

Shopper Sentiment Survey

Keep abreast of what's driving UK consumer shopping behaviour

SAMPLE REPORT

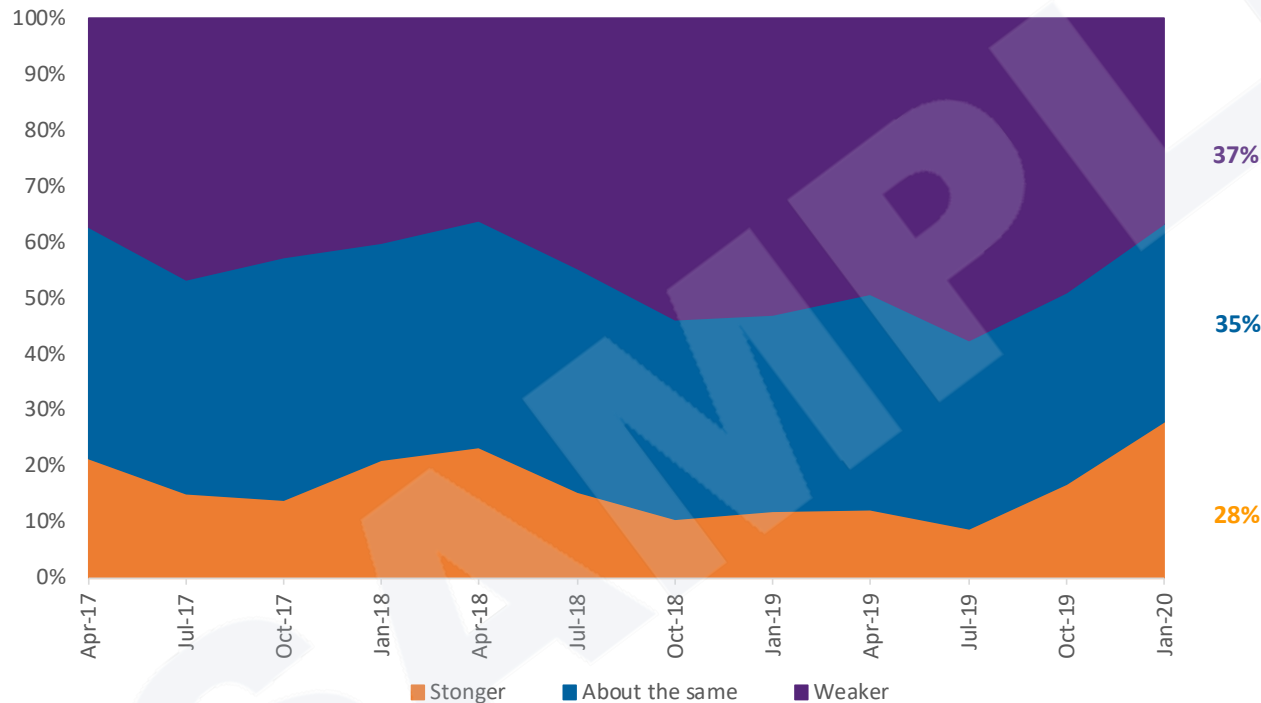
Optimism amongst consumers grew in January with consumer sentiment about the economy and personal finances improving for the second consecutive quarter. However, despite consumer's concerns over Brexit waning (their largest concern), we remain cautious about the outlook for non-essential spending in 2020. Weaker economic growth, a slowing labour market and potential Brexit disruption are likely to weigh on consumer's propensity to spend. Indeed, 45% of consumers indicated that they intend to spend less in the coming quarter, rising from October.

- In January, consumer expectations about the economy over the next three months improved markedly on the previous quarter: 28% expect it to strengthen versus 17% in October.
- Less than a quarter (23%) of consumers expect their personal finances to weaken over the coming quarter, improving on 34% reported in October.
- Indeed, 9% of consumers have become less cautious in their spending habits over the last three months, improving on the 6% reported in October 2019.
- Concerns over Brexit eased in January 2020 (+35%), falling to its weakest level since April 2018 due to greater clarity. Notably, 'weaker job security' demonstrated the largest shift in sentiment in January with 10% of consumers suggesting it was their greatest concern (versus 6% in October 2019).
- Despite some improvements in sentiment, we remain cautious about the outlook for spending in 2020. Weaker economic growth, a slowing labour market and potential Brexit disruption during the year are all likely to weigh on consumers propensity to spend.
- This was demonstrated in our latest survey with 45% of consumers indicating they intend to spend less over the next three months, up from 42% in October 2019.

Question: How do you expect the UK economy to perform in the next three months?

28%

Of consumers expect the UK economy to strengthen in the next three months.



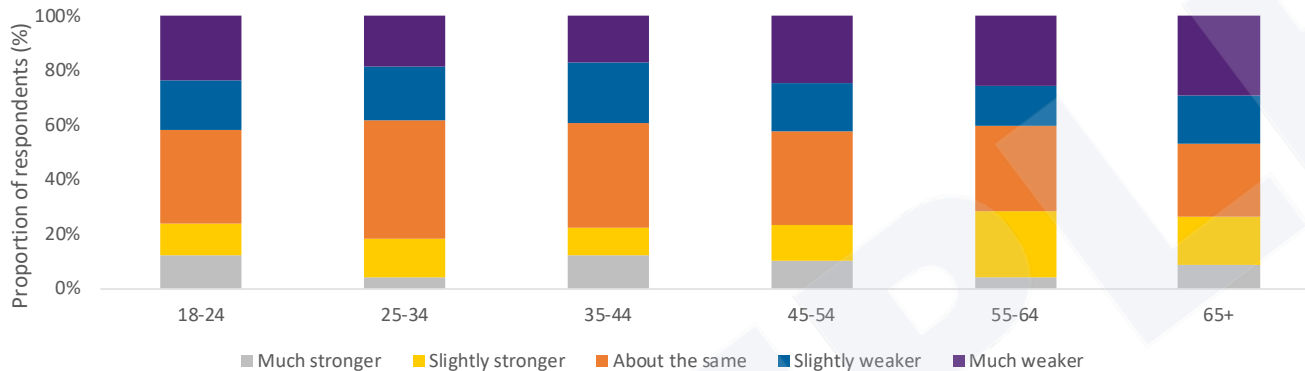
Over a quarter of consumers expect the economy to strengthen over the next three months, a significant improvement on the previous quarter.

