# Shoppers are slackening their coping strategies

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# Introduction

## Budget pressures and adaptive behaviors

From a pandemic to the war in the Ukraine and the crisis in the Middle East, Europe has been experiencing a permacrisis over the past years, resulting in insecurity and inflation. Ever since the start of the cost-of-living-crisis, YouGov has focused on how shoppers deal with growing budget pressures, exploring how their needs, wants and behaviors are evolving.

This whitepaper summarizes the insights of our latest Behavior Change Report and our expectations, based on the most recent study at the end of 2023. This rolling analysis now includes 21 countries across Europe. Besides this report, we also rely on some of our other established sources, including our **consumer panel insights**, the 5th edition of the **"Who Cares Who Does" Sustainability** report, as well as the **BG20** insights on brand growth meta-learnings. In addition, some case study examples emphasize the topics of brand differentiation and lifestyle change.

With the acquisition of Consumer Panel Services GfK (CPS GfK), YouGov are an established leader in household purchase data in Europe, providing panels from 18 European countries, delivering data from more than 100,000 households and 18 million shopping trips. YouGov helps clients to understand every single step of the shopper journey – from what they buy and where, to why and how they make their purchases.

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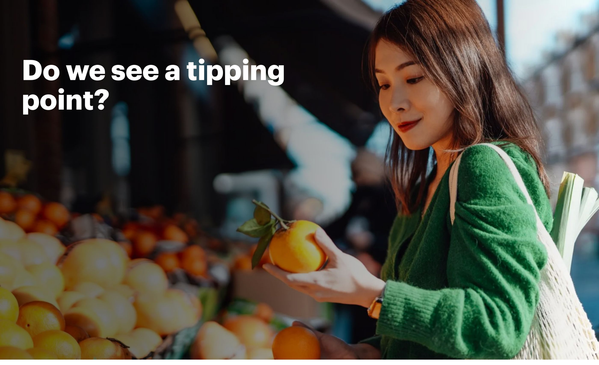


# Do we see a tipping point?

## Five key aspects of shopping behavior

A bit of a spoiler to start with: For the first time since the cost-of-living-crisis started, shoppers seem to see a silver lining. Looking at the latest survey and report, we analyzed five aspects to substantiate the initial signs for a tipping point, exploring

**1.**

how the permacrisis is affecting the shoppers' state of mind as well as their mindset

**2.**

to what extent this is translating into shifts in grocery shopping strategies,

**3.**

how buying preferences are evolving, especially with regards to brands and private labels,

**4.**

whether this tipping point also affects retailer choice and strategy, and finally,

**5.**

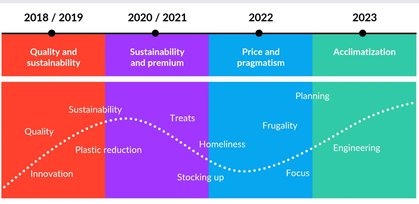
whether we can expect shifts in greater lifestyle needs and respective changes that shoppers seek.

## Shoppers state of mind: Less worries about inflation

Shoppers take and learn something from every crisis.

Looking at last year, we observe acclimatization and engineering: Shoppers implemented new habits to handle their basics. They have overcome the panic phase of inflation and are managing their budgets to make sure they can really buy what they cannot do without. Besides the basics, this also includes key lifestyle products, whereas nice-to-haves have been reduced. From a pandemic to the war in the Ukraine and the crisis in the Middle East, Europe has been experiencing a permacrisis over the past years, resulting in insecurity and inflation. Ever since the start of the cost-of-living-crisis, YouGov has focused on how shoppers deal with growing budget pressures, exploring how their needs, wants and behaviors are evolving.

### Shoppers take and learn something from every crisis




2023 saw nearly 900 million additional shopping trips across Europe (+3%) as shoppers were forced to shop around for the best bargains. Half of all categories have lost volume compared to pre-COVID, and three quarters have lost volume compared to last year.

The past years have seen a lot of shuffles in behavior, which will settle a bit into a new mode, and shoppers will again reshape their behaviors. With the peak of shopping around and rationalizing behaviors behind us, this reshaping will translate into budget engineering to make room for small treats or little extras, albeit in a very budget-sensitive way. In a still very complex and unsecured social context, "escapism" promises to provide some comfort and good feeling.

## Reshaping habits – shoppers try to regain control

Unless there is a major systemic shock, we believe that the near future will be marked by "basic comforting".

External factors have become more complex over the past years, creating a lot of insecurity and an increasing number of concerns competing for attention.

So, what keeps shoppers awake at night and what do they expect for the months ahead?

Not surprisingly, economic concerns continue to be top of mind, but have decreased since spring 2023. With the panic phase behind us, other concerns have "re-emerged", including worries about the environment, personal physical and mental health, and social inequality. As a result, sustainability is back on the agenda – after a small glitch in the panic phase –, but will take a new direction: Planetary health is becoming an aspiration and we will explore this topic further in the context of lifestyle changes.

A shortage of energy supplies is more or less the only worry that has been declining noticeably, which confirms the increase in complexity of concerns.

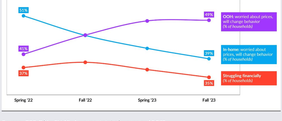
A bit of good news: Overall, less households across Europe are struggling financially. Especially in The Netherlands, Denmark and Germany, four out of ten households have comfortable budgets. At the same time, in certain countries more than **50%** of households continue to be in a financially difficult situation, foremost in Spain, Hungary and Serbia. However, all in all, only four countries are doing less well than half a year ago, when it comes to budget wiggle room, including the UK and Italy, so the direction of change for most countries is positive.

