



UK consumer confidence
increased to its highest level
since Q3 2021

The Deloitte
Consumer Tracker

Q1 2024



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Four key takeaways this quarter

The latest Deloitte Consumer Tracker shows UK consumer confidence rose to -11% in Q1 2024, its highest level in two and a half years. In a sign of growing optimism, the half-percentage-point rise in the index in Q1, although marginal, marks the sixth consecutive quarter of continued improvement in consumer confidence. It corresponds to a period that saw economic uncertainty easing, inflation falling and real wages rising releasing the pressure on consumer spending power.

Takeaway 1

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

With falling inflation bolstering consumer finances and wage growth outstripping inflation, consumer sentiment towards their personal financial situation continued to improve in Q1. Our data shows that consumers were less pessimistic about their levels of disposable incomes and debt levels.

Takeaway 2

Confidence in disposable income remains significantly below where it was at the start in 2021 and consumers have grown more negative about job security.

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

Consumers were also more negative about their job security and career progression than in the previous quarter. Sentiment about job security dropped two percentage points to -5%, its first fall after improving for four consecutive quarters. The measure of confidence in job opportunities and career progression also fell losing 1.4 percentage points to -5%.

Takeaway 3

Falling inflation sees spending on some essentials easing but discretionary spending slows.

As would be expected following the busiest trading quarter of the year for the consumer sector, our spending sentiment data shows that on balance both essential and discretionary spending were more subdued in Q1 2024 compared with Q4 2023.

Overall net spending on day-to-day categories was up marginally, while overall net spending on non-essential goods and services fell. Slowing spending on essentials points to easing inflationary pressures, especially on food. A drop in discretionary spending is to be expected during the post-Christmas period which is characterised by lower levels of socialising and spending in some discretionary categories. The wettest weather on record did not help consumers venturing out either.

Takeaway 4

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

It is perhaps unsurprising that, after some difficult years for consumers including a shortfall in their purchasing power, the lag effect of rising interest rates and geopolitical uncertainties they might remain more cautious.

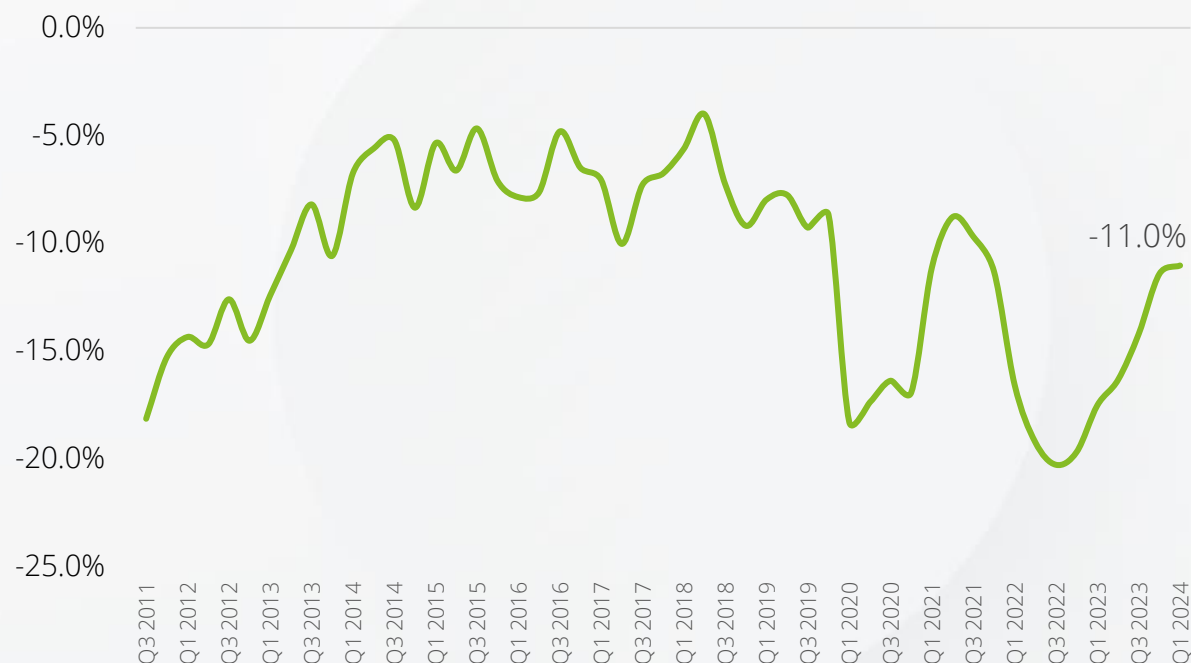
However, after a raft of positive news for the economy since the start of 2024, the worst of the downturn seems to be over and a recovery could be in sight. The prospect of warmer weather ahead, combined with consumer confidence at its highest in two-and-a-half years, should lead to a brighter outlook for the consumer economy in the months ahead.



Consumer
confidence

Deloitte Consumer Confidence Index*

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



* 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).

Source: The Deloitte Consumer Tracker

Confidence improves to its highest level since Q3 2021

The latest Deloitte Consumer Tracker shows UK consumer confidence rose to -11% in Q1 2024, its highest level in two and a half years.

In a sign of growing optimism, the half-percentage-point rise in the index in Q1, although marginal, marks the sixth consecutive quarter of continued improvement in consumer confidence.

The rise in overall confidence was driven by quarter-on-quarter improvements in three out of six measures of confidence included in the index (see next page).

The overall positive mood of consumers is reflected by CFOs according to the latest [Deloitte CFO survey](#). Optimism among the CFOs is rising for the third consecutive quarter and CFOs' perceptions of external risks facing their businesses have dropped to a two-and-a-half-year low.

Individual measures of consumer confidence

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

Individual measures of consumer confidence	Q1 2024 net balances	% point change quarter on quarter	% point change year on year
Your children's education and welfare	-4.0%	-1.8	+4.1
Your job security	-5.0%	-2.2	+3.0
Your job opportunities/career progression	-5.0%	-1.4	+0.7
Your level of debt	-5.6%	+2.0	+5.2
Your general health and wellbeing	-19.3%	+5.4	+7.8
Your household disposable income	-27.3%	+0.4	+18.2
Deloitte Consumer Confidence Index	-11.0%	+0.4	+6.5
The state of the economy in the UK*	-46.2%	-2.1	+9.4

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)



Pay has been growing 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.

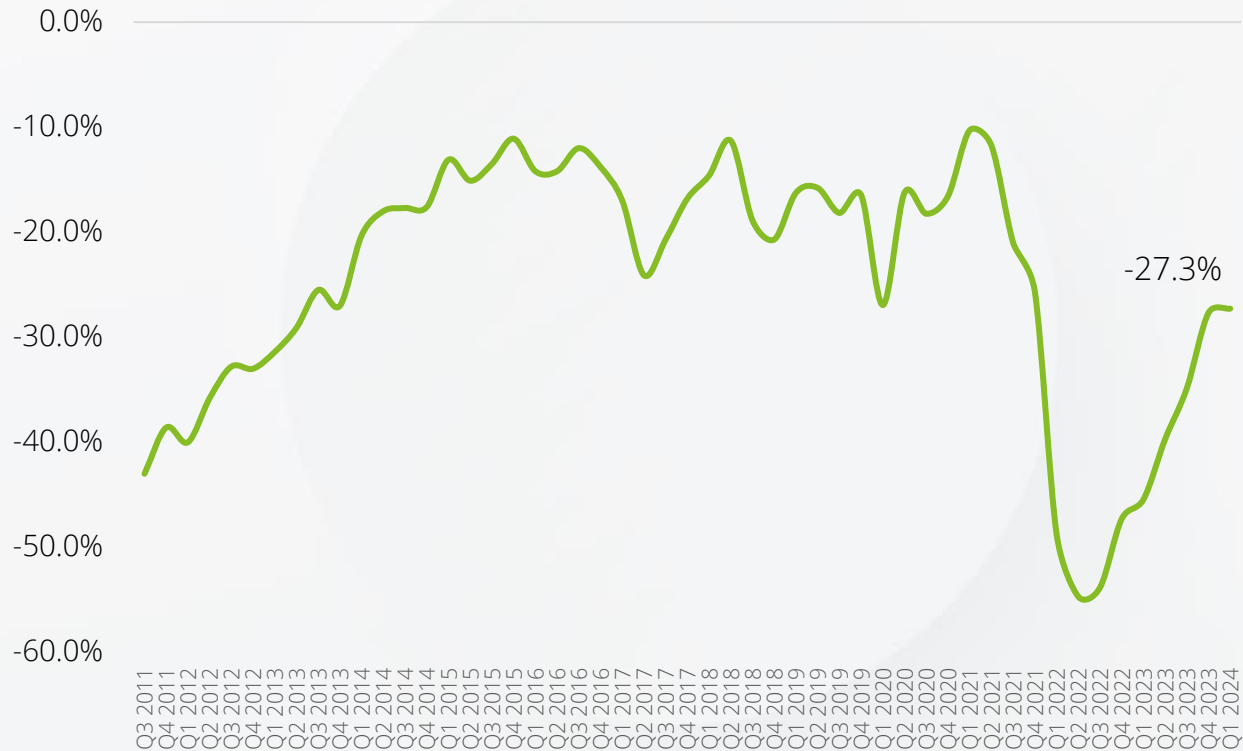
With wage growth outstripping, real wages have been rising since the summer of 2023 releasing the pressure on consumer purchasing power.

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 seventh consecutive quarter

With falling inflation bolstering consumer finances, consumer sentiment towards their personal financial situation continued to improve in Q1.

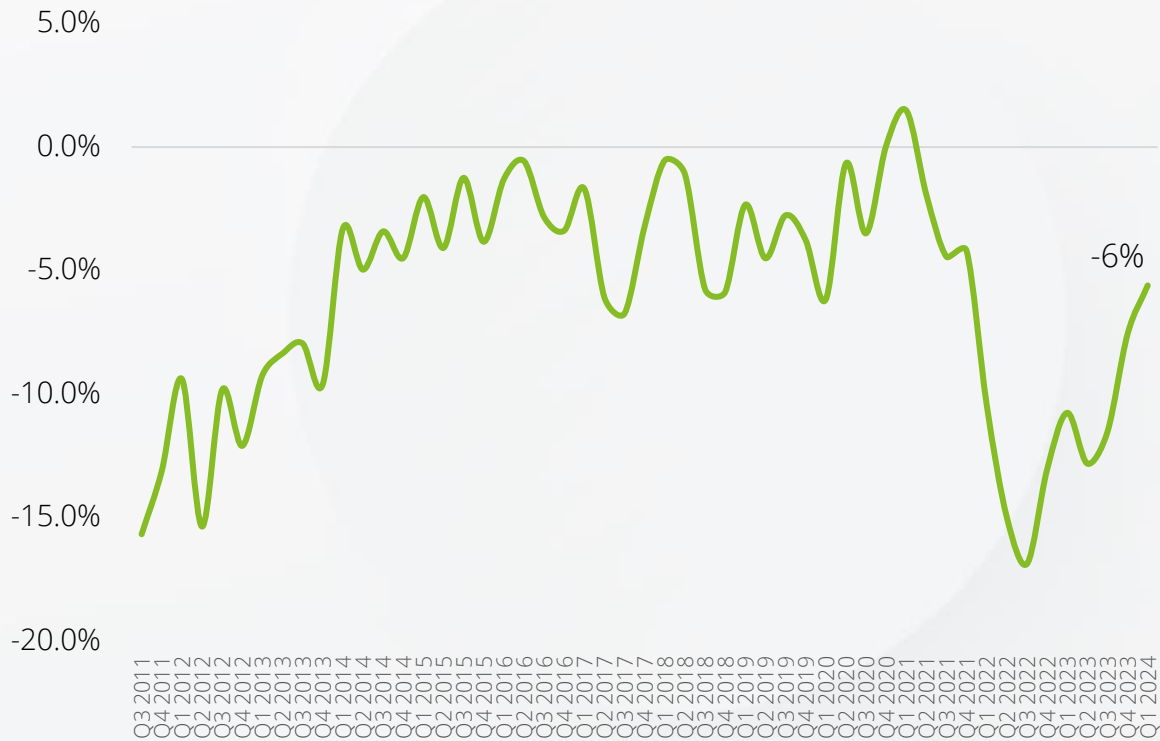
Our data shows that consumers were less pessimistic about their levels of disposable incomes for the period.

