

# 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

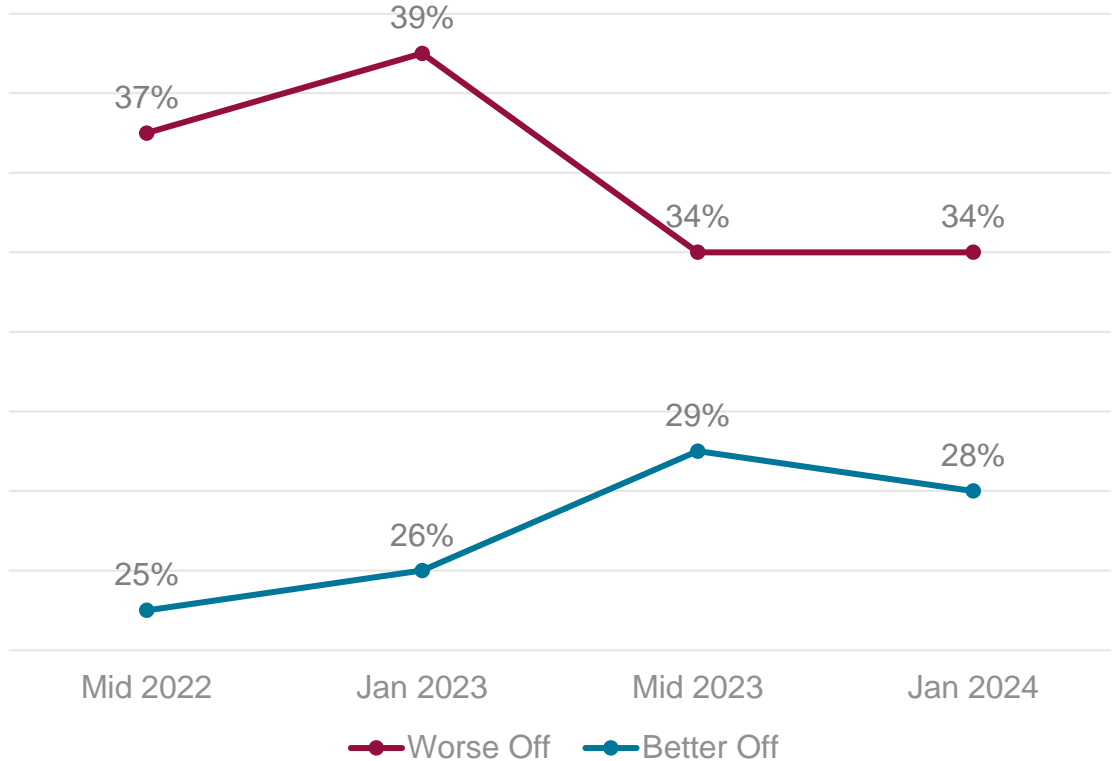


Source: NIQ 2024 Consumer Outlook vs Mid-Year 2023 Survey, Global

# 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

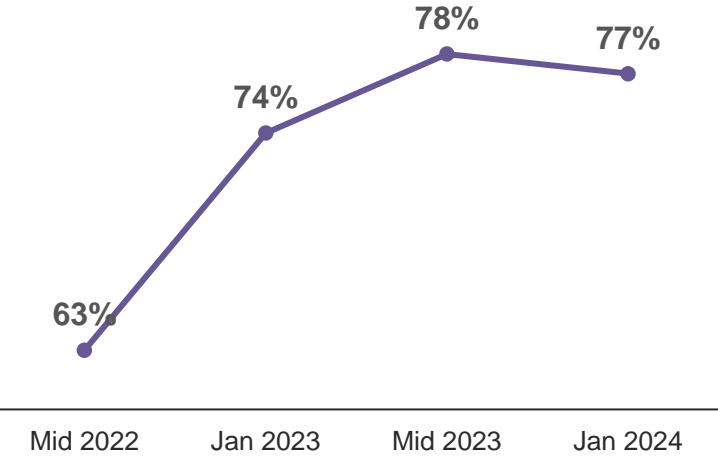
# Consumers can't escape the cost-of-living crisis

