

2023
CONSO



From forced choice
to smart purchase

A LOW COST TO SUIT EVERYONE

A European survey conducted in 15 countries

OBSERVATOIRE
Cetelem

BNP PARIBAS
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EDITORIAL



The low-cost world is nothing new to L'Observatoire Cetelem. Back in 2009, we were one of the first publications to report on the Dacia craze and its various effects. Then, in 2010, we assessed its impact against the backdrop of the subprime crisis.

Today, crises abound once again. The geopolitical crisis triggered by the war in Ukraine has been rumbling on alongside an economic crisis marked by the sudden, damaging return of inflation levels that we had mistakenly believed belonged to the past. In last year's Cetelem Barometer, consumers were already anticipating the emergence and consequences of this inflation, particularly in terms of purchasing power.

As a concept that has always been synonymous with the lowest prices, the low-cost approach seemed to be the natural choice when the theme of this latest Observatoire Cetelem was being chosen. Without revealing the full breadth of the study's findings, two key elements stand out. The first is perfectly reflected in the title of this survey. Gone are the days when low-cost options might have been considered a shameful facet of consumerism, when one might have stepped

through the doors of a shop almost with a feeling of embarrassment, hoping not to be seen. The low-cost segment is aimed at all consumers. It caters to everyone, whether they are in this market out of choice or necessity. People on high and modest incomes alike go for low-cost options for different reasons, chiefly depending on whether they live in Eastern or Western Europe.

Second, while the low-cost market enjoys a relatively positive image that has more to do with reason than passion, it is probably safe to say that it has significant room for growth, particularly in sectors where it has yet to truly make its mark. But this growth should come with a condition. The low-cost philosophy must not forget its roots, its **raison d'être**. In other words, it must stay faithful to its cut-price DNA.

Happy reading.

Flavien Neuvy
Head of L'Observatoire Cetelem

L'OBSERVATOIRE CETELEM

Founded in 1985 and headed by **Flavien Neuvy**, **L'Observatoire Cetelem** is an economic research and intelligence unit of BNP Paribas Personal Finance.

Its mission is to observe, highlight and interpret shifts in consumption patterns in France and abroad. To fulfil this ambition, L'Observatoire Cetelem has set up a range of tools that rely on diverse and complementary content, including:

- **The Observatoires:** Two highly respected annual surveys conducted internationally: a worldwide survey on the automotive market (18 countries) and a European survey on consumer trends (15 countries).
- **The z00m reports, which focus on lifestyles** and explore major themes ("The French and their finances", "Food at a time of tough financial choices", etc.) in three stages, by seeking the opinion of French consumers via three-wave surveys.

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The latest Cetelem Barometer, which was published at the start of the year, pointed to the “inevitability of inflation”, to quote one of the titles of the survey, and to the consequences European consumers were predicting last year.

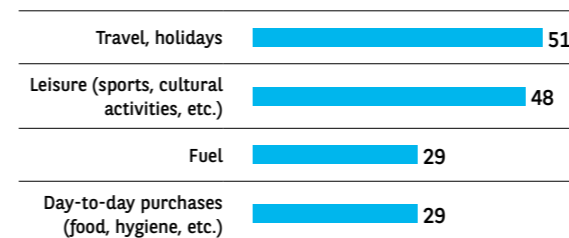
The aim of the report was no longer to predict its magnitude, but rather to assess the impact of an economic phenomenon which, for the preceding 40 years, was thought to have been eradicated for good.

Through this recent Barometer, Europeans voiced their feelings about their purchasing power, which more than half of respondents felt had fallen. This sense was particularly strong in the Northern and Western European countries. In this turbulent economic climate, consumption was holding firm, while saving had fallen into decline, having risen in popularity during the public health crisis.

Fig. 1

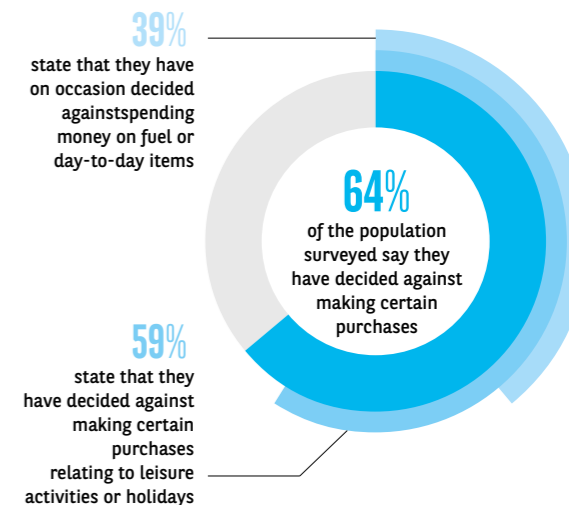
Over the last 12 months, have you decided against making any of the following purchases for financial reasons?

Share of respondents who answered “Yes”. In %.



Source: L'Observatoire Cetelem 2023

As for the consequences of rising inflation, this latest survey highlights the increased fragility of consumption, due to individuals having to make certain trade-offs. 64% of respondents said they had decided against making certain purchases over the last 12 months. While these decisions were mainly to the detriment of travel, holidays and leisure activities (6 out of 10 respondents), expenses that people feel they can live without, nearly 4 out of 10 Europeans also refrained from purchasing day-to-day items or fuel, which are generally deemed essential (**Fig. 1**).



Mentioning inflation and a reluctance to consume in the same breath naturally raises the issue of price which, in these tough economic times, has become more crucial than ever. And consumers inevitably want prices to be as low as possible. The low-cost concept is a double-edged sword that is both universally appealing and a necessity for many.



A WELL-ESTABLISHED REALITY



The English language has a gift for turning simple words into popular generic expressions that are used around the world. It has the ability to neatly denote a vast array of products, services, companies and even attitudes, which in spite of their diversity are linked together by a single idea, in this case low prices. It seemed essential for a survey devoted to the topic to underline the power of the concept and the degree to which it has been embraced by consumers.

Awareness and perception of the low-cost market



“Low cost” is one of those expressions that have slowly established themselves over time, without it being possible to accurately pinpoint their origin (see part 3). Today, the term has become part of the economic vocabulary of industry professionals and consumers alike.

A CONCEPT THAT IS WIDELY KNOWN AND RECOGNISED

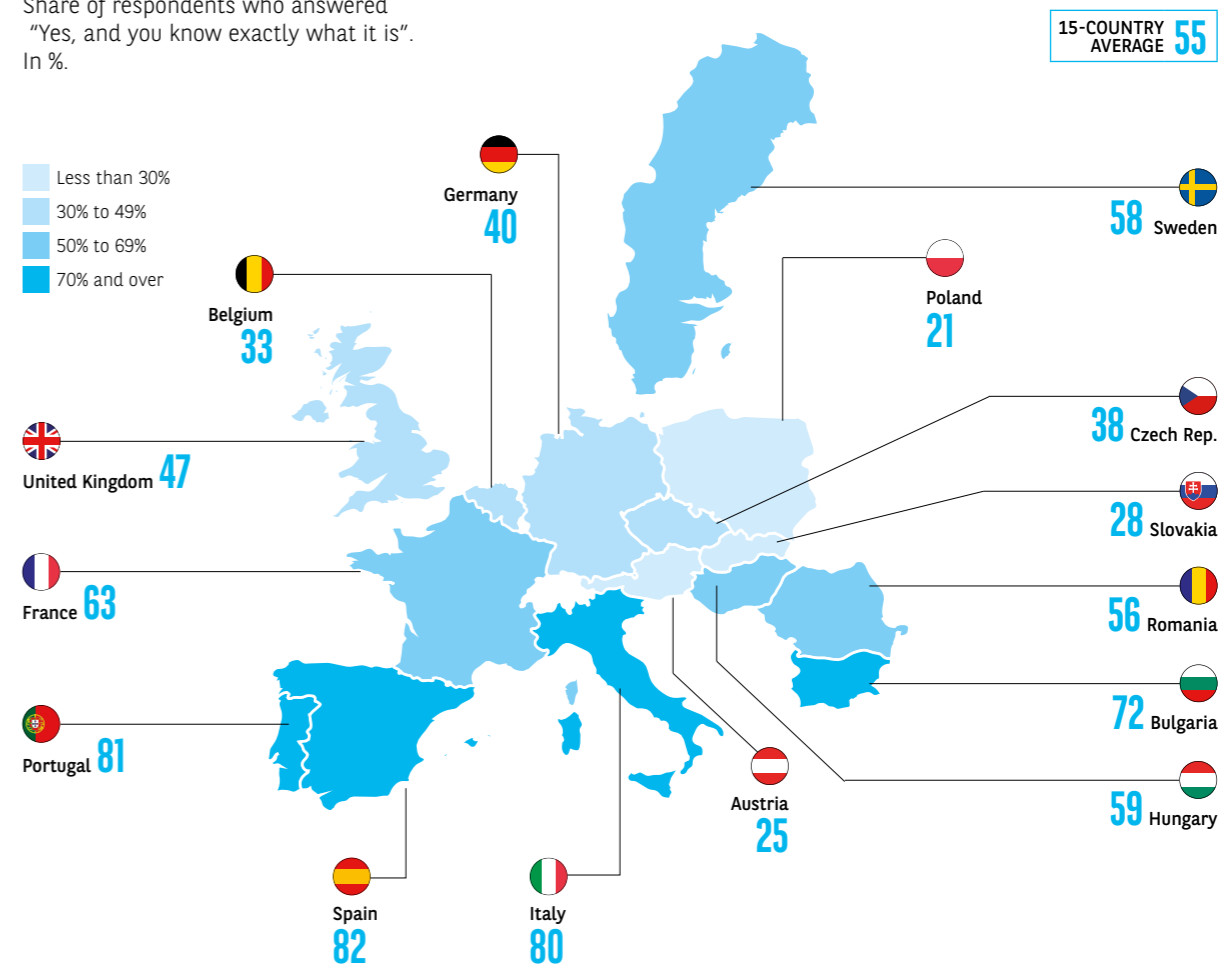
9 out of 10 Europeans interviewed for this survey had heard of the low-cost concept. In some cases, the term is almost universally recognised, with scores approaching 100% in a number of countries, including Italy, Bulgaria, Spain and Portugal.

Most have more than a passing acquaintance with the notion, with 55% of respondents stating that they understand specifically what the term means. The most perceptive consumers can be found in Southern Europe, with 8 out of 10 Italians, Spaniards and Portuguese able to define exactly what the two words signify. In contrast, Poles, Austrians and Slovaks are not as familiar with the concept, with less than 3 in 10 being able to clearly define what is meant by “low cost” (Fig. 2).

Fig. 2

Have you ever heard of the low-cost concept?

Share of respondents who answered “Yes, and you know exactly what it is”. In %.



Source: L'Observatoire Cetelem 2023

A NOTED LEVEL OF DEVELOPMENT

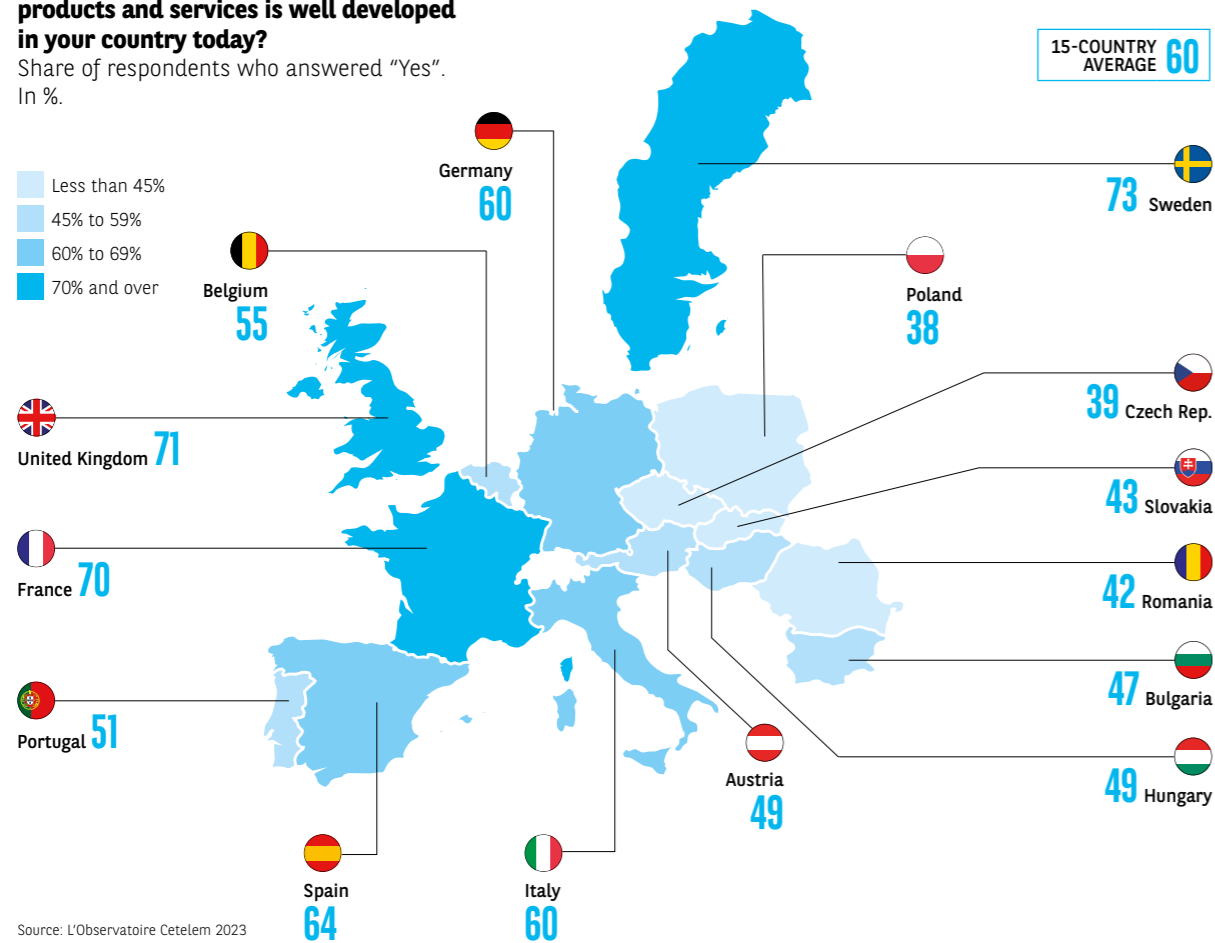
A similar proportion of Europeans also consider the low-cost market to be well developed in their country. 6 out of 10 respondents are of this view. Only 11% go as far as saying that it is very well developed, which leaves the low-cost

sector considerable scope to boost its visibility and therefore its economic clout. Geographically speaking, the highest proportions of consumers who state that the low-cost market is well developed can be found in Northern and Western Europe (7 out of 10 in Sweden, the UK and France) (Fig. 3).

Fig. 3

Do you feel that the market for low-cost products and services is well developed in your country today?

Share of respondents who answered "Yes". In %.



Source: L'Observatoire Cetelem 2023

LOW COST: AN ENTIRE CONCEPT IN TWO WORDS

While different terminology is employed depending on the sector, from "low fare" to "hard discount" to "economy class", the definition of low cost nonetheless rests upon several points of consensus. This is a business model geared towards significantly reducing prices, one that is based on the implementation of a particular logistical and personnel management rationale, but also a functional service. These attributes provide a tangible description of an economic innovation that enables prices to be reduced by at least 25% compared to traditional retail (Fig. 4).

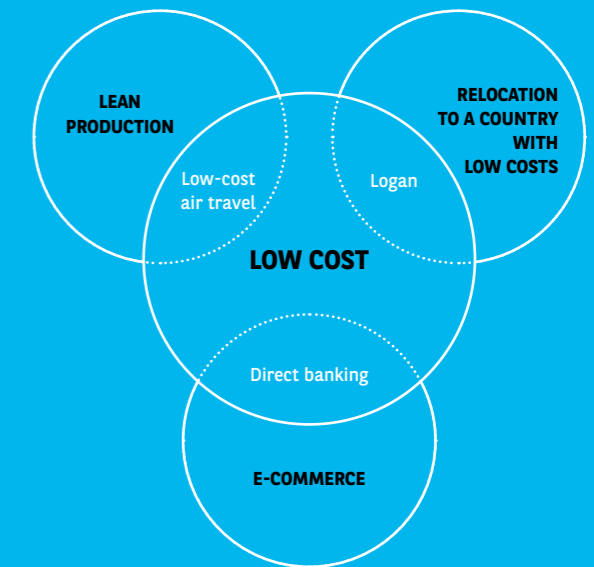
Consumers are clearly well aware of this, since the words they are most likely to associate with the low-cost concept relate to this aspect: "low price", "value range" and "promotion". They also link the concept to the notion of "poor quality", echoing an image of the low-cost market that evokes extremely sparse sales floors, the availability of only the most basic entry-level products, and minimal customer service (Fig. 5).



The low-cost approach allows prices to be reduced by at least 25% compared to traditional retail.

Fig. 4 / Context

Definition and fields of application of the low-cost approach



Source: Emmanuel Combe, *Le Low cost* (published by La Découverte, 2019).

Fig. 5

When you hear the term “low cost”, what does it mean to you?
What words spring to mind?

To all respondents.



Source: L'Observatoire Cetelem 2023

The word cloud was generated automatically based on the exhaustivity of the spontaneous answers to the open-ended question. The size of each word in the image reflects the frequency with which it is used. The word displayed in the largest characters is that used most frequently in the answers of respondents. A word's position in the cloud has no special significance.

A DECENT IMAGE THAT COULD BE ENHANCED

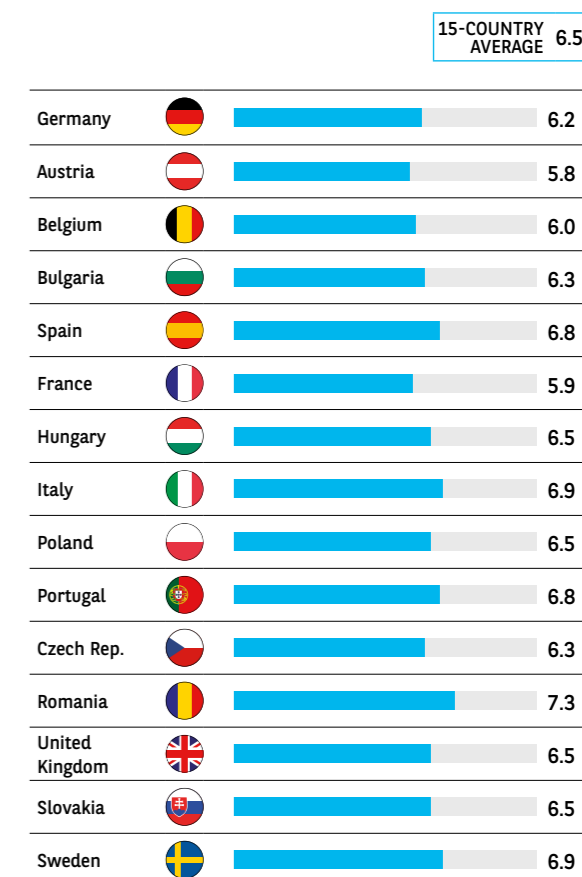
As we have seen, the low-cost market is well known, widely recognised and well established in the eyes of consumers, in addition to enjoying a generally satisfactory image. The average score assigned by Europeans as a whole is 6.5, with Romanians proving to be the most enthusiastic (7.3) and the Austrians and French the most sceptical (5.8 and 5.9). Indeed, not one country produces a score under 5 out of 10. It should also be noted that the bulk of opinions can be found in the median range between 5 and 7. The low-cost market is neither shunned nor very popular (Fig. 6).

