

# Mastering FMCG Trends:

## Strategies for Success in the Age of the Evolved Consumer



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# Agenda

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**Macroeconomics & Consumer trends**

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**FMCG evolution**

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**Channels dynamics**

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**Insights on successful strategies**

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## East Europe value sales grow faster than in West markets due to the higher inflation

### Q2 2023 sales development



#### Total Europe

**9,9%** ▲  
FMCG value growth

**-0,9%** ▼  
Weighted volume growth

**10,8%** ▲  
Price-related value growth



#### West Europe

**9,5%** ▲  
FMCG value growth

**-1,1%** ▼  
Weighted volume growth

**10,6%** ▲  
Price-related value growth

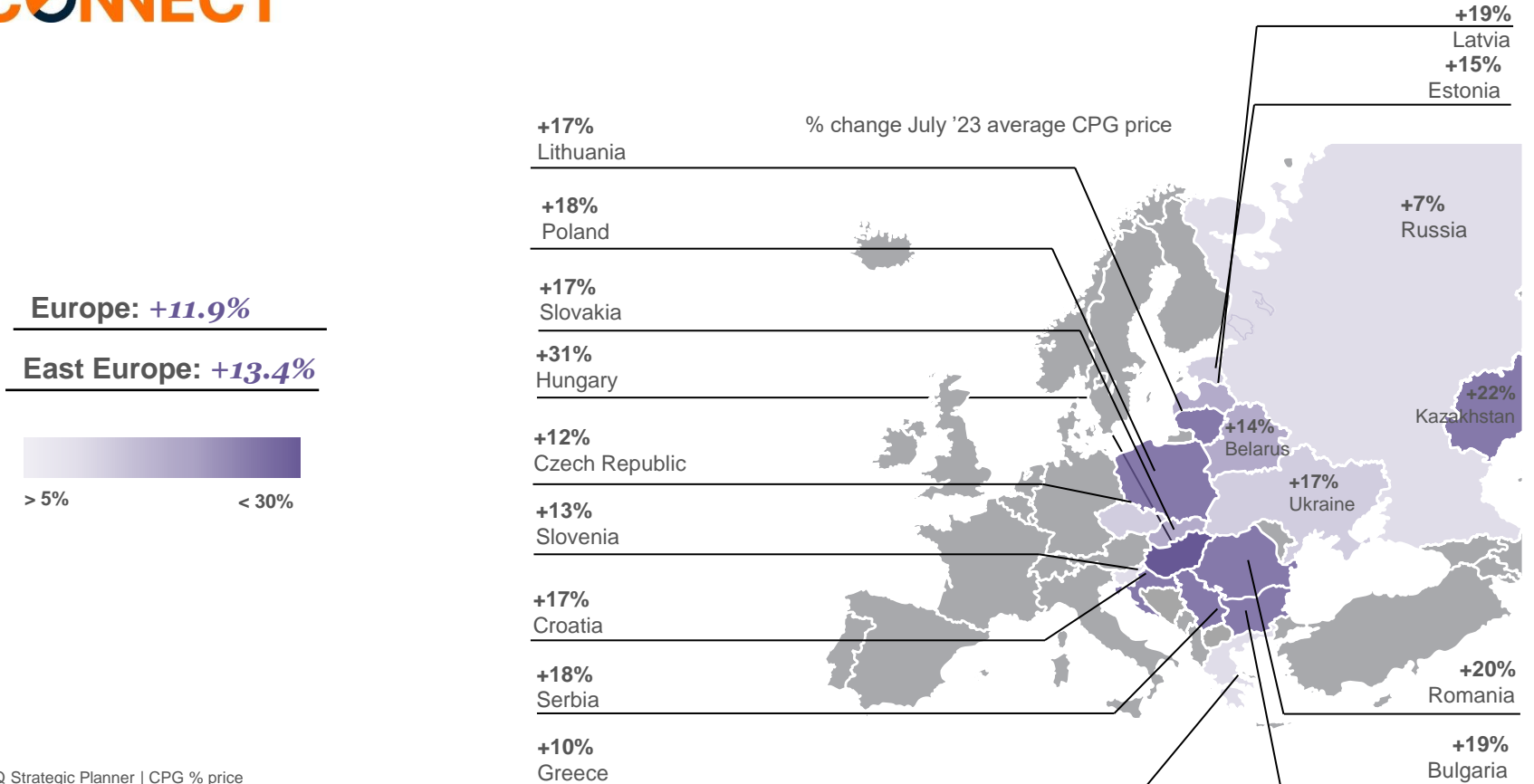


#### East Europe\*

**13,8%** ▲  
FMCG value growth

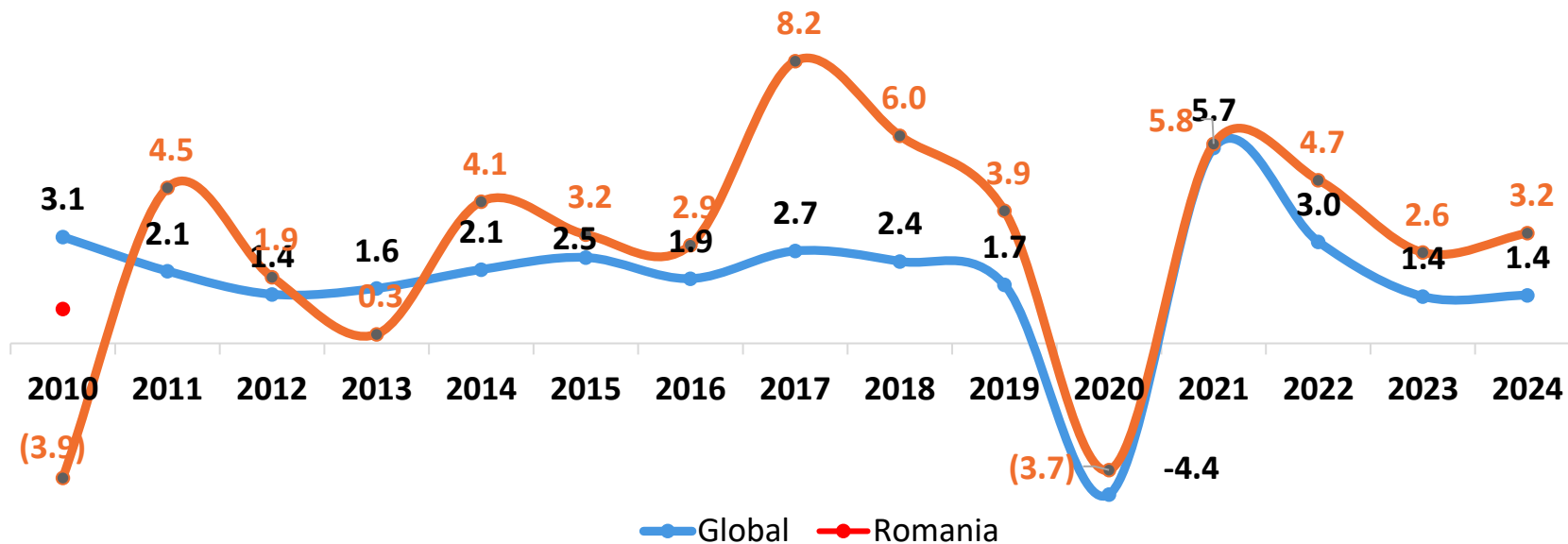
**-3.2%** ▼  
Weighted volume growth

**17%** ▲  
Price-related value growth



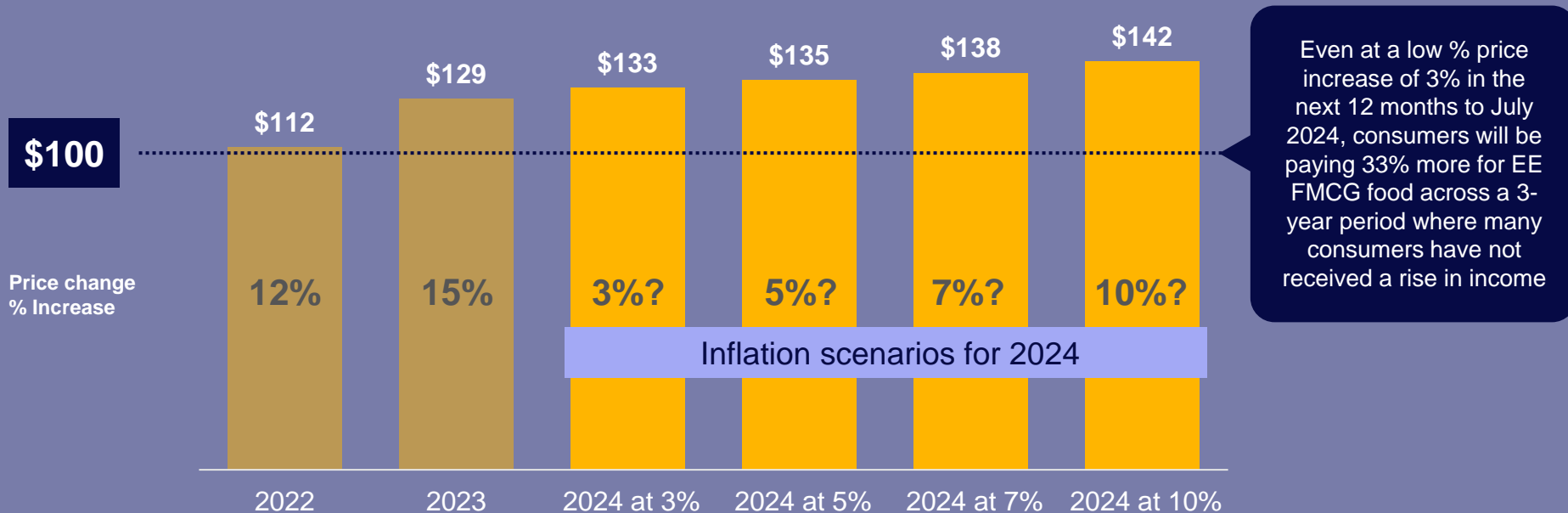
Global economic conditions expected to remain slow in 2024

