

# NIQ Mid-Year *Consumer Outlook*

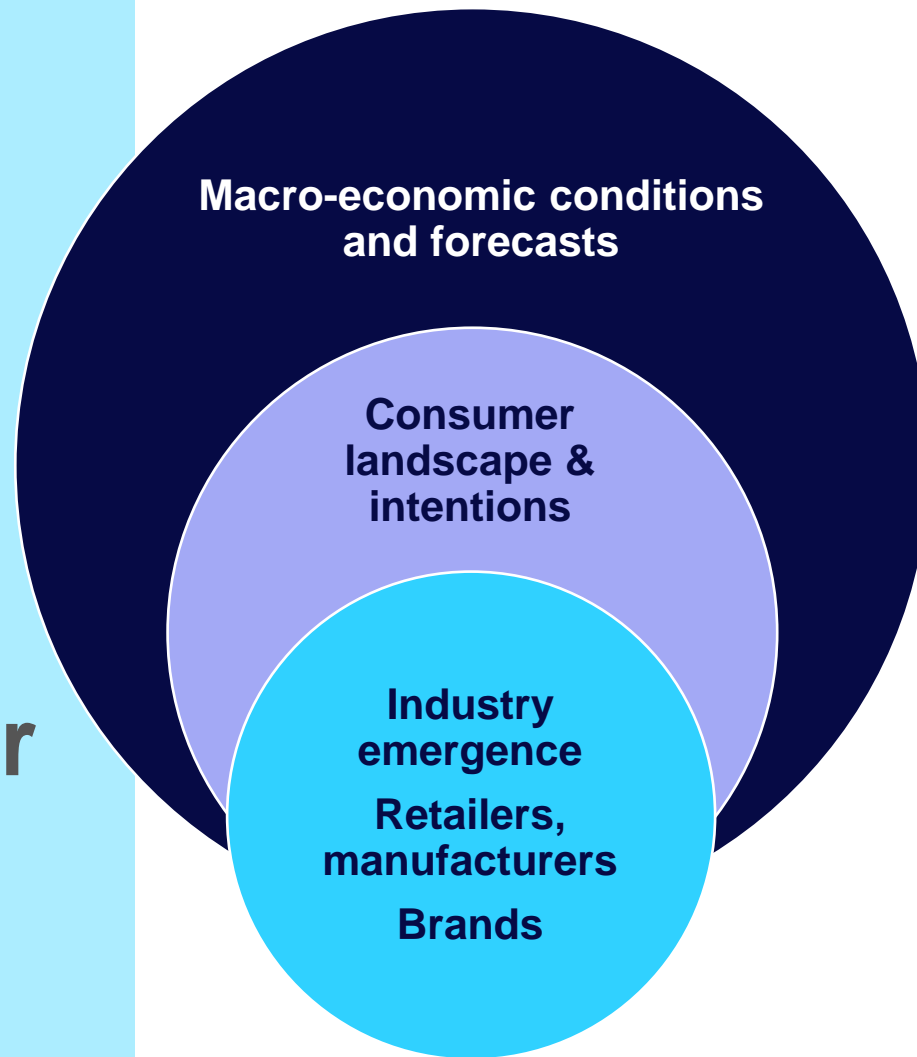
NIQ Global Thought Leadership  
August 2023

**NIQ**

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# 3 levels of investigation to anticipate outcomes over the next 12-18 months



What are the economic conditions expected to be moving forward? What can GDP forecasts, Inflation, employments and commodities be signaling?

How are consumers feeling and thinking? What are their spending intentions? What strategies or approaches are they using? Changing behavior?

How is the industry tracking? What is emerging? What changes are likely to persist? What are the "watch outs"?

**What might we anticipate across the next 12-18 months when these factors converge? How can you win in this changing environment moving forward?**



# The global state of *evolved* consumers

Prolonged pressures have shaped ***calculated*** spending, as consumers evolve their habits aligned to recent inflation deceleration. But the ***compounding effects*** of years of disruption continue to keep consumers bracing for what's ahead.



