MAKING SENSE OF **THE COST OF LIVING CRISIS**

13th March 11 AM

SHOPPER UNPACKED

Shopper Intelligence
Understand. Influence. Lead.

Free content for you in 2024

Weekly

- Top 10s
- Category Snapshots

Monthly

- Department Focus

Quarterly

- Shopper Unpacked
- Quarterly Newsletter

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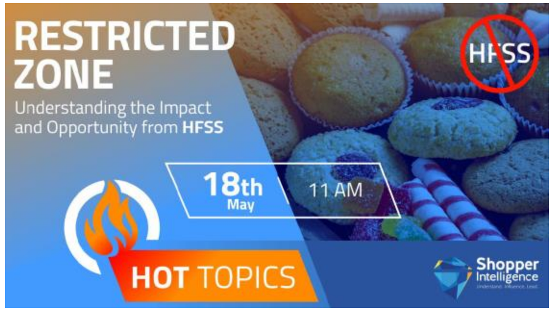

Who are we?

Shopper Intelligence

Chris - Managing Director

20 Years FMCG experience

KRAFT
Coca-Cola
MARS

Mike – Sales and Marketing Director

14 Years FMCG agency side experience

EUROMONITOR INTERNATIONAL
KANTAR CONSULTING

Martin,

Shopper and Category Development Director

25 Years FMCG experience

Warburtons
Samworth Brothers QUALITY FOODS
Carlsberg Group
ABInBev
BULMERS


MAKING SENSE OF
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What we'll cover

- Price!
- Shopper COL strategies
- Impacts we're seeing so far
- Mitigation and opportunities

With the budget just announced, things may improve..?

BBC

NEWS

What does the Budget mean for you and your money?

