

How the cost-of-living crisis changes the way shoppers think

Nothing influences consumer behaviour in the same way as an economic downturn. But how can shoppers and businesses adapt to changing environments as budgets tighten?

Temps de lecture : minute

24 January 2024

Consumer behaviour can change repeatedly throughout different phases of economic cycles. When skies are clear and the economy is growing, it's typical to see unemployment fall and the average household generate more disposable income. This invariably results in more discretionary spending on non-essential products and services.

However, when a downturn is underway, consumers face slower income growth and more concerns about the future of the labour market, resulting in spending cutbacks.

With speculation continuing to mount over whether the UK will enter a recession, it appears likely that ongoing economic headwinds will continue to impact the nation's recovery from the damage caused by severely high inflation rates throughout recent months. With this in mind, let's take a closer look at what we can expect from consumer spending in a downturn that's set to follow us into 2024:

Facing frugality

While the lessons learned from the recession of 2008 offer little in the way of a silver lining for consumers and businesses, they do provide key spending insights to help us understand how consumer behaviour

changes in a downturn.

Where periods of economic prosperity typically involve more discretionary spending, downturns typically result in more frugality.

According to a *survey from the time*, consumers spent the last recession seeking out logical product replacements, indicating that they were more interested in sticking to products that they knew would suit their needs.

In addition to this, 64% of surveyed consumers suggested that they would consider whether they really needed an item, 60% would only buy a product if they couldn't find a lower price elsewhere, and 59% would make sure they only made a purchase if they could afford the item.

McKinsey *research from December 2009* found that an average of 18% of consumer-packaged-goods consumers bought lower-priced brands over the two preceding years, and 46% of those who switched believed they performed better than expected. Furthermore, 34% of those who switched said that they no longer preferred higher-priced products and 41% noted that the higher-priced items were 'not worth the money', despite being preferable.

So, what does this tell us about consumers in a downturn? We can determine that frugality takes precedence over brand loyalty to an extent, and that product functionality is more sought after rather than a leap of faith over an entirely new product.

Where does the money go?

In a *recent Hubspot survey*, we found corroborating evidence that consumers spend their money in a downturn on more basic necessities as opposed to non-essential goods and services. This meant that spending remained high in areas like essential groceries and food, essential care

products, healthcare, medication, housing bills, and rent or mortgage payments.

While these figures suggest that consumers are still intent on cutting their spending in similar ways to 2008 and 2009, more respondents are keen to maintain their existing outgoings on some non-essential services.

Hubspot's figures showed that nearly 10% of respondents planned to invest in digital or online entertainment, 9% will still invest in restaurants and bars as well as education and academics, and more than 16% claimed that they planned to still spend on clothing and apparel.

This indicates that we're unlikely to see certain industries fall completely flat should a recession occur, but it's likely that more businesses will need to compete fiercely to secure a far smaller market for their goods and services.

But what can be done for brands seeking to continue their operations when their target market is likely to be significantly smaller than before? Let's explore three key considerations that can be made to secure sales even in the midst of a downturn:

Consumers are more receptive to offers

With consumers more careful with how they spend their money, special offers and discounts can be a great way of helping them to make purchases with your brand. However, transparency is key in these more uncertain times.

If you're looking to cut the prices of your existing items, be honest about their pre-discount 'normal' prices. Implementing an offer-based strategy is also less likely to be effective if you're running delayed-value promotions or sweepstakes rather than tangible cost-effective events for

shoppers.



