

BAROMETER

OBSERVATOIRE

Cetelem

2024

MORALE AMONG
EUROPEANS.
IS THE WORST
OVER?



A European survey
conducted in 10 countries

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BNP PARIBAS
PERSONAL FINANCE

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Quantitative consumer interviews were conducted by Harris Interactive **between 20 and 30 November 2023 in 10 European countries:** Belgium (BE), France (FR), Germany (DE), Italy (IT), Poland (PL), Portugal (PT), Romania (RO), Spain (ES), Sweden (SE) and the United Kingdom (UK).

In total, **10,389 individuals** were interviewed online (CAWI method).

These individuals aged 18 to 75 were drawn from national samples representative of each country.

The quota method was employed to ensure that the sample was representative (gender, age, region of residence, socio-professional category/income). 3,019 interviews were conducted in France and around 800 in each of the other countries.

FOREWORD

After a record-breaking post-pandemic year in 2022, the mood among Europeans had deteriorated by the time the 2023 Observatoire Cetelem Barometer was conducted. Hardly surprising, given the build-up of bad news and the growing **CRISIS AWARENESS**. Central to this darkening mood has been the return of 2-digit inflation, something not experienced in Europe for almost 40 years, with a peak occurring in October 2022 when the survey was being conducted. The consequences of the war in Ukraine, with supply chain issues affecting the availability of gas, electricity and fuel, meant that the issue of shortages made a strong return to the fore. Europeans were clearly demoralised last year, having felt the impact of various shocks.











One year on, how is morale among Europeans? How have they adapted to an increasingly gloomy political and

economic climate marked by global geopolitical tension, not least the Israel-Hamas war and the risk that it may spread within the region? What is beyond doubt is that the past year has been a difficult one from a macro-economic perspective. After a very strong post-pandemic rebound in 2021 and 2022, the European Union’s economy lost momentum, growing by just 0.6% (**Fig. 1**). Germany and Sweden are even set to post negative growth in 2023, at -0.3% and -0.5% respectively.

Overall, the results of this 2024 Observatoire Cetelem Barometer closely reflect this reality. Thus, the morale of Europeans remained stable at 5.1/10 (+0.1 points vs. last year), lower than the pre-Covid-19 score. For Europeans, the time has come to grit their teeth and take an organised approach by making more tough consumption choices, not least when it comes to food. But the main question is this: **IS THE WORST OVER?**

Fig. 1 / Context

GDP growth in each country (€ like-for-like)

		2019	2020	2021	2022	2023*	2024*	2025*
EU 27		1.8%	-5.6%	6%	3.4%	0.6%	1.3%	1.7%
Germany		1.1%	-3.8%	3.2%	1.8%	-0.3%	0.8%	1.2%
Belgium		2.2%	-5.3%	6.9%	3%	1.4%	1.4%	1.5%
Spain		2%	-11.2%	6.4%	5.8%	2.4%	1.7%	2%
France		1.8%	-7.5%	6.4%	2.5%	1%	1.2%	1.4%
Italy		0.5%	-9%	8.3%	3.7%	0.7%	0.9%	1.2%
Poland		4.4%	-2%	6.9%	5.3%	0.4%	2.7%	3.2%
Portugal		2.7%	-8.3%	5.7%	6.8%	2.2%	1.3%	1.8%
Romania		3.9%	-3.7%	5.7%	4.6%	2.2%	3.1%	3.4%
United Kingdom		1.4%	-10.4%	8.7%	4.3%	0.6%	0.5%	1.3%
Sweden		2%	-2.2%	6.1%	2.9%	-0.5%	-0.2%	1.3%

Source: Eurostat * European Commission forecasts.

MORALE AMONG EUROPEANS IS FAIRLY STABLE, BUT REMAINS DEPRESSED

Last year, after a “euphoric” post-pandemic rebound, morale among Europeans once again deteriorated overall. In the ten countries surveyed, the scores for both national situations and personal circumstances fell. The upturn was evidently condemned to be brief and the economic indicators have rendered the short- and medium-term outlook somewhat gloomy.

NATIONAL AND PERSONAL SITUATIONS... NO REBOUND IN SIGHT

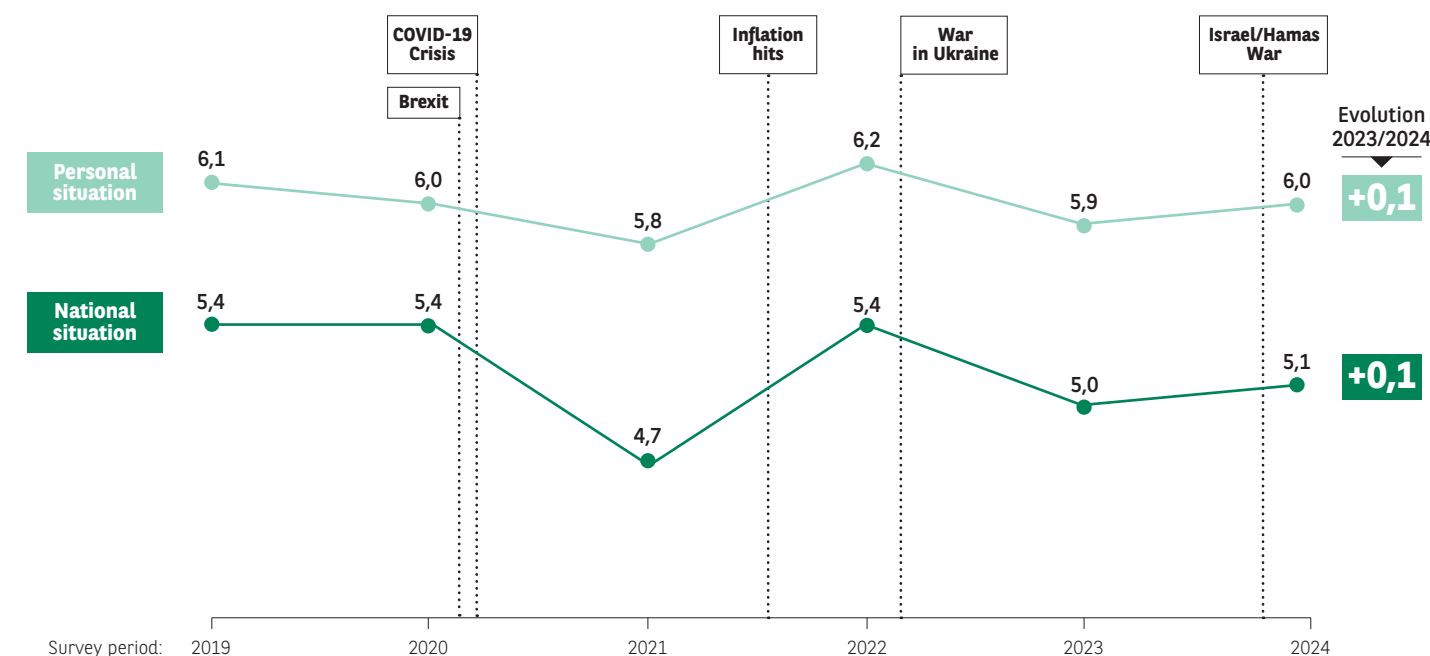
As was the case in the 2023 Observatoire Cetelem Barometer, the morale of Europeans has failed to improve this year, with scores remaining virtually unchanged.

When asked to describe the general situation in their country today, Europeans report no significant improvement. The average score across all the countries stands at 5.1 / 10, i.e., 0.1 points up on last year (**Fig. 2**). This score of only just over 5.0 means that morale remains below the pre-Covid-19 level (5.4), clearly highlighting the persistent concerns of households regarding the future.

As is customary in the Observatoire Cetelem Barometer, the pessimism of Europeans is not as pronounced when we look at their assessment of their personal circumstances. Indeed, while this score also remains stable, having risen by 0.1 points year on year, at 6.0/10 it is on a par with the pre-pandemic figure. Although, as ever, individuals score their personal circumstances more highly than the general situation in their country, this return to normality reflects their ability to adapt to the context and to re-establish a personal equilibrium, despite current economic constraints.

Fig. 2 / Barometer

Parallel of the evolution of the countries situation perception / personal situation, 10-country average score on a scale of 1 to 10



**NATIONAL SITUATIONS ACROSS EUROPE
ARE BECOMING MORE HOMOGENEOUS**

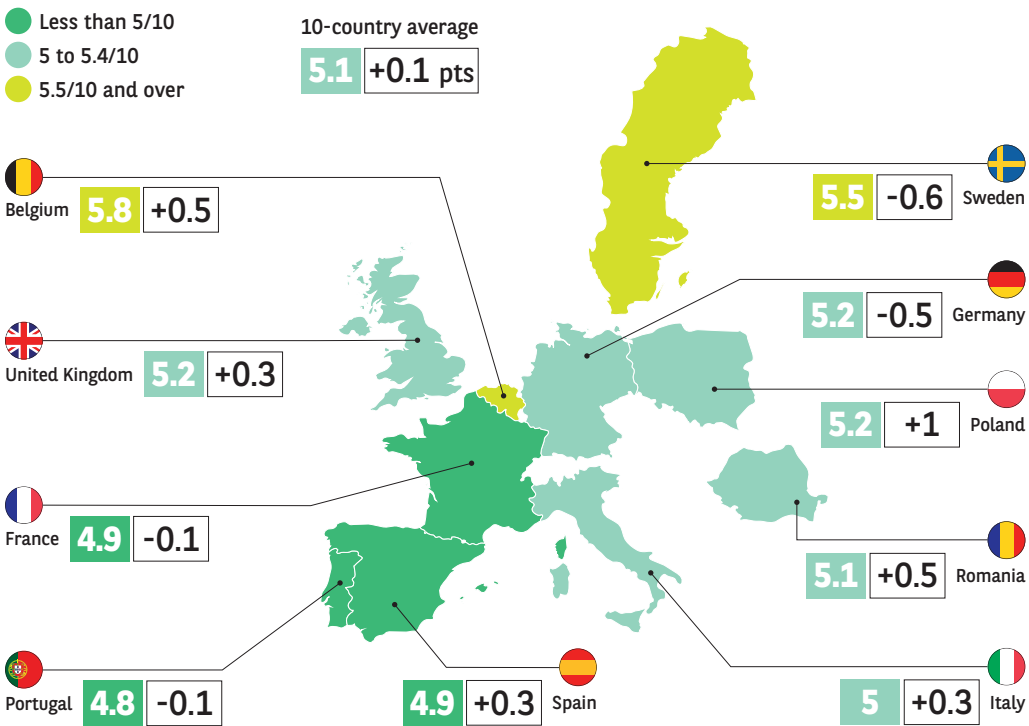
As we have just seen, Europeans remain downbeat when it comes to assessing the general situation in their country. But this overall result fails to capture the stark variations in the trends observed from one country to the next **(Fig. 3a)**. In many cases the score has improved over the last year, such as in Poland (+1.0 points), Romania and Belgium (+0.5 points), and to a lesser extent in the UK, Spain and Italy (+0.3 points). At the other end of the evolution scale, two countries have seen their score drop.

