

# Where Next?

Shopper Barometer 2015



Noreen Kinsey  
Head of Shopper Insights

**Toluna** 

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# Shopper Barometer 2015

## Onwards & Upwards



The financial crisis in 2008 changed the retail landscape beyond recognition. Retailers have faced significant challenges, responding to a dramatic change in consumer confidence and resulting behaviour, combined with a more complex multi-channel environment. It's all too easy to forget the big name retailers who've been casualties in recent years.

Since 2013 we have seen the economy rise from the recessionary ashes, but even since that first glimmer of optimism, whilst consumer confidence may be on the up, shoppers have changed their spending habits for good.

The Shopper Barometer 2015 examines current shopper trends to provide a snapshot of shopper attitudes and spending habits, to understand how behaviours are changing, as well as identifying future consumer habits.

Our longitudinal study is now in its third year and this year's Barometer also focusses on eating out of home (breakfast, lunch and dinner), the increasingly important role of Omnichannel, as well as the future of shopping.

### Survey details

A sample of 1,200 consumers surveyed online using a panel from Toluna

Respondents all answer the core survey, then sub-chapters relevant to their shopping/ spending practices

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# Despite positivity, saving tactics still persist

The Shopper Barometer 2015 shows greater positivity towards the UK economy than in recent years, with 29% 'feeling confident' about its current state. This also coincides with the fact that the UK has had the best performing economy in Europe, with low unemployment, inflation and oil prices, which have in part helped deliver a reduction in commodity prices.

However, confidence diminishes when asked about the state of the economy over the **next 12 months**, where perhaps elections, exacerbated by years of uncertainty, leave people more cautious.

Overall there is a mood of cautious optimism reflected in the fact that whilst 58% are still making steps to reduce spend and save money at a general level, down from 68% in 2014. Reflecting difficult results news for supermarkets, this is one area consumers are actively saving (63% looking for opportunities to reduce spend).

To ensure that we are able to keep spending on **ourselves**, and not miss out on the nice things in life - entertainment, holidays and eating out - grocery is identified as an area where savings can be made. We have seen our food bills decrease, with average weekly spend down by £7, making the average weekly family shop £81 and the average non-family weekly shop £61.



Take steps to reduce spend and save money at a general level

Always/sometimes spend more than expected on the grocery shop

A fall in spend can be attributed to a number of factors, including both a fall in commodity prices and recent supermarket price wars/continued deep promotions. Years of cautiousness have ensured that we are also more expert at sticking to our spend targets, with families becoming better at controlling budgets. This, combined with traditional saving tactics, from money off coupons, switching brands for better deals, and using cash to control spending, has ensured that, whilst in 2014 59% always or sometimes spent more than they expected, in 2015 this has decreased to 47% as shown in our latest Barometer.

# The store is still king



We are still a nation of in-store shoppers with 86% regularly doing their grocery shop in-store. While online is increasing (13% will shop online most often for groceries – up from 10% in 2014), for many there is still a negative perception to shopping online.

Familiar key barriers still hold retailers back, from shoppers not trusting the store to pick the best products, perception of higher prices (missing out on deals and promotions at shelf) as well as perceived issues with delivery timings/ reliability. In addition shoppers looking for bargains want the option of cherry picking across supermarkets which they are not able to do online.

The big four supermarkets continue to feel the squeeze and recent price wars are a reflection of their battle for market share. Whilst Tesco may have had a difficult 2014, (from financial black holes to enforced senior executive changes) they are still the number one grocery retailer, with a third of us using them for a main shop. (18% use Asda and Sainsbury's, 12% use Morrisons and 4% Waitrose).

Figures released by Kantar Worldpanel in March 2015 indicate that Tesco are on the up, with their best results in 18 months (sales increased by 1.1% in the 12 weeks to 1 March); however perceptions of Tesco have declined in this year's Barometer across key criteria including price, promotions, quality and customer service.

When it comes to groceries we remain a nation of in-store shoppers



Tesco remain the number one grocery retailer with a third of us using it for our main shop

although only 10% are using them for a main shop with more relying on them for specific items. For non-users of discounters, contentedness with their current store repertoire, combined with concerns over range, quality (for fresh) and inability to complete a full shop, constitute key barriers. Discounters have been responding with increased messaging around the quality of fresh food to drive increased buy-in and broaden shoppers' repertoire.

