

NielsenIQ

# NIQ 2023 Consumer Outlook

Roadmap to growth  
in disruptive times

**NIQ Global Thought Leadership**





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# 1

## Understanding the disrupted consumer of 2023

Mapping consumer intentions across the globe.





**Hopeful**

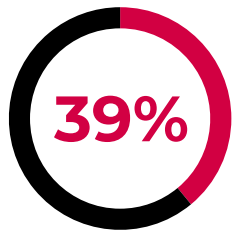
# The state of consumers is **unsettled**

Unsure about the future and bracing for extremes, consumers are in a constant state of skepticism. Volatility in everything from prices to weather events, has signaled a year of safeguarding, action-planning and hopeful strategizing around socio-economic hurdles.

**Guarded**

**Financially-focused**





of global consumers say they are in a **worse financial position** this year

>> vs. **37%** in Mid '2022

“

In line with figures of mid-year 2023, consumers feel financially pressured compared to a year ago, but **resilience is evident**.

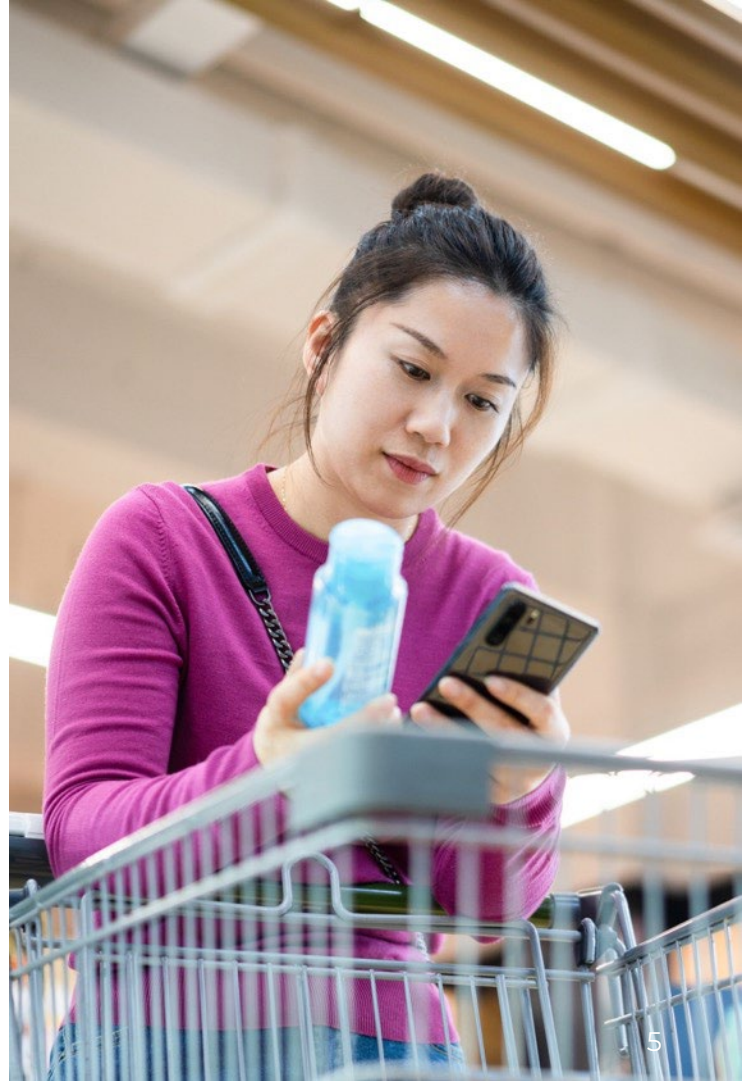
Despite inflationary highs and global wage lows, there is a strong majority who are prioritizing and spending on categories they feel will propel them ahead in the long-term.

A **prevailing sentiment for survival** signals cautious, financially-focused decisions into 2023 – particularly among the most vulnerable global consumers today.

**Lauren Fernandes**  
Global Director, NIQ Thought Leadership

Source: NielsenIQ 2023 Consumer Outlook Survey vs. Mid-year Outlook July 2022  
Note: 2023 study includes enhanced coverage of 6 additional markets; slight variance between comparisons to Mid '22 as a result

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# Globally, many consumers are financially worse off due to...

## The economy

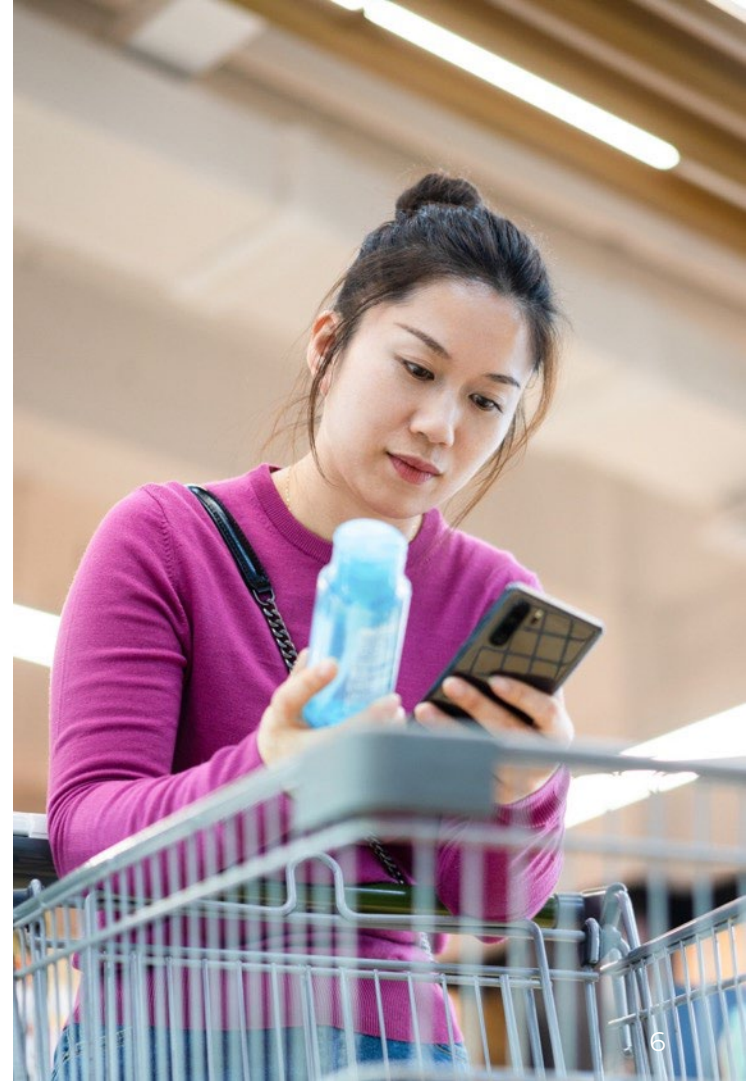
- **IMPACTED** by economic slowdown
- 42% worse off due to economic slowdown (vs. 31% Mid '22)

## High costs

- **BURDENED** by increased costs of living
- **74%** worse off due to increased costs of living (vs. 63% Mid '22)

