

Changing purchasing habits in a cost-of-living crisis



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Summary

► Introduction

The global economy is facing significant challenges, concern over high inflation is widespread and in many countries prices are rising faster than household incomes. Consumers are apprehensive about their own finances and their shopping habits are changing as they adapt to this increasingly volatile situation.

For this report, we started by analyzing how disposable income has changed in the past 12 months, and how it is expected to change in the year ahead. We also expected spending behaviors to fluctuate, so we set out to analyze how consumers are reacting to this difficult financial situation and in which FMCG/CPG categories they are cutting back, which are commanding more of their budgets and what the outlook is for the coming year. We also investigated the tactics consumers are implementing to save money, how they are managing their spending and how smart shopping is emerging as a preferred money-saving option.

Brands and retailers are equally navigating these challenges so we set out to understand how they can support customers and their changing needs.

This report uses global research across a selection of 18 international markets in tandem with syndicated data from [YouGov Profiles](#) and [YouGov Global Profiles](#).

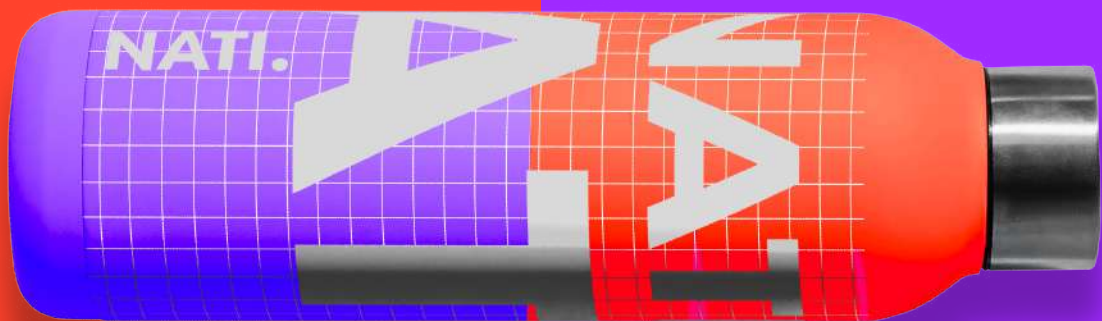
Please note, our samples in East Asian markets such as China, Hong Kong, and Singapore are not all nationally representative (with some being representative of the online or urban population; see [methodology](#) for details).

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SECTION 1

Financial outlook – what does it mean for consumers?

Around the world, many consumers are feeling the effects of rising inflation and the rising cost of living, forcing them to cut back in areas of spending to try and balance their finances.

As purchasing habits change, brands and retailers will have to adjust their marketing strategies to adapt to their customers' changing needs.



Half globally have experienced a decline in disposable income

When we look at changes in disposable income* in the last 12 months our data reveals that half of global consumers have seen it decrease (**22%** decreased a lot and **28%** decreased a little) while **28%** have seen no change.

With only **14%** having experienced an increase, overall, the negative impact on disposable income outweighs the positive three-fold. We can expect, in this type of scenario, that spending habits and priorities will change for many.

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**By disposable income we mean the amount of money left after paying tax and spending on necessities like housing, and fuel.*

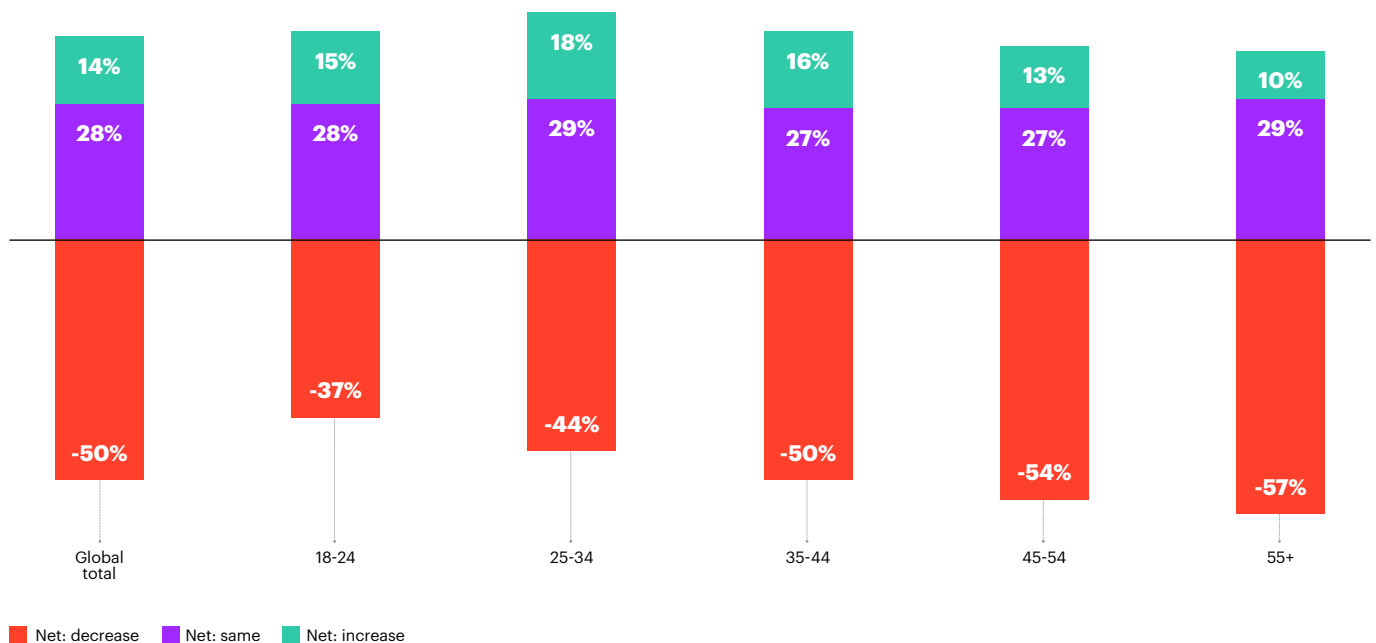


Older consumers hardest hit

When it comes to changes by age groups, we can see how the 35+ are the hardest hit, with the 35-54 bracket having to also tally up their family expenses and greater financial responsibilities towards them. For the over 55's, who have

a higher propensity to be economically inactive, they are the most impacted by a decline in disposable income. In comparison, those in the 18-24-year-old bracket, who are more likely to still live at home are the least impacted.

Global changes in disposable income in the last 12 months - by age



Q: How has your disposable income changed in the last 12 months due to high inflation? By disposable income we mean the amount of money you have left after paying tax and spending on necessities like housing, and fuel.

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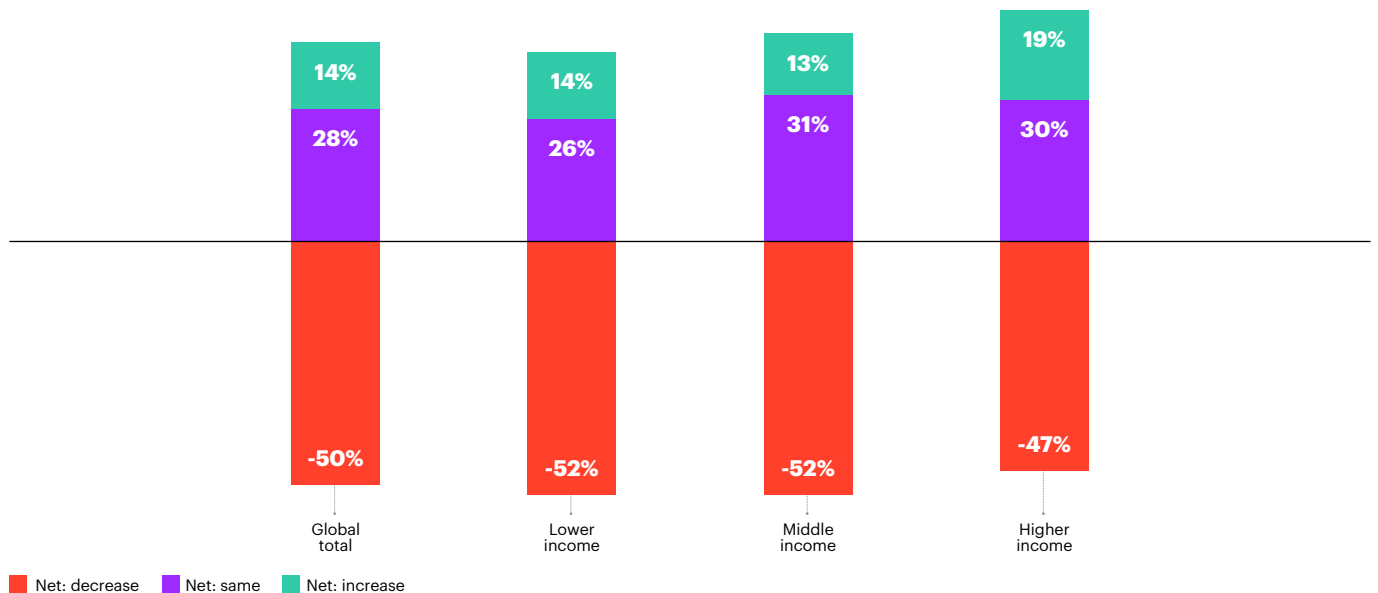


All income levels feel squeezed

It seems like this difficult financial scenario has spared no income groups, with around **50%** across all consumers lamenting a decrease in disposable income, and only the higher earning group scoring slightly lower at **47%**. The same group also reports the highest increase in

disposable income with **19%** compared to **13-14%** of lower income groups. The impact on spending habits will present a challenge for brands as they will have to compete for a smaller market by offering innovative ways to help and support their customers.

Global changes in disposable income in the last 12 months – by income



Q: How has your disposable income changed in the last 12 months due to high inflation? By disposable income we mean the amount of money you have left after paying tax and spending on necessities like housing, and fuel.

