Consumer confidence stalls for second consecutive quarter

The Deloitte Consumer Tracker

Q1 2025

MAKING AN IMPACT THAT MATTERS since 1845

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Four key takeaways this quarter

UK consumer confidence remains unchanged for the second consecutive quarter. The latest Deloitte Consumer Tracker shows that UK consumer confidence was relatively flat for the second consecutive quarter at -7.8% in Q1 2025 compared with -8.1 % in Q4 2024.

Takeaway 1

Concerns about personal finances outweigh positives in other measures

In Q1, only three out of the six measures in the index rose compared with the previous quarter. Coinciding with a time of year when consumers focus more on their health, there was a four-percentage-point rise in consumers' views on their general health and wellbeing. Even when combined with marginal increases in confidence around job security and children's welfare, these improvements did not offset the falling sentiment in the other three measures tracked in our survey. While there was a marginal fall in sentiment around job opportunities, there was a two percentage point fall in sentiment around debt and a one percentage point drop in confidence in household disposable income.

Takeaway 2

Confidence in the UK economy at its lowest in over a year

The lack of improvement in the Deloitte Consumer Confidence Index in Q1 2025 points to consumers remaining nervous. The measure of confidence in the UK economy, which is separate from the main index, dropped to its lowest level in a year.

Takeaway 3

Inflation impacts spending habits

Despite economic conditions that favour consumers, including real wage growth and low unemployment by historical standards, spending remains subdued as consumers continue to compare prices to pre-pandemic levels. This is leading consumers to adopt more tactical spending and to focus on essential purchases. Day-to-day spending rose to its highest level in our Tracker's history, largely attributed to the impact of inflation on prices.

Meanwhile, discretionary spending declines, except for travel which remains a priority.

Takeaway 4

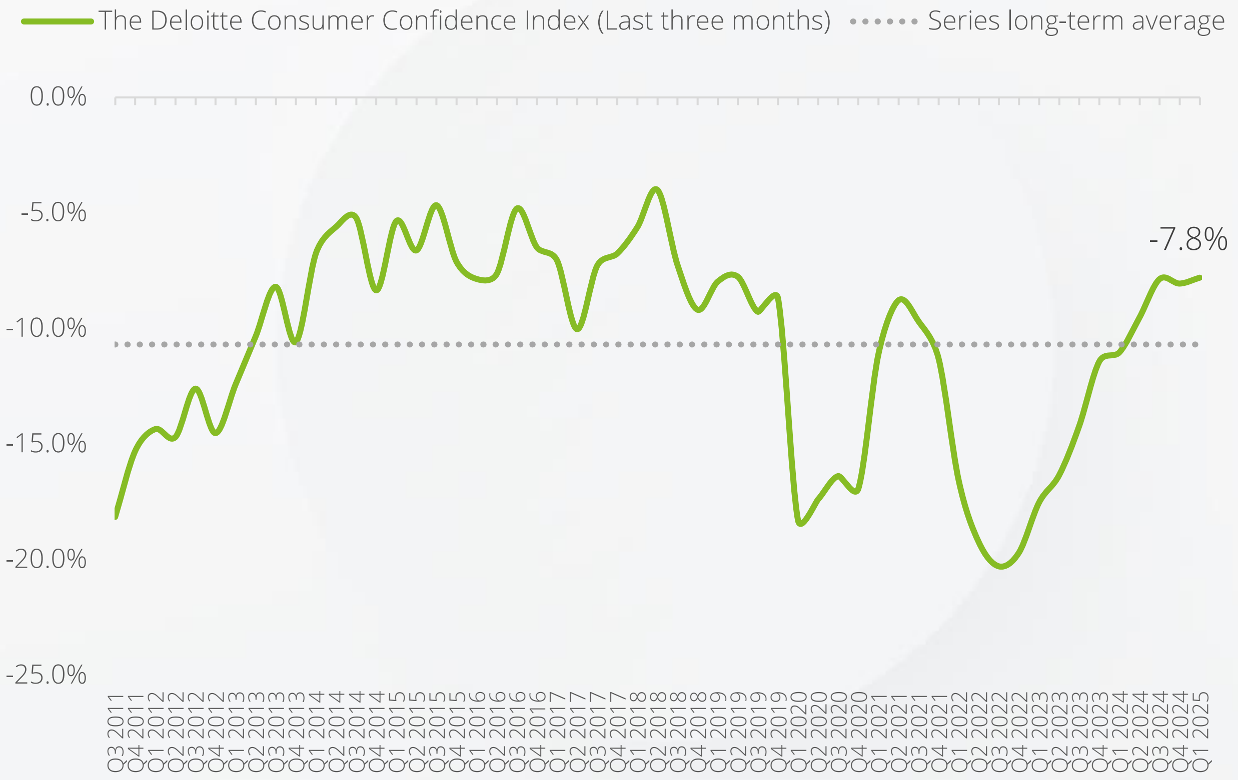
The outlook depends on economic stability

Despite strong real income growth over the past two years, consumers will want to see what happens next to the cost of financing their debts, their ability to save, the prices of essential items and their job security. There are also some concerns that persistent inflation this year could further dampen consumer confidence and put more downward pressure on consumer spending in the more discretionary categories. In summary, consumer demand could remain subdued for some time while the economic environment hopefully settles this year.

Consumer confidence

Deloitte Consumer Confidence Index*

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



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 page 6).

UK consumer confidence remains unchanged in the first quarter of 2025

The latest Deloitte Consumer Tracker shows that UK consumer confidence was relatively flat for the second consecutive quarter at -7.8% in Q1 2025 compared with -8.1 % in Q4 2024.

The Deloitte consumer confidence index is an average of the net percentage improvement in the level of confidence in the past three months for six individual measures of confidence* (See page 6).

In Q1, only three out of the six measures in the index rose compared with the previous quarter. A four-percentage-point rise in consumers' views on their general health and wellbeing, even when combined with marginal increases in confidence around job security and children's welfare, were not enough to offset the falling sentiment in the other measures tracked in our survey.

Individual measures of consumer confidence

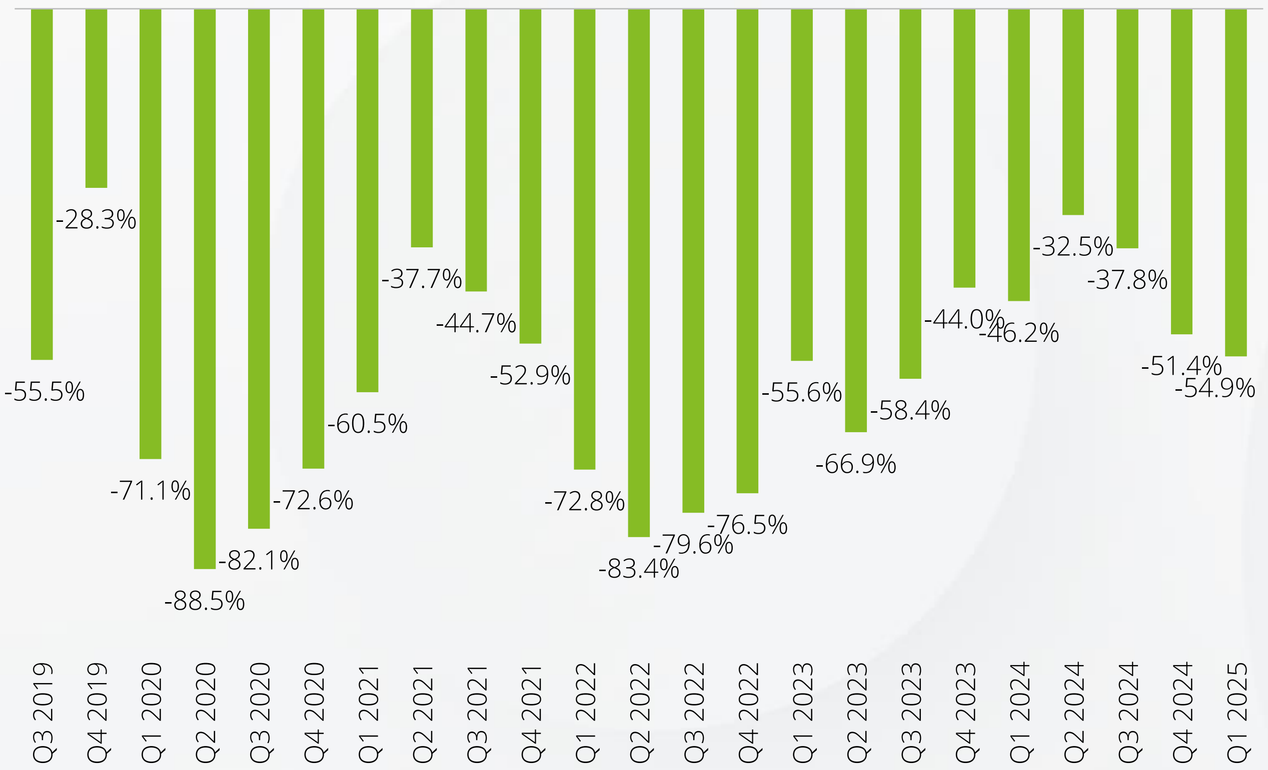
Net % improvement in level of confidence in the past three months

Individual measures of consumer confidence	**Q1 2025** net balances	% point change quarter on quarter	% point change year on year
Your children's education and welfare	**0.4%**	+0.8	+4.4
Your job security	**-2.9%**	+0.8	+2.1
Your job opportunities/career progression	**-3.0%**	-0.5	+2.0
Your level of debt	**-2.3%**	-2.1	+3.3
Your general health and wellbeing	**-11.9%**	+3.8	+7.4
Your household disposable income	**-27.1%**	-1.2	+0.1
Deloitte Consumer Confidence Index	**-7.8%**	+0.3	+3.2
The state of the economy in the UK*	**-54.9%**	-3.5	-8.7

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

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



Source: The Deloitte Consumer Tracker

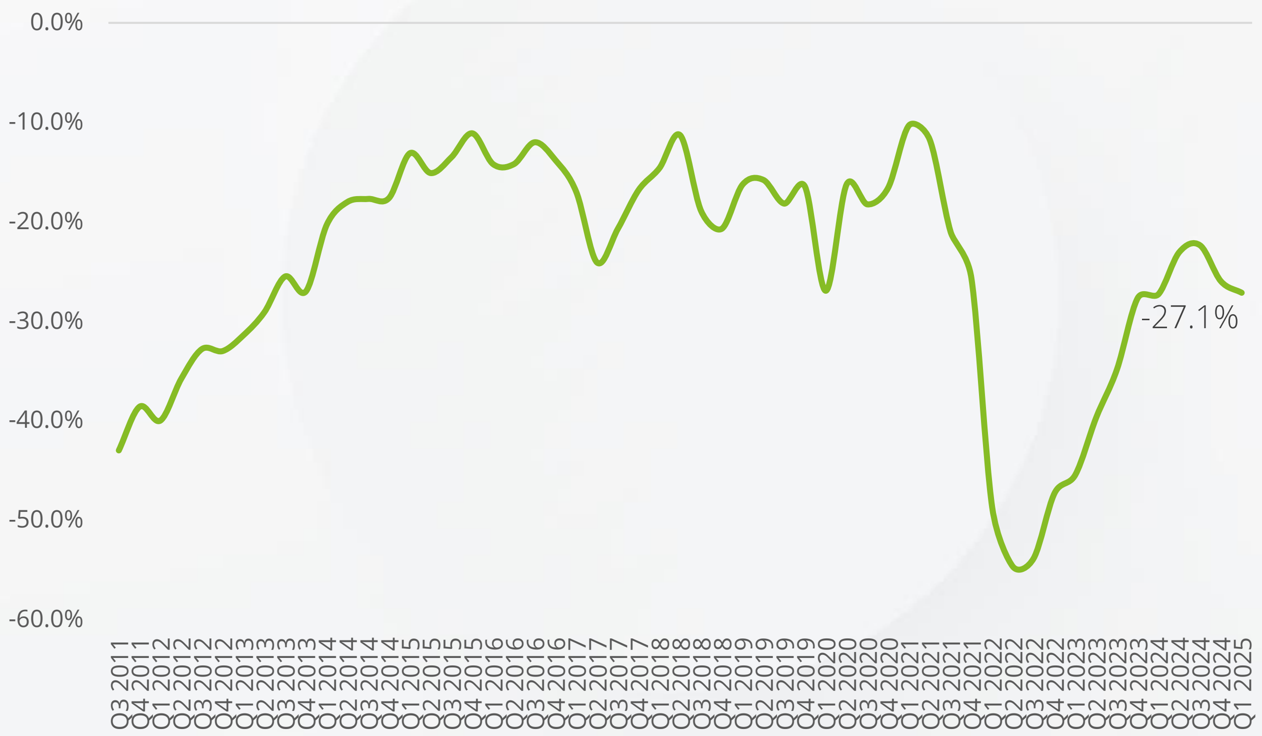
Consumers sentiment about the state of the UK economy fell to its lowest since Q3 2023

The lack of improvement in consumer confidence in the first three months of 2025 points to consumers remaining nervous.

