

Rising Cost of Living Series:

Part 2 - October '22



**The impact of the rising cost of living on
consumer behaviour & considerations for brands**

An eventful 8 weeks...

5th September

Prime Minister #1 announced

Liz Truss pledges help with energy bills



8th October

Queen Elizabeth II passed away

Ending her 70 year reign



25th October

Prime Minister #2 announced

Rishi Sunak faces a daunting task!



Sept

Today



22nd September

Interest rates rise...again

Raised to 1.75% in August and again to 2.25%



20th October

Liz Truss resigns

Shortest serving PM in British history at just 44 days





How affected are you by the “Big 4”?



GROCERIES



FUEL

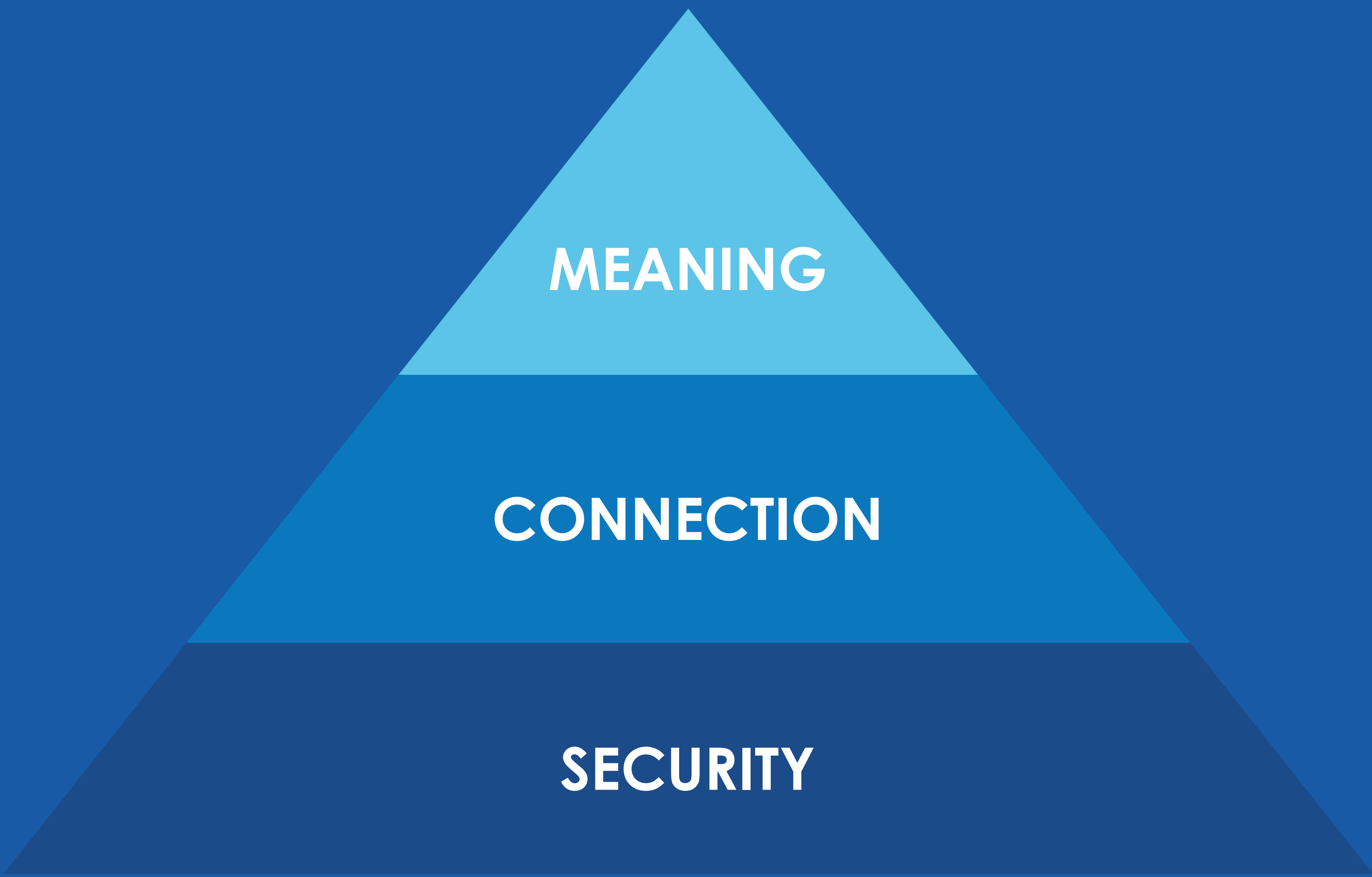


ENERGY



MORTGAGE / RENT





388%

...if we hadn't have experienced the pandemic, I would be (even) more careful with my money now

