



UK consumer confidence
increased to its highest level in
two years

The Deloitte
Consumer Tracker

Q4 2023



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Four key takeaways this quarter

The latest Deloitte Consumer Tracker shows UK consumer confidence increased for a fifth consecutive quarter, rising by three percentage points to -11.4% its highest level in two years. The sustained improvement in the index since Q4 2022 coincides with a period that saw the rate of inflation easing from a peak of 11.1% in October 2022.

Takeaway 1

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

With easing inflation supporting the rise of real wages, consumer sentiment towards household disposable income saw its second most significant quarterly improvement since the Tracker began in 2011, up seven percentage points on the previous quarter. However, at -27.7% the net sentiment measure for disposable income remains below where it was in Q1 2021 (-10.3%) when consumers emerged from the pandemic with record levels of savings.

Takeaway 2

Q4 sees higher net spending in both essential and discretionary categories.

As would be expected during the busiest trading quarter of the year for the consumer sector, spending on day-to-day categories was up by 4.1 percentage points compared with Q3 2023. While higher energy consumption during the winter months and households spending more on food over the festive period are predictable at this time of year, spending on essentials is 10 percentage points higher than the same period in 2019, before COVID-19 and the cost of living crisis.

Meanwhile, overall net spending on non-essential goods and services increased for the third consecutive quarter coinciding with increased levels of socialising during the festive period.

Takeaway 3

Despite real incomes rising since June 2023, consumers continue to make up for the shortfall experienced in their purchasing power while inflation was running higher than wages.

However, consumers' spending is restrained by prices remaining much higher than before the inflation surge, the lag effect of interest rate hikes including rental inflation and the threat of rising unemployment. Already, in December retail sales suffered their fastest drop since January 2021.

Despite improvements in net overall spending sentiment, consumers have remained cautious given the still uncertain economic environment. Our data shows that consumers have continued to trade down, make better use of loyalty schemes and buy more on promotion, enabling them to prioritise other more valued products or services.

Takeaway 4

Overall consumers are likely to remain cautious resulting in difficult trading conditions until inflation falls back further and central banks start to lower interest rates.

The general expectation is for weak consumption in the near term and, for the year as a whole, and no better than 2023.

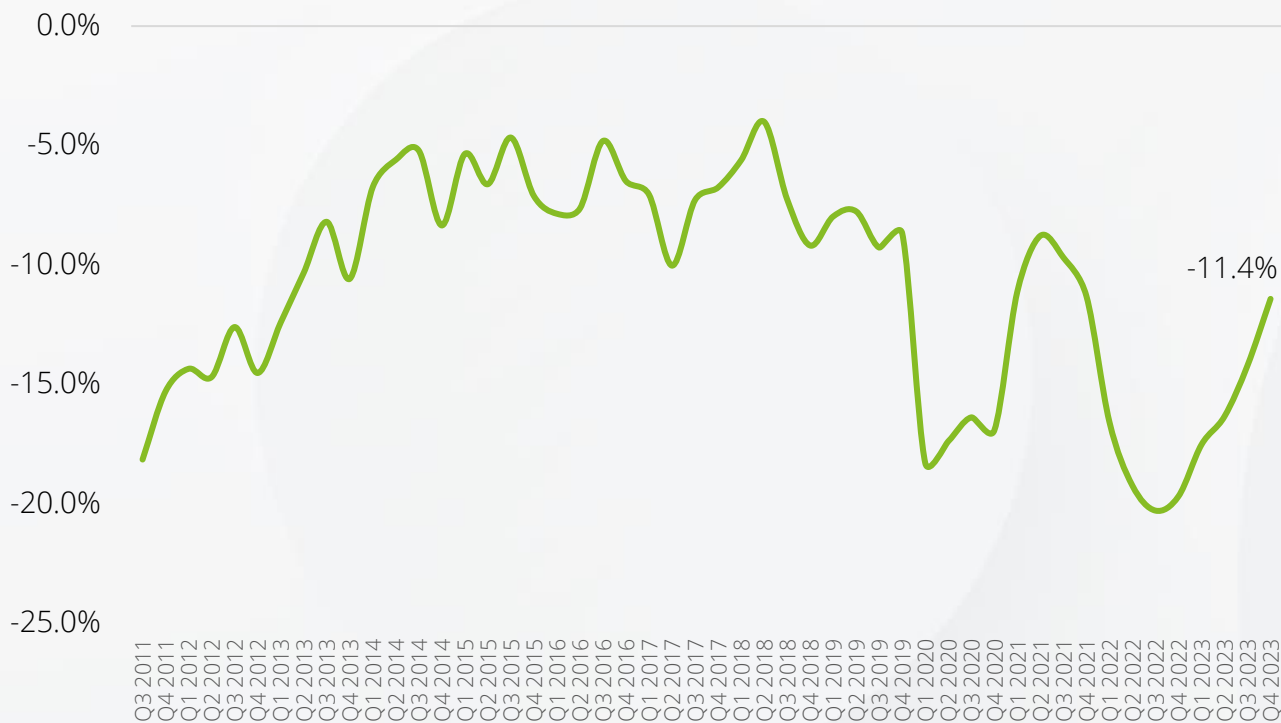
Perhaps more important is the profile of growth, which is expected to be weak or negative in the first half of 2024 due to the lagging effects of interest-rate hikes and higher prices. Steadier growth should return in the second half as inflation falls more sharply and interest rates also start to come down.



Consumer
confidence

Deloitte Consumer Confidence Index*

Net % of UK consumers who said their level of confidence has improved in the past three months



Confidence improves to its highest level since Q4 2021

The latest Deloitte Consumer Tracker shows UK consumer confidence increased for a fifth consecutive quarter, rising by three percentage points to -11.4% its highest level in two years.

Since reaching an all-time low in Q3 2022 the Deloitte Consumer Confidence Index has risen by nine percentage points over the last 15 months to -11.4% in Q4 2023.


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

Source: The Deloitte Consumer Tracker

* The Deloitte consumer confidence index is an average of the net % of consumers who said their level of confidence improved in the past three months for six individual measures of confidence (see next page).

Individual measures of consumer confidence

Net % of UK consumers who said their level of confidence has improved in the past three months

Individual measures of consumer confidence	Q4 2023 net balances	% point change quarter on quarter	% point change year on year
Your children's education and welfare	-2.2%	 +3.7	 +5.0
Your job security	-2.8%	 +4.1	 +7.0
Your job opportunities/career progression	-3.6%	 +1.8	 +5.7
Your level of debt	-7.6%	 +4.0	 +5.5
Your general health and wellbeing	-24.7%	 -3.9	 +6.8
Your household disposable income	-27.7%	 +7.2	 +19.6
Deloitte Consumer Confidence Index	-11.4%	 +2.8	 +8.3
The state of the economy in the UK*	-44.0%	 +14.4	 +32.4

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

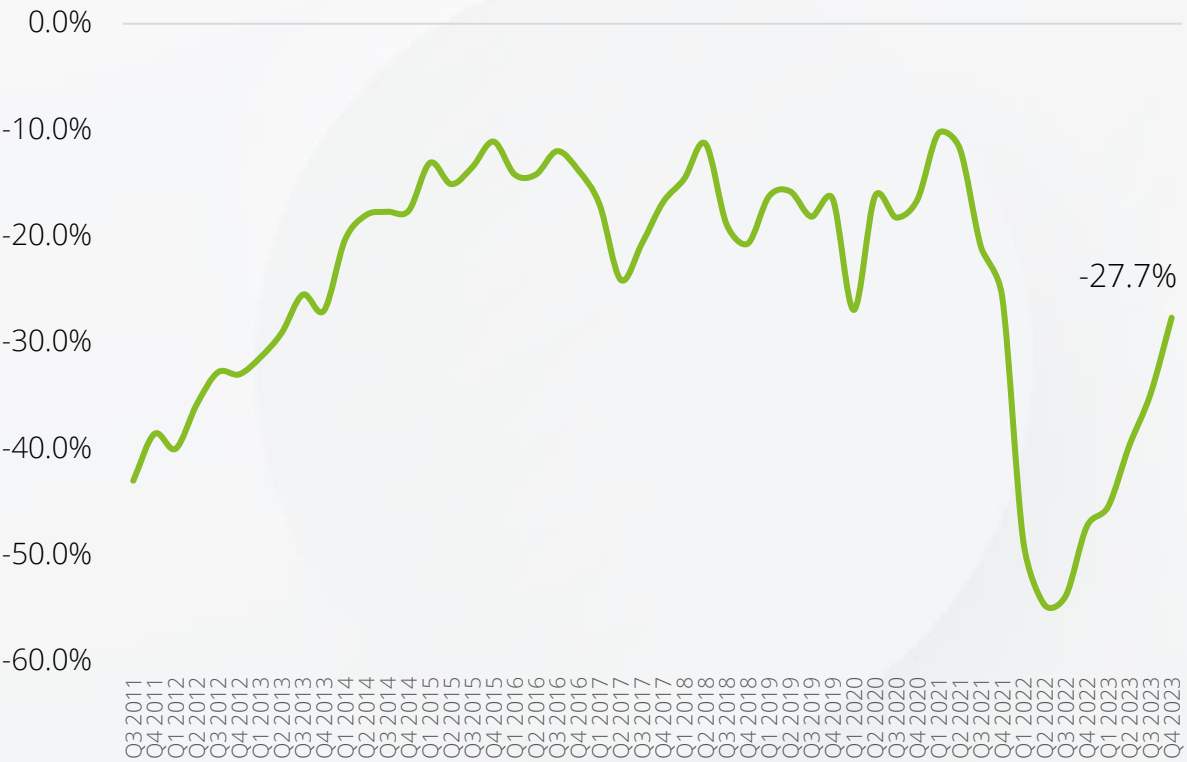
The sustained improvement in the index since Q4 2022 coincides with a period that saw the rate of inflation easing from a peak of 11.1% in October 2022.

Stronger consumer sentiment reflects better financial conditions including the rise of real wages since June 2023 and mortgage rates falling from their peak last summer.

