



UK Consumer Spending Report

October 2020



Consumer spending declined by 0.1% in October as further restrictions and more wintry conditions took effect

Key insights:

- Overall year-on-year consumer spending fell 0.1% as people opted to spend more time at home in response to the poor weather and stricter pandemic-related rules.
- Essential spending grew by 4.2%, primarily driven by continued growth in supermarket shopping, boosted by strong online buying.
- Non-essential spending fell 1.7% in comparison to the 0.6% increase seen last month, despite continuing growth in some categories.
- Online spending grew 10.5% year-on-year, with a 29.0% uplift in transactions, while face-to-face purchasing fell by 7.6% year-on-year.


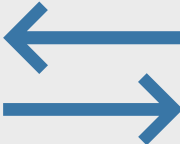
“Overall spending has declined in the wake of tougher pandemic controls and the arrival of inclement weather, and consumers appear to be returning to the digital spending habits seen in the initial lockdown.”

Raj Pattni, Head of Insights Platform, Barclays

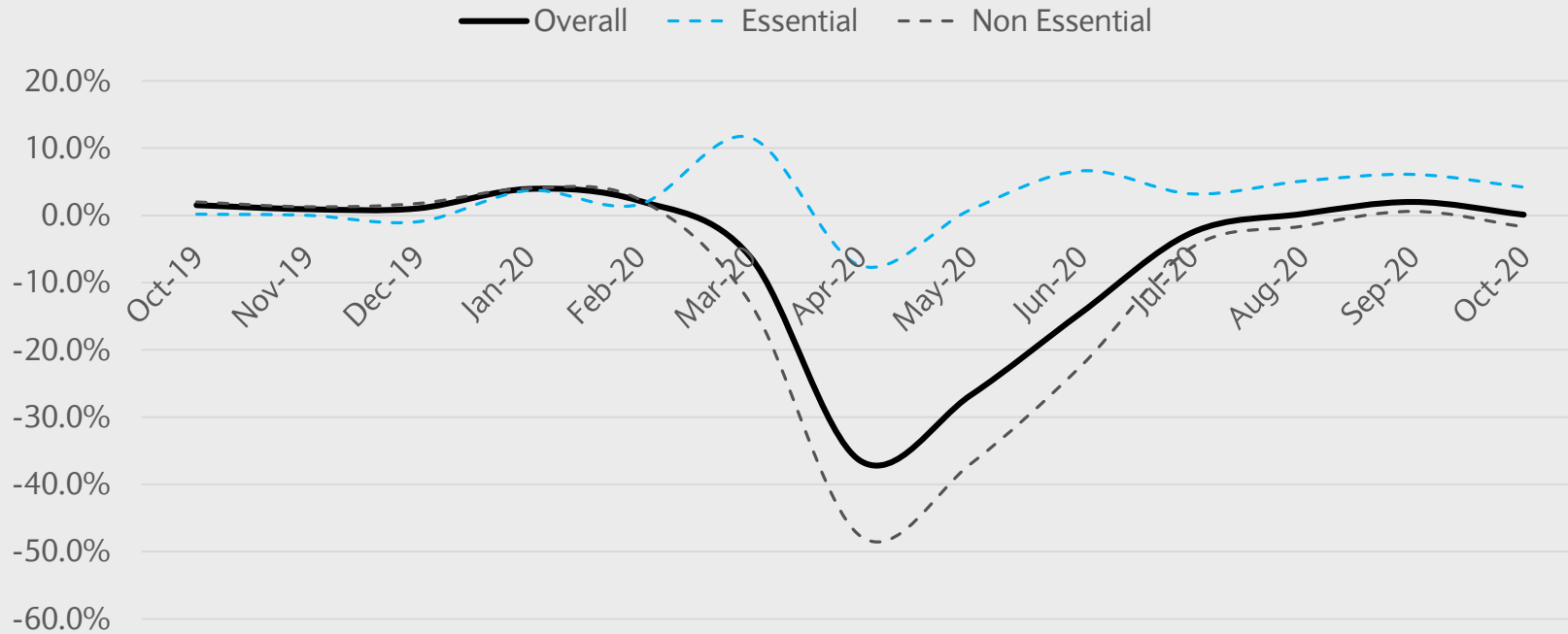
1. Big picture spend update

The 4.2% year-on-year increase in essential spending was bolstered by a 17.0% growth in grocery purchasing that included a 94.4% surge in online supermarket shopping, accounting for 15.7% of total grocery spend compared to 14.9% last month. At the same time a third of people (33.0%) admitted to stockpiling essentials in preparation for potential shortages.* Travel spending in all sectors decreased, with fuel spend and transactions notably dropping by 15.7% and 6.5% respectively, as people drove less in response to new restrictions and the typical half-term rise in road travel failed to materialise.

