UK Consumer Spending Report

February 2021

BARCLAYS

Consumer spending declined by 13.8% in February as lockdown continued, yet some sectors saw record growth

Key insights:

- Overall consumer spending contracted by 13.8% in February as National lockdown measures continued.
- Essential spending increased 5.3%, driven by a 17.4% uplift in spend at the supermarkets and a record year-on-year spend growth of 63.3% at food and drink specialist stores.
- Non-essential spending fell 22.1%, with most of hospitality and non-essential retail unable to open due to strict lockdown measures.
- Online retail continued to soar, with year-on-year growth hitting an all-time high of 82.0%, while face-to-face retail spend was down 20.5% year-on-year.

"It's encouraging to see many retailers remaining resilient and doing what they can to maximise online sales. Spend at online specialist retailers such as florists, jewellers and toy shops almost doubled, as consumers purchased lockdown pick me ups and Valentine's day gifts."

Raj Pattni, Head of Insights Platform, Barclays

1. Big picture spend update

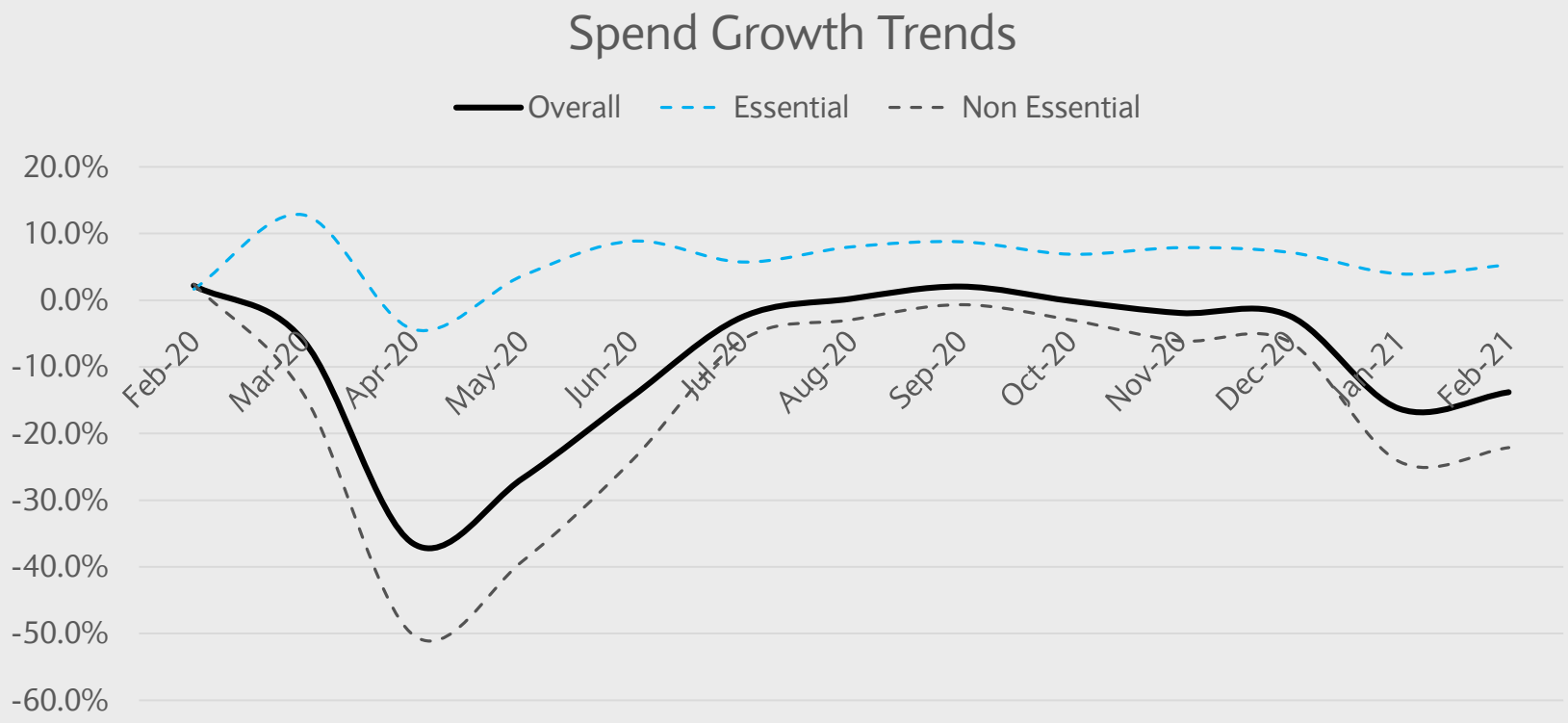
Consumer spending in February declined by 13.8% year-on-year as lockdown restrictions remained across the UK. Spending on essential items increased 5.3% year-on-year, driven by a 17.4% uplift in supermarket spending and continued support for online grocery, which at 115.2%, has once again shown exceptional year-on-year growth. Spending at specialist food and drink retailers also surged, with a record year-on-year growth of 63.3% as consumers continued their support for local independent food stores and online food delivery companies. With travel restrictions still in place and cold wintery weather, spending on fuel was down 30.2% year-on-year.

