

The slowdown lowdown

Who's spending and what's trending
in the "bad vibes" economy

GWI.



In this report

Click the dots to navigate



- 04 **Methodology & definitions**
- 05 Discover our data
- 07 **Key insights**
- 13 **Lessons from the past**
Did 2020's recession influence people's attitudes in the long-term? Do past financial downturns highlight things to look out for in 2023?
- 23 **What consumers are thinking**
How is consumer confidence holding up? Do spending attitudes vary a lot by market? Have our values and life priorities changed over time?
- 41 **What people are buying**
What are the fast-growing/dropping purchase categories right now? Have any brands done particularly well in the last year?
- 47 **How brands can add value**
What's more important to consumers: quality or cost? How can businesses in specific sectors add value beyond the price tag?
- 55 **How to keep B2C relationships strong**
Should brands innovate or pull back on spending during a slowdown? If they feel the need to raise prices, what are the best ways to communicate this to customers?
- 63 Appendix
- 65 Notes on methodology

Methodology & definitions

All figures in this report are drawn from GWI's online research among internet users aged 16-64 or 16+. Our figures are representative of the online populations of each market, not its total population. Note that in many markets in Latin America, the Middle East and Africa, and the Asia-Pacific region, low internet penetration rates can mean that online populations are more young, urban, affluent, and educated than the total population.

Each year, GWI interviews over 970,000 internet users aged 16-64 in 50 countries via an online questionnaire for our Core data set. A proportion of respondents complete a shorter version of this survey via mobile; hence the sample sizes presented in the charts may differ as some will include all respondents, and others will include only respondents

who completed GWI's Core survey via PC/laptop/tablet.

When reading this report, please note that we use a mixture of data from our ongoing global quarterly research, GWI Core Plus, GWI Zeitgeist, GWI USA, and GWI Work. GWI Core Plus is a free add-on to Core that provides further detail on brand engagement and behaviors in 8 markets. GWI USA is a quarterly online study among internet users aged 16+ in the US, representing Americans across all 50 states. GWI Work is our B2B data set that gives us a detailed view into the lives of business professionals across 18 markets. And GWI Zeitgeist is a monthly recontact study of Core that we carry out in 12 markets. We also reference our legacy data between 2009-2019 and 2020 Coronavirus studies for context.

Discover the data on our platform

Each chart from our ongoing global research in this report contains a hyper-link that will bring you straight to the relevant question on our Platform, where you can investigate all data by demographics, over time, and among your own audiences.

The screenshot displays the GWI platform interface. The top navigation bar includes 'Charts', 'Audiences', and 'Crosstabs'. The main area is titled 'New Audience 7 May 2020 12:33'. It features a filter panel on the left with the following settings:

- Include people with All of these 2 attributes:
 - Gender > Male
 - OR Gender > Female
- AND
- Include people with All of these 2 attributes:
 - Age (Groups) > 16 to 24
 - OR Age (Groups) > 35 to 44
- AND
- Include people with All of these 2 attributes:
 - Interests > Music

On the right, a callout box states: 'Your audience sample size is 9,188 respondents out of 40,453. This represents approximately'. Below this, another screenshot shows a 'New Chart 6 Feb 2020 12:33' with a data table:

	Data point %	Universe	Index	Responses	Audience %
Someone in my household has a mental health issue	100	15.7K	84.9M	100	47%
	100	15.7K	84.9M	100	32%
	100	15.7K	84.9M	100	52%
	100	15.7K	84.9M	100	38%
	100	15.7K	84.9M	100	16%

1

Each of the graphs is numbered

More information can be found in the Appendix section at the end of this report



Just click this icon to explore the data on the platform



Source

Information about the source



Base

and base

Key insights

The number who say they're spending less has risen by 27% since 2022

There's still a viable segment of consumers not feeling the pinch, but the number who are is growing considerably. As this happens, people are becoming more risk-averse and modest.

Those most wary about inflation are looser with their money

Consumers' outlook and intentions don't always line up. When people worry about inflation outpacing their savings, this can drive them to spend; and many are torn between making up for lost time and saving in general.

As more buy own-label products, various premium brands are thriving

Consumers want good deals but they're also making room for treats, which means companies on extreme ends of the price scale are doing well. More Americans are buying from TJ Maxx and Old Navy, for example, while names like Starbucks, Whole Foods, and DoorDash are flourishing.

When choosing a brand, more say quality is important than cost

For some industries and brands, affordability needs to be in the limelight. But on the whole, people want products that are built to last. In many cases, consumers already have an expectation of how much they're willing to pay and decreasing prices could lower the aspirational power of an item or service.

More want to know *when* a price rise will happen *than how much* it'll be

Consumers' expectations around price rises are further proof that they don't think in ways we expect. People don't want an essay or the raw numbers alone, they want brands to tell a concise value-driven story, and to be given plenty of warning – which creates a sense of control over the money they're spending.

Why our research matters

Audience insights over macroeconomic metrics

Here's the state of play. We're going into **a recession**. Or maybe **we're not**. Or maybe some **countries are**. But the job market is strong. But inflation **is high**. But inflation **is falling**.

The global economy is sending mixed signals to say the least and the only way to understand or predict behavior in a downturn is to study consumer psychology. Even if financial institutions are putting a more positive spin on things, we can't assume that people will start loosening their purse strings as most don't base their spending habits on how the stock market or GDP is doing. While inflation is **set**

to fall in 2023, this doesn't necessarily mean we'll see a drop in prices, just that prices will go up at a slower rate.

More importantly, consumer behavior isn't rational. At the time of writing, Argentina has one of the highest **inflation rates** going, and Japan one of the lowest. You'd think Argentinians would be far more likely to say they're price-conscious, but they're not. With a long history of high inflation, they're better acclimatized to it. Whereas in Japan, **low inflation rates** since the 90s mean any price rises are met with strong sensitivity.

We're in hard times and budgets are tight. Brands need to know how spending habits are changing and how to fine-tune their offerings in response. It's easy to get bogged down in the debate around whether or not we'll see a recession, though it's a question of whether it'll feel like one to shoppers and whether this will put them off spending.

The economy is confusing and no one knows where it's headed, but we've rooted through our extensive research to show how the current situation looks from a *human* standpoint, and suggest how companies might prepare for the months ahead.

“

Consumers aren't responding to just one slice of the economy. They're responding to their entire experience

JOANNE HSU

SURVEYS OF CONSUMERS DIRECTOR
AT THE UNIVERSITY OF MICHIGAN

Day-to-day price changes are more influential than news

% in 11 markets who say the following influences their views on the country's economy the most

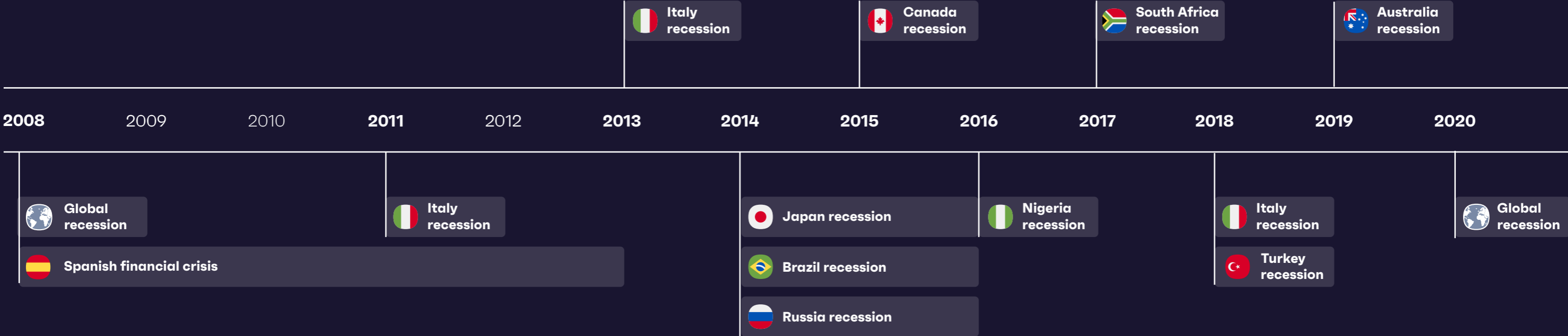


*i.e. price changes

  GWI Zeitgeist September 2022

 13,327 consumers in 11 markets aged 16-64

A timeline of well-known recessions between 2008-2020



01

Lessons from the past



2020's economic situation was one of a kind

It's worth looking back at what happened in 2020 as it offers context on people's moods and behaviors across 2021-22, and helps set the scene for 2023.

The early months of 2020 were, economically speaking, a **short-lived shock** to the system. Concerns around finances rose and fell within the space of a few months; and by the time some people heard word of a recession, we were already out of it. Due to it being **artificially created** by the pandemic, it's even been called a "fake recession".

Another key difference is the saving that went on. People were unable to go out and spend on out-of-home activities for some time, and various countries offered financial help to consumers. Many actually found themselves with more savings than they had pre-Covid. So even though economic uncertainty was everywhere, it's likely

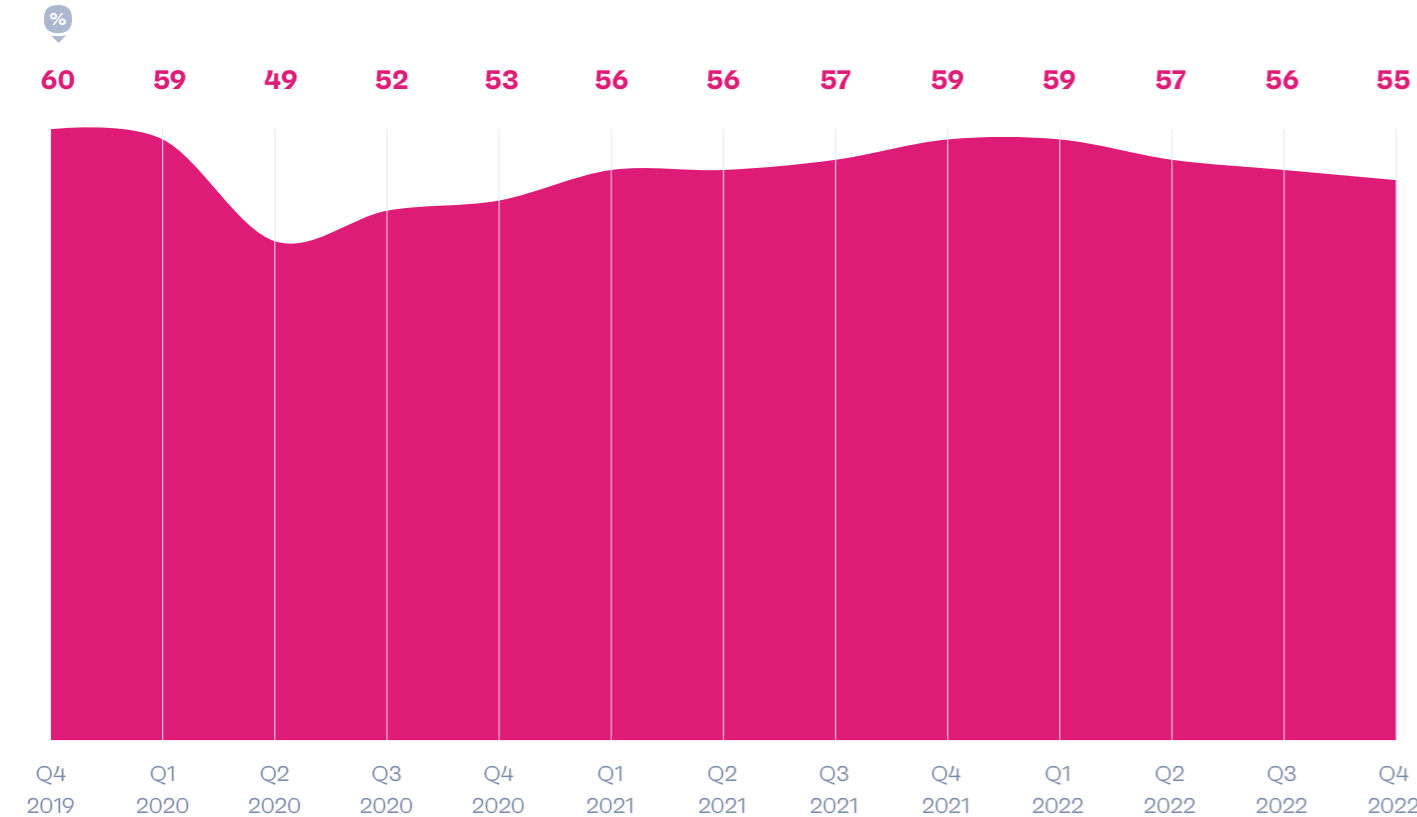
that the number who put off buying non-essentials wasn't as high as in past economic crises.

