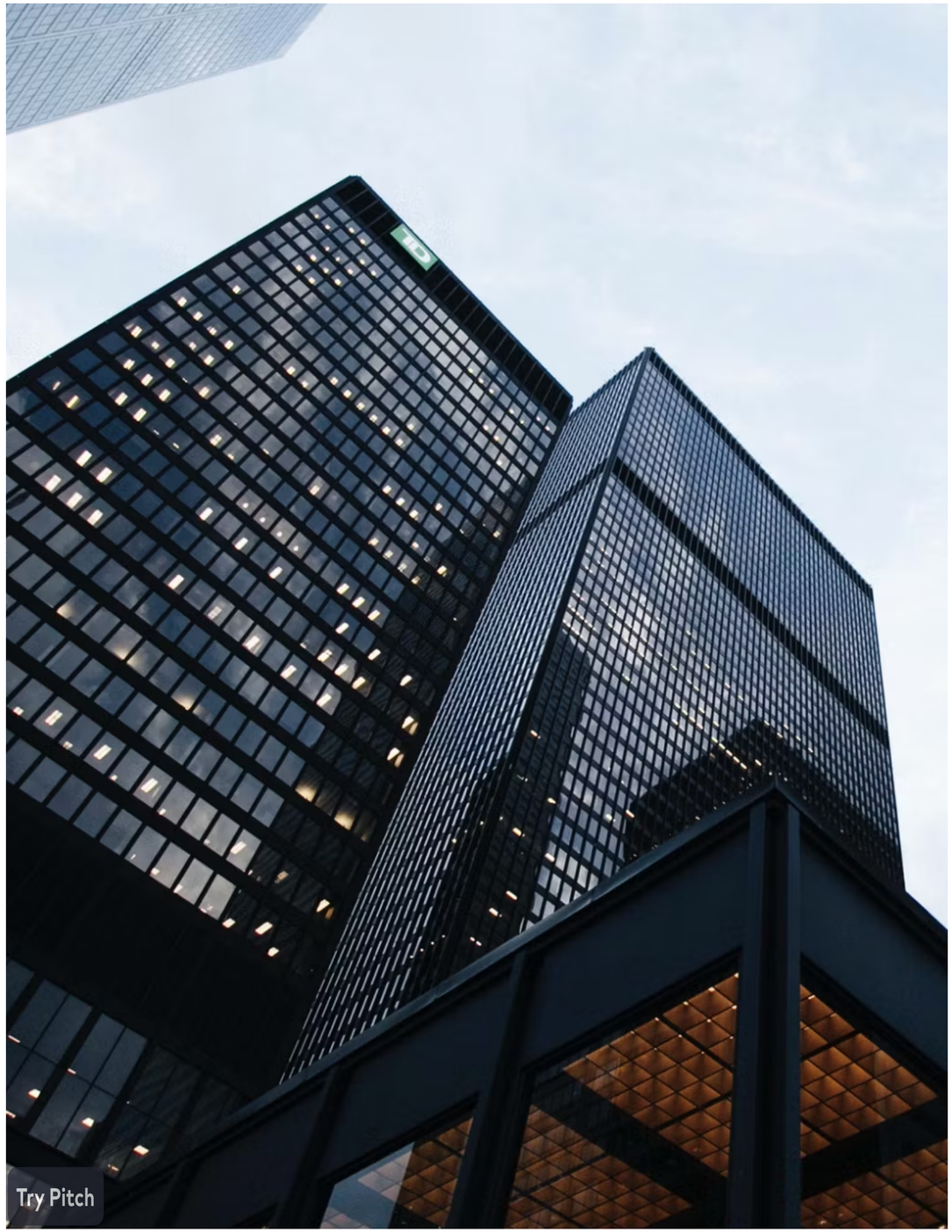

UK CONSUMER TREND ANAYSIS 1997-2024

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EXECUTIVE SUMMARY

This report presents a detailed analysis of UK consumer expenditure trends from 1997 to 2024, with the aim of supporting evidence-based policy formulation. Drawing from national expenditure data, the analysis highlights long-term growth patterns, sectoral spending shifts, and seasonal behaviours that can inform economic, social, and fiscal policy decisions.

