



# Consumer Mood Monitor UK

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October 2023  
REDC



# RED C Consumer Mood Monitor – Key Headlines



Consumer expectations are negative, 60% of consumers think the UK economy will get worse in the next six months. Expectations regarding the cost of living and affordability of housing are particularly low.



Consumers clearly expect prices will continue to increase with roughly half of people expecting to spend more on household energy and fuel and over a third expecting to spend more on groceries over the next six months. Consequently, the majority of consumers are cautious about their expected spending on non-necessities such as holidays and entertainment over the next six months.



Consumers' negative economic outlook cuts across all major demographic groups, including income and age. Men are slightly more optimistic than women, despite both groups being very pessimistic.



Despite the general pessimism, there is positivity around the jobs market, particularly among skilled manual workers. Six out of ten consumers expect the jobs market to get better or stay the same.



18-24s generally expect their expenditure to change least over the next six months than other age groups, possibly because this group is the most financially constrained already. The exception to this is in the categories of holidays, entertainment outside the home, and consumer goods, all things we might expect this group to consume more of already.



UK consumer confidence is low, with very poor expectations regarding the cost of living and affordability of housing

# The UK economy is undergoing significant disruption



**Inflation to dog world economy next year, postponing rate cut calls**

**House prices see biggest monthly rise for more than a year**

**Job cuts and rising debt means things will get worse**

**Shocks are new normal for weakened global economy, says IMF head**

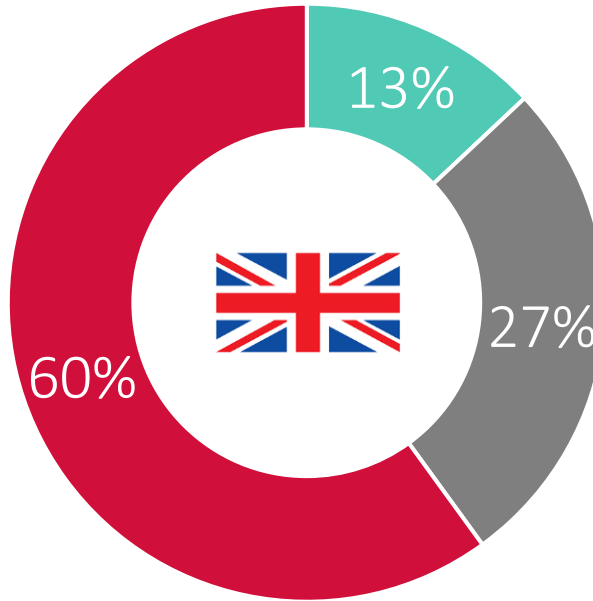
**UK unemployment rises to 4% as inflation pain sharpens**

# As a result the majority believe the UK economy will get worse in the next 6 months

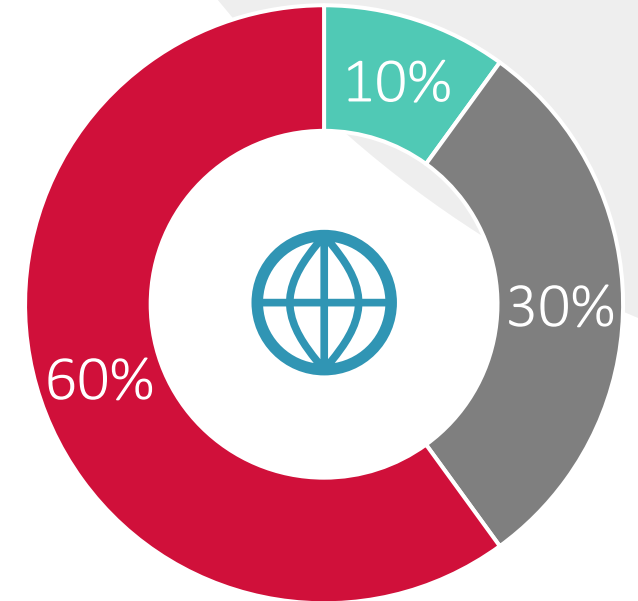
Just two in five (40%) suggest they think the economy will remain the same or improve.

