



**[ THE 2009 HOLIDAY CONSUMER ]**

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## THE 2009 HOLIDAY CONSUMER



### INSIGHT

Shopping gets “personal” – think merchandising innovation.

As with gift shopping, food and beverage budgets remain tight.

With many shoppers sharing meals with friends and family, there is demand for friendly shared solutions.

Low price on holiday meal essentials will drive shopper to stores this holiday season.

Private label has defined itself by quality and value. As a category it is here to stay.

Shoppers are actively seeking promotions.

### RECOMMENDATIONS

Clear handle on shopping decision drivers based on survey findings.

Ensure assortments tuned to what shoppers want to buy.

Make holiday shopping very simple.

Deploy deal strategies that last throughout the holiday season – not just a point in time.

Understand and align with changing shopper rituals.

Display in store promotions to increase sales.



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## INTRODUCTION

Continuing uncertainty, from residual recessionary pressures, is the overriding theme from this research, conducted by IRI, on pan European Holiday Consumers.

From western to southern states consumer participants in this survey offer a glimpse of the still poignant and very real pain points that still exist during this, the most expensive time of the year.

The major issue that is evident from reviewing the entire body of data is the squeeze that most European consumers are experiencing.

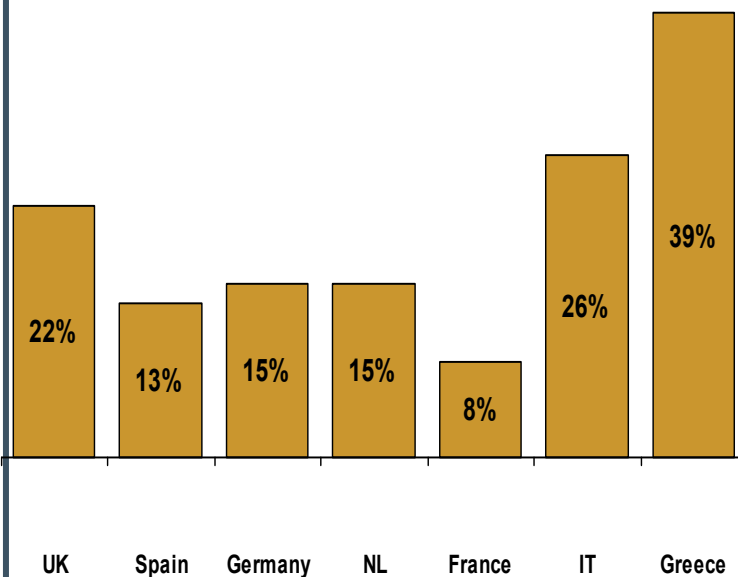


Table 1: % Holiday Impact Relating to Concerns for Job and Financial Future.

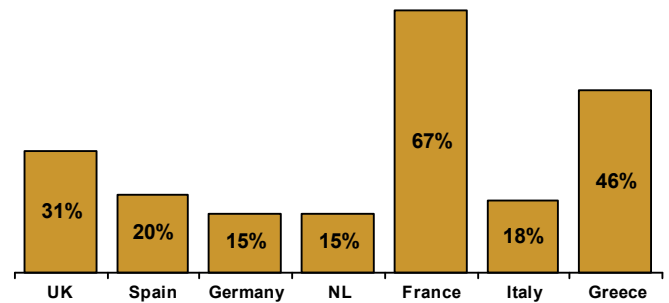


Table 2: % Holiday impact related to rising food prices

In essence they are caught between the rising costs of various life essentials and the uncertainty of sustainable finances to support them.

Whether it is petrol, healthcare or the price of food a majority of those in this study pointed to several contributing factors that, combined, have created the need for each to be cautious consumers.

When it comes to coping this holiday, consumers from each market are employing similar yet (culturally) unique strategies to ensure they can maintain their family traditions and meet the expectations of their guests.



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## Europe: Still defined by its diversity

With the recession still biting across Europe countries polled in this survey have expressed similar shopping behaviours. Still, there exists a diverse set of findings for manufacturers and retailers to consider.

One interesting trend addresses a north/south divide in holiday preparations. While sizable numbers in northern countries like UK and Germany begin shopping earlier, 30% in the UK purchase food and gifts before October, southern countries tend to wait until the last minute with 60+% planned for December.

Among southern states, Greece is the exception with most, 96%, planning to have completed Christmas shopping within October.

The amount for gift spending from country-to-country supported this diversity trend.

**On average Europeans spend less than €500 on gift shopping**

In the Netherlands more than half in IRI's survey planned to spend less than €200, while nearly 20% of Italians would spend more than €800 on presents this year.

Despite recessionary pressures more than half of the cumulative study would not change Christmas shopping habits. Within these numbers, Germans were the most steadfast in maintaining the status quo whereas those in Italy and Spain would seek more functional or less expensive gifts

Online shopping produced diverse results with roughly 80% of UK and German shoppers going online this season while only 25% in Spain planned a cyber Christmas.

