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putting consumers first

National Consumer Agency

Market Research Findings:

Shopping and Pricing

March 2012

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1 Introduction and Methodology

In November 2011 Amárach Research continued the programme of consumer research conducted on behalf of the National Consumer Agency, the purpose being to monitor, analyse and record patterns of consumer behaviour and experiences in Ireland.

A key feature of how this market research is used, involves the comparison of data collected in previous iterations (see Table 1 below) with the current consumer landscape. This comparison provides a valuable time-series.

Table 1 Previous Waves of Market Research

Survey	Conducted
Benchmark	November/December 2007
Wave 1	August 2008
Wave 2	November/December 2008
Wave 3	May/June 2009
Wave 4	November/December 2009
Wave 5	June 2010
Wave 6	November/December 2010
Wave 7	May/June 2011

The latest research, consistent with previous surveys, was conducted by means of face-to-face interviewing with 1,000 people between the ages of 15 to 74. To ensure that the data is nationally representative, quotas were applied on the basis of age, gender, social class and region. Interviews were conducted over a four-week period in November 2011.

The Agency's programme of market research explores a wide range of consumer behaviour and experiences in Ireland and the current wave includes:

- The level of consumer empowerment and awareness of consumer rights

- Consumer behaviour in relation to shopping and pricing
- Household budgeting and financial planning
- Trends in switching goods/service providers and
- Consumer experiences with customer service

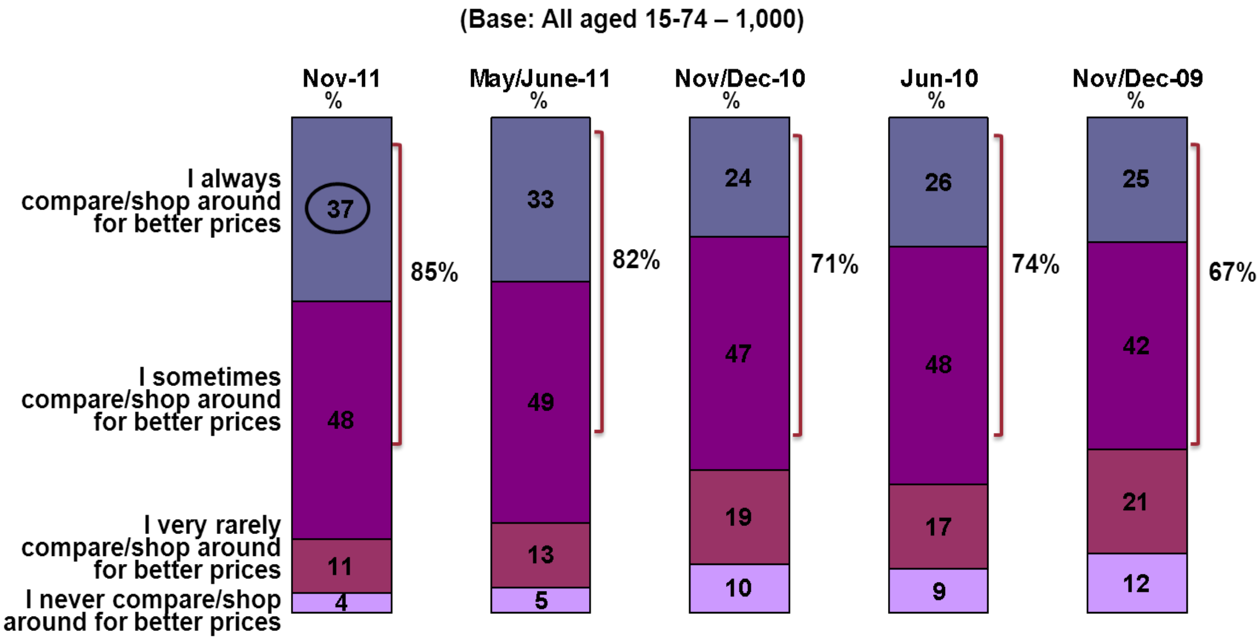
The findings of the market research are reported through a number releases. This report details the findings relating to Irish consumers' experiences and attitudes with regard to overall Shopping and Pricing (Section 2) as well as questions which specifically relate to Grocery Shopping (Section 3).

PowerPoint versions of the slides in this report, in addition to details of all of the Agency's research activities, are available at http://www.nca.ie/eng/Research_Zone/Reports/.

