

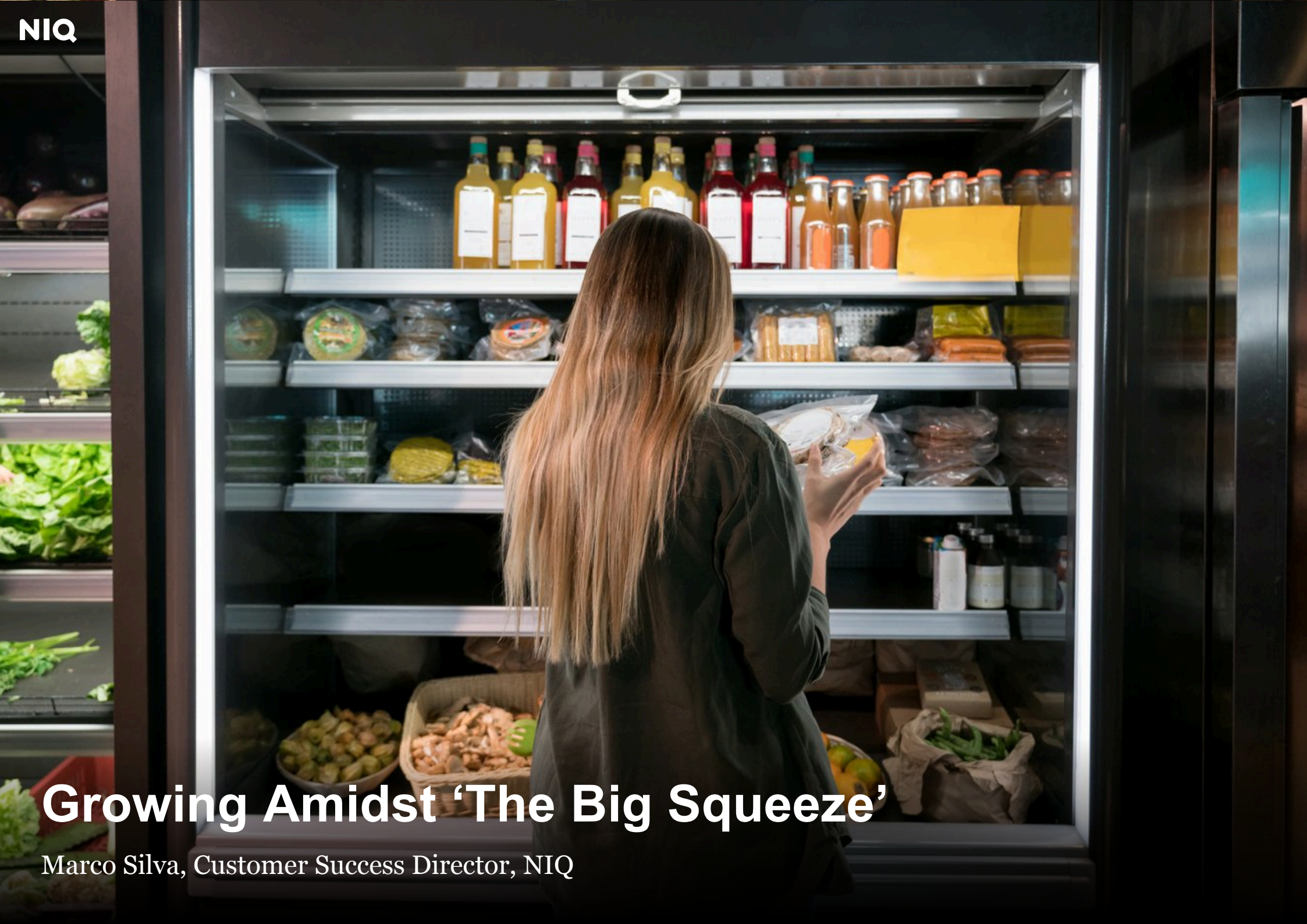
Australia Consumer Outlook 2024

Navigating the 2024 pressure
points to growth



Growing Amidst 'The Big Squeeze'

Marco Silva, Customer Success Director, NIQ



Growing Amidst ‘The Big Squeeze’

With pressures felt from multiple angles, consumers are pivoting around emerging challenges to get by. These manoeuvres create green shoots of opportunity that companies can harness the weather to weather the storms ahead.

Although there is an expectation the challenging consumer environment will persist, there have been pockets of growth across the last few years that highlight winning Strategies.



