

# HDX HOUSEHOLD DECISION EXPERIENCES

**Household decision experiences in a time of rising prices.**

A study brought to you by GroupM Ireland.



# INTRODUCTION

At GroupM, we believe it's essential that we concentrate our attention on the audience and on their needs, that we place the understanding of people at the heart of our business.

Our research approach for this study is unlike many other consumer journey techniques which take a brand or sector centric focus. This approach concentrates on addressing the challenge an individual is specifically trying to resolve through their decision-making actions.

We explore the needs that arise during this behaviour; the activities that encourage or hinder progress through the decision, the influence of different touchpoints on actions and attitudes, and the way in which media and content can be used to shape and influence.

In essence, our approach recognises that people make decisions in different ways, with differing triggers, needs and emotions shaping the energy flow of the consumer journey itself - from the length of time someone may take to reach a decision, to the emotional cues they may need fulfilling along the way, through to the touchpoints that will guide their actions.

What makes this even more compelling is the timing of this research – undertaken in the depths of a surge in the cost of living and on the back of inflation at a 38 year high\*.

As inflation continues to hit and household expenses rise we have looked at the consumer journey for four important, and in some cases, essential household expenses;

**Main grocery shop**

**Car insurance**

**Changing gas or electricity provider**

**TV subscription service**

This study, with fieldwork undertaken in January, allows us to look beyond broad headlines into how people feel about the current cost of living and help us understand exactly how they continue to approach and fulfil these essential household purchases.

# CONTEXT

Fieldwork for our study was undertaken in January 2023. The news headlines at the time were, and continue to be, filled with stories of increasing household costs.

We know that people and households are under pressure, and crucially some more so than others. People are cautious, saying the rising cost of living is impacting negatively on their household. Echoing a lot of other recently published research from the Irish market, our research says;

**93% of people say at the moment, they are more careful how they spend their money**

**77% say the rising cost of living is negatively impacting their household**

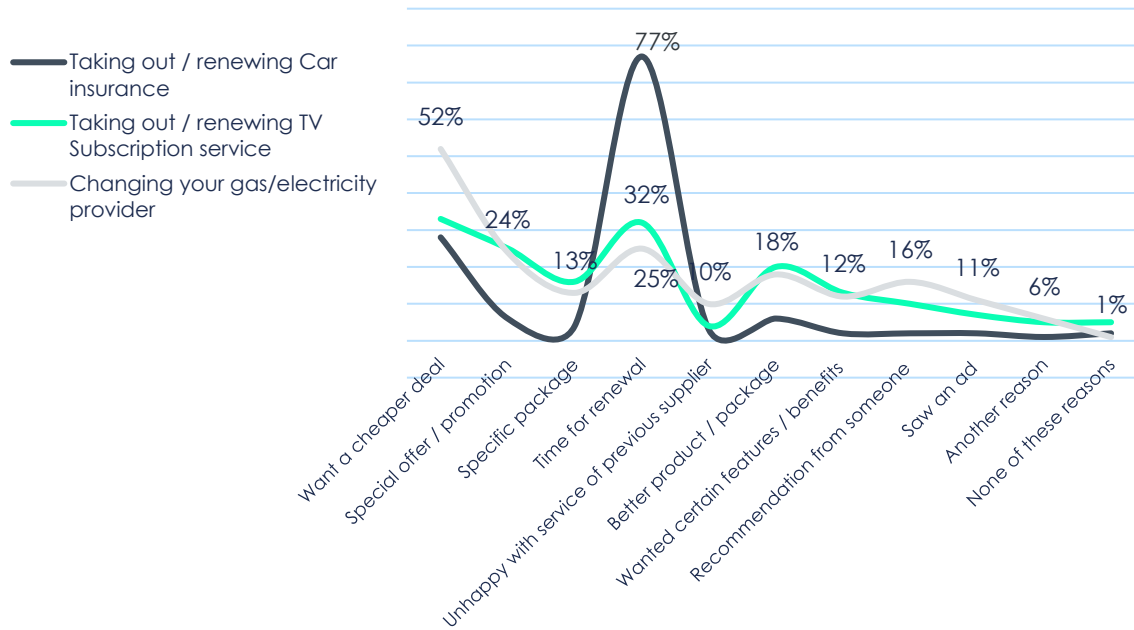
The Commission for Regulation of Utilities (CRU) research tells us that – when it comes to gas and electricity costs – customer satisfaction has decreased significantly as price increases have soared.

Kantar research tells us that households will spend an eye-watering additional €1,159 on their annual grocery shopping bills if they don't change their behaviour to cut costs.

