UK Consumer Spending Report

May 2020

BARCLAYS

Consumer spending drops by 26.7% in May amid glimmers of recovery in certain sectors

Key insights:

- Overall consumer spending fell by 26.7% year-on-year in May, albeit a smaller decline than last month as some sectors adapted to social distancing to reopen their doors to the public.
- Non-essential purchasing fell by 36.9% year-on-year, with significant declines in clothing and department store sales. This represents a notably lower drop than last month's 47.7%.
- Higher supermarket spending, driven by a spike in the week culminating in the VE Day holiday weekend, saw essential spending rise 0.9%, offsetting a big fall in fuel expenditure.
- In-store spending fell year-on-year by 45.3% compared to just 0.1% for online purchasing, which now has the largest share of spend in all categories except grocery and fuel.

"While consumer spending has fallen, there are reasons for optimism as pubs, bars and restaurants adapt to offer innovative takeaway services, and people strongly support local food and drink retailers as the gradual easing of restrictions begins."

Raj Pattni, Head of Insights Platform, Barclays

1. Big picture spend update

The 0.9% growth in essential spending was supported by a 24.5% increase in supermarket spending, rising to 27.0% in the week that ended with the VE Day holiday weekend as consumers made the most of the break and good weather. This strong performance, combined with another good month for specialist food and drink retailers, helped counterbalance a large 49.7% drop in fuel expenditure due to ongoing travel restrictions.

Spending on non-essentials fell by 36.9%, driven by a 70.3% overall fall in eating and drinking, a 44.5% fall in department stores and 42.4% drop in clothing spending. Notably, the overall fall in non-essential spend was lower in May than April's 47.7%. There were signs of recovery in home improvement spending, with DIY stores reopening followed later by garden centres, a positive sign ahead of further stores reopening on 15 June.

	Spend	Transactions
Total	▼-26.7% YoY	▼-30.6% YoY

	Spend Growth	Transactions Growth
Essential	0.9%	-24.8%
Non Essential	-36.9%	-33.9%

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

Retail spending rose 6.2% year-on-year , in comparison to 8.5% fall reported in April. Bright spots included a 27.2% increase in spend for general retailers and a 26.3% upturn overall for grocery bolstered by strongly performing supermarkets and ongoing growth for local food and drink specialists such as greengrocers and off licences, where a 42.5% upsurge was the biggest increase since restrictions were introduced.

As expected, spending on hospitality and leisure, entertainment, hotels and resorts, and travel fell heavily in May due to ongoing restrictions. On the positive side, the fall in eating and drinking spend slowed to 70.3% from 79.1% in April. This slowing decline coincided with more pubs, restaurants and cafes adapting to restrictions to offer takeaway services, with 14.0% of consumers saying they are buying food and drinks from a pub and 10.0% buying takeaway coffees.*

Retail 6.2%	Clothing -42.4%	Grocery 26.3%	Household -4.2%	General Retailers 27.2%	Specialist Retailers -24.6%
Hospitality & Leisure -82.0%	Eating & Drinking -70.3%	Entertainment -85.5%	Hotels & Resorts -89.8%	Travel -87.2%	
Other -39.3%	Digital Content & Subscriptions 48.9%	Fuel -49.7%	Motoring -66.2%	Other Services -33.2%	

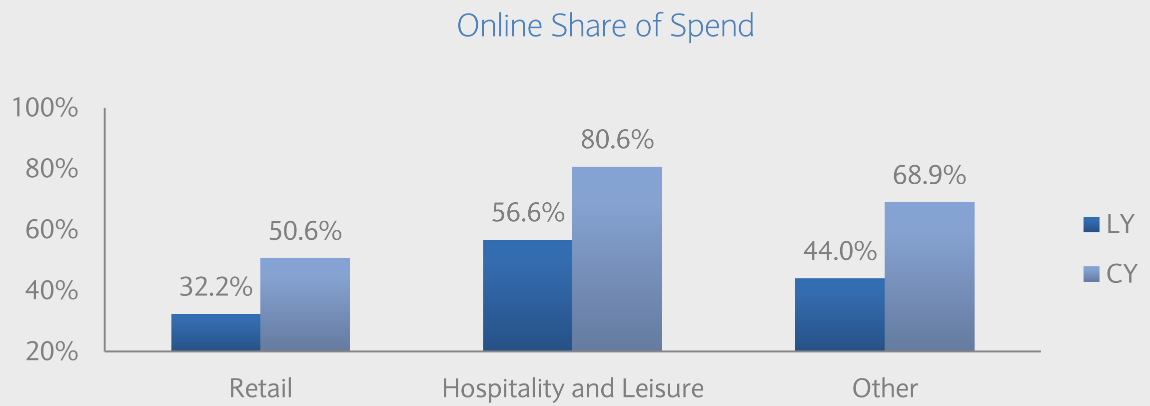
*Data provided by Barclaycard Monthly Consumer Survey

