

Cost of living crisis: Looking forward

Introduction and insights



Britainthinks
Insight & Strategy

Worldthinks
Insight & Strategy

We put the people that matter most at the heart of your thinking



We know brands, we know society

We are uniquely positioned in our ability to combine broad level thinking with in-depth understanding to tackle the business challenges of today.



We understand the wider socio-economic landscape that impacts the way your customers think.



We go deeper to uncover real human insights that get to the heart of consumer behaviour.



We have a future focused view to help you adapt to changing trends and customer needs.

How we do it

STRATEGIC INSIGHT

Spotting the pivotal truths that unlock new thinking

COMMUNICATION

Campaign development that starts where your audience are

ENGAGEMENT

Open conversations that generate new ideas & understanding

We're a multi-method agency.
We are method neutral and
combine traditional &
innovative approaches.



The Cost of Living Diaries III:

Looking forward

November 2022

We are closely monitoring public sentiment, to understand how rising costs are affecting everyday life

Our self-funded research on the cost of living crisis provides valuable contextual insights to apply to all of our clients' challenges.

Wave 1: March 2022

Wave 2: June 2022

Wave 3: October 2022

Today: exploring how the public have experienced 2022, their hopes for 2023 and implications this has for future strategy, comms and understanding of diverse experiences.

In this latest wave, we used WhatsApp to generate deep insight into real experiences of the cost of living crisis

2022

Yes, me and my wife are working harder than before. I am working harder to get promoted at work, so is my wife. Hoping that with promotion, we can also up our salaries. In terms of feelings, we are trying to stay positive, when seeing everyday grocery becoming more expensive day by day, it is not always possible to feel positive all the time

21:20

You

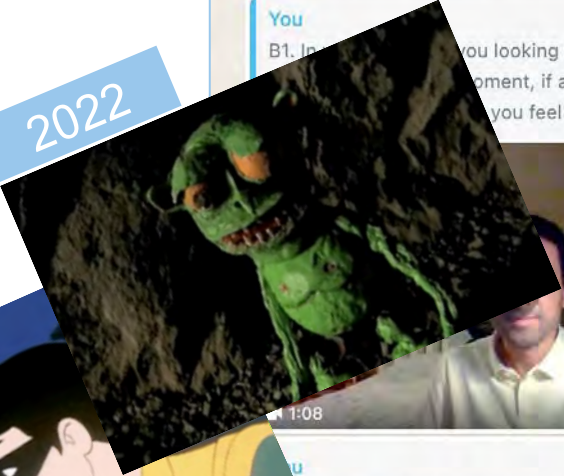
B1. In ... you looking after your health ... moment, if at all? Are there any ... you feel that this has ...

21:25

2023



HOLY WEIRD RIDDLES, BATMAN!



1:08

What are your plans for Christmas and the ... in terms of budgeting and spending? Do you ... to do anything differently to normal?



You

C5. If 2023 was an animal, what would it be? What animal was 2022? Please feel free to share your answer as a photo or GIF!

I would like 2023 to be an elephant 🐘. Elephants have got most sophisticated feelings and are very friendly and kind to their friends, families and their communities. They are not predators and do not eat other animals.

21:30

👍

2022 is the year of tiger 🐅, as per Chinese zodiac. And indeed I think it was that. Aggressive, intimidating, fast paced. Hope next year will really be a year of "elephant"! 🙏

21:33



GIF

21:35

We have identified four key themes:

It has been a tough year, with resignation that the worst is yet to come.

Rising costs are impacting different groups in very different ways.

But whatever their circumstances, people want to do more than survive.

They want to thrive, and are increasingly finding ways that work for them to do so.

This is a time to be empathetic without being patronising, optimistic without being unrealistic, and to avoid 'whitewashing' very real hardship but acknowledge a desire to live normal and full lives.

A moment where trust can be built or damaged quite easily.

**It has been a tough
year, with resignation
that the worst is yet
to come...**



**By what % point
has concern
about rising
costs increased
between March
2022 and
October 2022
among the
general public?**

A. 0%

B. 5%

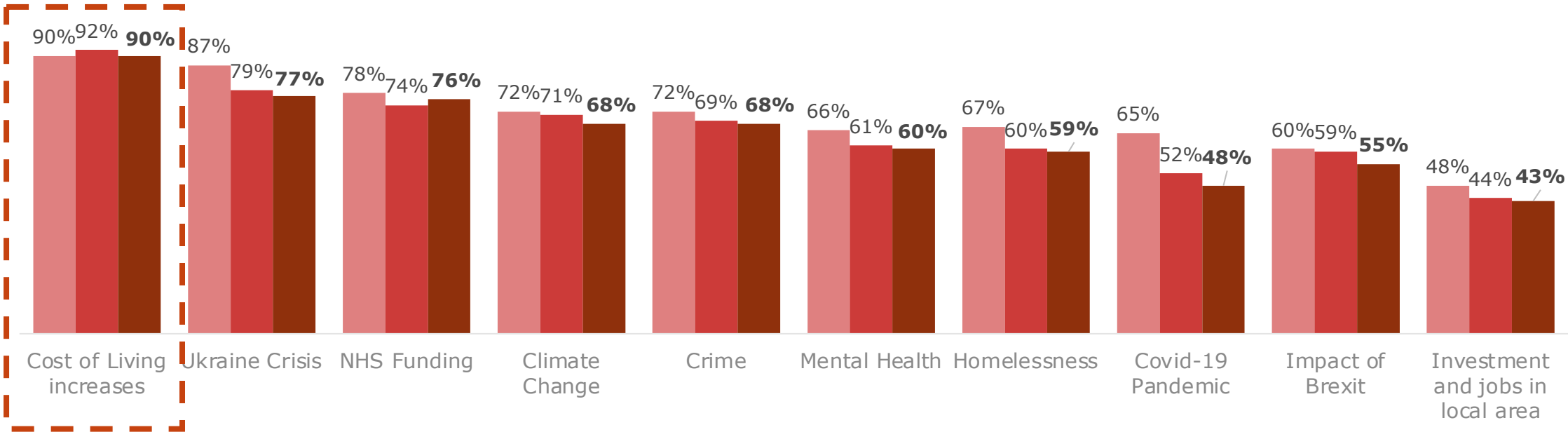
C. 25%

The cost of living has been the most concerning issue for the public for most of 2022

Concerns about issues in the news

% saying they are concerned about each issue

March 2022 June 2022 October 2022



BritainThinks, *Cost of Living Diaries*. Q2. These issues are often covered in the news. To what extent do you personally feel worried about these issues? Base: All respondents (March: n=2076, June: n=2073, October: n=2074).