Causes of worsening financial situations among consumers

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

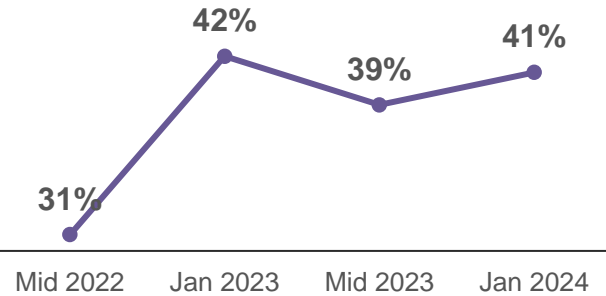
# 77%

## Increased costs of living



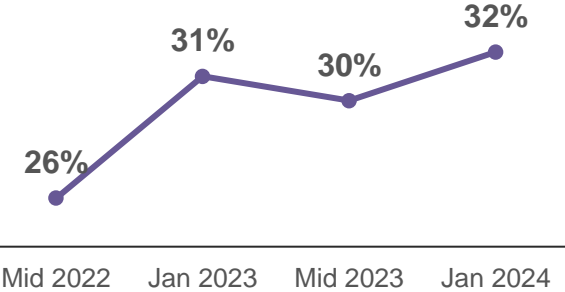
# 41%

## Economic slowdown



# 32%

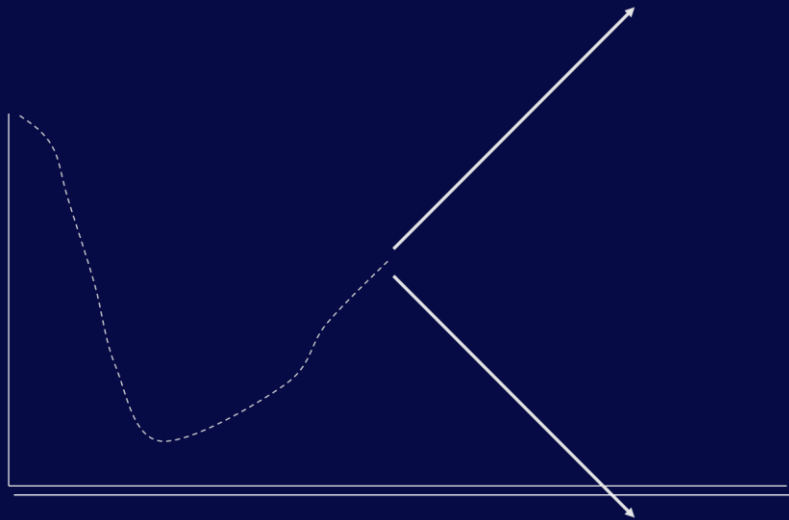
## Job insecurity / loss



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

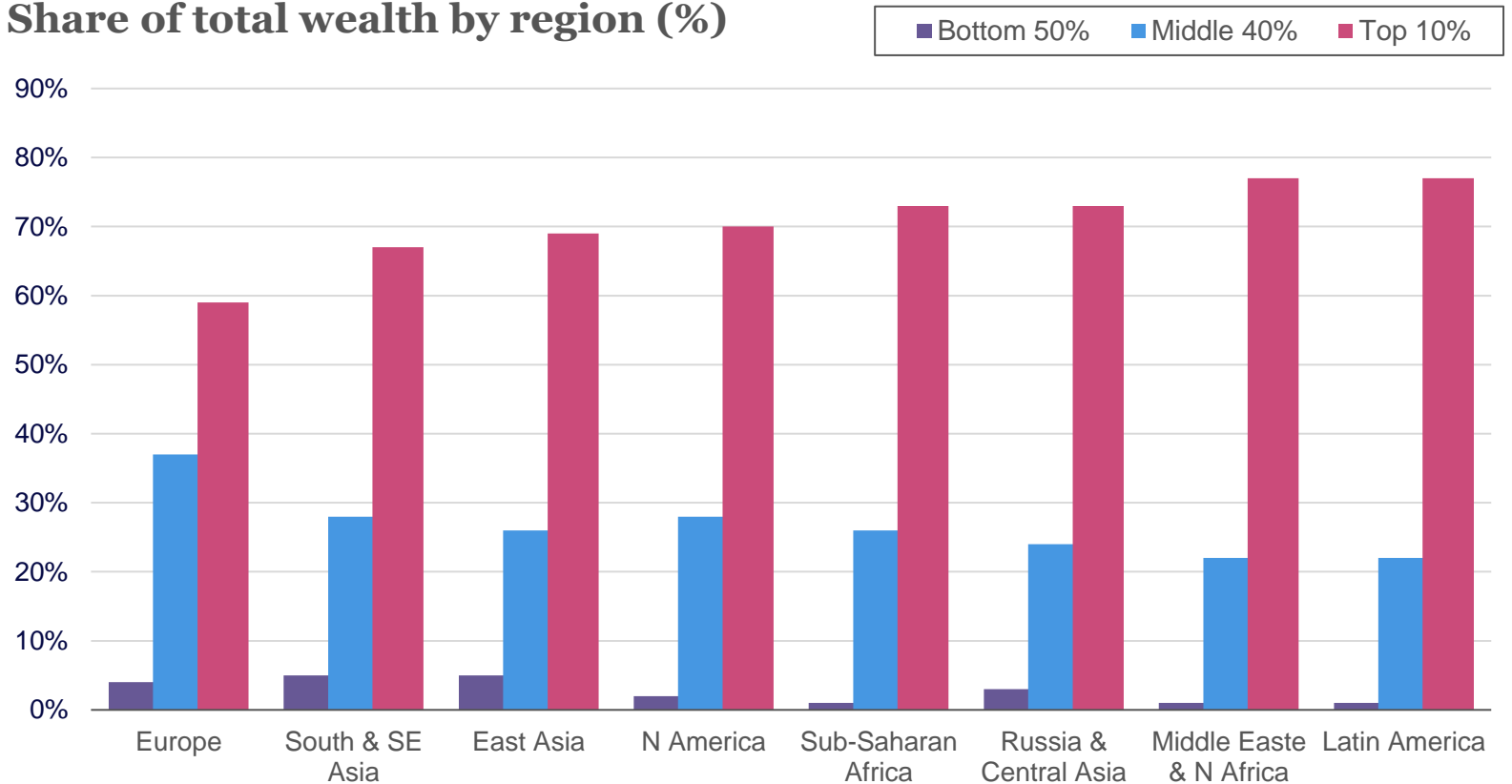


Illustrative data/visual/concept

## Extreme concentration of capital among the wealthy

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

### Share of total wealth by region (%)



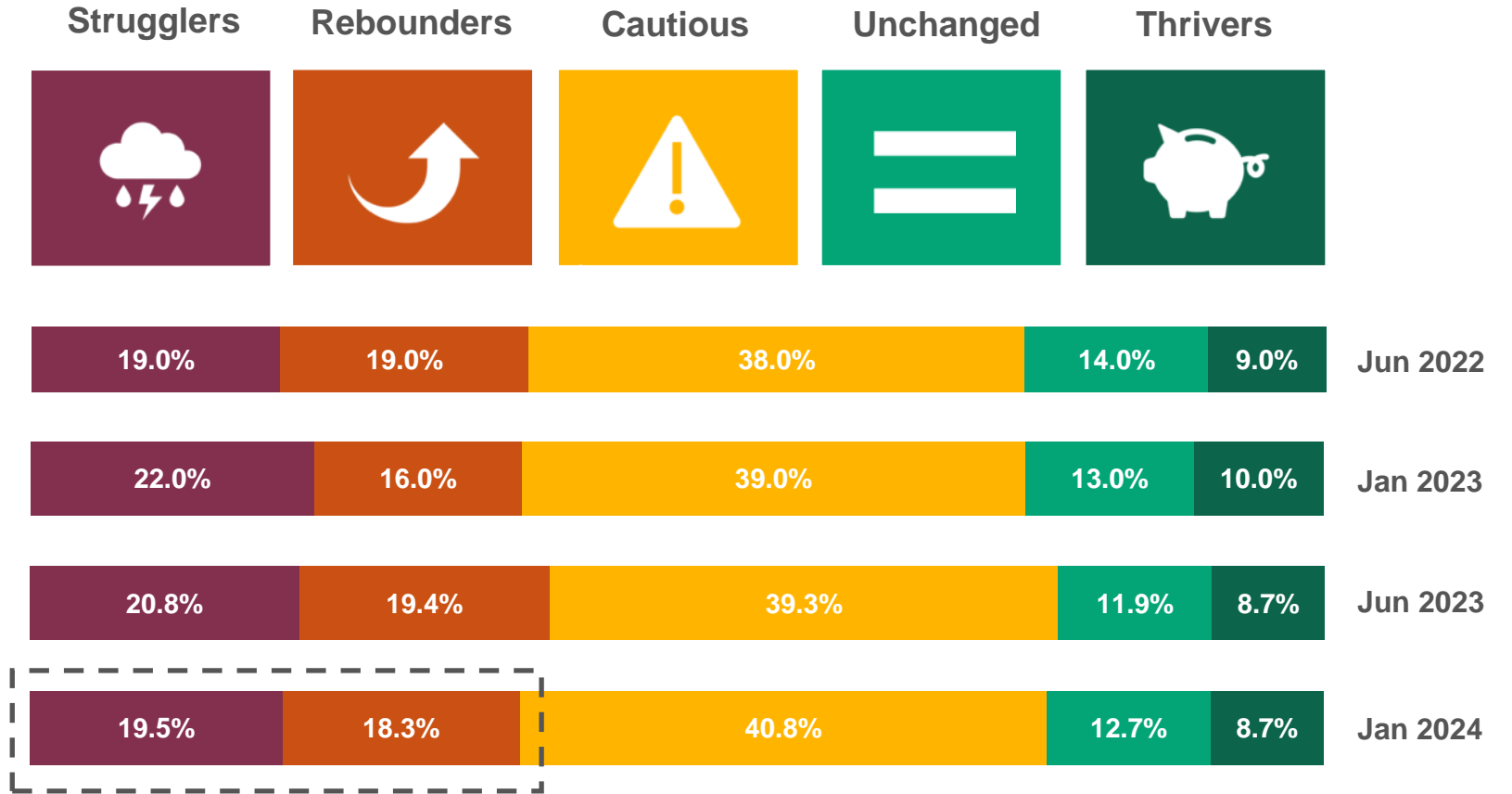
Source: World Inequality Report 2022, Executive Summary – Fig. 4

# 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*

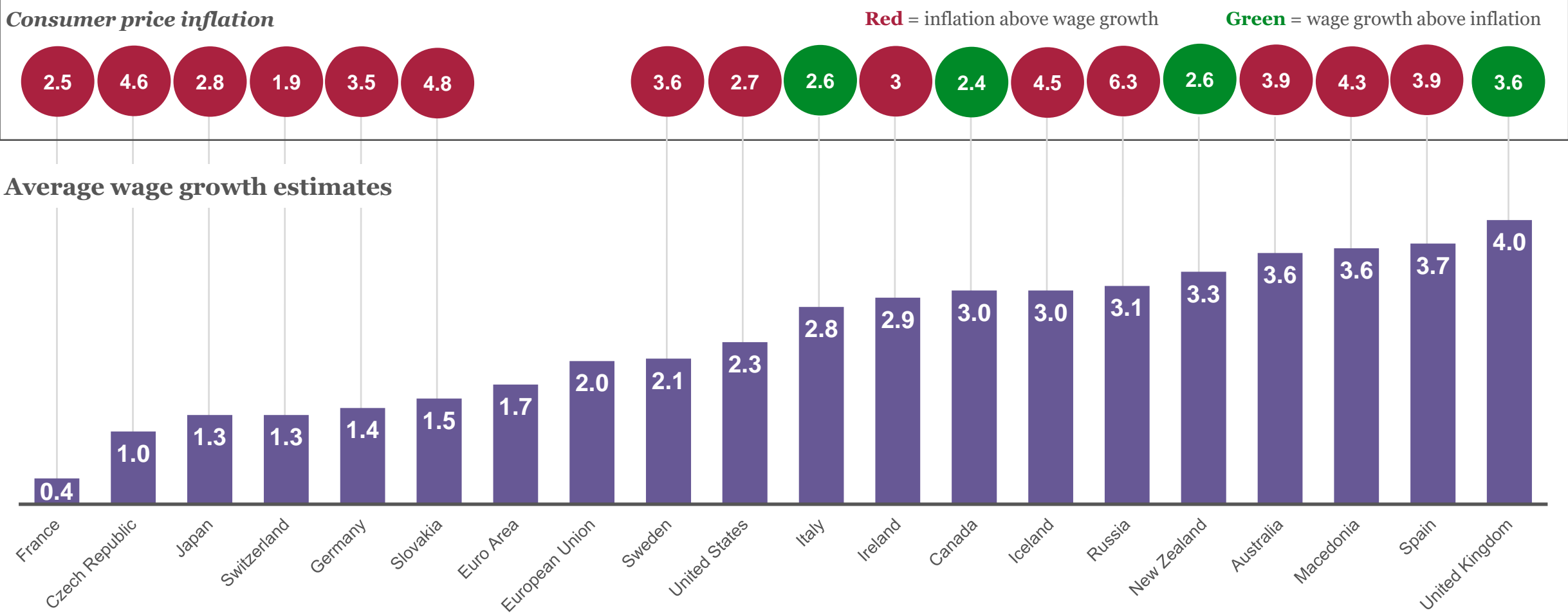


**38% Vulnerable Consumers**

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

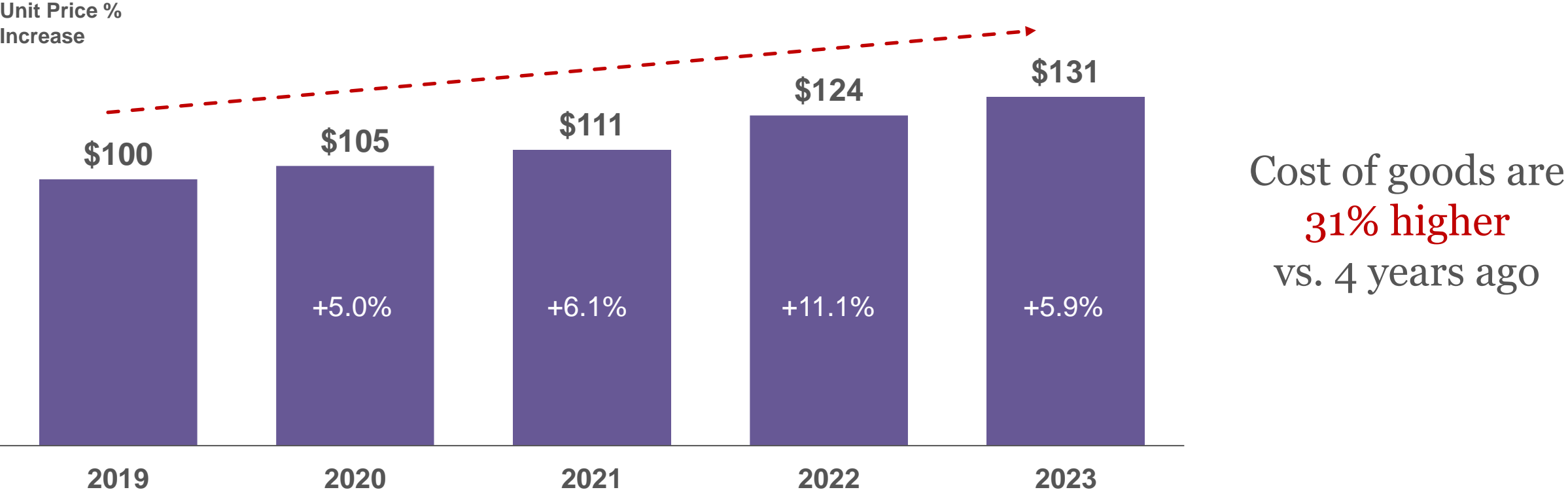
Average wage growth forecasts for 2024 compared to consumer price inflation



