How is the current context going to influence consumption habits across FMCG?

May 2022

Every business professionals wonders how things will evolve.

We have all been witnessing great changes in the first months of 2022. Producers, retailers, service providers have all met challenges in readapting their plans for this year. In our everyday work life, we discuss with many professionals from marketing, research, sales, trade or management and all had expressed their concerns. Thus, here we are, giving some answers for the many questions floating around your agenda.

End consumers have concerns on their side, too – mainly affected by inflation news & facts and ready to drop down their expenses. Top 3 ides to take out:

1. **Decreased Quality of Life and optimism**. Perception on QoL decreases vs Q3 of last year, from 6.6 to 6.2, showcasing the impact of the worrying context (inflation top concern). QoL decreases as the age grows, while also as the education and income are at lower tiers, indicating that the elders and the low strata are most affected. There is hope for a better life 5 years from now, but even the optimism level is much tempered now, just 9 months away from the last measurements, when they were much more enthusiastic about the future to come.
2. **Prices, prices, prices**. Main concerns now revolve around pricing going up on bills, goods and fuel. Ukraine-Russia war comes secondary, and its most prominent facet revolves around the economic impact on Romania, so again inflation matters. The first solution Romanians have at hand is cautiousness in spending their money – done through reducing consumption, hunting promotions or downtrading on more accessible brands.
3. **Brands downgrade for HH basics, less quantity for beloved treats**. There are categories where downgrading on cheaper brands is more at hand than consuming less – like basic groceries, HH cleaning products or HH disinfectants. Producers & retailers should expect here ana active hunt of promos or rise of economy/ private label brands. On the other hand, there are also beloved treats that consumers would rather consume less, but keep their brand, such as beer, wine & spirits, soft drinks, salty and sweet snacks, but also cosmetics and makeup. For this latter categories, producers & retailers could expect a drop in volumes. Note that Paretos are not so willing to do budget cuts, thus premium line of brands should stay vivid; yet they might also reduce quantities consumed on treats area.

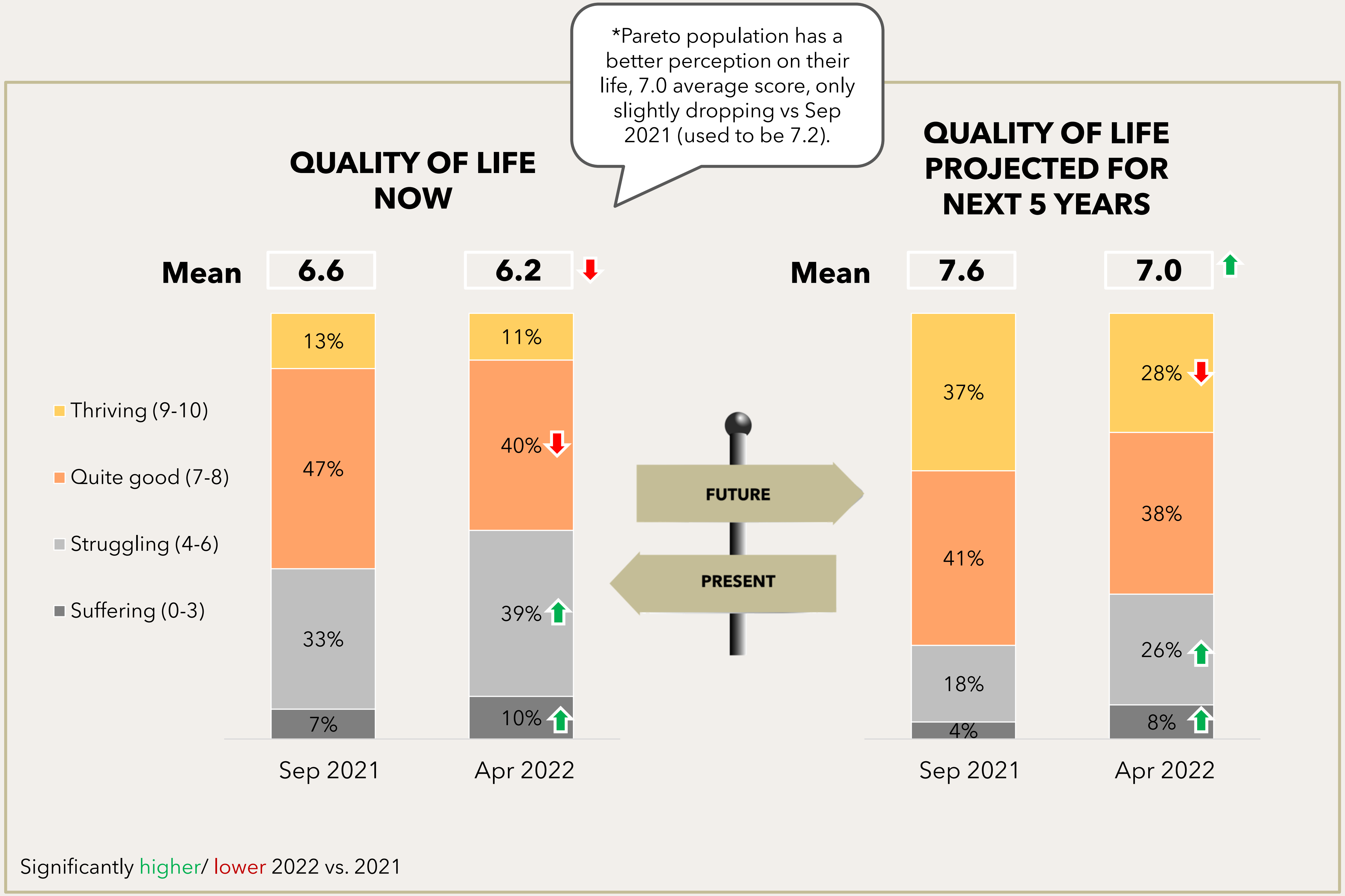
Please read the next slides for more detailed information and data.

