

**XWBMM 3013 Project**

**Topic: Report investigating rising inflation rate affect UK's supermarket consumer purchase.**

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# ****Introduction****

**Background Study**

Inflation will be the main highlight of this investigation and will be covering its broad aspects to analyse how it is making business reconsider their plans to make their goods and services consumer friendly. As is known that inflation means the overall rise in the prices of products and services with time thus affecting the businesses such as supermarkets businesses. This is what an economic professional will call inflation. Thus, to readjust to growing costs in the UK market, this investigation has been put forth to make things clear and give a proper understanding (Adel, Dai & Roshdy, 2022). This investigation will provide an effective analysis and approach for the supermarkets in the UK to make a good approach to handle the issues related to inflation, thus relieving supermarket businesses from getting fewer profits or losses. This issue also results in making a wide effect on the economy and in this investigation, it will be seen how they are handling responding to such issues.

**The rationale of the topic**

The main purpose of this investigation is to find out ideas and methodologies through which supermarkets in the UK can cope with inflation and provide better products and services which can make things easier for the consumer or make a balance in their cost of living so that these businesses do not affect from it. The readjustment plans and methodologies which the businesses will implement will also be the highlight. There will be generally four factors that will be discussed in this investigation. First, it will show the variables which help to cause inflation and thus making chaos in the UK market (Aklin, Arias & Gray, 2022). Knowing these variables is very important as it will help businesses to properly analyse the situation and make an effective approach. Second, it will analyse the purchasing patterns during and before inflation and put the observations in front making things more transparent and flexible.

**Aim**

To investigate how consumers in the supermarkets of the United Kingdom are readjusting their spending plans in light of the growing cost of living.

**Objectives**

I. In order for you to understand the variables contributing to the rising rate of inflation in the UK.

II. To determine whether or not there has been a shift in the purchasing patterns of consumers as a direct result of the effects of inflation.

III. To investigate the methods through which grocery stores and other types of stores have increased their prices while maintaining their consumer base.

IV. To Conduct an investigation of the effect that rising prices have had on the shopping habits of customers in supermarkets.

# Literature review

**The variables contributing to the rising rate of inflation in the UK.**

According to Amaral, Chang, and Burns (2022), the cost of living in the UK has been steadily growing from the start of 2021. A 41-year top inflation rate annually started to decline after reaching a peak of 11.1% of the total in October 2022, dropping from 10.7% to 10.5% between November and December. The cost of goods and services available to households is affected by growing inflation (Amaral, Chang & Burns, 2022). Consumer prices, as measured by either the Consumer Prices Index, were 10.5% higher in December 2022 compared to the prior year. Due to rising consumer product prices, which have been supported by strong consumer demand and supply-chain bottlenecks, inflation has been on the rise (Lan et al., 2022).

**To determine whether or not there has been a shift in the purchasing patterns of consumers as a direct result of the effects of inflation.**

As prices increase faster than economic output, which households receive in local currency, they suffer because they have fewer options to choose from. In reality, prices change at different rates. While some things, like the prices of sold items, change daily, others, like wages determined by agreements, take longer to change (or are "sticky," to borrow a term from economics) (Ballerini et al., 2022). The largest single cost of inflation is the devaluation of actual wages, which is inexorably reduced by irregularly rising prices in an inflationary economy. The purchasing power of both parties who pay and receive fixed rates of interest may be impacted by inflation over time (Koll & Plank, 2022).

**The methods through which grocery stores and other types of stores have increased their prices while maintaining their consumer base**.

The strategies used by supermarkets and other sorts of retailers are to raise prices while retaining their customer base by offering a digital coupon (Hill & Cheshire, 2022). Coupons could appear to be grocers' way of rewarding customers. Furthermore, supermarkets can now promote increased spending more easily than before due to digital marketing. Because of this, customers are no longer even required to clip actual coupons. If a consumer has a store credit card, they can transfer a digital coupon and use it to purchase an item that seems attractive but was not on their shopping list (Cavite et al., 2022).

