

## **Methodological annex n°9: The household final consumption expenditure from the 2014 benchmark to the 2020 benchmark**

In the 2020 benchmark, the final consumption expenditure of households amounted to €1,262.5 billion including taxes for the year 2019, which represents 51.9% of the gross domestic product (GDP). The consumption expenditure has been revised upwards by €5.8 billion; it was previously estimated at €1,256.7 billion in the 2014 benchmark (51.6% of GDP).

### **1. Household consumption amounts have been updated, as it is often the case during a new benchmark revision**

Generally, updating household consumption figures for base years is a crucial aspect of a new benchmark revision. This work is particularly important since the updating of current year series focuses solely on the annual rates of change in volume, value, and price, without questioning or comparing the starting levels.

The last significant update of consumption levels dates back to the 2010 benchmark. On that occasion, an assessment of the levels for the years 2009 and 2010 was conducted to determine, product by product, the consumption levels to be retained for these two years. The 2010 benchmark also involved expanding the geographic scope to include the national territory of Mayotte, which became a French department in 2011. Besides the usual work of revising levels through the updating of sources and evaluation methods, establishing the levels for the 2010 benchmark also necessitated incorporating updates from the European System of Accounts (transition from ESA 1995 to ESA 2010) concerning the treatment of tax credits and insurance, as well as adjusting the vehicle registration tax to comply with ESA at the request of Eurostat [ ► [Tome 1 – note de base consommation base 2010](#)].

The 2014 benchmark was primarily intended to correct the discrepancy between INSEE and the balance of payments on foreign trade. Therefore, household consumption levels were not systematically reviewed. However, actual household consumption was adjusted by including drug trafficking and by reclassifying the audio-visual license fee paid to France Télévision and Radio France as a mandatory levy [ ► [Tome 3 – note de base consommation base 2014](#)].

For the 2020 benchmark, a re-estimation of base levels was undertaken to assess all consumption product levels for the years 2019 and 2020. The overall upward revision (€+5.8 billion) can be

attributed to both an upward adjustment based on several data sources in levels (€+11.5 billion) and methodological revisions that resulted in a decrease (€-6.2 billion). These overall revisions hide significant disparities by product.

**Table 1-1 : Revision in value of household final consumption expenditure from the 2014 benchmark to the 2020 benchmark - 2019, in euros (billion)**

Household final consumption expenditure, 2014 benchmark	1 256.7
Household final consumption expenditure, 2020 benchmark	1 262.5
<b>Revision (2020 benchmark – 2014 benchmark)</b>	<b>5.8</b>
<i>Breakdown of revisions:</i>	
<b>Re-estimation based on data sources</b>	<b>11.5</b>
Satellite accounts	17.0
Business data	-13.2
Administrative data (ACPR, DGFIP)	3.2
Panel data	-0.3
Household Budget Survey	-1.7
Balance of payments	6.6
<b>Methodological revisions</b>	<b>-6.2</b>
New methodology for vehicle products	-6.1
Changes in the treatment of tax credits	0.0
<b>Other revisions</b>	<b>0.5</b>

**Note:** data may not sum to the decimal due to rounding.

**Reading:** For the year 2019, household consumption expenditure is revised by €+5.8 billion in the 2020 benchmark compared to the 2014 benchmark. The re-estimation based on data sources contributes €+11.5 billion to the overall revision.

Source : Insee, national accounts

## 2. The re-estimation based on data sources is the main factor in the upward revision of consumption levels (€+11.5 billion)

A thorough analysis of various data sources was conducted by comparing the different available sources regarding levels of consumption: panel data (GFK, NielsenIQ, Kantar, FranceAgrimer, etc.), data from public statistics ([health accounts](#), [housing accounts](#), [transport accounts](#), agriculture accounts, [Household budget survey](#), Bank of France, etc.), administrative data (DGFIP, Acoss, ACPR, etc.), data from specialized professional organizations (IPEA, Francéclat, etc.), company data on marketable consumption produced by INSEE, etc.

New sources were mobilized, whether the information was available annually or on an ad hoc basis. This was particularly the case for the estimation of school transport (based on data from the Ministry of National Education and the Transport Regulatory Authority) and the estimation of spending on electronic cigarettes (from Xerfi sources). Similarly, the use of the 2019 Nominative Social Declaration (DSN) enabled the determination of the level of expenditure on security fees.