Inflation to stay globally from 4.9% in 2024 to 3.5% in 2028



## The compounding effects of FMCG inflation will be felt in 2024

*\$100 spend across 36 months into 2024 in Eastern Europe*



# The global state of *evolved* consumers

Prolonged pressures have shaped *calculated* spending, as consumers evolve their habits aligned to recent inflation deceleration. But the *compounding effects* of years of disruption continue to keep consumers bracing for what's ahead.

Pressured

Calculated

Resilient



1990

23,000,000

33.6



2021

19,000,000

42.4

65+ y.o. the only age cohort increasing  
20% of the population, +700K more vs 0-14 y.o.  
50-54 y.o. biggest age group (9,0%).  
0-14 y.o. 15% of the population



## Top 10 concerns among global consumers

- 1 **Rising food prices**
- 2 **Increasing utilities**
- 3 **Economic downturn**
- 4 Increased housing costs
- 5 Global warming / environment
- 6 Job security
- 7 Ability to provide basics for family
- 8 Rising transportation costs
- 9 Rising interest rates
- 10 Personal welfare / happiness



Monitoring the cost of the basket and stop buying certain products are the top saving strategies in Romania

## This

### Top-ranked Saving Strategies

**45%** Monitor the cost of my overall basket of goods

**33%** Stop buying certain products

**30%** Bought smaller size of my brand

**26%** Select lowest priced product from preferred repertoire



## Not That

### Bottom-ranked Saving Strategies

**16%** Select lowest price product irrespective of brand

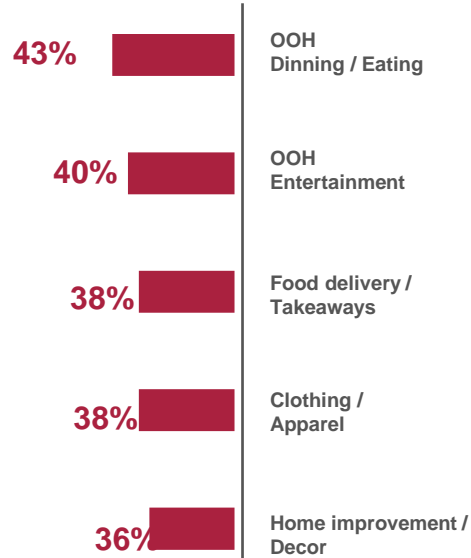
**14%** Stick to my regular brands, irrespective of price