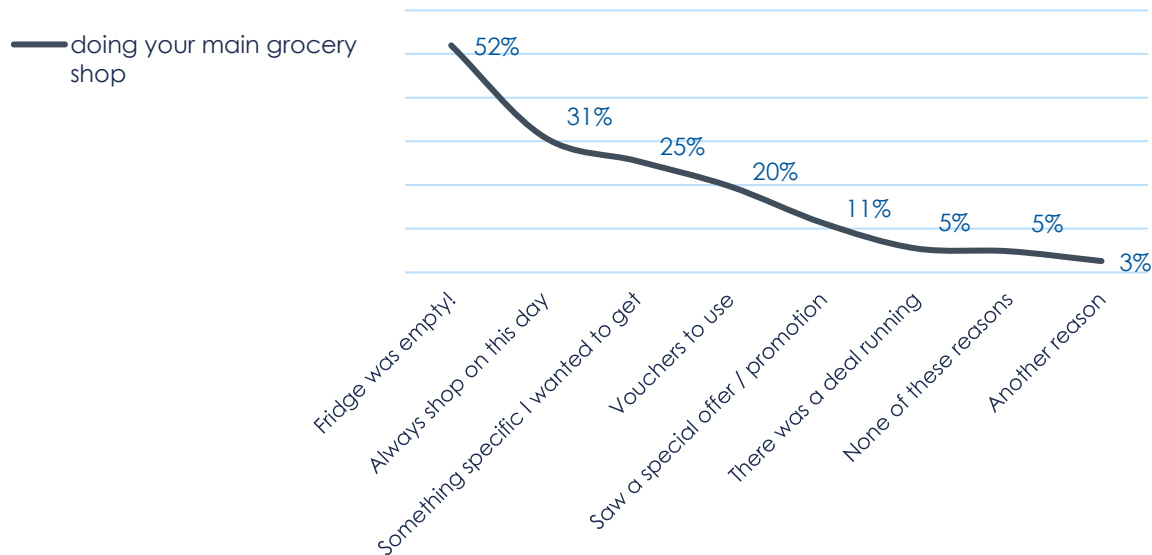
Despite all that is happening with rising costs and financial pressures, household spending decisions still need to be made. Each decision and spend has a different approach depending on what question an individual is trying to resolve – whether it's to renew their TV subscription service or who should be their electricity provider. In this report we will consider how people are approaching grocery, car insurance, changing gas or electricity and their TV subscription service purchase journeys, based on four separate samples of people who have recently undertaken each of those decisions.

**Despite all that is happening with rising costs and financial pressures, household spending decisions still need to be made.**

## MAIN REASONS YOU STARTED THINKING ABOUT



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**Not all purchase decisions start from the same point.**

People start their purchase journeys for various reasons, dependent on the task at hand. Some triggers are more obvious e.g., grocery shopping because the fridge was empty or renewing your car insurance simply because it was time to. There's an element of routine, and immediacy, in making these purchases. 31% of our grocery shop sample shopped because they always shop on that day.

When it comes to changing gas or electricity supplier, the trigger for people is financial with over half saying they wanted to find a cheaper deal. Not surprising considering the increases in gas and electricity costs. But we need to remember this is the starting point for people – they're not looking for a brand, they're looking for a cheaper provider.

**This starting point frames the decision and this is ultimately the need people are looking to fulfil**

# Being the brand, or at least one of a number of brands, in mind when the journey starts is crucial

As people get closer to the purchase decision, brands inevitably start to form part of the process.