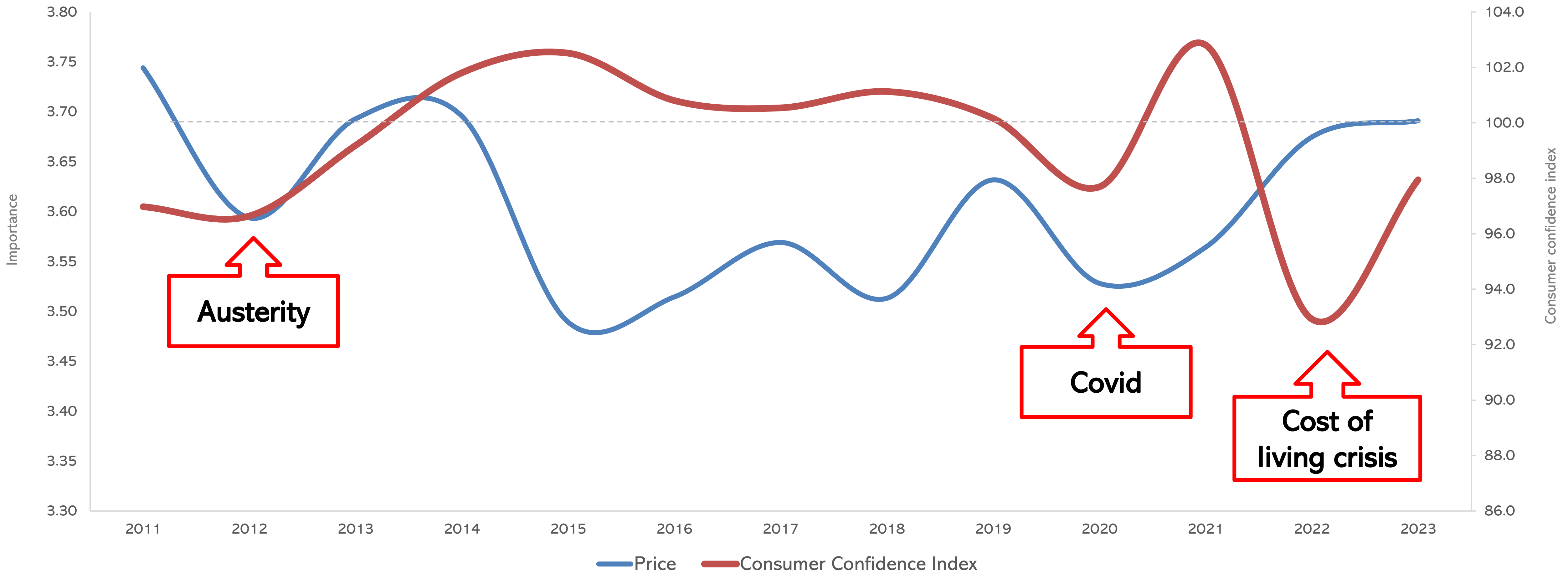
2 days ago

Budget 2024

- National Insurance cut
- Child Benefit changes
- Household Support Fund extended
- Freeze on Fuel duty
- Freeze on Alcohol duty

First, a look at Price

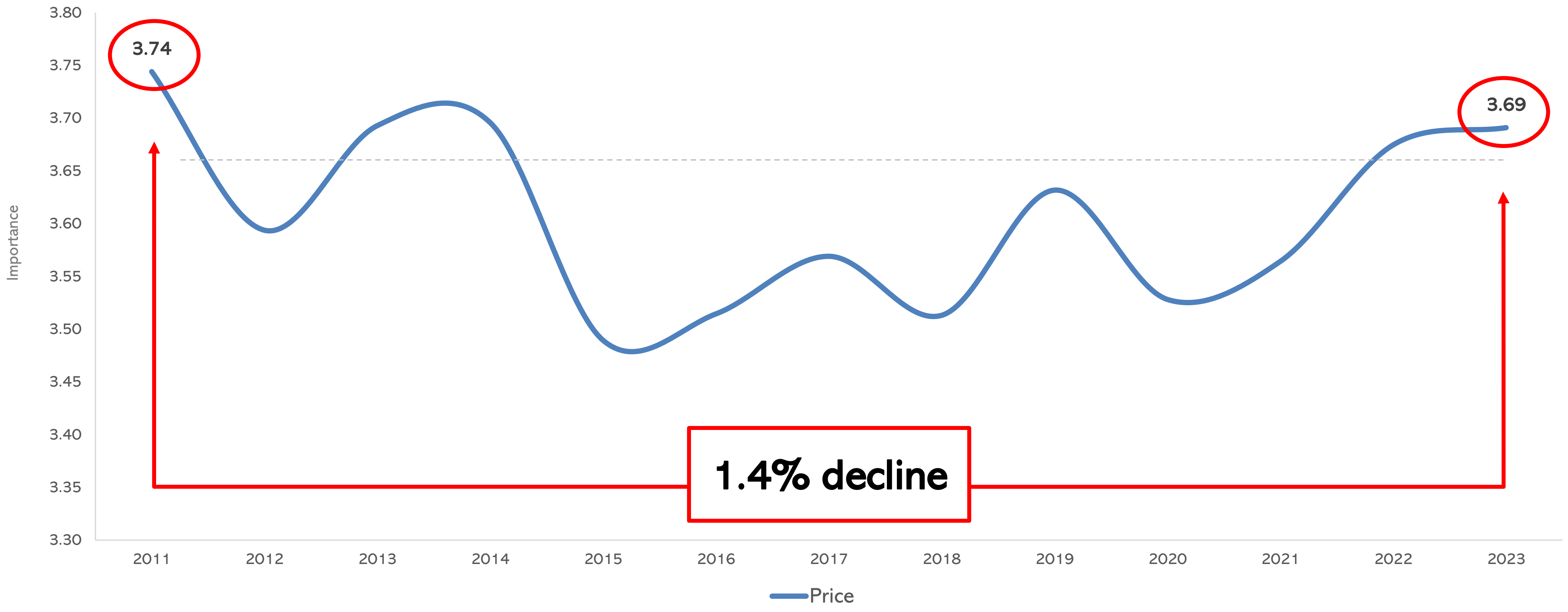
Shopper concern over Price has a strong correlation with Consumer Confidence..



