



AN INSIDE LOOK: A GLOBAL OVERVIEW

Your gauge to what is happening in
the small and medium business
universe from around the world.

NIQ

Contents

<u>3</u>	<u>FORWARD BY ANDREW CRIZIES</u>
<u>4</u>	<u>RESILIENCE IS IN THEIR NAME</u>
<u>7</u>	<u>THE SIGNS OF TIMES TO COME</u>
<u>11</u>	<u>WHEN THE PRICE IS RIGHT</u>
<u>13</u>	<u>RETAIL LANDSCAPE REALITIES</u>
<u>16</u>	<u>NEXT FOR SMB'S</u>
<u>16</u>	<u>APPENDIX & FURTHER READING</u>

A Global Survey Report

NIQ's 'An Inside Look' was a global survey to a digital panel comprising of business owners from 35 markets representing approximately \$34 million* in FMCG sales value. It was designed to understand the realities faced by SMBs in today's economic and retail landscape.

Fieldwork: April to May 2023.

Regions represented: Asia Pacific, Latin America, North America, Europe, Middle East & Africa and China.

**Based on NIQ RMS segmentation for small and medium businesses*

NIQ



**Andrew
Criezis**

Global Managing Director

SMB

Have data and insights contributed to your success?

We put that question out to the FMCG world, and our respondents came back with a resounding YES. In fact, 89% of small-sized businesses agreed, 97% of medium-sized business agreed, and 99% of large-businesses agreed.

For the last 100 years NielsenIQ has been championing data and insights as the key that unlocks doors of business success on many fronts: from pricing, to distribution, to understanding consumer behavior and so much more.

The last decade has seen a rate of changes in the FMCG landscape that could easily equate the progress of the 80 years prior to that. At every turn, whether the pandemic, or the accelerated inflation rates, or war, small and medium-sized businesses persevered.

In this report we highlight how SMBs, on a global level, view the FMCG world and how they conquer based on the responses we received from the survey, SMB: An Inside Look.

We hope you find it interesting and useful.

Regards
Andrew

01

Resilience is in their name

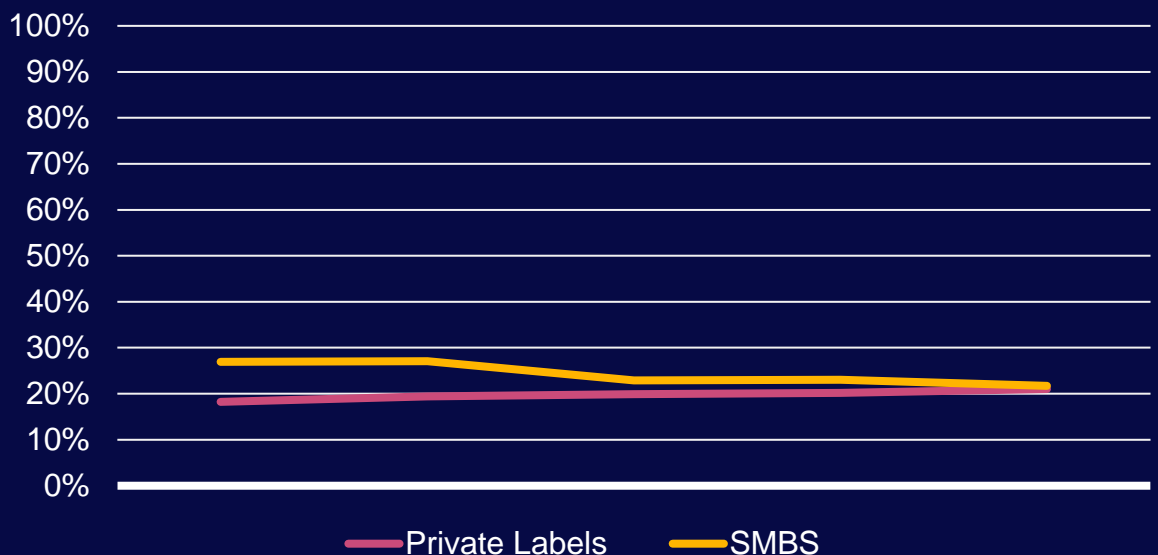
Small and medium businesses (SMBs) play a crucial role in driving economic growth and fostering innovation in communities around the world. These enterprises, often referred to as the backbone of the economy, contribute significantly to job creation, local development, and overall prosperity.

However, SMBs face a myriad of challenges that can hinder their growth and sustainability. From limited financial resources and fierce competition to regulatory complexities and rapidly changing market trends, the journey of an SMB is fraught with obstacles. Yet, despite these hurdles, one characteristic stands out as a critical factor for success: resilience. Resilience, the ability to adapt, persevere, and thrive in the face of adversity, becomes a defining trait that separates thriving SMBs from those that struggle.

