

Understanding International Consumer Behaviour



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The importance of understanding the consumer

- ✓ To gain an understanding of the consumer, we must first understand their lives, their consumption patterns, their relationship with categories and the brands that they choose.
- ✓ Shopper insights are currency for building strong customer relationships.
- ✓ Retailers are battling for consumers and seek manufacturer partners who bring insights about how people shop that translate into ideas that increase traffic, category and aisle sales.
- ✓ But very often brand managers knowledge of consumers isn't always as strong. Knowledge about how and why consumers behave doesn't necessarily equate to knowledge about how they behave when shopping.
- ✓ For instance time pressure, the nature of their shopping trip, who is accompanying them, promotions, whether they are buying as a gift and so on.
- ✓ Due to the changing global economic climate, understanding the consumer is more important than ever since consumer behaviour is changing and retailers must work harder to maximise revenue.



Global Consumer Trends



Global Consumer Trends

- ✓ In order to gain an understanding of the global consumer, their trends should be acknowledged as these trends shape the marketplace for manufacturers and retailers.
- ✓ Bord Bia's global 2012 Consumer Lifestyle Trends programme identifies those global trends which exist today.
- ✓ We describe a trend as a sustained change in consumer attitudes, needs, wants and behaviours.
- ✓ The drivers help us understand the nature of the forces behind the trends. Large scale, sustained and measurable economic, social, political, technological and environmental influences shaping people's attitudes, values and behaviors at a global and local level.
- ✓ We have identified 6 global consumer trends which are as follows;

Fluid lives



Quest for health and wellness



Simple pleasures



Consumers in control



Responsible living



Keeping it real



Fluid lives



"I want to manage my busy life and make sure that I am at my best for whatever the day presents"

- ✓ Life is still busy and finding time to fit in everything we want remains a challenge. Convenience is still king. But, financial pressures mean that this cannot come at any price.
- ✓ For some, life has slowed as the economy has slowed and work pressures have eased, making moments to slow down and take time out more accessible. For others, pressures remain high and the pace of life still feels relentless, time out is needed to unwind or recharge.
- ✓ People have become more aware that maintaining energy levels is critical in order to get the most from what the day presents; avoiding peaks and slumps, and maintaining concentration and focus are top of mind.
- ✓ Food and drink plays a critical role and people are becoming more sophisticated in their approach to managing their mental and physical energy needs.
- ✓ The sub-trends for Fluid Lives are;
 - ✓ **Simple by Design**—solutions that reduce complexity or save time
 - ✓ **Winding Down** – talks about slowing down and escaping to recharge the body and mind
 - ✓ **Conveniently There**- Describes the need for ever improved convenience and portability
 - ✓ **Guided Choice**— ways to make good choices quickly and easily
 - ✓ **Peak Performance** – Managing your physical and mental performance throughout the day



How International Consumers follow this trend

✓ International Consumers are following this trend by taking greater control of their time and making the most of their free time, whilst placing emphasis on spending time together as a family.

"I eat healthy to take control of my life."

61% of US and **58%** French consumers agree

94% of German consumers think that is important to spend time over dinner as a family

✓ **55%** of Belgian and **51%** of Spanish consumers cook meals from scratch at least a few times a week, increasing year on year. Consumers have more free time at home to prepare these meals.

✓ **22%** of US and **17%** of French consumers state that compared to 12 months ago, they are cooking from scratch more often.

✓ **35%** of Swedish and **33%** of German consumers explain that they use convenience meals less often compared to 12 months ago, these figures increased by **8%** and **20%** from 2008.

✓ There is more time spent together as family as **37%** of French consumers and only **20%** of New Zealand consumers report that they sit down for breakfast everyday as a family.



