



Welcome to ShopperWatch, a partnership between Checkout and Behaviour & Attitudes (B&A). Every month, ShopperWatch tracks shopper opinions on retailer advertising, new product launches, and retailer and brand promotions. This month's edition examines how much consumers are spending on their weekly grocery shop and how it has evolved over the last decade.



The first aspect of the *ShopperWatch* feature asks over 500 shoppers for their opinions on what's hot on the shelves and on the screens each month.

TOP TV FOOD AND DRINK ADVERTS	TOP NEW PRODUCTS/ PACKAGING	TOP PROMOTIONS OR OFFERS
<ol style="list-style-type: none"> 1. Aldi: Easter Favourite Things 2. Budweiser: Conor McGregor 3. McDonnells Curry Sauce: India 4. Lucozade Energy: Find Your Flow 5. Brady Ham: The Ham Other Hams Want To Be 	<ol style="list-style-type: none"> 1. Coconut Water: Various Brands 2. McDonnells: Indian Curry Sauce 3. Cadbury: Resealable Packaging 4. Keogh's Crisps: Six-Pack 5. Chicken In Roasting Bag: Various Brands 	<ol style="list-style-type: none"> 1. Easter-Egg Deals: Various Brands/Stores 2. Coca-Cola/7Up: €7 For 18 Cans 3. Aldi: Super 6 4. Kenco Coffee: Half Price 5. Aldi: €10-Off-€50 Voucher

*Results based on 519 online interviews with adults aged 16+, quota-controlled in terms of gender, age, socio-economic status, region and grocery shopper. Fieldwork was conducted via B&A's Acumen Panel from 24 March to 4 April 2016. ShopperWatch questions are spontaneous in nature, with open-response questions.

Aldi Campaigns Are Consumers' 'Favourite Things'

There's no doubt that the marketing team at Aldi deserves a solid pat on the back. We here at Checkout have lost count of the amount of times they've come out on top in the Top TV Food and Drink Adverts category in our monthly ShopperWatch report. This month saw its 'Easter Favourite Things' campaign take the top spot therein. Despite being banned by RTE for supposedly promoting alcohol to younger people, UFC featherweight champion Conor McGregor's Budweiser ad takes second place, ahead of McDonnells' quirky Indian Curry Sauce ad, featuring another Conor, this time Conor McKenna, of renowned comedy-sketch trio Foil, Arms and Hog. Lucozade Energy's 'Find Your Flow' and Brady's 'The Ham Other Hams Want To Be' round off the top five campaigns. There has been a proliferation of coconut-water launches, with several companies/brands looking to take advantage of the latest

trend, and it seems as if the wider public is now taking notice, as the range of coconut-water brands is listed as the top new product/packaging. Comedian Conor McKenna's ads are clearly working for McDonnells, as its Indian Curry Sauce takes second place. Cadbury's resealable packaging, Keogh's Crisps' six-pack, and the various roast-in-bag chicken brands are also garnering plenty of attention of late. With Easter just out of the way, it is no surprise that the various deals on Easter eggs over the past number of weeks are considered the top promotion/offer in this month's report. Here, too, Aldi is getting noticed, with its Super 6 offers and €10-off-€50 voucher taking third and fifth place in the table, respectively. Coca-Cola/7Up's 18 cans for €7 and half-price Kenco Coffee complete the leaderboard.



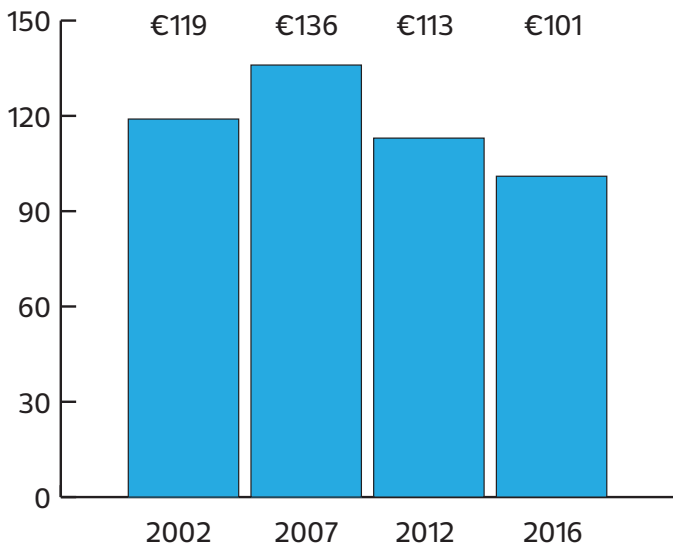
Measuring Changing Grocery Spend

This month's ShopperWatch examines the ever-changing grocery spend of shoppers and how they themselves believe they are acting when it comes to their weekly grocery shop.