Source: Refinitiv Datastream

Consumer confidence about their levels of household disposable income

Net % of UK consumers who said that their confidence in their levels of household disposable income has improved in the past three months



Sentiment around disposable income up for sixth consecutive quarter

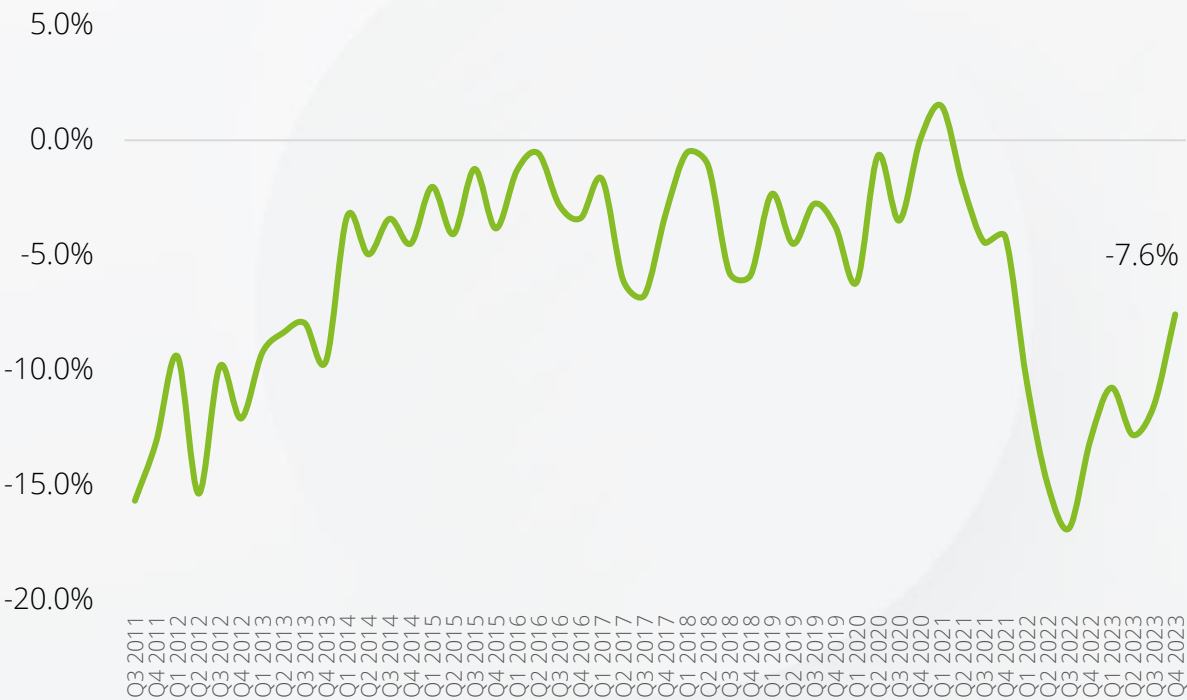
With easing inflation supporting the rise of real wages, consumer sentiment towards household disposable income saw its second most significant quarterly improvement since the Tracker began in 2011, up seven percentage points on the previous quarter.

However, at -27.7% the net sentiment measure for disposable income remains 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 % of UK consumers who said that their confidence in their levels of debt has improved in the past three months



Confidence in levels of debt improves

Our data also shows consumers were the least pessimistic about their debt levels (+4 percentage points) for the first time in two 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 % of UK consumer who said they have seen an increase



Improving overall financial conditions

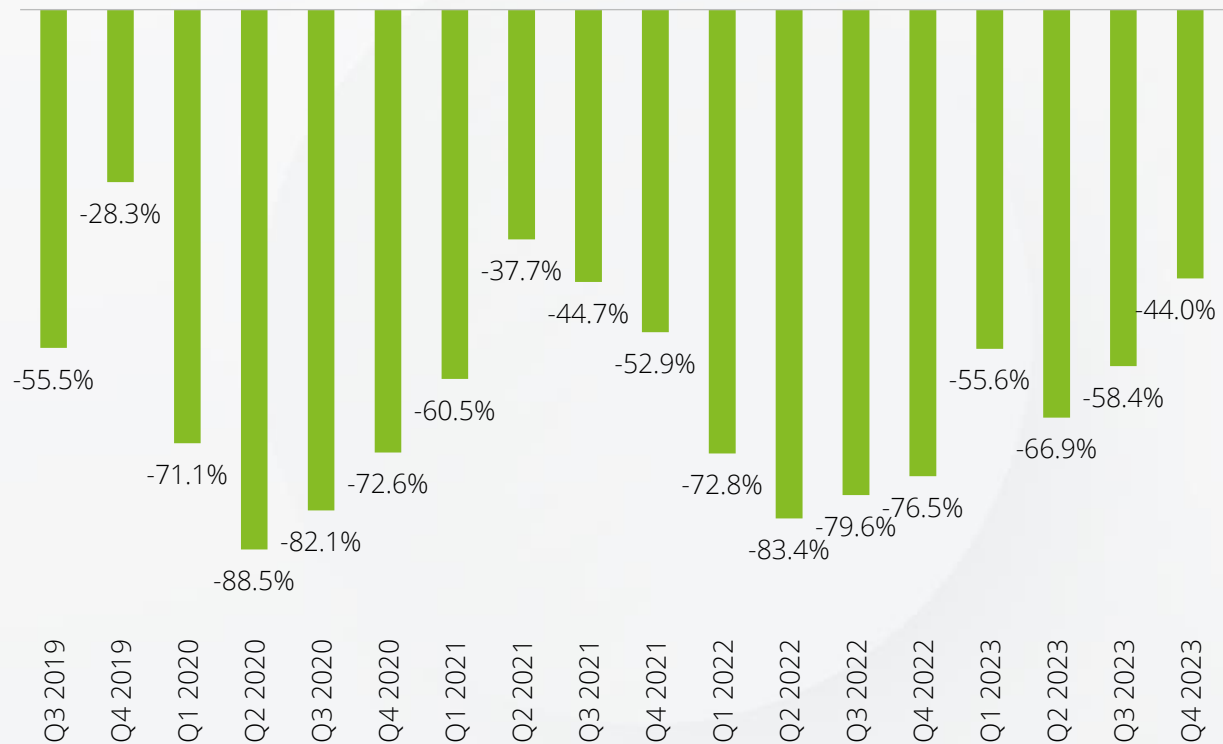
In a sign of households’ financial conditions gradually improving, when asked about the state of their personal finances in the last three months, on balance consumers are not only reporting an increase in their wage and savings, but their overall expenditure is also stabilising and their levels of debts are increasing at a slower rate.

Source: The Deloitte Consumer Tracker



Consumer confidence about the state of the UK economy

Net % of UK consumers who said that their confidence in the state of the UK economy has improved in the past three months



Consumers are less negative about the state of the UK economy

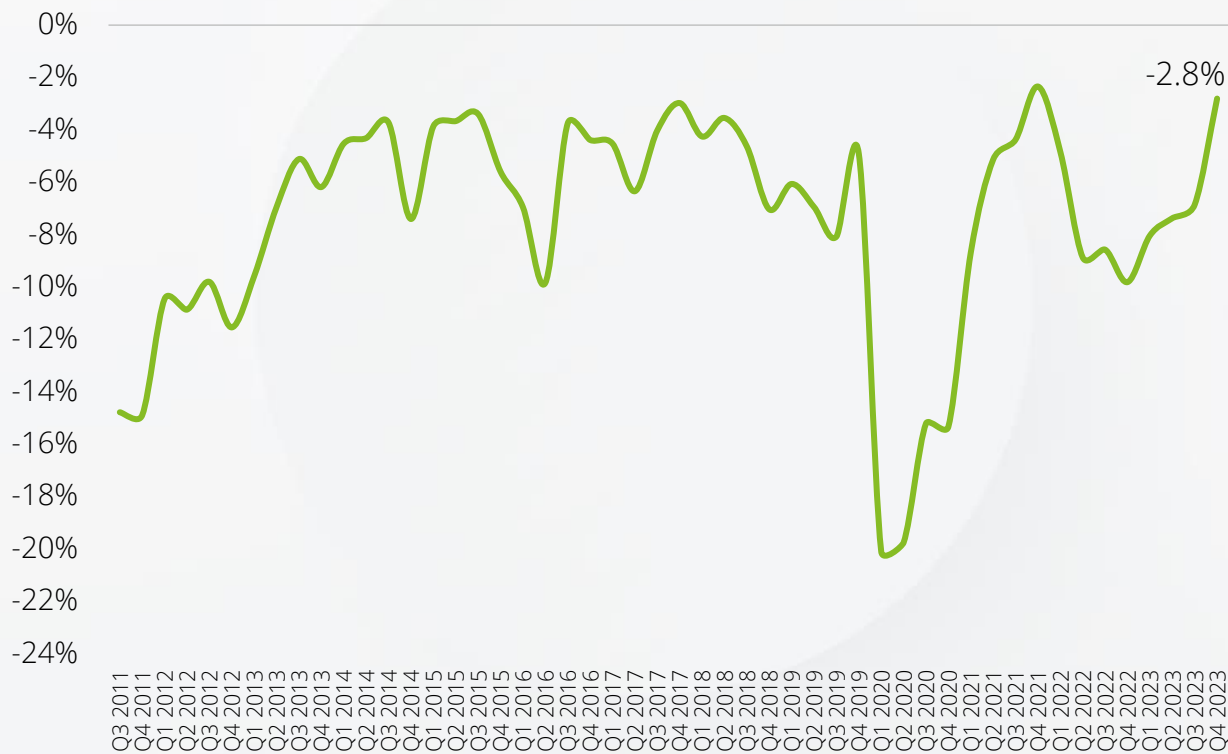
Consumers also reported their most positive views about the state of the UK economy since Q2 2021 when the UK fully reopened following the pandemic, with a 14.4 percentage point increase to -44% in Q4 compared with Q3 2023.

The overall positive mood of consumers is reflected by CFOs at some of the UK’s largest businesses. According to the latest [Deloitte CFO survey](#) sentiment among CFOs rose for the second consecutive quarter as inflation and interest rates have dropped down the CFOs’ list of worries. CFOs now expect wage and price pressures to continue to ease.

Source: The Deloitte Consumer Tracker

Consumer confidence about job security

Net % of UK consumers who said that their confidence in their job security has improved in the past three months



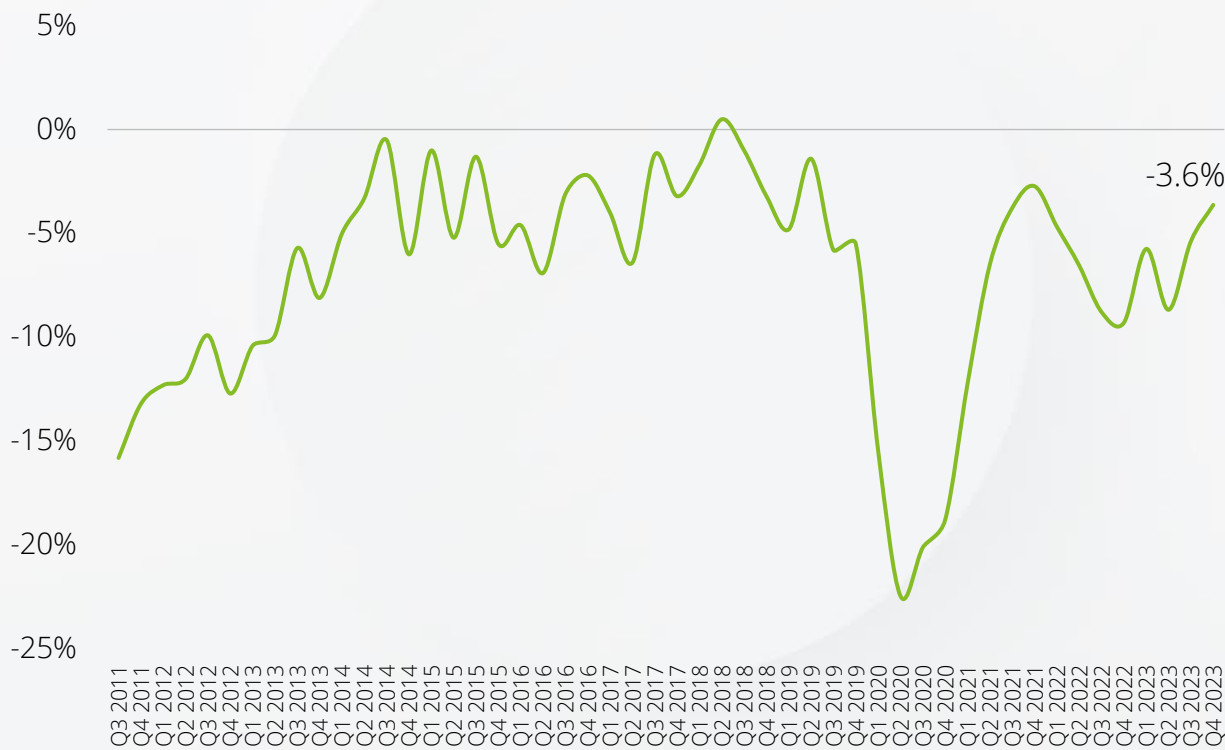
Confidence in job security jumps to its second highest level since 2011

With the job market remaining buoyant, sentiment about job security jumped four percentage points to -2.8%, its second highest reading since the Tracker began.