What *did* get put off were trips and flights. Vacations abroad have become more frequent over the last decade and a half, and most of the markets that lived through recessions in the 2010s still saw higher demand for them in 2018 than in 2009. After getting used to exotic getaways and then having to hit the pause button, many of us entered 2021 with a fresh sense of adventure.

Finally, unlike past recessions, the possibility of one in the year ahead has been spoken about for a while and we've had time to mentally prepare. If the cost of living crisis is going to be **shallow and ongoing**, there's a chance reactions to it will be slow and long-drawn-out as well. Though, the situation could take a turn when or if people's savings run out.

The 2020 recession was deep, but short

% of global consumers who expect their personal finances to get better in the next 6 months



GWICore Q4 2019-Q4 2022 2,666,206 global consumers aged 16-64

2

Demand for experiences built up during lockdowns

% in 20 markets who said they'd delayed purchasing the following in May 2020

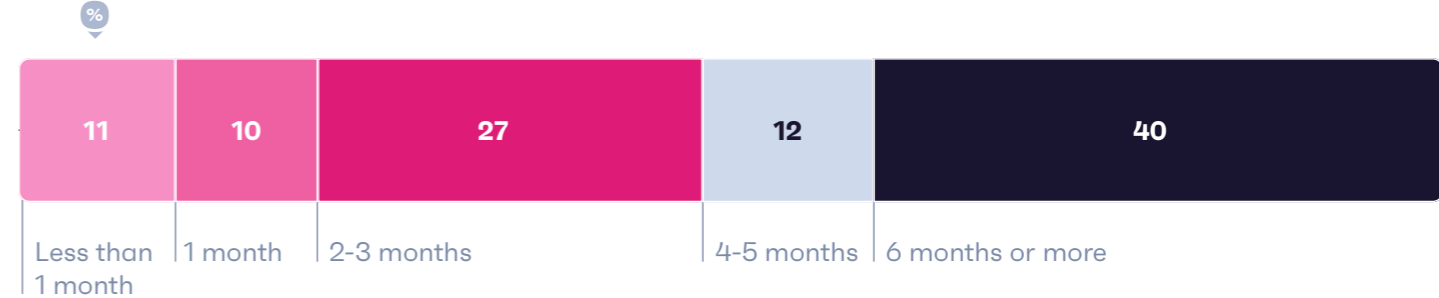


GWICoronavirus Study May 2020 17,149 consumers in 20 markets aged 16-64

3

Today's downturn is coming off the back of record high savings

% in 12 markets who said their savings would cover them for the following amount of time in October 2022



GWIZeitgeist October 2022 15,578 consumers in 12 markets aged 16-64

4

What we can learn from Brazil's recession

The current economic situation is unprecedented – we've never had a global recession immediately after a pandemic before. But there's still a lot we can learn from past episodes. Looking at changes in Brazilian attitudes during the 2010s spotlights things to watch out for in 2023.

In 2015, Brazil got caught in a classic **case of stagflation**. Economic confidence generally started to fall, and many started re-evaluating their values and priorities. Careers became less important, and money a less meaningful measure of success.

Most Brazilians re-evaluated their spending too. Those saying they'd purchased a car in the last 6 months dropped by 45% between 2014-17, and we can expect many to delay big purchases in 2023.

Money aside, this data reminds us that economic downturns can create feelings of urgency as well. The number of Brazilians saying they'd rather spend money on a unique experience than a status brand peaked in 2016-17, with the desire to live and work abroad hitting its highest point in the recession's aftermath.

It's also worth paying attention to what didn't change. The percentage agreeing that they usually buy premium products held up well, as did jewelry buying, a sign that not everyone will be cutting back in upcoming months.

We repeated this analysis in Russia too, and similar patterns emerged. In 2015, the country was **deep into recession**, ranking among the world's 10 worst performing emerging markets. Still, self-reported premium buying stayed steady, with jewelry purchases actually rising between 2016-17.

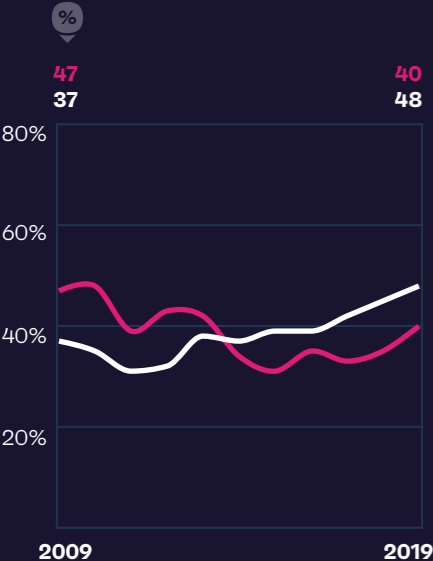


What changed in Brazil, and what didn't

% of global/Brazilian consumers who agree with the following/say they've purchased the following in the last 6 months or are planning to purchase it

● Brazil ● Global

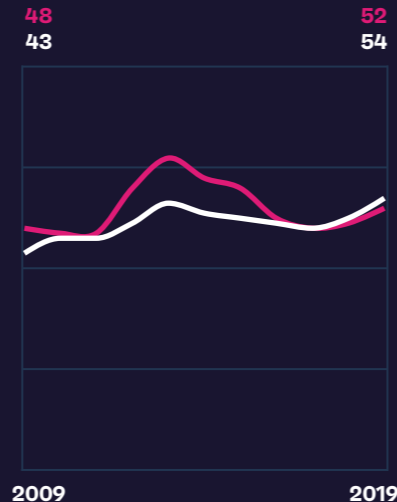
“ I feel positive about the global economy



“ I'd consider myself to be much more affluent than average



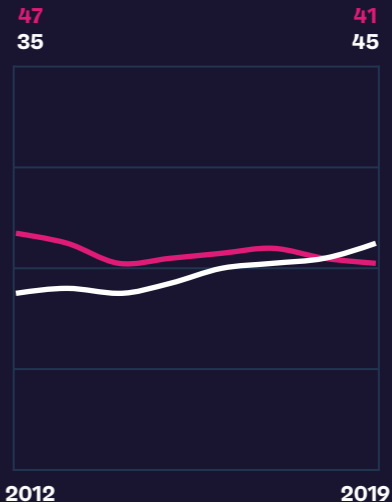
“ I tend to buy premium versions of products



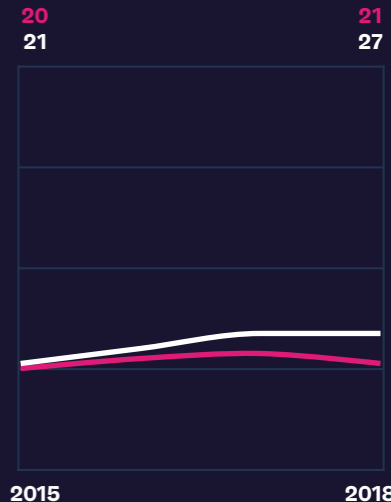
“ I'm very career-oriented



“ Money is the best measure of success



“ I've bought jewelry in the last 6 months/am planning to buy it



GW I Core Q2 2009-Q4 2019 (Avg of waves conducted between 2009-2019)

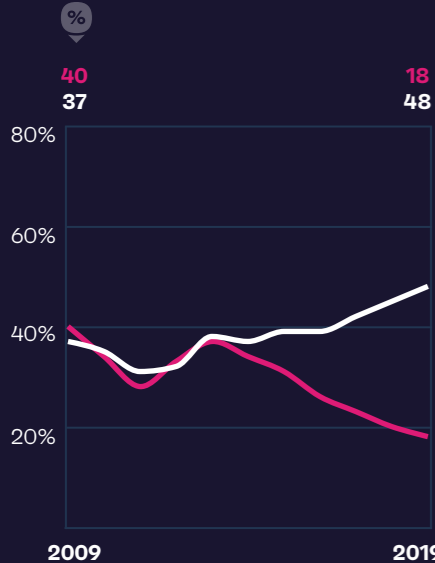
1,625,033 consumers in 16 markets aged 16-64; and 54,654 in Brazil

How Russia's recession reinforces this

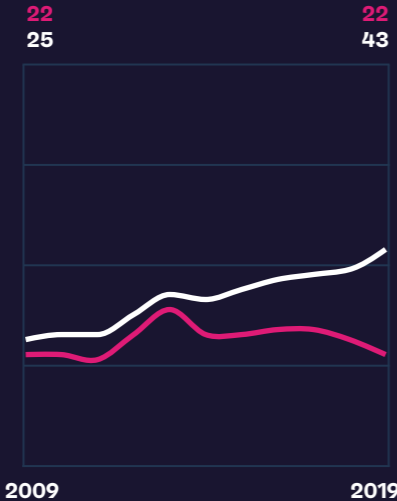
% of global/Russian consumers who agree with the following/say they've purchased the following in the last 6 months or are planning to purchase it

● Russia ● Global

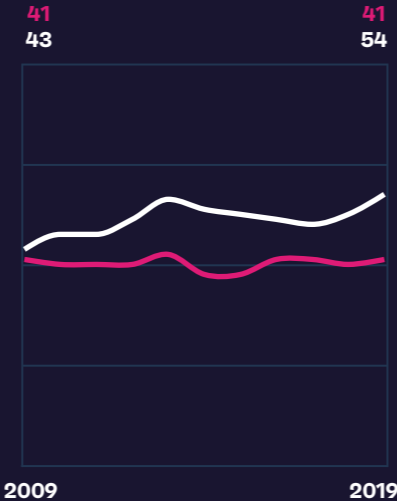
“ I feel positive about the global economy



“ I'd consider myself to be much more affluent than average



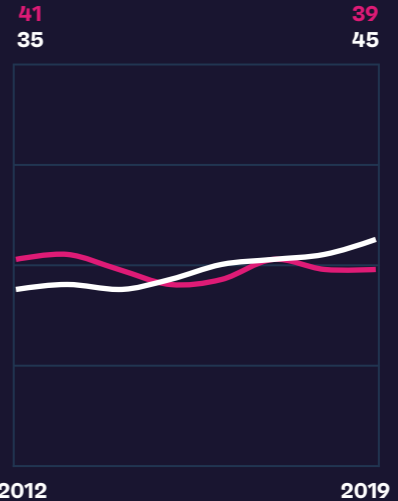
“ I tend to buy premium versions of products



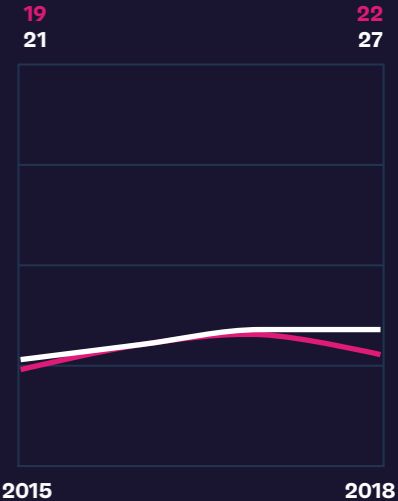
“ I'm very career-oriented



“ Money is the best measure of success



“ I've bought jewelry in the last 6 months/am planning to buy it



GWJ Core Q2 2009-Q4 2019 (Avg of waves conducted between 2009-2019)

1,625,033 consumers in 16 markets aged 16-64; and 58,410 in Russia

02

What consumers are thinking



Each market has its own story

From a distance, consumers' economic outlook doesn't look so bad. In January, the majority said inflation's had either no impact, or a small/moderate one on their bank balance, and far more think their personal finances will get better (55%) in the next six months than get worse (15%). But country breakdowns count for a lot and the vibe will be very different depending on where in the world you live.

Toward the end of 2022, we asked consumers in 12 markets questions around the cost of living. We were surprised that the percentage saying half or more of

their earnings went on bills/expenses was exactly the same as the year before. The situation was very different in certain places though, with the UK, Germany, and France seeing the biggest drops in disposable income. The same is true on a global level. Across 47 markets, the number who think their finances will improve in the next 6 months has only fallen by 6% year-on-year, but it's plummeted in many parts of Europe.

Again, economic indicators only go so far in explaining the mood of each country. In the UK, industrial disputes, staff shortages,

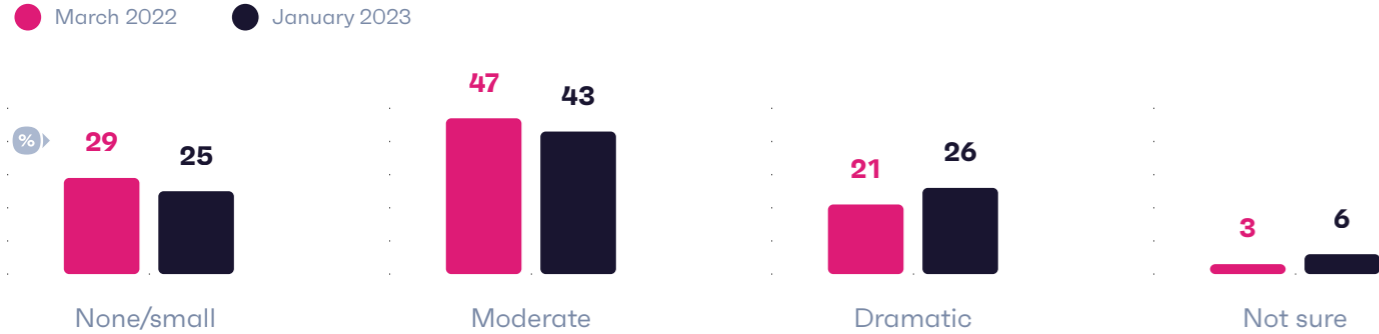
and **political turmoil** have created an atmosphere of general uncertainty. Meanwhile, the ripple effects of the Ukraine conflict aren't evenly spread, with nearby countries being **most affected**. As well as being heavily reliant on Russian gas, the refugee crisis and fears of invasion are more intense in these parts.

