

Statistical bulletin

# Energy, goods and services used by UK businesses: 2018

Detailed product by industry proportion estimates using the results from the Annual Purchases Survey 2018.

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# 1 . Main points

- Purchasing patterns of UK businesses remained consistent in 2018 compared with 2017; there was little change in the top 15 products purchased by businesses across all industries.
- The estimates produced in this release measure intermediate consumption, which consists of the energy, goods and services used as inputs to the production process of businesses in the UK.
- In 2018, the production industry consumed the highest proportion of intermediate consumption on production-related products (78.7%), while the industry consuming the lowest proportion of its own products was government, health and education (9.9%).
- Most industry groups purchased the highest proportion of their total intermediate consumption from services; businesses within the finance and insurance industry group purchased the most services products (96.0% of their total intermediate consumption), while businesses within the production industry group purchased the least (20.0%).
- Businesses within the production industry group purchased the most energy products, including water and waste services (19.2% of their total intermediate consumption), followed by businesses within the agriculture industry group (17.8%) and the distribution, transport, hotels and restaurants industry group (16.3%).
- For goods products, businesses within the production industry group purchased the most (60.8% of their total intermediate consumption) and businesses within the finance and insurance industry group purchased the least (2.7%).

## 2 . Things you need to know about this release

### Survey background

The primary aim of the Annual Purchases Survey (APS) is to provide a comprehensive picture of the products (energy, goods and services) purchased in the production process and running of UK businesses, otherwise referred to as intermediate consumption.

This level of detail is required to feed into the supply and use tables (SUTs) and ultimately the compilation of gross domestic product (GDP). The APS will help the Office for National Statistics (ONS) adhere to international best practice outlined in the [European System of Accounts 2010: ESA 2010](#) and [Balance of Payments Manual: BPM6](#).

The APS collects information on businesses' intermediate consumption, a national accounts concept defined within the ESA 2010 manual as:

“...goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods and services are either transformed or used up by the production process.”

The APS covers a large part of the economy with some exceptions such as public administration and certain elements of financial industries. The exact inclusions or exclusions of industries are detailed in the [Quality and Methodology Information report](#). It is also worth noting that the 2018 APS estimates are based on [Standard Industrial Classification 2007: SIC 2007](#).

## Link to supply and use tables

From [Blue Book 2019](#) onwards, the APS will be the primary source for the breakdown of products purchased within industries. Additional sources will feed into this, including the use of the [Annual Business Survey](#) for the industry totals, as is currently the procedure.

## Methodological features

At present, the estimates produced from the APS are still regarded as [experimental](#). This will be the case until a formal assessment with the UK Statistics Authority ensures compliance with the [Code of Practice for Statistics](#). Alongside this release, detailed quality, methodological and technical information is now available from the [Annual Purchases Survey Quality and Methodology Information report](#) and the [Annual Purchases Survey Technical Report](#).

The product values published are constrained to [Annual Business Survey](#) data where equivalent industries are available. Revisions have been made to the 2015, 2016 and 2017 data, therefore differences in proportions can be seen when comparing with previous releases.

We are keen to hear your views and would welcome your feedback on the contents of this release. If you have any comments, please email [purchases.survey@ons.gov.uk](mailto:purchases.survey@ons.gov.uk).

We are also today releasing provisional [2018 estimates of the non-financial business economy ( [the Annual Business Survey](#) ). Whilst the Energy, goods and services used by UK businesses release provides the purchasing patterns of UK businesses, the product values in the release have been constrained to the ABS aggregate purchases data to provide a consistent picture. The 2017 results of the Energy, goods and services used by UK businesses were published in July 2019 so this is a major improvement in timeliness and brings the release in line with the ABS.

