Vypr REPORTS

Consumer Horizon

Insights Shaping the Industry

September 2024

Contents

Introduction

Welcome to the *Consumer Horizon 2024: Insights Shaping the Industry* report. In an era marked by economic challenges, shifting consumer priorities, and technological innovation, staying informed has never been more crucial. As a leading voice in product intelligence and research, we offer a deep dive into the key trends that are reshaping the retail and consumer goods landscape.

Our goal is to provide you quarterly with clear, actionable insights that will help you navigate these changes confidently. Whether it's understanding the growing focus on health and wellness, adapting to the demand for sustainability, or keeping up with evolving shopping behaviours, we are passionate about equipping you with the knowledge to thrive. This report is more than just analysis—it's your guide to making informed decisions that resonate with today's consumers.

Methodology

Vypr is a leading **product intelligence platform** designed to empower brands with the insights needed to make informed product decisions at the right moments. Our platform leverages a **proprietary community of over 80,000 UK consumers**, providing our customers with direct access to real-time feedback. This unique capability allows brands to refine their strategies and develop products that truly resonate with their target audiences.

At Vypr, we go beyond traditional market research by focusing on the immediate, intuitive reactions of consumers. Instead of lengthy questionnaires, we engage our community with short, targeted questions that capture fast, instinctive responses. This approach is rooted in the principles of **System 1** thinking, a concept popularised by Daniel Kahneman in his seminal work, Thinking, Fast and Slow. System 1 represents the brain's quick, automatic decision-making process, which is responsible for approximately 95% of purchasing decisions. By tapping into this cognitive function, Vypr enables brands to understand consumer behaviours and attitudes with **accuracy and speed**.

Research Methodology

The findings in this report are based upon first-party research, conducted between 5th of August 2024 and the 16th of August 2024. The primary research apparatus used to collate consumer feedback was a bespoke survey application, available on smartphone. The application is device agnostic and allowed a nationally representative community of real UK consumers to provide answers to a broad range of questions. To deliver comprehensive insights, Vypr adopts a mixed-method approach, by integrating both qualitative and quantitative research methodologies.

Qualitative Research

For our qualitative research, we utilised two distinct types of questions:

Free Text Responses: Engaging a sample size of 50 consumers, this approach allowed respondents to provide open-ended answers. These responses offer deep, personal insights into consumer thoughts and attitudes, capturing the nuances of their experiences.

Sentiment Analysis: Leveraging AI technology, we analysed responses from 250 consumers to summarise the overall sentiment, whether positive or negative, related to specific topics. This method provides a clear understanding of the emotional tone behind consumer feedback, highlighting the underlying sentiments that drive behaviour.

Quantitative Research

Our quantitative research was designed to capture structured, statistically significant data:

Sample Size and Question Types: We conducted surveys with a robust sample of 1,000 consumers. This larger sample size ensures the data is representative of the broader population, allowing us to draw meaningful conclusions across different demographics.

Single and Multi-Answer Multiple Choice Questions: These questions offered respondents a range of predefined options, enabling us to measure consumer preferences and behaviours with precision.

Vykert Scale: Our proprietary Vykert question, a refined version of the traditional Likert scale, uses a sliding scale to capture the intensity of consumer opinions. This provides a more nuanced view of their preferences and attitudes.

Representation: All quantitative research was conducted using a nationally representative sample of 1,000 consumers. This means that proportionate weightings, aligned to the most recent ONS population data (2024), were used to ensure proportional representation associated to age and gender.

Executive Summary

Consumer Horizon 2024 – Insights Shaping the Industry

As we look toward 2025, the retail and consumer goods industry stands at a critical juncture, shaped by increasing economic pressures, evolving consumer priorities, and rapid technological advancements. Consumer Horizon 2024: Insights Shaping the Industry provides a comprehensive analysis of the key trends driving these changes, offering strategic insights for businesses aiming to navigate the complexities of today's marketplace.

In a landscape where consumers are more informed and selective than ever, understanding the shifts in behaviour and expectations is essential. This report distils the most impactful trends, from the growing emphasis on health and wellness to the rising demand for sustainability and ethical consumption. These insights are not just observations—they are a roadmap for action, guiding retailers and brands in making data-driven decisions that resonate with the modern consumer.

Health and Wellness: The consumer focus on health is more pronounced than ever. As wellness becomes a central aspect of daily life, there is a significant shift towards products that enhance physical and mental well-being. This section explores how brands can meet the rising demand for functional and nutritious options.

Ultra-Processed Foods (UPF): The backlash against ultra-processed foods is gaining momentum, with consumers increasingly seeking cleaner, more natural alternatives. This section examines the implications of this trend for food and beverage companies, how they can adapt to align with healthier eating patterns and how they can help consumers to cut through the noise of UPF fears.

Circular Economy: Sustainability has moved from the periphery to the core of consumer expectations. The push towards a circular economy—where reducing waste and promoting recyclability are key—has become a defining factor in brand loyalty and consumer choice. This section outlines how businesses can embed sustainable practices into their operations to meet these demands.

Know Your Shopper: Economic uncertainty and rising costs are reshaping shopping habits. Today's consumers are driven by value, convenience, and digital integration. This section delves into the evolving dynamics of loyalty programmes, the importance of promotions, and the balance between online and in-store shopping, offering actionable insights for retailers to stay ahead.

Alcohol: The alcoholic beverages sector is undergoing a transformation, driven by health-conscious consumers and a growing interest in low-alcohol and alcohol-free alternatives. This section analyses the trends that are redefining this market, including the influence of sustainability and the shifting preferences of younger consumers.

Looking Ahead: The insights presented in this report underscore the need for agility and innovation in a rapidly changing environment. Retailers and brands that embrace these trends—prioritising sustainability, enhancing health and wellness offerings, and leveraging technology—will be best positioned to thrive in the coming years. Consumer Horizon 2024 is not just a report; it is a strategic guide for those who seek to lead, innovate, and shape the future of the industry.

Part 1

Health & Wellness

Health and Wellness

In this section we will delve into how the industry is adapting to meet consumers' increasing desire for foods and beverages that not only taste good but also contribute to their overall health and wellness goals in a way that feels tailored to them.

In Brief

The food and beverage industries are undergoing a shift as consumers opt to prioritise health and wellness in their dietary choices. This move is not just about choosing healthier options; it also involves a growing interest in personalised nutrition, where food and beverages are tailored to individual health goals, dietary preferences and lifestyle choices.

Grocery Sector: Consumers, particularly the Millennial and Generation Z age groups, are consciously opting for more functional foods and beverages (a consumable product that has added physiological or psychological benefits) that address specific wellness concerns like heart and digestive health. Trust in scientific evidence and brand reputation are key elements in these decisions, with a strong preference for natural sources of added nutrients.

Customised Wellness: The food and beverage industries are adapting to meet the growing consumer demand for products that not only taste good but also support health and wellness goals, often in a customised, personal manner. This trend is reflected across the grocery, dining out and takeaway sectors.

Dining Out: While many consumers are not actively seeking functional ingredients in restaurants, there is an appetite for nutritional transparency and the option to personalise meals based on health needs. However, willingness to pay more for these benefits remains limited.

Takeaway: The takeaway sector faces similar trends, with consumers desiring healthier options that do not compromise on taste. Convenience remains a top priority, but there is a growing desire for nutritional information and healthier menu options.

This report delves into how the grocery, dine out and takeaway sectors are adapting to these evolving consumer preferences. By analysing consumer behaviour, attitudes and expectations, we aim to provide actionable insights for industry stakeholders looking to align with this new era of health-conscious consumption.

Grocery Sector:
The Rise of Functional Foods

The grocery sector is at the forefront of this health and wellness shift. Consumers, particularly those who exercise more than once a month, are gravitating towards easy access to functional foods that are fortified with additional nutrients and cater to individual health concerns.

Key findings include:

Frequency of Purchase: Regular exercisers and younger consumers (especially Gen Z and Millennials) are the most frequent purchasers of functional foods, with 42% of men all men consuming these products at least weekly.

Health Concerns: There is a gender and age-related divergence in health concerns addressed by functional foods. Men are more focused on heart health, while women and older consumers prioritise digestive health.

Key Purchase Factors: Scientific evidence, brand reputation and taste are crucial factors for consumers when choosing functional foods. However, price remains a significant barrier, with most consumers only willing to pay up to 10% more for these products.

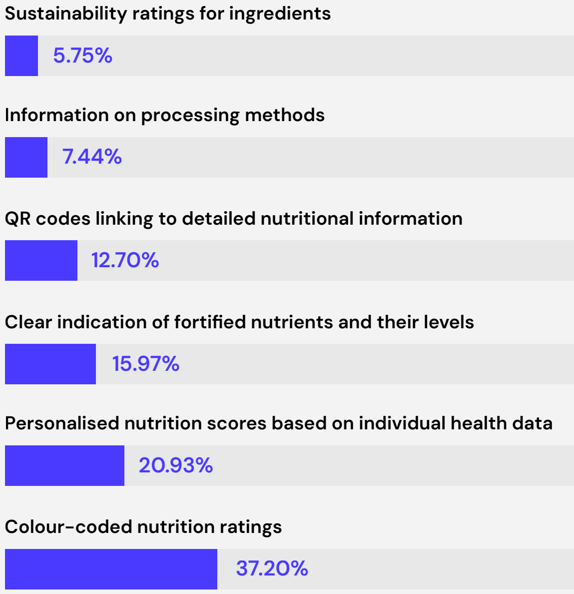
Trust and Transparency: Younger consumers are more likely to trust health claims made by these products, and there is a notable interest in organic certification among the younger demographic. However, scepticism grows with age, particularly among those over 45.

Change in Habits: Consumers who use food to fuel sporting activities have made the most change to their shopping habits in the past year, with 44% of those stating they have changed habits to focus more on consciously choosing healthier options in-store. Overall, the trend for choosing healthier products somewhat changed the consumers shopping experience with 50% of a naturally representative consumer group having changed the way they shop in the past year.

Labelling Elements: Calorie content along with vitamin and mineral breakdowns are the most important features to consumers for food labelling when shopping. Women are 33% more interested in the calorie content label than men. Those that exercise daily are 36% more likely to always read the nutrition labels with the macronutrient information being at the forefront of their needs.

Mental Health: Although mental health concerns don't directly influence grocery shopping decisions, over 40% of consumers expressed a desire for supermarkets to provide more information on how food and nutrition can impact mental health. This indicates a growing interest in educational initiatives within grocery settings.

Which of the following labelling innovations would you find most helpful?



Takeaway:
Convenience Meets Health

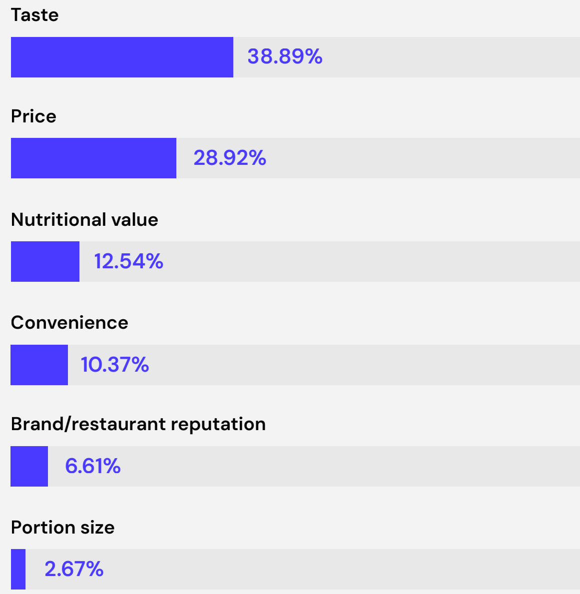
The takeaway sector is increasingly being challenged to balance convenience with health:

Healthier Choices: Consumers are beginning to expect healthier takeaway options that do not compromise on taste. This includes a desire for meals with functional ingredients — though like with dining out, there is a reluctance to pay a premium for these benefits.

Nutritional Transparency: There is a strong demand for clear and accessible nutritional information on takeaway menus. Consumers want to know what they are eating, with a preference for calorie and macronutrient details.

Innovation and Adaptation: The takeaway sector has a unique opportunity to innovate by offering customisable meals that cater to individual health goals, much like the dine out sector. The use of AI-driven personalisation tools could be a game-changer here, although consumer trust in these technologies is still developing.

Which of the following factors most influence your takeaway food choices?



Dining Out:
Navigating Nutritional Transparency

The dine out sector is slower to reflect this wellness trend, with many consumers not actively seeking functional ingredients when eating out. However, there are still important insights to consider:

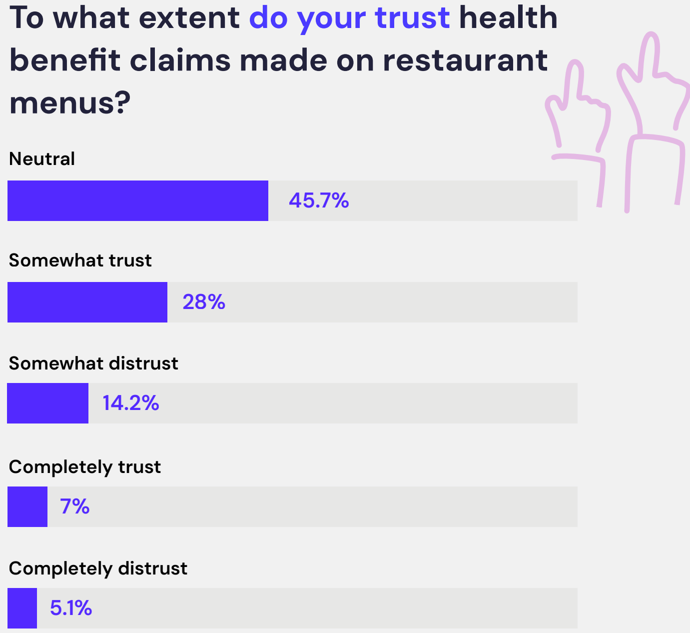
Consumer Interest: While 32% of consumers never look for functional ingredients when dining out, there is a growing interest in menu items that offer vitamins, minerals, and gut health benefits. Millennials show a higher interest in these options.

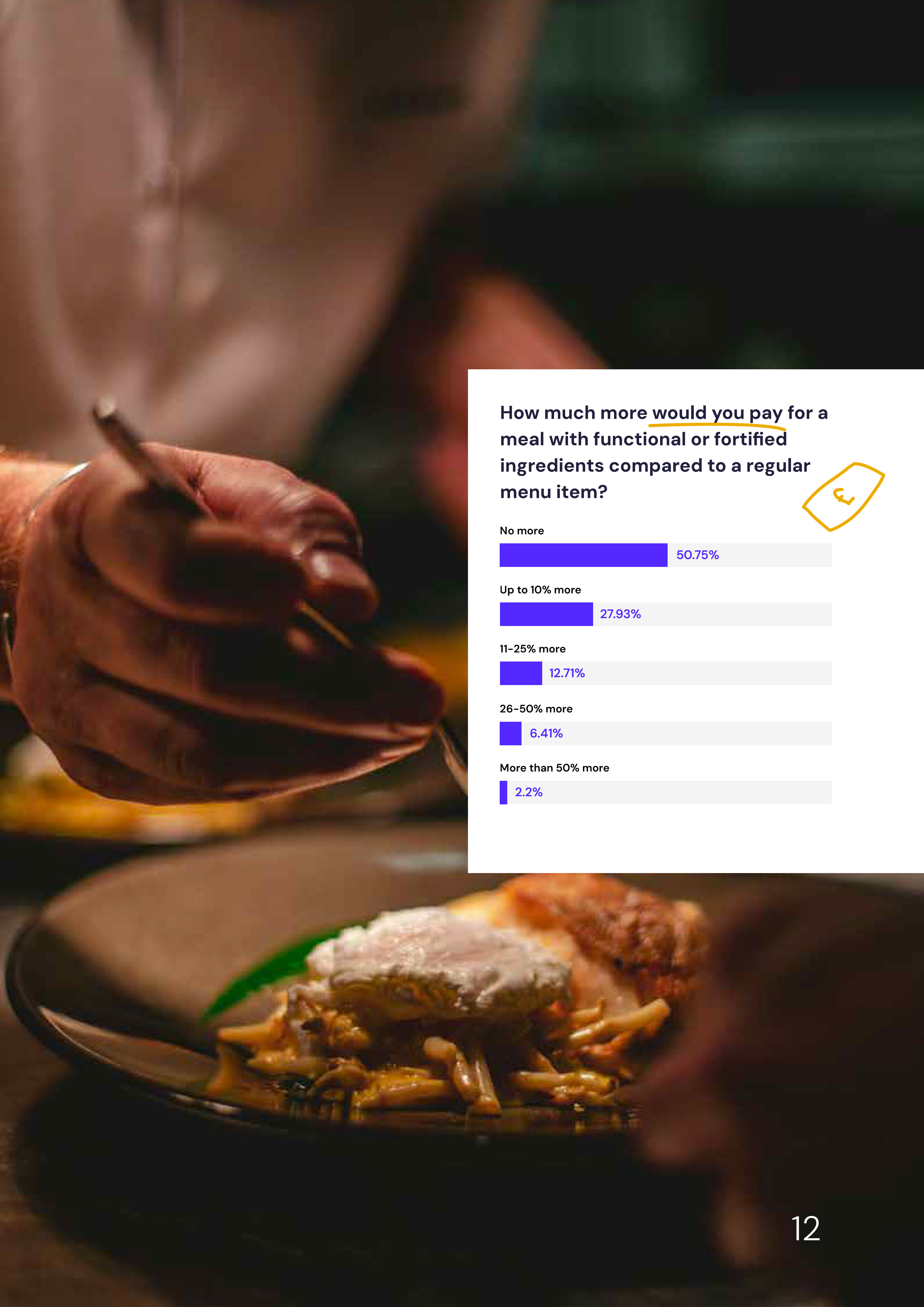
Willingness to Pay: Despite interest in healthier options, over 50% of consumers are not willing to pay more for functional benefits in restaurant meals, with women being more price sensitive.

Nutritional Information: Over half of consumers (60%) believe that it is important for restaurants to provide detailed nutritional information, with calorie content and allergen information being the most sought-after details. There is also a rising demand for macronutrient breakdowns, especially among younger diners.

Personalisation: Customisation is key, with 28% of consumers finding value in menu options that can be personalised, especially those over 45. However, only 46% are likely to follow personalised recommendations from restaurant staff.

To what extent do your trust health benefit claims made on restaurant menus?




How much more would you pay for a meal with functional or fortified ingredients compared to a regular menu item?
£
No more
50.75%
Up to 10% more
27.93%
11-25% more
12.71%
26-50% more
6.41%
More than 50% more
2.2%

Health and Wellness

In Summary

This section has uncovered significant insights into consumer preferences and industry adaptations in response to the growing demand for healthier food and beverage options. Key findings and strategic actions are summarised as follows:

1. **Increased Demand for Functional Foods:** There is a noticeable trend towards functional foods, especially among younger demographics like Millennials and Generation Z, who are choosing foods and beverages that support their health and wellness goals.