However, this very much reflects consumers views on the World economy.

### UK Economy



### World Economy



■ Get better ■ Stay the same ■ Get worse    ■ Get better ■ Stay the same ■ Get worse

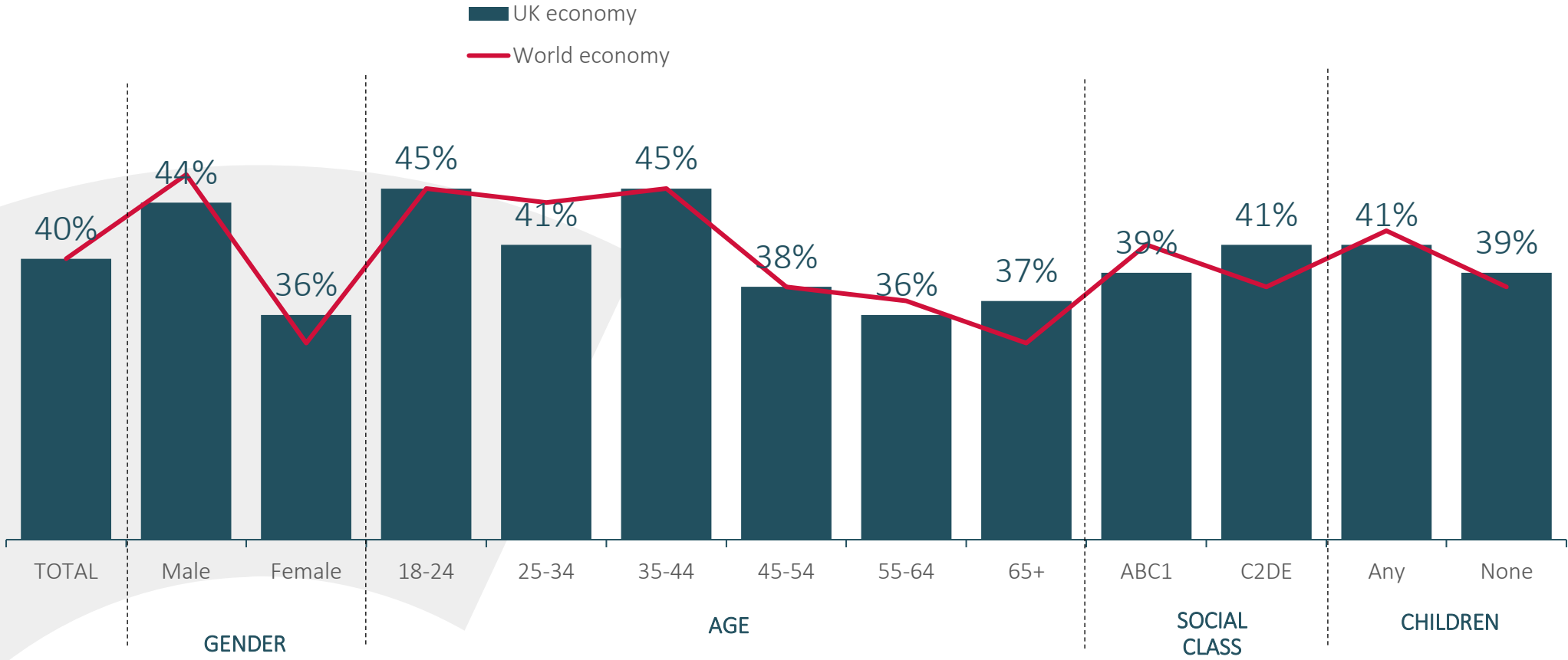
# Negative perceptions for economy seen across demographics



