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Factors that impact how we grocery shop worldwide

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Factors impacting grocery shopping worldwide

- 85% of consumers worldwide say **rising food prices** are impacting product choice
- The influence of **health factors** on shopping choice is most significant in Asia-Pacific
- **De-listing** a favorite product is a major concern for 3-in-10 global respondents
- Retailer **loyalty programs** significantly impact shopping choice for 1-in-4 consumers worldwide

In today's belt-buckling state of the economy, 85 percent of respondents worldwide say that rising food prices are impacting their choice of grocery purchases, with more than half (52%) stating higher prices are a major influence. But price is not the only consideration that weighs heavily on the minds of consumers when shopping for groceries. Health factors, product availability and in-store services are also important considerations.

New findings from a Nielsen online survey of respondents from 56 countries around the world provide insights into how 16 various factors impact grocery purchases in the last year. Manufacturers and retailers armed with this knowledge can fine-tune strategies to better align with what matters most to consumers—and what does not.

Top 5 major impact factors on grocery purchase choice

	GLOBAL AVERAGE	ASIA-PACIFIC	EUROPE	LATIN AMERICA	MIDDLE EAST/ AFRICA	NORTH AMERICA
1	Prices	Prices	Prices	Prices	Prices	Prices
2	Health	Health	Package Labeling	Transportation Costs	Transportation Costs	Health
3	Transportation Costs	Transportation Costs	Health	Health	Health	Transportation Costs
4	Package Labeling	Food Allergy	Transportation Costs	Enhanced Nutrition	Enhanced Nutrition	Package Labeling
5	Delist Favorites	Delist Favorites	Retailer Loyalty Programs	Package Labeling	Package Labeling	Retailer Loyalty Programs

Economy · Health/Wellness · Product Availability · Store Services

Source: Nielsen Global Survey of Grocery Purchase Impact, Q1 2012

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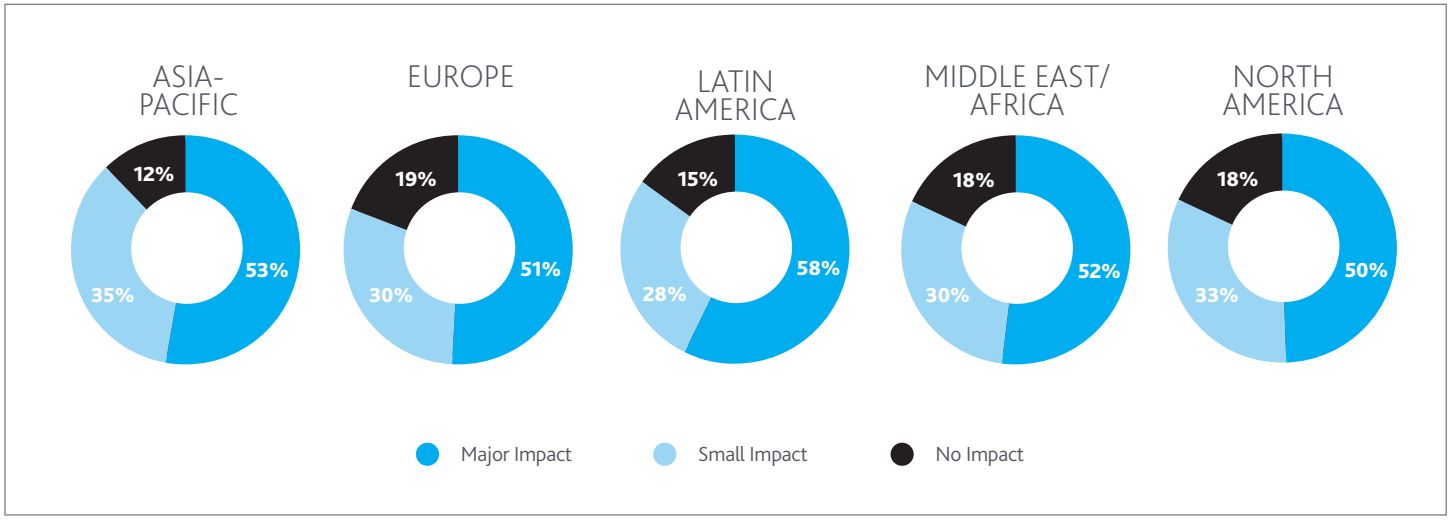
Economic considerations are most impactful