   Action Point: Continue to develop and expand the range of functional foods, ensuring these products are scientifically backed and effectively marketed to highlight their health benefits.

2. **Personalised Nutrition:** Customisation is becoming increasingly important, with consumers desiring products that cater specifically to their individual health needs.

   Action Point: Invest in technologies that enable personalisation of food and beverage products, and ensure that these custom options are accessible across all shopping platforms.

3. **Nutritional Transparency in Dining:** Consumers value transparency, particularly when dining out, expressing a need for detailed nutritional information to make informed choices.

   Action Point: Enhance menu labelling in restaurants to include comprehensive nutritional information, catering to health-conscious diners.

4. **Balancing Taste and Health:** While health attributes are critical, taste remains a paramount concern for consumers across all sectors.

   Action Point: Ensure that the health-oriented products maintain high taste quality to appeal to a broader audience.

Health and Wellness

Continued

5. **Integration of Technology:** Leveraging technology for personalised dietary recommendations and enhanced customer experiences is a growing trend.

   Action Point: Adopt advanced technologies such as AI to provide personalised dining experiences and to streamline the integration of health-based options in menus.

6. **Cost Considerations:** Although consumers are interested in healthier options, there is a noticeable sensitivity to price increases associated with these choices.

   Action Point: Strategically price products to balance affordability with perceived value, particularly in sectors where price sensitivity is more pronounced.

By focusing on these strategic areas, businesses can align more closely with consumer expectations and drive growth in a market that increasingly values health and wellness alongside taste and affordability.

Part 2

Ultra Processed Foods

In the food and drink industry

Ultra Processed Foods

In this section we'll uncover the complexities of consumer attitudes towards UPFs, highlighting the tensions between convenience, health and affordability that are shaping purchasing decisions today.

In Brief

The food and drink industry is at a crossroads, balancing the production and marketing of Ultra Processed Foods (UPFs) with growing consumer awareness and health concerns. This section examines consumer attitudes towards UPFs across the grocery, takeaway and dine out sectors, revealing a complex landscape of awareness, concerns and changing behaviours.

Navigating Consumer Preferences amid Health Concerns: The food and drink industry faces a critical juncture as it balances the convenience and appeal of Ultra-Processed Foods (UPFs) with mounting consumer health concerns and growing awareness. This section evaluates a complex interplay between health awareness, cost considerations, and dietary choices.

The Shift in Consumer Dynamics: Increased awareness among younger consumers highlights a shift towards more health-conscious decisions, yet significant confusion persists about what exactly constitutes a UPF. This evolving consumer landscape presents both challenges and opportunities for the industry to innovate and educate.

Strategic Insights for Addressing Market Trends: By dissecting consumer behaviour and preferences, this analysis aims to furnish industry leaders with actionable intelligence to refine their strategies. These insights will help navigate the delicate balance between offering convenience and addressing the health implications associated with UPFs.

Guiding Industry Response: Additionally, we will explore strategic approaches to address these consumer trends, ensuring product offerings are well-aligned with current health dialogues and market demands. This comprehensive overview will support your business in adapting to a landscape where health concerns increasingly dictate market dynamics.

Consumer Awareness and Understanding of UPFs

Before delving into sector-specific analysis, it's crucial to understand the overall level of consumer awareness and understanding of UPFs:

Awareness Levels: Only 17% of consumers are aware of UPFs. This awareness is higher than NOVA (a framework for categorising food based on how much and why they are processed) and HFSS (a term for high in fat and/or sugar), but lower than UHT (Ultra-high temperature processing). Traffic Light Labelling, and Price Match.

Awareness of UPFs, NOVA, and HFSS is also higher among Gen Z and Millennial consumers. There's a clear generational split, with older consumers (45+) showing higher awareness of UHT, Traffic Light Labelling, and Price Match.

Understanding of UPFs: While 90% of UK consumers have heard of UPFs, only 43% claim to be able to explain them. Younger consumers are more likely to be able to explain UPFs than older consumers. When asked to define UPFs, most consumers struggled, although at least 30% knew the acronym. Key terms used in consumer descriptions of UPFs included: 'not natural', 'lots of additives', 'refined' and 'artificial'.

Perceived Health Consequences: When asked about the health consequences of eating too many UPFs, common themes included weight gain, heart disease, high cholesterol and high blood pressure.

Product Categories Associated with UPFs: Ready meals, pizza, and confectionery were the top 3 food categories that consumers associated with high UPF content, whereas bread, plant-based products, and cheese were among the lowest. Interestingly, ready meals significantly under-indexed at 39% with Gen Z and Millennial consumers and over-indexed at 74% with those 55+.

This data reveals that while awareness of UPFs is growing, there's still significant confusion about what exactly constitutes an UPF. This presents both a challenge and an opportunity for the industry to educate consumers and potentially reposition certain products.

Awareness of UPF in the Grocery Sector

The grocery sector is at the forefront of the UPF issue, as it's where consumers make most of their food purchasing decisions. Our analysis reveals several key trends and consumer attitudes:

Clean Label Trends: Consumers are increasingly seeking products with simpler, more recognisable ingredients. This has led to reformulation efforts to reduce artificial additives and preservatives in UPFs.

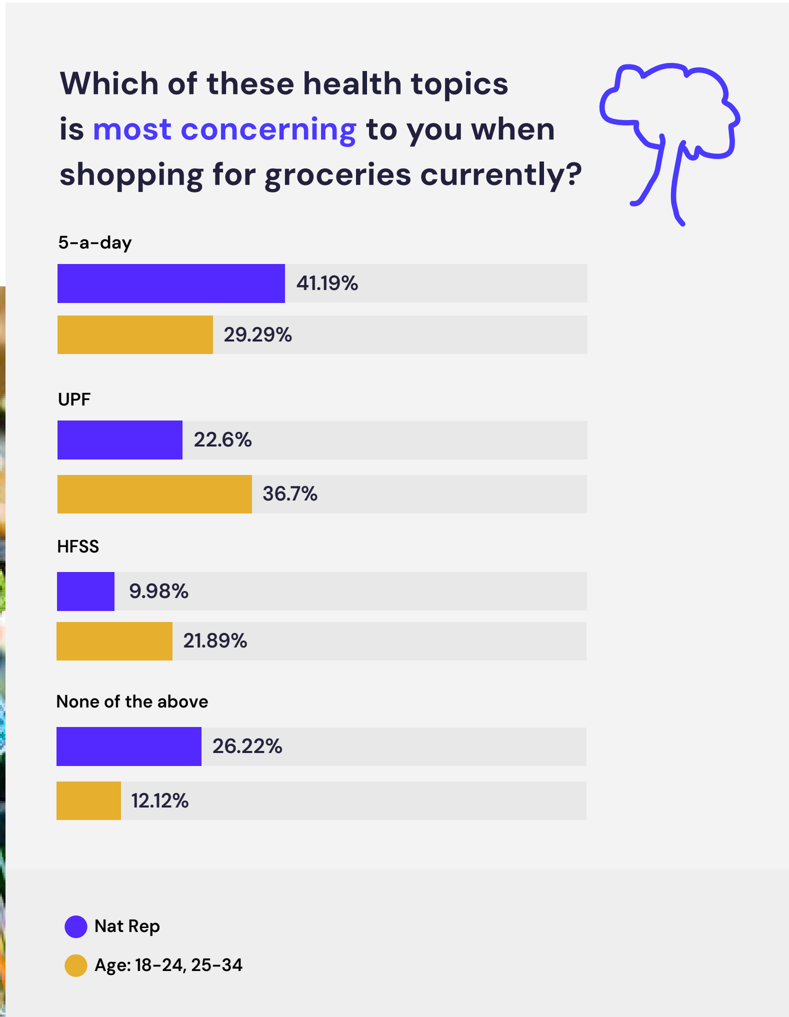
Health and Wellness Positioning: Many UPF manufacturers are repositioning their products to align with health and wellness trends, such as adding functional ingredients or reducing sugar and salt content.

Sustainability and Packaging: There's a growing focus on sustainable packaging solutions for UPFs, as well as efforts to communicate the environmental impact of these products to consumers.

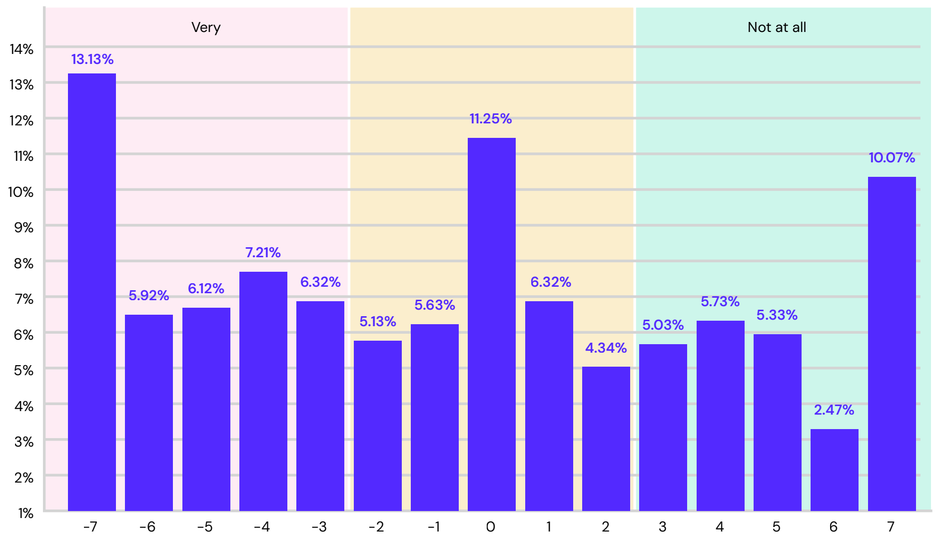
Consumer Priorities: When asked about their primary concerns when shopping for groceries, consumers highlighted value for money and price. Only about 15% of consumers highlighted health and nutrition as their primary concern.

Affordability vs. UPF Concerns: 44% of consumers are very concerned about affordability when shopping for groceries, with 31% not at all concerned. In comparison, 39% are very concerned about UPFs, with 29% not at all concerned. This suggests that while UPF concerns are significant, they're often secondary to cost considerations for many consumers.

Health Topics of Concern: When asked about which health topics are most concerning when shopping for groceries, 41% of consumers cited meeting their '5-a-day' as their top concern. UPFs were a concern for 23% of consumers overall, but this increased to 37% for Gen Z and Millennial consumers while HFSS was a concern for only 10% of consumers.



How concerned are you about Ultra Processed Foods when shopping for groceries right now?



Sent to nationally representative sample

Changing Habits: 88% of UK consumers are trying to make changes to their eating habits. The top 3 changes are snacking less frequently, consuming less alcohol, and reducing consumption of UPFs. Gen Z and Millennial consumers were most concerned about consuming less alcohol and reducing consumption of UPFs.

Scratch Cooking: 92% of UK consumers cook from scratch at least once a week, with 32% doing so daily. Households with younger children tend to cook from scratch more frequently.

These findings suggest that while consumers are increasingly aware of and concerned about UPFs, cost and convenience remain significant factors in their grocery shopping decisions. The industry needs to balance addressing UPF concerns with maintaining affordability and convenience.

Awareness of UPF in the Takeaway Sector

The takeaway sector faces unique challenges when it comes to UPFs, given the inherent convenience factor of takeaway meals. Our analysis reveals the following key points:

Convenience vs. Health: The sector is grappling with balancing the inherent convenience of UPFs in takeaway meals with growing consumer demand for healthier options.

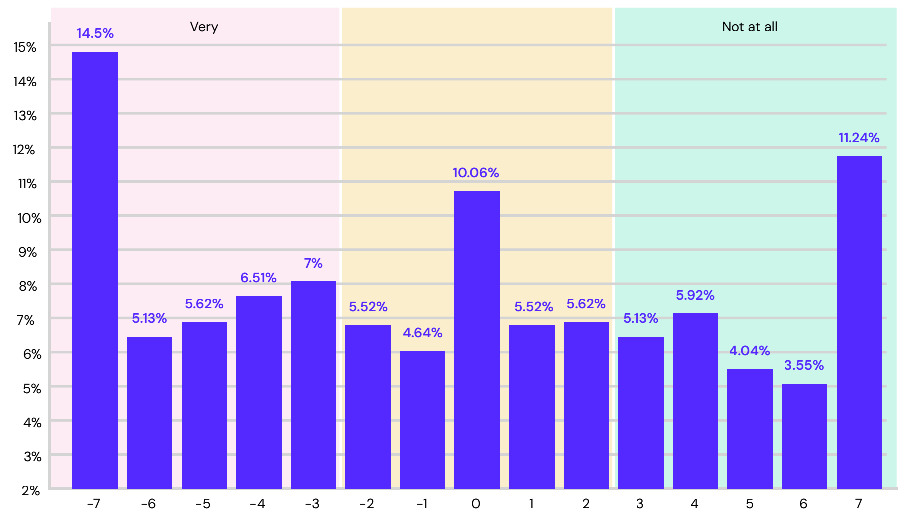
Customisation and Personalisation: There's a trend towards offering consumers more control over their UPF intake by providing customisable options in takeaway meals.

Digital Integration: The sector is increasingly using apps and online platforms to provide detailed nutritional information, and ingredient lists for UPFs in takeaway meals.

Consumer Concerns: 47% of consumers are very concerned about affordability when ordering a takeaway, with 27% not at all concerned. In comparison, 39% are very concerned about UPFs in takeaways, with 30% not at all concerned. This suggests that while UPF concerns are significant in the takeaway sector, they're often secondary to cost considerations.

Sustainability Concerns: 31% of consumers are very concerned about sustainability when ordering a takeaway, with 33% not at all concerned. This indicates that sustainability is a lower priority for most consumers when it comes to takeaways, compared to cost and health concerns.

How concerned are you about Ultra Processed Foods when ordering a takeaway?



Sent to nationally representative sample

These findings suggest that the takeaway sector needs to focus on providing healthier options and transparent nutritional information while maintaining affordability. There's an opportunity to use digital platforms to educate consumers about UPFs and offer customisable options.

Awareness of UPF in the dine-out Sector

The dine out restaurant sector is at the forefront of the UPF issue, as it plays a significant role in shaping consumer food choices when eating out. Our analysis highlights several key trends and shifts in consumer attitudes.

Transparency in Menu Items: Restaurants are facing pressure to be more transparent about the use of UPFs in their dishes, including providing detailed ingredient lists and nutritional information.

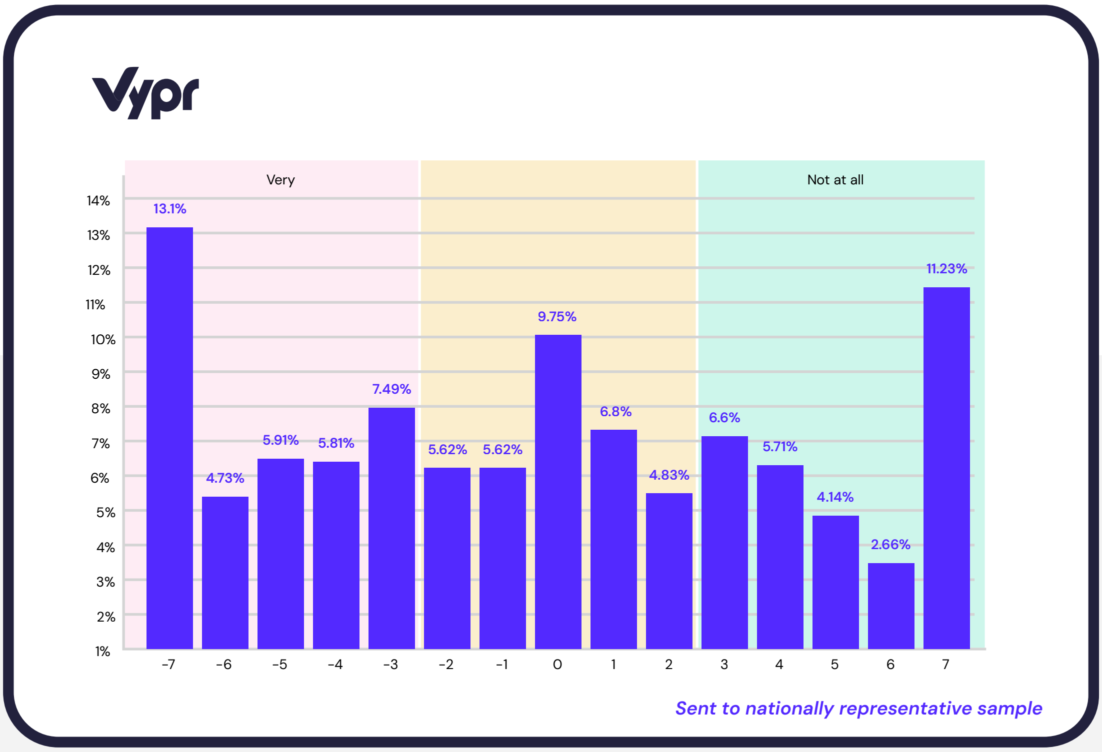
Culinary Innovation: Chefs are exploring ways to create dishes that mimic the appeal of UPFs (convenience, taste, texture) using less processed ingredients.

Consumer Education: Restaurants are taking on a role in educating consumers about UPFs, often positioning themselves as providers of 'real' or 'whole' foods in contrast to UPFs.

Consumer Concerns: 49% of consumers are very concerned about affordability when ordering at a restaurant, with 24% not at all concerned. In comparison, 37% are very concerned about UPFs in restaurants, with 30% not at all concerned. This suggests that while UPF concerns are significant in the dine out sector, they're often secondary to cost considerations.

Sustainability Concerns: 30% of consumers are very concerned about sustainability when ordering at a restaurant, with 33% not at all concerned. This indicates that sustainability is a lower priority for most consumers when dining out, compared to cost and health concerns.

How concerned are you about Ultra Processed Foods when ordering at a restaurant?



These findings suggest that the dine out sector has an opportunity to differentiate itself by offering "real" food alternatives to UPFs. However, it must balance this with maintaining affordability and meeting consumer expectations for taste and experience.

Cross-Sector Themes

Several themes emerge across all 3 sectors:

- **Generational Divide:** Younger consumers (Gen Z and Millennials) consistently show higher awareness and concern about UPFs across all sectors. This suggests a need for tailored strategies for different age groups.
- **Price vs. Health:** Across all sectors, affordability remains a primary concern for consumers, often outweighing health considerations related to UPFs. This presents a challenge for the industry in balancing health improvements with cost considerations.
- **Education Need:** While awareness of UPFs is growing, there's still significant confusion about what constitutes an UPF. This presents an opportunity for the industry to educate consumers and potentially reposition certain products.
- **Digital Integration:** Across all sectors, there's an increasing use of digital platforms to provide nutritional information and ingredient transparency. This trend is likely to continue and expand.
- **Sustainability as Secondary Concern:** While sustainability and environmental concerns are present amongst consumers, they're generally secondary to health and cost considerations across all sectors.

