

Advisory Panel on Consumer Prices - Stakeholder

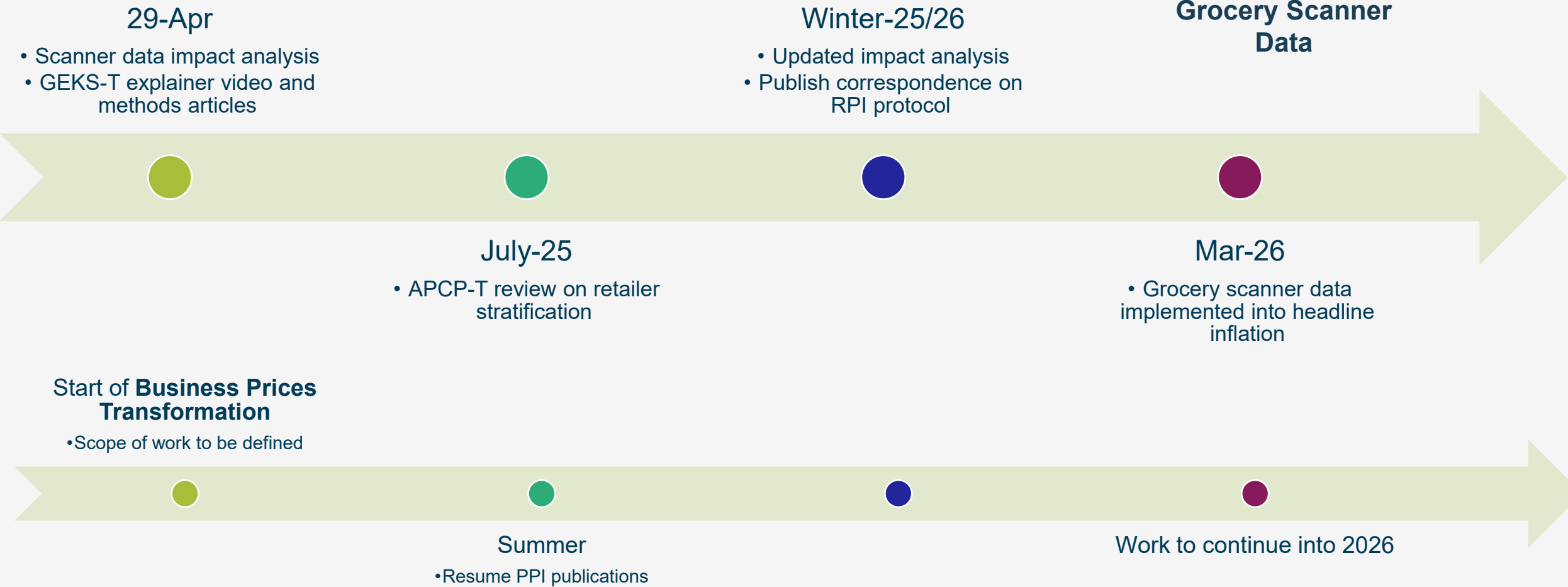
25 April 2025



ADS Update

Michael Hardie

Transformation plan for year ahead



Retailer stratification summary

- For items stratified by retailer, we are exploring three options:

Multiple/independent

Big/small
(2% market share)

Implicit
(no stratification)

- Multiple/independent
 - Currently used, threshold of 10 physical stores in UK
 - Limitations:
 - It equally weights quite different retailers
 - It misrepresents predominantly online retailers with a large market share and limited outlets

Retailer stratification – APCP-T actions

- Agreed that implicit weighting is not a viable option
 - We will not produce any more analysis on this basis
- We will continue to work towards assessing the big/small split for implementation in March 2026
 - Milestone of July 2025 for sharing our analysis and recommendations with the Panels
- Suggested we take a fresh look at the stratification and consider whether the broader approach is correct
 - medium to longer-term objective

