

A woman with long brown hair, wearing a light-colored button-down shirt and a dark jacket, is smiling as she scans a barcode on a product in a grocery store aisle. She is holding a handheld barcode scanner. In the foreground, a shopping basket is visible, containing a watermelon, a bottle of orange juice, and some green leafy vegetables. The background shows shelves stocked with various grocery items. The entire image has a teal overlay.

“State of grocery retail - 2023”

Els Bedert, Director Product Policy and Sustainability



Who we are, what we do

We stand for:
Fair, competitive & sustainable retail and wholesale in Europe.

through

1. EU advocacy and Intelligence
2. Research, learnings and thought leadership
3. Exchange and networking
4. Positive communication and sector reputation



Our affiliated federations



Our company members



1 in 4 companies in the EU are SME retailers and wholesalers



Retail and Wholesale represents 10% of the EU's GDP

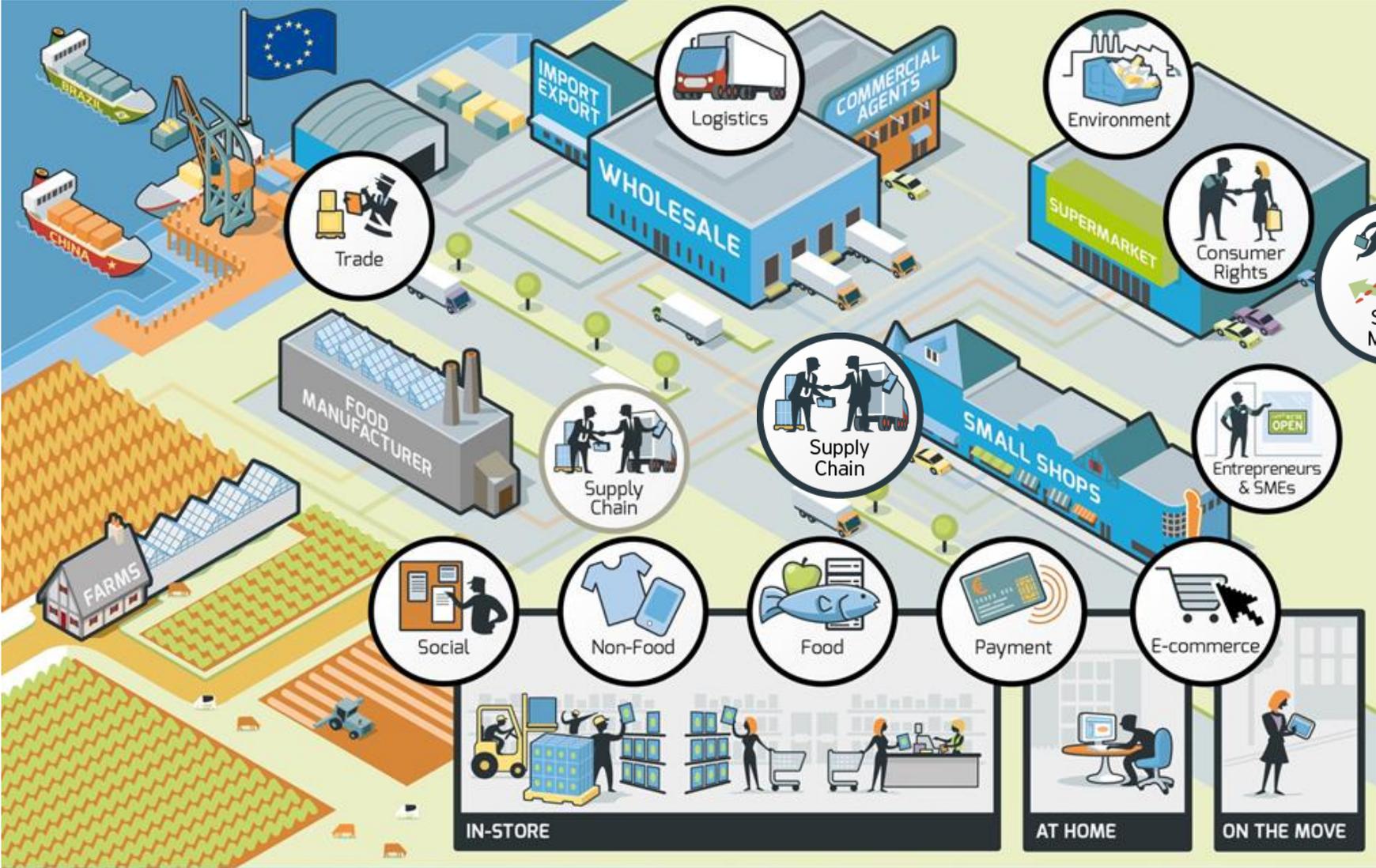


We provide work to 26 million Europeans, so 1 in 7 of all jobs

Membership in July 2022

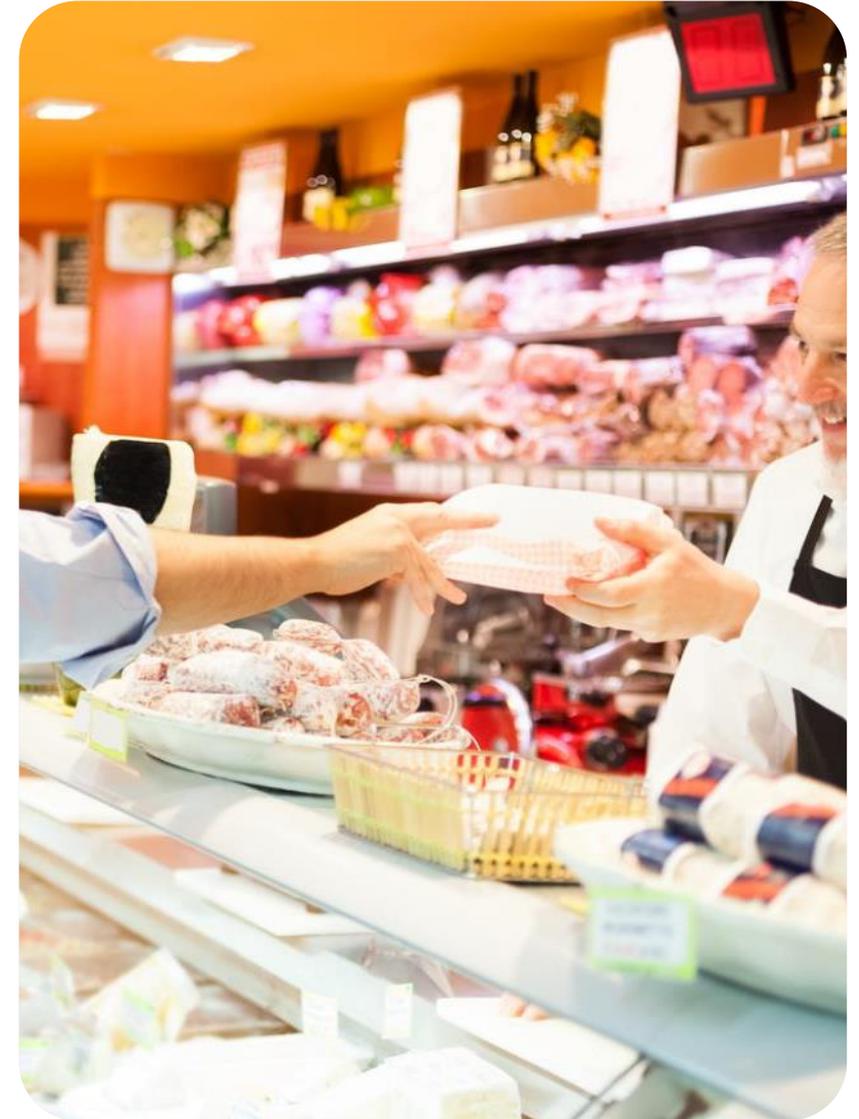


Our value chain and priority work areas



Characteristics of our sector

- **Essential service, everywhere & always**
- Responding to consumer demand
- Providing choice, quality products at the right price
- Helping to make healthy, sustainable choices – information & advice
- Negotiating on behalf of consumers
- Acting sustainably
- Highly competitive sector operating on very small margins (2-3%)
- Values well-established supply relationships



