

The Cost-of-Living Bulletin

Welcome to the fourth edition of the *Cost-of-Living Bulletin*.

In this issue systemic inequality rears its head, and we shine a light on a fundamental shift in how people are using search to help them through the crisis.

We have a focus on how the women who control over £350 billion of income are faring and how whilst they might say 'fine' we should not be taking that at face value.

And we wrap up with how Tesco and TUI are helping families make the most of the summer fiscal squeeze.

Enjoy, and if there is anything that you would like us to look at in a future edition, then please feedback via your MediaCom Planning Team and we will endeavour to accommodate.

The stats that will make you sit up

-£100 per month¹ – This is the maintenance support that students from the poorest families will lose next academic year. Why? Because the inflation rate applied to annual increases in maintenance entitlements are based on *predicted* inflation from the Office for Budget Responsibility (OBR) years in advance. The increase of 2.3% for the 2022/23 academic year was taken from the November 2020 projections. The same happened with the increase for the current academic year.

And there is no mechanism in place for these errors ever to be corrected meaning the current maintenance loan cuts will in principle remain in place forever – unless and until policy changes.

Add to this that the lower parental earnings threshold, below which students are eligible for the maximum maintenance loan, has been frozen in nominal terms at £25,000 since 2008. If it had been indexed to average earnings, it would now be around £35,000². As a result, many students will be eligible for smaller maintenance loans, even though their parents will be less able to support them.

PROVOCATION – starting university is an expensive time, in terms of getting what you need to succeed both academically and socially. It just got tougher if you are coming from a lower income background. Everyone is making choices about what they do or don't buy but the choices that the least affluent students make will have an impact on their future – they might opt not to get that expensive textbook. So, what can you do to help make this new stage of life affordable, enjoyable or help set them up for the future? Could you help spread payments for the stuff that they need? Could you help halls of residence do one MASSIVE shop to take advantage of bulk buys? Could you help them turn the maintenance loan they do get into an investment fund?

¹ Resolution Foundation

² Resolution Foundation

10.9%³ – this was the year-on-year change in the Consumer Price Index for the poorest 10% in the UK in April. Then the inflation rate was 9% on average. For the richest 10% the inflation rate was 7.9%. Inflation is hitting the poorest hardest – you knew that already, but you might not have been aware of this discrepancy. Why is it hitting the poorest hardest? Simply because they spend a higher share of their disposable income on essentials, with home energy and food poverty increasing. 69% of weekly expenditure is essential for the poorest 10% falling to 45% for the highest 10%.

PROVOCATION – We have talked about essentials vs non-essentials before but there is value in repeating it. If your brand or product is a non-essential think realistically about whom your audience is – it will have shrunk, yet there will be the same number of brands angling for a smaller number of potential shoppers. So, do you know how much your audience might have shrunk by? And are there new audiences and cohorts that might now be an alternative source of growth?

Alternatively, what could you be positively doing for customers that may now be thinking of cutting your brand adrift? Are there other benefits to having your brand in their repertoire that they might not be aware of?

And what is it that you are doing to help your least well-off customers? Can they buy now, pay later? Are you a brand where 'part-exchange' could work?

4x – typically 'best' has outperformed 'cheap' in online searches since the last recession. But in the last 18 months with finances starting to be stretched by COVID-19, Brexit and now the Cost-of-Living crisis, searches for 'cheap' have increased four-fold. Searches for 'cheap holidays' are up 60% and those for 'cheap restaurants' are up 280% month on month⁴. Searches for second-hand clothes are on the rise as well. We still want those treats or holidays, eating out and new (to us) clothes but at a lower price... understandably.

PROVOCATION – is your search strategy matching shifts in the types of keywords that are on the rise for your category? Are you adapting online content to reflect these changes in search to ensure that you are staying relevant in line with people's changing priorities?

Things You Need to Know

How are the gatekeepers of the household budget fairing?

There are 14 million 35+ C1C2DE women in the UK who oversee £351 billion of income – they are savvy, agile household budgeters who keep families up and down the UK 'ticking over'. So how are they fairing with the Cost-of-Living crisis?