Highlights:

UK consumer expenditure totalled around **£30 trillion** from 1997 to 2024.
Services dominate spending at **58%**, highlighting a shift toward a service-based economy.
Housing is the largest expense category (**£7.7T**), followed by transport and food.
Q1 sees the highest spending (26.1%), pointing to strong seasonal trends.
Net tourism contributed **£332 billion**, underscoring its economic impact.
Insights support policymaking in **housing, cost-of-living, seasonal interventions**, and **sector planning**.

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OBJECTIVE

The primary objective of this report is to analyze consumer expenditure trends in the UK from **1997 to 2024**, with a focus on:

- Identifying long-term trends in total expenditure
- Understanding the distribution of spending across goods and services
- Highlighting seasonal and quarterly variations in consumer behavior
- Informing policy decisions related to economic development, social support, and sectoral investment
- By providing a data-driven view of household consumption, this report aims to support the development of **responsive, targeted, and forward-looking public policies**.

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DATA

The data used in this report was sourced from the **UK Office for National Statistics (ONS)** and covers quarterly and annual consumer expenditure from **1997 to 2024**. The dataset includes:

- **Total national and domestic expenditure**
- **Breakdown by goods type** (services, durable, semi-durable, non-durable goods)
- **Spending by category** (e.g., housing, transport, food and beverages)
- **Quarterly expenditure figures and percentage changes**
- **Net tourism expenditure**

All figures are reported in **nominal values** (not adjusted for inflation) and reflect household final consumption expenditure.

METHODOLOGY

The data was cleaned, transformed, and analyzed using Power BI to produce interactive and static visuals. The methodology involved:

1. **Data Aggregation**: Consolidating yearly and quarterly figures across expenditure types and categories.
2. **KPI Calculation**: Deriving total expenditure, net tourism contribution, and expenditure by goods/services types.
3. **Time-Series Analysis**: Identifying trends and patterns in spending over time.
4. **Categorical Breakdown**: Analyzing major spending areas such as housing, transport, and food.
5. **Seasonal Variation Assessment**: Using a heat map to detect quarterly percentage change patterns.

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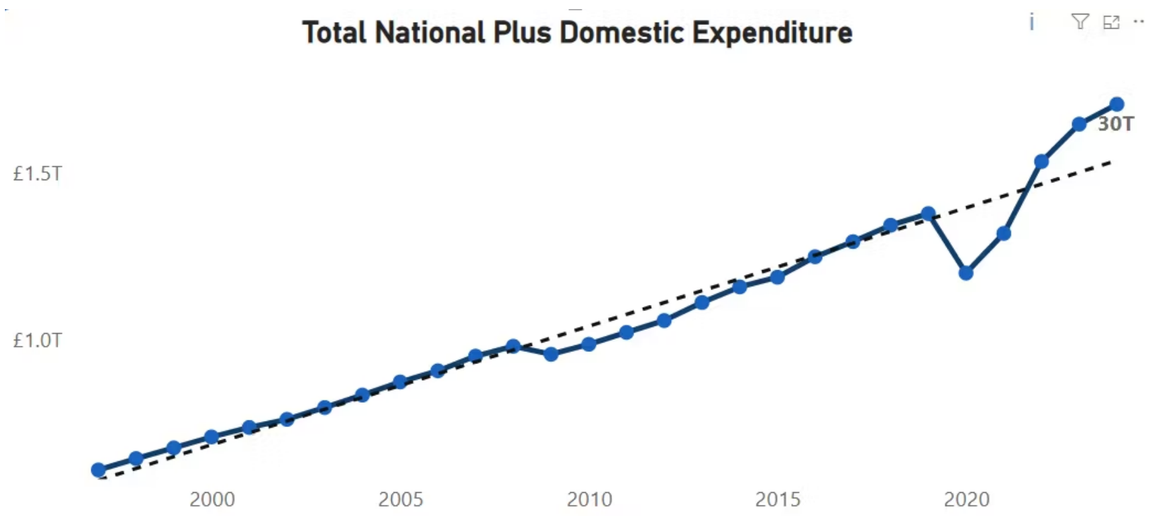
NATIONAL AND DOMESTIC EXPENDITURE