## COVID-19

- **ADAPTING** to ongoing pandemic disruptions
- Only 32% worse off due to ongoing pandemic conditions (vs. 41% Mid '22)

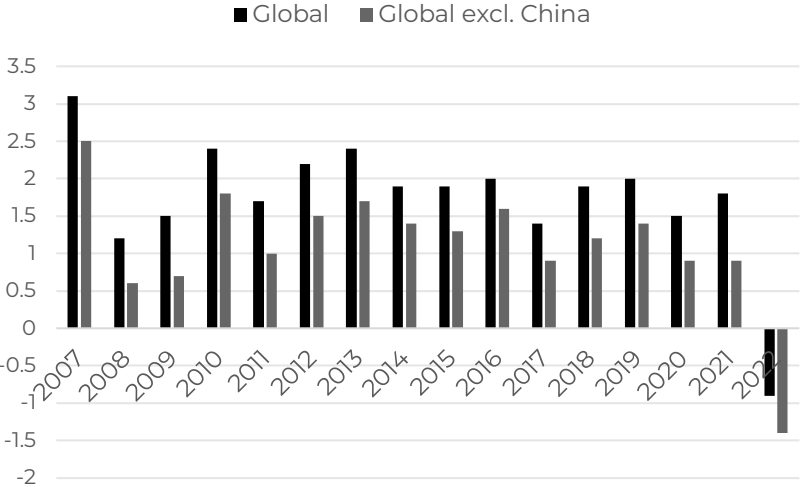


# Complex fallout after consumers live through recent inflation highs

Wages and spending cuts likely to linger across the globe

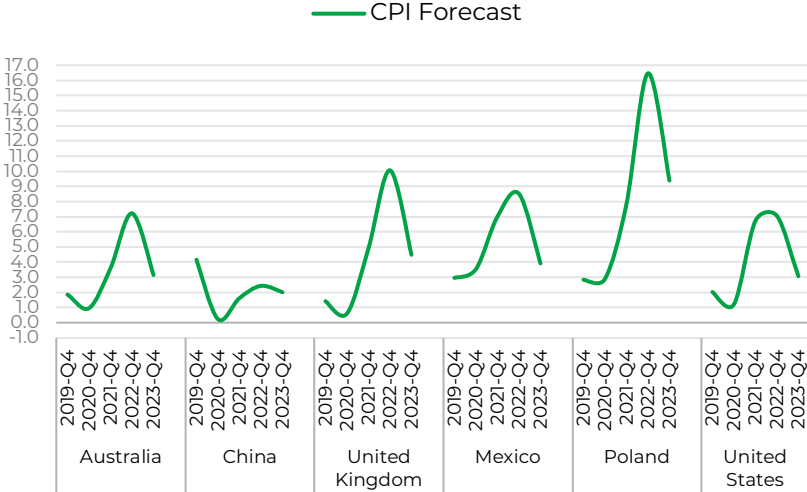
## Negative global wage growth

For the first time this century, global monthly wages fall



## Inflation may be past its peak

CPI forecast projections

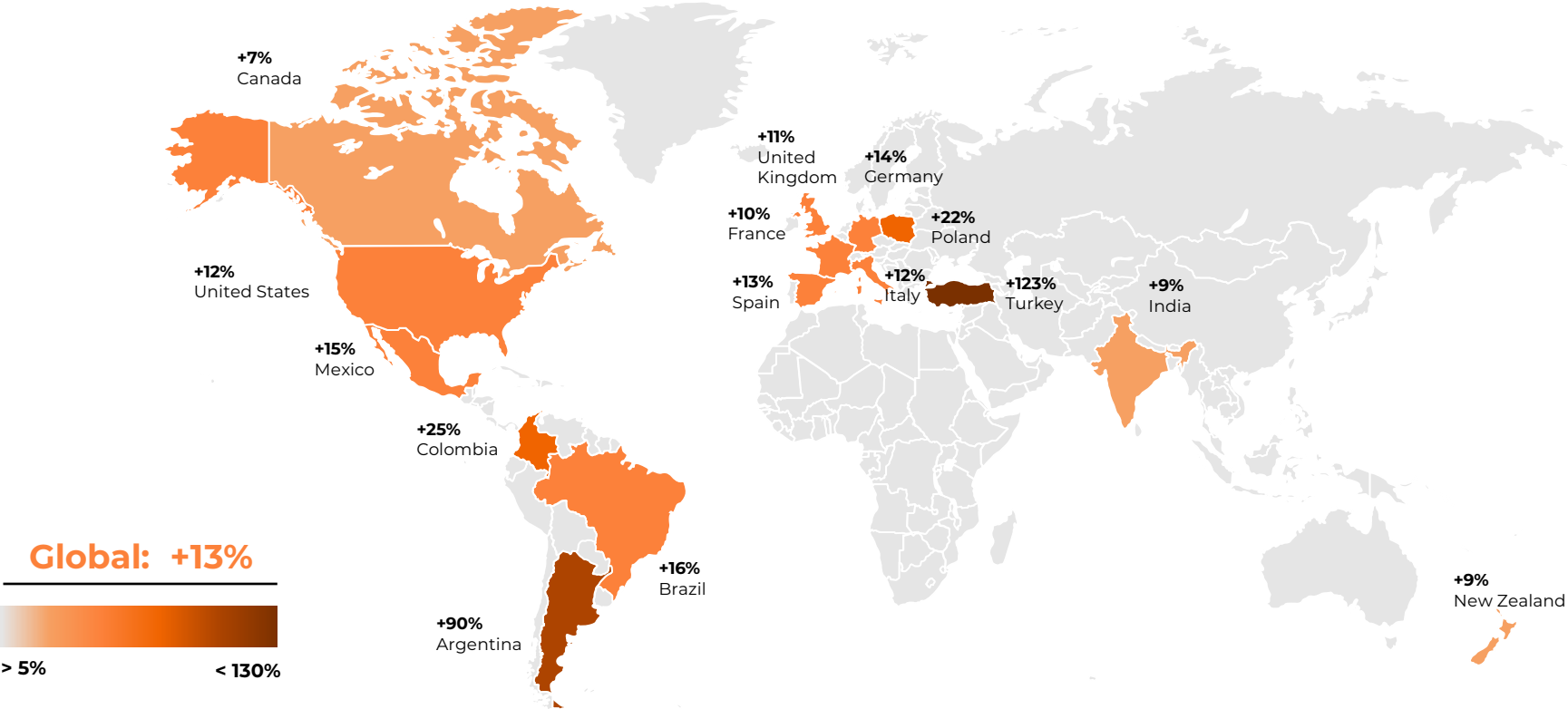


Source: ILO Global Wage Report 2023-2023 | OECD inflation forecast. AE+ Advanced economies. EMDE = Emerging markets/developing economies

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# Rising prices are a global concern across countries