Sweden and Germany post the strongest declines, slipping by 0.6 and 0.5 points respectively. These appraisals echo the economic contraction taking place in both countries.

Because of the size of its economy and population within the European Union, the situation in Germany negatively impacts the perceptions of Europeans as a whole. Meanwhile, pessimism still reigns in France, whose score has dropped 0.1 points to 4.9/10. The same trend can be witnessed in Portugal, with a score of 4.8.

Fig. 3a / Barometer

Score assigned by individuals to the general situation in their country on a scale of 1 to 10 and 2023/2024 point change



**EUROPEAN MORALE
IS DRAGGED DOWN
BY SWEDEN AND
GERMANY**

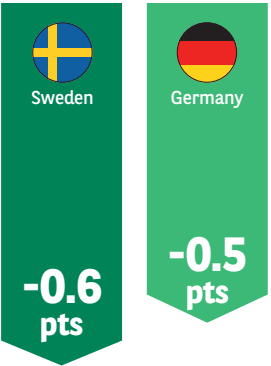
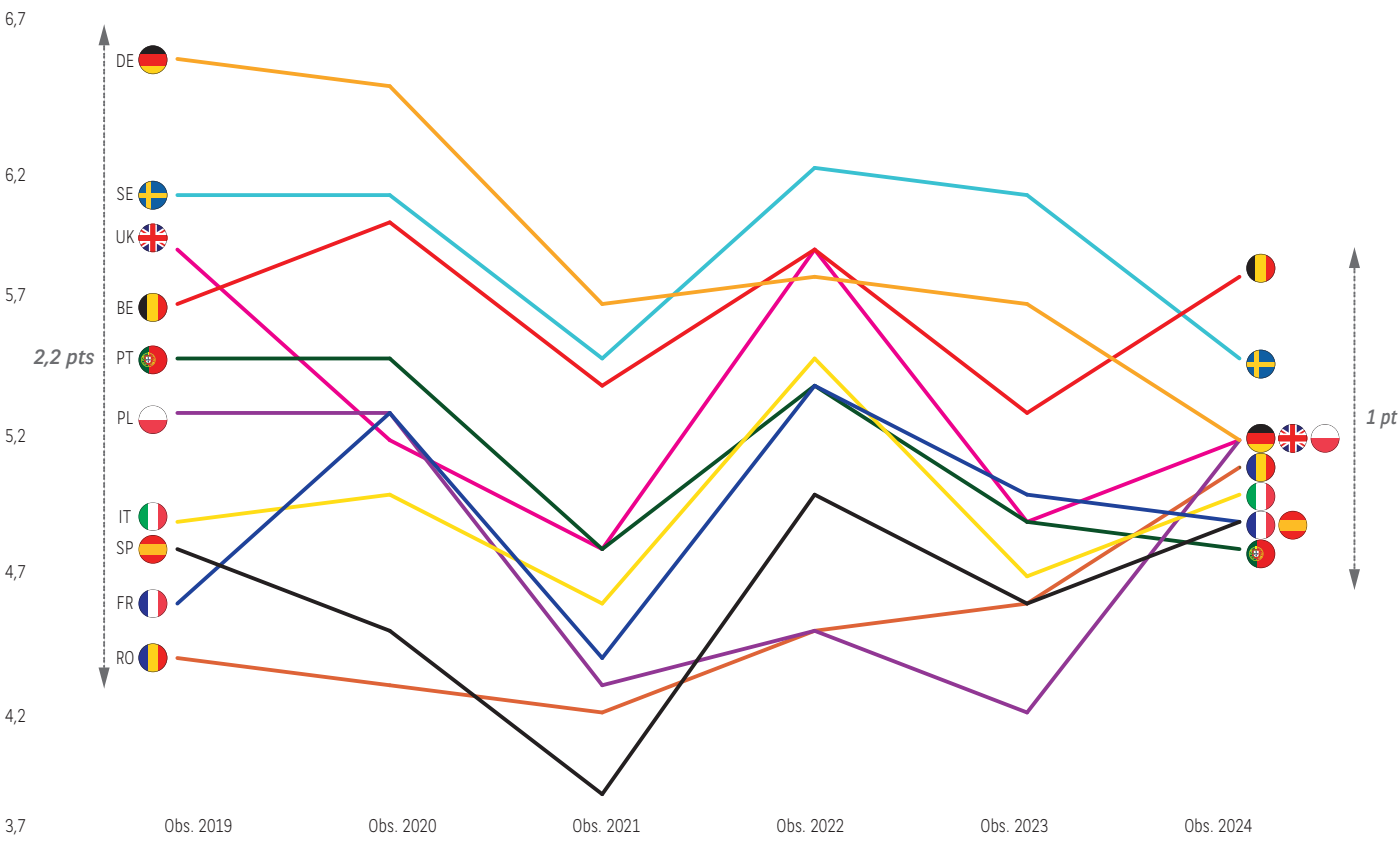


Fig. 3b / Barometer

Change in the perception of the national situation in each country



In the end, among the 10 countries surveyed, the gap between the highest and lowest scores is just 1 point in 2024, compared with 2.2 points in 2019.

So why are these scores converging? It's obviously impossible to draw any firm conclusions, but the successive crises of recent years have had a global impact, affecting not just one country, but the planet as a whole, and the European continent in particular. It makes logical sense that the countries that were the "healthiest" have been hit the hardest.

REGARDLESS OF EVERYTHING, PERSONAL CIRCUMSTANCES HOLD FIRM

In terms of individual morale, which tends to follow the fluctuations of national situations, most countries have returned to pre-Covid-19 levels, with the average lying just 0.1 points down compared with that period (**Fig. 4a**). Once again, the scores posted by Germany and Sweden stand out, having dropped by 0.6 and 0.5 points respectively in five years. The 2024 edition of the Observatoire Cetelem Barometer accounts for half of this fall, with scores down 0.3 and 0.4 points respectively in the two countries. But they are not alone in seeing their personal circumstance scores slip. Indeed, the UK and Poland are also in the red, with both posting declines of 0.3 points.

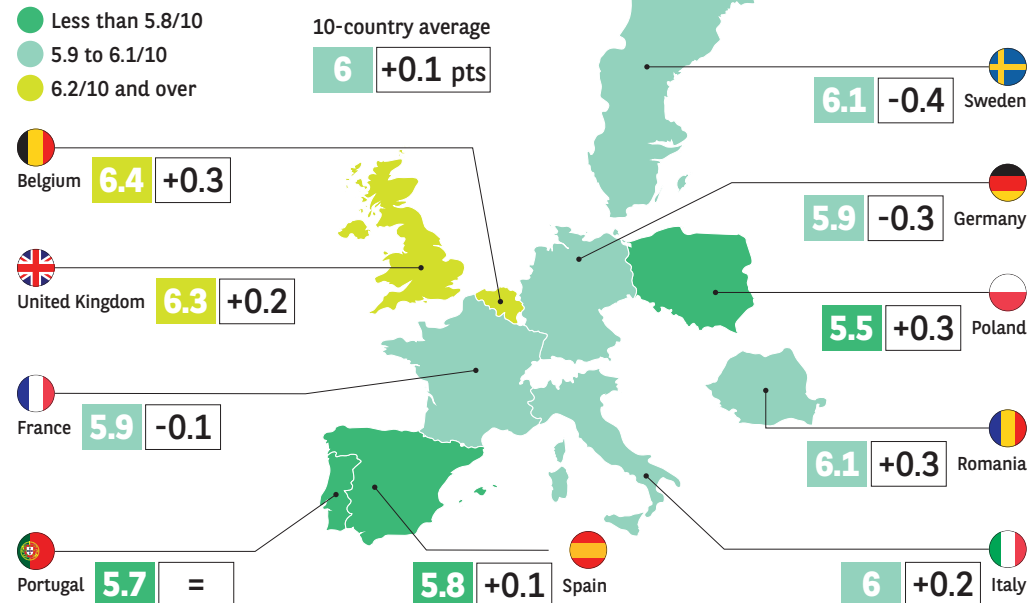
However, the causes are probably very different in these two cases. Of course, like other European economies, theirs have

been hit by inflation and the rising cost of living. But Brexit has exacerbated the situation for British consumers. The effects have been such that the majority of the population is now in favour of holding a referendum on the question of rejoining the European Union. Meanwhile, the ongoing war in Ukraine has caused personal circumstance scores in Poland to fall significantly.

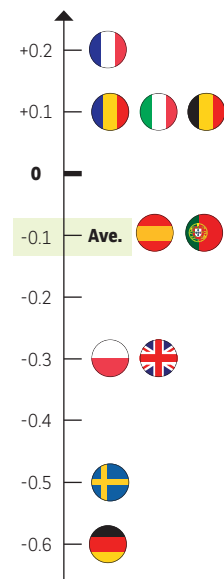
The worst is behind us! That may be what Europeans are thinking. After an unprecedented public health crisis, geopolitical tensions stemming from the war in Ukraine and its consequences, in the form of soaring energy and food prices, gave rise to fresh fears. One year on, Europeans have organised themselves and put in place strategies to adapt to these new circumstances. Indeed, the improvement in the UK's personal circumstance score reflects this. Thus, the toughest period appears to be over for consumers.

