

Accelerate your growth

How to fight inflation and secure your market position

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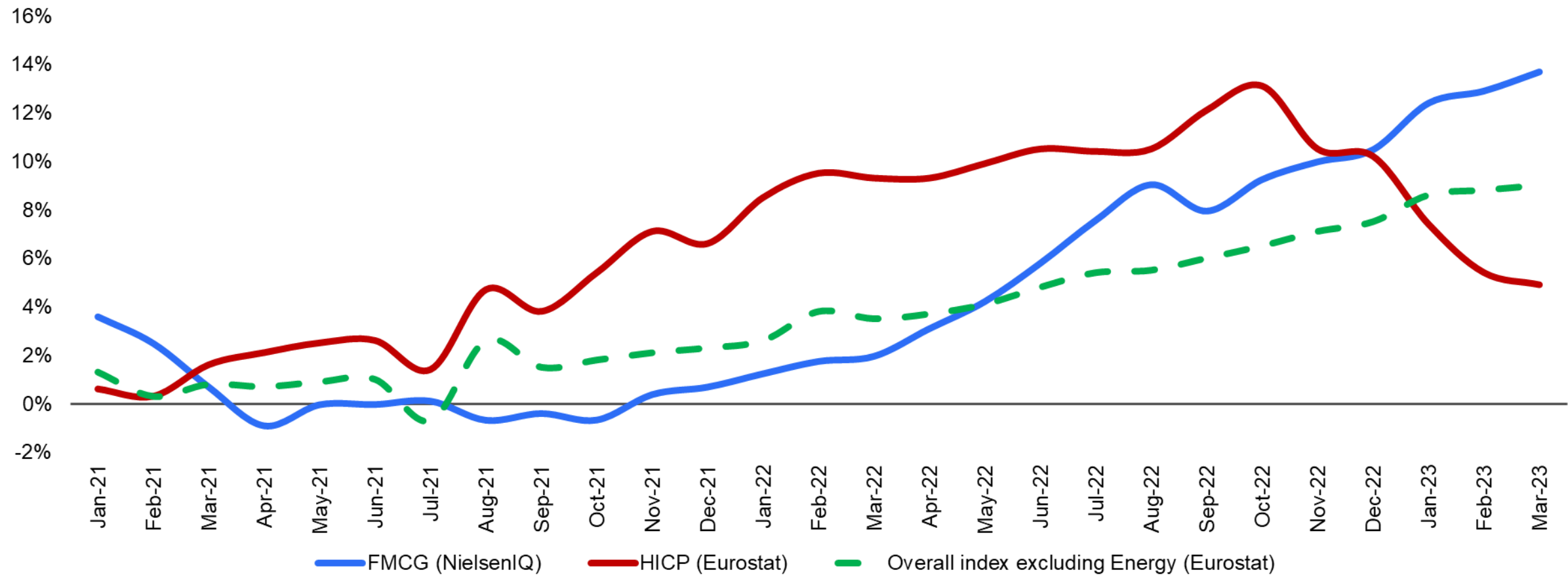
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Gondola Day - 25 May 2023



FMCG is more marked by price increase

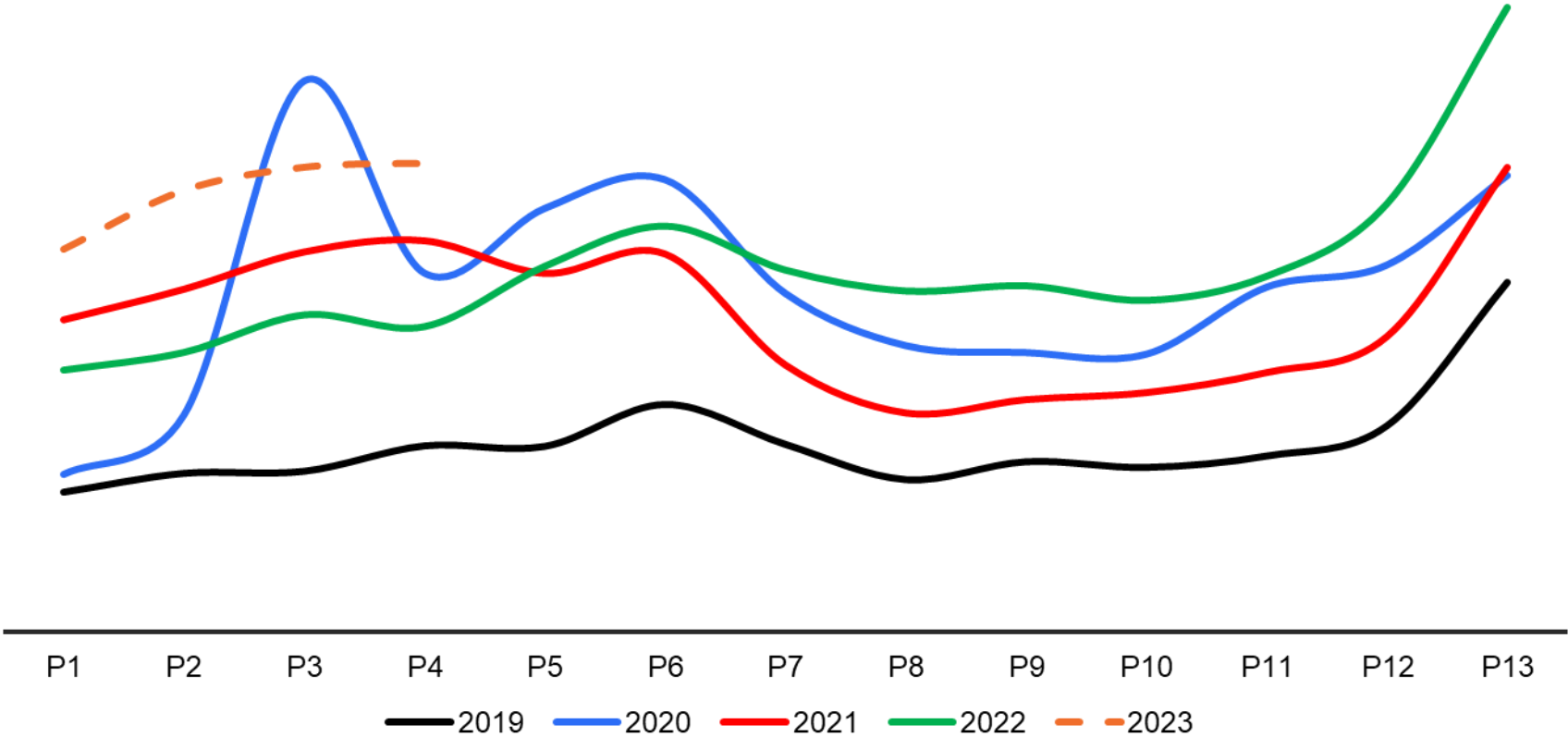
BE – Price evolution – Monthly



Sources:
NielsenIQ for FMCG – price increase vs. month YA
Eurostat for HICP & HICP excluding energy – monthly data (annual rate of change)

