# How are consumers feeling about shopping for food & drink in 2023?

## How relevant is Innovation for consumers in a time of inflationary crisis?

22 March 2023

# Welcome - we are Levercliff

Commercial category consultants to the UK food and drink industry since 1992

Kai Virtanen

Head of Growth

Levercliff

# Welcome – Dawn Farms

Ready-to-eat cooked protein supplier to B2B customers in the pizza, sandwich, snack and prepared meal sectors.

Joseph Roche

Insight Executive

# Our Survey Methodology

Online quantitative research

Sample size of 805

UK Representative

Conducted over January 2023

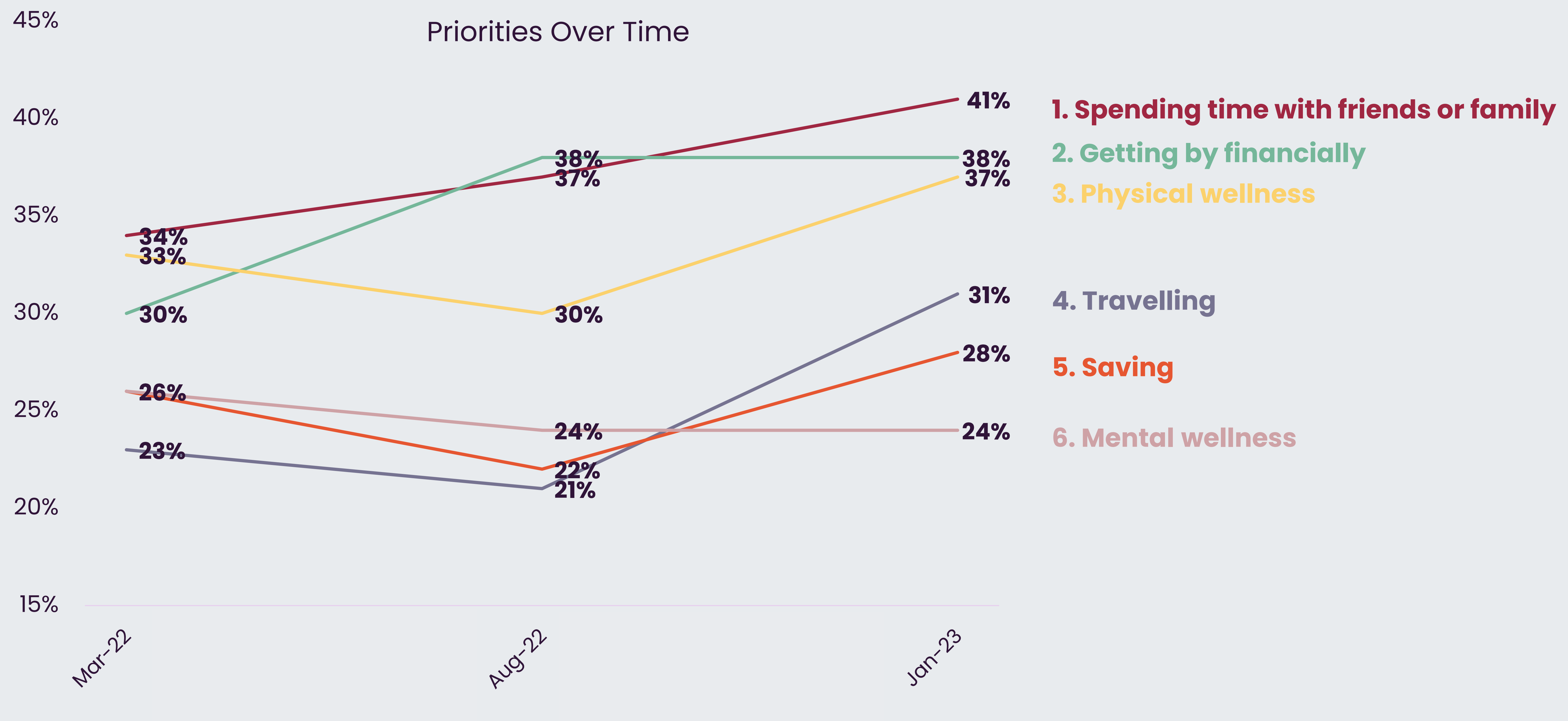
---

Boost Samples:

Lives in Scotland 158
Lives in Wales 137

# ‘Getting by financially’ remains a top-3 priority across all age groups

# The top 3 priorities have consistently stayed the same over the last year

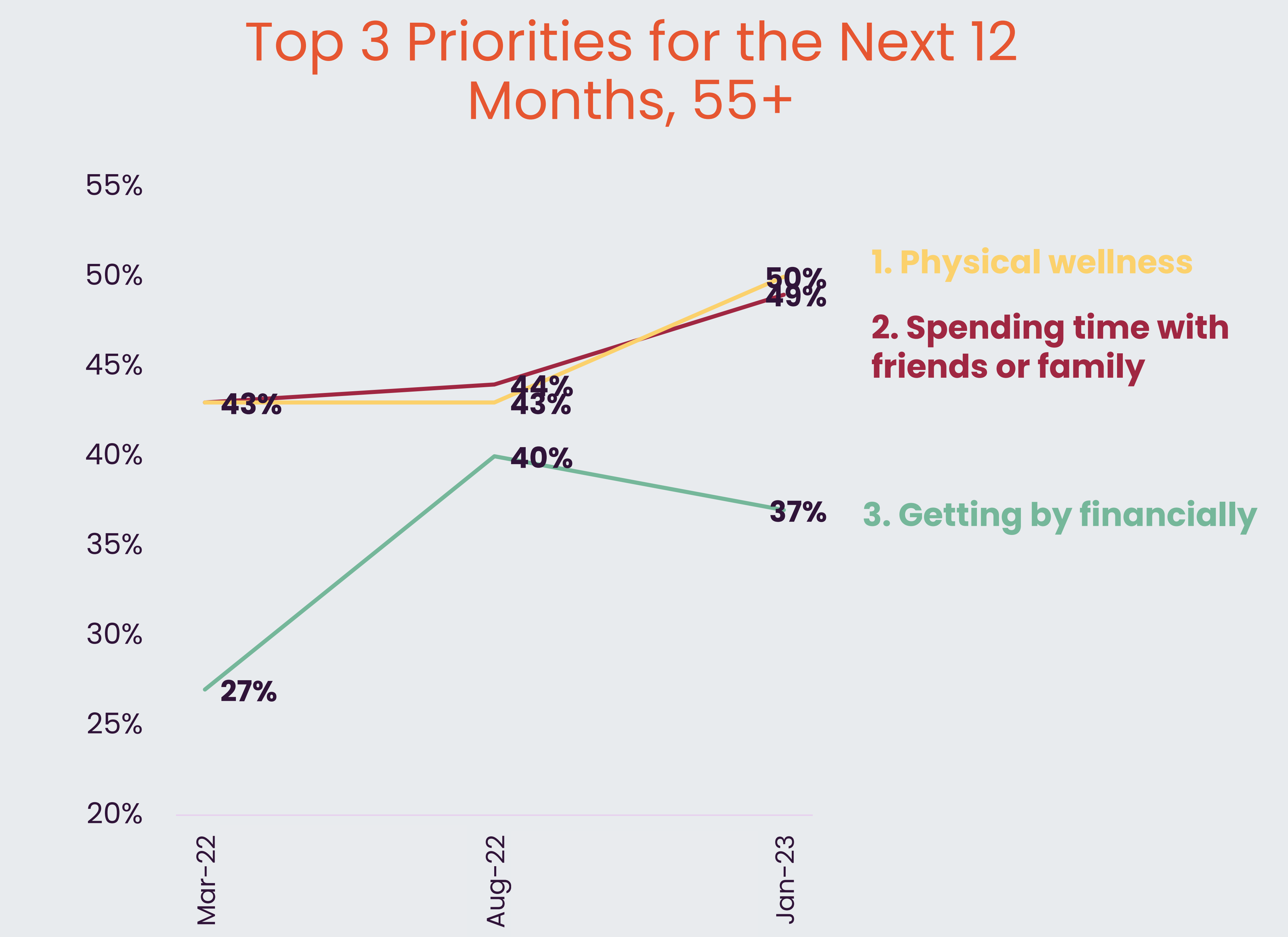



Levercliff

Base: 805, Q What would you say are your greatest priorities for the next 12 months?