APCP-S: OFFICIAL SENSITIVE- Grocery scanner data impact analysis

Emily Hopson

Business Change and Implementation Lead

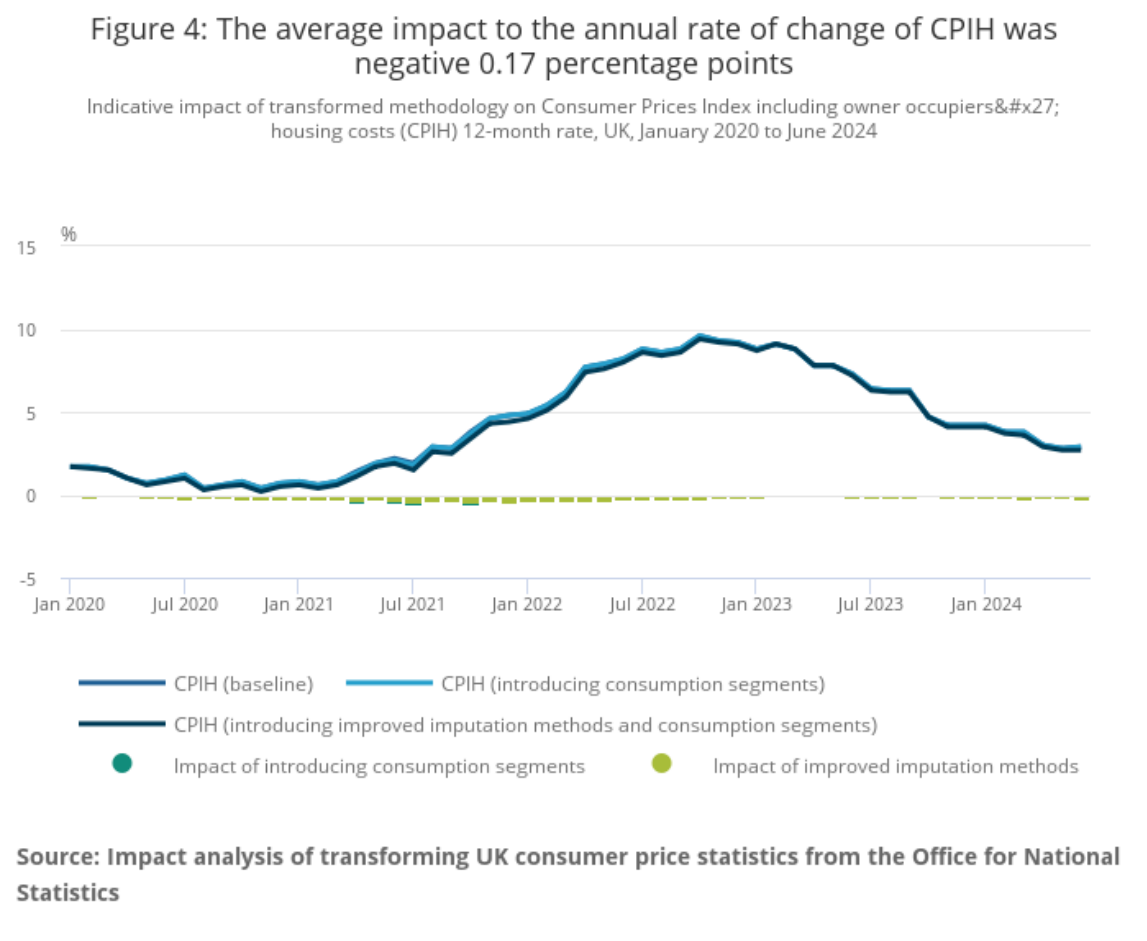
Prices Division

Background

- From February 2025 (published March 2025), we introduced:
 1. improved imputation methods
 2. consumption segments
 3. Northern Ireland private rental price statisticsinto our UK consumer price statistics.
- Due to the complexity of data and methods and the importance of these statistics, we took the decision to **delay the introduction of grocery scanner data**.
- Further quality assurance is required to ensure they are of the **highest quality**.
- We plan to parallel run groceries scanner data for a year before incorporating into live production in **February 2026**.
- Impact analysis including grocery scanner data publication on **29th April**.
 - **This presentation is for you information.**

How we are measuring impact of scanner data

- We present the differences between our series incorporating groceries scanner data and our series using **the improved methods** and **consumption segments** we introduced this year.
- Demonstrate the impact of introducing groceries scanner data **in isolation** from the other changes we introduced in February 2025.



Reasons for differences

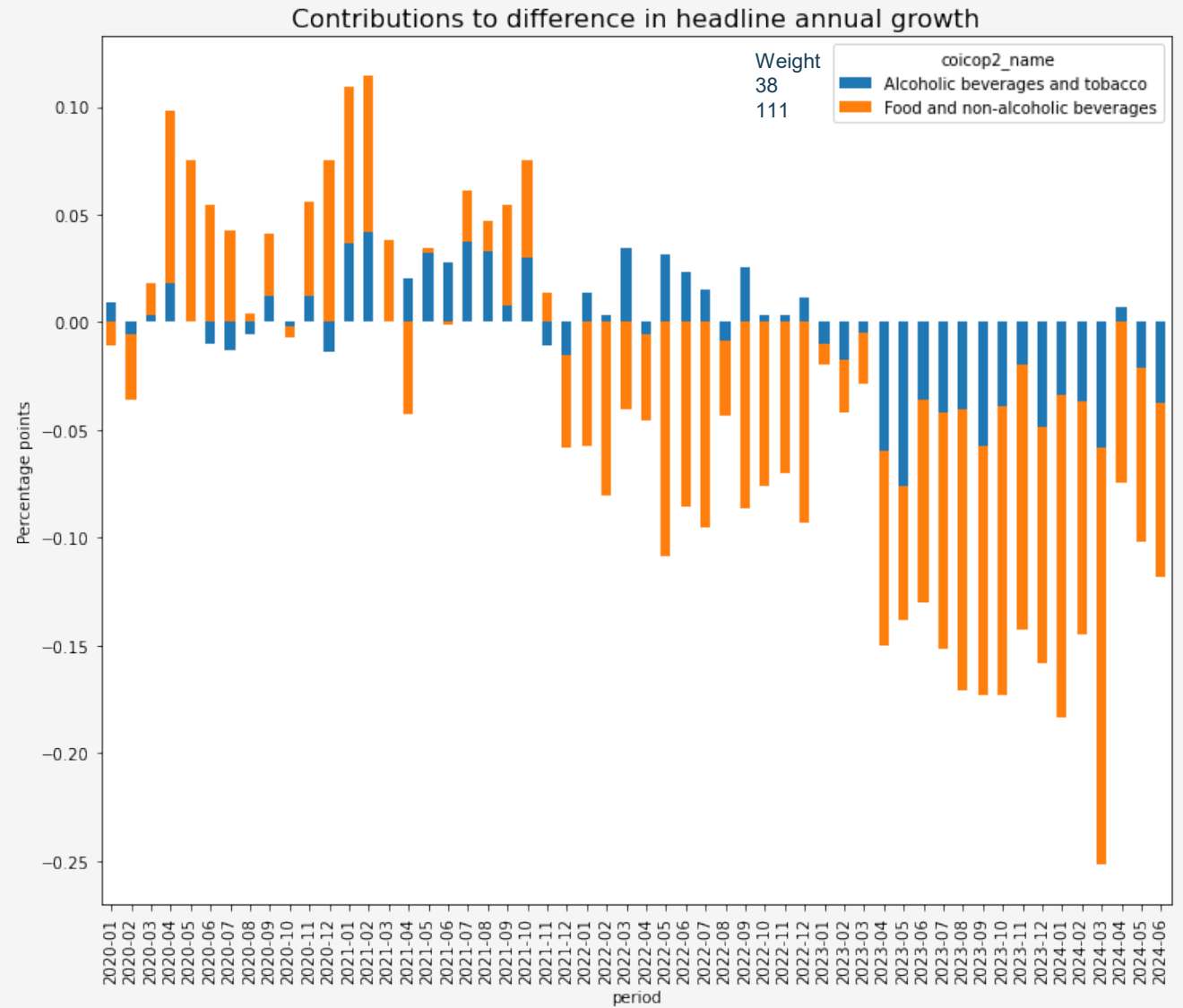
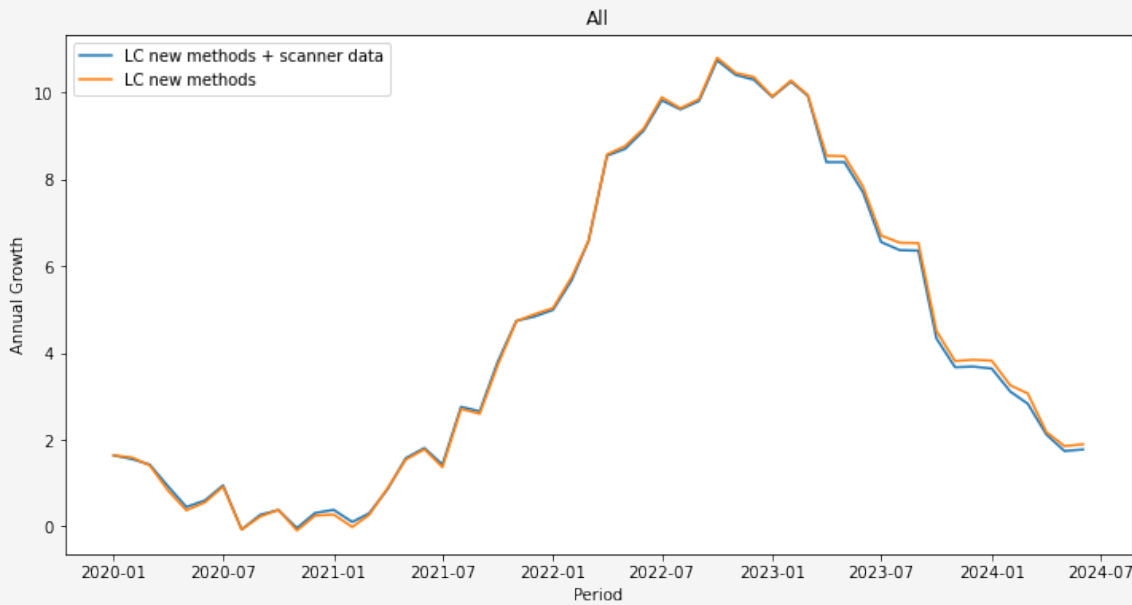
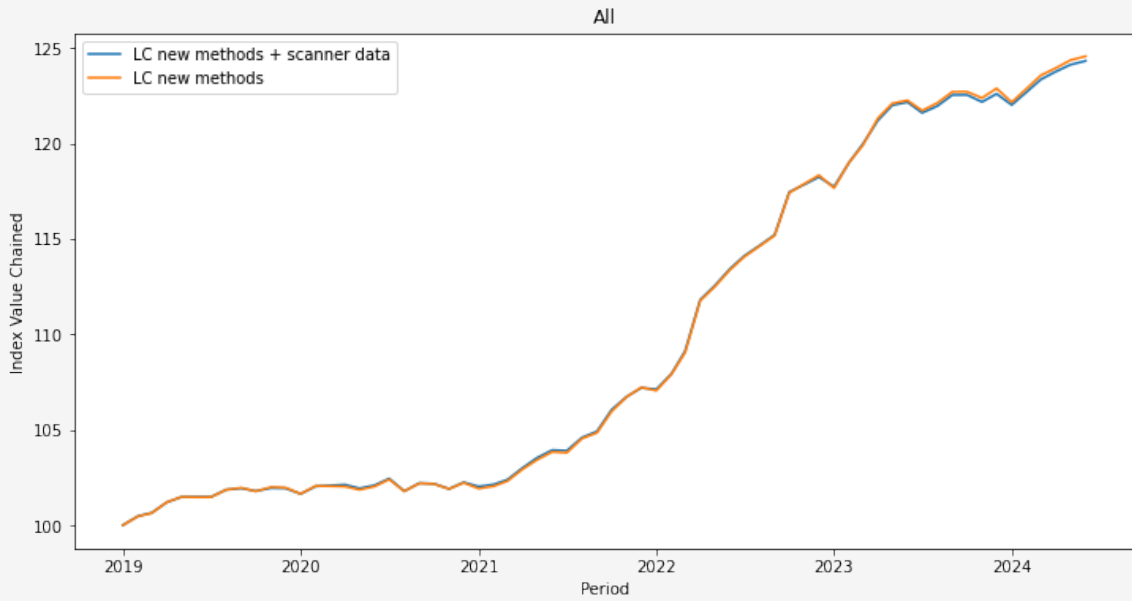
Different
product
coverage

