

NIQ 2024 *Consumer Outlook*

Navigating the 2024 pressure points to growth

NIQ Thought Leadership
January 2024



Heading into 2024,

The state of consumers is *pressured*

- **Consumers have been tested** in more ways than one over the past year and beyond.
- **Resilience** is emerging through change as consumers shift survival tactics into long-term behavioral shifts.
- This year, expect: continued polarization between the financially insulated and insecure and a renewed focus on planning for proactive health & retirement.

Uneasy

Resilient

Future focused



Rising costs of living remain top of mind for consumers

Concerns about geo-political crisis climb to the forefront this year

Top 10 concerns among global consumers

			Ranking change vs. Mid 2023
1	Rising food prices	36%	≡ same
2	Increasing utilities	19%	≡ same
3	Economic downturn	17%	≡ same
4	Global conflict / crisis escalation	13%	↑ was #11
5	Global warming / environment	12%	≡ same
6	Increased housing costs	11%	↓ was #4
7	Personal welfare / happiness	10%	↑ was #10
8	Ability to provide basics for family	10%	↓ was #7
9	Job security	10%	↓ was #6
10	Rising fuel / transportation costs	9%	↓ was #8

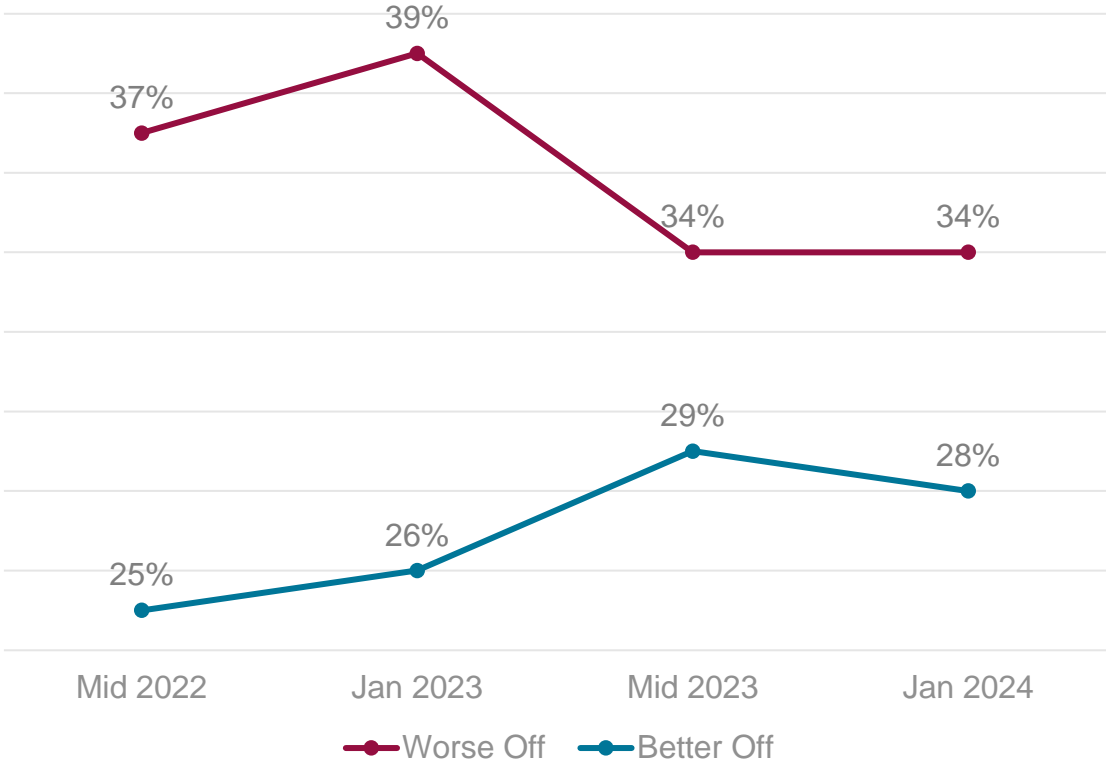


Source: NIQ 2024 Consumer Outlook vs Mid-Year 2023 Survey, Global

Polarized financial situations remain

34% of consumers feel worse off, but less so than a year ago

Consumer financial position Sentiment year-over-year (% respondents)



Source: NIQ Consumer Outlook 2024, Global
Q: Compared to a year ago, is your household better off or worse off financially

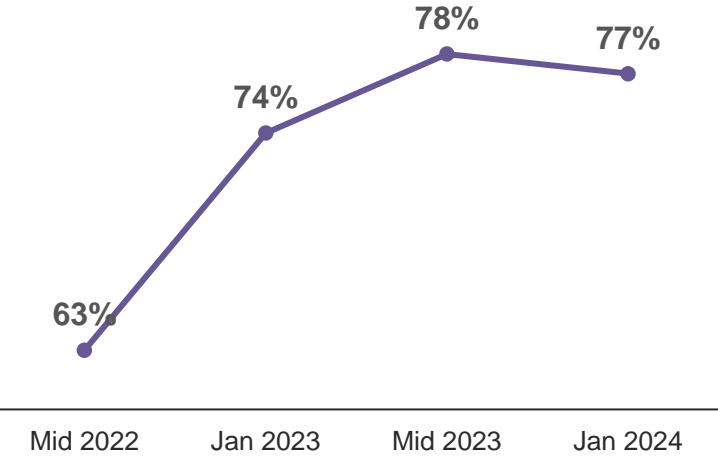
Consumers can't escape the cost-of-living crisis

Causes of worsening financial situations among consumers

Of the 34% of consumers who are worse off this year...

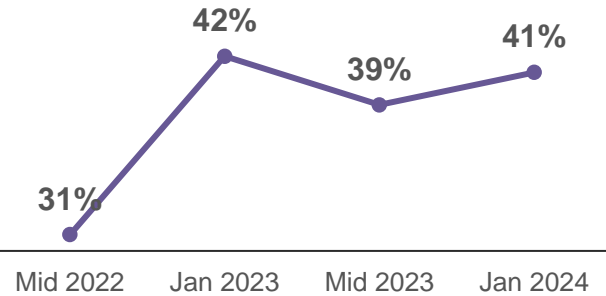
77%

Increased costs of living



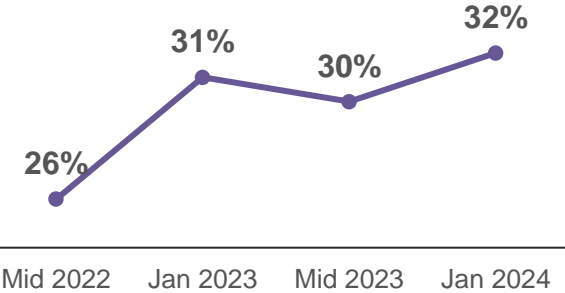
41%

Economic slowdown



32%

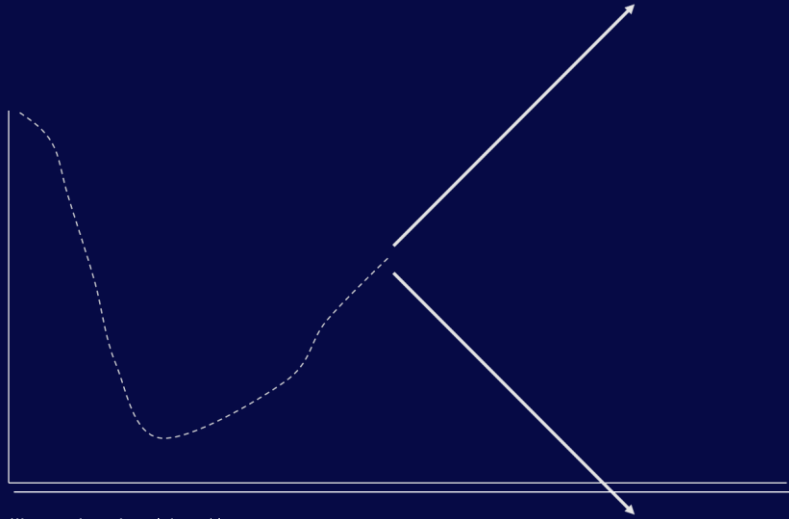
Job insecurity / loss



Source: NIQ Consumer Outlook 2024, Global

Financial polarization will fragment consumer spending classes

The extreme polarization of wealth will continue
Expect a deepened K-shaped path to future development

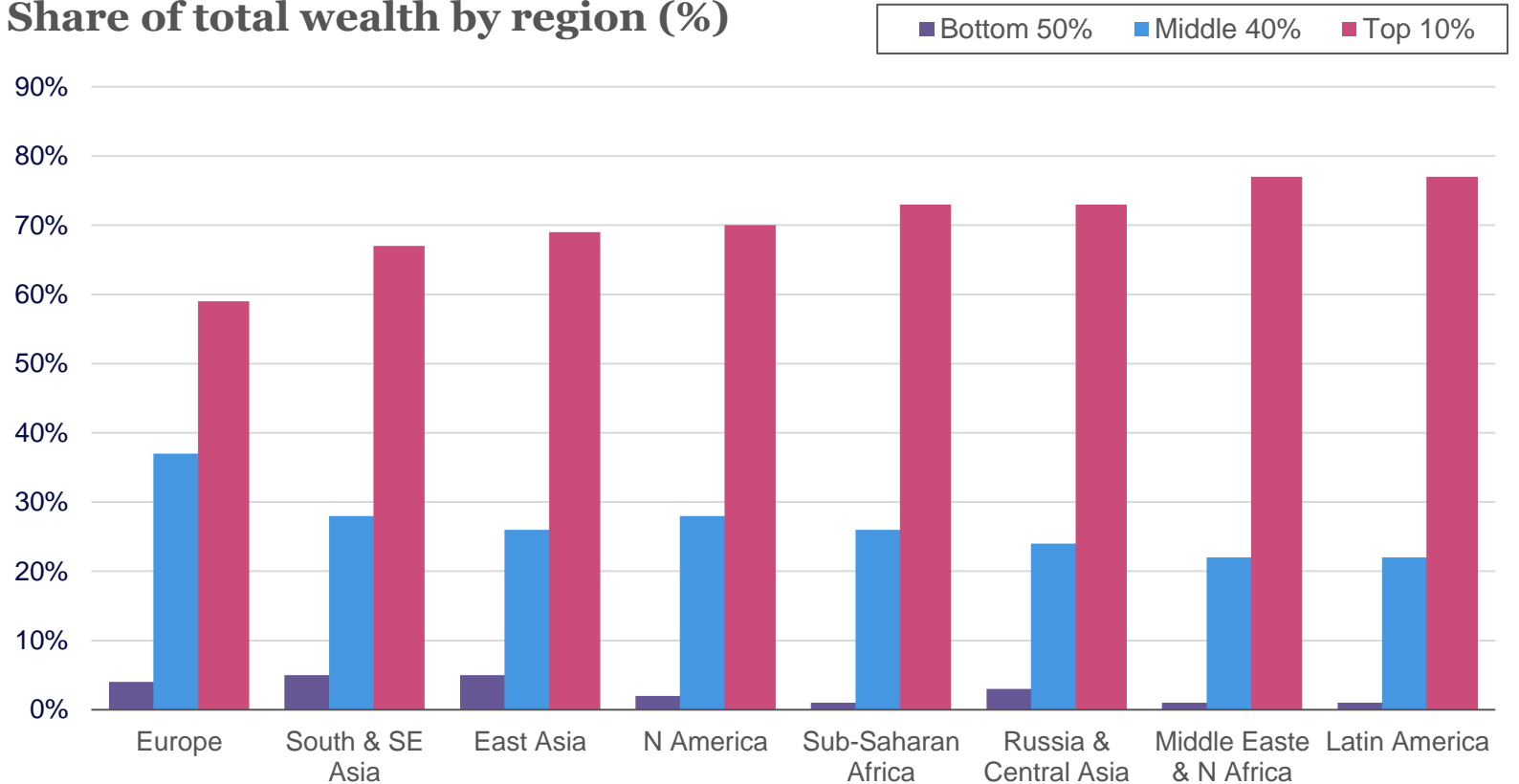


Illustrative data/visual/concept

Extreme concentration of capital among the wealthy

Top 10% own ~60-80% of global wealth

Share of total wealth by region (%)