National and Domestic Expenditure

- Total consumer spending (1997–2024): **£30 trillion**
- Includes domestic and imported goods/services consumed by UK households
- Reflects steady growth in household consumption over 27 years
- Key drivers: population growth, inflation, and evolving consumer behavior
- Temporary dips aligned with major events (e.g., 2008 crisis, COVID-19)



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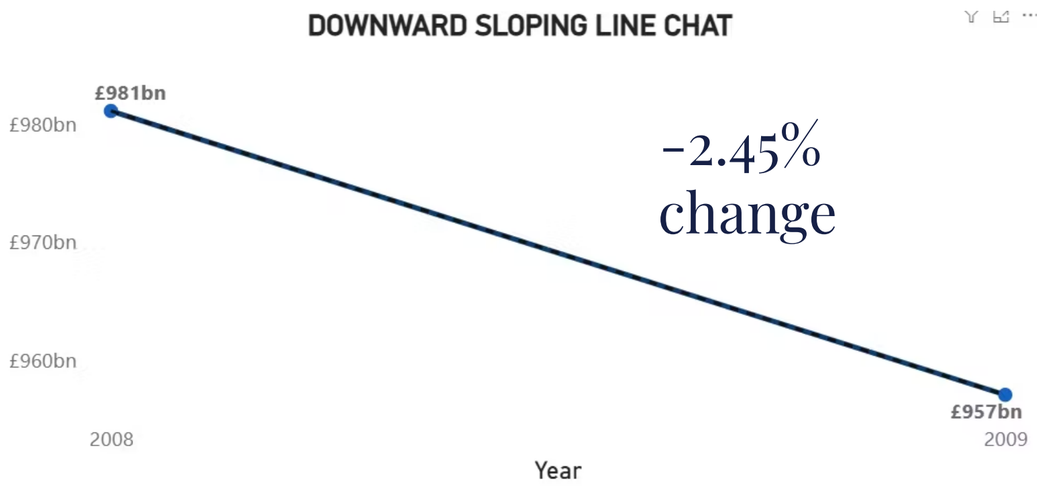
2008 ECONOMIC MELTDOWN

- The **global financial crisis of 2008** led to a sharp contraction in economic activity, resulting in:
  - **Reduced household income**
  - **Increased unemployment**
  - **Tighter credit conditions**

- In response:
  - **Consumers cut back** on non-essential spending (e.g. durable and semi-durable goods).
  - Spending shifted toward **basic needs** like housing and food.
  - **Visible dip in expenditure growth** can be observed in 2008–2009 across most categories, particularly in:



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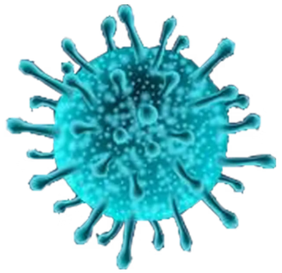


IMPACT OF COVID 19

- The **COVID-19 pandemic** triggered an unprecedented shift in consumption patterns due to lockdowns, mobility restrictions, and economic uncertainty.

🔻 Declines in:

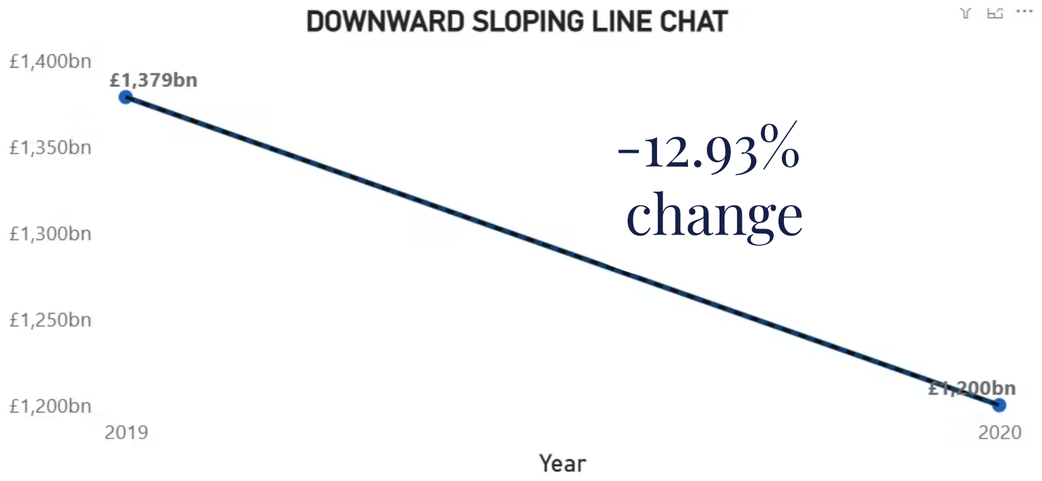
- **Transport** – due to remote work, travel bans, and reduced commuting.
- **Restaurants & Hotels** – closures and reduced tourism led to major spending drops.
- **Recreation & Culture** – event cancellations, venue closures.
- **Tourism -** an 88.96% reduction in net tourism in 2020