* Figures may not sum to 100 due to rounding
Source: Retail Economics
Sample size: 2,000

Question: How do you expect the UK economy to perform in the next three months?

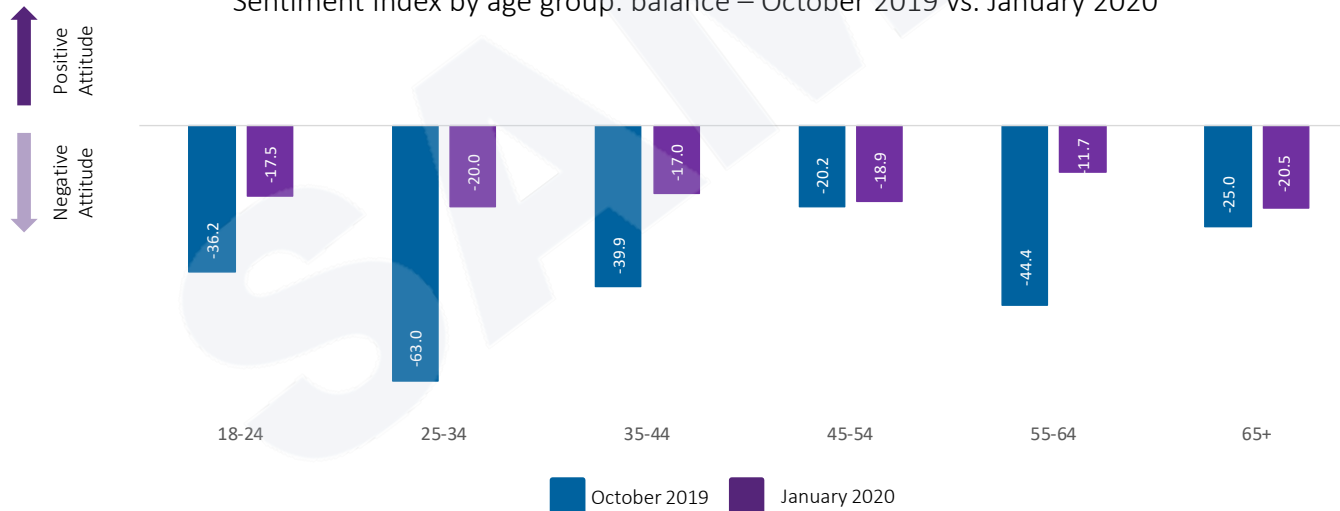
25-34 years

38% of consumers in this age group believe the economy will generally weaken in the next three months. This compares with 47% of over 65 year olds.



Despite displaying negative balances, all age groups were more optimistic about the economy's performance in the next three months in January. Indeed, the 25-34 year olds demonstrated the greatest improvement in sentiment.

Sentiment Index by age group: balance – October 2019 vs. January 2020



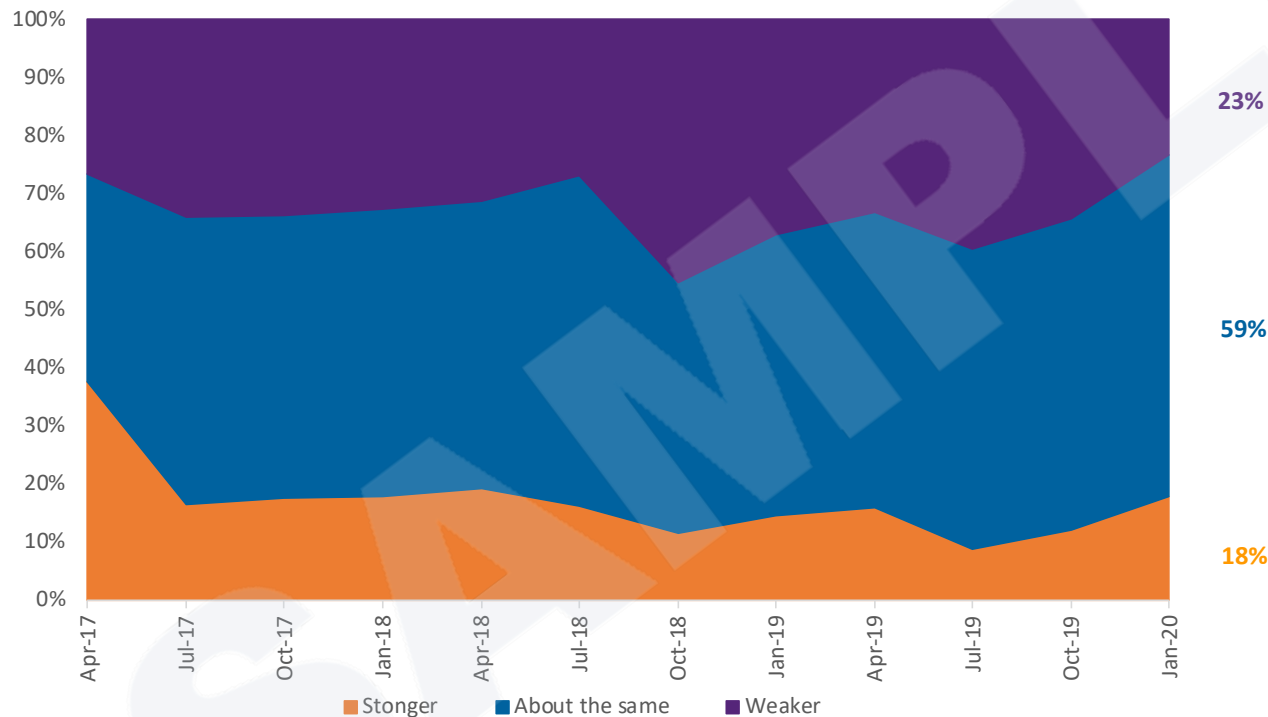
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Source: Retail Economics
Sample size: 2,000