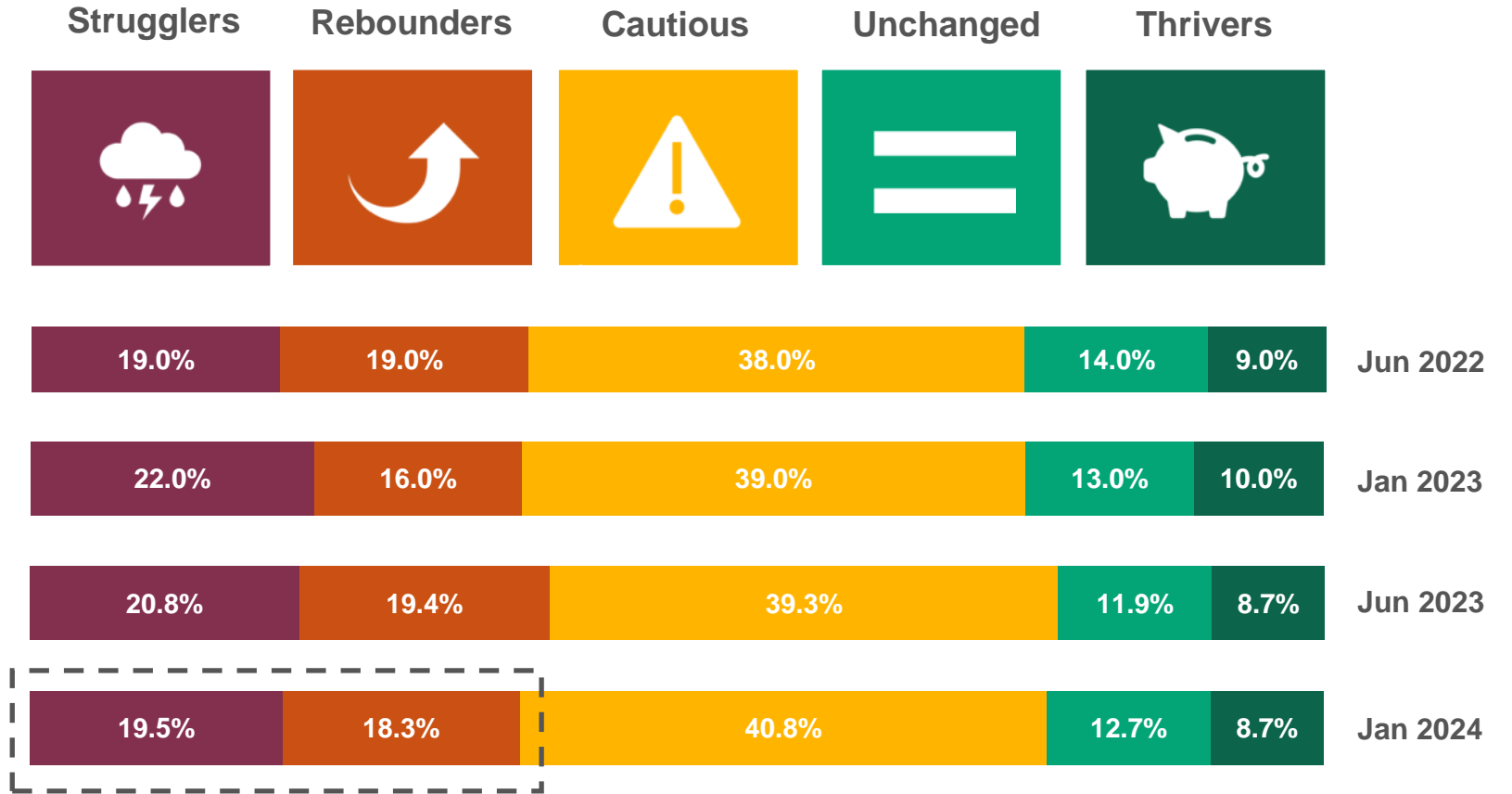
Source: World Inequality Report 2022, Executive Summary – Fig. 4

Steady and polarized

The cautious middle of global consumers persists – but **continued polarization** as the most affluent rise and the **most** vulnerable show signs of rebound

Playing the field of financially polarized consumer groups

The Global Economic Divide - Tracking financial situations and responses

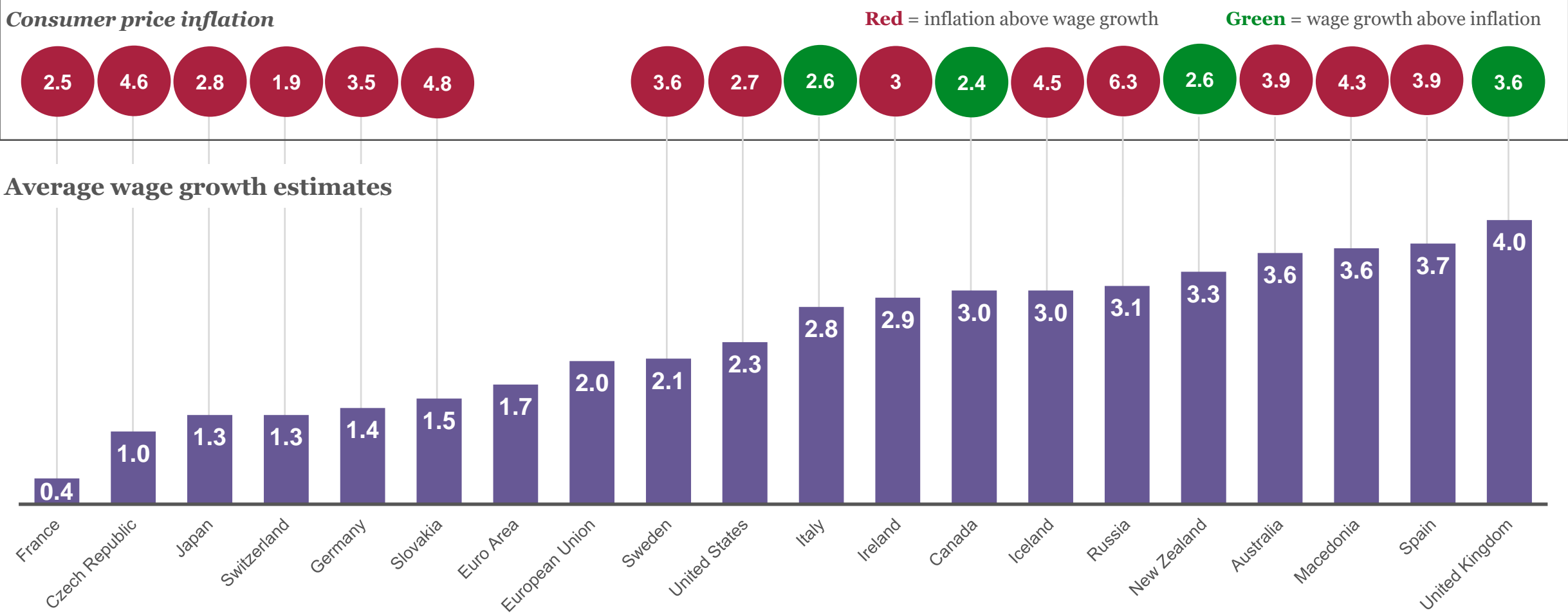


38% Vulnerable Consumers

Source: NIQ 2024 Consumer Outlook vs. 2023 Mid-Year Outlook vs. January 2023 Consumer Outlook vs. 2022 Mid-Year Outlook, Global

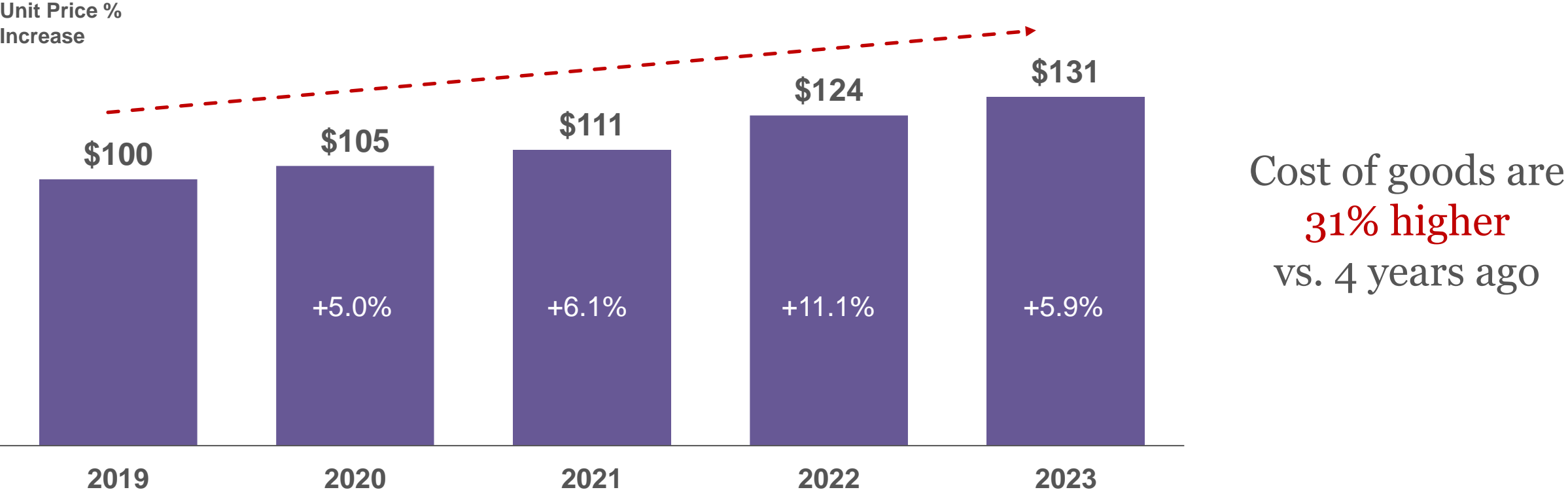
Continued pressure on consumers as rate of wage growth expected to lag CPI in most markets

Average wage growth forecasts for 2024 compared to consumer price inflation



Source: Trading Economics, Note: Total 2024 calculated as average of Q1, Q2 & Q3 forecast

