



UK Consumer Spending Report

September 2020



Consumer spending grew by 2.0% year-on-year in September delivering the biggest increase since February 2020

Key insights:

- Food sales, home improvements and return-to-school shopping contributed to a strong 2.0% boost in spending as consumers made the most of good weather.
- Essential spending grew by 6.1% year-on-year, due to continued robust supermarket spending – as a quarter of Brits admit to stockpiling.
- Non-essential spending rose by 0.6%, the first increase since February, bolstered by particularly strong consumer spending on home improvement activities and furniture.
- Online spending again showed steady growth, at 7.7% year-on-year, but face-to-face buying was down by only 1.9%, a marked improvement on the 6.7% fall seen in August.


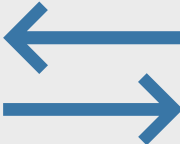
“The strengthening growth in overall consumer spending is encouraging but the challenging months ahead will be critical in determining if it can be sustained.”

Raj Pattni, Head of Insights Platform, Barclays

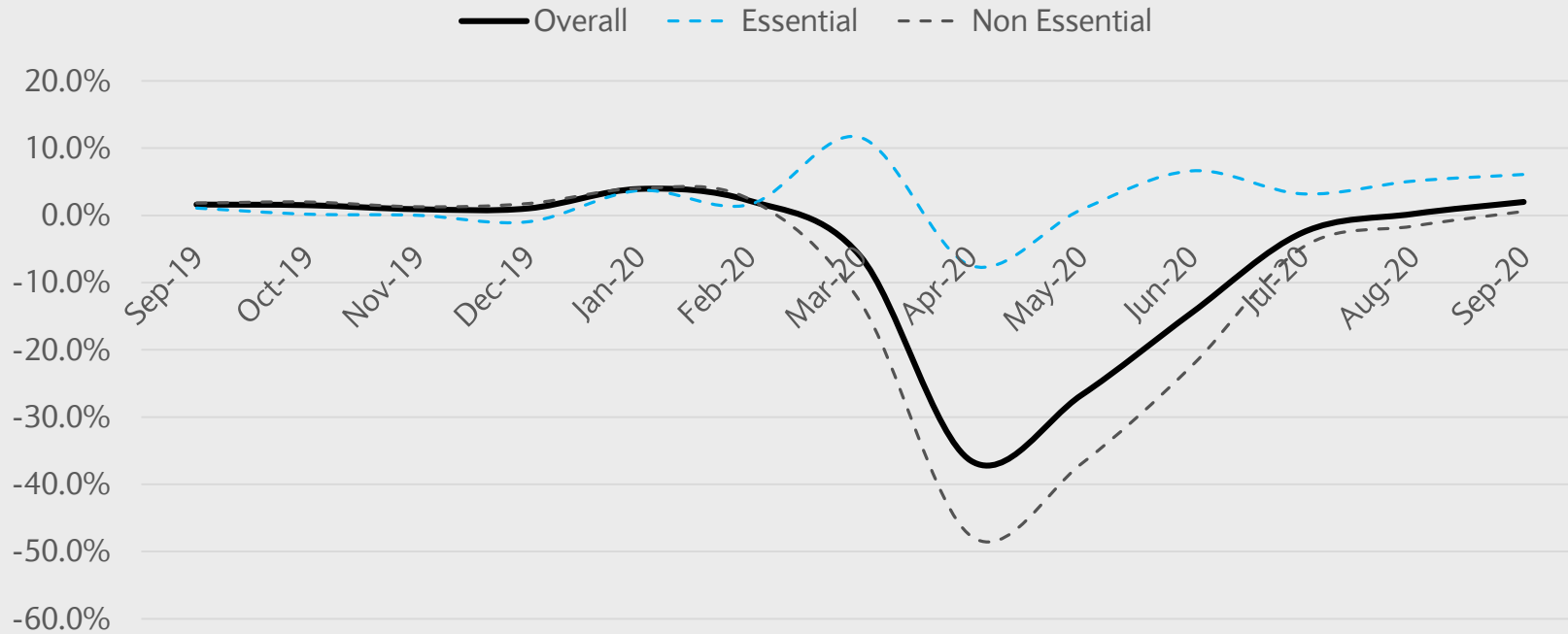
1. Big picture spend update

The 6.1% year-on-year increase in essential spending was reinforced by continuing steady growth in supermarket shopping, up 15.4%, with research showing that more than a quarter of consumers admitted stockpiling items such as tinned food and toilet paper*. Fuel spend had its lowest decline since March at 11.3%, with transaction levels just 2.1% down on September 2019. However, spend on commuting, buses and trains continued to decline strongly, down 46.5%, perhaps indicating concerns about using public transport and a preference for private cars and vehicles.