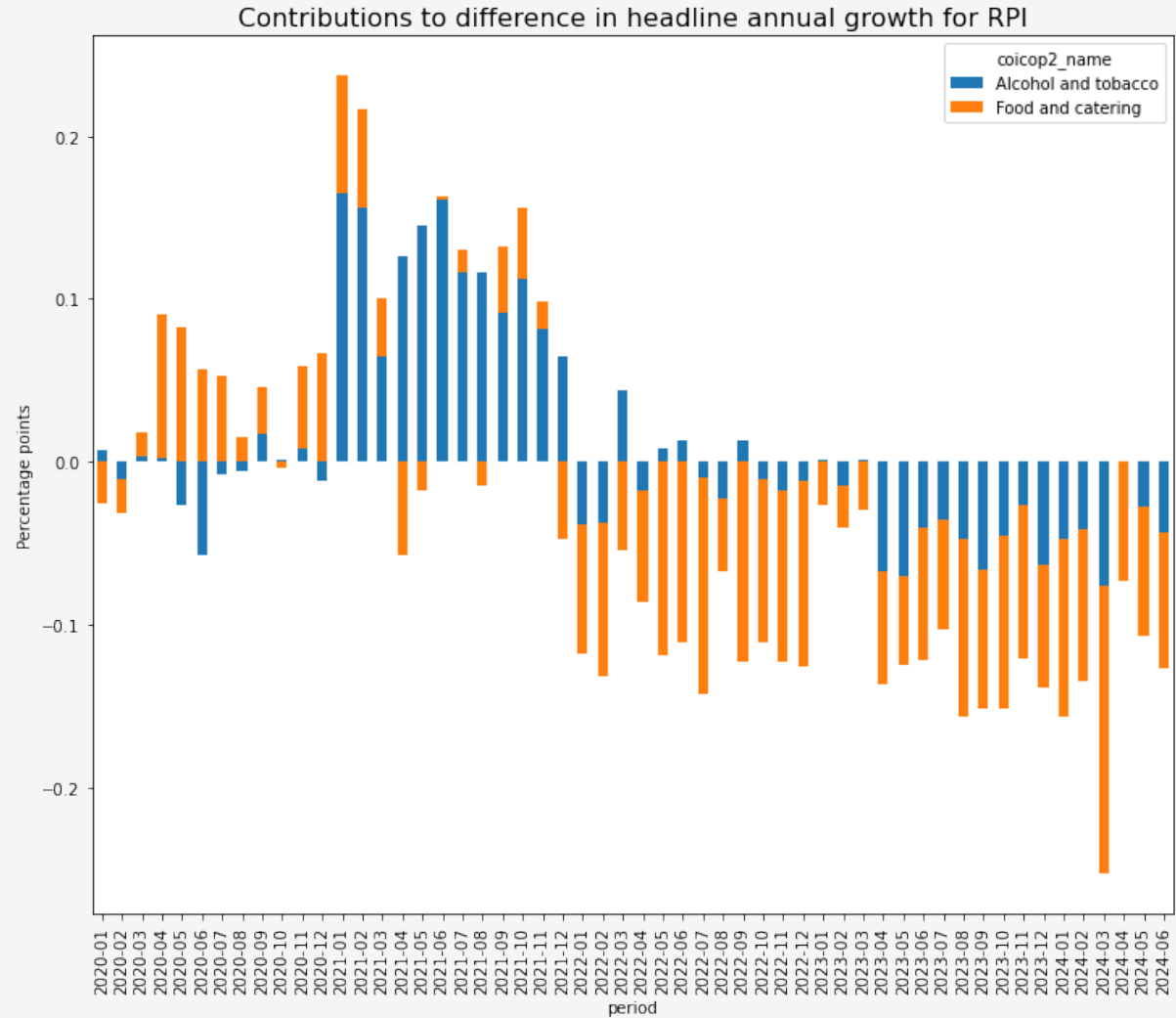
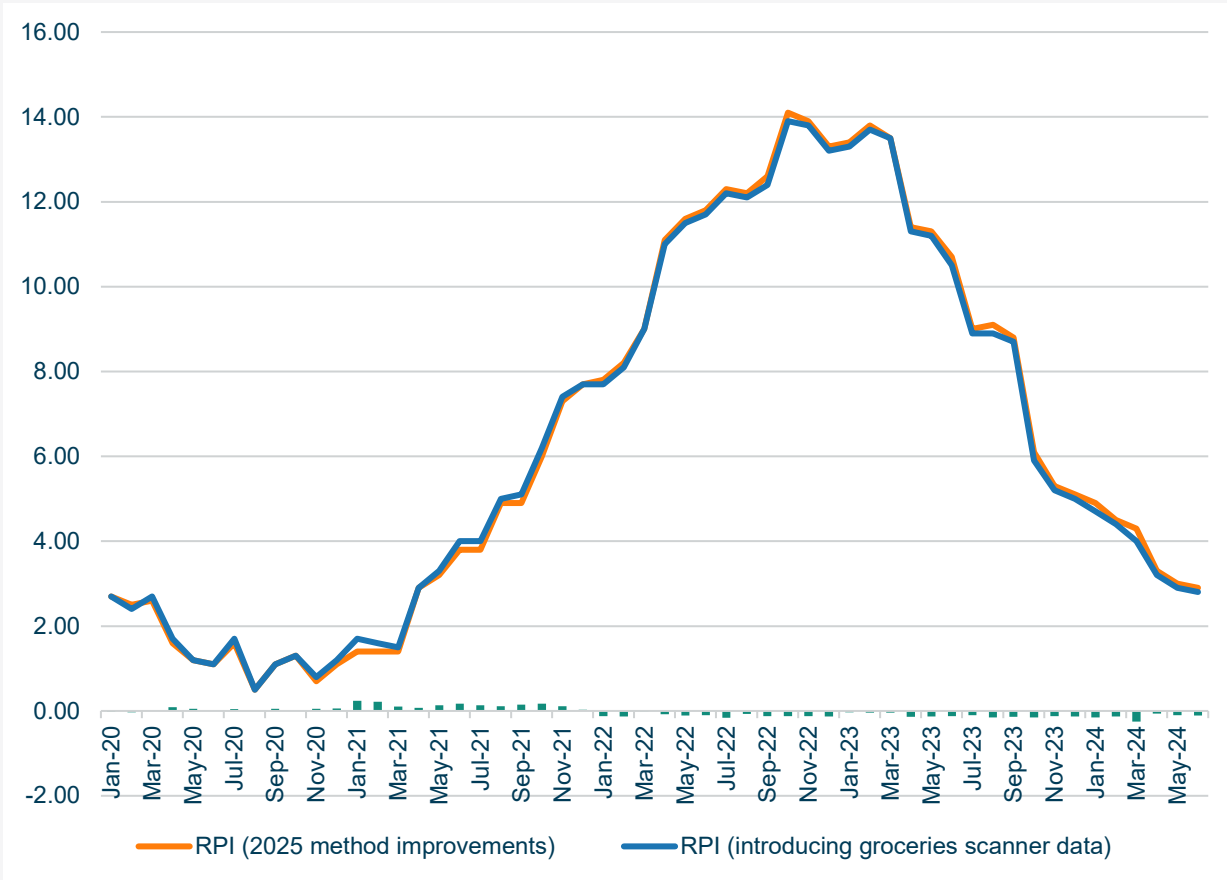
Different
treatment of
promotions

