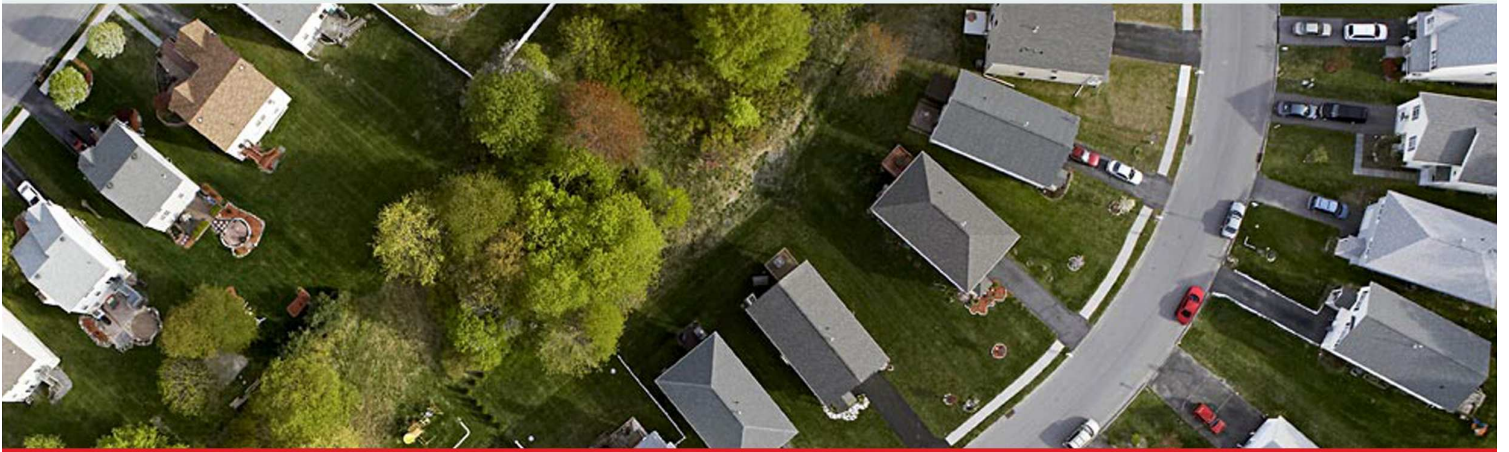


Product Description and Methodology



Product **CACI Expenditure
Estimates and
Projections**
User Guide

Version **2008**

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www.caci.co.uk

CACI

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Overview

Introduction

The CACI 2008 Spend Estimates and Projections provide detailed local area estimates and projections of consumer spend in the United Kingdom and the Republic of Ireland. The expenditure estimates provide robust patterns of consumer spending across a range of retail and service categories, consistent with the latest Government national statistics. Future spend is projected up to the year 2020 in the UK and 2013 in the Republic of Ireland.

CACI Spend Estimates and Projections are widely used for private and public sector planning. They are used by many leading retailers and property professionals to evaluate branch performance, for market planning, and for site assessment.

The estimates of current year spend are available for

- 355 distinct detailed *product lines* (UK only). These cover the entire spectrum of household expenditure, including services as well as goods. These aggregate to:
- 91 *product groups* (both UK and ROI) which in turn are aggregated to :
- Four *purchase types* : Comparison, Convenience, Motoring and Services

Forecasts of spend levels in the UK until 2020 have been calculated by CACI working in collaboration with Cambridge Econometrics. Cambridge Econometrics maintain and develop the Cambridge Regionalised MDM (Multisectoral Dynamic Model), a well-established and widely respected model of the UK economy at regional level. This model, used together with the CACI local area models, gives the basis of CACI forecasts for the 91 product groups and the four purchase types for any geographical area in the UK.

Changes since previous release

- New Spend Estimates for the Republic of Ireland

There are new spend estimates for census enumeration districts in the Republic of Ireland. These cover the same four purchase types and 91 product groups which are available in the UK, and are expressed in Euros. Projections until 2013 are available.

Estimates of internet spend and workplace spend and estimates for the 355 detailed product lines are not available in the Republic of Ireland.

- Removal of Chained Volume Measures from the core spend estimates

Chained volume measure (CVM) estimates have been withdrawn from the standard CACI spend estimates in favour of estimates expressed in prices current at the date of the estimate or projection.

CVM estimates compensate for changes in equivalent-quality price on a product by product basis. They are rarely used and are difficult to interpret. The equivalent-quality volume of computer equipment in particular always grows very rapidly, but this reflects the rapid progress in the technology capabilities rather than any economic change in purchasing behaviour. Most references to

CVM have been removed from this document, but the glossary entry is retained for those who need more detail. CACI remains able to use and provide CVM measures within bespoke project work.

- Change in methodology for small-area internet spend estimates

The estimation of internet spend estimates for small areas is now based upon data from the Expenditure and Food Survey (EFS). In previous years it has been based upon online spend patterns modelled from lifestyle survey data in CACI's Ocean database.

- Additions to the list of Product Groups and Detailed Product Lines

The following detail has been added to the Product Groups since 2007.

