



Unraveling the Mid-Year Retail Landscape: Trends Impacting the Industry

Welcome

Welcome to our mid-year trends report, where we'll explore the major factors shaping the retail landscape in 2023 -- a **year filled with challenges and opportunities**. In this thought leadership piece, we will delve into the driving forces influencing product innovation, the rise of the values-oriented consumer, the impact of inflation, the changing face of grocery retail, and the significance of personalization and technology in shaping shopper behavior.



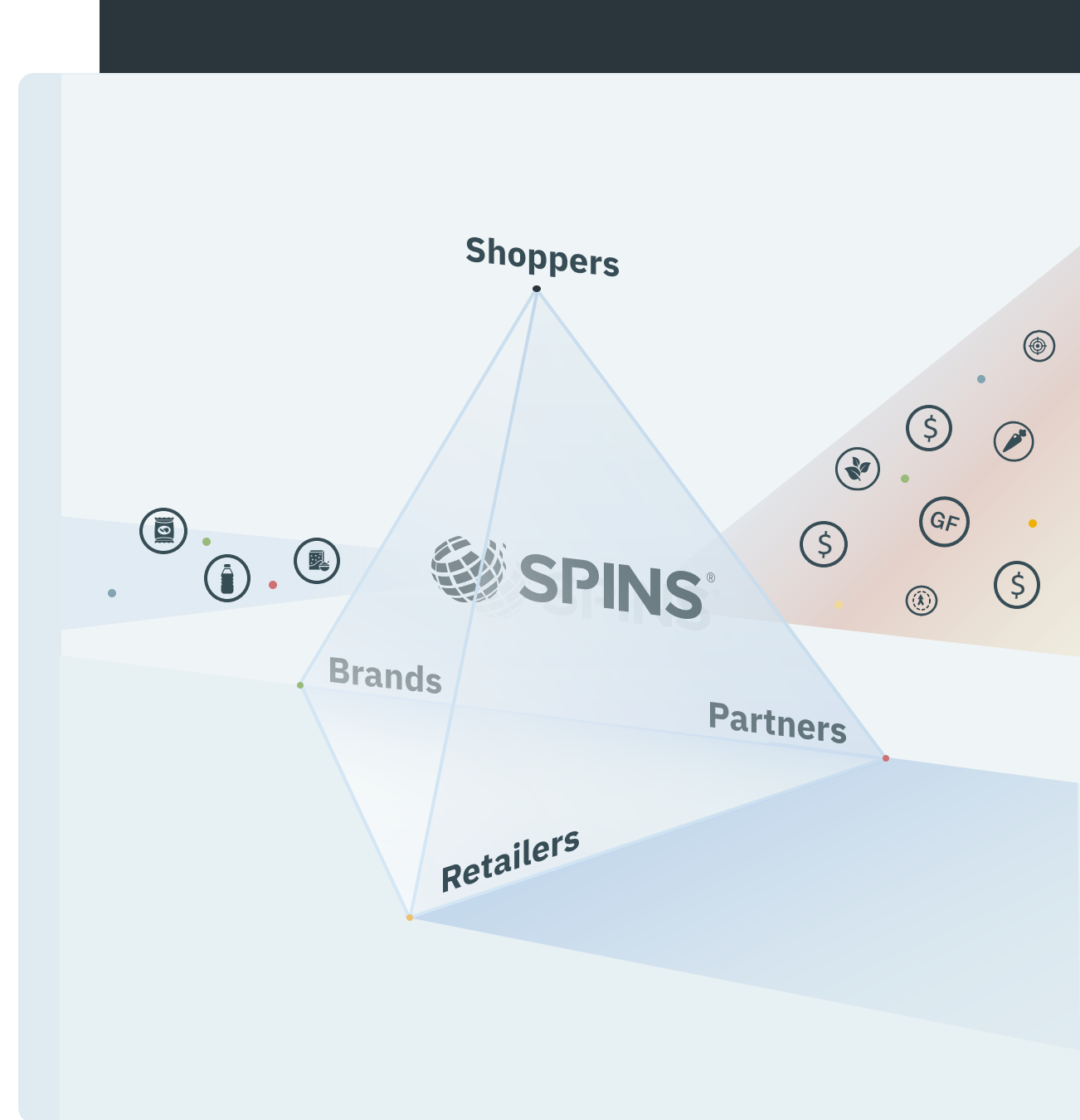
Connecting Shopper Values to Product Innovation

The retail landscape is experiencing a paradigm shift, where consumers are increasingly seeking products that align with their values. SPINS, with its diverse data sources, is uniquely positioned to help brands and retailers cater to the values-oriented shopper throughout their journey. By identifying trends and understanding consumer preferences, brands and retailers can effectively implement strategies that resonate with their target audience. Understanding shopper values is crucial as nearly half of all consumers fall into this category.

