A EUROPEAN GUIDE TO SHOPPING

Judith Passingham, Managing Director, TNS Worldpanel

Judith Passingham, Managing Director, TNS Worldpanel, talked about European shopping trends at Summit 2006

While there is much talk of the emerging markets in Asia, Europe still accounts for one third of all the world's grocery sales, with the figure for the year to June 2006 at €470bn.

Value growth is rare in most countries, with on average less than half of all categories increasing within the big five nations (UK, France, Germany, Spain and Italy). Volume growth is generally on the up but prices have fallen.

A number of categories have seen growth continent-wide. Within health, yogurt and functional drinks have performed well, while in beauty body creams and razor blades have flourished. Meanwhile, convenience food in the shape of noodles and frozen pizza, and dry cat and dog food have also proved winners. Over the same period, consumers have been spending less on household cleaners and washing powder, sanitary protection and canned vegetables.

Just reaching the consumer in the first place is a real challenge, as proven by the statistic that 30,000 new products are launched in Germany every year. The average household buys just 440 products in a year, and 60% of those are the same as in the previous twelve month period. In France, Great Britain and Italy the challenge is almost as great with around 24,000 new products launched per annum. The British are more willing than most to embrace new products, or at least to try them, while the French are the least adventurous in this regard.

The percentage of categories with private label share increase is almost universal, with Germany and Spain leading the way. It is clear that people who buy private label goods are essentially bargain hunters and not even loyal to particular retailers. Spending in discounters is increasing but the amount varies greatly, from more than 20% in Germany and Portugal to just 5% in Great Britain and Sweden.

On the whole, shoppers are making fewer trips which is bad news for retailers, as trips translate directly into purchasing opportunities and unsurprisingly, people who shop more, spend more.

Whilst certain trends across the major European countries can be quite different, it transpires that shopping habits including frequency of trip, average prices and loyalty to retailers are more similar than not.