Shopper Intelligence

The Monthly Focus: Halloween

Finding the value-premium balance
October 2024

Category Challenges in Context

As Halloween arrives, retailers and suppliers are in the midst of one of the biggest seasonal sales opportunities of the year, topped only by Christmas and Easter. Last year saw a remarkable 12.2% growth in Halloween-related spending, bringing total sales up to £549 million, according to data from Kantar recently reported in The Grocer. While inflation was a key driver of this increase, there was only a slight 0.5% dip in volume—an impressive testament to Halloween's resilience even amid challenging economic conditions.

This year, Halloween coincides with Diwali, which is of course followed closely by Bonfire Night, presenting a convergence of celebration and entertainment occasions that could further boost demand across a range of categories.

In this month's Halloween Special Monthly Focus, we'll explore the shopper opportunities for suppliers and retailers and consider how they can 'reaper' the benefits.

Consumer confidence showed signs of improvement throughout the first part of the year, surpassing 100 in July, a clear indication the cost-of-living crisis is beginning to ease. However, during the past two month's confidence has taken a notable dip; a sign of lingering nervousness (see Figure 1).

The obvious strategy for retailers here is to consider how they can find the balance between driving volume sales with accessible price points, while driving spend with premium offerings aimed at elevating the celebration occasion.

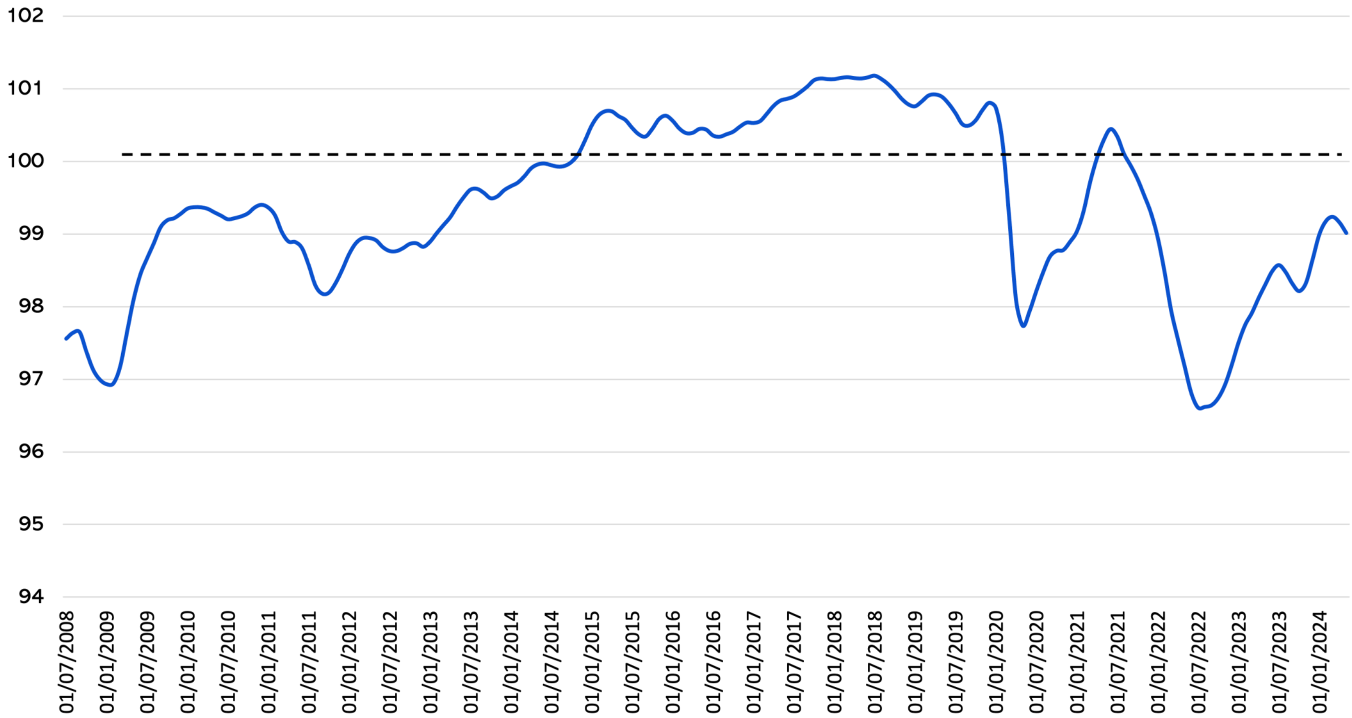

Figure 1: Consumer Confidence Index, Source: ONS

When considering the impacts of the cost-of-living crisis it's easy to conclude that a low-price strategy will be the most effective. However, if we look at the trend in the overall importance shoppers are placing on price versus other product attributes such as authenticity, health, innovation and sustainability we see encouraging movements year-on-year. There is a clear, narrowing gap in importance across these attributes (see Figure 2), perhaps suggesting there are emerging opportunities beyond price, for those who can position themselves well.