It's hugely important for brands to be able to read the room, especially those operating in international markets. And our data gives you a clear view into consumers' concerns and attitudes, helping you get a feel for each region.

Of 12 markets, German consumers are most likely to say tensions with foreign countries currently concern them

Inflation hits each of us differently

% in 9 markets who say inflation has had the following level of impact on them

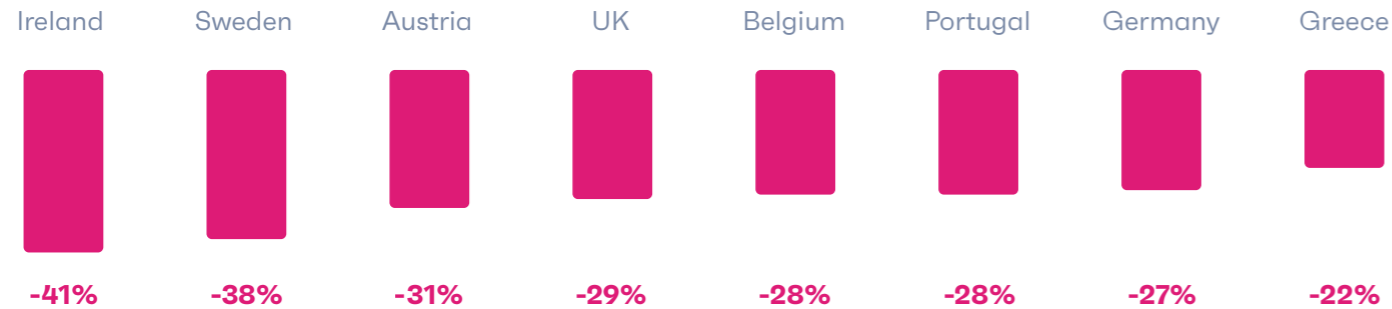


GWI Zeitgeist March 2022 & January 2023 25,755 consumers in 9 markets aged 16-64

7

European markets are feeling the heat

% change between Q4 2021-Q4 2022 in the number who think their finances will get better



GWI Core Q4 2021 & Q4 2022 469,854 consumers aged 16-64

8

Consumers are as confused as the economy

Consumer confidence has taken a dive, and it's set to worsen before it improves. The group saying inflation's had a dramatic impact on their finances has grown in size (+26%) since March 2022; and only 28% expect inflation to decrease in their country in 2023. On the back of this, the number describing their current approach to shopping as "spending less/much less money" has gone up by 27% in this timeframe.

People have ultimately become more concerned about their bank balance, started thinking along more cautious lines, and underlined their savings goals. In America, interest in buying options, stocks/shares, and funds is shrinking as risk-taking attitudes taper off. Instead, more hope to open savings accounts and buy bonds, which are often seen as a "safe" investment. We've seen similar drops among young investors, with bonds becoming more attractive and crypto/options trailing off. The pandemic sparked a boom in

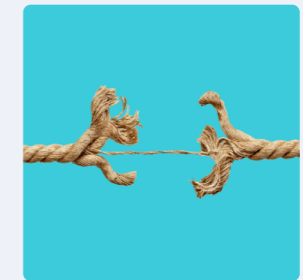
investing among younger adults, so these falls are remarkable.

Still, consumers' ideas aren't always logical or consistent, and many are torn between spending and holding back. The two fastest-growing **New Year's resolutions** are traveling more and saving money, a tricky balancing act if ever there was one. What's more, concerns around inflation can **push people to** spend while they have the chance. Those who say inflation's had a dramatic impact on their lives are more determined to spend on non-essentials and shop during Black Friday, which saw **record sales** in 2022 despite price hikes.

The main takeaway is that shoppers are more risk-averse and price-conscious, but **also confused** and reluctant to put their lives on hold again. Demand for budgeting help and memorable experiences is high, and consumers will appreciate brands that showcase ways to enjoy life in a modest fashion.

Those who say inflation's had a dramatic impact on their lives are more likely to plan on increasing the amount they spend on non-essentials in 2023

For a closer look at the consumer cost of living impact, see our report



Download report

The scales are tipped toward spending less money

% in 12 markets who say the following describes their current attitude to spending



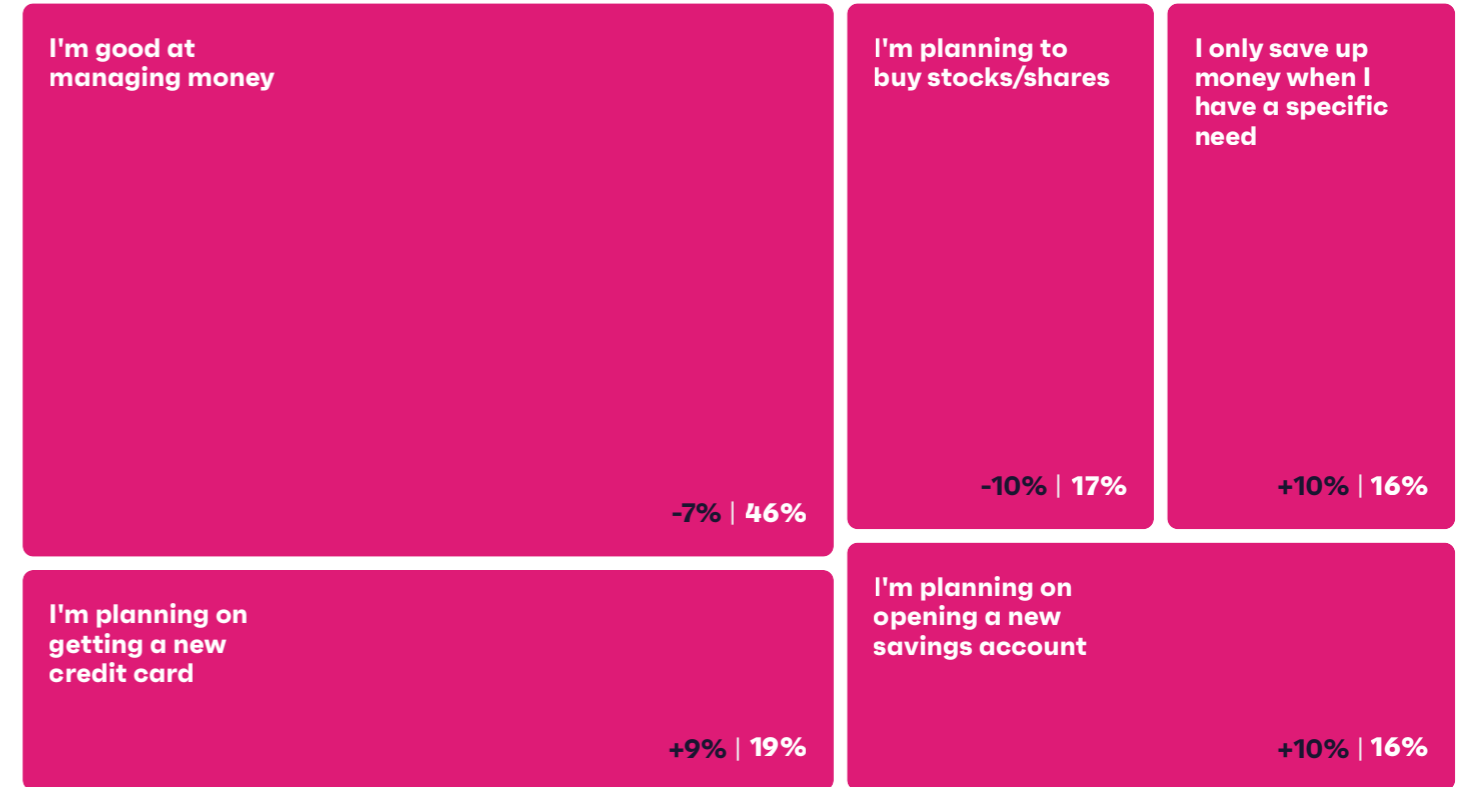
GWI Zeitgeist January 2023 15,383 consumers in 12 markets aged 16-64

9

Saving attitudes and plans send mixed messages

% of Americans who agree with/plan on doing the following in the next 6 months

▲ ▼ % change since Q4 2021



GWI USA Q4 2021 & Q4 2022 40,940 Americans aged 16+

10

Minimalism has made a comeback

As we know from our 2010s data, not everyone cuts back during times of hardship. Many people keep spending... but they're often less keen to show they're doing it. According to **Christina Binkley**: "fashion had been really loud and it was a huge party, and then that shifted literally overnight". People carried on buying luxury goods during the Great Recession, though noticeable logos became less attractive. Not only that, **food trucks** and bare brick walls were in fashion, with mottos like "**Keep Calm and Carry On**" echoing in people's minds.

Even if the shift wasn't as dramatic or sudden in 2022, one clearly took place. After lockdowns, there was a spike in Americans identifying as daring, adventurous, and creative. But by the second half of 2021, these trends reversed; people became more cautious, thrifty, and less eager to show off. The world of "**de-influencing**" is a nod to

all this. It urges shoppers to reassess their buying habits and resist the lure of influencer marketing. This space came **into question** during 2020's lockdowns, and the glamorous and indulgent aspects of it are under scrutiny yet again.

As consumers' outlooks have a direct impact on their aesthetic preferences and brand expectations, companies will benefit from tracking them and tweaking their strategy as they go along. Year-on-year, there's been a significant drop in Americans saying they most want brands to improve their status, for example, making it one of the fastest-dropping initiatives right now.

Another pattern we've picked up on is consumers feeling fatigued by **environmental** and **social justice** issues. With other priorities on their minds, they're tired of showy PR pushes. Instead, they want action, impact, and results.

“

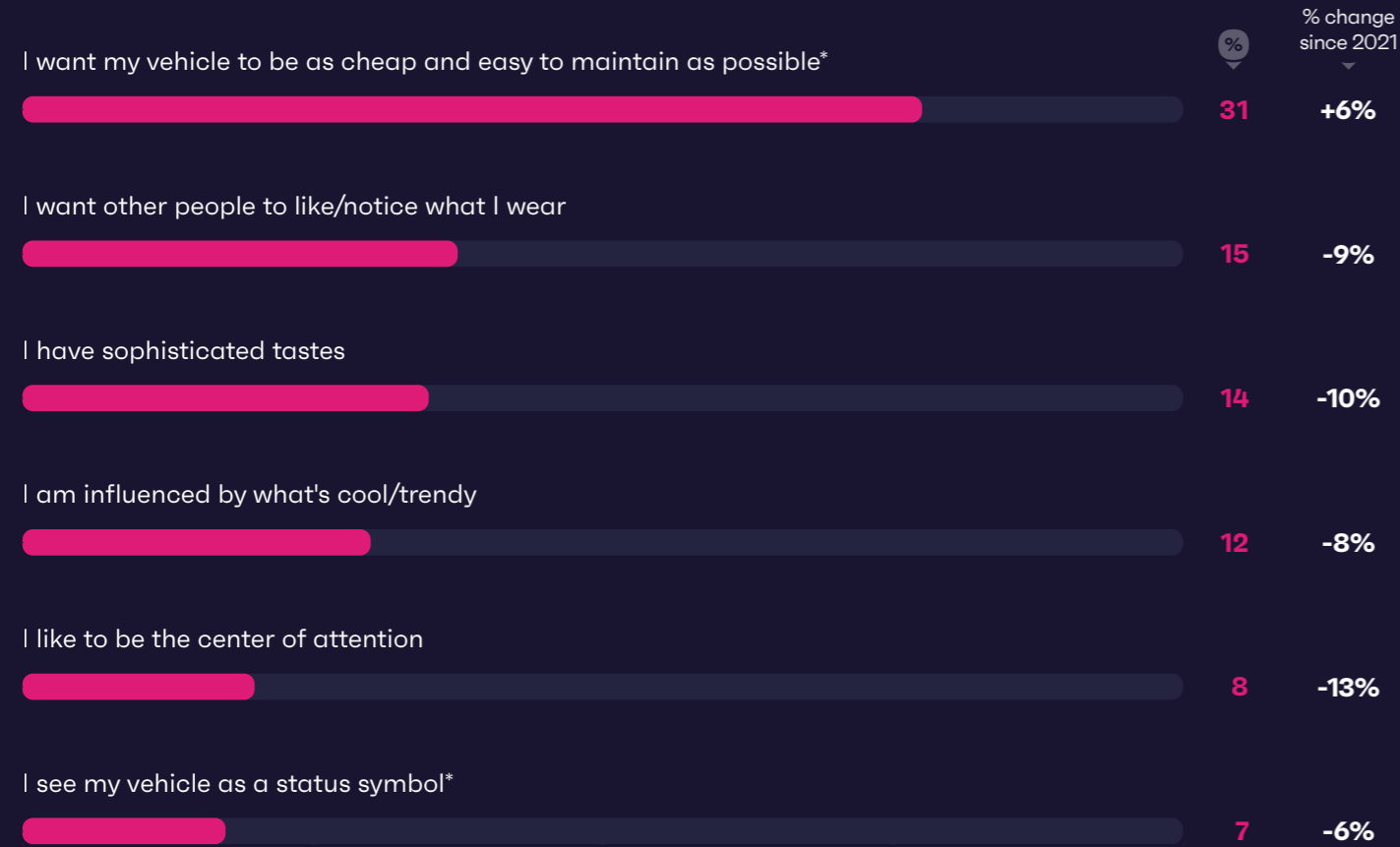
History never repeats itself, but it often rhymes

