



Vypr

Consumer trends for 2024

January 2024

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In brief

- **Economic resilience takes centre stage:** Consumers approach economic challenges with a blend of optimism and caution. They look to maintain steady spending habits and make smart financial choices.
- **Balancing quality with cost:** The consumer quest for quality continues, matched by a keen eye for budget-friendly options. This has sparked a wave of innovation and value-focused strategies in the market.
- **Embracing home-centric lifestyles:** A significant pivot towards home-centric living is underscored by a growing investment in domestic comforts, hobbies and wellbeing, reflecting a redefined approach to daily life and consumption.

Introduction

In this report, we explore the ever-evolving landscape of consumer behaviour, using Vypr data. We'll focus on the trends in consumer spending habits in response to the ongoing economic challenges.

We'll explore low cost shopping trends, the impact of increased home-centric lifestyles and how sustainability fits in with consumer choices. We also explore the shifts in brand loyalty, the dynamic of instore retail experiences and the strategic pivots made by consumers to adapt to cost of living changes.

Using the Vypr platform, we asked our panel of over 75,000 consumers questions about these topics to understand the consumer mindset in 2024. Whether you're refining your product line, tailoring your marketing strategies or seeking to better understand your target market, this report will help.

Navigating economic changes

In the face of the UK's persistent cost of living crisis, there's a glimmer of hope as inflation rates dropped to 3.9% in December 2023.

Did this news resonate with consumers? Our results show the response has been mixed. While 50% of consumers greeted the news with optimism, a significant 33% remained neutral, indicating either a lack of clarity on what this reduction in inflation really means for them personally or a belief that it wouldn't significantly impact their lives.

Question is How do you feel about inflation falling to 3.9%?

50%

Positive responses

We estimate that 50.00% of the responses were positive.

17%

Negative responses

We estimate that 17.43% of the responses were negative.

33%

Neutral responses

We estimate that 32.57% of the responses were neutral (or other)

Sent to nationally representative sample

Vypr

Thoughts on inflation falling



It may have fallen but it's still way too high for the average person to survive.

Female aged 25-34



It's a positive sign that things are moving in the right direction.

Male aged 35-44



I'm not sure what impact it will have on me if any, prices are still high.

Female aged 35-44

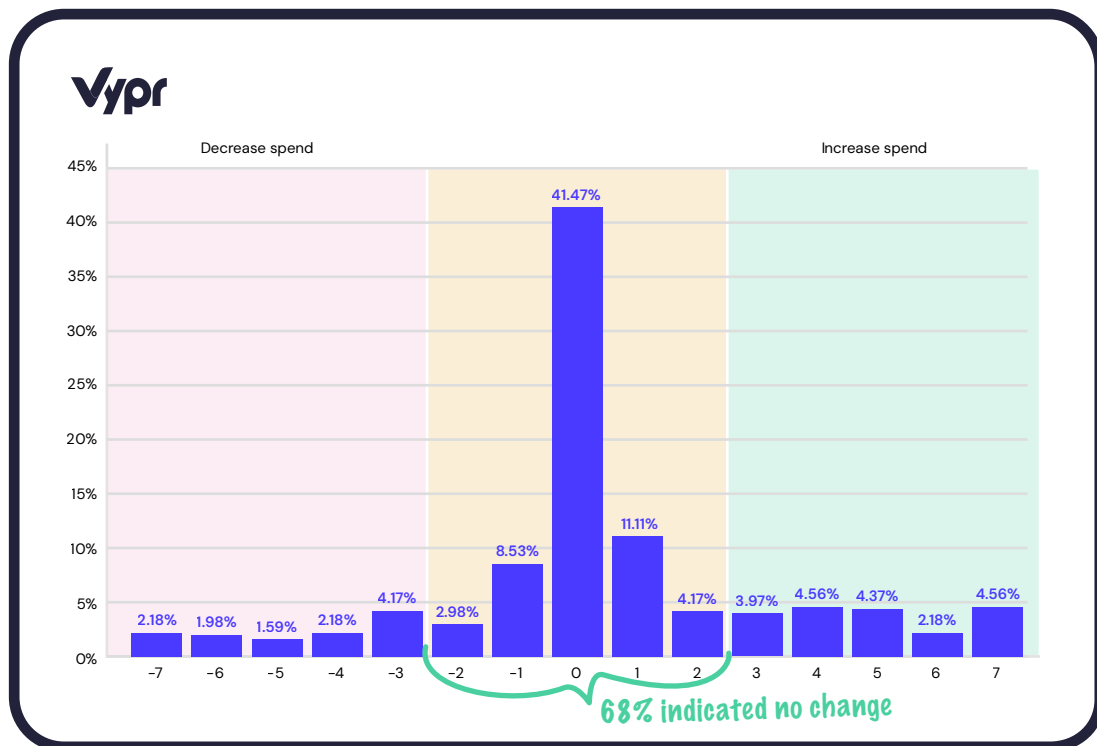
Navigating economic changes

Continued

To delve deeper into consumer sentiment, we ran a Vykert steer (Vypr's version of a Likert), aiming to gauge the effect of falling inflation on consumer spending habits. The insight is quite telling: 68% of our panel indicated that the decline in inflation wouldn't alter their spending behaviours.



Inflation has fallen to 3.9%. How much will this impact your everyday spending?



Sent to nationally representative sample

Although inflation rates are improving, consumers are still trading cautiously when it comes to their budget. This is compounded by the extra expenses many of us face in January. Our community tells us that this is the time of year when they feel the financial pinch the most.

Navigating economic changes

Continued

When we asked why they chose January, the aftermath of Christmas festivities coupled with the rise in the cost of bills emerged as the primary culprits.

Thoughts on why January has the most financial pressure



Because I have 3 major bills due in January which have increased considerably this year.

Female aged 25-34



The cost of utilities due to the increased heating costs.

Female aged 35-44

Which month of early 2024 do you expect to feel the most financial pressure on your household budget?



January

46.35%

February

12.62%

March

9.07%

April

8.88%

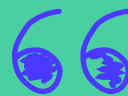
May

2.96%

None of the above

20.12%

Sent to nationally representative sample



I think January is a harder month following the expense from Christmas and also I get paid earlier in December so it's a longer wait to the next pay day in January.

