



UK consumer confidence
rises above long-term average
for first time since Q3 2021

The Deloitte
Consumer Tracker

Q2 2024



Contents

Topic	Page number
Key takeaways in Q2 2024	3
Consumer confidence	4
Consumer spending	17
Outlook	22
Retail sector update	28
Consumer products sector update	33
Leisure sector update	37
Automotive sector update	42

Four key takeaways this quarter

The latest Deloitte Consumer Tracker shows UK consumer confidence rose to -9.5 % in Q2 2024, its highest level in three years, taking the index above its long-term average for the first time since Q3 2021. This represents the confidence index's seventh consecutive quarter of upward trend and points to consumers continuing to feel more positive about their financial circumstances.

Takeaway 1

Confidence back to levels last seen before the most recent period of high inflation.

Since reaching an all-time low in Q3 2022 the Deloitte Consumer Confidence Index has risen by over ten percentage points to -9.5% in Q2 2024. As a result, confidence is back to levels last seen before the latest wave of high inflation.

The rise in overall confidence in Q2 was driven by quarter-on-quarter improvements in five out of six measures of confidence included in the index.

With the UK bouncing back in the second half of 2024 from a technical recession in 2023, the consumer's view on the state of the UK economy is now back to levels last seen before the pandemic, improving by over 13 percentage points compared with Q1 2023.

Takeaway 2

Consumers' attitude towards their disposable income saw a significant increase, up 16.7 percentage points compared to a year ago.

Falling inflation is bolstering consumer finances with real wages growing at an annual rate of 2.3% in the three months to April, their fastest rate since late 2021. As a result, consumer sentiment in levels of disposable incomes continued to improve in Q2 (+4 percentage points q/q and 17 percentage points y/y). However, for the first time in 12 months, sentiment on debt levels deteriorated in Q2 (-1.5 percentage points) due to interest rates remaining high making the cost of credit more expensive.

However, despite the broad improvement in our Tracker, the net sentiment measure for disposable income (-23.1%) remains significantly below where it was in Q1 2021 (-10.3%) when consumers emerged from the pandemic with record levels of savings.

Takeaway 3

Spending sentiment data shows net spending on essentials has eased while net spending on discretionary items has grown compared with Q1 2024.

Overall net spending on day-to-day categories was down marginally in Q2 compared with Q1 2024. Slower spending growth on essentials points to easing inflationary pressures, especially on food costs, and also coincides with a reduction in energy consumption after the winter, with consumers spending significantly less on utility bills in Q2.

At the same time, net spending on non-essential goods and services rose by 3.8 percentage points. It coincides with a period characterised by higher levels of socialising as the weather improves. The data shows increased spending in categories such as alcoholic beverages and tobacco and clothing and footwear. Q2 also coincides with the start of the getaway season with two bank holidays in May driving strong growth in spending in the holiday and hotel category.

Takeaway 4

A question remains whether consumers will choose to replenish their savings or go on a spending spree.

Overall, it is hard to predict to what degree consumers will remain cautious despite their finances improving, and whether they might choose to replenish their savings rather than splurge. Official data shows that consumers have been saving more recently. The household saving ratio rose to a nearly two-year high of 11.1% in Q1 2024, a sign that consumers might still be apprehensive and are saving some of that additional income.

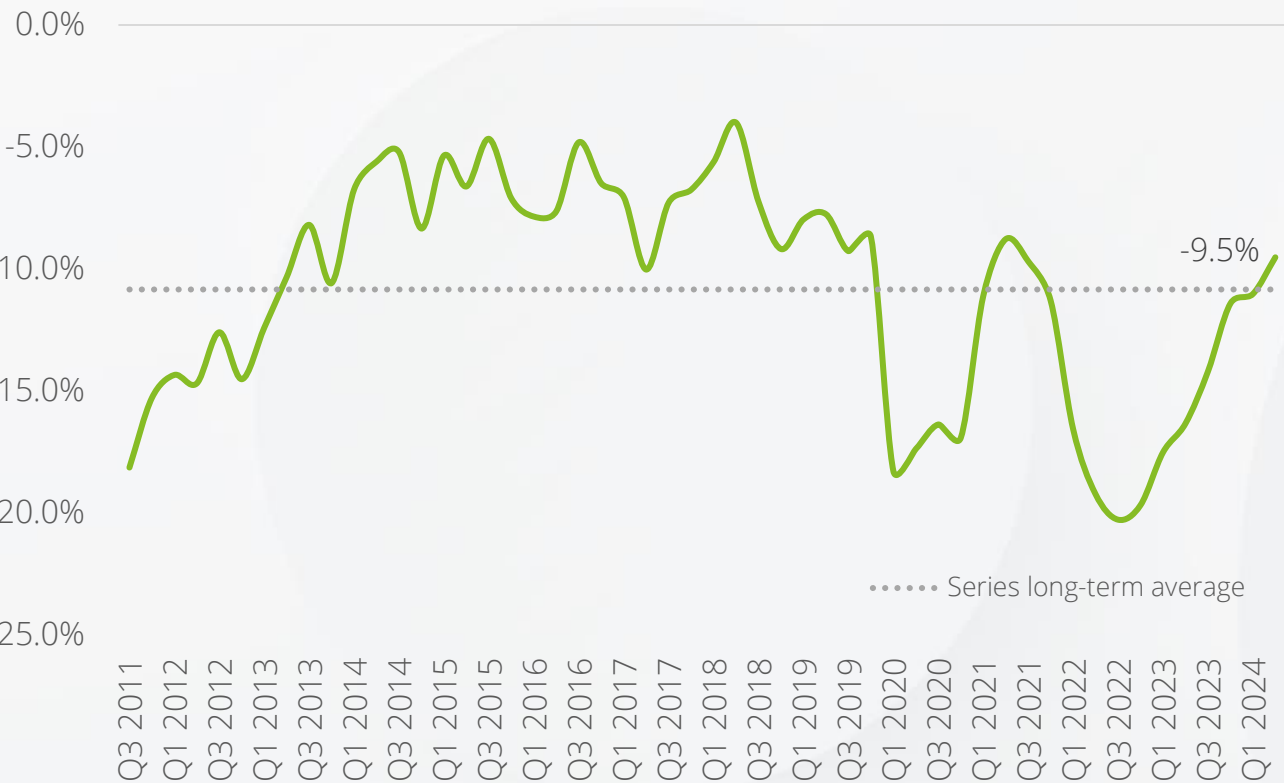
Even when they do spend, consumers continue to focus on value, as seen by the performance of discounters and own label products. Indeed, our data on attitudes to spending indicates that a large proportion of consumers remain frugal, including trading down by buying cheaper brands, buying goods on promotion, buying groceries from cheaper supermarkets or making use of loyalty schemes or cards and coupons to save money.



Consumer
confidence

Deloitte Consumer Confidence Index*

Net % improvement in level of confidence in the past three months



UK consumer confidence rises above long-term average for first time since Q3 2021

The latest Deloitte Consumer Tracker shows UK consumer confidence rose to -9.5 % in Q2 2024, its highest level in three years, taking the index above its long-term average for the first time since Q3 2021 and back to levels last seen before the latest wave of high inflation.

This latest result represents the confidence index's seventh consecutive quarter of upward trend and points to consumers continuing to feel more positive about their financial circumstances.















The rise in overall confidence was driven by quarter-on-quarter improvements in five out of six measures of confidence included in the index.*

Source: The Deloitte Consumer Tracker

* The Deloitte consumer confidence index is an average of the net % improvement in level of confidence in the past three months for six individual measures of confidence (see next page).

Individual measures of consumer confidence

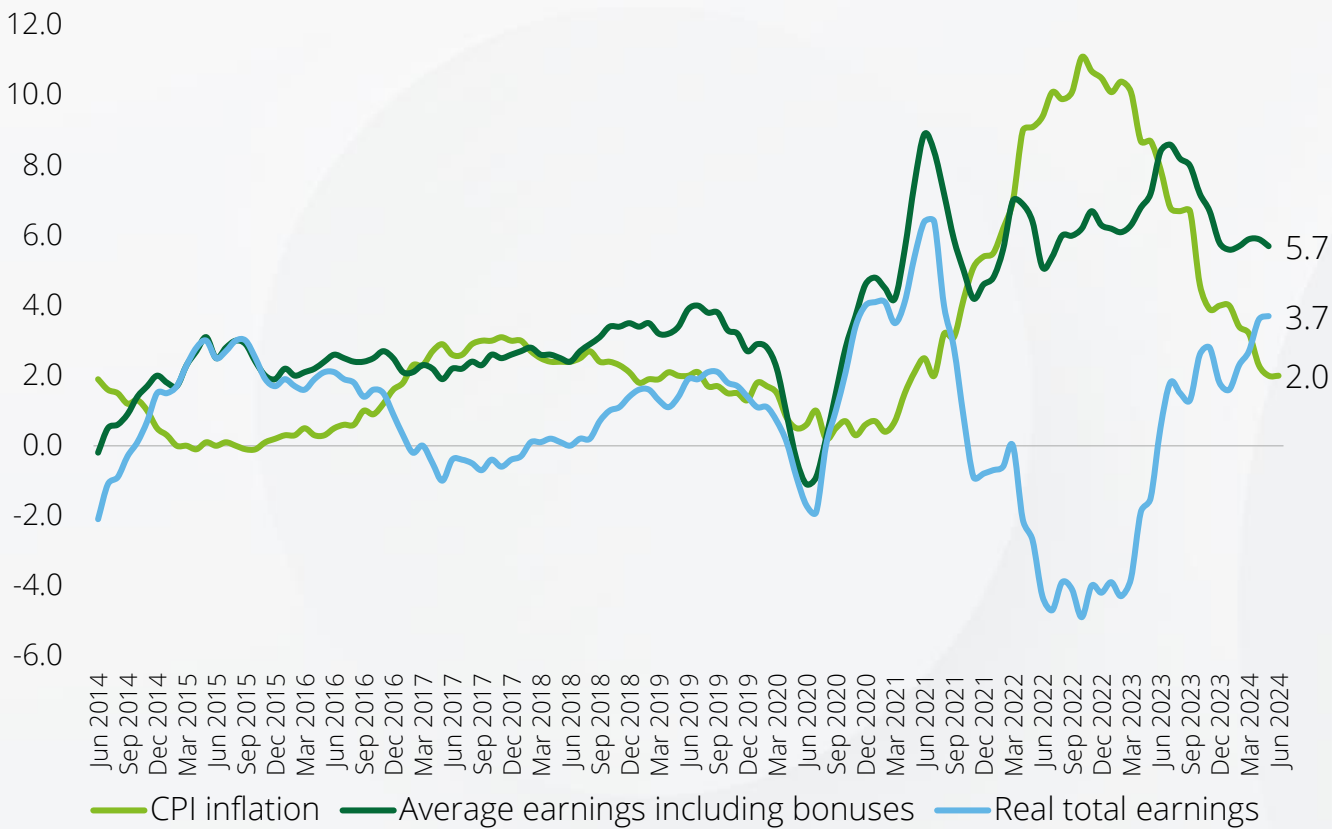
Net % improvement in level of confidence in the past three months

Individual measures of consumer confidence	Q2 2024 net balances	% point change quarter on quarter	% point change year on year
Your children’s education and welfare	-3.7%	 +0.3	 +2.8
Your job security	-3.1%	 +1.9	 +4.3
Your job opportunities/career progression	-3.9%	 +1.1	 +4.8
Your level of debt	-7.1%	 -1.5	 +5.7
Your general health and wellbeing	-16.3%	 +3.0	 +6.6
Your household disposable income	-23.1%	 +4.2	 +16.7
Deloitte Consumer Confidence Index	-9.5%	 +1.5	 +6.8
The state of the economy in the UK*	-32.5%	 +13.6	 +34.3

Source: The Deloitte Consumer Tracker
*Please note this measure is not included in the overall index

With inflation easing living standards are improving

CPI inflation vs average earnings (incl. bonuses) (year-on-year % growth)



Despite slowing pay continues to grow faster than prices

The sustained improvement in the index since Q4 2022 corresponds to a period that saw economic uncertainty easing, including a fall in the rate of inflation from a peak of 11.1% in October 2022.

Despite slowing at 5.7% the annual wage growth continues to outstrip the inflation rate now on target at 2%.