Shopper Sentiment Survey: January 2020

Question: How do you expect your personal finances to change over the next three months?

23%

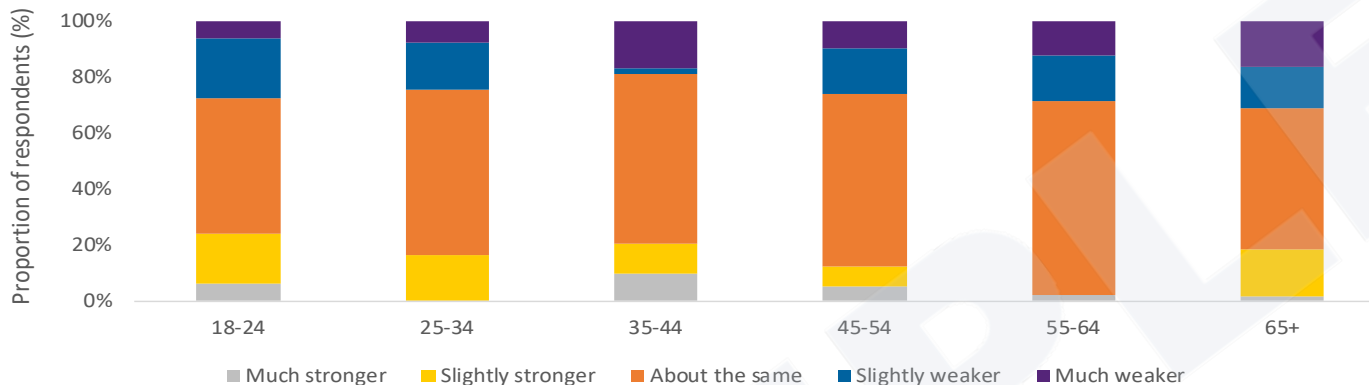
Of consumers expect their personal finances to become weaker in the next three months.



Less than a quarter of consumers expect their personal finances to weaken over the coming quarter, improving on the 34% reported in October.

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Source: Retail Economics
Sample size: 2,000

Question: How do you expect your personal finances to change over the next three months?



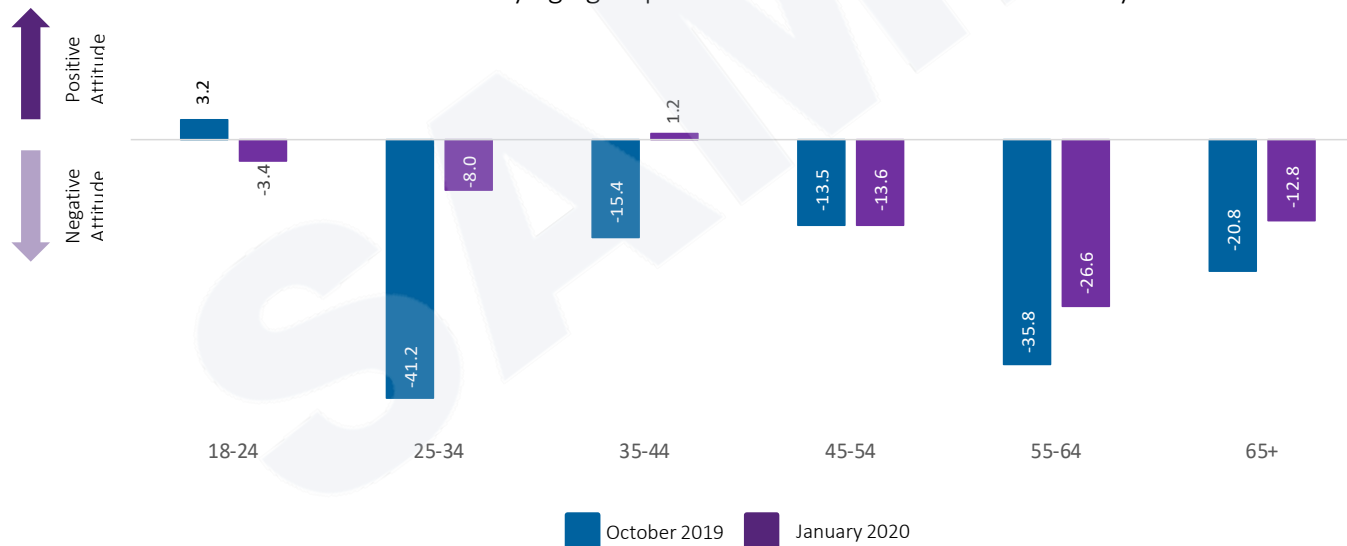
35-44 years

This age group was more optimistic about how their personal finances will change over the next quarter, with just 19% indicating they'll be weaker compared with 27% in October.

