



The Impact of the Rising Cost of Living on Consumer Behaviour & Targeted Strategies

Part 3 - Feb 2023

What's new in Part 3?

Audience segmentation based on attitudes towards the rising cost of living

Myth Busting

“Real world” strategies



-Myth No.1-

Everyone is seriously
suffering from the rising cost
of living!





The “Hard Hit”

The most vulnerable
Typically lower income but also
anxious higher income earners
Young families
Renters
Capital listeners
Most likely of all groups to be
out of paid work

*Reducing all spending -
substituting, decreasing,
postponing

The “Reluctant’s”

Broad cross section of the UK
The biggest segment...just!
Listen to Heart 80s, Capital &
Absolute

Resilient but less confident &
uncertain in the short term

*Economising in all areas

The “Screw-it’s”

25-44s
Living in the South
No kids
Drive regularly
Listen to Heart & Radio 2
Optimistic

Still trying to make up for lost time

*Trying to carry on as usual but
may extend timetable for making
purchases

The “Comfy’s”

Under 50 Urbanites
Quite affluent or comfortable in
financial stability
Work full time
Listeners to Heart, Smooth & Classic
Most environmentally conscious

*Secure in their ability to ride out
current & future bumps

*Consume almost like normal but
more selective

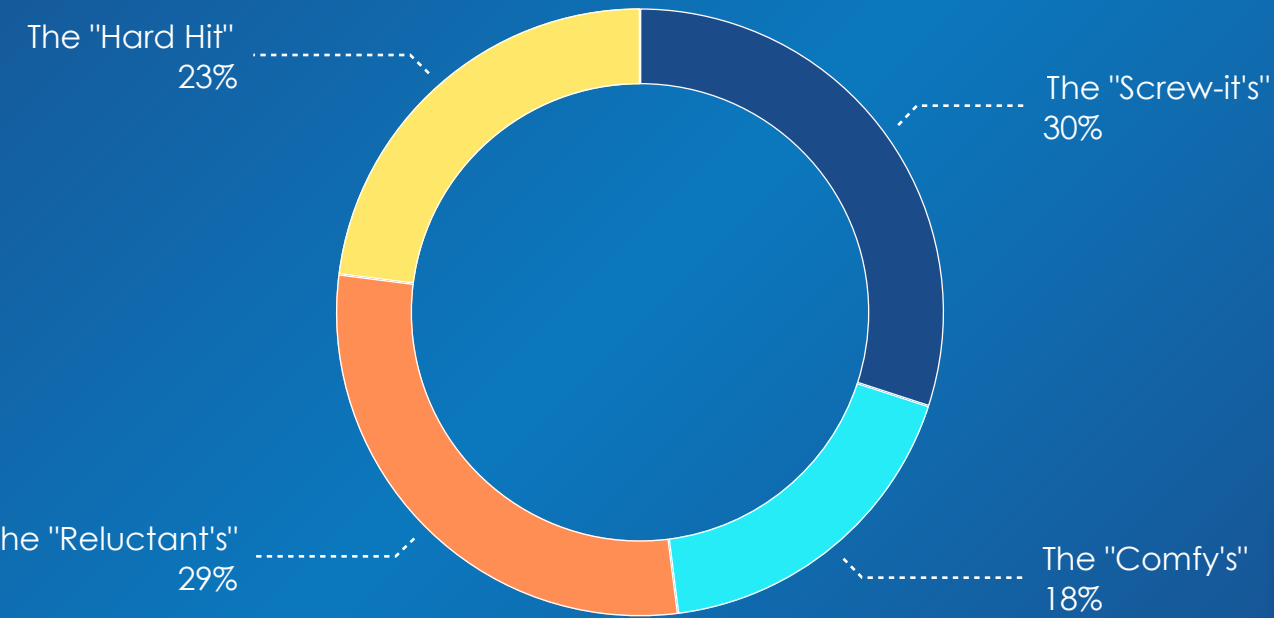
Most

Behavioural change

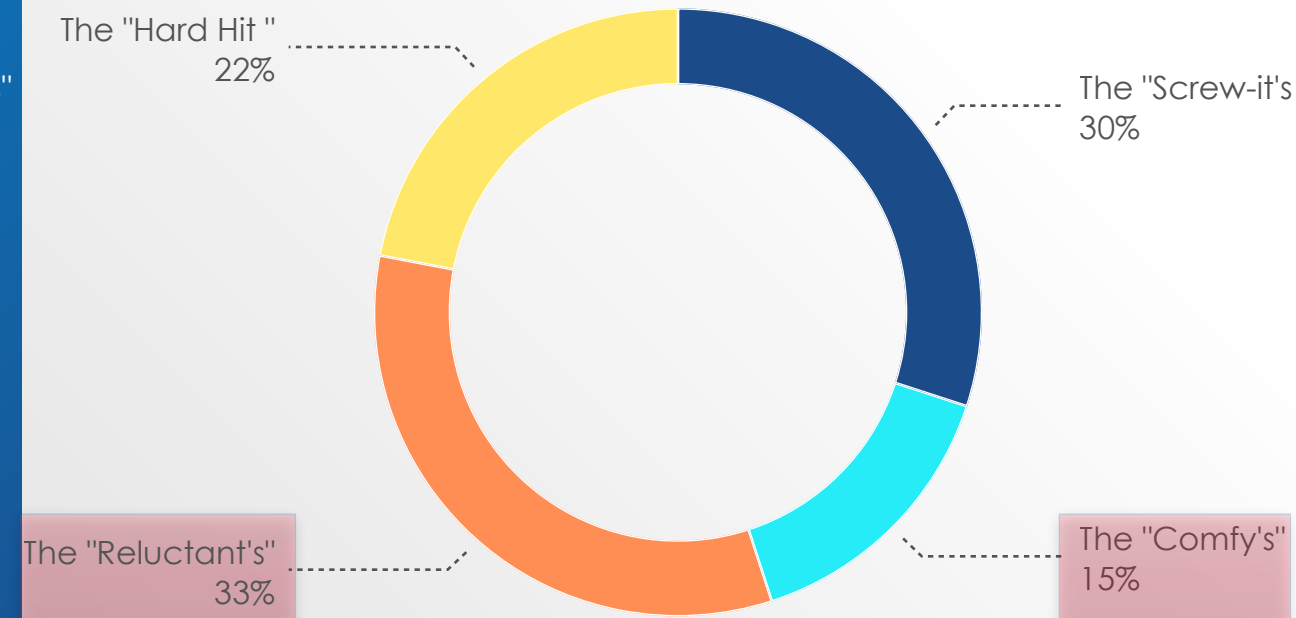
Least



Part 2 - Oct '22



Part 3 - Jan '23



-Myth No.1-

Everyone is continuously suffering from rising cost of living!