As shoppers' financial worries are decreasing, we observe a turn in adaptive behaviors. Concerns about "in-home" prices including groceries have dropped considerably, but shoppers still worry about the "extras", especially their out-of-home (OOH)-expenditures. Further intended behavior change when shopping for daily necessities – as a result from high inflation – is the lowest in Denmark (**33%**) and the highest in Hungary (**48%**).

Sources

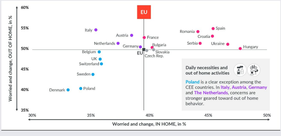
1. CPS GfK Consumer Panel data EU-16 ; MAT Q2 2023 vs MAT Q2 2022
2. Europanel FMCG barometer, Q1 2023 vs 2022/2019; 1065 categories in DE, ES, FR, IT, NL, UK

## Intended behavior change – the tipping point




Source: CPS GfK - EU-15, 4 waves, total of waves n=40073

## Further expected behavior change stronger in CEE countries and Spain




Source: CPS GfK - In %, EU-18 fall 2023 n=13409

In general, there is a fairly distinct split between the countries of Central and Eastern Europe (CEE) and those in Western Europe (WSE): With the exception of Poland, shoppers in Eastern European countries worry much more about the prices of daily necessities, expecting to change their behavior for both in-home and OOH. In Western Europe, worries concerning in-home purchases are fading, but shoppers in Italy, Austria, the Netherlands, and to a lesser extent, Germany, still fear for the need to adapt their OOH expenditures.

Generally speaking, the outlook of shoppers in 2024 can be described as cautiously optimistic.

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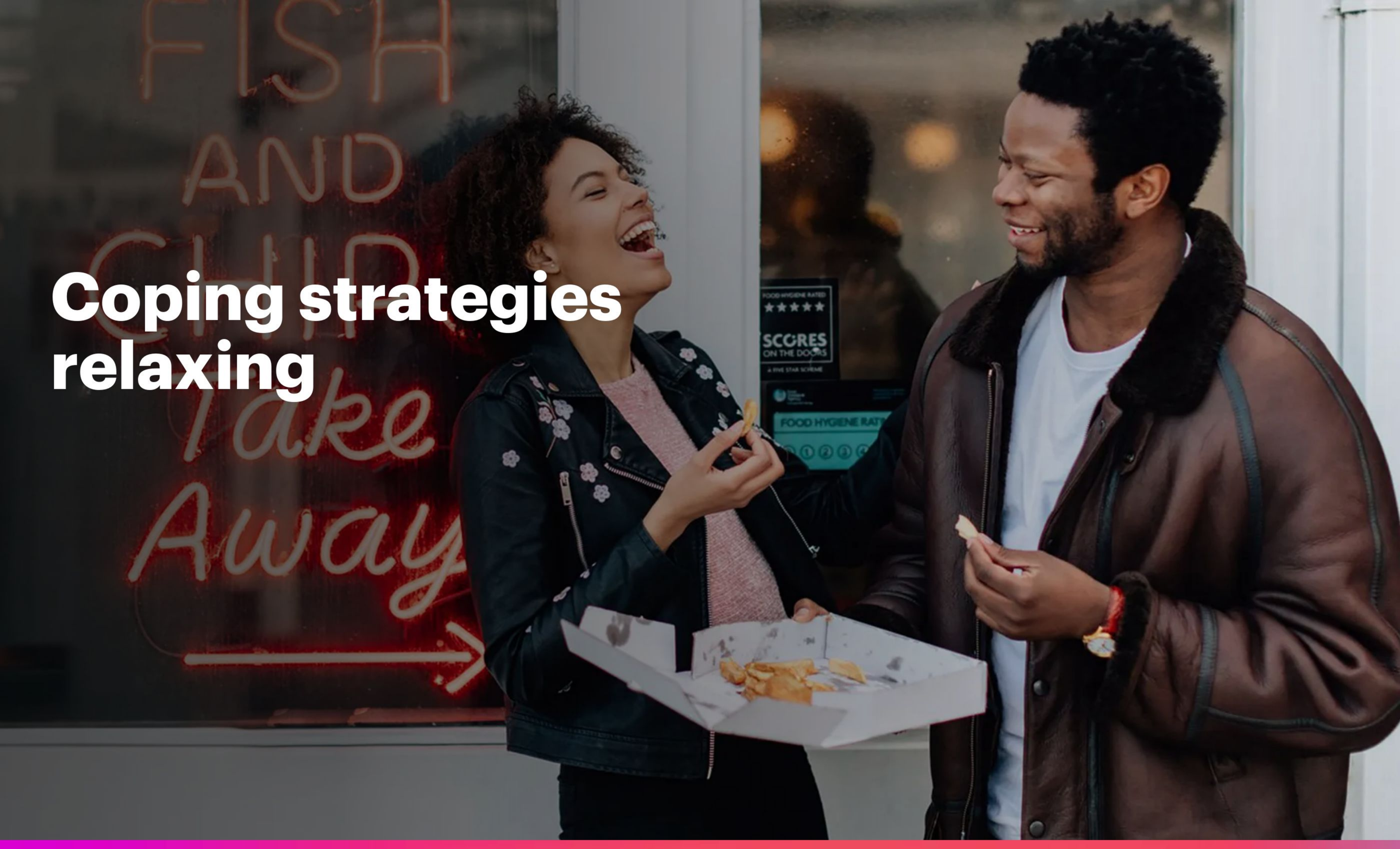