However, at -27.3% 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 continue to improve

Our data also shows consumers were the least pessimistic about their debt levels (+2 percentage points) for the first time in two and a half years.

Source: The Deloitte Consumer Tracker

State of personal finances in the last three months

In the last three months, would you say you have seen an increase or decrease in each of the following aspects of your personal finances, or has it remained about the same?

Net % seeing an increase



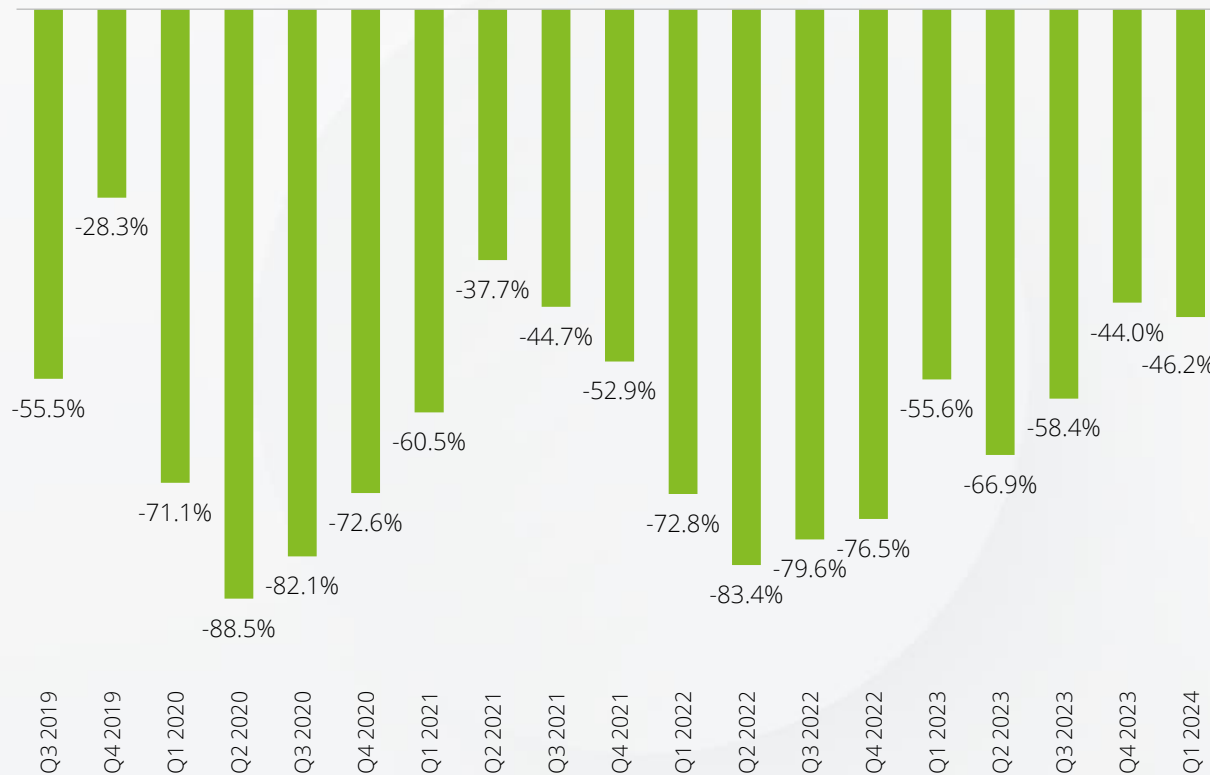
Improving overall financial conditions

In a sign of households' financial conditions gradually stabilising, when asked about the state of their personal finances in the last three months, on balance consumers are reporting their overall expenditure is easing and their levels of debts are increasing at a slower rate.

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



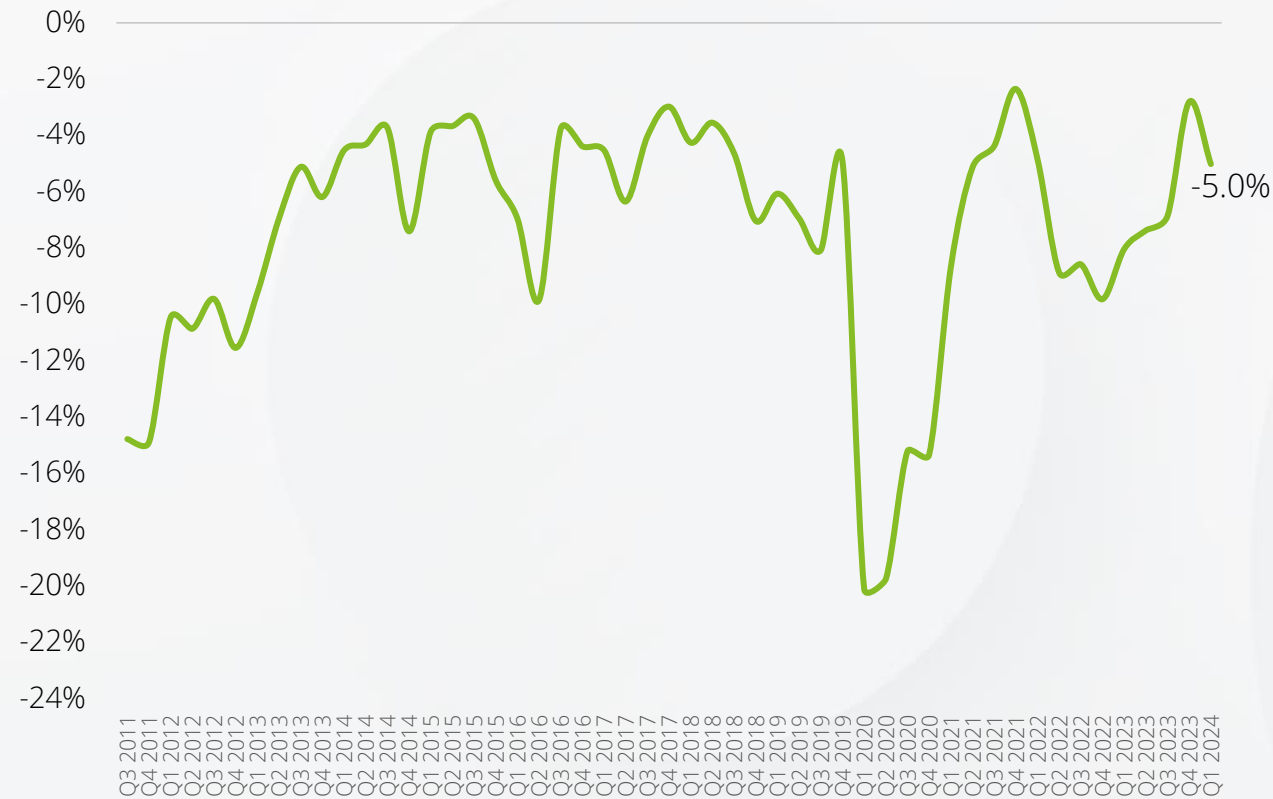
Consumers sentiment about the state of the UK economy falls marginally

Despite the overall improvement in confidence, consumer sentiment towards the state of the UK economy declined in the first quarter of the year. However, the measure remained 9.4 percentage points higher than it was a year ago in Q1 2023.

Source: The Deloitte Consumer Tracker

Consumer confidence about job security

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



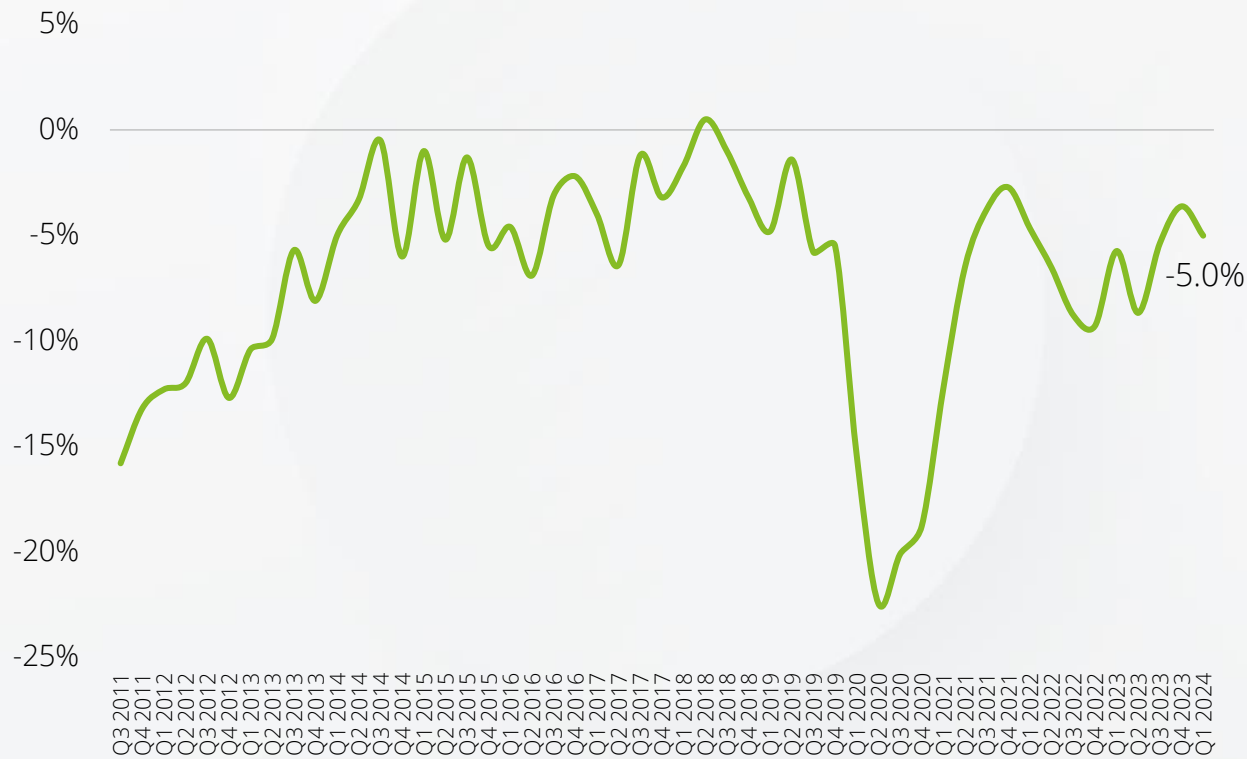
Consumers were also more negative about their job security than in the previous quarter.

