TWC Trends Summer Edition 2022

The cost of living crisis and how it is impacting Scottish consumers

SCOTTISH WHOLESALE ASSOCIATION
The voice of the Scottish Food, Drink and Allied Trades

twc Trends




Intro from SWA

- Challenging times for wholesale in Scotland (nothing new) but still plenty of opportunity
- SWA are there to support our members and industry; help them through the challenges and find the opportunities.
  - Undertaken a series of studies to help identify & understand changing consumer demands and habits.
  - Investment in creating a greener and more sustainable wholesale food & drink supply chain.
  - Investment in 'Delivering Growth Through Wholesale' by training & educating suppliers on wholesale as a route to market.

TWC – who we are and what we do

twc | Harnessing data
Empowering wholesale foodservice & convenience

TWC Technology

TWC Consulting

TWC Trends

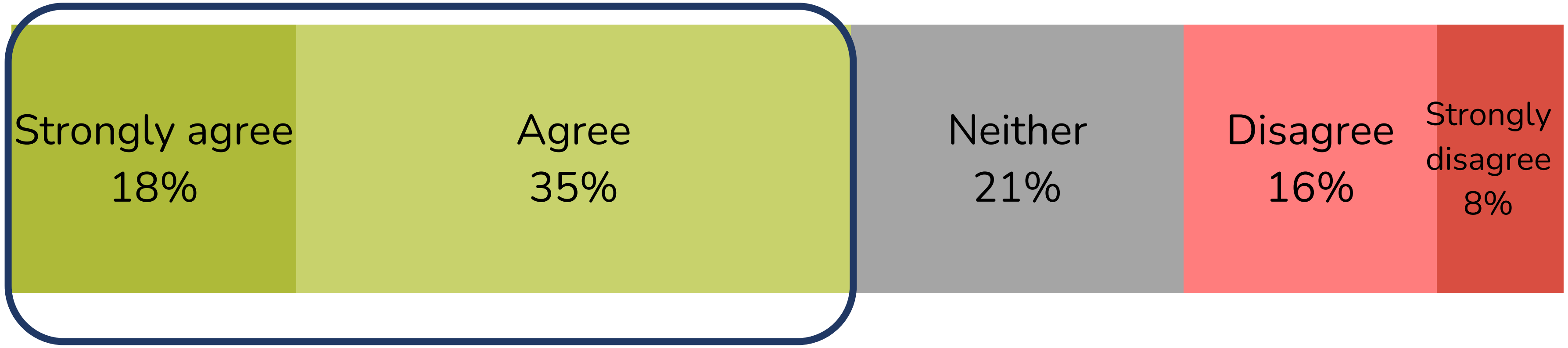
TWC Trends Summer 2022 edition

TWC Trends

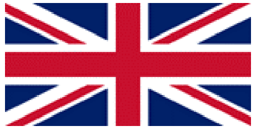
- Purpose: understanding the ‘why’ behind what is happening in wholesale, hospitality and convenience retail
- A nationally robust and representative sample of 1,000 UK consumers were interviewed online 14-18 June 2022
- The Scotland boost of 400 Scottish consumers were interviewed online 18-21 June 20221

A divided population: half having to reduce spending, whilst 40% can afford to socialise freely

‘I am having to reduce my spending to pay my bills”

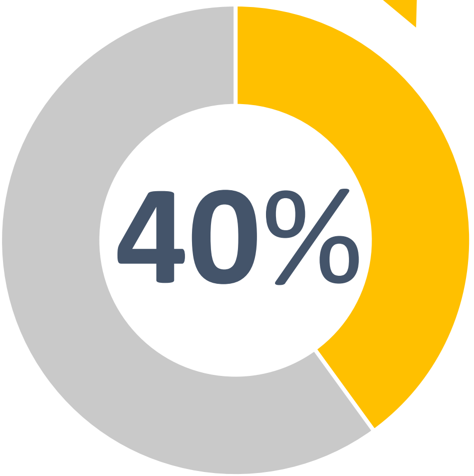


53% **agree**



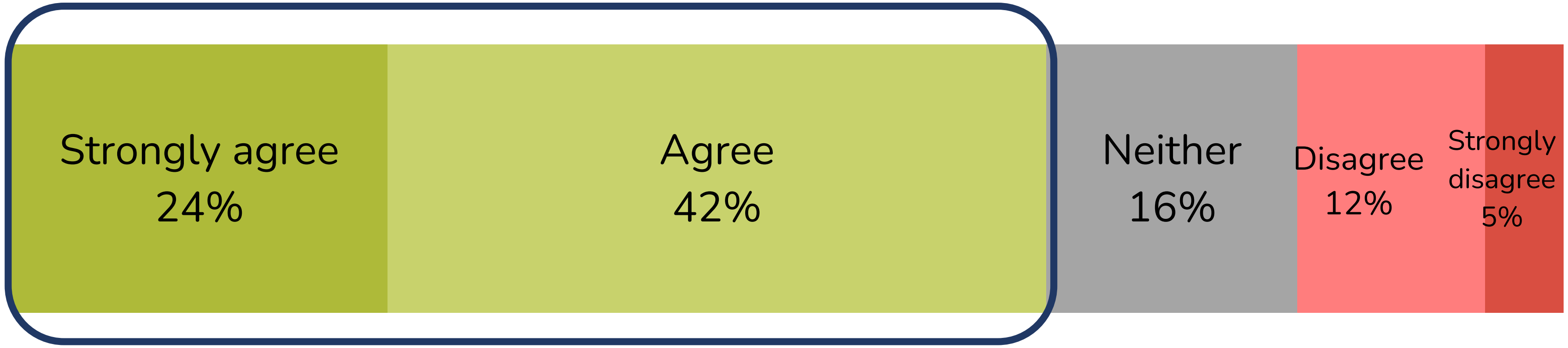
“I am able to afford to go out and socialise with friends and family whenever I want to”

vs.