Fig. 4a / Barometer

Score assigned by individuals to their personal morale on a scale of 1 to 10 and 2023/2024 point change

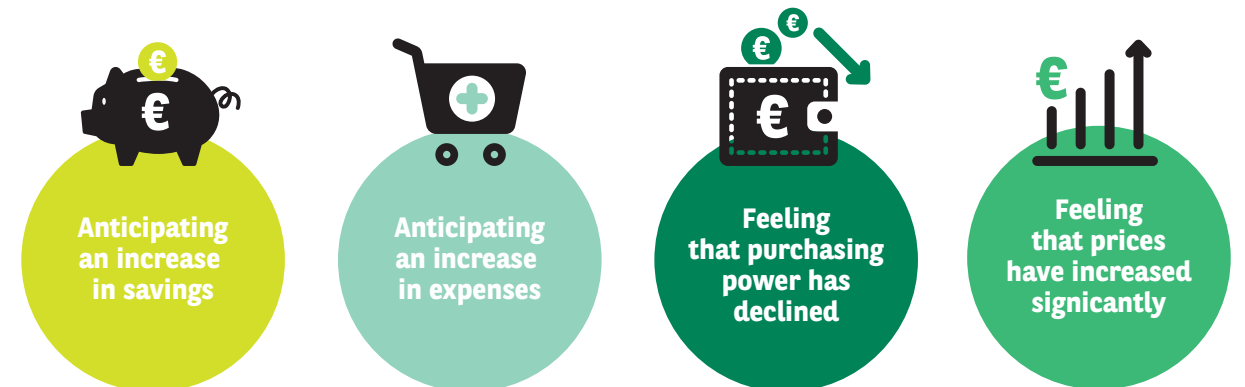
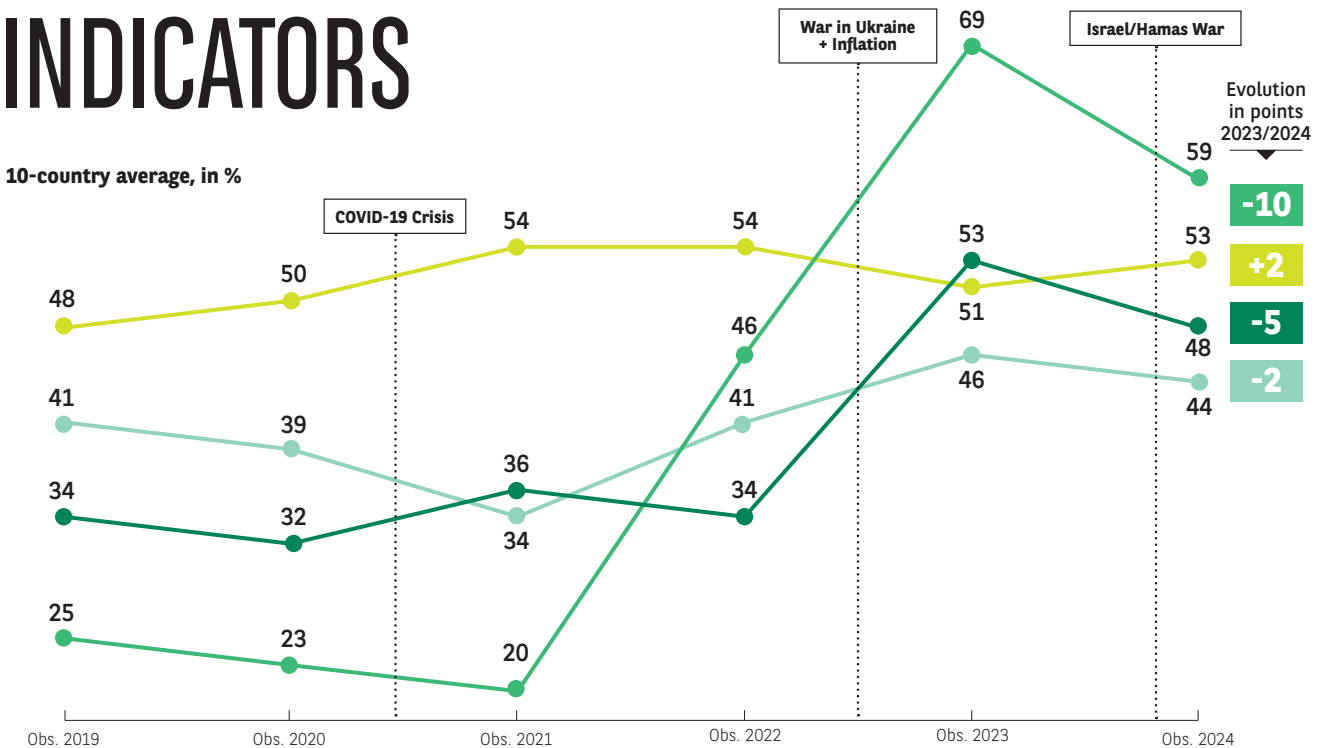


2019/2024 change



CHANGES IN KEY INDICATORS

10-country average, in %



2

INFLATION IS
OMNIPRESENT IN THE
MINDS OF EUROPEANS,
CONSTRAINING THEIR
PURCHASING POWER

The previous Observatoire Cetelem Barometer suggested that the shock of inflation was on everyone’s mind and that Europeans were unanimously feeling its impact on their purchasing power. At the time, we lauded their economic acumen. But what about this year? Despite inflation slowing, it remains at the heart of their concerns and continues to affect their purchasing power.

INFLATION REMAINS AT THE HEART
OF PEOPLE’S CONCERNS

Over the course of 2023, inflation in Europe slowed to a 2-year low of +3.1% in November 2023 (**Fig. 5a**), after reaching a “historical” peak of +11.5% in October 2022. What’s more, the European Commission’s forecasts indicate that the annual inflation rate will remain under control in 2024 (+3.5%) and 2025 (+2.4%) (**Fig. 5b**). Is this enough to reassure Europeans in the long term?

Not entirely! Consumers remain concerned. An overwhelming majority (87%) say they are worried about inflation and their purchasing power. With 52% answering “yes, very much so”, more than half of Europeans say they are extremely worried (**Fig. 6**). In every country surveyed, they place “inflation/ purchasing power” at the top of their list of concerns, ahead of international geopolitical instability (83%), security (82%), concerns regarding the health system (81%) and climate change (76%).

