

End of Consumer Hedonism?

Lockdown has flipped the priorities of people in the UK

18 May 2021

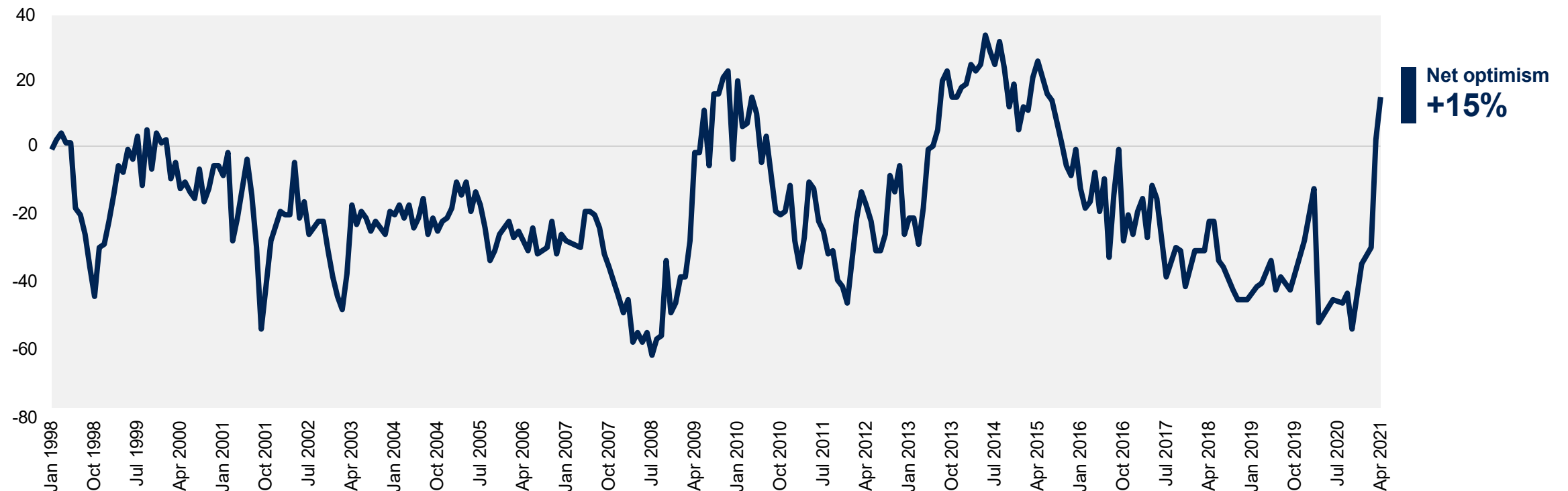
PUBLIC

Research by Ipsos MORI for the
Nationwide Building Society
Consumer Insights Panel



An historic surge in economic optimism

Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?

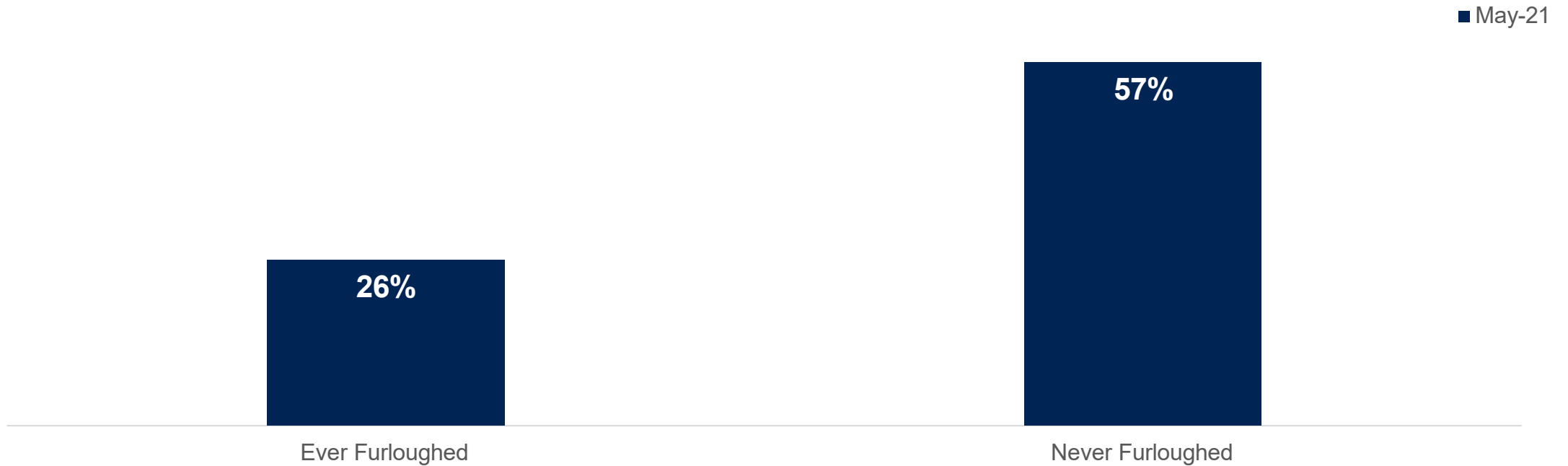


Base: c.1,000 British adults 18+ each month

Source: Ipsos MORI Political Monitor

One in four adults has been furloughed

Since the start of the pandemic, have you been furloughed at all?



Base 2021: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

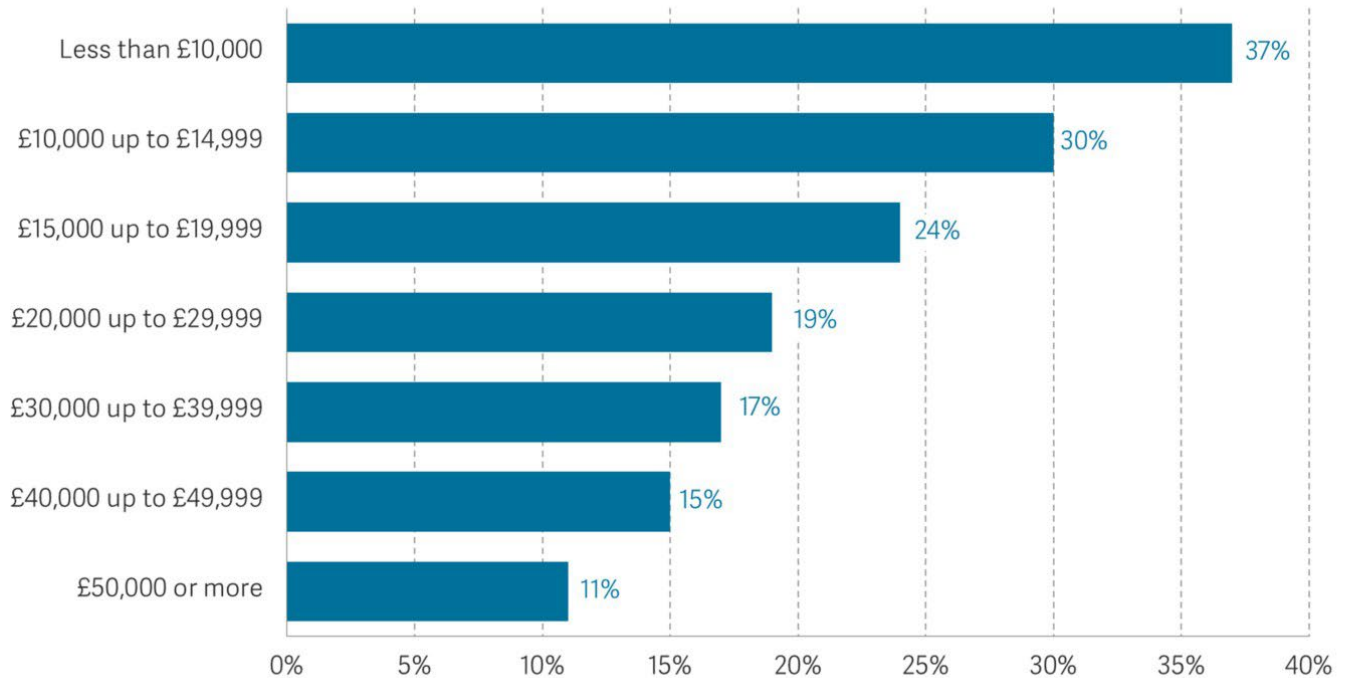
One in five of us experienced some form of depression in early 2021 – double the pre-Covid level.

The income divide is huge:

Those on the lowest incomes are **three times** as likely to be affected as the most affluent

Proportion of adults experiencing depressive symptoms by Gross Personal Income: GB, 27 January to 7 March 2021