Income based on household income - Income definitions: Lower income: less than **75%** of the median, Middle income: between **75%** and **200%** of the median and Higher income: higher than **200%** of the median

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Inflationary pressures are wide spread

In the past 12 months all **18** countries reported have seen a net decrease in disposable income compared to last year, with parts of Europe and Canada reporting the biggest negative shift.

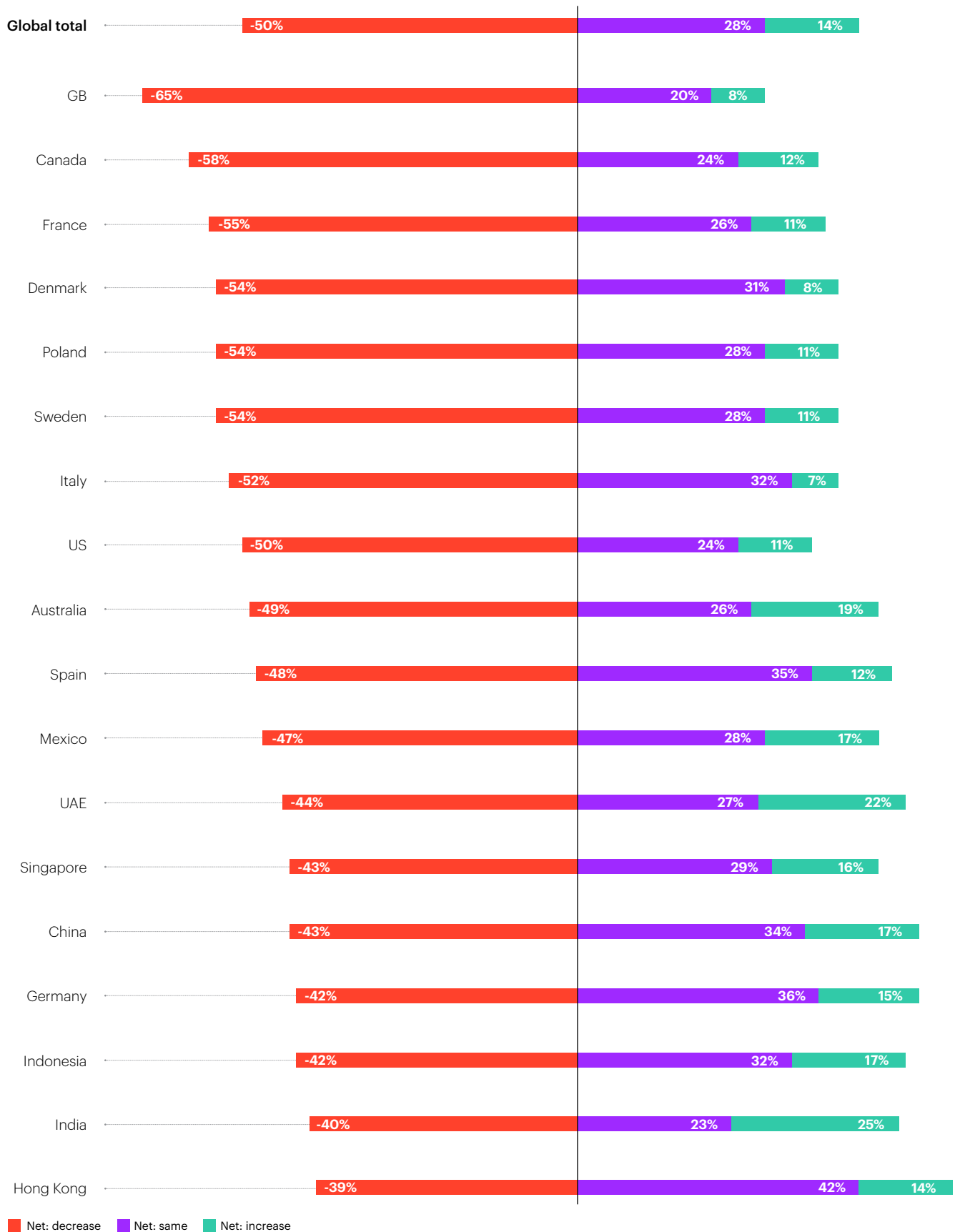
Great Britain had the largest decline in disposable income, with almost two thirds (**65%**) of Brits stating theirs had decreased and only **20%** of Brits stating it had not changed. Following closely on the downward trajectory are Canada (**58%**) and France (**55%**); and Denmark, Poland and Sweden are all recording a **54%** decrease in disposable

income. Stable disposable incomes are shown in Hong Kong (**42%**), Germany (**36%**) and Spain (**35%**). Countries where more than **20%** experienced an increase in disposable income were India (**25%**) and UAE (**22%**) with all other countries increasing at lower levels.

With so many lamenting financial challenges and having spending power compromised, what are the predictions for the future?

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Global changes in disposable income in the last 12 months – by country



Q: How has your disposable income changed in the last 12 months due to high inflation? By disposable income we mean the amount of money you have left after paying tax and spending on necessities like housing, and fuel.

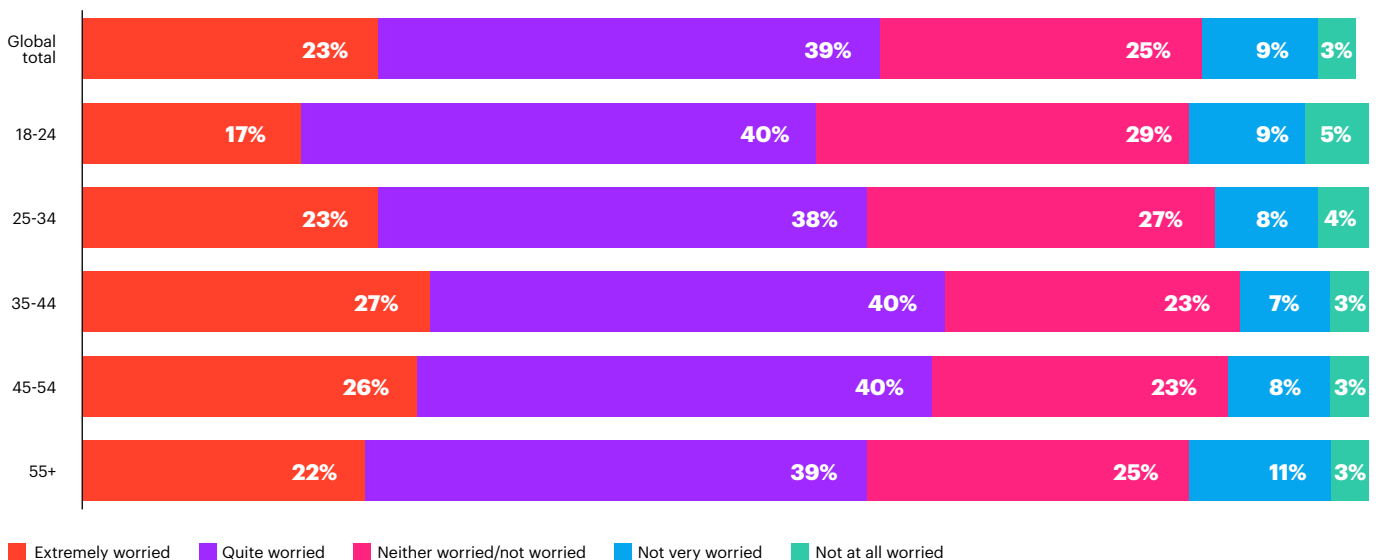
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Concern over the impact of inflation on spending runs high

When asked, almost two thirds globally stated they are worried about how the impact of high inflation will affect their spending in the next 12 months (**62%**) with only a small **12%** claiming they are not worried. Among age groups, most consumers are quite or extremely worried about the impact

of high inflation, with those aged 35-54 scoring highest at **67%**. Although those in the 18-24-year-old age groups have slightly lower levels of worry, it still equates to almost six in ten (**57%**).

Level of worry about the impact of high inflation on spending power in the next 12 months – by age



Q: How worried are you about the impact of high inflation on your spending in the next 12 months?

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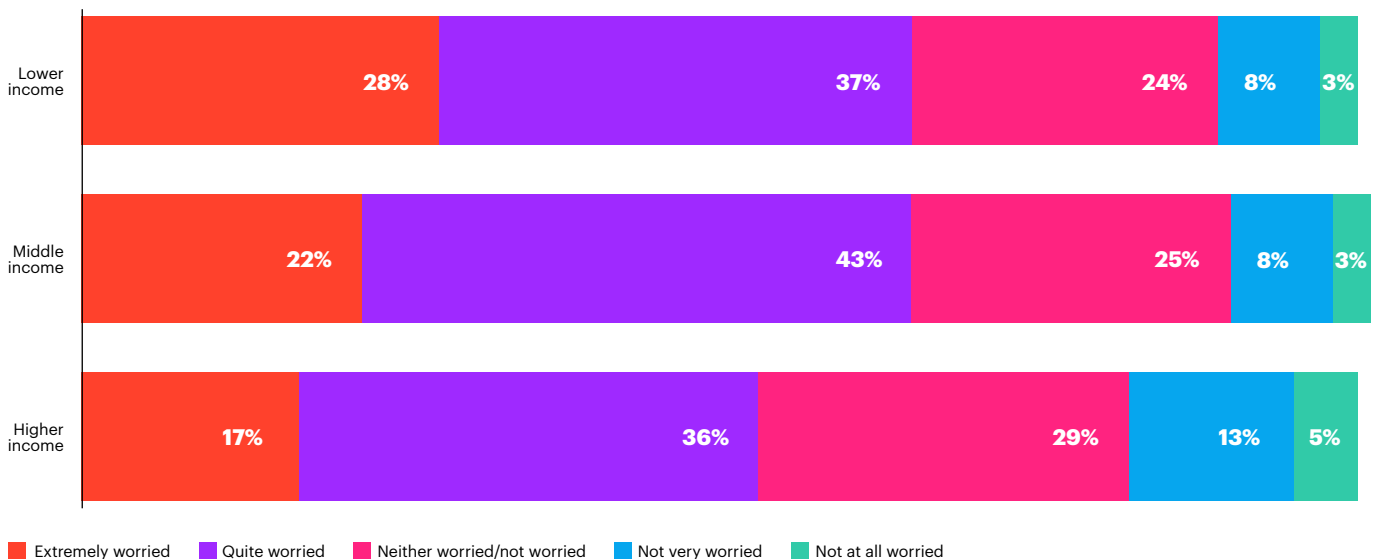
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All income groups are concerned about future spending power

Whilst we have already seen that all income groups have grappled with similar declines in disposable income in the last 12 months, concern levels differ by income groups. Despite more than half (**53%**) in the higher income group

being worried about the impact of inflation on future spending which may impact the luxury market, their concern is less extreme than those in lower and middle-income groups (both **65%**).