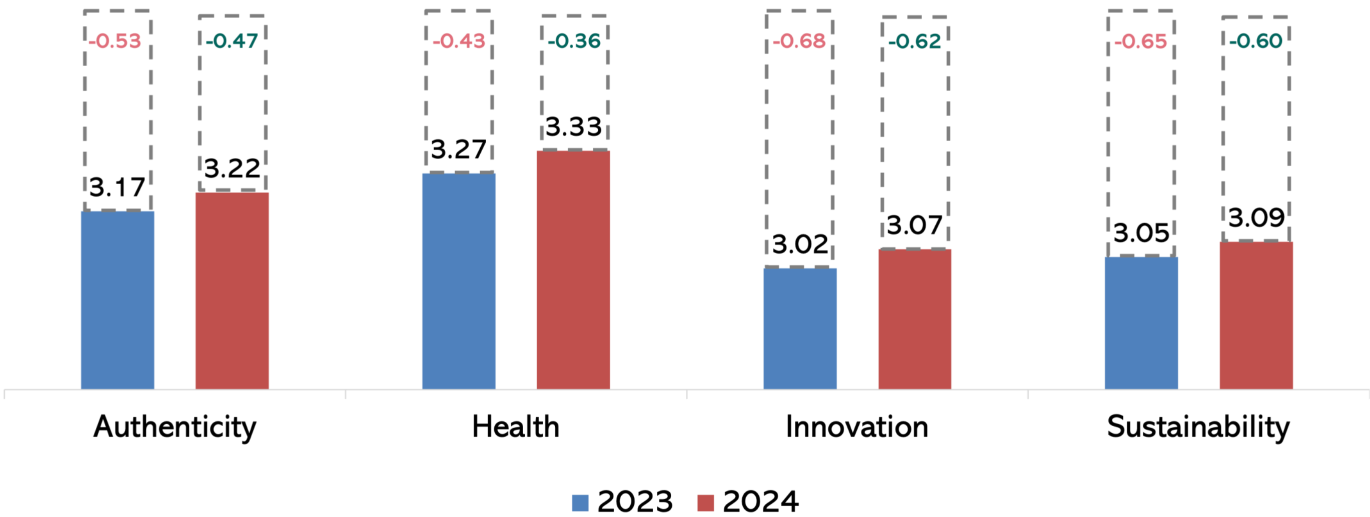

Figure 2: Shopper priorities (1 to 5, 5=most important), gap to Price score

Price of course remains the most important aspect to shoppers and will remain an important part of strategy. However, one thing to note is that when we consider trends in shopper behaviour and specifically around actions taken to mitigate the cost-of-living crisis, we see that shoppers are increasingly moving to bigger pack sizes to save money, in favour of buying fewer or cheaper product options (see Figure 3).

With the converging celebration occasions mentioned before, this could present an opportunity for suppliers and retailers to offer bigger pack sizes that communicate value, in favour of the traditional 'shrinkflation' approach.

