

2022: A year of inflation in Poland



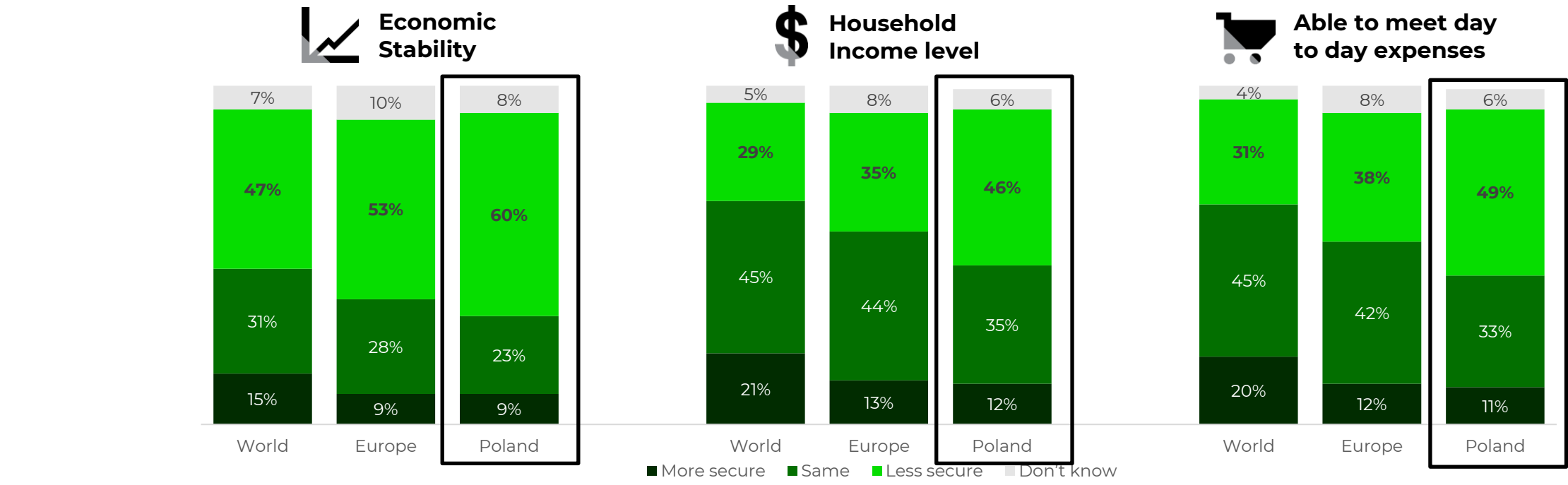
Inflation is a hot topic of conversation right now, and for good reason. Inflationary pressures are rising not only in Poland, but around the world, affecting commodity prices, consumer purchasing power and the cost of living.

With the rising costs, FMCG growth in Poland has slightly weakened compared to the previous year.

Consumers are feeling the effects of rising prices
Financial polarization and the continued escalation of commodity prices will continue to drive consumers to find ways to reduce spending.