- The product group *3.1.2 Garments* has been split into

3.1.2A	Menswear
3.1.2B	Womenswear
3.1.2C	Childrenswear

- The product group *11.1.1 Restaurants, cafes etc* has been split into

11.1.1A	Food and non-alcoholic drinks in restaurants, cafes etc.
11.1.1B	Alcoholic drinks in restaurants, cafes etc.

The following detailed product line has been added :
Pre-recorded and blank DVDs

Source

The CACI 2008 Spend Estimates and Projections are produced by CACI Limited in collaboration with Cambridge Econometrics.

CACI specialises in understanding the importance of location in driving business performance. CACI have been modelling spending figures, household income and population data since the mid 1980s. We have applied our expertise in statistical modelling and forecasting to create robust and detailed consumer expenditure forecasts for private and public sector planning.

Cambridge Econometrics are specialists in economic modelling and forecasting, and offer economic intelligence services and consultancy. They have over 20 years' experience in developing economic models linking the wider economy with particular markets, sectors and local areas across the United Kingdom and Europe. The Cambridge Multisectoral Dynamic Model (MDM), which is the basis of the UK forecasting within the CACI spend estimates, has been developed and enhanced by Cambridge Econometrics since their foundation in 1978.

Because of the rapidly changing economic environment in 2008 CACI has made the following changes on a one-off basis. CACI receives economic projections in the late spring, and publishes spend estimate in the late summer. Between these dates in 2008 there has been a rapid and significant deterioration of the consensus view of the prospects for economic growth in the UK over the coming years. In more normal circumstances CACI produces two sets of spend projections, one conforming to the Cambridge Econometrics projections and a second, 'pessimistic', set of projections which suppose significantly lower growth. These pessimistic projections are, in normal

circumstances, used only in project work where a particular CACI client wishes to adopt a more cautious outlook. Because of the deterioration of the economic outlook in the UK, CACI has in 2008 chosen to revise spend projections downwards by using the pessimistic variant of the spend projections up to and include 2009, an intermediate rate of growth in 2010 and reverting to Cambridge Econometrics projected growth rates thereafter. These projections predict little if any growth in real spend in the UK in the period before 2010.

Data Overview

Residential spend estimates

CACI's Spend Estimates and Projections cover all retail goods and services except for motor vehicles and financial services. More detail on the exact coverage is available in the appendices.

Data is available at the following levels of detail for the current year (2008):

Detail level	Estimates (base year)	Estimates (current year)	Projections (future years)	UK	Ireland
Purchase types (4) Comparison Convenience Motoring (fuel etc.) Services	✓	✓	✓	✓	✓
Product groups (91)	✓	✓	✓	✓	✓
Detailed product lines (355)	✓	✓	Only available as customised projects	✓	✗ Not available in ROI

Spend estimates and projections are available for all the 223,000 *Census Output Areas* in the UK, or for all of the *Postcode Sectors* in the UK, or for any areas which can be aggregated from these basic units.

They are available for the 3,400 Census EDs in the Republic of Ireland.

The spend estimates are expressed in *Current Prices*. These reflect prices which exist at the time the spend is made, so indicate the actual amount of money changing hands. Spend estimates in the UK are expressed in pounds sterling, those in the Republic of Ireland are expressed in Euros.

If required, spend estimates for the 355 detailed product lines are also available in the UK for the model *Base Year*, which is currently 2007.

'Base Year' and 'Current Year'

Estimates of current levels of expenditure are most often supplied for the 'Current Year', which is 2008 for this release version.

However at the time the spend estimates are built each year, a full set of measured control statistics for the current year is not available – for example in the UK Consumer Trends figures relating to 2008 are not expected to be published by ONS until the spring of 2009. This means that there is, within the estimates for the current year, always an element of forward projection.

The starting point for forward projection is the *Base Year*, (currently 2007), which is the most recent year for which a full set of historical control figures is available. Clients who particularly wish to avoid having any element of forward projection within the spend estimates may prefer to make use of the Base Year figures.

Workplace, Online and From-home Spend Estimates

For the *Current Year* (2008) in the UK only, a three-way split of total spend is available into

- a) Spend made at place of work.
- b) Spend made online.
- c) Spend made on shopping trips starting at home.

Within this split, the Workplace Spend Estimates are spatially relocated to the place of work. These estimates are based upon Census Workplace Statistics and the CACI Workforce Survey 2004. They give estimates, for Census Output Areas of workplace, of the amount of money spent (Current Prices) by workers at or near their place of work, for example during lunch breaks.

The online spend estimates give an estimate of total spend made online by people resident in an area. They are based upon a wide range of publicly available data sources and spread to local areas using information about internet spend held on the Expenditure and Food Survey.

