

REDC



# Consumer Mood Monitor UK

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November 2024  
RED C



# RED C Consumer Mood Monitor – Key Headlines



1

Following the first Labour budget for 14 years **consumer confidence in the UK economy** has reached the **lowest level recorded** in our three waves. It is significantly lower than in April 2024 and slightly below October 2023 despite inflation falling significantly since then. The combination of prices remaining high, as well as Labour's efforts to lower expectations, have driven this decline.

3

Age is an important factor in how consumers reacted to this budget. Older consumers, particularly **those aged 65 and older**, were significantly more likely to feel things were **getting worse**. Conversely, those aged 25-34 were the most optimistic, actually increasing in optimism on some metrics.

2

A noticeable difference from a year ago is that **consumers are now concerned about every aspect of the economy**. A year ago, concerns were primarily to do with inflation and the cost of living. **The cost of living remains the largest concern** but the rise in worries around **employment prospects** shows a significant shift in consumers' mindsets.

4

**Spending on household energy is expected to increase significantly** over the next six months, at levels close to a year ago. This is in part a seasonal effect as we are coming into winter. However, another significant factor is the removal of the winter fuel allowance from 10 million pensioners. The number of **those aged 65+ who expect their spending to increase** has risen by 21PP.

On the back of the first Labour budget in 14 years, consumer confidence in the UK economy has dropped to its lowest point across our three survey waves.

# Key points unveiled by Labour in their budget for 2024



**HELP AXED** Winter Fuel Payment change confirmed in budget as 10million lose payment

**Nearly one million State Pensioners set to pay tax in retirement after the Autumn Budget**

**National minimum wage to rise by 6.7% from April, Reeves confirms**

Disposable income levels to worsen and wages to stagnate in wake of budget, says thinktank

**UK's Reeves says to extend inheritance tax threshold freeze to 2030**

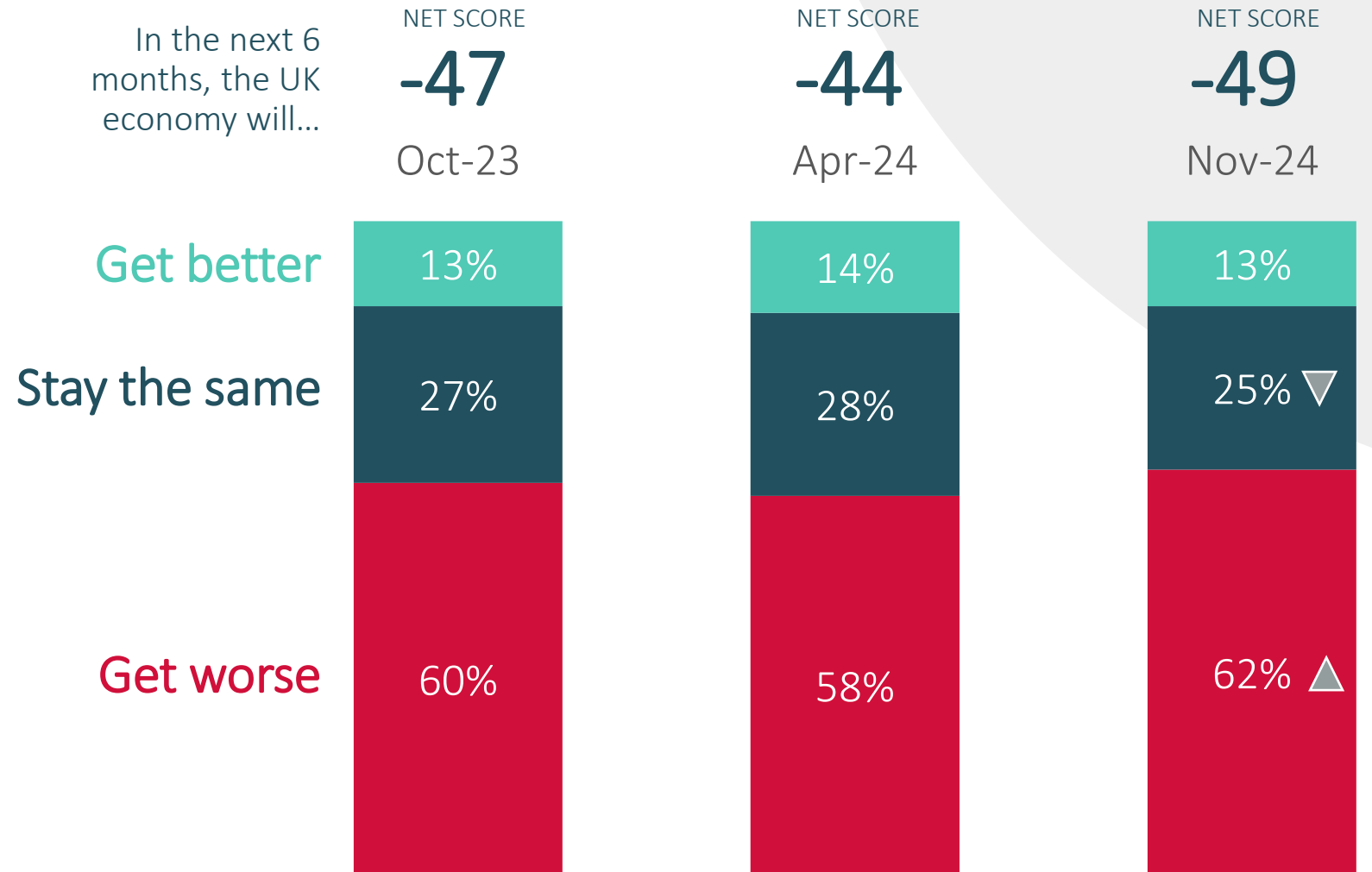
Chancellor Rachel Reeves' budget has left the outlook for growth and living standards remaining weak in this parliament, the Resolution Foundation says.

Sources: <https://www.thesun.co.uk/money/31374859/winter-fuel-payment-confirmed-budget-2024-autumn-statement/>  
<https://www.reuters.com/world/uk/uks-reeves-says-extend-inheritance-tax-threshold-freeze-2030-2024-10-30/>  
<https://www.dailyrecord.co.uk/lifestyle/money/nearly-one-million-state-pensioners-33998520>  
<https://www.theguardian.com/politics/2024/oct/29/national-minimum-wage-to-rise-by-67-from-april-reeves-confirms>  
<https://news.sky.com/story/disposable-income-levels-to-worsen-and-wages-to-stagnate-in-wake-of-budget-says-thinktank-13245253>



# Post budget, the opinion on the UK economy has become more pessimistic

Just under two in five (38%) suggest they think the economy will remain the same or improve.



