UK consumer confidence stalls for the first time in two years
The Deloitte Consumer Tracker

Q4 2024

MAKING AN IMPACT THAT MATTERS since 1845

Contents

Four key takeaways this quarter

UK consumer confidence remains unchanged in the last quarter of 2024. The latest Deloitte Consumer Tracker shows that UK consumer confidence remains close to its highest level in five years with confidence at -8.1% for Q4 2024 compared with -7.9 % in Q3 2024.

Takeaway 1

Consumers' view on the state of the economy in the UK dropped significantly in Q4

Consumers' view on the state of the economy in the UK dropped by 14 percentage points in Q4 compared with Q3. After recovering for two years, the lack of improvement in the overall index in Q4 points to consumers being nervous about the UK economy following the budget including how higher taxes on businesses might impact their income and prices at the till.

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 some weakening UK GDP growth in the second half of last year.

Takeaway 2

A significant rise in sentiment towards levels of debt was not enough to compensate for the fall in sentiment in other measures

In Q4 only two out of the six measures included in the index rose compared with the previous quarter. At the time of the survey, two base rate cuts since the summer drove a significant six percentage point rise in sentiment towards levels of debt. There was also a marginal half-point rise in consumers' view on their general health.

These improvements were not enough to compensate for the fall in sentiment in the other four measures tracked in our survey. This included a close to four percentage point drop in confidence in household disposable income and a more marginal one percentage point fall in sentiment for both job security and job opportunities.

Takeaway 3

Increased levels of spending blamed on higher prices

The data shows net spending on discretionary goods and services rose for the third consecutive quarter in Q4 after moving into positive territory in the second half of 2024 for the first time since Q3 2021. This improvement is likely to be associated with the festive period with consumers spending more on gifts and socialising. Consumers' net spending on day-to-day categories was also up in Q4, rising for the first time since Q1 2024. As would be expected at this time of year, consumers spent more on food and on utility bills.

However, in a sign that pressure on budgets remains a reality for consumers, when asked about their expenditure at Christmas compared with 2023, two in five consumers (44%) said they had less money to spend and one in two (54%) agreed they spent more because of higher prices.

Takeaway 4

Overall, there is a lag between improving consumers' finances and their propensity to spend more

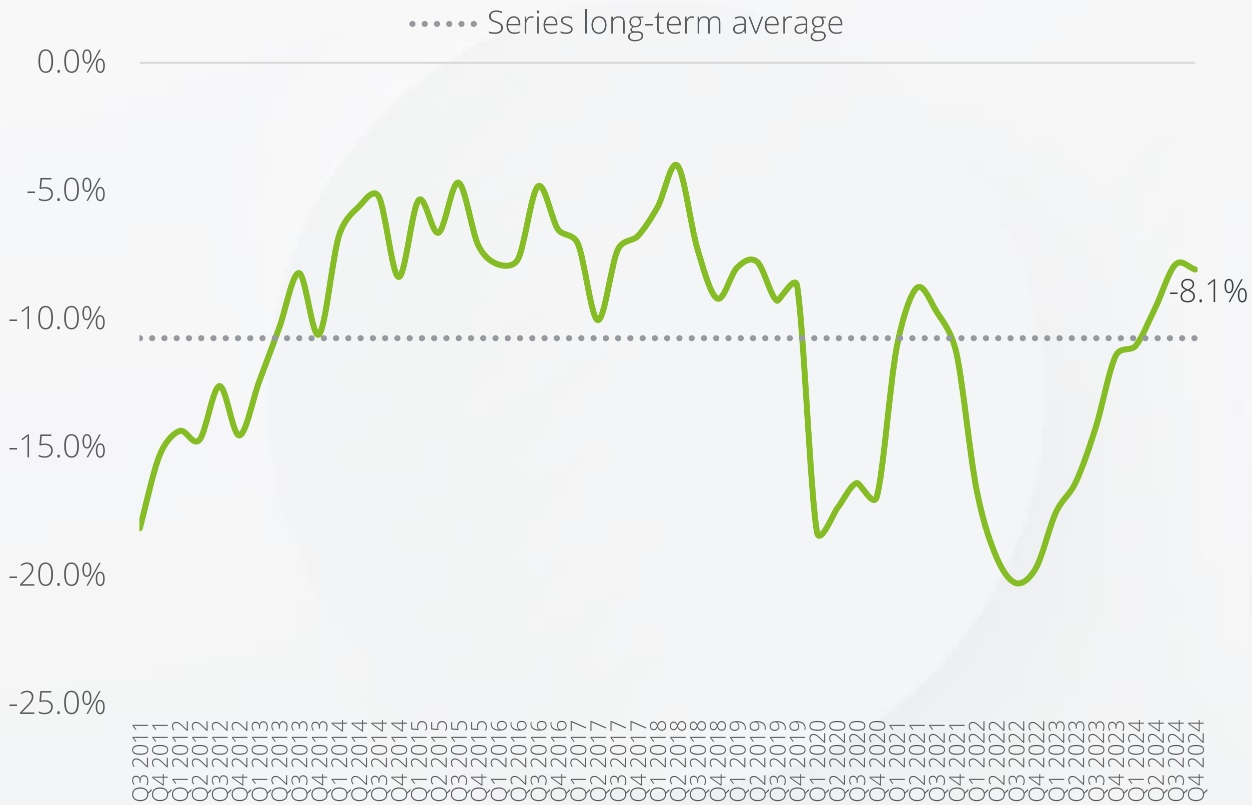
It could be that consumers need more time to digest the volatility and uncertainty of the last few years. Despite strong real income growth over the last two years, consumers will want to see what happens next to the cost of financing their debts, their ability to save, the prices of essential items and their job security.

The consumer recovery this year will depend on how inflationary the environment becomes and how manageable higher prices are for consumers. Consumer demand could remain subdued while the economic environment hopefully settles in the first half of this year. Beyond that, the rise in the minimum living wage, more public spending, the continued easing of monetary and fiscal policies and consumer confidence hopefully continuing to recover, should see demand improving especially in the more discretionary categories.

Consumer confidence

Deloitte Consumer Confidence Index*

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



UK consumer confidence remains unchanged in the last quarter of 2024

The latest Deloitte Consumer Tracker shows that UK consumer confidence remains close to its highest level in five years with confidence at -8.1% for Q4 2024 compared with -7.9 % in Q3 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 Q4 only two out of the six measures included in the index rose compared with the previous quarter.

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).

Individual measures of consumer confidence

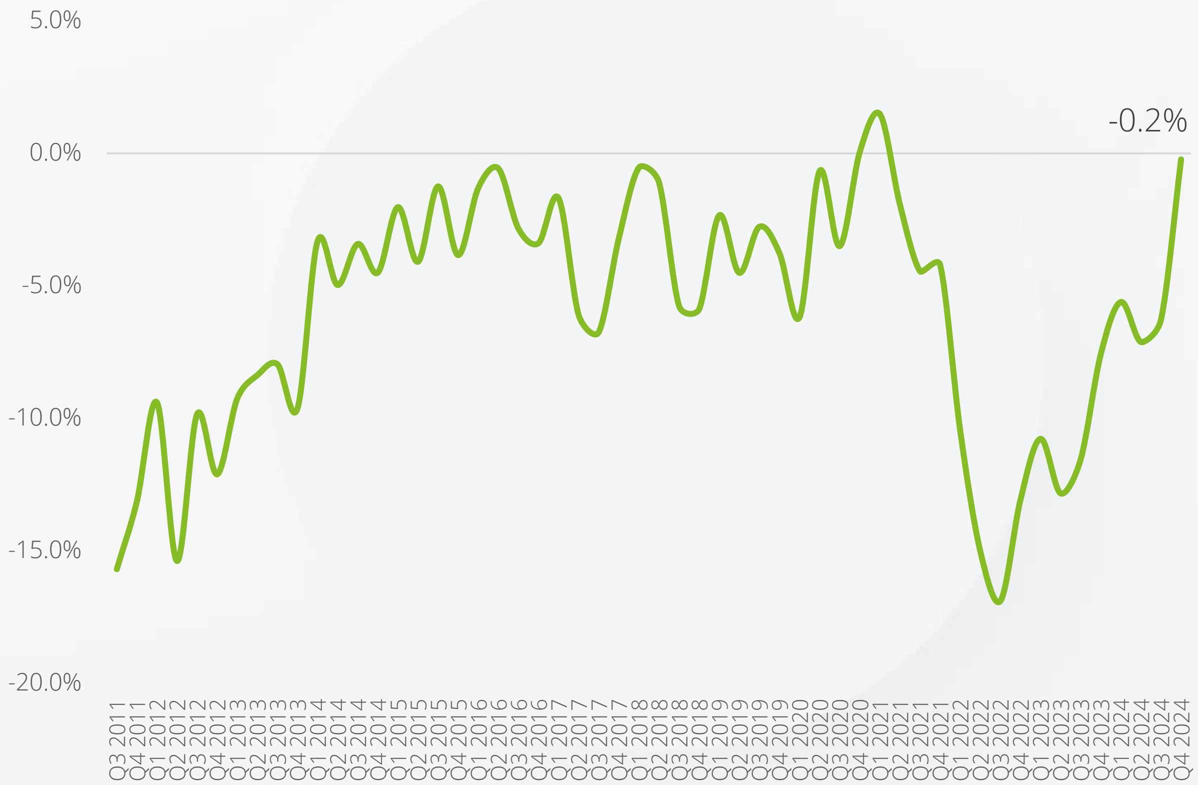
Net % improvement in level of confidence in the past three months

Individual measures of consumer confidence	**Q4 2024** net balances	% point change quarter on quarter	% point change year on year
Your children's education and welfare	**-0.4%**	-2.2	+1.8
Your job security	**-3.7%**	-1.0	-0.9
Your job opportunities/career progression	**-2.5%**	-0.8	+1.1
Your level of debt	**-0.2%**	+6.0	+7.4
Your general health and wellbeing	**-15.6%**	+0.5	+9.0
Your household disposable income	**-26.0%**	-3.6	+1.7
Deloitte Consumer Confidence Index	**-8.1%**	-0.2	+3.4
The state of the economy in the UK*	**-51.4%**	-13.6	-7.4

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

Consumer confidence about their levels of debt

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



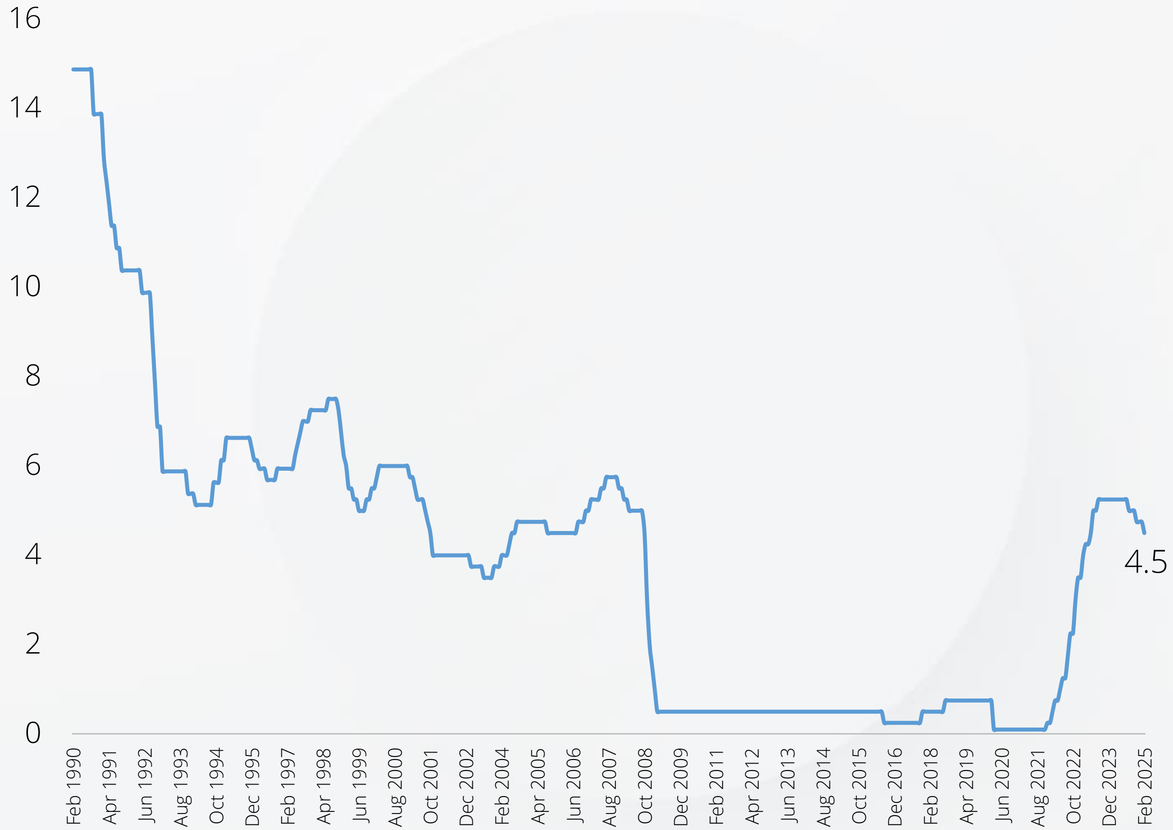
Confidence in levels of debt improves as interest rates are cut for the first time in four years

The Bank of England's (BOE) decision to cut interest rates for the second time in four years in November led to a significant improvement in consumer sentiment around their level of debt (+6 percentage points) in Q4.

