UK Consumer Spending Report

June 2021

BARCLAYS

Consumer spending continued to flourish in June, up 11.1% compared to the same period in 2019, as improving weather and sporting events saw Brits flock to pubs and beer gardens

Key Insights:

- As the weather improved and indoor hospitality venues were open for the full month, consumer card spending continued to grow, increasing by 11.1% compared to the same period in 2019.
- Essential spending continued to rise, up 14.7%, the highest year-on-two-year spend increase since the onset of the pandemic as Brits stocked up at Supermarkets and Food & Drink stores in preparation for summer BBQ's and watching key sporting events from home.
- After returning to growth for the first time since October 2020 last month, non-essential spending continued its upward trend, posting its highest year-on-two-year spend increase since the onset of the pandemic, up 9.4%, as Brits supported Restaurants, Bars and Pubs amid improving weather.
- Spend on Hotels, Resorts & Accommodation returned to growth for the first time since pre-Covid (+5.4%) as the theme of staycation bookings continued. Middle aged and older customers continued to fuel the growth in the sector with spend up 7.3% for those aged 35 and over.

"June saw a welcomed boost to the Hospitality & Leisure sectors as consumers were out in numbers supporting not just Restaurants & Bars, but also Entertainment venues such as Cinemas and Bowling Alleys as they re-opened, a key milestone for a sector at the backbone of our economy."

Raj Pattni, Head of Insights Platform, Barclays

1. Big picture spend update

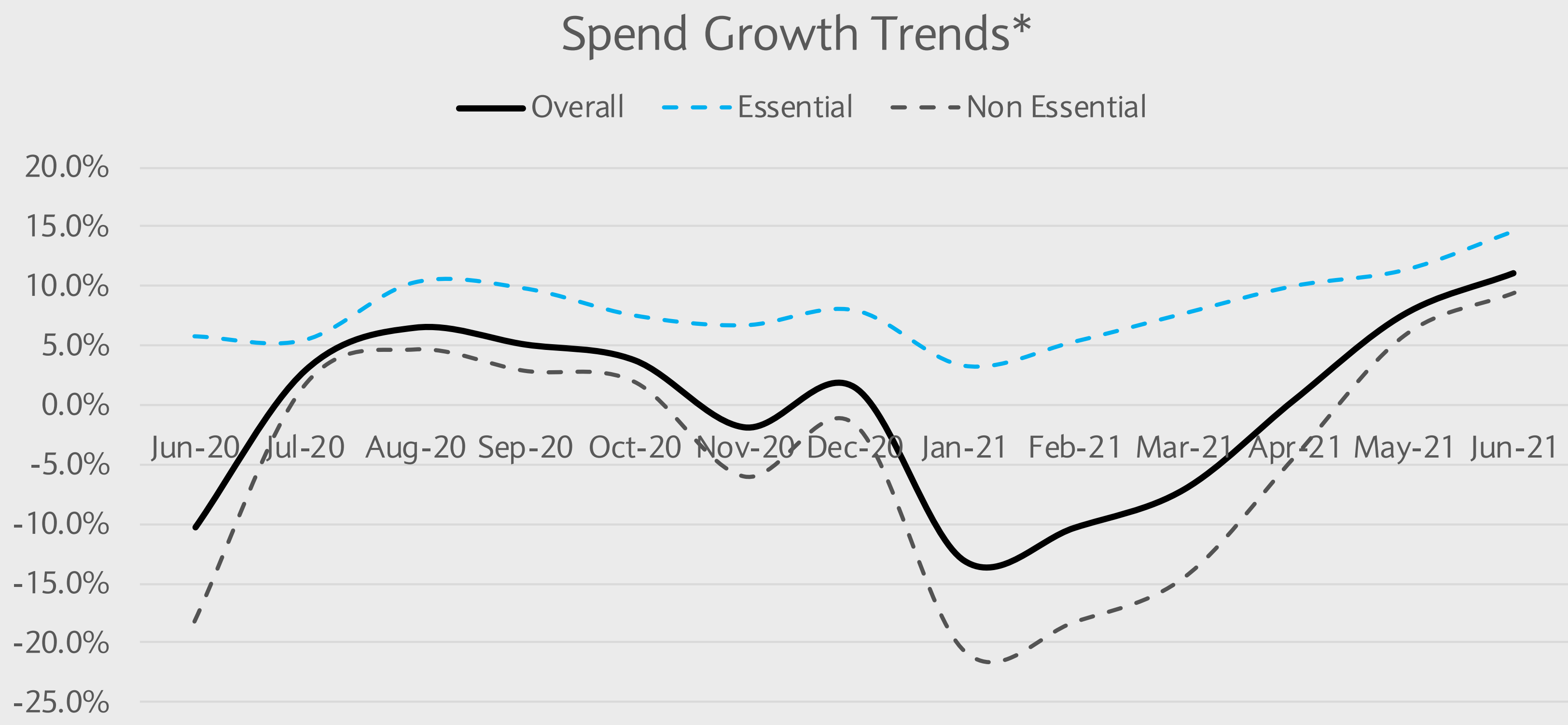
Overall consumer spending in June increased by 11.1%, as Brits flocked to pubs and beer gardens to kick off summer. Spending on essential items rose 14.7%, the highest year-on-two-year growth reported since before the onset of the pandemic. This was driven by continued strong growth in supermarket spend (+19.0%) and Food & Drink specialist stores (+76.4%) as Brits kicked off the summer with BBQ's and picnics and enjoyed the heatwave in early June. Furthermore, Brits demonstrated increasing confidence in returning to everyday life as spend on public transport continued to improve, down only -39.9% compared to -50.1% last month. Younger consumers fuelled this improvement, with spend on public transport by those aged under 35, down just -33.1% compared to -41.3% for those aged 35 and over.