Level of worry about the impact of high inflation on spending power in the next 12 months – by income group



Q: How worried are you about the impact of high inflation on your spending in the next 12 months?

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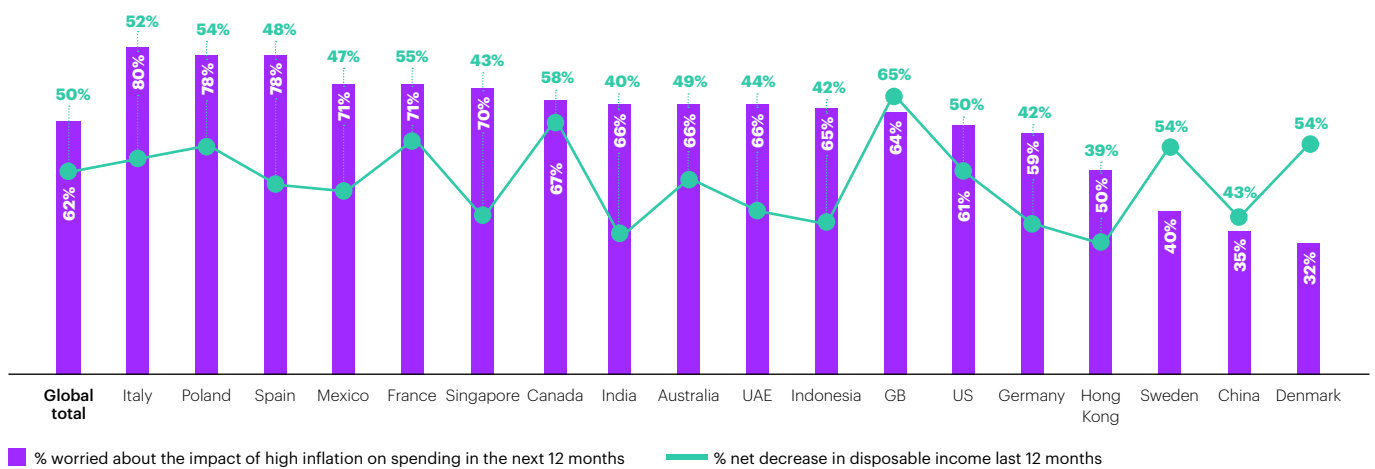
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Many European markets among the most concerned

Our data shows that Italy, Poland, and Spain have the highest ratio of concern, with more than three quarters of consumers worried about the impact of inflation on their spending power. In contrast, Denmark, China, and Sweden are the least worried. In Great Britain, almost the same volume of consumers who saw their spending power decrease in the last year are worried about the 12 months ahead. For most

countries (except for Sweden, China, and Denmark), future concern over the impact of inflation on spending outweighs the decline in disposable income in the last 12 months. China is one of the countries with lower rates of inflation which also reflects in lower levels of concern about the months ahead.

% worried about future spending and disposable income decline in the last 12 months – by country



Q: How worried are you about the impact of high inflation on your spending in the next 12 months?

Q: How has your disposable income changed in the last 12 months due to high inflation?

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A man with short dark hair, wearing a brown turtleneck sweater under a grey cardigan, is pushing a black shopping cart in a grocery store. He is looking upwards and to the left while holding a blue smartphone in his right hand. The background is a blurred aisle of a grocery store with shelves of products and overhead lighting.

SECTION 2

Consumer purchasing behavior amid higher prices

Amidst a backdrop of rising inflation and prices rising faster than income, consumer loyalty can be tested as price becomes the main focus and saving becomes an imperative. New YouGov data explores price sensitivity across products and categories, the changes in spending behavior in the last 12 months and the outlook for the next 12 months.



Which categories are most price sensitive?

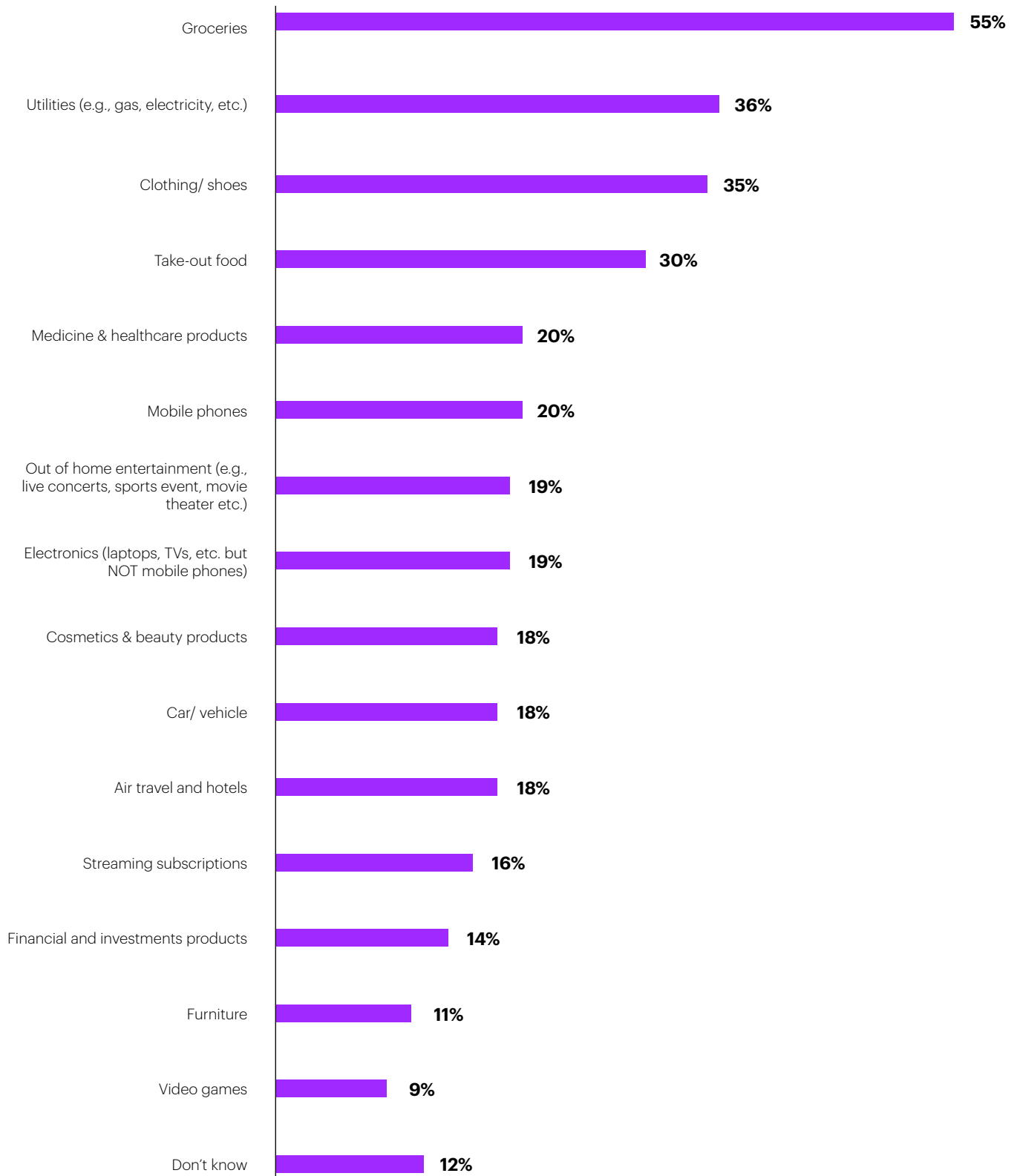
Faced with a tightening of their budgets, many are now having to reassess their priorities and spending, and they are becoming increasingly attentive to price. Across 18 markets surveyed, we explore the products and services that are showing increasing price sensitivity in the past six months.

Food related products rank in the top four most price sensitive categories with groceries the top concern for more than half of global consumers (**55%**) and three in ten

conscious of the price of take-out food. Over a third have been concerned about the cost of clothing and shoes (**35%**), almost on a par with utilities (**36%**). Health and beauty products fall within the next tier of price sensitive categories (medicine and healthcare, **20%** and cosmetics and beauty products **18%**), along with tech and electronics, and in and out of home entertainment.

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Which products are consumers most price conscious about? – global



Q: Thinking about the following products or services which, if any, have you been the most price-conscious about in the past six months? Please select all that apply. By price-conscious, we mean being sensitive to price increases and changing your behaviors (changing brands, shopping around, not buying at all etc.) when prices go up.

With price sensitivity increasing across a number of products, brands and retailers will have to actively engage in pricing activities and leverage their customer-based brand equity to stay afloat in the middle of this storm.