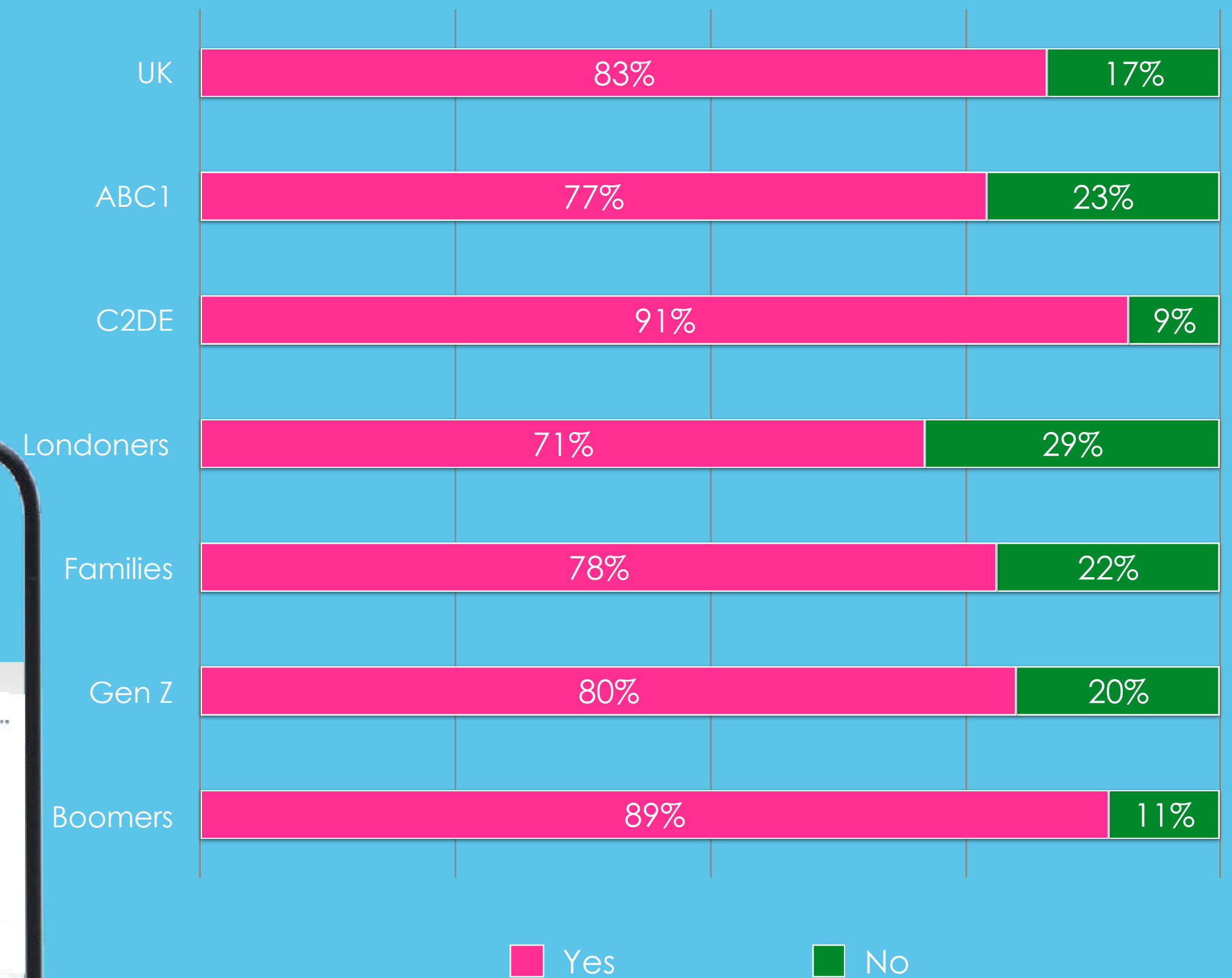


83%

...say they have been **personally affected** by the rising cost of living



Q. Have you been personally affected by the rising cost of living?





+21%

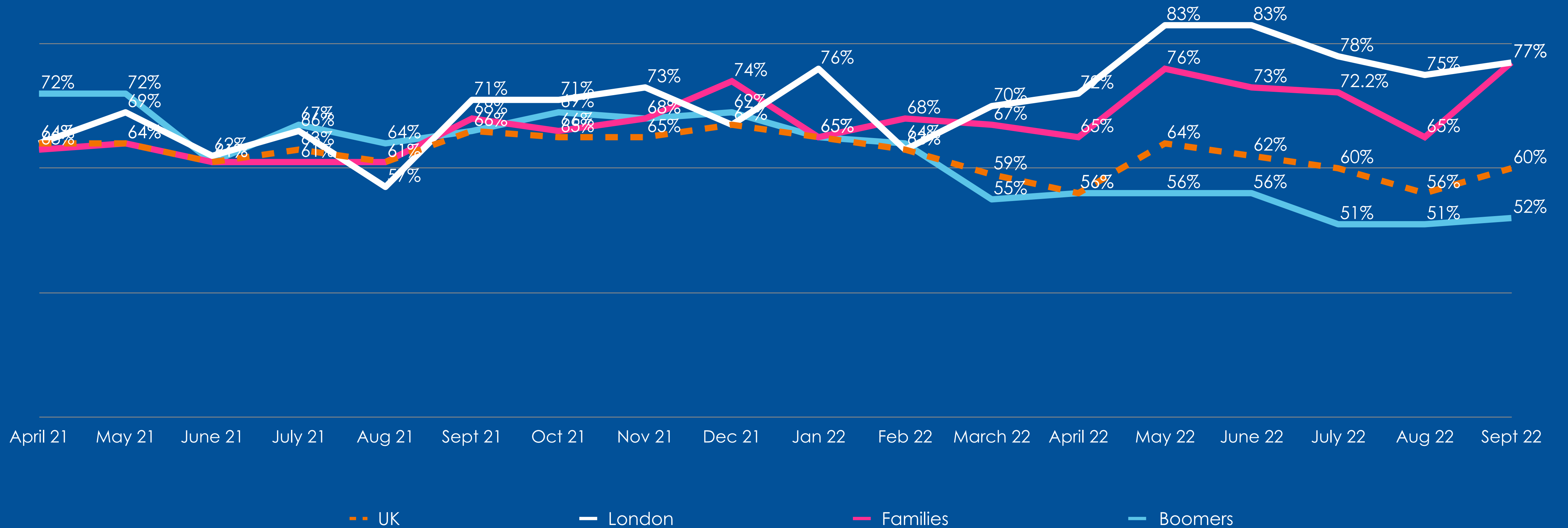
The no. of **Londoners** who **rent a property** v. UK Pop

