



Shopping & Saving
Strategies
Around the World

A Nielsen Report
October 2011

nielsen
.....

Even in a tough economy, consumers around the world favor value over price when choosing where to shop

- Consumers pursue good value over lowest prices when it comes to retailer choice.
- Bigger pack sizes are better when it comes to increasing prices.
- Reported coupon use is highest in North America and Asia Pacific, especially in the U.S., China, and Hong Kong.
- North Americans and Europeans stock up at the grocery store; others prefer quick trips for a few items.
- New, flexible retail options are most likely to be embraced by Asia Pacific consumers.

Consumers around the world continue broad efforts to save money when shopping for consumer-packaged goods, but while low prices are important, getting a good value for the money takes priority. Fully 61 percent of global online consumers rated "good value" over "low price" (58%) as the most influential reason to shop at a particular retailer, according to Nielsen's 2011 Global Online Survey of more than 25,000 Internet respondents across 51 countries.

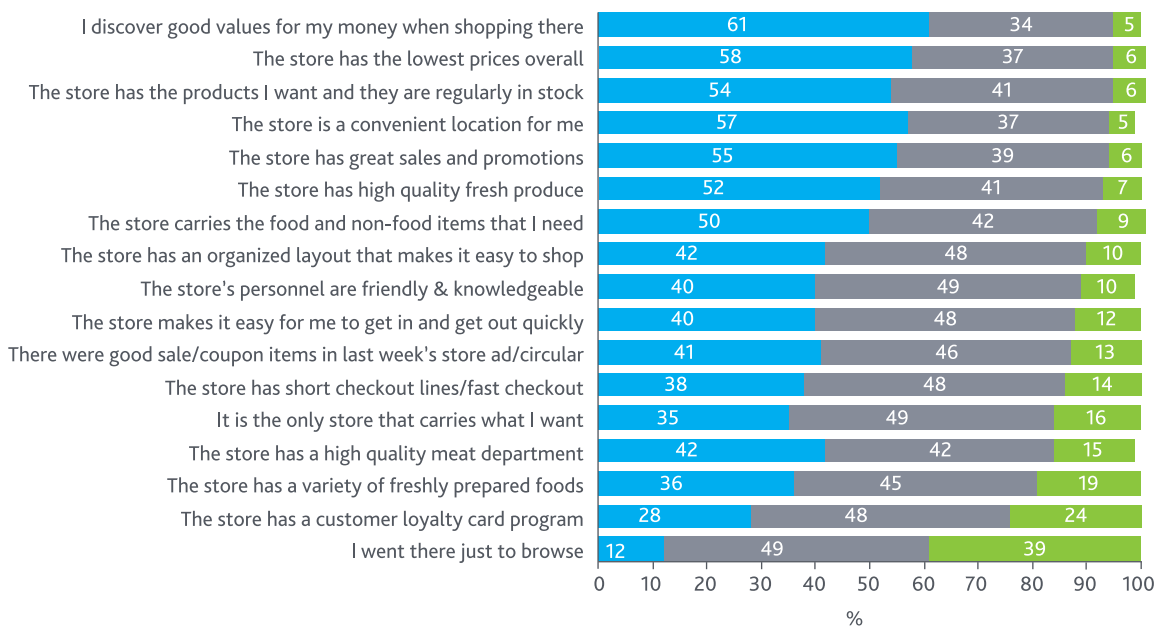
The findings show that while factors relating to value and price are important drivers of where to shop and what to buy, retailers and manufacturers who offer good values—whether through

sales and promotions or via larger-sized economy packaging—stand to gain the most from consumers who continue efforts to stretch their money in a tough economy.

The preference for value over lowest prices in retailer choice was found to be true in Asia Pacific, Europe, Latin America, and North America, while slightly more Middle East/Africa respondents preferred lowest overall prices (59%) to good values (54%). Other attributes rated as "highly influential" by more than half of global online consumers were convenient location, great sales/promotions, well-stocked shelves and high-quality fresh produce.

What influences your decision to shop at a particular retailer?

Global Average



Source: Nielsen Global Online Survey, Q1 2011
Due to rounding, the data may not equal 100%

● Highly Influential ● Somewhat Influential ● Not At All Influential

Bigger is Better & Quality is Key

Commodity and raw material costs continue to rise, squeezing profit opportunities for producers and brands. For CPG manufacturers and retailers seeking direction on consumer demand, the study found a clear preference for strategies that increase value—even in the form of more expensive overall package prices.

