

MINTEL 2018

# BRITISH LIFESTYLES

A snapshot of the marketplace based on the actions, needs and interests of the British consumer.



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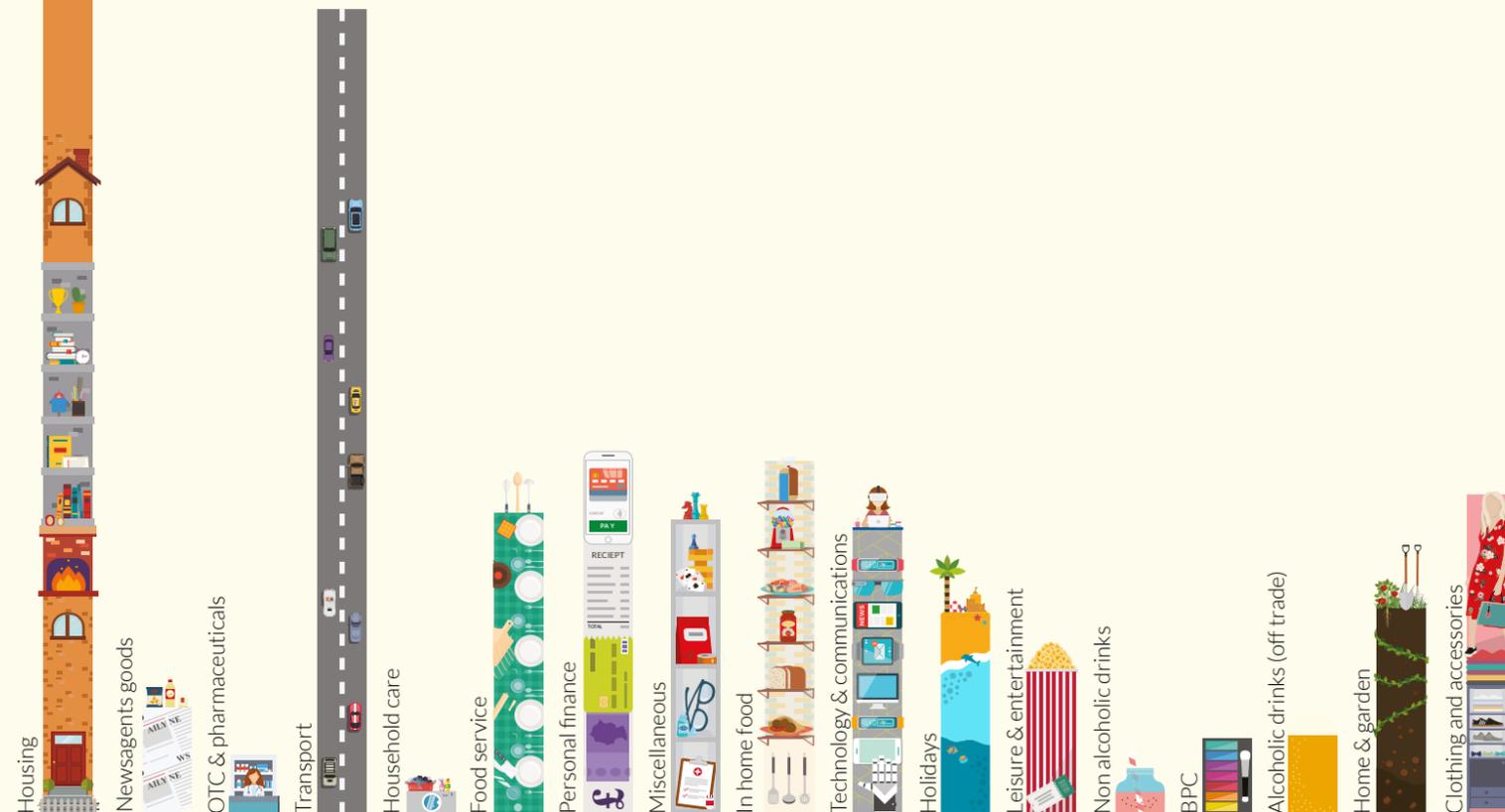
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# BRITISH LIFESTYLES

A snapshot of the marketplace based on the actions, needs and interests of the British consumer.