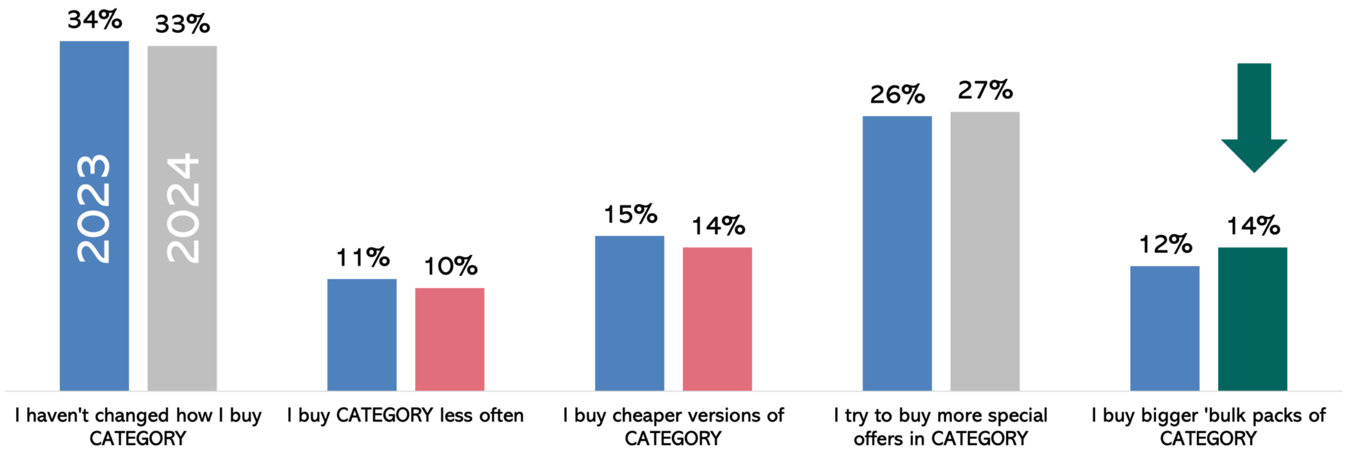

Figure 3: Shopper action to mitigate cost-of-living crisis, 5 shoppers

As retailers begin to consider the Halloween opportunity and specifically think about how they can capture spend for such 'party occasions', the first thing they may wish to look at is which categories are most consumed for the 'entertainment occasion'. Figure 4 shows the top 20 categories in the store that are bought for entertainment occasions.

% of purchases bought for 'entertaining'

	All Categories	7.7%			
1	Chilled Party Foods	35.9%	11	Luxury Ice Cream	15.9%
2	Celebration Cakes	29.2%	12	Snacking Nuts	15.8%
3	Mixers	28.7%	13	Chilled Dips	15.6%
4	Christmas Chocolate	28.5%	14	Standard Packaged Cakes	14.7%
5	Boxed Chocolate & Twistwraps	25.5%	15	Kids Confectionery Chocolate	13.9%
6	Chocolate Bags	23.5%	16	Pate	13.9%
7	Baking & Ingredients	19.9%	17	Colas	13.6%
8	Bitsize/Mini-bite Cake Tubs	19.1%	18	Crisps & Snacks	13.4%
9	Non-Cola Fizzy Drinks	18.8%	19	Longlife Desserts/Custards	12.9%
10	Frozen Desserts	16.9%	20	BBQ. Hot & Chili Sauces	12.7%

Figure 4: Top 20 Categories bought for 'entertaining' occasions, % shoppers

It's no surprise to see confectionery categories appearing a number of times in this list and it's of course a key category when it comes to Halloween. As a highly impulsive category, visibility and ease of shop are key to encourage shoppers to purchase and thus drive overall basket spend (see Figure 5).

Since the implementation of HFSS the confectionery category has faced into some difficult challenges around this, and shoppers have had to learn over time to seek offers in the main aisle. This Halloween, retailers will need to work harder than before to draw shopper attention toward their Halloween confectionery offers and ensure value identification is made easy at the shelf. The seasonal aisle can be a good route to this and will provide a destination for shoppers which will be effective as long as it is it made visible.