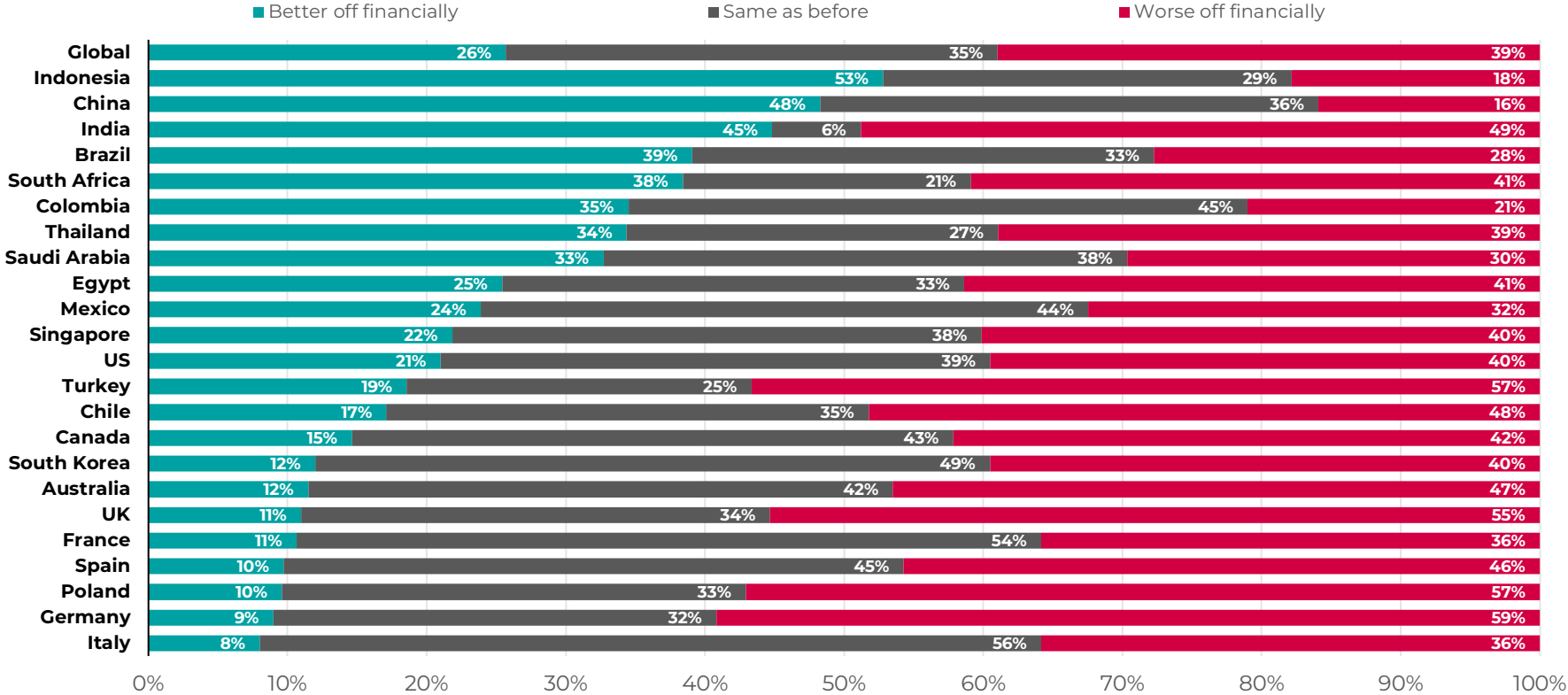
% change November '22 average CPG price



Source: NielsenIQ Global Price Tracker November '22  
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# Intense financial polarization in many markets

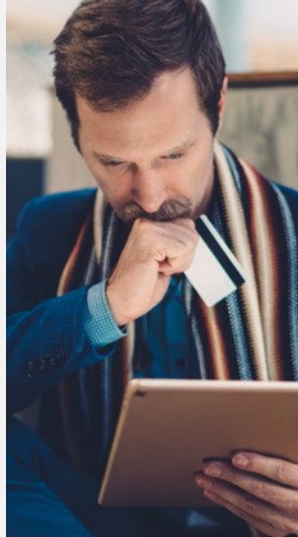


Source: NielsenIQ 2023 Consumer Outlook Survey  
 Q. Compared to a year ago, would you say that overall your household is better off, the same, or worse off financially?

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# Setting the spending tone for 2023

What's more important to  
consumers in 2023?



**46%**

Mental  
wellness

Maintains 1<sup>st</sup> rank  
vs. Mid '22



**46%**

Financial /  
job security

Up from 5<sup>th</sup> rank  
vs. Mid '22

**46%**

Physical  
wellness

Up from 2<sup>nd</sup> rank  
vs. Mid '22



**44%**

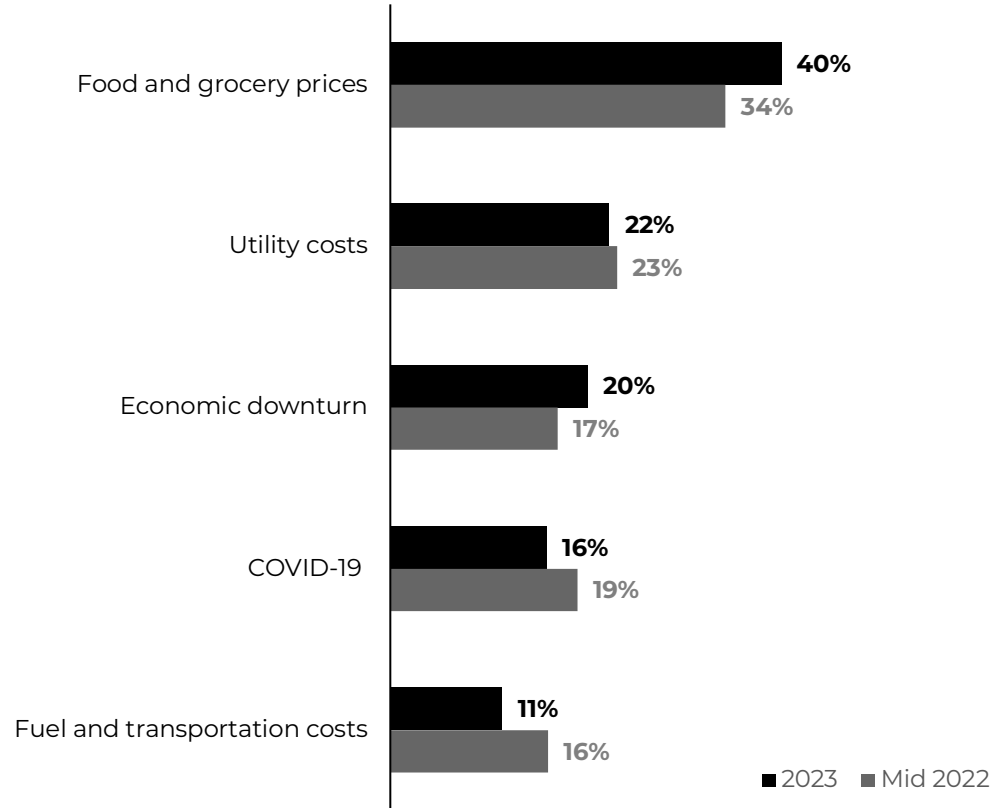
Saving for  
unforeseen  
circumstances

Maintains 4<sup>th</sup> rank  
vs. Mid '22



# Setting the spending tone for 2023

## Top consumer concerns



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# 2

## Follow the money 2023

Assessing global spending shifts amidst a pending recession.