By embracing resilience, SMBs can navigate the challenging landscape, overcome setbacks, and emerge stronger, contributing to the resilience of their communities and the broader economy.

Who's taking on the market share?

In current economic atmosphere and consumer's sentiments towards inflation, the real market share competitor for SMBs are not large-sized companies, but rather private labels.



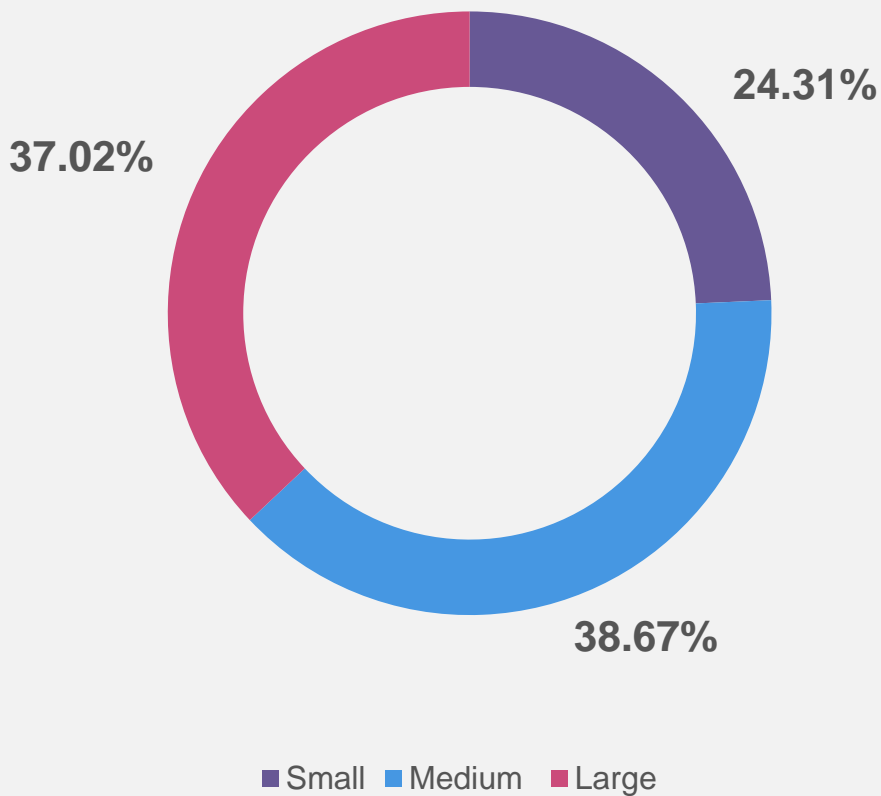
About our survey

NIQ's 'An Inside Look' was a global survey to a digital panel comprising of SMB business owners from 35 markets representing approximately \$1.2 million in FMCG sales value. It was designed to understand the realities faced by SMBs in today's economic and retail landscape.