Spending on non-essential items continued to trend positive, up 9.4% compared to the same period in 2019, the highest level of growth since pre-Covid. This was driven by strong performance across the hospitality & leisure sector, headlined by a 38.1% increase in spend at bars & pubs (vs -19.4% last month) as the venues were fully open for the whole month and sporting events such as Euro2020 drew Brits out to beer gardens in numbers. Younger consumers again saw the largest spend growth at bars & pubs with spend by 18-24 year olds up 58.0%, followed by the older age groups with spend amongst 50-64 year olds up 53.1% and spend for those aged 65+ up 46.7%. Restaurants saw huge improvement with spend down only -8.4% compared to -53.2% in May as more than a fifth (22%) of Brits said the warmer weather enticed them into spending more than usual on meals and drinks out with friends*.

	Spend	Transactions
Total	▲11.1% Yo2Y	▲ 14.7% Yo2Y

	Spend Growth	Transactions Growth
Essential	14.7%	9.5%
Non Essential	9.4%	18.6%

*Barclaycard Consumer Confidence Survey June 2021



"Consumer spending growth continued to thrive in June, surpassing the peak of May, marking a new high point for spend since Covid restrictions were first introduced last year. As large sporting events such as Euro 2020, Wimbledon and the Olympics play out in the coming weeks and months we should see further improvement as Brits gets out and about to socialise whilst enjoying a summer of sport."

Raj Pattni

Head of Insights Platform, Barclays

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

Retail spend increased 24.0% year-on-two-year in June, compared to 27.8% last month as pent up demand cooled off slightly across the market. Clothing spend remained in growth, up 2.8% however this was down from 8.5% in May. Younger consumers appeared to have refreshed their wardrobes in prior months as spend for those aged 34 and under declined -3.0%, whereas spend for those aged 35 and over increased 6.2%. Consumers continued to follow lockdown spending habits as home improvements & DIY spend rose 33.7% as Brits spruced up their homes for the summer months. Spend on florists also grew 49.5%, perhaps a sign that consumers are buying gifts for overdue reunions and celebrations such as weddings and birthdays.

Improving weather and key sporting events saw huge improvements in spend in the Hospitality & Leisure sector, headlined by restaurants and bars. Spend on entertainment declined -1.7%, however this was a marked improvement on the -28.6% reported last month as Brits returned to venues such as snooker halls, bowling alleys and mini golf (+15.9%). Consumer spending on resorts and accommodation, which is reflective of the UK staycation market, continued to thrive amid global travel uncertainty, as spend increased by 36.3% compared to 2019. Staycation spend amongst younger consumers gained momentum for the first time, with spend for 16-34 year olds up 25.0% - a likely consequence of vaccine rollout to younger age groups last month, as well as further easing of legal restrictions around accommodation.

Retail
24.0%

- Clothing 2.8%
- Grocery 23.4%
- Household 25.4%
- General Retailers 41.5%
- Specialist Retailers 19.8%

Hospitality & Leisure
-14.0%

- Eating & Drinking 36.7%
- Entertainment -1.7%
- Hotels & Resorts 5.4%
- Travel -60.6%

Other
9.5%

- Digital Content & Subscriptions 51.0%
- Fuel 3.6%
- Motoring 4.9%
- Other Services 7.9%

3. Channel snapshot: how are UK consumers spending?

As restrictions continued to ease, in-store spend grew for the first time since the onset of the pandemic, up 5.1%, compared to -0.9% in May, driven by increases in face-to-face grocery spend (+16.1%). Overall online spend increased 20.0% to take 43.6% of total spend, the lowest share since September. Face-to-face non-essential retail remained in growth, up 2.8% vs 2019, a slight decline on the +8.0% reported in May as pent up demand cooled off. Online non-essential retail continued to do well, however the level of growth continued to trend lower, increasing 49.3% vs 58.3% reported in May and 73.9% in April as consumers gradually transition back to the high street.

Consumers were evidently more comfortable returning to the high street this month with 46.7% of all clothing spend being made face-to-face, compared to 31.8% in April. The share of online spend in the clothing sector has returned to the levels seen before the first lockdown last spring, suggesting consumers are slowly returning to their pre-pandemic shopping behaviours. The continued popularity of online takeaway specialists remained a big theme in June, with spend up 146.0%, in line with the levels seen throughout lockdown, an early sign that online takeaway specialists will continue to perform well in spite of easing restrictions.