🔼 Increases or Stability in:

- **Housing** – imputed rent remained steady as homeowners continued to occupy homes.
- **Food & Non-Durable Goods** – stockpiling and home-cooking increased grocery spending.
- **Communication & Digital Services** – surge in demand for remote work, learning, and entertainment tools.

Behavioural Shift:

- Accelerated **digital adoption** (e.g., e-commerce, streaming).
- Greater **focus on essentials** and **health-related expenses**.
- Changed perceptions of value, risk, and necessity.



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TOTAL EXPENDITURE AND % CHANGE

Key Points:

1. **Steady Growth (1997–2007)**:
   - The expenditure steadily increased each year.
   - Growth rates remained between **3% and 5.6%**, showing consistent upward movement.
2. **First Decline (2008–2009)**:
   - In 2009, we see a **rare decline** in the growth rate to just **2.45%**, possibly due to the **global financial crisis**.
   a. **Significant Dip in 2015**:
   The **most notable drop** occurred in **2020**, where the YoY change was **-12.93%**, suggesting a major reduction in spending due to covid.
   b. **Strong Rebound in 2021**:
   - **2022** recorded a **dramatic increase of 16.33%**, the highest in the dataset.
3. **Recent Trends (2023–2024)**:
   - The growth stabilized again, with **7.30% in 2023** and **3.62% in 2024**, indicating a return to more typical spending patterns.

Year	Sum of Total Expenditure	YoY% Change on Total Expenditure
1997	£610,414,000,000	
1998	£644,608,000,000	5.60%
1999	£676,602,000,000	4.96%
2000	£709,394,000,000	4.85%
2001	£737,854,000,000	4.01%
2002	£762,175,000,000	3.30%
2003	£797,482,000,000	4.63%
2004	£834,786,000,000	4.68%
2005	£874,142,000,000	4.71%
2006	£907,535,000,000	3.82%
2007	£951,491,000,000	4.84%
2008	£981,077,000,000	3.11%
2009	£957,048,000,000	-2.45%
2010	£987,020,000,000	3.13%
2011	£1,022,611,000,000	3.61%
2012	£1,058,134,000,000	3.47%
2013	£1,112,232,000,000	5.11%
2014	£1,158,972,000,000	4.20%
2015	£1,188,031,000,000	2.51%
2016	£1,249,345,000,000	5.16%
2017	£1,294,569,000,000	3.62%
2018	£1,343,731,000,000	3.80%
2019	£1,378,649,000,000	2.60%
2020	£1,200,346,000,000	-12.93%
2021	£1,319,323,000,000	9.91%
2022	£1,534,744,000,000	16.33%
2023	£1,646,716,000,000	7.30%
2024	£1,706,364,000,000	3.62%