Non-essential spending enjoyed a rise of 0.6%, its first uplift since February, buoyed by significant purchasing activity in home improvement, DIY and furniture, as people carried out work on their homes, perhaps in anticipation of new lockdown restrictions. Spending on clothing was also up, partly linked to back-to-school shopping. Eating and drinking spend improved, with strong spending growth in bars, pubs and clubs, reflecting growing consumer confidence in dining and drinking out. Even so, dining in remained very popular, with fast food & takeaways enjoying their strongest ever year-on-year growth.

		
	Spend	Transactions
Total	▲ 2.0% YoY	▲ 4.5% YoY
	Spend Growth	Transactions Growth
Essential	6.1%	-4.6%
Non Essential	0.6%	9.9%

Spend Growth Trends



“Spending growth continues to rise slowly following the initial bounce back from lockdown.”

Raj Pattni
Head of Insights Platform, Barclays

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

Retail spending again enjoyed a good month overall, up 19.6% year-on-year, driven by a 28.0% boost in furniture buying and a 25.7% surge in home improvement spending ahead of winter. Clothing retail was another bright spot, up 4.2% and a great improvement on last month's 0.3% growth figure (itself the first positive growth for the category since March 2019) as people invested in new seasonal wardrobes and prepared children for school. Favourable weather encouraged spending at sports and outdoor retailers, leading to a 30.2% year-on-year boost.

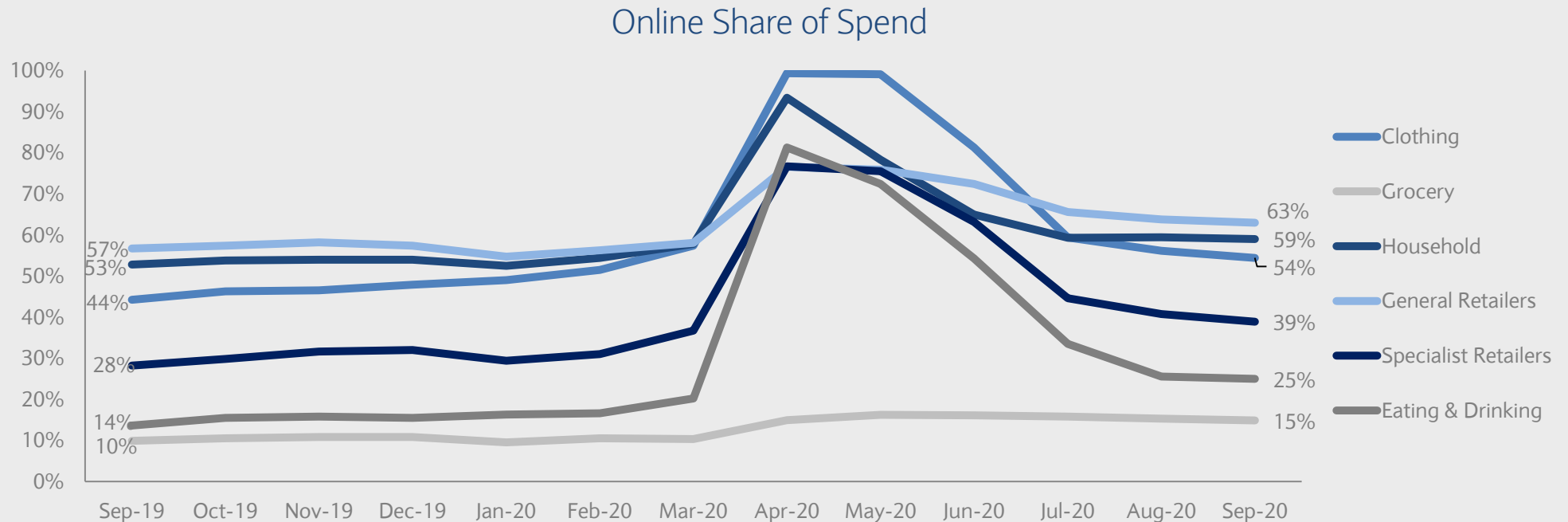
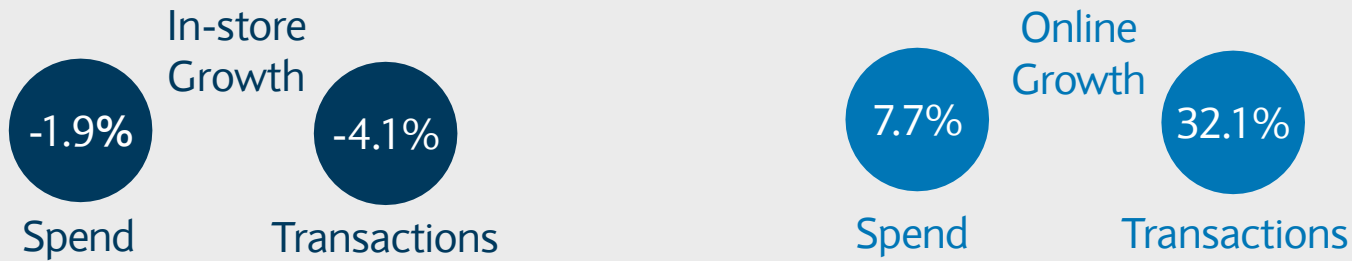
The hospitality and leisure sector saw signs of recovery, with the combination of warm days and anticipation of new restrictions that perhaps encouraged people to socialise. Spending at pubs, bars and clubs grew 9.0%, the first year-on-year increase since before the national lockdown in March and an improvement on the 0.2% fall in August. While restaurant spending fell 18.7% year-on-year, it was a major improvement on last month's 39.1% fall, as more people returned to dining away from home and took advantage of extended Eat Out To Help Out deals. At the same time, takeaways and fast food experienced their biggest ever year-on-year increase, at 25.8%.