The FMCG continues to grow value wise

BE – FMCG – Value Sales - Periodically

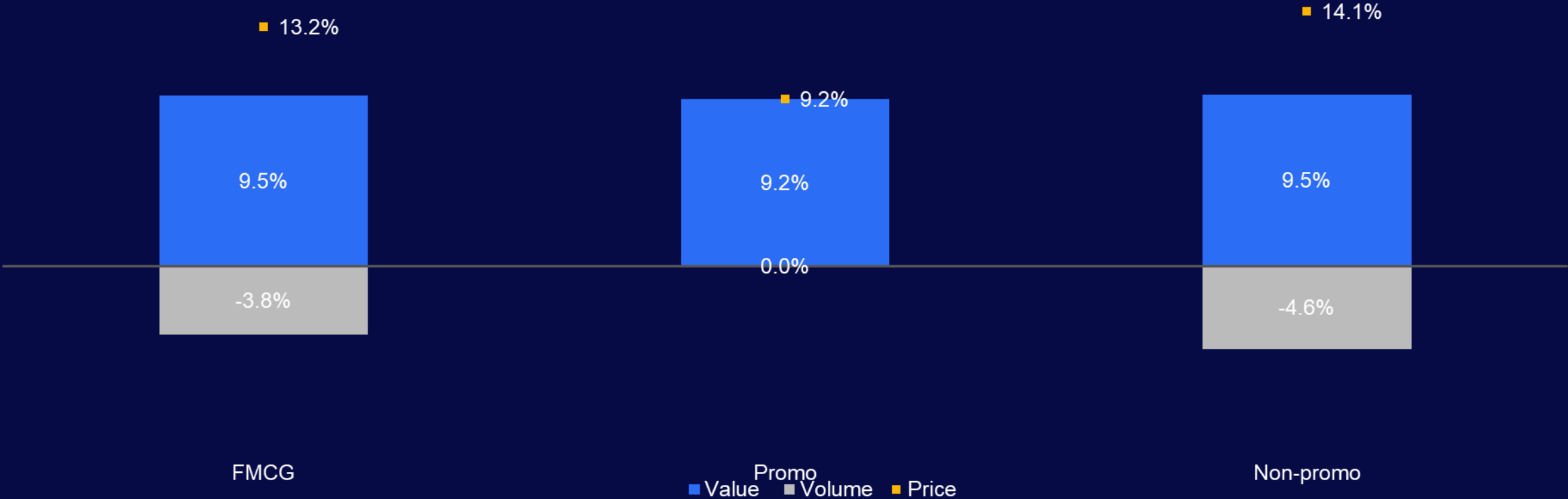


Source: NielsenIQ RMS Scantrack



The loss is driven by neutral sales

BE – FMCG, Promo & Neutral sales – Value, Volume & Price – (weighted) evolution YTD P4 vs. YA