2022 has been scary, scrappy and, for some, just plain boring

Intimidating, sly and not to be trusted



A snake, sly and slithery and creeps up on you from nowhere. Beginning to Struggle

Scrappy and resourceful



A hyena, lacking, desperate and having to be satisfied with the scraps on offer. Just About Managing

Dragged-out and boring



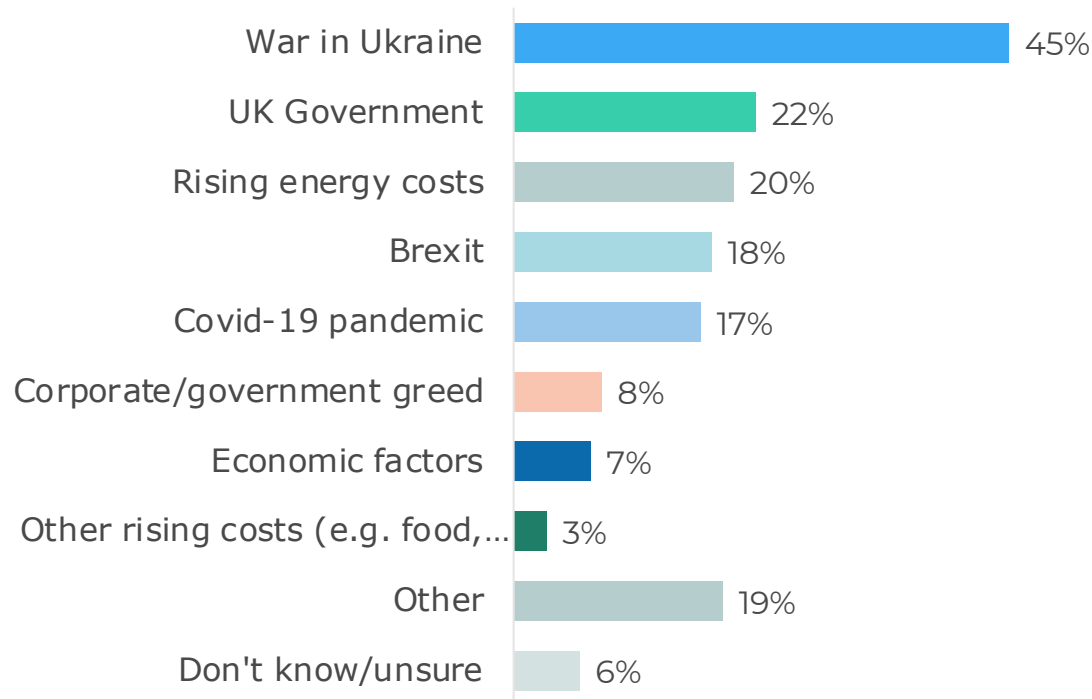
A hedgehog, as it has been mostly boring and disappointing with the cost of living crisis.

Going Under

Whilst the public recognise a difficult external context, there is a widespread sense of government underperformance

Most important cause of the cost of living crisis

Showing % spontaneously selecting each option



The War in Ukraine is cited as the most important factor in the rising cost of living, though other external economic events are mentioned by a significant minority.

“Stop blaming the War on Ukraine for costs going up [...] Surely the government has, or should have, a plan in place other than pinning everything on taxpayers? It's not fair and not right for so many. Just about managing

”

In 2023, there is hope for relief from rising prices and political chaos, and increased effort to tackle climate change



"Fuel prices to drop,
house prices to drop, so
we can buy a bigger
house!"

Top of the World



"The U.K. needs a stable
sensible government
working to get people
and businesses
economically stable
again."

Going Under



"I would like the war in
Ukraine to end and
settle."

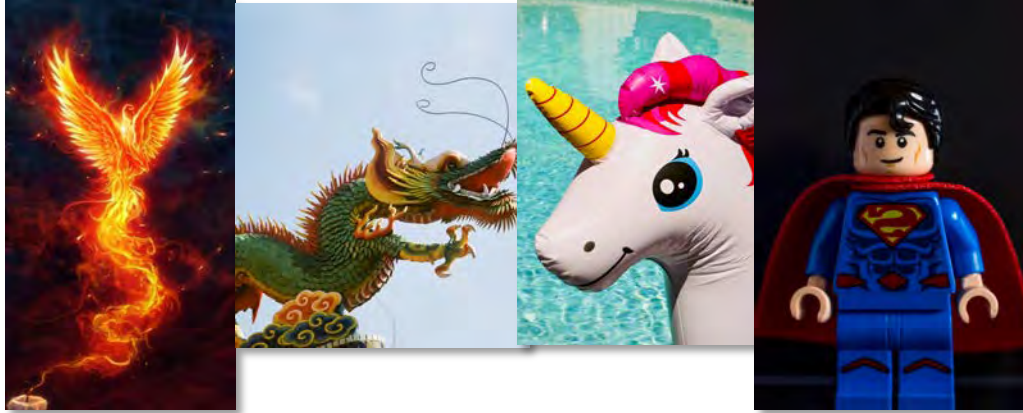
Cautious but
comfortable



"I would like to see more
green energy
projects...the removal of
fossil fuels over time."

Beginning to struggle

Though, in reality, this may be 'wishful thinking', and it isn't going to be so easy...



"2023 will hopefully be a dragon where people will be able to fly and flourish."

Cautious but comfortable

"[2023 will be] The mythical animal the Unicorn as people will be hoping for a better outlook, but this may prove difficult or impossible to find."

Going Under



"2023 is an adder, you should never let your guard down and trust them."

Going Under

"[2023 will be] A fox. On an individual level, we will all need to be pull out the stops to be as resourceful as possible."

Just about managing

And the public do expect the hardship and bumpiness of 2022 to continue...

They foresee a continuation of the **uncertainty** that has characterised 2022, as well as:

- The **recession** will bite and **prices will continue rising**
- **More instability** in **politics and government**
- Ongoing **Ukraine-Russia conflict** impacting global stability

But, despite this, there is a sense that people will '**get on with it**', and they are holding out for **positive events in personal lives**

“

However optimistic I wanted to be, realistically prices, especially for food and energy, are very likely to keep soaring...that's something that we all need to accept and get used to.

Cautious but comfortable

”

“

We, as a society just have a grumble, shrug our shoulders and try to move on. We keep doing this time after time. Hold on, it's going to get bumpy.

Going Under

”

Rising costs are impacting different groups in different ways...



People are experiencing rising costs in very different ways and from different starting points



Top of the world

Very optimistic about the essentials and the luxuries



Cautious but comfortable

Optimistic about the essentials and fairly optimistic about luxuries



Just about managing

Optimistic about the essentials and pessimistic about luxuries



Beginning to struggle

Fairly pessimistic about affording the essentials and pessimistic about affording the luxuries.