The selected data were corrected where necessary to ensure field exhaustiveness, particularly regarding geographic coverage, sales channels, and the completeness of product fields. The VAT rates applied to consumption expenditure were also revised in consultation with the Directorate General of the Treasury. Additionally, adjustments were made to account for fraudulent behaviours.

This improvement in all sources have led to a significant upward revision of household consumption (€+11.5 billion).

**The mobilization of satellite accounts data** is the primary factor for the upward revision (€+17.0 billion), particularly the use of the housing satellite account. The revision of household consumption mainly relates to imputed rents. In fact, in the 2020 benchmark, the consumption of rents (real and imputed) was adjusted to the housing satellite account, which relies on data from the latest National Housing Survey (EnL 2020). In the 2014 benchmark, the 2013 National Housing Survey could not be used in the accounts. However, the 2013 National Housing Survey significantly revised imputed rents compared to the interpolation performed by the housing account [ ► [EnL2013](#)]. The 2020 benchmark, by aligning with the housing satellite account, incorporates data from the last two housing surveys (the 2013 and 2020 National Housing Survey). This results in an upward revision of €17.9 billion in the 2020 benchmark for household consumption of real estate services (LZ) [ ► [EnL2020](#)].

**Using balance of payments data** also significantly contributes to the overall revision of household consumption (€+6.6 billion). National accounting aims to measure the final consumption of resident households. However, the estimation of final household consumption relies on sources that measure consumption in France (on the territory), whether it is carried out by residents or non-residents. Therefore, to this initial estimate of final consumption on the territory, the consumption of French residents abroad must be added, and the consumption of foreigners in France must be subtracted. These two amounts, the balance of which is called the "territorial correction" or "products consumed outside the territory of residence" (PCHTR), are estimated by the balance of payments. During the setting of the 2019 levels for the 2020 benchmark, the estimation of the territorial correction was aligned with the estimates from the balance of payments, resulting in a substantial downward revision (in absolute value) of the territorial balance. This balance changes from €-15.1 billion in the 2014 benchmark to €-8.5 billion in the 2020 benchmark for the year 2019 (a revision of €+6.6 billion). This revision is particularly explained by the fact that national accounts stabilize estimates more quickly and cannot take into account subsequent revisions of the balance of payments to avoid introducing series breaks [ ► [Fiche 11](#)].

Conversely, **the revaluation based on business data** is the main source of downward revision (€- 13.2 billion). The most notable decrease concerns expenditure on vehicle maintenance services (€- 11.4 billion), whose estimation was completely overhauled in the 2020 benchmark. Household consumption expenditure is also significantly revised downwards for meat (€-4.6 billion), for fruits and vegetables (€-4.2 billion), and for bread and pastries (€-2.7 billion) by estimating with business data. However, the use of business data also leads to an upward revision of consumption for certain services, for example, for programming, consulting, and other IT services (€+1.7 billion), for travel agency activities (+1.7 billion euros), and for cleaning and landscaping services (€+1.4 billion).

### 3. The main methodological changes result in a downward revision of consumption expenditure data (€-6,2 billion)

Alongside the analysis of various available sources for estimating the levels of consumption products and the re-estimation using several data sources (notably from panels and companies), specific methodological changes have been made.

In particular, the method for estimating cars expenditure was revised following discussions with Eurostat in the context of the 2010 gross national income inventory, to take into account the discounts frequently given on the prices of these products (promotions, accessories, etc.). In the 2020 benchmark, cars expenditure are thus estimated based on average prices from the Household Budget Survey, which take into account discounts and other promotions. This methodological change results in a significant downward revision of household consumption in cars expenditure (€-6.1 billion).

Furthermore, in the 2020 benchmark, the treatment of tax credits has been modified, particularly the recording of the tax credit related to the employment of a home worker [► [Fiche 8](#)]. In the 2014 benchmark, considering an employment incentive, the tax credit was classified as a subsidy granted by public administrations. For direct employment by households, it was considered a wage subsidy, and in the case of using a service provider, the tax credit was classified as a product subsidy.

In the 2020 benchmark, part of the [tax credit benefiting inactive individuals](#) (50%) is now considered as a social transfer in kind (D.632), which is recorded as an expenditure of public administrations. The other half of the tax credit remains classified in the same way as in the 2014 benchmark.

Moreover, the recording date of the tax credit has also been modified: in the 2020 benchmark, the tax credit is recorded at the time when the financed operations occur, whereas in the 2014 benchmark, it was recorded at the time of its payment, one year later. Thus, in the 2020 benchmark, the expenditure is advanced by one year compared to the 2014 benchmark. These changes are minor in terms of revisions to the total household consumption expenditure (less than €0.1 billion in 2019); however, they have significant implications for the dynamics and level of each of the products concerned (for example, €+1.9 billion for household activities as domestic employers, €-2.5 billion for home assistance).