“

As you think and strategise around both the pressure points and pockets of growth that influence consumer sentiment and spending, NIQ has summarised the top consumer trends and strategic insights to help your organisation succeed.

Pete Sheridan, NIQ Pacific Managing Director

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NIQ



Meet Your New Australian Consumer

Meet Your New Australian Consumer

The state of Australian consumers right now is pressured. The cost-of-living pressures feel like an ongoing squeeze and show very little signs of easing their grip any time soon. Unemployment rates remain steady, but wages continue to lag behind inflation rates. As factors like global crises (and conflict escalation) rise to consumer consciousness, expect heightened competition for a smaller pie of consumer spending.

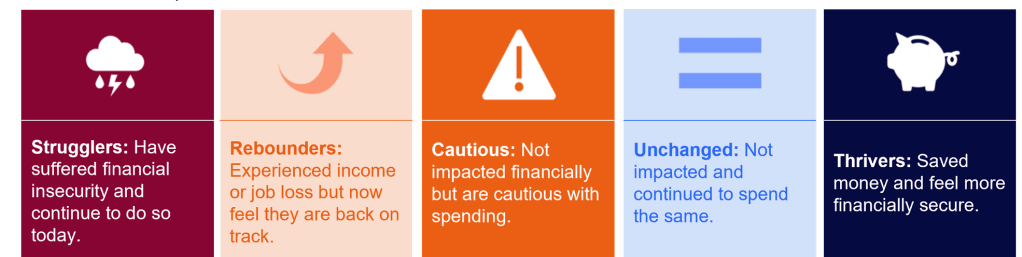
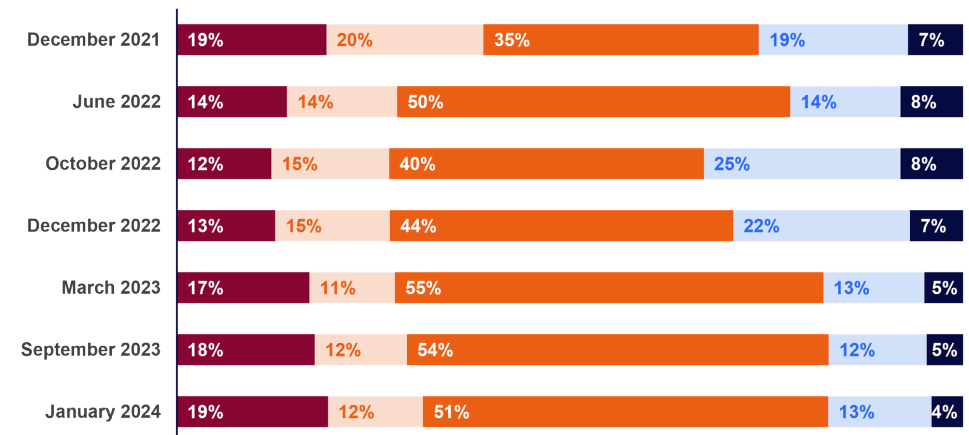
Significant external factors, which for the most part are beyond our control, contribute relentlessly to our FMCG industry. The good news for brands and retailers is that although there is an expectation the challenging consumer environment will persist, pockets of growth have emerged as consumers pivot spending behaviours to survive and thrive. So how can manufacturers and retailers best prepare for these inevitable challenges and be equipped and agile to respond?

OVER 80% OF AUSTRALIANS ARE MONITORING THEIR SPEND

Being 'Cautious' is not something designated to one type of household. It's a mentality that stretches across small and large households, families and non-families as well as the highly affluent and less affluent.