The Big 4



1. ENERGY



2. GROCERIES



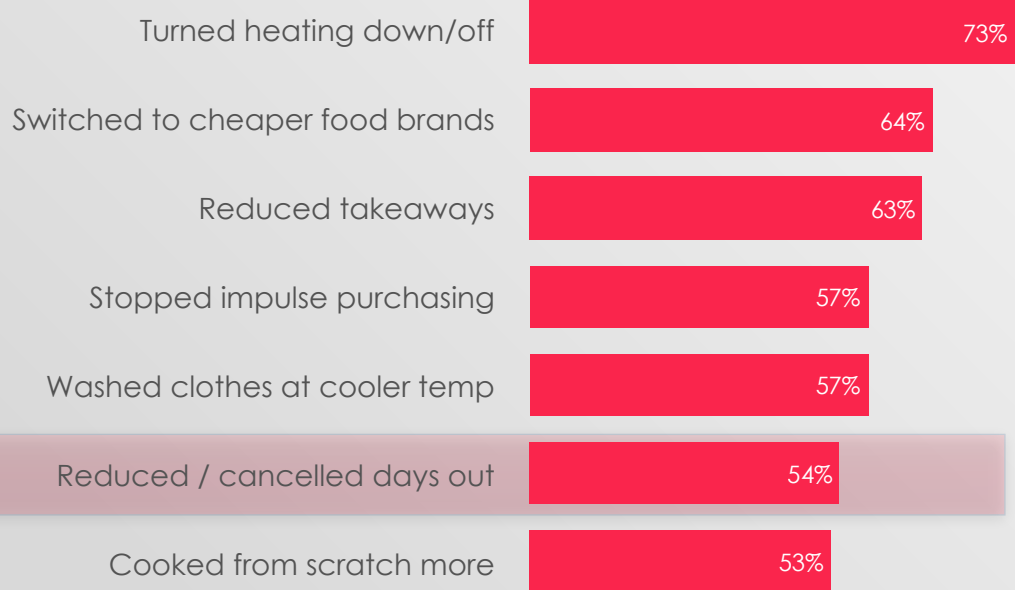
FUEL



HOUSING



The "Hard Hit" (22% of UK pop)



39%

Sold things don't need any longer



38%

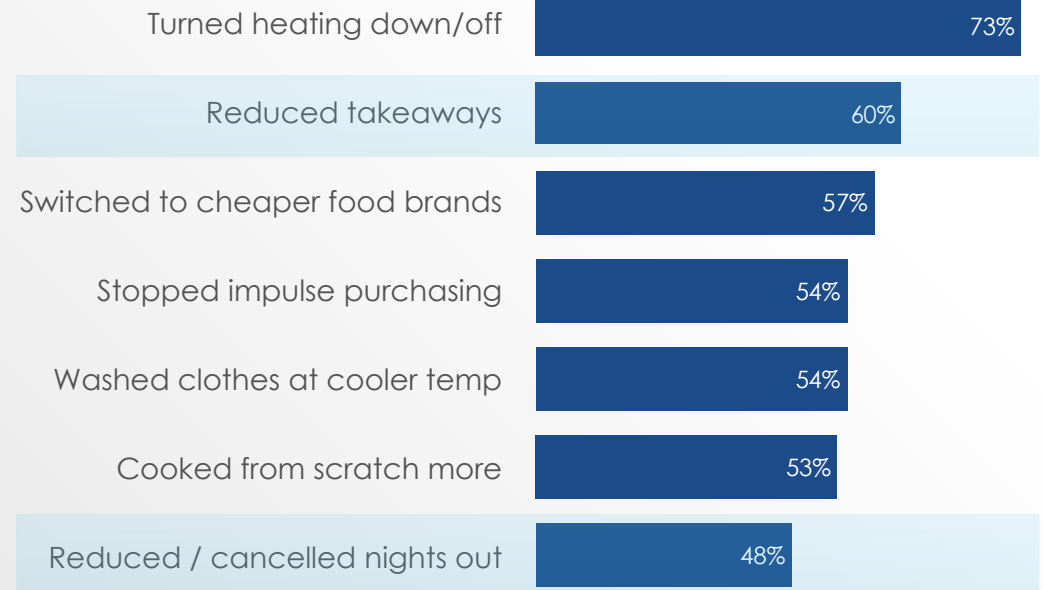
Minimised / stopped drinking **alcohol**



36%

Reduced no. of **meals**

The "Reluctant's" (33% of UK pop)



