

[ UNION ]

# Scotland Mood of the Nation Report

How the economic  
crisis tests Scots'  
resilience to the limit



# Introduction

**Our study has shown that the recent financial crisis has triggered the biggest shift in Scottish consumer confidence in living memory with nine out of ten Scots seriously concerned by the cost of living crisis.**

The last few years have been a topsy-turvy time globally. And just as Scotland emerges from pandemic restrictions, with a glimmer of optimism growing, we now find ourselves experiencing the worst financial headwinds for a generation and the promise of a thumping recession on the horizon.

Looking back, 2022 really has been the year of 'permacrisis'. Political upheaval, Ukraine, inflation soaring, cost of living, skyrocketing energy prices and Bank of England rates at the highest level for decades. To add to that the autumn mini-budget caused the worst fall of the pound since decimalisation, a pension bail-out and triggered a mortgage crisis with soaring mortgage rates, truly challenging for first time buyers and the 100,000 UK homeowners with fixed rate mortgages coming to an end. Those homeowners now face the terrible reality of rates three times what they were.

All of this has culminated in an economic crisis worse than 2008 and one that means millions of people will be worrying about putting food on the table or not having money to buy gifts at Christmas.

As Scotland's leading marketing agency, The Union, in partnership with 56 Degree Insight, has set out to capture how the cost of living crisis is impacting on people living in Scotland. Focused on their feelings, fears, priorities and coping mechanisms, it is a striking snapshot as the nation looks ahead to what will be an incredibly tough winter for many.

In fact, our data is so pronounced that it indicates the single biggest shift in consumer anxiety and shopping behaviours in living memory. Because, unlike the pandemic, people can't afford to, or are too fearful, to splurge.

# Survey Sample & Methodology

**Conducted in the aftermath of the autumn's mini-budget and economic crisis commissioned by The Union, in partnership with 56 Degree Insight, the Mood of the Nation research study was in-field 14th-16th October 2022.**

1,005 Scottish adults, nationally representative in terms of gender, age, region and socio-economic group participated in the survey. It is the largest specific survey of its kind solely focused on people living in Scotland.

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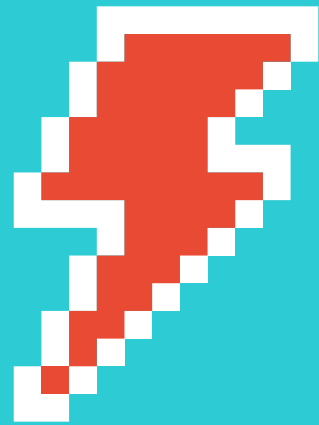
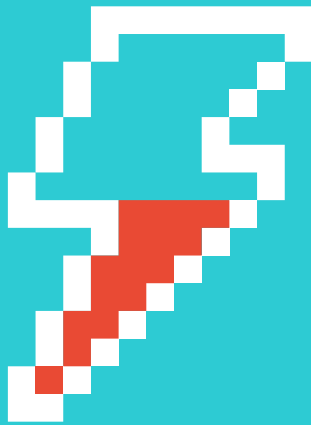
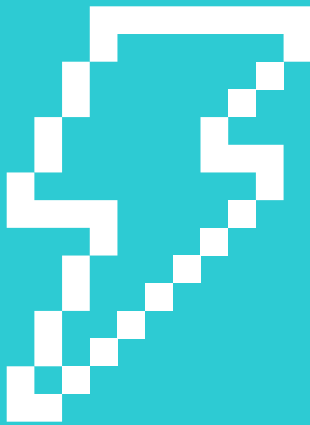




## A-HA! moment

# #1

The crisis has triggered a deep sense of anxiety in Scotland, impacting stress levels and mental health across the nation.



The recent economic crisis has impacted people in Scotland hugely, with a whopping 89% of people living in Scotland expressed serious concerns about the rising cost of living. 75% of people report an increase in stress from the economic crisis.

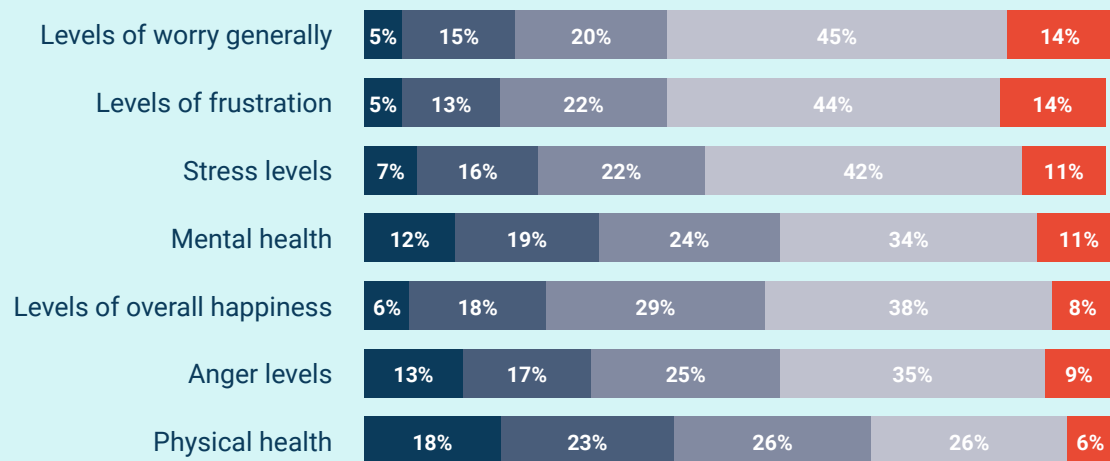
Levels of personal concern about the current increases in cost of living are very high – general worry (79%), frustration (80%), stress (75%), impact on mental health (69%), overall happiness (76%) and anger levels (69%) are impacted significantly.

89%

of people living in Scotland expressed serious concerns about the rising cost of living.

