

# **The Consumer Economy in UK Cities: an Economically Sustainable Strategy?**

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## **ABSTRACT**

The ‘consumer economy’ of retail, leisure and tourism is big and growing. Retail alone is the UK’s 3<sup>rd</sup> largest industry, and tourism is the 5<sup>th</sup> largest (Accessible Retail 2006, DCMS 2006). The reasons for its growth are complex, spanning demographic, economic, social and cultural drivers.

Cities are key sites of the consumer economy. In London and the English Core Cities, consumer sectors make up at least 25% of employment. Again, a number of factors are driving this. Industrial change has emphasised the importance of the urban service sector, and opened up land for new uses. Cities offer advantages for consumer – easy access to big markets and a range of goods, services and amenities. And there’s a renewed interest in urban lifestyles, particularly among younger people.

The consumer economy is increasingly important for UK cities. But is it an economically sustainable strategy? What are the economic impacts and possible risks for cities increasingly relying on the consumer economy? This paper addresses these questions – drawing on secondary data, synthesis and pen portraits of two UK cities.

Among the most obvious economic impacts are the number of jobs supported by the sector, especially entry-level jobs linked to local people and their related income effects. More indirect impacts include opportunities for urban regeneration. In some cases this could contribute to cities’ re-branding – potentially making them more attractive to visitors and mobile capital.

Risks include the social and spatial distribution of gains: consumption-orientated strategies, as any economic strategy, generate winners and losers. In addition, broader trends in the economy, such as the state of the macro-economic context and the likelihood of a credit crunch or global developments, such as outsourcing and e-shopping, also need to be factored in. Finally, there may be a temptation for cities to envision growth strategies based on the consumer economy as the substitute for a lost industrial base. However, the consumer economy may only work for particular cities with specific characteristics and sizes.

The paper is structured as follows. The first section introduces the concept of the consumer economy, and its significance for UK cities. The second section develops an ‘impact

typology' for consumption-orientated urban economic strategies. The final section discusses the risks associated with this type of approach, including its distributive impact and the likely effects of economic, technological, social and policy change. It concludes by emphasising the risks of consumption-orientated strategies becoming a one-size fits all strategy.

**Key Words:** consumption, urban economic performance, resurgent cities