FMCG PULSE: THE FULL VIEW

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By NIQ

Western Europe Edition - MAT Q1 2023

+8.7% WE FMCG Unit Value Growth (MAT)

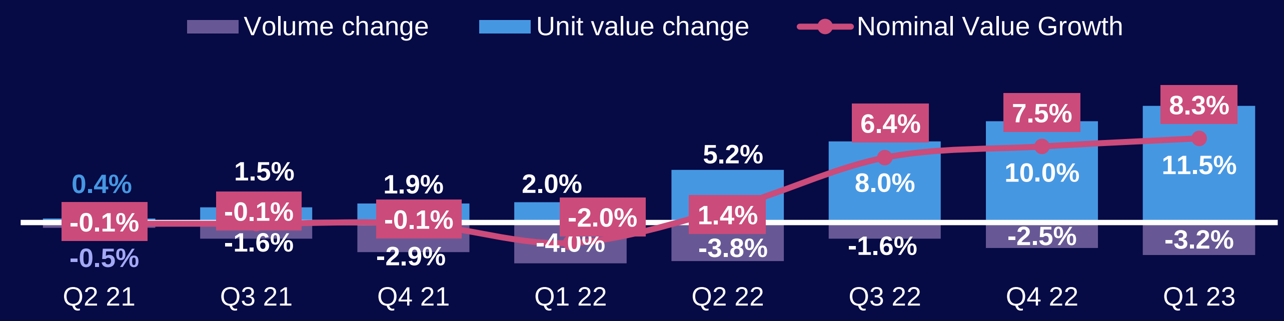
-2.8% WE Weighted Volume Growth (MAT)

+5.9% WE FMCG Value Growth (MAT)

After 2 years of the pandemic, Europeans come across a new wave of headwinds with the outbreak of a war in the East, extreme weather events, and high inflation rates. FMCG spend present sharp increase whilst volumes drop, marking a decline in purchasing power. Consumer sentiment is pessimistic, despite positive GDPs. In response, shopping behavior shifted towards smaller and more frequent trips as consumers search for better prices. Retailer-manufacturer negotiations became tougher. Branded struggles to pass cost increases whilst Private Labels, with more competitive prices, have advantage. Hopes are high for price deceleration and a consumption rebound as commodity prices slow down.

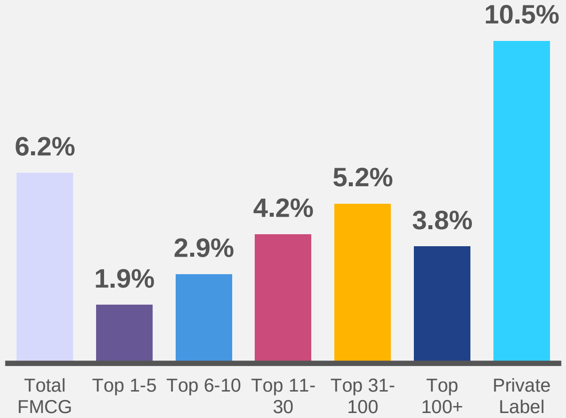
FMCG Market dynamics

Weighted average (quarterly)



Manufacturer performance

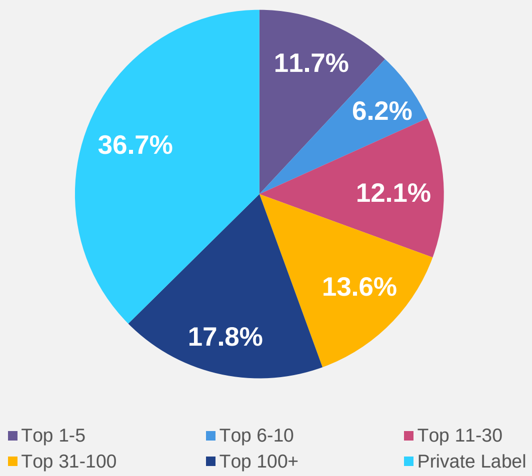
% Growth vs YA (MAT)



Note: FMCG growth rates differ as a result of alternate data sources to deliver FMCG Growth numbers versus Manufacturer performance, Italy included.

Manufacturer performance

% Value Contribution vs YA (MAT)



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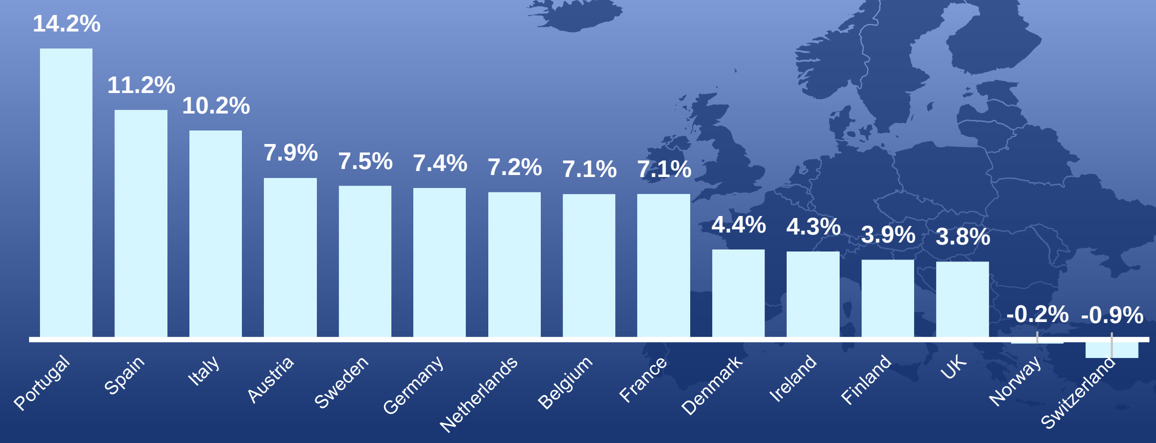
Market growth trends

