

Living on the edge: Are survival budgets becoming the norm?

Euroconsumers latest **Consumer Affordability Barometer** shows budgets squeezed to the max with little room for for unexpected costs or savings.



Read on to find out more and why we should all be concerned that consumers can survive, but cannot thrive.

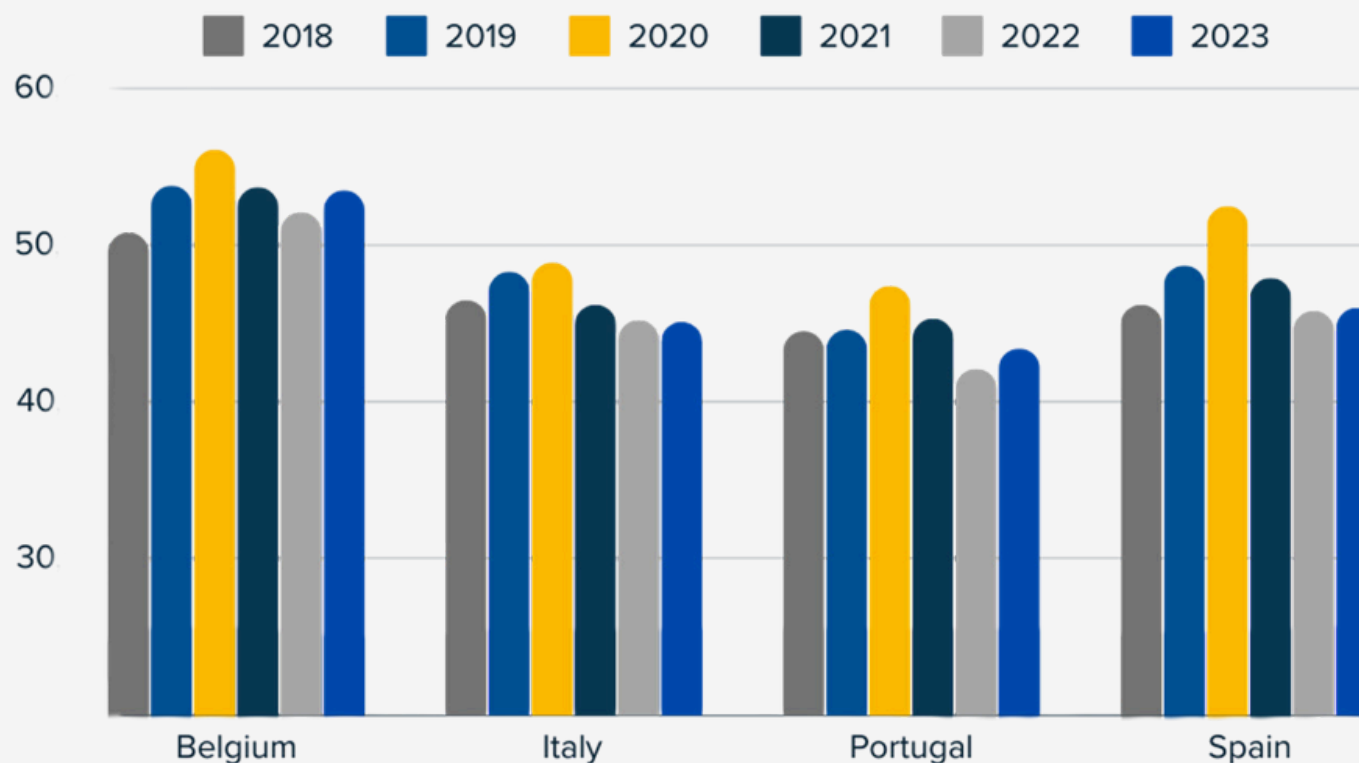


2018 - 2023 Six years of shocks, stops and restarts

The latest release of Euroconsumers Consumer Affordability Barometer finds consumers are feeling some optimism after a very tough few years. But budgets remain tight and the continuing high costs of essentials and the lack of household financial security make the future outlook worrying.