Simple pleasures



“I want to get more enjoyment from the simple things in life; to have experiences that add more fun and meaning”

- ✓ The economic crisis has forced consumers to re-adjust their lifestyles, often changing the foundations on which their lives are built.
- ✓ People are spending more quality time with others and trying new things in order to make life more enjoyable, even whilst managing on a budget.
- ✓ People are seeking to reach out again, either to connect with friends and family in different ways from the past or, to establish new connections with people who share their new found approach to life.
- ✓ People are setting their own goals to gain a sense of achievement and rebuild a sense of pride or, indulging in small rewards and moments of fun in order to feel they are more than just getting by.
- ✓ The sub-trends for Making the Most of Life are;
 - ✓ **Fun and Play** – enjoyment through play and novelty
 - ✓ **Co-Creation**– The enjoyment and fun of being part of the creative process
 - ✓ **Enhanced Sensations**–Desire for intensifies sensory experiences
 - ✓ **Seeking Connections**– Making, maintaining or deepening connections with others
 - ✓ **Rich Rewards** – Indulgent experiences that offer respite and reward
 - ✓ **Passion and Purpose** – Experiences that introduce new meaning, purpose or goals in life



How International Consumers follow this trend

✓ International Consumers are following this trend as they make more use of their free time by trying new foods and improving their cooking skills.

"I really enjoy cooking and being able to create a great meal"

86% of German consumers agree compared to just **72%** of Dutch consumers

French (25%) and Germans (30%) have greatest passion for cooking and this is increasing

✓ **55%** of European consumers have a strong interest in cooking with 35% stating that it is good fun at times and 20% reporting that it is a passion and that they love food.

✓ **1 in 10** consumers from Sweden, Spain, Germany and the Netherlands have attended a cookery class in the last 3 years which is the same for Irish consumers.

✓ **44%** of European consumers, **57%** of American and **59%** of BRIC consumers agree that it is important to live life to the maximum.



Responsible living



“I am mindful that I need to live more responsibly; I want to make better choices that make a difference without having to compromise”

- ✓ Social and environmental concerns remain of high importance for people. But high priority does not always mean the top priority and, many people seek to balance the issues of ethics and finances as well as they can manage. Affordable choices and easy to do actions resonate with people wanting to live more responsibly.
- ✓ When considering more responsible choices, where the outcome is more tangible, the benefit is clearer. Where the outcome leads to a local or personal benefit (as well as a wider social or environment benefit), the choice is more motivating.
- ✓ As concern is heightened through either direct exposure or media attention, many people are increasingly looking toward companies and institutions to lead the way; expecting real proof of the positive impacts they claim to make.
- ✓ The sub trends for Sustainable Lives include:
 - ✓ **Conserving Resources**—living in a world where resources are increasingly in short supply
 - ✓ **Good Causes** – explains how consumers are supporting a worthy cause through purchase choices
 - ✓ **Fair Treatment** – is about treating animals and people fairly in the production process.
 - ✓ **Climate Conscious** – focuses on protecting the world’s environment and biodiversity
 - ✓ **War on Waste** – highlights the drive to reduce the wasteful results of consumption



How International Consumers follow this trend

✓ International Consumers are following this trend as we see that they are conscious of environmental issues and these can affect their purchasing behaviour.

"I am more conscious of environmental issues in my choice of products today"

66% of Spanish consumers agree compared to **43%** of Dutch consumers

81% of global consumers are aware of the term sustainability – French consumers are the most aware

✓ **46%** of European and **26%** of US consumers agree that they have made it a top priority to live an environmentally conscious lifestyle.

✓ **61%** of Swedish consumers and **57%** of German consumers state that they prefer to buy from companies that aware of the impact of environmental issues, both countries are increasing.

✓ **62%** of global consumers are aware of the term "Carbon Footprint" with the highest awareness in the US and the lowest in Germany (35%) and Spain (37%).

✓ **46%** of European consumers, **39%** of US consumers and **52%** of BRIC consumers don't believe the claims made on environmentally friendly packaging.



