

TWC Trends Summer Edition 2022

The cost of living crisis

How are consumers adapting their behaviour in light of increased pressure on household budgets?

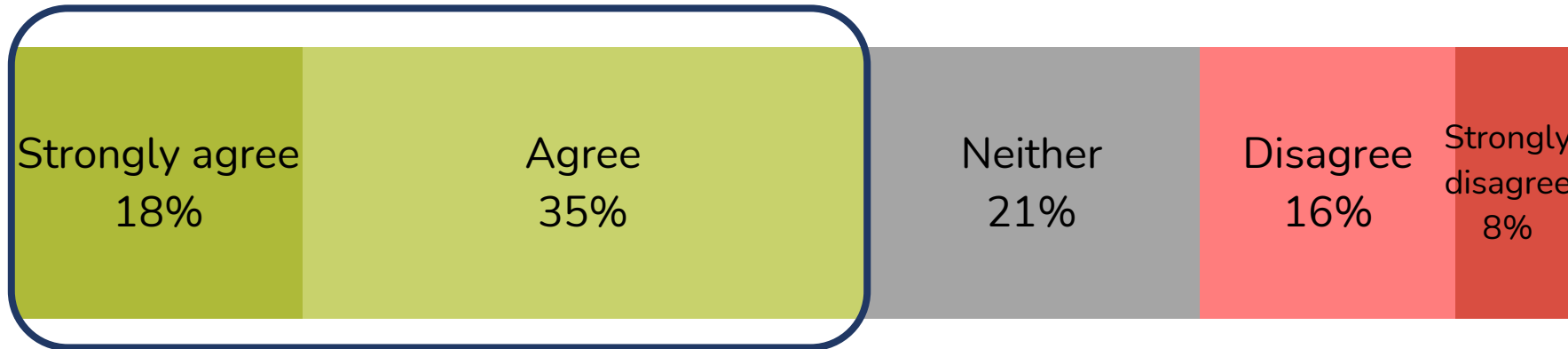
July 2022



- ✓ This report is part of the TWC Trends Summer 2022 series, conducted by TWC – the data and insight experts for UK wholesale, convenience retail and hospitality.
- ✓ A nationally robust and representative sample of 1,000 UK consumers were interviewed online between 14-18 June 2022.
- ✓ This section of the study focuses on **‘The cost of living crisis’**.
- ✓ Should you wish to receive further (free) reports from the TWC Trends Summer 2022 series, please contact kim@twcgroup.net or [visit our website](#) .

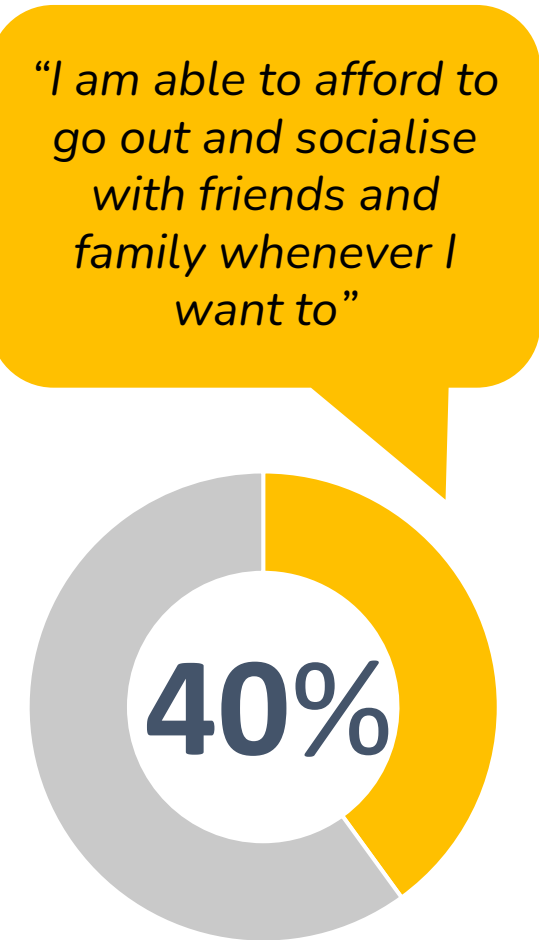
A divided population: half having to reduce spending, whilst 40% can afford to socialise freely

'I am having to reduce my spending to pay my bills'



