



2024 Outlook

5 Key Trends to Watch in 2024

New Year, New Opportunities

NIQ Brandbank

Introduction

The 2023 cost-of-living crisis has significantly impacted consumers' financial habits. While fast-moving consumer goods (FMCG) price increase have slowed compared to the substantial rises of previous years, prices remain high. As the crisis persists, consumers have adapted both financially and psychologically.

Many have bid farewell to casual restaurant outings and impulsive shopping, now opting to recreate their favorite takeout meals at home or experiment with new products and ingredients. They're actively seeking grocery deals through platforms like TikTok or switching to private label products.

These changes signal a new era of more calculated spending. Shoppers are more resilient and equipped with newfound money-saving skills and budget-maximizing behaviors that they intend to carry into 2024.

While cost-of-living concerns dominate how shopper shop, health, wellness, lifestyle and sustainability concerns are also in the mix—and shoppers want help from brands and retailers to balance these sometimes-competing needs.

In this report, we'll examine:

- Global trends impacting shoppers, brands, and retailers in 2024, from constrained budgets, calculated consumption, shrinkflation backlash, to omnichannel shopping, convenience and home delivery, and artificial intelligence.
- Key global operational markets and the specific challenges they face in 2024, with outlooks from our global market experts from countries and regions.

Monitoring these trends can help brands and retailers meet shoppers' needs more effectively and win out in a challenging and competitive FMCG landscape.



38%
of global shoppers say
rising food prices are their
top concern—ranking
higher than other worries
including job security and
higher utility bills.

NIQ

Cost of Living and Calculated Spending



The era of calculated spending

NIQ research shows that nearly 39% of global consumers say they face a worse financial position than in the previous 6 months and 74% say they are worse off due to increased costs of living.

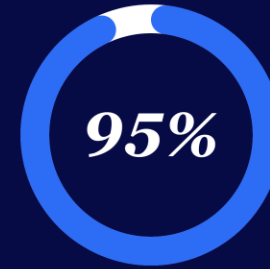
The purchasing power of global consumers has declined significantly and NIQ data shows consumers are spending 18% more than they were in 2021, a trend we expect to continue into 2024.

Shoppers will:

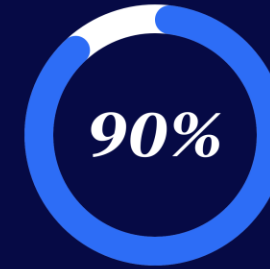
- Continue seeking maximum value from every purchase
- Make fewer quick trips to the grocery store without paying attention to price.
- Focus on the basics and budget for necessities such as groceries, utilities, rent, mortgage and transport costs to take up a bigger share of their spend.

As a result, at-home cooking is on the rise—brands and retailers are already introducing campaigns to help consumers make dining-in feel more like dining out.

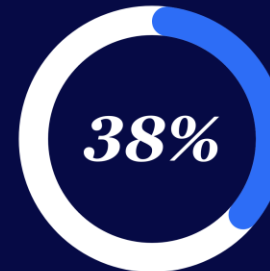
All of these changes will continue to chip away at FMCG basket volume sales. To survive in this landscape, FMCG brands and retailers need to place value and shopper needs at the heart of their strategies.



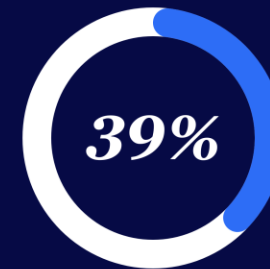
of shoppers have changed how they shop for FMCG in order to manage expenses



of consumers are making changes to manage their financial situations



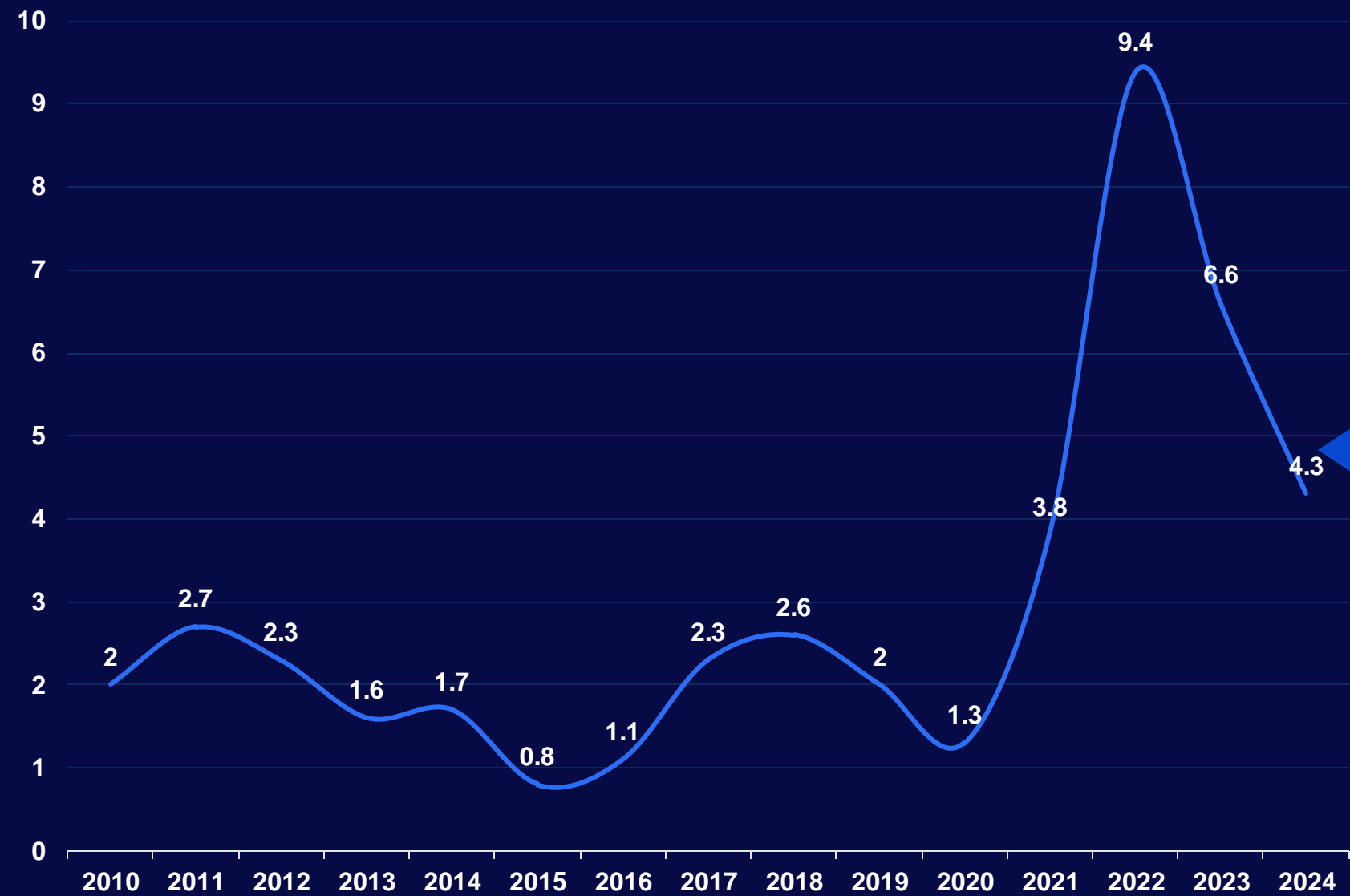
of global shoppers feel they only have enough to spend on food, shelter, and basics



