

Which? Response To Today's GDP Figures

Friday 26 July, 2013

Responding to today's GDP figures from a consumer perspective, Richard Lloyd, executive director of Which? said:

"Today's confirmation of further growth is welcome but there is still a long way to go before this will be felt by consumers, whose confidence and spending power remains fragile.

"Our latest consumer research found a third of families, nine million households, feeling the squeeze financially. Households are increasingly using savings or credit to pay for essentials with rising inflation meaning many are facing a prolonged squeeze."

- Ends -

Notes to Editors:

For further statistics and analysis, visit the Which? Consumer Insight Tracker- some highlights from the research include:

- Only a quarter of people (25%) expect their own personal financial situation to improve in the next year and three in 10 people (30%) continue to cut back on essential spending.
- In the last year, two-thirds of the population (65%) said that the economy is negatively impacting their personal finances.
- The last month has also seen the biggest drop in consumer spending power following nine months of previous continuous growth. Overall spending power is down 0.9% year on year.
- In the last year, on average, each month 6.1 million households dipped into savings to cover their monthly spending, 4.7 million households relied on their overdraft, and one million used an unauthorised overdraft.

On average over the last 12 months, each month:

- 7.8 million households cut back spending
- 3 million households needed to borrow money from family and friends
- 1.3 million households took out a new credit or store card
- 1 million households took out a payday loan.

The Which? Consumer Insight Tracker also finds:

- At the moment just 40% of people describe their finances as 'good'.
- On average over the last year more than eight in 10 consumers have been worried about energy and fuel prices (78%) and seven in 10 (70%) worried about food prices.
- The 30-49 age group is most affected by the financial squeeze, while under 30s have seen the biggest decline in spending power.
- One in five people have no savings, as paying off debt is seen as a higher priority.

1. Primary Research Methodology: Populus, on behalf of Which?, interviewed 2055 UK adults online between 14th and 16th June 2013. Data were weighted to be demographically representative of all UK adults. Populus is a member of the British Polling Council and abides by its rules.

2. Which? Spending Power Index Methodology: Which? and the Centre for Economics and Business Research (CEBR) examined the macroeconomic trends in the British economy and created the Which? Spending Power Index measuring monthly purchasing power for UK households. The Which? Spending Power Index is constructed as a measure of consumer purchasing power, calculated by deflating modelled nominal household incomes by household-specific price indices.

3. 28% of households, 7.5 million households, were feeling the impact of the financial squeeze in June 2012. This has increased to 34%, 9 million households, in June 2013.

4. Households are facing huge inflation on essentials, with food prices up by 3.9%, and gas and electricity bills up by 8% - figures from from analysis of Consumer Price Index data (June 2013).

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