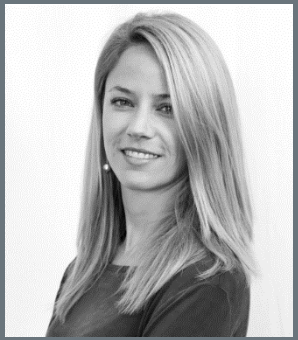
Behavior Change Webinar Fall ‘23

Steering clarity of choice
What makes shoppers (s)tick?

30-11-’23
CPS GfK

Today's presenters

Hanna Kehl
Insights Director



Lenneke Schils
Global Insights Director

#BehaviorChange Webinar Fall ‘23 Edition

Sources

Behavior Change Reports

Online ad hoc study – Oct/Nov 2023

First wave: March/April 2022
Second wave: Oct/Nov 2022
Third wave: March/April 2023
Fourth wave: Oct/Nov 2023 n=13,409

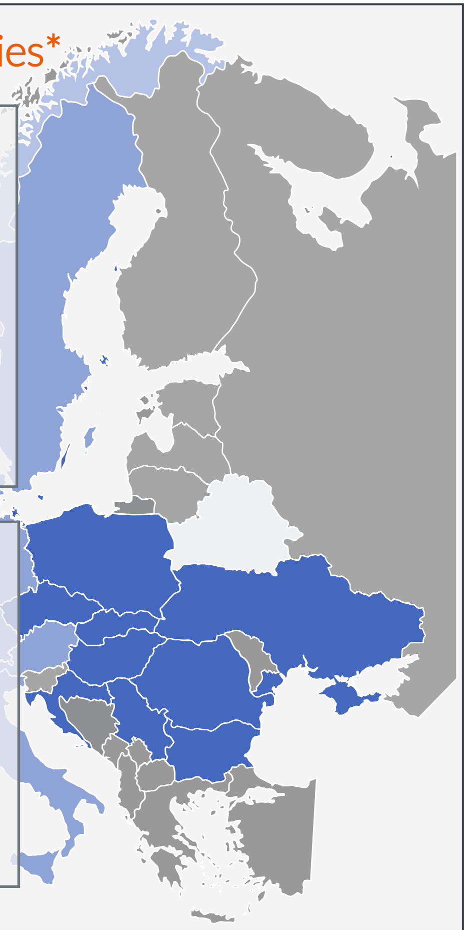
And also:

Consumer Panel & Harmonized Statements
Registered FMCG purchases and single source lifestyle insights
16 countries, continuous measurement

Who Cares Who Does report
5th edition sustainability report
26 countries

BG20
Biggest FMCG database worldwide
33 countries

Behavior Change Coverage: 21 countries*

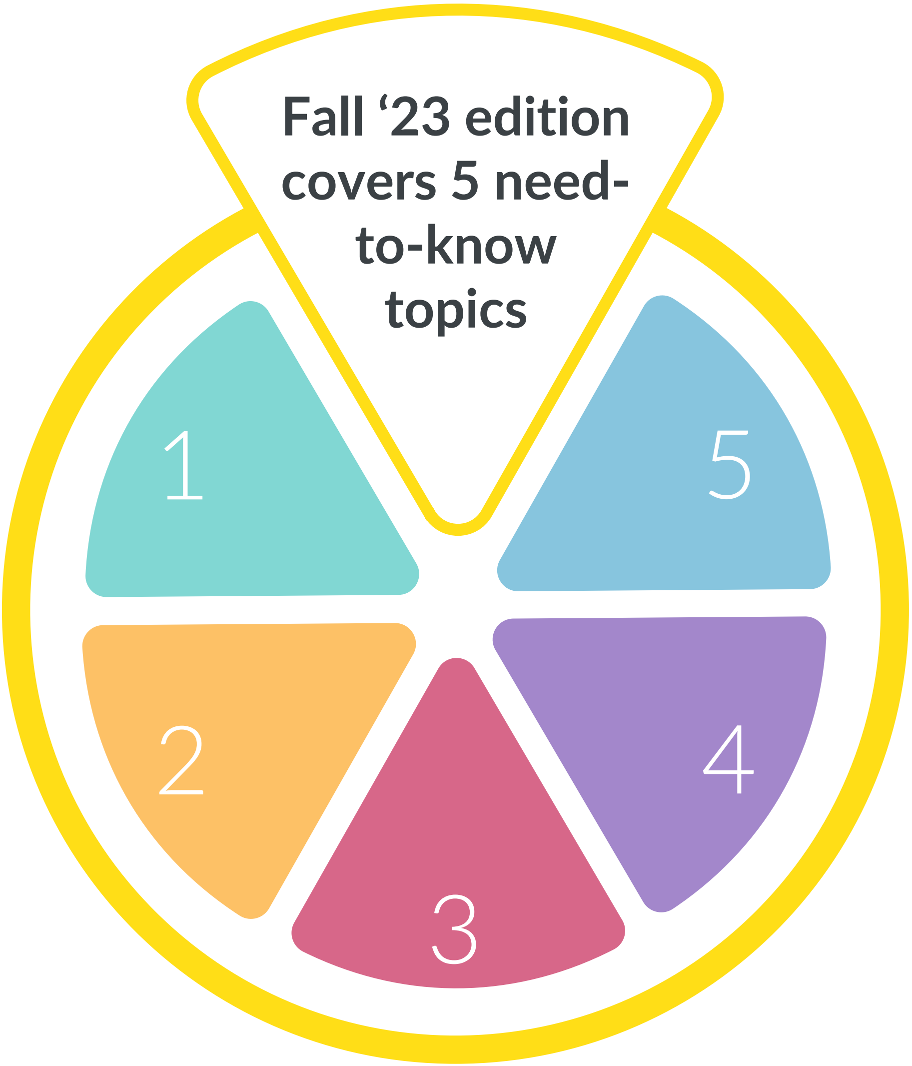


WSE

Austria	Netherlands
Belgium	Norway* **(*new*)**
Denmark	Spain
France	Sweden
Germany	Switzerland* **(*new*)**
Italy	United Kingdom

CEE

Bulgaria	Romania
Croatia	Serbia
Czech Republic	Slovakia
Hungary	Ukraine*
Poland	



How the permacrisis is affecting shopper state of mind and mindset

Cost-of-living effects on FMCG and category purchasing strategies

Shoppers' take on brand versus PL differentiation and buying preferences

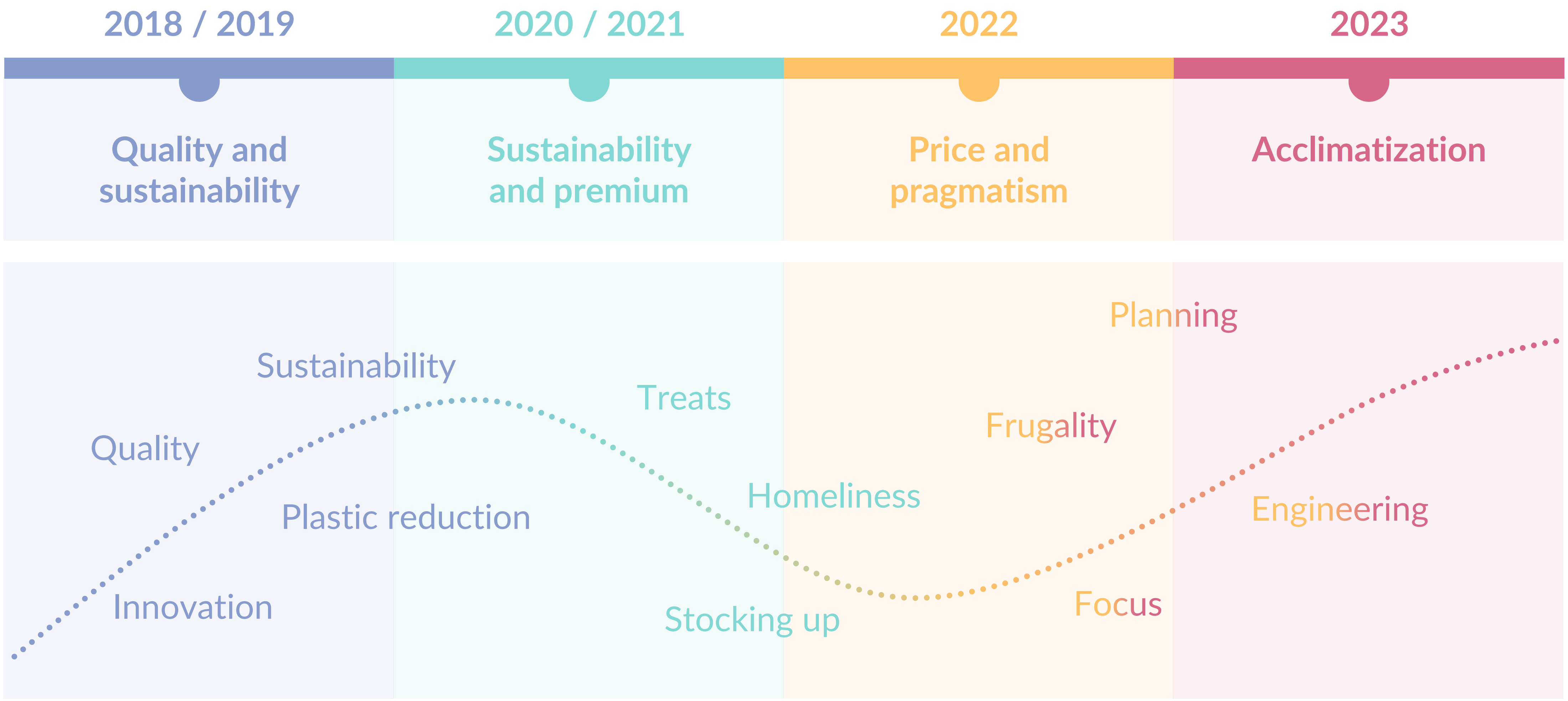
Lifestyle changes and choices and brand / retailer right to play

Shoppers' (shifting) preferences regarding retailer choice

SHOPPER STATE OF MIND

Pragmatism will stick, but tipping point reached

Shoppers take and learn something from every crisis



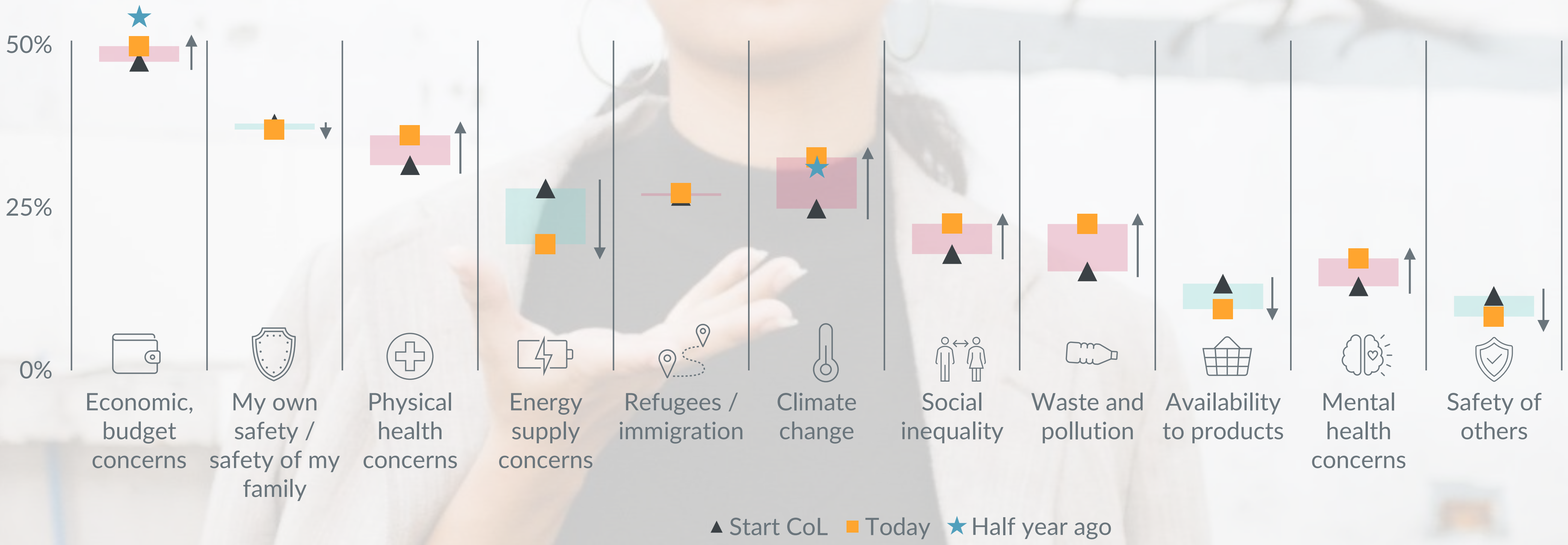
1
2
3
4
5
How the permacrisis is affecting shopper state of mind and mindset

GfK CPS | YouGov

If life gives you lemons...