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base: Total sample Oct 23 (n=2095), Apr 24 (n=2066), Nov 24 (2101)

▲ ▼ Significance tested at 95% vs April 24  
↑ ↓ Significance tested at 95% vs October 23

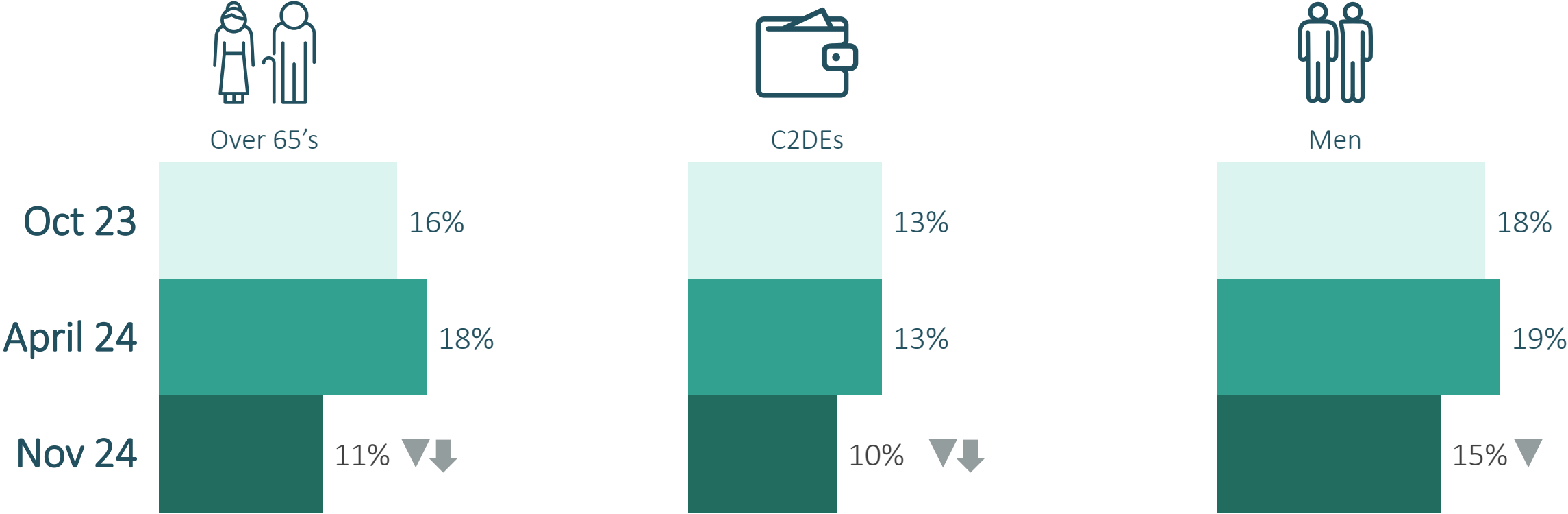
# Pensioners react to the proposed cuts to winter fuel allowance



Significant decline in optimism among those aged 65 and older and C2DE compared to both previous waves. Men have also declined significantly vs April '24.

## Expectations for the UK Economy six months from now

% who believe it will get better



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base Oct 23/Apr 24/Nov 24: Males (n=1069/1009/1008), 65+ (n=451/506/535), C2DE (n=1013/876/934)

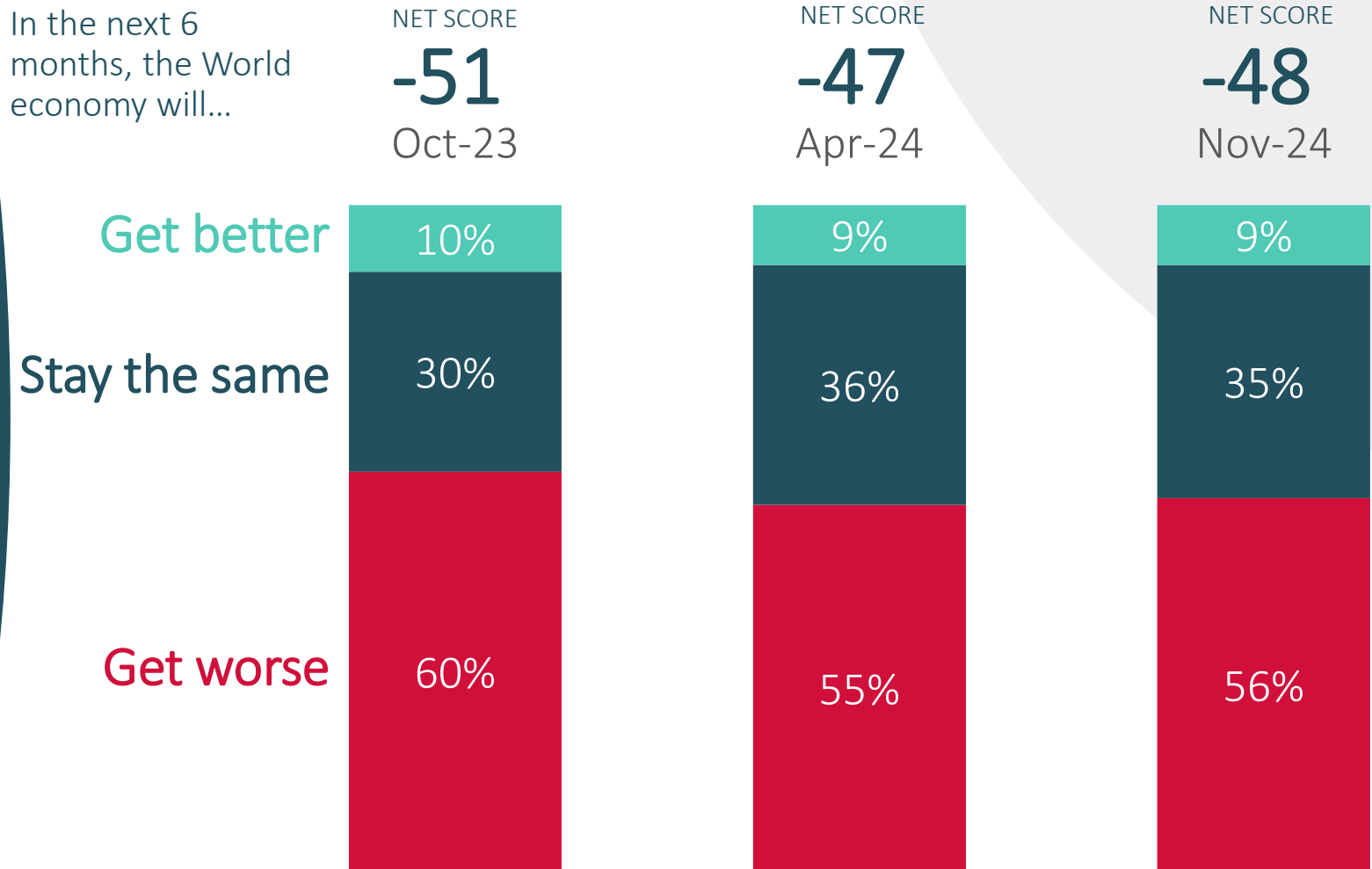
▲▼ Significance tested at 95% vs April 24    ↑↓ Significance tested at 95% vs October 23



# Expectations for world economy improved vs a year ago

A majority of consumers still expect the world economy to get worse over the next six months.