22 March 2023

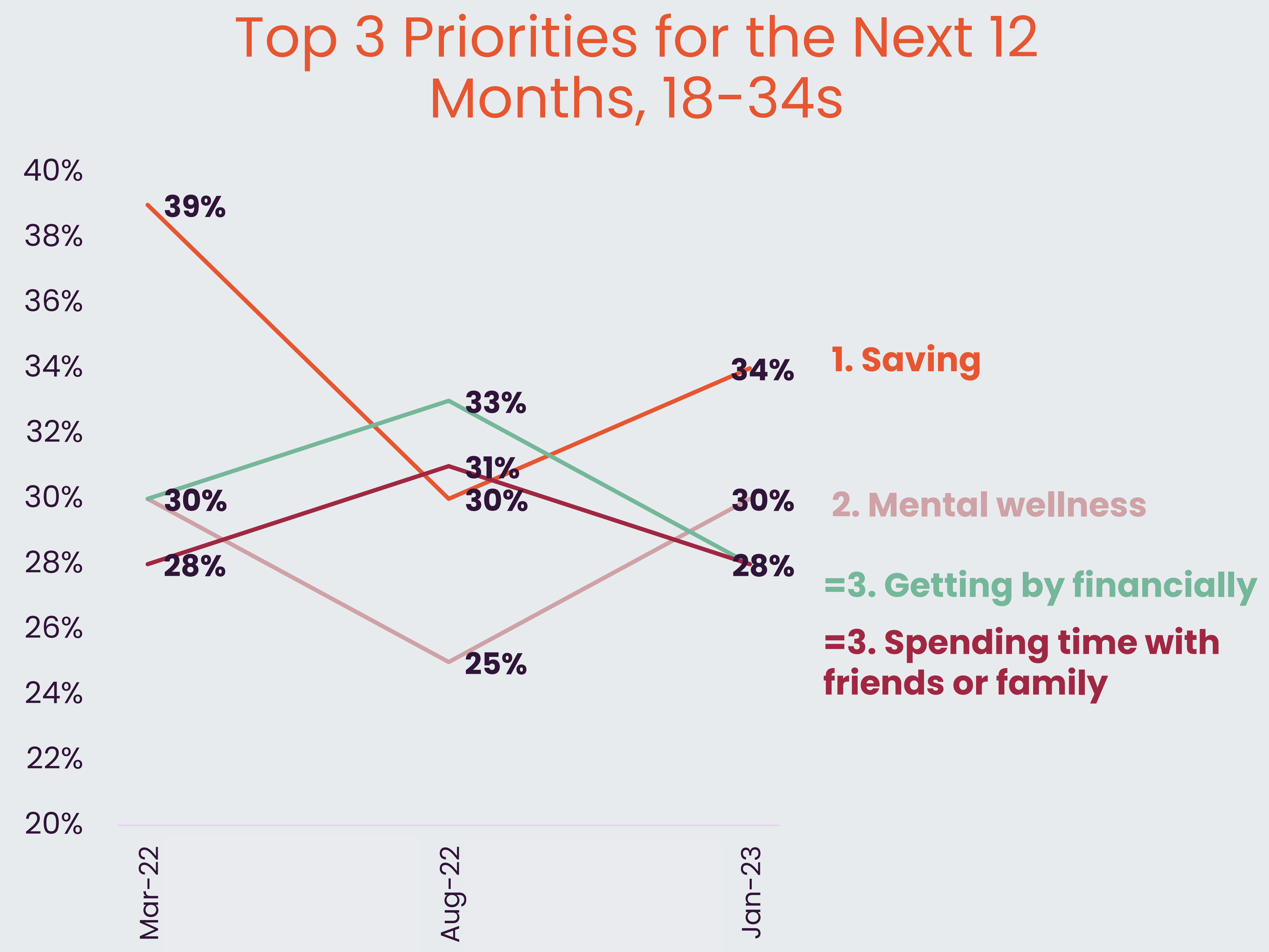
# Physical wellness and spending time with family are most important for 55+ age group




Base: 306, Q What would you say are your greatest priorities for the next 12 months?

22 March 2023

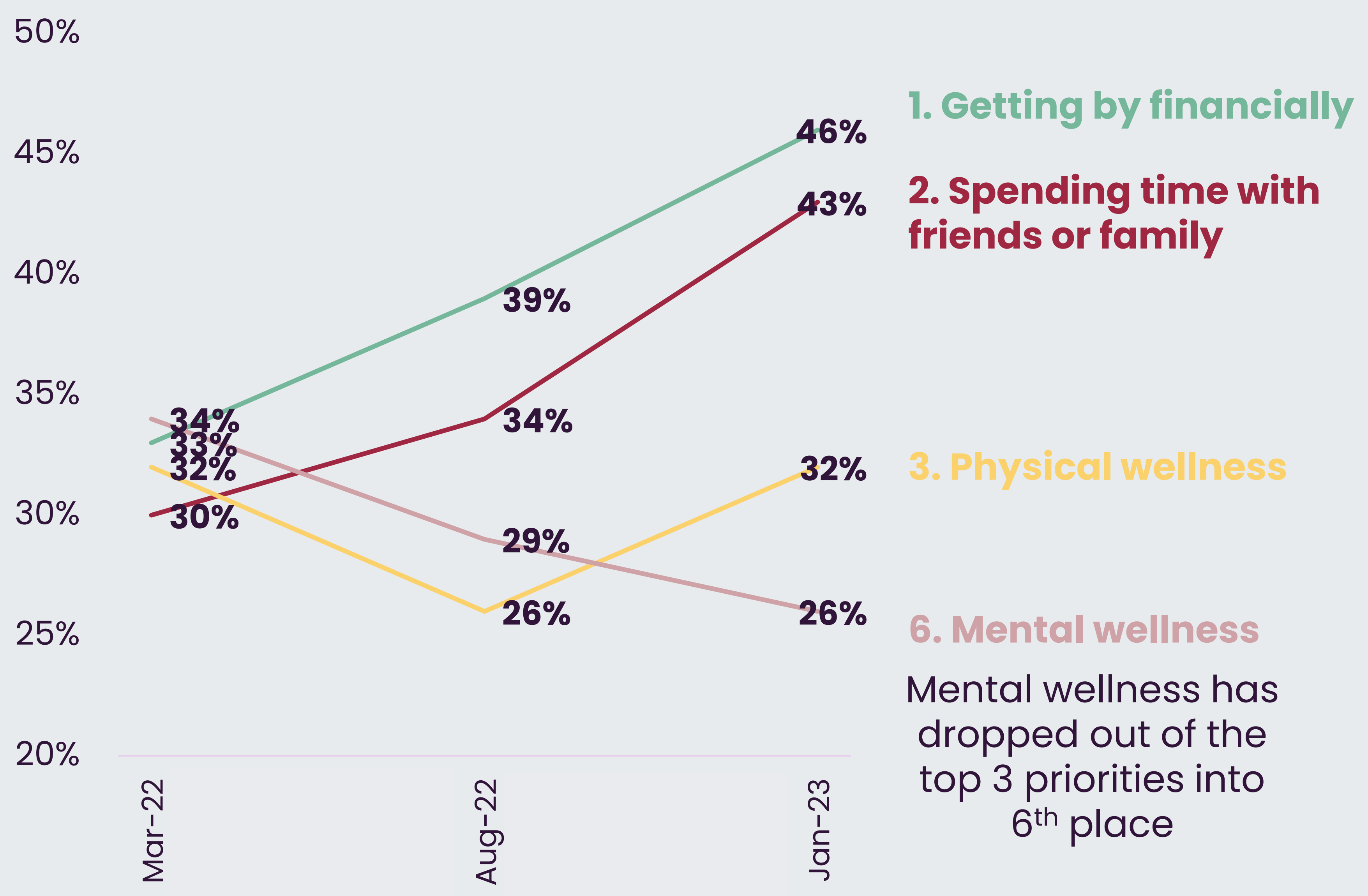
# For the 18-34 year olds, saving has returned to being the number one priority




Base: 225, Q What would you say are your greatest priorities for the next 12 months?

# Mid-aged cohort continue to see growing levels of concern for finances

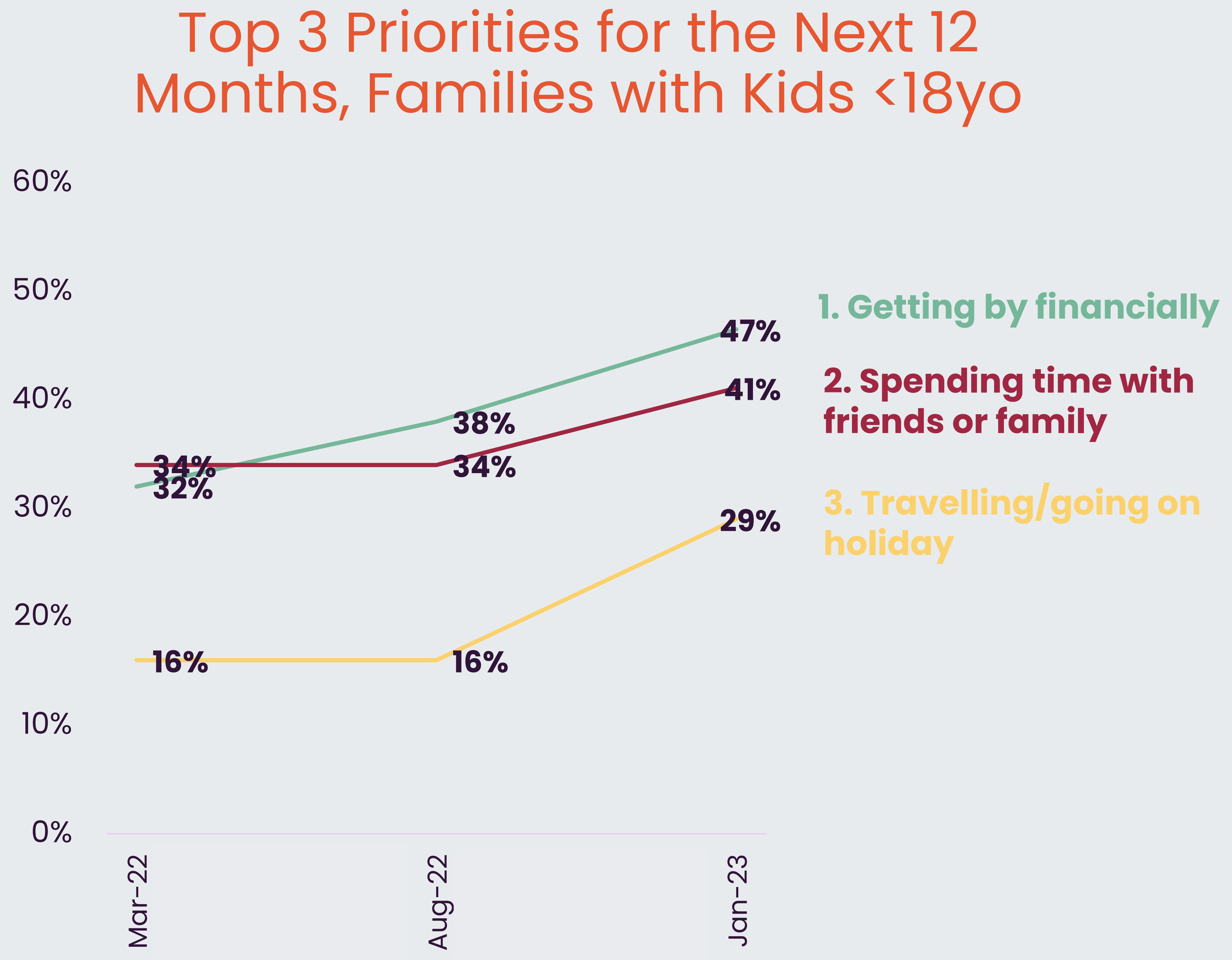
## Top 3 Priorities for the Next 12 Months, 35 -54s