“With an average score of 6.5/10, the image people have of the low-cost model is no more negative than it is positive.”

Fig. 6

Do you have a positive or negative image of low-cost products and services?

Score from 1 to 10

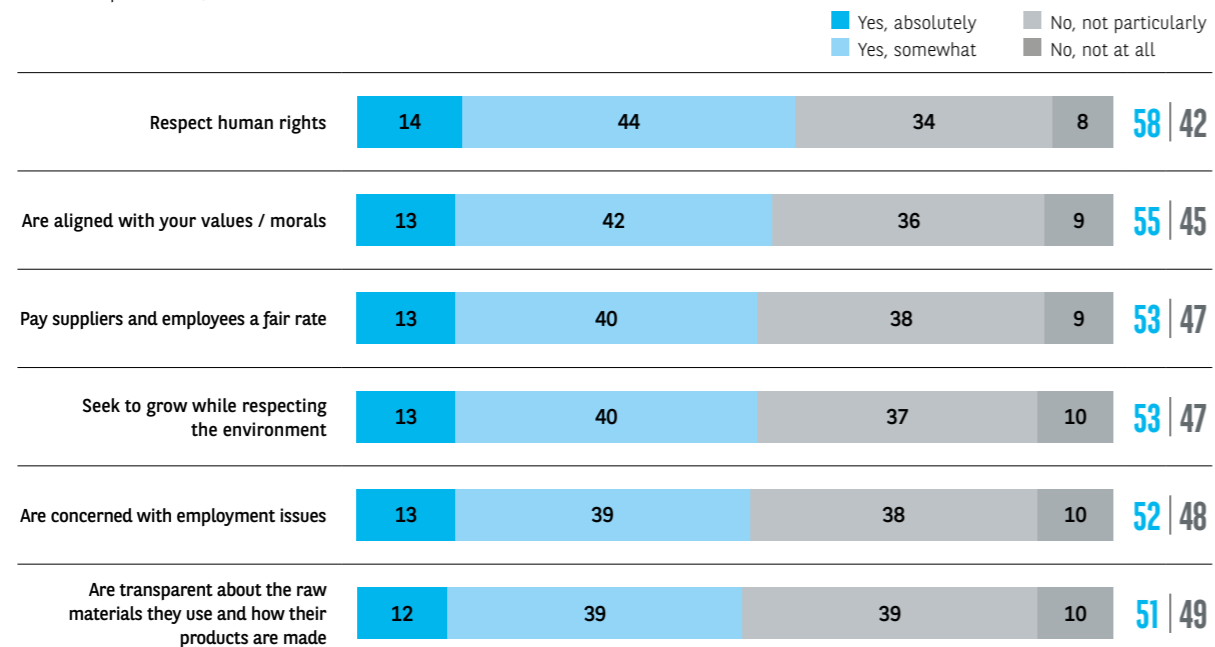


Source: L'Observatoire Cetelem 2023

This impression that people feel somewhat ambivalent is reflected in the values they associate with the low-cost concept. For most of the items on which Europeans were asked for their opinion, there is a roughly equal share of positive and negative responses. 58% of consumers believe that low-cost companies respect human rights, while 42% believe the opposite. 55% believe these firms are in tune with their own ethical values, while 45% do not. The issues of environmental friendliness and fair pay for

both staff and suppliers also split the individuals surveyed almost equally (53% and 47%). And again there is near parity on the topics of employment and transparency regarding the manufacture of products (Fig. 7). While people's opinions on the the low-cost market's values are not especially negative, they do seem to indicate that there is some scope for the concept to evolve by embracing practices that are more in line with current trends and consumer expectations.

Fig. 7
Would you say that low-cost companies...
 To all respondents, in %.



Source: L'Observatoire Cetelem 2023

Sectors and brands: a dominant triumvirate



CLOTHING, FOOD AND AIR TRAVEL: TOP OF THE LOW-COST TREE

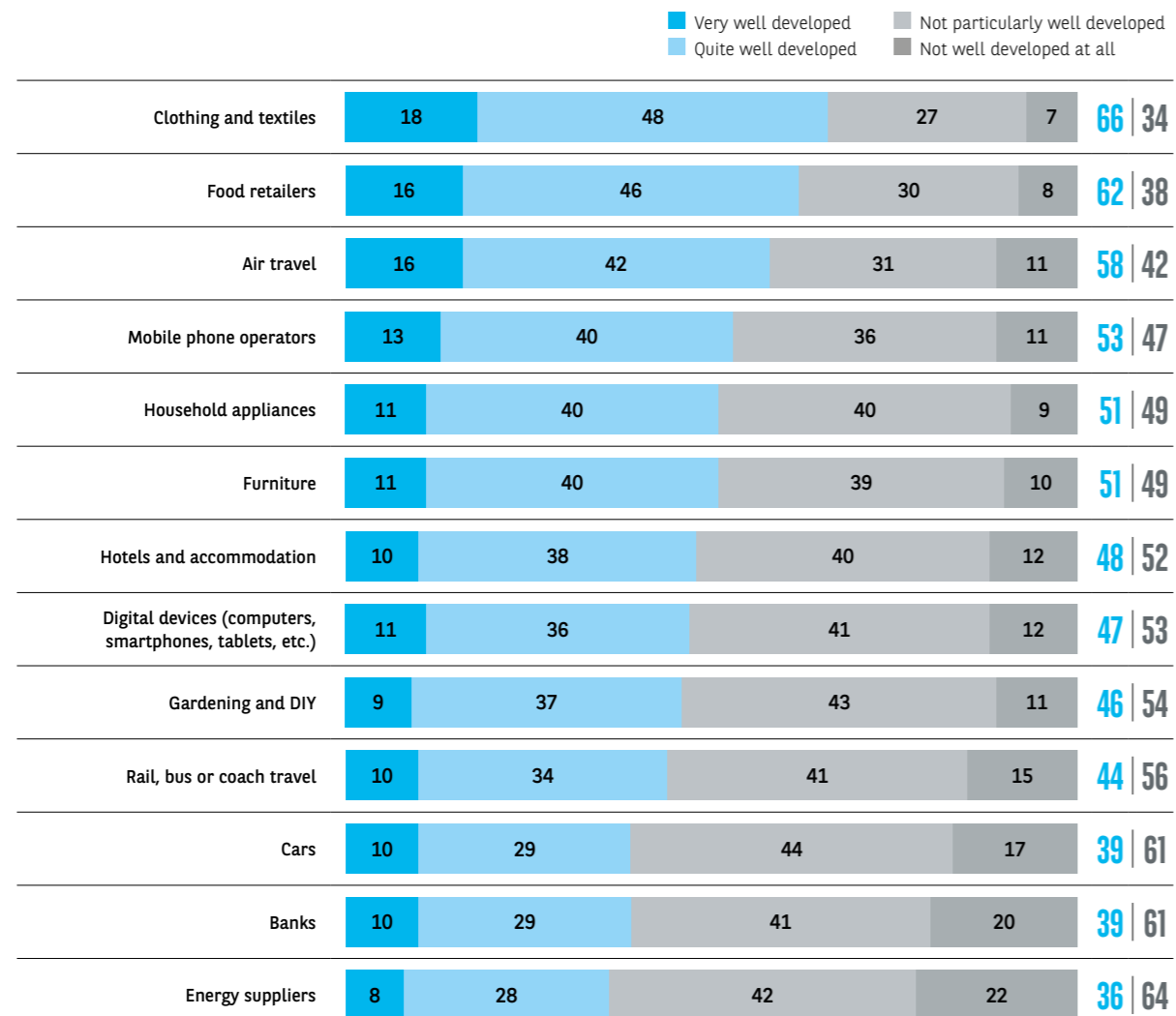
While the low-cost concept has gradually spread to all sectors, three in particular have grown to embody the concept more powerfully. Clothing, food and air travel are the three sectors most synonymous with low-cost products, according to 66%, 62% and 58% of Europeans, respectively. In fourth place is mobile telephony, which reflects how successful operators have been in developing low-

cost offerings in what is often a highly competitive field. Conversely, the car industry, a market in which Dacia's success caused something of a paradigm shift, is rarely associated with the low-cost concept (39%). The same goes for banks, despite the emergence of a substantial online market, as well as energy, a sector that has recently been opened to competition in a number of countries (Fig. 8).

Fig. 8

In your country, would you say that the market for low-cost products and services is well developed in each of the following sectors?

In %.



Source: L'Observatoire Cetelem 2023

LIDL, RYANAIR AND ALDI: A RENOWNED TRIO

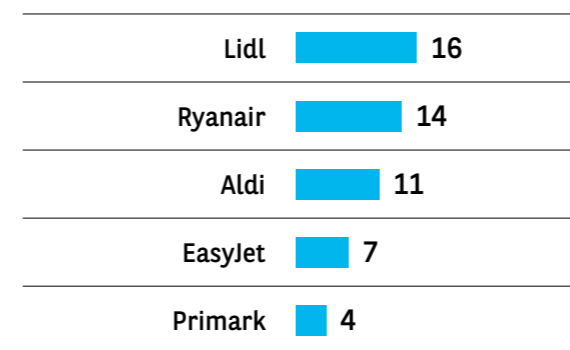
Thus, three sectors stand out, but so do three brands. Lidl tops the list, having been cited spontaneously by 16% of Europeans, followed by Ryanair, the brand that revolutionized the airline industry, and Aldi, the first established retailer to take the low-cost route (Fig. 9). But although these three brands have a truly international reach, a geographical analysis highlights certain particularities specific to each country. Poland's Biendronka, for example, is a decidedly local low-cost phenomenon (Fig. 10).



Fig. 9

Can you name 3 brands or companies that you think best epitomise the low-cost concept?

In % of spontaneous answers. Top 5.

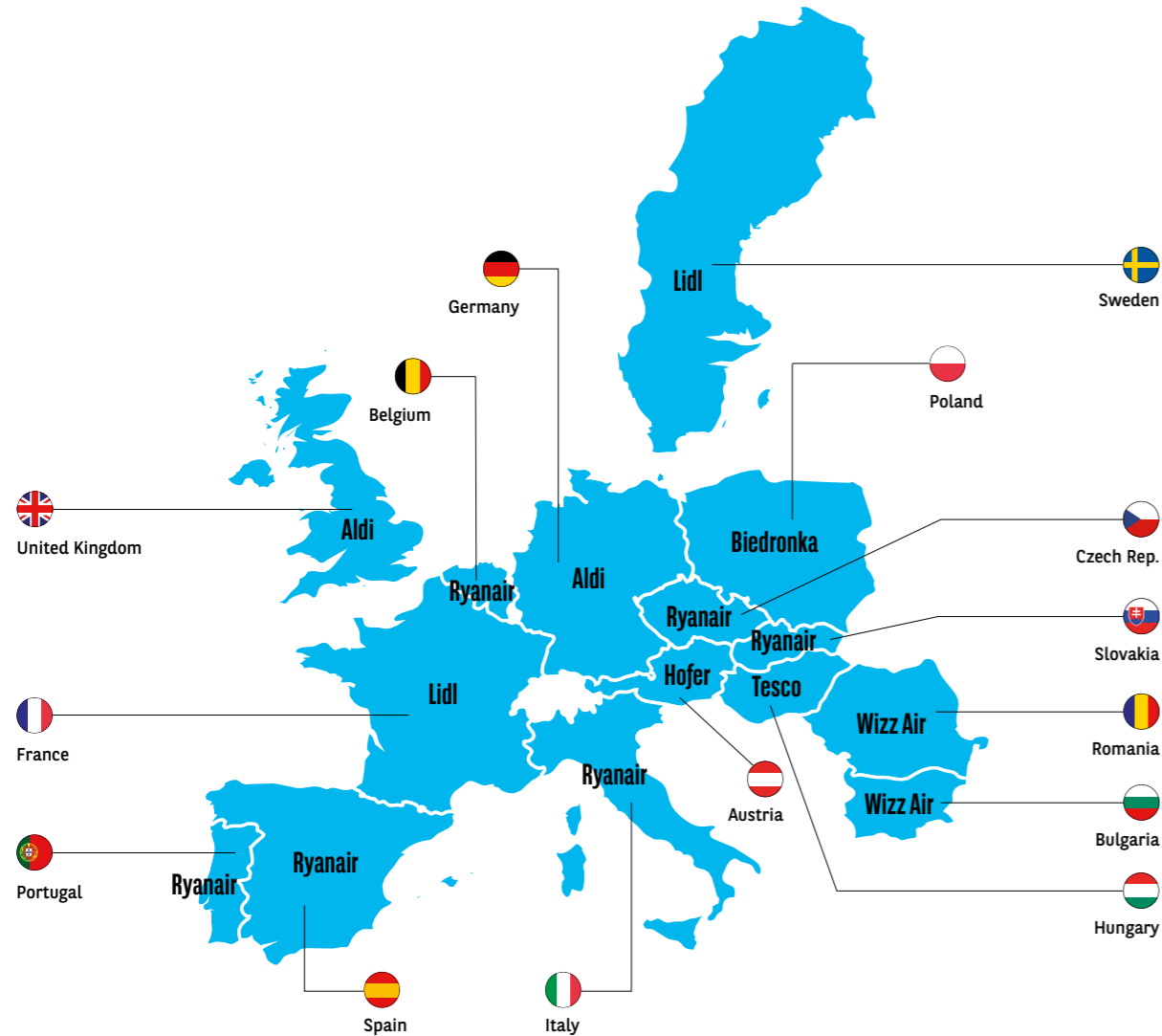


Source: L'Observatoire Cetelem 2023

Fig. 10

Can you name 3 brands or companies that you think best epitomise the low-cost concept?

Most commonly named brand in each country.



Source: L'Observatoire Cetelem 2023

Fig. 11 / Context

Europe's biggest low-cost brands

COUNTRY / SECTOR	FOOD	DIY	FURNITURE/INTERIOR DESIGN	AIR TRAVEL	
Germany	Lidl Aldi Penny Netto Kaufland	Bauhaus	Action Ebay Hema KiK NKD Ikea	Germanwings Air Berlin EasyJet Ryanair Eurowings	
Austria	Hofer Norma Lidl	Bauhaus	Action Ebay Willhaben	Wizz Ryanair EasyJet Eurowings	Vueling Transavia Jet2
Belgium	Lidl Aldi Penny	Brico Planit Brico Dépôt Mr.Bricolage HUBO	Action Zememain Hema La Foir'Fouille Ikea Gifi	Transavia Ryanair Iberia Blue Air	Vueling EasyJet Air Arabia
Bulgaria	Lidl Penny Kaufland	Mr.Bricolage		Wizz Ryanair Transavia Jet2	
Spain	Aldi Lidl Mere Dia Primaprix	Bauhaus Mr.Bricolage Brico Dépôt	Action Gifi Hema	Vueling Iberia Express Volotea Ryanair EasyJet	Aer Lingus Transavia Germanwings Tuifly
France	Lidl Aldi Supeco Ed Costco Netto Primaprix	Brico Dépôt Brico man	Action Gifi Hema Costco Leboncoin Ikea Normal	EasyJet Transavia Ryanair Vueling Volotea	
Hungary	Aldi Lidl Coop	Bauhaus		Wizz Ryanair EasyJet Vueling Jet2	

Source: C-Ways

Fig. 11 / Context (continued)
Europe's biggest low-cost brands

COUNTRY / SECTOR	FOOD	DIY	FURNITURE/INTERIOR DESIGN	AIR TRAVEL
Italy	Aldi Lidl Penny EuroSpin IN's Mercato MD discount	Bricocenter	Action Gifi Ikea	Volotea Ryanair Wizz Transavia EasyJet BlueAir Vueling
Poland	Kaufland Aldi Lidl		Action Ikea	Wizz Smartwings Vueling Ryanair EasyJet Norwegian.no
Portugal	Aldi Lidl	Brico Dépôt		Ryanair Iberia Transavia Norwegian.no Air Arabia EasyJet Vueling Blue Air Eurowings
Czech Rep.	Lidl Penny Kaufland	Bauhaus	Ikea	
Romania	Cora Lidl Mere Kaufland Penny	Mr.Bricolage Brico Dépôt		Wizz Blue Air Ryanair Vueling
United Kingdom	Lidl Aldi B&M (retail) Poundland Poundstretcher		Gumtree Hema Ikea	Smartwings EasyJet Ryanair Germanwings Wizz Norwegian.no Jet2 Vueling AirEuropa Transavia
Slovakia	Kaufland Lidl	Bauhaus	Ikea	EasyJet Ryanair
Sweden	Netto Lidl	Bauhaus	Ikea	Ryanair Air Arabia Norwegian.no Vueling Wizz Eurowings EasyJet Blue Air

Source: C-Ways



A simple offering

LOW PRICES AND REDUCED SERVICES

Low-cost offerings are marketed by powerful specialist brands and enjoy a strong presence in three key sectors, but does that mean they are well regarded by Europeans? The answer is a resounding yes. The overall image that just over 8 out of 10 consumers have of such offerings reflects the idea that these companies focus on keeping prices as low as possible, while providing services that are stripped down to the essentials. Ultimately, this is the “dictionary definition” of the low-cost approach. Almost as many associate low-cost offerings with companies that specialise in this approach.

More interestingly, a similar number of Europeans associate the concept with the low-cost offerings of “traditional” brands that have chosen to develop products and services specifically for this market, in some cases selling them through specialist subsidiaries (Fig. 12). This result suggests that the sector is not solely the preserve of “pure plays”, but that it is open and constantly evolving, offering opportunities to brands whose roots are elsewhere. From a geographical perspective, respondents from Mediterranean countries are again the most vocal on these issues.

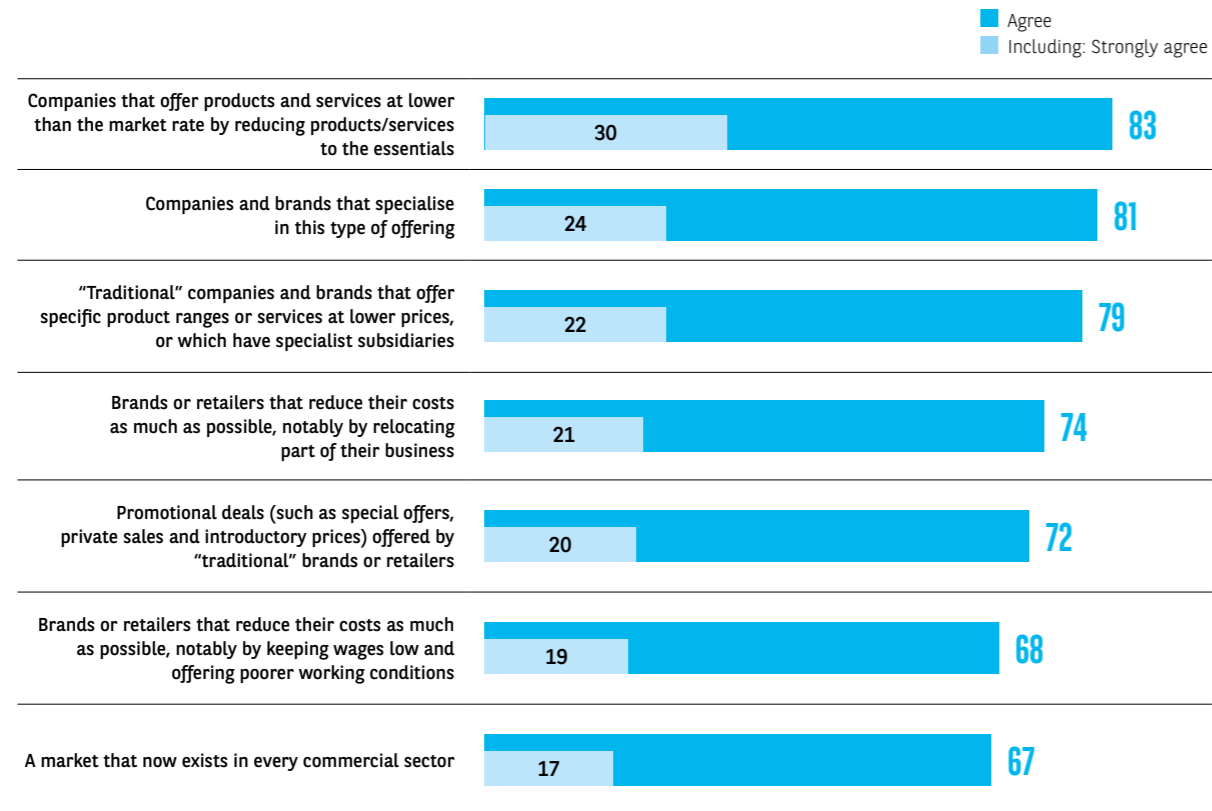


Marketed by powerful specialist brands, low-cost product offerings are viewed in a positive light by 8 out of 10 Europeans.