In the next 6 months, the World economy will...



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base: Total sample Oct 23 (n=2095), Apr 24 (n=2066), Nov 24 (n=2101)

▲ ▼ Significance tested at 95% vs April 24  
↑ ↓ Significance tested at 95% vs October 23



Last year, cost of living and price rises were the primary concerns for most consumers.

It appears that now, the concerns are more general, impacting all aspects of the economy measured.



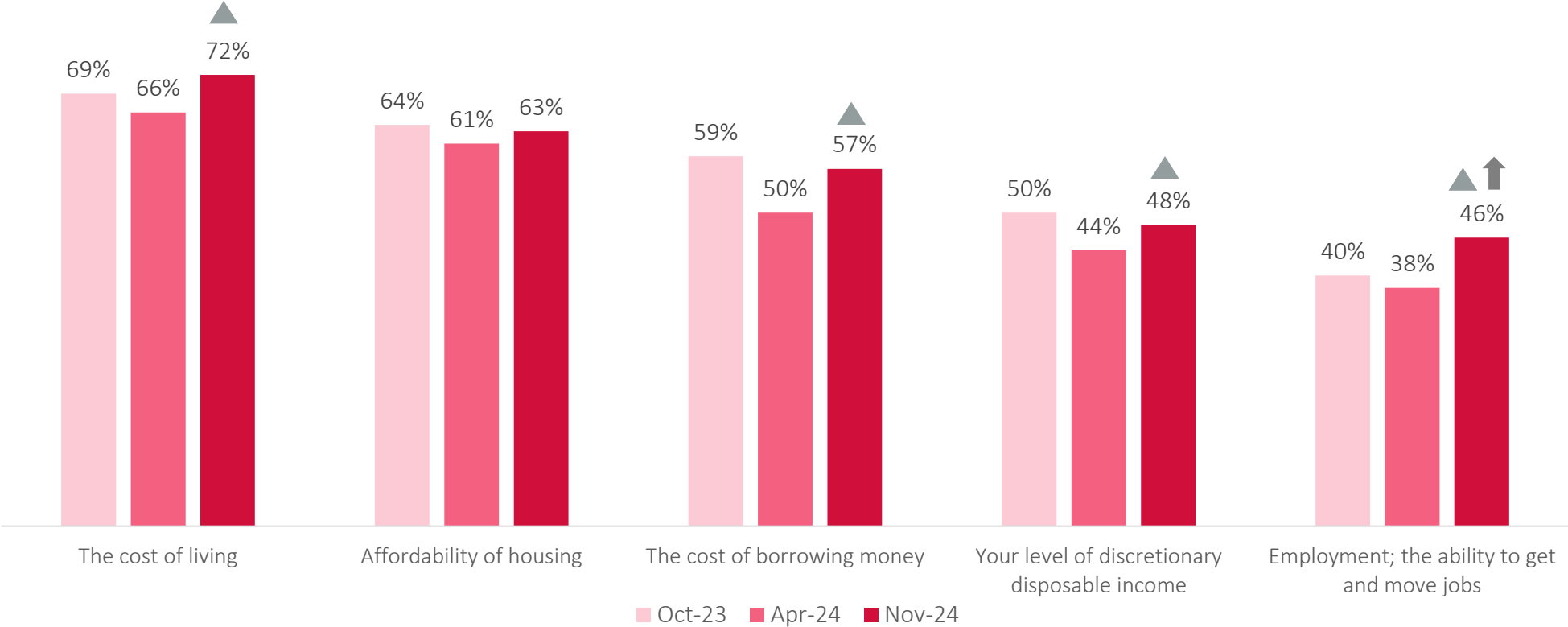
# Consumer confidence low across all aspects of the economy



Housing is the only area where expectations have not declined although most feel housing affordability will get worse. The cost of living remains the top issue with nearly three quarters expecting it to worsen. The other three areas have all worsened, most notably employment which is significantly above both previous waves of the monitor.

## How consumers expect different aspects of the economy to fare in the next 6 months

% who believe it will get worse



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base: Total sample Oct 23 (n=2095), Apr 24 (n=2066), Nov 24 (n=2101)

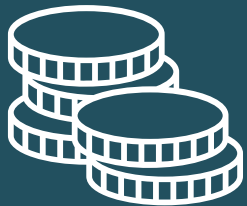
▲▼ Significance tested at 95% vs April 24    ⬆️⬆️ Significance tested at 95% vs October 23

Despite reductions in inflation and interest rates, consumer expectations regarding the cost of living are worse than a year ago.



# Almost 3 in 4 consumers expect cost of living to worsen

This is higher than both previous waves. Although inflation has fallen significantly over the past year, prices remain high. The Bank of England has also warned that it expects inflation to rise to 2.8% by the third quarter of 2025\*.



\*<https://www.bankofengland.co.uk/explainers/will-inflation-in-the-uk-keep-rising>

Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base: Total sample Oct 23 (n=2095), Apr 24 (n=2066), Nov 24 (n=2101)

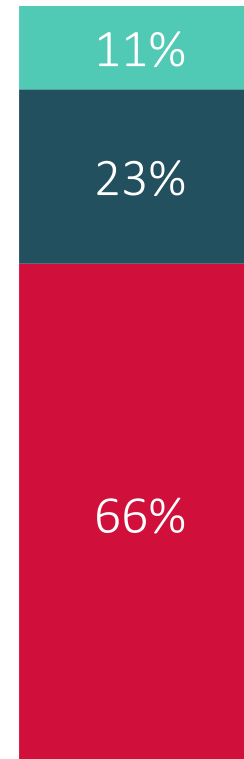
In the next 6 months, the Cost of Living will...

Get better  
Stay the same  
Get worse

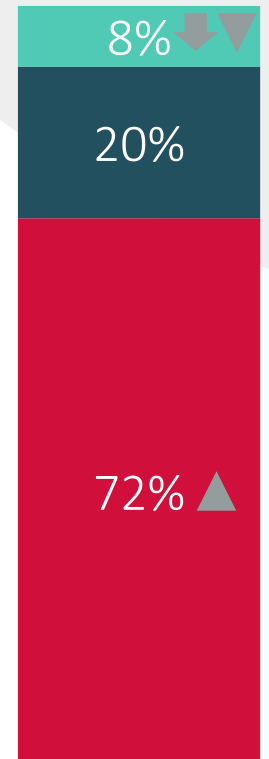
NET SCORE  
**-59**  
Oct-23



NET SCORE  
**-55**  
Apr-24



NET SCORE  
**-64**  
Nov-24



▲ ▼ Significance tested at 95% vs April 24  
▲ ▼ Significance tested at 95% vs October 23