Pressured

Calculated

Resilient

# 5 emerging global trends for focus

1

## The inflation long haul:

Deceleration differs from decline. News of inflation stagnation have been greatly exaggerated. The compounding impact of recent inflation has not gone away, and prices remain high.

**Future Indicator:**  
The cumulative & compounding impact of inflation

2

## Growing consumer resilience:

Consumers are finding coping strategies to navigate the cost-of-living crisis. They remain pressured but have found some comfort through calculated spending and future planning.

**Future Indicator:**  
The global state of jobs and employment

3

## The era of calculated spending:

In-home priorities prevail among global consumers. Spending is being redirected away from big-ticket, out-of-home discretionary spending, with a priority on utilities and groceries. Any splurging is being handled in calculated ways using multiple strategies for saving.

**Future Indicator:**  
The role of affordable luxuries in FMCG, tech & durables

4

## Private Label staying power:

Private label has experienced another period of strong growth, signaling continued demand among consumers and unique “push vs. pull” shelf power for retailers. Innovation to justify premium / unique brand positioning will be critical to navigating price gaps between offerings.

**Future Indicator:**  
The retailer role in shifting share of assortment

5

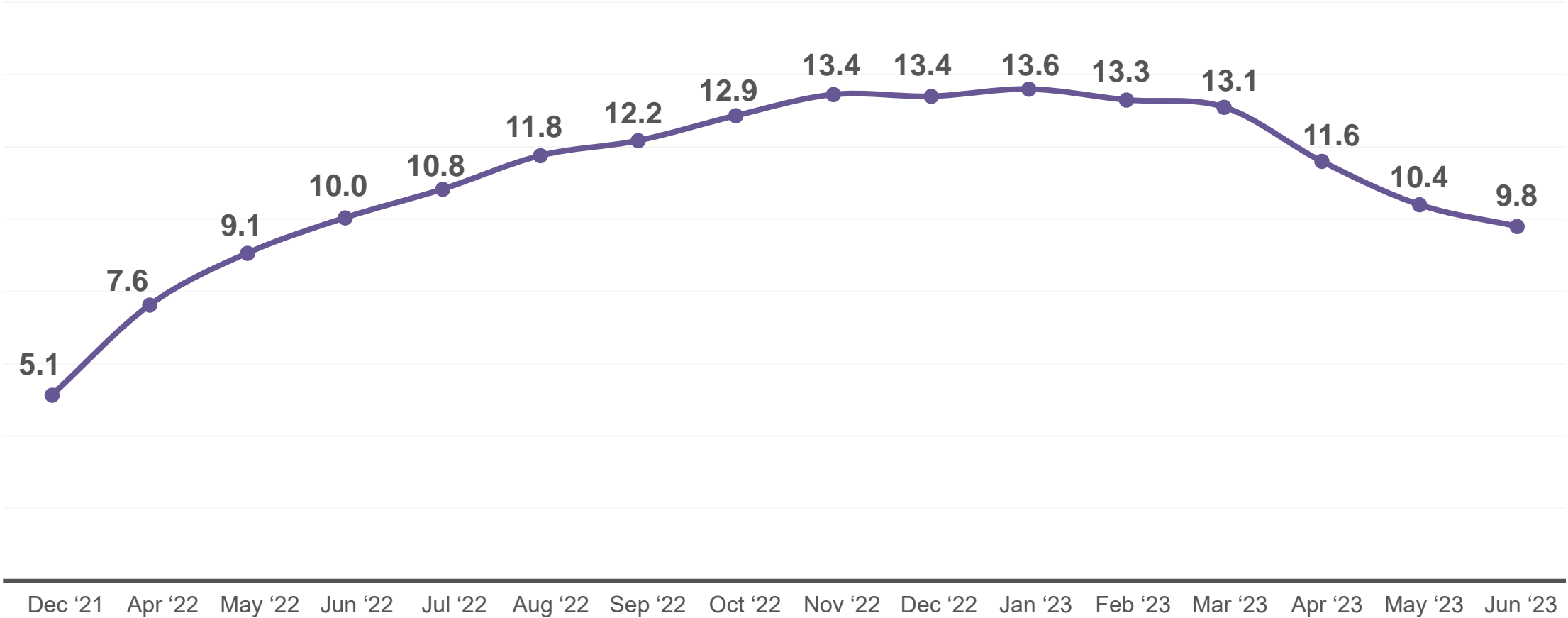
## Growth beyond price:

Consumers are spending more for less products, and volumetric declines pose a major future risk for all businesses. Strong value growth has been driven by inflation, hiding declining consumption by consumers. Potential risks to share market value / profitability of businesses.