### 4. The overall revision hides significant disparities by product

The most substantial revisions in the level of household consumption expenditure at the A17 level concern a few products.

The consumption levels of certain products have been revised downwards. For example, consumption in commercial products (GZ) is revised downwards by €10.9 billion. The level of these products, which correspond to automotive and motorcycle repair services, was recalculated using the Esane turnover data, to align more closely with the figures from the Household Budget Survey.

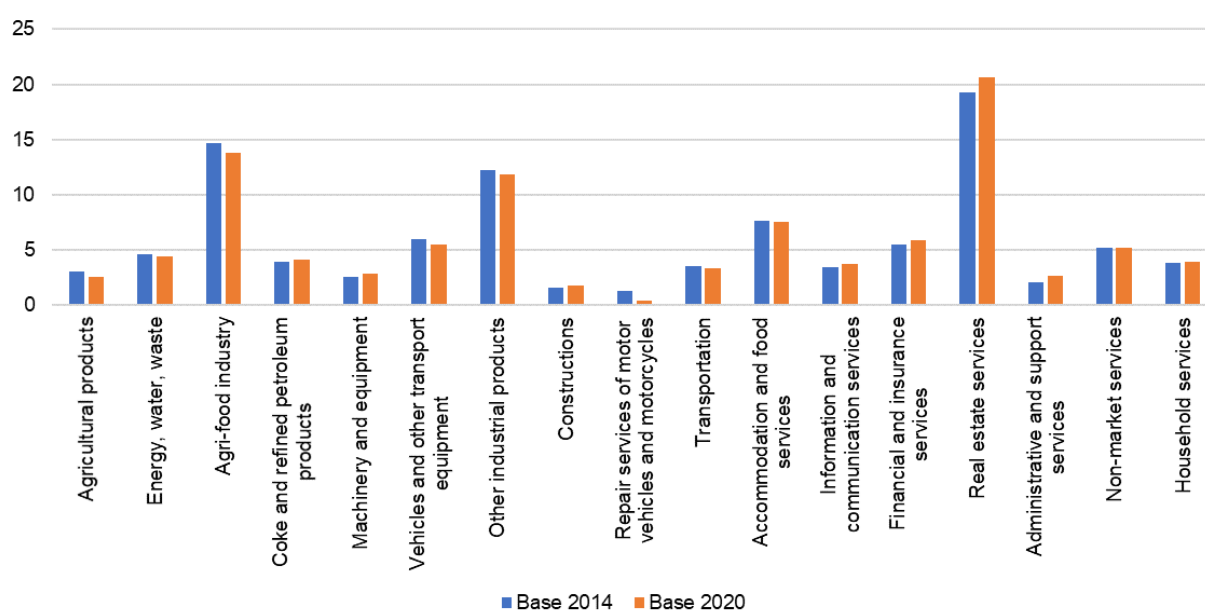
Consumption of food industry products (C1) and agricultural products (AZ) has also been revised downwards (by €-10.3 billion and €-6.2 billion, respectively). Adjustments for these products were made using panel data and Esane data for meat, fish, and fruits and vegetables.

Conversely, some products are revised upwards, such as real estate services (LZ, €+17.9 billion) due to the inclusion of data from the 2020 new National Housing Survey, and the territorial balance (€+6.6 billion) following adjustment based on balance of payments data.

Business services (MN) are also revised upwards (€+6.3 billion), based on data from the ESA customer framework.

Despite these adjustments, the overall structure of consumption expenditure remains relatively stable at an aggregate level [ ► [Figure 4-1](#)]. The share of services increases slightly (+1.8 points), reaching 55% in 2019, largely driven by the revision of the weight of imputed rents and the adjustment based on ESA customer framework data. Consequently, the share of goods decreases with the adjustment based on panel data, reaching 45% in 2019.