Even higher in Scotland, with 2 in 3 having to reduce spending

'I am having to reduce my spending to pay my bills"



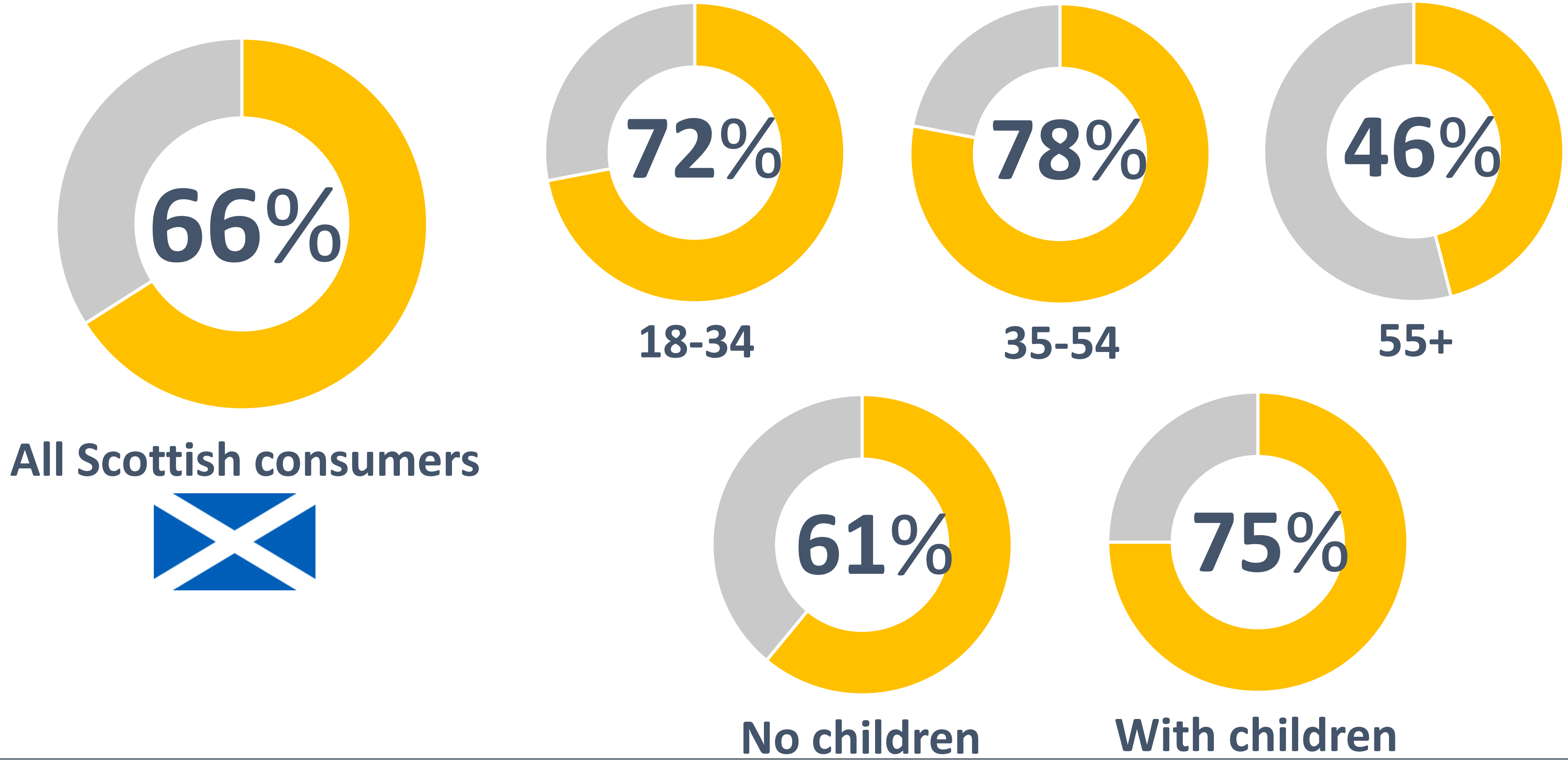
66% agree

vs.