## 3 . What is the overall picture of businesses' purchasing patterns in 2018?

### Breakdown of energy, goods and services

In 2018, most industry groups purchased the highest proportion of their total intermediate consumption from services products (Figure 1). The only exceptions were from businesses within the production and agriculture industry groups, which purchased more goods products than services or energy. Businesses within the finance and insurance industry group purchased the most services products, with 96.0% of their total intermediate consumption, while businesses within the production industry group purchased the least (20.0%).

Businesses within the production industry group purchased the most energy products, including water and waste services (19.2% of their total intermediate consumption), followed by businesses within the agriculture industry group (17.8%) and the distribution, transport, hotels and restaurants industry group (16.3%). Businesses in the finance and insurance industry group purchased the least energy products, with 1.3% of their total intermediate consumption.

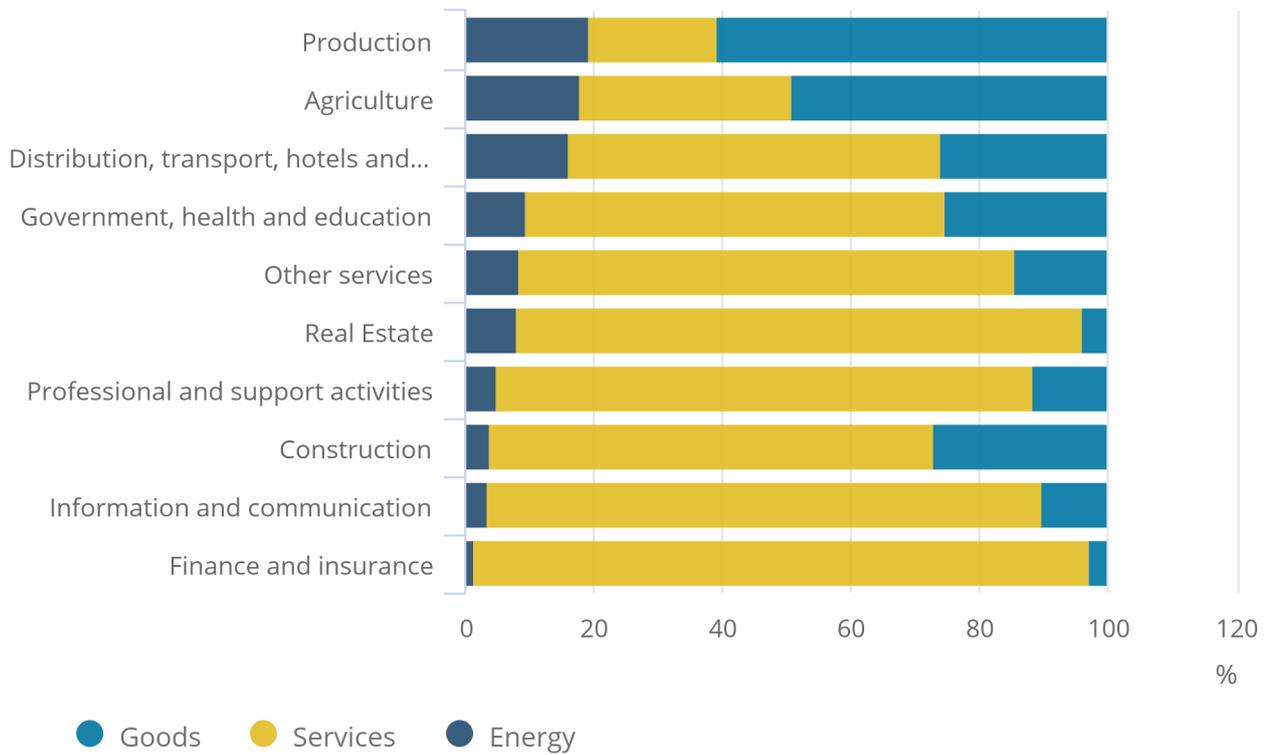
For goods products, businesses within the production industry group purchased the most (60.8% of their total intermediate consumption), followed by businesses within the agriculture industry group (49.3%). Businesses within the finance and insurance industry group purchased the least (2.7%).

