



Thinks

— Insight & Strategy —

COST OF LIVING: SURVIVING, BUT NOT THRIVING

Thinks Insight & Strategy has been exploring the rising cost of living and its impact on the British public for over a year. Our latest round uncovered shifts in outlook, both for the better and the worse.

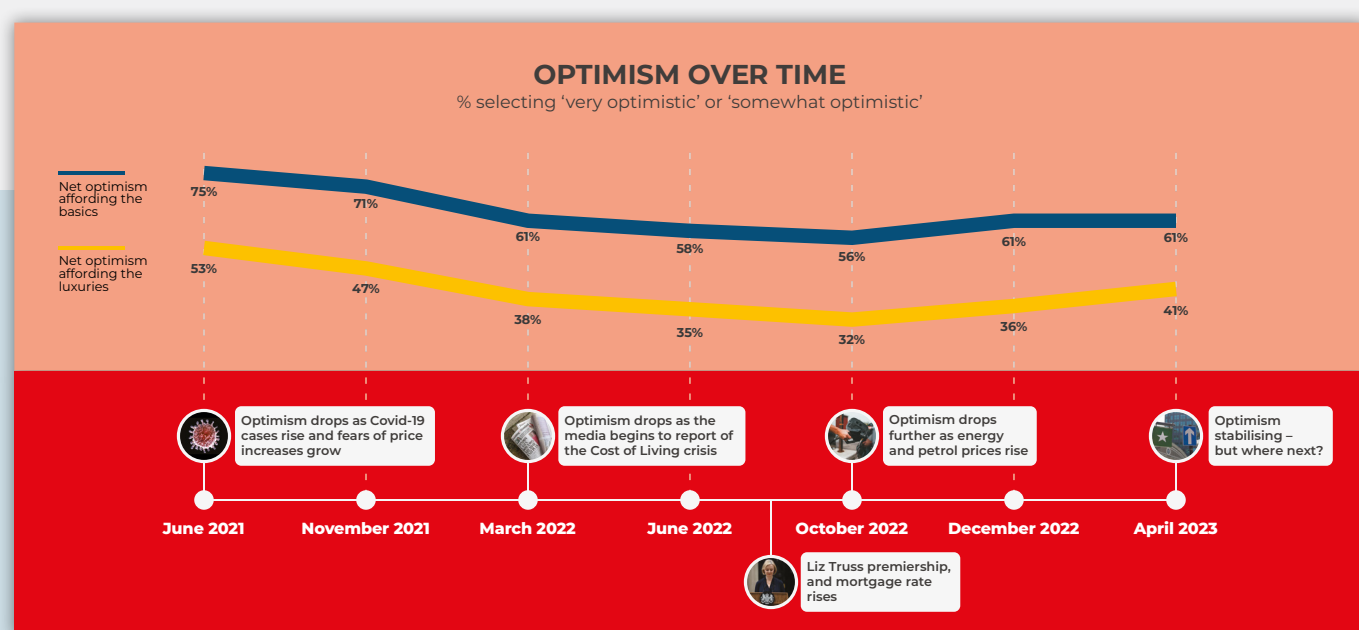
Overall, this painted a picture of people managing day to day, but increasingly worried that the changes of the past few years have left them living a life which looks different to the hopes and prospects they once had.