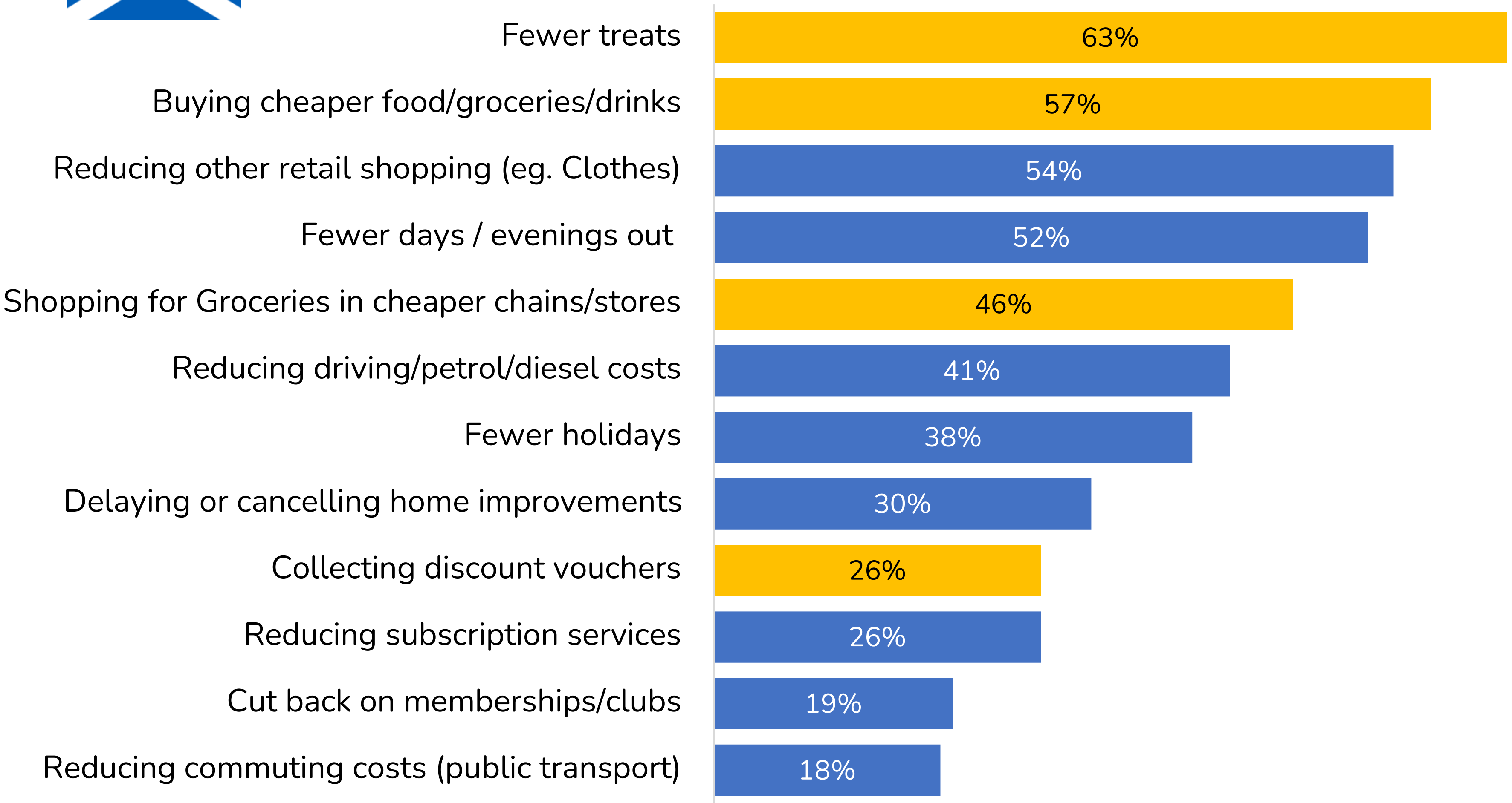
"I am able to afford to go out and socialise with friends and family whenever I want to"

Younger consumers – and those with children – more likely to be feeling the pinch

'I am having to reduce my spending to pay my bills"



Consumers are adopting a number of tactics to manage their spending



81%

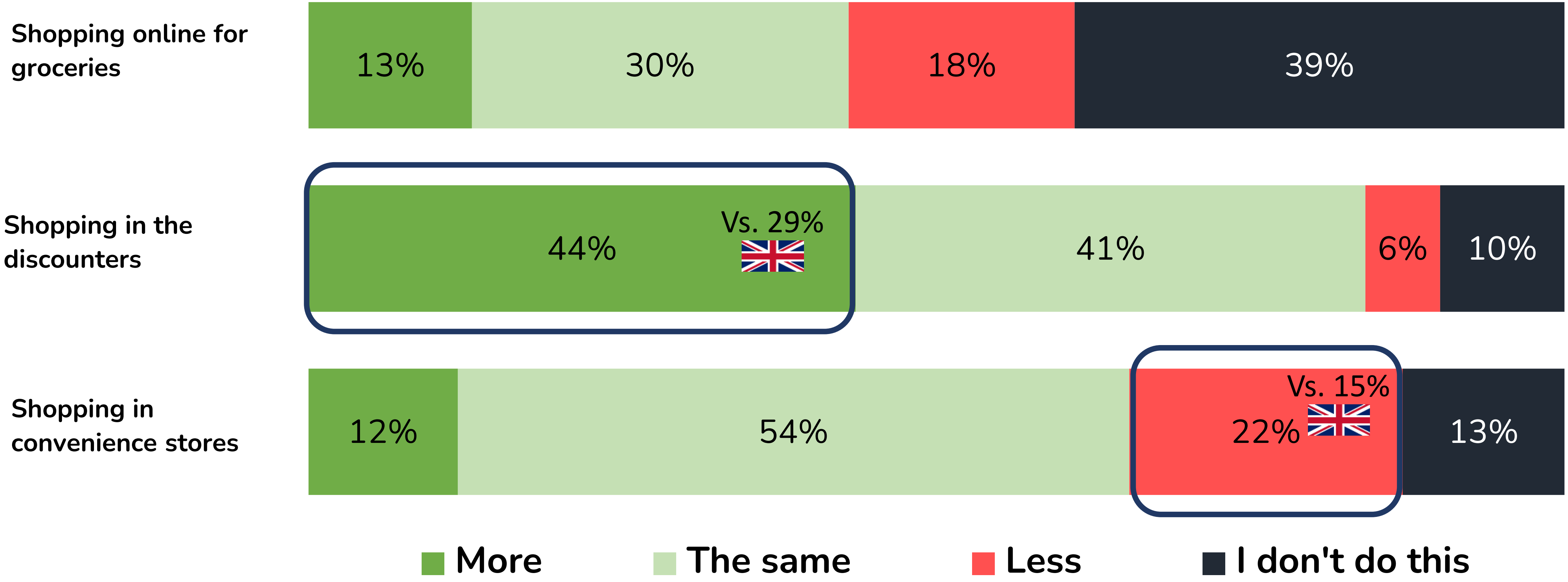
Of consumers are using one or more tactics to reduce their grocery spend

Vs.

65%

Discounters are clearly benefiting from the cost-of-living crisis

"When it comes to grocery shopping, have you changed where you shop vs. 6 months ago?"