2 General Shopping and Pricing

The propensity of consumers to shop around when purchasing goods or services is depicted in Figure 1, which presents the latest data and comparable results from four preceding iterations of market research. The number of consumers shopping around for better prices now stands at 85%, the highest level seen to date. The number of consumers who rarely shop around or never compare prices has decreased from 18% to 15% since the previous wave, (May/June 2011) and decreased by half (29% to 15%) in the past year.

Figure 1 Shopping Around



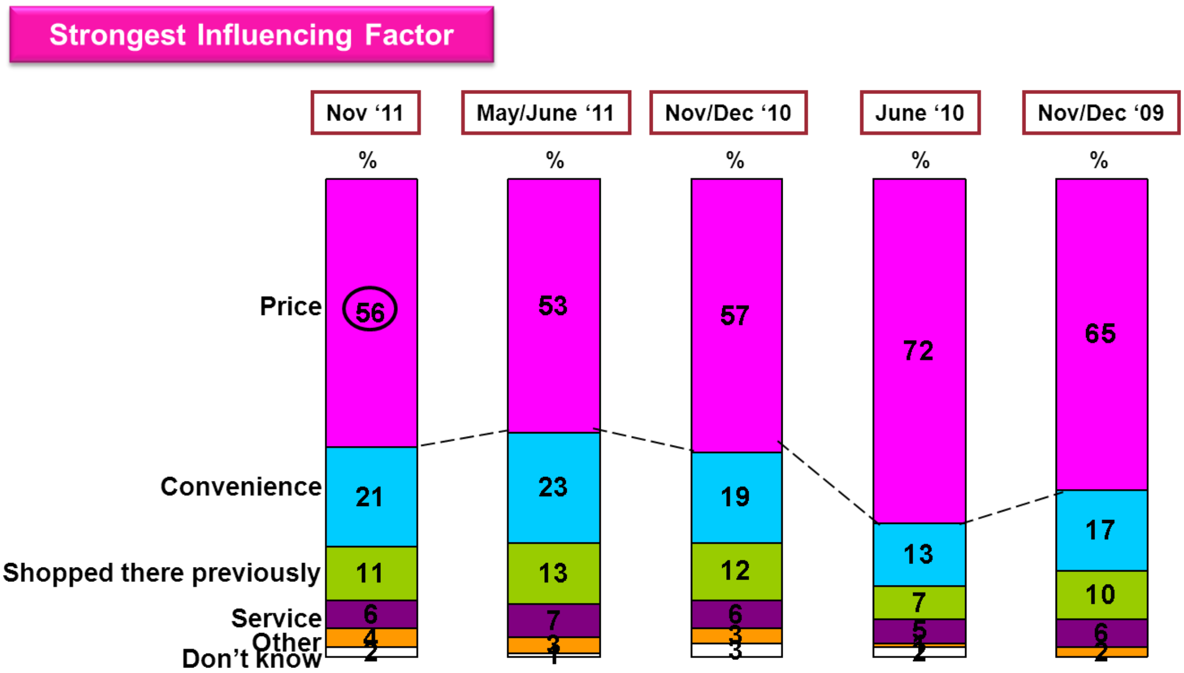
Price has been the most influencing factor in determining where to shop since the beginning of the research series. As seen in Figure 2, price has increased by 3%[1] from the last wave to stand at 56%.

[1] The percentage changes mentioned in this report refer to an increase or decease in percentage points.

Convenience is clearly the second most important factor with 1 in 5 (21%) choosing where to shop based on this. Having shopped there previously is the main deciding factor for 1 in 10 (11%) consumers.

Figure 2 Key Influencing Factors in Determining Where to Shop

(Base: All Aged 15-74 – 1,000)



As shown in Figure 3, nearly 4 in 5 (78%) consumers state that they are aware of the price of everyday goods, an increase of 7% since the previous iteration of research[2]. When considering those responsible for the main grocery shop, over 9 in 10 (93%) are aware of the prices of everyday goods, a substantial increase of 19% over the past year. The number stating that they are unaware of everyday prices has fallen to 7%, a decrease of 19% since the November/December iteration of research when 26% stated to be unaware.

[2] Figures in brackets in the diagrams refer to the previous most recent wave of research conducted in May/June 2011 and this is the case throughout the report.