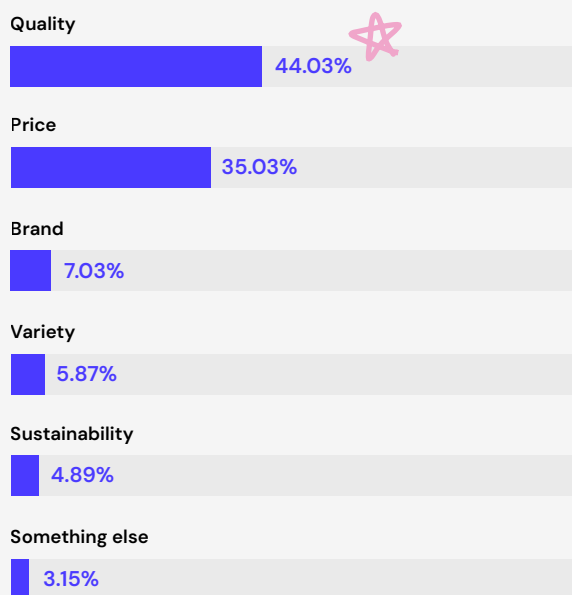
Male aged 45-54

Low cost shopping

As consumers navigate rising prices of essential products, the allure of low cost options is increasingly compelling. Balancing the scales between price and quality, it's clear that many budget-friendly grocery choices are hitting the mark. According to our findings, 'quality' remains a paramount consideration for 44% of consumers, who place it above 'price', though cost considerations are inevitably key for high-ticket items.

Why is quality more important than price? Our findings revealed consumers worry that inferior products might need replacing sooner or even affect their health.

What's most important to you when shopping for low cost items?



Sent to nationally representative sample



There's no point in buying 10x pairs of £10 shoes, if buying a £50 pair lasts the same time period.

Female aged 35-44

Thoughts on why quality is important when buying low cost items



I believe you get what you pay for and that quality means it does the job better, tastes better, cleans better, has better features or will last longer and look better.

Male aged 55-64



Better quality means better health.

Male aged 45-54

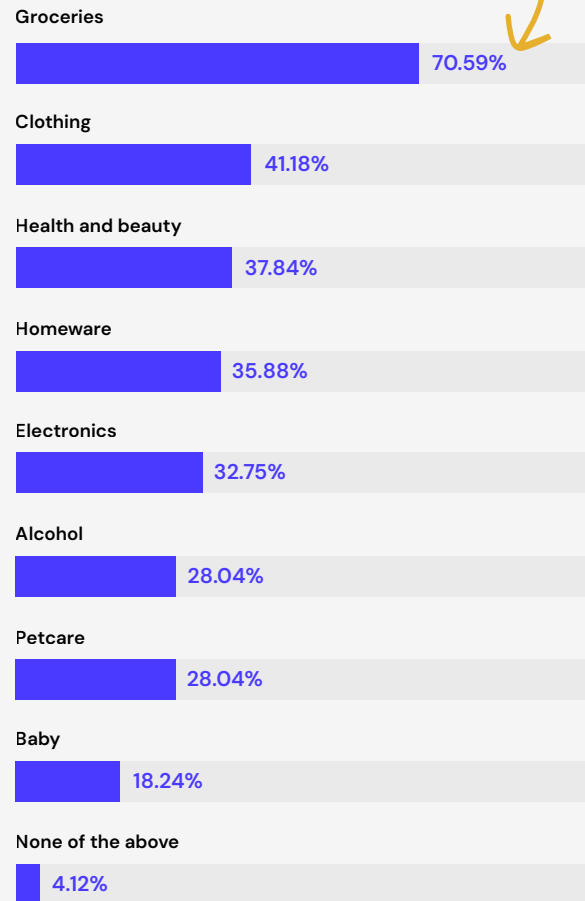
Low cost shopping

Continued

We wanted to understand any potential opportunities for low cost options and in what categories consumers would like to see more affordable choices. Not surprisingly, groceries emerged as the top category where consumers are eager for more cost-effective choices. This was closely followed by clothing at 41% and health and beauty at 38%, underscoring a consumer preference for savings on their everyday essentials.

This trend highlights an opportunity for brands to innovate and meet the demand for value in these areas.

In which **categories** would you like to see more **low cost options**?



Sent to nationally representative sample



Home related spending

We've discovered that a significant 46% of our panellists have chosen to embrace a more home-centric lifestyle compared to the previous year.

When we delved deeper into the reasons behind this shift, the motive was clear: the majority were doing so to save money. This focus on saving money serves multiple purposes, ranging from covering essential bills and groceries to planning for future holidays. With many people now working from home, some are channelling their energy and money into enhancing their living space. For others, the choice to stay in is purely financial, as going out has become less affordable.

Thoughts on why consumers are spending more time at home compared to last year



Eating out has become expensive so cook more at home. Wet weather lately does not encourage going out.

Female aged 55-64

Are you spending more time at home compared to last year?

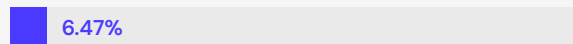
The same



More time at home



Less time at home



Sent to nationally representative sample



Working from home more so spending less time out and in the office.

Male aged 34-44



It is too expensive to go out much to restaurants, bars and events so I prefer to stay in.

Female aged 25-34

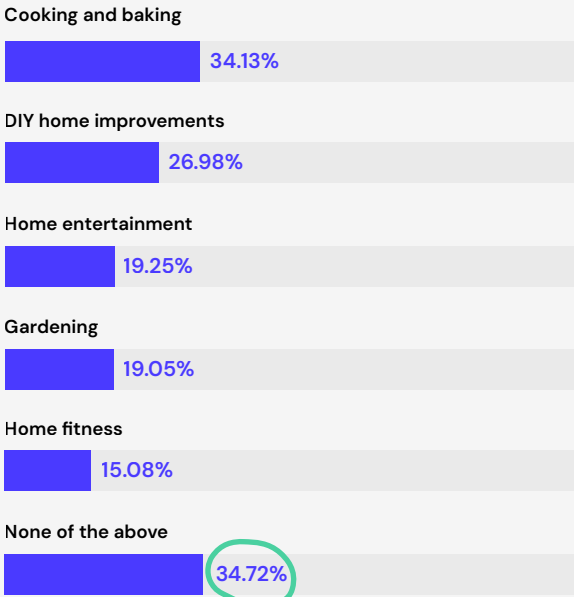
Home related spending

Continued

With more time spent at home, we wanted to understand which home-related categories customers are spending their money on. The top categories include home cooking and baking, with 34% of customers dedicating more of their budgets to culinary adventures, as well as DIY home improvements, which have captured the attention of 27% of our customers. On the flip side, 35% indicated that they haven't been spending in any of these categories, primarily due to tightening budgets.