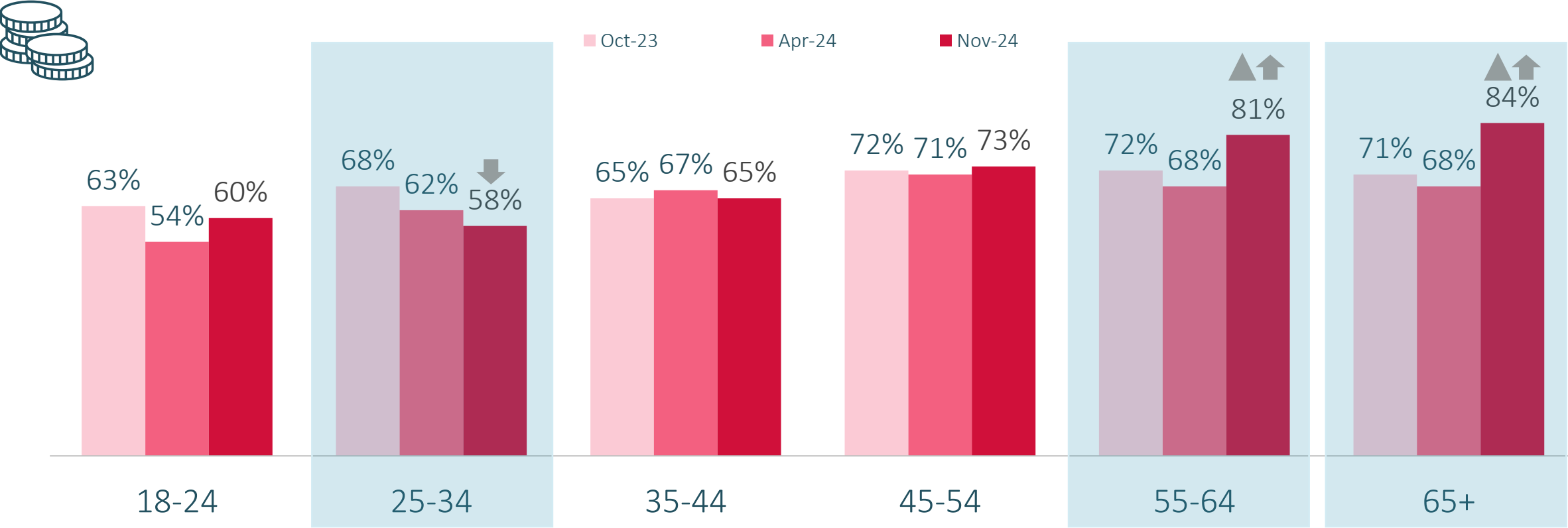
# Over four-fifths of those 55+ expect cost of living to worsen



25-34 year olds are the only group more optimistic about the cost of living than in April '24. The removal of the winter fuel allowance is likely a significant driver of these different expectations by age group.

## Expectations for the cost of living six months from now

% who believe it will get **worse**



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
 Base Oct 23/Apr 24/Nov 24: Total (n=2095/2066/2101) M (n=1069/1009/1008), F (n=1021/1050/1084), 18-24 (n=209/209/168), 25-34 (n=356/321/318), 35-44 (n=359/330/379), 45-54 (n=383/371/335), 55-64 (n=337/329/366), 65+ (n=451/506/535), ABC1 (n=1082/1190/1167), C2DE (n=1013/876/934), Any child (n=947/504/523), No child (n=1137/1548/1564)

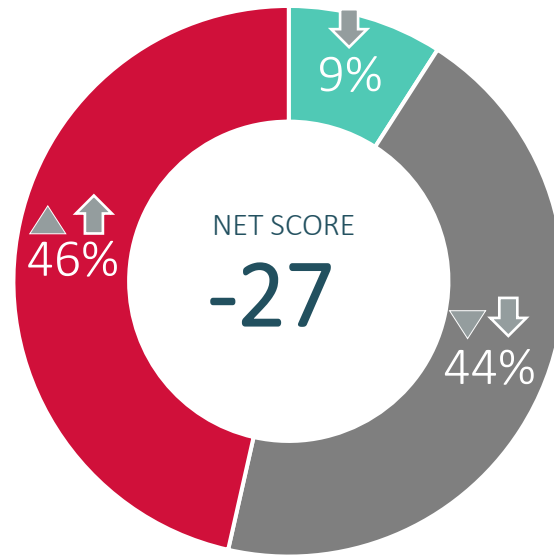
▲▼ Significance tested at 95% vs April 24    ⬆️⬆️ Significance tested at 95% vs October 23

# Employment prospects significantly lower than last year

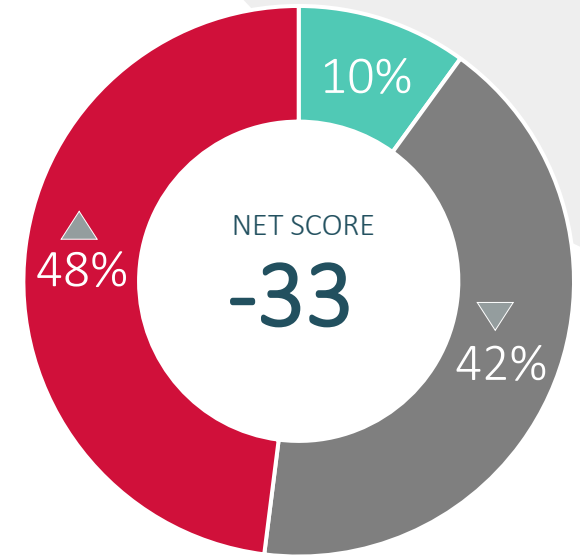
Almost half expect their level of disposable income to decline over the next six months, an increase from 6 months ago



### Employment (Total) November 2024



### Disposable Income (Total) November 2024



■ Get better ■ Stay the same ■ Get worse

Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
Base: Total sample Oct 23 (n=2095), Apr 24 (n=2066), Nov 24 (n=2102)