Sentiment about job security dropped two percentage points to -5%, its first fall after improving for four consecutive quarters.

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



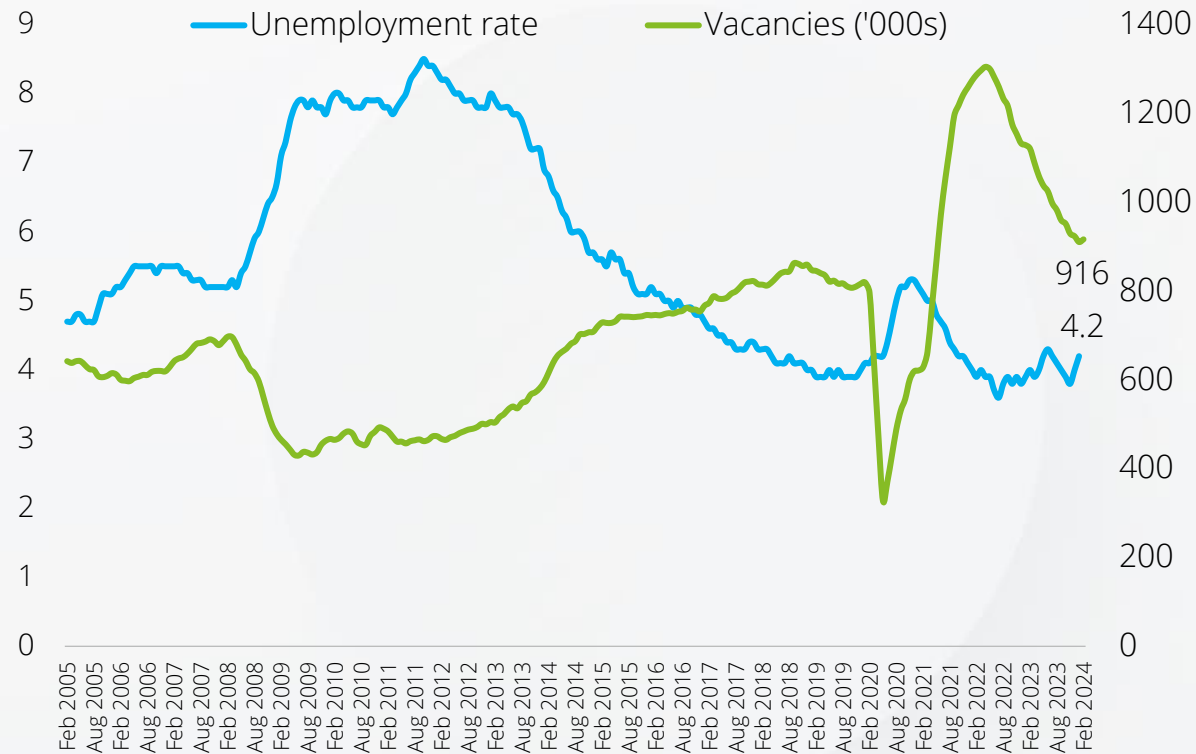
Sentiment about job prospects falls

The measure of confidence in job opportunities and career progression also fell losing 1.4 percentage points to -5%.

Source: The Deloitte Consumer Tracker

Labour market cooling

UK unemployment rate (all aged 16 and over)



The UK labour market shows growing signs of a slowdown

Although unemployment fell through the second half of last year, even as the economy moved into recession, recent official data shows there are signs of the job market softening with fewer vacancies and an uptick in the number of people claiming jobless benefits.

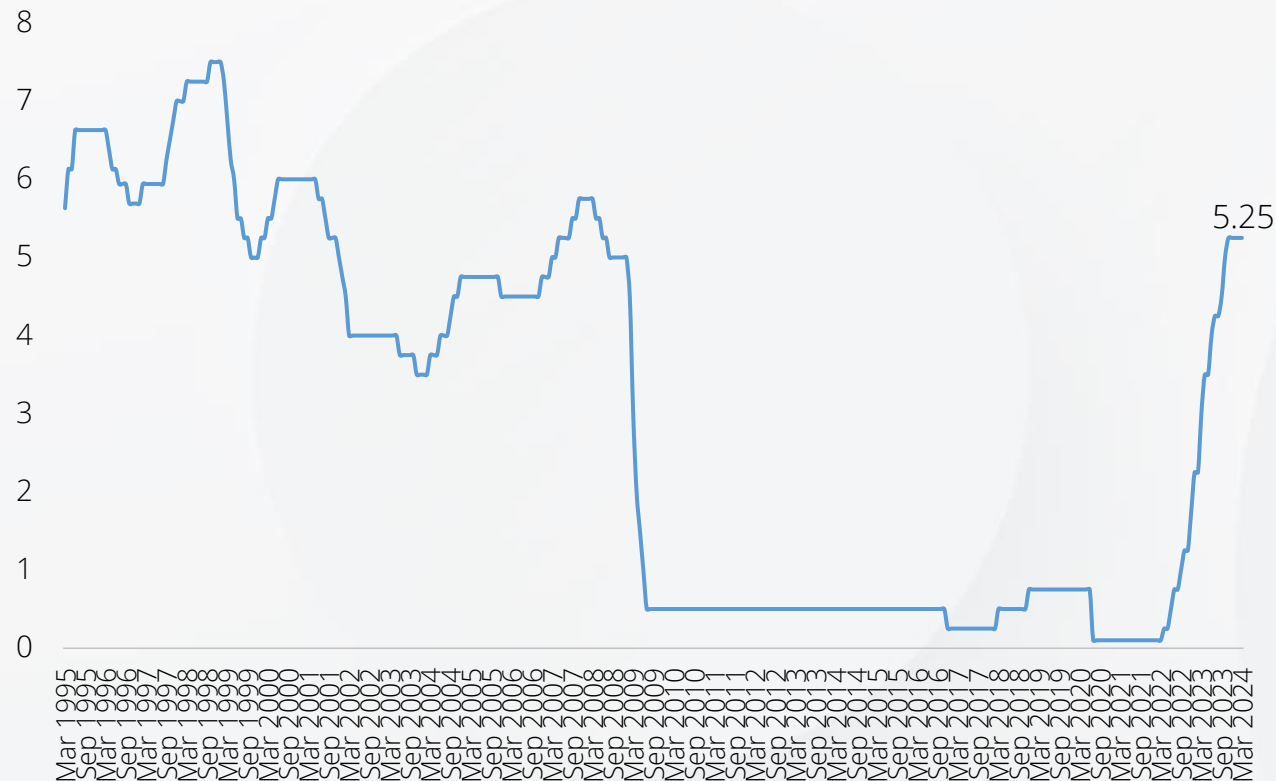
The unemployment rate increased to 4.2% between December and February, which is the highest level for six months.

The number of UK vacancies also slowed, dropping by 13,000 between January and March to 916,000, but the number of jobs that need filling remains above pre-Covid levels.

Source: Refinitiv Datastream

Interest rates cut expected this summer or later

Bank of England base rate



Rates cut delayed

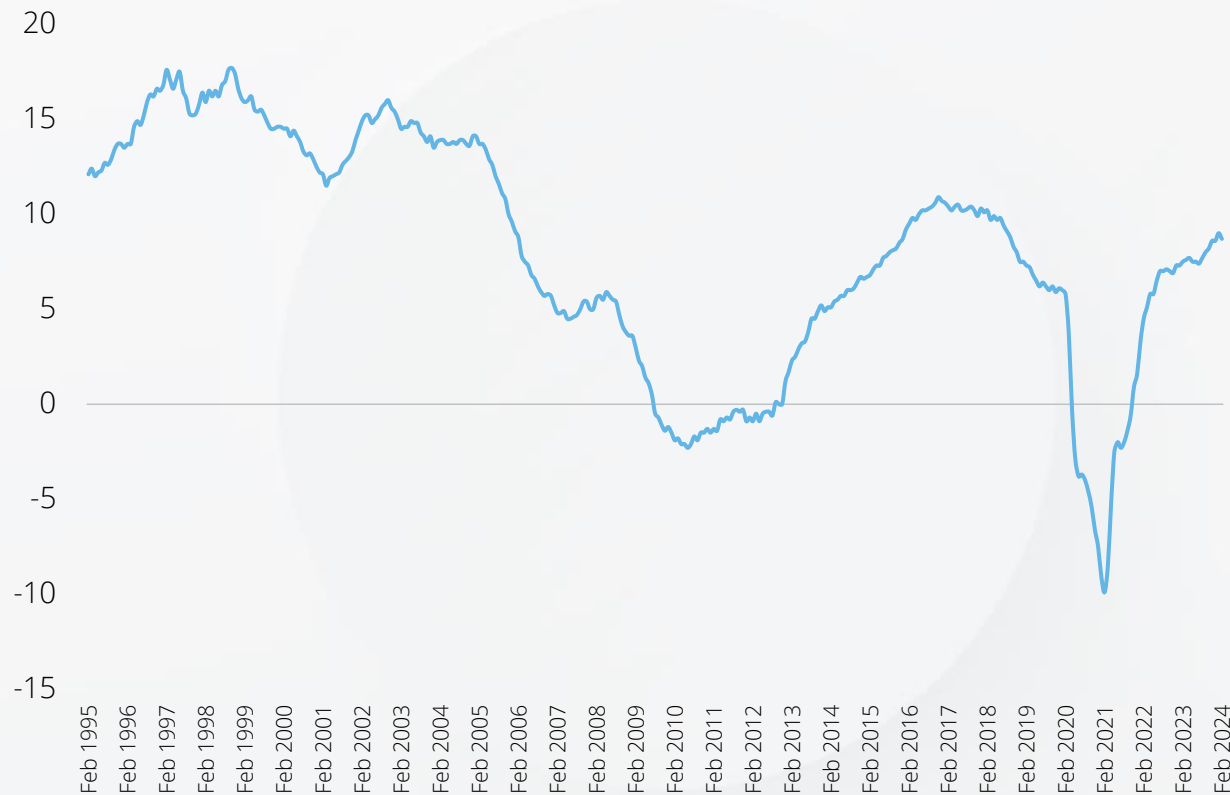
The Bank of England is now expected to cut its rate this summer or later following a run of resilient economic data.

According to the latest [Deloitte CFO survey](#), CFOs believe that the UK is on the verge of a significant easing of monetary policy with UK rates expected to drop from the current 5.25% to 4.25% over the next 12 months.

Source: Refinitiv Datastream

Household borrowing shows signs of softening

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



Borrowing is down

Latest data from the Bank of England shows consumer borrowing dropped to £1.4 billion in February, from £1.8 billion the month before.