**Figure 4-1 : Weight of products in household consumption, 2014 benchmark and 2020 benchmark**



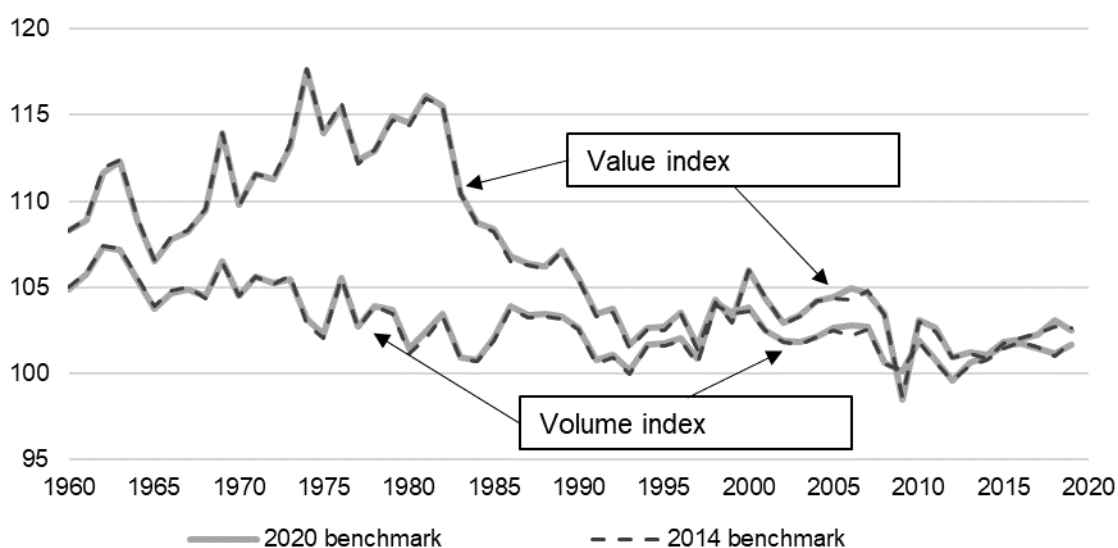
Source : Insee, national accounts

## 5. Household consumption has been back casted since 1959 based on the evolution indices of the 2014 benchmark

The actual household consumption data in the 2020 benchmark revision are available in a long series and at a detailed level since 1959. The retrospective projection of the data was conducted in line with the 2019 baseline levels, ensuring consistency across the 2020 benchmark data over the long time. The back casting was carried out for each product at the highest available level of detail.

The general principle of back casting for actual household consumption was to maintain the evolution of the 2014 benchmark, whether in volume or in price. Some evolutions (in value, price, or volume) have been corrected to account for revisions in the 2014 benchmark and updates of sources. These corrections are specific because they only modify the evolution of a limited number of years and often over the recent period [ ► [Figure 5-1](#)].

**Figure 5-1 : Evolution in value and volume of household consumption expenditure, 2014 benchmark and 2020 benchmark**



**Reading:** In 1960, the value index of consumption expenditure was 108.3 in 2020 benchmark, as in 2014 benchmark.

**Source:** Insee, national accounts

## 6. The functional and durability nomenclatures allow for extended analyses of household final consumption expenditure

In addition to a product-based analysis, household final consumption expenditure are traditionally produced and analysed using the international functional classification known as COICOP (Classification of Individual Consumption by Purpose). This international nomenclature corresponds to a classification based on the needs that consumption meets (food; alcoholic beverages and tobacco; clothing and footwear; housing, etc.), which consequently lends itself well to studying household behaviour. In the 2014 benchmark, the data were produced and analysed according to COICOP 1998.

In 2018, the COICOP nomenclature was modified following a global consultation by the United Nations Statistical Commission which began in 2012 and led to the adoption and dissemination of a new nomenclature. The new COICOP, known as COICOP 2018, achieves several objectives, including greater coherence with other international nomenclatures, a better separation between goods and services, improved identification of product durability, and better consideration of telecommunications equipment and services as well as new technologies. The new COICOP thus includes one more function than the previous COICOP (splitting the former function 12 Miscellaneous goods and services into two new functions: function 12 Insurance and financial services, and function 13 Personal care, social protection, and miscellaneous goods). Moreover, the scope of some functions has been modified, notably the boundary between functions 04 (Housing, water, gas, electricity and other fuels) and 05 (Furnishings, household equipment and routine household maintenance); or between functions 08 (Information and communication) and 09 (Recreation, sport and culture) [► [Table 6-1](#)].

