

# **Leisure spending patterns of low income UK households in 2016**

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## Introduction

This report presents an estimation of the spending patterns of low income households (bottom 20% in terms of income) on leisure activities for the year 2016. Some comparisons are made with results from a previous study using 2012 data. The aims of the report are:

- Analysis of Leisure Spend data available via the Living Cost and Food Survey (Family Spending);
- Focused analysis to explore spending patterns by the target group (bottom 20% of households in terms of income).

## Methodology

*Family Spending* is identified as the most important online publication (by ONS) for calculating leisure expenditure. It presents categories of spending as recorded in the Living Costs and Food Survey (LCF). At the time of writing, the latest Family Spending publication related to **2016 data**.

Other surveys such as the Taking Part Survey include participation data on Leisure categories, but no spending per se. This sometimes takes the form of purchases, e.g. number of people in the sample that have purchased books. The Taking Part Survey, together with imports data (HM Customs and Excise using commodity codes), was used to establish sport spending in some important categories, not identified within the Expenditure and Food Survey, namely sport-related clothing and footwear.

All non-zero leisure-related Family Spending categories were considered. For each, the basic input consisted of spending per household per week (£) and household spending per year (£m), both in the case of the overall UK population and the target group of low income households. All other statistics (with the exception of clothing and footwear) were processed on this basis.

The target group of low-income UK households is identified in the Living Cost and Food Survey (and consequently in the Family Spending publication) as **Household Representatives** that fall within this category. A Household Representative is usually responsible for rent or mortgage. Some broad category figures are available through the Family Spending publication; however most detailed items in the Appendix can only be derived from the dataset.

## Target group

For the purpose of this report the target group is defined in the following way:

- **Low income: The bottom 20% of the income distribution** of households was considered. This implied a gross Household Representative income of **less than £312 per week** (derived from the dataset).

The target group, as defined above in terms of household representatives, consists of 5,440 thousand households out of a total of 27,210 thousand UK households, corresponding to a percentage of 20%. The overall sample size in LCF in the year in question amounted to 5,040 households.

### **Definition of Leisure spend**

The definition of Leisure, following the classification system of SIRC's 'Leisure Forecasts' is outlined below:

Books/ Newspaper/ Magazines

Entertainment: TV/DVDs/Audio/Music/PC

DIY, Gardening

Photography, Toys, Pets

Eating out

Beer, wine, spirits

Local entertainment,

Gambling

Active Sport,

Sightseeing, Holidays in the UK/Overseas

This is not a system that we can reproduce in its entirety by using LCF, but it provides the direction for identifying relevant spending patterns. The general spending categories are presented in Table 2 in the section below.

### **Discussion of results**

Table 1 below presents the general picture of leisure spending as identified in Family Spending data. A more detailed analysis, bringing in more data sources, could enhance the total and make it consistent with the National Accounts. As it is, Table 1 represents the estimates based on LCF which however are different than the final ONS data as published in Consumer Trends. Note that the Gambling element included is identified as gross (rather than net) spending by households.

**TABLE 1: General Leisure Spending Indicators**

	2016	2012
Identified Leisure Spending, all households	<b>£192.6 billion</b>	
Leisure spending per household per year	<b>£7,080</b>	
Leisure spending per household in the lowest 20% income category	<b>£2,474</b>	
Leisure spending of average target as % of average household	<b>34.9%</b>	<b>34.0%</b>
Target households as percentage of total households	<b>20%</b>	<b>20%</b>
Target leisure spending as percentage of total leisure spending	<b>7.0%</b>	<b>6.8%</b>
Target spending as percentage of total spending of all households	<b>8.5%</b>	<b>8.4%</b>

Source: *Living Costs and Food Survey, Family Spending, SIRC.*

According to Table 1, the average household spent in 2016 £7,080 on Leisure, whilst the average household in the bottom 20% income group spent £2,474, equivalent to 35% of the total. This difference is expected given the pre-assumed distribution of income. It represents a **marginal improvement in comparison to 2012**, when the leisure spending of an average low- income household was 34% of the equivalent population mean. When we take the number of households into account, the 5,440 households in the target group are responsible for 7.0% of leisure spending. This is to be contrasted with the overall spending pattern: 8.5% of overall spending is associated with the bottom 20% of the income distribution (Family Spending). In other words, the low income households (20%) are responsible for 8.5% of total spending but only 7.0% of leisure spending, revealing a leisure deficit of 1.5%. This is mainly due to the greater proportional importance of essential items such as food and housing among low income households. The overall identified leisure spending, for the whole population, (from Family Spending) approaches £193 billion.

