UK Consumer Tracker

February 2022

BORD BIA
Thinking House

What We Did

- ✓ Online Tracking Survey
- ✓ National Survey of UK Grocery Shoppers
- ✓ N=1,065
- ✓ Wave=14
- ✓ Fieldwork: 26th – 29th January 2021.

Why did we do it?

To enhance our understanding of the impact of Brexit and its ensuing economic effects on UK consumers and also to understanding their perceptions and attitudes to Ireland and Irish produce.



Source: The Guardian, 2021

Methodology and Context

Bord Bia are continuing the tracking of UK grocery shoppers to gauge how the Brexit situation is impacting on attitudes towards the Rep. of Ireland and the core food & drink export categories.

This study is conducted via a **nationally representative survey of UK grocery shoppers online** and this is the 14th wave of research conducted to date. The fieldwork for this period was conducted between the 26th – 27th January 2022.

The survey focuses on a range of Brexit related topics including understanding the mood of the nation, personal impact based on economic situation, perceptions of Rep. of Ireland food and drink vs. key competitor markets around being local, openness to choosing, trust, visibility and premium credentials. It also evaluates the extent that Rep. of Ireland food and drink would be missed should Brexit encourage a price increase or a limitation in availability of Irish produce.

Bord Bia's research partners for this project is



Source: The Guardian, 2021

Mood of the Nation

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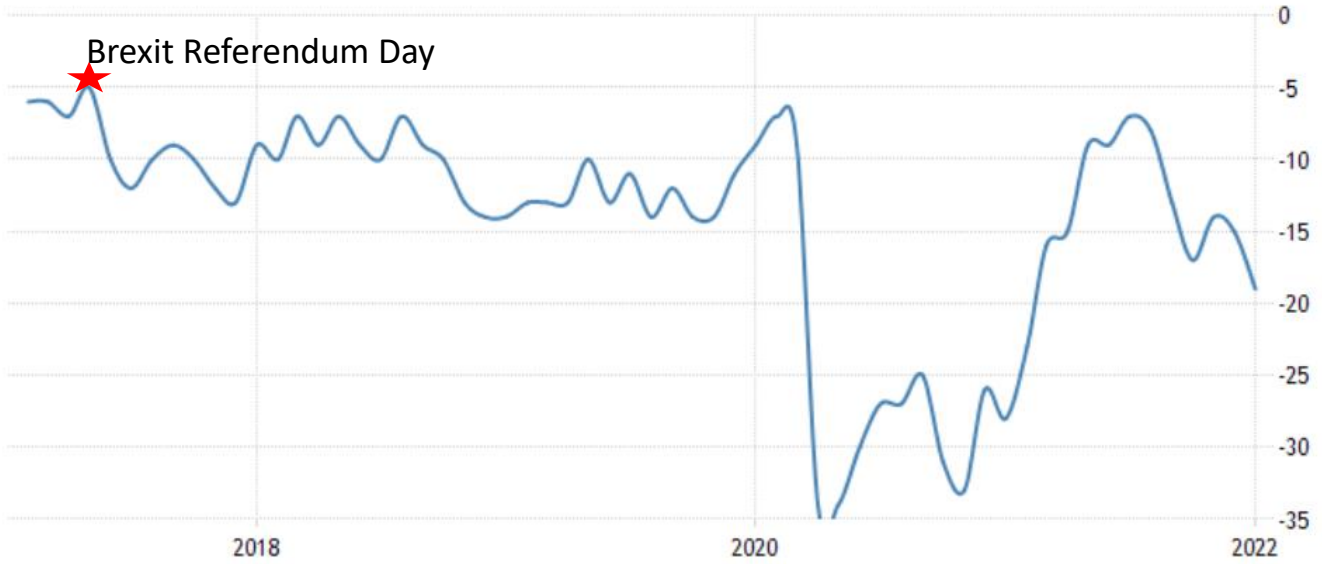
Photo by Markus Spiske on Unsplash

Mood of the Nation and Economic Outlook

The GfK Consumer Confidence indicator in the United Kingdom dropped to its **lowest level in 11 months** at minus 19 in January 2022, as consumer mood was dampened by persistently **high inflation**, suggesting that rising living costs will slow the household spending recovery. This followed a reading of minus 15 in December 2021 and logged below analyst expectations of no change from the previous month. Joe Staton, client strategy director at GfK, said that “despite some good news about the easing of Covid restrictions, consumers are clearly bracing themselves for **surging inflation, rising fuel bills and the prospect of interest rate rises**." All components of the index deteriorated, with measures that look at how people see the coming year in terms of personal financial situation and in making big purchases falling sharply and pointing to concerning personal spending patterns.

In the United Kingdom, the consumer confidence survey measures the level of optimism that consumers have about the performance of the economy in the next 12 months. The GfK Consumer Confidence is derived from the survey of about 2,000 consumers which are ask to rate the relative level of past and future economic conditions including personal financial situation, climate for major purchases, overall economic situation and savings level.



https://tradingeconomics.com/united-kingdom/consumer-confidence

In the News at time of Fieldwork

Energy price increases, inflation, potential food shortages and increased interest rates paint a picture of a consumer that is feeling the pinch at this time…

Inflation 'giving me sleepless nights'

By Ben Schofield, Stuart Ratcliffe & Pete Cooper
BBC News

26 January



Foodbanks say they have seen a rise in users since the increase in inflation

The jump in the cost of living, driven largely by rising fuel and energy

Brexit: two years on
Brexit

Covid has been an easy scapegoat for economic disruption, but Brexit is biting

Anand Menon

Mon 31 Jan 2022 08.00 GMT

1,840

As the pandemic recedes, the negative impacts of Brexit will become clearer and its political effects more unpredictable

Anand Menon is director of the UK in a Changing Europe



'More than half of people now think Brexit has had a negative impact on the supply of food and goods.' Empty shelves in an Asda store in Cardiff, July 2021. Photograph: Matthew Horwood/Getty Images

"'Pandemic of fuel poverty' warning as energy costs soar"
— *BBC*, 20th January

"Bank of England on track for second rate rise in under two months" — Reuters, 24th January

"New Bank of England chief economist warns of long-lasting inflation" — *Reuters*, 24th January

"Brexit: Shoppers face less choice and higher prices as food suppliers ditch UK over new red tape" — *Independent*, 1st February

"'I'm rationing!' Pensioners share their struggle to pay energy bills" —*Daily Express 23rd* January

"Food and drink shortages possible as UK support for CO2 industry ends'" —The Guardian, 24th January

Key Themes Emerging

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Photo by Ahmed Zayan on Unsplash

Positivity of Brexit for Grocery Shoppers

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The perceived positivity of Brexit among UK grocery shoppers has been steadily waning with only 1 in 4 now thinking that it will be positive them.

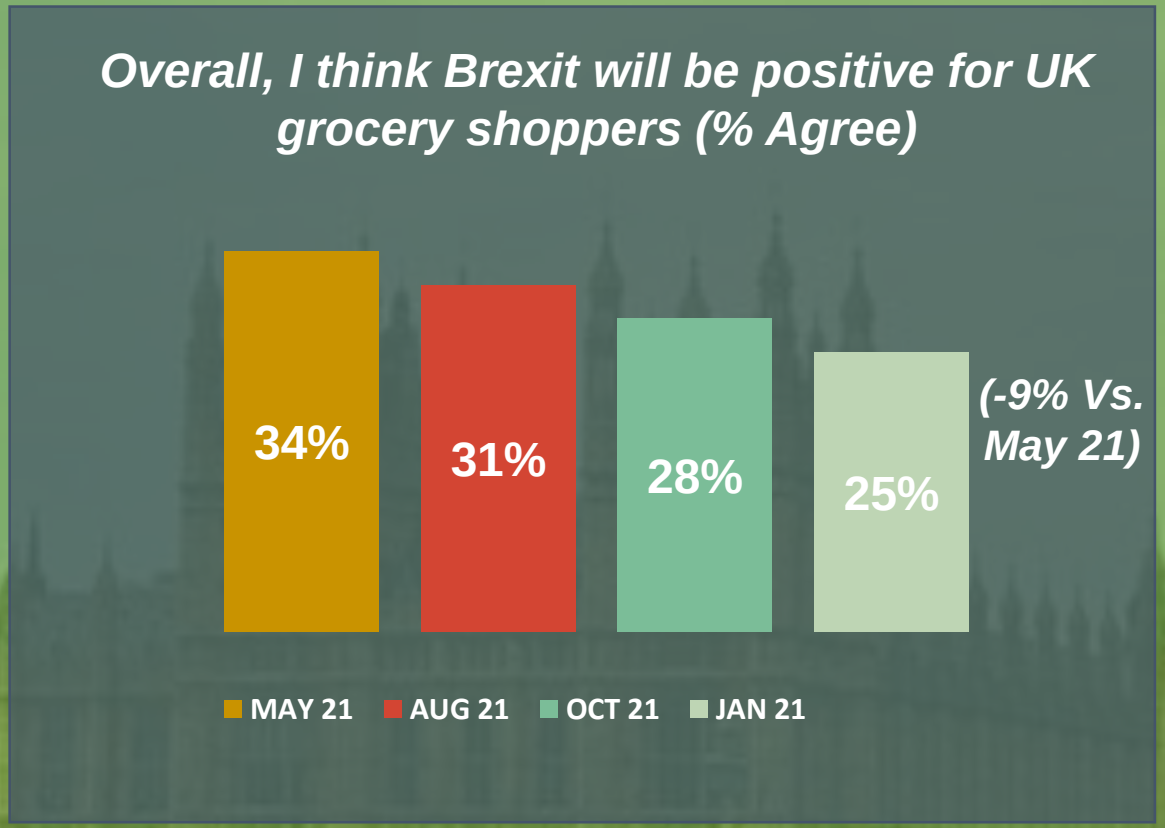

Photo by Joanna Zduńczyk from Pexels

Concern evident around food availability and choice for over 1 in 2 UK shoppers

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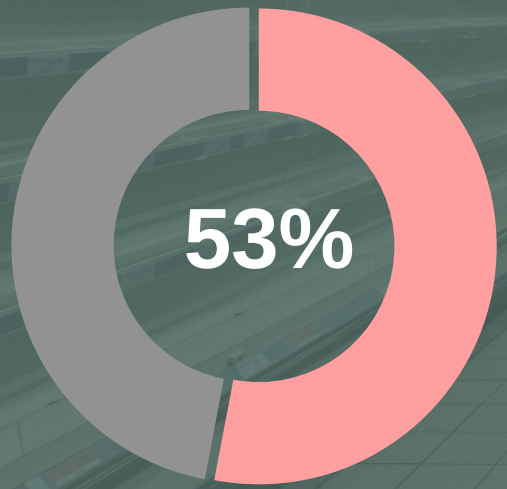
Amongst continued media reports on the subject of potential empty shelves in January 22, we see increased concern among UK shoppers with regard to availability and choice

