



September 2024



Know Your Shopper

In the food and drink
industry



Know Your Shopper

As we move through 2024 and into 2025, understanding the modern shopper has never been more crucial for retailers. With the ongoing Cost of Living crisis, consumers are continuing to feel the pinch, significantly 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.

This "Know Your Shopper" report delves into the current dynamics of consumer behaviour, offering invaluable insights for retailers to stay ahead in these challenging times. Drawing on rich data from Vypr's platform, leveraging a **proprietary community of over 80,000 UK consumers** to better understand how rising prices are forcing many to reconsider their spending habits.

This report provides clear, actionable insights to help you navigate these changes confidently. We explore what these trends mean for the future, and how retail and e-commerce can adapt to meet evolving customer needs. From the growing importance of sustainability to the rise of hybrid shopping models, this report examines how economic resilience, changing loyalty programs, and technological advancements are transforming shopping experiences.

In the following sections, we'll 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. This report is your guide to making informed decisions that resonate with today's value-driven, convenience-seeking consumers.

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.



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.



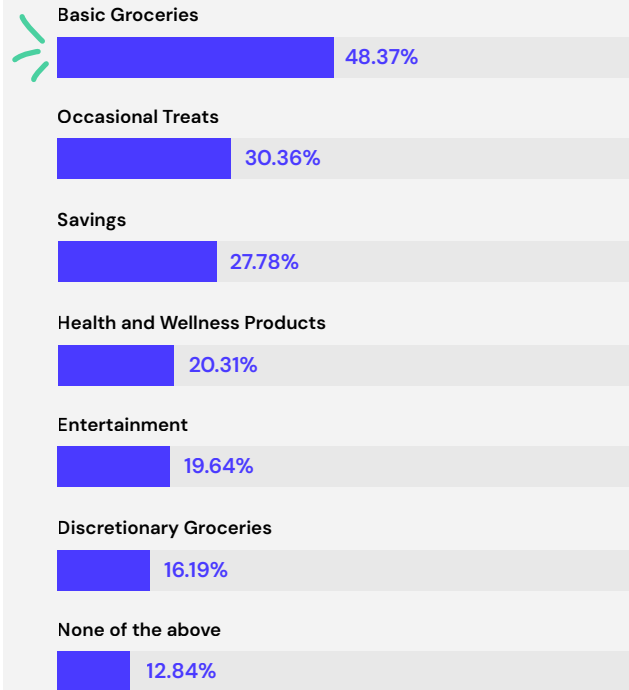
I plan to spend less money over the next 6 months and downsize the amount of stuff I have.

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.

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



Sent to a nationally representative sample



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



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:

