The Christmas 2023 Landscape
INFLATION AND COST OF LIVING

Grocery inflation is higher than last Christmas (18.4% v 16.9%) but lower than it’s peak (19.2%)
Interest rates are higher than last Christmas (4.0% v 3.5%) but are set to increase further (6.0%)
The Energy Price Guarantee is coming to an end in July 2023 and bills set to remain stable

Issues that Mail Metro Media readers are very concerned about (%)

<table>
<thead>
<tr>
<th>Issue</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>The rising costs of energy bills</td>
<td>60%</td>
<td>54%</td>
</tr>
<tr>
<td>Increases in the cost of food and drink</td>
<td>47%</td>
<td>51%</td>
</tr>
<tr>
<td>Raising inflation</td>
<td>50%</td>
<td>48%</td>
</tr>
<tr>
<td>The expected energy price cap rise in October (’22) / The ending of Government support on energy bills (’23)</td>
<td>54%</td>
<td>35%</td>
</tr>
<tr>
<td>Increasing fuel (petrol and diesel) costs</td>
<td>50%</td>
<td>33%</td>
</tr>
<tr>
<td>Expected tax increases</td>
<td>30%</td>
<td>33%</td>
</tr>
<tr>
<td>Rising rents and/or mortgages</td>
<td>27%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Sources: ONS 2022-2023 | MMM Christmas survey June 2023 and June 2022

Q: Which, if any, of the following are you concerned about during this time? (Very concerned)
CUSTOMER FRAGMENTATION

Consumer fragmentation is widening, and 2023 will be a very difficult year, but only for some. Those with greater consumer confidence will be more likely to spend money, splurge on a little luxury and look forward to the festive season. Those with less confidence are likely to cut back on key purchases.

<table>
<thead>
<tr>
<th>Dec '22</th>
<th>June '23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Struggling / In-Trouble</td>
<td>33%</td>
</tr>
<tr>
<td>Healthy</td>
<td>63%</td>
</tr>
<tr>
<td>Struggling</td>
<td>49%</td>
</tr>
<tr>
<td>Attitudes Towards Christmas in 2023</td>
<td></td>
</tr>
<tr>
<td>Looking forward to</td>
<td>Cutting back on plans</td>
</tr>
<tr>
<td>63%</td>
<td>20%</td>
</tr>
<tr>
<td>49%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Sources: ONS 2022-2023 | MMM Christmas survey June 2023 and June 2022

Q: How would you describe your current finances? | To what extent do you agree or disagree with these statements about Christmas?
INFLATION, COST OF LIVING AND CUSTOMER FRAGMENTATION

Implications for Retail

A fragmented market will result in many lower income households struggling to even pay for their weekly shopping and bills, let alone Xmas celebrations and presents.

This will also affect those with mortgages, who are likely to face an income shock if they are renewing their deals this year.

Multifaceted marketing strategies with personalisation and customisation to make the retail market accessible to both those who have more disposable income and those who will be actively seeking deals and shopping with a limited budget.

Brands with a niche customer base (i.e. specifically high or low-income earners) will find little change to their marketing strategy and engagement with consumers. Companies that appeal to a broader customer base will have to make strategic steps to ensure engagement with all types of consumers.

Ultimately, while the cost of living will remain a major force this year, it is likely to be less universally impactful than last year, with some groups much less affected and others feeling the same kind of strain as 2022.
GEOPOLITICS AND TRADE

Brexit, geopolitical tensions and fragmentation will continue to impact the UK throughout 2023. Sectors heavily reliant on EU imports continue to experience supply chain disruption and high inflation. UK distribution channels still sensitive to geopolitical tension.

Source: MMM Christmas survey June 2023 and June 2022

Q: To what extent do you agree or disagree with the following statements about Christmas?

- Are concerned about shortages of goods due to supply chain disruption: 24%
- I am worried that there will be shortages of food this Christmas: 36%

Implications for Retail

- Due to environmental factors and rising costs of energy, food inflation and shortages are likely to continue.
- Shortages of food and products (i.e., toys, electronics, and sporting equipment) is a possibility this Christmas.

Source: MMM Christmas survey June 2023 and June 2022
CLIMATE URGENCY
Both consumers and businesses are more aware and concerned about the current state of the climate, but the economy and healthcare have surpassed climate change as the most important issues. Will climate change continue to remain a priority as consumers’ finances likely to be squeezed further?