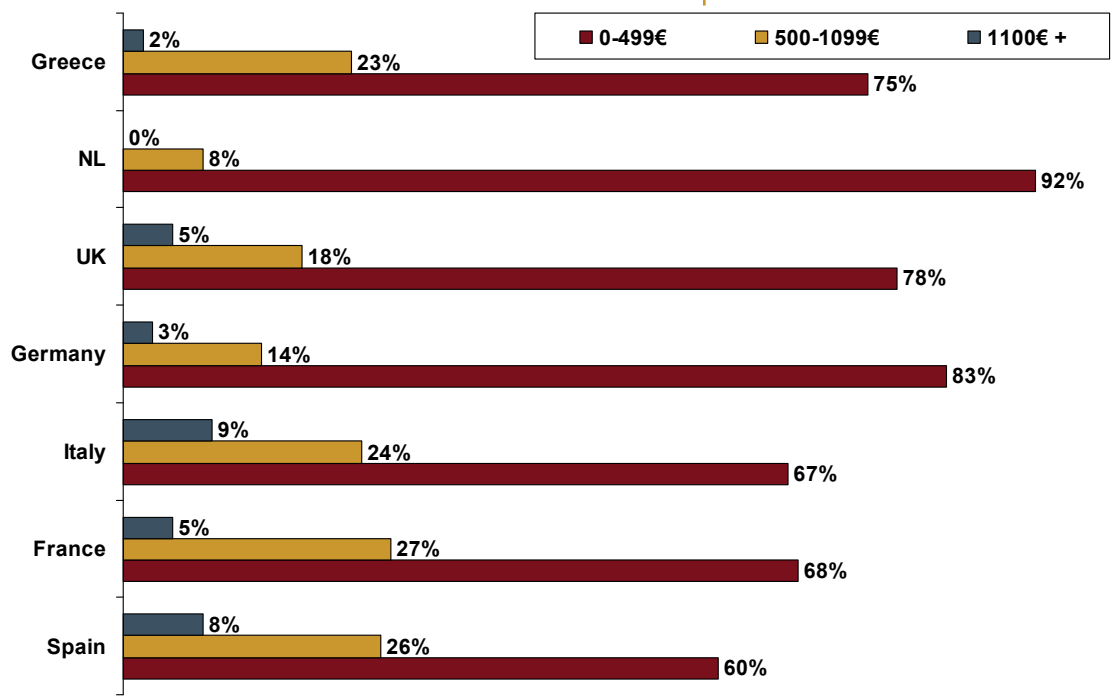


Table x3 Budget on Christmas Shopping per country



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## Private Label for Holidays Spells Consumer Trust

The traditions of Europe's diverse cultural framework make it unique in the world. As cultures become more homogenised it is perhaps more important than ever before to ensure a no compromise approach is paid to holiday festivals, meals and even the ingredients used in order to maintain the integrity of those traditions.

It is for this reason that the success of private label products is so impressive. However, one needs only to understand that it exists for one simple reason: value for money.

Although it has varying degrees of popularity, in Europe **PRIVATE LABEL** is here to stay

Shoppers in Italy and the UK are the most reticent to use private label over Christmas. In Italy its on line with the lowest market share of private label and in the UK it reflects a different consumption pattern over the holidays to a more branded products.

While in the rest of Europe more than 70% of the holiday meals will contain some private label product.

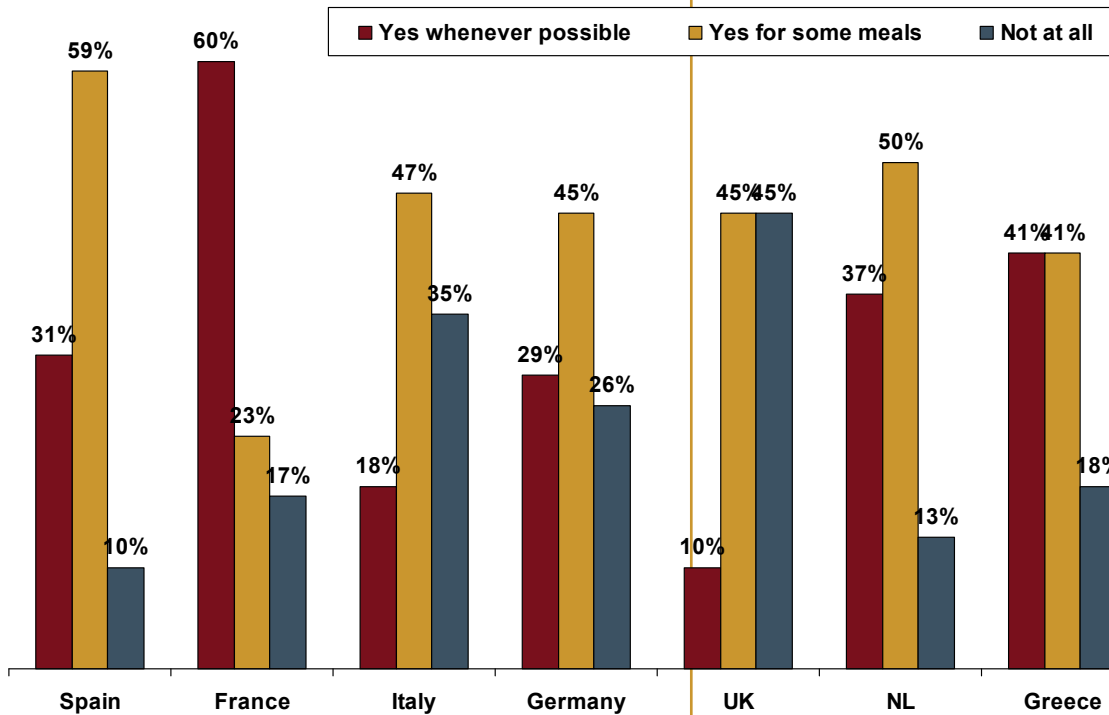


Table x4 % US/Europe Comparison of Reasons for Choosing Private Label over Branded Products



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## Private Label for Holidays Spells Consumer Trust

Though nearly 51% of European's polled cited private label's ability to stretch budgets, 45% admitted that they felt the quality was the same as branded products.

The alignment between Europe and the US on private label (see Table 5) demonstrates the rationale for the sector's growth.

Based on these numbers it is clear that an overwhelming majority of those surveyed in the US appreciate the cost benefits but still a healthy number, 60%, view private label as a quality product.

Europe's variety is demonstrated through its rationale for private label. Where Greece led responses for the economic benefits, Germany highlighted its quality as a reason for buying store brand.

Meanwhile France, 47%, and Greece, 45%, were most likely to be influenced by promotions on private label products.