PROVERBIAL



Luxury becomes more discreet as times get hard

% of Americans who agree with the following statements



*asked to car owners only

11

Personal goals are looking more modest

% of Americans who say the following are important to them/are their top aspirations right now



12

Trend in action

Young money: Zillennials are splashing the cash

Even if they're being quieter about spending it, younger groups have big plans for their money. They're much more optimistic about their finances and the economy, and more likely to say they'll end up spending on non-essentials like luxury and entertainment this year.

Reports of zillennials (those on the cusp between Gen Z and millennials) **splashing out on luxuries** have started sprouting up, and our research generally backs them up. The number of US 16-24s saying they buy designer brands every 2-3 months is up 13% in a single wave, with 25-34s being

the most frequent buyers. While Gen Z have less spending power than older groups, they've found a way to prop up their disposable income: living on at home (often rent-free). In fact, 49% of Gen Z in Western markets say they live with their parents, rising to 72% in APAC. These live-at-home zillennials arguably represent a new class of consumer altogether.

Part of preparing for a downturn is identifying new sources of demand, and **Nike seems** to be doing exactly that with overtures to Gen Z in China. If there's one thing to stay mindful of, it's that

brands can't use past storytelling tactics and expect them to land. Among luxury shoppers, Gen Z are the only generation who'd rather brands were funny than exclusive, and they're the least likely to want them to be traditional. They're also 24% more likely to play branded games, which explains Gucci's **step into** the metaverse.

Not only are Gen Z buying more discretionary items than in the past, they're only going to become more relevant to companies in the future – which is why they should form a key part of their long-term brand-building strategies.



54% of Gen Z think their income will increase in 2023

Can't get enough of Gen Z? Grab our latest report



Download report

Consumers' cost-saving ideas also represent new areas of demand

Consumers plan on adopting various thrifty behaviors in upcoming months, but whether they do or not partly depends on brands.

The number aiming to cook more is high, but it's up to food companies to sell it to them. While the meal kit delivery industry has started to show signs of struggle as more turn **toward DoorDash** and ready-made meals, engagement with HelloFresh has risen 17% in the US year-on-year. The brand has a clear mission to provide home-cooked meals without any planning, and employs lifestyle and motherhood influencers to **show how** convenient it is.

On the other hand, the leisure sector can get more people outdoors by offering a wider range of price points. The portion wanting to do activities that cost less has risen in 6 out of 9 markets since March 2022. With this in mind, Virgin Experience Days often sends round "bucket list on a budget" tips, spotlighting their **low-cost activities**.

Consumers' desire to be more energy efficient has potential for smart tech. People are often happy making an investment if they think it has long-term benefits, which is why flat-screen TV **purchases spiked** in 2008-09. Again, it's all down to the story brands tell.

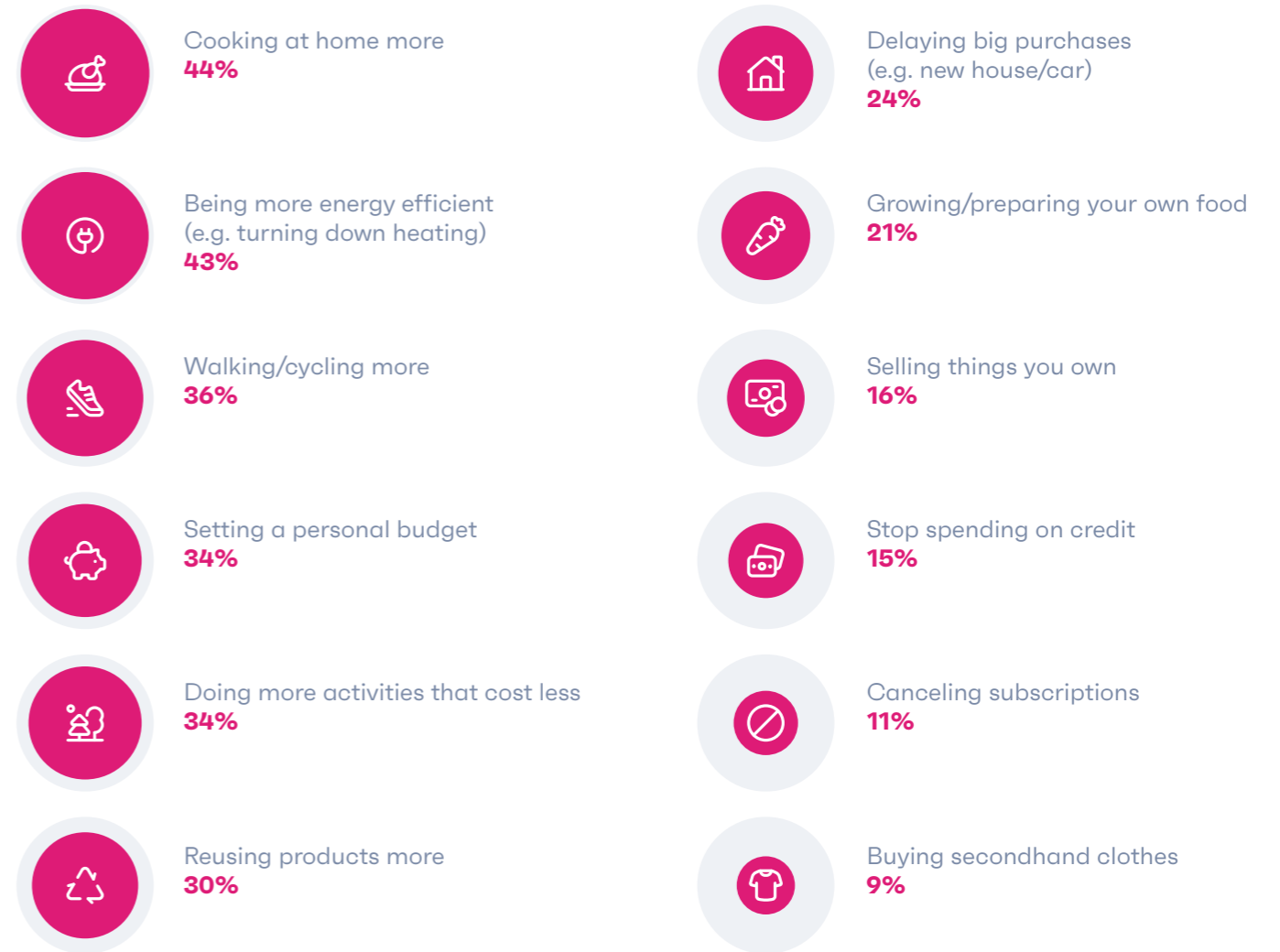
Few industries have more to gain **than fintech**. Among these cost-saving ideas, setting a budget has been the biggest riser since 2022. Revolut's "**savings vault**", which allows customers to set aside pots, has seen UK usage jump 150% year-on-year, largely because these solutions are **marketed so well**.

Last but not least, 2023 could give the secondhand market a boost. 21% are looking to sell things they own or buy pre-loved goods, and sending out extra motivation could do a lot of good. Vinted's recent string of ads, for example, reminds consumers that their **next holiday** could be in their wardrobe.

15% of UK consumers say they've used Vinted in the last month

Frugal living is the flavor of the month

% in 12 markets who are planning to adopt the following habits



GW I Zeitgeist January 2023

15,383 consumers in 12 markets aged 16-64

Jobs come and go, but health is wealth

Using past data, we've shown that financial crises have a big impact on how people think about their job; and it's important for employers to be aware of workers' changing attitudes and cater to them.

Rising inflation is making the mental health crisis worse. Year-on-year, there's been a jump in Americans saying they visit a counselor (+31%) or psychologist (+18%) regularly. Plus, those who say inflation's had a dramatic impact on their finances are 17% more likely to report having a mental health condition than other non-retirees.

Across 2020-21, we saw a shift toward more self-focus as people started putting their welfare front and center. And a "work less, live more" attitude seems to have caught on, with fewer Americans saying doing well at work is a priority for them. There's a growing list of **role models** admitting they don't have enough fuel in the tank to go on,

and the recent spring of **tech layoffs** are also weighing on people's minds.

Going forward, employers that empower and support their workers stand a better chance of keeping top talent. For example, professionals at companies with broad flexibility in hours (+16%), mental health support (+17%) and medical cover (+13%) are more likely to be satisfied with their job than the average worker. Employees' needs ultimately keep changing, so adjustments should be ongoing.

It's also worth remembering that each industry has had a different experience over the last few years, and so the level of support and benefits workers are chasing will vary a lot. In the Great Recession, construction and manufacturing were the **hardest hit**, while the Covid collapse was a nightmare for leisure, healthcare, and hospitality – which are among the most worn out sectors right now.

For more on changing US attitudes to work, explore our report














Download report



Healthcare workers are the most worn out

14

The most fatigued sectors, based on the % in each industry who say they feel overworked

-  Healthcare/medical services
-  Government
-  Travel, tourism, or leisure services
-  Education
-  Charity/non-profit
-  Legal services
-  Advertising
-  Hospitality
-  Building/construction
-  Research/science
-  Transport, logistics, or distribution

 GWI Core Q4 2022

 244,122 global consumers aged 16-64

If workers could only prioritize one goal? Health, work/life balance, and exploring new places all rank above career advancement

03

What people are buying



Small luxuries and the feel-good effect

In the world of smaller purchases, more people are buying pre-mixed cocktails, clothing/shoes, and fragrances, and medication is spiking because we're all getting colds from each other again. With weddings and parties back on, many consumers are clinging to their clothing wishlists. Clothes are actually the most common purchase people make when looking to **treat themselves**.

We've seen this kind of behavior before. Back in 2008, luxury lingerie **sales soared**, and in the 2001 recession, people **bought lipstick** in droves.

Today, the number of women buying makeup/cosmetics has stayed fairly

consistent over the past 12 months, though some items and brands are doing especially well. In a single wave, there's been a rise in Americans saying they use highlight & contour products (+19%) and liquid lipstick (+13%) regularly, with companies like Garnier, Revlon, and Too Faced seeing year-on-year jumps in this market.