8 in 10
MMM readers say they are concerned about climate change

86%
Say that companies should do more to reduce plastic packaging

73%
say they are concerned about the amount of waste generated at Christmas

#4
most concerning issue for UK adults after COL, Economy and NHS

Implications for Retail
Christmas is notorious for waste. Retailers should expect to be challenged on excess packaging & their commitment to reducing unnecessary waste.

In a financially squeezed environment, how can brands with good sustainability credentials ensure their products remain relevant? Factor overlap – ensuring a product is trendy and green, or thrifty and green, or convenient and green – is key.

Sources: ONS 2022-2023 | MMM Christmas survey June 2023 and June 2022
Q: Which of the following issues concern you the MOST (single select)
A LOW TRUST ENVIRONMENT

Society is becoming more demanding, less trusting and less forgiving of both government and business. Building trust and cultivating loyalty through supporting issues/offering rewards that customers deem important could be the key for retailers this Christmas.

Implications for Retail

Businesses can increase trust by understanding the day to day concerns and priorities of consumers. This can be achieved by transparency in pricing and genuine rewards for loyalty.

Businesses have an opportunity to cultivate loyalty by working closely with consumers and supporting issues they are concerned about or supporting a charity/community institution they view as socially or politically important to them.

Source: Trajectory Optimism Index 2018-2023
LEISURE RESILIENT BUT SQUEEZED

Even in the face of the cost-of-living crisis, consumers continue to prioritise leisure, especially leisure out of the home. As soon as consumers feel they can spend on leisure, they will – even if they need to continue cutting back elsewhere.

Implications for Retail

Consumers will continue to spend money on OOH leisure, including eating and drinking out, going on holiday and shopping. But certain demographics may do this more frequently than others.

Fragmentation in disposable income will impact what people will want to spend money on and the frequency of those experiences.

In the next month, can you please estimate how much (in £) you expect to spend on each of the following?

<table>
<thead>
<tr>
<th>Category</th>
<th>Mar-23 Average</th>
<th>Apr-23 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of Home Food and Drink</td>
<td>£63</td>
<td>£70</td>
</tr>
<tr>
<td>Subscriptions to Products and</td>
<td>£40</td>
<td>£48</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Out of Home Leisure</td>
<td>£35</td>
<td>£43</td>
</tr>
</tbody>
</table>

Sources: Trajectory Optimism Index 2018-2023
ONLINE RETAIL
The proportion of online sales in retail remains higher than pre-pandemic levels but in-store retail has stabilized since the end of the pandemic. Many businesses that have invested heavily in their online storefronts and CRM may benefit this year, but this will not be the case across all categories.

Implications for Retail
With finances remaining tight, more people may prioritise in-person leisure experiences, and look to save money by sourcing deals online. Smaller organisations that have invested and shifted heavily online during the last few years may punch above their weight online.

Source: Mintel Christmas Gift Buying 2023
What Consumer Trends will this drive?
RETURN TO THE CITY CENTRE

During the pandemic and post-pandemic, we saw many continuing to work from home, but the commuter is returning - and quicker than expected. Although online retail sales are buoyant, we are also seeing the return of the high street and in-person shopping.

Hybrid Working Desire vs Reality*

<table>
<thead>
<tr>
<th>How many days of the week do you typically travel to work?</th>
<th>How often would you like to commute?</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Days a week</td>
<td>25%</td>
</tr>
<tr>
<td>4 Days a week</td>
<td>20%</td>
</tr>
<tr>
<td>3 Days a week</td>
<td>20%</td>
</tr>
<tr>
<td>2 Days a week</td>
<td>17%</td>
</tr>
<tr>
<td>1 Day a week</td>
<td>16%</td>
</tr>
<tr>
<td>Completely Remote</td>
<td>24%</td>
</tr>
</tbody>
</table>

29% likely to spend more in-store (27%: 2022)

Implications for Retail

Retail hubs (particularly at stations) could see higher footfall than the last few Christmases.

Advertising opportunities around the commute for both outdoor and morning papers.

Source: *Source: Commuter Consensus, 2022. MMM Christmas survey June 2023 and June 2022. Q: Which, if any, of the following best describes how you think you will shop for Christmas presents this year?
MORE DIGITAL OPTIONS IN-STORE

Even those who prefer to shop in-store still want a digitalised experience to increase the convenience and personalisation of the experience.

**Implications for Retail**

Consumers will be expecting a seamless transition and experience between online and in-store shopping.

Retailers will need to implement more digital options for shoppers in-store e.g. self-scanners or apps to help customers find their items quicker in store.

Companies will have to ensure that other demographics who are less confident with technology have access to their products and services.