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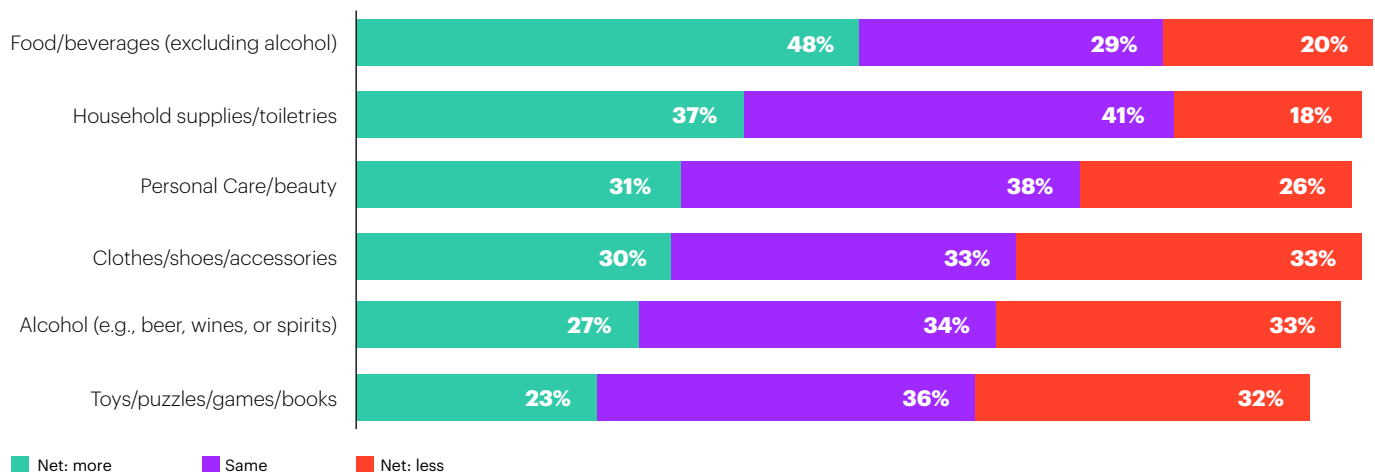
Food and household supplies have experienced the highest increase in spend over the past 12 months



So, how has spend changed in the past 12 months? Our data reveals that food and household supplies have experienced the highest increase in spend, with almost half having spent more on food and beverages (**48%**), and over a third having increased their spend on household supplies and toiletries (**37%**). This shift could be due to increasing prices due to supply chain issues and increased fuel prices, or a tendency to prefer more affordable home cooking to take-away options.

Purchasing behavior for apparel revealed a mixed bag of shopping habits, with almost the same number of consumers claiming they have decreased, maintained, or increased their spend (**33%**, **33%** and **30%** respectively). The categories of apparel, alcohol and toys/puzzles all see higher proportions of people decreasing their spend compared to increasing, with a third maintaining their spend.

Spending patterns in the last 12 months amongst buyers – global



Q: Thinking about how high inflation has impacted your spending patterns, which of the following product categories have you spent more/less or the same amount on in the last 12 months?

Based on buyers (excludes non-buyers of the product category)

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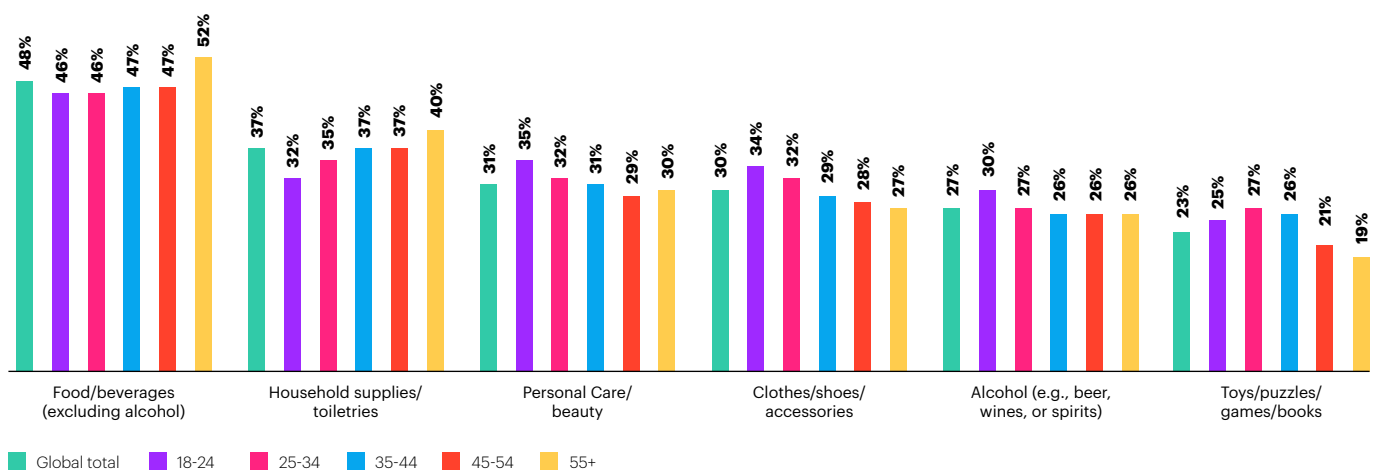
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Spend on food and beverages has increased most for those aged 55+

Across age cohorts, we see some variation in spending patterns. Whilst all age groups have felt the pressure of increased spend for food and beverages, for those aged 55+ spend has increased the most. They are also more likely than other age groups to have spent more on other household essentials such as household supplies and toiletries. In comparison, younger shoppers aged 18-24 are more likely to

have spent more on personal care/beauty, apparel, and alcohol and less on household supplies. Younger adults have also reported increased spend for entertainment products such as toys/puzzles/games and books along with consumers aged 25-44 who are most likely to have younger children in the household.

% spending the most in each category - by age



Q: Thinking about how high inflation has impacted your spending patterns, which of the following product categories have you spent more/less or the same amount on in the last 12 months?

Based on buyers (excludes non-buyers of the product category)

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Future purchasing habits

What does the future look like? We asked our cohort to forecast their change in spending habits for the next 12 months.

Grocery spend set to increase further

Three in ten buyers are intending to spend more on essential items such as food and beverages, confirming the trend of the past 12 months, with more than four in ten expecting to

maintain their current spend. Although just under one in four buyers are cutting spend on essentials such as groceries and household supplies in the coming year, they are less impacted by decreased spend than the other categories.

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Consumers planning to spend less on new clothes



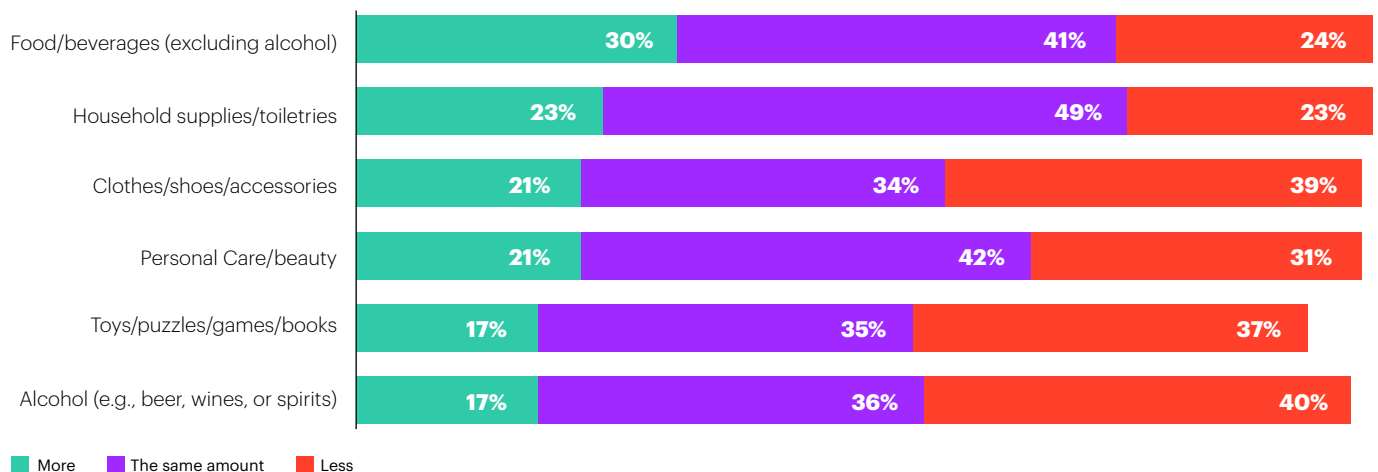
As the cost-of-living continues to bite, almost four in ten globally (**39%**) are planning to reduce spend on apparel in the next 12 months, almost twice as many as those who intend to spend more (**21%**), with a third (**34%**) maintaining their spend. Overall, this is a net decrease on planned spending compared to last year.

The personal care and beauty category fares slightly better than fashion with a lower proportion intending to curb their

spend in the next 12 months (**31%**), **42%** sustaining the same level of spend, and a fifth plan to increase (**21%**).

Amongst buyers, alcohol spend looks set to be the most affected with four in ten intending to reduce their spend. More than a third also intend to cut back their spend on toys/puzzles/games and books.

Future purchasing behavior – spending priorities in the next 12 months



Q: Thinking about how the cost of living might impact your normal spending in the next 12 months (e.g., not spending in a holiday season), which of the following are you planning to spend more/less or the same amount in the next 12 months?

