

Consumers and The Economic Outlook - UK - January 2010

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What is this report about?

This report looks to understand what the recession has meant for consumers – how they are managing their finances, whether they are struggling to make ends meet and how confident they are about their prospects in the coming year. It also investigates people's view of the economy as a whole. Has the politicians' tough talk about tax increases and spending cuts filtered through into the national consciousness? Do people believe predictions of a return to growth in 2010? Do they expect unemployment to continue to increase?

Consumer research is supported by a wide-ranging investigation of key economic indicators and a comparison between the state of these indicators in 2010 and their position in the recession of the early 1990s.

What have we found out?

- The recession has followed a dramatically different pattern to that seen in the early '90s. Because of low interest rates, almost a fifth of people say they're actually better-off as a result of the slowdown.
- They expect the coming year to be tough, though. There's a general expectation that interest rates, unemployment and taxes will all finish 2010 higher than they started the year.
- Saving is high on the agenda. Two-fifths of consumers say that in 2010 they plan to build an emergency fund, well above the proportion who say that they are going to concentrate on enjoying themselves and enjoying the occasional luxury.
- Mintel has identified three distinct groups. Most are Weathering the Storm - concerned about their finances, but not panicking. A quarter, though, are Thriving. They're confident about their financial future and most have money left at the end of the month.
- The Thriving appear to be reaping the rewards of the prudent approach to their money that they took in 2009, with holidays and leisure spend towards the top of their list of priorities.
- Most of the pain has been concentrated among those who are classed as Feeling the Pinch. For them, 2010 is going to be about rebuilding their finances. Just making ends meet is their main priority, followed closely by repaying consumer credit.

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