And moving beyond the world of makeup, we've observed some interesting patterns in the UK. Our Core Plus research shows that Europeans are increasingly turning to own-label products for everyday shopping, yet a handful of brands are thriving. UK

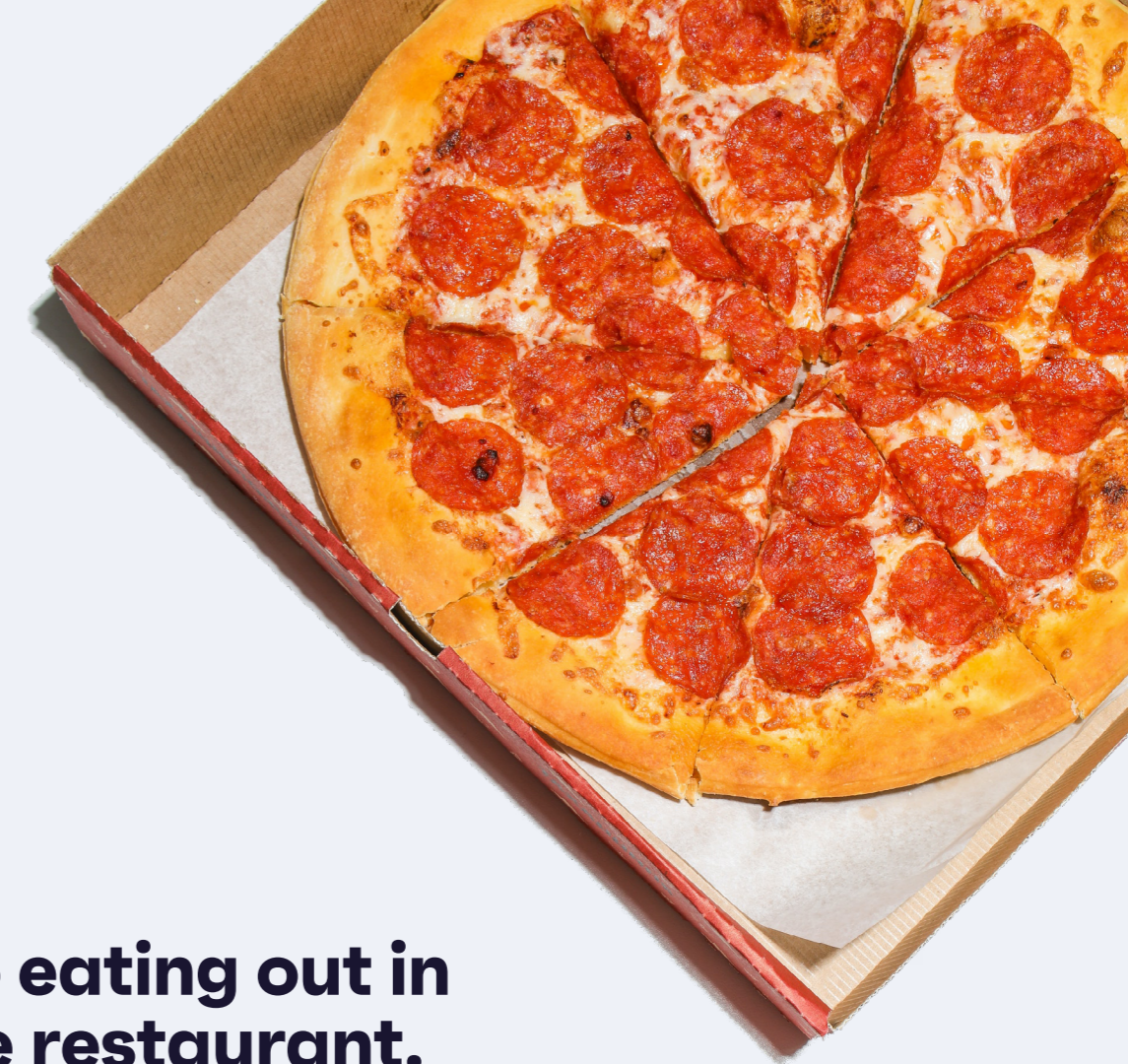
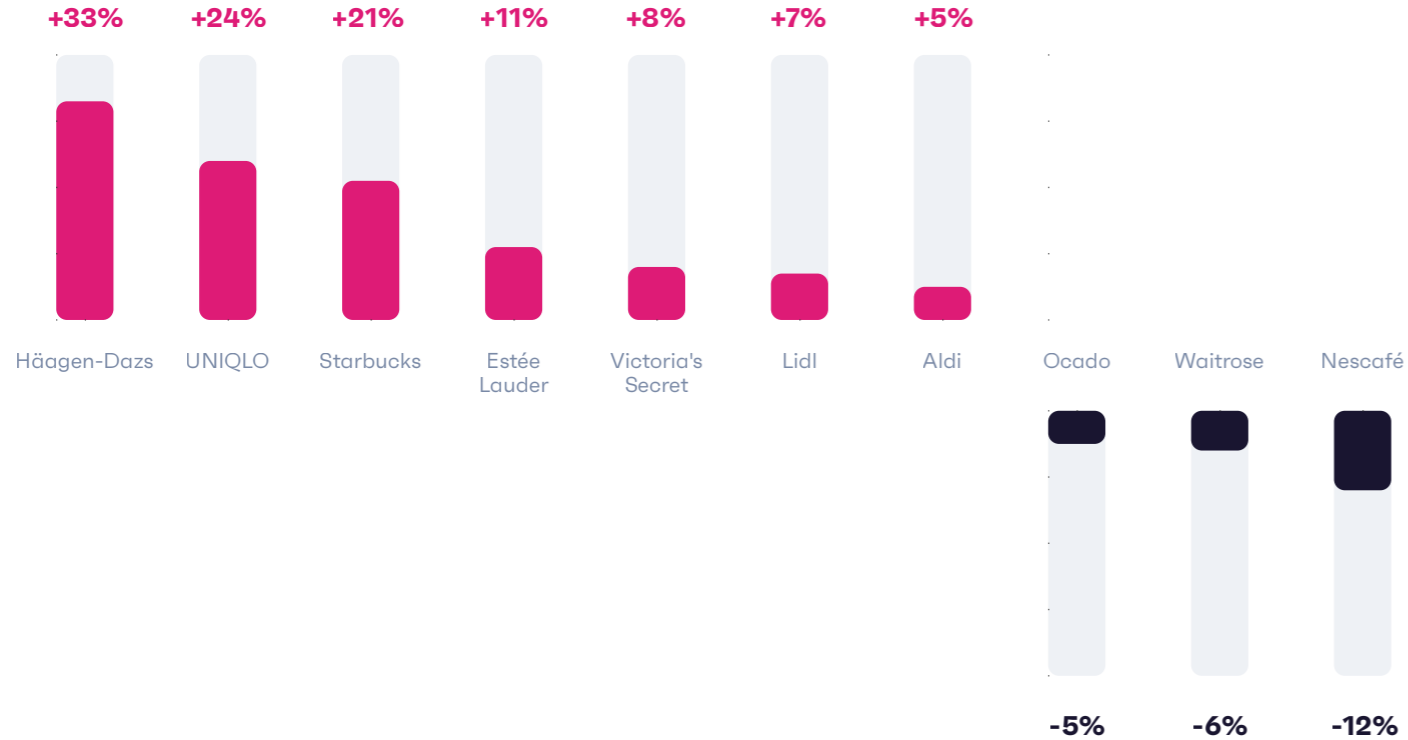
consumers might think twice about spending on Nescafé or Lavazza coffee beans, but spring for a Starbucks on a stressful afternoon.

All this confirms that people look to smaller, more affordable treats when they have less to spend, a pattern that economists have labeled "**the lipstick effect**". The desire to feel good is arguably even more important during hard times, and brands need to make an emotional connection with their audience. **Hotel Chocolat's** posts are a great example. While some want to save money by not dining out, they show that even nights in can **be indulgent**.

Some brands are thriving right now

% change since Q4 2021 in the number of UK consumers who say they buy from the following brands weekly

15



“
If you stop eating out in an upscale restaurant, that suddenly allows you to spend more money on DoorDash

RAVI DHAR

DIRECTOR AT YALE CENTER FOR CUSTOMER INSIGHTS

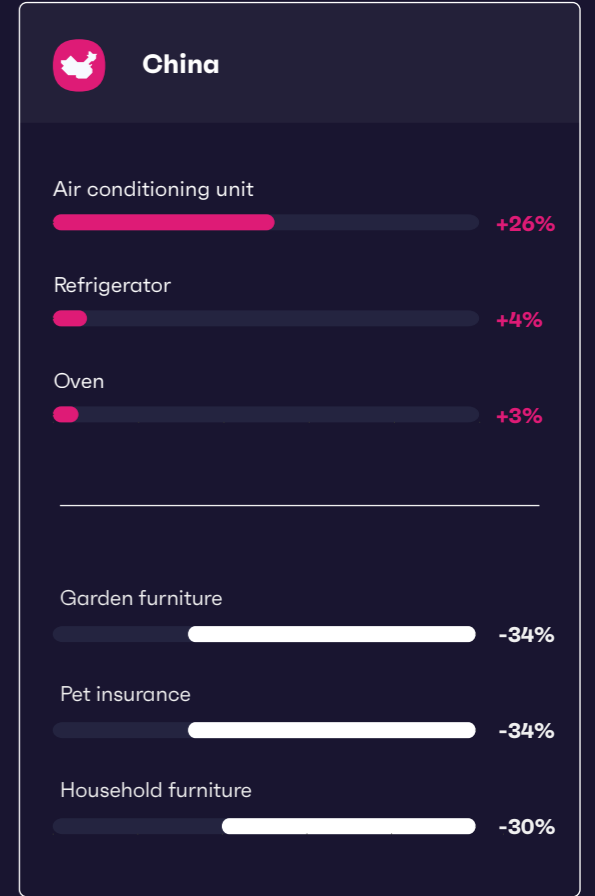
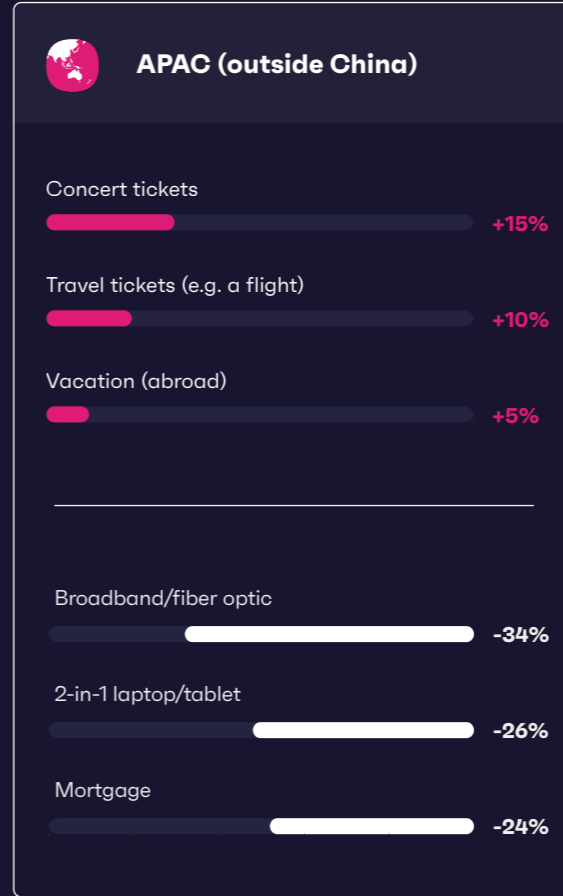
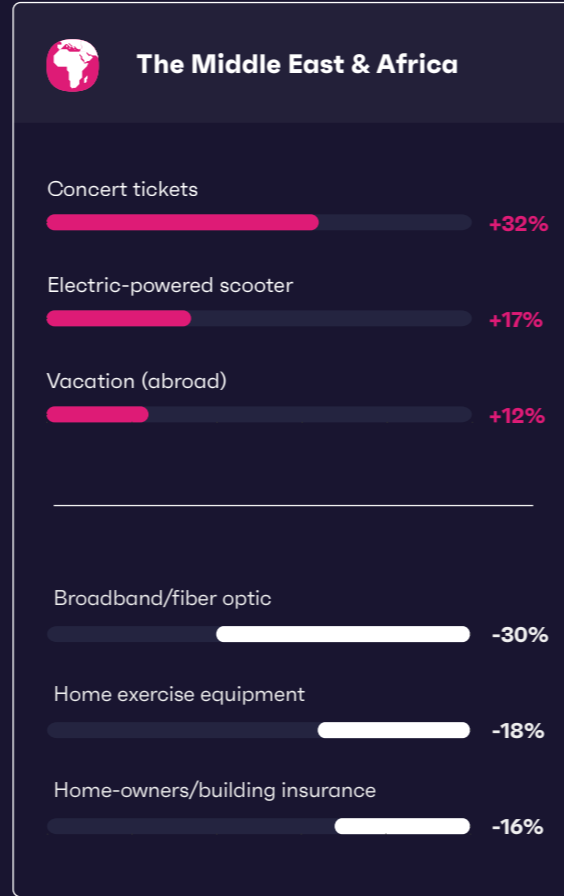
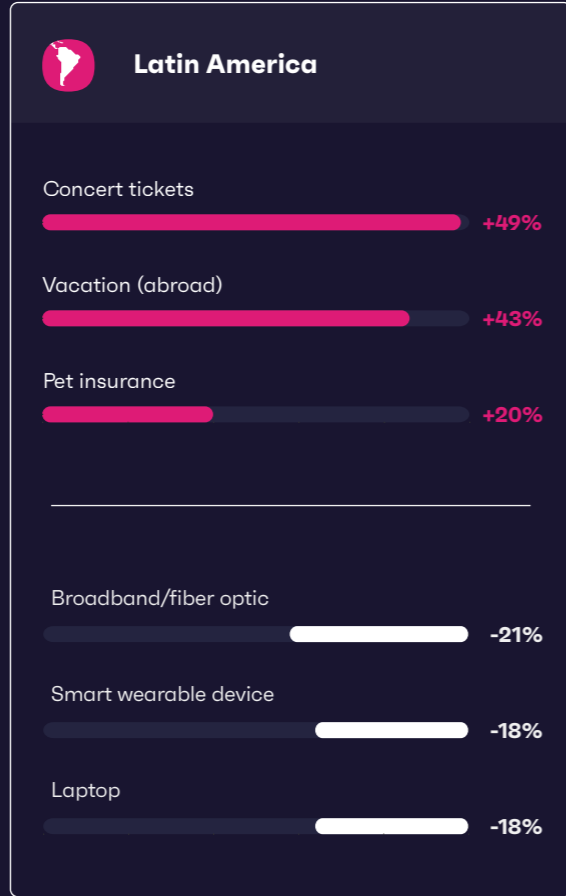
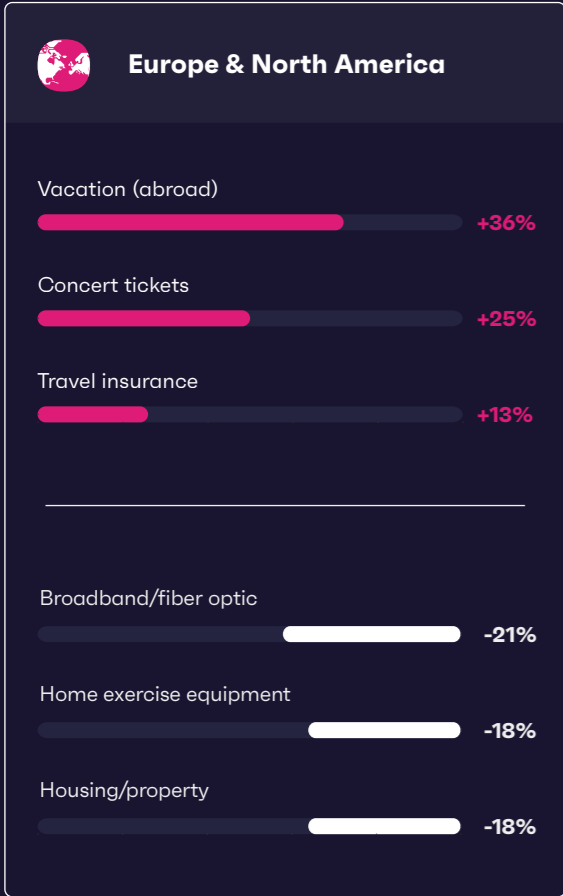
20,964 UK consumers aged 16-64