**To what extent is the cost of living crisis having a negative impact on how you are feeling at the moment?**

**Base:** Nationally representative sample of 1,005 Scots



• No negative impact at all (1) • Little negative impact (2,3 or 4) • Moderate negative impact (5 or 6)  
 • Major negative impact (7, 8 or 9) • Extreme negative impact (10)

**Source:** The Union & 56 Degree Insight 'Mood of the Nation' Study, N>1005 Scots October 2022

What is more telling perhaps is that 57% are less optimistic than they were at this time last year - a bleak time in Scotland - when COVID-19 was starting to build again, and we entered lockdown over Christmas. Those on the lowest incomes are especially likely to be lacking optimism, just over a third of people earning less than £20,000 saying they feel "much less optimistic".

# 69%

rise in household anger levels.

# 80%

rise in household frustration levels.

Worryingly for many households, especially with vulnerable women and children, levels of 'anger' (69%) and 'frustration' (80%) have skyrocketed due to the recent crisis. It follows that this could lead to a spike in domestic abuse, especially during Christmas, which is going to be markedly more tense and frugal this year.

### To what extent is the cost of living crisis having a negative impact on how you are feeling at the moment?

• Much less • A bit less • Much the same • A bit more • **Much more**



#### Especially ↑

- Those aged 18–24 (9%)
- Those aged 25–34 (7%)
- C2s (7%)
- Income £30–40K (6%)

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- Those aged 18–24 (9%)
- Those aged 25–34 (7%)
- C2s (7%)
- Income £30–40K (6%)

### Levels of concern about rising costs of living compared to a year ago

• **Much more** • A bit more • Much the same • A bit less • Much less



#### Especially ↑

- Income less than £20K (70%)
- Those aged 45 - 54 (67%)
- South of Scotland (65%)
- Women (65%)
- Those aged 35 - 44 (64%)
- SNP voters (63%)
- 'Strathclyde' (63%)
- Families (62%)

Compared to this time last year, how would you rate your levels of optimism about your life in the next 2–3 years? Thinking about the current increases in the cost of living, how concerned are you about rising costs compared to how you felt 12 months ago?

Base: Nationally representative sample of 1,005 Scots

Source: The Union & 56 Degree Insight 'Mood of the Nation' Study, N>1005 Scots October 2022



## A-HA! moment #2

People are looking for someone to blame, and the UK Government and energy firms are top of the list.

**With rising levels of frustration and anger, naturally people are seeking someone to blame, especially when it's a challenge to put food on the table.**

In reality, there are a number of contributing causes for the current situation, but the impact of the Truss/Kwarteng mini-budget is seen vividly in the data. The UK Government shoulders the biggest proportion of blame in the eyes of Scots for the current economic situation – almost 4 in 10 feel they are the ‘main cause’ (38%).

**There is a whole host of reasons provided by political and economic commentators about what is causing the current economic crisis. To what extent would you blame each of the following for the current situation?**



**Base:** Nationally representative sample of 1,005 Scots

**Source:** The Union & 56 Degree Insight ‘Mood of the Nation’ Study, N>1005 Scots October 2022

Energy companies are next most likely to be blamed – and just over a quarter see them as the main culprits.

To a certain extent, politics (which flows through so many aspects of life in Scotland) plays a role here. SNP and Labour supporters believe the UK Government is the main cause of the current economic situation (56% and 44% respectively). SNP supporters are also more likely to blame Brexit (31%). On the other hand, Conservative supporters are more likely to see the Scottish Government as the main cause (21%) or to blame the global economy (20%). It is easy to imagine that the acute financial hardships many people will endure over the next year or so, will further fuel the polarisation of people’s political views.





## A-HA! moment

# #3

Economic anxiety and worry is affecting families most acutely.

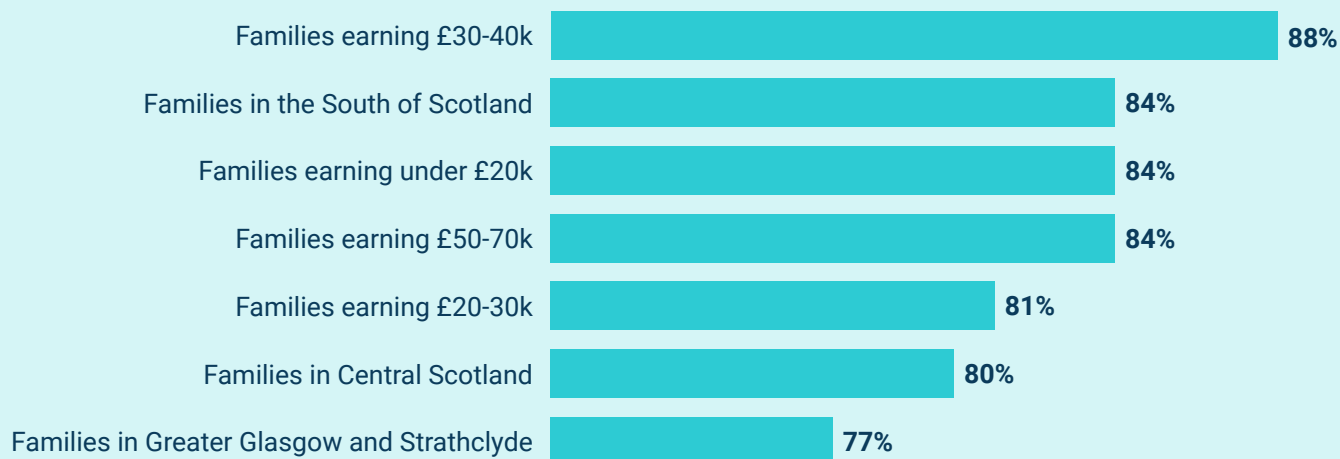


## This year, rising food and energy bills hit families hard across Scotland.

The impact of the recent crisis means thousands of families are having to make impossible decisions about what to spend money on, and are extremely worried about making ends meet through the winter – especially those with dependants like children or elderly relatives.