Source data:
ONS (Sept 2023)
Shopper Intelligence - Importance (mean, 1-5, 5 = most important), 'Great Prices', all categories, 2011-2023; n=1.02m

But, despite recent increases, Price is slightly less important that it once was

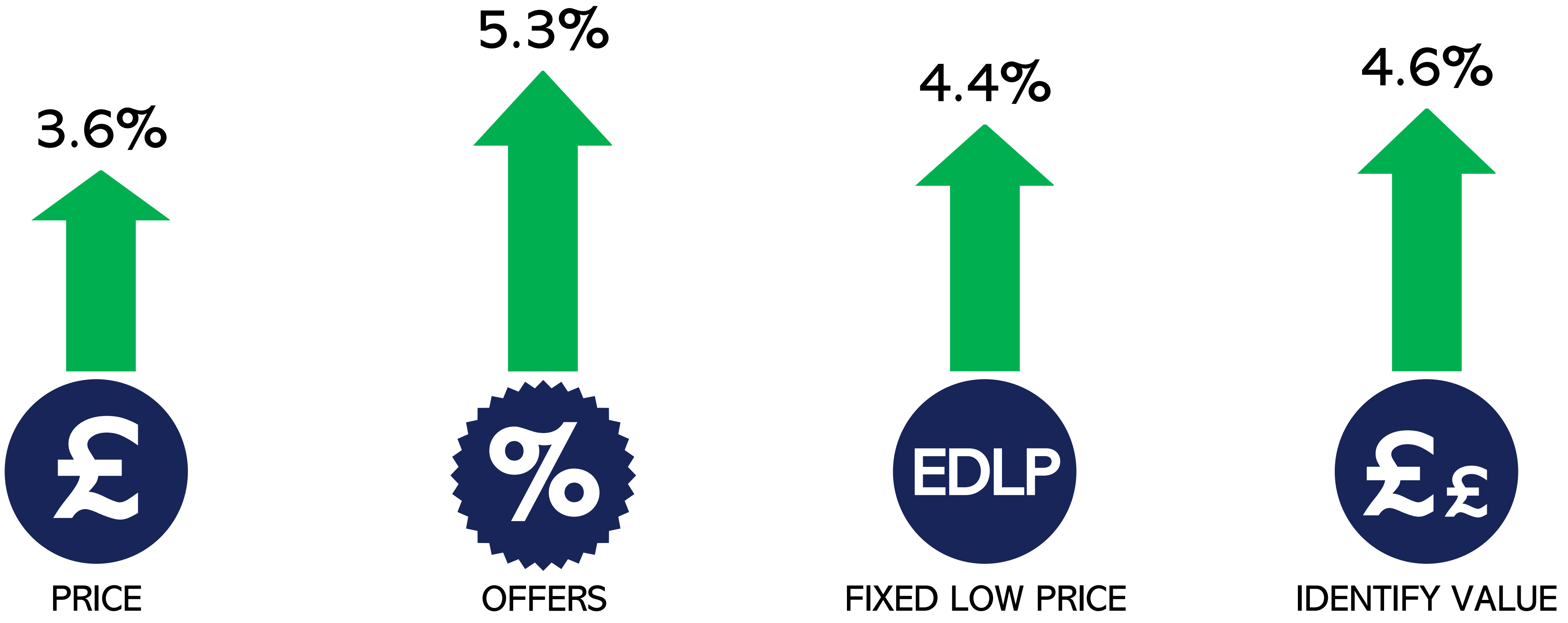
Shopper Intelligence



Source data:
Shopper Intelligence - Importance (mean, 1-5, 5 = most important), 'Great Prices', all categories, 2011-2023; n=1.02m

That's not to say we should take our eye off Price; since 2021 we have seen increased focus on Price metrics from shoppers

Change in importance 21 vs. 23



Shopper Intelligence, Grocery supermarkets; n=217,997

Shopper strategies for the cost of living

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As we've seen in the past, shoppers will typically adopt two main strategies when faced with pressure on household budgets

Buy Less

and/or

Pay Less

Buying less could take the form of several tactics

Buy Less

- Reduce frequency of purchase
- Make smaller shops (reduce basket spend)
- Cut back on out of home consumption or even skip meals

Similarly paying less can mean many things

- Switch retailers (e.g. move to Discounters)
- Buy different brands/products (PL etc.)
- Buy more on promo