Fig. 12

Based on what you know or on your perception of the concept, do you agree or disagree with each of the following statements about the low-cost market? The low-cost market includes...

In %.



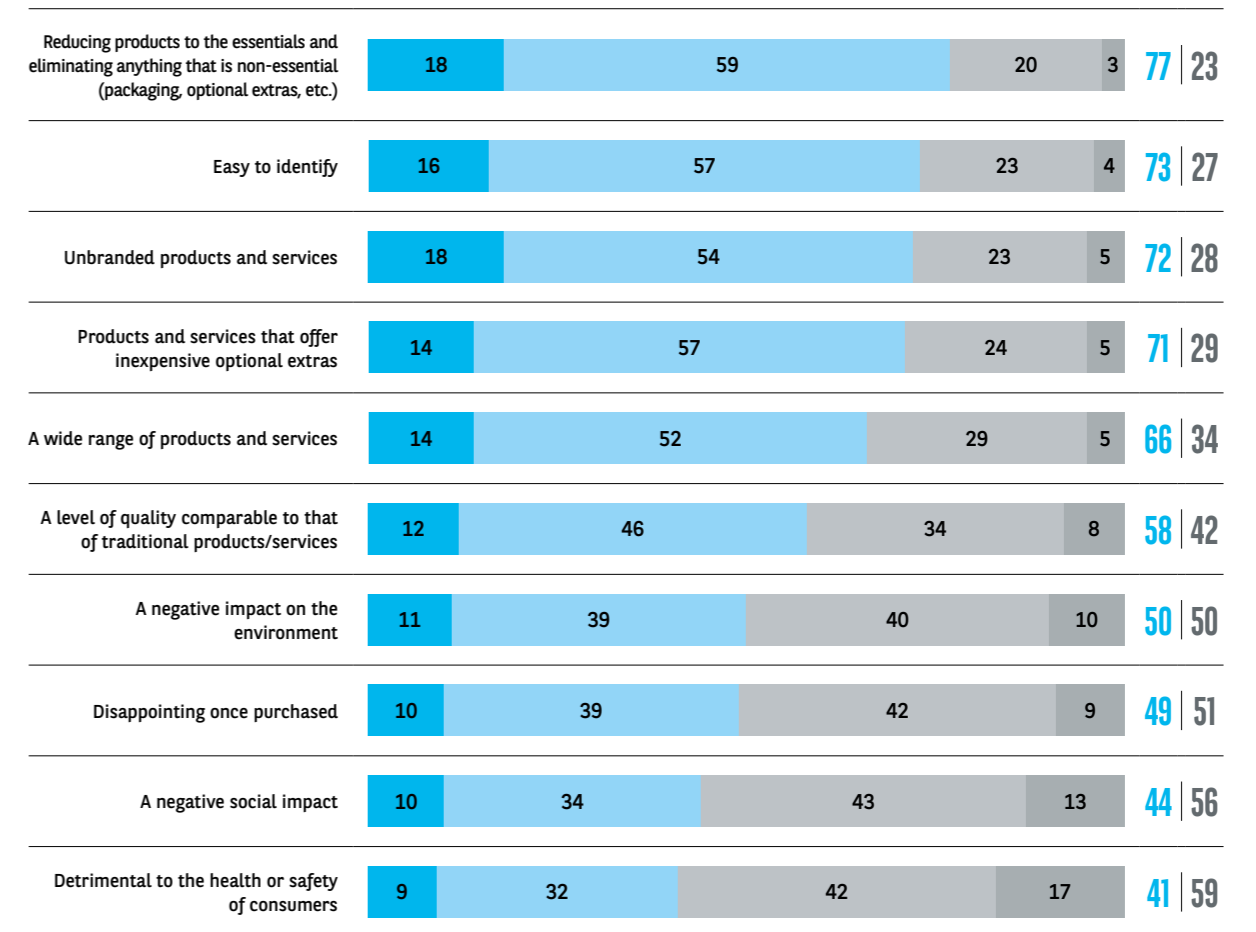
Source: L'Observatoire Cetelem 2023

Fig. 13

And more specifically, how accurately do the following statements portray low-cost products or services?

In %.

Very accurately, Quite accurately, Not very accurately, Not accurately at all



Source: L'Observatoire Cetelem 2023

CLEARLY IDENTIFIED PRODUCTS AND SERVICES

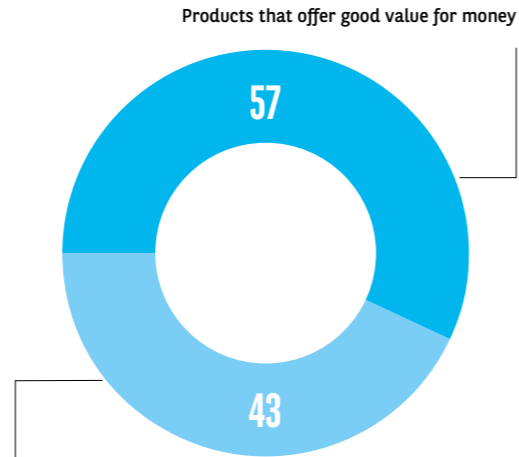
To define the low-cost concept more precisely, Europeans identify four key criteria (Fig. 13). First of all, nearly 8 out of 10 say that low-cost products are identifiable by their lack of frills, in terms of packaging, optional extras, etc. This is a view held most firmly by the Italians and Spanish, while the Slovaks and Swedes are the least likely to point to this characteristic. An almost equal proportion believe that low-cost products are easy to identify, because they are unbranded and feature add-ons that are inexpensive when they are available (73%, 72% and 71%). These are attributes that the Spanish and Italians are the most likely to highlight, along with the French and the British on certain points.

Certain more “qualitative” criteria generate mixed responses in the European countries with the most advanced economies. Indeed, more than 1 in 2 German, French and British respondents believe that low-cost products have a negative impact on the environment or are disappointing once purchased. The majority of German and French consumers also agree that low-cost products have a negative social impact.

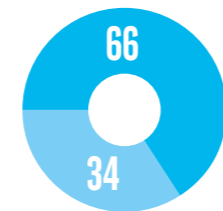
DECENT VALUE FOR MONEY

Overall, the qualitative aspects of low-cost products leave Europeans somewhat divided. 57% feel that they offer good value for money (Fig. 14). The vast majority of people are of this opinion and this is especially true in Hungary, Portugal and Slovakia. However, this is a minority view in Belgium and Bulgaria. Regular buyers of low-cost items are more likely to state that they offer good value for money (66%).

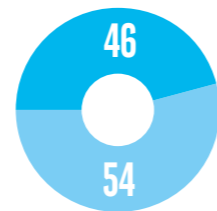
Fig. 14
Generally speaking, would you say that low-cost products and services are...
In %.



Products that are cheaper to buy but whose quality is poor



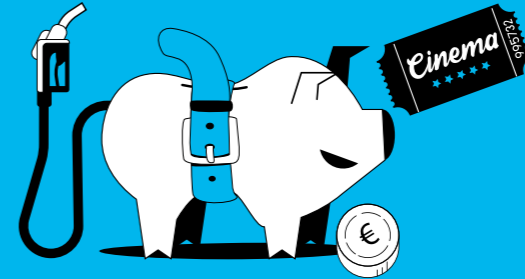
In % of those who often consume low-cost products



In % of those who seldom or never consume low-cost products

Source: L'Observatoire Cetelem 2023

THE ESSENTIAL



4 OUT OF 10 EUROPEANS
have on occasion decided against purchasing day-to-day items or fuel

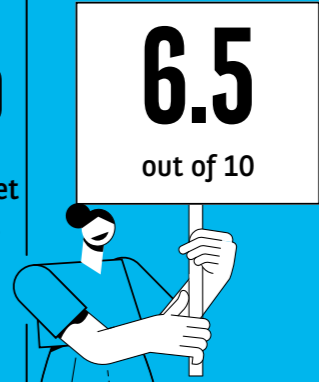
9 OUT OF 10
have heard of the low-cost concept

55% know exactly what it is

3 sectors that embody the low-cost approach:
CLOTHING, FOOD AND AIR TRAVEL



6 OUT OF 10 believe that the low-cost market is well developed in their country



6.5 out of 10
THE LOW-COST MARKET'S AVERAGE IMAGE SCORE

8 OUT OF 10 EUROPEANS associate the low-cost model with low prices and minimal services



57% believe that low-cost products offer good value for money



THE ERA OF UNASHAMED LOW-COST CONSUMPTION

2

For a long time, at least in the minds of those who were unfamiliar with the concept, it was generally assumed that consumers of low-cost products were keen to keep a low profile. Stores with a stripped-down interior design, limited product ranges and a minimal level of service were considered emblematic of a low-cost model aimed at households that could not afford to shop elsewhere.

O tempora, o mores, as Cicero might have remarked. Although it is not exactly fashionable (yet?) to embrace low-cost shopping, the practice is now widespread, whether it be out of choice or necessity.

Consumption: still a question of price first and foremost

The sudden eruption of inflation, like a volcano long thought to be extinct but which has suddenly reawakened, has meant that the issue of price is back at the heart of the economic debate and the daily lives of consumers.

PRICE ABOVE ALL, ESPECIALLY FOR THOSE ON LOW INCOMES

The Europeans surveyed consider price to be the most important criterion when buying a product, far ahead of quality. Overall, this is true for 6 out of

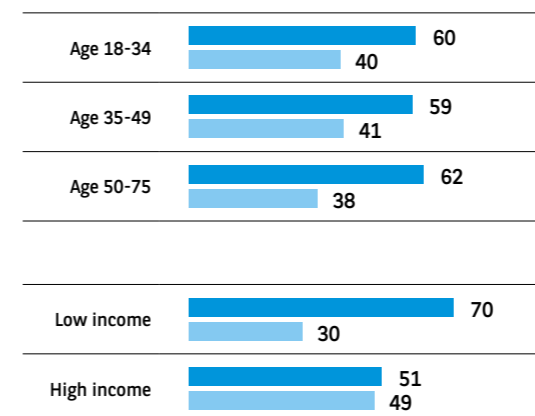
10 respondents (**Fig. 15**). It is particularly important for the Portuguese, Poles, Slovaks and Hungarians (76%, 74%, 69% and 69%), while Swedish and French consumers pay almost as much attention to price as they do to quality (52% and 55%).

While all the generations place an equal emphasis on price, the differences observed between income groups are naturally much clearer. 70% of Europeans on low incomes place this criterion above the rest, compared with only 51% of those on high incomes.

Fig. 15

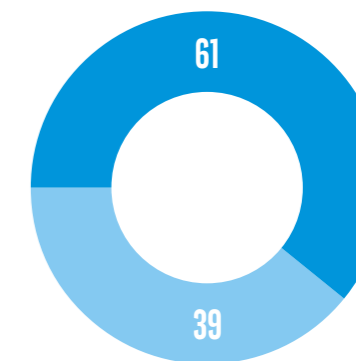
Generally speaking, which of the following statements best reflects your personal circumstances?

In %.



Source: L'Observatoire Cetelem 2023

Price is the most important factor when choosing a product or service



You are willing to pay more for high-quality products

PRICE OR QUALITY, IT ALL DEPENDS ON THE SECTOR

And yet, this overarching perspective and the dominance of the price factor mask the more diverse views expressed when consumer sectors are considered individually.

In some sectors, price is clearly stated as being the dominant factor in spending decisions. For energy, the gap between price and quality is 24 points (55% vs. 31%), while for transport it stands at 18 points (53% vs. 35%).

In contrast, people's pursuit of quality clearly prevails when it comes to buying household appliances (+14 points), digital devices (+11 points) or vehicles (+8 points). Although these products tend to be costly, which one might imagine would prompt consumers to seek the lowest prices possible, their reliability, their durability and, therefore, their quality are nonetheless essential in their eyes. It is also worth noting that regardless of the sector in question, the brand or retailer is never the overriding criterion governing people's choices.

IN THE THREE SECTORS BEST KNOWN FOR THEIR LOW-COST OFFERINGS, OPINIONS ARE BALANCED

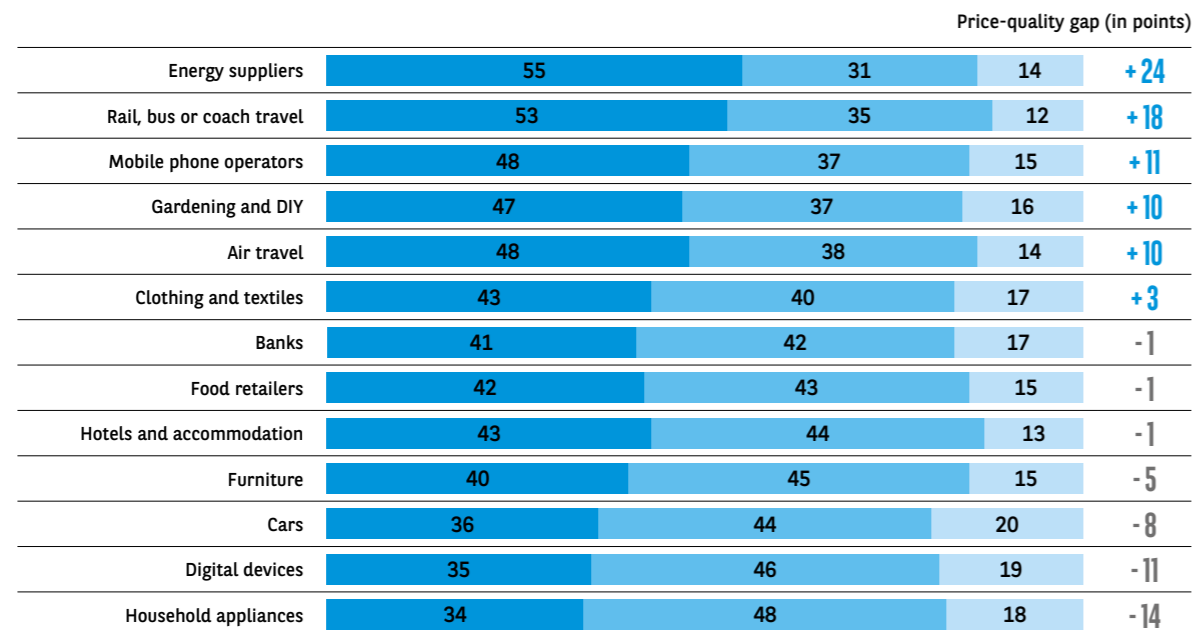
If we focus on the three sectors that best represent the low-cost philosophy, price takes priority when

it comes to air travel and clothing, but only to a moderate extent. Indeed, the gap between price and quality is 10 points for air travel and just 3 points for clothing. In the food sector, quality has a slim 1-point lead (Fig. 16).

Fig. 16

What is your attitude to each of the following products and services? To all respondents, in %.

■ Your top selection criterion is price
 ■ Your top selection criterion is quality or services
 ■ Your top selection criterion is the brand or retailer



Source: L'Observatoire Cetelem 2023

Regarding air travel, only Italy and Spain choose quality over price, while the opposite is true chiefly in Eastern European countries.

As for clothing, Italy and Spain are again the keenest on quality, along with the UK and Sweden.

Once again, two Eastern European countries, the Czech Republic and Slovakia, place the greatest emphasis on price. When it comes to food, six countries choose quality over price, with Italy leading the way in this area. Once more, Eastern Europeans prioritise price.

AN OPPORTUNITY TO CONSUME MORE

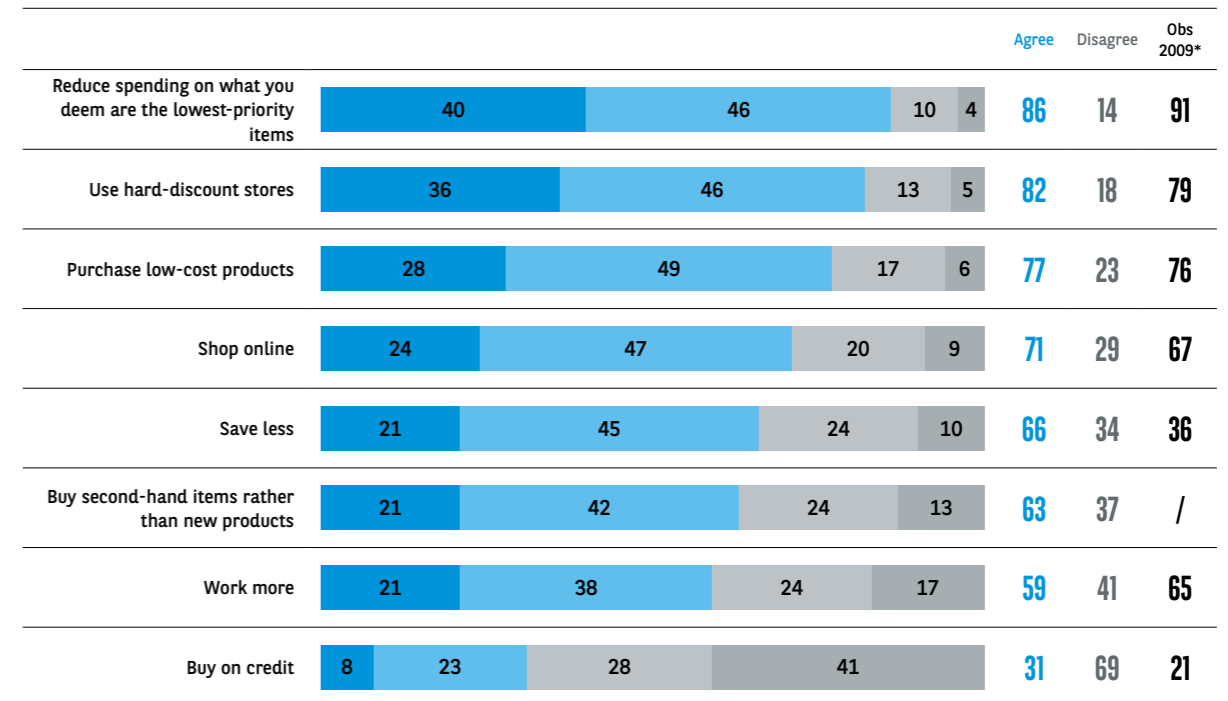
In the current climate, where price is a crucial factor in people's consumption, the low-cost model evidently allows them to consume more. Indeed, 77% of respondents take this view. This is a similar score to that reported by L'Observatoire Cetelem de la Consommation in 2009. If one considers that 82% of consumers believe that the hard-discount model, a close relation of the low-cost approach, is also a good way of achieving this goal, there is no doubt

that they are well aware of how these two concepts are positioned (Fig. 17). However, there is one solution that seems to be even more effective: reducing spending on non-priority items so as to boost one's purchasing potential (86%). When it comes to this trio of strategies for freeing up funds in order to spend more, Portugal and Romania clearly stand out from the other countries, while Belgium and France sit at the other end of the scale.