**Figure 1: Most industry groups spend the highest proportion of their intermediate consumption on services**

UK, 2018

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UK, 2018



Source: Office for National Statistics - Annual Purchases Survey

Figure 2 shows the proportion of total intermediate consumption spent on products within each industry group, at a 10 industry by 10 industry product groupings breakdown. The A10 matrix table can be downloaded from the accompanying [supplementary datasets](#). Within Figure 2, darker colours represent higher percentages.

**Figure 2 : Most industry groups spend a higher proportion of their intermediate consumption on production, and professional and support activities**

The proportion of total intermediate consumption (%) spent on products within each industry group, UK, 2018

The production industry group purchased the largest proportion of production-related products, spending 78.7% of their total intermediate consumption on these products. This was followed by the agriculture industry group and the distribution, transport, hotels and restaurants industry group, who spent 46.2% and 43.1% of their total intermediate consumption on production-related products respectively.

Additionally, the largest proportion of intermediate consumption for 4 out of the 10 industry groups was spent on products relating to professional and support activities. The industry group that bought the most of these products was the professional and support activities industry group itself. The same can be said about production-related products, also construction, and information and communication-related products, where the largest proportion of intermediate consumption spent on these products was within the same industry group.

## **4 . Intermediate consumption patterns for 2018**

### **Purchases within and outside industry groups**

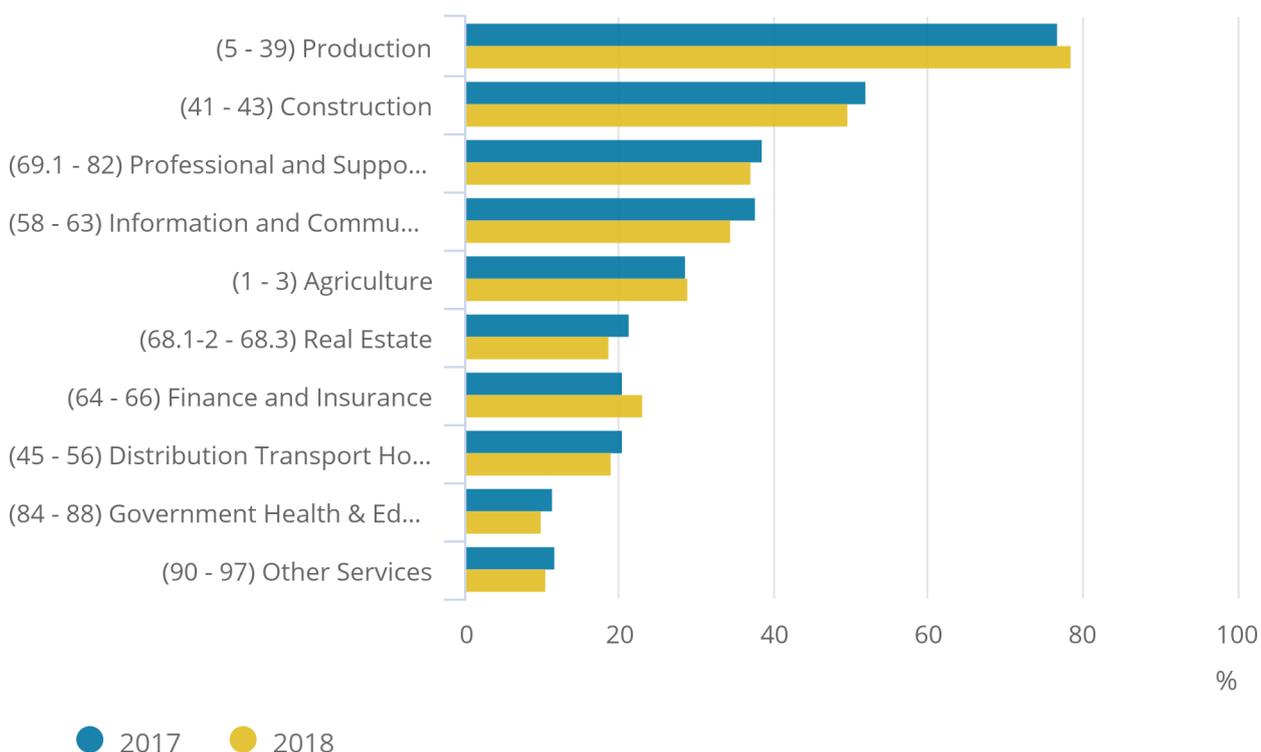
Figure 3 summarises the spread of intermediate consumption, showing how businesses within a given industry purchased products within their own industry group (for example, a production business, such as one manufacturing basic metals, purchasing production-related products).