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



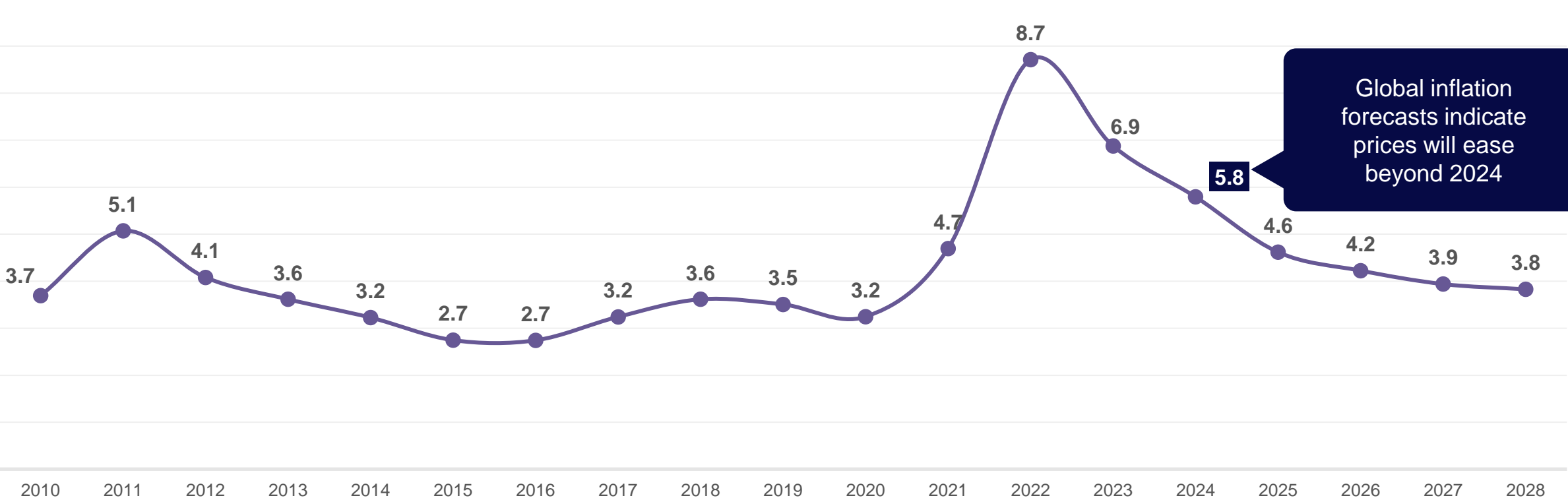
# Using the U.S. as an example: FMCG price pressures continue to compound



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

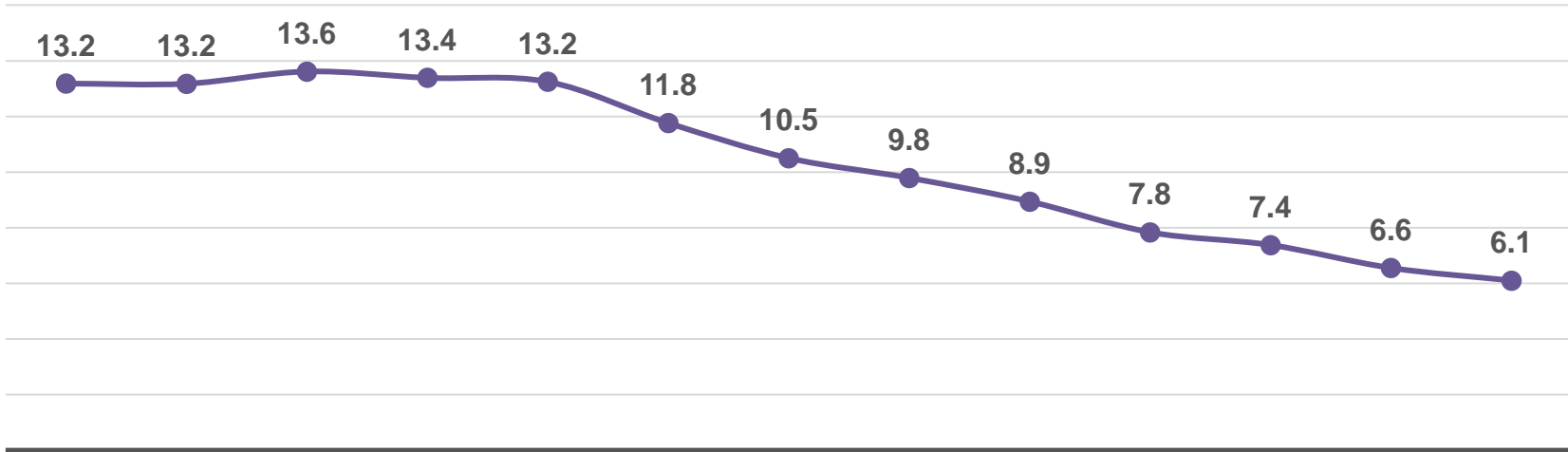
Global CPI % growth forecast



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
<b>FMCG</b>	+9	+9	-1
<b>Food</b>	+10	+10	-2
<b>Non-Food</b>	+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

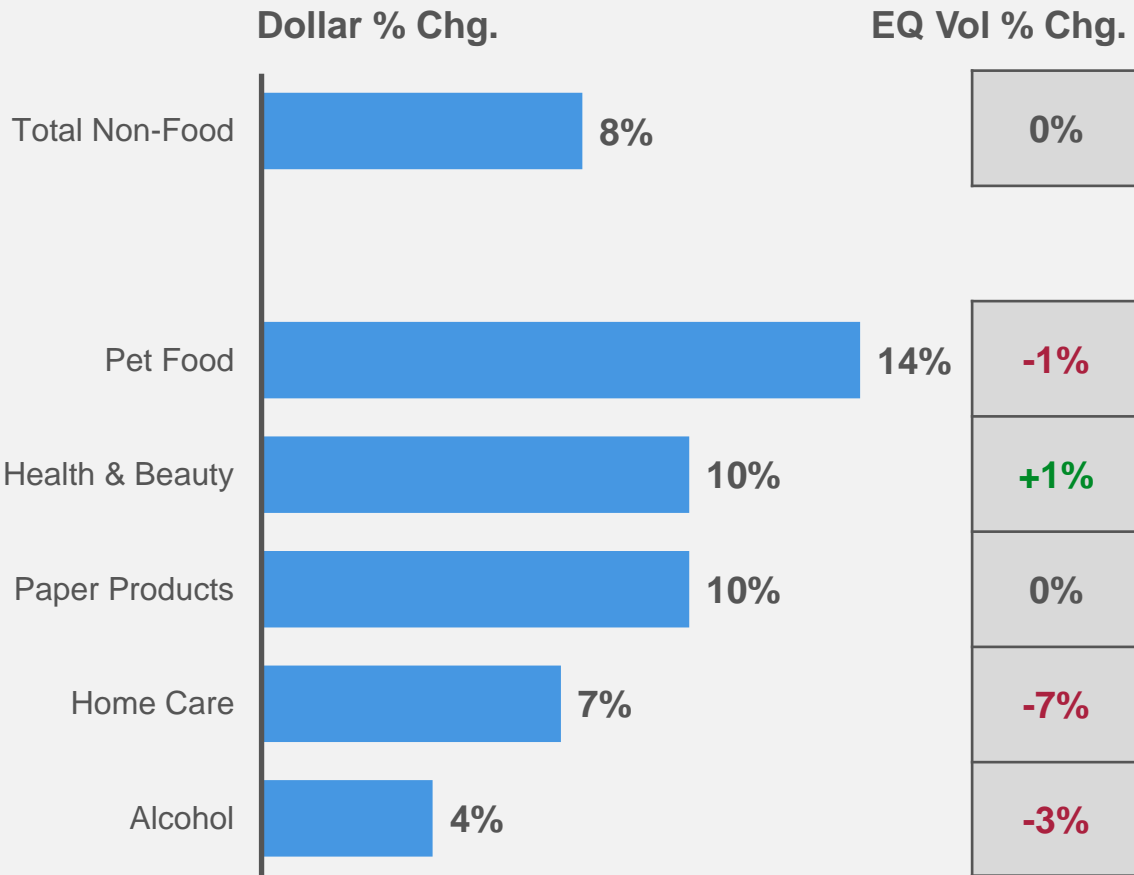
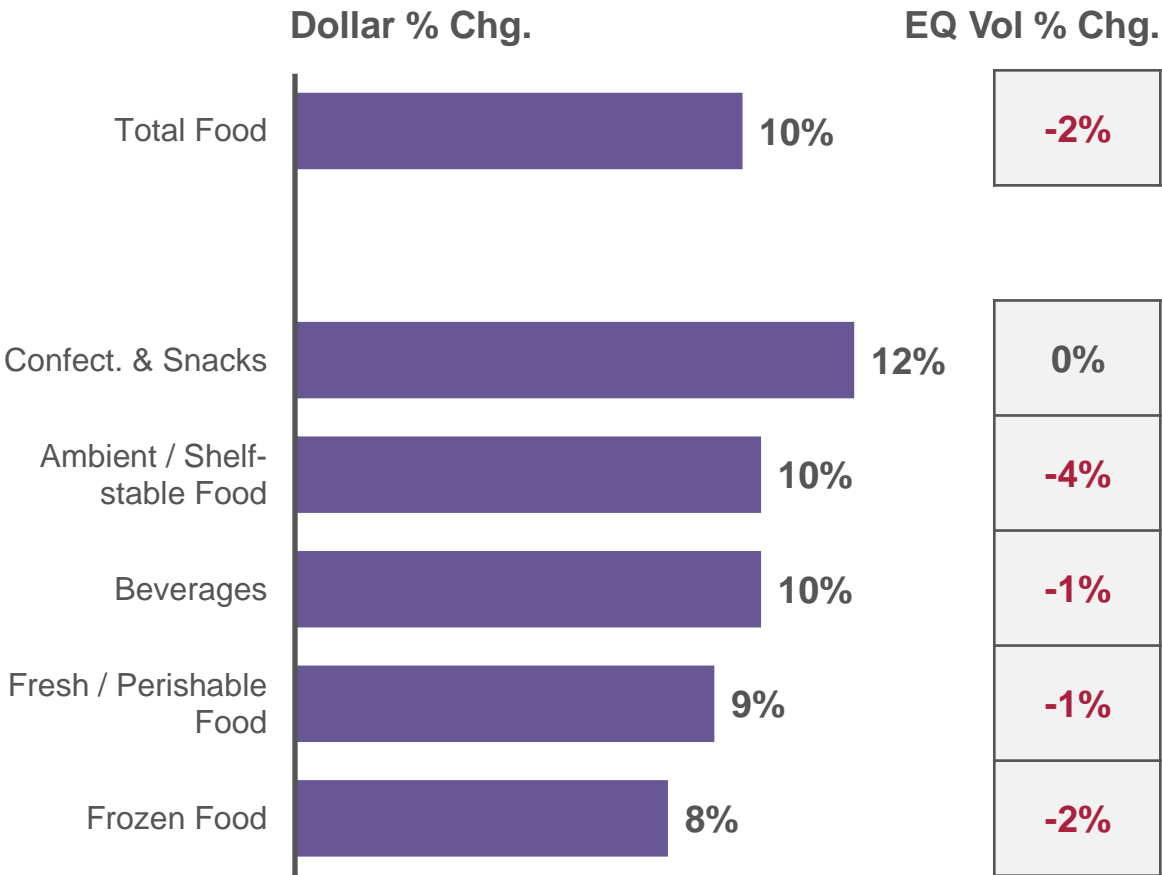
*Connecting the dots*