Fig. 17

To be able to consume more, what solutions would you choose? In %.

■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree



Source: L'Observatoire Cetelem 2023

A MULTI-FACETED APPEAL

But while the low-cost model appeals for reasons of price, it is not the only argument that might convince consumers of its merits. A whole array of factors make it an attractive proposition.

As well as allowing people to spend less so that they can afford to buy more products, the low-cost model caters for various expectations, particularly when it comes to offering value for money (26% vs. 25%). The majority of Italians place the first of these criteria at the top of their list, while the Portuguese favour the second (34% and 35%). Another often-cited element, which this time has

little to do with choice, is the idea that low-cost offerings are the only option for Europeans with modest financial resources, an issue that we will expand upon later (16%). Residents of Eastern European countries are more likely to stress this point than other respondents.

Going down the low-cost route is also seen as an effective way of reducing spending or avoiding paying more for products that look the same, irrespective of where they are bought (13% and 12%). Lastly, people choose low-cost options due to their ease of access (8%) **(Fig. 18)**.

Fig. 18

What is your main reason for choosing low-cost products or services?

In %.



Source: L'Observatoire Cetelem 2023

Low cost for all, but for differing reasons

DAY-TO-DAY CONSUMPTION

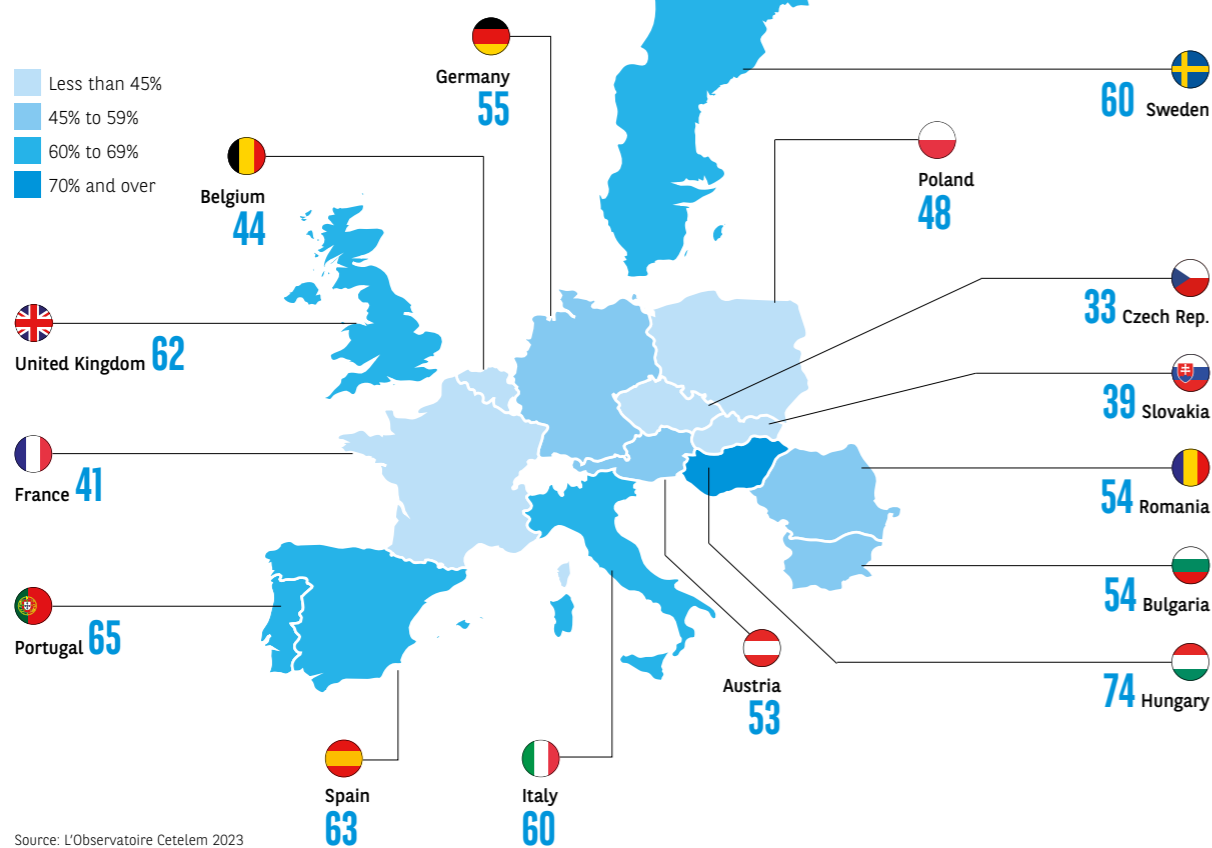
Armed with these advantages, and far from being merely a source of occasional consumerist opportunities, low-cost consumption has become a natural day-to-day habit for Europeans. Indeed, 54% of those surveyed say that they regularly consume low-cost products. In this respect, no clear geographical trends can be identified, given that the concept's most enthusiastic proponents are to be found in Hungary (74%), Portugal (65%), Spain (63%) and the United Kingdom (62%). One must go to the Czech Republic, Slovakia and Belgium to find a more moderate level of interest in low-cost consumption (33%, 39% and 44%) **(Fig. 19)**.



Fig. 19

Do you ever consume low-cost products or services?

Share of respondents who answered "I often consume low-cost products or services". In %.



HIGH INCOMES IN THE EAST, LOW INCOMES IN THE WEST

An income-based analysis suggests that everyone takes advantage of the low-cost market, whether they are on low or high incomes. The gap between these two categories is only 3 points (56% of the former and 53% of the latter). Further analysis

reveals that there is a clear geographical divide between inhabitants of Western and Eastern Europe. In the West, low-income earners are more likely to state that they choose low-cost options than more affluent individuals (59% vs. 53%, which remains a

far-from-negligible proportion). In the East, the trend is reversed, with a larger share of individuals on higher incomes indicating that they have embraced the low-cost concept (54% vs. 46%) (Fig. 20).

This result might be considered counter-intuitive, given the cut-price approach that lies at the heart of the low-cost model, which would suggest that it is aimed primarily at those with limited resources.

Fig. 20

Do you ever consume low-cost products or services?

% of respondents who answered "I often or very often consume low-cost products or services".

			Gap between low incomes and high incomes (in points)
All countries	Low incomes	56	-3
	High incomes	53	
Western Europe	Low incomes	59	-6
	High incomes	53	
Eastern Europe	Low incomes	46	8
	High incomes	54	

Source: L'Observatoire Cetelem 2023

ESSENTIAL ITEMS ARE THE MAIN FOCUS FOR THE LOW-COST MODEL

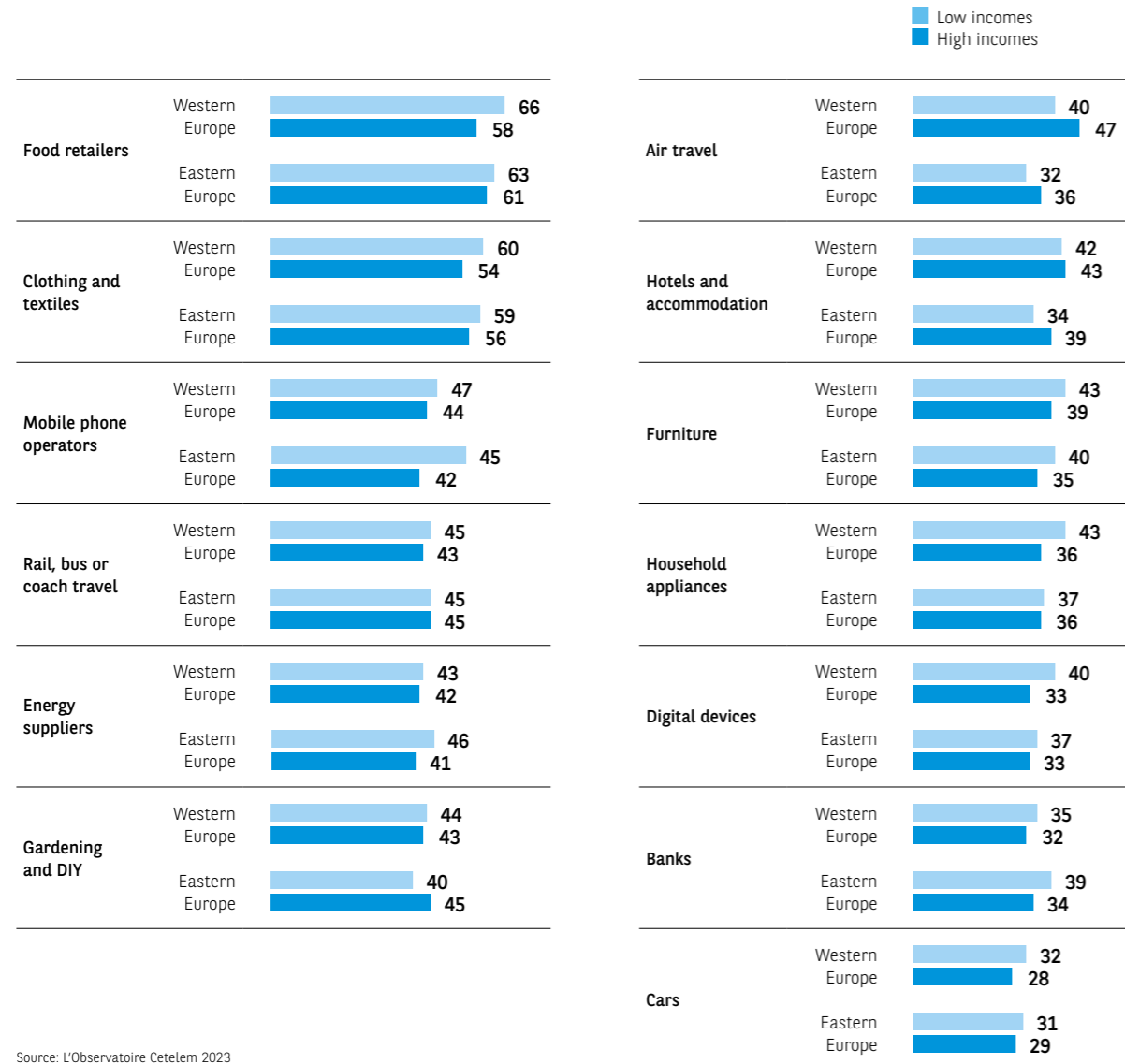
Let us continue to unpack this analysis of low-cost consumption relative to income by examining the impact of the latter in the different sectors, again with respect to the geographical location of consumers. In the East, the propensity of high-income households to embrace low-cost consumption mainly revolves around non-essential spending. When it comes to hotels, gardening and DIY, the gap is 5 points, while for air travel the difference is 4 points. However, in the case of clothing, food, energy and several other consumer sectors, the differential is reversed. In these categories, the least affluent households buy more low-cost products than wealthy households.

The same is true in the West, where in all the sectors associated with essential purchases, less wealthy households have a greater tendency to purchase low-cost options. In the food category, the gap between low and high-income earners reaches 8 points, the widest in this survey. For clothing, the difference is 6 points. The only sector in which higher-income individuals are more attracted to low-cost products is air travel. Indeed, why would those who fall into this social class, who tend to fly more frequently, pay more than they need to for the short or medium-haul flights they take for their weekends away? (Fig. 21)

Fig. 21

More specifically, in each of the following sectors, do you ever buy / choose low-cost products or services?

In % who "Often consume".



Source: L'Observatoire Cetelem 2023



THERE IS NO SHAME IN GOING LOW COST

In 2010, L'Observatoire Cetelem de la Consommation remarked that "In many European countries, we are seeing a democratisation of the hard discount model, which means it is reaching new categories of clientele. Having initially attracted students and homemakers, we now see business executives and other professionals succumbing to the temptations of the hard-discount market. Wealthier individuals are no longer ashamed of entering these stores, because everyone ultimately wants to save money in these times of economic hardship."

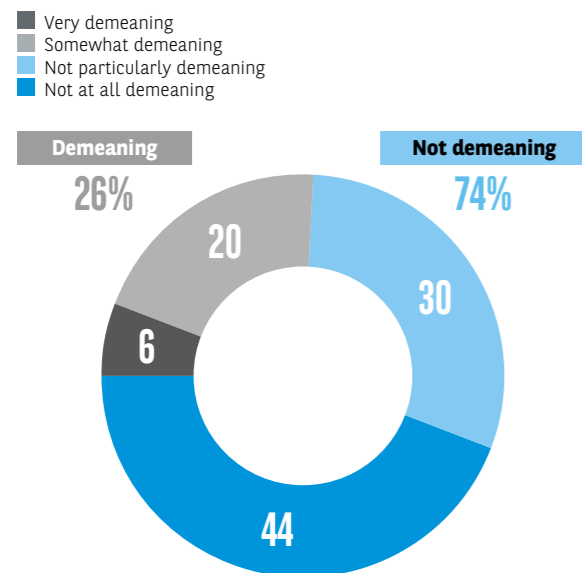
Over a decade later, it is seen as no more demeaning to consume low-cost products, particularly for

Europeans on high incomes. While 26% of all respondents view low-cost consumption in a negative light, only 22% of the most affluent Europeans feel this way, compared with 30% of the most disadvantaged individuals (Fig. 22). Overall, a similar difference can be observed in the East and West. However, from a macro-economic perspective, the idea that low-cost consumption is "shameful" is especially prevalent in the more developed economies. In Germany, the UK, Belgium and France, at least 30% of respondents feel this way. It is interesting to note that only 8% of Portuguese consumers share this view.

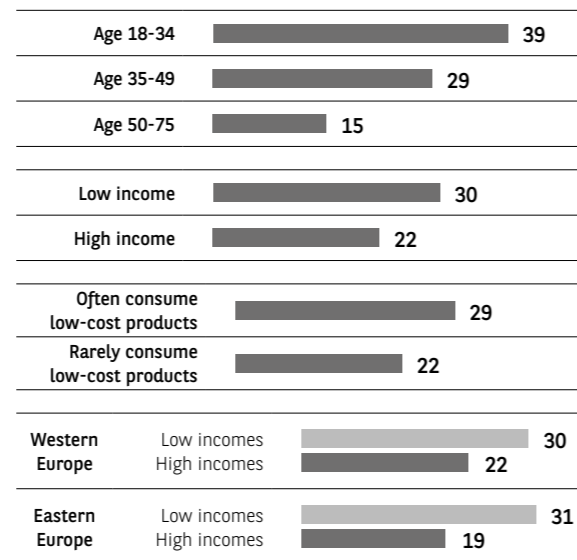
Fig. 22

And generally speaking, do you feel that buying low-cost products is demeaning?

To consumers of low-cost products. In %.



In % who answered "demeaning"



Source: L'Observatoire Cetelem 2023



55% of Europeans go for low-cost options out of choice, rather than necessity

LOW-COST CONSUMPTION, A CHOICE RATHER THAN A NECESSITY

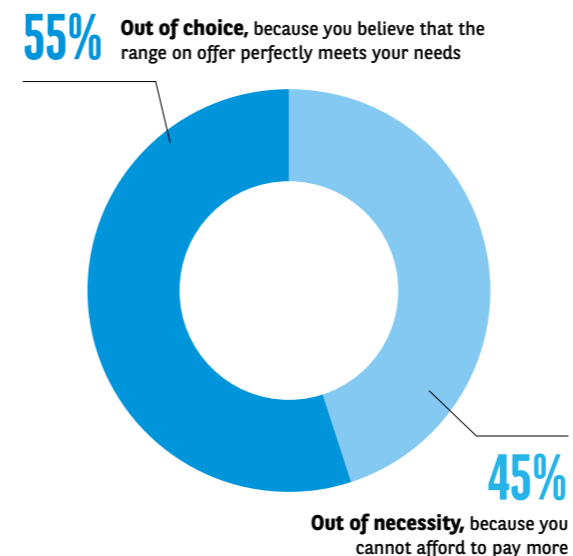
We saw that very little stigma was attached to low-cost consumption, but is it a choice or a necessity? For a slim majority of Europeans (55%), it is the former.

This is more likely to be the case for older respondents (58% of over-50s) and especially for people on high incomes (64%, compared with 47% of low-income earners) (Fig. 23).

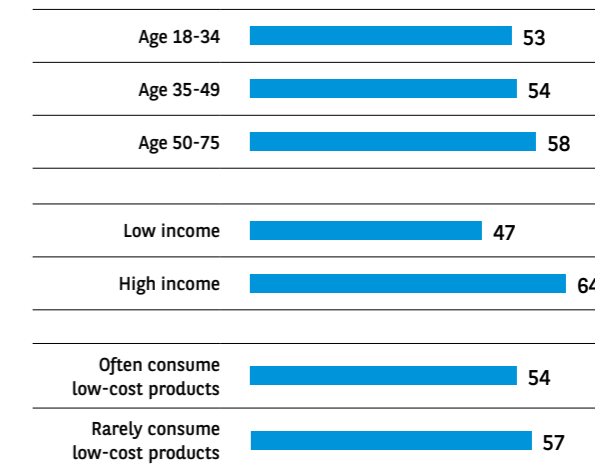
Fig. 23

When you choose to buy low-cost products, is it usually...?

To consumers of low-cost products. In %.



In % who answered "Out of choice"



Source: L'Observatoire Cetelem 2023

This is doubtless because those who can afford to buy "high-cost" products have greater agency to opt for "low-cost" alternatives out of choice. When people consume low-cost products because they have chosen to, the above-average score they assign to the items purchased suggests that their level of satisfaction is greater, as (Fig. 24).

Only in three countries is low-cost consumption seen as a necessity by the majority of respondents: Hungary, Poland and Romania. Low-cost consumption out of choice is most widespread in Sweden, France and Spain.

IN MANY CASES, IT IS AN ADJUSTMENT VARIABLE

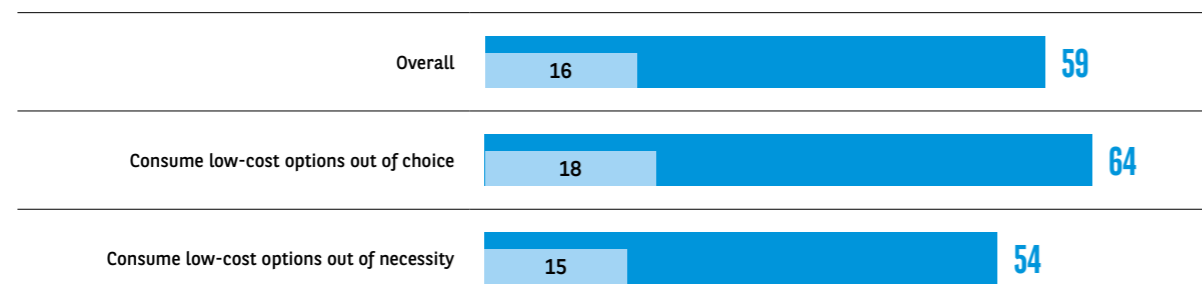
Looking beyond the fact that low-income households make low-cost purchases out of necessity (36%), they also believe that doing so offers significant advantages. 32% state that the savings achieved allow them to make other purchases. An equal number declare that they are satisfied with low-cost options and that it would be pointless to pay more (32%). Both of these factors are even more important to high-income earners (41% and 38%, respectively), while necessity due to income restrictions is much less commonly cited (21%) (Fig. 25).

Fig. 24

Generally speaking, are you satisfied with the low-cost products and services you buy?

Scores from 1 to 10. To consumers of low-cost products. In %.