How Spend Estimates can be supplied

Both expenditure estimates and projections are available for a wide range of geographic levels including :

- Census Output Areas in the UK, EDs in the Republic or Ireland
- Postcode Sectors, Districts and Areas in the UK
- Media catchment areas
- Administrative and government areas
- CACI *Retail Footprint* shopping centre catchment areas
- Customised shopping centre catchment models

Spend estimates can be supplied :

- As standard packages of reports for local areas
- As databases for standard geographic units
- Within CACI's InSite GIS system
- As part of an analysis customised to individual client needs
- As part of our retail planning consultancy capability

Our call centre team, the DataDepot, is able to take orders and organise efficient supply of standard databases or reports for any geographic area of the country. Analysis areas can be defined in terms of circles or shapes on a map, drive times, lists of standard geographic units (e.g. wards or postcode sectors). Alternatively, catchment areas may be derived from spatial models such as the standard set of retail catchments within *Retail Footprint*.

Our Market Planning Group can provide a range of more customised analysis and retail planning consultancy services.

Methodology and Data Sources – UK estimates

In the UK The CACI spend estimates combine the Economic Forecasting expertise of Cambridge Econometrics with the small area modelling experience of CACI.

The approach has two broad stages. Firstly product group prices and expenditure are calculated at national and regional levels. Secondly models are calculated for local areas to give a database of expenditures. These stages are then repeated for projections of expenditure in future years.

Regional Spend Projections

Projections of levels of spend at a regional level are based upon the *Regionalised Cambridge Multisectoral Dynamic Model of the UK Economy* (Regionalised MDM). This is a time-series, cross-section (input-output) model of the UK economy distinguishing, among other things, 49 industries and 68 categories of consumer expenditure. The MDM gives projections of spend in both current prices and fixed year prices (Chained volume measures, reference year 2003), hence price deflator projections for each product category and projections for the overall rate of UK inflation.

The MDM has its origins at the University of Cambridge, and has been further developed and supported by Cambridge Econometrics since their foundation in 1978.

More information about Cambridge Econometrics, the Regionalised MDM and their other services can be found on their web site at <http://www.camecon.co.uk/>

Regional Spend reconciliation

The Cambridge Econometrics modelled projections, used in combination with EFS regional statistics for the base year, are used as the basis of the calculation of the core regional CACI projections. Foreign Tourist Spend is removed by reference to statistics from the International Passenger Survey, and the resulting statistics are reconciled with the most recently available ONS spend estimates.

Local area models of buying rates and average spend

Models have been developed of buying rates and spend levels, based upon the results of the Expenditure and Food Survey (EFS).

There are separate models for each of the product groups, which predict

- Buyer rates. The proportion of the population in a local area who will spend money on the product at all.
- Spend rates. Among those who buy, the average spend.

These logistic and generalised linear models use ACORN and a range of demographic data from the EFS as predictive variables.

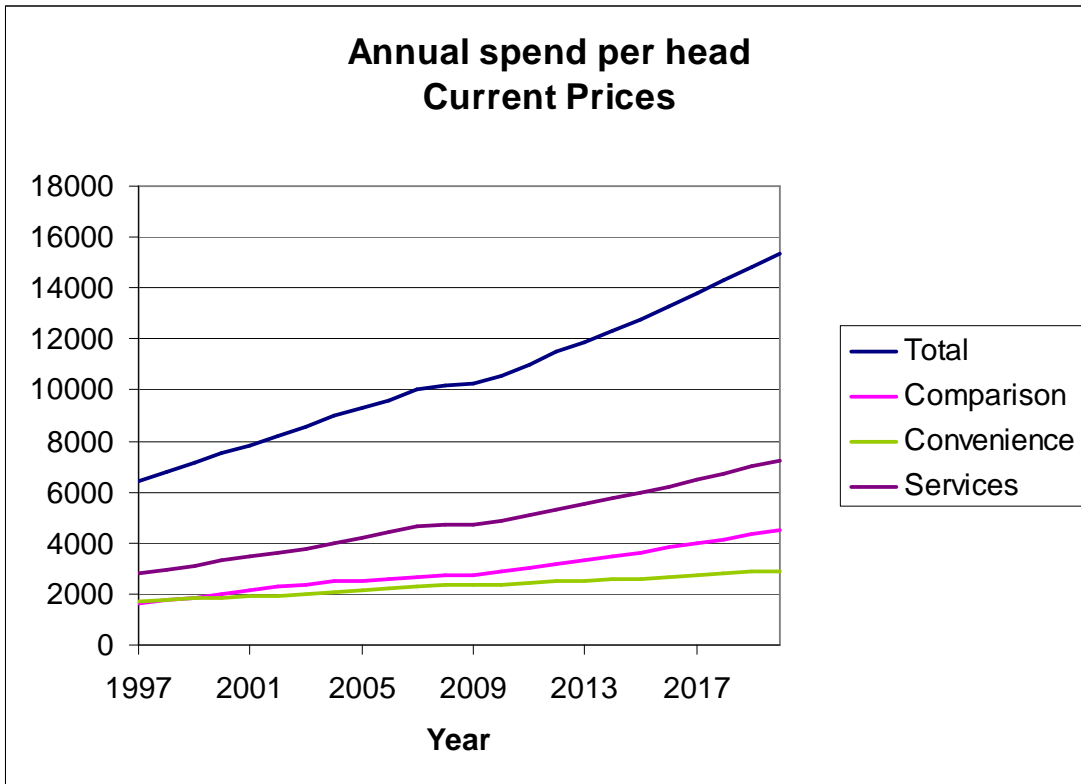
Local area spend at the product group level is split down into detailed product lines based upon models using CACI's geodemographic classification ACORN.