Exploring further, our nationally representative sample unveils that home fitness is a key focus for 27% of those aged 18-34. Home fitness has seen steady growth, a trend that's gained momentum since the onset of the COVID-19 pandemic.

In which home-related categories have you increased spending in the last 12 months?



Sent to nationally representative sample

Home related spending

Continued

The surge in working from home and hybrid working has also left its mark. While many are undoubtedly saving on daily coffee shop visits and public transportation expenses, these funds are being redirected elsewhere.

Thoughts on how working from home has changed spending habits



I spend less going out but more order in more food and online shopping.

Female aged 25-34



I spend less on groceries as I tend to do more daily shops.

Female aged 35-44



Yes significantly. The main bonus is fuel costs, I used to drive a round trip of 60 miles a day.

Male 35-44

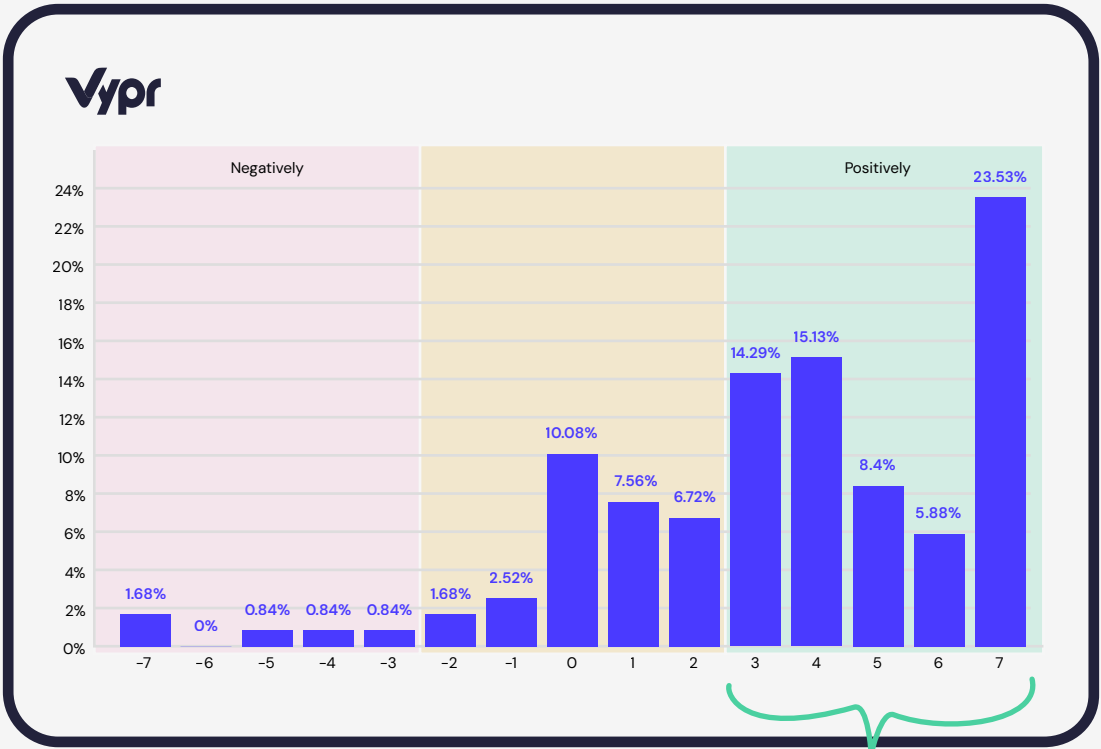
Home related spending

Continued

That being said, 67% of consumers do believe that working from home has had a positive impact on their overall spending.



How has working from home impacted your overall spending?

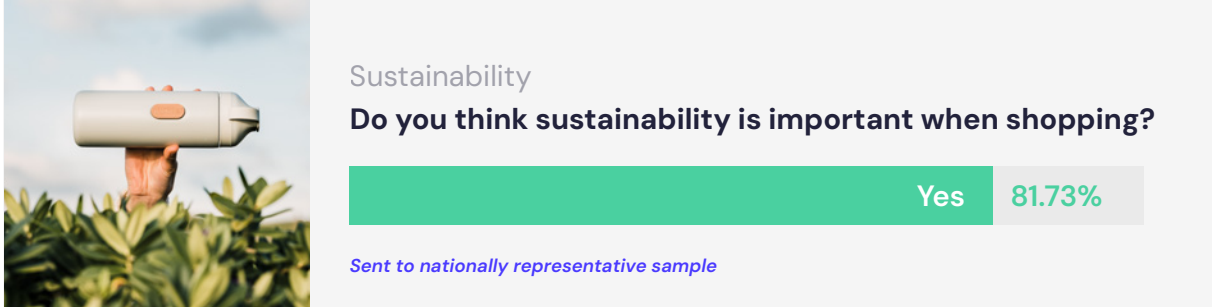


Sent to those who work from home

67% responded positively

Sustainability and shopping

When we asked our panel if they thought sustainability is important when shopping, an overwhelming majority (82%) agreed.