Pay Less

'Pay less' is the more typical action shoppers are taking:

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Buy Less

"I buy less often"

11%

Pay Less

"I buy more special offers"

27%

"I buy cheaper alternatives"

15%

"I buy bigger 'bulk' packs"

12%

Q. Which of the following actions have you taken in the past year to help you save money?

Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=62,847

In the past we've talked about three shopper groups and the impact of a cost-of-living crisis, our recent data supports this theory

Shopper Intelligence

33%	33%	33%
Heavily affected	Less affected but active	Unaffected

Buy Less + Pay Less

[11% + 27% + 15% + 12% = 64%]

34%

Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=62,847

What’s changing already?

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Satisfaction certainly dropped when the crisis kicked, but it's already improving again:

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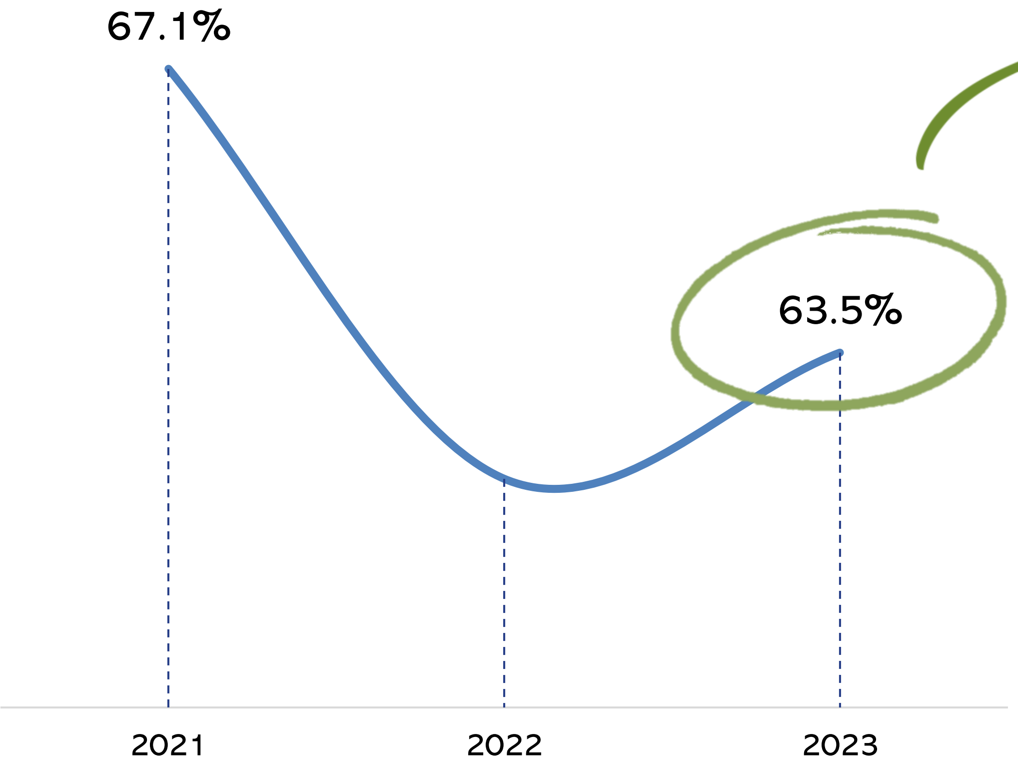
Overall Satisfaction