Resolution
Foundation



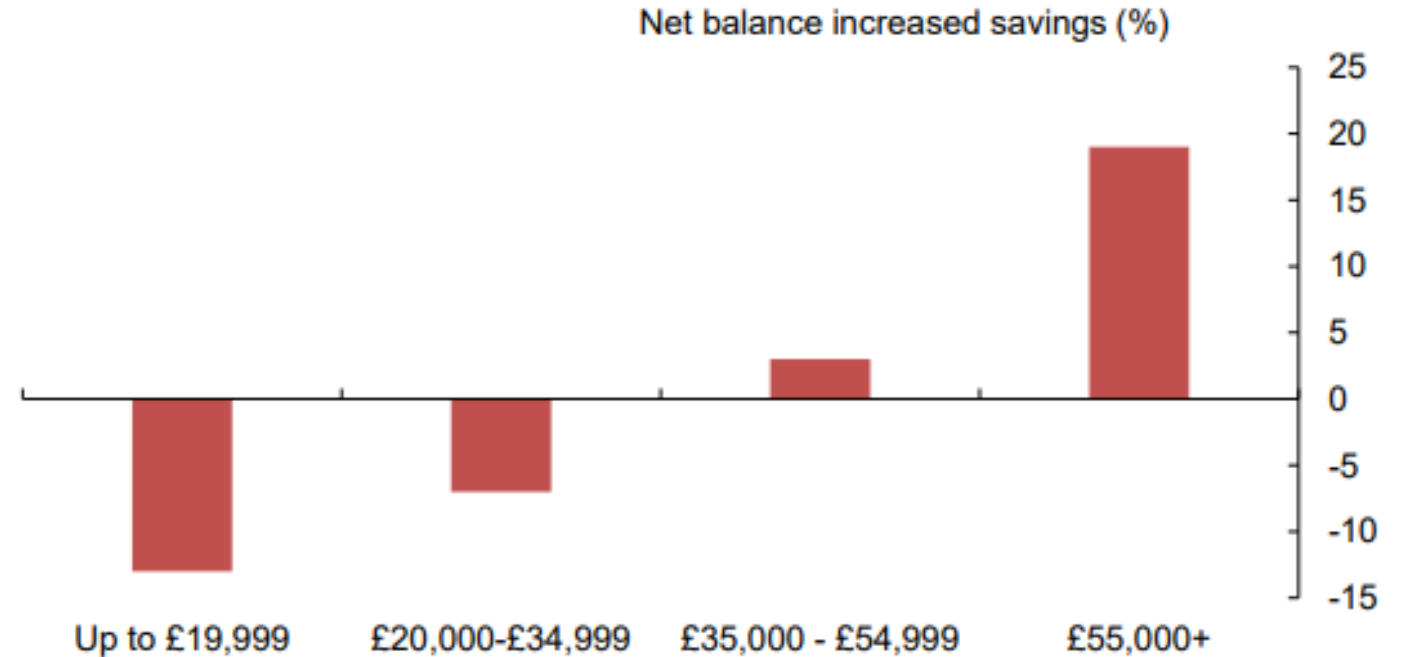
SOURCE: RF analysis of ONS, Opinions and Lifestyle Survey.

@resfoundation

“...household savings rates appear to have risen, involuntarily and significantly, due to social distancing policies. A Bank of England survey in conjunction with Ipsos MORI suggests... considerable heterogeneity across income cohorts”

Andy Haldane, 1 July 2020

Chart 12: Saving rates by income (net balance)

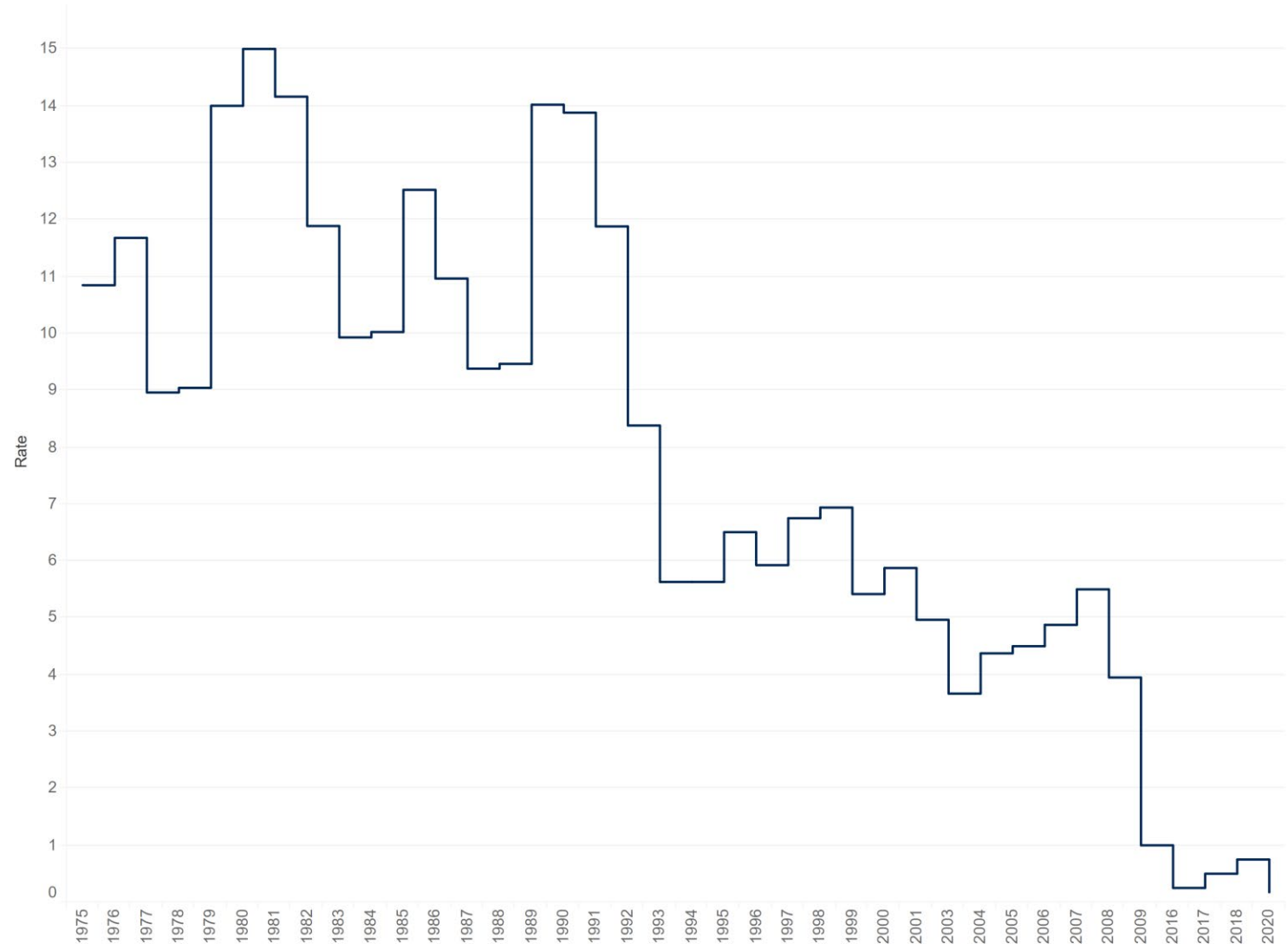


**Yet there has never
been less of an
incentive to save...**

**...Despite this our survey
shows a net balance of +31
ppt towards a saving
mentality.**

**Is this a worrying signal for
sustained economic growth?**

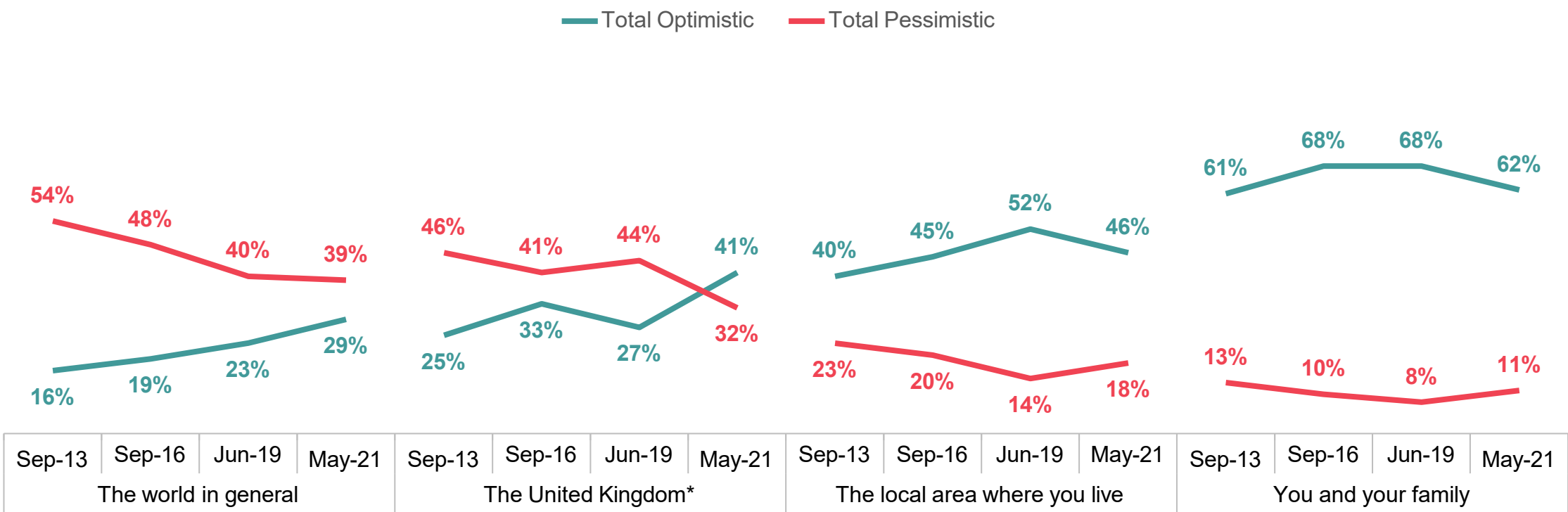
Bank of England Base Rate over time



Economic Analysis by Perspective Economics for Ipsos MORI

Rising optimism generally for country as a whole

Looking ahead to the next 12 months, are you optimistic or pessimistic about the following?