Another method to increase prices is Making items appear special by using end caps and using zone pricing strategies Chola (2022) argued that the shopping behaviours of consumers are extensively studied by large grocery companies. Some do this using zone pricing, which refers to the construction of pricing profiles for various stores. The store can optimize its rates by location by establishing various local supermarket marketing profiles, or regions (Chola, 2022).

**The effect that rising prices have had on the shopping habits of customers in supermarkets.**

The majority of people are looking for cheaper alternatives to shop as a result of rising pricing. As per a study, 75% of consumers are less likely to spend money now that it is at a 40-year high due to the rising rate of inflation (Connor et al., 2022). The study found that as a result of price increases, consumers’ shopping behaviours have changed. According to the study, 42% of customers presently look for discounts by shopping sales or clearing racks, 40% stick to their budgets, 28% make fewer purchases overall, and 25% visit bulk stores or stockroom retail outlets. 82% of people are searching for less expensive methods to shop overall because of inflation (Ghufran et al., 2022).

# Methodology

**Research Philosophy**

The researcher concentrated on the secondary data collecting research methodology. This methodology made it easier to concentrate on the right collection of strategies that were connected from a practical standpoint. It also enabled the researcher to concentrate on those aspects of pragmatic philosophy that aid in controlling the researcher's involvement through subjectivity. The researcher also paid attention to pragmatism since it provided the chance to make inferences from a variety of data sets and because it aided in concentrating on particular philosophies for addressing the needs of the research.

**Research approach**

The researcher concentrated on the deductive research methodology, which enabled the researcher to concentrate on the examinations of alterations that were related with the right amount of information. The detective research strategy also allowed the researcher to concentrate on the body of prior study and to accurately obtain the necessary information for the administration of qualitative data sets (Rogus et al., 2022). The researcher additionally employed the deductive research strategy since it enabled the collection of reliable data that was relevant to the subject of the inquiry.

**Research strategy**

For the management of various research-related data, the researcher additionally concentrated on qualitative research features that were linked to qualitative research topics. The researcher focuses on qualitative approaches because they enable them to handle secondary data gathering qualities and enable them to concentrate on a certain sort of data sets. Secondary data can be acquired from various websites and articles (Sedky & AbdelRaheem, 2022). The qualitative study also gave the researcher the chance to concentrate on the right set of observations for obtaining reliable data that was linked to a workable point of view on the research-related data sets.

**Data collection method**

The researcher was given the chance to concentrate on the secondary data collection technique. The excellent collection of pre-existing data was made available to the researchers. Also, it made it possible for the researcher to concentrate on historical research for the long-term interconnection of study-related data sets. In order to handle the secondary data analysis process, the researcher always concentrated on the secondary data gathering process where published and unpublished data could be acquired. This concentration also allowed the researcher to concentrate on the appropriate selection of newspapers and magazines.

**Data analysis methods**

Thematic analysis and secondary data analysis techniques have been integrated. By managing the appropriate selection of research-related data sets, secondary analysis aids in focusing on the various data sets that have been connected. The researcher also had the chance to concentrate on the insights that had been associated with the general friends for the management of the subject-related data sets. It also had to focus on the various research questions that had been connected with the right research designs. The researcher utilised the secondary way of data analysis because it provided an opportunity to demonstrate accuracy in the management of information and allowed the researcher to make use of reliable sources of research-related data sets.

**Ethical considerations**

The researcher focused on the credit-giving method where the researcher gives credit to each and every author. The product has been given to the authors because the research used research-related information. The researcher used de-identified data (Weber, Gorodnichenko & Coibion, 2022). The researcher also focused on the consent of study subjects which help to focus on the proper set of research data that has been interconnected with the attributes of results.

