User guide to consumer trends

Guidance for users of our Consumer trends bulletin, which presents estimates of household final consumption expenditure.

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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
- superannuation schemes

Business expenditure and expenses, interest and other transfer payments, and capital expenditure on dwellings are all excluded from household final consumption.

The HHFCE estimate including net tourism expenditure 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 our Definitions and conventions for UK HHFCE methodology.

2 . Users of consumer trends

The expenditure information in our Consumer trends bulletins is used by a range of public and private sector institutions, as well as by 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 included in our Consumer trends release accounts for approximately 60% of the gross domestic product (GDP) expenditure measure produced as part of the UK output, income and expenditure figures, and our Quarterly national accounts statistical bulletins. HHFCE estimates from our Consumer trends release are also used in our other statistical outputs and releases, including the household saving ratio, our Effects of taxes and benefits on UK household income bulletins and the 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 limitations of source data, can be found in our Consumer trends QMI. If further information on sources is required, please contact the Household Expenditure Team on consumer.trends@ons.gov.uk.

4 . Categories of expenditure (COICOP)

In our Consumer trends bulletins, 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 our Classification of household consumption headings (PDF, 134KB) and in the UN Statistics Division's COICOP 2018 statistical paper (PDF, 1,286KB).

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

We also present tables 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 published alongside our consumer trends bulletin.

5 . Volume series and annual chain-linking

Our Consumer trends bulletin 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 the Consumer trends bulletin, 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 2022. 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 2022, and Quarter 1 (Jan to Mar) 2023 for quarterly estimates.

More information on annual chain-linking can be found in our Chain-linking methods used within the UK National Accounts methodology.

6 . Consistency with other releases

The household final consumption expenditure (HHFCE) estimates in our Consumer trends bulletin are consistent with those appearing in Tables E1 to E4 of our Gross Domestic Product (GDP) quarterly national accounts bulletin for the same period.

We also publish another release on household expenditure, Family spending in the UK. Details on how these estimates differ to expenditure estimates presented in our Consumer trends release are explained in Differences between ONS household expenditure statistics.

7 . Household expenditure estimates work programme

This section outlines some of the main outputs and responsibilities of the Office for National Statistics (ONS) Household Delivery and Development teams 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. 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 Household Delivery and Development teams in producing household expenditure estimates

HHFCE is part of the national accounts. The team’s responsibilities include:

- processing 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 our Input-output supply and use tables
- reviewing the methodology in household expenditure for national accounts to ensure an accurate set of estimates
- publishing consumer trends and HHFCE estimates, and publishing 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 (ESA) 2010 classification of individual consumption by purpose (COICOP)