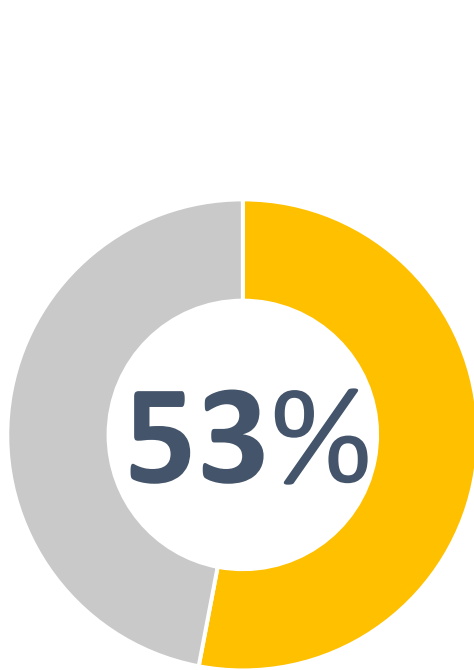
53% agree

vs.

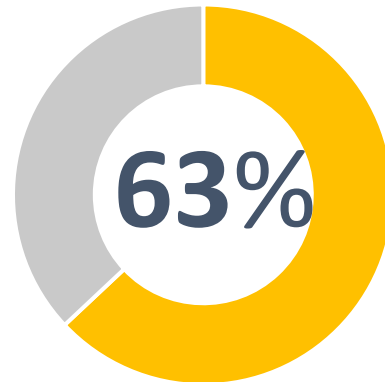


Younger consumers – and those with children - more likely to be feeling the pinch

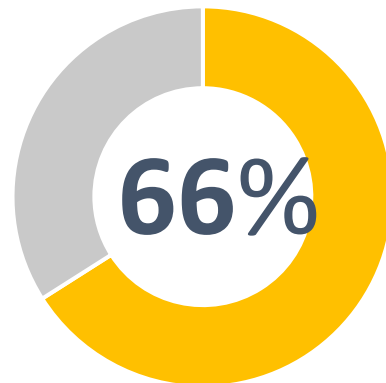
‘I am having to reduce my spending to pay my bills’