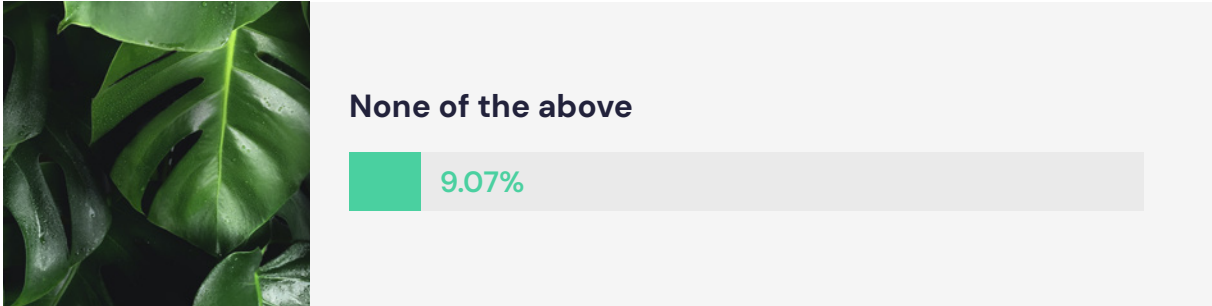
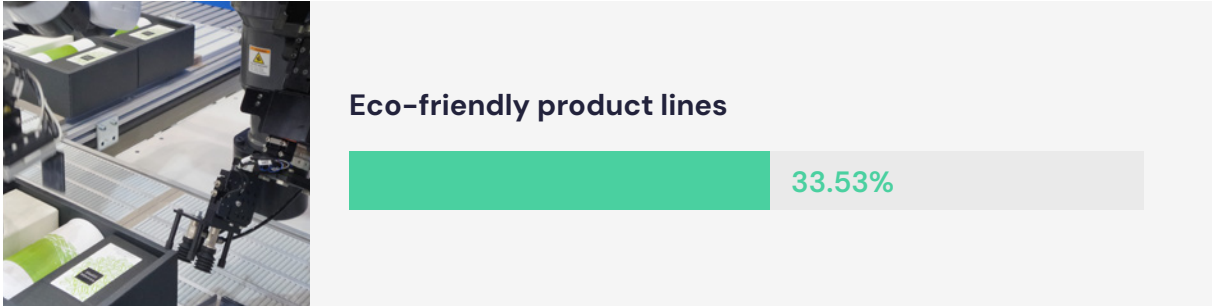
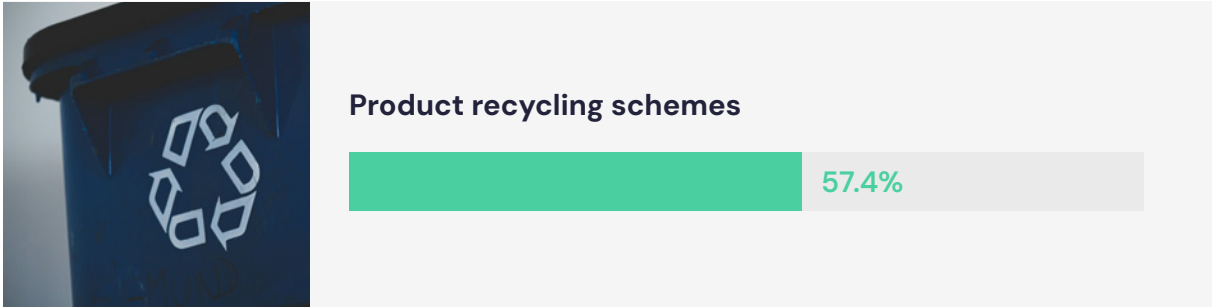
Yet, earlier in this report, when consumers were asked to consider various factors influencing their shopping choices, sustainability didn't score highly. It's important to understand that this doesn't reflect a diminishment in the value consumers place on sustainability. Rather, it underscores their desire to balance their commitment to sustainability with price and quality.

Sustainability and shopping

Continued

Consumers are eager to play their part in sustainability, but their preference often leans towards recycling their products instead of exclusively seeking 'eco-friendly' alternatives.

Which sustainability initiative do you value more?



Sent to nationally representative sample

Sustainability and shopping

Continued

We wanted to understand why consumers preferred product recycling schemes. We found that they perceive recycling as a more straightforward and cost-effective option compared to buying eco-friendly products. They believe that recycling offers a more accessible and affordable approach to sustainability.

Thoughts on the preference of product recycling schemes



It's so much easier to recycle things than to spend time checking if they're eco-friendly.

Female aged 65+



I think eco product lines are more expensive. I am not willing to pay a higher price for eco friendly goods.

Female aged 25-34



I believe eco-friendly products are overpriced and may not be as credible.