Non-essential spending declined by 22.1% year-on-year, with travel spend down massively and the majority of hospitality and the high-street remaining closed due to National lockdown restrictions. Face-to-face non-essential retail spend declined 58.6%, with 21.0% of consumer confidence survey respondents saying that they are holding off on making purchases until they can visit stores in person.* Support for online continued to gain momentum, growing 82.0% compared to the same period last year. Online spend with general retailers and specialist retailers increased by impressive 100.0% and 95.9% respectively.

	Spend	Transactions
Total	▼-13.8% YoY	▼-17.8% YoY

	Spend Growth	Transactions Growth
Essential	5.3%	-12.9%
Non Essential	-22.1%	-21.2%

*Barclaycard consumer confidence survey, February 2021



"Although still in decline, overall consumer spend growth in February did show some signs of recovery compared to January, with the first hints of Spring bringing stronger spend in the Household and General Retail categories."

Raj Pattni, Head of Insights Platform, Barclays

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

Retail spend increased by 14.0% in February. General retailers and catalogues, which includes marketplaces and retailers selling a range of products, achieved a record 75.7% year-on-year spend growth. The category made up 18.1% of non-essential spend in February 2021 compared to just 8.0% at the same time last year. Household spend also saw higher growth (10.4%) than in January (3.9%). Pharmacy, health and beauty spend declined 32.4%, the steepest drop since June 2020 as hairdressers and beauty salons remained closed. After a sustained period of growth, sports and outdoor retailers saw a second month of declining sales.

Unsurprisingly, hospitality and leisure spend remained in decline at -68.9%, however, there were some bright spots. Consumers continued to spend on fast-food and takeaways, up 30.0%. Spending on resorts and accommodation, a category which incorporates much of the UK 'staycations' market, showed some signs of recovery. Spend was still down -60.6%, but this was less severe than the -69.4% year-on-year decline reported in January. Meanwhile, other travel categories, which include more spend on overseas holidays, stayed around the same or performed worse in February as foreign holiday bookings were still considered too risky.

Retail 14.0%

- Clothing -25.4%
- Grocery 20.9%
- Household 10.4%
- General Retailers 43.3%
- Specialist Retailers -13.6%

Hospitality & Leisure -68.9%

- Eating & Drinking -46.8%
- Entertainment -84.5%
- Hotels & Resorts -71.9%
- Travel -82.3%

