



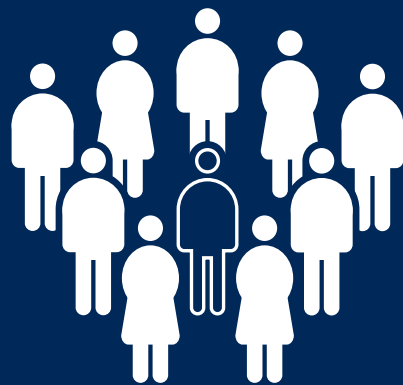
Has the cost of living crisis impacted your goals?

Faced with rapid inflation, rising interest rates, and plummeting consumer confidence, household finances are being tested from many angles.

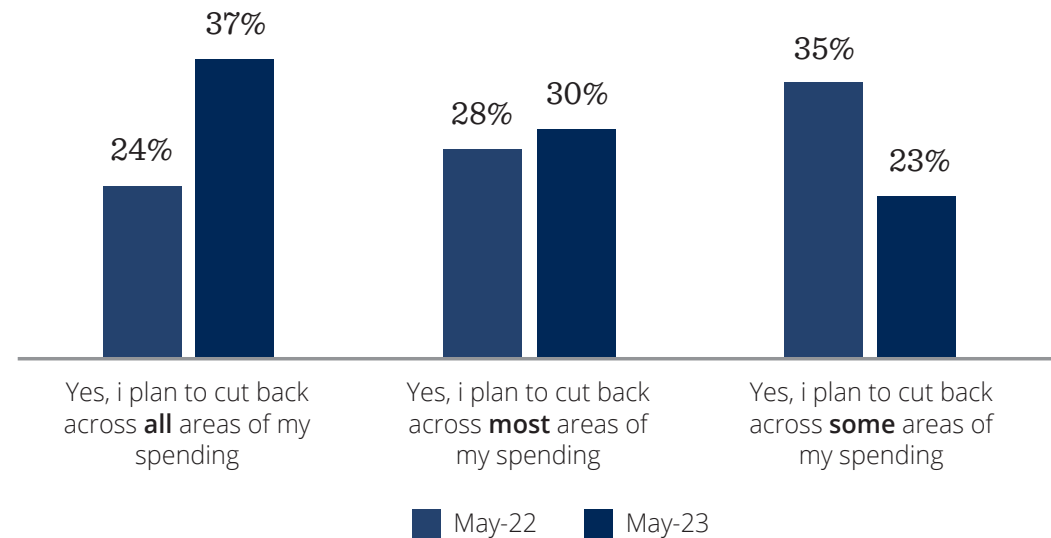
As the cost-of-living crisis continues, research from Grant Thornton and Retail Economics ('The Cut Back Economy' report*) shows a diverse response in behaviours across the UK population.

9 in 10

UK consumers will reduce their spending over the year ahead

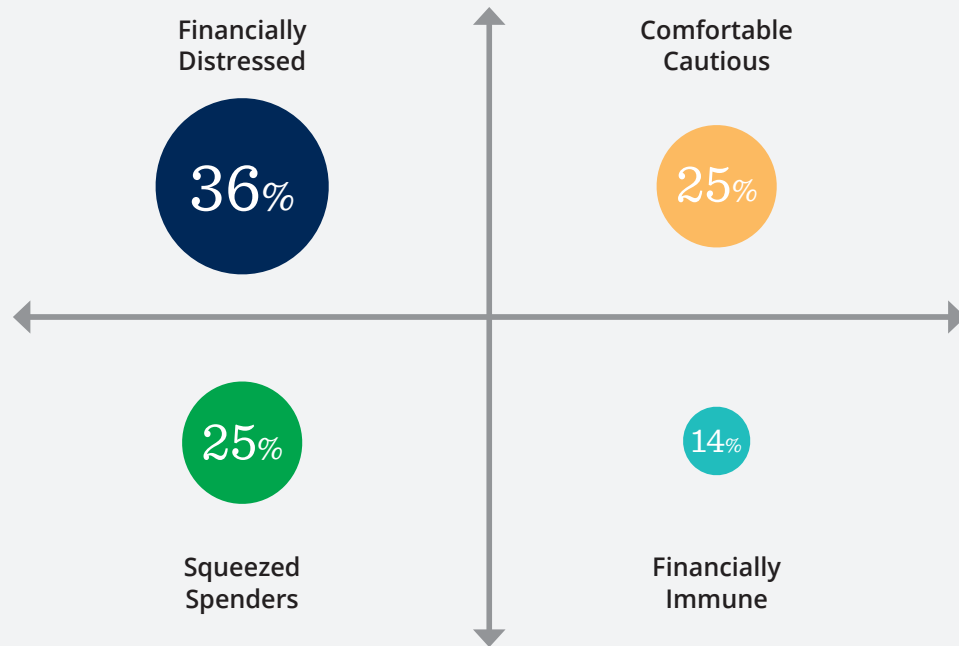


Consumers' cut back intentions remain elevated



Whilst 9 in 10 UK consumers will reduce their spending over the year ahead with many adopting recessionary behaviours by trading down, shopping less or sacrificing purchases altogether, cut back intentions do vary by household, depending on their age, income, and individual persona.

This research not only looks at participants' perceptions of their financial security but also their level of emotional concern and after analysing the responses, four cohorts were identified as follows.



How do you feel your financial priorities have been impacted? Tick the box you feel more resonates with you.

Financially Distressed – 36% of UK households plan to cut back across most (if not all) of their non-essential spending – a decision taken out of necessity, as low incomes and/or high debt levels leave little room for these households to manage rising living costs.

Squeezed Spenders – 25% of households recognise the need to cut back across some of their spending but generally prefer to borrow, dip into savings or use ‘buy now pay later’ schemes than let money worries get in the way of their desires.

Comfortable Cautious – 25% of households are financially secure but still worry about the cost-of-living crisis. They are cutting back across some of their spending out of precaution.

Financially Immune – 14% of households have no plans to cut back their spending.

How we can help

This quick exercise should help you reflect on your financial position, and your attitude towards the crisis. The descriptor that most closely resembles yourself, may differ from the ‘person in the street’ responses collected by the media.

By recognising your current financial and emotional state, this should enable a more focused and relevant discussion with your adviser. This is especially true when reviewing your medium and longer term priorities and objectives.

Sources: ‘The Cut Back Economy’ report, July 2022 produced by Grant Thornton in partnership with Retail Economics, assesses the impact of the cost-of-living crisis on retail and consumer industries. The research contains behavioural insights based on findings from a nationally representative consumer panel of UK households. The sample comprised more than 2,000 adults with survey data collected in May 2022. The full report is here - <https://www.grantthornton.co.uk/insights/the-cut-back-economy>. Chart: Retail Economics, Grant Thornton.