This is impacting stress levels, mental health and straining family relationships, especially for the lowest income households in Scotland; 26% saying their family relationships have been negatively impacted to a major or extreme degree.

### To what extent is the cost of living crisis having a negative impact on how you are feeling at the moment?



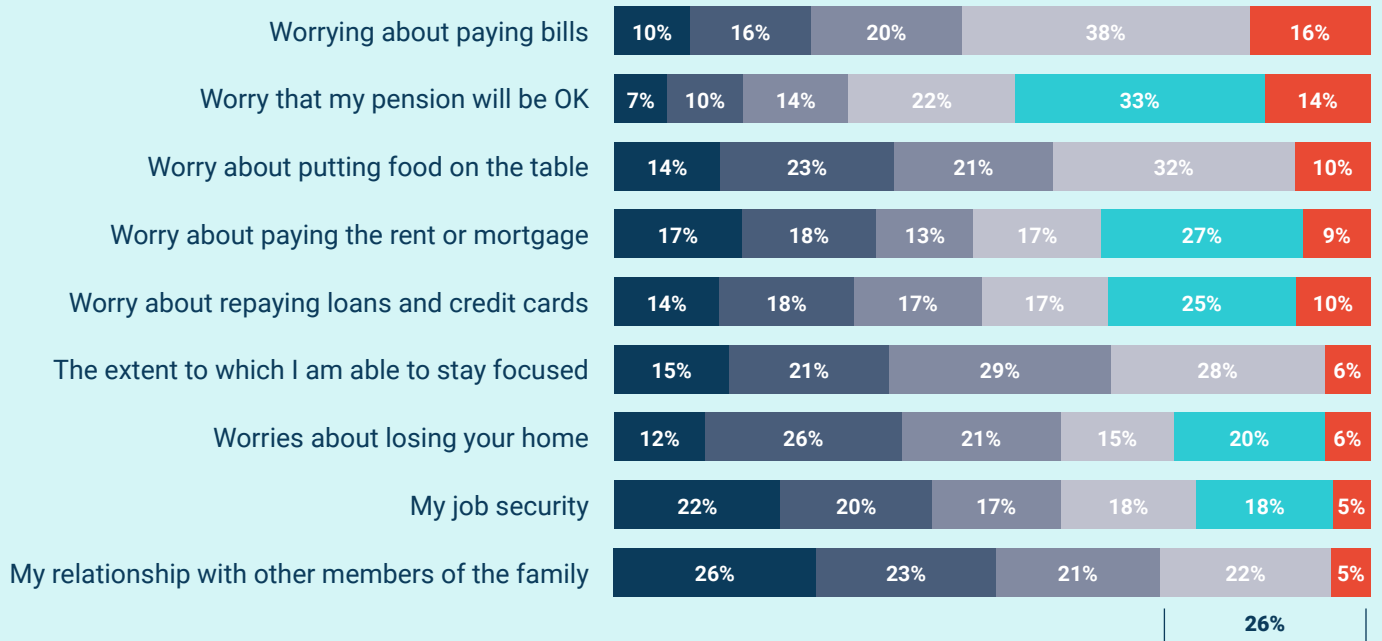
Source: The Union & 56 Degree Insight 'Mood of the Nation' Study, N>1005 Scots October 2022

**26%** say their family relationships have been negatively impacted to a major or extreme degree.

To manage the rapid increases in living expenses, families are significantly cutting back, with 88% of households earning £30-£40K the most concerned by rapid increases in outgoings - potentially most exposed to the rising borrowing rates, like mortgages.

## And to what extent is the cost of living crisis having a negative impact on different aspects of your life just now?

Base: Nationally representative sample of 1,005 Scots



Source: The Union & 56 Degree Insight 'Mood of the Nation' Study, N>1005 Scots October 2022

### • Not applicable

• No negative impact at all (1)

• Little negative impact (2, 3 or 4)

• Moderate negative impact (5 or 6)

• Major negative impact (7, 8 or 9)

• Extreme negative impact (10)

### Especially amongst:

• Families, income £20k & less (52%)

• Families in South of Scotland (51%)

• Families, £40-50k (47%)

• Families, £50-70k (46%)

• Families, £20-30k (45%)

Over half of Scots worry 'about paying bills' (54% to a major extent) and six in ten people are worrying about 'putting food on the table' (63%). It's set to be an anxious Christmas for many, with 57% of lower income families saying they must cut back on family Christmas gifts.

Over a third (36%) have major worries about being able to pay their rent or mortgage and similarly a third of people worry about loans and credit cards (35%). Recent negative headlines mean just under half of Scots are anxious whether their "pensions will be OK" (47%).



## **A-HA! moment**

# **#4**

Economic anxiety is even putting people off drinking and sex.