The measure of confidence on the UK economy, which is separate from the main index, dropped to its lowest level since Q3 2023. It dropped by close to four percentage points in Q1 compared with Q4. After rising and falling since Q1 2023, consumer sentiment on the economy had improved significantly in the summer of 2024, but has since been falling coinciding with concerns about the impact of higher inflation in the UK because of higher wage and national insurance costs for employers, and increased energy and water bills for consumers.

Consumer confidence about their levels of household disposable income

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



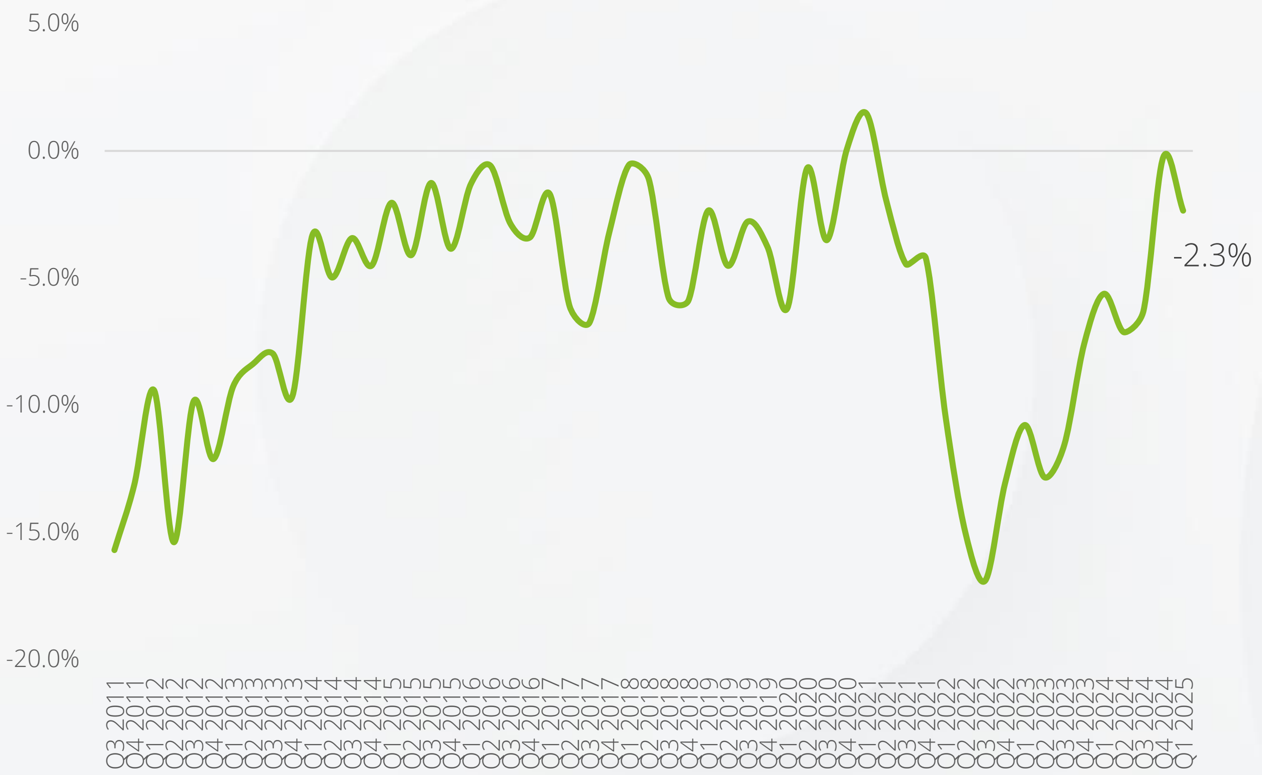
Source: The Deloitte Consumer Tracker

Sentiment around disposable income drops for the second consecutive quarter

Reflecting a complex economic landscape characterised by consumers being more worried, sentiment in levels of disposable income fell for the second consecutive quarter after improving over a two year period between Q2 2022 and Q3 2024.

Consumer confidence about their levels of debt

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



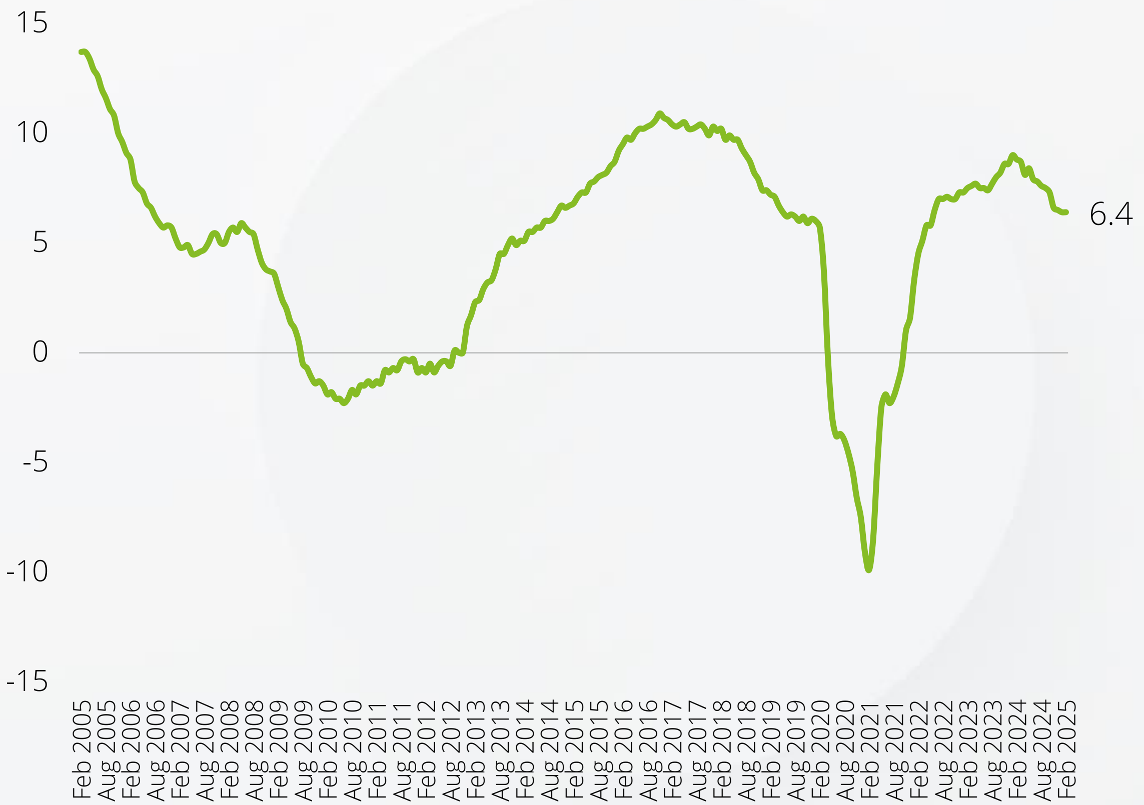
Confidence in levels of debt falls by two points

Nervousness about personal finances are also reflected in confidence in levels of debt. After improving from the lows of the elevated rate of inflation period of 2021-2022, consumer sentiment in their level of debt has dropped this quarter.

Source: The Deloitte Consumer Tracker

Household borrowing on credit card slows

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



Source: Refinitiv Datastream

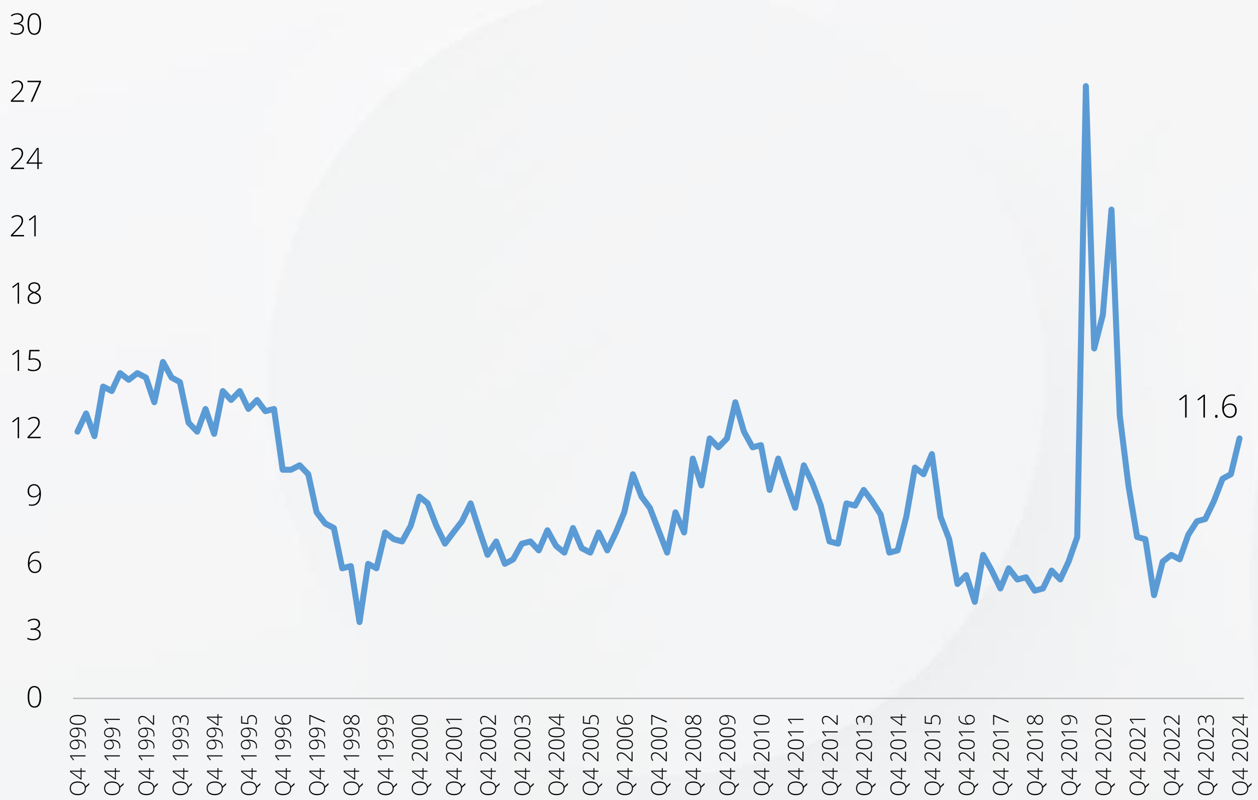
Data reflects cautious approach to borrowing among UK consumers

Latest data from the Bank of England shows the annual growth rate for credit card borrowing was down to 6.4% its lowest level in over two years.