Men and younger people are however somewhat more optimistic about both UK and the World economy

Expectations for the UK/World economy six months from now

% Stating they believe it will be better/the same



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base: Total sample (n=2095) Male (n=1069), Female (n=1021), 18-24 (n=209), 25-34 (n=356), 35-44 (n=359), 45-54 (n=383), 55-64 (n=337), 65+ (n=451), ABC1 (n=1082), C2DE (n=1013), Any children (n=947), No children (n=1137)

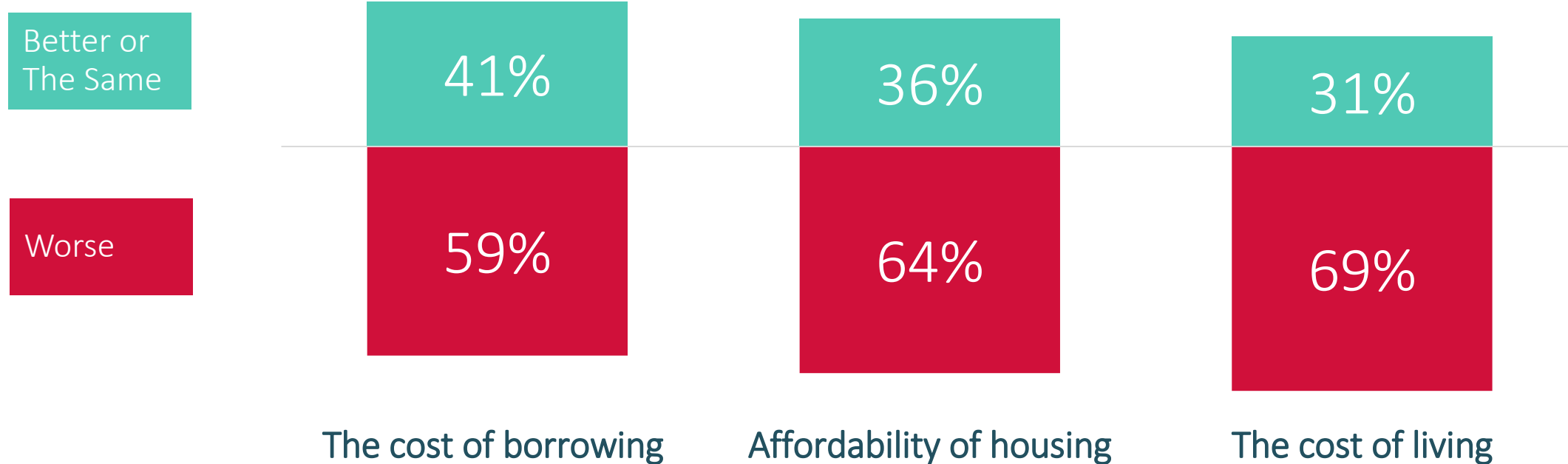
# Negative perceptions are driven by housing and cost of living



The great majority believe that the costs of living, affordability of housing and the cost of borrowing will get worse in the next six months.

How do you think the following aspects of the economy will fare in the next 6 months