Quest for health and wellness



"I want a balanced approach to health and wellness, to have greater control through the choices I can make"

- ✓ Brands and institutions continue to help educate people about how to live more balanced lifestyles and make healthier choices. But with levels of information and options reaching overwhelming levels, people often struggle to navigate the complex array of choice now at their fingertips. Finding the right strategy and approach to health and wellness has become a key challenge.
- ✓ With financial constraints creating added pressures, many people have begun to adopt a more balanced approach to life and their diets, recognising that whilst physical health is important, their mental health and outlook on life is equally as important.
- ✓ Food is becoming core to people's health strategies and overall sense of wellbeing, whether they are looking for healthier options that do not compromise on quality and a feeling of indulgence or solutions that set their children up for a good start to life and a healthier future.
- ✓ The sub trends for Quest for Health & Wellness are;
 - ✓ **Proactive Prevention** – Proactively defending the body against future illness via healthier choices
 - ✓ **Finding Balance** – Looking for emotional and physical balance via nutrition and lifestyle
 - ✓ **Image Control** – Managing weight and external appearance
 - ✓ **Good Start** – Ensuring children get the best start in life
 - ✓ **Naturally Good** – searching for the best from nature to improve health
 - ✓ **Coping Strategies** - using or excluding products in a response to modern day ailments



How International Consumers follow this trend

✓ International Consumers are following this trend by managing their diet and increasing their intake of fruit and veg.

"to be healthy it is important to eat healthy "

88% of French consumers agree

75% of US consumers state that their diet is fairly/very healthy

- ✓ **64%** of European Consumers, **61%** of US consumers and **65%** of BRIC consumers agree that they have made it a top priority to live a healthier lifestyle.
- ✓ **40%** of European consumers, **45%** of US consumers and **52%** of BRIC consumers are satisfied with their physical health .
- ✓ **65%** of US and Belgian consumers eat at least 5 portions a lot of fruit and vegetables per day.
- ✓ **26%** of French and German consumers are confused as to what to eat to stay healthy.
- ✓ **91%** of Spanish and **73%** of Dutch consumers would like to see more low fat options and **83%** and **70% respectively** often find it difficult to understand the nutritional claims on packaging.



Consumers in control



“I like to pursue better value, to help maintain my lifestyle and to get the most from the money I have”

- ✓ The financial crisis has fundamentally changed attitudes to the marketplace and what represents good value; consumers are smarter and savvier with their money and more willing to shop around than ever before. Budgeting is now the norm for many, who have devised tools to keep their spending in check.
- ✓ Being a well known brand is no longer enough as consumers look for more proof points of the benefits products claim to offer, whether taste, quality or nutritional value.
- ✓ People are devising their own solutions to get more for their money: buying and cooking in bulk, opting for loose vegetables rather than pre-packed, substituting cheaper alternatives for regular purchases and finding ingredients that allow variety and creativity in their use.
- ✓ The sub-trends for Consumers in Control are;
 - ✓ **Redefining Value**– deepening desire for good value beyond the price alone
 - ✓ **Expert Status**- growth in pursuit of knowledge and discernment for identity and status
 - ✓ **Tangible Benefits**– focusing on proof of real tangible benefits and established quality
 - ✓ **Counselled Consumption**– the rise of specialist advisors and peer reviews for all consumptions
 - ✓ **Exclusive Choices**- there is a growing demand for exclusivity and rarity



How International Consumers follow this trend

✓ International Consumers are following this trend by maintaining control in their finances and simply by planning their shopping and cooking to achieve value.

'I most often go to the same store but look for the best value for money I can get'

8 in 10 US, Belgian, French, Dutch and New Zealand consumers agree

"I plan my meals more and cook for two nights running – for example spaghetti bolognese can be easily reheated two nights running. Then it's cheaper and there's no waste."