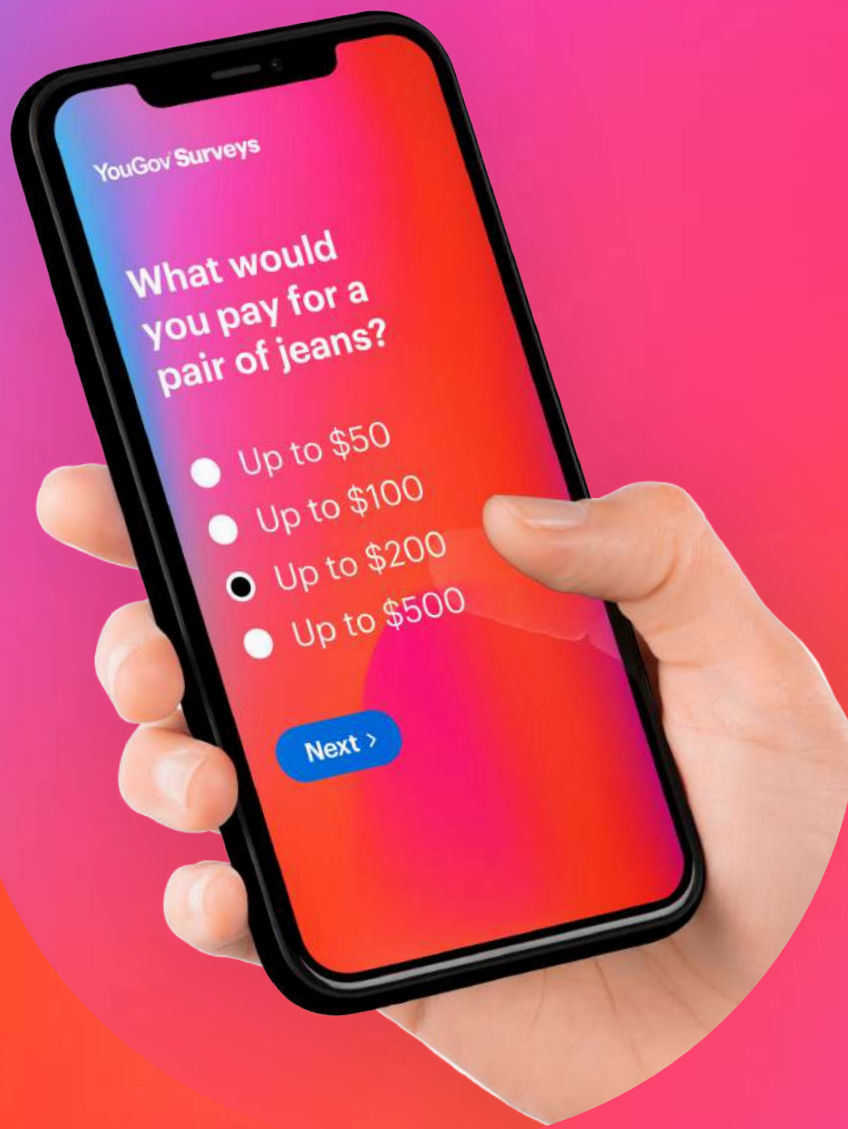
Based on buyers (excludes non-buyers of the product category).

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SECTION 3

Smart shopping in a cost-of-living crisis

Whether it's cutting back on spending across categories, shifting to private label alternatives, switching to cheaper retailers, or buying more value or promotional products, consumers are now resorting to a number of tactics to save money and manage their spend in such uncertain times. Brands and retailers now have a mandate to understand these changes in attitude and act accordingly.











More than nine in ten consumers globally have shopped smart in the last 12 months

94% of consumers claim they have actioned tactics to save money in the past 12 months, on average resorting to 4 different types of actions to pursue better deals.

Whether in store or online, price comparison is the top ranking tactic (**36%**), closely followed by monitoring prices and waiting for the sought after products to go on sale (**35%**) and choosing a cheaper alternative (**34%**), almost on par

with shopping at a cheaper store or just giving up on the purchase altogether (**33%**). Discount codes follow next, used by **32%** of consumers, a quarter take advantage of rewards via loyalty schemes or cards, and a fifth are offer driven.

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Actions taken to save money/spend less on categories purchased in the last 12 months		
1 st	 Compared prices either online or in-store	36%
2 nd	 Waited for items to come on sale/or sales days (e.g., Black Friday, Amazon Prime Day)	35%
3 rd	 Bought alternative cheaper brands	34%
=4 th	 Shopped at a budget/cheaper store	33%
=4 th	 Just done without	33%
=6 th	 Used discount codes/coupons	32%
=6 th	 Kept to a tight budget	32%
8 th	 Used loyalty cards/schemes more often/make better use of loyalty cards/vouchers	25%
9 th	 Bought more products on a buy one/get one free offer (BOGOF)	22%
10 th	 Traded down in quality	15%

Q: Thinking about how high inflation has impacted your spending patterns, which of the following, if any, have you done to save money/spend less on the category you purchased in the last 12 months?

Net score of purchasers of food & beverages, clothes/shoes & accessories, personal care & beauty, household supplies/toiletries, alcohol, or toys/puzzles/games & books.

Comparing the actions of the buyers of the six categories, tactics vary amongst the different product buyers.



Consumers are looking for cheaper alternatives on essential items

With food and beverages highlighted as the most price sensitive category, loyalty is tested as customers seek to buy alternative cheaper brands or shop at budget/cheaper stores. This could mean buying a smaller size,

a less expensive brand, or a private-label alternative. They are also open to trading down on quality and keeping to a tight budget.

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Apparel and health and beauty buyers are looking for bargains

When it comes to clothing, customers are slightly less likely to compromise on quality and look for cheaper alternatives or to shop at a cheaper store, however a third would opt to go without buying the item altogether. For brands this presents a clear challenge as promotions and discounts greatly affect their margins but might be necessary to convince customers to stick with the brand.

Toys/puzzles/games and book buyers are also looking for a competitive price. They over index on online and in-store price comparisons and delaying purchases until the products go on sale.

Alcohol purchases are being greatly de-prioritized as consumers are cutting back on it and almost **40%** say they would go without.

Smart shopping tactics amongst different category buyers in the last 12 months – global

	Global total	Clothes/ shoes/ accessories	Food/ beverages	Toys/ puzzles/ games/ books	Personal Care/ beauty	Household supplies/ toiletries	Alcohol
Compared prices either online or in-store	36%	38%	35%	39%	38%	37%	31%
Waited for items to come on sale/or sales days (e.g., Black Friday, Amazon Prime Day)	35%	40%	32%	38%	35%	34%	30%
Bought alternative cheaper brands	34%	32%	39%	27%	35%	42%	29%
Shopped at a budget/cheaper store	33%	30%	38%	30%	35%	40%	28%
Just done without	33%	35%	31%	32%	31%	31%	39%
Used discount codes/coupons	32%	34%	33%	31%	33%	35%	27%
Kept to a tight budget	32%	31%	35%	30%	31%	35%	29%
Used loyalty cards/schemes more often/make better use of loyalty cards/vouchers	25%	25%	27%	23%	24%	28%	25%
Bought more products on a buy one/get one free offer (BOGOF)	22%	20%	24%	20%	22%	26%	21%
Traded down in quality	15%	12%	18%	14%	16%	21%	12%

Q: Thinking about how high inflation has impacted your spending patterns, which of the following, if any, have you done to save money/spend less on the category you purchased in the last 12 months?

As buyers of different categories have responded to high inflation in different ways to take control of their expenses,

how do they plan to moderate their spend in the next 12 months.

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Combating inflation with smart spending in the next 12 months

Looking to the future, with almost two thirds globally worried about the effect of inflation on future spending, many are planning to make smart shopping choices to navigate the

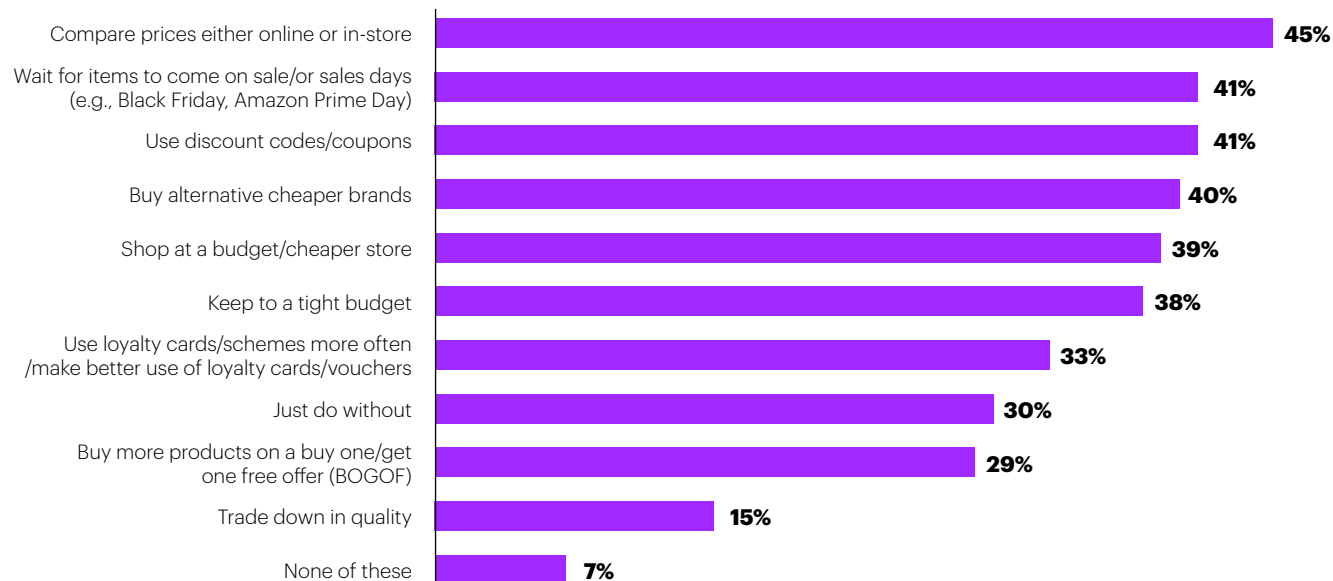
storm. More than nine in ten globally (**93%**) are intending to combat inflation by employing smart shopping in the year to come.

Buying cheaper

The top two future tactics center on bagging a bargain and buying products at a cheaper price by either comparing prices across retail channels or waiting for the price of products to be slashed in sales or on sale days.

Using discount codes to apply a reduction in price is also popular, along with buying more products such as 'Buy one/get one free' offers (BOGOF).

Actions likely to do to save money on shopping in the next 12 months – global



Q: Which of the following, if any, are you likely to do to save money on your shopping in the next 12 months?

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Trading down

Switching brands or buying cheaper alternatives is another core strategy global consumers are intending to action to reduce costs. Around four in ten would switch and buy a cheaper alternative brand or shop at a budget/cheaper store. This may mean switching to value or own label options or trading down on quality to cut costs.