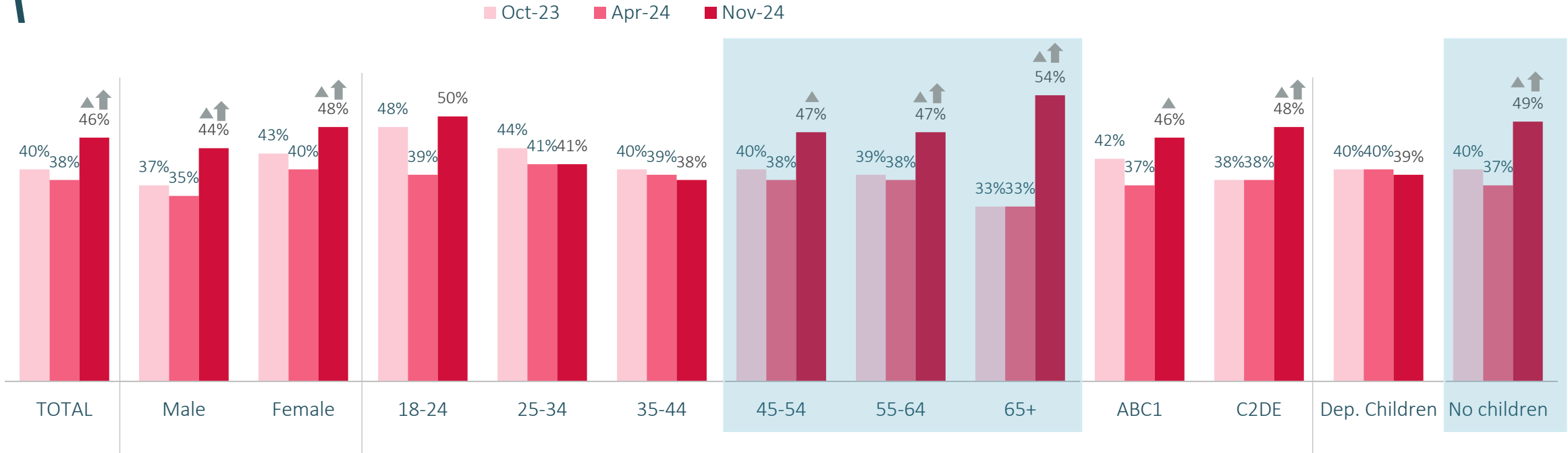
▲ ▼ Significance tested at 95% vs April 24  
▲ ▼ Significance tested at 95% vs October 23

# Nearly half of consumers expect employment prospects to worsen

This level of pessimism is significantly higher than both previous waves of the UK Consumer Mood Monitor. The increase in pessimism among those aged 45+ is particularly stark. Half of those without children expect employment prospects to worsen.

## Expectations for employment six months from now (the ability to get and move jobs)

% who believe it will get **worse**



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
 Base Oct 23/Apr 24/Nov 24: Total (n=2095/2066/2101) M (n=1069/1009/1008), F (n=1021/1050/1084), 18-24 (n=209/209/168), 25-34 (n=356/321/318), 35-44 (n=359/330/379), 45-54 (n=383/371/335), 55-64 (n=337/329/366), 65+ (n=451/506/535), ABC1 (n=1082/1190/1167), C2DE (n=1013/876/934), Any child (n=947/504/523), No child (n=1137/1548/1564)

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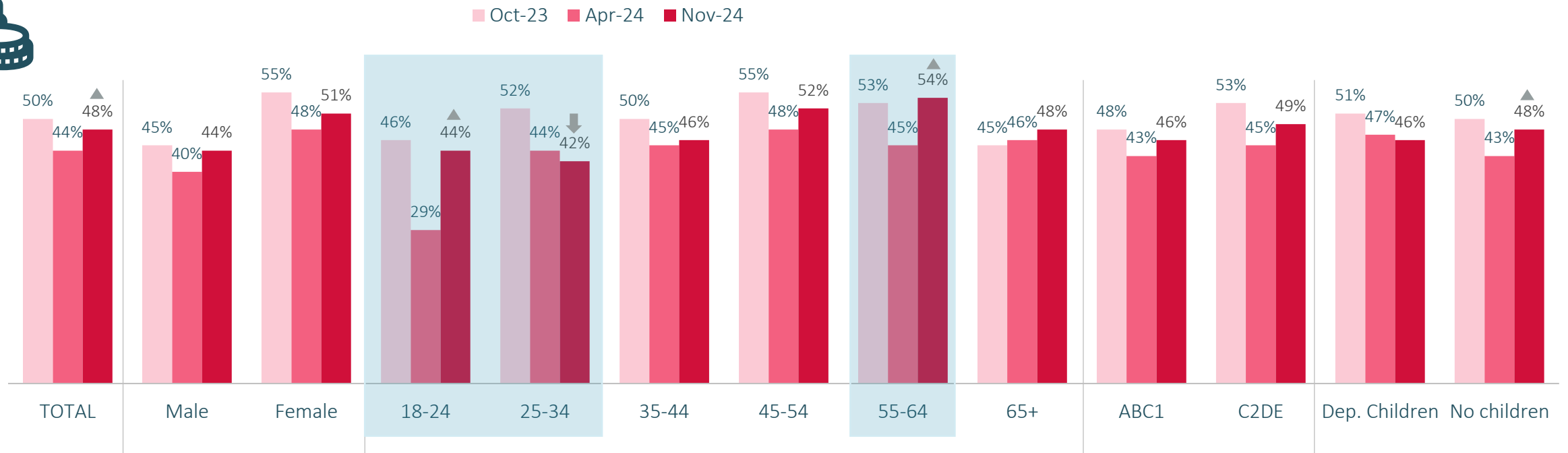
# Younger people are expecting their disposable incomes to decline



The number of 18-24-year-olds expecting their disposable incomes to decline has increased by 15PP compared to April. This is despite an increase in the National Living Wage which affects this age group the most. Costs associated with renting property continue to rise - Average UK private rents increased by 8.4% in the 12 months to September 2024.

## Expectations for disposable income six months from now

% who believe it will get **worse**



Q1. How do you think the following aspects of the economy will fare in the next 6 months?

Base Oct 23/Apr 24/Nov 24: Total (n=2095/2066/2101) M (n=1069/1009/1008), F (n=1021/1050/1084), 18-24 (n=209/209/168), 25-34 (n=356/321/318), 35-44 (n=359/330/379), 45-54 (n=383/371/335), 55-64 (n=337/329/366), 65+ (n=451/506/535), ABC1 (n=1082/1190/1167), C2DE (n=1013/876/934), Any child (n=947/504/523), No child (n=1137/1548/1564)

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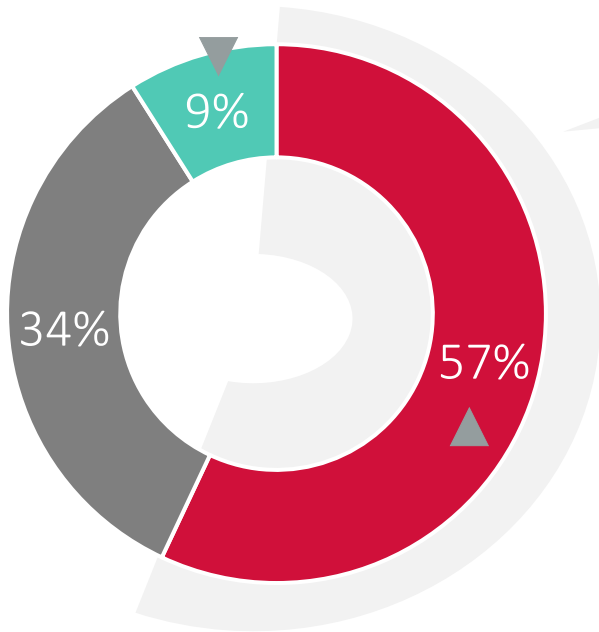