48%

Searched for **discount codes**

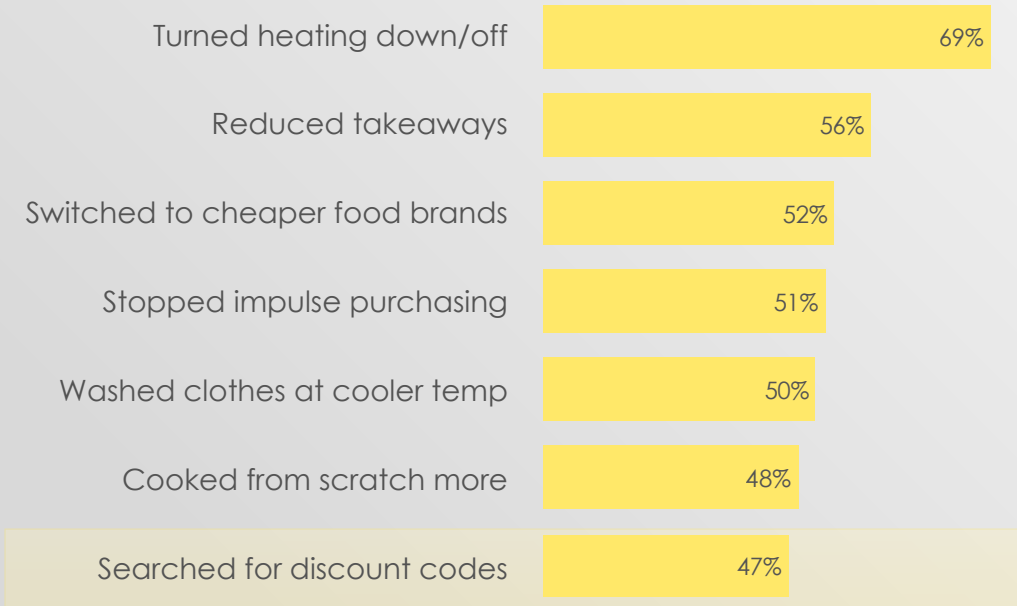


45%

Shopped around for **cheapest fuel**



The "Screw-it's"
(30% of the UK)



37%

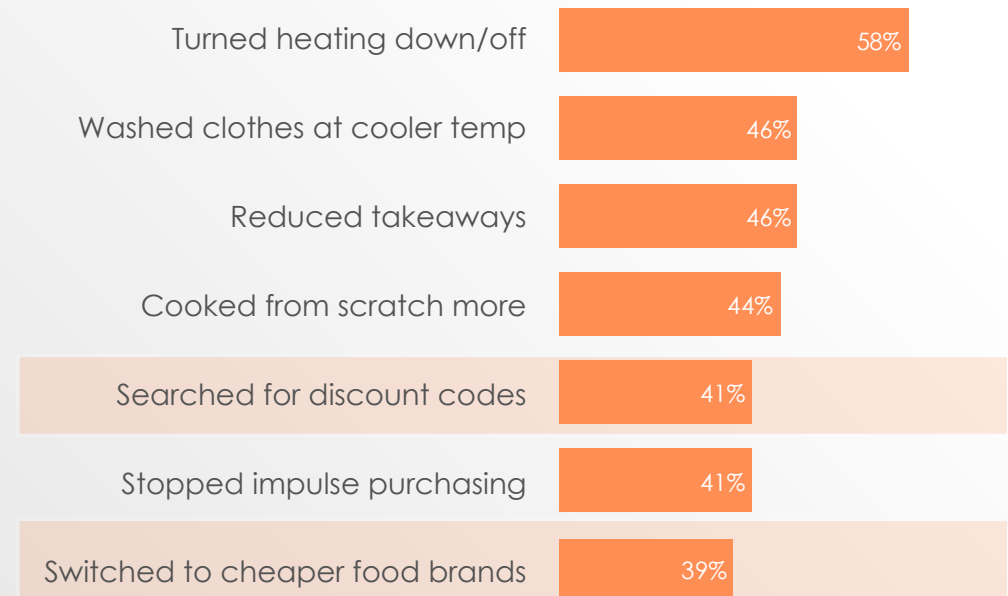
Keeping **more** of the **essentials**



37%

Used **price comparison websites**

The "Comfy's"
(15% of the UK pop)



30%

Used the **dishwasher less**



28%

Using **public transport more**



-Myth No.2-

**No-one can afford to be
loyal to brands now!**



51%

...of The “**Hard Hit**” have brands they love & wouldn’t switch to cheaper alternatives

HEINZ
ESTD 1869

Cadbury

Kellogg's

BirdsEye



“A **Costa** coffee instead of taking an instant from home”

“A bottle of wine at the weekend”

A bar of **DAIRY MILK!**

“A **Deliveroo** so I don't have to cook!”