Further results explore the differences among specific leisure categories. This is explored in Table 2 below. Table 2 shows 'wide' leisure spending categories by low income households as percentage of the average equivalent household expenditure in the UK. For example, the average household spending in the target group on restaurants, cafes and take-away meals, corresponds to 34% of the equivalent spending of to the average household in the UK. The target group, despite its economic disadvantaged circumstances, is very active in four general categories: 'gambling', 'reading', 'subscriptions to leisure activities, TV service, film development', and 'alcohol at home'. In these categories average expenditure per target household exceeds 50% of the total average in the same spending categories. Subscriptions and reading were also very important categories in the previous 2012 study. The former illustrates a universal consumption of TV subscriptions and the latter a greater than expected

spending on newspapers, which in the higher income groups tends to be replaced by digital information. However in 2016 firstly 'gambling' and secondly 'alcohol at home' appear to be above the 50% level. Using these percentages 'gambling' is the top spending category, reaching 76% of the equivalent spending per household for the whole population. In percentage terms the position of gambling has more than doubled since 2012, a result that is likely to reflect the effect of the economic downturn in the period 2009-2011. The examined categories in Table 2 are followed by 'cinemas/museums/clubs/live entertainment/social events' and 'pets'. At the bottom of this leisure scale are the categories: 'holiday spending abroad' (18%), 'spectator sport' (24%) and Accommodation services (25%). Holiday spending abroad was also (in percentage terms) the worst spending category of the target group in the previous 2012 study.

**TABLE 2: Target group leisure spending per household as percentage of average household expenditure**

	<b>2016</b>	<b>2012</b>
Gambling	76%	34%
Reading	67%	53%
Subscriptions to leisure activities, TV service, film development	57%	53%
Alcohol at home	51%	46%
Cinemas/museums/clubs/live entertainment/social events	45%	44%
Pets	42%	45%
Gardening	40%	41%
Alcoholic drinks (away from home)	39%	34%
Musical instr./games/software/consoles/repairs	39%	24%
Audio/TVs/PCs	37%	32%
Restaurant and cafes and take away	34%	39%
Active sport spending	26%	25%
Package Holidays	26%	23%
Accommodation services	25%	26%
Spectator sport	24%	41%
Holiday spending abroad	18%	17%

*Source: LCF, Family Spending, SIRC*

Whilst Table 2 presents the general leisure groups, Table 3 focuses on the detailed items presented in the Appendix.

Table 3 below provides the top 5 and the lowest-spending detailed categories, as defined by Family Spending (and LCF). The percentages, as before, represent the relationship between the target and general household spending in each item. For example the average household in the target group spends 0.97 times the average household expenditure on newspapers.

The most important leisure categories for the target group (compared to the average) are admission to clubs, dances, discos, bingo; social events and gathering; and subscriptions for leisure activities and other subscriptions (including sport subscriptions). In the three aforementioned categories the average household spending in the target group is equal to the average household spending of the population in these categories. This is followed by newspapers (97% of the population average) and bingo stakes (76%). From these top five categories only bingo and newspapers were in the top five list of 2012. The top three categories of admissions social events and subscriptions have improved dramatically from 25%-38% in 2012 to 100% today. This perhaps indicates an increasing social participation which might not have been possible followed the economic downturn of 2009-2011.

On the other side, the least important categories are maintenance and repair of major durables for recreation (10%); musical instruments (10%); audio equipment (17%); audio accessories (17%) and holiday spending abroad (18%).

**TABLE 3: Highest and lowest scoring categories**

<i>Top 5 categories</i>	2016 score	2012 score
Admissions to clubs, dances, discos, bingo	100%	24%
Social events and gatherings	100%	38%
Subscriptions for leisure activities and other subscriptions	100%	25%
Newspapers	97%	71%
Bingo stakes excluding admission	76%	95%
<i>Bottom categories with no significant identified spending</i>		
Holiday spending abroad	18%	17%
Audio accessories e.g. tapes, headphones etc.	17%	19%
Audio equipment, CD players including in car	17%	15%
Musical instruments (purchase and hire)	10%	0%
Maintenance and repair of major durables for recreation	10%	10%

### **Conclusion**

This report suggests that the households with low-income representatives (bottom 20%) are associated with 35% of the average per household leisure spending. This represents a marginal increase in their leisure share, from 34% in 2012 to 35% in 2016.