Impact of rising food prices on choice of grocery purchases



Source: Nielsen Global Survey of Grocery Purchase Impact, Q1 2012 [Due to rounding, figures may not equal 100%]

Across every world region, the rising price of food is the number one consideration among 16 factors measured by Nielsen that influence consumer's choice of grocery purchases.

The consistency of findings across the regions underscores the on-going struggle consumers worldwide are grappling with in this volatile economic environment. The increasing cost of food is affecting 88 percent of respondents in Asia-Pacific, 86 percent in Latin America, 83 percent in North America, 82 percent in Middle East/ Africa and 81 percent in Europe, with more than half of respondents in these regions indicating that rising food prices is having a major impact on choice of grocery purchases.

Soaring fuel prices, leading to increased transportation costs, are also affecting consumer choice. More than one-third (35%) of global respondents consider the cost of traveling to buy groceries a major obstacle, ranking it among the top four key implications that affect grocery shopping choice across all regions; 42 percent regard transportation costs as a minor issue.

Respondents most affected by transportation costs (whereby more than half of respondents in the country consider it a major impact) live in the Philippines (56%), Indonesia (54%), Thailand and Mexico (54%), Italy and Chile (52%). Respondents least affected (indicate increased transportation costs have no or next to no impact) live in the Netherlands (72%), Denmark (60%), Israel (55%), Japan (54%), Finland (52%), Austria, Germany, Sweden (51%).

While many factors, such as store proximity, cost of fuel and economic condition can offer explanation for the considerable impact that transportation costs have on grocery shopping, retailers can alleviate some of the burden by integrating fuel benefits within their own loyalty scheme. The association with a fuel points program on-site or in close proximity to the store is proving to be a winning competitive strategy. Providing meal deals and recipe ideas for more at-home eating options and promoting convenient store locations are other ideas. Retailers would also be wise to build in contingency plans that account for swings in gas prices during peak months when prices typically rise.

IMPLICATIONS FOR MARKETERS

Collaborate with fuel companies and make gas retailing part of the offer

Offer meal deals and recipe ideas for more at-home eating options

Promote ample value and stock-up product selections

Health and wellness is a top priority

In addition to economic realities, health and wellness concerns are a driving force when it comes to deciding the grocery items purchased. Nielsen reviewed the impact of health factors (heart, cholesterol, obesity, etc.), food labeling information on packages, food allergy factors (gluten-free, nuts, etc.), the availability of products with enhanced nutritional benefits (vitamin-enriched juices, milks, etc.) and the availability of organic product options.