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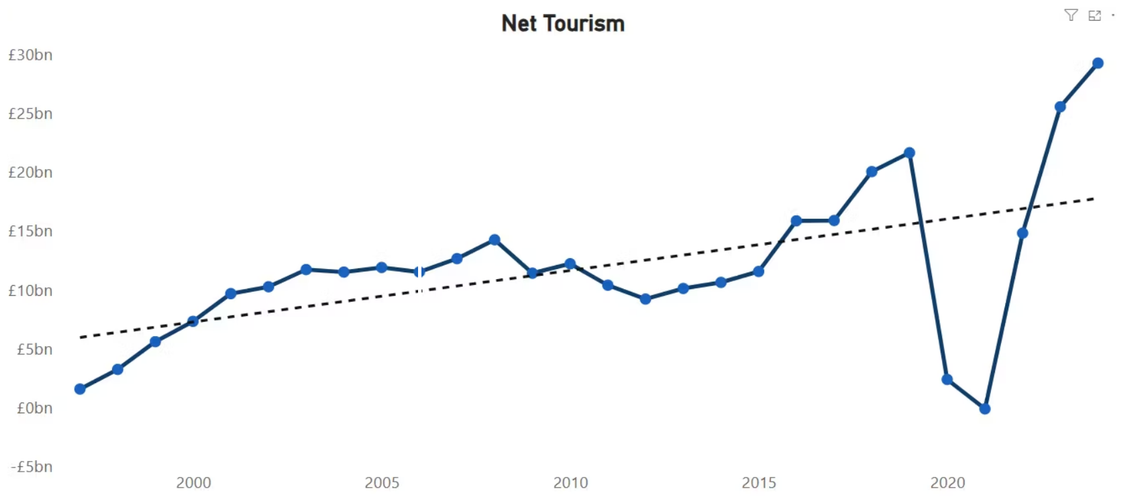
NET TOURISM

Total Estimated Net Contribution (1997–2024)
£332 billion

Notable Years

- *Peak Year:*
  2024 – approx. **£29 billion**
- *Lowest Year:*
  2020 – approx. **£2.4 billion** *(impacted by COVID-)*
- *Strong Recovery:*
  Post-COVID recovery:
  - 2021 – £5.3 billion
  - 2022 – £14.8 billion
  - 2023 – £26 billion
  - 2024 – £29 billion



Average Annual Contribution
£11.9 billion per year (approx.)

Seasonal Trends

- **Q3 (Jul–Sep)** consistently delivers the highest returns with approx. **£159 billion** total, reflecting summer travel peaks.

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GENREAL EXPENSES CATEGORIES

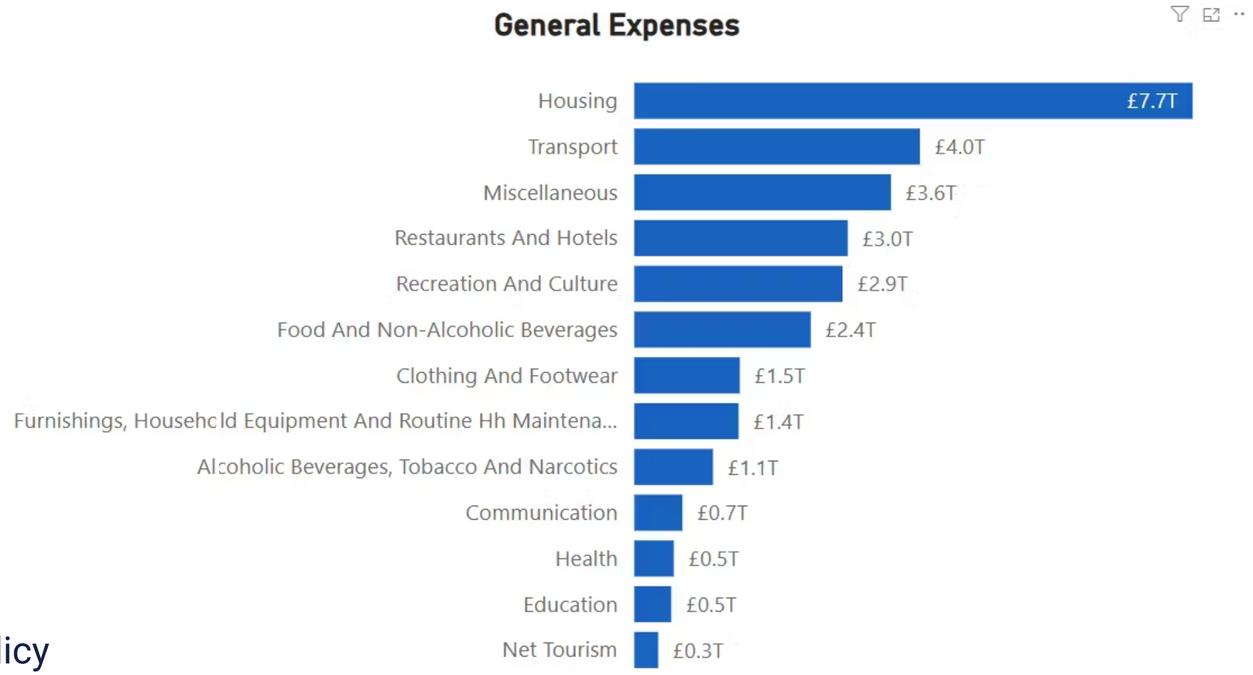
Top Spending Areas:

- Housing – £7.7T (highest)
- Transport – £4.0T
- Miscellaneous – £3.6T
- Restaurants & Hotels – £3.0T
- Recreation & Culture – £2.9T

Lower Spending Areas:

- Communication – £0.7T
- Alcohol, Tobacco, Narcotics – £1.1T

This breakdown serves as a foundational view of how household spending priorities have evolved, offering useful indicators for policy and business planning.



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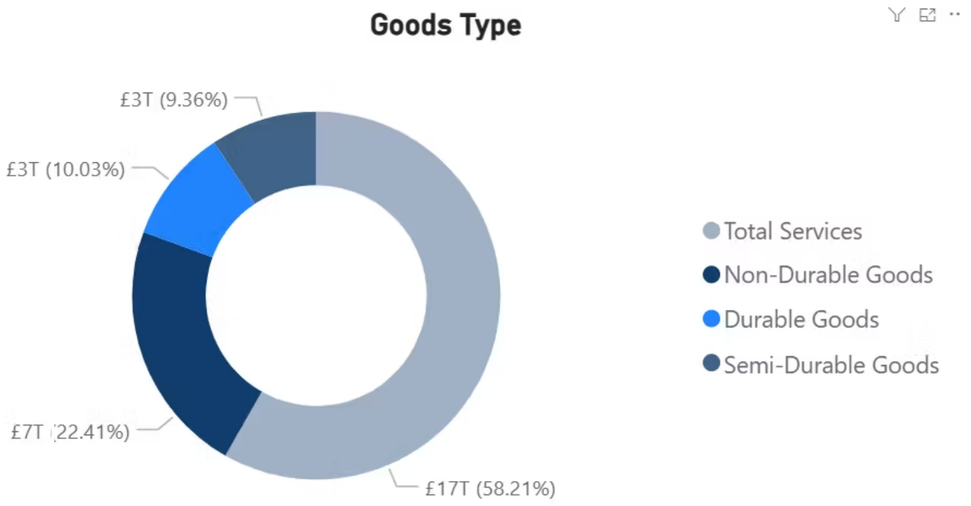
TYPE OF GOODS

- **Total Services** account for the **largest share** of consumer expenditure, totaling **£17 trillion (58.21%)**, indicating a service-driven economy.
- **Non-Durable Goods** (e.g., food, fuel, everyday items) follow with **£7 trillion (22.41%)**, reflecting frequent, essential purchases.
- **Durable Goods** (e.g., cars, electronics, furniture) received **£3 trillion (10.03%)**, indicating long-term investments.
- **Semi-Durable Goods** (e.g., clothing, household items) saw **£3 trillion (9.36%)** in spending.

This breakdown highlights the **dominance of services** and **necessity-driven consumption** in shaping the UK's economic behaviour over nearly three decades, with consumer demand increasingly directed toward intangible value like house renting, healthcare, finance, leisure, and education.