When given the choice of either purchasing large value packs at a lower price per serving or smaller pack sizes at a lower cost, global online consumers voted 2:1 on the former. Thirty-six percent of global online respondents indicated they would prefer manufacturers to offer larger economy size packages, with lower prices per usage/serving. Half as many respondents (18%) said they would prefer new, smaller sized packages at lower prices, and only about one-in-ten (12%) would prefer modestly downsized packages at the existing price level.

Roughly one-third of consumers in every region say they would prefer the larger, economy-sized packages, but the sentiment is most pronounced in North America, where 39 percent of consumers indicated a preference for value packs, 20 percent for smaller packages at lower prices, and 11 percent for modestly downsized packages at current prices. "However, in tough economic times and with wide fluctuations in commodity

pricing, downsizing has been a successful strategy taken by manufacturers and retailers," said Todd Hale, SVP Consumer & Shopper Insights, Nielsen U.S. "To remain profitable, retailers and manufacturers have a few choices: Raise prices to cover input increases, modify ingredients to make products cost less to produce or downsize."

While consumers are clearly indicating a desire for more value packaging in the future, they are already availing themselves of this option when available. Four-of-ten (39%) global online consumers report purchasing large value packs with a lower cost per use as a way to save money on household expenses compared to last year—one of the four most prominent saving strategies reported by global online respondents. This strategy is most widely employed in Middle East/Africa countries, where 53 percent of consumers report looking to large/value packs as a saving strategy.

Consumers around the world make it clear yet again that quality is not to be compromised. Producing slightly lower quality products, but keeping prices the same is the least favored option among consumers in all regions. Proportionately raising prices along with rising manufacturing costs is also a strategy that consumers do not embrace.

If the cost for raw materials rose substantially, what would you prefer manufacturers and retailers do?						
	Global Average	Asia Pacific	Europe	Middle East / Africa	Latin America	North America
Offer larger economy sizes with lower price per usage/serving	36%	38%	33%	30%	30%	39%
Introduce new, smaller pack sizes at lower prices	18%	18%	16%	17%	21%	20%
Modestly reduce packaging size of products (also called 'downsizing'), but keep price the same	12%	13%	12%	11%	10%	11%
Offer same number of sales, but at less of a savings	10%	10%	11%	10%	12%	8%
Offer fewer sales	10%	8%	11%	17%	11%	9%
Raise prices of existing items proportionately	8%	7%	9%	9%	9%	8%
Produce slightly lower quality products, but keep price the same	6%	5%	8%	6%	7%	5%

Searching for Sales and Clipping Coupons

Nearly six-in-ten (59%) global online consumers look for sales to save on household expenses—the leading saving strategy of eight measured across all regions and most prevalent in North America (73%) and Europe (60%). Using coupons was the second most popular saving strategy for nearly half (48%) of global online consumers.

Reported use of coupons is greatest in North America (65%) and Asia Pacific (55%). The United States (66%), China (67%) and Hong Kong (65%) are the three leading markets for reported coupon use as a way to save money.

“About 80 percent of U.S. households use manufacturer coupons across all retail outlets, which is up slightly from 2009 to 2010,” said Hale. “But coupon usage is concentrated—70 percent of 2010 manufacturer coupon purchases came from just 13 percent of coupon-using households. These coupon enthusiasts are big spenders across the total store and are young, more affluent and have large households.”

“In China, 35 percent of hypermarket sales in key cities are sold on promotion—a stable contribution over the past two years,” said Peter Gale, Managing Director Retail Sales, Nielsen Asia Pacific and Greater China. “In most Asian countries, simple price cut promotions is the main promotional vehicle supported by direct mail leaflets and newspaper advertising.”