3. Channel snapshot: how are UK consumers spending?

Both online and in-store spending fell in May, but while face-to-face purchasing dropped by 45.3%, online buying performed much better with only a 0.1% drop, combined with a 27.6% increase in the number of transactions. Online grocery purchasing grew strongly at 103.9% and achieved a 16.2% share of spend, up from 10.5% prior to the lockdown, reflecting a significant change in spend in this category.

Specialist retailers and general retailers offering a variety of different goods benefited from strong online purchasing growth at 85.8% and 96.3% respectively, while spending on household goods rose 47.7%. Each of these categories also saw significant growth in the proportion of online spend in May compared to April. Online eating and drinking purchasing was up by 46.3% but its share of spend was down to 72.4% from 81.3% last month, as more outlets began to offer face-to-face purchasing of take-out food and drink.

	In-store		Online
Spend Growth	-45.3%		-0.1%
Transaction Growth	-49.3%		27.6%



Category	% Spend Online	Spend Growth Online
Clothing	99.1%	20.9%
Grocery	16.2%	103.9%
Household	78.3%	47.7%
General Retailers	75.9%	85.8%
Specialist Retailers	75.5%	96.3%
Eating & Drinking	72.4%	46.3%
Entertainment	89.2%	-81.4%

Category	% Spend Online	Spend Growth Online
Hotels, Resorts & Accommodation	91.5%	-86.5%
Travel	89.6%	-85.7%
Digital Content & Subscription	99.9%	49.5%
Fuel	3.7%	-8.2%
Motoring	53.4%	-19.1%
Other Services	89.5%	-16.2%

Appendix 1

	Pure Spend Growth	Pure Transaction Growth
OVERAL	-26.7%	-30.6%
Retail	6.2%	-11.5%
Clothing	-42.4%	-45.9%
Grocery	26.3%	-11.8%
Supermarkets	24.5%	-13.9%
Food & Drink Specialist	42.5%	2.5%
Household	-4.2%	-2.4%
Home Improvements & DIY	-3.2%	-3.3%
Electronics	10.6%	6.8%
Furniture Stores	-28.2%	-26.2%
General Retailers	27.2%	10.4%
General Retailers & Catalogues	62.3%	45.1%
Department Stores	-44.5%	-56.3%
Discount Stores	32.9%	-10.6%
Specialist Retailers	-24.6%	-29.8%
Pharmacy, Health & Beauty	-42.1%	-43.1%
Sports & Outdoor	-13.9%	-37.3%
Other Specialist Retailers	-15.4%	-14.4%

	Pure Spend Growth	Pure Transaction Growth
Hospitality & Leisure	-82.0%	-81.6%
Eating & Drinking	-70.3%	-78.4%
Restaurants	-90.2%	-89.5%
Bars, Pubs & Clubs	-95.4%	-97.1%
Takeaways and Fast Food	-27.3%	-60.6%
Other Food & Drink	-79.4%	-82.2%
Entertainment	-85.5%	-88.6%
Hotels, Resorts & Accommodation	-89.8%	-94.2%
Travel	-87.2%	-86.0%
Travel Agents	-86.6%	-85.4%
Airlines	-89.4%	-90.8%
Other Travel	-86.5%	-85.8%
Other	-39.3%	-12.6%
Digital Content & Subscription	48.9%	52.6%
Fuel	-49.7%	-34.5%
Motoring	-66.2%	-68.9%
Other Services	-33.2%	-24.9%

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 April 2020 to 22 May 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 April 2020 to 22 May 2020 and total spend in the period 27 April 2019 to 24 May 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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