% Stating they believe it will be better/the same

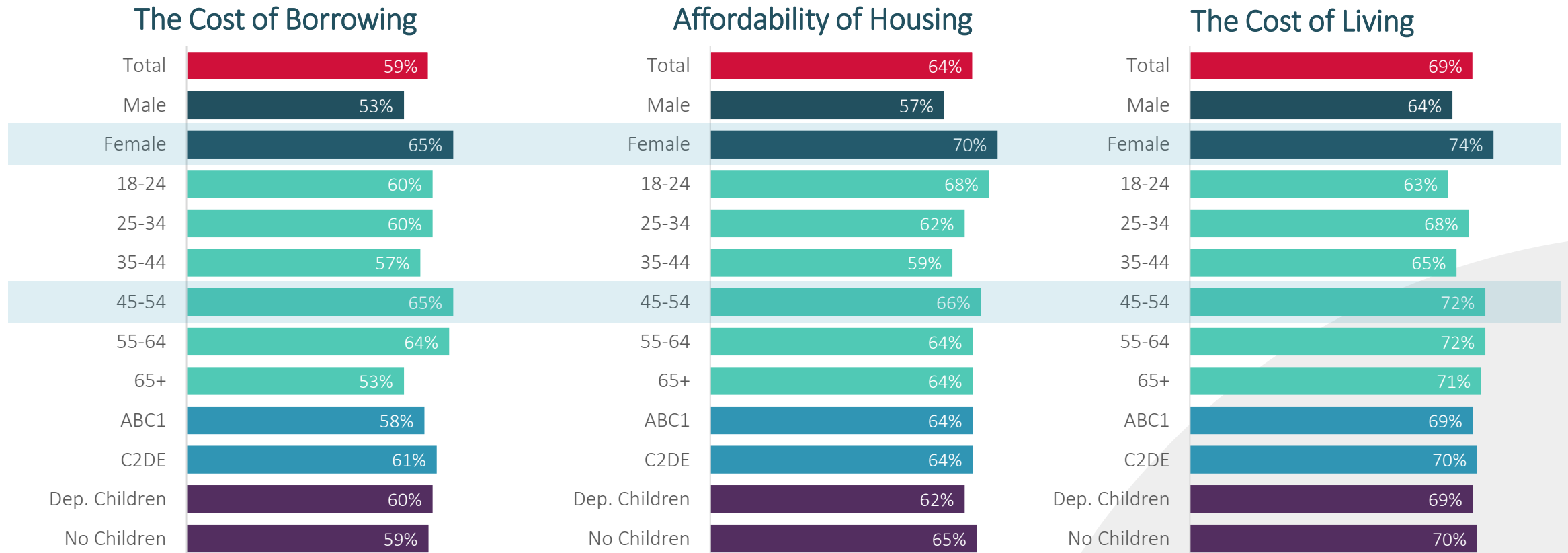


# Women and mid age adults are most pessimistic about the future



How do you think the following aspects of the economy will fare in the next 6 months

% Stating they believe it will be worse







Consumers are more optimistic about employment than any other aspect of the economy.

But half of consumers expect their level of discretionary income to decline in the near future.

# Public do however see employment and income as more stable

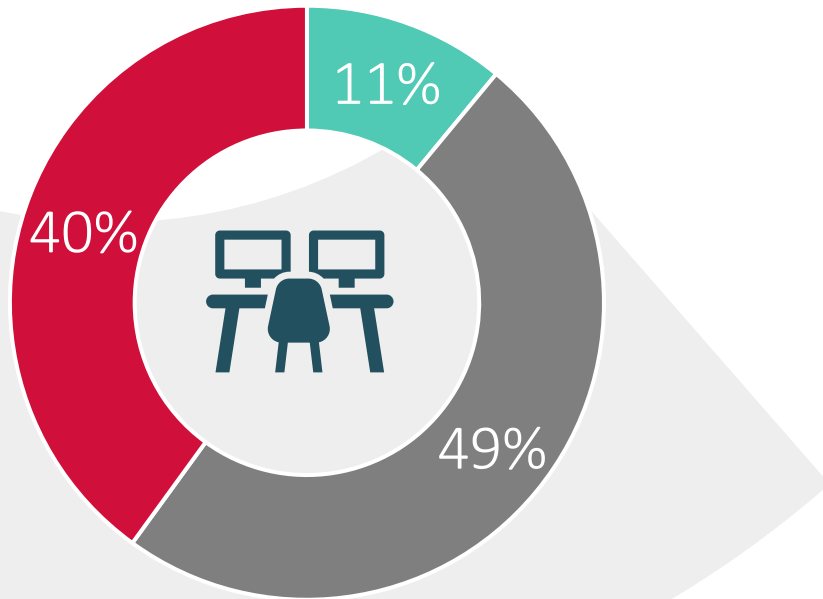


More than half expect employment to be better or the same in the next 6 months, with half expecting disposable income to remain the same, but half expecting it to decline.