Despite rising consumer sentiment, there is no doubt that consumers have become increasingly price-sensitive over the last number of years. This trend shows no sign of letting up, as evidenced by the efforts of the mainstream multiples to counter the price-led campaigns of the discounters. Dunnes Stores' continuing Shop & Save deal, now 18 months old, has proven a real game-changer for the brand.

It comes as no surprise, therefore, that this month's *ShopperWatch* indicates that consumers are spending much less on groceries on a weekly basis than they have since the introduction of the euro.

LONG-TERM TREND: WEEKLY GROCERY SPEND [N:519]

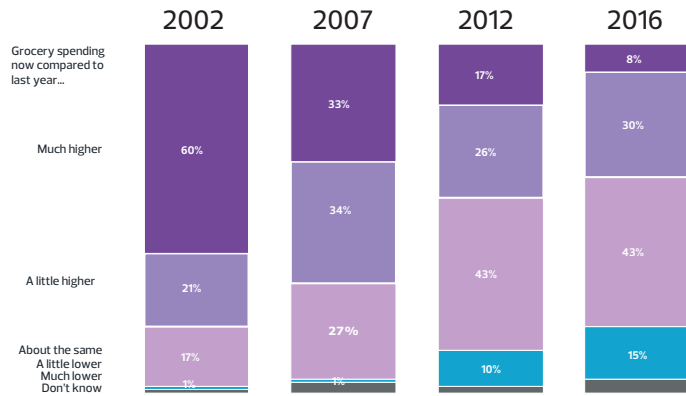


As this graph shows us, the average weekly grocery spend decreased by 15% between 2002 and 2016. However, if we were to compare average weekly spend between 2007 – arguably, the year in which the downturn started – and 2016, the contrast is far starker.

In 2007, consumers were spending an average of €136 a week on their groceries, with this figure falling dramatically over the past nine years to now stand at €101. This represents a huge 26% drop in spending – the biggest indicator that grocery spend is being far more tightly monitored nowadays than it had been in the past.

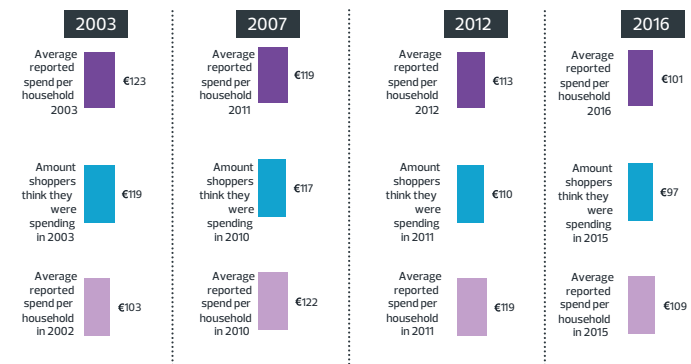
Despite those worrying drops in spending, it is not all doom and gloom. The slowdown in spending is beginning to level out. Between 2007 and 2012, there was a decrease in spend of 17% (€136, down to €113), but between 2012 and this year, the decrease has only been 11% (€113, down to €101).

WEEKLY GROCERY-SPENDING MOMENTUM; INSTABILITY IS EVIDENT [N:519]



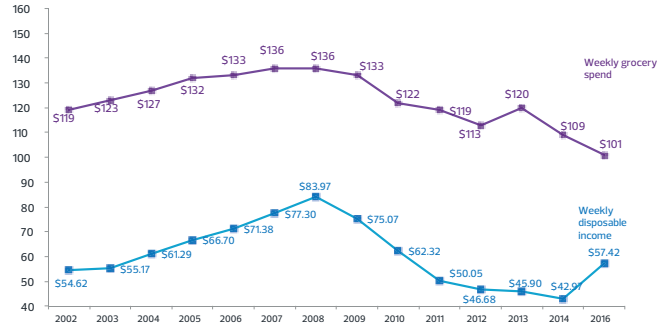
As this graph reveals, Irish shoppers are clearly aware that their spend has dropped over time. In 2002, 60% of consumers felt that their weekly grocery spend was much higher than in 2001, with a further 21% believing that it was a little higher, and 17% believing it to be about the same. This was reflective of a marketplace that was booming with what we now remember as the Celtic Tiger. Fast-forward to 2016, and consumer attitudes are markedly different. Only 8% of consumers feel that they are spending much more this year, compared to 2015. Some 30% feel that their weekly grocery spend is a little higher, while 43% feel that it is about the same. Most notably, however, are the figures for those who feel that they are now spending less. Some 15% of shoppers feel that they are spending a little less than in 2015. This compares to the 10% who felt that they were spending a little less in 2012 (compared to 2011), and just 1% in 2007 and 2002 (compared to 2006 and 2001, respectively). In addition, the number of consumers who believe that they are spending much less has doubled since 2012.