The decline was driven by lower credit card borrowing which fell from £800 million to £500 million. Other forms of personal credit, such as personal and car loans, fell from £1 billion to £900 million.

The data suggests that households might be adopting a more cautious approach to borrowing.

The trend of savers moving more money into saving accounts also continued in February increasing for a fifth consecutive month as people try to lock in high interest rates while they can.

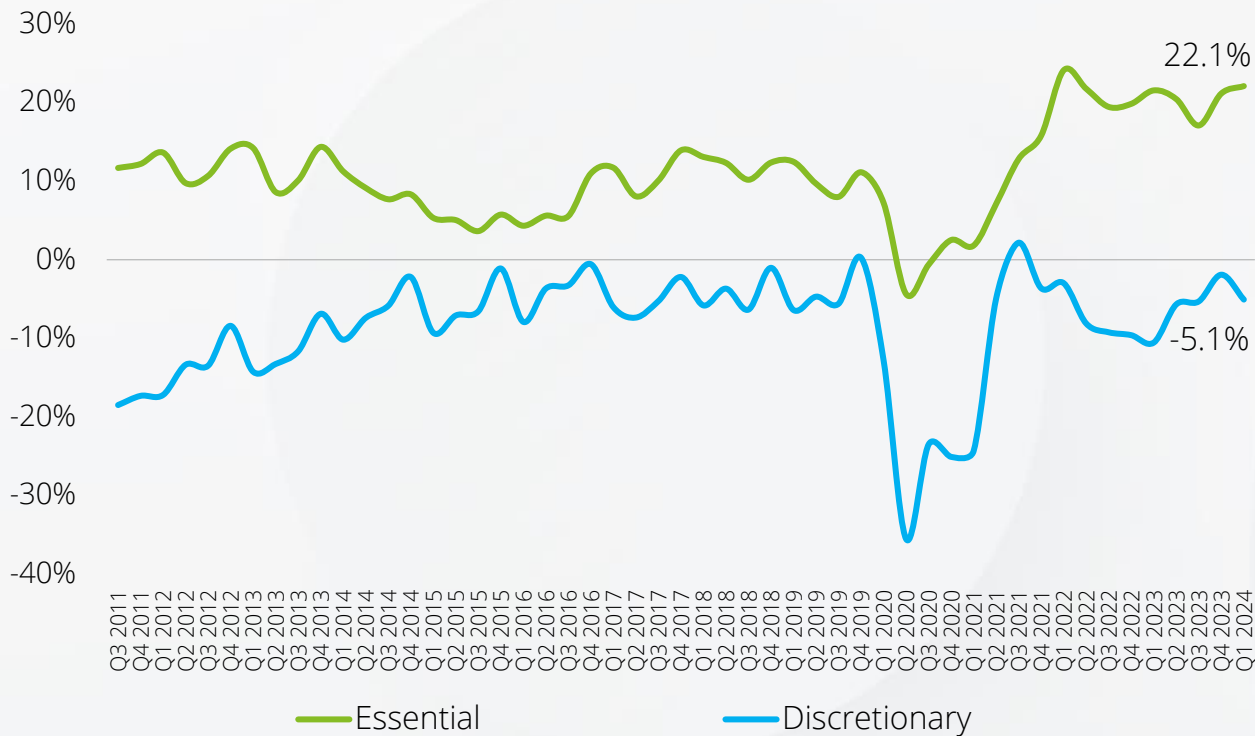
Source: Refinitiv Datastream



Consumer spending

Consumer spending in the last three months by category

Net % spending more by category



Falling inflation sees spending on some essentials easing but discretionary spending slows

Overall net spending on day-to-day categories was up marginally (by 0.9 percentage points) compared with Q4 2023. Slowing spending on essentials points to easing inflationary pressures especially on food and energy costs with consumers spending less on both utility bills (-5.2 percentage points) and grocery (-4 percentage points).

Meanwhile, overall net spending on non-essential goods and services fell by 3.2 percentage points to -5.1%. A drop in discretionary spending is to be expected in Q1 as it coincides to a more restrained post-Christmas period characterised by lower levels of socialising and spending in categories such as alcoholic beverages and tobacco and clothing and footwear. The wettest weather on record did not help consumers venturing out either.

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

Source: The Deloitte Consumer Tracker

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 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q1 2019
Essential	22.1%	+0.9	+0.5	+9.6
Utility bills	48.2%	-5.2	-17.0	+15.6
Grocery	47.7%	-4.0	-4.0	+27.6
Everyday household items	30.6%	-1.5	-0.5	NA
Housing	26.4%	+3.8	+3.2	+14.7
Landline/mobile phone, Internet and cable/TV	22.7%	+9.1	+1.5	+13.1
Transport	19.6%	+3.2	+2.6	+8.4
Pensions and insurance	16.4%	+3.8	+7.7	+9.4
Health	8.8%	+1.5	+3.0	+2.3
Education	4.6%	+0.1	+4.0	+3.5
Beauty and personal care products	-4.0%	-1.6	+5.0	NA

Spending in discretionary categories in the last three months

Net % spending more by category over the last three months

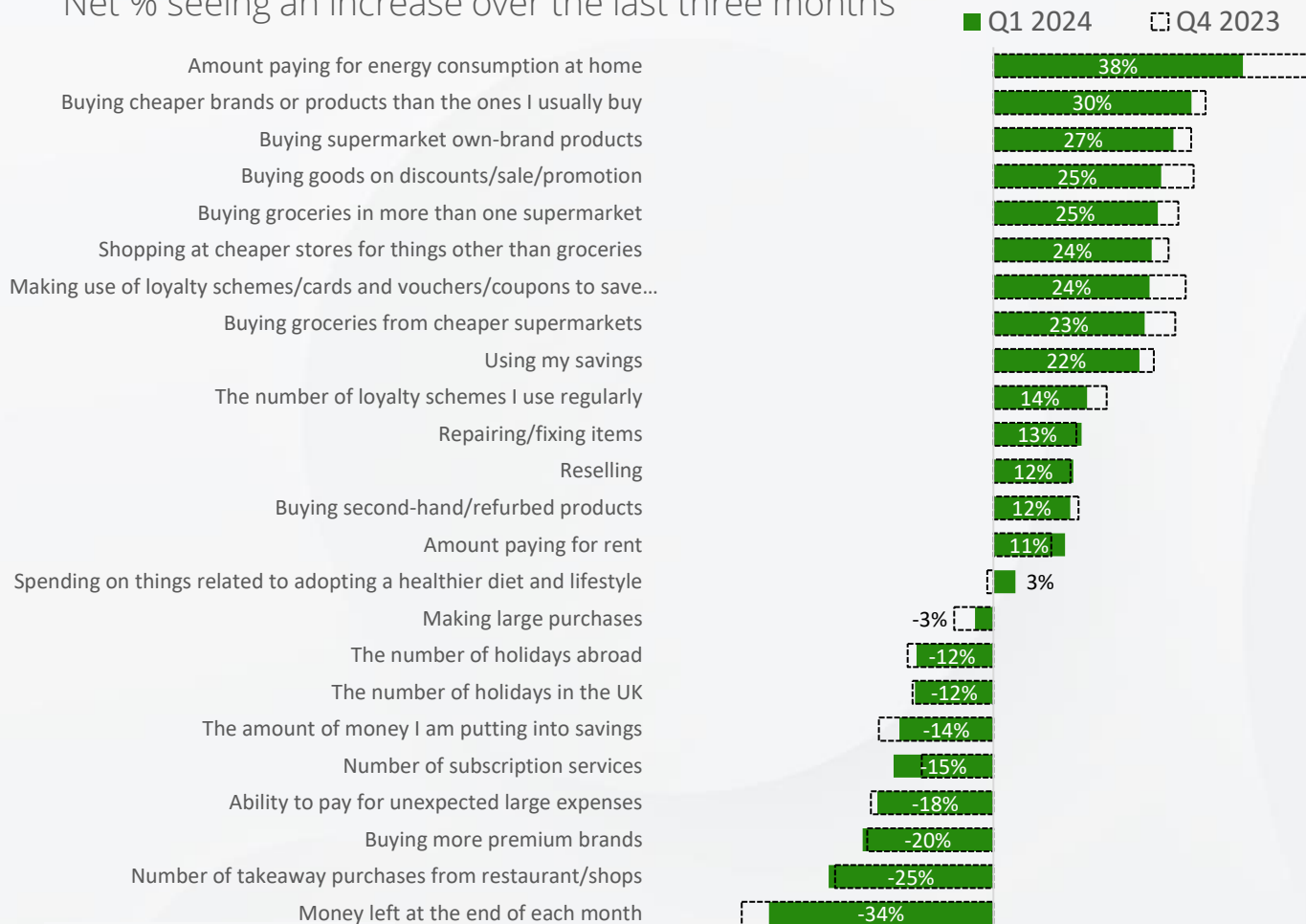
Consumer spending in the last three months by category	Q1 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q1 2019
Discretionary	-5.1%	-3.2	+5.5	+1.3
Holidays and hotels	0.6%	+1.6	+2.1	-1.0
Major household appliances	1.6%	+1.0	+4.7	+4.9
Electrical equipment	0.0%	+0.8	+7.0	+4.7
Alcoholic beverages and tobacco	-8.2%	-14.1	+0.6	+4.0
Furniture and homeware	-7.6%	+0.3	+5.5	-2.4
Restaurants	-7.2%	-3.7	+6.9	-0.6
Clothing and footwear	-6.8%	-8.0	+8.7	+1.5
Going out	-13.0%	-3.2	+8.3	-0.4

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 slow their defensive behaviours and show signs of growing interest in major purchases

Compared with Q4 2023 the rate at which consumers have been increasing their more defensive behaviours eased. In Q1 2024, fewer consumers on balance claimed to be buying goods on discounts, sale or promotion, making use of loyalty schemes to save money or buying groceries from cheaper supermarkets.