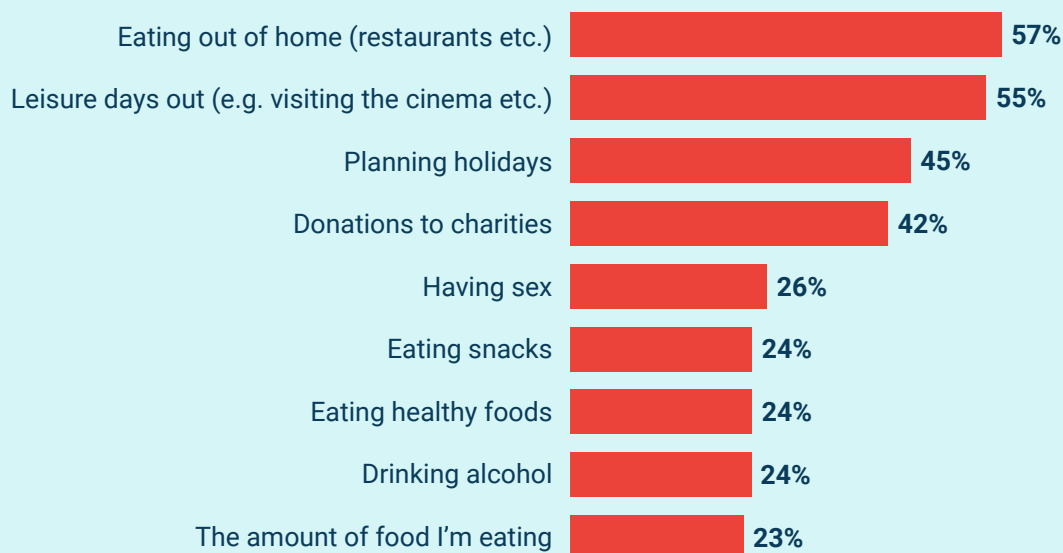
**With over half of adults feeling major impacts on their stress levels (53%) and 69% of people reporting an impact on their mental health, it's surprising to discover that more people are not turning to traditional ways to self-comfort and relieve stress.**

In fact almost a quarter of all adults in Scotland are drinking less alcohol. 21% say they are gambling less and eating fewer snacks (24%). Over a third of people are finding it more and more difficult to sleep at night (35%) and over a quarter of Scots (26%) report they are having less sex, proving that this recent economic crisis really is a buzz killer.

#### What are we doing MORE



#### What are we doing LESS



**For some of us, the increases in the cost of living are also changing our behaviours and what we are doing. Looking back over the last few months, which of the following, if any, are you tending to do less than before and which are you doing more than before?**

**Base:** Nationally representative sample of 1,005 Scots

**Source:** The Union & 56 Degree Insight 'Mood of the Nation' Study, N>1005 Scots October 2022



## A-HA! moment #5

Despite the bleak outlook, there's a strong theme of resilience. In fact, canny Scots are devising coping strategies.

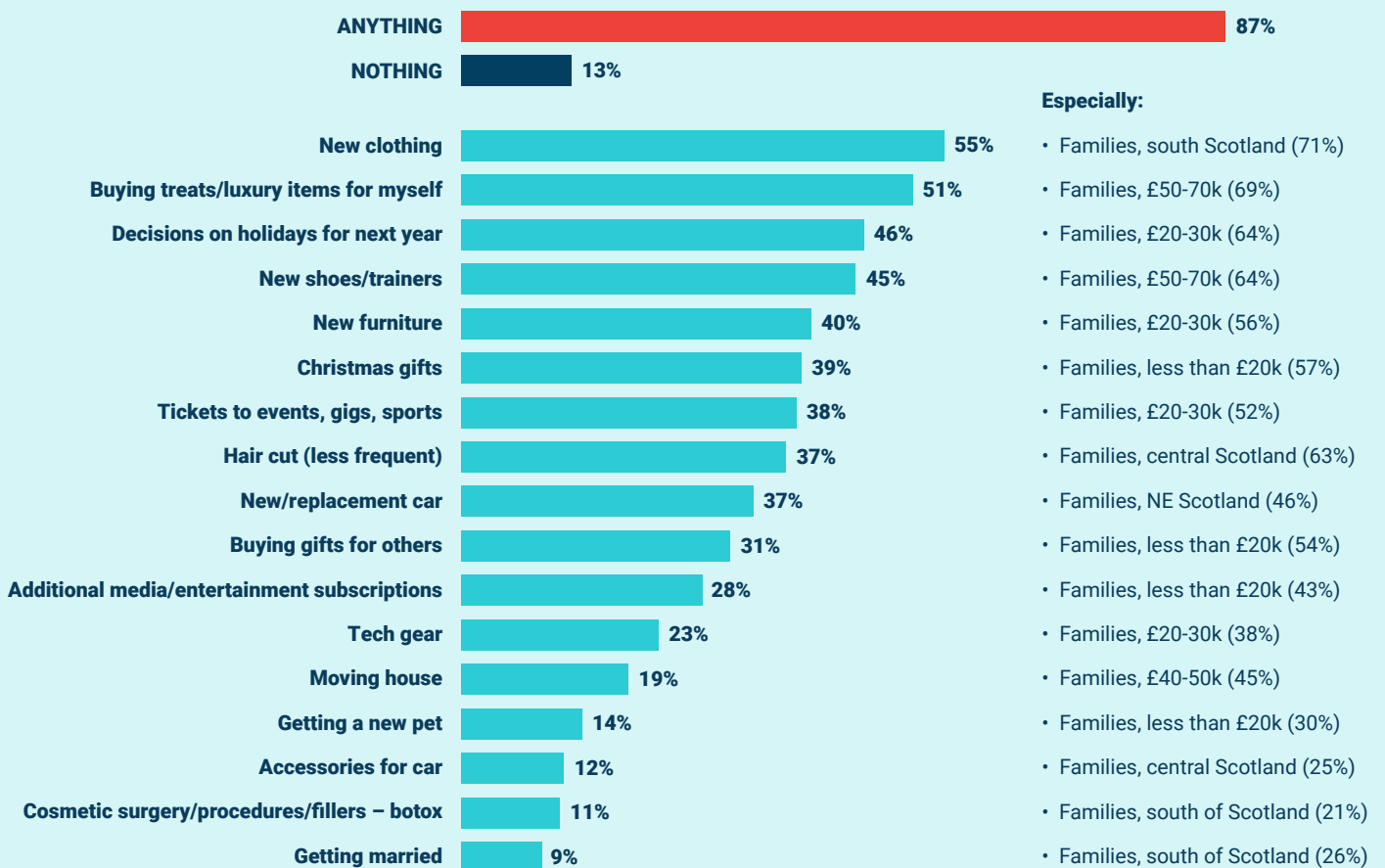


**Our data confirms that the people of Scotland are a resilient bunch and for many, the latest crisis yet another bumpy period to navigate.**

Almost nine in ten people (87%) are delaying or cutting back on purchases, particularly leisure, dining, clothing, personal care, in addition to the big-ticket items like travel, cars, houses.