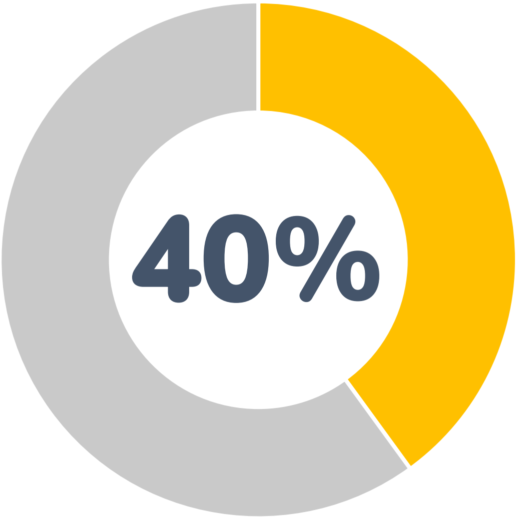


This is particularly the case in Scotland; meanwhile convenience appears to be losing out

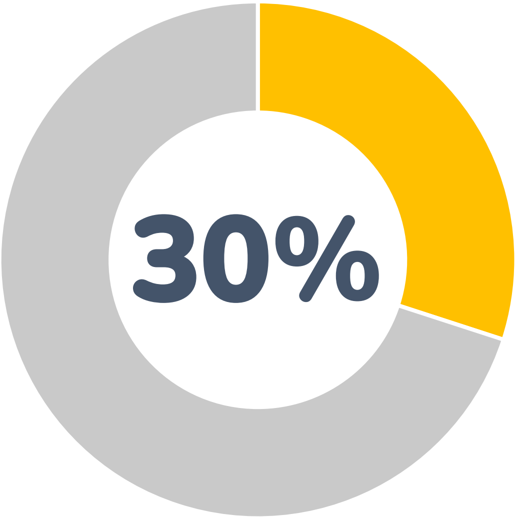
“When it comes to grocery shopping, have you changed where you shop vs. 6 months ago?”
NET CHANGE (More – Less)

		
Shopping online for groceries	-5	-3
Shopping in the discounters	+39	+21
Shopping in convenience stores	-10	-3

Scottish consumers are less likely to be prepared to pay a premium for buying in a c-store



"I am prepared to pay a bit more for items in local convenience stores compared to supermarkets"

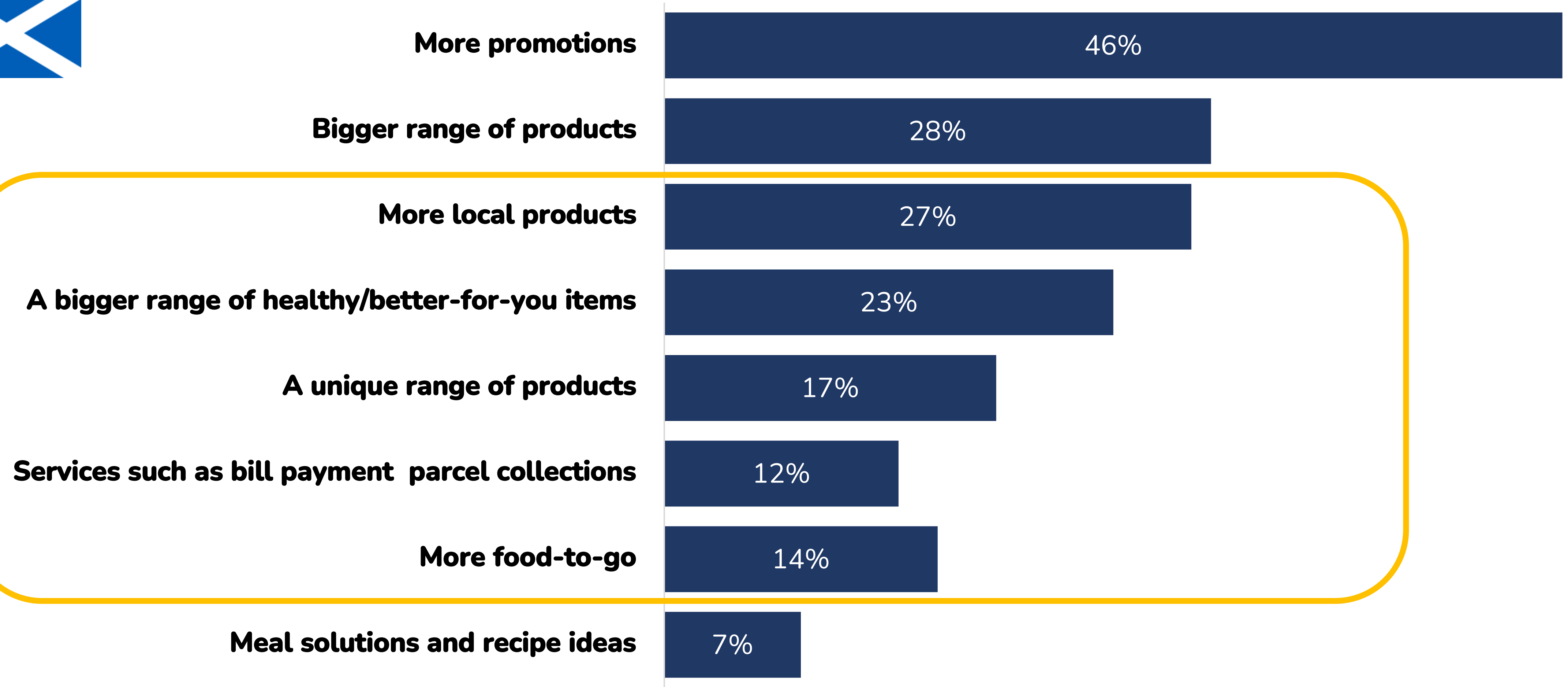


PMP's can provide vital reassurance on price

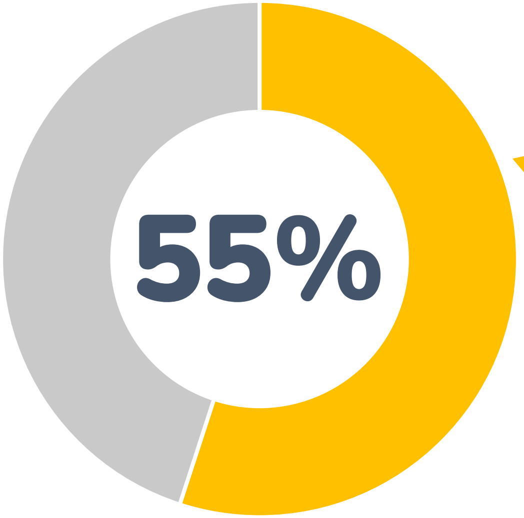
"I like it when retailers sell products where the food or drink manufacturer put the price of their product on the packaging"

