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AS BASE RATE FALLS SAVERS' OPTIMISM INCREASES
Sales could slump this Christmas as consumers choose to save

New research from Nationwide Building Society reveals there has been a distinct shift in consumers' savings habits in November. The proportion of consumers saving regularly has increased by five percentage points from 47% to 52% on the previous month, with those saving occasionally having fallen from just under a third (31%) to a quarter (26%). The recent cuts to Base Rate on 9 October and 6 November 2008 could have helped to increase savers' ability to put money aside as expenditure on other outgoings has fallen. (Respondents were questioned before the 1% base rate cut announced on 4 December).

This change in behaviour is mirrored by people's feelings about saving. In October just a quarter (25%) of consumers believed they were saving 'about the right amount'. In November this figure increased to just under a third (31%) and those that think they are saving less than they need to has fallen from 60% to 56%. This move could be a result of falling mortgage payments for those on variable products as borrowers choose to save what they were spending on their loan. Similarly, as food and fuel prices have also decreased in recent weeks, consumers may feel now is the time that they have the capacity to start saving a bit more.

Consumers are, however, uncertain about their savings future. A third of those questioned think they'll be saving less than they need to in six months' time – an increase of four percentage points (29% in October to 33% in November). The research also reveals:

- A third (33%) of consumers think saving is very important – an increase of three percentage points when compared with last month's results;
- 61% of consumers think it is personally important for them to save, up from 59% in October;
- Despite people showing greater optimism about their ability to save, more consumers (43% compared to 40% last month) think it's a bad time to save given the current economic situation;
- Despite the cuts to Base Rate, a third (34%) of people are ambivalent about whether the Government encourages or discourages them to put money aside, with twice as many people (41%, possibly 25 million people) thinking it discourages rather than encourages (20%) them to save.

Matthew Carter, director for savings at Nationwide, says: “The recent reduction to fuel prices and monthly mortgage payments seem to have had a significant impact on some people’s attitude to saving. The savings optimism seen in consumers may also be a symptom of reduced spending on the high street with some stores already offering discounts and special offers ahead of Christmas to encourage people to start spending.

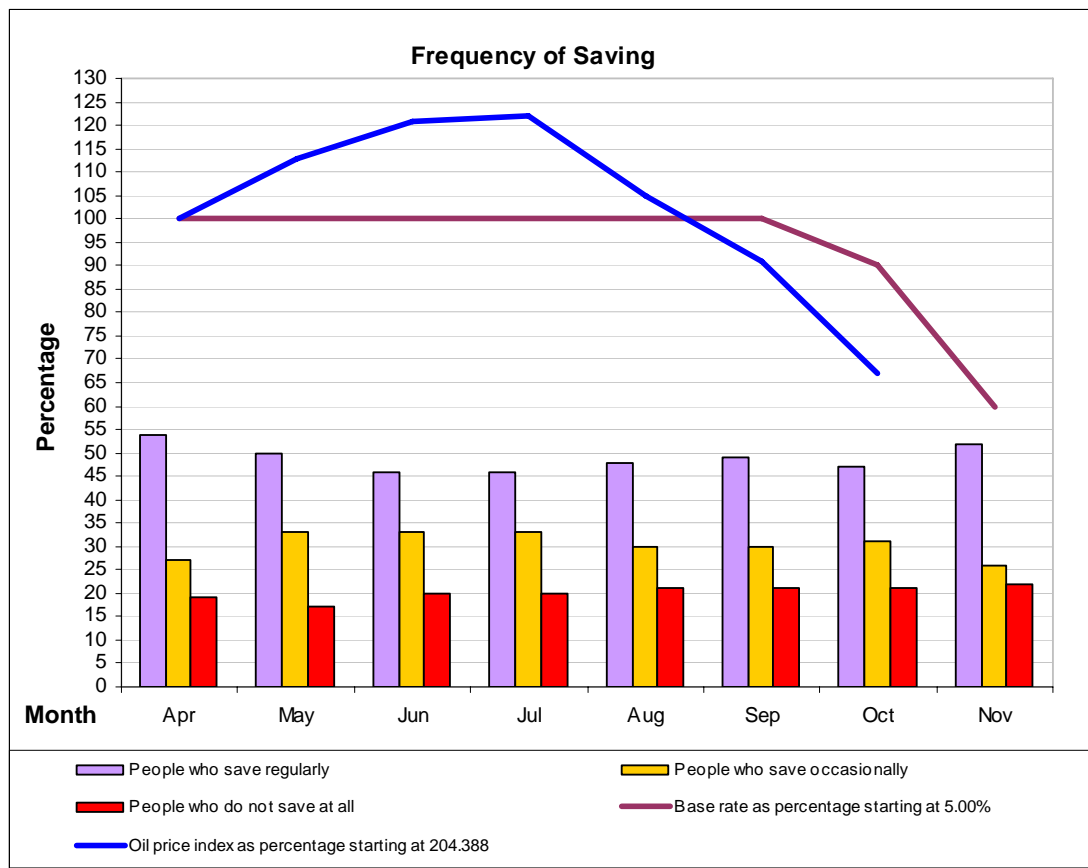
“We believe it has never been more important to put money aside to help households weather the current financial storm. Consumers seem to recognise this and instead of spending the money that would otherwise have been used to fund higher living expenses, it’s being put to one side.”

