WHERE NEXT FOR A WORLD IN TURMOIL?

Thinks
Insight & Strategy

THINKS PIECE | BULLETIN #3 | NOVEMBER 2023

MONEY IS ON EVERYONE'S MIND

FOUR FIFTHS of people across the globe are worried about rising costs and it is having a real impact on their lives.

In this Bulletin we draw insights from across four nations – the US, the UK, Germany and India. This involved an online survey of over 2000 members of the public in each nation (8,000 people overall), representative by age, income, gender and region.

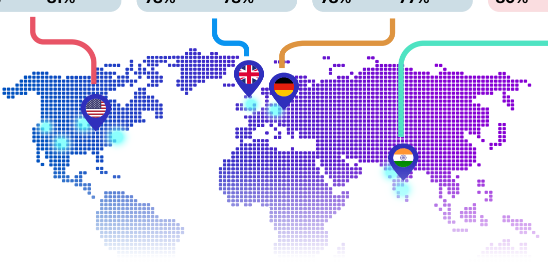
The cost of living crisis is a universal concern.

The most striking insight is just how similar key concerns are despite obvious differences at the macro-cultural and political level, pointing to universal drivers of people's behaviour and attitudes. Maybe people truly are 'in it together', and they appear to be working hard to help themselves through it too, but who is going to help them and what do they need?

Using a list of 20 topical issues everyone was asked to select the extent to which each issue was felt to be a concern, and separately if it was impacting them personally. A remarkably similar proportion of people across the globe are concerned about the rising cost of living and they feel it is impacting their life.

TOP 2 CONCERNS IN EACH NATION

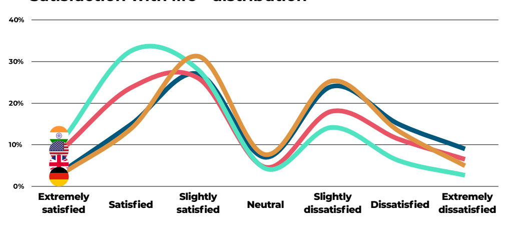
	US	UK	GERMANY	INDIA
1.	COST OF LIVING INCREASES	COST OF LIVING INCREASES	COST OF LIVING INCREASES	CRIME AND PERSONAL SAFETY
IMPACTING SOCIETY	80%	81%	80%	80%
IMPACTING MY LIFE	83%	80%	78%	83%
2.	INFLATION	INFLATION	INFLATION	COST OF LIVING INCREASES
IMPACTING SOCIETY	80%	78%	78%	80%
IMPACTING MY LIFE	81%	78%	77%	81%



MONEY CAN HELP BUY HAPPINESS

But it doesn't take away concerns about rising costs and the impact they are having.

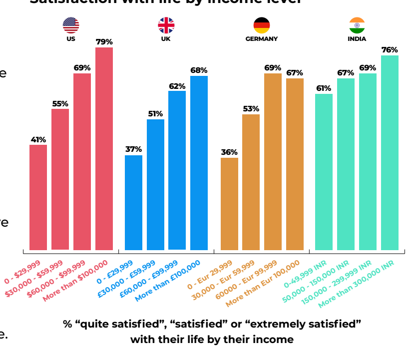
Satisfaction with life - distribution



Using the Satisfaction with Life Scale* (see footnote for reference), we explored subjective levels of happiness in each nation. This shows a remarkably similar distribution across the world of moderate feeling. In all markets there are two big groups feeling either moderately satisfied or moderately dissatisfied with life rather than expressing an extreme view or sitting on the fence. This means that while there is a divide, in general, things are neither as good or as bad as they seem on either side of the subjective wellbeing divide.

We should not ignore the extremes though, digging into this further reveals a strong correlation between income levels and subjective satisfaction with life.