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*Source: PwC, 2023. Source: MMM Christmas survey June 2023. Q: Which, if any, of the following best describes how you think you will shop for Christmas presents this year? (75%/100% spend in-store). Agree: I would prefer to browse online for ideas.*
SAVVY SPENDING

Many consumers have been implementing savvy spending habits for some time. Pressure around Christmas will exacerbate these behaviours. Obsessing over price, looking for deals, cutting back on energy and worrying about bills is exhausting – customers will be looking for retailers who can simplify these habits.

40% say that they will be cutting back on celebrations this year (2022: 35%)

57% say that they will be budgeting ahead of Christmas in order that they can enjoy it (2022: 54%)

Implications for Retail

Christmas will provide brand building and loyalty opportunities.

Sales are viewed as helpful but in a low trust environment, many are wary of authenticity of sale prices.

Source: MMM Christmas survey June 2023 / June 2022. Q: Please state your level of agreement or disagreement with each of the following statements (Any agree).
LOYALTY OPPORTUNITIES
Consumers expect loyalty to be rewarded. It represents an opportunity to convert consumers, but they need to hear about retailer schemes.

Source: MMM Christmas survey June 2023. Q: Please state your level of agreement or disagreement with each of the following statements (Any agree).

Source: Retailer Loyalty Matters Community Survey (May 2023)

**Implications for Retail**
As consumers shop around, the bounds of loyalty loosen.
Consumers are open to ways to save money, and want to see what’s available. 7 in 10 agree that companies should advertise their loyalty schemes.

- 66% expect retailers to reward loyal customers this Christmas
  (Struggling/In-trouble: 73%; 18-34: 84% Parents: 87%)

- 51% tend to spend more in the places they are a member of a loyalty scheme
CYNICISM AROUND SALES

Sales and discounting are another clear way in which retailers look to unlock and bring-forward sales, but retailers will have to work harder to win over ‘once-bitten’ consumers.

44% say shopping in the sales (e.g. Black Friday) will be a good way for me to save money on gifts at Christmas (Struggling / In-trouble: 50%; 18-34: 73% Parents: 75%)

78% say often ‘sale’ prices at Christmas do not represent genuine offers/ reductions (‘Healthy’ & 55+: 83%)

Implications for Retail

Consumers might buy items for Christmas a lot sooner than normal, in order to get good retail deals.

However, the number of competing seasonal sales could mean far less popular than in previous years.

Retailers may have to work harder to overcome suspicion over offers.

Source: MMM Christmas survey June 2023 . Q: Please state your level of agreement or disagreement with each of the following statements (Any agree).
GREENER GIFTING

3 in 4 are concerned about the amount of waste produced at Christmas and the onus is being placed firmly by consumers on companies to do better. Whilst manifestations of green behaviours are more keenly expressed in younger groups; personal financial situation dictates the nature of greener gifting.

Source: MMM Christmas survey June 2023. Q: Please state your level of agreement or disagreement with each of the following statements (any agree)

- **39%** looking to buy more sustainable gifts this year (Healthy: 44%; 18-34: 67%)
- **38%** plan to buy more gifts from smaller/independent businesses this year (Healthy: 45%; 18-34: 67%)
- **34%** would consider purchasing second-hand gifts this year (Struggling / In trouble: 49%, 18-34: 63%)
- **27%** are considering gifting homemade gifts this year (18-34: 67%)

Implications for Retail

Seemingly some stigma exists around pre-loved. Conversely ‘sustainable’ implies more expensive.

There is some appetite for home-made
NOSTALGIA

Right now, consumers are incredibly nostalgic: they are much more likely to think that life today is worse than it was 50 years ago for people like them. There is mileage for some brands in nostalgia, perhaps especially at Christmas.

Implications for Retail

Some brands may be able to leverage nostalgia this Christmas but they must still remain completely up to date in terms of customer/user experience, mobile only journeys and responsiveness.

There is room for those presenting a more positive view of the present and future.

Source: MMM Christmas survey June 2023. Q: Which, if any, of the following statements do you agree?

- 32% say there are certain companies’ advertising that I look forward to at Christmas
  - 28% - 2022

- 28% look forward to the new Christmas advertising campaigns
  - 18-34: 42%
  - Parents: 53%
INCREASED DEMAND FOR XMAS CONTENT

2023 sees consumers expressing greater interest in Christmas related content of all kinds suggesting that irrespective of circumstance many are engaged, open and ready to make the best of Christmas.

