

THE NEW VALUE EQUATION IN EUROPE

How are detergent manufacturers rising to this challenge?

Whatever the economic conditions, consumers will always demand value, but the recession has changed people's view of what's 'essential'. In addition to trading down to own-label brands and purchasing more multi-purpose products, it seems European consumers are buying household products less frequently or in smaller packages - so any developments that make products go further, or deliver the same performance on smaller doses will be welcomed.

Indeed, there are clear indications that people are buying smaller pack sizes of laundry products* - with customers making products last as long as possible to reduce frequency of expenditure. Given this, manufacturers must review and re-emphasize their value propositions in line with consumer needs.

For example, we anticipate that rising energy costs could well drive consumer demand for detergents that deliver the same level of performance, but with the consumption of less energy. Hence, energy efficient products are on the radar of most detergent manufacturers with a major focus on driving down the temperatures at which different fabrics get cleaned - and different stains get removed.

As the economic landscape remains uncertain for many, manufacturers continue to develop a variety of products, pack sizes and price points to cater for the emerging types of 'value hunters', including 'Bargain Ninjas' (mission shopping to see how low price can go), the 'Super-Busy' (who want maximum efficiency in the quickest time) and the 'Coupon Queens' (buying whichever brand has the best promotional deal).

Factors that influence the Value Hunters

1. Green Thrift

As economizing becomes a global default shopping mindset, people like to boast about how much they've saved. But in a world where people also like feel virtuous about 'being green', brands can no longer afford to see 'Value' and 'Eco' as purchasing motivations appealing to different audiences. Brands able to balance green credentials with competitive pricing perform best. This is evidenced by the increased supermarket shelf space occupied by own-brand green products¹.

2. Mission Shopping

The quest for value is turning bargain hunters into hard-core mission shoppers². As more consumers are comfortable shopping in discount chains - people have moved from passively 'discovering a bargain' to compartmentalising their weekly shop and actively hunting for specific product deals. Shopping has become a tactical exercise, with an element of pride attached to hunting down that unbeatable deal. Saving money is now about cleverness - with those not 'on a mission' to find the lowest price considered foolish.

3. Budget Buddies

Saving will continue to be a global theme this year. As we've seen with 'mission shopping', consumers will continue to modify their purchasing behaviour. As shoppers look for increasingly sophisticated ways to make their money go further, the more insightful brands will become a 'money-saving ally'³, building in features that help consumers maintain their standard of living on a tighter budget, such as lighter product so you get more for the same price, concentrated product that goes further/lasts longer or multi-purpose product that combines different functions.

4. What price brand loyalty?

Brand loyalty is becoming more rare amongst consumers who traded down to own-brand products during the recession. As cost saving prevails, discount retailing is finding favor among a new generation of cash-strapped consumers - better informed and more globally connected in search of a deal. In laundry, promotions now account for 41 per cent of sales on branded products and only half of consumers have a brand in mind before they go shopping⁴ - the other half are happy to choose whatever's on offer above their 'preferred' brand. To avoid losing customers in these difficult times, FMCG brands are exploring both ends of the spectrum: producing large, keenly priced packs to sustain loyalty, whilst developing smaller, aggressively priced packs, to retain those tempted to stray⁵.

For more information on consumer trends, visit fhc.biosciences.dupont.com

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1. Euromonitor's survey of global buying behaviour, November 2012

<http://blog.euromonitor.com/2012/04/top-10-consumer-trends-for-2012-green-thrift.html>

2. Euromonitor's survey of global buying behaviour, November 2012

<http://blog.euromonitor.com/2012/04/top-10-consumer-trends-for-2012-green-thrift.html>

3. IGD.com: 'Five Major Trends For The Consumer Goods Industry in 2013'

<http://www.igd.com/our-expertise/Retail/Innovation-digital/11935/Five-major-trends-for-the-consumer-goods-industry-in-2013/>

4. Marketing Week: 'The big brand loyalty theory is history' 10 January 2013

<http://www.marketingweek.co.uk/trends/the-big-brand-loyalty-theory-is-history/4005188.article>

5. The Guardian October 2012 - 'Big brands take austerity measures'

<http://www.guardian.co.uk/world/2012/oct/16/budget-brands-cheaper-food-europe>

**Forbes: How Your Laundry Detergent Could Shrink Your Energy Bill

<http://www.forbes.com/sites/amywestervelt/2012/11/26/how-your-laundry-detergent-could-shrink-your-energy-bill/>

* Retail Times: Europeans buy fewer household lines to afford food

<http://retailtimes.co.uk/europeans-buy-fewer-household-lines-to-afford-food-finds-symphonyiri/>