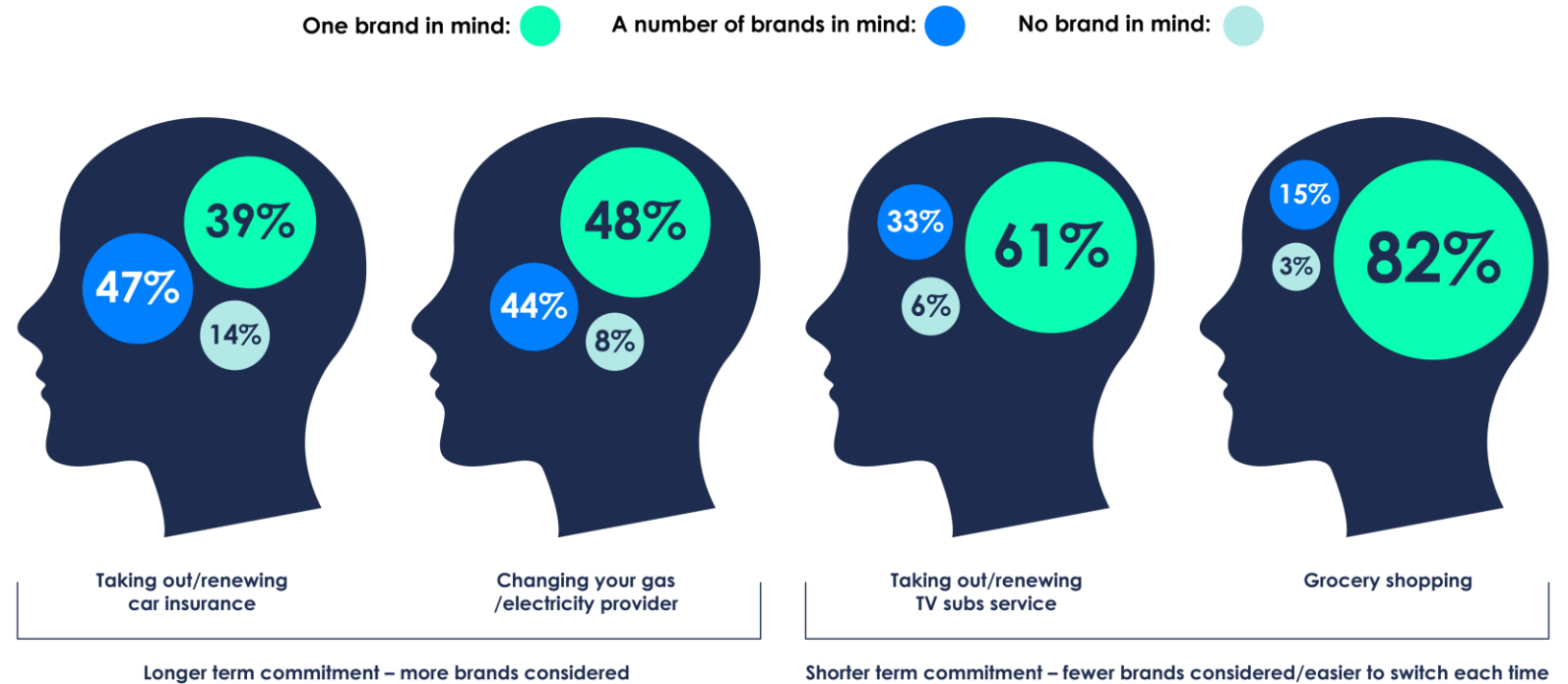
For each category we looked at, people already have a brand in mind, if not a number of brands.

These category norms mean, in some cases, it is much harder to infiltrate mental availability to get a brand be the *one brand in mind* or even one of a *number of brands in mind*.

**It is imperative that your brand is within this consideration set at this point in the journey.**

We know the role that successful advertising plays in impacting the associations linked to a brand in people's memory, expanding a brand's mental availability. This makes it more likely the brand will come to mind next time the consumer encounters a choice relevant to that category.

## NUMBER OF BRANDS PEOPLE HAVE IN MIND WHEN THEY ARE MAKING EACH OF THESE PURCHASE DECISIONS



# And right now, people want value from the brand they choose

We know value doesn't mean lower cost. We gave the option to respondents to choose 'cheaper than others' and it wasn't as important as value in any category *except* changing gas or electricity provider. In fact it wasn't even the second choice in the other three categories;

Car insurance buyers want familiarity

- 2<sup>nd</sup> choice: Had used them before

TV Subscription Service buyers want quality most likely in the form of content and user experience