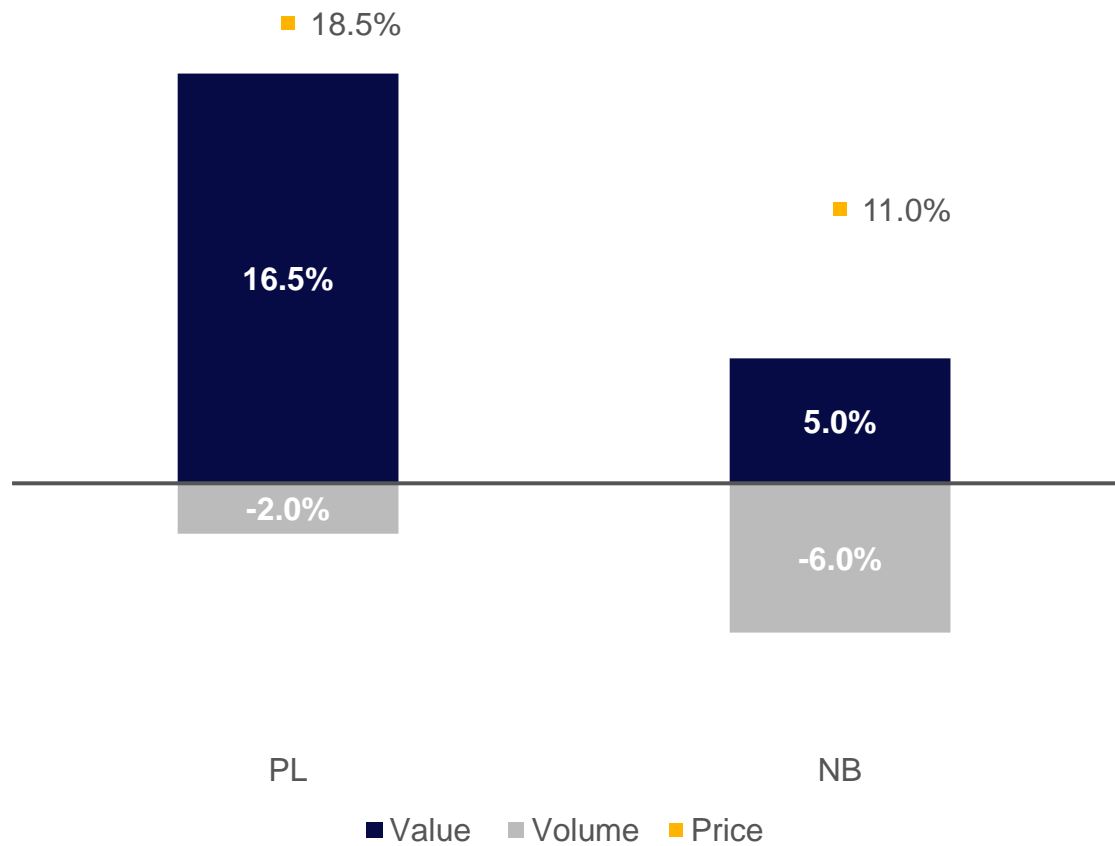


Source: NielsenIQ RMS Scantrack

PL overperformed

With limited volume loss

BE – FMCG – NB vs. PL – YTD P4

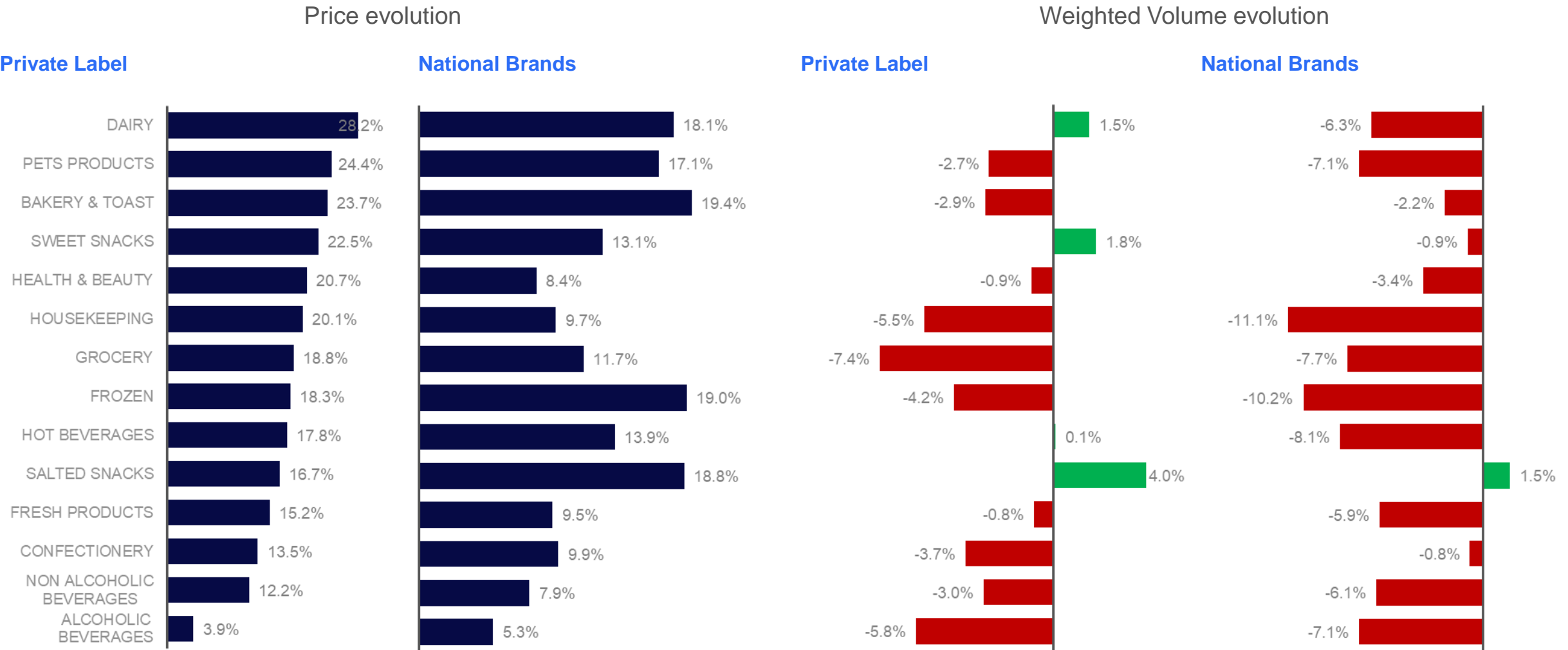


Source: NielsenIQ RMS Scantrack



Despite higher price increase, PL is losing less volume

BE – Evolution YTD vs. YA



Source: NielsenIQ RMS Scantrack



National Brands price
increased faster in
54.5%
of product segments

Price increase with volume per period

BE – National Brands – Evolution in product segments*

Lower price increase & Volume share gain

28.3%

Higher price increase & Volume share gain

3.0%

16.3%

Lower price increase & Volume share loss

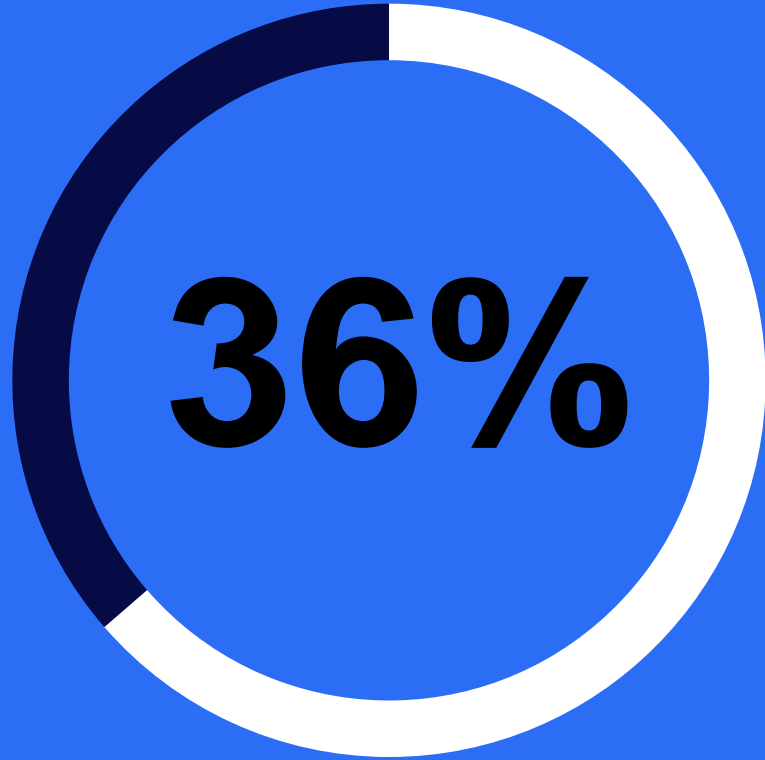
50.4%

Higher price increase & Volume share Loss

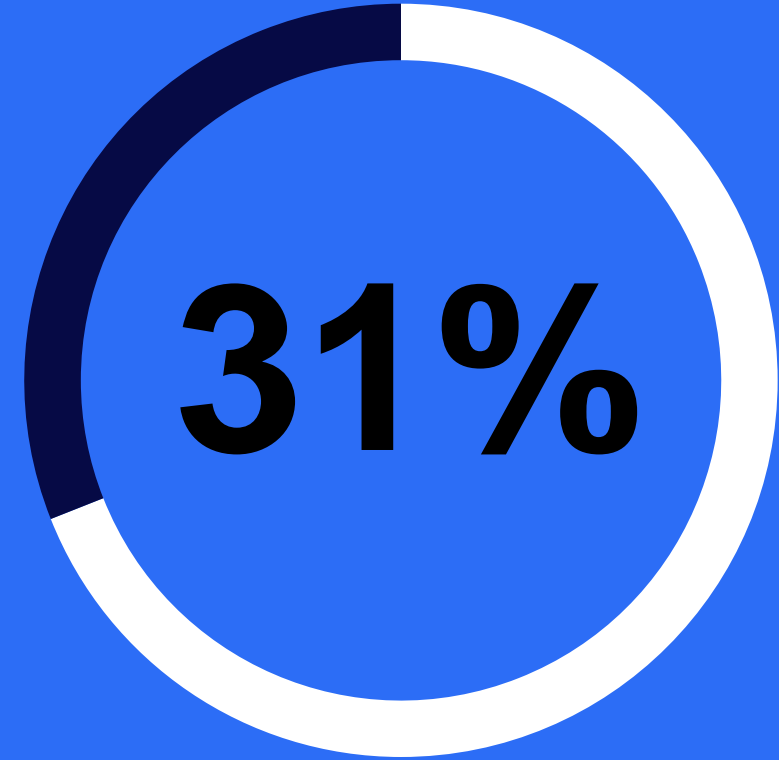
*Product segments, with sales >1M€ on YTD P4 (n=361)

Source: NielsenIQ RMS Scantrack

People who still suffer from financial security adapt their behaviour



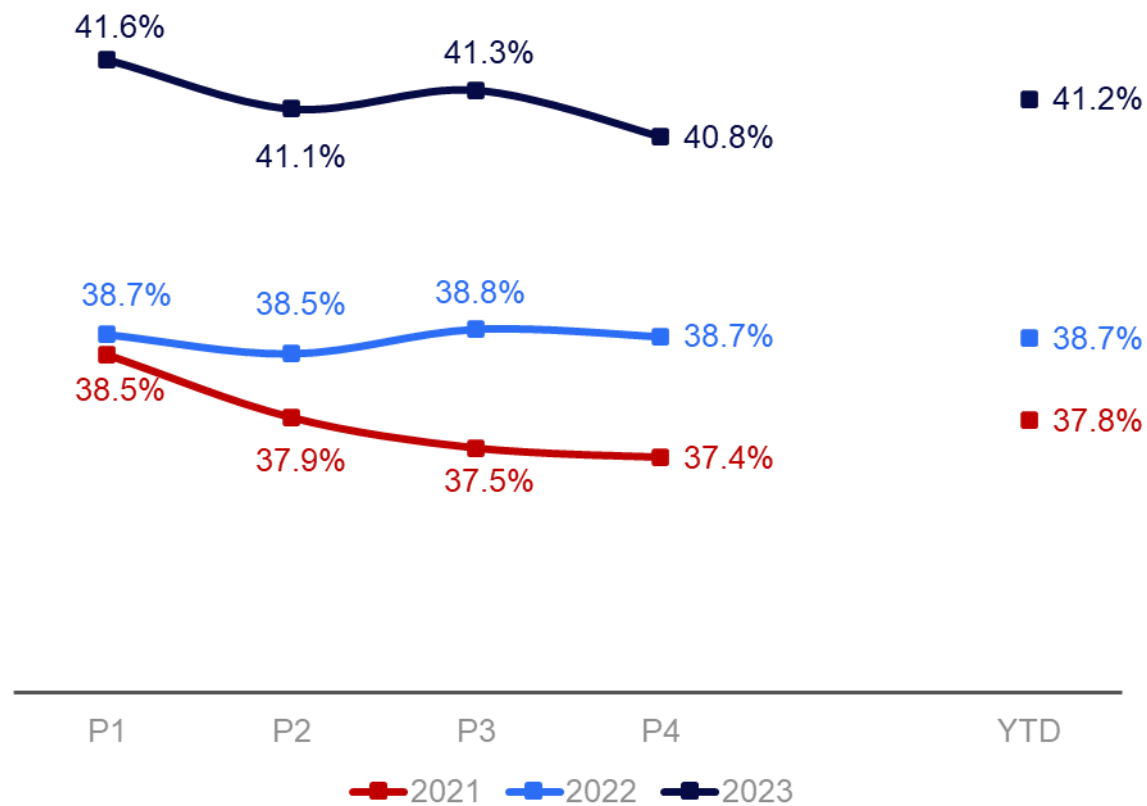
Select **lowest priced products** from preferred repertoire to manage expenses