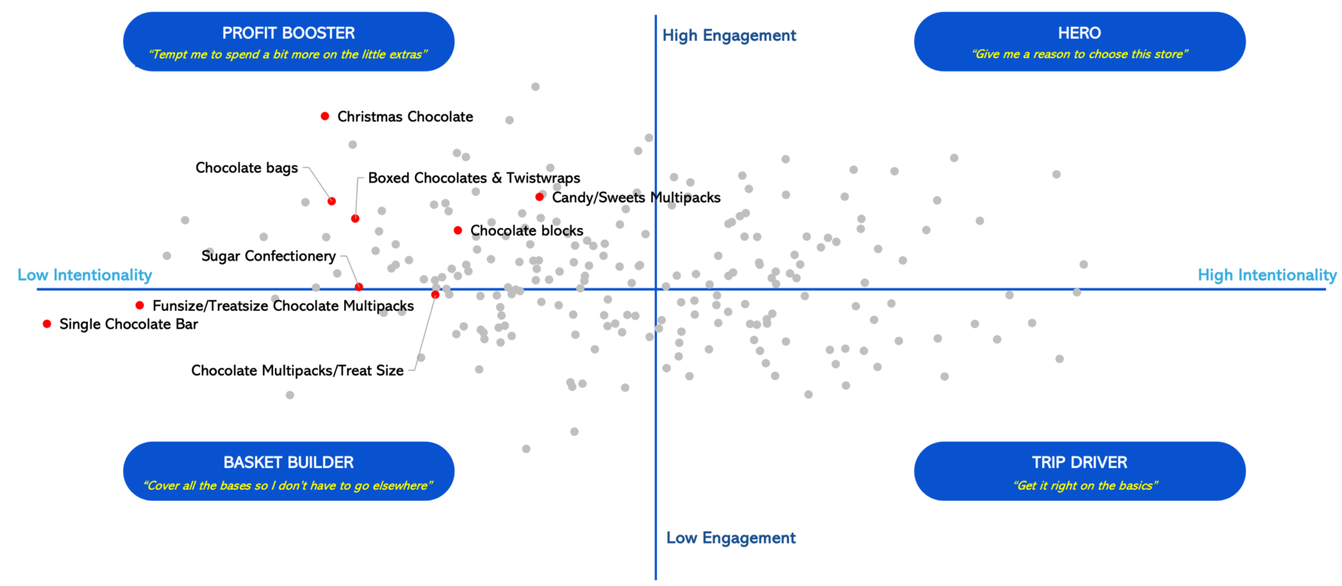

Figure 5: Shopper Intelligence category role model, Halloween confectionery categories / segments

Whilst shoppers will clearly be seeking offers and good value it is important for retailers and brands to also consider how to balance this with a route to more premium offers. Figure 6 shows a selection of categories we can explore for such opportunities, many of which are amongst those seen in the list in figure 4. Additionally, some of these categories may even benefit from the use of gondola end space previously allocated to highly impulsive HFSS categories. The categories in Figure 6 show shopper willingness to pay more for premium options, clearly demonstrating that there will be opportunities to drive shopper spend during Halloween and the approaching celebration season.

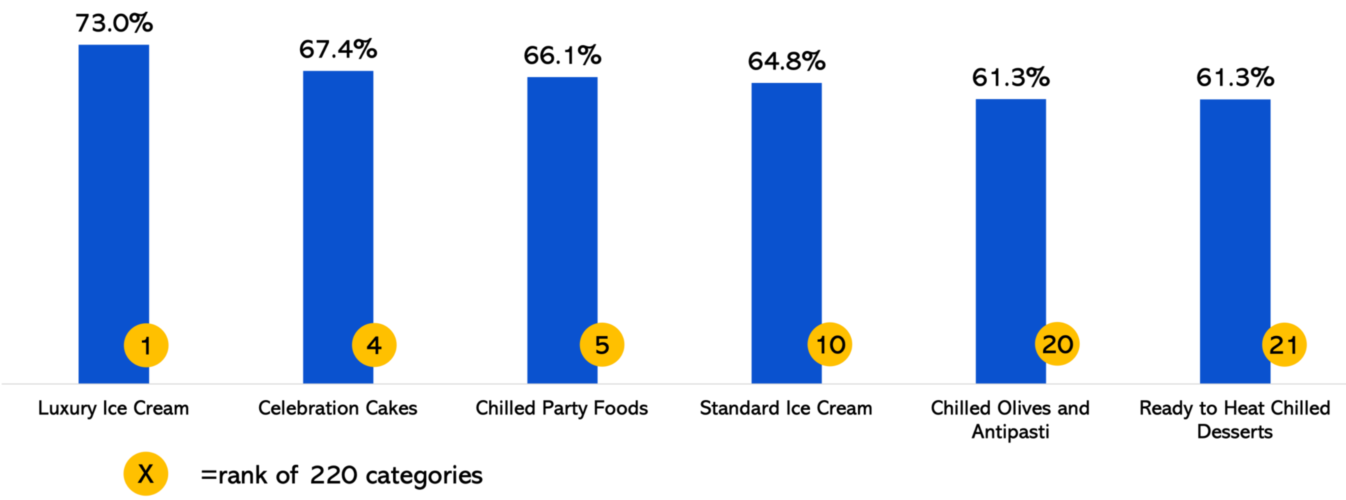

Figure 6: Shopper willingness to pay more for premium/better quality, % agreement with statement

As with the value discussion mentioned earlier, the focus here will be on finding the right categories (such as those above) and executing them effectively in store to maximise the opportunity. The winners will be those who get this right!