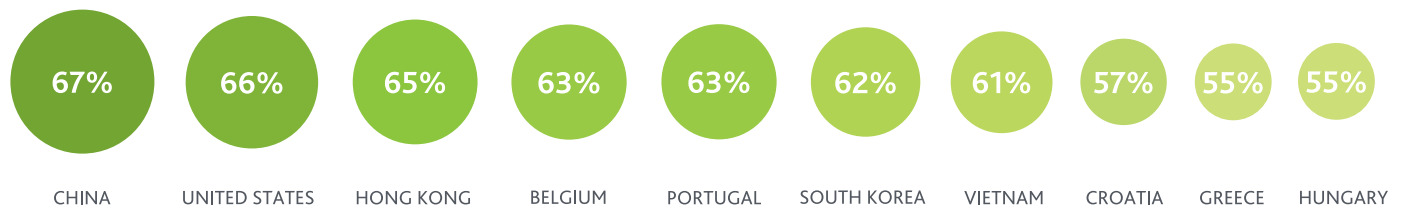
While 38 percent of European consumers indicate using coupons to save, there is wide variation within the continent. While at least half of consumers reported coupon use in several western and southern European countries, such as Belgium and Portugal (63%), Greece (55%), France (53%), and Spain (50%); in other markets, particularly in northern and eastern Europe, coupon use is much less prevalent. “Belgians are the record holders in terms of coupon redemption, but in countries like Germany or the Netherlands, their usage is very marginal,” said Jean-Jacques Vandenneede, Director, Retail Industry Insights, Nielsen Europe. “Many retailers in Europe are rather reluctant towards that practice.”

In Latin America and in Middle East/Africa, reported coupon use is much less common as a saving strategy. Only 25 percent of consumers in Latin America and 18 percent of respondents from Middle Eastern/African markets report using coupons. “In the Middle East, price cuts is the most popular promotional vehicle used by retailers along with volume discounts,” said Bassel Adel, Director Retail Services, Nielsen Middle East, North Africa, Pakistan. “However, consumers are gaining a greater awareness of leaflets, which are driving store visits and prompting retailers to actively advertise promotions in newspapers.”

U.S., China and Hong Kong are the three leading markets for reported coupon use



Top 10 markets for reported coupon use as a strategy to save money



Shopping at Value Retailers

Globally, 40 percent of online consumers report shopping at value retailers to save on household expenses, but the presence of discounters/value retailers varies by country. Regionally, shopping at value retailers as a saving strategy was reported most in Asia Pacific (44%). "Hypermarkets, which are positioned as offering the lowest prices, have established a share of up to 30 percent in a number of markets, such as Korea, China, Taiwan, Thailand and Malaysia," said Gale. "But in most cases, this share has stabilized in the last couple of years as smaller, more convenient mini-markets and small supermarkets have increased in number and started meeting shoppers needs to convenience."

Shopping at value retailers as a saving strategy was reported by just over one-third of Europeans and North Americans (37% and 36%, respectively). "The discount channel in Europe represents just below 20 percent of retail sales," said Vandenhede. "The impact of the economic downturn on the discount channel has been marginal. While several markets such as Switzerland and Turkey have seen increased activity, German discounters have actually lost market share during the last three years."

The opposite is true in the U.S., where dollar, club and limited assortment retailers performed extremely well during