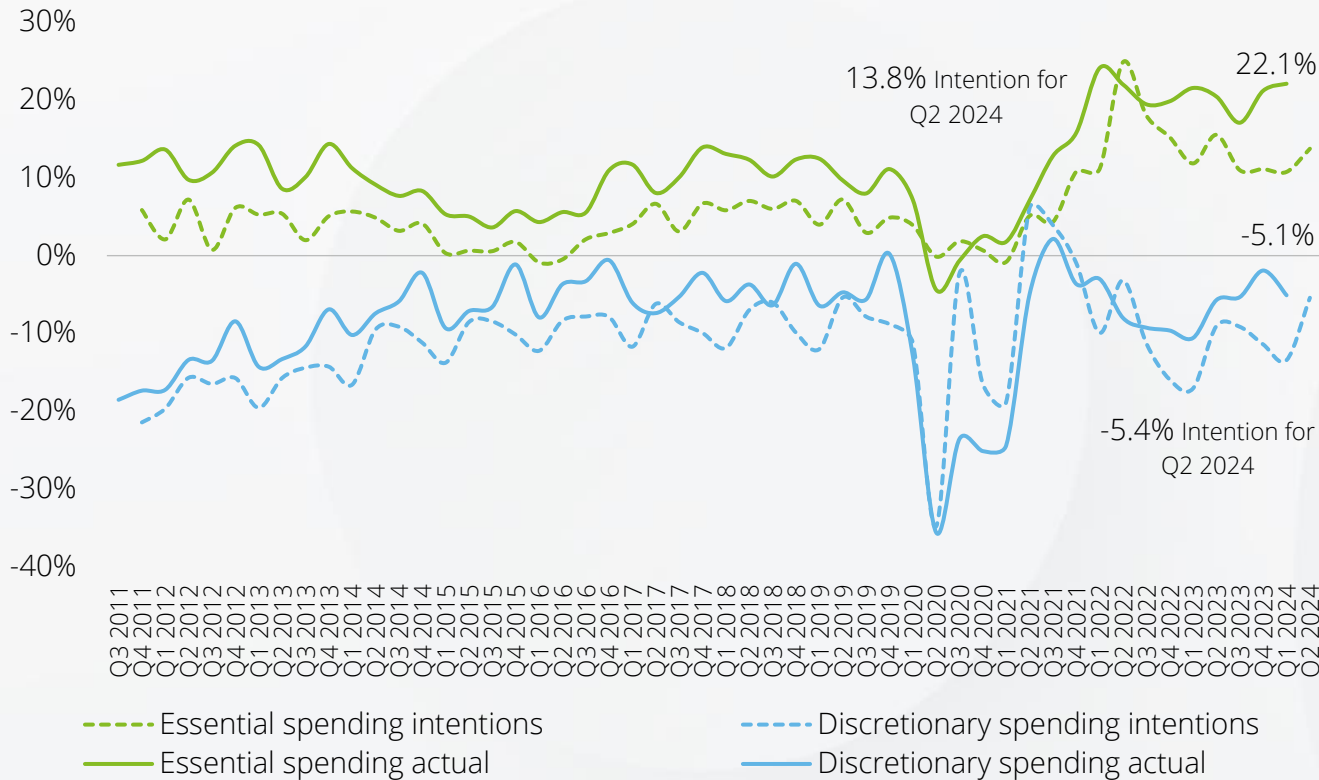
In a sign of consumers loosening their purse strings, there was also a lower net proportion of consumers decreasing their spending on things related to adopting a healthier diet and lifestyle and on making large purchases.

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 and discretionary categories in Q2 2024

Overall, the start of 2024 has seen many consumer fundamentals improving including inflation falling, a reduction in national insurance, a 10% rise in the National Living Wage, UK house prices gradually rising, and lower home energy costs. In addition, the prospects for lower interest rates will support consumers borrowing to buy bigger ticket items.

After, a difficult few years for the UK economy, and for the consumer sectors in particular, the worst of the downturn seems to be over and a recovery could be in sight. The prospect of warmer weather ahead, combined with consumer confidence at its highest in two-and-a-half years, should lead to a brighter outlook for the consumer economy in the months ahead.

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 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q1 2019
Essential	13.8%	+3.0	-1.8	+6.5
Grocery	29.0%	+8.9	-9.2	+19.1
Utility bills	23.2%	-21.0	-24.5	+3.0
Everyday household items	17.6%	+5.1	-0.7	NA
Housing	21.5%	+7.0	+1.0	+12.2
Landline/mobile phone, Internet and cable/TV	18.5%	+11.5	-3.8	+15.1
Transport	14.3%	+6.3	+3.0	+6.2
Pensions and insurance	12.8%	+4.6	+5.6	+7.1
Health	5.3%	+2.0	+5.2	+4.1
Education	2.0%	+0.4	+2.9	+2.1
Beauty and personal care products	-6.7%	+5.1	+2.7	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	Q1 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q1 2019
Discretionary	-5.4%	+8.0	+3.6	-0.0
Holidays and hotels	6.9%	+7.6	+5.9	+0.8
Alcoholic beverages and tobacco	-7.7%	+13.1	+0.2	+0.2
Major household appliances	-6.1%	+4.0	+2.0	+0.9
Clothing and footwear	-3.1%	+11.1	+7.5	+4.6
Electrical equipment	-7.2%	+4.8	+1.2	+0.6
Furniture and homeware	-8.7%	+2.8	+2.6	-1.6
Restaurants	-9.4%	+10.1	+3.3	-6.0
Going out	-7.9%	+10.6	+6.3	+0.2

Source: The Deloitte Consumer Tracker

Sector updates

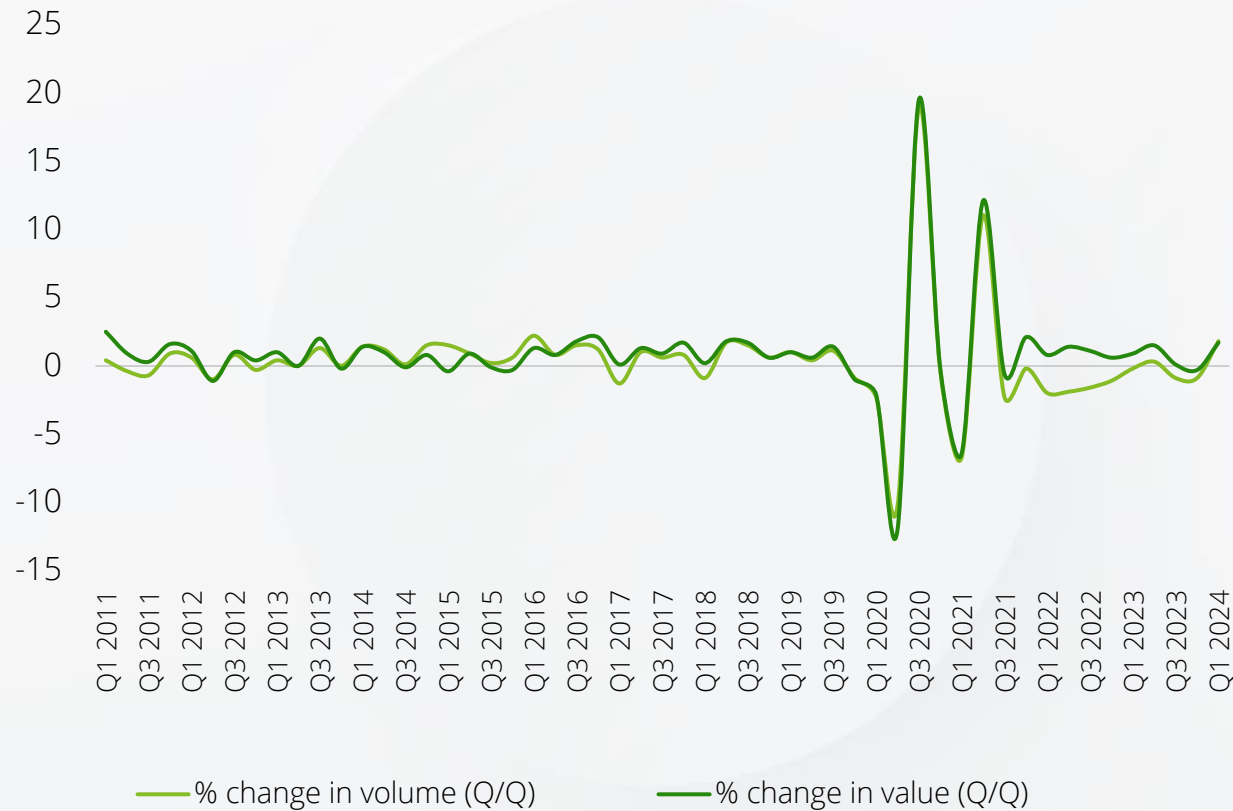




Retail

Retail sales (incl. fuel SA)

% change in volume and value quarter on quarter



Q1 sees fastest growth for retail sales since Q2 2021

After contracting for most of last year, retail sales in Q1 2024 were up 1.9% driven by the strong sales growth recorded in January [despite sales stagnating in February and March].

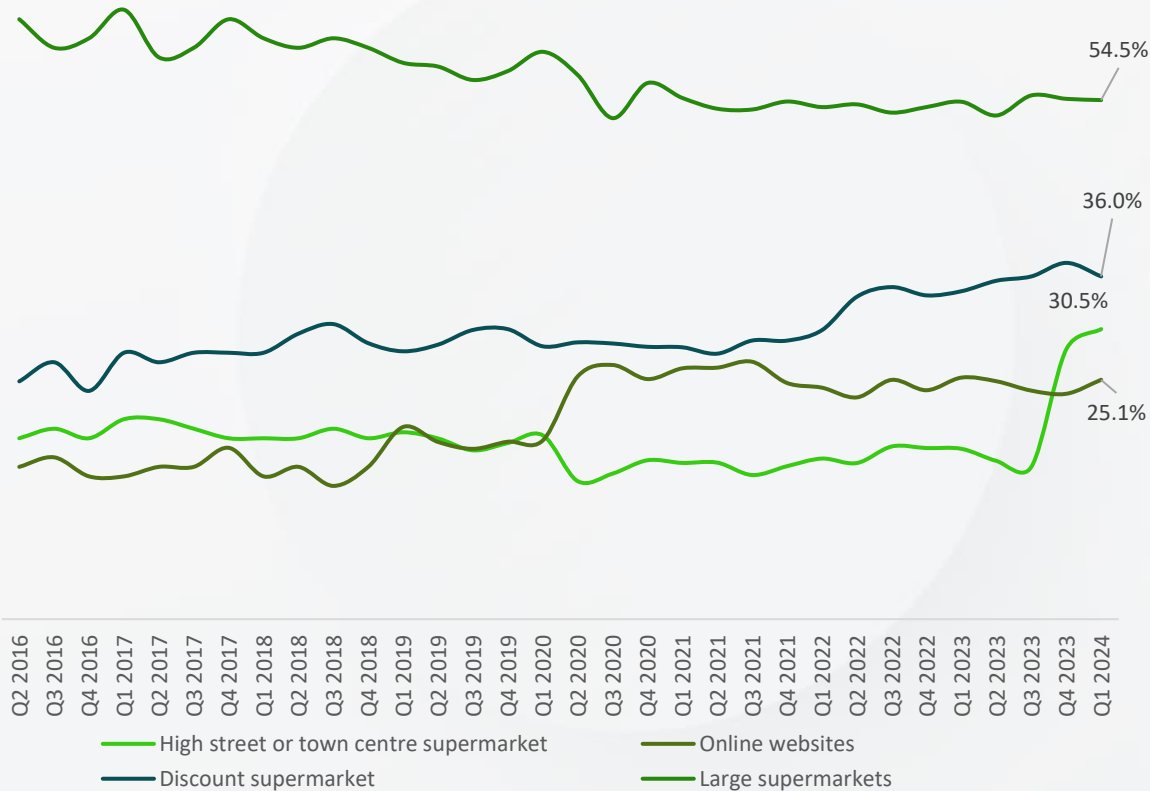
In a sign that the retail sector is starting to recover, this result represents the fastest growth for retail sales since Q2 2021.