Key concerns | Today versus start of cost-of-living crisis (CoL)

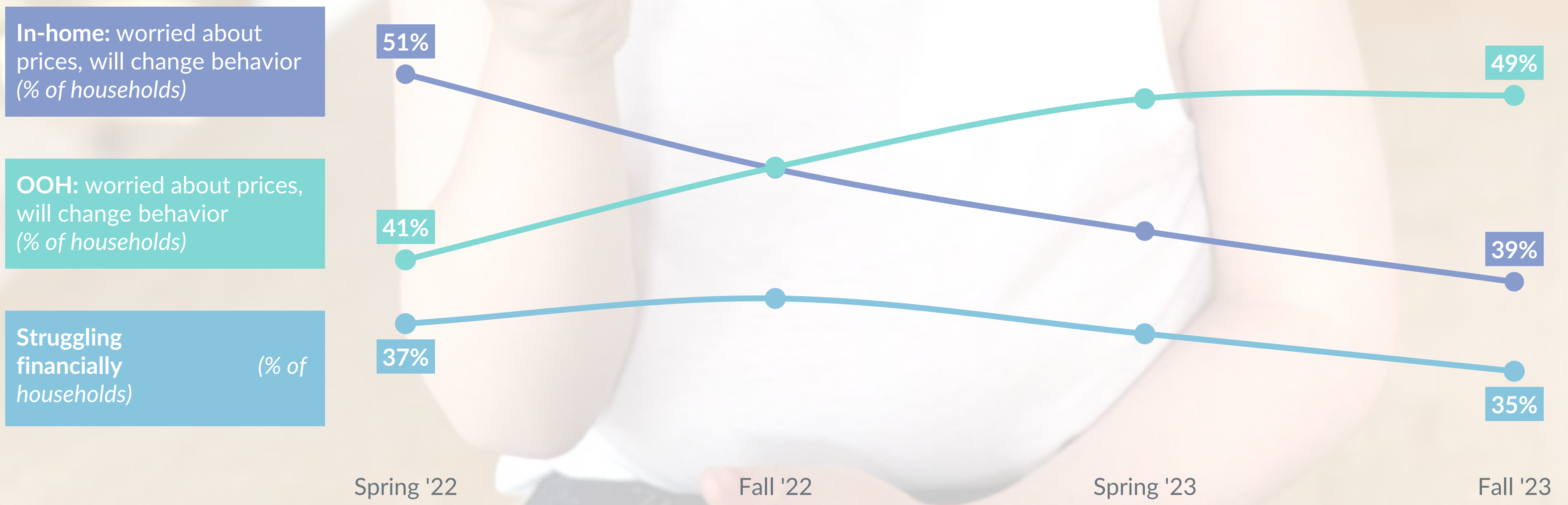
Worsened
Improved



EU-15, 3 waves, spring '22, spring '23, fall '23 total n= 30239

...it can be a bitter pill

Yet tides are turning to a clear tipping point



EU-15, 4 waves, total of waves n=40073

All in all, less shoppers feel the squeeze

But some countries continue to struggle

Most % struggling households

Top 3 countries

- Spain
- Hungary
- Serbia

Most % comfortable households

Top 3 countries

- The Netherlands
- Denmark
- Germany

Only four countries with more households struggling than half a year ago

- UK
- Spain
- Italy
- Denmark

Only two countries with more households struggling than start of cost-of living **crisis**

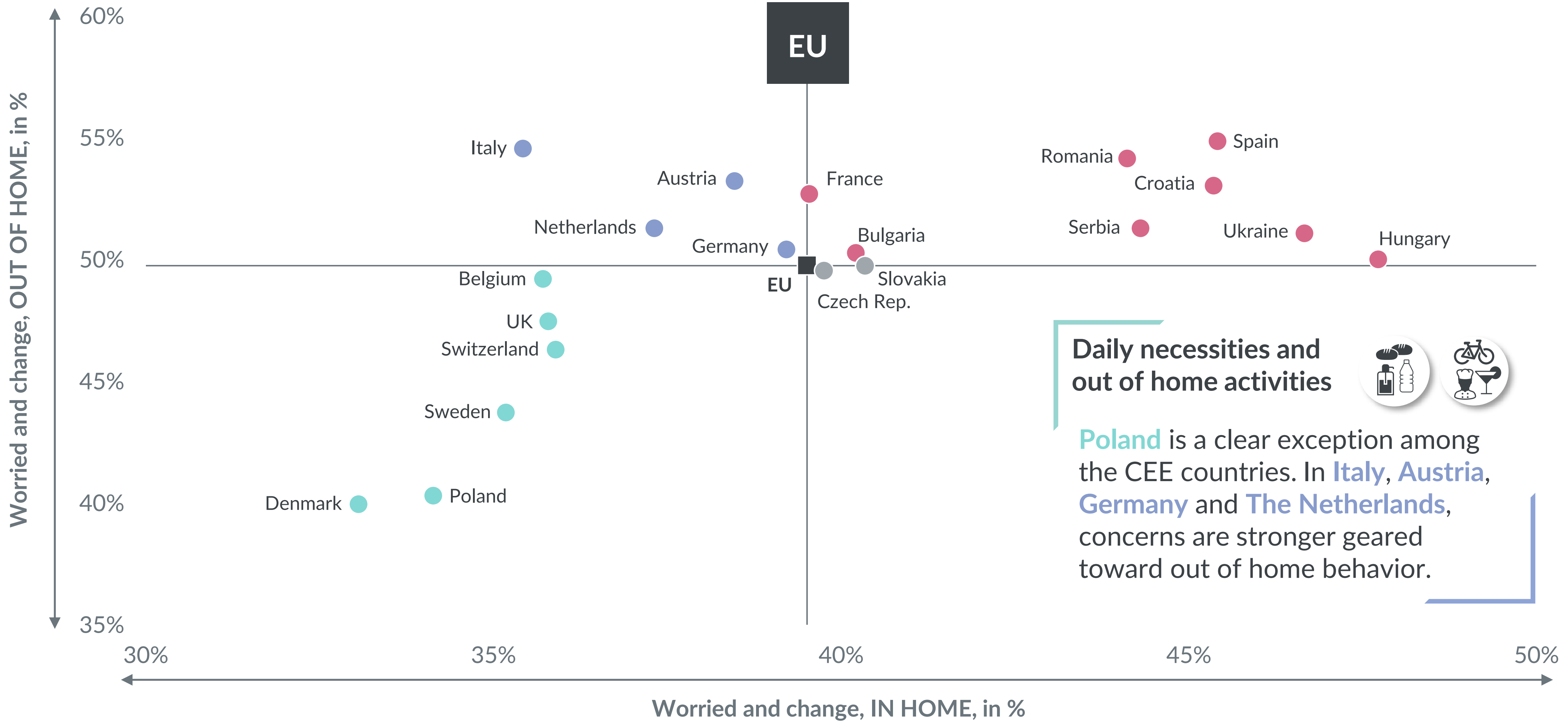
- Denmark
- Austria

1
2
3
4
5

How the permacrisis is affecting shopper state of mind and mindset

Clear division between CEE and WSE in level of worry

Further expected behavior change stronger in CEE countries and Spain



Daily necessities and out of home activities

Poland is a clear exception among the CEE countries. In Italy, Austria, Germany and The Netherlands, concerns are stronger geared toward out of home behavior.

1
2
3
4
5

How the permacrisis is affecting shopper state of mind and mindset

In %, EU-18 fall 2023 n=13409

SO ?