of shoppers identify as *"cautious spenders"*

Total inflation growth forecast to slow in 2024

CPI % Growth Forecast



Total inflation growth is forecast to slow in 2024 but shoppers still face inflation deceleration, not decline. Prices remain high—just rising at a slower pace than the spikes experienced in the last two years. Shoppers are spending more but buying less in total volume.

Even if price increases for the year up to May 2024 remain at a conservative 3%, shoppers will ultimately be paying 21% more for food across a three-year period without a corresponding increase in income.

The shrinkflation backlash— now with a warning label

As 2024 approaches, brands are still contending with rising supply-chain costs. Many have reduced the weight or size of their products, a practice known as Shrinkflation.

But as shoppers become more conscious and calculated with spending, they're demanding more transparency and integrity from brands. Retailers are responding.

According The Grocer, the French supermarket giant Carrefour is now identifying products with a bright orange shelf edge label that states "This product has seen its weight decrease and the price charged by our supplier increase." This follows a similar decision by rival Intermarche.

As a result, the French government plans to change the law to clearly mark products that are subject to shrinkflation.

Other retailers will likely follow Carrefour France's lead, which could lead to increased shopper scrutiny for brands that opt to shrink their products.



It's all about price in the Benelux

"Price will remain the most important subject in our region. We can expect some variance between Belgium and the Netherlands knowing the salary indexation being applied in Belgium at the beginning of 2024.

Private Label products are a refuge for shoppers, with Belgium already reaching a value share of 40.5% YTD P8 2023 (NIQ) and the Netherlands winning in Europe with 49.5%. I'll let you imagine what those value shares represent in volume.

Promotion will still be a huge help for decreasing the impacts of inflation on consumers. Operating online allows for more creative promotion, creating more opportunity for consumers that aren't limited by what is possible in stores.

Retailers have always wanted to differentiate from their competitors. Promotion is a key factor of differentiation and operating online gives them the opportunity to be different without any price alignment issues. This is not the case with physical leaflets or in stores.

Differentiation is the crucial issue for retailers as we head into 2024, with many surveys concluding that shoppers want and need more insights and information on the product they wish to purchase.

Retailers can provide this information via their website (which has almost no limit). The retailer website is more than just a store online, it's the primary hub for information and for unique promotional opportunities.

Shoppers will remain seriously impacted by the high inflation and demand price effective solutions, along with more information on the value of each product before they are willing to spend their constrained money."

Stephane Bouquet
Benelux Head of Retail, NIQ
Brandbank



A mixture of challenges and opportunities face Central Europe

"As we wrap up 2023 in Central Europe, we have noticed a few trends likely to influence shoppers, suppliers, and retailers in 2024.

Firstly, suppliers and retailers will likely remain cautious with costs as shoppers continue to spend carefully and purchase less. Similarly, as a consequence of portfolio optimization, we expect to see more own label expansion, particularly in markets like Hungary, where big retailers face extra taxes and increased costs.

Rising costs are of course impacting shoppers—we have witnessed a slight decrease of interest in elements like product quality, sustainability, and health benefits as shoppers now rank price over everything. In fact, Hungarian shoppers now prioritize price over quality, health, and sustainability.

Secondly, in markets like Poland, the e-commerce retail space is becoming crowded with the expansion of Quick Commerce. While Quick Commerce is the fastest growing channel, it remains to be seen if it can sustain profitability as new players flood the space. Big players are capitalizing on the opportunity—for example Biedronka offering BIEK; Żabka with two projects, Jush and Delio; and international players like Glovo, Bolt or local Lisek App expanding into the space.

Regular retailers, including pure players, are optimizing logistics and assortment to stay

competitive. Auchan, for example, plans to import technology from the UK market (Ocado).

Another logistical and technical trend we expect to see amongst retailers in 2024 is implementation of or upgraded PIM systems, to drive scalability, speed to market and manage product flow within organizations.

Rich content is also a growing trend amongst retailers. We expect to see more automation of rich content processes amongst large retailers like Auchan and Kifli in Hungary as well as Rossman in Czech Republic. E-commerce businesses that invest the creation and optimization of rich content for their online stores in 2024 will see higher conversion rates and, ultimately, increased sales. We expect more and more to invest in this area in 2024.

On the manufacturer side, we see the optimization of product portfolios, a focus on top-performing products and online channel monitoring to improve understanding of competitors' best practices. Brands like Colgate understand that the only way forward is with Omnichannel understanding—when products launch in the market it's ready for offline AND online.

We're starting to see an increased interest in online monitoring services that show comparative product prices and availability, a valuable tool for suppliers and retailers as they can now access critical information for pricing, inventory management,

market analysis, and customer satisfaction. These kind of tools will enable businesses to make data-driven decisions, optimize their operations, and enhance the overall shopping experience for shoppers in 2024.

Overall, the outlook for 2024 for Central Europe in e-commerce is a mix of challenges and opportunities. To conclude with a truth that no one can deny— **e-commerce is the future**—but there is still work to be done."

Marek Mroz

Innovative eCommerce
Services Director, CE
NIQ Brandbank



Online FMCG set for rapid growth through 2024 in the Philippines

"The Philippines is another market primed for development and advancement in digital retail in 2024.

One of the most significant hurdles for shoppers is the persistent economic uncertainty, partly stemming from global economic volatility. This uncertainty can affect shopper confidence and their willingness to spend, prompting them to become increasingly price-sensitive and discerning in their purchasing decisions.

For retailers, fierce competition within the industry remains a constant challenge, driving the need for innovative strategies to stand out in a crowded marketplace. Additionally, the COVID-19 pandemic continues to cast a shadow, with fluctuations in foot traffic and changing shopping behaviors forcing retailers to adapt rapidly.

IGD reports indicate that traditional retail avenues will continue to remain dominant through 2027 and will hold the biggest market share in the country, however they also note the growing presence and importance of online shopping, with a predicted CGAR of 28.8% over the next 5 years.

In fact, the number of shoppers utilizing mobile devices to complete their shopping looks set to increase through 2024, meaning brands and retailers should pay attention to the mobile optimization of their online product pages. Shoppers in the Philippines are undoubtedly omnichannel shoppers, that are seeking better experiences both on and offline.