Fig. 5a / Context

Rolling annual inflation (CPIH) in the EU 27

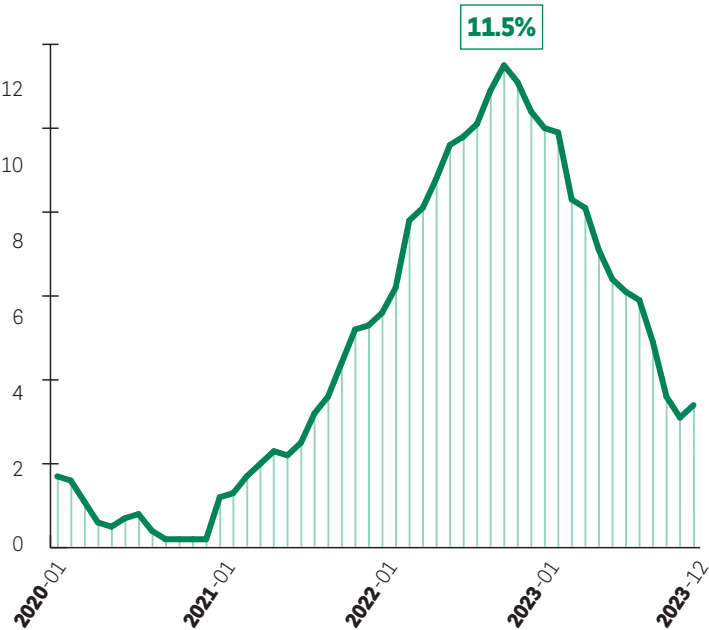












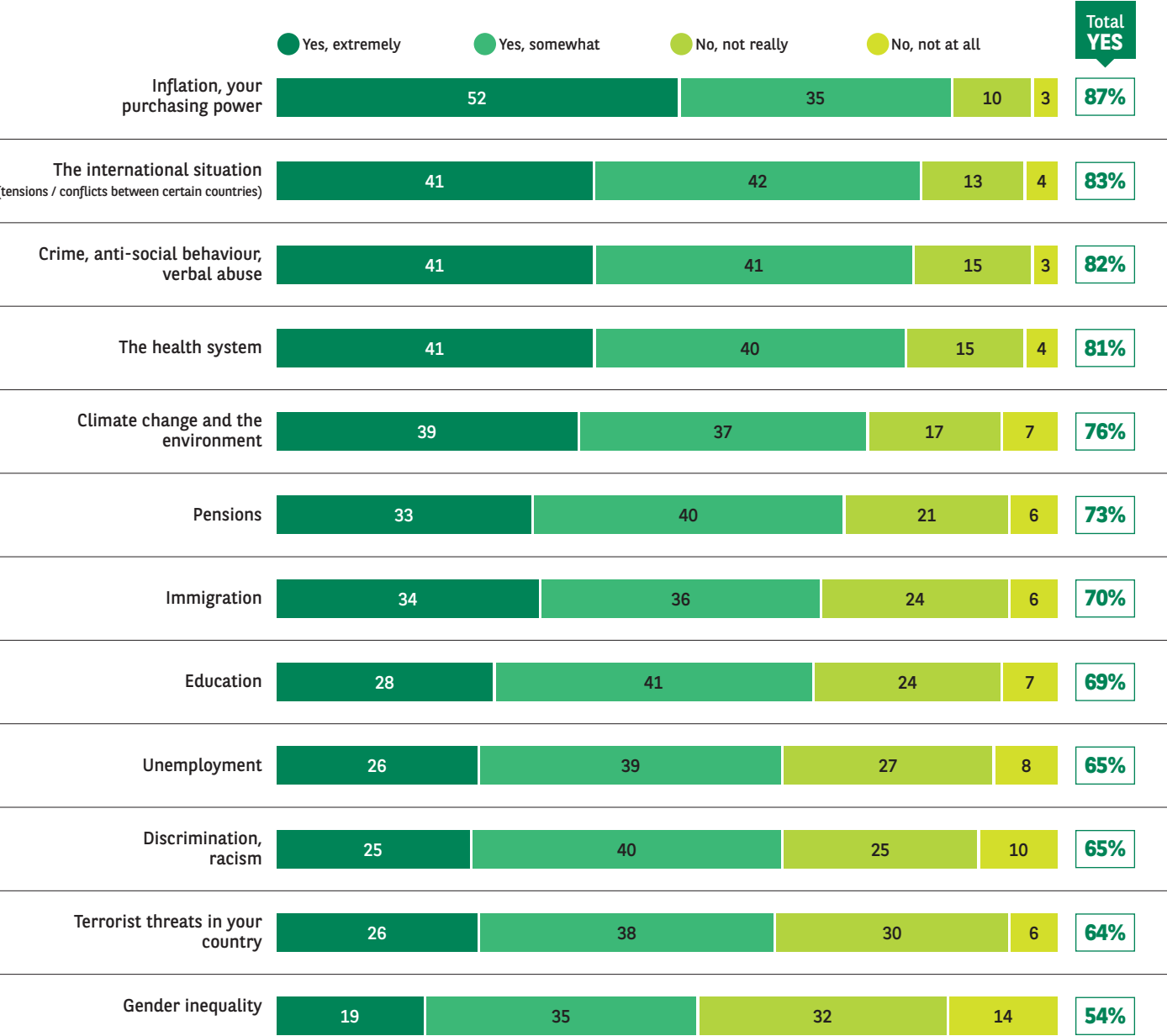
Fig. 5b / Context

Inflation trends in each country

		2019	2020	2021	2022	2023*	2024*	2025*
EU 27		1.4%	0.7%	2.9%	9.2%	6.5%	3.5%	2.4%
Germany		1.4%	0.4%	3.2%	8.7%	6.2%	3.1%	2.2%
Belgium		1.2%	0.4%	3.2%	10.3%	2.4%	4.2%	1.9%
Spain		0.8%	-0.3%	3%	8.3%	3.6%	3.4%	2.1%
France		1.3%	0.5%	2.1%	5.9%	5.8%	3%	2%
Italy		0.6%	-0.1%	1.9%	8.7%	6.1%	2.7%	2.3%
Poland		2.1%	3.7%	5.2%	13.2%	11.1%	6.2%	3.8%
Portugal		0.3%	-0.1%	0.9%	8.1%	5.5%	3.2%	2.4%
Romania		3.9%	2.3%	4.1%	12%	9.8%	5.9%	3.4%
United Kingdom		1.8%	1%	2.5%	7.9%	7.3%	3.6%	2.5%
Sweden		1.7%	0.7%	2.7%	8.1%	5.7%	1.8%	2.2%

Source 5a and 5b: Eurostat * European Commission forecasts.

Fig. 6 / Barometer
The concerns of Europeans, in % of answers
“To what extent would you say you are worried about the following topics?”



This ranking is worth bearing in mind, especially with the European elections taking place in June 2024. Purchasing power will undoubtedly be the central theme of the upcoming political campaigns in all EU countries.

Inflation continues to have a sizeable impact on the daily lives of Europeans. Indeed, they are almost unanimous (88%) in believing that prices have risen over the past year. This figure seems especially high if we recall that 91% of respondents to the 2023 Observatoire Cetelem Barometer also answered “yes” to this question. Furthermore, 59% of Europeans believe that prices have risen “significantly” (Fig. 7a). On this point, local situations vary somewhat. While 81% of Portuguese and 70% of Romanians believe that prices have “risen significantly”, the proportion is only 55% in France and 56% in Germany. (Fig. 7b).

All in all, over the last 2 years, i.e., between November 2021 and November 2023, the cost of living has shot up 14.5% in Europe, an increase not fully offset by wage increases. Of course, this makes a noticeable difference to the daily lives of Europeans. In line with the annual inflation rate, this perceived pressure appears to be decreasing overall: the proportion who answered “increased significantly” is down 10 points, while “increased somewhat” is up 7 points. This is particularly true in Poland and Belgium, where the share of respondents who answered “increased significantly” fell by 27 points and 22 points respectively.

PURCHASING POWER REMAINS UNDER PRESSURE DESPITE A SLIGHT IMPROVEMENT

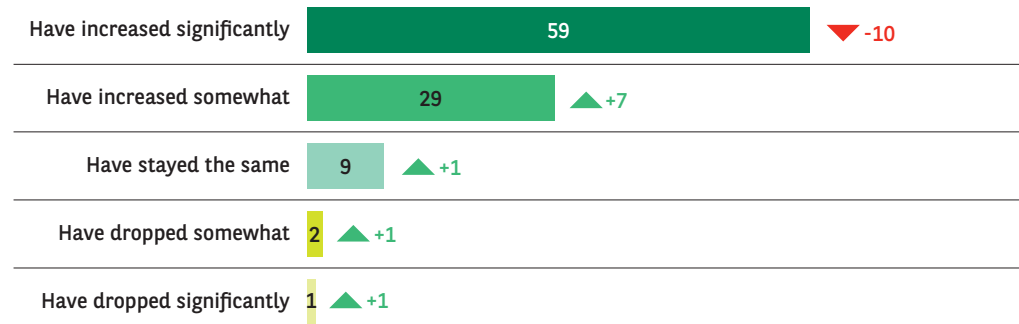
As a result of their perception that prices are rising, almost half (48%) of Europeans feel that their purchasing power has fallen over the past year, while a third feel that it has not improved (Fig. 8a). The sense that purchasing power has declined is at its greatest in Portugal. 58% of the country’s inhabitants bemoan this trend, which is in line with the perception that the cost of living has risen significantly. France comes a close second with 57%. It is worth noting that in the 2023 Observatoire Cetelem Barometer, these two countries were already home to the highest proportions of individuals who answered “my purchasing power has fallen over the last 12 months”.

Nonetheless, the pressure on purchasing power seems to be easing in comparison with last year, as reflected by a 5-point drop in the sense that it has fallen. Indeed, last year 53% of Europeans felt that their purchasing power had declined over the previous 12 months. This relative pressure reduction can be witnessed in all ten countries surveyed, not least in Belgium (-10 points on “% dropped”) (Fig. 8b).

If we extend the period of analysis, the findings are even more striking. In 2019, only 23% of Germans felt that their purchasing power had fallen. The figure was 23% in Sweden and 27% in the UK. This trio helped to bring the European average down to 34%. France, for its part, stood out from the rest with a figure of 59% (at a time when the “yellow vests” crisis was raging)! Five years on, the Observatoire Cetelem Barometer reports scores of 50% for Germany, 45% for Sweden and 43% for the UK, i.e., increases of 27, 19 and 16 points respectively. Here again, it is clear that the scores of the different European countries are converging.

Fig. 7a / Barometer

Perceived change in prices over the past 12 months, in % with 2023/2024 point change



88% ▼ -3
Believe that prices have **increased**

3% ▲ +2
Believe that prices have **dropped**

Fig 7b / Barometer

Feeling that prices have increased, in % who answered "Have increased significantly" with 2023/2024 point change

Less than 60% 70% to 79%
60% to 69% 80% and over

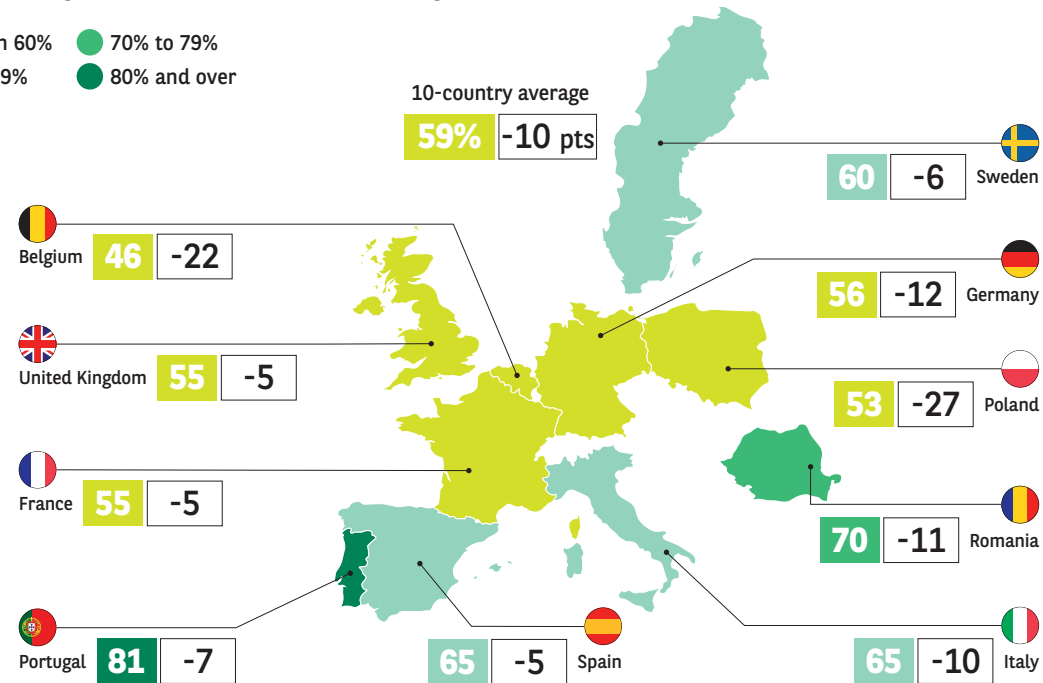
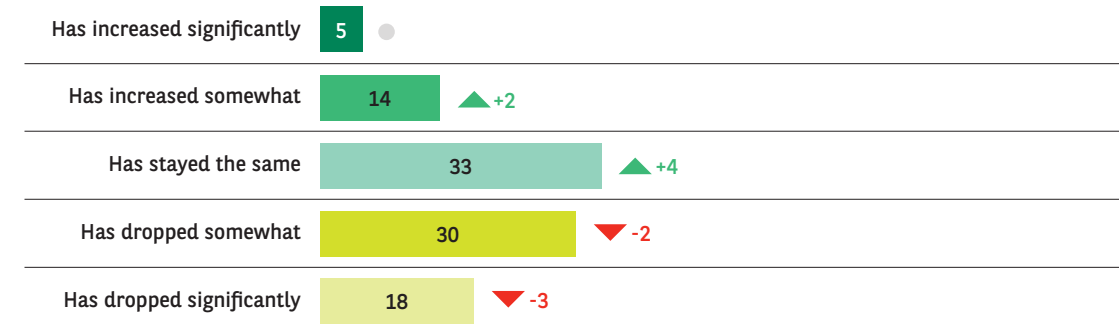


Fig. 8a / Barometer

Perceived change in purchasing power over the past 12 months, in % with 2023/2024 point change