RECOMMENDATIONS

Leverage Data Insights for Values-Oriented Consumer Engagement:

Retailers and brands should collaborate with data analytics firms like SPINS to gain a comprehensive understanding of shopper values and preferences. By identifying trends and incorporating these insights into product innovation and marketing strategies, businesses can better cater to the values-oriented consumer segment. Implement data-driven approaches to tailor offerings that align with consumers' sustainability, ethical, and dietary considerations.

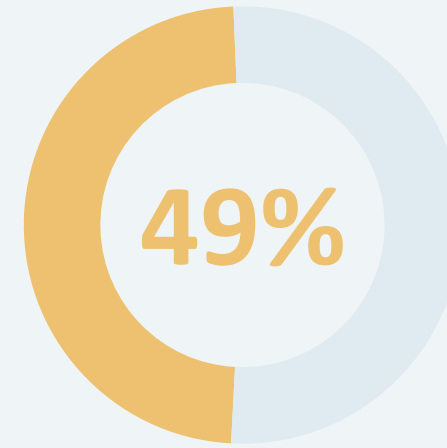


The Rise of the Values-Oriented Consumer

Consumer behavior is undergoing a significant transformation, driven by shoppers' increasing focus on values and sustainability. As consumers embrace various attributes like ingredient sourcing, environmental practices, labor standards, and dietary importance, retailers and brands need to align their offerings accordingly. Values-oriented shoppers are more frequent, adventurous, and willing to pay a premium for products that align with their values. Emphasizing personalization and digitalization becomes vital to engage these consumers effectively.

RECOMMENDATIONS

Invest in Sustainability Initiatives: With the rise of values-oriented consumers, sustainability has become a critical factor in purchasing decisions. Retailers and brands should prioritize sustainability efforts, such as eco-friendly packaging, responsible sourcing, and transparent supply chains. Communicate these initiatives to consumers through clear and engaging messaging to build trust and loyalty.



of Consumers are Values-Oriented Shoppers*

88%

of values-oriented shoppers purchase groceries at least once a week

65%

of values-oriented shoppers are extremely or very adventurous to try new brands/products



Inflation's Impact on Grocery Retail

Inflation has emerged as a major disruptor in the grocery space, impacting all facets of the industry. Rising ingredient and product costs, packaging expenses, and supply chain challenges have resulted in higher retail prices. This has led to trends like shrinkflation, where consumers receive less product for the same or slightly higher price. In response, retailers are striving to offer promotions and loyalty programs to maintain shopper engagement while preserving value.

RECOMMENDATIONS

Mitigate the Impact of Inflation with Value-Driven Strategies:

As inflation continues to impact grocery retail, retailers must find innovative ways to maintain shopper engagement while managing costs. Implement value-driven strategies like loyalty programs, promotions, and bundled offers to provide perceived value to customers. Highlight the benefits of these initiatives to show consumers that they are getting more for their money.