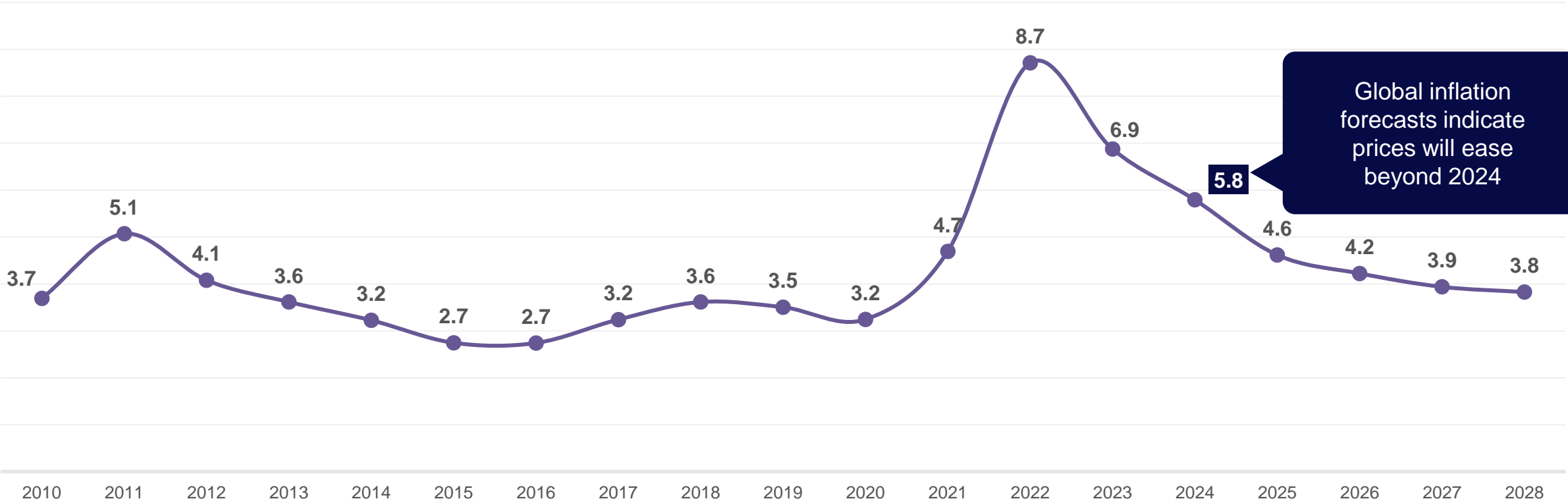
Using the U.S. as an example: FMCG price pressures continue to compound



Source: NielsenIQ, Total US xAOC, Annual Unit Price % Change 52 weeks to December 30, 2023

Consumer inflation growth forecasted to slow in 2024 and beyond, but decelerated growth is not deflation

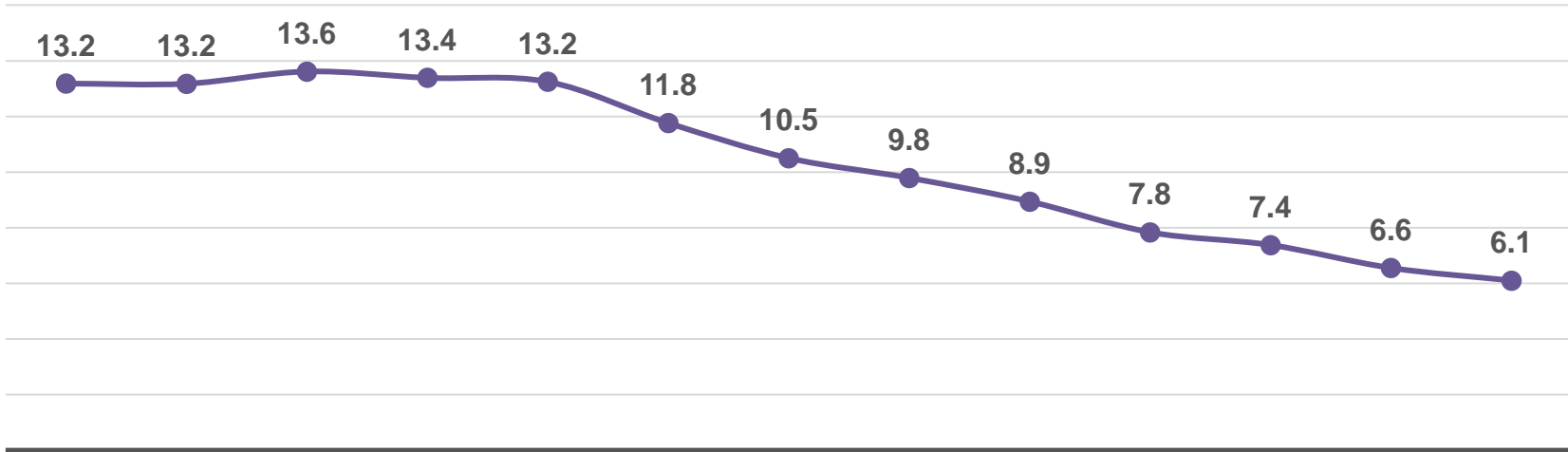
Global CPI % growth forecast



Source: World Economic Outlook database: October 2023

After peaking in January '23, global FMCG prices continue to rise, but at slower rates

Global FMCG Equiv. Vol. Price % Change



Annual Inflation Rate

+9.9%

Food +11.7% **Non-Food** +7.8%

% Chg.	Nov '22	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	Jul '23	Aug '23	Sept '23	Oct '23	Nov '23
Dollars	+11	+12	+10	+11	+9	+10	+10	+9	+9	+7	+7	+6	+5
EQ Vol.	-2	-1	-3	-2	-3	-2	0	0	0	-1	0	0	0

	% Chg.	Dollars	EQ Vol
FMCG	+9	+9	-1
Food	+10	+10	-2
Non-Food	+8	+8	0

Source: NIQ Global Inflation Tracker, Eq Vol % Price Change – Monthly – Based on a closed group of consistent categories across countries – US Dollars

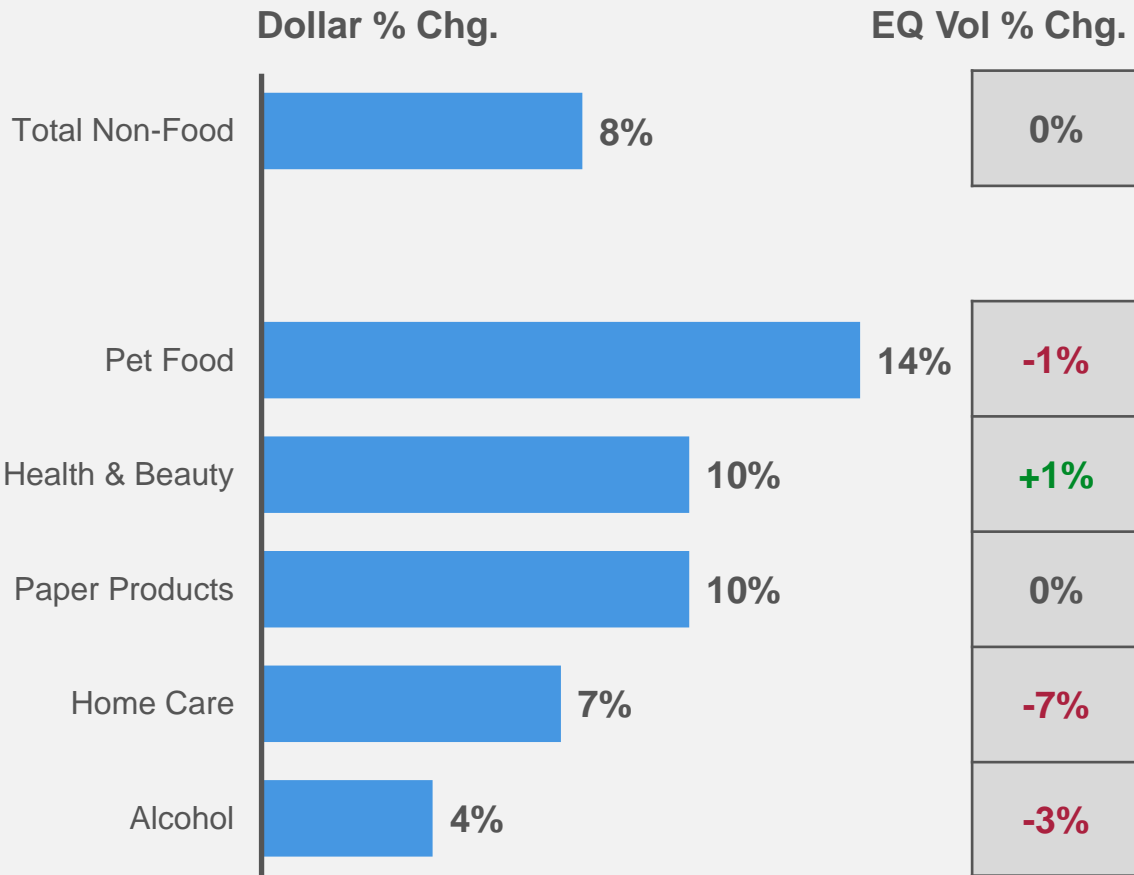
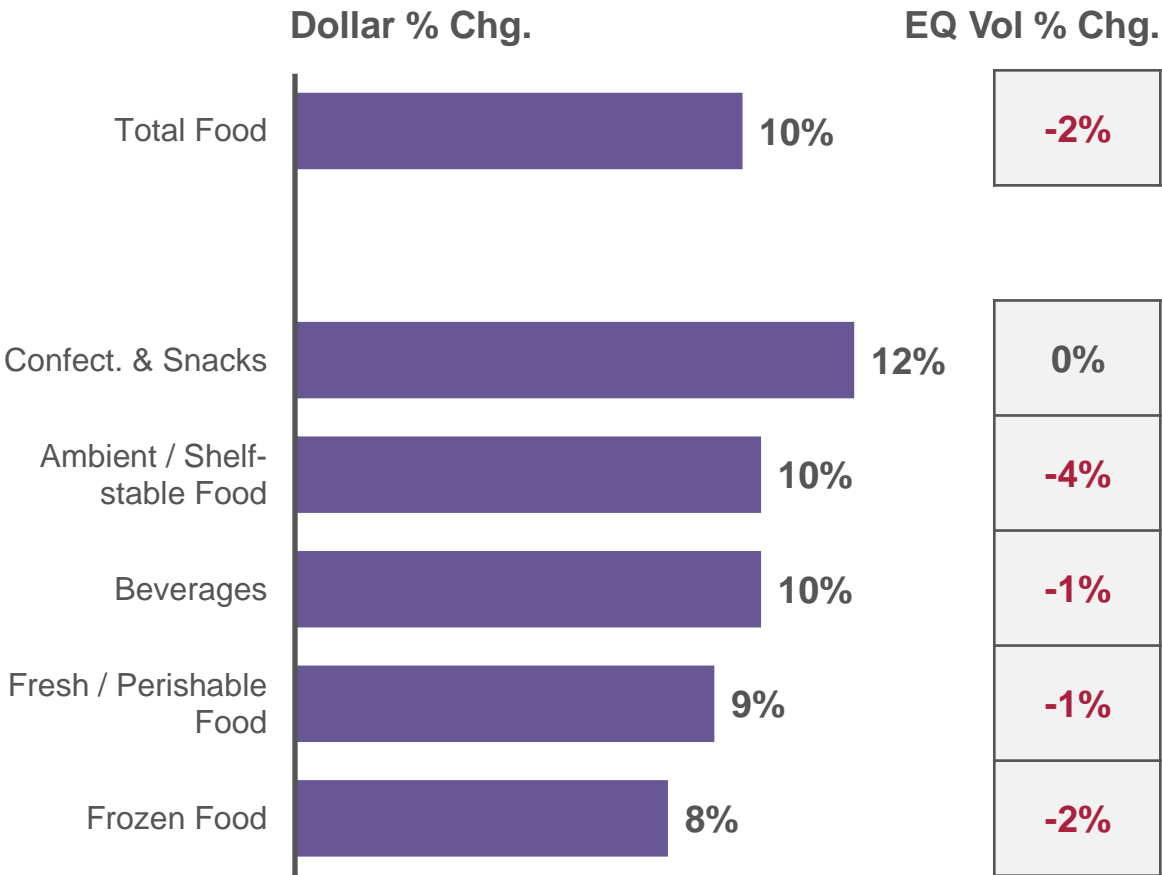
Connecting the dots