The 35-44 age group was considerably more optimistic towards changes in their personal finances over the next three months.

Conversely, 18-24 year olds were more pessimistic, demonstrating a negative balance of -3.4%.

Sentiment Index by age group: balance – October 2019 vs. January 2020

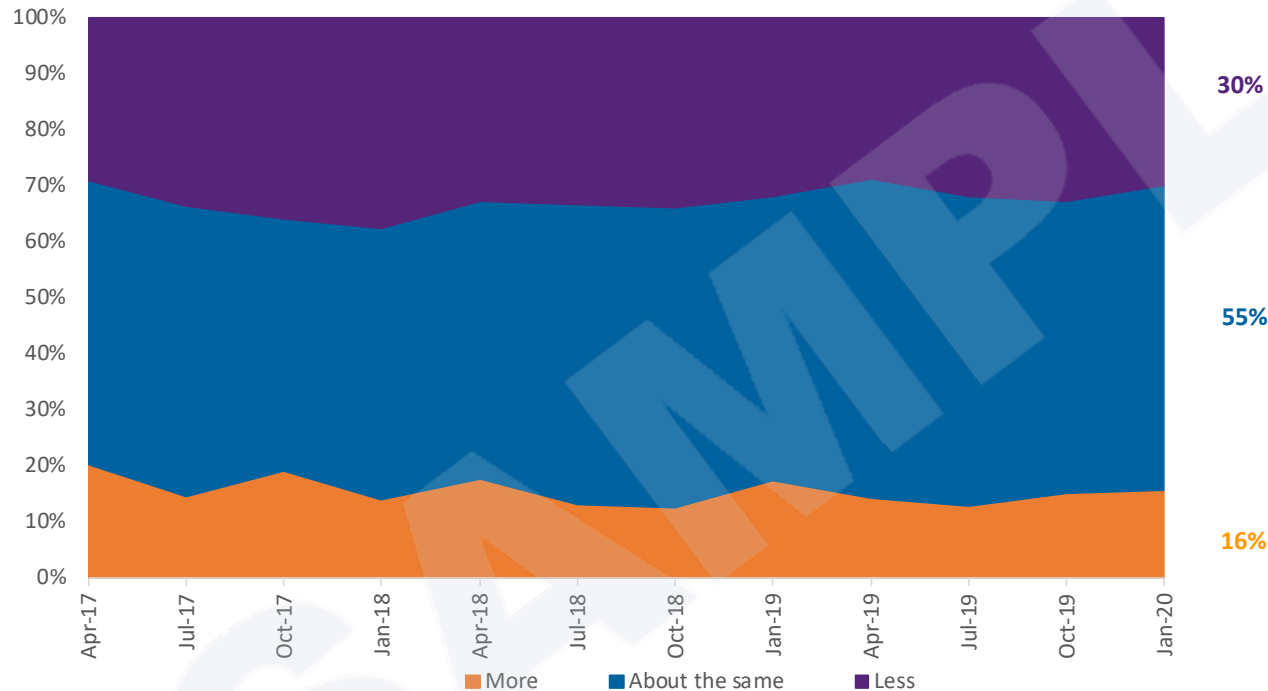


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Source: Retail Economics
Sample size: 2,000

Question: How do you expect the amount you put into savings to change in the next three months?

30%

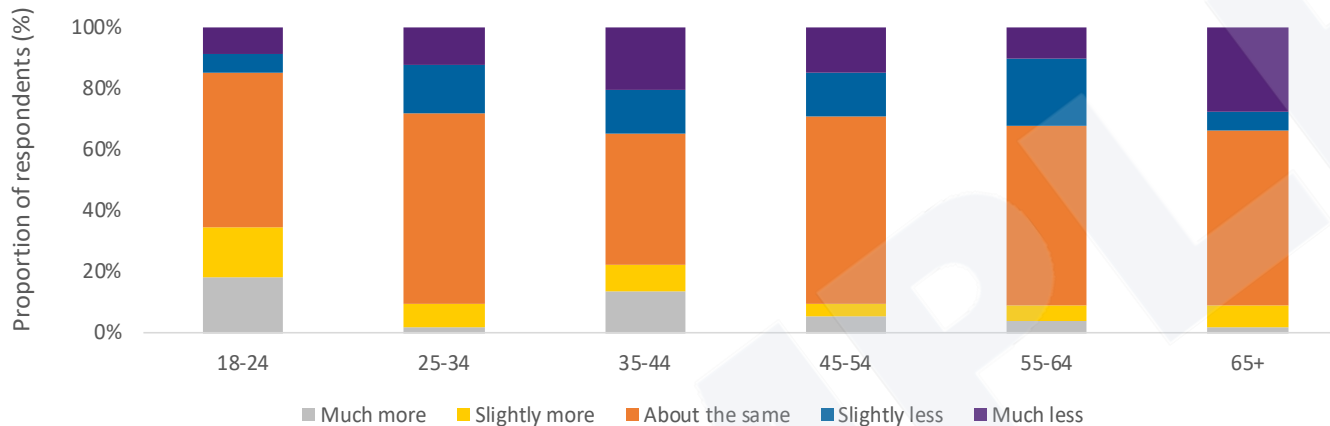
Of consumers expect to save less over the next three months, slowing on the previous quarter.



Less than a third of consumers expect to save less over the coming quarter, down on the 33% reported in October.

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Source: Retail Economics
Sample size: 2,000

Question: How do you expect the amount you put into savings to change in the next three months?