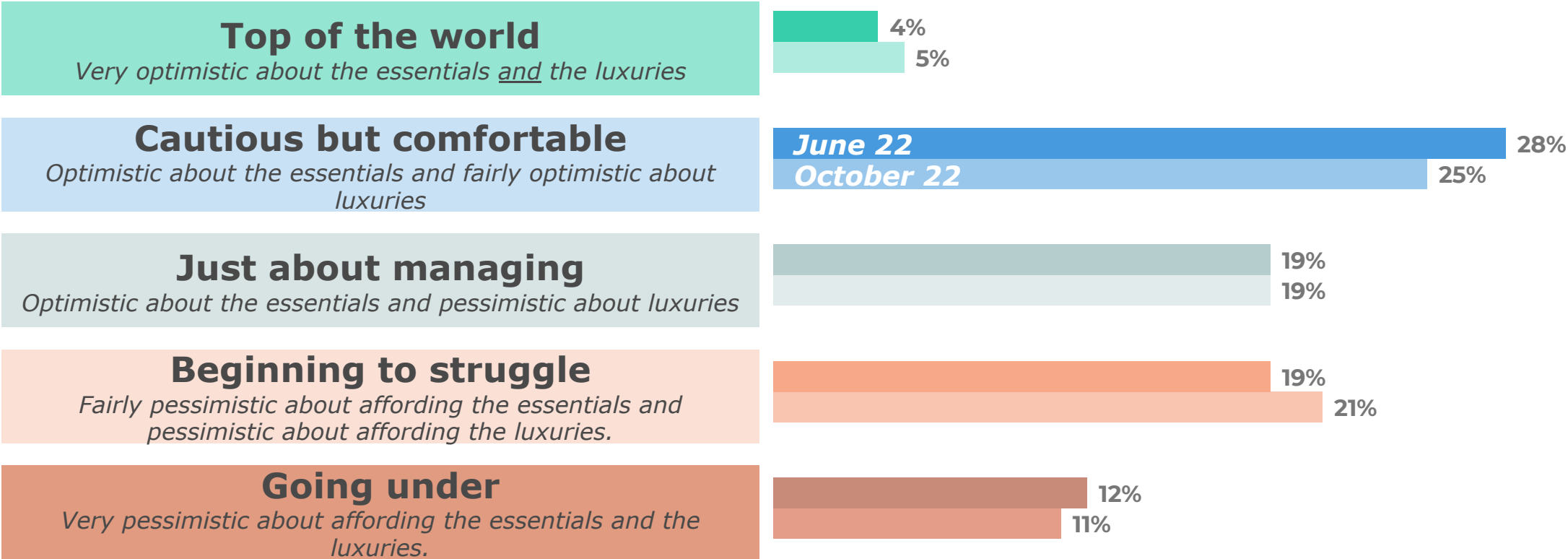


Going under

Very pessimistic about affording the essentials and the luxuries.

And these differences seem to be fairly stable...

Although the size of our 'cautious but comfortable' typology has decreased slightly since June...



BritainThinks, *Cost of Living Diaries*. Q2. Thinking now about your personal life, to what extent are you feeling optimistic or pessimistic about the following over the next year or so? Being able to afford the essentials in life; Being able to afford the luxuries in life. Base: all respondents (June: n=2073, October: n=2074).

Which word was most commonly used by the public to describe how they feel in October 2022?