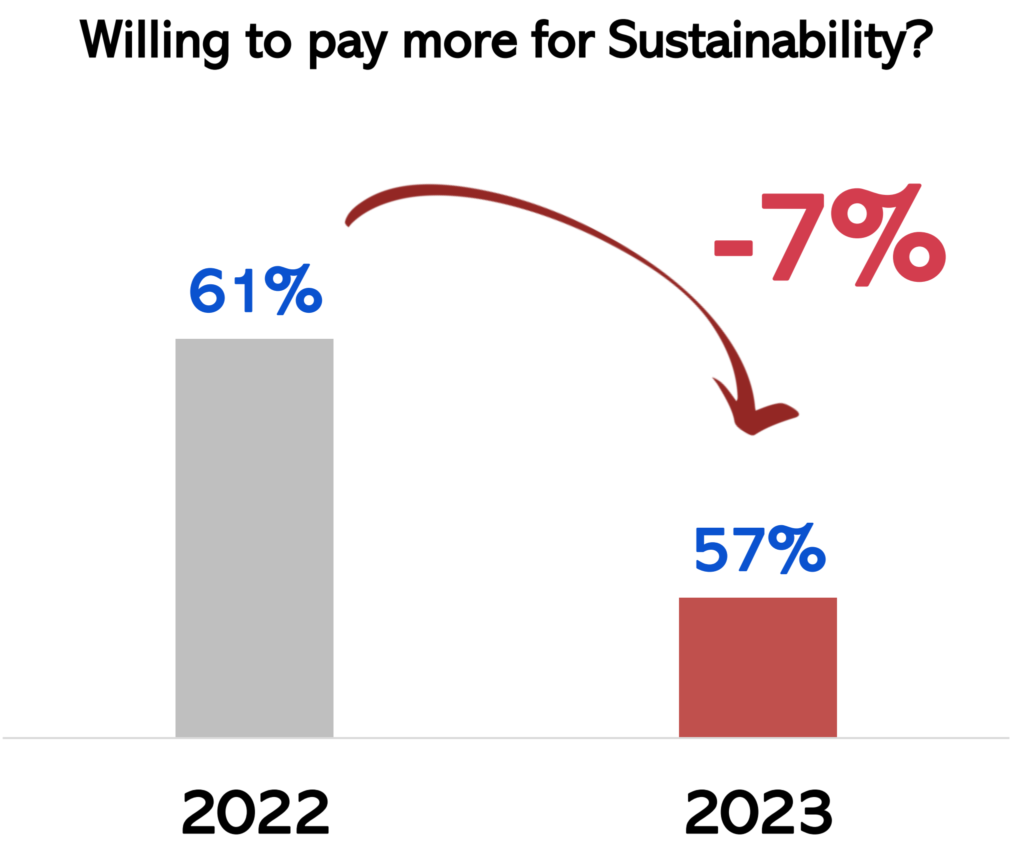


+2.5% Product

+2.4% Execution

Shopper Intelligence, Grocery supermarkets 2023, Overall Satisfaction metric; n=62,847

When household income is under pressure, some areas suffer first, e.g. sustainability



Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=62,847

We see this impact most in Bacon!

1	-22.9%	BACON
2	-19.3%	FROZEN VEGETARIAN FOOD
3	-17.2%	WORLD FOODS & SAUCES
4	-17.0%	CIDER
5	-14.4%	CHILLED PASTA AND SAUCES
6	-14.3%	MELONS
7	-13.1%	MAGAZINES
8	-13.0%	EGGS
9	-12.8%	DELI CHEESE
10	-12.7%	PRE-PACKED FISH

10 biggest YOY changes at category level

Willing to pay more for Sustainability?

We're also less loyal as we shop around for savings..

