



EB Wealth

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Cost-of-living crisis

Britons cutting back on food and entertainment to keep cars on the road

Soaring petrol costs pushed inflation to its highest level for 40 years. New research has uncovered the impact of these high fuel prices on consumers as more than a third (35%) are spending less on food to keep their car on the road^[1].

As the cost-of-living crisis continues to exacerbate pressure on households across the UK, what this research shows are some of the measures that consumers are having to take just to keep their cars on the road.

PURCHASING CHEAPER ITEMS

While you could make an active decision to purchase cheaper items at the supermarket, when it comes to fuel, options are limited, meaning cutbacks have to be made in other areas on households that are already stretched in many cases.

Instead, consumers are cutting back in other areas to continue to do essential trips like drive to work, run errands and visit the supermarket. The research highlights how habits at the pump

have changed in response to the cost-of-living crisis.

DEMAND FOR ENERGY

More than a third (34%) of consumers now need to stop filling up at an exact value and 26% rarely fill their tanks to the brim as they can't afford to do so. Almost a quarter (23%) are using their savings to put fuel in their cars and 22% are using credit cards.

Fuel prices have increased sharply because the price for crude oil, which is used to make petrol and diesel, has gone up. Crude oil was cheaper at the beginning of the COVID-19 pandemic, because many businesses temporarily closed and demand for energy collapsed.

FUEL MORE EXPENSIVE

As life returned to normal, the demand for energy increased. But suppliers have struggled to keep up and prices have risen. Another problem is that the oil used to make petrol is paid for in US dollars. The pound has been weak against the dollar, making fuel even more expensive.

Despite fuel prices dipping slightly in recent weeks, the findings show the extent to which consumers are still having to cut back to ensure they can afford to get from A to B, with more than eight in ten (83%) more concerned about their finances than they were a year ago.

DRIVERS FORCED TO CUT BACK IN THE FOLLOWING WAYS:





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- 46% are eating out less
- 35% are either spending less on their food shopping or have switched supermarket to save money
- 34% now have to stop filling up at a specific value as they know exactly what they can afford
- 31% are cutting down on the volume and quality of food they buy from the supermarket
- 26% now rarely fill their fuel tanks to the brim as they cannot afford it
- 25% have cut back on gym memberships and subscription services
- 24% are reducing spend on school trips, days out and weekends away
- 23% are using their savings to pay for fuel
- 22% need to use their credit card to cover the cost of fuel
- 21% have stopped putting money aside in either a savings account or pension pot

STAYING MUCH CLOSER TO HOME

The research found that 28% of consumers also had to change their staycation plans during the summer months and stayed much closer to home, thanks to the high cost of fuel. Furthermore, and with one eye on the expectation that the cost-of-living crisis will only get worse, 18% said they decided to go on holiday this summer, as it could be their last one for many years. ■

NAVIGATING THE COST-OF-LIVING CRISIS

Whether you need retirement and pensions advice, support with estate planning, would like to invest for children or achieve other goals, or have concerns about dealing with the cost-of-living crisis, we're here to help. To find out more, please contact us.

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Source data:

Fieldwork was undertaken between 21–22 July 2022 for Nationwide Building Society.

The survey was carried out online by Censuswide. Censuswide abides by and employs members of the Market Research Society, which is based on the ESOMAR principles.