Products

- Packaging costs
- Profit Taking /Excuseflation

Shrinkflation

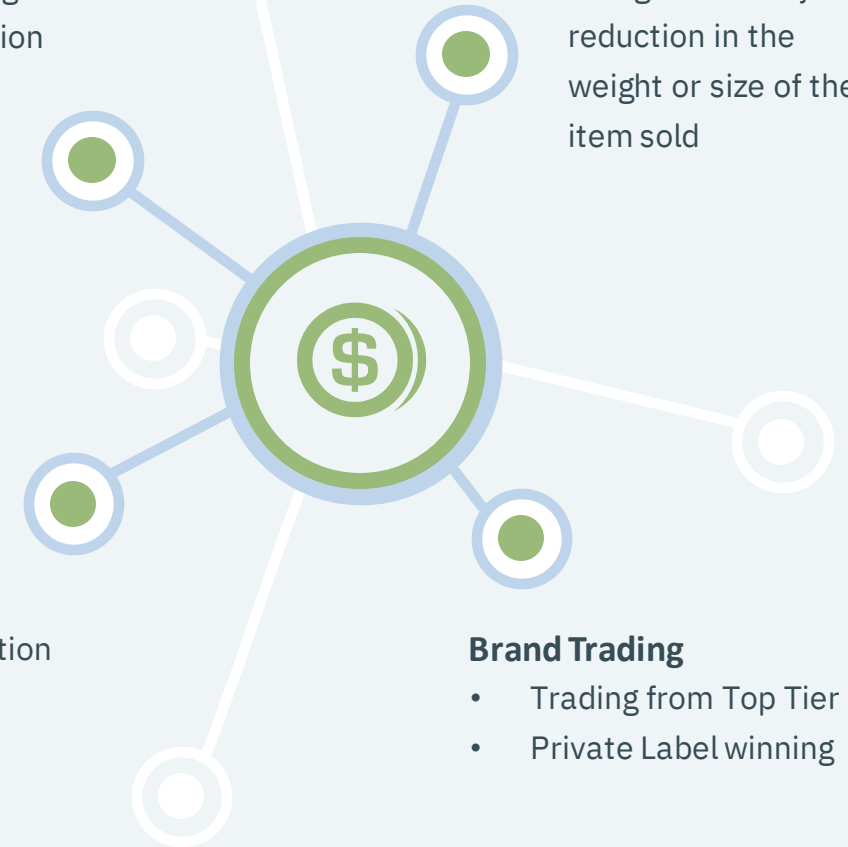
A price increase brought about by a reduction in the weight or size of the item sold

Supply Chain

- Transportation
- Labor

Brand Trading

- Trading from Top Tier
- Private Label winning



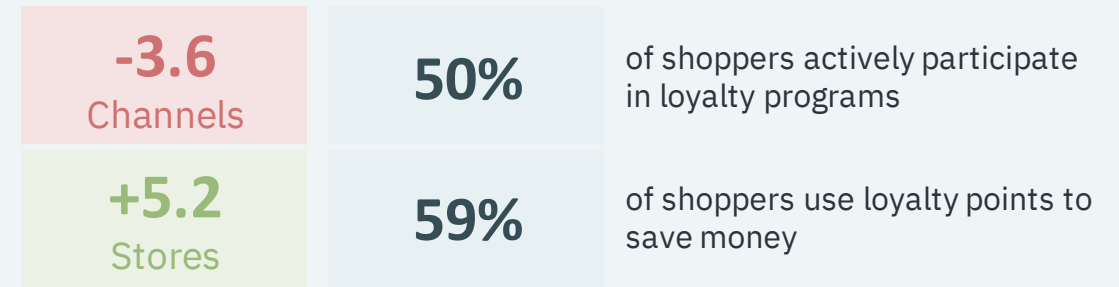
The Power of Personalization and Technology

Personalization and technology have transformed the way consumers engage with retail. As smartphone users increasingly purchase products through digital platforms, retailers must leverage personalization strategies to enhance the shopping experience. Loyalty programs, promotions, and customized digital content can attract and retain value-oriented consumers. Technology has also shifted the employment landscape, with employees now required to understand various systems and be valued, engaged, and adaptable.

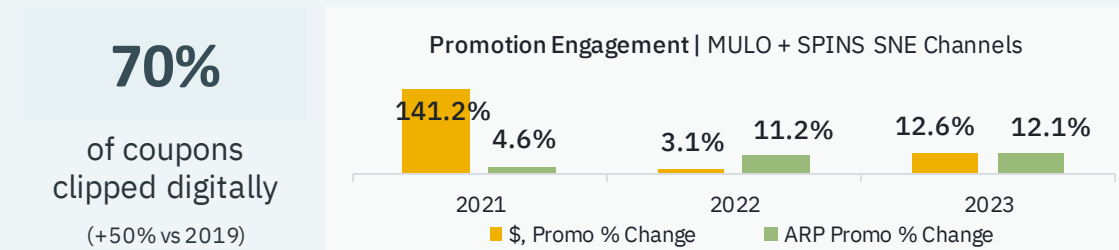
RECOMMENDATIONS

Enhance Personalization through Digitalization: Invest in technology and digital platforms to enable personalized shopping experiences. Implement loyalty programs that offer tailored discounts and rewards based on individual preferences. Use customer data to deliver personalized digital content, product recommendations, and targeted marketing campaigns, fostering stronger connections with consumers.