The leisure spending of the low-income groups is very unevenly distributed in favour primarily of gambling, reading newspapers and TV services.

The target group's more focused cultural activity has a strong activity element in categories such as social events and subscriptions to leisure activities. This is a result that is worth pursuing further in terms of its well-being implications.

The most important broad spending category is gambling corresponding to 76% of average spending per household.

Spending on reading is also relatively high, influenced by a higher than expected spending on newspapers, which maintain their weight against the well established digital sources of information.

Further research can be undertaken across the same lines of inquiry bringing into the picture more data to strengthen the existing pattern. Statistics in the publication Consumer Trends provide the definite ONS statement on spending and can assist to align leisure spending to the National Accounts. Finally the policy implication in terms of generated wellbeing can be researched.

The data provide an interesting story compared to 2012 when the economy was still under the influence of the economic downturn of 2009-11. Although the leisure share of the low-income families has increased overall, it is the allocation among different activities that appeared to be changing in a more radical way. Active leisure and active sport are much more pronounced in the leisure budget; at the same time gambling (in gross terms) appears to be a dominant feature of spending. It would be extremely interesting to trace these leisure shares in the following years leading up to Brexit as the current research has demonstrated a high responsive of leisure shares to economic circumstances.

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APPENDIX

**DATA ON LEISURE SPENDING 2016, ONS, SIRC.**

Target: Lowest 20 percentage of income distribution

	<i>Leisure Spending (overall)</i>	<i>Leisure spending per household/year</i>	<i>Leisure spending per target/year</i>	<i>Leisure spending of average target as % of average household</i>	<i>Leisure spend (target group)</i>
	£m	£	£	%	£m
Book Spending	1,616	57	18	<b>32%</b>	99
Newspapers	2,138	78	76	<b>97%</b>	411
Magazines	991	36	21	<b>57%</b>	113
Spirits and liqueurs (brought home)	2,607	94	68	<b>72%</b>	369
Wine from grape or other fruit (brought home)	4,901	182	71	<b>39%</b>	387
Champagne and sparkling wines (brought home)	678	26	10	<b>39%</b>	55
Beer and lager (brought home)	2,607	94	53	<b>57%</b>	290
Fortified wine (brought home)	209	5	2	<b>39%</b>	11
Ciders and perry (brought home)	521	21	12	<b>57%</b>	64
Alcopops (brought home)	52				



Men's sport clothing (SIRC process)	1,472	54	14	<b>25%</b>	75
Women's sport clothing (SIRC process)	2,422	89	31	<b>34%</b>	167
Sport footwear for men	976	36	12	<b>35%</b>	67
Sport footwear for women	1,220	45	16	<b>35%</b>	85
Audio equipment, CD players including in car	730	26	4	<b>17%</b>	24
Audio accessories e.g. tapes, headphones etc.	939	36	6	<b>17%</b>	33
Purchase of TV and digital decoder	1,043	36	18	<b>50%</b>	99
Blank, pre-recorded video cassettes, DVDs	574	21	10	<b>50%</b>	57
Personal computers, printers and calculators	2,451	89	44	<b>50%</b>	241
Photographic and cine equipment	521	16		<b>0%</b>	0
Musical instruments (purchase and hire)	417	16	2	<b>10%</b>	8
Maintenance and repair of major durables for recreation	574	21	2	<b>10%</b>	11
Games, toys and hobbies	3,858	141	60	<b>43%</b>	326
Computer software and game cartridges	991	36	18	<b>50%</b>	99
Computer games consoles	469	16	8	<b>50%</b>	43