The data suggests that households have been adopting a more cautious approach to borrowing due to growing volatility and uncertainty.

Saving ratio rising to a three-year high

UK households' savings ratio



Source: Refinitiv Datastream

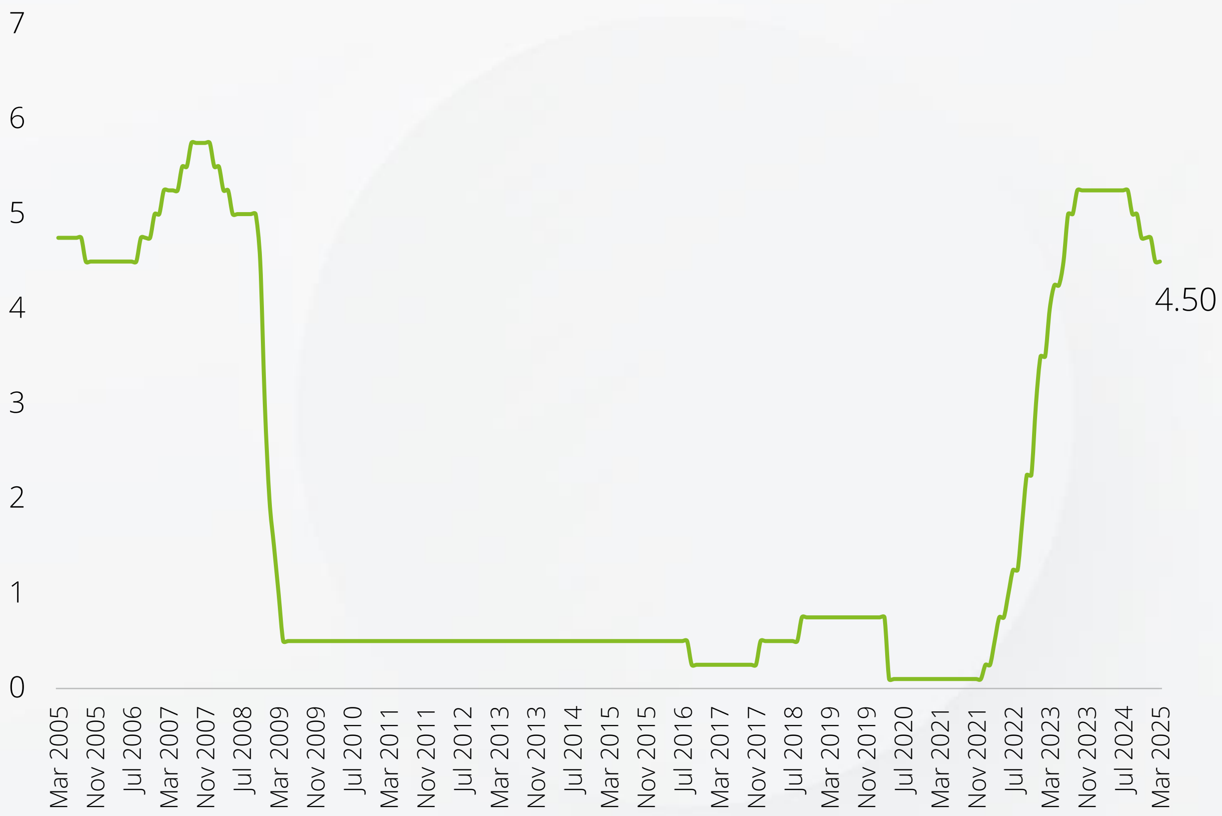
Consumers choose to save rather than spend

The trend of savers moving more money into saving accounts continued as higher interest rates encourage households to save more, borrow less and delay large purchases.

The household saving ratio (i.e., the proportion of disposable income that household save) remain close to a three-year high at 11.6% in Q4 2024, a sign that consumers are apprehensive and were saving some of their additional income in Q4 and only spending part of their income increases. This is substantially higher than the pre-pandemic average of 5.5% of the 2016-2019 period.

Interest rates kept on hold in March

Bank of England base rate



Source: Refinitiv Datastream

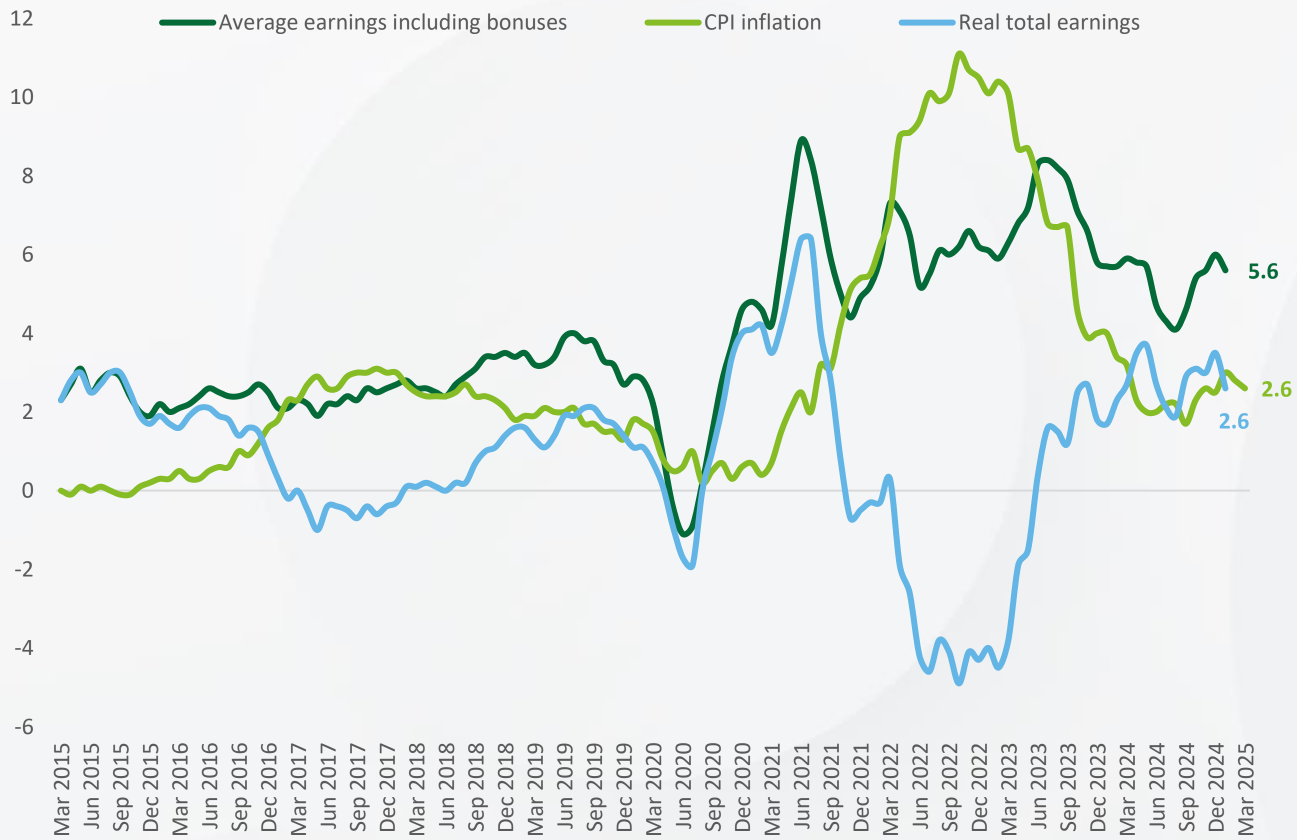
Interest rates on hold at 4.5%

After cutting borrowing costs last year in August and November, and in February this year, the Bank of England (BoE) maintained interest rates at 4.5% in March. The BoE is faced with conflicting economic data including sluggish economic growth and persistent inflation. While the BoE expect the rates to be on a gradual declining path, it will be closely monitoring economic trends as it considers future interest rate decisions.

Expectations are that as the base rate falls, precautionary savings should diminish and consumption should rebound.

Double-digit saving rates combined with healthy wage growth could turn consumption around

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



Source: Refinitiv Datastream

Pay continues to grow faster than prices

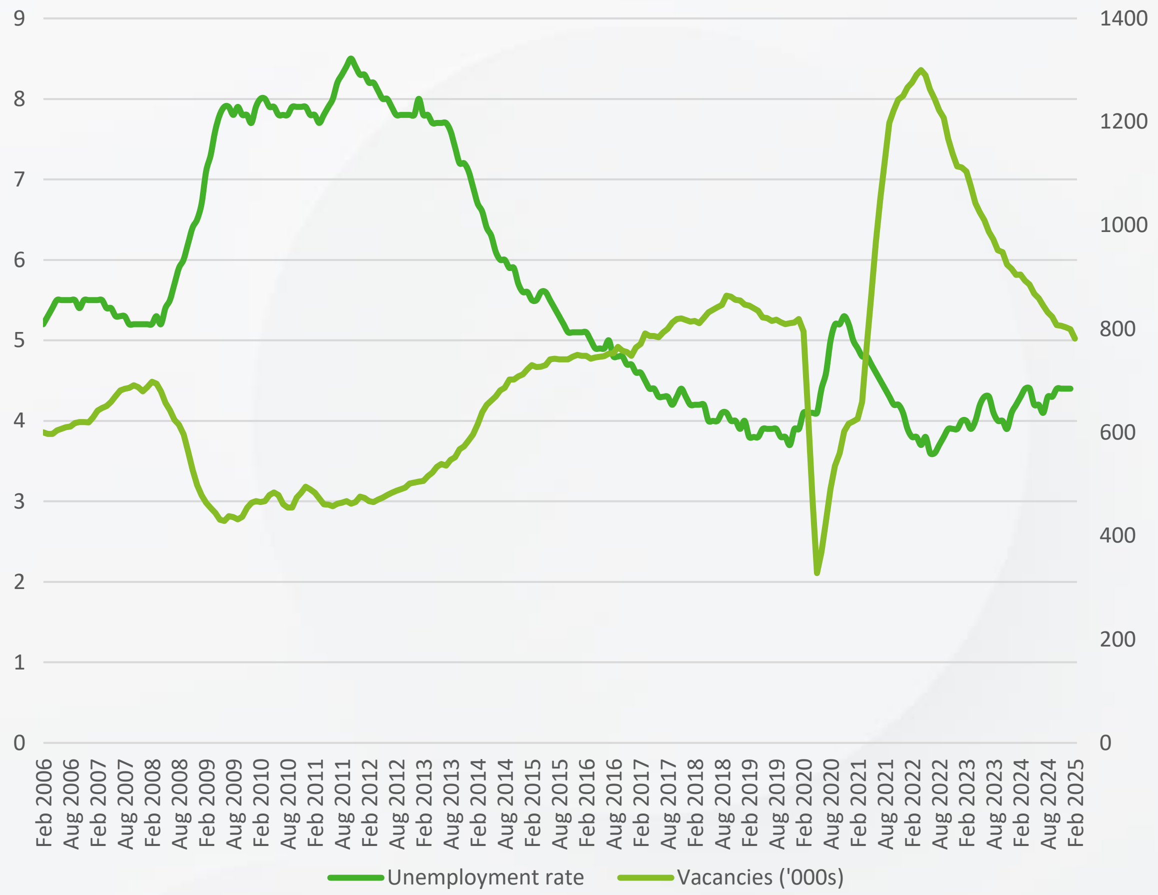
Wage growth remains strong at 5.6% in the three months to January outstripping inflation for more than a year and a half.