2022 brings a downward to Romanian's perception of their life quality vs. Q3 2021. The future perspective leads to more generous and fulfilled lives, yet optimism is moderated now.

If the end of 2021 was about COVID-19 hoped to be coming to an end, 2022 has started positively with the hope becoming a fact and pandemia has faded away, However, new concerns came by, such as inflation and the unexpected Ukraine –Russia war alongside its further implication.

Quality of Life (QoL) has notable variations across several socio-demo dimensions:

- Age: the higher the age the lower the QoL, starting at 6.5 for youth and dropping to 6.0 for elders.
- Education & income: a higher social status indicates a better quality of life, for instance QoL is 5.6 for those with low HH income and 7.0 for Paretos*.
- Kids: spotted in past studies as well, people having children tend to be more content with their life; we see this now, as well, 6.4 vs 6.0 on having not having kids.



*Pareto = top 20% Romanians, selected by income

Base: N=1000/ N=900 respondents in Sep 2021/ Apr 2022

Q: How is your life now, from a 0 to 10 scale, where 0 is "the poorer life one could have" and 10 is "the best life one could have"? How do you think your life will be after 5 years?

Inflation is the outstanding concern, viewed from the personal perspective (not macro). The war is a quiet concern, coming secondary, as people worry about their everyday expenses more.

Prices, prices, prices is the name of the concerns game now. The value increase for the receipts of services, goods and fuel have become facts (joined by media buzz) and now people take over a cautious mindset around their spendings.
The war is somehow pushed aside for now, since people became more familiarized, and it does not threat RO directly (moderate concern).
COVID-19 faded away due to the decreased media, end of restrictions and possibly because people have learned to live with it.

	TOP CONCERNS OF APR 2022
Increase in prices for services / bills	66%
Rising prices for consumer goods	62%
Rising fuel **prices**	46%
My health and that of my family	40%
Economic consequences on RO due to Ukraine war	37%
Economic evolution of our country	36%
Possibility of RO's involvement in a war	33%
War in Ukraine	30%
Job stability / safety	18%
Political context of our country	16%
COVID-19 pandemic	9%
I'm not worried about any of the above	2%

T2B scores (8+9)	INFLATION IMPACT ON ATTITUDES	WAR IMPACT ON ATTITUDES
Careful how I spend my money	77%	75%
Informing more from reliable sources	70%	70%
Try to reduce gas / electricity consumption	65%	64%
Focus on cheaper brands/promotions	57%	56%
I started saving	55%	53%
Reduce household quantity consumption	51%	50%
Postponed our vacation plans	40%	36%
Stocked up on household products	21%	22%
	N= 798 all worried about inflation	N= 620 All worried about war

Base: Apr 2022 (N=900 respondents)
Q: What are the top 4 aspects that worry you most in this moment (TOP 4 out of 11 aspects)? How do you feel the context of inflation/ war have affected you? (1-9 scale)

AHA MOMENTS

Brands downgrade for HH basics, less quantity for beloved treats.