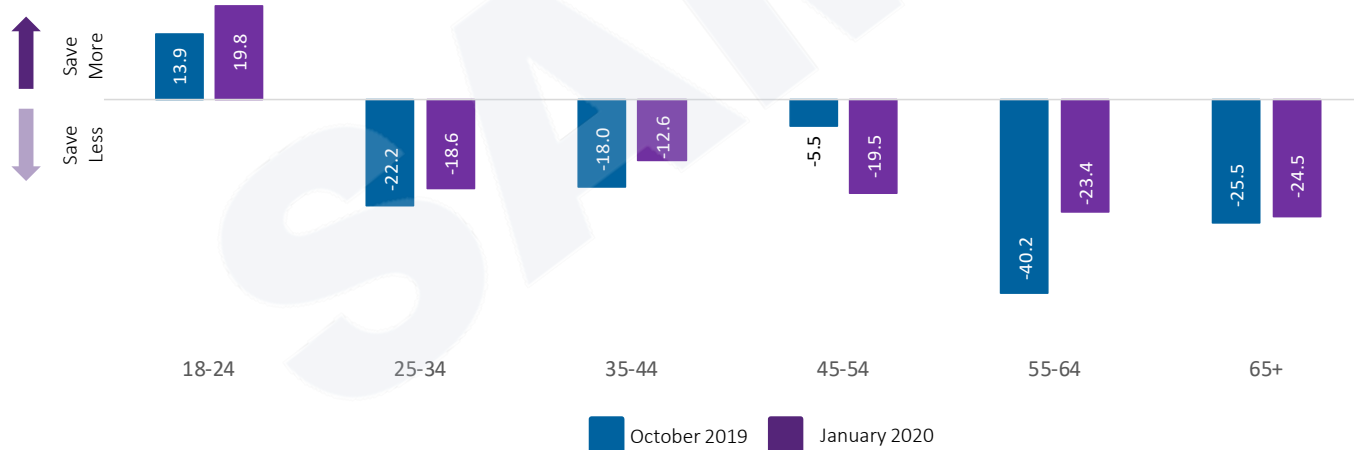


18-24 years

34% of consumers in this age group suggested they will save more, compared with 9% for the 55-64 age group.

18-24 year olds (34%) continued to demonstrate a strong desire to save more over the coming quarter, whilst 35% of the 35-44 year old age group suggested they intend to save less.

Sentiment Index by age group – October 2019 vs. January 2020



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Source: Retail Economics
Sample size: 2,000

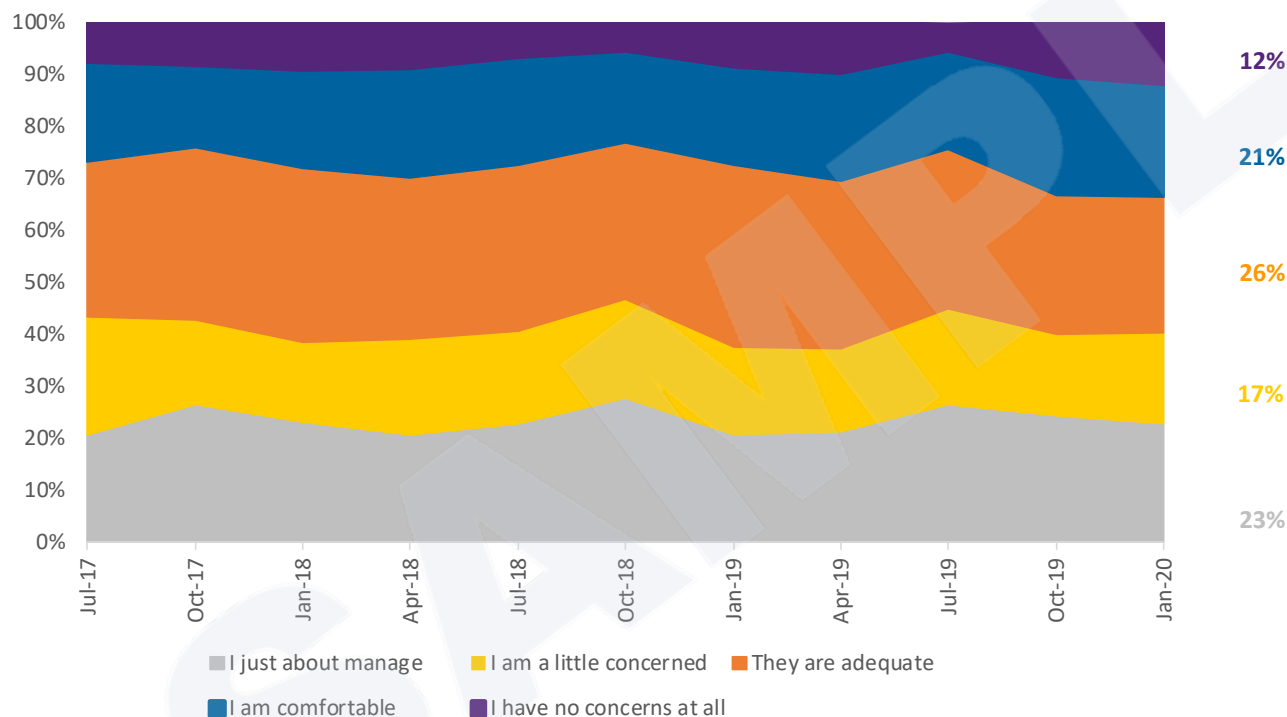
Shopper Sentiment Survey: January 2020

Question: Which statement best describes your personal financial situation?

23%

Of consumers indicated they 'just about manage' with their personal finances, improving on the previous quarter.

There was little change in how consumers viewed their personal finances with a third of consumers indicating they are 'comfortable' or have 'no concerns at all' in January, unchanged from October.