Ultra Processed Foods

In Summary

Based on our analysis of consumer attitudes towards UPFs across the grocery, takeaway and dine out sectors, we can draw several key conclusions and action points for industry leaders:

1. **Educate to Elevate:** There's a clear need for consumer education about UPFs. While awareness is growing, understanding is still limited.

   Action point: Develop clear, accessible information about UPFs, their impacts, and alternatives. This could be through packaging, in-store displays, digital platforms and menu descriptions.

2. **Generational Targeting:** The significant generational divide in UPF awareness and concern necessitates tailored strategies.

   Action point: Develop age-specific marketing and product strategies, with a focus on health and transparency for younger consumers, and convenience and familiarity for older demographics.

3. **Balance Health and Affordability:** Across all sectors, affordability remains a primary concern, often outweighing health considerations.

   Action point: Focus on developing and marketing products that balance nutritional value with affordability. This could involve reformulating UPFs to be healthier without significantly increasing costs.

4. **Leverage Digital Platforms:** The increasing use of digital platforms presents opportunities for transparency and personalisation.

   Action point: Invest in robust digital solutions that provide detailed nutritional information, allow for meal customisation, and educate consumers about UPFs.

Ultra Processed Foods

Continued

5. **Culinary Innovation:** There's an opportunity to innovate with less processed alternatives that maintain the convenience and taste appeal of UPFs, particularly in the takeaway and dine out sectors.

   Action point: Invest in R&D to develop new products and dishes that mimic the benefits of UPFs using less processed ingredients.

6. **Transparency as a Differentiator:** With growing consumer interest in what goes into their food, transparency about ingredients and processing methods can be a competitive advantage.

   Action point: Implement clear labelling and communication strategies about ingredients, processing methods and nutritional content across all sectors.

7. **Sustainability Integration:** While currently a secondary concern for most consumers, sustainability is likely to become increasingly important.

   Action point: Begin integrating sustainability initiatives into UPF reduction strategies, such as using more sustainable ingredients or packaging in reformulated products.

In conclusion, the UPF landscape presents both challenges and opportunities for the food and drink industry. By understanding and responding to evolving consumer preferences and concerns, businesses can move towards providing healthier, more transparent food options while maintaining the convenience and affordability that consumers demand. Success will lie in balancing these often-competing factors and effectively communicating efforts to reduce reliance on UPFs across all sectors of the industry.

Part 3

Circular Economy

In the food and drink industry

Circular Economy

In the Food and Drink Industry: Impact on Consumers

In this section, we explore the burgeoning impact of the circular economy on the food and drink industry, focusing on how sustainability initiatives are reshaping consumer interactions and choices within the grocery, takeaway and dine out sectors.

In Brief

Embracing Sustainability: The food and drink industry is actively transitioning towards a circular economy, prioritising waste reduction, resource efficiency, and sustainable closed-loop systems. This section examines the impact of these initiatives on consumer choices within grocery, takeaway, and dining out sectors, highlighting how sustainability is reshaping the industry.

Consumer Response and Market Trends: As sustainability becomes a central concern, this analysis reveals varied consumer willingness to change behaviours and pay premiums for greener options, reflecting a broad spectrum of attitudes across different demographics. The document explores the generational divide in engagement and the specific sustainability initiatives that resonate with consumers.

Strategic Industry Insights: Detailed insights into consumer attitudes towards sustainable packaging, food waste reduction, and energy efficiencies are discussed to provide actionable intelligence for industry leaders. This section aims to guide sustainable strategy formulation that aligns with evolving consumer expectations.

Framework for Action: We will also look at strategic frameworks for integrating sustainability deeper into product development, marketing, and corporate strategy. It underscores the need for businesses to adapt to a market increasingly driven by environmental and ethical considerations, offering a roadmap for thriving in a sustainably conscious consumer landscape.

Grocery Sector: Packaging Innovation

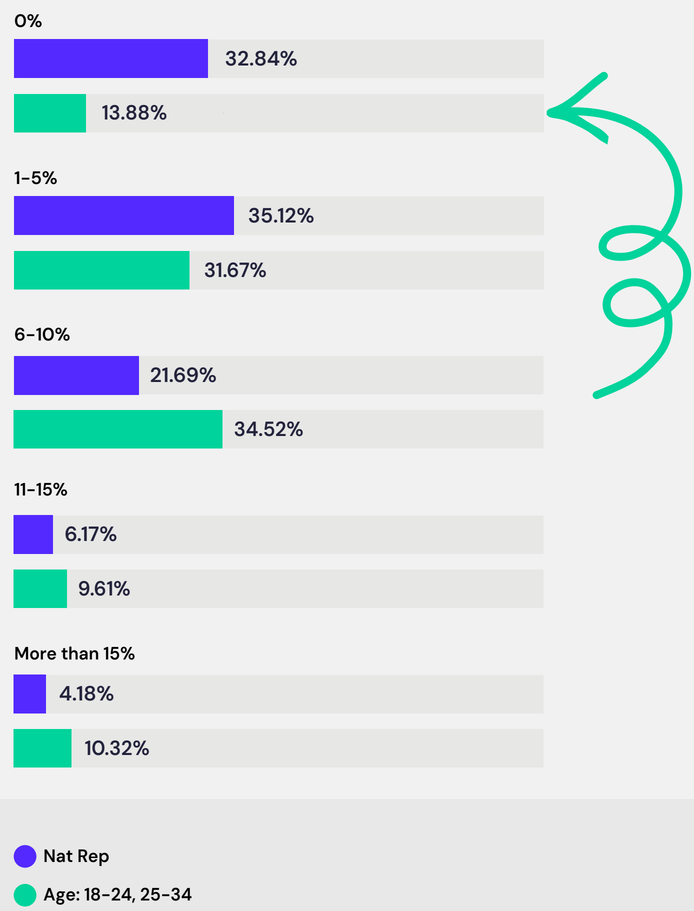
Sustainable packaging is a key focus area in the grocery sector's circular economy initiatives. Our data reveals significant consumer interest in this area, but also highlights challenges in awareness and willingness to pay.

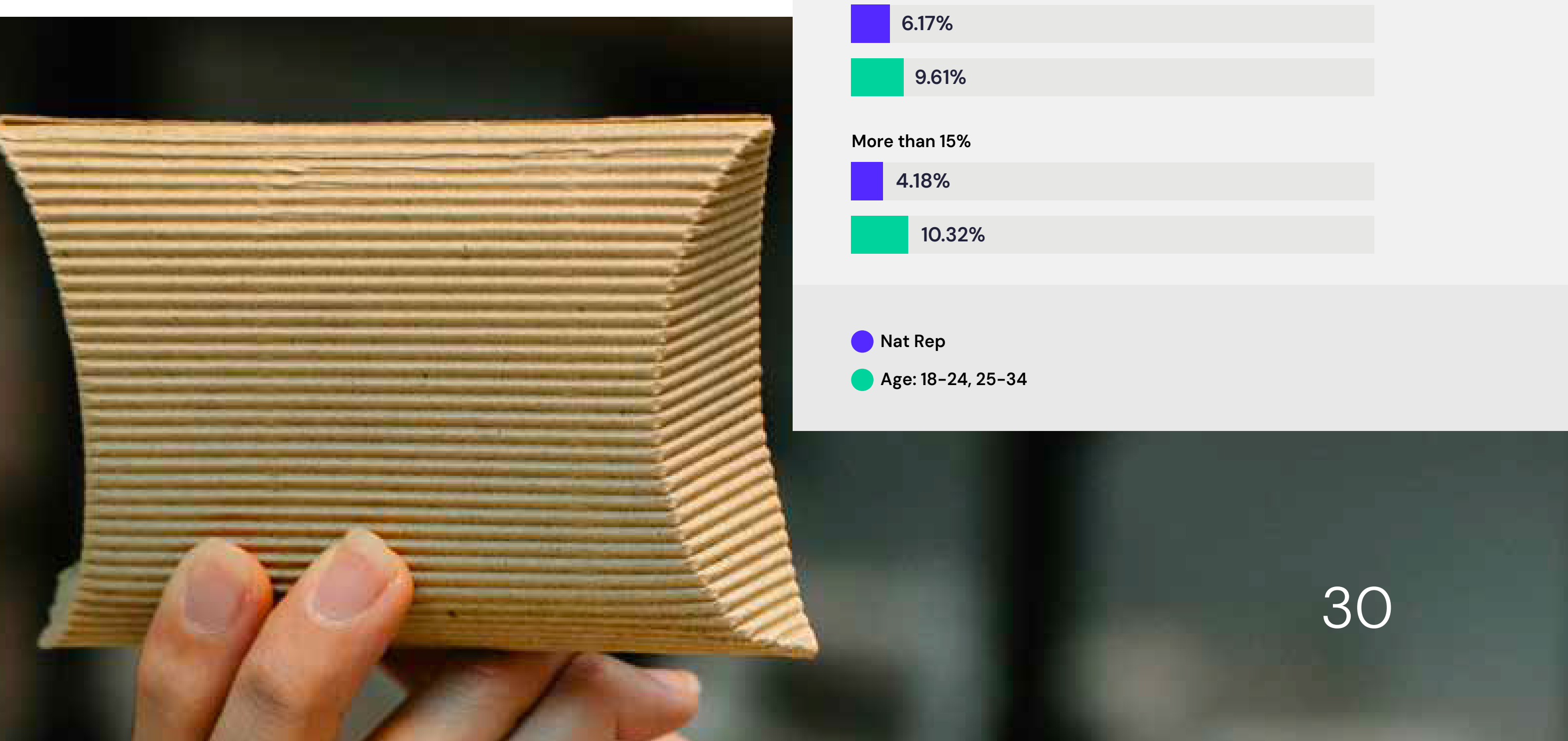
Consumer Awareness: Only 31% of consumers are aware of different types of eco-friendly packaging materials. Awareness is highest among Gen Z and Millennial consumers, men, and more affluent households.

Packaging Preferences:
Biodegradable materials are the most appealing packaging innovation, with 27% of consumers highlighting this as their top choice. This preference increases to 60% for vegetarian consumers.

Price Sensitivity: While 67% of consumers expect to pay more for products with sustainable packaging, most expect to pay less than 5% more. This willingness to pay increases to 86% for Gen Z and Millennial consumers.

How much more are you willing to pay for products with sustainable packaging?

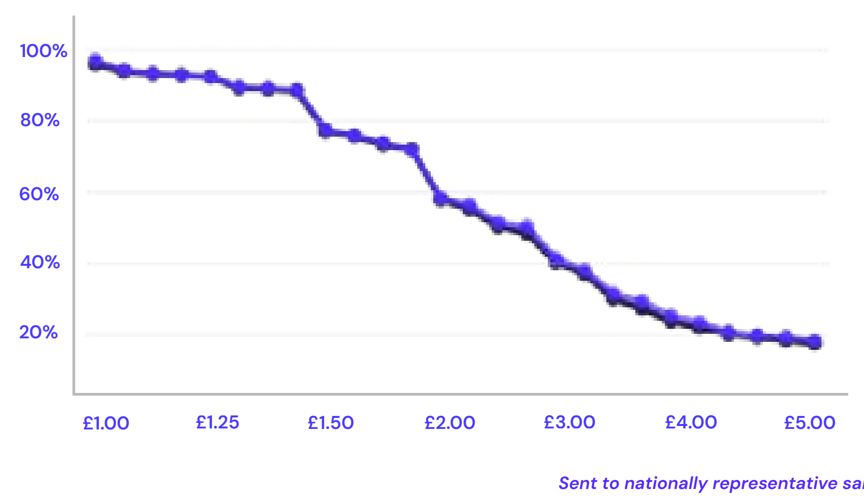




Purchase Influence: Sustainable packaging is an important factor in purchasing decisions for 49% of consumers, increasing to 68% for those in high managerial, administrative, or professional roles. However, 22% of consumers say sustainable packaging doesn't influence their decisions at all.

Category Focus: Consumers believe snacks and confectionery, household cleaning products, and fresh produce are the categories most in need of sustainable packaging improvements.

Real-World Impact: Experiments in snacking and confectionery categories show that while consumers claim willingness to pay more for sustainable options, their actual purchasing behaviour doesn't change when sustainability credentials are added at a higher price point.



Control
How much would you pay for Cadbury's Dairy Milk. 180g?

Test
How much would you pay for Cadbury's Dairy Milk. 180g? *100% Recycled Packaging?*

These findings suggest that while there's significant consumer interest in sustainable packaging, translating this into changed purchasing behaviours remains challenging. Businesses may need to focus on cost-neutral sustainability improvements to drive material changes in consumer behaviour.

Grocery Sector: Food Waste Reduction

Reducing food waste is another crucial aspect of circular economy initiatives in the grocery sector. Our data shows strong consumer engagement with these efforts, particularly when they align with cost savings.

Discount Seeking Behaviour: over half of consumers (53%) check for discounted near-expiry products at least 'often', 'sometimes' or 'always', with 20% always checking for these discounts.

Dynamic Pricing Appeal: Dynamic pricing, offering more discounts on items nearing expiration, would encourage 71% of consumers to buy near-expiry products more often. This is particularly appealing to more affluent consumers, with 45% saying they'd definitely buy more often.

Mobile App Interest: There's significant interest in mobile apps that alert consumers to discounted near-expiry products in nearby stores, with 62% of consumers expressing interest. This increases to 74% for families.

Retailer Partnerships: Partnerships with food rescue organizations are viewed positively, with 60% of consumers agreeing they would be more likely to shop at a grocery retailer that actively partners with such organizations. This increases to 69% for Gen Z and Millennials.

Preferred Waste Reduction Strategies: Donating unsold food to local charities (30%) and selling 'ugly' produce at a discount (25%) are the preferred strategies for reducing food waste among consumers.

These findings indicate that food waste reduction strategies resonate strongly with consumers, especially when they offer tangible benefits like cost savings. The high interest in mobile apps and dynamic pricing suggests opportunities for technology-driven solutions in this area.

Grocery Sector:
Refill and Reuse Systems

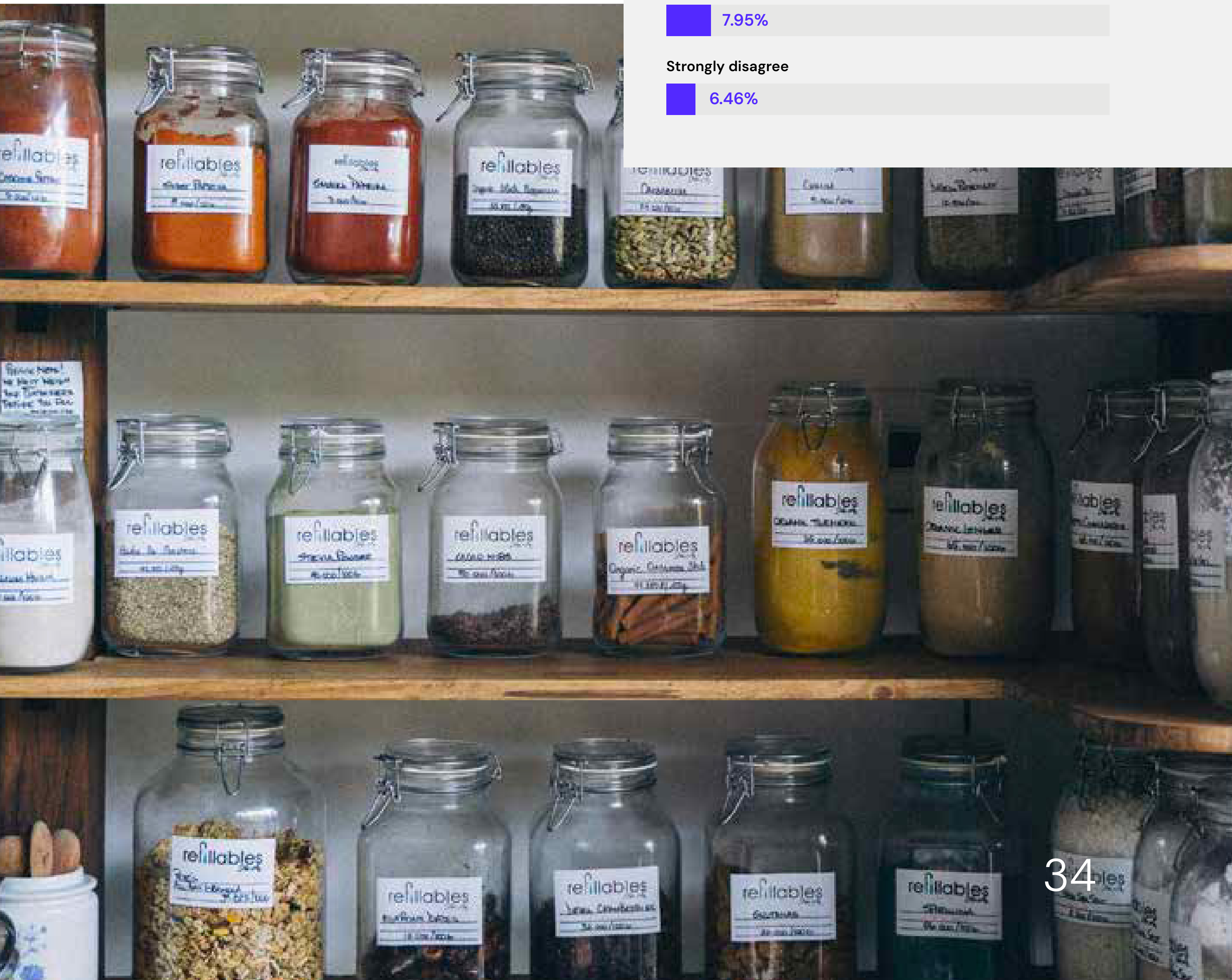
Refill stations for various products are gaining traction as a way to reduce single-use packaging. Our data shows promising consumer interest in these systems, but also highlights potential barriers.

Consumer Interest: There's high consumer interest in refill stations across various product categories, with 57% likely to use for dry goods, 61% for liquid cleaning supplies, 57% for personal care products, 55% for spices and seasoning, and 46% for beverages.

Adoption Barriers: The main concerns preventing adoption of refill systems are hygiene (46% of consumers), the need to bring one's own container (34%), and potential for higher prices (33%). Time concerns and inconvenience were a worry for only 26% of consumers.

Discount Motivation: A significant majority (85%) of consumers would need to see a discount to motivate a switch to refill stations. 33% would switch based on a 6-10% discount, while 24% would require a discount of more than 15%.