**Future Indicator:**  
The global reliance on promotions to sustain volume

# Globally, inflation of consumer goods continues to rise, but at a slower rate. Consumers are spending more, but purchasing less volume

Global FMCG Price Inflation Rate - Monthly



% Chg vs. YA

Dollars	+6	+6	+8	+9	+11	+10	+11	+11	+12	+10	+11	+9	+10	+10	+9
Volume	-2	-3	-2	-1	-1	-2	-2	-2	-1	-3	-1	-2	-2	0	-1

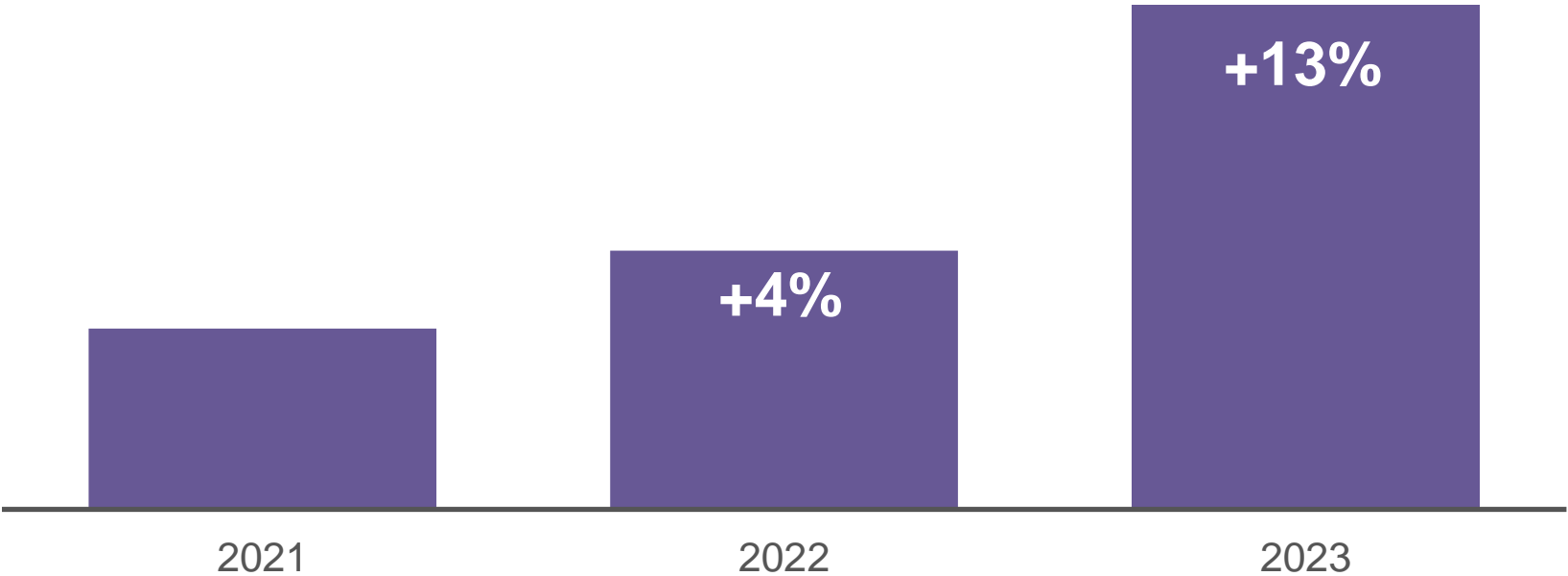


Source: NIQ Global Inflation Tracker, April 2023, Eq Vol % Price Change - Monthly  
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# The Compounding Effect:

Purchasing power of global consumers has declined significantly

*Annual % Increase in Prices – Global*

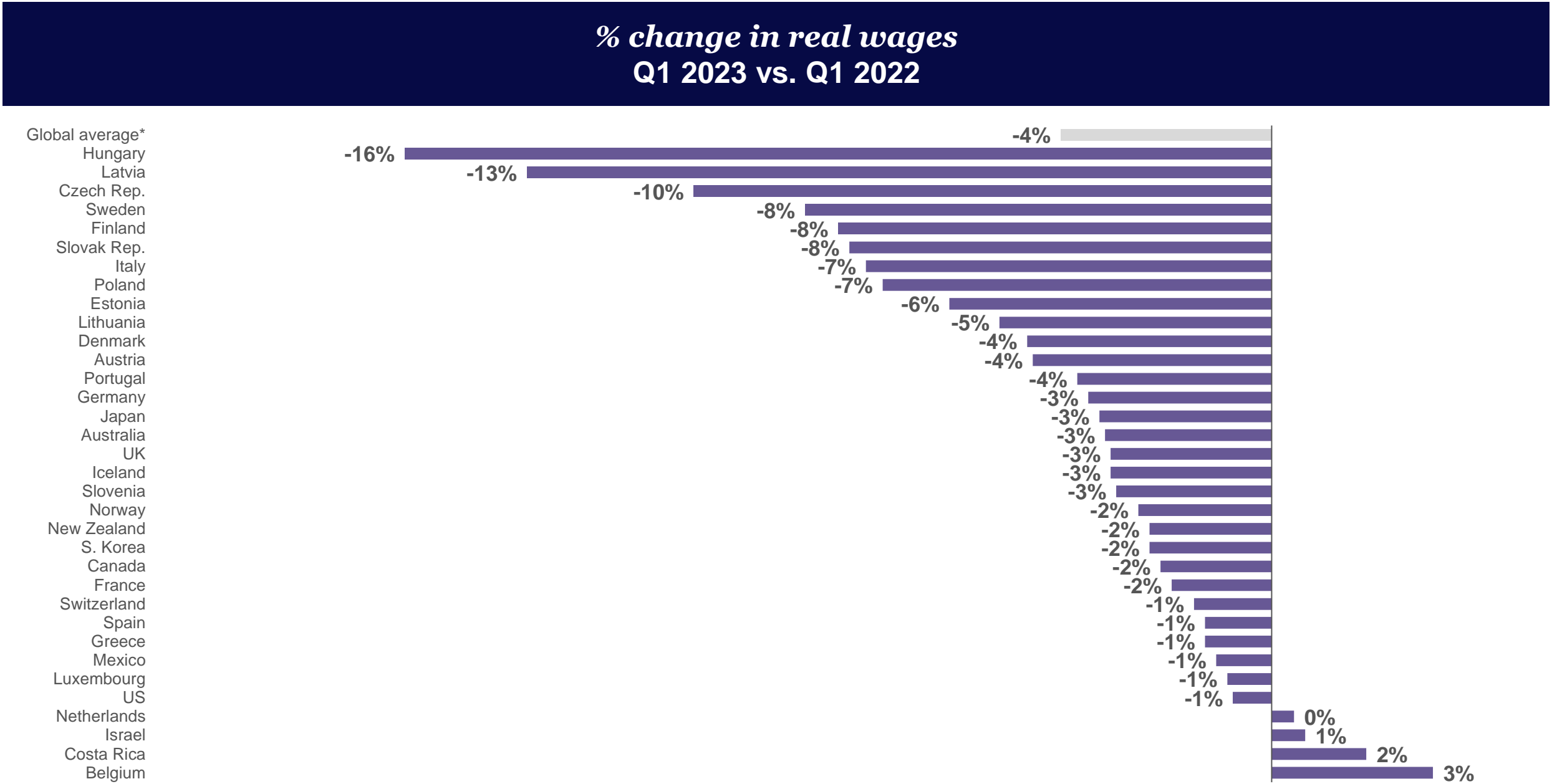


*\$100* ————— *\$118* —————>

Consumers are  
spending  
**18% more**  
vs. 2021