Our data on attitudes to spending (see page 21) also provides further evidence of consumers easing their recessionary behaviours in Q1 2024. Fewer consumers on balance claimed to be buying goods on discount, sale or promotion, making use of loyalty schemes/cards and vouchers/coupons to save money, or buying groceries from cheaper supermarkets.

Source: Refinitiv Datastream

Channel usage for main grocery shop

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



Changing shopping channels for groceries

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) in Q1 2024. This could be linked to the nature of the main grocery shop evolving.

The retail grocery market has become intensely competitive in the last few years, not only because the cost of living crisis has forced people to shop around, 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. The recent change in some of the loyalty scheme models could also be responsible, as consumers have been attracted back to shop with large supermarket brands thanks to the better value they can offer under their loyalty pricing model.

Source: The Deloitte Consumer Tracker

Online sales

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



Online sales remain flat

The latest ONS data reported online sales remaining flat between February and March 2024 with the proportion of sales made online representing 25.9% of all retail sales in March 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. Overall, the hope for improved profitability in online retail is likely to come from finding ways of making distribution cheaper and quicker. Solutions that combine AI with robotics are likely to help lower costs while also improving the speed of logistics.

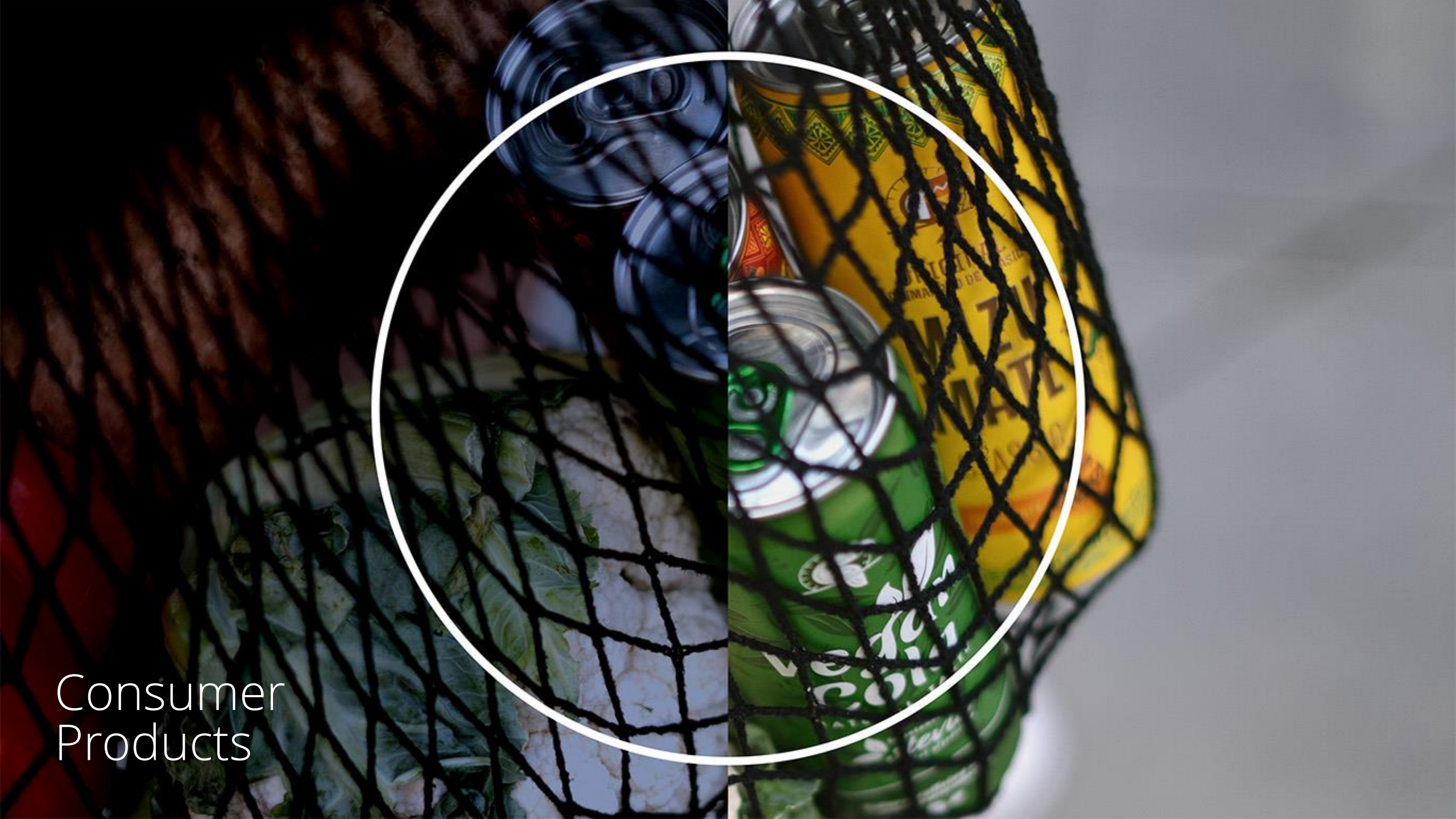
Source: Refinitiv Datastream

Retail sales outlook

The outlook for retailers is a positive one

- A recovery could be in sight if the combined impacts of wage increases, reduced national insurance and falling inflation support more consumer spending.
- However, consumers could stay cautious with prices remaining high by historical standards as well as the shortfall in their purchasing power, the lag effect of rising interest rates, geopolitical uncertainties and the prospect of a general election.
- Regardless, retailers must prepare for a recovery and for their longer-term growth. The hope is that an improvement in trading conditions in the months ahead could free up retailers to make longer-term strategic decisions and investments.
- According to [Deloitte's latest Retail Trends](#), retailers will be attracting customers by increasing their investment in hybrid experiences across in-store and online. Retailers will also continue to invest in their product mix including achieving the right balance of premium and value ranges, as well as targeted product lines that cater to more diverse consumer profiles.
- However, for now retailers will be looking ahead to the two bank holidays in May hoping for some better weather to induce consumers to venture out and spend.

