TWC Trends Autumn Edition 2021

PART THREE: Savvy shopping

Balancing value as well as premiumisation to meet divergent consumer needs

January 2022

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Welcome to TWC Trends Autumn Edition 2021

- This report is part of the TWC Trends/Autumn 2021 series, conducted by TWC – the data and insight experts for UK wholesale, convenience retail and hospitality.

- A nationally robust and representative sample of 1,000 UK consumers were interviewed online between 5th and 8th November 2021 (i.e. before the Omicron variant).

- This section of the study focuses on **'Savvy shopping'**

- Should you wish to receive further (free) reports from the TWC Trends/Autumn 2021 series, please contact sandy@wsale.co.uk or visit our website .

Evidence of a K-shaped recovery with divergent financial situations for consumers – with older shoppers generally feeling more positive

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‘I am struggling to make ends meet financially’

Entirely Agree	Partially Agree	Neither	Disagree	Strongly disagree
15%	23%	19%	23%	19%

38% AGREE

Gen Z	37%
Millennials	50%
Gen X	40%
Boomers	23%

42% DISAGREE

Gen Z	38%
Millennials	30%
Gen X	35%
Boomers	61%

Younger shoppers, particularly Millenials (25-44) are more likely to be struggling financially, with half agreeing to this statement. This is a watch out given younger consumers are also more likely to visit hospitality outlets.

A key driver of outlet choice is the hunt for deals and promotions, which is evident across all age groups

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Thinking about meals out, are you doing any of the following?: "Looking for…."

18-34

39% Deals or promotions
34% Child friendly venues
31% Healthier options
27% Venues with excellent reviews
27% New food genres/types

35-54

43% Deals or promotions
25% Child friendly venues
25% Healthier options
17% Venues with excellent reviews
17% Plant based/meat free alternatives

55+

32% Deals or promotions
26% Healthier options
21% Venues with excellent reviews
21% Smaller portion sizes

- **Looking for deals/promotions** is the number one driver across all age groups but is particularly high for Millenials and Gen Z – aligning to the greater likelihood of finances being under pressure for these consumers
- **Venues with excellent reviews** also consistently feature in the top 5 drivers of outlet choice across all age groups (but particularly important for younger consumers). This also came through in TWC Trends Online Explosion which showed reviews and ratings from other customers as an online ordering must-have: this data then confirms it's also important in a physical world too.

Deal hunting is also an important element of grocery shopping

- **35%** are shopping in cheaper food stores/chains
- **44%** have shopped in a discounter in the last month
- **35%** are hunting around for the best deals on everyday food/grocery items
- **31%** are buying more own label products

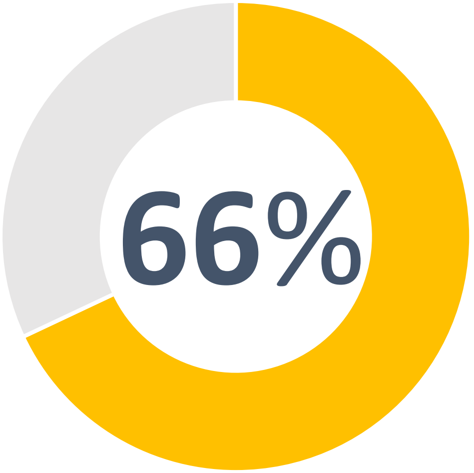
- **Deal hunting is NOT defined by affluence**:
  - 32% ABC1 still hunting around for the best deals v 37% C2DE
  - 32% ABC1 shopping in cheaper stores v 38% C2DE
- Older generations are more likely to have a **retailer loyalty card**, giving them access to more deals:
  - 1 in 3 are a member of a grocers' loyalty scheme (33% 55+ vs. 7% 18-34)
- Older shoppers are also less likely to be **deal hunting** (29% 55+ vs. 35% average) and **shopping in cheaper stores** (24% 55+ vs. 45% average), aligning to lower financial concerns for this age cohort

Do loyalty schemes need a shake up?