Personal care takes a hit as wallets tighten: 37% will get their hair cut less and spend less on cosmetic procedures like Botox and fillers (11%, rising to 21% in Southern Scotland).

**And which of the following purchases, if any, are you thinking of either cutting back or delaying for now – because of the current economic situation?**



Base: Nationally representative sample of 1,005 Scots

Source: The Union & 56 Degree Insight 'Mood of the Nation' Study, N>1005 Scots October 2022

Scots are also finding new, budget friendly ways to spend time. Just under a third of Scots are venturing outdoors more often (28%) and 21% say they are reading more books.

And a quarter of people say they are watching more light entertainment on TV and streaming services to 'take their minds off' economic worries. The main beneficiary seems to be Netflix, with 16% of people surveyed mentioning it specifically.

Christmas looks to be a lot less twinkly this year, with 39% of families having to make cutbacks to spending on Christmas gifts. Among lower income families (earning less than £20k) this number jumps to 57% of families.

Worryingly, it also looks like charities will feel the brunt of these economic hardships, with a whopping 42% of people saying they will be donating less in the near future. This will add more pressure to the charity sector which has suffered in recent years from diminishing revenues due to COVID-19.

28%

of Scots are venturing outdoors more often.

39%

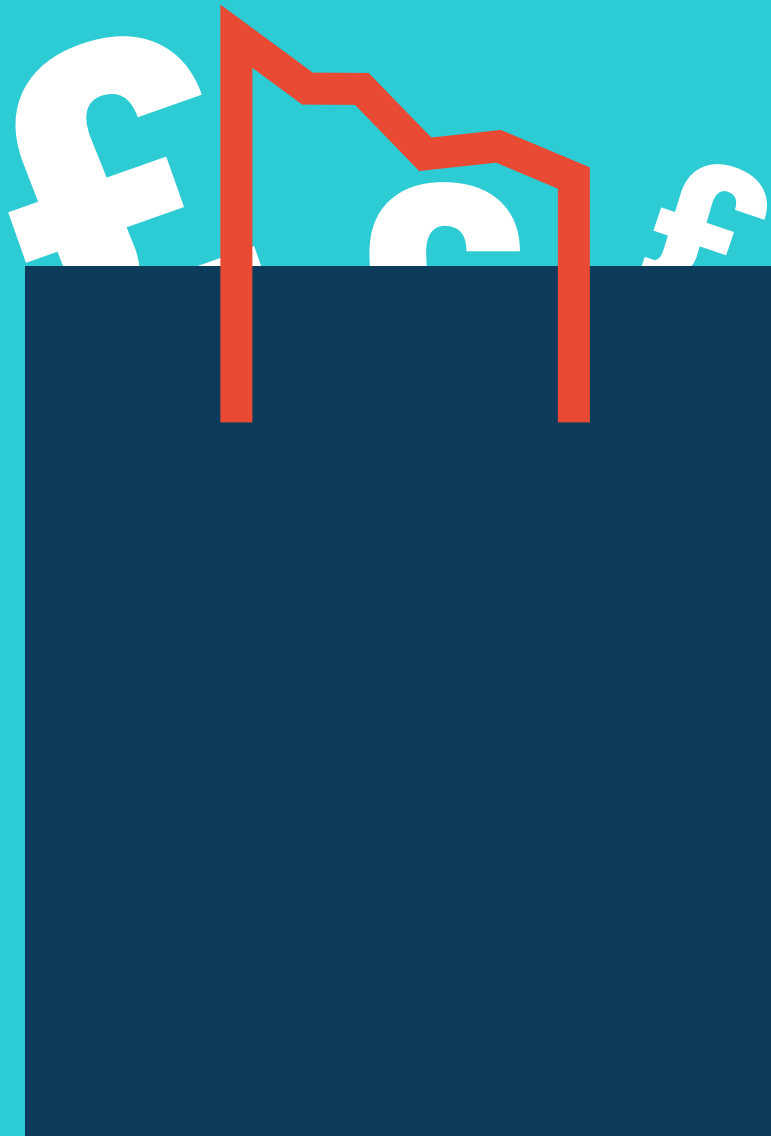
of families are having to make cutbacks to spending on Christmas gifts.





## A-HA! moment #6

New attitudes and changed shopping behaviours. Women leading the way as CFO of the home.



**Another example of Scottish resilience and caniness are the changes to shopping habits. The data also shows that a significant number of people, especially women, are strategically changing how and where money gets spent.**

Collectively we believe this indicates the most significant, mass change to purchase behaviours in Scotland in living memory. Because, unlike the pandemic, people simply can't afford to, or are too fearful, to spend and splurge.

#### **Mass changes to where people shop.**

We know overall that almost nine in ten people (87%) are delaying or cutting back on purchases. But a lot of shopping is essential, such as food. Overall, 43% of people are changing where they shop sometimes, and 30% are doing so most of the time. This has huge implications for retailers in Scotland, with the clear winners being ASDA, Lidl and Aldi.

Women are much more likely to change where they shop, to follow better prices and deals: 80% of women were changing shops (some or all of the time). Conversely, 34% of males had not changed where they shopped at all.