Hopeful

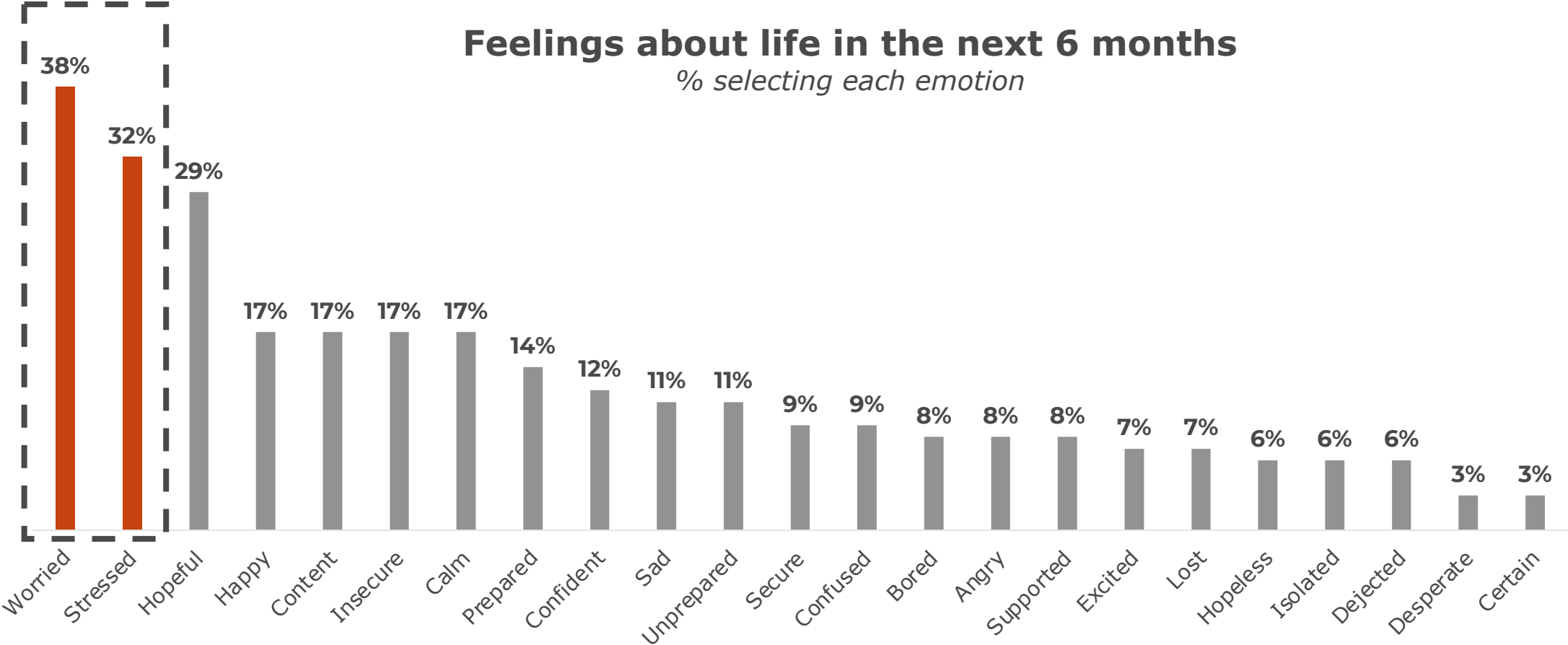


Worried



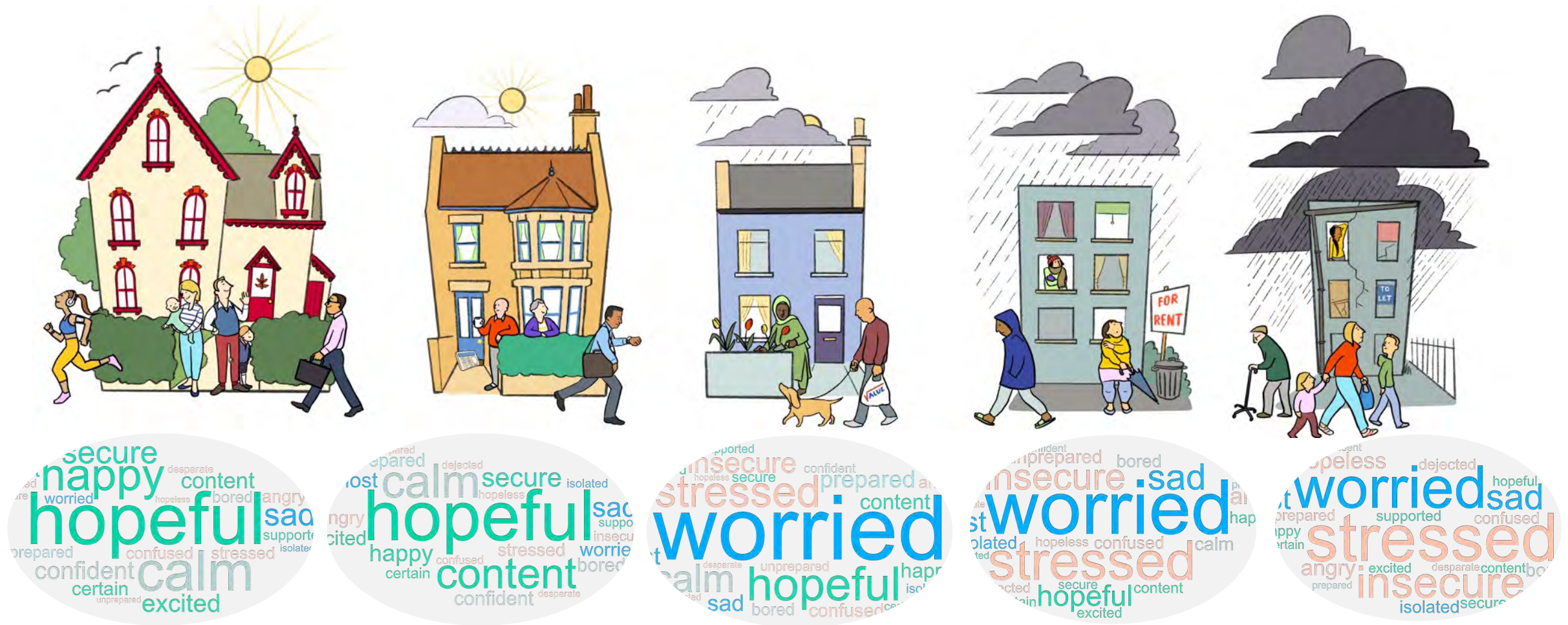
Stressed

At a population level: worried, stressed, then hopeful



BritainThinks, *Cost of Living Diaries*, October 2022. Q1. Which of the following emotions best sums up how you feel about your life over the next six months? Please select up to 4. Base: All respondents (n=2074).

But really it depends who they are...



BritainThinks, *Cost of Living Diaries*, October 2022. Q1. Which of the following emotions best sums up how you feel about your life over the next six months? Please select up to 4. Base: All respondents (n=2074).

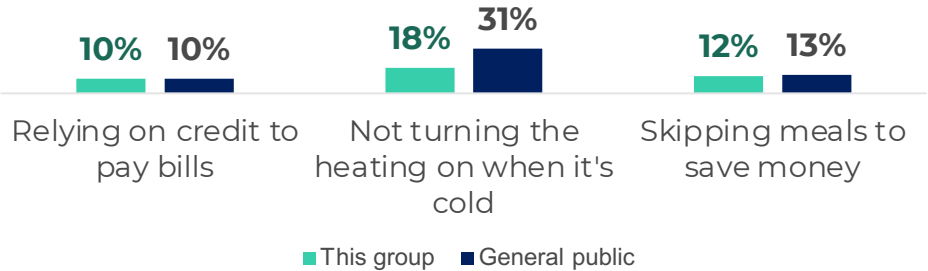
Top of the world

'Top of the world' are optimistic and unconcerned. Making up **5% of the population**, they are least likely to feel concerned about news topics we have explored, and are most likely to say they definitely **won't** do the money saving behaviours we explored.



Actions being taken to deal with the cost of living crisis

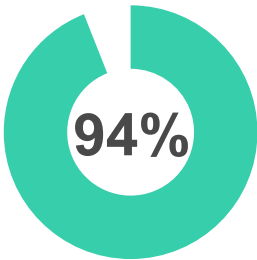
% selecting "already doing" or "will definitely do"



"Luckily, it's something I'm not faced with so generally I don't get involved in worrying about it."

63%
are concerned about the cost of living increases, compared to **90% of the general public**

- ### More likely to be
- Mean average household income of **over £39,000.**
 - Have no children under 18 (65%)
 - Home owners (82%)
 - Men (67%)
 - Co-habiting (58%, including 50% married)
 - Living in London or Scotland



of this group can afford a **little treat to cheer themselves** up against the backdrop of the rising cost of living

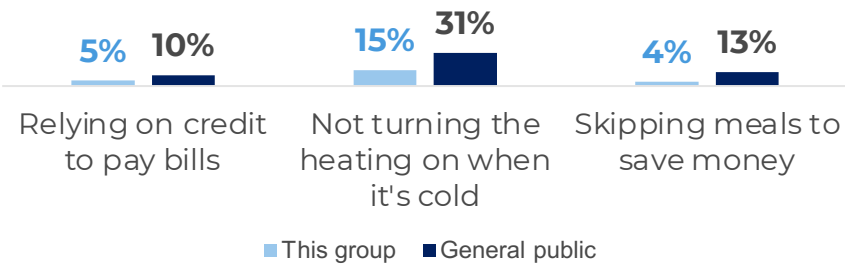
Cautious but comfortable

Fairly optimistic about their prospects. Making up a **quarter of the population** (25%), they are relatively optimistic about their finances. However, they are still concerned about the cost of living, and are considering many of the money saving behaviours we tested.



Actions being taken to deal with the cost of living crisis

% selecting “already doing” or “will definitely do”

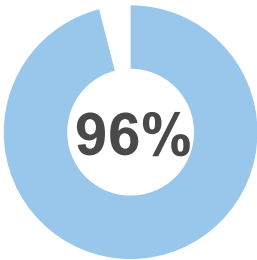


“Despite our family not being a low-income family, we are still spending cautiously. In the current economic climate, it is hard not to.”

87%
are concerned about the cost of living increases, compared to **90% of the general public**

More likely to be

- Mean average household income of **over £37,000.**
- Men (58%)
- Home-owners (79%)
- Have no children under 18 (79%)
- Co-habiting (57%, including 46% married)
- Over 55-years-old (50%)
- Living in London or Southern England



of this group can afford a **little treat to cheer themselves** up against the backdrop of the rising cost of living

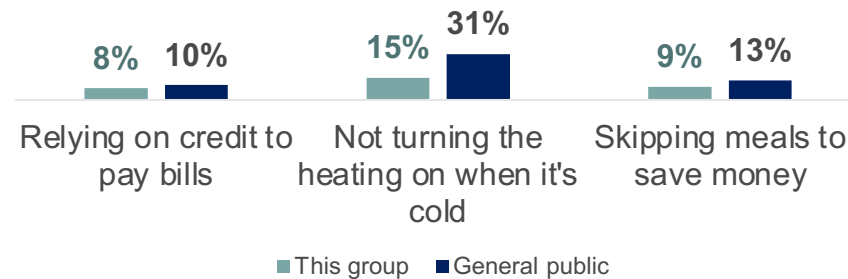
Just about managing

Beginning to feel the pinch of the cost of living, but are optimistic about affording the essentials in the short-term. This group makes up **a fifth of the population** (19%) and whilst they have mixed feelings about their finances, they are optimistic about their lives.