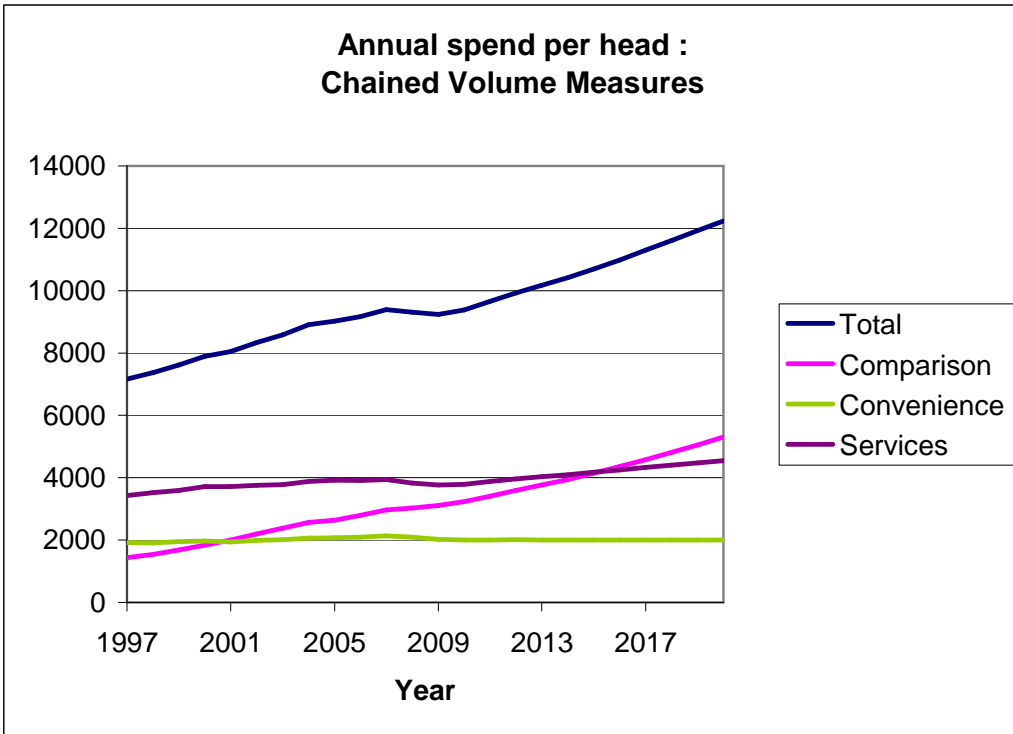
The range of models is applied to census output areas using census data and CACI updated demographic estimates.

Spend and prices projections by the four purchase types

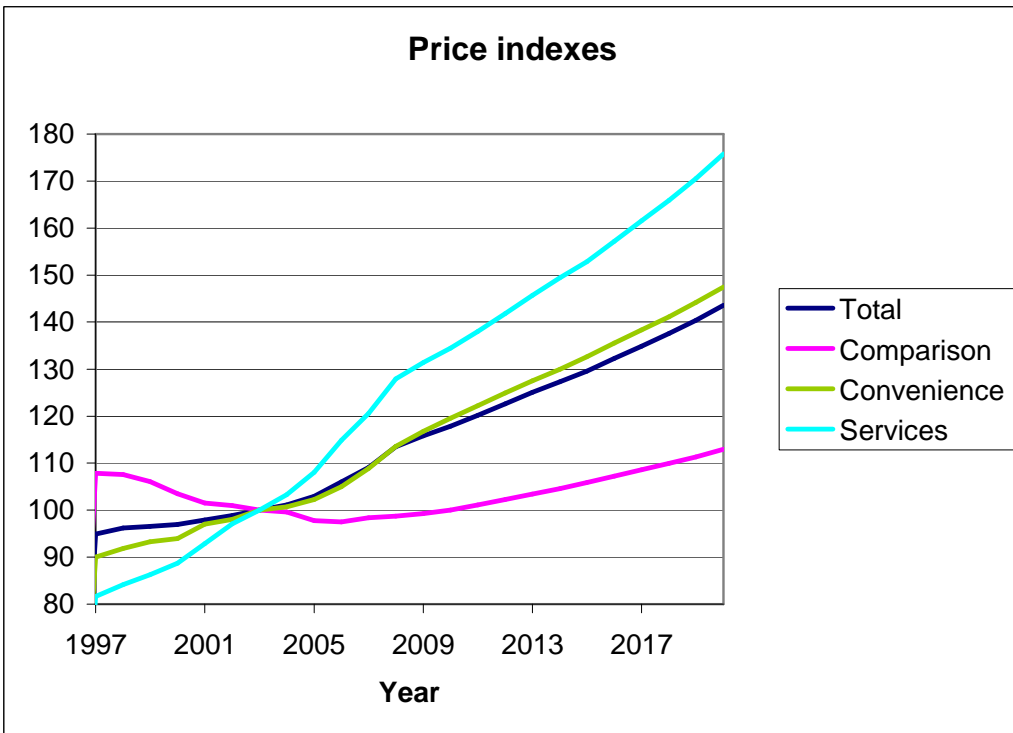
The overview of residential spend methodology included regional forecasts of spending and price inflation for the detailed product groups.