# Coping strategies relaxing

## Making room for the little escapes

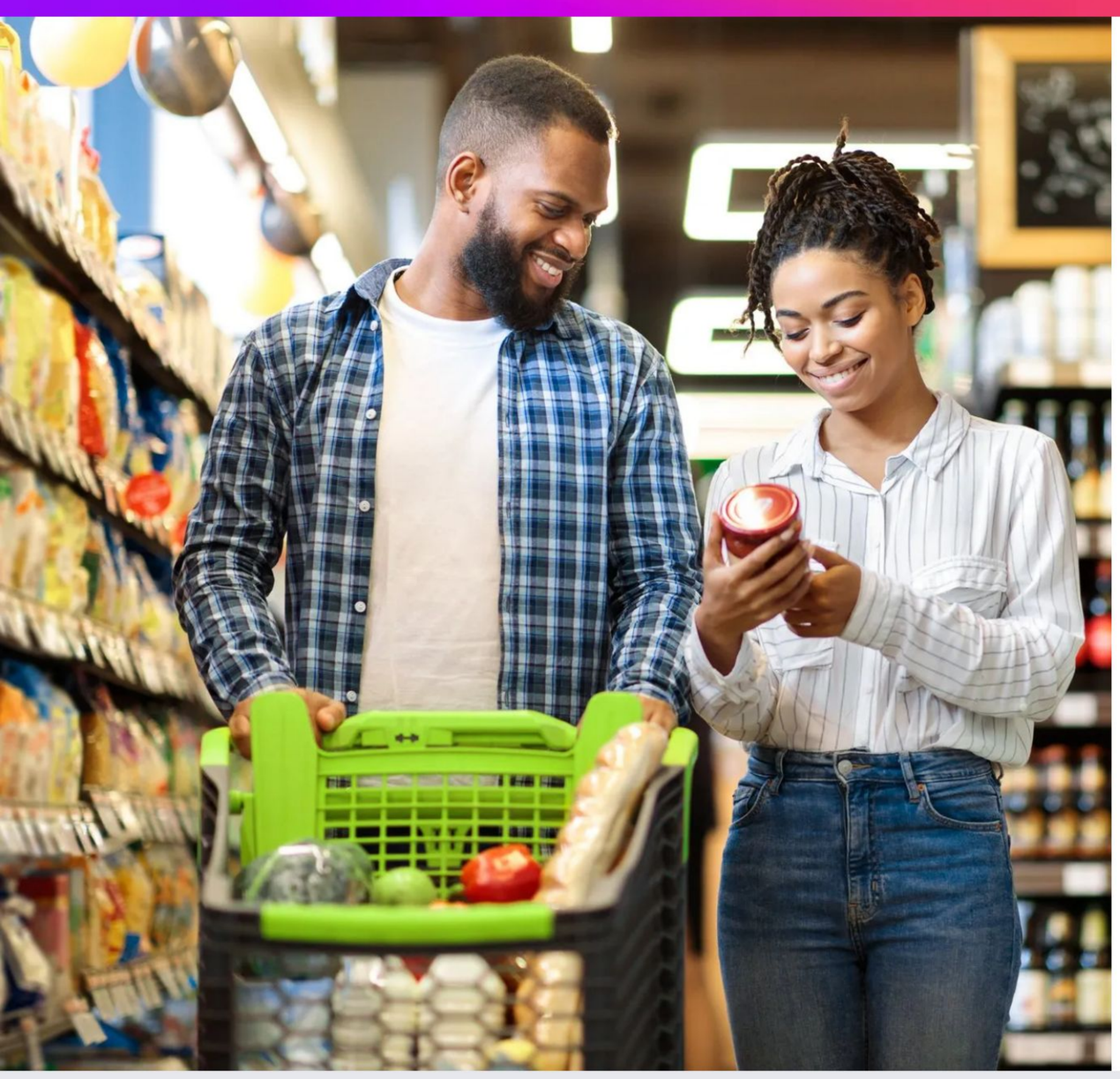
**If shoppers are cautiously optimistic, does this translate into a change in behavior and if so, to what extent?**

Since the cost-of-living-crisis started, we have been tracking how shoppers are coping with budget pressures, ranging from checking prices to searching for promotions, switching retailers and stockpiling. These coping strategies continuously intensified over the past one-and-a-half years – and dropped in late 2023 – for the first time and across the board. At the same time, though at a lower level, more shoppers declared that they wanted to treat themselves to something special.

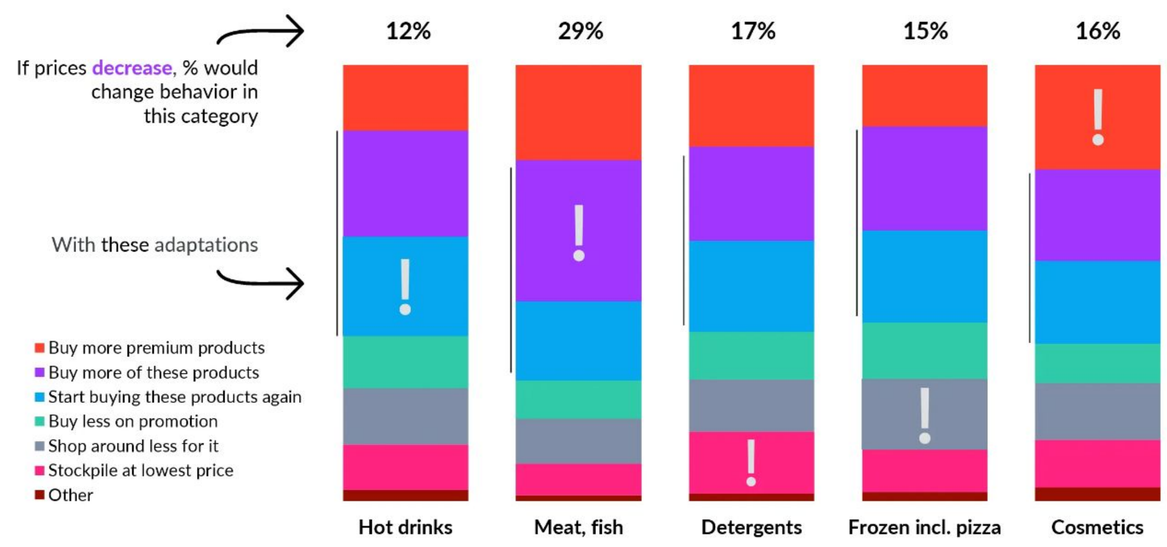
We do see some relaxation: Shoppers also intend to spend more, which leads us to believe that there is more room for non-essentials. But not at any price. Rational behavior with a sustained high price focus remains stable at a fairly high level, though not increasing, and shoppers still prefer private labels over brands.