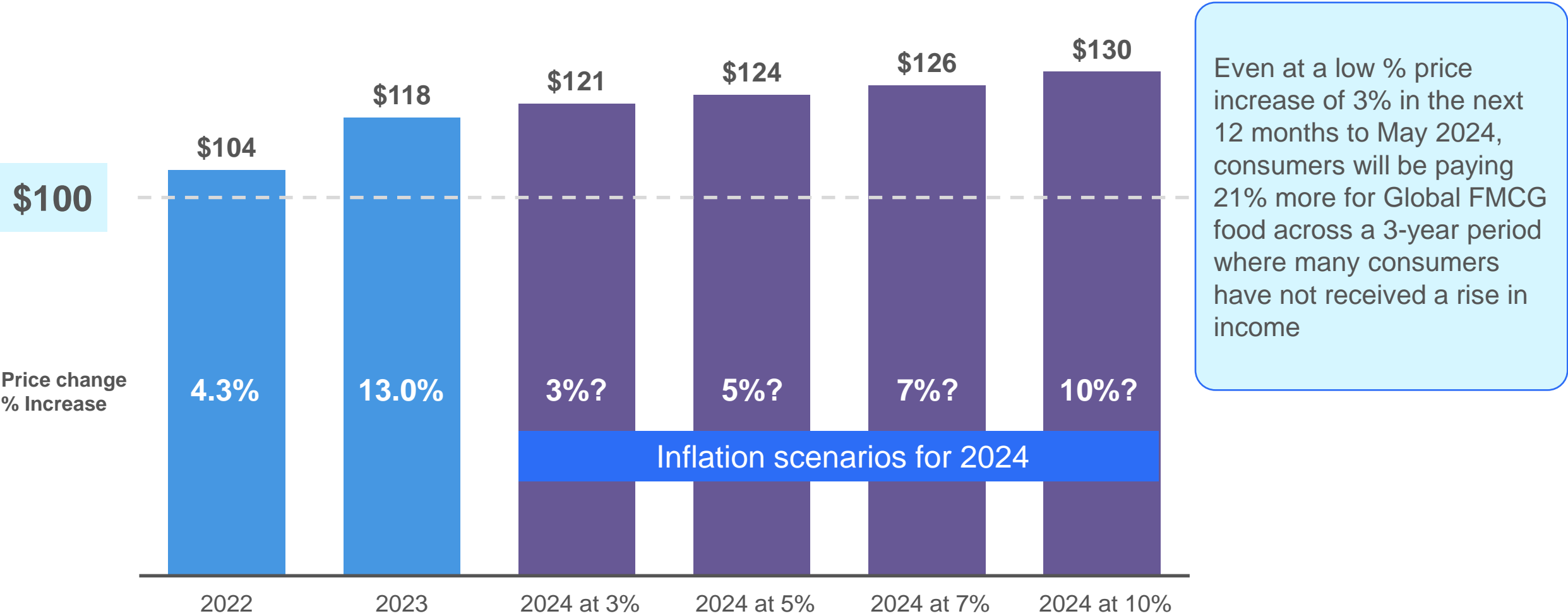
# Real wages have fallen as the cost of living rises

*Further exacerbating the constraints felt by consumers, and lengthening the timeline of inflationary impact*