**Figure 3: The percentage of purchases within the same industry group is consistent year-on-year**

Summary of the spread of intermediate consumption, as proportions (%), showing how businesses within a given industry purchase products within their own industry group, UK, 2017 to 2018

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Summary of the spread of intermediate consumption, as proportions (%), showing how businesses within a given industry purchase products within their own industry group, UK, 2017 to 2018



Source: Office for National Statistics - Annual Purchases Survey

Notes:

1. Within an industry group means businesses are purchasing products mapped to this group based on both the [Standard Industrial Classification 2007: SIC 2007](https://www.ons.gov.uk/methodology/classificationsandstandards/otherclassifications/standardandothernationalandinternationalclassifications) and (Statistical Classification of Products by Activity (CPA))[\[https://www.ons.gov.uk/methodology/classificationsandstandards/otherclassifications/standardandothernationalandinternationalclassifications\]](https://www.ons.gov.uk/methodology/classificationsandstandards/otherclassifications/standardandothernationalandinternationalclassifications) version 2.1.
2. Outside of an industry group means businesses are purchasing products not directly mapped to their industry group.

Figure 3 shows that the spread of intermediate consumption has remained relatively consistent between 2017 and 2018.

Production was the least diverse industry group in terms of its purchasing patterns, as 78.7% of its total intermediate consumption was spent purchasing products from production itself.

Finance and insurance showed the highest increase in the percentage spent on products relating to its own industry group, moving from 20.6% of total intermediate consumption in 2017 to 23.0% in 2018. This is a continuation of the previous two years, which saw spending on these products increase from 16.8% in 2015 to 17.1% in 2016.

Information and communication showed the largest decrease in the percentage spent on products relating to its own industry group, moving from 37.7% of total intermediate consumption in 2017 to 34.5% in 2018. This suggests that the diversity of products purchased by businesses within the information and communication industry group has increased.

## **On- and off-diagonal intermediate consumption patterns**

As previously mentioned in Section 2, the Annual Purchases Survey (APS) collects and can produce estimates at a much more granular level than is available from other Office for National Statistics (ONS) business surveys.

On-diagonal intermediate consumption means businesses are purchasing a product mapped directly to their industry based on both the [Standard Industrial Classification 2007: SIC 2007](#) and [Statistical Classification of Products by Activity \(CPA\), version 2.1](#). Off-diagonal intermediate consumption means businesses are purchasing products not mapped directly to their industry.

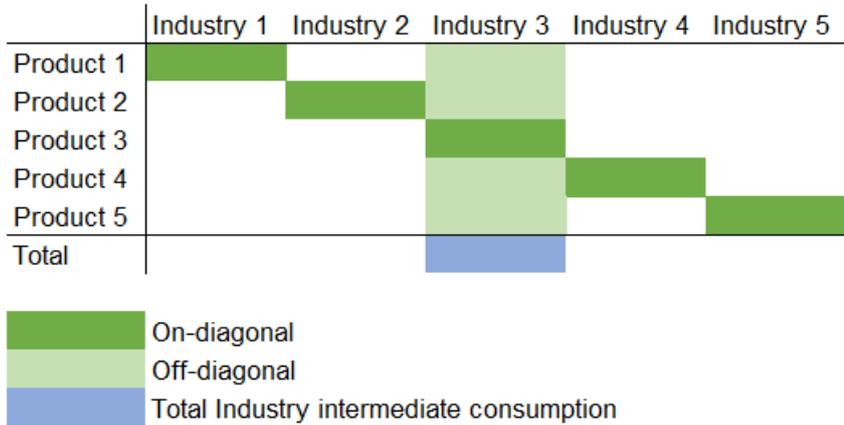
An example of on-diagonal intermediate consumption would be a business in car manufacturing (industry 29) purchasing a car manufacturing-related product (CPA 29); both specifically refer to car manufacturing (SIC and CPA 29).