I have noticed that certain foods I buy have not been as easy to get because of Brexit (% Agree)

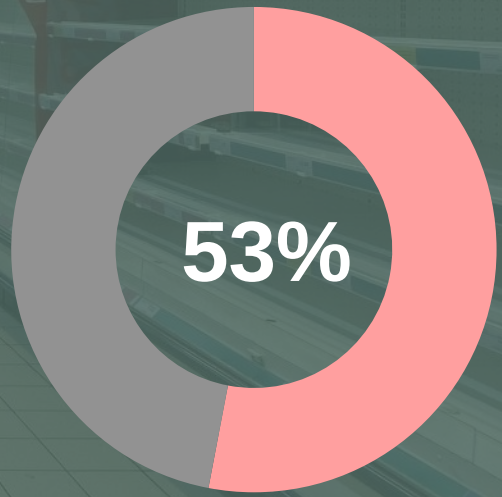
+4% Vs Oct 2021



Vs. May 2021 ***(+25%)***

I think there will be less choice for UK shoppers in the future due to Brexit (% Agree)

No change Vs Oct 2021



Vs. May 2021 ***(+13%)***

Photo by John Cameron on Unsplash

Availability

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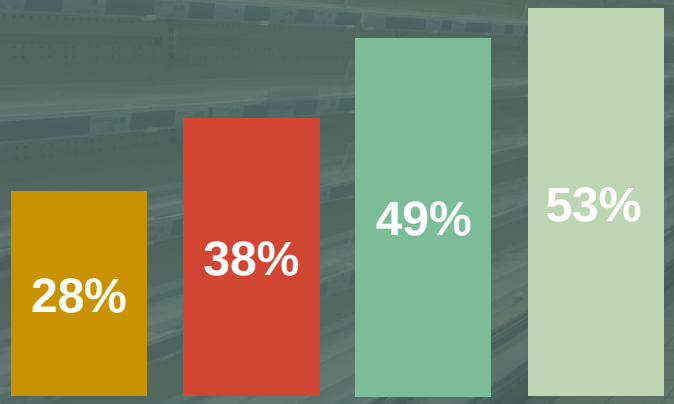
Over half of UK shoppers now are concerned around availability and choice as a result of Brexit with concern around availability doubling since May 2021.

I have noticed that certain foods I buy have not been as easy to get because of Brexit (% Agree)



I think there will be less choice for UK shoppers in the future due to Brexit (% Agree)

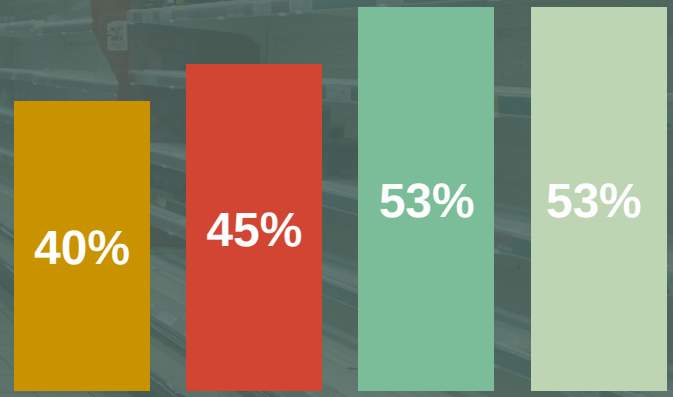


Photo by John Cameron on Unsplash

Increased concern around food availability and choice

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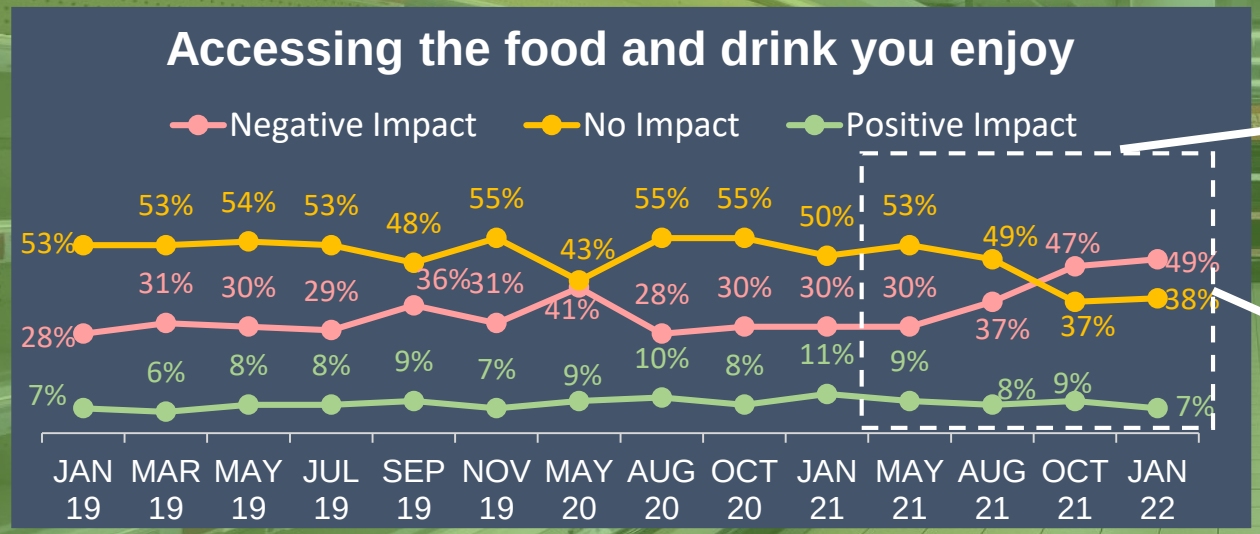
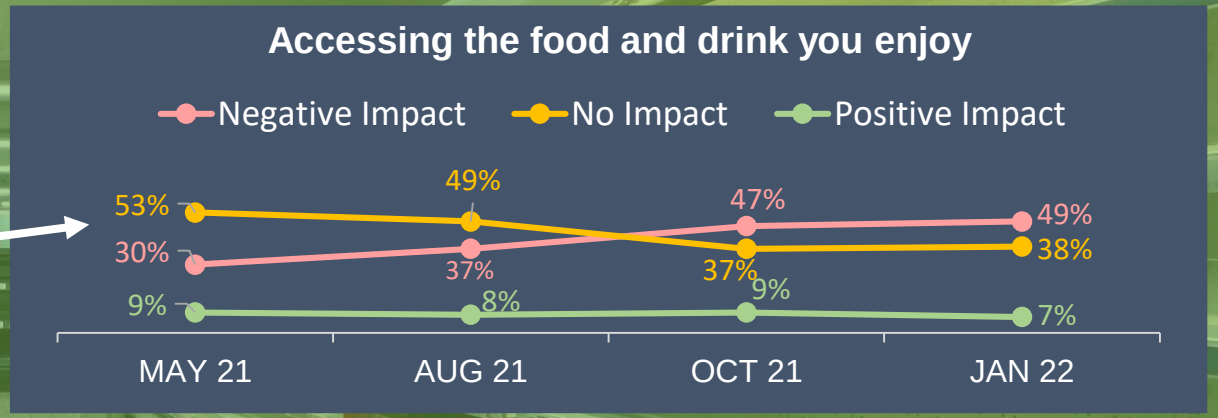
January 2022 sees the highest level of shoppers reporting a negative impact regarding accessing food & drink enjoyed as a result of Brexit since tracking began – with Beef having the highest increase in concern since May 2021.





To what extent do you think the that Brexit is having a negative or positive impact for you personally in each of the following areas?

Foods with highest increase in concern over availability since May 2021 (Among regular buyers)

Fresh Beef	**+10%**
Cheddar Cheese	**+5%**
Butter	**+3%**
Premium Chocolate	**+2%**

Photo by John Cameron on Unsplash

Price

With the continued extended media coverage on the issues of energy, price hikes and food price inflation, it is unsurprising that we see higher expectations around the price of food among UK consumers as a result of Brexit.

