



The *real* cost of living in Britain

British consumers are paying over the odds for fuel, Which? research shows, but they are saving on groceries

A Which? study into the cost of living in the UK compared with other major EU countries has found that we pay more for fuel than consumers in France and Germany.

Ten years ago, we highlighted the high prices of new cars in the UK, but our latest study has found that these prices are now significantly fairer compared with those in other EU countries. But we are paying over the odds for petrol and diesel.

Although fuel retailers charge a little more here than in the cheapest countries (France for unleaded and Germany for diesel), it's duty and tax that add the most. From the cost of a litre of unleaded, the Treasury gets 72p, while the French government takes 68p. On diesel, 70p goes to the Treasury, while in Germany it's just 55p.

Cost of living

Shoppers have been feeling the pinch of rising food prices, but we found that the UK fares relatively well. It was the cheapest among five countries we studied – France, Germany, Spain, Italy and the UK – for a basket of branded groceries.

We compared these countries as they're the five biggest economies in the EU. For a snapshot of the cost of living, we looked at four areas – groceries, motoring, energy and entertainment – and weighted prices according to disposable income figures. This also removes the effect of fluctuating exchange rates.

By doing this, we found that UK consumers pay high petrol prices, although we generally get a decent price on the other goods and services we looked at – but we don't do quite as well as French consumers.

Spanish people get the worst deal. Spain might be considered a 'cheap' country in the eyes of UK holidaymakers

and expats, but allowing for disposable income, it's actually expensive for Spanish consumers, who earn less.

According to EU figures, the amount that households in all five countries spend on housing – whether on rent or mortgages – are similar, so this shouldn't affect how much consumers have left.

Could do better

While branded groceries are good value in the UK and energy prices relatively low, other things could be cheaper.

A new Ford Focus is still cheaper in France and Germany, and BT charges more for broadband than other ex-phone monopolies in Germany and Italy.

However, if high prices become too much to bear, we can escape for a few hours at the cinema, which is cheaper than everywhere else apart from Germany.

Save yourself

Make large purchases – such as cars and home improvements – before VAT goes back to 17.5% on 1 January 2010.

At 15%, you'll save £327 on the manufacturer's list price for a new Ford Focus 1.6 before 1 January.

If you're buying a new car and trading in one that's over 10 years old, you could get £2,000 off under the government's scrappage scheme (due to finish in February 2010). The value of the scheme depends on what you buy – we found a new Hyundai I30 would be cheaper under the scheme (£7,995) than a year-old model (£8,070), but you'd pay less for a nearly new Ford Focus (£9,400) than a new one (£13,345). See our guide to the scrappage scheme (Aug 09, p66) for more information.

Make large purchases before VAT goes back up to 17.5% in January

Spain



Total
£23,014

- Supermarket shopping £745
- Ford Focus £18,037
- Petrol £1,487
- Energy bills £1,917
- Broadband £828



What Europeans spend each year

To compare Europeans' household spending, we looked at the annual cost of a basket of groceries, energy bills and broadband charges as well as a new Ford Focus and petrol costs for a year

United Kingdom



Total
£18,603

- Supermarket shopping £552
- Ford Focus £15,013
- Petrol £1,375
- Energy bills £1,234
- Broadband £429

Germany



Total
£19,002

- Supermarket shopping £684
- Ford Focus £14,931
- Petrol £1,336
- Energy bills £1,761
- Broadband £290

France



Total
£17,977

- Supermarket shopping £690
- Ford Focus £14,334
- Petrol £1,295
- Energy bills £1,217
- Broadband £441

Italy



Total
£20,653

- Supermarket shopping £786
- Ford Focus £15,876
- Petrol £1,579
- Energy bills £2,000
- Broadband £412

Product costs by country

We show how the costs of essential products and services break down across five major EU countries

Supermarket shopping

Which? checked out supermarket websites and found that UK consumers pays the least for groceries



The cost of 15 international branded groceries and household items was more than £20 cheaper at Tesco than at Carrefour in Spain.