#SustainableCommerce - supporting the Farm-to-Fork strategy

> 100 best practices on
www.sustainable-commerce.com



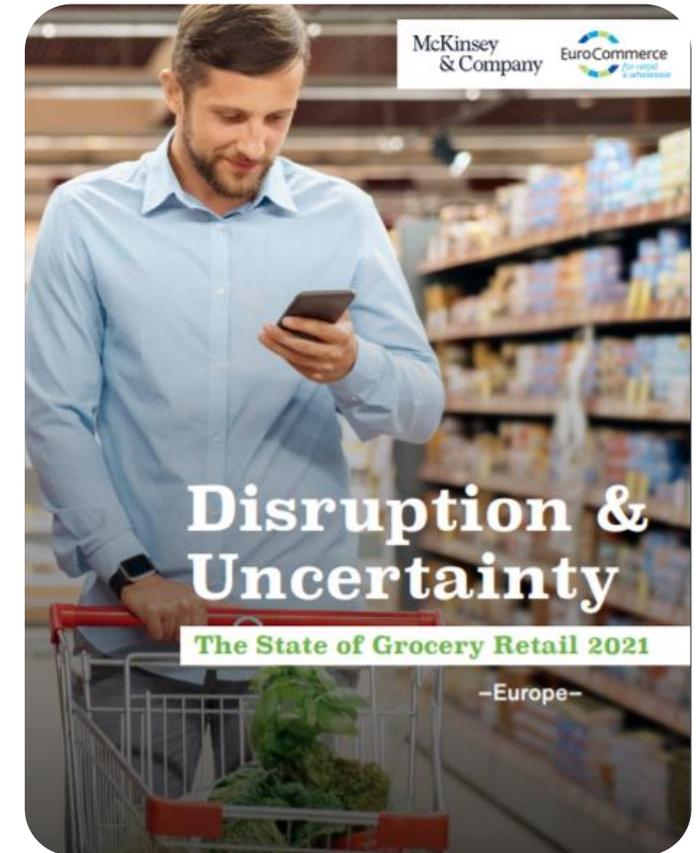
Market situation



State of Grocery retail reports

Covid 19 – disruption & uncertainty

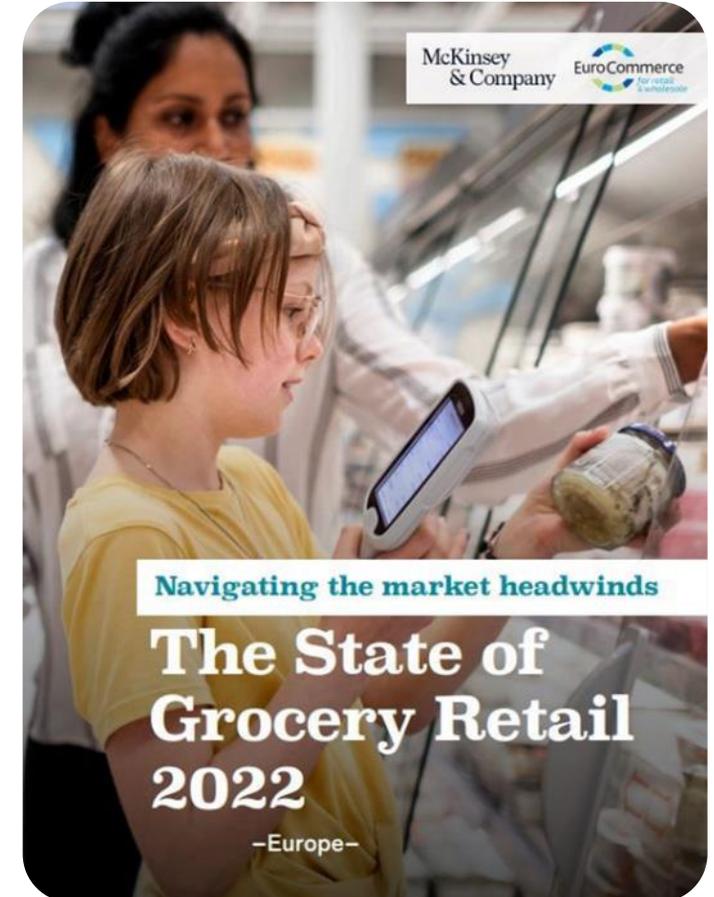
- Online sales ↑↑ significantly (+55%) in 2020
- 37% of consumers looked to saving money
- 50% of consumers planned to buy more healthy, local or environmentally-friendly foods in 2021;
- 26% of consumers wanted both to save money on groceries & move towards sustainable lifestyles