Mental wellness has dropped out of the top 3 priorities into 6th place

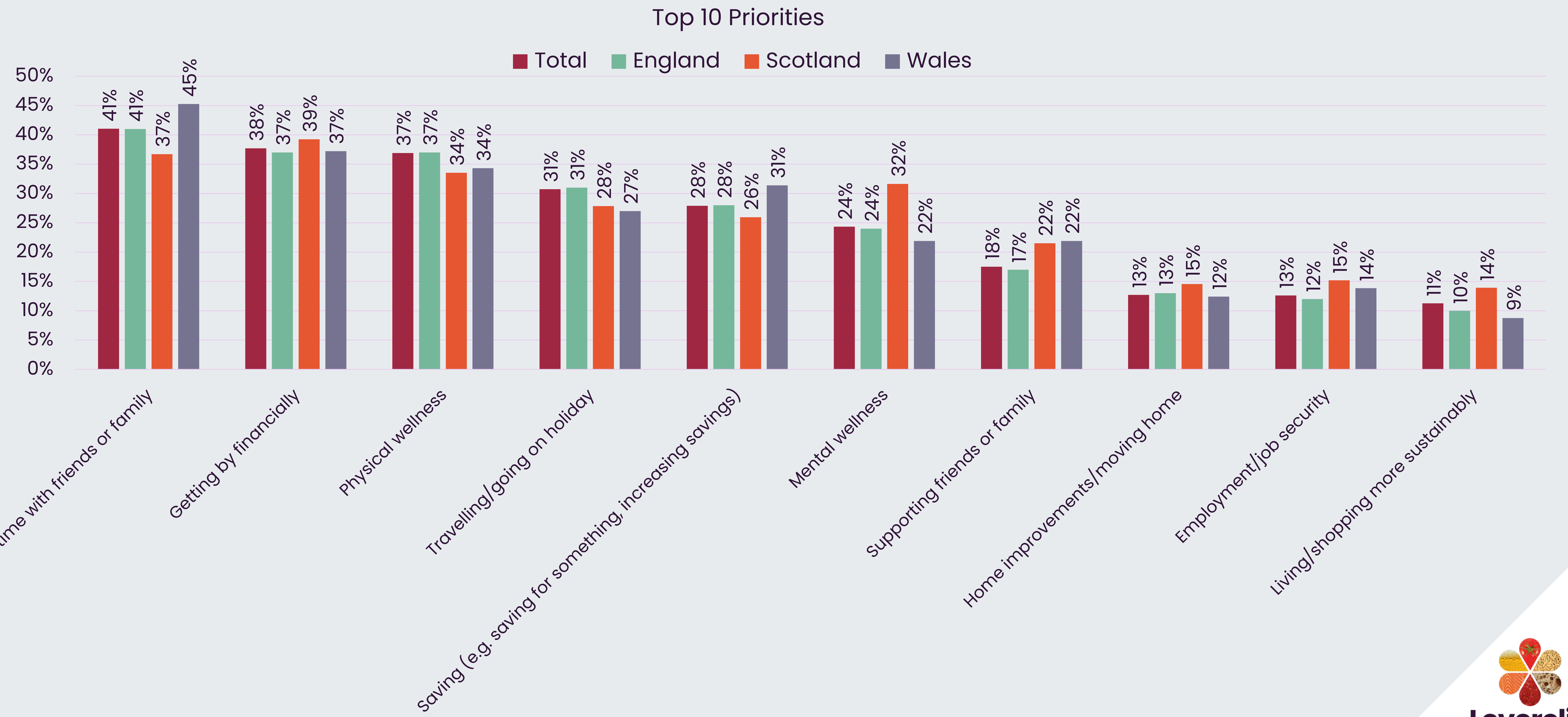
Base: 274, Q What would you say are your greatest priorities for the next 12 months?

# Unsurprisingly it is households with children that are still increasingly concerned about finances




Base: 274, Q What would you say are your greatest priorities for the next 12 months?

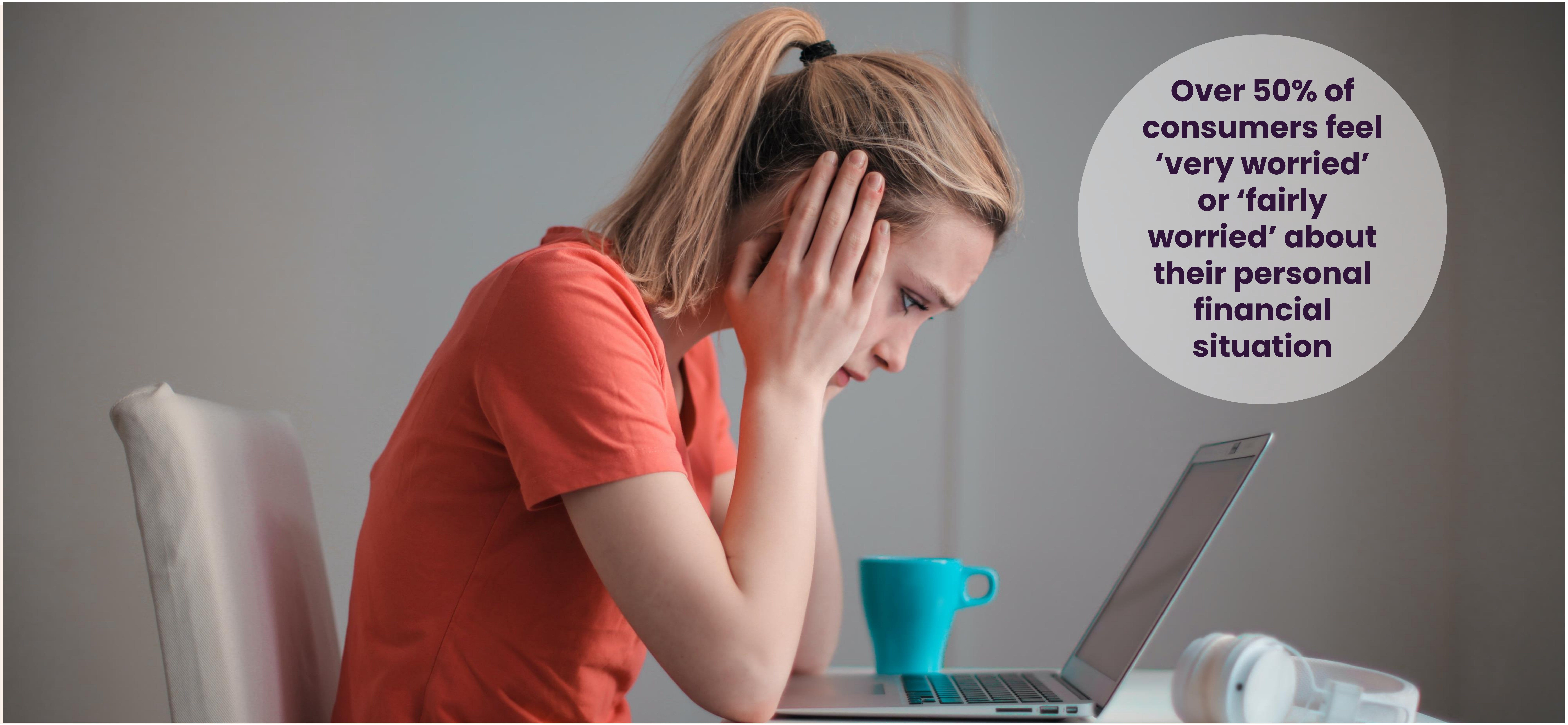
# For Scotland and Wales the top 3 priorities are the same as total UK




Levercliff

Base: 805, England: 686, Scotland: 158, Wales: 137, Q What would you say are your greatest priorities for the next 12 months?