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



**NIQ**

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



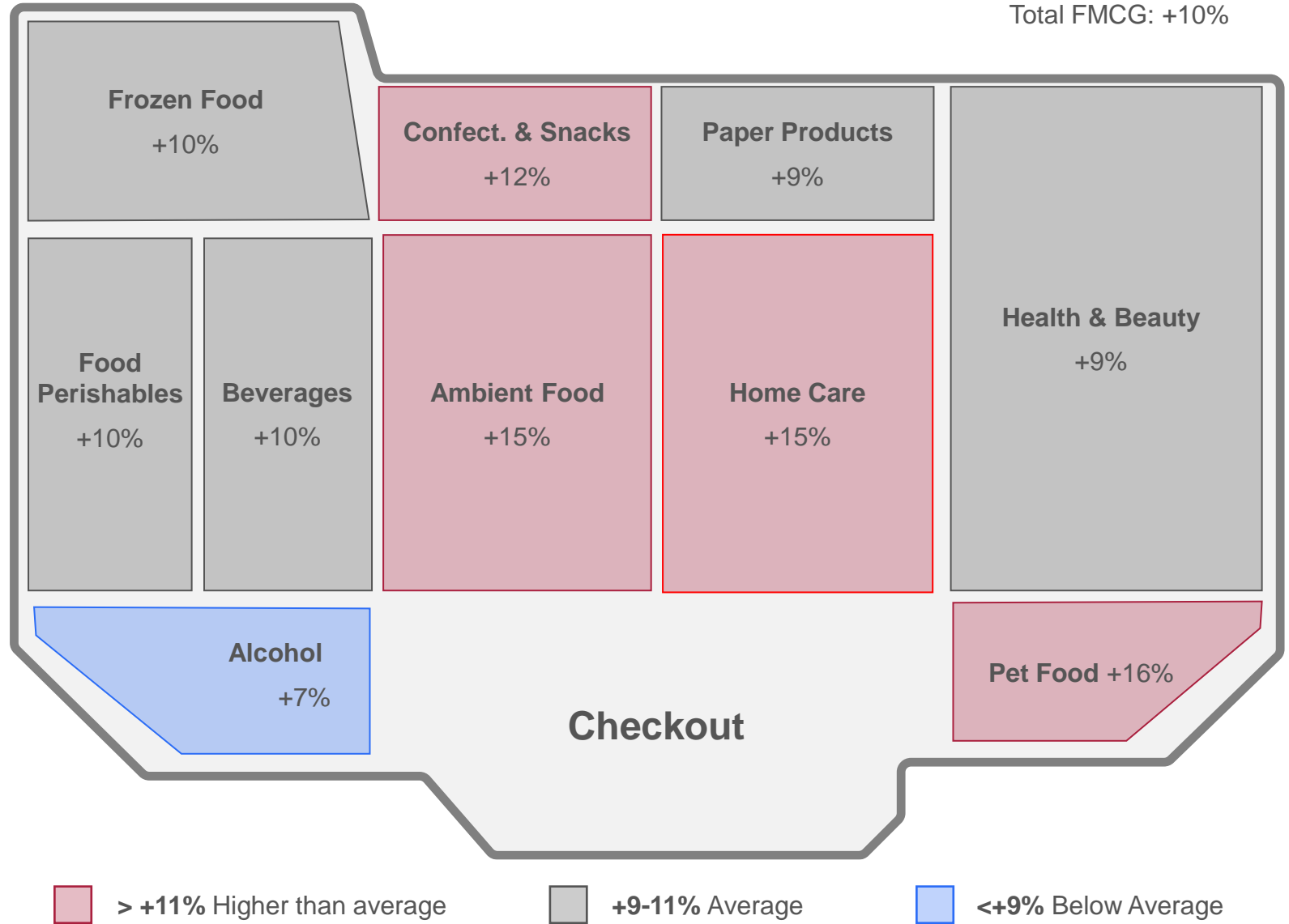
Source: NIQ Global Price Tracker – Annual 52 weeks ending, November '23, sales reflected in USD

**Rising prices are still plaguing several key departments**

Department Inflation Heat Map - Annual

EQ Vol Price % Change

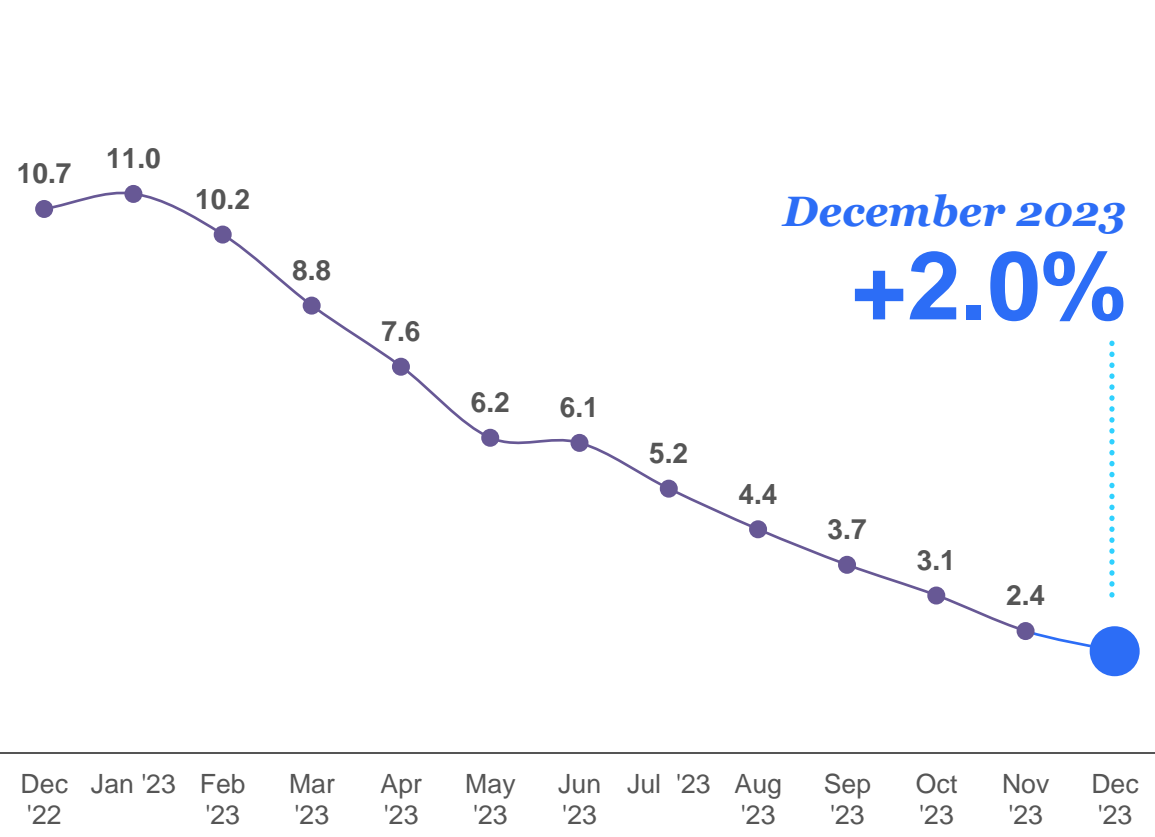
Total FMCG: +10%



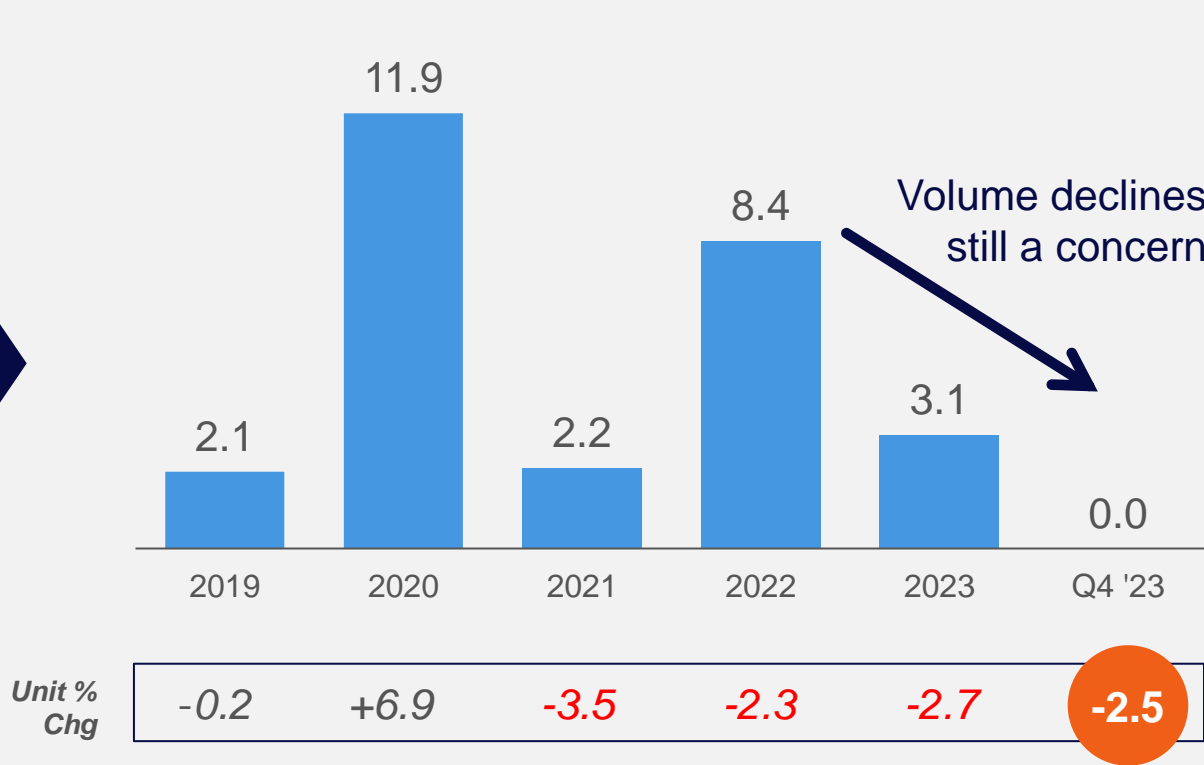
Source: NIQ Global Price Tracker – Annual 52 weeks ending, November '23