Consumer spending reached £1.25 trillion in 2017, an increase of 3% on 2016, when spending stood at £1.2 trillion. Over the next five years, total consumer spending is forecast to increase by 15.2%, reaching an estimated £1.44 trillion by 2022. This marks a slowdown compared to the past five years, where consumer spending grew 21%. Sluggish consumer spending will in turn contribute to slower growth in the overall economy, although little is certain as the UK continues to negotiate the terms of its exit from the EU.

Consumer expenditure, by sector (£ billion), 2017

# BRITISH LIFESTYLES



**Jack Duckett**  
Senior Consumer Lifestyles Analyst

Brexit continues to prove a source of uncertainty in the UK, with consumers particularly concerned about its implications for the cost of living. However, the UK's largely resilient economy has helped to stabilise consumer confidence in 2017, which in turn helped to increase consumer spending to £1.25 trillion during the year. Furthermore, spending levels are forecast to continue to grow over the coming five years, reaching an estimated £1.44 trillion by 2022.

Research for this year's British Lifestyles Report underlines a simmering identity crisis in the UK. Indeed, while 58% of all adults agree that Britain has a strong identity, 43% agree that Brexit has had a negative impact in the nation's reputation. This could have significant commercial implications, particularly for brands that have come to leverage their British identity as a way of appealing to both domestic and foreign audiences.

This paves the way for brands to establish a new 'Brand Britain', with campaigns showing how, irrespective of Brexit, as a British brand they remain focused on playing a part in the major social and environmental issues that the world faces.

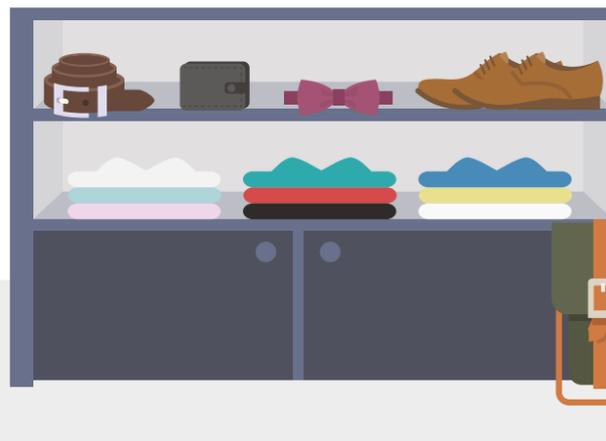
In the pages that follow, readers will get a glimpse into some of the markets that are making an impact on the UK economy, providing valuable insights for companies and brands looking for ways to breathe new life into the current construction of 'Brand Britain', and to adapt and stay relevant in today's increasingly competitive marketplace. From the return of the alcopop to the rise of the dapper young man, winning (and losing) categories across Britain's major consumer sectors reflect changes in how consumers think, feel, dress, drink, eat, groom, and relax.

## CONTENTS

-  Fashion
-  Beverages
-  Beauty
-  Food
-  Leisure

# Can menswear and online retail buoy fashion in 2018?

Mintel estimates that the men's clothing market grew by 3.5% in 2017 to reach £15 billion and is forecast to grow by 11% between 2018 and 2022 to reach £17.1 billion.



54% of men aged 16-24 would be interested in knowing more about how their clothes are made.

73% of men aged 16-24 agree that is important for retailers to update their collections frequently.

The UK fashion market has seen weaker sales growth, increasing by only 3.3% in 2017, compared with a 4% rise in 2016. While consumers have continued to buy fashion despite an uncertain economic backdrop, the way they shop is changing.

Online sales of clothing, fashion accessories and footwear shot up by 17% to reach £16.2 billion in 2017

as consumers have adapted to the convenience of buying fashion online and via mobiles - both helping to fuel online demand.

Young men have seen their choice of where to shop online and in-store for clothes and shoes expand rapidly. With a third of Britain's young men aged 16-24 spending more on clothes and accessories in the last year,

several youth fashion retailers are growing their focus on menswear and new additions to the market.

2018 is set to be a challenging year for fashion retailers as consumers continue to see tighter budgets for disposable income and the uncertainty over Brexit could drive many to become more cautious about spending on discretionary purchases.

66% of Brits have bought fashion items online.

34% of shoppers kept products they did not want due to the hassle of returning them.

48% of Millennials have used smartphones to buy fashion items online in the last 12 months.

63% of shoppers believe that fashion advertising should feature a more diverse range of models.