State of Grocery retail 2022

Navigating the market headwinds

- Russia's invasion of Ukraine and aftermath => inflationary pressure and reduction of consumers' available income => *Decrease in volumes*.
- **widening polarization** with higher price sensitivity and more focus on health, premium, and sustainability at the same time



State of Grocery retail 2022

Price

Intention to look for more ways to save money in 2022 than 2021



Health

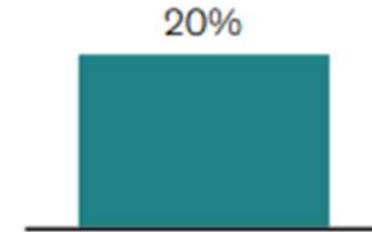
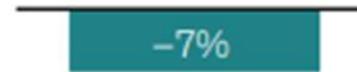
Intention to focus more on healthy eating and nutrition in 2022 than 2021



State of Grocery retail 2022

Quality

Intention to buy more high-quality and premium food products in 2022 than 2021



Environment

Intention to pay a higher price to get an environmentally friendlier product in 2022 than 2021



State of Grocery retail 2023 - I

Living with and responding to uncertainty

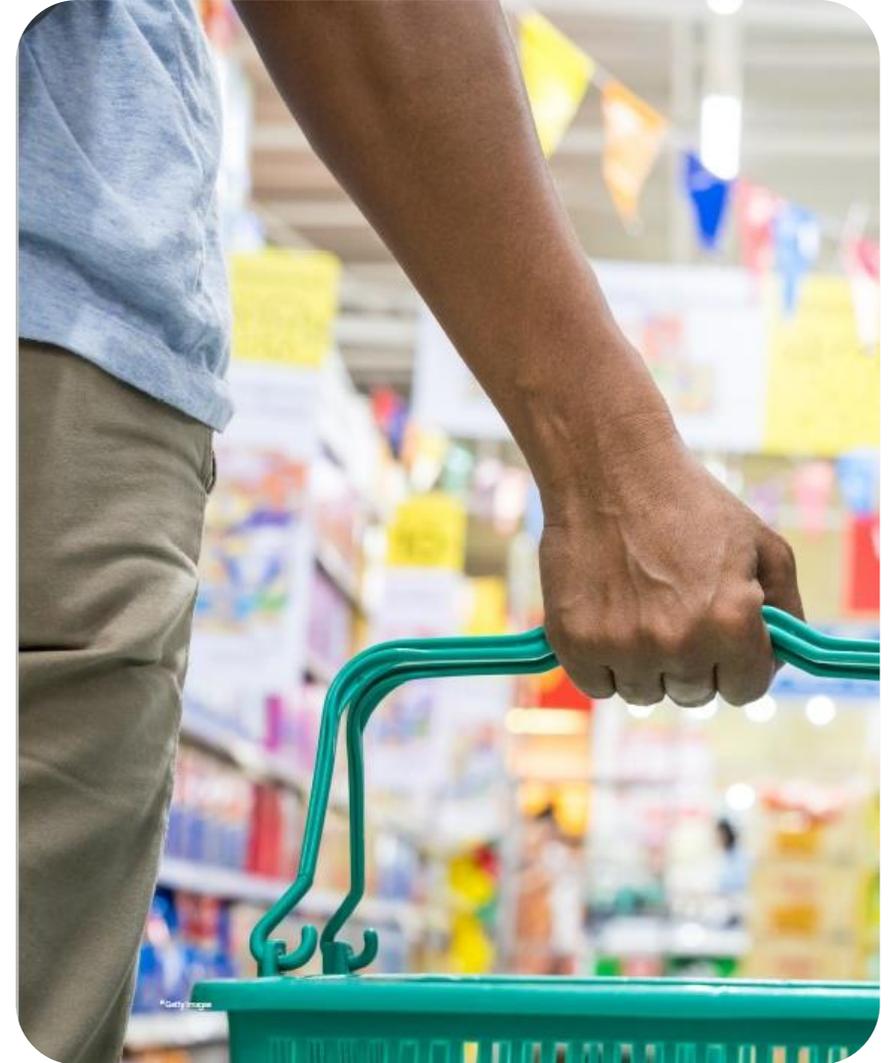
- 53% consumers plan to save more money on food due to increasing costs of living.
- Retailers are committed to sustainability, but consumer demand for sustainable products fluctuate.
- Increased market pressure on retailers, decreasing both online and offline margins
- Increasing need for business innovation, economies of scale.