Playing the field of financially polarized consumer groups

The Global Economic Divide - Tracking financial situations and responses



Source: NIQ Homescan Survey | Australian Household Segmentation | 2021 – 2024



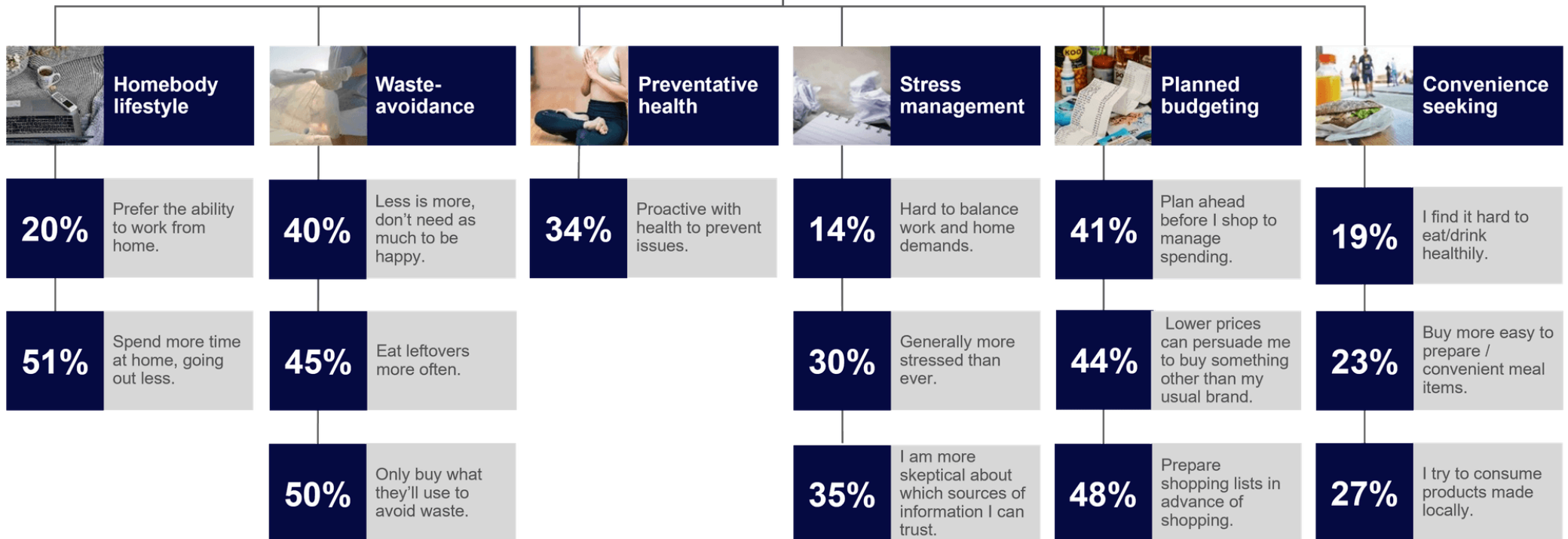
Top 10 concerns among Australian consumers

			Ranking change vs. Mid 2024
1	Rising food prices	45%	= same
2	Increasing utilities	23%	= same
3	Increased housing costs	22%	= same
4	Rising interest rates	18%	= same
5	Rising fuel / transportation costs	12%	↑ Was #6
6	Global warming / environment	12%	↑ was #8
7	Economic downturn	10%	↓ was #5
8	Global conflict / escalation of crisis	10%	↑ was #12
9	Ability to provide basics for myself/family	8%	= same
10	Threat of COVID-19 resurgence	6%	↓ was #7

source: NIQ 2024 Consumer Outlook vs Mid-Year 2024 Survey, AUSTRALIA

Rising costs of living remain top of mind for consumers. Concerns about global warming and geo-political crisis climb this year.

Expect a year of redefined consumer *values*



[NIQ Consumer Insights](#) have enabled us to track changing behaviors, intentions and priorities that are rapidly becoming new habits.

A person wearing a tan coat and black boots is walking through a grocery store aisle. They are holding a black plastic shopping basket with a yellow handle. The basket is empty. The shelves are stocked with various products, including bags of snacks and boxes of toys. The floor is made of light-colored wood.

The Consumer Divide

The Consumer Divide

NIQ's 2024 Australia Consumer Outlook Report looks at two core consumer groups - '**Strugglers**' and '**Cautious**'. Although Strugglers and Cautious are both careful with their spending, there are significant differences in their profiles and strategies to win within these consumers.

Personalise your approach to providing value to key consumer segments. Consumers are under pressure. Unemployment rates remain steady, but wages continue to lag behind inflation rates. As factors like global crises (and conflict escalation) rise to consumer consciousness, expect heightened competition for a smaller pie of consumer spending.

Significant external factors, most of which are beyond our control, contribute relentlessly to our FMCG industry. Therefore, it begs the question of how manufacturers and retailers can best prepare for these inevitable challenges and be equipped and agile to respond?

Transform your market strategy with [Omnishopper](#). Access data from 30,000 panellists and over 35 million transactions for a comprehensive view of consumer behaviour. Contact us [here](#).



Although Strugglers and Cautious are careful with their spending, there are significant differences in their profiles and strategies to win within these consumers.