The Consumer Affordability Barometer is a unique annual survey of over 17,000 consumers in four different countries gets consumers' views on how affordable they find their everyday expenses, and how this impacts on their quality of life.

What does a quick look at the Consumer Barometer tell us about consumers' perceptions of a financially affordable quality of life in the last six years?



The Affordability Barometer score for each country shows how easy consumers find it to balance their finances and quality of life on a scale of 0 - 100.

A higher score shows an easier balance, a lower score shows things are more difficult.



Squeezed consumer budgets have become the new normal.

2018

First barometer scores

The inaugural Consumer Affordability Barometer surveys consumers giving the first indication of levels of financial comfort and balance with quality of life in 37 categories. These results form the baseline for comparison over the coming years. Belgium has the highest overall score, and has the largest proportion of financially comfortable consumers.

Around 66-70% of Spaniards, Italians and Portuguese find some expenses quite difficult to manage, compared with 56% of Belgians.

2019

Improvements in affordability

Consumers in all the four countries reported a rise in the overall affordability barometer score from the first year of the survey. Although it was only marginal in Portugal, the others saw a healthy uplift of between 2 - 3 points. There was a rise in people who found it easy to manage their outgoings.

In Portugal, 27% people reported no financial difficulties, up 4% on 2018. In Belgium 6% more people said they had no financial difficulties.

2020

Pandemic shock

In a year of lockdowns and health challenges, the overall barometer score had **a somewhat surprising rise**. This is despite a significant proportion of consumers reporting a loss in income as a direct result of the pandemic. **It's likely that savings made on leisure and travel plus income support from the state offset the slowdown in economic activity and left many able to save more than they had in previous years**, or spend excess funds.

14% of people in Spain found it easy to save in 2020, over double the amount (6%) who found it easy just two years before.

2021

Recovery blues

Fast forward a year and the impact of social and economic shutdowns became more apparent to people's budgets. Supply chain delays, labour shortages, increased industry demand for energy all pushed up the price of essentials like energy, food and raw materials.

In Portugal 46% of people said the pandemic caused a direct loss of income in 2021 compared to 2020. In the other countries, between 24% and 38% suffered a loss.

2022

Double digit inflation

Russia's invasion of Ukraine in early 2022 **added pressure to already rising prices as inflation got into double digits**. Belgium had the highest rise in consumers in financial difficulty, but it was tough times for everyone.

Approximately one third of people said it had become much more difficult or impossible to afford their monthly household expenditure

2023: Surviving not thriving

First the good news: the latest Affordability Barometer reveals things slowly starting to feel more comfortable. This slight improvement in most countries is hopeful, however, there's more to these numbers than first appears.

Compared to 2019 when affordability and quality of life scores were at their highest, it's clear that improvements have either stalled or are painstakingly slow. Only Belgium has returned to its pre-pandemic ranking score, the rest remain below that as we enter the fourth year since the first lockdowns of 2020.

A deeper dig into the spending categories in the 2023 index, reveals findings that will worry not just consumers but business, government and policy makers.

Read on to see how a lack of spending power is making consumers vulnerable to future shocks or seeing them missing out on vital goods and services....



We see families and households squeezing out their budgets to meet basic bills and costs, cutting back on things deemed non-essential and for some, finding essential services like health too costly.



Empty saving pots

Too many people are finding there is nothing left in the budget to save.

What’s striking is that even those who say they **have no difficulty paying housing costs and household bills struggle to save money**. This suggests a huge proportion of people have next to nothing left over after the essentials are paid for.

Lack of savings leave people very vulnerable to future shocks. Individual shocks like job loss or poor health can happen at any time. Systemic shocks like energy and food price surges or higher interest rates rises designed to calm inflation reach across all aspects of household spending.