Consumers are looking for something different from convenience

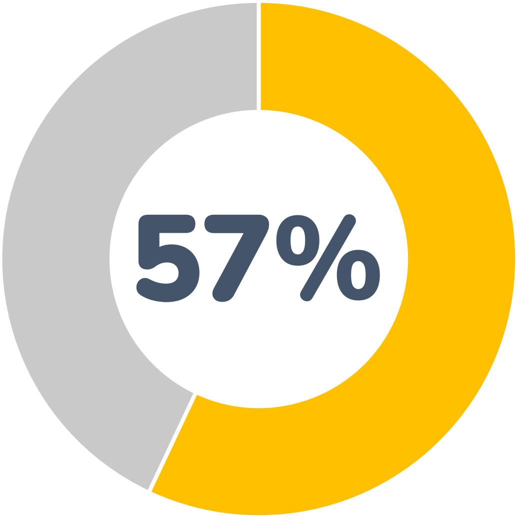
"What would encourage you to shop more at smaller stores?"



Demand for locally sourced is confirmed; and majority willing to pay more *so long as it's still good value*

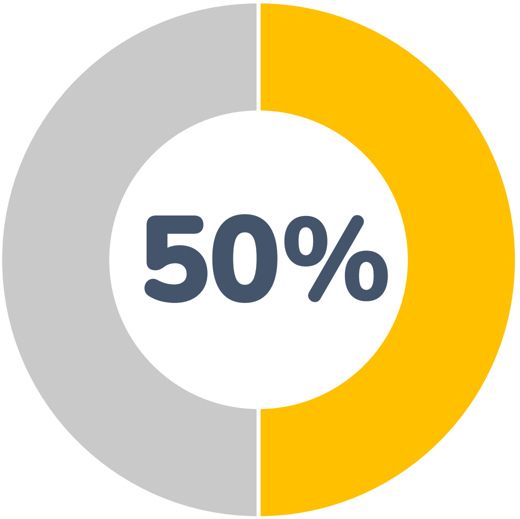


"Convenience stores should stock more local products"



"I am prepared to pay more for a local product so long as it is still good value"

Half of shoppers are not willing to pay extra for sustainable choices



"I want to make sustainable choices but am not willing to pay extra for this benefit"

Implications – retail

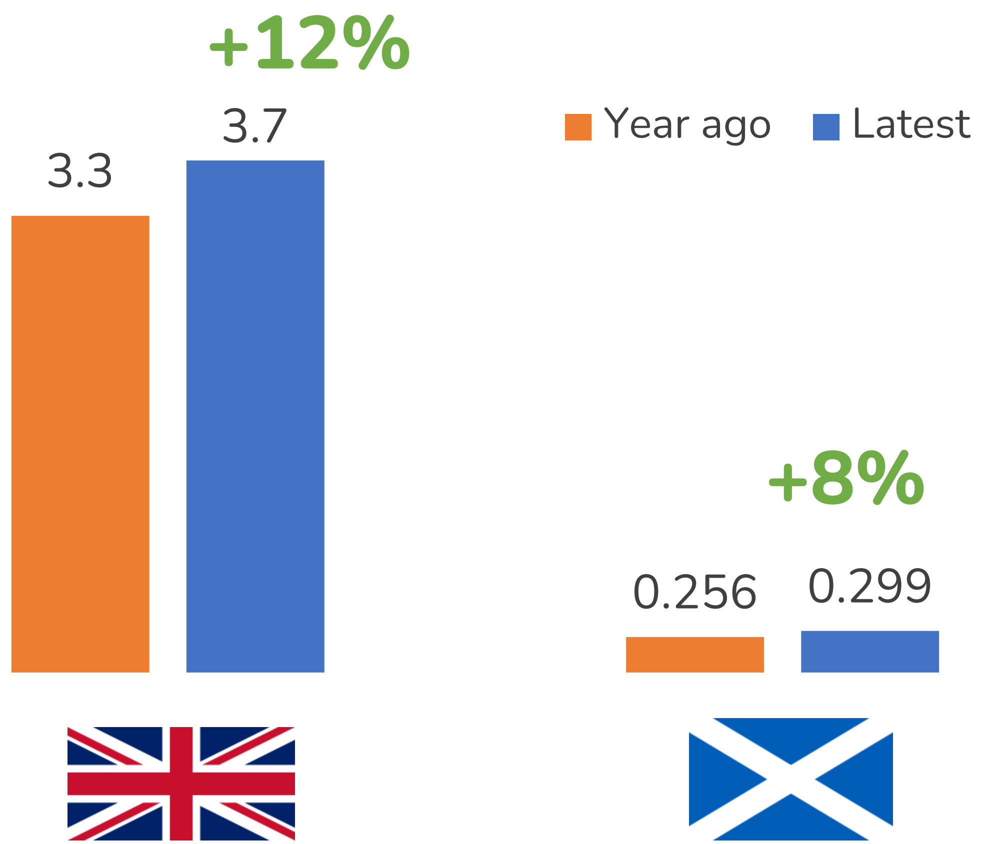
- Focus on value is imperative, two-thirds of consumers are struggling, especially families. PMP's are a key tactic to reassure on price but there must be enough shared margin for all along the supply chain.