The tablet screen shows a navigation menu with 'WOMEN' and 'MEN' options, a search bar, and a product page for a 'Floral Pleat Trim Wrap Midi Dress' priced at £25.00. The product page includes a '30% OFF OCCASIONWEAR' banner, a video player, and an 'ADD TO BAG' button.

# Halo on healthy drinks

With the implementation of the sugar levy, reformulation to reduce sugar has been one of the key drivers of new product development (NPD) in the non-alcoholic drinks market. Over a fifth of new product launches in UK the carried a low/no/reduced sugar claim in 2017, compared to just 16% in 2014.

Another boost to soft drinks could come from the increasing number of adults generally reducing their alcohol consumption. Over

six in ten UK adults, for example, would consider drinking fruit juice, juice drinks or smoothies as alternatives to alcoholic drinks. Smoothies sales are expected to rise 10% in 2018, benefiting from a 'health halo' around positive nutrition, particularly around high protein. Coconut waters have also seen rapid growth, tapping into the demand for healthy hydration (though from a low base).

38% of consumers would be interested in energy drinks that do not contain any artificial ingredients.

53% of users of bottled water agree that sparkling flavoured water is a good alternative to fizzy drinks.

49% of tea drinkers agree that flavoured teas are a good alternative to sugary drinks.



# RTDs and cider boosted by stiff budgets

GET THE ROUND IN: How much are Brits spending on alcoholic drinks?



Lager  
£12,961 m



Still wine  
£9,855 m



Ale/bitter  
£3,955 m



Cider  
£3,410 m



Whisky  
£2,832 m



Prosecco  
£1,637 m



Gin  
£1,554 m

The discretionary nature of alcoholic drink purchases puts them in the firing line for cutbacks, especially with the sustained pressure on household incomes that took place in 2017. A concerning quarter of adults say they've reduced their spending on alcoholic drinks at retail. This figure rises to a third of 25-34-year-olds, who are among the main consumers of all alcoholic drinks.

However, despite relatively tight household finances, the premium end of the market continues to benefit from a 'quality over quantity' mindset among consumers. For example, 45% of beer drinkers would be happy to pay more for craft beer than standard beer.

Ready-to-drink (RTD) alcoholic drinks saw a resurgence in 2017, with volume sales increasing by nearly 7%, helped by competitive retailer price cuts on branded products as well as strong NPD activity from brands and own-label. Squeezed incomes have created opportunities for lower-priced alcoholic options, with RTDs regarded as a good alternative to cocktails/mixed drinks in pubs and bars.

Cider could be another beneficiary of tight consumer spending, with almost seven out of ten alcoholic beverage users regarding it as a good value alcoholic drink choice.

# Women favour skincare, men focus on haircare

Women's facial skincare is likely to enjoy continued value growth in 2018 as women spend on premium products. Recent beauty trends have also seen a boost, as women experiment with products such as face masks. With make-up trends favouring natural rather than heavily made-up looks, skin health is likely to become increasingly important. As social media continue to democratise information, a better educated consumer will lead to greater demand for ingredient-led claims.

By contrast, men's facial skincare is suffering from a lack of new users interested in the category, as well as disengagement from existing users. In fact, two out of five (39%) men pay more attention to the hair on their head than their facial skin. Despite a decline in NPD, men's haircare continued to benefit from value growth in 2017, with men increasing their usage of hair treatments and scalp products. Expect to see a focus on health, rather than appearance, drive the sector forward.