Overall, 2024 presents a complex and dynamic retail landscape in the Philippines, where shoppers, retailers, and brands are confronted with economic uncertainties, competition, supply chain disruptions, and demand for innovation.

Those brands and retailers ready to adapt to meet evolving shopper expectations will reap the rewards and win shopper loyalty for years to come."

Phil Gabillia
Global Expansion Director
NIQ Brandbank



Private label staying power

Private label products are, in most cases, outpacing sales growth of other brands in the market. In 2024 and beyond, they will become increasingly important in the FMCG landscape.

Consumer perceptions of the quality of private label products have increased over the years, and the value they offer makes them an increasingly viable option at the shelf. At the current trajectory, according to NIQ data, **private label products could capture 25% of all grocery sales within 10 years**, presenting unique challenges and opportunities to those who recognize this emerging tectonic shift.

Private label share capture could be 25% of all grocery sales within 10 years

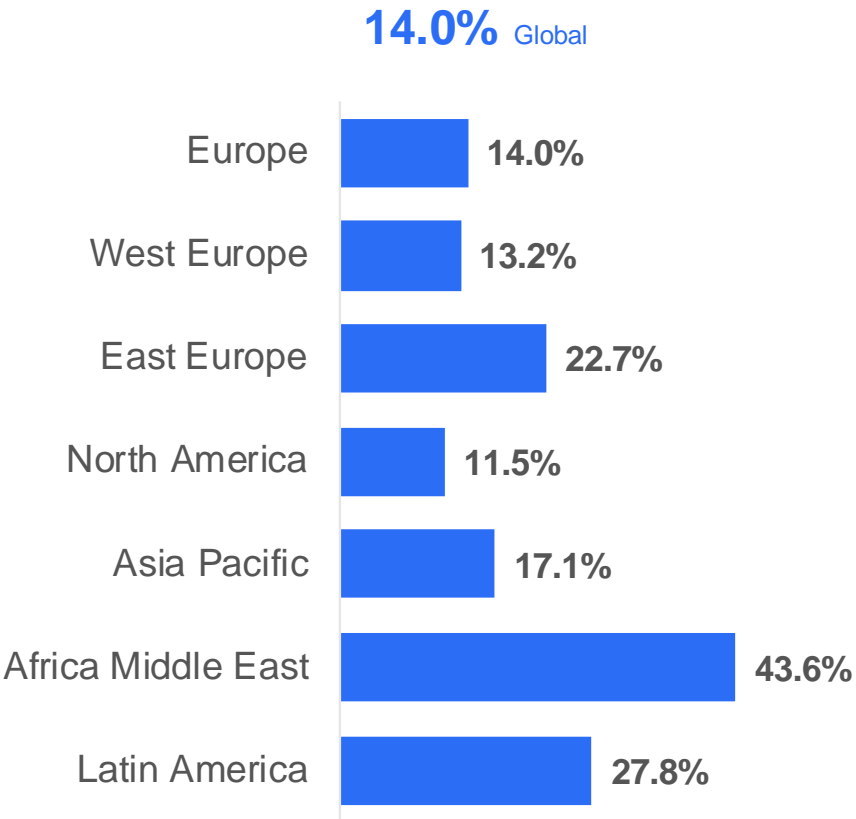
Private label value has grown around the world, especially in Africa and the Middle East, Latin America, and Eastern Europe. This growth looks set to continue in 2024 as shoppers contend with constrained finances.

Private label sales are up across categories, from edible goods to household and personal care, but sales are particularly high in categories like pet care, which increased 18.3% in value, and paper products, which have grown 20.3% in value year on year. However, value growth exceeds 5% across categories.

There is private label potential no matter the category, and popularity around the world makes investment in private label ranges a top priority for retailers in 2024.

Private label

Value % growth vs. previous year

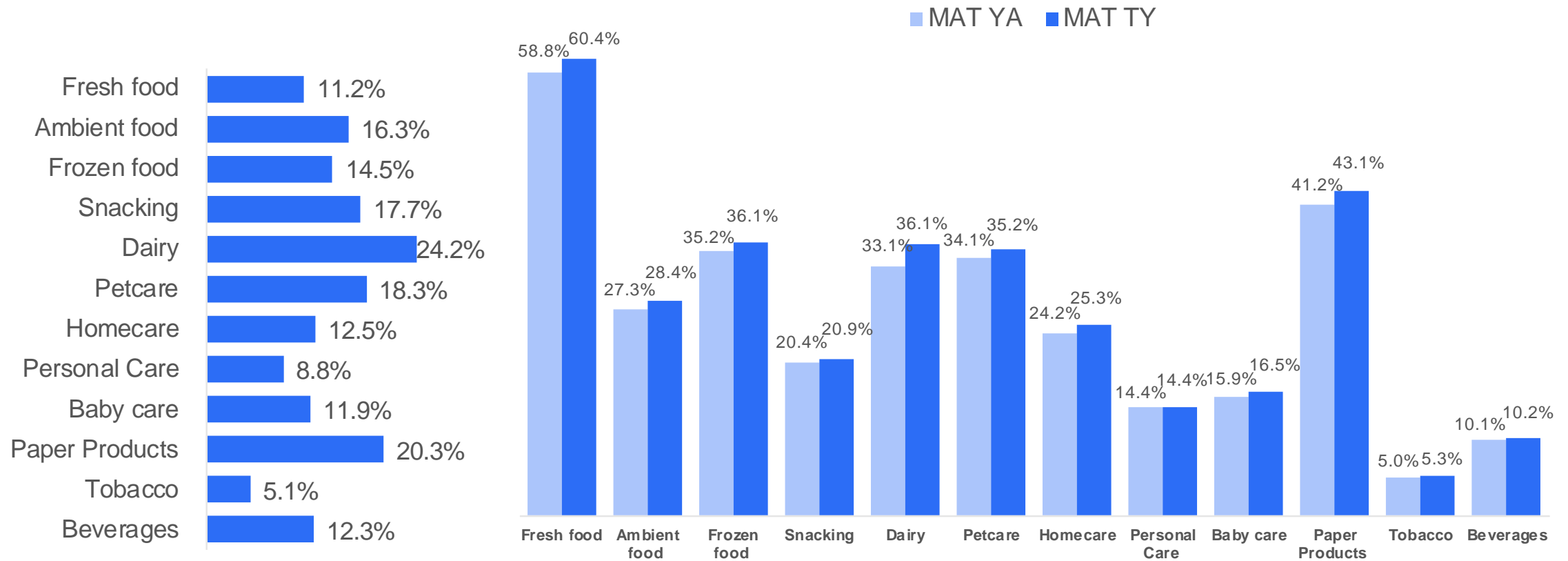


Source: NielsenIQ RMS MAT Q2 2023

Private label gains share in all FMCG industries

Global private label

Value % growth and value % share



Private label sales will soar but how should retailers respond in 2024?

