
Gondola Society Economic Expectations 2024

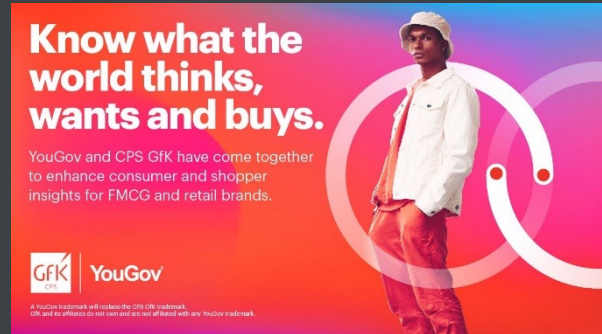
How different was 2023 from 2022?
And will 2024 be more of the same?

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Director Consumer Panel Services
Belgium & The Netherlands

08/02/2024

gondola
society

Consumer
Panel
Services



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YouGov is a market leader in consumer opinions, motivations, wants, and media habits



YouGov and CPS GfK build on and complement each other's strengths.

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YouGov turns living data into business intelligence.



CPS GfK provides deep insights into shopper behavior, with over 60 years of knowledge and experience as a trusted market leader.

CPS GfK answers where, what, when, how much and why people buy.

YouGov in numbers



40+

million surveys
carried out yearly



26+

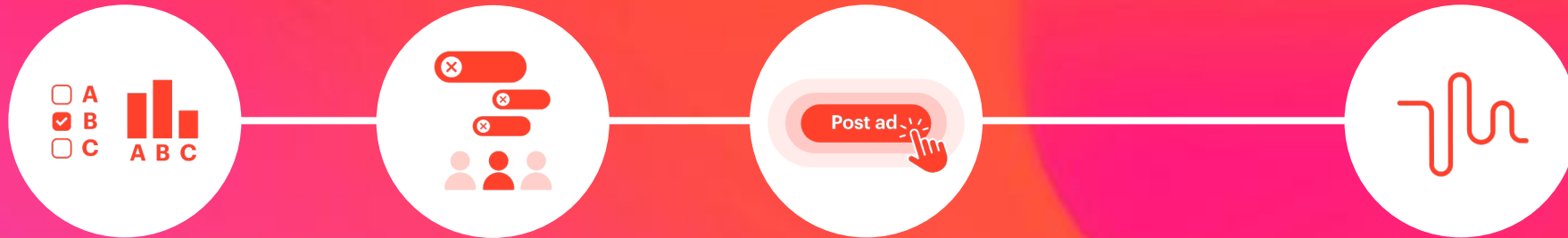
million registered
panel members



15+

years of historical
brand data

We help the world's most recognized
FMCG brands, media owners and agencies to



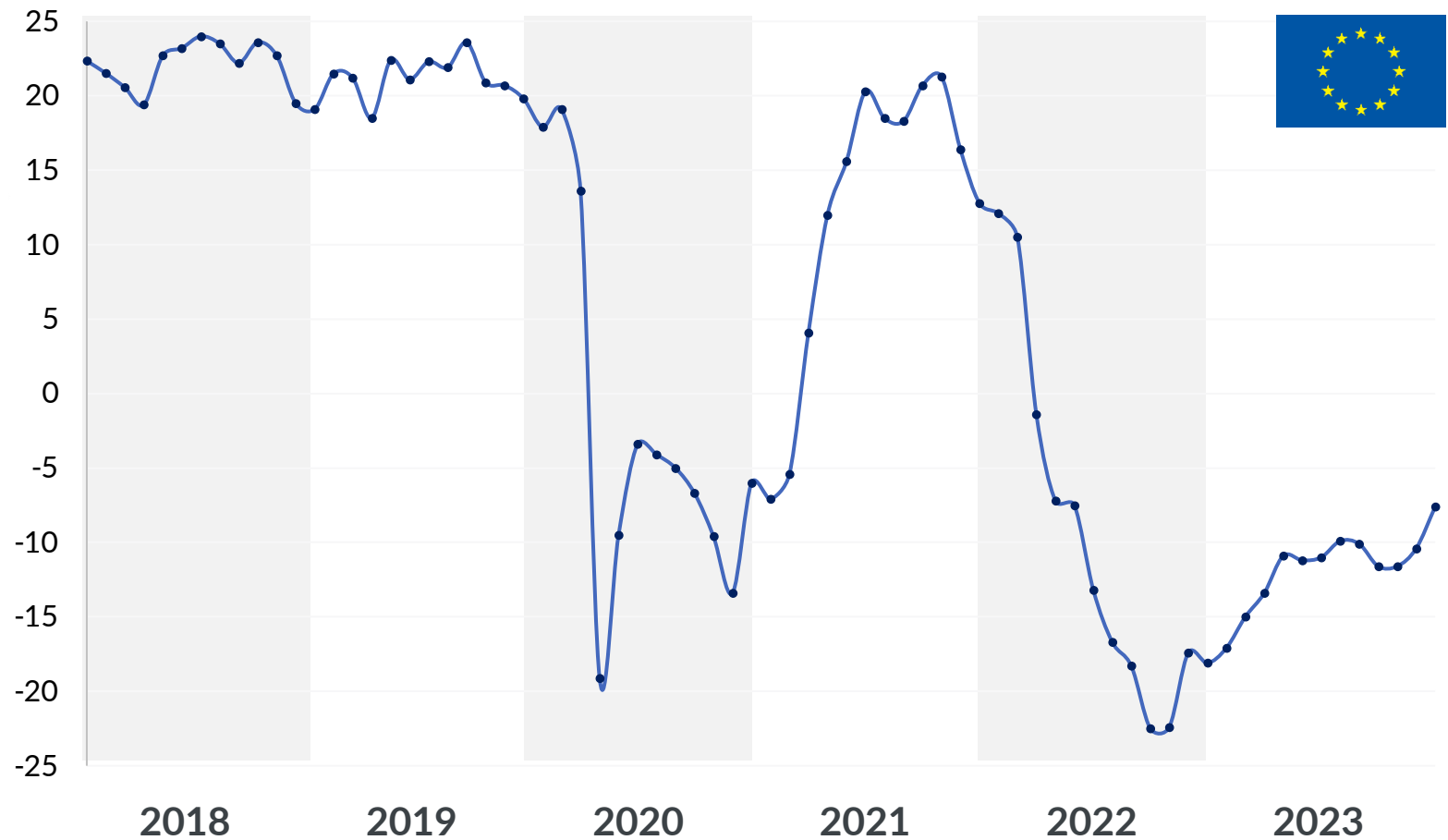
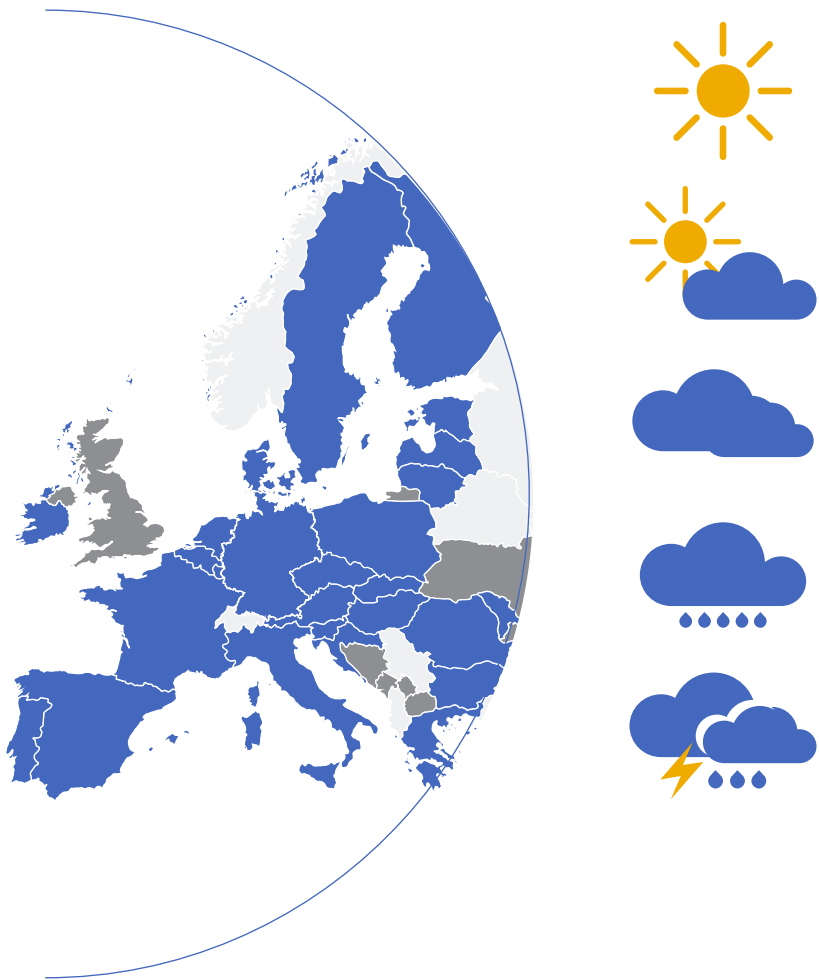
explore, plan, activate and track
better marketing activities

01

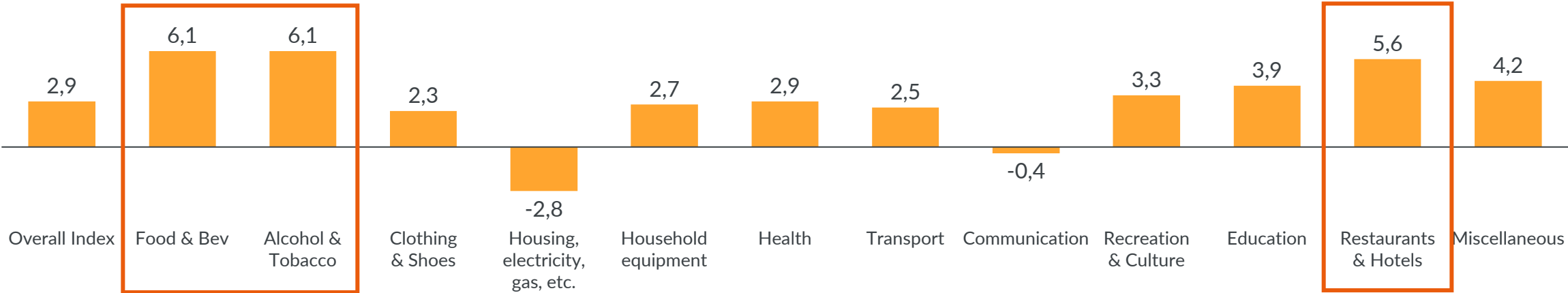
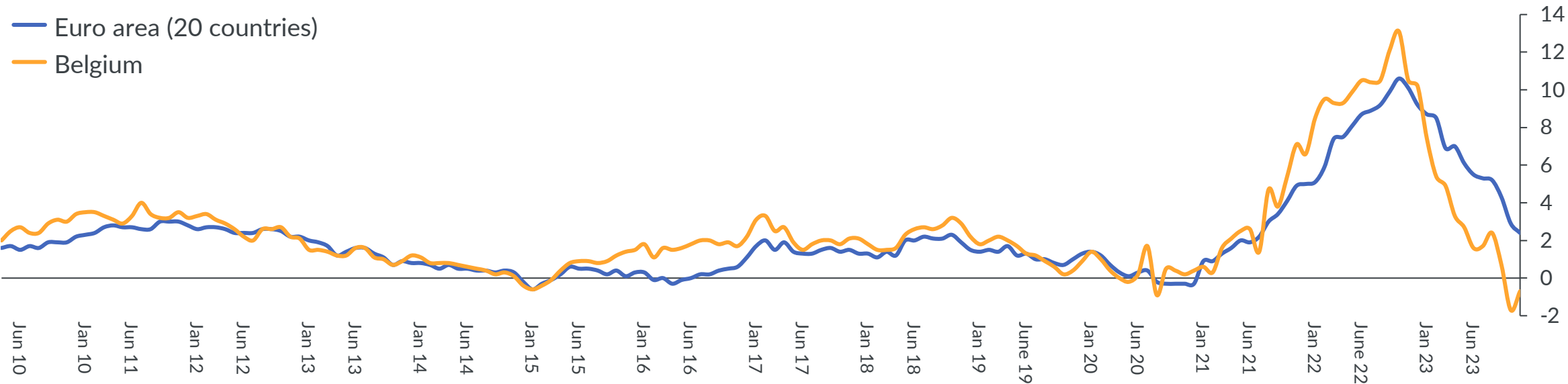
How different was 2023
from 2022

In December 2023, the European Consumer Climate climbed to its highest level since May 2022

Consumer Climate EU 27 – December 2023

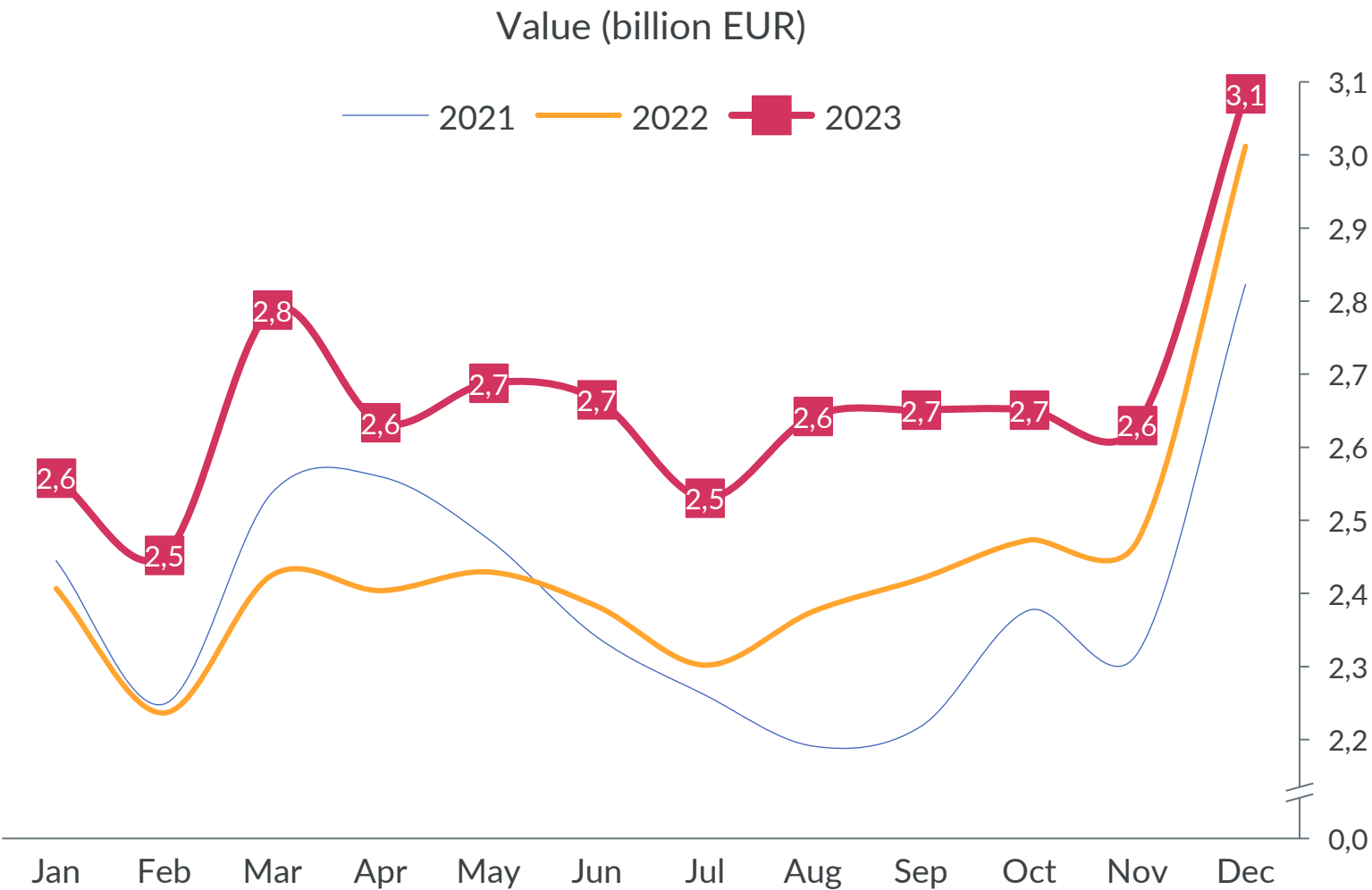


Overall inflation is going down, but food, beverages & tobacco remain high! In Belgium, the HICP is going down much more versus EU.