Romanians are not willing to fully compromise the self-treat area and therefore plan to buy a lower quantity, but keep their favourite brands. This happened for categories such as beer, wine & spirits, soft drinks, salty and sweet snacks, but also cosmetics and makeup.
Groceries, house cleaning and disinfectants will also be impacted, but from a different perspective, as promotions and more affordable brands will win the shoppers, since reduction of quantities is not a fully feasible option here.

ATTITUDES ON BRANDS

	Focus on **cheaper brands or promotions**	Buy the **same brands** as before	Focus on **more expensive** brands
Basic groceries (wheat, sugar, cooking oil etc)	42%	56%	2%
Meat / fish / sausages	32%	65%	3%
Vegetables fruits	31%	65%	4%
Canned food	34%	63%	3%
Frozen products	34%	62%	4%
Beer, beer specialties	32%	65%	3%
Soft drinks	30%	67%	4%
Salty snacks	38%	59%	3%
Sweets	38%	57%	5%
Bread and pastry	25%	72%	3%
Wine and spirits	36%	58%	6%
Dairy products	27%	69%	3%
Coffee	30%	66%	4%
Cosmetics and makeup	33%	61%	5%
Hygiene and personal care products	29%	67%	4%
Household care products	37%	60%	4%
Baby products	32%	61%	7%
Vitamins and nutritional supplements	29%	64%	6%
Surface / house disinfectants	37%	59%	4%