# Recessionary mindset

The global **majority** feeling constrained by recession

## Current impressions



**62%\***

**think they are currently living  
in a recession**

vs. 59% in Mid '22

## Future outlook



**48%\***

**expect to be in a recession  
for 12+ months**

vs. 49% in Mid '22

## Spending reality



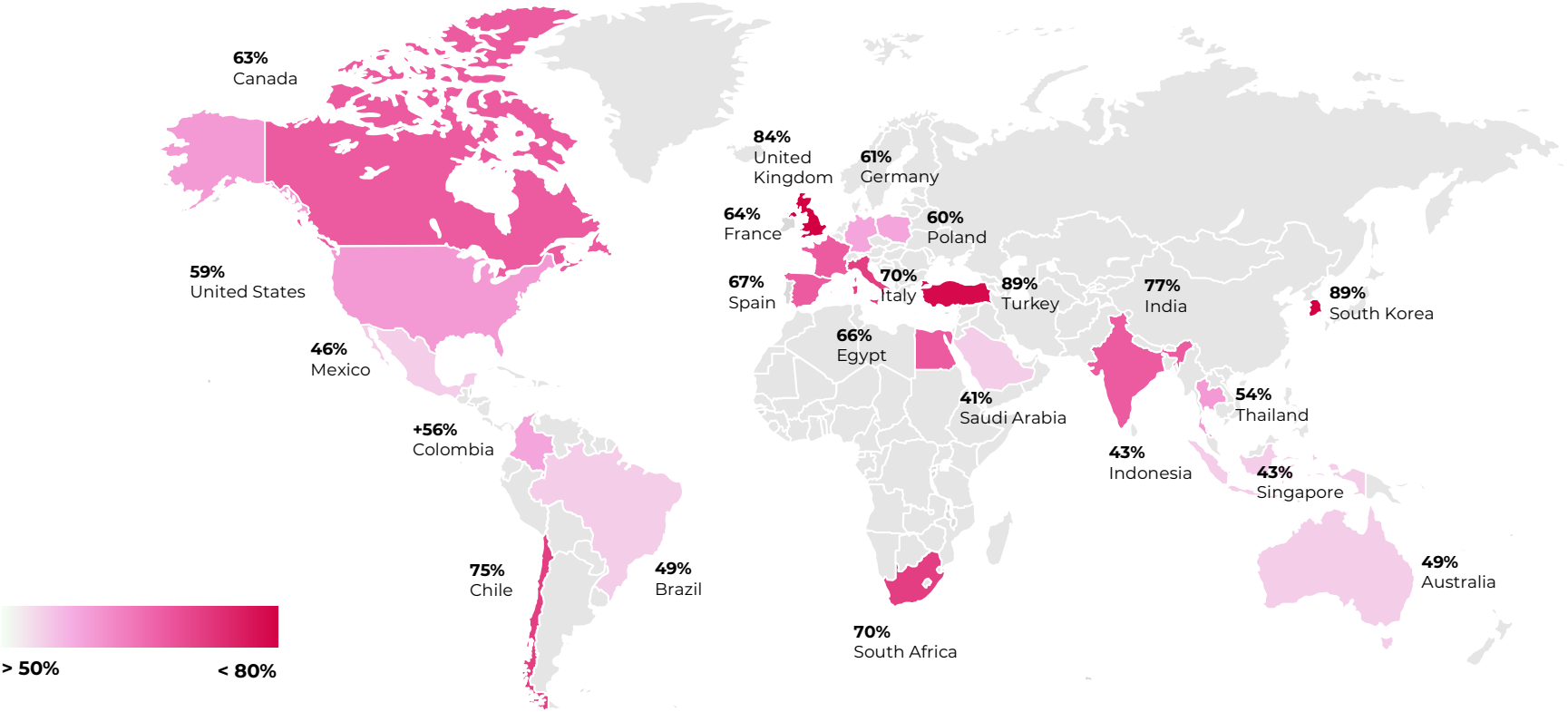
**38%**

**only have enough for food,  
shelter, basics**

vs. 23% in Mid '22

# Hotspots of recession according to global consumers

% respondents who currently feel their country is in a recession

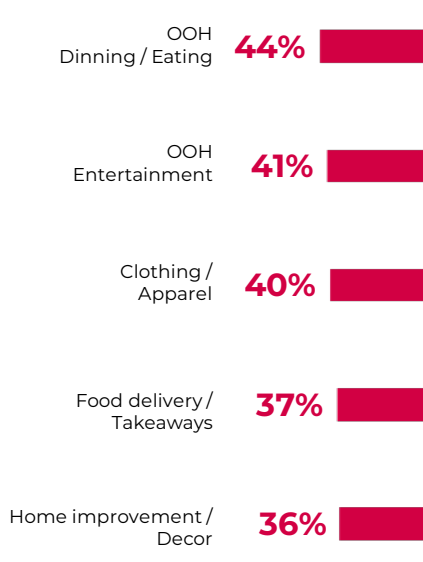


Source: NielsenIQ 2023 Consumer Outlook Survey  
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# Wallet shifts during a pending recession