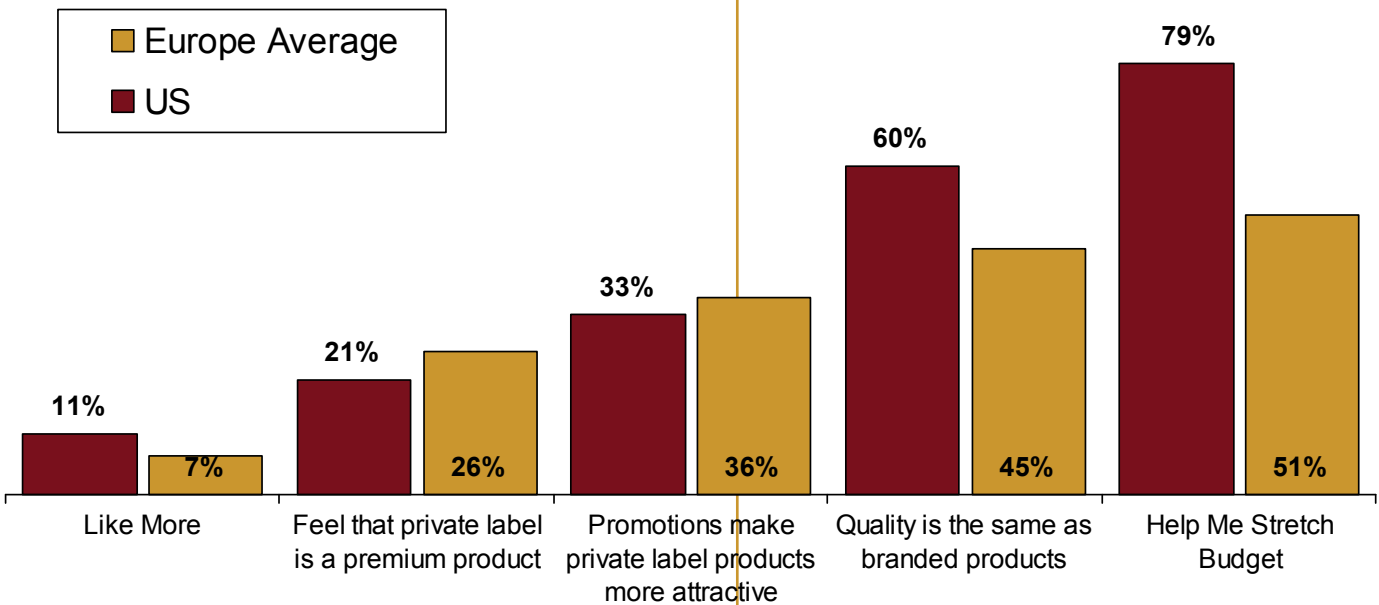


Table x5 % US/Europe Comparison of Reasons for Choosing Private Label over Branded Products



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## UNITED KINGDOM

An overwhelming number of UK respondents, 70%, are planning to spend less than £200 for this year's holiday meal. Like for like this figure represents a flat or slightly reduced year-on-year budget, which is consistent with the more than 30% who suggested they would spend less this year on gifts compared to last year.

The reasons for this vary from less household income to increases in food prices. Still others addressed concerns about employment and financial stability and are instead reprioritising budgets towards activities like reducing personal debt.

As a result many are enacting different strategies to ensure they stay on budget.

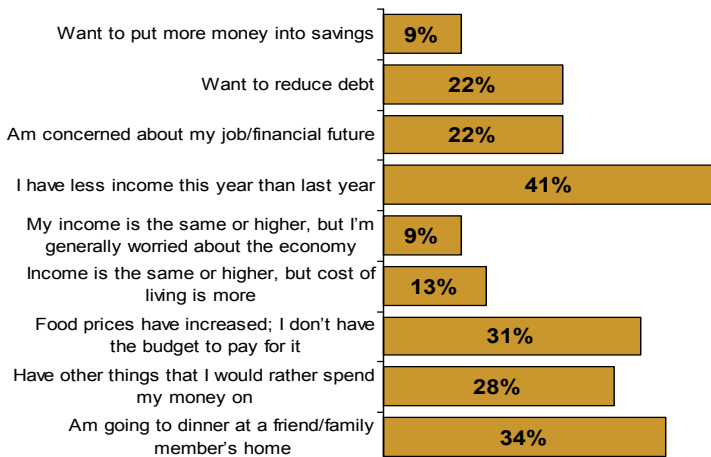


Table 6: % Why do you plan to spend less on holiday meals?

Half of those polled cited the current recession as an influencing factor on how much they would spend on holiday meals. Planning a critical element to reducing spend. 65% are preparing shopping lists while over a third will conduct their shopping within the month November. An unsurprisingly large number of those polled would take advantage of promotional offers to stretch this year's holiday budget.

**45% plan to use private label for holiday meals**



Table 7: % How to you plan to select the foods and beverages you purchase this year for holiday meals?

Though branded products account for a significant percentage of planned purchases, private label products are at parity due to economic drivers such as attractive promotions that help stretch family budgets.

Product satisfaction among this category has created further incentives for these purchases in the UK.

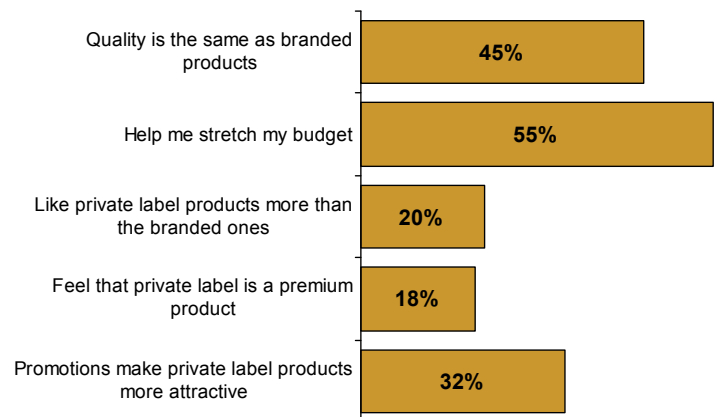


Table 8: % For what reasons do you use store brand products?