Over 9/10 of them are concerned with it their single biggest concern.

And the number one way they are considering making savings? By making personal sacrifices – 61% will be cutting back on personal treats for themselves. They are the martyr matriarchs who will put family first and themselves second. As the ultimate jugglers they are taking a bigger picture view of the household budget and seeing where across everything

³ Institute for Fiscal Studies

⁴ Google



they can make savings – they are 37% more likely than the UK population to take this approach. They already frequently review switching utilities providers to ensure that they are getting the best deal. However, there is a hardcore group that never review their supplier for whom the Cost-of-Living Crisis will prompt into action if they haven't already - 34% (mobile phone), 28% (broadband/ internet), 25% (home utilities).

Ultimately, they are confident that they will find a way to manage as they are used to fluctuating incomes, budgets and saving for big ticket items – they are 66% more likely than millennials to find it easy to cope with day-to-day life when budgets are tight. They believe that they have the life experience to cope and say “*I will adapt, and we will be alright. Life's always been full of ups and downs, and we will ride it out again, like we always do*”.

What is brilliant about this cohort is that they share their knowledge, experience, and information when they find it – they don't keep it to themselves but look to help friends and family through tough situations with two-thirds sharing messages designed to inform and educate the public.

It isn't just their immediate family that they are looking after though – they are also caregivers who shop for food (68%), help with health (55%) and financial support and advice (31%) to name a few. They are stretched and sacrificing their own time and energy to help everyone else. Although they would never say that, nor complain about it.

PROVOCATION – just because someone says things are okay, don't necessarily complain and appears to have time and energy for others doesn't mean they are okay. The Cost-of-Living Crisis following swiftly on the back of COVID-19 is much for the broad shoulders of family matriarchs to carry. No matter what they say. When you layer on top that over 1/3 of these women are currently peri or post-menopausal with improving but inadequate support something is going to give. And it is likely that will be their mental health.

So above and beyond practical hints and tips with regards household budgeting and management, what can brands do to help with the mental burden and load? It could be as simple as your comms providing empathetic light relief (remember how comedy viewing rocketed during COVID-19?). It could be helping them navigate your brands ecosystem to gain the best value or unlock treats. It could be encouraging those around them to step up and support by taking some of the load off their shoulders. These are the often-invisible women who keep the nation ticking over so let us support them.

How Brands are Helping

Tesco & Free Kids Lunches

Summer holidays are a stressful time for parents – we get 25 days annual leave on average but there are 42 workdays in the school summer holidays. The maths doesn't work, parents take unpaid leave, juggle childcare with friends and family or look towards other forms of childcare.

Yet the cost of holiday camps and summer childcare have increased by an average of £400 and even without that, simply keeping your kids fed over the summer holidays is a pressure for squeezed budgets (an extra 42 lunches need to be rustled up).



Tesco have just announced that kids can eat free at every Tesco café – to activate in media they are geo-targeting around every Tesco café across the summer. With press support building further reach and enabling those not near a café to 'overhear' their positive efforts supporting hard-working families.



TUI helps family's holiday

Inflation has caused people to worry over the changes to their disposable income and in turn the changes they will have to make to their lifestyle. We know this.

One area that is sacred for this summer at least is the holiday abroad. After 2 summers of travel restrictions, families are wanting to get away and enjoy a break together where they can forget for a period the Cost-of-Living Crisis at home. Knowing that you have something booked in and to look forward to helps with our mental health and makes it easier for many to feel like they can handle the day-to-day challenges.

But holidays, especially with rising fuel prices, inflation and Brexit are more costly than ever and seemingly off-limits for many.

Whilst TUI cannot wave a magic wand and send everyone on holiday, they can make paying for it that bit easier.

Paying in monthly instalments isn't new for TUI customers BUT it is an unknown and unrealised gem of a payment method. This is being made more prominent in communication and media highlighting to those feeling the fiscal squeeze that TUI is there to help them make holiday costs more manageable.

In the case of Tesco and TUI, this help and support in these very real times of need will build long-term good will for the future.