Source: The Deloitte Consumer Tracker

Consumer confidence about job opportunities

Net % of UK consumers who said that their confidence in their job opportunities and their career progression has improved in the past three months



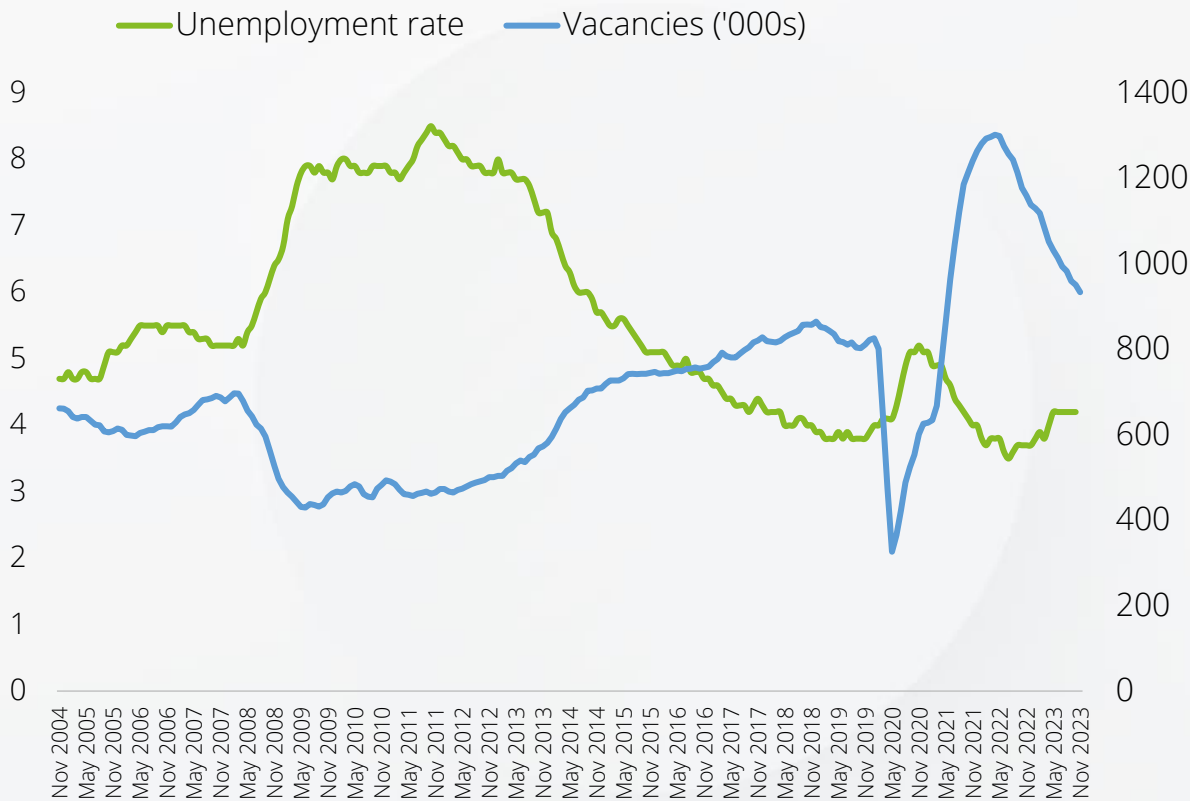
Source: The Deloitte Consumer Tracker

Sentiment about job prospects improves at a slower pace

However, with vacancy rates showing possible signs of slowing, the measure of confidence in job opportunities and career progression grew by only 1.8 percentage points to -3.6%.

Labour market cooling

UK unemployment rate (all aged 16 and over)



The UK labour market shows growing signs of a slowdown

Unemployment remains low by historical standards but there are signs of the labour market slowing.

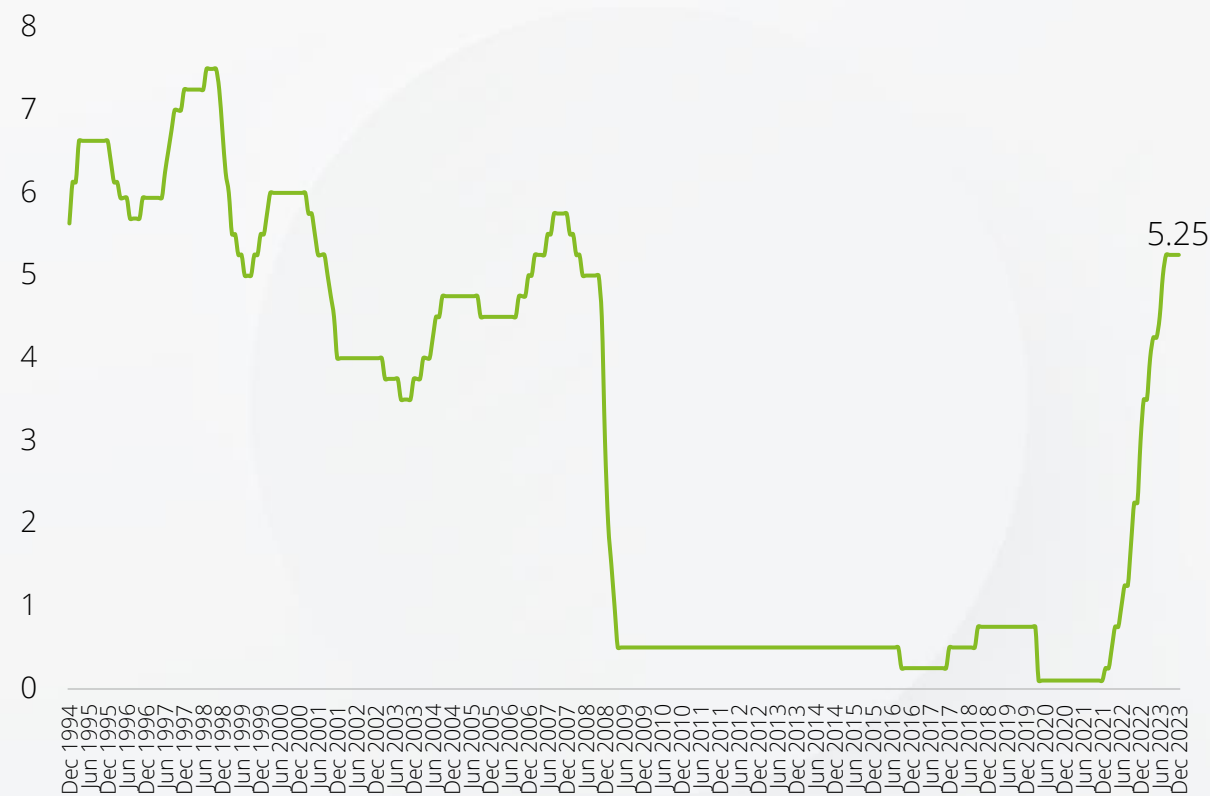
Unemployment has ticked progressively higher in 2023, reaching 4.2% in the three months to October.

There has also been a sharper fall in vacancies.

Source: Refinitiv Datastream

Interest rates expected to remain on hold

Bank of England base rate



Rates expected to remain on hold for now

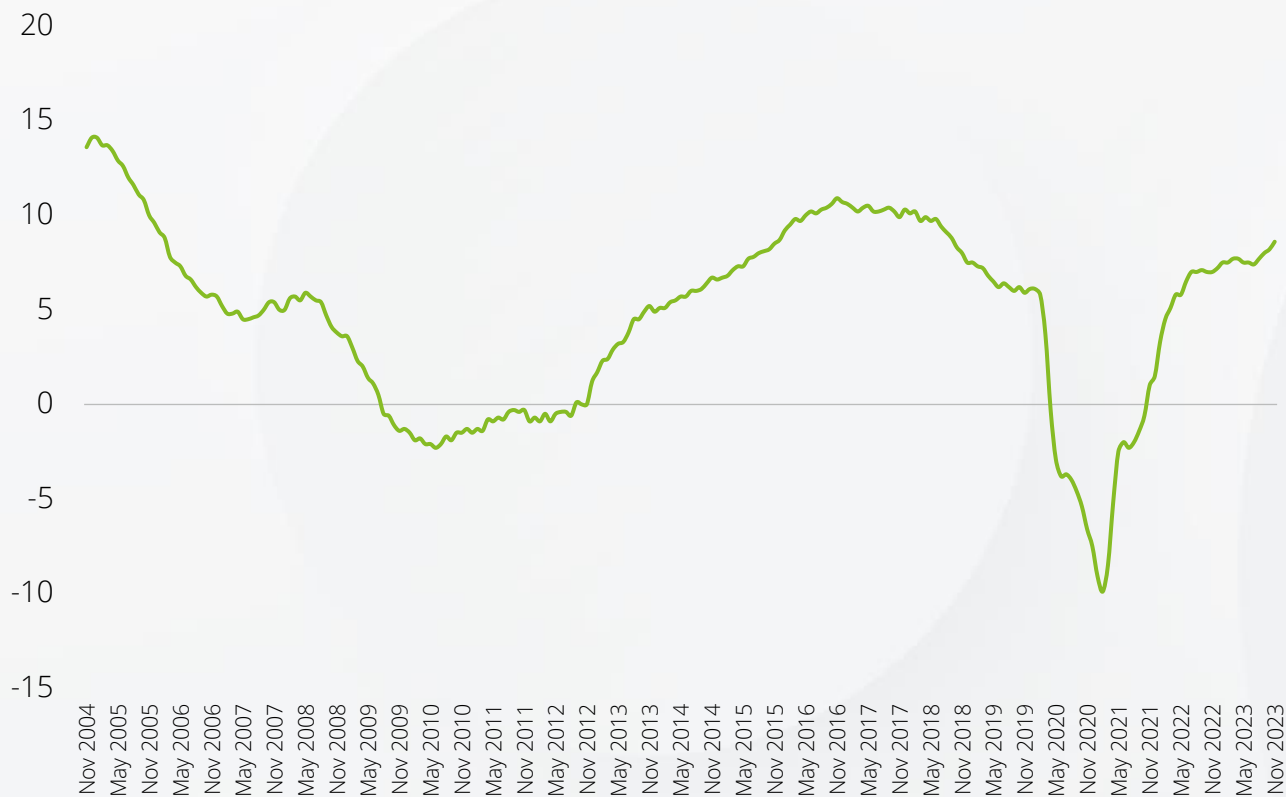
The Bank of England is expected to hold its benchmark rate at 5.25% in its January meeting despite decline in inflation in recent months.

Expectations are for interest rates ending the year at 4-4.25% on the back of sharper forecasted falls in the inflation rate.