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## SPAIN

The numbers in Spain are considerably influenced by recessionary pressures. Respondents to the IRI survey highlighted job stability, 49%, petrol, 44% and increasing food prices, 40% as very important issues affecting this year's holiday season.

With economic issues continuing to dominate the landscape Spanish consumers have a variety of reasons to spend less on this year's holiday meals.

While most cited cost savings from not hosting celebrations others identified reduced income and a desire to reduce debt as principal reasons for the cut backs this year.

### OVER 90% Plan to Use Private Label Products

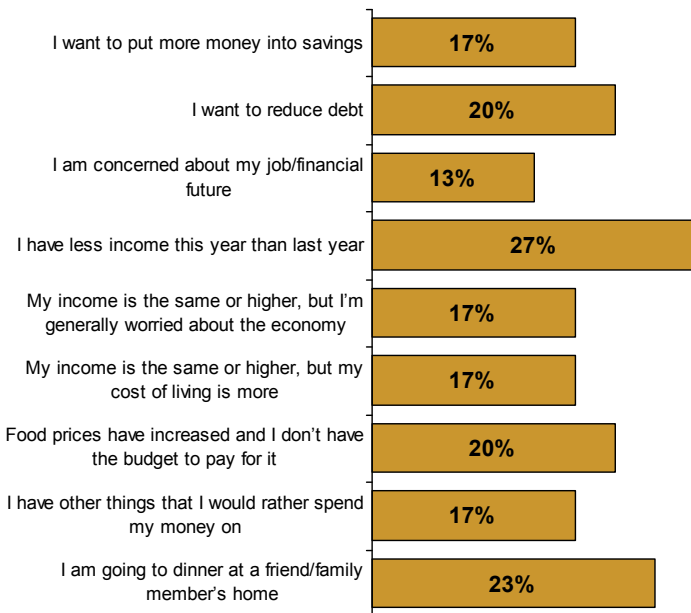


Table 9: % Why do you plan to spend less on holiday meals?

The perceived quality of private label goods is a dominant theme for Spanish shoppers as only a fraction (less than 10%) said they opt for branded goods over private label alternatives.

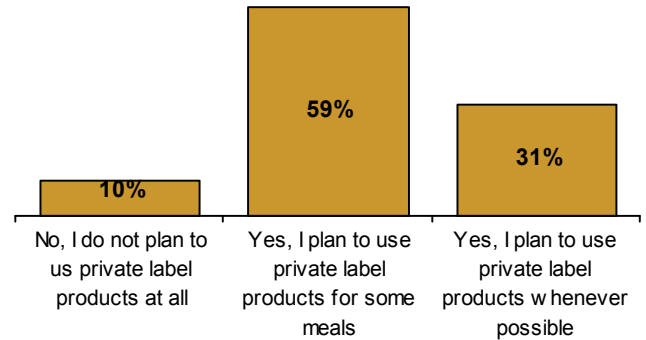


Table 10 % Do you plan to use private label products in your holiday meals?

Although they prefer private label, Spanish shoppers do seek out promotions in order to save; popular among their strategies is preparing shopping lists and taking advantage of in-store promotions.

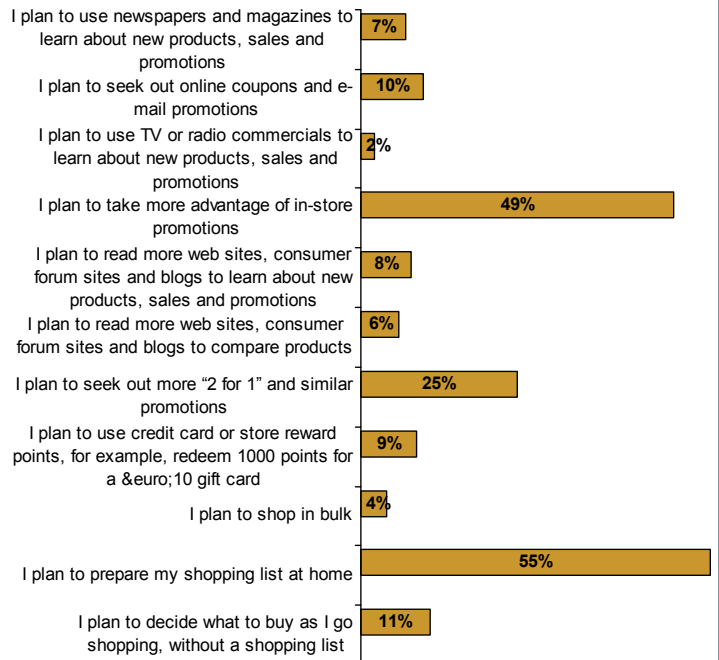


Table 11: % How do you plan to select the foods and beverages you purchase this year for holiday meals?



# THE 2009 HOLIDAY CONSUMER

## GERMANY

The German market has managed the recessionary period better than other European countries, which is demonstrated by the response of respondents to the IRI survey. Less than 20% cite the recession as very important to their holiday shopping decisions, supporting the 60% who won't change anything in their choice of gift purchases and more than 70% that will spend the same on their holiday meal versus last year.

There still exist some pressures, however, such as the rising cost of food, which 30% of participants felt was a driver for bigger holiday meal budgets this year.