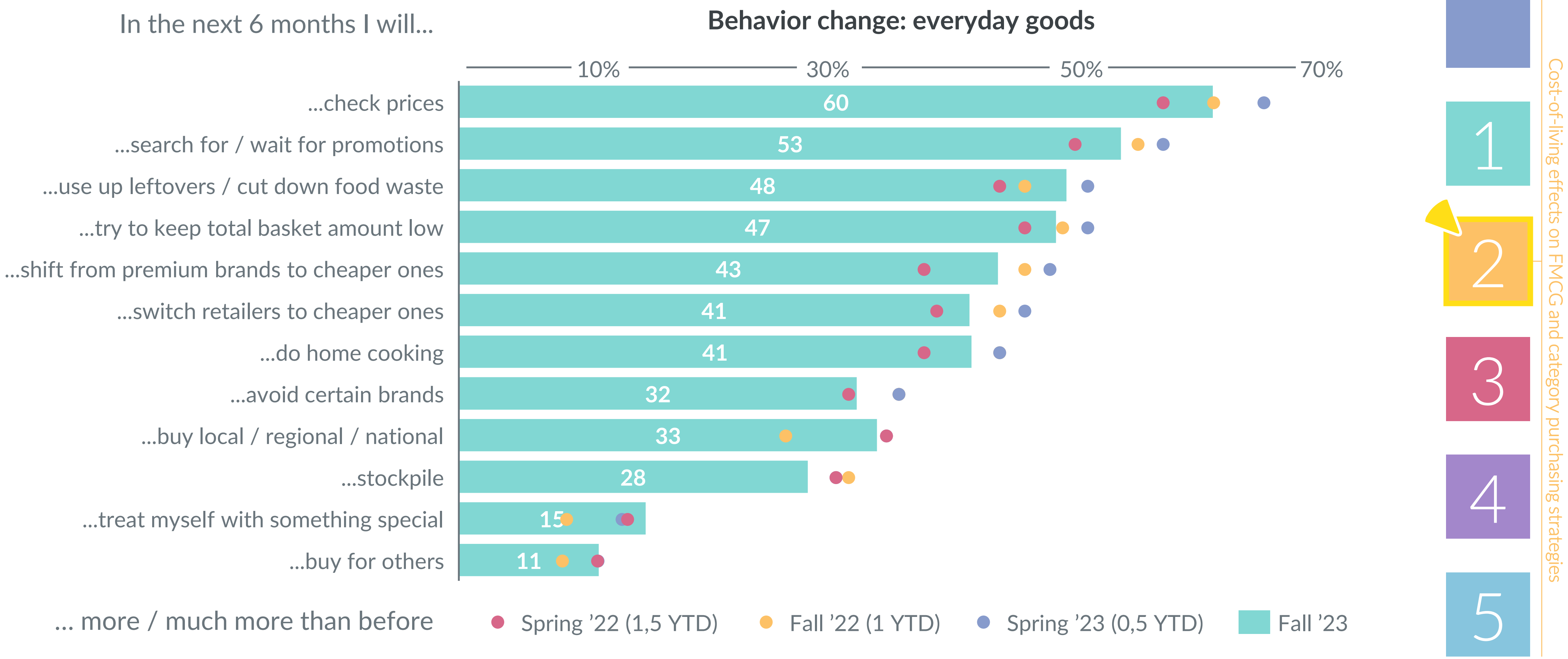
CAUTIOUS OPTIMISM

BEHAVIOR CHANGE

General coping strategies: a first relaxation

All decline, and as a result 'treating oneself' picks up

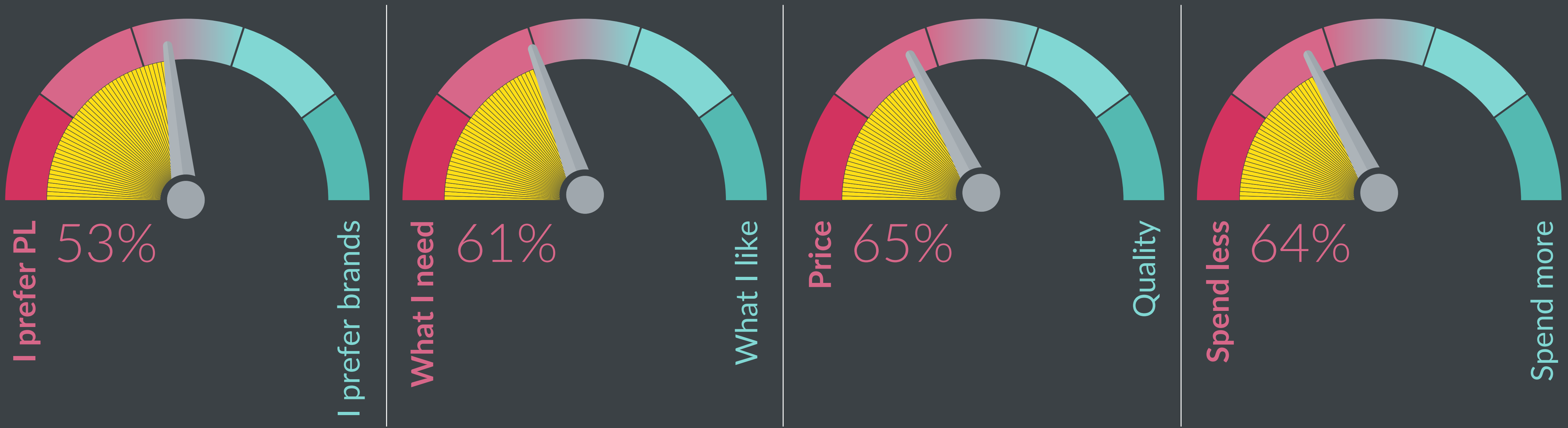
EU



Shoppers preferences still on the rational side

More room for “non-essentials”, not at any price

Shopper preference

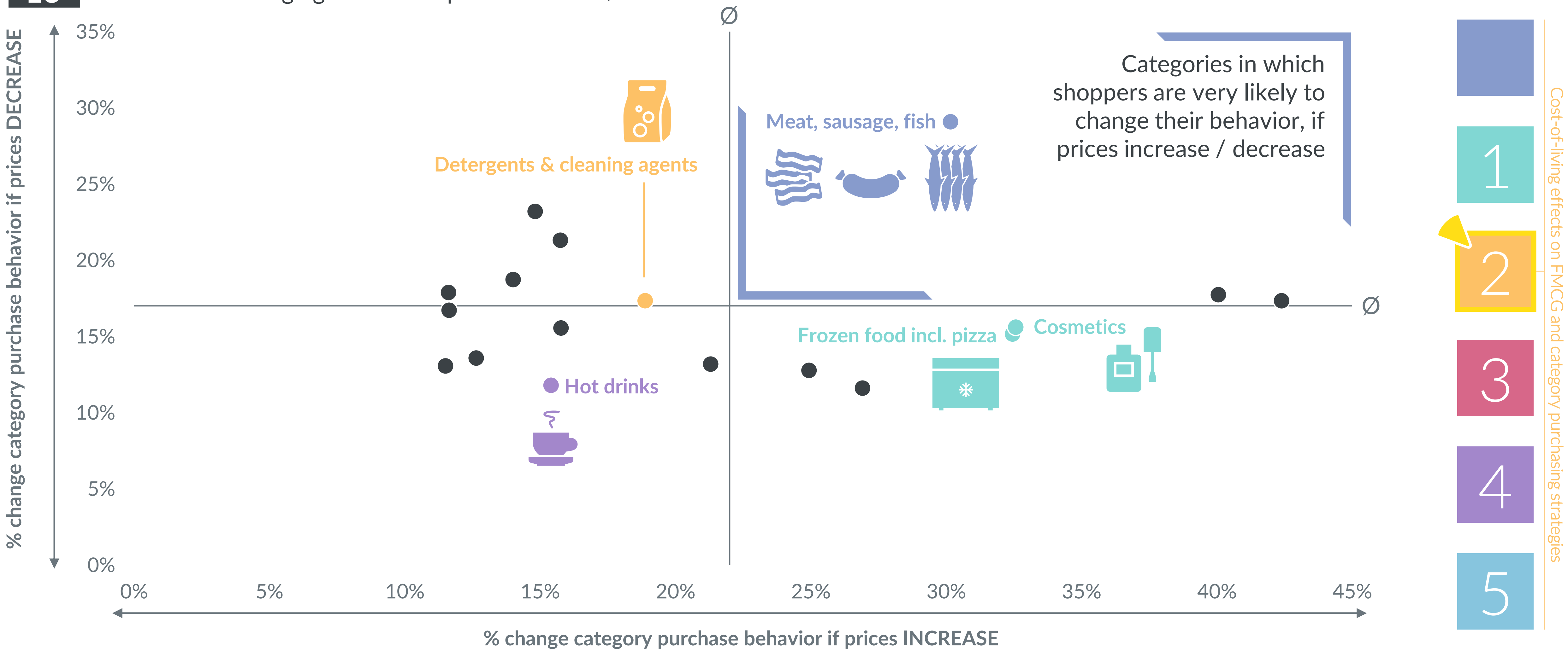


Change in value versus half a year ago (index)

Meat is a ‘volatile’ category and shoppers plan to react strongly

Hot drinks rather stable, both in case of further price increase or decrease

EU Likelihood of changing behavior if prices **increase** / **decrease**



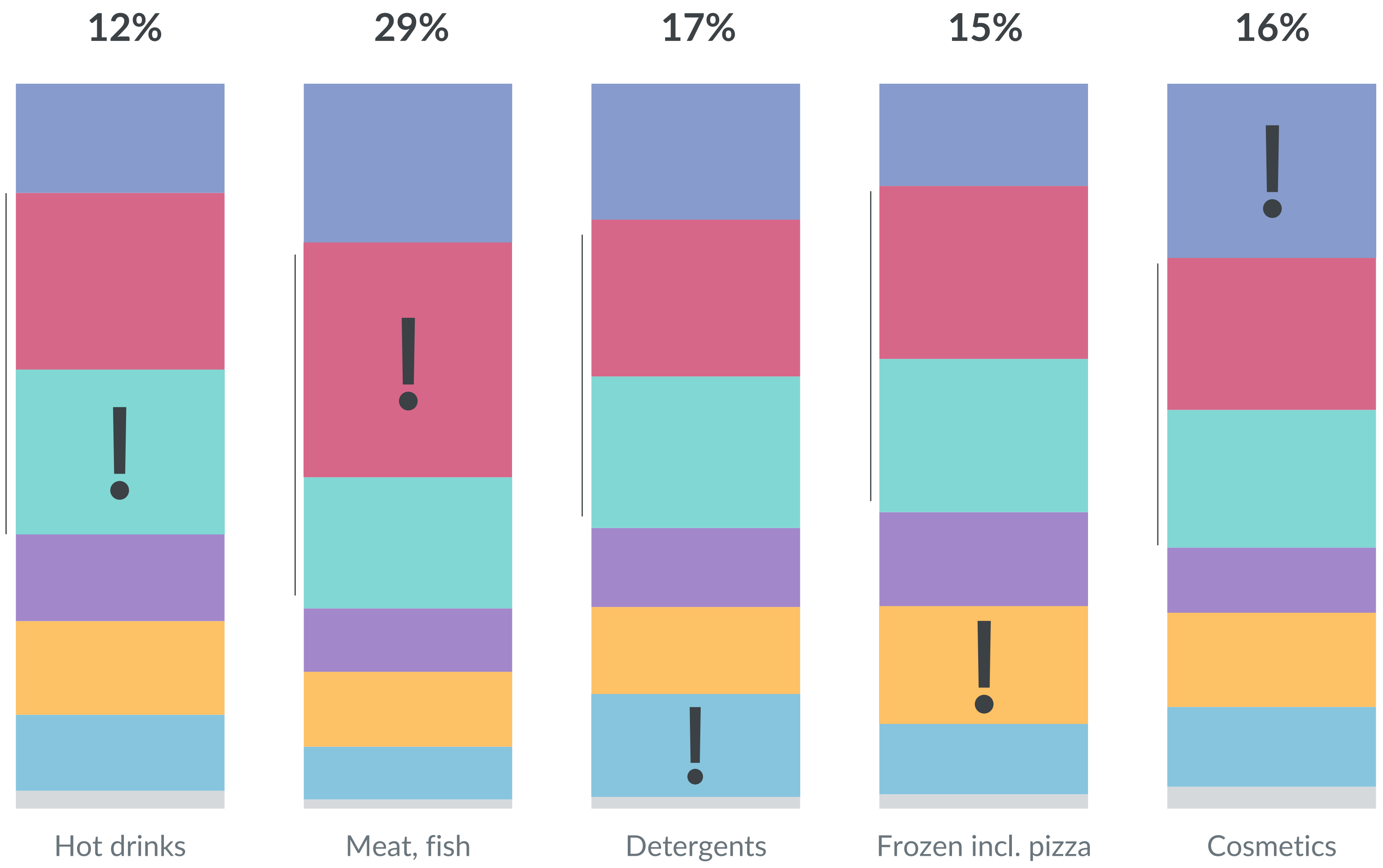
In % | EU-15 n=11175

Buying more / again are key adaptive behaviors as expected

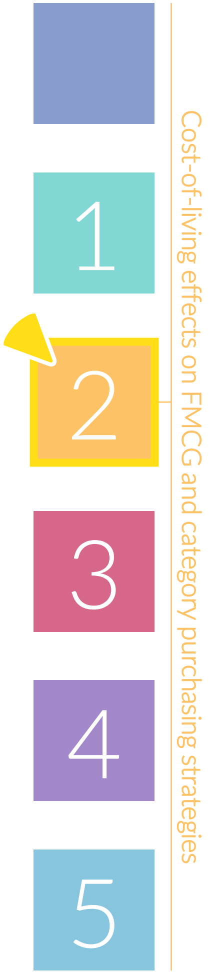
Yet categories have clear variations in the extent and ways of reacting

If prices **decrease**, % would change behavior in this category

With these adaptations



- Buy more premium products
- Buy more of these products
- Start buying these products again
- Buy less on promotion
- Shop around less for it
- Stockpile at lowest price
- Other



In % | EU-15 n=11175

Next year will see a reshaping of habits

Shoppers try to take back control

2024

Basic comforting

Reshaping

Planetary health

Engineering

Escapism

1

2

3

4

5

How the permacrisis is affecting shopper state of mind and mindset

SO ?

BASIC COMFORT

1
2
3
4
5

BRAND DIFFERENTIATION

If it were a ‘free’ choice….

Brands more often preferred

I pay attention whether I buy brands or PL

I do not	18%	52%	I do

When having the same price…

I buy PL	19%	54%	I buy brands

I decide between brands and PL based on my budget…

I do not	20%	51%	I do

15/04/2024 EU-18 n=13,409

Shoppers still plan to buy more PL

Shoppers will not easily break newly learned habits

more PL 32%

the same 61%

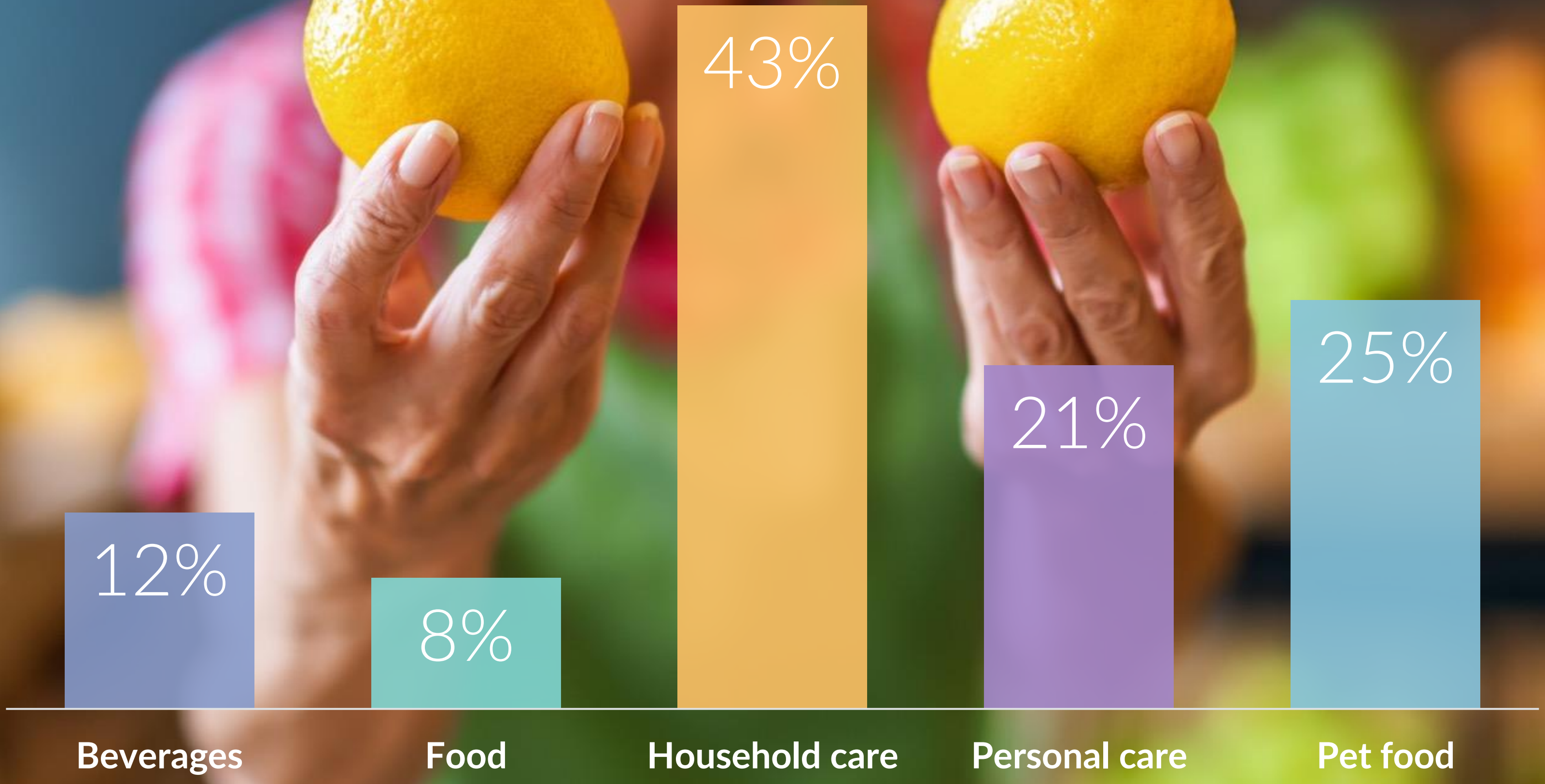
more brands 8%

Brands still believed to have better quality and innovations

Shoppers more critical of private label standards, but not (eco-)credibility

∆ = difference in % shoppers picking brands vs. picking PL

Launches justify higher prices: 6/10 launches sell at a price above the parent brand | Average price premium of launches versus parent brand