50% of Polish consumers believe their country is already in recession

Polish consumers feel less secure in the next 6 months compared to today

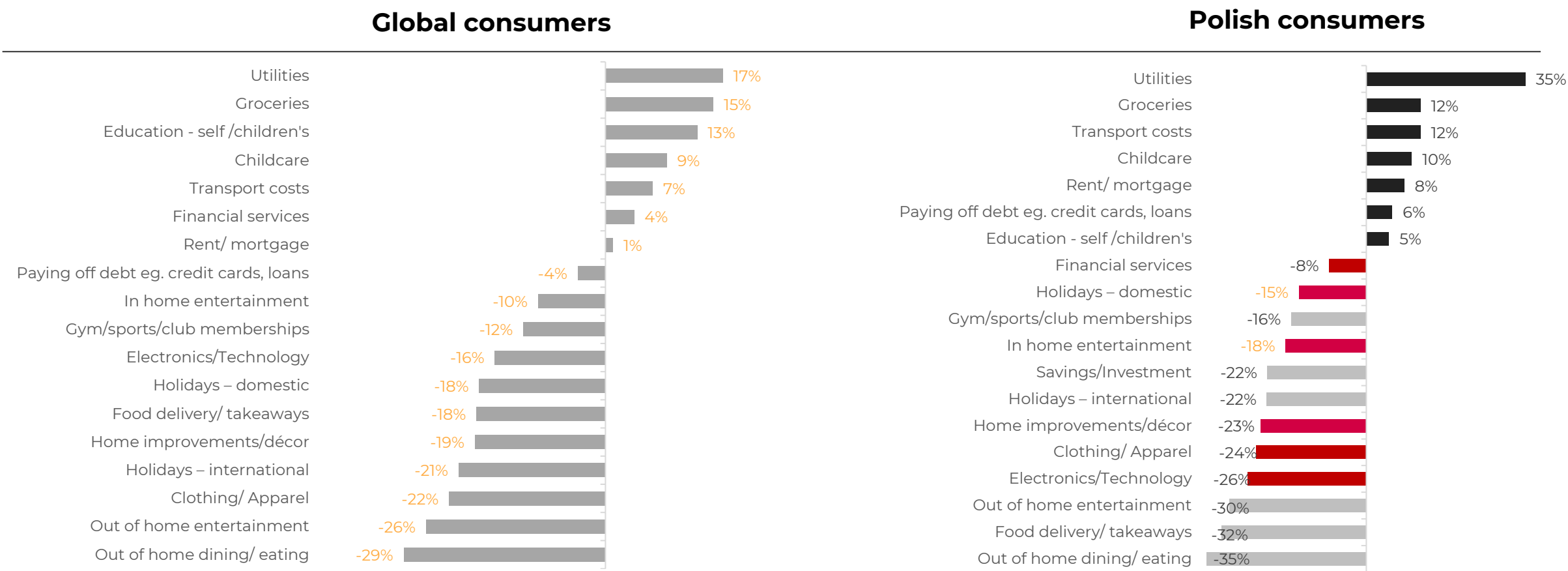


Source: NielsenIQ 2022 Consumer Outlook Survey, June 2022

As utilities and grocery spent grows, consumers set aside less money for leisure & entertainment

Spending intentions for next 12 months
Nett change in spending

75% of Polish shoppers saying normal weekly shopping **costs more** than it did 6 months ago

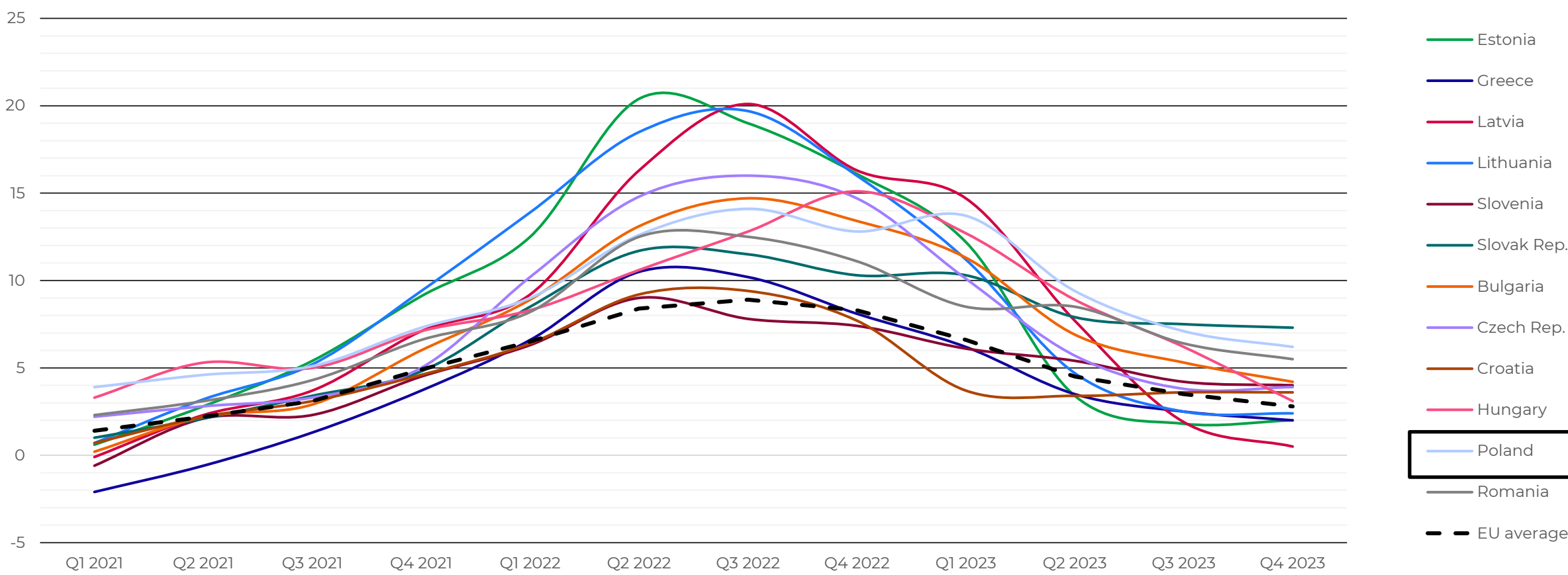


Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2021 vs June 2022

The challenge for retailers and manufacturers will be determining an acceptable compromise whilst meeting the prevailing cautiousness with value options across consumer groups that align with reshuffled priorities.

After the peak in Q3 2022, inflation expected to decline in 2023

HICP Inflation (%)



Source: European Economic Forecast, European Commission, July 2022

Key takeaways for achieving inflation-resilient growth

Strategies for successful performance in 2023 and beyond

In the inflationary environment, private labels are taking from branded products share.

To **protect your market share** against PL competition:

- Build brand differentiation
- Optimize your price architecture
- Protect distribution

Ease of inflation and supply chain changes influence where consumers shop.

To **adjust to the changing FMCG retail landscape**:

- Place your A brands in discounters
- Connect with the Omnishopper
- Go back to the On Premise outlets

As a tactic to cut grocery spending, consumers look for attractive price deals & cheaper alternatives.

Select a relevant **pricing tactics**:

- Use promotions wisely at the right time
- Demonstrate empathy through pricing
- Rethink product concepts

Affected to different extend by the external conditions, consumer preferences differentiate.

It's time to **update your brand strategy**:

- Set relevant targets for your brand size
- Identify your competitive advantage
- Stay close to your current and potential consumers