**What does this mean
for retailers & brands?**



NIQ

Global inflation is still propping up FMCG performance with volume growth consumption static or soft



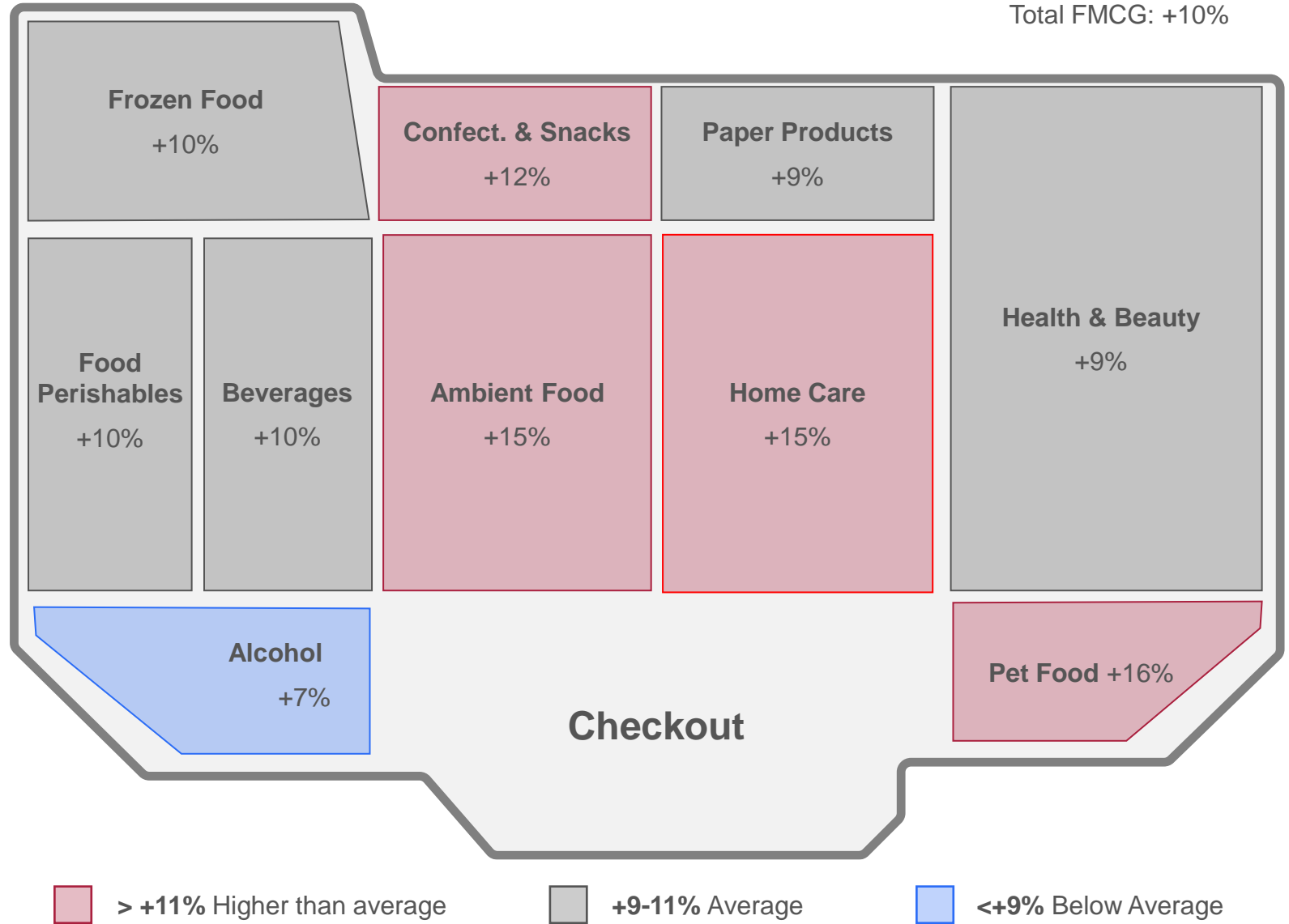
Source: NIQ Global Price Tracker – Annual 52 weeks ending, November '23, sales reflected in USD

Rising prices are still plaguing several key departments

Department Inflation Heat Map - Annual

EQ Vol Price % Change

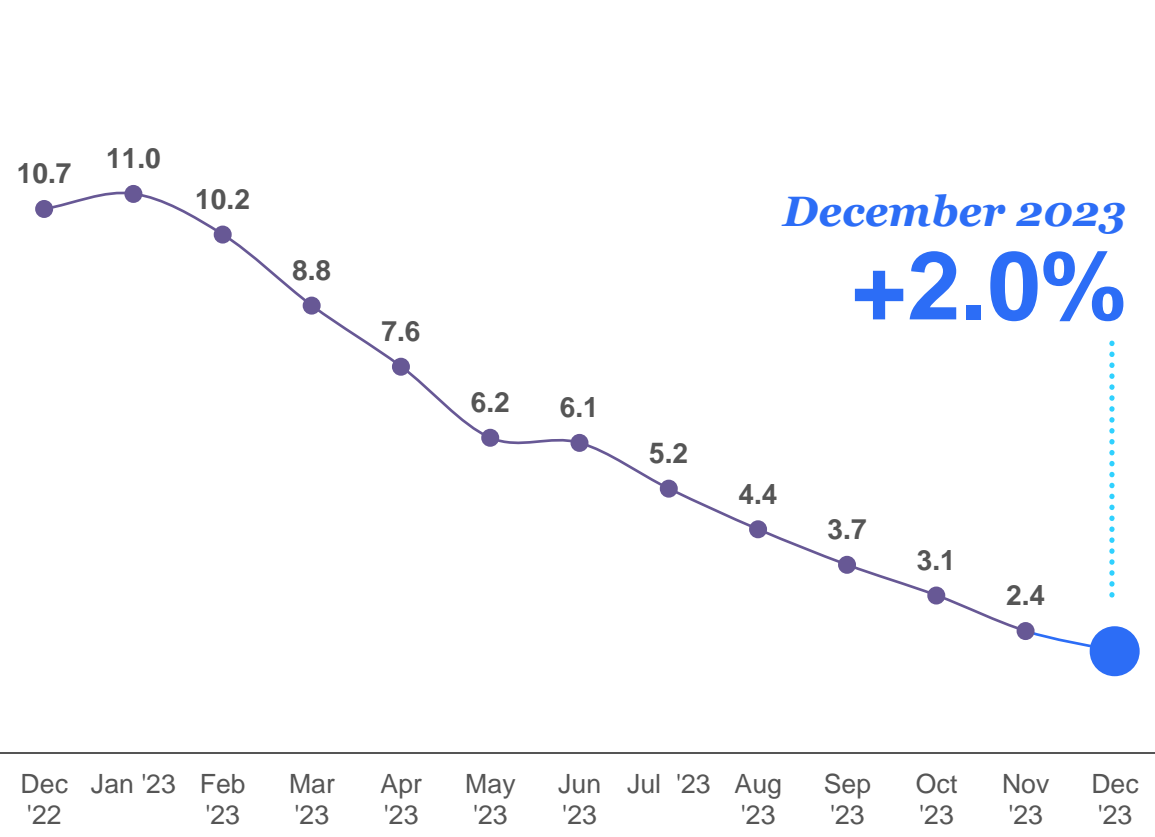
Total FMCG: +10%



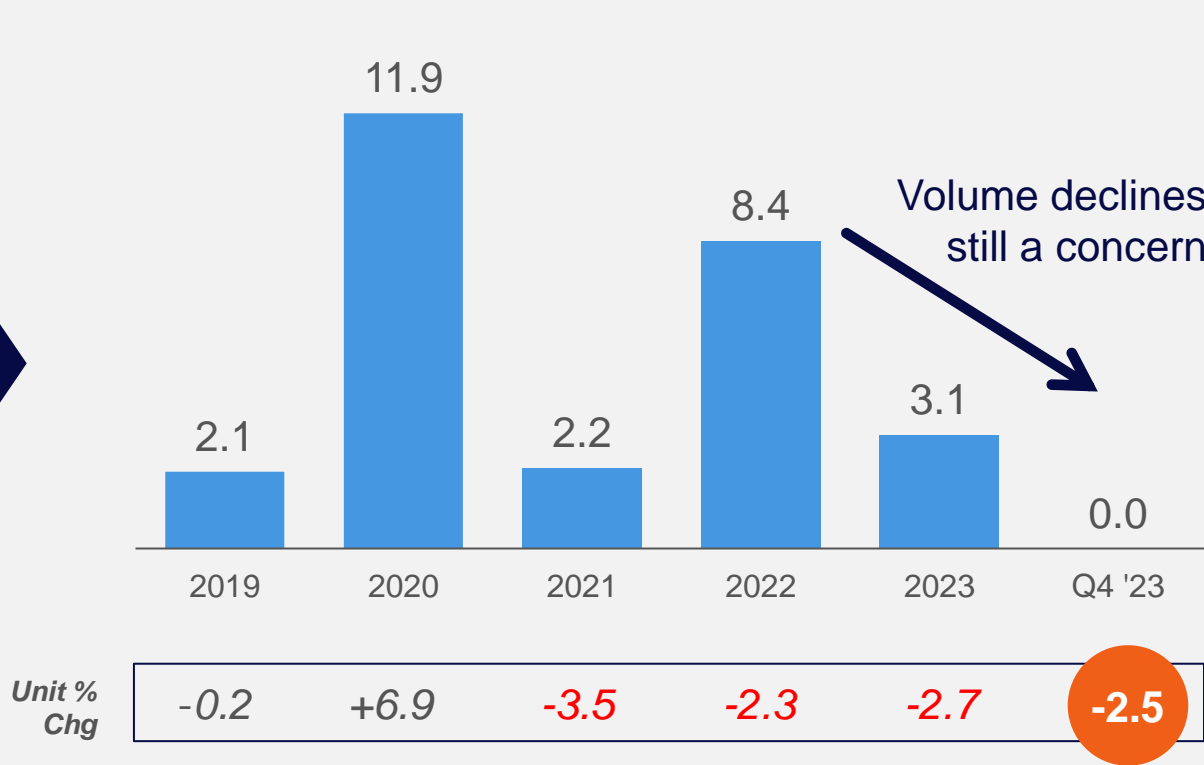
Source: NIQ Global Price Tracker – Annual 52 weeks ending, November '23

The impact of lower inflation: Less value growth compounded by declining volume

US: Total FMCG Average Unit Price % Change



US: Total FMCG Dollar Growth



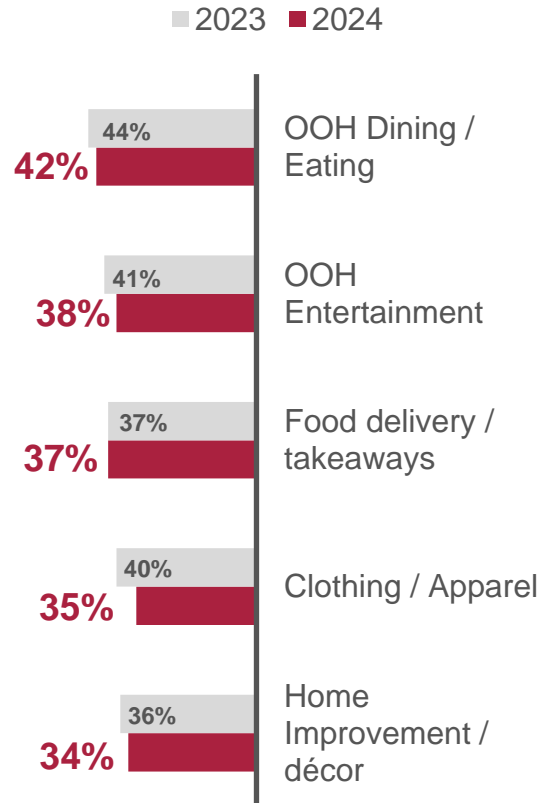
Without the right data and subsequent action, 2024 could be a race to zero-dollar growth in the US and beyond