PRICE INCREASES: ASSUMPTIONS VS REALITY [N:519]



On average, those who believe that they are spending more on their groceries this year than they were in 2015 estimate that they are spending about 4% more. However, looking back to what they actually told us they were spending in 2015, we can see that consumers are in fact spending 8% less on a year-to-year basis, indicating that there is a 12% gap between what they consider their spending difference to be, and what is actually the case. It is interesting to note that it appears that consumers are becoming increasingly less sure just how much they are spending in comparison with the years before. The difference between assumed spend and actual spend in 2007, compared to 2006, stood at 9%, the difference between assumed spend and actual spend in 2012 was 10%, and the difference between assumed spend and actual spend in 2016 stood at 12%.

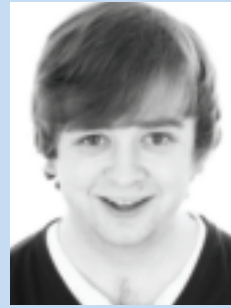
WEEKLY GROCERY SPEND VS WEEKLY DISPOSABLE INCOME [N: 519]



It is interesting to note the change in pattern in this graph in recent years. While increasing weekly grocery spend was consistent with rising disposable income between 2002 and 2012, in the last four years, consumers have bucked the trend.

The year 2013 saw the biggest anomaly, when, for the only time since 2002, grocery spend increased from €113 to €120, despite a fall in disposable income from €46.68 to €45.90.

Since 2012, however, there has been a huge drop-off in grocery spend, as discounters begin to gain a stranglehold on the market. This is most evident in the past two years, where we have seen a rise in weekly disposable income from the €42.97 recorded in 2014 to €57.40 in 2016. Despite this, weekly grocery spend has fallen by 7% (€109 to €101). This indicates that despite growing consumer sentiment and an improvement in disposable income, consumers are still wary about spending their cash and are instead remaining on tight budgets. For the moment, at least, it is a trend that is evidently here to stay.



No End In Sight For Grocery Wars

BY NIALL SWAN
SENIOR REPORTER, CHECKOUT

Despite several surveys by the likes of Kantar Worldpanel in recent months, pointing towards a rise in consumer sentiment and a rise in consumers' disposable income, it is plain-as-day evident from this latest *Shopper Watch* survey that shoppers are still wary about loosening the purse strings in the wake of the recession, as weekly grocery spend continues to fall.

Of course, there are several possible reasons for the decline in weekly grocery spend. The emphasis put on vouchering by Dunnes Stores in recent years has seen other retailers follow suit with their own discounting programmes, which will naturally have an effect on the average spend. Also, the proliferation of discounters around the country, and most notably in Dublin (there will soon be three Lidl stores within a two-kilometre radius in the Dun Laoghaire area), has led to both Aldi and Lidl gaining an increasing slice of the market, with both holding a combined market share of 17% for the 12-week period ending 27 March.

With Aldi continuing to outperform all of its competitors when it comes to marketing campaigns – as evidenced on page 69, the discounter has topped the rankings in terms of most-noticeable ads countless times in recent months – there doesn't seem to be any sign of a slowdown in the rise of the discounters. As such, while average weekly spend isn't likely to fall as dramatically as it has in the recent past, we wouldn't be surprised to see it fall below the €100-a-week mark.



Shoppers Saving Before They Even Enter The Store

BY LUKE REAPER, MANAGING DIRECTOR, BEHAVIOUR & ATTITUDES

Consumer confidence may well be on the rise, but shoppers have not yet responded with increased grocery spend. The value for money on offer from Ireland's grocery stores means weekly spend is down significantly since it peaked almost a decade ago now.

A key factor underpinning this drop in spend is the regular availability of '€10 off €50' spend in most of the top five grocery stores. This means that shoppers can save 20% off their shop even before they avail of any special offers.

In addition to the money off vouchers, special offers have moved beyond treats and indulgences. Many offers these days involve staples, basic food items such as meat, fruit and vegetables. Regular readers will know that Aldi's 'Super 6' is a prominent monthly feature in the *Shopperwatch* best offers review. The other stores have largely responded in kind, albeit not as well-branded.

It's no wonder shoppers are spending less year on year; whether or not there's an end in sight remains to be seen.