



YOUR CUSTOMERS' SPENDING HABITS ARE CHANGING

TLF's 3rd Lockdown survey was conducted over the weekend of 10-11th October. The results are based on a nationally representative sample of 2006 UK adults.

What's happening to jobs?

In short, they're starting to disappear. In May 3/4 of respondents had a job but now it's only 2/3. Those still in a job are more likely to be travelling to their normal place of work, up from 22% to 38%. This isn't due to fewer people working from home, which has only fallen marginally from 42% to 38%, but down to a big drop in those on full time furlough, down from 20% to 5% (although a further 3% are partly working partly on furlough). The fall in furlough and rise in working on site has been driven mainly by the revival of many industries that shut down completely in the lockdown such as retail, hospitality, leisure, building and construction plus many services normally provided in people's homes. The new survey shows that most people who can work remotely are still working from home.

What's happening to spending?

It's changing a lot. Overall people are spending less and saving more but that's far from uniform with those most affected by the economic consequences of Covid spending a lot less and saving nothing. Whilst we're spending less overall, the mix of what we're doing with our money has shifted considerably.

What are people spending more on?

Since saving isn't spending we asked people how they're allocating their money

after paying for all the essentials by selecting up to 3 categories that they were devoting more money to. This really highlights the growing propensity to save and shows the top 6 categories receiving more of customers' disposable income:



37%
Saving



24%
Home / garden improvements



18%
More food to eat at home



16%
Better quality food to eat at home



12%
Home entertainment



11%
Beer / wine / spirits for home

What are people spending less on?

Remembering that this survey took place before any Tier 3 lockdowns or hospitality closures, here are the main categories receiving less of customers' disposable income:



42%
Eating out



31%
Drinking in pubs and bars



29%
Holidays abroad



27%
Clothes



19%
Day trips



16%
Holidays UK



10%
Public transport

Note that spending less far outweighs spending more. For allocating more disposable income, the top category was saving and whilst 13% said they hadn't been spending less on anything, 28% haven't been spending more on anything.

Are the changes temporary or more permanent?

Customers' behaviours are driven by their attitudes and beliefs. During the national lockdown we identified 3 attitudinal segments:



Appreciate life

"I will be more appreciative of the little things in life like nature, seeing family, going for walks."



Protect Life

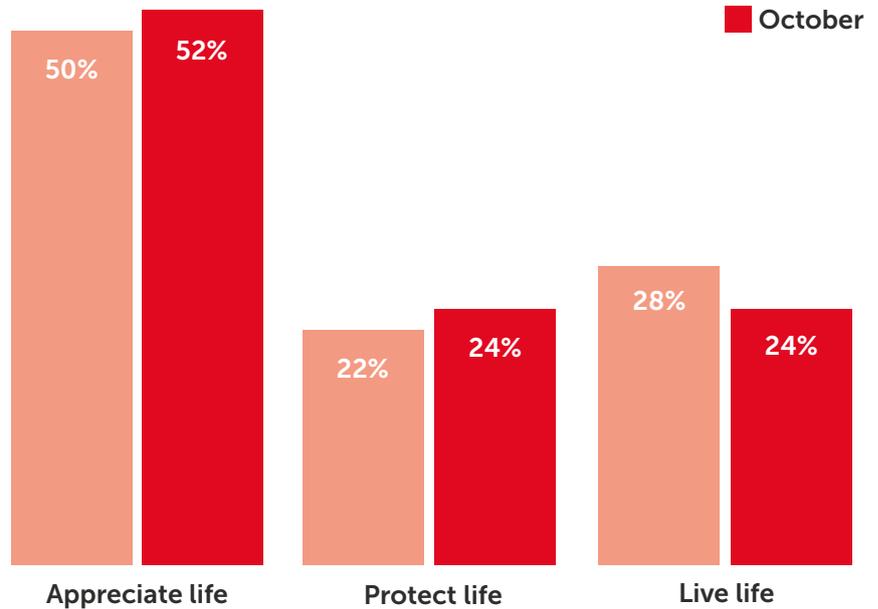
"I will avoid crowded places, I will be much more careful about health and hygiene."



Live Life

"I will be making up for lost time doing the things I haven't been able to do during lockdown."

Several months on in October, the diagram shows that the proportions in each segment are still almost identical.



Whilst 24% can't wait to Live Life to the full again, this is now matched by the extremely cautious Protect Lifers and the Appreciate Life segment has cemented its predominant position. So what does this mean for future spending? With over 3/4 of the population still much less inclined to have a hedonistic lifestyle it suggests that greater propensity to save and more spending on home life – investment in the home and garden, food and drink for home consumption and home entertainment – are set to continue. Companies in the hospitality, foreign travel and clothing sectors will need to think very carefully about their segmentation and targeting strategies.

What about the future?

The latest update of TLF's UK Consumer Sentiment Index (coming soon in the next issue of Customer Insight Magazine) shows that consumers' confidence in current financial conditions bounced back strongly over the summer, whilst their expectations for the future have stayed depressed into October. However, the Sentiment Index

showed a divide between consumers who are positive and those who are negative about their own financial prospects. This gulf is confirmed by this October TLF Panel survey where 58% of respondents have no worries about their finances compared with 42% who do. Of the 42%, the majority are worried about having enough money for basics – rent/mortgage, utility bills and food. Others are worried about not affording non-essentials such as holidays, home improvements or their ability to save, but they are still expecting to have less money in the future than they've had in the past which will have a negative impact on many sectors of the economy.