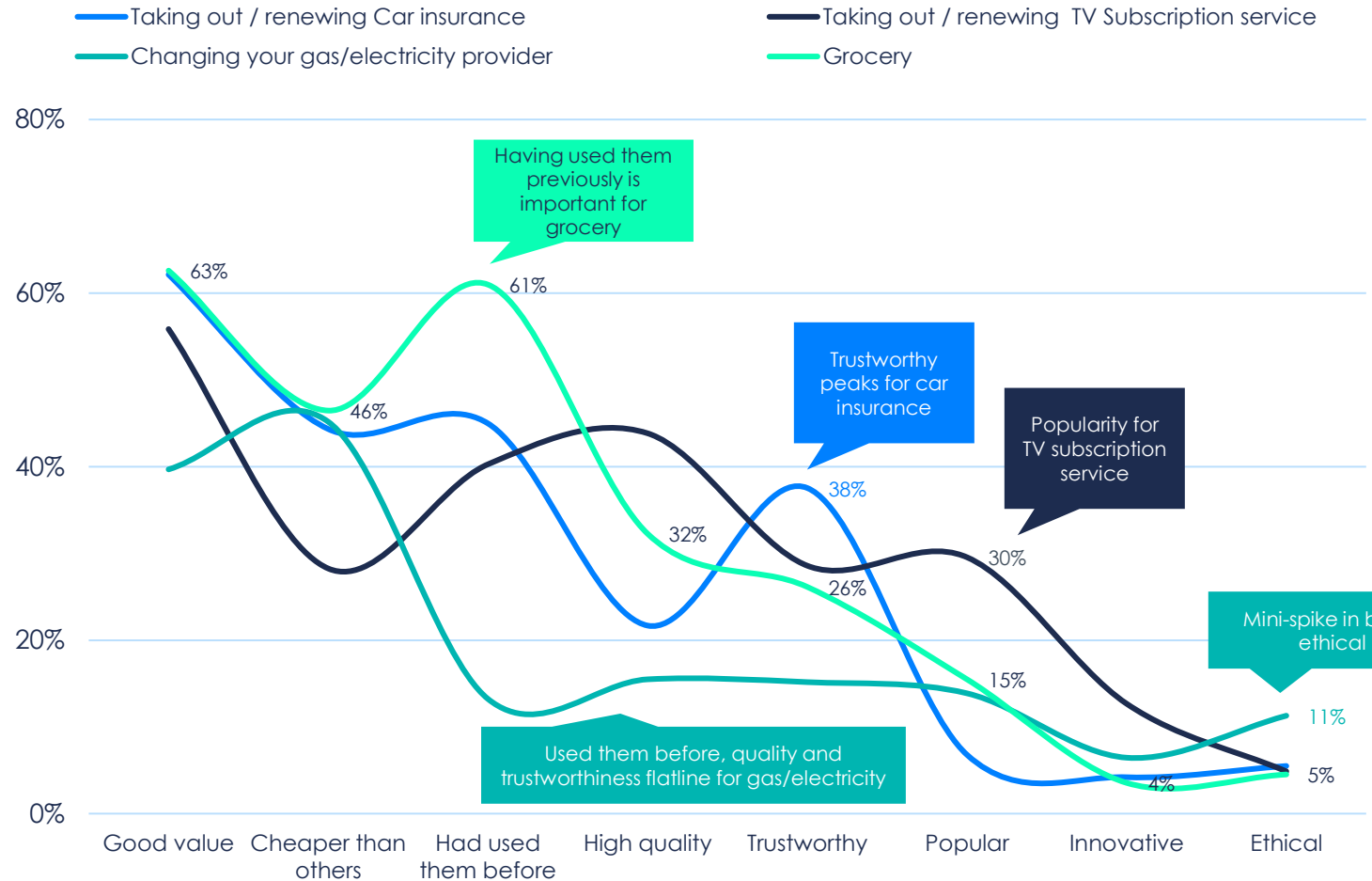
- 2<sup>nd</sup> choice: High quality

Grocery buyers like the familiarity that comes with choosing the same retailer

- 2<sup>nd</sup> choice: Had used them before

**In a time when cost is the focus across communications and the news cycle, it's not equal in the part it plays in people's decision making.**

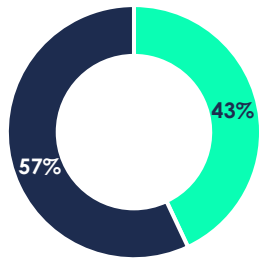
Other nuances can be seen in each category in terms of what influences people's purchase decisions...



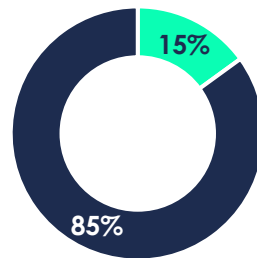
# Make it easy to maintain brand consideration

% of buyers who experienced frustrations the last time they...

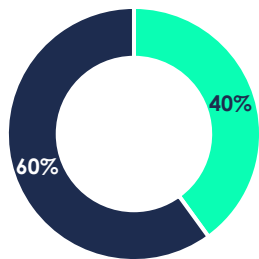
TOOK OUT OR  
OUT/RENEWED CAR  
INSURANCE



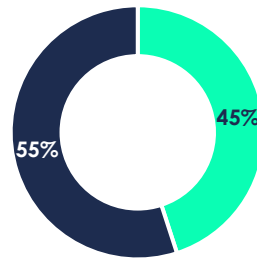
CHANGED GAS /  
ELECTRICITY PROVIDER



TOOK OUT/RENEWED TV  
SUBSCRIPTION SERVICE



DID THEIR MAIN  
GROCERY SHOP



 No frustrations

 Experienced frustrations

Businesses and brands can't change inflation nor address the wide array of pressures many households have to deal with right now. They can however make the journey people take with them as easy as possible. In doing so brands can make it easier to maintain their position as the brand, or one of the brands, to be considered next time round.

In a recent Forbes survey, 96% of customers said they'll leave a company if they receive bad service. The flip side is that **bad service elsewhere opens opportunities for brands to distinguish themselves from the competition.** In fact, while **poor service drives customers away, exceptional customer service is rewarded. 62% of respondents said they'll pay more for good customer service.**

*Ogilvy, The Customer Service Crisis is Real, February 2023*

Our results show there is lots of room to improve when it comes to frustrations people experience on their purchase journeys.

Overall, we considered 17 different types of frustrations people might experience. The main frustrations people told us they experienced, based on their most recent purchase journey for that category, may read as an obvious how-to list, but our research shows they remain problematic.

- When there are multiple types of products to choose from, people want help on understanding which one is best for them. Help them make the right product choice. Give them clear information.
- Don't pressure people into purchase. Give them the time they need to make the right decision for them.
- As well as looking for value in a brand, people want to feel like valued customers.