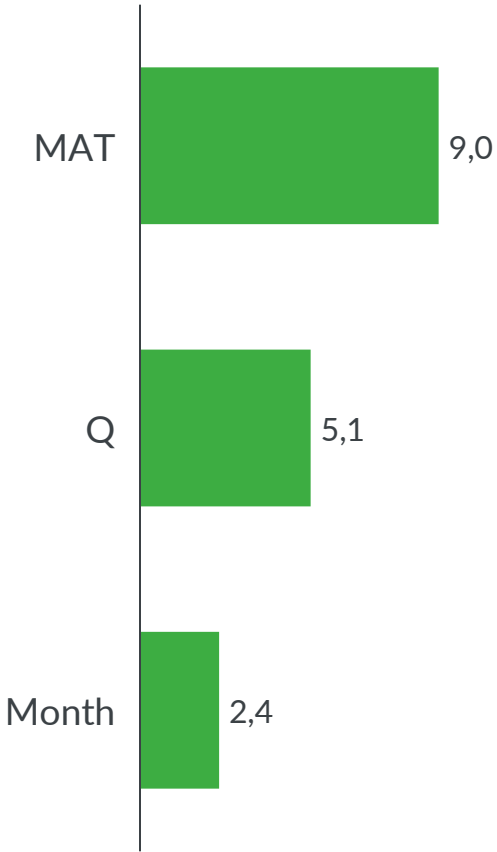


Strong value growth in 2023

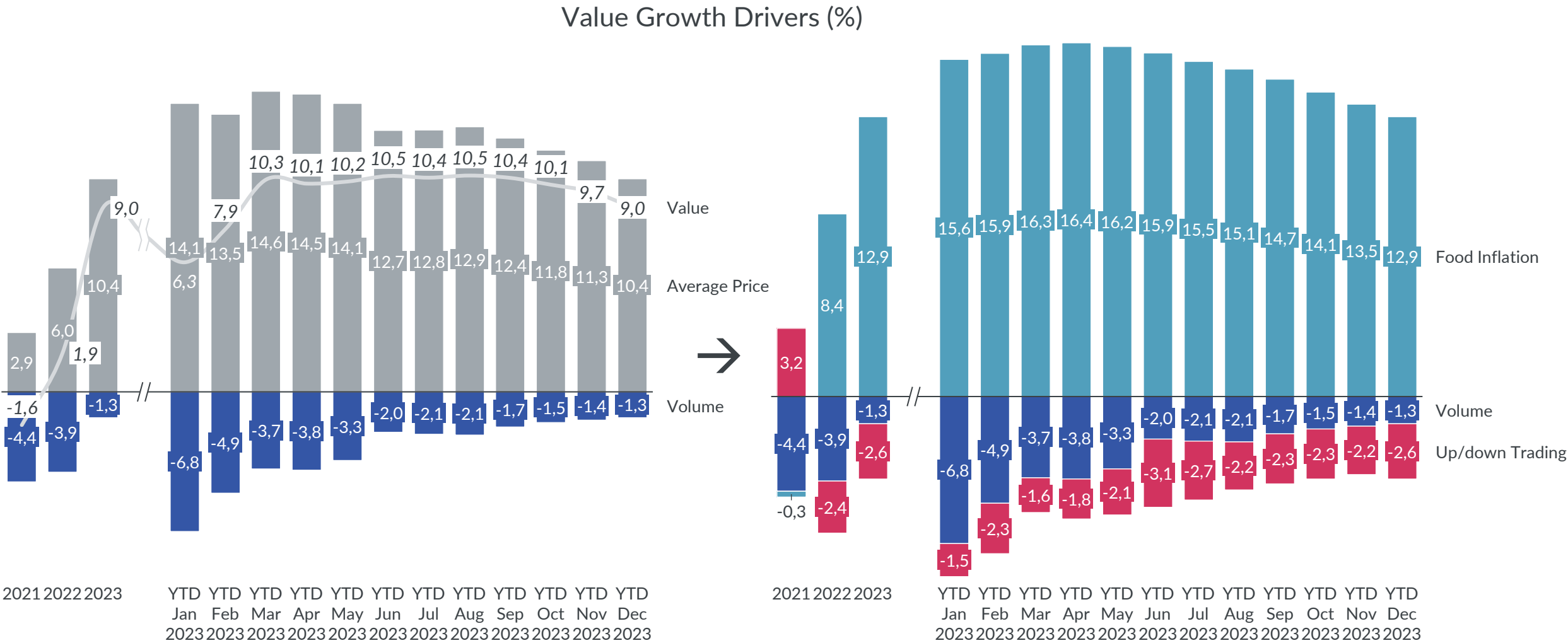
Q4 and December growth is slowing down



Value Growth vs. LY (%)



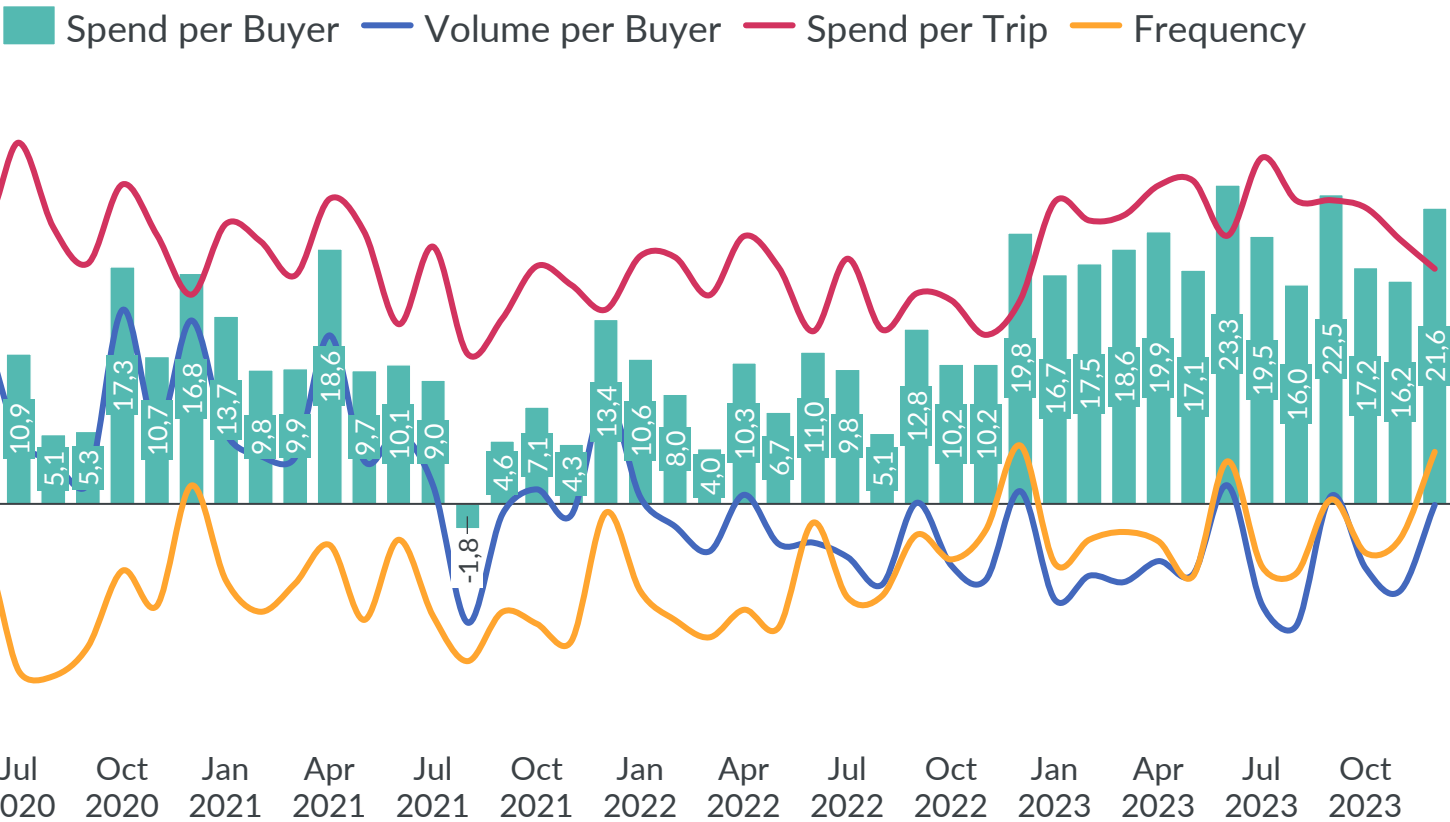
As inflation is nearing equilibrium, volume decline weakens, but HHs continue to down trade



COVID impact shifted towards an inflation impact on the main shopper KPI's

Basket size and overall spend per buyer remain higher than pre-covid. Average shopping frequency remains lower, but reaching pre-covid levels. Volume per buyer is still negative compared to 2019.

Evolution vs same month in 2019

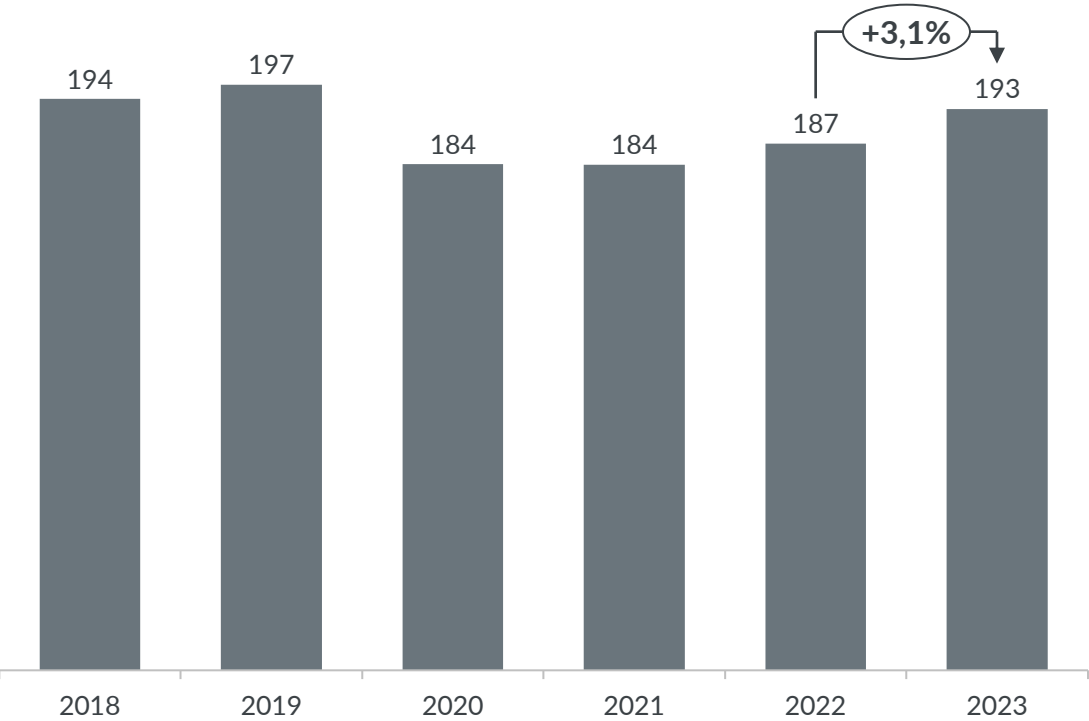


Purchase frequency continues to grow and reaching pre-covid levels

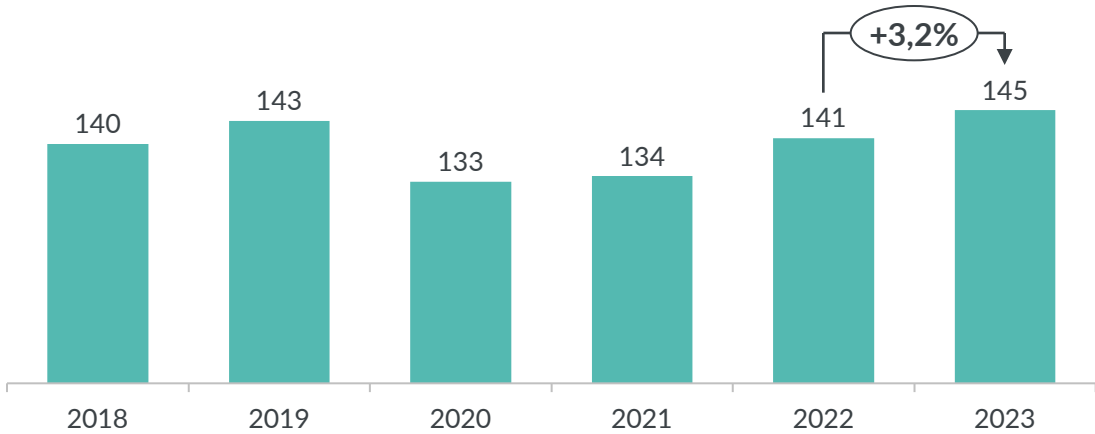
Frequency grows with 6 trips on total market and with 4 trips on the market excl. specialty stores, however, percentage growth is similar.