Source: Refinitiv Datastream

Household borrowing shows signs of softening

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



Borrowing is up despite the pressure from higher interest rates

Latest data from the Bank of England shows consumer borrowing rose to £2 billion in November, up from £1.4 billion the month before. The annual growth rate for consumer credit was 8.6% in November, the highest rate since September 2018.

Higher borrowing on credit cards, which doubled to £1 billion in November, was the main driver of the increase, while other forms of personal credit, such as personal and car loans, increased slightly from £900 million to £1 billion.

The data suggests that, so far, households are continuing to spend despite the pressure from higher interest rates.

The trend of savers moving more money into saving accounts also continued in November.

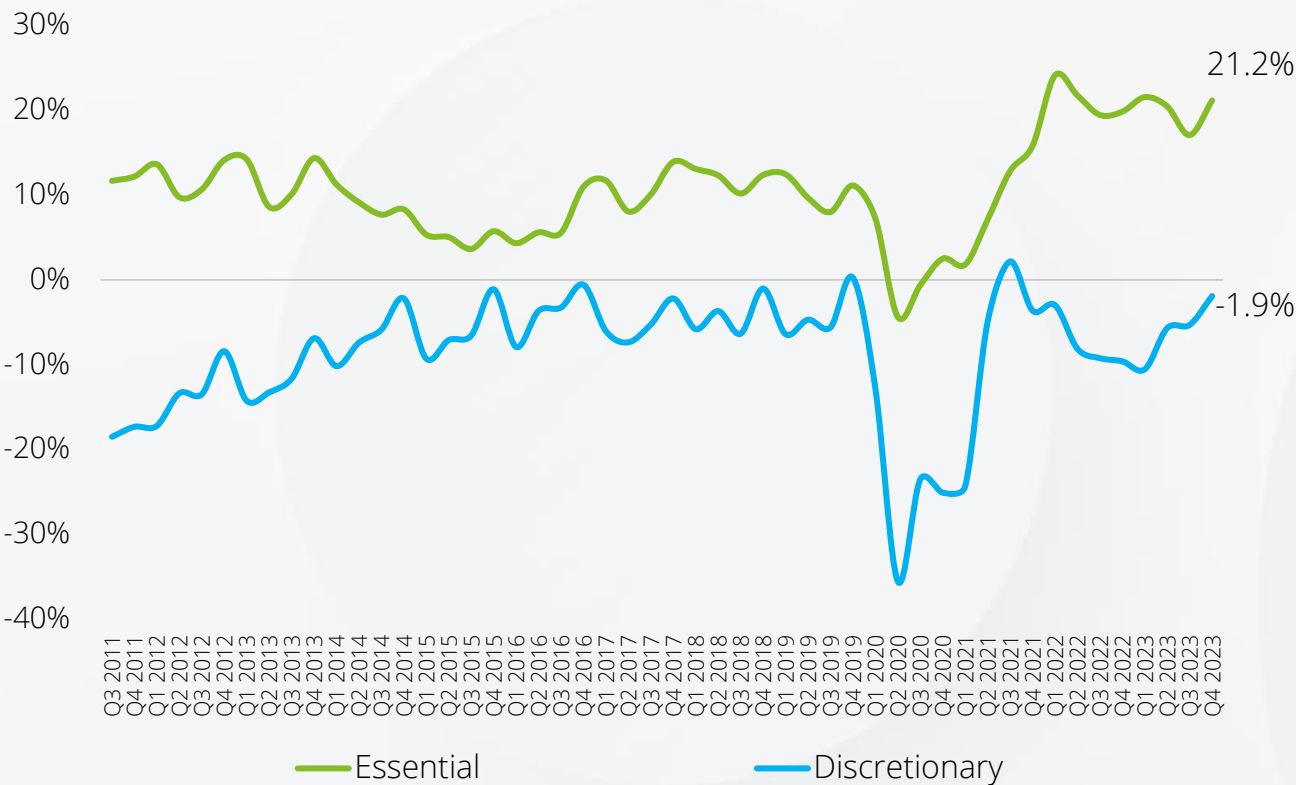
Source: Refinitiv Datastream



Consumer spending

Consumer spending in the last three months by category

Net % of UK consumers spending more by category



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

Source: The Deloitte Consumer Tracker


































Q4 sees higher net spending in both essential and discretionary categories

Spending on day-to-day categories was up by 4.1 percentage points compared with Q3 with consumers spending more on both utility bills (+21.3 percentage points) and food (+6.7 percentage points). While higher energy consumption and households spending more on food in Q4 are predictable, spending on essentials is 10 percentage points higher than the same period in 2019, before COVID-19 and the cost of living crisis.

Meanwhile, overall net spending on non-essential goods and services increased for the third consecutive quarter with a rise of 3.4 percentage points to -1.9%. This is due to increased levels of socialising during the festive period with higher levels of spending in categories such as alcoholic beverages and tobacco (+11.3 percentage points), and clothing and footwear (+7.1 percentage points).




























Spending in essential categories in the last three months

Net % of UK consumers spending more by category over the last three months

Consumer spending in the last three months by category	Q4 2023 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Essential	21.2%	 +4.1	 +1.3	 +10.0
Grocery	51.7%	 +6.7	 +0.4	 +24.4
Utility bills	53.4%	 +21.3	 -15.2	 +24.0
Everyday household items	32.1%	 +4.8	 +1.8	 NA
Housing	22.6%	 +0.4	 +0.9	 +15.5
Landline/mobile phone, Internet and cable/TV	13.6%	 -0.4	 +7.7	 +8.5
Transport	16.4%	 -4.4	 -2.8	 +5.2
Pensions and insurance	12.5%	 +1.8	 +7.0	 +8.3
Health	7.4%	 +1.0	 +2.6	 +3.2
Education	4.5%	 +3.0	 +3.5	 +3.8
Beauty and personal care products	-2.4%	 +6.5	 +7.3	 NA

Spending in discretionary categories in the last three months

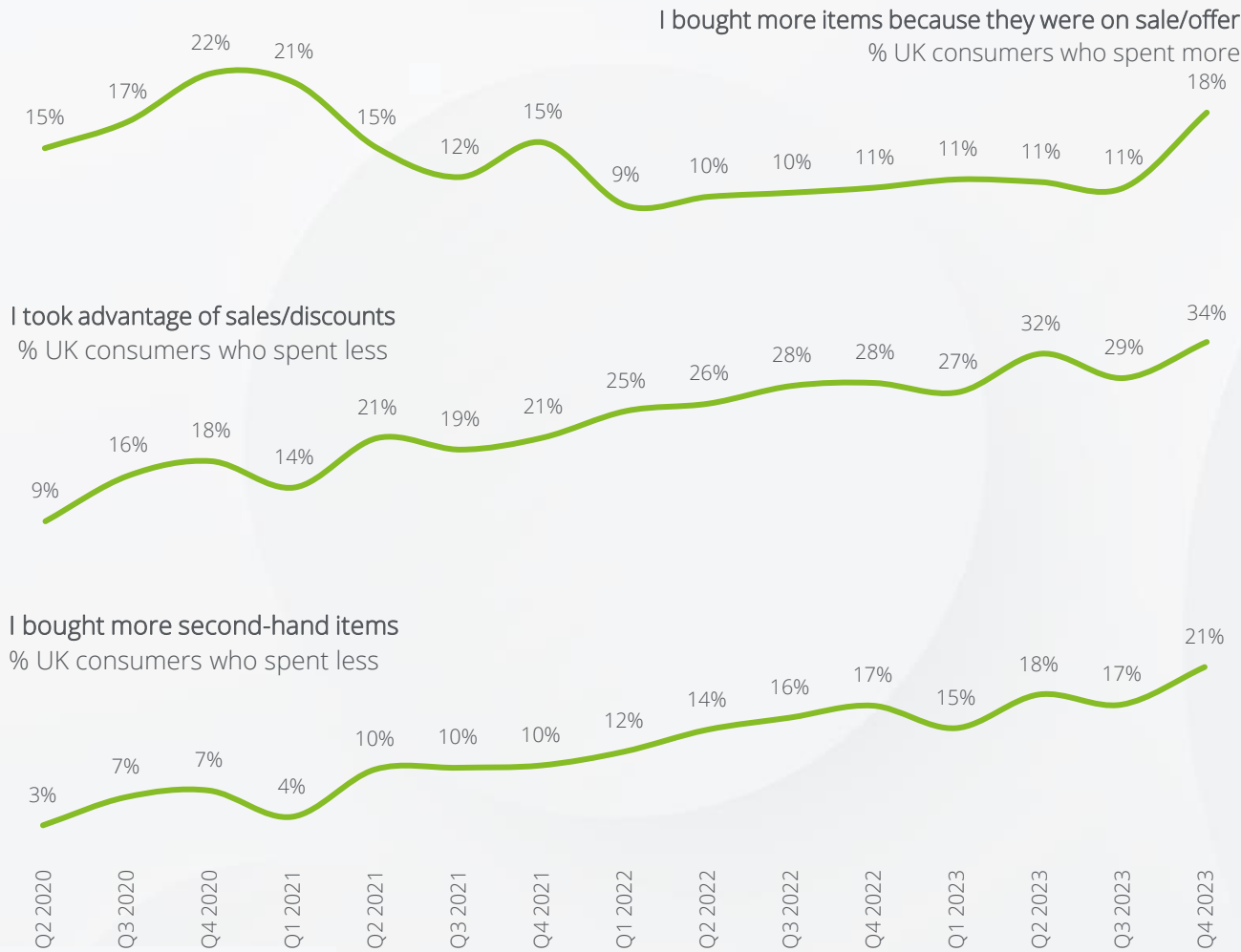
Net % of UK consumers spending more by category over the last three months

Consumer spending in the last three months by category	Q4 2023 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Discretionary	-1.9%	 +3.4	 +7.7	 -2.2
Holidays and hotels	-1.0%	 -9.0	 +8.3	 +1.0
Major household appliances	0.6%	 +5.2	 +4.8	 -0.4
Electrical equipment	-0.8%	 +5.4	 +5.5	 -3.2
Alcoholic beverages and tobacco	5.9%	 +11.3	 +7.2	 -0.5
Furniture and homeware	-7.8%	 +2.7	 +4.3	 -3.8
Restaurants	-3.4%	 +1.9	 +11.1	 -1.3
Clothing and footwear	1.2%	 +7.1	 +10.7	 -1.5
Going out	-9.9%	 +2.5	 +9.8	 -7.7

Source: The Deloitte Consumer Tracker

Reasons why consumers spend more/less in the last three months

Which are the reasons you spent more on several categories in the last 3 months?