Different data
frequency

Different index
methodologies

Headline impact CPI and RPI





Average impacts on the annual and monthly rate of change of CPI and RPI

CPI

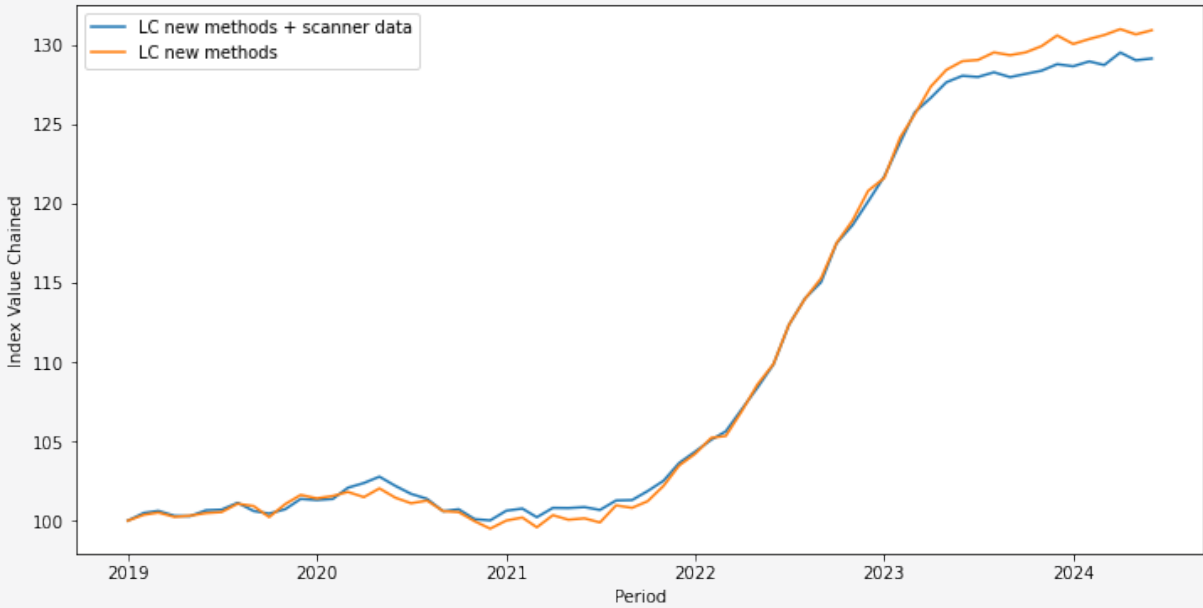
Year	Average annual growth difference (percentage points)	Average monthly growth difference (percentage points)
2019	-	0.00
2020	0.03	0.01
2021	0.04	0.00
2022	-0.05	0.00
2023	-0.12	-0.01
2024 (up to June)	-0.14	0.01

