

Managing Food Costs - UK - December 2009

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What is this report about?

This report looks at the fluctuations in food prices and the impact of these and other recent economic changes on consumers' grocery shopping behaviour, as well as the ways in which retailers and brands have responded to these changes.

Mintel's research shows that only a small minority of consumers (14%) have not changed their grocery shopping habits. The most common changes are related to how people buy, looking for familiar products at a lower price, while steps relating to change of diet are only undertaken by a minority.

Meanwhile retailers have turned from multi-buy promotions to price cuts, while also increasingly leveraging loyalty schemes to keep consumers shopping in their stores.

What have we found out?

- Brands helping shoppers cut costs while continuing to enjoy their favourite foods should win favour. Although most shoppers (86%) have changed how they shop, only one in six have switched to more inexpensive foods and fewer than one in ten to frozen or tinned varieties.
- Premium at-home ready meals have a sizeable market opportunity as a substitute for eating out. While 17m people have cut back on how often they eat out, only 4m treat themselves to more premium foods instead.
- Premium foods can also find unexpected demand among the 16-24-year-olds. More than four in five in this age group were eating premium foods before the recession, but only one in five has cut back, suggesting a pool of more than 4m continuing to splash out on the category.
- Despite the recession, nearly 2m over-54-year-olds, 18% of the age group, have not changed their grocery shopping habits. Only one in three have switched from branded to own label foods, making them a particularly lucrative target for brands.
- The simple step of introducing smaller pack sizes could help brands win favour with the nearly 3m smaller-sized households of 1-2 people that have not changed their grocery shopping habits in the recession.
- More than a quarter (27%) of people have seen their grocery shopping little changed by the economic downturn. These people have altered their shopping in just one way, typically looking for more bargains, or not at all.

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