Satisfaction with life by income level

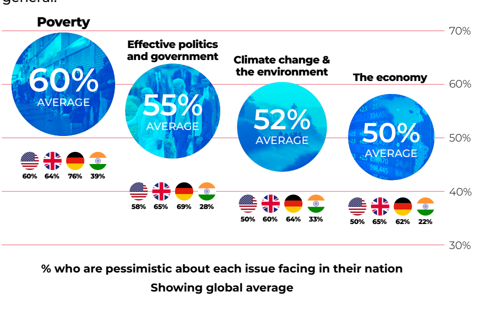


% "quite satisfied", "satisfied" or "extremely satisfied" with their life by their income

People are not just thinking of themselves; national poverty levels are a key source of pessmism.

Thinking about their country in the next year, poverty levels are a leading source of pessimism, showing a shared concern for not only the impact of rising costs on themselves, but also others around them and their country in general.

These causes for pessimism are big picture, structural aspects of our nations. They are all interrelated in complex ways and feel outside the sphere of control of everyday people. Understanding the extent to which our populations feel pessimistic about these issues goes some way to explaining the malaise we saw many are feeling in our earlier bulletins.



% who are pessimistic about each issue facing in their nation
Showing global average

INDIVIDUALLY, PEOPLE DO WHAT THEY CAN TO SURVIVE

But this can only go so far...

Despite these concerns about rising costs, people are responding with ways to build their own resilience individually. To understand how people are responding to economic difficulties, we asked how their behaviours had changed over the past 6 months in terms of their purchasing habits, financial management and sustainability efforts.

Two key trends emerge:

TAKING CONTROL

MAXIMISING

TAKING CONTROL – WHERE THEY CAN

Across the nations included in our research, a significant proportion reported an increased focus on finding small ways to improve how they feel:

% doing each more over the last 6 months	US	UK	DE	IN
Finding small ways to improve how I feel	65%	54%	41%	69%
Monitoring my wellbeing	62%	48%	45%	54%
Buying things I know will last longer	61%	51%	41%	73%

These are the top 3 behavioural changes in each market, showing a surprising level of consistency across the world in how people are responding to rising costs. These behaviours also suggest a shift in mindset, one balancing wellbeing right now, with longer- term outcomes.

Amid macro-economic concerns, it is understandable that people are looking on a smaller scale for what is within their control. We also saw this in prudent behaviours relating to personal finances with between a quarter to a half stating they are trying to save more to have a 'safety net'.

	US	UK	DE	IN
Saved more to have a safety net	29%	23%	27%	46%
Used my savings to cover rising costs	29%	31%	20%	35%

But with similarly high proportions using their savings to cover rising costs, what will they do when this runs out? People are trying to use what they have, but this may be finite.

MAXIMISING – WHAT THEY HAVE

The second trend we have identified is a marked increase in making the most of what we already have.

% doing each more over the last 6 months	US	UK	DE	IN
Finding ways to stay entertained at home	62%	52%	31%	73%
Making use of the benefits from existing subscriptions/payments	45%	33%	27%	64%

Although there is some variation by market, there is enough to suggest a shift towards maximising time at home and increasing the value of committed spend. People are being much more careful with their spending and expecting to be able to do more with less when they do invest.

In relation to personal finances people are, for example, taking out new savings products to maximise what they have:

	US	UK	DE	IN
Taken out a new saving product to get a better deal (e.g. to get a higher interest rate)	17%	18%	12%	37%

Investments are the financial behaviour to watch in India, **49%** claim to have started investing in the last 6 months to make their money work harder.

So people are concerned...

...concerned about rising costs and the impact this is having on their own lives, but also about poverty and big national issues over which they feel limited control. These concerns are remarkably consistent globally and so is the behavioural response from what we have observed, with people from all our nations of study looking to find some control through their wellbeing and longevity but also make the most of their homes and existing assets.

They cannot do it all on their own though.

BUSINESSES CAN BE PART OF THE SOLUTION AND HAVE A MANDATE TO STEP IN

People want business to be part of the solution in a challenging landscape but it is increasingly difficult to attract and retain their hard earned money, respect and loyalty. Showing how you are doing some good in the world is a start though.