Actions being taken to deal with the cost of living crisis

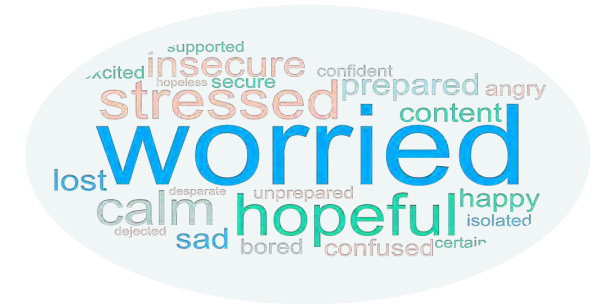
% selecting "already doing" or "will definitely do"



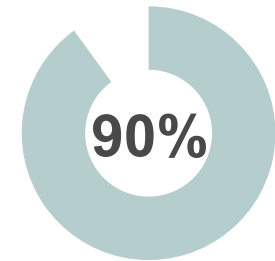
96%
are concerned about the cost of living increases, compared to **90% of the general public**

More likely to be

- Mean average household income of **over £35,000.**
- Home-owners (73%)
- Co-habiting (50%, including 37% married)
- Almost even split men and women (53% women)
- Living in Southern England, Scotland or the Midlands



"I am mostly worried about being financially smart and controlling how I spend my money."



of this group can afford a **little treat to cheer themselves up** against the backdrop of the rising cost of living

BritainThinks | Private and Confidential

BritainThinks, *Cost of Living Diaries*, October 2022. Q1. Which of the following emotions best sums up how you feel about your life over the next six months? Please select up to 4. Base: All respondents (n=2074). Q2. *These issues are often covered in the news. To what extent do you personally feel worried about these issues?* Base: All respondents (n=2074); Q6. *Below are some actions people may be taking in relation to the rising cost of living. To what extent are you doing any of these this year in relation to your budgeting and spending?* Base: All respondents (n=2074).

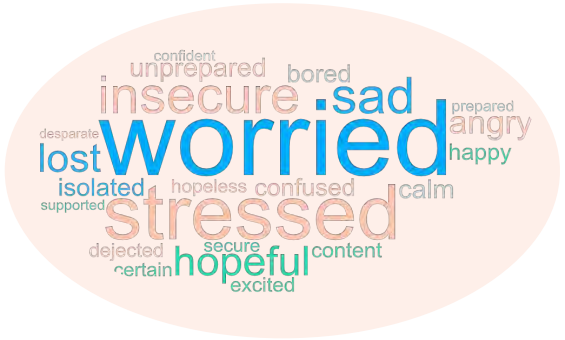
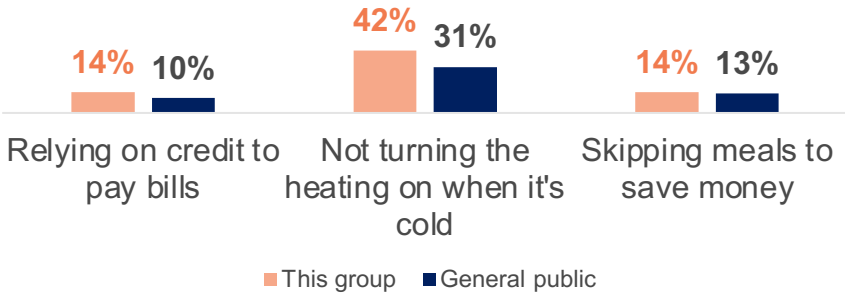
Beginning to struggle

Struggling with the cost of living crisis. This group makes up a **fifth of the population** (21%) and they are fairly pessimistic about their finances. They are already cutting down spending in lots of areas, and believe this will increase further.



Actions being taken to deal with the cost of living crisis

% selecting “already doing” or “will definitely do”

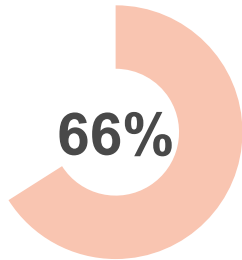


“I am worried about my money as it doesn't seem to be stretching very far.”

96%
are concerned about the cost of living increases, compared to **90% of the general public**

More likely to be

- Mean average household income of just over **£28,000.**
- Almost even split of men and women (53% women)
- 35-54-years-old (39%)
- Single (33%)
- Have a LTHC or disability (29%)
- Living in Scotland or Northern Ireland



of this group can afford a **little treat to cheer themselves** up against the backdrop of the rising cost of living

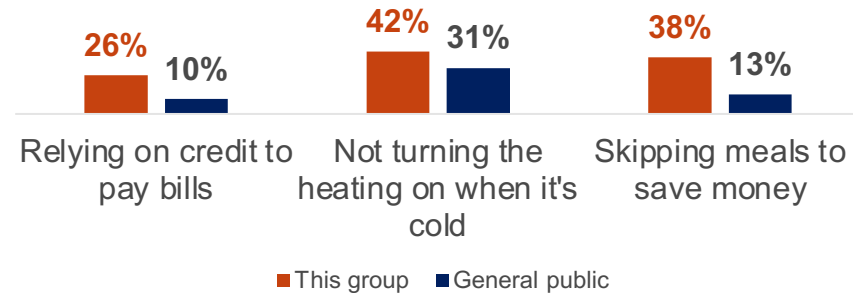
Going under

Struggling to stay afloat. Over **1 in 10** (11%) of the population, this group are pessimistic about a lot in their lives, including their finances. They are very concerned about the cost of living, and are more likely to already be cutting back and adopting money saving behaviours.



Actions being taken to deal with the cost of living crisis

% selecting "already doing" or "will definitely do"



"I no longer have treats as I can't afford them. I can't afford a gym membership, don't own a car and can't afford the bus."

98%

are concerned about the cost of living increases, compared to 90% of the general public

More likely to be

- Mean average household income of just over **£25,000.**
- Women (62%)
- 35-54-year-olds (46%)
- Renters (49%)
- Have a LTHC or disability (45%)
- Parents of school-aged children (5-18 years old) (32%)
- Living in Wales, Northern England or the Midlands

37%

of this group can afford a **little treat to cheer themselves** up against the backdrop of the rising cost of living

BritainThinks | Private and Confidential

BritainThinks, *Cost of Living Diaries*, October 2022. Q1. Which of the following emotions best sums up how you feel about your life over the next six months? Please select up to 4. Base: All respondents (n=2074). Q2. *These issues are often covered in the news. To what extent do you personally feel worried about these issues?* Base: All respondents (n=2074); Q6. *Below are some actions people may be taking in relation to the rising cost of living. To what extent are you doing any of these this year in relation to your budgeting and spending?* Base: All respondents (n=2074).

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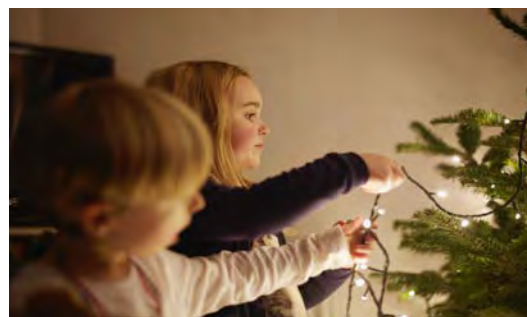
**Whatever their
circumstances,
people want to do
more than survive –
they want to thrive...**



When it comes to personal lives, people do still feel they have a lot to *look forward* to...



Many people are looking forward to **upcoming holidays**, whether domestic or international.



While some expect to alter their **Christmas** plans due to rising costs, they look forward to spending time with friends and family.



Life events – **new relationships**, a **new home**, or **beginning a family** shine through as highlights in people's lives.



Others are embarking on **new stages of their career**. They may be seeking more secure or higher-paying jobs, or be looking for more satisfaction at work.