Figure 3 Overall Awareness of the Price of Everyday Goods

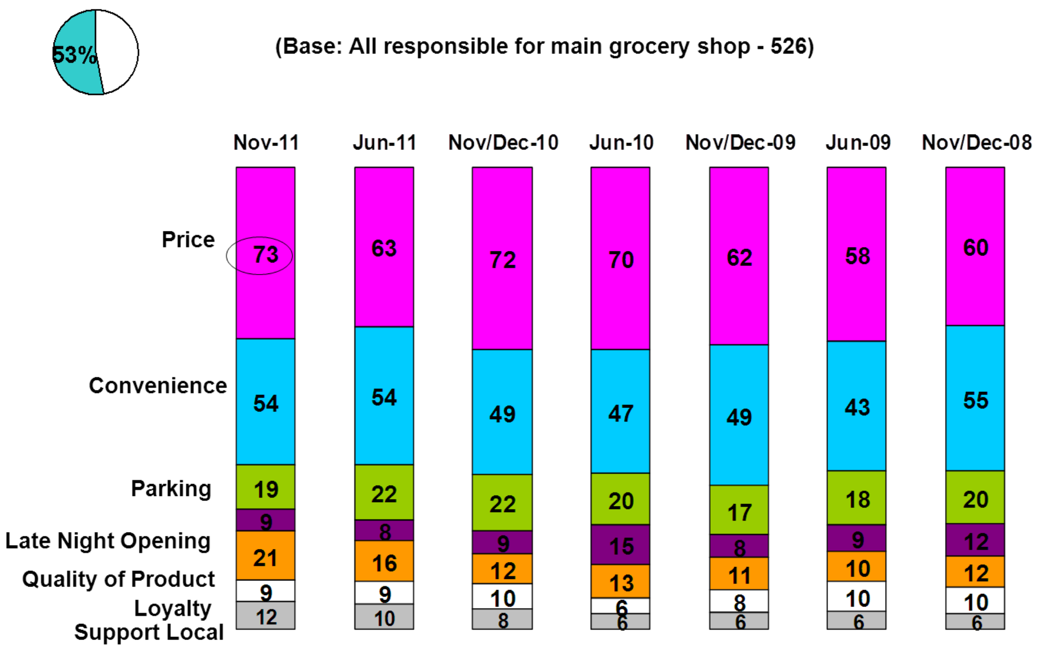
(Base: All aged 15-74 – 1,000)

3 Grocery Shopping

As grocery shopping accounts for a regular and, in many cases a large, portion of household spending the following section examines in greater detail, consumer behaviours and experiences in this sector. In this iteration of market research, particular emphasis has been placed on consumers' shopping behaviour with regard to own branded products.

Figure 4 depicts the main reasons for choosing where to shop for groceries as indicated by those responsible for the main grocery shop. Price has reached a record level of nearly 3 in 4 (73%) up 10% since the last wave of market research and back to levels witnessed in November/December 2010. Convenience also remains prominent as it is cited by over half of those responsible for the main grocery shop (54%). Quality of the product has jumped by 5%, since the previous asking and is now cited as a key reason by 21% of main grocery shoppers.

Figure 4 Main Reasons for Choice of Main Grocery Shop



As shown in Figure 5, in relation to special offers, those that are responsible for the main grocery shop are more likely to visit their usual store and pick up special offers (65%) however the number of consumers selecting a particular store for grocery shopping based on the special offers advertised, has increased by 3% to 31%.