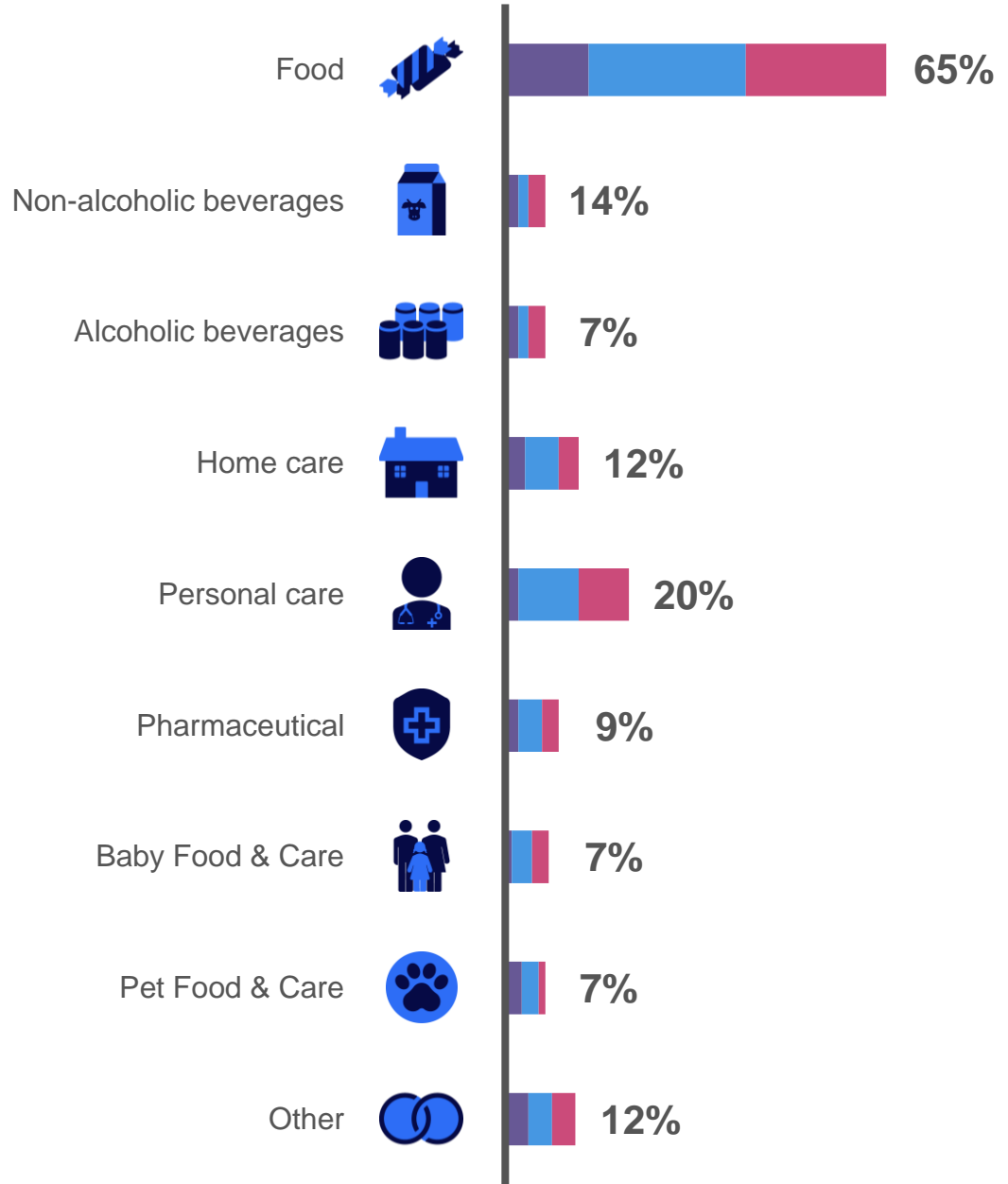
Fieldwork: April to May 2023.

About the respondents

Business size breakdown



Category breakdown



02

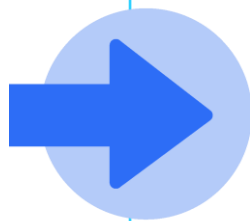
The signs of *times to come*

As it goes, small and medium sized businesses share a lot of descriptive traits. The survey, however, highlighted how their paths can be very different.

Small-sized businesses said...

When asked about their current challenges, small sized businesses had plenty to list. However, the one with the highest rate of responses (at 43%) was “attracting new customers” - effectively debunking the myth that inflation is the only real problem currently faced. In fact, to small sized companies, inflation was ranked as the fourth issue, following pricing and retailer negotiations.

On the other side of the spectrum, large sized companies also listed attracting new customers within their top three concerns.



Findings from our survey last year, The Balancing Act*, could be a reason for why large companies have the same concern.

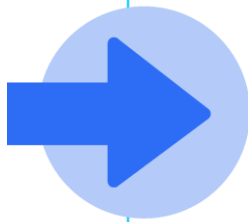
48% of global consumer respondents had noted that they plan to buy more smaller brands in the near future, as they find that smaller brand offerings suit their needs better.

*NIQ's The Balancing Act report

Medium-sized businesses said...

It is likely the higher cost-base of growing into a medium size company (versus remaining small and agile), that makes inflation a top concern, rated at 50%.

A close second at 44% was the need to diversify and optimize distribution channels – as opposed to small businesses who's second rank struggle was finding the winning strategies in negotiating with retailers. This challenge is about using available financial, and production means efficiently.



This concern is validated by the fact by that 57% of global respondents to the Balancing Act survey were willing to try and support smaller brands but were finding it harder to find them on shelf.

Moreover, amongst the key attributes the majority (89%) look for in any brand is availability on shelf where they normally shop.

Both inflation and distribution count as the top challenges for large size companies.



An outlook

In the next 12 months, businesses of all sizes have very common grounds of risk-related concerns, even if at varying degrees of prioritization.



“

Many people looked at us at the star and thought, ‘what is wrong with you!’. But it sold great, people bought it again – the product sold quickly.