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

US: Total FMCG Average Unit Price % Change



US: Total FMCG Dollar Growth



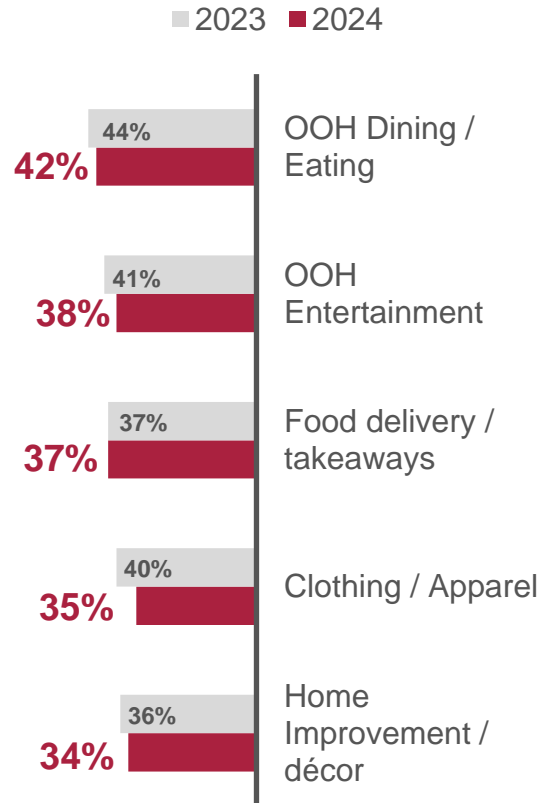
Without the right data and subsequent action, 2024 could be a race to zero-dollar growth in the US and beyond

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

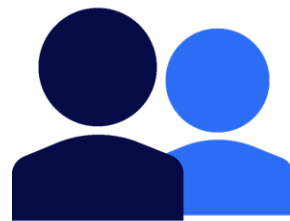
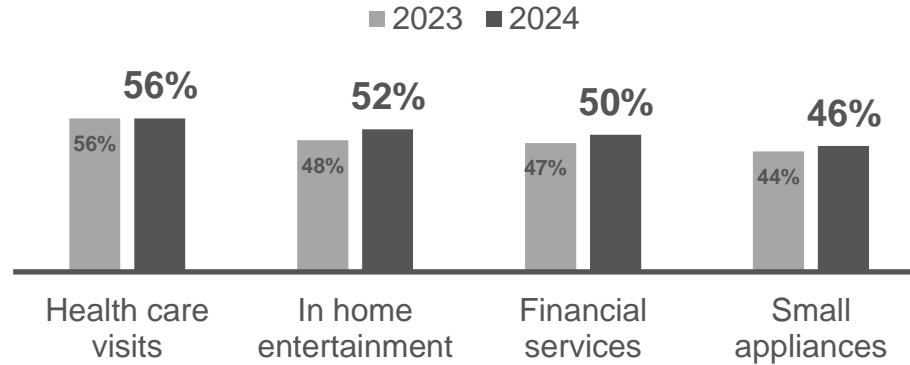
# Wallet shifts favor spending more on life essentials

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

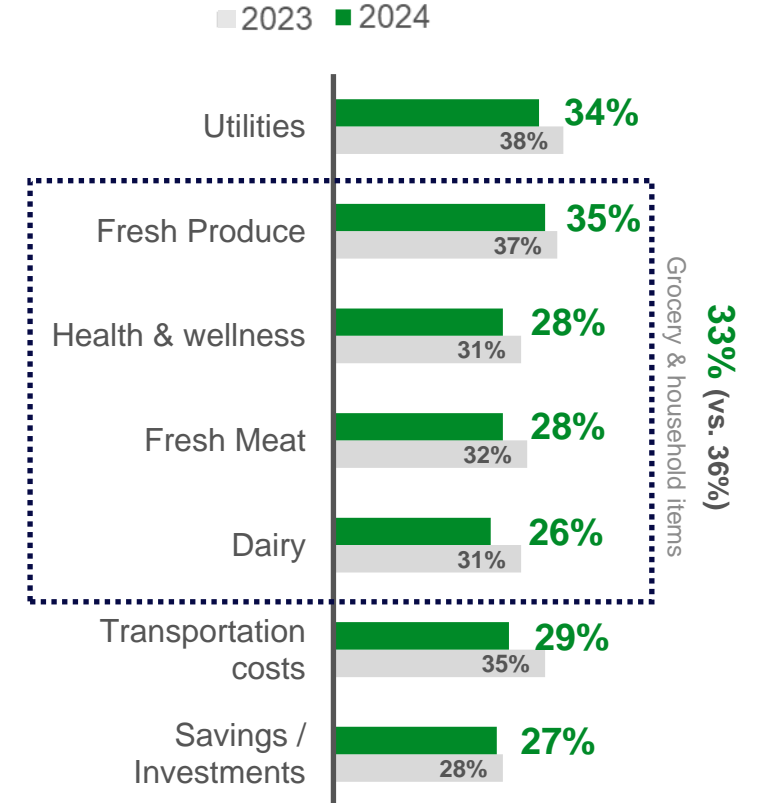
## Spending less



## 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."

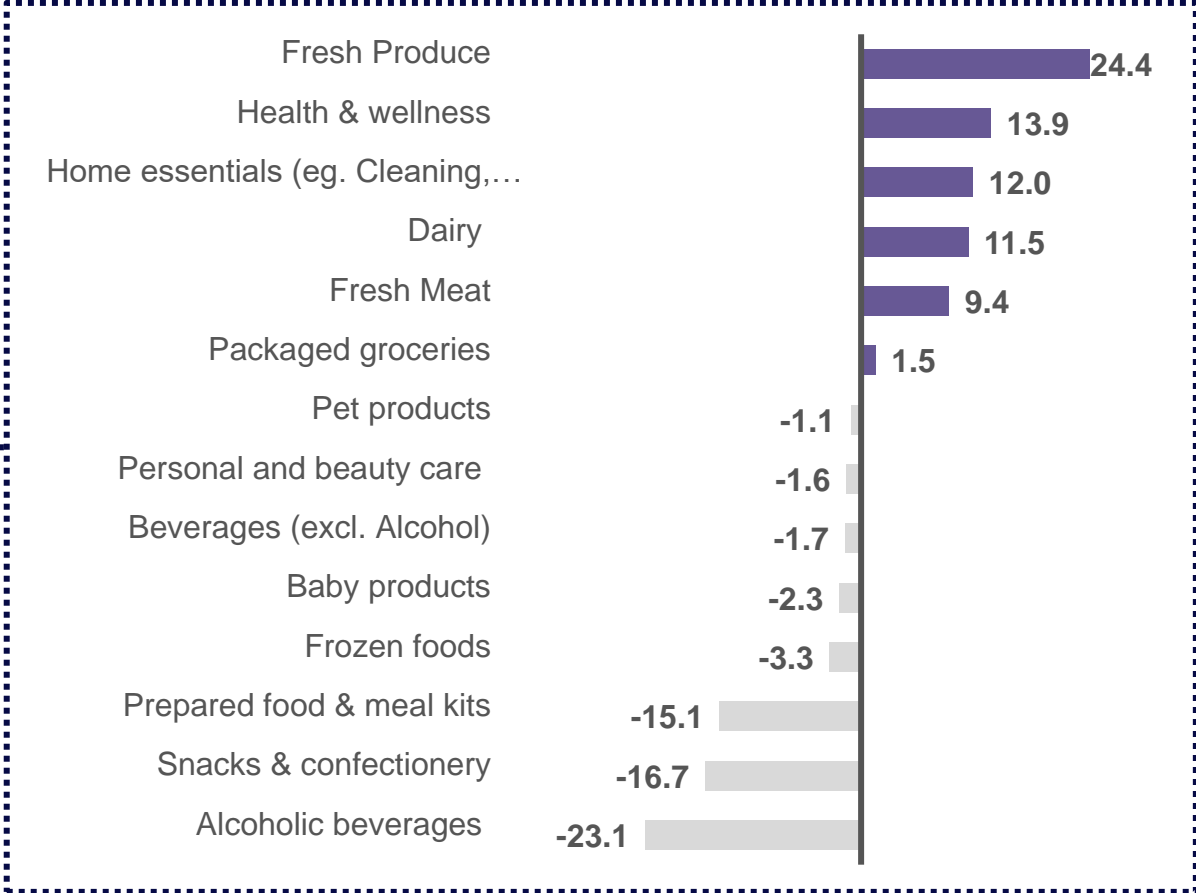
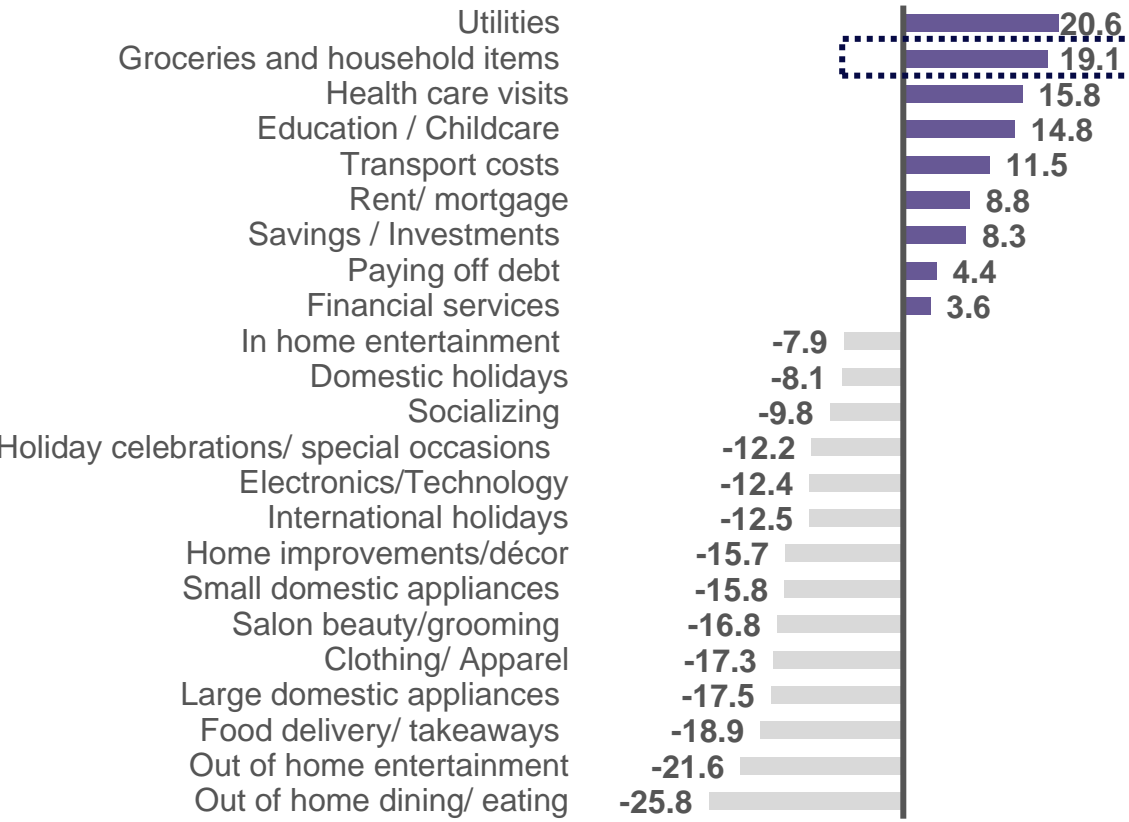