The persistent strength in wage growth, despite economic challenges, continues to be a key factor for the Bank of England when considering monetary policy decisions. It remains to be seen how this trend will evolve in the coming months in light of ongoing economic uncertainty.

Looking ahead, the prospects for wage growth remain uncertain. With increases in taxes and costs taking effect this April, companies are reporting hiring freezes and potential job cuts if UK growth fails to pick up.

Labour market remains stable but signs of cooling

UK unemployment rate (all aged 16 and over)



Source: Refinitiv Datastream

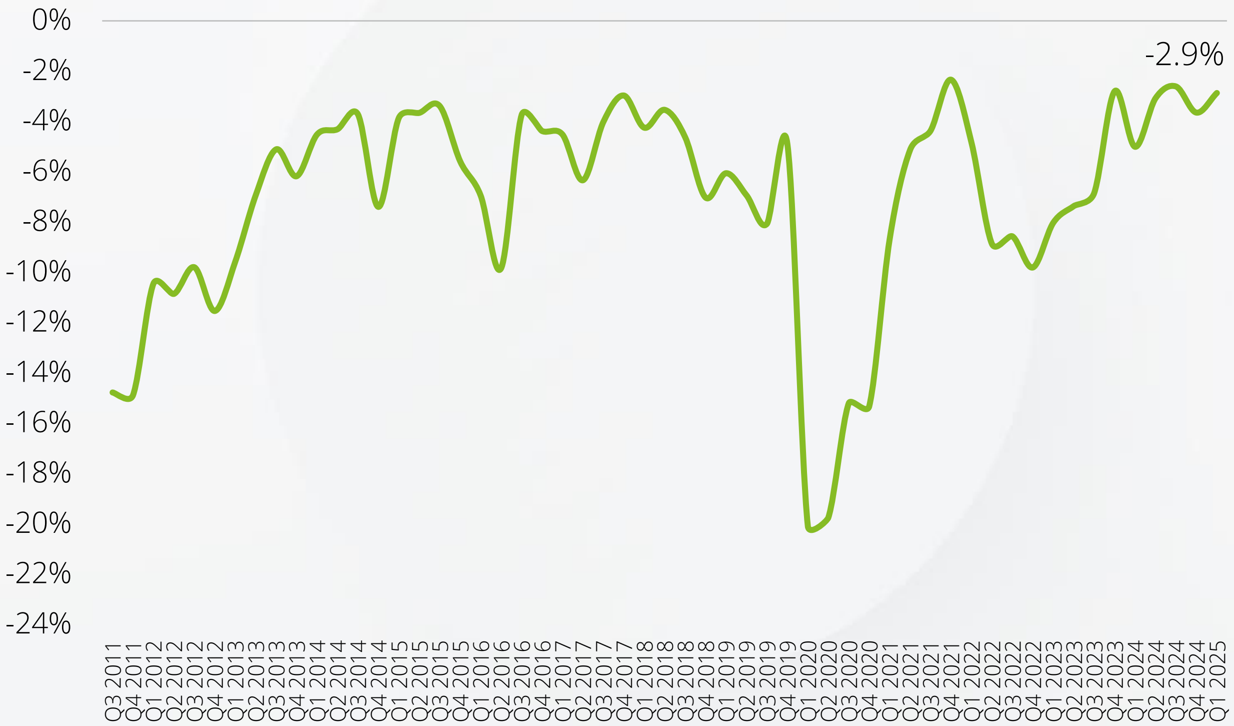
The UK labour market remains broadly stable but showing signs of weakening

Vacancies have fallen below pre-pandemic levels for the first time since spring 2021, suggesting reduced demand for workers. This weakening in the job market comes ahead of higher taxes on employers and increases in the national living wage, both implemented in April.

According to the Deloitte CFO survey CFOs see a cooling labour market given operating cost rises and elevated uncertainty over geopolitics and protectionism. CFOs expect hiring to be scaled back at the fastest pace since the pandemic and wage growth to slow to 3% over the next 12 months.

Consumer confidence about job security

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



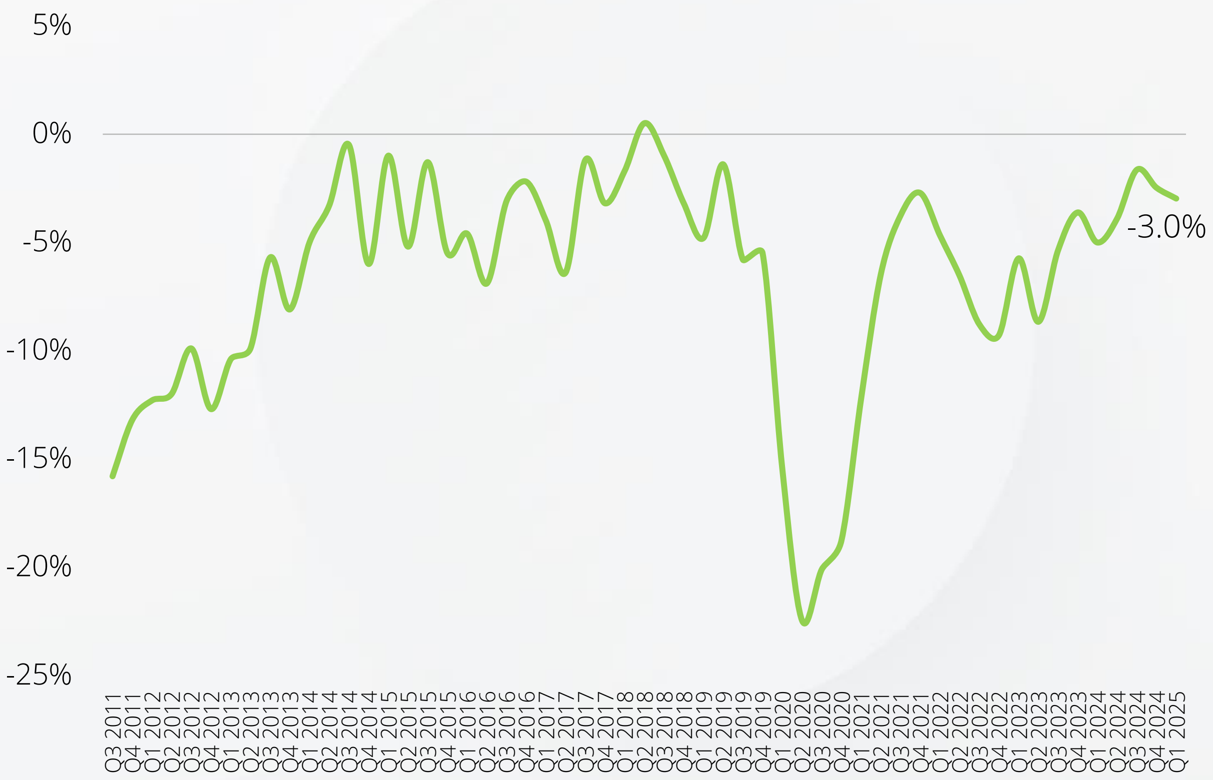
Source: The Deloitte Consumer Tracker

Sentiment around job security remains quite volatile

While on an upward trajectory sentiment about job security has been mixed in the last year reflecting both the stable labour market but also the wider economic uncertainty. After falling in Q4, confidence in job security bounced back in Q1 to -2.9% one of its lowest reading since the Tracker began in 2011.

Consumer confidence about job opportunities and career progression

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



Source: The Deloitte Consumer Tracker

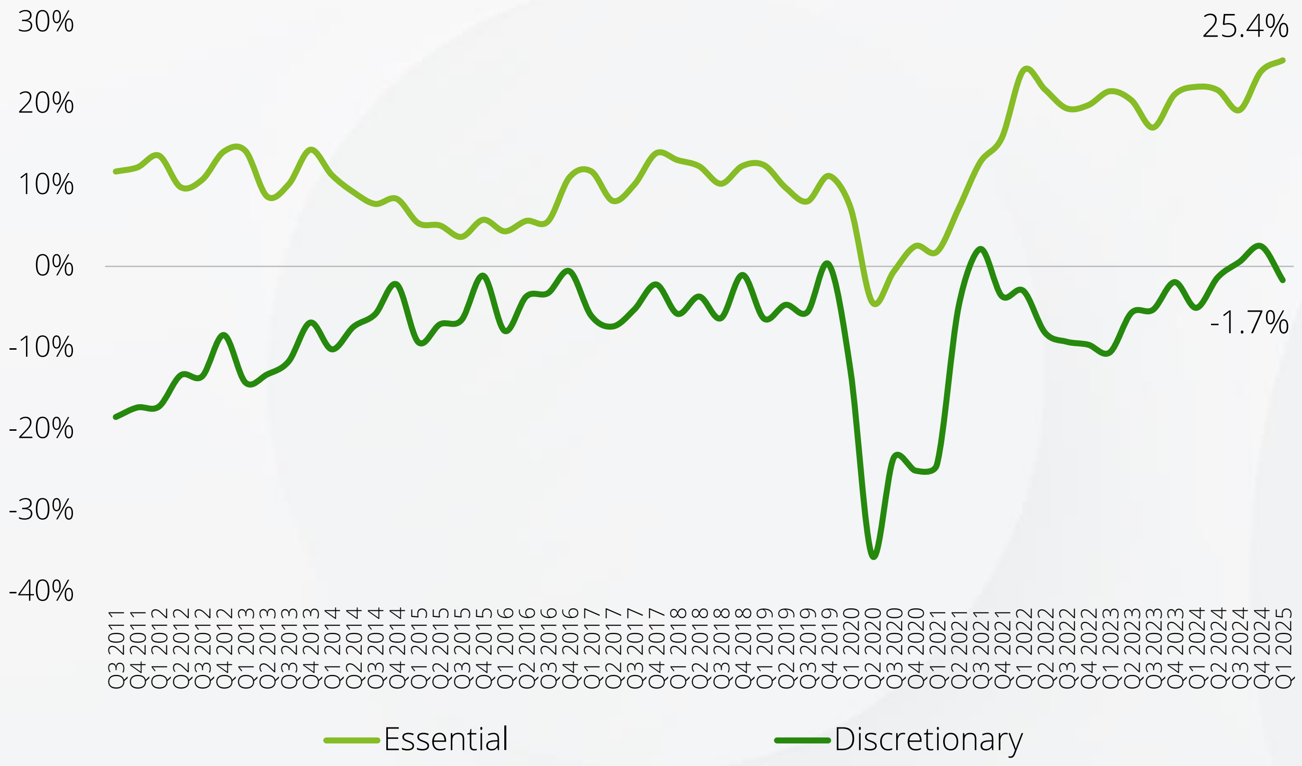
Sentiment about job prospects falls marginally for the second consecutive quarter

In a sign of consumers anticipating a weakening of the job market, confidence in job opportunities and career progression fell by half a percentage point in Q1.