Niolas Hartman, Vly

Source: The Founders Series

“

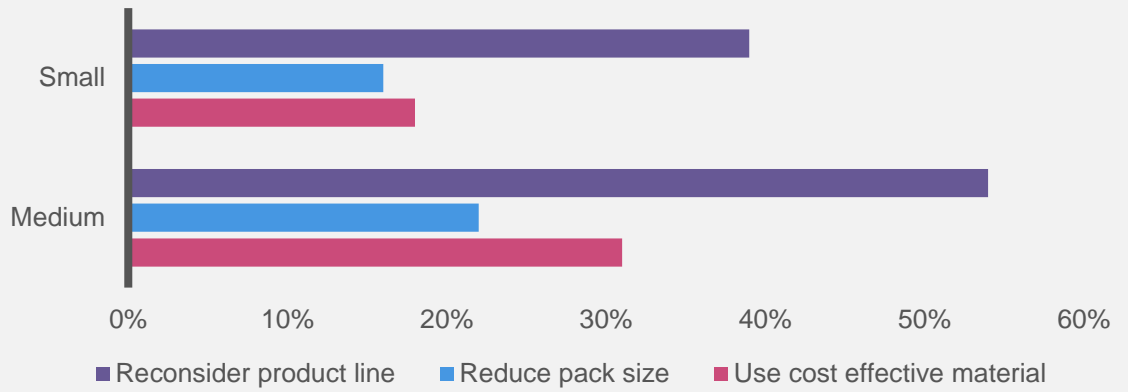
Data is super important for us, because it gives you an exact mirror of what is happening in the market.

Gilberto Rodriguez, Bolero

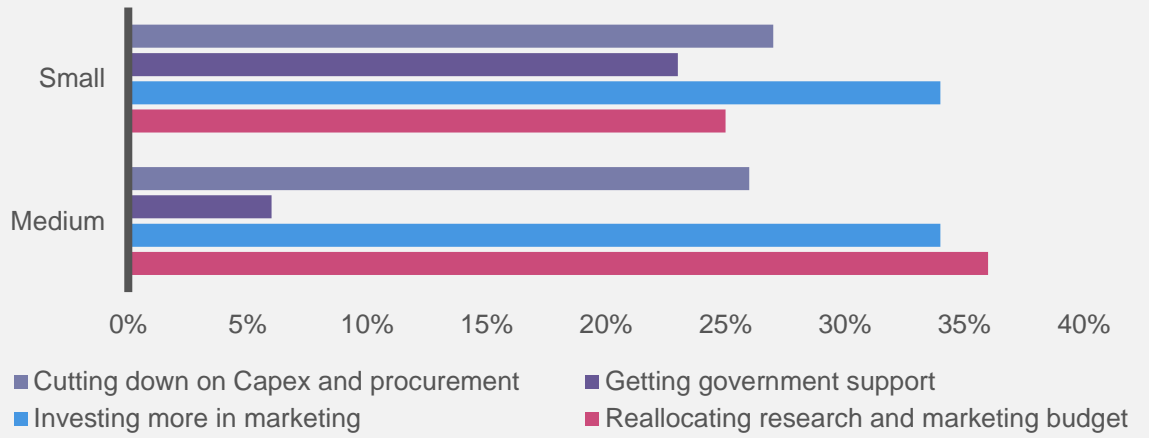
Source: The Founders Series

There are 3 key areas where SMBs act to overcome challenges...