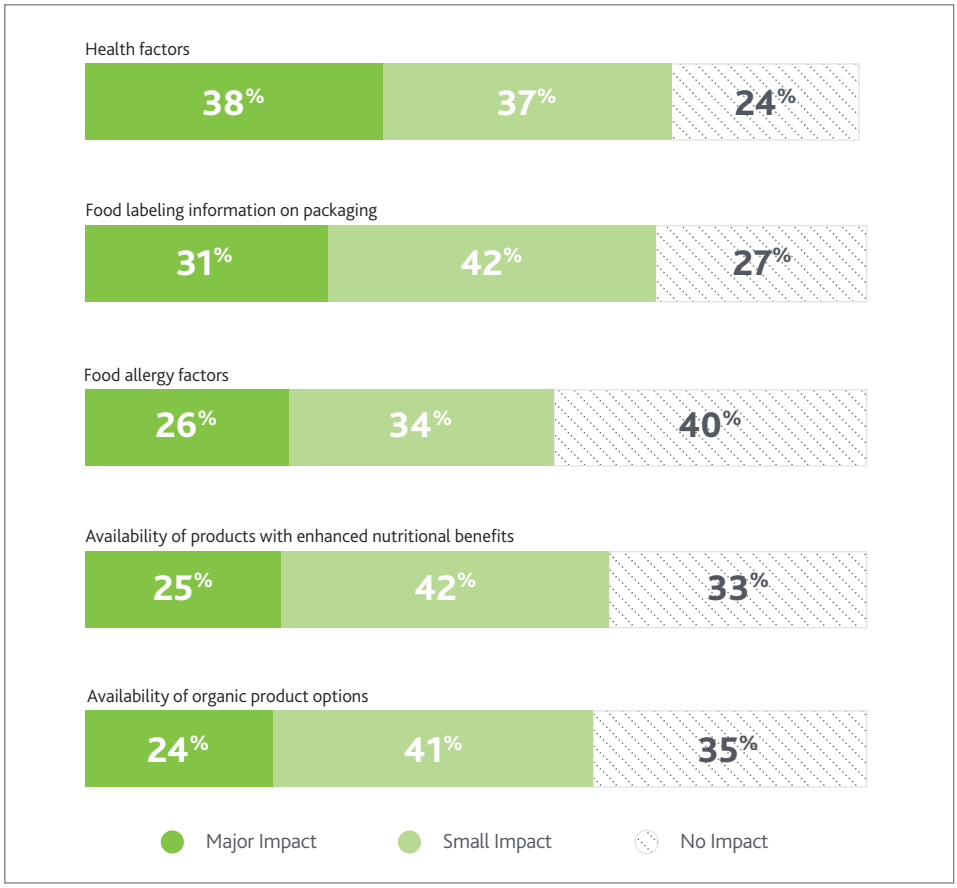
Among the health and wellness factors measured, those that relate to physical condition have the most significant impact on grocery purchase choice among global respondents (38%). Food labeling information on packaging is a key concern for 31 percent of total online shoppers, the availability of products with enhanced nutritional benefits is a major issue for 25 percent of global consumers and the availability of organic foods is a chief concern among 24 percent of respondents worldwide.

The need for better education on nutritional labeling is apparent. Findings from Nielsen's January 2012 Global Food Labeling Report reveal that 59 percent of global respondents say they have difficulty grasping nutritional facts on product packaging, with 52 percent saying they understand the labels "in part" and seven percent not at all. Respondents are also largely skeptical about the accuracy and believability of the health claims.

Providing simple and easy-to-read labeling on packages coupled with an education program on how to interpret the facts can help reduce the skepticism that is apparent around all parts of the globe. As for allergy-conscious shoppers, retailers should consider dedicating a special section of the store (or store-in-store) to offer a wide range of gluten-free and other special dietary-needs products together with food recipes and meal planning ideas to meet shoppers' diet needs.

How much impact has each of the following "health & wellness" factors had on your choice of grocery purchases in the last 12 months?

Global Average



Source: Nielsen Global Survey of Grocery Purchase Impact, Q1 2012

IMPLICATIONS FOR MARKETERS

Champion the healthy agenda and open channels of communication to engage consumers on their favorite topics