Shoppers' store repertoire has decreased since 2014, down from 7 stores to 6 stores used on average per month. A reduction in panic saving and easing back in attitudes to saving money, account for this change.

Added to this, the big four continue to do battle with discounters. 63% now use a discounter for at least some items (versus 58% in 2014) and this is reflected in the recent news that Aldi has overtaken Waitrose to become the UK's sixth-largest supermarket chain with a 5.35% share of the market (Lidl is 3.7%). Aldi's growth is also certain to continue as they plan to open 70 new stores in 2015, including its largest store to date in Louth, which will be up to 20% larger than most of its current stores. An initiative we'll watch with interest as it flies in the face of mults' behaviours in moving away from larger store footprints.

For those using discounters, savings combined with quality are the key factors driving usage, although only 10% are using them for a main shop with more relying on them for specific items. For non-users of discounters, contentedness with their current store repertoire, combined with concerns over range, quality (for fresh) and inability to complete a full shop, constitute key barriers. Discounters have been responding with increased messaging around the quality of fresh food to drive increased buy-in and broaden shoppers' repertoire.

# A question of loyalty



Despite a slight drop in ownership by the top three (Tesco, Boots, Nectar) loyalty cards, popularity currently remains high - 93% own at least one of the top three cards.

However the traditional loyalty scheme and the practice of simply saving points is under threat, as a shift in consumer preferences (fuelled by social media) demand more immediate rewards and satisfaction.

Retailers therefore need to work harder at tailoring offers, whether digitally personalised incentives through social media, email or instant rewards – just look at how Waitrose's free tea or coffee promotion worked when introduced.

The warning signs for the 'basic' loyalty card are there, especially when 19% forget to use them and 35% claim rewards don't seem relevant enough.