RPI

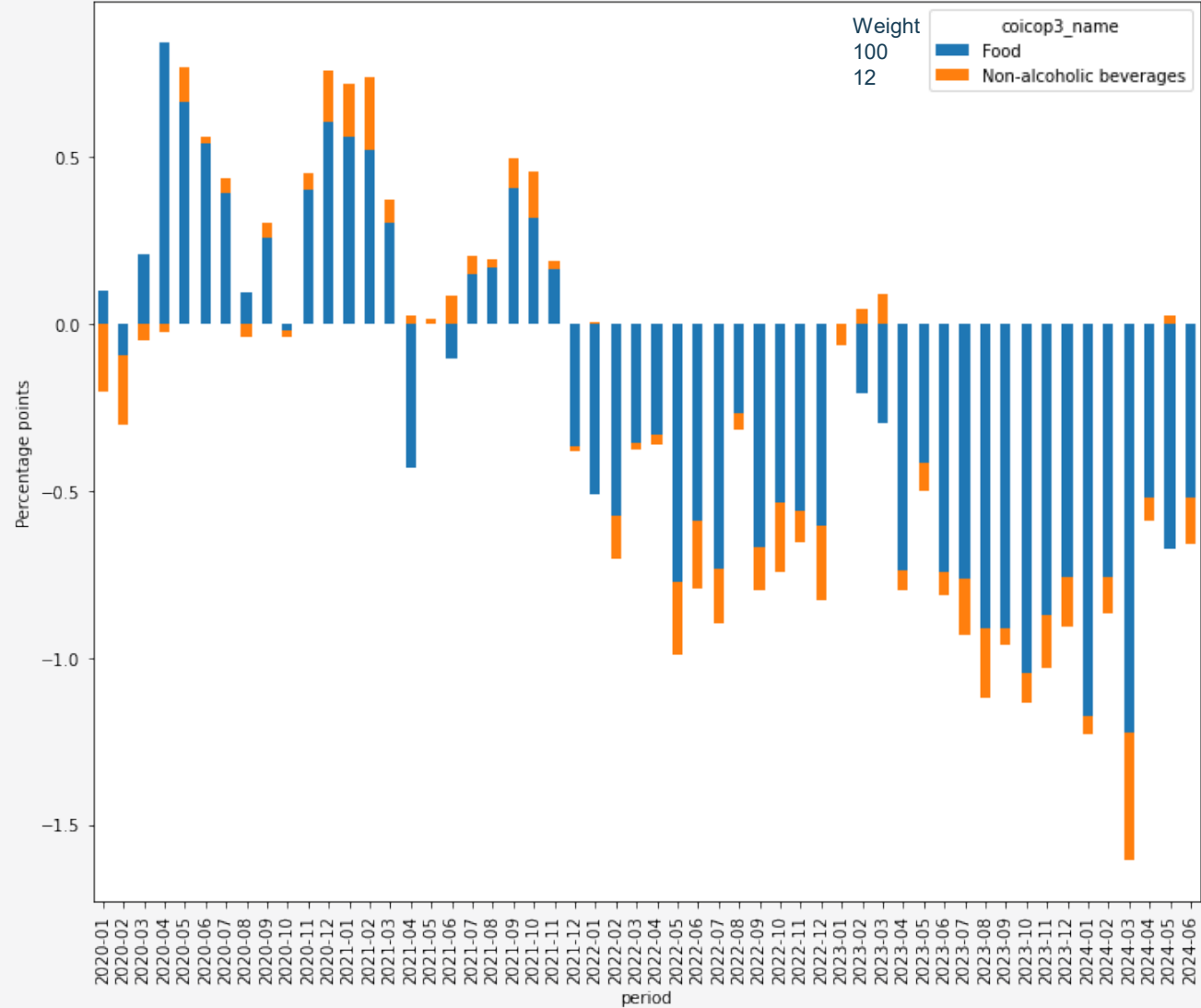
Year	Average annual growth difference (percentage points)	Average monthly growth difference (percentage points)
2019	-	0.00
2020	0.03	0.01
2021	0.14	0.00
2022	-0.11	-0.01
2023	-0.11	-0.01
2024 (up to June)	-0.13	0.01