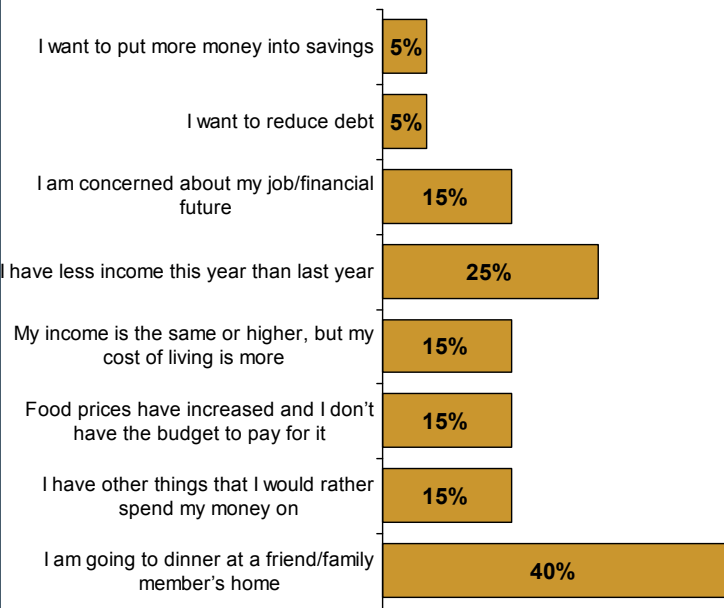


Table 12: % Why do you plan to spend less on holiday meals?

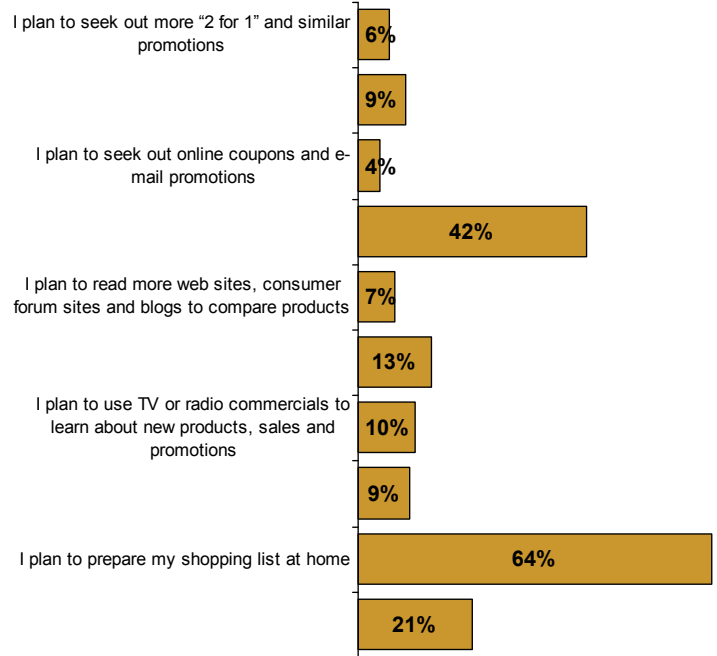


Table 13: % How do you plan to select the foods and beverages you purchase this year for holiday meals?

Ever frugal, the German market will seek value through both private label and store brand products. Where a majority of those polled, 67% feel the quality of store brand is the same as branded counterparts 30% will plan to use these whenever possible.

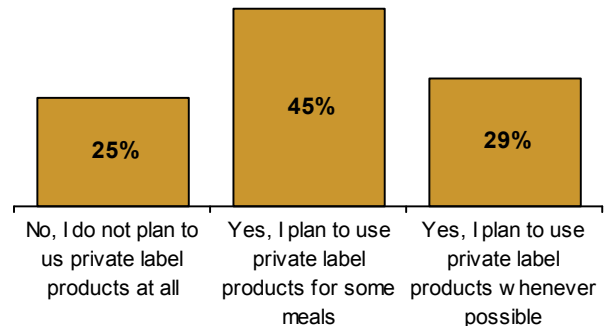


Table 14: % Do you plan to use private label products in your holiday meals?

Despite its recession avoidance **25%** still cite less income or tighter budgets



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## NETHERLANDS

The Netherlands like many European markets demonstrates a mix of localized recessionary challenges unique to its cultural dynamics.

Though job stability is not a major concern healthcare costs and groceries are.

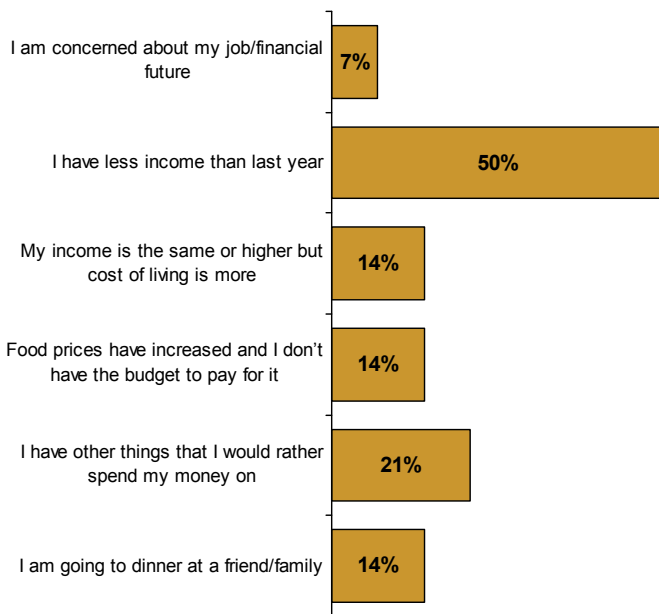


Table 15: % Why do you plan to spend less on holiday meals?