“A **McDonalds** breakfast - yum”

“A **Greggs** sausage roll to kick my day off with!”

“A tub of **Ben & Jerry's**”

“Buying a tiger bread loaf and some **Cambozola brie** - so much more of a treat than plain old sliced brown bread from Lidl!”





-Myth No.2-

No-one could be expected to be
loyal to a company that has now!



-Myth No.3-

**Everyone is only thinking
short-term**



45%

...of The “**Hard Hit**” are **confident making plans** for the next **6 months**

35%

...of The “**Hard Hit**” have a holiday booked for this year (2023)



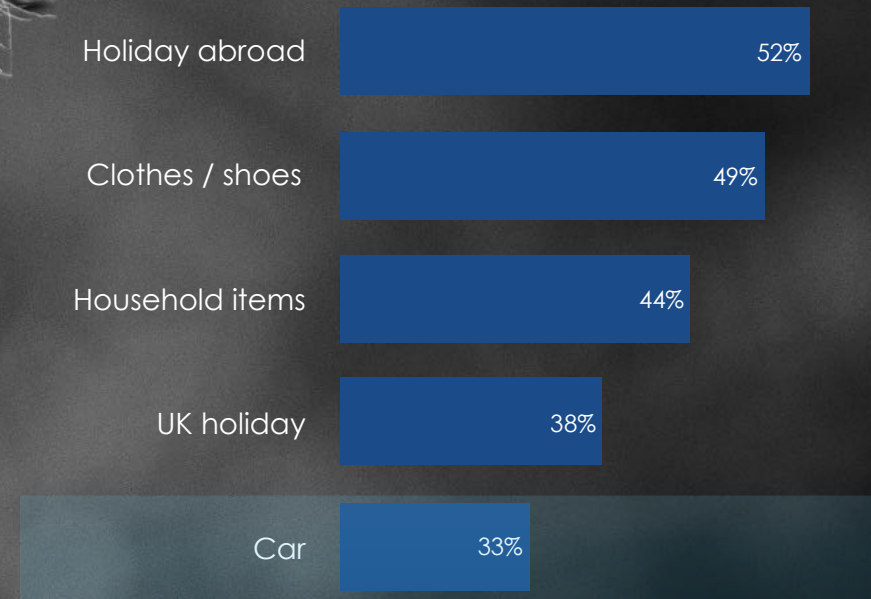
63% ...have a wish list

59% ...have a wish list

The "Hard Hit"



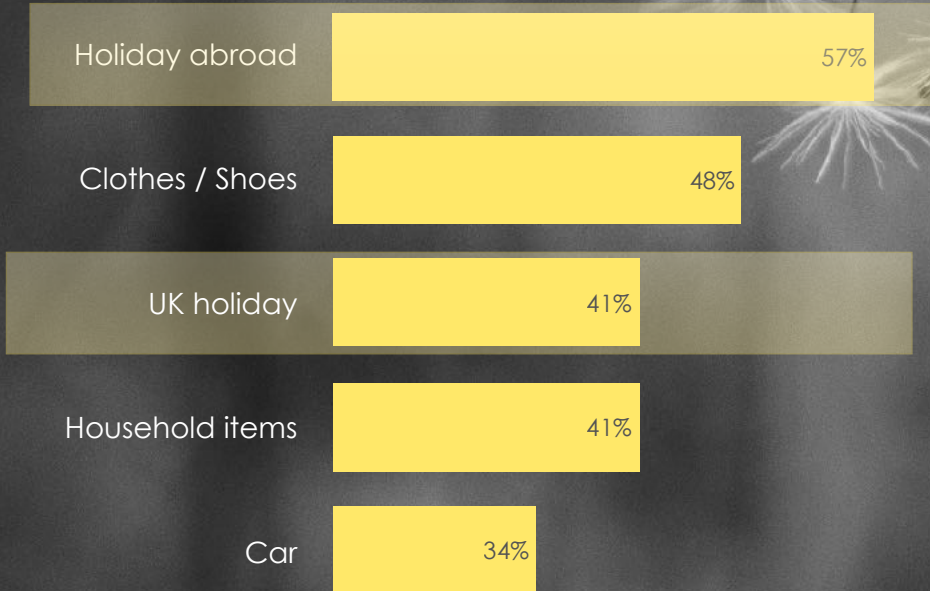
The "Reluctant's"