Buying more on discount and second hand

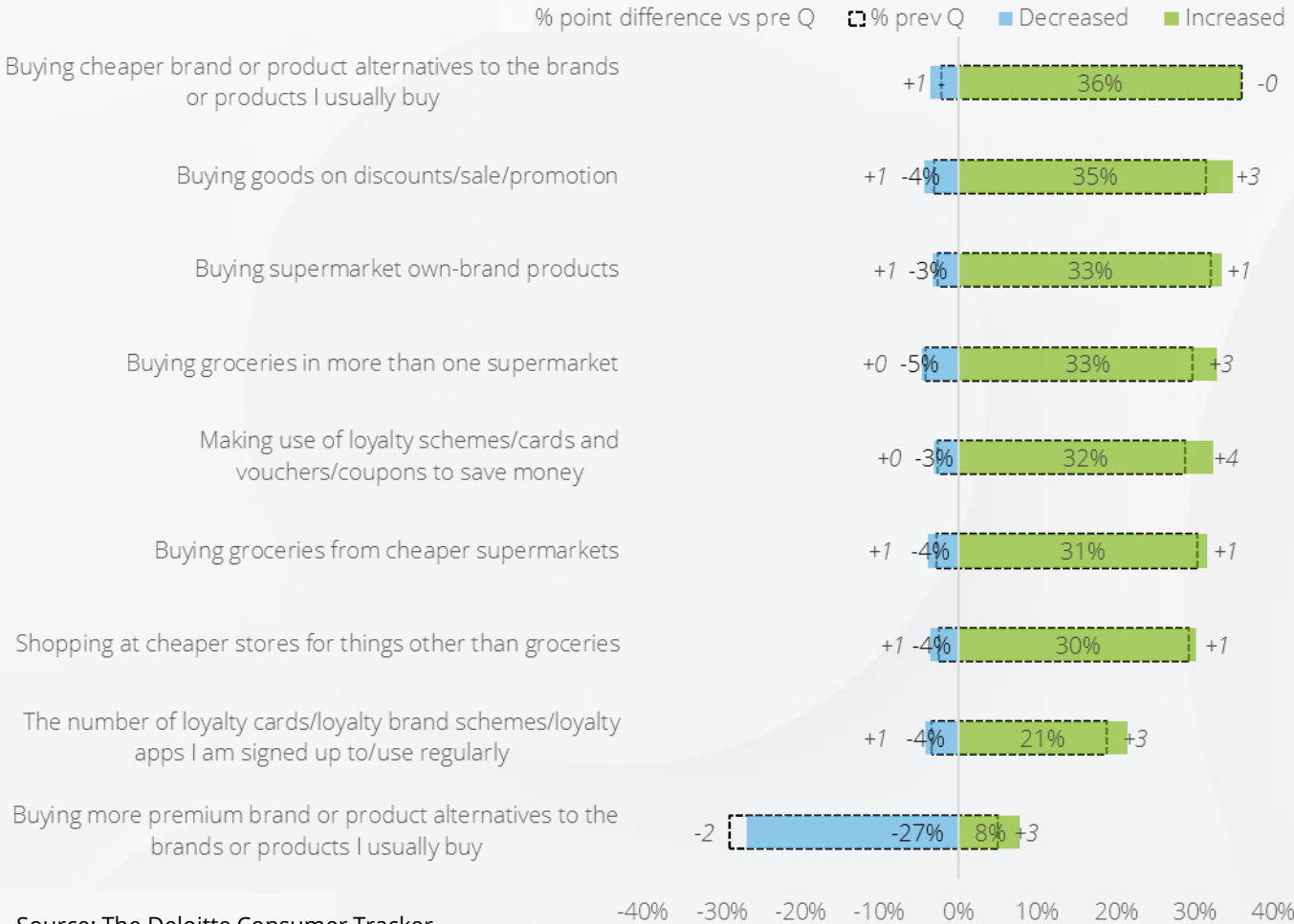
According to our data, the proportion of consumers who said they spent more in the last three months because they bought more items on sale rose by seven percentage points compared with the previous quarter.

Similarly, among consumers who said they spent less in Q4, there was a five-percentage point increase in the proportion of consumers claiming they took advantage of sales or discounts and a four percentage-point increase in consumers saying they bought more second-hand items.

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?

% of UK consumers



Some consumers remain cautious

Not only more consumers bought goods on promotion in Q4, but they also took advantage of loyalty schemes or traded down to supermarkets’ own-label product range or products from cheaper stores, to save or get more for their money.


































In Q4 2023, 36% of consumers bought more cheaper brands and 33% bought more supermarket own-brand products compared with the previous quarter. Over the same period, 32% of consumers made more use of loyalty schemes to save money.

Outlook






























Spending intentions in essential categories in the next three months

Net % of UK consumers intending to spend more by category over the next three months

Consumer spending in the next three months by category	Q4 2023 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Essential	10.8%	 -0.4	 -1.1	 +6.8
Grocery	20.2%	 -10.7	 -10.8	 +22.4
Utility bills	44.2%	 +7.4	 -14.9	 +28.4
Everyday household items	12.5%	 -1.7	 -2.2	 NA
Housing	14.5%	 -0.4	 -2.1	 +7.7
Landline/mobile phone, Internet and cable/TV	7.1%	 +1.1	 +4.6	 +7.0
Transport	8.0%	 -3.7	 -3.4	 +3.1
Pensions and insurance	8.2%	 +2.5	 +5.4	 +4.6
Health	3.3%	 +1.6	 +4.0	 +0.9
Education	1.7%	 +1.6	 +3.4	 +1.7
Beauty and personal care products	-11.8%	 -1.3	 +5.1	 NA

Spending intentions in discretionary categories in the next three months

Net % of UK consumers intending to spend more by category over the next three months

Consumer spending in the next three months by category	Q4 2023 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Discretionary	-13.4%	 -2.0	 +3.6	 -1.1
Holidays and hotels	-0.7%	 +8.5	 +6.3	 +0.0
Alcoholic beverages and tobacco	-20.8%	 -12.8	 -0.7	 +2.6
Major household appliances	-10.2%	 -0.8	 +0.3	 -0.1
Clothing and footwear	-14.3%	 -1.6	 +6.2	 +2.1
Electrical equipment	-12.0%	 -2.3	 +3.9	 -0.1
Furniture and homeware	-11.5%	 +0.3	 +3.7	 -2.7
Restaurants	-19.5%	 -4.0	 +4.1	 -3.7
Going out	-18.4%	 -3.4	 +5.2	 -7.3

Source: The Deloitte Consumer Tracker

Sector updates

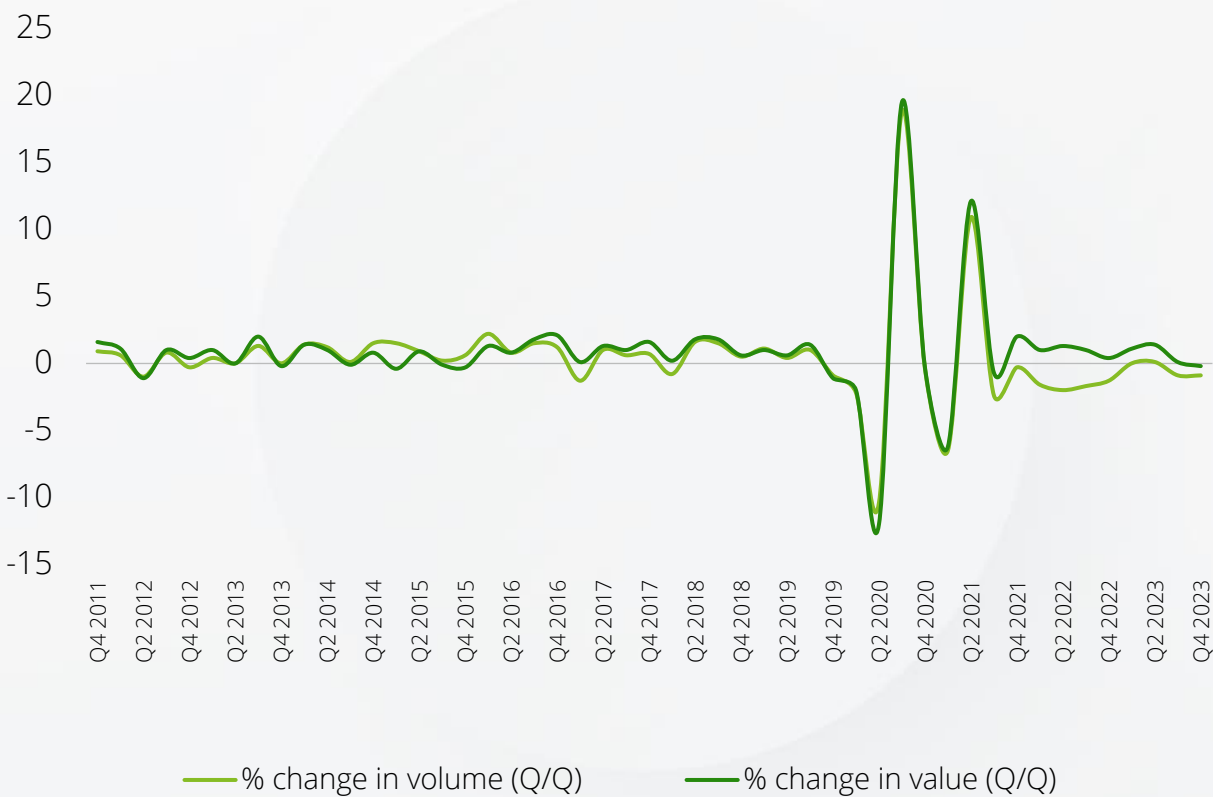




Retail

Retail sales (incl. fuel SA)

% change in volume and value quarter on quarter



Weaker than expected retail sales in Q4

The retail sector suffered an unexpected downturn in sales during Q4 2023 in what is usually seen as the most important three months of the year for the industry.

Many consumers brought forward their Christmas purchases to November, taking advantage of Black Friday and other promotional events to help manage their budgets driving marginal volume sales growth compared with October (+1.3%). However, this was not enough to offset falling sales in October and December. As a result, sales volumes fell by 0.9% in the three months to December 2023 when compared with the previous three months, while sales values fell at a slower rate (-0.4%) over the same period compared with Q3 thanks to inflation.

Source: Refinitiv Datastream

Online sales

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



Online sales plateaus

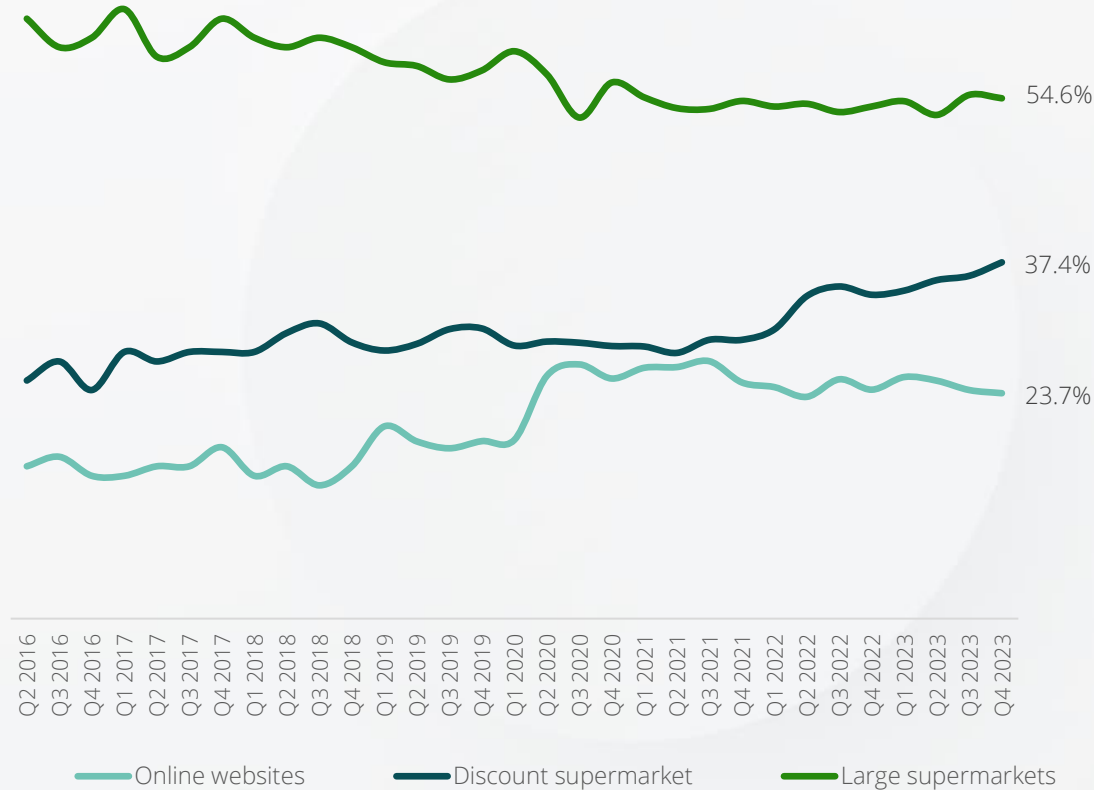
Despite many retail experts predicting that the jump in online sales seen during the COVID-19 pandemic represented a ‘new normal’, online sales as a share of total retail sales have been falling from their peak of over 35% in the middle 2021 and have now plateaued at around 25% over the last six months.