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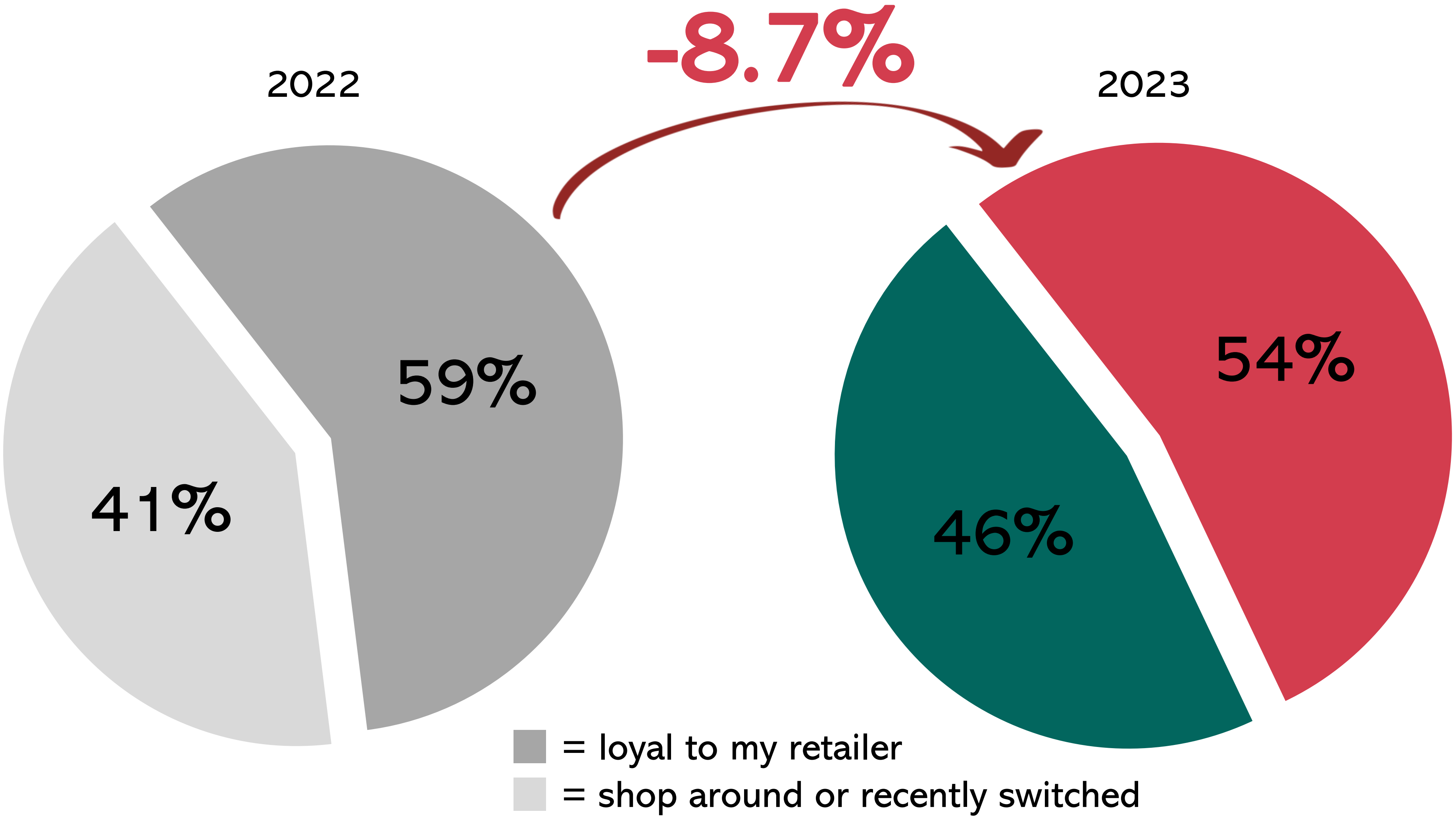

Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=62,847

Shoppers are increasingly moving to Private Label for cheaper options

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Shopper Intelligence, Grocery supermarkets 2023, net agreement with statement; n=62,847

Of course, promotions are also an early shopper tactic to help reduce overall basket spend or increase value