How do you think the following aspects of the economy will fare in the next 6 months

## Employment

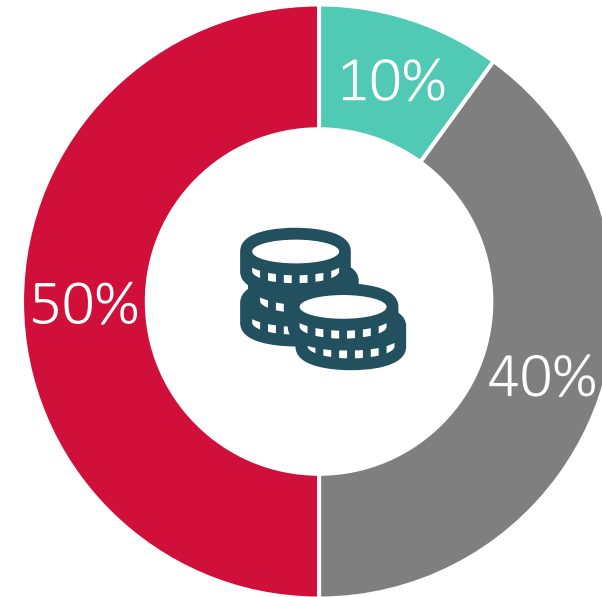
The ability to get and move jobs



■ Get better ■ Stay the same ■ Get worse

## Disposable Income

(i.e. money left after tax, rent, bills etc)