# Cost of borrowing worries increase despite base rate cuts

5yr mortgage rates on ticked up as expectations of future cuts in 2025 faded

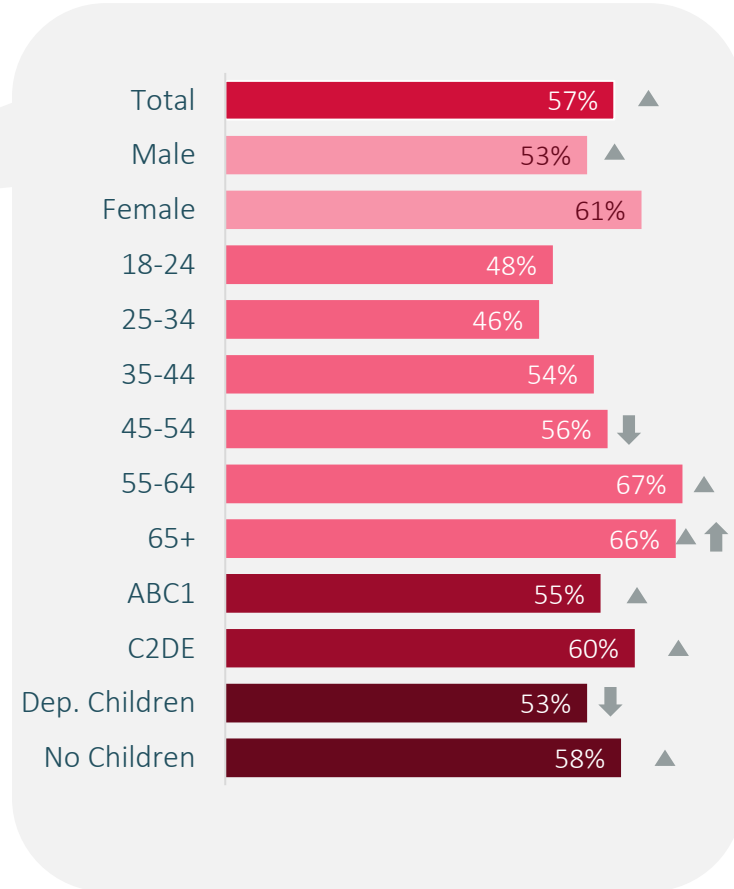


Cost of Borrowing Money (Total) – Nov 2024



■ Get worse ■ Stay the same ■ Get better

% who believe Cost of Borrowing Money will get worse



Q1. How do you think the following aspects of the economy will fare in the next 6 months?

Base Nov 24: Total (n=2101) M (n=1008), F (n=1084), 18-24 (n=168), 25-34 (n=318), 35-44 (n=379), 45-54 (n=335), 55-64 (n=366), 65+ (n=535), ABC1 (n=1167), C2DE (n=934), Any child (n=523), No child (n=1564)

▲▼ Significance tested at 95% vs April 24    ↑↓ Significance tested at 95% vs October 23



Spending on household energy is the largest area of concern for consumers with spending on other essentials expected to remain broadly stable.

# Spending on household energy is a growing concern with prices continuing to increase and the cutting of the winter fuel allowance



Food inflation has also started to tick up for the first time since March 2023.

Millions of pensioners will lose winter fuel payments as government wins vote on cut

<https://news.sky.com/story/mps-vote-to-cut-winter-fuel-payment-for-millions-of-pensioners-13212264>

Half of Britons plan to ration energy use this winter as 10% bill rise looms

<https://www.theguardian.com/money/2024/sep/30/half-of-britons-plan-to-ration-energy-use-this-winter-as-10-bill-rise-looms>

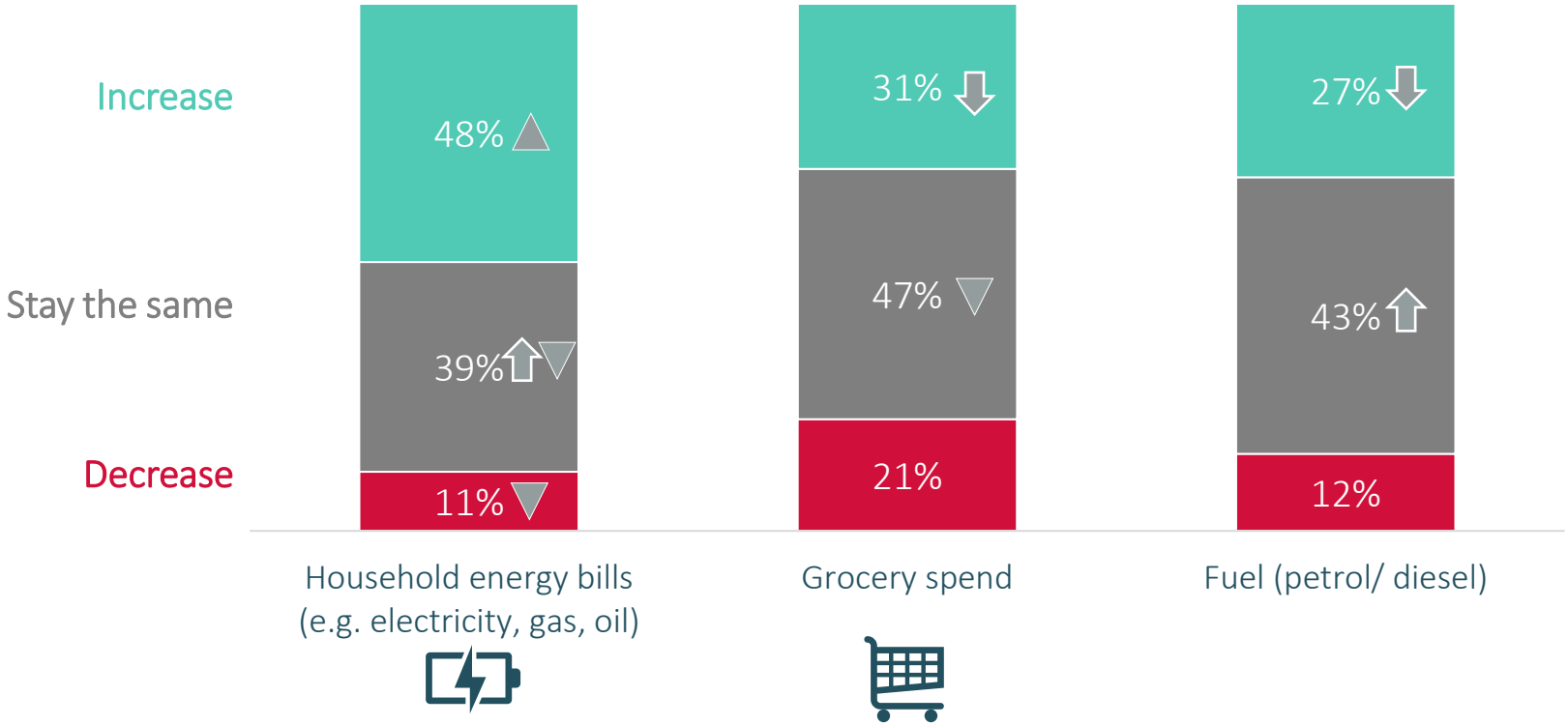
Rising food inflation clouds the good news on headline rates