CPG categories central to 2023 consumer spending intentions

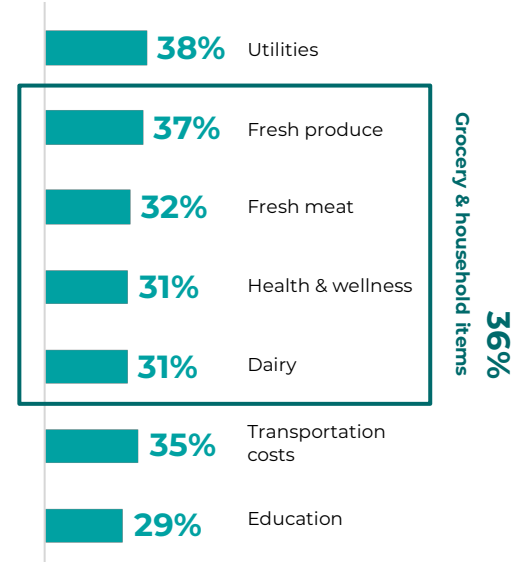
## Spending less



## Same as before

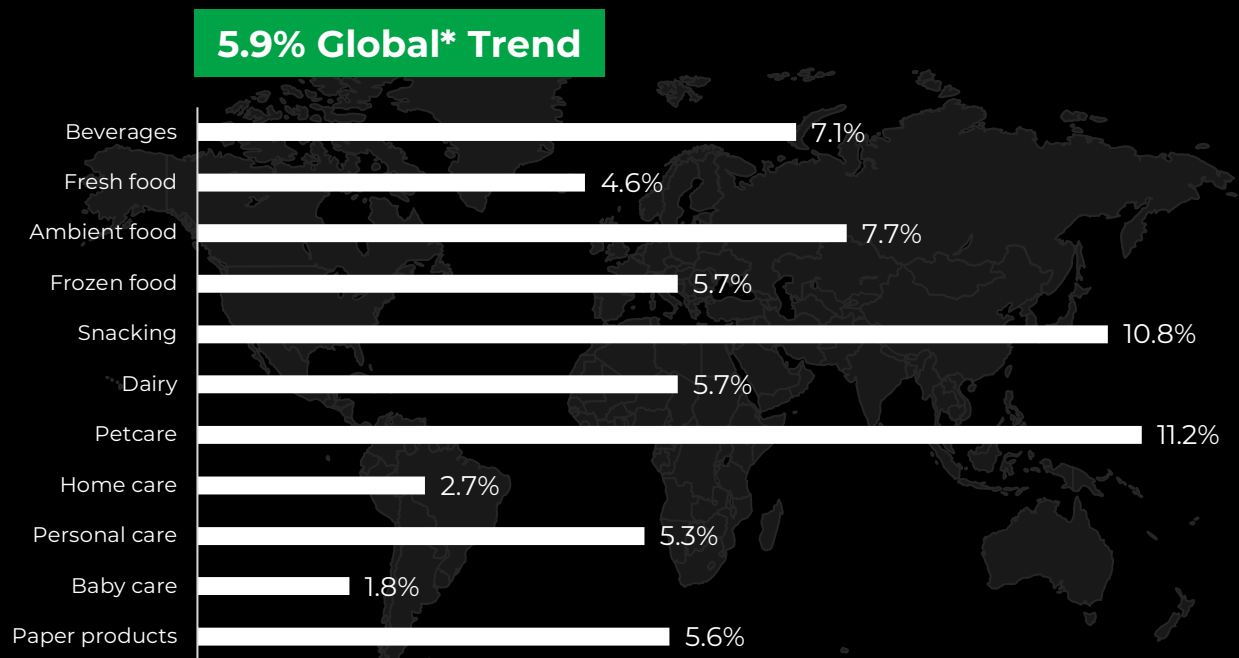


## Spending more



Source: NielsenIQ 2023 Consumer Outlook Survey  
Interpreted as: "44% of global respondents plan to spend less on Out-of-home (OOH) Dining and Eating"

# Many categories see strong sales growth year-over-year



Global\* sales growth +5.9% with **4 out of 12** categories outpacing the global\* average

**Pet Care** remains the fastest growing category at 11.2%, followed by **Snacking** at 10.8%.

Source: NielsenIQ Retail measurement services, FMCG (Fast Moving Consumer Goods), latest annual period ended Q3 2022. Category measures based upon global read of the following: Tobacco 42 markets, Beverages 64 markets, Fresh Food 50 markets, Ambient Food 63 markets, Frozen Food 47 markets, Snacking 64 markets, Dairy 62 markets, Petcare 48 markets, Homecare 65 markets, Personal Care 65 markets, Baby Care 63 markets, Paper Products 52 markets.

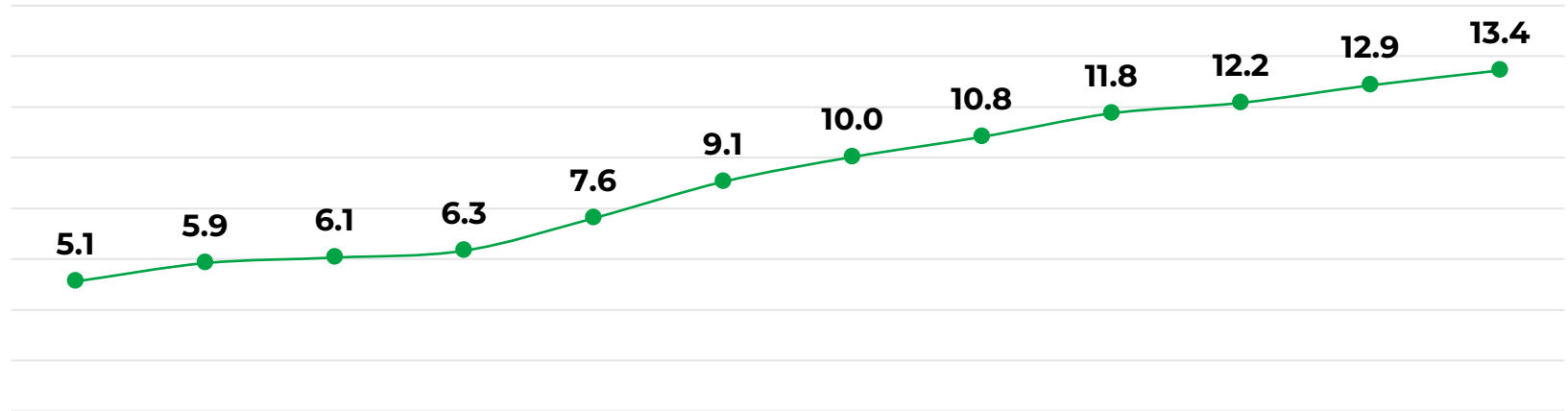
\*Fact: Value % growth vs YA (unweighted)  
Note: Italy and Poland excluded from Global and Regional benchmarks

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# Globally, inflation of consumer goods continues to rise. Consumers are spending more, but purchasing less volume

## Global CPG Price Inflation Rate



% Chg	Dec '21	Jan '22	Feb '22	Mar '22	Apr '22	May '22	Jun '22	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22
Dollars	+4	+4	+4	+5	+6	+6	+8	+9	+11	+10	+11	+11
Volume	-1	-2	-2	-1	-2	-3	-2	-1	-1	-2	-2	-2