Limiting spend

By keeping to a tight budget, planning their shopping, or keeping to lists, consumers can have more control over their spending. This might be a combination of budgeting, reducing spend in some categories or simply doing without to save money on their shopping.

Whatever the strategy, it will be important for brands and retailers to show empathy with their consumers and align their rewards, offers, discounts and ranges to create an affinity with their customers and support them where they need it most.

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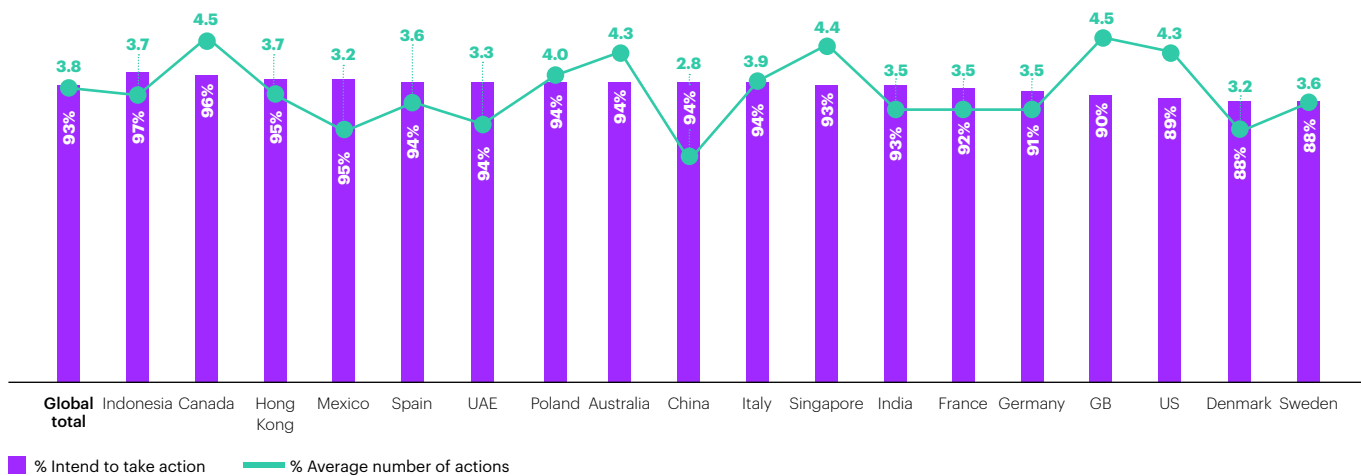


Global consumers are taking action to save money

Across all markets, **88%** or more consumers intend to take some action in the next 12 months to save money, rising to over nine in ten for 14 out of the 18 markets surveyed. Canadians and Brits (who experienced the largest drops in disposable income in the last 12 months) intend to undertake

a higher number of savvy actions than the global total in the next 12 months (**4.5** vs **3.8** global total). Whereas, in China (where inflation concerns are lower), consumers plan to undertake fewer money-saving actions in the next 12 months (**2.8**).

% likely to do an action to save money in the next 12 months and average number of actions – global



Q: Which of the following, if any, are you likely to do to save money on your shopping in the next 12 months? Please select all that apply.

As consumers globally embrace savvy shopping and hunt for the best deals, are different countries engaging with different tactics?

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Tactics vary by country

Brits are opting for a raft of actions to help them save money on their shopping. They over index on all strategies except for waiting for items to come on sale. Their top three tactics focus on trading down to cheaper brands, optimizing loyalty schemes and budget management. The importance of waiting for items to go on sale and sale days rank as the top tactic in Canada and Italy and in the top three for America

and a range of European and Asian markets. Redeeming and making better use of loyalty cards and schemes is the top action in France and Australia. Consumers in China and Singapore are choosing to use discount codes, compare prices across retail outlets and wait for sales whilst shopping at a budget/cheaper store is the most popular option for Indonesia and Poland.

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Top three smart tactics for the next 12 months – by country

	1st	2nd	3rd
Global	Compare prices either online or in-store 45%	Wait for items to come on sale/or sales days /use discount codes 41%	Buy alternative cheaper brands 40%
GB	Buy alternative cheaper brands 50%	Use loyalty cards 48%	Keep to a tight budget 46%
Germany	Just do without 44%	Buy alternative cheaper brands 43%	Wait for items to come on sale/sale days 42%
France	Use loyalty cards 40%	Keep to a tight budget 39%	Use discount codes/coupons 37%
Italy	Wait for items to come on sale/or sales days 50%	Just do without 47%	Compare prices either online or in-store 42%
Denmark	Compare prices either online or in-store 47%	Buy alternative cheaper brands 40%	Wait for items to come on sale/or sales days 39%
Sweden	Compare prices either online or in-store 49%	Use discount codes/coupons 43%	Buy alternative cheaper brands/Wait for items to come on sale/or sales days 34%
Spain	Compare prices either online or in-store 48%	Buy alternative cheaper brands 41%	Use discount codes/coupons/ Wait for items to come on sale/or sales days 40%
Poland	Shop at a budget/cheaper store 47%	Buy more products on a buy one/get one free offer (BOGOF) 44%	Keep to a tight budget/ Compare prices either online or in-store 42%
US	Use discount codes/coupons 48%	Just do without/ Compare prices either online or in-store 45%	Buy alternative cheaper brands/ Wait for items to come on sale/or sales days 44%
Mexico	Compare prices either online or in-store 48%	Shop at a budget/cheaper store 43%	Buy alternative cheaper brands 37%
UAE	Use discount codes/coupons 40%	Wait for items to come on sale/or sales days 39%	Shop at a budget/cheaper store/ Compare prices either online or in-store/ Keep to a tight budget 37%
India	Compare prices either online or in-store/ Use discount codes/coupons 45%	Wait for items to come on sale/or sales days 42%	Shop at a budget/cheaper store 39%
Australia	Use loyalty cards 50%	Compare prices either online or in-store 49%	Wait for items to come on sale/or sales days/ Keep to a tight budget 48%
China	Compare prices either online or in-store 45%	Use discount codes/coupons 39%	Wait for items to come on sale/or sales days 36%
Indonesia	Shop at a budget/cheaper store 53%	Compare prices either online or in-store 50%	Use discount codes/coupons 45%
Hong Kong	Use discount codes/coupons 49%	Compare prices either online or in-store 45%	Shop at a budget/cheaper store 43%
Singapore	Use discount codes/coupons 55%	Compare prices either online or in-store 51%	Wait for items to come on sale/or sales days 49%
Canada	Wait for items to come on sale /or sales days 55%	Compare prices either online or in-store 52%	Buy alternative cheaper brands 50%

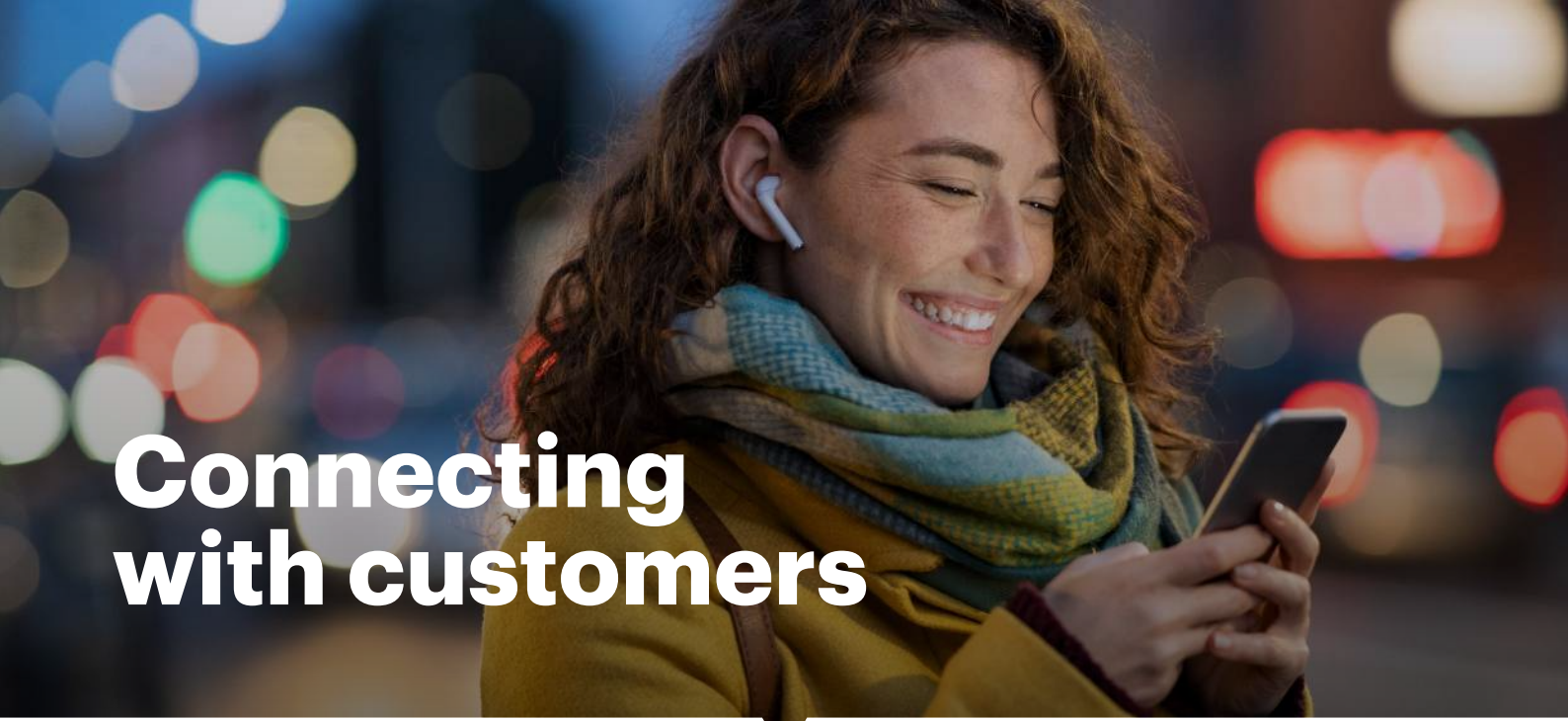
Q: Which of the following, if any, are you likely to do to save money on your shopping in the next 12 months? Please select all that apply.