# FMCG retains essential positioning among consumers

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%

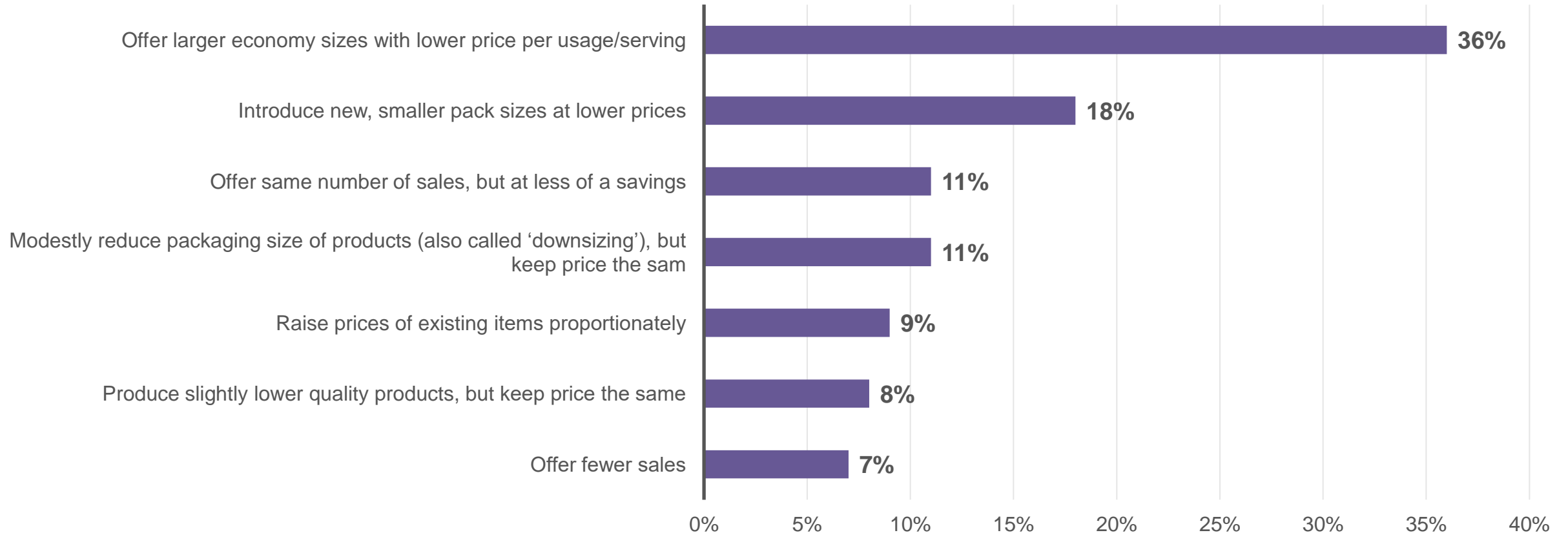
Source: NIQ Consumer Outlook 2024, Global

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

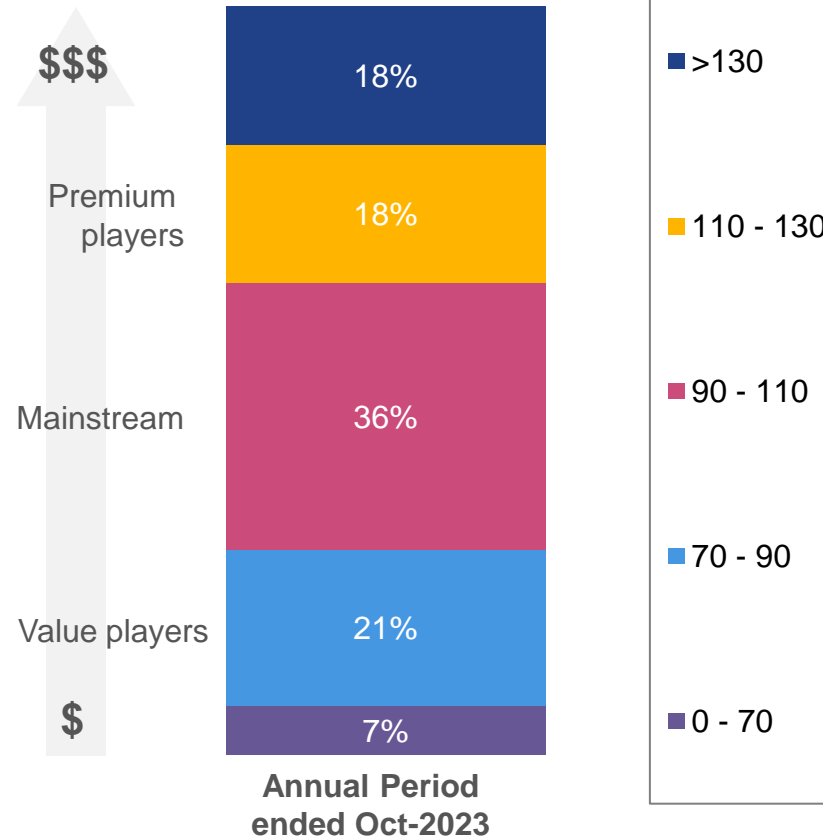
# Adapting to Global Price Tier Shifts

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

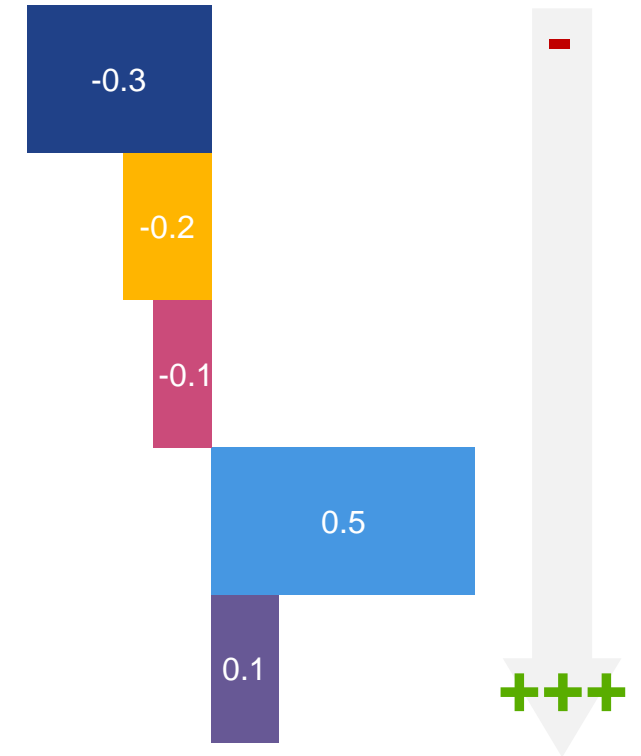
Value sales mix – Latest year ended Oct'23 – Total FMCG