**39%**  
of men pay more attention to the hair on their head than their facial skin.

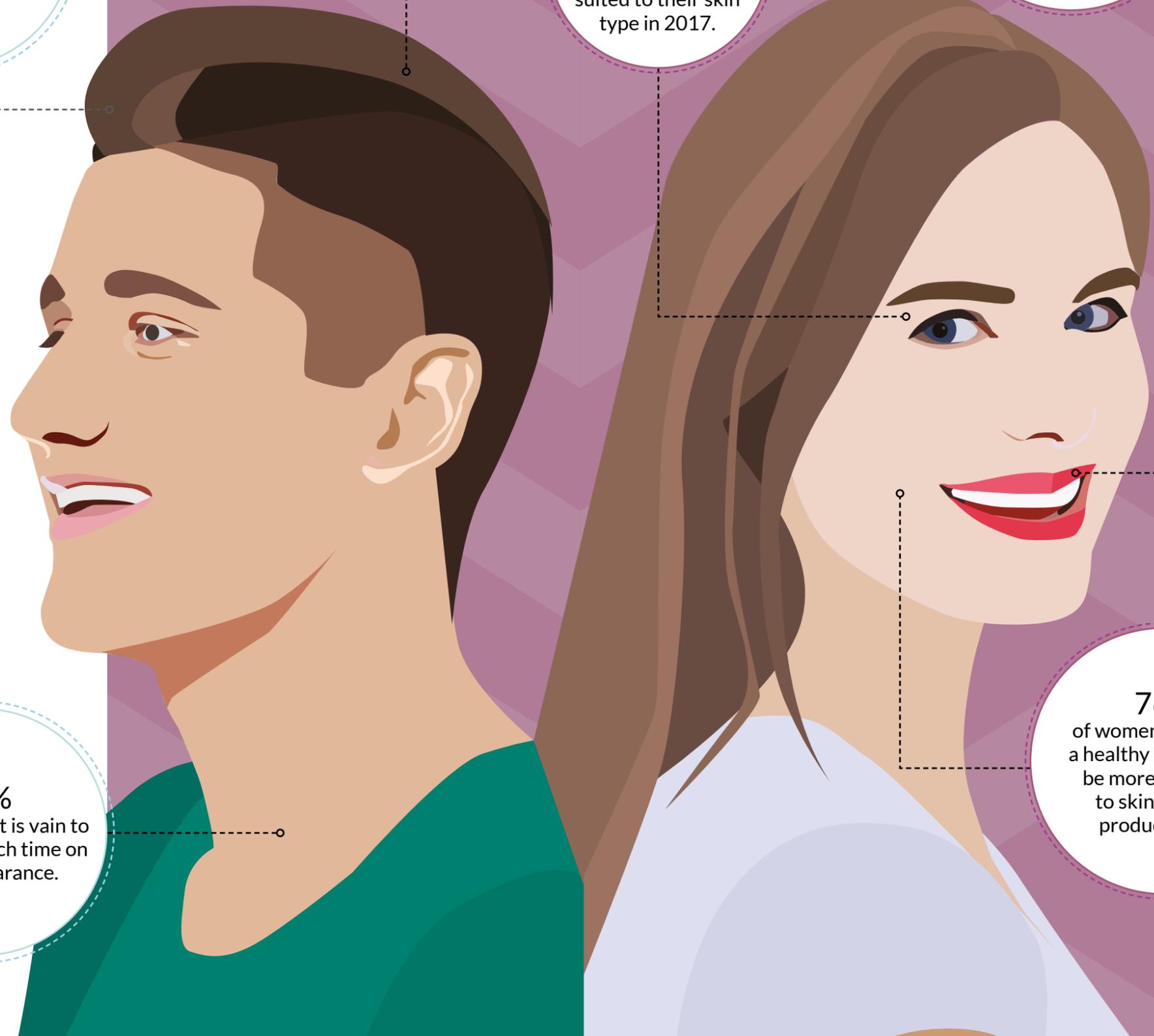
**46%**  
of men wish their hair was thicker.

**18%**  
of female facial skincare users started using products more suited to their skin type in 2017.

**64%**  
of women say wearing make-up makes them feel confident.

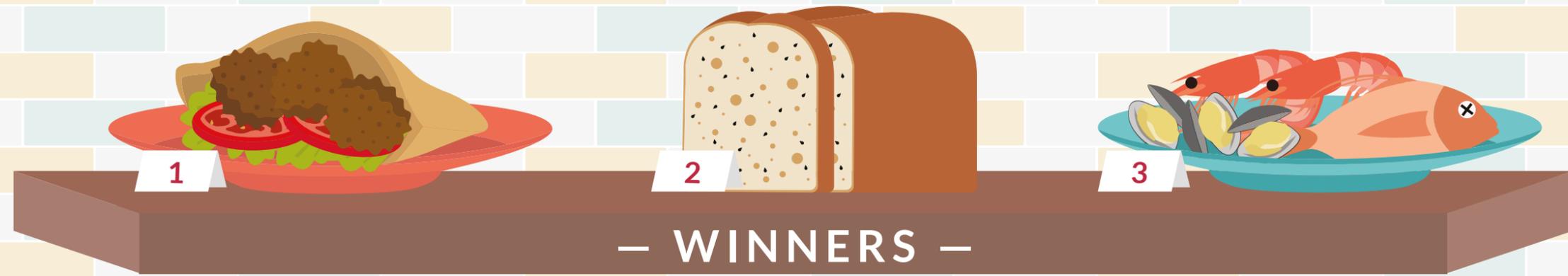
**56%**  
of men think it is vain to spend too much time on your appearance.