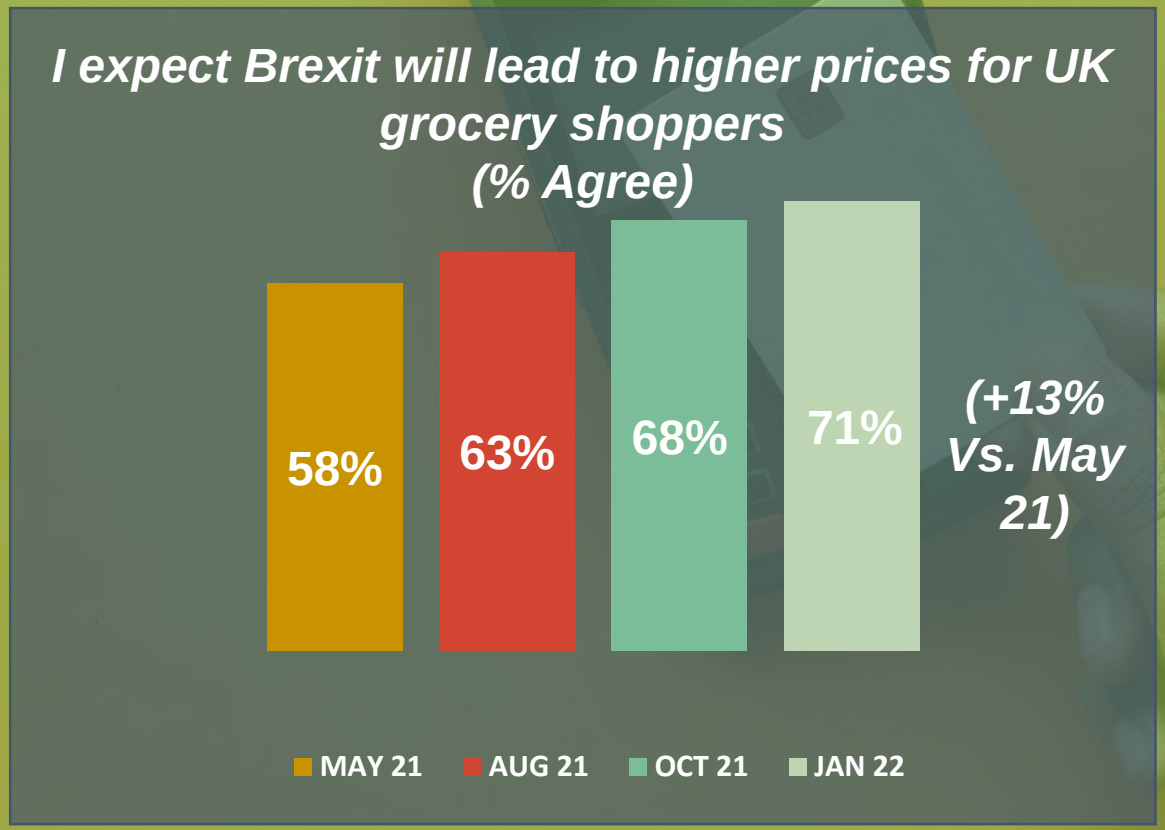


Photo by Towfiqu barbhuiya on Unsplash

The threat of higher food prices

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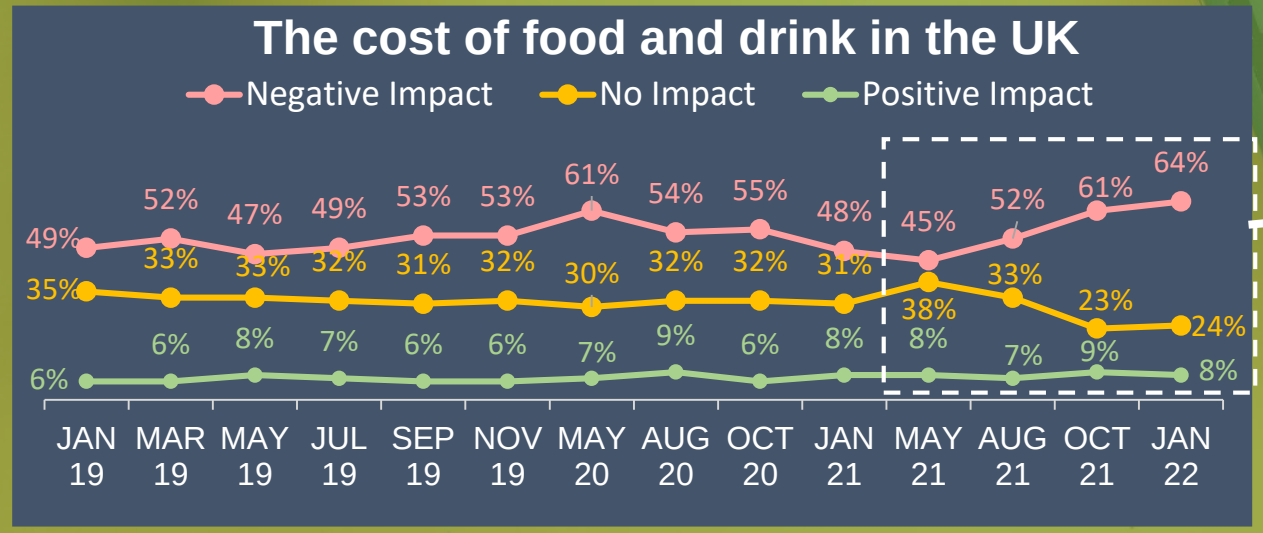
The expectation of higher food prices has become widely accepted (up 13% since May'21) with widespread reporting of food inflation in the media and warnings of increased prices from businesses such as Tesco in recent days.



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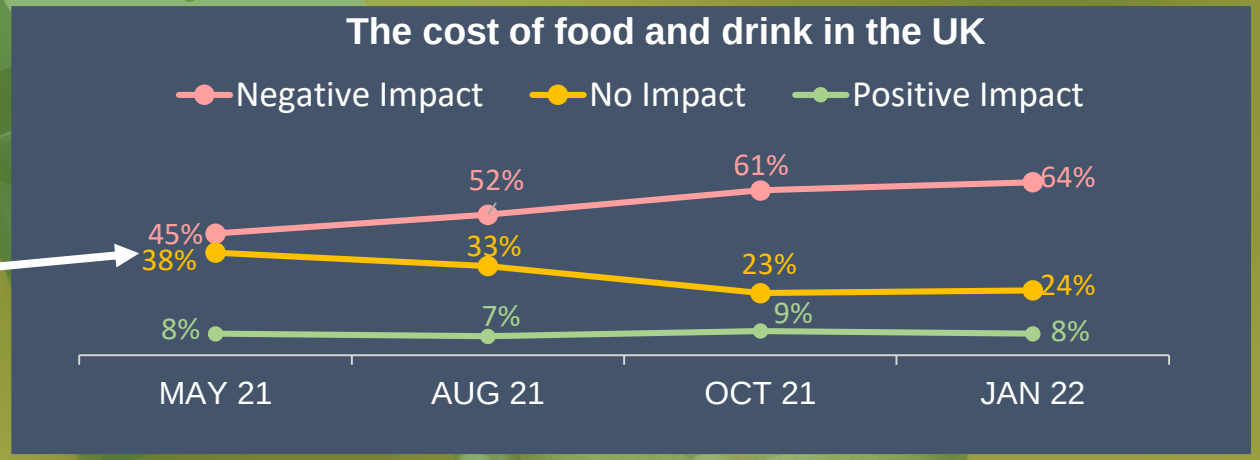

To what extent do you think the that Brexit is having a negative or positive impact for you personally in each of the following areas?

Photo by Towfiqu barbhuiya on Unsplash

Available Income Spent on Food & Drink

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

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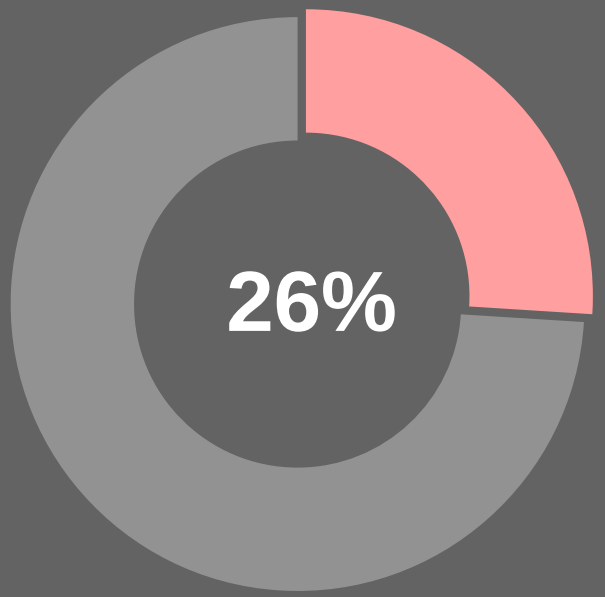
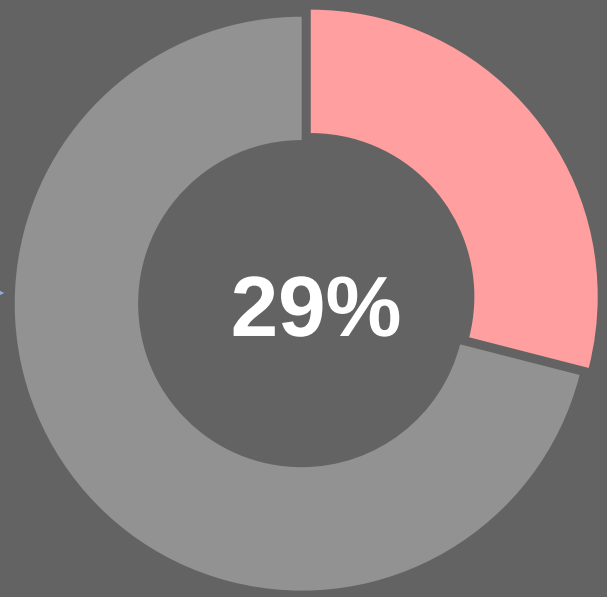
At overall sample level, expected proportion of available household income spend on food and drink is set to increase by 3% which is unchanged from the previous round.

Average proportion of available income spent on food and drink in your household over the last 12 months.



Which of the following best describes your view as to the cost of food and drink in the UK over the next 12 months?

Average expected proportion of available income spent on food and drink in your household over the next 12 months.



And looking ahead to the next 12 months, approximately what proportion of your available income do you think you will spend on food and drink for your household?

Available Income Spend on Food & Drink- by Disposable Income

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

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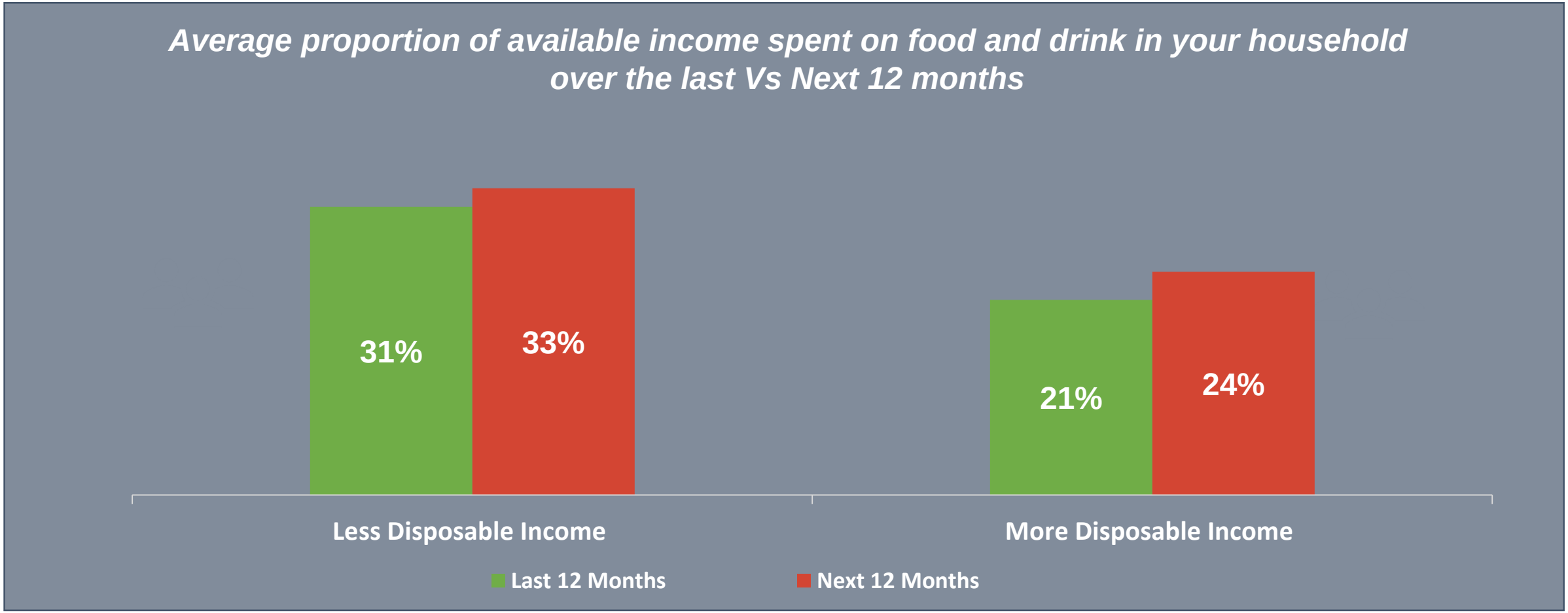
Both ends of the K-shaped consumer model expect a greater proportion of income to be spend on household food and drink in the next 12 months