“ I am currently organising a family holiday to the Isle of Wight, to celebrate my 38th birthday.
Cautious but Comfortable ”

“ I am looking forward to Christmas. To be able to spend it with my beautiful grandchildren is so special.
Beginning to struggle ”

“ [I am looking forward to] getting married and moving house, because I'm with someone I love.
Cautious but comfortable ”

“ [My new job] will be a lot more permanent role compared to my other jobs...I need a better job where I earn more and is more long-term.
Going under ”

People who celebrate the season are very much looking forward to a 'normal' family Christmas

“

We are hopefully for the regular Xmas family dinner at my parents house and rest of family will join as well – due to covid etc this has not happened for 2 years.

Going under

”

“

Xmas plans for us are to enjoy as a family in our household, my family will be joining us from London and we will be visiting the in-laws for Boxing Day – gifts we will keep in minimal but meaningful.

Just about managing

”

Christmas spending is going happen, but be mindful and more intentional

- Fewer and / or less expensive gifts
- Higher willingness to 'shop around' for prices and secondhand items, as well as home-made gifts
- Cooking at home rather than going out for meals or festive events
- Those at the struggling end of the spectrum are more likely to be taking more extreme measures like extra work hours, layering discounts, spreading the cost of Christmas between family members.
- But among those who celebrate Christmas, it is still priority, **and they want to enjoy it after the restrictions over the past two years.**

“

My plans for Christmas in terms of budgeting are far tighter this year. I plan to spend less by layering discounts, offers or sales, shopping local or from sites like eBay, Etsy, and cutting costs by crafting items myself.

Beginning to struggle

”



**When we asked
what the British
public feel they
are currently
able to afford,
which came out
top?**

A photograph of a group of people at a night event, possibly a concert or festival, with their hands raised in the air. The scene is illuminated by warm, golden light.

A night out with friends

A close-up photograph of a smiley face drawn on a dark, textured surface, possibly asphalt. The smiley face is made of white paint or chalk, with a yellow circular border around it.

Little treats to cheer me up

A photograph of a pink gift box with a gold ribbon bow, sitting on a surface covered with small, dark, heart-shaped confetti.

**Gifts for Birthday or
Christmas**

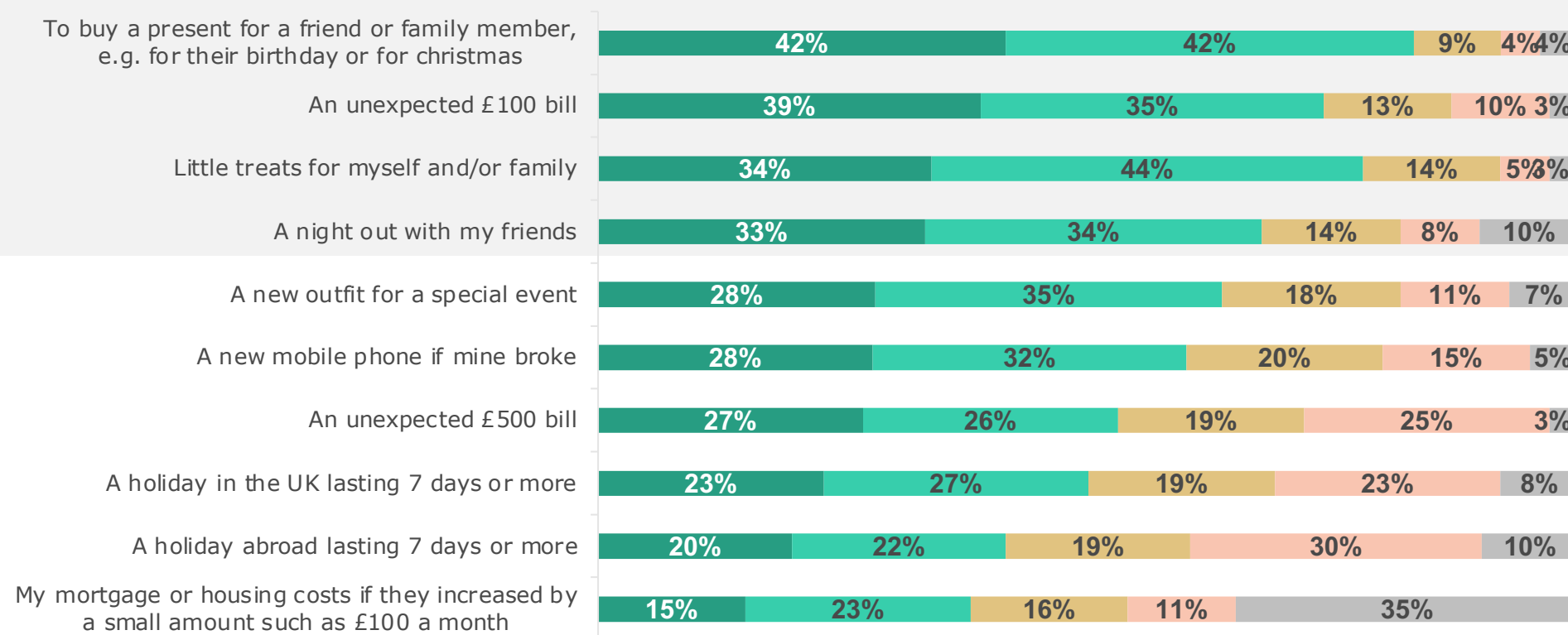
A close-up photograph of a person's hands holding an open brown leather wallet. A smartphone is visible inside the wallet.

An unexpected £100 bill

Across the board gifts, treats, and socialising are felt to be affordable to many – illustrating what matters to them

Which, if any, are you able to afford? Showing total % selecting each

■ I could definitely afford this ■ I could probably afford this ■ I probably could not afford this
■ I definitely could not afford this ■ Don't know/not applicable