**8%** I have not changed how I shop

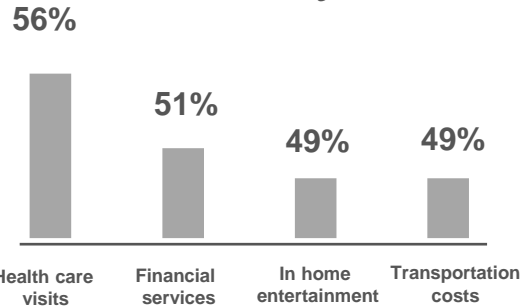
## Wallet shifts during pressured times

FMCG categories central to 2023 consumer spending intentions

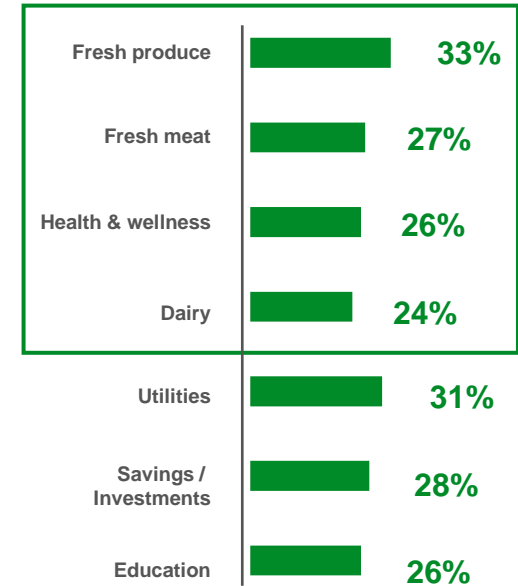
### Spending less



### Same as before



### Spending more



32%  
Grocery & household items

# FMCG evolution

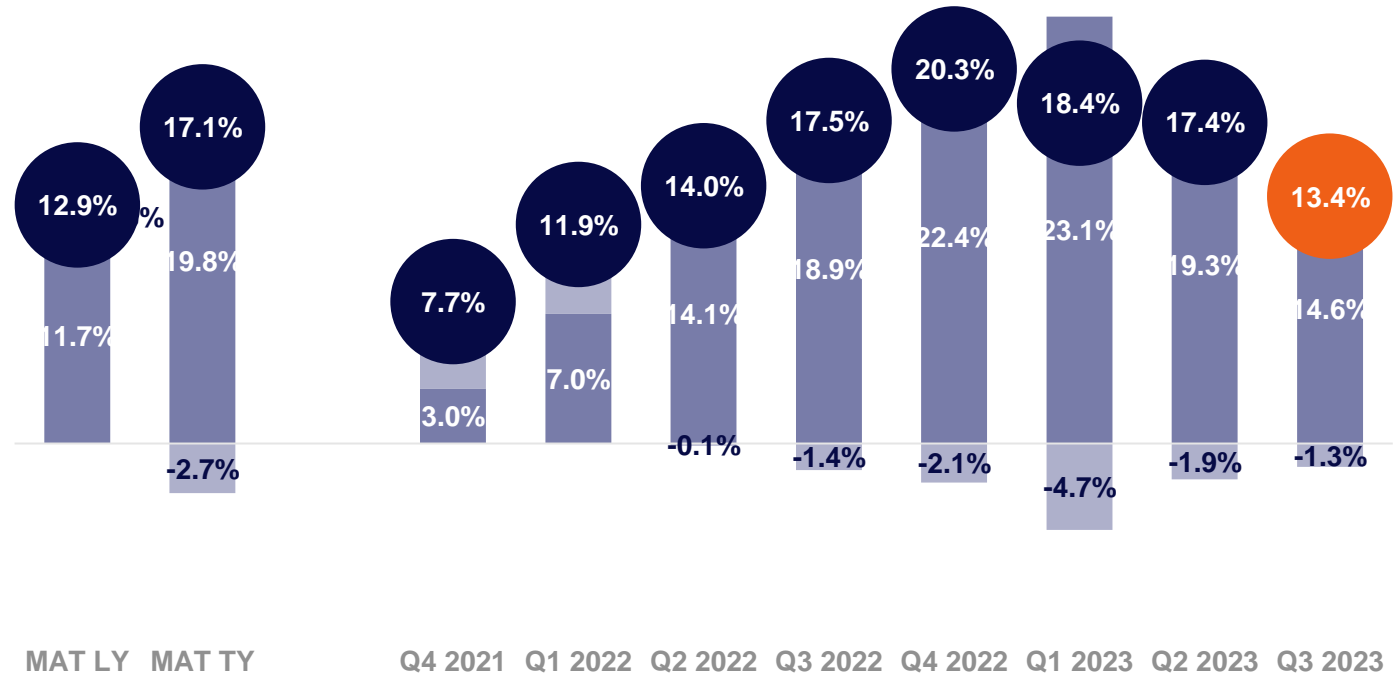
YTD September 2023



## Volumes decline and price increases continue to diminish in Q3 2023

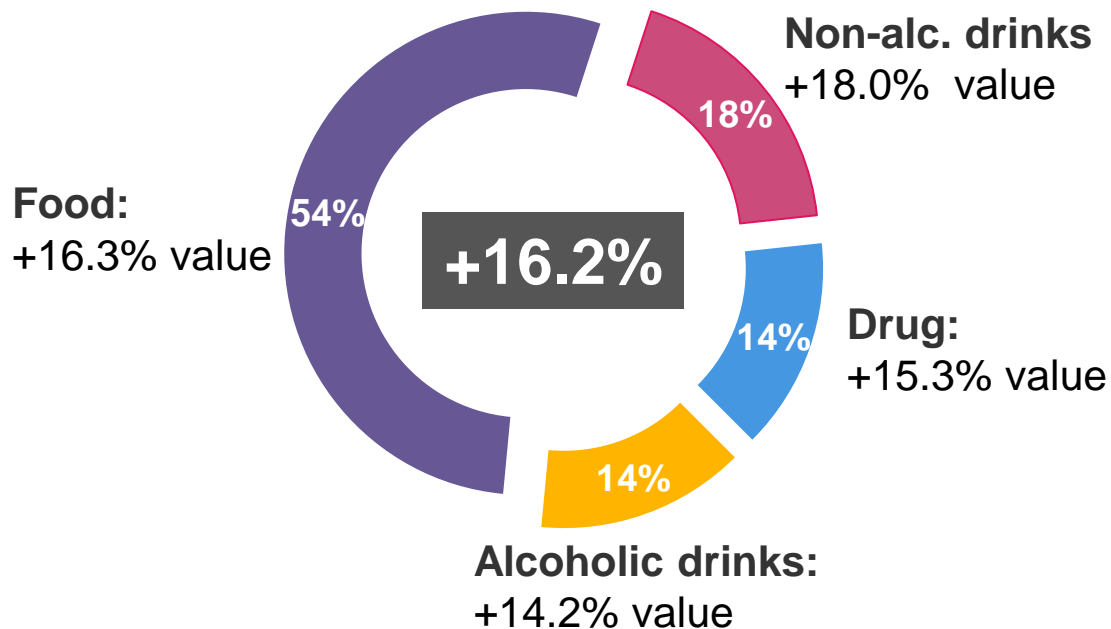
■ Unit value growth   ■ Volume growth   ● Nominal value growth