# Make people feel better, or at least not worse

Grocery shopping is considered the most **straightforward** purchase – understandable given the fact one in four grocery shoppers know which supermarket brand they are choosing and it's a frequent household task. It achieved the highest share of people considering it **enjoyable** and that's despite the inflationary impact on cost that we'll see later in this research where grocery bills are higher than people anticipate.

On the other hand nearly half of those who switched gas or electricity and just over one in three who took out or renewed their car insurance recently felt the journey was overwhelming, stressful or complicated.

Emotion plays a huge role in effective brand communications and we know the investment in this type of comms is significant. But the positivity people feel about a brand needs to carry through to all touchpoints with that brand. From the big brand TV spot to the actual journey. Don't drop the ball in the final straight.

## HOW DID IT FEEL WHEN YOU WERE...

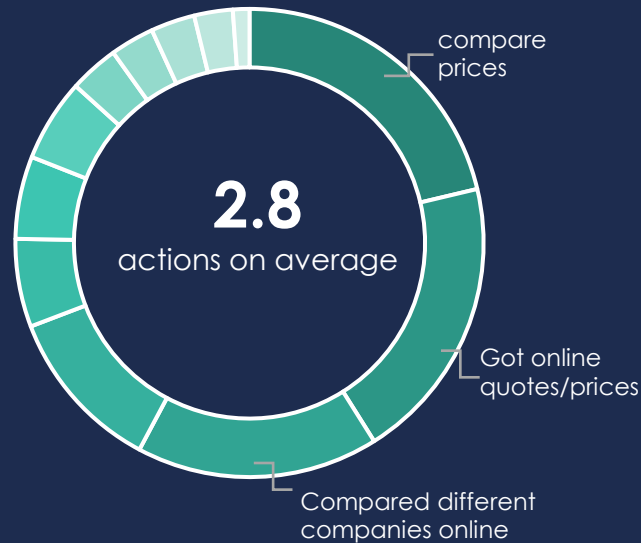




Some purchase journeys are more active and complex but in all cases people tend to undertake some form of research.

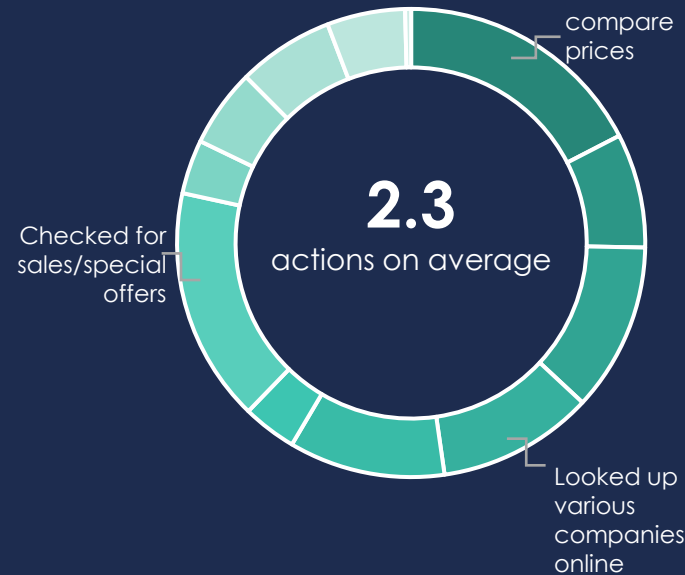
We know people tend to have one or more brands in mind but in order to come to a final brand decision, they tend to undertake some form of research into their decision.

### Taking out / renewing Car insurance



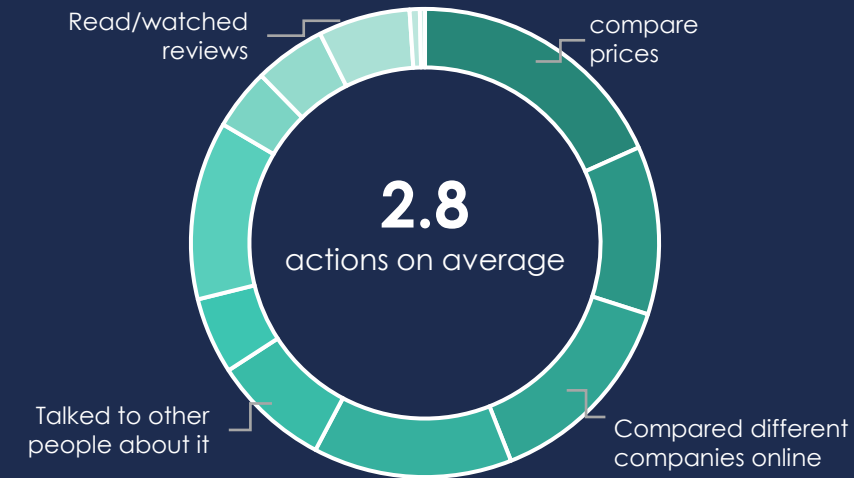
Functional actions dominate e.g. comparing prices and getting quotes online

### TV Subscription service



As well as comparing prices, the provider is important here with online comparisons being made. Reviews and consulting with others important too.