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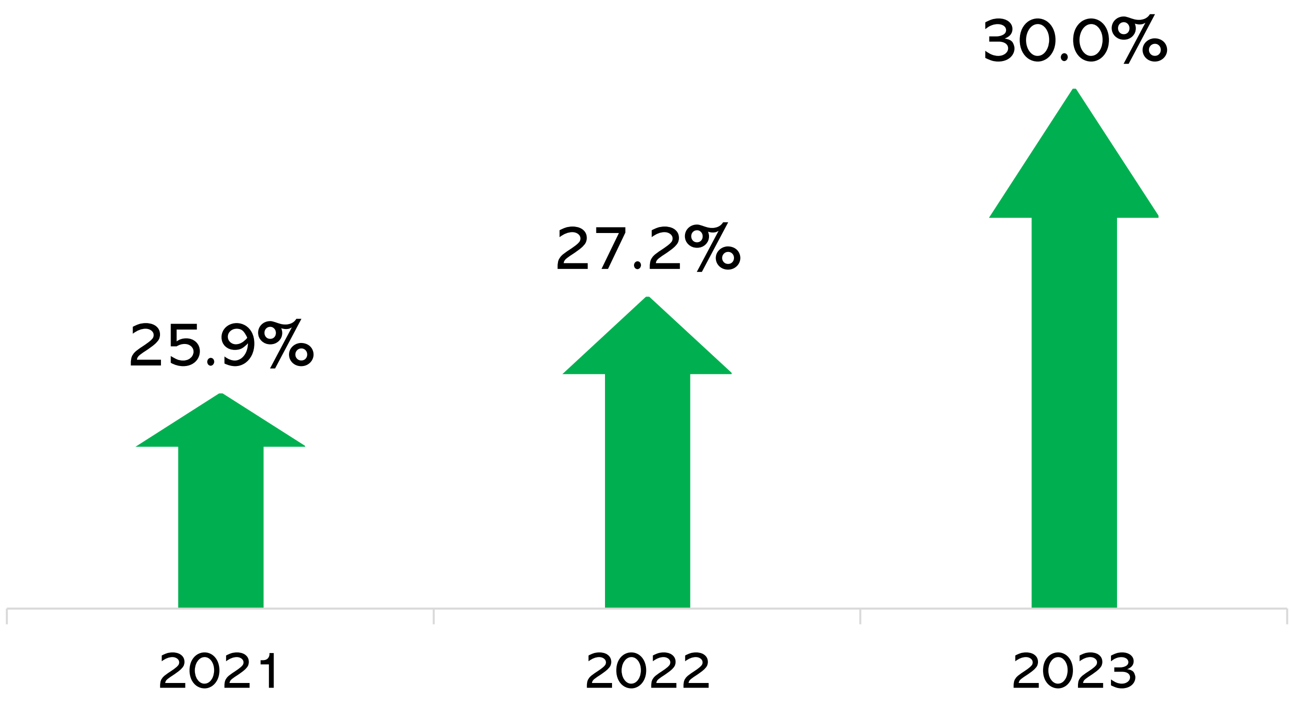
Bought on Promotion?



Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=217,997

Alcohol figures heavily in the Top 10 categories, reaping the benefit of HFSS display space, or just softening the blow..?!

Bought on Promotion?

Toys	47.3%
World & Speciality Lager	**46.0%**
Laundry Additives & Sanitisers	43.2%
Cookware and Dining	42.8%
Champagne	**42.6%**
Nicotine gum/patches	42.2%
Clear Skin Creams & Treatments	41.9%
Spirits	**41.8%**
Standard Lager	**41.5%**
Coffee Pods/Discs	40.9%

Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=62,847

Mitigation and opportunities

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At a category level, the cost-of-living crisis requires a strong understanding of shoppers, their behaviour and their attitudes

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01

Discretionary vs. Core

Will an increased cost of living lead to decreased demand?

02

Price elasticity

What does price satisfaction look like and will a change impact?