All consumers



18-34

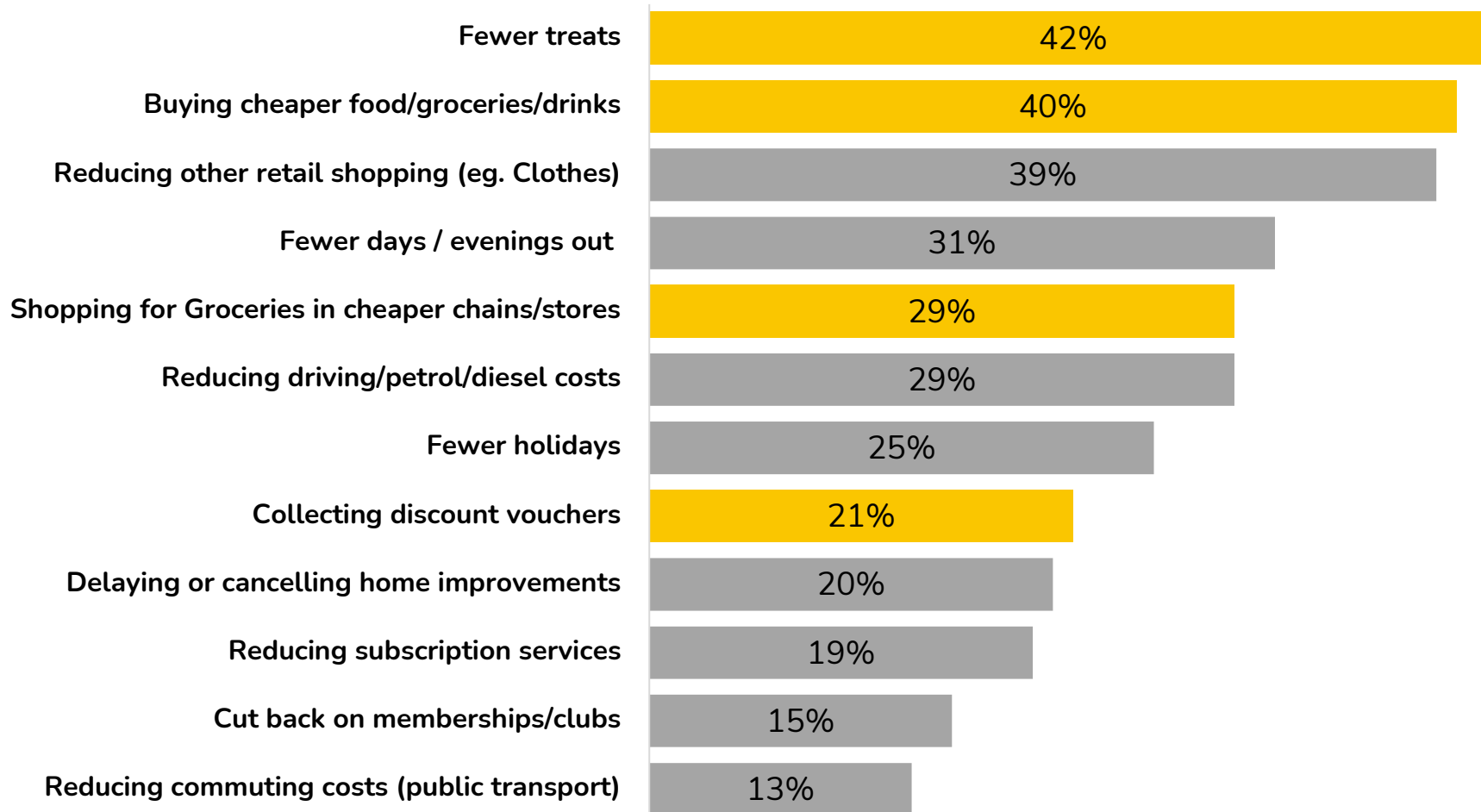



With children



With the younger generation more likely to visit hospitality, foodservice and c-stores, this will continue to have an ongoing impact across the hospitality, wholesale and convenience channels.

Consumers are adopting many tactics to manage their overall spend – most notably less treats and trading down

