

User guide to consumer trends

Overview of the Consumer trends, UK bulletin, which presents comprehensive estimates of household final consumption expenditure, constructed to conform to the European System of Accounts 2010 and the classification of individual consumption by purpose.

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Table of contents

1. [Introduction to consumer trends](#)
2. [Users of consumer trends](#)
3. [Data sources](#)
4. [Categories of expenditure \(COICOP\)](#)
5. [Volume series and annual chain-linking](#)
6. [Revisions analysis](#)
7. [Consistency with other releases](#)
8. [Household expenditure estimates work programme](#)

1 . Introduction to consumer trends

Household final consumption expenditure (HHFCE) within the context of the UK National Accounts is defined as personal expenditure on goods and services, including imputed rent of owner-occupied dwellings, the administrative costs of non-life insurance and life insurance, and superannuation schemes. Business expenditure and expenses, interest and other transfer payments and capital expenditure on dwellings are all excluded from household final consumption.

The estimate of HHFCE where net tourism expenditure is included is called the UK national estimate. When net tourism is excluded, this produces the aggregate total UK domestic expenditure. These and other points that affect the general definition of HHFCE are discussed in greater detail in [definitions and conventions for UK HHFCE](#).

2 . Users of consumer trends

The expenditure information contained within the [consumer trends release](#) is used by a range of public and private bodies as well as individuals. An example is the use of implied deflators. These are an important measure of price pressures for goods and services within the UK economy and are therefore useful to government policymakers and the Bank of England.

The total, national household final consumption expenditure (HHFCE) estimate contained in consumer trends accounts for approximately 60% of the gross domestic product (GDP) expenditure measure produced as part of the UK output, income and expenditure and [quarterly national accounts statistical bulletins](#).

HHFCE estimates from the consumer trends release are also used in our other statistical outputs and releases, including the household saving ratio, the [Effects of taxes and benefits on UK household income](#) and [Annual Abstract of Statistics](#). HHFCE estimates are used by the private sector to analyse demand for different goods and services, for example, we have provided further detail on the changes in household expenditure on fuel to consultancy firms.

We welcome feedback and suggestions on this release through the email address consumer.trends@ons.gov.uk.

3 . Data sources

The quarterly and annual estimates of household final consumption expenditure (HHFCE) at current and previous year prices are built up commodity by commodity from a variety of independent sources. Each component series within HHFCE is individually seasonally adjusted in current price and volume terms.

The main sources of data used to compile HHFCE estimates are the Retail Sales Inquiry (RSI) and the Living Costs and Food Survey (LCF). Further detail, including the strengths and weaknesses of source data, are considered in [HHFCE sources \(PDF, 171KB\)](#).

4 . Categories of expenditure (COICOP)

In the [consumer trends release](#), household final consumption expenditure (HHFCE) estimates are categorised according to international classification of individual consumption by purpose (COICOP) standards. More information on COICOP classification can be found in [Classification of household consumption headings \(PDF, 134KB\)](#) and from the [UN Statistics Division](#).

The categories with COICOP codes are as follows:

- 01 Food and non-alcoholic beverages
- 02 Alcoholic beverages, tobacco and narcotics
- 03 Clothing and footwear
- 04 Housing, water, electricity, gas and other fuels
- 05 Furnishings, household equipment and routine household maintenance
- 06 Health
- 07 Transport
- 08 Communication
- 09 Recreation and culture
- 10 Education
- 11 Restaurants and hotels
- 12 Miscellaneous goods and services

Tables are also presented for durable goods, semi-durable goods, non-durable goods and services using COICOP divisions.

Each table has six variants, denoted by a suffix:

- CN for current prices, not seasonally adjusted
- CS for current prices, seasonally adjusted
- KN for chained volumes, not seasonally adjusted
- KS for chained volumes, seasonally adjusted
- DN for implied deflators, not seasonally adjusted
- DS for implied deflators, seasonally adjusted

Implied deflators are an indirect measure of inflation and are presented in the consumer trends briefing.

5 . Volume series and annual chain-linking

The [consumer trends release](#) provides volume measures of household final consumption expenditure (HHFCE) estimates. These chained volume measures (CVMs) allow users to identify changes in expenditure on a good (or service) resulting from a change in the quantity purchased, rather than a change in the price of that good (or service).

Since the Quarter 2 (Apr to June) 2003 edition of consumer trends, volume measure estimates (.KN and .KS tables) have been produced by a process called annual chain-linking. This method is used to ensure changes in the structure of the economy are reflected in statistics of growth as early as possible.

Annual chain-linking uses a reference year in which current price series and the corresponding volume measures are equal in pounds sterling (or take the value 100 in index number form). The current reference year is 2018. Although the use of chain-linking produces more accurate growth rates, there is a loss of additivity (components no longer sum to totals) for annual estimates before 2018 and Quarter 1 (Jan to Mar) 2019 for quarters.

More information on [annual chain-linking](#) can be found in Definitions and conventions for UK HHFCE.

6 . Revisions analysis

An analysis of revisions to the main household expenditure series – growth rates of total expenditure at current prices and in chained volume terms – appears at the end of the [consumer trends statistical bulletin](#).

7 . Consistency with other releases

The household final consumption expenditure (HHFCE) estimates in the [consumer trends release](#) are consistent with those appearing at Tables E1 to E4 of the [quarterly national accounts](#) statistical bulletin for the same period.

8 . Household expenditure estimates work programme

This section outlines some of the main outputs and responsibilities of the Office for National Statistics (ONS) HH Delivery and Development Branches in producing household final consumption expenditure (HHFCE) estimates.

It also summarises what work is underway within the ONS to further develop and improve the outputs to address existing limitations and also prepare for future changes (including the implementation of European statistical requirements). This will help users understand the limitations of the currently published estimates but also highlight developments that will improve the estimates. As progress is made with the improvements listed here, we will provide updates and share information on the extent of planned revisions.

Main outputs and responsibilities for household final consumption expenditure

Primary objectives of HH Delivery and Development teams in producing household expenditure estimates

HHFCE is part of national accounts. As such, the team's responsibilities include:

- processing of HHFCE estimates to be included in the quarterly gross domestic product (GDP) releases
- providing supply and use balanced HHFCE estimates for the annual Blue Book; a description of the supply and use process can be found in the input–output supply and use tables
- reviewing methodology in household expenditure for national accounts to ensure a robust set of estimates
- publishing consumer trends and HHFCE estimates, presenting a comprehensive set of estimates of household final consumption quarterly, in line with the national accounts schedule
- producing estimates that conform to the European System of Accounts 2010 (ESA 2010) classification of individual consumption by purpose (COICOP)
- producing and delivering HHFCE data to Eurostat – this delivery is required to comply with European legislation