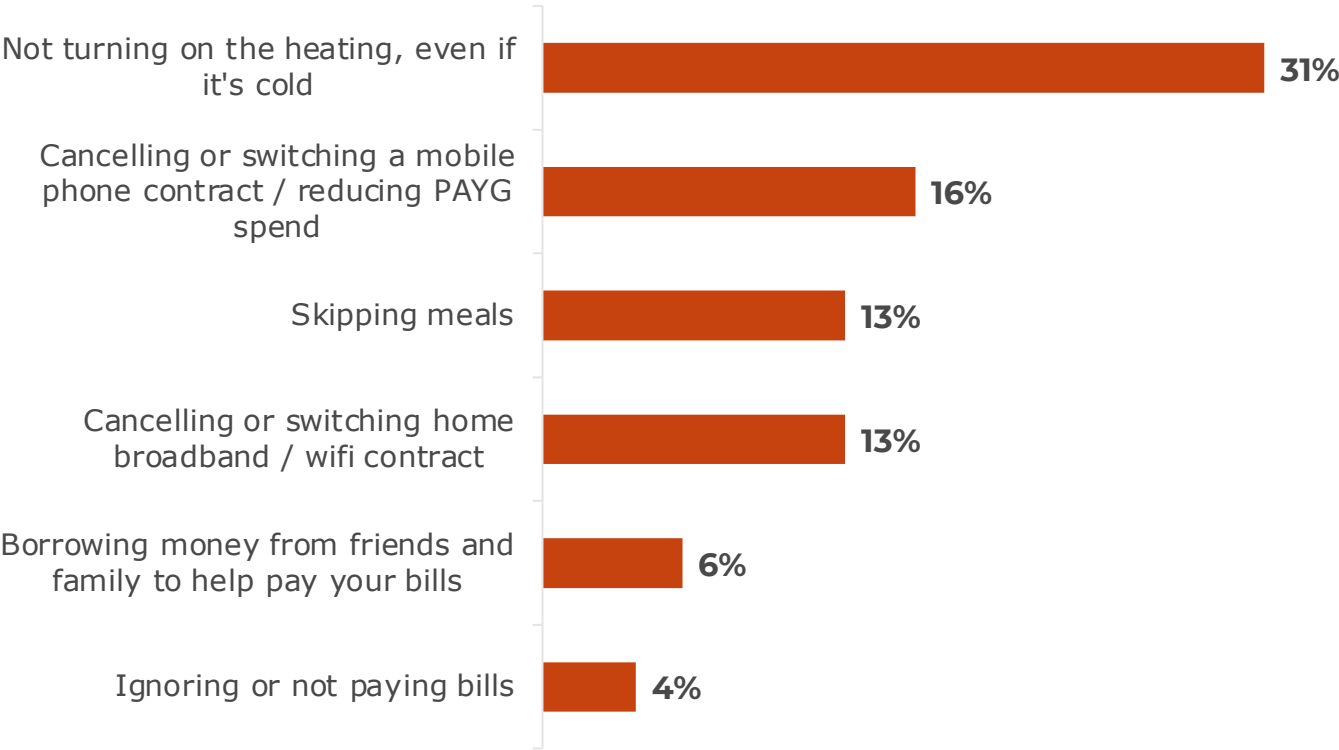


Whilst men and older age groups are more likely to be able to afford many of these, **these top 4 priorities are consistent** across demographics

But people are also making sacrifices...

Actions in relation to cost of living

Showing total % selecting 'I have already done/am already doing this' or 'I will definitely do this'



BritainThinks, *Cost of Living Diaries*, October 2022. Q6. Below are some actions people may be taking in relation to an increasing cost of living. To what extent are you doing any of these this year in relation to your budgeting and spending? Base: All respondents (n=2074).

What makes a 'little treat' fits consistent themes – they are what help people have resilience and hope each day



Holidays and upcoming trips, which are often also about spending time with family and friends and looking forward



Cheaper forms of **socialising** (which is seen as key for mental health) like meeting for coffee or cooking / movie nights at home, or going out occasionally



'Treat' food and drink like a nice bottle of wine or dessert, even if they are trying to reduce their food bill overall (e.g. by switching to own brand)



Consumer items that help every day, such as clothing, tech equipment, and beauty products

“ We may not have a treat daily, but save up and go out on a weekend break.
Cautious but comfortable ”

“ Out for lunch or tea once or twice a month as a family for a treat...We wouldn't be happy if we couldn't afford to do this occasionally.
Top of the World ”

“ A cup of coffee from Nero or Pret, Haribos, a bar of chocolate or fast food breakfast such as McDonalds.
Cautious but comfortable ”

“ Earpods, which I was thinking to buy for the last 2 years... they are used daily and make my life so much easier.
Cautious but comfortable ”

Wellbeing and health are also important – but again, people are making trade-offs to maintain this in a difficult period

People feel they need to take care of their health. They want to avoid using the overburdened NHS and protect their mental health during a difficult time.



As a result, affordable self care is a priority for many, including ditching gym memberships for free exercise options, at-home pampering, cooking healthy meals from scratch rather than eating takeout, and maintaining little indulgences where possible.

“

Going for a walk everyday for 30-45min, I cancelled my gym membership to cut down cost.
Cautious but comfortable

”

“

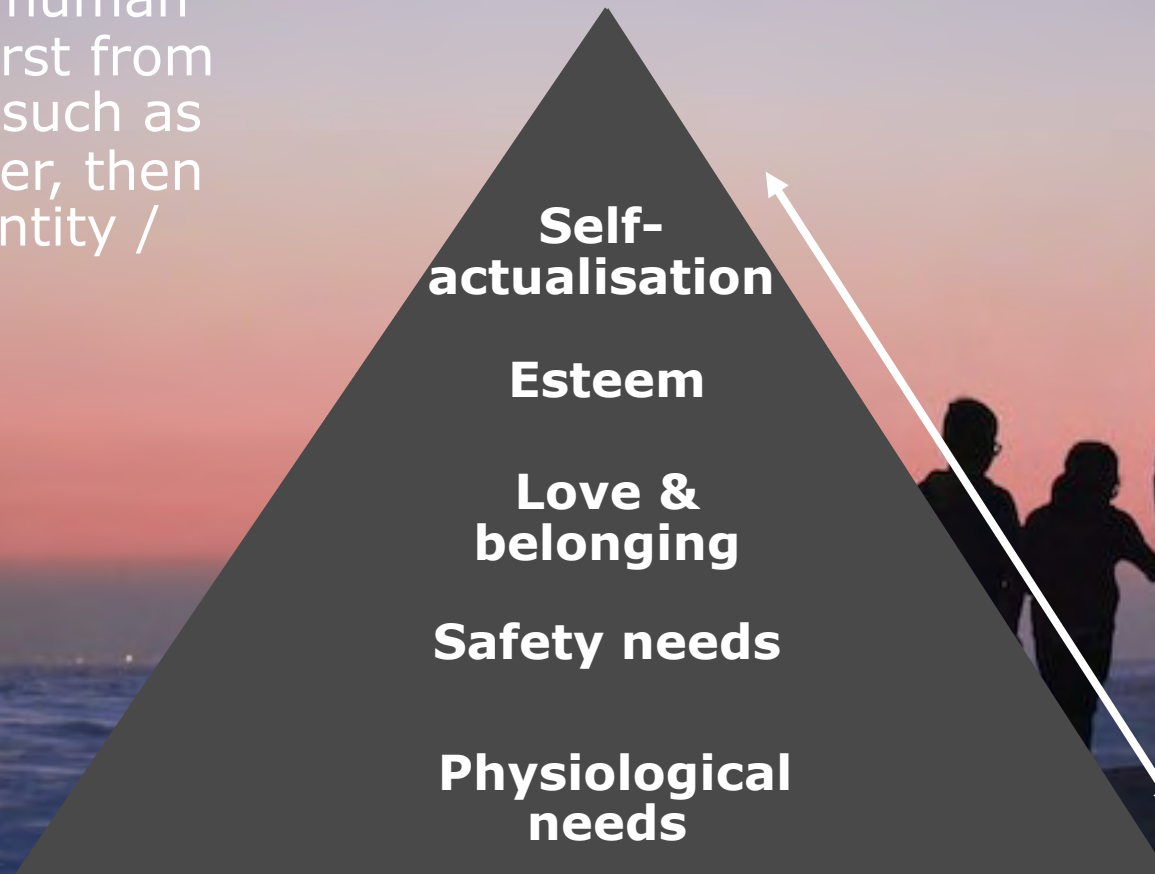
I'm doing self care such as face masks...I find myself being more crafty and trying to find cheaper ways of looking after my well-being, like going to beauty salons or hairdressers far less.

Beginning to struggle

”

If we look at models of human motivation, resilience is at the heart of this

Maslow's hierarchy of needs asserts that human motivation comes first from having basic needs such as food, warmth, shelter, then self esteem and identity / control.