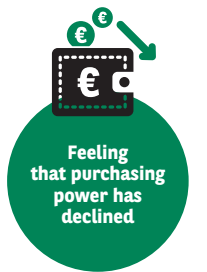
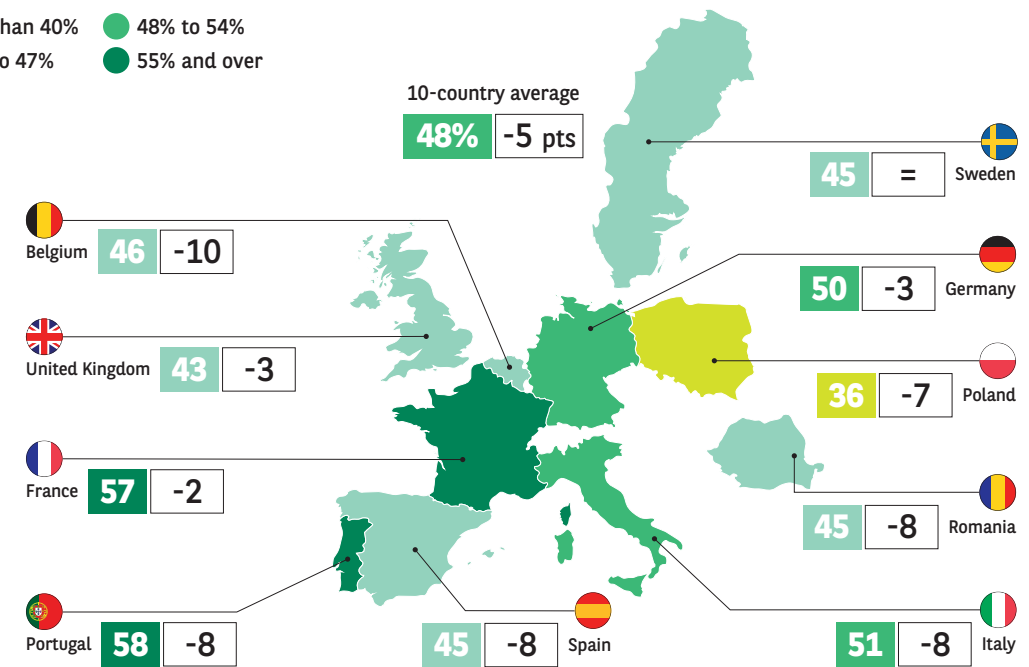
19% ▲ +1
Believe that their purchasing power has **increased**

48% ▼ -5
Believe that their purchasing power has **dropped**

Fig. 8b / Barometer

Feeling that purchasing power has dropped, in % of answers "Has dropped" with 2023/2024 point change

Less than 40% 48% to 54%
40% to 47% 55% and over



3 UNCERTAINTY HAS LED TO PRECAUTIONARY SAVING AND SUBDUED CONSUMPTION

As we have just seen, inflation is a major concern for Europeans. However, unlike last year, when their reaction was astonishment, they are now organising themselves and adapting. The lasting repercussions of the current inflationary climate and the decline in purchasing power are a reality with which they have learned to come to terms. Thus, Europeans are pulling the levers available to them, namely precautionary saving and controlled spending.

SAVINGS BOOSTED BY UNCERTAINTY










During the pandemic, savings rates reached record levels in Europe, driven by travel restrictions, the postponement of spending plans and uncertainty about the future. Saving subsequently fell, which allowed consumption to recover in 2022.

But what is the situation today? The economic data and the results of this 2024 Observatoire Cetelem Barometer are perfectly aligned. Uncertainties, particularly those of an economic nature, have prompted Europeans to build up precautionary savings, despite the strain on their purchasing power. Thus, the average savings rate among Europeans is still slightly higher than before the pandemic, and should remain so for years to come (Fig. 9).

The data gathered by this latest Observatoire Cetelem Barometer confirms this tendency to set some money aside. More than half (53%) of Europeans expect to save more over the next 12 months, an increase of 2 points on last year (Fig. 10a). This upward trend can be seen in all the countries surveyed, with the exception of Germany and Sweden (-2 and -3 points), which, as we have already noted, have seen most of their indicators fall (Fig. 10b). Nevertheless, with 57% of respondents planning to save more in the coming year, these two countries continue, as ever, to lead the way in Europe when it comes to savings, along with Portugal.

Fig. 9 / Context

Savings rate in each country

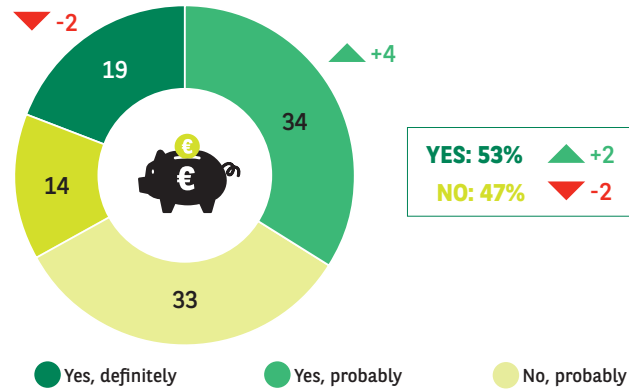
		2019	2020	2021	2022	2023*	2024*	2025*
EU 27		12.3%	18.5%	16.4%	12.7%	13.5%	13.5%	13.4%
Germany		18.4%	23.7%	22.7%	19.9%	19.6%	19.6%	19.5%
Belgium		12.4%	20.4%	17.1%	12.9%	13.3%	13%	12.5%
Spain		8.2%	17.5%	13.8%	7.6%	8.1%	7.8%	7.6%
France		14.7%	20.5%	18.6%	17.1%	17.7%	17.1%	16.7%
Italy		10%	17.4%	15.5%	9.8%	8%	8.9%	9.4%
Poland		4.6%	11.3%	4.1%	-0.8%	1.7%	2.7%	4%
Portugal		7.2%	11.9%	10.6%	6.5%	6.1%	6.4%	6.5%
United Kingdom		6.5%	16.5%	12.5%	8.1%	7.4%	7.9%	7.8%
Sweden		18.1%	19.6%	18.1%	16%	17.1%	16.7%	17%

Source: Eurostat * European Commission forecasts.

Fig. 10a/ Barometer

Intentions over the next 12 months, in % with 2023/2024 point change

Increasing your savings



Increasing your expenses

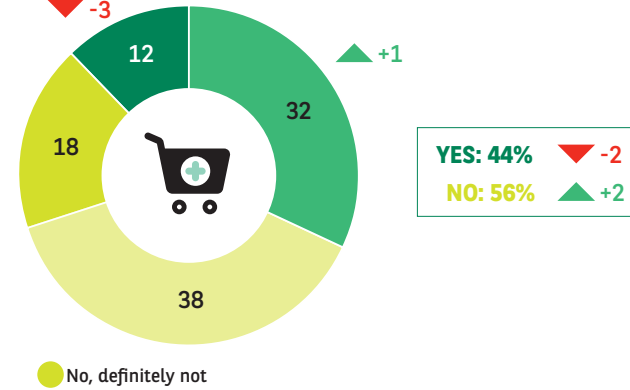
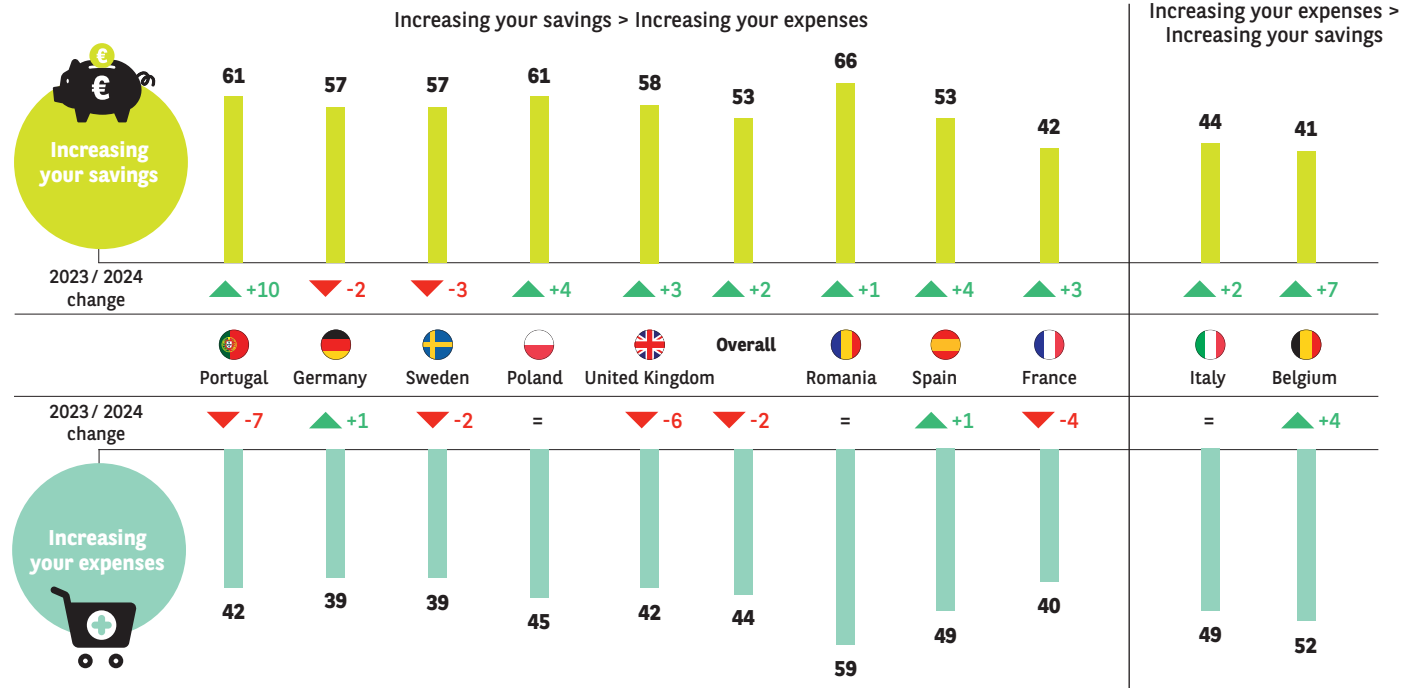


Fig. 10b / Barometer

“Over the next 12 months, do you expect to...?”, in % who answered “Yes” with 2023/2024 point change