The 2020 benchmark was an opportunity to integrate COICOP 2018 into the functional nomenclature and to produce new data in this nomenclature. Data within the functional nomenclature indicate a relatively stable structure between the 2014 benchmark and the 2020 benchmark, with some

variations across the different functions reflecting the changes in the product nomenclature. In particular, there is a downward revision in food and non-alcoholic beverages expenditure (division 01) in the 2020 benchmark following the integration of panel data. There is also an upward revision of expenditure related to housing (divisions 04 and 05) using the new 2020 Housing Survey. Transport expenditure (division 07) are also revised downwards, particularly in connection with the significant revision of automotive and motorcycle repair services.

**Table 6-1 : Breakdown of consumption expenditure in Coicop 2018 functional nomenclature in 2020 benchmark; and Coicop 1998 in 2014 benchmark for 2019 (in %)**

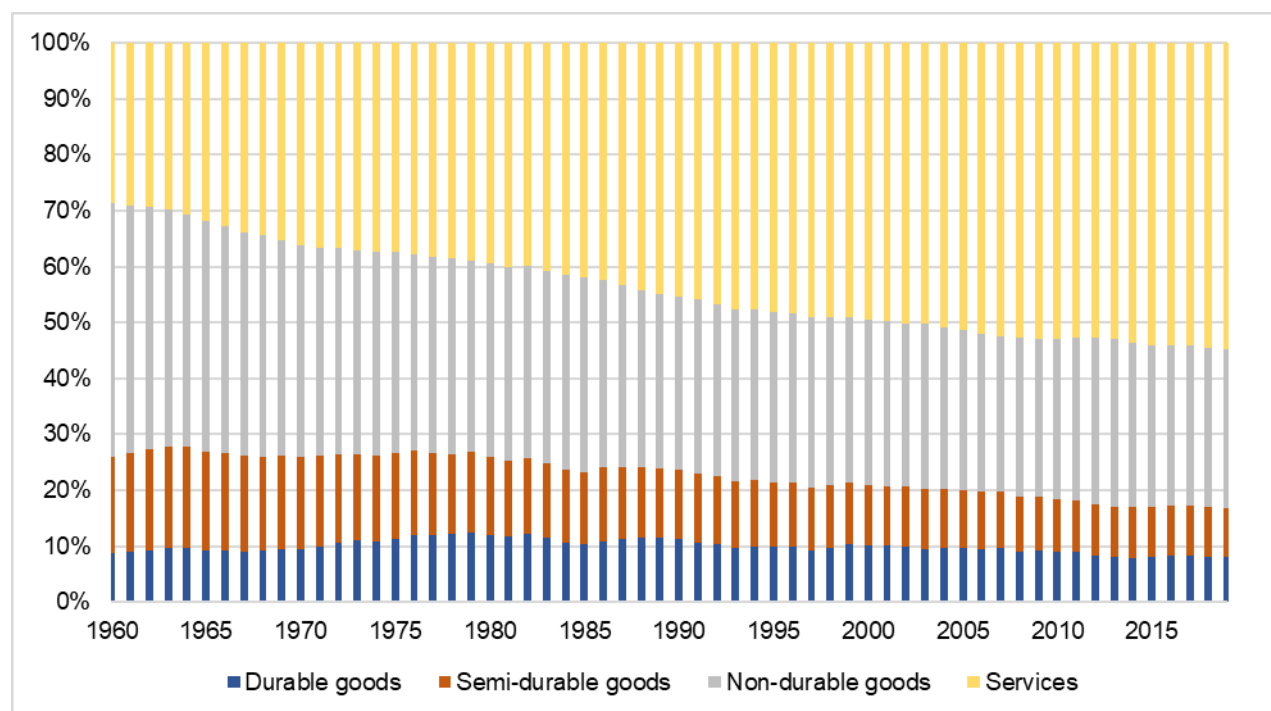
Coicop 2018 - base 2020			Coicop 1998 - base 2014		
Year 2019			Year 2019		
Division 01	Food and non-alcoholic beverages	12.1	Division 01	Food and non-alcoholic beverages	13.2
Division 02	Alcoholic beverages, tobacco and narcotics	3.7	Division 02	Alcoholic beverages, tobacco, and narcotics	3.8
Division 03	Clothing and footwear	3.6	Division 03	Clothing and footwear	3.6
Division 04	Housing, water, electricity, gas and other fuels	28.2	Division 04	Housing, water, gas, electricity, and other fuels	26.6
Division 05	Furniture, household equipment and routine household maintenance	4.2	Division 05	Furniture, household equipment, and routine household maintenance	4.6
Division 06	Health	4.0	Division 06	Health	4.0
Division 07	Transport	13.4	Division 07	Transport	14.2
Division 08	Information and communication	3.7	Division 08	Communication	2.4
Division 09	Recreation, sport and culture	7.0	Division 09	Recreation and culture	8.0
Division 10	Education services	0.8	Division 10	Education	0.5
Division 11	Restaurants and accommodation services	7.6	Division 11	Restaurants and hotels	7.8
Division 12	Insurance and financial services	5.9	Division 12	Miscellaneous goods and services	12.4
Division 13	Personal care, social protection and miscellaneous goods and services	6.4			
Division 16	Territorial adjustment	-0.7	Division 16	Territorial adjustment	-1.2
<b>Total</b>	<b>Household consumption expenditure</b>	<b>100</b>	<b>Total</b>	<b>Household consumption expenditure</b>	<b>100</b>