Retail prices:  
**+33.4%** vs.  
Q2 2021

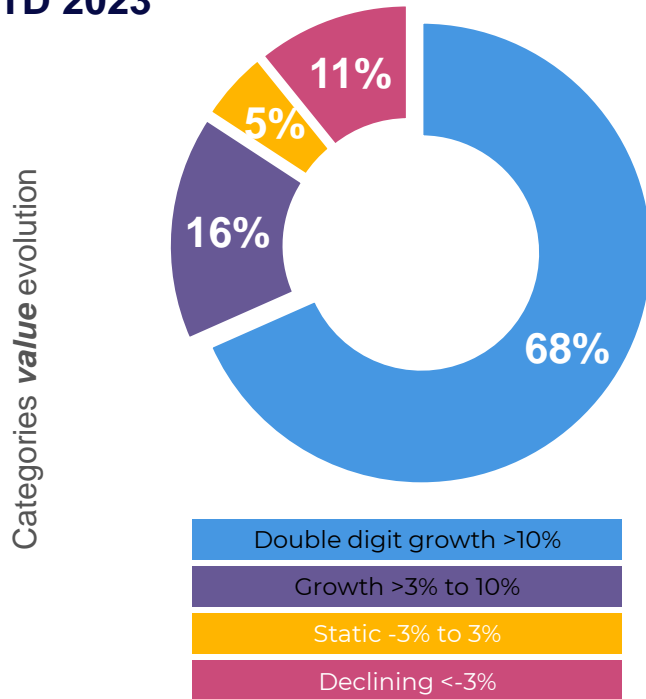


**All industries  
grow value,  
Food and  
Non-Alcoholics  
leading growth**

**% Value share on total FMCG,  
Romania YTD 2023**

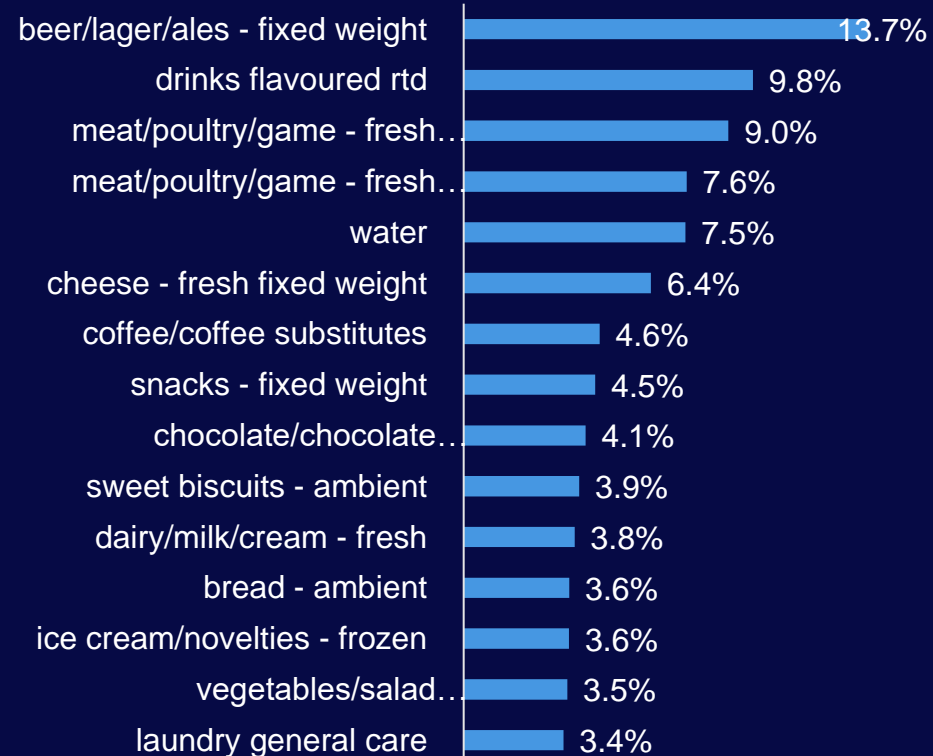


84% of the FMCG categories grew in *value* in YTD 2023

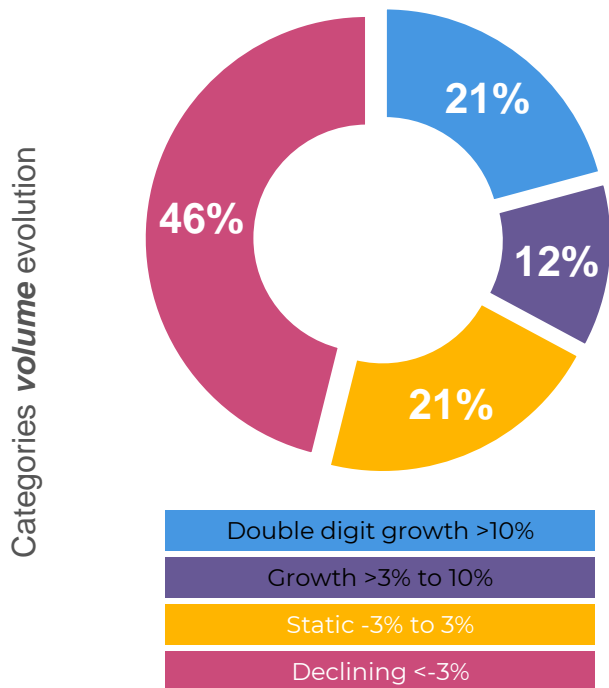


Source: Nielsen Retail Audit, up to Q3 2023

## Value share of TOP15 categories of FMCG

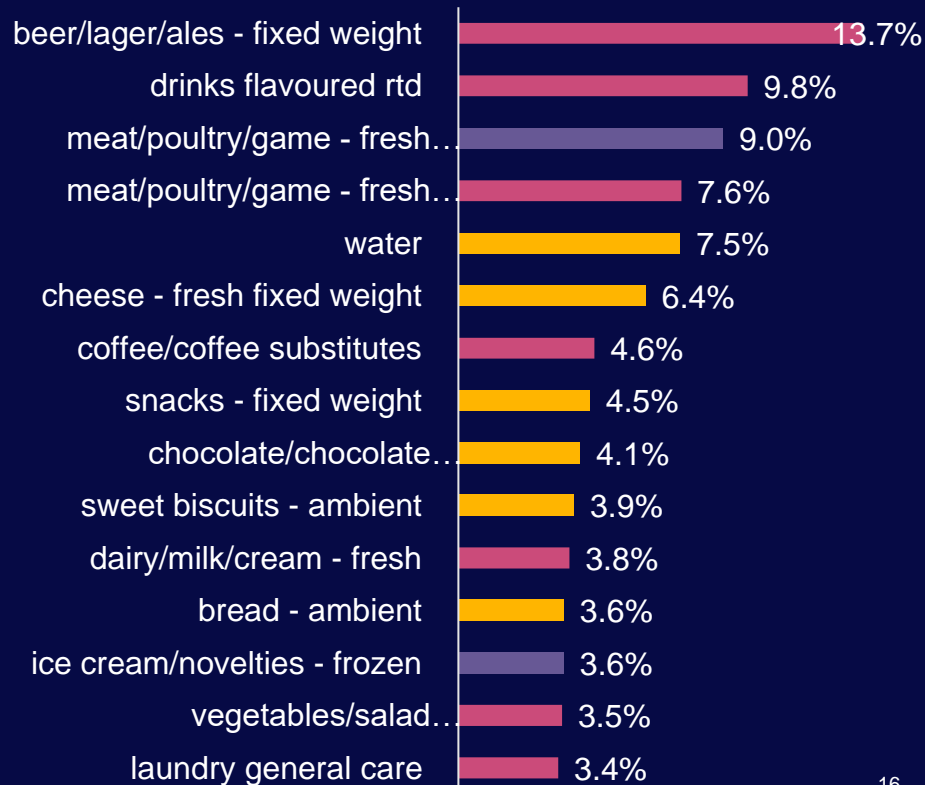


Only 33% of the FMCG categories grew in *volume* in YTD 2023



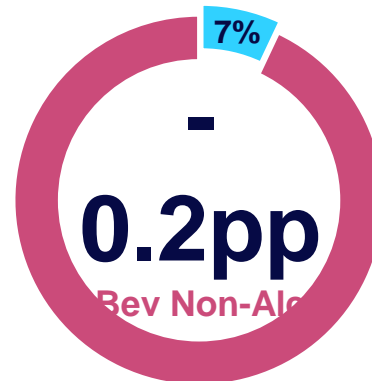
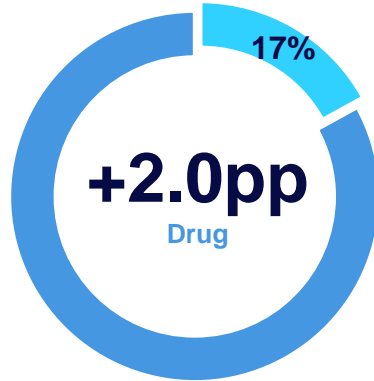
Source: Nielsen Retail Audit, up to Q3 2023

## Value share of TOP15 categories of FMCG





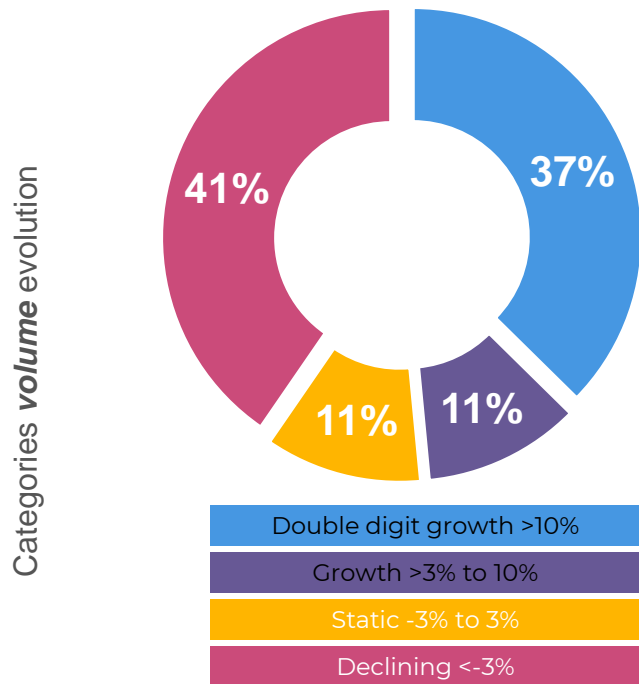
Private Labels slowed down the accelerated growth, but still winning share from Brands



**PL is 18.5% of FMCG**

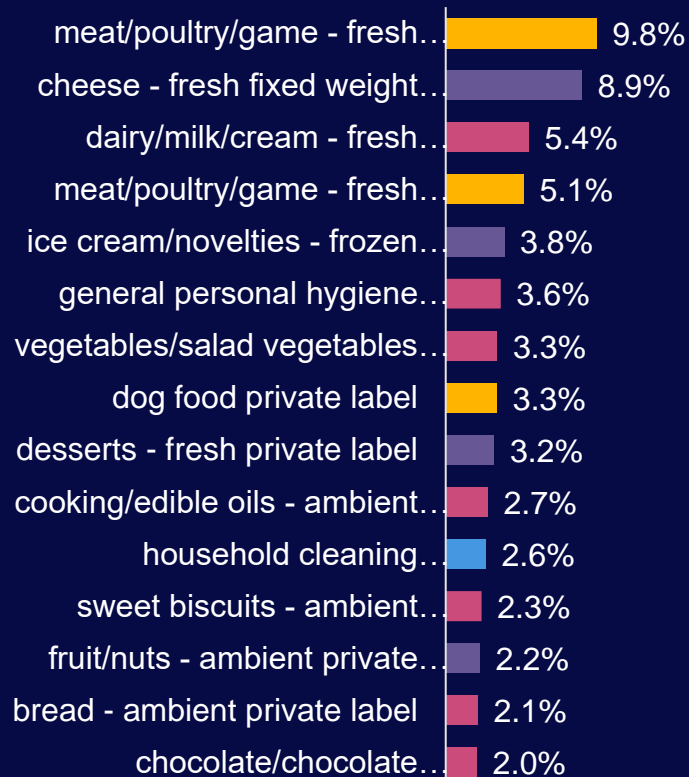
+0.3pp 2023 vs YTD last year

Only 48% of the Private Label categories grew in *volume* in YTD 2023



Source: Nielsen Retail Audit, up to Q3 2023

## Value share of TOP15 categories of PL

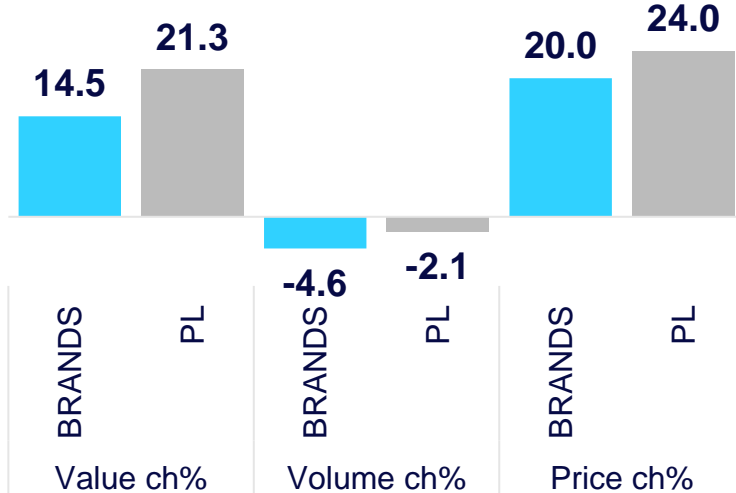


Private Label grew ahead of brands, with lower volume loss

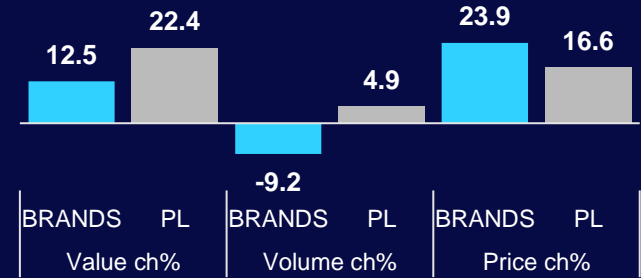
... but this was NOT due to Discount channel