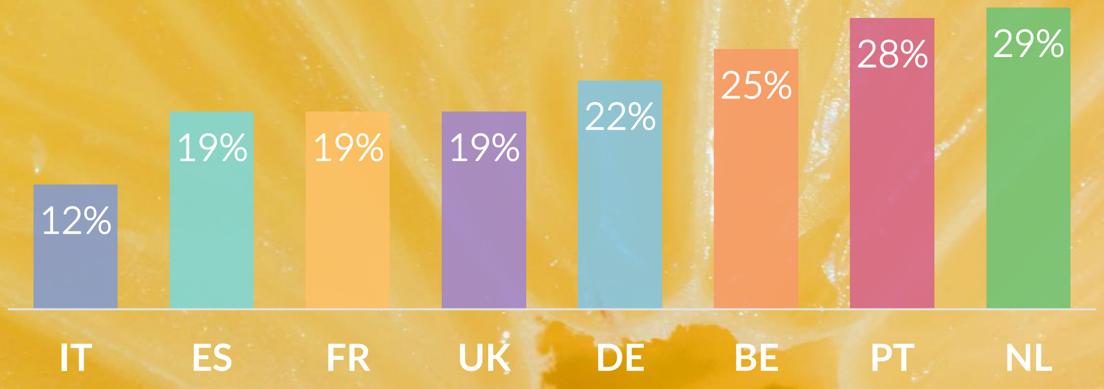


Across categories
55%
of all launches are branded

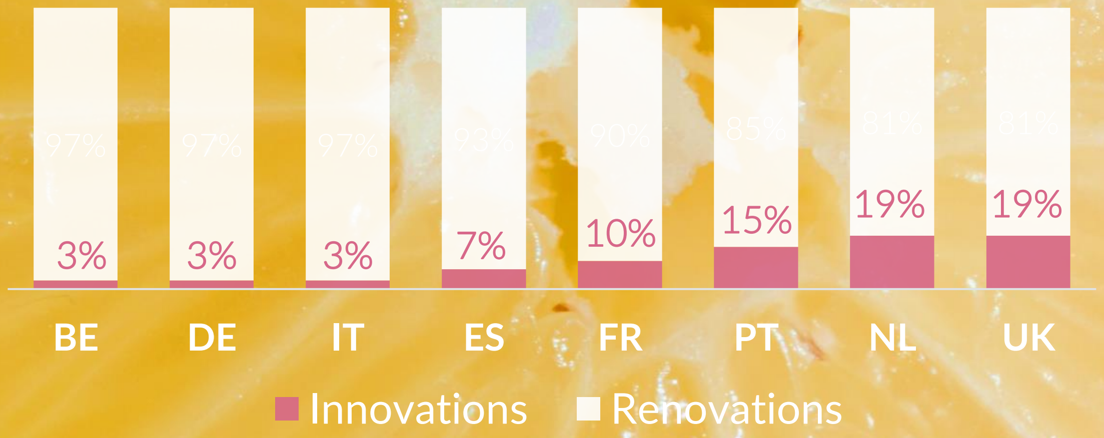
Only 1 in 5 launches is available in
>3/10
top retailers

Source: BG20 15700 branded launches in 84 categories in a Western European market over 4 years, launches must be available for at least 8 weeks to be included

Average % of brand sales coming from new launches



% of innovations vs. renovations in total launches



Source: BG20 – 8 countries, about 80 categories respectively, top 10 brands in each category

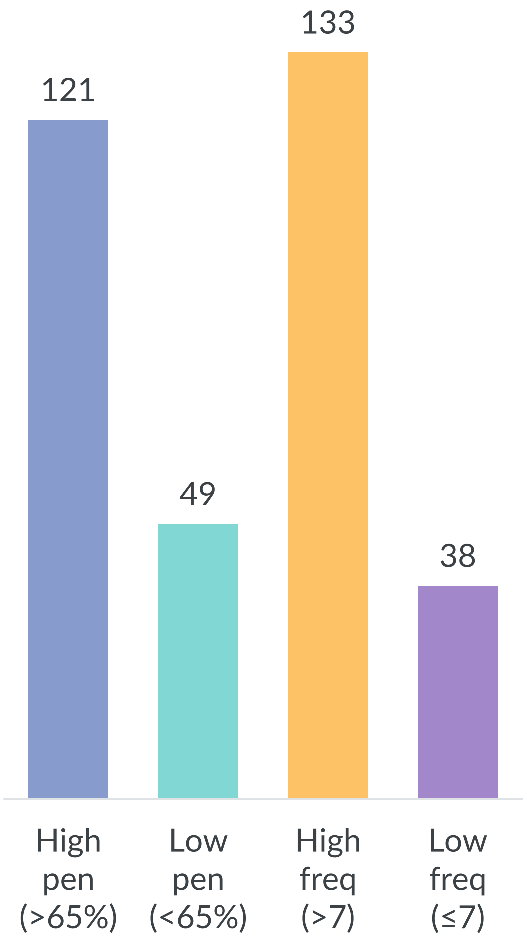
Brands sales from innovations as high as
29%
in the Netherlands

True innovations (which typically perform better) are still vastly outnumbered by renovations

Less 'noise' means launches break through more easily

Launch activity is
Higher
in categories that are bought often by many households

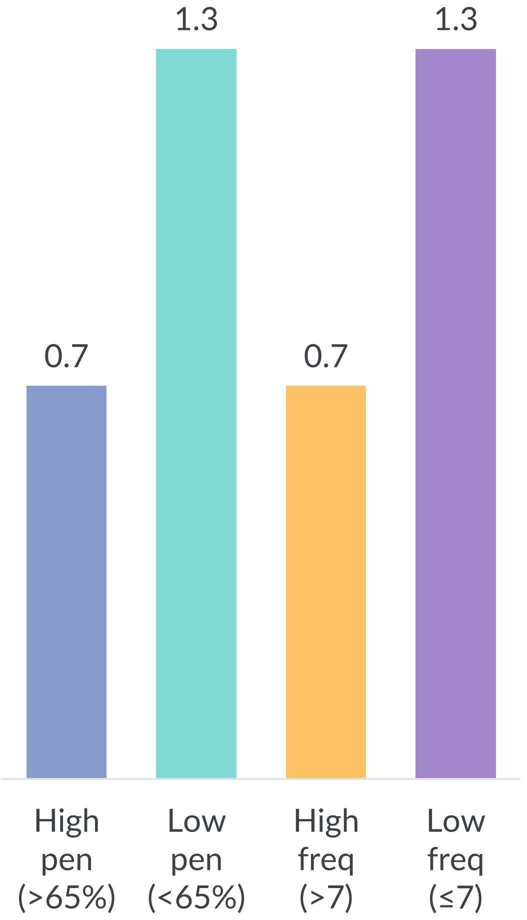
Average number of launches per year



Launch success is
Lower
in categories that are bought often by many households

Average reach one quarter after launch

(indexed against the average reach across categories)



1
2
3
4
5

Shoppers' take on brand vs. PL differentiation and buying preferences

Source: BG20 15700 branded launches in 84 categories in a Western European market over 4 years, launches must be available at least 8 weeks

Breakfast €volution

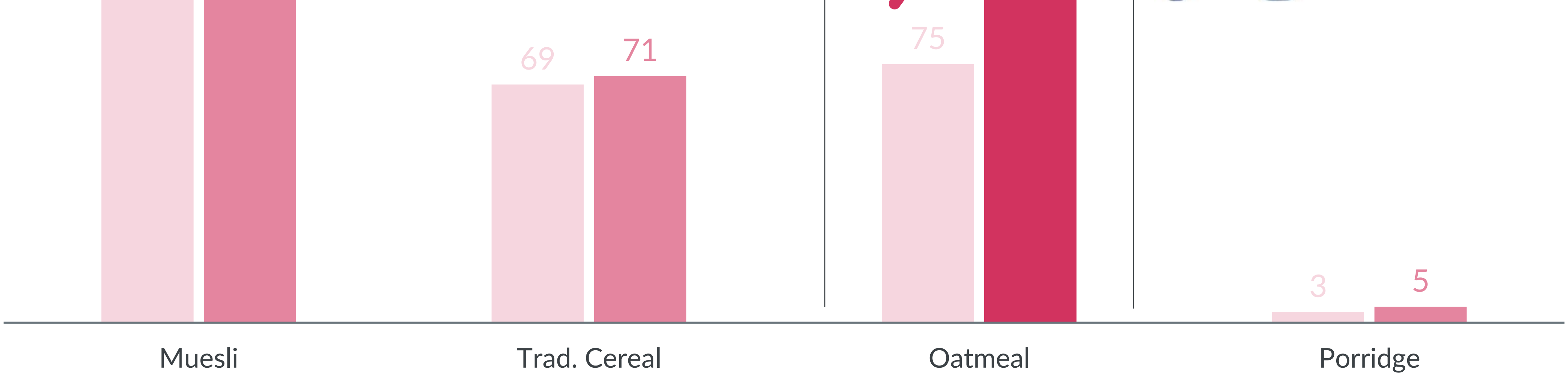
Oatmeal

Volume, in 000 tons

60‘s

80‘s

2019 2022



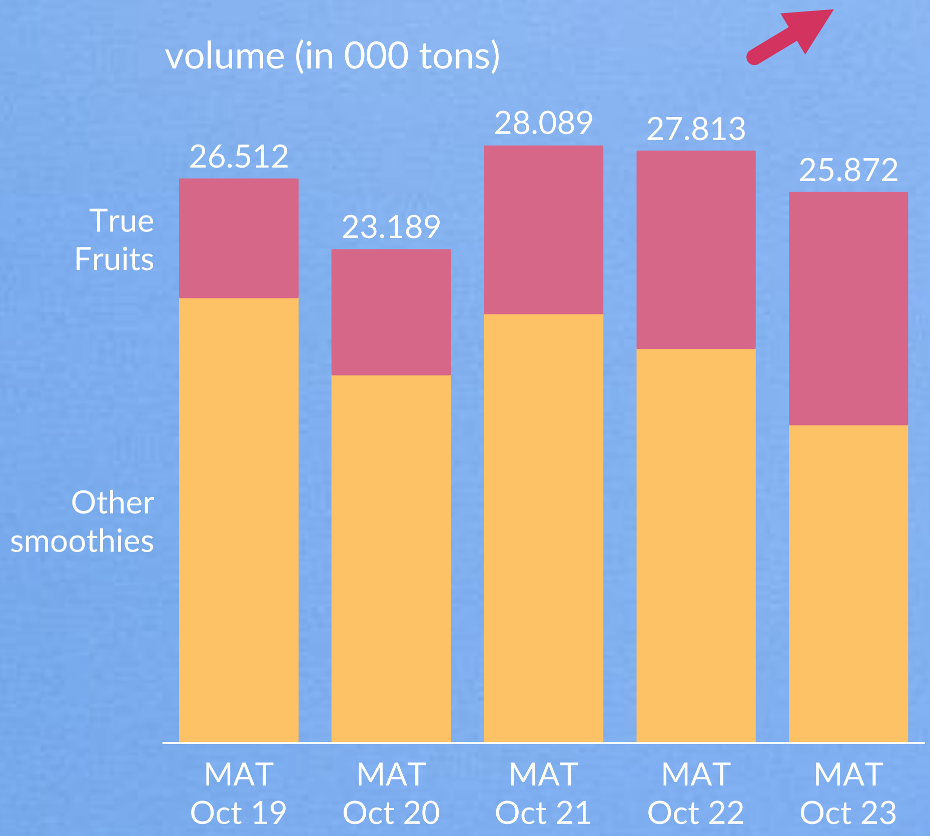
Porridge, Overnight Oats, Oatmeal

1
2
3
4
5

Shoppers' take on brand vs. PL differentiation and buying preferences

True Fruits not tired of innovating and communicating

True Fruits › grows in a declining **SMOOTHIE Market**



If you must choose...

Prioritize R&D

Brands that increased R&D at the expense of advertising in times of contraction

+38% market share

+70% profit

vs in times of expansion

Innovation vs. Renovation value share

3.9x contraction

2.8x expansion

Source: * Steenkamp & Fang (2011). The Impact of Economic Contractions on the Effectiveness of R&D and Advertising: Evidence from U.S. Companies Spanning Three Decades.