We have also been tracking how shoppers would react to price increases in different categories. If we are now adding the dimension of potential price relaxation, there are three categories, which will most likely profit: meat and fish, confectionery, and alcoholic drinks. Especially meat and fish is a volatile category, where shoppers plan to react strongly if prices move in either direction.

In general, shoppers will not suddenly change learned habits, but rather start "re-buying" products that they eliminated or reduced due to budget constraints – with some differences in coping strategies: Besides meat and fish, where shoppers plan to buy more if prices decrease, they intend to stockpile detergents, for example, and buy more premium cosmetics.



## Buy more – adaptive behaviors, if prices decrease




Source: CPS GfK - In % | EU-15 n=11175

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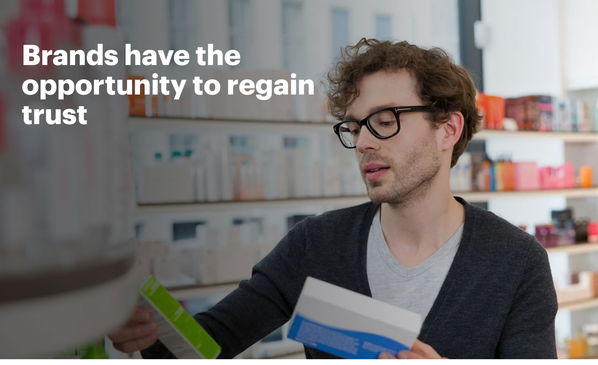
# Brands have the opportunity to regain trust



## True innovation counters private labels

The cost-of-living crisis has played very much in favor of private labels (PL), with shares now at record levels: In Western Europe, PL reached a high of 41% in late 2023 (*). But if we were on a level playing field and the price was the same, more than half of the shoppers (54%) would opt for brands: 51% state that buying private labels is a pure budget decision. And make no mistake, it is a deliberate decision, as 52% consciously buy PL or a brand, and for just 18% it does not seem to make any difference.

The vast majority also plans to stick to their new learned habits (61%) in 2024: 32% intend to buy even more PL, and only eight percent plan to buy more brands. Brands still need to work extremely hard to re-gain shoppers, but currently have a window of opportunity to do so, not only because of the relaxation described above: Shoppers still feel that brands provide better quality and innovation. Private labels will have to raise the bar, especially when it comes to product standards and eco-claims.

More than every second launch comes from a brand, so their reputation of being the better innovators is not unfounded. But after years of slowed activity during the permacrisis, pressure is on to once again raise the level of innovation. Shoppers have grown skeptical towards brands; trust and credibility need to be rebuilt.

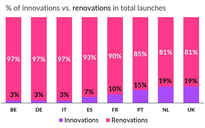
In times of price focus and "promo-hopping", launches are extremely important to break the downward pricing spiral and create new benefits that justify higher prices: Six in ten launches sell at a price above the parent brand, ranging from eight percent price premium in food to as much as a plus of 43% in home care.

(*) Source: Europanel Barometer

### Brands sales resulting from innovation

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

### Real innovation vs. renovation

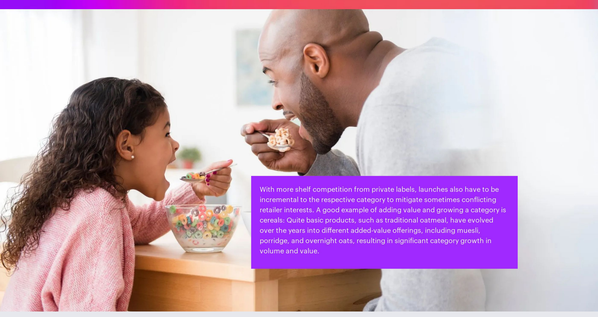



Source: CPS GFK - Europanel BG20 – 8 countries, about 80 categories respectively, top 10 brands in each category

Looking at country specifics, Dutch shoppers seem to be especially receptive to launches, as 29% of brand sales derives from innovation.

A matter of necessity or quality? With the Netherlands having an especially high PL share, brands are forced to differentiate. About 19% of launches in The Netherlands are viewed as true innovations, compared to a mere three percent in Belgium and Germany. Private labels not necessarily impede brands to grow, but launches make an important difference.