Total Market

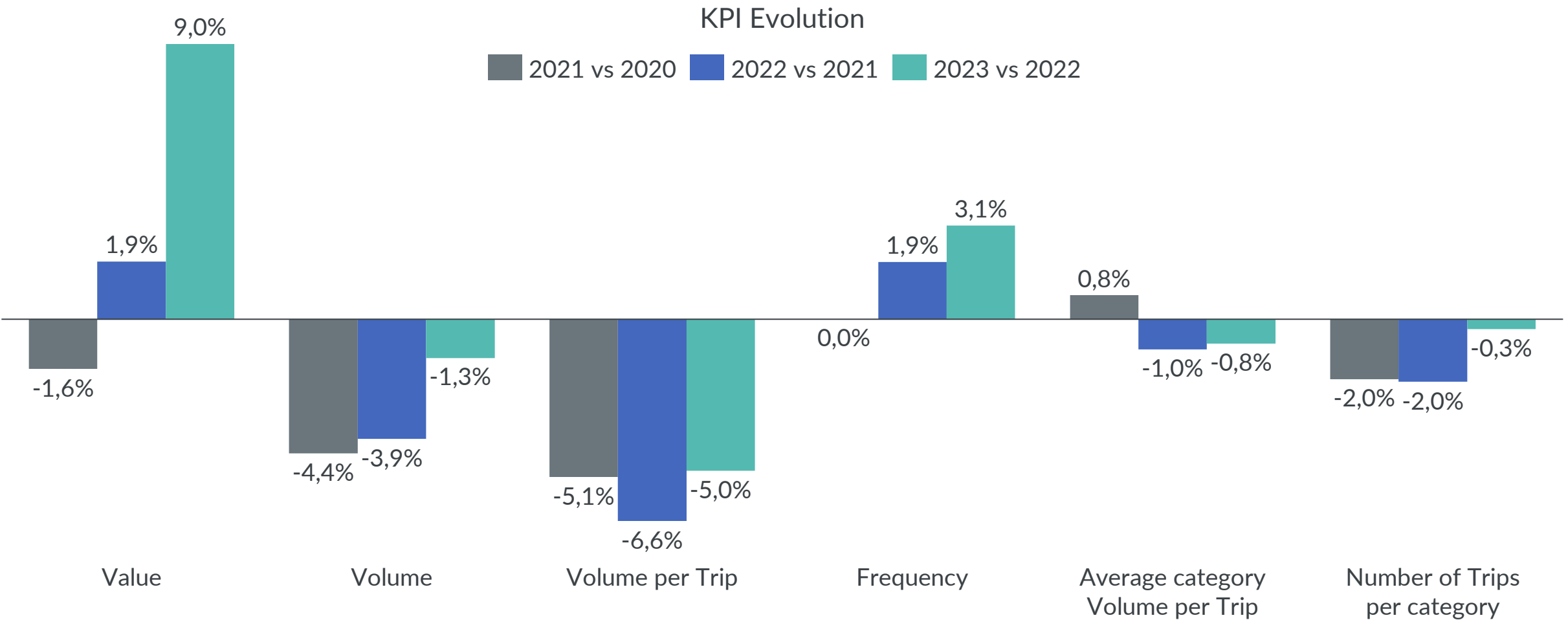


BE excl. Specialty Stores



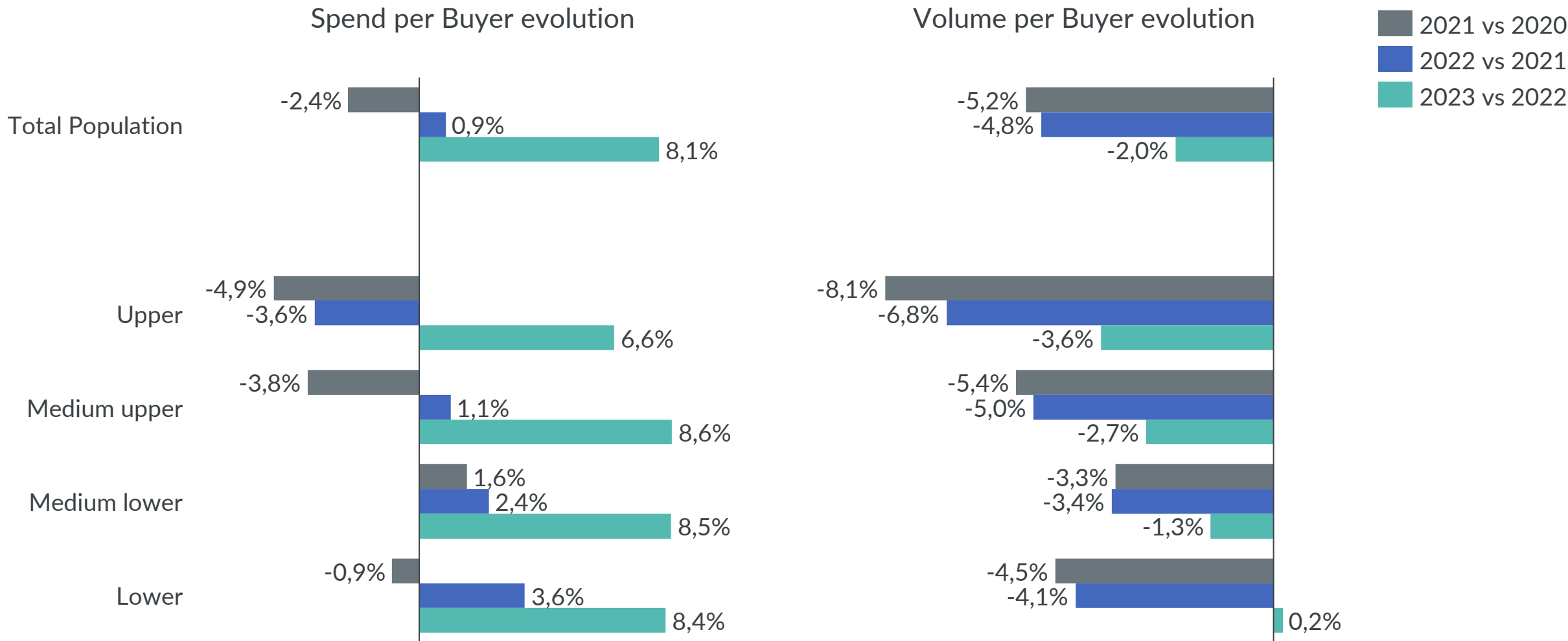
The lower volume per trip is not compensated by a higher frequency

The category volume per trip only slightly declines but the number of trips per categorie remains stable



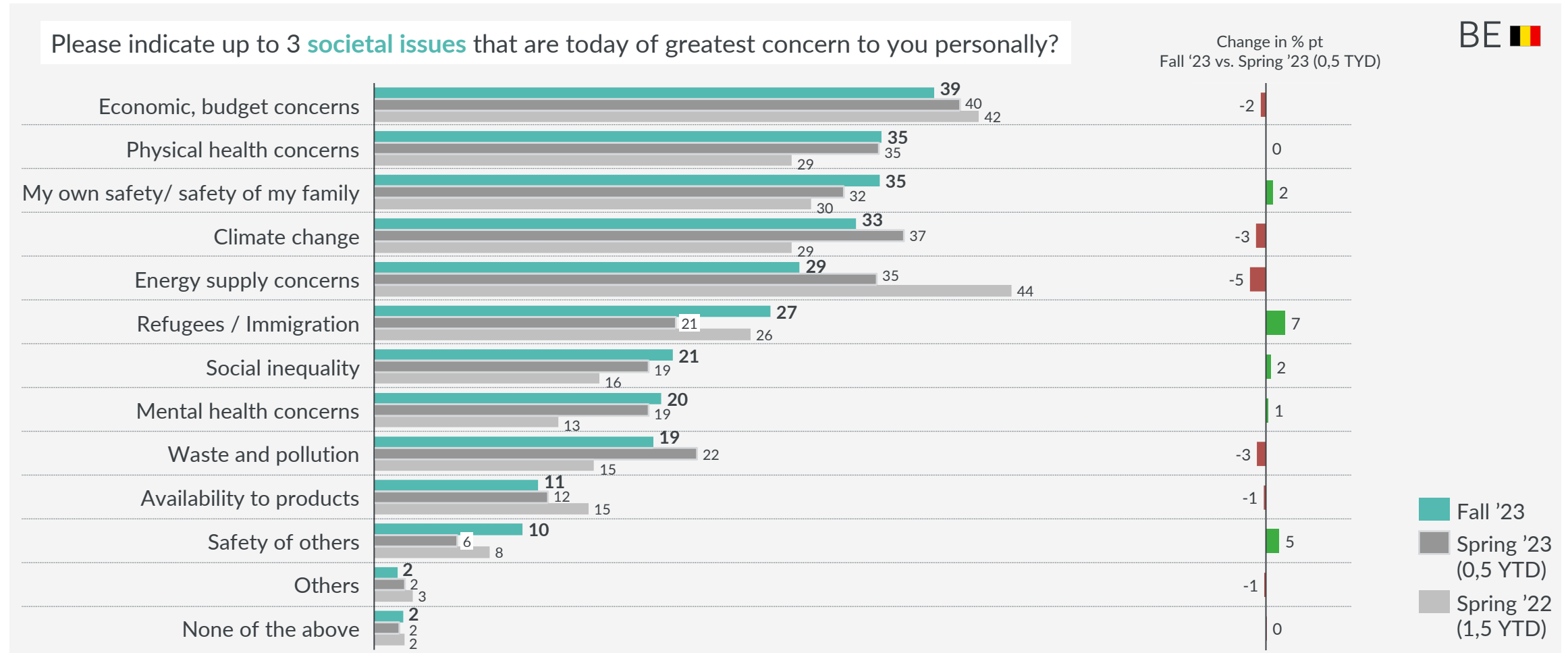
“In which social class group did the overall volume decline the most?”

Upper class has a lower spend per buyer growth and higher volume per buyer decline while lower class kept volume per buyer stable



Economic, budget concerns remain the Nr. 1 concern in Belgium

Immigration and safety concerns higher



“What will people do the most if prices continue to raise?”

Belgian's key coping strategies are buying less, buying on promotion and switching to cheaper products if price increases would continue

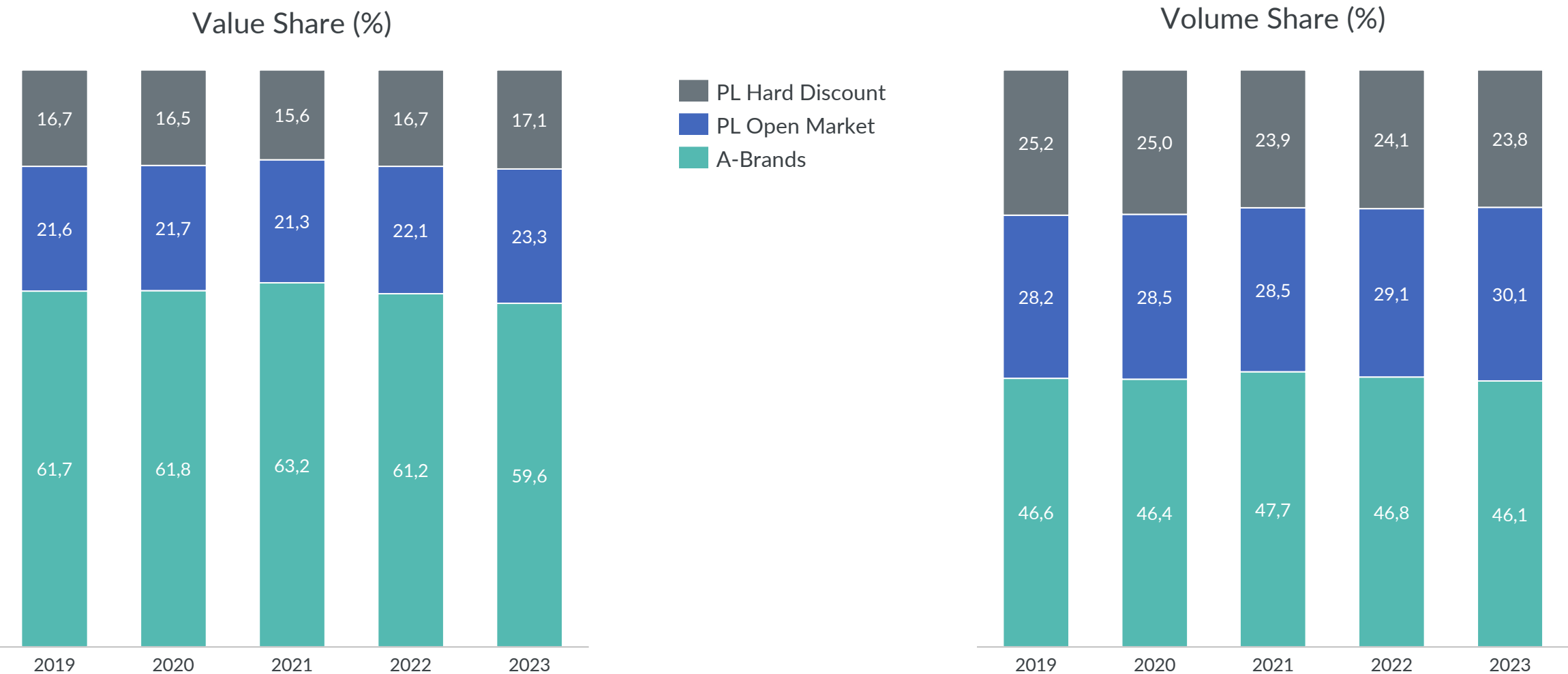


How would you react if the presented products* show sustained high price or even further price **increase**?

EU		BE 
25%	buy fewer of these products	26%
23%	buy products on offer	25%
15%	buy cheaper products	15%
18%	not buy these products any longer	14%
11%	try to buy elsewhere	10%
7%	stockpile at lowest price	9%
1%	other	2%