THE DESIRE TO SPEND IS PRESENT BUT FRUSTRATED

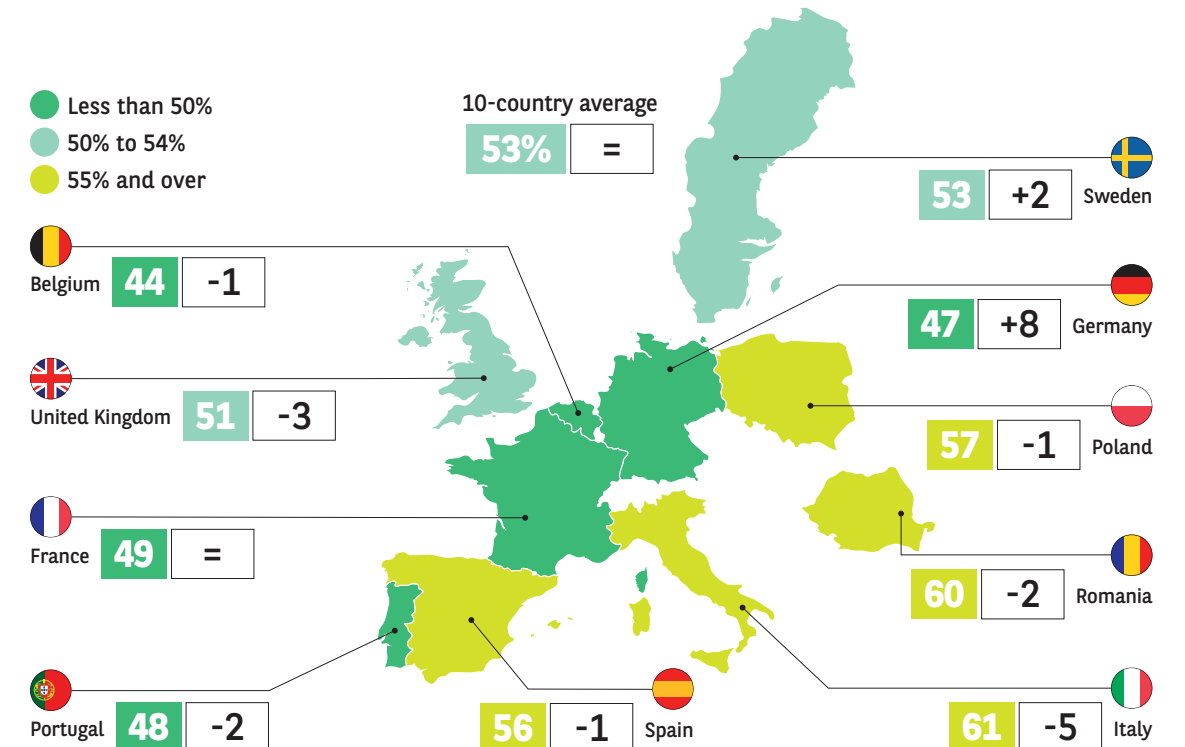
Purchasing intentions have held up well, with 53% stating that they are keen to spend this year (**Fig. 11**). This figure has not changed since 2023, suggesting that household consumption in Europe will be resilient in 2024 despite high interest rates and relatively poor economic conditions. However, this desire to consume generates a great deal of frustration: 44% of Europeans say they are keen to do so, but can't always afford to, i.e., 8 out of every 10 people who want to spend! Once again, the Germans and Swedes stand apart. Indeed, while fewer of them can't afford to spend (7 out of 10 on average), this proportion has risen sharply since last year (+8 and +2 points respectively).

Although there are considerable disparities between the countries, both in absolute terms and in terms of year-on-year change, the big winners when it comes to this urge to consume are travel and leisure (59%), far ahead of video streaming subscriptions (41%) and household appliances (40%) (**Fig. 12**). Over the longer term, streaming services have gained the most ground, with purchasing intentions rising from 29% in 2019 to 41% in 2024.

In contrast, new cars, furniture, household appliances, computers and renovation projects have all experienced significant falls.

Fig. 11 / Barometer

“I like spending money”, in % with 2023/2024 point change



This current tendency to rein in one’s spending is in line with the Eurostat data on household consumption, which points to a stabilisation in 2023. However, the European Commission’s projections for the near future are a little more optimistic than our respondents, suggesting that

Fig. 12 / Barometer

Purchasing intentions over the next 12 months, to all respondents, in % of “Yes” answers

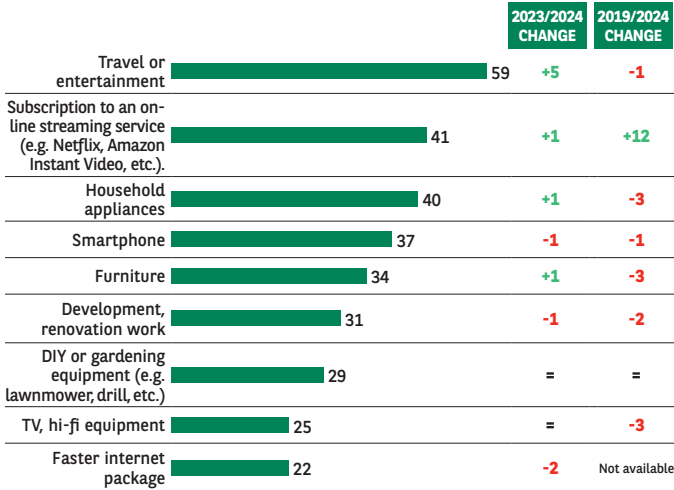












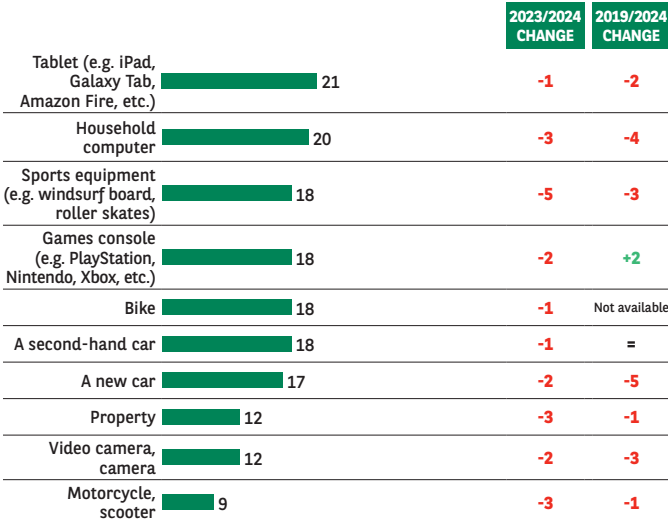
Fig. 13 / Context

Change in consumption in each country in euros (like-for-like)

		2019	2020	2021	2022	2023*	2024*	2025*
EU 27		2.4%	-5.2%	5.1%	3.5%	0%	1.3%	1.7%
Germany		1.5%	-3.1%	2.5%	3.2%	-0.6%	0.8%	1.1%
Belgium		1.9%	-6.2%	6.1%	3%	2.1%	1.6%	1.5%
Spain		1.7%	-9.2%	6.7%	2.9%	1.7%	1.9%	2.1%
France		2.1%	-6.2%	6.1%	3%	0.6%	1.4%	1.3%
Italy		-0.2%	-8.4%	8.4%	4.3%	1%	0.7%	1.3%
Poland		3.3%	-2.7%	8.5%	5.2%	-2.7%	2.7%	3%
Romania		5.3%	-2.1%	6.9%	5%	2.5%	3.6%	4%
Portugal		3%	-5.2%	5.8%	4.3%	0.9%	1.8%	2.1%
United Kingdom		1.6%	-11.9%	9.3%	4.7%	0.8%	0.6%	1.2%
Sweden		0.2%	-2.3%	6.1%	3.5%	-1.4%	-0.1%	1%

Source: Eurostat * European Commission forecasts.

consumption will recover gradually in 2024 and 2025 (Fig. 13), particularly in Sweden, the UK, Italy and Germany. This outlook echoes the findings of the Observatoire Cetelem Barometer, which support the idea that the worst may be over.



TO STAY AFLOAT, HOUSEHOLDS ARE MAKING CERTAIN CHOICES AND DOING WITHOUT, ESPECIALLY WHEN IT COMES TO FOOD

4

Confronted with the highest inflation in 40 years, Europeans have faced up to the situation and adapted. This is unavoidable when wages fail to rise to the same extent. Thus, in response to the fall in their purchasing power, not only are they foregoing certain items, they are also adopting various strategies to consume more wisely, paving the way for a shift towards more responsible retail.

A TIME FOR GOING WITHOUT

After last year’s economic shock, there are many things people are going without. Simple everyday pleasures are not the least of these.

62% of Europeans have decided against spending money on leisure activities (restaurants, cinema, outings, etc.) and 58% on weekends away and travelling. This is hardly surprising, given that in 43% and 38% of cases, respectively, respondents spontaneously cite these two types of expense when it comes to cutting back in the event of financial difficulties (Fig. 14). This is a general trend that can be observed in every country. It is therefore difficult for companies in these sectors to make up for the loss of local business in other European markets.

However, it should be stated that all areas of consumer spending are now subject to these trade-offs. For instance, nearly 4 out of 10 Europeans (37%) have tightened their food budget. Of course, household and personal goods have also been heavily impacted, with figures of 54% for clothing and footwear, and 52% for furniture, household appliances, TVs and smartphones. People are even opting to cut back

on unavoidable / necessary purchases. Indeed, 32% of households have reduced their energy spending and 27% have cut expenses relating to the home. And one can hardly blame them, considering the price rises witnessed over the last few years.

BUDGETS HAVE BEEN REVISED AND RESTRUCTURED

In practice, these decisions to go without can be explained by changes in the structure of monthly household budgets, and in particular by the burden of significant unavoidable expenses. More than half of Europeans say that their energy spending (66%), food bills (65%) and transport costs (52%) have increased over the last twelve months. Household food budgets, for instance, have risen the most in the UK (74%) and Romania (71%) (Fig. 15a). Energy bills have also increased greatly in the United Kingdom (76%) and Romania (74%), but also in France (72 %) (Fig. 15b). Some unavoidable expenses have remained stable. Healthcare, housing and subscriptions are essential, but they have not yet been hit by significant price increases.