Source: The Deloitte Consumer Tracker

Third interest rates cut in a year

Bank of England base rate



Source: Refinitiv Datastream

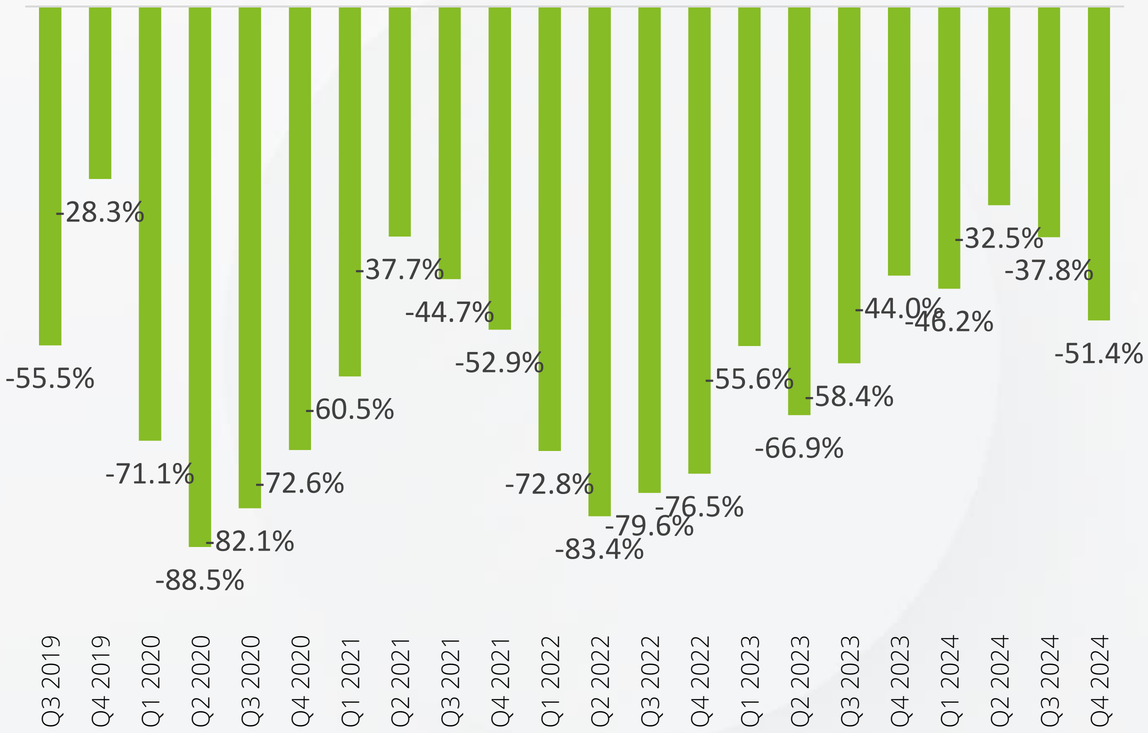
Third rates cut in a year sees interest rates at their lowest level for more than 18 months.

After cutting borrowing costs twice last year in August and November, the BOE cut a further quarter of a point in February 2025 to bring interest rates at 4.5%. Expectations are that as the base rate falls, precautionary savings should diminish and consumption should rebound.

However, inflation is now predicted to rise, as companies say the increase employers' National Insurance contributions from April will push up prices and hit investment and jobs possibly hitting the consumer spending recovery. As a result, the BOE is likely to adopt a gradual approach to monetary easing.

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 fell in Q4

After recovering for two years, the lack of improvement in the overall confidence index in Q4 points to consumers being nervous about the UK economy following the budget including how higher taxes on businesses might impact their income and prices at the till.

Consumers' view on the state of the economy in the UK dropped by 14 percentage points in Q4 compared with Q3. 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 some weakening UK GDP growth in the second half of last year.

Source: The Deloitte Consumer Tracker

Labour market remains stable

UK unemployment rate (all aged 16 and over)

Source: Refinitiv Datastream

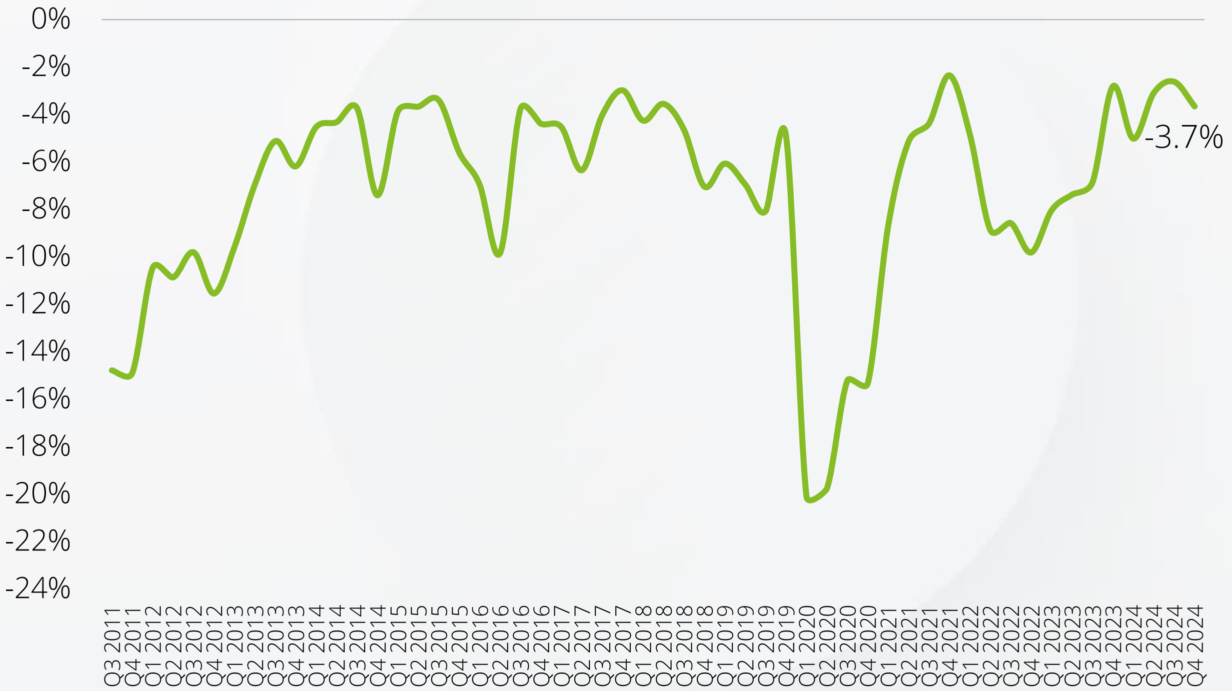
The UK labour market remains broadly stable despite falling number of vacancies

The ONS pointed to an ongoing decline in vacancies, which fell over the past quarter in all industries, leaving the total number of open posts at 812,000 — just above the pre-pandemic level. This was due to the continued slowdown in hiring across the economy as employers pull back on recruitment following the measures announced in the autumn budget. According to the Deloitte CFO survey employment expectations have seen the sharpest fall since the start of the pandemic in early 2020.

However, despite the ONS' difficulties in tracking the true state of the labour market, it reported the rate of unemployment remained stable with no significant pick up in unemployment in the three months to November.

Consumer confidence about job security

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



Sentiment around job security falls

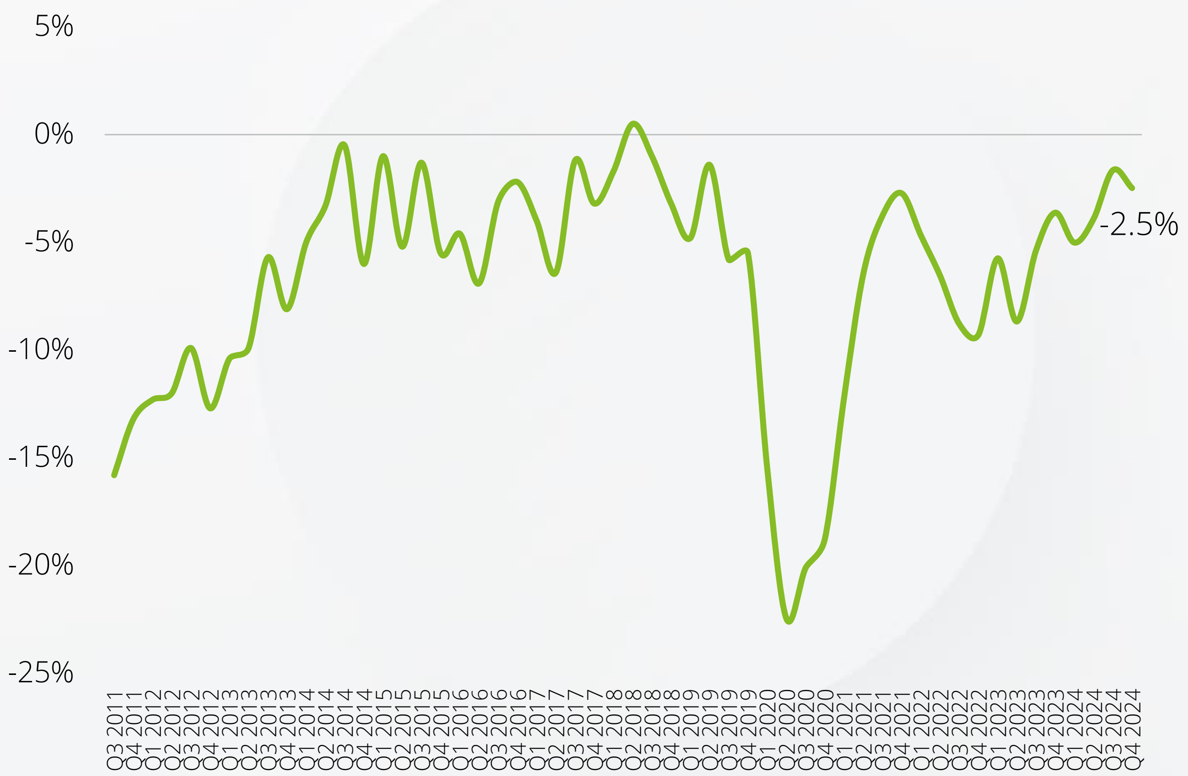
Warning of job cuts led to consumers being more negative about their job security in Q4 compared with the previous quarter, with the measure falling by one percentage point to -3.7%.

This result coincides with weakening official data including fewer vacancies as businesses revise their investment plans in line with the slowing economy and in anticipation of higher tax bills from April.