Source: NielsenIQ, Total US xAOC, monthly periods ending December 30, 2023

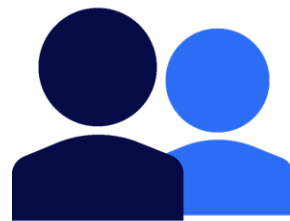
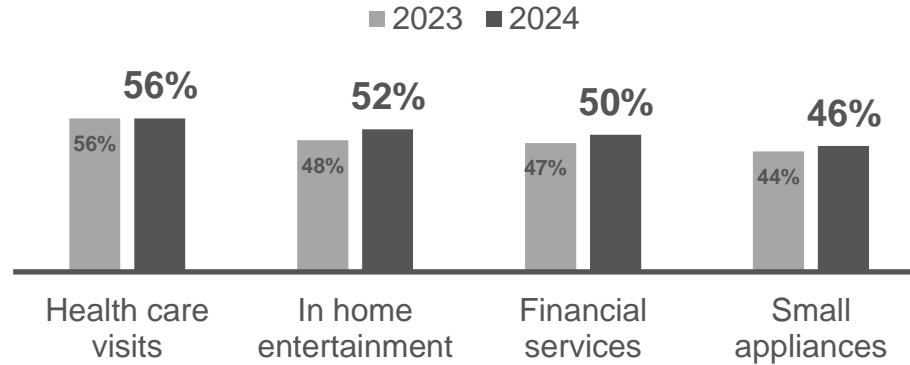
Wallet shifts favor spending more on life essentials

Survival instincts reign supreme, but in some cases, fewer consumers intend to cut back on discretionary categories than in 2023 (e.g., Clothing / Apparel)

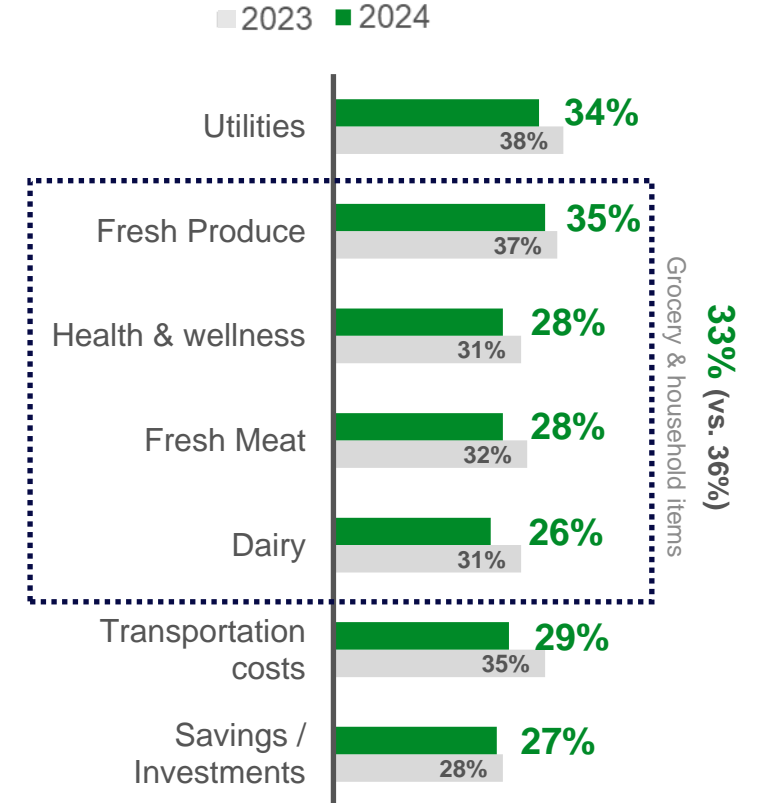
Spending less



Same as before



Spending more



* = comparison data from mid-2023, instead of Jan 2023

Source: NIQ Consumer Outlook 2024, compared to metrics from 2023 study (or, Mid-year 2023 where required), Global

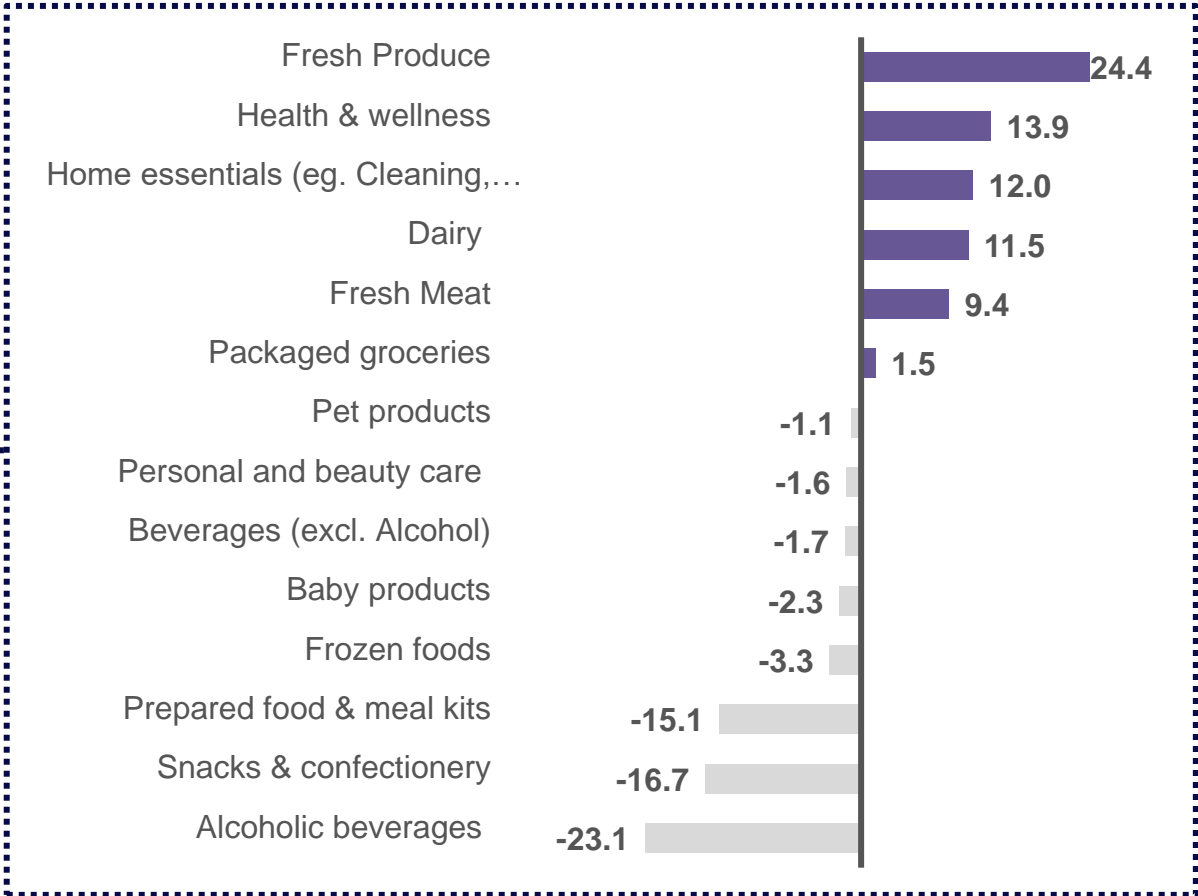
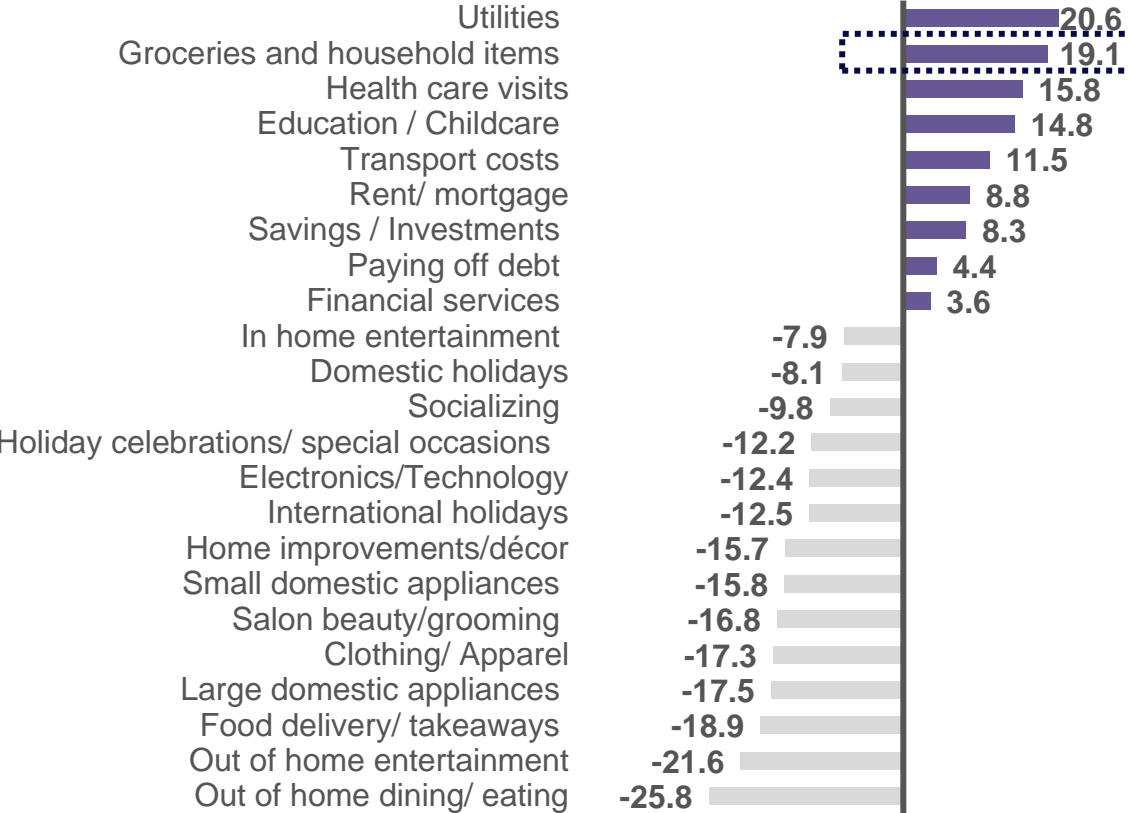
Interpreted as: "42% of global respondents plan to spend less on Out-of-home (OOH) Dining and Eating in the next 12 months, compared to 44% who said the same back in 2023."