## ROMANIA

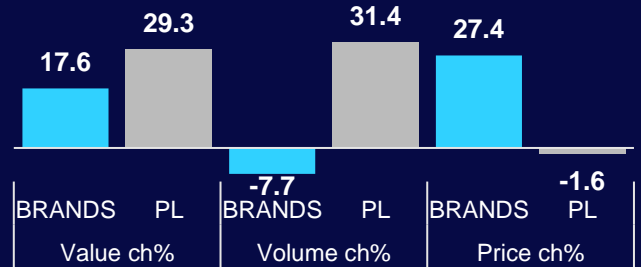
Changes in MAT Jun'23 vs MAT Jun'22



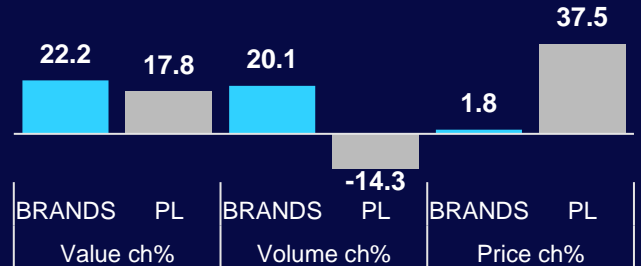
## HYPERS



## SUPERS



## DISCOUNT



# Channels dynamics



## Regions' value importance split and evolution

**Bucuresti-Ilfov** – 2.3 mil pop (11,8%)

17.3% val share | +16.2% val chg

**Sud** - 2.8 mil pop (15,0%)

13.7% val share | +18.3% val chg

**Sud-Est** – 2.4 mil pop (12,5%)

12.2% val share | +13.3% val chg

**Sud-Vest** – 1.8 mil pop (9,9%)

8.9% val share | +15.1% val chg

**Centru** – 2.3 mil pop (11,9%)

12.3% val share | +14.9% val chg

**Vest** – 1.7 mil pop (8,7%)

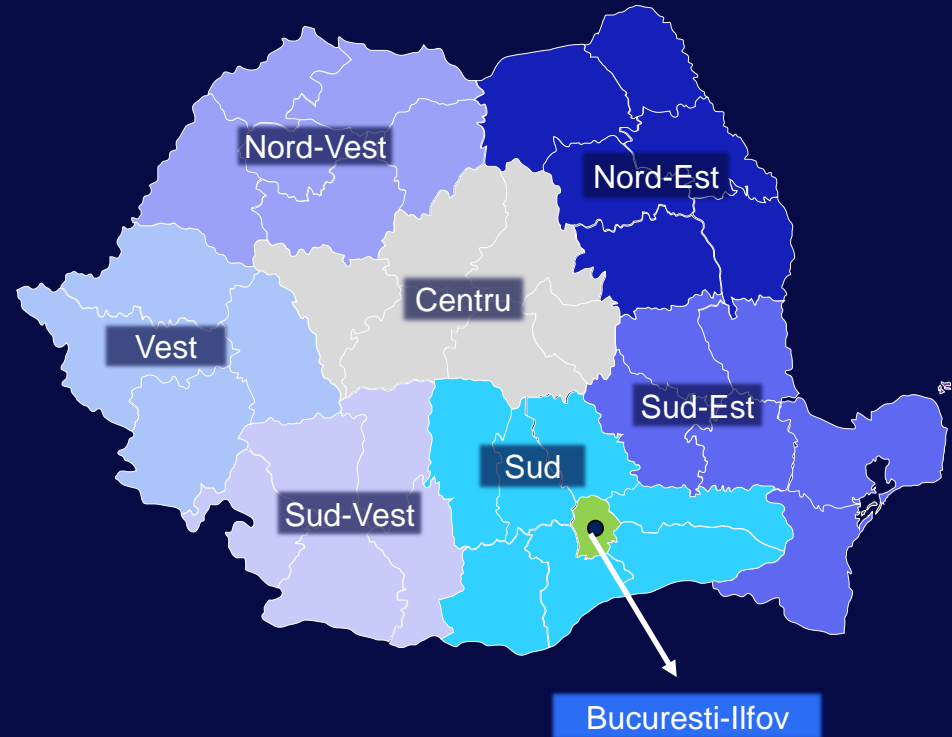
9.1% val share | +17.2% val chg

**Nord-Est** – 3.2 mil pop (17,0%)

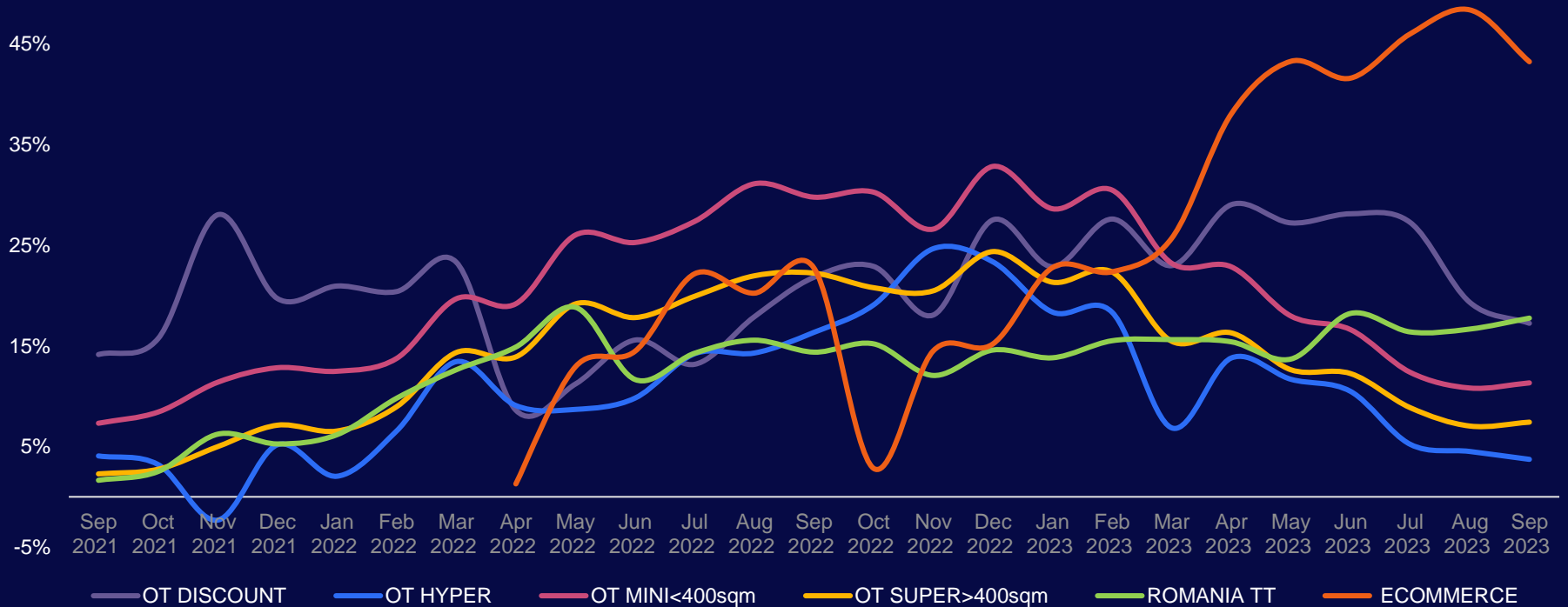
13.3% val share | +15.0% val chg

**Nord-Vest** – 2.5 mil pop (13,2%)

10.8% val share | +18.7% val chg

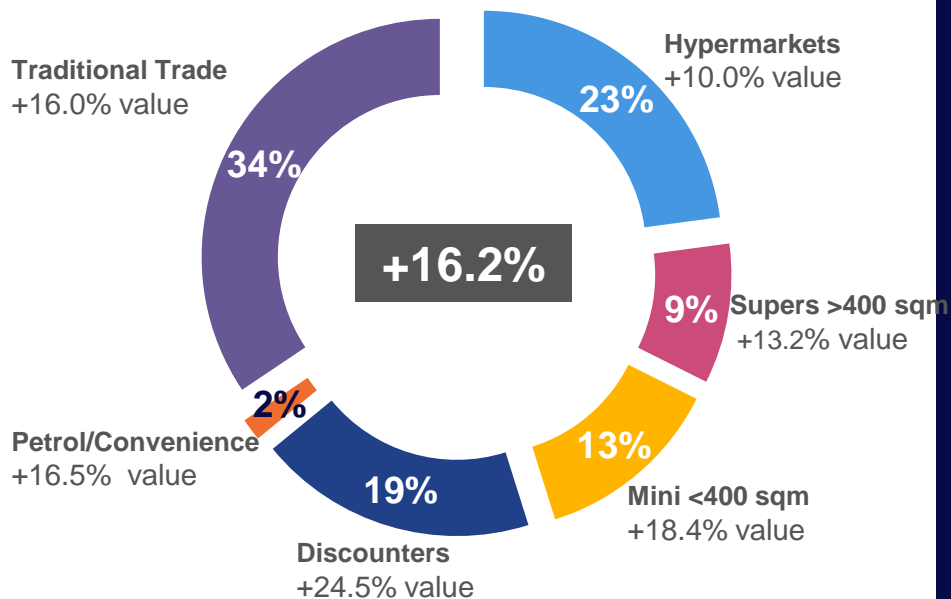


## E-comm continues to peak in Q3, while Discounters drop in Aug-September



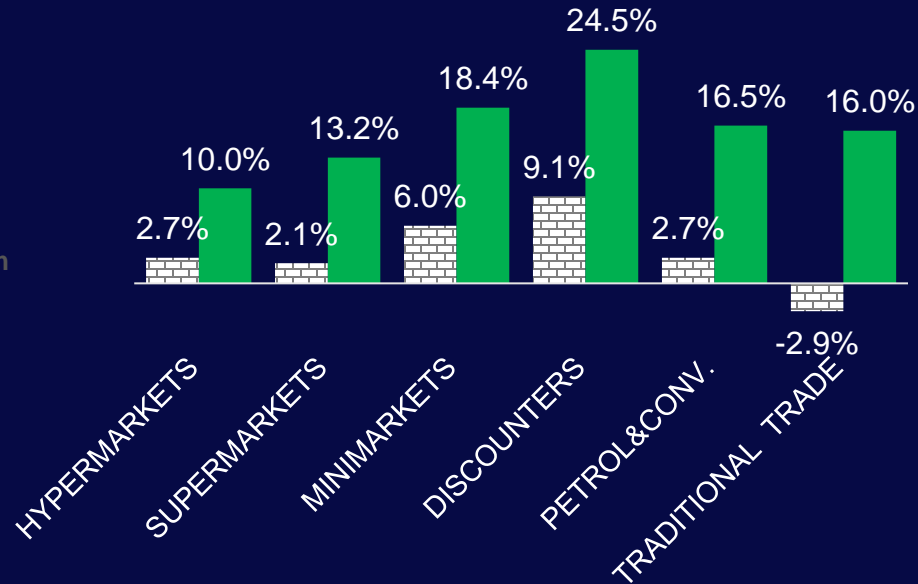
## Minis & Discount grow over 20% vs YTD YA