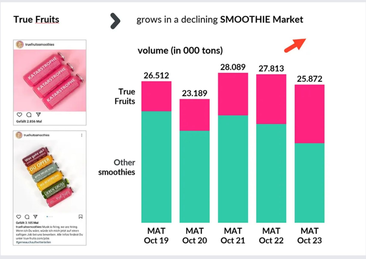
With an average number of 121 launches per year, the frequency of launches is higher in categories with a high penetration (above 69%), but the success is lower – with an average reach indexed at 0.7 one quarter after a launch. Especially in times of budget squeezes, shoppers question the justification of a higher price, just for a new flavor or a little less sugar. On the other hand, less "launch noise" in less frequency categories (18 vs. 13.3 in high frequency categories) still gets more attention, leading to higher success rates in terms of launch reach (Index: 1.3). However, launches in categories with a low penetration have to provide real value-add. As shoppers will not buy the new product on a high frequency, they cannot afford to make a mistake.



With more shelf competition from private labels, launches also have to be incremental to the respective category to mitigate sometimes conflicting retailer interests. A good example of adding value and growing a category is cereals: Quite basic products, such as traditional oatmeal, have evolved over the years into different added-value offerings, including muesli, porridge, and overnight oats, resulting in significant category growth in volume and value.

## True Fruits – unfailing innovation and communication

Even (or a fortiori) if a brand is part of a small, less frequent category, it pays off to constantly invest in innovation and creative communication, also to mitigate negative category developments. A very good example is True Fruits, a high-priced product nonetheless showing high brand loyalty, and still growing in the declining category of smoothies.




Source: CPS GFK - DE GfK Consumer Panel CP+2.0 FMCG, instagram.com

The notion of countercyclical investment is not new. Research shows that it is essential to invest in tough times to ensure long-term survival. Brands which increased research and development (R&D) at the expense of advertising in times of economic contraction, were able to increase their market share by 38% and their profits by 70%. True innovations pay off much more than renovations, especially in times of contraction, when shoppers are willing to spend their "last euro" only on something worthwhile.

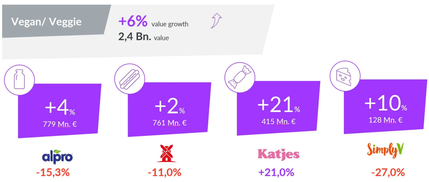
### Innovation vs. Renovation value share

**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.

## Even first-mover brands lose without innovation




Source: CPS GfK - Quelle: DE GfK Consumer Panel CP+2.0 FMCG | MAT Oct 2023 vs. 2022 | Dairy, Meat alternatives, Sweets, Cheese

Constant innovation is just as essential in trending categories such as vegan and vegetarian food. Of course, categories like dairy, meat, and cheese alternatives are still growing, but private labels have caught up, and more often first-mover brands are now suffering. By contrast, in a newer category such as vegan sweets, first-mover brands can still generate considerable growth rates.

The need for frequent innovation applies to many different categories, as we now observe the "return" of some key product trends such as convenience, health, sustainability, and lifestyle / premium. Interestingly enough, these trends are nowadays primarily driven by private labels.

Brands need to credibly unite function, hedonism, and sustainability to make a real difference – serving just one trend does not cut it.

**This is clearly the time for transformation. Renovations are not good enough, innovation counts – Innovation, incremental to the needs of shoppers and therefore to the category.**

Explore Behavior Change

# Retailer choices

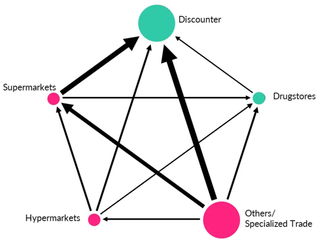
## Less switching and shopping around

Having seen signs of a tipping point in shoppers' mindset, their shopping behavior, and their attitude towards brands, to what extent does this tipping point affect retailer choice and strategy?

After one-stop-shopping during the pandemic, there has been a huge uplift in shopping around: approximately 900 million extra trips in 2023, representing a three percent increase over 2022.

Not surprisingly, discount has been the winner in the cost-of-living crisis and this channel is still growing, mostly at the expense of specialist channels. Drugstores have also been able to expand slightly. We call this the lipstick effect: If one cannot afford a new coat, a new lipstick instead helps to feel good.

### Channel gain & loss analysis, YTD June 2023 vs. previous year – example




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

Many more shoppers entered different doorways. As we saw before, a shift in retailers and respective habits typically means that the opportunities of being bought the next time are cut in half. At the same time, the opportunities for in-store touch points accelerate. Interestingly, all channels saw increased traffic, only online had to face a decrease in trips and value. While discount sees the largest uplift in trips, it is not much higher than for drugstores, hyper- and supermarkets. These numbers unmask the disproportionate rise in prices by discounters.

### 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%)

Source: 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

### Shoppers want more than price signals

**13% Switching**

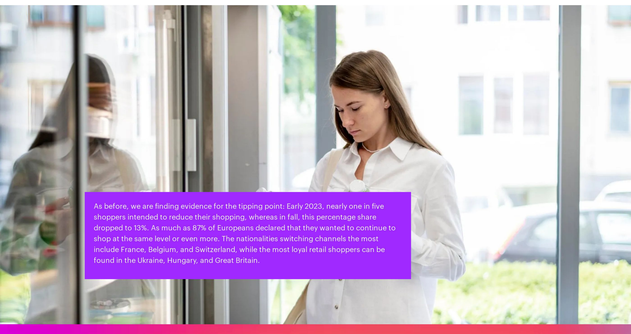
*Reasons*

1. Prices
2. Promotions
3. Exclusive products
4. Loyalty program
5. Fresh foods

**87% Sticking**

*Reasons*

1. Prices
2. Assortment
3. Convenience
4. Promotions
5. Brands



As before, we are finding evidence for the tipping point: Early 2023, nearly one in five shoppers intended to reduce their shopping, whereas in fall, this percentage share dropped to 13%. As much as 87% of Europeans declared that they wanted to continue to shop at the same level or even more. The nationalities switching channels the most include France, Belgium, and Switzerland, while the most loyal retail shoppers can be found in the Ukraine, Hungary, and Great Britain.