**One in Four** are managing with less income this year than last year

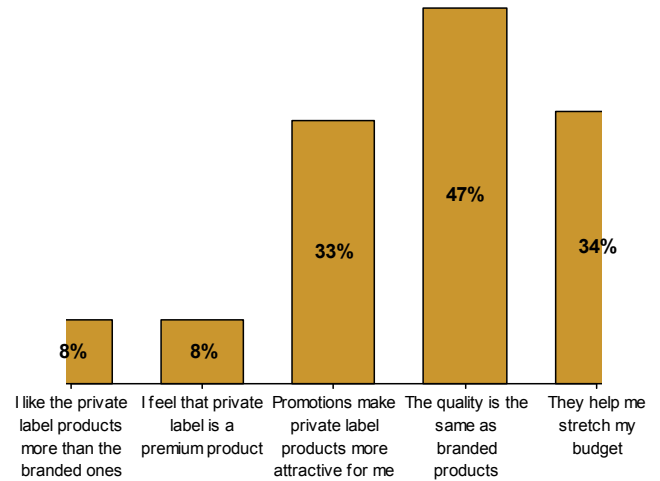


Table 16: % How to you plan to select the foods and beverages you purchase this year for holiday meals?

A combination of price and quality consciousness defines the Netherlands' optimism regarding private label products.

Only 13% (see below) do not plan to use private label products at all.

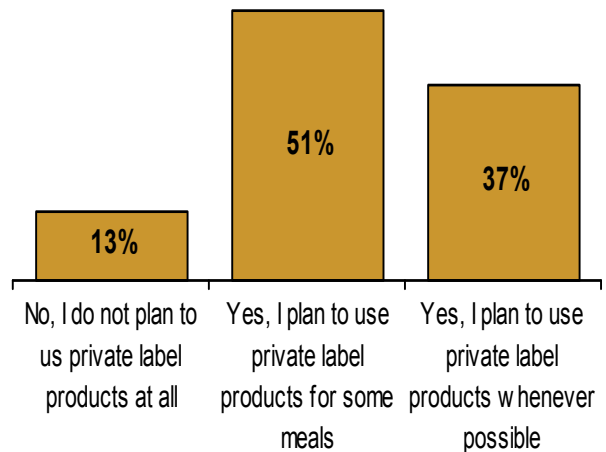


Table 17: % Do you plan to use private label products in your holiday meals?



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## FRANCE

The French market is technically out of recession but residual issues are lingering with many respondents to the IRI survey.

Among the chief concerns are the rising price of food, petrol prices and job stability. Among French respondents to the IRI survey these issues collectively contribute to the 25% planning to spend less this year than last.

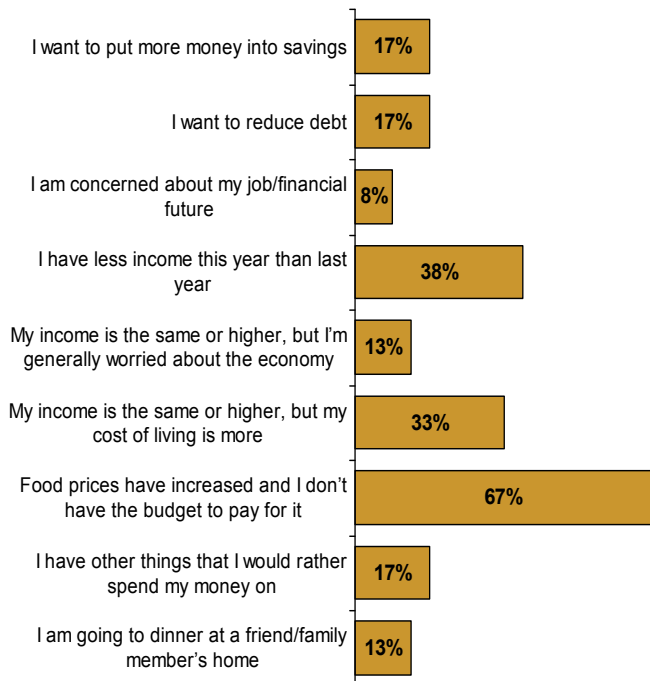


Table 18: % Why do you plan to spend less on holiday meals?

The view among 75% of French survey participants is that the cost of food will cause them to spend more this year than last. It is for this reason that French consumers will rely on promotions to ensure they stay on budget.

Most, 58%, plan to prepare in advance for their holiday shopping while nearly half will use credit card or store reward points.

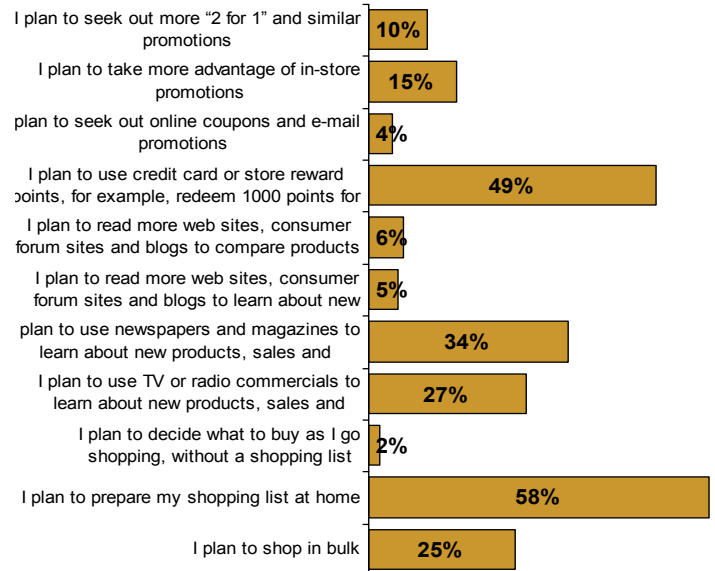


Table 19: % How do you plan to select the foods and beverages you purchase this year for holiday meals?