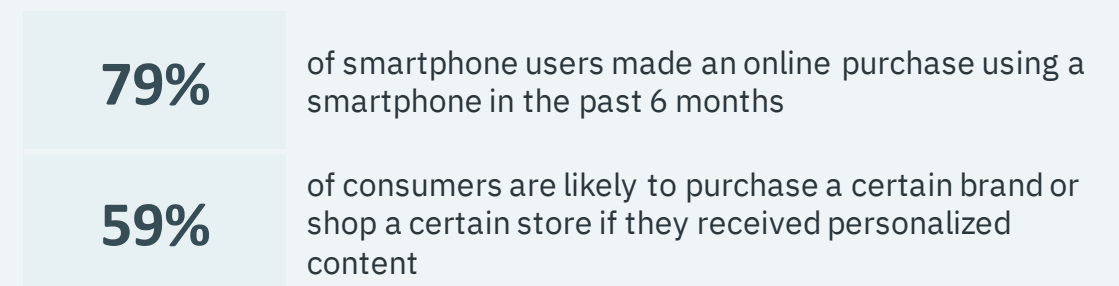
Loyalty



Promotions



Promotions



The Decrease in Innovation

The industry has experienced a sharp pullback in innovation, with fewer new product launches compared to previous years. Factors like supply chain disruptions, labor shortages, and sourcing issues have hindered new product development. However, retailers and brands must embrace health claims and better-for-you attributes to attract consumers seeking value and quality. As shoppers look for cheaper alternatives amid inflation, health-focused products have the potential to stand out in the market.

RECOMMENDATIONS

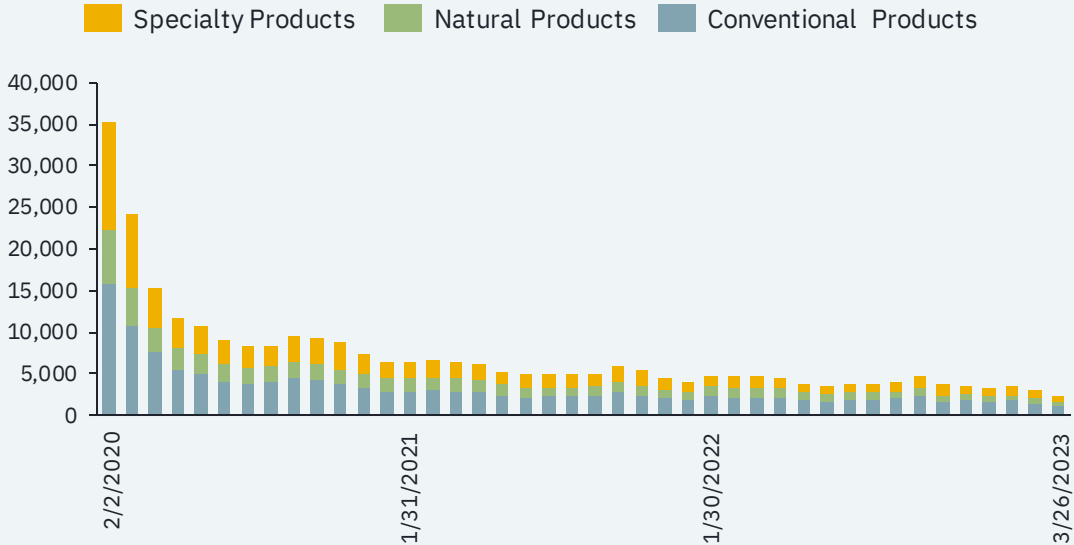
Overcome Innovation Challenges with Agile Solutions:

Acknowledge the obstacles hindering new product development, such as supply chain disruptions and labor shortages, and find agile solutions to adapt to the current market landscape.

Encourage cross-functional teams to collaborate and brainstorm innovative ideas that address consumer needs and preferences.

Focus on health-focused product development, as they have the potential to resonate well with cost-conscious consumers seeking quality and value.

