# Britons adopt cautious spending approach amid rising costs ahead of November budget



Britons moderated their spending in September as uncertainty over rising household bills and the approach of the November budget weighed heavily on consumer confidence, according to recent reports from the British Retail Consortium (BRC) and Barclays. The BRC revealed that total retail sales increased by just 2.3% year-on-year, marking the slowest growth since May. While food sales rose by 4.3%, this uplift was primarily inflation-driven rather than reflecting increased purchasing volumes, underscoring the sustained pressure on household budgets.

Helen Dickinson, CEO of the BRC, highlighted that the prospect of higher taxes and escalating inflation is tempering festive spending plans among many families. Barclays’ analysis supported these findings, reporting a 2.7% drop in grocery spending and a marginal overall dip of 0.7% in consumer card expenditure. Despite this, there were signs of financial prudence rather than withdrawal: close to half of consumers actively adjusted their finances ahead of the budget, while about one in three built up their savings as a buffer. Confidence in managing personal finances hit a four-year peak, with 78% expressing belief in their ability to live within their means.

Julien Lafargue, chief market strategist at Barclays Private Bank and Wealth Management, pointed to the resilience of UK consumers amid economic uncertainty, noting that wage growth still outpaces inflation. This wage dynamic offers room for spending to rebound once fiscal clarity improves. Barclays also identified a resurgence of the so-called ‘lipstick effect’, where shoppers indulge in small, affordable luxuries while scaling back on overall expenditure. This trend boosted sectors such as clothing, furniture, and beauty products during September, even as grocery spending contracted. The BRC noted strong electrical sales fueled by recent launches of popular products like the new iPhone and Apple Watch.

Market observers, including Dan Coatsworth of AJ Bell, perceive consumer behaviour as cautious but far from restrictive. People are more deliberate with their spending, a sign that many have developed sound money management habits in response to prolonged economic challenges. This growing thriftiness comes amid ongoing difficulties for retailers, who must also contend with rising employment-related costs stemming from policy decisions made in last year’s budget.

Looking back on the wider retail landscape, the cautious spending trend has been persistent. For much of 2024, shoppers have tightened their belts amid high living costs and inflationary pressures. Retail volumes declined for nine consecutive months through the end of 2024, with the festive season proving subdued as many consumers delayed Christmas purchases. Although Black Friday sales provided some stimulus, overall non-food sales struggled, particularly in areas such as electricals and furniture. The BRC has flagged the challenging environment, noting that sales volumes remain below pre-pandemic 2019 levels and that cost pressures are expected to persist into 2025.

Nonetheless, there are early signs of revival in retail footfall in 2025, with January seeing a 6.6% year-on-year increase driven by renewed consumer interest in sales and local shopping events. This suggests a potential rebound in spending activity if economic conditions and consumer confidence can stabilise.