State of Grocery retail 2023 – II

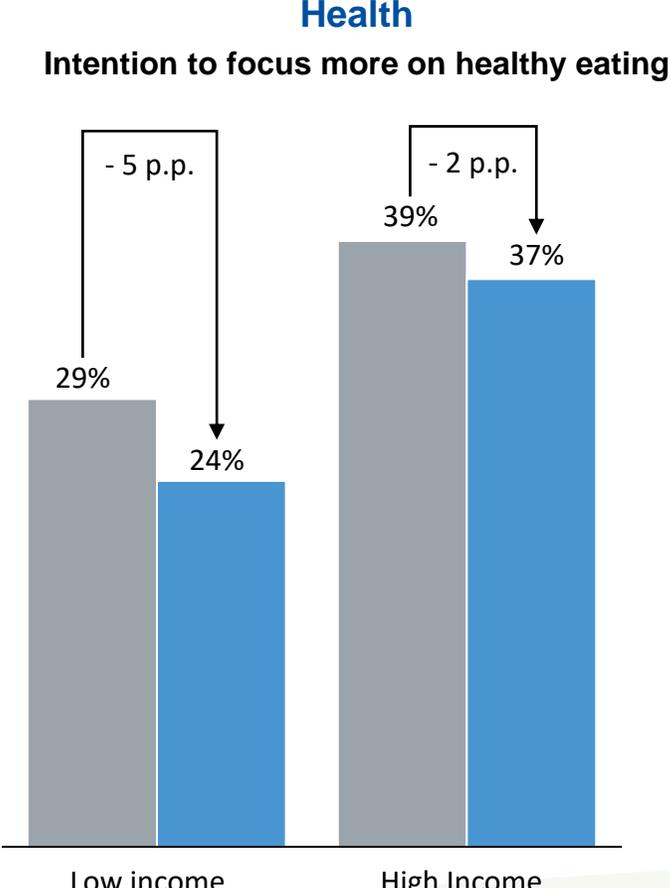
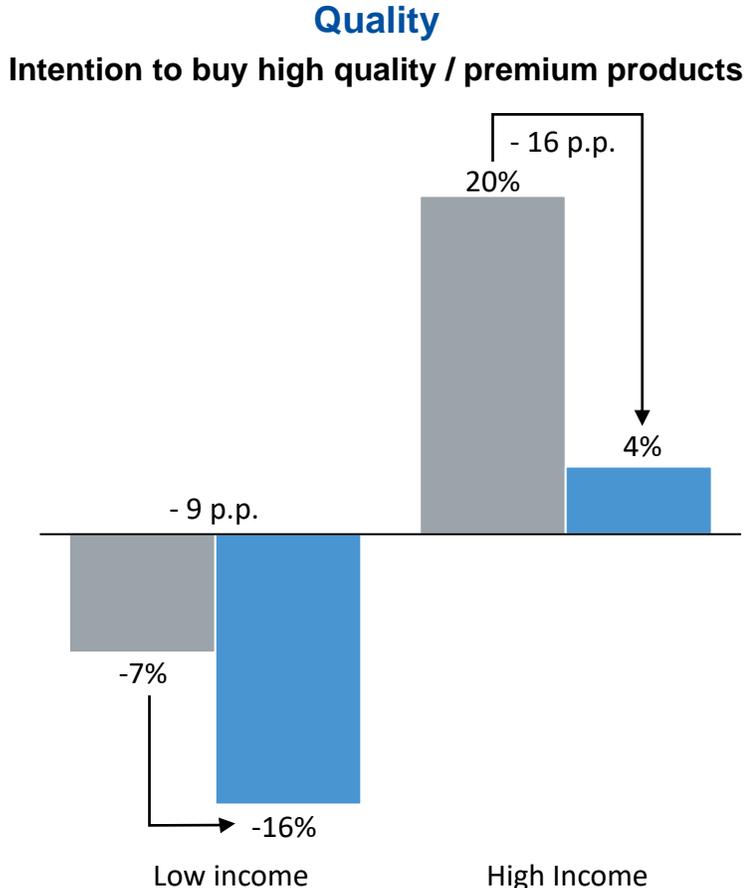