% Value share on total FMCG, Romania YTD 2023



Source: Nielsen Retail Audit, up to Q3 2023

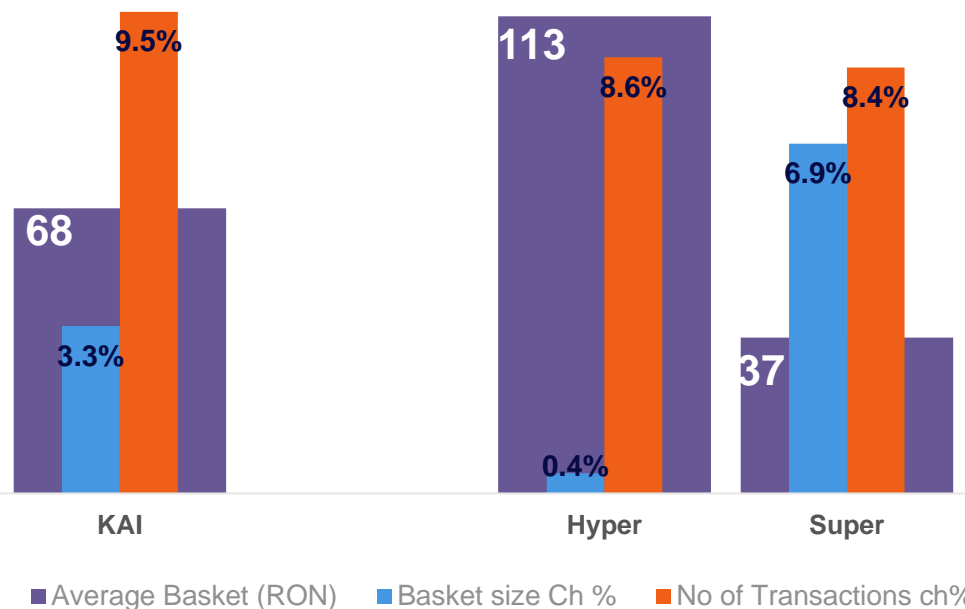
## Value & No of Stores evolution



■ Network growth vs YA

■ Val growth vs YA

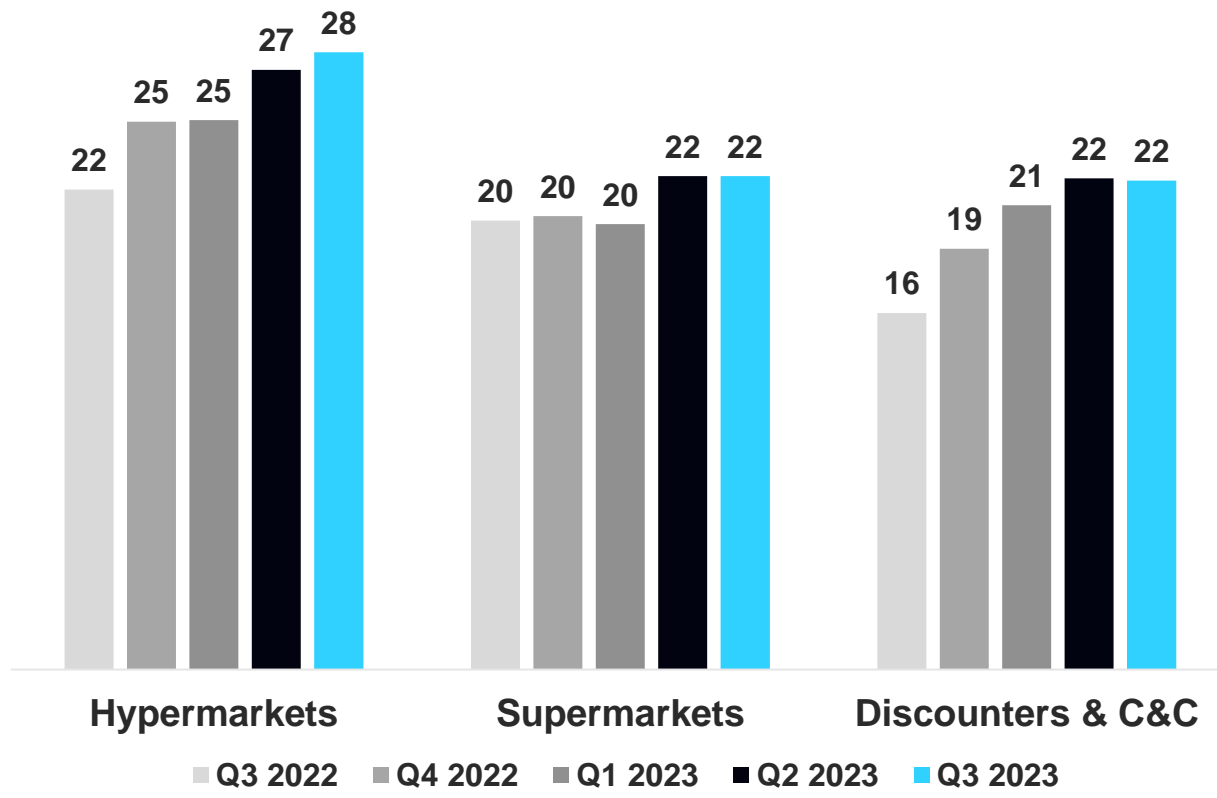
## Supermarkets grow strong both in transactions & basket size



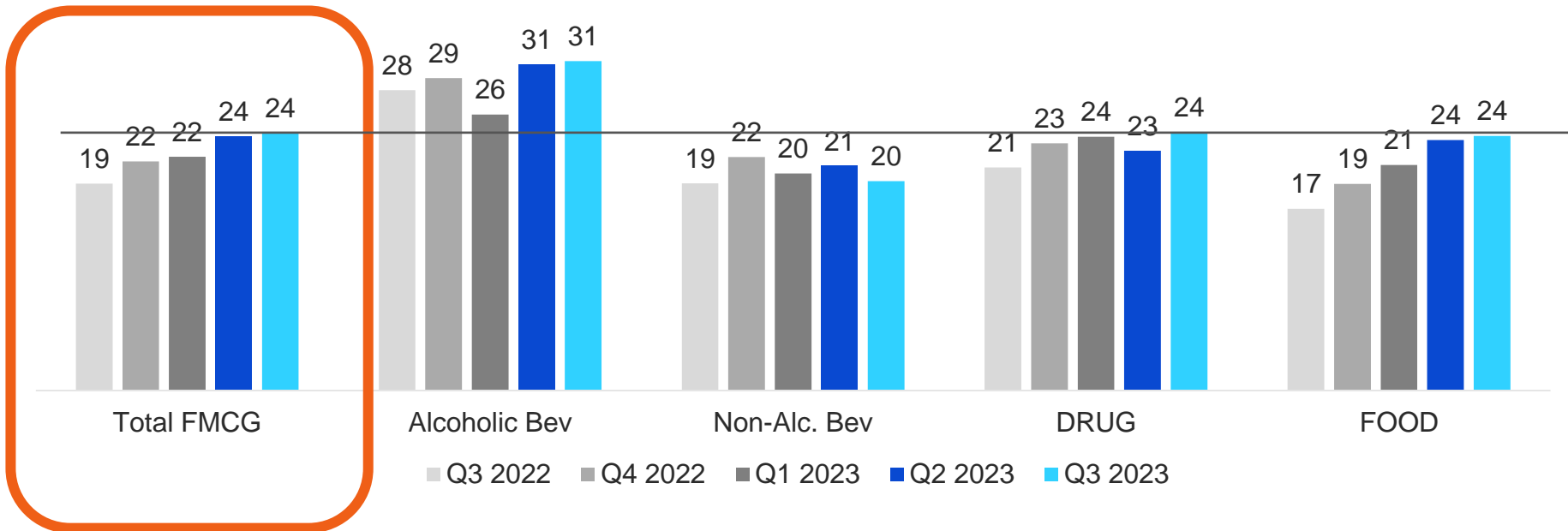
Shopping more often, but keeping total basket value under control



All channels promoted above last year's level in Q3 2023, with Hypers recording the highest YOY change (+6.2pp)