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Source: Retail Economics
Sample size: 2,000

Shopper Sentiment Survey: January 2020

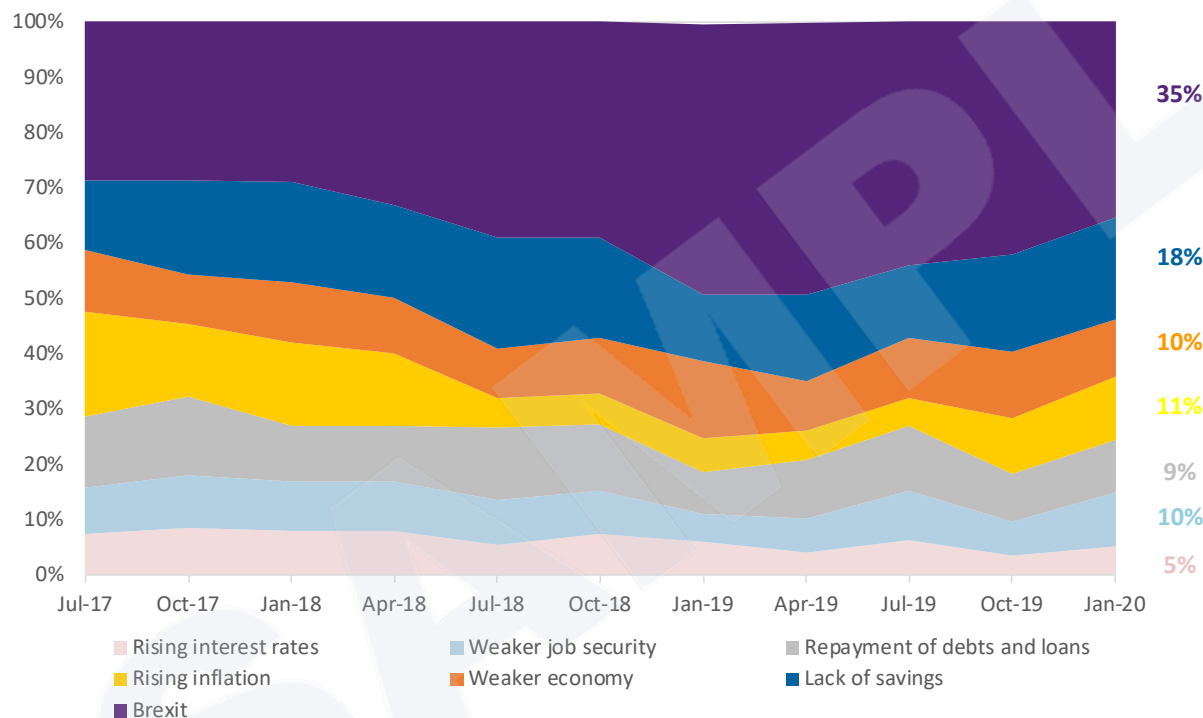
Question: Currently, which of the following do you find the most concerning?

35%

Of consumers said that Brexit was their biggest concern in January, improving on the previous quarter.

Consumer's concerns over Brexit (+35%) is now at its weakest level since April 2018, although remaining their greatest concern.

That said, it was 'weaker job security' which demonstrated the greatest shift in sentiment in January, with 10% of consumers suggesting it was their greatest concern.



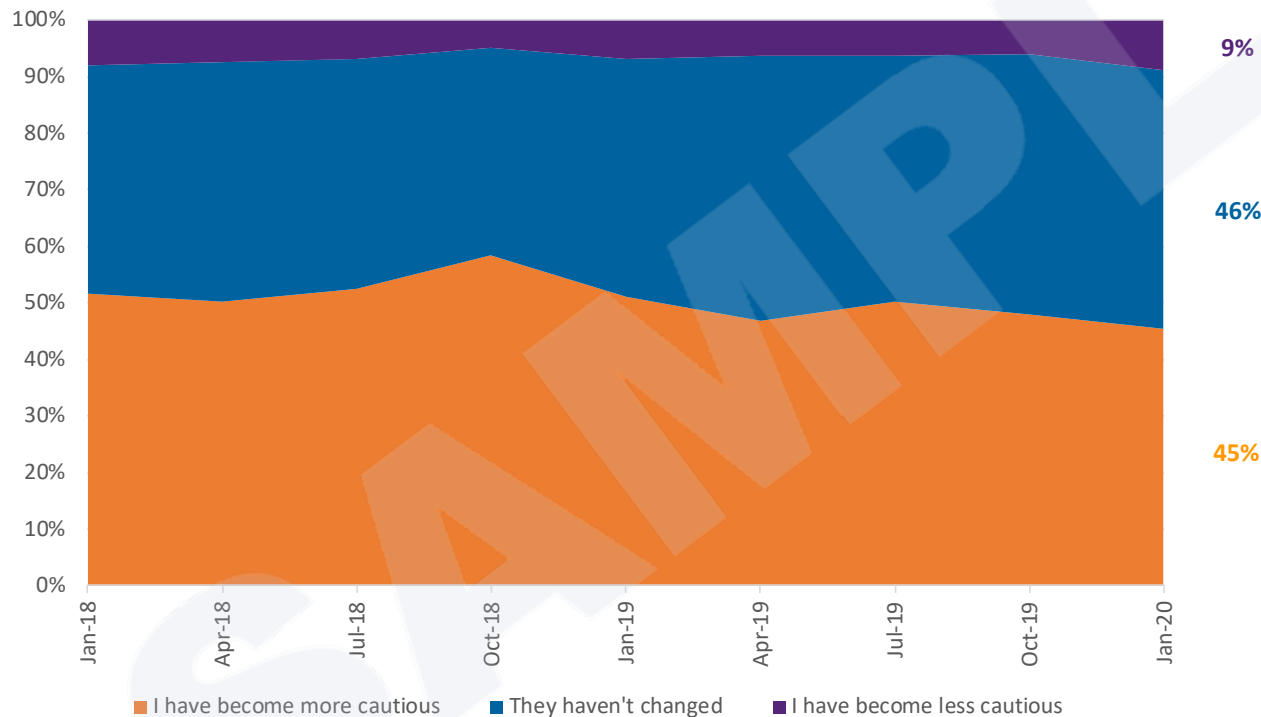
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Source: Retail Economics
Sample size: 2,000

Question: Thinking about the way you spend your income, which statement best describes how your spending habits may have changed over the last three months?