- Rather than a race to the bottom on price (which won't be won vs. the discounters), convenience should focus on its uniqueness, especially local sourcing, food to go and a more personalised customer experience.

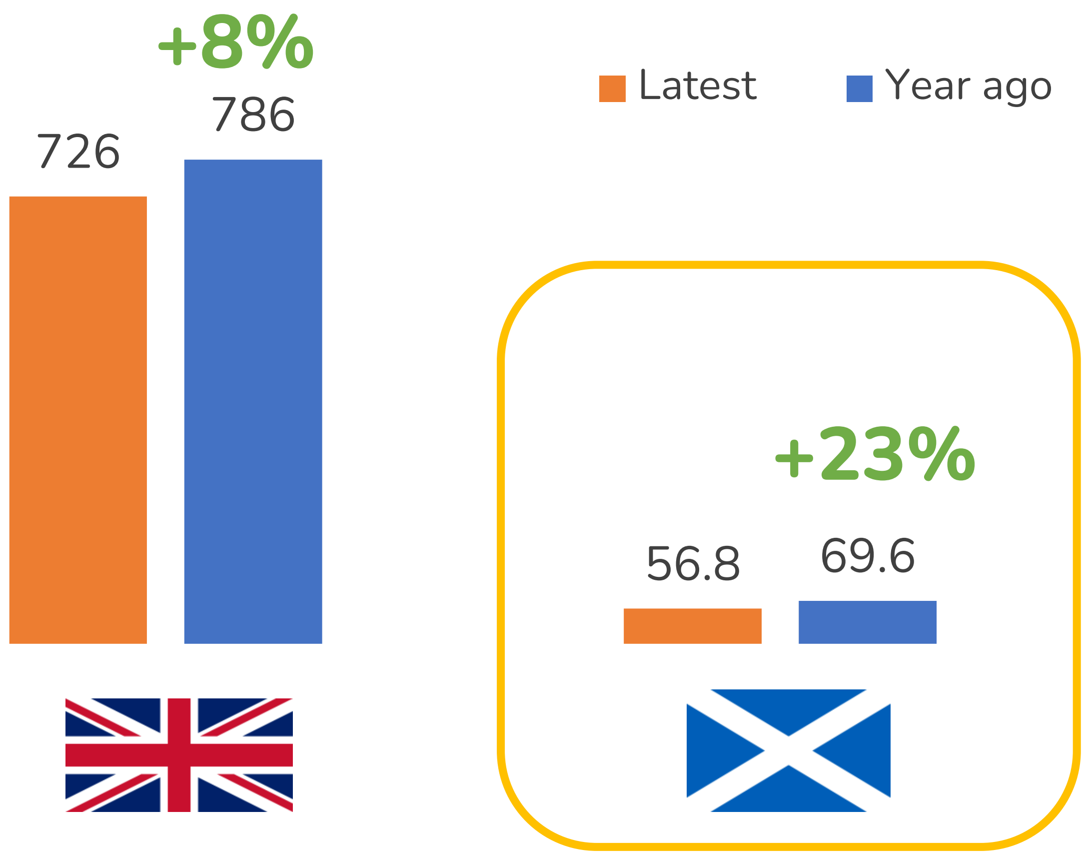
- Retail can benefit from the greater in-home occasions e.g. in-home entertaining, lunchboxes, at-home treats

The eating out market in Scotland is currently buoyant

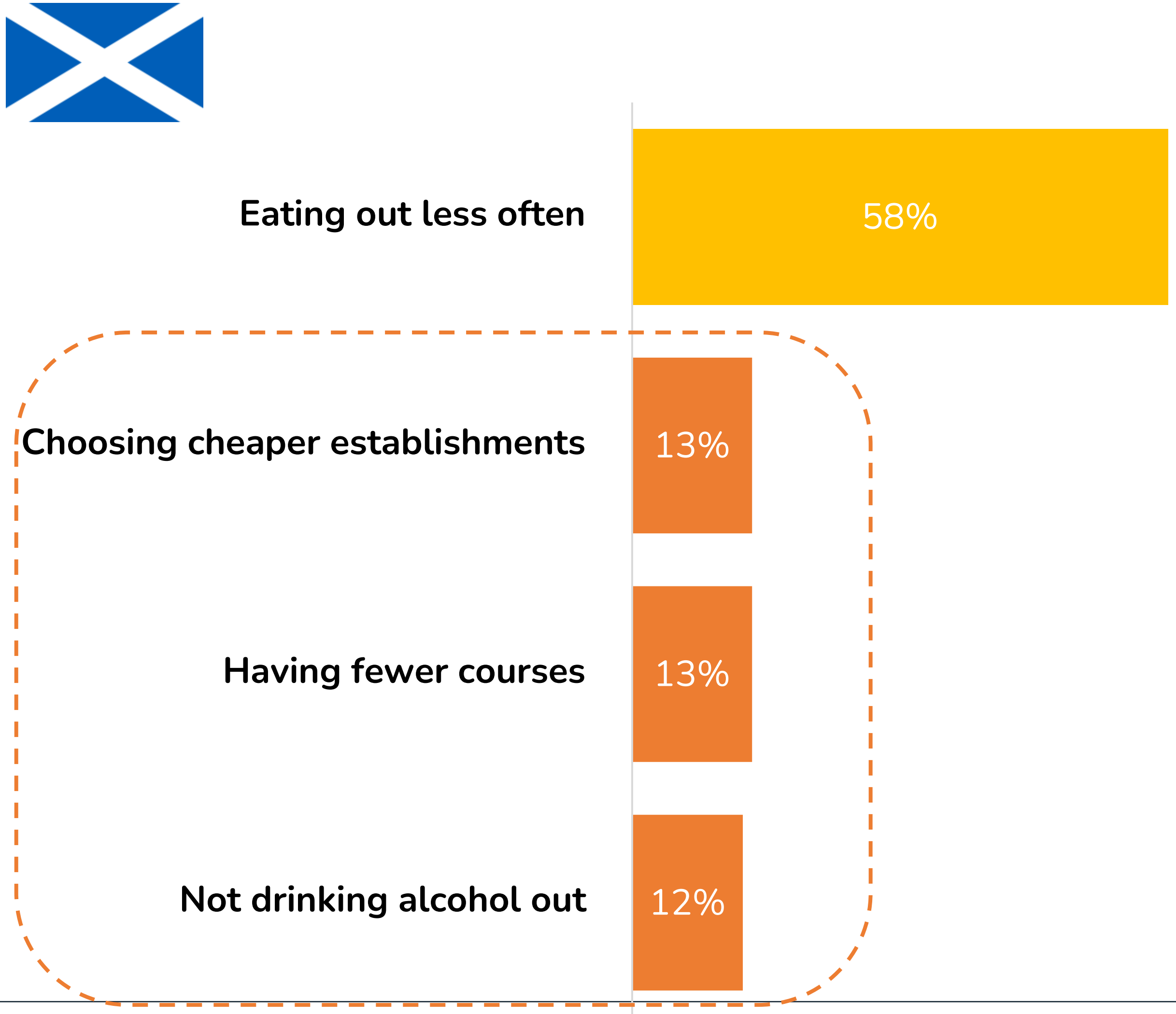
52 w/e 13 June 2022 (Occasions - bn)