3. Channel snapshot: how are UK consumers spending?

While online spend increased once again – by 7.7% year-on-year – to take a 43.4% share of total spending, this was down on last month’s 10.6% figure. In contrast, face-to-face purchasing fell just 1.9%, a notable improvement on August’s 6.7% drop, suggesting consumers were feeling more comfortable about returning to the high street and visiting shops. The online share of spend in each category was generally slightly lower than last month.

Year-on-year spending growth in all online categories remained broadly in line with August figures, except hotels and accommodation, which fell 21.5% year-on-year compared to a 14.0% drop last month. Online eating and drinking rose 103.0% year-on-year, the highest growth in any category, indicating online ordering and eating remained a popular option, but also boosted by the restaurants and bars that are now using apps and websites for customers to submit and pay for orders. Online grocery and general retailers both continued to experience strong spend growth, increasing 83.9% and 55.7% respectively.



Appendix 1

	Pure Spend Growth	Pure Transaction Growth
OVERALL	2.0%	4.5%
Retail	19.6%	8.8%
Clothing	4.2%	0.7%
Grocery	18.7%	2.8%
Supermarkets	15.4%	-1.5%
Food & Drink Specialist	53.2%	36.2%
Household	22.6%	21.0%
Home Improvements & DIY	25.7%	29.6%
Electronics	14.5%	14.3%
Furniture Stores	28.0%	13.4%
General Retailers	30.1%	27.4%
General Retailers & Catalogues	44.2%	48.7%
Department Stores	-0.2%	-8.8%
Discount Stores	31.7%	13.3%
Specialist Retailers	16.0%	5.7%
Pharmacy, Health & Beauty	9.4%	0.2%
Sports & Outdoor	30.2%	14.5%
Other Specialist Retailers	14.8%	8.6%

	Pure Spend Growth	Pure Transaction Growth
Hospitality & Leisure	-28.3%	-7.5%
Eating & Drinking	12.1%	4.2%
Restaurants	-18.7%	-28.0%
Bars, Pubs & Clubs	9.0%	11.3%
Takeaways and Fast Food	25.8%	6.9%
Other Food & Drink	14.8%	4.7%
Entertainment	-36.4%	-19.3%
Hotels, Resorts & Accommodation	-18.9%	-12.2%
Travel	-63.1%	-32.4%
Travel Agents	-73.3%	-58.8%
Airlines	-70.9%	-61.7%
Other Travel	-46.5%	-29.9%
Other	-4.5%	10.1%
Digital Content & Subscription	24.2%	35.4%
Fuel	-11.3%	-2.1%
Motoring	6.9%	0.1%
Other Services	-11.8%	4.7%

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 August 2020 to 25 September 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 22 August 2020 to 25 September 2020 and total spend in the period 24 August 2019 to 27 September 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.

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

Copyright in this presentation is owned by Barclays (© Barclays Bank UK PLC, 2020). No part of this presentation may be reproduced in any manner without the prior written permission of Barclays.

Barclays Bank UK PLC takes no liability for the impact of any decisions made based on information contained and views expressed in this report.

Barclays Bank UK PLC. Registered in England. Registered No. 9740322 Registered Office: 1 Churchill Place, London E14 5HP