Retailers aren't just responding to the growth of private label sales with more products and range releases. At NIQ Brandbank, we're starting to see retailers enhance their online own-label product pages to better serve the growing number of consumers opting for these products.

These retailers are taking early, practical steps to improve the quality of private label online product pages. This includes making products easier to shop on smaller digital screens with mobile-optimized imagery, making it easier for shoppers to visualize using the product with lifestyle imagery, and demonstrating product value and benefits with infographic images.

US Retailers in particular have renewed focus on their private label product lines, enriching online shopper experiences with better quality product images, mobile-optimized imagery and even creative rich media.

Walmart in the US now includes a scale-image for each private label product, as well as tailored lifestyle imagery to engage shoppers and help them clearly visualize the product in their lives.

Walmart also includes infographic images as a standard on private-label product pages, to better explain the features of their private-label products and ensure spend-conscious shoppers of the features and benefits of the products they are considering.

Global retailers should learn from examples like Walmart in 2024 to maximize the sales opportunities of already lucrative private label ranges.



Pressure from the cost-of-living crisis persists in the UK

"As we enter 2024, the UK retail landscape faces pivotal trends and challenges. Navigating the intricate macro environment is essential, all while meeting the contemporary shopper's demand for an efficient, cost-effective, and distinctive shopping experience.

The cost of living remains a pressing concern for UK consumers. While inflation is expected to fall, high prices are likely to persist, resulting in a challenging economic outlook. As a consequence, individuals may find themselves worse off in real terms, impacting their discretionary spending. Retailers should be prepared to navigate this environment by focusing on value propositions and cost-effective strategies to appeal to budget-conscious consumers.

Private label brands have been on the rise, gaining popularity among consumers who appreciate quality and affordability. Retailers have recognized this trend and are investing in improved branding and marketing efforts for their private label products. The forthcoming year holds great interest for NIQ Brandbank as we observe how both brands and retailers respond to this evolving shopper behavior, and how we can effectively support this transformation with agility and innovation.

Shopper spending habits continue to evolve, with a growing emphasis on convenience and fast delivery options. Retailers are taking last-mile delivery seriously to meet these changing demands. Tesco's success in exceeding its "Whoosh" delivery targets and Asda expanding its partnership with Deliveroo are prime examples. The trend is expected to

continue in 2024, prompting retailers to invest in efficient delivery networks and technology.

The HFSS (High in Fat, Salt, and Sugar) standards, which aim to tackle obesity, are currently in effect for England. Nevertheless, enforcement has been relatively lenient thus far. However, as we approach 2024, there is a growing expectation that enforcement will tighten, compelling retailers to comply rigorously. It is crucial for retailers to prepare now to meet these standards. Meanwhile, Scotland is approximately a year behind in implementing these regulations, and Wales is roughly two years behind, highlighting the need for businesses to stay attuned to regional variations in HFSS enforcement across the UK.

The meteoric rise of discount grocers Aldi and Lidl has been well-documented in recent years. However, 2023 also saw strong performances from other discount retailers such as B&M, The Range, and Home Bargains. This growth is expected to continue into 2024, putting pressure on these retailers to develop their online channels to remain competitive. The success of these discount retailers underscores the importance of providing value and a unique shopping experience.

The 2024 UK retail market outlook is marked by a mix of challenges and opportunities. Consumers continue to grapple with the burden of a high cost of living, necessitating cost-effective strategies from retailers. The ascent of private label brands offers potential for businesses to differentiate themselves, and last-mile delivery remains a critical focus as shopper

preferences evolve.

Moreover, the sustained growth of discount retailers underscores the need for traditional retailers to adapt and embrace e-commerce to maintain their competitiveness. As we navigate through these trends and changes, businesses in the retail sector must remain agile and consumer-centric to thrive in the ever-evolving landscape of 2024."

Ben Maltby
Senior Client Development
Manager , NIQ Brandbank



Digital coupons and loyalty apps

Refreshed private-label brands aren't the only way for retailers to build pandemic-tested shopper loyalty.

Retailers are using innovative and refreshed loyalty schemes around the world, design to keep shoppers loyal to their stores by rewarding them with discounts, vouchers and coupons.

While loyalty schemes have traditionally been connected to a physical card, many have gone digital, with retailers offering their own apps and digital reward cards that can be conveniently accessed in mobile wallets for ease of access, as well as automatic rewards for online shops.

Personalized rewarded schemes are taking off around the world. These programmes take several forms including personalized discounts, and coupons and prices based on shopper activity and past purchases.

Some retailers, like UK retail giant Asda, use their rewards programme to encourage healthy eating habits, rewarding customers for purchasing certain amounts of healthier products by adding cash back into their rewards account.

In some instances, particularly in the UK, retailers are emphasizing loyalty programmes over traditional discounts and promotions outside of these loyalty schemes.

As the popularity of these schemes grows and the demand for personalized shopper experiences increases, loyalty schemes will form a key element of retailer strategy in 2024.



Health Wellness and Lifestyle



Health and wellness

Health, wellness, and lifestyle concerns will remain powerful influences on shopper behavior and basket spend. Indeed, this is so important to shoppers, that they are resigned to spending more in this category rather than cutting back to cope with cost-of-living pressures.

In a survey focused on wallet shifts during pressured times, **26% of shoppers surveyed said they intended to spend more within the health and wellness category**, cutting back on out-of-home dining, entertainment, clothing and appliances instead.