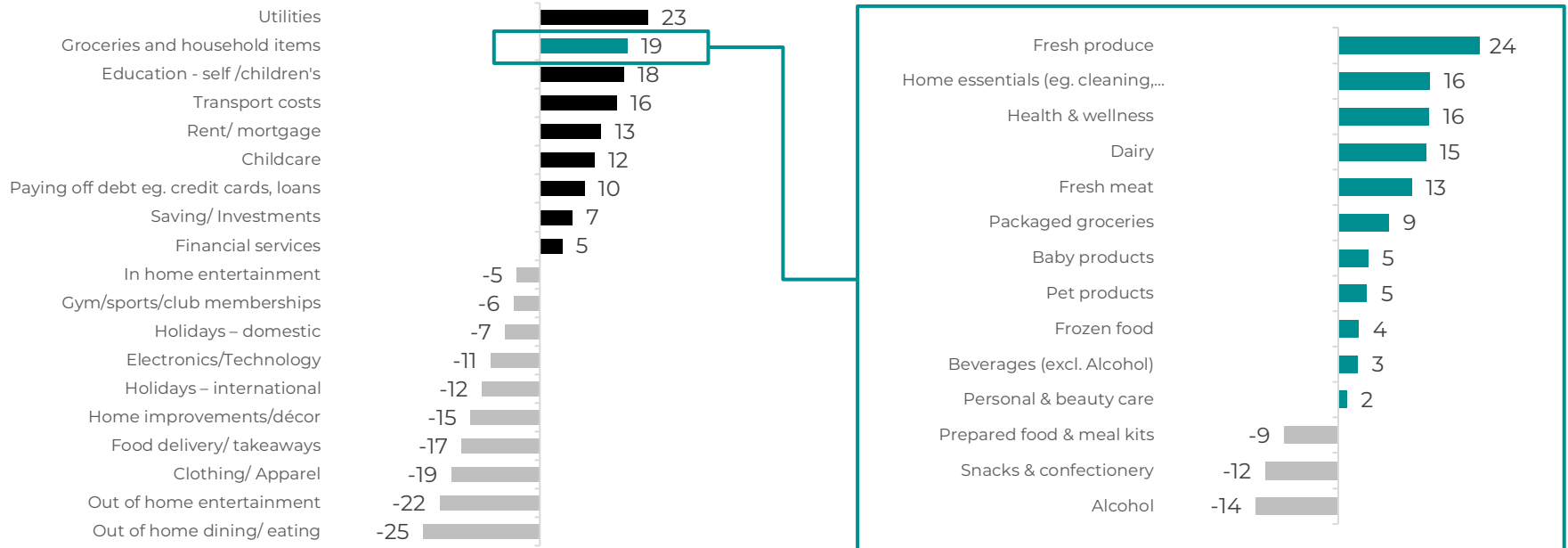
Source: NielsenIQ Global Inflation Tracker, Global measures based upon 15 markets, Nov. 2022, Eq Vol % Price Change  
Markets include: Canada, US, Mexico, Argentina, Colombia, Brazil, India, Turkey, New Zealand, Germany, Italy, France, Spain, Poland and UK

# All forms of discretionary spending under consumer scrutiny

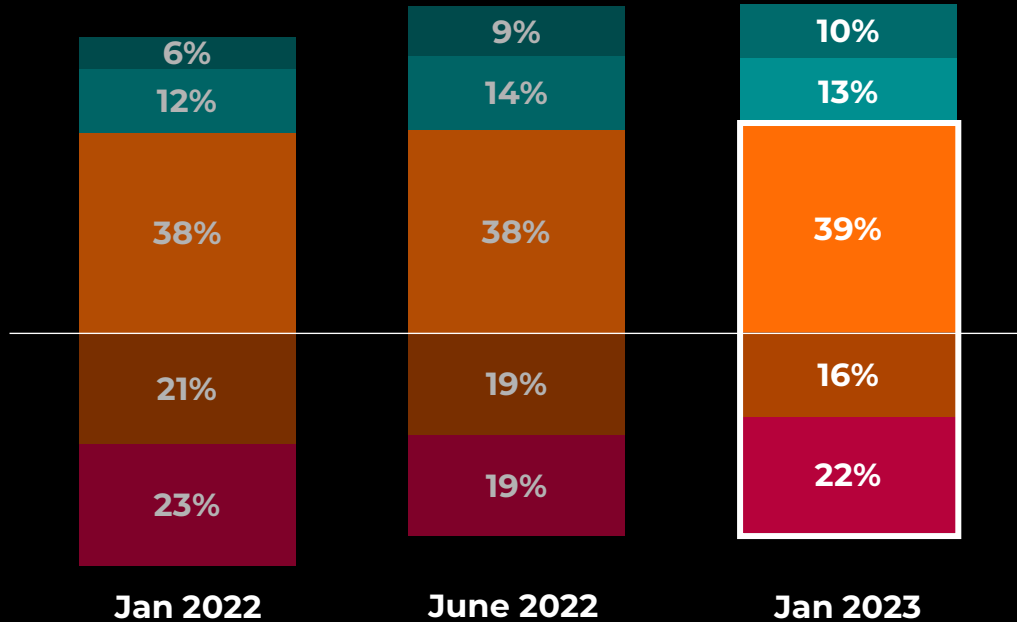
CPG / FMCG positioned well to capture shifted demand from other areas

## Spending intentions for next 12 months

net change in spending (pt. change)



# The 2023 Economic Divide **Insecurity limits** spending power of consumers



## Thrivers

Saved money and feel more financially secure

## Unchanged

Not impacted and continue to spend the same

## Cautious

Not impacted financially but are cautious with spending

## Rebounders

Experienced income or job loss but now feel they are back on track

## Strugglers

Have suffered financial insecurity and continue to do so today

# Deep polarization in spending intentions across the economic divide

Yet, consumers of all circumstances plan to increase CPG / FMCG spending in 2023

## Spending intentions for next 12 months

net change in spending (pt. change)

	Total Global	Strugglers	Rebounders	Cautious	Unchanged	Thrivers
<b>Life Expenses</b> Rent / mortgage, Education, Financial services, Debt, Utilities, Savings / investments, transportation, childcare	-11	-13	-22	-23	+17	+18
<b>Consumer Goods</b> Groceries and household items	+19	+15	+23	+9	+33	+41
<b>Semi/Durable Goods</b> Clothing / Apparel, Home improvements / décor, electronics / technology	-27	-22	-29	-48	+7	+12
<b>Food Service</b> Food delivery / takeaways, OOH dining / eating	-27	-20	-32	-49	+3	+10
<b>Leisure &amp; Lifestyle</b> OOH & in-home entertainment, holidays, gym / sports / club memberships	-29	-22	-35	-51	+2	+8

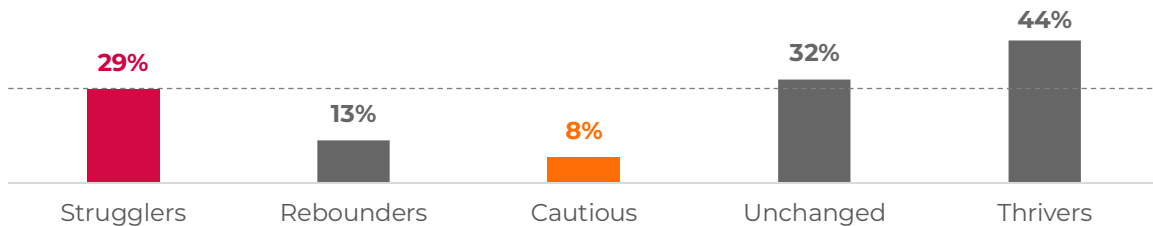
Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2023  
 Change in spending calculated by subtracting % of respondents who are spending less from % of respondents who are spending more

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# A view into the most **vulnerable**

**“Strugglers” who splurge:** many feel more spending freedom than ‘Cautious’ consumers

% respondents – “I am able to spend freely”



Unique Priorities - % “Strugglers” respondents

**37%**

say **relationships & emotional support** is more important to them

(vs. 34% globally)

**33%**

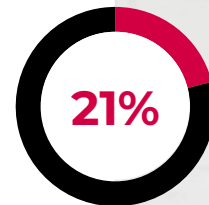
say **location of work/study** is more important to them

