



UK Consumer Spending Report

March 2020



March saw a 6% fall in overall consumer spending as anti-coronavirus measures started to take effect, although some retailers saw strong growth.

Key insights:

- While overall consumer spending was down 6% year-on-year, unsurprisingly, there were very mixed fortunes for different spending categories and wide variations in spending patterns between the weeks immediately preceding and post the UK lockdown.
- Non-essential spending fell 12.9% year-on-year with some categories experiencing large declines, while essential expenditure saw a 11.6% rise, primarily driven by supermarkets.
- While some areas of retail experienced challenges, the trend for consumers to spend more locally benefited specialist food and drink retailers, such as off licences and greengrocers.
- With consumers spending more time at home, the growth of online transactions outstripped that of in-store transactions, but overall spend fell for both, down by 7.8% and 4.8% respectively.

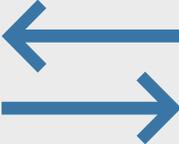
“In such a tumultuous month it’s not surprising to see an overall drop in consumer spending, however, essential spend in grocery shops and discount stores showed strong growth, both pre and post the lockdown announcement.”

Raj Pattni, Head of Insights Platform, Barclays

1. Big picture spend update

The challenges created by the pandemic have resulted in significant shifts in spending patterns. Essential spending increased by 11.6%, due to a significant rise for supermarkets and specialist food and drink stores. In contrast, fuel purchasing dropped by 4.2% as travel was curtailed. Spending was particularly high in the week before the start of the UK lockdown, as consumers prepared for tighter restrictions.

Non-essential purchasing took a major hit from the coronavirus control measures, falling 12.9%, due in part to a 40.5% drop in travel expenditure, including on airlines and travel agents. Spending on offline entertainment suffered a 35.4% fall, while eating and drinking expenditure also saw a significant decline of 18%. The fall in hospitality and leisure spending was particularly marked in the last two weeks of March following lockdown.

	 Spend	 Transactions
Total	▼ -6.0% YoY	▼ -1.7% YoY
	Spend Growth	Transactions Growth
Essential	11.6%	4.1%
Non Essential	-12.9%	-5.1%

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

Amid the major challenges for retailers, some categories fared more strongly. Discount stores experienced a 25.2% rise in spending as consumers looked to stock up. Digital content and subscriptions benefited from a 17.4% uplift as people sought ways to keep themselves occupied indoors through box sets, digital games and streaming services. Many consumers chose to shop locally, which is reflected in the increased spending in specialist food and drink stores such as off-licences and greengrocers.

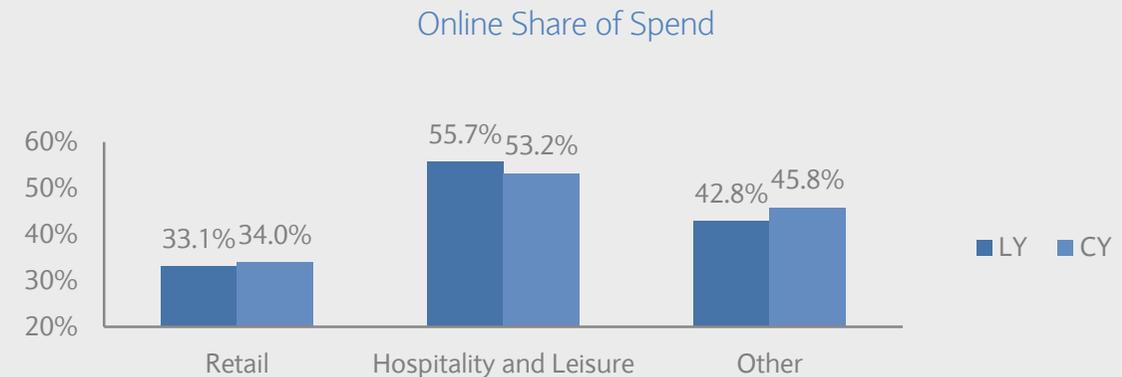
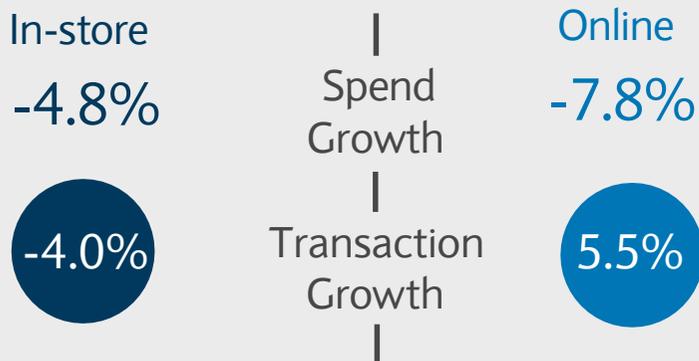
Hospitality and leisure spending experienced a large drop, particularly post-lockdown, with noticeable dips for travel and hotel accommodation and offline entertainment. Restaurants and bars, pubs and clubs saw big decreases of 35.5% and 22.2% respectively, as most venues, other than those that elected to stay open to offer takeaways, closed their doors when the lockdown was announced, leading to greater declines in the last two weeks of the reporting period.