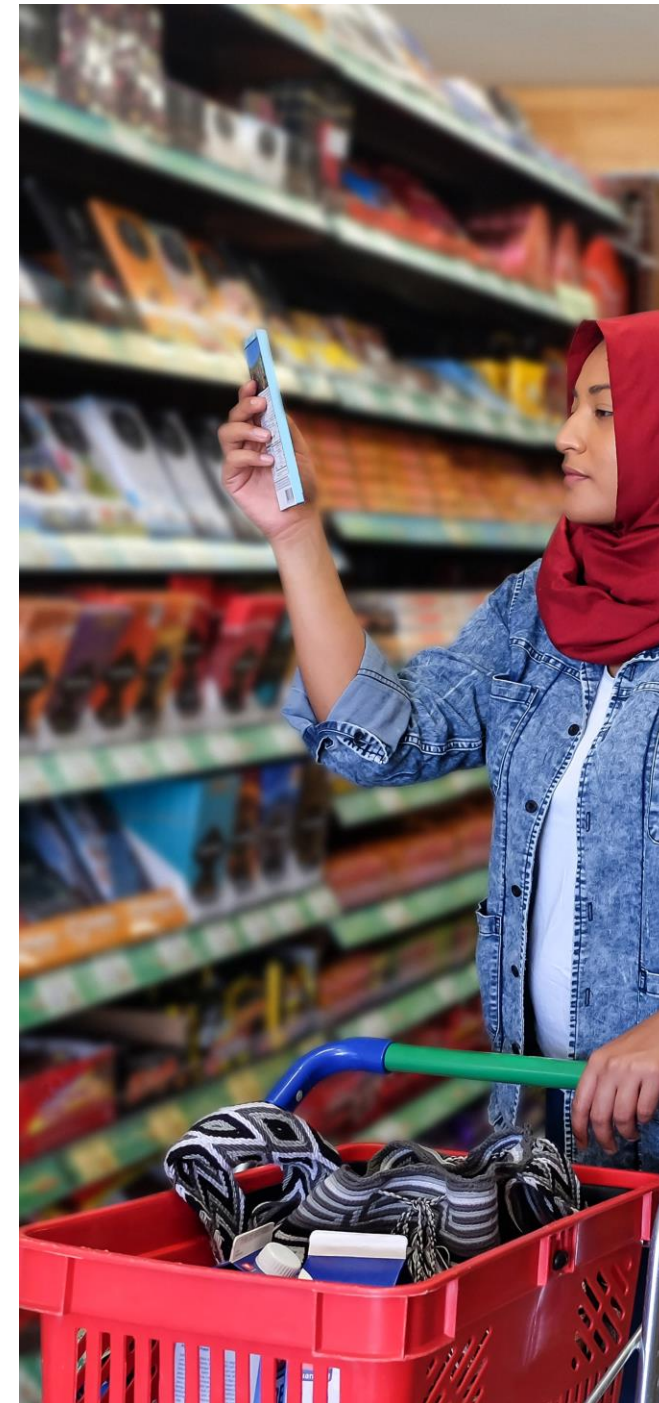
Many shoppers also have altruistic motivations—they look for products that demonstrate commitment to environmental, ethical, humanitarian and/or philanthropic causes.

In addition, more people than ever before have food allergies, intolerances or highly specific dietary needs. Catering to these requirements and ensuring product labelling is fully complete can increase sales and build loyalty. Ensure labelling is correct for dietary needs states, calling out important product attributes such as gluten-free or low-salt.

However, for those shoppers looking for a meat-free alternative, there are signs that the market is maturing

following the impact of the cost-of-living crisis. Whilst retailers are launching cheaper private label alternatives, shoppers are increasingly less keen on ultra-processed, meat-free products and are looking for healthier alternatives.

Brands and retailers that want to win out in the competitive FMCG landscape must place health and wellbeing front and center to meet growing shopper expectations and closely monitor which attributes shoppers are searching for.



Shoppers remain cost and health conscious in the United States

"As we wrap up 2023 and look to 2024 and beyond, businesses must adapt, innovate, and align their strategies with the evolving expectations of shoppers. Today's shoppers prioritize personalization, quality, sustainability, and a seamless shopping experience. Embracing these trends will not only drive success but shape a brighter future for the retail sector.

This year we saw the continued rise of "the conscious shopper" seeking products and services tailored to their unique needs. To succeed in this space, retailers and brands must invest in data-driven strategies that enable shoppers to find products that align with their specific needs and cater to shoppers' health, wellness, or sustainability preferences, including options such as gluten-free, vegan, or diabetes-friendly products.

Further, the rise of sustainability in retail extends far beyond individual health. It encompasses increased regulations and the growth of eco-conscious consumerism. Brands and retailers must genuinely commit to environmentally friendly practices that will earn trust and loyalty from conscious consumers.

This year with inflationary pressures, we saw the private label growth opportunity has never been more appealing. However, it comes with a caveat—retailers must execute it correctly. Building trust and offering quality are

paramount. Retailers that strike the right balance between affordability and quality will thrive in this space.

Home chefs have flourished with access to a plethora of recipes and a growing emphasis on healthy eating. This trend isn't slowing down. Retailers should anticipate a continued surge in demand for fresh, high-quality ingredients as shoppers strive to create restaurant-like experiences in the comfort of their homes.

Finally, this year we saw AI is being leveraged to streamline the process of generating product descriptions, incorporating captivating images and crafting persuasive copy. We expect automated product page creation will increase efficiency and enable retailers to handle large product catalogs and reduce time-to-market by activating vast amounts of data to generate relevant, engaging and personalized product descriptions catering to individual shopper preferences."

Brooke Bright,
Global Director of Strategic
Growth , NIQ Brandbank



Top health and wellness attributes: Food and beverage



Attribute Name	Annual Search Volume
Protein	42,250,525
Organic	30,682,816
Fresh	15,465,731
Energy Support	10,288,368
Diet	9,215,485
Sugar Free	8,209,627
Gluten Free	6,155,204
Vegan	5,381,208
Ketogenic	3,159,227
Unsweetened	2,484,965
Unsalted	2,260,338
Low Carb	1,912,830
Lactose Free	1,815,330
Light	1,600,206
Fat Free	1,486,746

Protein-focused searches are increasing in search at high volumes

- "Protein" up 2.7M annual searches YOY
- "Whey Protein" **+10%** YOY
- "High Protein" **+10%** YOY
- "Protein Isolates" **+16%** YOY
- "Mass Gains" **+ 28%** YOY

Caffeine and Electrolyte searches are increasing at high rates as well

- "Contains caffeine" **+18%** YOY
- "High caffeine" **+134%** YOY
- "Electrolytes" **+151%** YOY

What are shoppers searching for in Health and Beauty?



What product preferences do they have?

Attribute	Search Volume (1 Year)
Moisturizing	3.89 M
Hair Growth	2.93 M
Exfoliating	1.49 M
Repairing	861 K
Hydrating	861 K
Clarifying	639 K
Anti-Aging	394 K
Reduces Lines/Wrinkles	389 K
Reduces Dark Circles	380 K

What need states are they looking to solve?

Attribute	Search Volume (1 Year)
Tinted	1.95 M
Natural	1.43 M
For Sensitive	1.41 M
Unscented	830 K
Waterproof	757 K
Aluminum Free	734 K
Organic	717 K
Daily Use	640 K
Sulfate Free	330 K
Fragrance Free	321 K

What ingredients are they seeking out?

Attribute	Search Volume (1 Year)
Vitamin C	2.92 M
Retinol	1.62 M
SPF	1.36 M
Tea Tree Oil	1.02 M
Hyaluronic Acid	825 K
Salicylic Acid	465 K
Shea	459 K
Coconut	423 K
Lavendar	364 K
Charcoal	317 K



High volume, high growth searches in Pet Food

Shoppers are not only searching for health, wellness, and lifestyle attributes for their own personal needs, our data indicates an upsurge in health-conscious pet owners who are seeking out key dietary and quality attributes. Pet parents are searching for a variety of different specialty diets including terms like "vegan," which has grown 45% in search since last year.