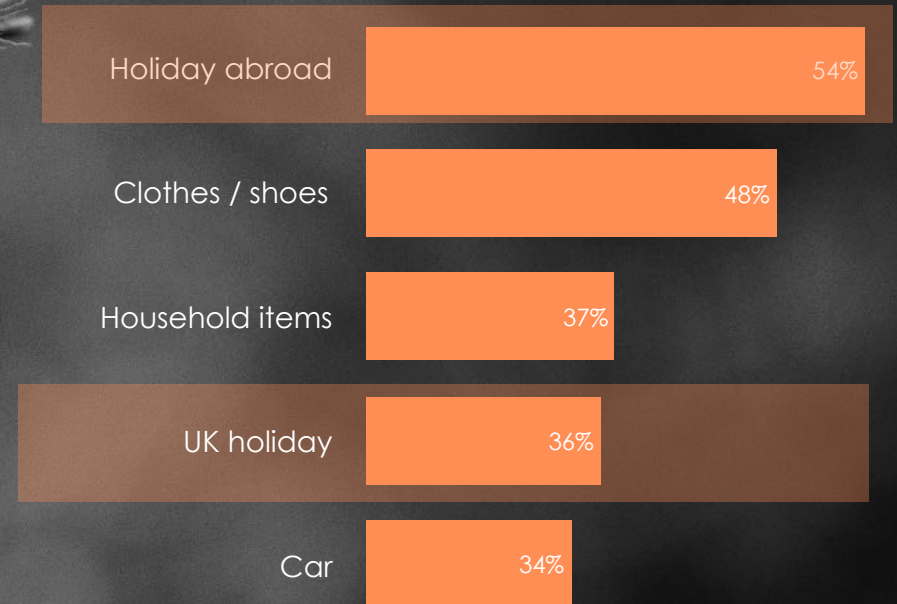
61% ...have a wish list

58% ...have a wish list

The "Screw-it's"



The "Comfy's"