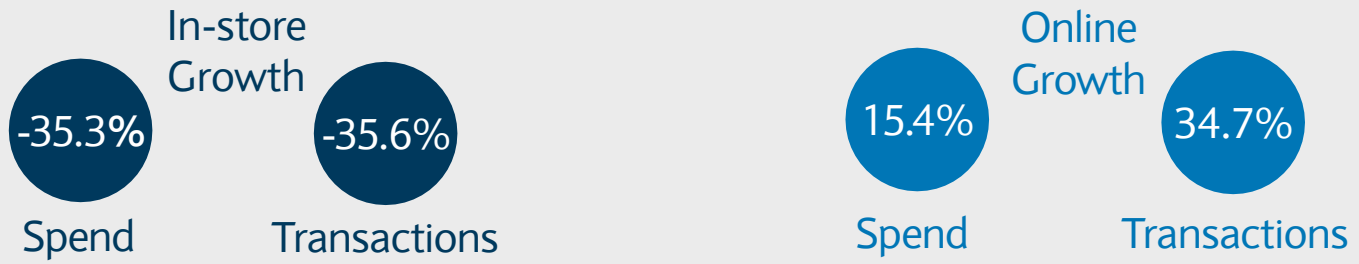
Other -15.5%

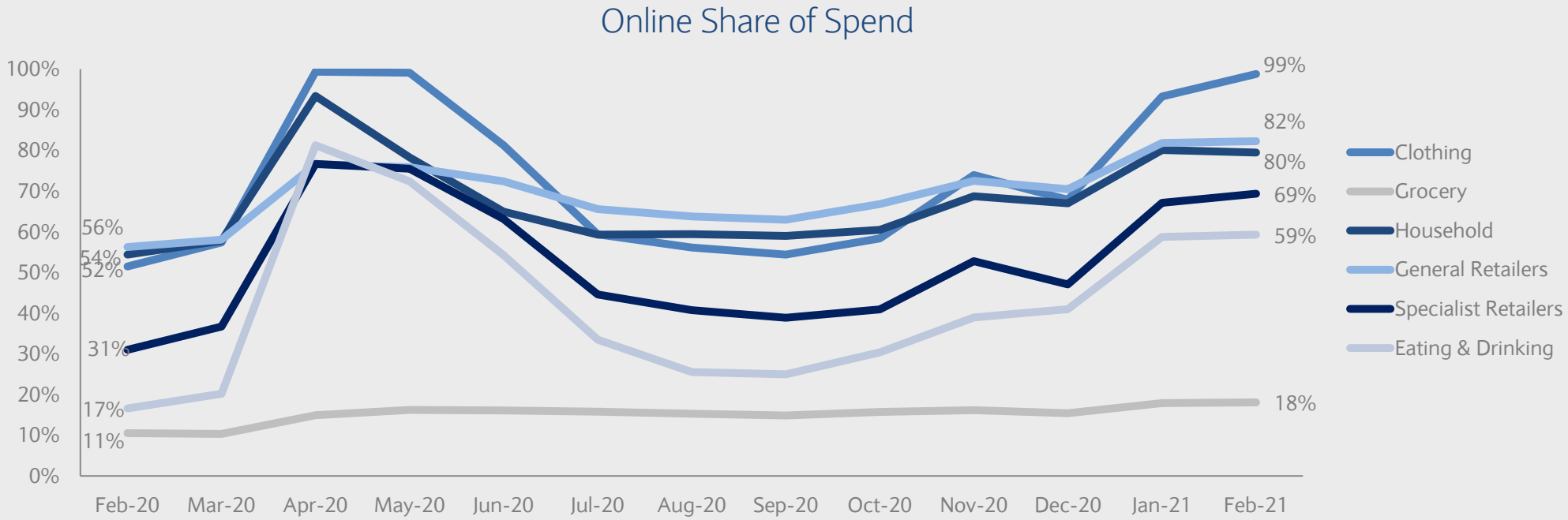
- Digital Content & Subscriptions 42.6%
- Fuel -30.2%
- Motoring -34.7%
- Other Services -7.6%

3. Channel snapshot: how are UK consumers spending?

With lockdown measures still in place, consumers continued to spend online in February, with spend increasing 15.4% year-on-year to take a 56.7% proportion of overall spend. The demand for online grocery services continued as spend increased 115.2%. Online retail spend continued to soar increasing a record 82.0% year-on-year. At the same time, face-to-face retail spend decreased 20.5% year-on-year, unsurprising as non-essential retail stores remained closed due to COVID restrictions.

Online general retailers performed exceptionally well, with year-on-year spend up 100.0% in February. Online specialist retailers which includes florists, jewellers and toy shops also saw spending rise by 95.9%, as consumers purchased Valentine's day gifts and lockdown pick me ups. Indeed, almost a quarter (23.0%) said they were more willing to spend on treats for themselves and families this month, compared to last.* As consumers continued to stay at home, takeaway food delivery apps benefited and online eating and drinking spend grew by 92.6%.





*Barclaycard consumer confidence survey, February 2021

Appendix 1

	Pure Spend Growth	Pure Transaction Growth
OVERALL	-13.8%	-17.8%
Retail	14.0%	-2.3%
Clothing	-25.4%	-41.4%
Grocery	20.9%	-5.0%
Supermarkets	17.4%	-8.0%
Food & Drink Specialist	63.3%	17.7%
Household	10.4%	-0.5%
Home Improvements & DIY	10.3%	6.1%
Electronics	21.7%	5.0%
Furniture Stores	-4.5%	-33.5%
General Retailers	43.3%	36.4%
General Retailers & Catalogues	75.7%	78.9%
Department Stores	-29.7%	-42.8%
Discount Stores	32.3%	1.2%
Specialist Retailers	-13.6%	-28.6%
Pharmacy, Health & Beauty	-32.4%	-38.1%
Sports & Outdoor	-12.5%	-41.0%
Other Specialist Retailers	0.0%	-17.0%

	Pure Spend Growth	Pure Transaction Growth
Hospitality & Leisure	-68.9%	-56.1%
Eating & Drinking	-46.8%	-47.9%
Restaurants	-84.6%	-81.5%
Bars, Pubs & Clubs	-95.7%	-97.0%
Takeaways and Fast Food	30.0%	-7.4%
Other Food & Drink	-62.9%	-53.1%
Entertainment	-84.5%	-89.4%
Hotels, Resorts & Accomodation	-71.9%	-85.4%
Travel	-82.3%	-64.5%
Travel Agents	-86.7%	-80.9%
Airlines	-86.3%	-87.1%
Other Travel	-73.6%	-62.8%
Other	-15.5%	-4.9%
Digital Content & Subscription	42.6%	35.7%
Fuel	-30.2%	-21.9%
Motoring	-34.7%	-49.1%
Other Services	-7.6%	-12.2%

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 January 2021 to 19 February 2021.

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 January 2021 to 19 February 2021 and total spend in the period 25 January 2020 to 21 February 2020.

Spending categorisation:

Essential: essential travel (i.e. public transport), fuel, insurance, grocery spend. From January 2021, 'essential items' now include the 'Specialist Food & Drink' category (such as local butchers, bakeries, greengrocers and recipe box companies).

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

Barclays Market and Customer Insights unlocks a wealth of customer transaction data and brings it to life so you can take action and shape your strategy.

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.

For further information on how Barclays Market and Customer Insights can help you, visit **insights.uk.barclays/MCI** or email **contact-MCI@barclays.com**

insights.uk.barclays