**60% will use private label whenever possible while only 17% will not**

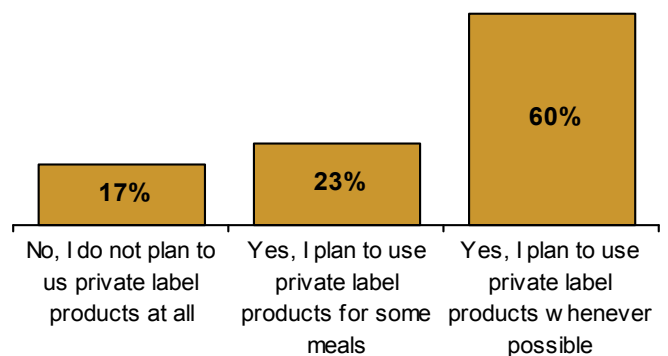


Table 20: % Do you plan to use private label products in your holiday meals?



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## ITALY

Italian consumers face a number of challenges that they feel will affect this year's holiday celebrations – three indicators being the rising cost of food, petrol and healthcare, which are being met by concerns for job stability.

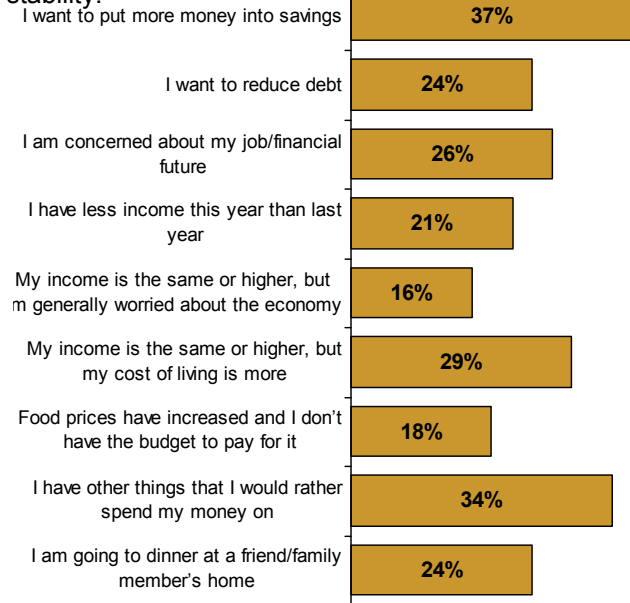


Table 21: % Why do you plan to spend less on holiday meals?

Of those polled **25%** plan to spend less this year; **75%** point to food prices as one of the reasons

Promotions will be a key draw for Italian shoppers as they attempt to address the squeeze they are under. Store promotions and BOGOFs will be an important consideration in their food and beverage purchases for holiday meals.

The division between branded and private label products paints an interesting picture; 47% plan to use private label where possible whereas nearly 20% will use it whenever possible. Over 20% feel private label products are superior and 35% are enticed when on promotion.

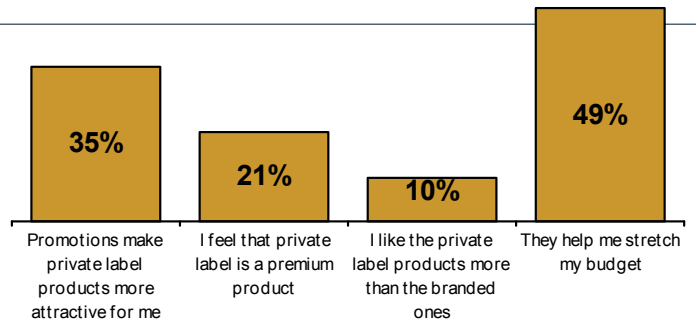


Table 22: % Do you plan to use store brand products in your holiday meals?

While 23% of Italians polled planned to buy fewer gifts 60% planned to spend the same amount on the holiday meal as last year citing a desire to maintain family traditions.

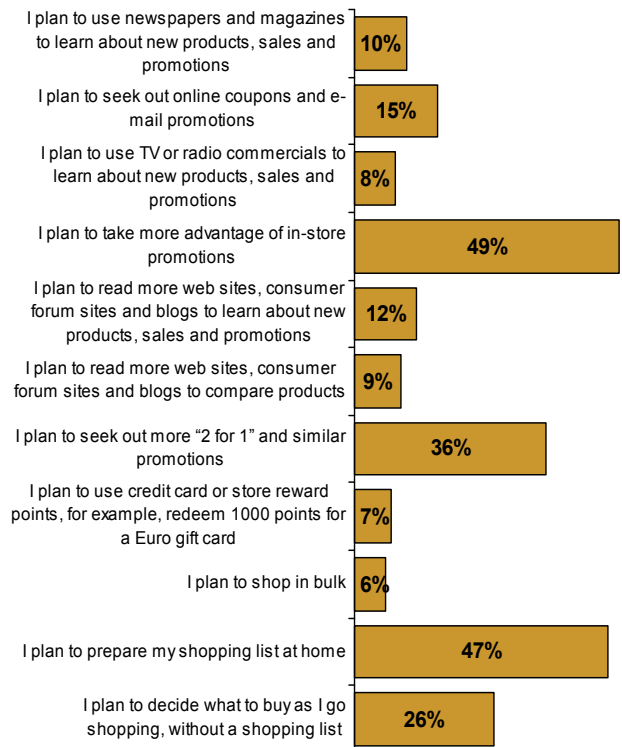


Table 23: % How do you plan to select the foods and beverages you purchase this year for holiday meals?



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## GREECE

Greek consumers surveyed are being driven by a range of factors this holiday season. Cost of living increases are in competition by a desire to reduce personal debt. Only 20% of those polled will keep gift purchases unchanged from last year.