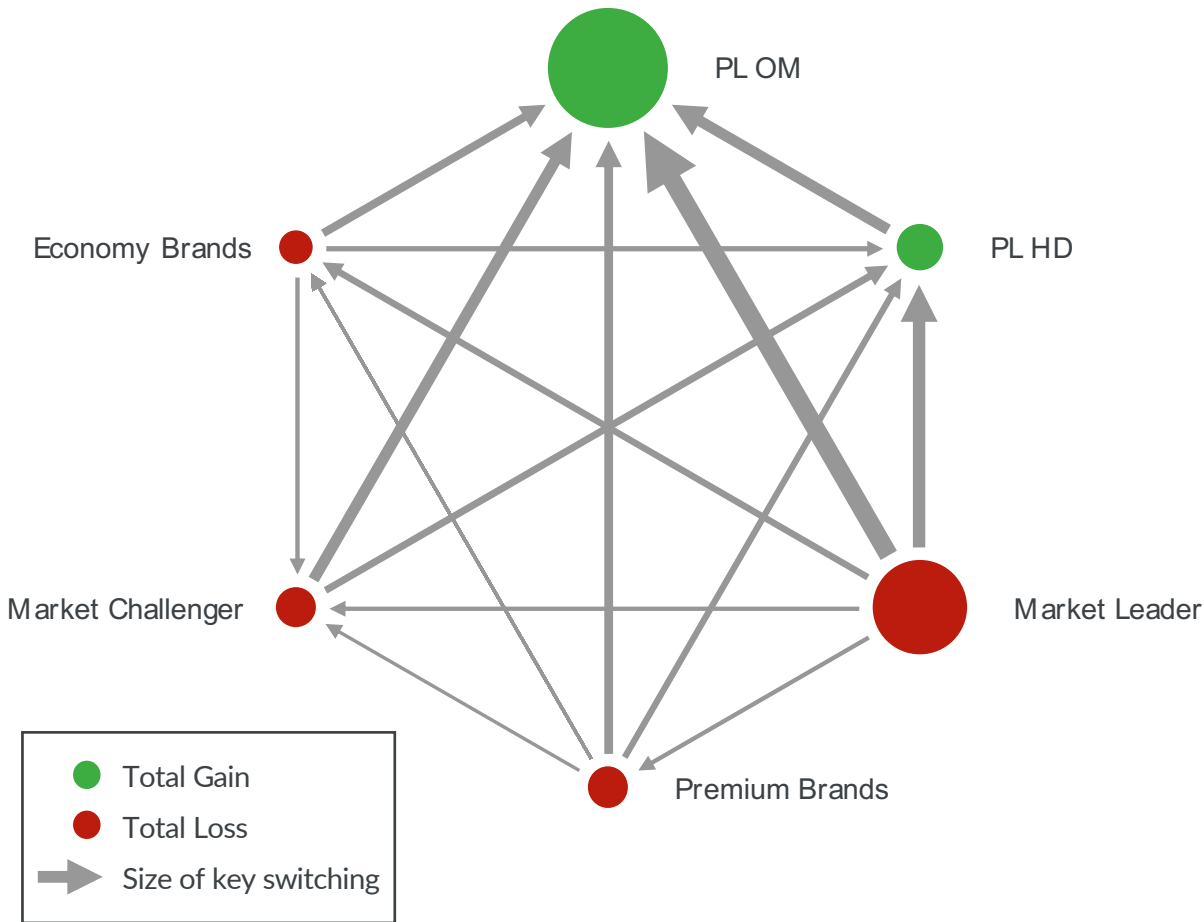
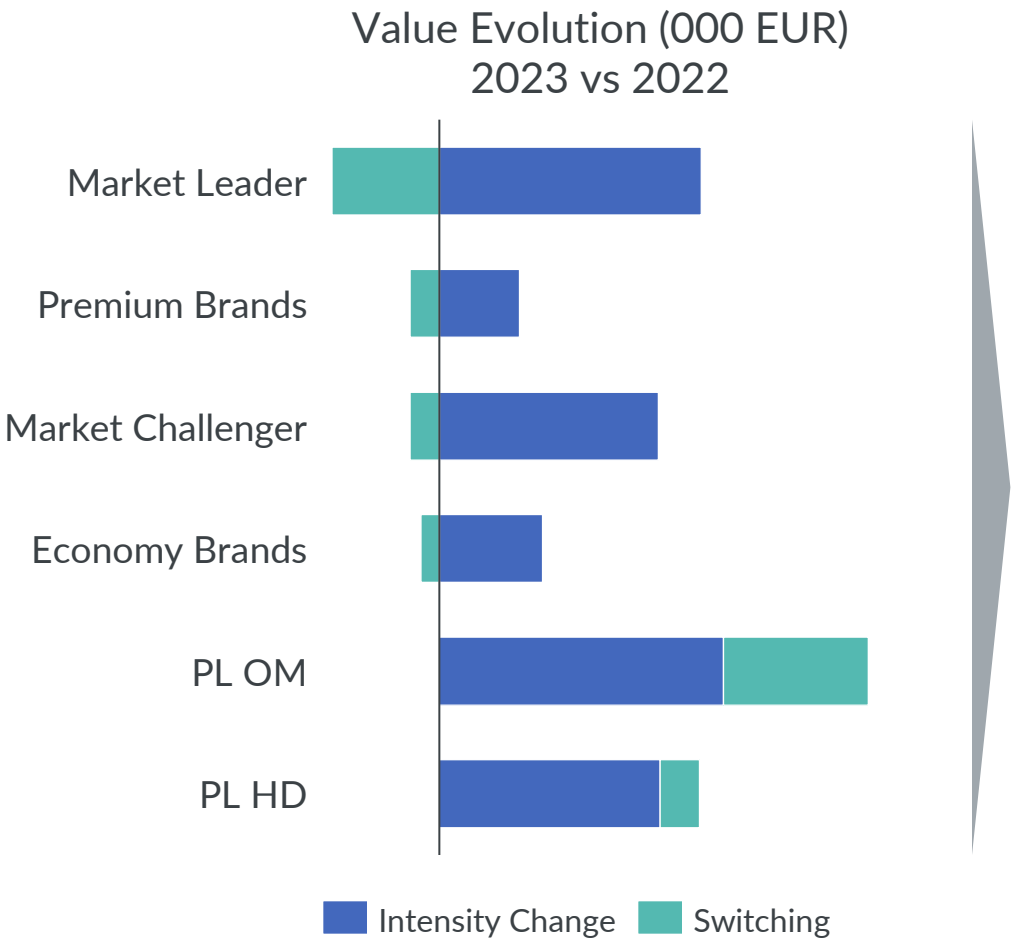
How are A-brands and Private Label evolving?

There is a shift towards Private Labels. In the last year, Open Market Private Labels especially experienced growth, while Hard Discount Private Labels growth was fully driven by price.

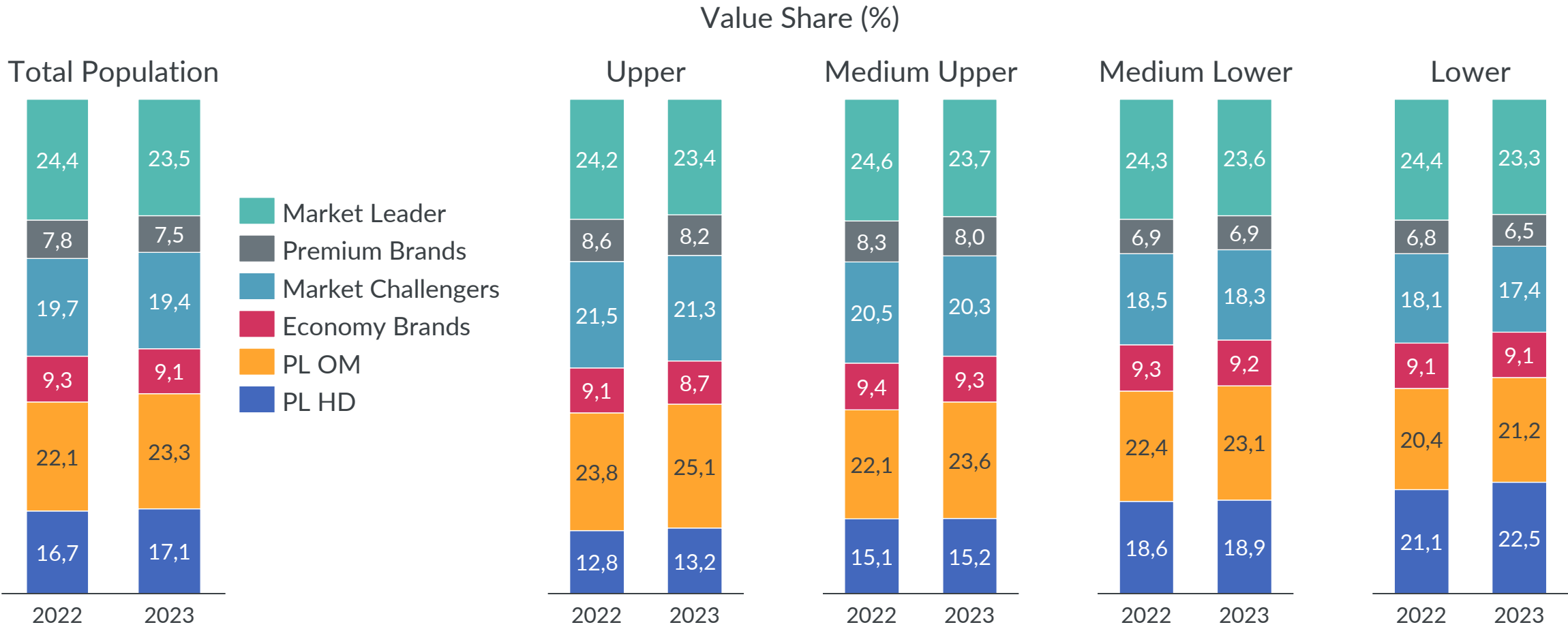


Which A-brands are impacted the most?

Market Leaders are not only losing ground to PL but also to other brands, while Market Challengers are benefiting at the expense of other brands.



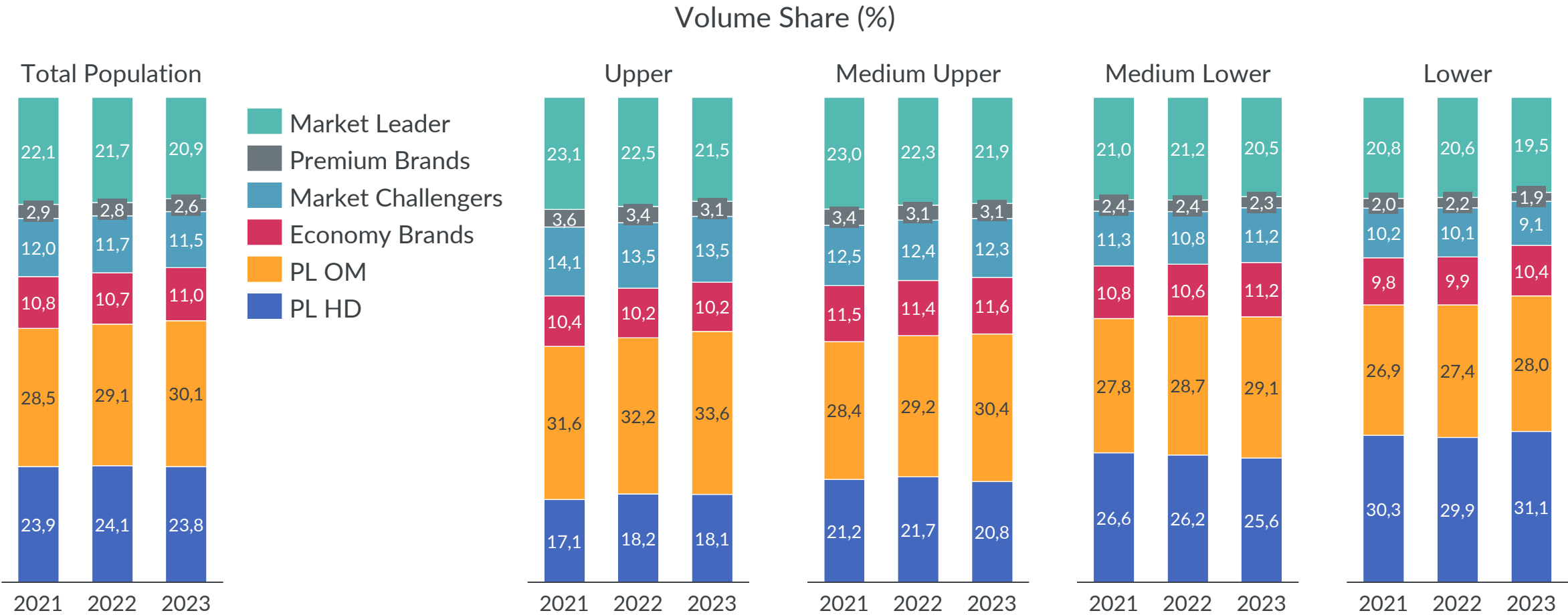
PL HD primarily grows among the lower class, while PL OM mainly among the upper class. Market leaders face setbacks everywhere.



PL OM grows across all classes but mainly among the upper class, while PL HD only grows among the lower class



Market Leaders are encountering setbacks across all social classes.