Male 35-44

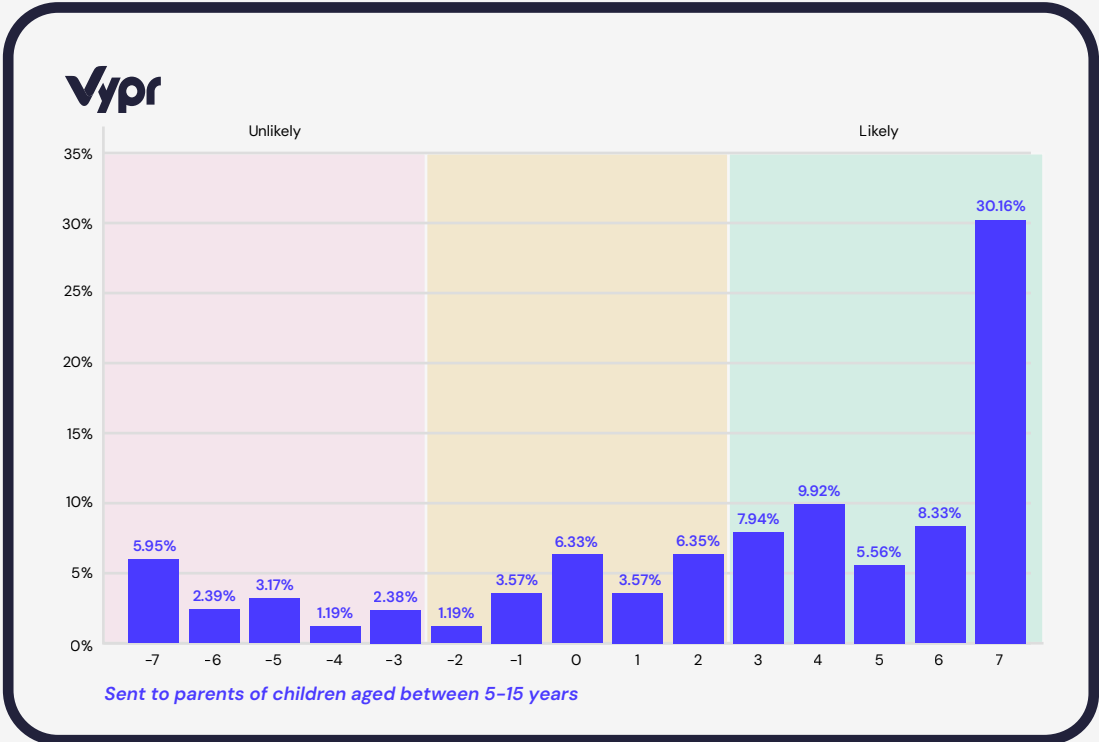
Sustainability and shopping

Continued

A prime example of this is the recycling of clothing, a trend that resonates deeply, especially among parents who feel the pinch of rising school uniform costs.



How likely are you to participate in a school uniform resale scheme?



Our August 2023 research echoed this sentiment. 43% of parents expressed their willingness to purchase second-hand school uniforms, primarily motivated by cost-effectiveness, while 22% claimed they desire to be more environmentally friendly. This highlights that while price remains a significant factor, it can complement environmentally friendly practices.

Retail shopping experiences

In the media, much has been made of the evolving retail landscape and the speculated 'death of the high street'. So we were keen to understand how consumers feel about physical stores.

Our exploration of shopping preferences revealed that a significant 59% of consumers enjoy both online and high street shopping. Interestingly, 13% are firm advocates of an exclusively online shop.

Choose your preferred shopping experience...



A mix of both online and offline

59.13%



In store

28.17%



Online

12.7%

Sent to nationally representative sample

Retail shopping experiences

Continued

When we asked consumers how they felt about the future of physical retail stores, we saw a mix of views. 40% feel positive, noting that they like that they can touch and feel the product before making a decision.

Almost 42% expressed a neutral feeling — consumers want to support these stores, but feel that they should provide a better shopping experience.

How do you feel about the future of physical retail stores?

40%

Positive responses

We estimate that 40.00% of the responses were positive.

18%

Negative responses

We estimate that 18.18% of the responses were negative.

42%

Neutral responses

We estimate that 41.82% of the responses were neutral (or other)

Sent to nationally representative sample

Vypr

Thoughts on the future of physical retail stores



I don't think they have a great future as more people are buying online and most retailers don't carry full stocks anymore so you need to order it online.

Female aged 45-54



Can see a brighter future for physical retail stores but really must invest more in improving the shopping experience for consumers.

Male aged 65+



I think there is definitely a place for physical stores. A lot of products I would struggle to shop for without being able to actually see them.

Male aged 25-34

Retail shopping experiences

Continued

What's discouraging consumers from stepping into physical stores? 44% state the challenge of securing parking as a primary deterrent, this was especially highlighted by those aged 55 and above.

Similarly, online shopping's competitive pricing, even when factoring in delivery fees, is drawing 43% away from traditional retail experiences.

What would attract you to shop more often at **physical retail stores**?



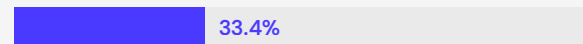
Able to **park nearby** & cheaply



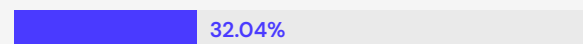
Prices match online offerings



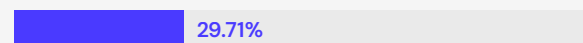
Shopping experience



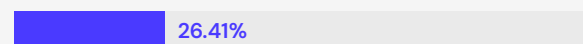
Access to products immediately



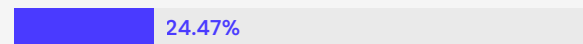
In-store exclusives



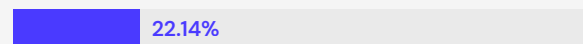
Later opening times



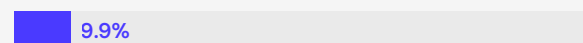
Improved customer service



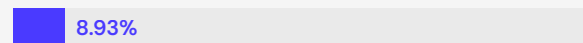
Availability of staff



Nothing, I prefer online



Something else



Sent to nationally representative sample



The savvy shopper

As the cost of living crisis continues, consumers are reevaluating their shopping habits, strategically aligning their purchases with what matters most. We asked consumers what is important to them when shopping. Product quality leads the way at 54%, closely followed by tempting offers and promotions at 53%.

What is important to you when making savvy shopping choices?