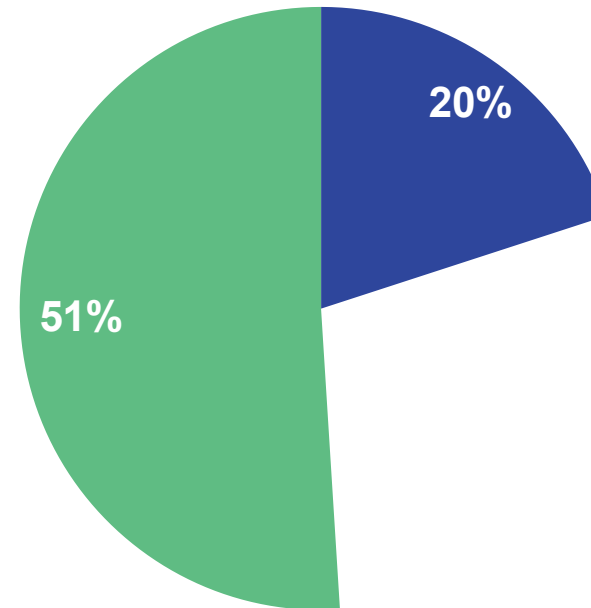
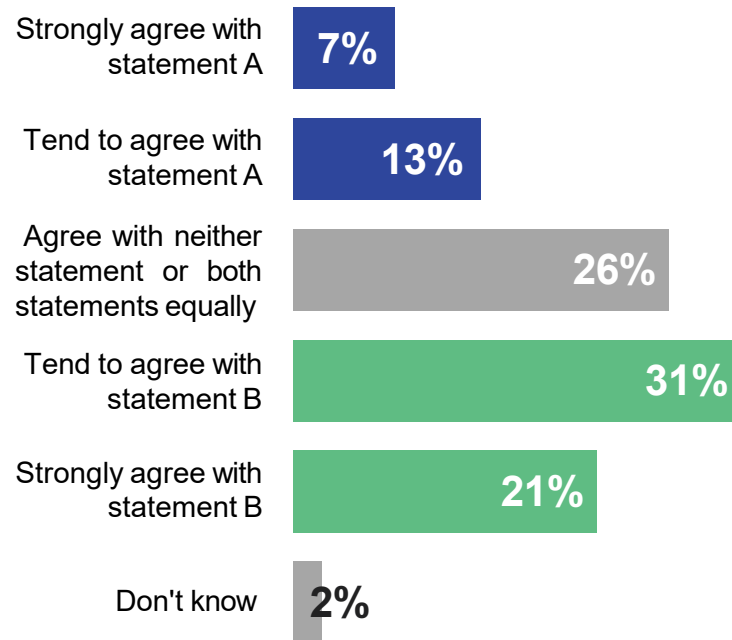
Base 2021: 2,885 adults aged 16-75 in GB, conducted between 29th April - 5th May 2021
* N.B. 2013-2019 data asked about "Great Britain"

Half of the public come out of the pandemic defining financial well being as about a good safety net

Q2. Which of the following statements about financial wellbeing do you agree with most?

Statement A: Financial wellbeing means that I am able to spend money to get the things I want

Statement B: Financial wellbeing means I have savings that give me a good safety net



The UK: a nation of savers?

+31ppts towards saving mentality

Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Who are the spenders?

Younger – Specifically Gen Z

Lower educational attainment
– GCSEs as highest qualification

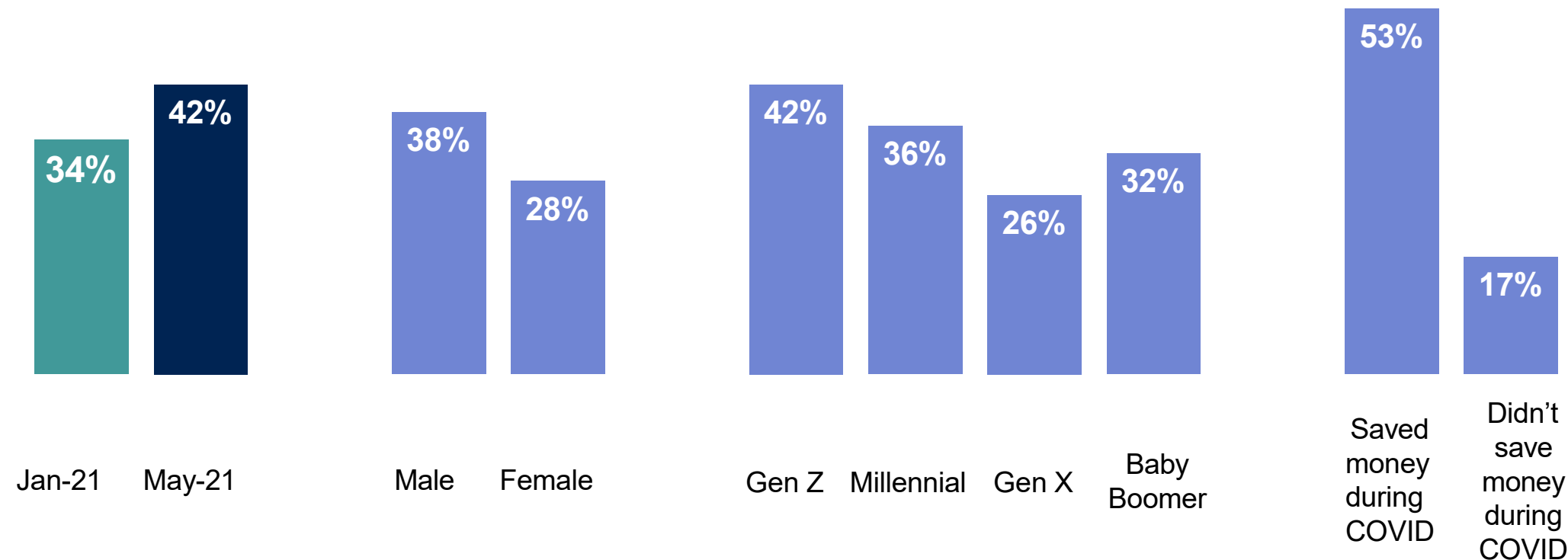
...Those with a **stronger saving reflex** include Millennials, the university educated and high earners



Rise in comfort with major purchases

Q3. Compared to six months ago, do you feel more or less comfortable making a major purchase, like a house or a car?

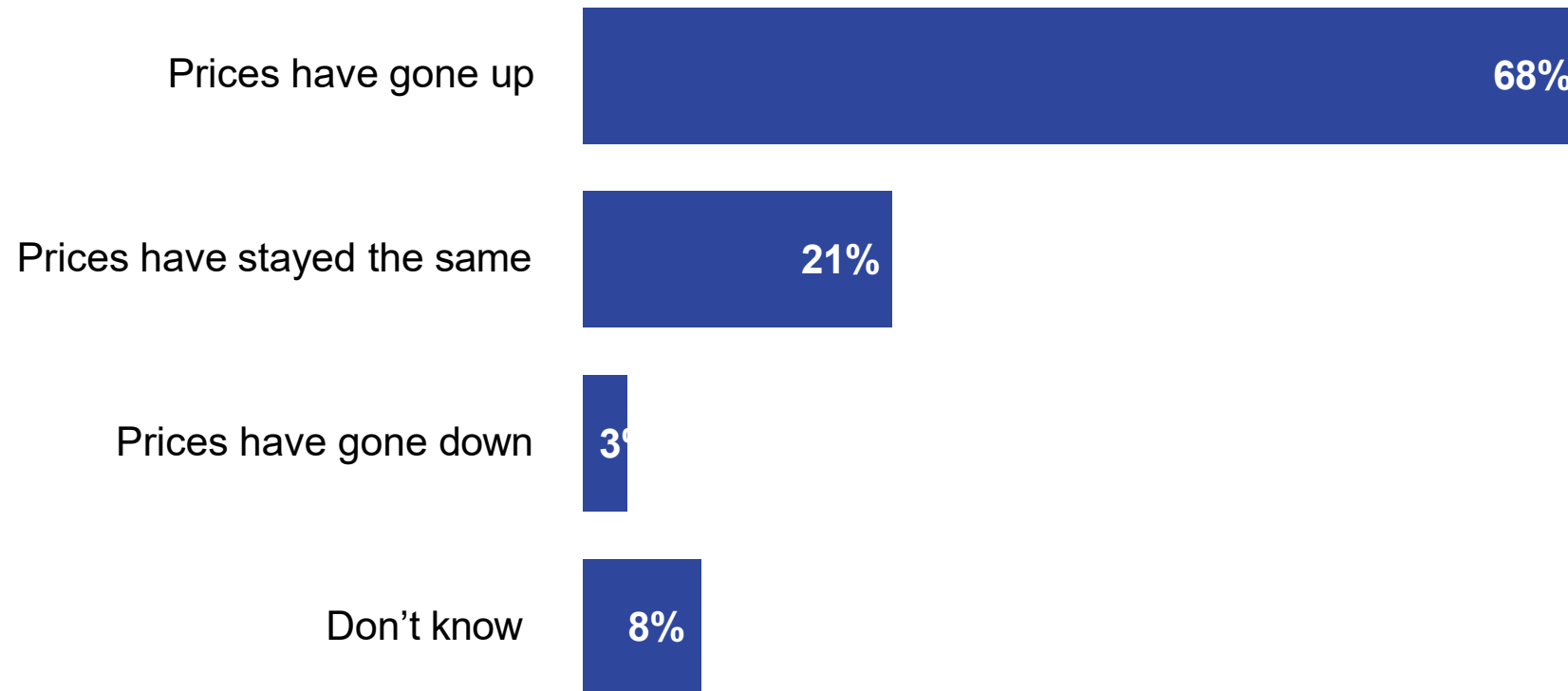
More comfortable



Base May 2021: 2885 adults aged 16-75 in GB, conducted between 29th April - 5th May 2021

But after a year of record price volatility many notice price rises

Q5. Which of these options best describes how you think prices have changed over the last 12 months?