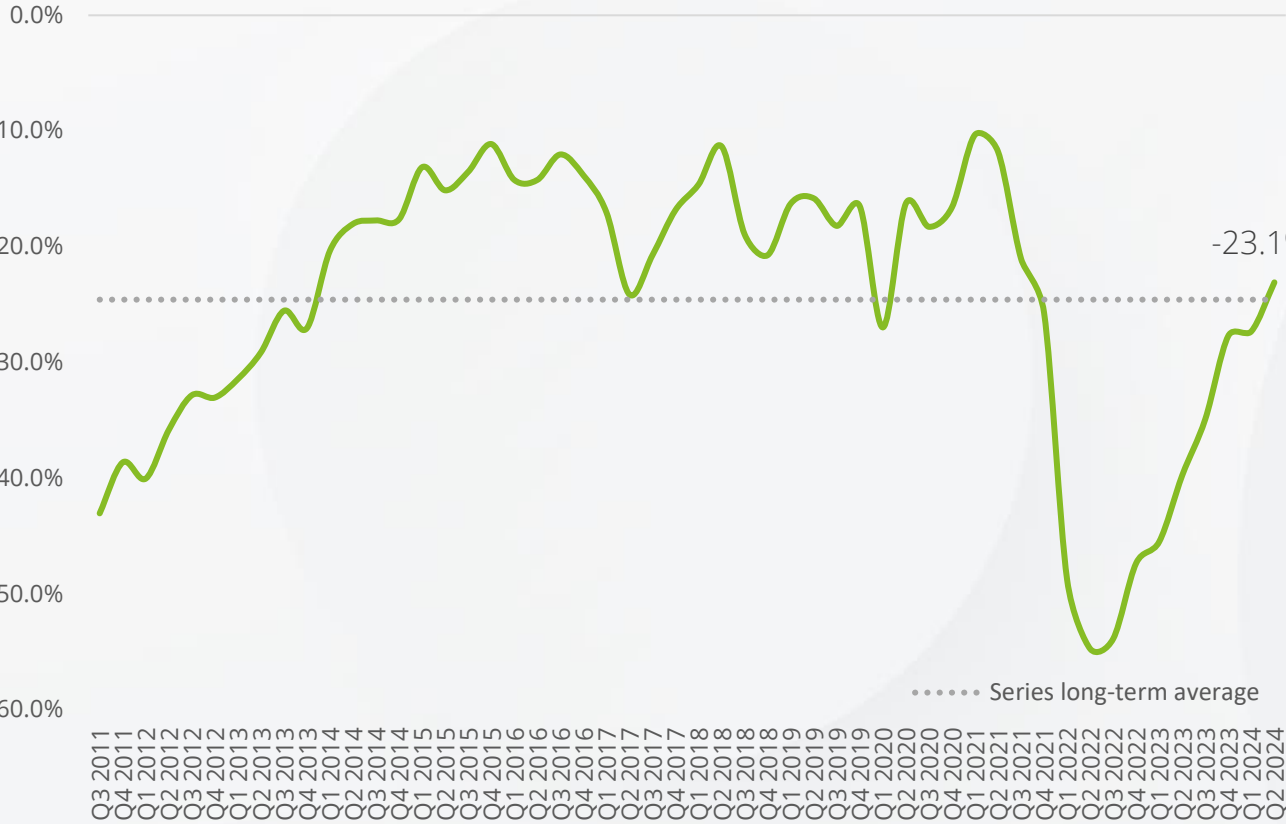
As a result, real wages have been rising since the summer of 2023 releasing the pressure on consumer purchasing power.

However, analysts have warned that inflation is likely to rise above 2% this year amid resilient wage growth and price increases in the service sector of the economy.

Source: Refinitiv Datastream

Consumer confidence about their levels of household disposable income

Net % improvement in confidence in levels of household disposable income in the past three months



Sentiment around disposable income up for eighth consecutive quarter

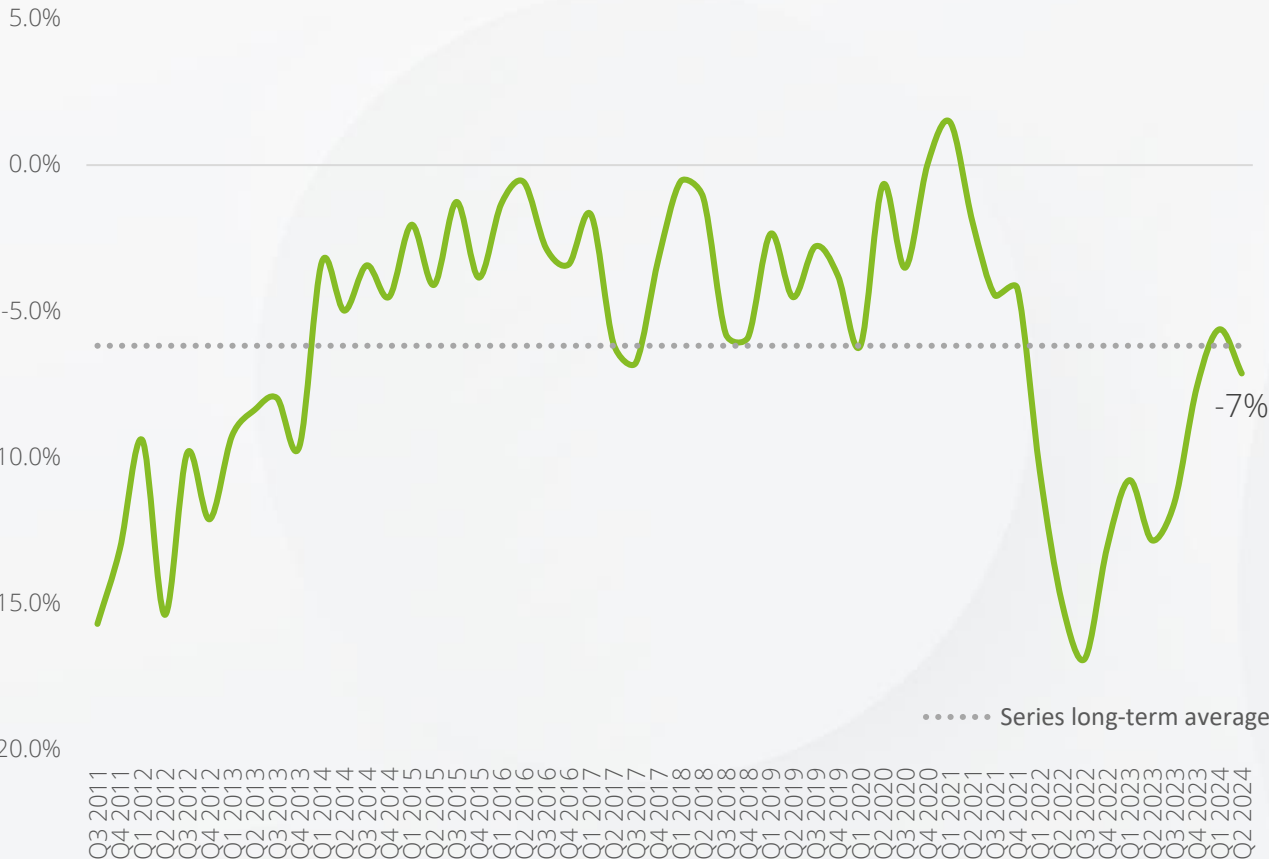
With falling inflation bolstering consumer finances, consumer sentiment towards their personal financial situation continued to improve in Q2. Our data shows that consumers were less pessimistic about their levels of disposable incomes for the period (+4 percentage points).

However, despite the broad improvement in our Tracker, the net sentiment measure for disposable income remains significantly below where it was in Q1 2021 (-10.3%) when consumers emerged from the pandemic with record levels of savings.

Source: The Deloitte Consumer Tracker

Consumer confidence about their levels of debt

Net % improvement in confidence in levels of debt in the past three months



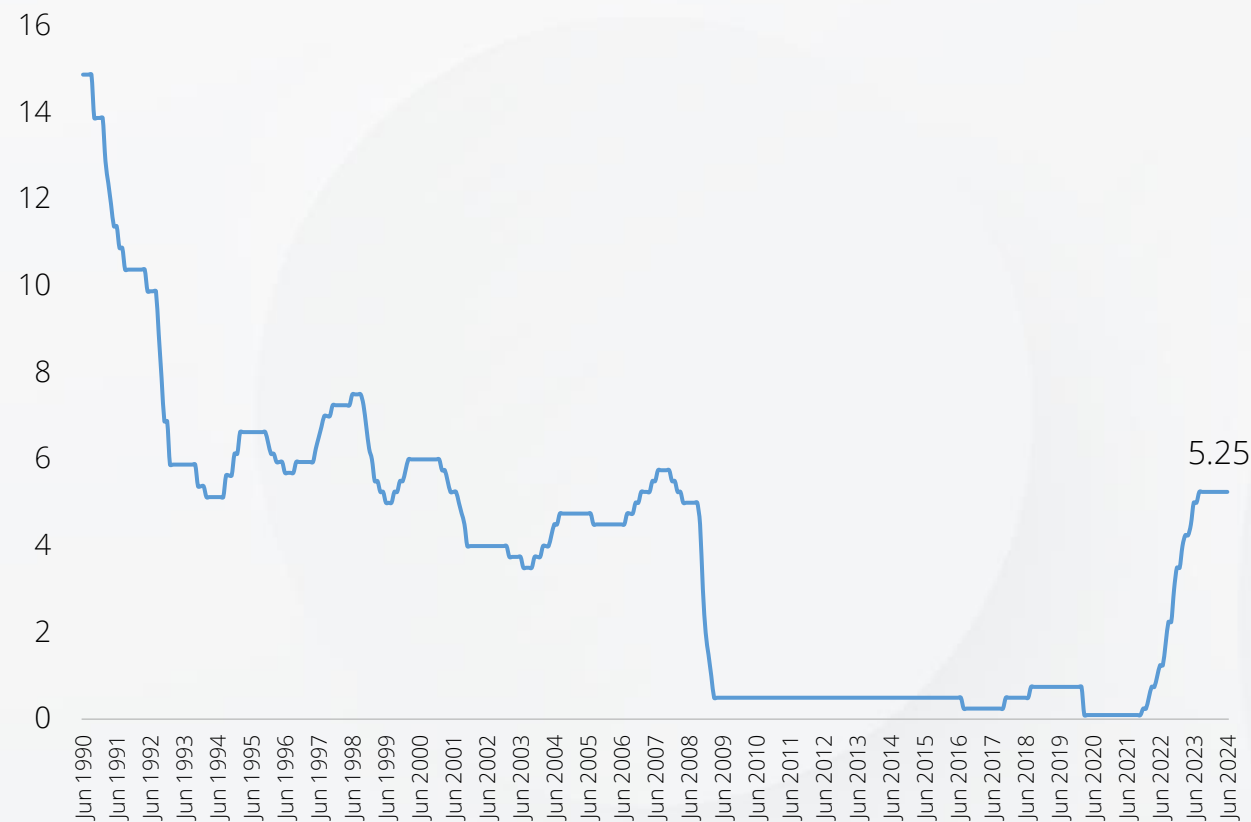
Confidence in levels of debt falls as interest rates remain high

Sentiment on debt levels deteriorated in Q2 (-1.5 percentage points) possibly due to interest rates remaining high making the cost of credit more expensive.