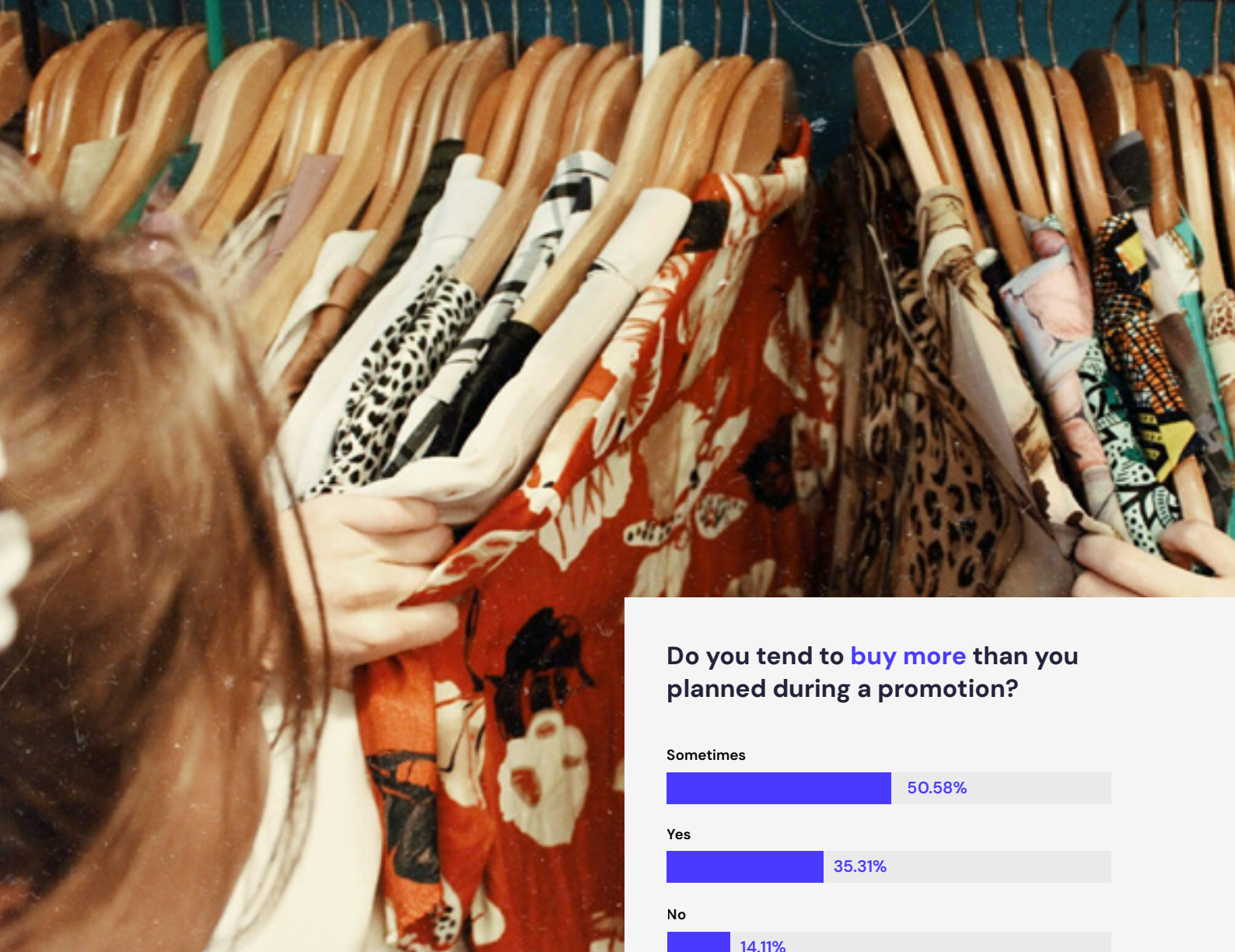
Not all promotions are created equal. BOGOF (buy one, get one free) and percentage discounts were highlighted as the most effective strategies, each receiving 30% of the vote. In contrast, free shipping and limited-time offers mattered less to consumers.



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?



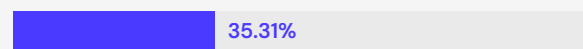


Do you tend to **buy more** than you planned during a promotion?

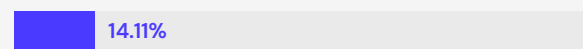
Sometimes



Yes



No



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?

Buy one get one free



Percentage discount (e.g 25% off)