Quality

As well as price and availability, we see stabilising negativity relating to the expected levels of grocery quality due to Brexit with almost half of UK consumers continuing to expect that the quality of product on shelves will be negatively impacted.

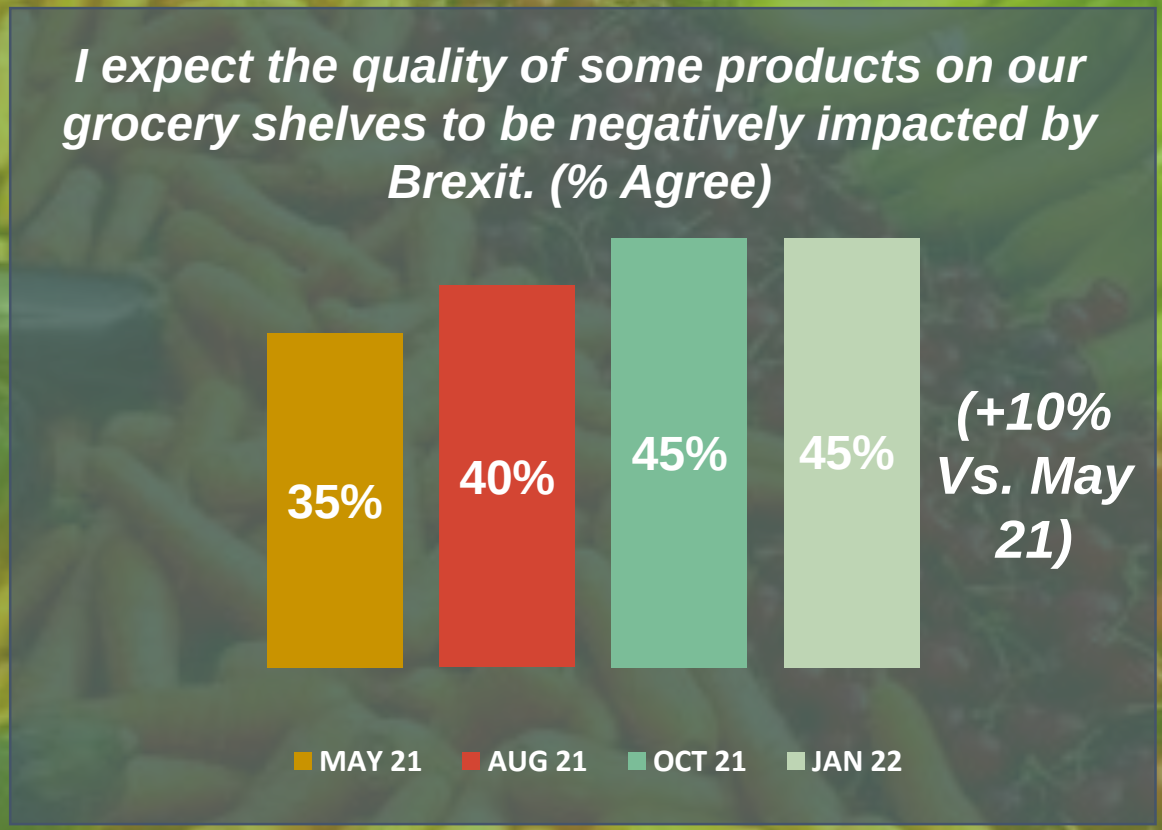
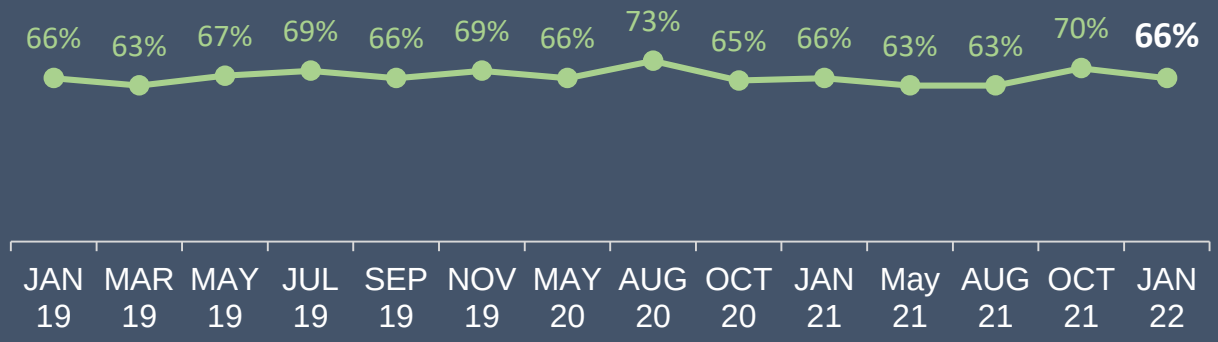


Photo by Pixabay from Pexels

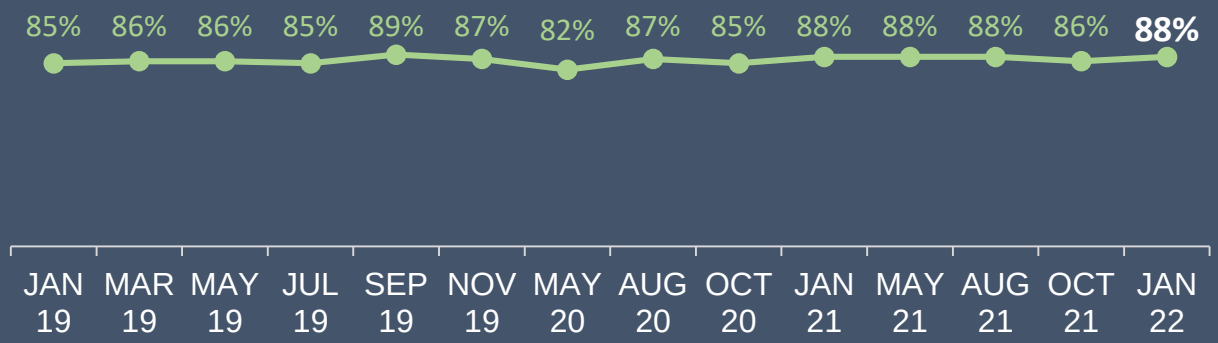
Continued strong affinity to Rep. of Ireland

However perceptions of Rep. of Ireland continue to thrive – as open to choosing as ever and significantly more 'local' than other European markets

ROI considered a 'Friend' over time



Openness to choosing Food & Drink from ROI over time



Countries considered 'Local' when it comes to food and drink

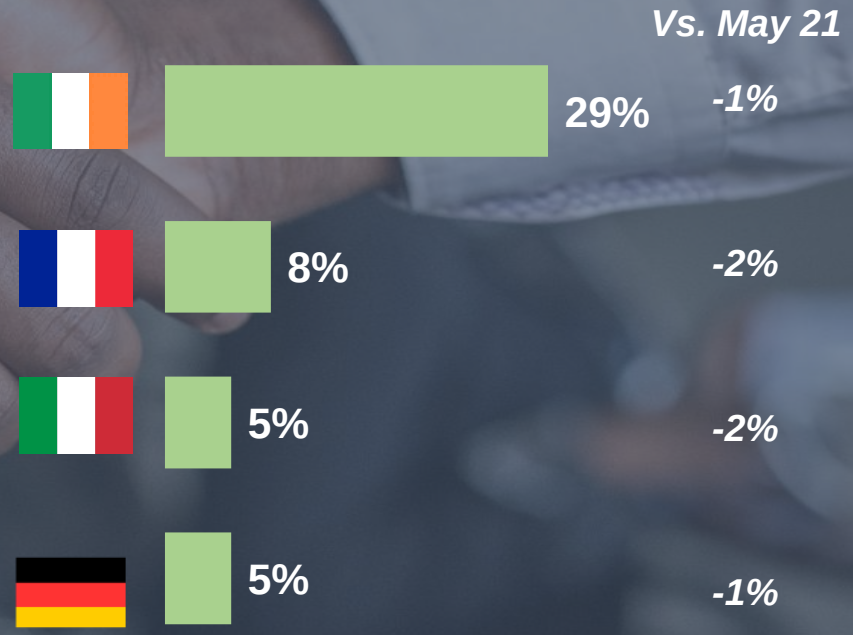


Photo by Cytonn Photography on Unsplash

Towards a K-Shaped Recovery

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Photo by Kari Shea on Unsplash