The broad form of the forecasts of spending at a national level are shown below, where the detail of product groups has been aggregated to the four purchase types.





The broad form of the forecasts of price inflation, where the detail of product groups has been aggregated to the four purchase types, is shown below.



(Motor fuel etc. prices have been omitted from this graph for clarity)

Workplace spend estimates (UK only)

CACI commissioned Wegener Direct Marketing to undertake a telephone survey of their panel to gather data on how much workers spend during breaks from work on a range of retail product categories

The survey was conducted during 2004 and found that the average spend per worker at place of work by broad product category was as follows :

	UK average spend per worker at place of work per week
Groceries	£6.00
Clothes and Shoes	£1.95
Electrical and Furniture	£0.37
Leisure Goods	£0.42
Takeaway food	£3.99
Personal Goods	£0.89

The worker spend measured by the survey was analysed by a range of variables to establish which would be the most effective in discriminating different levels of spend and in allocating estimates of spend to small areas. For example, the Social Grade profile of spend on Clothing and Shoes by workers at place of work is as follows:

Spend per worker per week on Clothes and Shoes	
Social Grade	Spend
AB	£2.54
C1	£2.90
C2	£0.78
DE	£0.71

By comparing the survey data and the ONS Expenditure and Food Survey (EFS), a model was developed which estimates the proportion of workers' expenditure which is spent at place of work – measured at their place of residence.

Applying this to all output areas in the UK results in current year local area estimates of *spend at home*, net of that spend which is estimated to be based at the workplace. The *spend at home* estimates are to be interpreted as that part of household expenditure which is spent on shopping trips which originate at the place of residence.

A similar model redistributes the spend which has been subtracted from place of residence, locating it at the workers' places of work. It gives current year local area estimates of *spend at work* by product group, which should be interpreted as that part of household expenditure which is spent on shopping trips which originate at the place of work.

Online spend estimates (UK only)

For the 2008 release, the current year (2008) estimates of online spend are included within the released Spend Estimates statistics, and the projections of online spend (2009-2020) are experimental.

These estimates and projections draw on a range of available data sources. The core government sources for historical UK patterns of internet use and internet spend are the ONS e-commerce survey and the ONS index of internet connectivity. For UK total spend figures these are supplemented and brought more up to date using other publicly available statistics.

These sources have been supplemented by research of information published by individual companies. Information in annual reports and trading statements from the major internet retailers can be brought together to give a coherent picture of current and recent historical online retailing in the UK.

The following table shows estimated 2008 online spend in a selection of product categories as a percentage of all spend in that category.

Category	%age of spend online 2008
Groceries	4.5%
Clothing	13%
Durable goods	6% - 9% depending on category
Electronic goods and computers	15% - 35% depending on category
Books	24%
CDs / DVDs	30%

Up to 2006 online spend grew broadly in line with the rapid growth of broadband connectivity at home. In 2007 the growth in broadband connections began to be constrained as a result of most existing dial-up connections having been already converted to broadband.

Industry statistics such as those from the IMRG however suggested a rapid and accelerating growth in spend on the internet in 2007. This leads to considerable difficulty in making quantitative predictions of the extent of future growth in sales on the internet. It is clear that, if it has been accurately reported, the rapid and accelerating trend towards internet purchases observed in 2007 cannot continue for more than a few years. There seems little direct evidence as yet however as to the general level of internet sales at which a slowing down of the trend will occur.

As a result of the large increase in internet spend observed in 2007, the estimates and projections of internet spend included in this release of the CACI projections have been revised upwards substantially from those published in 2007. The CACI projections still take an arguably conservative view of this trend in that they incorporate assumptions that the high rate of growth in internet spend observed in 2007 will start to level off from 2008 onwards.

The position on internet spend is further clouded by the growth of hybrid purchasing methods such as 'reserve and collect' by which a product is reserved on the internet but then collected and paid for in store. These hybrid methods begin to blur the distinction between internet purchases and traditional store purchases.

This outlook leads to a projection of online sales in the UK of £108bn in 2016, or around 12.5% of all sales included in the CACI estimates. This contrasts with £48bn in 2008 which is 8.0% of all sales.

Methodology and Data Sources – Republic of Ireland

The spend methodology used in the Republic of Ireland (ROI) is more straightforward than that used in the UK as a result of the more limited data sources available.

In broad outline, the approach follows three stages

1. Establish recent historical time series for product groups based upon ROI National Income and expenditure Statistics, leading to the base year control figures for product groups.
2. Project national aggregate spend figures into the future based upon IMF projections of future growth in the Irish economy. Disaggregate these projections to product category and product group level.
3. Create local-area base year measures of spend by product group based upon statistics from the ROI Household Budget Survey, and project these to future years.