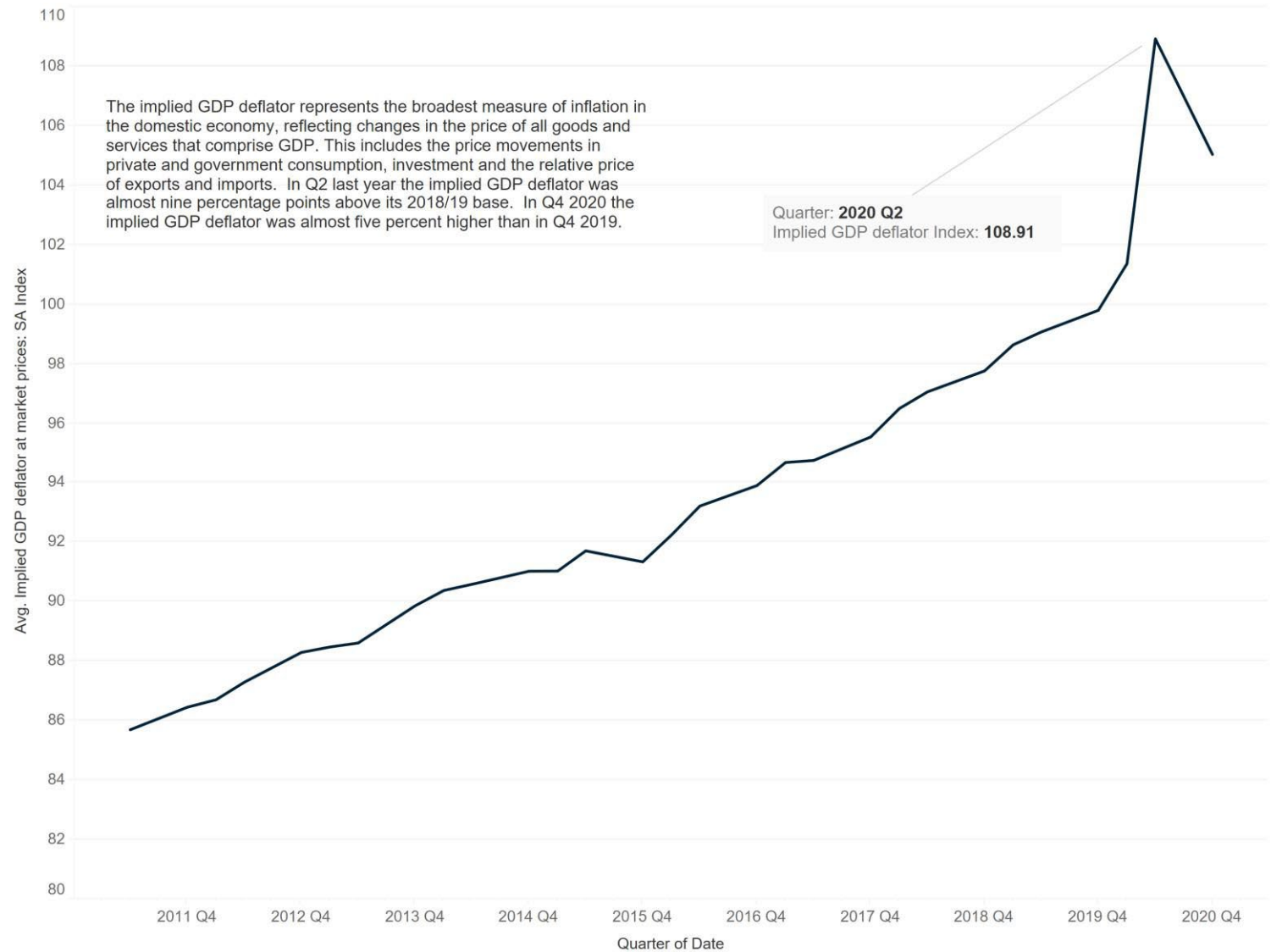
Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

The Six Pound Pint Problem likely to continue

Implied GDP deflator figures show the level of price inflation across the economy during 2020.

A lack of choice, restrictions on customer numbers and onerous COVID-secure requirements have led to businesses charging higher prices.

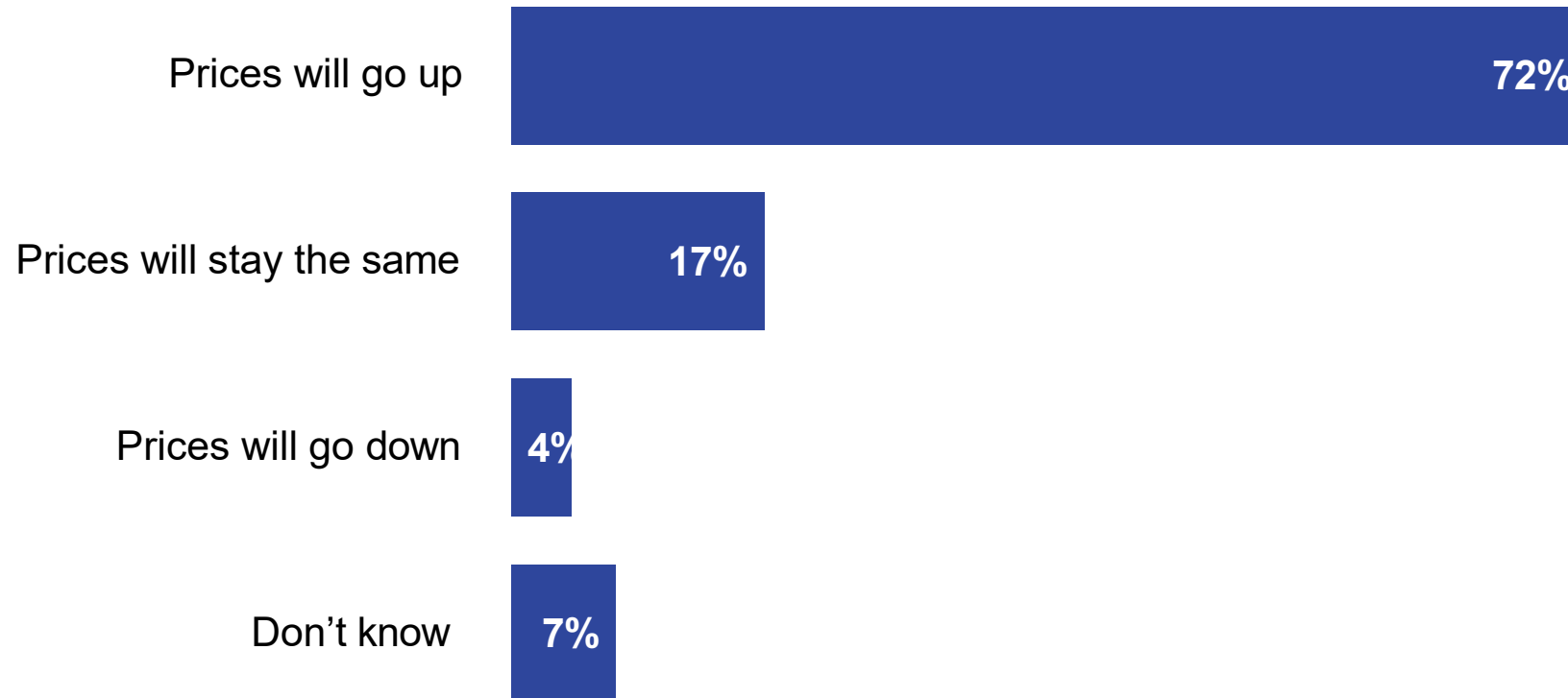
Overwhelming demand (and limited supply) for haircuts, pub garden tables and weddings suggests this will continue into 2021-2022, feeding the unprecedented level of volatility and variation in prices seen across the UK since the start of the pandemic.



Economic Analysis by Perspective Economics for Ipsos MORI

And the expectation is for further price rises

Q6. And how do you expect prices in the shops generally to change over the next 12 months?

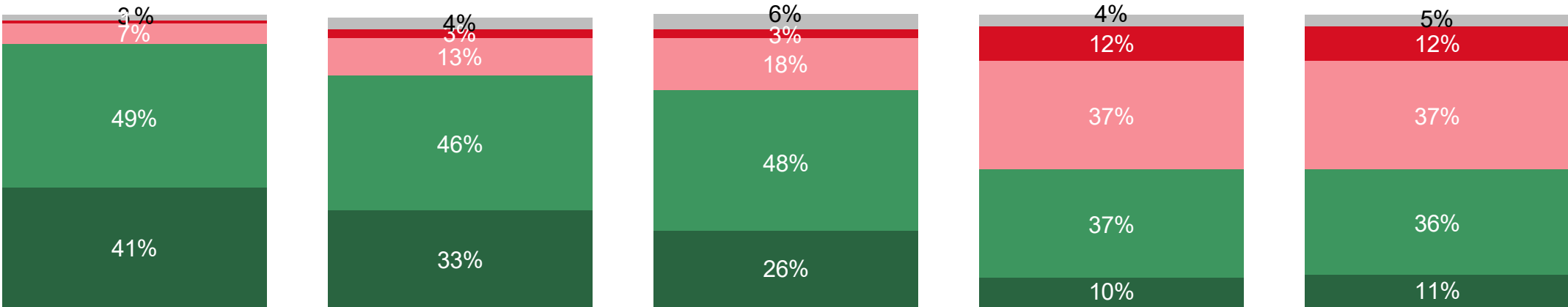


Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

As a result of the shock and insecurity, caution prevails

Q7. Here are some statements about your attitudes to money. To what extent do you agree or disagree with each one?

Strongly agree
Tend to agree
Tend to disagree
Strongly disagree
Don't know



It is important to be careful and always have savings to cope with unexpected events

I want to save enough money so I don't need to worry about losing my job

I want to save more than I have done in the past – the pandemic has shown the world is full of risk and uncertainty