**76%**  
of women agree that a healthy lifestyle can be more beneficial to skin than the products used.

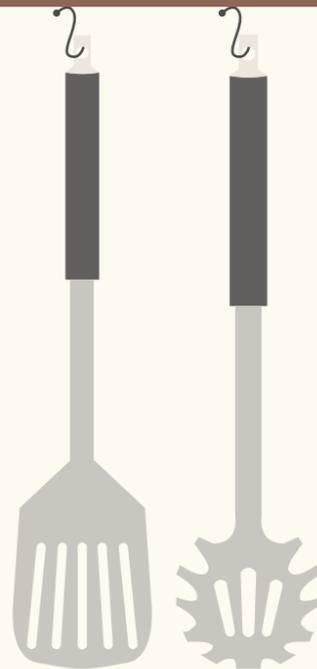


# In-home food reaches six-year high

The total value of the in-home food market reached a six-year peak of £82 billion in 2017, largely driven by food price inflation. Inflationary pressures are likely to remain for the foreseeable future as the price of food is likely to continue to rise in the future. This is expected to fuel a 13% increase in spending on in-home food over the next five years to £92.9 billion in 2022.



What are British consumers eating more of and what's collecting dust in the back of their cupboard?



**1. MEAT-FREE FOODS**  
Healthy lifestyle trends are helping to broaden the appeal of meat-free foods/meat substitutes, with many consumers becoming more vigilant about the amount of meat in their diet.

**4. SUGAR AND GUM CONFECTIONERY**  
Suffering its first volume and value drop in the last five years, sugar confectionery saw grocers shift away from promotions to everyday low pricing in 2017.

**2. 'BREAD WITH BITS'**  
Defying the struggles of the overarching bread category, the 'bread with bits' segment rose 11% during 2017, overtaking standard brown bread to become the second biggest segment in pre-packed bread.

**5. COOKING AND PASTA SAUCES**  
A significant drop in spend on advertising in 2017 and lower levels of launch activity have exacerbated the woes of the market.

**3. CHILLED FISH/SHELLFISH:**  
Consumers are willing to pay more for the superior quality and freshness typically associated with chilled produce as well as having a longer shelf life.

**6. HALF AND HALF BREAD**  
The 'best of both worlds' positioning is faltering. The combination of the lack of nutrients failing to win over health-conscious consumers and lack of appeal among consumers who prioritise taste has this sector on the chopping block.

# The experience economy

In a world dominated by technology, consumers are turning to activities that offer a chance to escape from the digital world and allow more face-to-face interaction. As a result, the UK leisure market is growing steadily as consumers seek experiences and healthier lifestyles.

The music festival and concert market is benefiting from an increase in events, with more Brits deciding to stay in the UK for gigs, while the favourable exchange rate is encouraging more foreign fans to attend events here.

The UK health and fitness club market is expected to grow as it further benefits from trends in healthy living. Technology, in the form of virtual reality (VR), is

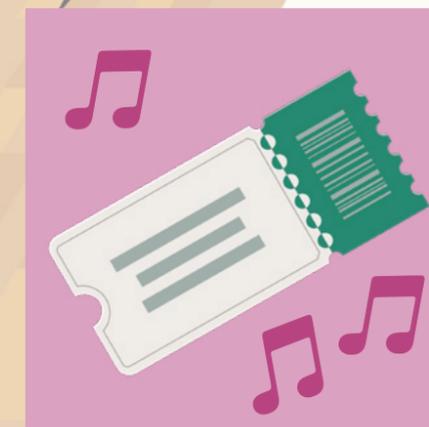
making fitness more entertaining, while on-demand fitness is increasing class availability.

Finally, nightclubs are struggling to overcome the challenges of modern consumer habits, including young adults drinking less alcohol, and more alternative night-time activities such as immersive cinema or indoor street food markets.

The UK leisure industry is in a state of continued growth, estimated to be worth **£32.9 billion in 2017**, and is set to reach **£38.6 billion by 2022**.



Online gaming and betting  
**+67%**



Music concerts and festivals  
**+35%**



Tenpin bowling  
**+28%**



Cinemas  
**+18%**



Health and fitness clubs  
**+17%**



Nightclubs  
**-17%**

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