In summary, the current climate reflects a UK consumer base that is prudent and resilient, navigating inflation and fiscal uncertainty with adaptive financial strategies. Retailers face a complex balancing act: managing higher operational costs while striving to appeal to more value-conscious shoppers. As the budget announcement approaches, many households remain in a wait-and-see mode, cautiously managing their spending and savings in anticipation of clearer economic signals.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article), [[2]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article)
* Paragraph 2 – [[1]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article), [[2]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article)
* Paragraph 3 – [[1]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article), [[2]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article)
* Paragraph 4 – [[1]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article), [[2]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article)
* Paragraph 5 – [[1]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article), [[2]](https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article)
* Paragraph 6 – [[4]](https://brc.org.uk/news-and-events/news/corporate-affairs/2024/retail-volumes-fall-for-ninth-consecutive-month/), [[5]](https://brc.org.uk/news-and-events/news/corporate-affairs/2024/december-caps-a-difficult-year-for-retail-1/), [[6]](https://brc.org.uk/news-and-events/news/corporate-affairs/2024/cautious-consumers-delay-christmas-spending/)
* Paragraph 7 – [[3]](https://brc.org.uk/news-and-events/news/corporate-affairs/2025/ungated/bargain-hunting-brits-boost-shopper-traffic/), [[5]](https://brc.org.uk/news-and-events/news/corporate-affairs/2024/december-caps-a-difficult-year-for-retail-1/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article> - Please view link - unable to able to access data
2. <https://www.thegrocer.co.uk/news/brits-cut-spending-ahead-of-november-budget/710583.article> - In September, UK consumers reduced spending due to concerns over rising bills and the upcoming budget. The British Retail Consortium (BRC) reported a 2.3% increase in total retail sales compared to the previous year, the slowest growth since May. Food sales rose by 4.3%, primarily driven by inflation rather than volume growth. Helen Dickinson, BRC CEO, noted that inflation and potential tax increases are affecting household Christmas spending plans. Barclays data indicated a 2.7% decline in grocery spending and a 0.7% drop in overall consumer card spending. Despite this, nearly half of consumers adjusted their finances in anticipation of the budget, with one-third building a savings buffer. Confidence in managing personal finances reached a four-year high, with 78% feeling they can live within their means. Julien Lafargue of Barclays Private Bank highlighted the UK's consumer resilience amid economic uncertainty, suggesting potential for spending acceleration when conditions improve. Barclays also observed the 'lipstick effect,' where consumers purchase small, affordable luxuries while cutting back on overall spending, benefiting sectors like clothing, furniture, and beauty. Electrical sales were strong, bolstered by new iPhone and Apple Watch releases. Dan Coatsworth of AJ Bell noted that while consumers are more cautious, they are not entirely restricting spending, indicating improved money management habits. Retailers face challenges with higher employment-related costs due to previous budget decisions.
3. <https://brc.org.uk/news-and-events/news/corporate-affairs/2025/ungated/bargain-hunting-brits-boost-shopper-traffic/> - In January 2025, UK shopper footfall increased by 6.6% year-on-year, rebounding from a 2.2% decline in December 2024. High Street footfall rose by 4.5%, Retail Parks by 7.9%, and Shopping Centres by 7.4%. This uptick was attributed to consumers engaging in January sales, with shopping centres performing particularly well. Helen Dickinson, BRC CEO, noted the boost in store visits as many consumers took advantage of local community sales. The data suggests a resurgence in consumer activity following a subdued festive period.
4. <https://brc.org.uk/news-and-events/news/corporate-affairs/2024/retail-volumes-fall-for-ninth-consecutive-month/> - In December 2024, UK retail volumes declined for the ninth consecutive month, with a 2.1% year-on-year decrease. The British Retail Consortium (BRC) attributed this to the cost of living squeeze, high household bills, and rising food inflation, leading consumers to cut back on spending. Despite increased discounting boosting gift-giving, non-food sectors like electricals and furniture underperformed. BRC CEO Helen Dickinson highlighted the challenges retailers faced, with sales volumes below 2019 levels and ongoing cost pressures expected to persist into 2025.
5. <https://brc.org.uk/news-and-events/news/corporate-affairs/2024/december-caps-a-difficult-year-for-retail-1/> - December 2024 concluded a challenging year for UK retail, with sales volumes declining below 2019 levels. The British Retail Consortium (BRC) noted that Black Friday sales impacted Christmas spending, and high living costs forced some households to reduce festive gifting. Electricals and furniture sales were weaker than anticipated, and even food sales saw smaller growth as many consumers opted for cheaper brands. Kris Hamer, BRC Director of Insight, expressed hope for a rebound in 2025, citing potential improvements in consumer confidence and sales volumes.
6. <https://brc.org.uk/news-and-events/news/corporate-affairs/2024/cautious-consumers-delay-christmas-spending/> - In November 2024, UK total retail sales increased by 2.7% year-on-year, a slowdown from 4.2% in November 2023. The British Retail Consortium (BRC) attributed this to consumers delaying Christmas spending, with non-food sales declining by 1.6% over the three months to November. Health and beauty products showed stronger growth, but overall non-food sales were down. BRC CEO Helen Dickinson noted that while Black Friday initially boosted sales, many households held back on Christmas spending, and retailers faced challenges with rising costs and new regulations.
7. <https://brc.org.uk/news-and-events/news/corporate-affairs/2024/brc-responds-to-ons-retail-sales-index-february-2023/> - In February 2023, UK retail sales growth accelerated to 6.3%, the highest level since March 2022. However, the British Retail Consortium (BRC) noted that rising inflation meant sales volumes remained negative, with a 3.3% year-on-year decline. Despite the cost of living squeeze, consumers continued to spend on necessities, with higher sales in categories like clothing and cosmetics. BRC CEO Helen Dickinson highlighted challenges ahead, including the end of the Energy Bill Support Scheme and increasing borrowing costs, urging the government to avoid additional regulatory burdens on businesses.