Are opting for **PL / Store brands** in order to save

PL reached an all time high

BE – Private Label – Value shares vs. FMCG

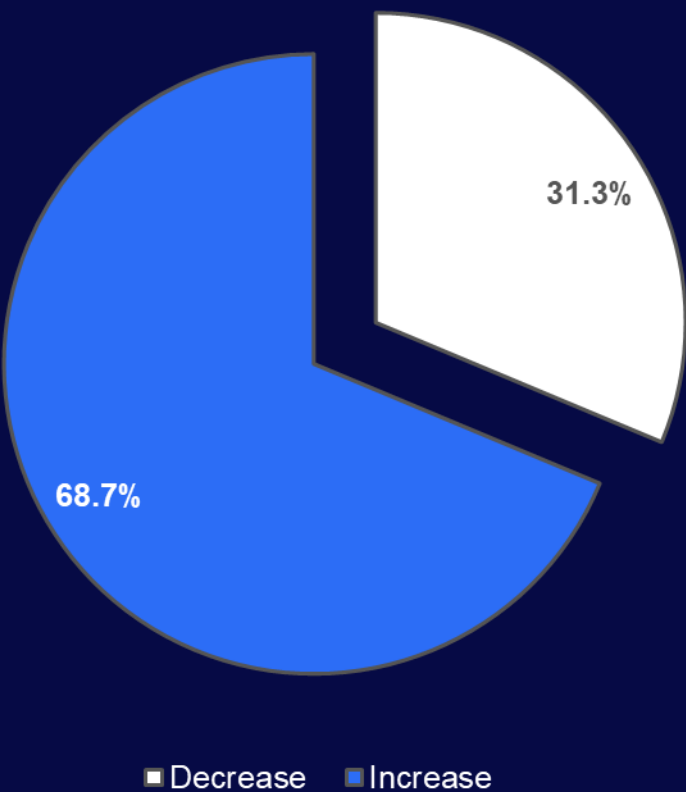


Source: NielsenIQ RMS Scantrack



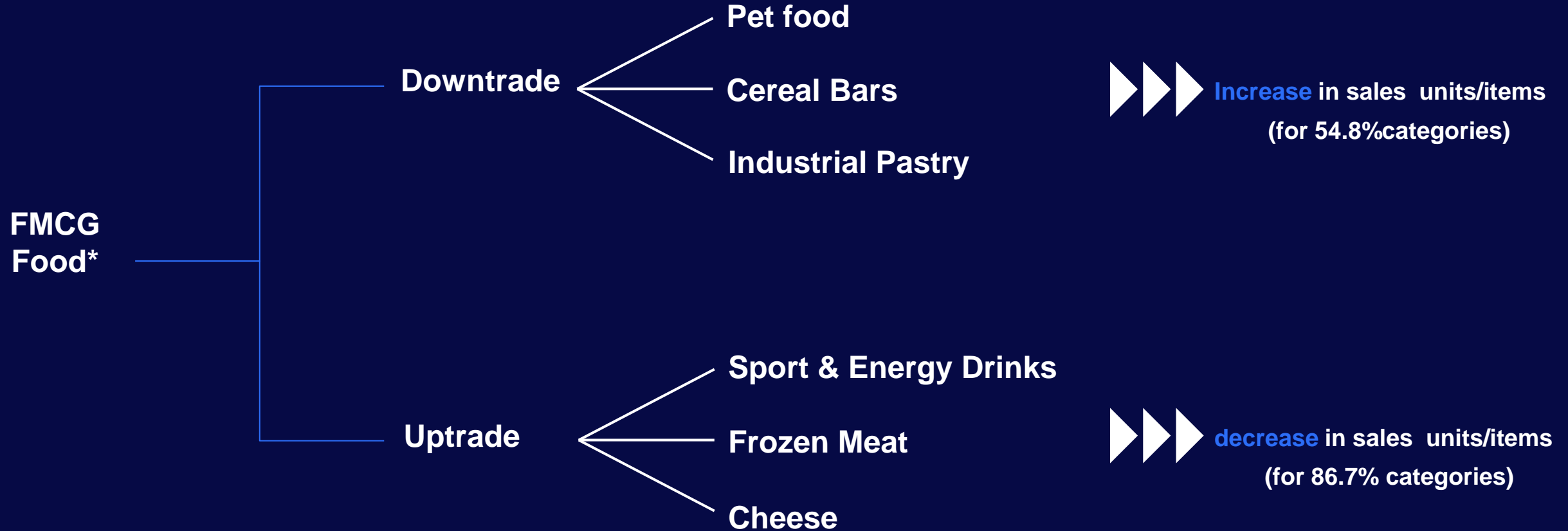
And gained in volume in most segments

PL Volume shares evolution in product segments*



*product segments with value sales > 1M € (n=361)

To shrink? Or not to shrink?

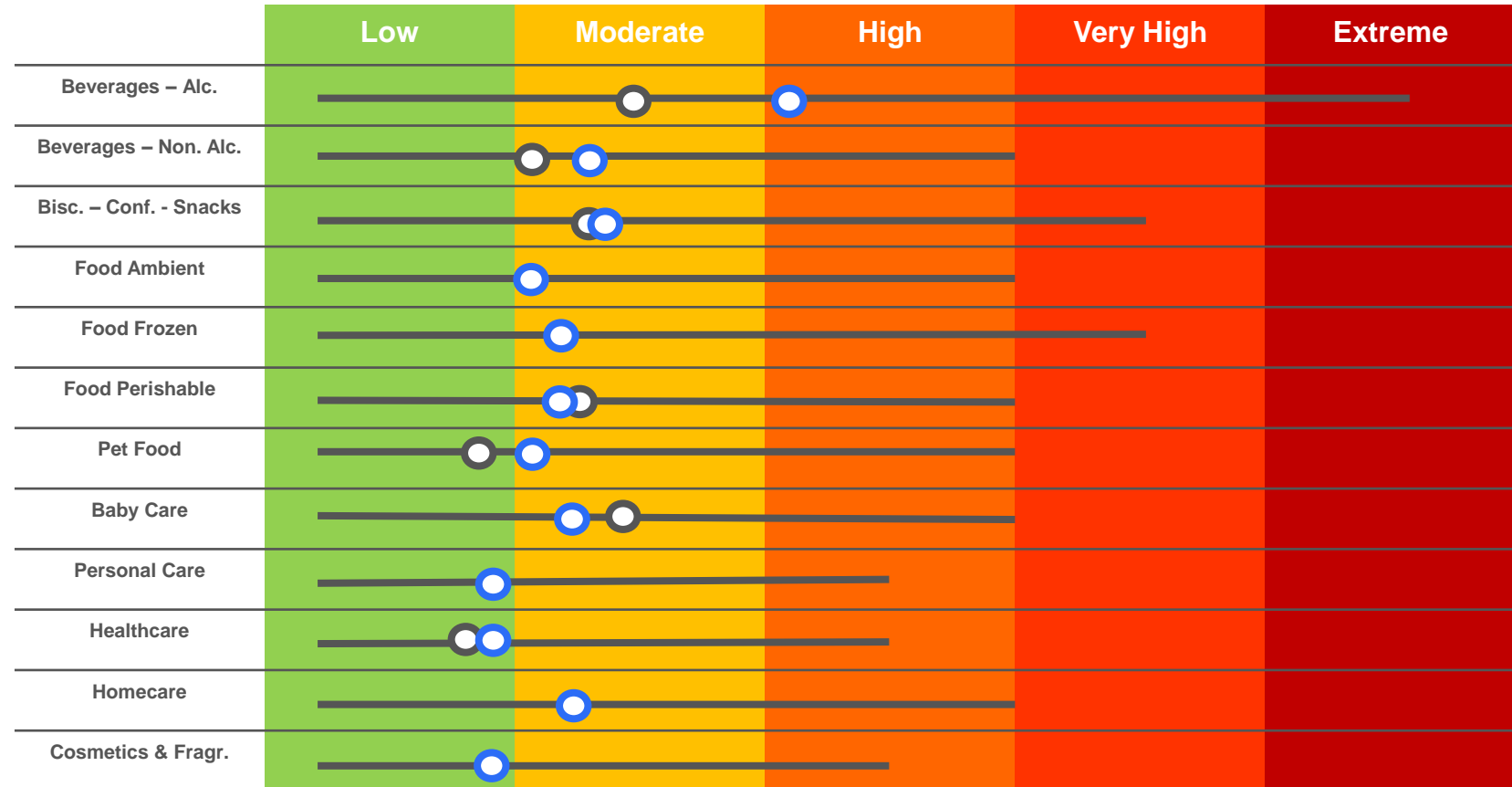


*64 Categories – BE excl. HD – YTD P4 vs. YA – Volume weighted evolution vs. Unit evolution
More than half of categories experienced downtrade
Source: NielsenIQ RMS Scantrack