■ Satisfied (score between 7 and 10)
 ■ Including: Very satisfied (score between 9 and 10)



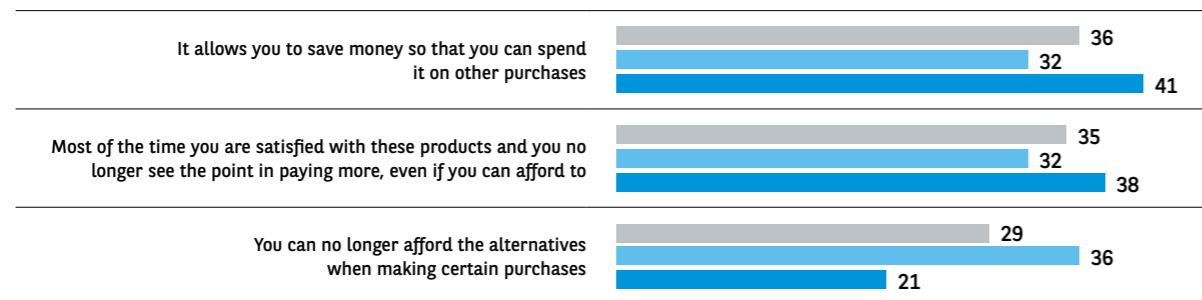
Source: L'Observatoire Cetelem 2023

Fig. 25

You consume low-cost products more often than a year ago, or you intend to do so. Is it mainly because...?

To those who consume or intend to consume more low-cost products. In %.

■ Overall ■ Low income ■ High income



Source: L'Observatoire Cetelem 2023

PRODUCTS THAT ARE RELATIVELY WELL RATED

Thus, it appears that low-cost products cater well for these expectations. However, enthusiasm for the genre is fairly measured, rather than being overwhelming, much like the image of low-cost consumption as a whole, as we saw in part one.

With the average rating standing at 6.8, the vast majority of individuals surveyed assign these products a score of between 5 and 8 (Fig. 26). This is a score rooted in reason rather than passion, one that could be considered relatively high for the products and services in question.

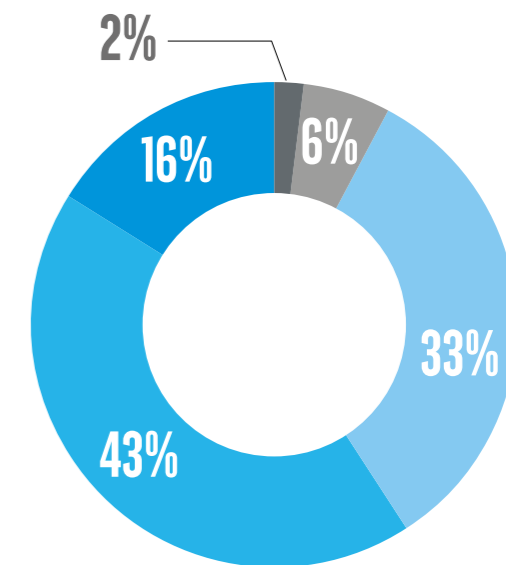
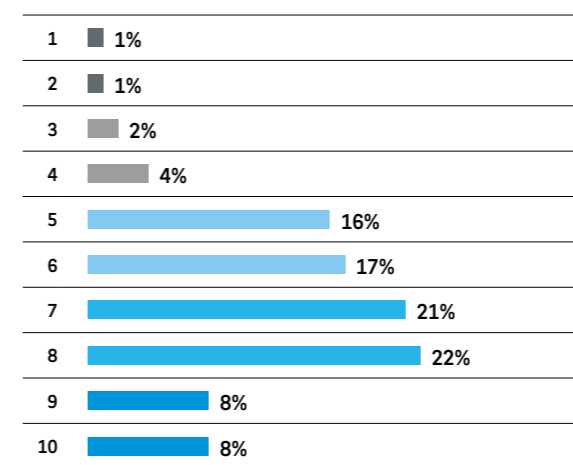
Fig. 26

Generally speaking, are you satisfied with the low-cost products and services you buy?

Scores from 1 to 10. To consumers of low-cost products. In %.

■ Not at all satisfied (1 to 2) ■ Somewhat satisfied (5 to 6) ■ Very satisfied (9 to 10)
 ■ Not particularly satisfied (3 to 4) ■ Quite satisfied (7 to 8)

AVERAGE SCORE 6.8



Source: L'Observatoire Cetelem 2023

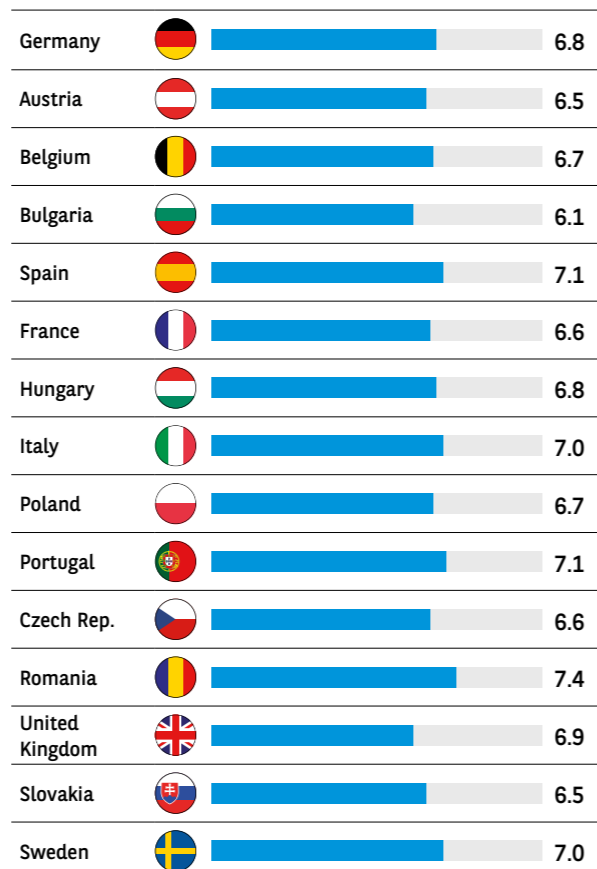
Breaking down the figures geographically reveals no real stand-out results. The highest and lowest scores are both produced in Eastern Europe, namely in Romania (7.4) and Bulgaria (6.1), respectively. Most other countries fall close to the overall average (Fig. 27).

Fig. 27

Generally speaking, are you satisfied with the low-cost products and services you buy?

Scores from 1 to 10. To consumers of low-cost products.

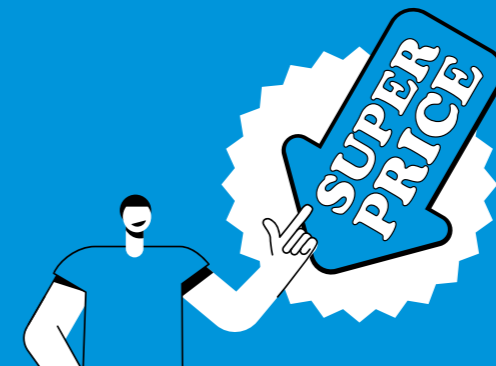
15-COUNTRY AVERAGE 6.8



Source: L'Observatoire Cetelem 2023



THE ESSENTIAL



FOR 6 OUT OF 10 EUROPEANS

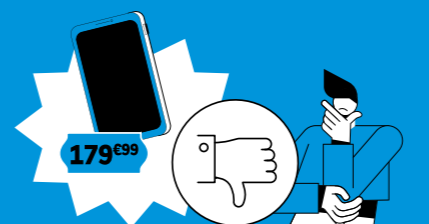
price is the main factor when buying a product

77%

believe that low-cost products are a solution that allows them to consume more

54%

regularly consume low-cost products

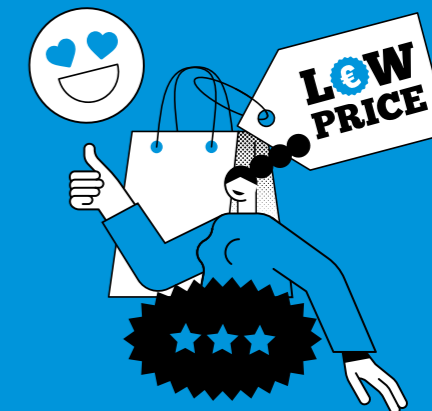


ONLY 26%

FEEL THAT LOW-COST CONSUMPTION IS DEMEANING

55%

CONSUME LOW-COST PRODUCTS OUT OF CHOICE





THE EXPANSION OF THE LOW-COST MARKET

3

While the low-cost model was immediately able to win over the least wealthy consumers, it took a while to be accepted by a wider clientele. There were also variations from sector to sector. It is undeniable that the concept's adoption by the airline industry, among others, has done a great deal to accelerate the trend. But as is often the case when we talk about growth and success, one might wonder if a ceiling has been attained – regardless of whether or not it is “glass” – or even if the model is losing ground. However, the low-cost approach is clearly not struggling yet, although it will need to remain true to itself if that is to continue.

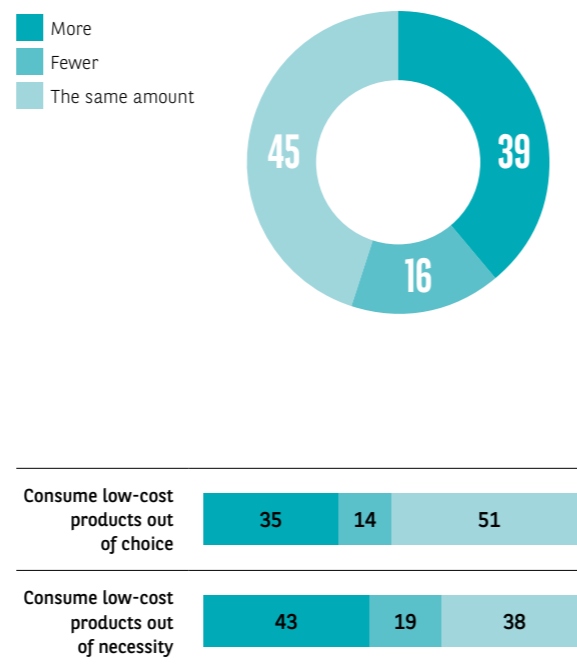
A future secured...

The low-cost philosophy is now firmly established in the European consumer landscape. As noted earlier, the model successfully appeals to many outside what might be considered its natural target group, namely low-income households, although this appeal remains moderate and the concept arouses little passion.

CONSUMPTION IS RISING

The low-cost market appears to be able to rely on the trust of consumers for its continued growth. Over the last year, almost 4 out of 10 Europeans have increased their consumption of low-cost products. Only 16% have reduced it over the same period (Fig. 28). The price advantages of low-cost products have a lot to do with this, especially in the current inflationary climate.

Fig. 28
Over the last year, have you bought more, fewer or as many low-cost products or services?
 To consumers of low-cost products. In %.



Source: L'Observatoire Cetelem 2023

MORE LOW-COST CONSUMPTION IN THE FUTURE

Many people have said yes to more low-cost purchases in recent times, and just over 4 out of 10 Europeans will also say yes in the near future. Just as many say they will consume the same amount. One country, Portugal, stands apart for its keenness to ramp up its low-cost purchases, with 6 out of 10 Portuguese respondents expressing

this intention. There are no significant differences between the survey's 14 remaining nations, with each country posting scores close to the overall average. With only 37% of consumers thinking of increasing their low-cost consumption, France posts the lowest figure, just ahead of Bulgaria and Belgium (39% and 40%) (Fig. 29).

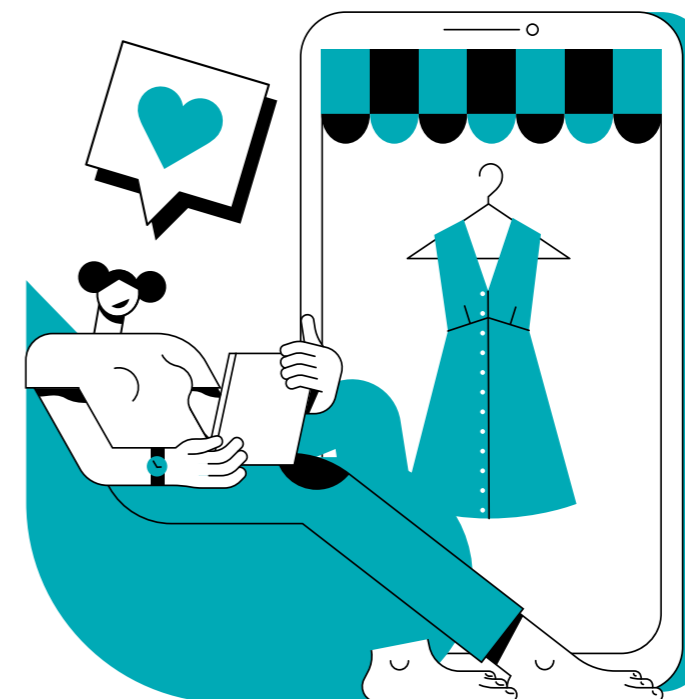
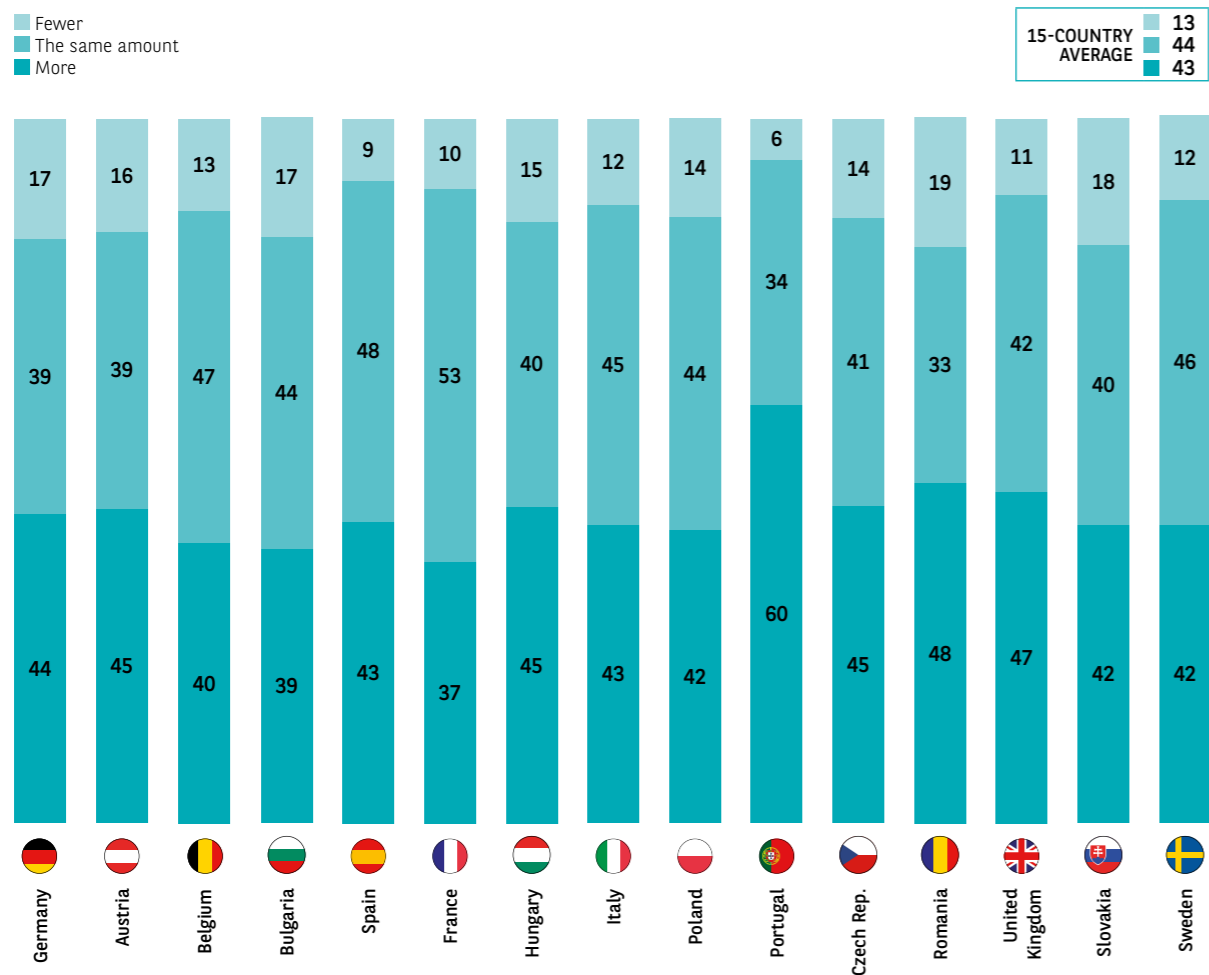


Fig. 29

And do you intend to consume more or fewer low-cost products in the future?

Question to low-cost consumers. In %.



Source: L'Observatoire Cetelem 2023

CONTINUED GROWTH IN MOST SECTORS

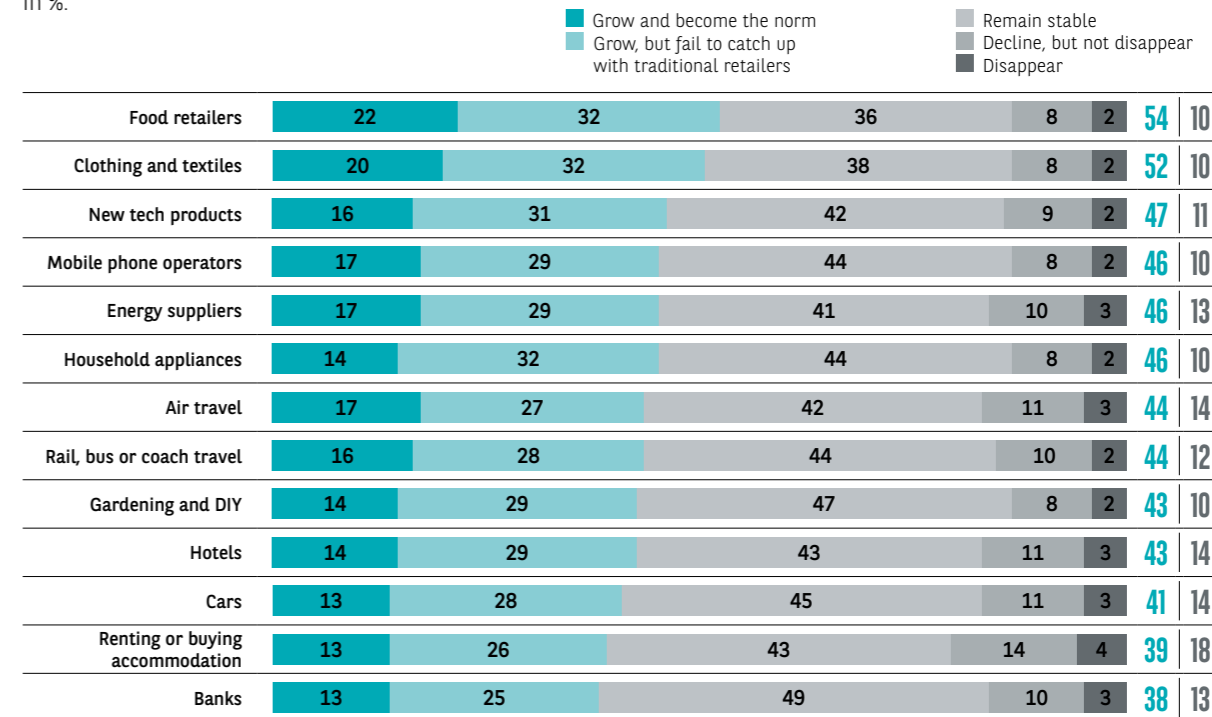
If European consumers are to be believed, further growth is set to take place in the majority of sectors. Two of the industries that best represent the low-cost concept, namely food and clothing, enjoy the strongest growth prospects (54% and 52%). The third sector that typifies the concept, air travel, scores slightly lower, but remains in line with the overall average (44%). This could be a sign that Europeans believe the sector has matured, but also that the current economic and political climate is less conducive to travel.