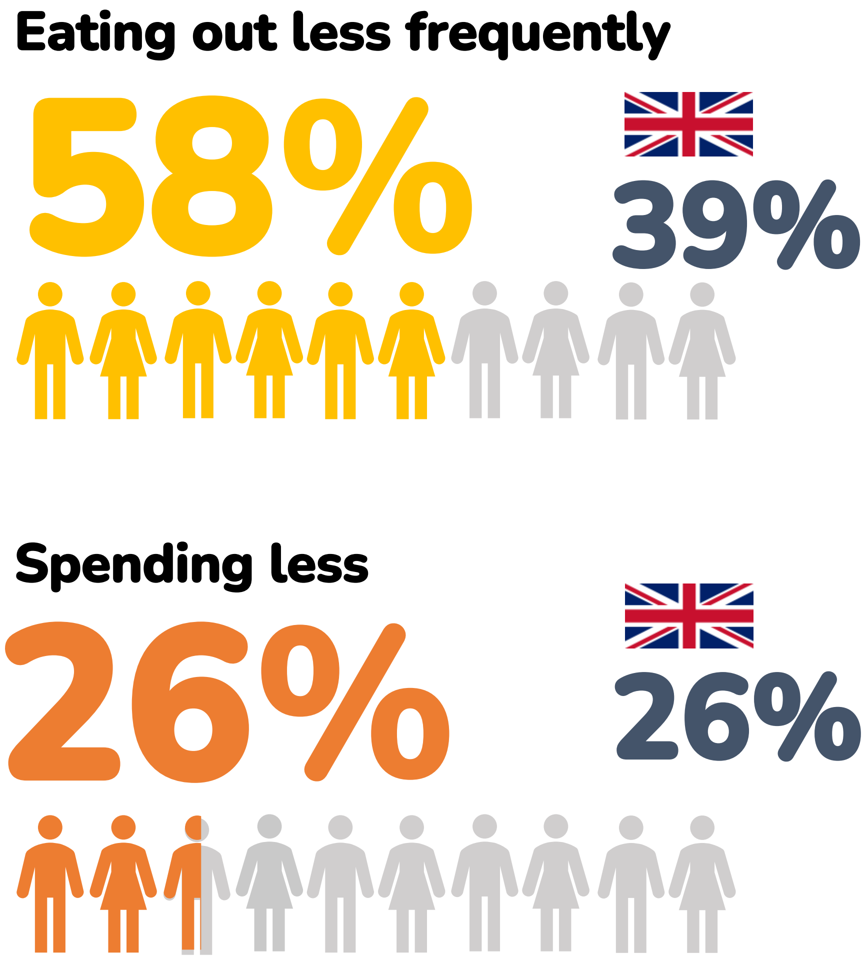


12 w/e 13 June 2022 (Occasions - mn)



However, consumers report that they are changing their behaviour to manage their eating out spend