CPI deep dive

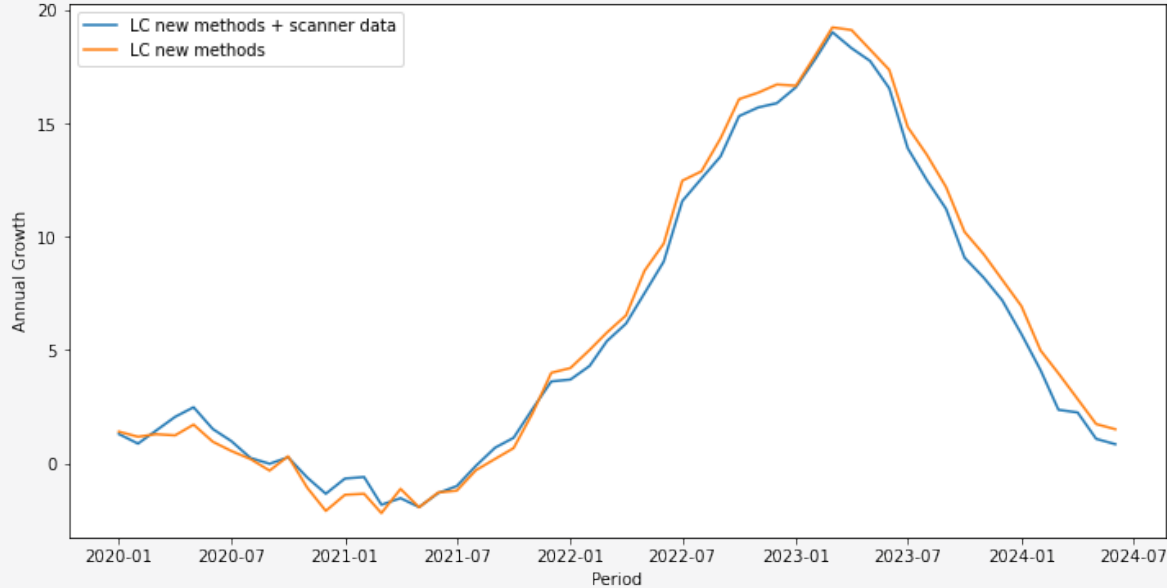
Food and non-alcoholic beverages



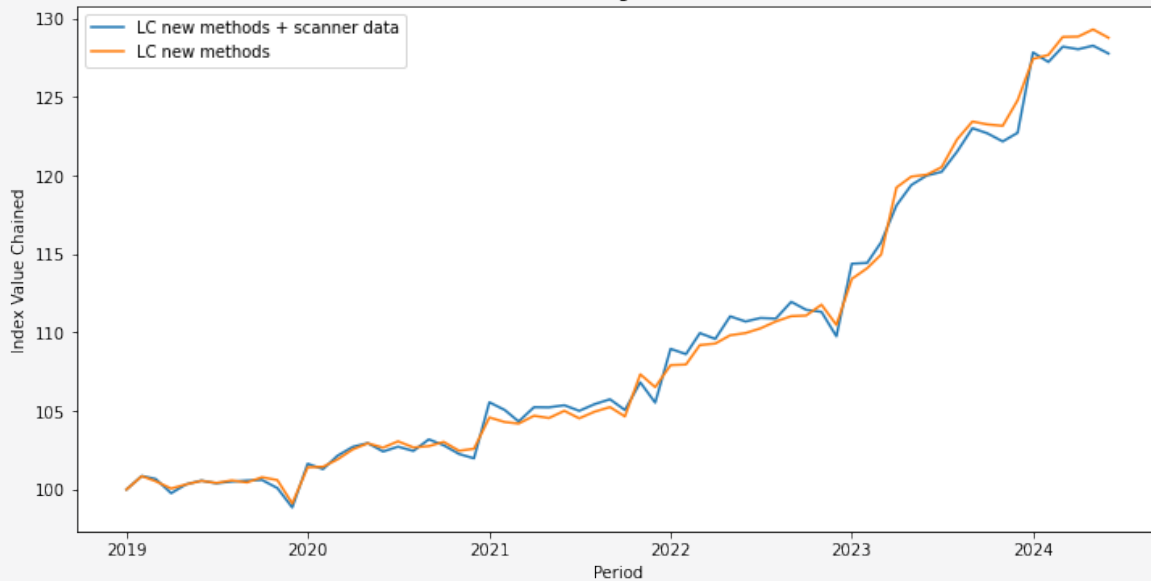
Contributions to difference in food and non-alcoholic beverages annual growth