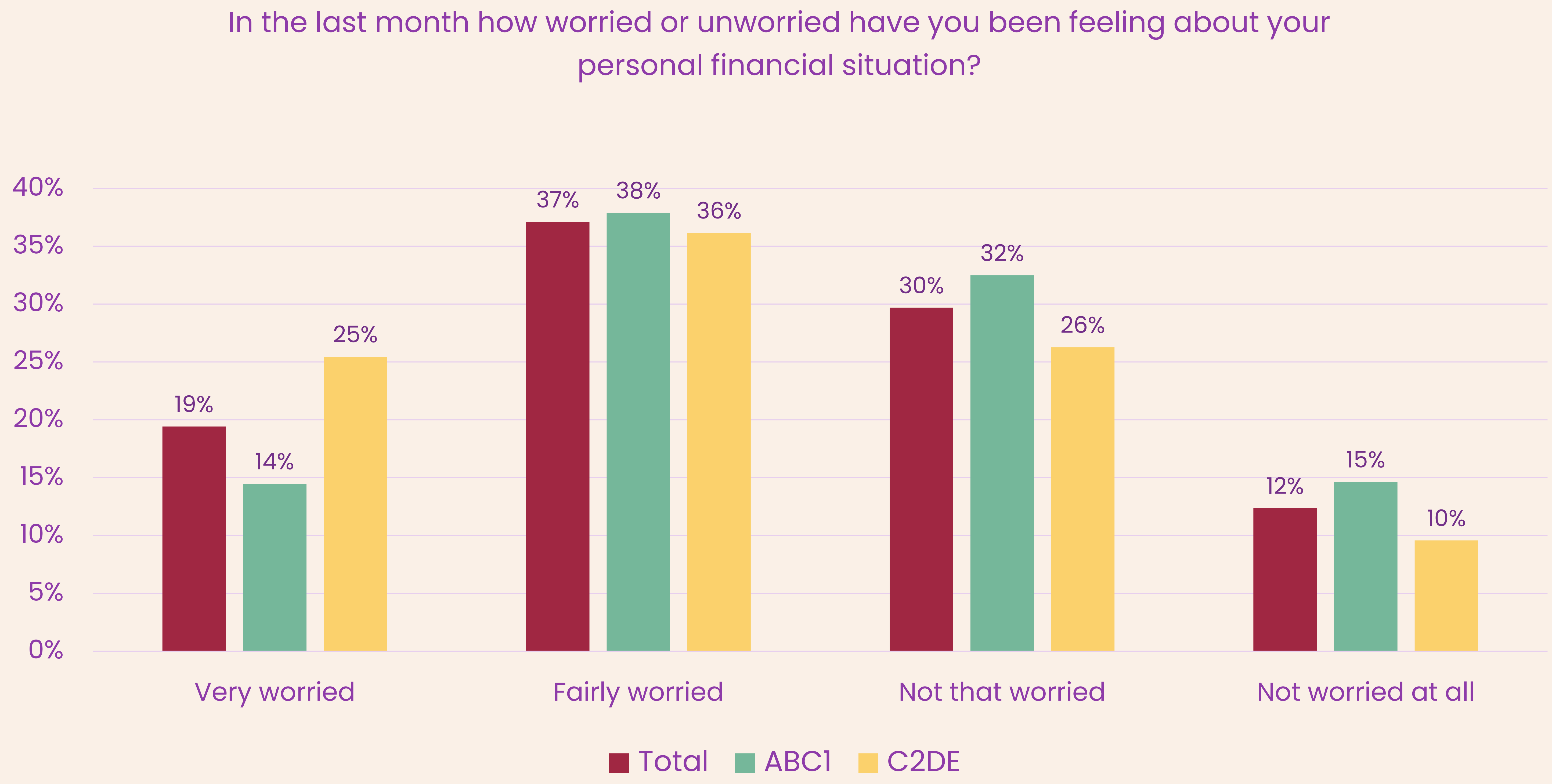
# Finances are a heavy burden on consumers




Base: 805, Q In the last month how worried or unworried have you been feeling about your personal financial situation?


Base: 805, Q In the last month, how worried or unworried have you been feeling about the rising cost of food and drink?
Q To what extent has the increase in the cost of food & drink had an impact on your household financially?

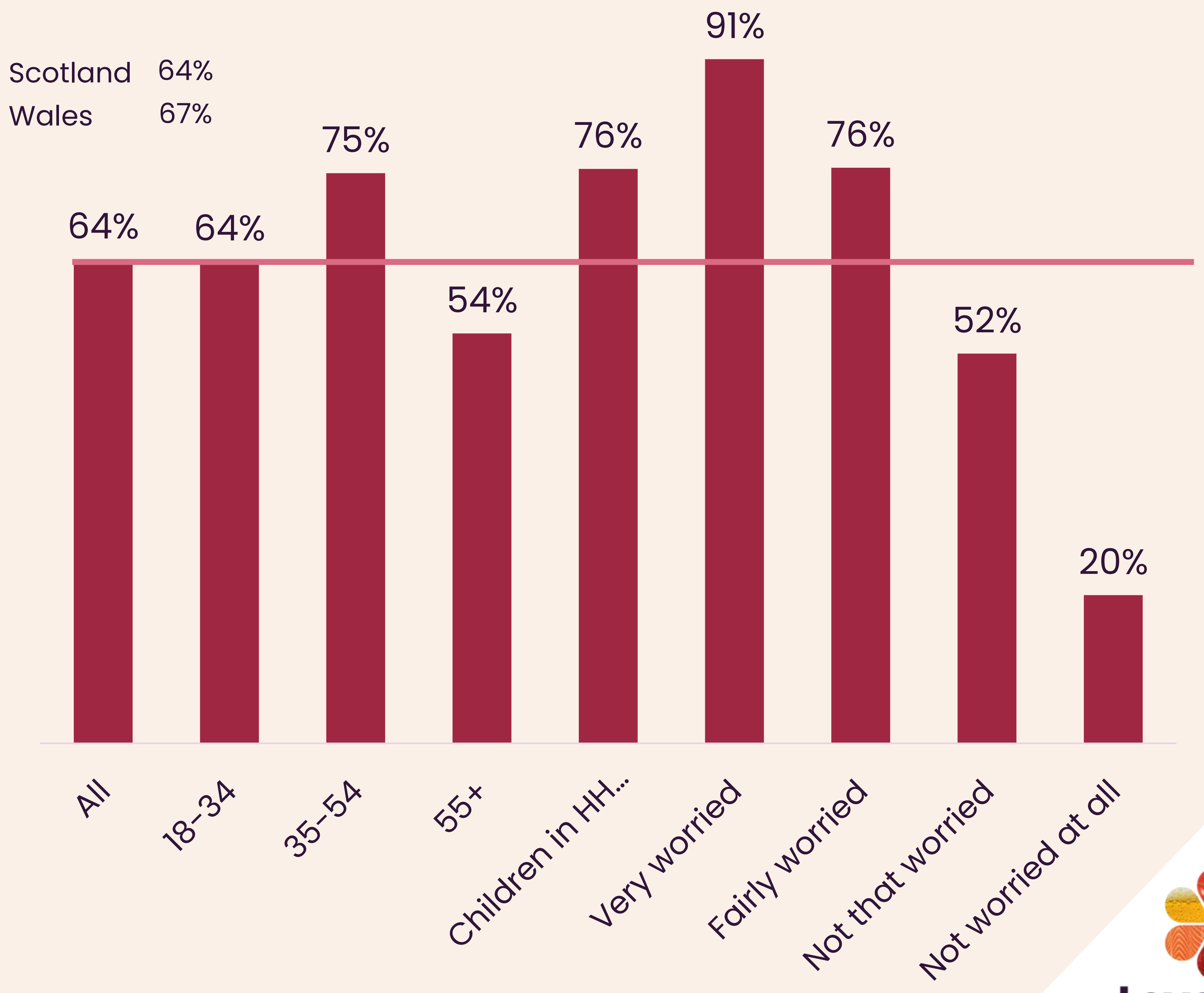
# Worry cuts across the socioeconomic divide




Levercliff

Base: 805 In the last month how worried or unworried have you been feeling about your personal financial situation?

# 64% of consumers have changed their shopping behaviours to tackle these financial concerns




Levercliff

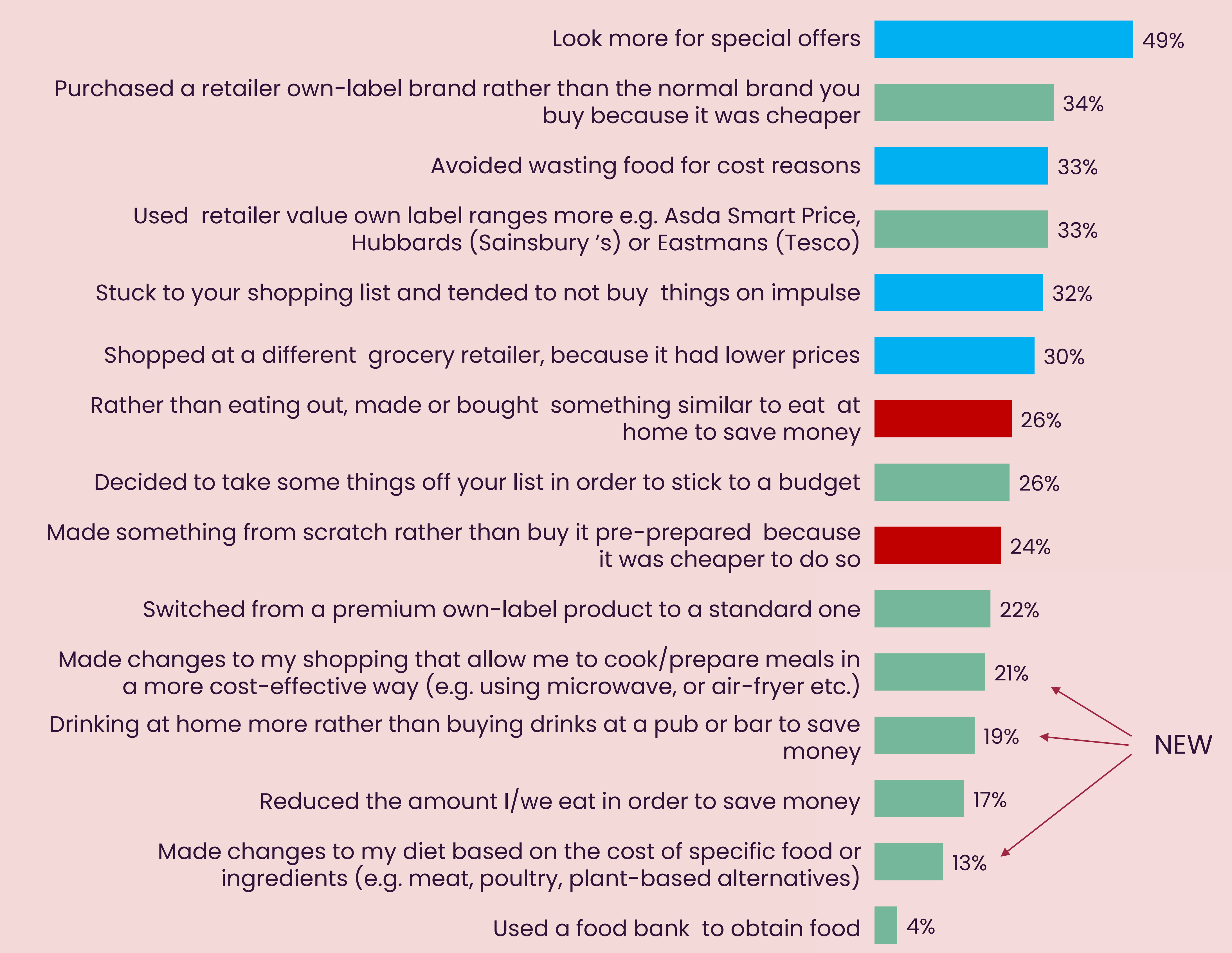
Base: 805, Scotland: 157, Wales: 137, Q Thinking about the increase in the cost of buying food & drink, have you made any changes in terms of what you buy or where you buy it from as a result?