ATTITUDES ON QUANTITIES

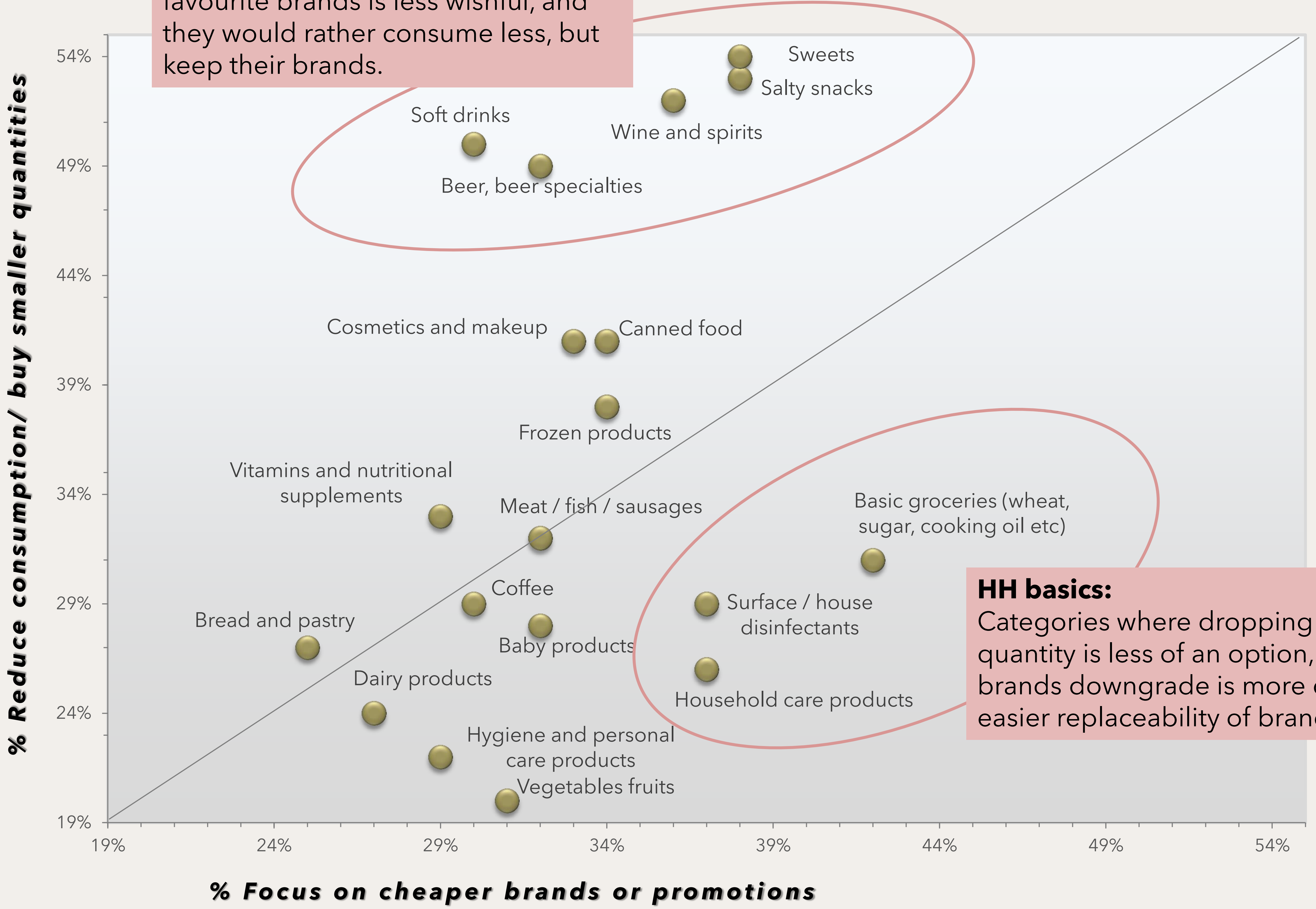
	Reduce consumption/ buy **smaller quantities**	Buy the **same quantities** as before	Increase consumption, buy **larger quantities**
Basic groceries (wheat, sugar, cooking oil etc)	31%	66%	3%
Meat / fish / sausages	32%	66%	2%
Vegetables fruits	20%	71%	9%
Canned food	41%	56%	3%
Frozen products	38%	59%	3%
Beer, beer specialties	49%	49%	2%
Soft drink	50%	48%	3%
Salty snacks	53%	45%	3%
Sweets	54%	44%	2%
Bread and pastry	27%	70%	2%
Wine and spirits	52%	45%	3%
Dairy products	24%	73%	4%
Coffee	29%	68%	3%
Cosmetics and makeup	41%	55%	4%
Hygiene and personal care products	22%	74%	4%
Household care products	26%	70%	4%
Baby products	28%	64%	8%
Vitamins and nutritional supplements	33%	62%	5%
Surface / house disinfectants	29%	67%	4%

In red, categories with focus on cheaper/ less quantity for more than 35% of their audience.

Base: Apr 2022 (N=900 respondents in total, varying per category on consumers/ shoppers/ all those applicable for each category)
Q: When you think about near future HH shopping, what plans do you have for the following categories?

A considerable pool of people will restrain their expenses (77%), yet slightly more on quantity downsizing than brand downgrading.

Treat categories:
Categories where downgrading on favourite brands is less wishful, and they would rather consume less, but keep their brands.



HH basics:
Categories where dropping the quantity is less of an option, while brands downgrade is more doable – easier replaceability of brands.

AH!A MOMENTS

Pareto's state of mind is very clear: not so pressured to restrain their budget, and if they do it, they opt for lower quantities, being reluctant to brand downsizing.

Focus on cheaper brands/ promos – see how the table has no red highlights on Pareto audience, as none of the categories overrun 30%. The greatest differences vs overall population come upon baby products, dairy, meat, bread and soft drinks – where Pareto is not willing to downgrade on brands.
Focus on lower quantities – we see some red highlights for Paretos as well, affecting the same treat categories affected on overall population – thus alcohol, soft drinks, sweet & salty snacks are the categories where producers could expect volume drops (regardless of the premiumization of the subcategory/ brand lines).