- ✓ **61%** of US consumers look for price first and **50%** agree that it is the most important attribute.
- ✓ Impulse shopping is down except for Spanish consumers as **24%** buy on impulse if they think things are cheap.
- ✓ **4 in 10** of US, Dutch and New Zealand consumers claim to buy food items on promotion more often nowadays.
- ✓ Over **60%** of consumers in all markets claim that the high price of Fair Trade products puts them off buying.
- ✓ **33%** of European, **45%** of US and **36%** of BRIC consumers agree that they like to splurge on some products/services even if they have to economise more radically in other areas.



Keeping it real



“I am looking for products and brands that are real, authentic and honest, because I know I can trust what's in them and where they come from”

- ✓ As the recession struck, brands that had stood the test of time and remained true to their values became points of stability and comfort amongst the turmoil. But as life has settled into new routines the meaning of authenticity is changing.
- ✓ The past has to have modern relevance to maintain its meaning and value; genuine benefits need to lie behind the origins or craftsmanship that is used in their making. Provenance or sourcing need to deliver unique or distinctive product attributes.
- ✓ Locality and seasonality are becoming increasingly important; and are seen as a way of accessing products at their best whilst protecting local interests.
- ✓ The sub-trends for Keeping it Real are;
 - ✓ **Back to Basics** – adopting traditional approaches and skills to meet today’s needs
 - ✓ **Celebrating Tradition** – taking the best tradition and heritage to meet modern tastes
 - ✓ **Craftsmanship** – there is a rising interest in the people and artisan skills behind products
 - ✓ **Behind the Scenes** – Transparency is now a mark of quality and trust
 - ✓ **Passion for Place** – We are seeing a growing interest origin as a mark of quality and trust
 - ✓ **Embracing the Seasons** –growing interest in consuming seasonal produce



How International Consumers follow this trend

✓ International consumers are following this trend as they move back to basics with regards to cooking and local food.

“Very/Fairly important to buy local food “

65% of French and **59%** of Swedish consumers agree

- ✓ **73%** of Swedish and 63% of Spanish and German buy local food on a weekly basis, sometimes more.
- ✓ **48%** of European consumers understand “local food” to be produced in a close proximity to where they live.
- ✓ **29%** of Spanish consumers are now cooking from scratch more now than they were 12 months ago. Consumers are beginning to move back towards the traditional ways of cooking.
- ✓ 3 in 10 Belgian, German and Swedish consumers state that they are using less and less meal components and are cooking from scratch more often.



The International Economic Climate



The International economic climate today

- ✓ The pace of economic recovery has slowed around the world, with Europe and the US hit hardest in third quarter of 2011.
- ✓ The European sovereign debt crisis and weak growth are fuelling a crisis of confidence, holding back consumption and investment in the major advanced economies of the world.
- ✓ The recovery in economies such as the US and Europe is now progressing much more slowly.
- ✓ The financial crisis has left large structural budget deficits in many countries, which are likely to require a lengthy period of fiscal consolidation through tax rises and / or public spending cuts in the medium term.
- ✓ The cost of borrowing for many European countries is rising, undermining consumer and business confidence. Unprecedented levels of uncertainty have now emerged in the Eurozone.
- ✓ With high levels of uncertainty over the Eurozone and prospects for their own domestic economies looking depressed, consumers are likely to be approaching the year with caution and trepidation.
- ✓ Emotional wellbeing appears to be universally in decline across recession struck Europe.



- ✓ Despite the pressures on price, brands have a great opportunity to connect more deeply with consumers in today's environment
- ✓ Room now exists for brands to fill some of the void in consumers' lives, something that if they can, is likely to be rewarded with loyalty and advocacy.
- ✓ We have also identified five 'P's that outline how brands can help consumers in today's environment. They are not designed to replace the other 'P's of marketing but add to them to help companies build better positioning and create better brand plans.