Spending online followed the same trajectory as overall retail sales over the last three months, with the latest ONS data reporting a fall in online sales of 1.7% from November to December 2023. However, with a smaller monthly fall in the value of online retail sales than the fall in the value of total retail sales, the share of online sales as a proportion of total retail sales rose from 26.6% in November 2023 to 27.1% in December 2023.

Source: Refinitiv Datastream

Channel usage for main grocery shop

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



Consumers continue to switch stores

In the food and grocery sector, consumers have actively been switching to cheaper stores to ease pressure on their budgets. Our data shows that more than one in three (37.4%) consumers are now doing their main food shop at a discount store, compared with 36.0% last quarter and 34.0% in Q4 2022.

A mix of new own-label products, promotions, and the advantage of an established loyalty card, which makes use of loyalty pricing, is helping some of the large supermarket brands protect their market share against the discounters. However, some of the discounters' success last Christmas is also linked to the introduction of loyalty programmes.

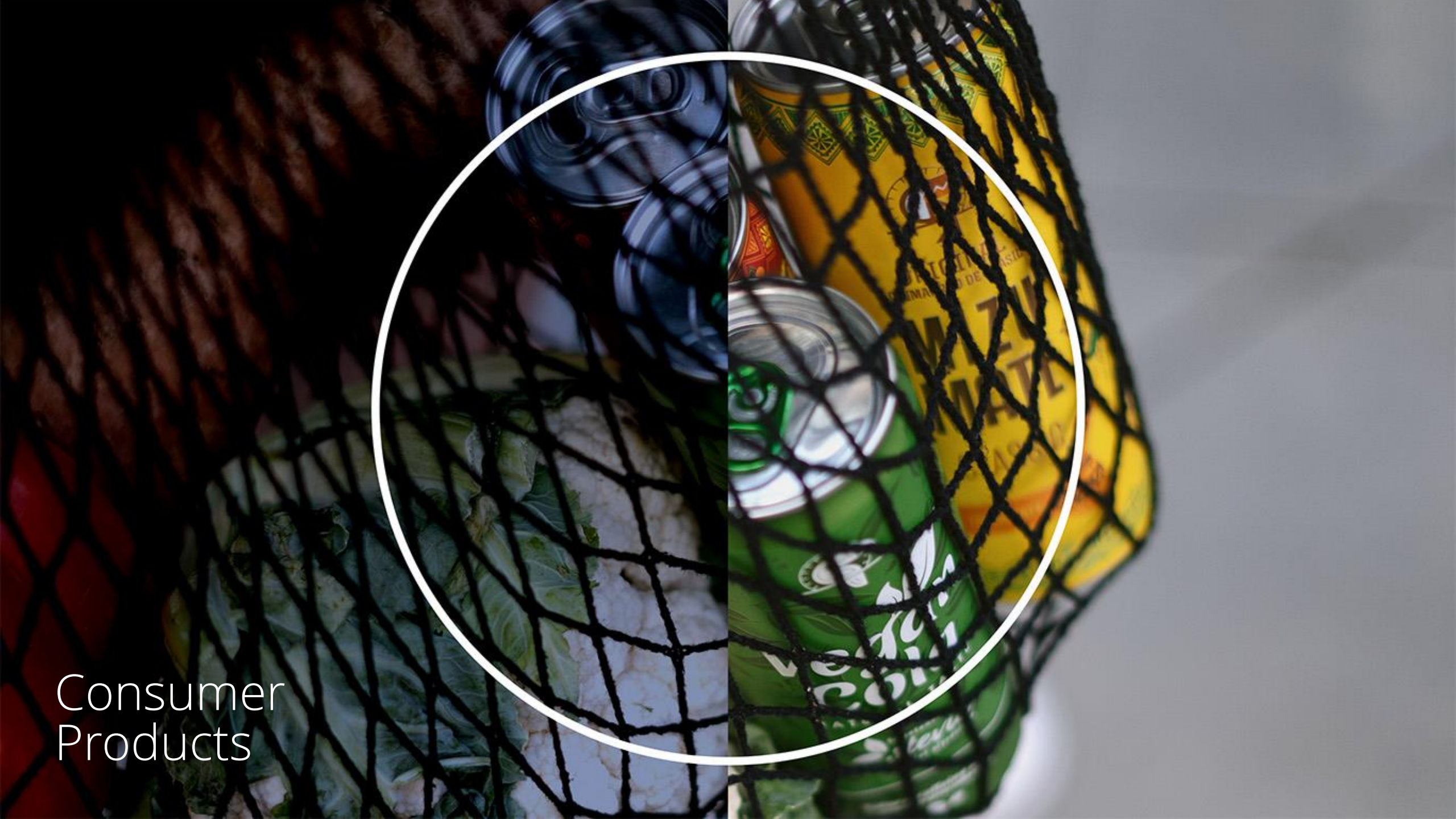
Source: The Deloitte Consumer Tracker

Retail sales outlook

A challenging trading environment for retailers

- Even if consumers' spending power is expected to improve in the year ahead, the first half of the year will remain a challenging environment for retailers. After the heightened pressure on family budgets due to Christmas expenses, consumer spending is expected to slow in the quarter ahead. The second half of 2024 could be more positive, if the combined impacts of wage increases, reduced national insurance and falling inflation are enough to support more consumer spending.
- The sector will also be faced with a number of risks in the months ahead, including the prospect of a general election and ongoing geopolitical tensions throughout the world. Moreover, there are growing concerns for retailers regarding the impact on supply chains of the crisis in the Red Sea, with some already signalling it could lead to delays and price increases. Managing inflation and cost reduction will remain top priorities for many retailers.
- With prices remaining high, retailers will be looking to capitalise on improving consumer confidence through other means. According to [Deloitte's latest Retail Trends](#), retailers will be attracting customers by increasing their investment in hybrid experiences across in-store and online and 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.