Figure 5 Special Offer Seekers

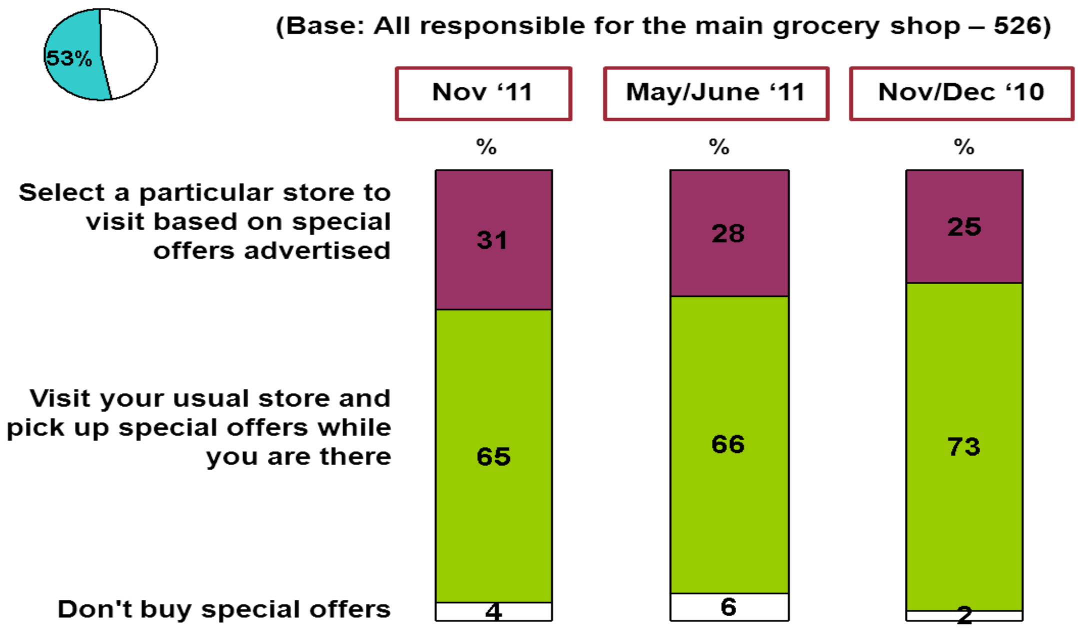
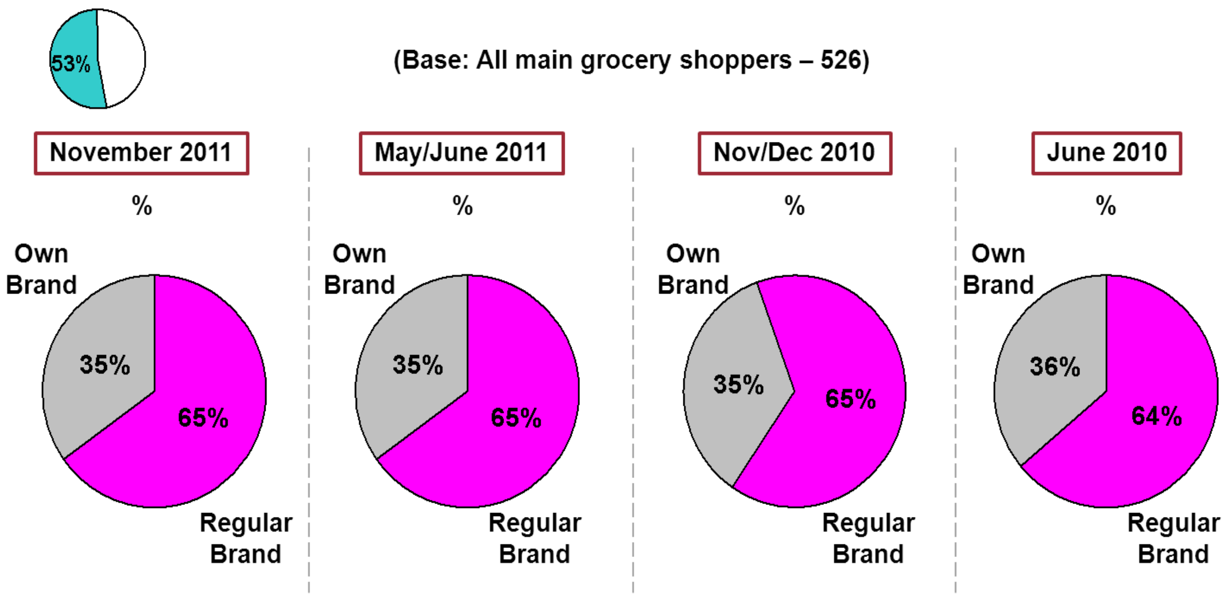


Figure 6 examines the breakdown of an average weekly shop in terms of branded and own brand products, with own brand products consistently now accounting for 35% of the grocery basket.

From data not shown, regular brand goods accounting for 65% of an average basket are most likely to be purchased by those who are not aware of the price of everyday goods (74%), males (69%) and consumers working full-time (68%).

Figure 6 Own Brand Versus Regular Brand



Figures 7 and 8 show consumers' preference, amongst those responsible for the main grocery shop, for regular brand or own branded goods across a range of products.

Consumers prefer to buy regular brand products in relation to beer (89%), tea or coffee (84%) and baby products (82%). There has been an 11% increase since the previous wave of research in those buying regular branded soft drinks (73%) as opposed to own brand.