Fig. 14 / Barometer

Hierarchy of spending reductions, in % of answers

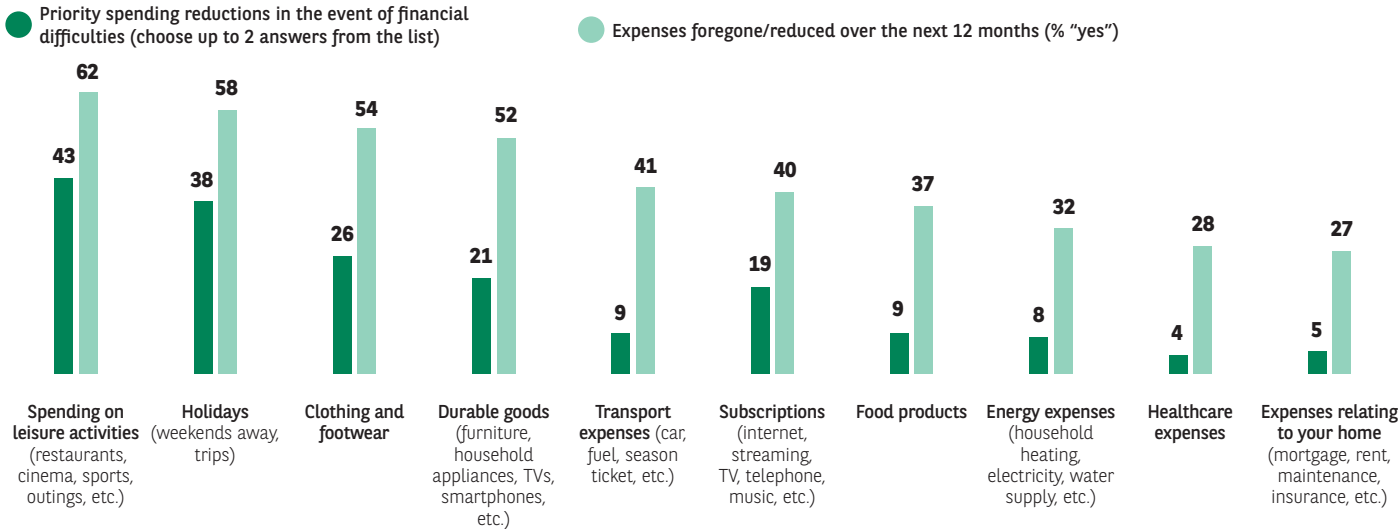


Fig. 15a / Barometer

"My food budget has increased over the last 12 months", in %

- Less than 60%
- 61% to 65%
- 66% to 69%
- 70% and over

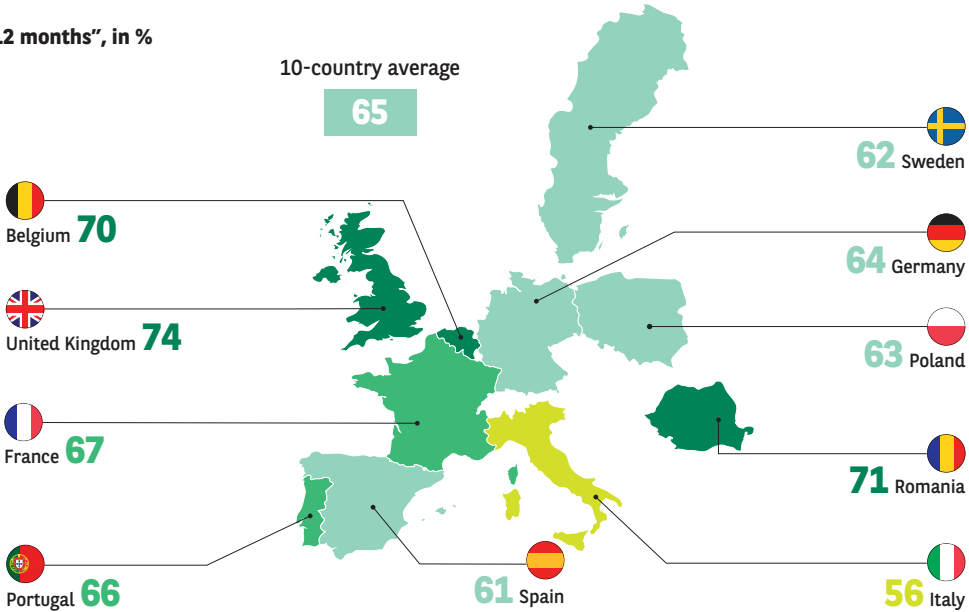
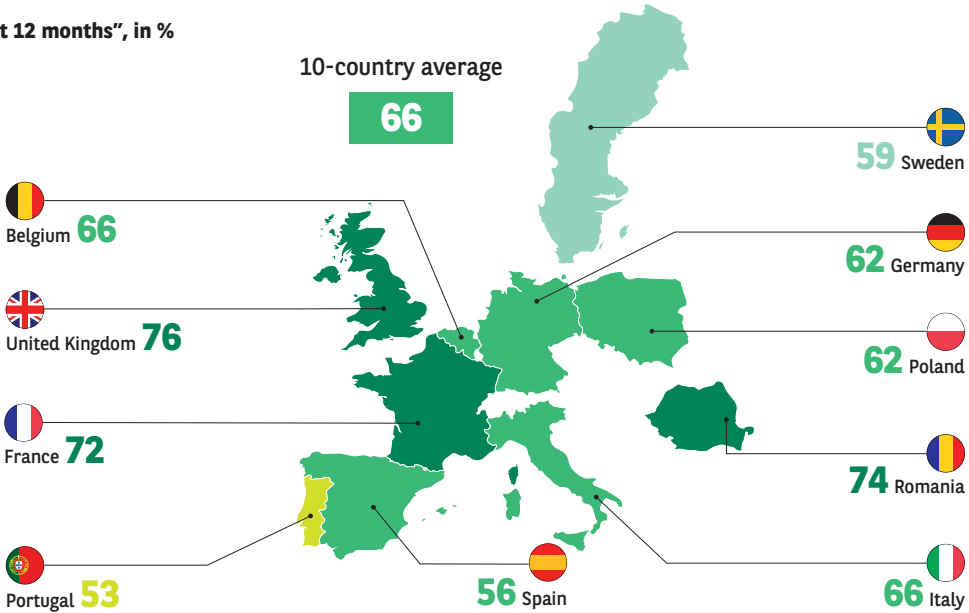


Fig. 15b / Barometer

"My energy budget has increased over the last 12 months", in %

- Less than 55%
- 56% to 59%
- 60% to 69%
- 70% and over

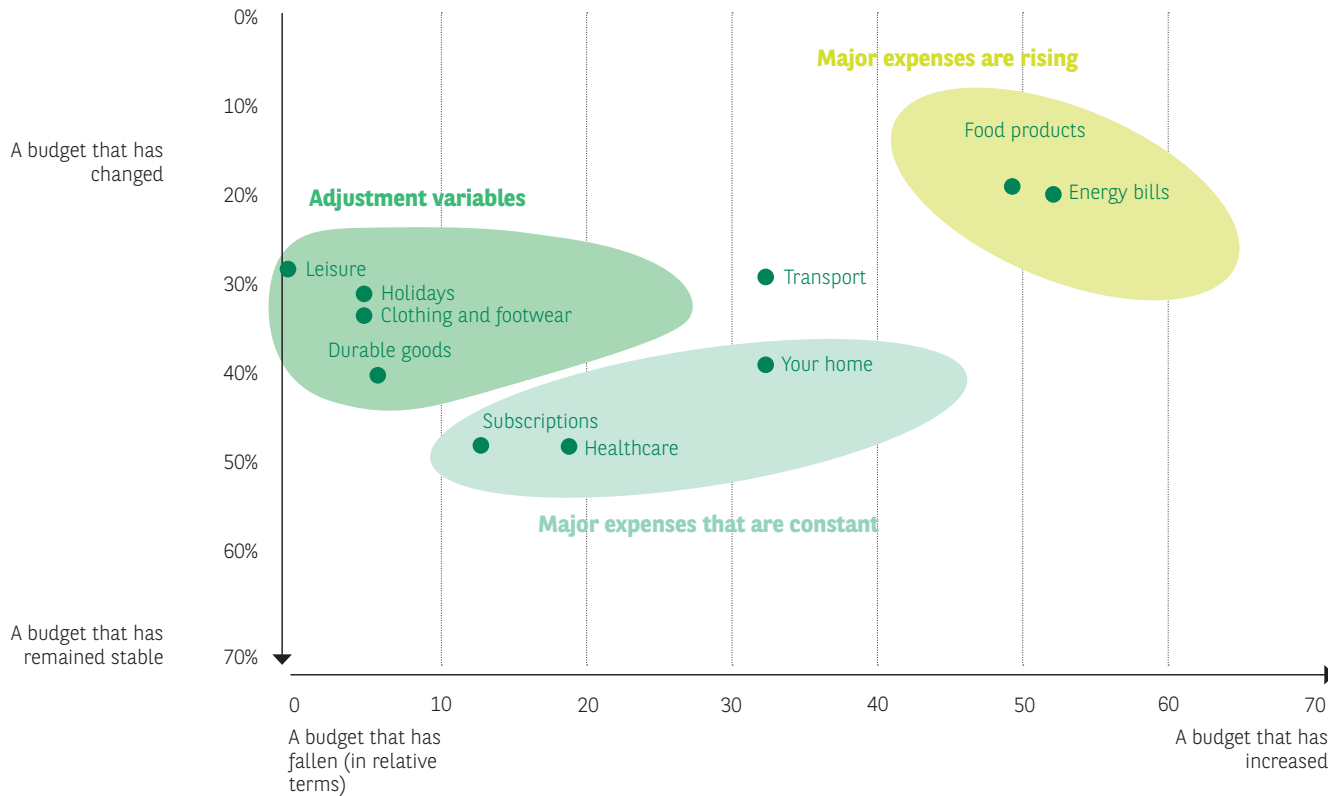


It follows that consumers are allocating a falling proportion of their budget to other expenses. Unsurprisingly, consumers are taking action by adjusting their spending on personal and household goods, as well as leisure activities (Fig. 15c). These strategies have been adopted by both low and high earners, although obviously not to the same degree, with higher earners finding themselves less financially constrained.

Fig. 15c / Barometer

“Would you say that the average amount you spend in a typical month on each of the following expenses has increased, decreased or remained the same over the last twelve months?”