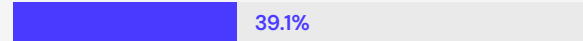
Product quality



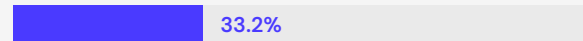
Offers and promotions



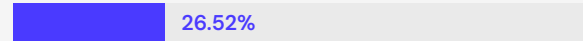
Loyalty programs



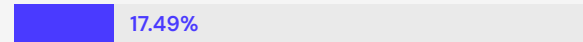
Brand trust



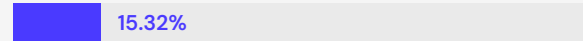
Price comparison tools



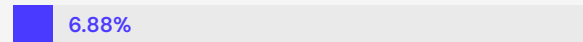
Sustainable and eco-friendly choices



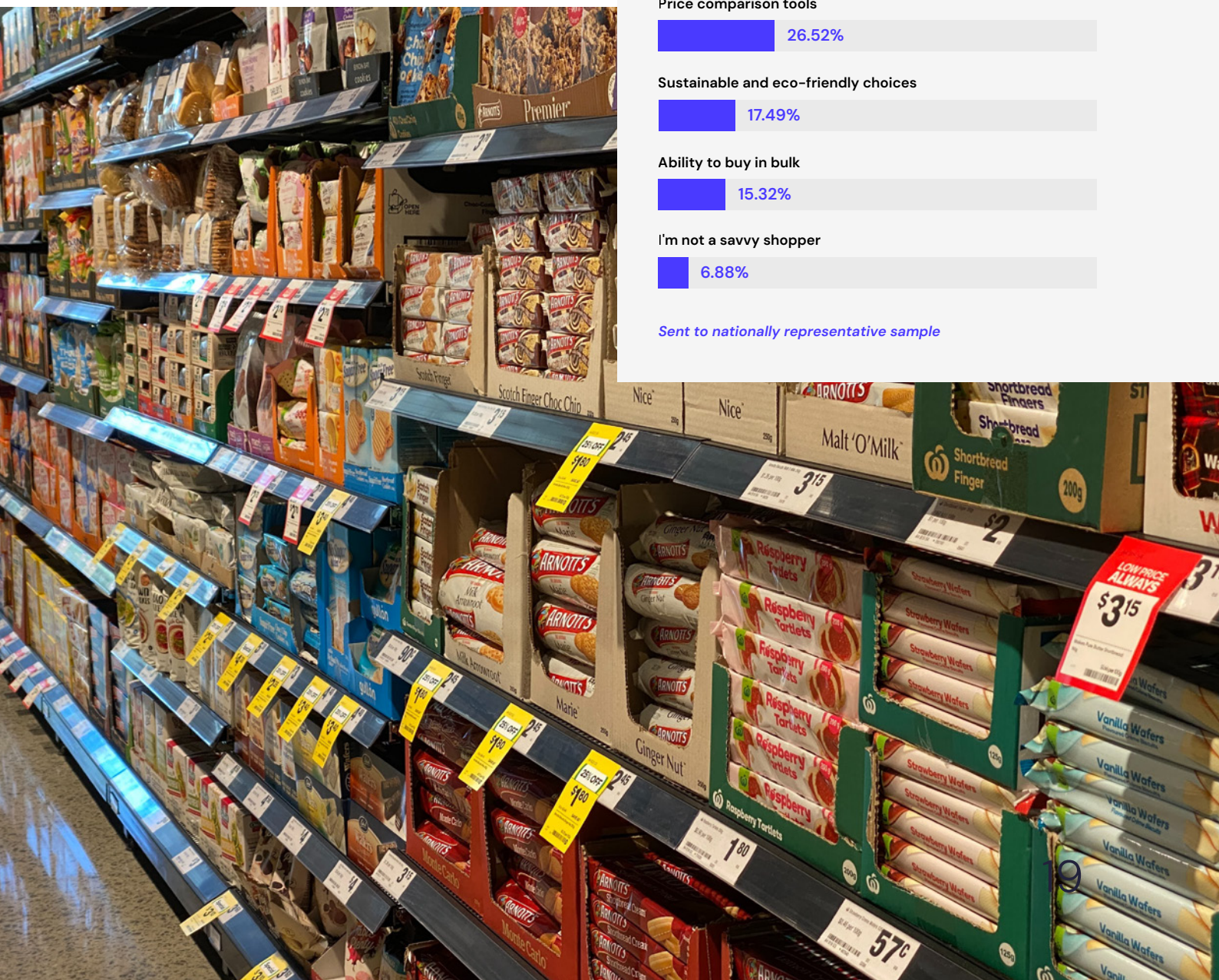
Ability to buy in bulk



I'm not a savvy shopper



Sent to nationally representative sample

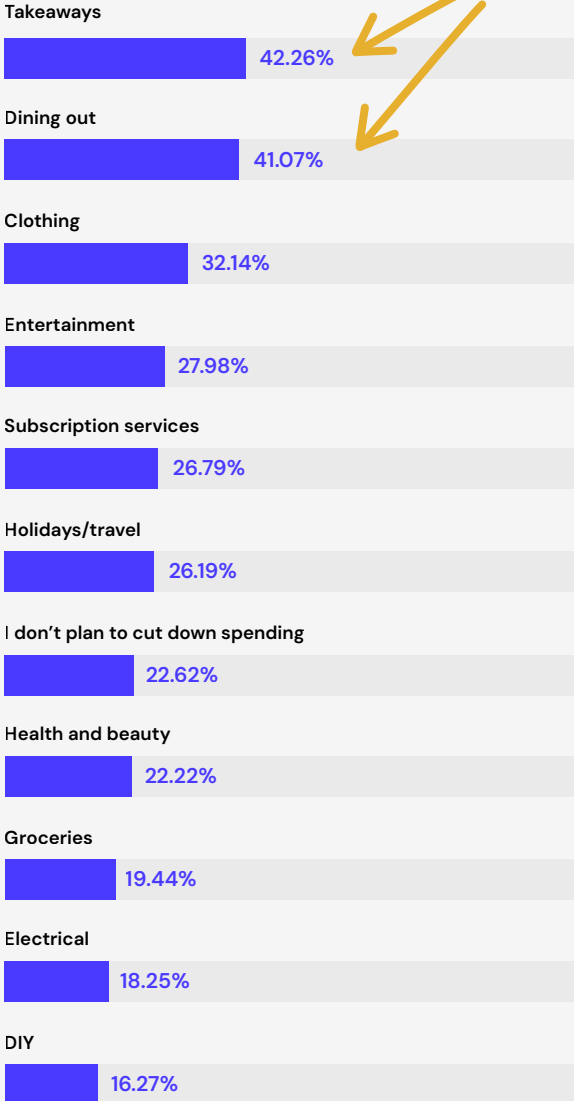


The savvy shopper

Continued

When asked what categories they're planning on cutting down their spending on, 42% consumers told us 'takeaways' and 41% 'eating out'. This signals another challenging year for the hospitality sector.

In which categories are you considering **reducing your spending** during 2023?