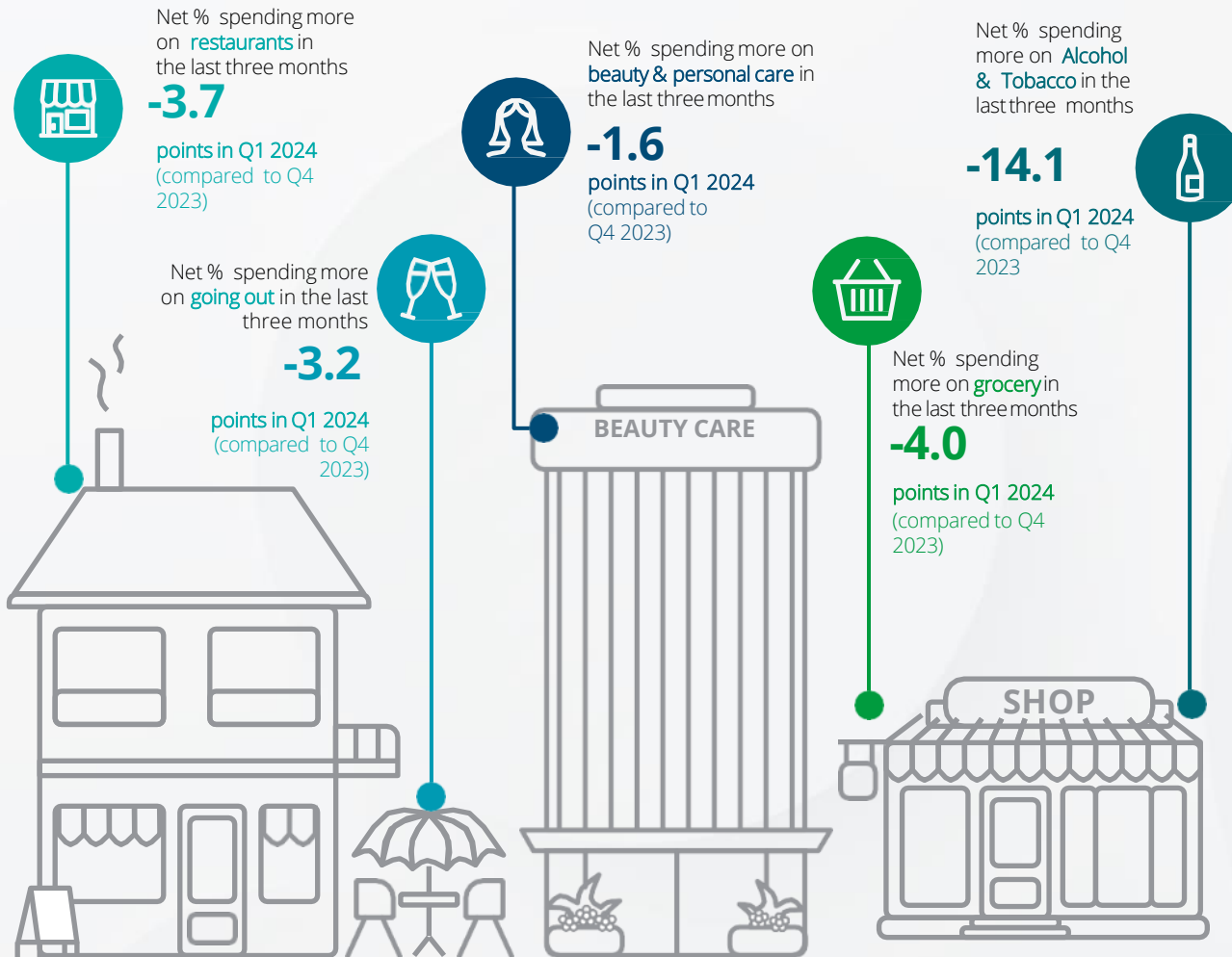




Consumer
Products

Consumer spending in the last three months

Net % spending more over the last three months



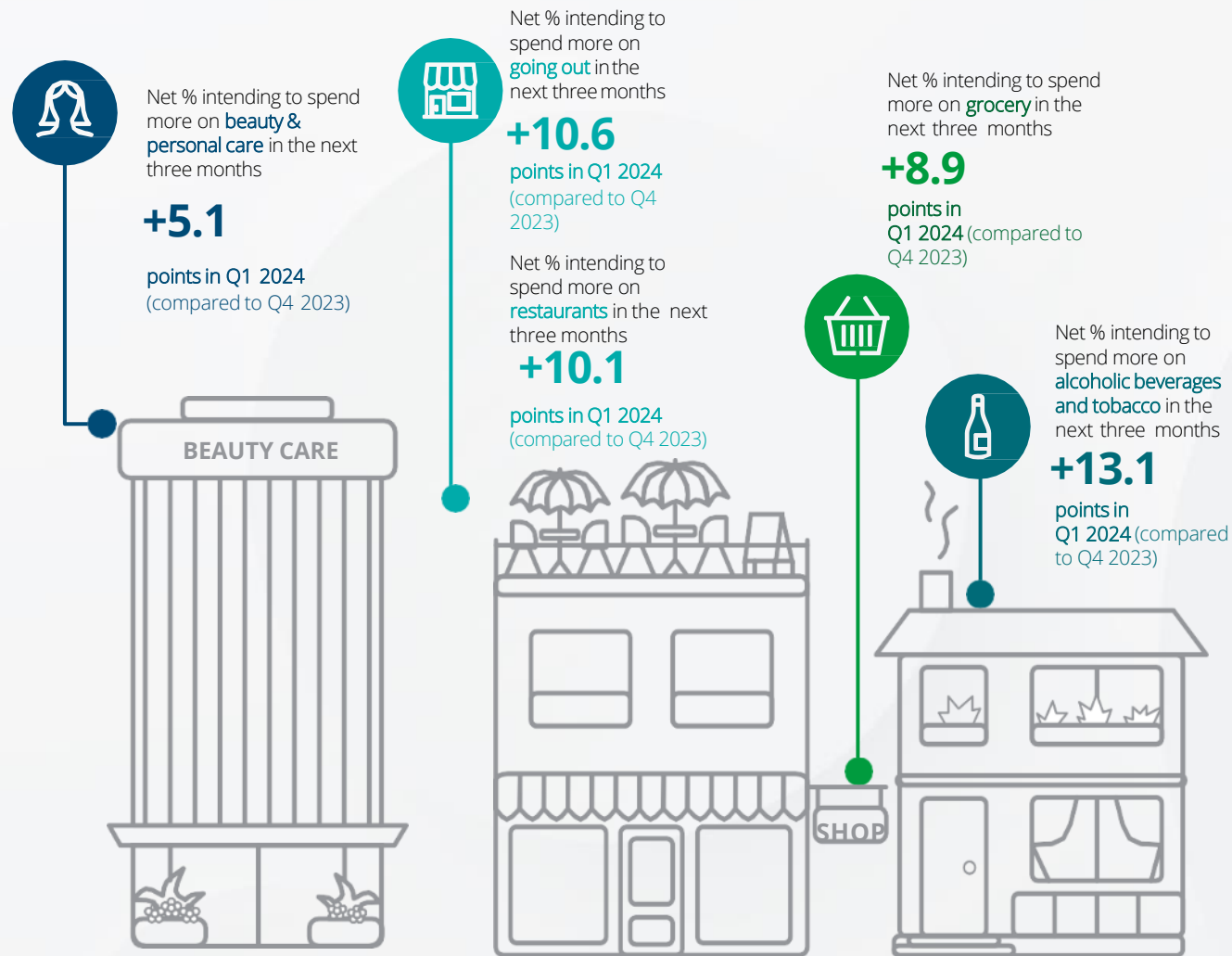
Spending in Q1 more subdued

Our spending sentiment data shows that on balance both essential and discretionary spending were more subdued in Q1 2024, as would be expected after the busiest trading quarter of the year. Slowing spending on essentials points to easing inflationary pressures especially on food with consumers spending less on grocery but also in some of the non-food categories, albeit marginal, including beauty and personal care products, and everyday household items.

A drop in discretionary spending is to be expected in Q1 as it coincides with a more restrained post-Christmas period characterised by lower levels of socialising and spending in categories such as alcoholic beverages and tobacco. The wettest weather on record did not help consumers venturing out either.

Consumer spending in the next three months

Net % intending to spend more in the next three months



Consumers plan to spend more in most categories in Q2

With inflationary pressures expected to continue easing, our Tracker data shows that consumers plan to spend more on both day-to-day and non-essential categories in Q2.

While 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.

Consumer products outlook

Businesses need to focus on growing volume profitably

- After two years of economic uncertainty and consumers' purchasing power coming under sustained pressures, there are signs that market conditions are stabilising as a result of lower commodity and energy costs.
- Caution remains as some cost pressures on businesses persist, including the increase in the National Living Wage and non-domestic energy prices. In addition, inflation is still having an impact on some commodity prices notably those for cocoa, potatoes and coffee, and there are concerns about this summer's crop yields due to saturated fields after record rainfalls.
- This year the ability to raise prices could be quite limited and companies may need to shift their focus to increasing volumes instead. That means 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 this year and beyond.

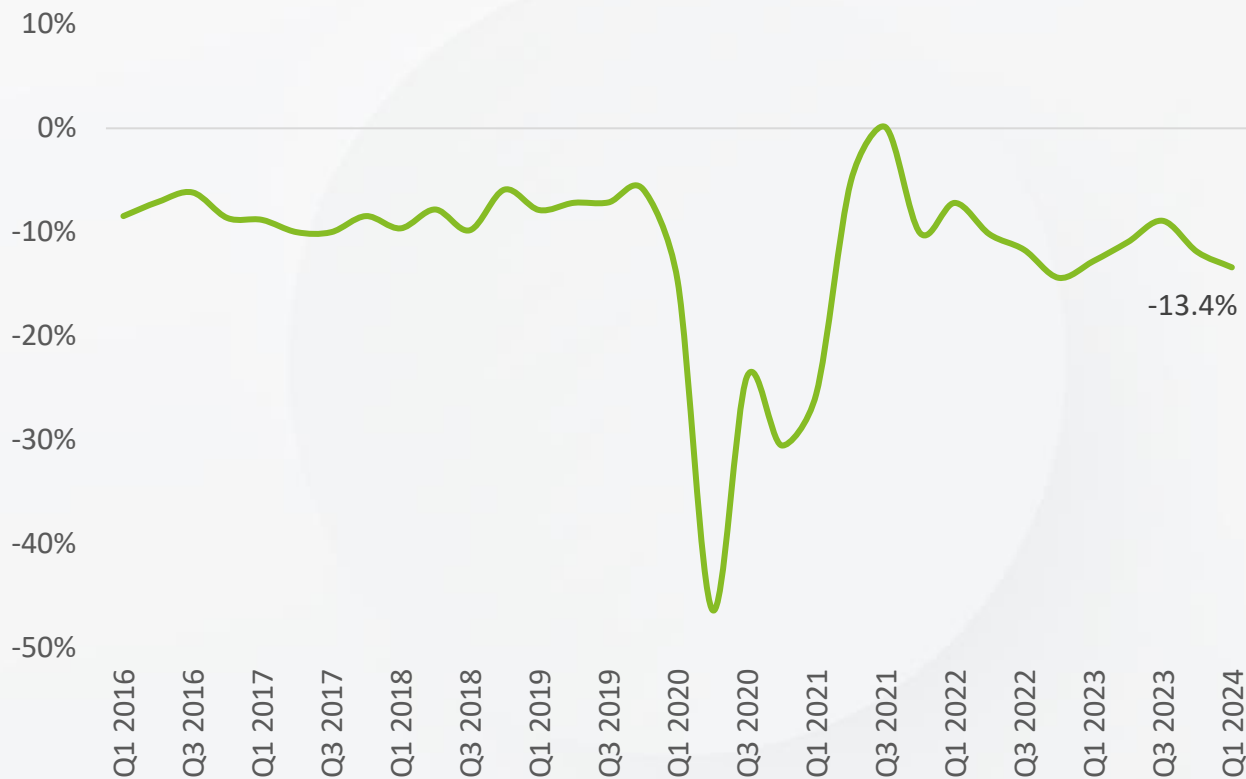




Leisure

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 fell for the second consecutive quarter in Q1 2024.

Total net leisure spending dropped by 1.5 percentage points to -13.4% in Q1 2024 from -11.9% in Q4 2023. The decline in Q1 was driven by a drop in 10 of the 11 leisure categories measured, with the most significant fall in net spending around the eating out and drinking in pubs and bars categories. The fall in spending on dining and drinking out could be attributed to many consumers cutting back on discretionary spending after Christmas, combined with health-conscious new year's resolutions, including reducing alcohol consumption as part of 'dry January'. The downward trend also points to consumers prioritising their financial planning for the year ahead while also remaining cautious about discretionary spending after their spending power came under heavy pressure in the last two years.

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	Q1 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q1 2019
Going to the gym or playing sport	-7%	↓ -0.3	↓ -1.0	↓ -4.1
Betting and gaming	-8%	↑ +3.1	↓ 0.0	↓ -1.5
Long holidays	-9%	↓ -0.8	↓ -0.9	↓ -5.3
Attending live sports events	-9%	↓ -0.8	↓ -0.7	↓ -4.3
Short holidays	-11%	↓ -0.5	↓ -2.5	↓ -6.1
Other leisure activities	-15%	↓ -0.2	↓ -0.6	↓ -6.5
In home leisure activity	-15%	↓ -1.1	↑ +1.3	↓ -6.3
Eating out	-17%	↓ -6.0	↓ -0.1	↓ -7.0
Culture and entertainment	-19%	↓ -1.4	↑ +0.9	↓ -7.8
Drinking in pubs/bars	-20%	↓ -5.6	↓ -1.6	↓ -6.1
Drinking in coffee shops/sandwich shops	-20%	↓ -2.9	↓ -1.4	↓ -5.8

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 2024 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q1 2019
Long holidays	0%	+4.9	+2.8	-0.9
Short holidays	-3%	+4.5	+0.4	-4.4
Going to the gym or playing sport	-6%	-0.8	+0.0	-4.3
Attending live sports events	-9%	+0.2	-0.7	-4.0
Betting and gaming	-12%	+2.1	-0.6	-3.5
Other leisure activities	-12%	+4.1	-0.2	-5.2
Culture and entertainment	-13%	+4.7	+0.4	-7.0
Eating out	-13%	+11.6	+2.7	-4.0
Drinking in pubs/bars	-16%	+8.4	-1.0	-6.1
In home leisure activity	-18%	+5.2	+2.4	-6.6
Drinking in coffee shops/sandwich shops	-20%	+5.0	0.0	-7.4

Leisure sector outlook

Spending on leisure expected to increase in Q2 2024

- In anticipation of warmer weather and multiple bank holidays, our data shows that consumers intend to spend more across 10 out of 11 categories in Q2 2024 compared with spending intentions for Q1 2024.
- We have seen a significant improvement in spending intentions in categories such as in-home leisure activity, culture and entertainment and other leisure activities. Encouragingly for hospitality businesses, our data also suggests that consumers intend to spend more on eating out, drinking in pubs and bars and drinking in coffee shops and sandwich shops. Consumers also expect to spend more on travel, as evidenced by the increase in intended spending on long and short holidays.
- Despite continued pressures on consumer budgets and the level of inflation, travel demand is forecast to remain robust in 2024 as consumers prioritise travel over other discretionary spending. However, businesses should carefully consider whether the growth trend will continue. A question remains has the consumer permanently re-prioritised their spend or are we still seeing the impact of post-pandemic savings and a backlog of pre-COVID planned holidays?