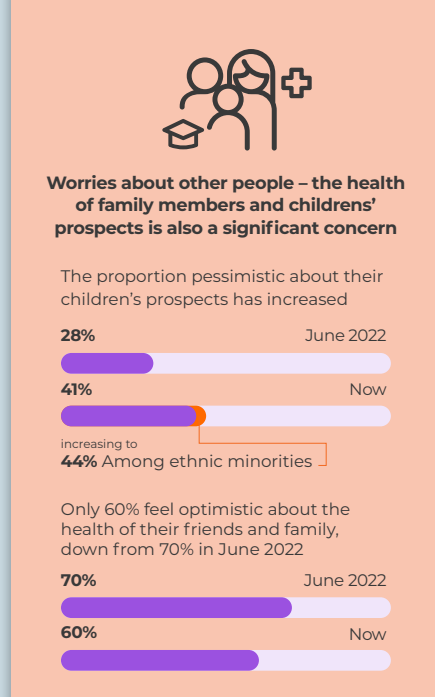
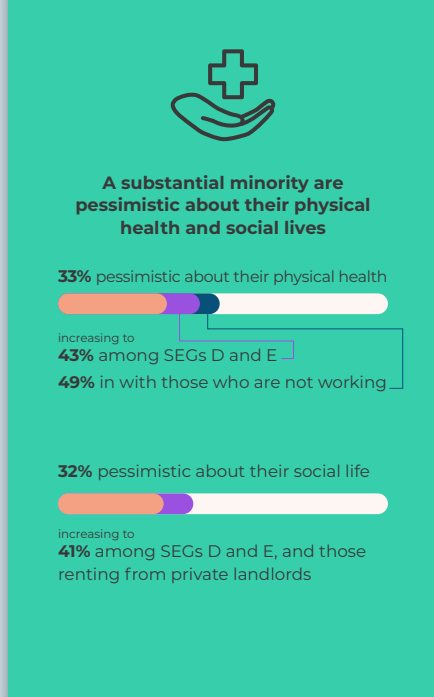
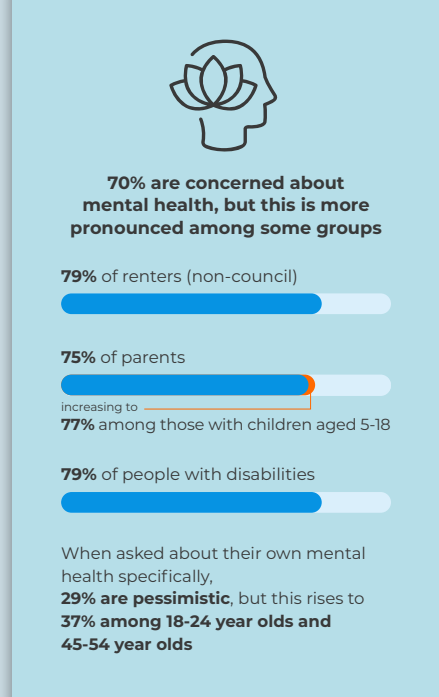
The cost of living is still a concern for most people, but we're starting to see a cautious optimism when it comes to household finances.

Levels of optimism about affording basics is back at the level last seen in March 2022, and optimism about affording luxuries has risen too.

But with interest rates rising this cautious optimism could quickly change – and we will continue to monitor public sentiment over the year.



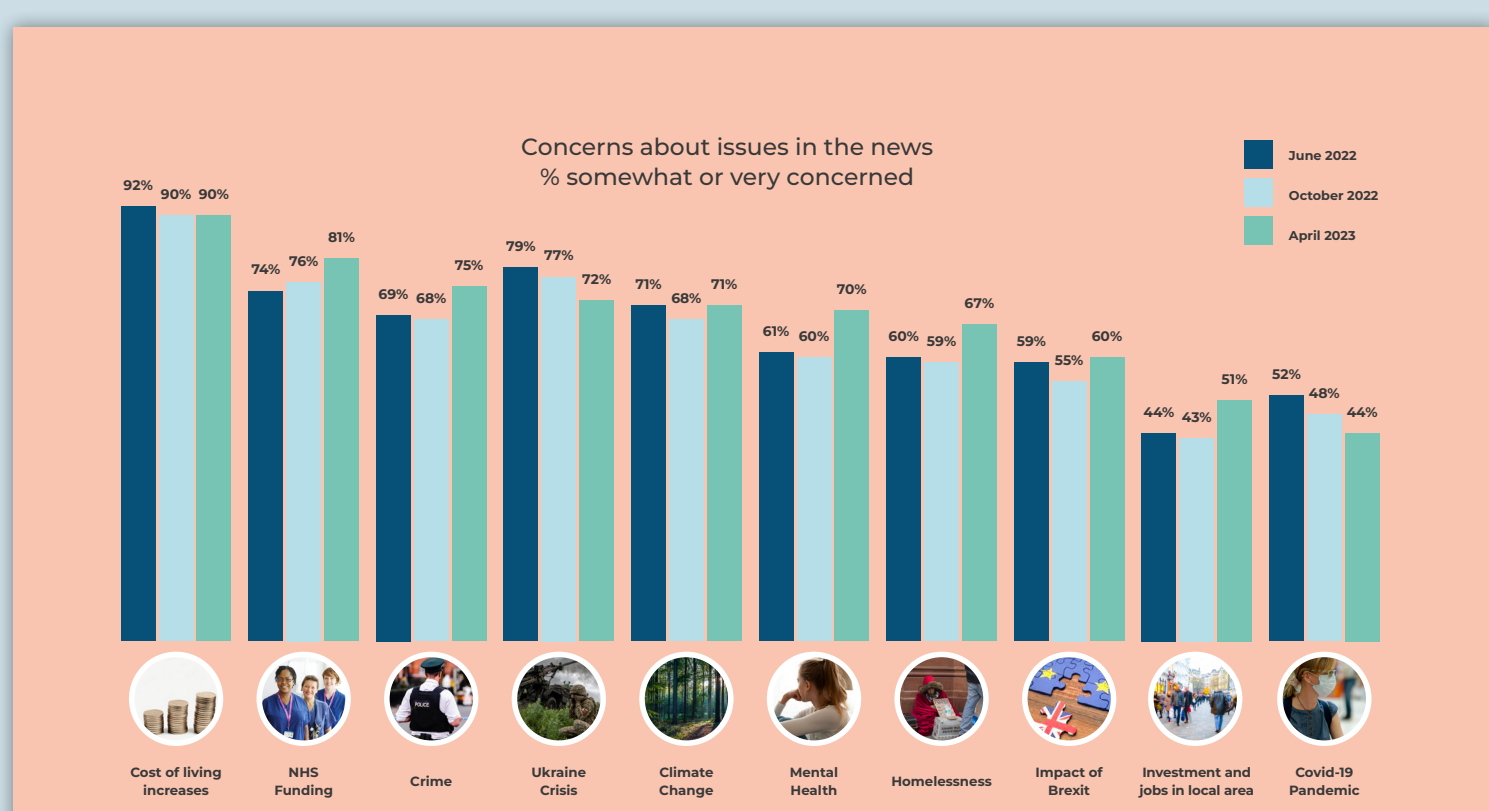
Tiny green shoots relating to how people feel about their financial position may be due to having found ways to cut back and economise. However, other issues alongside costs loom large. Mental and physical health and the prospects of loved ones are notable personal concerns:



Concerns about broader social issues impacting the UK have also been rising over the past year:



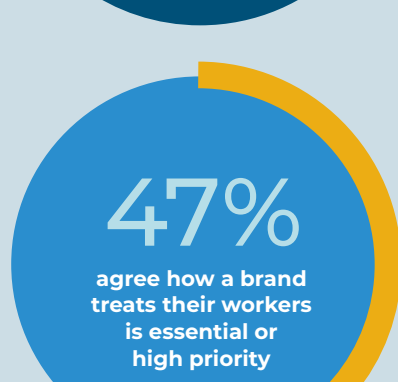
- **Concern about the cost of living remains high** with 90% concerned – even if people are optimistic about their own finances, rising costs remain a worry.
- **Concern about NHS funding, crime, mental health, homelessness and investment in jobs** has increased since June 2022.
- **Only concern about the crisis in Ukraine and Covid-19 has dropped** – but with 72% concerned about the situation in Ukraine, clearly this is still an issue that matters.



Given this complex picture – where people are making do but also feeling worried – it's all the more important for businesses and institutions to provide reassurance and familiarity. This can be through:

- **Taking away the cognitive load**, with good customer service, simplicity and familiarity, avoiding complication and friction.
- **Carefully monitoring and understanding how customers are feeling and what they are doing** – looking out for signs of vulnerability, fatigue, and also patterns that show what people really need and value right now.
- **Being authentic about your own values and purpose** – be that ensuring affordability of products, or communicating the benefits for employees – people are looking for good news, but it has to feel authentic and meaningful.

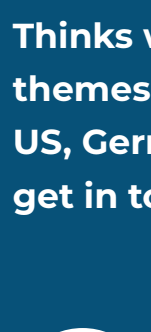
When making purchase decisions:



Thinks Insight and Strategy, Cost of Living Diaries, April 2023, n=2080m nat. rep.
Q1. These issues are often covered in the news. To what extent do you you feel worried about these issues?
Base: All respondents (April 2023, n=2080)
Q2. Thinking about the next year or so, how optimistic or pessimistic do you feel about each of the following?
Base: All respondents (Jun 2021, n=2064),(Dec 2021, n=2075), (Mar 2022, n=2076), (Jun 2022, n=2073), (Oct 2022, n=2074), (Dec 2022, n=2076), (April 2023, n=2080)
Q4. When making purchases in general from any kind of store, what is the importance of each of these things? (April 2023, n=2080).

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Dr. Carol McNaughton Nicholls

hello@thinksinsight.com

www.ThinksInsight.com

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@ThinksInsight