Sent to nationally representative sample

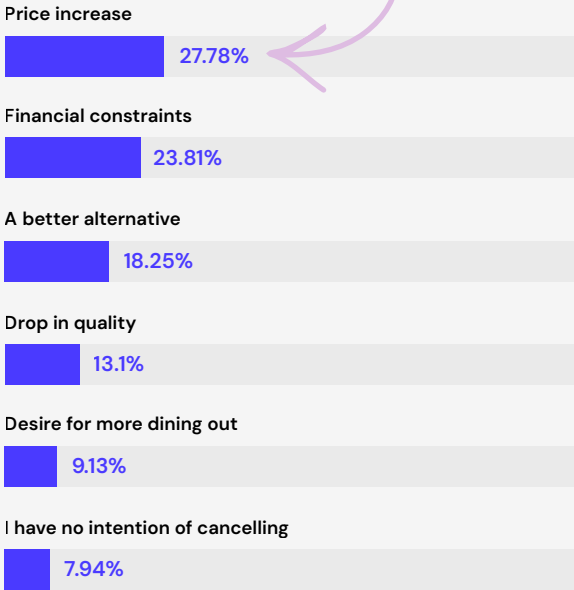
The savvy shopper

Continued

But what about subscription services like food delivery? Our data shows that while consumers value these types of services they could still feel the effects of the economic squeeze.

Price hikes and tighter budgets are the top triggers for consumers to reconsider their subscriptions, with 28% citing price increases and 24% highlighting financial constraints as deal-breakers.

What would most likely lead you to cancel your food delivery subscription service in 2024?



Sent to meal box subscription shoppers

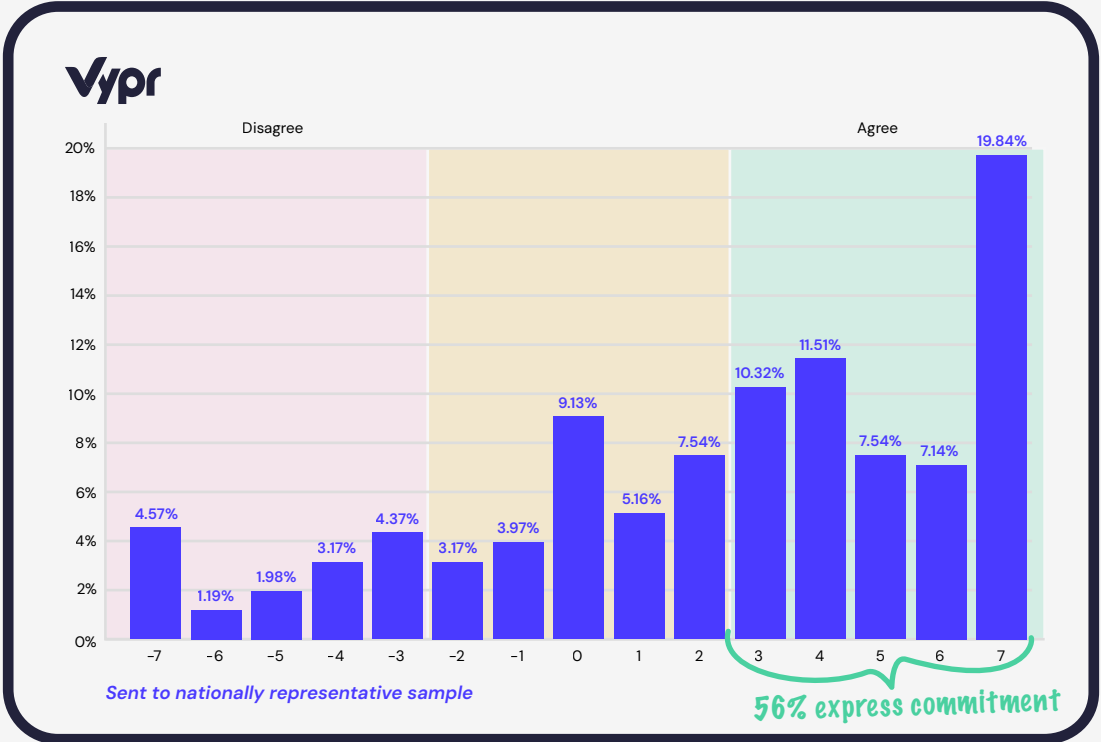
The savvy shopper

Continued

Yet there's resilience in this category. A notable 56% express a commitment to their food delivery subscriptions, planning to continue into 2024. This loyalty, however, is not unconditional. It highlights a vital opportunity for subscription services to innovate and align even more closely with consumer needs and realities.



Do you agree with this statement: **I feel committed to my food subscription service and plan to continue it through 2024**



Brand loyalty

Own label continues to dominate in retail, particularly in grocery. Brands and retailers are having to get creative in their methods. There has been a big push on loyalty reward schemes.

To understand further, we asked consumers about their preferred loyalty rewards. The answer? Exclusive lower prices emerged as the front runner, appealing to 35%, while bonus point rewards resonated with 27%.

Which of these loyalty reward options do you find most appealing?