Reusable Packaging Acceptance: The concept of reusable packaging with a deposit system is well-received, with 59% of consumers willing to pay a small deposit for reusable packaging that could be returned for a refund. Only 14% disagree with this concept.
These findings suggest that while there's significant consumer interest in refill and reuse systems, addressing concerns about hygiene and providing financial incentives will be crucial for widespread adoption.



Grocery Sector: Sector Insights

The Grocery Sector is witnessing a notable shift in consumer habits and preferences, driven by a growing awareness of the circular economy.

- **Changing Habits:** About 10% of UK consumers report having significantly changed their shopping habits due to increased awareness of the circular economy's benefits. This percentage rises to 19% among Gen Z and Millennial demographics, indicating a stronger engagement with sustainable practices within younger consumers.

- **Loyalty Drivers:** The key sustainability initiatives that significantly enhance retailer loyalty include a strong commitment to reducing food waste, cited by 29% of consumers, offering a broad range of products with sustainable packaging (28%), and providing options for refill and reuse (18%). These initiatives are pivotal in fostering consumer loyalty towards grocery retailers who prioritize environmental concerns.

- **Communication Preferences:** While 27% of consumers still prefer traditional in-store signage and displays as the primary method for learning about sustainability initiatives, digital communication channels such as social media, websites, apps, and email newsletters are gaining prominence, especially among younger shoppers who are more digitally inclined.

- **Willingness to Change:** There is a significant willingness among consumers to adapt their shopping habits towards more sustainable practices, with 50% of UK consumers expressing a very high readiness to make these changes. Among Gen Z and Millennials, this willingness increases to 67%, highlighting the importance of targeting these age groups with sustainability-driven marketing and product offerings.

These general insights highlight the growing importance of sustainability in shaping consumer behaviour in the grocery sector, with younger generations leading the charge in embracing circular economy principles.

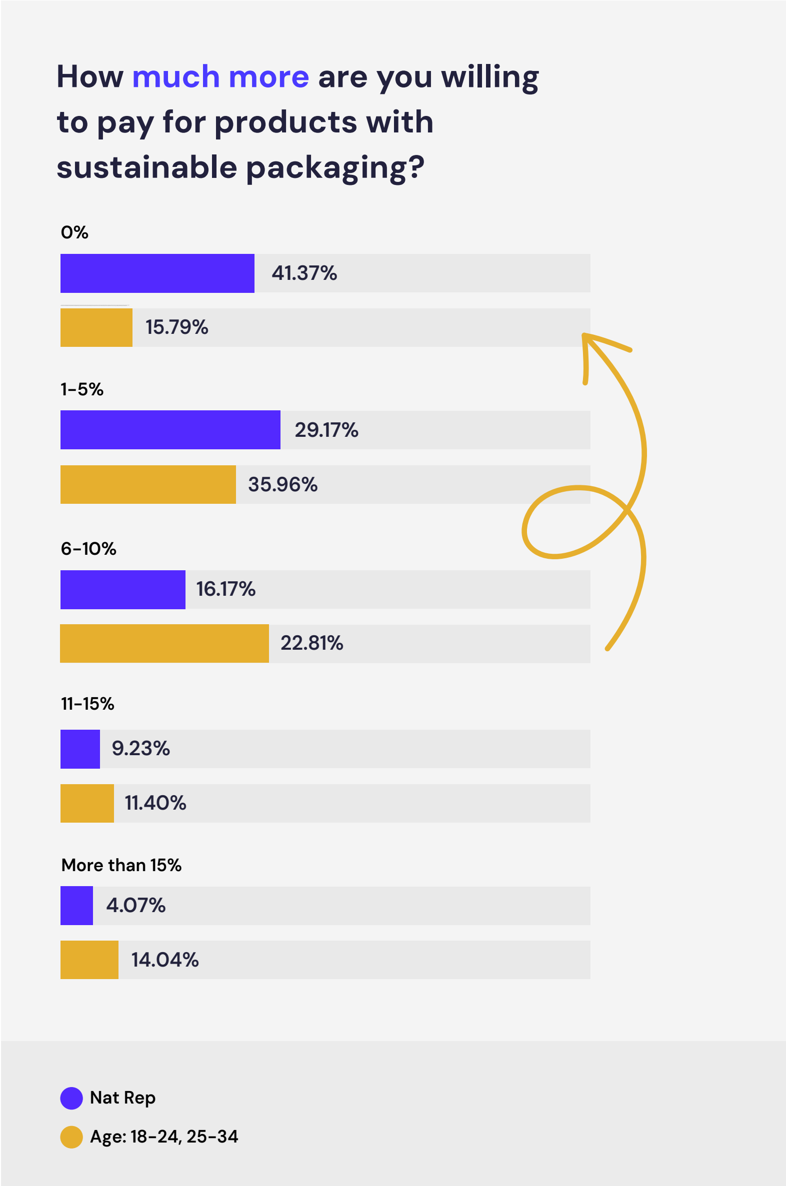
Takeaway Sector: Sustainable Packaging Solutions

The takeaway sector is seeing a significant push towards more sustainable packaging options. Our data reveals strong consumer interest in this area, but also highlights some challenges.

Consumer Attitudes: Sustainable packaging is important to a significant majority of consumers when ordering takeaway food, with 67% considering it important. Only a small minority (12%) don't think it's important.

Packaging Preferences: Recyclable materials are the preferred sustainable packaging solution for 43% of consumers, while 36% prefer biodegradable containers or compostable packaging.

Price Sensitivity: While 59% of consumers would be willing to pay extra for sustainable packaging, there's a clear limit to this willingness. Up to 10% more was deemed reasonable by 45% of consumers. However, 41% are not willing to pay more, with this percentage increasing to 58% for those over 45 and decreasing to 20% for those under 45.



Purchase Influence: Sustainable packaging has a strong influence on consumer choice, with 49% of consumers very likely to choose a takeaway that offers sustainable packaging over one that doesn't. This preference is even stronger among Gen Z and Millennials, increasing to 68% for this demographic.

Incentives:

- A loyalty program (earning points for using/returning reusable containers) was the most popular reusable takeaway system initiative, with 31% of consumers choosing this.
- Gen Z and Millennials showed strong interest in subscription services for unlimited container use.

These findings indicate that sustainable packaging is a significant factor in consumer choice for takeaways, particularly among younger demographics. However, the industry needs to be mindful of price sensitivity, especially among older consumers.

Takeaway Sector:
Digital Ordering Optimisation

The use of AI and data analytics in takeaway operations presents opportunities for improving efficiency and reducing waste. Our data shows growing consumer acceptance of these technologies.

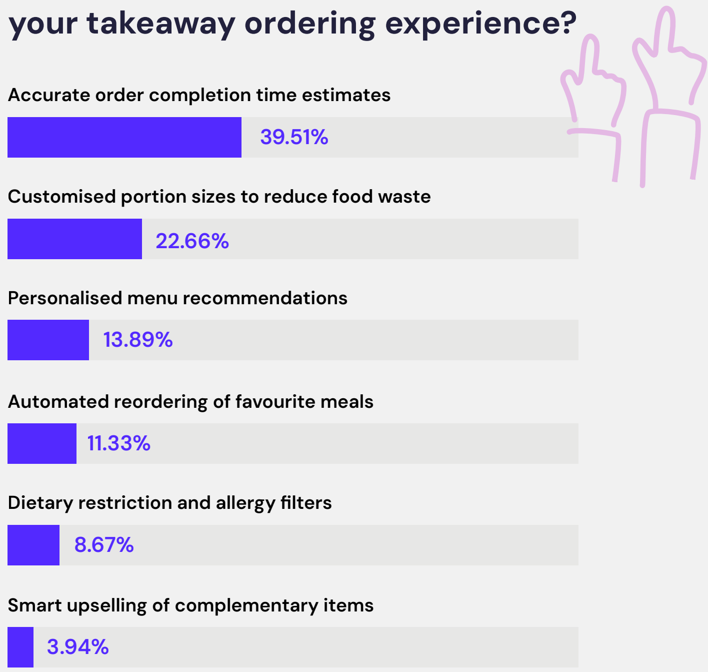
Digital Adoption: The use of digital platforms for ordering takeaways is widespread, with 84% of consumers using these platforms. This adoption is even higher among Gen Z and Millennial consumers, reaching 98%.

AI Trust: There's growing trust in AI technology for takeaway ordering, with 41% of consumers trusting AI to accurately process their order. This trust is significantly higher among Gen Z and Millennial consumers, reaching 64%.

AI Feature Preferences: The most desired AI-driven feature is accurate order completion time estimates, with 40% of consumers highlighting this as their top choice. Younger consumers show more interest in features like customised portion sizes to reduce food waste and personalised menu recommendations.

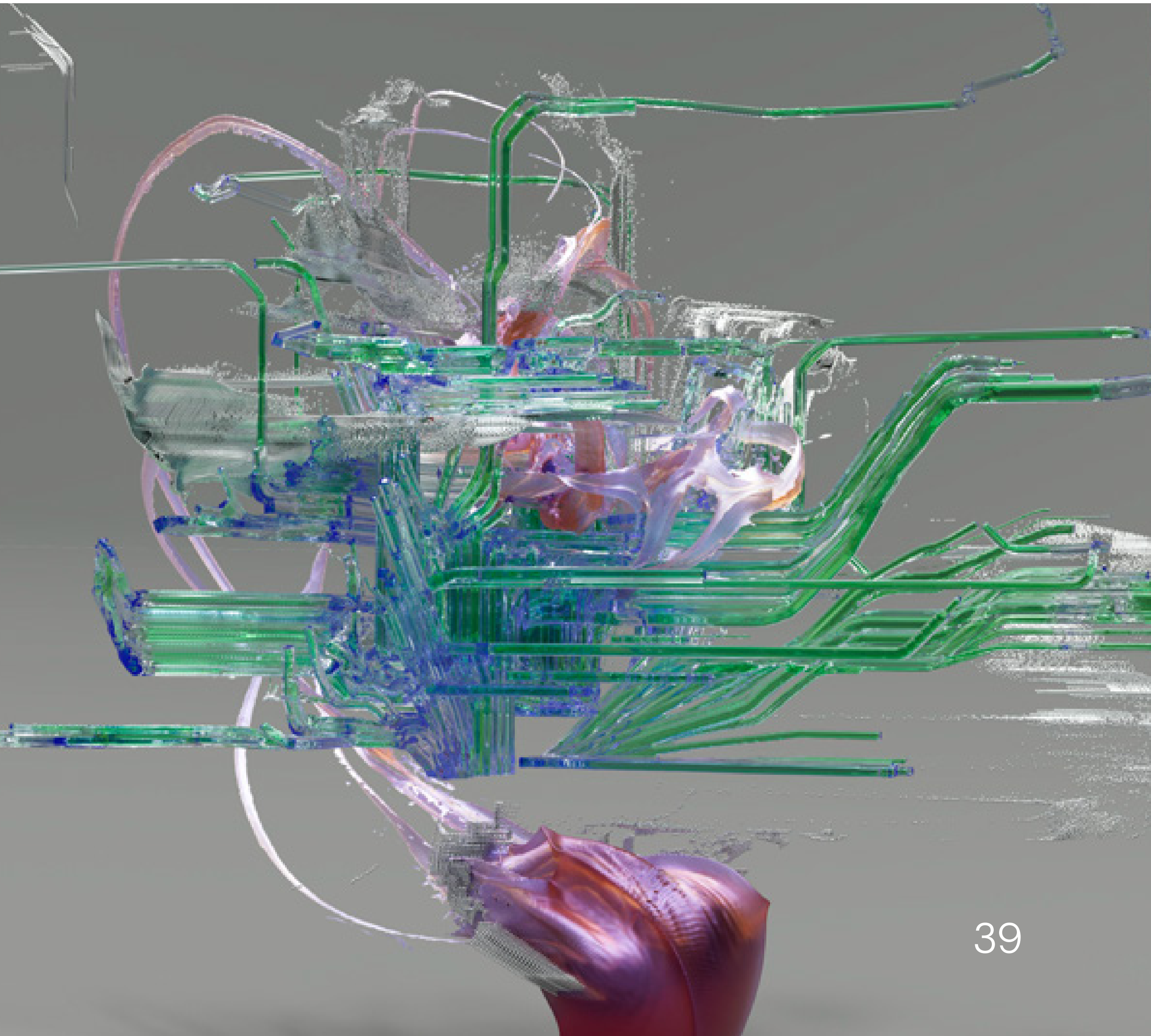
Data Usage Acceptance: Consumers are generally comfortable with takeaway restaurants using order history data to optimise menus and reduce food waste, with only 5% expressing strong discomfort with this practice.

Which of the following AI-driven features would most improve your takeaway ordering experience?



Sustainability Communication Impact: Open communication about the use of AI to reduce food waste positively influences consumer choice, with 50% of consumers more likely to order from a takeaway restaurant that communicates this. This impact is even stronger among Gen Z and Millennial consumers, increasing to 71%.

These findings suggest that consumers, especially younger demographics, are increasingly comfortable with and supportive of AI and data-driven solutions in the takeaway sector, particularly when they contribute to sustainability goals.



Takeaway Sector:
Circular Supply Chains

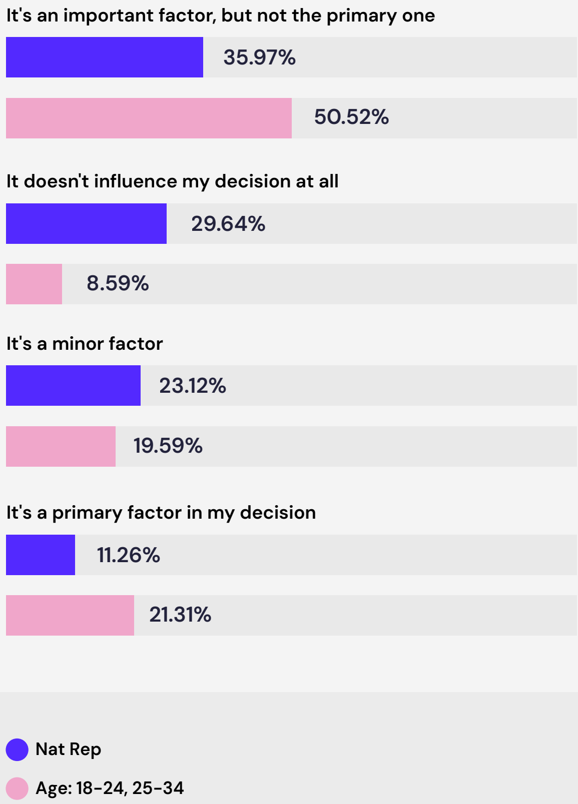
Partnerships with local suppliers and the implementation of closed-loop systems for ingredients and packaging are becoming increasingly valued in the takeaway sector. Our research indicates a strong consumer interest in these sustainability initiatives.

Local Sourcing: Approximately 68% of consumers believe that sourcing ingredients from local suppliers is important for takeaway restaurants, with 27% considering it very important.

Willingness to Pay: Around 65% of consumers are willing to pay more for takeaways that use locally sourced and sustainable ingredients, with this figure rising to 85% among Gen Z and Millennial consumers. Most consumers find a premium of less than 10% acceptable.

Impact on Choice: A significant 70% of consumers state that a takeaway restaurant's commitment to circular supply chains would influence their decision to order, increasing to 91% among younger consumers.

To what extent does a takeaway restaurant's commitment to circular supply chains influence your decision to order there?



Preferred Initiatives: The top circular supply chain initiatives that would increase customer loyalty include partnering with local farms for ingredients (38%), creatively using byproducts or 'ugly' produce (20%), and implementing a closed-loop recycling system for packaging (19%).

Consumer Interest: Over half of the consumers, 52%, are interested in learning about a takeaway restaurant's circular supply chain initiatives, with interest increasing to 65% among Gen Z and Millennial consumers.

These findings indicate that circular supply chain initiatives, particularly those involving local sourcing and creative use of ingredients, can significantly influence consumer choice and loyalty in the takeaway sector.

Takeaway Sector: Sector Insights

Changing consumer habits reflect a growing awareness of sustainability issues, significantly influenced by the circular economy principles.

- **Changing Habits:** 57% percent of UK consumers indicate that their takeaway ordering habits have evolved over the last year due to increased sustainability awareness. This number rises to 85% among Gen Z and Millennial consumers.
- **Key Sustainability:** Considerations: When ordering takeaway food, the top considerations include food waste reduction (31%), locally sourced ingredients (28%), and sustainable packaging (26%).
- **Communication Preferences:** Digital channels are the preferred method for learning about sustainability initiatives for most consumers, although 23% still prefer information via packaging or in the takeaway bag.
- **Willingness to Change:** More than half of the consumers, 55%, are willing to modify their takeaway habits to support more sustainable practices, increasing to 65% among younger generations.

These general insights highlight the growing importance of sustainability in shaping consumer behaviour in the takeaway sector, with younger generations showing particularly high engagement with circular economy principles.

Dine Out Sector: Food Upcycling

The emerging trend of food upcycling in the dine-out sector demonstrates creative use of typically discarded food parts, with growing consumer interest but also highlighting the need for further education.

Awareness: Sixty-five percent of UK consumers are not familiar with food upcycling at restaurants, though awareness is notably higher, at 68%, among Gen Z and Millennial consumers.

Consumer Interest: Nearly half of the consumers, 49%, are interested in trying menu items that incorporate upcycled food ingredients such as fruit pulp from juicing and vegetable peels.

Impact on Choice: 41% percent of consumers would choose a restaurant that practices food upcycling over one that doesn't if all other factors were equal, with this preference increasing to 65% among younger consumers.

Willingness to Pay: More than half, 56%, would not be willing to pay extra for dishes that incorporate upcycled ingredients, with this figure dropping to 21% among Gen Z and Millennial consumers.

Most popular upcycled ingredients:

- 22% Fruit pulp from juicing
- 16% Vegetable peels and stems
- 11% Fish trimmings
- 9% Stale bread
- 8% Coffee grounds

Dine Out Sector:
Energy and Water Efficiency

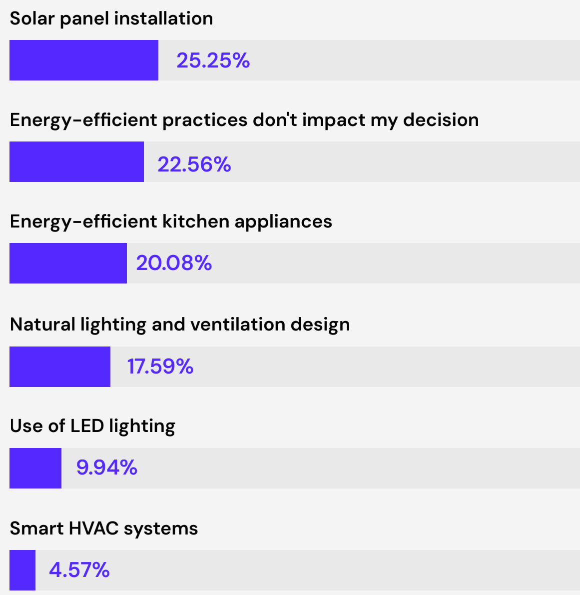
Implementation of technologies and practices to reduce resource consumption in restaurant operations is becoming increasingly important. Our data shows that these initiatives can positively influence consumer perceptions.