“In high inflationary environment, consumer are more likely to compare prices than looking at product’s own price point”

Average elasticities across rayons have increased latest MAT

BE Excl. Lidl – FMCG Rayons – Average + Category width of Shopper’s sensitivity to price – MAT Sept. 2022 & MAT Feb 2023



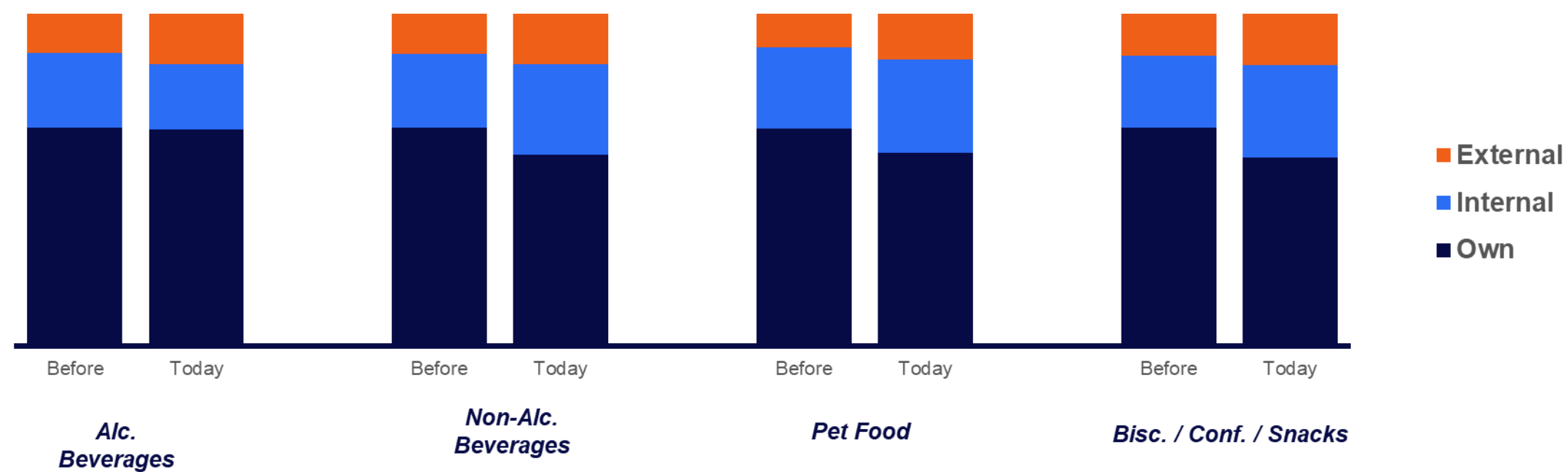
— Category Width of Shopper Sensitivity

● MAT This Year

Source: NielsenIQ Everyday Analytics Supergroups – Regular price elasticity & Category Width of Shopper’s sensitivity to price – Latest MAT vs. LY

Total Elasticity is a good indicator, but also consider *cross elasticity*

Regular Price Elasticity Decomposition in Belgium – By Supergroup Advanced Analytics solutions

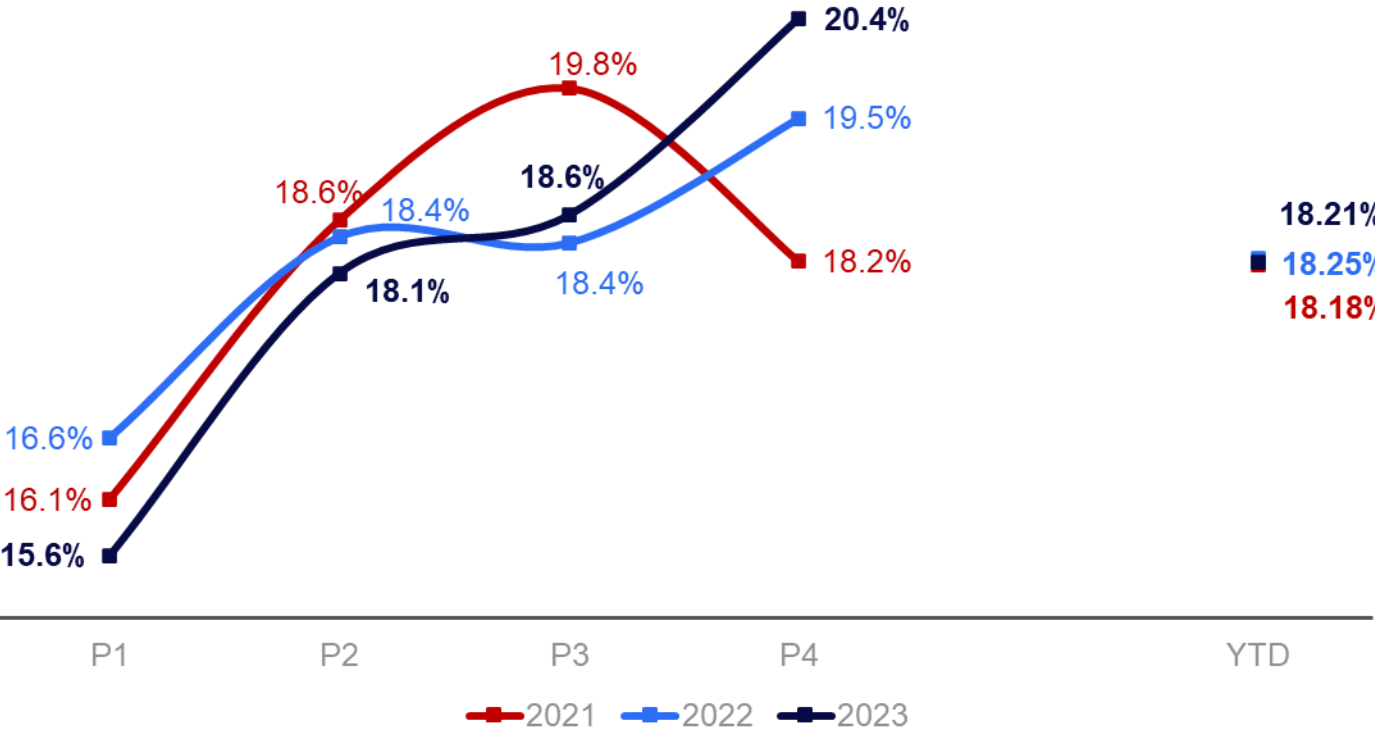


Source: NielsenIQ EDA Benchmarks report – Regular Price elasticities by supergroup (own/internal/external) – latest MAT vs. YA

