



SUII KNOWLEDGE
EXCHANGE
PROGRAMMES

SUMMARY REPORT

**Cost-of-living crisis: Consumer resilience and
stakeholder interventions**



MAIN OBJECTIVES AND CONTEXT

The main aim of this project was to explore consumer resilience during the cost-of-living crisis and the scope for various stakeholders to co-create solutions to help consumers cope with the crisis. A cost-of-living crisis occurs when disposable incomes in a significant number of households are no longer sufficient to cover essential needs for food, heating, transportation and a minimum level of leisure activity. Scotland, and indeed the rest of the UK, is currently experiencing an enduring cost-of-living crisis which started in 2021 when a rapid rise in inflation caused prices on food, energy and other essentials to rise dramatically. Within the span of just one year, consumer price inflation increased by more than 10%. Whilst inflation is currently falling, it would be ill-informed to draw the conclusion that we are no longer in a cost-of-living crisis.

In this project, we wanted to understand how consumers from various walks of life experience and cope with the cost-of-living crisis. We also wanted to explore the potential of stakeholders from various sectors joining forces to overcome some of the barriers in our society that may deter solutions.

The main objectives of the project were:

- To interview consumers to understand the lived experience of the cost-of-living crisis
- To organise a stakeholder symposium exploring novel, rapid-response solutions to the cost-of-living crisis
- To share with the general public consumer stories of the cost-of-living crisis and stakeholder ideas for new solutions through a series of short videos, graphic minutes and a project report.

A multi-level research approach was undertaken in this work to explore the perceptions and experiences of stakeholders across the different levels of society on the cost-of-living crisis. The project explored the experiences and perceptions of consumers themselves, the third sector, industry, and experts. This included interviews with consumers and third sector employees in Stage 1 of the research, followed by a stakeholder symposium in Stage 2 to co-design ideas for solutions that can be implemented by a range of actors across the different levels of society.

AN ACCOUNT OF THE INSIGHTS RESULTING FROM THE PROGRAMME

Insights from interviews

The project conducted 15 semi-structured interviews focused on consumers' lived experience of the cost-of-living crisis. The interviews revealed insights into the personal, emotional and psychological reality of poverty as well as the potential and limitation of consumer coping and resilience. To build on the consumer perspective, we also conducted interviews with five third sector employees who have specialist insight into the cost-of-living crisis and its impact due to their professional role. We have grouped the insights from the interviews into a set of key themes:

Changes in consumption: What can I do?

The interviews reveal a remarkable set of coping strategies that consumers deploy to absorb the impact on households when daily essentials become unaffordable. Predominantly, the consumers adopt optimisation and rationalisation strategies. This includes concrete changes such as bulk buying to get the cheapest prices on essentials (e.g. toilet roll and nappies), batch cooking to



achieve economy of scale, and cooking all meals from scratch to economise on ingredients and processed foods.

Family dynamics

Suddenly finding oneself in a situation where daily essentials become unaffordable or where persistent economic hardship is exacerbated has a wider impact on family life. Parents describe vividly how they try to make adjustment that only affects themselves in order to protect their children: for some, this includes skipping meals (e.g. breakfast) to be able to afford sufficient food for their children. But sometimes the entire family is impacted and parents limit after-school activities such as football training to save money on bus tickets.

Emotional impact

Consumers describe their feelings of fear and anxiety that the cost-of-living crisis is not a temporary period of hardship but that they are slipping into persistent poverty. As the crisis prolongs, for some the initial stress response develops into deeper mental health issues which some describe as feelings of hopelessness and unhappiness.

Advice networks and community support

One positive finding from the interviews is the successful utilisation of support networks, blogs and social media content to acquire tips, inspiration and new knowledge to implement simple coping strategies. For example, some interviewees report how they were financially comfortable before the cost-of-living crisis and how simple money saving tips have helped them cope effectively. However, others report that Government advice on cost-of-living support is bureaucratic, complex and unhelpful, effectively acting as a barrier to accessing available economic support.

Barriers to accessing support

Accessing support and help is not just a question of availability: a striking finding from our consumer experiences is the feelings of responsabilisation, guilt and shame. Consumers often internalise the causes of the cost-of-living crisis and to some extent blame themselves although they know that their personal circumstances are significantly influenced by wider political, economic and geopolitical factors outwith their control. This internalisation of responsibility expresses itself in feelings of guilt and shame which in turn become a barrier to uptake of available help and support. Some worry about the stigma associated with asking for help. Others worry about not being worthy of help as others are in an even worse situation.