Non-essential spending decreased by 1.7% as people spent more time indoors and increasingly returned to digital purchasing habits, leaving the high street struggling after a 'back to school' boost in August and September. One-in-five consumers said they expected to buy seasonal presents online where they would previously have bought them in-store.* While retail grew less overall than last month, it seems early Christmas shopping activity paid dividends for some and there was also significant year-on-year growth for specialist food and drinks retailers and continuing demand for takeaways and fast food.

		
	Spend	Transactions
Total	▼ -0.1% YoY	▼ -0.9% YoY
	Spend Growth	Transactions Growth
Essential	4.2%	-6.7%
Non Essential	-1.7%	2.5%

Spend Growth Trends



“Overall spending growth has dipped, reflecting a shift indoors due to tougher restrictions and poor weather.”

Raj Pattni
Head of Insights Platform, Barclays

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

Retail spending went up 17.2% year-on-year, slightly down on the 19.6% figure for September. However, most retail categories showed growth, with high points including a 50.0% uplift for general retailers and catalogues, as shoppers sought early Christmas bargains. Spend at food and drink specialist stores, including butchers and greengrocers, rose 50.7% as people reaffirmed support for local businesses. A 32.3% year-on-year growth in digital content and subscriptions, the highest since the first lockdown was eased in July, suggests consumers were preparing to spend more time indoors watching TV and box sets.

While clothing expenditure fell 2.7% overall, it rose 20.6% online, reflecting the shift to purchasing from home. Hotels and resorts spend fell by 36.9%, as fewer people took half-term breaks compared to October 2019. Spending in the hospitality and leisure sector, impacted by the introduction of 10pm curfews and the 'rule of six', began a downward trend after improving last month, falling by 37.8% in October compared to a drop of 28.3% in September. Although eating and drinking expenditure was down by 1.9% overall, fast food and takeaways remained strong with 18.3% growth, albeit lower than the 25.8% rise seen in the previous month.