More in-home preparation will benefit retail channels

Having fewer takeaways

46%

29%

Entertaining at home rather than out

16%

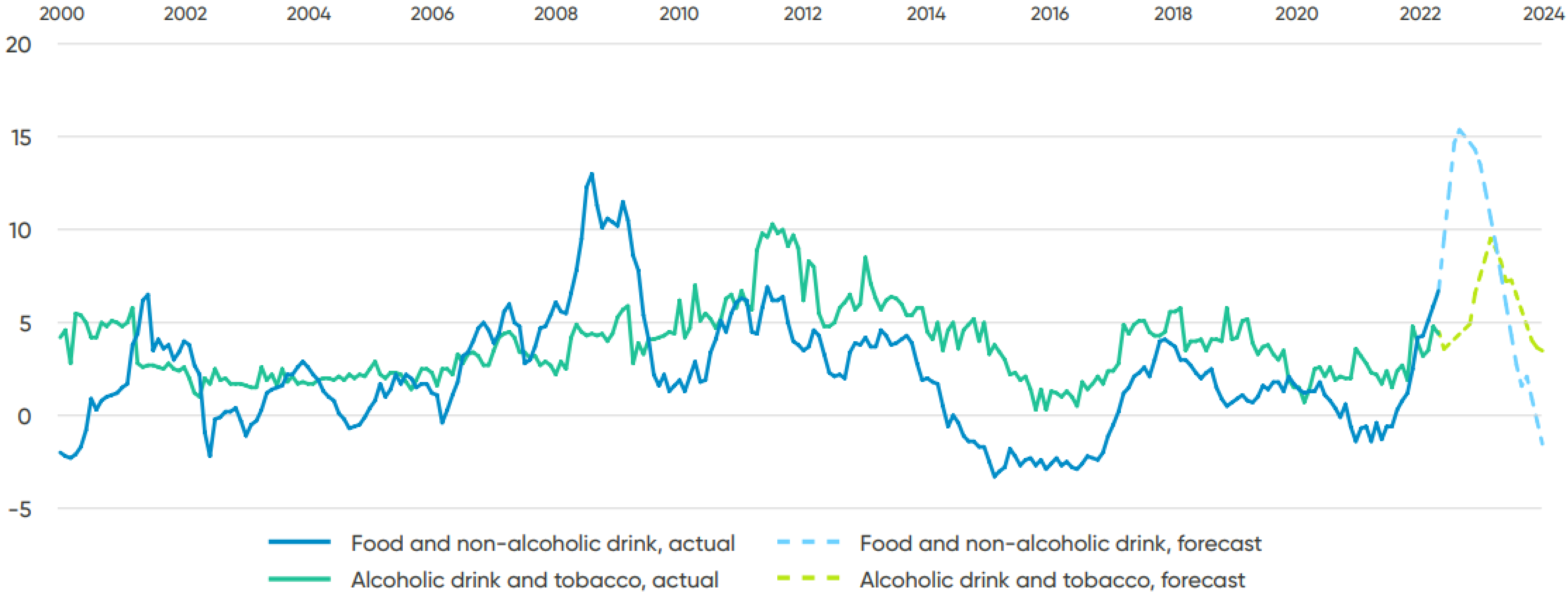
12%

Making food to take to work

25%

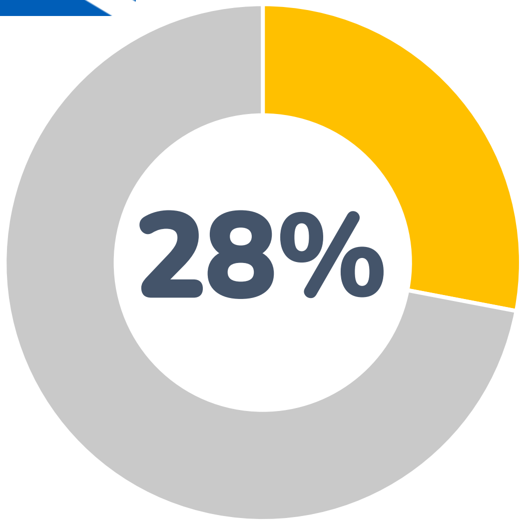
13%

Inflation forecast suggests the worst is still to come...

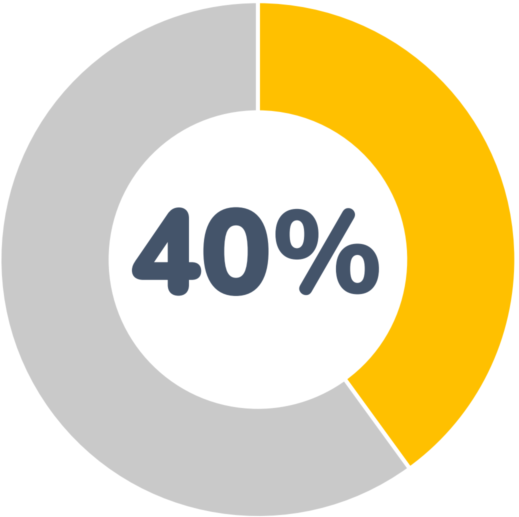


Source: Food price inflation forecasts, year on year inflation (CPI method), ONS/IGD

Consumers are aware of current supply issues impacting menus/availability – being on front foot with mitigations and comms is key

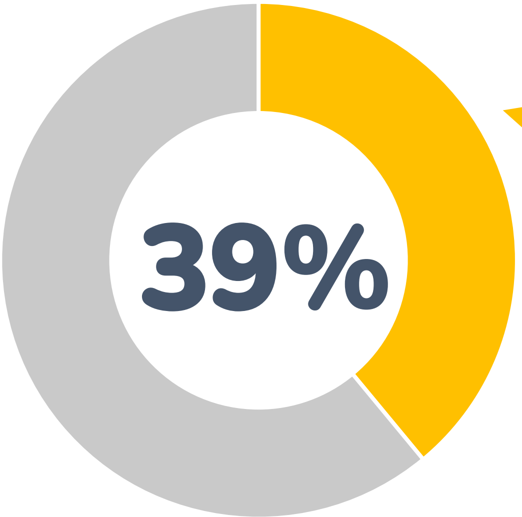


"I am regularly faced with items not being available on the menu when eating out"



"Restaurants have reduced the number of items on their food menus"

Almost 4 in 10 say they are willing to pay more for sustainable choices when eating out… but will this be deprioritised as cost-of-living rises further



"I am happy paying slightly more if it means making a more sustainable choice when eating out"

SUSTAINABLE RESTAURANT ASSOCIATION
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Implications – foodservice

- Current eating out boom will fade as inflation continues to rise, expect a drop in footfall although higher prices will keep spend per occasion up.

- Switching into in-home occasions can be expected. Lower ticket occasions (e.g. food to go, QSR's) likely to be more resilient.

- Eating out will be less frequent so expectations will be high and offering a point of difference/experiences that can't be replicated at home will be key.

Thank You!

Any Questions?
Talk to Sarah on...

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or email sarah@twcgroup.net
Go to twcgroup.net

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Harnessing data
Empowering wholesale
foodservice & convenience