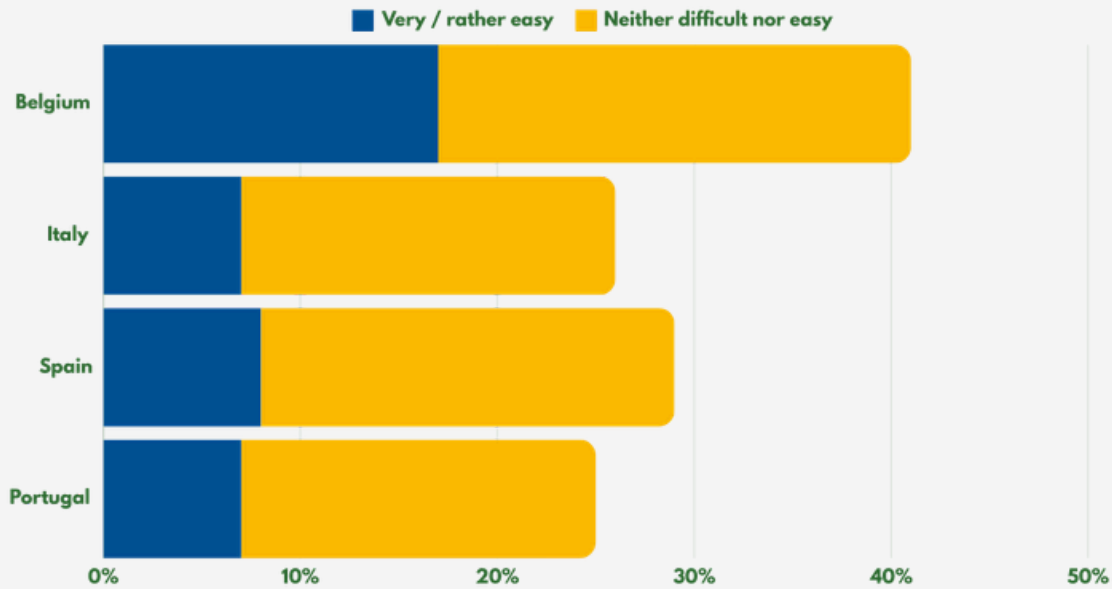
We know from previous inflation figures that while inflation rates may fall month on month, **the price of essentials can remain stubbornly high** or take much longer to fall.

Across Italy, Spain and Portugal only between 7 - 8 % of people say it was easy to save money. Belgian consumers do much better, with 17% reporting it easy to make savings.

These figures show a very slight improvement on the pre-covid years of 2018 and 2019 and are a little better than 2022.

	Belgium	Italy	Portugal	Spain
It's not difficult to cover costs of running a home	64%	49%	51%	50%
BUT....				
It's very or rather difficult to save money	60%	74%	75%	72%

How easy was it for your household making savings during this past year?



Basic healthcare out of reach for too many

In all four countries, the affordability of healthcare is a worry for a **large proportion of consumers**. Italy in particular has seen a 6% rise in people struggling with health expenses over the past 5 years.

↘ In 2023, 47% of Italians surveyed said it was rather or very difficult to meet health costs.

Belgium and Spain have remained steady over the years at 28% and 38% respectively, and Portugal’s 36% is actually an improvement on 2018 when 45% of people reported difficulties.

Despite this, the persistence of high proportions of people struggling to cover health expenses is striking.

A look into the details shows that paying for dental care, glasses and hearing aids, and visits to the doctor cause the biggest difficulties for most people.

↘ Half of Italians surveyed reported difficulty affording to see a doctor

The current struggles so many have in funding their healthcare is a wake up call to policy makers. Dental care, glasses and hearing aids are not luxuries, they are basic requirements.



% difficulty affording/paying for...				
	Dental Care	Glasses / Hearing aids	Doctor's consultation	Medicines
Belgium	33%	33%	18%	23%
Italy	51%	31%	52%	37%
Portugal	57%	52%	43%	41%
Spain	50%	32%	30%	19%

A growing mental health care affordability crisis?

