Worried Britons seek both "value and values" when shopping - EY UK Future Consumer Index

By Sandra Halliday - July 15, 2022

UK consumers are feeling the strain and the mix of inflationary pressures and economic uncertainty is widening the gap between the haves and have-nots.

Low- and middle-income consumers are reining-in their spend, while high-income consumers are able to carry on almost as usual, EY’s latest Future Consumer Index claims.

But consumers of all incomes do have one thing in common — their focus on sustainability that seems to mesh well with a more thrifty approach to consumption.
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More of that later. First, it seems that British consumers in general are prioritising affordability in their purchasing decisions but EY’s survey has found that 37% of low- and middle-income consumers are only purchasing the essentials – up from 26% in February. Meanwhile, consumers across all income groups are making more economical and sustainable choices.

The survey of over 1,000 UK consumers is in its 10th year and found that 32% of consumers are now switching brands to try cheaper alternatives, also up from 26% in February.

Affordability has risen in importance since February, with 27% of all consumers now adopting an ‘affordability first’ mindset, an increase of 8%.

Thrift is the watchword for many discretionary purchases and 49% of consumers are buying less clothing, shoes and accessories.

As mentioned, there’s a growing disparity between high-income consumers with low affordability concerns and low- and middle-income consumers with increasing affordability concerns – “typical of a so-called K-shaped recovery in which different groups experience different rates of recovery after a recession”.

The research found “significant levels” of pessimism among low-income consumers, with 46% saying they feel financially worse off compared to February this year. Only 39% feel in control of their lives – half the 79% of high-income consumers who feel the same.

As many as 33% of middle-income consumers are also bracing themselves for tough times but only 15% of high-income consumers expect to be financially worse off in the next 12 months. In fact, 61% of this income bracket say they’re “excited about spending money on things that will improve their lifestyle”.

What’s particularly interesting is that across all income groups, “consumers are making more economical and sustainable choices”. Of those surveyed, 90% said they’re trying not to waste food and 55% are paying more attention to the environmental impact of what they purchase. Some 70% also said they prefer to repair rather than replace.

That attitude is also driving 75% to say they’re less interested in the latest fashion trends.

EY summed this up rather neatly saying “consumers are looking for value and values”. It added: “Brands and retailers need to find new and innovative ways to deliver affordability and sustainability to win over the K-shaped consumer. Successful companies will be those who can navigate this landscape and find the pockets of opportunity in a rapidly changing market.”

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