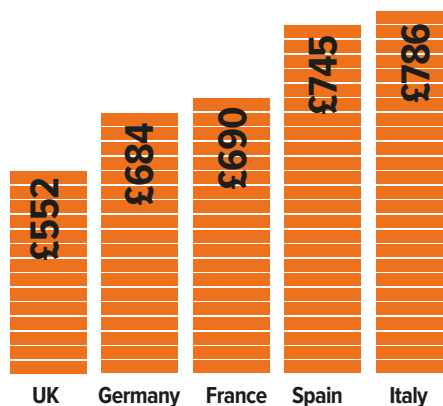
Fewer German people use mainstream supermarkets – discounters such as Aldi and Lidl have over 40% of the market there, compared with 3% here – but the monthly Tesco basket was around £11 less than at its closest German equivalent, Edeka. It was also much cheaper than France's market leader, Carrefour. But while Tesco was cheapest overall, we did find that it charged more than the others for cereal – Special K was almost £1 cheaper in France and 44p less in Germany.

When we checked Tesco prices against others in the UK for the basket, we found little difference – our groceries cost 98p less at Asda and 23p more at Sainsbury's.

Source: Supermarket online shopping websites: Tesco, Carrefour, Edeka, Carrefour and Esselunga. Monthly basket included Nivea deodorant, L'Oreal shampoo, Colgate toothpaste, Gillette razor blades, Nescafe coffee, Kellogg's Special K and others. Special offers and delivery not included. Prices collected 12 October 2009.



Cheapest for groceries per year



Discounters Aldi, Lidl, Netto and Iceland did best on price in our last shopping survey (Feb 2009, p36). The lack of choice and less pleasant shopping experience than at rivals didn't seem to deter Which? members, with Lidl getting an overall customer score of 69% and Aldi 70%. Only Marks & Spencer (71%) and Waitrose (84%) did better.



Cars and fuel

We may no longer be paying huge prices for new cars compared with other countries but the costs of fuel are high



Thanks to Which? campaigning against an industry that was said to have nicknamed the UK 'Treasure Island' for extortionate car prices, we're no longer the most expensive when it comes to the cost of buying one of the most popular models in Europe. For a five-door Ford Focus 1.6 costing £15,013 in the UK, this was £82 less than second-cheapest Germany in our research, although the difference will increase to £409 when VAT reverts to 17.5% on 1 January 2010.

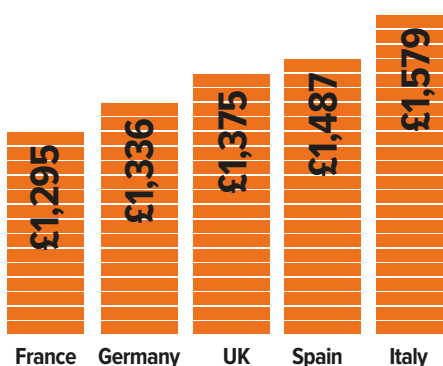
AA data shows that average fuel prices are steep though – at £1.06 a litre for unleaded, only Italians and Germans pay more (£1.22 and £1.15). And diesel is particularly pricey, at £1.07 compared with just 86p in Germany.

See right for annual petrol prices. Prices for diesel were: Germany £745, France £781, Spain £888, UK £933 and Italy £980.

Source: Manufacturer list price for five-door Ford Focus 1.6, European Commission car price report, June 2009. Fuel prices from AA fuel report, September 2009 – annual chart assumes 12,000 miles a year, at 42.4mpg (petrol) and 62.7mpg (diesel).



Cheapest for unleaded petrol per year

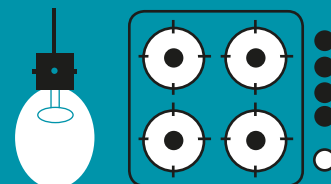


Fill up your car at supermarkets, which are around 2p cheaper per litre of petrol or diesel on average, and also have regular promotions – such as 5p off a litre when you spend £50 in store. You can find the cheapest prices for fuel in your area at www.petrolprices.com – we found a difference of 11p on a litre for a Nottingham postcode, for example.