#### **Big trend of 'down-branding' – people choosing less expensive brands.**

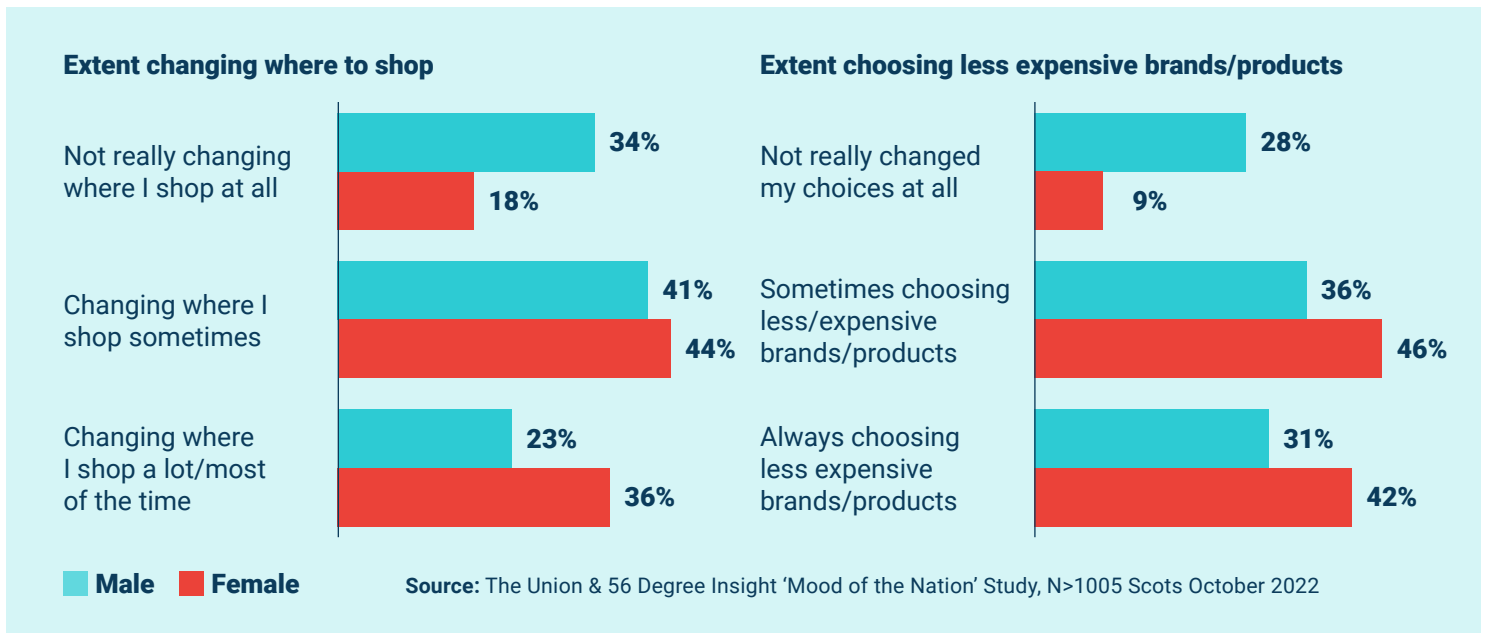
When it comes to the brands people choose in Scotland, again we see people making canny choices. Overall, over a third of people are now 'always choosing less expensive brands'. This is a massive change in national shopping behaviours and is sobering news to marketers and retailers. Clear winners here would be lower priced brands and supermarket own brand products.

Again, women are far more likely to strategically switch brands. For example, 88% of women switched brands compared to only 67% of men. Women were also more likely to have switched to more inexpensive brands 'sometimes' or 'always'.

**87%**  
of people are  
delaying or cutting  
back on purchases.

## Women are taking control and smartly navigating the economic crisis.

Data shows that overall, women are far more likely to be making smart changes to shopping habits and seem more clued-up on how to navigate challenging times.



We interpret these differences in how the genders shop, less as “women do all the shopping” (a somewhat outdated and inaccurate view) but more that women are playing a vital role in many Scottish homes as Chief Financial Officer (CFO) of the household, carefully monitoring economic conditions and market patterns (in this case prices in retailers) and strategically adjusting shopping habits accordingly.





## A-HA! moment

# #7

As the financial crisis bites, the environment takes a back seat.