-30%

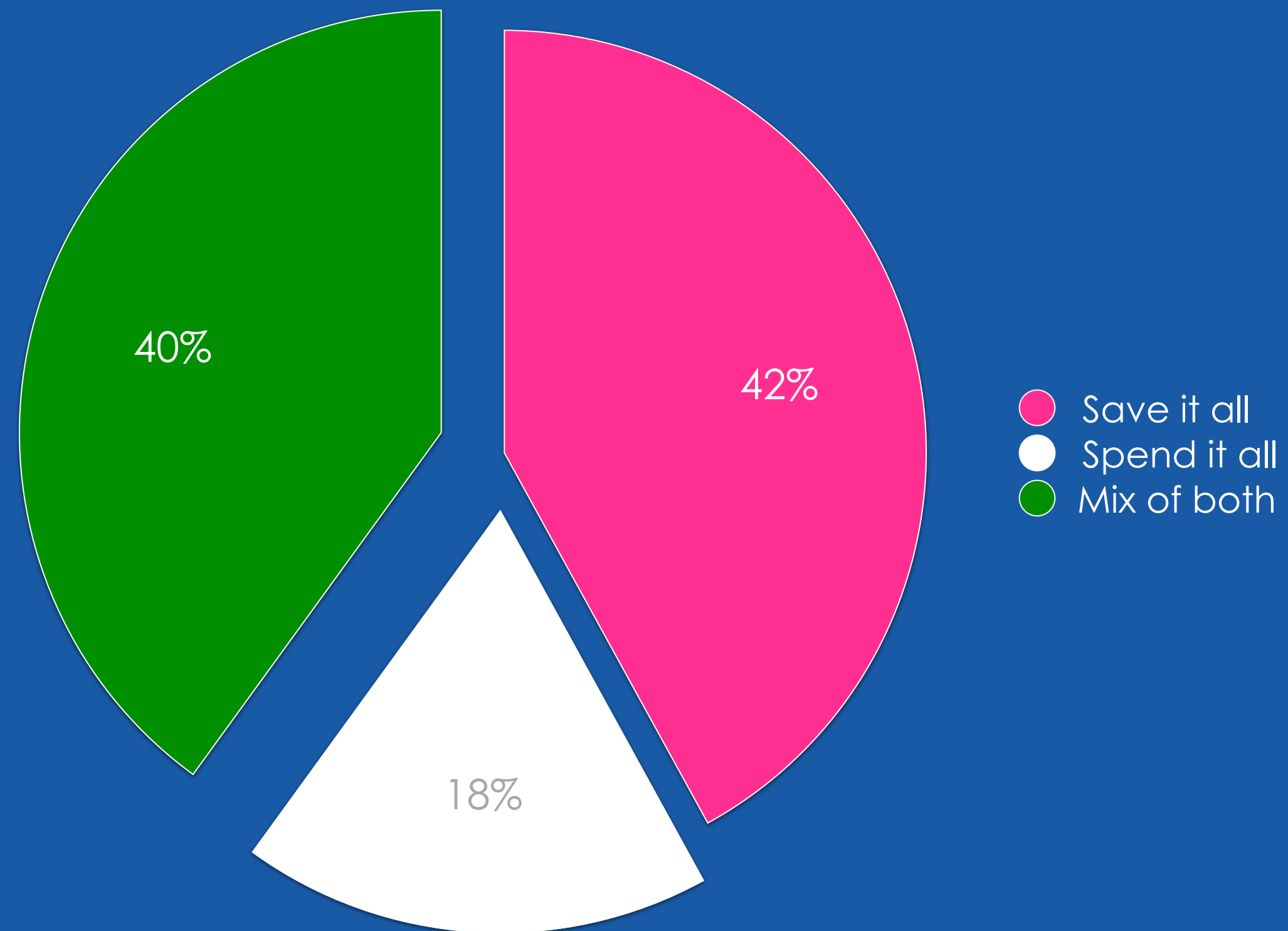
The no. of **Londoners** who **own a car** v. UK pop



Q. How confident do you feel spending money at the moment?
 NET: Confident



Q. Imagine you won £250 today. Which of the following would you do?




34%

...would spend it all!