FOCUS ON CHEAPER BRANDS/ PROMOS

	All respondents	Pareto audience*	Index (Pareto/ All)
Basic groceries (wheat, sugar, cooking oil etc)	42%	27%	66
Meat / fish / sausages	32%	16%	49 !
Vegetables fruits	31%	16%	53
Canned food	34%	18%	54
Frozen products	34%	19%	56
Beer, beer specialties	32%	16%	50
Soft drinks	30%	14%	46 !
Salty snacks	38%	20%	53
Sweets	38%	21%	55
Bread and pastry	25%	12%	48 !
Wine and spirits	36%	22%	61
Dairy products	27%	11%	41 !
Coffee	30%	12%	42 !
Cosmetics and makeup	33%	18%	53
Hygiene and personal care products	29%	16%	55
Household care products	37%	21%	57
Baby products	32%	12%	37 !
Vitamins and nutritional supplements	29%	16%	55
Surface / house disinfectants	37%	21%	56

FOCUS ON LOWER QUANTITY

	All respondents	Pareto audience*	Index (Pareto/ All)
Basic groceries (wheat, sugar, cooking oil etc)	31%	18%	57
Meat / fish / sausages	32%	22%	69
Vegetables fruits	20%	8%	41 !
Canned food	41%	27%	66
Frozen products	38%	28%	75
Beer, beer specialties	49%	34%	69
Soft drink	50%	42%	84
Salty snacks	53%	40%	76
Sweets	54%	48%	89
Bread and pastry	27%	23%	83
Wine and spirits	52%	37%	72
Dairy products	24%	15%	65
Coffee	29%	18%	63
Cosmetics and makeup	41%	28%	69
Hygiene and personal care products	22%	12%	53
Household care products	26%	15%	58
Baby products	28%	13%	46
Vitamins and nutritional supplements	33%	21%	65
Surface / house disinfectants	29%	16%	55

In red highlight, categories with focus on cheaper/ less quantity for more than 35% of their audience.

In blue text, low indexes (<50), indicating that Pareto would not go for cheaper brands/ lower quantities.

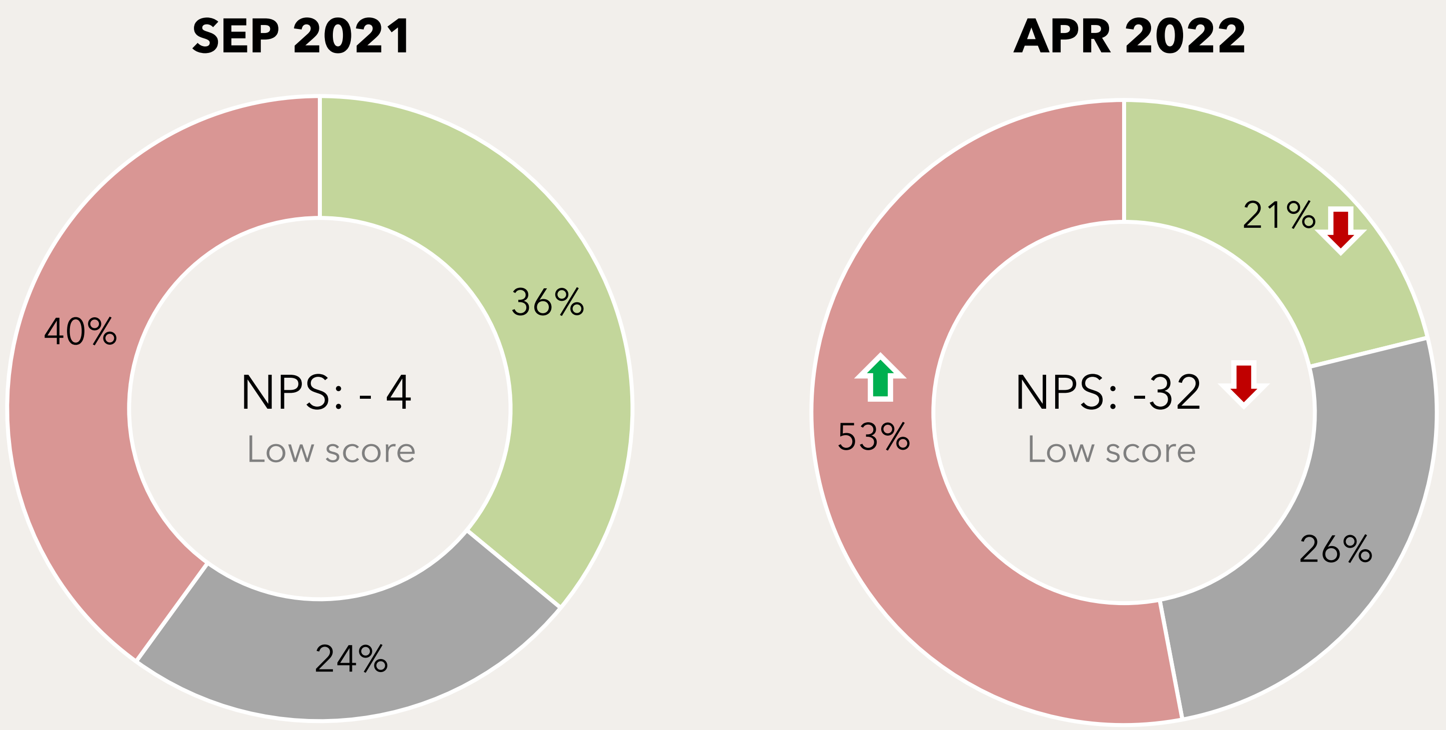
*Pareto = top 20% Romanians, selected by income