(vs. 27% globally)

**44%**

plan to stop buying or **buy less personal/beauty care** products if prices rise

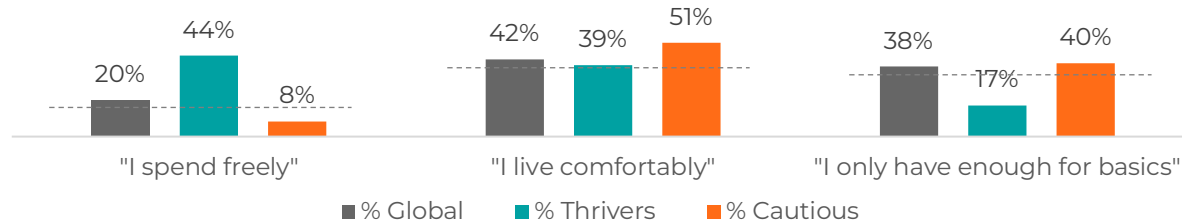
(vs. 35% globally)



# A look into the financially flexible

## Cautious comfort: Many “Thrivers” aligned to the “Cautious” with careful spending

% respondents



## Unique Priorities - % “Thrivers” respondents

**26%**

are using **digital technologies** like mobile apps to find better deals

(vs. 24% globally, 24% among Strugglers)

**17%**

are opting for **private label / store brands** in order to save

(vs. 22% globally, 23% among Strugglers)

**48%**

are prioritizing **saving for unforeseen circumstances**

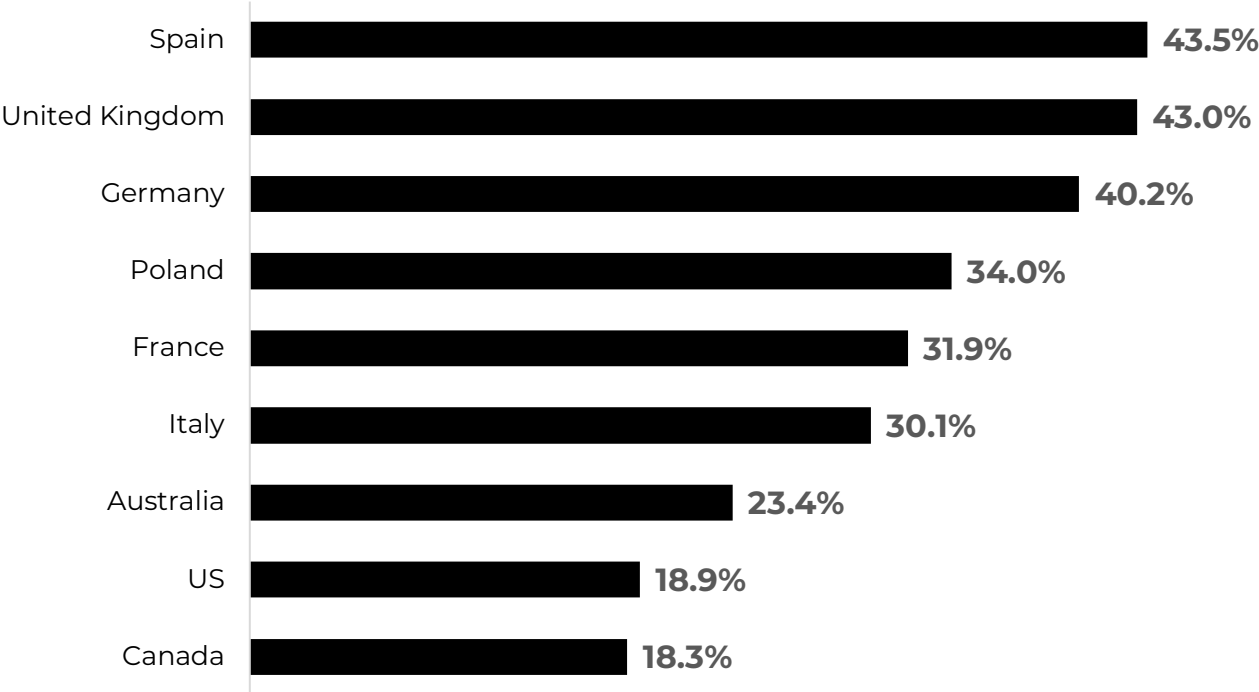
(vs. 44% globally, 46% among Strugglers)

**10%**



# Store brand sales steady and rising across markets

## Private label share of sales over time



Share Pt. Growth	
vs. 2 years ago	vs. year ago
+3.2	+2.2
+1.0	+0.9
+0.7	+1.5
+0.5	+1.0
-0.3	+0.5
+1.6	+1.3
+0.3	+0.7
+0.3	+0.6
+0.7	+0.5

Source: NielsenIQ Global Strategic Planner, Latest 52 weeks ended Dec. 4 2022 (Dec. 11 for Australia and Dec. 31 2022 for US & Canada) vs. year-ago and 2 years ago  
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## Understanding states of saving

Staking strategy around the ways consumers themselves choose to save on expenses

### This

#### Top-ranked Saving Strategies

##### Loyalty points over loyalty

**25%** Shopping at stores with loyalty points

##### Value stores over valued attributes

**35%** Shopping more at discount / value / lower-priced stores

##### Upsize over downsize

**27%** Buying in Bulk / Stocking up

### Not That

#### Bottom-ranked Saving Strategies

**12%** Stick to my regular brands, irrespective of price

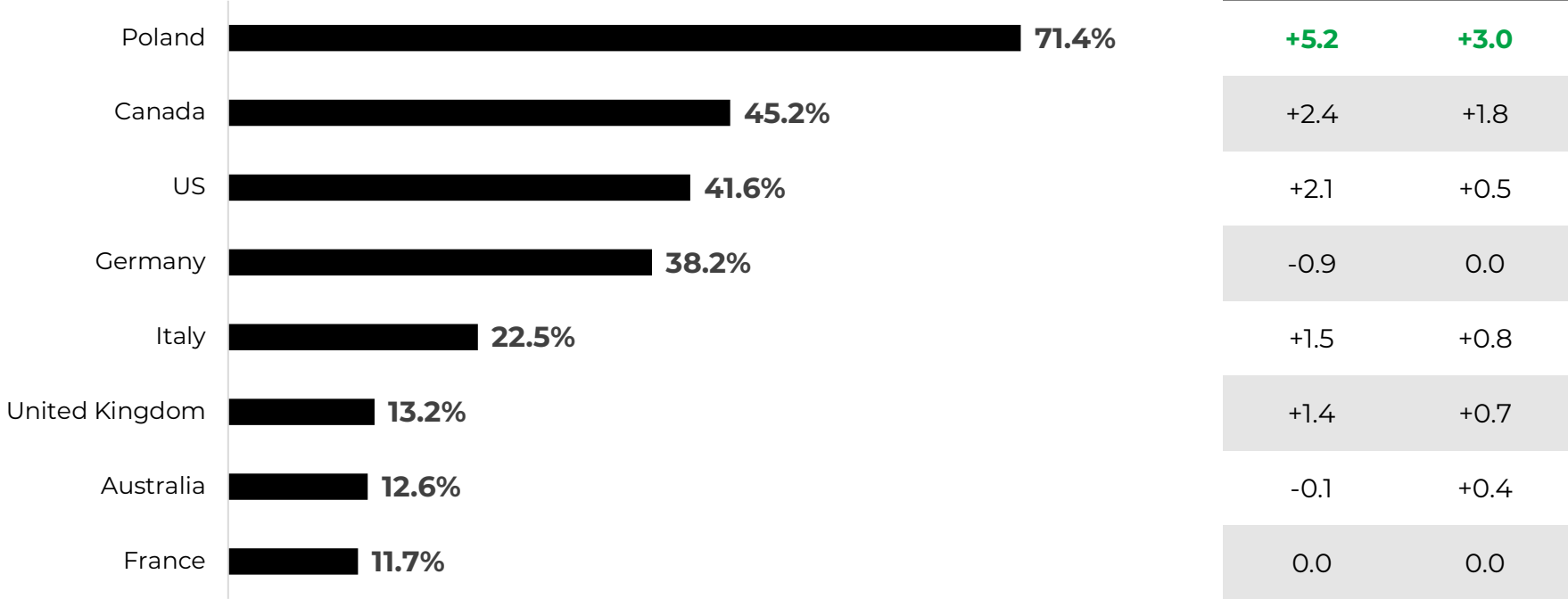
**20%** Prioritize based on attributes that matter most