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

Higher prices push essential spending up and put pressures on discretionary spending

Consumers' net spending on day-to-day categories rose in Q1 to its highest level in our survey's history. Among consumers who spent more, there was a seven percentage point increase in the proportion who blamed higher prices, in a sign of inflationary pressure on budgets.

Consumers also reported decreased levels of spending in all discretionary categories but one: spending on travel remains the exception as consumers ring-fence their holiday budgets. The data shows that overall net spending on discretionary goods and services dropped four percentage points as consumers cut down to cope with the higher costs of food and energy.

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	Q1 2025 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Essential	25.4%	+1.4	+3.3	+12.9
Utility bills	60.5%	+3.3	+12.3	+27.9
Grocery	49.1%	-4.8	+1.4	+29.0
Everyday household items	34.7%	+3.1	+4.1	NA
Housing	24.2%	+1.3	-2.2	+12.6
Landline/mobile phone, internet and cable/TV	29.0%	+12.5	+6.3	+19.4
Transport	23.4%	+2.5	+3.8	+12.2
Pensions and insurance	14.5%	-0.1	-1.9	+7.6
Health	11.7%	-1.6	+2.9	+5.2
Education	7.2%	-0.1	+2.6	+6.1
Beauty and personal care products	-0.7%	-2.4	+3.3	NA

Source: The Deloitte Consumer Tracker

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	**Q1 2025** net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Discretionary	-1.7%	-4.2	+3.4	+4.7
Holidays and hotels	5.0%	+2.0	+4.4	+3.4
Major household appliances	3.5%	-1.9	+1.9	+6.8
Electrical equipment	3.4%	-1.6	+3.4	+8.2
Alcoholic beverages and tobacco	-6.0%	-11.9	+2.2	+6.2
Furniture and homeware	-4.3%	-2.0	+3.3	+0.9
Restaurants	-3.8%	-4.3	+3.3	+2.7
Clothing and footwear	-2.5%	-8.7	+4.3	+5.9
Going out	-8.7%	-5.1	+4.4	+4.0

Source: The Deloitte Consumer Tracker

Consumers resort to more tactical spending

Thinking about your financial situation and spending habits over the LAST 3 months compared to the previous 3 months, to what extent do you agree or disagree with the following statements?

% of UK adults

Consumers spent more because of higher prices and cut down on luxuries or treats

In a sign of inflationary pressures persisting three quarters (77%) of consumers agreed they spent more in Q1 when compared with the previous three months because of rising prices. Similarly, almost half (47%) of consumers said they were only spending on essentials in the last three months.

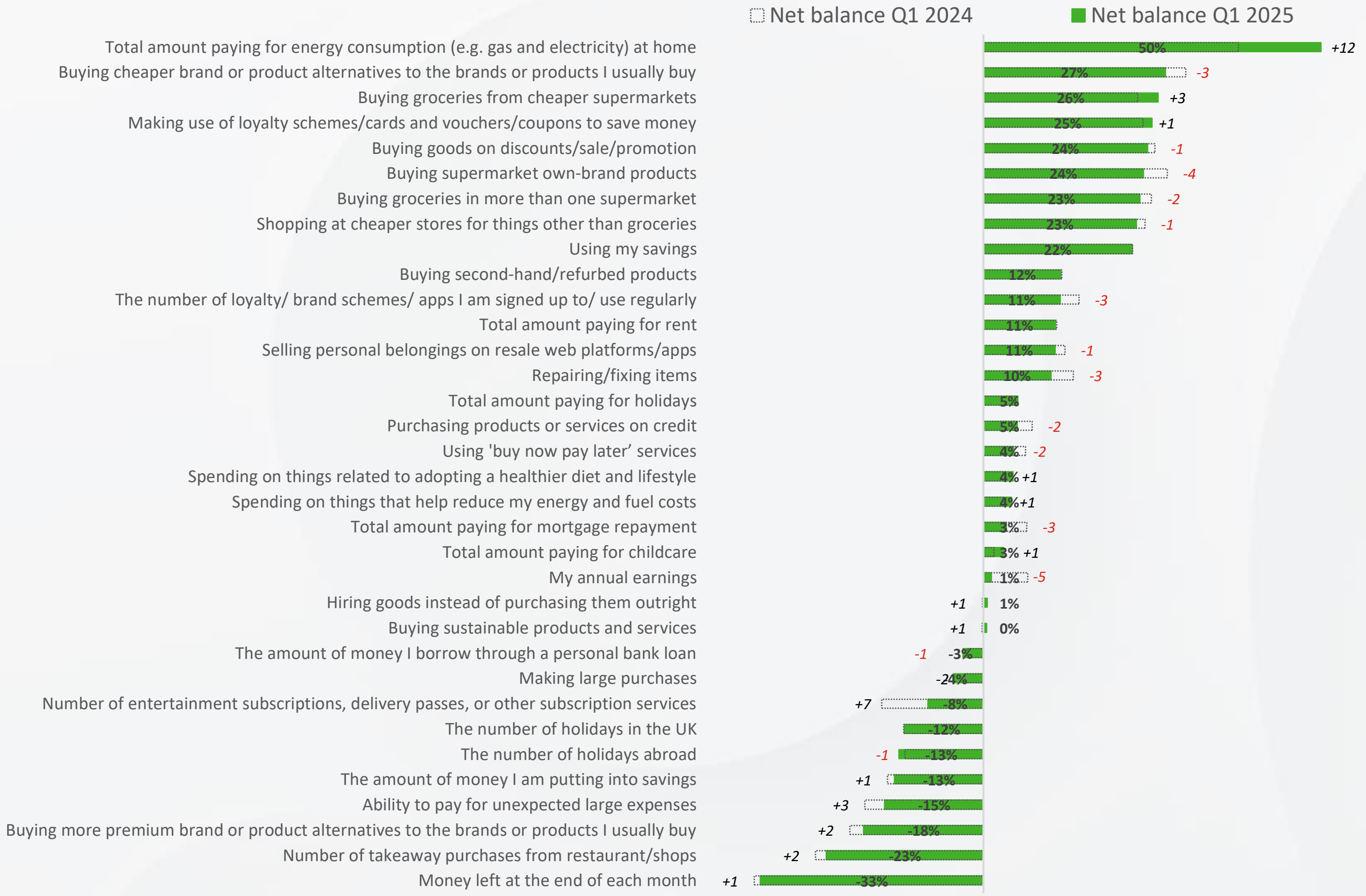
As a result, consumers are more tactical with their spending. When asked, 58% of consumers agreed that they have been more careful with their overall spending in the first three months of 2025, and 54% say they have consciously cut down on luxuries or treats.

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 compared with a year ago



Consumers are being more tactical in the way they spend cutting where they can and looking for discounts and promotions when making purchases

Our data shows that consumers continue to focus on value in Q1 2025 with many increasing trading down by buying from cheaper supermarkets and buying goods on discounts or promotion.

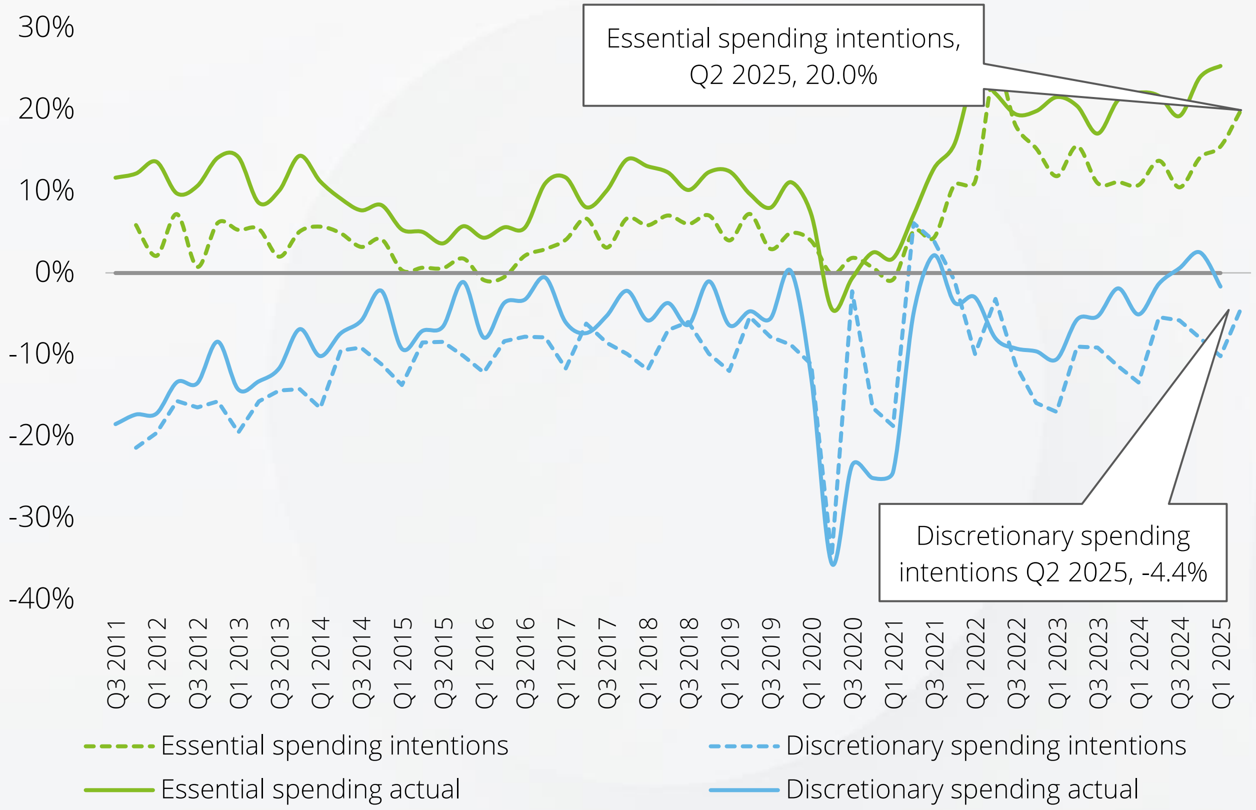
However, compared with a year ago, our data also indicates that consumers are tentatively easing their defensive behaviours such as fewer reporting decreasing the number of subscription services and are seeing their ability to pay for unexpected large expenses improving, a sign of more confidence in their personal finances improving.

Source: The Deloitte Consumer Tracker

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

Consumers intend to spend more in both essential categories and in discretionary categories

Consumers expect to spend more overall on day-to-day categories in Q2 driven mainly by expectations of higher grocery bills but anticipate spending less on utility bills. In a sign of consumers maybe planning to loosen their purse strings, discretionary spending intentions for Q2 are up across all non-essential categories.

Despite strong real income growth over the past two years, consumers will want to see what happens next to their disposable income, the prices of essential items and their job security. There are also some concerns that persistent inflation and geopolitical uncertainty this year could further dampen consumer confidence and put more downward pressure on consumer spending in the more discretionary categories. In summary, consumer demand could remain subdued for some time while the economic environment hopefully settles this year but that remains difficult to predict.