Other sectors, which up until now had not been particularly closely associated with the low-cost model, are now fuelling the expectations of Europeans, who see new technologies, mobile telephony, energy and household appliances heading more resolutely down this path over the coming years. This is much less true for banking and housing, the two areas perceived as having the weakest growth prospects (Fig. 30).

Fig. 30

And specifically in your country, do you think that in the future the market for low-cost products and services in each of the following sectors will...?

In %.



Source: L'Observatoire Cetelem 2023

FOOD AND CLOTHES ARE THE MOST POPULAR ITEMS

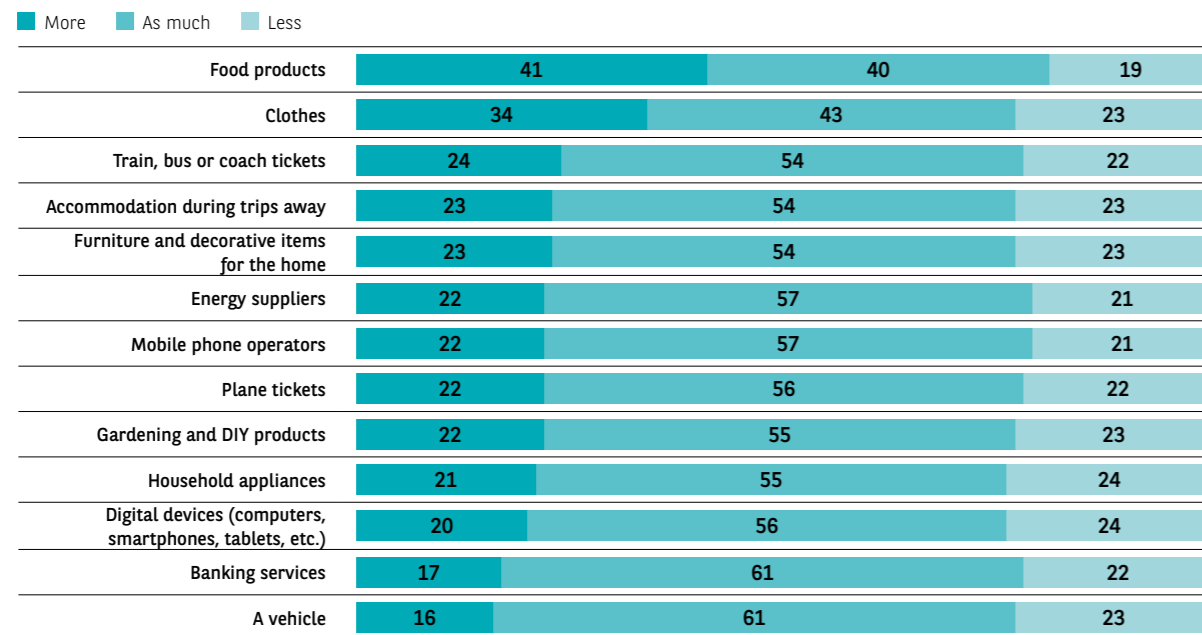
The types of low-cost product most commonly consumed by Europeans confirm the degree to which this model has become a part of their daily lives. Food and clothing are the two biggest winners in the growth of low-cost consumption. 41% and 34% of recipients, respectively, state that they have increased the number of purchases they make in these two categories. As regards the other types of product examined, there is something of a status quo, with more than half of

Europeans saying that they engage in neither more nor less low-cost consumption than in the past. In the food sector, the proportion of individuals who have increased their low-cost consumption is particularly striking in the United Kingdom, Portugal, Austria and Germany, where the figure reaches or approaches the 50% mark. When it comes to clothing, Portugal and Austria top the ranking, along with Spain and Italy, with scores of around 40% (Fig. 31).

Fig. 31

And would you say that for each of the following items, you favour low-cost products/services more, less or as much as a year ago?

Question to consumers of each of these low-cost products/services. In %.



Source: L'Observatoire Cetelem 2023

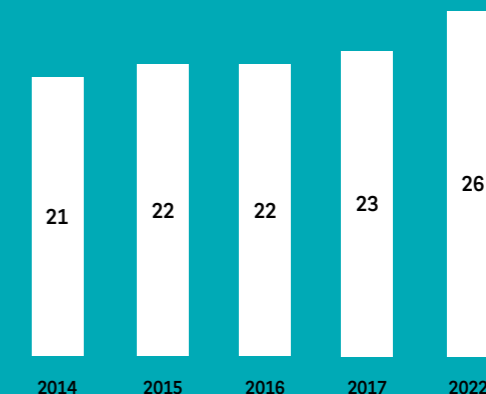
LOW-COST FOOD, AN UNSTOPPABLE FORCE

In the food sector, the rising market share of hard-discount and soft-discount chains supports the views expressed by Europeans via this Observatoire Cetelem de la Consommation survey. Between 2014 and 2022, this market share grew by 5 points, from 21% to 26% (Fig. 32).

Fig. 32 / Context

Market shares of discounters

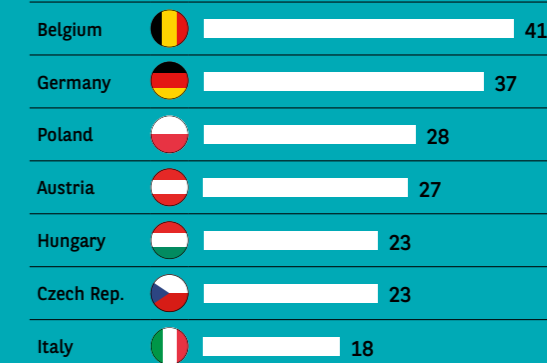
Countries included: Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden. In %.



Market share of the discount model in 2017 by country

In %.

7-COUNTRY AVERAGE 28



Source: Nielsen. * 2022 forecast by C-Ways.





The eight-fold growth of low-cost air travel over the last 20 years has been by far the most impressive of all the sectors examined.

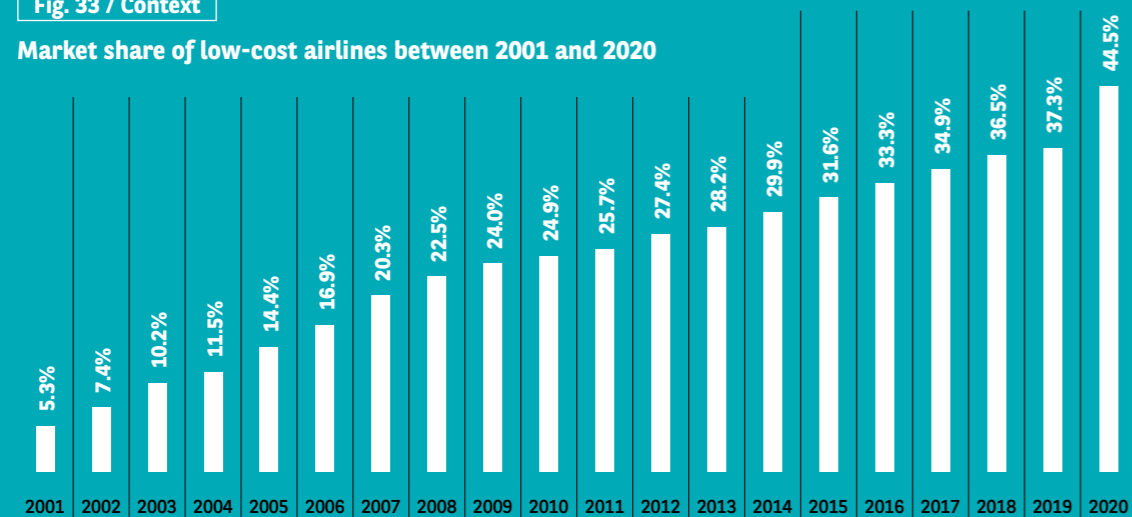
LOW-COST FLIGHTS: A BLISTERING TAKE OFF

The growth of low-cost air travel has undoubtedly been the most remarkable of all the sectors examined. In 2001, low-cost airlines accounted

for just 5% of the overall market. Today, they are on their way to securing the lion's share of business in the sector, with the current figure totalling 45% (Fig. 33).

Fig. 33 / Context

Market share of low-cost airlines between 2001 and 2020



Source: OAG Schedules Analyser, CAPA Center for Aviation.

... By staying faithful to its cut-price DNA



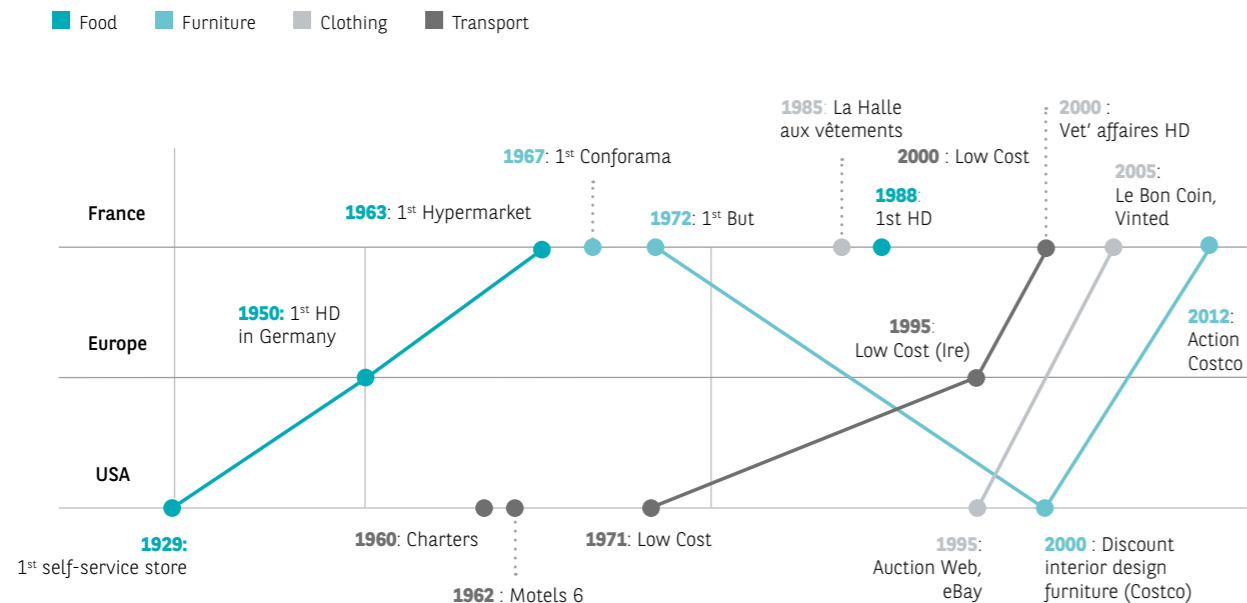
NEW LOW-COST CONCEPTS ARE EMERGING WITH A KEY FOCUS ON PRICE

As we have seen, the low-cost model is an innovative consumer concept geared towards significantly lowering prices in order to gain market share. Historically, this has been a fundamental aspect of the model, regardless of the terms one might associate with the concept. In all the countries and all the sectors in which it has been implemented, price cutting has always been central, almost to the point of obsession. This is as true today as it was in the United States in 1929, when the first self-service store was opened

during another major economic crisis. It was also the goal of brothers Theo and Albert Albrecht in 1950 when they opened the first hard-discount store, Aldi (a contraction of Albrecht and Diskont), just as Germany was beginning to recover from the Second World War. Cut-price fares are also the credo of charter airlines, which first emerged in the 1960s and reached their apotheosis in 1985 with the launch of Ryanair, the brand that truly heralded the dawn of low-cost air travel. And as time has gone by, companies entering new sectors have continued to aim for the lowest prices, making this the keystone of their business (Fig. 34).

Fig. 34 / Context

Historical presence of low-cost models by sector



Source: C-Ways

“
1 in 2 Europeans believe that the greater people's financial difficulties, the more compelled they will feel to buy low-cost products.”

FINANCIAL CONSTRAINTS: THE MODEL'S MAIN DRIVING FORCE

The creation of low-cost businesses at a time of economic crisis does not appear to be a phenomenon that belongs solely to the past. According to Europeans, economic hardship will continue to fuel the concept's growth. Of those who expect the market to expand further, 1 in 2 believe this will be due to the rising proportion of consumers who are destined to face financial difficulties. This argument is most likely to be expressed in Hungary, Austria and France, all of which have advanced economies (63%, 60% and 54%, respectively). Looking at the other reasons why

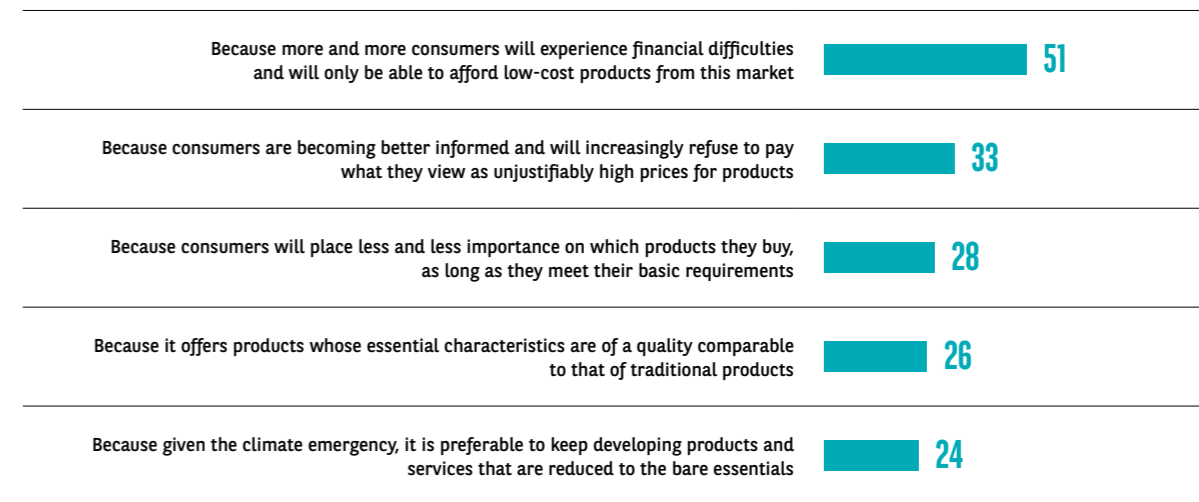
respondents expect the low-cost market to grow, consumers being better informed so that they pay a fairer price, the ability of the products purchased to meet basic requirements and the fact that the products offer a similar level of quality to branded products are much less likely to be put forward (33%, 28% and 24%). It is worth noting that the strong relationship between low-cost consumption and economic woes relegates environmental concerns to last place in this ranking. It's hard to think green when prices make you see red (Fig. 35).

Fig. 35

For what reason(s) do you think the market for low-cost products and services will continue to grow?

Select one or more answers.

Question to those who think the market for low-cost products and services will continue to grow, in %.



Source: L'Observatoire Cetelem 2023

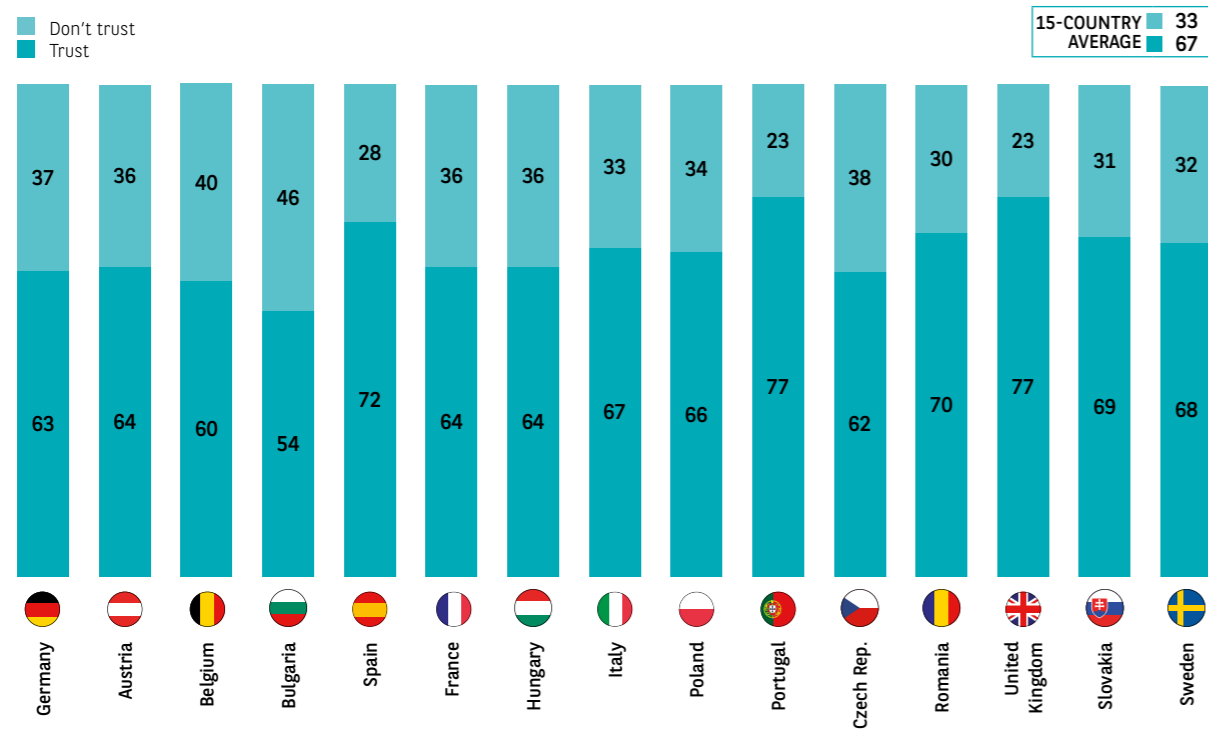
AN EFFECTIVE WAY OF PRESERVING PURCHASING POWER.

From their perspective as sensible, thoughtful consumers, Europeans also believe that retailers and brands that are focused on cutting prices are best placed to preserve their purchasing power. Almost 7 out of 10 Europeans share this opinion.

Along with the British, the inhabitants of both Iberian countries are the most likely to hold this view (77%, 77% and 72%), while the Bulgarians are more sceptical (54%) (Fig. 36).

Fig. 36

Do you trust low-cost retailers/brands to help improve consumer purchasing power?
In %.