Covid-19 Impact on Disposable Income

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

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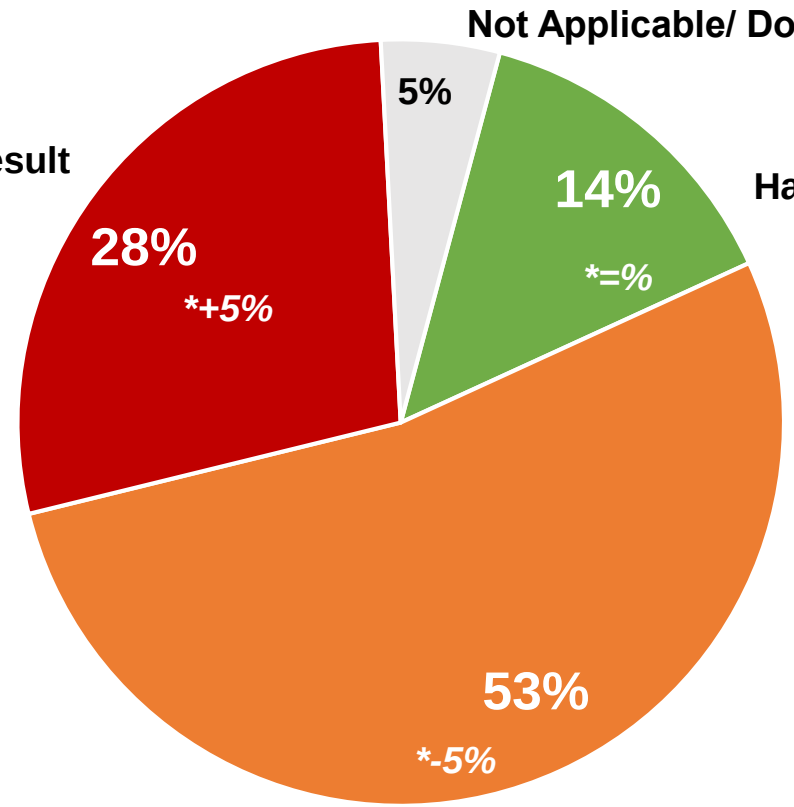
Unsurprisingly more negativity evident among UK shoppers in relation to disposable income vs. October 2021, but no change among those having more.

We would like you to think about the impact Covid-19 has had on your level of disposable income. Please state the option that best describes your experience.



TENDS TO BE..
- ✓ Under 40 years old
- ✓ C2DE social grades
- ✓ In family life-stages

TENDS TO BE..
- ✓ Over 40 years old
- ✓ ABC1 social grades
- ✓ Outside family life-stages

***Vs Oct '21**

Expected Cost of Food & Drink over the next 12 months

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

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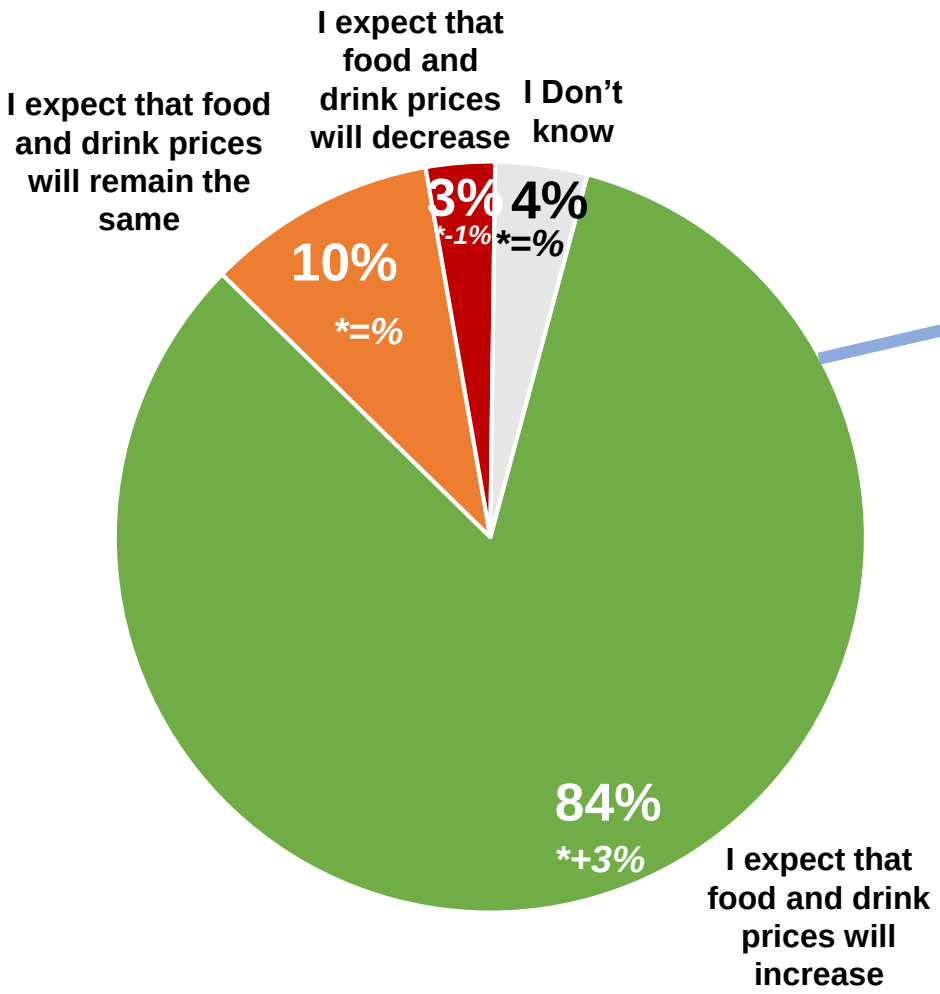
The expected rise in food & drink averages at 8%, but many feel it could be even higher than this.

Which of the following best describes your view as to the cost of food and drink in the UK over the next 12 months?



You said that you expect food and drink prices to increase in the UK over the next 12 months. Approximately how much do you think this cost increase will be over this time?



***Vs Oct '21**

Expected Cost Increase by Origin

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

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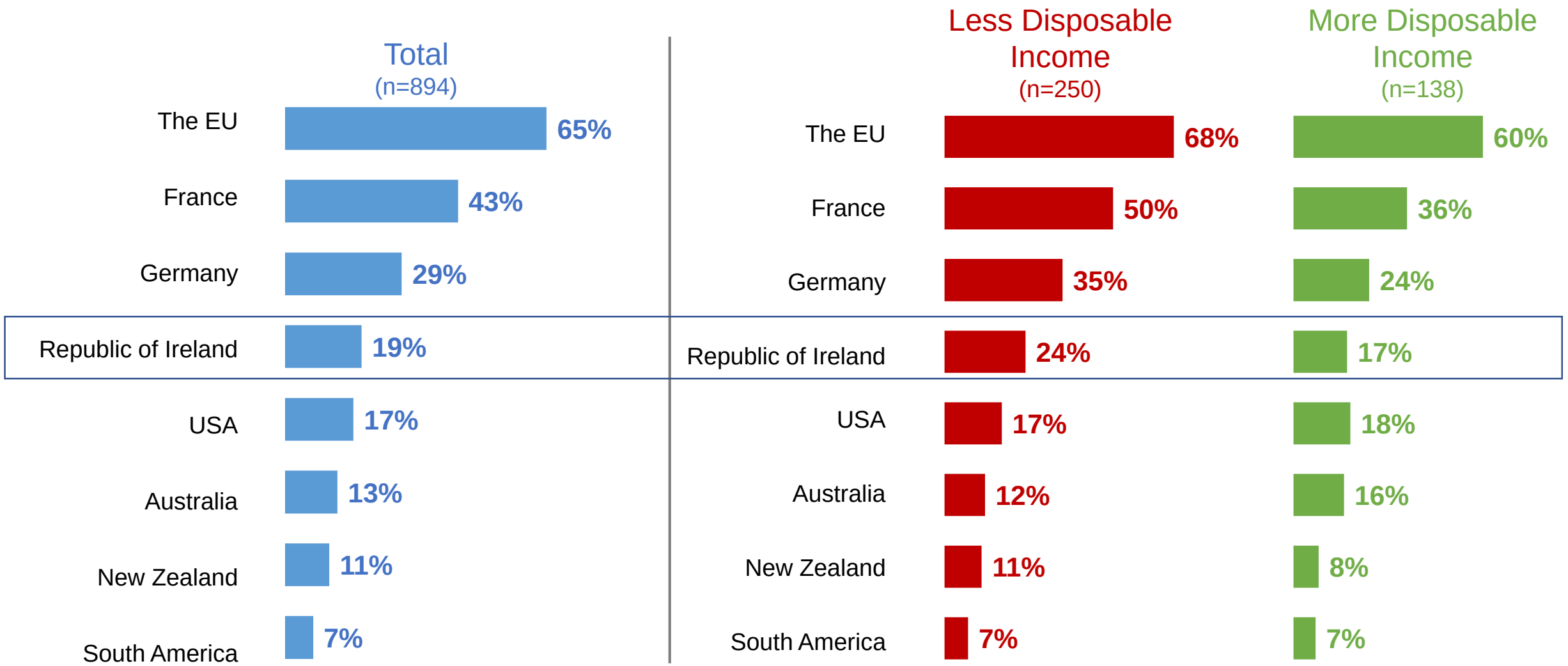
The consumer separation of Ireland from the rest of the EU is evident with the UK shopper more likely to expect increases from the EU and countries within it, compared to Ireland.



For each of the following origins of food and drink available in the UK, please rank your top 3 in terms of where you expect price increases to come from, if any?

Available Income Spend on Food & Drink- Any Less Disposable Income

(Base: Grocery Shoppers 18+ in the United Kingdom, with less disposable income).