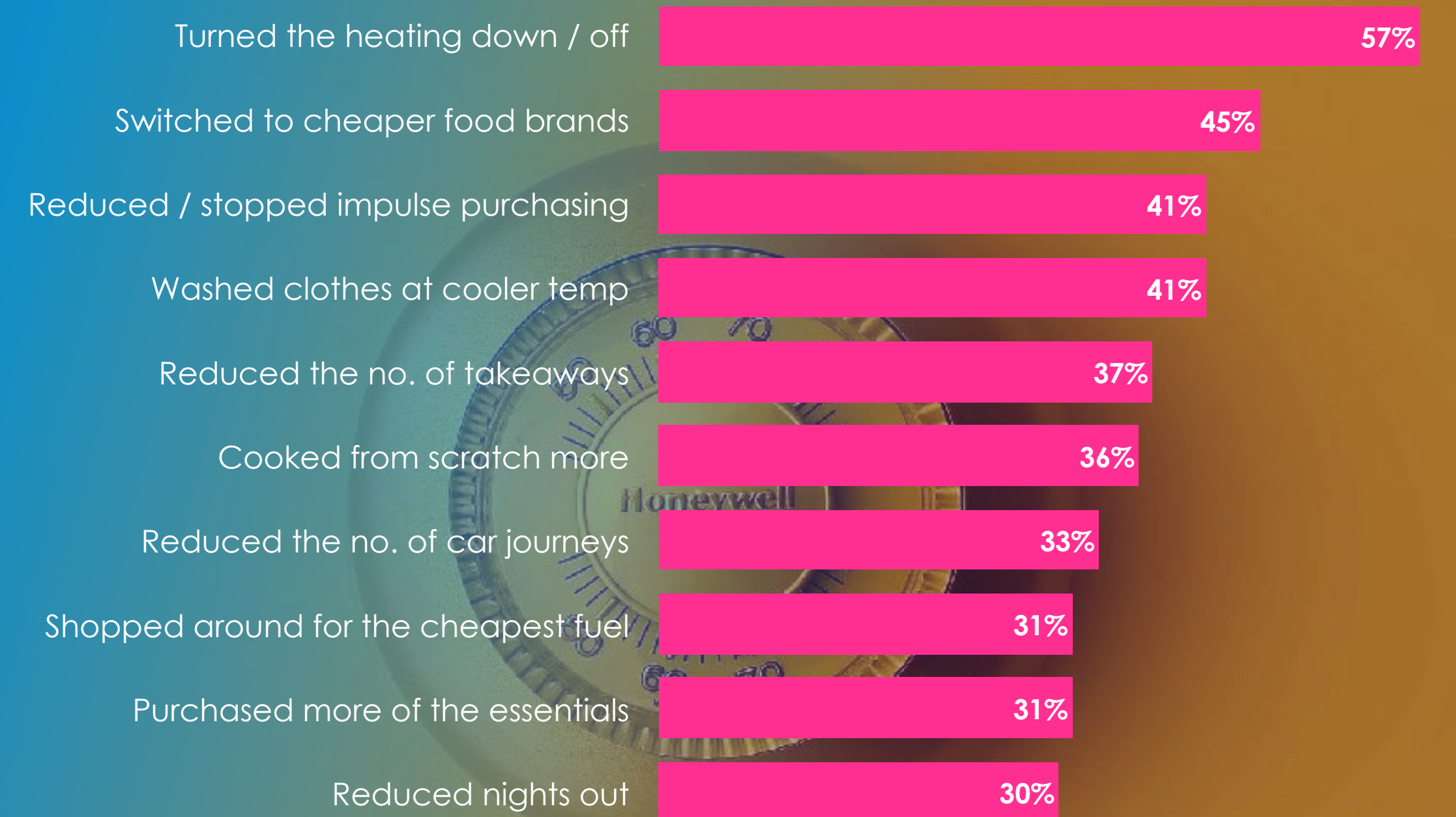


81%

...have **made changes** to the way they're living their life

 **8% v. April**

Q. Which, of the following have you done already?
TOP 10 of those who have made changes



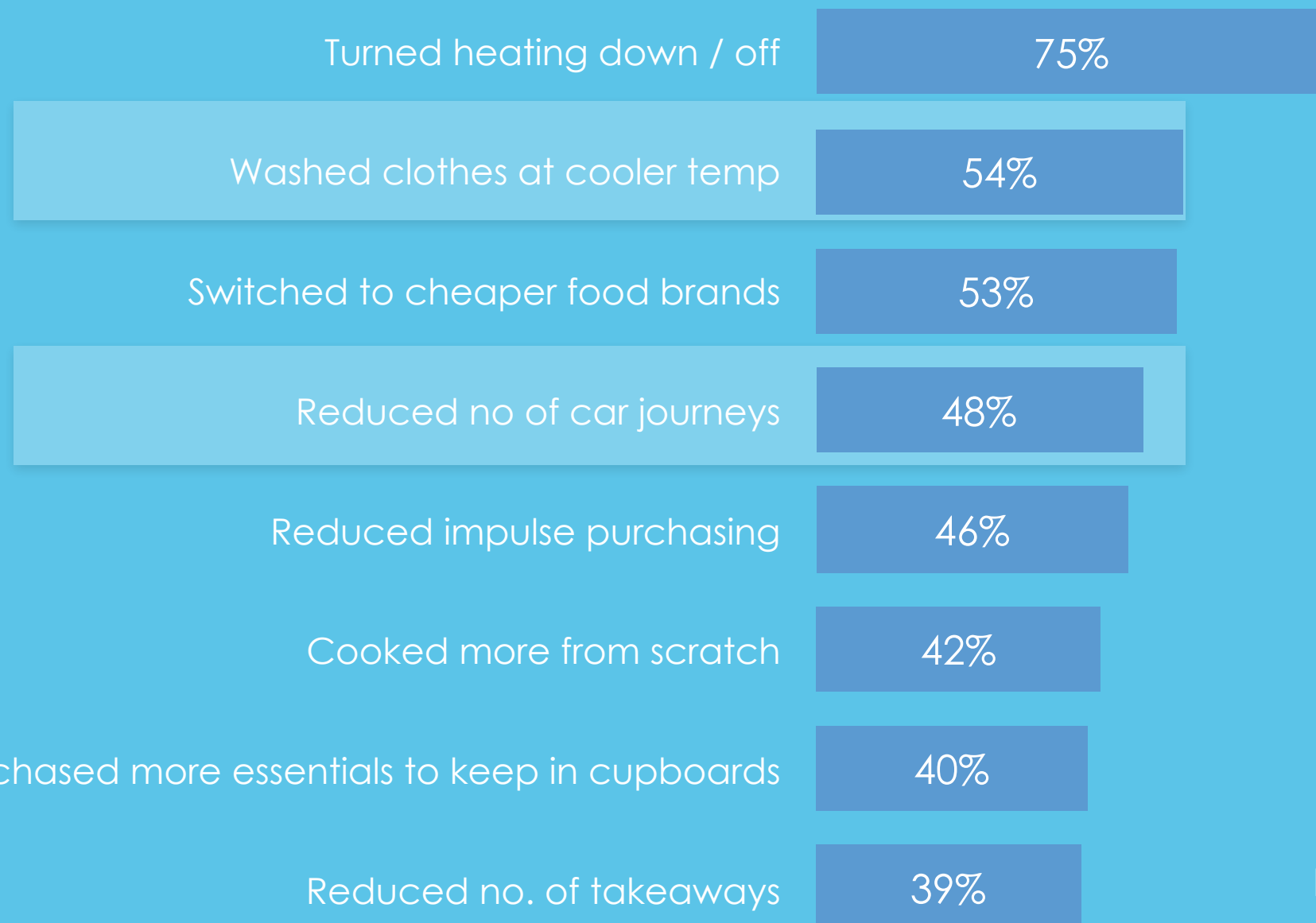
Brits **spent 48% more on utilities** in Sept '22 v Sept '21

Source: Barclays Spending Report

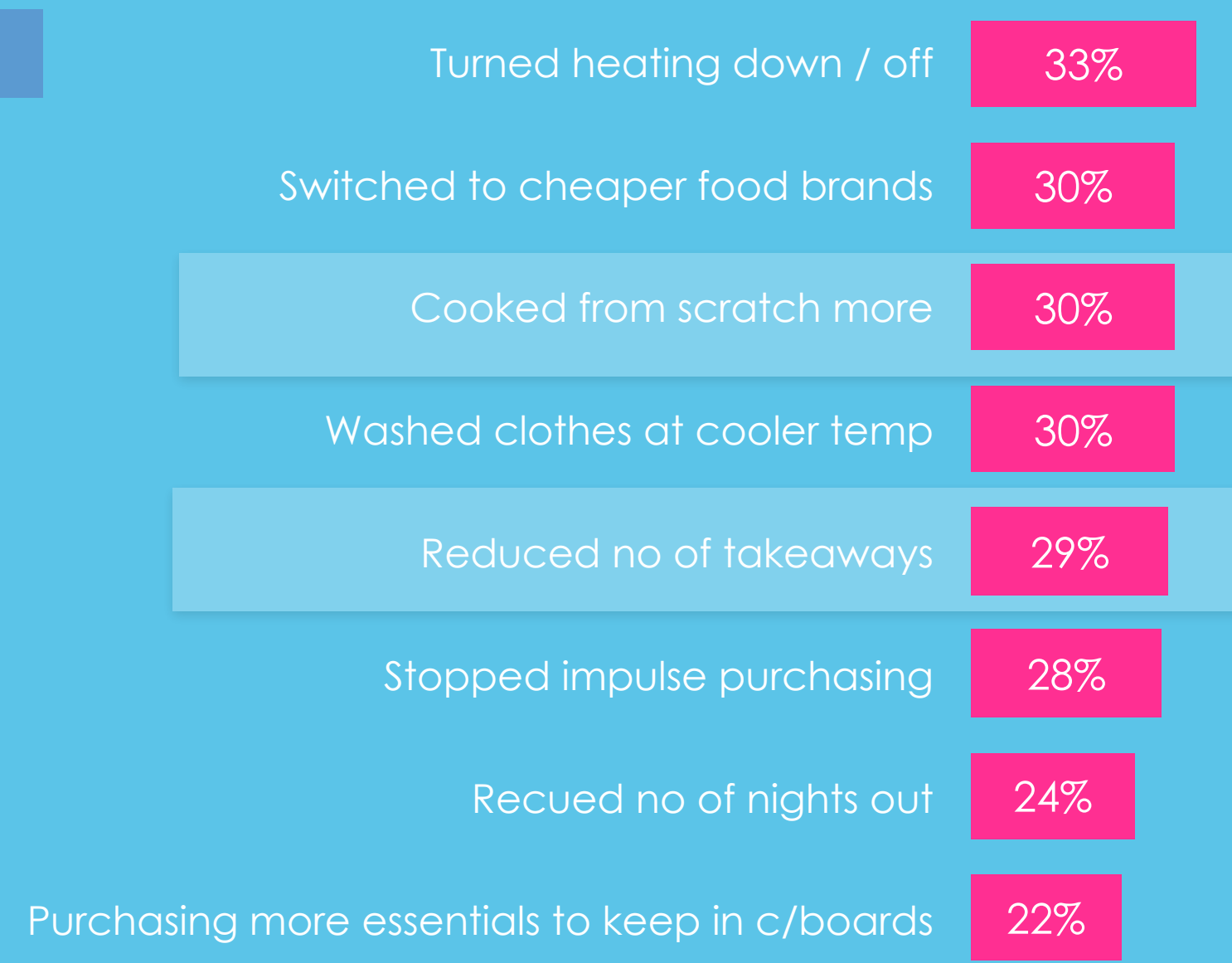
Q. Which, of the following have you done already?
TOP 8 of those who have made changes