Source: L'Observatoire Cetelem 2023

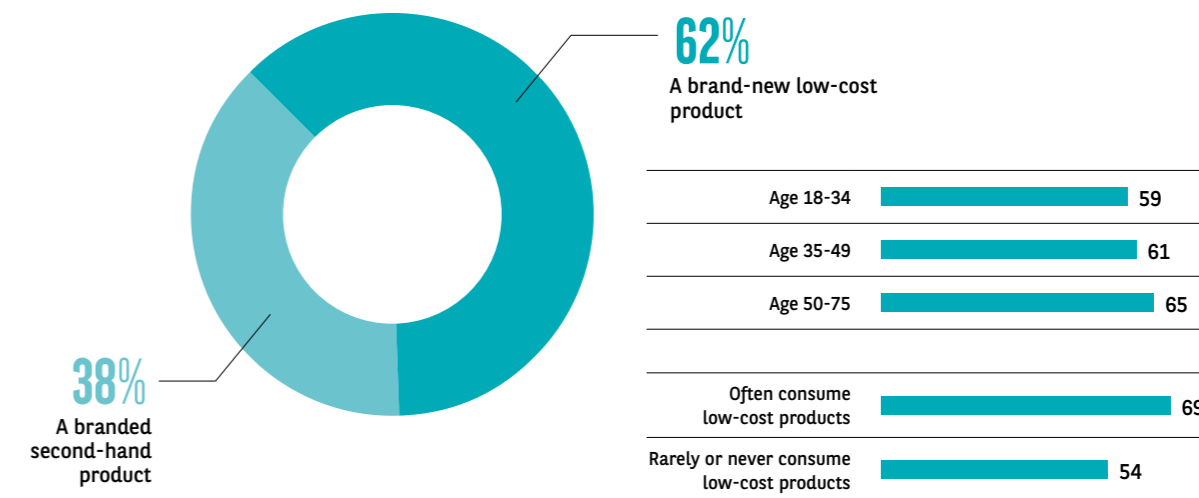
NEW LOW-COST PRODUCTS RATHER THAN SECOND-HAND BRANDED PRODUCTS

While the second-hand market is evidently growing, especially on the Internet and for branded products, and while it allows consumers to buy goods more cheaply in these inflationary times, here again the low-cost model appears to be more popular with Europeans. More than 6 out of 10 respondents would prefer to buy a brand-new low-cost product than a second-hand branded product. Older consumers are more likely to be of this view than the younger generation.

But the most enthusiastic in this sense are those who regularly consume low-cost products. Indeed, 69% would rather opt for new low-cost goods, compared with only 54% of those who rarely or never make low-cost purchases (Fig. 37). From a geographical perspective, this is most likely to be the case in Spain, Portugal and Italy. France has the highest proportion of respondents who declare their preference for branded products, even when they are pre-owned.

Fig. 37

If you had to pick between a brand-new low-cost product or a second-hand branded product, which would you choose?
In %.



Source: L'Observatoire Cetelem 2023

THE IMPORTANCE OF LOW PRICES

Thus, low prices and purchasing power are inseparable in the minds of Europeans. 83% of Europeans believe that the low-cost model is a decent solution in this regard. But they also see it as enabling the most disadvantaged households to keep consuming. 85% believe that the low-cost market allows purchases to be made that would be

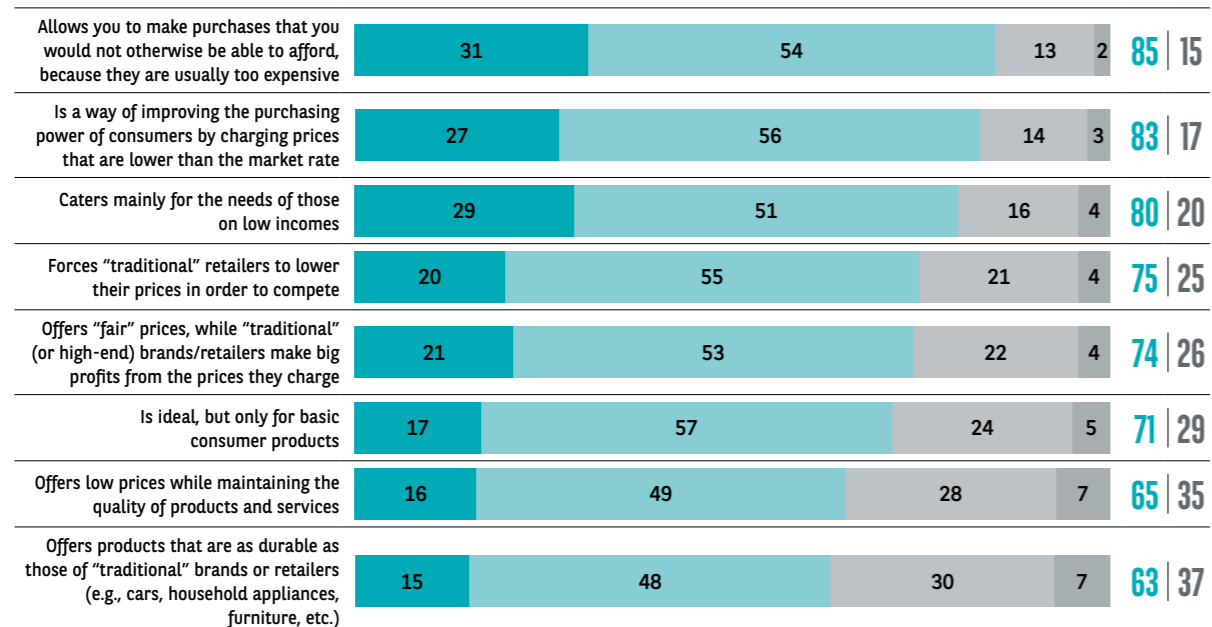
too costly otherwise. 80% believe that it caters well for the needs of the lowest-income groups. Moreover, the low-cost market is seen as providing a strong incentive for traditional brands and retailers to lower their prices (75%) (Fig. 38). This may well be the (low) price they must pay to maintain their position and the market share that goes with it.

Fig. 38

Do you agree or disagree with each of the following statements? The low-cost market (products or services)...

In %.

Strongly agree Somewhat Agree Somewhat disagree Strongly disagree



Source: L'Observatoire Cetelem 2023

THE ESSENTIAL



MORE THAN 4 OUT OF 10 EUROPEANS INTEND TO INCREASE THEIR LOW-COST CONSUMPTION IN THE NEAR FUTURE

41% OF EUROPEANS have been buying more low-cost food products over the last year

1 IN 2 CONSUMERS BELIEVE THAT the low-cost market will continue to grow due to people's financial difficulties

2 IN 3 EUROPEANS

trust low-cost retailers and brands to help improve consumer purchasing power



83%

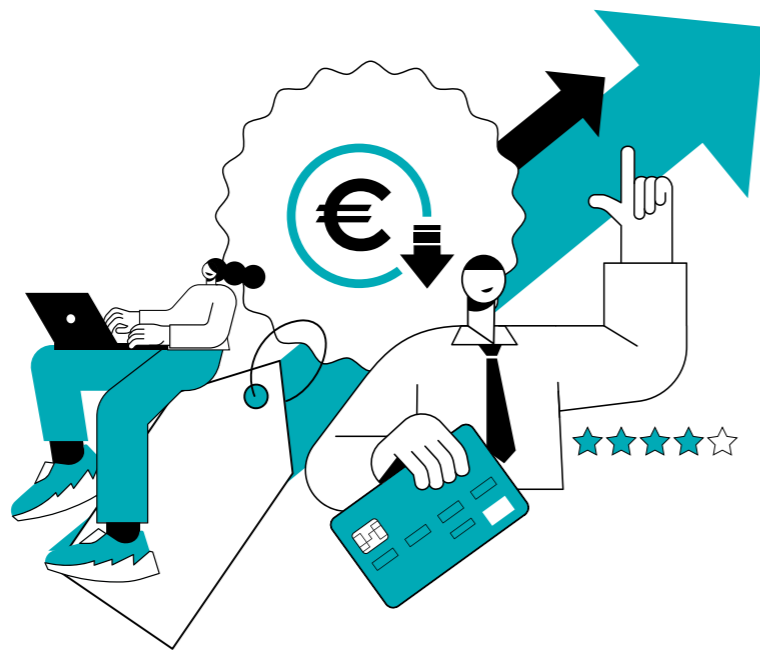
BELIEVE THAT THE LOW-COST MODEL'S LOW PRICES ARE A GOOD WAY OF IMPROVING PURCHASING POWER



6 OUT OF 10

prefer to buy a brand-new low-cost product rather than a second-hand branded product

CONCLUSION



Long gone are the days when the low-cost market was seen as the poor relation of consumerism, one disdainfully ignored by established brands and retailers, and patronised mainly by households with limited budgets. Not only has it successfully made its mark in many sectors, in some cases to the point of setting the standard, it has also been able to adapt locally to attract more customers from across the social spectrum. Customers have opted for low-cost solutions either out of choice or necessity.

Of course, it cannot be claimed that the frog has fully transformed into a prince. The low-cost model's image has room to improve and its offer could be further enhanced, as demonstrated by those

retailers that have chosen to offer certain branded products. Has the low-cost concept already had its golden age? Europeans tend not to think so. Consumers believe it has scope to expand in a number of sectors beyond the "golden trio", i.e., food, clothing and air transport. While it thrives during times of economic crisis, it has also shown that it can prosper during periods of growth.

But one crucial element that this latest Observatoire survey makes clear is that the low-cost market must not forget its DNA and must continue to make low prices its primary, if not its only selling point.

In other words, it must not forget its roots. But is that not true for every consumer market player?

CONSO 2023 COUNTRY DATA

- GERMANY
- AUSTRIA
- BELGIUM
- BULGARIA
- SPAIN
- FRANCE
- HUNGARY
- ITALY
- POLAND
- PORTUGAL
- CZECH REPUBLIC
- ROMANIA
- UNITED KINGDOM
- SLOVAKIA
- SWEDEN



Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

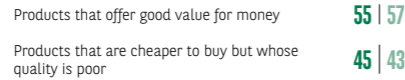


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



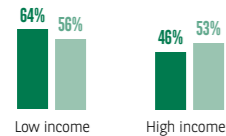
Top 3 low-cost brands cited



The era of unashamed low-cost consumption

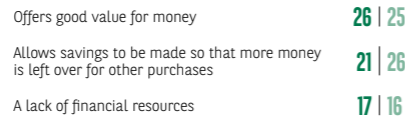
Frequency of low-cost consumption

In % who "Often consume"

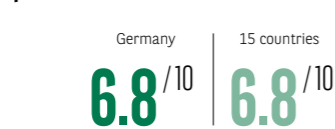


Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

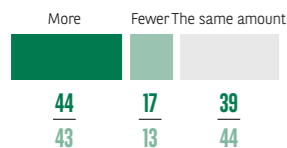


* Question to consumers of low-cost products

The expansion of the low-cost market

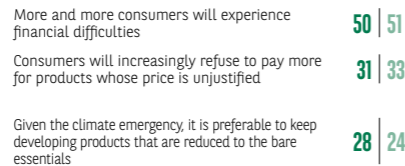
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



The Germans are a little less clear on the meaning of the term "low-cost" than the European average. In the land of "hard-discount" stores, respondents cite major companies from this sector (Aldi, Lidl, Netto). This is a market that appeals more to lower-income earners than wealthier consumers, a gap fuelled partly by the fact that one-third of Germans see low-cost consumption as demeaning (the highest proportion in Europe). Those who believe the market will continue to grow consider its main strengths to be its capacity to cater for those who face financial difficulties and, to a lesser extent, the fact that it offers fairer prices.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

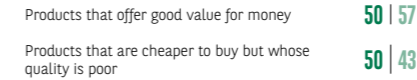


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



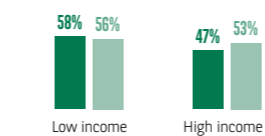
Top 3 low-cost brands cited



The era of unashamed low-cost consumption

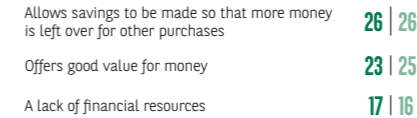
Frequency of low-cost consumption

In % who "Often consume"



Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

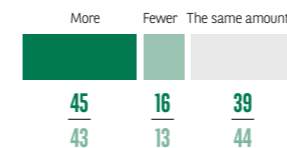


* Question to consumers of low-cost products

The expansion of the low-cost market

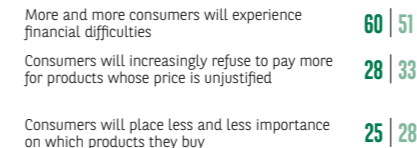
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



People's awareness of the low-cost concept is very poor in Austria, where it is perceived to be only moderately well developed. The main brands cited are from the hard-discount segment (Hofer/Aldi, Lidl, Spar), which more than any other places an emphasis on attractive prices, but to the detriment of quality. Nonetheless, consumers (primarily those on lower incomes) state that they are relatively satisfied with these offerings for their own reasons, whether it be through choice or necessity. Those who expect the low-cost market to grow are more likely than other Europeans to view it as a good solution for consumers facing financial difficulties.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

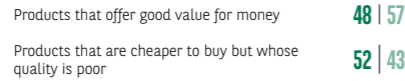


Image of low-cost offerings

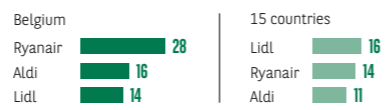


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



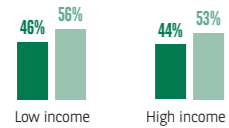
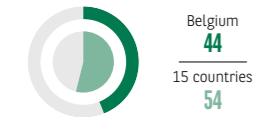
Top 3 low-cost brands cited



The era of unashamed low-cost consumption

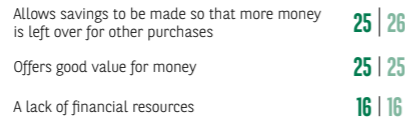
Frequency of low-cost consumption

In % who "Often consume".



Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

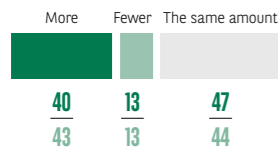


* Question to consumers of low-cost products

The expansion of the low-cost market

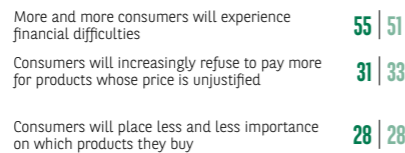
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Compared to other Europeans, the Belgians are less well informed about the low-cost model, consider it less well developed and have a rather negative image of the concept. The market is structured around cheap, low-quality products that are considered less appealing than in other countries, regardless of income. Many Belgians feel that this type of consumption is demeaning. However, when they do opt for low-cost offerings (more often out of choice than necessity), consumers tend to be quite satisfied. The market's image revolves firmly around the notion of price cutting and consumers believe it will continue to grow in a tough economic climate that could see more and more households tighten their budgets.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

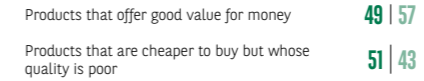


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



Top 3 low-cost brands cited



The era of unashamed low-cost consumption

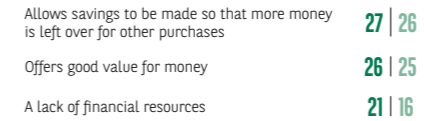
Frequency of low-cost consumption

In % who "Often consume".



Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

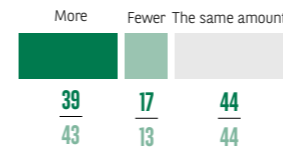


* Question to consumers of low-cost products

The expansion of the low-cost market

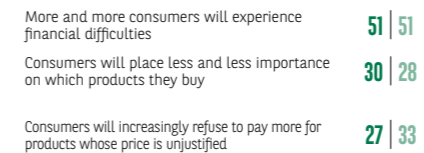
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



The majority of Bulgarians claim to be familiar with the term "low cost", but only a minority feel that the sector is well developed in their country. They mainly associate the concept with air travel (WizzAir, Ryanair) and food retail (Lidl). Low-cost consumption in the country is in line with the European average and is almost equally popular among the low and high-income groups. However, here more than elsewhere the practice tends to be driven by necessity rather than choice and the level of satisfaction with these offerings is also lower. While they believe it has the potential to grow further in what is a tough economic climate for consumers, Bulgarians are slightly less likely than average to say they will make more low-cost purchases in the future.



Spain

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

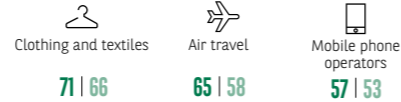
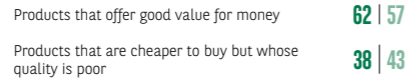


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



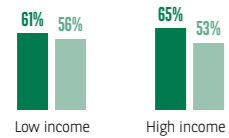
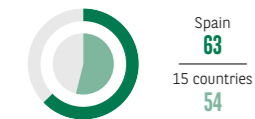
Top 3 low-cost brands cited In %



The era of unashamed low-cost consumption

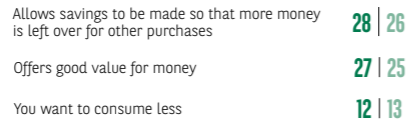
Frequency of low-cost consumption

In % who "Often consume".



Top 3 motivations behind low-cost consumption*

In %

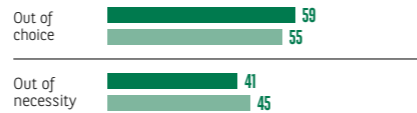


Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

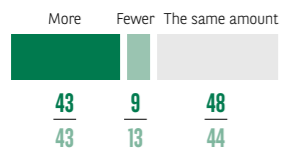


* Question to consumers of low-cost products

The expansion of the low-cost market

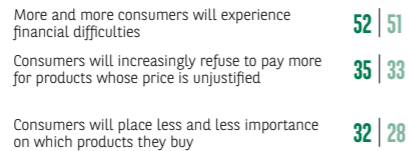
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Spain is one of Europe's bastions of low-cost consumption. Its inhabitants are better informed than others about the concept and more likely to consider it well developed. They associate it most with the textile and airline industries. Blessed with a generally positive image, the low-cost market is synonymous with value for money in the minds of the majority of Spaniards, who tend to purchase these products out of choice and without any sense of shame. This is the equation that makes it more likely here than elsewhere to appeal to all types of consumer (low and high income). It is seen as a genuine alternative that enables consumption strategies to be optimised and which generates a much higher level of satisfaction than in other countries.



France

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

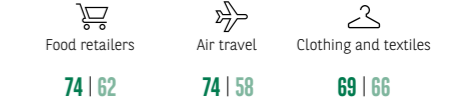
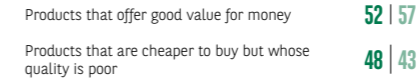


Image of low-cost offerings

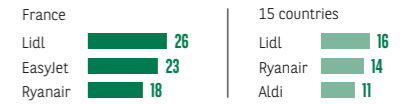


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



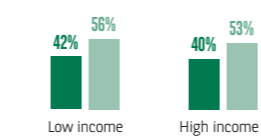
Top 3 low-cost brands cited In %



The era of unashamed low-cost consumption

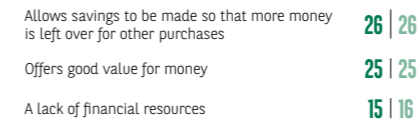
Frequency of low-cost consumption

In % who "Often consume".



Top 3 motivations behind low-cost consumption*

In %

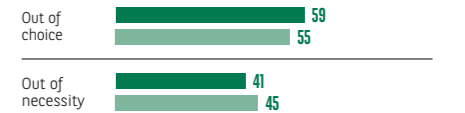


Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

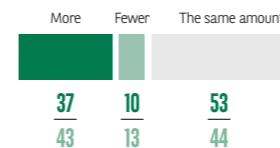


* Question to consumers of low-cost products

The expansion of the low-cost market

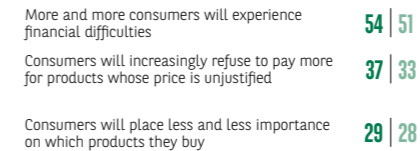
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



France is relatively familiar with the low-cost concept. While better understood and more likely to be perceived as well developed than elsewhere in Europe, the low-cost market enjoys a somewhat mixed image in France (low prices and low quality), which limits its appeal to consumers. Although in some cases this market is viewed as offering consumers a sensible alternative (as a choice rather than a necessity), they derive only moderate satisfaction from these purchases and are less likely than average to increase their low-cost consumption in the future. Yet, this market is expected to grow further, driven by a combination of budget constraints and an increasing desire to pay no more than a fair price.