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	Q1 2025 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Essential	20%	+4.2	+6.2	+12.7
Grocery	38.5%	+13.3	+9.5	+28.5
Utility bills	49.4%	-2.6	+26.2	+29.1
Everyday household items	23.9%	+6.9	+6.3	NA
Housing	23.0%	+5.6	+1.5	+13.8
Landline/mobile phone, internet and cable/TV	26.1%	+14.0	+7.6	+22.7
Transport	19.4%	+5.4	+5.1	+11.2
Pensions and insurance	11.0%	+0.2	-1.8	+5.3
Health	7.6%	-1.3	+2.3	+6.4
Education	5.5%	-0.0	+3.5	+5.6
Beauty and personal care products	-4.7%	+2.8	+2.0	NA

Source: The Deloitte Consumer Tracker

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	Q1 2025 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Discretionary	-4.4%	+5.8	+1.0	+1.0
Holidays and hotels	7.5%	+5.5	+0.6	+1.4
Alcoholic beverages and tobacco	-8.5%	+13.7	-0.8	-0.6
Major household appliances	-4.5%	+0.1	+1.6	+2.5
Clothing and footwear	-2.2%	+9.4	+0.9	+5.5
Electrical equipment	-3.4%	+2.3	+3.8	+4.4
Furniture and homeware	-6.5%	+0.5	+2.3	+0.6
Restaurants	-7.1%	+10.5	+2.3	-3.7
Going out	-10.1%	+4.9	-2.2	-2.0

Source: The Deloitte Consumer Tracker

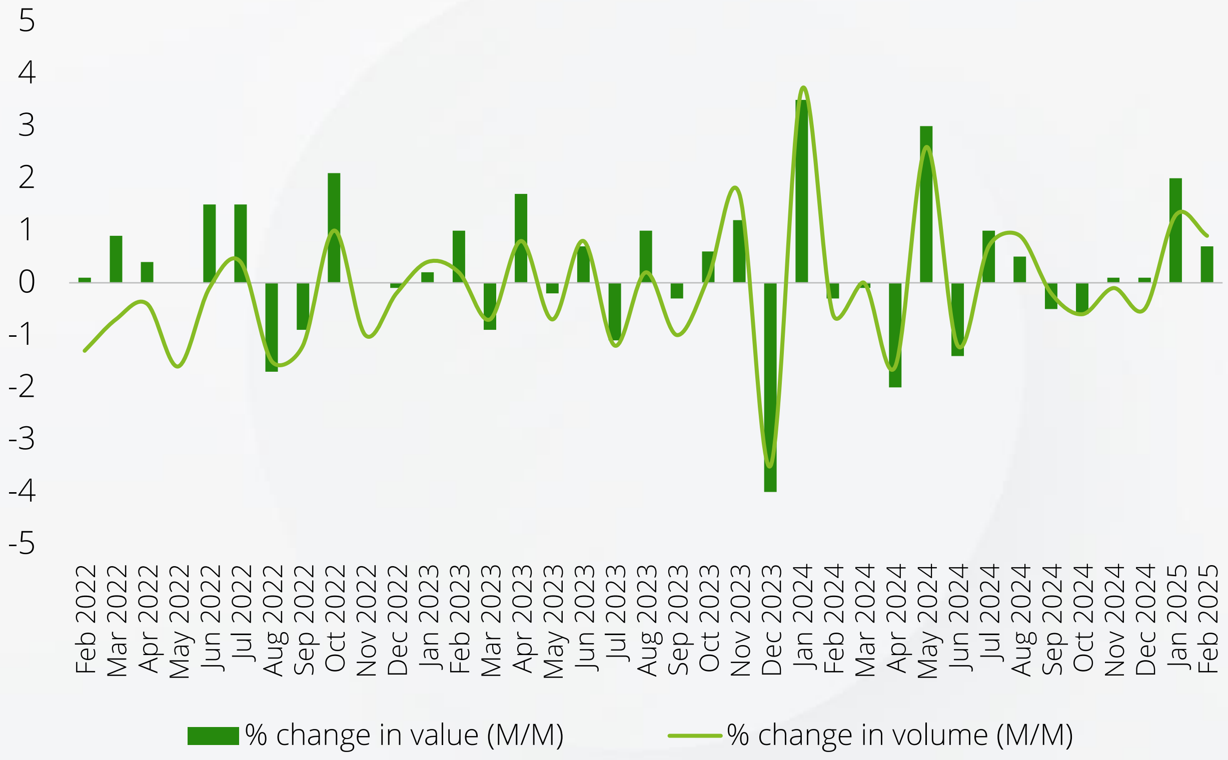
Sector updates

Retail

Retail sales (incl. fuel SA)

UK retail sales (incl. Fuel) seasonally adjusted (% change) M/M

% change in value and volume month on month



Signs of improvements since the start of 2025 with better-than-expected retail sales

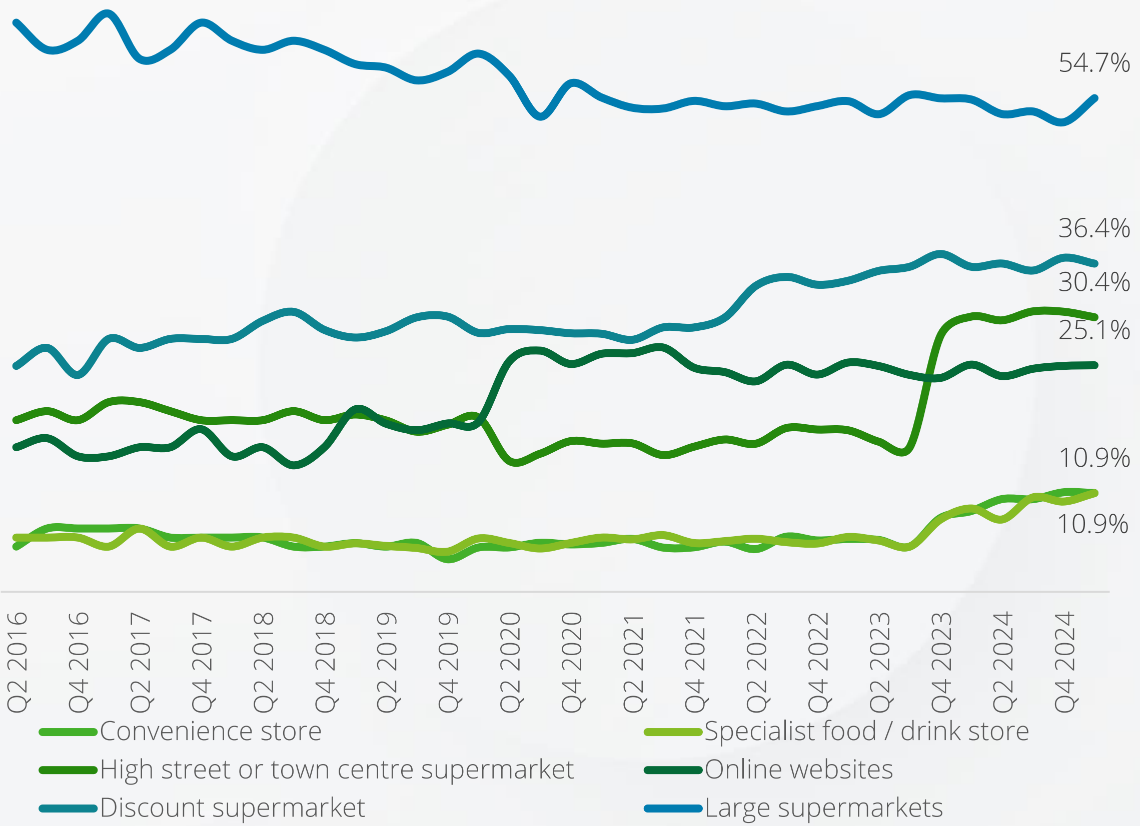
Recent data from the Office for National Statistics (ONS) shows a rebound in retail sales, with volumes estimated to have risen by 1.0% in February 2025 following a rise of 1.4% in January 2025. More broadly, sales volumes rose by 0.3% in the three months to February 2025, compared with the three months to November 2024, and by 2.0% when compared with the three months to February 2024.

These positive results are especially noticeable among the non-food retailers. Sales in household goods stores, jewellery retailers and clothing store sales all rose in February 2025. These rises in non-food retail sales were partly offset by a fall of 2.0% in February in food store sales volumes.

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

Supermarkets fight back

With the rate of inflation in food creeping back up, grocery retailers have ramped up their promotional activity to fight for a share of consumer wallets. Sales at supermarkets increased by 1.8% over the four weeks to 23 March 2025 compared with one year ago – the slowest rate since June 2024, according to Kantar.* This means that competition for growth and market share among the grocery retailers is fierce. Supermarkets have embarked on a race to cut prices of essentials including investing heavily in promotions to generate volume. Our data reflects this trend with an uptick in the proportion of consumers using large supermarkets for their main grocery shop in Q1 2025. It is difficult to predict what will happen next in grocery retail given warnings of price increases this year.

*[All eyes on price as promotions ramp up]

Online sales

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

Source: Refinitiv Datastream

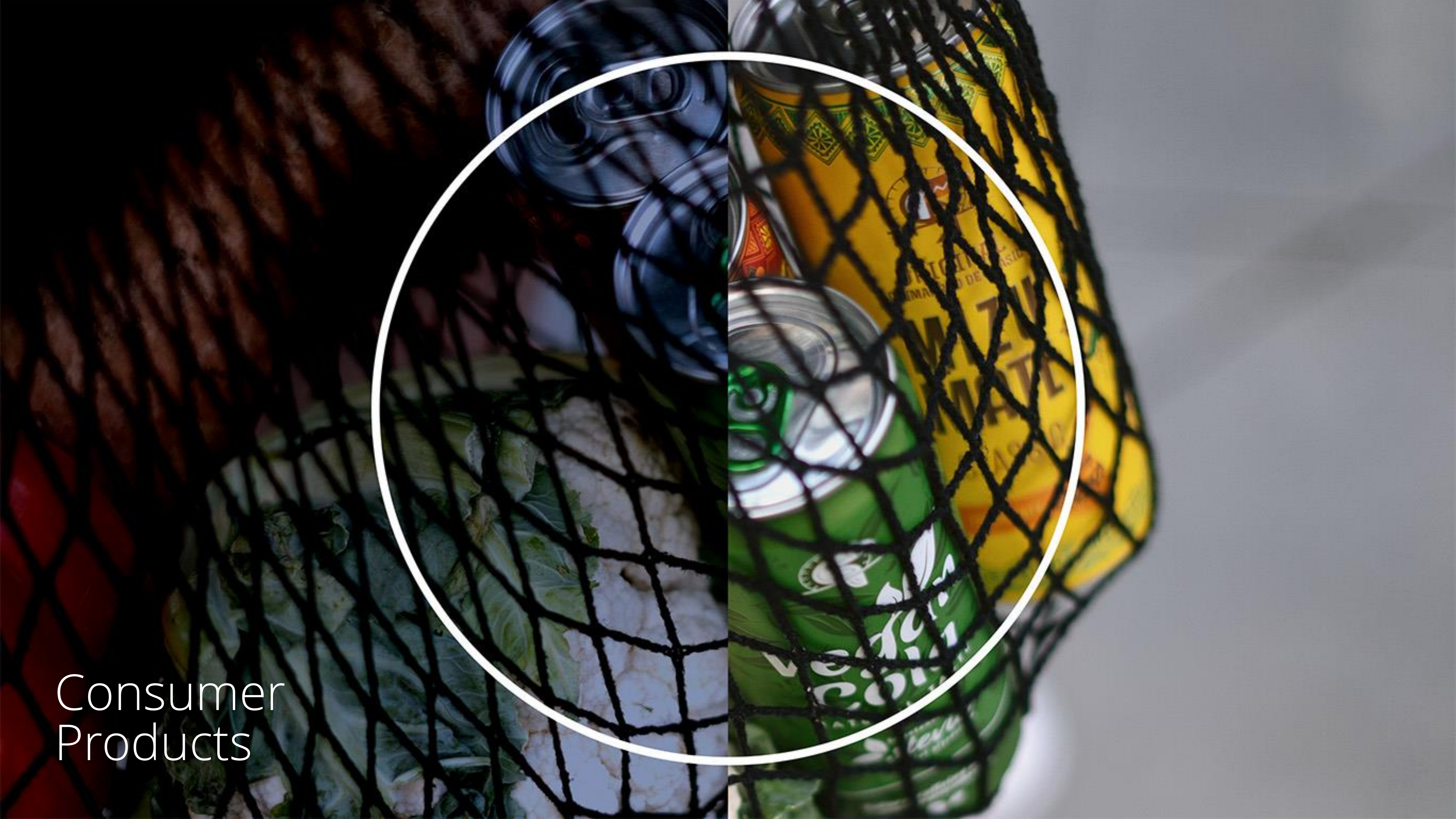
Online sales are up

Meanwhile, the amount spent online rose by 3.3% in February 2025 compared with the previous month but fell by 3.1% in the three months to February 2025 compared with the three months to November 2024. The proportion of sales made online as a share of total retail sales increased from 25.8% in January 2025 to 26.5% in February 2025. Online grocery retailers in particular have reported stronger sales in recent months as consumers have chosen to socialise at home and treat themselves through the convenience of delivery of higher-end groceries. At the same time, the growing popularity of social media influencers and the use of artificial intelligence (AI) has also played a part in the continued growth of online shopping. According to our research, more than one in ten consumers (15%) said they have used AI tools as a source of information when choosing what product or service to buy.