# So, what are consumers doing differently?

Levercliff

Category Consultants to
the Food & Drink Industry

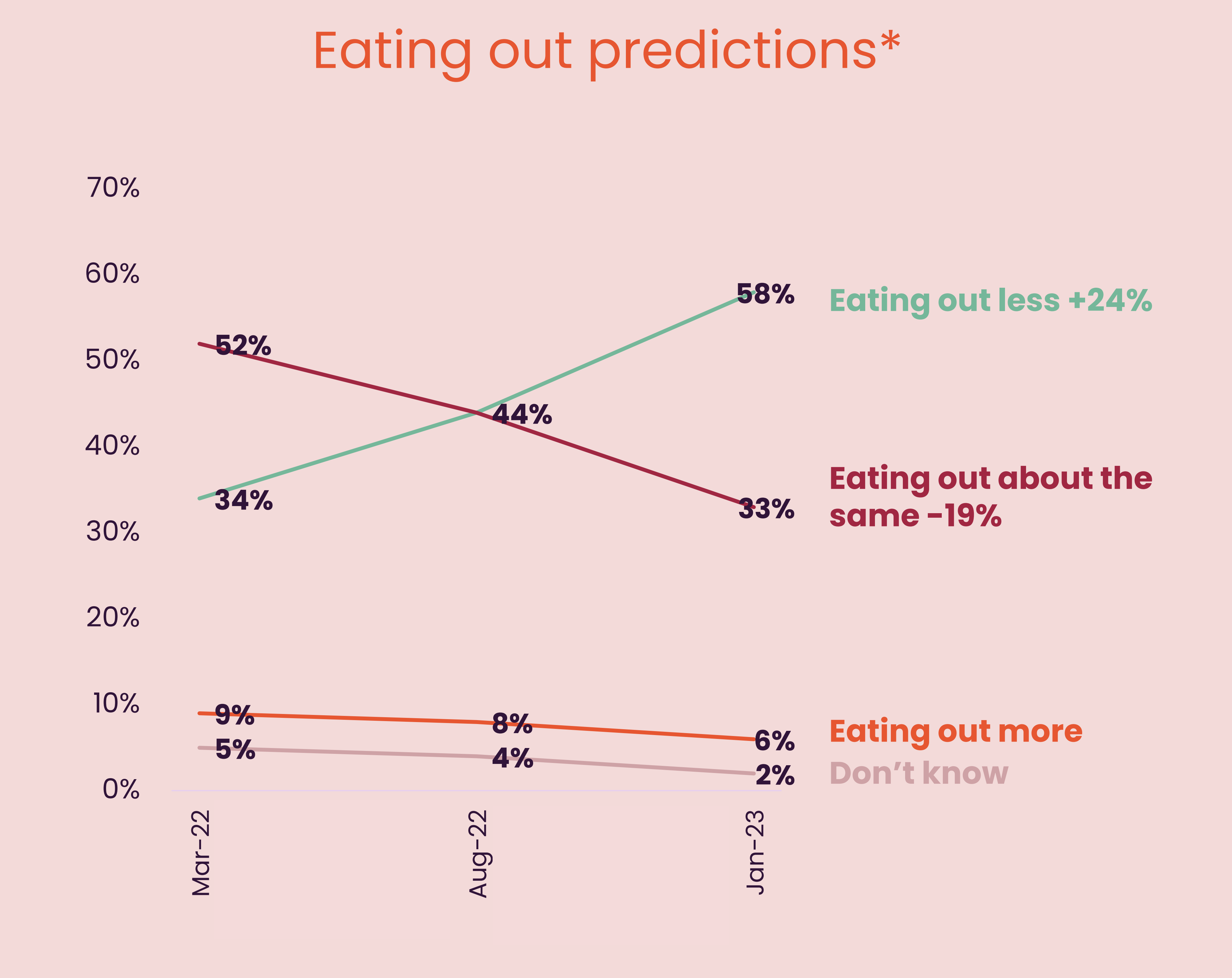
# Little to no change to the tactics used to reduce spend in Food & Drink




Base: 805, Q Which, if any, of the following have you done over the last 3 weeks when shopping for food & drink?

# Consumers are also thinking about eating out differently

# UK consumers are planning on going out to eat, less often over the next three months




Base: 736, Q How are you feeling about eating out at the moment or going out for a drink? Over the next 3 months do you feel you will be doing these more, less or about the same as you would typically do? Eating out *2023 re-based to exclude those who do not eat out normally

22 March 2023

# All age groups are eating out significantly less

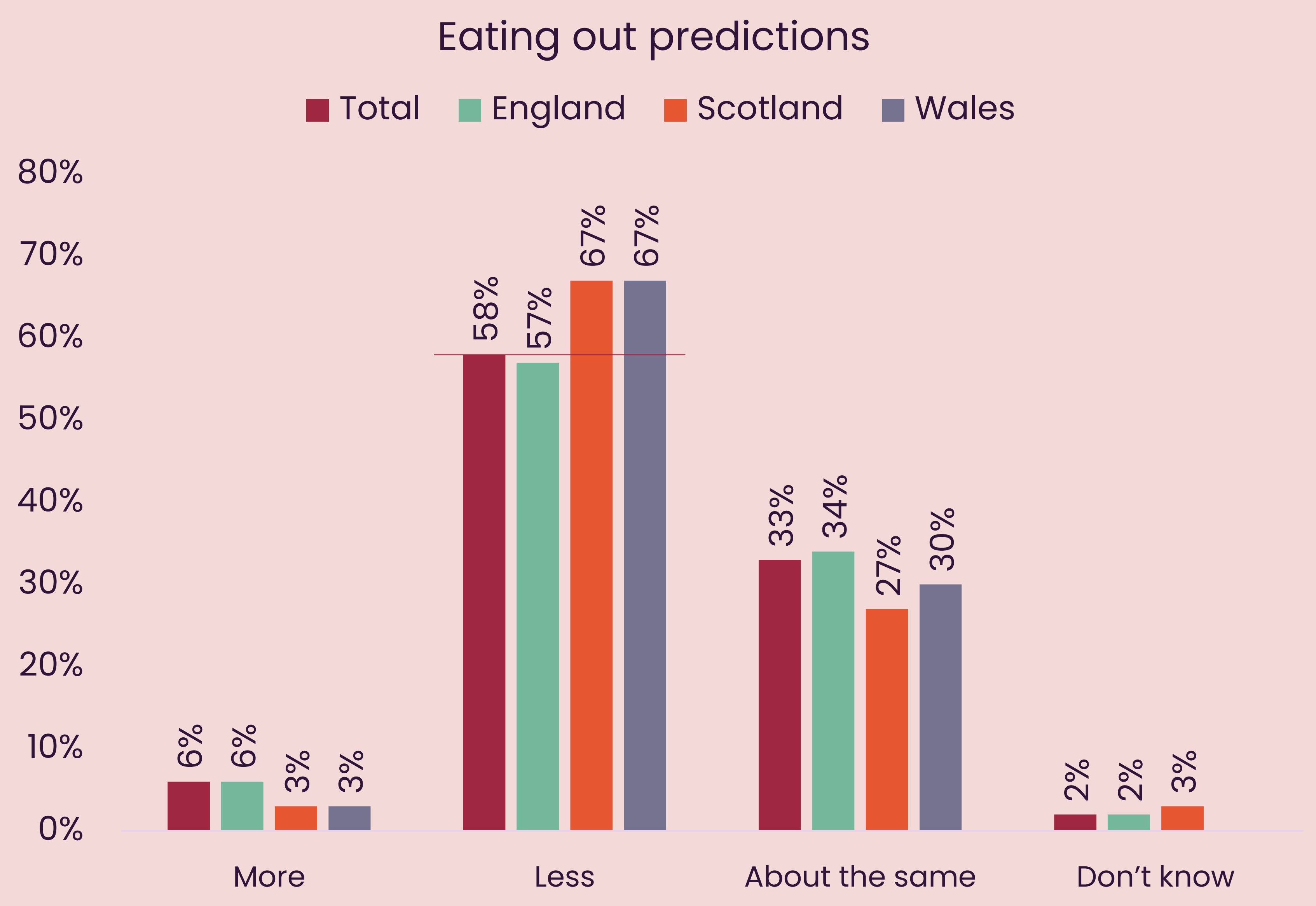
35–54-year-olds have made the greatest change to their frequency of eating out, same is true for drinks