Source: The Deloitte Consumer Tracker

Interest rates cut now expected in the autumn

Bank of England base rate



Rates cut delayed

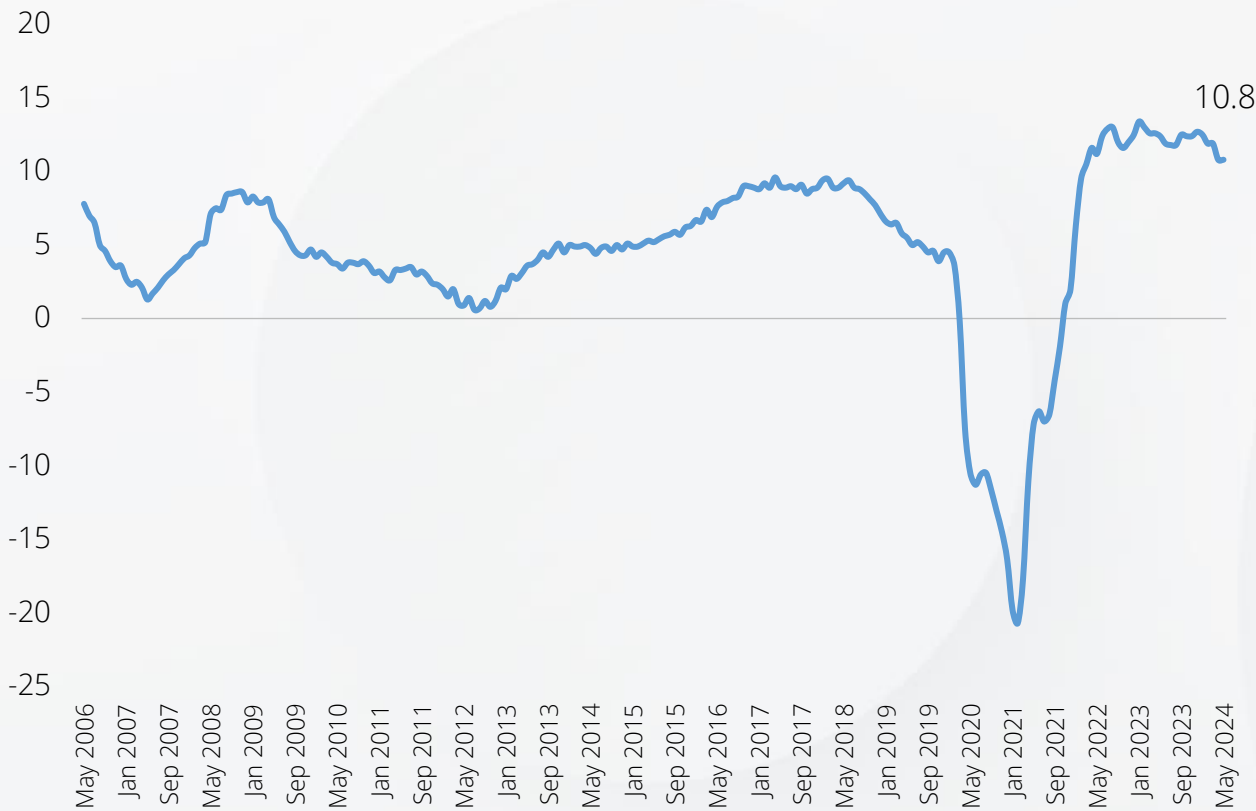
Despite a run of improving economic data, the Bank of England is now expected to cut its rate later this year due to persisting higher services prices.

Market expectations on interest rates is also suggesting the UK is entering a period where the cost of borrowing will remain at elevated levels for a longer period.

Source: Refinitiv Datastream

Household borrowing on credit card unchanged

Net lending to individuals (year-on-year % growth)



High cost of credit means borrowing on credit card remains unchanged

Latest data from the Bank of England shows the annual growth rate for credit card borrowing was unchanged at 10.8%.

The data suggests that households might be adopting a more cautious approach to borrowing. Indeed, the cost of living and higher interest rates is impacting people’s ability to borrow more.

Source: Refinitiv Datastream

Saving ratio

UK households' savings ratio



Source: Refinitiv Datastream

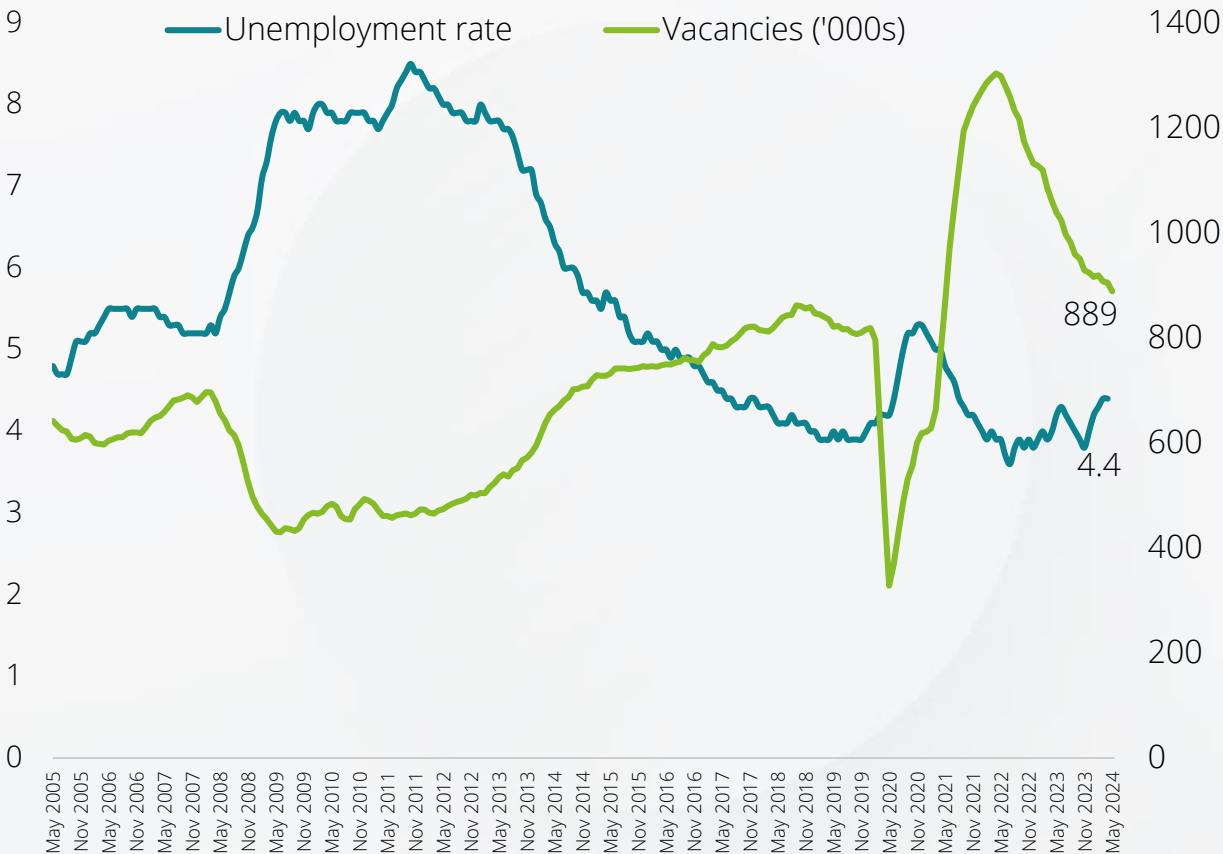
Consumers have been saving more recently

The trend of savers moving more money into saving accounts also continued in May as people try to lock in high interest rates while they can.

Separately, the household saving ratio rose to a nearly two-year high of 11.3% in Q1 2024, a sign that consumers might still be apprehensive and are saving some of their additional income.

Labour market cooling

UK unemployment rate (all aged 16 and over)



Source: Refinitiv Datastream

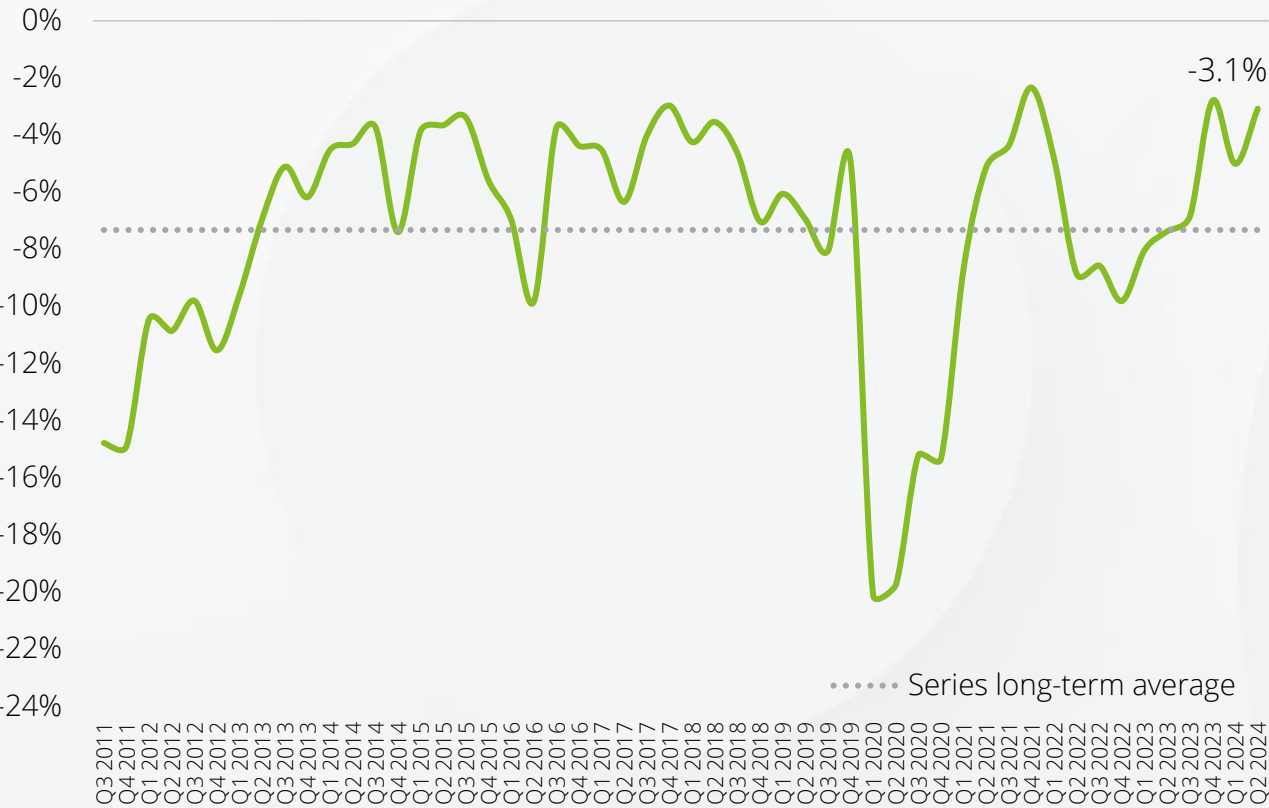
The UK labour market shows growing signs of a slowdown

Unemployment was unchanged in May from 4.4% in April, while the number of job vacancies fell by 30,000 due to the continued slowdown in hiring across the economy.

Although economic inactivity has come down in recent months, it remains close to a record high at almost 9.4 million, with almost a third outside the workforce due to near record levels of long-term sickness.

Consumer confidence about job security

Net % improvement in confidence in job security in the past three months



Consumers were less negative about their job security

With the labour market remaining tight by historical standards, consumers were more positive about their job security in Q2 compared with the previous quarter.

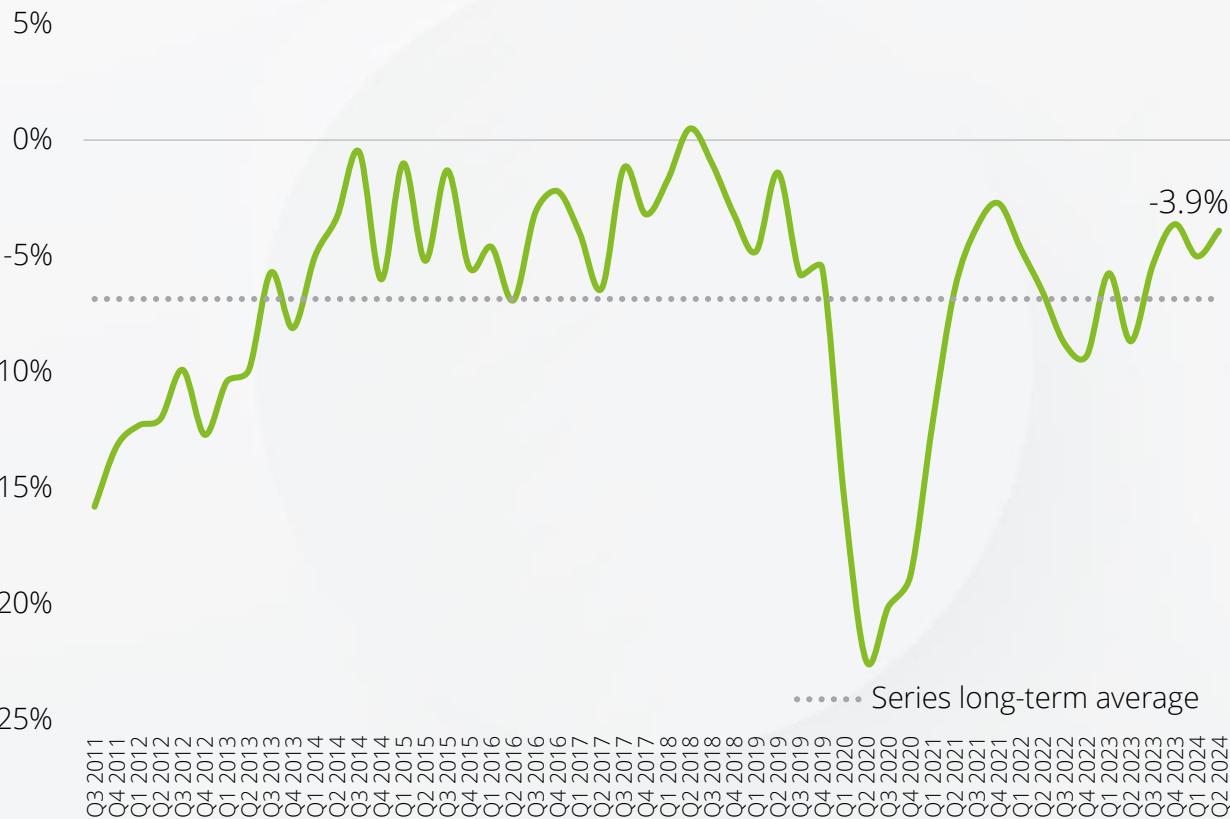
Sentiment about job security improved two percentage points to -3.1% representing one of its highest readings since the Tracker began in 2011.