Source: The Deloitte Consumer Tracker

Consumer confidence about job opportunities and career progression

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



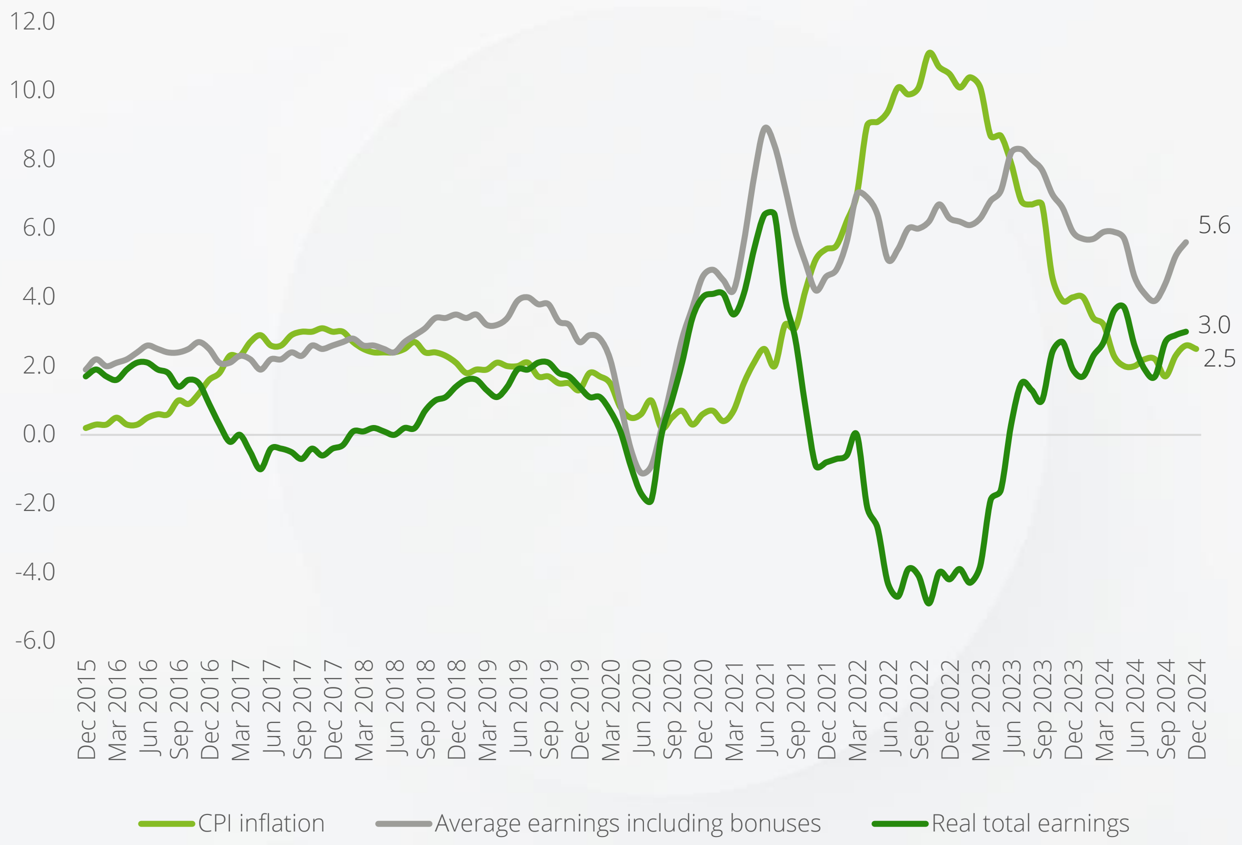
Source: The Deloitte Consumer Tracker

Sentiment about job prospects falls marginally in Q4

In line with a drop in sentiment around job security and in a sign of consumers anticipating a weakening of the job market, confidence in job opportunities and career progression, fell by close to one percentage point in Q4.

Macroeconomic indicators continue to point to improving real living standards

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



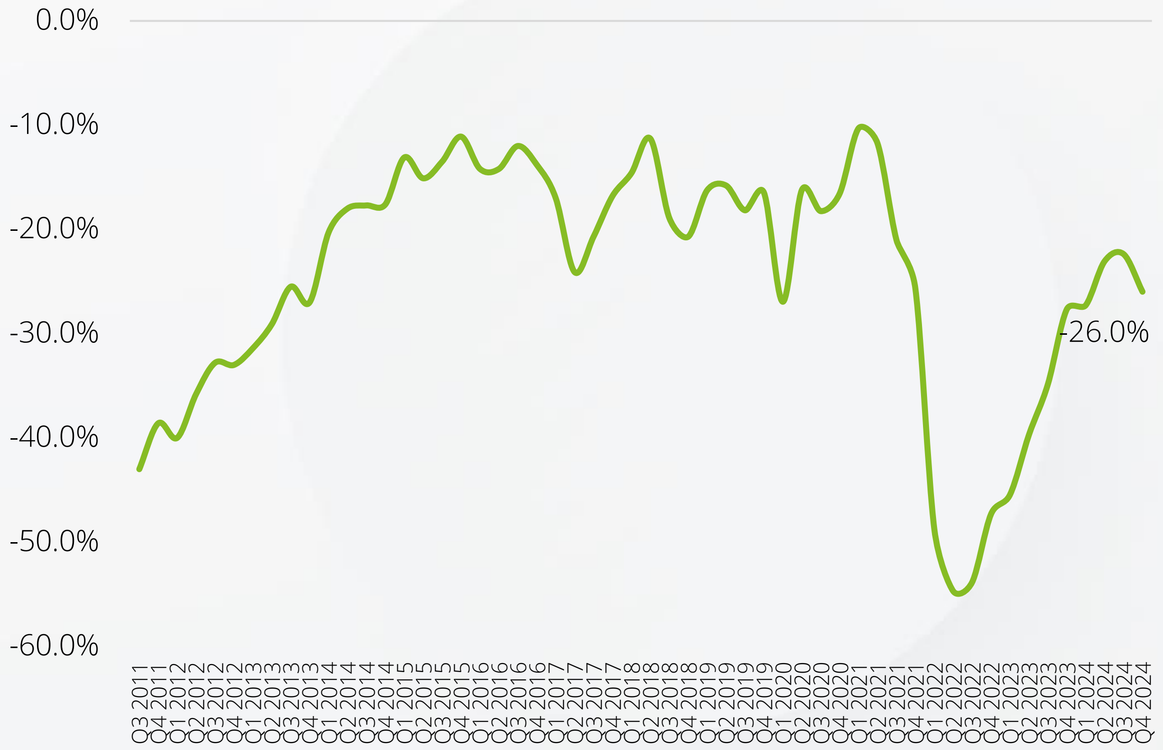
Source: Refinitiv Datastream

Pay continues to grow faster than prices

Despite inflation remaining above the bank of England target at 2.5% in December, wage growth rose again, with average regular pay surging to 5.6% in the three months to November outstripping inflation. As a result, real wages have been rising since the summer of 2023.

Consumer confidence about their levels of household disposable income

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



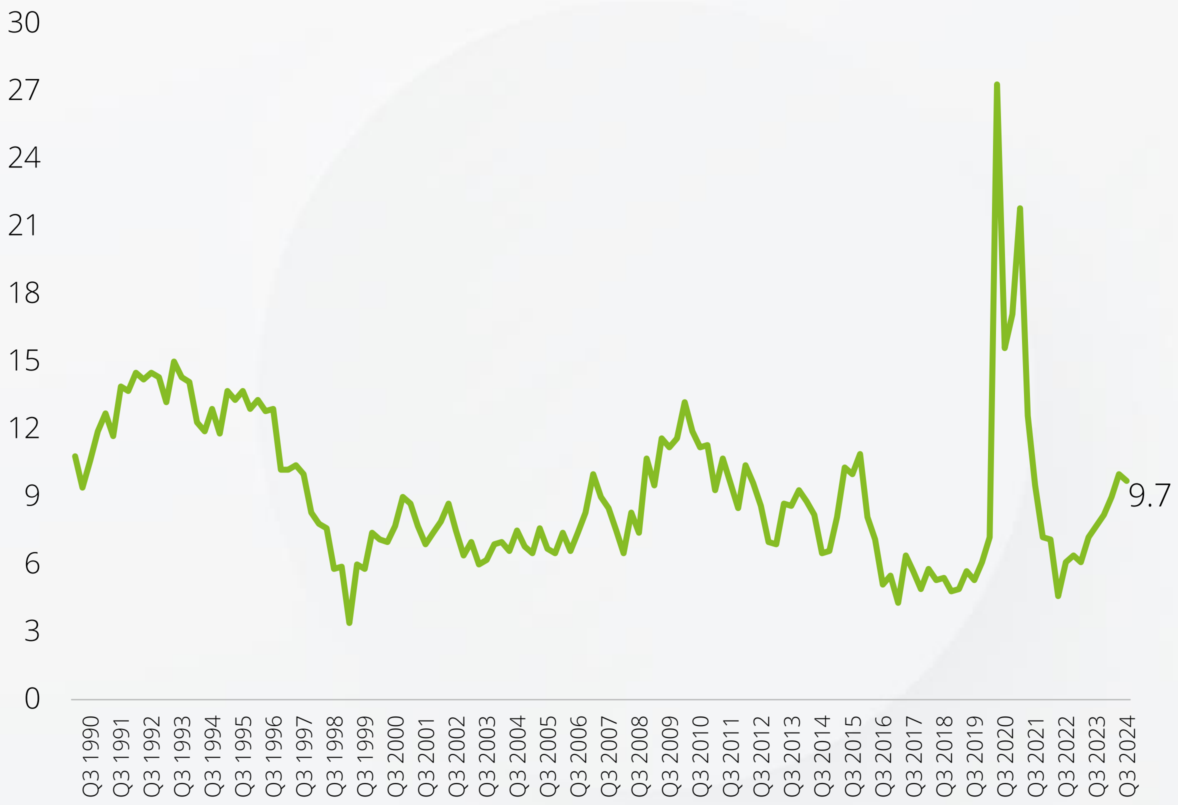
Sentiment around disposable income falls

With consumers anticipating darker days ahead including concerns about rising prices and job cuts, consumer sentiment in levels of disposable income fell for the first time in over two years, the measure dropped four percentage points to -26% in Q4.

Source: The Deloitte Consumer Tracker

Saving ratio rising points to consumers remaining prudent

UK households' savings ratio



Source: Refinitiv Datastream

Consumers choose to save rather than spend

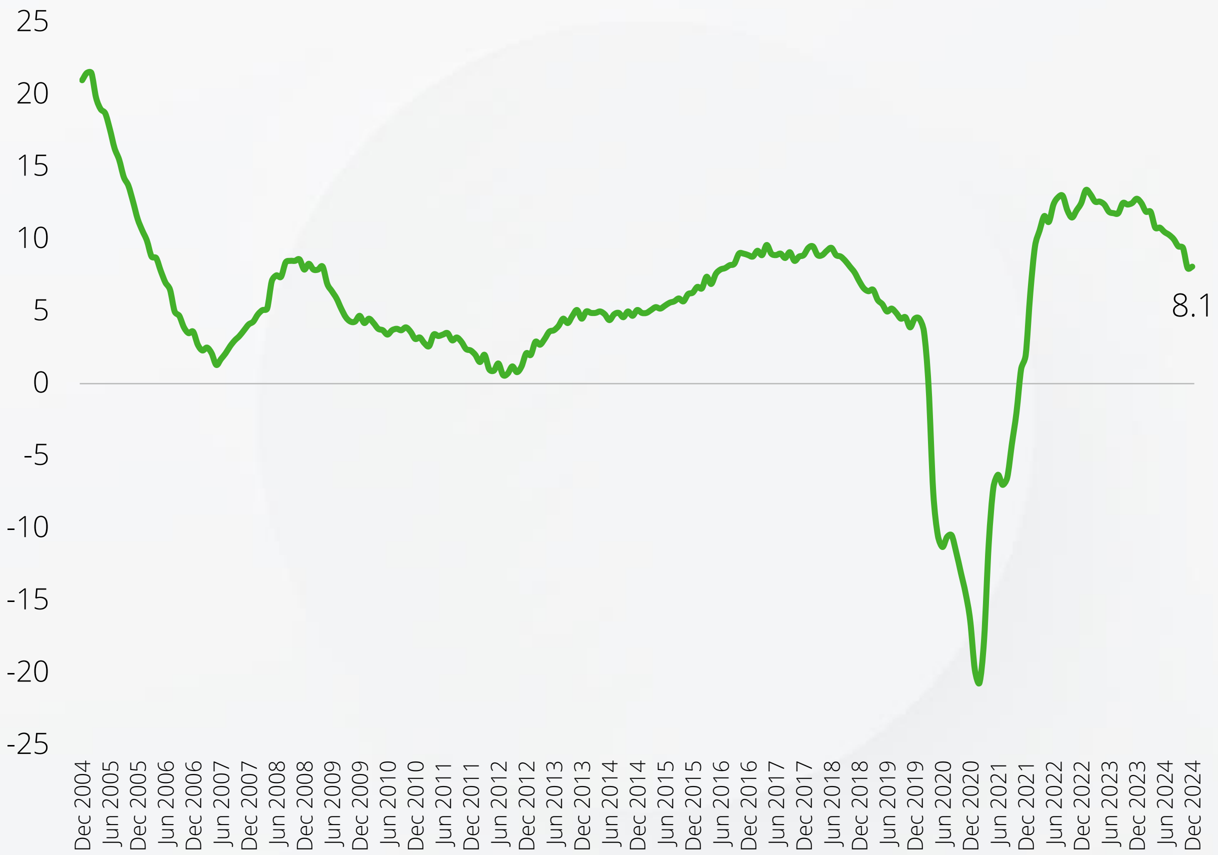
Falling confidence in their job security and prospects mean consumers are more likely to save. The trend of savers moving more money into saving accounts continued as higher interest rates encourage households to save more, borrow less and delay large purchases.