Consumer Attitudes: While energy and water efficiency is not a top priority for all consumers when choosing a restaurant, it is very important for 18% of consumers. This importance increases significantly for Gen Z and Millennial consumers, with 34% considering it very important.

Preferred Practices: The energy-efficient practices that most positively influence consumer perceptions are solar panel installation (25%), energy-efficient kitchen appliances (20%), and natural lighting (18%).

Impact on Restaurant Choice: Open communication about energy and water practices can significantly influence consumer choice, with 52% of consumers more likely to visit a restaurant that openly communicates these practices. This influence is even stronger among Gen Z and Millennial consumers, increasing to 74%.

Which of the following energy-efficient practices would most positively influence your perception of a restaurant?



Communication Preferences: While digital channels are important, with 33% of consumers preferring to read about energy initiatives on the restaurant's website or social channels, the majority (63%) prefer physical communication methods such as menus, table cards, and visible certifications.

These findings indicate that energy and water efficiency practices can significantly influence consumer perceptions and choices, particularly among younger demographics. However, the preference for physical communication methods suggests that restaurants should integrate sustainability messaging into the dining experience itself.

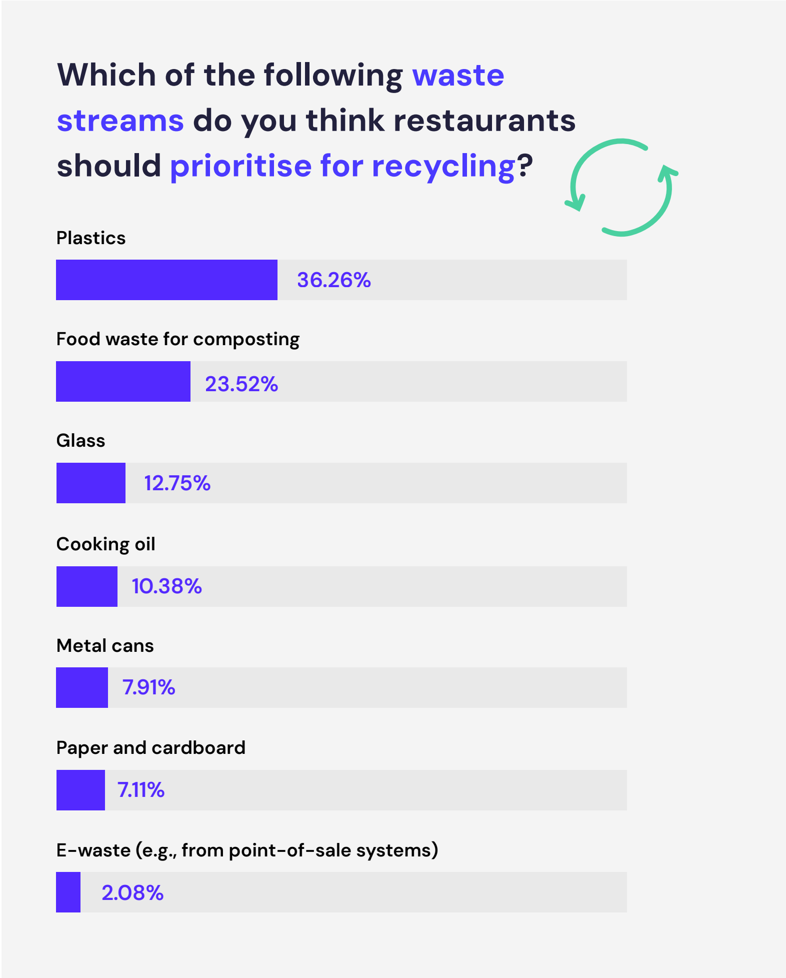
Dine Out Sector:
Waste Segregation and Recycling

The restaurant industry is increasingly adopting improved systems for separating and recycling various waste streams, including food waste composting. Our data highlights mixed consumer attitudes toward these initiatives.

Visibility of Waste Segregation: Only 22% of UK consumers deem it very important for waste segregation to be clear and visible to customers. However, 40% do not see it as important. There is a slight but not significant increase in importance among consumers under 35.

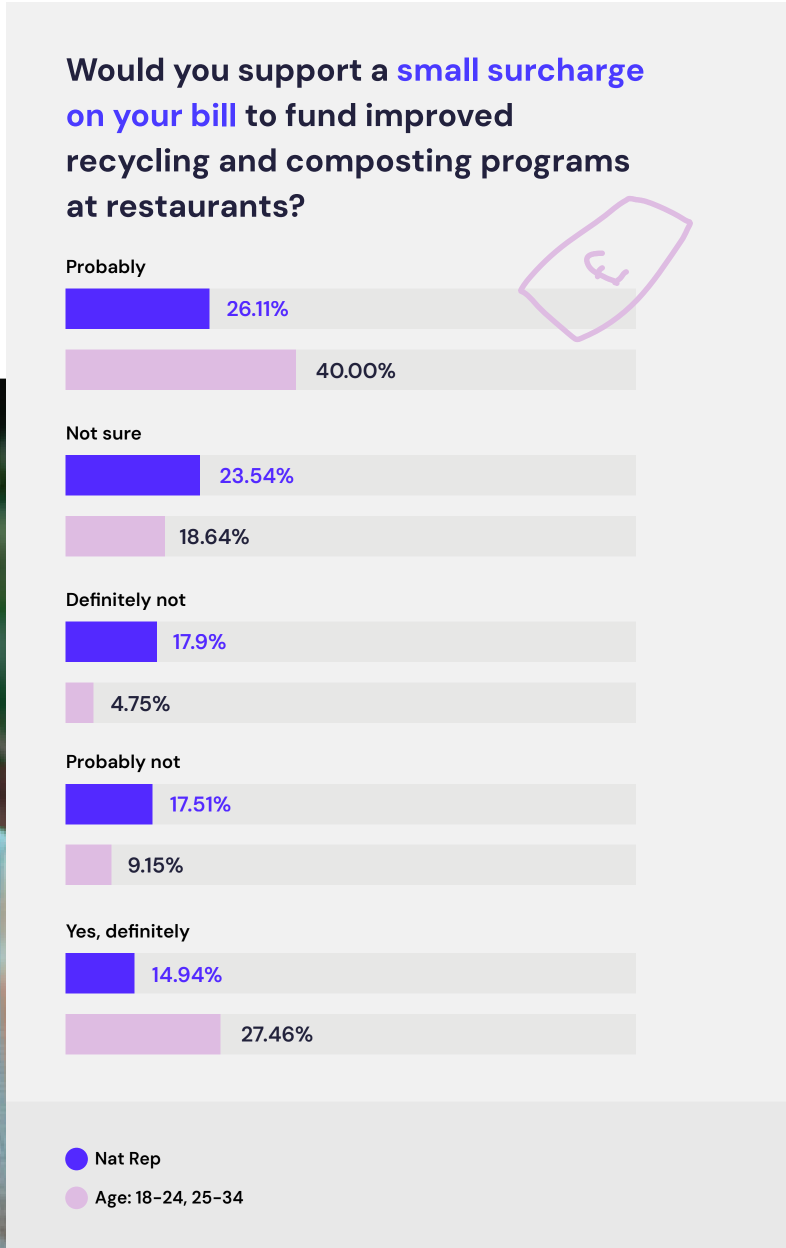
Prioritisation of Recycling Materials: Thirty-six percent of consumers believe restaurants should prioritise plastic recycling, while 25% feel food waste composting should take precedence. Other recycling priorities include glass (13%), cooking oil (10%), and paper and cardboard (7%).

Impact on Restaurant Choice: Over half of the consumers, 51%, are more likely to choose a restaurant that practices food waste composting, and this preference increases to 64% among Gen Z and Millennial consumers.



Willingness to Pay: Forty-one percent of UK consumers would support a small surcharge on their bill to fund improved recycling and composting programs, a sentiment that rises to 65% among Gen Z and Millennial consumers.

These findings suggest that while waste segregation and recycling initiatives may not be top-of-mind for many consumers when dining out, they can still influence restaurant choice, particularly for younger demographics. The willingness of a significant portion of consumers to support these initiatives financially presents an opportunity for restaurants to implement more robust recycling and composting programs.



Dine Out Sector: Sector Insights

- **Changing Habits:** Fifty-six percent of UK consumers have altered their dining out habits due to increased awareness of sustainability issues, with 13% reporting significant changes. This number rises to 84% of Gen Z and Millennials, of whom 25% have made substantial adjustments.

- **Key Sustainability Considerations:** The most important sustainable aspects when choosing a restaurant include waste reduction and recycling practices (30%), energy and water efficiency (22%), support for the local community and economy (21%), and sustainable food sourcing (18%). Energy and water efficiency are noted as particularly important to younger generations.

- **Communication Preferences:** While 39% of consumers prefer in-restaurant information such as signage, menus, and staff communication for learning about sustainability initiatives, 28% favour website or app channels, and 20% opt for social media. Social media holds the greatest importance for Gen Z and Millennials.

- **Willingness to Change:** Forty-nine percent of UK consumers express willingness to change their dining habits to support more sustainable practices in restaurants, a figure that increases to 64% among Gen Z and Millennials.

- **Consumer Suggestions:** Consumers have voiced a desire for restaurants to place greater emphasis on food waste and upcycling, as well as the reuse, recycling, and repurposing of materials and equipment.

These general insights highlight the growing importance of sustainability in shaping consumer behaviour in the dine out sector, with younger generations showing particularly high engagement with circular economy principles. However, there's still room for growth in consumer awareness and willingness to change habits across all age groups.

Circular Economy

In Summary

Based on our analysis of the circular economy across the grocery, takeaway and dine out sectors, we can draw several key conclusions and action points for industry leaders:

1. **Generational Divide:** Across all sectors, there's a clear generational divide in engagement with sustainability initiatives. Gen Z and Millennial consumers consistently show higher awareness, interest and willingness to change behaviours.

   Action point: Develop targeted strategies for different age groups, with a focus on engaging older demographics while capitalising on younger consumers' enthusiasm.

2. **Sustainable Packaging Priority:** In both grocery and takeaway sectors, sustainable packaging emerges as a top priority for consumers. However, there's a gap between stated preferences and willingness to pay.

   Action point: Focus on cost-neutral or minimally more expensive sustainable packaging solutions to drive adoption.

3. **Food Waste Reduction Resonates:** Initiatives to reduce food waste are well-received across all sectors, particularly when they offer tangible benefits to consumers (for example, discounts on near-expiry products).

   Action point: Implement and prominently communicate food waste reduction strategies, emphasising both environmental and cost-saving benefits.

4. **Local Sourcing and Circular Supply Chains:** There's growing interest in local sourcing and circular supply chains, especially in the takeaway and dine out sectors.

   Action point: Develop and promote partnerships with local suppliers and communicate these efforts to consumers.

Circular Economy

5. **Energy and Water Efficiency:** While not always top-of-mind for consumers, energy and water efficiency practices can positively influence perceptions and choices, particularly for younger demographics.

   Action point: Implement visible energy-saving measures (e.g., solar panels, natural lighting) and communicate these efforts through both digital and physical channels.

6. **Digital Optimisation:** There's growing acceptance of AI and data-driven solutions in the takeaway sector, particularly when they contribute to sustainability goals.

   Action point: Invest in digital ordering platforms that optimise operations and reduce waste, while clearly communicating these benefits to consumers.

7. **Communication Strategies:** While digital channels are important, especially for younger consumers, there's still a strong preference for in-store or in-restaurant communication about sustainability initiatives.

   Action point: Develop an omnichannel communication strategy that integrates sustainability messaging into the physical customer experience, while also leveraging digital platforms.

The circular economy presents both challenges and opportunities for the food and drink industry. By understanding and responding to evolving consumer preferences and behaviours, businesses can create meaningful change around more sustainable practices while also building customer loyalty and potentially capturing price premiums.

However, the key to success lies in tailoring approaches to different demographics, focusing on initiatives that resonate most strongly with consumers, and clearly communicating the benefits of circular economy practices.

Part 4

Know Your Shopper

In the food and drink industry

Know Your Shopper

In this section, we delve deep into the current dynamics of consumer behaviour underpinned by economic resilience and rising costs.

In Brief

Economic Resilience and Rising Costs: As the cost of living continues to rise, consumers are becoming increasingly cautious, prioritising essential spending and adopting frugal habits to manage their budgets. Vypr insights reveal a significant shift towards more mindful purchasing decisions as your average shopper navigates these challenging economic conditions.

Evolving Loyalty Programmes and Shopping Preferences: Loyalty programmes and shopping habits are rapidly evolving in response to the current economic landscape. Consumers are looking for convenience as well as value, with a growing preference for retailers who offer both. The importance of digital integration in shopping experiences is also becoming more apparent, showing a shift towards a more hybrid shopping model.

The Future of Retail: As the high street adapts to ever-changing consumer expectations, technology is playing a critical role in enhancing the in-store experience. Consumers are increasingly looking for seamless digital integration, whether through personalised offers, mobile payments or more efficient and accessible store navigation. Sustainability and convenience also remain key factors as consumers look to the future. Supermarkets and retailers that can strike the right balance between the two are more likely to thrive.

As we move through 2024, getting to know your shopper has never been more important. With the ongoing Cost of Living crisis, consumers are continuing to feel the pinch and it's impacting their purchasing behaviours. Government changes and policy shifts have influenced the economic environment, creating a sense of uncertainty but also cautious optimism amongst the public.

With rising prices forcing many to reconsider their spending habits, we've used Vypr insights about the daily lives of consumers to better understand these changes. In this section, we'll explore what these trends mean for the future, and how retail and e-commerce can adapt to meet evolving customer needs.

We'll also explore the financial impacts on your day-to-day shopper, how loyalty and pricing 'perks' are perceived and used, and what technology advancements the public want to see in future retail experiences.

Cost of Living: The Consumer Sentiment

Impact on Spending:
The ongoing Cost of Living crisis is significantly impacting consumer purchasing power. Vypr insights show that over 60% of consumers are actively reducing their spending, with most turning to discount retailers and prioritising essential items. Despite these pressures, a segment of consumers continues to buy as usual but with heightened caution.

> **I've had to reduce my spending on luxuries and switch to more affordable options.**

> **While inflation has slowed, prices are still high, and money is still tight, so we're cutting down on the non-essentials.**

Future Spending Trends:
Looking ahead, data from Vypr indicates that 40% of consumers expect their spending habits to tighten further over the next six months. Many plan to cut down on non-essential items and seek out cheaper alternatives as cautious financial planning remains prevalent.

> **The current cost of living is having a large impact on my purchasing, and I'm having to cut down immensely on what I buy.**

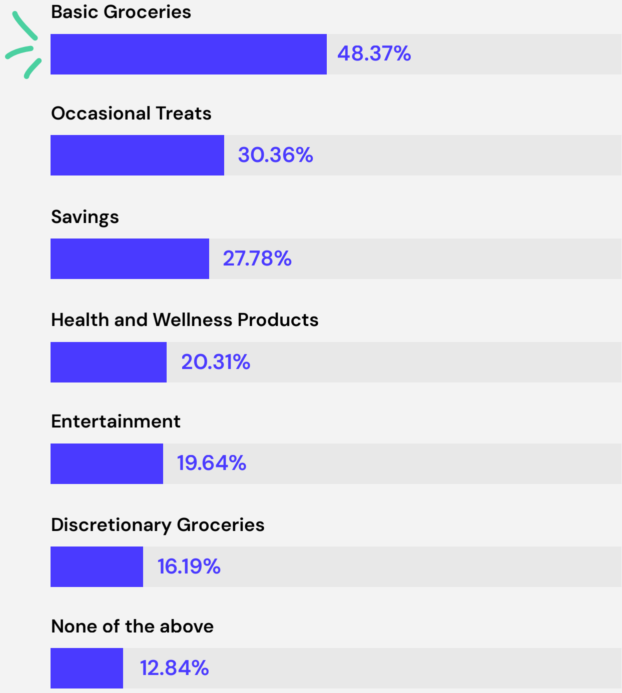
> **I plan to spend less money over the next 6 months and downsize the amount of stuff I have.**

Spending Priorities:
Basic groceries are set to take precedence, with 48% of Vypr respondents planning to allocate more of their budgets to these essentials. Other categories, such as occasional treats and wellness products, remain important, though consumers are likely to approach them with greater scrutiny than before.

Vypr insights suggest a further frugal shift among consumers. While some are managing to maintain their spending habits, the majority are adjusting to cope with financial pressures, emphasising essential purchases and reducing discretionary spending.

Basic groceries will take up more of my budget in the next few months

Which of these categories do you expect to spend more on in the next six months?



Sent to a nationally representative sample

Loyalty and Promotions: What Matters Most to Shoppers?

The Role of Loyalty Programmes:
Loyalty programmes are playing a crucial role in consumer decision-making, with 24% of respondents identifying Tesco Clubcard as the most valuable due to its tailored discounts and promotions. Ease of use and significant savings on everyday purchases were frequently mentioned as reasons for preference.

Comparing Loyalty Programmes
Sainsbury's Nectar Card and Amazon's Prime Membership followed closely, each appealing to different aspects of consumer needs. Vypr insights suggest that loyalty programmes are here to stay, with many shoppers finding value in multiple schemes and appreciating the various rewards and discounts they provide.

Promotional Impact on Purchasing:
Promotions also play a huge role in purchasing behaviour, with the majority of consumers stating they are more likely to buy and stock up due to a good promo offer. Over 70% said they are more likely to buy larger quantities of a product during a promotion, while 65% said they are more prone to impulse purchases due to a good promotion.

