

THE OPPORTUNITY BEYOND THE CHAOS

How emerging clusters of wealth across the UK could reward media strategies with the agility to find them



The perfect storm of events that has prompted the UK's collapse in consumer confidence, can easily induce a sense of pessimism and helplessness from a media and advertising perspective.

But what we can easily forget is that even in the most difficult and unpromising circumstances, there are opportunities for growth that the agile and the forward-thinking can seize.

For too long we have readily assumed that wealth and affluent high-disposable audiences are concentrated so heavily in the South-East, that we have overlooked emerging clusters of affluence with just as much wealth in different parts of the country. Even in these difficult times, we believe that marketers who are able to adapt their audience targeting strategies to these opportunities, can achieve competitive benefits which can still be realised in the toughest of economic conditions.

CONSUMER BEHAVIOURS DURING RECOVERY

At the start of the pandemic we used the history of consumer behaviour in previous crises over the decades to advocate that it's better to focus on things we expect will remain constant; instead of crystal ball gazing trying to predict what has irrevocably changed, we should concentrate on what we called "compass planning". Over 5, 10, 20 years, what do we expect not to change, keeping in mind a long term perspective.

As we emerged from lockdown into recovery, we emphasised that how consumers are affected by these macro challenges varies greatly. The Winning the Rebound work we have been doing shows stark differences both between countries (e.g. UK & Singapore) but also within the UK population. Within the UK, we have seen strong contrasts in how greatly our segments were affected, e.g. contrasts between Rationers and Revenge Spenders and, in turn, how they spent their money.

OVERLOOKED AND UNDERSERVED CONSUMERS

Our next piece of analysis combines these two facets. A focus on the long-term and an emphasis on the value of nuance.

Having analysed the past 25 years of data on UK wealth & population, we see clusters of the population which we feel have been overlooked and underserved. Over the next 25 years, the long-term trends we are seeing reveals that opportunities lie in unlocking the pockets of these consumers.



NEW NORTH-WEST AND SOUTH- WEST CORRIDORS

The South West, Midlands & North West have been vastly overlooked, while marketers focus their efforts on London, believing that's where the wealth collects within the UK; when looking at capacity to spend, we find this may not show the complete picture of potential. While Londoners hold some of the highest earnings and current disposable income, the South West reflects not only one of the top regions for gross disposable household income (GDHI) but also one of the fastest-growing regions.



Equally, when looking at house price to earnings ratios, we see populations within North & Midlands have a lower percentage than their southern regions cousins. This potentially means some individuals enjoying a high income outside the capital are less restrained by high mortgages and relative living costs. Especially recently, when asking prices have increased by 2.1% each month (highest since 2014), meaning homeowners are generating more income from their property than the average worker.

And it's not just that some pockets of UK families are less squeezed. We are seeing growth in property value, job opportunities, business productivity and sheer size of population growth predicted to outpace many other UK regions. Zoopla data shows property values have strong North-West, South-West corridors beginning to form. Startups continue to opt for a cheaper and more entrepreneurial mindset away from the corporate capital, with Edinburgh, Manchester and Leeds ranking top for startups. Cambridge and Bristol have some of the most productive businesses with fewer vacant units. And in turn, we have seen notable brands such as the BBC and Channel 4 moving their head offices and firms, including PwC, Uber, TalkTalk and BT all looking for new hires in Liverpool, Manchester, Cheshire and further afield.

GROWTH AWAY FROM THE CAPITAL

Without a doubt, the impact of influential employers giving more opportunities has strengthened these regions. To ensure we are tapping into young talent outside the city centre, we are passionate about our VCCP Stoke Academy which aims to engage talent beyond the capital.

With the UK population expected to grow to 71m by 2045, we expect wealth and spending power outside the capital to continue to flourish over the long term, especially within the North-West, South-West corridors which are beginning to form. The Midlands in particular is set to experience a vast influx of growth +12% of its population size, adding an additional 1.3m residents in the area

But it's essential to understand that economic growth won't benefit everyone within these regions. Our 'Winning the Rebound' report continues to be a crucial tool for our clients, to help them navigate the new socio-economic and attitudinal shifts. When analysing the slow long term trends of 50 years of the UK, beyond the fluctuations of consumer confidence and stocks, using our compass planning, we can cater for the underserved potential consumers of the future.

IT WOULD BE A MISS TO UNDERPLAY THE GROWTH OUTSIDE OF LONDON, AND WE NEED TO BE READY FOR IT.



COLLABORATIVE

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Collaborative is VCCP's insight platform, showcasing the collaborative thinking of its strategists from across the VCCP Partnership which include specialists in media, communications and experience design.

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