It has become harder for consumers to afford psychological and mental health care.

The importance people place on good mental health care for their quality of life has risen since 2019 in all countries, yet more people can't afford it.

✚ A quarter of Spaniards and 28% of Portuguese struggle to cover costs of mental health care.

The financial barriers to accessing mental health care and support are particularly concerning, given that **close to half (46%) of EU citizens reported having an emotional or psychosocial problem in the last 12 months**. Left untreated, poor mental health can have a devastating impact on individuals, families and society.

In the same survey, people considered **living conditions (60%) and financial security (53%)** as the two most important factors for good mental health. This is crucial context for the Affordability Barometer findings as it shows the impact that being under long term financial stress can cause.



High food prices keep up the pressure on budgets

Falling food inflation doesn't mean the end of high prices for consumers. Food prices are still well above where they were five years ago. And consumers feel it every day.

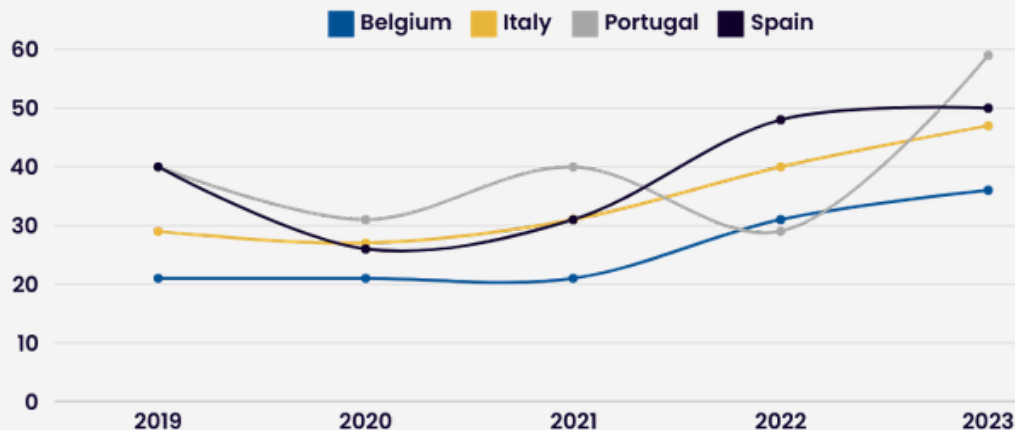
The proportion of consumers finding current food costs much harder to manage compared to four years ago:

↘ Belgium: 10%
Italy: 19%
Portugal: 9%
Spain: 18%

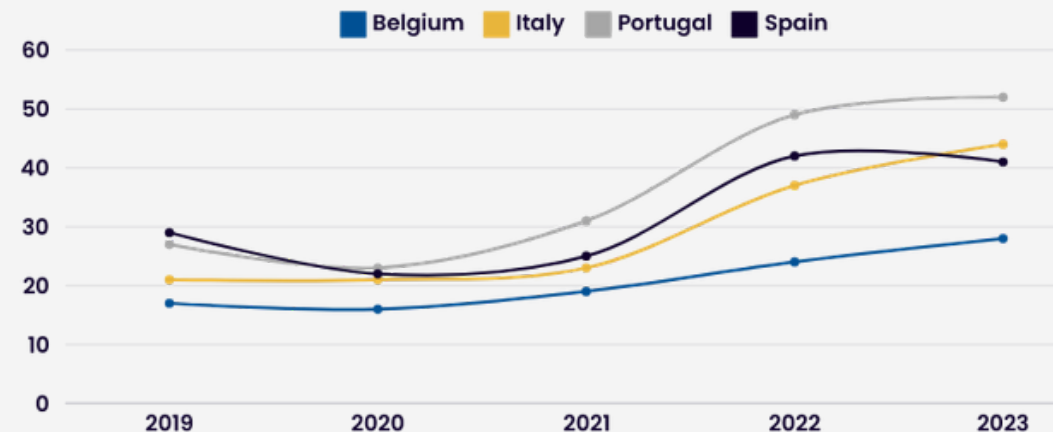
The survey found that the cost of meat, fish, vegetables and fruit caused most problems across all countries. The proportion of people having difficulty affording them has grown since 2020 and, unlike other high cost areas like energy which are gradually creating less problems, show no signs of easing.