# The compounding effects of FMCG inflation will be felt in 2024

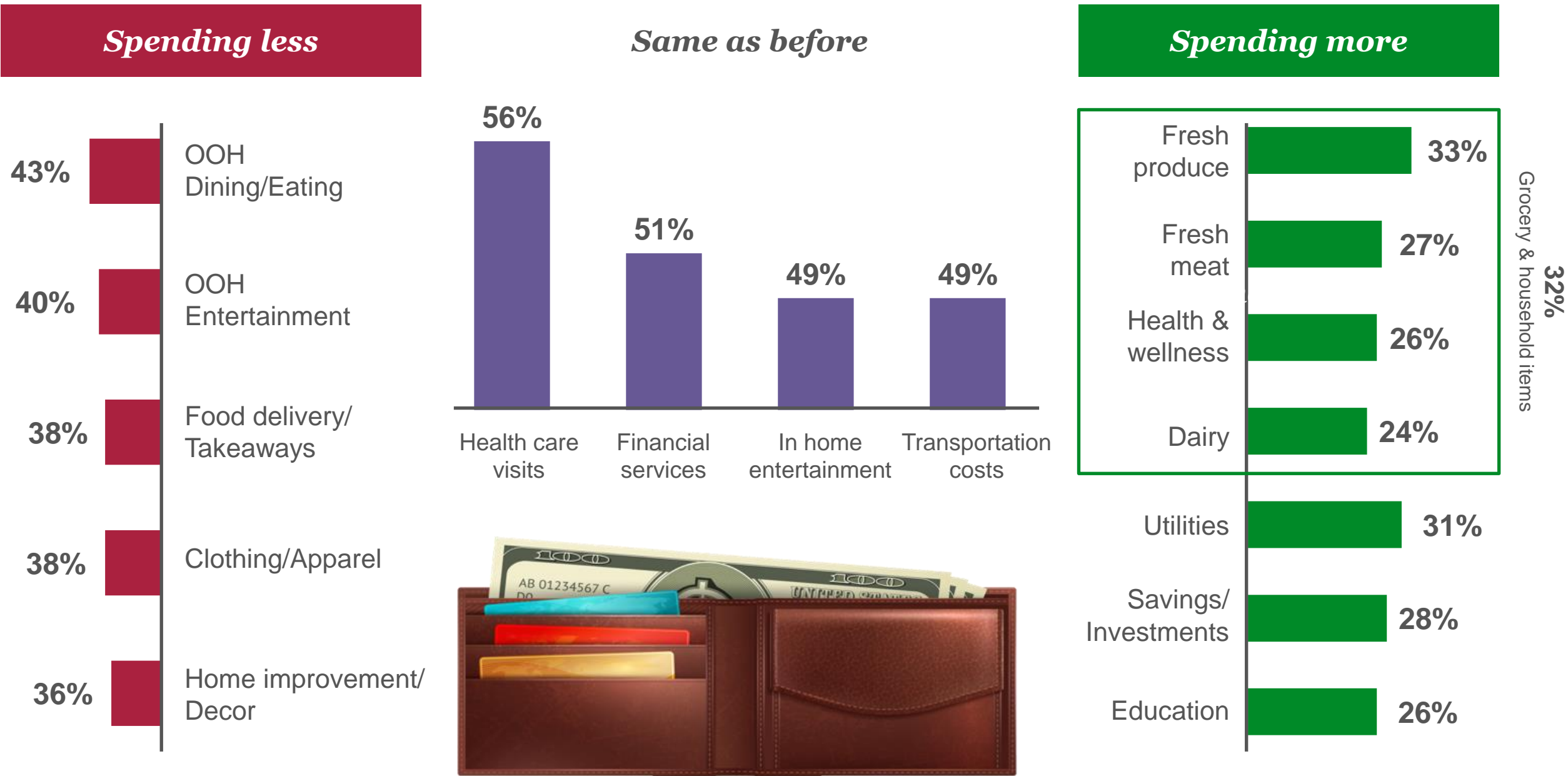
*\$100 spend across 36 months into 2024*