<https://www.ft.com/content/74f67d79-1f3c-474e-9367-4b0cd7ab6dd6>

# Nearly half of consumers expect their household energy bills to increase

This is to some extent an effect of us moving into winter. Consumers are less worried about increases in the price of groceries and fuel than a year ago implying that consumers are starting to feel lower inflation levels

Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? – Total sample



Q1. How do you think the following aspects of the economy will fare in the next 6 months?  
 Base: Total sample Oct 23 (n=2095), Apr 24 (n=2066), Nov 24 (n=2102)

▲▼ Significance tested at 95% vs April 24    ▲▼ Significance tested at 95% vs October 23

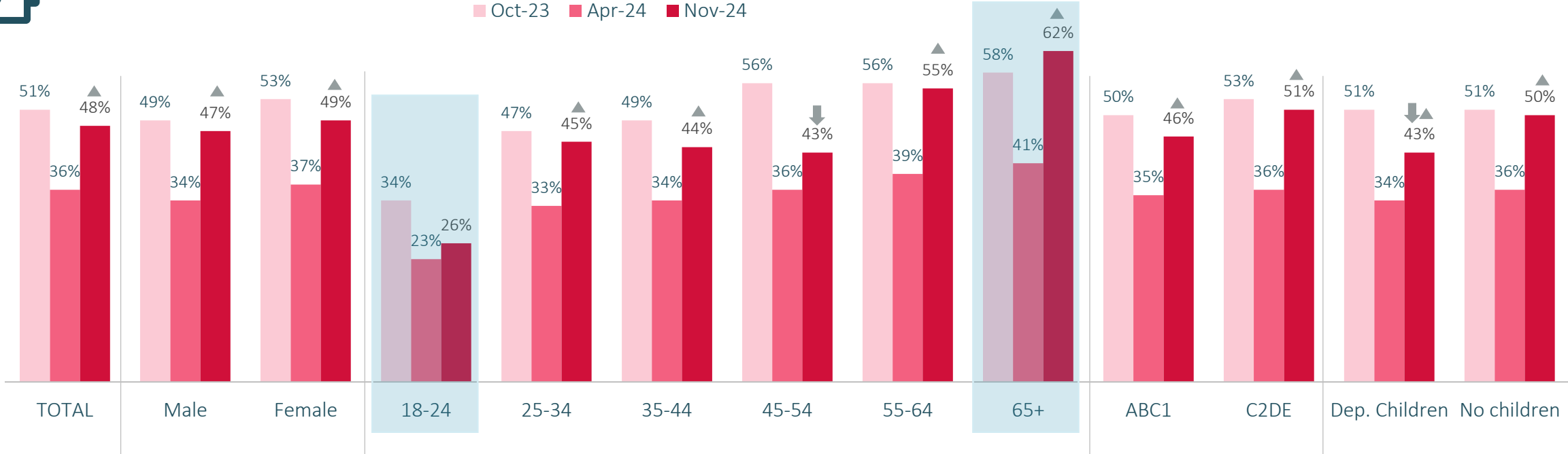
# 6 in 10 of those 65+ expect spending on HH energy to increase



This is a result of the removal of the winter fuel allowance from around 10 million pensioners. While all demographics (except 18-24s) saw an increase vs April due to the onset of winter, no other group saw such a large increase.

## Expectations for spending on household energy over next six months

% who expect spending to increase



Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas?  
 Base Oct 23/Apr 24/Nov 24: Total (n=2095/2066/2101) M (n=1069/1009/1008), F (n=1021/1050/1084), 18-24 (n=209/209/168), 25-34 (n=356/321/318), 35-44 (n=359/330/379), 45-54 (n=383/371/335), 55-64 (n=337/329/366), 65+ (n=451/506/535), ABC1 (n=1082/1190/1167), C2DE (n=1013/876/934), Any child (n=947/504/523), No child (n=1137/1548/1564)

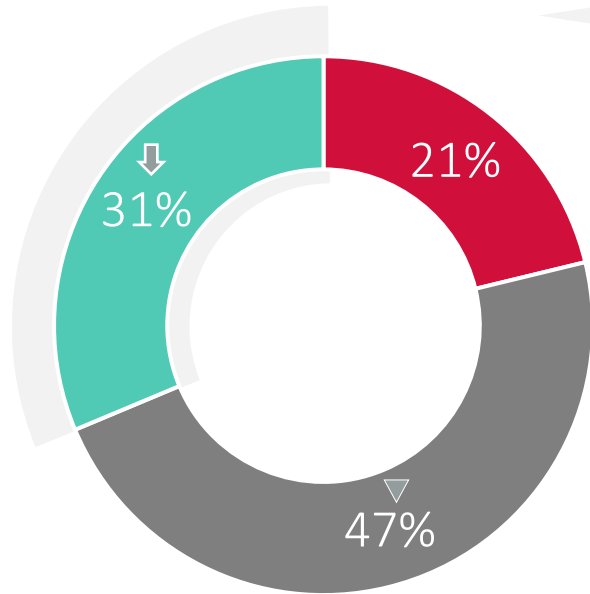
▲▼ Significance tested at 95% vs April 24    ⬆️⬆️ Significance tested at 95% vs October 23

# 3 in 10 consumers expect an increase in Grocery spending, significantly below a year ago

While grocery prices have actually increased slightly, this has not significantly impacted consumer expectations.

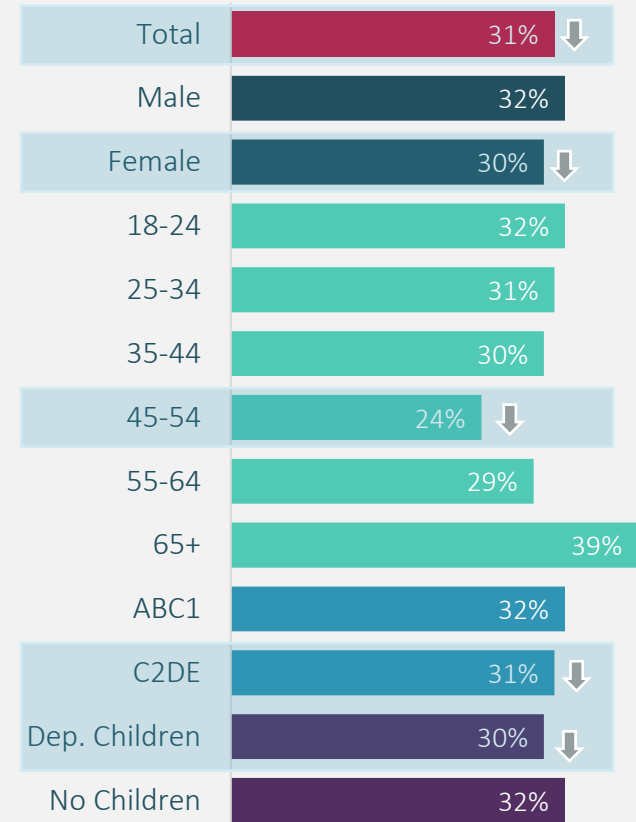


Expected spending on Groceries (Total) - November 2024



■ Decrease ■ Stay the same ■ Increase

% who expect spending to increase



Inflation of UK food and non-alcoholic beverages rose 1.9 per cent in October, from 1.3 per cent, marking the first increase since March 2023\*

Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? Base Nov 24: Total (n=2101) Male (n=1008), Female (n=1084), 18-24 (n=168), 25-34 (n=318), 35-44 (n=379), 45-54 (n=335), 55-64 (n=366), 65+ (n=535), ABC1 (n=1167), C2DE (n=934), Any child (n=523), No child (n=1564)

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\* Source: <https://www.ft.com/content/74f67d79-1f3c-474e-9367-4b0cd7ab6dd6>

# Spending on entertainment lower than a year ago

Spending unchanged from April.

Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? – Total sample



Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? / Base Oct 23/Apr 24/Nov 24: Total (n=2095/2066/2101)

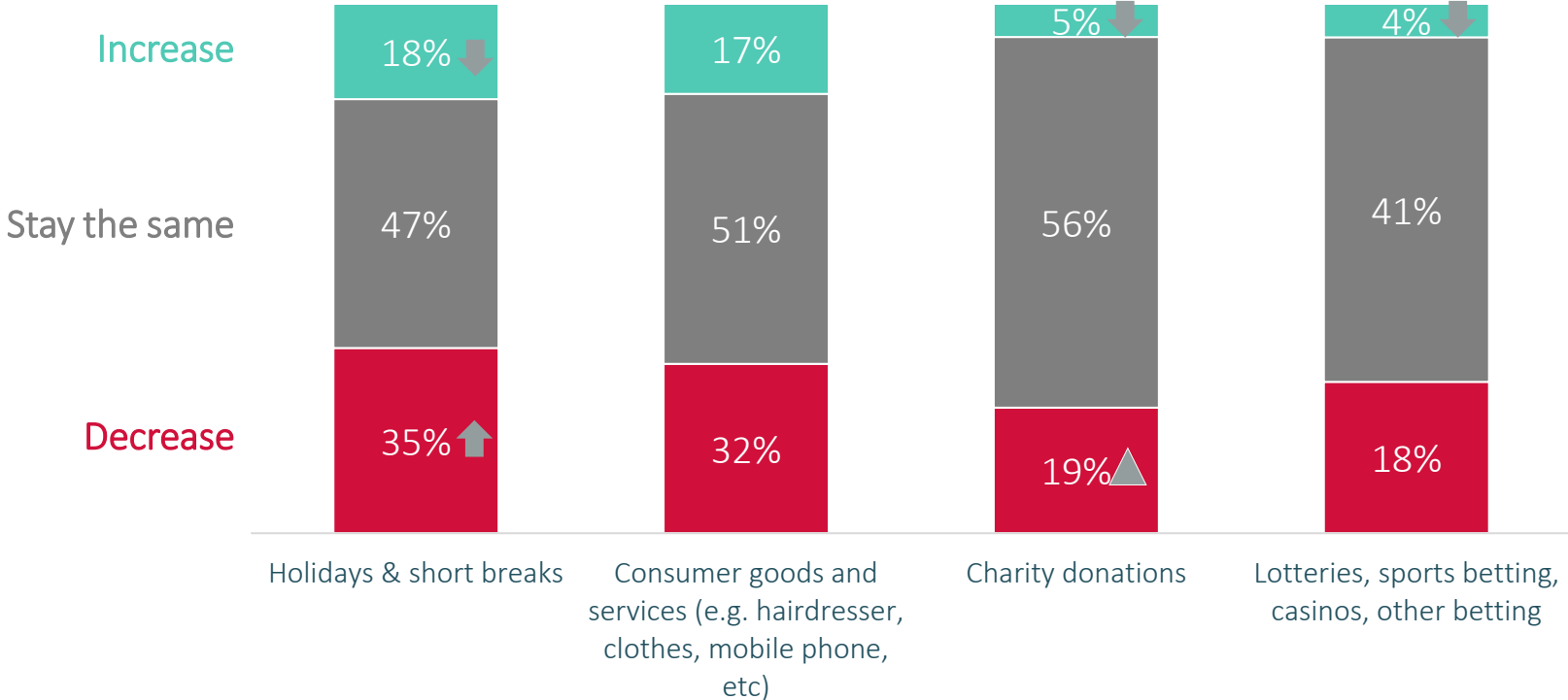
▲▼ Significance tested at 95% vs April 24    ⬆️⬇️ Significance tested at 95% vs October 23



# Other spending slightly declined vs a year ago

Spending on consumer goods unchanged but slightly more consumers expecting to cut back on holidays and charity donations than a year ago.

Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? – Total sample



Q2. Thinking about the next 6 months, to what extent, if at all, do you expect to increase or decrease your spending on the following areas? / Base Oct 23/Apr 24/Nov 24: Total (n=2095/2066/2101)

▲▼ Significance tested at 95% vs April 24    ↑↓ Significance tested at 95% vs October 23

# THANK YOU

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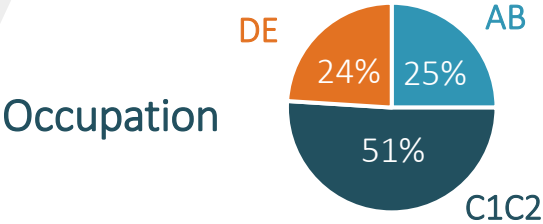
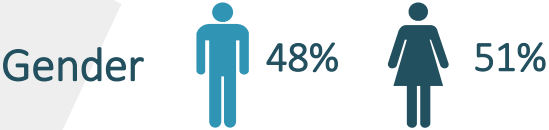
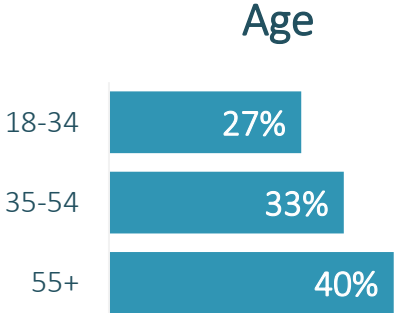


# Appendix

# Sample and methodology



- Online Survey among a Nat Rep Sample of n=2101 UK Adults
- Fieldwork conducted: 1<sup>st</sup> – 3<sup>rd</sup> November 2024



### Region