The household saving ratio (i.e., the proportion of disposable income that household save) remain close to a three-year high at 9.7% in Q3 2024, a sign that consumers are apprehensive and were saving some of their additional income in Q3 and only spending part of their income increases.

Despite real wages rising for more than one and a half years, household consumption per capita remained 2.2% below its Q4 2019 levels, before the pandemic.

Household borrowing on credit card slows

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



Source: Refinitiv Datastream

High cost of credit means borrowing on credit card slows

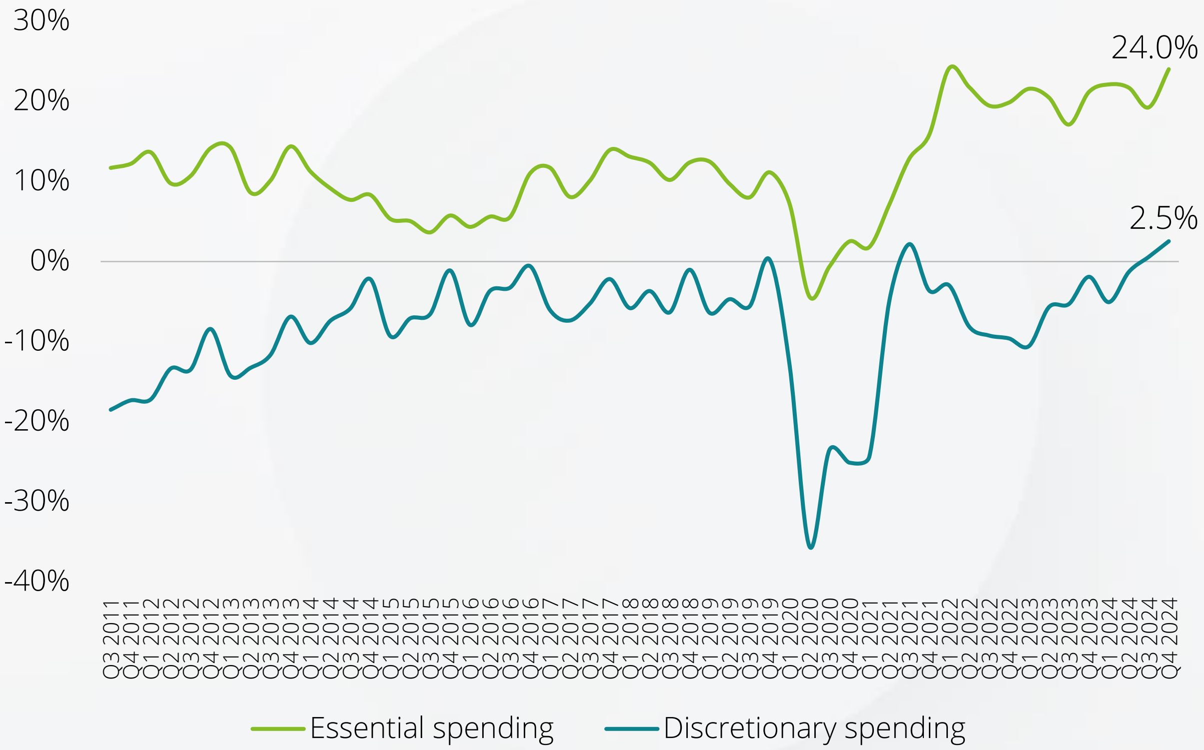
Latest data from the Bank of England shows the annual growth rate for credit card borrowing was down to 8.1% its lowest level in two years.

The data suggests that households have been adopting a more cautious approach to borrowing given still high base rates by historical standards.

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

Signs of consumer spending starting to bounce back

Consumers' net spending on day-to-day categories was up in Q4, rising for the first time since Q1 2024. As would be expected at this time of year, consumers spent more on utility bills and on food.

Net spending on discretionary goods and services show a rise for the third consecutive quarter in Q4 as consumers spent more on gifts and socialising for the festive period. Spending increased in categories such as alcoholic beverages, going out and clothing and footwear. Consumers also reported spending more on major household appliances, electrical equipment, and furniture and homeware as they improved their home ahead of Christmas.

The improvement could signal the start of a bounce back in consumer demand in the non-essential categories after high levels of inflation between 2021 and 2023 that drove consumers to cut their discretionary spending to cope.

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	Q4 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Essential	24.0%	+4.8	+2.8	+12.9
Utility bills	57.2%	+23.0	+3.8	+27.8
Grocery	53.9%	+10.9	+2.3	+26.6
Everyday household items	31.6%	+3.3	-0.5	NA
Housing	22.9%	+0.0	+0.4	+15.8
Landline/mobile phone, internet and cable/TV	16.5%	-0.3	+2.9	+11.4
Transport	20.9%	+2.7	+4.5	+9.6
Pensions and insurance	14.6%	+0.5	+2.1	+10.4
Health	13.3%	+1.8	+6.0	+9.2
Education	7.4%	+1.4	+2.9	+6.7
Beauty and personal care products	1.8%	+4.3	+4.2	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

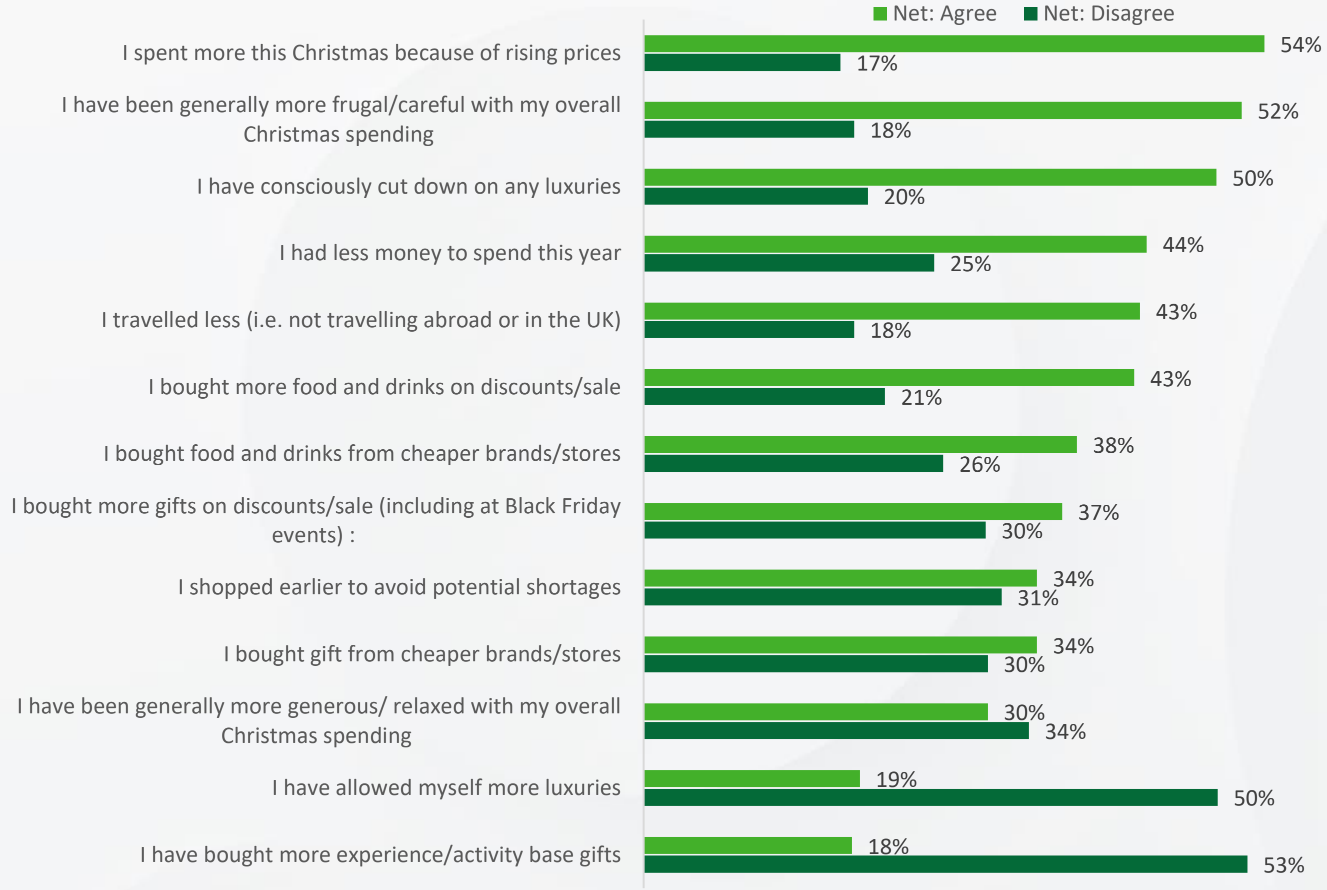
Consumer spending in the last three months by category	Q4 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Discretionary	2.5%	+1.9	+4.4	+2.3
Holidays and hotels	3.0%	-8.5	+4.0	+5.0
Major household appliances	5.4%	+4.3	+4.8	+4.5
Electrical equipment	5.0%	+4.6	+5.8	+2.6
Alcoholic beverages and tobacco	5.9%	+9.8	-0.0	-0.5
Furniture and homeware	-2.3%	+2.8	+5.6	+1.8
Restaurants	0.5%	-1.4	+4.0	+2.7
Clothing and footwear	6.3%	+1.6	+5.1	+3.5
Going out	-3.6%	+2.5	+6.3	-1.4

Source: The Deloitte Consumer Tracker

Consumer spending at Christmas 2024

Thinking about all your expenses in the run-up to and at Christmas 2024 compared to Christmas 2023, to what extent do you agree or disagree with the following statements?

% of UK adults



Consumers spent more at Christmas because of higher prices

In a sign that pressure on budgets remains a reality for many consumers, when asked about their expenditure during the festive period compared with 2023, more than two in five consumers (44%) said they had less money to spend and more than one in two (54%) indicated that they spent more because of higher prices.

