



Briefing: Consumer Concerns – Cost of Living

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Introduction

With reports in the news that the economy is beginning to recover the Consumer Council undertook research in December 2013 to gain an insight into consumers' views.

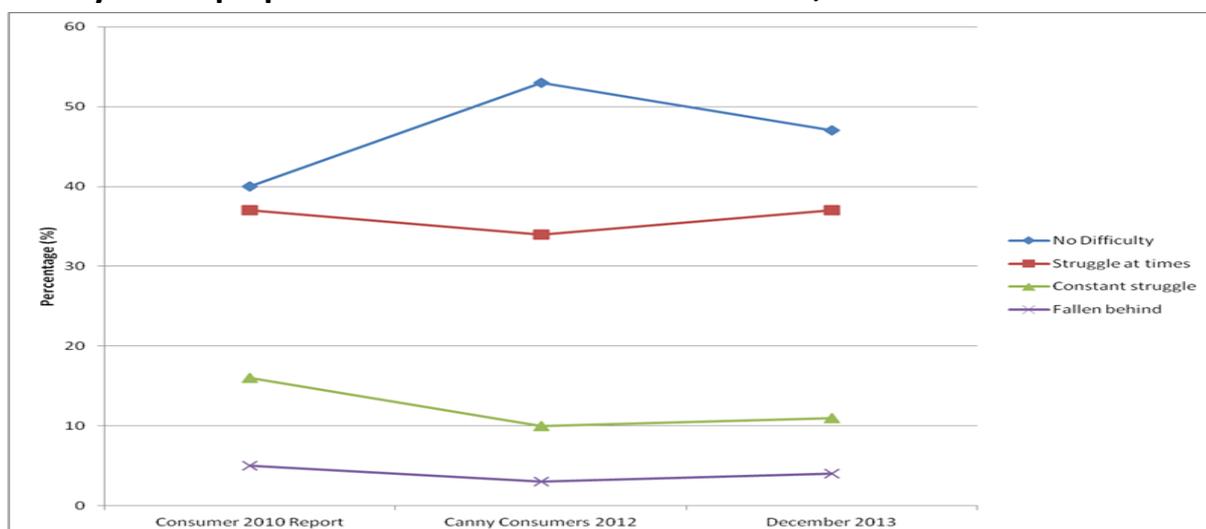
Although the NI economy is set to grow at its fastest rate since 2007 households continue to struggle. Benefits may be being felt in the general economy but there is a definite lag before consumers see this translated to their pocket, household budget or to prices on the high street. Poorer households have been hardest hit by the higher food and energy prices and in NI are £1000 worse off a year than they were ten years ago¹.

Half of NI consumers are worried about making ends meet now and more are worried about the future

- Almost half (49 per cent) of consumers are worried about their ability to make ends meet now;
- Fifty-six per cent are worried about their ability to make ends meet in the future;
- Less than half of NI consumers (47 per cent) are keeping up with bills and financial commitments without difficulty; and,
- For 15 per cent, keeping up with bills is a constant struggle or they have fallen behind with some or all financial commitments.

This has been quite a static trend over the last few years as the graph below shows.