Base year control statistics and historical time series

The ROI National Income and Expenditure (NIE) statistics provide official estimates of spend in the Republic of Ireland for a range of product categories for years up to 2006. We have made use of time series data starting in the year 2000. The spend categories published in the NIE do not conform to the COICOP standard, so a reconciliation exercise was required in order to derive estimates for the CACI product groups based upon the NIE figures. In some cases data from the Household Budget Survey has been used to split down NIE categories when these are more broad than the target CACI product groups.

This exercise also produces time series data for product categories from the year 2000 which is used at a later stage in the processing as a basis for future projections.

The NIE statistics can be accessed at the Irish CSO website from the National Accounts Current Releases page : http://www.cso.ie/releasespublications/pr_natacc.htm.

National projections of spend by product category

A national projection of total spend is first estimated based upon IMF projections of economic growth in the Irish economy for years 2008-2013. Real spend is assumed to grow in line with real GDP growth. This real spend projection is combined with projected inflation rates in order to derive a national total spend projection in current prices.

Historical time series for ROI national growth in spend by product category are then projected forward and constrained to fit with the national total spend projections. Those spend categories which have grown most rapidly with the recent high rates of economic growth in Ireland are assumed to have a higher income elasticity than those product categories which have grown more slowly. That is to say, those categories which have grown most rapidly in the past are modelled as being those which are also most affected by an economic downturn.

Regional and local projections of spend

The national projections of spend by product category are used in combination with data from the 2005 Household Budget Survey (HBS) and from CACI population projections to derive regional projections of spend split by the more detailed product groups.

Further data from the HBS and small-area population projections are then used to split the estimates and projections to census EDs. A model based upon social class spend profiles and equivalent population profiles is used to create these local area estimates.

Glossary of Terms

ACORN

ACORN is 'A Classification of Residential Neighbourhoods'.

It is the longest established commercial geodemographic classification in the UK, and is widely used throughout a range of industries.

Further details are available on the CACI web site at <http://www.caci.co.uk/>

Base year

The *base year* is the most recent year for which all input statistics used in creating the Spend Estimates are available. It is the most recent year for which estimates can be produced with no element of projection forward of trends in time.

Estimates for the base year may be preferred by users who wish to have estimates based most directly on published data. For the 2008 estimates and projections, the base year is 2007.

Census Output Areas (UK)

These are areas of around 110 households and are the most detailed geographical unit for which 2001 Census statistics are published in the UK. They are the most detailed geographic unit for which CACI spend estimates are calculated, and can be used in building catchment areas in order to derive catchment spend estimates.

Census Enumeration Districts (Republic of Ireland)

These areas, averaging around 500 households in size are the most detailed units for which census statistics are published in the Republic of Ireland and the most detailed geographic unit for which CACI publish spend estimates in the Republic of Ireland.

Central Statistics Office (CSO) – Ireland

The CSO is the Irish government agency charged with "the collection, compilation, extraction and dissemination for statistical purposes of information relating to economic, social and general activities and conditions" in Ireland. It is also responsible for co-ordinating official statistics of other public authorities and for developing the statistical potential of administrative records.

It is the Irish equivalent of ONS in the UK. The CSO website is at <http://www.cso.ie/>.

Chained Volume Measures

Chained Volume measure estimates of spend were withdrawn from the CACI published spend estimates in 2008 but remain available for use within bespoke project work. Documentation is retained here for reference.

Chained volume measure series are estimates of the volume of expenditure expressed in the average prices prevailing in the reference year of 2003.

In order to derive estimates and projections of Chained Volume Measures, future price changes are projected on a product group by product group bases. In some product groups, such as electrical goods, prices are projected to decrease, so current price (actual) spend will increase more slowly than the Chained Volume Measure. In other categories, such as food, prices are expected to increase and current price spend will increase more rapidly than the Chained Volume Measure.

Chained Volume Measures, when compared year on year, give an indication of the change in equivalent volume of sales with the product or product group. In groups where products do not become more sophisticated over time, such as Food, Tobacco or Alcohol, a change in the Chained Volume Measure can be interpreted fairly straightforwardly as a change in volume of sales.

However in product groups where products do become more sophisticated over time, such as electrical goods, a change in the Chained Volume Measure reflects both change in volume and change in product quality. This effect is most extreme for IT equipment such as computers, where a change in the Chained Volume Measure can be broadly interpreted as a change in the total amount of processor power, or memory, or storage, or some composite of these, bought. Because computers are projected to become more powerful, this volume measure increases rapidly with time, even though the actual numbers of computers bought may increase at a far slower rate.