■ Get better ■ Stay the same ■ Get worse

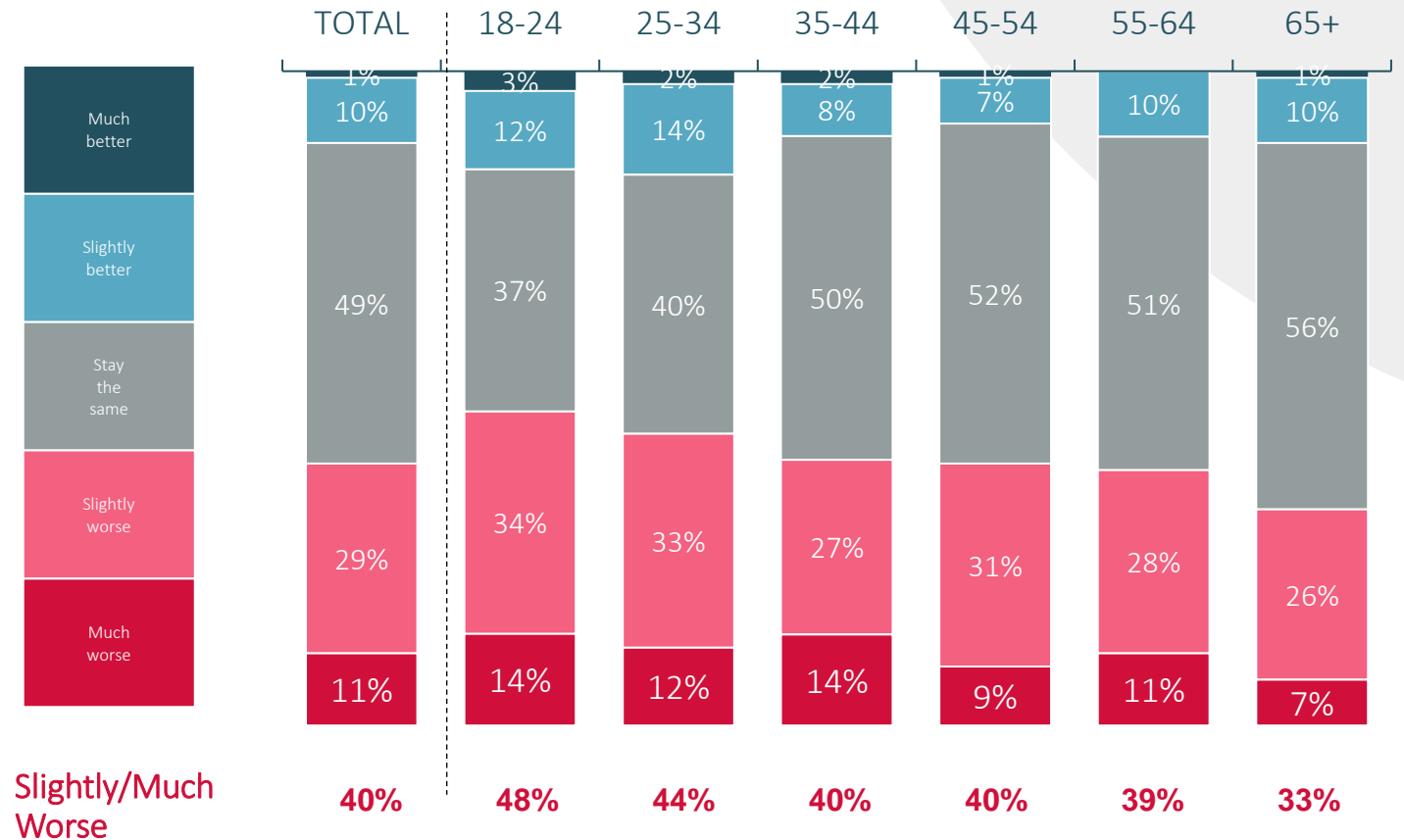


# Life-stage is a major factor in job market confidence

18-24s who are likely just entering the job market are the most pessimistic.

Whilst over 65's who are likely to be nearing retirement are the most optimistic

Expectations for the employment (the ability to get and move job) six months from now





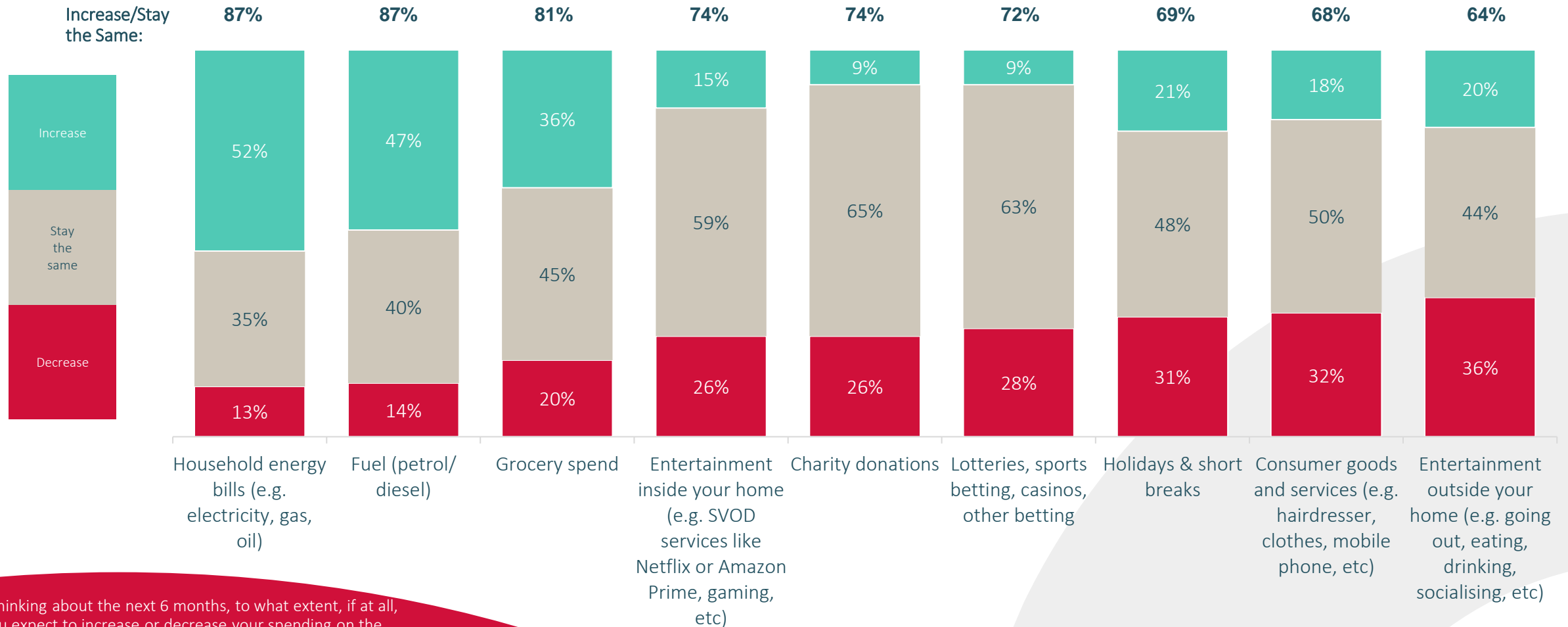
Consumers expect to spend more on essentials and see increases in energy bills, but plan to spend less on most other items, particularly entertainment outside the home