My Tesco Clubcard always provides me tailored discounts and promotions

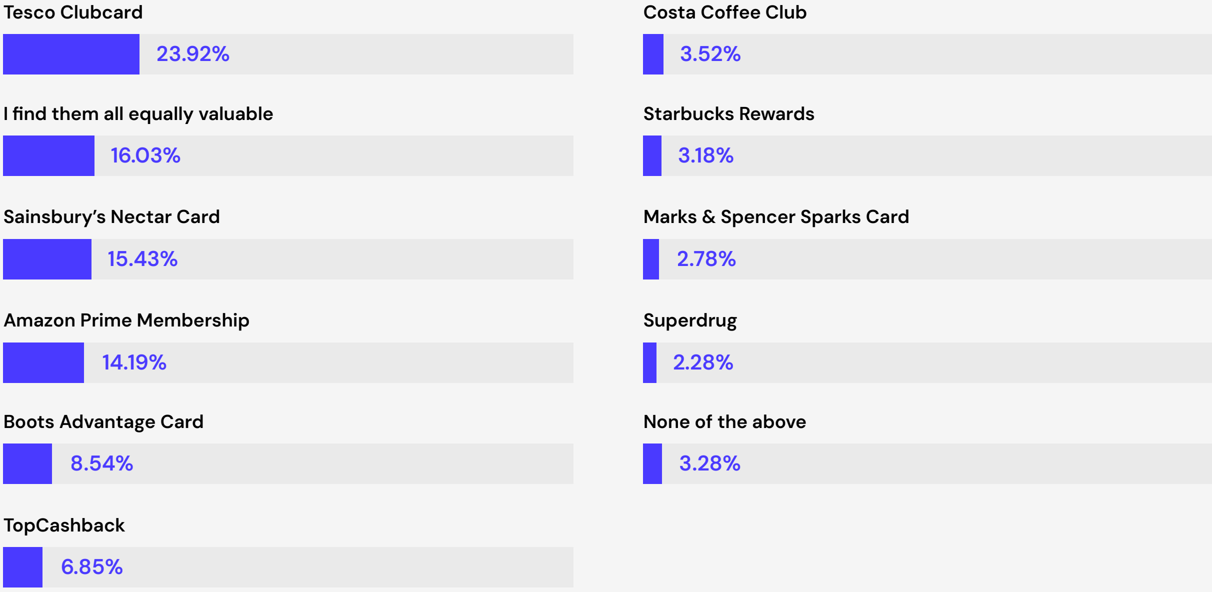
I always use Tesco Clubcard as for me, it's the most valuable. I can save up and decide when I want to buy extra treats – such as Christmas time.

I find them all equally valuable because they offer something different.

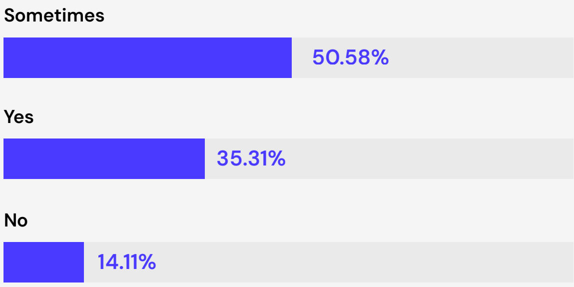
Effective Promotional Strategies:
Not all promotions are created equal. BOGOF (buy one, get one free) and percentage discounts were highlighted as the most effective strategies, each receiving 30% of the vote. In contrast, free shipping and limited-time offers mattered less to consumers.

> **Promotions, such as discounts or special offers, influence my decision to purchase a product a whole lot.**

Which of the following loyalty card programs do you find most valuable?



Do you tend to buy more than you planned during a promotion?



Brand loyalty is also significantly impacted by effective promotions with the majority of consumers saying they would happily change their go-to-brand due to an enticing offer.

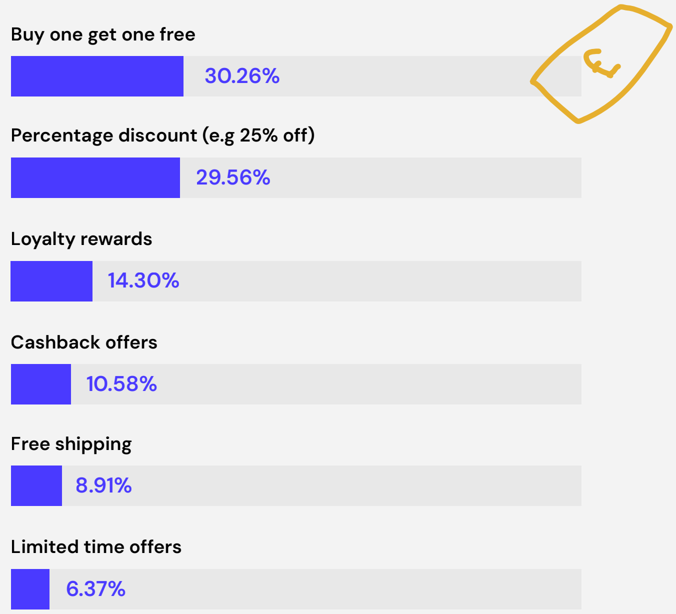
> **Yes, promotions have meant I have tried some new products and in some cases have preferred these to what had been using.**

How Seasonal Promotions Impact Consumer Behaviour

Impact of Seasonal Promotions:

Vypr insights show that seasonal promotions have a significant influence on consumer behaviour, with over 70% of consumers more likely to delay a purchase in anticipation of a seasonal promotion. Black Friday proved to be the most popular, with many consumers waiting until this time of year to make bigger purchases, such as TVs, game consoles, and luxury items. However, a small minority are beginning to scrutinise the 'true value' of Black Friday deals, feeling that pre-discount prices are often inflated for effect.

Which type of promotion is likely to influence you to make a purchase?



Online vs. In-Store Shopping

The Hybrid Shopping Experience:
Consumers continue to show a preference for a mixed shopping experience, with 48% stating they prefer a combination of online and in-store shopping. This hybrid approach reflects consumers' desire for both convenience and the tactile experience of in-store shopping.

The Role of Physical Stores:
Physical stores remain important, particularly for those who value the ability to see products before purchasing. 30% of consumers indicated a preference for shopping primarily in physical stores, supporting the ongoing relevance of the in-store experience.

The Appeal of Online Shopping:
The convenience of online shopping continues to appeal, particularly for those with busy lifestyles. 20% reported that they shop mostly online, valuing the time saved and the ease of comparing prices across retailers.

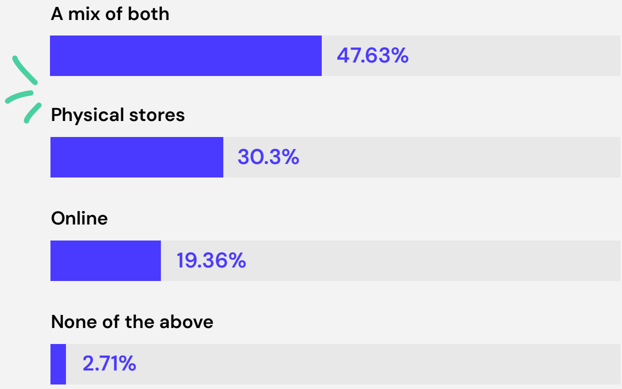
Online shopping saves me time and I can easily compare prices

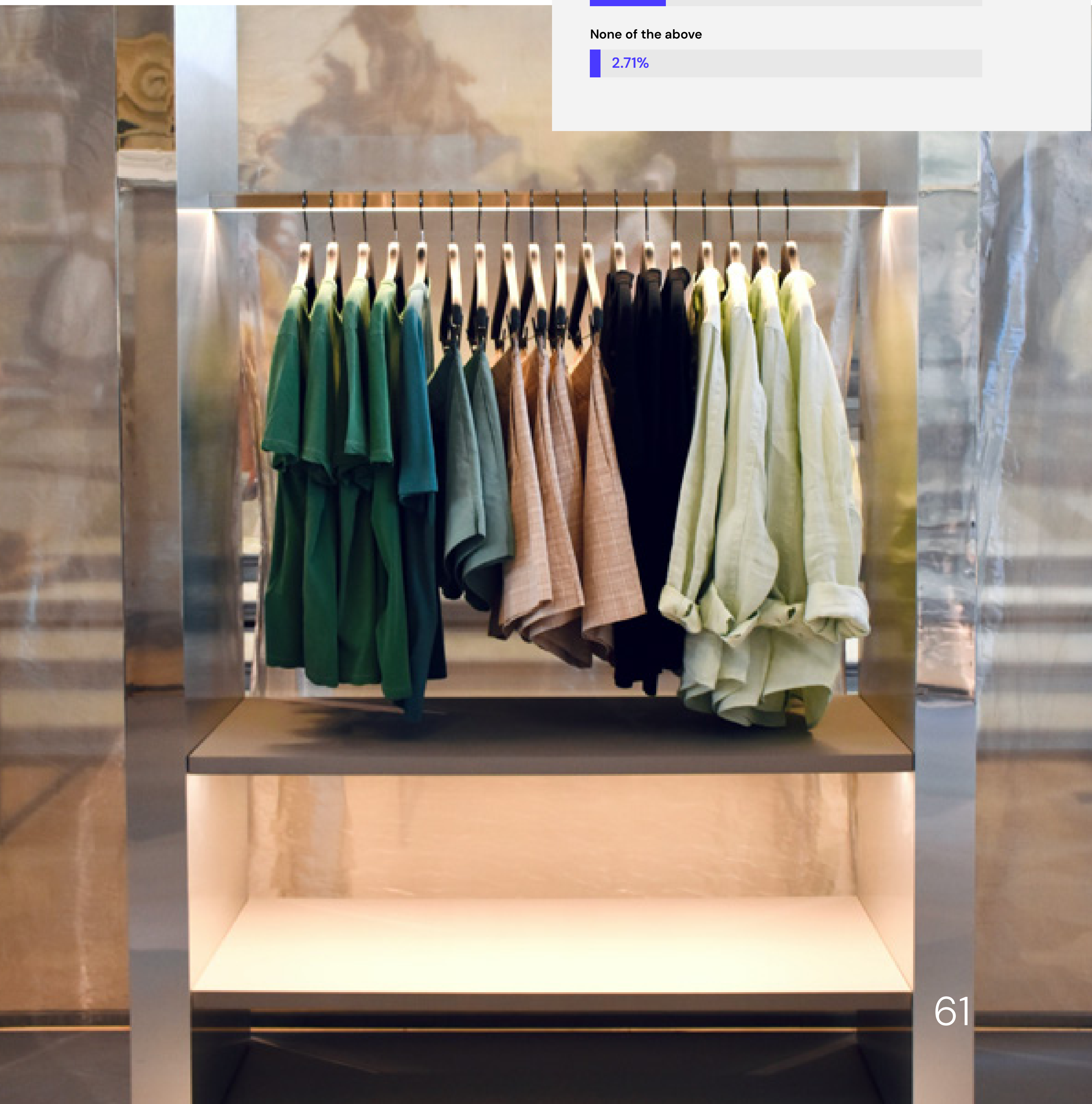
There's something about seeing the product in person that online shopping just can't replace.

I like the flexibility of both – online for convenience, and in-store to see and feel the products.

Vypr insights suggest that while online shopping is increasingly popular, especially after post-pandemic shifts, the immediate nature of in-store shopping still holds significant value, particularly during seasonal periods.

How do you prefer to shop for most of your products?





Revitalising the High Street: Consumer Expectations for In-store Experiences

Challenges in Visiting Physical Stores:
Vypr insights reveal that 43% of consumers highlighted parking as a major deterrent to visiting physical stores, particularly among those aged 55 and above.

Price Matching with Online Retailers:
Competitive pricing is another key factor, with 43% of consumers indicating that matching prices with online retailers would encourage them to shop more in physical stores like John Lewis.

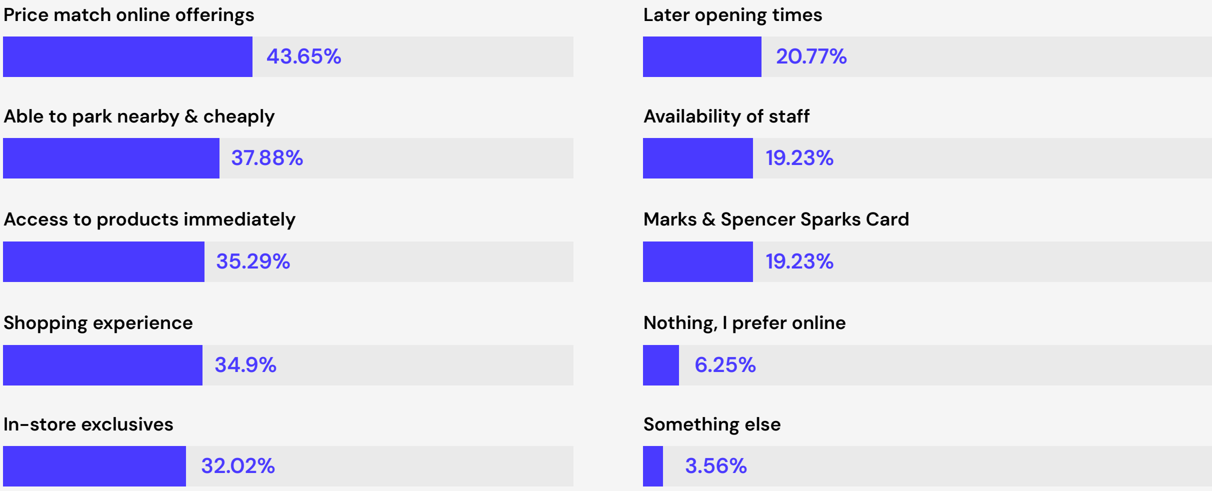
In-Store Exclusives and Experience:
In-store exclusives and an improved shopping experience also ranked highly among consumer priorities and needs. Many consumers indicated they would visit more stores if they offered something unique or exclusive, pointing to the potential of in-store promotions and exclusive products as a drawback to the high street.

Not all high street stores are created equal, with most citing Marks & Spencer as their favourite experience store.

> **Parking is always a hassle and it puts me off going to the high street**

> **If the prices were closer to online, I'd definitely shop in-store more often**

What would attract you to shop more often at physical retail stores?



The Role of Technology in the In-Store Experience

Technology's Impact on In-Store Experience:

Technology is playing an increasingly important role in shaping the in-store experience. Consumers are looking for stores to integrate digital solutions, such as mobile apps for easier navigation (especially in large stores and shopping centres), digital payment options, and personalised offers via smartphones.

Blending Digital and Physical Shopping:

The demand for a seamless blend of digital and physical shopping suggests that retailers need to enhance their tech offerings to meet consumer expectations and remain competitive.

> **I would shop more in-store if I could get personalised offers directly on my phone while browsing.**

Super Grocer or Convenience: What Consumers Want

Supermarket Preferences:

Supermarkets remain an integral part of consumers' shopping routines, but convenience is becoming increasingly important. Vypr insights show that **50%** of consumers prefer to shop at supermarkets that offer a combination of low prices, quality products, and convenience.

The Importance of Convenience:

Consumers increasingly value convenience, focusing on quick and easy shopping experiences. 35% appreciate the convenience of supermarket layouts and the availability of self-checkout options, alongside helpful staff.

I like being able to get in and out quickly, especially with self-checkout options.

I shop where I can get everything in one go and a good price.

It would be more helpful to have more staff who support the self-checkout.

Sustainability in Supermarkets:

Sustainability is another growing concern, with 30% stating that they prefer supermarkets that offer eco-friendly products and initiatives such as recycling schemes.

The Role of Technology in Supermarkets:
Technology is becoming a key factor in the supermarket experience. Consumers are increasingly drawn to supermarkets that utilise tech innovations such as self-checkout systems, mobile payment options, and online ordering with in-store pickup.

This trend indicates that supermarkets investing in technology and digital integrations are more likely to enhance both customer satisfaction and loyalty. Nearly 40% of consumers stated they would like to use a convenience store that had replaced all staff with technology.

There is also a significant difference in generational attitudes towards tech, with nearly 40% of 18-24 year olds saying they would like to see the use of Virtual Reality in their experience, compared to a shy 3% of those
55 and above.

Know Your Shopper

In Summary

By addressing these findings with focused strategic actions, retailers can enhance their alignment with consumer expectations, improving engagement and loyalty amidst a rapidly evolving economic landscape.

1. **Economic Resilience and Rising Costs:** Consumers are exhibiting increased caution in their spending habits, prioritising essentials due to the cost of living rise.

   Action Point: Retailers should focus on providing exceptional value in essential items and emphasise cost-effectiveness in marketing strategies to attract budget-conscious consumers.

2. **Evolving Loyalty Programmes and Preferences:** Loyalty programmes are increasingly influencing shopping habits, with a demand for convenience and value at the forefront.

   Action Point: Enhance loyalty programmes to offer more personalised discounts and rewards that resonate with consumers' evolving needs, and integrate these programmes seamlessly with digital platforms to ensure easy accessibility.

3. **The Future of Retail:** Technology is becoming a central element in adapting to changing consumer expectations, particularly in enhancing the in-store experience.

   Action Point: Invest in technology that improves store navigation, personalises customer interactions, and streamlines payment processes to create a more engaging and efficient shopping experience.

4. **Navigating the Cost of Living Crisis:** With ongoing economic challenges, consumers are becoming more price-sensitive and selective in their purchasing decisions.

   Action Point: Implement targeted promotions that align with consumers' desire for savings and value, particularly on high-demand essential goods.

Know Your Shopper

Continued

5. **Consumer Engagement and Loyalty:** Loyalty to brands and stores is heavily influenced by the perceived value and benefits provided by loyalty programmes.

   Action Point: Continuously evaluate and adjust loyalty strategies to ensure they meet the changing expectations and provide tangible benefits that encourage repeat business.

6. **Seasonal Promotions and Consumer Behaviour:** Seasonal promotions remain a significant driver of purchase timing and volume.

   Action Point: Plan and communicate seasonal promotions well in advance to maximise their impact, ensuring that consumers perceive genuine value in these offers.

7. **Hybrid Shopping Preferences:** The preference for a blend of online and in-store shopping experiences highlights the need for a versatile retail approach.

   Action Point: Develop a hybrid shopping model that combines the convenience of online shopping with the tactile benefits of in-store experiences to cater to diverse consumer preferences.

By addressing these findings with focused strategic actions, retailers can enhance their alignment with consumer expectations, improving engagement and loyalty amidst a rapidly evolving economic landscape.

Part 5

The future of the alcoholic drinks industry 2025

The future of the alcoholic drinks industry 2025

This section will bring you up to speed with the prevailing trends significantly shaping the alcohol consumption landscape.

In Brief

Mindful Drinking on the Rise: A significant portion of consumers are shifting towards reducing or abstaining from alcohol, driven by health concerns and economic considerations.

On-Trade Consumption Changes: There's a notable shift in drinking habits at pubs and bars, with an increasing preference for healthier, non-alcoholic options, particularly among younger demographics.

Continued Premiumisation: Despite varying trends, there's a consistent inclination towards premium alcohol products, especially consumed at home, reflecting evolving consumer preferences.

Tom Khan-Lavin,
CEO of YesMore Drinks

Tom Khan-Lavin, CEO and co-founder of YesMore Creative Drinks Marketing Agency, has led the agency to become a leader in social media, content production, and influencer marketing for the drinks industry. Founded in 2017 with Dan Hooper, YesMore champions creativity while promoting a healthier relationship with alcohol. With multiple industry awards and an upcoming B-Corp certification, Tom is committed to reshaping the drinks marketing landscape with a strong focus on social responsibility and mental wellbeing.

We asked Tom for his thoughts on the current state of the market:

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency, reflects on the current state of the market:

The UK's alcohol beverage market is currently navigating a complex landscape shaped by evolving consumer preferences, economic pressures and broader societal trends. While many reports suggest younger consumers are driving the trend towards more health-conscious choices, the reality is far more nuanced.