The wheel doesn't have to be reinvented - but kept turning

Vegan/ Veggie

+6% value growth
2,4 Bn. value

+4%
779 Mn. €

+2%
761 Mn. €

+21%
415 Mn. €

+10%
128 Mn. €

alpro: -15,3%

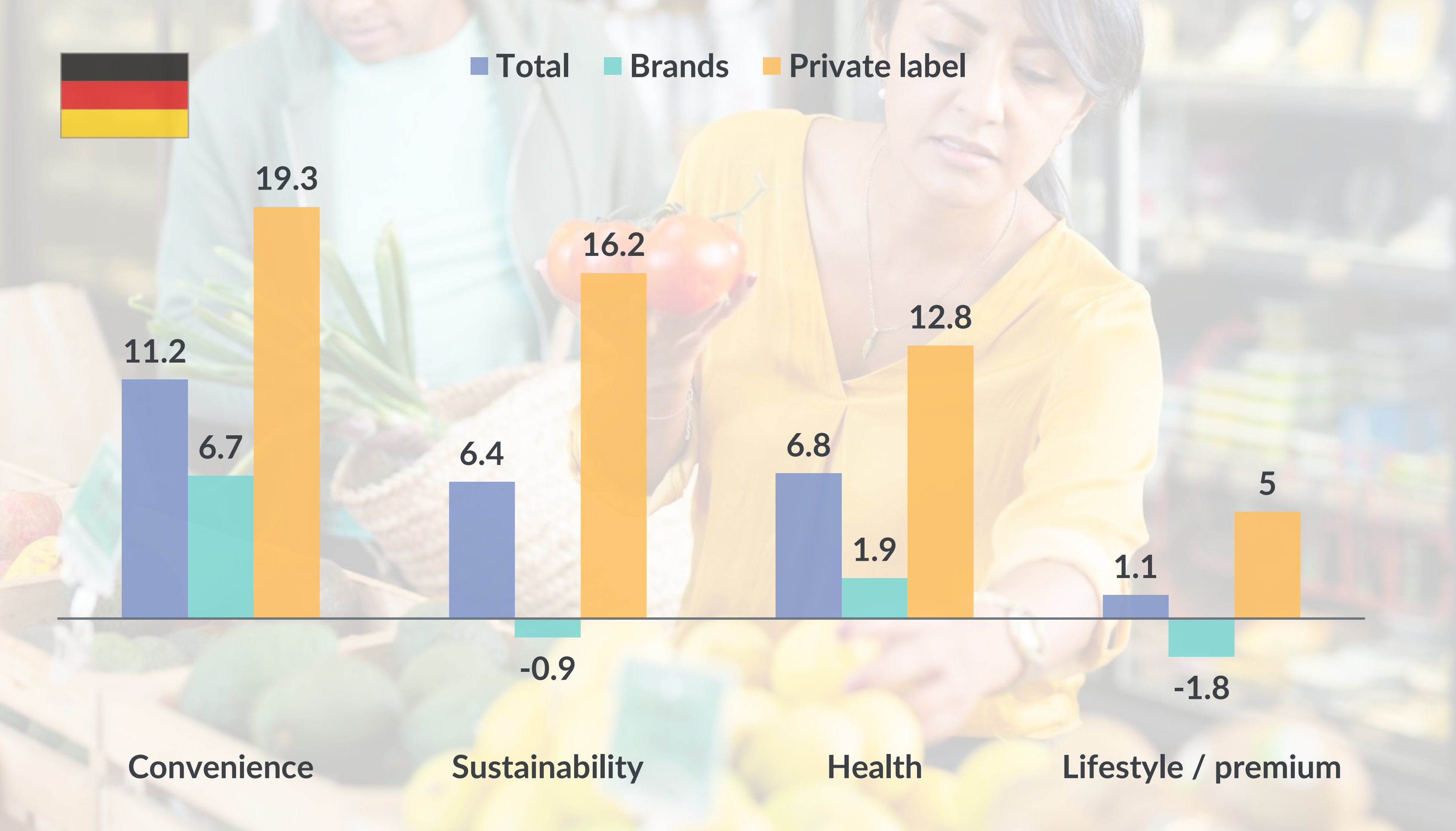
-11,0%

Katjes: +21,0%

SimplyV: -27,0%

1 2 3 4 5

Shoppers' take on brand vs. PL differentiation and buying preferences



Private labels haven been pushing in the trend domain

Especially when it comes to sustainability, PL has become a driver

1
2
3
4
5

Shoppers' take on brand vs. PL differentiation and buying preferences

Source: DE GfK Consumer Panel CP+2.0 FMCG | FMCG Barcoded | Value Change Trend-Dimensions | MAT 06 2023 vs. MAT 06 2022

SO ?

INCREMENTAL INNOVATION

RETAILER CHOICE

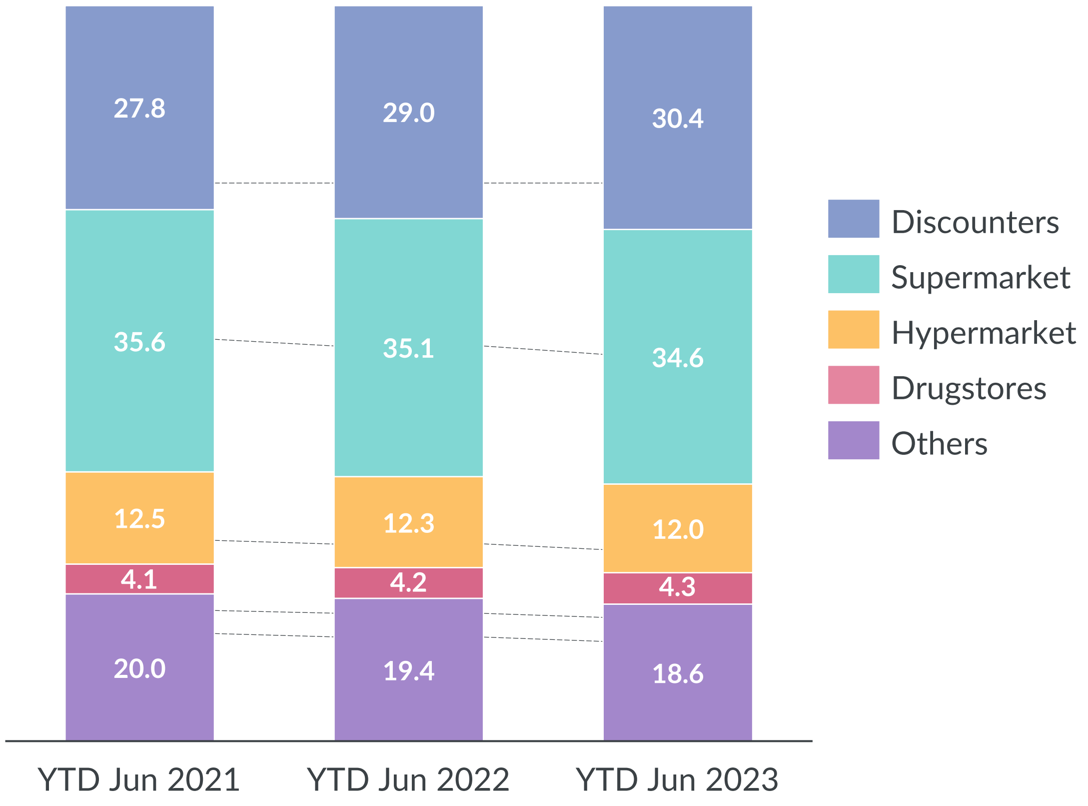
1
2
3
4
5

Shoppers' (shifting) preferences regarding retailer choice

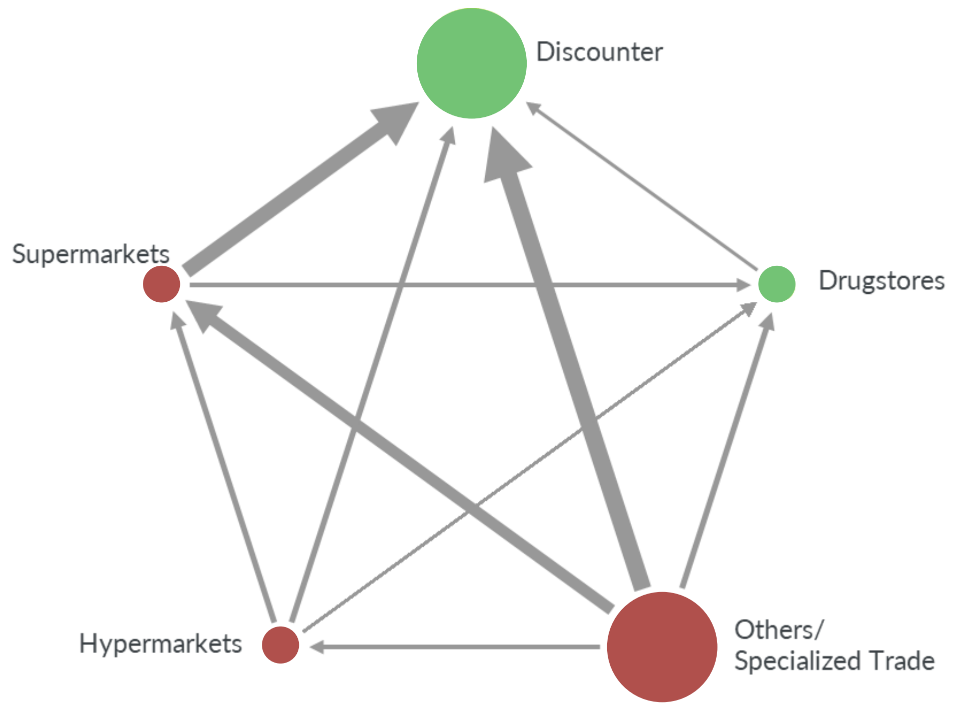
Discounters have won 2,6%-pts market share in Europe

Driven by store openings, downtrading and above-average price increases

Market Shares in %*, YTD Jun 2023 versus Pys | Value share in Europe*

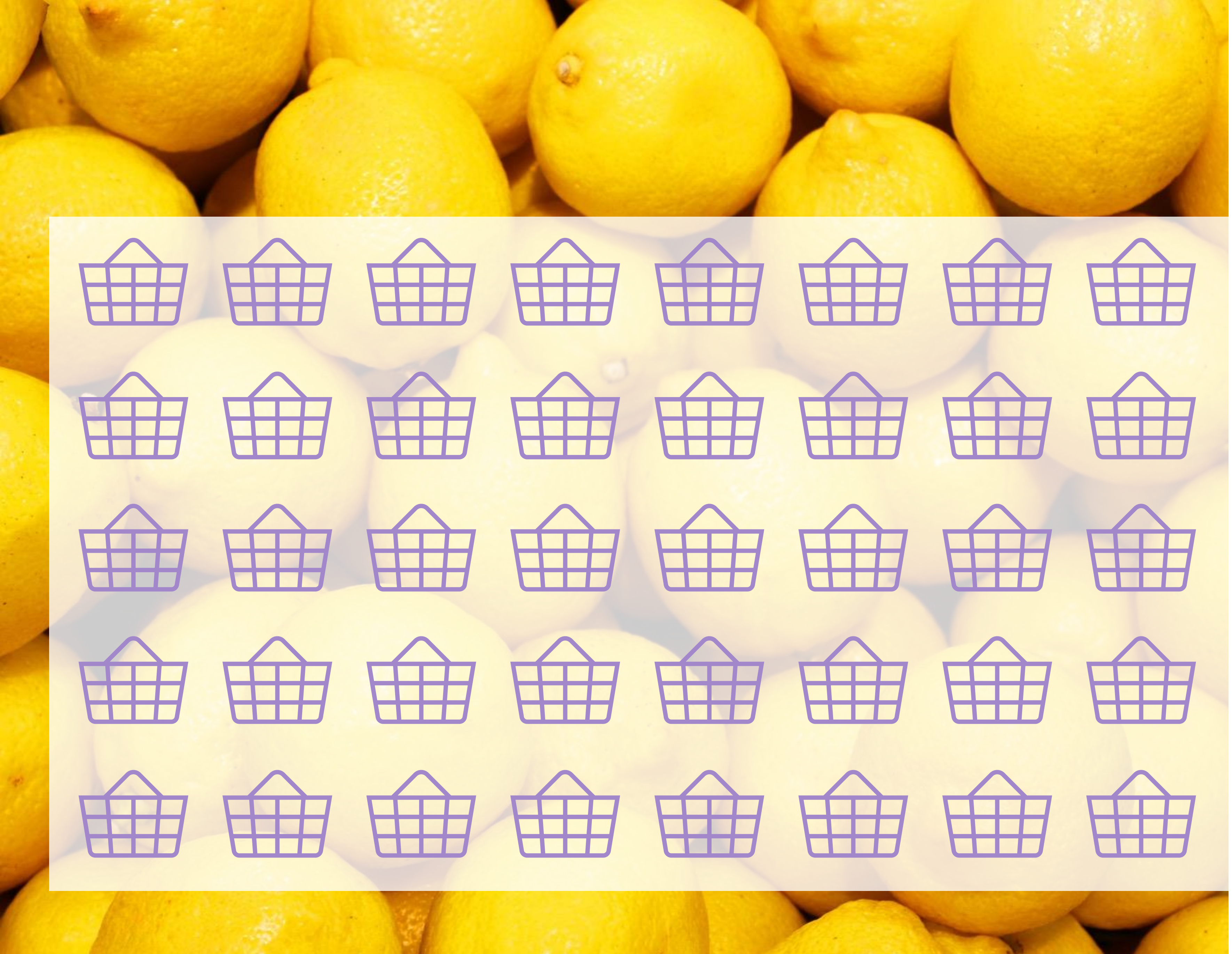


Gain & Loss Analysis, YTD Jun 2023 vs. PY



1
2
3
4
5
Shoppers' (shifting) preferences regarding retailer choice

Source: GfK Consumer Panels FMCG | Value Shares in % | Value Growth YTD 2023 vs. PYs; * 15 GfK European Consumer Panel Countries