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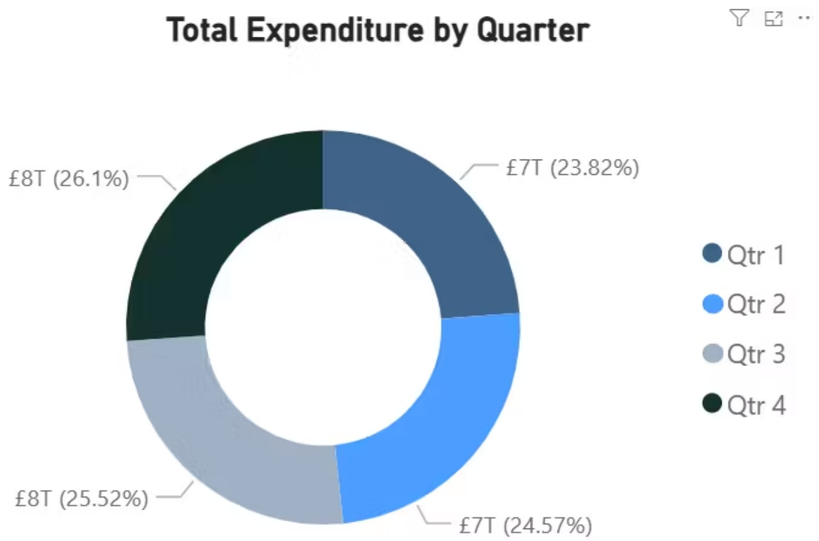
QUARTERLY EXPENDITURE

- Spending is **evenly distributed** across quarters, with **slight peaks** in Q1 and Q4.
- **Q1 may reflect new year spending surges**, while **Q4 aligns with holiday season consumption.**
- Highlights **seasonal consistency** in consumer behavior with no extreme quarterly variances.



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KEY PROBLEMS IDENTIFIED

1. **Housing Affordability Pressure**
   – Housing remains the largest expense, rising steadily and outpacing **income for many.**
2. **Cost-of-Living Strain**
   – Essentials like food, housing, and transport dominate budgets, limiting **financial flexibility.**
3. **Service Sector Exposure**
   – Growing dependence on service consumption increases vulnerability to economic shocks.
4. **Seasonal Budget Stress**
   – Spending spikes in Q1 and Q4 create financial pressure for low- and middle-income households.
5. **Durables Underperformance**
   – Weak growth in durable goods may signal deferred consumption or affordability issues.
6. **Data Limitations**
   – Imputed housing costs may underrepresent real financial stress; more granular data is needed for targeted policy.

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SOLUTIONS

1. Housing Affordability Pressure

- Expand access to affordable housing programs and rental support.
- Promote shared ownership and first-time buyer incentives.
- Update how imputed rent is estimated to reflect real housing cost burdens.

2. Cost-of-Living Strain

- Introduce targeted subsidies or tax relief for low-income households.
- Monitor and adjust living wage benchmarks based on real expenditure data.
- Provide energy and food support schemes during inflationary periods.

3. Service Sector Exposure

- Strengthen economic resilience with diversified job creation in both goods and services.
- Invest in digital infrastructure and worker upskilling for service-heavy sectors.

4. Seasonal Budget Stress

- Develop seasonal support policies (e.g., winter fuel payments, school holiday vouchers).
- Encourage financial literacy campaigns to prepare households for peak-spend periods.

5. Durables Underperformance

- Offer incentives for durable goods purchases, especially energy-efficient products.
- Support local manufacturing and consumer credit access for key goods.

6. Data Limitations

- Improve granularity of household expenditure surveys by income, region, and family type.
- Incorporate real-time spending data (e.g., bank or retail data) to inform faster policy responses.

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KEY INSIGHT AND INTERPRETATION

Consumption Trends

- Overall expenditure has **consistently increased** over time, driven by population growth, inflation, and rising living standards.
- **Services now dominate** total spending, reflecting a long-term shift from goods-based to service-based consumption.
- **Housing, transport, and food** remain the core pillars of household spending.
- Seasonal patterns show **slight peaks in Q1 and Q4**, consistent with new year and holiday-related activity

Economic & Behavioral Drivers

- **Rising housing costs** and mortgage payments have significantly contributed to the increase in imputed rental values.
- **Technological advancement** and lifestyle shifts are pushing consumers toward more service-oriented expenses (e.g., streaming, ride-sharing).
- **Post-pandemic effects** have reshaped consumption priorities, emphasizing health, remote work, and digital services.
- **Behavioral factors**, such as convenience, brand loyalty, and sustainability concerns, are increasingly influencing spending choices.

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