Consumers are increasingly drawn to promotion

Bearing in mind a lower promo-price increase

BE – Total FMCG – Promo Pressure (in value) – YTD



Compared to YA, % of National Brands*

47.2%

Had an increase in their promo pressure

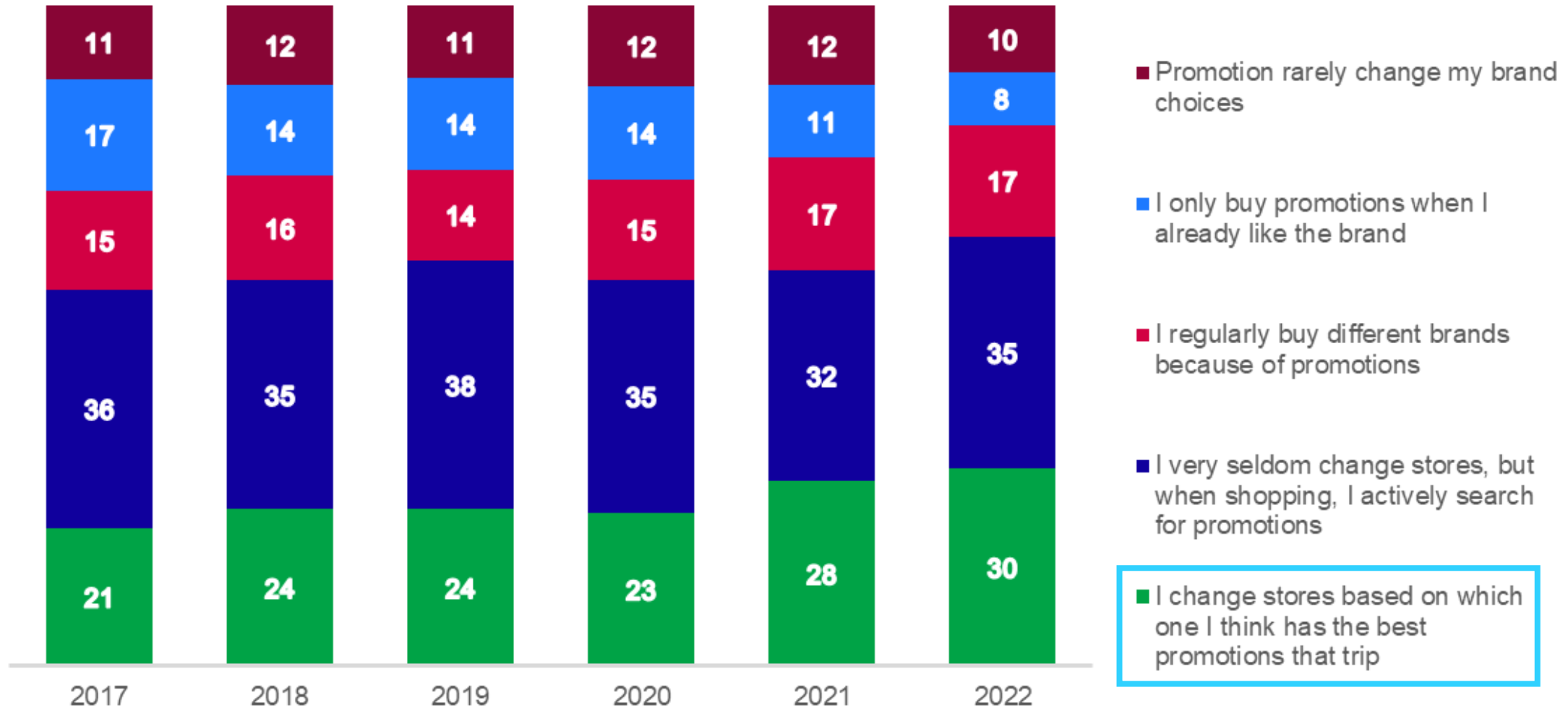
23.6%

Had an increase in promo pressure higher than 10pp

Source: NielsenIQ RMS Scantrack

*National Brands on product segment level with value sales >100K€ for YTD YA & TY

Shoppers increasingly opt to change stores for deals



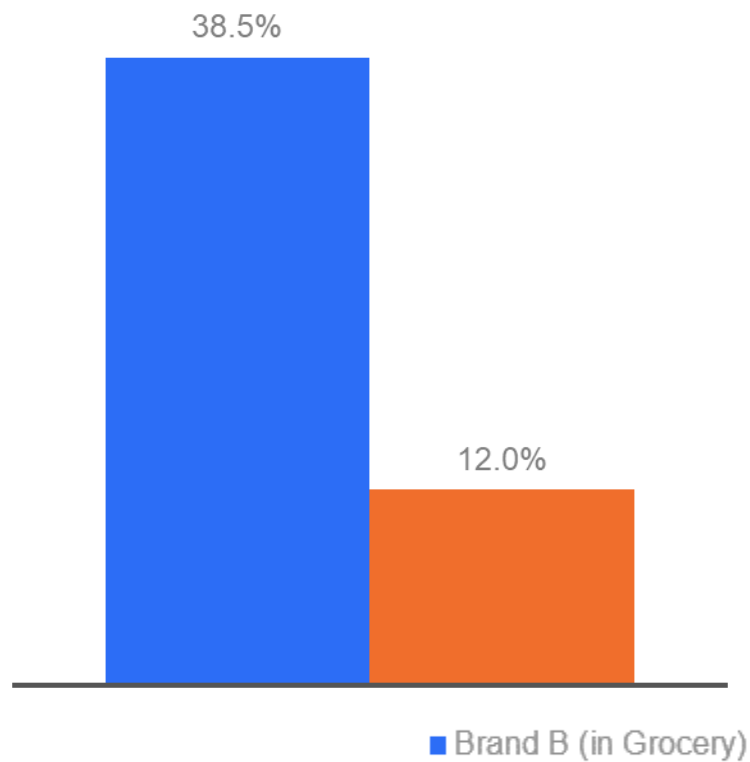
Source: Shopper trends 2022 – Q23: Promotion sensitivity (%)

Select the right promotion mechanism

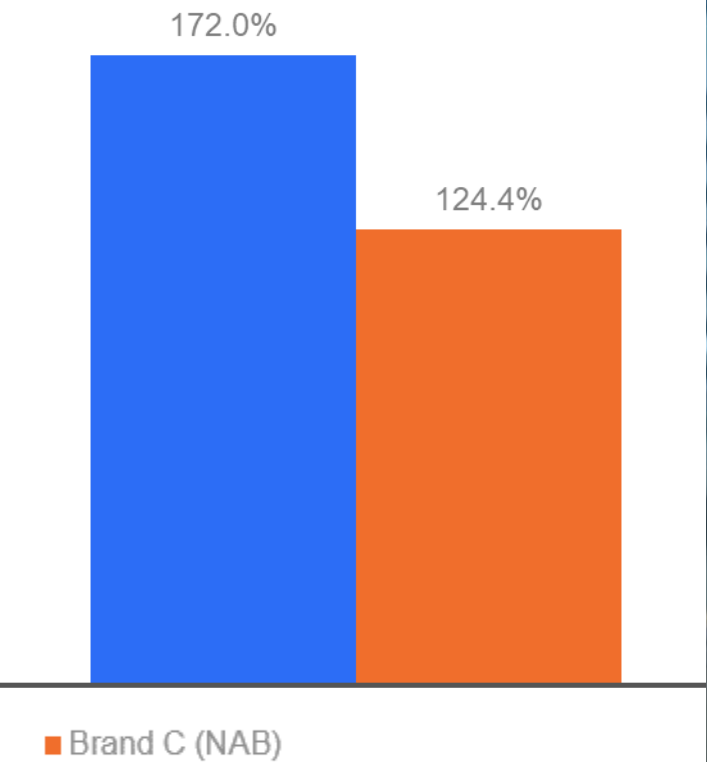
Only increasing the promo is not always meeting expectations

SM – Brands* - Evolution of promo activities - YTD P4 vs. YA

Cumulated WD any promo



Feature Only



*Examples of brands with (1) value sales > 1M€, (2) double digit growth in volume, (3) promo demand increased vs. YA