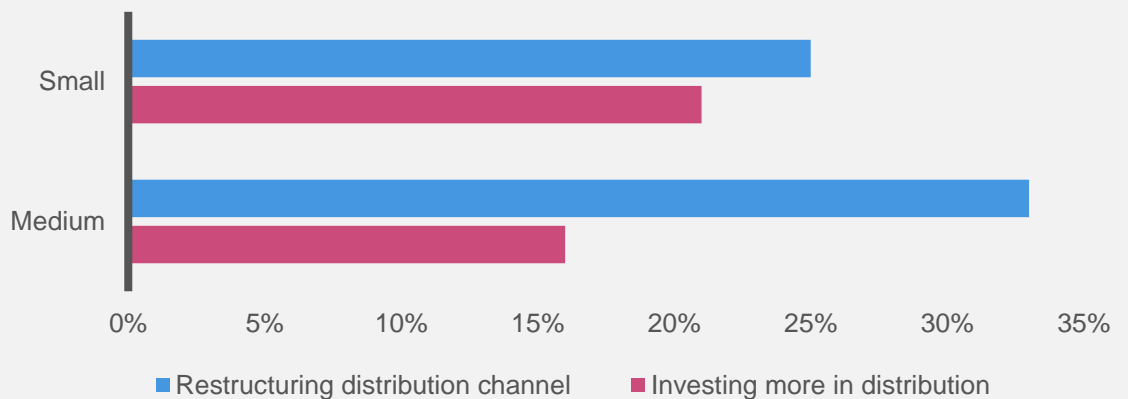
Product changes



Moving money



Distribution

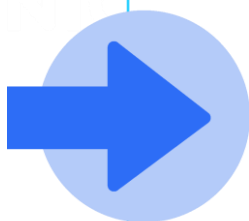
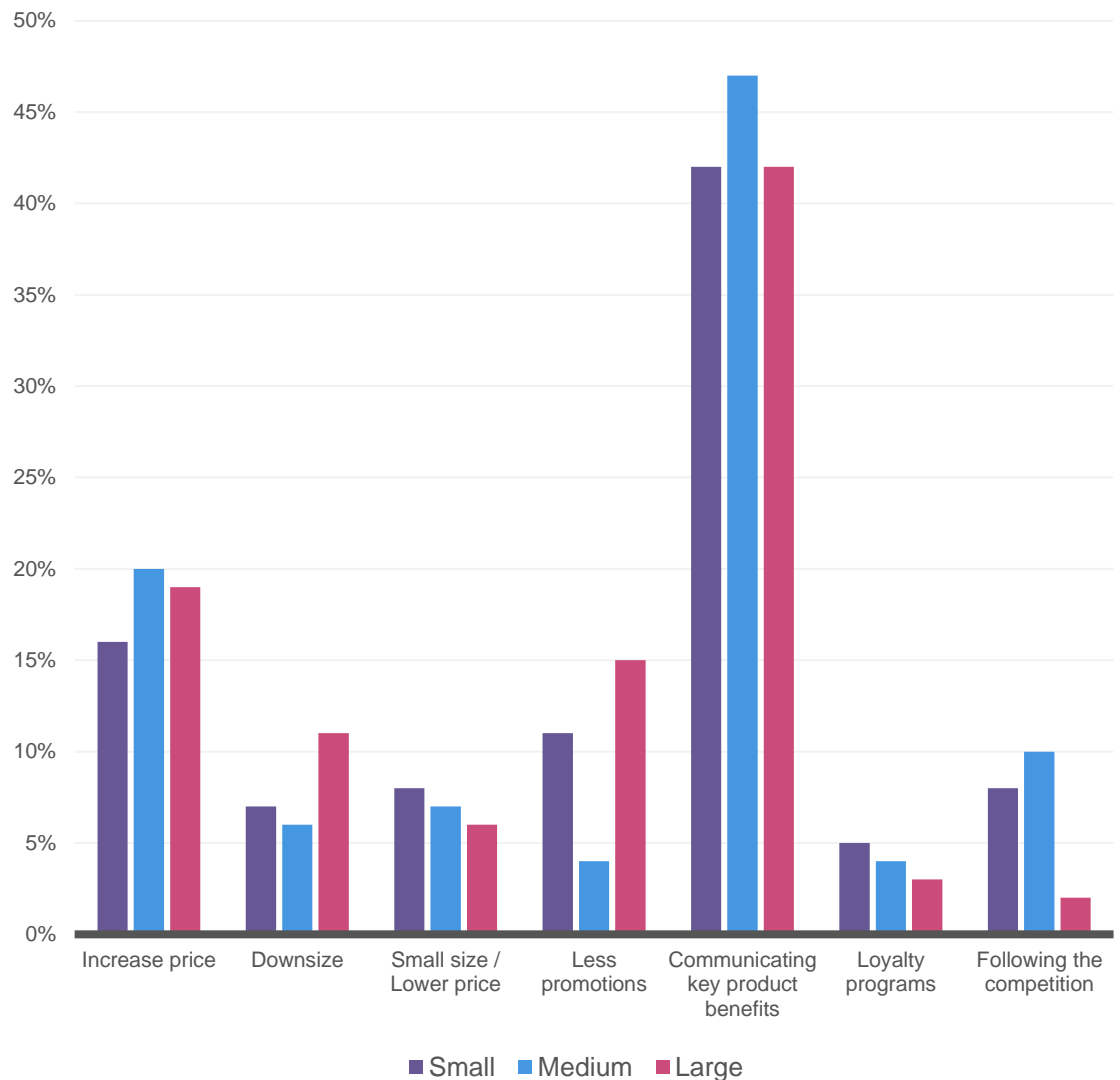


03

When the price is *right*

Our experts say that the right pricing strategy is never one-size fits all, a mix of approaches, and is always refreshed.

This is how the survey respondents deal with pricing matters:



According to The Balancing Act survey, 67% of global respondents will continue to search for the product that will meet their specific needs. In other words, it's no longer about brand loyalty, but rather what does your product offer that fits just right?