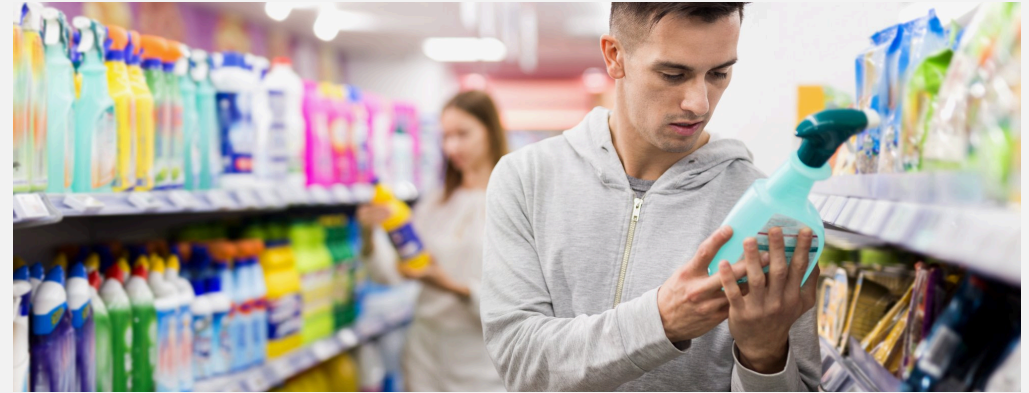


Strugglers

- 66% only have enough money for **food, shelter and basics**
- 23% are employed full time (vs 39% of the panel)
- 34% are likely to change jobs (vs 20% of the panel)
- Are 30% more likely to be renting

There top 3 Strategies to Manage Expenses:

1. Stop buying certain products (59%)
2. Shop at stores with loyalty points (55%)
3. Monitor the cost of my overall basket of goods (53%)