3. Channel snapshot: how are UK consumers spending?

While overall spend both online and in-store fell in March, the number of online transactions rose by 5.5%, as compared to a 4.0% drop in transaction numbers for in-store as the high street felt the impact of the new social distancing rules. Grocery shopping online has exhibited growth of 21.6%.

Despite a 7.8% overall decline in spending levels online, significant year-on-year spending growth was experienced by grocers, general retailers, specialist retailers and businesses in the eating and drinking category turning to home delivery. Internet clothing spending suffered a fall of 9.6%, although this was relatively buoyant compared to an in-store drop of 39.2%. Overall spending on clothing saw a particularly pronounced fall in the weeks after lockdown.



Category	% Spend Online	Spend Growth Online
Clothing	57.4%	-9.6%
Grocery	10.3%	21.6%
Household	57.8%	4.3%
General Retailers	58.1%	18.5%
Specialist Retailers	36.7%	18.3%
Eating & Drinking	20.2%	13.3%
Entertainment	70.4%	-36.2%

Category	% Spend Online	Spend Growth Online
Hotels, Resorts & Accommodation	67.9%	-37.0%
Travel	78.8%	-40.9%
Digital Content & Subscription	99.5%	17.3%
Fuel	4.5%	34.3%
Motoring	23.2%	-4.3%
Other Services	73.7%	-6.9%

Appendix 1

	Spend Growth	Transaction Growth
OVERALL	-6.0%	-1.7%
Retail	7.3%	5.4%
Clothing	-25.2%	-24.6%
Grocery	22.1%	10.4%
Supermarkets	21.3%	9.6%
Food & Drink Specialist Stores	30.5%	15.8%
Household	-2.7%	-0.8%
Home Improvements & DIY	-2.5%	-0.9%
Electronic Stores	2.0%	2.1%
Furniture Stores	-10.0%	-9.6%
General Retailers	9.7%	4.3%
General Retailers and Catalogues	18.6%	5.4%
Department Stores	-14.8%	-11.6%
Discount Stores	25.2%	19.1%
Specialist Retailers	-0.8%	3.9%
Pharmacy, Health & Beauty	0.5%	8.7%
Sports & Outdoor	-12.6%	-18.5%
Other Specialist Retailers	2.7%	3.5%

	Spend Growth	Transaction Growth
Hospitality & Leisure	-31.8%	-18.4%
Eating & Drinking	-18.0%	-16.1%
Restaurants	-35.5%	-35.9%
Bars, Pubs & Clubs	-22.2%	-16.3%
Takeaways and Fast Food	-3.0%	-10.8%
Other Food & Drink	-20.0%	-16.2%
Entertainment	-35.4%	-26.2%
Hotels, Resorts & Accommodation	-35.3%	-28.5%
Travel	-40.5%	-21.2%
Travel Agents	-47.4%	-41.2%
Airlines	-41.9%	-41.4%
Other Travel	-30.4%	-19.4%
Other	-8.1%	1.7%
Digital Content & Subscription	17.4%	22.3%
Fuel	-4.2%	-3.2%
Motoring	-14.5%	-8.5%
Other Services	-10.5%	-9.0%

Data methodology

Data sources:

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

Data range:

The spending data in this report relates to the period 22 February 2020 to 27 March 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 average spend per active customer in the period 22 February 2020 to 27 March 2020 and average spend per active customer in the period 23 February 2019 to 29 March 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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