*More details shared in the appendix

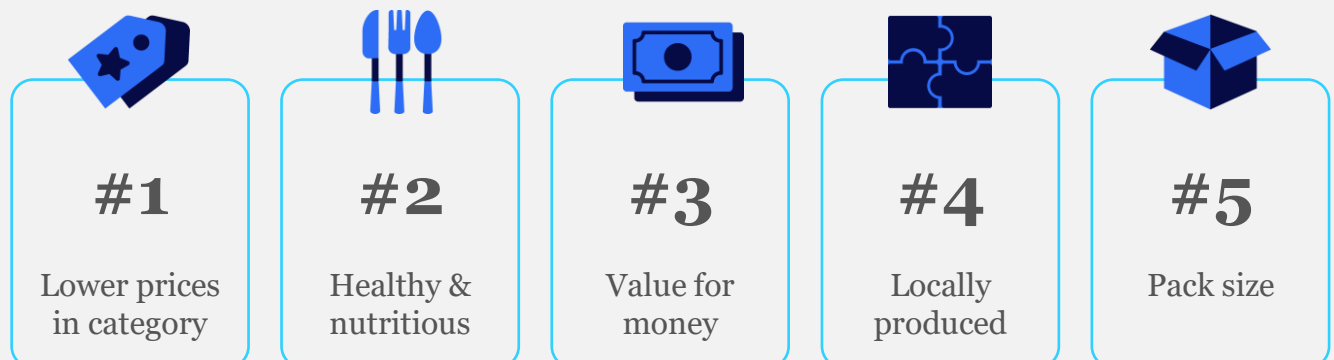
What's that benefit again?

Consumers told us that when it comes to selecting a product to purchase, FUNCTIONALITY was key. We dug deeper and found the top attributes that make a product functional in the consumers' eyes.

They said they want



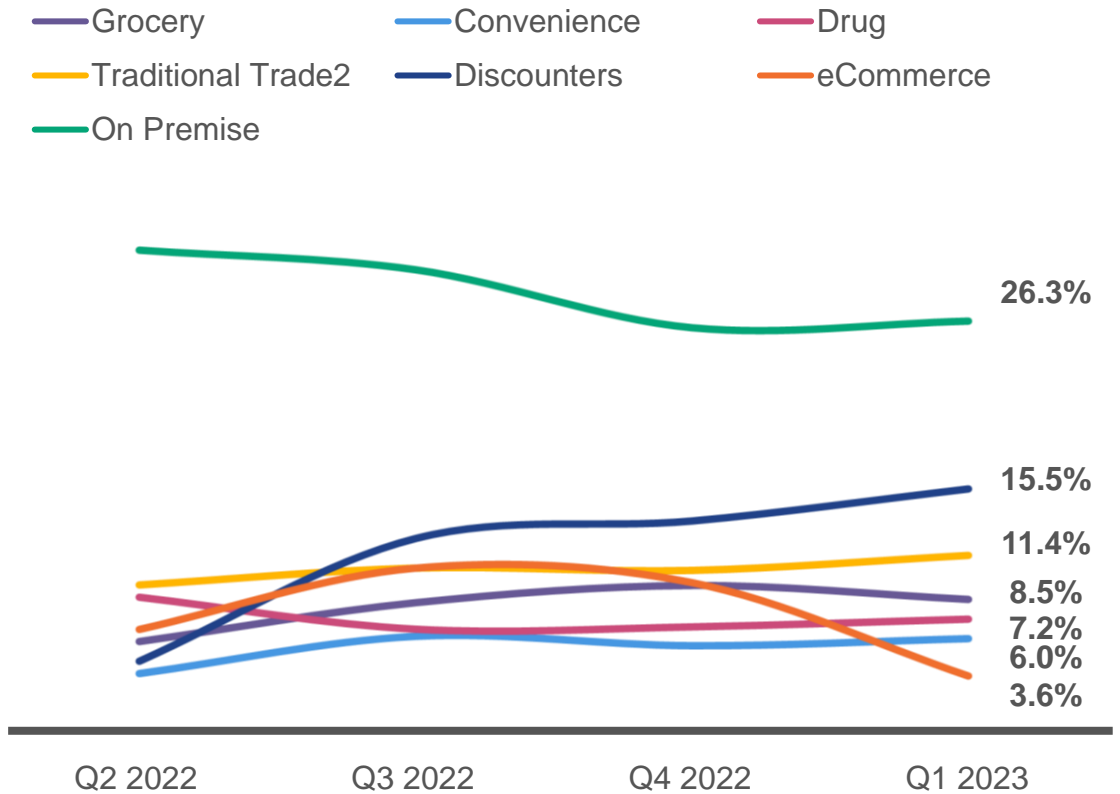
What SMBs have to offer



04 Retail landscape *realities*

Global NIQ measures confirm that e-commerce growth is stabilizing in many markets. In fact, our data shows that e-commerce’s growth is decelerating, with its market share going down by over 3 percentage points between Q4 2022 and Q1 2023. Meanwhile, offline channels share in the market only went down by 2 percentage points.

Following the frenzied e-commerce adoption at the height of the COVID-19 pandemic, companies need to think holistically about where their products are being sought by consumers.



According to 'An Inside Look' survey results, large companies have taken note and are adjusting their future distribution outlooks accordingly. The stories of medium sized and small sized brands, however, skew towards a greater online presence.