✓ **Not all consumers have been affected equally by the recession**

- ✓ Recognising that different groups have different coping strategies and mechanisms will be critical. Those businesses that are able to target and communicate in such a way that aligns with the sensibilities and priorities of each group is likely to find greater value in the market place.

The New P's of Marketing

- P** *Protection: Protecting consumers from uncertainty and risk*
- P** *Practical: Helping consumers to plan and be more self-reliant*
- P** *Permission: Encouraging consumers to make connections and see the positives of a life with less*
- P** *Purpose: Giving consumers new meaning and purpose to their lives*
- P** *Pride: Re-building a sense of pride and achievement*



What does this
mean for you?



Food for Thought

- ✓ The economic uncertainty will inevitably cause problems for some retailers as consumers look for value points.
- ✓ The obvious benefits of quality and provenance have to be considered as essential elements of the brand and marketing mix.
- ✓ Labelling, product information, branding and communications will need to be consistent and really ensure that the products stand out from the crowd.
- ✓ Retailers will need to be creative in how they retain market share, they will need to constantly promote their products and educate about the benefits.
- ✓ Developments in technology will have a variety of effects.
 - ✓ Ease of access to information on produce means all suppliers will need to be clear about pricing, ingredients, any eco-credentials etc.
 - ✓ Online and mobile commerce will not be going away , they are part of the shopping mix for any consumers already.



Brands Must.....

demonstrate they are competitive via in-store visibility.

facilitate stocking up.

constantly reinforce their quality through innovation.

offer value through new formats.

constantly reinforce their quality through communications.

facilitate stocking up with multi-pack format offers.

facilitate stocking up with multi-pack format offers.



Brands must keep an eye on the current trends..

1. **FOOD, FAMILY & the COMFORT of HOME** -Families are eating together more and people are becoming more emotionally engaged with cooking and food. We are starting to move away from a food culture founded on convenience alone.
2. **HEALTHY EATING** - Consumers want to eat healthy, maintaining or improving their health and wellness is a well established priority, but they often find it difficult to decode what is in front of them.
3. **KEEP IT LOCAL** - Local foods offer stability and reassurance in the current climate. There is an increasing positive perception of locally produced food with consumers wanting to know the source of their food.
4. **CLEAN & GREEN** - Half of consumers continue to want to buy products that are environmentally aware, but this has not increased as other concerns are more pressing today. The consumer has shifted the emphasis back to the retailer and the manufacturer.
5. **CANNY SHOPPER** - The shopper has changed both in terms of profile with more males getting involved, and in terms of focusing on value. But remember that value is not solely a function of price.



The Future of the International Consumer



Insight

Explanation

- | | |
|--|--|
| ✓ Healthy Options | ✓ Based on a growing consumer demand for healthy products retailers are looking for new healthy products |
| ✓ Increase of Healthy Snacking | ✓ Protein led snacks are on the rise |
| ✓ Restaurant Style partially prepared food | ✓ Staying in is the new going out. Specialty foods, hosting items and 'restaurant style take-away' options provide a share of the 'dining' market. |
| ✓ Focus on freshness | ✓ Consumers place great importance on the term "fresh" and it is up to the retailers to deliver this |
| ✓ Interest in Aesthetic modernisation | ✓ As retailers focus on re-imagining their stores, they are looking for modern looking products that look good on shelves |
| ✓ Focus on Value | ✓ Retailers will continue to look for low priced products to stock in store |
| ✓ Smart shopper promotions increasing | ✓ Consumers are taking up clever promotions or group buy/online savings |
| ✓ Reduction of Consumer Waste | ✓ Retailers are conscious of their role to encourage consumers not to over purchase food on promotion |
| ✓ Digital Promotions | ✓ Increase in diversity of product promotions via online platforms such as facebook and twitter |



The following is the list of reports that were used in this presentation;

- Continental PERIscope 2010
- Consumer Lifestyle Trends 2012
- Feeling the Pinch 6

All of our reports are available online
www.bordbia.ie/publications