Equipment for sport, camping and open-air recreation	2,086	78	16	<b>20%</b>	85
BBQ and swings	104	5	2,101	<b>40%</b>	11
Plants, flowers, seeds, fertilisers, insecticides	3,963	146	59	<b>40%</b>	320
Pet food	3,389	125	52	<b>42%</b>	284
Pet purchase and accessories	1,512	57	24	<b>42%</b>	130
Veterinary and other services for pets identified separately	2,816	104	43	<b>42%</b>	236
Spectator sports: admission charges	1,043	36	9	<b>24%</b>	48
Participant sports (excluding subscriptions)	1,668	63	15	<b>24%</b>	81
Subscriptions to sports and social clubs	3,285	120	29	<b>24%</b>	156
Leisure class fees	3,911	141	34	<b>24%</b>	183
Hire of equipment for sport and open air recreation	156	5	1,251	<b>24%</b>	7
Cinemas	1,147	42	11	<b>27%</b>	61
Live entertainment: theatre, concerts, shows	2,086	78	21	<b>27%</b>	114
Museums, zoological gardens, theme parks, houses and gardens	730	26	7	<b>27%</b>	38
Admissions to clubs, dances, discos, bingo	939	36	36	<b>100%</b>	199

Social events and gatherings	261	10	10	<b>100%</b>	57
Subscriptions for leisure activities and other subscriptions	834	31	31	<b>100%</b>	170
Development of film, deposit for film development	313	10	3	<b>25%</b>	14
Bingo stakes excluding admission	209	10	8	<b>76%</b>	43
Bookmaker, tote, other betting stakes	1,095	42	32	<b>76%</b>	172
Lottery	2,190	78	59	<b>76%</b>	323
TV, video, satellite rental, cable subscriptions and TV licences	10,011	370	201	<b>54%</b>	1,092
Package holidays - UK	1,877	68	34	<b>50%</b>	184
Package holidays - abroad	36,133	1,330	334	<b>25%</b>	1,815
Restaurant and café meals	26,956	991	321	<b>32%</b>	1,744
Alcoholic drinks (away from home)	11,210	412	162	<b>39%</b>	879
Take away meals eaten at home	7,195	266	102	<b>38%</b>	553
Accommodation: Holiday in the UK	7,665	282	78	<b>28%</b>	425
Accommodation: Holiday abroad	7,300	271	68	<b>25%</b>	369
Accommodation: Room hire	521	21		<b>0%</b>	0

Holiday spending abroad	15,016	553	97	<b>18%</b>	528
<b>TOTAL</b>	<b>192,595</b>	<b>7,080</b>	<b>2,474</b>	<b>34.9%</b>	<b>13,459</b>

**TARGET AS % OF TOTAL SPENDING**

**7.0%**

**TARGET AS % OF POPULATION**

**20.0%**

<b>SUMMARY</b>	<i>Leisure Spending (overall)</i> £m	<i>Leisure spending per household/year</i> £	<i>Leisure spending per target/year</i> £	<i>Leisure spending of average target as % of average household</i> %	<i>Leisure spend (target group)</i> £m	<i>Leisure spend (target/ total)</i> £m
Active sport spending	17,196	630	167	<b>26%</b>	907	5.3%
Spectator sport	1,043	36	9	<b>24%</b>	48	4.6%
Reading	4,745	172	115	<b>67%</b>	624	13.2%
Alcohol at home	11,575	422	216	<b>51%</b>	1,177	10.2%
Audio/TVs/PCs	6,257	224	83	<b>37%</b>	454	7.3%
Musical instr./games/software/consoles/repairs	6,309	229	90	<b>39%</b>	487	7.7%
Gardening	4,067	151	61	<b>40%</b>	332	8.2%
Pets	7,717	287	119	<b>42%</b>	650	8.4%
Cinemas/museums/clubs/live entertainment/social events	5,162	193	86	<b>45%</b>	468	9.1%

Subscriptions to leisure activities, TV service, film development	11,158	412	235	<b>57%</b>	1,276	11.4%
Gambling	3,493	130	99	<b>76%</b>	539	15.4%
Package Holidays	38,010	1,397	368	<b>26%</b>	2,000	5.3%
Restaurant and cafes and take awy	34,152	1,257	422	<b>34%</b>	2,297	6.7%
Alcoholic drinks (away from home)	11,210	412	162	<b>39%</b>	879	7.8%
Accommodation services	15,486	574	146	<b>25%</b>	794	5.1%
Holiday spending abroad	15,016	553	97	<b>18%</b>	528	3.5%