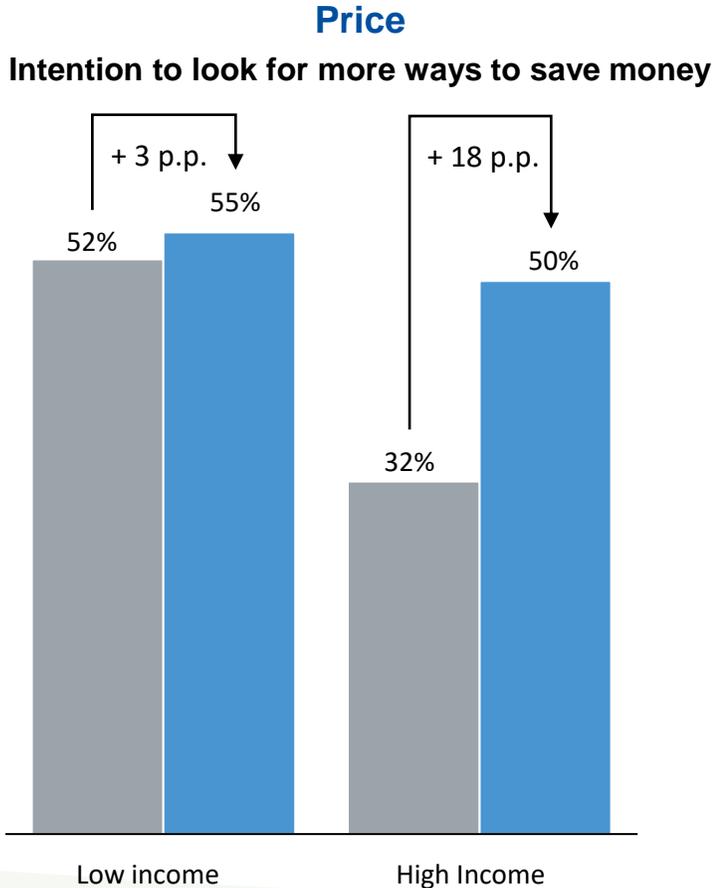
Living with and responding to uncertainty