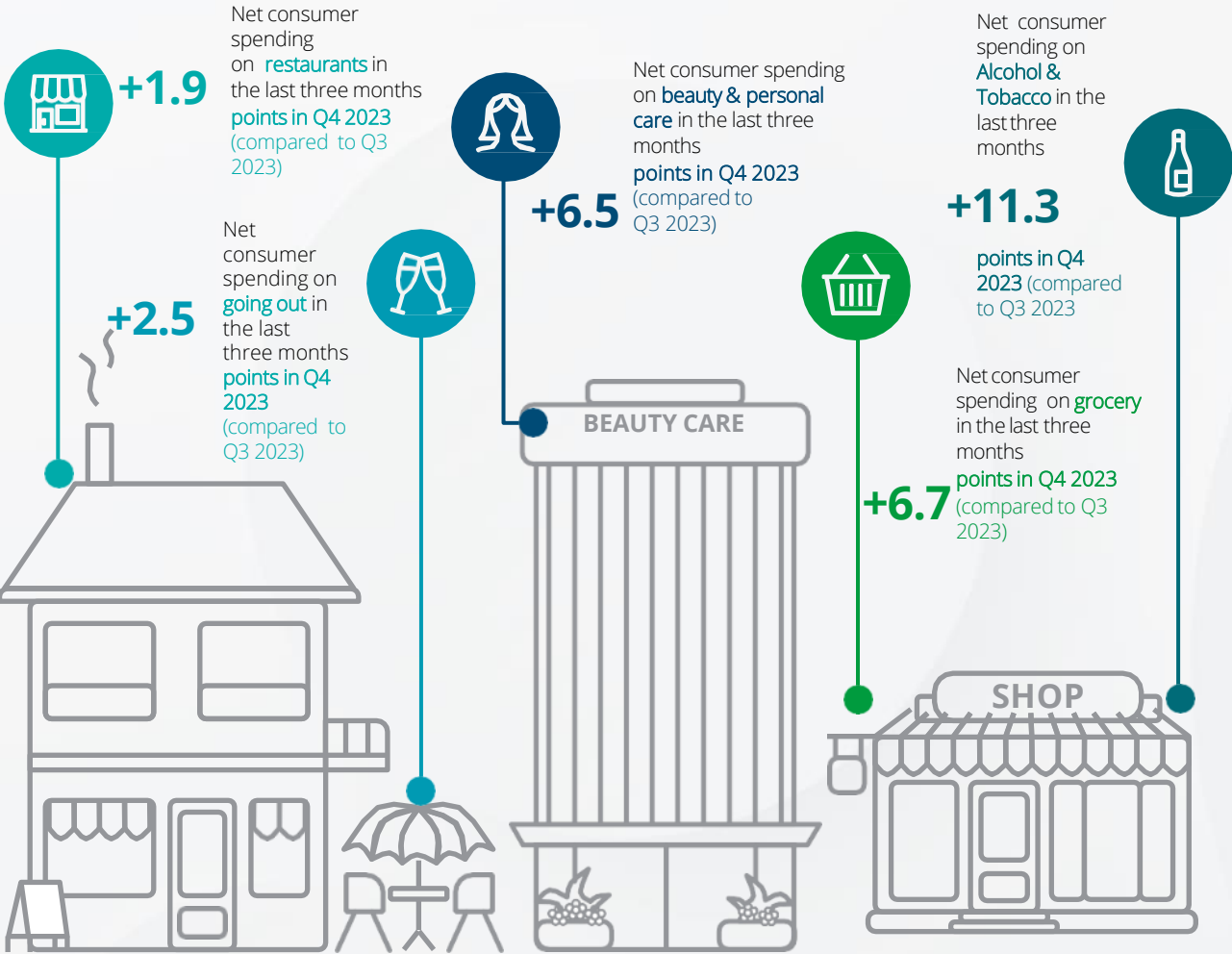




Consumer
Products

Consumer spending in the last three months

Net % of UK consumers spending more over the last three months



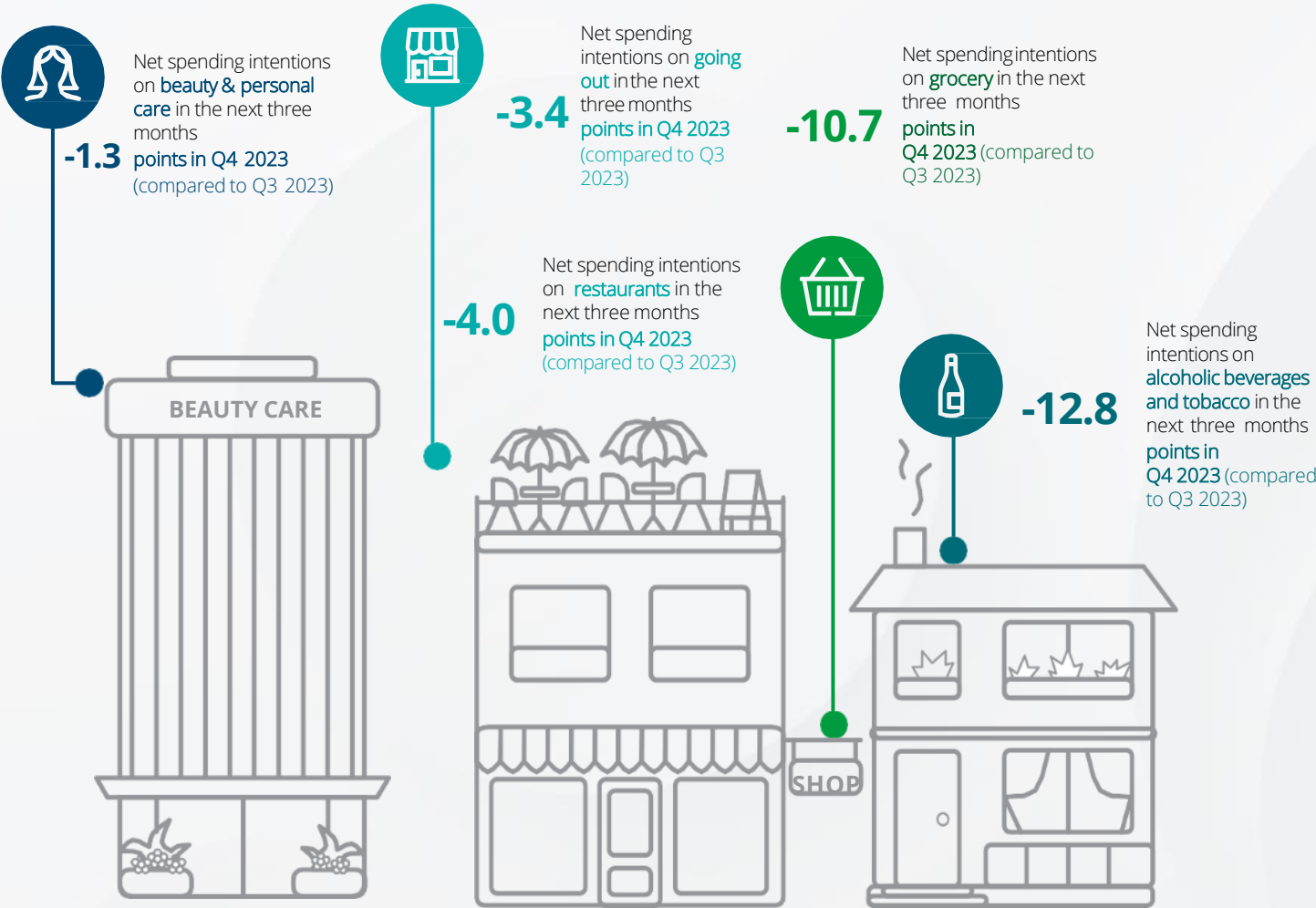
Festivities in Q4 see rise in spending on manufactured goods

On balance both essential and discretionary spending were up in Q4 2023, as would be expected during the busiest trading quarter of the year for the consumer sector. Overall spending on day-to-day categories was up with consumers spending more across 8 out of 10 categories. Outside of energy bills, the most significant rise this quarter was in the food category (+6.7 percentage points), followed by beauty and personal care (+6.5 percentage points) and everyday household items (+4.8 percentage points).

Meanwhile, overall net spending on non-essential goods increased for the third consecutive quarter in Q4 compared with Q3. A rise in non-essential spending coincides with increased levels of socialising during the festive period driving higher levels of spending in categories such as alcoholic beverages and tobacco (+11.3 percentage points).

Consumer spending in the next three months

Net % of UK consumers intending to spend more in the next three months



Consumers to remain frugal

Despite inflationary pressures expected to continue easing, our Tracker data shows that consumers plan to spend less on both day-to-day and non-essential categories in Q1.

Consumers are still likely to take affordability into consideration and will be less willing or able to pay more.

Consumer products outlook

Businesses need to focus on growing volume profitably

- For the last few years, with high input costs, consumer products companies have been focused on controlling costs to limit passing price increases on to consumers. Premiumisation helped justify what they charged but businesses resorted to other mechanisms such as 'shrinkflation' to avoid passing on these additional costs to consumers while protecting product quality and the brand.
- Yet to achieve profitable growth businesses also had to increase their prices to near-unprecedented levels and leading companies did relatively well by using that strategy. However, in 2024 the ability to raise prices could be quite limited and companies may need to shift their focus to grow volume instead but in a way that remains profitable.
- In our [2024 consumer products industry outlook](#) we discuss some of the strategies available to deliver 'profitable volume'. Finding the right balance between boosting volume (including targeted advertising and promotion, precision growth management and opportunistic M&A) and profitability (including delivering a rebalanced mix, strategic innovation and enhanced operations and supply chain) will be key for consumer products companies in 2024 and beyond.

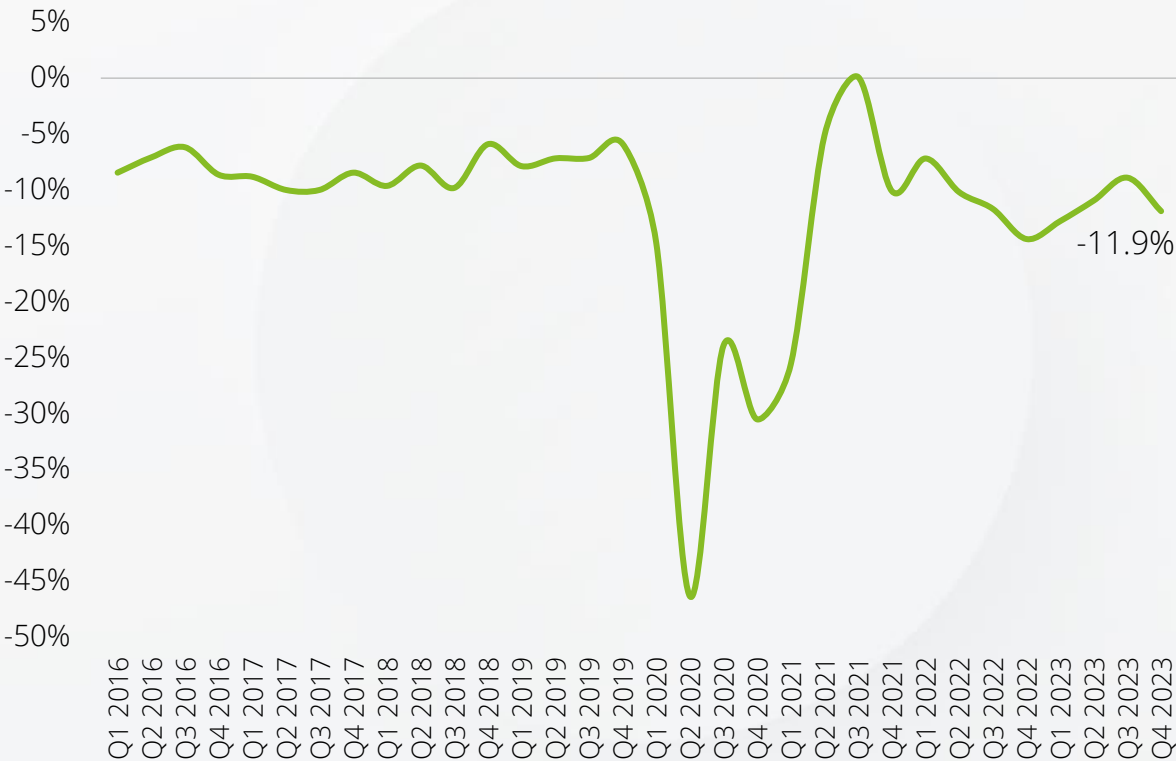




Leisure

Total net leisure spending in the last three months

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



Leisure net spending down for the first time in a year

After growing for three consecutive quarters, net spending in the leisure sector fell to -11.9% in Q4 2023 from -8.9% in Q3 2023. The decline in Q4 was driven by a drop in 10 of the 11 leisure categories measured, with the most significant fall in net spending around the holiday and travel categories. Fewer consumers booking holidays over the last quarter of the year is to be expected due to the seasonality.

However, the downward trend also points to consumers continuing to cut back on discretionary spending especially around leisure and hospitality services. Unfortunately, the expected boost from an anticipated return to normality this festive period following the last three years of disruptions did not materialise as consumers held back and spent more on the grocery category for the home.

Source: The Deloitte Consumer Tracker


































Spending in leisure categories the last three months

Net % of UK consumers spending more by category over the last three months

Leisure spending in the last three months by category	Q4 2023 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Long holidays	-8%	↓ -10.3	↑ +4.6	↓ -1.2
Short holidays	-10%	↓ -10.1	↑ +3.1	↓ -4.3
Culture and entertainment	-17%	↓ -3.0	↑ +4.0	↓ -10.8
Other leisure activities	-14%	↓ -2.3	↓ -0.2	↓ -6.8
Betting and gaming	-11%	↓ -1.9	↓ -2.5	↓ -6.0
Going to the gym or playing sport	-7%	↓ -1.7	↑ +0.8	↓ -3.3
Attending live sports events	-8%	↓ -1.7	↑ +1.0	↓ -3.1
Eating out	-11%	↓ -1.6	↑ +6.4	↓ -8.1
Drinking in coffee shops/sandwich shops	-17%	↓ -1.3	↑ +5.1	↓ -6.8
In home leisure activity	-14%	↓ 0.0	↑ +2.2	↓ -8.3
Drinking in pubs/bars	-14%	↑ +1.0	↑ +2.9	↓ -7.5

Spending intentions in leisure categories in the next three months

Net % of UK consumers intending to spend more by category over the next three months

Leisure spending in the next three months by category	Q4 2023 net balances	% point change quarter on quarter	% point change year on year	% point change vs Q4 2019
Short holidays	-7%	 +5.1	 +2.4	 -1.9
Long holidays	-5%	 +6.0	 +4.4	 -1.9
Going to the gym or playing sport	-5%	 -1.0	 +2.2	 -3.2
Attending live sports events	-9%	 -1.4	 +1.6	 -4.3
Betting and gaming	-14%	 -2.9	 -0.6	 -5.0
Other leisure activities	-16%	 -2.2	 -0.5	 -7.4
Culture and entertainment	-17%	 -1.7	 +2.6	 -7.5
Eating out	-24%	 -7.5	 +0.1	 -5.6
Drinking in pubs/bars	-24%	 -8.7	 -1.2	 -6.0
Drinking in coffee shops/sandwich shops	-25%	 -5.2	 +0.1	 -5.7
In home leisure activity	-24%	 -4.2	 +1.0	 -9.6

Leisure sector outlook

Spending on leisure expected to decrease in Q1 2024

- Consumers intend to spend less across 9 out of 11 leisure categories in Q1 2024, with an exception being the long and short holiday categories. Despite the cost pressures, consumers continue to prioritise spending on travel. However, a continued focus on securing value for money is likely. According to a consumer survey for the [Deloitte Travel Weekly Insight Report 2023-24](#), the majority of consumers (57%) intending to travel abroad on a holiday are likely to book all-inclusive trips. Overall, as 'revenge' travel post-pandemic abates, more consumers will be holidaying closer to home, reducing the length of their trip, seeking cheaper flights or plan holidays outside of the peak season.
- The sector will be expecting a return to more normal performance in 2024, barring unforeseen events. The pent-up demand has largely worked through the system and near-full levels of capacity in supply have returned. However, with more cautious lenders, securing funding will be challenging, combined with other cost increases, this could lead to limited supply growth
- Maintaining profitability and increasing cash flow are the immediate priorities for sector executives. In addition, hiring, retaining talent and performance improvement will remain key areas of focus. Despite these challenges, the sector is expected to have a steadier 2024.