Exclusive lower prices



34.71%



Bonus points to use



26.96%

Free products



20.39%

Exclusive promotions just for me



9.61%

I'm not part of a loyalty scheme



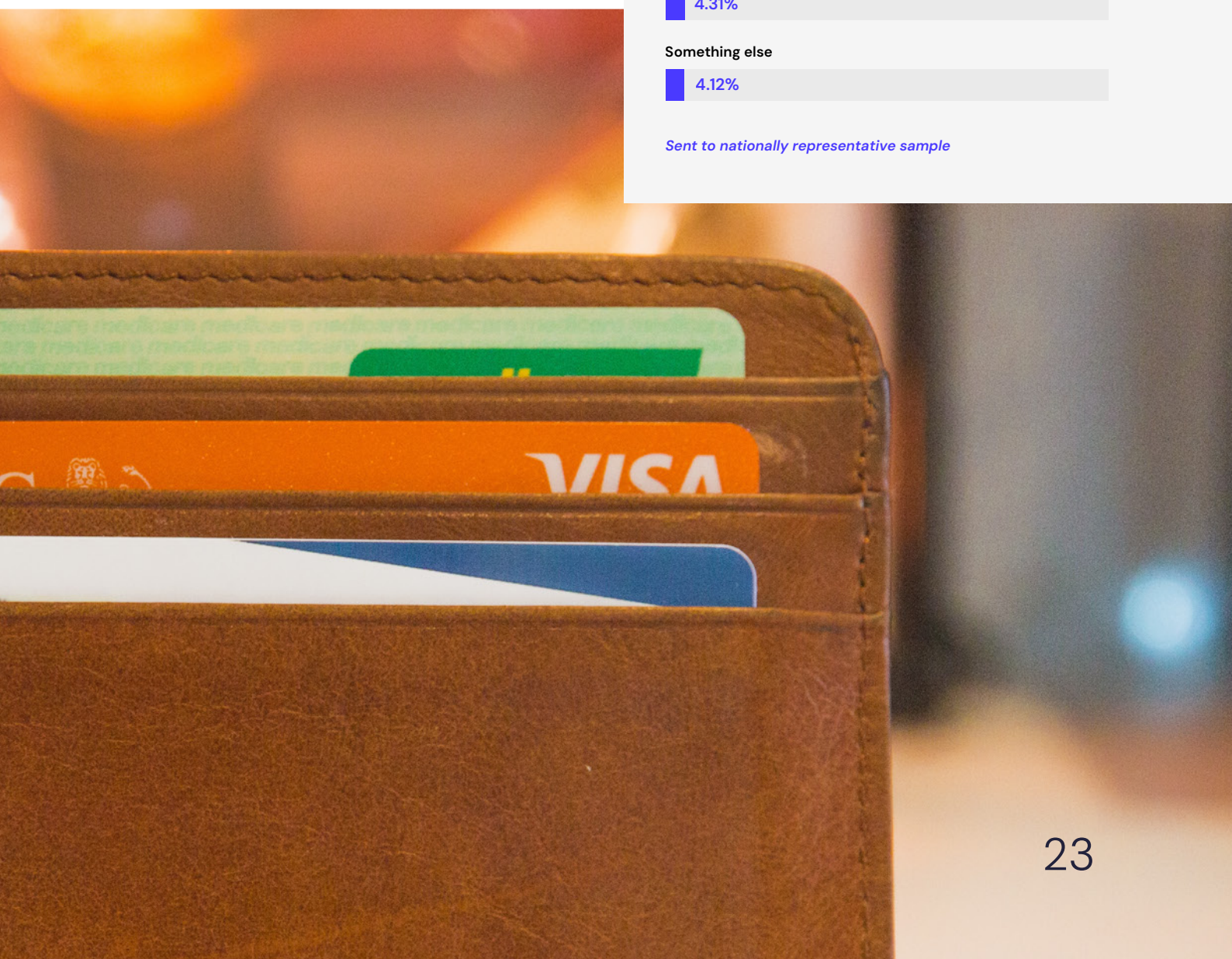
4.31%

Something else



4.12%

Sent to nationally representative sample



Brand loyalty

Continued

But here's the crux: with supermarkets increasingly offering exclusive lower prices to 'members', are consumers staying loyal because they actively like and appreciate these schemes or simply because the financial climate means spending less is a necessity? A significant 73% of consumers view this positively, feeling they're grabbing a good deal, which in turn nudges them to shop more often in these stores. Yet, there's a hint of scepticism among some.

How do you feel about brands offering exclusive low prices to loyalty members?

73%

Positive responses

We estimate that 73.11% of the responses were positive.

11%

Negative responses

We estimate that 11.32% of the responses were negative.

16%

Neutral responses

We estimate that 15/57% of the responses were neutral (or other)

Vypr

Thoughts on brands offering exclusive pricing to loyalty members



It really annoys me. If they can afford to have them at those prices, they should be for everyone!

Female aged 35-44



I do like the benefit but I do feel that in the current climate all prices should be as low as possible.

Female aged 18-24



I don't like two tier pricing and I avoid shopping in stores that offer it.

Male aged 44-54

Brand loyalty

Continued

Now, let's pivot to the core question: why do consumers choose own label? Price, predictably, is the main reason. But if we take price out of the equation, quality leaps to the forefront with 53%, closely followed by availability at 44%. In a year marred by challenges in these areas, consumers are increasingly conscious of the value they're getting and own label is delivering.

Diving deeper, our findings reveal that twice as many men are opting for own-brand products due to store loyalty compared to women. This suggests a shift where choices are influenced by more than just price tags.

Apart from price, what drives you to buy own-brand products? Select all that apply

Quality



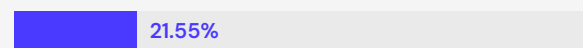
Availability



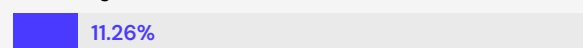
Convenience



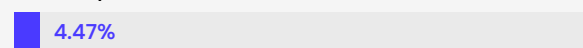
Store loyalty



Something else

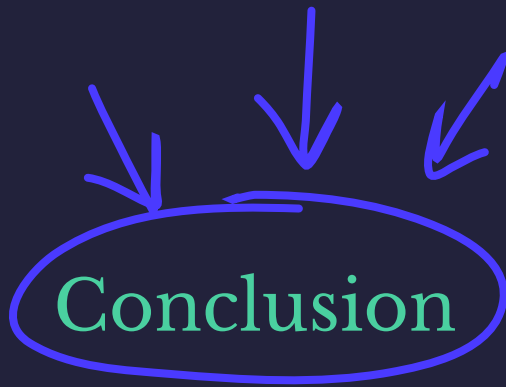


I don't buy own brand



Sent to nationally representative sample





Conclusion

* As we look ahead, it's clear that the evolving economic landscape will continue to shape consumer behaviour. Embracing home-centred lifestyles and prioritising sustainability and value, consumers are actively redefining their interactions with products and brands.

These shifts aren't mere data points but signposts for innovation and customer-centric strategies. Businesses keen on leveraging these trends should focus on:

1. Balancing quality and affordability

Strive to innovate, offering both value and quality in your products.

2. Catering to home-centric lifestyles

Develop products that enhance the increasing number of home-based activities.

3. Offering budget-friendly choices

Expand your range to include low cost options across key sectors.

4. Revitalising the retail experience

Make in-store shopping more engaging and accessible.

5. Implementing recycling schemes

Encourage product reuse and facilitate recycling initiatives.

6. Focusing on loyalty rewards

Provide loyalty incentives that are meaningful and adaptable to consumer needs.

7. Optimising subscription services

Ensure your subscription offerings deliver real value and remain relevant.

It's essential that retailers stay agile and seek to understand and align with these emerging consumer needs.

Vypr can help you craft strategies that resonate, innovate your product line, and authentically connect with your customer base.

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