The market also faces potential challenges as alcohol-related health issues and social disturbances prompt increased scrutiny from government bodies

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

This insightful observation underscores the complexity and dynamic nature of today's market.

Guided by these observations, we will explore the nuanced shifts towards mindful drinking, the increasing preference for healthier and non-alcoholic options, and the sustained interest in premium alcohol products. Our insights will equip you with the necessary tools to capitalise on these emerging opportunities for effective product development and market positioning.

Additionally, we will outline strategies to effectively promote your products and ranges to consumers, ensuring that your marketing efforts are finely tuned to current demands. This comprehensive guidance ensures that your product decisions are well-informed and timely, helping your business to navigate and thrive in a rapidly evolving market.

Mindful Drinking
Off-Trade Trends: Mindful Drinking at Home

Over the past year, 39% of consumers report that their alcohol consumption at home has remained stable, marking a 9% decrease from 2023. While this figure still represents a significant portion of the market adhering to their previous drinking habits, a notable shift is occurring.

An increasing number of individuals are reducing their alcohol intake or abstaining entirely, with 41% of respondents now indicating a reduction or complete cessation. This trend underscores a persistent and growing movement towards more health-conscious decisions, reflecting broader changes in consumer behaviour towards mindful drinking.

Reasons Behind the Reduction Health concerns are the primary driver for reducing alcohol consumption, with many consumers actively choosing a healthier lifestyle or being compelled by new health conditions. Economic considerations also play a role, as some individuals prioritise cutting non-essential expenses, including alcohol. The narrative of health and economy intertwines as consumers attempt to balance enjoyment with wellbeing.

Contrary to popular belief, the shift towards moderation and mindful drinking is not solely driven by the younger demographic. While the 'sober-curious' movement has led to increased demand for low and no-alcohol alternatives, many younger consumers still engage in traditional drinking behaviours, especially in social settings where alcohol consumption remains culturally ingrained.

Instead, it is a broader cross-section of consumers, including older demographics, who are increasingly prioritising health and wellness. These groups are exploring lower ABV options and moderating their drinking habits, driven by health concerns and a desire for balance rather than abstinence.

This trend is likely to reduce overall consumption frequency while increasing demand for higher quality or healthier options, including LowNo products with added functional benefits.

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

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Why consumers are reducing their alcohol consumption.

I am living a healthier lifestyle. I exercise more, eat healthier, and have decided to reduce my alcohol intake

55-64 Male

Advised to opt for healthy and functional drinks

24-34 Male

I'm trying to reduce non-essential spending. I drink about half as much but still enjoy it when I do

55 –64 Female

Insightful Divergence

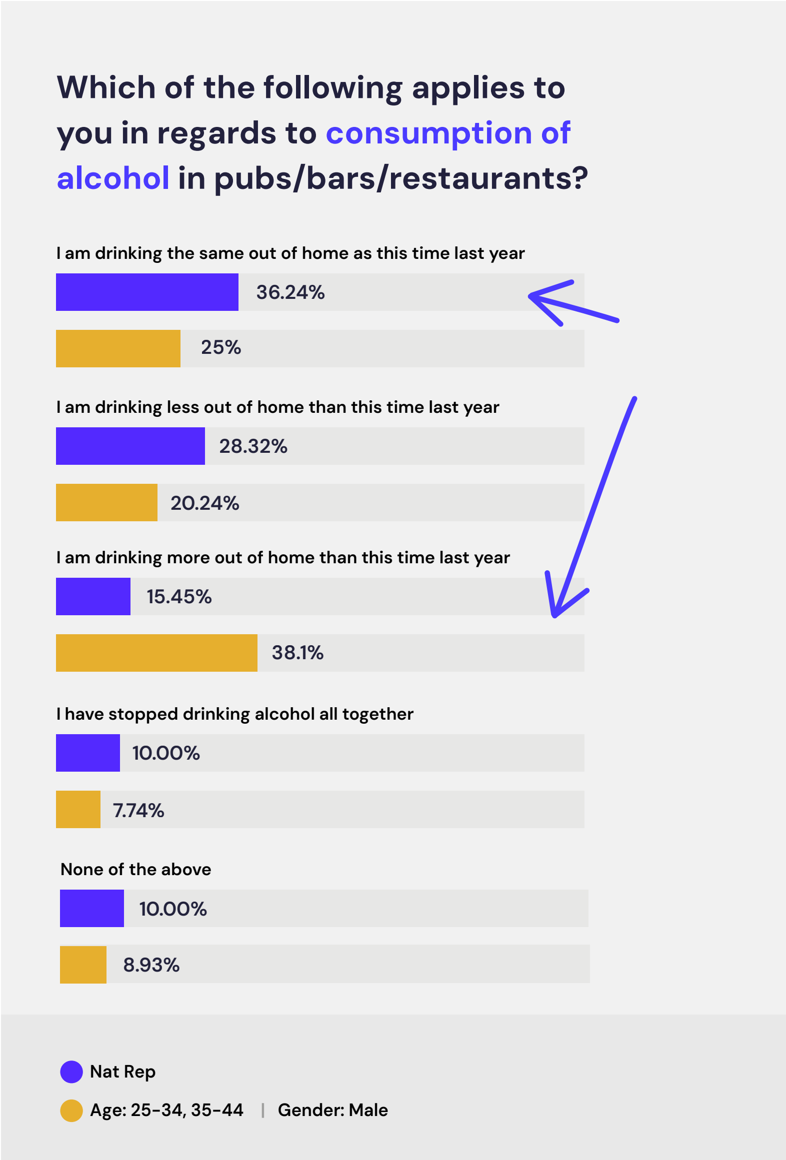
Only 11% of consumers have reported an increase in alcohol consumption. Notably, men aged 25-44 are the most prominent within this group, with over 24% indicating they are drinking more than last year.

This trend starkly contrasts with the overall decrease in alcohol use, underscoring a demographic split where younger men are diverging from the broader move towards reduction. The reasons for this increase are deeply personal and vary from emotional coping to a desire for greater social engagement.

On-Trade Trends:
Mindful Drinking in Social Settings

This year has seen a nuanced shift in drinking habits among patrons of pubs, bars, and restaurants. In general, the population is drinking the same or less, the data suggests a significant proportion of consumers are reevaluating their drinking habits, with more than half opting for healthier lifestyles as their primary reason for drinking less. Financial pressures also play a crucial role, influencing a third of the respondents to reduce their visits to pubs and bars. This shift towards health and economy is not just a passing trend but a reflection of deeper societal changes.

However, it's notable that the increase in consumption is most prominent among men aged 25-44, with 38% drinking more out-of-home compared to last year. This contrasts sharply with women in the same age group, where only 18% report increased consumption. This gender divergence not only highlights different social behaviours but also underscores potential areas for targeted marketing strategies.



Exploring Alternatives:
The Shift Towards Non-Alcoholic Options

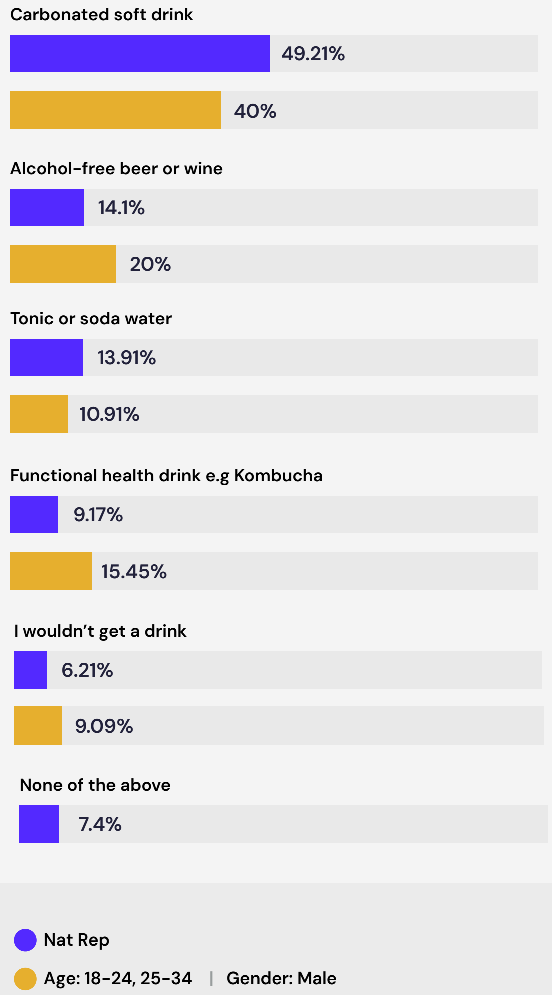
As some consumers shift away from consuming alcohol, they are increasingly opting for substitutes rather than merely reducing intake. In tune with these evolving preferences, non-alcoholic beverages are rising in popularity, particularly among younger patrons. Notably, nearly half of those who choose not to drink alcohol in pubs or bars select carbonated soft drinks, with alcohol-free beer or wine also being popular choices.

There's a marked interest in functional health drinks like kombucha, especially among the youngest demographic (18-25 years old), where twice as many opt for these alternatives compared to other age groups. This trend towards healthier and more diverse drink options presents a significant opportunity for on-trade establishments to expand their beverage menus to cater to this growing consumer base.

Business Implications

This dichotomy presents an opportunity for businesses to consider how their products can responsibly support consumers' lifestyles—whether by offering alternatives that enhance social experiences without necessarily increasing alcohol consumption. The challenge lies in aligning product offerings with the diverse needs of consumers, ensuring that alternatives are both appealing and accessible for those seeking comfort or celebration.

If you were ordering a drink from a pub/bar but weren't drinking alcohol what would you order?

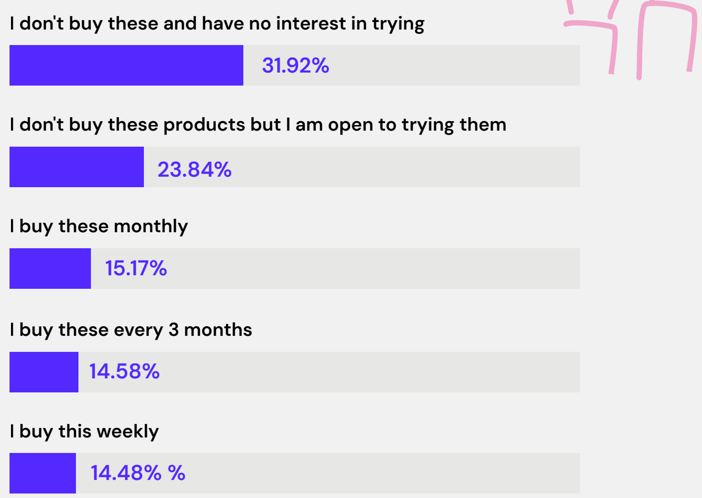


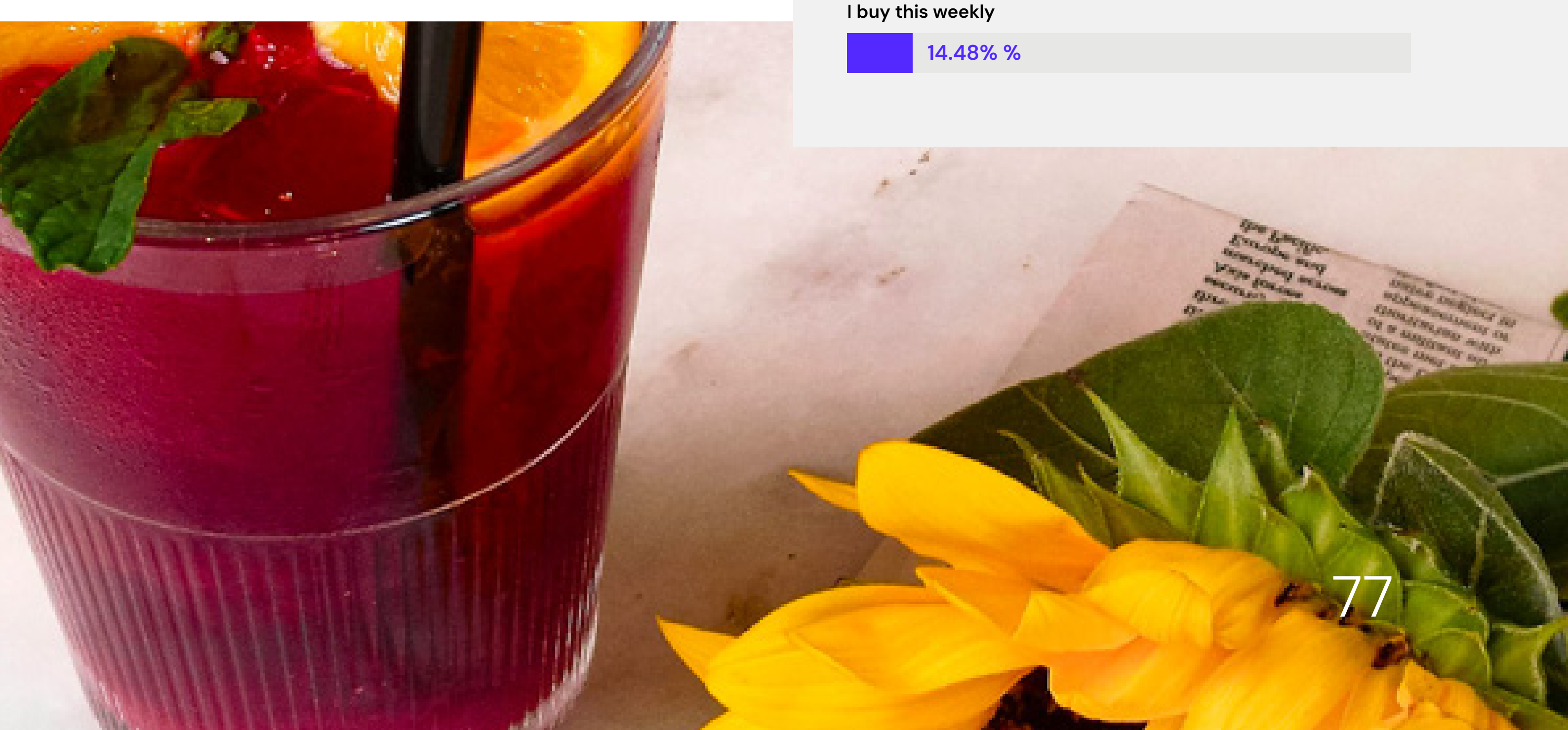
Functional Drinks:
Unpacking Consumer Behaviour and Market Dynamics

Consumer Resistance and Potential for Engagement: Our analysis reveals a significant segment of the market, specifically 32% of respondents, expressing no interest in functional drinks such as Kombucha, health shots, and CBD-infused products. This considerable resistance signals a potentially untapped market segment where increased consumer education and awareness could transform disinterest into engagement. It appears that the barriers to entry may be rooted in a lack of understanding about the benefits these products offer, suggesting an opportunity for targeted educational campaigns.

Analysis of Market Engagement:
Conversely, there's a robust engagement from nearly half of our survey participants, with 44% already incorporating functional drinks into their routines. This group's purchasing habits are well-distributed across various frequencies: 15% buy weekly, 16% monthly, and 14% every three months. This data not only confirms a solid foundation of regular consumers but also highlights the opportunity to increase the frequency of consumption through strategic marketing efforts.

Which of the following applies to you in regards to purchasing functional drinks? E.g. Kombucha, health shots, CBD etc?





Functional Drinks:
A Demographic Analysis

Younger consumers, particularly men aged 18-44, show the highest engagement, with many purchasing these drinks weekly or monthly. This contrasts sharply with the older demographics (55+), where there is a notable disinterest in functional drinks.

Young Adult Consumers 18-24 Years

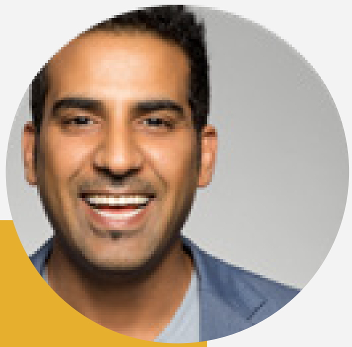
Young men in this bracket are highly engaged, with 30% buying functional drinks weekly.

Young women also show considerable interest but tend towards monthly purchases.

Core Working Age 25-44 Years

Men aged 25-34 and 35-44 exhibit the strongest purchasing frequency, with 37 % and 38% respectively buying weekly.

Women in these age groups are more varied in their purchasing frequency but are significantly open to trying functional drinks.



Mature Adults 45-54 Years

Both men and women in this age group show a decline in weekly purchases but maintain a consistent interest in trying these products.

Seniors 55+ Years

The least interest in functional drinks is observed among seniors, with over 53% of both men and women expressing no interest in trying these products.

Functional drinks: Marketing Implications

This demographic landscape offers clear directives for marketing strategies:

Targeted Marketing: Marketing efforts should be particularly targeted at men aged 18-44, who are currently the most frequent buyers of functional drinks.

Educational Campaigns: There is an opportunity to engage women aged 25-44 and adults 45-54 through educational campaigns highlighting the health benefits of functional drinks.

Addressing Seniors: For the 55+ age group, a different approach is needed, potentially focusing on health benefits relevant to age-related concerns.

Functional drinks: Key Consumption Times

Morning and Post-Exercise: Consumers prefer to integrate functional drinks like Kombucha and health shots into their morning routines, often using them as an energising start to the day or as a post-breakfast boost. This trend is particularly pronounced among those who purchase these drinks weekly, highlighting their role in daily wellness practices.

Evening Relaxation: Functional drinks are also popular in the evenings, especially among weekly buyers who use them to unwind after a stressful day. This indicates the drinks' versatility, appealing to those seeking relaxation as well as physical health benefits.

Strategic Insights for Marketing: These insights suggest opportunities for marketing these products as essential components of both morning and evening routines. Emphasising the health benefits for energy, recovery, and relaxation can help position these drinks as daily staples in consumer diets.

> **I have these straight after breakfast**
>
> Female 45 – 54

> **Mainly in the morning when I need an energy boost**
>
> Male 25 –34

> **I drink after the gym to fill with electrolytes**
>
> Female 18 – 24

> **I take functional drinks at leisure or when I want to feel relax**
>
> Male 35 - 44

Ready To Drink (RTD): Market Dynamics

Consumer engagement with Ready-to-drink (RTD) cocktails and spirit mixers varies widely. The largest group, 34% of respondents, buys these products semi-annually, pointing to their preference for occasional use. Another significant portion, 30%, purchases monthly, indicating a steady customer base. Regular buyers, making up 11%, demonstrate strong brand loyalty, potentially responsive to rewards programs.

Additionally, 12% are curious but haven't yet tried RTDs, representing a ripe opportunity for targeted marketing to foster trial and adoption. In contrast, 15% express no interest, suggesting a segment less likely to be swayed by conventional marketing.