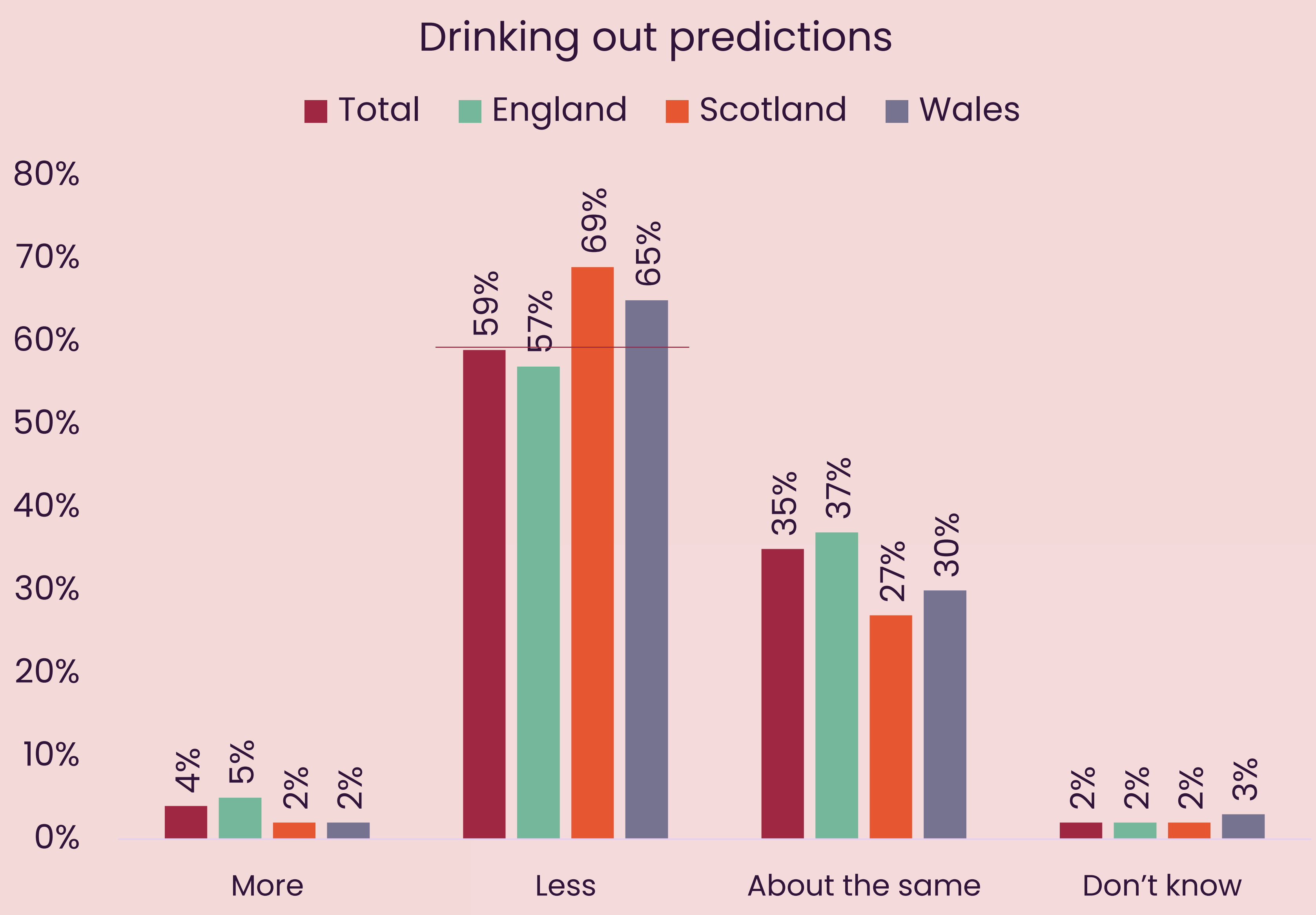
## Eating Out Less*, March 2022 to January 2023

| | January 2023 | March 2022 | % change |
|---|---|---|---|
| Total | 58% | 34% | **24%** |
| 18-34 | 50% | 30% | **20%** |
| 35-54 | 67% | 35% | **32%** |
| 55+ | 56% | 37% | **19%** |

Base: 736, Q How are you feeling about eating out at the moment or going out for a drink? Over the next 3 months do you feel you will be doing these more, less or about the same as you would typically do? Eating out *2023 re-based to exclude those who do not eat out normally

# Scottish and Welsh consumers are more likely to cut back on eating and drinking out, compared to the whole of the UK



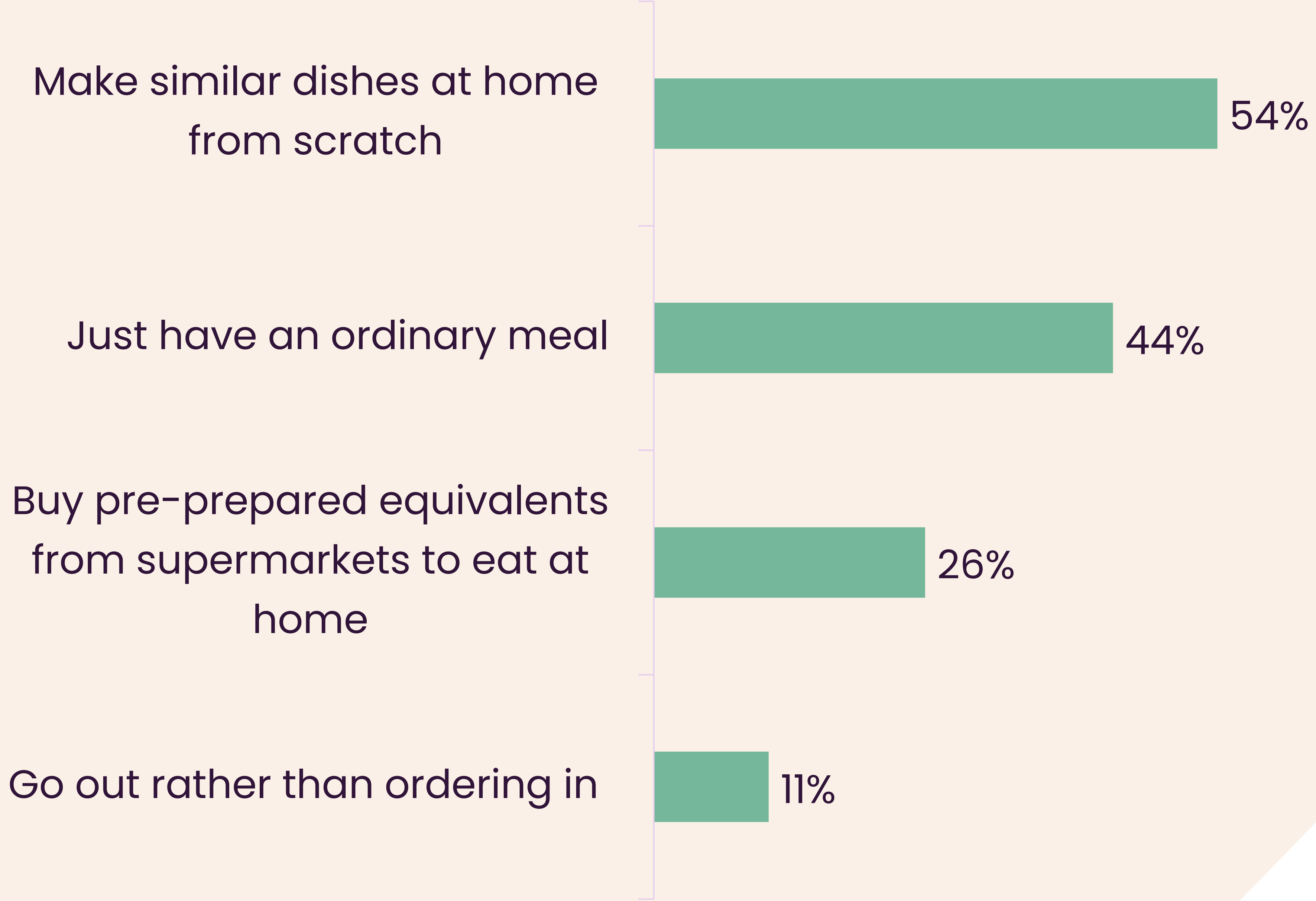

Base: Food: 736, Drink: 647, England: Food: 625, Drink: 549, Scotland: Food: 148, Drink: 130, Wales: Food: 123, Drink: 107, Q How are you feeling about eating out at the moment or going out for a drink? Over the next 3 months do you feel you will be doing these more, less or about the same as you would typically do? Eating out/ Going out for a drink/drinks

# Almost 40% of consumers said they will order takeaway less often over the next 6 months

37% England, 48% Scotland and 38% Wales

Base: 805, England: 686, Scotland: 158, Wales: 137, Q And now thinking about ordering food for takeaway or delivery. Which of the following best describes what you think you will do over the next 6 months?

# These shoppers will be consuming differently, presenting opportunity to capture their attention




Levercliff

Base: 307, Q In the previous question, you indicated that you expect to be ordering food for takeaway or delivery food for takeaway or delivery less often over the next 6 months, what do you think you will do instead?

22 March 2023

So, what role can product innovation and reformulation play when focus is so squarely on price and on offers?

Levercliff

Category Consultants to the Food & Drink Industry

# Despite the financial situation in the UK, consumers are still trying new products

Base: 805, Q Please could you think about a new food or drink product you tried for the first time recently. How did you first become aware of it? (E.g., how or where did you see or hear about it?)