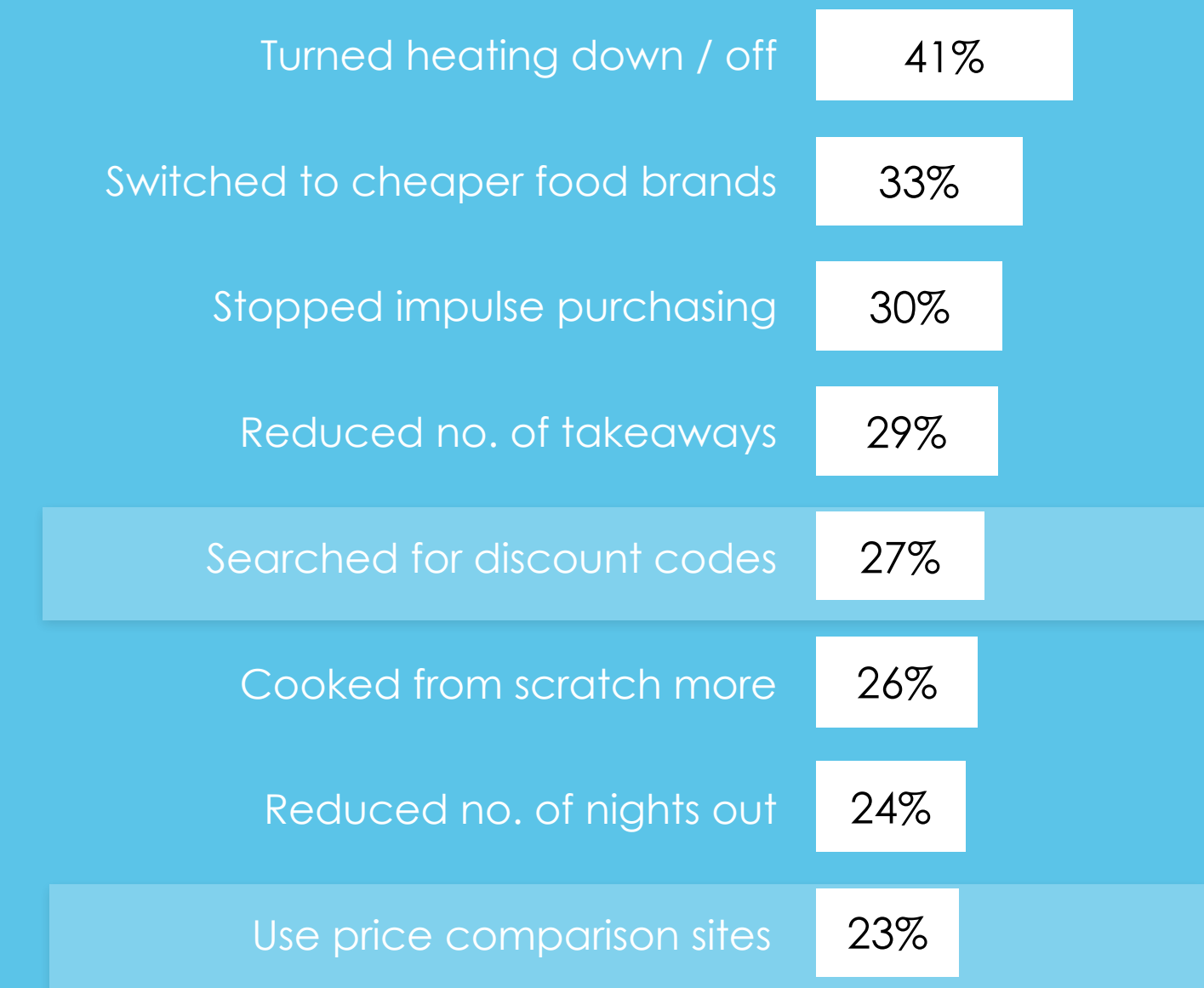
BOOMERS



LONDONERS



GEN Z



59%

...of **Londoners** say after Christmas they'll save but **up until then it's about having fun**



48% v. UK

29%

...of **Gen Z** say they have **already taken the rising cost of living seriously**