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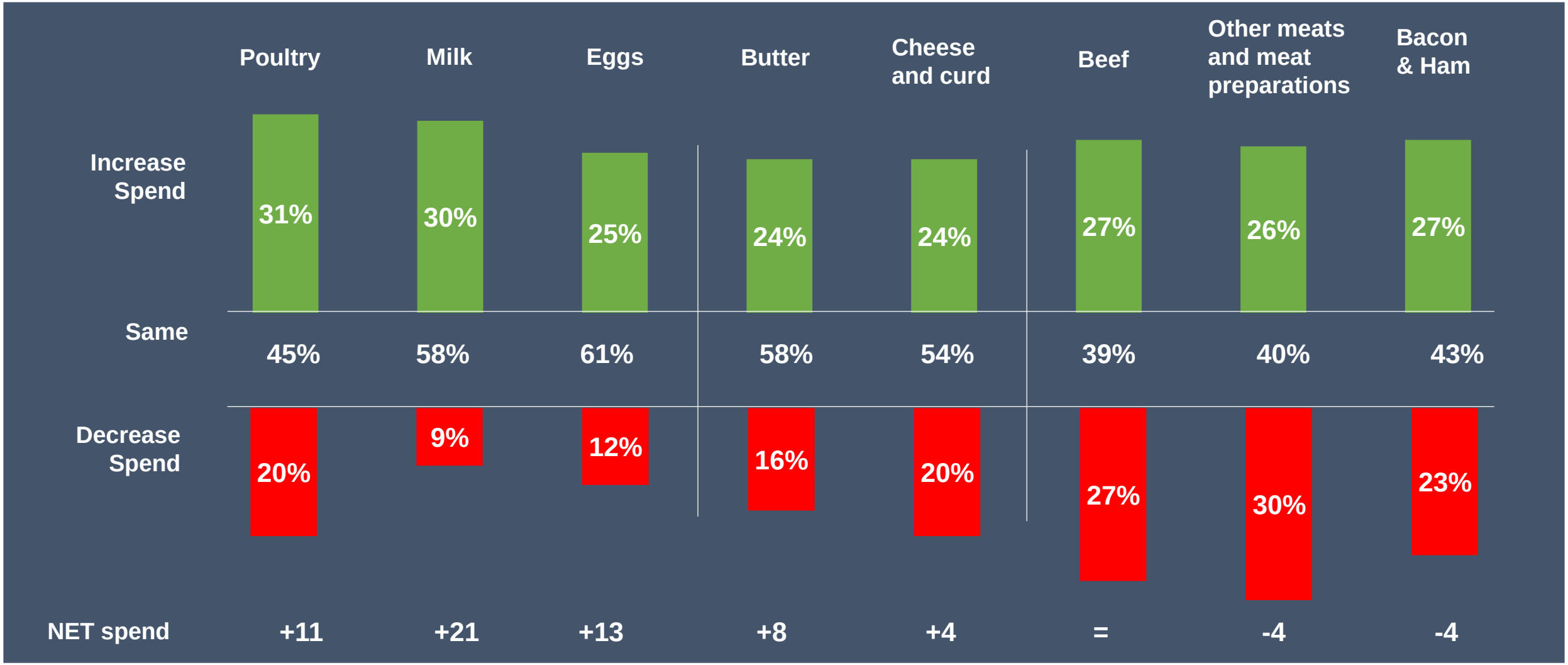
Meat (exc. Poultry) is the area where spend expectations is most polarising among those with less disposable income – indicating Irish beef should be targeted at wealthier households.



If the price of food and non- alcoholic drink increases in the next 12 months, please indicate how do you expect that this will affect your spending across each of the following categories.

Available Income Spend on Food & Drink- Any More Disposable Income

(Base: Grocery Shoppers 18+ in the United Kingdom with more disposable income)

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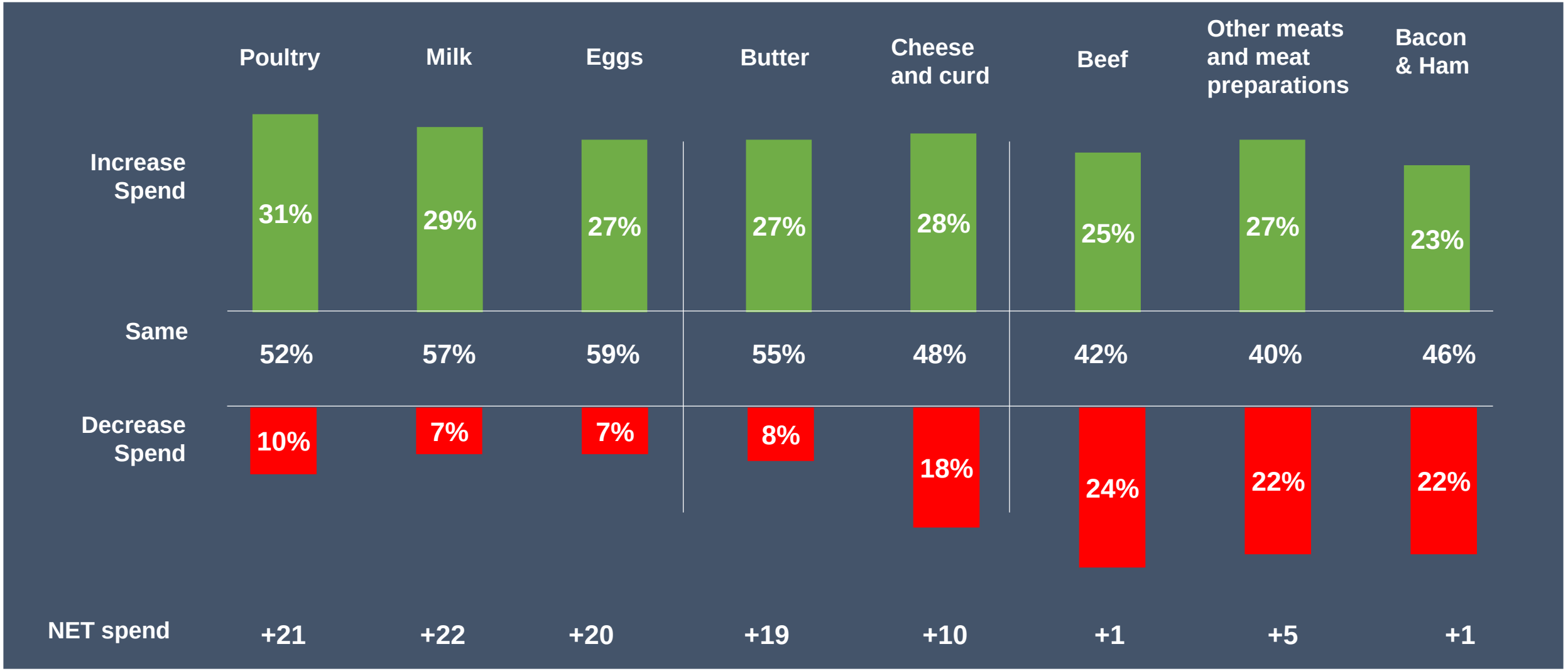
Those with more income are more likely to increase spend on meat and poultry – reinforcing the importance of this target for Irish meat going forward.



If the price of food and non- alcoholic drink increases in the next 12 months, please indicate how do you expect that this will affect your spending across each of the following categories.

Personal Impact

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Photo by Alex Perez on Unsplash

Personal Impact of Economic Situation on…

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,007)

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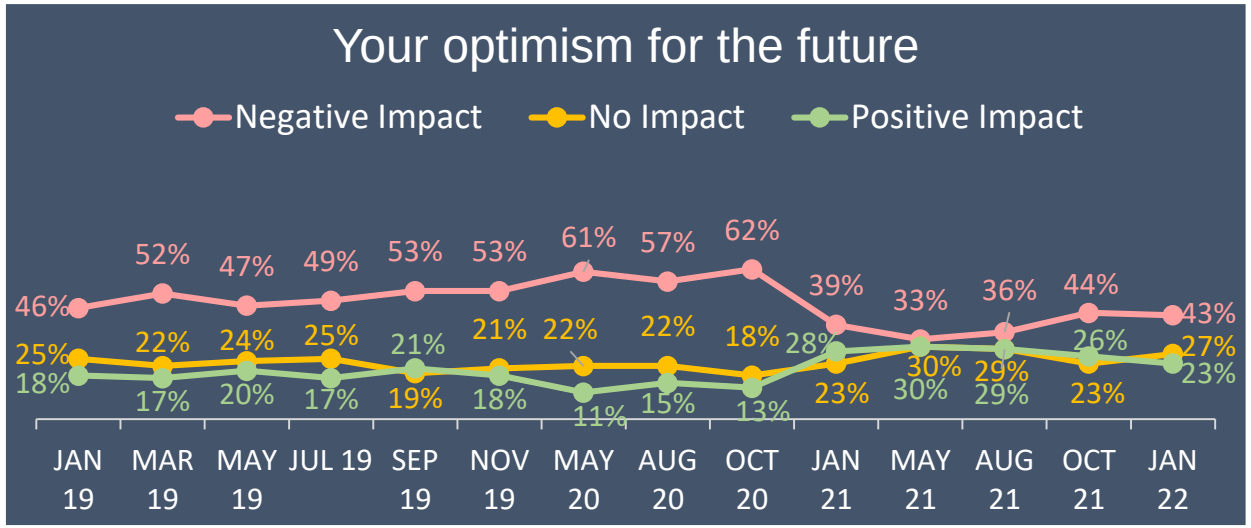
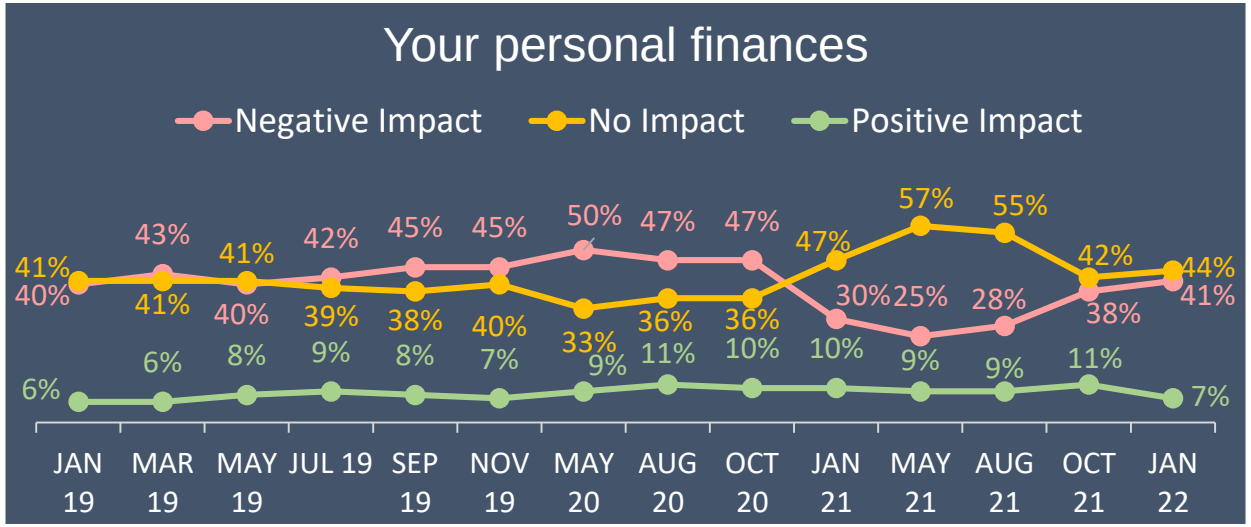
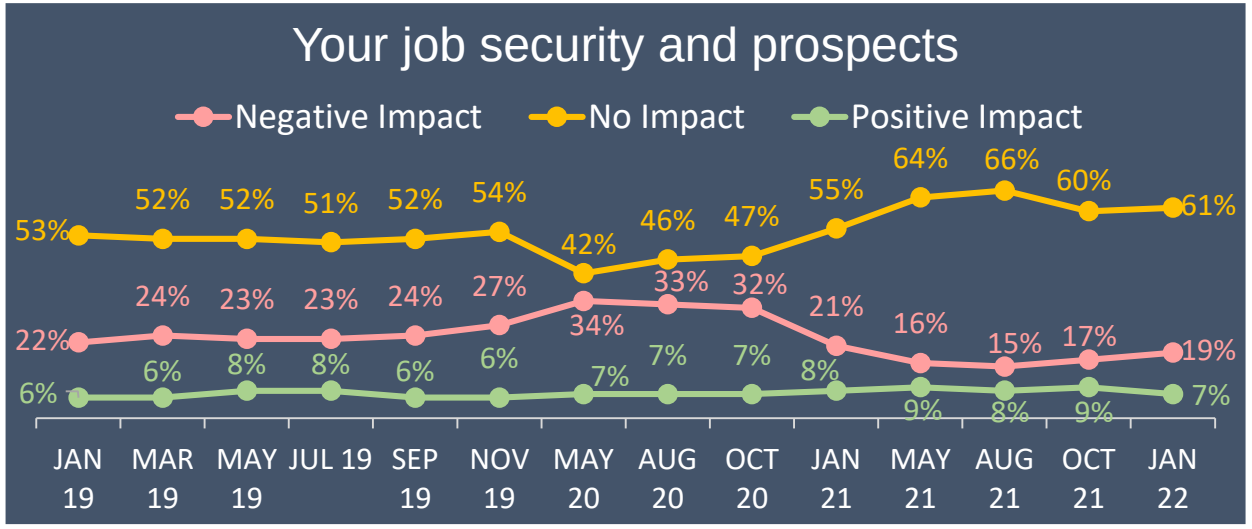
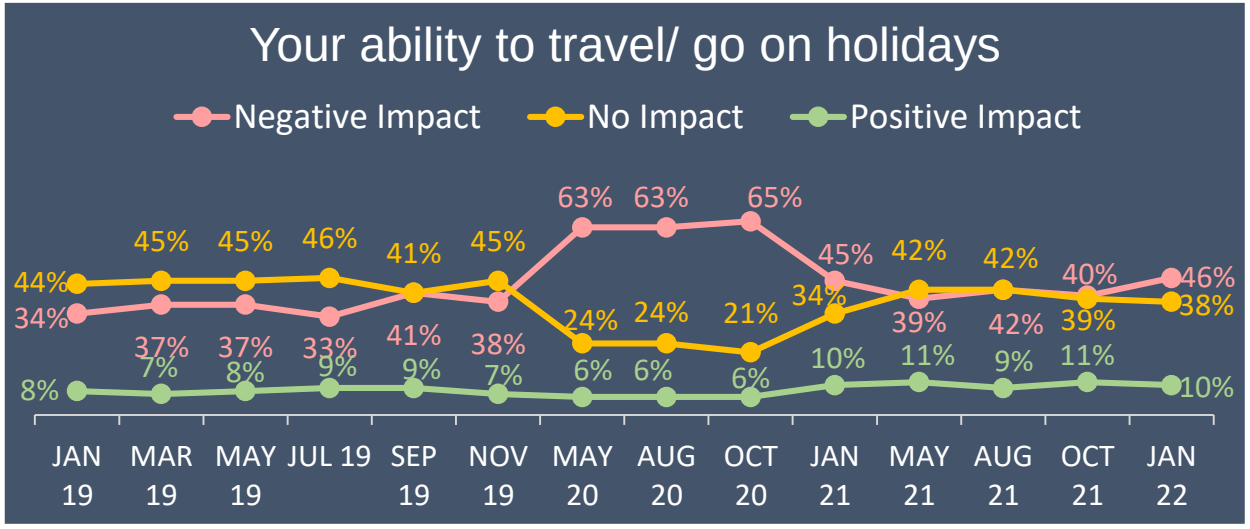
Marked upturn in negative impact for future optimism and personal finances experiences in October '21.