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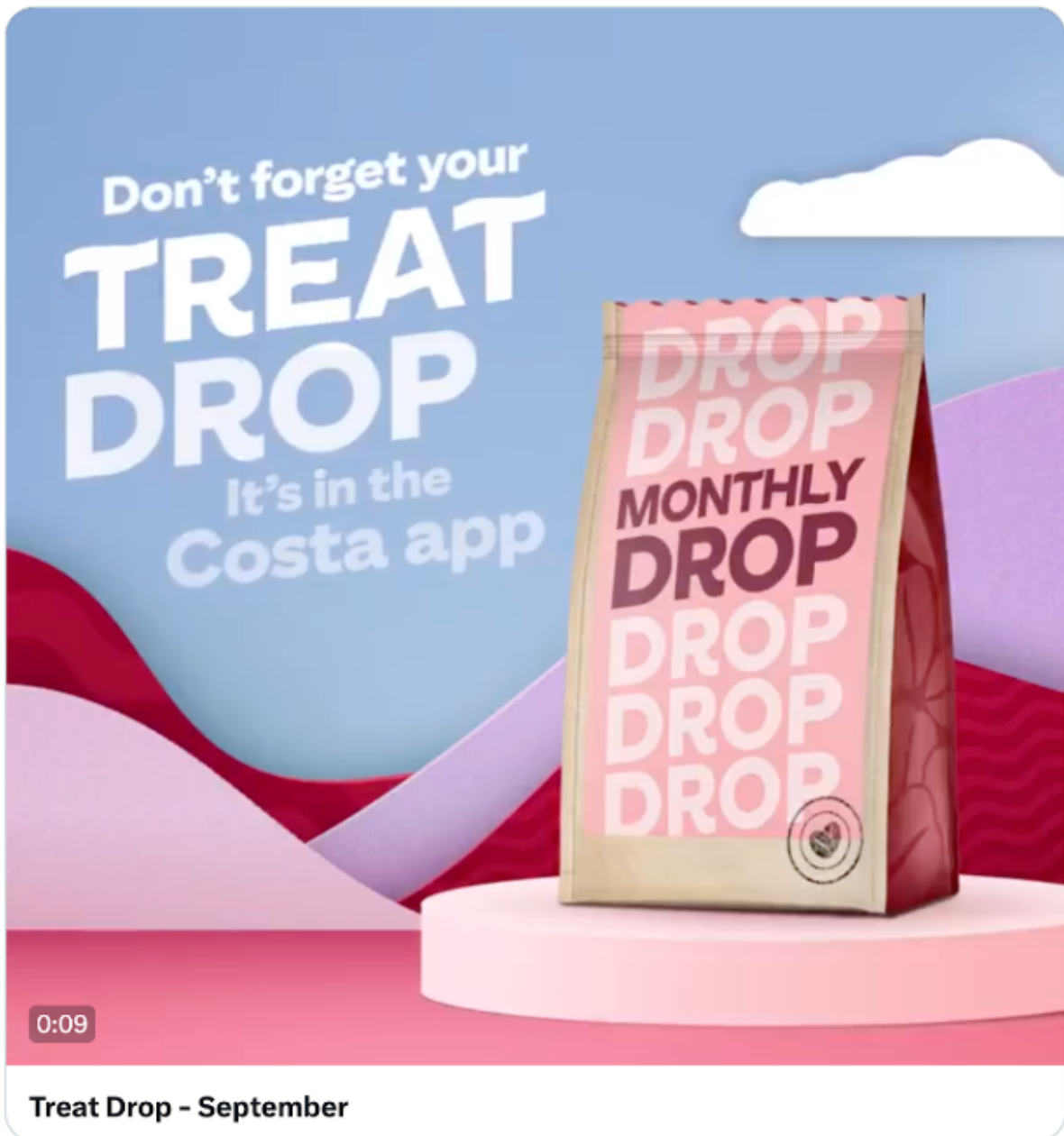


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Alongside discount promotions and the option to allow discounted purchases with the use of checkout codes, we can see firms like coffee brand Costa offering customers discounts and freebies via their app. Here, with a hint of gamification, users can reveal a limited offer like '30% off food purchases in-store' which can encourage more spending among consumers who may not have otherwise intended to buy food.

This can be a great means of ensuring consumers continue to believe they're getting value for their money while introducing new products to them that they may be unlikely to try during a downturn.

Use guest posting for more organic traffic

As we've already touched upon, economic downturns can cause fewer consumers to continue buying non-essential products. This means that your brand could be battling more competitors for the same customers.

Because of this, it's worth embracing relatively low-cost marketing strategies like guest blogging as a means of growing your reputation online and maintaining your sales volumes.

In a nutshell, guest blogging is the act of creating content online and publishing it on an external website that isn't your own. Generally, these host websites would be in a relevant industry and would have a high domain reputation (DR) to ensure that they receive a significant amount of traffic. Through the use of backlinks back to your pages, you can then secure a portion of traffic heading back to your pages.

But how can you engage in guest blogging? One of the best practices is through SEO tools like [*Ahrefs*](#). For instance, let's say that you're a clothing store and have identified ASOS as a market leader in your particular industry niche.