What can businesses do?

Consumers highlight businesses as powerful societal actors with real agency to alleviate the worst symptoms of the cost-of-living crisis. The interviews reveal acknowledgement and appreciation of those businesses who have responded with meaningful emergency responses (e.g. retailer-funded free meals to children during school holidays, donations of free food via social apps, etc.). At the same time, consumers also express concerns about profiteering whereby businesses are using rapidly rising inflation as an excuse to artificially inflate prices to drive more profit.

Sustainable consumption

Many of the coping strategies that consumers identify to help them cope with the cost-of-living crisis are also beneficial from a sustainability perspective. For example, people spoke about reductions in private transport or the purchase of second-hand clothing rather than new clothing. Unsurprisingly, one of the consumer coping strategies detected in our dataset is to make the most of what you have, including minimising food waste. The urgency of more sustainable consumption patterns has been recognised by consumers in recent years. However, for many of our interviewees the motivation for sustainable consumption was financial rather than an underlying concern for the environment.



Insights from stakeholder symposium

We used the research insights from our interviews as a knowledge platform for the stakeholder symposium. The one-day symposium was an opportunity to bring together experts on the cost-of-living crisis from a variety of sectors and disciplines.¹ The aim was to share knowledge, pool ideas and brainstorm new solutions to the cost-of-living crisis.

Format

The symposium followed the well tested model of dialogical spaces adopted by the Transformative Consumer Research Conferences. Dialogical spaces have potential because they encourage participants to be open to ideas and content that go beyond their normal professional perspectives. This is explained as follows:

“Sharing content does not mean that everyone agrees with the content—only that they agree to stay open to the potential of this shared content. Frequently, researchers [stakeholders] are held captive by intellectual chains that they themselves have forged. By momentarily embracing all possibilities, we can loosen the bonds that constrain us to create new options.²”

Our chosen format to encourage dialogue in the symposium involved working in hive groups – small, facilitated working groups – each focused on a different element of the cost-of-living crisis. Guided by a professional workshop facilitator, there were opportunities throughout the day to present, critique and review work together.

Unsurprisingly, many of the findings emerging from our interviews with consumers and charities echo public debate on the topic. However, the methodological combination of interviews with a stakeholder workshop has revealed issues that are under-represented in the complex narrative on the cost-of-living crisis.

Structural change

During the stakeholder symposium, one participant opened a short talk with the observation that the cost-of-living crisis is not the problem; endemic, structural poverty is. At the symposium itself, this statement generated lively debate about the extent to which the very aim of the symposium and our entire cost-of-living project is viable and, indeed, desirable. We brought together a broad mix of stakeholders to co-create possible emergency-response solutions to the cost-of-living crisis and to seek ways to reinforce consumer resilience and enable stronger consumer coping strategies. But if society is at a breaking point where those in need of social and economic support to make ends meet are not just the unlucky few at the bottom, but a very large minority of the entire society, including the lower-middle class with permanent jobs that used to be sufficient to sustain a household comfortably, then it begs the question whether there is any point at all in seeking to boost emergency-response solutions, consumer resilience and coping strategies. As one participant observed: a sticking plaster doesn't help if the leg is broken!

¹ The stakeholder symposium included participants from the following organisations: Consumer Scotland, The Poverty Alliance, Glasgow Centre for Population Health, Chartered Institute of Library and Information Professionals in Scotland (CILIPS), Old Kilpatrick Food Parcels (OKFP), Scottish Retail Consortium, Action for Children, Health and Social Care Alliance Scotland (the ALLIANCE), Money Advice Scotland, The National Social Marketing Centre, University of Strathclyde, University of Glasgow, University of Edinburgh, University of Wollongong (Australia) and University of Dundee.

² Ozanne, J. L. (2011). Introduction to the special issue on transformative consumer research: Creating dialogical spaces for policy and action research. *Journal of Public Policy & Marketing*, 30(1), 1-4.



From our interviews with stakeholders placed in third-sector organisations aimed at helping people in poverty, one gets the unsettling feeling that not only is there insufficient funds to help people cope with poverty, but those in paid, high-skilled work in the third sector are now also struggling to cope financially. The lived experience of third sector workers that our society is at the brink of collapse made a deep impression and reverberated through the symposium. This is not a discussion about whether the next Prime Minister is blue, red or green. This is a discussion about how we ended up in a situation where – regardless of which political parties have been ruling the country over the last three decades – poverty is now so engrained in society that even the structural support mechanisms in place to alleviate poverty are now so fundamentally undermined that they are crumbling under the cost-of-living crises as if this was the final straw.