**16%** Buying smaller sizes of brands to save



# Discounters are growing importance in key markets across the world

## Discount retail channel share of sales over time



Source: NielsenIQ Retail Measurement Services & Global Strategic Planner, Latest 52 weeks ended Dec. 4 2022 (Dec. 11 for Australia and Dec. 31 2022 for US & Canada) vs. year-ago and 2 years ago, US measures via a closed group of Value Retailers  
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# 3

## What's Next?

Assessing the **implications** of changed relationships to consumption.





# Key themes emerge from global risk assessment

Polarization & insecurity cloud the short-term, environmental risks permeate both short- and long-term

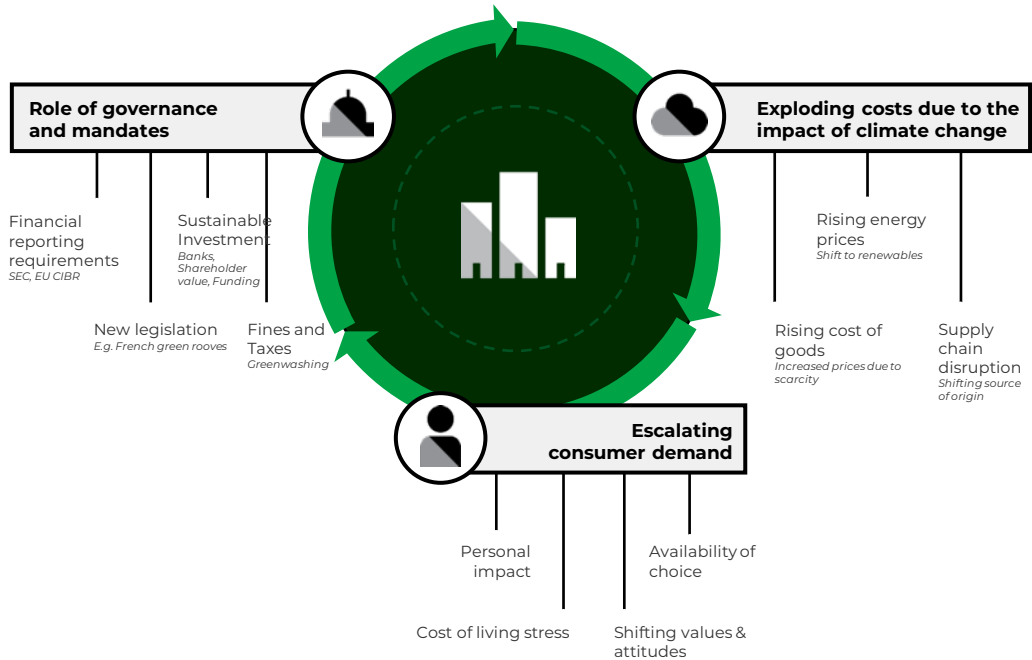
## Global risks ranked by severity, as reported by World Economic Forum

■ risks that are related to the environment/sustainability

Short Term (2-year horizon)		Long Term (10-year horizon)	
1	Cost-of-living crisis	1	Failure to mitigate climate change
2	Natural disasters and extreme weather events	2	Failure of climate-change adaptation
3	Geo-economic confrontation	3	Natural disasters and extreme weather events
4	Failure to mitigate climate change	4	Biodiversity loss and ecosystem collapse
5	Erosion of social cohesion and societal polarization	5	Large-scale involuntary migration
6	Large-scale environmental damage incidents	6	Natural resource crises
7	Failure of climate change adaptation	7	Erosion of social cohesion and societal polarization
8	Widespread cybercrime and cyber insecurity	8	Widespread cybercrime and cyber insecurity
9	Natural resource crises	9	Geo-economic confrontation
10	Large-scale involuntary migration	10	Large-scale environmental damage incidents

Source: World Economic Forum Global Risks Perception Survey, 2022-2023  
 Q: "Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"

# Sustainability will be top of consumer and corporate radar in 2023



Consumers want to be more sustainable and two rapidly emerging drivers of change, **governance and cost** will supercharge corporate focus in 2023.

These drivers will force companies to transform and commit to real **sustainable business models** within the next five years if they want to mitigate short- and long-term risk.

**Extreme weather events** and the impact of the changing climate have created a business ecosystem where existing business models will be challenged. Stricter governance and mandates will propel the shift to more sustainable business models more quickly and purposefully than growing consumer sentiment has been able to.

To succeed, businesses will need to balance and react to these drivers with authentic action in an environment of unparalleled scrutiny.

**Deep dive into NIQ's The changing climate of Sustainability report**

# Key risks signal the consumer value reset of 2023

Coming soon: NIQ to highlight the changed ways in which consumers define and seek value

Example product / brand purchase factors:	Less interest	More interest
<b>Health &amp; wellness values:</b> “improving or supporting immune system health”	▼ 11%	▲ 33%
<b>Social &amp; sustainable values:</b> “zero or minimal waste products”	▼ 13%	▲ 30%
<b>Cost &amp; quality values:</b> “luxury or indulgence”	▼ 36%	▲ 13%
<b>Convenience &amp; time-saving values:</b> “convenient or saves me time”	▼ 13%	▲ 32%
<b>Emerging &amp; innovative values:</b> “local produce grown with new technologies like Vertical farming”	▼ 16%	▲ 22%





## Key takeaway: REDEFINED VALUES

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Changed relationships to consumption have led to a **new value system** among consumers.

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### **Sign of the Times**

Stay tuned as NIQ unpacks new manifestations of consumer values in 2023 and beyond.