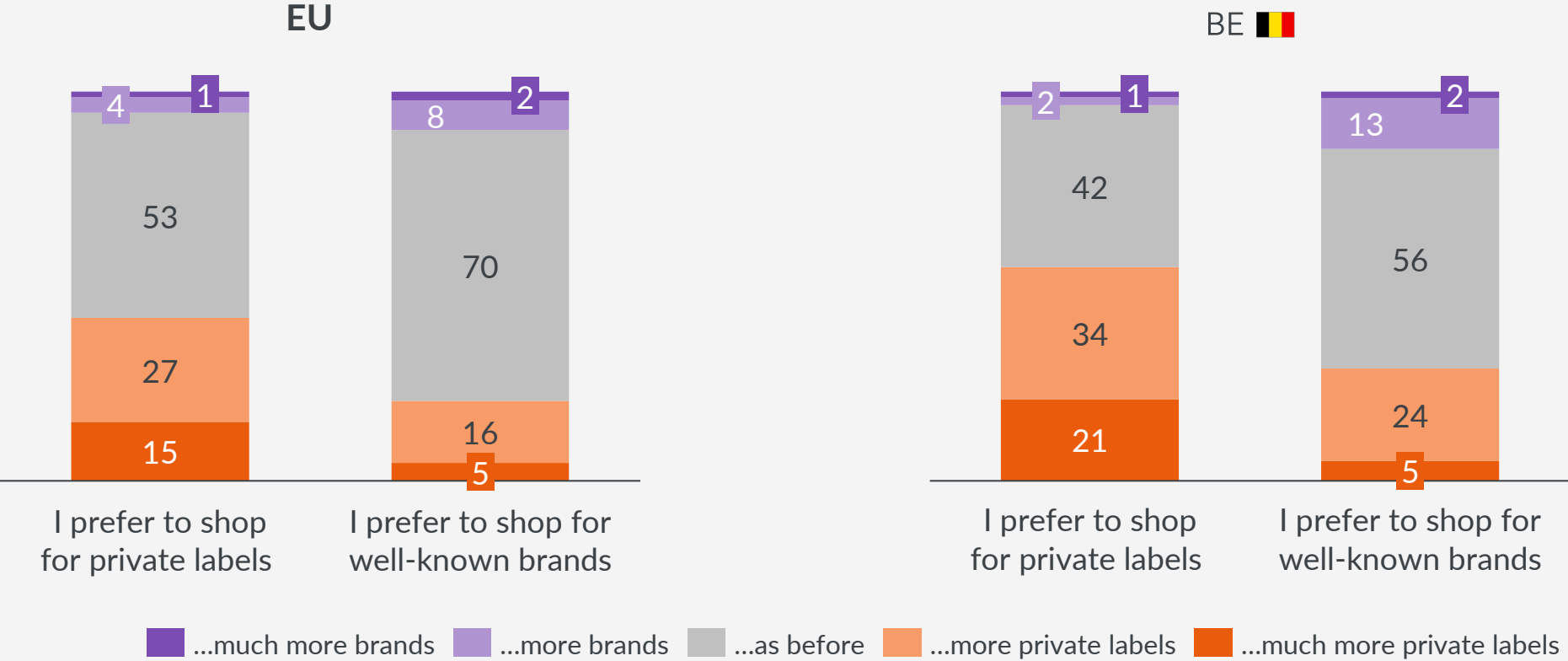


Private label lovers will expand PL purchases almost twice as much

55% will buy more PL, vs 29% among brand lovers

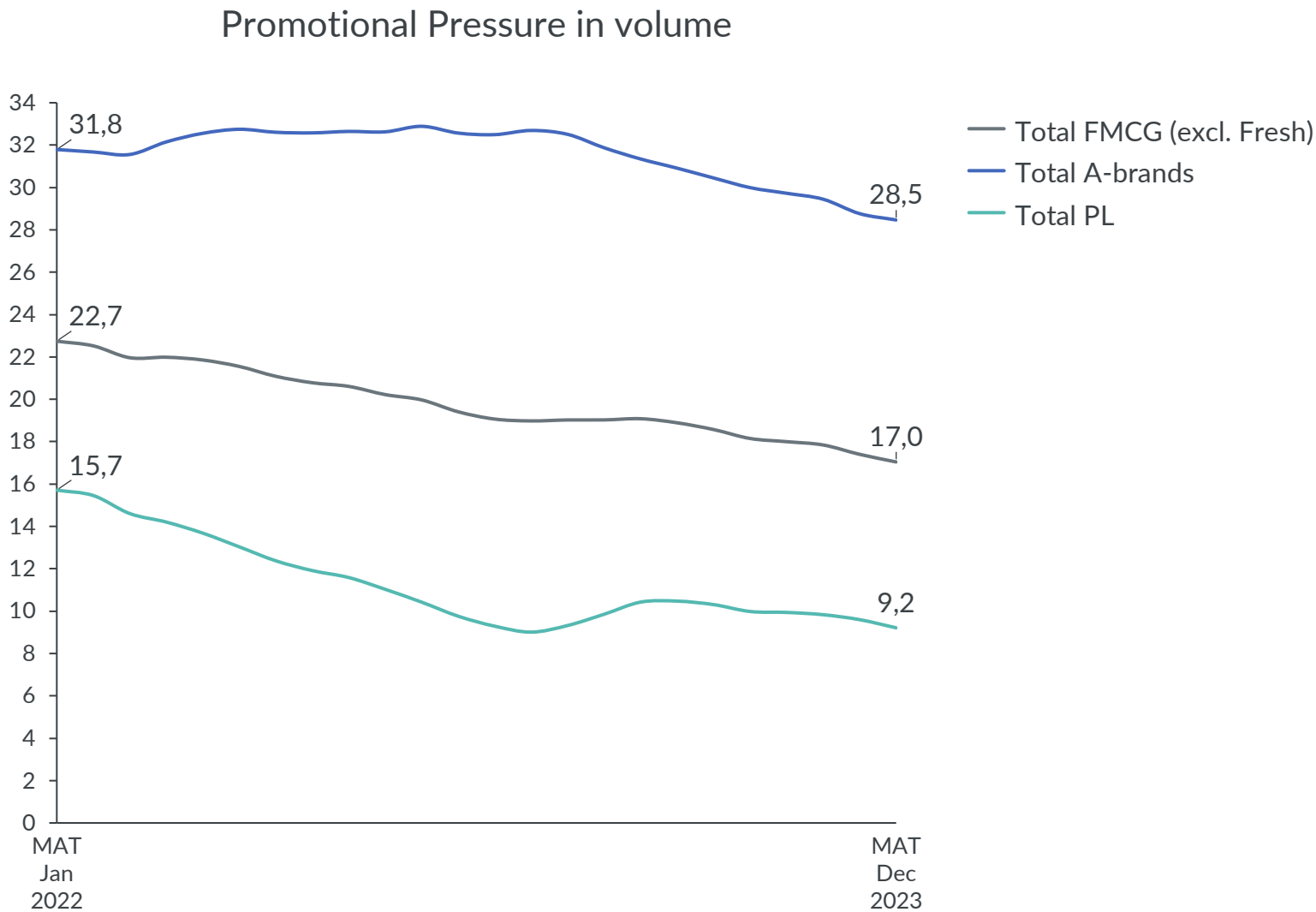
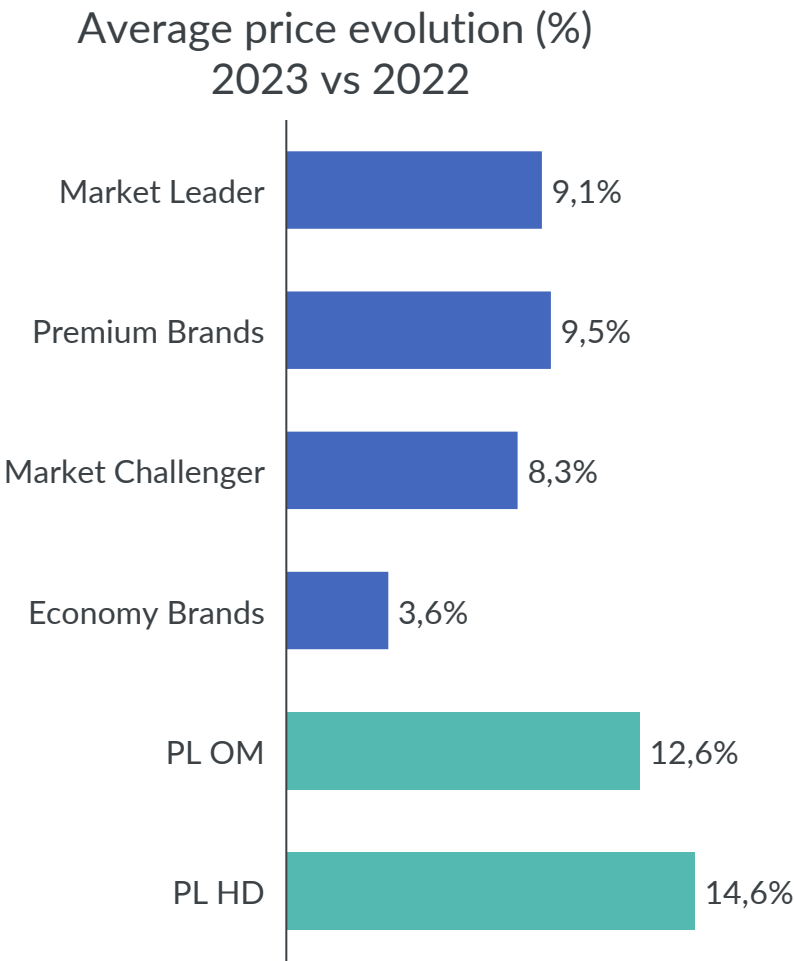


Attitudes to private labels / brands by shopper types



Promo pressure is in decline despite the growing importance of price

Private Label is 3x less in promotion than A-brands



Lower class households are not buying more promotions

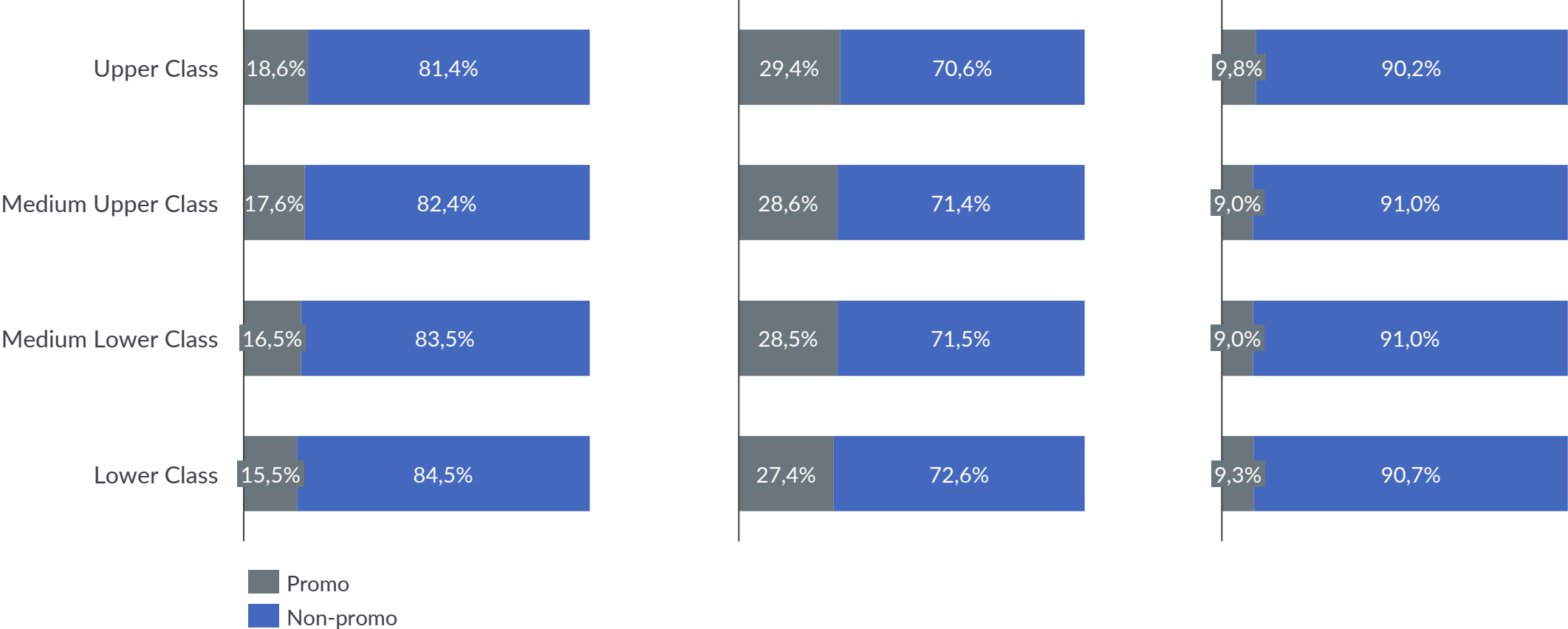


Promotional
Pressure in volume
FY 2023

Total Market

A-brands

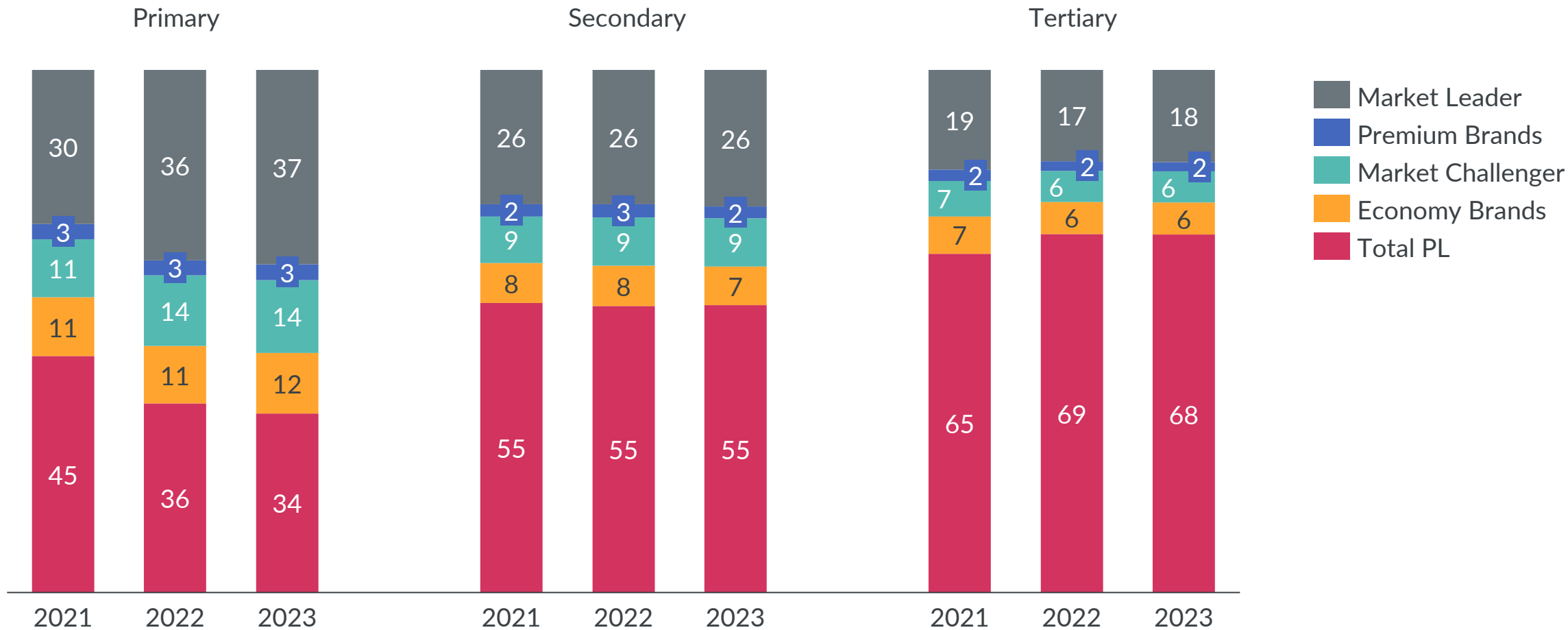
Private Labels



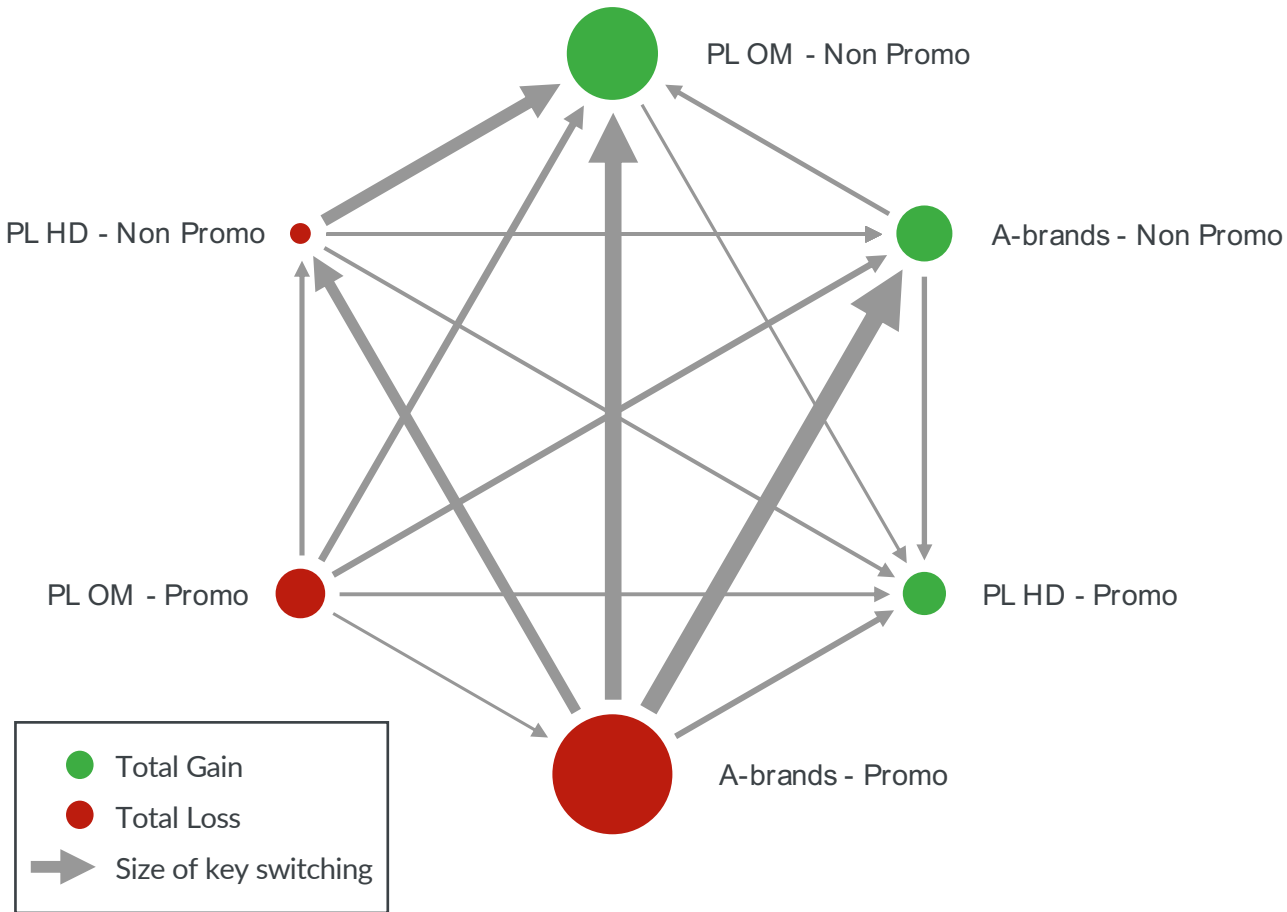
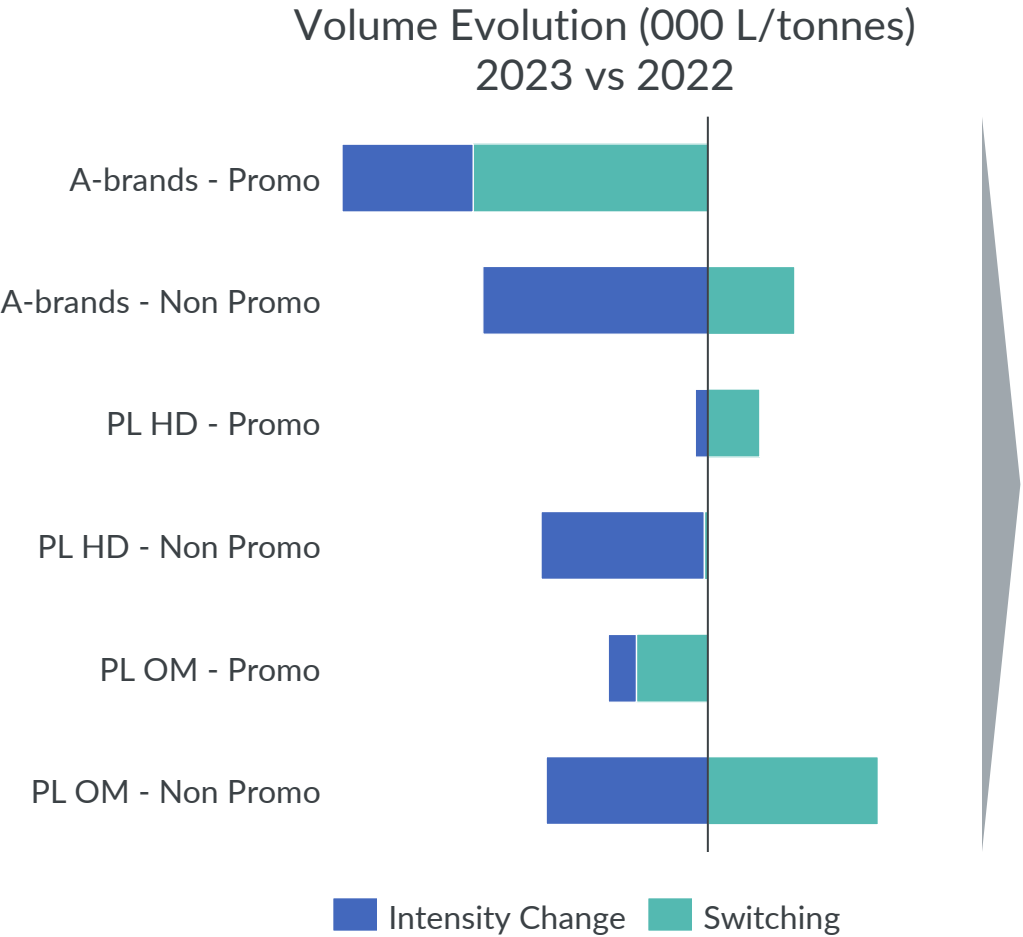
Primary promo shoppers are more brand-oriented, buying more Market Leaders instead of PL in recent years