### Changing gas/electricity provider



Comparing prices and looking up different companies online as well as getting quotes online.

# Seeking more information happens despite the fact people actually consider themselves knowledgeable about their purchase decisions

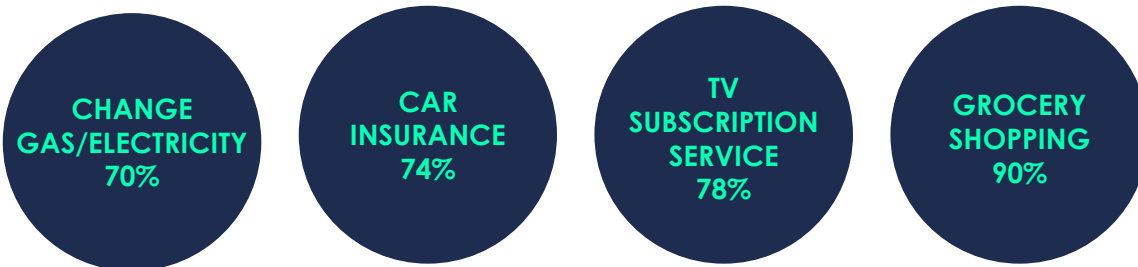
Our research shows that, across the categories we covered, interest in changing gas or electricity provider is highest. Kantar TGI trend data tells us that in 2018, 17% of people said they had changed their gas or electricity provider in the past 12 months. The latest 2022 release has this figure at 27%.

The evidence indicates that more people are switching. However, it's the purchase people feel they have the least knowledge about which provider to choose from. While switching providers may be more commonplace now, it

hasn't been in the past. Despite strong communications from providers operating in the energy category, people feel they don't have the knowledge, or not as much knowledge as other categories, when they are making this switch.

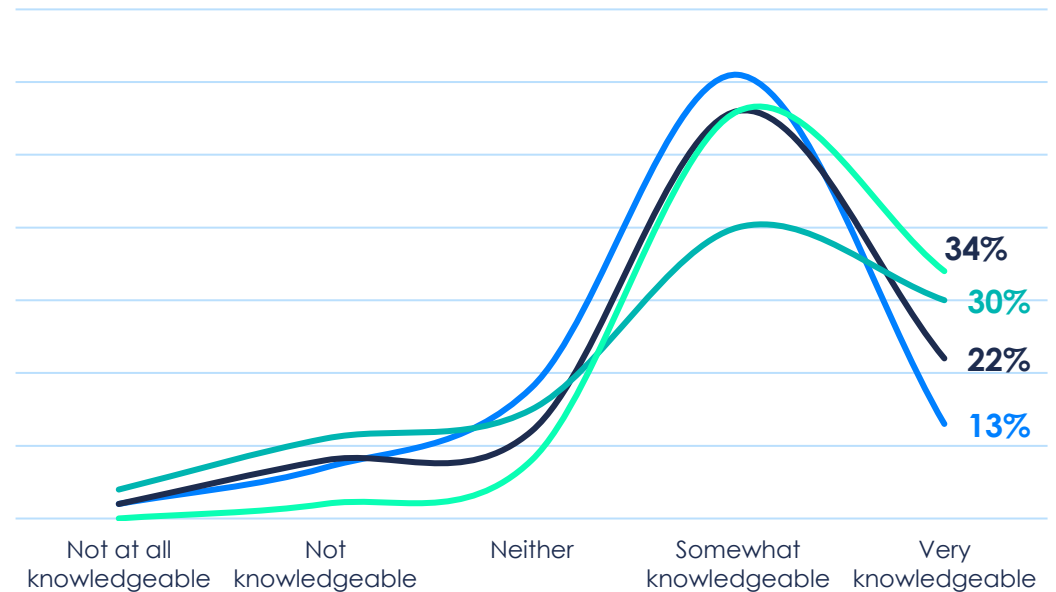
**Different levels of knowledge across each decision means some purchase decisions can be made quickly, instinctively – and without the need to dedicate more mental cognition on which brand to choose.**

## Net knowledge on who to purchase from %



## KNOWLEDGE ON WHICH PROVIDER TO PURCHASE FROM / SUPERMARKET TO VISIT

- Taking out / renewing Car insurance
- Taking out / renewing TV Subscription service
- Changing your gas/electricity provider
- Grocery shopping



# Which touchpoints can influence along the journey

It's important for us to highlight the fact that when it comes to car insurance buyers and grocery shoppers, just over half in each group said none of the 27 touchpoints were noticed for that purchase. Whereas for 77% of TV subscription buyers and for 84% of gas/electricity switchers, they did notice at least one of the touchpoints advertising the category.