# Consumers expect to spend more on essentials



Anticipating rising prices, roughly half of consumers expect to spend more on HH energy and fuel and one-third on groceries, while cutting back on everything else

Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? – Total sample



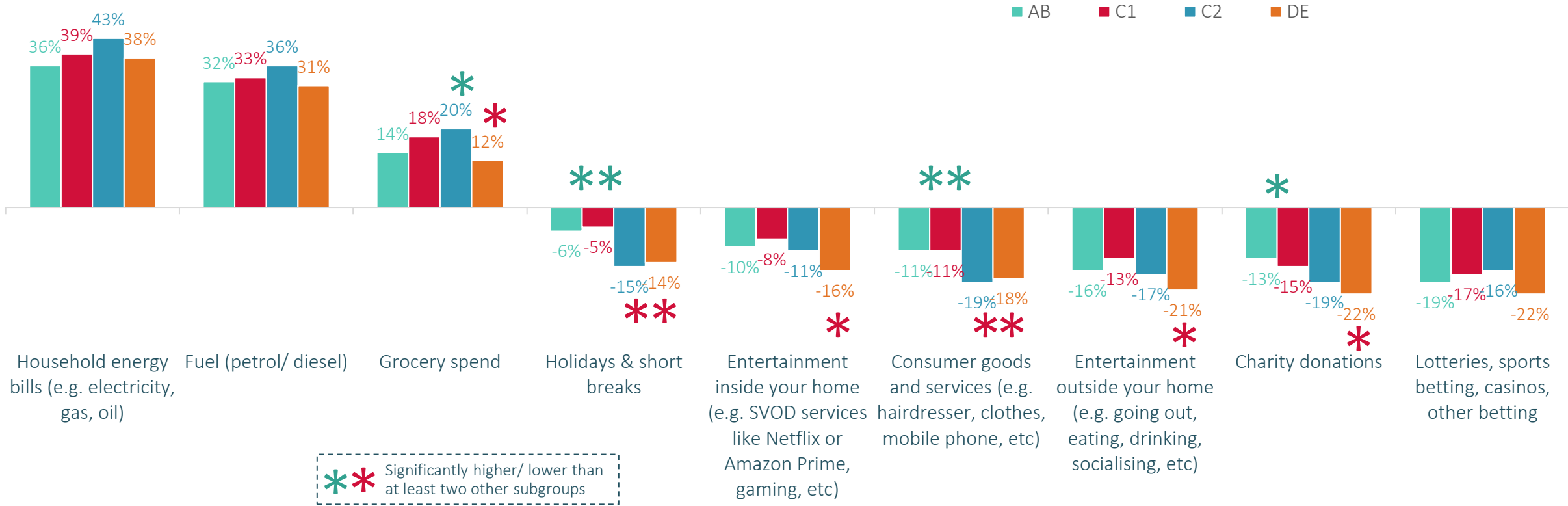
Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? Base: Total sample (n=2095)