<table>
<thead>
<tr>
<th>Topic</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; drink offers</td>
<td>52%</td>
<td>43%</td>
</tr>
<tr>
<td>Christmas food / drink recipes</td>
<td>42%</td>
<td>35%</td>
</tr>
<tr>
<td>Tips on saving money</td>
<td>41%</td>
<td>34%</td>
</tr>
<tr>
<td>Christmas events and attractions</td>
<td>38%</td>
<td>28%</td>
</tr>
<tr>
<td>Gift guides</td>
<td>37%</td>
<td>30%</td>
</tr>
<tr>
<td>Christmas baking</td>
<td>33%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Implications for Retail

Newsbrands offer relevant environments and ‘ready to be engaged’ audiences.

Newsbrands provide an opportunity to give consumers moments of festive inspiration, surprise and delight; context to speak to and be responsive to what’s happening; a reassuring environment to deliver messages around price.

Source: MMM Christmas survey June 2023. Q: Which, if any, of the following topics would you like to read articles about during Christmas?
RETAIL AT CHRISTMAS

Making your campaigns famous
Destination newsbrand

#1 Newsbrand for engagement

#1 Print publisher in the UK

150BN data signals every month

#1 on social
To make your campaigns famous

A cover wrap generates **12 seconds** of dwell time

Native articles **#1 format** for purchase intent

**1.9m** attentive mins on a daily homepage takeover

SOURCE: CENTRE FOR ATTENTION, LUMEN EYE TRACKING APR 22
Trusted content

SOURCE: NEWSWORKS, MMM BIG SQUEEZE CHRISTMAS EDITION

Inform

54% of MMM readers will be looking to budget, in order to enjoy it

Inspire

4 in 5 like to engage with Christmas content in newsbrands

Brand Trust

1.5x Higher when it is advertised on a news brand
At moments that matter

28th Nov – searches for ‘Christmas Decorations’ peak

5th Dec – searches for ‘Christmas Gifts’ peak

MASS COHORT

Seasonal – Christmas
3.5M uniques

Food & Drink supermarkets
168K

Food & Drink Cooking & Recipes
1.6M uniques

Gifting
2.3M uniques

CONTEXT

IN-MARKET

Christmas

Food & Drink

Geo-demographics

North West

Gifting

Diversity
### Trending Segments

#### Last Week

<table>
<thead>
<tr>
<th>Name</th>
<th>Last Week</th>
<th>WoW Uplift</th>
<th>Uplift %</th>
</tr>
</thead>
<tbody>
<tr>
<td>dmgiID Mass Cohort - Interests - Entertainment - Comedy</td>
<td>3,060,559</td>
<td>52,954</td>
<td>1%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Custom - Sales - British</td>
<td>4,815,445</td>
<td>176,884</td>
<td>4%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Demographics - Diversity - Affluent</td>
<td>4,350,455</td>
<td>17,850</td>
<td>0%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Celebrity - Royal Family</td>
<td>4,256,514</td>
<td>68,524</td>
<td>2%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Geo - London</td>
<td>4,167,385</td>
<td>100,004</td>
<td>2%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Technology - Computing</td>
<td>4,008,580</td>
<td>100,850</td>
<td>3%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Beauty &amp; Fashion</td>
<td>3,783,605</td>
<td>245,387</td>
<td>6%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Entertainment</td>
<td>3,376,221</td>
<td>38,420</td>
<td>1%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Weddings &amp; Engagements</td>
<td>3,559,088</td>
<td>214,129</td>
<td>6%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Entertainment - IT Shows</td>
<td>3,544,340</td>
<td>84,565</td>
<td>2%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Custom - Sales - Sackness</td>
<td>3,486,766</td>
<td>63,886</td>
<td>2%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Entertainment - Award Season &amp; Red Carpet Fans</td>
<td>3,334,390</td>
<td>677,243</td>
<td>25%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Travel &amp; Leisure</td>
<td>3,263,523</td>
<td>1,399</td>
<td>0%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Entertainment - TV Scopis Fans</td>
<td>3,190,650</td>
<td>313,156</td>
<td>9%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Interests - Beauty &amp; Fashion - Women's Fashion</td>
<td>3,115,308</td>
<td>58,077</td>
<td>2%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Demographics - 38-34</td>
<td>3,115,238</td>
<td>15,289</td>
<td>0%</td>
</tr>
<tr>
<td>dmgiID Mass Cohort - Demographics - Business Professionals</td>
<td>3,091,322</td>
<td>78,593</td>
<td>3%</td>
</tr>
</tbody>
</table>

#### Filter By Targeting Type

- Demographics
- Engaged Users
- Geo
- In Market
- Interests
- Internet Service Provider
- Scale Test
Mail Metro Media readers account for 67p in every £1 spent on Christmas gifting.