Industries are promoting similarly to Q2, but higher than last year's Q3



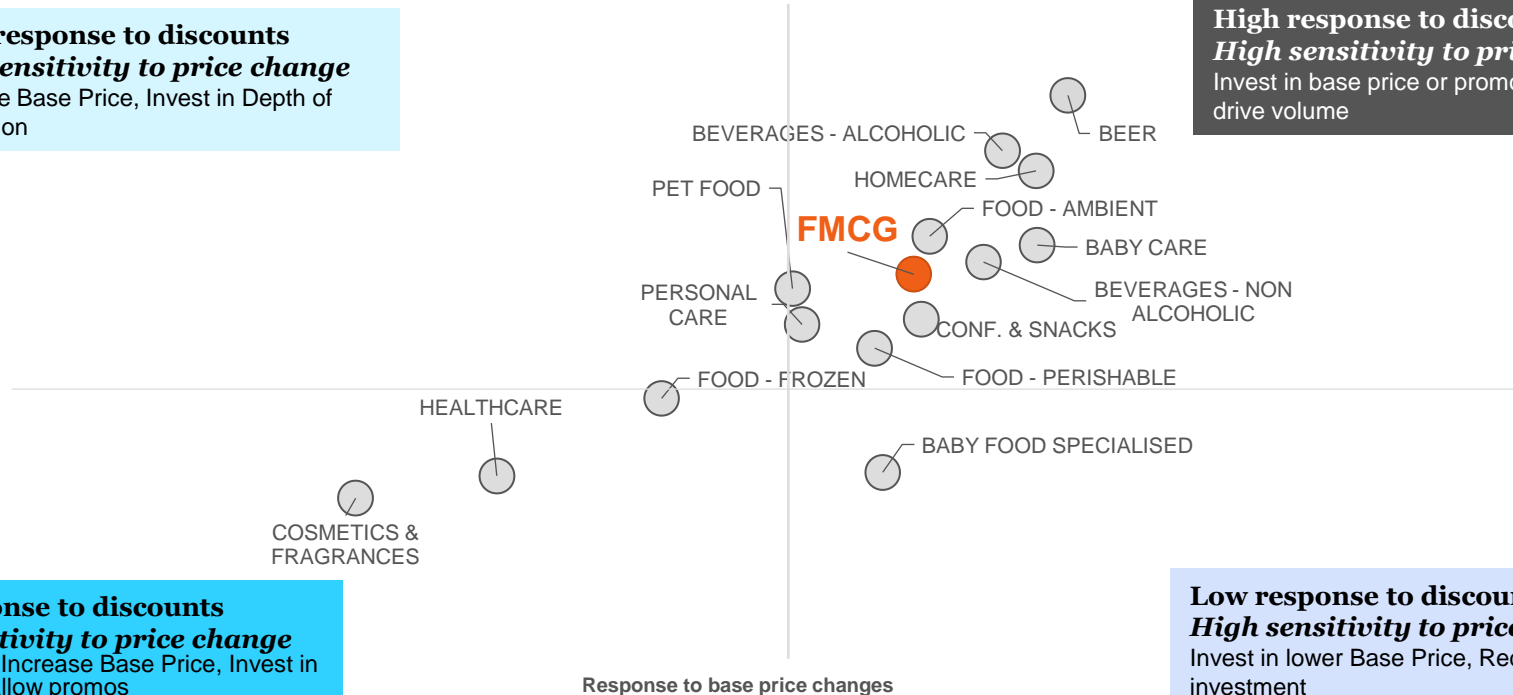
Source: Nielsen ScanTrack data, all categories w/o Tobacco, KAI, Q3 2023

## ROMANIA – Hypermarkets & Supermarkets, Regular Price Elasticity & Promo Price Elasticity by department | MAT Q4'22

**High response to discounts**  
**Low sensitivity to price change**  
 Increase Base Price, Invest in Depth of Promotion

**High response to discounts**  
**High sensitivity to price change**  
 Invest in base price or promotional depth to drive volume

Response to discounts



**Low response to discounts**  
**Low sensitivity to price change**  
 Profit Driver: Increase Base Price, Invest in frequent, shallow promos

**Low response to discounts**  
**High sensitivity to price change**  
 Invest in lower Base Price, Reduce promo investment

Response to base price changes

*“Change is the law of life. And those who look only to the past or present are certain to miss the future”* – John F. Kennedy

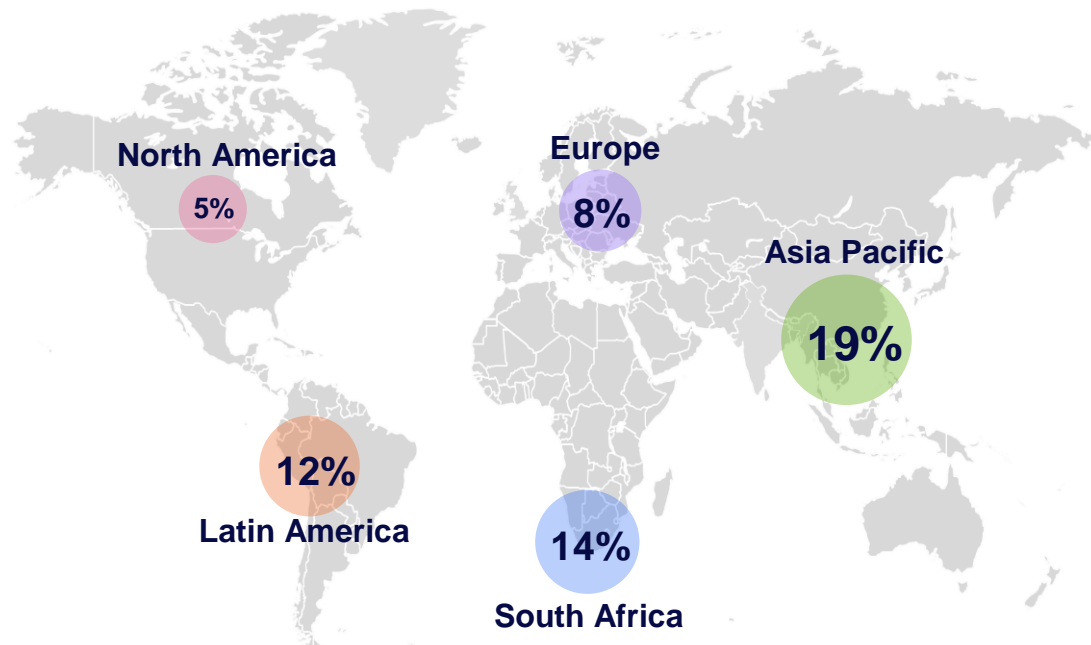


# 11% of Categories managed to succeed

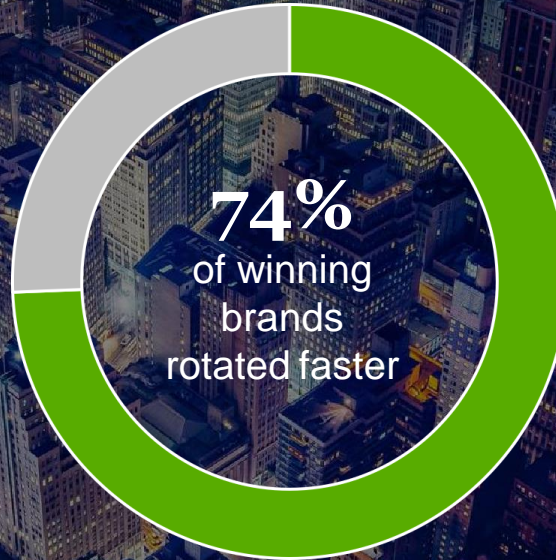
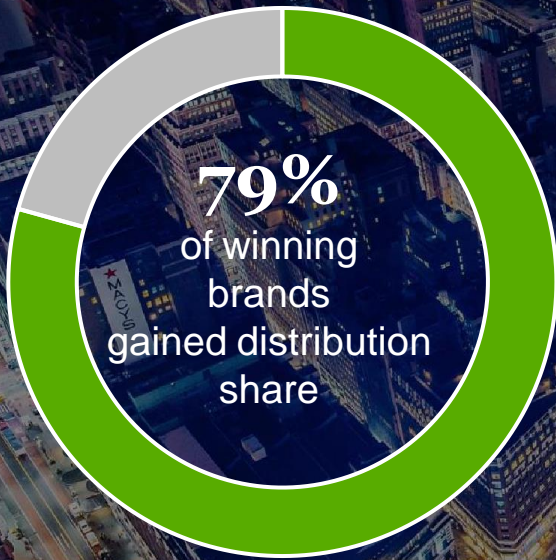
## Success criteria

- Value, volume, unit growth
- Volume and unit share gain
- Value share gain >+0.01