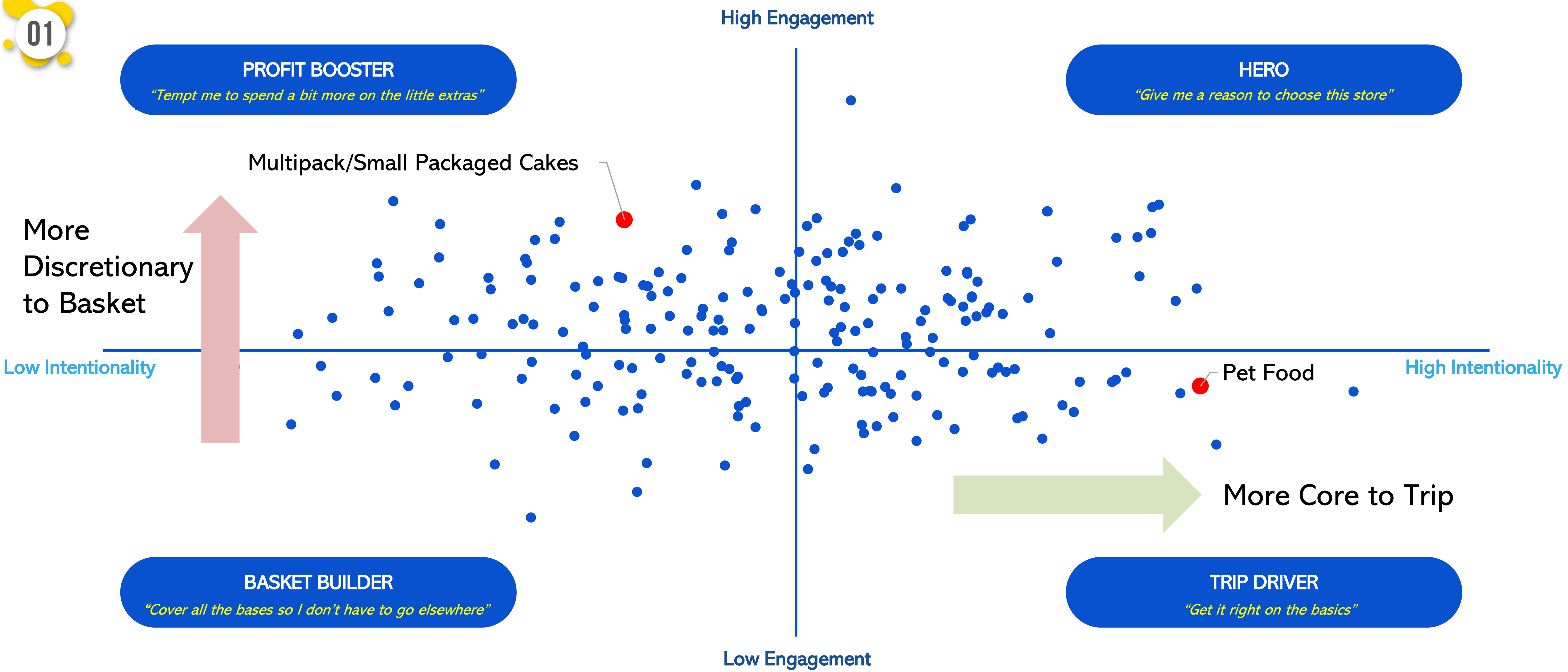
03

Role of Private Label

Are lower price alternatives acceptable to shoppers?

A firm understanding of category role can help us to define a discretionary category versus something more core..

01



Shopper Intelligence, Grocery supermarkets 2023,Category role; n=62,847

Moving to Price, an analysis of satisfaction versus importance will give a sense of whether there is room to manoeuvre

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02

1) How **important** is price in my category?

2) How **satisfied** are shoppers with price in my category?

Bakery Snacking has more flexibility compared with categories like Colas and Free From, for example

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02

TOP 5

PRICE LESS IMPORTANT
PRICE SATISFACTION HIGH

- Lettuce
- Garlic & Chillies
- Fruited Bakery Snacks
- Salads
- Continental Bakery Products

TOP 5

PRICE MORE IMPORTANT
PRICE SATISFACTION LOW

- Frozen Fish & Seafood
- Plant Based Food
- Sports Nutrition
- Colas
- Free From

Shoppers will often consider Private Label, however its role is different across the categories

03

"I'm usually willing to consider own label products"

Shopper Intelligence, Grocery supermarkets 2023, % shoppers; n=62,847

And finally, seek out the opportunities, there can be many!

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EXCITE

Shopper Marketing

Theatre in store

PROMOS

Importance of Promos

Promo Incrementality

PRODUCT CUE

Sustainability

Healthy Choices

ADDED VALUE

Innovation

Premium

Wrap up

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In summary…

- Price importance correlates with consumer confidence
- Understand the strategies shoppers adopt to cope
- To maximise growth, its not just about mitigation, aim to find growth opportunities in the right areas for your category

Q&A

Shopper Intelligence

Learn more about your category shoppers

- Shopper Intelligence Programme now tracking all year round!

- 214 categories
- Grocery
- Discounters
- Online
- ~70,000 Shoppers

Get in touch:

mike.ralls@shopperintelligence.com

Next on Shopper Unpacked

- Wednesday 29th May 2024
- Mults / Discounters / Online
- A look at how shopper needs differ across the different channels

Tell us what would you'd like to see us to cover!

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