As supply chains and raw material costs recover, the explanation for these stubborn high prices are proving hard to unpick. Dominance by some producers, retailers retaining profit instead of passing on savings to customers, climate instability and new rules on farmers have all been cited. For essential goods like food, a resilient and sustainable market must be a priority.

How difficult was it for your household to afford meat/fish?



How difficult was it for your household to afford fruits and vegetables?



Depleted social and community participation

The 2023 Consumer Affordability Barometer showed that people were finding activities outside of work, study, care and chores more and more expensive.

Sports, theatre, cinema, day trips, holidays and even books are getting increasingly tough for households to pay for. These might be classed as ‘non-essential’ but they all play an **important role in social cohesion, mental health, physical health and overall quality of life.**

Not to mention that sectors like hospitality, the arts, travel and tourism need visitors and supporters to thrive and contribute to growth.

Life is not just for balancing budgets. If consumers are constantly living on the financial edge, with worries about affording healthcare, food and bills they won’t have time and space to enjoy their freedom, friends and family - or have the funds to spend in local businesses.

% difficulty affording/paying for...			
	Restaurants and bars	Cinema, theatre and music events	Holiday and short breaks
Belgium	47%	41%	46%
Italy	44%	32%	36%
Portugal	55%	46%	53%
Spain	44%	39%	46%



A fulfilling future starts by understanding consumers' reality

The Consumer Affordability Barometer 2023 is mix of consumer optimism and the reality of having to make difficult financial decisions everyday to balance the books.

In healthcare and food the difficulties are extreme. Energy bills are gradually lowering but still take up a huge part of the monthly budget. There is little room left for savings, for the community and social activities that make life worth living and drive so much of the European economy.

Having the confidence and ability to take longer term decisions is hard if you're constantly living on the financial edge. Yet more than ever we need people who are empowered to improve the market and boost growth towards a sustainable, digital and affordable future.

Empowerment is jeopardized by a world where consumers are just about surviving, but not thriving.

That's a reality every policy maker and every business needs to face up to and plan how to address, and fast. They need to align with consumers so they can regain some stability and make the most of their depleted money.



Euroconsumers' Manifesto sets out what needs to be in place to equip consumers to make the most of their money and invest in the areas that are essential to sustainable growth.

Empowering consumers to improve the market has never been more important.

www.euroconsumers.org/manifesto

Methodology

The Consumer Affordability Barometer has run since 2018 and is designed to create individual country scores to show how easy people are finding balancing finances and quality of life. Each year, consumers are asked to look back at any challenges they faced paying out for everyday needs like food, energy, housing, transportation, health and leisure in the previous 12 months.

Consumers are also asked to rank how important each area is to them in terms of contributing to their quality of life. This is then compared against the capacity of households to meet their outgoings. Households are then ranked on an index between 0 from 100, higher index value showing an easier balance, and a lower one showing a difficult situation.

In the most recent survey, 17,364 consumers aged between 25 and 79 years were surveyed across Belgium, Spain, Italy and Portugal. The results were weighted to be representative of the national population in each country, considering factors such as age, gender, location, and education level.

About Euroconsumers

Gathering six national consumer organisations and giving voice to a total of more than 7 million people in Italy, Belgium, Spain, Portugal, Poland and Brazil, Euroconsumers is the world's leading consumer group in innovative information, personalised services and the defence of consumer rights.





euroconsumers
group

Empower people,
improve the market.