Despite recent official data reporting an uptick in unemployment since the end of last year and fewer vacancies, strong wage growth means that those in employment have enjoyed better paid jobs.

Source: The Deloitte Consumer Tracker

Consumer confidence about job opportunities

Net % improvement in confidence in job opportunities and career progression in the past three months



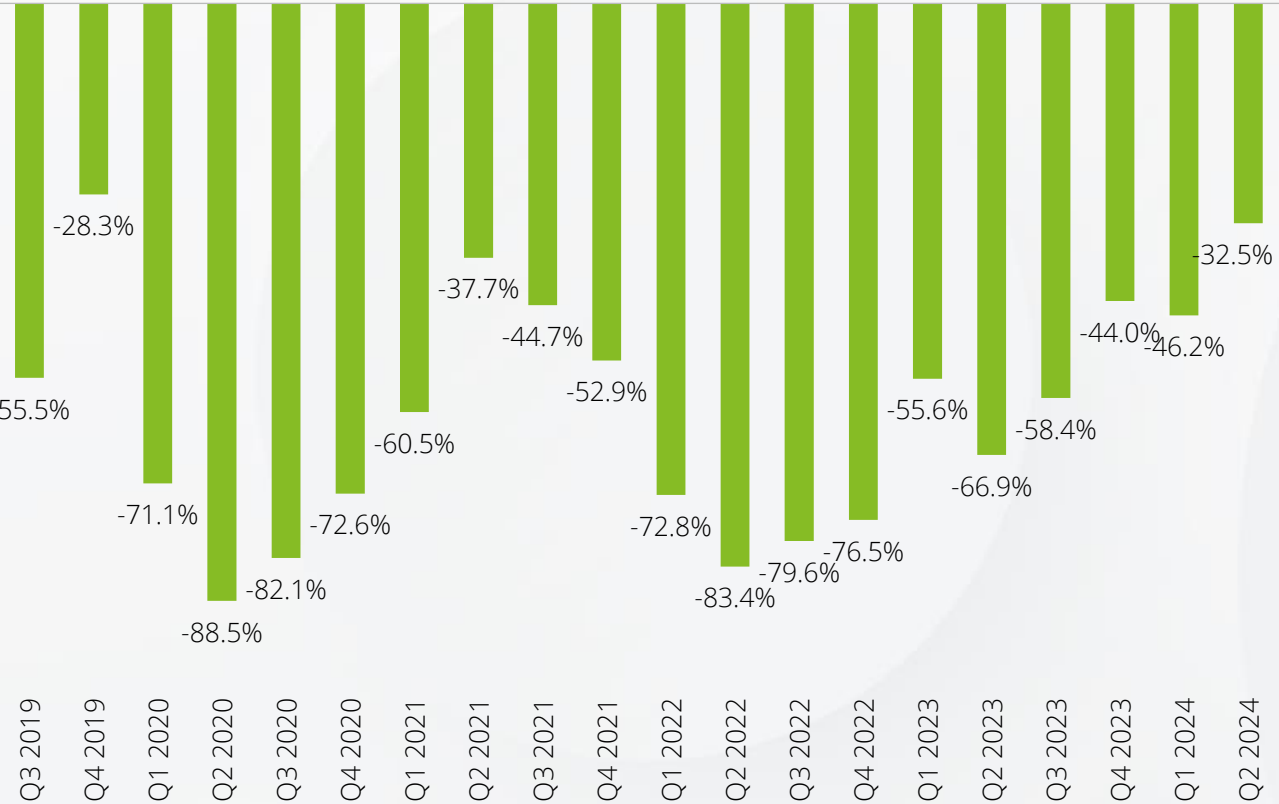
Sentiment about job prospects improves

At the same time, the measure of confidence in job opportunities and career progression gained one percentage point to -3.9%.

Source: The Deloitte Consumer Tracker

Consumer confidence about the state of the UK economy

Net % improvement in confidence in the state of the UK economy in the past three months



Consumers sentiment about the state of the UK economy back to levels last seen before the pandemic

With the UK bouncing back in the second half of 2024 from the technical recession in the second half of 2023, the consumer’s view on the state of the UK economy is now back to levels last seen before the pandemic, improving by over 13 percentage points compared with Q1 2023.

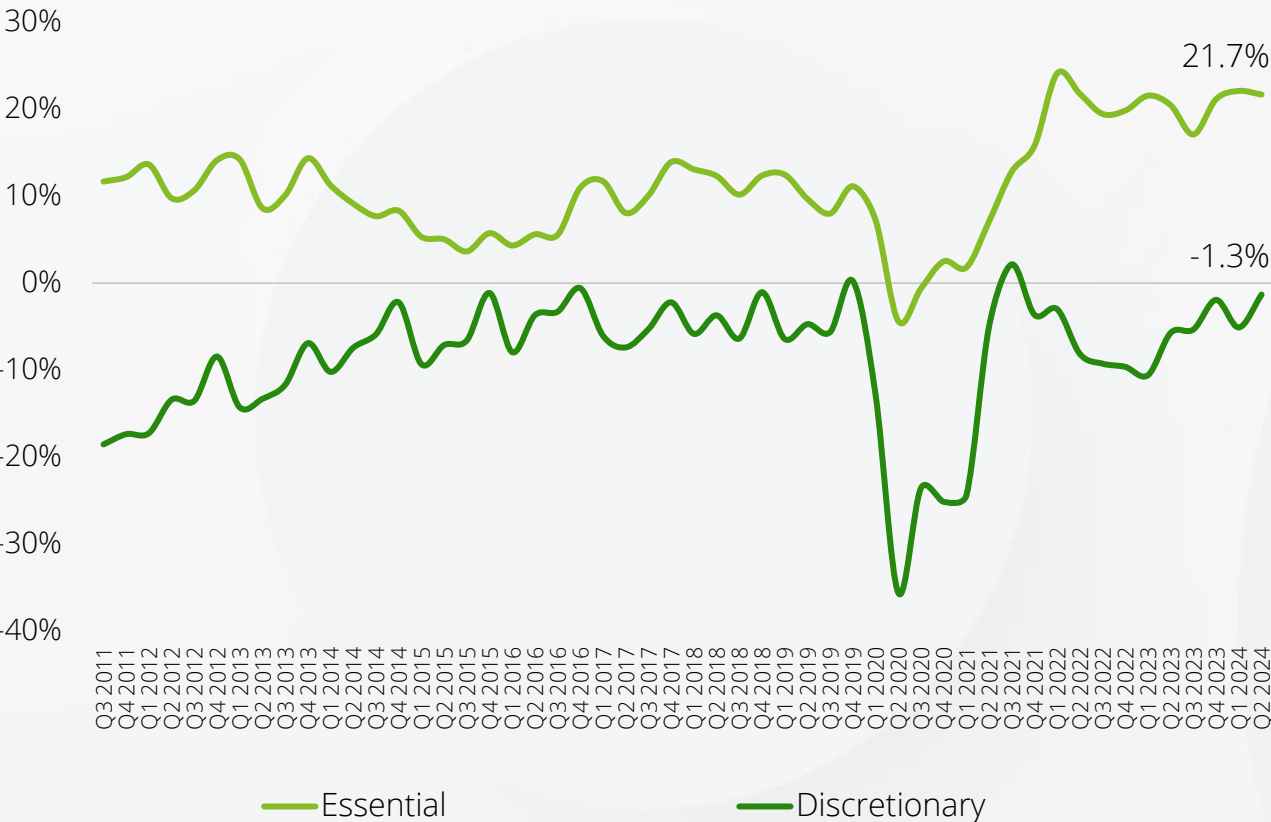
Source: The Deloitte Consumer Tracker



Consumer spending

Consumer spending in the last three months by category

Net % spending more by category



Note: New categories were added to Essential spending in Q2 2020

Source: The Deloitte Consumer Tracker


































Improving levels of disposable incomes drive higher discretionary spending

Overall net spending on day-to-day categories was down marginally in Q2 compared with Q1 2024. Slower spending growth on essentials points to easing inflationary pressures, especially on food costs, and also coincides with a reduction in energy consumption after the winter, with consumers spending significantly less on utility bills in Q2.

At the same time, net spending on non-essential goods and services rose by 4 percentage points to -1.3%. A rise in discretionary spending in Q2 coincides with a period characterised by higher levels of socialising as the weather improves. Our category data shows increased spending on alcoholic beverages and tobacco and clothing and footwear. Q2 also coincides with the start of the getaway season with two bank holidays in May driving strong growth in spending in the holiday and hotel category.




























Spending in essential categories in the last three months

Net % spending more by category over the last three months

Consumer spending in the last three months by category	Q2 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q2 2019
Essential	21.7%	 -0.4	 +1.2	 +12.0
Utility bills	32.5%	 -15.6	 -14.9	 +13.2
Grocery	46.8%	 -0.9	 -4.1	 +29.3
Everyday household items	30.2%	 -0.4	 -3.6	 NA
Housing	28.2%	 +1.8	 +1.9	 +20.0
Landline/mobile phone, internet and cable/TV	25.1%	 +2.4	 +1.9	 +18.6
Transport	22.4%	 +2.8	 +7.5	 +10.8
Pensions and insurance	16.1%	 -0.3	 +6.9	 +8.7
Health	11.2%	 +2.4	 +6.6	 +4.9
Education	6.0%	 +1.4	 +4.8	 +5.6
Beauty and personal care products	-1.7%	 +2.2	 +5.3	 NA

Spending in discretionary categories in the last three months

Net % spending more by category over the last three months

Consumer spending in the last three months by category	Q2 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q2 2019
Discretionary	-1.3%	 +3.8	 +4.4	 +3.4
Holidays and hotels	8.3%	 +7.7	 +2.4	 +4.4
Major household appliances	1.5%	 -0.1	 +4.6	 +4.1
Electrical equipment	0.6%	 +0.6	 +7.2	 +8.0
Alcoholic beverages and tobacco	-3.7%	 +4.5	 -1.4	 +4.4
Furniture and homeware	-5.8%	 +1.8	 +5.4	 +1.3
Restaurants	-3.5%	 +3.6	 +5.1	 -0.4
Clothing and footwear	1.7%	 +8.5	 +7.6	 +6.1
Going out	-9.0%	 +3.6	 +4.3	 -0.7

Source: The Deloitte Consumer Tracker

Consumer attitudes to finances and spending in the last three months

Thinking about your financial situation and spending habits in the last three months compared with the previous four to six months, did you see an increase or decrease in each of the following, or did they remain about the same?

Net % seeing an increase over the last three months



Consumers remain prudent with their spending

Even when they do spend, consumers continue to focus on value, as seen by the performance of discounters and own label products. Indeed, our data on attitudes to spending and finances is further evidence of consumers' prudence with their money.