## Opportunity to change the narrative

Admittedly, prices continue to be an important aspect for shoppers, but we are seeing a unique momentum and "must-haves" to capitalize on, to reshape behaviors: **It is time to change the narrative from price to appreciation.**

To make sure that all those wandering shoppers will stick, aspects such as quality of assortment, convenience – easy access and navigation – and promotions, have gained in relevance and need to be amplified.

Most interesting: For those shoppers who want to stick, a good availability of brands is much more important than a good assortment of private labels, which again underlines the general trust in brands – and the respective opportunities.

While we do not want to over-emphasize the "old vs. young"-story, it is important to understand the preferences of the respective target audiences, as loyalty drivers differ by generation. Older generations such as the Boomers, are looking for a good in-store experience, service, and help, a good and big assortment, and convenient shopping, whereas for younger generations – Gen Z, – detail makes the difference. Sure, the aspects above count, but they expect retailers to also address their lifestyle needs, supporting aspects such as sustainability and health. Younger people are furthermore interested in finding exclusive products, and with regards to shopping experience, are looking for inspiration and personalization.

## Tech-enabled shopping could make shoppers stick

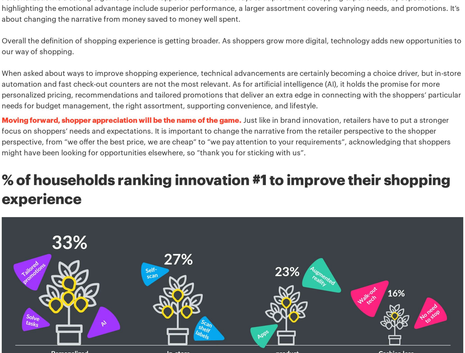
Personalization is a strong argument, when shoppers look for smart ways to improve their shopping experience. Key aspects for highlighting the emotional advantage include superior performance, a larger assortment covering varying needs, and promotions. It's about changing the narrative from money saved to money well spent.

Overall the definition of shopping experience is getting broader. As shoppers grow more digital, technology adds new opportunities to our way of shopping.

When asked about ways to improve shopping experience, technical advancements are certainly becoming a choice driver, but in-store automation and fast check-out counters are not the most relevant. As for artificial intelligence (AI), it holds the promise for more personalized pricing, recommendations and tailored promotions that deliver an extra edge in connecting with the shoppers' particular needs for budget management, the right assortment, supporting convenience, and lifestyle.

**Moving forward, shopper appreciation will be the name of the game.** Just like in brand innovation, retailers have to put a stronger focus on shoppers' needs and expectations. It is important to change the narrative from the retailer perspective to the shopper perspective, from "we offer the best price, we are cheap" to "we pay attention to your requirements", acknowledging that shoppers might have been looking for opportunities elsewhere, so "thank you for sticking with us".

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

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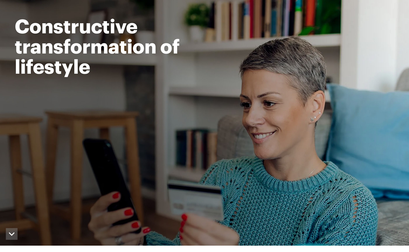
# Constructive transformation of lifestyle



## Good for me, good for the planet

When the outer world goes haywire, we seek safety within. With the initial panic phase behind us, shoppers now move from the "day-to-day" mode to the "day-after-tomorrow" perspective. Cautious optimism makes shoppers "remember" their most important lifestyle aspirations, ranging from taking care of their personal health and financial situation, to the "small" household chores and general living conditions, and the "big" challenge of planetary health. Asked about lifestyle changes shoppers are already into or would like to implement, decluttering their households ranks first (77%), followed by daily exercise (75%), and the zero-waste-challenge (39%). Work less and live more (72%) is also popular on the list of aspirations, as well as going without alcohol (70%). In general, we observe a strong inclination toward improving peace of mind and health, to make space for "me-moments".

According to shoppers, where can manufacturers and retailers contribute the most? The key opportunities to resonate with shopper aspirations are first and foremost the zero-waste-challenge, with work-life-balance in second place, and sugar-free products ranking third.

When it comes to shoppers' stance towards meat, there has been a slowdown of the flexitarian and vegan trends. At the same time, the notion of a planetary health diet is gaining traction – a more holistic approach to dietary impact, both ecologically and on one's personal health, is growing.

## Lifestyle challenges

Source: CPS GfK – in % | EU-19 QS4 n=13409; QS5 n=13903 | GfK, QS5

## The promise of extra protein does not always match

Protein continues to be a big trend, with 16% of value growth. For example in Germany, compared to sex percent for vegan food. However, after the hype, when trends mature, we can observe a natural shift taking place: consolidated growth, where the trend is a natural match, and a decline in categories, that do not fit. For example, dairy products are a natural match with protein, and protein bars are healthier than chocolate, and both product categories are easy to integrate in daily habits. They fit with the product use. On the other hand, e.g. protein and bread are not a natural combination, nor does the notion of healthy protein match with ice cream, regarded as a treat.