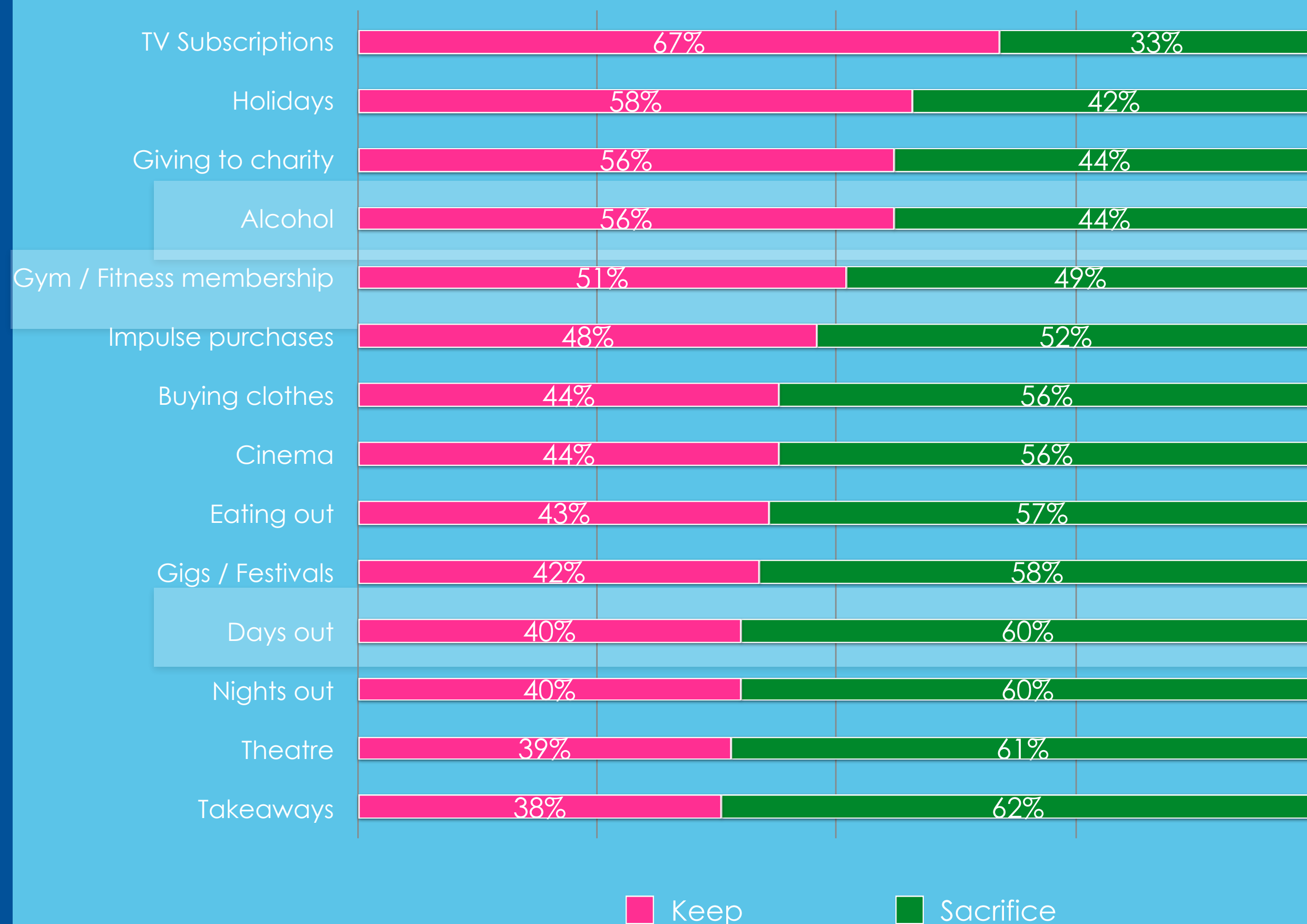
40% v. UK



62%

...say doing what makes them happy is **even more important** in times like these

Q. Which of the following would you keep v sacrifice?
Of those who take part in these activities



Spend on eating out at restaurants
is down 12% v Sept '21
Barclays Spending Report Sept



LONDONERS: PRIORITIES

1 TV Subscription(s)

2 **Alcohol**

3 Gym / Fitness Membership

4 Giving to charity

5 Holidays



FAMILIES: PRIORITIES

1 TV subscription(s)

2 Holidays

3 Giving to charity

4 Gym / Fitness Membership

5 Alcohol



GEN Z : PRIORITIES

1 TV Subscription(s)

2 **Buying new clothes**

3 Holidays

4 Impulse purchases e.g. coffee

5 Giving to charity



66%

...have **changed their grocery habits** over the past few months

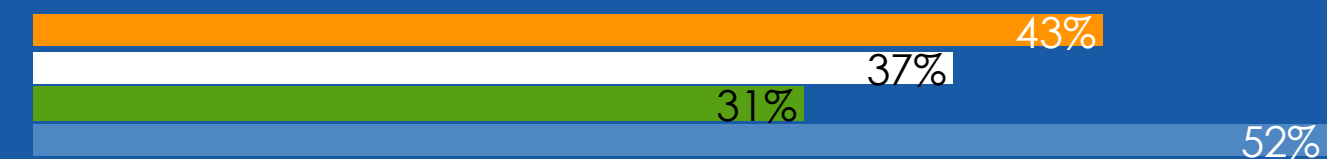


Grocery growth:
 Spending **+2.1%**
 Transaction **+4%**
 Barclays Spend Report Sept '22

Supermarket growth:
 Spending **+2.8%**
 Transaction **+4.1%**
 Barclays Spend Report Sept '22

Q. How have your grocery habits changed?
 Of those who have changed grocery habits

Spend more time in store looking for offers



Write a list & stick to it



Changed where I do my main shop



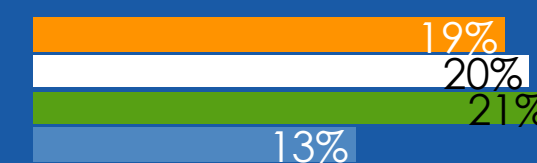
Shop in store more v. online



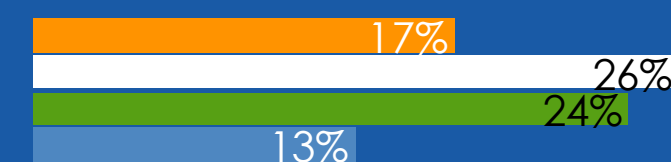
Forgo convenience for value



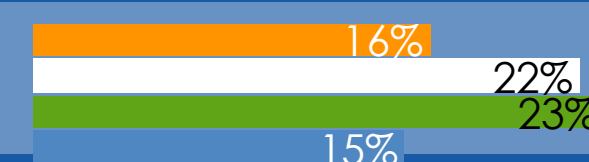
Use "scan and go"



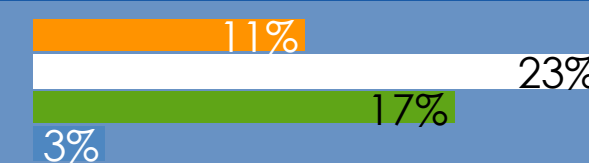
No longer do a weekly shop



Shop more regularly



Shop after work



■ UK
 ■ Londoners
 ■ Gen Z
 ■ Boomers



“ We will have **more people over** this Christmas ”

“ I will have a **smaller budget** for gifts this year ”

“ I'm **working** this Christmas ”