Automotive

UK car registrations

Quarterly UK car registrations

	CY 2023	CY 2022	% change	Market share CY 2023	Market share CY 2022
Diesel	71,501	82,981	-13.8%	3.8%	5.1%
Petrol	774,484	682,472	13.5%	40.7%	42.3%
MHEV diesel	70,933	72,343	-1.9%	3.7%	4.5%
MHEV petrol	291,196	219,701	32.5%	15.3%	13.6%
BEV	314,687	267,204	17.8%	16.5%	16.6%
PHEV	141,311	101,414	39.3%	7.4%	6.3%
HEV	238,942	187,948	27.1%	12.6%	11.6%
Total	1,903,054	1,614,063	17.9%		

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)

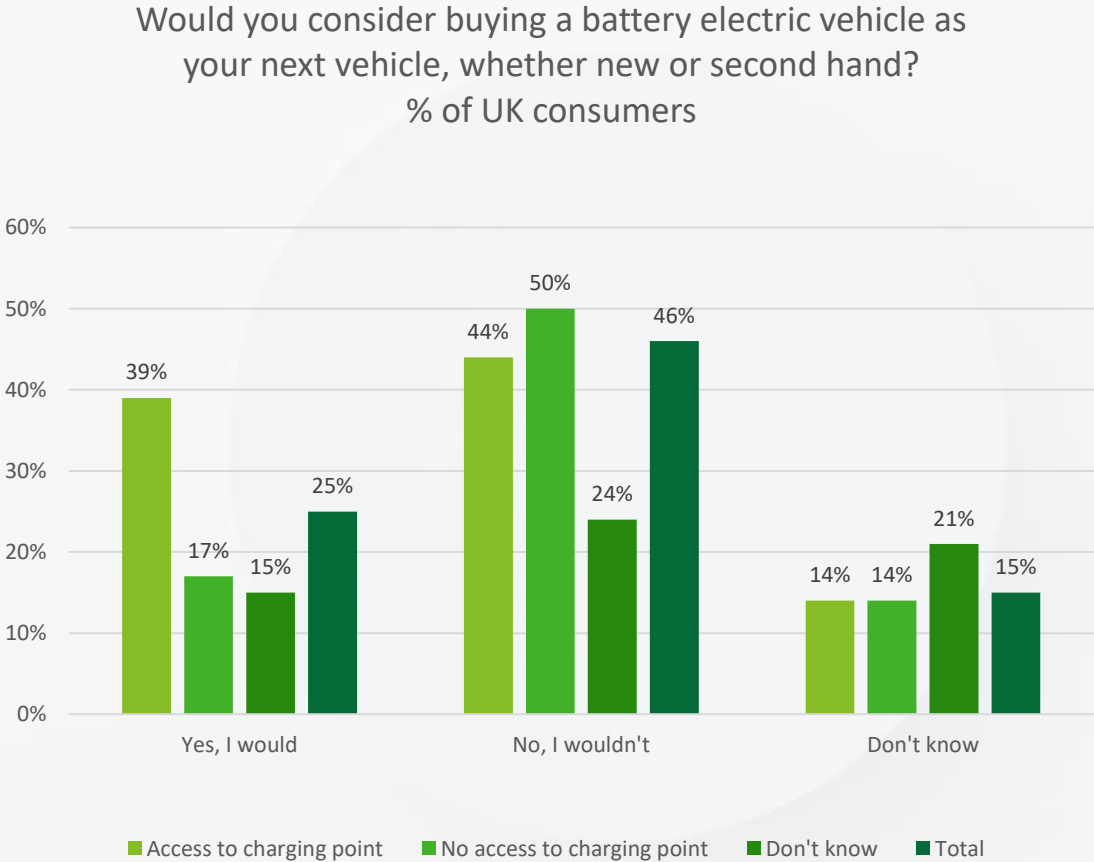
Double digit year-on-year growth across each of the final three months of the year

Total sales in 2023 hit their highest level since 2019 – prior to the onset of COVID restrictions, the semiconductor shortage and other supply issues that had blighted new car sales over the past three years. In total, more than 1.9 million new cars were registered, 300,000 more than in 2022.

However, that growth has been driven entirely by fleet customers, who registered a combined 1.1 million cars across the large and small fleet sectors, representing a 38.7% rise year on year.

Petrol-powered vehicles remained the most popular, accounting for 40.7% of all new cars sold during 2023. However, their share of the market is shrinking as consumers adopt alternative technologies. Battery electric vehicles (BEVs) now command a 16.5% share of the market making them the second most preferred type of vehicle, slightly ahead of MHEV Petrol.

EV purchasing sentiment



Source: The Deloitte Consumer Tracker

Challenges facing the EV sector

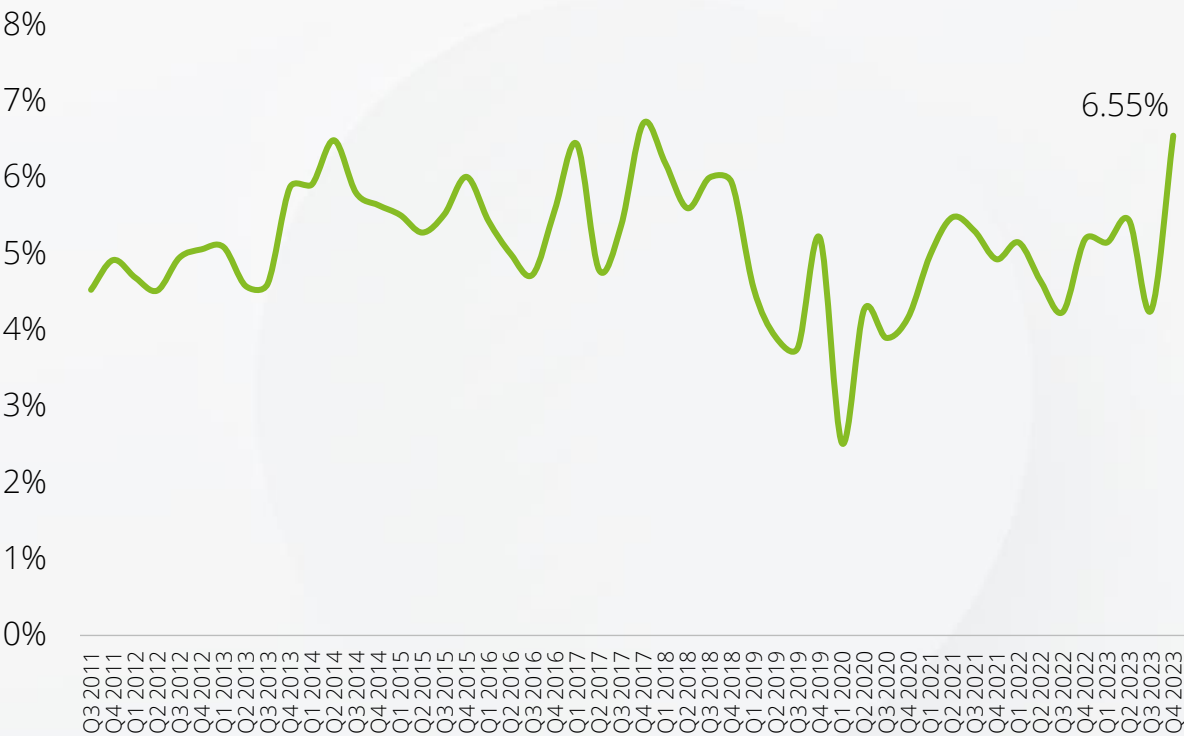
While BEVs achieved record volumes over the last year, market share has plateaued and there is evidence the interest among private customers is stalling. To support growth, greater focus is needed on removing the main barriers preventing consumer from contemplating a switch to electric.

According to our data, the lack of access to off-street parking and private charging points are major barriers. Our research also shows that overall, only one in four of consumers (25%) would consider purchasing a new or used BEV as their next car. In contrast, among consumers who either already have access to a private charging point, or have access to off-street parking suitable for the installation of a charging point, 39% would consider purchasing a BEV as their next vehicle. This means that people who could charge at home are more than twice as likely to consider buying a BEV than those who do not have access to a charging point (17%).

To create an equitable charging environment faster rollout of public BEV charging points is needed.

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

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 4.26% in Q3 2023 to 6.55% in Q4.

This two-percentage point increase is the highest uptick in planned purchase data since we started tracking it. Purchasing intent is now at its second highest level since Q4 2017, providing further evidence that improved consumer sentiment and spending power are encouraging consumers to spend more on discretionary and major purchases in the year ahead.

Automotive outlook

Challenges for EVs remain but there are good news too

- To increase the market share of BEVs from the current 16.5% to the required 22% as set out in the zero-emission vehicle (ZEV) mandate now in effect, **efforts to incentivise the switch to electric need to be considered.**
- 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. Greater incentives for private customers are needed. Despite the presence of attractive tax incentives for the fleet market, since the end of the Plug-in Car Grant in June 2022, the UK has become the only major European market with no consumer-focused purchase incentives.
- **Good news for manufacturers and their suppliers** with the announcement of a three-year extension on proposed changes in the product specific rules of origin (ROO) stipulated in the EU-UK free trade agreement. In more good news for original equipment manufacturers (OEMs), the autumn budget in November included the announcement of £2 billion in grants for the auto industry. This provides certainty to markets and will boost investment in UK manufacturing of zero emission vehicles, batteries and the supply chain.



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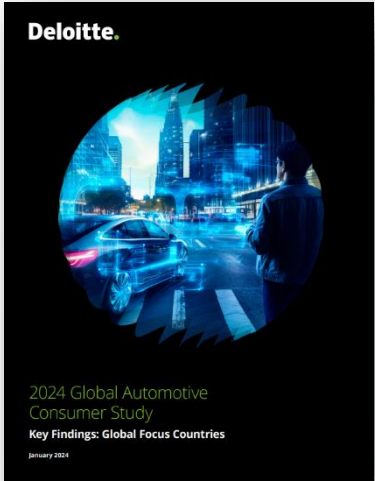


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About this research
The Deloitte Consumer Tracker is based on a consumer survey carried out by independent market research agency, YouGov, on Deloitte's behalf. This survey was conducted online with a nationally representative sample of more than 3,000 UK adults aged 18+ between 29th December 2023 to 1st January 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 10% of 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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