## 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.

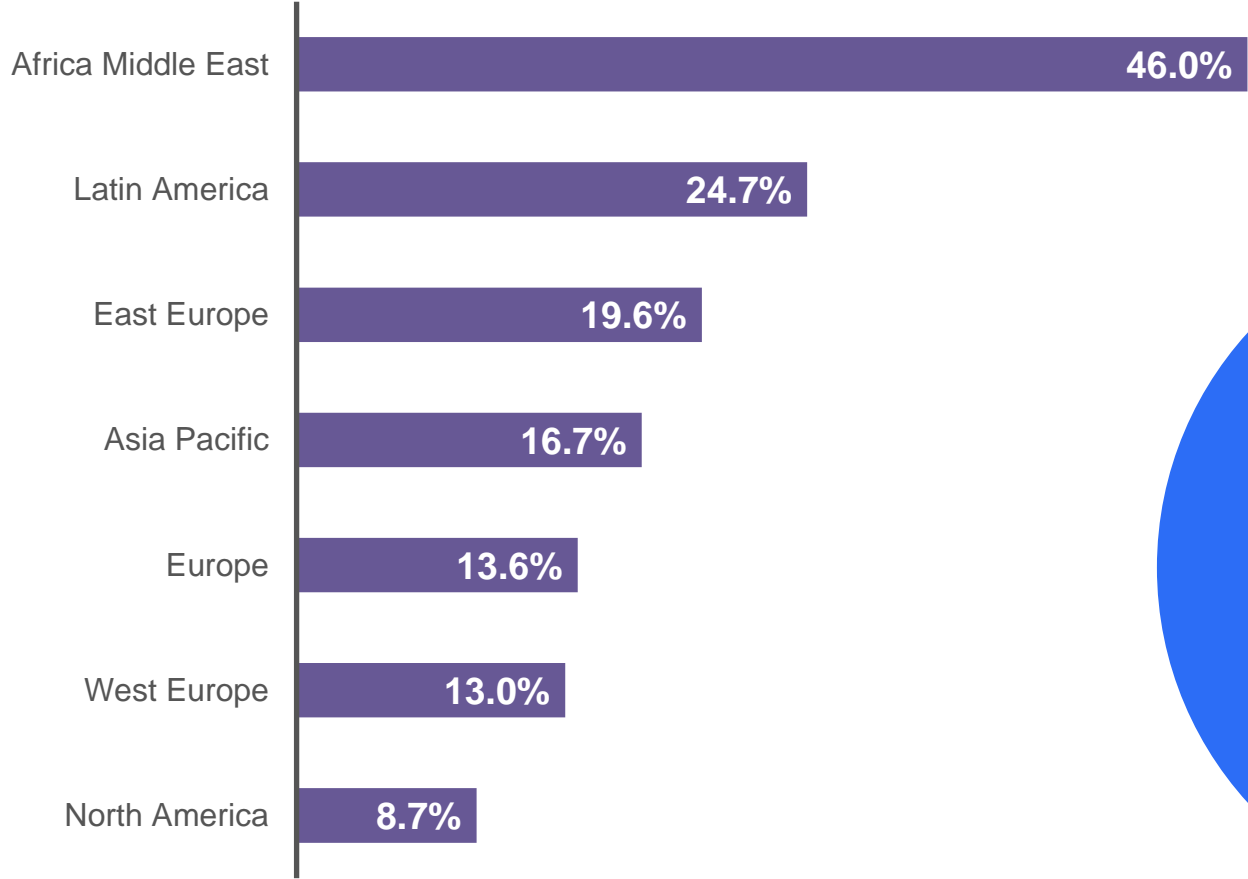
Although there is an expectation the challenging consumer environment will persist, there have been **pockets of growth** across the last few years that highlight winning strategies.

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



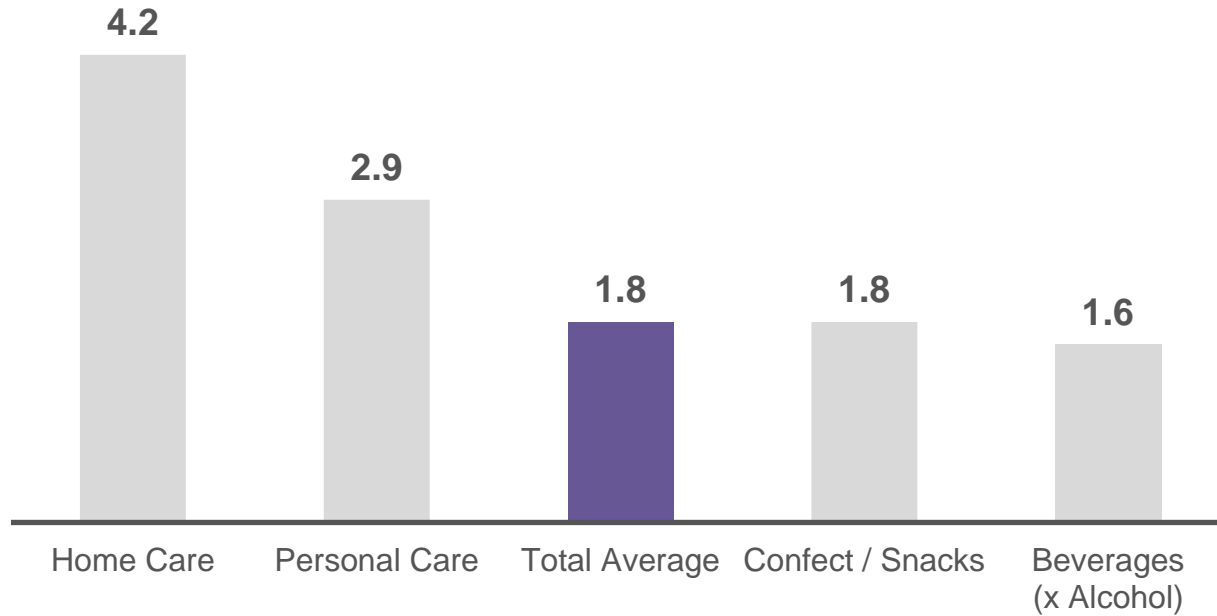
Source: NIQ Retail measurement services, Latest year ended Q3 2023 vs. year-ago, via Quarter By Numbers, Private label report



# 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**

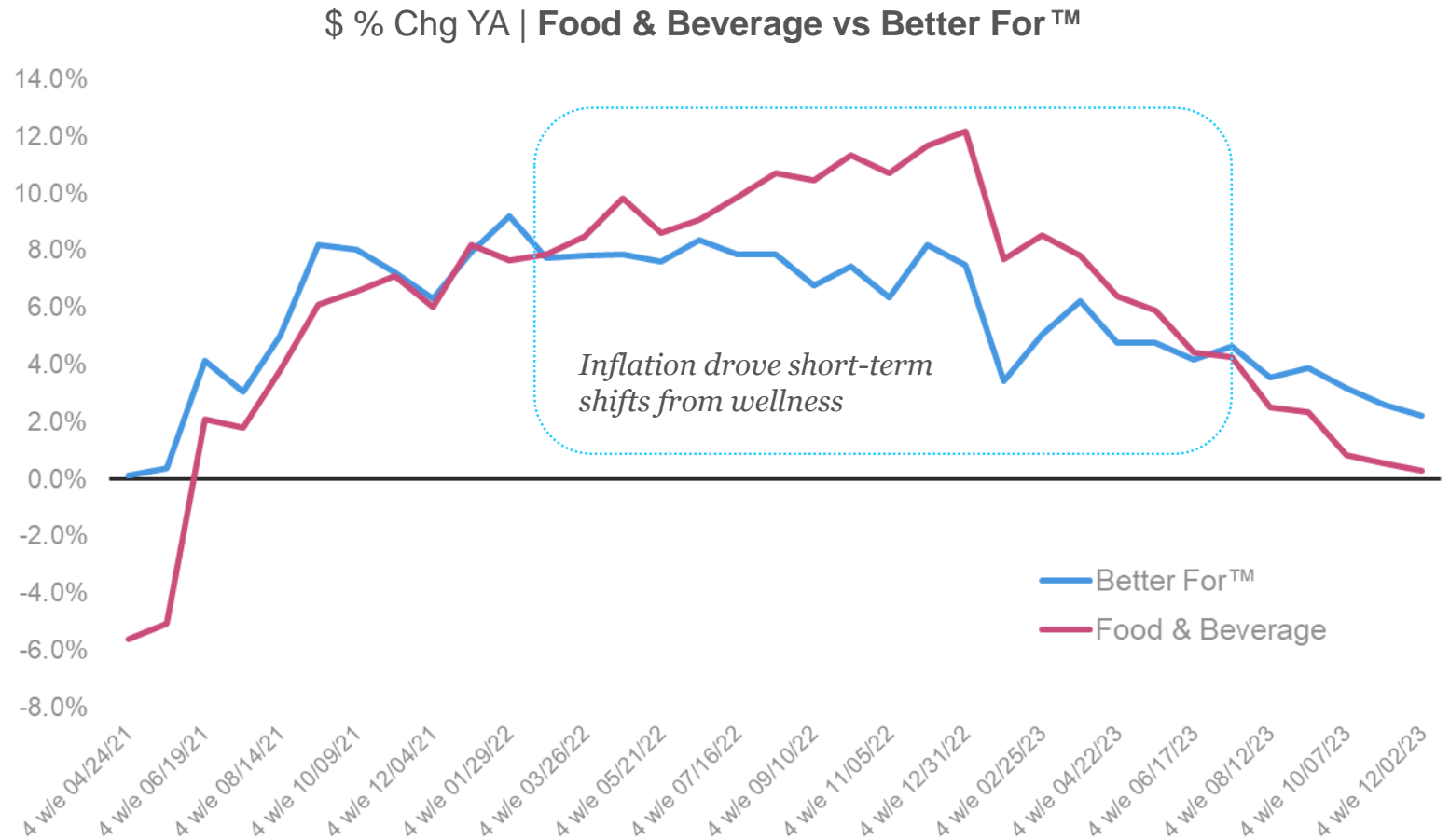
more likely to grow overall sales than those with stagnant or declining innovation sales

\*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*™ ...