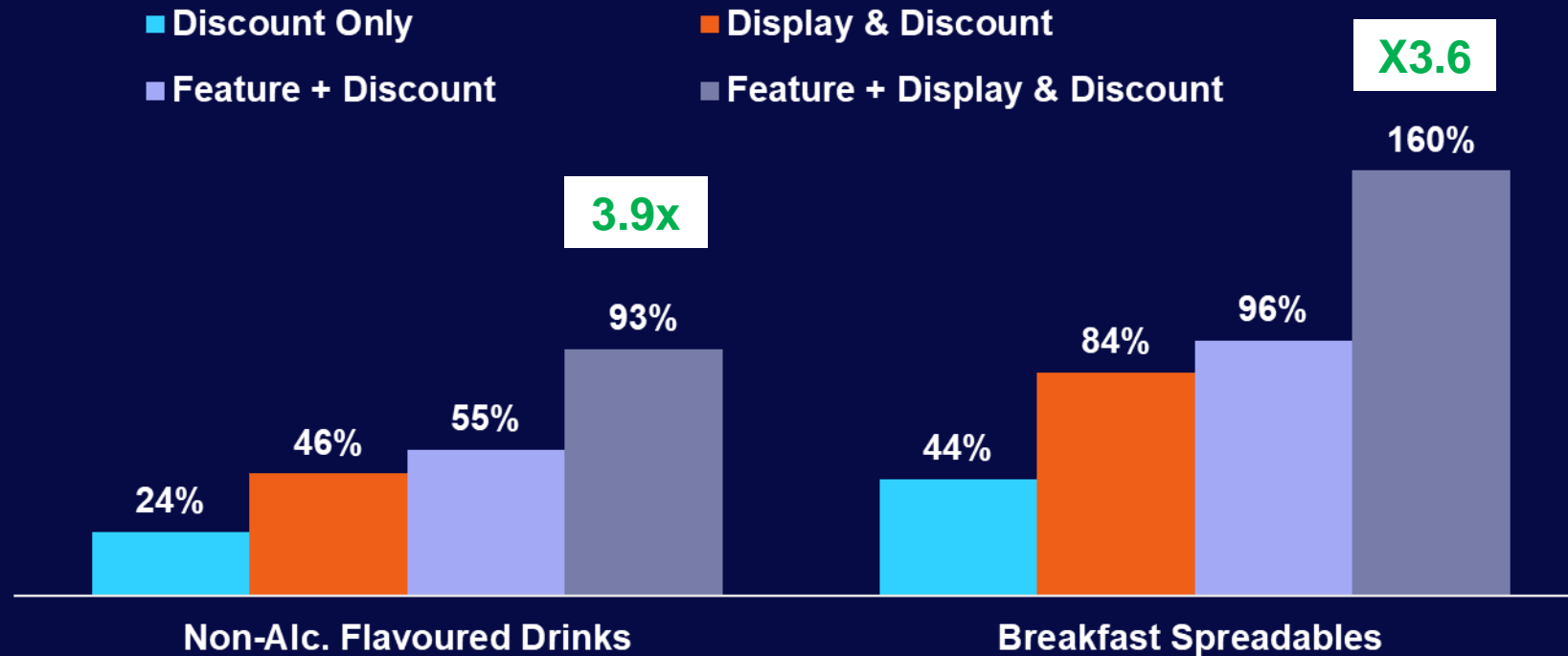
Source: NielsenIQ RMS Scantrack



Improve your promotion

Ensure the right promo mechanics and support are in place to help drive volume without compromising profit

Average BE item promotional % volume uplift at -25%



Focus on
better-not
deeper
promo
mechanics

Source: NielsenIQ EDA Price & Promo modelling | Incremental Uplift at -25% discount | Latest 52w ending Feb. 2023

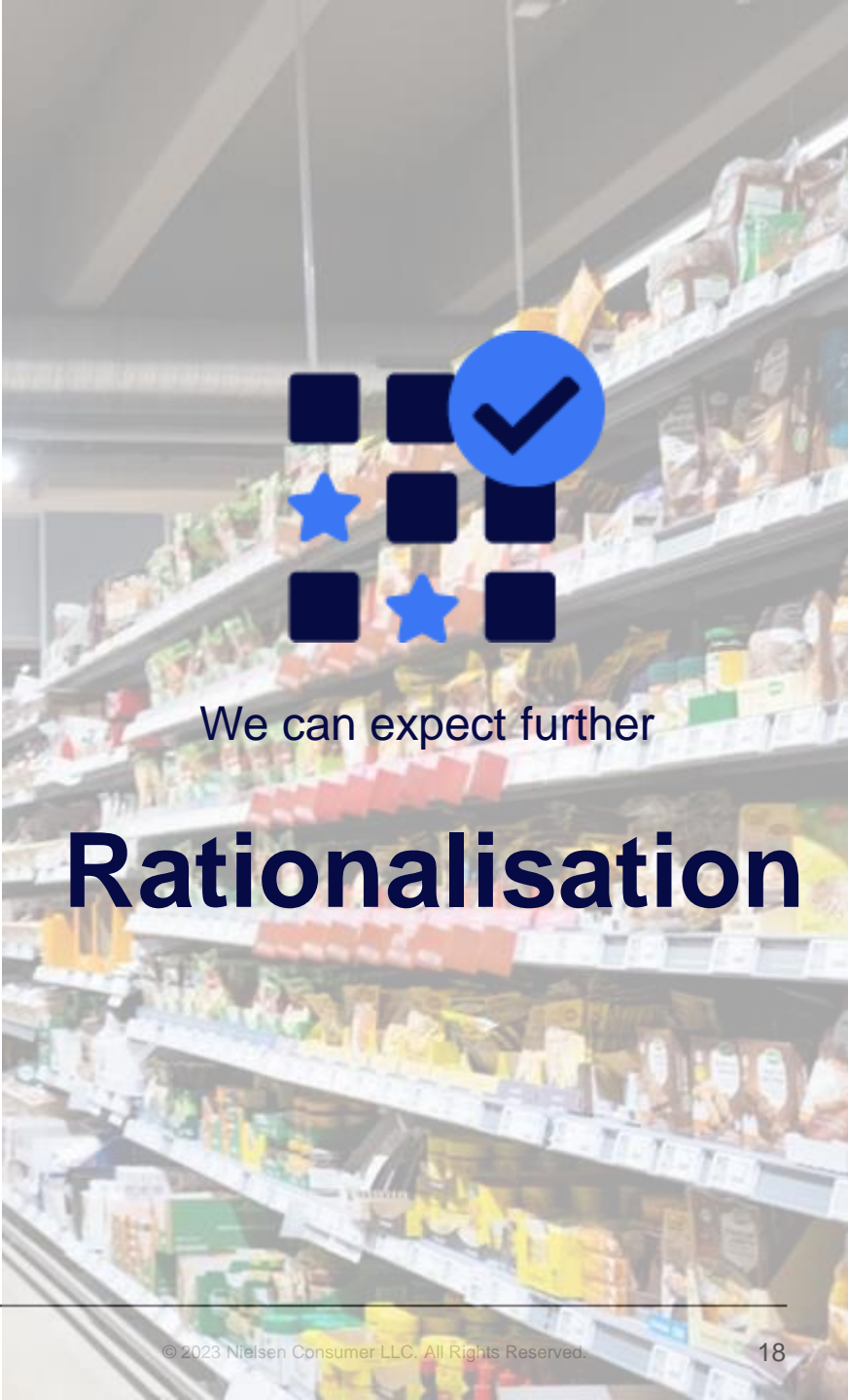
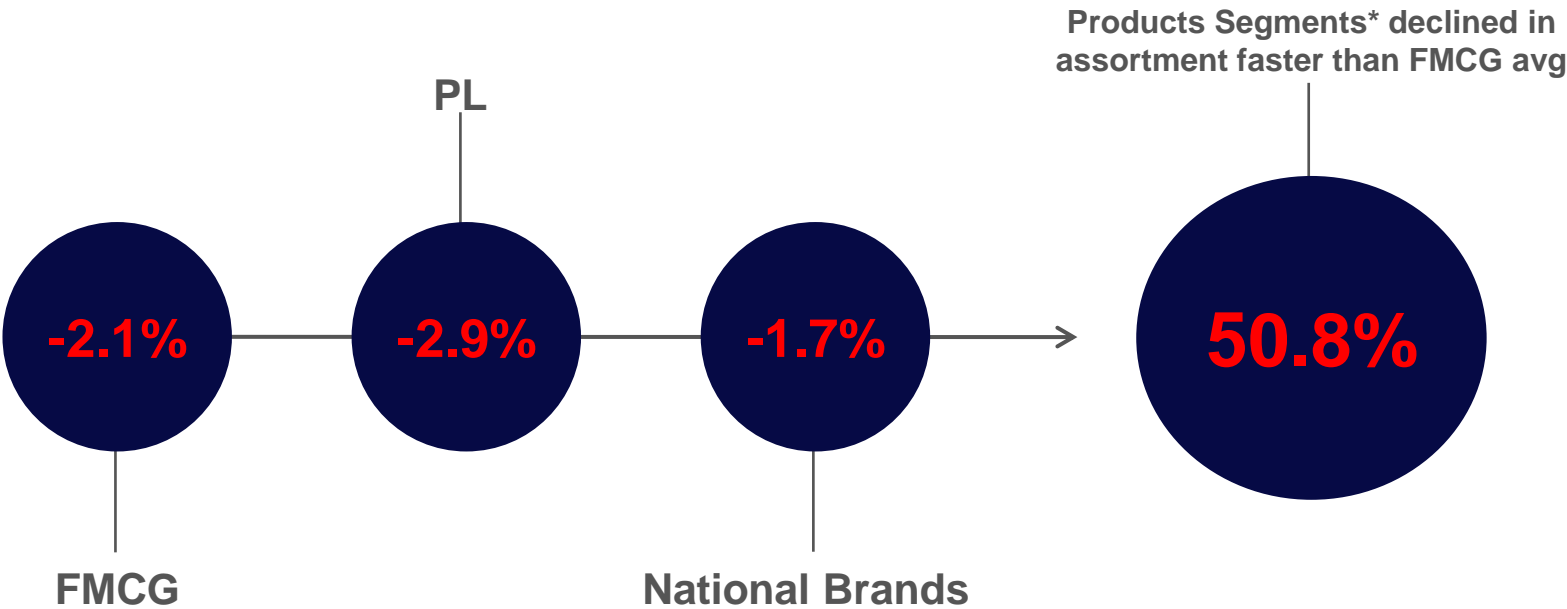