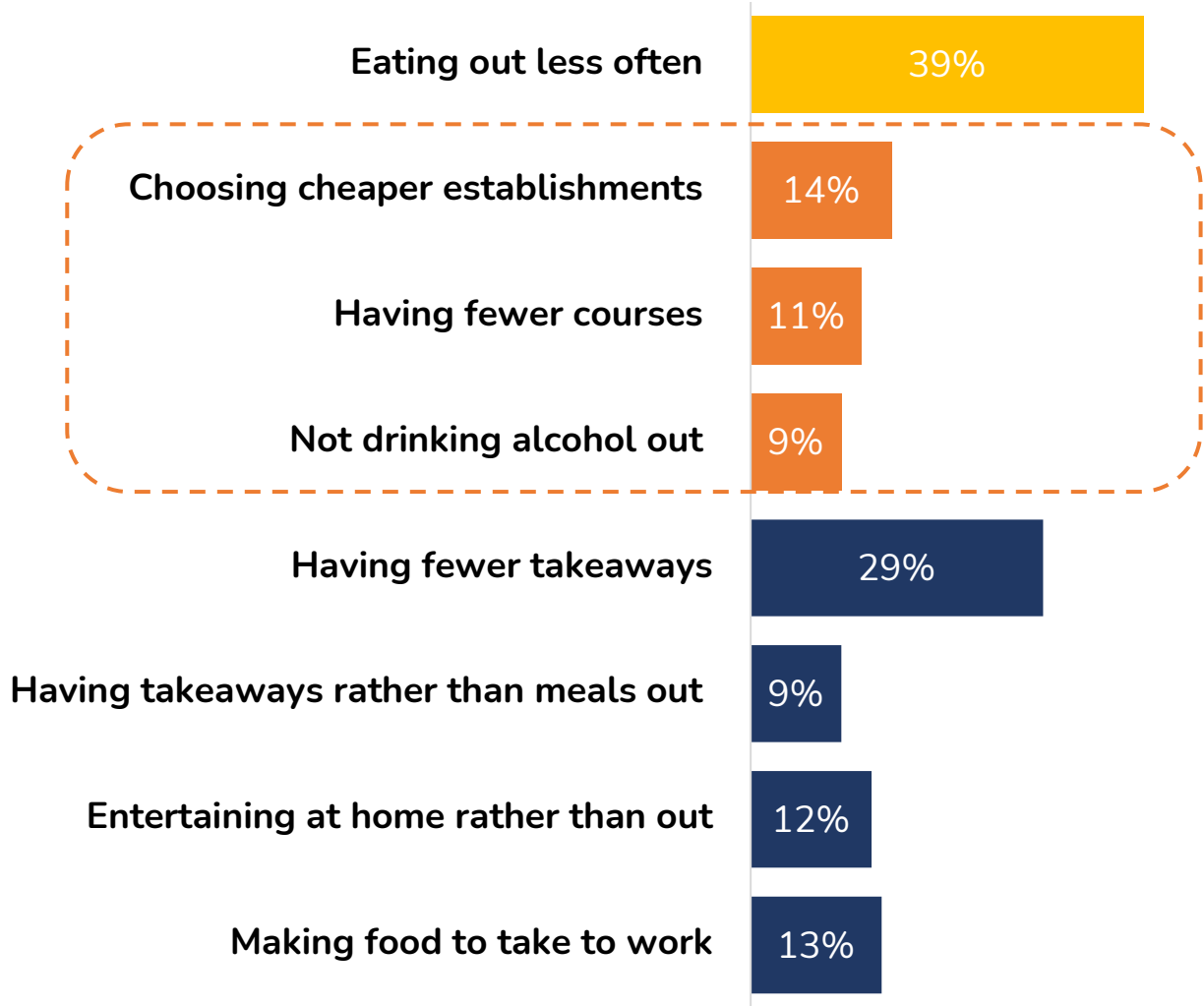


 Consumers are using a number of tactics to manage both their grocery spending (shown in yellow) and other outgoings.

65%

Of consumers are using one or more tactics to reduce their grocery spend

Consumers are also changing their behaviour to manage eating out spend



Eating out less frequently

39%



London 33%
Other regions 40%

Spending less

26%



London 46%
Other regions 23%



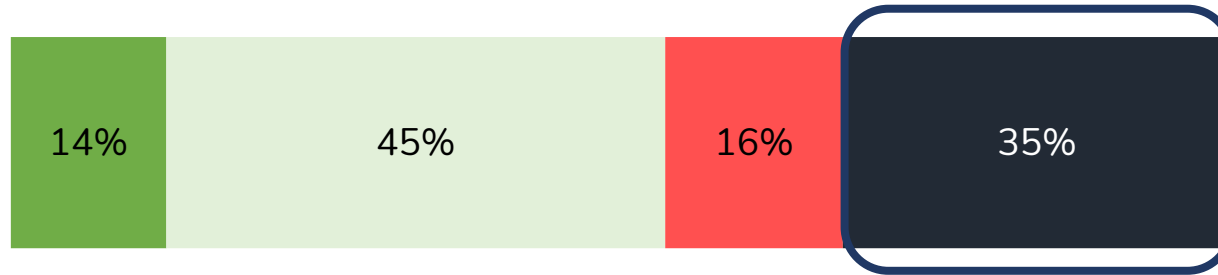
Consumers in London are behaving differently

Those living in London are more likely to be reducing spend than reducing frequency whereas in all other regions, consumers are reducing frequency over spend

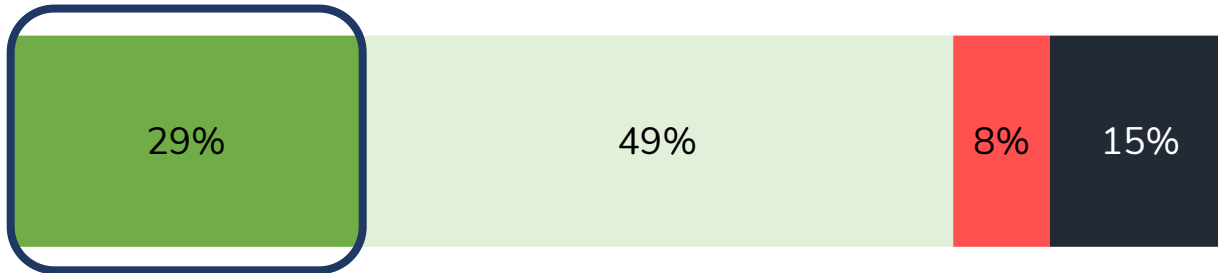
Little change in c-store behaviour despite the cost-of-living crisis

“When it comes to grocery shopping, have you changed where you shop vs. 6 months ago?”