COICOP

COICOP is the 'Classification of Individual Consumption According to Purpose'. It is an international standard classification of types of individual expenditure created and managed by the United Nations Statistical Service, which breaks down household spend at the top level into twelve categories:

- 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

Each of these top level categories has two levels of further subdivision. For example '03 - Clothing and footwear' is subdivided as

- 03.1 - Clothing
- 03.2 - Footwear

And '03.1 - Clothing' is then further subdivided as

- 03.1.1 - Clothing materials
- 03.1.2 - Garments
- 03.1.3 - Other articles of clothing and clothing accessories
- 03.1.4 - Cleaning, repair and hire of clothing

Full details of COICOP can be found online at the UN Statistics Division Classifications Registry : <http://unstats.un.org/unsd/cr/registry/default.asp>

Consumer Trends (CT)

Published quarterly by National Statistics, Consumer Trends presents comprehensive estimates of household final consumption expenditure in the UK together with tables detailing other indicators which affect the household sector.

It is the source of UK control totals for *product groups* for the *base year*, and for historical time series. The reference source for the 2008 Spend Estimates and Projections the 2008 Quarter 1 edition.

More details are available at <http://www.statistics.gov.uk>

Current year

The *current year* is the year in which the estimates are published by CACI, and is now 2008.

Current Prices

Current Prices refer to the prices which exist at the time spend is made. Hence estimates expressed in Current Prices indicate the actual amount of money which is expected to be spent at the time.

Detailed product line

The most detailed level of product split available in the CACI estimates. There are 355 detailed product lines. They are available in the UK only, not in the Republic of Ireland.

Expenditure and Food Survey (EFS)

The Expenditure and Food Survey is an annual survey conducted by the Office of National Statistics, which collects highly detailed information on spending patterns from a sample of households across the UK. ONS publishes results from the survey annually in *Family Spending*.

The EFS is the source of CACI models of variation of local expenditure, which are used to derive local expenditure estimates.

The EFS resulted from combining two previous ONS surveys, the Family Expenditure Survey (FES) and the National Food Survey (NFS). The EFS first published data for 2001-2002.

More details are available at <http://www.statistics.gov.uk/> .

Fixed year prices

See 'Chained Volume Measures'.

Household Budget Survey (HBS)

The Household Budget Survey is a survey of consumer expenditure in the Republic of Ireland conducted by the Central Statistical Office (CSO). In the recent past it has typically been conducted at five-yearly intervals, most recently in 2005.

The HBS is the ROI equivalent of the Expenditure and Food Survey (EFS) in the UK.

JICPOPS (Joint Industry Committee for Population Standards)

JICPOPS is a joint industry committee that works towards harmonisation of small area population and household estimates in the UK. The key result of JICPOPS work has been a standard set of *current year* population (split by age and sex) and household estimates for Great Britain.

Further details of JICPOPS can be found at <http://www.jicpops.co.uk/>

National Income and Expenditure (NIE) - Ireland

The CSO publishes NIE figures for Ireland annually. These give national accounts data as well as information on consumer spend by product categories in the Republic.

For the purposes of CACI spend estimates the NIE serves the same role in Ireland that *Consumer Trends* fills in the UK.

National Statistics (NS) and the Office of National Statistics (ONS)

National Statistics (NS), including the Office of National Statistics (ONS) is the central source of all government statistics in the UK. Further details about National Statistics and their publications are available at their web site at <http://www.statistics.gov.uk/>

Output Areas

See *Census Output Areas*

Population Estimates and Projections

CACI develops Population and Household Estimates and Projections as a member of the Joint Industry Committee for Population Standards (JICPOPS).

CACI's estimates and projections are available for Census Output Areas, which are the most detailed census statistical areas, and current year estimates are available for individual postcodes. They can be aggregated to provide updates and projections for any larger geographical areas.

Postcode Sectors

Postcode sectors are areas defined from the UK postcode system by dropping the last two letters of a postcode. For example postcode 'TW2 5HJ' lies within postcode sector 'TW2 5'. They are widely used as area component building blocks, and are the geographical units for which CACI datasets are most commonly sold.

Price indexes (price deflators)

Price indexes are the ratios between the Current Price spend in each product group and the corresponding Chained Volume Measure.

Product group

The *detailed product lines* are aggregated into 91 *product groups*.

Product line

See *Detailed Product Line*

Projected future years

These are future years (i.e. after the *current year*) for which spend projections are published. Normally projections are published for years up to ten years beyond the current year.

Definitions of Spend Categories

ONS publish two concepts of the total United Kingdom Household Consumption Expenditure in the National Accounts and in *Consumer Trends*. The *National Concept* includes spend by UK residents abroad and excludes spend by foreign visitors to the UK. The *Domestic Concept* excludes spend by UK residents abroad and includes spend by foreign visitors to the UK.

In calculating these figures ONS have a wide range of sources available to them. The statistics are accepted to be the most reliable estimates of consumer spend at the national level.

The *Domestic Concept* of spend, and its breakdown by COICOP expenditure types, is the basic control figure used for CACI.

CACI's estimates focus on retail spend on products and retail services. We omit some parts of the total *Domestic Concept* definition which either are not relevant to retail spend, or are difficult to interpret in terms of a realistic retail market. Difficulty in interpretation can arise from specific accounting treatments applied to some of the spend categories, particularly car purchases, mortgages and other financial services. Our estimates also exclude spend by Foreign Tourists, since residential population distribution does not give a realistic estimate of foreign tourist spend in local areas.