GWl Core Q4 2021 & Q4 2022

In the world of bigger purchases, experiences are in, while home-related and tech purchases are out

Fastest-growing/dropping purchases in each region, based on the YoY % change in the number who say they've purchased the following in the last 3-6 months

● Fastest growing ● Fastest dropping



Where we'd trim more fat

We spent a lot of time at home in 2020, which meant that indoor exercise equipment and tech buying **sped up**. But now restrictions are a thing of the past for most consumers, white goods, devices, and home furniture are having a tough time. When choosing between larger purchases, travel and concert tickets take priority.

That's where we're at with spending, but what would be the first to go if money gets tight? Thinking ahead, a relatively small number say they'd save on beauty/personal care. Instead, more would trim the budget for bigger "luxuries" and days/nights out. While consumers are socializing again, they're prepared to stay in more often if need be.

With this in mind, the number willing to cut back on home

entertainment hasn't changed over time, and it's often the fall-back option to going out when there's less in the bank. In fact, only 11% said they were planning to cancel their TV subscriptions in the near future. It's therefore possible that streaming services will hold up better than some people **are predicting**.

Spending on vacations is also tricky to predict. They're middle of the list of potential things to go, but there are several everyday purchase categories like travel costs and alcohol that people intend to axe first. Not only that, the number noting them down is dropping. For many, the wellness benefits associated with travel are key, especially as mental health is a growing issue. For these reasons, we expect the sector to stand its ground in the next year.

Right now, socializing is on the table

% of consumers (outside China) who say they do the following at least once every two weeks

▲ ▼ % change since Q4 2021



Use public transport
46% | **+7%**



Eat out at a restaurant
43% | **+6%**



Visit the cinema
18% | **+5%**

GWI Core Q4 2021 & Q4 2022
 419,050 global consumers outside China aged 16-64

But if the going gets tough, nights out will be among the first to go

% in 9 markets who say that, thinking ahead, they'd spend less on the following

	%	% change since March 2022
Treats/luxuries	42	+4%
Nights out/eating out/socializing	40	0%
Alcohol*	28	-11%
Clothing	27	+6%
Travel costs (e.g. car fuel)	26	-22%
Vacations	24	-10%
Gifts for other people	22	-5%
Home entertainment (e.g. TV subscriptions)	22	0%
Beauty/personal care	22	+4%
Technology	20	+52%
Groceries/household products	16	+12%
Utilities (e.g. finding cheaper suppliers)	14	-21%

GWI Zeitgeist March 2022 & January 2023
 25,755 consumers in 9 markets aged 16-64

*only shown to respondents aged 18+ (21+ in the USA)

Want the full picture of travel in 2023? Check out our report

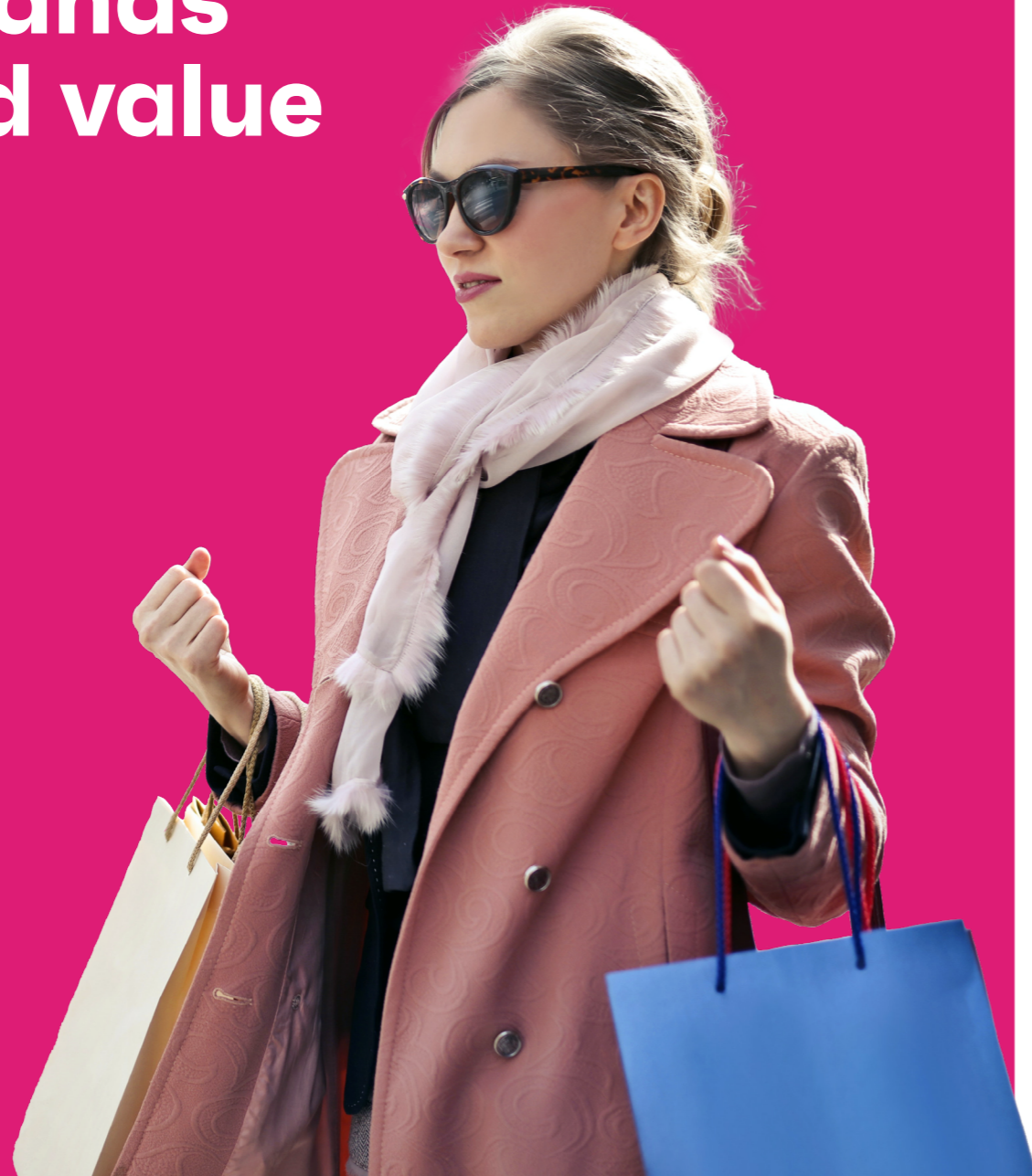


[Download report](#)



04

How brands can add value



Value creation isn't one-size-fits-all

As the old adage goes, “buy cheap, buy twice”. In an economic downturn, it’s easy for brands to get obsessed with pricing. But generally speaking, more people say quality is most important to them than cost. The quality of a product has also become more influential over time. In 2019, Western consumers were most likely to say that rewards like discounts or free gifts would motivate them to promote their favorite brand online. Fast forward to today, and high-quality products rank top.

To be clear, price is important; and for some industries

and brands, affordability needs to be in the limelight. As Rory Sutherland **points out**: “businesses can believe different things and both be right”. Compared to other Europeans, those considering flying with easyJet in the next 12 months are 15% more likely to advocate a brand that offers them rewards, with Vueling flyers being 18% more likely to say they’re motivated by discounts.

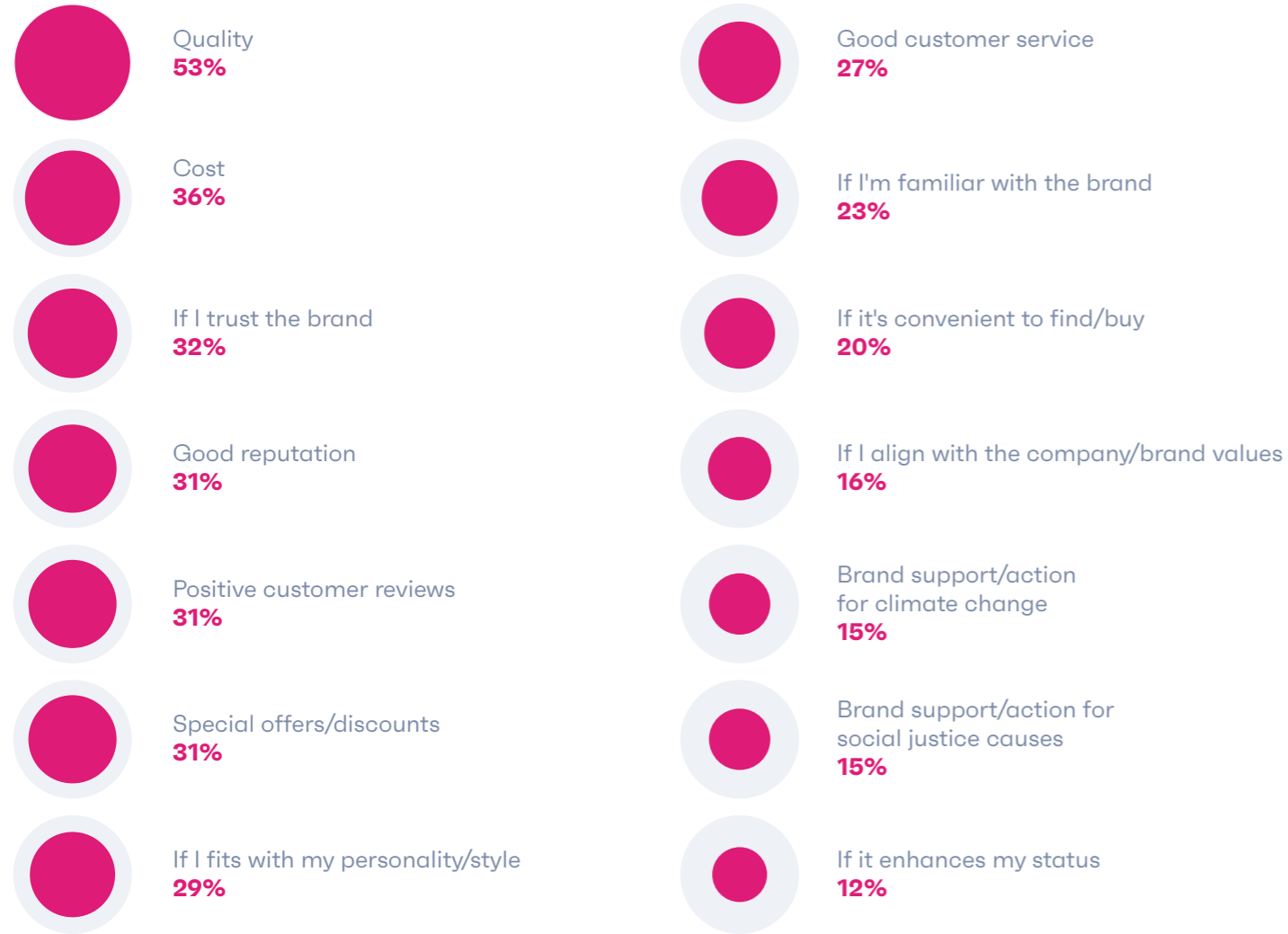
But for other companies, particularly luxury brands, it’s not the wisest move to lower costs. In many cases, consumers already have an expectation of how much

they’re willing to pay and decreasing prices could lower the aspirational power of an item or service. Travelers looking to spend extra on pampering this year are 37% more likely to say they look for top-range options than average, and a discount might make that purchase feel a lot less indulgent.