**64% of consumers say they have tried a new food or drink product for the first time recently**

**56%**

**Agree that the types of new products food and drink companies introduce add value, variety or choice**

Base: 805, Q Please could you think about a new food or drink product you tried for the first time recently. How did you first become aware of it? (E.g., how or where did you see or hear about it?) Q Overall, what is your impression of the types of new products food and drink companies introduce?

22 March 2023

# The market is full of failures, so make sure you are offering something consumers want

# Consumers think healthier products should be the number one priority for food producers and this attitude is increasingly importance with age

45%

29%

14%

**Developing…**

**healthier products**

By Age:

| | |
|---|---|
| 18-34 | 38% |
| 35-54 | 42% |
| 55+ | 52% |

**environmentally friendly products**

By Age:

| | |
|---|---|
| 18-34 | 32% |
| 35-54 | 32% |
| 55+ | 25% |

**indulgent products**

By Age:

| | |
|---|---|
| 18-34 | 21% |
| 35-54 | 14% |
| 55+ | 8% |

Levercliff

Base: 805, Q When developing new food and drink products, what do you think food and drink companies should focus on?

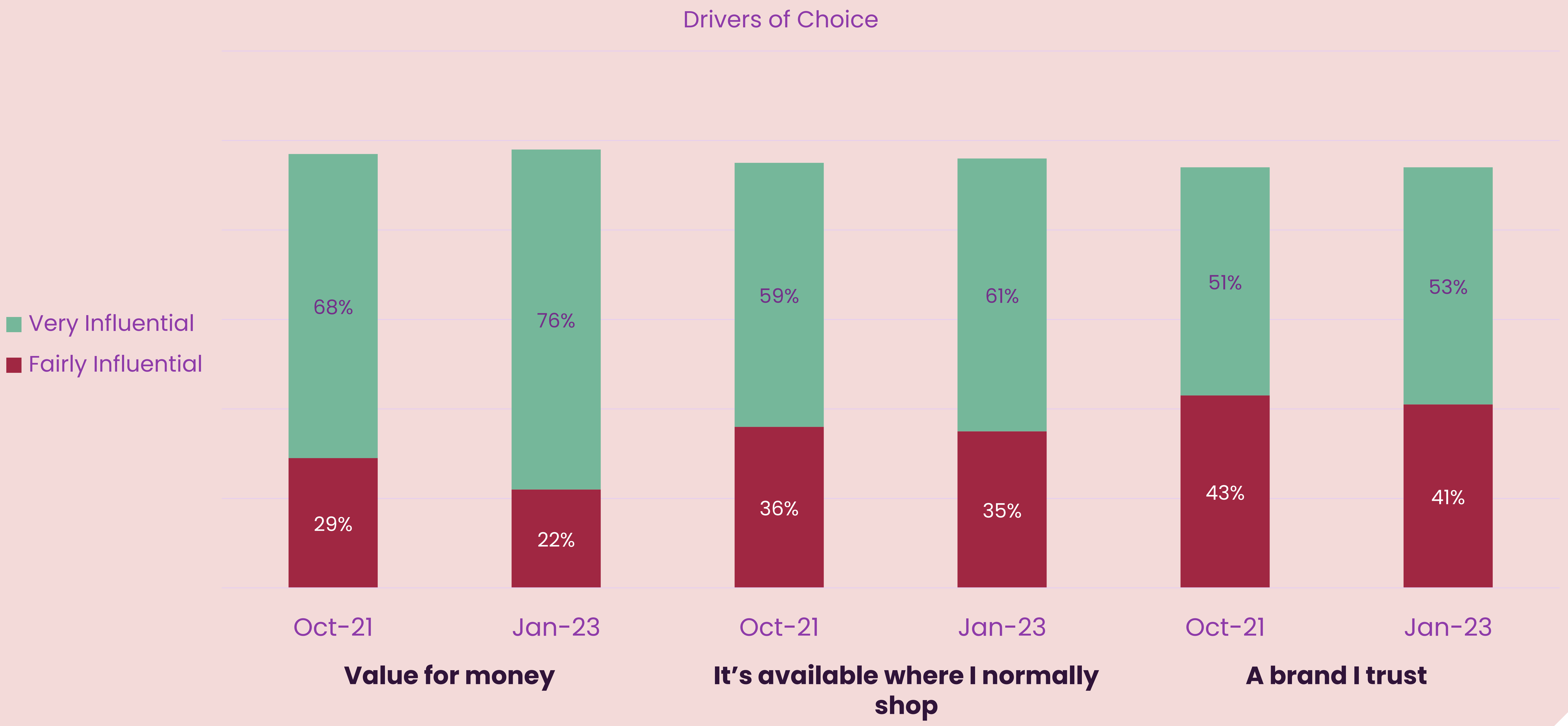
# What levers should I have in mind for new and relaunched products?

Levercliff

Category Consultants to the Food & Drink Industry

# The ‘Must-haves’ have gained in conviction

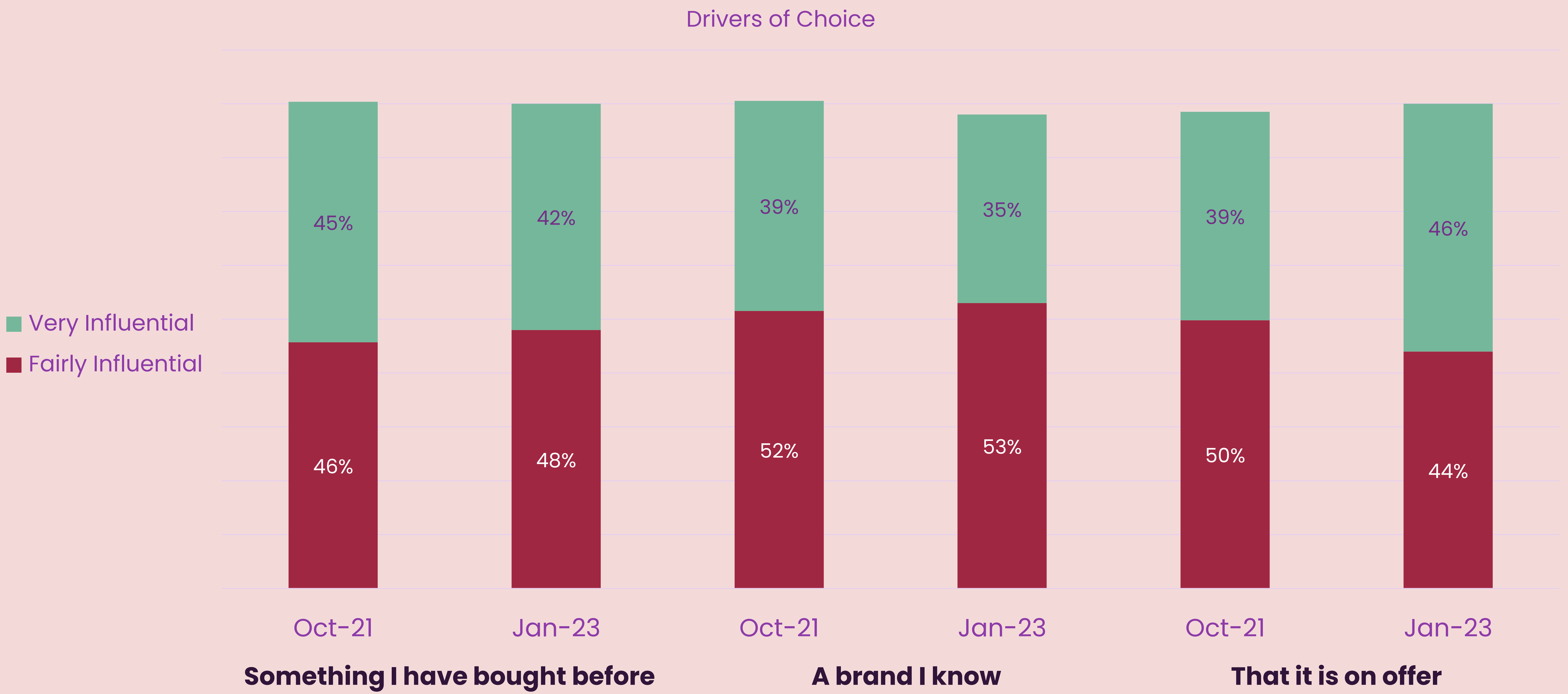
Trend is directionally consistent among all age groups but much weaker among the younger consumers




Base: 805, Q We would like you to think about when you are shopping for groceries (food & drink). How influential are the following factors to you in deciding which products or brands to buy?

# The 'Essentials' shift as inflation disrupts our habits

Familiarity and habit have become somewhat less influential in product choice, largely linked to the greater emphasis placed on offers directing consumer selection.