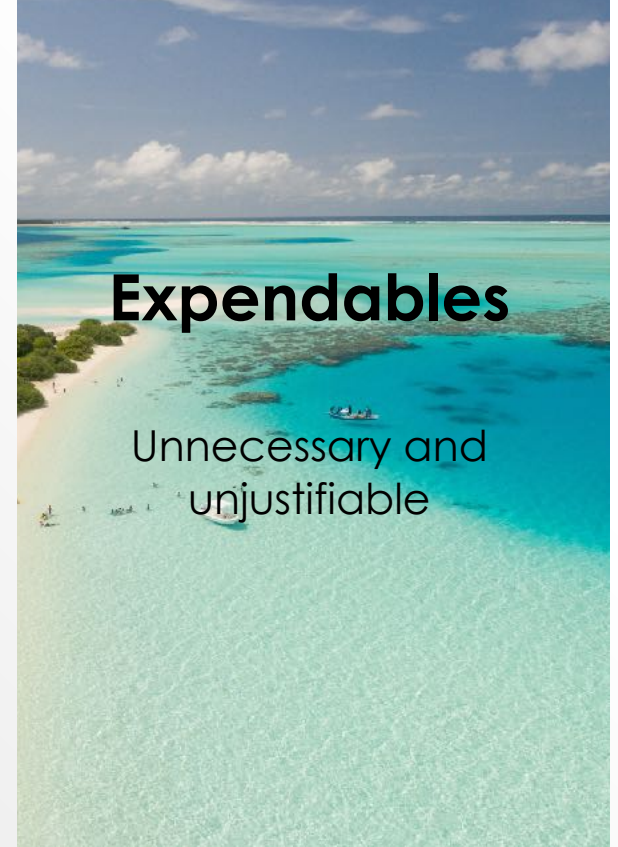
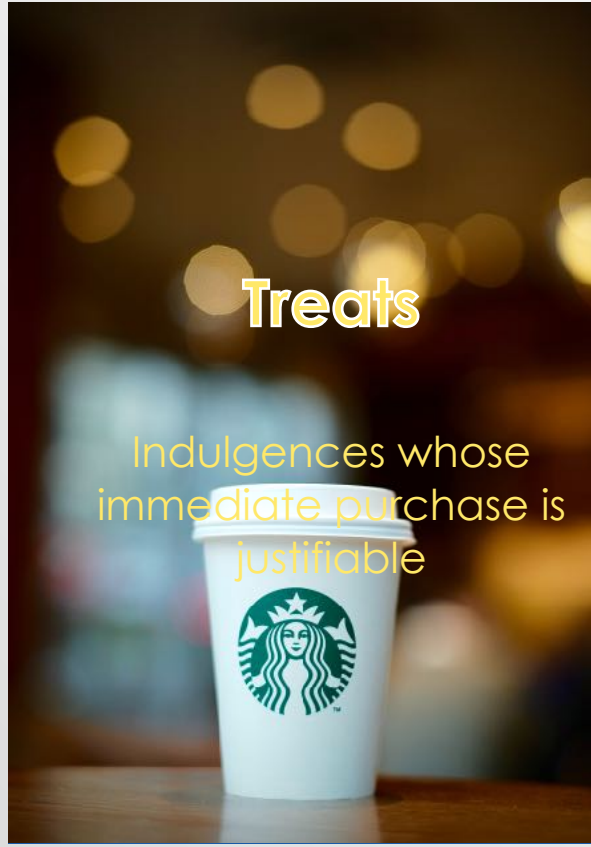
-Myth No.3-

Everyone is thinking
term



Advertising strategies in a downturn...





How to target "The Hard Hit" with...



An **Essential**:

- Emphasise price
- Offer smaller pack sizes for less money

A **Treat**:

- Advertise it as a "treat / small indulgence" that you deserve

A **Postponable**:

- Challenge risky behaviour eg holding off buying new tyres & risk of not doing it now
- Promote exceptional deals

An **Expendable**:

- Continue awareness led marketing / advertising for future purchases

YOU
DESERVE
IT

How to target “The Reluctant’s” with...



An **Essential**:

- Emphasise dependability
- Promote bulk buys, offers etc to encourage stockpiling

A **Treat**:

- Reward loyal customers
- Advertise products as boosting mood & morale
- Advertise products as affordable alternatives to more expensive options

A **Postponable**:

- Promote repair services
- Offer similar options at a lower price

An **Expendable**:

- Continue awareness led advertising



How to target “The Comfy’s” with...



An **Essential**:

- Continue awareness led advertising

A **Treat**:

- Emphasise the quality
- Advertise as a product “you deserve because you’ve done well”

A **Postponable**:

- Promote savings by buying now
- Advise they’re missing out if they postpone

An **Expendable**:

- Enable discreet purchasing that avoids flaunting in front of other
- Communicate the feeling of indulging



How to target / appeal to “The Screw-it’s” with...

An **Essential**:

- Continue with ad awareness campaigns
- Remind consumers they can't live without it

A **Treat**:

- Promote is an an opportunity to seize the moment

A **Postponable**:

- Offer monthly payment plans / BNPL
- Promote quality of life benefits by buying now

An **Expendable**:

- Offer exciting new products & advertise as “must haves”
- Promote products to aspire to when financial situation improves



YOU NEED
COFFEE

**“...we’re turning a corner and that is
encouraging...”**

Andrew Bailey, Governor of the Bank of England





Rising Cost of Living Series

Part 1 - Spring

Part 2 - Autumn

Part 3 - Winter

Part 4 - Summer