AHA MOMENTS

Events of recent months had a great impact on Romanians' attitudes about their country – they would not recommend it as a place to live for other, while even for themselves they are less certain they should stay

If Romania would be a service provider, then, unfortunately, users experience would be unsatisfactory.
Compared to 2021, Romanian population appear more pessimistic & lost its faith to some extent (lower recommendation and less optimistic when it comes to Romania's potential). The recent happenings (especially inflation, war, COVID-19 repercussions) weakened their state of mind.

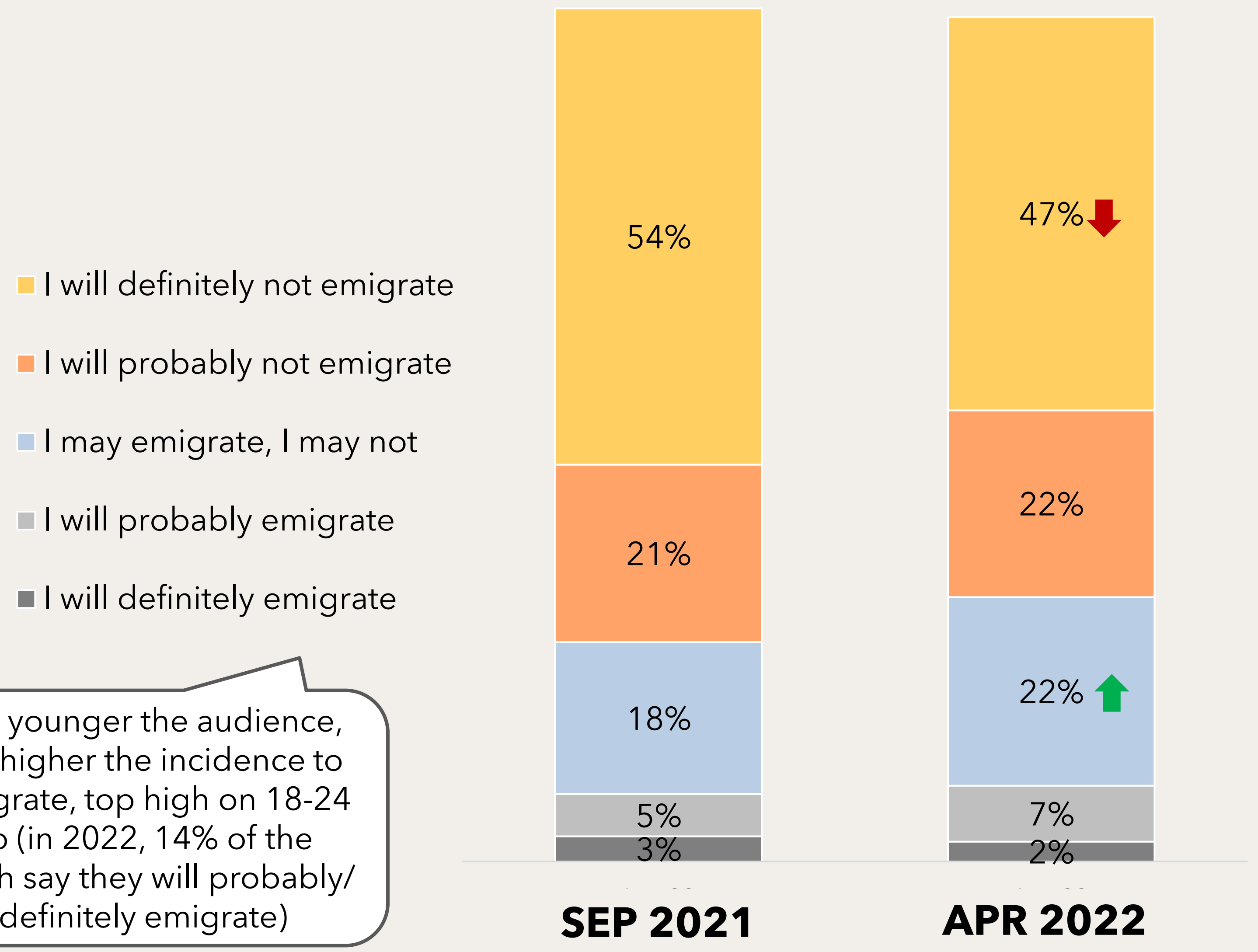
RECOMMENDATION LEVEL FOR ROMANIA, AS A COUNTRY TO LIVE IN