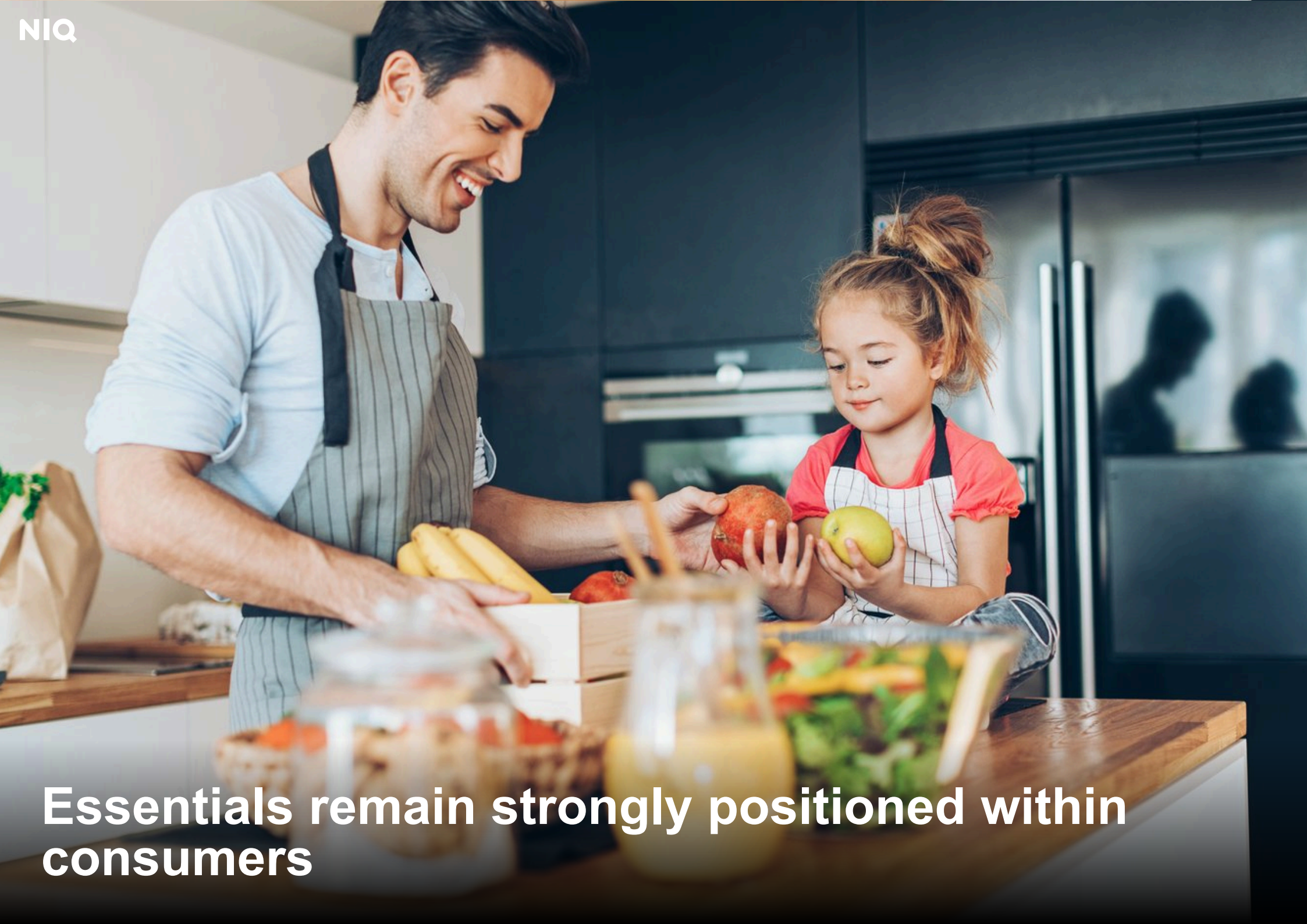


Cautious

- 74% **live comfortably** and are able to buy certain things just because they want them
- 42% are employed full time (vs 39% of the panel) and 27% are retired (vs 24% of the panel)
- 59% are unlikely to change jobs (vs 57% of the panel)

There top 3 Strategies to Manage Expenses:

1. Shop at stores with loyalty points (53%)
2. Buy whatever brand is on promotion (47%)
3. Select lowest priced product from preferred range (44%)



Essentials remain strongly positioned within consumers

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The FMCG sector remains a resilient stronghold for consumer spending. While consumers expect to cutback spending on categories like dining out and leisure, spending intentions for groceries and household items remain in positive territory.

This indicates a more home-centric behaviour, as consumers replace out-of-home occasions with in-home experiences. Our NIQ Full View of the market, including data on Tech & Durables (-2.3% Value sales), On-premise channels (20% of consumers visiting less frequently) and in-home consumption for Liquor (3.5% value growth), revealing a clear preference for value-driven home-based consumptions.

-2.3%

Tech & Durables value sales

Products offering **affordable premiumisation** are well positioned within consumers and facing solid growth. This trend is evident across several categories:

- **Scotch Fillet**: +19.2% value growth. Premium steak cuts becoming more affordable offering an alternative for an out-of-home meal.
- **Roast and Ground Coffee**: +12.5% value growth. High-quality coffee at a cheaper price per cup than capsules.
- **Beer/Cider**: +9.7% value growth. Consumers are bringing social occasions to their homes and drinking more at home.