The resulting *CACI Concept* of spend is divided into four **Purchase Types**.

- Comparison spend
- Convenience spend
- Motoring (mainly fuel and maintenance)
- Services

The following table gives an overview breakdown of the spend estimates in these terms:

	UK Spend 2007 (£bn)
Domestic Concept (ONS)	825.0
CACI Concept	600.5
Comparison	160.0
Convenience	138.8
Motoring (fuel etc.)	26.7
Services	275.0
Foreign Tourist spend within above categories	12.7
Other spend categories	211.8

The following tables show how the purchase types are made up in terms of COICOP spend categories:

Comparison Spend	
COICOP	Description
3.1.1	Clothing materials
3.1.2	Garments
3.1.3	Other articles of clothing & clothing accessories
3.2.1	Shoes and other footwear
4.3.1	Materials for maintenance & repair of the dwelling
5.1.1	Furniture and furnishings
5.1.2	Carpets and other floor coverings
5.2	Household textiles
5.3.1	Major household appliances whether electric or gas
5.3.2	Small electric household appliances
5.4	Glassware, tableware and household utensils
5.5.1	Major tools and equipment
5.5.2	Small tools and miscellaneous accessories
6.1.3	Therapeutic appliances and equipment
7.1.3	Bicycles
8.2	Telephone and telefax equipment
	Equipment for reception, recording & reproduction of sound & pictures
9.1.1	
9.1.2	Photographic & cine equipment & optical instruments
9.1.3	Information processing equipment
9.1.4	Recording media
9.2.1	Major durables for outdoor recreation
9.2.2	Musical instruments & major durables for indoor recreation
9.3.1	Games, toys and hobbies
9.3.2	Equipment for sport, camping & open-air recreation
9.3.3	Gardens, plants and flowers
9.5.1	Books
12.1.2	Electric appliances for personal care
12.3.1	Jewellery, clocks and watches
12.3.2	Other personal effects

Convenience spend	
COICOP	Description
1.1	Food
1.2	Non-alcoholic Beverages
2.1	Alcoholic Beverages
2.2	Tobacco
5.6.1	Non-durable household goods
6.1.1	Medicines
6.1.2	Other medical products
9.3.4	Pets and related products
9.5.2	Newspapers and periodicals
9.5.3	Miscellaneous printed matter
9.5.4	Stationery and drawing materials
12.1.3	Other appliances, articles & products for personal care

Motoring**COICOP Description**

- 7.2.1 Spare parts & accessories for personal transport equipment
- 7.2.2 Fuels & lubricants for personal transport equipment

Non-retail spend**COICOP Description**

- 3.1.4 Cleaning and hire of clothing
- 3.2.2 Repair and hire of footwear
- 4.1.1 Actual rentals paid by tenants
- 4.3.2 Services for maintenance & repair of the dwelling
- 4.5.1 Electricity
- 4.5.2 Gas
- 4.5.3 Liquid fuels
- 4.5.4 Solid fuels
- 5.1.3 Repair of furniture, furnishings & floor coverings
- 5.3.3 Repair of household appliances
- 5.6.2 Domestic services
- 6.2.1 Medical and optical services
- 6.2 Outpatient Services
- 7.2.3 Maintenance & repair of personal transport equipment
- 7.2.4 Other services in respect of personal transport equipment
- 7.3.1 Passenger transport by railway
- 7.3.2 Passenger transport by road
- 7.3.3 Passenger transport by air
- 7.3.4 Passenger transport by sea and inland waterways
- 7.3.6 Other purchased transport services
- 8.1 Postal services
- 8.3 Telephone and telefax services
- 9.1.5 Repair of audio-visual, photo & info processing equipment
- Maintenance & repair of other major durables for recreation & culture
- 9.2.3
- 9.3.5 Veterinary and other services for pets
- 9.4 Recreational and cultural services
- 10 Education
- 11.1 Catering Services
- 12.1.1 Hairdressing salons & personal grooming establishments

The categories of spend which are excluded from the CACI estimates are as follows :

Spend Categories excluded from CACI statistics

COICOP

- 4.1.2 Other actual rentals
- 4.2.1 Imputed rentals of owner-occupiers
- 4.2.2 Other imputed rentals
- 4.4.1 Water supply
- 4.4.2 Refuse collection
- 4.4.3 Sewerage collection
- 4.4.4 Other services relating to the dwelling
- 4.5.5 Heat Energy
- 7.1.1 Private cars
- 7.1.2 Motor cycles
- 7.3.5 Combined passenger transport
- 9.5.3 Miscellaneous printed matter
- 9.6 Package holidays
- 11.2 Accommodation services
- 12.4 Social protection
- 12.5.1 Life insurance
- 12.5.2 Insurance connected with the dwelling
- 12.5.3 Insurance connected with health
- 12.5.4 Insurance connected with transport
- 12.5.5 Other insurance
- 12.6 Financial services not elsewhere covered
- 12.7 Other services not elsewhere covered