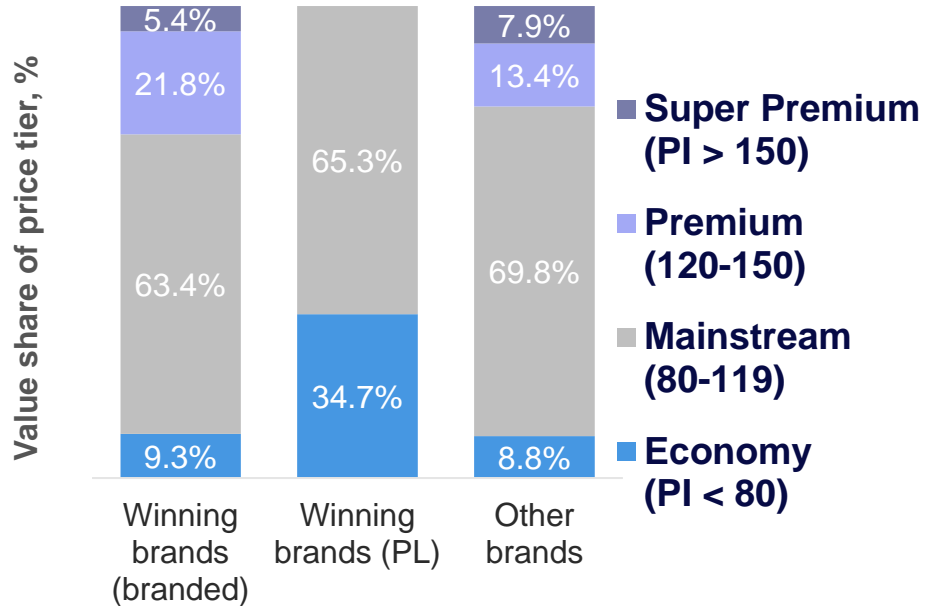
As the most insulated region in the inflationary scenario, **Asia Pacific** managed to succeed in almost 20% of cells



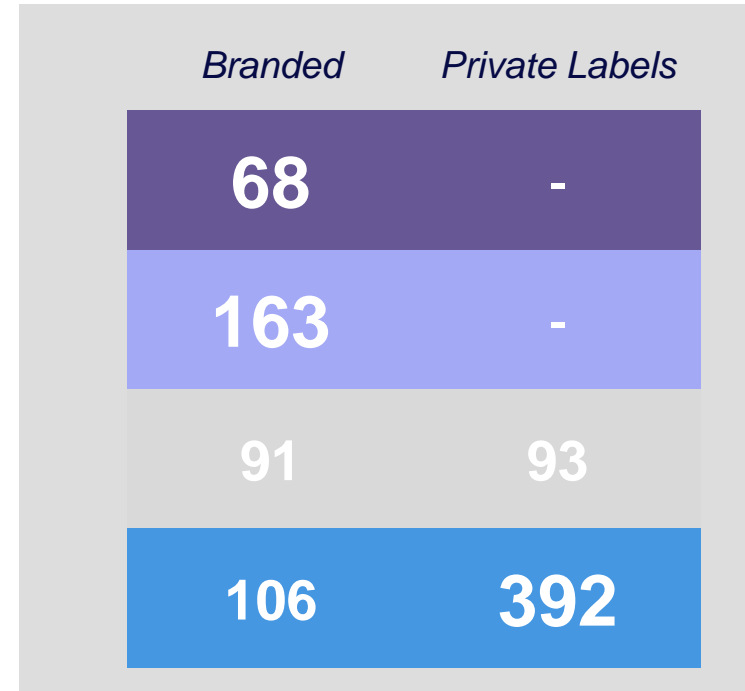
# Learn from Inflation Winners: The importance of driving growth beyond price transfer



## Branded winning through Premium, whilst Private Labels are the top choice for Economy



## Index Winning vs Other



## Holiday scorecard

### Our predictions:

**More  
gifting trade-offs**

**55%**

of global consumers only buy what they know they'll use to **avoid waste**

**Earlier  
shopping  
preparations**

**56%**

of global consumers **plan ahead** before shopping

**Less  
on gatherings**

**82-84%**

of global consumers **will spend the same, less or nothing** on celebrations and socializing

**Ignition  
of online shopping**

**+17%**

online CPG sales in US, where overall omni-sales are +9% vs. year-ago



“As consumers worldwide grapple with the challenges of rising costs of living, their holiday spending habits are shifting. Retailers and CPG companies have a mixed bag of selective optimism and calculated spending to deal with, but the right data can guide consumers to make the most of the upcoming holiday season.”

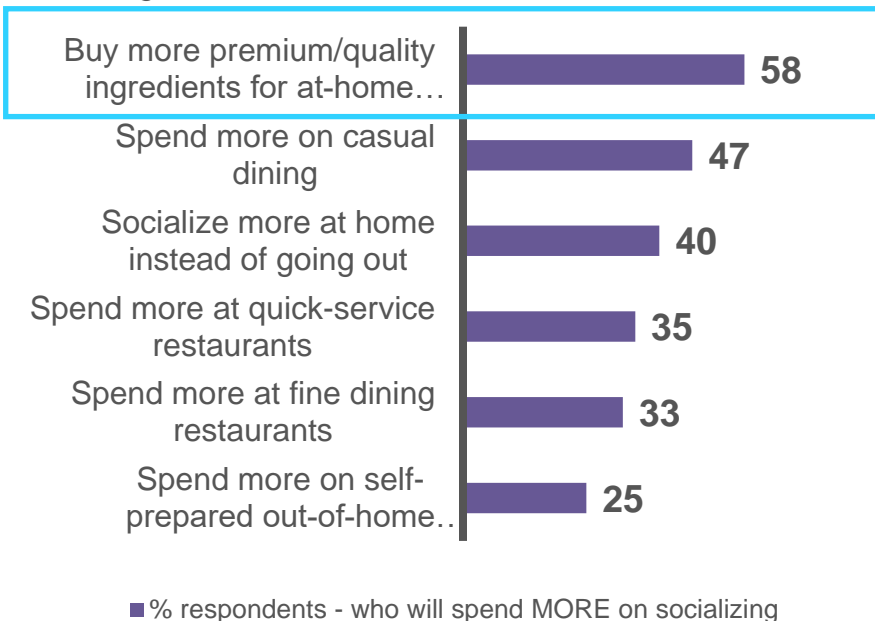
**Lauren Fernandes**

Global Director of NIQ Thought Leadership



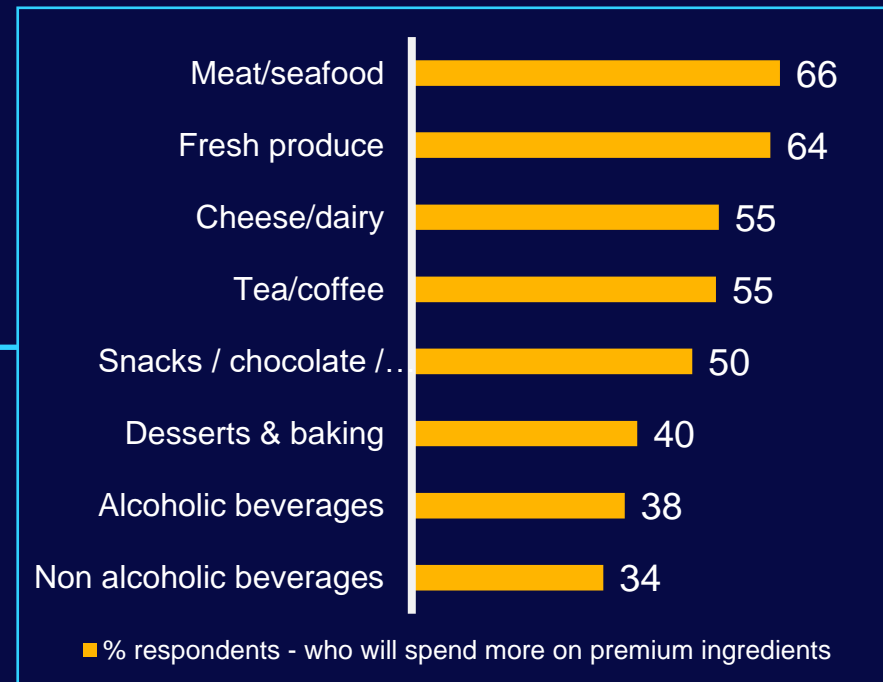
## CPG poised to benefit from socializing

Top spending habits of those who will spend **MORE** on socializing



## Premium fresh foods are a socializing luxury

These consumers are most likely to **upgrade to a better meat or seafood option** this holiday season



## Take Action: *Holiday Leadership Guidance*

### Outcomes to anticipate:



#### Friction between “wants” and “needs”

Polarized consumer demands; some express desires to save and survive, others will indulge to make up for a pressured year



#### Resilient deal finders

Thrifty consumers will double-down on savings events and sales to make the most of the celebratory season



#### Presence as a “present”

Calculated holiday spenders will prioritize time spent in the presence of loved ones as the best gift of all



#### Festive branding showdown

It may be the fiercest brand battle this holiday season, as consumers grapple between serving up name brands or emerging private label options



#### Less-is-more mentality

Necessity forced consumers to spend more for less volume, but omni-shopper holiday habits may form around this minimalism long-term

## Gauging future growth drivers to fuel 2024 planning

Low impact

High impact

1

FMCG  
inflation



Strategically and regularly manage price to ensure profitability in the **inflation long haul**.

2

Consumer  
recovery



**Fragile consumer optimism** must be carefully monitored, particularly aligned to employment shifts.

3

Coping  
strategies



Align your brand to consumers' deep-rooted habits around **calculated spending and saving** strategies.

4

Private  
label



Anticipate and acknowledge **private label staying power** and strategize to coexist rather than compete on price alone.

5

Volume  
declines



**Consistent volume declines** indicate consumer disconnect with brands. Don't sacrifice enduring future growth for current volumetric/margin gains.

**Thank you!**