20%

of consumers visiting on-premise channels less frequently

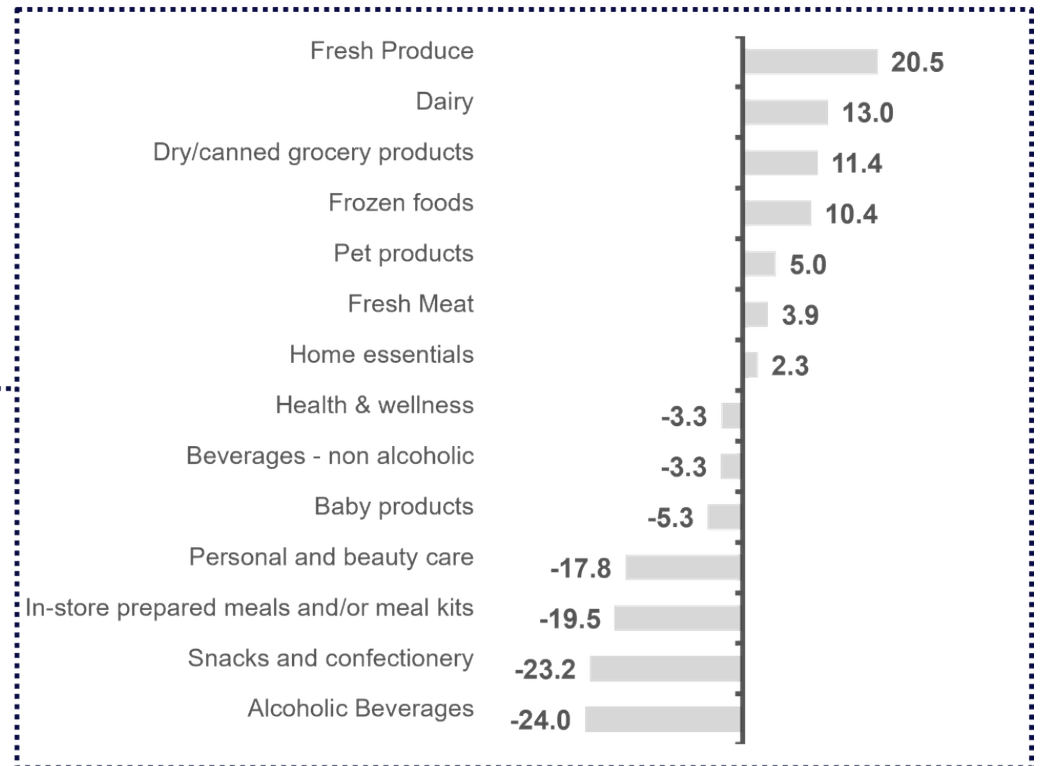
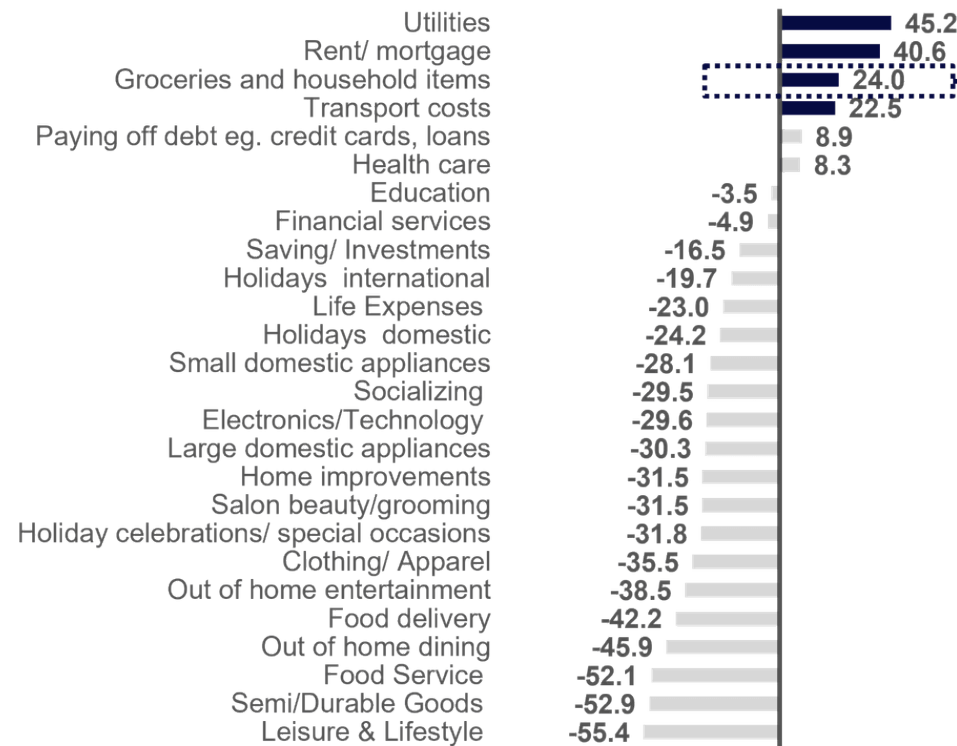


+3.5%

value growth in in-home consumption for liquor

Spending intentions for next 12 months

net change in spending (pt. change)