FMCG retains essential positioning among consumers

Particularly fresh foods and wellness products

Spending intentions for next 12 months

net change in spending (pt. change)



Source: NIQ Consumer Outlook 2024, Global
 Change in spending calculated by subtracting % of respondents who are spending less from % of respondents who are spending more

Winning with today's *pressured* consumers

Spoiler alert:
**It's not just
about price**

Pressured consumers have morphed their ways of working and living







Expect a year of redefined consumer *values*



Source: NIQ Consumer Outlook 2024

Maintaining consumer and shopper loyalty will be a challenge in 2024

Saving motivators for Consumers around the world

	Seek lower prices	>	89%
	Switch products/brand	>	74%
	Reduce overall spending	>	72%
	Switch stores	>	65%
	Switch size	>	49%
	Prioritize needs	>	43%

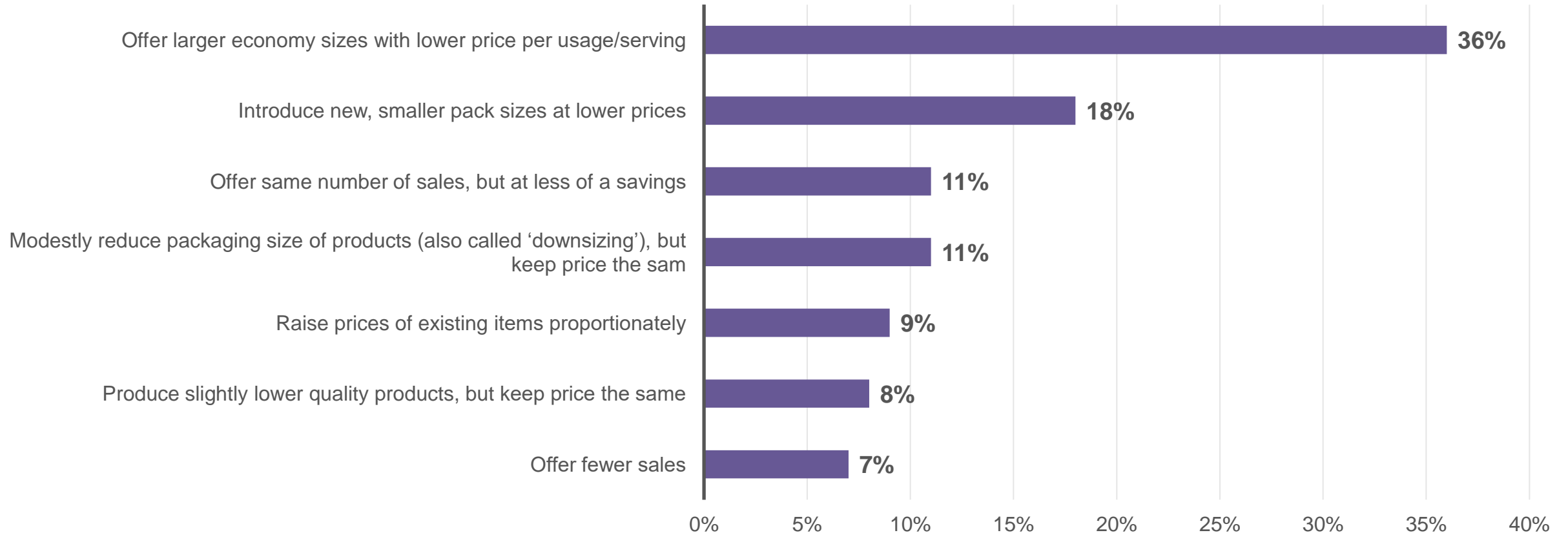
Source: NIQ Consumer Outlook 2024, Global

Listening to the voice of consumers can guide companies on how to most effectively 'take price'

Consumers signal that they would prefer companies offer value for money if prices continue to go up

If prices continue to increase/remain high in the next 3 months...

What actions would you prefer your brands and retailers take, related to the products you purchase?



Source: NIQ Consumer Outlook 2024

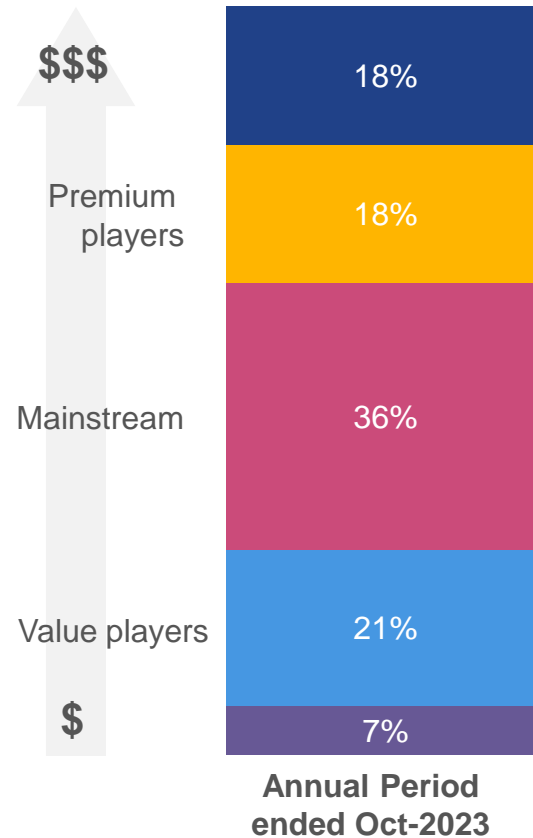
Adapting to Global Price Tier Shifts

As a response to the global recessionary environment, the consumer SAY/DO connection is strong. They told us they search for better prices and value has shifted 0.6 of a share point to lower price tiers.

Although this is a seemingly small share movement, it equates to billions in sales moving from higher price tiers to lower tiers

Global Price tier mix

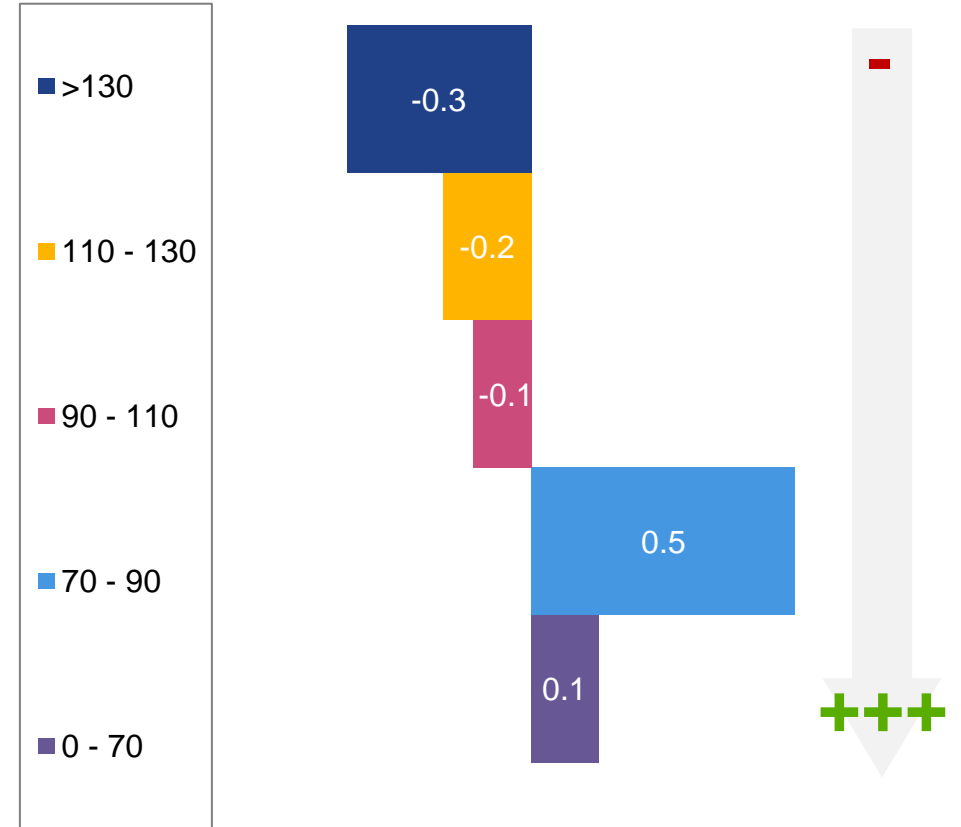
Value sales mix – Latest year ended Oct'23 – Total FMCG



Change vs YA

Value share chg. in p.p. – Latest year ended Oct'23 – Total FMCG

Index to average price



Source: NIQ Global Strategic Planner, Super-category level analysis across 20 markets, Latest year ended Oct. 2023 vs. year-ago

Growing around *'The Big Squeeze'*

With pressures felt from multiple angles, **consumers are pivoting** around emerging challenges to get by. These maneuvers create **green shoots of opportunity** that companies can harness to weather the storms ahead.

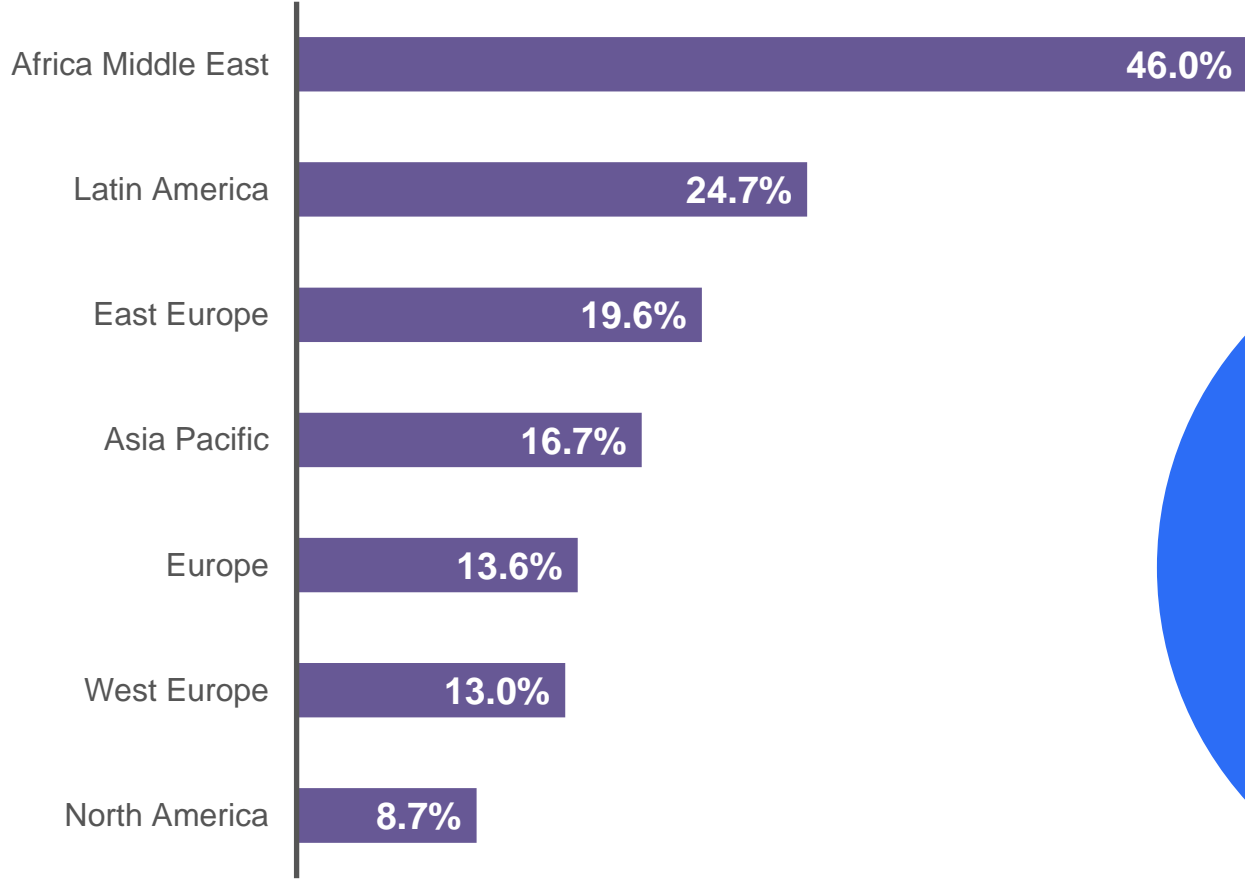
Although there is an expectation the challenging consumer environment will persist, there have been **pockets of growth** across the last few years that highlight winning strategies.