Key terms have increased drastically in several different categories within a year period. This is a key area that both brands and retailers should keep an eye on in 2024, ensuring that they are keeping on top of trends, labelling products correctly and making them discoverable when and where shoppers are looking for them.

Specialty Diets	Volume	% Change
Vegan	90 K	+45%
Kidney Health	101 K	+8%
High Calorie	21.4 K	+45%
Limited Ingredient	97.9 K	+5%
Joint Health	32.2 K	+13%
Liver Health	2.65 K	+888%
Low Sodium	2.5 K	+15%

Product Facts	Volume	% Change
Freeze Dried	558 K	+12%
Dehydrated	598 K	+7%
Moist	72.9 K	+26%
Frozen	34.6 K	+25%
Made in the USA	19.6 K	+42%
All Natural	14.3 K	+16%
High-Quality Ingredients	3.36 K	+85%

Sustainability



Who are our sustainable shoppers for 2024?

Shoppers care about sustainability—and back it up with their wallets. When shoppers are asked if they care about buying environmentally and ethically sustainable products, they overwhelming answer "yes."

According to a joint NIQ and McKinsey & Co [report](#) "products making ESG (environmental, social and governance) claims averaged **28% cumulative growth** over the past five-year period, versus 20% for products that made no such claims."

However, as we head into 2024, the issue of sustainability cannot be treated with a linear approach. NIQ has identified [5 categories of sustainable shopper](#) who each hold different priorities and attitudes towards sustainability and have different needs when it comes to support from brands and retailers.

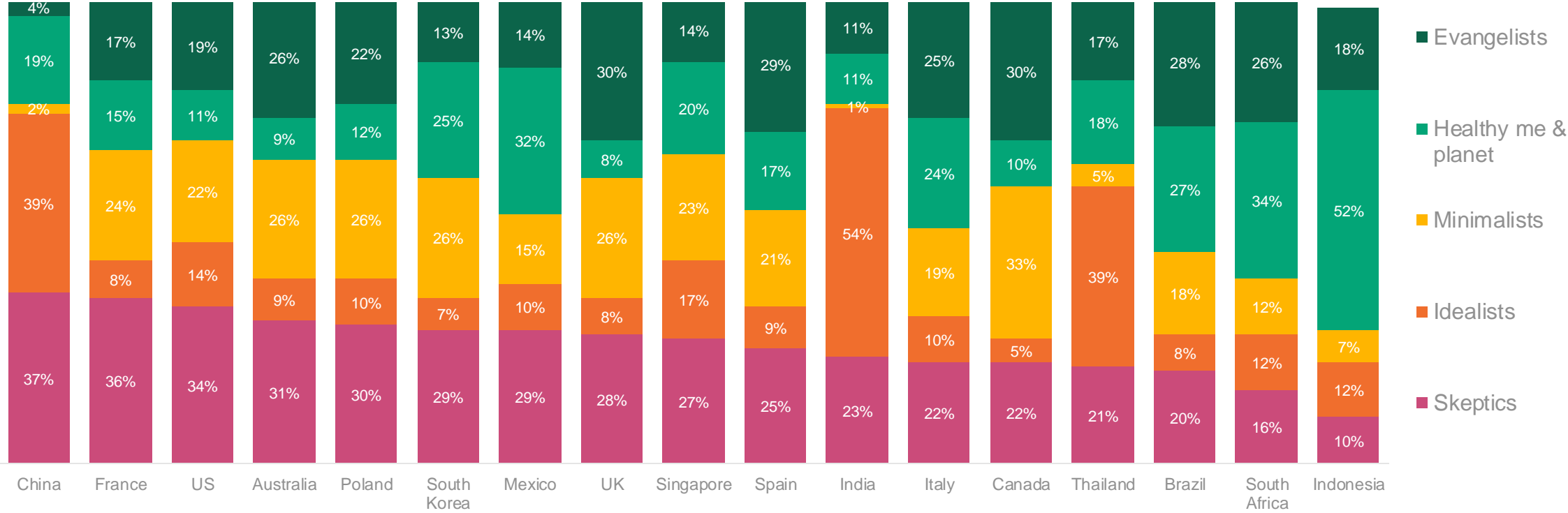
Each sustainable shopper has different reasons behind their intent and actions, varying from a low association with any aspect of sustainability, to a full sense of wanting to improve the planet and the lives of people, while some are simply looking to improve their own health and wellbeing with sustainable actions.

As we head into 2024, we encourage brands and retailers to consider different approaches to sustainability based on these 5 key groups.

Source: NIQ & McKinsey & Company, 'Consumers care about sustainability and back it up with their wallets', 2023 | NIQ, 'How to turn green consumer intentions into sustainable actions,' 2023



Consumer mindsets and actions are very different across markets, yet all segments are represented in all markets



Source: NIQ 2023 Sustainability Report, Global Results

2024: Key legislative call outs (EU)

What?	Call Out(s):
Green Claims Directive	Includes a proposed prohibition of environmental labels & labelling schemes presenting a rating or score unless established at the EU level.
EU Deforestation Regulation	Entered into force in June 2023. Throughout 2024, obligated businesses will be collecting substantiating evidence that any products containing commodities like soy, beef, palm oil, wood, cocoa, coffee & rubber do not originate from recently deforested land or have contributed to forest degradation.
Digital Product Passports	In 2023, the Commission consulted on views regarding which product categories and measure to address first in their Ecodesign for Sustainable Products Regulation, making products (excluding food & feed) subject to performance and information-related requirements to ensure greater sustainability. Adoption expected Q1 2024.
Harmonized, Mandatory Front-of-Pack Nutrition	A long-awaited announcement is expected from the Commission in 2024 regarding the mandatory, harmonized front-of-pack nutrition scheme(s) that will apply across the EU. Much press speculation exists on this topic and businesses will be watching closely for any announcements in 2024 (or sooner?)
Wine Labelling (Ingredient & Nutrition disclosures)	Coming into effect in December 2023, all wine products will need to include calorie information on the label. Manufacturers will be permitted to provide the remaining mandatory nutrition elements, and ingredient information by 'electronic means'. This does not form 'distance selling' and businesses and solution platforms will be implementing these measures throughout 2024 (while sell-through provisions apply).
Deposit Returns Scheme (Ireland)	From February 2024, the DRS Ireland scheme will roll out. Plastic, Aluminium & Steel drinks containers between 150ml – 3L will display the Re-turn logo, meaning the Deposit Returns Scheme will apply.

Convenience



Convenience on a budget

Convenience is one of the fastest-growing channels in the FMCG grocery landscape and retail giants and independents alike are aiming to win market share.

Pre-pandemic shopping habits have resumed, and shoppers want quick, easy, and convenient shopping options to make their lives easier. But in a cost-of-living crisis where consumers are making calculated, savvy decisions, the search for value could overtake the desire for convenience.