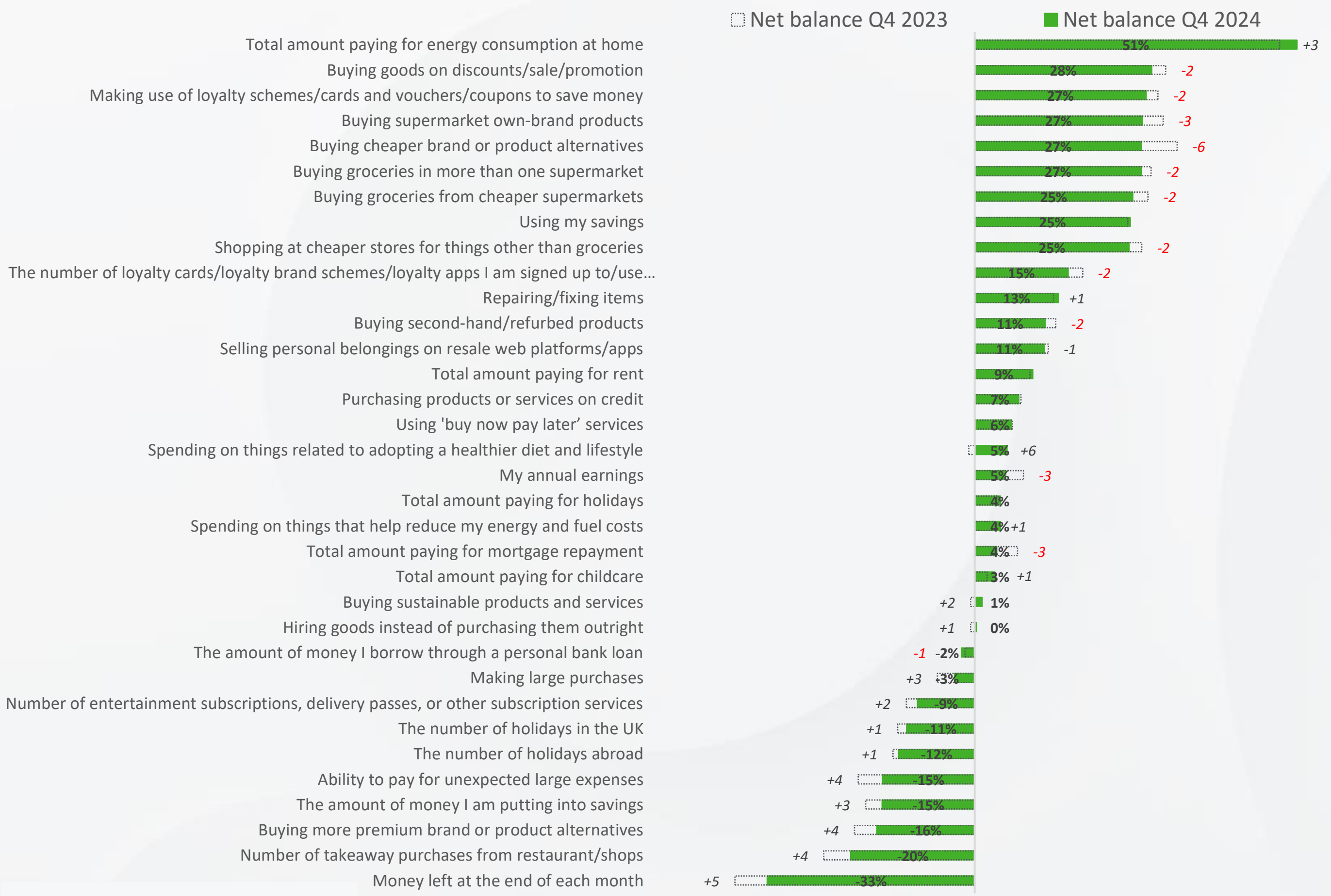
Demand for discretionary goods remains slow as seen by the weaker economic performance in the second half of 2024. Consumers have remained prudent, saving their money rather than spending it on bigger ticket items except for services. Consumers are not only still adjusting to higher prices, they are also continuing to prioritise experiences, such as holidays, over goods.

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



Source: The Deloitte Consumer Tracker

The rate at which consumers adopt more defensive shopping behaviours slowed in Q4 compared with last year.

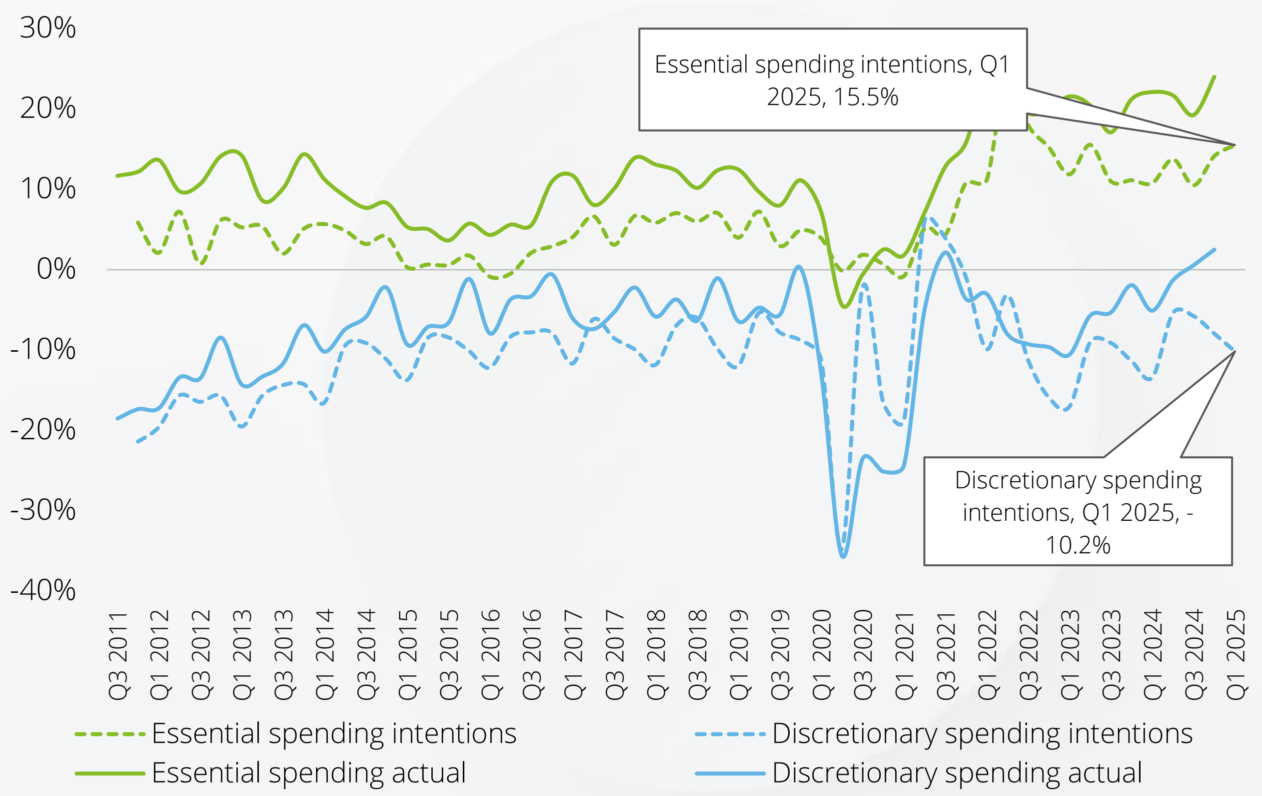
Our data shows that consumers continue to focus on value in Q4 2024 with many increasing trading down by buying cheaper brands or supermarkets' own brands, buying goods at discounts, or on sale or promotion, buying groceries from cheaper supermarkets, and making use of loyalty schemes or cards and coupons to save money.

However, compared to a year ago, our data indicates that consumers have significantly eased their defensive behaviours such as fewer reporting decreasing buying cheaper brands as their financial circumstances improve including how much money they have left at the end of each month.

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 essential categories and less in discretionary categories

Consumers expect to spend more overall on day-to-day categories in Q1 driven mainly by expectations of higher utility bills but anticipate spending less on groceries. Consumers also plan to reduce their spending on less-essential items including categories related to socialising and clothing. The only exception remains the travel sector as sun-seeking consumers book last minute winter holidays or book ahead for their annual summer trip abroad.

The consumer recovery this year will depend on how inflationary the environment becomes and how manageable higher prices are for consumers especially in the more essential categories like food and energy. As a result, consumer demand could remain subdued in the first half of this year. However, in the second half, demand should improve especially in the more discretionary categories, supported by the rise in the minimum living wage, easing monetary and fiscal policies, and a recovery in consumer confidence.

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	Q4 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Essential	15.5%	+1.4	+4.7	+11.6
Grocery	25.2%	-3.9	+5.0	+27.4
Utility bills	52.0%	+2.6	+7.8	+36.2
Everyday household items	17.0%	+2.7	+4.6	NA
Housing	17.4%	+2.1	+2.9	+10.6
Landline/mobile phone, internet and cable/TV	12.1%	+3.5	+5.0	+12.0
Transport	14.0%	+1.2	+6.0	+9.1
Pensions and insurance	10.8%	+1.4	+2.6	+7.2
Health	8.8%	+3.3	+5.5	+6.4
Education	5.5%	+1.3	+3.8	+5.5
Beauty and personal care products	-7.5%	-0.3	+4.3	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

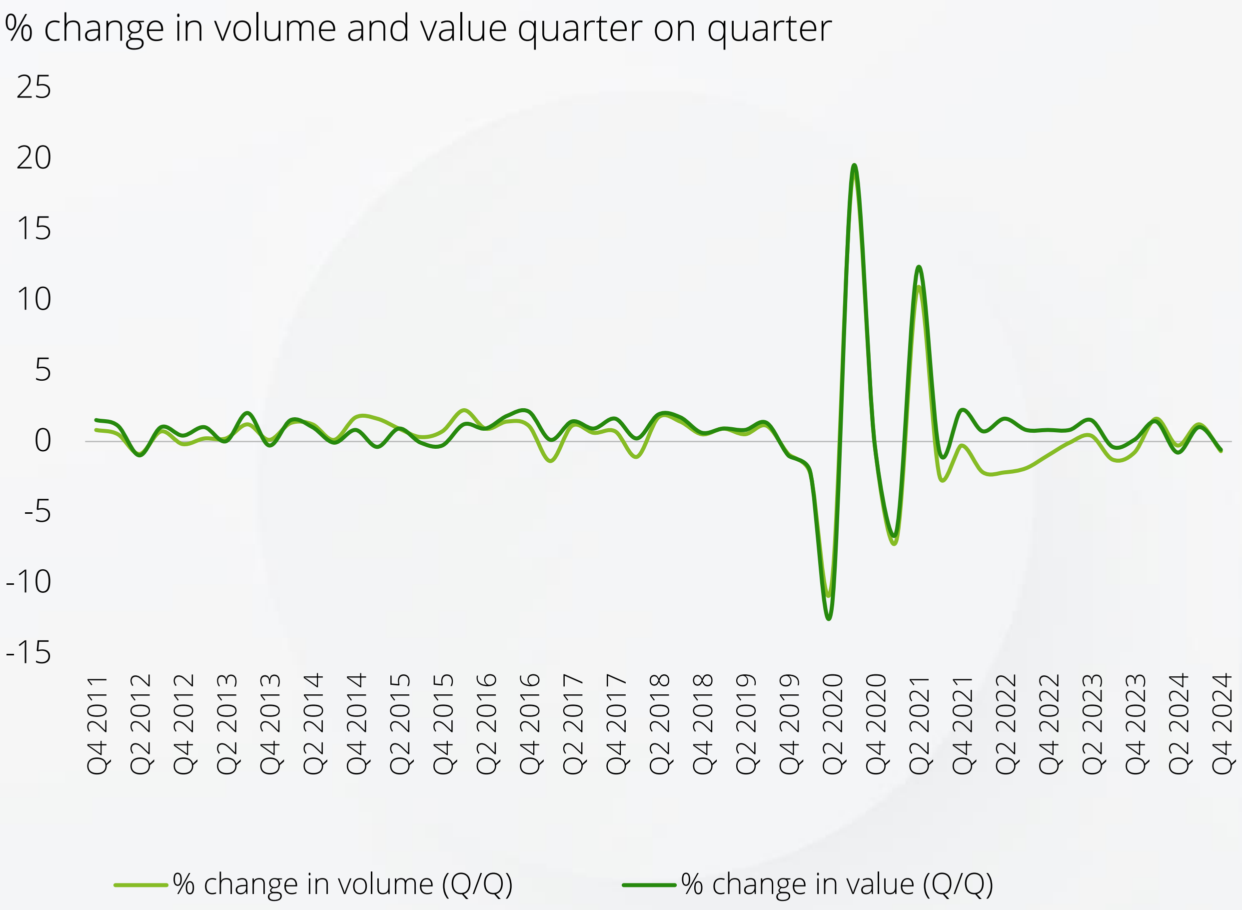
Consumer spending in the next three months by category	Q4 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Discretionary	-10.2%	-2.2	+3.2	+2.1
Holidays and hotels	2.0%	+7.8	+2.7	+2.7
Alcoholic beverages and tobacco	-22.2%	-14.7	-1.4	+1.2
Major household appliances	-4.6%	+0.7	+5.6	+5.4
Clothing and footwear	-11.6%	-5.8	+2.7	+4.8
Electrical equipment	-5.7%	-0.1	+6.3	+6.2
Furniture and homeware	-6.9%	+2.3	+4.6	+1.9
Restaurants	-17.6%	-5.0	+1.9	-1.8
Going out	-15.0%	-2.9	+3.4	-3.9