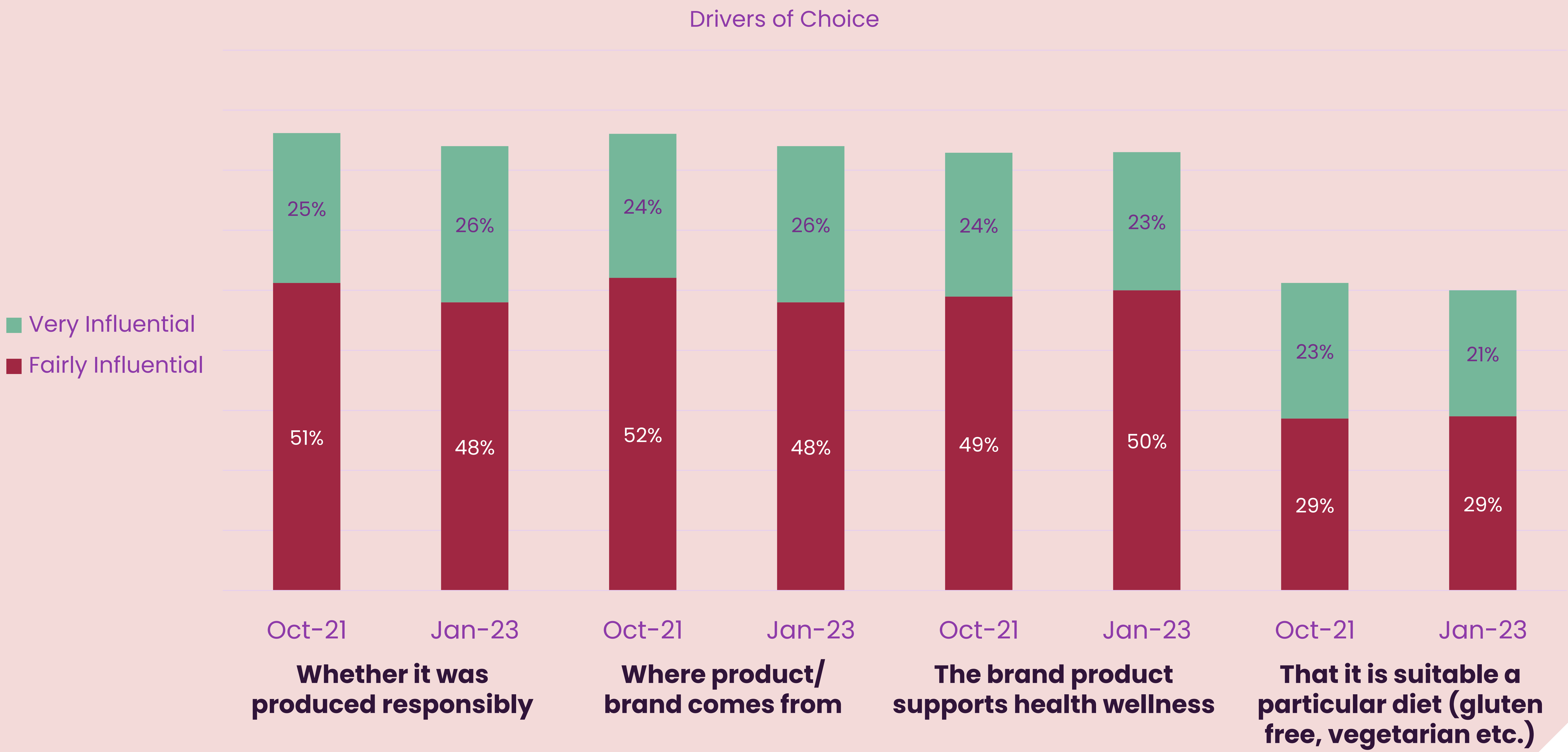



Levercliff

Base: 805, Q We would like you to think about when you are shopping for groceries (food & drink). How influential are the following factors to you in deciding which products or brands to buy?

# The 'Nice-to-haves' still resonate with some

More likely to be influential among the younger consumers




Levercliff

Base: 805, Q We would like you to think about when you are shopping for groceries (food & drink).
How influential are the following factors to you in deciding which products or brands to buy?

# What trends are driving Food & Drink innovation at the moment?

# Insight Led Innovation Drives Growth

**Without comprehensive insights on evolving shopper preferences, interests and priorities brands can do little more than guess what their consumers want**

Brands must leverage such insights to adapt and respond via product development.
– The Grocer, 2023

It is important to use an **"informed approach"** in what & how you innovate.

**Inspire & co-create a continuous flow of fresh ideas for brands**


DAWN FARMS
GREAT INGREDIENTS, GREAT FOOD.

# INNOVATION OPPORTUNITIES FOR 2023

| 1<br>Value Meets Indulgence | 2<br>Global Flavours | 3<br>Healthy Diets For A Healthier Planet |
|---|---|---|

**1 — Value Meets Indulgence**

- Nostalgia & Novelty
- Reframe The Trade Down
- Personalised Value

**2 — Global Flavours**

- Authentic Adventure
- Bold Fusion

**3 — Healthy Diets For A Healthier Planet**

- Animal Protein For Immune Health
- Meat & More
- Real N' Recognisable
- 100% Plant, 100% Indulgence

DAWN FARMS
GREAT INGREDIENTS, GREAT FOOD.

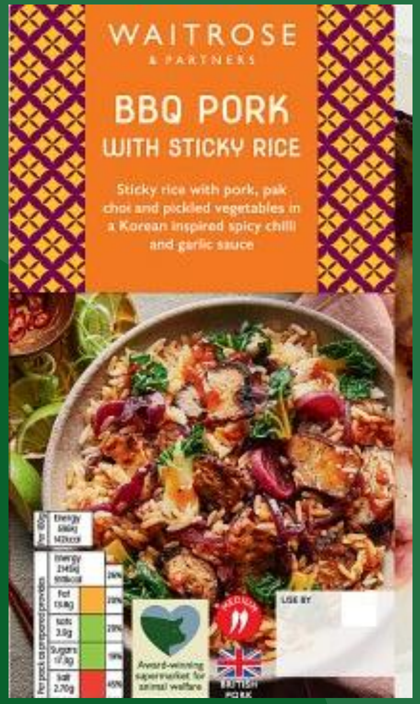
# OUT OF HOME VS AT HOME

As shoppers move away from pricier cafés to supermarket aisles, consumers want to see options that are available in hospitality
**- The Grocer, 2023**

Consumers are looking for affordable treats; Premium products that provide a sense of affordable indulgence at home, in work or on the go.
**- The Grocer, 2023**

Create accessible trade-up options to higher quality foods, through new flavours, authenticity & health available in QSR
**- Kantar, 2023**


**Pizza Express Meal Deal** for £12 Clubcard Price - Buy 2 Mains & 2 Sides Or Desserts




**Waitrose BBQ Pork with Sticky Rice** Skip the takeaway– heat these ready-prepared dishes for a quick, convenient and flavoursome feast.



**Pret** launch their first competitive Meal Deal to provide more value to the consumer


Shoppers can now level up their lunch, picking from 33 Premium Mains from Tesco Finest, Wicked Kitchen, plus well-known brands Itsu, Yo! Sushi and Pollen + Grace.

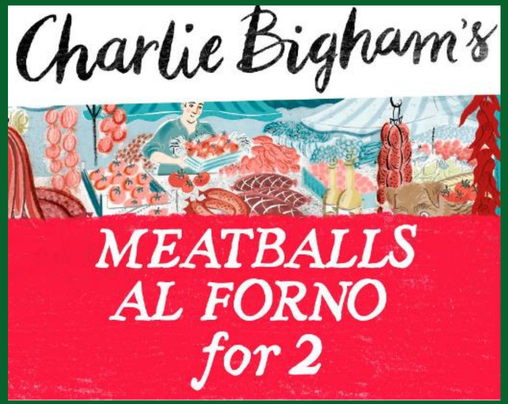
# INNOVATION IN THE MARKET



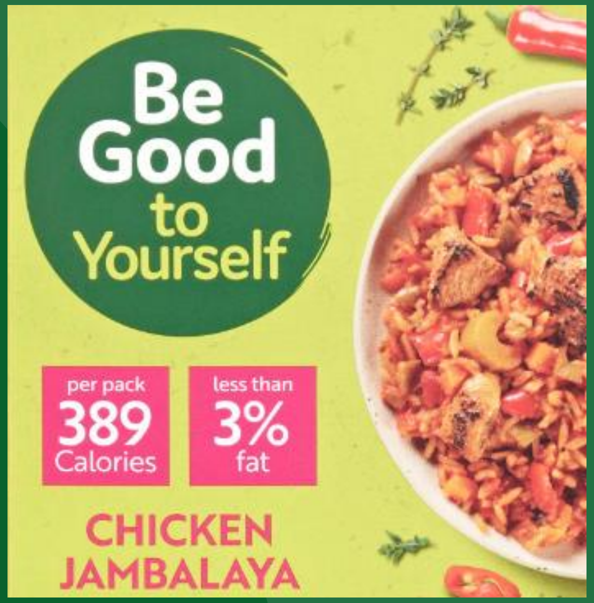












# INSIGHT LED ACTIVITIES

TRENDCATCHER™ BY DAWN FARMS

DAWN FARMS TOP NINE



PLANT DELI BY DAWN FARMS



**For further insights, contact Joseph Roche** jroche@dawnfarms.ie

DAWN FARMS
GREAT INGREDIENTS, GREAT FOOD.

# Wrap up

# Takeouts for Producers

- Cost of Living crisis is forcing consumers to shift their habits and explore more. This presents an opportunity for innovation and introducing unfamiliar brands to new consumers.

- Concern for financial security is relative, and even better-off consumers show concern for the future. This means that most consumers are responding to what they see and hear so much about – ways to reduce their food bill, irrespective of the share it has on their disposable income. No brand, regardless of the shopper profile is safe from downtrading.

- While price and offers are increasingly important, consumers are still ‘directed’ by critical enablers such as availability and trust, although trust may not necessarily mean previous trial – reputation, recommendation and word of mouth can also help to build a positive pre-trial impression.

- With increasing focus on overall food & drink expenditure, manufacturers have an opportunity to innovate solutions that offer value or bring OOH / take-away style experiences into retail.

# Thank You

## To get in touch just email

kai.virtanen@levercliff.co.uk / jroche@dawnfarms.ie

For a copy of the report go to:
bit.ly/LevercliffFDF

OR

Scan me

Levercliff

Category Consultants to the Food & Drink Industry