Gas and electricity

While we're one of the cheapest for home energy supplies there are savings to be made, if you know how

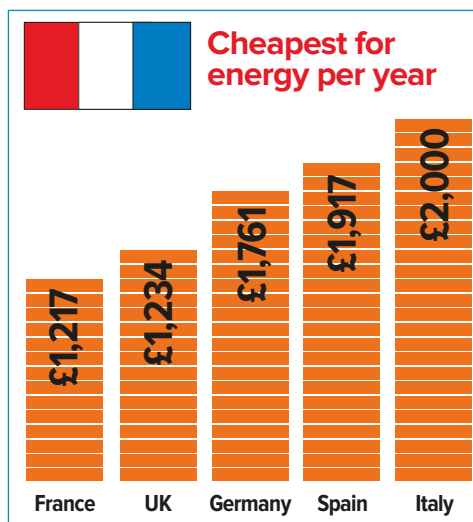


UK energy prices are lower than those in most countries we looked at but we're still paying far more than we used to. According to regulator Ofgem, average gas bills have risen by 120% since September 2008 and electricity has gone up by 48%.

We think that the energy industry must be more transparent on costs, particularly how wholesale prices affect what we pay – consumers need to know that they're paying fair prices for their gas and electricity supplies.

And, as our recent research shows, we're still getting shoddy service from most of the main energy suppliers in spite of rising prices. Our last survey found that customer satisfaction in the energy market is lower than in any other market (Oct 2009, p16) – and there were several poor ratings for value for money.

Source: DECC quarterly energy prices report, September 2009. Totals are for a 'medium' user consuming 3,300 kWh electricity and 20,500 kWh gas per year.



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Broadband and cinema

We're mid table for fixed-broadband costs but a night out at the cinema is pretty cheap in the UK



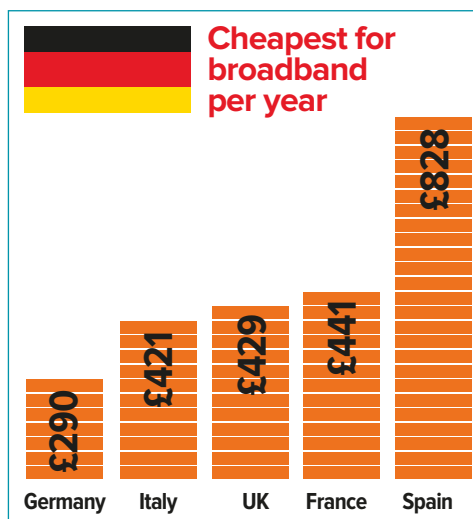
We looked at the price of an annual uncapped broadband tariff from the old telephone monopoly in each country.

Germany's T-Online was cheaper than BT by a long way, but its package offered speeds of up to only 2Mbps whereas, with BT, you'll get up to 20Mbps (in 40% of UK – elsewhere it's 8Mbps).

As all countries have a deregulated telecoms market, the ex-monopoly may not be the cheapest, meaning that savvy consumers in Spain don't pay the high charges set by Telefonica.

Film buffs will be pleased to know that, when we compared the price of a Saturday night at the movies in the centre of similarly sized cities, only German consumers pay less than us (their £6.40 versus our £6.50). Most expensive was Spain (£8).

Source: Company websites: Deutsche Telekom/T-Online, Telecom Italia/Alice, BT, France Telecom/Orange, Telefonica. Price includes 12 months line rental.



BT is by no means the cheapest internet service provider in the UK – Which? Best Buy O2 offers an uncapped 8 Mbps tariff for £282 a year (including line rental). Unless you watch a lot of online TV or video (like iPlayer or YouTube) you may find a capped tariff better value – with Plusnet you get 8 Mbps speed and a data limit of 10Gb a month for £207 a year.