Expense items according to the increase in the budget allocated vs. the degree to which this budget has changed



LOW EARNERS AND HIGH EARNERS ARE FOREGOING THE SAME ITEMS

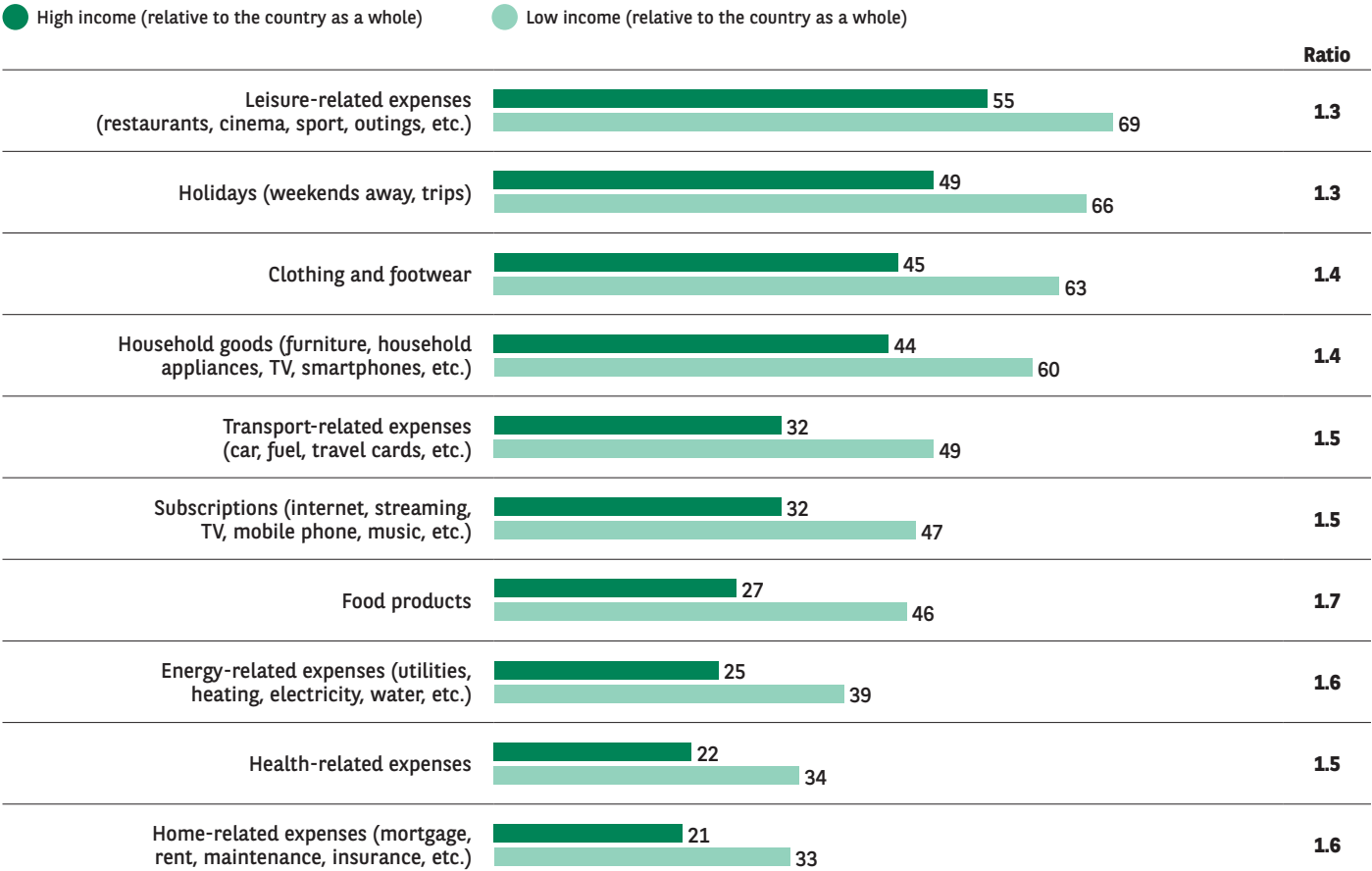
The scale of the crisis currently affecting Europe is such that all households, regardless of their income, have adopted strategies to preserve their purchasing power. While 69% of low earners have foregone leisure activities this year, the proportion among high earners is 55% (Fig. 16). A similar picture emerges when it comes to energy, with figures of 39% and 25% respectively. All consumers are therefore tightening their belts. Of course, as we have just seen, the pressure is greater for households with smaller budgets, but the gap

between them and wealthier households remains the same in all expense categories.

The only exception to this rule is food. While 46% low earners have reduced or foregone some purchases, this is much less likely among high earners, for whom the figure is “only” 27%. This equates to a ratio of 1.7, compared with 1.3 in the case of leisure and holidays. Proof that, now more than ever, the priority is to keep spending under control, especially “incidental” expenses.

Fig. 16 / Barometer

“Over the last twelve months, have you had to limit or even forego the following expenses due to a lack of financial means?”, in % of “Yes” answers



EUROPEANS ARE EATING SMART

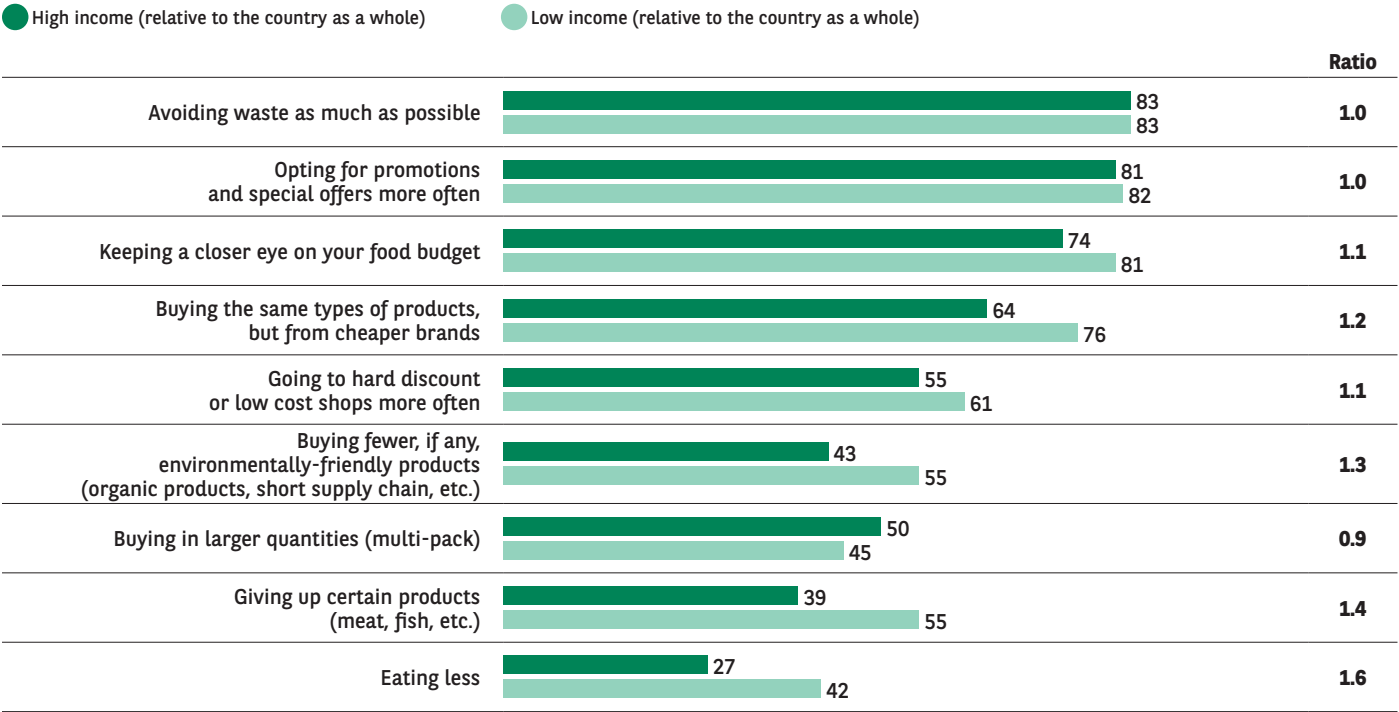
If we examine the dietary habits of Europeans more closely, we can see that lower earners are the most likely to go without certain items, and unsurprisingly so. 55% of them have stopped buying meat or fish so as to control their food spending. And, more worryingly, 42% of these less wealthy households have had to eat less. (Fig. 17).

In addition to these more radical measures, Europeans as a whole have embraced various ways of dealing with soaring food prices and are eating smarter. The same behaviours can be observed in both income categories. An analysis of the results of the 2024 Observatoire Cetelem Barometer reveals two strategies.

The first is based on common sense. Understandably, 81% of those surveyed say they are more likely to take advantage of promotional offers and low prices this year. This trend is having a very tangible impact on the market share of food retailers. Also to be included in this category of measures are reducing waste to a minimum (83%), keeping to a strict budget (77%) and, of course, switching to low-cost and hard-discount brands (58%).

Fig. 17 / Barometer

“Regarding food products, have you adopted any of the following behaviours in the last 12 months?”, in % of “Yes” answers



The second involves reducing not only the quality, but also the quantity of food consumed. What is the main type of behaviour stemming from this strategy? Buying the same products, but from cheaper brands. Forgoing organic products, which 49% of Europeans have opted to do, is another choice people make, as are going without meat or fish (47%) and eating less in general (35%). 4 out of 10 French people say they are “eating less” than in the past. 29% of Spaniards, 30% of Germans and 35% of Britons also answer “yes” to this question. What this demonstrates is that, unfortunately, this is happening across Europe.

CONCLUSION

This 2024 Barometer reveals the bravery of Europeans. While these are still difficult times for consumers, they demonstrated an impressive capacity to adapt in 2023. They are now organising themselves to cope with the pressure that inflation and the rising cost of living is placing on their budgets. Although inflation is down this year, it remains at the heart of people’s concerns, leading them to adjust their budgeting choices and even to forego some purchases. Today, nobody is spared from having to make trade-offs, not even high-income earners.

So, is the worst over? Europeans are invariably living with a great deal of uncertainty. However, there is a glimmer of hope on the horizon. According to the European Commission, rising wages, continued employment growth and falling inflation should boost purchasing power in 2024 and 2025, which should in turn stimulate consumption.

These positive forecasts still seem a long way off for many Europeans, particularly with the uptick in inflation in December. Of course, it will be important to keep an eye on saving levels. Indeed, rising interest rates could encourage Europeans to save more, as confirmed by our 2024 Observatoire Cetelem Barometer.

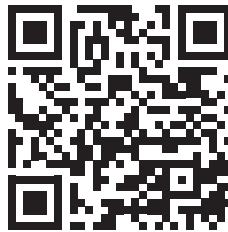
But we can be sure that the situation will have improved by the time the next Observatoire Cetelem Barometer is published... provided, of course, that this resolutely optimistic prediction is not derailed by another major crisis.

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