93% of consumers own at least 1 of the top 3 loyalty cards



A free cup of tea or coffee every day as a myWaitrose member

One **FREE** regular tea or coffee every day

myWaitrose  
More of what you love

Waitrose Cafe

Terms and Conditions

Retailers need to work harder at tailoring offers to boost loyalty card success

# How we determine value

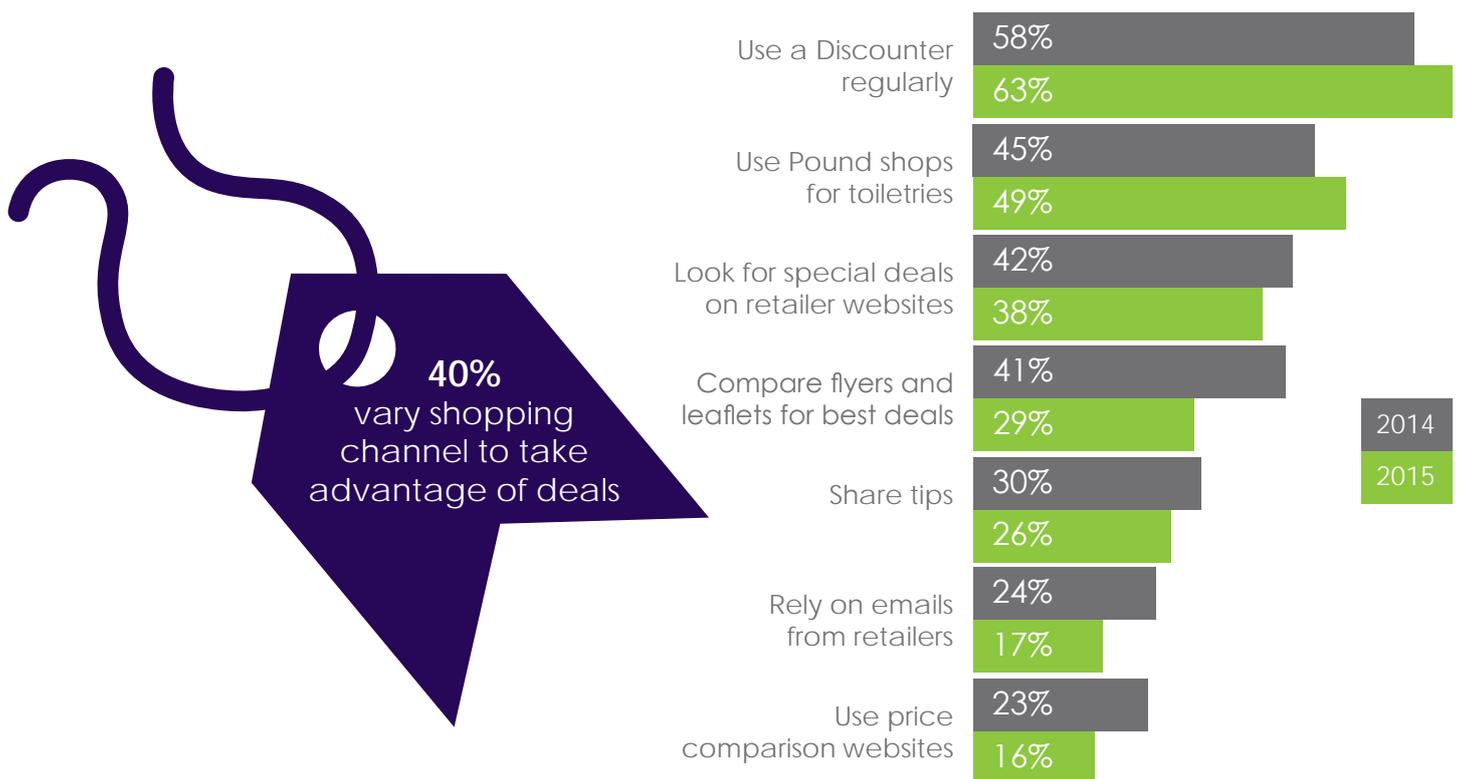


Identifying and understanding value is a complex issue. Value can be perceived as measuring the product benefits and the emotional attachment, balanced against price. For shoppers there is often a trade-off, for example; local vs. fresh or quality vs. price, and this varies between product categories.

Shoppers are more likely to buy in to own-label amongst household staples, whereas when it comes to personal care and baby care there is a tendency to buy brands. Two categories where shoppers won't resist trading down by brand or retailer are pet and baby.

40% will actively vary channels in search for "best value" and increasingly shoppers believe that it's acceptable to buy different grocery categories from discounters - 68% open to using Wilko and 66% Poundland.

Discounters are increasingly popular for buying branded items 'on the cheap' especially for laundry products and toiletries. However, the Barometer does reveal that certain saving tactics have decreased year on year. These include looking for deals on retailer websites, comparing flyers and the use of price comparison websites; again a reflection of increased consumer confidence.



# Conclusions



Our shopping tactics have evolved and we have learnt from previous years that our approach to saving is now more streamlined and built around specific stores vs. widespread research. The Grocers themselves have set up some pretty ingrained behaviour in shoppers' bargain expectations.

With grocery now being identified as a main area in which to save; retailers have a significant opportunity to tailor offers and rewards towards their customers' needs. Tesco has definitely suffered on the back of a bad year in the press and their recovery tactics are ones to look out for.

Despite positive 2015 figures; more work still needs to be done by discounters. More messaging around range and overall quality needed to transform them into destinations for main shop vs. specific items.

For more information on the Shopper Barometer 2015 or to learn more about our approach to understanding shopper behaviour, please call or email Noreen Kinsey, Head of Shopper Insights:

E: [noreen.kinsey@futurethinking.com](mailto:noreen.kinsey@futurethinking.com)

T: +44(0)1865 336 400

For more information about Future Thinking, visit:

[www.futurethinking.com](http://www.futurethinking.com)

or follow us on Twitter: [@FutureThinkHQ](https://twitter.com/FutureThinkHQ)



# About us



## Noreen Kinsey, Head of Shopper Insights

Noreen joined Future Thinking in 2008 and has over 20 years' agency experience. With a background in the psychology of shopper behaviour and customer experience, Noreen is well-versed in defining the levers that jolt shoppers from script behaviour in-store and evaluating drivers and barriers to brand usage and loyalty.

Noreen can turn her hand to Qual and Quant and her experience also includes VR research.

[noreen.kinsey@futurethinking.com](mailto:noreen.kinsey@futurethinking.com)

+44 (0) 1865 336 400



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For more information about the company please contact John Whittaker, Head of Marketing on +44 (0) 1865 336 400 or at [john.whittaker@futurethinking.com](mailto:john.whittaker@futurethinking.com)

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