We asked about the occasions when consumers typically enjoy ready-to-drink canned cocktails and spirit mixers purchased from supermarkets.

The most popular settings for consuming RTD canned alcohols purchased from supermarkets are BBQs, where 43% of consumers enjoy these beverages. This is closely followed by house parties and picnics in the park, highlighting a preference for casual, social gatherings. Conversely, the least common scenarios for consuming these RTDs are during train travel and at festivals, indicating that these beverages are less frequently chosen for on-the-go situations or large public events.

Ready To Drink (RTD): Marketing Implications

The data suggests several key strategies for capitalising on the RTD market:

Targeted Marketing for Occasions: Since RTDs are popular at BBQs and house parties, marketing campaigns could focus on these occasions, positioning RTDs as essential for enhancing social gatherings.

Expanding Consumer Base: For those open to trying RTDs, creating introductory offers or sampler packs could encourage trial purchases, potentially converting them into regular buyers.

Leveraging Regular Buyers: Understanding the preferences and feedback of weekly purchasers could provide insights into product improvements or new flavours that cater to their tastes.

Trends in Premium Alcohol Consumption

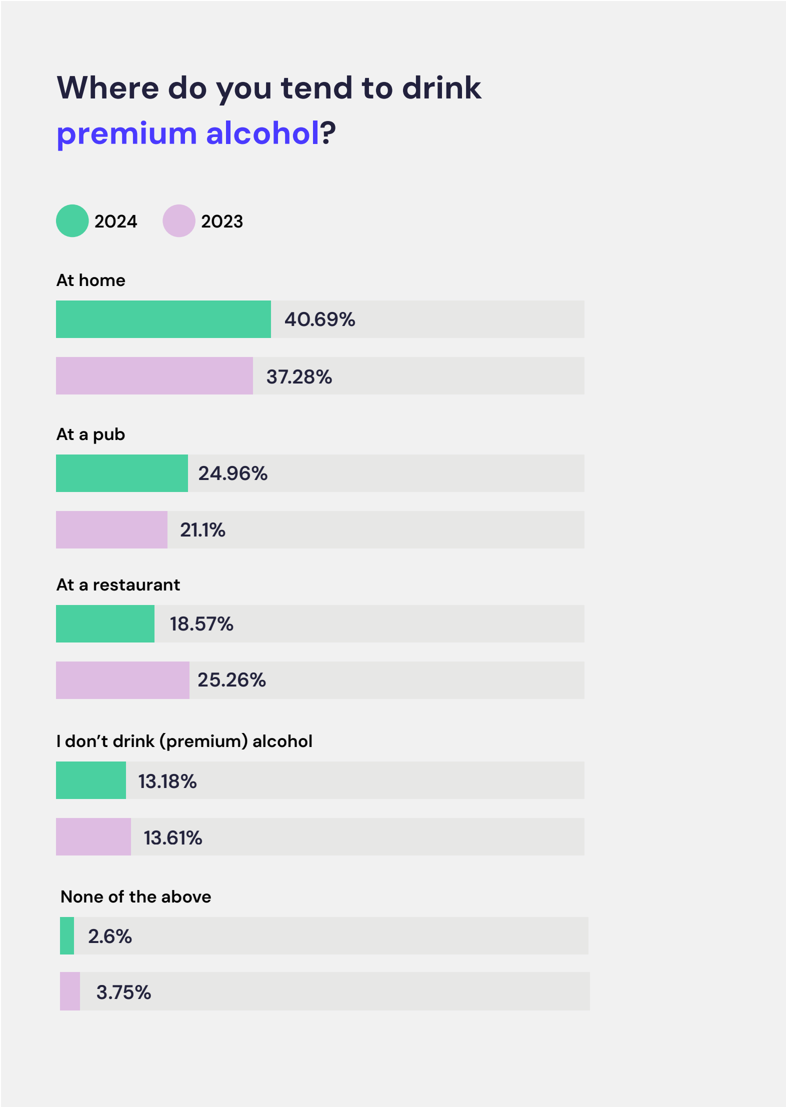
The trend of premiumisation in alcohol consumption is nuanced, showing shifts in where consumers prefer to enjoy premium drinks.

Off Trade Rise: In 2024, there's a notable preference for consuming premium alcohol at home, with 41% of respondents indicating this choice, up from 38% in 2023. This increase suggests that more consumers are opting to enjoy high-quality drinks in the comfort of their own homes

Pub consumption remains: seeing an increase to 25% in 2024 from 21% the previous year, indicating a resilient interest in enjoying premium drinks in social settings.

Decline in restaurants: Preference for premium drinking dropped from 26% in 2023 to 19% in 2024, likely due to shifting dining habits or economic factors.

The comparison between 2023 and 2024 for on-trade locations reveals a shifting landscape where home environments are becoming increasingly favoured for premium alcohol consumption. This shift could be influenced by a rise in home entertainment or perceived value in purchasing premium products for home use.

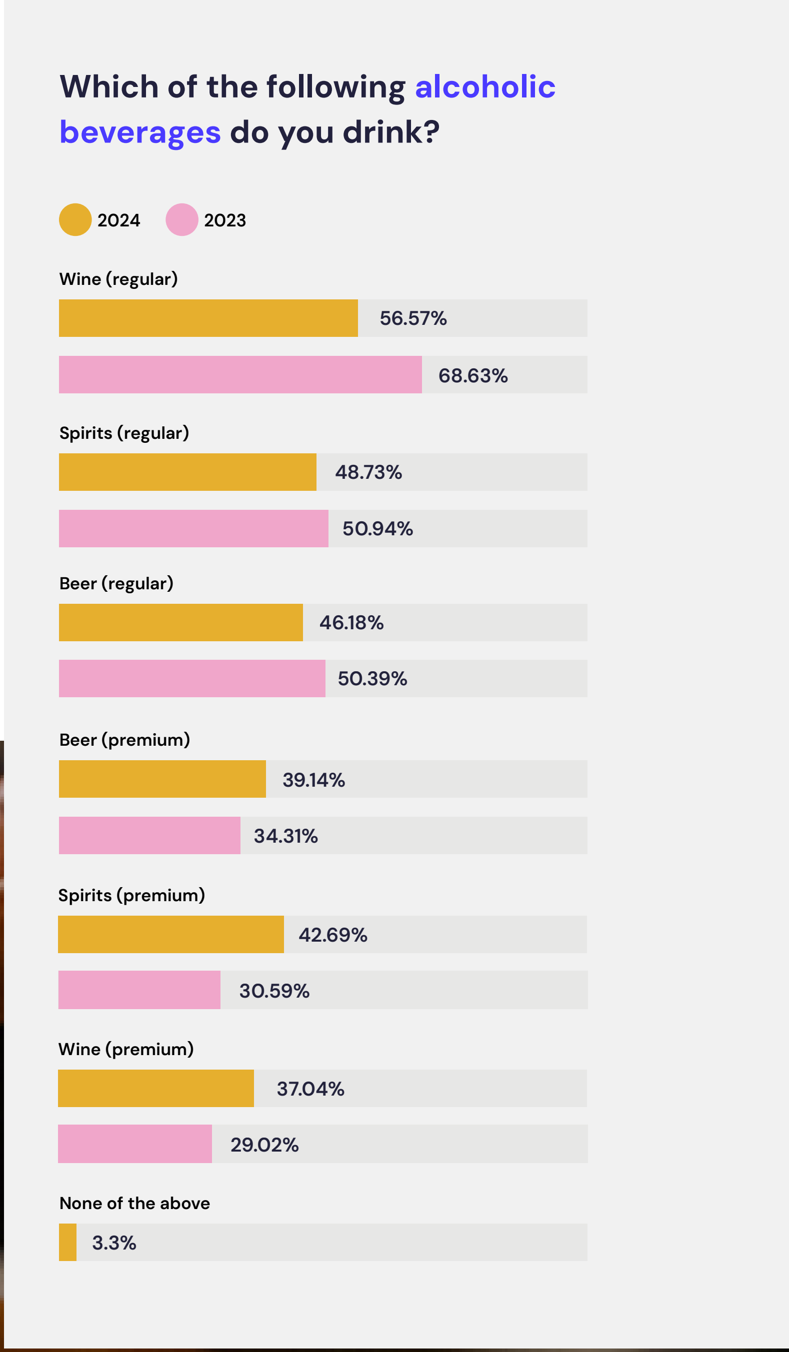


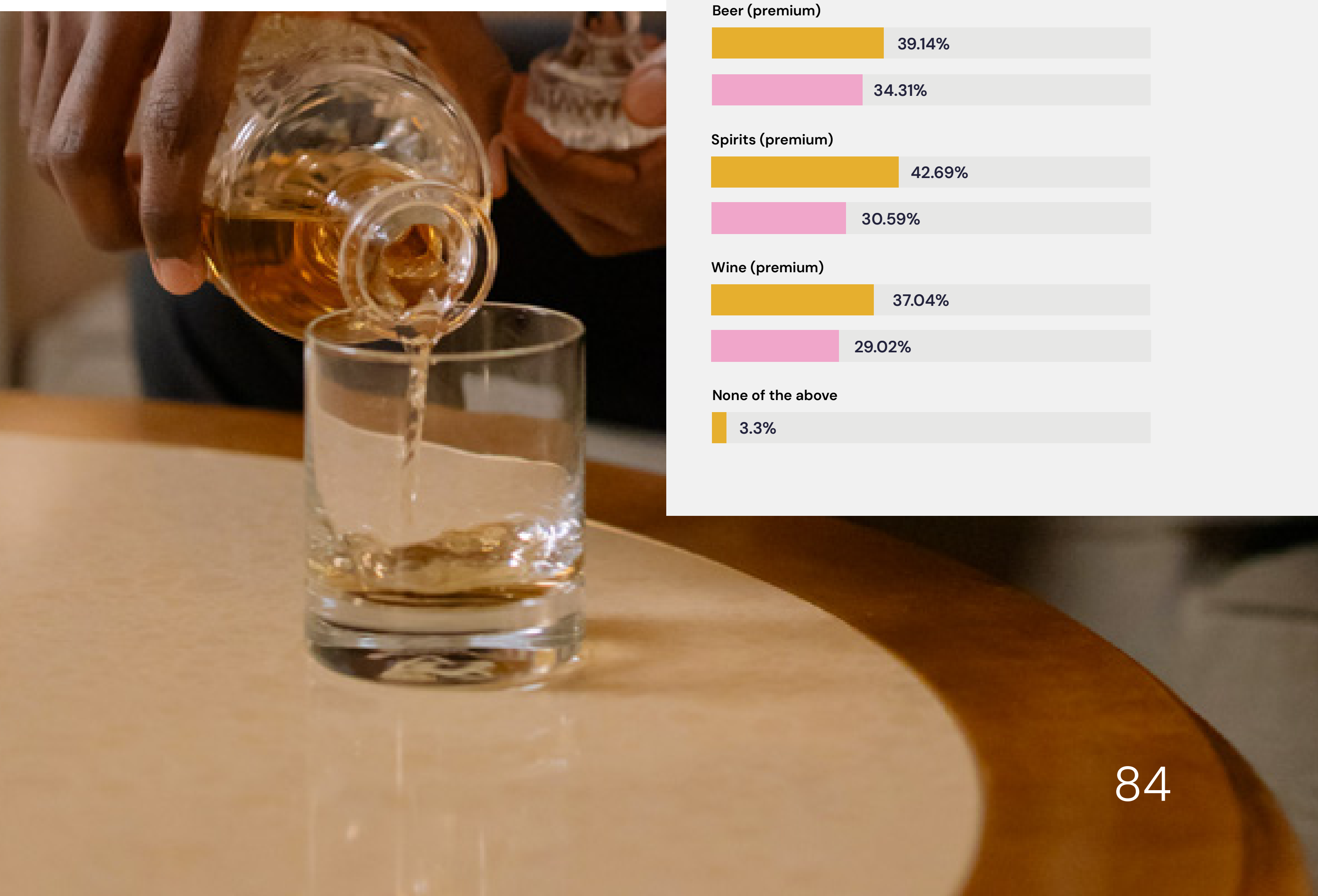
Trends in Premium Preferences

The preference for different types of alcoholic beverages further underscores the premiumisation trend:

Wine: There has been a decrease in the consumption of regular wine from 69% in 2023 to 57% in 2024, while premium wine consumption increased slightly to 37%.

Spirits and Beer: Regular spirits and beer consumption also saw declines, but premium variants like premium spirits increased to 43%, and premium beer rose to 40%. This indicates a robust interest in higher quality, specialised alcoholic beverages.





Implications for the Alcohol Market

These insights suggest that while the premiumisation trend remains strong, it is evolving. Consumers show a clear inclination towards higher-quality spirits and beers, and there is a growing trend towards enjoying these products at home. Alcohol brands and retailers could leverage this by enhancing their premium offerings and marketing premium products more aggressively for home consumption.

Tom Khan-Lavin, shares his view:

The craft movement has reshaped the market, with consumers increasingly seeking out niche, small-batch products that tell a story. Localism and authenticity are crucial, with many consumers preferring locally sourced products.

As sustainability becomes a more significant concern, brands that emphasise eco-friendly practices and transparency in production are likely to see continued growth. Consumers are also becoming more aware of industry conversations around sustainability issues, such as the environmental impact of heavy glass packaging

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

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Economic Pressures and Changing Purchasing Habits

Tom Khan-Lavin, reflects on the current economic pressures:

"The economic landscape is also shaping the alcohol beverage market. The cost-of-living crisis and inflationary pressures have made consumers more price-sensitive, impacting purchasing decisions. While premiumisation remains strong, there is a growing demand for value-for-money options, leading to increased interest in private label brands and discounted alcohol products.

The shift towards e-commerce, accelerated by the COVID-19 pandemic, has had a lasting impact on alcohol purchasing habits. Online sales of alcohol have stayed strong, with consumers appreciating the convenience and variety offered by digital platforms. This trend is likely to continue, with online and direct-to-consumer channels becoming increasingly important. Convenience is also driving growth in the Ready-to-Drink (RTD) sector, especially among younger consumers who value quick and easy options for social occasions."

Tom Khan-Lavin, CEO of YesMore Drinks Marketing Agency

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Authenticity and the role of brands

In the competitive landscape of alcohol retail, understanding the factors that influence consumer purchases is crucial. Brand story — which encapsulates the heritage, ethos and uniqueness of a brand — can play a pivotal role in consumer decision-making. Here we'll explore how much value consumers place on the narrative behind the brands they choose from supermarket shelves.

The importance attributed to brand stories reveals a broad spectrum of consumer attitudes:

- The largest portion of respondents (nearly 29%) consider brand stories somewhat important, suggesting that while stories may not be the deciding factor, they do influence purchasing decisions to some extent.

- Approximately 24% of participants express neutrality, indicating that brand stories do not particularly sway their purchase decisions. This ambivalence highlights a potential opportunity for brands to captivate this segment with engaging narratives.

- Interestingly, there is a significant divide in perception, with about 15% viewing brand stories as very important and nearly 20% considering them not important at all. This variance underscores the diverse criteria that consumers apply when selecting alcohol brands.

Impact on Purchasing Decisions

Brand stories are just one piece of the puzzle in what influences alcohol purchases at supermarkets:

- **Price Dominance:** Price is the dominant factor, with over 70% of respondents prioritising it above all else. This emphasises the primary concern for most consumers, especially in a price-sensitive market.

- **Subtle Influences of Brand Story:** Despite few consumers placing explicit value on-brand stories (14% selected this as a priority), the influence of elements related to the brand's narrative (such as packaging and origin), suggests that the brand story is still a significant, albeit indirect, influence on the purchasing process.

Strategic Implications

The analysis indicates that while brand stories may not be the most critical factor in the selection of alcohol products, they do influence consumer choices subtly through associated attributes like packaging and origin. Therefore, brands looking to strengthen their market position should consider integrating their narratives more deeply into every aspect of product presentation, enhancing consumer engagement and loyalty.

The future of the alcoholic drinks industry 2025

In Summary

Based on our analysis of the alcohol industry in both off-trade and on-trade sectors, we can draw several key conclusions and formulate action points for industry leaders:

1. **Health is a Priority:** The increasing consumer interest in health and wellness has heightened the demand for non-alcoholic and health-focused beverages.

   Action Point: Expand offerings to include a broader range of non-alcoholic and low-alcohol options that cater to health-conscious consumers.

2. **Enhance Marketing for Mindful Drinking:** As consumers increasingly favour mindful drinking, there is a notable need for marketing that highlights the health benefits of products.

   Action Point: Develop targeted marketing campaigns that promote the health benefits of mindful drinking options.

3. **Capitalize on Home Consumption:** With a rise in the consumption of premium alcohol at home, brands should enhance their focus on this segment.

   Action Point: Adapt marketing strategies and product offerings to better cater to home-based drinking experiences, such as premium home delivery services.

4. **Engage Young Consumers with Non-Alcoholic Options:** Younger demographics are showing a clear preference for non-alcoholic drinks, presenting a significant opportunity.

   Action Point: Innovate with creative, appealing, and health-oriented non-alcoholic beverages to engage younger consumers effectively.

The future of the alcoholic drinks industry 2025

5. **Educational Campaigns to Mitigate Resistance:** There is considerable consumer resistance to functional drinks, where educational campaigns could foster a greater understanding and acceptance.

   Action Point: Implement educational initiatives that highlight the benefits of functional drinks to transform scepticism into acceptance.

6. **Utilize Data to Refine Offerings:** Ongoing analysis of consumer behaviour is crucial for aligning product development and marketing strategies with current trends and preferences.

   Action Point: Continuously gather and analyse consumer data to refine product offerings and ensure they meet current consumer demands.

7. **Storytelling as a Differentiator:** Although not the primary purchasing driver, compelling brand stories can significantly enhance consumer connection and loyalty.

   Action Point: Embed compelling narratives in marketing and product packaging to subtly influence purchasing decisions and strengthen brand loyalty.

By addressing these insights with targeted strategies, industry leaders can align more closely with evolving consumer expectations and solidify their position in a dynamic market environment.

Conclusion

As the retail and consumer goods industry continues to navigate an era of rapid change, the insights gathered in this report underline the critical importance of staying attuned to evolving consumer behaviours and expectations. From the rising demand for health and wellness products to the growing emphasis on sustainability and the circular economy, consumers are increasingly seeking brands that align with their values and lifestyle choices.

Consumer data reveals a **clear shift towards more mindful purchasing**, driven by economic pressures, health consciousness, and technological advancements. As shoppers become more selective, loyalty is no longer guaranteed—it's got to be earnt through consistent value, convenience, and a real commitment to ethical practices.

For businesses, the path forward is clear: **embrace these trends and adapt strategies to meet the needs of a more informed and discerning consumer base**. The future of retail will be defined by those who can innovate, remain agile, and integrate technology to enhance the customer experience. It is not just about meeting current demands but anticipating future needs and being prepared to evolve alongside your customers.

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