2

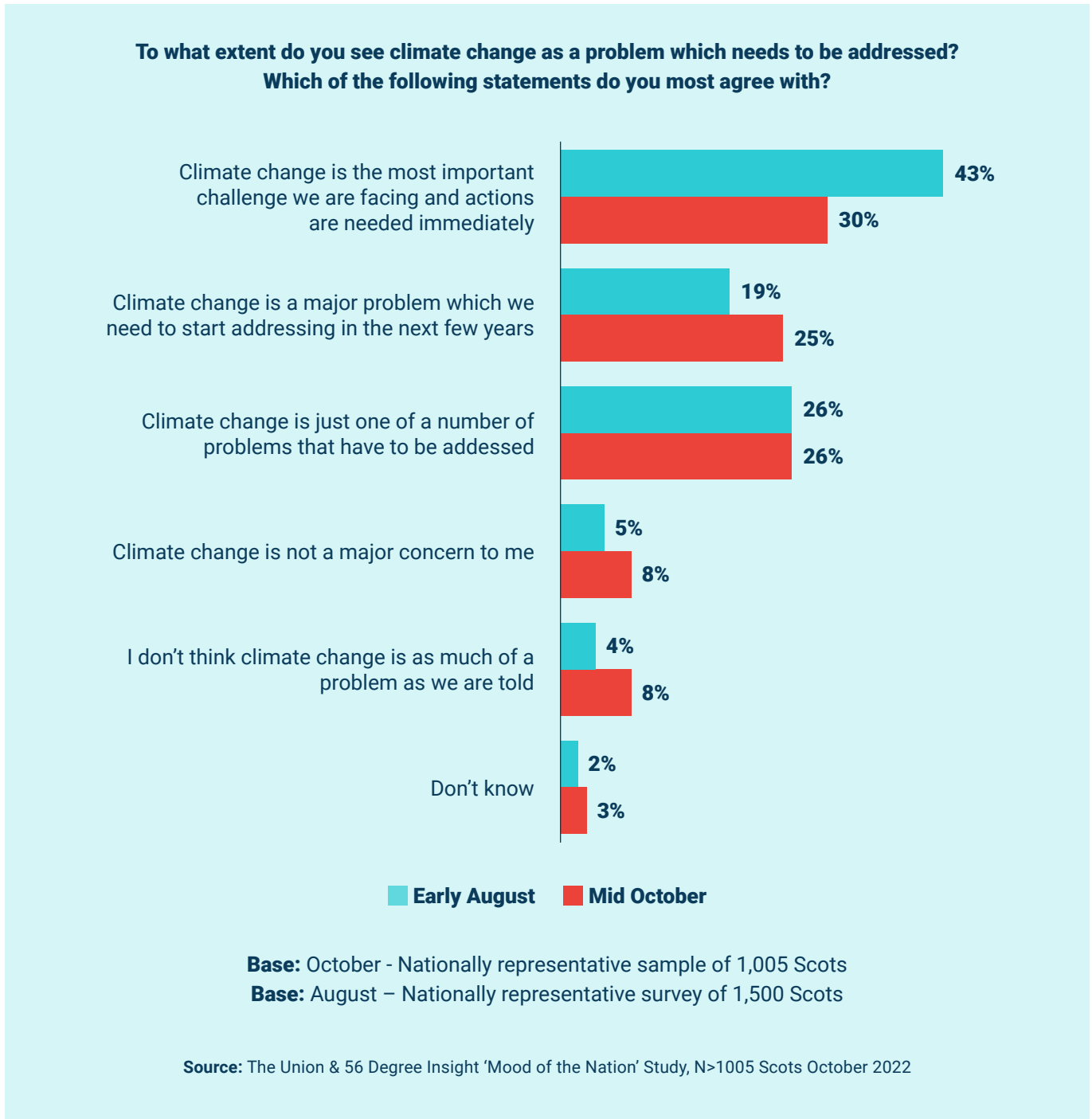
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## Climate change is regularly described as the most pressing issue of today.

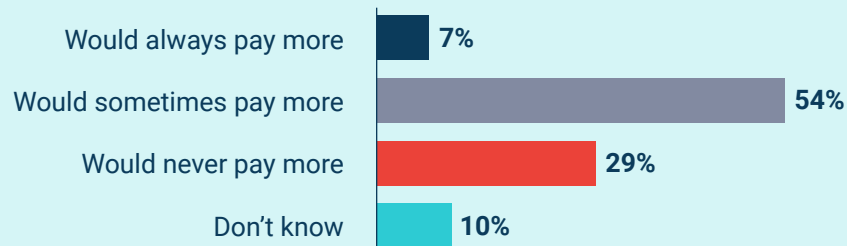
And overall, the people of Scotland take climate change issues seriously, evidenced in over eight in ten Scots see climate change as something that needs addressing. But when people are struggling to pay heating bills and put food on the table, concerns about climate change get de-prioritised.

The urgency of climate action appears to have decreased slightly over the last three months as the cost of living crisis has intensified.

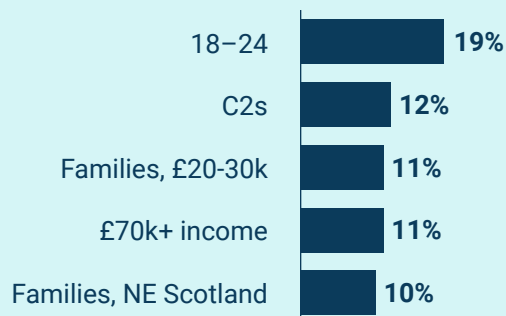


Despite the money pressures of today, Scots clearly recognise the importance of 'doing your bit for the environment', for instance a good proportion of people would pay more for an environmentally friendly product. But diving into this data it's clear the youngest age group (18-24) is most likely to be willing to pay more all of the time (19%) followed by higher income families (£40,000 and £70,000) who have more disposable income.

**Willingness to pay a bit more just now for a product/service that is better for the environment**



**Who would always pay more?**



**Who would sometimes pay more?**



**Do you consider climate change and looking after the environment is of greater importance now than it was prior to the cost of living crisis? At the moment, if you were buying a product or service, how often if at all, would you be willing to pay slightly more for it if you were confident it was better for the environment?**

**Base:** Nationally representative sample of 1,005 Scots

# In conclusion...

## **What are the implications of people living in Scotland, marketers and businesses?**

### **Worse than we think. And worse than 2008.**

These findings make for sober reading, indicating that there is, perhaps still a disconnect between the reality of public sentiment and the current consensus amongst legislators, retailers and consumer brands.

### **People in Scotland, especially families, are pushed to the limit.**

It is clear that the recent economic crisis triggered by the mini-budget has piled additional anxiety, stress and pressure on Scottish households when they were already stretched. Lower income families especially are wondering how they will put food on the table this winter. All of this is leading to people feeling more pessimistic now than during the very gloomy period late last year with the resurgence of COVID-19 and subsequent lockdowns.

### **Women are taking charge and acting as CFO's of the home.**

Women are strategically changing how money gets spent. 80% of women are changing where they shop (some or all of the time), similarly 88% of women have switched brands, compared to only 67% of men.

### **The new thrifty shopping behaviours are here to stay.**

People in Scotland have been canny in finding ways to do more with less. This has led to the most dramatic changes in shopping habits across Scotland, in living memory.

