sectors, while others still face significant challenges."

Raj Pattni, Head of Insights Platform, Barclays

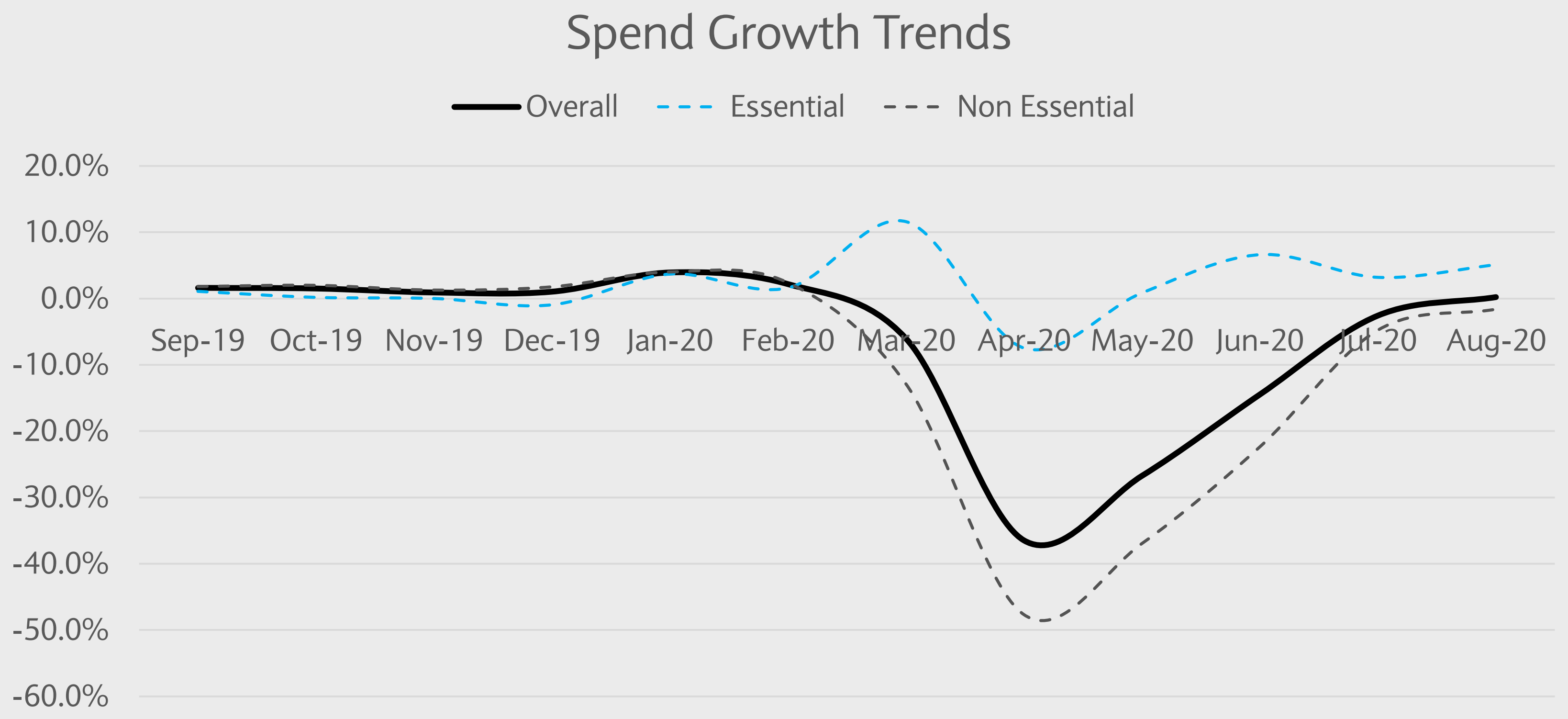
1. Big picture spend update

A big year-on-year uplift in grocery purchasing pushed essential spending up 5.1%. Despite lower pump prices, fuel spending recovered slightly, experiencing a 13.3% fall compared to July's 22.2.% decline. Fuel transaction levels were very close to those of last year – down just 2.4% – reflecting an increase in staycations and people's gradual return to workplaces.

Non-essential spending fell by just 1.6%, marking the smallest contraction since lockdown was initiated. The retail sector had a positive month in many areas, with clothing growth at 0.3%, its first increase since March 2019, boosted by end-of-season sales and back-to-school spending. Eating and drinking also enjoyed something of a resurgence, encouraged by the government's Eat Out to Help Out scheme.

	Spend	Transactions
Total	▲ 0.2% YoY	▲ 0.5% YoY

	Spend Growth	Transactions Growth
Essential	5.1%	-6.5%
Non Essential	-1.6%	4.4%



"Spend growth is showing signs of recovery, led by online retail and home deliveries."

Raj Pattni
Head of Insights Platform, Barclays

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

Retail enjoyed a better month overall, with a 17.1% year-on-year uplift, and increases in virtually all categories. A healthy increase in grocery shopping and an upsurge in online purchasing at specialist food and drink retailers led to the category's largest increase by far this year at 54.7%. Clothing was another bright spot, achieving its first positive growth since March 2019, and department stores saw their smallest fall in spend since February. Specialist retailers such as sports & outdoor and florists performed more strongly, as did jewellers, as restrictions on weddings were relaxed.

While hospitality and leisure spending continued to decline overall, there were hopeful signs. The decline for hotels, resorts and accommodation was the smallest since lockdown. Eating and drinking enjoyed something of a recovery helped by the eat-out scheme, transaction volumes rose across the sector with takeaway and fast food seeing a 2.8% growth and transactions in pubs, bars and clubs were up 9.1% as people enjoyed summer weather and the chance to socialise. Restaurant transactions declined 39.1%, although this was a significantly smaller fall than the 64.2% seen in July as customers returned to take advantage of the eat-out scheme.