Let's review them...

Despite some deceleration in growth, Private Label products continue to deliver on consumers' search for better value

Private Label Performance

Value sales % growth vs. year-ago by region



+12.7%
Global Private Label
value growth

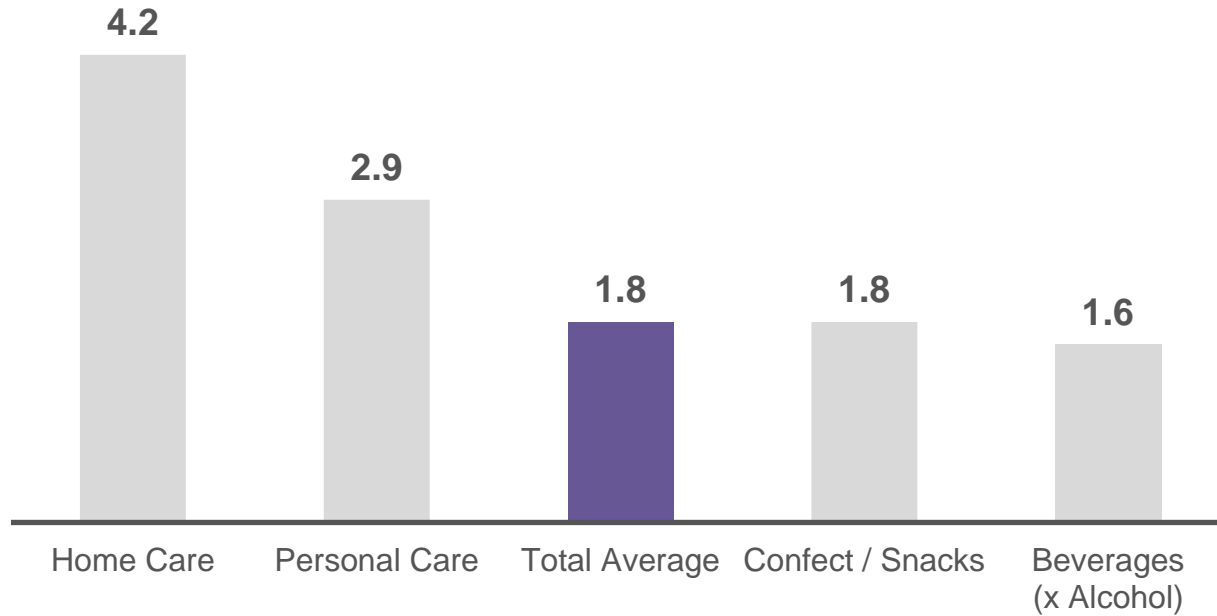


Source: NIQ Retail measurement services, Latest year ended Q3 2023 vs. year-ago, via Quarter By Numbers, Private label report

Continuous innovation can help companies to breakthrough

Supporting bottom line and boosting overall growth during times of volumetric slowdown

Impact of innovation on overall growth*



63%

of global consumers say they would purchase a product that has innovated to make it as affordable as possible

Manufacturers growing innovation sales in 2022 were

1.8x

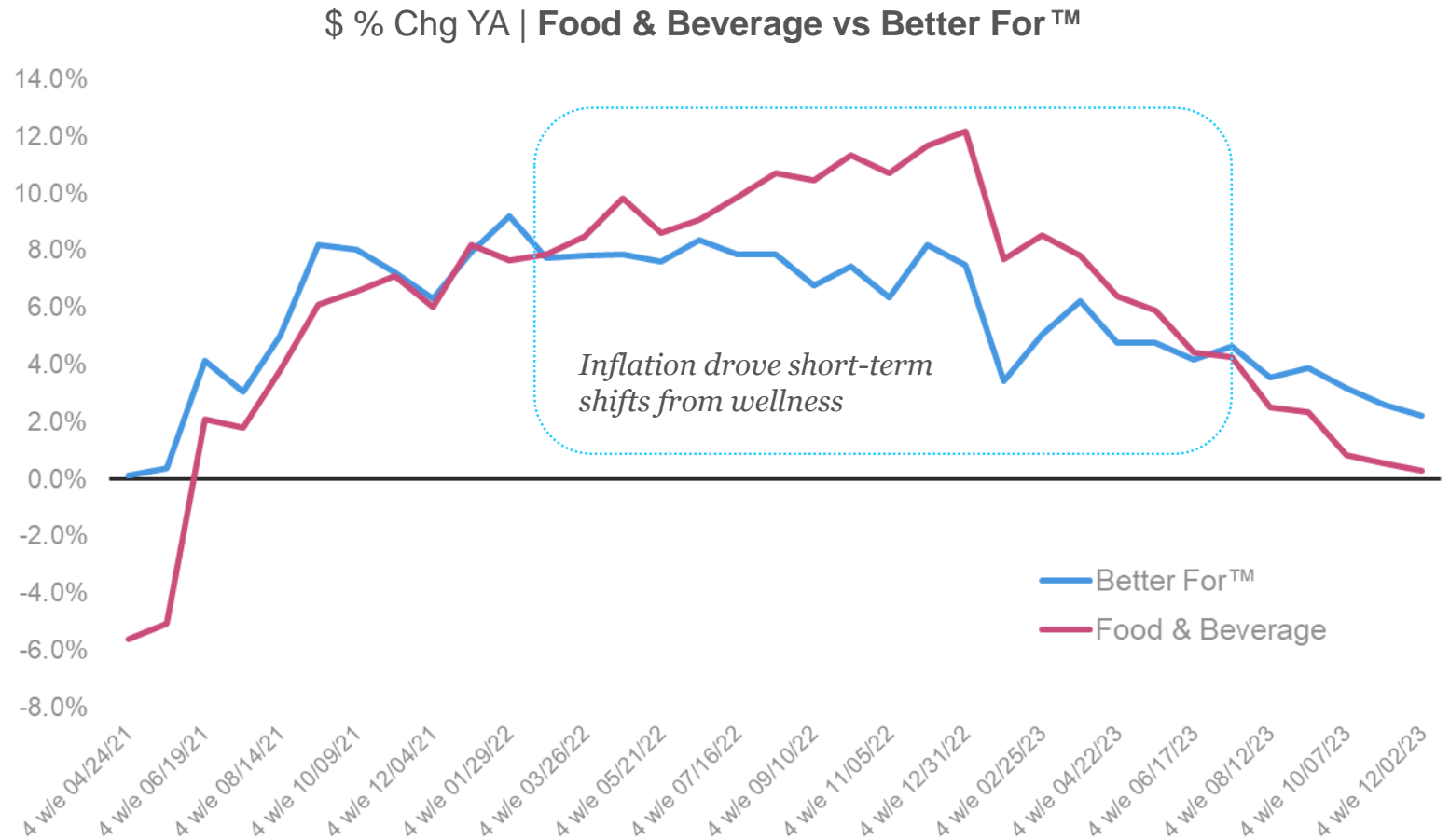
more likely to grow overall sales than those with stagnant or declining innovation sales

*Impact is calculated as a ratio of percentages of manufacturers growing total sales among those growing innovation sales vs. those with no growth in innovation sales
Source: NIQ BASES Innovation Measurement. ^ 60k innovations X 5 countries x 4+ years, NIQ Consumer Outlook 2024

NIQ *Better For*™ ...



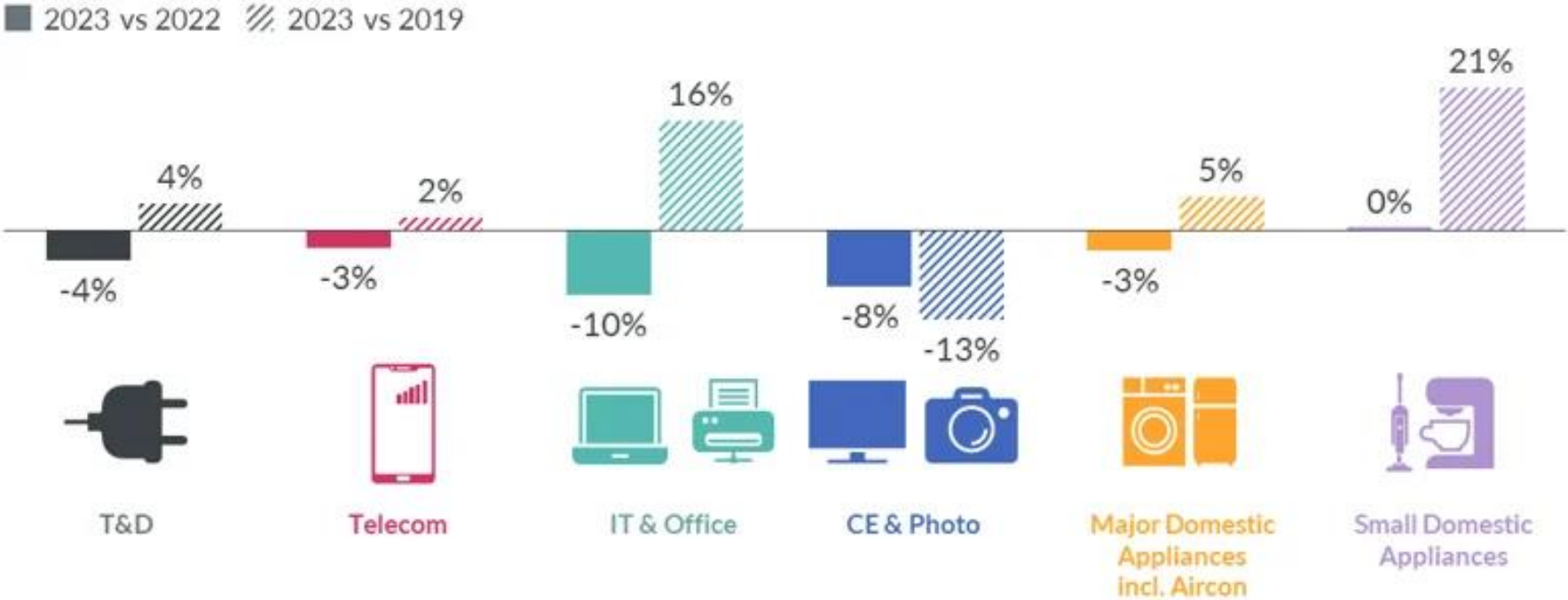
Inflation impacted Better For trends in the past year, but growth expected in 2024 as sales trend is shifting back



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; \$ % Change vs year ago; 4-week trended through week ending September 9, 2023

Glimmers of hope anticipated for global consumer tech & durables market in 2024

Global T&D market results – 2023 vs. previous



"After two years of decline, we expect the global T&D market to finally turn positive again in 2024, albeit at a small scale"

Ines Haaga
GfK's insights expert for Consumer Technology and Durables.