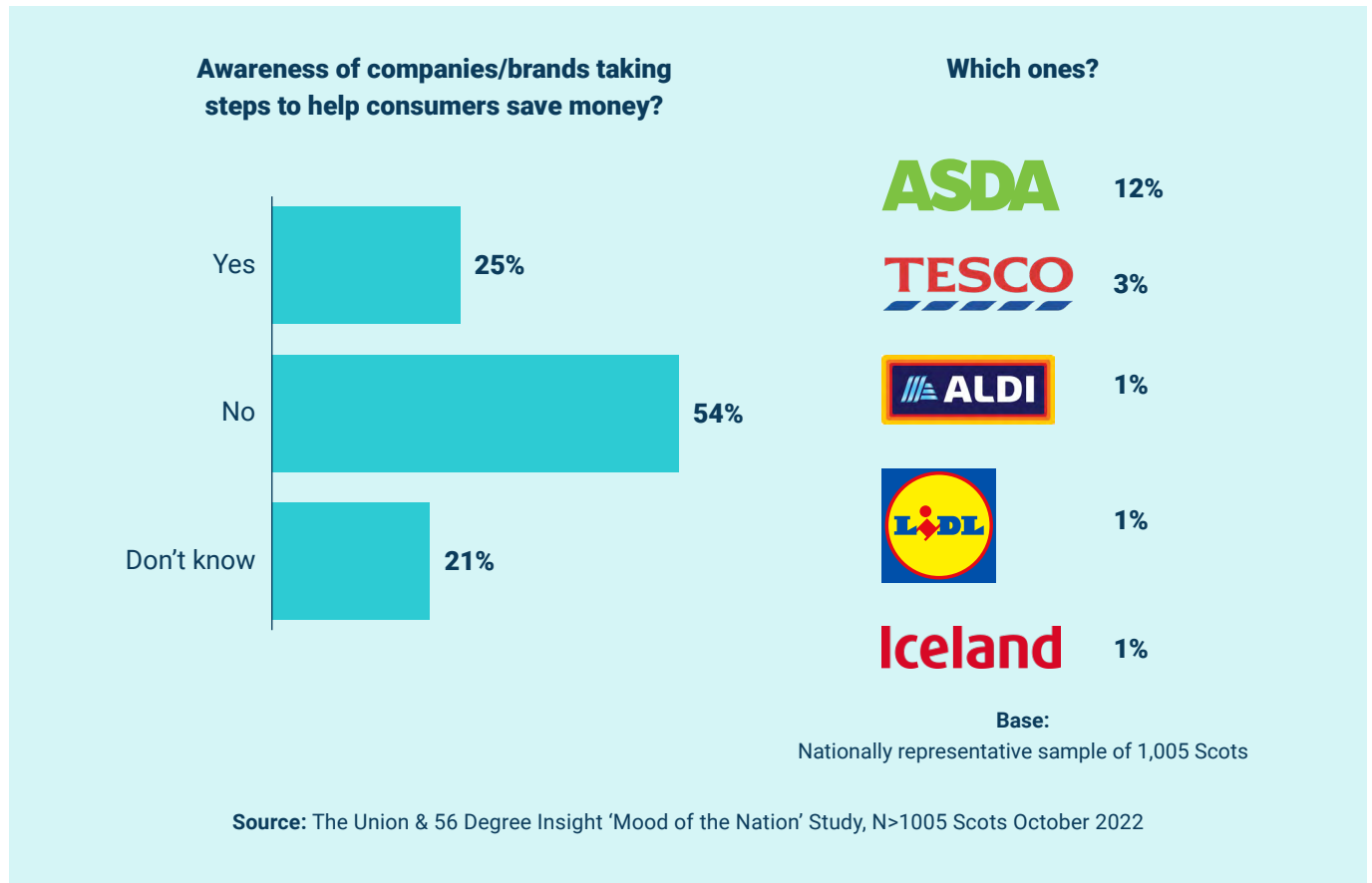
The big question, is once the crisis abates, will people's shopping behaviours and brand preferences reset back to what they were?

### **Here at The Union, we think not...**

Times of hardship force people to change and in our opinion, once people make the change and adjust spending and realise the joy of bagging a bargain at Lidl or Aldi, they won't go back. Similarly, once someone trades down to an own brand or lower priced product, it is significantly harder for premium brands to lure them back and convince them it's worth the additional money – in other words the carefully crafted allure of a premium brand gets burst!

## Businesses have an opportunity to win favour right now.

With so many people feeling the financial strain right now, there's a huge opportunity for brands and businesses to step-up and show support. Sadly, only 25% of people could think of brands that were helping them to save money, with the big winner being ASDA, who were the most helpful cited brand in our survey.



Only  
**25%**  
of people could  
think of brands that  
were helping them  
to save money.

Businesses must recognise the severity of what is happening in Scotland and consider very carefully the tone of their marketing and advertising strategies, and pragmatically how they show up to serve people in these challenging times.

The golden rule is businesses that are there for their customers in rough times, will enjoy people's preference in the good times. There could be huge ramifications for retailers, service providers and brands that failed to show up during this tough time in Scotland.



# Contact

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## About The Union

Established 26 years ago, The Union is Scotland's largest independent integrated marketing agency. With sales of over £12 million, The Union employs over 85 staff in its Edinburgh offices and works for over 50 clients from its Edinburgh offices in Inverleith Terrace.

Key clients include, Scottish Government, Scottish Widows, Zero Waste Scotland, Transport Scotland, The Paint Shed, PODFather, VisitScotland, Hankey Bannister, Historic Scotland, schuh, Scottish Tourism Alliance and Scotland Food & Drink.

## About 56 Degree Insight

Established in 2019, 56 Degree Insight provide market research, insight and consultancy services to a wide range of clients across a number of sectors – from tourism to food and drink, utilities to sport. Although based in Scotland, 56 Degree Insight have clients based across the UK, Ireland and Europe with key clients including Scottish Government, VisitScotland, NatureScot, Scotland Food & Drink, Canal and River Trust, Anglian Water and the Scottish Retail Food & Drink Awards.

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