Retail sector outlook

Despite a challenging trading environment, recent improvements in retail sales are encouraging.

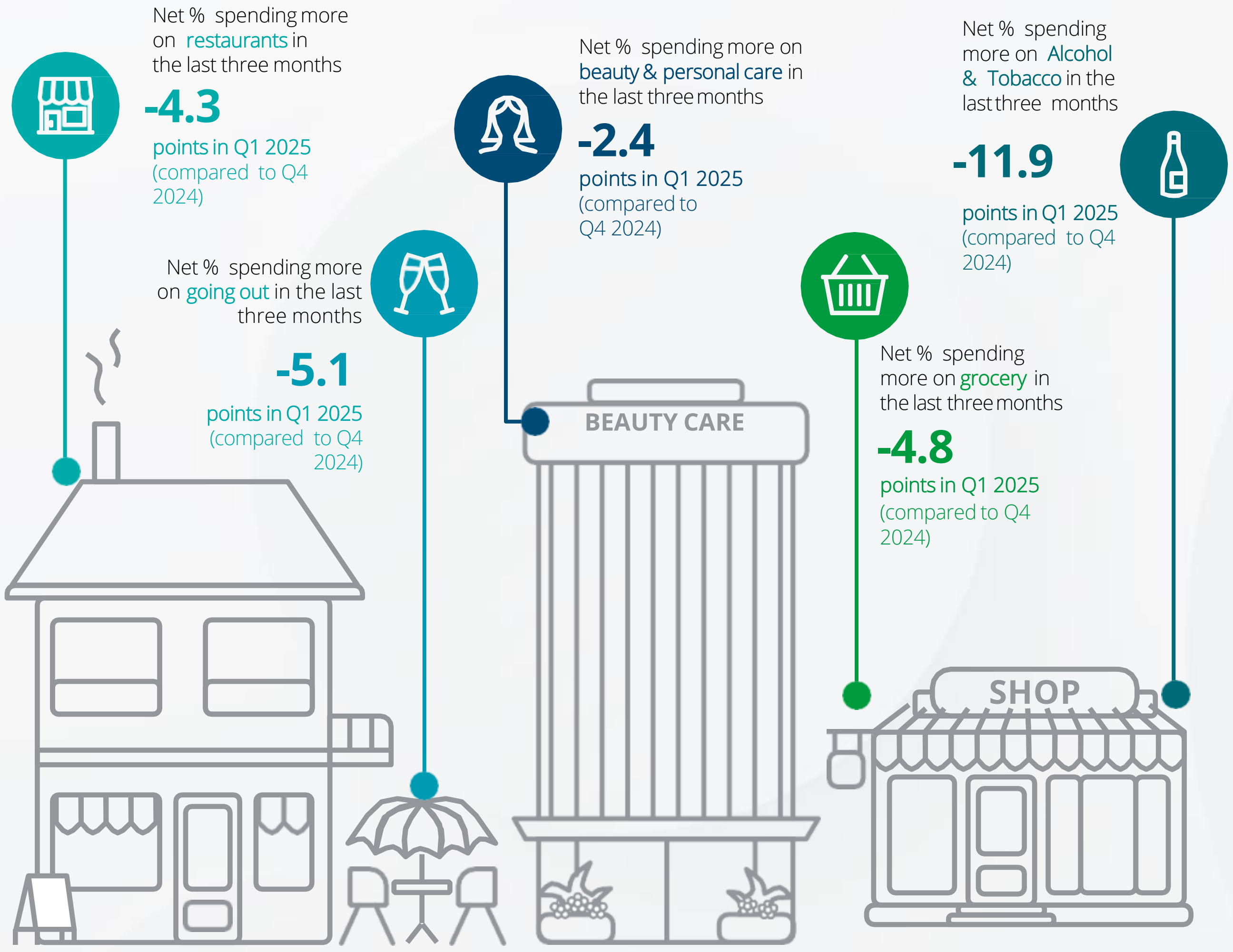
- Our confidence index while flattening has not collapsed and with the arrival of spring, conditions could be right for a more sustained recovery of the retail sector in the months ahead.
- However, like all businesses in the UK, retailers are having to deal with increased taxes and costs following the Autumn Budget. To address these challenges, retailers have been looking to adopt a more precise and strategic approach to cost management including working more closely with suppliers to understand the true drivers of cost increases, differentiating between legitimate cost increases and the more opportunistic price hikes. This transparency is essential for negotiating fair pricing and maintaining strong relationships with suppliers.
- Retailers should also work on reducing the amount of cash tied up in inventory to improve their cash flow and profitability. Retailers will be focusing on reducing stock holding and order quantities, striking a balance between product availability and inventory carrying costs.
- Businesses will be looking at ways to cut costs out of their operations through efficiencies before offsetting input costs through a freeze on hiring, lower pay and prices increases.



Consumer Products

Consumer spending in the last three months

Net % spending more over the last three months



Source: The Deloitte Consumer Tracker

Consumers being more tactical will see brands work harder to find growth

The data from our survey shows that overall net spending on discretionary goods and services dropped as consumers cut down to cope with the higher costs of essentials such as food and utility bills. Demand for discretionary goods and services remains slow as seen by the UK's weaker economic performance since May 2024.

Nervous consumers in the face of much uncertainty are prudent, saving their money rather than spending it on bigger ticket items. When asked, 58% of consumers agreed that they have been more careful with their overall spending in the first three months of 2025.

Given the inflationary risks from tariffs, supply chain challenges, or other unexpected disruptions, if they are forced to raise prices again, consumer products companies will find consumers adopting more tactical spending behaviours, including trading down, finding substitutes, or exiting categories altogether.

Consumer spending in the next three months

Net % intending to spend more in the next three months

Net % intending to spend more on beauty & personal care in the next three months

+2.8

points in Q1 2025 (compared to Q4 2024)

Net % intending to spend more on going out in the next three months

+4.9

points in Q1 2025 (compared to Q4 2024)

Net % intending to spend more on restaurants in the next three months

+10.5

points in Q1 2025 (compared to Q4 2024)

Net % intending to spend more on grocery in the next three months

+13.3

points in Q1 2025 (compared to Q4 2024)

Net % intending to spend more on alcoholic beverages and tobacco in the next three months

+13.7

points in Q1 2025 (compared to Q4 2024)

Consumers plan to spend more in Q2

According to our Tracker data, consumers expect to spend more overall on both day-to-day and more discretionary categories in Q2.

If we go by the performance of the retail sector since the start of the year, consumers might start to show signs of being ready to spend more but the recovery is likely to be mixed.

Source: The Deloitte Consumer Tracker

Consumer products sector outlook

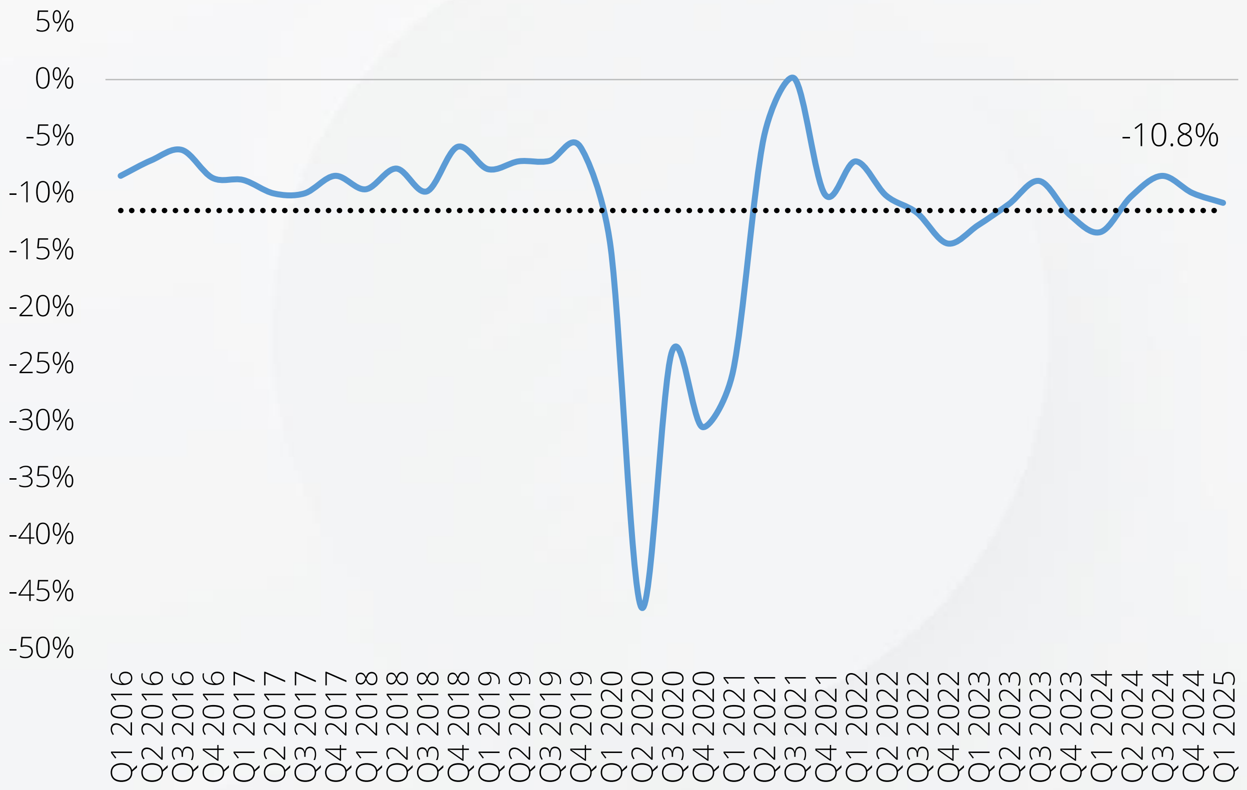
The combination of reduced consumer spending, rising costs and the potential impact of new tariffs suggests a challenging outlook for the consumer products sector in the coming months

- Consumer products businesses will also be among those most affected by recent geopolitical developments. Tariffs announced by the US government could increase costs, potentially squeezing profit margins or forcing businesses to raise prices, which could dampen the recovery in demand.
- Businesses may need to focus on cost management, innovation and strategic pricing to navigate these headwinds effectively.
- Research carried out for our 2025 Deloitte Consumer Products Outlook, shows that top business performers in the sector differ from other consumer products companies in three areas: they invest more in managing their product portfolio and mix to entice the consumer, they invest in capabilities to stimulate demand including more micro targeting of consumers and fund those investments by finding new efficiencies, especially through digitisation and automation.