New Product Launches by 4 Week Quad, Feb 2020 to March 2023

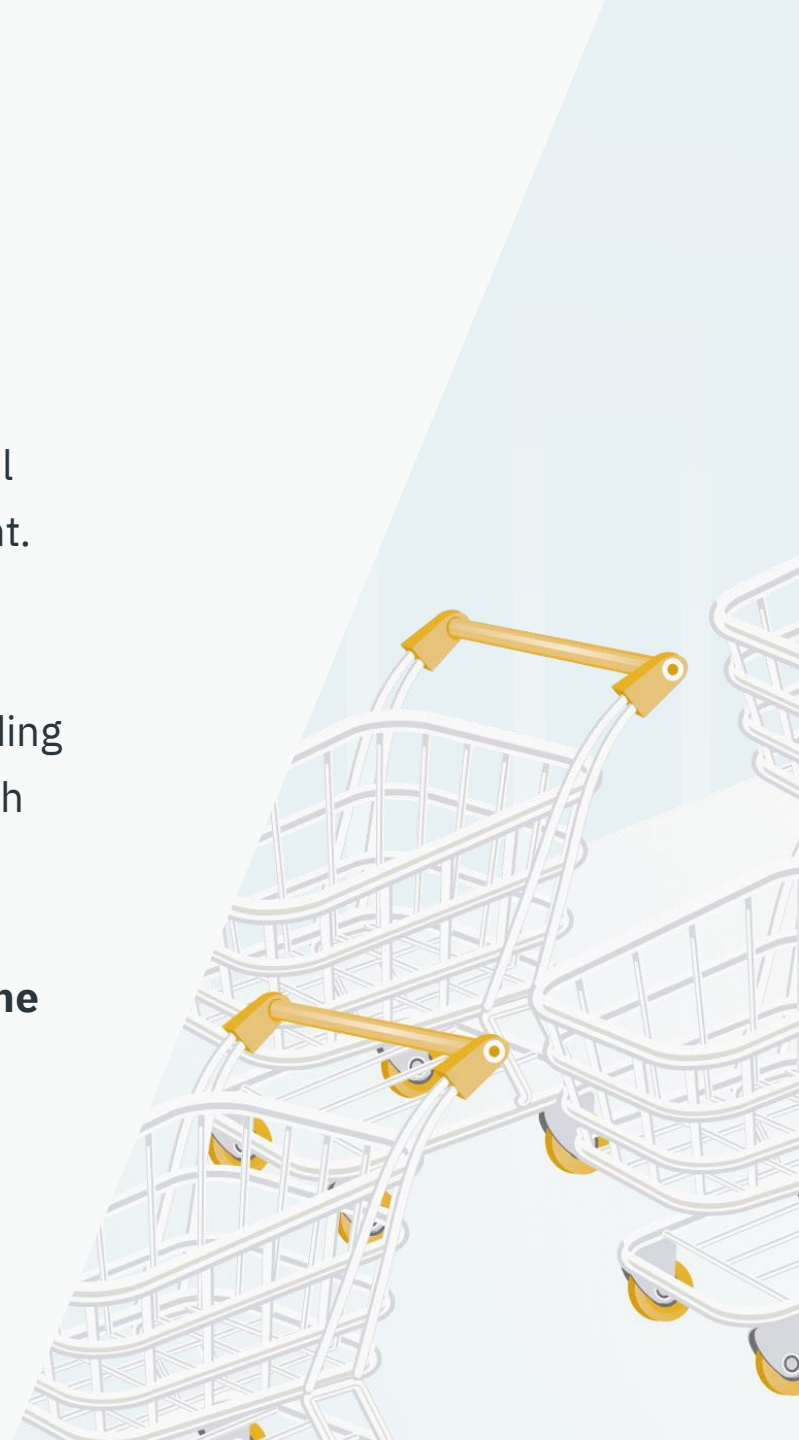


Issue/Year	2020	2021	2022	2023
Out of Stocks	Product shortages due to lockdowns			
Supply Chain Disruption		Shifts in demand, shipping & cargo delays, labor shortages, Ukraine war		
Capital Squeeze			Inflation & rising interest rates	

Conclusion

The mid-year trends of 2023 have undoubtedly shaped the retail landscape, bringing challenges and opportunities to the forefront. Inflation, values-oriented consumers, personalization, and decreased innovation are factors that retailers and brands must navigate effectively to succeed in a dynamic market. Understanding shopper values, embracing digitalization, and emphasizing health claims can be game-changers in attracting and retaining today's discerning consumers. As we continue through the year, **it's essential for the industry to remain agile, adaptive, and in tune with the ever-changing demands of the retail landscape.**

Note: This marketing report is based on the content provided during the SPINS mid-year trends recording featuring Scott Dicker and Jessica Maniscalco.





Thank you!

For more information, contact
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