Volume share of brands amongst promo shoppers



Nevertheless, brands in promotion do not win against private labels



Promotions top driver for switching and sticking at their main retailer

Prices, assortment, and convenient shopping also drivers for sticking

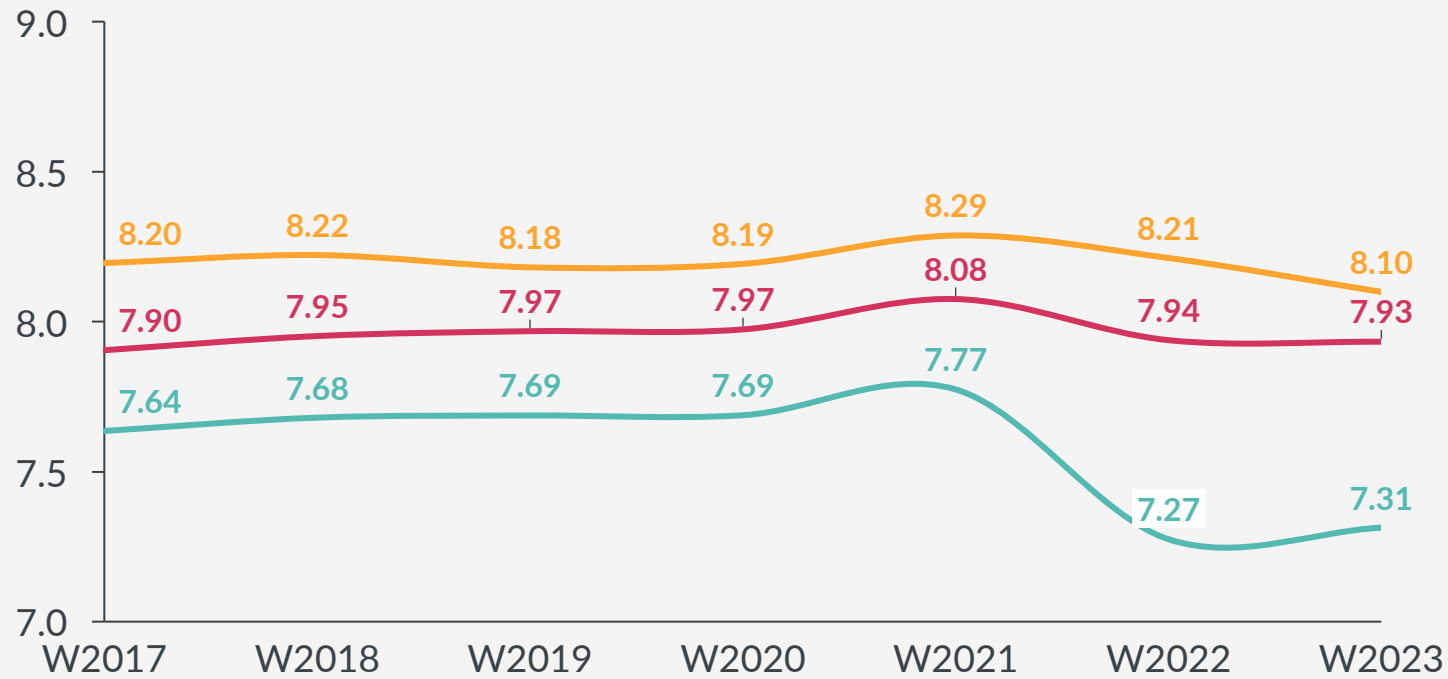


Consumer satisfaction on advantages of retailers is low

Also lowest satisfaction on friendliness of retailer's personnel in years

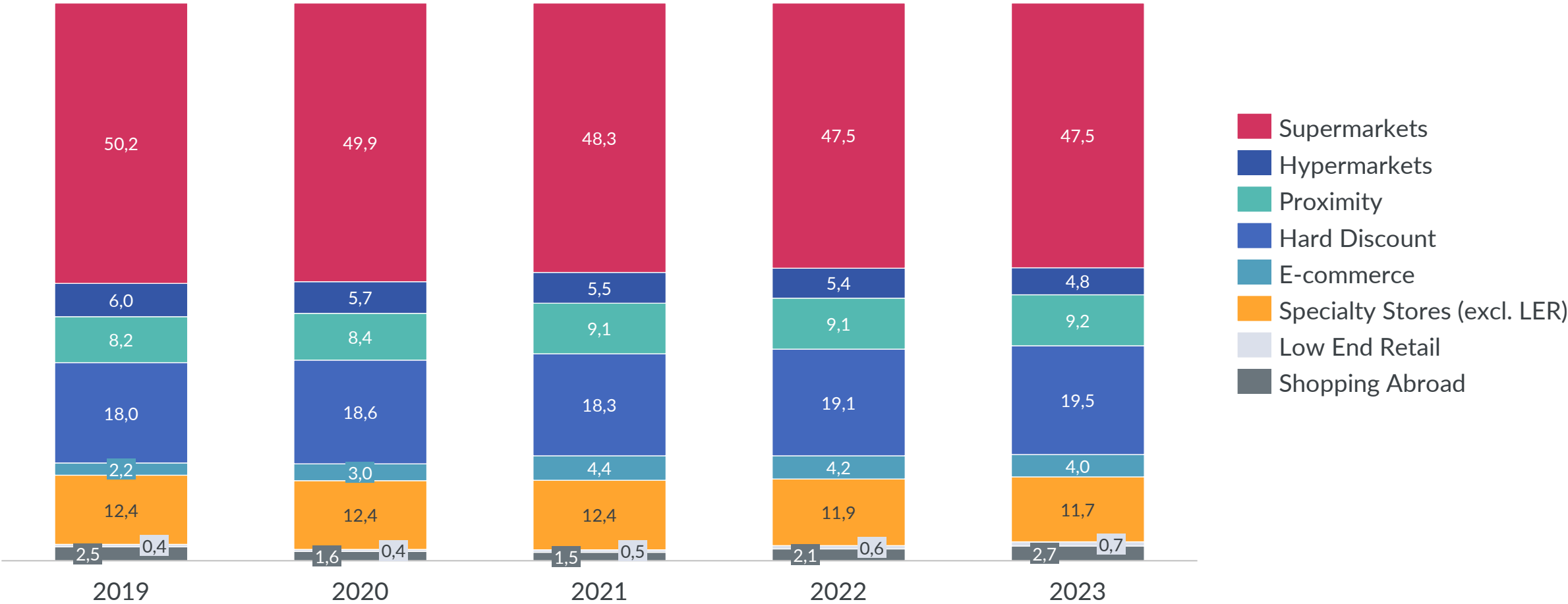
Average retailer score

7 criteria on a scale to 10



What is the current impact on FMCG channels?

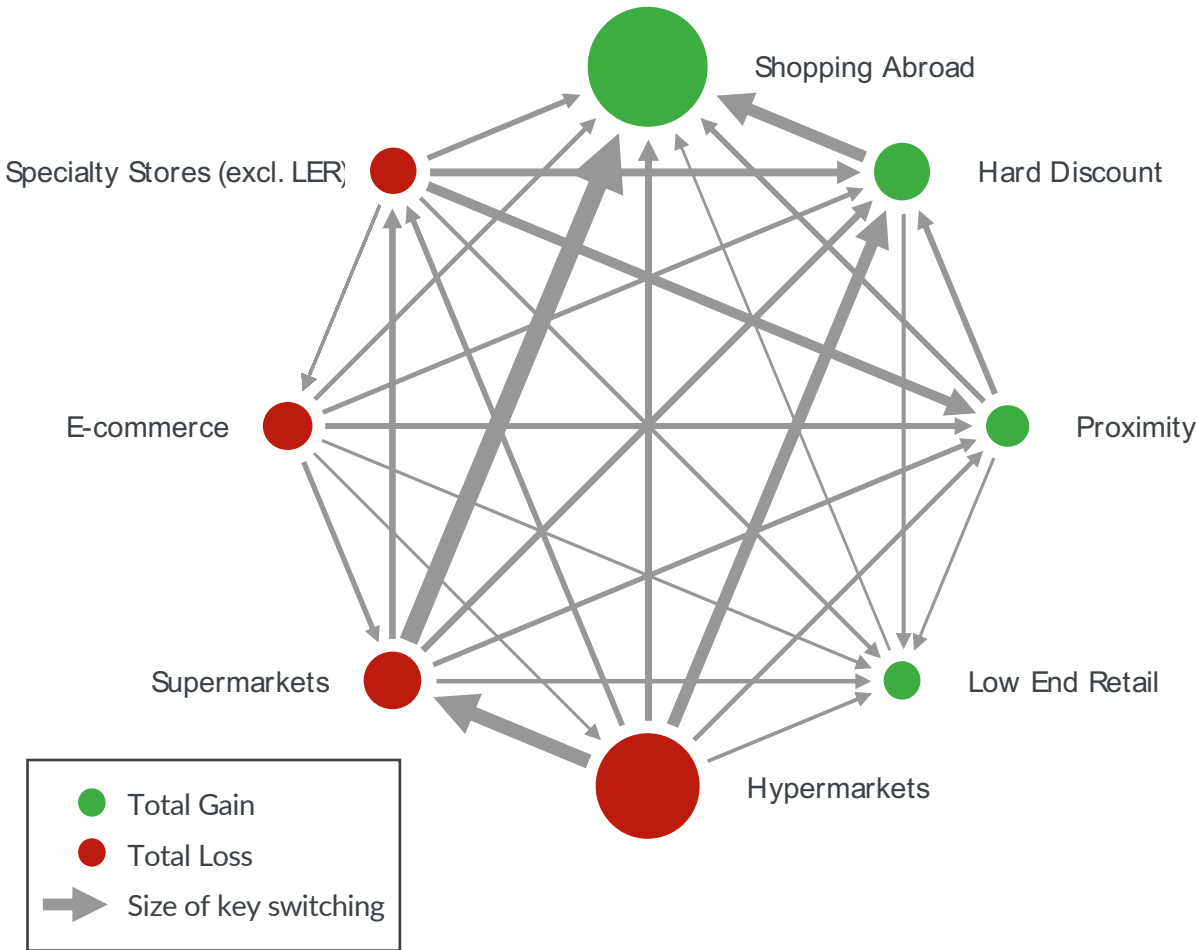
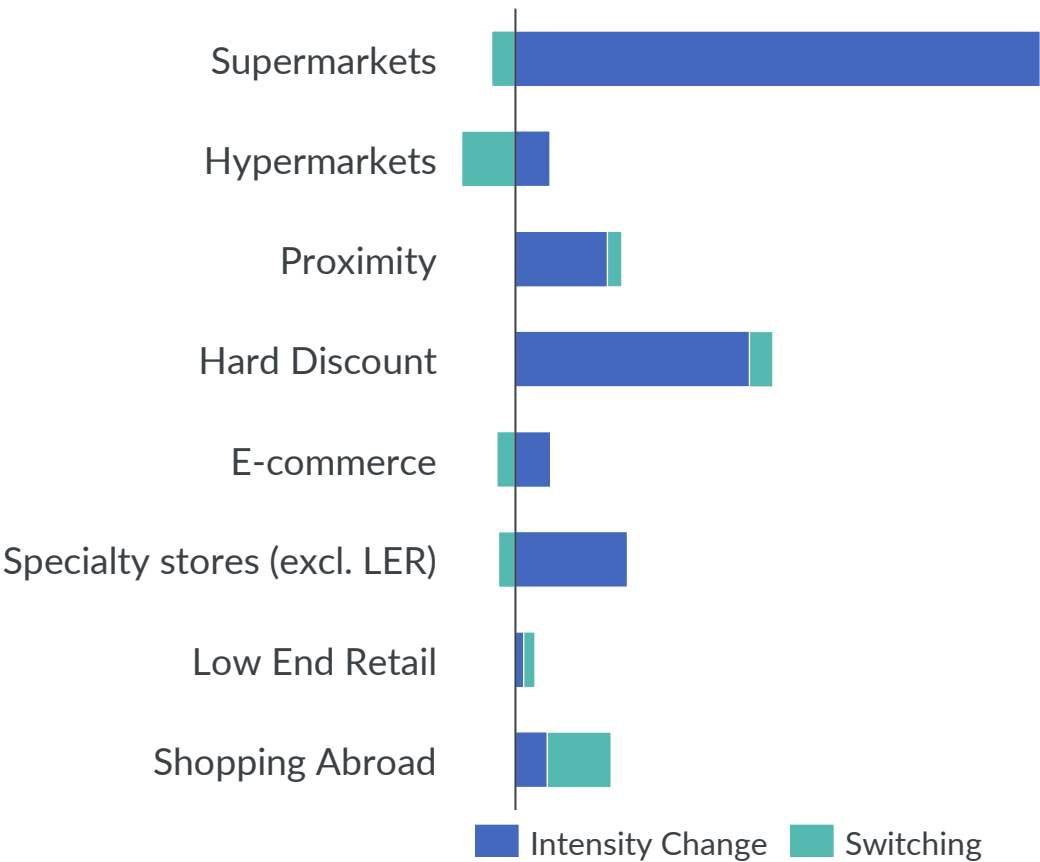
Growth is noticed for discounters, proximity, Low End Retail and Abroad.



How did competitive switching evolve on channel level?