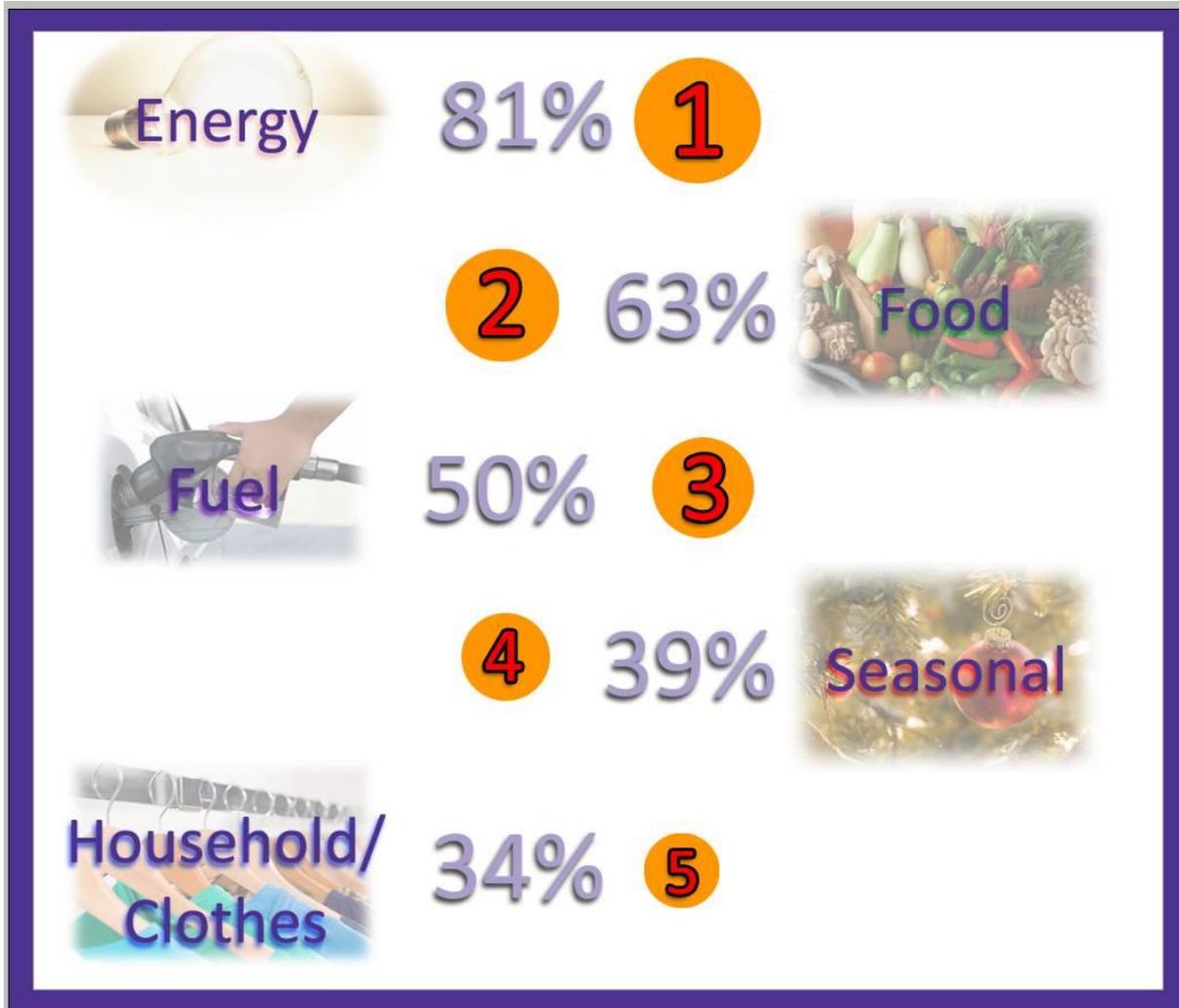
Ability to keep up with financial commitments 2010, 2012 and 2013



¹ Economic Outlook, March 2014, PWC

Energy, food and housing costs

We asked consumers what their biggest area of concern was in relation to household bills, the top 5 are set out below.

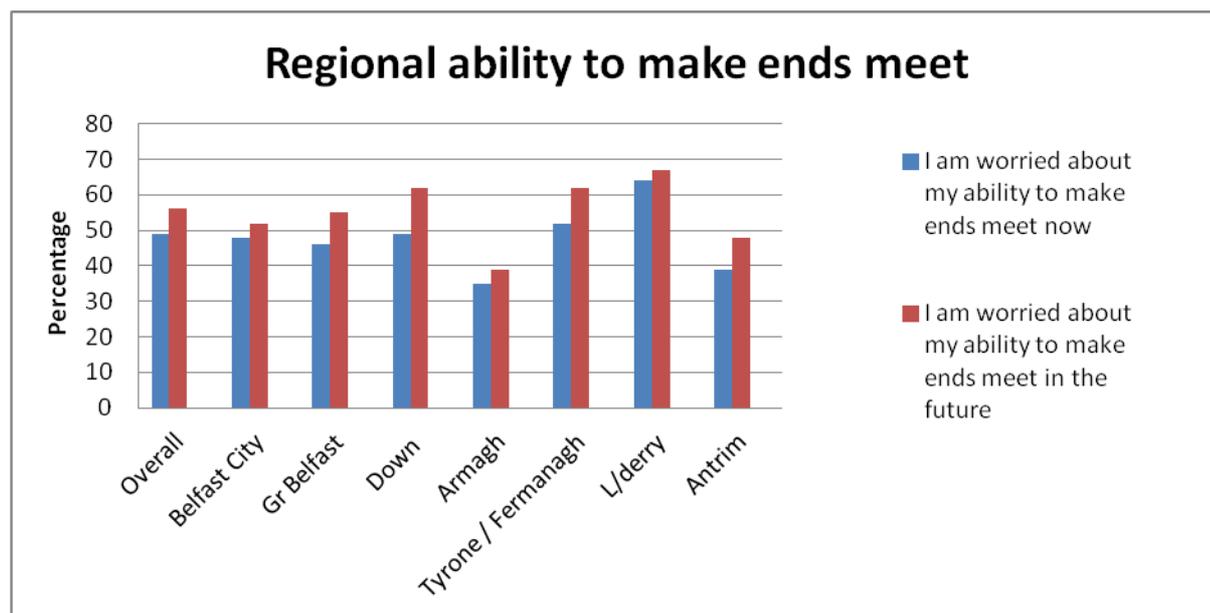


Overall consumers' biggest worry is home energy costs, with 81 per cent expressing concern. This is not surprising considering since 2009 the cost of heating oil has risen by over 62 per cent; the cost of electricity has increased by 61 per cent; and, the cost of natural gas by 38 per cent.² The average overall annual household energy bill in Northern Ireland is £2,341 which compares to £1,445 in GB. The 62 per cent difference can be explained by the reliance of 68 per cent of NI homes on home heating oil whilst in GB most homes use the comparatively cheaper natural gas.