### Protein trend - growth for "natural" matches, decline in categories that do not fit

Source: CPS GfK – DE GfK Consumer Panel CPI+D FMCG | MAT Oct 2023 vs. 2022 | Dairy: Chocolate Bars, Bread, Ice cream

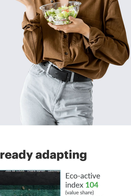
Highlighting the protein trend brings us back to meat. As mentioned before, meat is one of the categories that shoppers will buy more of or upgrade their assortment – if budget and price perceptions allow. Moreover, the number of household consciously avoiding meat for health and environmental reasons remains static. To some extent, this relates to the growing sense that there are no good or healthy alternatives to meat. Public opinion on meat alternatives is now tilting towards the negative side: 58% consider them as not healthy, though Gen Z is a bit more positive. "Lab-meat" – simply spoken, cultured from cells in a laboratory – might offer a viable alternative. Even though lab-meat is not yet available on the market, 19% of shoppers say they would integrate it into their consumption habits.

For the near future, two major lifestyle developments strike us as worth highlighting: nutrition positivity and planetary health.

## Nutrition positivity – knowledgeable purchase decisions

Taking a closer look at the aspect of health, we can see that nutrition is playing a more important role, in the form of nutrition positivity. Shoppers expect a new framing, providing them with practical help to better understand the value of nutrition and make the right decision, such as the Nutri-score: Two-thirds of Europeans say they find the system helpful.

Shoppers want to know more about ingredients such as salt, sugar, and fat, whether products have been genetically modified, and where they originate from (regionality). Many people are expected to "be really high in" protein, probiotics, omega fats, etc., providing a positive boost - or "completely without" e.g. sugar, ensuring no negative impact on the personal health.

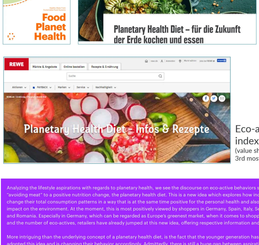


Preventative self-care is also gaining a more "medical" expert angle, as evidenced by the growing prevalence of nutraceuticals. Though at this point, only seven percent of shoppers are convinced enough to take part for sure integrate nutraceuticals in their daily routine, but a further 13% would try it out of curiosity, and another 23% see it as an easy way to take care of the personal health.

When it comes to diet plans, we observe a shift from a singular focus, e.g. no white flour or no sugar, to a broader approach. By means of example, intermittent fasting is having a relatively strong appeal, with 4% stating they already do or would like to follow this diet.

**Nutraceuticals** *are defined as nourishing food components that provide the body with medical or health benefits, including the prevention and treatment of diseases. Some popular nutraceuticals include ginseng, echinacea, green tea, glucosamine, omega-3, lutein, folic acid, and red beer etc.*

## The planetary health diet: Gen Z already adapting





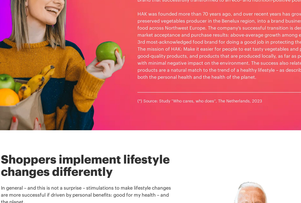


Analyzing the lifestyle aspirations with regards to planetary health, we see the discourse on eco-active behaviors shifting from "avoiding meat" to a positive nutrition change, the planetary health diet. This is a new idea which explores how individuals can change their total consumption patterns in a way that is at the same time positive for the personal health and also has much less impact on the environment. At the moment, this is most positively viewed by shoppers in Germany, Spain, Italy, Serbia, Croatia, and Romania. Especially in Germany, which can be regarded as Europe's greenest market, where it comes to shopper behavior and the number of eco-actives, retailers have already jumped at this new idea, offering respective information and recipes.

More intriguing than the underlying concept of a planetary health diet, is the fact that the younger generation has already adopted this idea and a changing their behavior accordingly. Additionally, there is still a huge gap between aspiration and reality, but looking at a small period of time - from 2017 to 2023 - we can already see a considerable change in younger shoppers' behavior. Gen Z, for example, increased their consumption of vegetables, pulses, fruit, and unsaturated fats, while cutting down on dairy products - as much as six percent - and meat. On the contrary, older generations showed hardly any movement in what they bought during the same period. This indicates how young shoppers have a different way of looking at food, and we can expect this change in the shopping basket - with potentially different staples - to continue over the coming years.

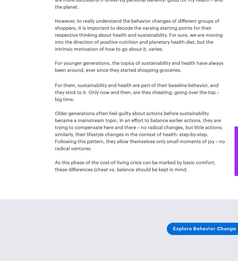
### On the way to a planetary health diet: remarkable changes in young shoppers' diet

Source: CPS GfK – DE GfK Consumer Panel CPI+ 2.0 | FMCG; MAT 6/2023




Source: CPS GfK – Consumer Panel NL MAT Q2 2023 | hak.com

## HAK – successful transformation of a traditional brand



While we can find numerous examples of born sustainability brands or niche brands, when mastering the successful conversion to sustainability, mainstream brands often struggle to make a true transition that is acknowledged by the market. HAK is an example of a mainstream brand that successfully transformed to an eco- and nutrition-positive positioning.

HAK was founded more than 70 years ago, and over recent years has grown from a traditional preserved vegetables producer in the Benelux region, into a brand business in plant-based food across Northwest Europe. The company's successful transition is demonstrated by market acceptance and purchase results: above-average growth among eco-actives and the 3rd most-acknowledged food brand for doing a good job in protecting the environment (*). The mission of HAK: Make it easier for people to eat tasty vegetables and pulses, with natural, good-quality products, and products that are produced locally, as far as possible, prepared with minimal negative impact on the environment. The success also relates to the fact that the products are a natural match to the trend of a healthy lifestyle – as described above –, serving both the personal health and the health of the planet.

(*) Source: Study "Who cares, who does", The Netherlands, 2023

## Shoppers implement lifestyle changes differently

In general – and this is not a surprise – simulations to make lifestyle changes are more successful if driven by personal benefits: good for my health – and the planet.