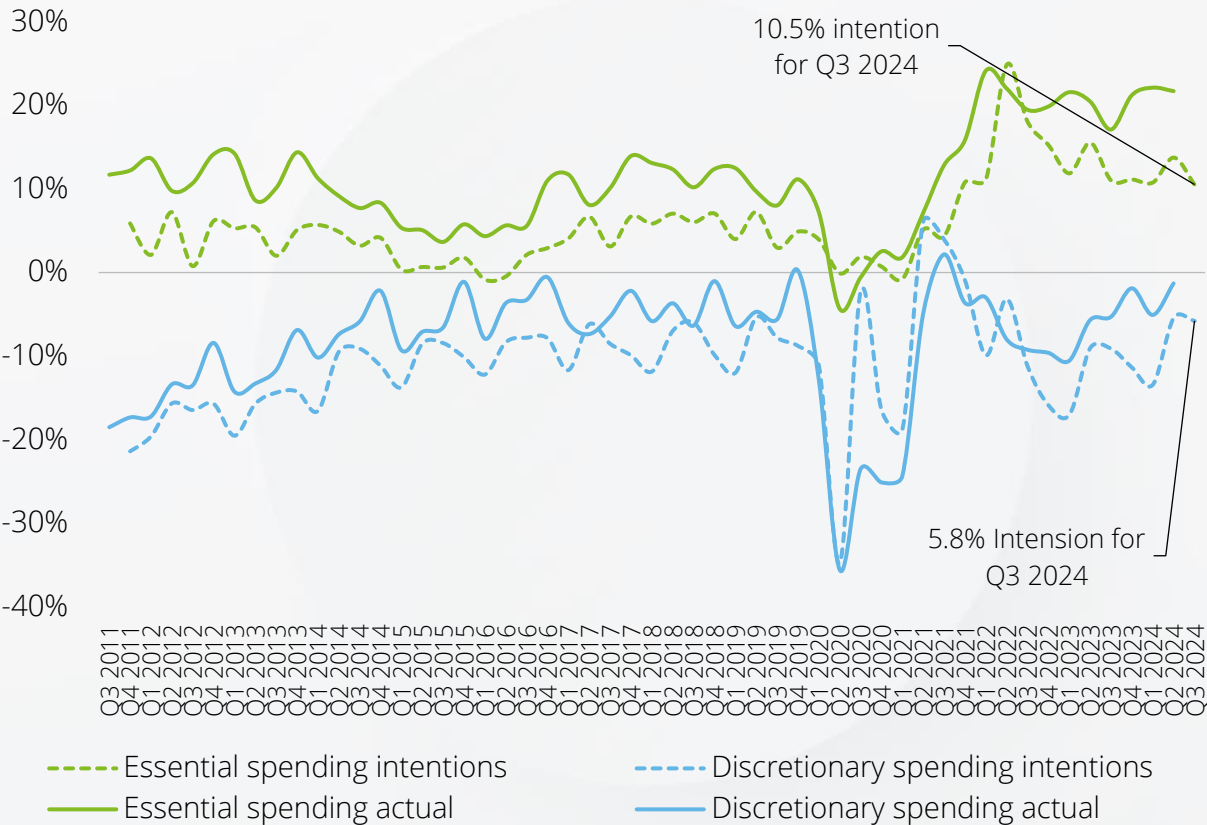
In Q2 2024, our data indicates that consumers remain frugal including trading down by buying cheaper brands or supermarkets own brands, buying goods on discounts, sale or promotion, buying groceries from cheaper supermarkets or making use of loyalty schemes or cards and coupons to save money.

Outlook



Outlook for consumer spending

Net % intending to spend more by category over the next three months



Note: New categories were added to Essential spending in Q2 2020
Source: The Deloitte Consumer Tracker

Spending intentions show both essential and non-essential categories are down in Q3 2024

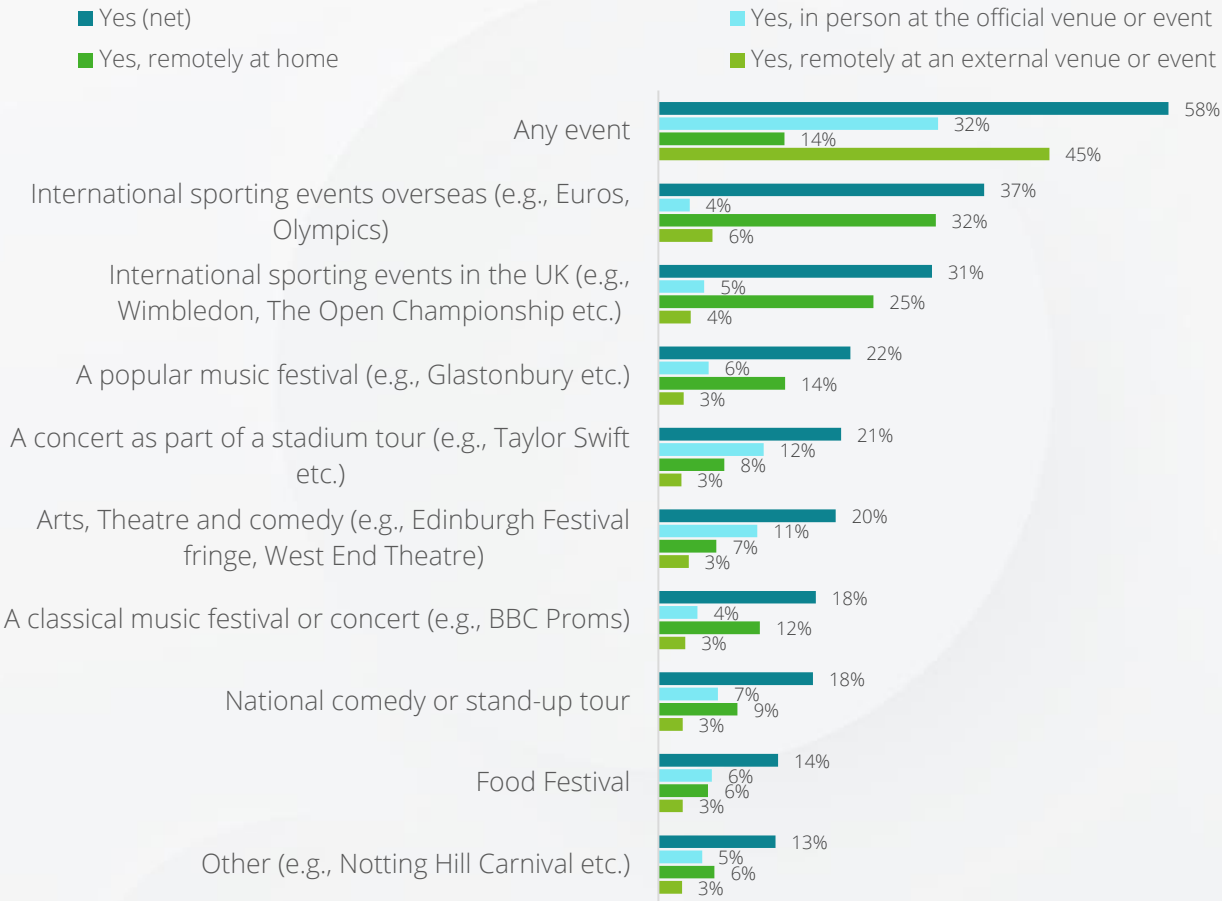
Positive economic news since the start of 2024 has been the driving force behind growing consumer confidence. But for all the good news, a degree of caution remains as consumers intend to spend less in Q3. Cost pressures on businesses are also persisting. Leaders will remain focussed on controlling costs and building up cash and expansionary strategies are more likely to be on the backburner for now. In addition, there is always a risk that inflation could rise again with both the cost of energy and commodity prices remaining volatile.

After, a difficult few years for the UK economy, and for the consumer sector in particular, the recovery is finally in sight but remains fragile. A new government, combined with consumer confidence at its highest in three years and a likely interest rate cut in the autumn, could mean a brighter outlook lies ahead for the consumer economy.

Summer of sporting and cultural events

Are you planning to attend / watch any of the following events this summer?

% UK consumers



The start of summer this year coincided with a series of sporting and cultural events which should drive incremental spend at home or at venues.

Over one in two consumers surveyed (58%) said they intend to attend or watch a cultural or sporting event this summer. Of those one in ten expect to incur spending that will be in addition to their typical household expenditure. Over one in three consumers (37%) will be attending or watching an international sporting event overseas (37%), or an international sporting event in the UK (31%).

As for cultural events, one in ten (12%) will be attending a live concert or some arts, theatre or comedy event in person.




























Spending intentions in essential categories in the next three months

Net % intending to spend more by category over the next three months

Consumer spending in the next three months by category	Q2 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q2 2019
Essential	10.5%	↓ -3.2	↓ -0.5	↑ +7.6
Grocery	25.9%	↓ -3.2	↓ -7.0	↑ +20.4
Utility bills	17.8%	↓ -5.4	↓ -8.6	↑ +9.4
Everyday household items	13.5%	↓ -4.1	↓ -4.4	NA
Housing	17.0%	↓ -4.5	↓ -0.6	↑ +13.7
Landline/mobile phone, internet and cable/TV	9.9%	↓ -8.6	↑ +0.6	↑ +9.7
Transport	11.9%	↓ -2.4	↑ +5.0	↑ +5.9
Pensions and insurance	8.6%	↓ -4.2	↑ +2.7	↑ +7.5
Health	5.1%	↓ -0.1	↑ +3.1	↑ +4.3
Education	3.0%	↑ +1.0	↑ +3.0	↑ +4.5
Beauty and personal care products	-7.2%	↓ -0.5	↑ +1.5	NA

Spending intentions in discretionary categories in the next three months

Net % intending to spend more by category over the next three months

Consumer spending in the next three months by category	Q2 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q2 2019
Discretionary	-5.8%	 -0.4	 +3.4	 +2.1
Holidays and hotels	5.5%	 -1.4	 +5.4	 +3.8
Alcoholic beverages and tobacco	-8.1%	 -0.3	 -0.1	 +2.5
Major household appliances	-6.3%	 -0.1	 +1.8	 +3.3
Clothing and footwear	-4.1%	 -1.0	 +6.6	 +6.1
Electrical equipment	-6.4%	 +0.8	 +4.5	 +4.3
Furniture and homeware	-8.4%	 +0.3	 +3.0	 -0.1
Restaurants	-9.8%	 -0.4	 +2.2	 -4.1
Going out	-8.6%	 -0.7	 +3.6	 +0.6

Source: The Deloitte Consumer Tracker

Sector updates

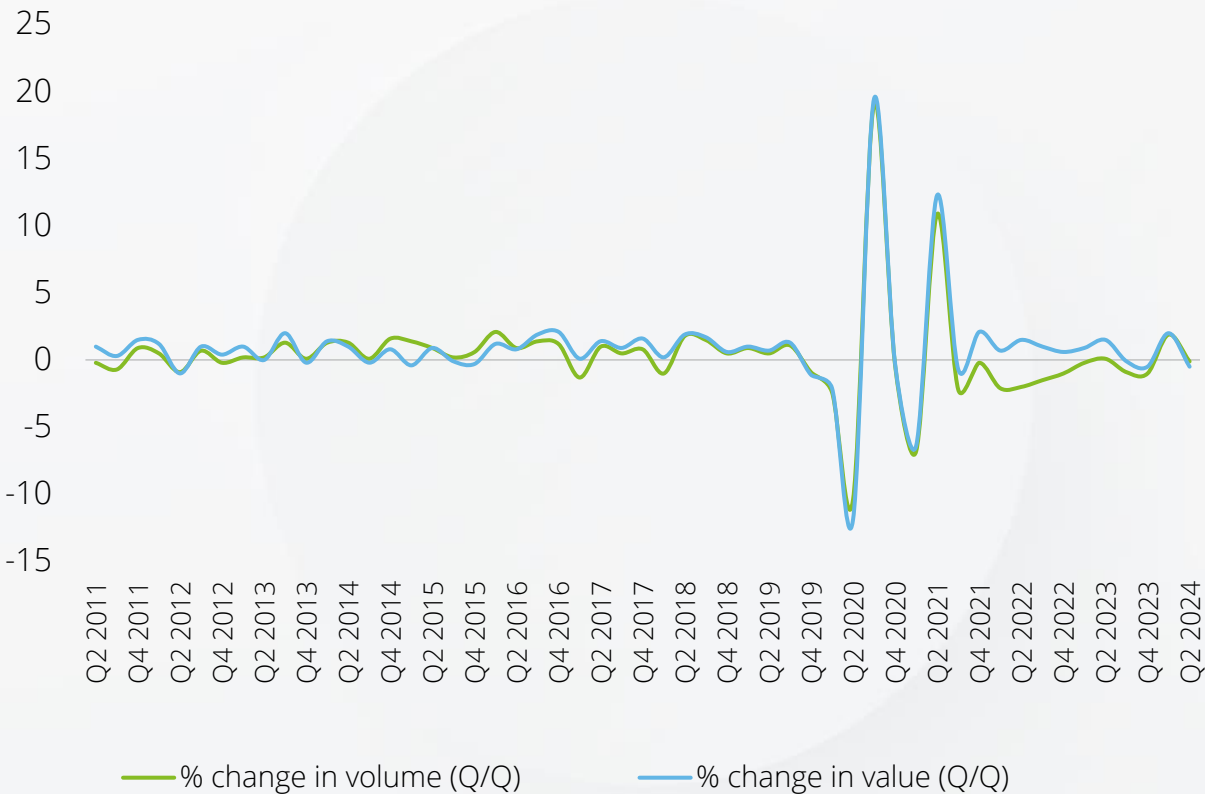




Retail

Retail sales (incl. fuel SA)