In-store Growth

5.1% Spend

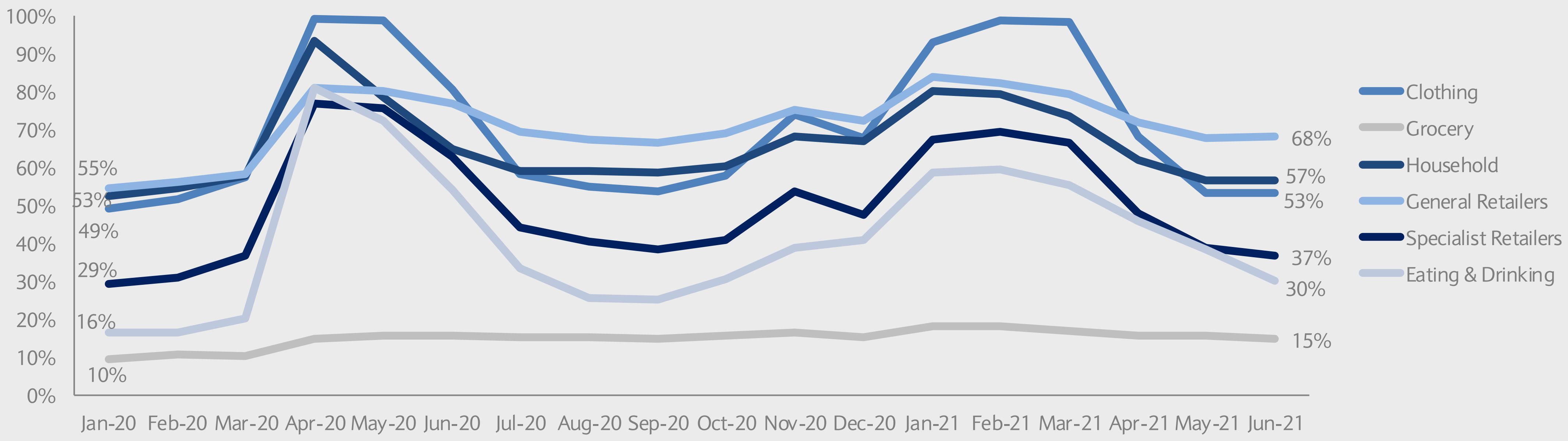
4.4% Transactions

Online Growth

20.0% Spend

47.5% Transactions

Online Share of Spend (%)



Appendix 1

	Pure Spend Growth	Pure Transaction Growth
OVERALL	11.1%	14.7%
Retail	24.0%	14.8%
Clothing	2.8%	-9.3%
Grocery	23.4%	14.5%
Supermarkets	19.0%	7.7%
Food & Drink Specialist	76.4%	71.0%
Household	25.4%	12.1%
Home Improvements & DIY	33.7%	26.4%
Electronics	10.3%	-1.1%
Furniture Stores	26.3%	-1.8%
General Retailers	41.5%	32.9%
General Retailers & Catalogues	65.8%	54.7%
Department Stores	-2.3%	-9.2%
Discount Stores	31.1%	16.1%
Specialist Retailers	19.8%	5.8%
Pharmacy, Health & Beauty	11.4%	0.4%
Sports & Outdoor	30.1%	10.8%
Other Specialist Retailers	21.7%	9.9%

	Pure Spend Growth	Pure Transaction Growth
Hospitality & Leisure	-14.0%	10.2%
Eating & Drinking	36.7%	21.8%
Restaurants	-8.4%	-27.6%
Bars, Pubs & Clubs	38.1%	35.9%
Takeaways and Fast Food	66.3%	33.5%
Other Food & Drink	31.7%	15.9%
Entertainment	-1.7%	4.3%
Hotels, Resorts & Accomodation	5.4%	-3.3%
Travel	-60.6%	-14.7%
Travel Agents	-75.3%	-57.8%
Airlines	-70.9%	-68.0%
Other Travel	-33.9%	-10.3%
Other	9.5%	21.8%
Digital Content & Subscription	51.0%	49.3%
Fuel	3.6%	7.9%
Motoring	4.9%	7.9%
Other Services	7.9%	16.5%

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 22 May 2021 to 25 June 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 22 May 2021 to 25 June 2021 and total spend in the period 25 May 2019 to 28 June 2019.

From March 2021 all calculations have moved to a two-year comparison i.e. comparing March 2021 against March 2019, instead of a year-on-year comparison. This includes any prior period comparisons included in the release (e.g. comparing June 2020 to June 2018), to ensure that all comparisons are like-for-like. This provides a more realistic view of the UK's long-term recovery from the impact of coronavirus, and of whether spending has returned to pre-pandemic levels

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). From March 2021 Childcare, Healthcare & Rail Travel have also been added to the 'essential' category.

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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