As the summer has drawn to a close, the weather is not the only thing that has cooled down. Consumer confidence has declined three points between the second and third quarter of 2018. Yet, consumers remain as confident as they were in this time last year, leaving leisure spending also up with levels seven points above Q2. However, the trend towards fluctuating leisure spending suggests that the previously resilient consumer is gradually becoming more weary of the wider economic uncertainty.

Cooling down

After a year of trending upwards, the Deloitte Consumer Confidence Index declined by three points in Q3 2018 from previous quarter. A more negative consumer sentiment around the load of debt and disposable income were the biggest contributors to the quarterly fall. This explains why leisure spending also dipped down, with the 18-34s prioritising everyday leisure, while the over-55s have increased spending mainly on big ticket items such as holidays.

The longer the summer, the longer the hangover. While the quarterly changes show a negative trend, leisure spending is still up in most categories when comparing to this time last year. Gym and sport has seen a rise as consumers look to get back in shape after a summer of fun. The other categories benefiting from a lift include big-ticket items such as holidays, entertainment and cultural activities, which shows that consumers still have the financial pressure to keep a closer eye on their discretionary leisure spending.

Still creatures of habit?

Leisure consumers reported spending less on holidays and sports breaks in Q3 compared to the same quarter in Q2. The spending on eating and drinking out has been particularly affected by the extended period of summer weather as the hottest quarter on record has encouraged the consumers to enjoy their gardens instead of bars and restaurants. Spending on holidays and short breaks has held up against Q2 but as this expenditure is very seasonal, a focus on year-on-year changes is more meaningful.

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Challenges ahead?

Consumers plan to continue to reign in their leisure spending at least until the end of this year by cutting back on everything from holidays and other leisure activities that have increased spending mainly on big ticket items such as holidays, entertainment and cultural activities, which shows that consumers still have the financial pressure to keep a closer eye on their discretionary leisure spending.

No change

-3 -2 +1 +2 +3

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With the leisure spending dip in Q3, the Deloitte Consumer Confidence Index declined by three points compared to Q2. The spending on holidays and short breaks has held up against Q2 but as this expenditure is very seasonal, a focus on year-on-year changes is more meaningful. The measure used is net spending which is the balance of those spending more and those spending less.

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