To what extent do you think the current economic situation is having a negative or positive impact for you personally in each of the following areas?

Personal Impact of Economic Situation on…

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,077)

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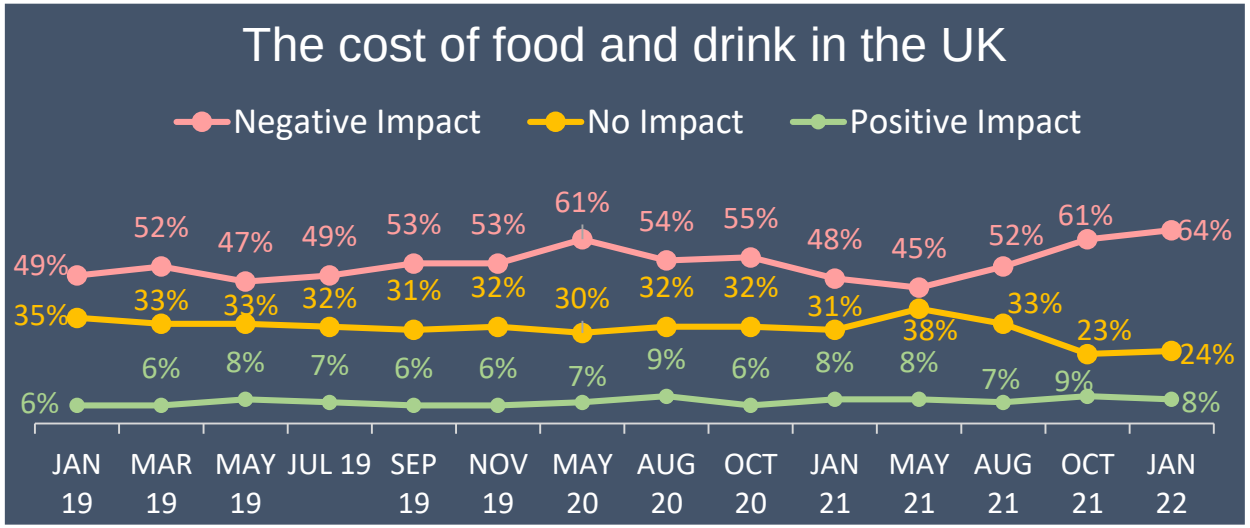

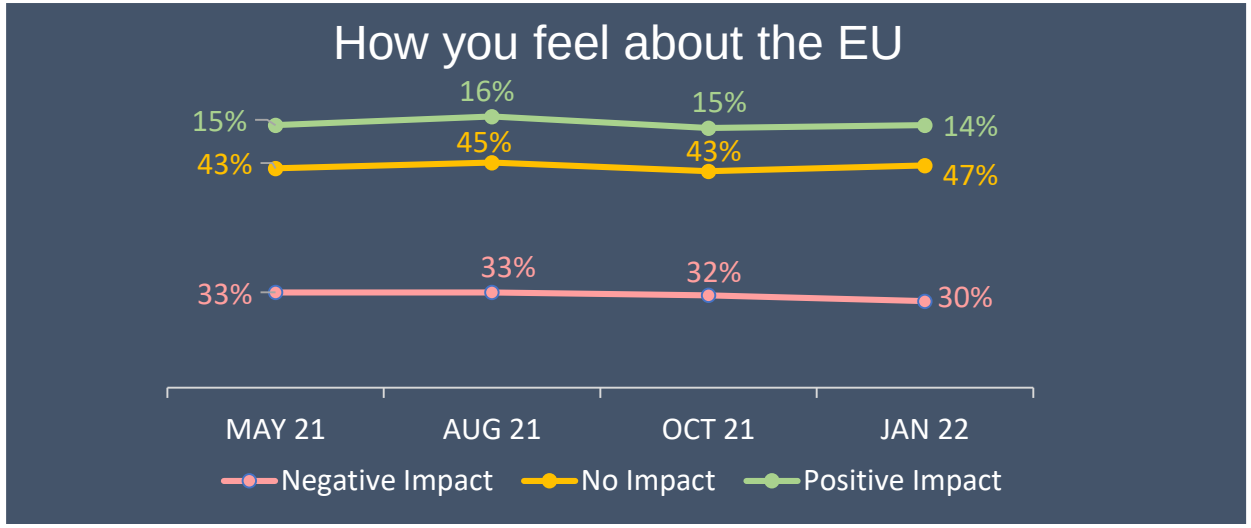

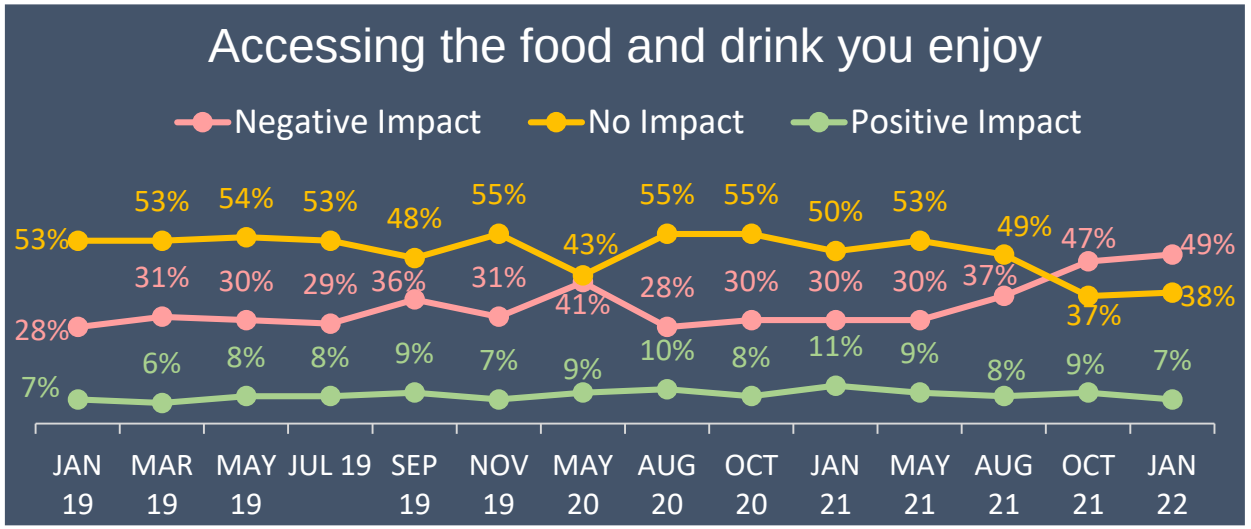

In line with events reported in media, greater negativity is evident this period regarding accessibility and cost of food and drink.