Plus, there’s a whole host of ways to create value. Other deciding factors include “if I trust the brand”, “good reputation”, and “positive customer reviews”, which goes to show it doesn’t have to be a race to the bottom to stay competitive.

High quality over cheap prices

% in 12 markets who say the following are most important to them when deciding which brands to buy



Basic utilities and essentials

% change since 2021 in the number who say the following are important when purchasing the following categories

Here, we're going to dig into four sectors that fall under utilities, household products, and healthcare. We've highlighted some of the most noticeable shifts to suggest how value judgments around these essentials are changing, and to give brands a more nuanced view of their own sector.

GWI Core Plus Q3 2021 & Q3 2022

25,166 consumers in France, Germany, Spain and the UK aged 16-64

Household products		% change since Q3 2021
Product size (i.e. it will last a long time)		12%
Recommendation from friends/family		12%
Product price		11%
Special offers/promotions		11%
Brand name		-8%

For household products, quality is still the number one purchase influencer, but price and special offers have more pull than they used to. The power of brand name has dipped, which is a trend we often see **during downturns** – where loyalty is tested and consumers start exploring cheaper alternatives. Even if brands can't lower prices, they can emphasize qualities like product size. Jumbo packs of items like kitchen roll, toilet paper, and washing up liquid can make shoppers feel like they're getting the most cost-effective option, even if they're not.

Energy suppliers		% change since Q3 2021
Ability to track usage		18%
Brand/supplier you trust		8%
Price		8%
Recommendation from comparison site		-13%
Environmental credentials		-19%

We see some of the same patterns for utilities, but key distinctions as well. Energy prices **shot up** in 2022 and it's an area where people are feeling the cost of living crisis most heavily. You'd expect price to have grown most in importance and price comparison websites to have picked up, but that's not the case – possibly because low prices make people wonder if a service is too good to be true. Ability to track usage is the biggest riser, a clear sign that customers value a sense of control around the money they're spending. Eco credentials, on the other hand, have slumped, so brands should re-evaluate how much emphasis they put on them in their marketing and communications.

Medicine/drug products		% change since Q3 2021
Brand name		16%
Recommendations from store employees		16%
Strength or effectiveness		14%
Recommendations from friends/family		13%
Price		11%

Medicine is a different ball game, being one of the areas where brand name has gained influence. The list of health problems people are experiencing is growing across our research, and consumers might feel that **generic drugs** carry more risk. Something that shines through all these examples is the sway of recommendations, which highlights the power of trust and reliability in uncertain times. Fintech apps like Monzo have **refer a friend** schemes that drive customers to spread the word through discounts or rewards, and this could be a tactic worth considering in other sectors.

Broadband suppliers		% change since Q3 2021
Deals that include free items		20%
Finding a cheaper deal		12%
Good customer service		7%
Flexible contracts		7%
Fiber optic broadband		6%

Like the energy sector, cheaper deals aren't the fastest-growing means of product differentiation for broadband suppliers. It's actually deals that include free items; and good customer service and flexible contracts also represent good value for money.

Everyday items and treats

% change since 2021 in the number who say the following are important when purchasing the following categories

When money dries up, keeping on top of consumer trends is arguably more important for non-essential purchases. Because they're nice-to-haves, attitudes toward them can shift very quickly.

📊 📊 📊 GWI USA Q4 2021 & Q4 2022 | GWI Core Q4 2021 & Q4 2022 | GWI Zeitgeist October 2021 & December 2022
 📊 📊 👤 40,940 Americans aged 16+ | 469,357 global consumers aged 16-64 | 26,025 consumers in 9 markets aged 16-64

🌐 Technology/electronics		% change since Oct 2021
🇩🇪	High quality	14%
🇮🇹	Good value for money	11%
🇮🇳	Transparency around supply chains	-13%
🇨🇳	If the product enhances my image	-21%
🇺🇸	Attractive packaging/branding	-22%

China represents a lot of the demand for tech hardware, and the number saying they'd cut back on buying it has more than doubled here since March 2022. This points to a wider shift in the way we think about (and **the frequency** with which we buy) electronics. The promise of high quality has become more important to shoppers over time, while image-based incentives have lost clout. Now that devices like smartphones are so widespread, they're less of a **status symbol** than in the past, with consumers tending to base their purchase decisions on factors like durability and battery life.

🇺🇸 Make up/cosmetics		% change since Q4 2021
	Expert reviews/awards	10%
	Price	8%
	Free of plastic microbeads	8%
	Fragrance-free	7%
	Not tested on animals	-6%

Trends among everyday purchases or treats like cosmetics, skincare, and hair products share similar patterns. More want expert tips that guarantee quality, while they're less concerned with whether or not an item's been tested on animals, which calls our wider trends around environmental and **social justice fatigue** to mind. Likewise, the desire for products that are fragrance-free or free of plastic microbeads shows how fast the tide can turn for certain ingredients, and why it's necessary to stay on top of changing purchase influencers. In the dental sector, for example, charcoal has become more popular over time, while demand for natural/organic ingredients has dropped.

🌐 Travel/vacations		% change since Q4 2021
	Ease of traveling	17%
	Value for money	11%
	Somewhere with great photo opportunities	11%
	Outdoor adventure activities	10%
	Seeing/hearing an advertisement	-13%

This isn't the case for vacations. Status can be communicated through rich experiences, and people are increasingly motivated by great photo opportunities. Ease of traveling and transportation available on the trip are also among the biggest climbers, showing that convenience can also add a lot of value beyond the price tag. On the brand discovery front, holiday brochures and ads have become less relevant, ranking below online reviews from other travelers and family/friend recommendations. This, again, stresses how valuable reviews are in today's climate.

🇺🇸 Skincare		% change since Q4 2021
	Dermatologist recommendations	9%
	Specialty skin concern (e.g. acne)	6%
	Expert reviews/awards	6%
	Free of chemicals/preservatives	-7%
	Not tested on animals	-10%

05

How to keep B2C relationships strong



A case against going dark

Empirical research has already been done on the strategies that help businesses survive a slowdown and prosper when good times return. Harvard Business Review studied 4,700 companies over the course of three global recessions to get the full picture. While most businesses survived, only 9% were better off after these recessions than before. And this small group of companies took a similar approach, **mastering the balance** between cutting costs to survive in the short-term and investing to grow in the future.

Many marketers are **familiar with** the idea that those who don't pull back on advertising, R&D, and new assets typically come out stronger when things start to pick

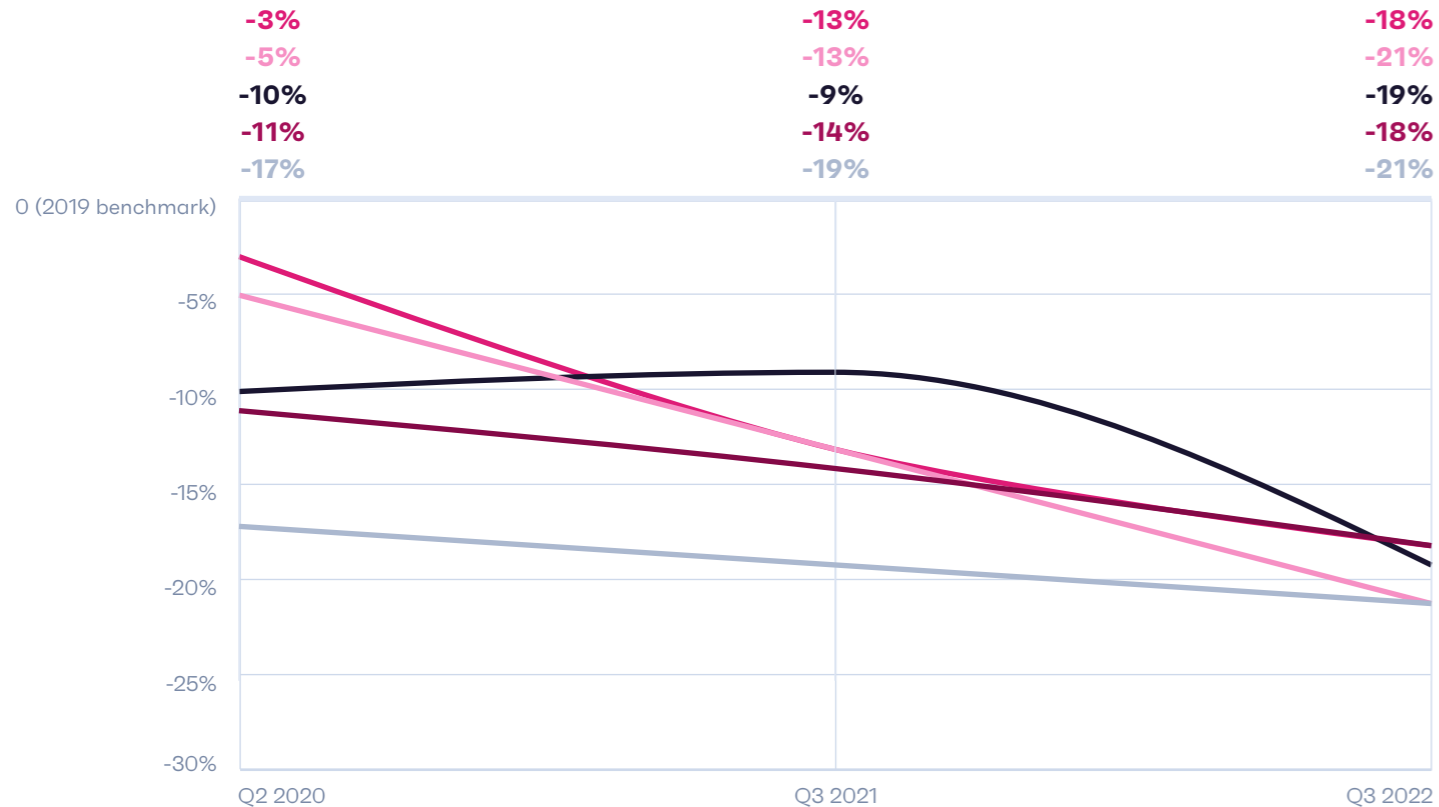
up. But this message doesn't seem to be making it all the way up to the boardroom. The number of top-level decision makers saying that better marketing, differentiation against competitors, and innovation are important growth initiatives for the year ahead has dropped over time. By weaving audience insights into strategy discussions, businesses will have a better sense of what consumers are going through and what they expect, which should always be mulled over before making cuts.

On the whole, it's best to restrategize than pull the plug, and those who maintain or grow their presence at a time when others are pulling back will be in a stronger position once spending picks up.

Marketing budgets often get slashed as the need to cut costs grows

% change in the number of top-level decision makers* who say the following are important initiatives to help drive growth in the next year (compared to 2019)

- Improving efficiency & productivity
- Improving innovation
- Better marketing
- Improving differentiation against competitors
- Increasing brand awareness



*those who are the ultimate decision makers for their company/team/department or have an equal share in decision making

GWJ Work Q1 2019-Q3 2022 139,862 top-level decision makers in 10 markets aged 16-64

“The prime directive of a marketer, all the way up to CMOs, is to represent the consumer in the place that decisions are made

MARK RITSON
BRAND CONSULTANT



The psychology of price rises

Most shoppers know prices go up over time and even joke about how much **chocolate bars** used to cost them once upon a time. But today's situation is tricky: items have become more expensive to produce at a time when price-consciousness is high.

There's an art to delivering bad news well. The "**bad news Oreo**", where something negative is sandwiched between two happier messages, has laid the groundwork for many stories; though communicating price increases requires more thought. While brands should take the optimistic route, they also need to be upfront about the situation. Over half of Americans most want companies to be honest/trustworthy, and crafting an open and clear message is key to keeping customers on board, as well as inspiring loyalty.

If you want more proof that consumers don't think in ways we expect, here it is:

across every age group and the majority of countries, people are least likely to want a message that focuses on what they'll actually be paying. Older groups are keen to know *when* the markup will take place, while younger ones seek more information around *why* it's happening and how it'll affect them. All in all, consumers want the full story, not just the numbers. And the point that higher prices will maintain or raise a product's value should take center stage, especially for brands with a young audience.

