

Consumer Trends, Attitudes and Spending Habits for the Home - UK - 2023

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This report looks at the following areas:

- The impact of the cost of living crisis and economic downturn on consumer spending on the home.
- How has the pandemic continued to shape the home market?
- How brands and retailers respond to shifting consumer behaviour?
- How brands and retailers can promote value for consumers seeking to purchase for the home?

With the rising cost of living, consumers have shifted to more value-oriented spending behaviours. Many consumers feel their financial situations are worse off (45%) than the previous year, but the majority say their financial situation is at least okay (71%). Some 65% of consumers have delayed spending on the home, while 77% of consumers view entertaining friends at home as just as good as going out. This will enable home improvements to continue as many will take on varying projects to make the home better for entertaining.

The home market will be impacted by the cost of living crisis as consumers shift their spending behaviours to be value driven. Despite a decline in the market size, the necessity nature of the home market will continue to be supported despite these challenging times; 46% of consumers will purchase to replace worn out/broken items. The rising cost of living will inspire some consumers to carry out more home projects on their own.

The current economic downturn will mean many consumers will tighten their budgets as many expect their financial situation to worsen. Many retailers have tried to not pass the rising costs of production onto consumers, but in 2023 these costs will begin to trickle down to consumers through rising prices. Retailers like IKEA have announced potential price increases for the year as profits continue to dip with rising supplier pricing, higher energy bills and increased freight and labour costs.



“The necessity nature of the home market will remain important as consumers shift from spending on the bigger-ticket projects seen to lower-ticket purchasing. Many will turn to their home as a place of entertainment as many will look to cut costs in other categories.”

– **Bridget McCusker, Retail Analyst, January 2023**

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Looking towards the future, given the economic downturn consumers are delaying spending on the home or even seeking to buy second-hand products for their home (49%). Promoting the circularity of the home market through offering second-hand products, partial exchange recycling schemes and rent-to-buy schemes will help consumers to make improvements to their home, despite restrictions to discretionary spending whilst also tapping into the sustainability trend.

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