For own brand products, consumers are more likely to buy toilet tissue or kitchen towels (76%), household cleaning products (67%) and milk (58%). There has been an increase of 5% in those choosing own brand bread now at 29%.

Figure 7 Own Brand versus Regular Brand Preference - I

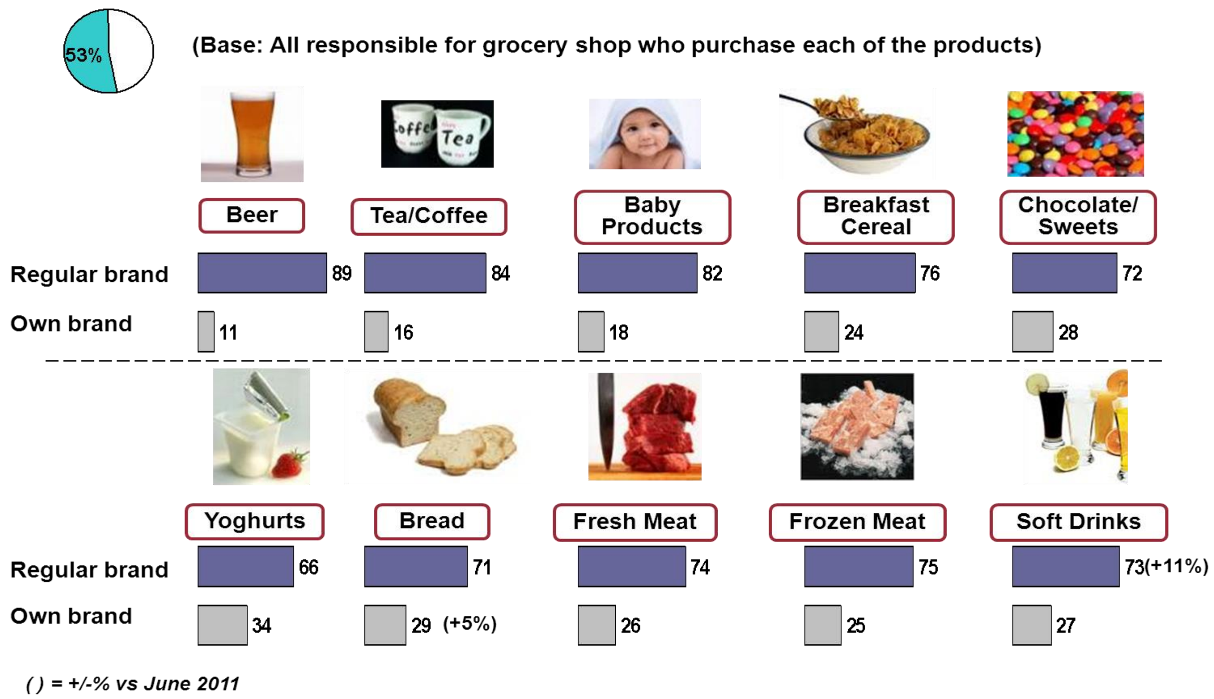


Figure 8 Own Brand versus Regular Brand Preference - II

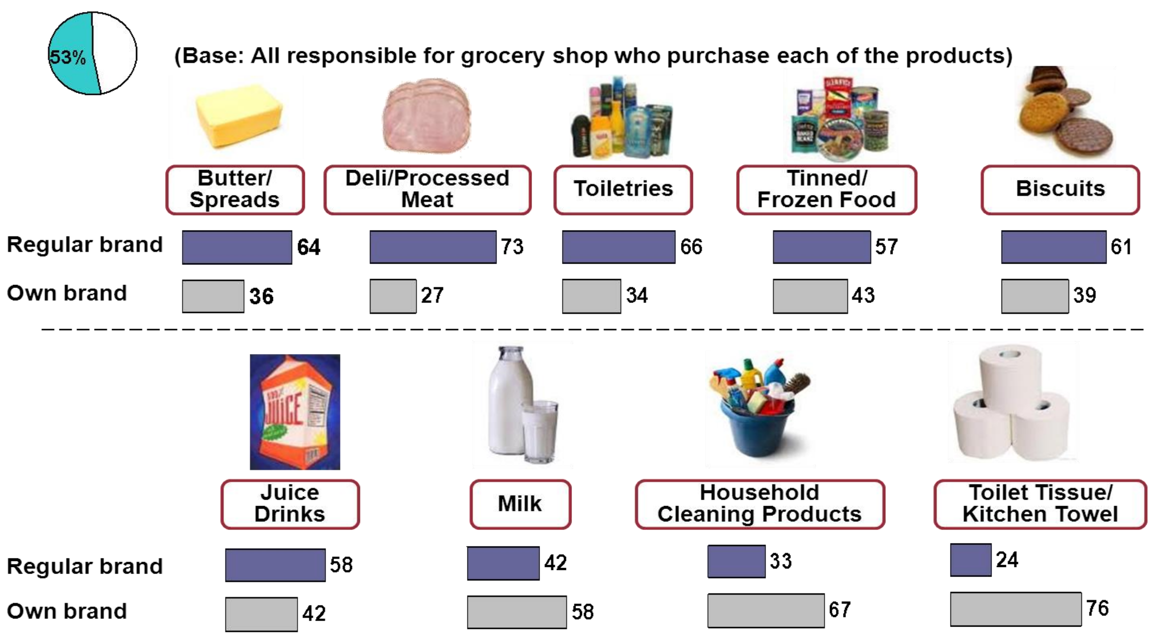
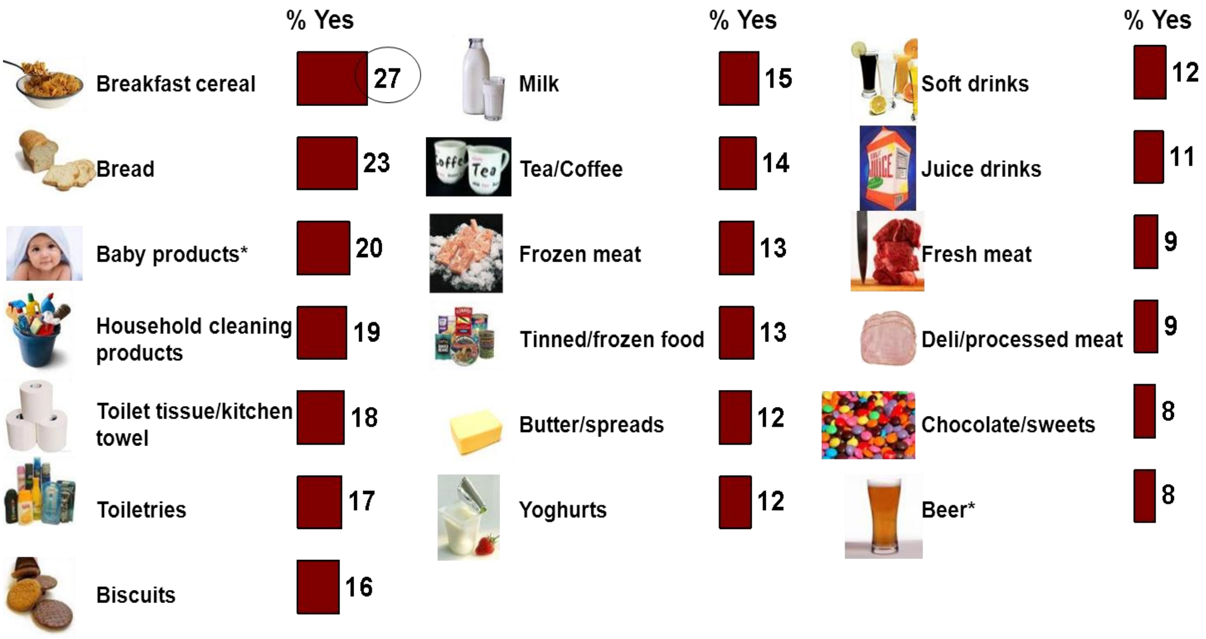


Figure 9, shows the percentage that have switched to the own brand products within the past 12 months within each category. This is a new question to this series of market research.

Of those who purchase own brand products breakfast cereals (27%) and bread (23%) recorded the highest percentage for those who switched to own brand within the past 12 months in a product category. The next product categories reporting highest proportions for those who switched to own brand in the past 12 months include baby products (20%), household cleaning products (19%) and toilet tissue or kitchen towel (18%).

Figure 9 Switched to Own Brand Products within the Past Year

(Base: All who purchase own branded products)



** Caution small base size*

Figure 10 shows that of those who purchase own brand products, 3 in 4 (74%) do so in their existing supermarket, 1 in 10 have switched supermarket in order to purchase own brand products, with the remaining 16% shopping in their own supermarket and also in a different store in order to buy own brand goods.