Convenience stores have traditionally charged more—but that is changing as shopper awareness increases. A recent study found that people who shop at convenience stores rather than bigger supermarkets were likely to pay around £800 extra over the course of a year. It also found that supermarket branded convenience stores were not offering budget grocery lines.

Despite the higher cost structure of convenience stores, shoppers, campaigners, and politicians are demanding that retailers lower prices helping hard-pressed shoppers living in areas without easy access to big supermarkets.

Already, change is beginning to take place with some supermarket giants offering convenience on a budget. Tesco, for example, recently announced a major overhaul of the product range stocked in its Express stores which will see 50 everyday items replaced with cheaper options—many from Tesco's own-brand range.

7.4%

Convenience channel's
contribution to global grocery
market growth 2022-2027

US \$138 billion

Additional sales generated by the
convenience channel 2022-2027

US \$938 billion

Sales generated by the convenience
channel 2027

What is next for convenience?

The convenience sector is fast moving. The change is shopper behavior, evolution of technology and inflation are all factors that impact the future of convenience. Looking ahead at 2024 and beyond, we have identified 4 key areas that we expect to evolve globally or regionally.

1

Technology

Technology solutions utilizing AI and robots will help drive efficiency in stores, enable unique shopping experiences, and support shoppers needs to shop 24/7.

- Check out free stores
- 24/7 autonomous stores
- New vending machines to include all food categories
- Robotic food to go

2

Loyalty Schemes

Personalized loyalty schemes will evolve further in 2024 ensuring that retailers programmes meet shoppers' different needs.

- Exclusive offers and promotions
- App development
- Reward schemes
- Subscription programmes

3

Store Layout

As convenience stores review their product ranges and plan to expand to more food to go and sustainability options, store layouts are expected to evolve to give a frictionless experience.

- Food service in store
- Food to go counter based options
- Expansion to product ranges to include all meals of the day
- "Fill your own" initiatives

4

Delivery

Deliveries are expected to change significantly in 2024 by utilizing technology, robots and existing delivery options to drive speed.

- Growth to rapid home delivery
- Launch of grocery delivery through parcel lockers
- Growth in use of robots for delivery
- Increase in speed of deliveries

Technology, AI and Innovation



Artificial intelligence (AI)

The artificial intelligence revolution will continue to see the industry outsource tasks that previously required human cognition to solve. It will grow in importance in the FMCG industry in 2024.

Here are some sectors it is impacting...

Customer insights and personalization

- Providing product recommendations, targeted promotions, and improving customer loyalty and retention.

Better shopper experience and assistance

- FMCG will increasingly look to AI to offer personalized support to shoppers, improve response times, boost sales and reduce costs.

Optimising supply chain

- AI can help optimize routes, delivery schedules, manage stock, and spot patterns and trends. Automation can cut waste and costs.

Transparency

- AI can help companies track materials and products along the supply chain in real time. It can help shoppers see sustainability credentials more easily.

Quality control

- AI platforms are being developed to check product quality of fresh produce, for example, with the potential to reduce waste and improve margins. It can help with product testing and finding defects and ensuring legal compliance.

Improving product innovation and product performance

- AI can see how a product is performing, spot gaps in the market and optimize product development process.

The next generation of delivery

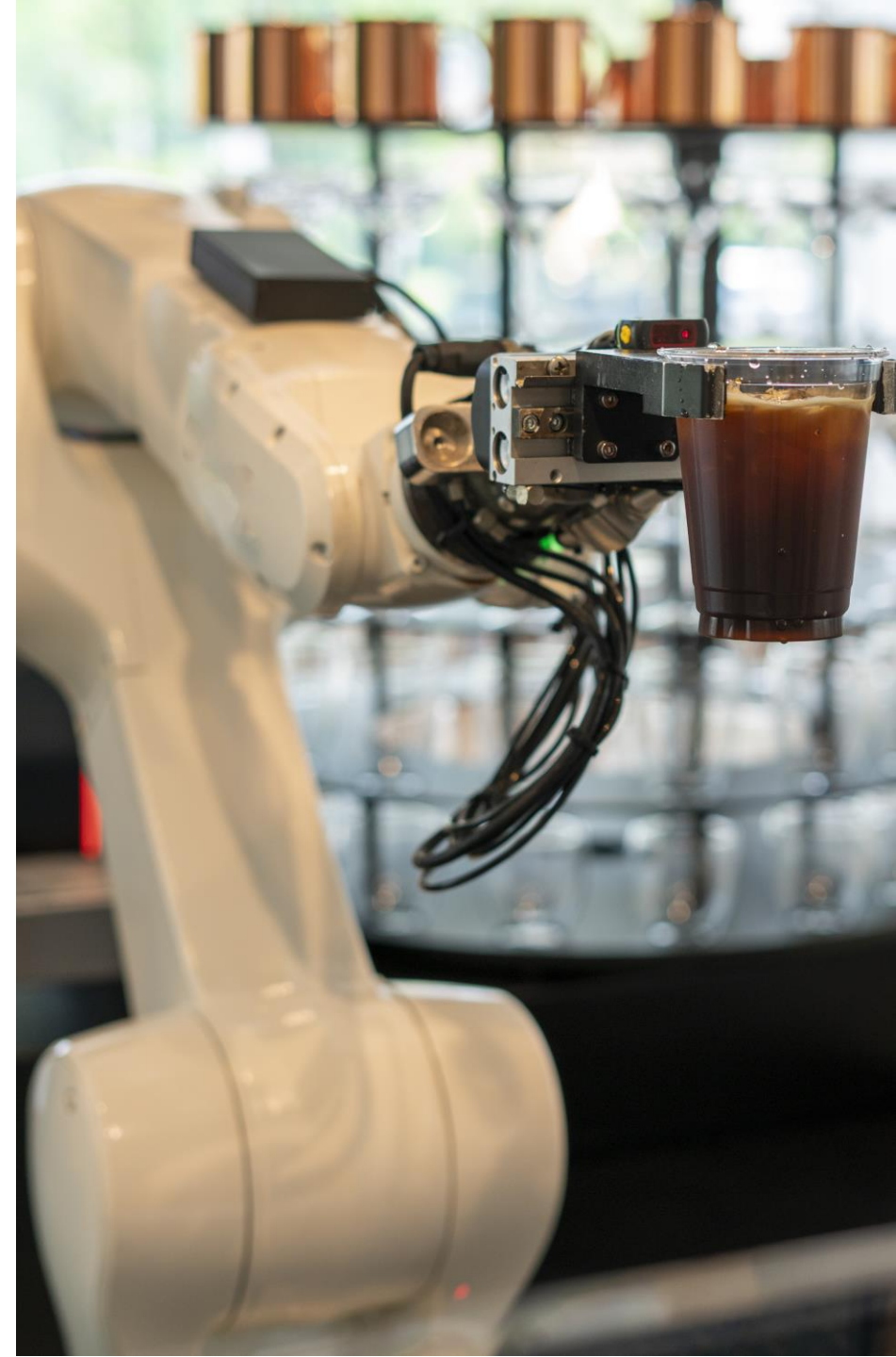
Drones and robots are taking center stage of quick commerce, capitalizing on speed and convenience, delivering products to shoppers within the hour. As shoppers increasingly rely on reliable and fast delivery, retailers across the world are facing pressure to adopt drone and robot technology to remain competitive.