In store touch point opportunities accelerated

Shopping around intensified

Total European* FMCG market

+896 million trips
(+3%) versus last year

More trips
Discount (+7%)
Drug (+6%)
Hyper (+5%)
Super (+6%)

Less trips
Online (-8%)
(Value -2,5%)

1
2
3
4
5

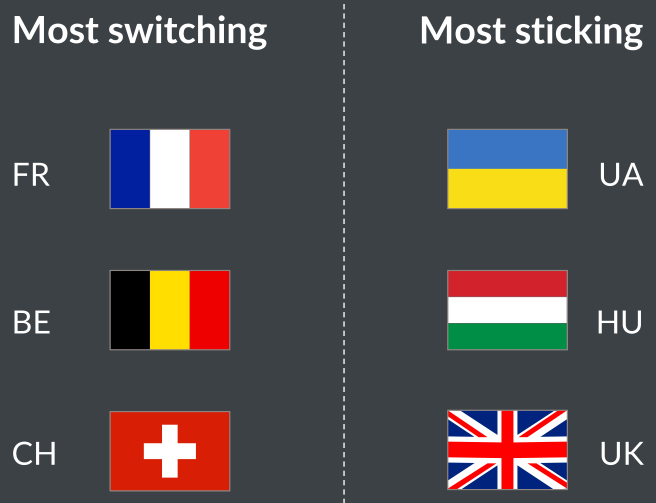
Shoppers' (shifting) preferences regarding retailer choice

*CPS GfK Consumer Panel data EU-16 AT, BE, BU, CZ, DE, DK, HR, HU, IT, NL, PL, RO, RS, SE, SK, UA | MAT AUG '23 vs '22

Planned switching is slackening

Nearly 9 out of 10 plan to stick

To what extent do you plan to change to shop at your main grocery retailer in the next 6 months?



1 2 3 4 5

Shoppers' (shifting) preferences regarding retailer choice

Unparalleled momentum to catapult reshaping behaviors

Shoppers are in want of more than price signals

13% EU **Switching**

87% EU **Sticking**

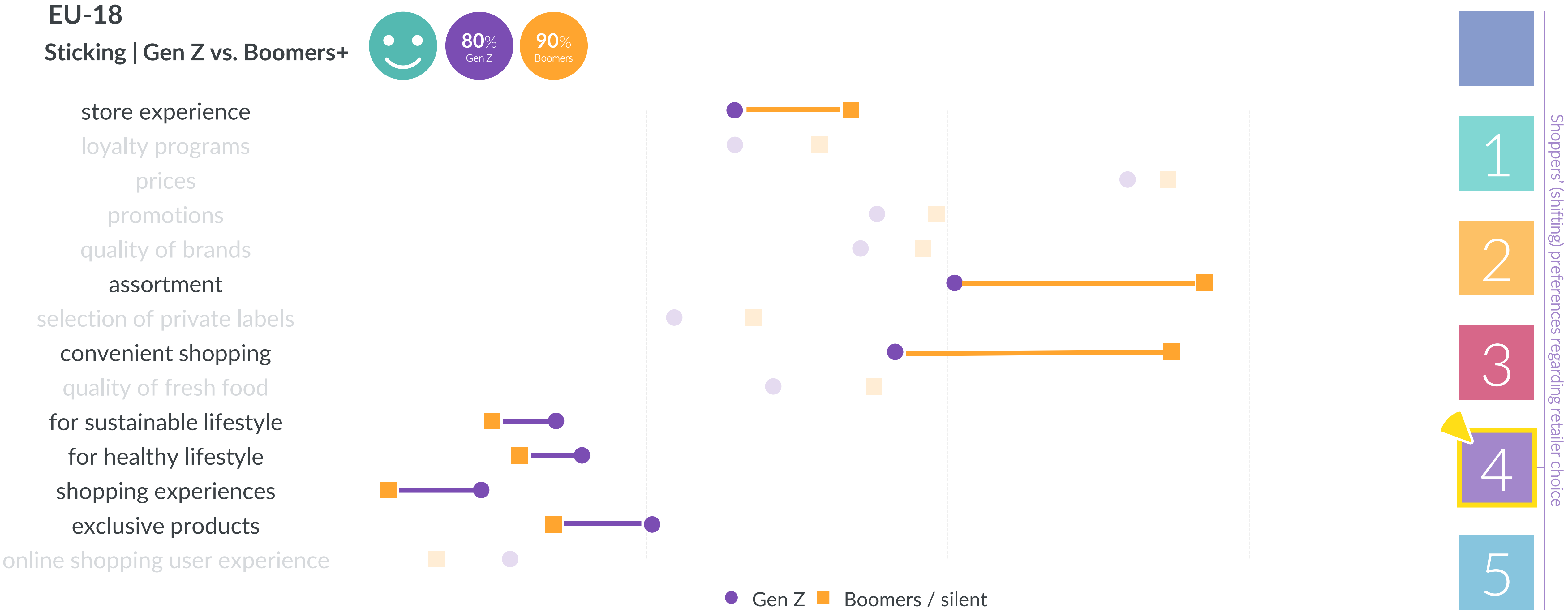
	Reasons (Switching)	*Reasons* (Sticking)
1	Prices	Prices
2	Promotions	Assortment
3	Exclusive products	Convenience
4	Loyalty program	Promotions
5	Fresh foods	Brands

Shoppers' (shifting) preferences regarding retailer choice

1
2
3
4
5

Bearing in mind that there is a generational divide

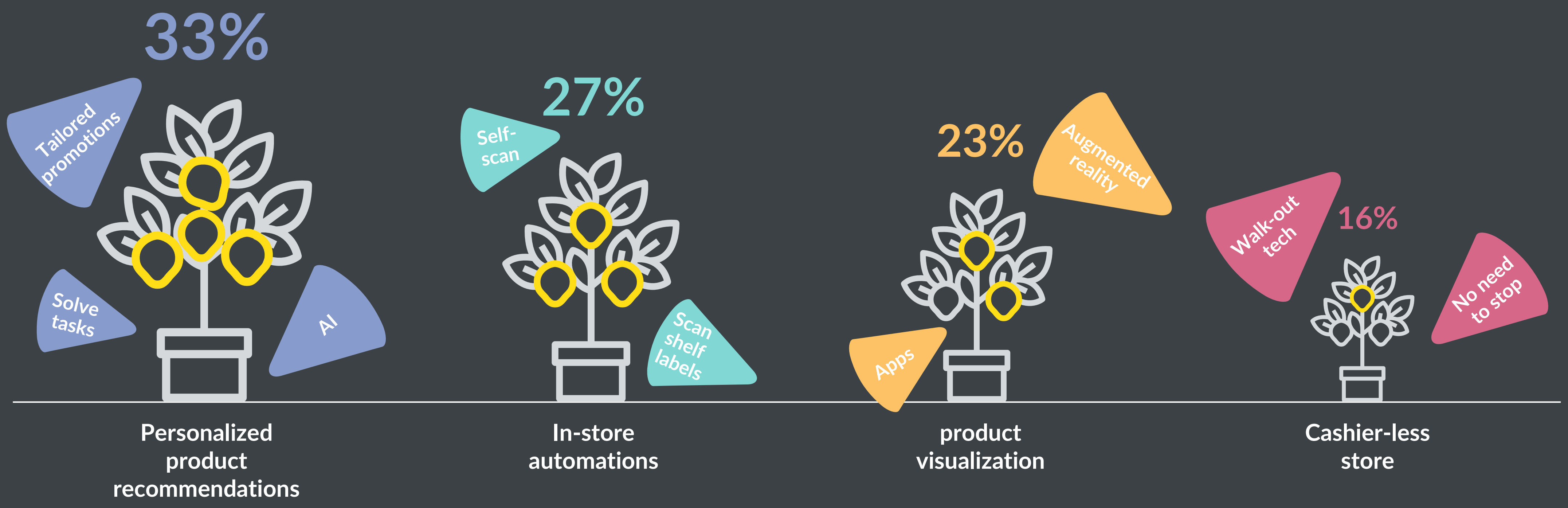
Young shoppers put a higher value on special assortment to fit lifestyle



Shoppers look for smart ways to improve their shopping experience

Tech-enabled shopping can deliver the edge to make shoppers stick

% of household ranking innovation #1 to improve their shopping experience



SO ?

SHOPPER APPRECIATION

1
2
3
4
5

Shoppers' (shifting) preferences regarding retailer choice

LIFESTYLE CHANGE

Cautious optimism opens the door to aspiration: piece of mind & health

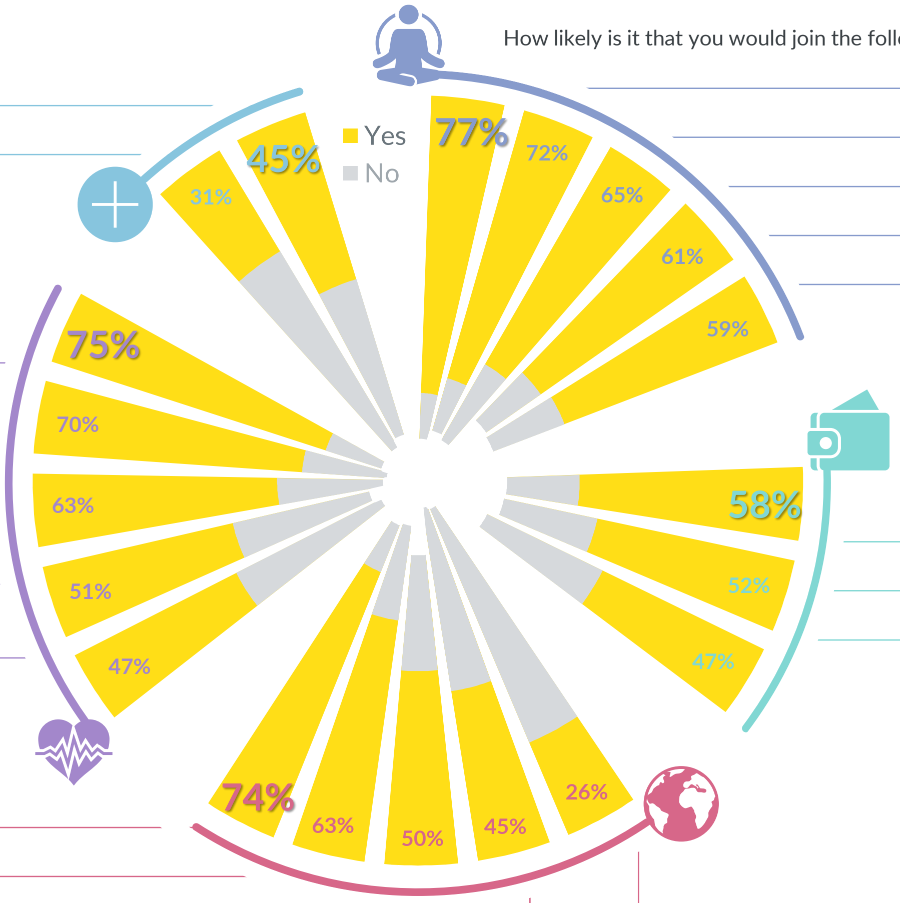
Decluttering, daily exercise and zero waste top the list of desired lifestyle challenges

Other
1 **Cleaning/care hack challenge**
2 Food challenge: trying "weird" food

Health
1 **Daily exercise challenge**
2 Going without alcohol
3 Sugar free challenge
4 Going without white flour
5 Intermittent fasting

Planet
1 **Zero waste challenge**
2 Grow your own
3 Planetary health diet
4 Going without meat
5 Fully vegan

How likely is it that you would join the following?