However, to really understand the behavior changes of different groups of shoppers, it is important to decode the varying starting points for their respective thinking about health and sustainability. For sure, we are moving into the direction of positive nutrition and planetary health diet, but the intrinsic motivation of how to go about it, varies.

For younger generations, the topics of sustainability and health have always been around, ever since they started shopping groceries.

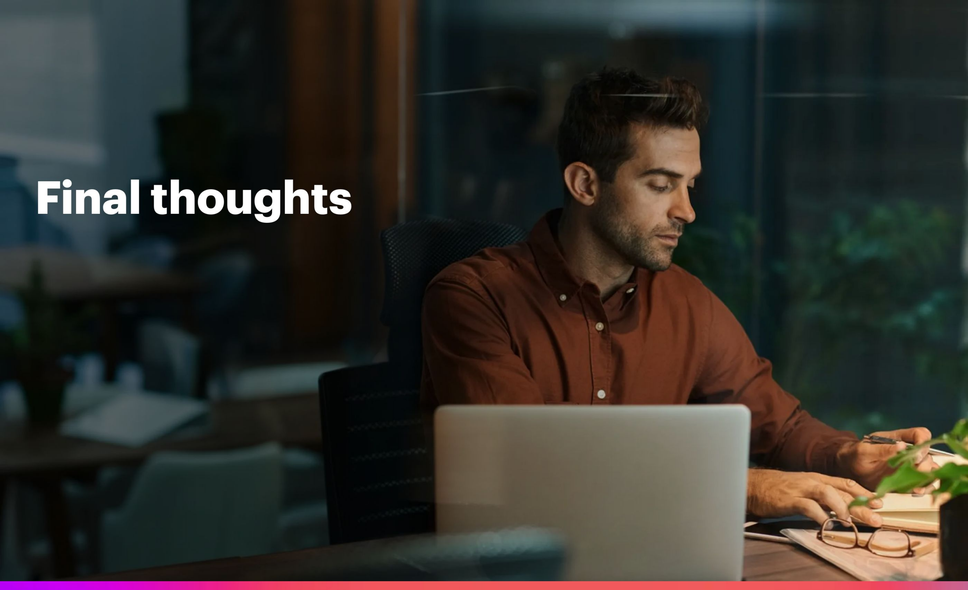
For them, sustainability and health are part of their baseline behavior, and they stick to it. Only now and then, are they changing, going over the top - big time.

Older generations often feel guilty about actions before sustainability became a mainstream topic. In an effort to balance earlier actions, they are trying to compensate here and there – no radical changes, but little actions; similarly, their lifestyle changes in the context of health: step-by-step. Following this pattern, they allow themselves only small moments of joy – no radical ventures.

As this phase of the cost-of-living crisis can be marked by basic comfort, these differences (cheat vs. balance should be kept in mind.

In a nutshell, the lifestyle changes of nutrition positivity and planetary health could be characterized as "constructive transformation" – realistic changes, in a positive sense, one step at a time.

Explore Behavior Change



# Final thoughts

## Innovation and appreciation could boost the day after tomorrow

Now more than ever, shoppers navigate through fields of tension. Though not a new challenge, it is amplifying due to budget constraints and ongoing digitization.

On one hand, shoppers desire a wide variety, or at least the perception thereof, craving freedom of choice, maximum flexibility, and a sustainable lifestyle with occasional indulgences. At the same time, they are reluctant to sacrifice comfort, simplicity, or control, and must remain frugal in what they spend. Balancing these opposing forces presents a significant challenge.

A bit of a spoiler to start with: For the first time since the cost-of-living-crisis started, shoppers seem to see a silver lining. Looking at the latest survey and report, we analyzed five aspects to substantiate the initial signs for a tipping point, exploring

### 1. Shoppers are cautiously optimistic

There is a change in tonality. Shoppers still need to wiggle budgets but are less susceptible to purely rational incentives; as it is not easy to win shoppers back from private labels, brands need to 'shine'.

### 2. There is a mindset of "basic comfort"

Shoppers will try to make room for little pleasures (or cheat moments for younger generations), but not at any price, seeking escapism while keeping their basics in check. It is important to understand whether your brand can deliver on this, because the match counts.to what extent this is translating into shifts in grocery shopping strategies,

### 3. Brands need incremental innovation

It takes a visible effort and value-add to make shoppers switch back. A new flavor alone will not do the job, as we are still not in a try-out phase. With high on-shelf competition, it is about real improvement, also to the category, and being indispensable to need fulfillment.

### 4. Retailers have to appreciate shoppers' needs

Put emotion back into the game and put the shopper back into focus; making shoppers stick requires changing the narrative from price to appreciation, to address shoppers' requirements.

### 5. Support the constructive transformation of lifestyle

Retailers can be curators of perfect choice, and brands act as supporters of the "day-after-tomorrow"-aspirations and lifestyle positivity: good for me and good for the planet; credibility is everything – function, emotion, responsibility: it needs to match the core of the brand.

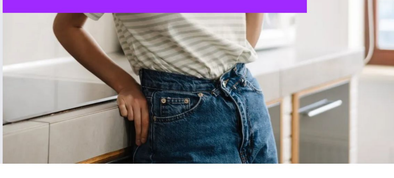
**NOTE:** All YouGov reports referred to herein are available for purchase.

**Retailers covered:** top 10 retailers per country

The EU-18 report, including country splits, covers the following **categories**:

- 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

Single country reports, including additionally Ukraine, Switzerland, and Norway, are available for purchase upon request.



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