Loyalty rewards



Cashback offers



Free shipping



Limited time offers



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



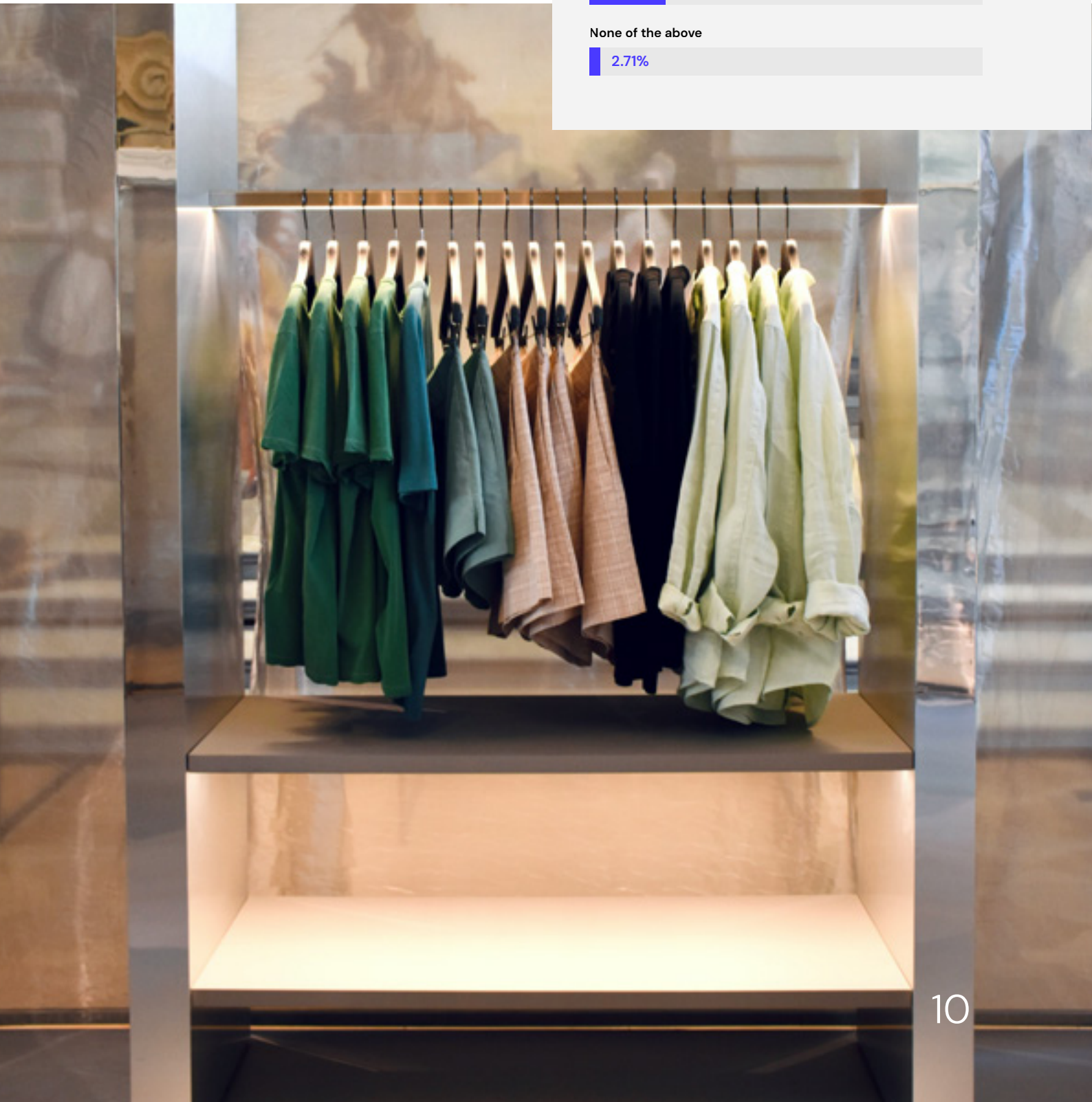
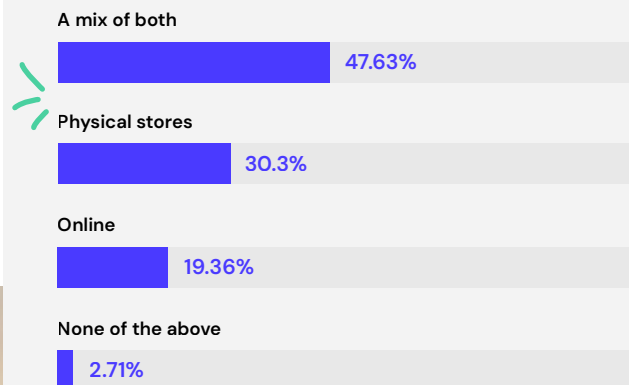
There's something about seeing the product in person that online shopping just can't replace.



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



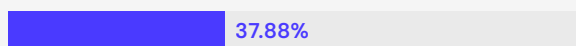
If the prices were closer to online, I'd definitely shop in-store more often

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

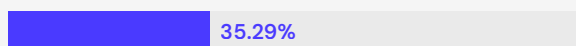
Price match online offerings



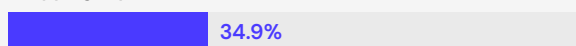
Able to park nearby & cheaply



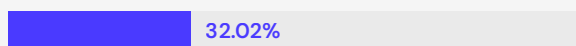
Access to products immediately



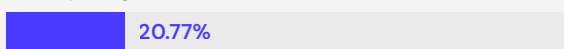
Shopping experience



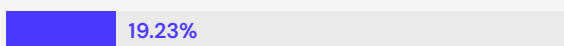
In-store exclusives



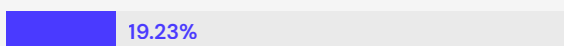
Later opening times



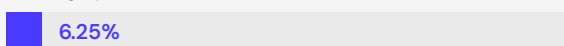
Availability of staff



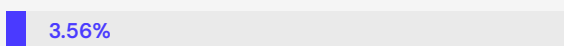
Marks & Spencer Sparks Card



Nothing, I prefer online



Something else



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



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

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.



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

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.



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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

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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.

Better decisions, winning products.

Are you ready to redefine your product development strategy and secure a competitive advantage in your industry? Find out about the power of Vypr today.

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