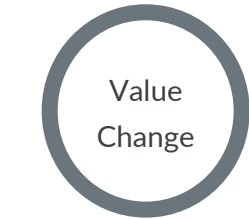
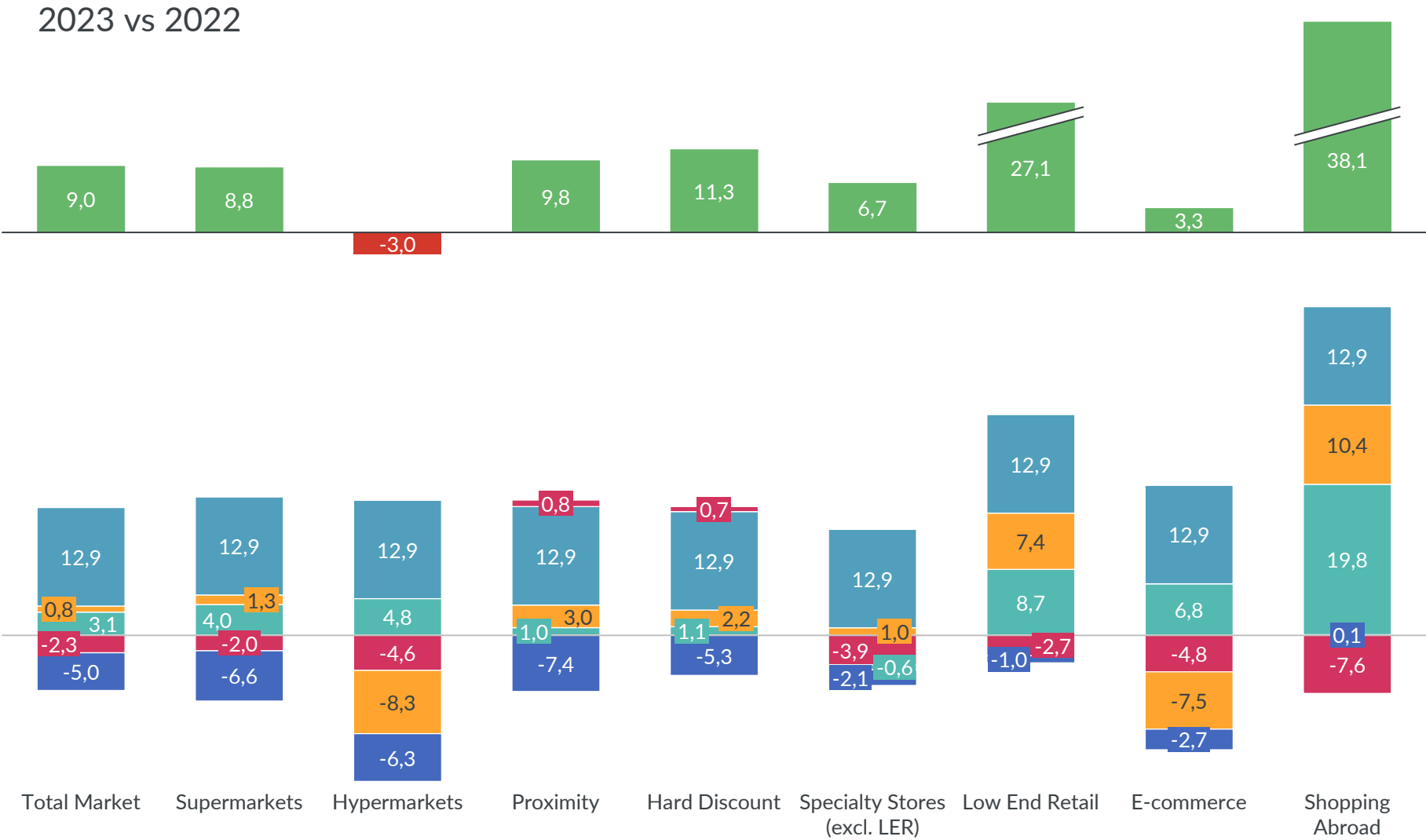
Shopping Abroad and Hard Discount are the main winners at the expense of Hypermarkets and Supermarkets. These are also losing to abroad which also counts for Hard Discount

Value Evolution (000 EUR)
2023 vs 2022



Where did growth of these channels come from?

Both buyers as well as frequency are the main drivers for growth



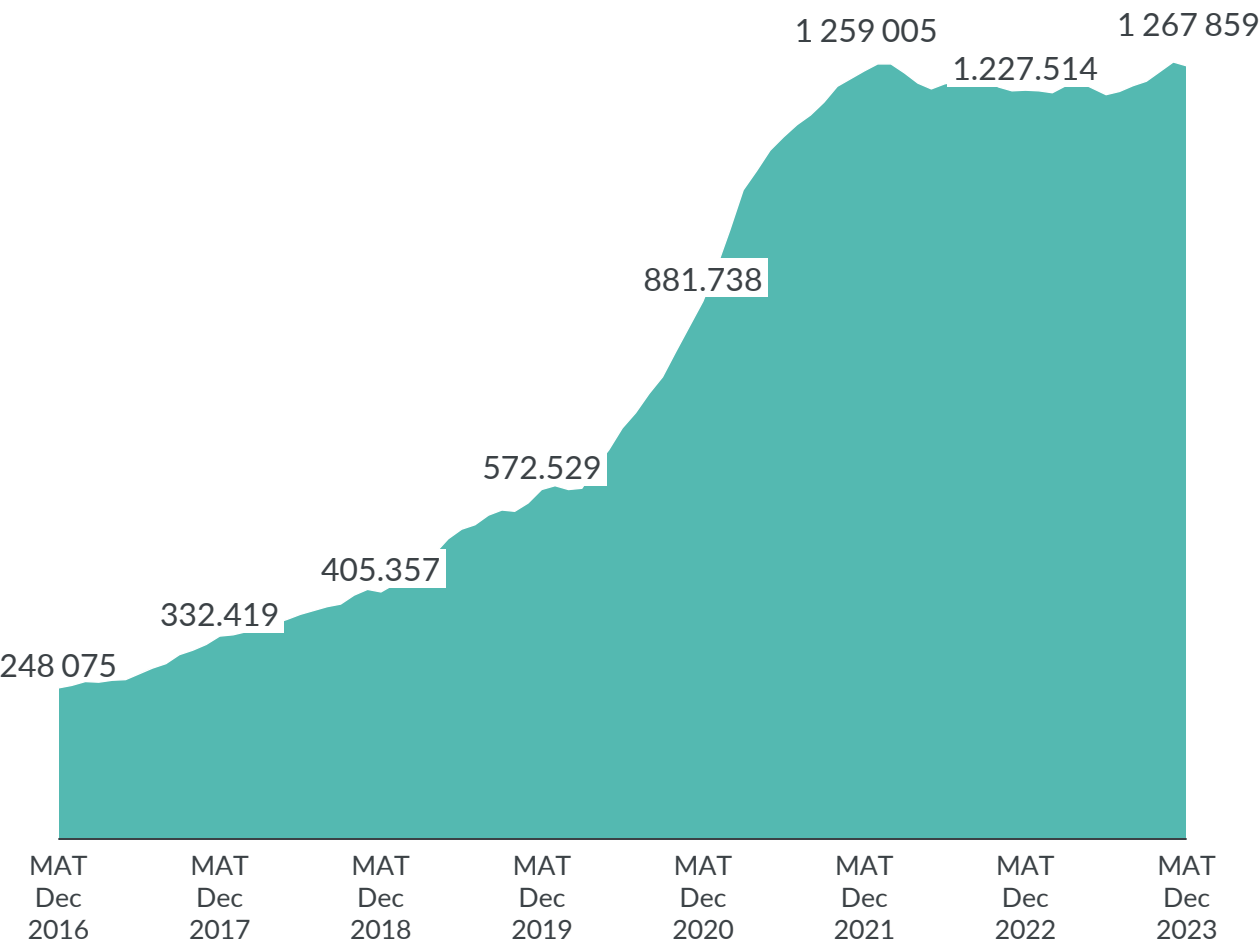
- Up/down trading
- Food inflation
- Buyers
- Frequency
- Volume per trip

E-commerce turnover is growing again, but market share is in decline

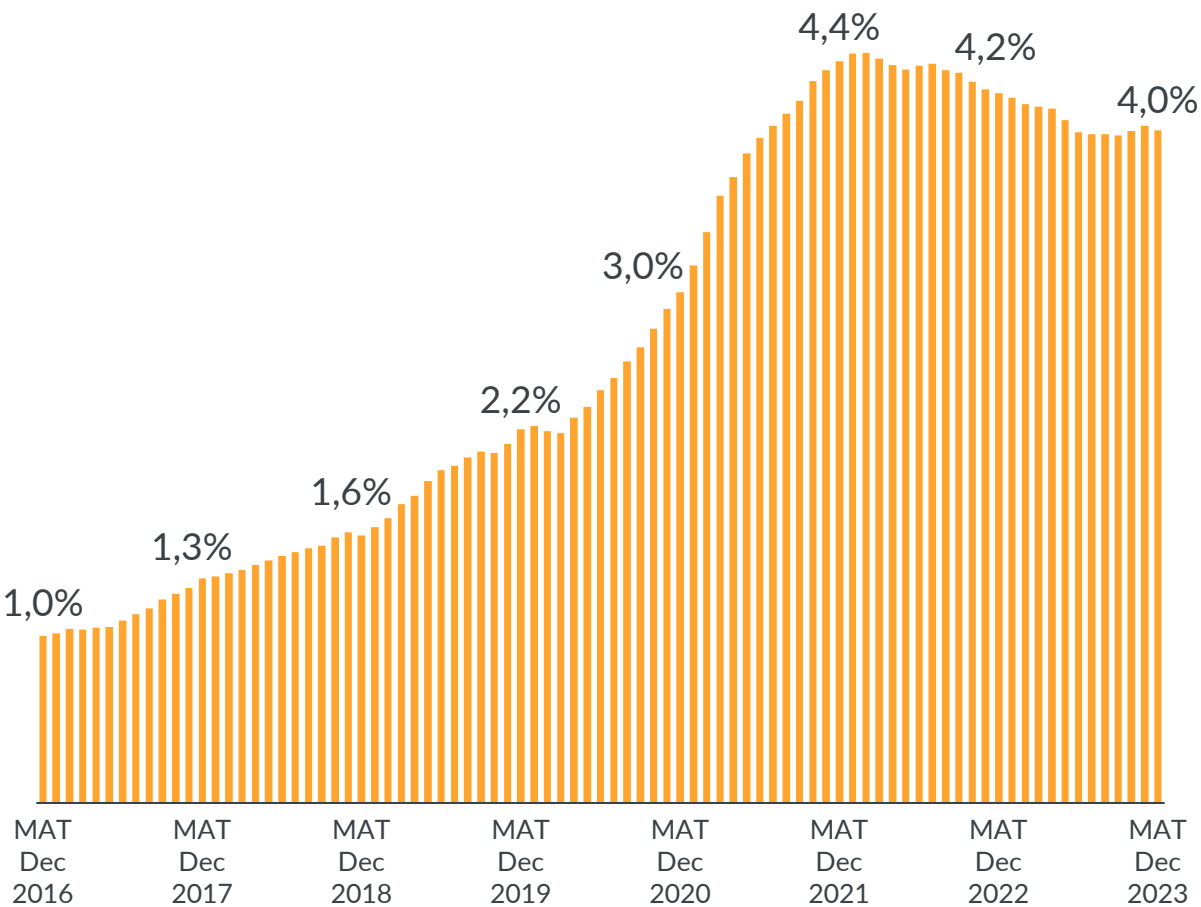
FMCG turnover via e-commerce expanded more than 5 times since 2017. Its growth has halted in 2022 but recently started growing again. The share in overall FMCG turnover is still in decline after its peak in 2021.



Value (000 EUR)



Value %

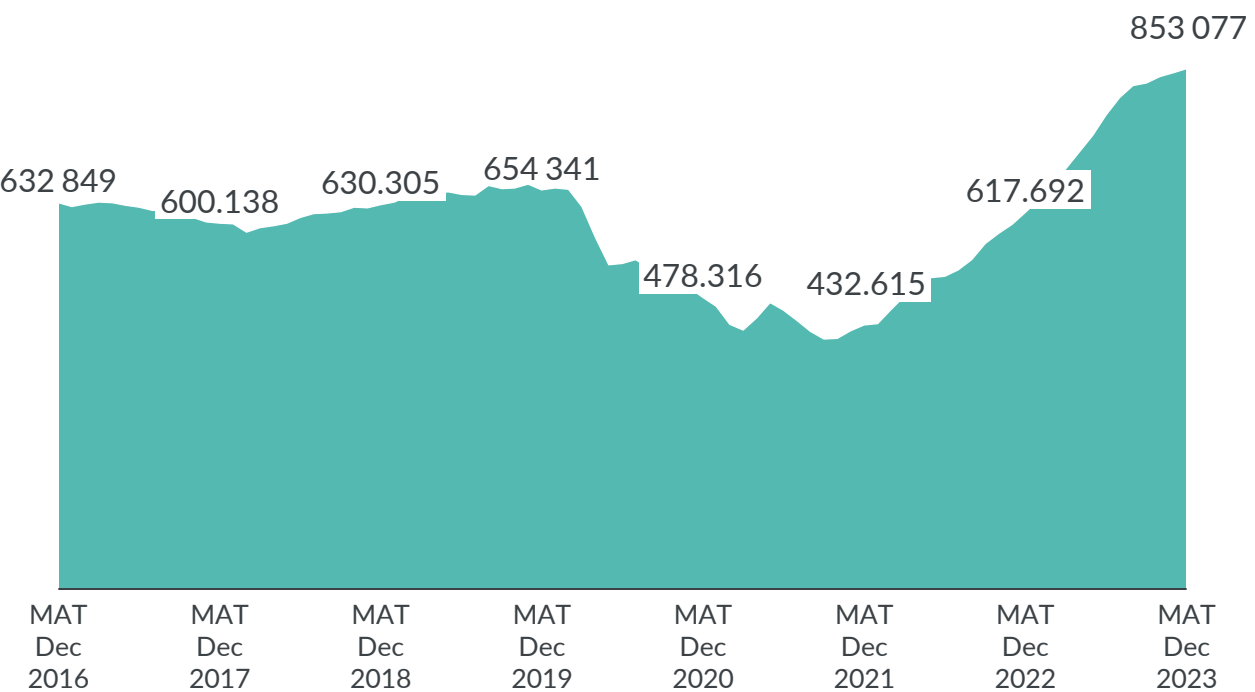


Shopping Abroad reached an all time high

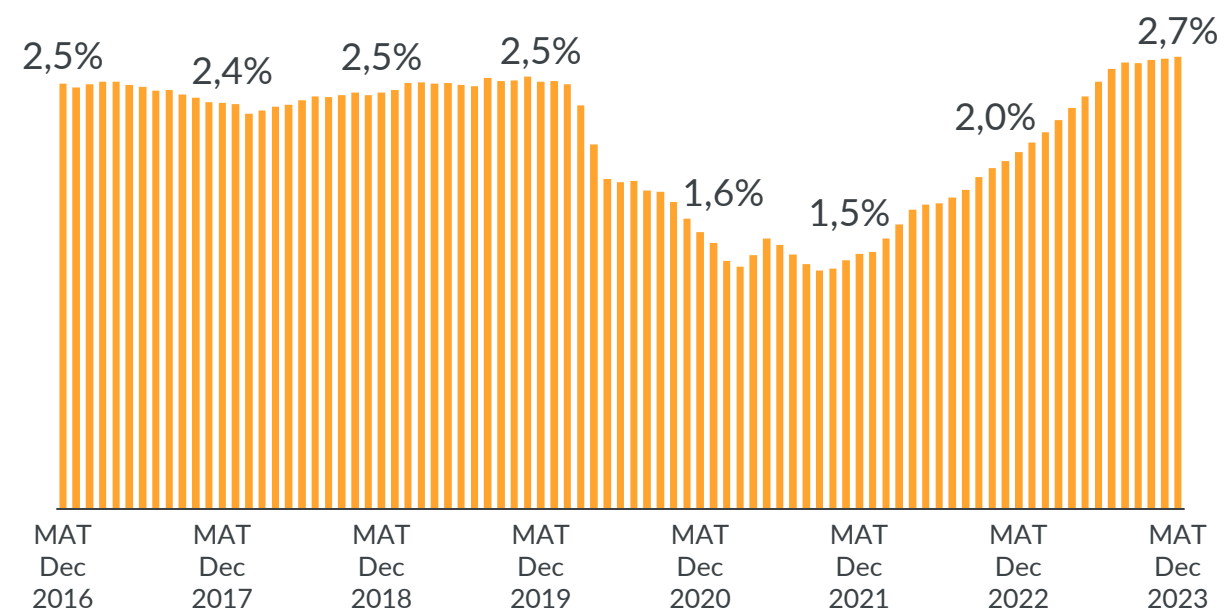
FMCG turnover via shopping abroad experienced a significant decline during COVID.