Money is to be enjoyed, when I have it I spend it

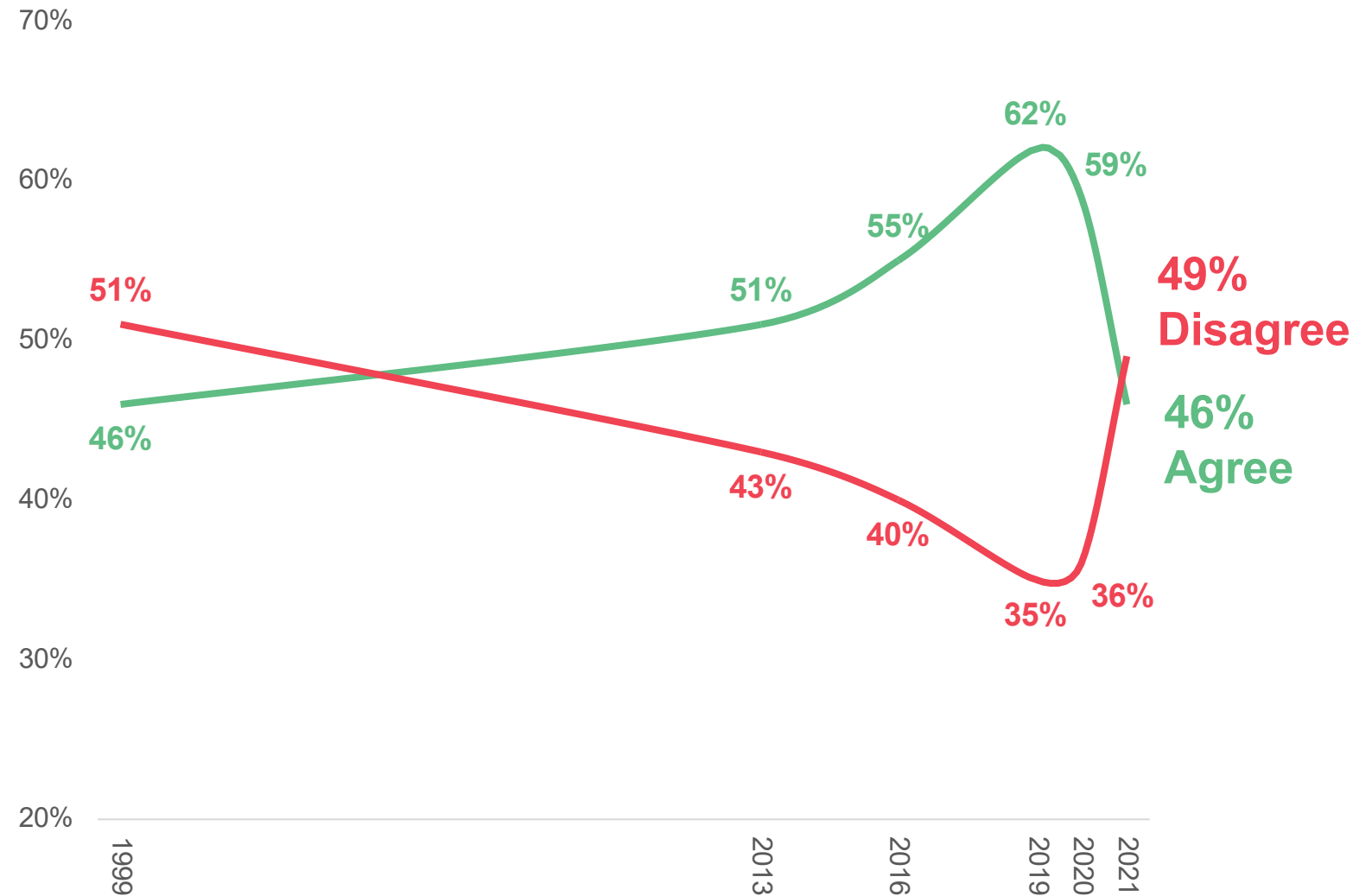
The important thing is to enjoy life today, tomorrow will take care of itself

Agree	89%	79%	74%	47%	46%
Disagree	8%	17%	20%	49%	49%

Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Party like it's 1999: An abrupt reverse for hedonism

“The important thing is to enjoy life today, tomorrow will take care of itself”



Base: 2,885 adults aged 16-75 in GB, conducted between 29th April - 5th May 2021

Attitudes to money – three key groups

1. Precautionists
2. Pragmatists
3. Hedonists

		<i>It is important to be careful and always have savings to cope with unexpected events</i>	
		Agree	Disagree
<i>Money is to be enjoyed, when I have it I spend it</i>	Agree	42% Pragmatists	6% Hedonists
	Disagree	50% Precautionists	2%

What are they like?

Three segments - attitudes to money



Pragmatists

A slightly older group (with many millennials) with higher income than other segments, they are most likely to have children. While they are most likely to have recorded an increase in household spending, they are also likely to report increased savings.



Precautionists

A more middle class (C1C2) grouping who are most likely to be educated to degree level and the least ethnically diverse. This segment has the most home owners and almost half say they decreased household spending during COVID.



Hedonists

A predominantly male group, split evenly between degree holders and those with GCSEs only. This group are the lowest income, most likely to have been furloughed and least likely to have saved money during the pandemic.

Spending less and saving more....

Q8. Thinking about your current financial situation, have you done, or are you considering any of the following due to the coronavirus outbreak?