% change in volume and value quarter on quarter



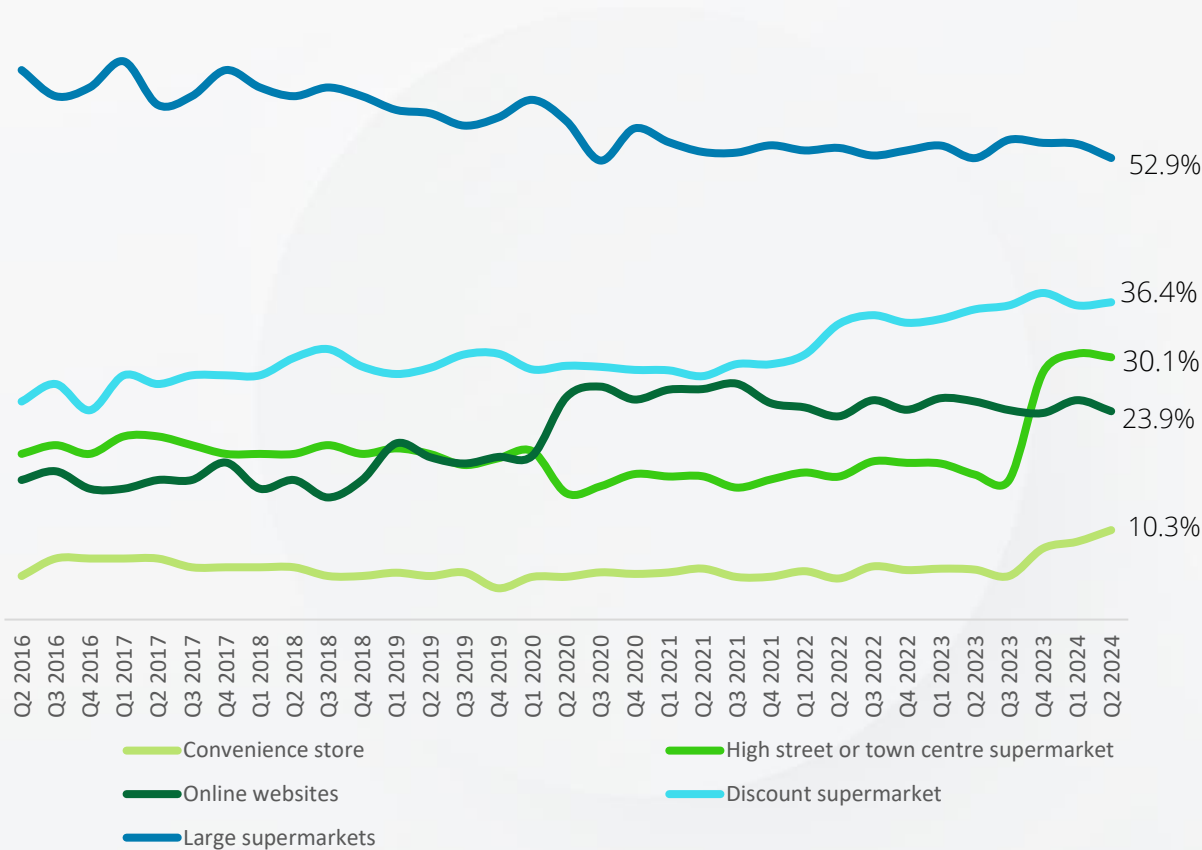
After varying month by month across the quarter, retail sales were broadly flat in Q2

Retail sales volumes fell by 0.1% in Q2 2024, when compared with Q1. April's retail sales (-1.5%) were more disappointing than expected, with Easter falling in March this year and the unseasonably wet weather deterred shoppers from the high street impacting the sale of seasonal items. However, retail sales value and volume rebounded in May (+2.9%) as the combination of two bank holidays, better weather and increased promotional activity supported improved footfall. Retailers would have hoped May's positive performance to continue into June but despite the kick off of the Euro championships boosting sales in some categories, with sales of TVs up ahead of the tournament, the cooler weather than average and the pre-election uncertainty deterred consumers from spending (-1.2%).

Source: Refinitiv Datastream

Channel usage for main grocery shop

% of UK consumers using the channel for their main grocery shop



Source: The Deloitte Consumer Tracker

Changing shopping channels for groceries

Falling inflation has given consumers more freedom to shop across different formats without worrying about price and affordability as much as during the latest period of inflation. There was a significant increase in the proportion of consumers saying they are doing their main grocery shop with a high street or town centre supermarket (excluding discounters) since Q1 2024. This could be linked to the nature of the main grocery shop evolving. The retail grocery market has become intensely competitive, not only because of the cost of living crisis, but also because the market has become more fragmented with the emergence of new players like the hyper fast delivery services or online grocery delivery subscription services. Recent change in some loyalty scheme models might have attracted consumers back in large supermarkets thanks to the better value they can offer under their loyalty pricing model.

Online sales

UK Internet sales as a % of total retail sales (exc. Fuel)



Online sales remain flat

The latest ONS data reported that online sales fell by 2.7% between May and June 2024 with the proportion of sales made online decreasing in the month and representing 27.1% of all retail sales in June 2024.

Since online retail boomed during COVID, there has been a rebalancing of the online and in-store channels with online sales plateauing at around 26% over the last two years. That has left retailers questioning which channel will be more profitable and where to prioritise their investment. Online shopping remains an important part of many retailers' growth strategies despite the slow progress made around improving its profitability.

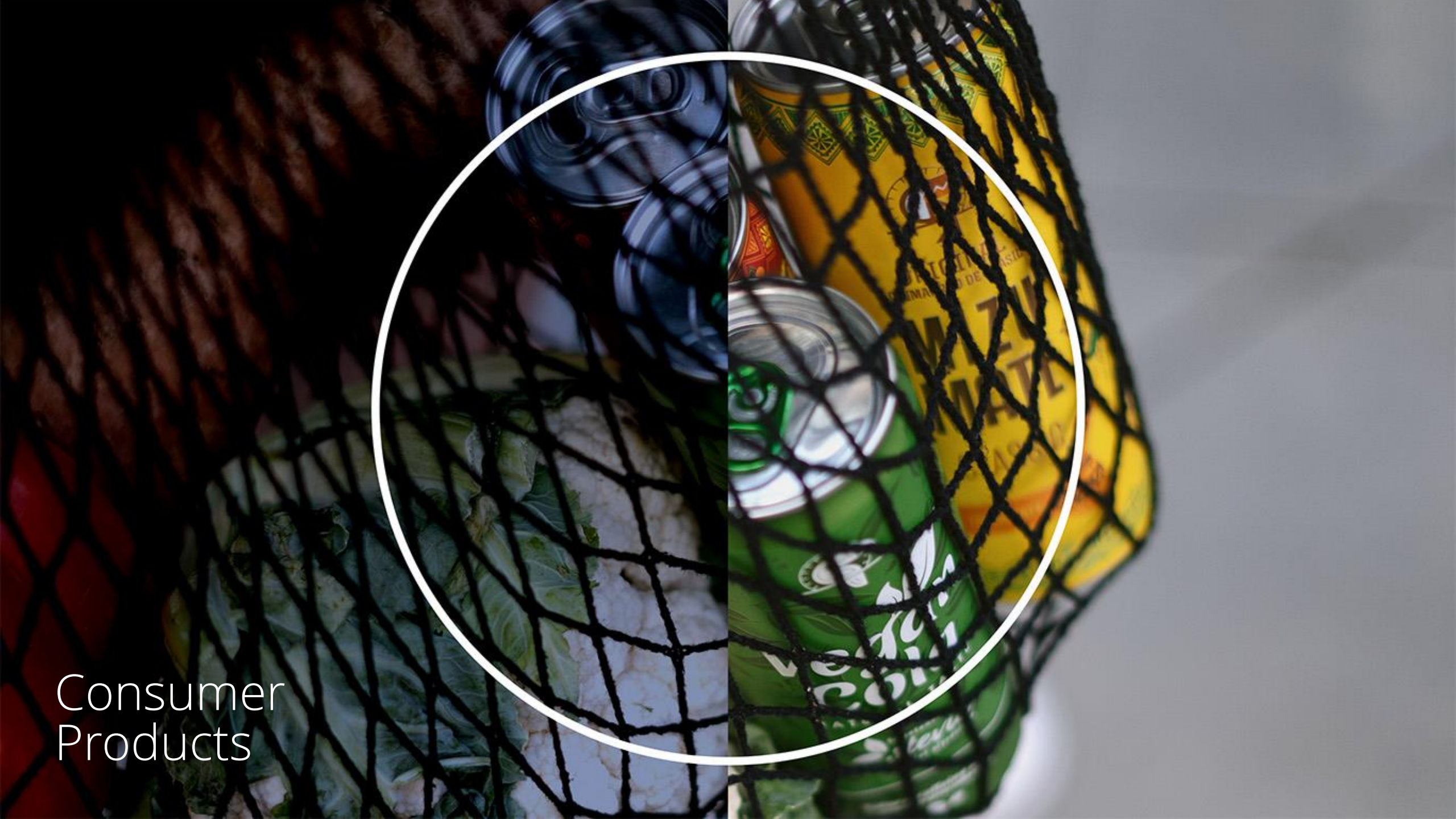
Source: Refinitiv Datastream

Retail sales outlook

The outlook for retailers is a positive one but could be patchy

- According to our data, improving financial conditions will support consumers' intentions to spend more across discretionary categories.
- However, some consumers could remain cautious with prices remaining high by historical standards and overall purchasing power diminished by the long-term effect of the cost of living crisis.
- With consumers focussed on value, we could see a patchwork recovery in retail with some parts of the sector faring better than others.
- There could also be changes to where and how consumers shop across some product categories, with the UK's major multiple grocers continuing to expand their general merchandise, electronics and fashion ranges.