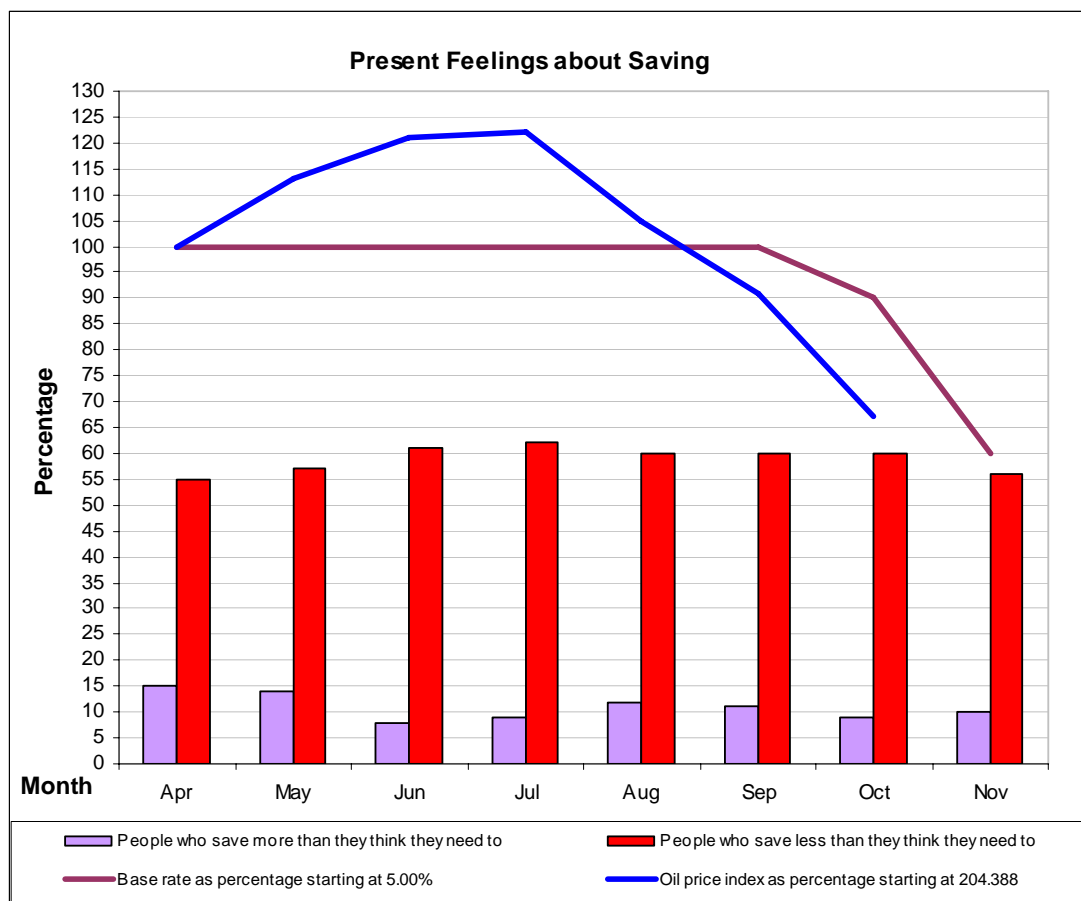
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Supporting illustrations:





Notes to editors:

Data was collected between 20 October and 16 November 2008, by TNS, a global market information and insight group. 1,000 people were questioned. Research is collected on a monthly basis and this is the eighth such release using the data collated.

Previous releases are available via the following links:

October data release issued 12 November 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1299

September data release issued 15 October 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1279

August data release issued 8 September 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1262

July data release issued 11 August 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1247

June data release issued 14 July 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1230

May data release issued 18 June 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1219

April data release issued 27 May 2008:

http://www.nationwide.co.uk/mediacentre/PressRelease_this.asp?ID=1210

October's data was collected between 22 September-19 October – 1,000 people were questioned
 September's data was collected between 18 August-21 September – 1,000 people were questioned
 August's data was collected between 21 July-17 August by TNS – 1,000 people were questioned.
 July's data was collected between 23 June-20 July 2008 by TNS – 1,000 people were questioned.
 June's data was collected between 19 May-22 June 2008 by TNS – 1,000 people were questioned.
 May's data was collected between 30 May-1 June 2008 by TNS – 1,010 people were questioned.
 April's data was collected between 18-20 April 2008 by TNS – 1,005 people were questioned.