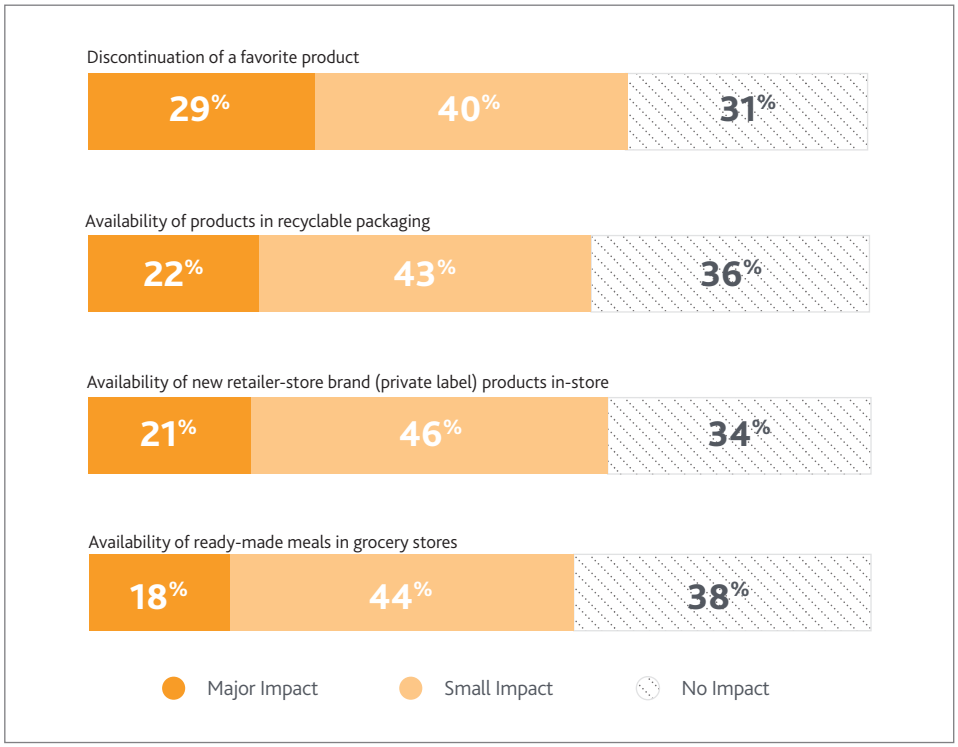
Cater to special-needs diets with a wide variety of alternative food options

Offer healthy lifestyle recipes and meal-planning guidance

Product availability and/or non-availability is a concern

How much impact have "product availability" factors had on your choice of grocery purchases in the last 12 months?

Global Average



Source: Nielsen Global Survey of Grocery Purchase Impact, Q1 2012

IMPLICATIONS FOR MARKETERS

Understand customer needs to direct the selection of products offered

Offer a wide selection of quality, cost-effective value-oriented products

Increase selection of sustainable, energy-efficient product options

Among the various product availability options measured by Nielsen, the discontinuation of a favorite product option is the most concerning. De-listing a preferred product is a major issue for three-in-10 global respondents (29%). Just over one-third (34%) of Asia-Pacific respondents voice the most dissatisfaction with eliminating a desired product, followed by Middle East / African consumers (31%), Latin Americans (30%), Europeans (22%) and North Americans (21%).

De-listing a favorite product is a clear pain-point for shoppers. In addition to causing shopper frustration, it could potentially translate to lost business for retailers. A good de-listing strategy must consider both the impact on sales and the relationship between the shopper and the product. Marketers must understand how much product demand could shift to other products in the assortment and how much business could disappear altogether. Having a product replacement strategy that will meet shoppers' needs is equally important.

Roughly one-fifth of global respondents also indicated they are significantly impacted by the availability of products in recyclable packaging (22%), the accessibility of new retailer store brand options (21%), and the ease-of-use of ready-made meals (18%).

Findings from Nielsen's 2012 Global Shopper Trends study reveal that one-quarter of global respondents say they purchase more 'green' products than they did 12 months ago. And two-in-10 are willing to pay higher prices for organic food or environmentally-friendly / energy-saving products. Marketers need to give serious thought about the future impact 'green' products will have on their business and improve sustainability efforts.

As for store brands, the Global Shopper Trends study reports that 12 percent of global respondents are buying more store brands than they did 12 months ago, citing price (45%), value (28%) and quality (22%) as key reasons for the switch. Given the positive perception of store brands and the current economic situation, expect store brand alternatives to continue to grow in popularity.