1 in 2

...say **Christmas will be different this year**



60%



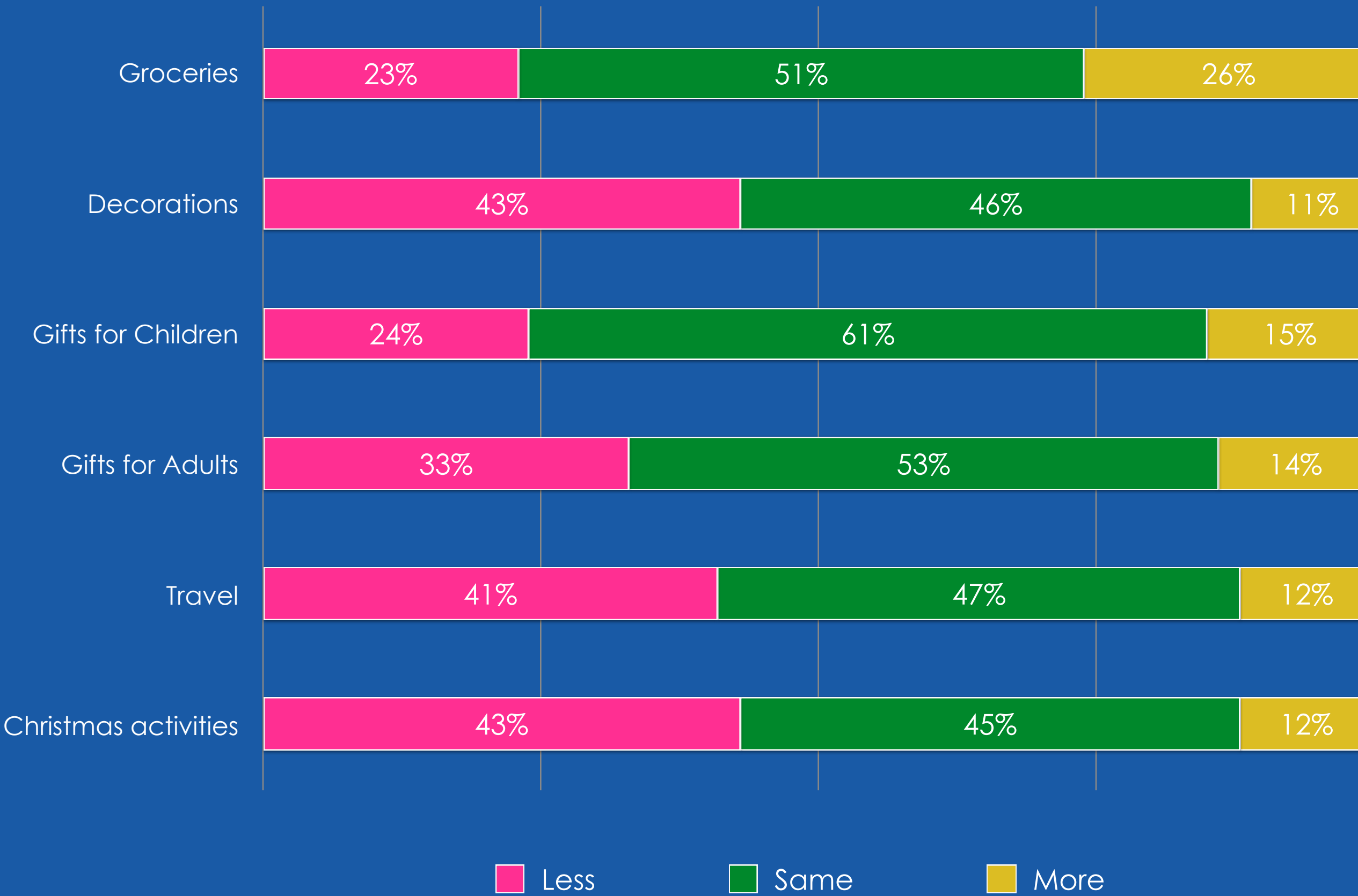
63%



68%



Q. Do you think you'll be spending more, less or the same on the below this Christmas?
Of those who celebrate Christmas



1 in 5 families will spend more on children's gifts this year

31% of Gen Z will spend more on gifts for adults



63%

...will look for **gifts that offer meaning over value** this year

Q. To what extent do you agree with these statements?
Of those who celebrate Christmas



**No.
2**

Holidays are **No.2** on the priority list



66%

The **restrictions** have **made me realise** how important travel is

45%

I will **sacrifice other things** to get away



I have a holiday booked for '23...