Optimise your assortment

Focus on incrementality

Half of the brands are over-represented

SM – Avg. Number of items per store – YTD P4 vs. YA



We can expect further

Rationalisation

*in SM – product segments > 1M€ of value sales – evolution YTD P4 vs. YA (n=295)
Source: NielsenIQ RMS Scantrack



52.9%

Of NB are over-represented*

**brands with sales > 100K€ (n=2050) in product segments with sales >1M€— over-represented: value shares < assortment share
Source: NielsenIQ RMS Scantrack

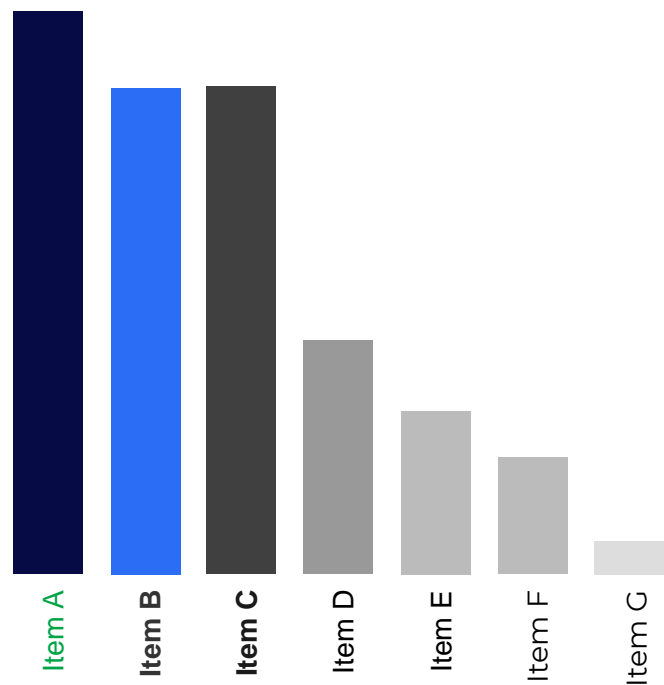
NIQ



Listing only high rotating products is not the best solution

As it entails cannibalisation

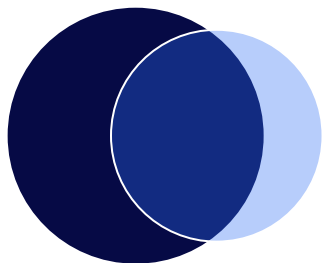
Item Turnover Hit-Parade



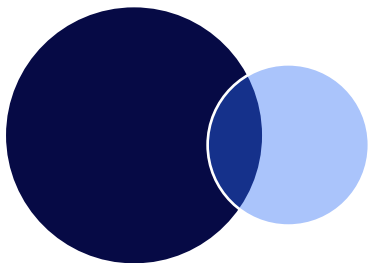
An isolated analysis of the item performance would suggest deleting the reference C and keeping the reference B.

Consideration of the incrementality

Bubble size: Sales value
Overlap : Cannibalization



STRONG
cannibalization
Incremental : 40 €



LOW
cannibalization
Incremental : 50€

However, considering the interactions with the other items of the assortment, keeping the reference C is more profitable than keeping the reference B.

The keys to success

- ✓ In times of inflation, consumer compare prices
 - ✓ Be cautious and **understand cross-elasticities**
 - ✓ Consider **Affordability**
- ✓ Select the right **promotion mechanism**
 - ✓ Focus on generated uplift, rather than discount
- ✓ Optimise your **assortment combination**
 - ✓ Which products **bring value** to the category?
 - ✓ Which products yield the most **incrementality**?
- ✓ Keep the **trends** in mind
 - ✓ Sustainability
 - ✓ Functionality



NIQ *Discover*



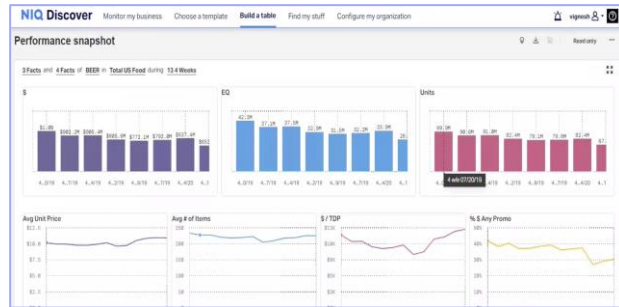
NIQ Discover

Intuitive, integrated data visualization tool to support all personas and use cases



NIQ Discover

One intuitive visualization interface for **on-demand** access to all NIQ data



Monitor performance with business-critical tracking metrics and KPIs

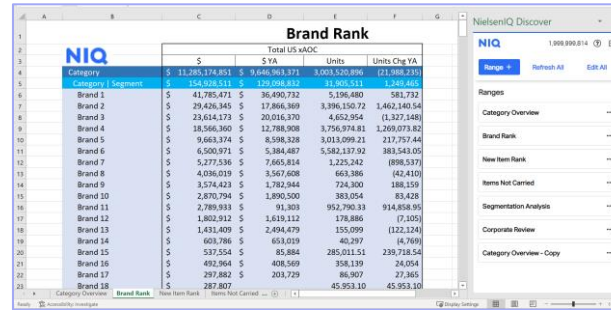
Templates organized by business question to **quickly find insights**

Efficiently organize and share content across the organization



Discover Add-in

Create and refresh NIQ data directly in Excel for fast, flexible access to insights



Leverage Discover's capabilities directly in Excel **for familiarity & convenience**

Saved selections auto-update to any range **enabling adjusts on-the-fly**

Saves the time and cost associated with stitching together multiple data pulls



Intuitive visualization tool to interact with the data, pull reports, slice, and dice

Key benefits

- **On-demand or no hierarchies**
- **Increased efficiency** with guided flows and intuitive visualizations
- **Better decisions, faster** using visual alerts and KPIs to track trends and changes
- **Elevated knowledge** from embedded insights to identify opportunities
- **Connect stories** across data sets to provide the full view

How can we help you?



Reduce the time and cost spent analyzing data, with NielsenIQ Discover. Empower teams to dive deeper into insights with flexible self-service tools to tell the full story across data. Easily integrate AI, ML, and analytics for more informed decisions on pricing, marketing and innovation.

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Thank you