# Wallet shifts during pressured times

FMCG categories central to 2023 consumer spending intentions



# Globally, many consumers are managing costs by turning to Private label

**44%**

Think store brands  
**usually** are good  
value for the money

**40%**

Think store brand  
**products** are a good  
alternative to name  
brands

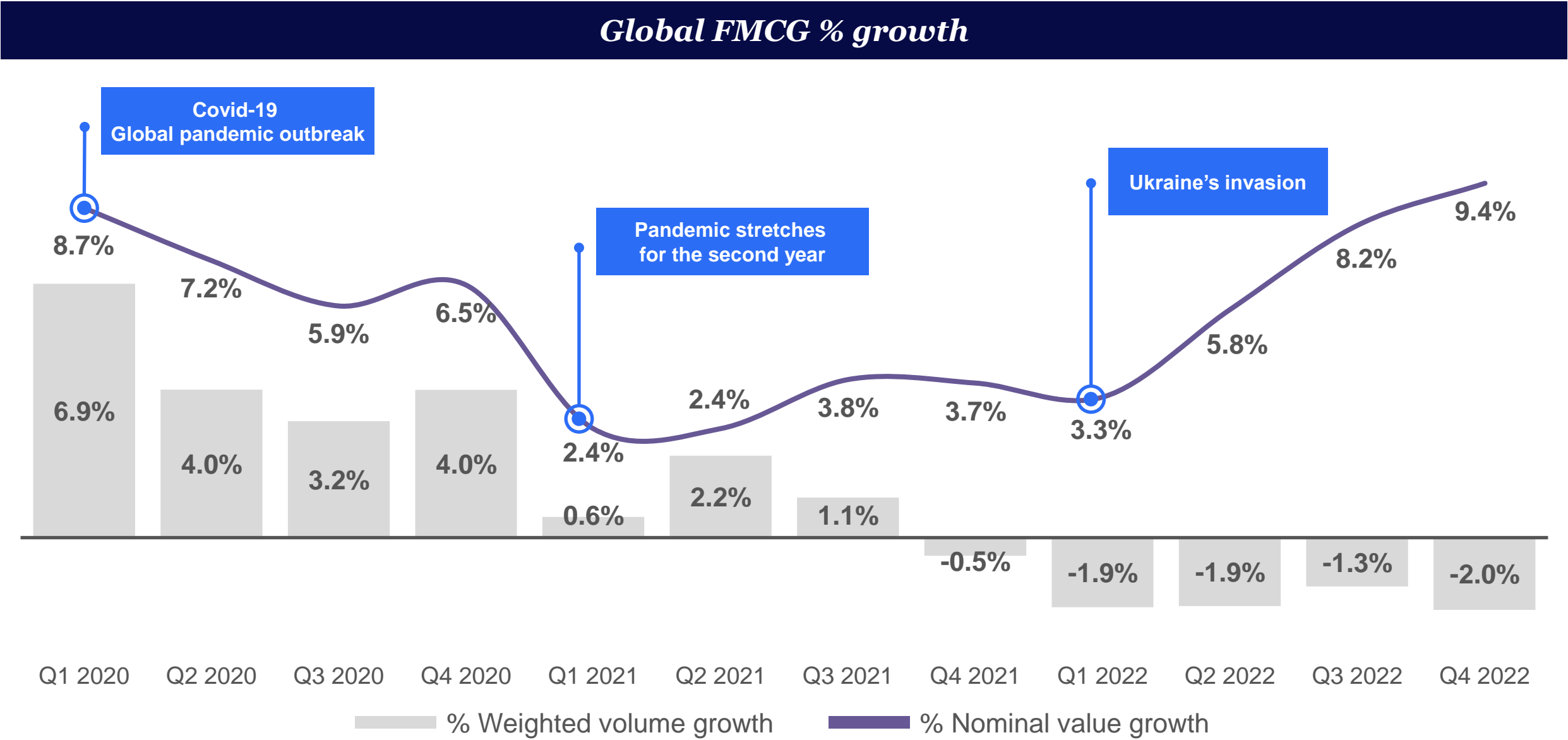
**35%**

Think some store  
**brand products** are  
higher or equal  
quality than name  
brands

Private label has become an increasingly viable option for many consumers across the last 3 years as value became the key priority for more people.

# Consumers around the world saw their concerns quickly shift from pandemic to rising prices

As of 2022, Global FMCG has reached 2020 growth rates, but this time value growth has not been supported by volume



# Gauging future growth drivers to fuel 2024 planning