Source: NIQ Consumer Outlook 2024, Australia

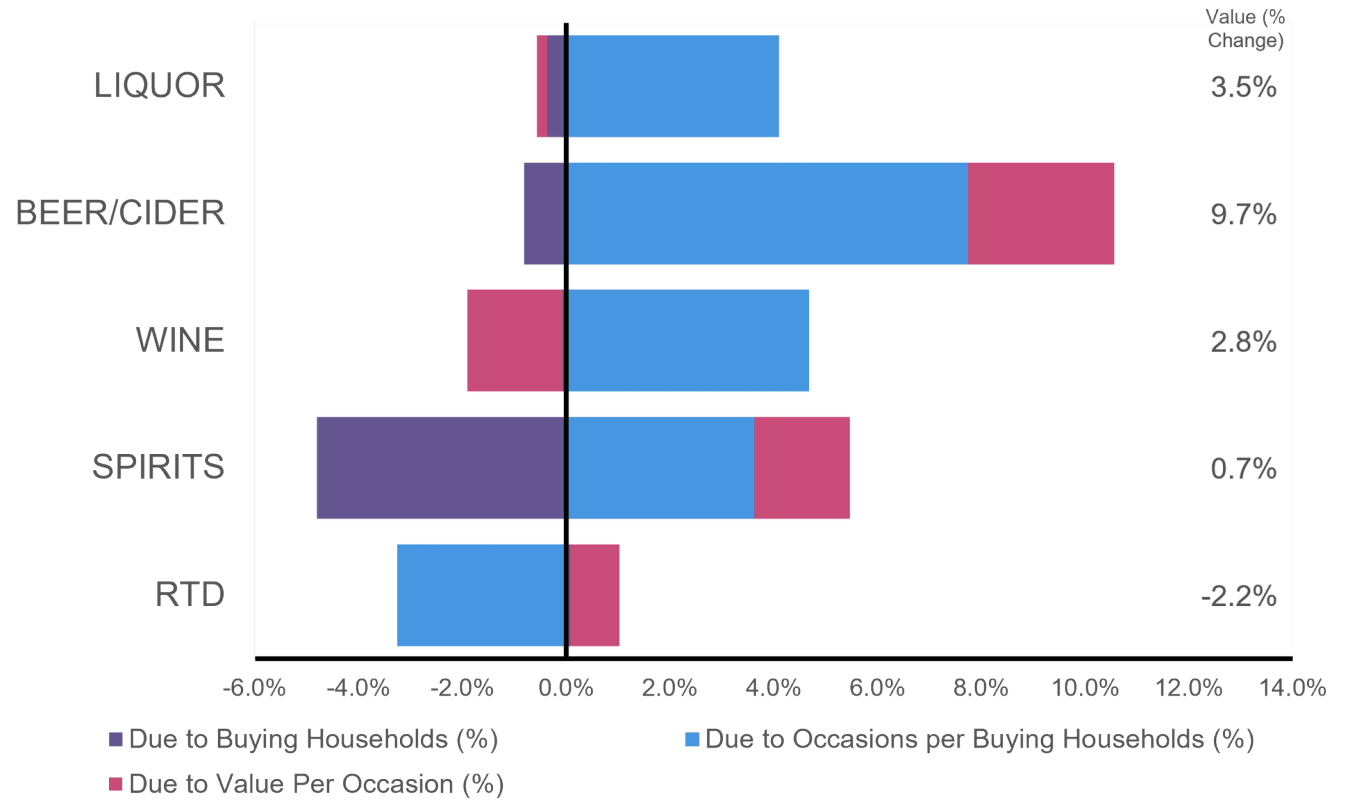
Change in spending calculated by subtracting % of respondents who are spending less from % of respondents who are spending more



As people are now going out for a drink less often, we have Liquor categories performing well off-premise, most of them driven by a higher number of occasions, which clearly shows that consumers are replacing an occasion where they would normally go out for a drink to drinking at home with their friends or family.

Liquor Off-Premise % \$ Growth

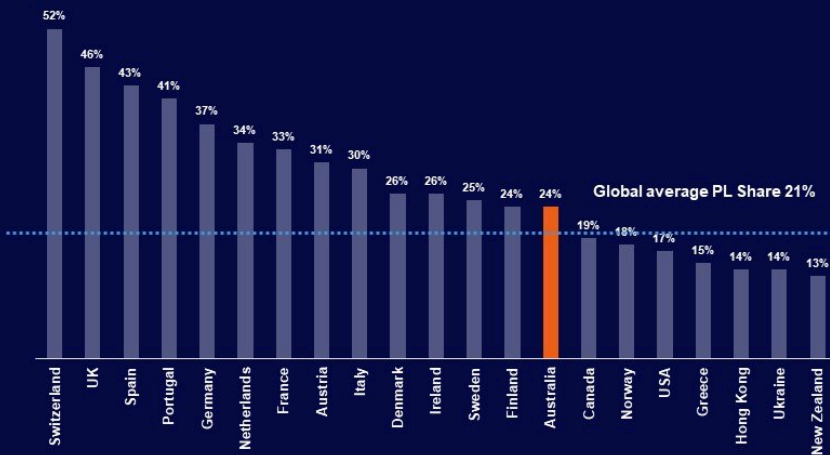
MAT vs MAT YA



Source: NielsenIQ Omnishopper Liquor MAT 25/02/2024

Private Label in Australia and it still has room for growth compared to other developed countries.

Private label share – Q1 2024



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Looking at a macro view, Private Label share in Australia is 24% which is aligned with the global average, but behind other developed countries that we usually benchmark ourselves with, such as the UK.