To what extent do you think the that the current Brexit deal is having a negative or positive impact for you personally in each of the following areas?

Foods most Concerned about Availability post-Brexit

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

And which, if any, of the following type(s) of food and drink are you concerned about with regard to availability of these post - Brexit?

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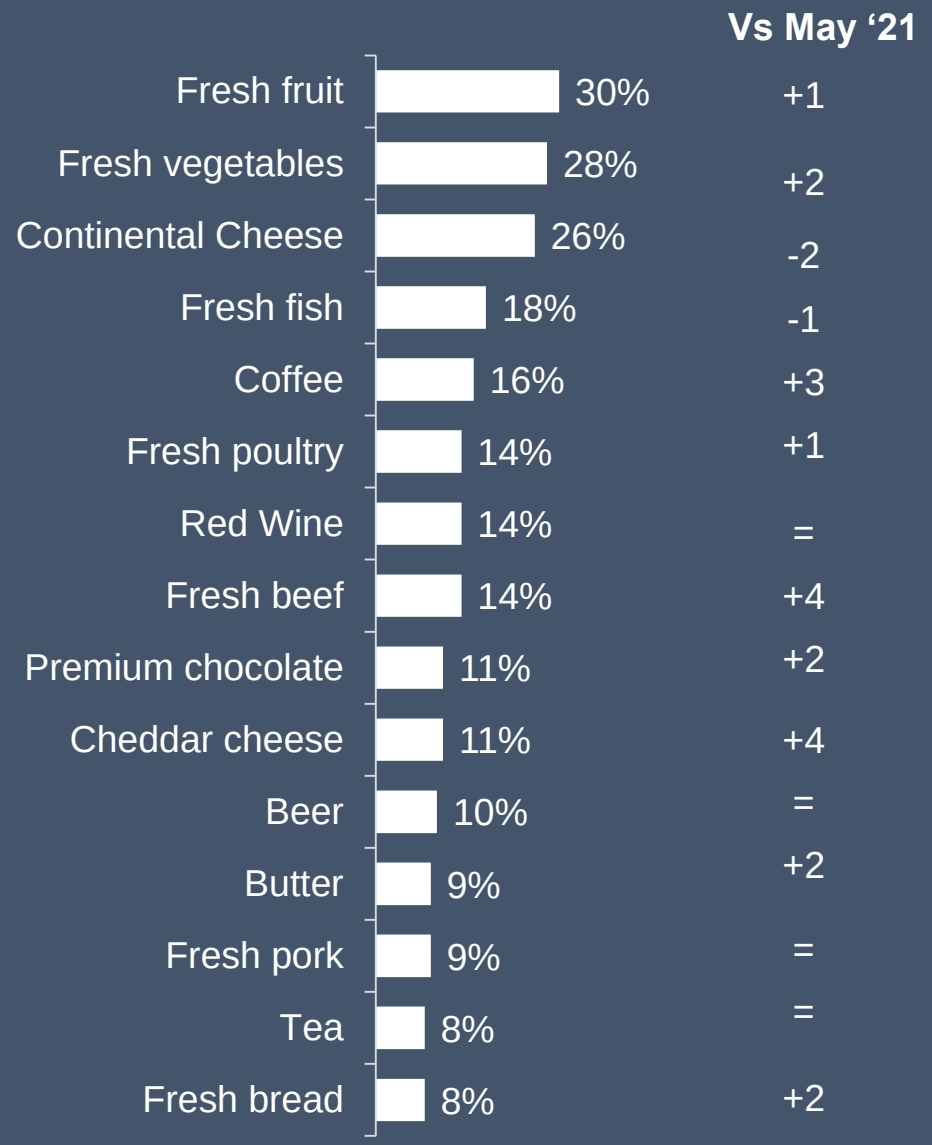
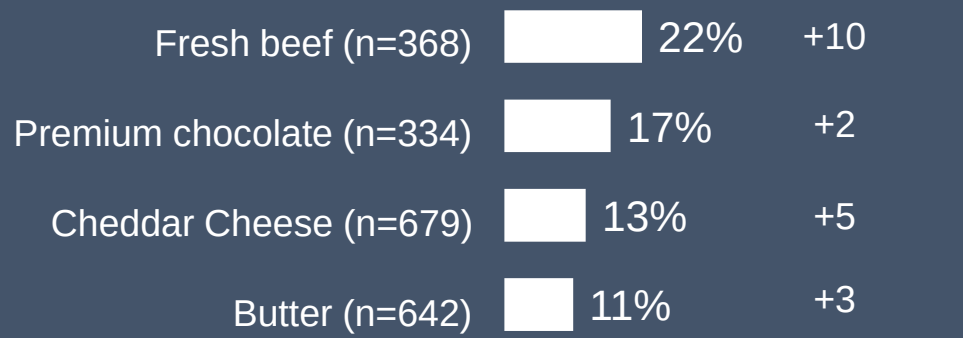


Concern over Availability among Regular Buyers of each food type…



The level of concern for key Irish export categories is lower than those from mainland Europe (e.g. fruit & veg) however we see a marked increase in the level of concern for Beef among regular buyers compared to May.

Openness to choosing Food & Drink from…

(Base: Grocery Shoppers 18+ in the United Kingdom, n=1,065)

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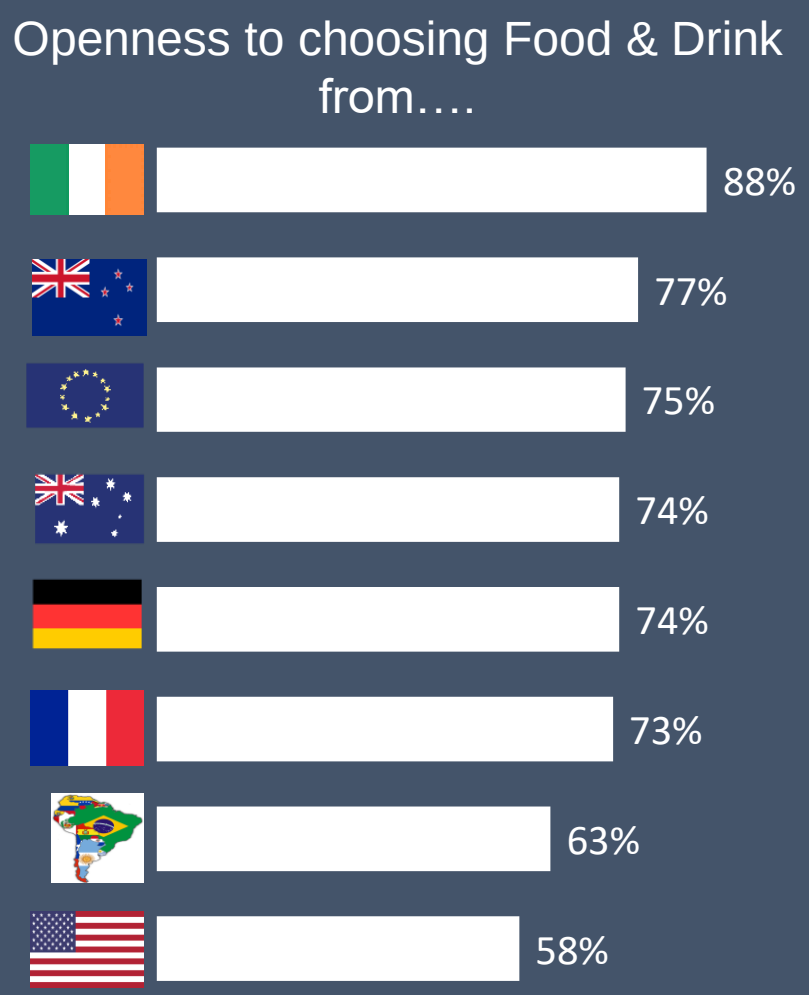
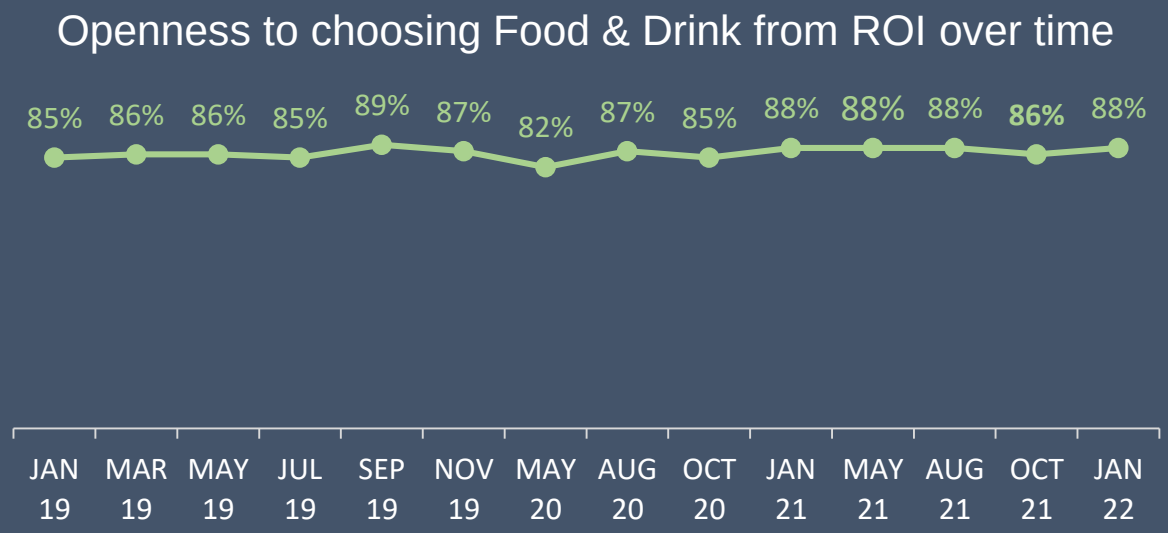
UK Shoppers remain as open as ever to choosing Food & Drink from the Rep. of Ireland…





To what extent are you open to choosing food and drink from these markets currently?

Thank You

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