A happy customer is a loyal customer

Keeping customers loyal, satisfied and coming back for more is not only good business practice, but in these times of economic uncertainty and abundant consumer choice, it is critical for sustainable growth. One-in-four global respondents indicate that retailer loyalty programs have a major impact on shopping considerations.

In North America (24%) and Europe (22%) retailer loyalty programs ranked fifth in major importance of 16 factors measured. While retailer loyalty programs in Asia-Pacific and Middle East / Africa (25%) hold slightly more significance by percentage, they rank tenth on the list of 16. Loyalty programs in developing markets are newer and can be an important differentiator, in comparison to developed markets where retailer loyalty programs have become normalized over time. Asian markets have been quick to embrace loyalty. Their cultures emphasize attention to value and collection schemes/stamp programs have been very popular. Loyalty cards are an extension of that.

The attraction of special prices is cited as the top benefit of loyalty cards by more than half (52%) of respondents in the Global Shopper Trends Survey. Asia-Pacific respondents are most responsive to special prices with 53 percent ranking this as the top benefit of loyalty cards, compared to 23 percent of North Americans.

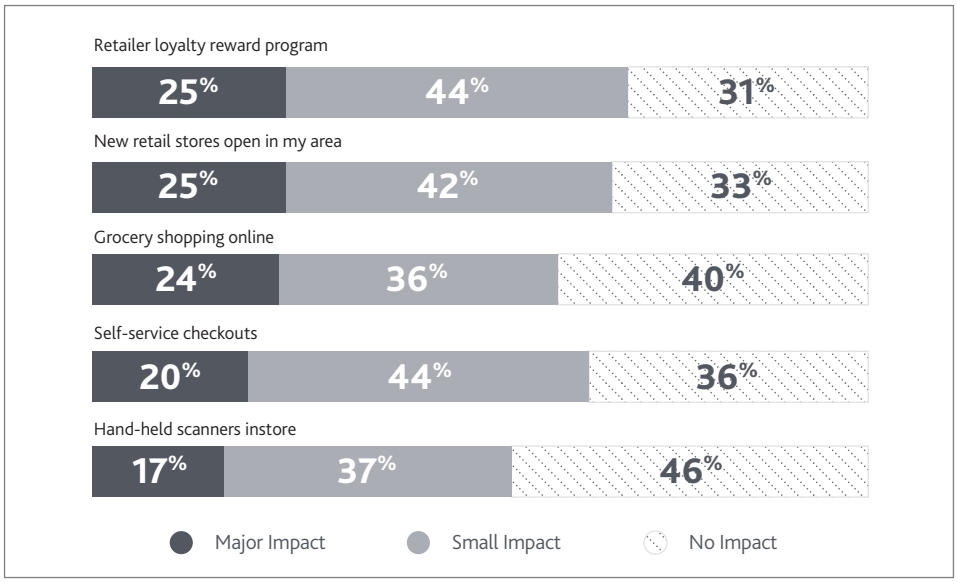
The opportunity to accumulate points and redeem gifts is the preferred benefit among 31 percent of global respondents and most valuable to North Americans (36%). Cash rewards based on amounts spent in-store over time is the preference for 33 percent of global respondents and most favored in the Asia-Pacific region. Given the vast cultural differences among shoppers across regions, a loyalty program that accounts for the diverse preferences of local shoppers will achieve maximum results.

The availability of new stores in the area and the opportunity to shop for groceries online is of major importance to one-in-four global respondents. Keeping the store up-to-date with new and convenient options to improve the shopping experience is important too. The availability of self-service check-out counters significantly impacts 20 percent of global respondents. And while the availability of hand-held scanners used in-store is relatively new and not yet available everywhere, 17 percent of global respondents say it is a major consideration for grocery purchasing choice.