NPS= NET PROMOTERS SCORE – NET DETRACTORS SCORES
<0=unsatisfactory
>0=satisfactory level
>20=favorable level
>50=excellent level
>80= supreme level

Promoters (9+10) | Neutrals (7+8) | Detractors (0-6)

EMIGRATION IN THE NEXT YEAR



The younger the audience, the higher the incidence to emigrate, top high on 18-24 yo (in 2022, 14% of the youth say they will probably/ definitely emigrate)

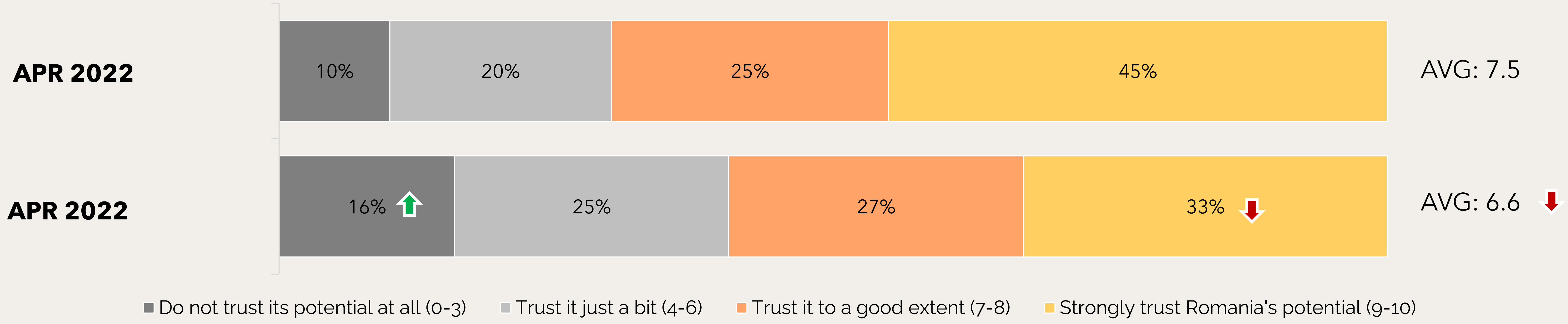
Significantly higher/ lower 2022 vs. 2021
Base: Sep 2021 (N=1000 respondents); Apr 2022 (N=900 respondents)
Q: To what extent would you recommend Romania to your acquaintance as a country to live in?
Q: Thinking about the next 12 months would you plan to emigrate?

AHA MOMENTS

Believing in Romanis and its potential is moderate, and has gone downwards in 2022 vs Q3 2021.

Compared to 2021, Romania’s commercial target appears more pessimistic, loosing trust to some extent that Romania may get to reach its potential. The recent happenings (especially inflation, war, but also remanent COVID-19 effects) weakened their state of mind.

DO YOU BELIEVE IN ROMANIA’S POTENTIAL



Higher trust paid to Romania by 45-55 yo target, while low peak on Centre & West region, being most criticizing of all.

Significantly higher/ lower 2022 vs. 2021

Base: Sep 2021 (N=1000 respondents); Apr 2022 (N=900 respondents)

Q: Do you believe in Romania, do you believe in its potential?

If you want more details on socio-demo subsegments or want to deep dive into a topic more, just let us know! We are one email away!

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