



The conscious consumer

Executive Summary

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The impact of food on our personal health, health of our loved ones, health of our community, and the health of our planet is growing importance. But how do consumers look at these themes, how is it impacting their shopping behaviour, what role do consumers see for regulators and the grocers themselves, and how does this vary across Europe? These are the types of questions that led to Deloitte commissioning a European-wide consumer research program, across 15 countries and 17,000 consumers, to gain first-hand consumer perspectives on how they look at health and sustainability, and how they let these considerations influence their grocery buying behaviours (or not!). The results provide a captivating view into shifting consumer perceptions and the expectations they have for their grocery food shopping. But this research is also a clear call-out on the role that grocers and regulators could play more actively in this space. There is unmistakably a sentiment of 'do as you say' that both grocers and regulators should be cognisant of.

One major result from our survey is that consumers are becoming increasingly aware of the relation between food and health. Consumers in Europe are increasingly interested to learn about the impact of food intake on their health - 64% of respondents indicate that over the past 12 months they have become more interested in learning more about the influence of food on their health. And it seems they are also changing their buying behaviour according to these interests.

The survey shows that over the course of just one year, buying and consumption behaviour in Europe has changed to a diet with more fruit and vegetables, and less meat and alcohol. The differences across Europe and across socio-demographics is also quite profound.

Besides health, we also see sustainability as another, slightly less important, factor for European consumers. Many shoppers indicated, for example, that they are sometimes put off by online shopping due to the excessive packaging, with a majority indicating that they consciously use less plastic. Our survey compared health, sustainability and price as motivators in buying behaviour across European countries. It is particularly interesting that when consumers have to choose, the majority choose health over affordability. Although sustainability is not rated as highly as health in terms of importance when compared to price, it is striking that more than 70% of consumers are willing to pay at least 5% more for organic foods, foods that are sustainably and locally sourced and fair trade. Consumers are most prepared to pay more for food that is produced locally, 17% is even prepared to pay 10% more.

A surprising result was that only 4% of European shoppers currently consider the grocer as the most trustworthy source of information on health and sustainability. Yet, shoppers do expect grocers to educate them on the healthier and more sustainable alternatives and to play an active role in facilitating good consumer behaviours

that have a positive impact on health and the environment. Consumers increasingly expect the grocers to play a stronger role in influencing healthy and sustainable behaviours. A majority of the shoppers interviewed, for example, indicated that they would support grocers excluding 'unhealthy' food products from the assortment. Clearly there is room for grocers to step up and claim their space. Over 53% of the respondents in our survey would like to see grocers stepping up their role in educating consumers. And there's a lot of ground to be won in this area. 17% of respondents currently use grocery stores (among others) as a source of healthy living information. Time for the grocers to step up their game!

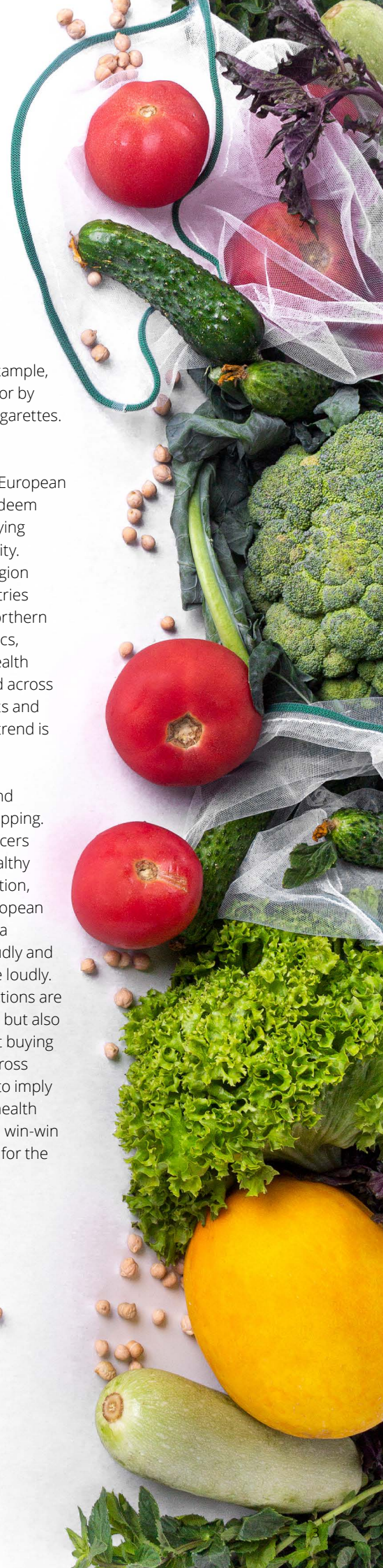
Grocers must, however, ensure they continue to take affordability into account. Although shoppers are increasingly prioritising health and sustainability, price remains a primary consideration in the purchase decision. This indicates that, although there is an appetite to pay more for these products, grocers need to be conscious of price sensitivity and find a balance between providing healthy and sustainably-sourced products and affordable prices.

At the same time, the survey shows that the high expectations European consumers have around encouraging health and sustainability are not only reserved for grocers. Regulators are also expected to play a stronger role when it comes to increasing health and sustainability in food retail. Over 40% of respondents would like to see governments more involved in encouraging healthier and more sustainable grocery shopping. They often encourage government intervention to actively promote healthy and more sustainably-sourced foods, and discourage unhealthy,

unsustainably-sourced options by, for example, applying higher taxes to these products or by regulating packaging as was done with cigarettes.

Different opinions towards health and sustainability appear across the various European countries but overall, the countries that deem health an important consideration in buying preferences say the same for sustainability. This holds for the Southern European region and specifically the Mediterranean countries (Portugal, Spain, Italy), whereas in the Northern European countries, especially the Nordics, slightly less importance is attached to health and sustainability. The results also varied across the different age groups, income brackets and household composition. But the overall trend is loud and clear.

Health and sustainability matter more and more when it comes to grocery food shopping. There is lots of talk among European grocers about wanting to be orchestrators of healthy living and this is a very compelling aspiration, and an aspiration that is in tune with European consumer sentiment. There is, however, a growing opportunity to say this more loudly and even more of a need to act this out more loudly. Healthy and sustainable grocery propositions are not just about what you do want to offer, but also about what you choose not offer or what buying behaviours you choose to discourage across your assortments. This research seems to imply that these bolder steps to encouraging health and sustainability has the potential to be win-win outcomes, for the consumer, for society, for the environment, and... also for the grocers.



Contacts



Adgild Hop
European Grocery Lead Partner

Deloitte Netherlands
Tel: +31650055210
E: ahop@deloitte.nl



Randy Jagt
Future of Food Lead Partner

Deloitte Netherlands
Tel: +31650083845
E: rajagt@deloitte.nl

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