Figure 10 Where Own Branded Products are Purchased

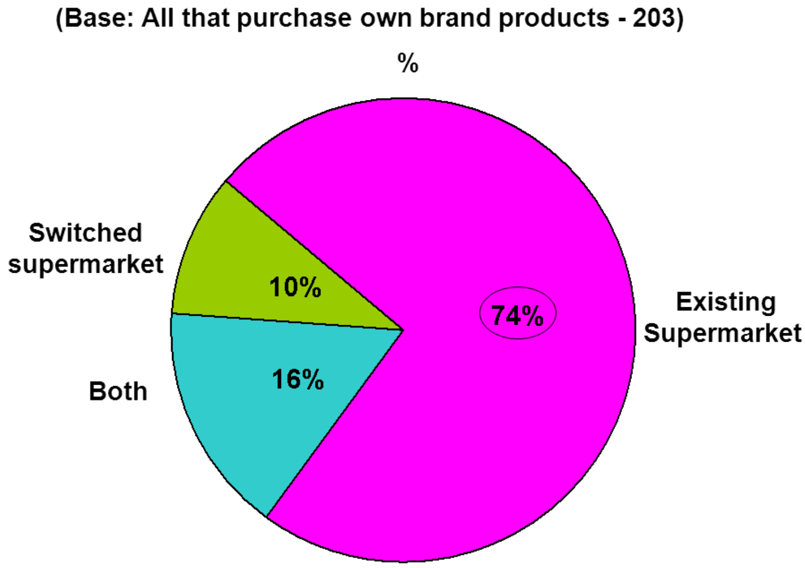


Figure 11 shows the key influencing factors when purchasing own brand products using volumetric analysis[3]. Quality was the primary influencing factor when purchasing own brand products for those responsible for the main grocery shop (38%). This is consistent with the figures recorded in the previous round of market research. Price is also a large influencing factor as cited by 34%, whilst past experience proves to be the most important factor for nearly a fifth (18%).

[3] Volumetric Analysis is where the most influencing factors are ranked, in this case the top three, and a score is applied according to the ranking, the level of importance is then determined by these scores. It is a standard research approach applied to ranking importance of factors.

Figure 11 Influencing Factors when Purchasing Own Brand Products

Figure 12 shows changes in consumers' perceptions towards own brand products in recent years. Over a fifth (22%) feel the quality has improved or is better than originally thought. 17% of consumers state own brand products are just as good as branded with 10% citing that own brand products offer better value for money. Other changes in perception, as stated by a smaller number include that own branded products have improved or there is now a wider variety to choose from. 21% of consumers stated that there has been no change in their perception of own brand products.

Figure 12 Change in Perception Towards Own Branded Products in Recent Years

4 Key Points

In November 2011 the National Consumer Agency continued its programme of consumer research with a view to monitoring, analysing and recording patterns of consumer behaviour and experiences in Ireland. The research, consistent with previous surveys, was conducted by means of face-to-face interviewing with a nationally representative sample of 1,000 people between the ages of 15 to 74. This report presented the results relating to Irish consumers' experience and attitudes with regard to shopping and pricing.

- Over 4 in 5 (85% up 3%) compare/shop around for better prices. Consumers who rarely shop around or never compare prices has decreased by half (29% to 15%) between late 2010 and 2011.
- Price remains the leading influencing factor in determining where to shop at 56% (↑3%) with convenience the second at 21% (↓2%).
- Consumers claiming awareness of the price of everyday goods has increased from 71% to 78%. Amongst those responsible for the main grocery shop, 93% claim awareness of the price of everyday goods, an all-time high.

Specifically in relation to grocery shopping:

- Price remains the number one determining factor in deciding where to carry out the main grocery shop, increasing by 10% points to 73%, a record high. Convenience is the second most important factor, remaining unchanged at 54%.
- Own brand products now consistently account for 35% of an average grocery basket.
- When buying own brand products, 2 in 5 (38%) main grocery shoppers are primarily concerned with the quality of the product. Price is also a large influencing consideration as cited by 34%.
- Changes in consumers' perception towards own brand products in recent years include: the quality has improved or is better than they thought (22%), own brand products are just as good as branded products (17%), offer better value for money (10%).