45%

Of consumers have become more cautious with their spending habits over the last three months.

The proportion of consumers that have become less cautious with their spending habits over the last three months improved to 9% in January, from 6% In October.



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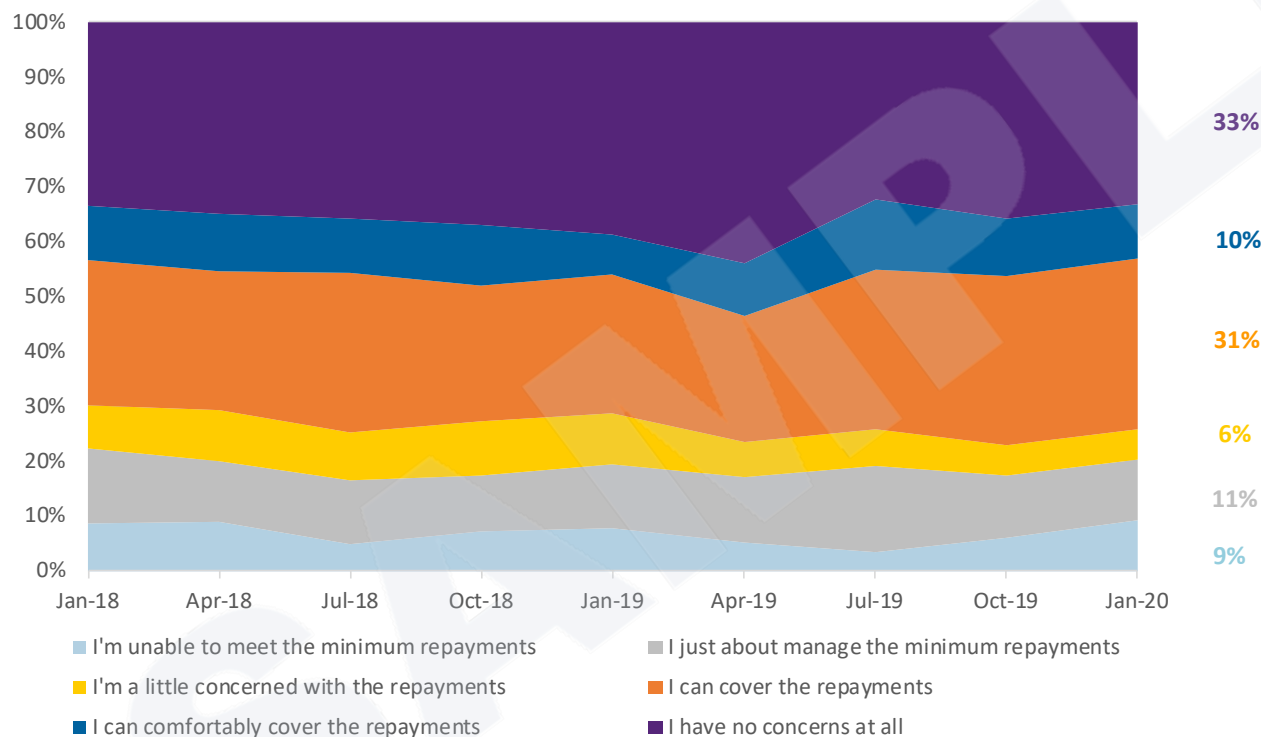
Question: Thinking about your personal finances, which statement best describes your levels of credit card debt?

26%

Of consumers are in some way concerned about their levels of credit card debt or can't make minimum repayments.

The number of consumers that have 'no concerns at all' about their levels of credit card debt slowed in January to 33% (from 36% in October).

Significantly, the number of consumers who are 'unable to make repayments' rose to 9%, the sharpest rise since April 2018.



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Source: Retail Economics
Sample size: 2,000