Referring page	DR	UR	Domain traffic	Referring domains	Linked domains	Ext.	Page traffic	Kw.	Anchor and target URL	First seen	Last seen
Avertisement de redirection https://www.google.com/ur/3a-lurl=https://www.asos.com/asos-design/asos-design-scarf-in-black-faux-leather/prd/13274405&sig=ADvAw2k9g7SUpQmvoQjGA-07&as=168337215719900&source=images&ocid=v&ved=0CBAQIhwFTONz4WIS4CFQAAAJAAABAD	98	0	71.1M	2	1	1	0	0	La page que vous consultez essaie de vous rediriger vers https://www.asos.com/asos-design/asos-design-scarf-in-black-faux-leather/prd/13274405 .	30 May 2023	12 Aug 2023
How to filter products without refreshing the whole page WordPress.org https://wordpress.org/support/topic/how-to-filter-products-without-refreshing-the-whole-page/	98	2.2	3.2M	0	18	21	0	0	https://www.asos.com/men/accessories/caps-hats/cat/?cid=6517&ctref=fp (prime feature) [category] caps¤tpricerange=5-40&refine-attribute_10478275.8245 SORTED: highest/low url: https://www.asos.com/men/accessories/caps-hats/cat/?cid=6517&ctref=fp	13 May 2022	3 Aug 2023
Microsoft Customer Story-Online retailer uses cloud database to deliver world-class shopping experiences https://customers.microsoft.com/ja-jp/story/asos-retail-and-consumer-good-azure	96	0.2	331.4M	1	9	16	0	0	ASOS https://www.asos.com/	21 Jul 2021	19 Apr 2023
Sitemap spider not robust against wrong sitemap URLs in robots.txt - Issue #2390 - scrapy/scrapy - GitHub https://github.com/scrapy/scrapy/issues/2390	96	0.5	41.1M	16	4	6	0	0	Example: http://www.asos.com/robots.txt NDFOLLOW: http://www.asos.com/robots.txt -361 - https://www.asos.com/robots.txt	12 Jun 2021	2 d ago
Mick Carter - Wikipedia https://en.wikipedia.org/wiki/Mick_Carter	96	9	2.3B	43	41	263	3.5K	222	December 2013, "Landlord V Landlord" - ASOS.com - Archived from the original on 27 December 2013 NDFOLLOW: http://www.asos.com/men/fashion-news/2013/december/25-wednesday/eastenders/ -361 - https://www.asos.com/men/fashion-news/2013/december/25-wednesday/eastenders/ -361 - https://www.asos.com/men/fashion-news/2013/december/25-wednesday/eastenders/	4 Apr 2021	16 Aug 2023
Rish + Charli on Vimeo https://vimeo.com/189196990	96	0.4	6.0M	2	27	48	0	0	Bridesmaids Dresses: ASOS - asos.com/women/ NDFOLLOW: http://www.asos.com/women/ -361 - https://www.asos.com/women/	12 Dec 2020	27 Jun 2023

By using Ahrefs to explore the backlinks from referring domains to the ASOS website, you can discover prospective host websites where you can publish your guest posting content.

Referring page	DR	UR	Domain traffic	Referring domains	Linked domains	Ext.	Page traffic	Kw.	Anchor and target URL	First seen	Last seen	Links	Inspect
Top 10 oversized parka outfit ideas and inspiration https://www.pinterest.at/ideas/oversized-parka-outfit/930273791538/	84	0.2	1.1M	0	9	15	0	0	Saved from asos.com http://www.asos.com/men/may/hotsty-may-oversized-parka-jacket-with-faux-fur-lining/prd/6727129?id=6727129&col=Black&SearchQuery=womens+jackets&pgsize=36&page=8&totalstyles=61&gridsize=3&gridrow=10&gridcolumn=2	25 Apr 2023	25 Apr 2023	2.2K	Q
How ASOS is bucking the influencer trend by helping to promote unknown artists https://www.mic.com/articles/161779/how-asos-is-bucking-the-influencer-trend-by-helping-to-promote-unknown-artists	84	0	225.6K	0	10	40	0	1	talent goes, there's Eif Kid from the U.K., who, with ASOS's help, was able to create a music video in Ethiopia. CONTENT: http://www.asos.com/men/fashion-news/2016_09_8-tues/asos-muse-eif-kid?CTARef=ASOS+Supports+Talent+Eif+Kid	10 May 2019	10 Jun 2023	139	Q
How to Start a Fashion Blog and Become a Fashion Blogger https://vgd4evd4ed.com/start-fashion-blog/	84	5	32.1K	6	54	117	0	12	ASOS http://www.asos.com/au/affiliate-page/cat/pgehtml.aspx?cid=13121 -361 - https://www.asos.com/au/affiliate-page/cat/pgehtml.aspx?cid=13121	13 Jun 2022	19 h ago	5	Q
ASOS and It's Nice That: Hawaiian Shirts https://www.itnicethat.com/articles/asos-and-its-nice-that-hawaiian-shirts	84	10	56.1K	3	37	70	0	1	www.asos.com http://www.asos.com/Men/Spring-Top-50/Cat/pgehtml.aspx?cid=15232 -361 - https://www.asos.com/Men/Spring-Top-50/Cat/pgehtml.aspx?cid=15232	23 Nov 2018	4 d ago	12	Q
4 Tips For Revamping Your Customers' E-Commerce Experience Built In https://builtin.com/design-ux/online-shopping-experience	84	4.7	2.2M	1	21	24	0	1	Asos CONTENT: https://www.asos.com/women/	25 Nov 2020	4 d ago	3	Q
Top 10 green chinos men ideas and inspiration https://www.pinterest.dk/ideas/green-chinos-men/933499518147/	84	0.1	822.6K	0	10	137	0	0	Saved from asos.com https://www.asos.com/only-sons/only-sons-chino-slim-fit-green/prd/202438212?browseCountry=GB&browseCurrency=GBP	15 May 2023	15 May 2023	1.1K	Q
The best online shopping sites to treat yourself https://www.consumeraffairs.com/news/the-best-online-shopping-sites-to-treat-yourself-102517.html	84	0.2	1.6M	1	15	22	0	0	ASOS One of the biggest names in online fashion, ASOS offers a wide variety of affordably priced and super stylish http://us.asos.com/?hrc=1 -361 - https://www.asos.com/us/?hrc=1 -361 - https://www.asos.com/us/?hrc=1 -361 - https://www.asos.com/us/	12 Nov 2020	5 d ago	1	Q