Source: The Deloitte Consumer Tracker

Sector updates

Retail

Retail sales (incl. fuel SA)



Source: Refinitiv Datastream

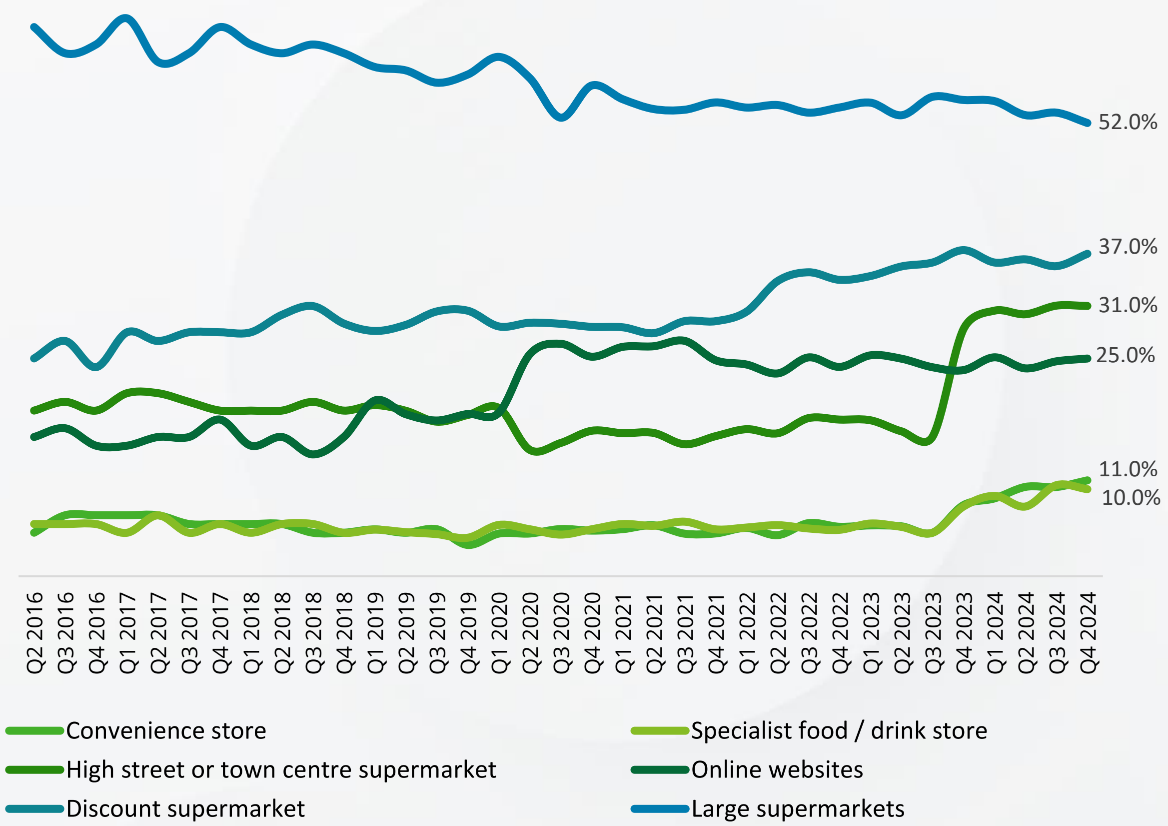
Retail continues to face a challenging environment with weaker than expected sales in Q4 2024

The last three months of the year should represent the busiest period for retail but in a sign of a weaker economy, retail sales volumes fell unexpectedly by 0.8% in Q4 2024, when compared with Q3 2024 according to data from the Office for National Statistics (ONS).

However, when compared with the same period a year ago, there was a 1.9% rise. More broadly, retail sales volumes rose by 0.7% in 2024, following a fall of 2.9% in 2023 and of 4.1% in 2022. Although this marked the first rise in three years, sales volumes have not returned to 2022 levels.

Channel usage for main grocery shop

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



Source: The Deloitte Consumer Tracker

Consumers expand their shopping channels

Christmas trading updates pointed to the major grocery retailers doing better than non-food retail, especially those supermarkets that invested heavily in their loyalty schemes or promotions to generate volume. Although this might have been challenging for the discount supermarkets, the rapid expansion in recent years of some of the larger discount brands, combined with the economic slowdown, has helped those brands become strongly established in the main grocery sector. It is difficult to predict what will happen next in grocery retail given warnings of price increases this year following the Autumn budget. Food price inflation has been gradually increasing since July last year and rose to 3.7% in December, its highest level since March 2024.*

*[*Household spending reaches new high as shoppers splash out on premium lines and festive fizz*]*

Online sales

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

Source: Refinitiv Datastream

Online sales remains stable

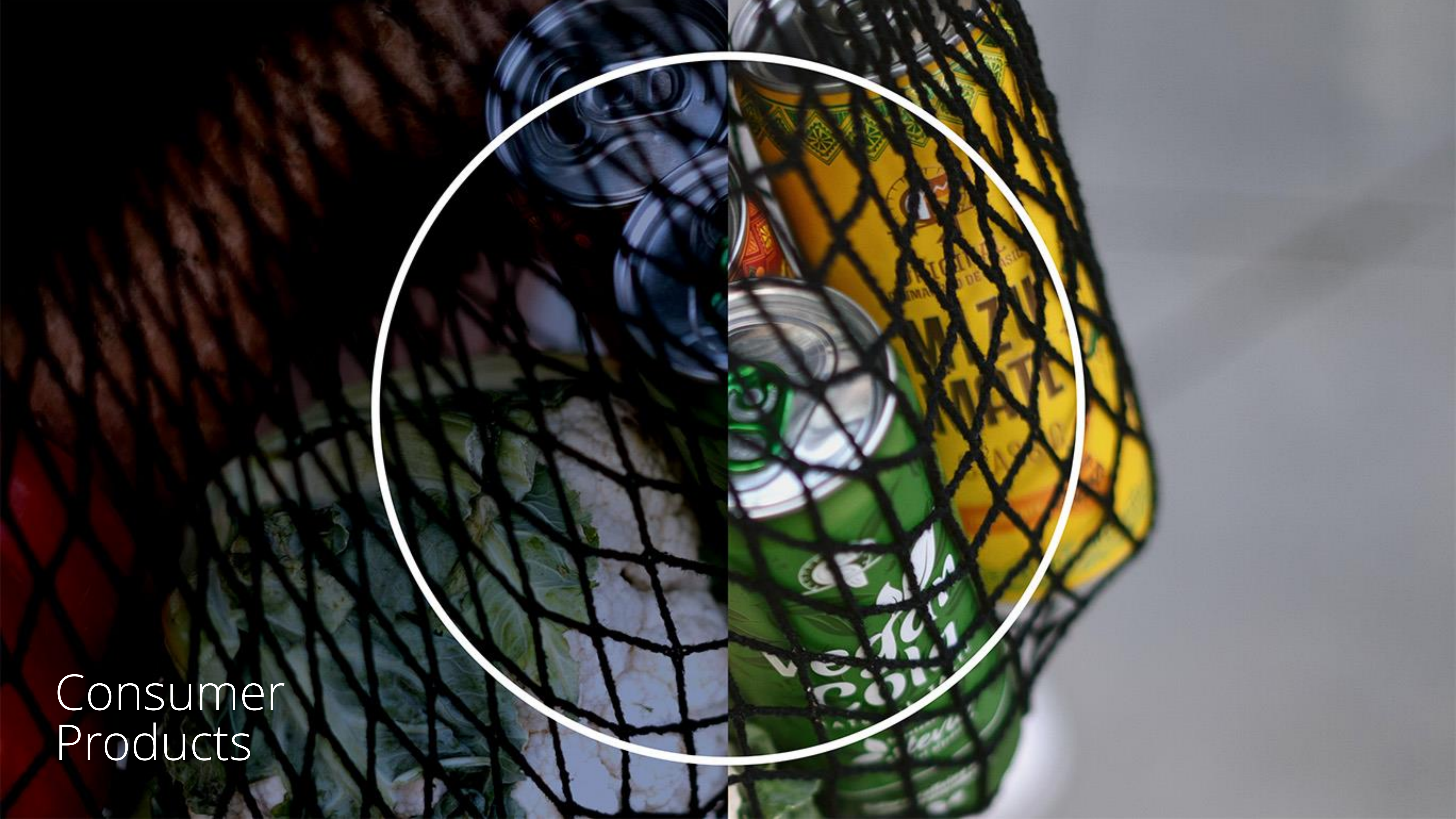
Meanwhile, the amount spent online rose by 1.5% during December 2024, the first monthly rise since September 2024, but fell by 3.3% in Q4 2024 compared with Q3 2024. The proportion of sales made online as a share of total retail sales increased from 26.5% in November 2024 to 27.1% in December.

In a sign of a rebound in online sales, some retailers have reported stronger sales in their online channel despite their in-store sales declining. Consumers seeking value will have gone back to online shopping to compare prices before purchasing. The growing popularity of social media influencers and the use of artificial intelligence (AI) will also have played a part in more people shopping online. According to our research, close to one in five consumers (18%) said they have used AI tools as a source of information when choosing what product or service to buy.