Companies also need to give customers time to process this news and open up a dialogue. 7 in 10 people want to be notified of a price increase at least one month before it happens, and 4 in 10 want brands to listen to feedback. After contacting customers well in advance, telling a value-driven story, and responding to their concerns in a consistent tone of voice, businesses will have done all they can.

“

Where communicating price increases, it's best to call a spade a spade

UTPAL DHOLAKIA
PROFESSOR OF MARKETING
AT RICE UNIVERSITY

The price itself is the last thing consumers want to know

% in 12 markets who say they'd like communications to notify them about price increases with the following information

A message focusing on...

When the price increase will happen

30%

Why it's happening

28%

How it will affect consumers

26%

How much customers will be paying

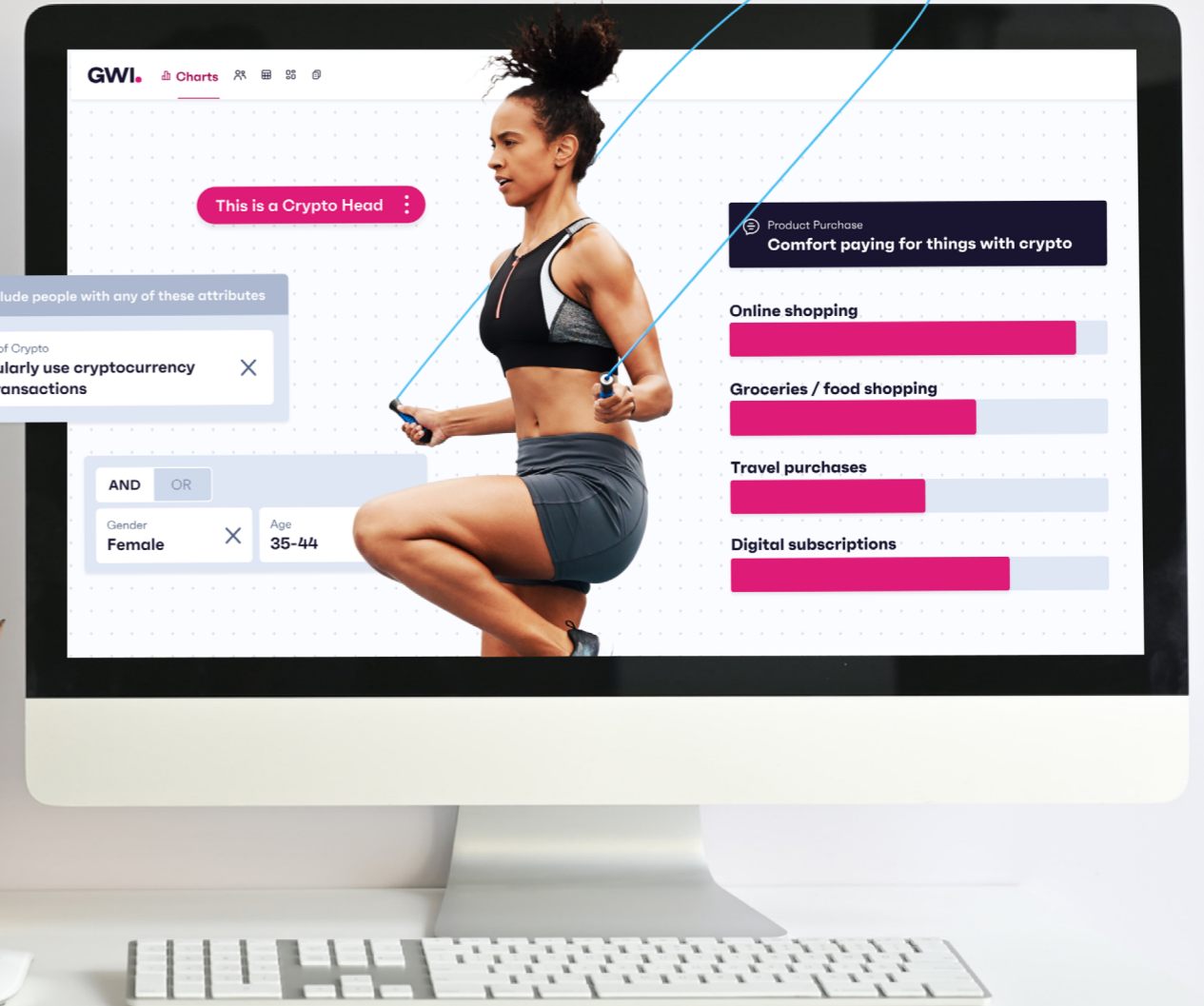
16%

Your audience is in our platform

Our platform gives you instant access to the answers you're missing. With consistent audience research that's run worldwide, this is your window into their world – through a global and local lens.



[Book a demo](#)



Appendix

- 1 Which of these influences your views on your country's economy the most?
- 2 In the next 6 months, how do you think your personal finances will change? (Get better)
- 3 Have you delayed purchasing any of the following, as a result of the COVID-19 outbreak?
- 4 If you were to lose your main source of income, how long would your current savings cover your basic living expenses?
- 5 To what extent do you agree/disagree with the statements below on your perception of yourself? (Strongly/Somewhat agree) • When did you last purchase these products?
- 6 To what extent do you agree/disagree with the statements below on your perception

of yourself? (Strongly/Somewhat agree) • When did you last purchase these products?

- 7 How much of an impact do you think inflation has had on you personally, if at all?
- 8 In the next 6 months, how do you think your personal finances will change? (Get better)
- 9 Compared to 2022, how would you describe your current attitude to spending?
- 10 Which of these statements do you agree with? • Do you plan on doing any of the following in the next six months?
- 11 Which of these statements do you agree with?
- 12 Which of the following are important/not important to

you? • From this list, what would you say are your top 3 hopes or aspirations right now?

- 13 Thinking ahead, which of the following do you plan on doing?
- 14 Which of the following do you feel describes you? (I feel overworked)
- 15 Which of these places would you normally visit/buy something from? (Weekly) • How frequently do you shop at these supermarkets/convenience stores? (Weekly) • Which of these have you used in the last week?
- 16 Which of these products have you or your household purchased in the last 3-6 months?
- 17 Thinking ahead, which of these would you spend less

on? • On average, how often would you say you do the following things?

- 18 When deciding which brands to buy, which of these are most important to you?
- 19 When choosing/buying the following, which factors are important/most important to you?
- 20 When choosing the following, which factors are important to you? • Which of these have most impact on where you travel for a vacation? • When buying the following, which factors are most important to you?
- 21 Which of these are important initiatives for your company or team to help drive its growth in the next year?

- 22 A product/service that you regularly buy/use is increasing in price. How would you most prefer to be notified of the price increase?

Notes on methodology

Introduction

All figures in this report are drawn from GWI’s online research among internet users aged 16-64. Please note that we only interview respondents aged 16-64 and our figures are representative of the online populations of each market, not its total population.

Our research

Each year, GWI interviews over 900,000 internet users aged 16-64 across 50 markets. Respondents complete an online questionnaire that asks them a wide range of questions about their lives, lifestyles, and digital behaviors. We source these respondents in partnership with a number

of industry-leading panel providers. Each respondent who takes a GWI survey is assigned a unique and persistent identifier regardless of the site/panel to which they belong and no respondent can participate in our survey more than once a year (with the exception of internet users in Egypt, Saudi Arabia, and the UAE, where respondents are allowed to complete the survey at 6-month intervals).

Our quotas

To ensure that our research is reflective of the online population in each market, we set appropriate quotas on age, gender, and education – meaning that we interview representative numbers of men vs women, of 16-24s,
















25-34s, 35-44s, 45-54s and 55-64s, and of people with secondary vs tertiary education.

To do this, we conduct research across a range of international and national sources, including the World Bank, the ITU, the International Labour Organization, the CIA Factbook, Eurostat, and the US Bureau of Labor Statistics, as well as a range of national statistics sources, government departments, and other credible and robust third-party sources.

This research is also used to calculate the “weight” of each respondent; that is, approximately how many people (of the same gender, age and educational attainment) are represented by their responses.

Sample size by market

This report draws insights from GWI’s Q4 2022 wave of research across 50 countries, with a global sample of 244,115 respondents.

	Argentina	1,823		Mexico	5,134
	Australia	8,211		Morocco	937
	Austria	2,096		Netherlands	2,624
	Belgium	2,091		New Zealand	1,965
	Brazil	9,158		Nigeria	879
	Canada	6,335		Norway	1,308
	China	1,309		Philippines	3,827
	Chile	25,119		Poland	3,143
	Colombia	3,821		Portugal	2,359
	Czech Republic	1,306		Romania	1,312
	Denmark	1,573		Russia	4,327
	Egypt	1,813		Saudi Arabia	1,805
	France	10,830		Singapore	3,499
	Germany	10,828		South Africa	1,834
	Ghana	919		South Korea	2,360
	Greece	1,314		Spain	10,667
	Hong Kong	2,021		Sweden	2,617
	India	14,935		Switzerland	1,580
	Indonesia	6,512		Taiwan	2,752
	Ireland	1,440		Thailand	4,544
	Israel	1,577		Turkey	2,088
	Italy	10,412		UAE	1,797
	Japan	10,530		UK	10,455
	Kenya	912		USA	25,739
	Malaysia	4,413		Vietnam	3,265

Mobile survey respondents

From Q1 2017 on, GWI has offered our Core survey on mobile. This allows us to survey internet users who prefer using a mobile or are mobile-only (who use a mobile to get online but do not use or own any other device). Mobile respondents complete a shorter version of our Core survey, answering 50 questions, all carefully adapted to be compatible with mobile screens.

Please note that the sample sizes presented in the charts throughout this report may differ as some will include both mobile and PC/laptop/tablet respondents and others will include only respondents

who completed GWI's Core survey via PC/laptop/ tablet. For more details on our methodology for mobile surveys and the questions asked to mobile respondents, please download this [document](#).

Internet penetration rates: GWI versus ITU figures

As GWI's Core Research is conducted among 16-64 year-olds, we supplement the internet penetration forecasts for a country's total population (reproduced right) with internet penetration forecasts for 16-64s specifically. Forecasts for 16-64s will be higher than our forecasts for total population, since 16-64s are the most likely age groups to be using the internet.

Internet penetration rates across GWI's markets

Because internet penetration rates can vary significantly between countries (from a high of 90%+ in parts of Europe and North America to lows of around 20% in parts of APAC), the nature of our samples is impacted accordingly.



















































Where a market has a high internet penetration rate, its online population will be relatively similar to its total population and hence we will see good representation across all age, gender and education breaks. This is typically the case in North America, much of Europe and places in APAC such as

Japan and Australia. Where a market has a medium to low internet penetration, its online population can be very different to its total population; broadly speaking, the lower the country's overall internet penetration rate, the more likely it is that its internet users will be young, urban, affluent and educated. In some Middle Eastern, African and Asian countries (e.g. India, Indonesia), we would also expect a gender-based skew towards males. Generally, younger internet users are more active and engaged with a lot of the behaviors and services tracked by GWI, which means % scores will typically be higher in low-to-medium-penetration markets.

Internet penetration rates (GWI's forecasts for 2023 based on ITU 2017 and 2018 data)

The table to the right refers to the total population in each market.

The internet penetration estimates are calculated using the most recent data from the International Telecommunication Union - a United Nations agency responsible for issues concerning communication technologies. The most recent published data from this source is from 2018 (and in some countries 2017), so GWI forecast the data forward to 2020 by making calculations based on the trend of internet growth in each country from 2000 onwards. This calculation is then adjusted based on other (usually national government) sources which can be used to provide an accurate overview of internet usage in each country. Note that the figures used to calculate GWI's own universe figures will be among 16-64s only, and will therefore be higher.

	Argentina	92		Mexico	82
	Australia	99		Morocco	74
	Austria	95		Netherlands	98
	Belgium	97		New Zealand	97
	Brazil	90		Nigeria	68
	Canada	99		Norway	99
	China	76		Philippines	75
	Chile	90		Poland	92
	Colombia	82		Portugal	89
	Czech Republic	96		Romania	92
	Denmark	99		Russia	95
	Egypt	68		Saudi Arabia	91
	France	96		Singapore	99
	Germany	98		South Africa	78
	Ghana	60		South Korea	100
	Greece	91		Spain	97
	Hong Kong	99		Sweden	98
	India	44		Switzerland	98
	Indonesia	63		Taiwan	97
	Ireland	97		Thailand	71
	Israel	96		Turkey	88
	Italy	90		UAE	97
	Japan	96		UK	99
	Kenya	67		USA	98
	Malaysia	94		Vietnam	72

Get in touch



SHAUNA MORAN
SENIOR TRENDS ANALYST
smoran@gwi.com



CHASE BUCKE
VP OF TRENDS
chase@gwi.com

GW.