



The Fear Factor

A brief spell of optimism comes to an end as consumers vote with their wallets and put the brakes on discretionary spending

London 15th December 2009: X Factor fever may be sweeping the country, but new research from market research agency BDRC reveals that it's the 'Fear Factor' that is gripping the nation and impacting spending in the run up to Christmas and into 2010.

The latest research from the firm's study into discretionary spending reveals that, after optimism broke through briefly in September, consumers are now voting to tighten their purse strings once again. Over half of respondents described themselves as being "cautious" with their spending in November. In an attempt to come to terms with the current economic climate, they are voting off big ticket items such as membership of gyms and leisure/cultural organisations, tickets for sports events and even holidays.

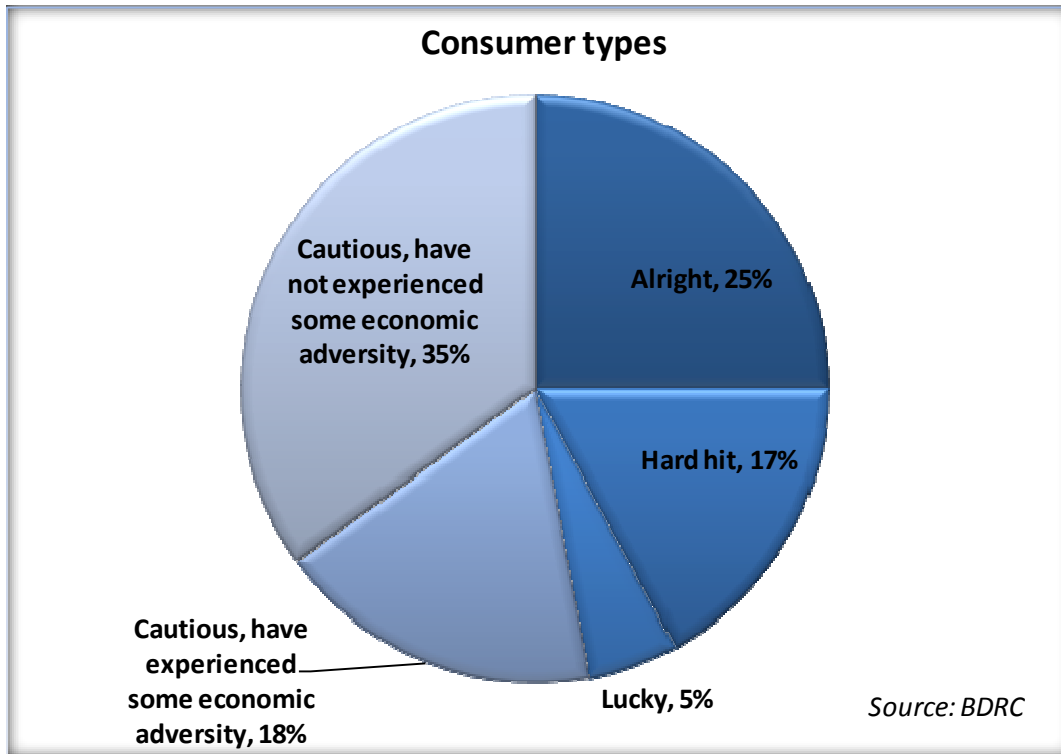
Caution still rules spending

One in three respondents in the survey (35%) describe themselves as feeling "cautious", although they haven't actually suffered any financial adversity in the last year and don't expect to in the next 12 months. But being cautious makes them wary of splashing out on entertainment, holidays and travel. Times remain hard though for a large minority of adults – 33% of respondents are currently experiencing adversity, a fall of just 4% since March.

Even the 5% who consider themselves "lucky" aren't about to hit the high street Cheryl Cole style or throw lavish parties like Simon Cowell. 19% in this group is cutting back on up-market dining and 20% are looking to economise on their mobile phone contract.

More hope for the future

Whilst many people are being careful with their spending, the latest research does suggest that the Fear Factor is weakening – just under one fifth (19%) anticipate personal economic adversity in the next 12 months compared with 28% in March this year.



Entertainment the hardest hit sector

This year's X Factor winner Joe McElderry could find it harder to fill seats than previous winners according to the survey. The research showed that consumers are cutting back hardest on entertainment with 45% slashing spend on eating at up-market restaurants, 41% on take-away food and nearly a third (32%) on tickets to concerts and theatres.

Giving up the gym is a sacrifice nearly one in three is prepared to make as 33% cut back spending here. A quarter of respondents are reducing their spending on membership of leisure or cultural organisations. Spending in these categories is under close scrutiny and significant numbers are voting to keep their money and not membership cards in their wallet.

Hold off on holidays

It might be freezing outside, but few are tempted to jet off on holiday just yet. Short breaks abroad are the hardest hit with more than a third (34%) expecting to cut back on such trips. 30% expect to economise on longer holidays abroad, a rise of 2% since September.

Tony Wornell, Director says "Between March and September we saw a growing willingness among consumers to spend on entertainment, holidays and memberships as fewer people feared they would lose their jobs or suffer a fall in income in the year ahead. The greater restraint we have seen in November is probably seasonal, as consumers switch their spending focus to coping with Christmas. Moving into the New Year, we anticipate further recovery in the spending outlook, but the extent of recovery will depend on the actual impact of the changes the Chancellor has announced to tax, VAT and bonuses."

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Note to editors

Findings are based on a representative sample of 2051 adults spread across Great Britain, interviewed on line. Fieldwork was conducted 13-15 November 2009.

About BDRC

Founded in 1991, Business Development Research Consultants is a leading full service market research agency. Working primarily for service organisations, the company specialises in hotels, finance, travel and tourism and mobile telephony. The acquisition of Continental Research at the beginning of 2008 added media and advertising, public sector and technology research expertise to the portfolio of market sectors covered. Headquartered in London BDRC works internationally and has representation in South Africa and Asia. For more information, please visit www.bdrc.co.uk