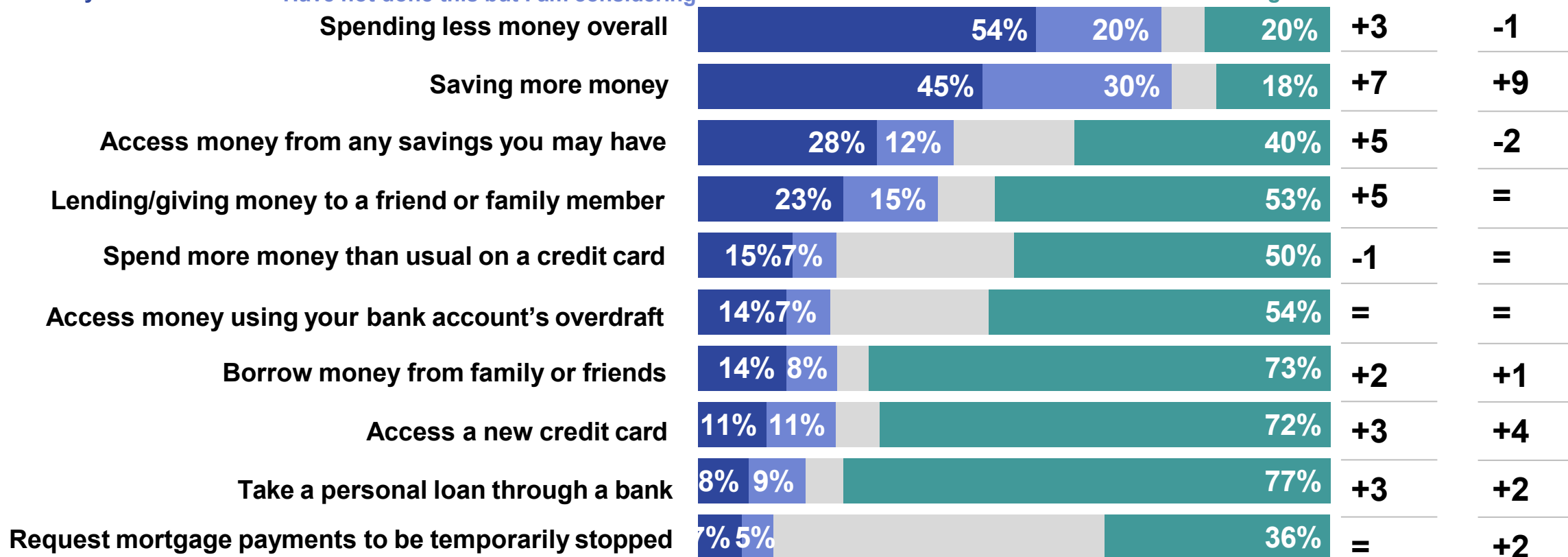
Have already done this

Have not done this but I am considering

Have not done this and I am not considering

Change
'have done'
from Oct 20

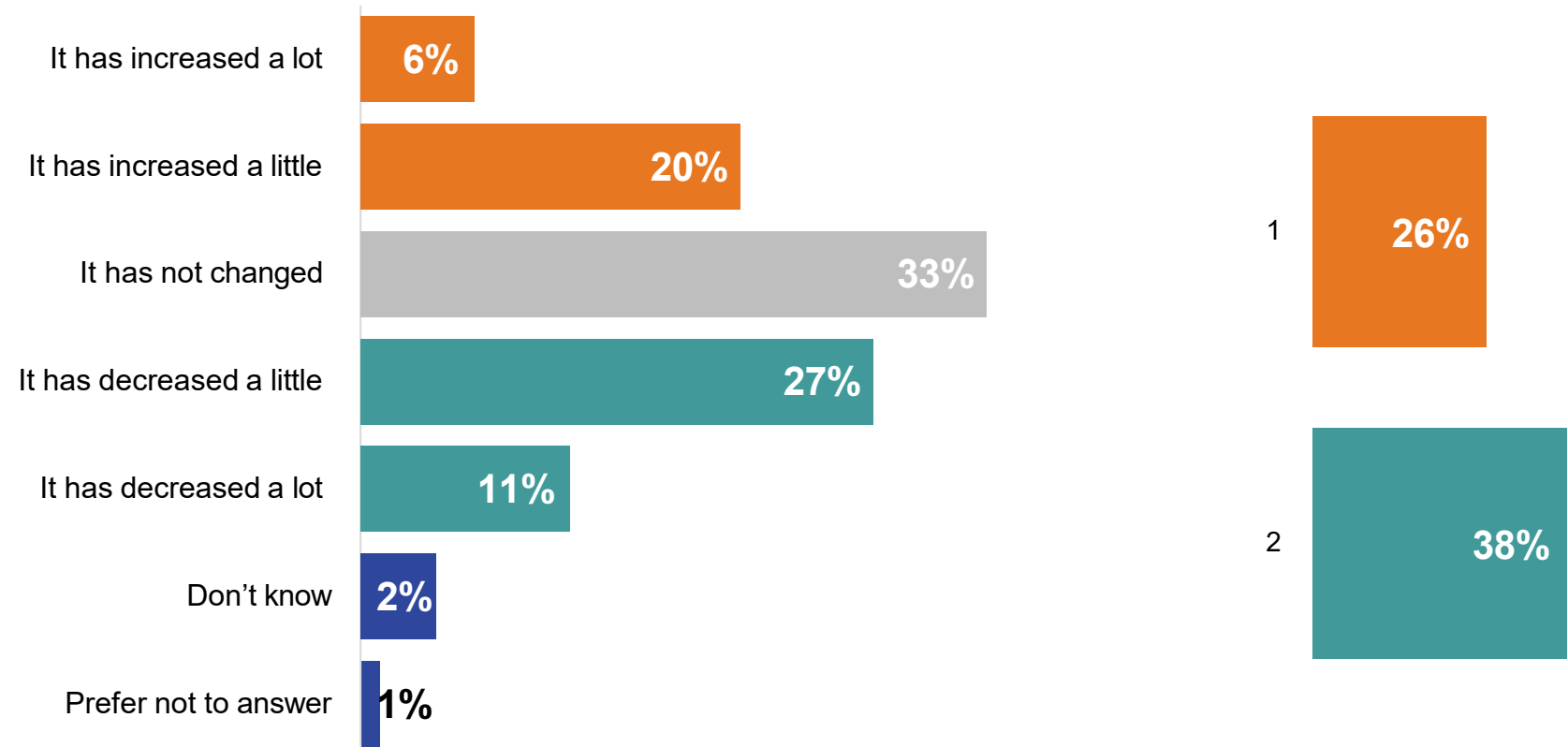
Change
'considering it'
from Oct 20



Base: 2885 adults aged 16-75 in GB, conducted between 29th April - 5th May 2021

But a polarised experience

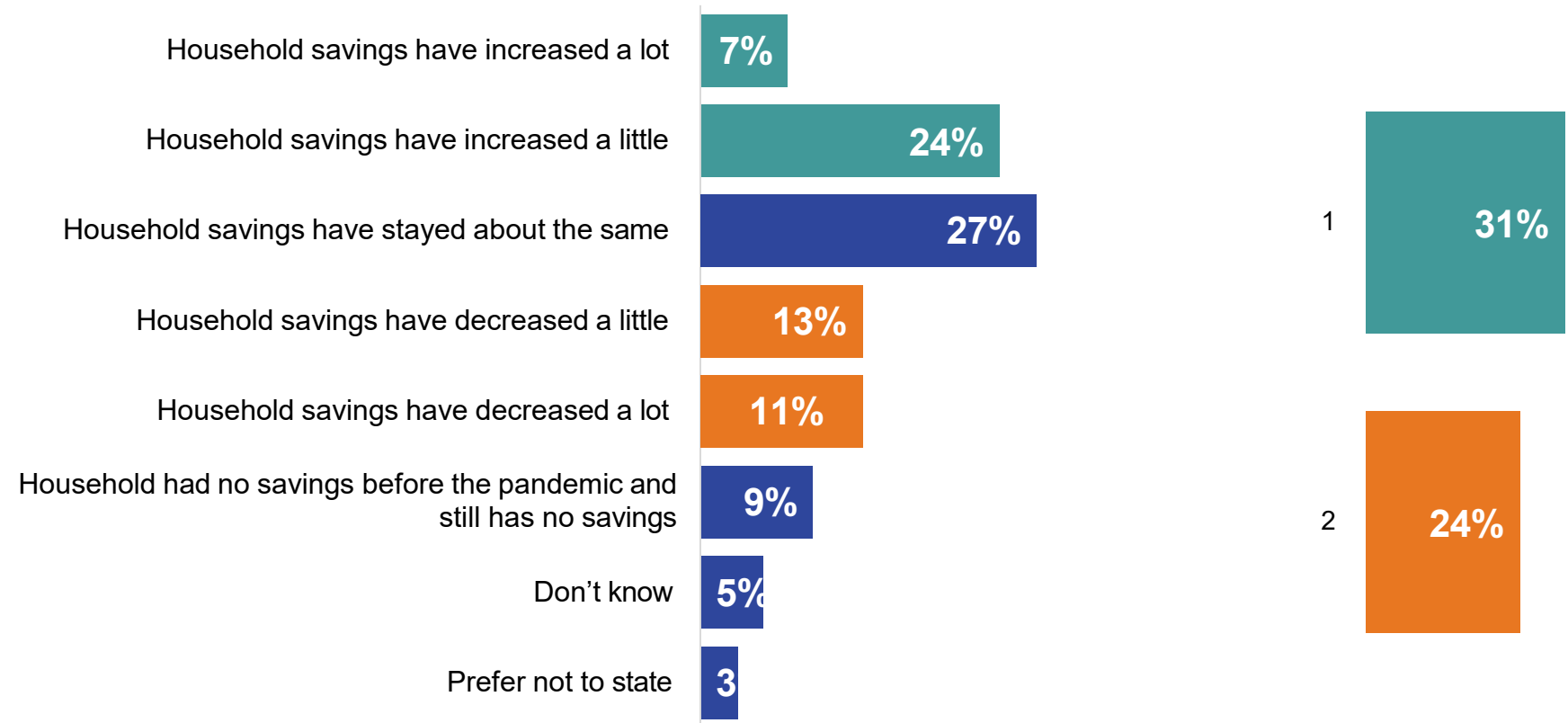
Q9a. Thinking about the past month, how has your total household spending differed from what you would have usually spent before the coronavirus pandemic?



Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

More have increased than decreased their savings

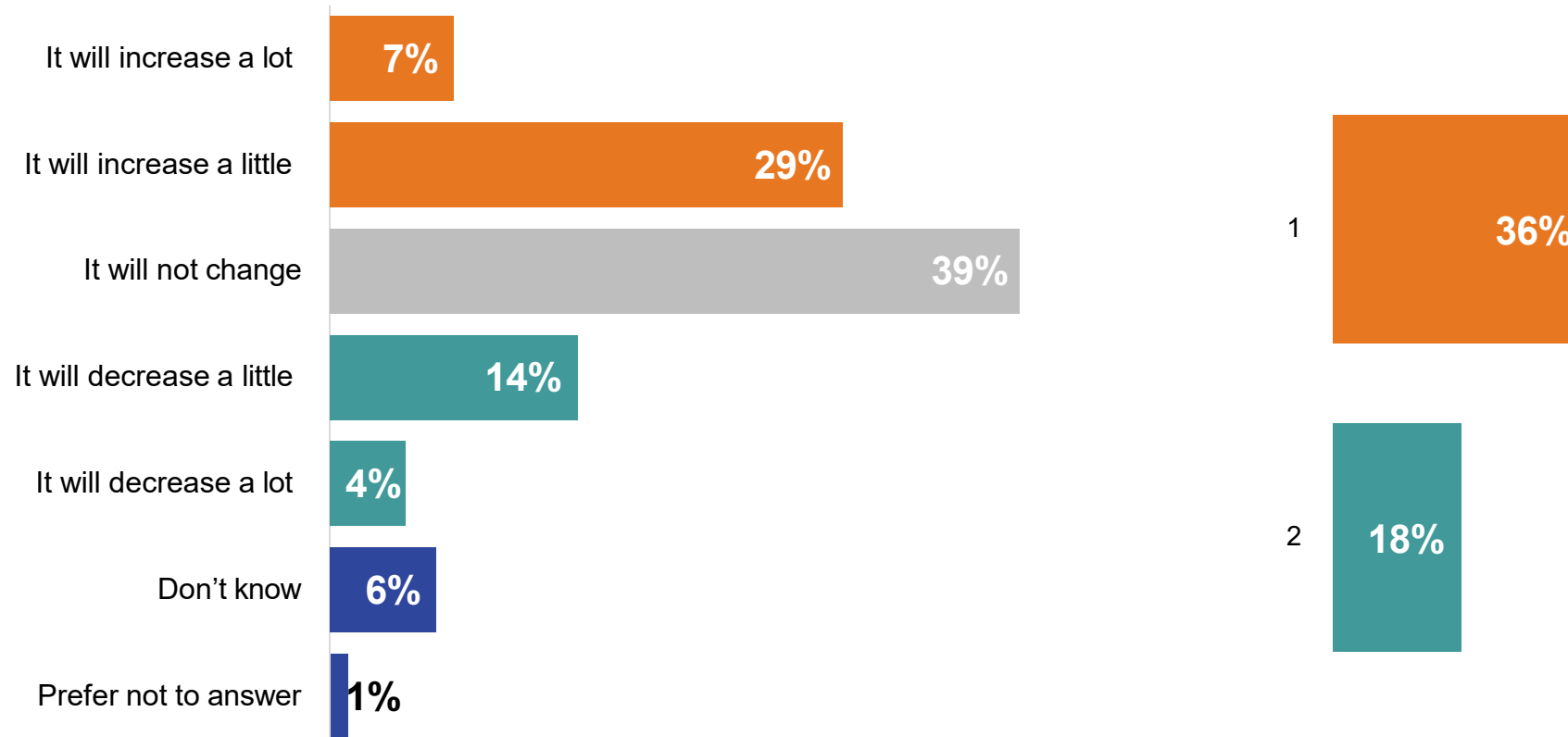
Q10. As a result of any changes in income or spending due to the coronavirus pandemic, would you say that your household's total cash savings have increased, decreased, or stayed the same?



Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Over a third anticipate spending more in the next few months – but more say no change

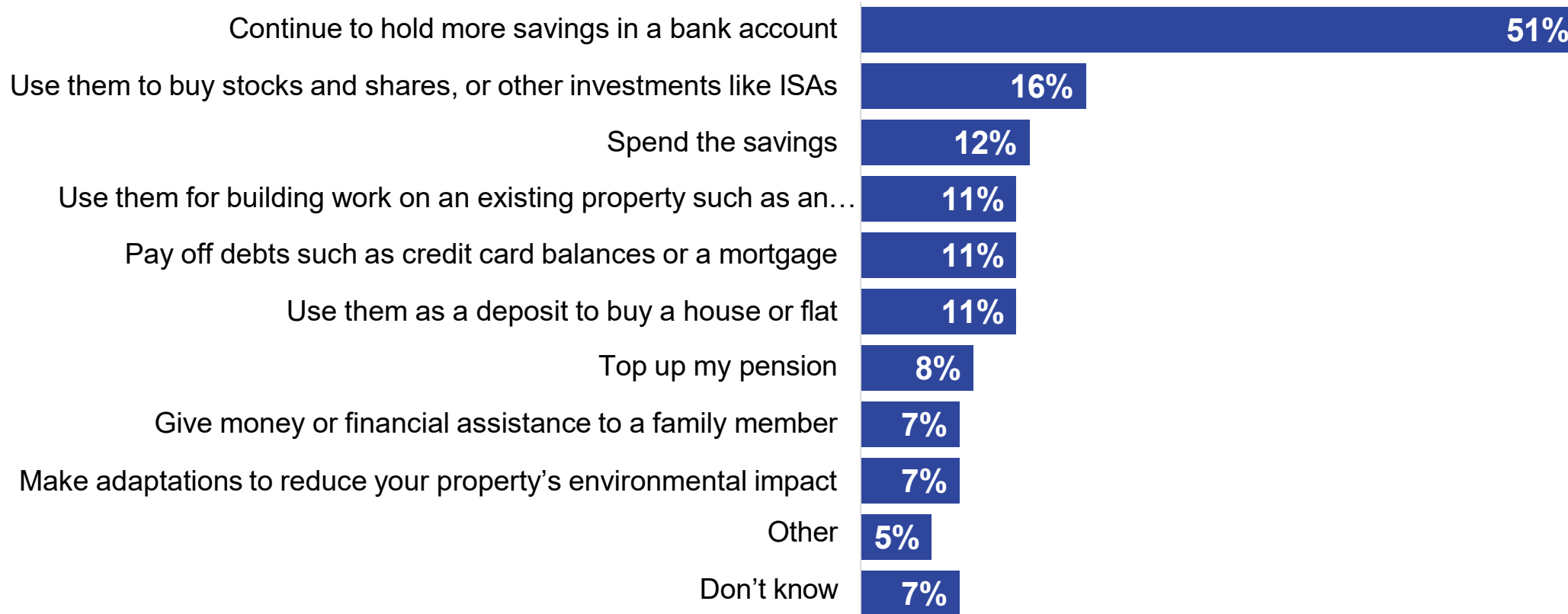
Q9b. And how do you expect your total household spending to change over the next three months compared to now?



Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Half will keep the savings in cash – will it be spent down gradually as per 1945?

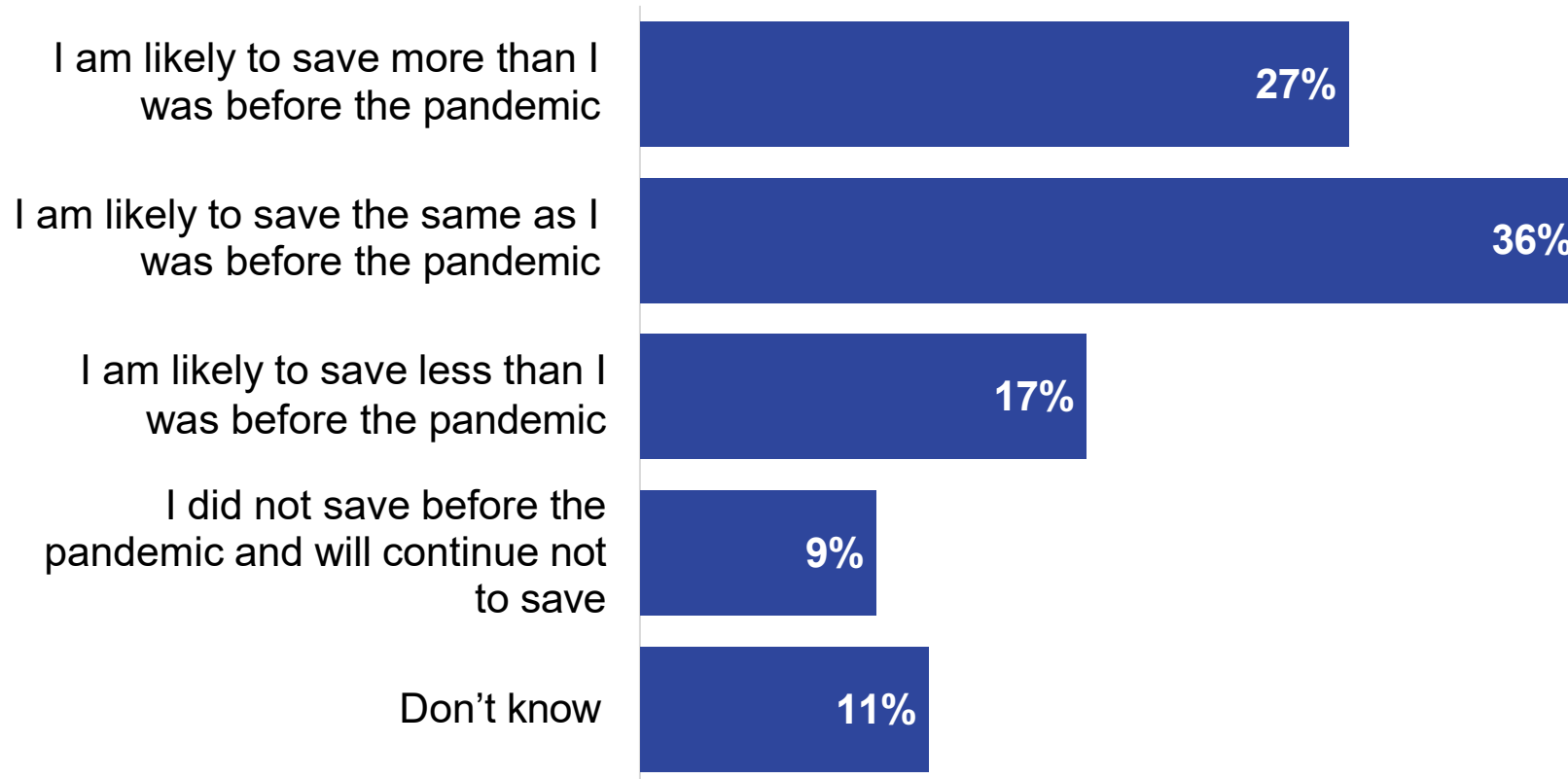
Q11. You said your savings have increased during the pandemic. What do you plan to do with these savings?



Base: 1063 All adults in the UK who said their household cash savings have increased during the pandemic, conducted between 29th April - 5th May 2021

Looking forwards, net savings may continue to rise

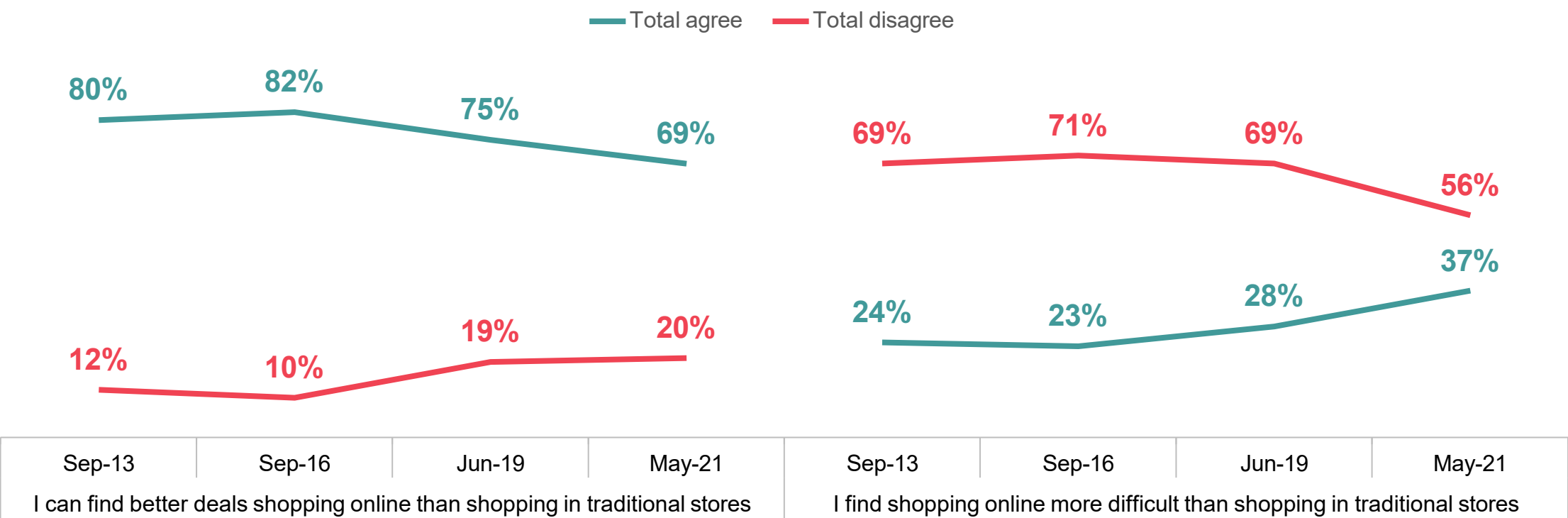
Q12. Over the next three months, which of these best describes your plans for the amount you save each month?



Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Online shopping loses its charm slightly

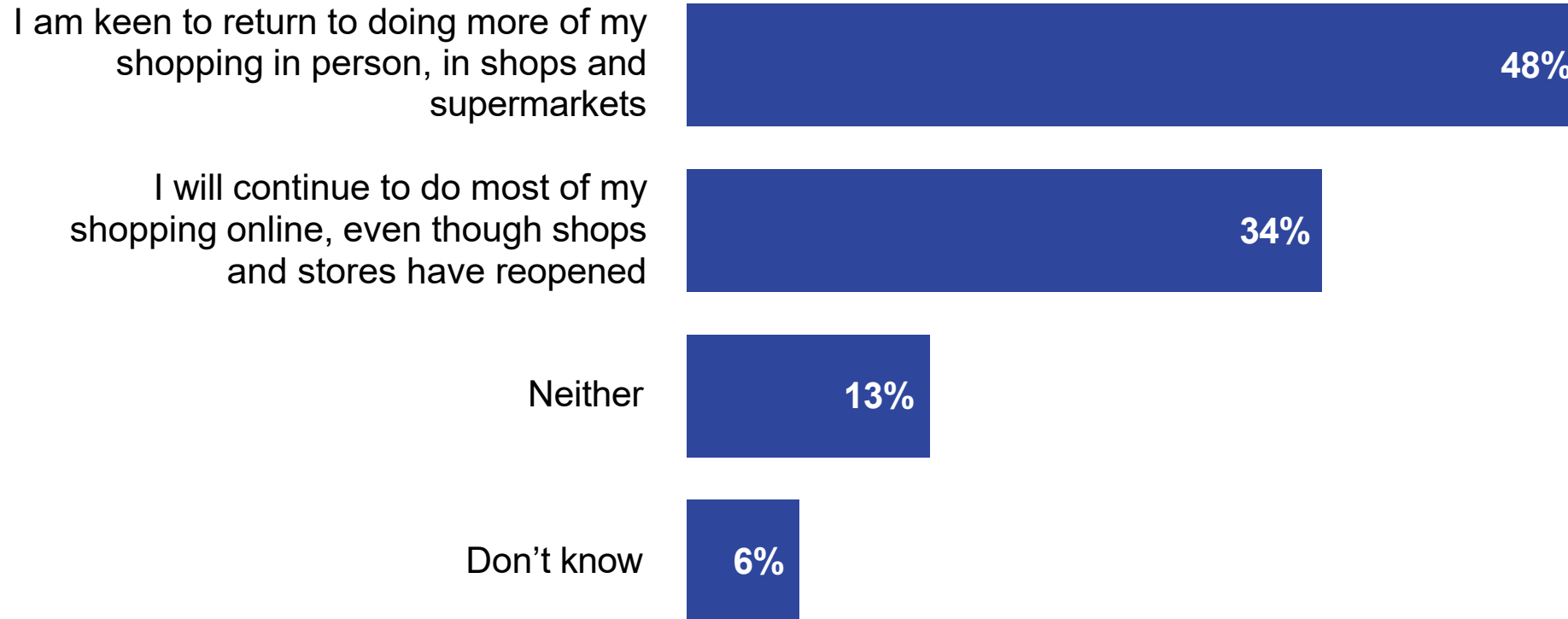
Q13. To what extent do you agree or disagree with the following statements?