The following trends and developments are expected to drive growth in 2024:

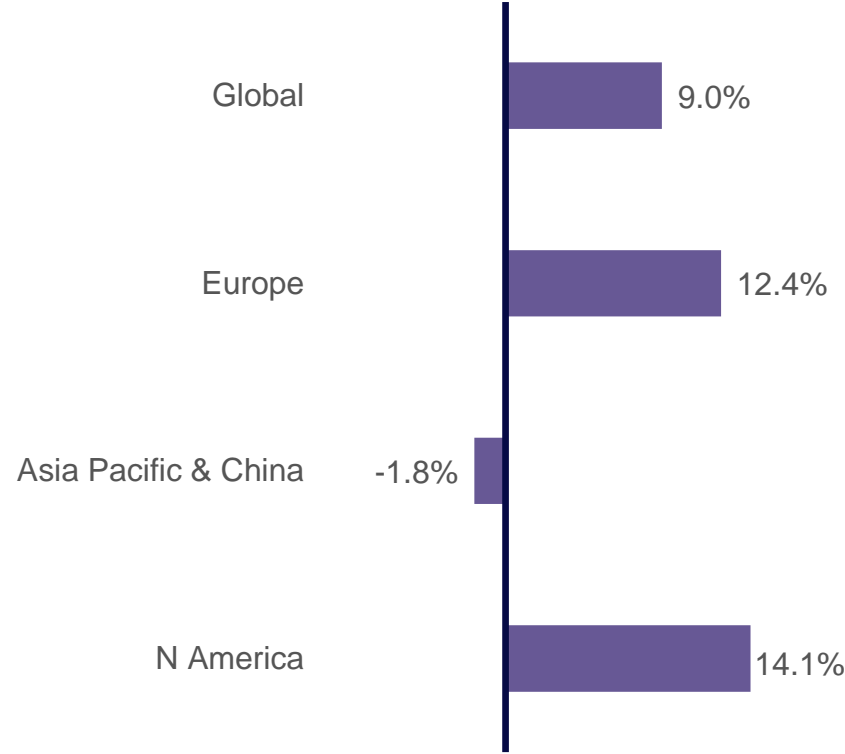
- Almost four years after the pandemic, replacement cycles will kick in, especially for faster-moving categories such as smartphones and mobile PCs. Accordingly, the Telecom category is expected to see growth in 2024 due to new purchases, with the trend continuing towards premium devices.
- Long-term sales tracking shows that more TV sets are sold in the run-up to major sporting events. The 2024 Olympic Games and European Football Championship will therefore have a positive impact on the Consumer Electronics category.

Source: GfK Market Intelligence Sales Tracking, International Coverage (excl. North America), Sales revenue growth in USD; Jan - Oct 2023 vs Jan - Oct 2022 & Jan - Oct 2019

Despite deceleration in Asia, e-commerce remains a huge global growth opportunity in 2024

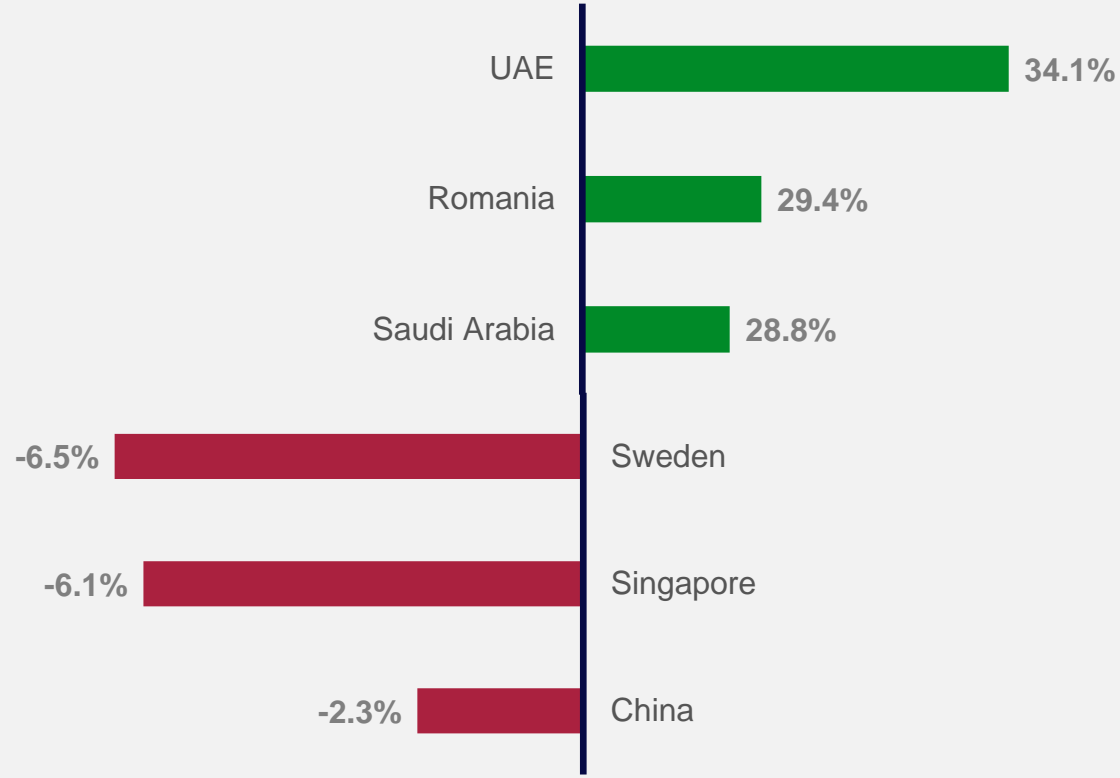
Online sales performance

% value growth vs YA



Top/Bottom performing e-commerce markets

% value growth vs YA



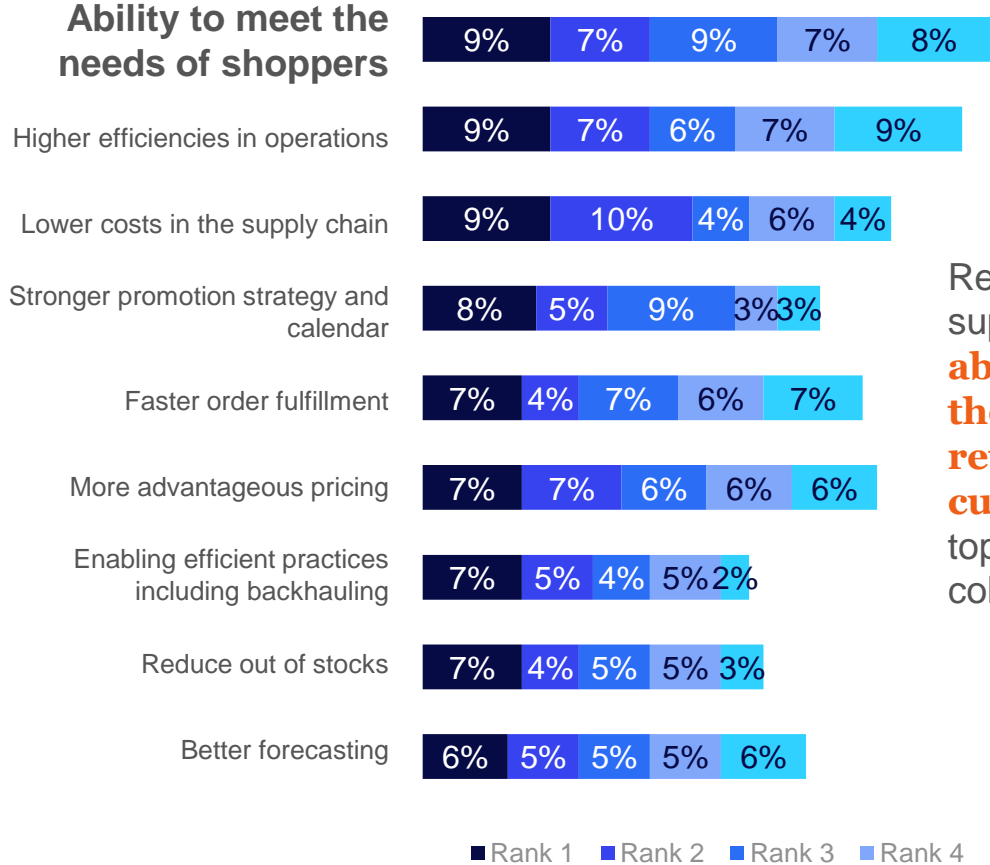
Source: NIQ Retail Measurement Services, Total FMCG / CPG, annual period ended Q3 2023 vs. Year-ago - Ecommerce 15 markets considered, via Quarter By Numbers, Channel report
Note: China excludes TikTok

Enhanced collaboration is critical to long-term profitable growth

A recent NIQ/Coresight study shows:

- The ability to meet needs of shoppers is a top advantage of enhanced collaboration
- Need for higher efficiencies and productivity
- Adopting a common platform is the key to shopper-centricity
- Collaboration has a direct impact on overall company revenue, profits

Collaboration improves decision making in many areas



Retailers and suppliers see the **ability to meet the needs of retailers' customers** as the top advantage of collaboration

Source: Coresight research

Emerging disruptor:

Our new tech reality

Generative AI will transform ways of working and living in society, and new tools and advances could raise global GDP by 7%






Source: Goldman Sachs Research, 2023



Bringing it all together...


There's one universal truth to success in today's market:
Data needs to lead the way

- Get ahead of the emerging **value & volume slowdown**
-1% Global volume growth in 2023 vs. +9% sales growth  NIQ Revenue Management
- Expand assortment to **capture new tiers of affordability**
Value Players Grow Value price tiers were the only group to see sales share growth (+0.6 pts) in 2023 custom analysis  NIQ Assortment Optimization
- Embrace and explore **value-focused innovation growth**
63% of global consumers would buy a product that's innovated to make it as affordable as possible  NIQ BASES & Innovation Measurement



Bringing it all together...

There's one universal truth to success in today's market:
Data needs to lead the way

- Navigate the **fluid channel dynamics of omnishoppers**
11% of global consumers say they have shopped via social media channels before  *NIQ Omnichannel and Market Performance Measurement*
- Support the unique needs of **consumers under pressure**
34% of global consumers feel worse off financially than a year ago. Static compared to Mid '23.  *NIQ Consumer Insights*
- Connect to demand for **expanded & proactive wellness**
40% of global consumers say they're being proactive with health to prevent future issues  *NIQ Product Insight*



Key findings: Growing in a declining market



Promote with purpose

Don't sacrifice tomorrow by giving away today



Balancing **sustainability and profitability** is crucial in a slowing market. Focusing on short-term volume can harm long-term profitability.



Maximize assortment

Don't be lost, because you weren't found



Value retailers are rising due to demand for affordability. Businesses can adapt marketing and products for diverse consumer needs and **differentiate with a varied and expanded price-tiered assortment.**



Innovate to stay relevant

No news, could become your bad news



Private Label growth involved innovating beyond basic value concepts. Brands must **reevaluate their positioning, and innovate how they appeal to consumers.**

Key Findings: Growing in a declining market



Reach consumers where they are

It's the wrong time to miss the right place



Consumers move fluidly across channels to fulfil their needs, meaning growth will come from a **balance of both online and in-store strategies**.



Make shopper-centric decisions

Personalize your approach to providing value



Growth in pressured times requires **navigating consumer "trade-offs"**. Use the voice of the consumer to guide actions you need to cut costs.



Be proactive & precise with wellness

Uncover holistic, lifestyle-driven, attribute-focused growth



Companies need to harness the power of the right messaging and product attribution to **convert on consumers' interest in their health & longevity**. Win with discerning wellness consumers of today.

The *Full View* at your Fingertips

**With a best-in-class data partner,
unleash the most trusted and comprehensive data
to reveal **new pathways to growth**.**

NIQ



We deliver the *Full View*,
the world's most **complete** and **clear** understanding
of consumer buying behavior that reveals new
pathways to growth.