Low-cost consumption, a well-established reality

Hungary
15 countries

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"

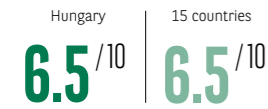


Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

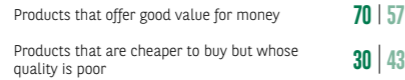


Image of low-cost offerings

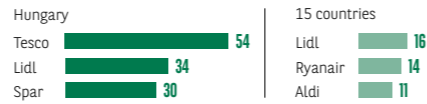


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



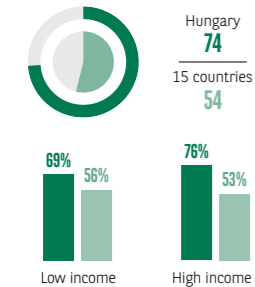
Top 3 low-cost brands cited In %



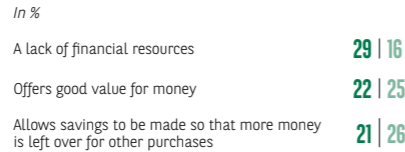
The era of unashamed low-cost consumption

Frequency of low-cost consumption

In % who "Often consume".



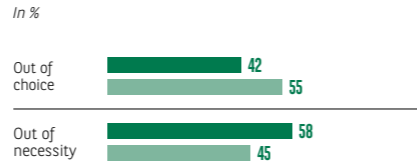
Top 3 motivations behind low-cost consumption*



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

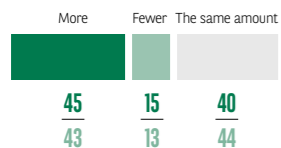


* Question to consumers of low-cost products

The expansion of the low-cost market

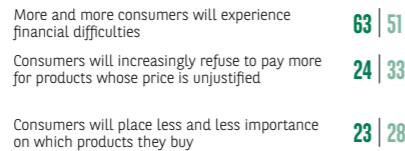
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Hungary is fertile ground for the low-cost model. Its inhabitants are familiar with the concept and see it as offering good value for money. Hungarians state that they are avid consumers of low-cost products and services and, much like in other Eastern European countries, these are more likely to be purchased by higher earners. In what is a tough economic climate, Hungary is the only European country where the consumption of low-cost products is motivated chiefly by a lack of financial resources and the feeling of having no alternative. This is a situation that is expected to last and which, in many people's eyes, will lead more and more Hungarians to turn to these products and services in the future.

Low-cost consumption, a well-established reality

Italy
15 countries

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

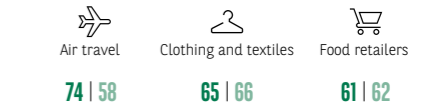
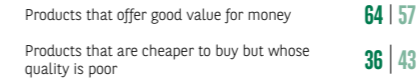


Image of low-cost offerings

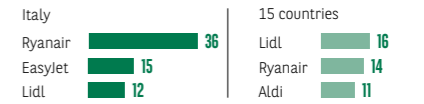


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



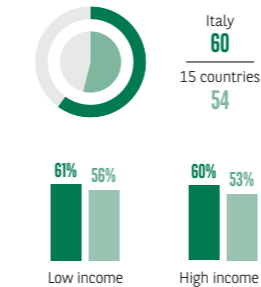
Top 3 low-cost brands cited In %



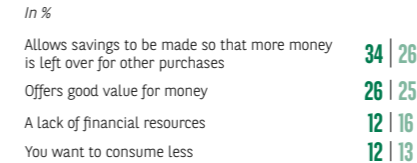
The era of unashamed low-cost consumption

Frequency of low-cost consumption

In % who "Often consume".



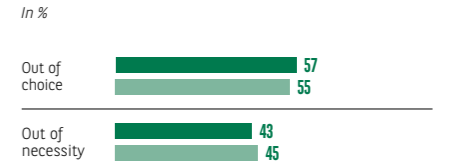
Top 3 motivations behind low-cost consumption*



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

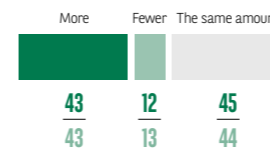


* Question to consumers of low-cost products

The expansion of the low-cost market

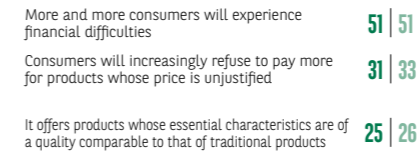
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Along with Spain, Italy is the European country where the meaning of "low-cost" is best understood. It is most likely to be associated with air travel and clothing, benefits from a positive image (good value for money) and is seen as a shame-free opportunity, including by high-income earners. The Italians are more likely than other populations to opt for these products and services, but also to be satisfied with them, since this is an approach that gives them more leeway to make certain financial decisions (spend less on certain purchases to consume more elsewhere). This is a trend that is expected to continue, given the financial strain that they believe more and more people will come under in the future.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

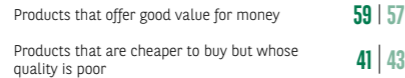


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



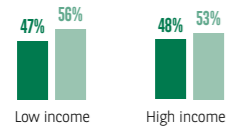
Top 3 low-cost brands cited



The era of unashamed low-cost consumption

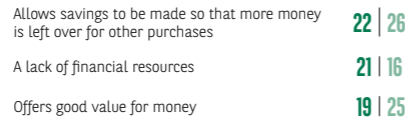
Frequency of low-cost consumption

In % who "Often consume".

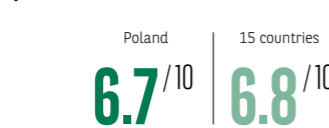


Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

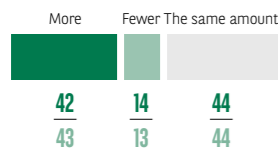


* Question to consumers of low-cost products

The expansion of the low-cost market

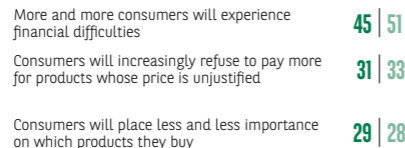
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Poland is one of the countries where the low-cost concept is least well understood. Poles associate it with a variety of sectors, without any standing out in particular (clothing, food, but also mobile telephony, household appliances, etc.). The most frequently cited low-cost brand, ahead of Lidl and Ryanair, is a Polish supermarket chain (Biedronka). And if fewer Poles are able to define the concept, they are also less likely to consume these products and services. They are more likely than other populations to make such purchases out of (financial) necessity than choice, but this does not mean that they are dissatisfied with them. On the contrary, many highlight the good value for money these products and services offer.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

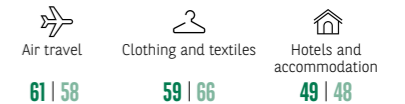
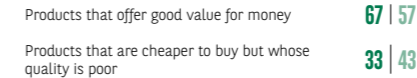


Image of low-cost offerings

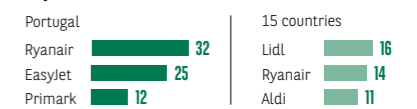


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



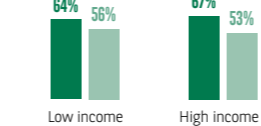
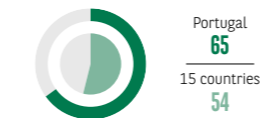
Top 3 low-cost brands cited



The era of unashamed low-cost consumption

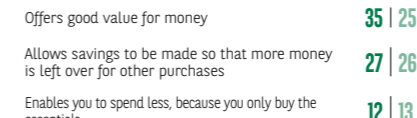
Frequency of low-cost consumption

In % who "Often consume".



Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

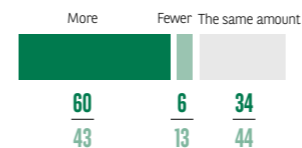


* Question to consumers of low-cost products

The expansion of the low-cost market

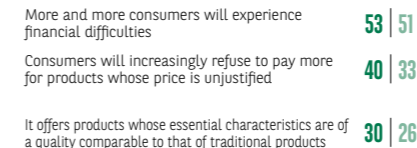
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



The low-cost market has a very strong presence in Portugal and is most closely associated with air travel. The model is popular with a high proportion of consumers in the country, regardless of their income level. These products and services, which people tend to purchase out of choice rather than necessity, have two key advantages in their eyes: they guarantee good value for money and offer a high level of satisfaction. Low-cost consumption, which is widespread and well accepted in the country, is set to increase in the future, with the majority of Portuguese respondents stating that they intend to make more purchases of this kind, as they are keener than ever to feel that they are paying a fair price.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

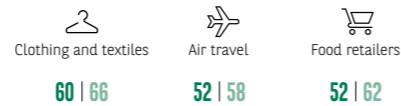
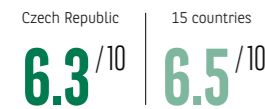
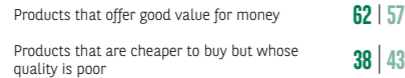


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



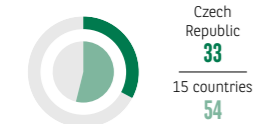
Top 3 low-cost brands cited



The era of unashamed low-cost consumption

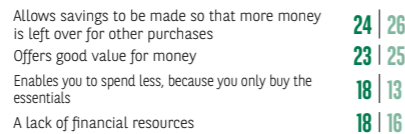
Frequency of low-cost consumption

In % who "Often consume"



Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

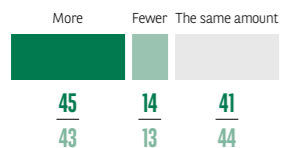


* Question to consumers of low-cost products

The expansion of the low-cost market

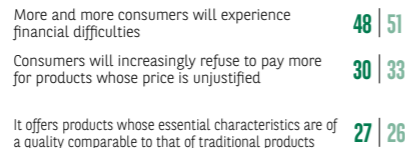
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



In the Czech Republic, consumers are less clear on the meaning of "low cost" and the concept is considered less well developed than in the rest of Europe. Here, it is mainly associated with airlines. While the proportion of Czech consumers who say they make low-cost purchases is the lowest in Europe, it is worth noting that a significant share of those who do are in the higher-income group, as is the case in several Eastern European countries. Far from being considered demeaning, these offerings are deemed satisfactory and seen as offering good value for money by Czech consumers who are today compelled to make difficult financial trade-offs. Thus, a significant proportion say they will make this kind of choice more often in the future.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

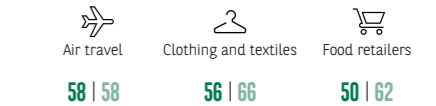
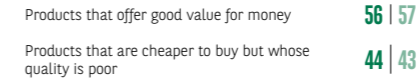


Image of low-cost offerings

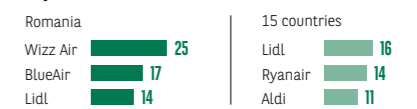


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



Top 3 low-cost brands cited



The era of unashamed low-cost consumption

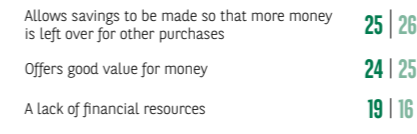
Frequency of low-cost consumption

In % who "Often consume"



Top 3 motivations behind low-cost consumption*

In %

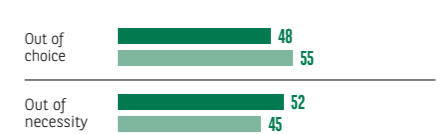


Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning**?

In % who answered "Demeaning"

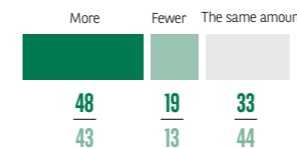


* Question to consumers of low-cost products

The expansion of the low-cost market

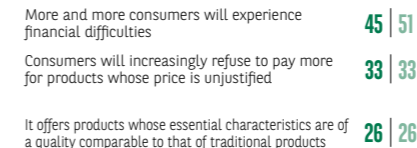
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Awareness of the low-cost model in Romania is on a par with the European average, although there is a sense that it is not as well developed in the country as elsewhere. Boasting an image that is more positive here than in any other European country, the market is associated mainly with air travel (Wizz Air and local airline BlueAir are named as examples) and attracts a proportion of consumers similar to the European average. Interestingly, wealthier consumers are more likely to engage in low-cost consumption, a tendency that typifies Eastern European countries, although such purchases tend to be made primarily in response to tough financial constraints, which can be partially offset by low-cost options.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"

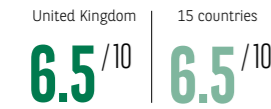


Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

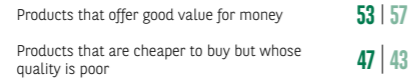


Image of low-cost offerings

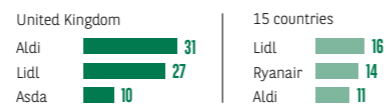


Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



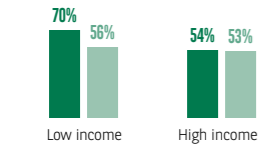
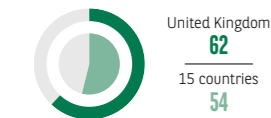
Top 3 low-cost brands cited



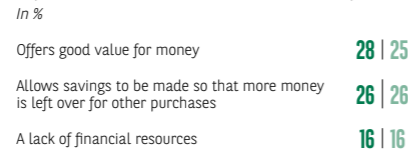
The era of unashamed low-cost consumption

Frequency of low-cost consumption

In % who "Often consume"



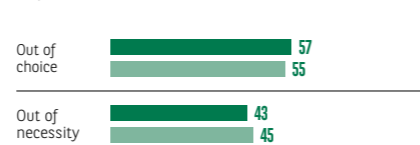
Top 3 motivations behind low-cost consumption*



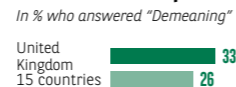
Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*



Is low-cost consumption considered demeaning**?

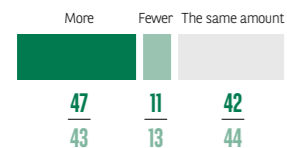


* Question to consumers of low-cost products

The expansion of the low-cost market

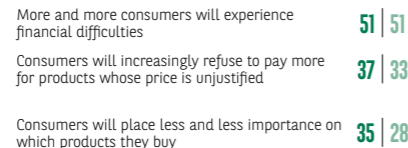
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Although less clearly understood in the United Kingdom than elsewhere, the low-cost model is deemed to have a strong presence in the country, not least in the clothing and food sectors. This is a market reputed more for low prices than for quality, but it is also perceived as meeting the requirements of consumers who want to pay a fair price for products that they simply expect to meet their needs. Today, this type of offering appeals to a significant proportion of consumers, who tend to be drawn in for financial reasons but are nonetheless satisfied. While the image the low-cost model enjoys in the country is close to the European average, the feeling that this alternative form of consumption is demeaning is more prevalent than elsewhere.

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

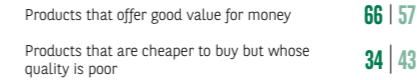


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



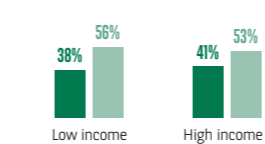
Top 3 low-cost brands cited



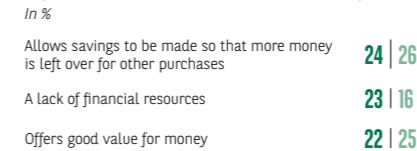
The era of unashamed low-cost consumption

Frequency of low-cost consumption

In % who "Often consume"



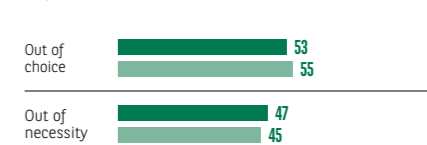
Top 3 motivations behind low-cost consumption*



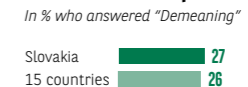
Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*



Is low-cost consumption considered demeaning**?

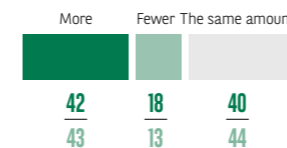


* Question to consumers of low-cost products

The expansion of the low-cost market

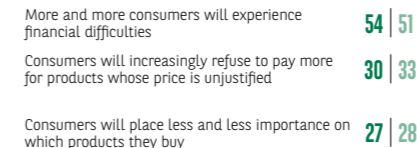
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



Slovakians are among those Europeans who are least clear on the meaning of the term "low cost". The sectors in which the concept is considered to be most developed are clothing, food and household appliances, but airlines are also seen as emblematic of the model. Despite this market offering products that respondents consider good value for money, it struggles to attract consumers (a lower proportion than the European average). Like other consumers, particularly in Eastern Europe, they find themselves facing serious financial constraints, but Slovaks on higher incomes are more likely to turn to this type of offering, whose positioning is considered to cater in part for those facing such pressures.

Sweden

Sweden 
15 countries 

Low-cost consumption, a well-established reality

Awareness of the low-cost concept

In % who answered "I know exactly what it is"



Perception of the level of development of the low-cost market

In % who answered "Is well developed in the country"



Sectors in which the low-cost segment is perceived to be the most well developed

Top 3 sectors in which the low-cost segment is perceived to be the most well developed. In % who answered "Is well developed"

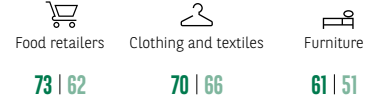
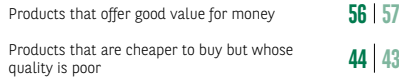


Image of low-cost offerings



Perceived quality of low-cost offerings

Generally speaking, would you say that low-cost products and services are...? In %



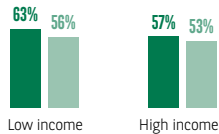
Top 3 low-cost brands cited In %



The era of unashamed low-cost consumption

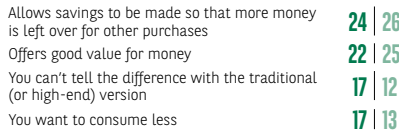
Frequency of low-cost consumption

In % who "Often consume".



Top 3 motivations behind low-cost consumption*

In %



Satisfaction with low-cost products and services*



Low-cost consumption out of choice or necessity*

In %



Is low-cost consumption considered demeaning*?

In % who answered "Demeaning"

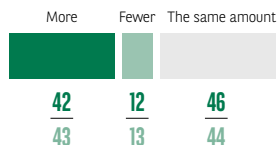


* Question to consumers of low-cost products

The expansion of the low-cost market

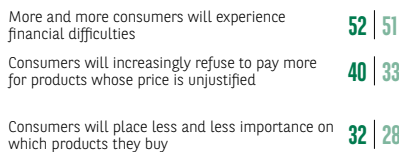
Expectation of future growth

And in the future, do you intend to consume more or fewer low-cost products? In %



Reasons why it is expected to grow

Question to those who think the low-cost market will continue to grow. In %



While people's awareness and image of the low-cost concept in Sweden is comparable to the rest of Europe, Swedes feel that the low-cost market is more highly developed in their country, driven primarily by food retailers. Indeed, they spontaneously cite supermarket brands such as Lidl and local retailers such as Ö&B and Ica. The Swedes also state that they are major consumers of low-cost products, irrespective of their income level and out of choice rather than necessity. They expect the sector to grow, driven not only by financial pressures, but also by consumers who are keen to be more frugal and to pay a fairer price.

METHODOLOGY



Quantitative consumer interviews were conducted by Harris Interactive **on 3-16 November 2022 in 15 European countries**: Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Hungary, Italy, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom.

In total, **14,200 individuals** were interviewed online (CAWI method). These individuals aged 18 to 75 were drawn from national samples representative of each country. The quota method was employed to ensure that the sample was representative (gender, age, region of residence, socio-professional category/income). 3,000 interviews were conducted in France and 800 in each of the other countries.

In this survey, the results are often broken down by income bracket. These brackets are grouped into two categories, "high income" and "low income", representing incomes above and below the median in each country, respectively (according to the statistics publicly available in each country).

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#PROSPECTIVE

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