While there are certainly some high DR domains that you can target through this strategy, looking to more DR 60-85 publications can be a great means of discovering high-value editorial contacts and getting your content published on a page with significant traffic.

The beauty of guest blogging is that your content can generate significant

volumes of organic traffic depending on your topic, and this can help position you as a leading voice of authority within your industry.

Furthermore, search engine crawlers can identify the backlinks you generate with high-reputation websites and categorise your pages higher as a result.

While this can be a time-consuming process, the reputation growth and engagement you can receive from guest blogging are exceptional. Next-generation content marketing agency *Solvid* managed to generate a 391% increase in organic traffic to an internationally focused online brokerage in the space of a year. This significant increase in traffic volume can be an excellent attribute for brands looking to preserve their conversion rates as an economic downturn negatively impacts the consumers populating the market.

Reinvent your products for budget consumers

Although downturns can be difficult and uncertain times for businesses and consumers alike, they can also *present new opportunities* for brands to out-innovate their rivals.

Because more consumers are seeking budget products, this means that you have the opportunity to look back to your existing products and services to see whether anything can be streamlined or adapted for consumers looking to make lower-cost purchases.


Whether this means removing some premium features from a subscription service, or cutting one or two costly parts of a product, introducing cost-effective goods and services can help to leverage more sales and build brand loyalty among users who may not be ready to immediately purchase a premium quality product without sampling it first.

STEP 1 OF 3

Choose the plan that's right for you

- ✓ Watch all you want.
- ✓ Recommendations just for you.
- ✓ Change or cancel your plan at any time.

	Standard with adverts	Standard	Premium
Monthly price	£4.99	£10.99	£15.99
Video quality	Great	Great	Best
Resolution	1080p	1080p	4K+HDR
Watch on your TV, computer, mobile phone and tablet	✓	✓	✓
Downloads	—	✓	✓

 An advert-supported plan includes a few differences. [Learn how it works.](#)

One key example of this can be found in the streaming service Netflix and its decision to introduce a 'Standard with adverts' subscription service for customers.

The decision to embrace ads meant that Netflix was able to introduce a brand new *lower-cost service* for consumers where some of the lost profits were subsidised by advertisers. As a brand new payment option, Standard with adverts was introduced with minimal upheaval and empowered subscribers to continue streaming at a lower cost should they wish to cut their costs.

Finding a balance between austerity and innovation

The key for consumers and businesses alike as the economic downturn looks to continue into 2024 is to balance frugality with creativity.

For consumers, this means assessing regular outgoings, how essential they are, and exploring ways to lower costs with minimal disruption to

comfort. Whereas, for businesses, this means lowering expenses and looking at more intelligent ways to leverage marketing campaigns and lead generation.

When balancing austerity and innovation, it's possible to develop a formula that can thrive when the skies clear and we re-enter a period of prosperity. Because of this, the economic downturn should always be identified as an opportunity to build a sustainable platform to thrive long into the future.

Article by Rebecca Barnatt-Smith