% Growth vs YA (MAT) by market



Country performance

UK Overview:

In the first quarter of 2023, UK food inflation reached its highest level in Western Europe, impacting consumer confidence and disposable incomes. Value sales increased by 10.6% while volumes declined by 3.2%. Discounters gained market share. Online sales stabilized at around 11%. Loyalty cards and apps became crucial for budget management. Retailers face pressure to attract shoppers and increase sales. The upcoming summer season may drive additional spending.

UK

% Growth vs YA (MAT)

▼ -4.1%
Volume change

▲ +7.8%
Unit value change

▲ +3.8%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

Country performance

France Overview:

In Q1 2023, France witnessed a decline in volume sales by 2.4%. However, there was a significant 12.5% growth in unit value, resulting in a nominal 10% increase. France ranked among the top five growing markets in Western Europe. While there was a slight recovery in GDP compared to the previous quarter, it still remained below the figures of Q1 2022. Private label products performed exceptionally well, with a 10.5% growth in value over the Moving Annual Total (MAT) period, and they accounted for a 33% share of the market.

France

% Growth vs YA (MAT)

▲ -1.3%
Volume change

▲ +8.4%
Unit value change

▲ +7.1%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

Country performance

Germany Overview:

In Q1 2023, Germany experienced a decline in volume sales by 4.4% compared to the previous year. However, there was a significant 12.7% growth in unit value, resulting in a nominal 8.3% increase during this quarter. This comes after a continuous reduction in GDP over multiple periods. Private label products performed exceptionally well, with a 14.6% growth in value over the Moving Annual Total (MAT) period and a 37.1% share of the market.

Germany
% Growth vs YA (MAT)

▲ -2.8%
Volume change

▲ +10.2%
Unit value change

▲ +7.4%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

Country performance

Italy Overview:

After a slight downturn in Q4 2022, the Italian economy returned to growth in Q1 2023, with a 1.8% increase. Prices continue to rise, driven by energy goods and food, home, and personal care products. Despite a slowdown in price growth, the difference between inflation and wages remains significant, eroding household purchasing power and weakening consumption. FMCG volume sales declined by 4.7% in Q1, affecting all sectors and channels, with discounters experiencing the greatest impact. Consumers are shifting towards cheaper products, and Private label volumes are growing.

Italy
% Growth vs YA (MAT)

-1.0%
Volume change

+11.1%
Unit value change

+10.2%
Nominal value growth

Country performance

Spain Overview:

Spain's GDP grew in Q1 2023, propelled by increased private consumption and net foreign demand. Despite improved confidence, household consumption remains subdued due to inflation, tighter financial conditions, and limited savings. Inflationary pressures persist, particularly in fuel and food prices. The FMCG sector recorded a value growth of 10.7%, although demand declined during the quarter. Consumers are adjusting their purchasing habits to combat inflation by frequenting supermarkets, diversifying brand choices, and favoring private labels, which reached a share of 44.3% in March.

Spain
% Growth vs YA (MAT)

▲ -0.9%
Volume change

▲ +12.3%
Unit value change

▲ +11.2%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

AND WHAT ABOUT YOUR BUSINESS?

How can we help you?

We know that there is no one simple answer to every question. Tell us what your unique situation and needs are, and we'll work with you to find a solution that makes your life easier.

Ask more information **through this form**

Check **NIQ's Retail Measurement Services** webpage

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Do you have the *Full View*™?

Definitions and sources

FMCG market dynamics

Compares overall market dynamics (value and unit growth) in the FMCG sector based on the sales tracking NIQ performs in the mentioned markets. The FMCG definition is based on the widest possible basket of product categories that are continuously tracked by NIQ in each of these countries and channels.

Nominal value growth: Percentage change in value sales (expenditures) as measured by the total basket of reported product categories

Volume growth: Percentage change in purchased volume (quantity) of products

Unit value growth (≈ 'price' change): Reflects how consumers experience 'cost of living' in their actual grocery shopping behavior. Changes in average price per unit may result from:
- Price changes of individual products
- Change in the mix of purchased products
- Channel switching
- Product or channel mix changes may be induced by price change or may just be the result of market dynamics.

About NIQ
NIQ, the world's leading consumer intelligence company, reveals new pathways to growth for retailers and consumer goods manufacturers. With operations in more than 100 countries, NIQ delivers the most complete and clear understanding of consumer buying behavior through an advanced business intelligence platform with integrated predictive analytics. *NIQ delivers the Full View.*

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit NIQ.com

SOURCE: NielsenIQ RMS MAT Q1 2023
Note: Italy not included in regional growth; regional weighted growth methodology was replaced by standard percentage growth starting from Q1 2023 QBN release