- Discounters gaining market share
- E-grocery and Meal Delivery stand strong: average yearly growth of 18% and 28% respectively. By 2030 we expect over 10% of grocery turnover to be realised in e-grocery.
- Growth for private labels: Most consumers shifting towards private label products say they see it as a way to save money, without sacrificing quality.



Price sensitivity of high and low income groups converging

Attitude towards grocery shopping in 2023 compared to 2022,
 Net intent of consumers, % ■ 2022 ■ 2023



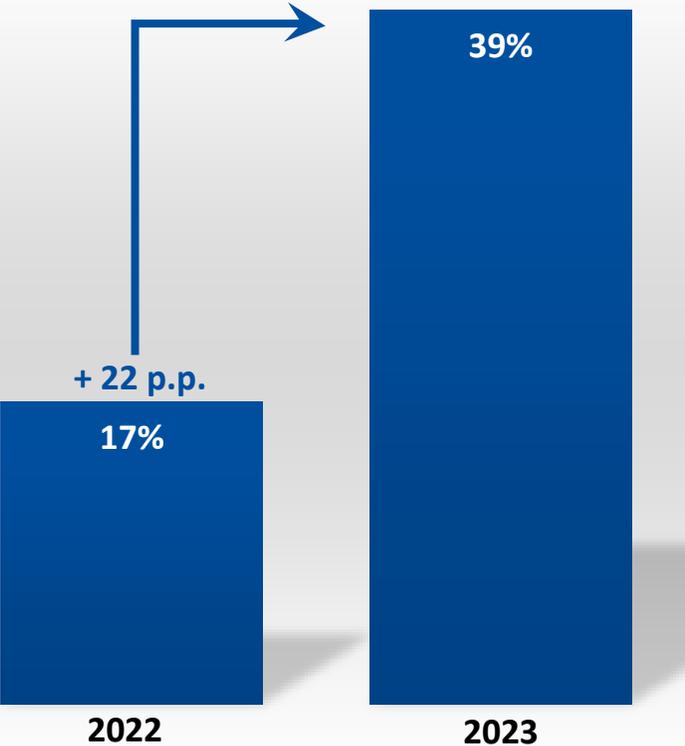
13 Source: Consumer Survey State of Grocery Retail 2023, N=10 727, UK, DE, FR, IT, ES, NL, CH, PL, SE, sample to match general population 18+ years

Consumers spend less on groceries

Attitude towards grocery shopping
Net intent of consumers (yes – no)

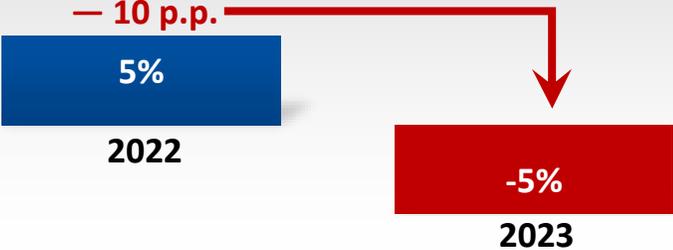
Price

Switch to less expensive food to save money



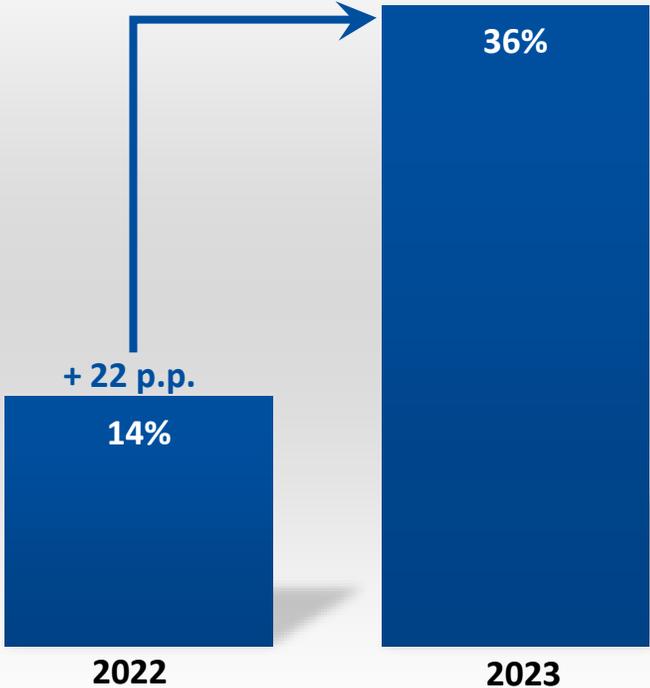
Quality

Intent to buy high-quality / premium food



Private label

Intent to buy more private label



Looking ahead

Food retail prices adjust to changes in commodity prices with a time lag of 6 to 12 months.

With energy and commodities prices down, consumer prices to decrease in second half of 2023.

As prices normalise in late 2023, we expect:

- Consumers demand for sustainability to increase;
- A continued sharp division between high- and low-income consumers in demand for sustainable products;
- Retailers to strengthen their commitment to sustainability and collaboration with suppliers.



Conclusion

Sustainability

Is a key priority for the retail and wholesale sector – part of the solution

Affordability

Interest is there but price remains a key driver for consumers' buying decisions

Cooperation

Sustainable transition works best through cooperation in the supply chain

Thank you!



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