Automotive

UK car registrations

Quarterly UK car registrations

	Q1 2024	Q1 2023	% change	Market share Q1 2024	Market share Q1 2023
Diesel	37,655	39,764	-5.3%	6.9%	8.0%
Petrol	306,925	280,637	9.4%	56.3%	56.8%
BEV	84,314	76,233	10.6%	15.5%	15.4%
PHEV	42,559	31,765	34.0%	7.8%	6.4%
HEV	74,095	65,861	12.5%	13.6%	13.3%
Total	545,548	494,260	10.4%		

BEV – Battery Electric Vehicle;
HEV – Hybrid Electric Vehicle;

PHEV – Plug-in Hybrid Electric Vehicle;
MHEV – Mild Hybrid Electric Vehicle

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

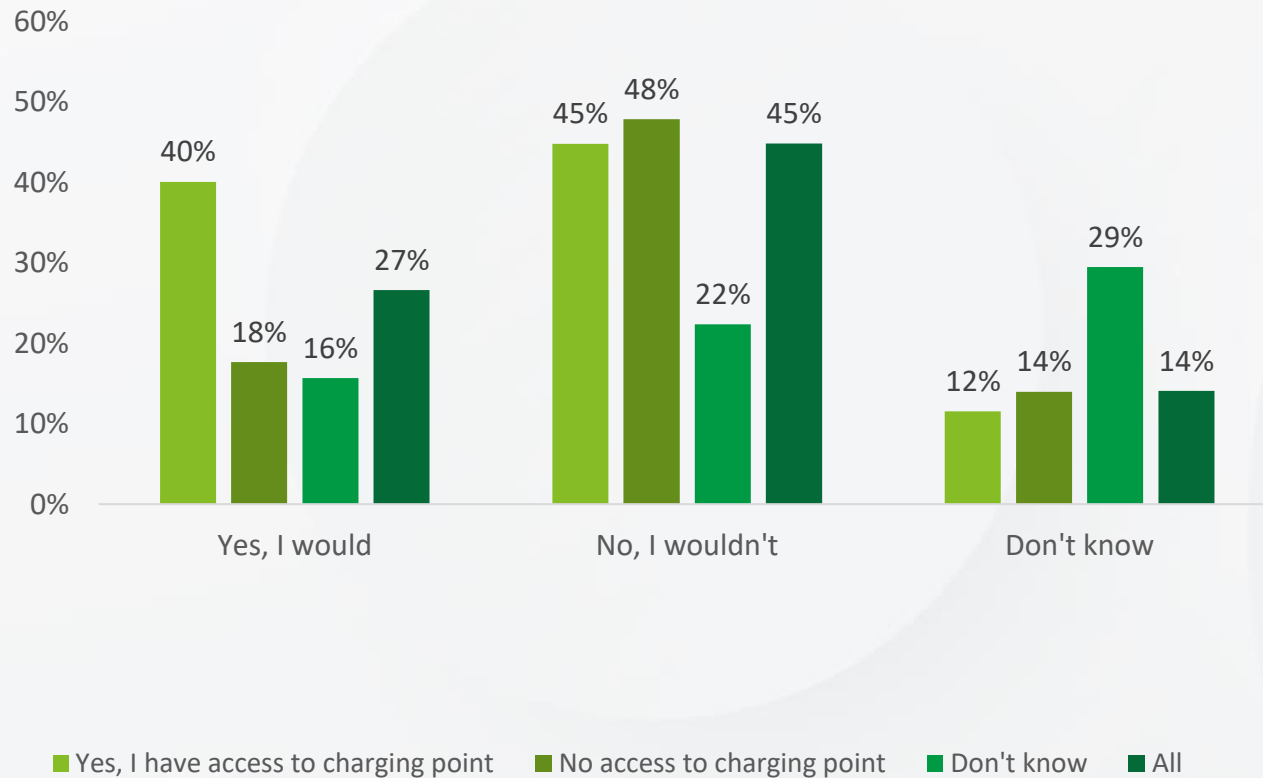
The momentum the UK automotive industry enjoyed last year continued in the first quarter of 2024

New car sales grew by 10% compared with the same period in 2023. After two years of supply and availability issues, demand from the fleet sector saw January sales reach their highest since 2020. February recorded the highest levels for that month in 20 years and March achieved its highest level of sales since 2019. Significantly, March achieved double-digit growth year on year (+10%) in what is typically the busiest month of the year due to the introduction of a new numberplate.

Despite the continued growth of new car sales, there are two major concerns. First, sales are still below their pre-pandemic levels, with sales in March more than 30% lower than in 2019. Second, the growth 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 unappealing.

EV purchasing sentiment

Would you consider buying a battery electric vehicle as your next vehicle, whether new or second hand?
% of UK consumers



Source: The Deloitte Consumer Tracker

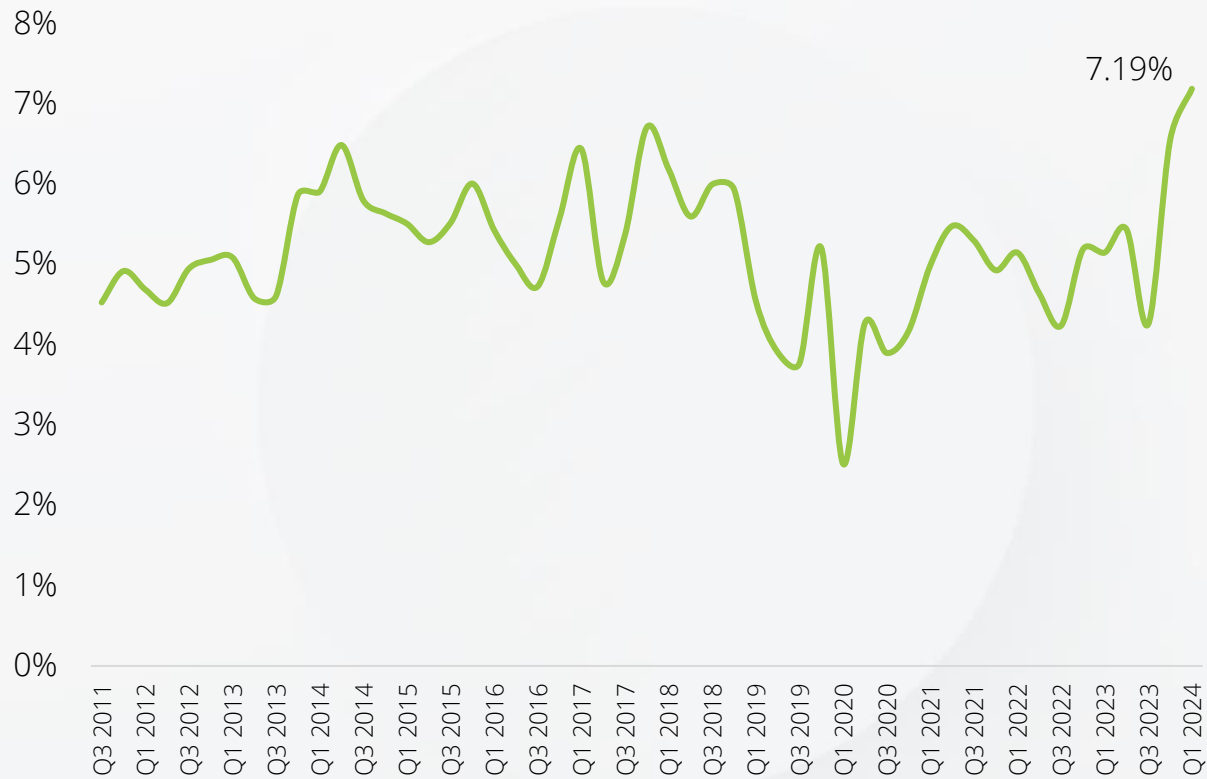
Is charging infrastructure the key to growth?

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 (40%) than those who do not have access to a charging point (18%).

A faster rollout of public BEV charging points is essential to create an equitable charging environment. Continued improvement in the underlying infrastructure will be crucial if growth is to keep up with the rising sales thresholds the government has mandated for subsequent years until the final ban on internal combustion engines (ICEs) comes into force in 2035.

Planned car purchases

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



Highest uptick in planned purchase data since 2011

Data from the Deloitte Consumer Tracker shows that the percentage of consumers planning to buy a new car in the next three months rose from 6.6% in Q4 2023 to 7.2% in Q1 2024.

This uptick means that planned purchases are at their highest level in the history of our tracker.

Note: This question was changed in Q2 2020

Source: The Deloitte Consumer Tracker

Automotive outlook

Some good news but challenges for EVs remain

- Positive planned vehicle purchases data offers compelling evidence that improved consumer sentiment and spending power, alongside the prospect of lower interest rates in the second half of the year, could encourage consumers to spend more on discretionary and major purchases during the rest of the year.
- Despite the growth in registered battery electric vehicles (BEVs) there will be growing concern within the industry about how quickly consumers are adopting BEVs. To increase the market share of BEVs from the current 16% to the required 22% as set out in the zero emission vehicle (ZEV) mandate now in force, efforts to incentivise the switch to electric are needed.
- Deloitte's recent [Global Automotive Consumer Study](#) shows that affordability of new EVs is one of the top concerns for consumers – with 71% expecting to spend less than £30,000 for a new or used EV. There should be a wider and more affordable range of EV models coming to the UK market in the year ahead, including those offered by new brands which should help drive growth in the sector.
- However, large fleets continue to drive BEV uptake, due to compelling tax incentives, with similar support not on offer to private buyers.



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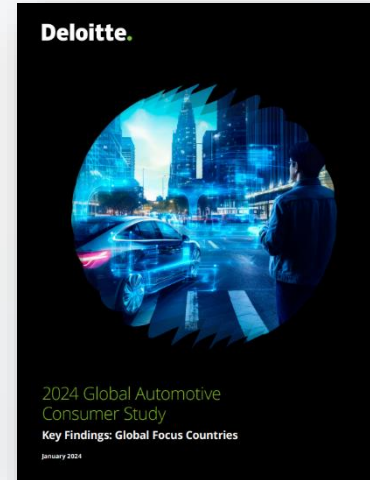
About this research

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 16th March 2024 to 18th March 2024.

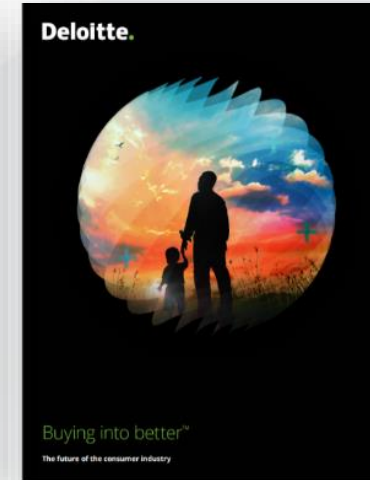
A note on the methodology

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.

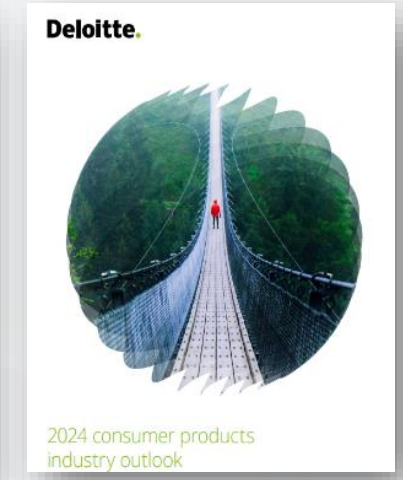
2024 Global automotive consumer study



The future of the consumer industry



2024 Consumer Products Industry Outlook



The Sustainable Consumer 2023



Retail trends 2024





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