While it is a natural step forward for retailers to introduce new technology into the daily shopping experience, they could do more to encourage shoppers to actively engage with these services by offering incentives to use them. Shoppers get the time-saving benefits and retailers are rewarded with loyal and satisfied repeat customers.

How much impact have "store service" factors had on your choice of grocery purchases in the last 12 months?

Global Average



Source: Nielsen Global Survey of Grocery Purchase Impact, Q1 2012

IMPLICATIONS FOR MARKETERS

Offer meaningful incentives that thank patronage and give reasons to come back

Don't rely on price alone—a variety of relevant rewards will keep customers engaged

Help shoppers engage with new technology that will improve the in-store experience

16 Factors ranked by major impact on grocery purchase choice

	GLOBAL AVERAGE	ASIA-PACIFIC	EUROPE	LATIN AMERICA	MIDDLE EAST/ AFRICA	NORTH AMERICA
1	Prices	Prices	Prices	Prices	Prices	Prices
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4	Package Labeling	Food Allergy	Transportation Costs	Enhanced Nutrition	Enhanced Nutrition	Package Labeling
5	Delist Favorites	Delist Favorites	Retailer Loyalty Programs	Package Labeling	Package Labeling	Retailer Loyalty Programs
6	Food Allergy	Package Labeling	New Retail Stores	Recyclable Packaging	New Retail Stores	Delist Favorites
7	Retailer Loyalty Programs	Online Shopping	Delist Favorites	Delist Favorites	Delist Favorites	Recyclable Packaging
8	New Retail Stores	Enhanced Nutrition	Organic Products	New Retail Stores	Food Allergy	New Retail Stores
9	Enhanced Nutrition	Organic Products	Food Allergy	Organic Products	Ready-Made Meals	Organic Products
10	Online Shopping	Retailer Loyalty Programs	New Store Brands	Food Allergy	Retailer Loyalty Programs	Ready-Made Meals
11	Organic Products	New Retail Stores	Self-Service Checkouts	New Store Brands	New Store Brands	Self-Service Checkouts
12	Recyclable Packaging	Recyclable Packaging	Recyclable Packaging	Self-Service Checkouts	Self-Service Checkouts	New Store Brands
13	New Store Brands	Ready-Made Meals	Enhanced Nutrition	Online Shopping	Recyclable Packaging	Enhanced Nutrition
14	Self-Service Checkouts	New Store Brands	Online Shopping	Retailer Loyalty Programs	Organic Products	Food Allergy
15	Ready-Made Meals	Self-Service Checkouts	Hand-held Scanners	Hand-held Scanners	Hand-held Scanners	Online Shopping
16	Hand-held Scanners	Hand-held Scanners	Ready-Made Meals	Ready-Made Meals	Online Shopping	Hand-held Scanners

Economy · Health/Wellness · Product Availability · Store Services

Source: Nielsen Global Survey of Grocery Purchase Impact, Q1 2012

Countries in this study

Argentina
Australia
Austria
Belgium
Brazil
Canada
China
Chile
Colombia
Croatia
Czech Republic
Denmark
Egypt
Estonia
Finland
France
Germany
Greece
Hong Kong
Hungary
India
Indonesia
Ireland
Israel
Italy
Japan
Latvia
Lithuania
Malaysia
Mexico
Netherlands
New Zealand
Norway
Pakistan
Peru
Philippines
Poland
Portugal
Romania
Russia
Saudi Arabia
Singapore
South Africa
South Korea
Spain
Sweden
Switzerland
Taiwan
Thailand
Turkey
United Arab Emirates
United Kingdom
Ukraine
United States
Venezuela
Vietnam

About the Nielsen Global Survey

The Nielsen Global Survey of Grocery Purchase Impact was conducted February 10–27, 2012 and polled more than 28,000 consumers in 56 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of ±0.6%. This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Survey, was established in 2005..

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

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