3 Home Is Where The Heart Is

Back to basics is home-spun, with a technological twist

Almost 20 years ago, Faith Popcorn named the trend 'cocooning'. That was a fearful time, where the world experienced much financial and political upheaval. After the Berlin Wall came down we no longer had the tension the Cold War provided to keep the balance in check. We 'cocooned' for a while. Then we all got richer, the internet opened our minds to new ideas and influences, travel became significantly cheaper and we popped out into the world again. Well, we're headed back inside, probably for a while this time.

Bars are emptier than ever, local eateries are more popular (albeit at a lower spend per head) than their more expensive city-centre counterparts and sales are fast becoming a permanent retail feature. The vast majority of British households anticipate reducing expenditure on holidays, clothing, treats and almost all discretionary items. We're powering up our laptops, TVs, games consoles and blu-rays to hunker down. We're down on the floor playing with the kids instead of fast-forwarding our schedules for the weekend.

The only category where consumers expect to spend the same amount in 2011 is food. This is not surprising since we're at home – and as a consequence, cooking for ourselves and the family. However, rising food prices and the January 2011 VAT increase may reduce the basket size, or consumers may shop around more, making it harder for retailers to accurately project ahead and adding fuel to price wars on staples, as we saw with milk in 2010.

Generally when we're at home more, we snack more. Although people can theoretically snack anywhere and anytime, around three quarters of snackers do so at home, according to YouGov. And whilst they're snacking they're on the PC, Mac or iPad with at least one or two other media being consumed in the household at the same time. We're multi-tasking as a form of entertainment.

Those who can afford it are on the DIY drive, enhancing their home and surroundings. In fact, Brits are likely to continue to outspend their European counterparts on home improvements as the family stays in the primary home for longer. Since baby boomers are less likely to move into full time retirement, their children are staying at home longer and their parents are living for longer, the primary (and secondary) residence is likely to remain the focus of financial attention in the foreseeable future. Coupled with the soft property market and lack of cost-efficient mortgage plans in the market, it simply makes more sense to stay put and make the best of home.

Being at home doesn't mean the macramé set is coming out, though. We're investing in equipment to turn home into 'fun central'. Whether that's accessories for the avid gardener, more screens for the allure of gaming online and offline, or simply better appliances. The British may buy fewer high ticket items, but there will be an opportunity for hardware platforms that enable entertainment. Furthermore the provision of broadband, TV and IPTV services is likely to see a new max on penetration in this year, so expect another wave of price wars to encourage service switching.

As the rise and rise of digital Britain continues unabated, expect a widening of platforms through ease of mobile and iPad access. Already we're topping our European equivalents in online shopping and this will continue as daily deals and couponing initiatives merge with location services and even blogs to become the new aggregators of product and service deals. In the same way that Google pioneered search to empower our ability to get the information we want fast, then these new forms of price and product comparison are fast becoming the search equivalent of online purchasing.

Affiliate and advertising revenues will continue to drive attractive commercial returns to the digital properties that can attract sufficient users. Sites that behave like blogs, facilitating user-generated content, seamlessly integrating products from high street and e-tail brands are bound to grow and grow in the coming year. Some may die, but those with the right balance will build their audiences by enabling fast comparison and price benefits. Examples include mydeco.com in the homewares space, giving slow and single-brand sites like Ikea a tough time. Fashiolista, a bloggers' blog, came from nowhere in 2010 to gain a sizeable following, re-inventing the content-meets-consumption model pioneered by net-a-porter and ASOS. Watch this space.