Base 2021: 2885 adults aged 16-75 in GB, conducted between 29th April - 5th May 2021

Half are keen to go back to physical stores – but a third will keep their behaviour changed

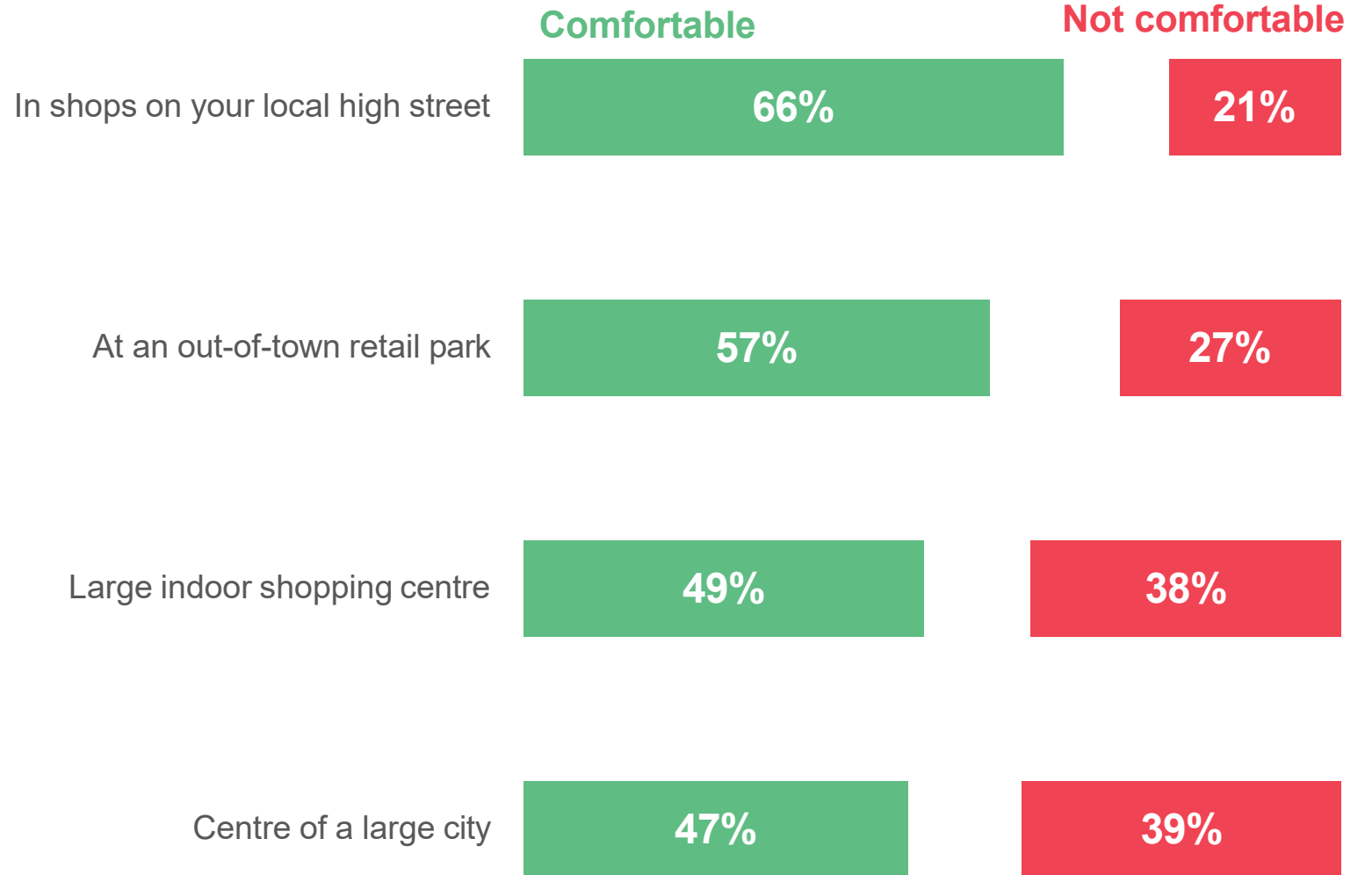
Q14. Imagine if lockdown measures end in the next month. Which of the following statements, if any, best describe how you feel about the way you will shop?



Base: 3295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Staying local remains a more appealing proposition

How comfortable, if at all, do you think you will feel doing each of the following in the same way as you did before the Coronavirus pandemic began?



Base: 3,295 adults aged 16-75 in the UK, conducted between 29th April - 5th May 2021

Apart from bills and home upgrades, travel and eating out look to recover

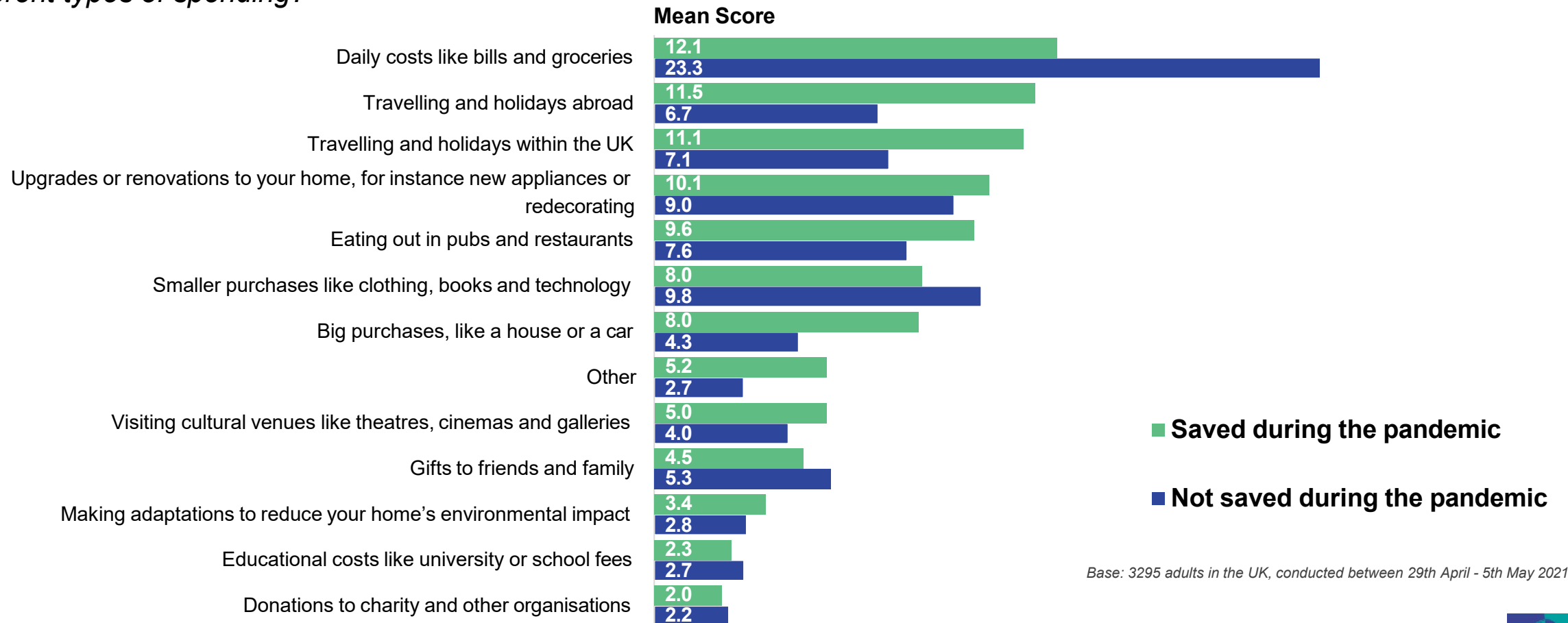
Q16. For this question, please imagine you have saved money during the COVID-19 pandemic. You have 100 points available to you that represent the money you have saved. How would you divide these points between different types of spending?



Base: 3295 adults in the UK, conducted between 29th April - 5th May 2021

Those who have saved during the pandemic are more likely to spend on big purchases and travel

Q16. For this question, please imagine you have saved money during the COVID-19 pandemic. You have 100 points available to you that represent the money you have saved. How would you divide these points between different types of spending?



Base: 3295 adults in the UK, conducted between 29th April - 5th May 2021

In conclusion

A more polarised
society in terms of
wealth

Caution dominates

Two decades of
hedonism undone in
two years

Some more
spending on travel
and eating out, but
higher savings ratio
likely to continue

More like post 1945
than the roaring
20s...

Methodology & Technical details

- J-20-091774-17
- Fieldwork dates: Thursday 29th April - 5th May 2021
- This work was carried out in accordance with the requirements of the international quality standard for market research, ISO 20252 and with the Ipsos MORI Terms and Conditions.
- Total sample: 3295 Adults aged 16-75 interviewed by Ipsos MORI using the iOmnibus online survey methodology
- A main survey for the UK was conducted plus 3 additional national boosts (for Scotland, Wales, Northern Ireland). National quotas were set on the main survey to be representative of the UK population.
- When weighting data, the main survey and boosts were weighted within each region (including Government offices for the regions within England), then assigned an overall additional weight in order to be representative of the UK.
- Data is representative within each of the 4 nations (England, Scotland, Wales, Northern Ireland) and has been weighted for age, gender, working status, social grade and ethnicity within each nation.
- For England, in addition to the above, the 9 English regions were weighted, so data is representative at regional level within England.

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