In this complex scenario brands will be pressed to support customers in any way they can with money saving strategies where possible or offering enhanced value to keep them engaged.

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Connecting with customers

With rising prices a key concern for consumers, brands and retailers will need to re-evaluate how they communicate value, and marketers will need to understand how to meet with their customers' evolving needs with the right campaigns.

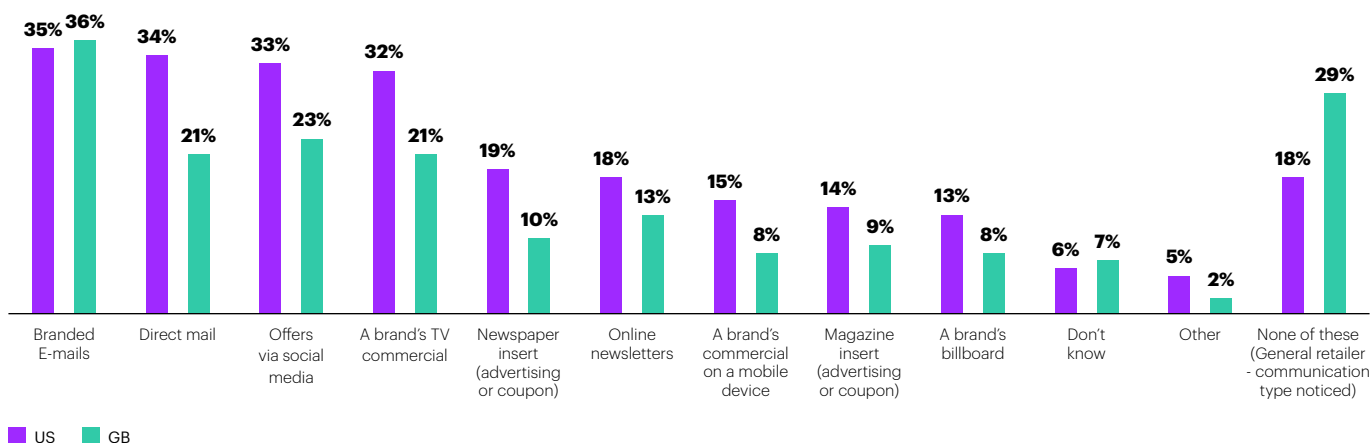
In exploring which forms of brand communication US and GB consumers take notice of from retailers, digital methods rank in the top three. Just over a third state branded emails as the top method that grabs their attention, closely followed by social media in the US. Whilst fewer Brits are taking notice of social media from retailers, it is the second most popular form, closely followed by direct mail and TV advertising in

joint third position. Less than one in five take notice of adverts in newspapers or magazines, online newsletters, and billboards.

Social media is more popular with younger audiences who are more likely to take notice of offers via social media and branded emails are more popular with those aged 25-54 whereas TV resonates more with those aged 45+ in the US.

Ensuring messaging understands consumers' mindset and responds with empathy will be vital for brands and retailers in connecting with customers as they navigate the choppy waters ahead.

Forms of brand communication noticed from retailers – GB and US



Q: Which, if any, of these forms of brand communication from retailers do you ever take notice of? (GB and US)

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Whilst changes in shopping behavior during high inflation and the rising cost of living poses a challenge for brands and retailers, it also offers an opportunity to realign strategies to adapt to the changing needs of customers and step in to support them.

YouGov® Surveys

Concept A or Concept B?

Don't wing your next campaign
- **ask your target audience.**



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Category insights

Food and beverages

With rising inflation, product and brand loyalty can be tested as consumers become more price conscious and look to save money wherever they can.

Price sensitivity:

Groceries rank as the most price sensitive category with more than half of global consumers (**55%**) claiming they have been sensitive to price increases in the last six months. In addition, take-out food is ranked as the fourth most price sensitive category, with one in three (**30%**) conscious of changes in prices.

Changes in category spend:

Across the 18 markets, food and drink experienced the highest increase in spend with **48%** having spent more on food and beverages in the last 12 months. While almost one in three maintained their spend (**29%**), a fifth spent less (**20%**).

All age groups felt the pressure of increased spend on food and drink but for those aged 55+ spend increased the most.

Food and drink spend is set to increase further.

Food and beverages tops the list of most impacted by increased spend in the next 12 months. **30%** intend to spend more and a quarter intend to spend less (**24%**) with just over four in ten intending to keep their spend on the category the same.

Smart shopping:

Saving money by buying cheaper alternatives or shopping at cheaper retailers are the top tactics consumers are choosing in order to spend less on food and beverages. As the most price sensitive category, almost four in ten global consumers are trading down by buying cheaper alternative brands or choosing to shop at a cheaper/budget store.

Marketing insight:

Staying competitive on pricing and value propositions whilst offering relevant ranges that cater for all budgets will be critical for retailers and brands to win customers and retain loyalty.

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Clothing, shoes, and accessories

Price sensitivity:

Clothing and shoes ranked as the third most price sensitive category with over a third (**35%**) conscious of the cost of clothing and shoes, almost on a par with utilities.

Changes in category spend:

Reviewing spend in the last 12 months, whilst **33%** globally maintained their spend on clothes, shoes and accessories, the same proportion decreased their spend and slightly fewer increased their spend (**30%**). The same ratios can be found in the alcohol and toys/puzzles categories. Overall, more consumers decreased their spend on this category than increased, although a third maintained their spend.

18–24-year-olds were the most likely to have increased their spend on clothes/shoes/accessories in the last 12 months and those aged 45+ less likely.

Almost double the amount are intending to spend less on apparel in the next 12 months as spend more (**39%** spend less vs **21%**), although for a third spend will remain the same.

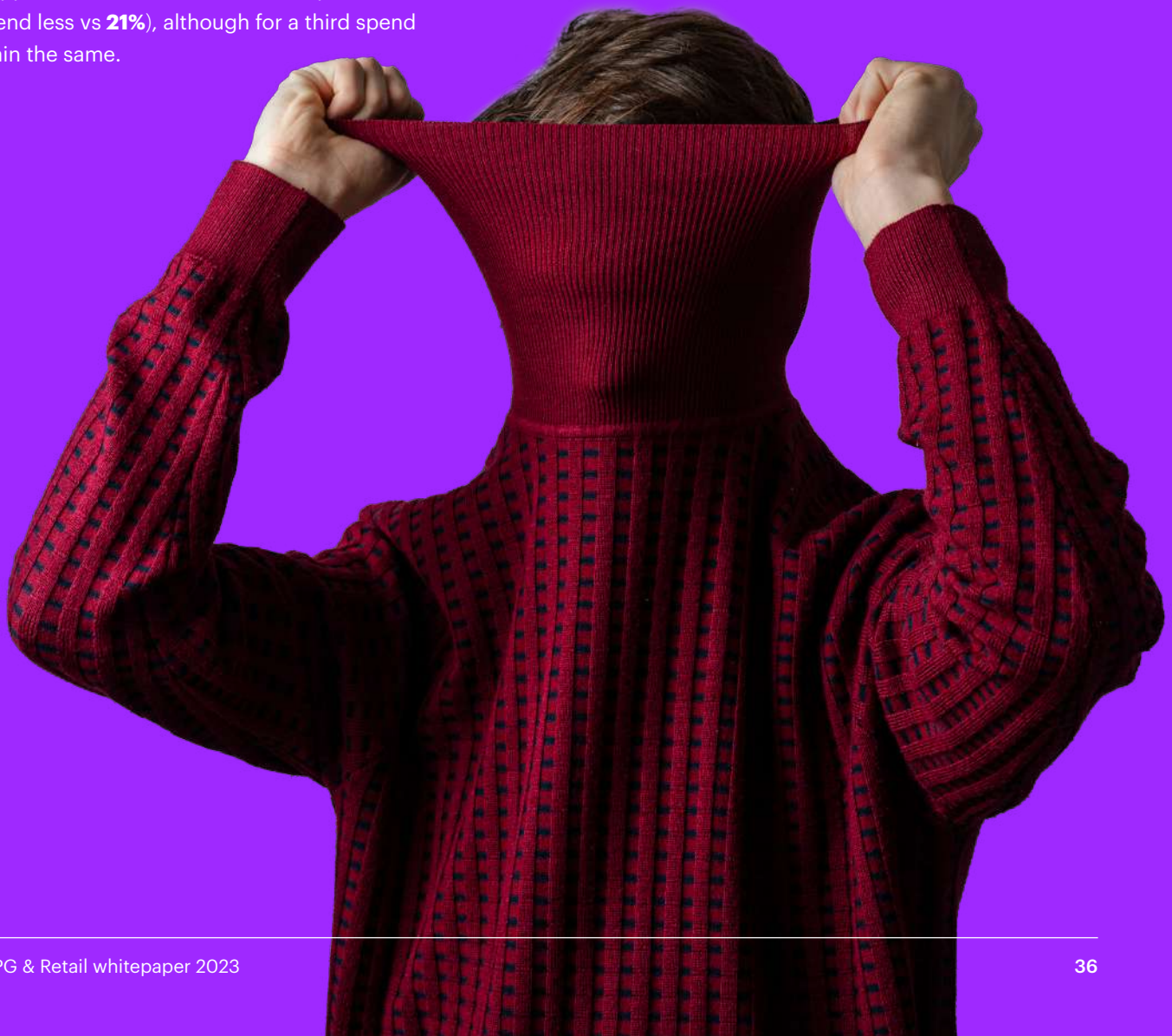
Smart shopping:

Apparel consumers are focused on bagging a bargain and buying at a cheaper price, allowing them to buy the products they want but at a discounted price. Top consumer tactics for these are waiting for the sales and comparing prices either online or in-store; they are less likely to compromise on cheaper alternatives, and a third would rather do without.