Retail sales outlook

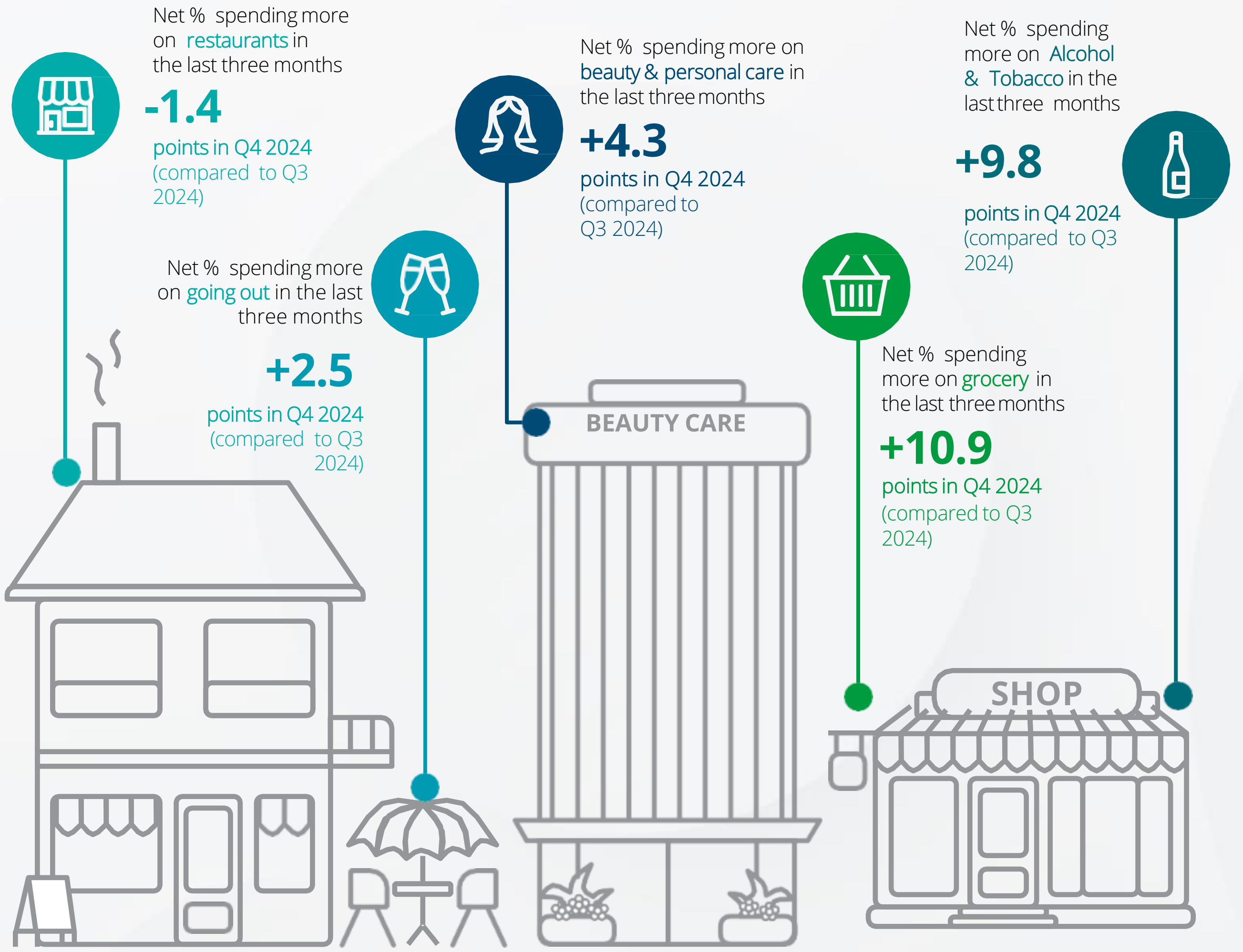
Despite headwinds growth opportunities exist for the most progressive retailers

- Growth in the retail sector faces a number of threats in the year ahead. These include the prospect of restrictive trade policies, ongoing geopolitical tensions, uncertainty around fiscal policy decisions in major economies, an increasing regulatory burden and the potential for another year of subdued consumer spending.
- There are some opportunities for growth for the most progressive retailers that continue to innovate and adapt by finding new sources of revenue.
- According to Deloitte's latest Retail Trends, there are substantial opportunities not only in targeting generation Alpha, defined as those born since 2010, but also by capitalising on the growth of the health and wellness sector including in the beauty and alcohol-free drink sectors.
- In addition, technology including AI will help retailers find efficiencies and improve effectiveness, and better target evolving consumer needs.


Consumer
Products

Consumer spending in the last three months

Net % spending more over the last three months



Signs of consumer spending bouncing back are emerging

As would be expected at this time of year, consumers spent more on food and drinks for the home but also with the trade as they socialised for the festive period. However, where more likely to go out to drink in bars and pubs than eating at restaurants as they tried to control their spending.

There was a significant uplift in the spending on personal care and beauty in Q4 as people treated themselves or others for Christmas. This is also the sign of a growing health and wellness trend. Thanks to the increasing popularity of social media influencers and artificial intelligence (AI) tools many consumers are discovering new beauty routines and products that are more tailored to their specific needs.

According to our research, nearly one in five consumers (18%) said they have used AI tools as a source of information when choosing what product or service to buy.

Source: The Deloitte Consumer Tracker

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

-0.3

points in Q4 2024 (compared to Q3 2024)

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

-2.9

points in Q4 2024 (compared to Q3 2024)

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

-5.0

points in Q4 2024 (compared to Q3 2024)

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

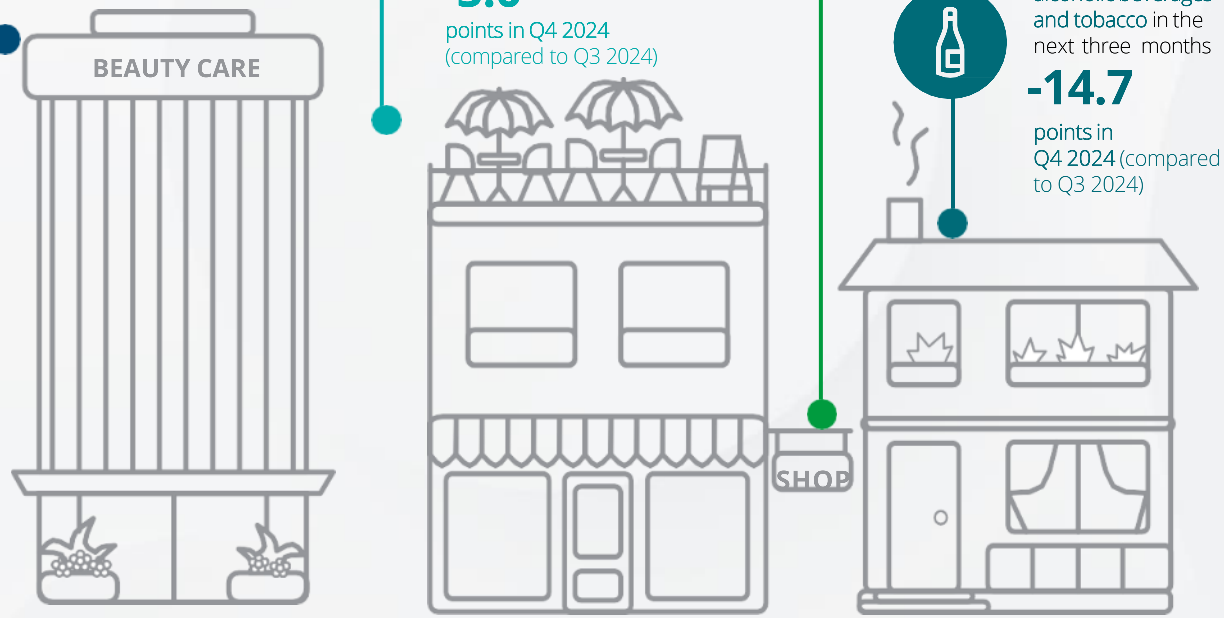
-3.9

points in Q4 2024 (compared to Q3 2024)

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

-14.7

points in Q4 2024 (compared to Q3 2024)



Consumers plan to spend less in food and beverage in Q1

According to our Tracker data, consumers expect to spend more overall on day-to-day categories in Q1 driven mainly by expectations of higher utility bills but anticipate spending less on groceries after spending more at supermarkets for Christmas.

Consumers also plan to reduce their spending on categories related to socialising with consumers expecting to avoid bars and restaurants following festive period celebrations.

Overall, the recovery is likely to be patchy as consumers will continue to make some trade-offs.

Source: The Deloitte Consumer Tracker

Consumer products outlook

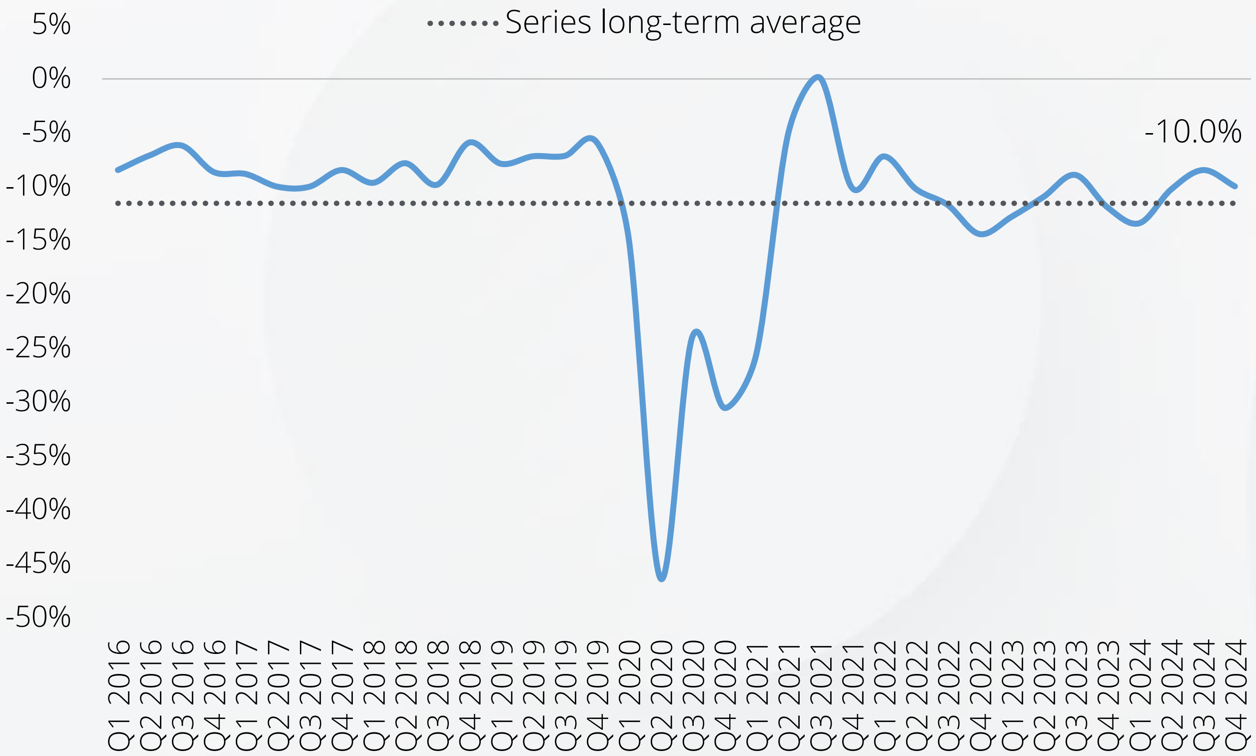
Businesses need to focus on growing volume and finding efficiencies

- As seen in the weak official household expenditure data, consumers are still hesitant to spend more and continue to be thrifty and look for deals. Even with the rate of inflation slowing, they cannot help comparing today's higher prices with those before the pandemic.
- While the ability to raise prices started to decline last year, consumers largely continued to spend. Research carried out for our 2025 Deloitte Consumer Products Outlook, shows that given the challenges around raising prices companies will need to find other ways to pursue growth.
- Analysis of the top business performers highlights differences with other companies in the sector in three areas:
    1. investing more in managing their product portfolio and mix to entice the consumer,
    2. investing in a broader set of capabilities to stimulate demand
    3. and funding those investments by simplifying their business operations and 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

Mixed picture for the leisure sector in Q4

Net spending in the leisure sector fell from -8.5% in Q3 2024 to -10% in Q4 2024.However, in a sign that consumers continue to prioritise services over goods, including ringfencing their holiday budget, spending in the leisure sector rose year on year.

Out of the 11 leisure categories tracked in the survey, seven saw a quarter-on-quarter decline in net spending. A fall in spending on out-of-home sporting or cultural experiences points to consumers prioritising their non-essential spending towards socialising in part due to the time of year. Consumers were still looking to enjoy themselves by spending on those more affordable social or home-comfort experiences. Consumers opted for visiting pubs and bars to socialise over the more expensive alternative of eating out. There was a more significant fall for short and long holidays reflecting the post-summer period with less spending on travel.