Leisure

Total net leisure spending in the last three months

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



Source: The Deloitte Consumer Tracker

The leisure sector remains mixed

Data from the Deloitte Consumer Tracker shows that total net spending in the leisure sector decreased from -10% in Q4 2024 to -10.8% in Q1 2025. This slight dip is in part due to seasonal trends, as spending typically softens in the first quarter after much socialising in the last three months of the year.

Out of the 11 leisure categories measured in the survey, seven saw a quarter-on-quarter decline in net spending, with the most significant fall in spending on eating out and on drinking in pubs and bars. The fall in spending on going out to eat and drink is in part seasonal with many consumers cutting back on non-essential spending post-Christmas but also reflects health-conscious consumers' new year's resolutions. The categories that saw an increase in spending in Q1 include long and short holidays. Categories associated with fitness and health also were up in Q1.

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	Q1 2025 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Going to the gym or playing sport	-4.6%	+1.8	+2.4	-1.7
Betting and gaming	-8.6%	-0.8	-0.6	-2.2
Long holidays	-5.3%	+3.0	+3.2	-2.1
Attending live sports events	-8.0%	+0.2	+0.8	-3.5
Short holidays	-7.1%	+1.7	+3.4	-2.8
Other leisure activities	-13.2%	-0.7	+1.4	-5.2
In home leisure activity	-11.8%	-2.6	+3.0	-3.3
Eating out	-11.6%	-5.1	+5.0	-2.1
Culture and entertainment	-14.1%	-0.9	+4.6	-3.2
Drinking in pubs/bars	-17.3%	-3.8	+2.2	-3.8
Drinking in coffee shops/sandwich shops	-17.4%	-2.2	+2.9	-2.9

Source: The Deloitte Consumer Tracker

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	Q1 2025 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Long holidays	1.8%	+5.5	+2.1	+1.2
Short holidays	-1.2%	+5.4	+1.7	-2.7
Going to the gym or playing sport	-2.8%	+0.6	+2.8	-1.6
Attending live sports events	-7.2%	+2.1	+1.3	-2.7
Betting and gaming	-11.9%	+2.9	-0.2	-3.7
Other leisure activities	-12%	+2.8	+0.1	-5.1
Culture and entertainment	-11.9%	+3.8	+0.6	-6.3
Eating out	-13.3%	+9.3	-0.6	-4.6
Drinking in pubs/bars	-15.2%	+9.2	+0.7	-5.4
In home leisure activity	-17.3%	+4.3	+1.0	-5.6
Drinking in coffee shops/sandwich shops	-17.7%	+5.0	+1.9	-5.6

Source: The Deloitte Consumer Tracker

Leisure sector outlook

Spending expected to rise with improving weather

- With the arrival of warmer weather and multiple bank holidays, our data shows that consumers intend to spend more across all the 11 categories tracked by the survey in Q2 2025 when compared with spending intentions for Q1 2025. The uplift will be particularly encouraging for hospitality businesses, as our data suggests that consumers intend to spend more on eating and drinking out as they plan to socialise with friends and family and enjoy warmer weather.
- The travel sector is poised for a strong rebound in Q2, as evidenced by the increase in intended spending on long and short holidays. Despite a cautious economic outlook, travel demand is forecast to remain robust in 2025. Holidaymakers are showing a sustained appetite for travel, particularly for overseas trips. The latest Deloitte Travel Weekly Annual Insights Report reveals that 59% of UK adults are likely to book an overseas holiday this year, marking the strongest intention to travel since their survey began in 2011.
- Travel, hospitality and leisure businesses stand to benefit from consumers' renewed enthusiasm for both out-of-home and in-home experiences. To capitalise on the momentum businesses should continue to focus on delivering value-driven but personalised and high-quality offerings that cater to ever evolving consumer preferences.

Automotive

UK car registrations

Quarterly UK car registrations

	Q1 2025	Q1 2024	% change	Market share 2025	Market share 2024
Diesel	33,833	37,655	-10.2%	5.8%	6.9%
Petrol	286,787	308,549	-7.1%	49.4%	56.6%
BEV	120,191	84,314	42.6%	20.7%	15.5%
PHEV	53,686	42,559	26.1%	9.2%	7.8%
HEV	86,005	72,471	18.7%	14.8%	13.3%
TOTAL	**580,502**	**545,548**	**6.4%**		

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

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

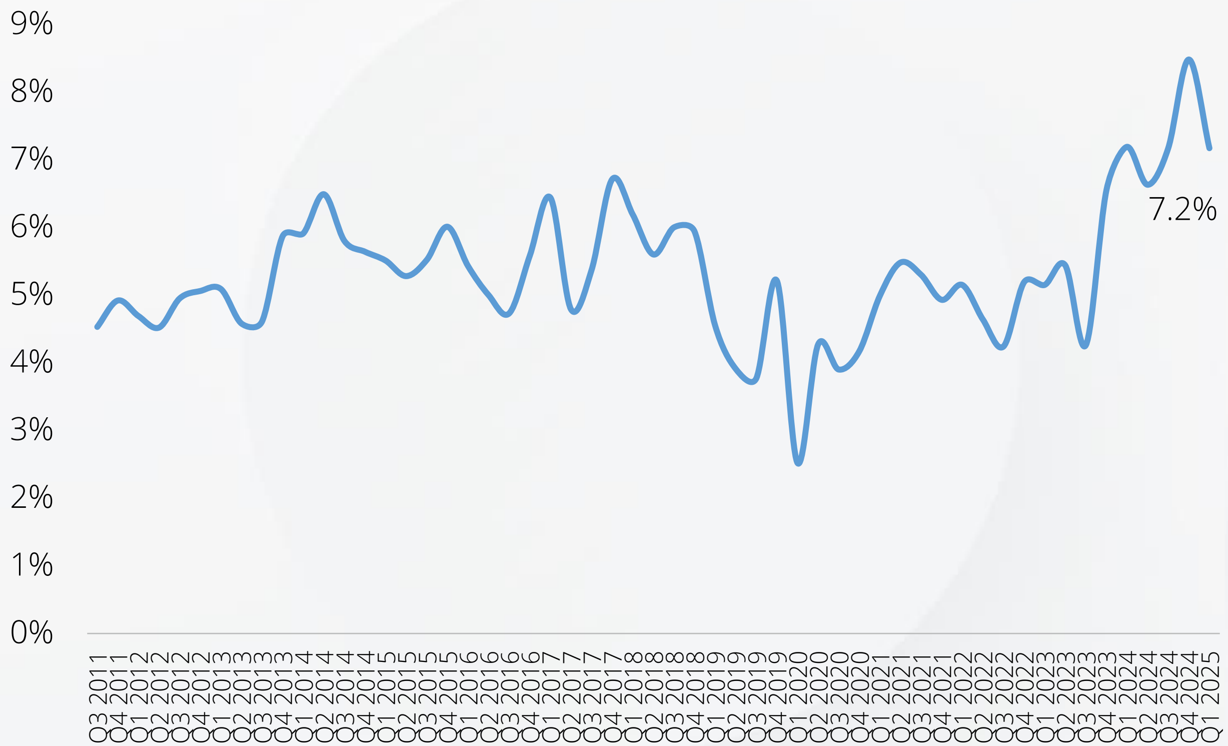
Sales up 6.4% in Q1 2025 compared to Q1 2024

New car sales in the UK grew by 6.4% in the first three months of the year, compared with the same period in 2024. A substantial uptick in performance in March (+12.4%), driven by the launch of the new '24' plate was enough to counter the slow start to the year, which saw sales contract in January (-2.4%) and February (-1.0%). The growth across the quarter reverses the downward trends seen at the end of 2024 where negative year-on-year performances were recorded across all three months of Q4 2024.

Faced with mounting global headwinds, the UK automotive sector will be somewhat relieved to see a continued upturn in its domestic fortunes. Indeed, the March 2025 new car sales figures alone offer a welcome boost to the sector, as well as providing positive signals towards future growth. Another noteworthy trend was the rapid growth of new entrants and challenger brands, especially from China. Indeed, one prominent Chinese brand saw growth of over 600% compared with the same period last year a sign of the growing attractiveness of the UK market to Chinese manufacturers.

Planned car purchases

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



Note: This question was changed in Q2 2020

Source: The Deloitte Consumer Tracker

Planned purchases expected to fall in Q2

Data from the Deloitte Consumer Tracker shows that the percentage of consumers planning to buy a new car in the quarter ahead fell from 8.5% in Q4 2024 to 7.2% in Q1 2025.

This downtick is likely a result of consumers targeting March's new '25' plate to buy a car and the more optimistic observer would note that the figure still remains well above the historical average.

Automotive sector outlook

Improving demand for new cars remains linked to concerns over price and continued economic uncertainty

- As the industry slowly transitions towards an all-electric future, car manufacturers continue to face numerous challenges in maintaining the current growth trajectory. One such challenge is around price, with Deloitte's recent Global Automotive Consumer Study highlighting the price premium associated with EVs as the second biggest concern among consumers. Given that the Vehicle Excise Duty Expensive Car Supplement can now apply to eligible new electric vehicles (EVs) from 1 April, concerns over price are unlikely to dissipate any time soon.
- With this in mind, it will be welcome relief for the majority of manufacturers that the government have announced plans to relax the annual mandated sales targets for EVs.
- The UK government has also signalled its intentions to continue investing in the transition to electric by providing additional funding towards charging infrastructure and maintaining tax breaks for consumers. In addition, the new industrial strategy, due to be published in full in the spring, will further support manufacturers in this sector.

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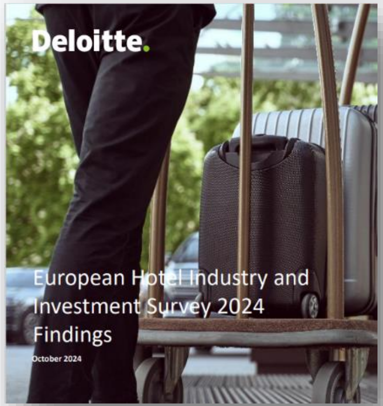
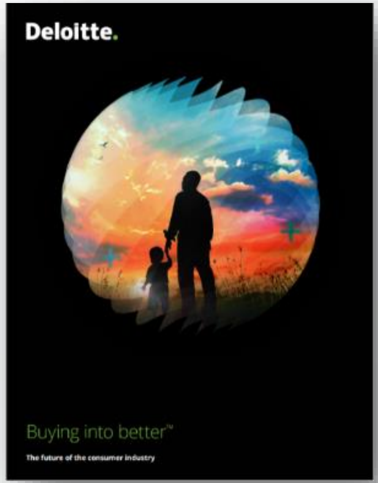
European Hotel Industry & Investment Survey 2024



2025 Global Automotive Consumer Study

The Future of the Consumer Industry



2025 Consumer Products Industry Outlook

The Sustainable Consumer

The sustainable consumer

Retail Trends 2025

Retail Trends 2025

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 14th March 2025 to 17th March 2025.

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.

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