Providing a powerful platform to tap into – the public want some hope, control, and pleasure in life

**Self-
actualisation**

Esteem

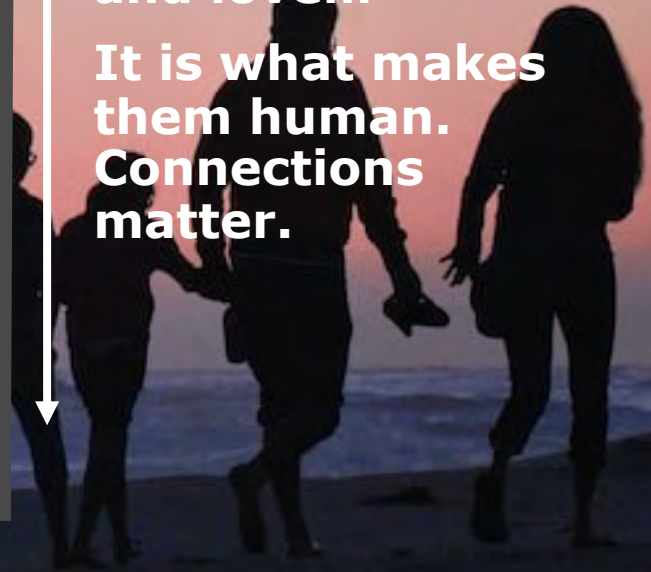
**Love &
belonging**

Safety needs

**Physiological
needs**

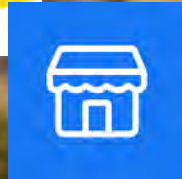
Even in times of
need, we find
people do still
prioritise self
identity, control,
and love...

It is what makes
them human.
**Connections
matter.**



Companies providing this are standing out – but there are high expectations

Guide them to discounts and deals



"I like good quality items and eBay allows me to get those things at affordable prices. I've started doing a lot of my shopping at Aldi and appreciate the brand replacements on offer."

Just about managing

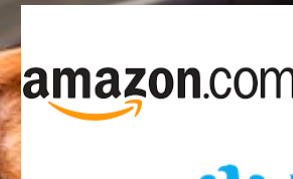
Provide entertainment and escapism



"Streaming/TV services such as Netflix, Prime, Disney+, Sky, BT all have given us great content during the pandemic, I expect them continue doing their good job during tough times."

Cautious but comfortable

Be as flexible as possible



"I have high expectations from banks and financial institutions to stretch their helping hand to struggling people - good saving rates, granting some mortgage holidays and offering people products based on their needs."

Cautious but comfortable

When it comes to expectations of brands, those that help to live a good life – despite challenges – shine through.

**This insight must be carefully calibrated.
Do not overlook that people are genuinely
worried.**

**Some are incredibly vulnerable and suffering,
and there is low trust in the institutions that the
public traditionally think will help them in times
of need:**

Just **17%** of the population **agree** that the **government has taken
effective action** to reduce the cost of living

So, what does this mean for strategic planning in 2023?



Three consistent themes in our latest findings feel especially important

The breakdown of trust in Government, the system, and the status quo, and the impact of instability on the public psyche

The unequal way in which this crisis is being experienced – with some already on a knife edge and others feeling optimistic

The appetite from all to thrive again, and not to lose sight of their own goals and simple pleasures in daily life



The messaging getting it right speaks to universal human motivations and goals.

This provides a strong platform for 2023, whatever your sector, category or brand - put people first.

2023 is a time to be empathetic without being patronising, optimistic without being unrealistic.

A moment when trust or reputation can be made or damaged quite easily – and customers do need your help.

Which leads to three key areas to focus on in 2023:



Keep focused on the long term

Invest in brand building, not just performance marketing. Don't focus purely on short term revenue. Evidence shows that brands that do this in the bad times, reap the rewards in the good times.

Innovation & brand strategy



Don't make assumptions

Truly understand your existing and potential audiences, and what they need in this time of uncertainty and change. And don't make assumptions about they want to hear, see or do - find out from them.

Customer closeness



Growth means many things

Think about the value you can add to customers' lives, the campaigns, legislation or lobbying that will make a difference, CX, value proposition or purpose that will actually help people live a little better.

Don't rely on data – test & learn

Thank you

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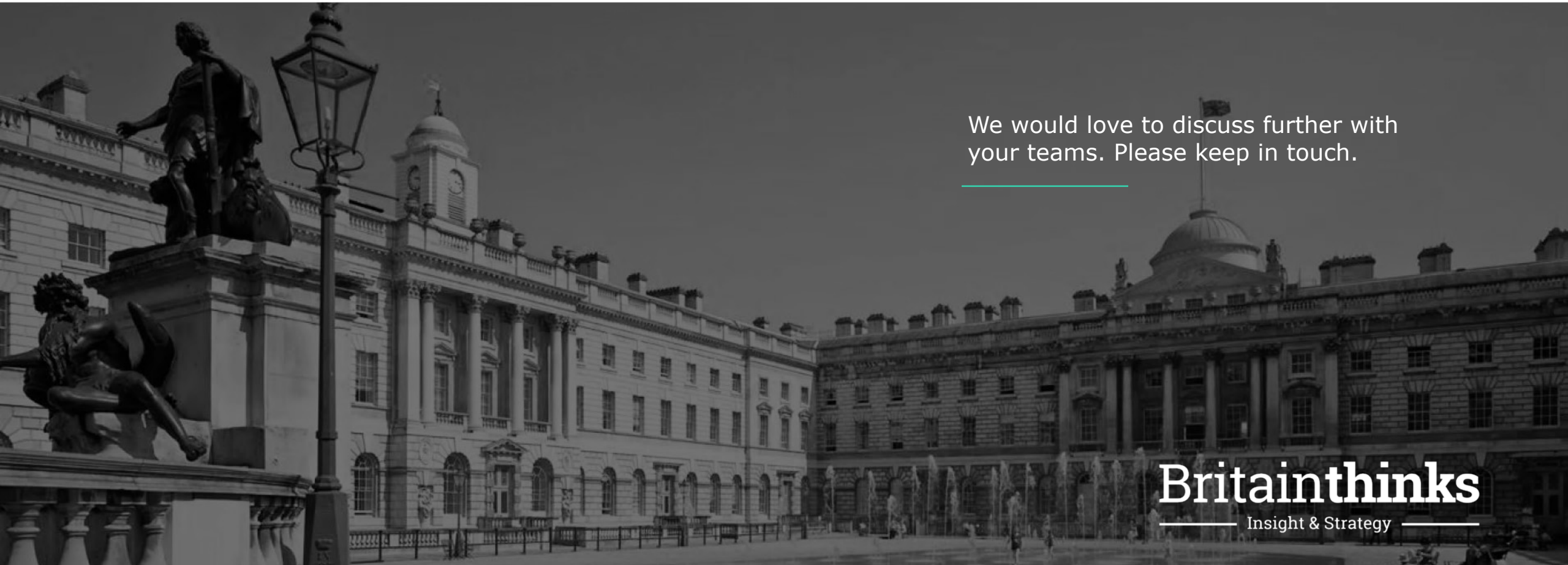
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We would love to discuss further with
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