Retail 17.2%



Clothing
-2.7%



Grocery
17.0%



Household
18.6%



General Retailers
30.7%



Specialist Retailers
13.0%

Hospitality & Leisure -37.8%



Eating & Drinking
-1.9%



Entertainment
-46.5%



Hotels & Resorts
-36.9%



Travel
-68.0%

Other -2.7%



Digital Content
& Subscriptions
32.3%



Fuel
-15.7%



Motoring
2.9%

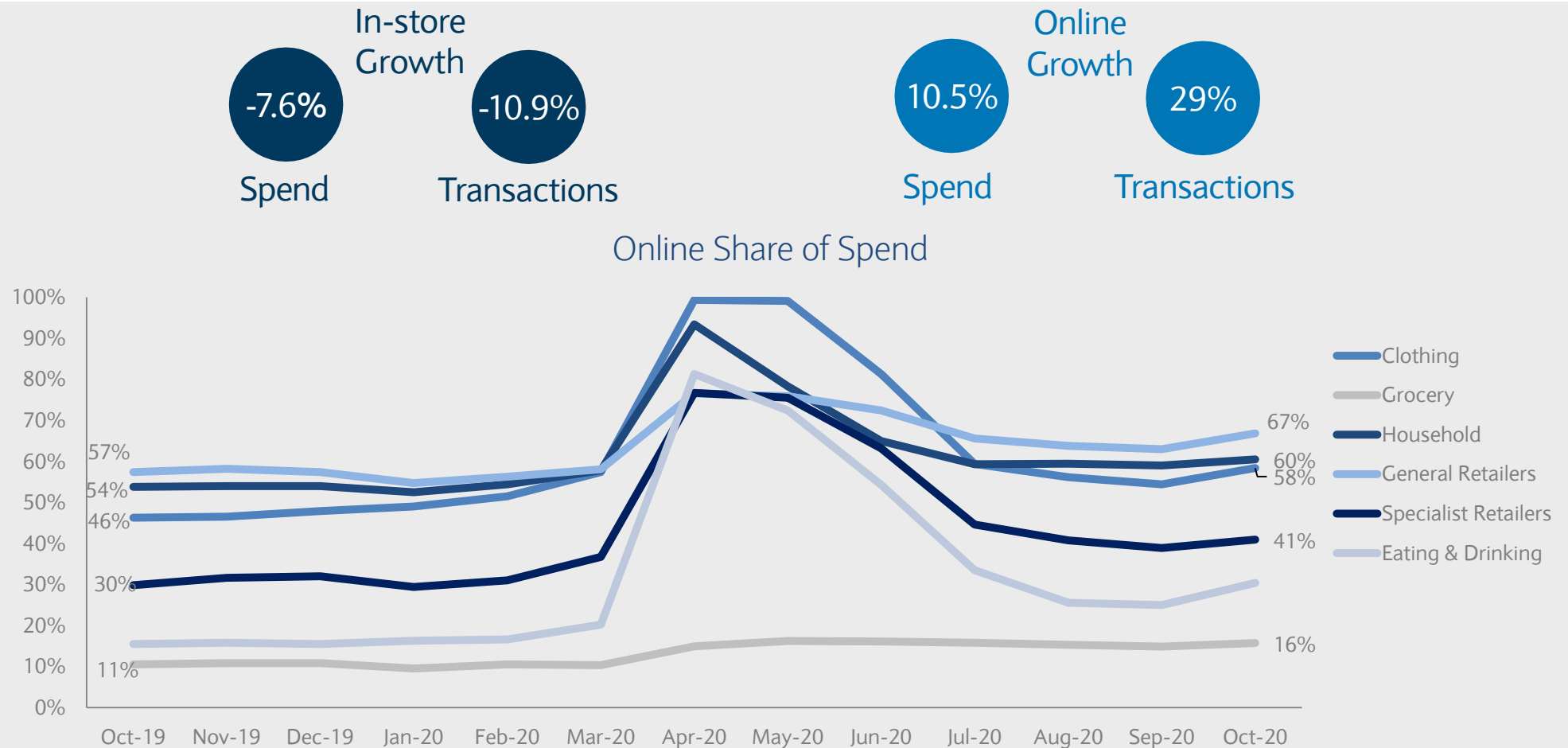


Other Services
-5.1%

3. Channel snapshot: how are UK consumers spending?

There was a renewed swing towards online spending by consumers in October, as they began to return to the digital purchasing habits of lockdown. Online purchasing was up 10.5% year-on-year, with transactions up 29.0% and, notably, internet buying accounted for 45.7% of all spend in October, higher than the 43.4% seen in September and 44.0% in August.

Online share of spend in every category increased in October compared to last month, particularly grocery eating and drinking, clothing, general retailers and entertainment. In contrast, in-store spending growth contracted by 7.6% and saw a 10.9% drop in transactions, as consumers showed growing reluctance to visit the high street amid deteriorating weather conditions and the introduction of stricter Covid-19 regulations.



Appendix 1

	Pure Spend Growth	Pure Transaction Growth
OVERALL	-0.1%	-0.9%
Retail	17.2%	6.5%
Clothing	-2.7%	-8.5%
Grocery	17.0%	0.7%
Supermarkets	13.9%	-2.9%
Food & Drink Specialist	50.7%	27.8%
Household	18.6%	16.8%
Home Improvements & DIY	22.5%	27.2%
Electronics	12.4%	9.2%
Furniture Stores	19.4%	6.9%
General Retailers	30.7%	28.8%
General Retailers & Catalogues	50.0%	51.3%
Department Stores	-9.9%	-14.1%
Discount Stores	30.7%	11.9%
Specialist Retailers	13.0%	1.5%
Pharmacy, Health & Beauty	7.3%	-4.3%
Sports & Outdoor	24.2%	10.2%
Other Specialist Retailers	12.9%	5.2%

	Pure Spend Growth	Pure Transaction Growth
Hospitality & Leisure	-37.8%	-20.1%
Eating & Drinking	-1.9%	-10.1%
Restaurants	-32.7%	-42.1%
Bars, Pubs & Clubs	-13.5%	-16.8%
Takeaways and Fast Food	18.3%	-1.2%
Other Food & Drink	0.3%	-8.6%
Entertainment	-46.5%	-37.0%
Hotels, Resorts & Accommodation	-36.9%	-36.0%
Travel	-68.0%	-38.0%
Travel Agents	-78.2%	-63.9%
Airlines	-75.3%	-70.0%
Other Travel	-53.6%	-35.8%
Other	-2.7%	5.9%
Digital Content & Subscription	32.3%	27.0%
Fuel	-15.7%	-6.5%
Motoring	2.9%	-7.8%
Other Services	-5.1%	4.6%

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 26 September 2020 to 23 October 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 26 September 2020 to 23 October 2020 and total spend in the period 28 September 2019 to 25 October 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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