**Reading:** Expenditure on food and non-alcoholic beverages (division 01) accounted for 13.2% of household consumption expenditure in the 2014 benchmark. In the 2020 benchmark, they represent 12.1%.

Source : Insee, national accounts

The functional nomenclature also allows for the analysis of expenditures based on a durability criteria, isolating durable goods from consumable goods, and contrasting goods with services. The data have also been updated in this nomenclature in the 2020 benchmark. Since 1960, the weight of durable goods has been relatively stable, while the weight of semi-durable and non-durable goods has been almost continuously decreasing [► [Figure 6-1](#)]. Conversely, the weight of services has been increasing since 1960, representing more than half of household final consumption expenditure since the early 2000s.

**Figure 6-1 : Structure of household final consumption expenditure by durability in the 2020 benchmark**



**Note:** The definition of the "services" aggregate in COICOP nomenclature differs marginally from that in product nomenclature.

**Reading:** In 1960, durable goods represented 8.5% of household consumption expenditure, while services accounted for 27.9%.

Source : Insee, national accounts



## 7. Links

Référence	Lien
Tome 1 - note de base consommation base 2010	<a href="https://www.insee.fr/fr/metadonnees/source/serie/s1184/documentation-methodologique">https://www.insee.fr/fr/metadonnees/source/serie/s1184/documentation-methodologique</a>
Tome 3 – note de base consommation base 2014	<a href="https://www.insee.fr/fr/metadonnees/source/serie/s1030/documentation-methodologique">https://www.insee.fr/fr/metadonnees/source/serie/s1030/documentation-methodologique</a>
National Housing Survey covering the year 2013 (EnL 2013)	<a href="https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2018-10/document-de-travail-31-actualisation-loyers-mars2017.pdf">https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2018-10/document-de-travail-31-actualisation-loyers-mars2017.pdf</a>
National Housing Survey covering the year 2020 (EnL 2020)	Note méthodologique « L'estimation des loyers dans le compte satellite du logement 2022 : actualisation avec l'Enquête Logement 2020 », SDES, 2024 : <a href="https://www.statistiques.developpement-durable.gouv.fr/media/7341/download?inline">https://www.statistiques.developpement-durable.gouv.fr/media/7341/download?inline</a>
Housing account	Rapport du compte du logement 2022, SDES <a href="https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2023-09/datalab_116_compte_logement_2022_septembre2023.pdf">https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2023-09/datalab_116_compte_logement_2022_septembre2023.pdf</a>
Health account	Les dépenses de santé en 2022 - Résultats des comptes de la santé - Édition 2023, DREES <a href="https://drees.solidarites-sante.gouv.fr/publications-communique-de-presse-documents-de-reference/panoramas-de-la-drees/les-depenses-de">https://drees.solidarites-sante.gouv.fr/publications-communique-de-presse-documents-de-reference/panoramas-de-la-drees/les-depenses-de</a>
Transport account	Chiffres-clés du transport – Edition 2023, SDES <a href="https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/chiffres-cles-transports-2023/pdf/chiffres-cles-des-transports-edition-2023.pdf">https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/chiffres-cles-transports-2023/pdf/chiffres-cles-des-transports-edition-2023.pdf</a>
Household budget survey, INSEE	<a href="https://www.insee.fr/en/metadonnees/source/serie/s1194">https://www.insee.fr/en/metadonnees/source/serie/s1194</a>
Tax credit benefiting inactive individuals	L'assistance à la personne (âgée, handicapée) occupe une part importante des services à domicile (environ la moitié selon les études Dares sur les « services à la personne ») <a href="https://dares.travail-emploi.gouv.fr/publications/les-services-a-la-personne-en-2018">https://dares.travail-emploi.gouv.fr/publications/les-services-a-la-personne-en-2018</a>