

Impact of the Budget on consumers and retailers

Professor Isabelle Szmigin



It would have taken a major change in policy for the Chancellor, George Osborne, to lift the mood of the British consumer yesterday. There were some crumbs of comfort for customers but they were only crumbs and whether it will have any impact in terms of confidence to go out and spend is unlikely.

Raising the personal tax allowance to £10,000 in 2014 will benefit a lot of people and coupled with new measures on tax avoidance, is a good psychological move by the Chancellor, who seems to recognise that ordinary people begrudge bearing the brunt of the austerity measures when large corporations appear to get away without paying their dues to society.

Probably the most positive move in yesterday's budget for consumers was the scrapping of the fuel duty rise. Petrol and diesel is such a major part of people's weekly expenditure, even without an increase in duty, people have been watching the steady rise in price of this important commodity.

The jury is still out on what impact the help-to-buy scheme for mortgage deposits will have but certainly it will give some young and not so young people a leg up the housing ladder and hopefully that will lead to more consumer purchases, but this really is a drop in the ocean in terms of likely impact on spending.

Finally, the biggest paradox in the Budget appears to be the 1p cut on a pint of beer. One cannot help thinking that this is the Chancellor's attempt to reach out to 'the common man' but I am not sure even Britain's hard pressed beer drinkers will notice the 1 p reduction and of course it comes immediately after the announcement that the minimum pricing of alcohol will not go ahead.

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