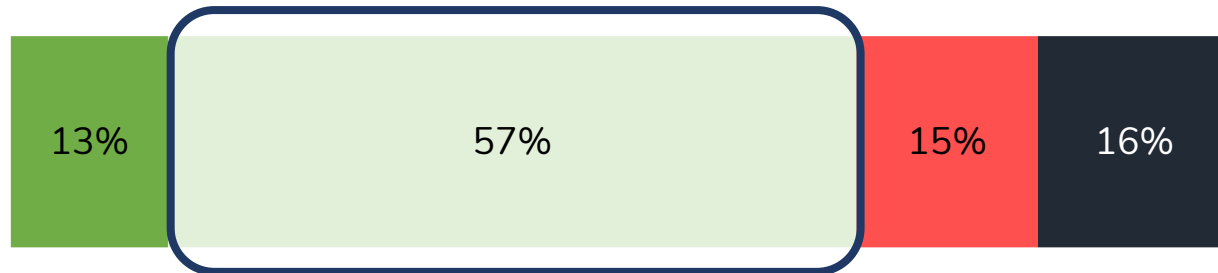
Shopping online for groceries



Shopping in the discounters



Shopping in convenience stores



■ More ■ The same ■ Less ■ I don't do this

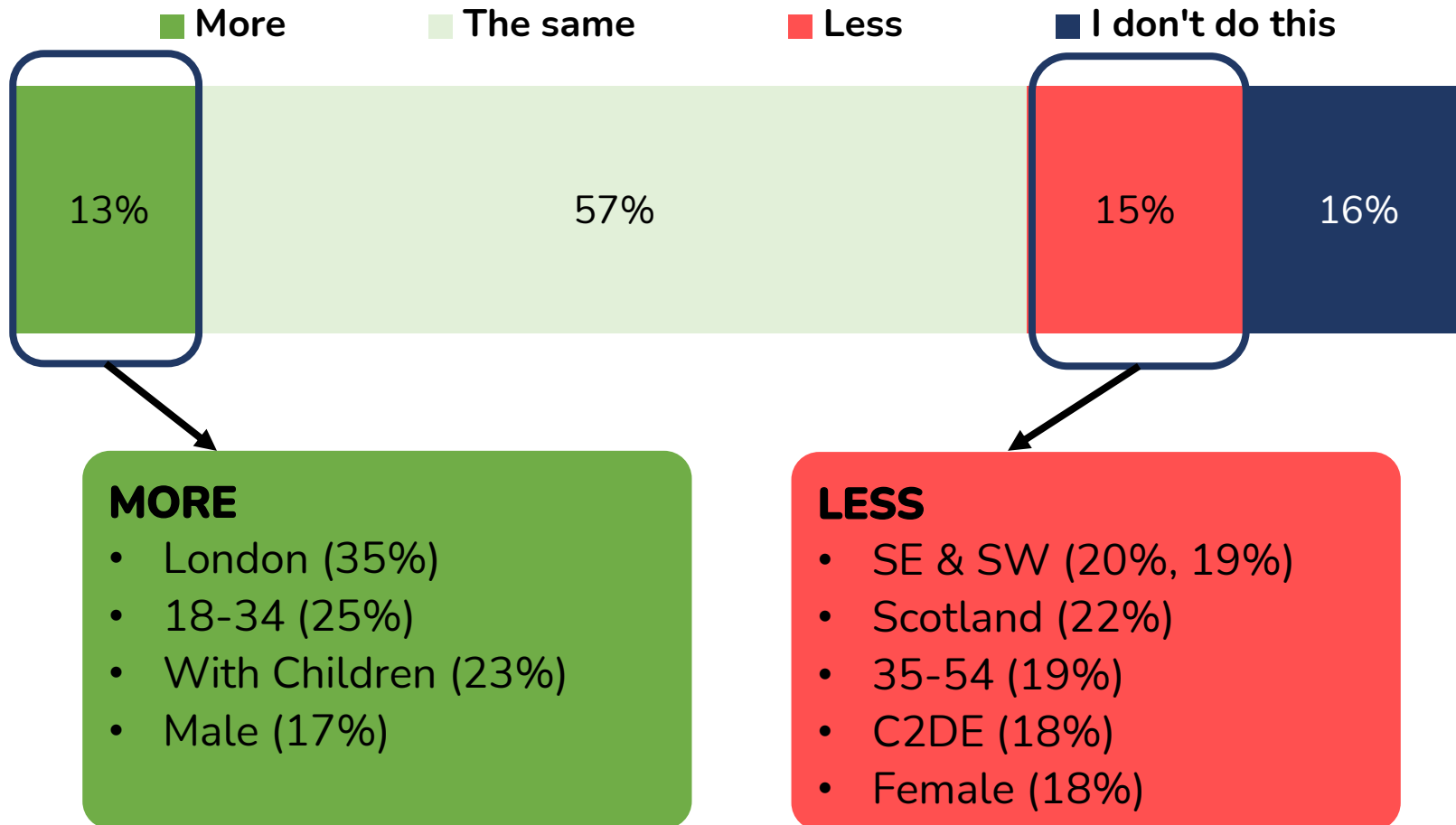


As we've seen in previous recessions, convenience stores are holding up well.

To continue to succeed, c-store retailers need to understand what their customer base wants, and it will have to be about more than price if there is a discounter nearby! Unsurprisingly, the discounters are winning with the current pressure on household budgets.

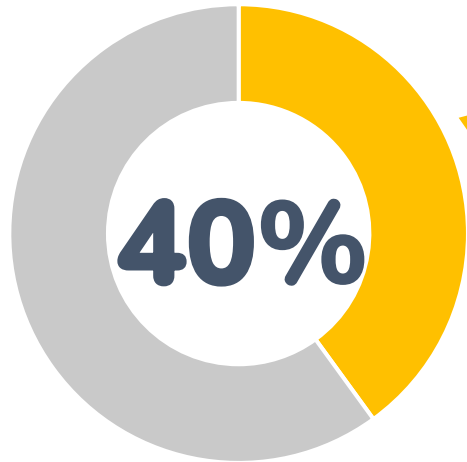
C-store shopping behaviour is dependent on demographics

“When it comes to grocery shopping, have you changed where you shop vs. 6 months ago?” - Shopping in convenience stores



Once again, we see consumers in London behaving differently to other regions, with consumers living in the capital more likely to be increasing their use of convenience stores.

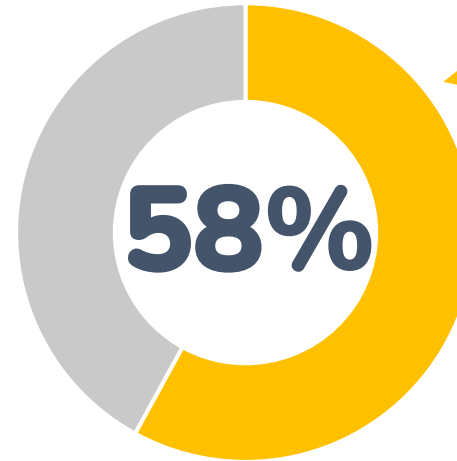
Willingness to accept convenience premium has fallen slightly – PMP's can provide vital reassurance



"I am prepared to pay a bit more for items in local convenience stores compared to supermarkets"

↓ **44%**

Autumn Trends
(November 2021)



"I like it when retailers sell products where the food or drink manufacturer put the price of their product on the packaging"



Whilst consumers generally accept a price differential in convenience, the current pressure on household budgets will undoubtedly be putting this under greater scrutiny. Consumers like PMPs and they provide value reassurance. However, to be supported there must be enough shared margin for everyone along the supply chain.

- ✓ Many consumers are reining in their spend, whether that is cutting back on treats, buying cheaper groceries or reducing frequency of eating out. How are you appealing to your customers' need for value to ensure you remain in their consideration set?
- ✓ That said, some demographic groups are impacted more than others, which is leading to a divided population with over half of consumers admitting they are having to reduce their spending to pay their bills – but let's not forget that others are not: 40% agree they can afford to go out and socialise whenever they want to. Older consumers (55+) are more likely to fall into this latter group.
- ✓ Behaviours in London are also not in line with the rest of the nation. Convenience channel usage is holding up in London, with 35% saying they are using small stores more than 6 months ago. Likewise, those living in London are less likely to be reducing their frequency of going out – although they are more likely to be reducing their spend when they go out, for example by choosing cheaper venues or having fewer courses.
- ✓ Price and promotions are playing a pivotal role in grocery channel usage too. Almost a third of consumers are using Aldi/Lidl more than 6 months ago. Improving the price perception of convenience stores should be a key tactic to retain customers and win back lapsed shoppers. With 58% of shoppers liking PMP – this could be one potential route, provided the shared margin delivers a fair return for all parties along the supply chain.