An example of off-diagonal intermediate consumption, in this context, would be a business in car manufacturing (industry 29) purchasing a product within paints and varnishes (CPA 20.3). Although both industry and product are within production, they are not the same industry.

Using the 109 industry by 107 industry product groupings breakdown (the A110 matrix table, which can be downloaded from the accompanying [supplementary datasets](#)), on- and off-diagonal intermediate consumption can be identified.

Figure 4 provides a visual representation to demonstrate the concept of on- and off-diagonal intermediate consumption.

**Figure 4: Example matrix demonstrating on-diagonal and off-diagonal purchases**



Source: Office for National Statistics – Annual Purchases Survey

**Notes:**

1. Due to the size of the table it is not possible to show it in its entirety within this release, but it can be found in the accompanying supplementary datasets (A110 matrix table).

Using these definitions, Figure 5 summarises the proportion of purchases as on- or off-diagonal products within each industry group.

## Figure 5: UK businesses purchase more off-diagonal products than on-diagonal

Summary of the proportion of purchases (%) as on- or off-diagonal products within each industry group UK, 2018

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Summary of the proportion of purchases (%) as on- or off-diagonal products within each industry group UK, 2018



Source: Office for National Statistics - Annual Purchases Survey

#### Notes:

This excludes industry groups wholesale and retail, and pension funding for the following reasons:

1. wholesale and retail: you cannot buy the wholesale or retail product – since that is going to be an intangible mark-up on products sold by wholesalers or retailers
2. pension funding: pensions are not a cost of production – they are an employer's social contribution – so spending on pensions is not a purchase; it is part of compensation of employees, which is not included in intermediate consumption

The construction industry group had the highest percentage of on-diagonal intermediate consumption (30.3% of total intermediate consumption), while the government, health and education industry group had the lowest (8.0%).

At high-level industry groupings (Figure 3), businesses within the production industry group appear to be predominantly purchasing production-related products (78.7% of total intermediate consumption). However, Figure 5 shows that this does not map to the more detailed level. At this more detailed industry and product level, businesses within the production industry group are purchasing a smaller proportion of products directly related to their own industry classification (28.1% of total intermediate consumption).

## 5 . Most purchased products year-on-year

Figure 6 shows the top 15 products purchased by businesses across all industries as proportions of total intermediate consumption, when comparing 2017 and 2018. The top 15 products have remained consistent between 2017 and 2018, with only their relative positions changing.

### **Figure 6: The top 15 products have remained the same year-on-year, with only their positions changing**

#### **The top 15 products purchased by businesses across all industries as proportions of total intermediate consumption (%), comparing 2017 and 2018, UK, 2017 and 2018**

In 2018, products relating to the buying and selling, rental and operating of own or leased real estate accounted for the highest proportion of all purchased products (4.5% of total intermediate consumption), moving up from position 2 in 2017.

The second-highest proportion of all purchased products in 2018 was accounted for by products relating to the construction of buildings (4.5% of total intermediate consumption), moving down from position 1 in 2017.

## 6 . Quality and methodology

Detailed quality and methodology information is available from the [Annual Purchases Survey Quality and Methodology Information report](#), which contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

You will also find detailed information on the methods used in the calculation of the APS in the [Annual Purchases Survey Technical Report](#).