✓ Higher uptake with older shoppers who are less likely to be feeling the pinch

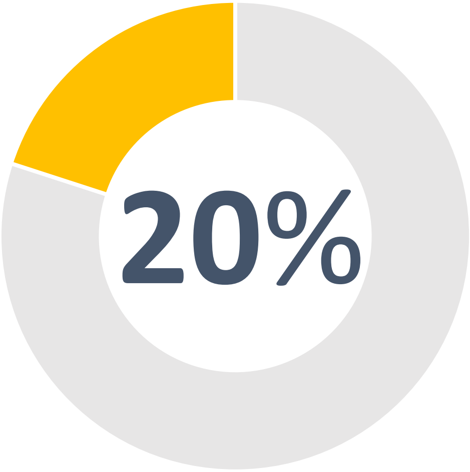
✓ An opportunity to create a loyalty proposition that resonates with younger shoppers

A cashless society?



TWO-THIRDS AGREE

“I rarely carry cash around with me these days – I pay for most things by debit/ credit/ smartphone”



1 in 5 DISAGREE! 20% still using cash as main form of payment

28% amongst 55+
24% in London

Paper vs. digital vouchers

Older shoppers also more engaged with paper vouchers, but the difference with physical and digital is less stark than you might expect. Talk to TWC about our digital voucher capabilities!

Two-thirds of consumers are mostly cashless – a big swing vs. pre-covid. Greater convenience….but means increased merchant fees for retailers.

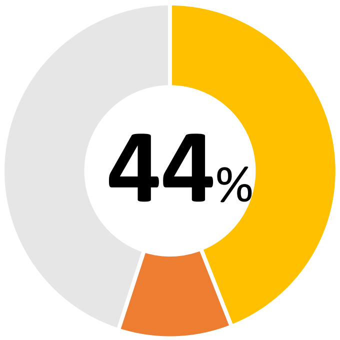
1 in 5 shoppers are still using cash as their main form of payment, increasing to almost a third of older shoppers. Offering cash payments will be a valued service for some customers.

Trade up is still possible

- **42%** of the population disagree that they are struggling to make ends meet
- **13%** are shopping more in specialists
- **10%** are shopping in more premium food stores and chains
- **9%** are buying more premium brands
- **18%** are ‘happy to spend a bit more on meals out compared to pre-pandemic’

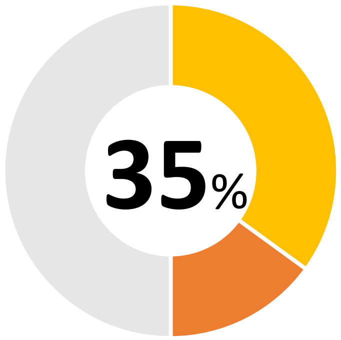
  This is highest amongst Gen Z (18-24), who were also most likely to agree that ‘they want to make up for lost time’ by socialising.

We believe that TRADE UP is still possible **if the consumer feels they are getting something in return**, e.g., a more premium product, a convenient solution, fast delivery etc.



Agree that they are prepared to **pay a bit more for items from their local convenience store** v 47% disagree.

55% of C-store shoppers* agree



Agree that they are **prepared to pay for an online ordering/home delivery service from a local convenience store**

50% of online grocery shoppers agree**

*Shopped in a C-store in the last month **Shopped online for Groceries in the last 3 months

TWC Thoughts

- Whether choosing a hospitality outlet or shopping for groceries, hunting for deals is evident across a large proportion of the population and with looming high inflation this is not going to go away!
- As consumers demand more deals, operators must weigh up the cost of promotions versus the return and ensure each promotion has a clear role to play, whether to increase sales or driver customer retention and loyalty.
  - Footfall drivers
  - Trade up: will it drive transaction spend?
  - Data collection - will it provide customer details that can be used to drive loyalty in the future?
- Cash still has a role to play, especially amongst older consumers, but there are also significant regional differences. Contactless has soared through the pandemic but many remote and rural communities and small businesses continue to rely on cash.
- Trade up is still possible: over 40% of consumers are not feeling the pinch, but the benefit must be clear, whether that's local sourcing, convenience or a superior product.

Have you already seen TWC Trends Autumn Edition 2021 parts 1 & 2?

Further FREE downloads from TWC Trends Autumn Edition 2021

- ✓ (Re)-emerging consumer behaviours
- ✓ Online explosion

How else can we help?

TALK TO TWC Consultancy if you want to undertake more detailed research on any of the topics covered in this presentation, or if you want help analysing the direct impact on your business.

We also offer reporting solutions for wholesalers, operators and suppliers. Visit our easy-to-use reporting platforms to understand the sales impact of changing consumer behaviour through the supply chain.

Get in touch!

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