This is incredibly mutually beneficial because our data shows demonstrating some good in the world strongly influences planned purchasing behaviour, with consumers willing to buy more and more often with brands that show some good.

80%

Around 80% across markets believe it is possible for companies to make money and do good at the same time.

US	UK	DE	IN
86%	79%	77%	87%

% agree or strongly agree

US	UK	DE	IN	
76%	64%	62%	87%	**"I will spend more with a company which balances doing good with making money"**
82%	70%	70%	89%	**"I will buy repeatedly from a company which balances doing good with making money"**

The first hurdle is authenticity.

Around 2/3s across the markets in our research struggle to believe ads claiming to do good.

This speaks to the scepticism borne out of so-called 'greenwashing' and 'woke-washing' and the need to meaningfully back up words with actions when it comes to purpose driven initiatives.

2 IN 3

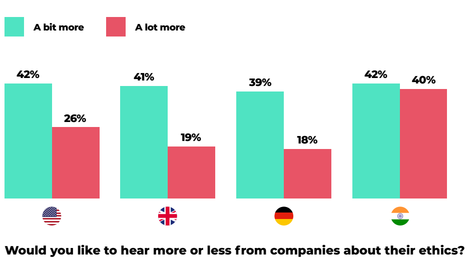
find it hard to believe ads claiming they are doing something good.

US	UK	DE	IN
61%	64%	69%	77%

% agree or strongly agree

But make sure not to overdo it.

Across markets, people are open to hearing more about purpose driven initiatives, but only a bit more. Alongside authenticity, find the right volume of communication to have the maximum desired impact.



Would you like to hear more or less from companies about their ethics?

5 PRINCIPLES FOR BUSINESSES NAVIGATING THIS CHALLENGING LANDSCAPE

1 **Build a strategy around what unites, not what divides us.**

We often focus on differences in research and insight, looking for who is more or less attuned to a product, service or advert. But these latest findings show a remarkable consistency across nations in terms of both attitudes and behaviour, if a slight difference in emphasis from time to time. What sits across nations is something you can build a meaningful strategy around – at the moment this has to be addressing big picture, economic concerns and helping people take control and maximise what they have.

2 **Show empathy for a range of circumstances.**

Individuals have different starting points and experiences as seen in the disparity in life satisfaction by income level. When targeting, do the work to understand your audience to the most granular level, utilising qualitative methodologies where practical to gain rich, in-depth insight rather than relying on off the shelf segmentations.

3 **It all comes back to basic human needs.**

In turning away from macro politics, brands and businesses are filling the void, allowing people to take control and have agency over their lives, a fundamental human need. Look for what other unmet needs are growing as a result of ever rising costs and pessimism around institutions.

4 **Good business is good for business.**

Our findings show an appetite as well as a mandate for businesses and brands to show their 'good' credentials. A lot is written about the say/do gap but we cannot keep denying the strongly stated intention by the vast majority to consume better. Providing routes to this now will drive revenue in the future.

5 **Mind the authenticity gap.**

People have grown sceptical of purpose driven communications, so businesses and brands need to find a way to demonstrate their actions truly align with their words. While there are signs of fatigue, the majority are open to a reasonable volume of communications, so consider when and how much to put into the public domain very carefully.

*Diener, E., Emmons, R. A., Larsen, R., J., & Griffin, S., The Satisfaction With Life Scale, 1985

In this research series we have set out to explore what people are currently thinking when it comes to social, political, and personal priorities, and how this is impacting their behaviours.

In our next Thinks piece...

we will take a look at specific brands in each market and see how they match up to the ethical expectations of their populations, as well as identifying opportunities to do even more to promote some good in the world.

Get your brand involved.

To gain a deeper understanding of your brand, and how you can communicate purpose with authenticity, reach out to Carol or Jon below to be included in our programme of self-funded research for 2024.

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Thinks Insight & Strategy is a global agency dedicated to putting the people that matter to our clients at the heart of their thinking, to help solve pressing social challenges, build better brands, drive new behaviours, and communicate more effectively.