² Consumer Council Cost of Living Brief October 2013

Older people cited energy bills as their number one concern (64 per cent) more than the overall NI population (47 per cent), and energy bills were more of a top concern for rural consumers (52 per cent) than for those living in urban areas (45 per cent).

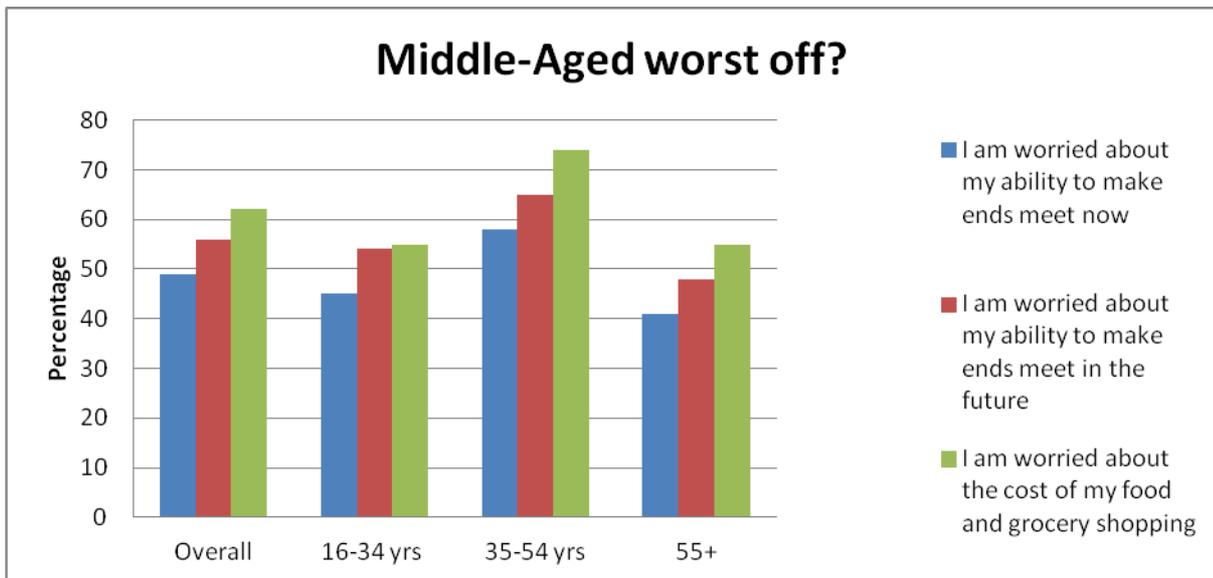
Food prices rose by 33 per cent between 2007 and 2013³, so it is perhaps unsurprising that food costs are the second biggest spending concern, with 63 per cent of consumers placing this within their top five.



Consumers in Londonderry/Derry are the most concerned with 64 per cent worried about making ends meet now and 67 per cent worried about making ends meet in the future compared to the NI averages of 49 and 56 per cent.

Five per cent of consumers are worried about losing their home within the next year because they can't pay their rent or mortgage. This percentage increases to 8 per cent among the 35- 54 year olds and is highest at 11 per cent in Armagh.

³ Food expenditure and nutritional quality over the Great Recession, The Institute for Fiscal Studies, November 2013



Consumers aged 35-54 are particularly worried about their ability to make ends meet now, in the future and are more worried about the cost of food compared to any other age grouping. This has shifted since 2010 when we conducted similar research which found consumers aged 25-34 years were the most concerned about making ends meet.

Tracking consumers' views and confidence

This snapshot provides a clear message that consumers do not have confidence that the "green shoots" of economic recovery are going to make a discernible difference to the money in their pocket and are more anxious about the future.

The Consumer Council will build on its consumer intelligence and will share this information with elected representatives and decision makers. Twice per year we will be researching in more detail consumer confidence and experience to provide an insight into how well consumers believe they are coping financially and keeping up with the cost of living. This will provide stakeholders with a picture of how and if consumers are beginning to recover from the worst recession in recent history, their most pressing concerns and if they believe they are able to cope financially.

Contact details

If you would like more information or wish to discuss the findings of this research please contact Kathy Graham, Interim Director of Policy, Kathy.graham@consumercouncil.org.uk or telephone 028 9067 2488.



The Consumer Council

Making the consumer voice heard and making it count

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