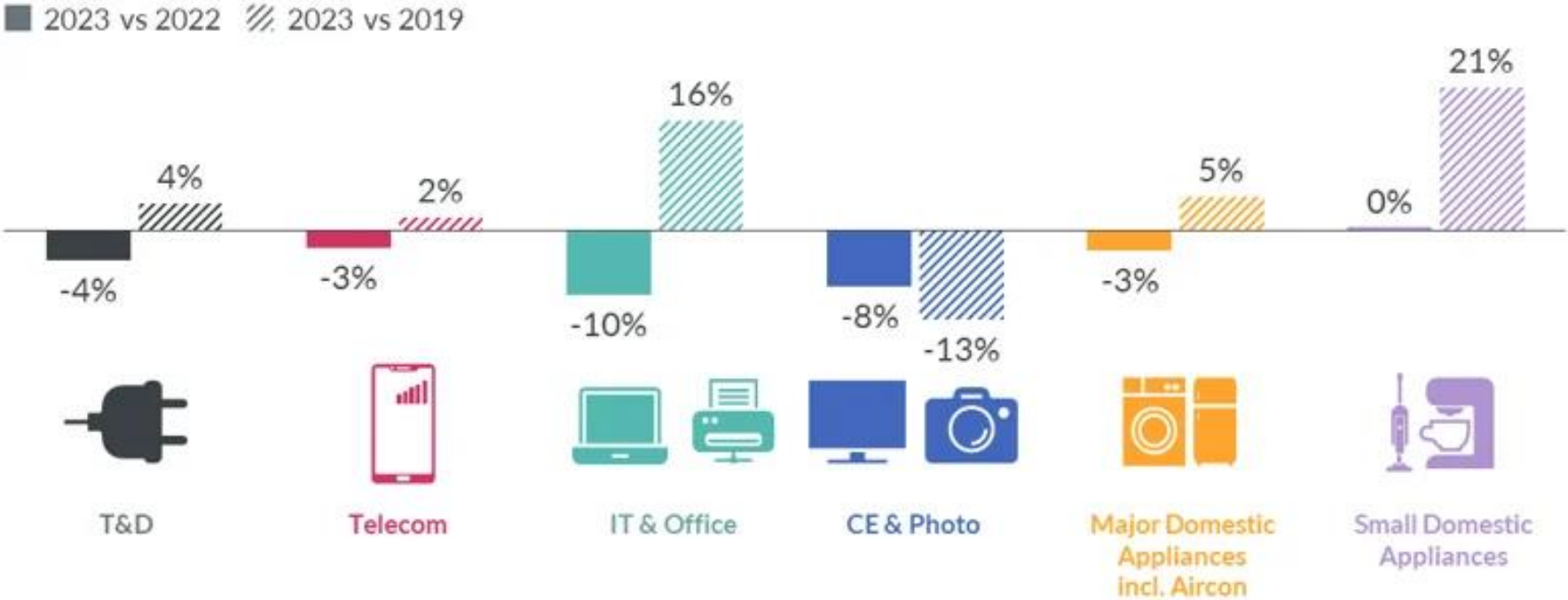
Inflation impacted Better For trends in the past year, but growth expected in 2024 as sales trend is shifting back



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:

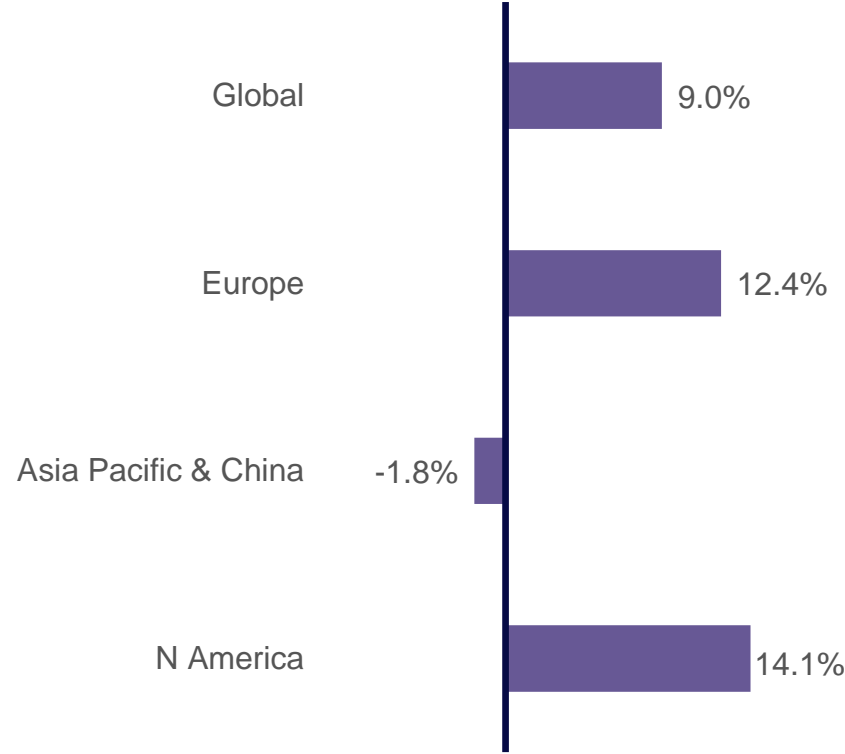
- Almost four years after the pandemic, replacement cycles will kick in, especially for faster-moving categories such as smartphones and mobile PCs. Accordingly, the Telecom category is expected to see growth in 2024 due to new purchases, with the trend continuing towards premium devices.
- Long-term 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

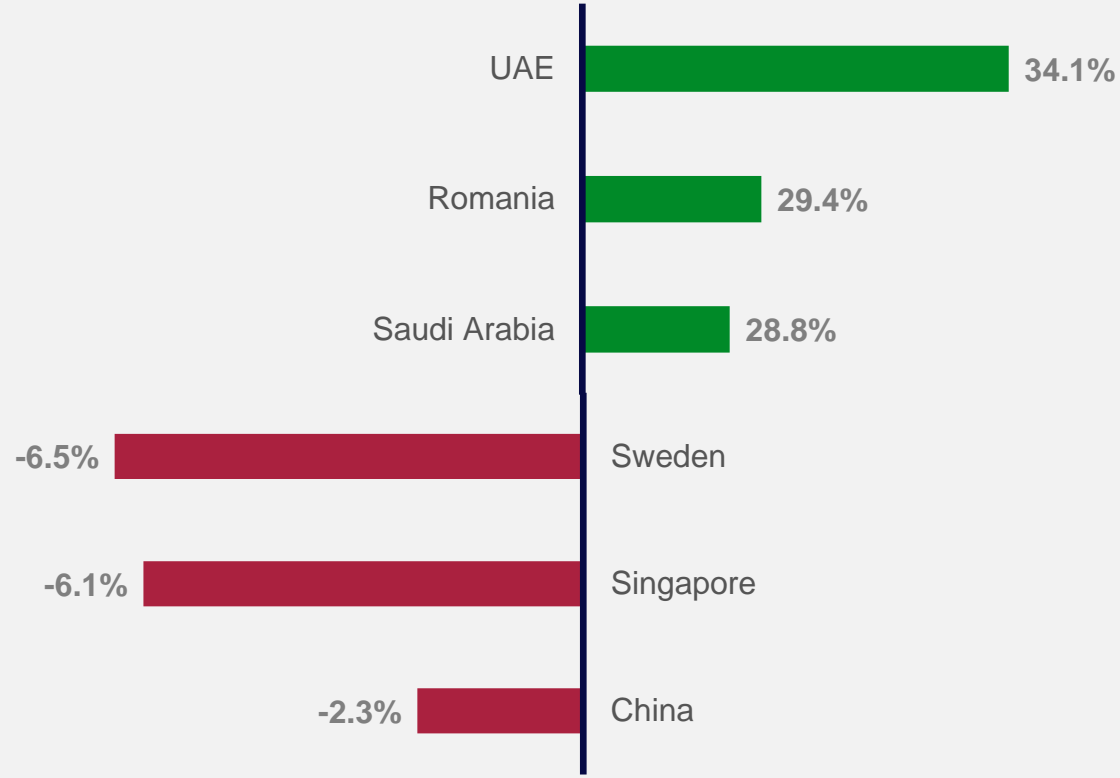
## Online sales performance

% value growth vs YA



## Top/Bottom performing e-commerce markets

% value growth vs YA



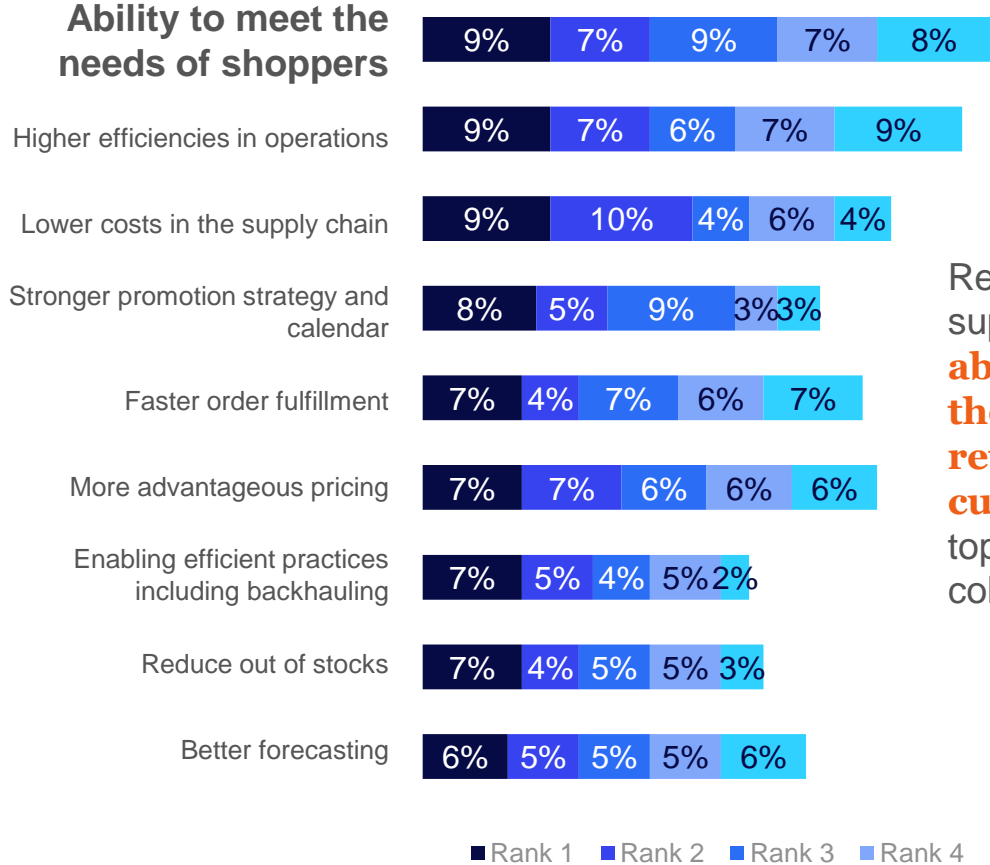
Source: NIQ Retail Measurement Services, Total FMCG / CPG, annual period ended Q3 2023 vs. Year-ago - Ecommerce 15 markets considered, via Quarter By Numbers, Channel report  
Note: China excludes TikTok

# 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

 /Vietnam\_Market\_Report\_Platform



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

NIQ