36%



45%



48%

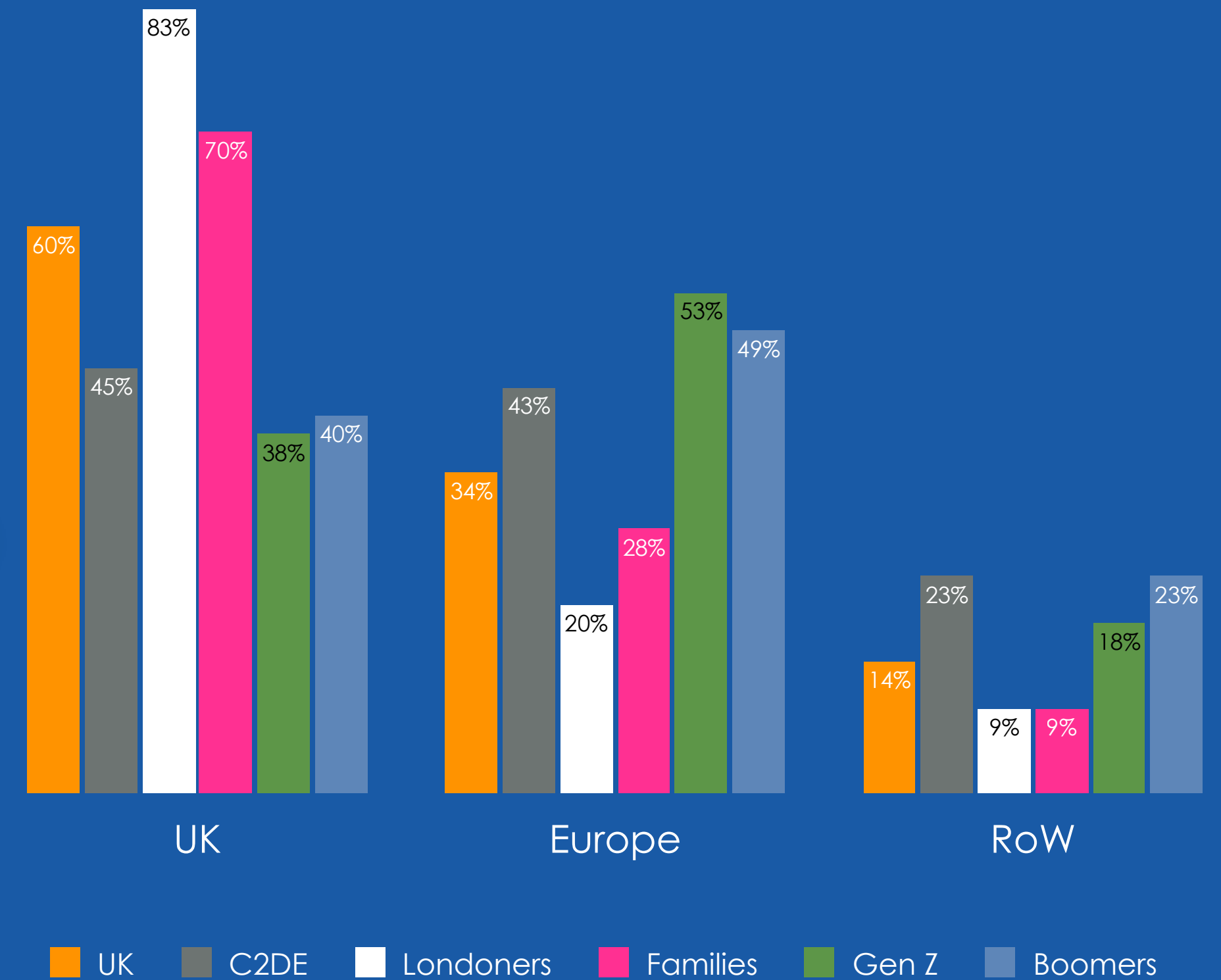


58%

35%

...will book a **last minute holiday** next year

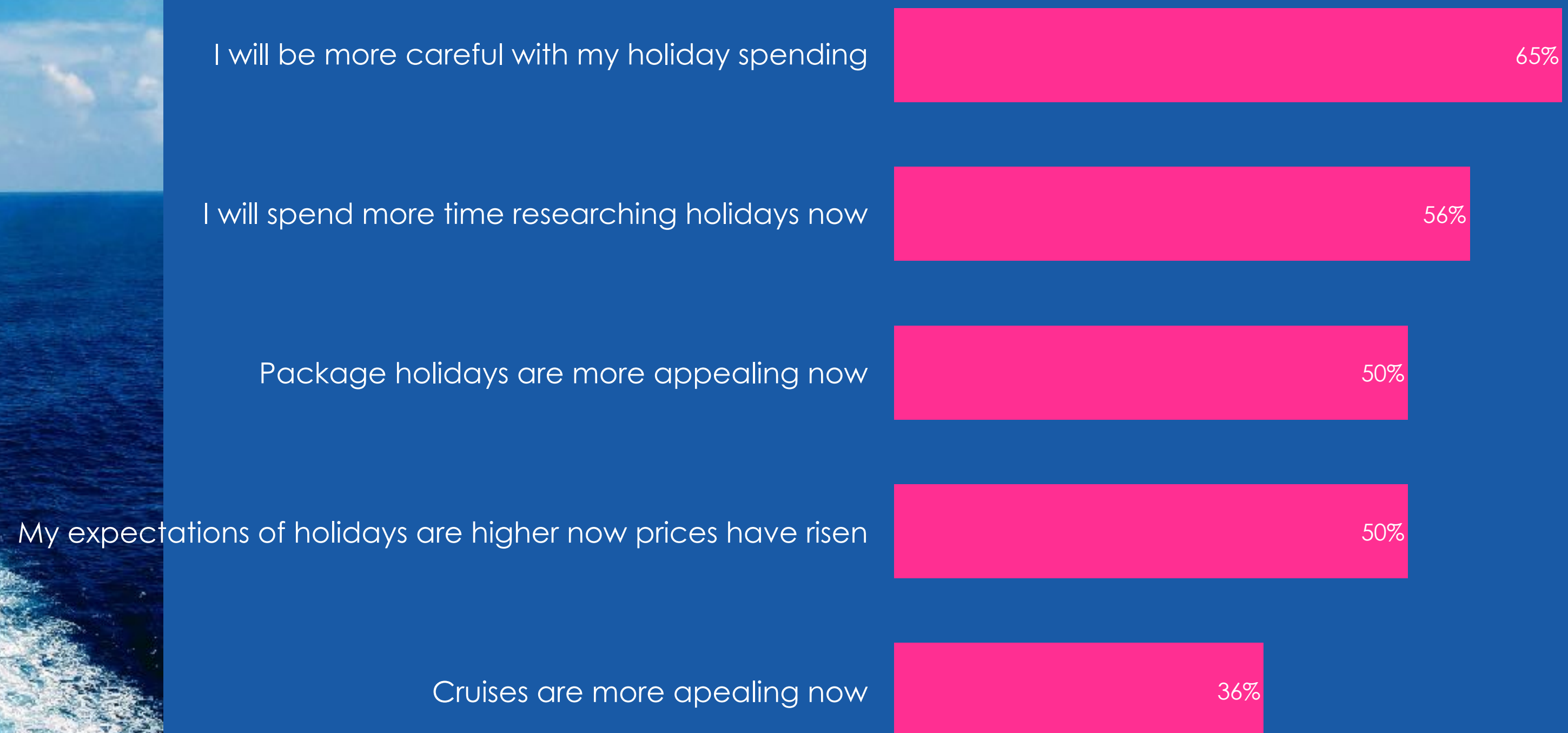
Q. Where are you going on holiday?
Of those who have a holiday booked for 2023





Q. To what extent do you agree with these statements?

NET: Agree



Q. Aside from cost saving, how can brands help?

- **Open comms**
 - Honest & transparent in reasons around price increases
 - Clear labelling of costs & sizes so can compare brands easier
- **Advice & Support**
 - Re-using / recycling than than replacing
 - How to make things last longer
- **Helping others**
 - Donating to charities
 - Giving to food banks
- **Other**
 - Free samples
 - Smaller portions to save on waste
 - Bigger portions for value for money
 - Reward loyalty
 - Longer warranties

Q. Can you name any brands that you feel have helped people, aside from cost saving, during this time?

ASDA

CO
OP

Iceland



TESCO

BARCLAYS



57%

...have noticed benefits,
aside from cost saving,
from the changes they've
made



70%



74%



68%

- **Better for the environment** - less food wastage, eating less meat, using less energy, which all makes for a **clearer conscience**
- **Better for my health** e.g. healthier diet, exercise, fresh air and mental health
- **Trialling & finding new enjoyable / delicious things**
- Making me more grateful
- Enjoying the simple things
- **Having more fun!**
- Appreciating my local area more
- More quality time as family e.g. less video games
- Improving skills e.g. gardening
- Self-sufficient / less reliant on others



Having candles on instead
of lights creates a cosy,
autumnal atmosphere!

A clearer conscience - I'm
helping the environment as well
as saving money!



Brand Considerations



Maintain marketing spend.

Brands who continue to advertise in an economic downturn, win in the long term



Know your customer inside out

Understand to what extent your customers are feeling the RCOL to ensure messages are on target & strike the right tone



Strike now!

Be part of those moments of pleasure that many are seeking out now and tap into the YOLO attitude



Promote how gifting feels this Christmas

As it becomes more of a definitive choice for some this year





Rising Cost of Living Series

- ✓ Part 1 - Spring
- ✓ Part 2 - Autumn
- Part 3 - Winter**