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	Q4 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Going to the gym or playing sport	-7%	-0.2	+0.3	-3.0
Betting and gaming	-8%	+1.0	+3.3	-2.7
Long holidays	-8%	-9.5	-0.6	-1.8
Attending live sports events	-8%	-0.8	-0.1	-3.2
Short holidays	-9%	-10.4	+1.2	-3.1
Other leisure activities	-12%	-0.7	+2.0	-4.9
In home leisure activity	-9%	+2.7	+4.5	-3.8
Eating out	-7%	-0.8	+4.1	-4.1
Culture and entertainment	-13%	-0.1	+4.0	-6.8
Drinking in pubs/bars	-13%	+0.7	+0.4	-7.1
Drinking in coffee shops/sandwich shops	-15%	+1.5	+2.2	-4.6

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	Q4 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Long holidays	-4%	+5.4	+1.4	-0.4
Short holidays	-7%	+4.2	+0.8	-1.1
Going to the gym or playing sport	-3%	+1.4	+1.4	-1.8
Attending live sports events	-9%	-0.8	-0.6	-4.9
Betting and gaming	-15%	-3.0	-1.0	-6.0
Other leisure activities	-15%	-0.3	+1.5	-6.0
Culture and entertainment	-16%	+0.1	+1.5	-6.0
Eating out	-23%	-4.4	+1.7	-3.8
Drinking in pubs/bars	-24%	-6.0	-0.1	-6.1
In home leisure activity	-22%	-3.4	+1.9	-7.6
Drinking in coffee shops/sandwich shops	-23%	-2.8	+1.9	-3.8

Source: The Deloitte Consumer Tracker

Leisure sector outlook

Spending expected to rise due to summer holiday booking

- Spending intentions for Q1 2025 reflect seasonality with a higher proportion of consumers intending to spend more on booking their next holiday or focusing on their health by visiting a gym or playing a sport.
- Compared with Q1 2024, a higher proportion of consumers intend to spend more on eating and drinking out in Q1 2025. This is an encouraging sign that despite the seasonal drop, consumers might be easing their more cautious spending behaviours.
- However, consumers will continue to look for value whether it is selecting that all-inclusive holiday closer to home, shortening their trip to afford a foreign holiday, or opting for the set menu rather than an a la carte dining experience at a restaurant. Consumers also continue to be more demanding expecting experiences that are more tailored to both their needs and budgets without compromising on quality.
- Although the travel industry is expecting another year of strong performance in 2025, it needs to keep pace with the evolving economic and regulatory landscape, technological advancements, and an ever-more-demanding new generation of travellers. To find out more read the latest Travel Weekly Annual Report 2024-25 in collaboration with Deloitte.

Automotive

UK car registrations

Quarterly UK car registrations

	2024	2023	% change	Market share 2024	Market share 2023
Diesel	123104	142434	-13.6%	6.3%	7.5%
Petrol	1019128	1066211	-4.4%	52.2%	56.0%
BEV	381970	314687	21.4%	19.6%	16.5%
PHEV	167178	141311	18.3%	8.6%	7.4%
HEV	261398	238411	9.6%	13.4%	12.5%
TOTAL	1952778	1903054	2.6%		

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

Sales up 2.6% in 2024 compared to 2023

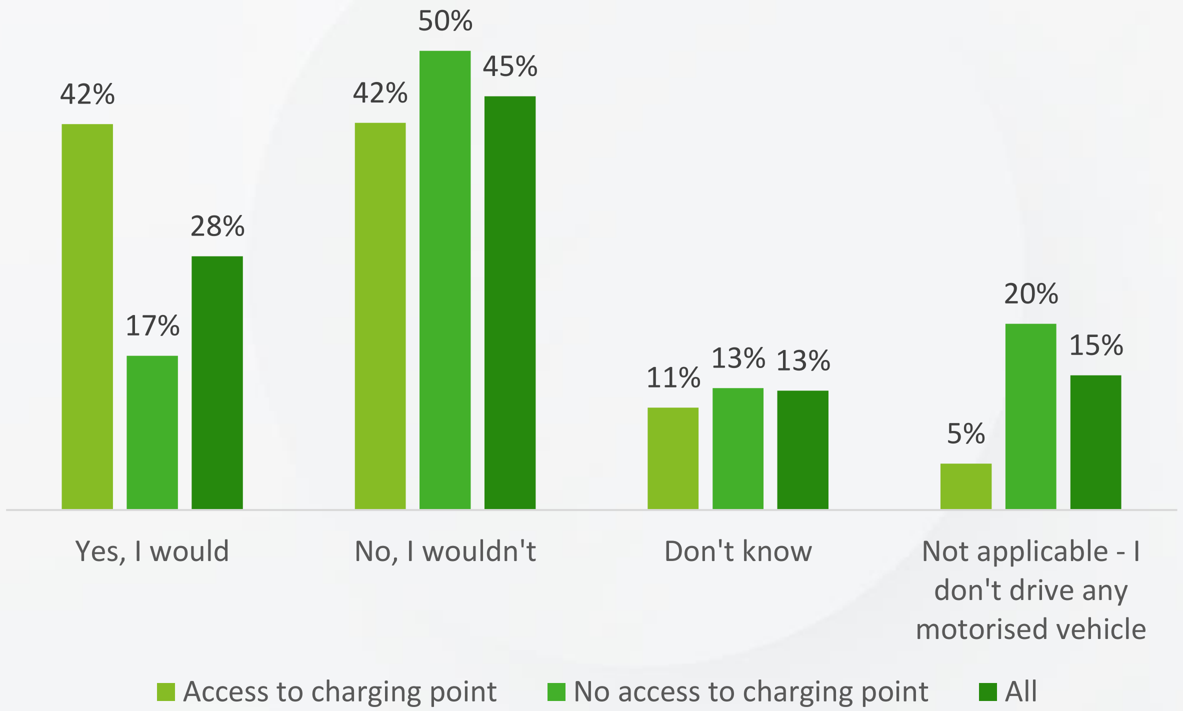
A challenging end to the year for the sector saw new car sales decline in Q4 2024. Despite these results, the UK new car market recorded its second successive full year of growth in 2024 with 1,952,778 new cars reaching the road, representing a 2.6% uptick on the previous year.

Full-year growth was driven entirely by fleets (+11.8%) as businesses continue to take advantage of favourable tax benefits linked to the purchase of electric vehicles. In contrast, registrations by private buyers fell by -8.7% to under 750,000 units – less than in 2020, when COVID-19 restrictions were in place and brought the UK new car market to a halt. Figures released for Q3 2024 indicated a much more positive story in the used car market, with year-to-date figures suggesting growth of +6% compared with the same nine-month period in 2023.

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

EV purchasing sentiment

% of UK consumers that would consider buying a battery electric vehicle as their next vehicle, whether new or second hand – by level of access to a parking space suitable for an EV charging point



Source: The Deloitte Consumer Tracker

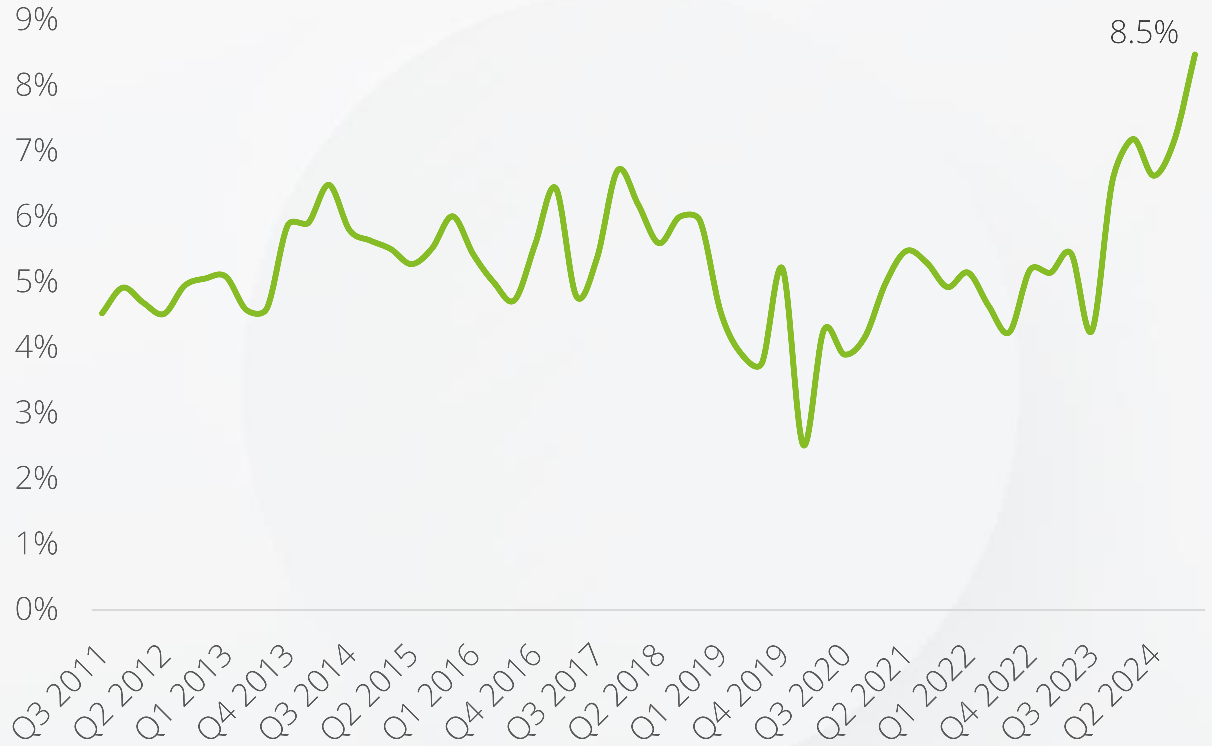
Concerns over the rate of EV adoption

Battery Electric Vehicle (BEVs) now command a 19.6% share of the market, making them the second most preferred type of vehicle. Despite the growth in sales of new and used BEVs, private sales of BEVs lagged fleet sales. While the industry has invested heavily in electric vehicles, a successful transition requires stimulation of demand to complement the requirements on supply. This includes not just providing clarity on 2030 targets and their implementation, but also better incentives to encourage adoption as well as expanding and developing the charging infrastructure.

Deloitte's recent Global Automotive Consumer Study also highlighted the need for investment in better charging infrastructure. The study, found that drivers in the UK ranked the highest (80%) when it came to their preference for charging their electric vehicles at home. While home charging simplifies the charging experience for some people, it also highlights the need to address potential barriers for those without a driveway or off-street parking. A robust public charging network is essential for wider EV adoption as it provides convenience and peace of mind for longer journeys.

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 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 quarter ahead rose from 7.2% in Q3 2024 to 8.5% in Q4 2024, significantly above the historical average. This provides a relatively optimistic outlook for the sector, creating hope that private demand for new cars will pick up again in 2025.

However, these numbers need to be viewed with caution. Recent forecasts for used car sales have baseline scenarios that support only modest growth over the next year with consumer spending remaining subdued as economic conditions fail to improve significantly.*

*[Used Car Forecasts - Insight Quarterly Q4]

Automotive outlook

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

- Modest growth is expected over the next year with consumer spending remaining subdued.
- Cost pressures remain a major concern for manufacturers. The industry will be hoping for the rate of inflation and supply chain pressures to ease, not least because the heavy discounting incentives used to drive uptake of BEVs ahead of the implementation of the ZEV Mandate look unsustainable.
- Elsewhere, the sector will have to contend with changing consumer behaviour, with UK consumers increasingly showing much lower levels of brand loyalty compared to other markets. According to figures from the Global Automotive Consumer study, more than half of UK consumers do not currently drive a car that is the same brand as their previous vehicle. At the same time 56% of consumers intend to switch brands the next time they purchase a car.

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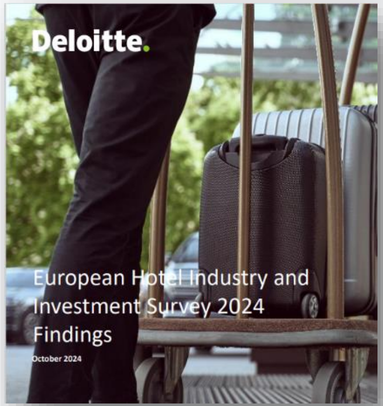
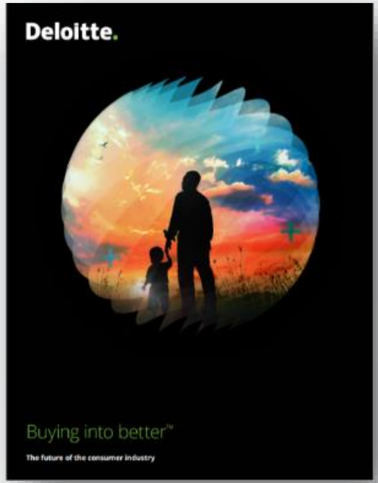
European Hotel Industry & Investment Survey 2024



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 3rd January 2025 to 6th January 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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