# Reduced spend on non-essentials seen most for lower income HHs

All groups are broadly similar in terms of spending expectations on necessities, but C2DE are clearly expecting to cut back on non-necessities more than ABC1

Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas?

NET SPEND: % Increase minus % Decrease



Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas?  
 Base: Total sample (n=2095) AB (n=562), C1 (n=520), C2 (n=489), DE (n=524)

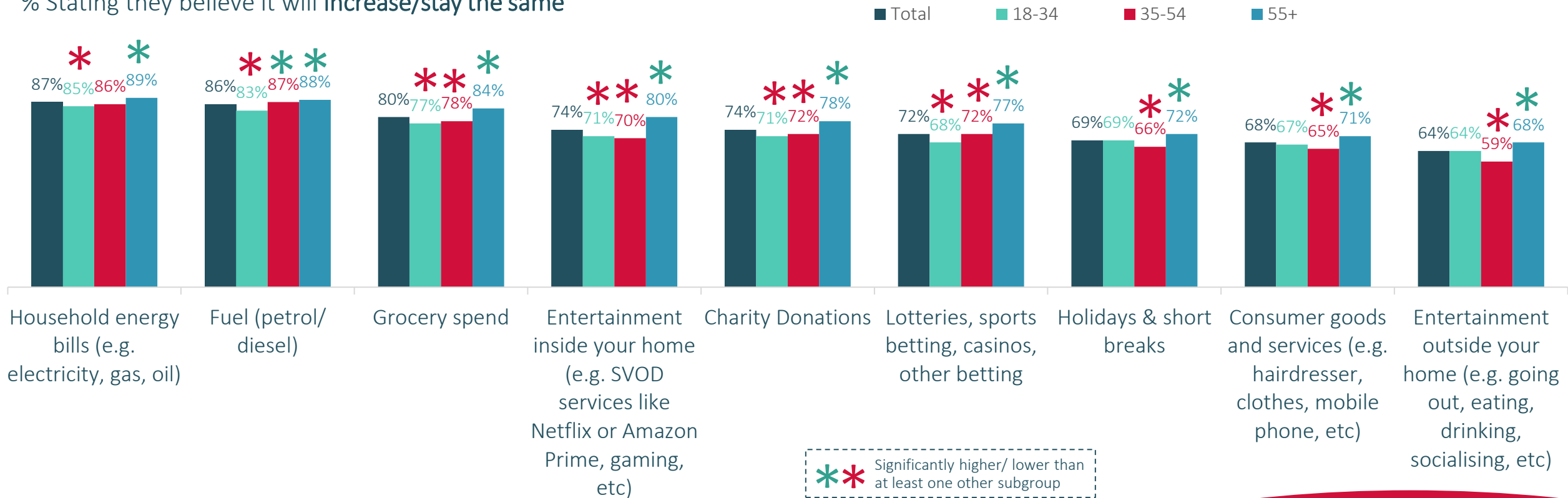
# Younger generation decreasing spending more than older



Significantly more likely to reduce spending on groceries and fuel. Triple Lock on pensions has helped insulate older people from cost increases. Younger generation directionally more likely to decrease spending across the board.

Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas?

% Stating they believe it will increase/stay the same



Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas?  
 Base: Total sample (n=2095), 18-34 (n=539), 35-54 (n=739), 55+ (n=782)

# THANK YOU

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