# Data analysis

**Theme 1: Investigates the factors that influence the inflation rate in the United Kingdom and affect the purchasing patterns of the consumers in the supermarket**

There are various factors that influence the inflation rate in the United States which have been seen in the research papers that had been thoroughly analysed and observed. One such factor is the outbreak of coronavirus globally which started in China in early 2020. This pandemic led to an increase in prices as many small, medium, and large factories shut due to its effect thus bringing inflation back. People around the country were already in trauma with the effect of the pandemic and after that, this inflation caused a severe impact on their living. These issues resulted in creating several purchasing patterns for the consumers and thus also affected a lot of the companies. This role of the media was very vital as they were the ones who provided relevant information and make people aware of the things that are going on in the country (Zhang et al., 2022). It is well known that not only the UK but countries all over the world got affected by this and hence creating different types of consumer behaviour. These purchasing patterns are shown very effectively and accurately in this which proved to be right and hence made a proper insight that cannot be ignored. This all resulted in various types of things such as economic downturns, failures in the industry, and increased unemployment and thus making situations worse and panic.

**Theme 2: Investigate the methods of the grocery stores for increasing their prices while maintaining their consumer base that is affected by the rising prices**

Retail sectors around the UK adopted various methodologies and ideas which benefitted them as well as the consumer who was using their products and services. The research paper “ Assessing the productivity of the UK Retail Sector”, has been analysed and countered that the most highlighted approach that the grocery stores adopted in the UK market were the partnership, and thus with togetherness, they took actions that had not before thus resulting in maximizing the various types of opportunities. Due to this grocery stores also got to know the things that they had not seen before and thus applied those things successfully in their businesses. This made their consumer base active and loyal to their business (Zhang et al., 2022). They also identified ideas and applied them to gain maximum benefits such as home delivery services and other approaches which covered their consumer bases by providing them with proper benefits that had not been possible. This maintenance and approach also helped them to proceed thus makings things more sustainable in the future. Grocery stores in the UK also known as supermarkets applied and adopted these benefits to gain more productivity. In this, there are various recommendations that had been put forth by the grocery stores in the UK and thus making things smoother and more flexible.

# Research outcomes

The researcher focused on the attributes of inflation rates that have been interconnected with the consumer patterns of the UK in the areas of supermarkets. The research on this topic helped to understand that the inflation rates affect the purchasing patterns of consumers and it also affects the business operations of grocery stores. The research outcomes help to understand that the management of the retail stores has been interconnected with price fluctuations and for this reason, the retail stores of the United Kingdom focused on the management of different prices for enhancing the consumer base. Consumer patterns have been influenced by the attributes of zone pricing and it has been seen that the construction of pricing profiles also allowed the retail organizations in the United Kingdom to focus on the optimizations of rates while establishing the management of different marketing profiles (Zhang et al., 2022). The rising prices also affected the shopping habits of consumers in supermarkets. The retail organisation in the United Kingdom also focuses on the usage of discounted prices that allow the consumers to manage the discounts and it also allowed the companies to focus on the less expensive methods to manage the inflation rates in an accurate way.



# Conclusion

From the above discussion, it can be concluded that different organisations faced various types of problems that are interconnected with the inflation rates of the United Kingdom. It has been seen that the management of the inflation rates has been interconnected with consumer buying patterns where it has been seen that the management of the fixed rate of interest allowed the retail sectors to enhance the management of inflation to overcome the problems of shopping behaviour. Various methods have been investigated in this to analyse the methods that the grocery stores and other stores dealing in this field are applying to maintain their consumer base to sustain with the increased prices thus this is also said as readjusting techniques that will be explained properly and in a detailed manner in this investigation. In this, the shopping habits of consumers are presented to give a proper view of the system. Thus, these will be the key things that have been given more importance to this investigation. It helped supermarkets realize the things that they have not countered before. Since inflation affects all types of businesses and classes of people and hampers their living. Inflation affects hard and in chains that can be overcome but it takes a lot of time in that. This investigation provided a proper understanding of all the things related to inflation in the UK Supermarket business.

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