Walmart partnered with drone companies, Zipline and DroneUp to make over 116,000 drone deliveries across seven states in 2022, and this has only grown in 2023. Walmart's mission is to deliver within 30 minutes and it's on its way to achieving this goal.

The existing technologies in place for robot and drone delivery services are just the beginning. With significant technological advancements expected alongside AI, the scope is endless.

Whilst the opportunities for grocery deliveries in traditional e-commerce are exciting, future innovations will also offer more specialized solutions for the wider supply chain, from farming to distribution.

Today the focus is convenience, speed and reliability, but the future will reimagine the full end to end journey of the product.



Electric shelf labelling is the future

With the price of electronic shelf labels dropping recently and the cost of labor increasing, it is expected that the grocery industry will see the technology scale quickly across all retailers.

The use of electronic shelf labels will enable real-time price changes, improve efficiency by saving staff time and cut back on the use of paper, driving sustainability. In times when prices are so high and volatile, it is easy for retailers to make the case for implementation across their grocery stores.

For some supermarkets such as Carrefour, the electronic shelf label is being used to aid online picking. The scanner sends a signal to the electronic shelf label, prompting green light to flash so it can be found easily by the picker.

Already electronic shelf labels have been used as a way to better communicate with shoppers, calling out key attributes and allergies to remove the complexities of checking the full pack product information. The adoption of these technologies are expected to evolve in the coming years, with shoppers scanning the labels on their phone for additional product information.

With health and wellness and sustainability being key trends for 2024 and beyond, retailers are expected to utilize the electronic shelf tag technology to better connect with shoppers.



Strategic innovation needed to meet growing shopper demand in UAE

"The United Arab Emirates (UAE) is one of NIQ Brandbank's newest and most exciting markets, and we are looking forward to continued growth and new partnerships in the region through 2024.

As a highly innovative and tech-forward market, we expect to see even more innovation as we move into 2024 as retailers and brands respond to the continued economic challenges faced by shoppers. IGD predicts that traditional marketplaces could lose as much as c.10% market share by 2027 as shoppers seek out branded and bigger product ranges.

Shoppers are increasingly seeking out improved integrated shopping experiences, both on and offline. Focusing on the omnichannel experience will be key for brands and retailers as we move into 2024. We have also witnessed a surge in demand for improved rapid delivery services, as shoppers are looking for more instant shopping experiences.

Technological initiatives like facial payments now on offer in some Carrefour stores indicate investment in improving and simplifying the in-store experience

and will be interesting to see what new technologies are introduced in 2024.

Sustainability is also emerging as a powerful driver, with conscious shoppers seeking eco-friendly and ethical products, offering a chance for brands and retailers to differentiate themselves and align with sustainability goals. NIQ data indicates that sentiment within the MEA region reflects or even exceeds the global average for the importance of sustainability.

Alongside this growing consciousness of the planet, we expect to see a continued increase in the prioritization of health and wellness among shoppers. Shoppers will continue to seek out products that fit their specific needs, meaning successful brands and retailers will focus on personalizing the shopper experience.

The UAE's retail landscape in 2024 presents a dynamic interplay of challenges and opportunities that demand strategic agility, and a deep understanding of evolving shopper needs for all stakeholders involved."

Phil Gabillia
Global Expansion Director
NIQ Brandbank



“One-size-fits-all approach no longer viable in South Africa”

"South Africa continues to be an extremely unique market full of opportunities for growth and development in the FMCG industry.

South Africans are increasingly shopping with tightened wallets and as such have begun to significantly shift shopper spending from out-of-home activities to in-home ones, which is set to benefit several fast-moving consumer goods (FMCG) sectors, including fresh produce, meat, health & wellness, and dairy. Brand loyalty is lower as shoppers replace items with the cheapest options.

While we are starting to see deceleration in South Africa, shoppers remain conscious of price over everything while spending, with an increase in basic and essential product ranges and decrease in shopper spending on non-essential categories.

As we move into 2024, it will be up to FMCG brands and retailers to improve the omnichannel shopper experience and ensure that this shift in shopper

spending behaviour is met with product offerings that are easily accessible and ready for purchase.

Underinvestment in infrastructure is likely to remain a significant challenge through 2024 as road quality, rolling power cuts and a failing grid create challenges for shoppers in-store and online. In response to the increase of load-shedding and disintegrating roads, brands and retailers are seeking out innovative approaches to their offering for shoppers, and look to CGI and other technological solutions to ensure that online product offerings are available to meet shopper needs.

Overall, South Africa is a hotbed of opportunity for those FMCG brands and retailers that are willing to invest in building the foundations of exceptional shopping experiences. It is those that head into 2024 with innovative and tech-forward approaches to the challenges faced in the country that will be successful over the next decade. "

What do NIQ experts have to say:

"The message is clear: a one-size-fits-all approach to omnichannel strategies is no longer viable. The challenges posed by economic disparities, shifting shopper behaviours, and external factors like inflation and load shedding demand a nuanced and segmented approach."

- Nikki Quinn, retail lead for South Africa at GfK – an NIQ company

"Our mid-year Consumer Outlook research indicates that South Africans feel that things will improve, with 43% believing they will be better off financially next year, 35% unchanged and only 23% feeling worse off. Part of this slightly more optimistic outlook is that 19% of more vulnerable consumers who experienced job or income loss feel they are now 'back on track.'"

- NIQ South Africa Consumer Panel Commercial Lead Steve Randall

Mel Maritz
Sales Consultant
NIQ Brandbank



NIQ Brandbank

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About NIQ Brandbank

NIQ Brandbank is the leading provider of digital product content solutions powering omnichannel shopping experiences.

We enable brands and retailers to deliver the best shopping experience by giving them the ability to capture and share rich digital product content on all channels seamlessly. NIQ Brandbank's end-to-end solutions connect shoppers to the most up to date and relevant digital product content making consumer goods more discoverable and engaging.

The world's biggest brands including P&G, Unilever, Walmart, Tesco, and Jumbo use NIQ Brandbank every day to digitalise the shopper experience.

With over 20 years of experience and operating in 39 countries, NIQ Brandbank is the content partner to over 52,000+ brands, 700+ retailers, and wholesalers across the globe, creating a rich online shopping experience, while minimising the cost and complexity for the industry.

For more information please visit <https://www.brandbank.com>