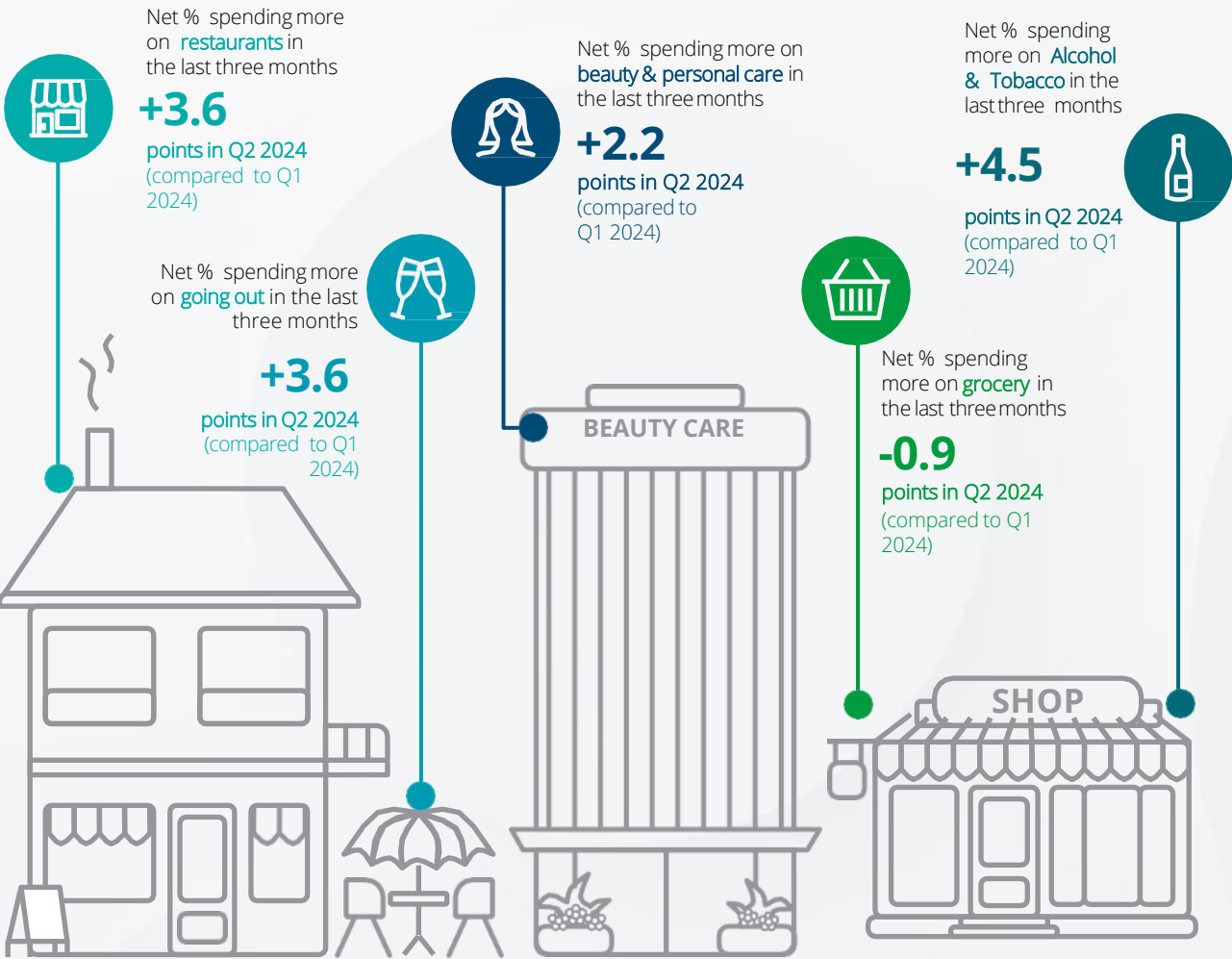




Consumer
Products

Consumer spending in the last three months

Net % spending more over the last three months



Q2 sees improvement in discretionary category spending

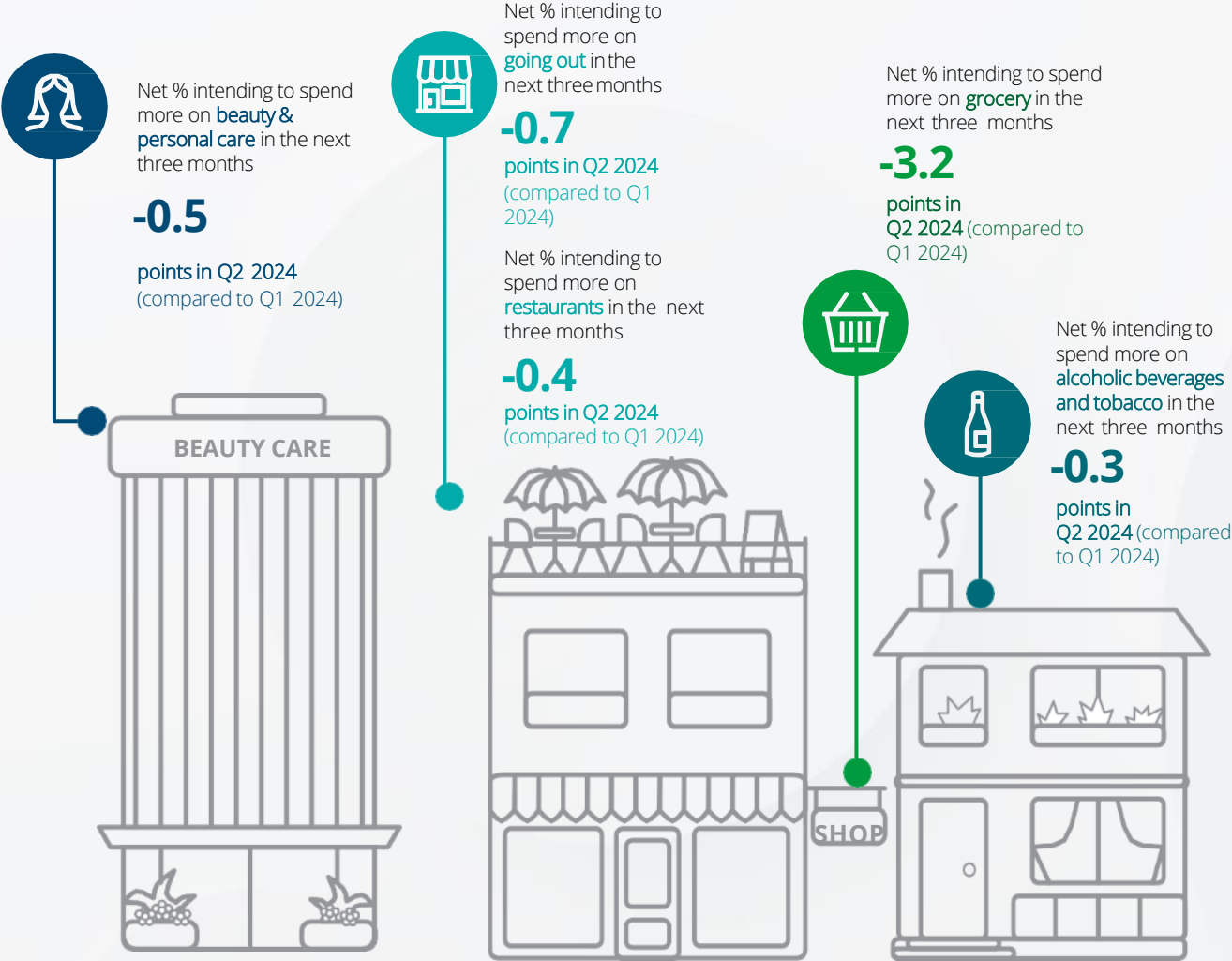
With consumers' personal finances improving and inflation back on target, our spending sentiment data for Q2 shows net spending on essentials has eased while net spending on discretionary items has grown compared with Q1 2024.

In a sign of consumers adopting more expansionary behaviours as their spending power gradually improves, manufacturers are seeing a return to volume growth as indicated by recent performance results in the sector. Among consumers who indicated they spent more compared with the previous quarter, fewer said it was because prices have gone up. Indeed, a higher proportion said they spent more because they bought more items and or spent on more activities than usual.

However, like in the retail sector, the recovery will be patchy.

Consumer spending in the next three months

Net % intending to spend more in the next three months



Consumers plan to spend less in most categories in Q3

After two years of economic uncertainty and consumers' purchasing power coming under sustained pressure, there are signs that market conditions are improving as a result of lower commodity and energy costs.

With inflationary pressures expected to continue easing, our Tracker data shows that consumers plan to spend less on day-to-day categories in Q3.

But despite consumers intending to spend less in essential categories, they remain cautious as they plan to reduce their spending in the non-essential items and services categories too compared with Q2 2024. Seasonality could also play a role in those results too.

Consumer products outlook

Businesses need to focus on growing volume

- Whilst a more positive picture is emerging since the start of the year, more sustained optimism is needed. Willingness to spend in discretionary categories remains subdued as consumers continue to be thrifty and look for deals.
- The start of summer this year has coincided with a series of sporting and cultural events in the UK and abroad. Summer events such as the Euro championship and/or the Olympic games will be driving incremental spend at home or at venues. Off trade will be competing with fans heading out of the house to watch the football, and pubs especially could benefit from a boost.
- While these signs of more expansionary spending behaviours are encouraging, caution remains and cost pressures on businesses persist. Price increases have been harder to justify and since the start of this year companies have had a renewed focus on volume growth through an innovative and more profitable product mix while also protecting price levels.
- In our [2024 consumer products industry outlook](#) we discuss some of the strategies available to deliver 'profitable volume'. Finding the right balance between growing volumes and increasing profits will be key to the continued success of consumer products companies in the coming months.

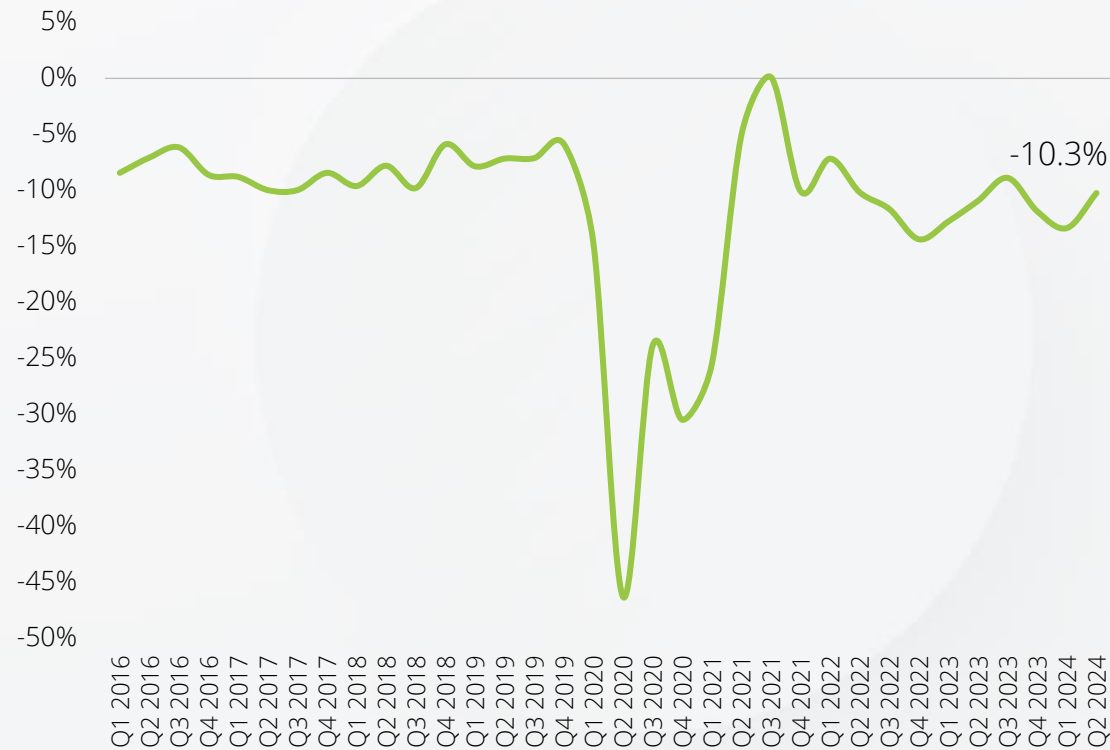




Leisure

Total net leisure spending in the last three months

Net % spending more in all leisure categories over the last three months



Spending in the leisure sector grew for the first time since Q3 2023.


































After two consecutive quarters of decline, spending in the leisure sector improved in Q2 2024. Total net spending in the leisure sector rise from -13.4% in Q1 2024 to -10.3% in Q2 2024, coinciding with a recovery in consumer confidence and discretionary spending.

The quarterly improvement was driven by an increase in spending sentiment across 10 of the 11 leisure categories measured, with the most significant increase in net spending around the short and long holiday categories, with a 7.4 and 7.3 percentage point increase respectively. However, consumers are opting to secure value for money deals and all-inclusive packages have remained popular as a result. Demand in peak trading periods, for example the summer and winter holidays, has remained strong but at the cost of weakening demand in the off-peak periods.

Source: The Deloitte Consumer Tracker

Spending in leisure categories the last three months

Net % spending more by category over the last three months

Leisure spending in the last three months by category	Q2 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q2 2019
Going to the gym or playing sport	-5%	 +1.6	 +0.8	 -0.1
Betting and gaming	-9%	 -1.4	 +0.6	 -2.4
Long holidays	-1%	 +7.3	 -0.8	 -0.6
Attending live sports events	-8%	 +1.3	 +1.1	 -1.8
Short holidays	-3%	 +7.4	 -1.4	 -1.8
Other leisure activities	-12%	 +2.2	 +1.1	 -4.9
In home leisure activity	-14%	 +1.2	 +2.8	 -5.2
Eating out	-11%	 +5.3	 +1.6	 -1.5
Culture and entertainment	-17%	 +1.4	 -0.7	 -6.8
Drinking in pubs/bars	-15%	 +4.4	 -1.2	 -3.5
Drinking in coffee shops/sandwich shops	-16%	 +3.8	 +3.7	 -4.4

Spending intentions in leisure categories in the next three months

Net % intending to spend more by category over the next three months

Leisure spending in the next three months by category	Q2 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q2 2019
Long holidays	-1%	↓ -0.8	↑ +2.6	↓ -1.5
Short holidays	-4%	↓ -1.5	↑ +0.6	↓ -3.3
Going to the gym or playing sport	-5%	↑ +0.7	↑ +0.5	↓ -2.6
Attending live sports events	-7%	↑ +2.0	↑ +1.4	↓ -2.1
Betting and gaming	-13%	↓ -1.3	↓ -0.9	↓ -4.4
Other leisure activities	-10%	↑ +1.7	↑ +3.4	↓ -3.5
Culture and entertainment	-12%	↑ +0.8	↑ +2.8	↓ -4.2
Eating out	-12%	↑ +0.5	↑ +3.9	↓ -1.5
Drinking in pubs/bars	-13%	↑ +3.0	↑ +3.2	↓ -2.9
In home leisure activity	-17%	↑ +1.4	↑ +3.2	↓ -4.7
Drinking in coffee shops/sandwich shops	-17%	↑ +2.5	↑ +3.2	↓ -2.9

Leisure sector outlook

Spending on leisure expected to continue to grow in Q3 2024

- As we look ahead to Q3 2024, the leisure sector is expected to continue its recovery. Our data shows that consumers intend to spend more across 8 out of the 11 categories measured in our Tracker, suggesting a robust outlook for the sector. The only notable decline is in the short and long holiday categories. After a busy summer with school holidays and getaways, consumers are likely to cut back on their travel spending.
- Consumers are intending to continue spending more on drinking in pubs and bars and drinking in coffee shops and sandwich shops. This trend highlights in part seasonality but also coincides with a summer of sporting events seeing more consumers watching sports in pubs and bars. The eating out category is also expected to increase as consumers intend to make the most of the summer by socialising in restaurants.
- Businesses in the leisure and hospitality sectors should capitalise on the improving consumer sentiment by attracting customers with value for money experiences and personalised services. Bundling services and creating premium offerings can also encourage higher spending. There should also be an increased focus on ways to improve profitability including streamlining operations to reduce costs while trying to maintain the quality of services and products.