As well as the summary of touchpoints noticed highlighted to the right hand side of this page, we also asked which were the most helpful in making their purchase decision for that category and we see more human-centred touchpoints come to the fore when it comes to making a choice e.g. recommendations from family/friends, talking to a salesperson/customer service.

## Taking out or renewing car insurance

1. An ad on TV
2. A price or product comparison site
3. Email from a company/brand

## Taking out or renewing TV subscription service

1. An ad on TV
2. Recommendations from family or friends
3. Internet search engine

## Changing your gas/electricity provider

1. A price or product comparison site
2. Internet search engine
3. An ad on TV

## Main grocery shop

1. An ad on TV
2. An app on your mobile phone
3. Ad in a newspaper

# The inflationary impact is felt in some purchases more than others

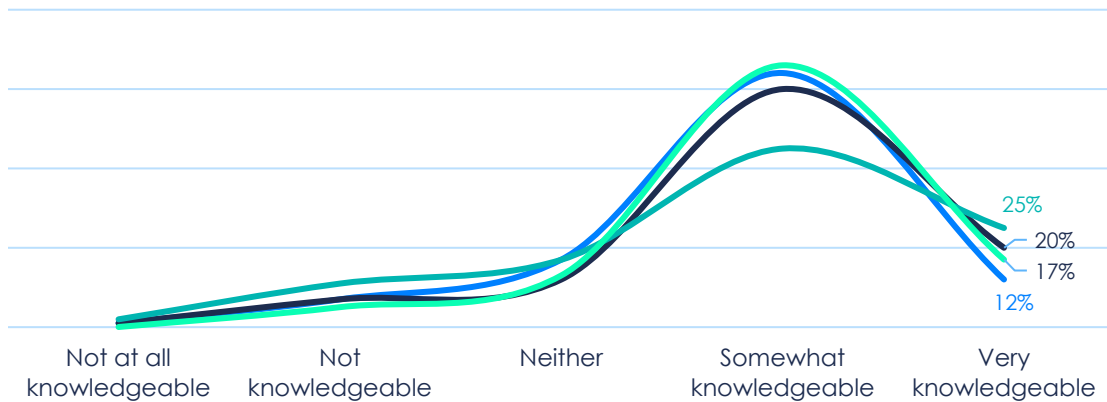
Our research shows that people generally consider themselves fairly knowledgeable when it comes to the expected price of their household purchases.

## % WHO CONSIDER THEMSELVES SOMEWHAT OR VERY KNOWLEDGEABLE ON EXPECTED PRICE AHEAD OF PURCHASING:

- > Grocery shopping 83%
- > TV subscription service 80%
- > Car insurance 76%
- > Changing gas/electricity 70%

## KNOWLEDGE ON EXPECTED PRICE

- Taking out / renewing Car insurance
- Taking out / renewing TV Subscription service
- Changing your gas/electricity provider
- Grocery shopping



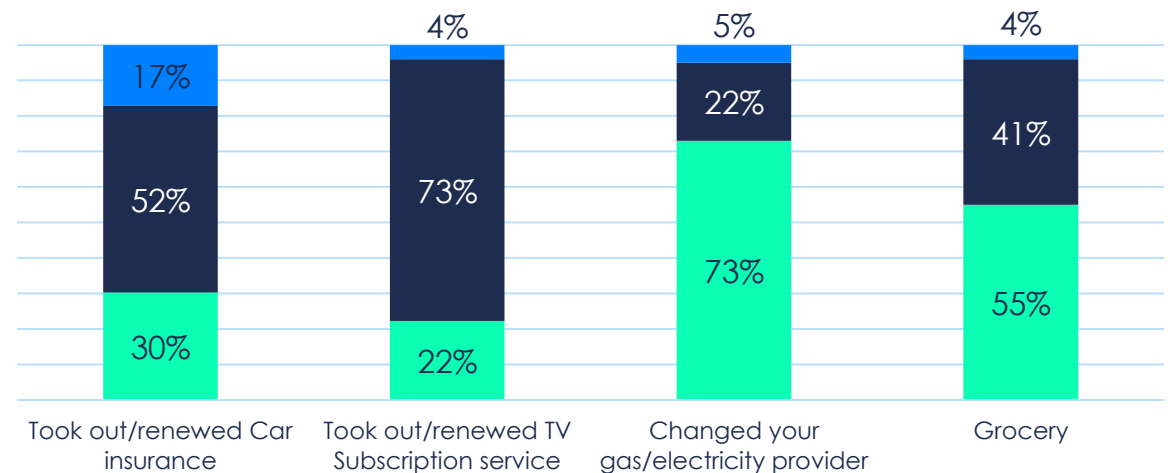
However, there is a vast difference between expectation and reality. Having changed their gas or electricity provider, 73% of people told us the price was more than they expected. Similarly, for grocery shopping, which has the highest level of knowledge on expected price, 55% told us their grocery shopping cost more than expected. Even for those who always write a shopping list, which is said to help control costs, grocery shopping still costs more than expected for 58%.

