

# Attitudes towards Pricing and Promotions in Food and Drink - UK - April 2013

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*“The potential danger entailed by supermarkets purely focusing on price is that consumers could develop a level of apathy towards such pricing strategies. This highlights the need for grocers to step up their game in other areas, including reassuring shoppers of their quality credentials and exploring wider themes in advertising.”*

– Amy Price, Senior Food & Drink Analyst

## In this report we answer the key questions:

- What pricing and promotional mechanics appeal most to consumers?
- Has price matching levelled the competition in the retail market?
- Can the operators benefit from consumer confusion on pricing and promotions, as implied by the media?
- Are concerns over waste a deterrent to uptake of promotions?

Bargain hunting has become ingrained among Britons, with more than seven in ten saying they like the ‘thrill’ of getting a bargain, demonstrating how brands and retailers have conditioned shoppers to expect promotions when buying food and (non-alcoholic) drink.

Promotions have in many areas begun to in effect discourage purchases outside promotional periods as more than half of consumers only buy certain products/brands when they are on promotion. Arguably, shoppers have come to see the discounted price as the ‘real’ price of the products in these cases.

However, with more than half of consumers agreeing that quality is more important than price, an emphasis on quality cues could add value to the market, even during times of austerity. A sizeable minority are willing to pay more for a product if the extra money went to the producer, pinpointing scope for selected products to raise prices, where they can prove that the cost benefits other operators.

Rising inflation has further heaped pressure on consumer finances since the recession. Food manufacturers and retailers have looked to appeal to customers during times of low consumer confidence and squeezed incomes through deep and more frequent price promotions.

The grocers have responded to consumers’ emphasis on low prices through highlighting their efforts to offer lower prices – arguably appealing to the nearly seven in ten who believe that it is the ‘duty’ of the supermarkets to keep prices as low as possible – as seen in [Aldi's](#) ‘Like [Aldi](#)’ advertising campaign, [Asda's](#) Price Lock guarantee across staple products such as bread, milk and eggs or price-matching schemes as seen with [Tesco's](#) Price Promise.

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