Automotive

UK car registrations

Half yearly UK car registrations

	H1 2024	H2 2023	% change	Market share H1 2024	Market share H1 2023
Diesel	66220	75321	-12.1%	6.6%	7.9%
Petrol	554087	539606	2.7%	55.0%	56.8%
BEV	167096	152968	9.2%	16.6%	16.1%
PHEV	81522	62155	31.2%	8.1%	6.5%
HEV	137838	119670	15.2%	13.7%	12.6%
TOTAL	1006763	949720	6.0%		

BEV – Battery Electric Vehicle; PHEV – Plug-in Hybrid Electric Vehicle;
HEV – Hybrid Electric Vehicle; MHEV – Mild Hybrid Electric Vehicle

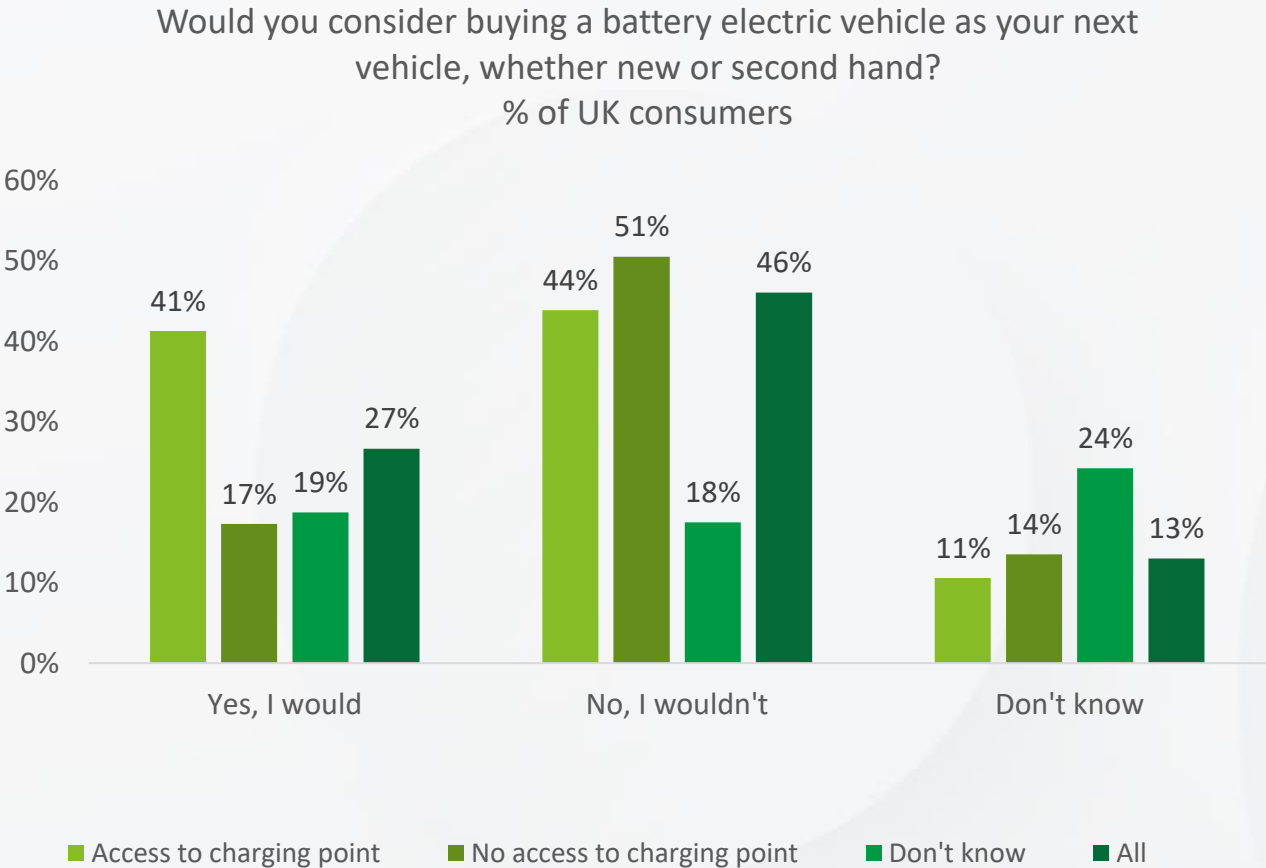
First time the sector has achieved sales of over a million new cars in the first half of the year since 2019

The UK’s new car market saw modest growth in Q2 which combined with the much stronger sales figures reported in Q1 2024 (+10.4%), resulted in over one million cars registered in the first half of the year – a 6% increase on the same period the year before. This is the first time the sector achieved sales of over a million new cars at this point in the year since 2019.

June’s sales figures mean that there have now been 23 consecutive months of growth in the sector. However, concerns over total volume sales and private demand persist. Sales are still well below their pre-pandemic levels, with sales in H1 still down -20.7% on H1 2019, despite hitting the million mark. Furthermore, all the growth within the sector is coming from fleet sales. Private sales continue to decline year on year as consumers deal with the ongoing impact of the cost of living crisis and high interest rates which make borrowing money for a large purchase more expensive.

Source: The Society of Motor Manufacturers and Traders (SMMT)

EV purchasing sentiment



Source: The Deloitte Consumer Tracker

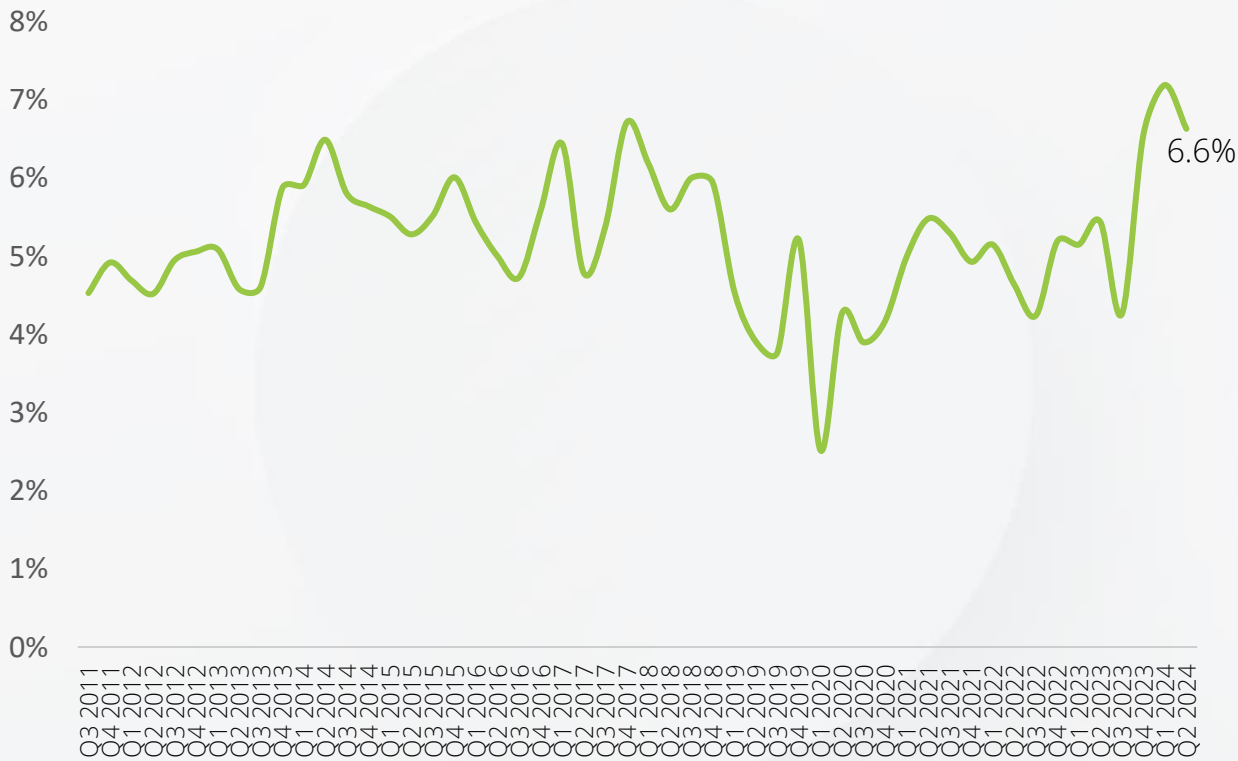
Is charging infrastructure the key to growth?

To support the growth of electric vehicles, more focus is needed to remove the barriers preventing consumers from contemplating a switch. In addition, charging infrastructure also remains a top concern for consumers considering whether to buy an EV as their next vehicle. Our data shows that people who have the ability to charge at home are more than twice as likely to consider buying a BEV (41%) than those who do not have access to a charging point (17%).

A faster rollout of public BEV charging points is essential to create an equitable charging environment. In the run up to the election, the Labour Party pledged to reintroduce the 2030 ban on sales of new petrol and diesel cars. If the ban on internal combustion engine vehicles (ICEs) is moved forward, there will be increasing calls for the government to revisit the use of financial incentives, such as a reduction in VAT on electric vehicles, to support demand. In addition, the government will need to have a clear strategy for dealing with cheaper, potentially subsidised Chinese imports.

Planned car purchases

% of UK consumers planning to purchase a car in the next three months



Planned purchases remain above their historical average

Data from the Deloitte Consumer Tracker shows that the percentage of consumers planning to buy a new car in the next three months fell from 7.2% in Q1 2024 to 6.6% in Q2 2024.

Despite this drop, planned purchases remain above their historical average.

Note: This question was changed in Q2 2020

Source: The Deloitte Consumer Tracker

Automotive outlook

Improving demand for new cars remains linked to the easing of the cost of credit and continued economic recovery

- Private demand for new cars could pick up again in the second half of the year.
- However, any improvement in retail new car sales is based on the underlying assumption that there will be an easing of monetary policy, a continued improvement in the economy and consumer sentiment, and some degree of easing in vehicle pricing.
- The latter has been slow to happen thus far, but the sector is gradually seeing an increase in discounting from manufacturers and dealers now that supply issues have normalised and they are no longer dealing with a backlog of demand.



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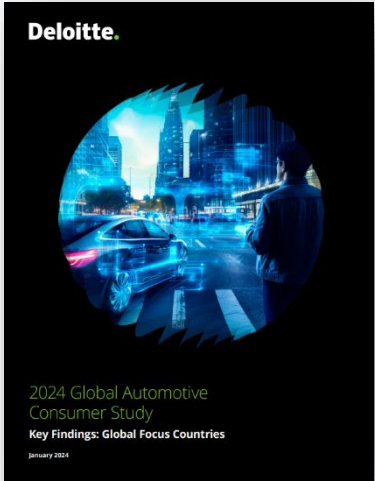
About this research

The Deloitte Consumer Tracker is based on a consumer survey carried out by independent market research agency, YouGov, on Deloitte's behalf. This survey was conducted online with a nationally representative sample of more than 3,000 UK adults aged 18+ between 7th June 2024 to 10th June 2024.

A note on the methodology

Some of the figures in this research show the results in the form of a net balance. This is calculated by subtracting the proportion of respondents that reported feeling more negative from the proportion that reported feeling more positive. For instance, assume that 30% of respondents reported they are spending more, 50% reported no change and 20% reported they are spending less. The net balance is calculated as 30% – 20% = 10%. This means that on balance, consumers reported that they spent more rather than less.

2024 Global automotive consumer study



The future of the consumer industry



2024 Consumer Products Industry Outlook



The Sustainable Consumer 2023



Retail trends 2024





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