Of course, there are important and well-meaning voices observing that we cannot simply blame businesses for not doing enough. We heard at the symposium how large retailers are taking a very wide range of actions to help struggling consumers. And we wholeheartedly agree that these are significant and genuine acts of help. However, one key conclusion from the project is the feeling of a system that is broken beyond repair of any of the political parties currently competing for power. It would be folly to claim that we have a solution. But the general impression emerging from bringing a variety of stakeholders into the same room to discuss the cost-of-living crisis is that we as a society need to have a fundamental re-think of how we should arrange our collective lives. We need to create inclusive economies because we have reached an inflection point where the number of people struggling is of a magnitude that, if not taken seriously, will lead to systemic collapse that will be damaging to everybody.

Polarization

Stakeholder theory focuses on the interconnections between businesses, suppliers, customers, communities and citizens as the source of value creation. It posits that it is both in the commercial interest of business and that of the greater social good when stakeholder value – rather than shareholder value – is seen as the core aim of market-based economies. The stakeholder approach to business strategy foregrounds the now standard expectation for businesses to take social and environmental responsibility. The lively discussions at our symposium revealed an encouraging willingness to engage with stakeholders representing different values and strategic priorities, and a genuine interest in co-creation of new solutions.

However, it also emerged that the willingness to engage in co-creation across the private/public/third-sector divide was tested when potential solutions required a particular type of stakeholder to make changes which would impact on their promise to serve the best interest of their key constituents. For example, business stakeholders naturally felt a strong commitment to promote and protect business interests and a hesitation to entertain solutions that might impact commercial priorities (i.e. revenue growth, competitive advantage and profit maximisation). By contrast, some third-sector stakeholders pointed out that, with over one million people in Scotland living in relative poverty and with the class of the working poor rapidly growing, solutions can hardly be found within any configuration of the existing labour market.

As described above, the symposium gave a strong impression that structural change is needed. While this is never easy, the symposium highlighted a growing concern of entrenched polarization whereby the viewpoints of different stakeholders become ever more distant. The danger is polarization reaches a point that may hinder constructive dialogue when it becomes necessary to revise one's own beliefs and assumptions to accommodate the other in pragmatic attempts at bridging the divides in our society. There is a need to improve the enabling conditions of constructive dialogue in society in order to de-polarise debate, overcome entrenched political and professional



positions, and seek new ways of organising our economy and society which are free from the traditional ideological positions of left and right, profit and non-profit, producer and consumer.

MAIN OUTCOMES AND IMPACT

The project has resulted in four main outcomes:

1. The report 'Consumer Experiences of the Cost-of-Living Crisis' which gives voice and perspective to the lived experience of the cost-of-living crisis.
2. A video casebook comprising three short videos with consumers and community stakeholders who share their lived experience of dealing with the cost-of-living crisis, and a longer flag-ship video that communicates the main insights across the entire project.³
3. A stakeholder symposium which brought together experts on the cost-of-living crisis from a variety of sectors and disciplines to share knowledge and co-create new solutions to the cost-of-living crisis.
4. Graphic minutes capturing the various topics discussed during the stakeholder symposium. The image on the front cover of this report and our consumer report is a copy of the graphic minutes poster. The photo below shows the artists working on the graphic minutes during the stakeholder symposium.

³ Video casebook:

<https://www.scottishinsight.ac.uk/Programmes/OpenCall202223/ConsumerResilience.aspx>



Claire Stringer and Jenny Capon capturing insights from the stakeholder symposium.

KEY CONCLUSIONS

Reflecting on the activities and outcomes of the project, we draw three main conclusions.

1. Consumers can enhance resilience utilising various types of support (e.g. free food apps, food banks, community fridges and kitchens) and developing coping strategies (e.g. bulk buying, batch-cooking). However, there are various indications that we have reached the limits of individual resilience and coping and urgently need to address the root cause of the issue, which is structural poverty.
2. Stakeholders are collectively empowered to make impactful societal change, but there is insufficient cross-pollination between the different interest groups. To harness this potential for change, it is necessary for policymakers to develop a range of mechanisms designed to bring stakeholders with different – and often opposing – views, priorities and interests together to co-create solutions to social problems such as the cost-of-living crisis.
3. Increased polarization of viewpoints in public debate seems to be echoed among stakeholder groups. Stakeholders need to demonstrate greater critical self-reflection and identify areas where compromise is possible and necessary to join forces across differing priorities and interests and work pragmatically for the greater social good.



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Date	21 February 2024