Peace of mind
1 **Decluttering the house/apartment**
2 Work less, live more
3 Digital detox
4 Body positivity challenge
5 Daily mindfulness challenge

Financial
1 **Fire = financial independence, retire early**
2 Pay true prices (incl. e.g. environmental cost
3 Prepay something as a surprise to the person after me

1
2
3
4
5

Lifestyle changes & choices and brand / retailer right to play

How likely is it that you would join the following? 1: "I already do/this is my lifestyle" + "Would for unlimited time"+ "Would for limited time" and "No, for sure not". Total – EU-18 (N=13409).

Nutrition-positivity & being in-the-know

Nutri-score

NUTRI-SCORE A B C D E

Helpful

68%

Nutraceuticals

Don't believe in it

31%

Maybe / for sure try

43%

Ingredients

"Relevant at purchase"

Low in...

Salt	Ix 99
Sugar	Ix 99
Fat	Ix 97
Calories	Ix 100

In the know...

Origins	Ix 108
Non-GMO	Ix 103
Non-artificial	Ix 102

Protein

"Relevant at purchase"

10%

Index 108

Protein in dairy and power bars continues to grow

„Natural“ match and easy to integrate in everyday habits to create baseline behaviors

Protein

+16% Value growth

1,1 Bn. Value

+19% 515 Mn. €

+27% 128 Mn. €

-4% 71 Mn. €

-33% 13 Mn. €

1
2
3
4
5

Lifestyle changes & choices and brand / retailer right to play

Focus on....meat

Momentum shifting

GfK CPS | YouGov

At least one person in hh is...:

⇔ 3%	⇔ 6%	⇩34% [23% ⇩ CEE / 45% ⇔ WSE]
vegan	vegetarian	flexitarian

Opinion about meat alternatives:

Gen Z 51% [41%	59%
helpful for health	harmful for health

What about....integrating lab-cultured meat in eating habits?

[15%	37%	34%
for sure yes	maybe	for sure not

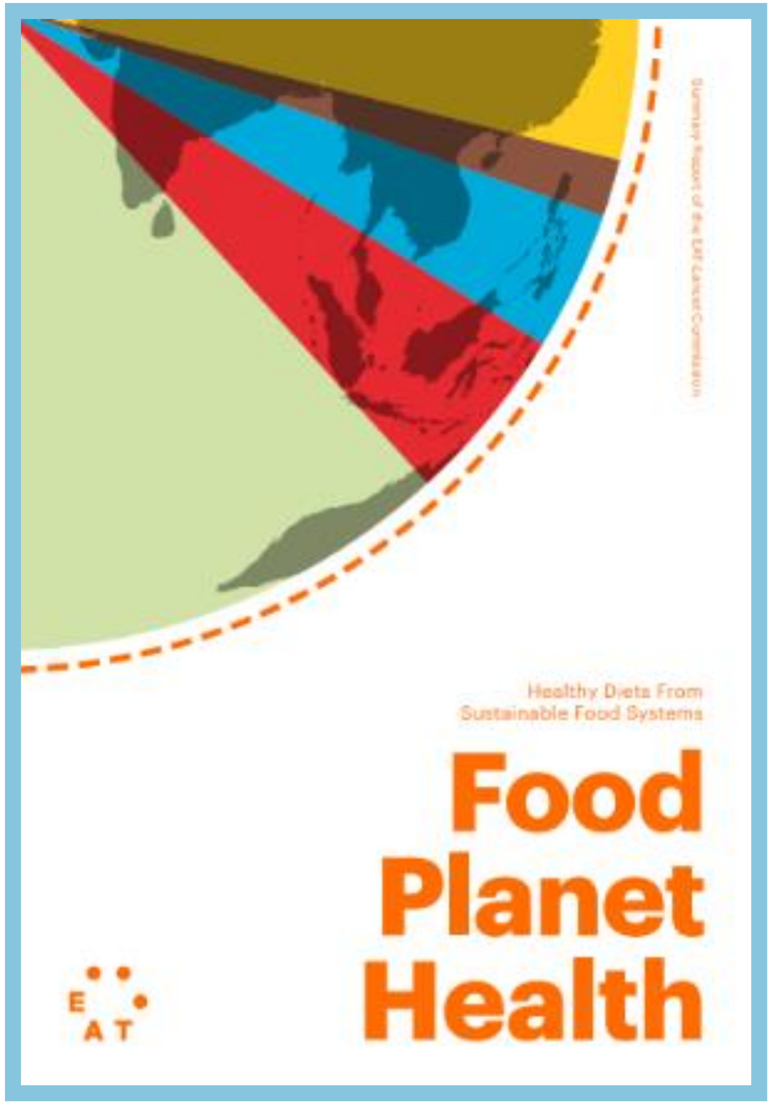
1
2
3
4
5

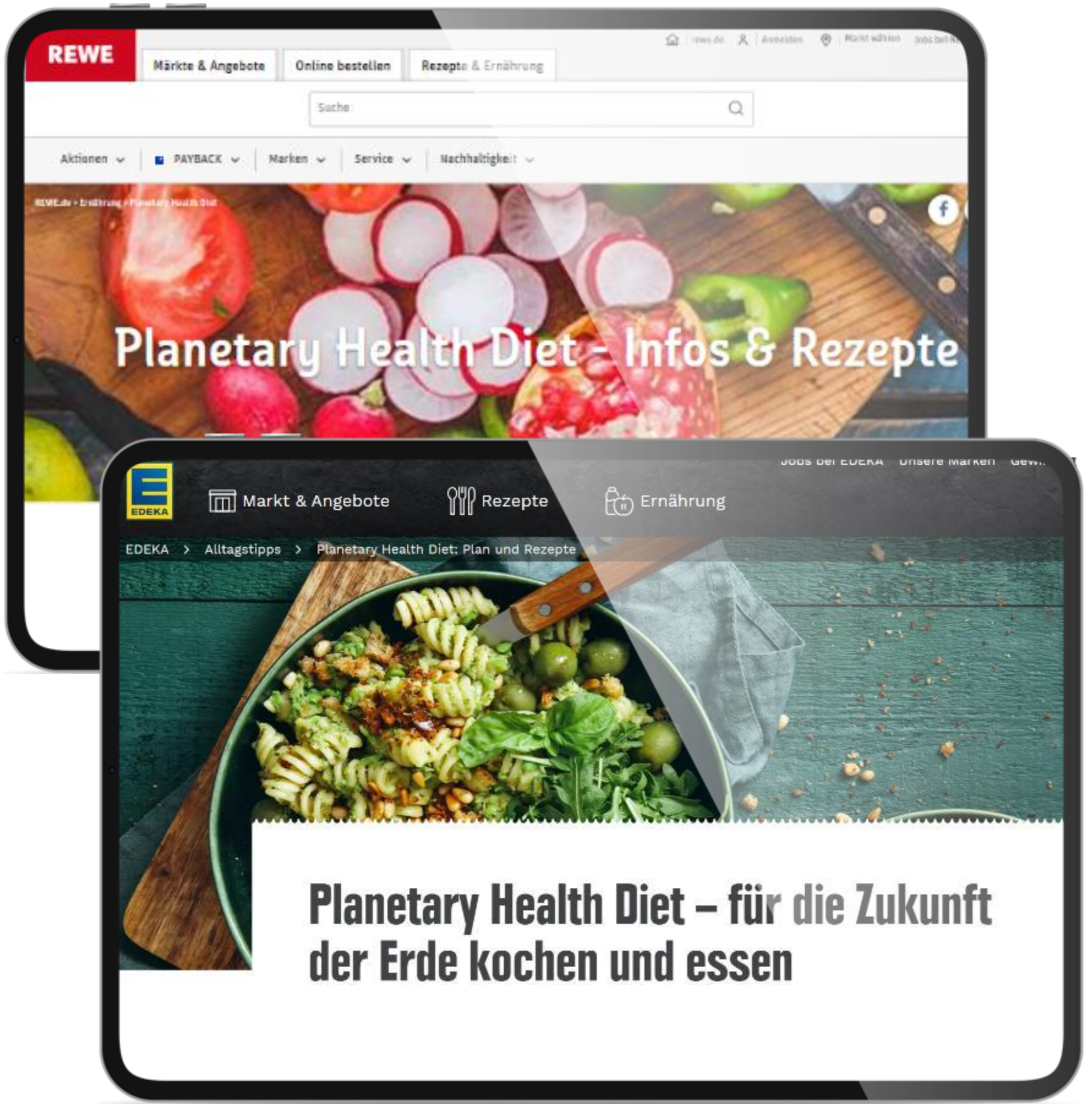
Lifestyle changes & choices and brand / retailer right to play

Source: Consumer Panel harmonized statements (EU-16) and Behavior Change EU-18

Planetary Health Diet

Good for me, good for the planet





1
2
3
4
5

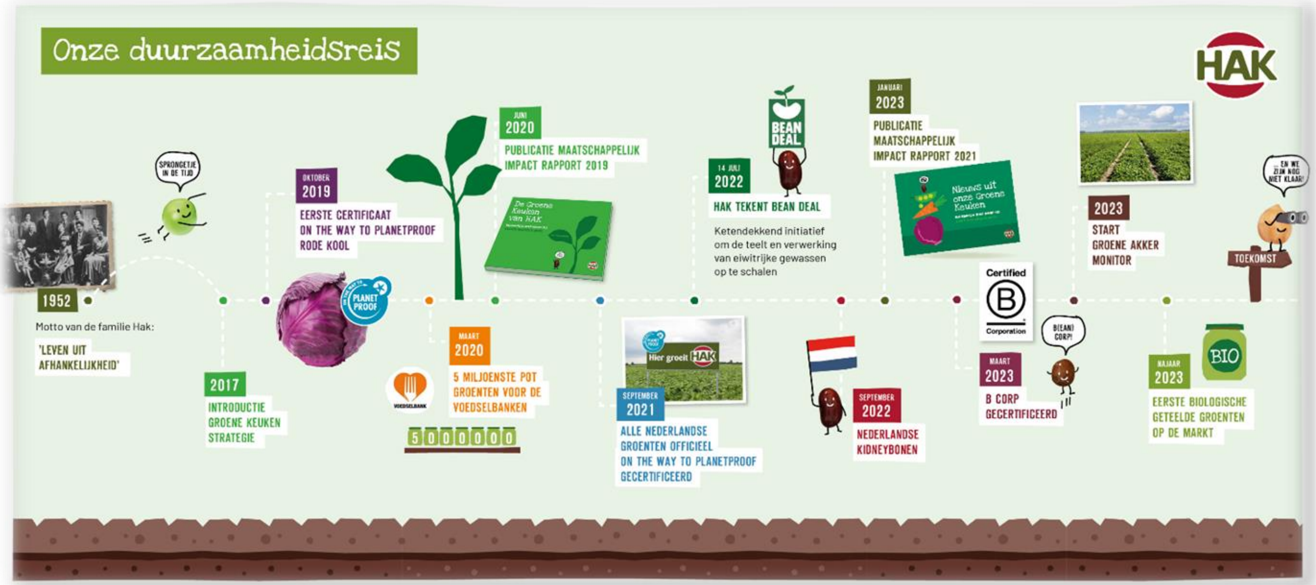
Lifestyle changes & choices and brand / retailer right to play

Mainstream brand successful in transition: Hak

Eco-and nutrition positive positioning

VEGETABLES IN JAR | BEANS IN JAR | APPLESAUCE & COMPOTE

BEANS, LENTILS AND CHICKPEAS IN POUCHES | BEAN MEALS IN POUCHES | FROM THE OVEN



OUR MISSION

Helping people eat more vegetables and pulses

In HAK's Green Kitchen, we show how we are achieving our mission and how we grow and process our products so as to minimise our impact on the planet. Our focus is on health and consumption, and on our growing processes and production.