Shopper Sentiment Survey: January 2020

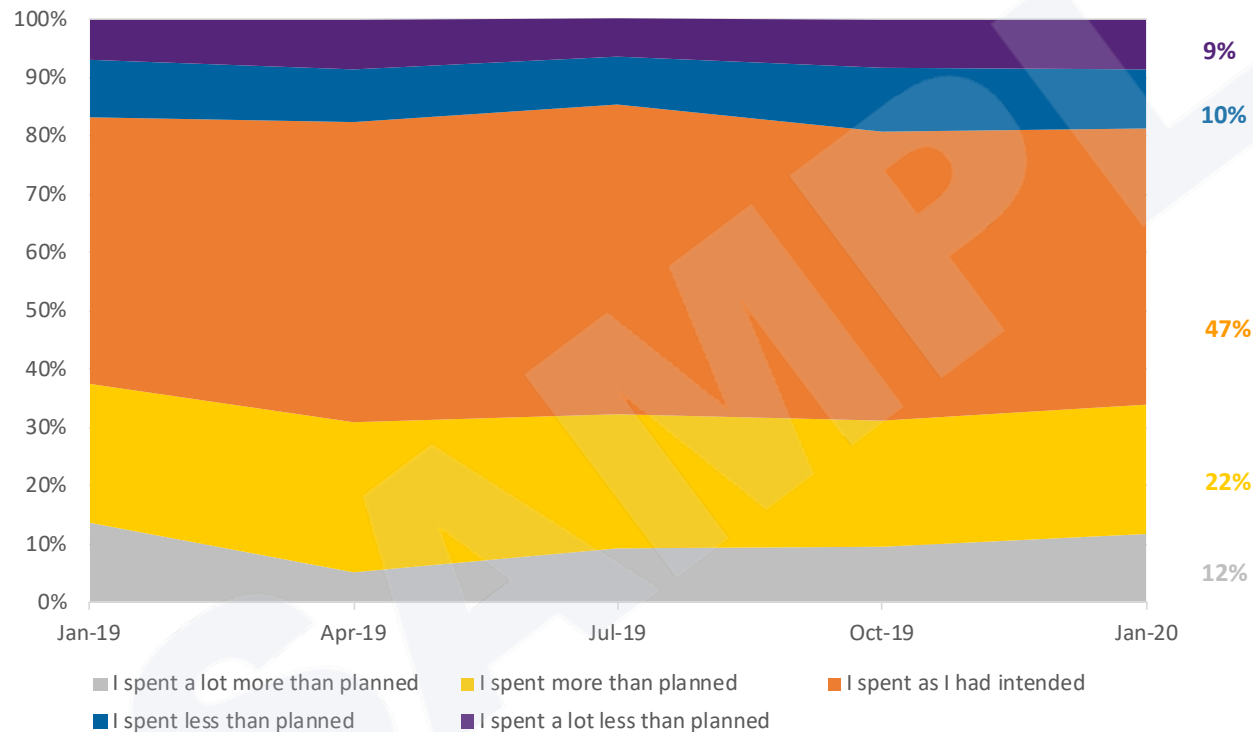
Question: Now, thinking about your spending on non-essential items over the last three months, which statement best describes your actions?

34%

Of consumers suggested they spent more than planned on non-essential items over the last three months.

Over a third (34%) of consumers suggested they spent more than planned on non-essentials over the last three months, up from 32% in October.

Consumers that spent less remained at 19% for the second consecutive quarter.



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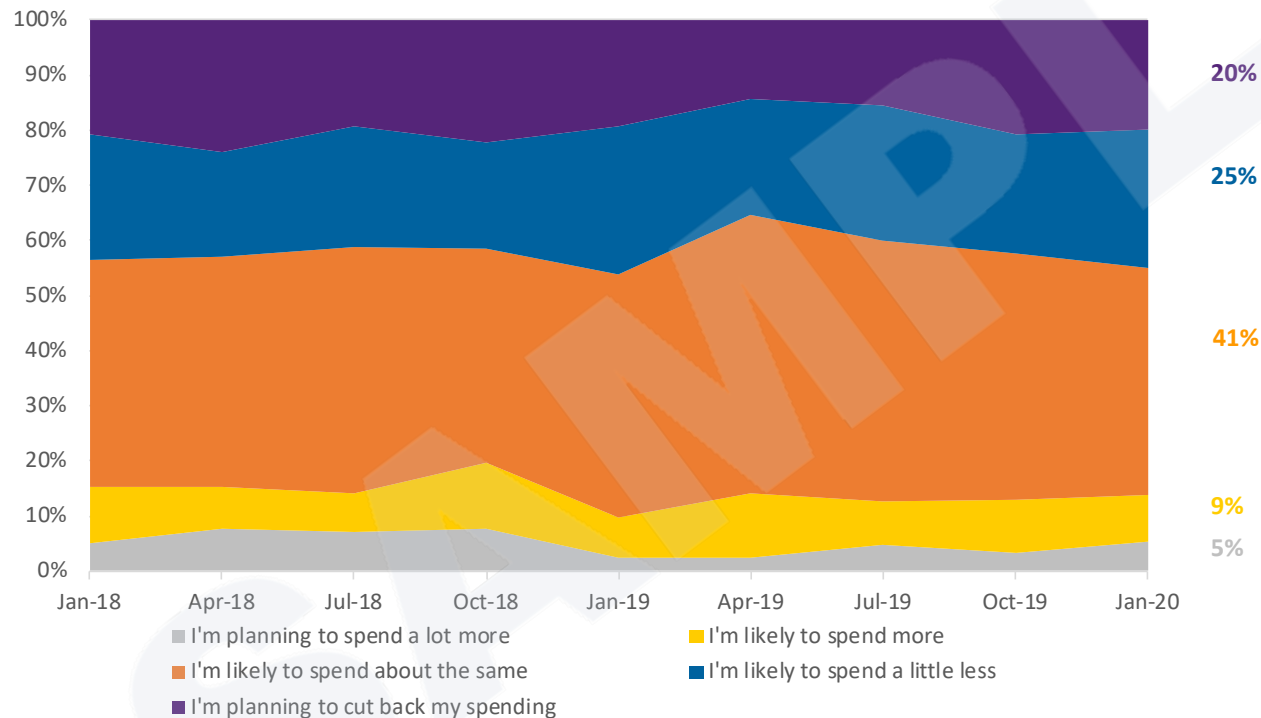
Shopper Sentiment Survey: January 2020

Question: Now, thinking about your spending on non-essential items over the next three months, which statement best describes your intentions?

20%

Of consumers suggested they are planning to 'spend a little less' on non-essential items in the next three months.

45% of consumers indicated that they intend to spend less on non-essential items over the next quarter, rising from 42% in October.



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Source: Retail Economics
Sample size: 2,000

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