Continue to Innovate and Play Online

Continue to Innovate and Play Online

More than half of Australian households remain with online shopping with frequency increasing year-on-year. Online is especially appealing for younger households and families that seek convenience and show no signs of slowing down.

Innovate. Innovate. Innovate. Almost two-thirds (63%) of consumers say they would purchase a product that has been innovated to make it as affordable as possible. Sustained innovation supports the bottom line and boosts overall growth during times of volumetric slowdown. Sustained innovation enables companies to break through:

Manufacturers growing innovation sales were 1.8 times more likely to grow overall sales.

However, it's not only about price, but about the value equation: positioning yourself as the consumer's top choice through a unique value proposition can underscore your superiority in the market. Ensure your product range delivers value, alleviating ongoing consumer pressures; fine-tune pricing and promotions accordingly.



What motivates you to purchase online?

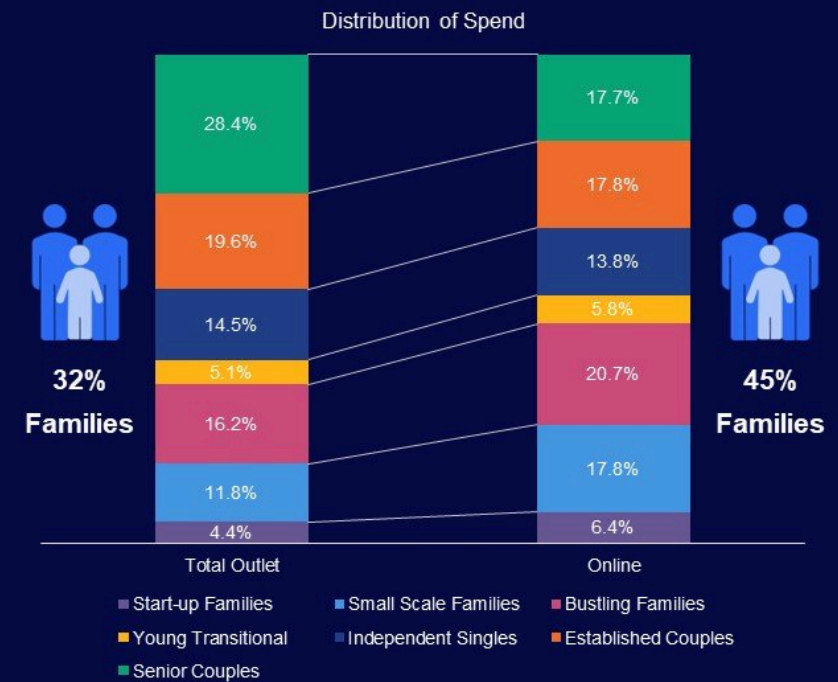
- 75% Convenience
- 49% Easy to see promotions on items usually bought
- 45% 24/7 Access
- 45% Ability to Click and Collect without delivery charges

Which of the following prevents you from buying groceries online?

- 51% Extra charges
- 51% Enjoy in-store experience
- 49% Product Examination
- 44% Concerns on product quality (expiry dates, freshness)

75% say that Convenience is what motivates them to purchase online, but there is also a component of being easy to look for promotions and the ability to Click and Collect without delivery charges, which is appealing for the shoppers who are managing their budgets more carefully.

75% of online purchase stem from seeking convenience, especially among younger households and families





Implications and recommendations

Daily consumer decision-making and spending are rarely done in isolation of broader socio-economic factors. Companies that succeed in capturing demand this year will need the broadest and fullest view of how people earn, think, plan and spend their resources.

#1

Consumers continue to navigate through the impact of the cost-of-living crisis, but this brings opportunities for FMCG, as they seek alternatives for OOH occasions

#2

Ensure your product range delivers value, alleviating ongoing consumer pressures; fine-tune pricing and promotions accordingly.

#3

However, it's not only about price, but about value equation: positioning yourself as the consumer's top choice through a unique value proposition can underscore your superiority in the market.

#4

Sustained innovation enables companies to breakthrough: Manufacturers growing innovation sales were 1.8x more likely to grow overall sales.



About NIQ

NIQ is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behaviour and revealing new pathways to growth. In 2023, NIQ combined with GfK, bringing together the two industry leaders with unparalleled global reach. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View.

NIQ, is an Advent International portfolio company with operations in 100+ markets, covering more than 90% of the world's population. For more information, connect with our Australian and New Zealand team [here](#).

We deliver the FullView™

**Connect with us to
unlock your growth
potential**