Name an “eco”-food brand

Top 3

Lifestyle changes & choices and brand / retailer right to play

1

2

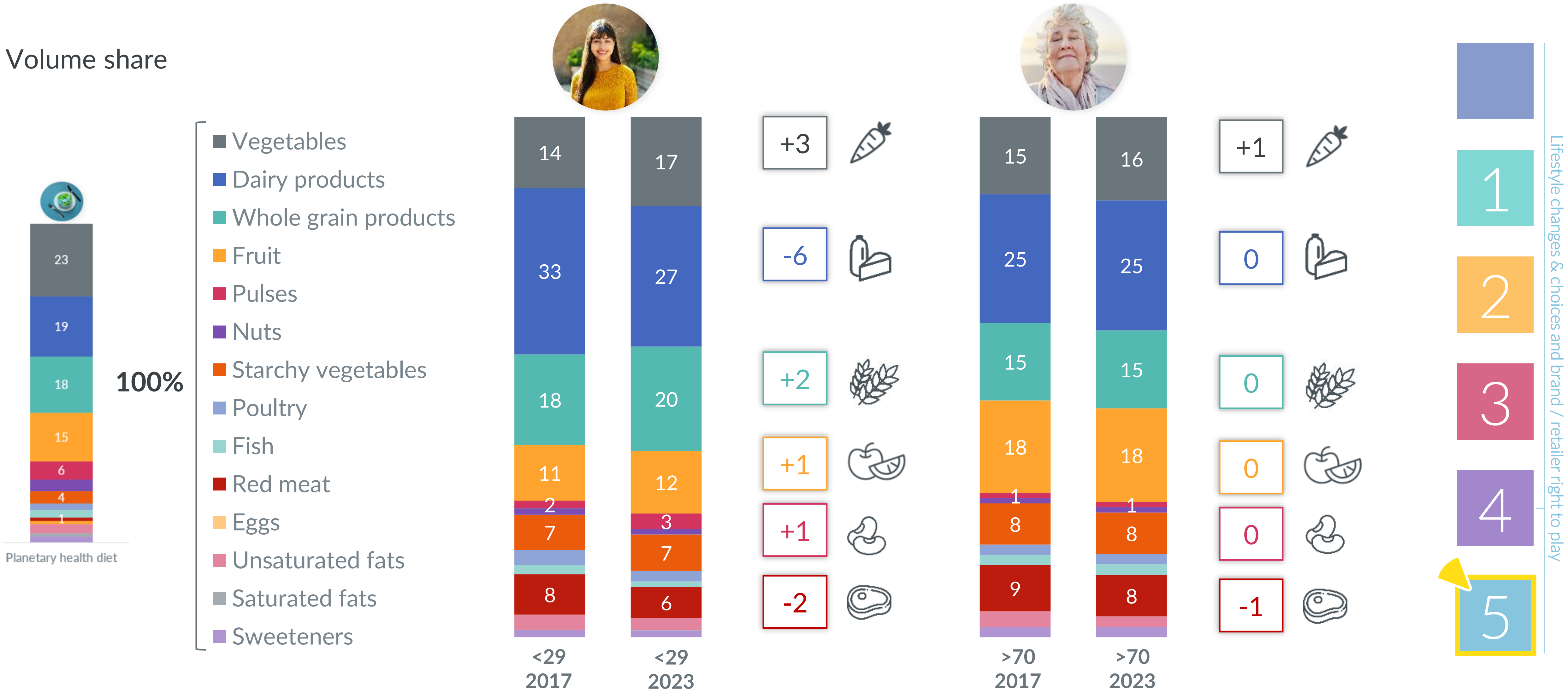
3

4

5

Within a few years remarkable change in young shoppers' diet

Holistic lifestyle change, closely connected with healthy living



Source: DE GfK Consumer Panel CP+ 2.0 | FMCG; MAT 6/2023

Shoppers' implement lifestyle changes differently

Gen Z breaks 'normalcy' with 'cheating', older generations balance joy and duty

SUSTAINABILITY

Sustainability has been around ever since I started grocery shopping

"I should not eat strawberries in winter, but I have my weak moments"

Ever since sustainability became a topic, I often find myself with a guilty conscience and having to justify myself

"We try to be good people, without the radicalism of the youth"

HEALTH

Lifestyle: CHEAT

Why not?

"I don't always want to eat the same. If I don't try something new, I can't discover new things"

Lifestyle: BALANCE

Why?

"I don't have to try something just because it's new"

Source: DE GfK Consumer Panel CP+ 2.0 | Shoppers -29 years vs, 50-59 years | Qualitative CPS GfK Study

GfK CPS | YouGov

SO ?

CONSTRUCTIVE TRANSFORMATION

1
2
3
4
5

Lifestyle changes & choices and brand / retailer right to play

Shoppers move in between fields of tension

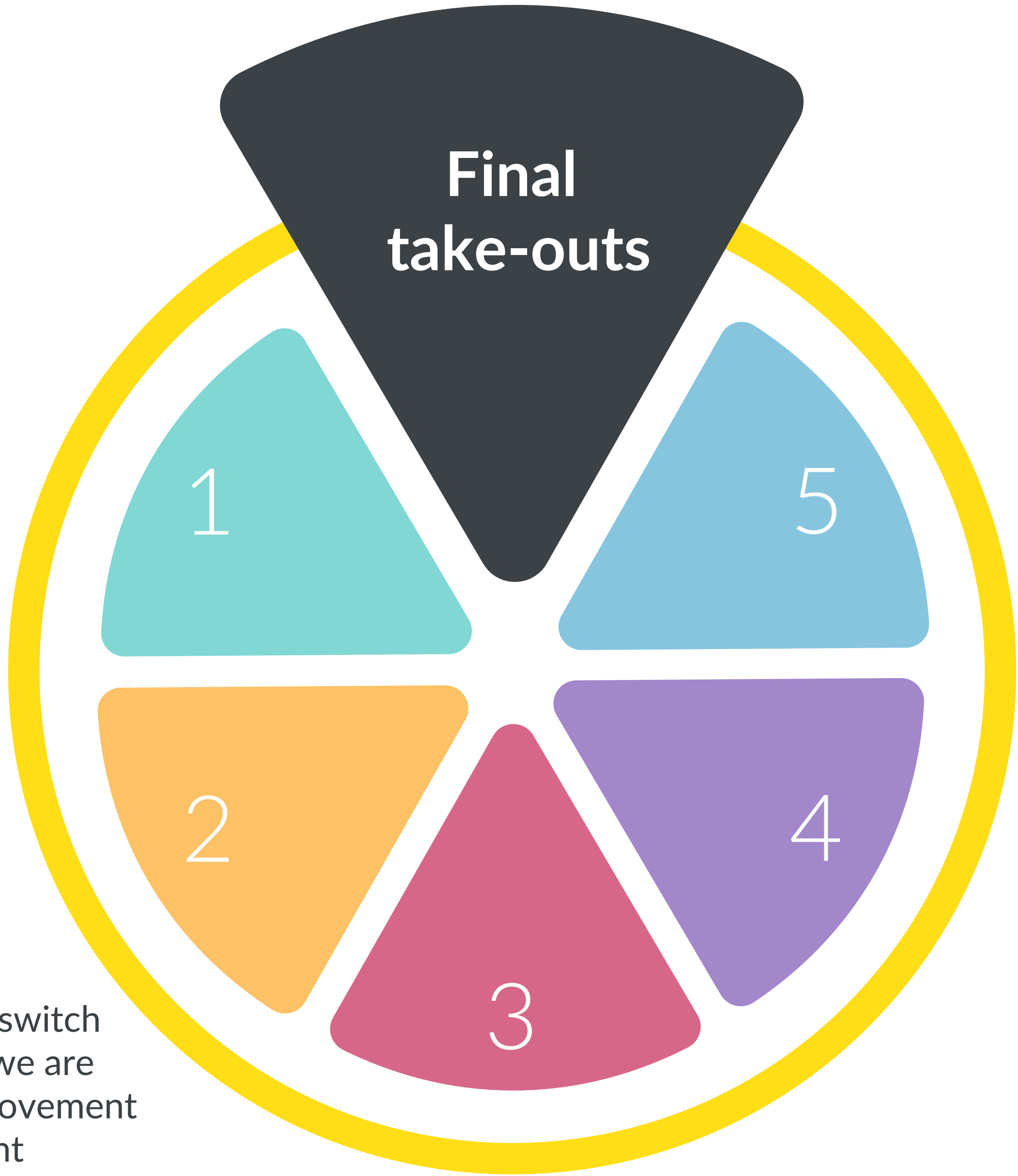
TENSION

... but also ...

Simplification	Large choice
Being in control	Freedom
Automization	Maximum flexibility
Uncomplicated	Experience / wellbeing
Comfort & ease	Sustainable lifestyle
Frugality	Escapism

2024: making lemonade

Take-outs



Cautious optimism

Change in tonality. Shoppers still need to wiggle budgets but are less susceptible to purely rational incentives. PL habits not easily changed, brands need to 'shine'.

Basic comfort

Little pleasures (or cheat moments) but not at any price. Shoppers seek escapism while keeping their basics in check. Understand if your brand can deliver on this.

Incremental innovation

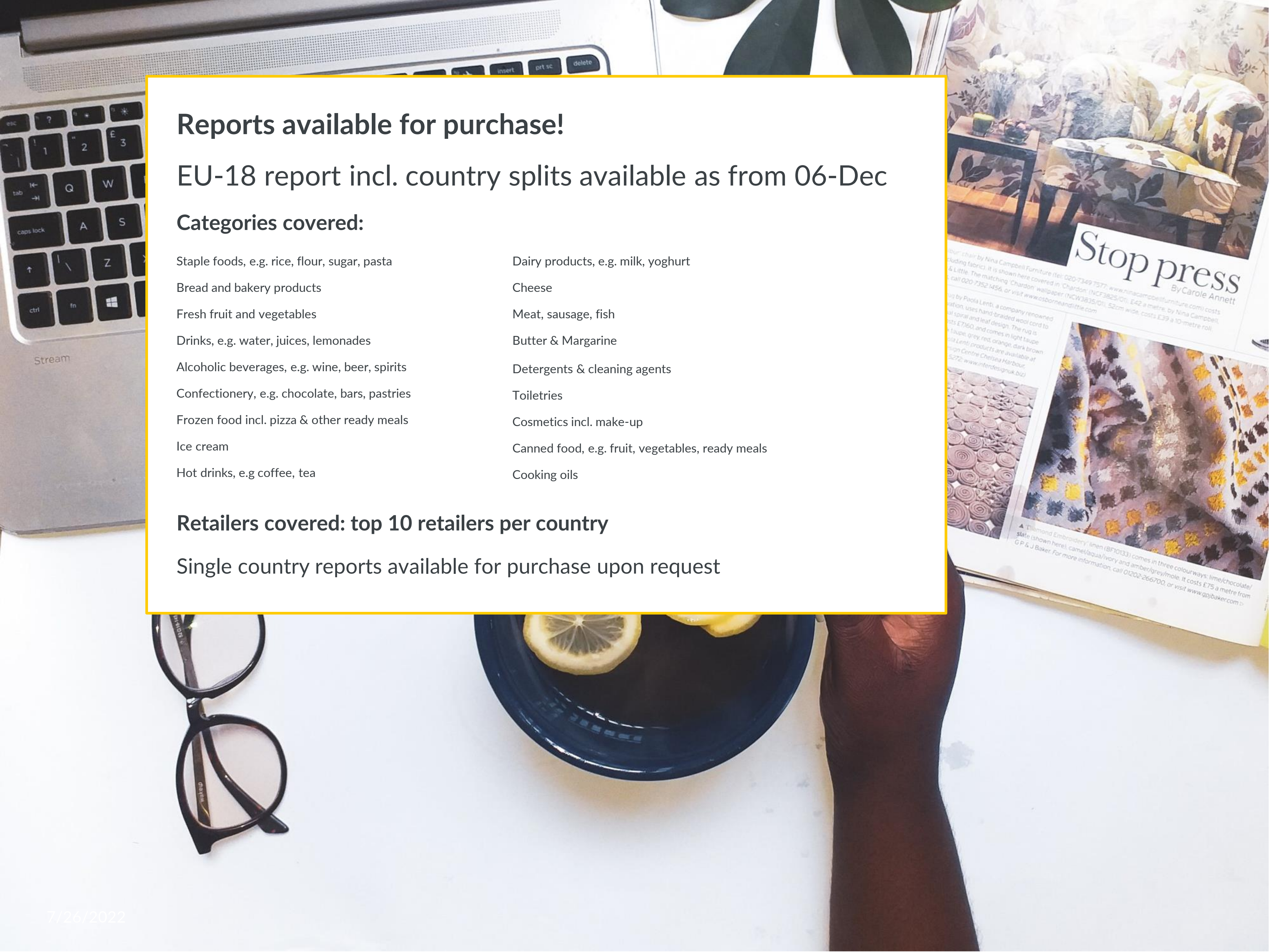
It takes a visible effort to make shoppers switch back – umptieth flavor is not enough, as we are still not in a try-out phase. It's about improvement and being indispensable to need fulfillment

Constructive transformation

Retailers as curators of perfect choice, brands as supporters of "day after tomorrow" aspirations and lifestyle positivity. Credibility is everything – function, emotion, responsibility: it needs to match the core of your brand

Shopper appreciation

Put emotion back in the game, and make it about the shopper, not the price (rather than loyal to US - we appreciate YOU)



Reports available for purchase!

EU-18 report incl. country splits available as from 06-Dec

Categories covered:

- Staple foods, e.g. rice, flour, sugar, pasta
- Bread and bakery products
- Fresh fruit and vegetables
- Drinks, e.g. water, juices, lemonades
- Alcoholic beverages, e.g. wine, beer, spirits
- Confectionery, e.g. chocolate, bars, pastries
- Frozen food incl. pizza & other ready meals
- Ice cream
- Hot drinks, e.g coffee, tea
- Dairy products, e.g. milk, yoghurt
- Cheese
- Meat, sausage, fish
- Butter & Margarine
- Detergents & cleaning agents
- Toiletries
- Cosmetics incl. make-up
- Canned food, e.g. fruit, vegetables, ready meals
- Cooking oils

Retailers covered: top 10 retailers per country

Single country reports available for purchase upon request

Thank you!