For both car insurance and TV subscription services, most people said the price they paid was around what they expected.

**Despite just how much the cost of living and rising prices is being talked about, actual costs are still above expectations.**

## HOW MUCH YOU PAID, WAS IT

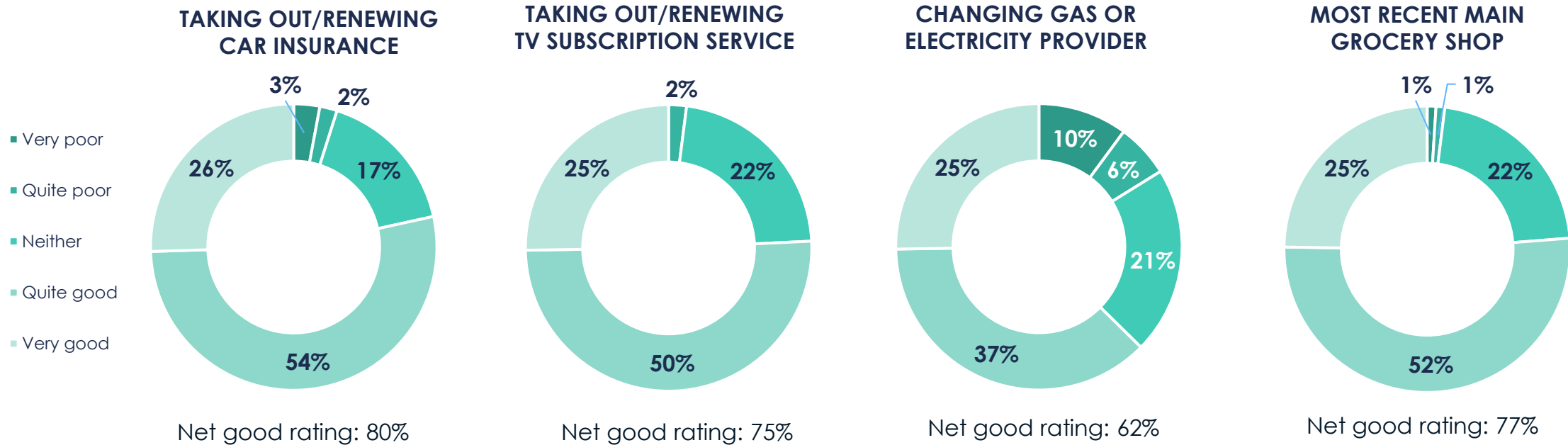
- MORE THAN EXPECTED
- AROUND THE SAME AS EXPECTED
- LESS THAN EXPECTED



# Overall rating of experience

After the purchase decision has been made, it's interesting to see that across each category decision we looked at, based on separate samples for each, one in four rate their most recent experience as very good.

The most significant difference is the fact the one in ten rate their recent experience of changing gas or electricity supplier as very poor. However, overall people are generally quite positive towards their household purchase decision experience.



# What did we discover about how people are making household purchase decisions now ?

**People are navigating their purchase journeys with a brand or more than one brand already in mind.**

## Implications for brands:

Being on the brand consideration list at the start of the journey is vital. For each category we considered, people have one or a number of brands in mind. For shorter-term purchase commitments e.g. TV subscription service and grocery shopping, most people only have one brand in mind. This illustrates the importance of being that brand or on the roster of brands people are considering. As people are being more careful with how they spend their money, now is the time to maintain brand investment, communicate your brand proposition in order to get or to stay on that consideration list.

**Despite the cost of living pressures, value is more important to buyers than looking for the cheapest price in many instances.**

## Implication for brands:

Emphasise the value your brand delivers. For three out of the four categories that we looked at in our research, value was rated as more important than being cheaper. Understand what value represents for buyers in your category and communicate how your brand delivers this.

**Buyers consider themselves knowledgeable about their household purchases, but still seek help along the way.**

## Implications for brands:

On two fronts people consider themselves knowledgeable when it comes to their household purchases 1) which brand or provider to choose and 2) expected price. However expectations differ from reality as they progress through the journey. People will still seek out information and help along the way. Understand which touchpoints are most visible and influential for your category to make the journey as easy as possible.



## About GroupM Research

We are a research team who want to answer the questions our clients need, to support better business decisions.

Our aim is to provide innovative and market leading primary research to our clients; a vital component to delivering results-centric communication strategies.

Understanding consumers and potential consumers is crucial to the success of a communications strategy.

From campaign and sponsorship effectiveness to innovative eye-tracking and behaviour research, GroupM will find the optimum way to answer any research question.

We offer a number of services to our clients to assist them in understanding people, measuring campaign effectiveness, brand awareness and engagement, brand and consumer tracking and consumer knowledge.

For more information on this study, or to find out about expanding it to include another category, get in touch.

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**This document contains a summary of the key findings from our research.  
For more in-depth coverage, get in touch with the GroupM Research Team.**