

Premium prices pose a barrier to the rise of 'conscious consumerism' among European shoppers

Submitted by: IRI

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IRI's European Shopper Survey reveals consumers in Italy, Greece and Spain relate more closely to retailers who claim to care about the environment

According to IRI (<http://www.iriworldwide.com>), the big data and technology expert for consumer industries, a new European Shopper Survey (<https://www.iriworldwide.com/en-GB/insights/Publications/Shopper-Insights-Geocentric-Purchases-and-Millennials-Attitudes>) released today reveals that despite 7 out of 10 European shoppers identifying favourably with companies that demonstrate strong sustainability credentials, nearly half (48%) are reluctant to pay more, particularly for locally-sourced and organic food.

Shoppers were asked about their preferences for buying products from companies that were seen to be fair and transparent, respected the environment, used recyclable packaging and had low food miles. Close to 70% of European shoppers favoured each of these attributes.

The survey of more than 3,300 consumers from seven European countries asked shoppers a range of questions regarding their shopping habits, expectations for the future of grocery retail and examined the shopping behaviour of younger generations of millennial consumers.

There's a resounding "Si, per favore!" from Italy recording the highest country score in 3 out of the 4 questions relating to packaging (81%), food miles (83%) and fairness (81%), while Greek shoppers extended an olive branch to retailers that were willing to respect the environment (83%).

Olly Abotorabi, Senior Regional Insights Manager at IRI, comments: "Conscious consumerism is on the rise and shoppers are more aware than ever of the ethical and environmental impact their purchases can have on the environment. The sustainability credentials of retailers can be a decisive factor for many European consumers' purchasing decisions. However, it's clear that the price point of certain categories, such as fresh local produce, remains a barrier to growth."

Abotorabi continues: "Stronger communication instore and online regarding product quality and the support provided for local producers, offer viable routes to overcome this hurdle for more than half of the shoppers surveyed. These factors were identified as key for those who regularly 'buy local' and can help justify increased spending or a switch in preference. In return, this could help build category value for retailers and manufacturers across the region."

Food (and fuel) for thought

In what is becoming a remarkable transition away from using fossil fuels in efforts to reduce rising global temperatures, many major retailers have set ambitious carbon reduction targets. Such examples appear to resonate well with many consumers as a significant number (67%) said they would prefer to buy products from retailers that used alternative and renewable energy.

IRI's survey also identifies the prominence of technology and its significant influence on the shopping

habits of younger groups. Young millennials, aged 18-24, are addicted to a wide range of digital content with some research suggesting they spend an average of 8.5 hours a day online. IRI's research revealed 61% of these younger shoppers went online to research new FMCG product and store information, with over half using their smartphones as their preferred device.

Abotorabi outlines how these findings can benefit retailers and manufacturers. "We talk a lot about physical availability in the quest to build brands. That's essential, but online visibility of product attributes, transparency and the promotion of these qualities offers an increasingly important platform to help shape and validate younger generations' spending choices, both instore and online. It's clear there's also a substantial audience for retailers to capture via geo-marketing on smart devices in a bid to drive footfall and influence impulse purchasing."

Other topline trends from IRI's European Shopper Survey 2018 include:

- **Fresh is best:** Shoppers have a much stronger connection with locally produced fresh food, with 29% preferring local national brands. This represents the highest preference across all five grocery categories, while packaged foods (14%) shows the most promise for future geocentric purchasing for local brands. Spain (40%) and Greece (36%) score the highest for their preference towards buying locally-produced fresh food, compared to an average of 32% across all countries.
- **Millennial movers:** Older generations show a propensity towards purchasing local products while, perhaps surprisingly, younger millennials appear marginally less concerned about product origin and environmental impact and are more inclined to buy established international brands which are perceived to be more innovative and offer a superior brand experience.
- **Geocentric purchasing:** A win for fresh food but a challenge for other FMCG products. Buying local is becoming more relevant throughout Europe however, shoppers remain reluctant to change their purchasing habits on some macro-categories, particularly in personal and beauty care. Barriers to wider geocentric purchasing include; limited range, the journey to alternative stockists and higher prices compared to bigger brands.
- **High expectations:** Across all age groups, shoppers' top 3 future expectations for brick and mortar superstores, convenience stores and discounters showcase a clear consensus on delivering products with less plastic packaging (43%); more local brands in-store (43%) and higher product quality (38%). While younger millennials (18-24 years), looked for improved instore technology and more convenient, ready-to-eat food and drink options.

Notes for editors:

- Table showing the percentage of European shoppers identifying preference towards buying products from companies with strong sustainability credentials is available upon request.

- To download the report, visit:

<https://www.iriworldwide.com/en-GB/insights/Publications/Shopper-Insights-Geocentric-Purchases-and-Millennials-Attitudes>

- To download the infographic, visit:

https://www.iriworldwide.com/IRI/media/IRI-Clients/International/millennial_shopper_habits.pdf

About the IRI European Shopper Survey

IRI interviewed 3,334 shoppers in Italy, Greece, Spain, Germany, France, the UK and the Netherlands about key shopper issues. The survey focused on five macro-categories – Packaged Food, Fresh Produce, Beverages, Frozen Food and Personal & Beauty Care. Shopper responses were divided into three age groups – young millennials (18-24 years), older millennials (25-34 years) and Generation X (over 35 years).

About IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC healthcare, retailers and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. www.IRIworldwide.com. Follow IRI on Twitter.

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