Marketing insight:

Providing discounted deals around sales and sale days offer an opportunity to win customer attention. Price matching also offers a way to help prioritize consumers' time and wallets and avoid them shopping around for better deals.

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Personal care and beauty

Price sensitivity:

A fifth of consumers globally are price sensitive about medicine and healthcare products, and **18%** are sensitive to price changes for cosmetics and beauty products.

Changes in category spend:

In exploring spend in the last 12 months a slightly higher proportion increased their spend than decreased (**31%** spent more compared to **26%** spent less) whilst almost four in ten globally didn't change their in the last 12 months.

Spend increased the most amongst younger age groups, **35%** of 18–24-year-olds spent more on personal care and beauty in the last 12 months, compared to only **30%** of those aged 55+ who spent more.

Looking to the future, although **42%** intend to spend the same amount in the next 12 months, **31%** are going to spend less compared to **21%** who will spend more.

Smart shopping:

The top smart shopping tactic for personal care/beauty buyers is comparing prices online or in-store, followed by waiting for products to go on sale and trading down to cheaper alternatives or cheaper stores.

Marketing insight:

Price matching and utilizing price-based promotions can help save consumers money and appeal to the bargain hunting mindset.

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Household supplies

Changes in category spend:

Household supplies and toiletries experienced the second highest spend increase in the last 12 months across the 6 categories. More than a third spent more (**37%**) compared to **18%** who spent less, and a considerable proportion maintained their spend (**41%**).

Older age groups are more likely to have increased their spend on household supplies and toiletries in the last 12 months, with **40%** of those aged 55+ having spent more compared to only **32%** of those aged 18-24.

In the next 12 months, almost half intend to maintain their spend on household supplies and toiletries with equal proportions intending to increase their spend as spend less (**23%**).

Smart shopping:

Global consumers of household supplies and toiletries are opting for many tactics to save money. Like food and beverage consumers they are more likely to buy cheaper alternatives and shop at budget/cheaper stores, but they are the most likely to choose to buy more products on a 'Buy one/get one free' offer (BOGOF), use discount coupons and loyalty schemes as well as trade down on quality.

Marketing insight:

With more consumers looking for good value, price is at the top of consumers' motivations, optimizing discount coupons and loyalty schemes along with supportive messaging will be key to gain share of consumers' wallets. Brands that embrace value-based innovation can deliver meaningful, positive impact on consumers, businesses, and brands.

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Alcohol

Changes in category spend:

In the last 12 months, higher proportions spent less on alcohol than increased their spend (**33%** spent less vs **27%** spent more), while **34%** spent the same amount.

Amongst buyers, 18-24-year-olds were slightly more likely to have spent more on alcohol in the last 12 months.

In the next 12 months, those who intend to spend less on alcohol are twice as many as those who intend to spend more (**40%** vs **17%**), **36%** will spend the same amount.

Smart shopping:

Alcohol has been highlighted as a category where consumers are making more selective choices with some

reducing their spend due to inflationary pressures.

The top tactic they have adopted to save money is to do without, overall, they are less likely to opt for the other smart shopping strategies posing challenging conditions for drinks brands and manufacturers.

Marketing insight:

For drinks brands, manufacturers, and retailers they will need to look beyond price to adapt to the changes in consumer behavior. Appealing to new at home drinking experiences and continue to bring innovation in the form of new product portfolio offerings such as low and no alcohol can help keep consumers engaged with the category.

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Toys/puzzles/ games and books

Changes in category spend:

Although more than a third globally spent the same amount on toys/puzzles/games and books in the last 12 months (**36%**), higher proportions reduced their spend than increased it (**32%** spent less and **23%** spent more). Increased spend was highest amongst under 45s.

Similar proportions intend to spend the same amount on toys/puzzles/games and books in the coming 12 months compared to the previous 12 months.

Looking ahead, the percentage intending to spend less on toys/puzzles/games and books (**37%**), is twice as high as the proportion who intend to spend more (**17%**).

Smart shopping:

Comparing prices online or in-store and waiting for items to come on sale are the top tactics for toys/puzzles/games and books buyers who are looking to buy items at the most competitive price.

Marketing insight:

Being fair and transparent with pricing and communicating competitiveness such as price matching will be important to build a deeper connection with customers and enhance brand loyalty.

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Summary

Inflation concerns are very real and as consumers change their spending habits to offset rising costs, brands and retailers will have to adapt their marketing strategies to changing consumer needs.

Groceries and fashion rank in the top categories that global consumers are most price sensitive to and the ones most at risk of eroding brand loyalty and high competition. Being fair and transparent with pricing and value propositions will be key for retailers and brands to be viewed positively in the eyes of the consumer and prevail over the competition.

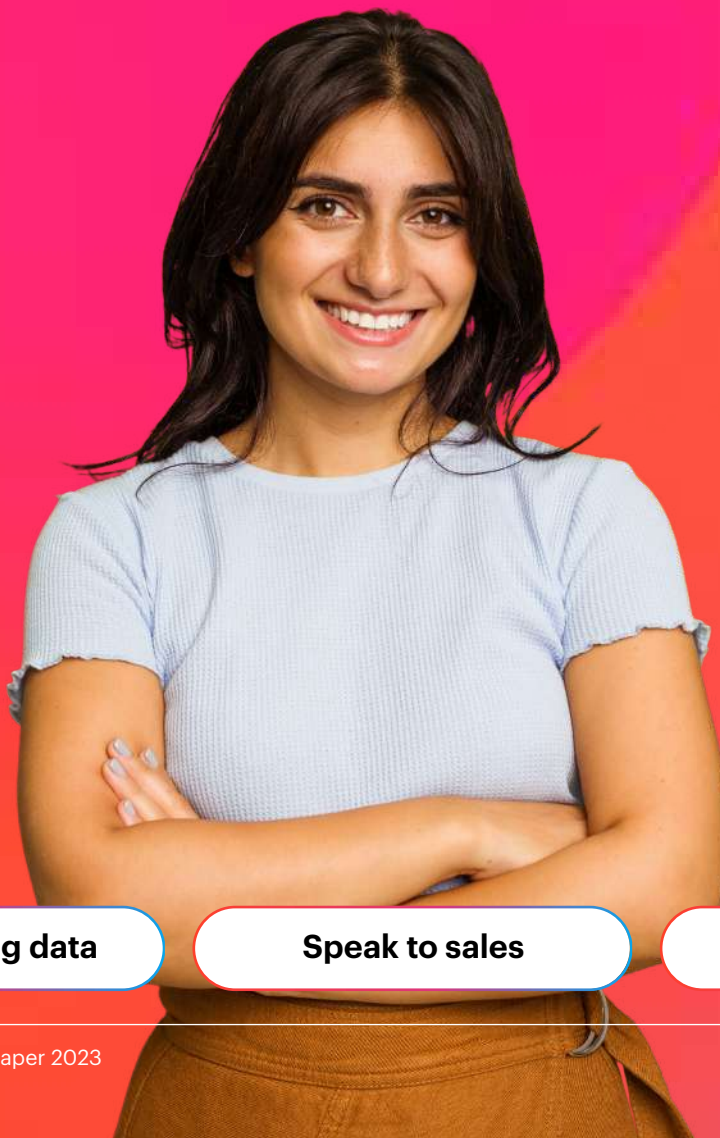
Remaining competitive on pricing and value propositions whilst offering relevant ranges that cater for all budgets will be critical for retailers and brands especially in categories where spend is being cut back.

Consumers are combating inflation with smart spending, with more than nine in ten choosing smart shopping actions in the last 12 months and plan to in the next 12 months.

Understanding the motivations and tactics of smart shoppers such as relying on loyalty offers, discount codes, buying cheaper brands, shopping at cheaper stores, and comparing prices across retail channels will help brands and retailers to create long-term brand affinity with their customers and support them through this storm.

Brands and retailers that show empathy to their consumers by tuning into the current financial environment, anticipating, and meeting customer expectations will build a deeper connection with customers and foster customer loyalty.

Marketers will need to communicate value messaging in an open and sensitive way and be aware of the needs of different customers by devising tailored messaging and pricing strategies to meet the evolving needs of customers as they navigate these challenging times.



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Our data

The insights in this report are drawn from a recent global YouGov Custom Survey focusing on the FMCG/CPG and Retail sectors. Covering 18 global markets of more than 19,000 respondents, our survey was fielded between 17th January 2023 and 1st February 2023.

The report explores how consumer purchasing behavior adjusts to higher prices, the FMCG/CPG categories consumers are cutting back - or spending more on - and investigates the tactics consumers are implementing to save money.

The YouGov panel provides a naturally accurate and representative view of the population. Data is adjusted with mild weighting using interlocking demographic characteristics—methodology considered advanced in the market research space. For this report the following population representation was used:

Region	Market	Population sampled representation	Sample size (n=)
North America	US	National representative - 18+	1,507
North America	Canada	National representative - 18+	1,044
North America	Mexico	National (Urban focus) - 18+	1,057
Europe	GB	National representative - 18+	2,027
Europe	France	National representative - 18+	1,004
Europe	Germany	National representative - 18+	1,065
Europe	Spain	National representative - 18+	1,014
Europe	Denmark	National representative - 18+	1,028
Europe	Italy	National representative - 18+	1,012
Europe	Poland	National representative - 18+	1,003
Europe	Sweden	National representative - 18+	1,018
APAC	Australia	National representative - 16+	1,038
APAC	China	National Online - 16+	1,035
APAC	Hong Kong	National Online - 18+	512
APAC	Indonesia	National Online - 18+	1,046
APAC	India	National Online (Urban only) - 18+	1,004
APAC	Singapore	National representative - 18+	1,066
MEA	UAE	National representative - 18+	1,054

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