Retail
17.1%

Clothing
0.3%

Grocery
18.4%

Household
21.0%

General Retailers
25.8%

Specialist Retailers
10.3%

Hospitality & Leisure
-32.2%

Eating & Drinking
-0.1%

Entertainment
-42.8%

Hotels & Resorts
-19.1%

Travel
-61.1%

Other
-1.4%

Digital Content & Subscriptions
29.6%

Fuel
-13.3%

Motoring
5.1%

Other Services
-4.4%

3. Channel snapshot: how are UK consumers spending?

Online spending increased by 10.6% to claim a 44% share of total spend as the high street continued to struggle despite stores reopening, with in-store buying down 6.7%. Online spend for both grocery shopping and eating and drinking has expanded massively, reflecting the ongoing trend towards fresh food and meal box deliveries.

Significantly, in almost all categories the online share of spend is still greater than it was pre-lockdown, indicating that even though stores have reopened, consumers are still more likely to be shopping online than they were before restrictions began. Supermarkets saw the largest uplift of any single online category at 102.7%, while online clothes shopping rose by 24.3%.

In-store Growth

-6.7% Spend

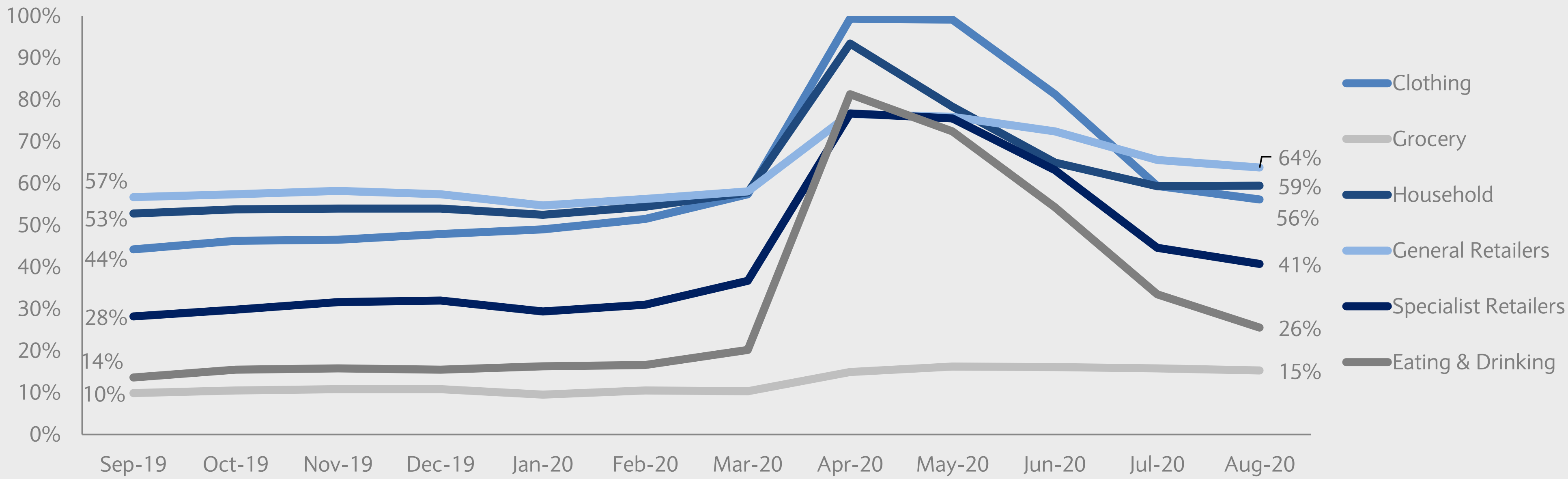
-8.6% Transactions

Online Growth

10.6% Spend

29.5% Transactions

Online Share of Spend



Appendix 1

	Pure Spend Growth	Pure Transaction Growth
OVERALL	0.2%	0.5%
Retail	17.1%	5.1%
Clothing	0.3%	-2.6%
Grocery	18.4%	1.7%
Supermarkets	14.9%	-3.0%
Food & Drink Specialist	54.7%	39.1%
Household	21.0%	18.9%
Home Improvements & DIY	22.9%	26.3%
Electronics	17.0%	13.5%
Furniture Stores	22.4%	10.3%
General Retailers	25.8%	14.7%
General Retailers & Catalogues	40.2%	26.9%
Department Stores	-3.6%	-10.1%
Discount Stores	25.0%	7.9%
Specialist Retailers	10.3%	0.9%
Pharmacy, Health & Beauty	3.2%	-6.6%
Sports & Outdoor	22.7%	9.7%
Other Specialist Retailers	10.0%	5.7%

	Pure Spend Growth	Pure Transaction Growth
Hospitality & Leisure	-32.2%	-14.4%
Eating & Drinking	-0.1%	-1.8%
Restaurants	-39.1%	-39.8%
Bars, Pubs & Clubs	-0.2%	9.3%
Takeaways and Fast Food	20.7%	2.8%
Other Food & Drink	-0.8%	-3.2%
Entertainment	-42.8%	-37.2%
Hotels, Resorts & Accommodation	-19.1%	-19.2%
Travel	-61.1%	-38.6%
Travel Agents	-69.5%	-57.0%
Airlines	-64.5%	-56.6%
Other Travel	-48.2%	-36.9%
Other	-1.4%	10.1%
Digital Content & Subscription	29.6%	35.1%
Fuel	-13.3%	-2.4%
Motoring	5.1%	-4.1%
Other Services	-4.4%	7.9%

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 25 July 2020 to 21 August 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 25 July 2020 to 21 August 2020 and total spend in the period 27 July 2020 to 23 August 2020.

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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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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