Value (000 EUR)



Value %



TOP 5 similarities & differences between 2022 and 2023



#1

Combination of volume decline and downtrading in both years

#2

Purchase frequency continues to grow in both years

#3

PL continues to gain from A- brands (market leaders) , especially PL open market

#4

Promotions will not help to battle against private label

#5

Hard Discount and Shopping abroad keep growing

#1

Declining consumer confidence in 2022 versus increasing one in 2023 >< inflation

#2

Volume decline is structurally lower → driven by lower class households 2023

#3

No further decline in the number of trips per category

#4

Much stronger growth of PL OM in 2023 and even volume decline for PL HD

#5

Shopping abroad not only grows in penetration but also in frequency

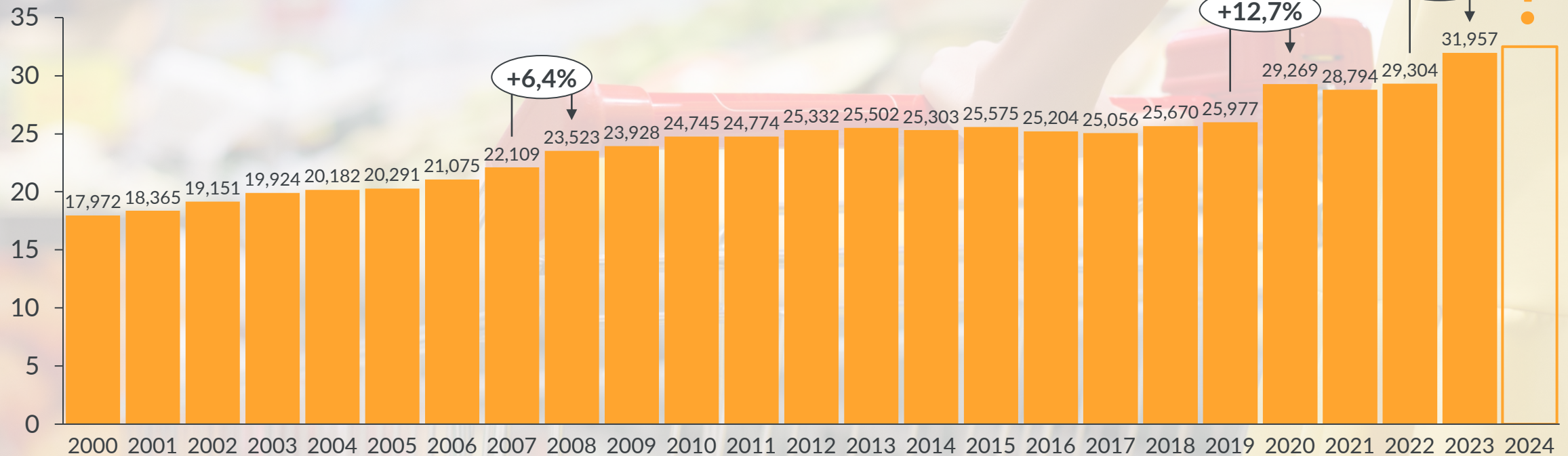
02

Will 2024 be more of the
same?

Long term FCMG development in Value

Evolution since 2000

Value in bio €



“Which growth number
do you expect for 2024?”

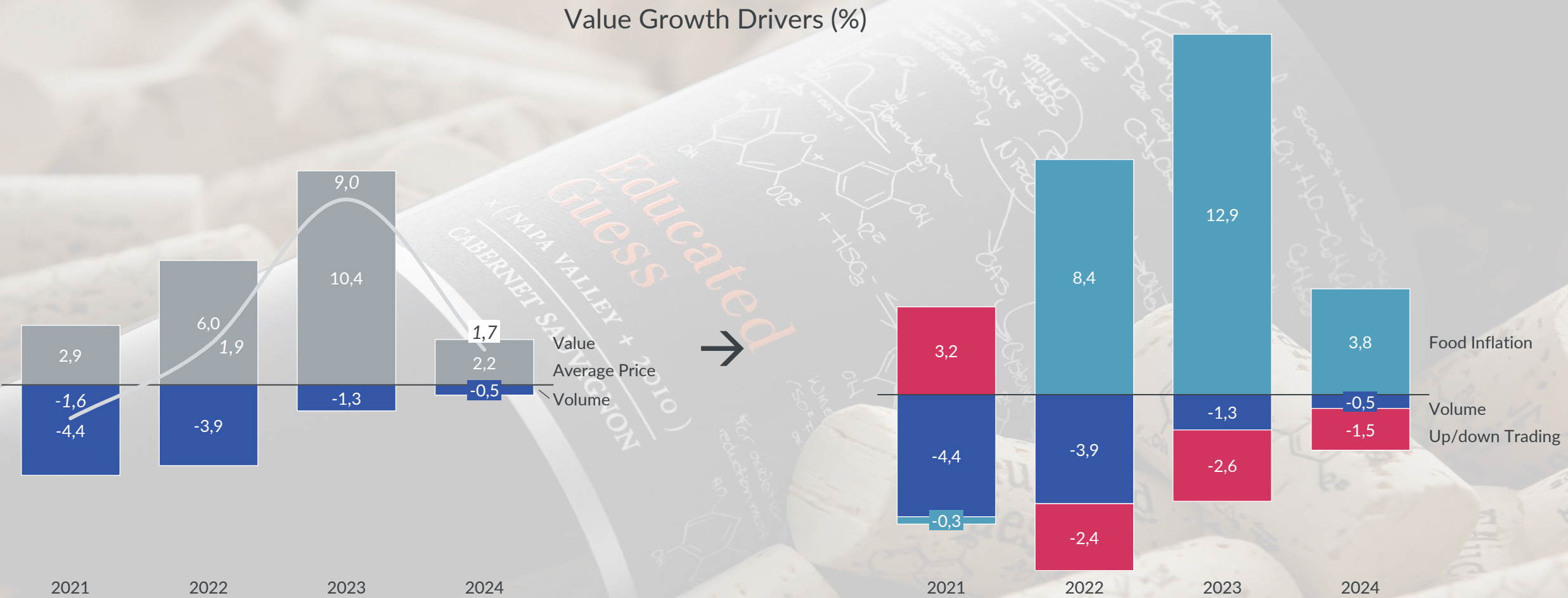
**Educated
Guess**
(NAPA VALLEY + 2010)
CABERNET SAUVIGNON

Handwritten notes on the bottle label:

- Chemical structures:** Several chemical structures are drawn, including a flavanone (chalcone derivative), a phenol, and a substituted benzene ring. A note next to one structure says "for oxidation must be reduced".
- Graphs:** A line graph is plotted with "Flavonoid" on the y-axis and "years" on the x-axis. It shows a curve that rises and then plateaus. Another graph shows "Total Sugar" vs "years" with a similar curve.
- Text notes:**
 - "Flavonoid" (circled)
 - "Amino acids" (circled)
 - "Nucleic acids" (circled)
 - "Total Sugar" (circled)
 - "Total Flavonoid" (circled)
 - "Total Amino acids" (circled)
 - "Total Nucleic acids" (circled)
 - "Total Sugar + Amino acids + Nucleic acids" (circled)
 - "Total Flavonoid + Amino acids + Nucleic acids" (circled)
 - "Total Sugar + Amino acids + Nucleic acids + Flavonoid" (circled)
 - "Total Sugar + Amino acids + Nucleic acids + Flavonoid + Amino acids" (circled)
 - "Total Sugar + Amino acids + Nucleic acids + Flavonoid + Amino acids + Nucleic acids" (circled)



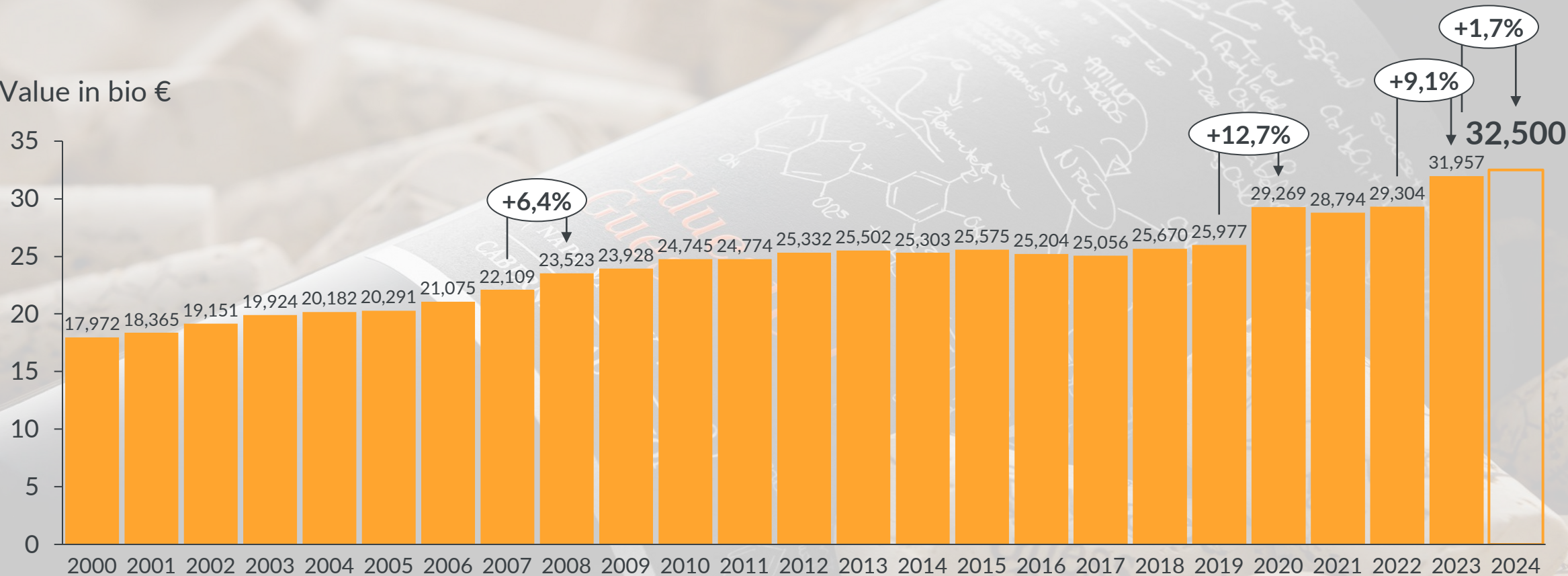
An „educated guess“ of what the FMCG market might do in 2024



This would result into a revenue of 32,5 bio €
Or a growth of about 1,7%

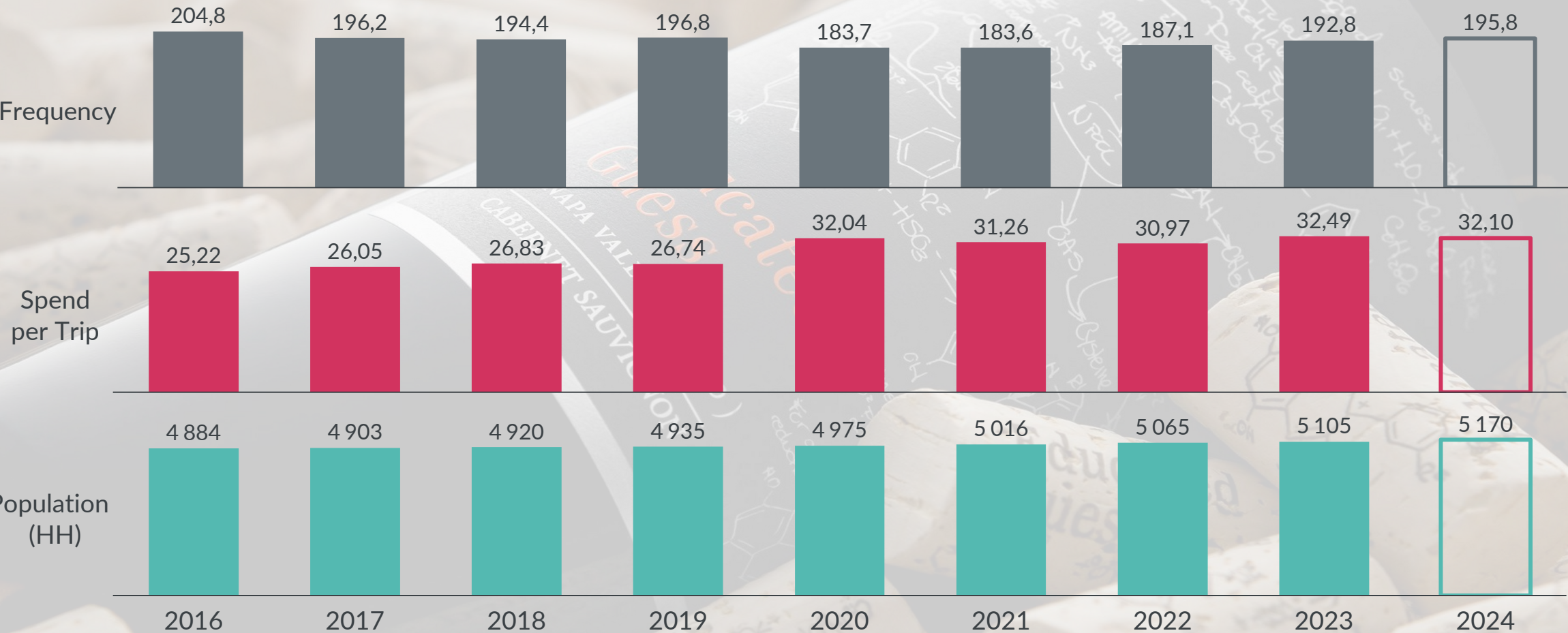


Value in bio €



How does this translate into the underlying KPI's?

Continued growth of the population and the purchase frequency
Slight decline of the spend per trip



The outlook for 2024

- #1 If prices will continue to raise, people are likely to continue to buy less and / or switch to cheaper alternatives.
- #2 A-brands will continue to suffer in the advantage of Private Label. But, currently there is a watch out for PL Hard Discount !
- #3 ,Lower‘ priced retailers will continue to benefit as well as cross boarder shopping!
- #4 E-comm will not yet catch up with growth without renewed focus / investments.
- #5 Unless, ... „something“ happens which will make all of the above completely irrelevant !!!

Consumer
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Any questions ?



Thank you