

Real World Insight

INSIGHT MEDIA

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Brexit changing mindsets As 2017 drew to a close, consumers were tightening their wallets and bracing themselves for the next 12 months. Responding to higher inflation, interest rate hikes and economic uncertainty, consumer confidence dropped to its lowest level since the Brexit result in November. We've already started to see this affect household spending, with significantly more consumers seeking out special offers and promotions, using discount retailers and cutting back spending on entertainment. This year we can expect these spending shifts to continue, and in response to this, a consumer mindset that prioritises 'little luxuries' over extravagance.

We are also seeing a shift in mindsets amongst young people. Our Connected Kids report found that young people are increasingly worried about their future, with two thirds of teens worried about the UK economy and 6 in 10 worried about the cost of university. While young people remain ambitious, 73% agree that being happy is more important than

earning a high salary, indicating that young people are choosing to focus on their personal well-being in the face of uncertainty ahead³. Brands will need to master this period of uncertainty over the next year, providing reassurance and experiences that enhance mental and physical well-being.

Brand activism Expectations on brands making a positive contribution to society and the environment are rising. Our research found that 63% of consumers agree that brands have a responsibility to give back, and 80% believe that brands have a responsibility to minimise their environmental impact. Increasingly, consumers are making purchase decisions based on a brand's behaviour and particularly amongst younger generations, with 60% of 16-24 year olds willing to pay more for a brand or product that supports a cause that is important to them.

The recent spotlight on ocean plastic highlights the speed at which consumers can be spurred to take action, with social media giving momentum to causes and activism. In 2018, brands have even greater opportunities to inspire consumers through leading the conversation and educating on sustainability and social causes.

Democratisation of data Throughout this year, consumers will become more aware of their digital data and the power they hold over it. With the rise of connected devices, cars and smart technology, the volume and value of personal data will become ever more apparent. At the same time, consumers are showing considerable willingness to share information if it benefits them. Nearly a third of the UK population say they would be happy to share their financial data with price comparison websites. We are already starting to see this take effect with the adoption of open banking. This offers opportunities for brands to demonstrate tangible benefits and rewards for data exchanges. This will lead to more variety in the data sources available for the research industry, and a richer understanding of consumer behaviours. Equally, this ever-increasing volume of data is creating a greater need for powerful human insights to decipher meaning and unpick the 'whys' around consumer behaviour.

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