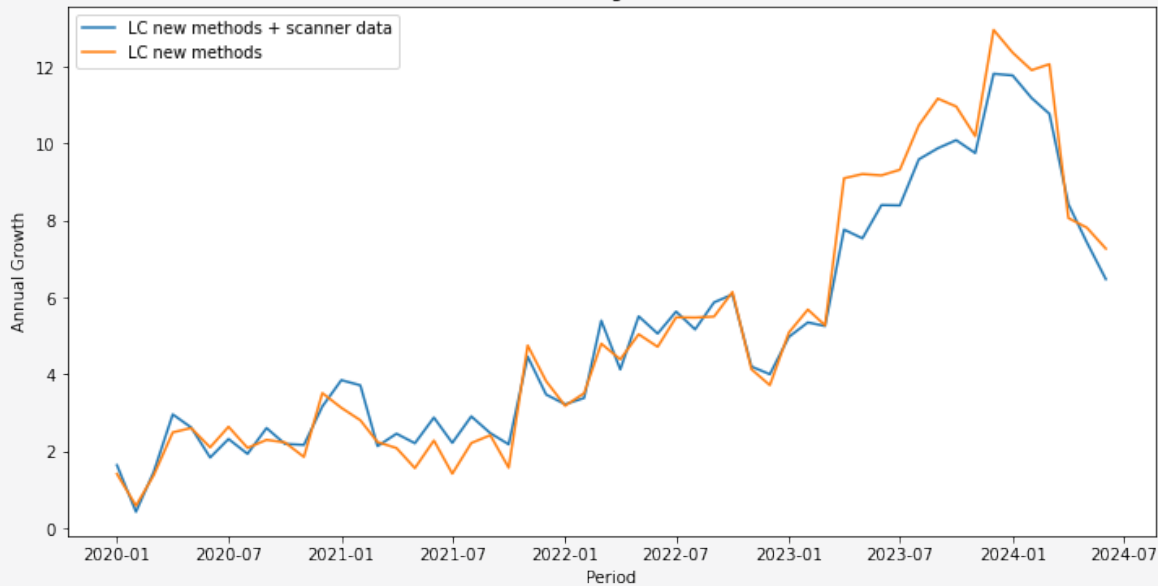
Food and non-alcoholic beverages



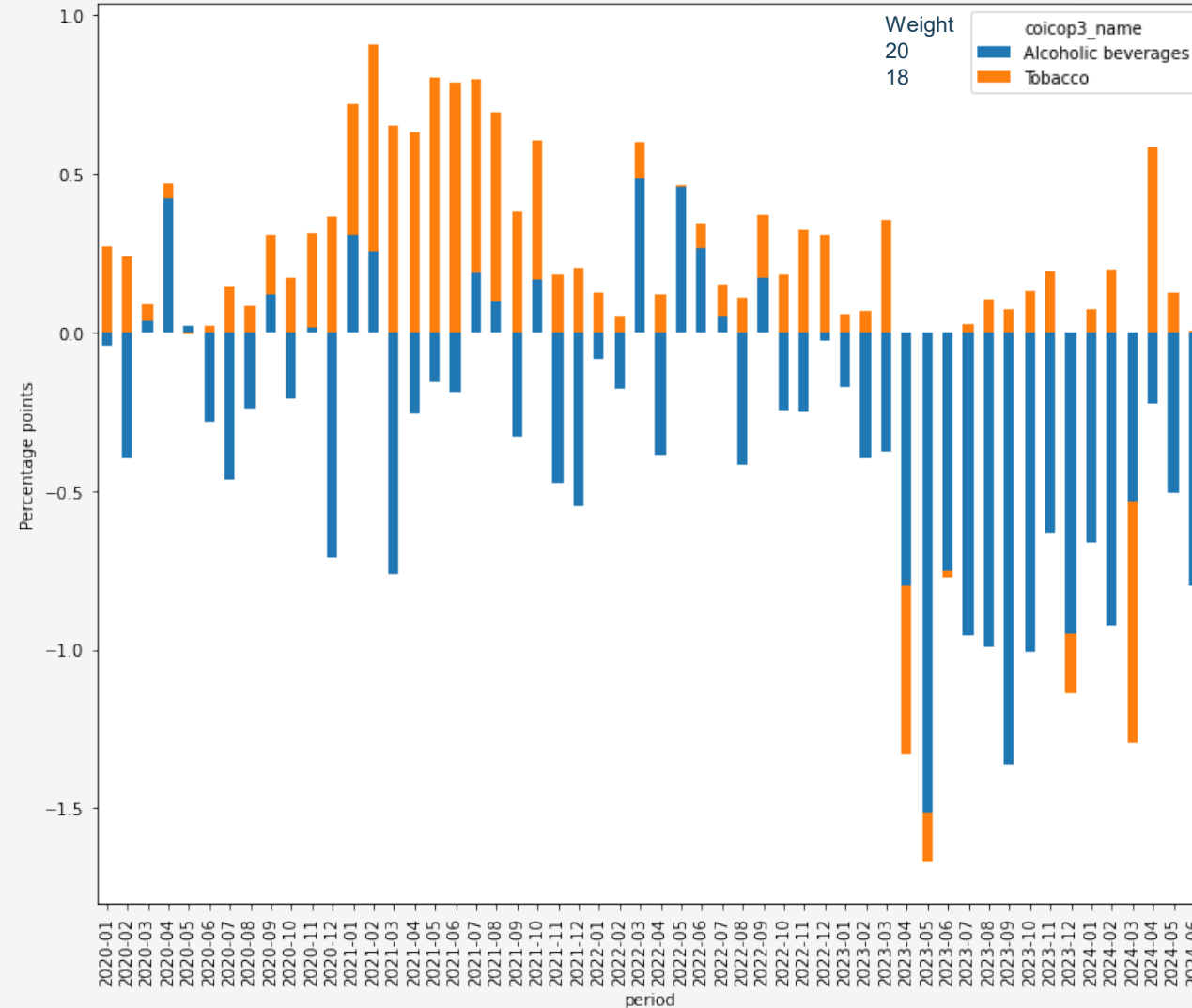
Alcoholic beverages and tobacco



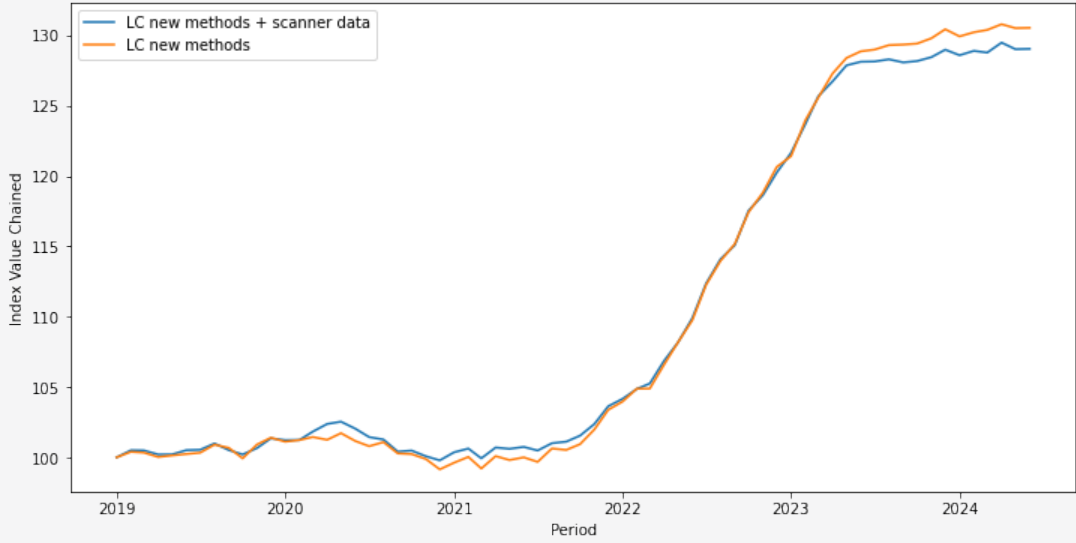
Alcoholic beverages and tobacco



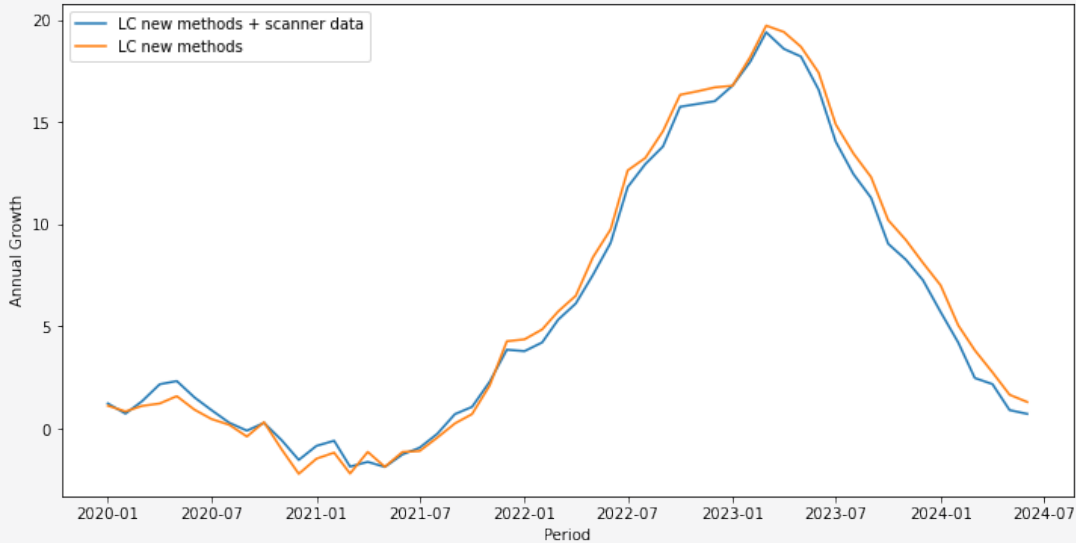
Contributions to difference in alcoholic beverages and tobacco annual growth