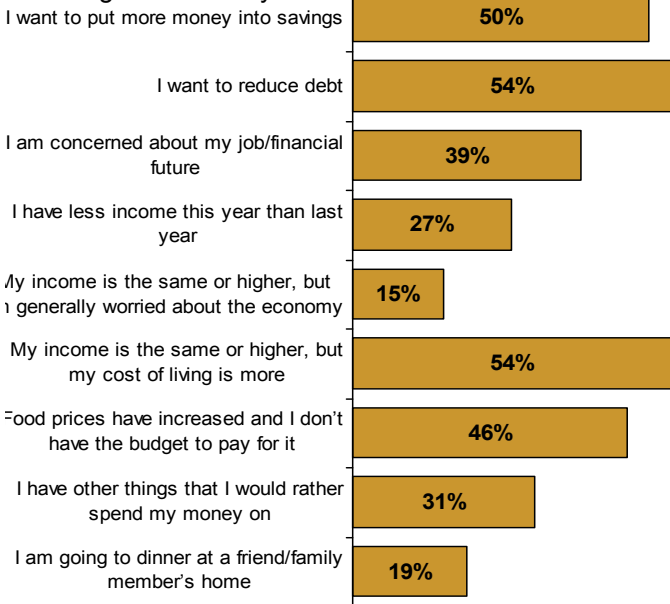


Table 24: % Why do you plan to spend less on holiday meals?

**While 40% plan to spend less on gifts over 30% will buy fewer gifts this holiday**

Private label products are a popular feature among Greek respondents. While most, 67%, appreciate the budget-stretching qualities of private label more than half felt that they represent high quality.

Of particular note was the affect promotions have in encouraging Greek shoppers towards private label goods.

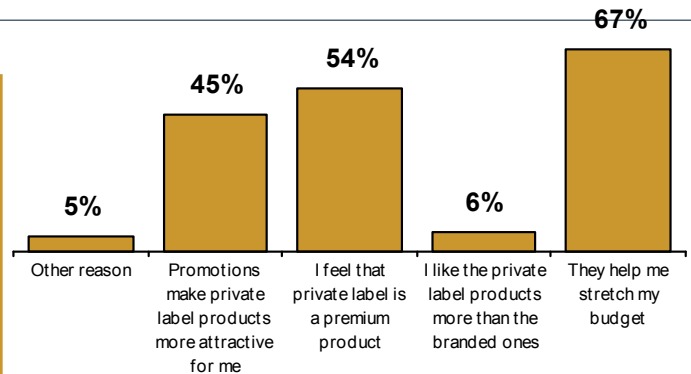


Table 25: % For what reasons do you use store brand products?

56% plan to use credit card or store reward points, 35% will use coupons from newspapers and magazines and 71% will plan ahead by writing a shopping list.

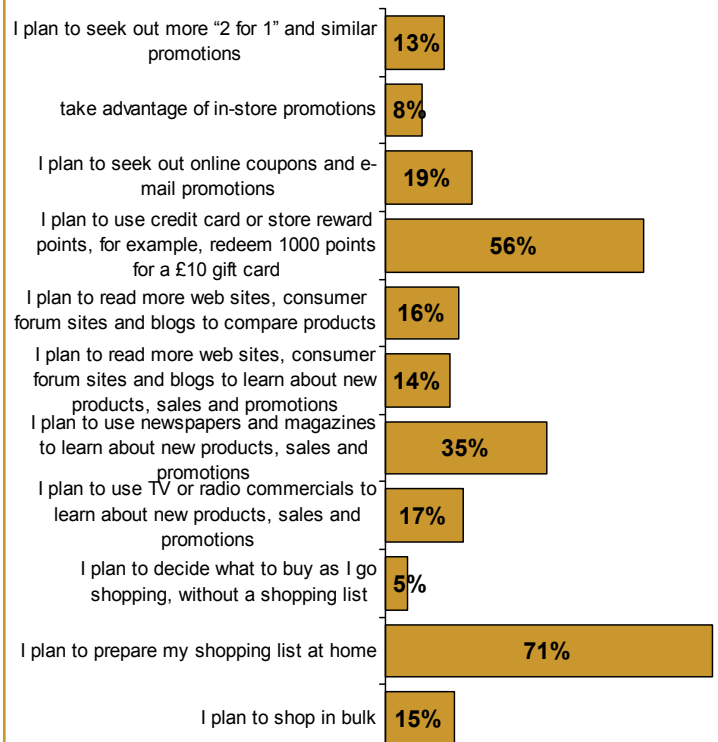


Table 26: % How do you plan to select the foods and beverages you purchase this year for holiday meals?



# THE 2009 HOLIDAY CONSUMER

## CONCLUSIONS

### The Economy Continues To Struggle

Shoppers will continue to save and be very conservative as the unemployment figures continue to have a “dark cloud” effect on purchasing – 2009 could be as bad as 2008

### Holidays 2009 Is One Of Traditions – Both Old And New

The economic cost to the family has been and continues to be sobering – expect a family holiday season where everything gets “personal”

### Shopper Behaviours

Continued Decision Making In The Home Deals Are In And Will Continue To Be So For The Future  
Private Brands Are The First Choice To “Stretch Each Euro and Pound”

### Retailer Impacts

Relevant Assortment Design Becomes Critical in 2009  
Rewiring Marketing Vehicles Drives Increased Shopper Attention

### Manufacturer Impacts

Products Need To Advance In “Value And Functionality” Position  
2010 Will Be The Year Of “Price Architecture” Innovation  
Shopper Thinking At The Trip “DNA” Level Is One Large Key To Success

## MORE INFORMATION

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### About IRI

IRI is the world’s leading provider of consumer, shopper, and retail market intelligence and insights supporting 95 percent of the FORTUNE Global 500 consumer packaged goods (CPG), retail and healthcare companies. Only IRI offers the unique combination of integrated market information, automated and predictive analytics, innovative enabling technologies, and domain expertise. With IRI, leading retailers and manufacturers are able to quickly discover breakthrough insights driving smarter decisions and actions across the enterprise for breakthrough results. Companies around the world depend on IRI for improved productivity, stronger brands, and dramatic revenue growth. For more information, visit [www.iri-international.com](http://www.iri-international.com).

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