Finding small brands today



39%

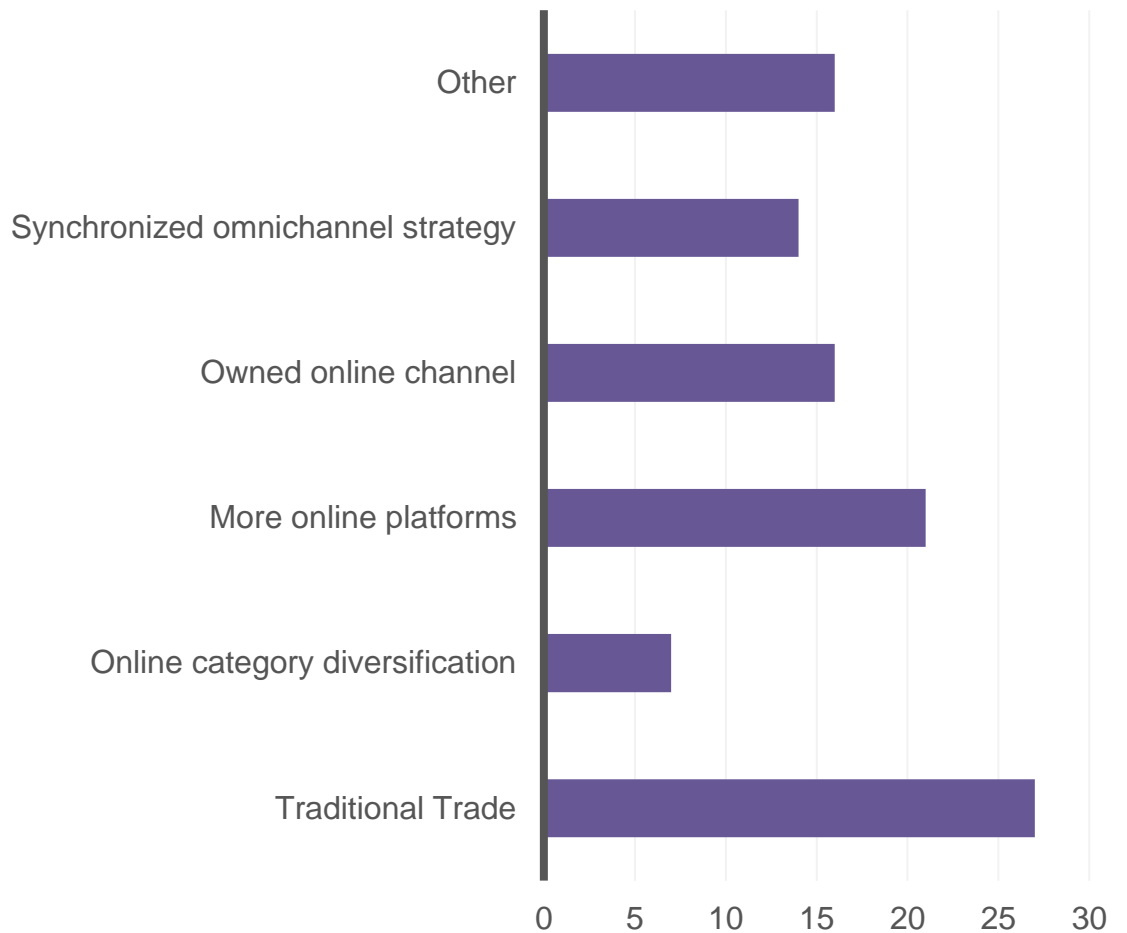
Are available only offline



27%

Are available only online

Where they want to be next



Finding medium-sized brands today



26%

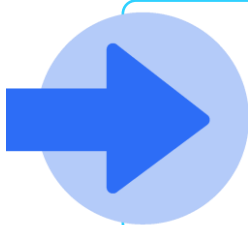
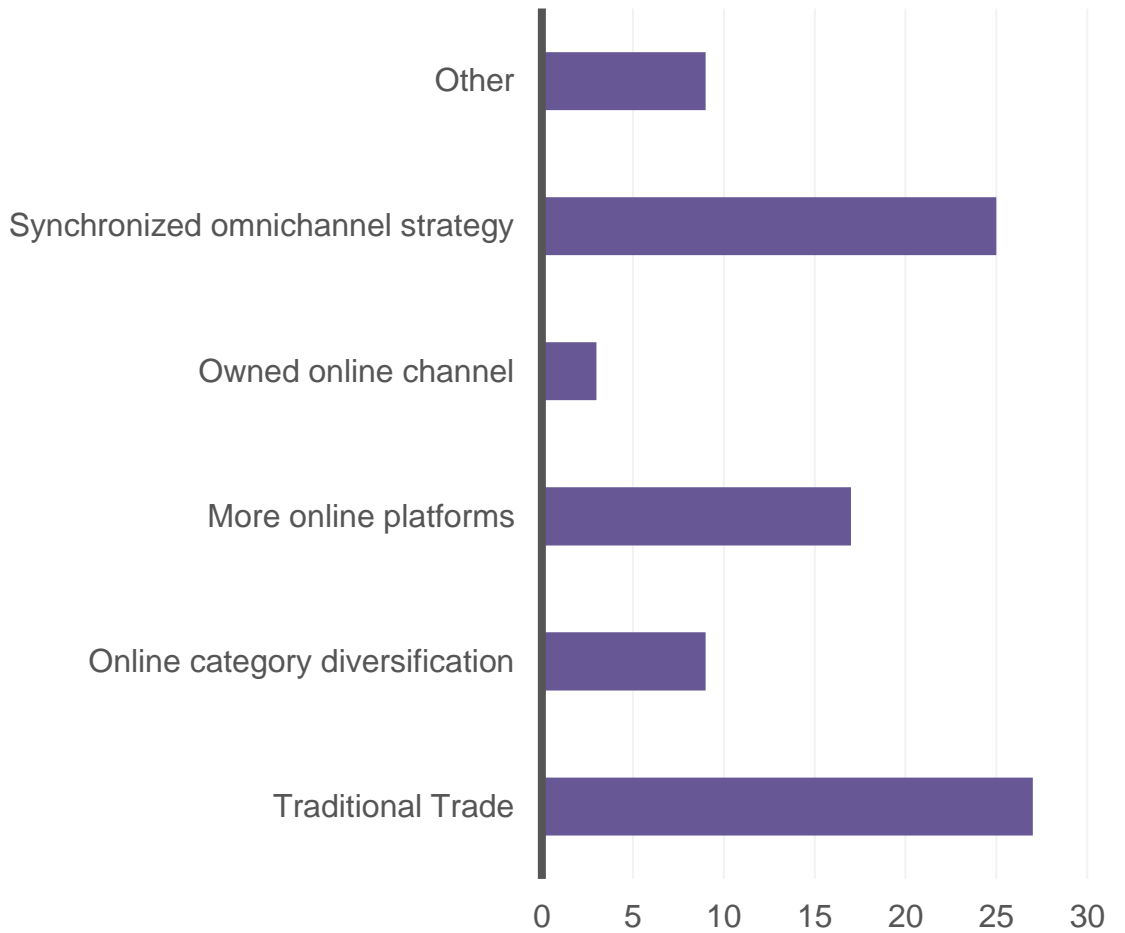
Are available only offline



13%

Are available only online

Where they want to be next



Power your e-commerce strategy
Check out [NIQ's in-focus podcasts](#) about the latest trends uncovered by data.

05

NEXT FOR SMB'S

38% of SMB survey respondents noted that they use market research data to predict business opportunities, 98% have done so with success. Between the challenges faced by SMBs on pricing, retailer negotiations, changing consumer behavior, the quest for growth and sustainability requires more hits than misses.

The beauty of data is that it can be searched for solutions that suit your needs.

In the case of pricing, for example, with the right set of information, you can determine competitive pricing strategies, explore cost-saving measures and establish value-added differentiators to justify your prices.

When it comes to dealing with retailers, backing up proposals with the right category information and winning angles, can help SMBs form strong partnerships, negotiate favorable terms, diversify distribution channels and secure shelf space.

Moreover, understanding and responding to consumer changes is crucial. SMBs should actively engage with their target audience, leverage technology for personalized marketing, embrace e-commerce, and continuously innovate to meet evolving consumer preferences.

By addressing these challenges head-on, SMBs can navigate the dynamic business landscape and position themselves for long-term success. Through resilience, adaptability, and a customer-centric approach, small and medium businesses have the potential to not only survive but thrive in the face of pricing challenges, retailer issues, and changing consumer trends.



FUEL YOUR GROWTH!

Access market, category and channel data that can take your business to the next level.

CONTACT US TODAY!

Stay ahead by staying in the loop



NielsenIQ data designed for entrepreneurs helps you keep track of market shares, stay on top of market trends, and build strategic plans.

Understanding your customers, competitors, and the market you operate in is key to your growth.

Build the map to grow your business; the answers come in the data.

NielsenIQ offers you and your business:

1

An agile and flexible solution
Designed for entrepreneurs, small and medium businesses – designed to give you the power and freedom with data via our single access point.

2

With affordable pricing
Start with a small investment to unlock new growth potential with accurate data to achieve fast ROI.

3

Deliverables via our always-on platform, with a simple & easy to use interface, providing actionable insights to grow your business.



© 2023 Nielsen Consumer LLC. All rights reserved.

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](https://www.niq.com)