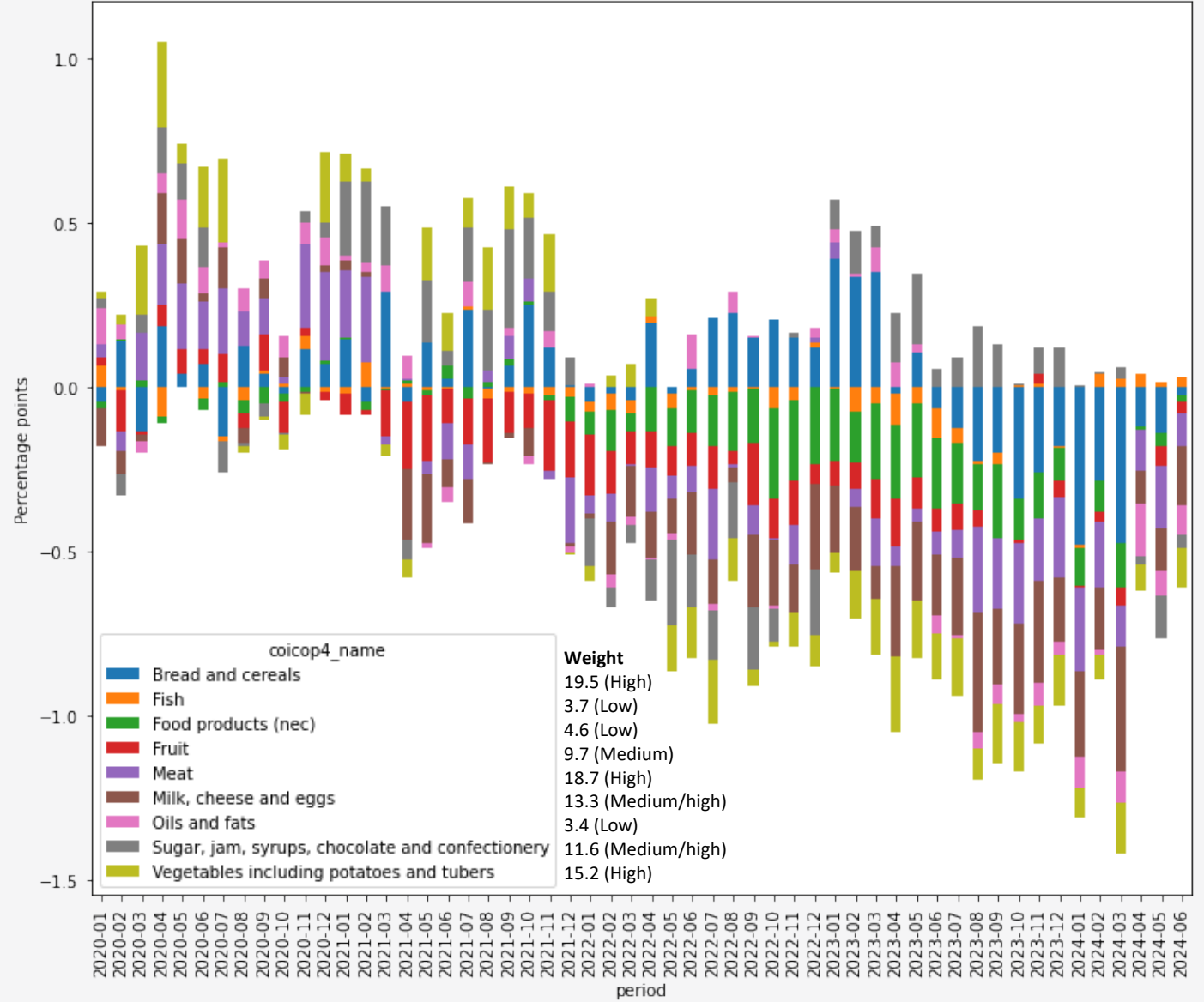
Food



Food



Contributions to difference in food annual growth



Consumption segment case study

Cheddar cheese





Scanner data and LC had different movements in Feb 2023

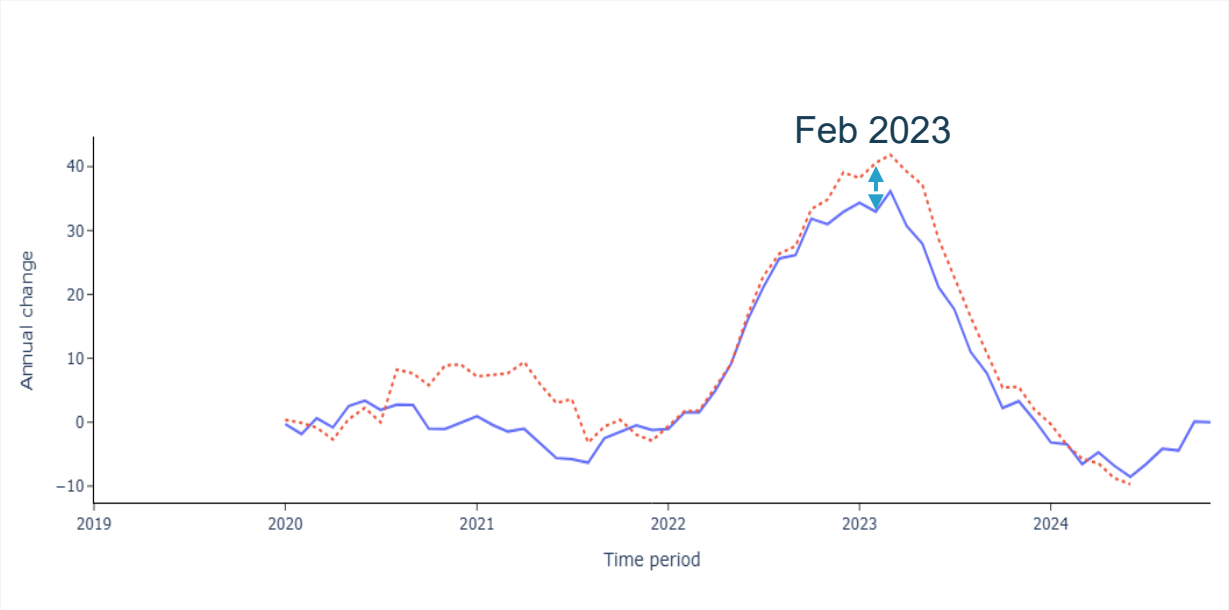
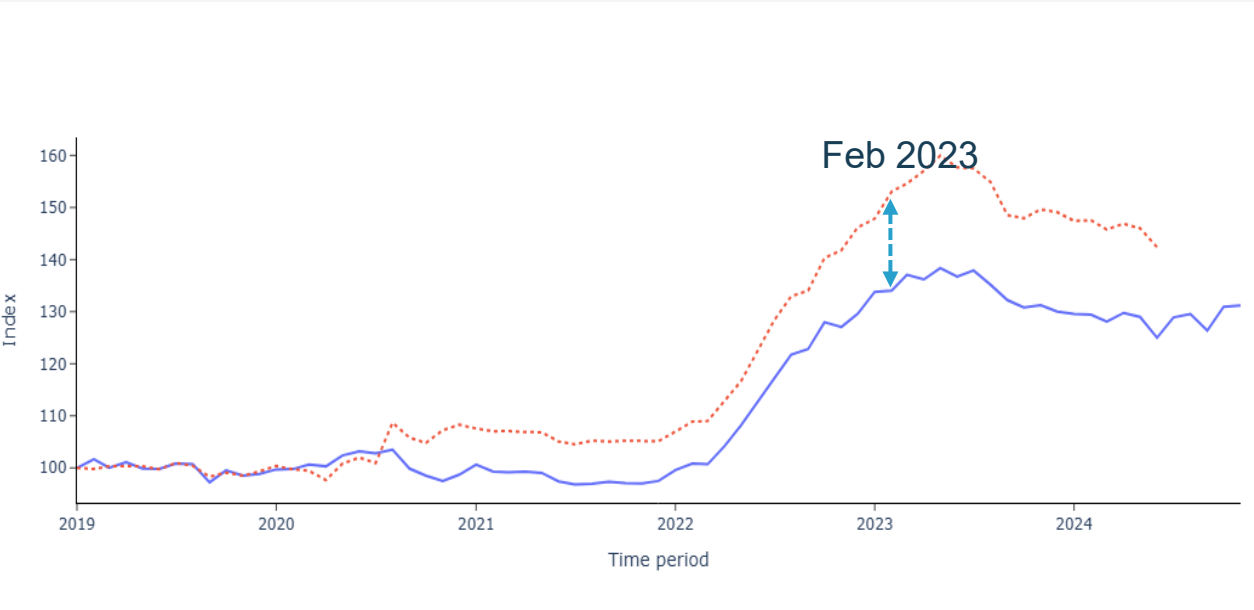
In Feb 2023, Cheddar cheese index had negative monthly growth in scanner + LC index, positive monthly growth in LC index

Categories

- scenario_8
— CP0114501: Cheese, cheddar
- scenario_7
- - - CP0114501: Cheese, cheddar

Index

Annual growth



Promotional impact causing differences

Difference caused by promotion on cheddar cheese in that month



Questions

OSR Review

Rob Kent-Smith
Rishi Vaidya

Any Other Business

