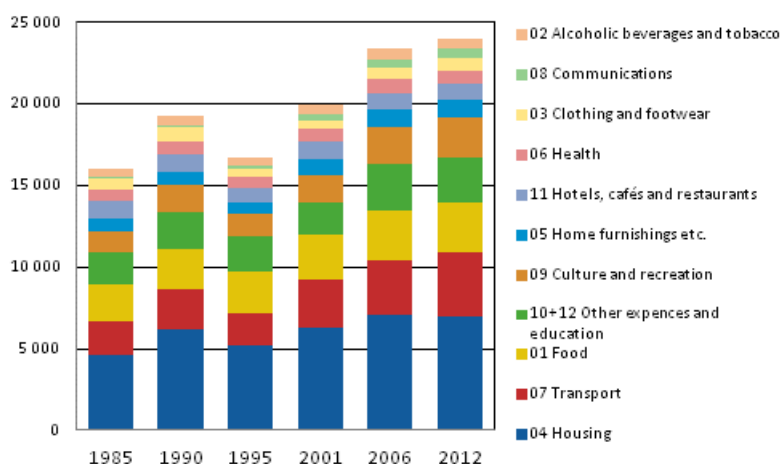


Households' consumption 2012

Finns spent around 50 per cent more in 2012 than in 1985

In the period 1985 to 2012, households' consumption expenditure grew in real terms by 41 per cent per household and by 53 per cent calculated per household consumption unit¹⁾. Major changes took place in the structure of households' consumption expenditure in the 1980s and 1990s, but the changes in the 2000s have been minor. Expenditure on transport, communications, and culture and recreation has grown most during the quarter of a century. Only real expenditure on communications has grown constantly from one Household Budget Survey to the next.

Consumption expenditure in 1985 to 2012 (at 2012 prices, EUR per consumption unit)



In this release, changes in consumption are examined as standardised, i.e. consumption expenditure has been calculated per consumption unit and the consumption of different years has been converted with coefficients to correspond to the 2012 value of money²⁾. Real changes in consumption expenditure thus derived have varied by expenditure item reflecting either the cyclical variations in the economy or the

1) The consumption units are based on the so-called OECD's modified scale. The first adult in the household is one consumption unit. Other persons in the household aged at least 14 are 0.5 consumption units each and children aged 0 to 13 are 0.3 consumption units each. A household with one adult member is one consumption unit, while a household consisting of spouses and one child aged under 14 together are 1.8 consumption units. Consumption calculated by means of consumption units takes into account the size differences between households and enables their comparison with one another.

2) Corresponding data can be retrieved calculated by households and at current prices (in every respective year's money) from the database tables. Thus you can examine how the structure of consumption has changed over time.

general development of society and changes in technology. Both the recession of the early 1990s and the slow economic growth over the past few years are clearly visible either as decreased or stagnate consumption. Housing expenditure has constantly been the largest expenditure item and has grown except for the periods of recession. The shares of transport and food have remained the second largest consumption items throughout the entire 27-year period. The growth in transport expenditure has, however, been faster than that of food expenditure. The growth in expenditure on culture and recreation has been steady since 1995. The share of communications expenditure of total consumption is still low, even though the growth has been constant and fast. Changes in hotel and restaurant expenditure have been minor.

The table shows the real changes in consumption by main group over time. At the end of the 1980s, consumption growth was fast in all main groups of consumption. The recession in the 1990s cut the consumption of households considerably. Between 1990 and 1995, consumption expenditure decreased in all main groups of consumption apart from food and communications. Expenditure on clothing and footwear, as well as on home furnishings and domestic appliances decreased the most. Despite the recession, households' expenditure on communication increased by 48 per cent. This was affected, among other things, by new devices becoming more common in households. One in five households had a mobile phone and computer in the mid-1990s.

Real change in consumption expenditure per consumption unit in 1985 to 1990, 1990 to 1995, 1995 to 2001, 2006 to 2012 and 1985 to 2012 (%)

Consumption expenditure	1985 to 1990	1990 to 1995	1995 to 2001	2001 to 2006	2006 to 2012	1985 to 2012
	Change, %	Change, %	Change, %	Change, %	Change, %	Change, %
Total consumption expenditure	19	-13	21	18	3	53
01 Food and non-alcoholic beverages	7	5	8	9	0	32
02 Alcoholic beverages and tobacco	23	-9	7	9	-13	14
03 Clothing and footwear	15	-36	3	37	-2	2
04 Housing and energy	35	-16	22	11	0	53
05 Home furnishings, appliances and materials	3	-21	41	16	0	33
06 Health	16	-9	7	4	1	20
07 Transport	19	-17	42	17	15	88
08 Communications	41	48	156	32	21	750
09 Culture and recreation	23	-14	20	32	12	88
10 Education	36	-2	25	14	-20	50
11 Hotels, cafés and restaurants	3	-17	24	-4	-3	-2
12 Other goods and services	19	-9	-4	44	-5	42

The economic situation improved again towards the end of the 1990s, which was also visible in households' consumption. Consumption expenditure grew by 21 per cent between 1995 and 2001. Households' expenditure on communications more than doubled due to the increase in information and communication technology. In 2001, three in four households had at least one mobile phone and one in two households had a computer. The share of communications expenditure of households' total consumption expenditure was, however, still low, around two per cent. The general increase in the level of rents, which followed from the abolishment of rent control, pushed housing costs up since the mid-1990s, in addition to owner-occupied dwelling becoming more common. Households also invested in home furnishings and domestic appliances, which grew by 41 per cent. Transportation expenditure was boosted in particular by car purchases. When around 60 per cent of households had a car in 1985, the corresponding share in 2006 was good 70 per cent, after which the spread of automobiles has been slow. The improved economic status of the households was also visible as an increase in expenditure on accommodation and restaurants.

Households' consumption potential improved further in the new millennium. This was, for example, visible as an increase in the expenditure items classified as non-necessity expenditure: households' expenditure on culture and recreation grew in real terms by approximately one-third between 2001 and 2006. Expenditure on recreation was boosted in particular by purchases of computers and audio-visual equipment. It seems that hobbies became more commercial during that time. This is indicated by a large increase in expenditure on sports and recreational services. Expenditure on clothing and footwear also grew considerably in the early 2000s. Expenditure on restaurants and accommodation decreased somewhat.

After 2006 the changes in consumption have been minor. Slow economic growth has also been reflected in consumption, even though there had, in principle, been room for growth in consumption. The share of consumption of the annual disposable income of an average household was as high as 96 per cent in 1985. In this decade, the share has been 86 per cent. Instead of consumption, households have valued accumulation of wealth or saving in the past years. In real terms, more money has been spent only on transportation, communications and cultural services in 2012 compared to 2006. The expenditure on alcohol and tobacco has decreased clearly. The prices of both items have been raised and the consumption of tobacco has decreased.

Based on a comparison of changes in consumption over the past quarter of a century it can be said that Finland's transformation to a service society that replaces domestic work has been slow, as the growth in expenditure on hotels and restaurants, as well on other goods and services has been slow. Only the growth in expenditure on transportation, culture and recreation, and communications has been clearly faster than the average growth in overall consumption. They are tied more to actual activities than to replacing one's own work.

Contents

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Source: Households' consumption 2012. Statistics Finland