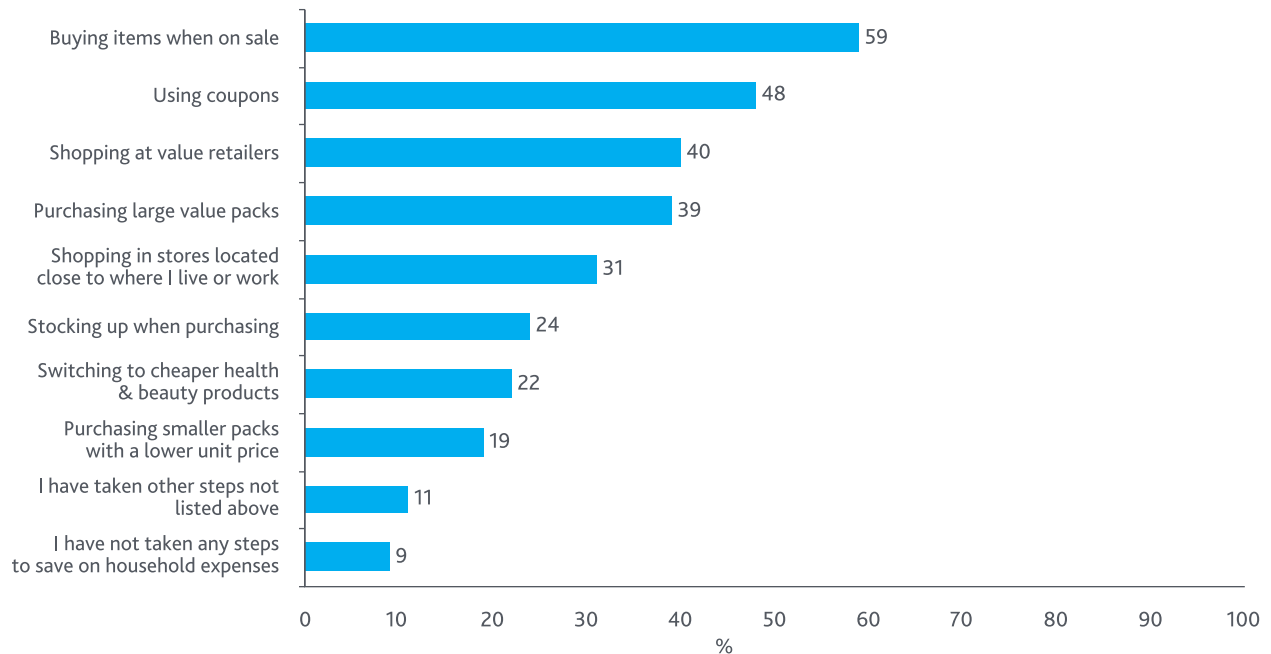
the economic downturn. "Value retailers (comprised of supercenters, warehouse clubs and dollar stores) grew from 18 percent of dollar sales in 2004 to 25 percent in 2010," said Hale. "Remaining channels (grocery, drug, traditional mass merchandisers and convenience/gas) lost share."

In the Middle East/Africa markets, one-in-three (29%) reported shopping at value retailers as a saving strategy. "In the Middle East, a huge opportunity for retailing exists as the landscape is dominated by top-end retailers and a mass of fragmented retailers that have a sizable retail spend that continues to grow," said Adel. "In markets like United Arab Emirates and Qatar, modern trade is most important, but in others like Kingdom of Saudi Arabia, Kuwait and Bahrain there is a split between both modern trade and traditional trade, others countries in the region are catching up with a high growth rate like North Africa and Levant."

Consumers around the world are much less willing to sacrifice beauty when it comes to saving money. Only 22 percent say they will buy cheaper health and beauty products when it comes to cutting expenses.

Compared to last year, I am saving on household expenses by:

Global Average



Source: Nielsen Global Online Survey, Q1 2011

Trip Missions – Stock Up or Quick Pick

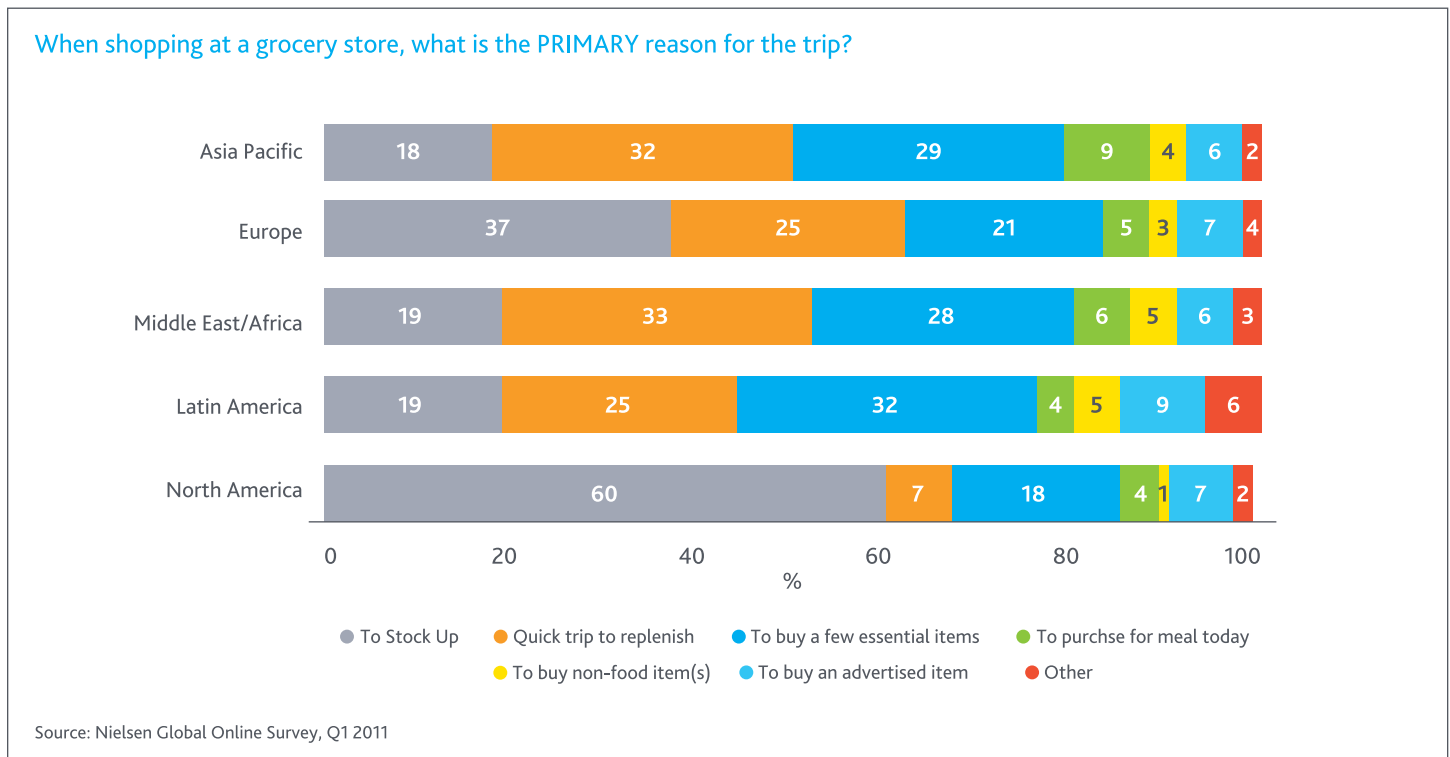
While many consumers, particularly in North America, report stocking up as a way to save money, stocking up as the primary reason for making a trip to the store is not uniformly widespread across the globe. In fact, in several regions and markets, consumers indicate that most of their grocery store visits are initiated to either buy a few essential items or to quickly pick-up an item that needed replenishment.

By far, North Americans are the mostly likely to make a shopping trip to stock up on groceries, with 60 percent of North American consumers indicating their primary reason to make a trip is to stock up on staples. By contrast, 18 percent say they make a trip to pick up a few items, and just seven percent say they shop when they run out of something at home. “The impact of high gas prices in the U.S. has prompted consumers to combine errands and trips,” said Hale. “This trip consolidation has resulted in a reduction in small grocery trips in the U.S.”

A more even distribution of shopping trip missions is reported in Europe, where 37 percent say they stock up on grocery trips, one-in-five (21%) shop when needing a few essential items, and 25 percent make a quick shopping trip when they run out of

something at home. “Retail trip missions in Europe are dictated by store infrastructure,” said Vandenheede. “In countries where shoppers have a high density of stores to choose from, such as in Italy or Germany, shoppers tend to shop more often. In countries that are dominated by hypermarkets with less retailer availability, stocking-up is the more dominant shopping pattern.”

Conversely, stocking up for groceries is less common in Asia Pacific, Latin America and in the Middle East/Africa where roughly one-in-five consumers say that is the primary reason for the shopping trip. Across both the Asia Pacific and Middle East/Africa regions, about one-third of online consumers say a quick trip for needed items is the primary reason for shopping trips (32% and 33%, respectively). A similar, but slightly smaller, number say trips are made to purchase a few essential items (28% of trips in Middle East/Africa and 29% of trips in Asia Pacific). Similarly, in Latin America, the most commonly reported reason for making a shopping trip among one-third of respondents is to pick up a few essential items and one-quarter say they make a quick trip to replenish.



The Future of Retailing – Flexible Formats

Consumers today are increasingly mobile and as technology advancements continue around the world, so too will retailing evolve to keep pace. And while online shopping has shown impressive growth momentum over the past few years in industries such as travel, publishing, electronics and even clothing, the pace of change has been much slower for consumer-packaged goods.

When considering new and flexible retail formats for grocery shopping, specific preferences emerge when it comes to particular online delivery options. While more than half (52%) of global online consumers say they are likely to place a grocery order online if it is delivered home, less than one-third feel the same if they are required to pick up the online order at curbside (27%) or via a drive-thru window (30%). Interestingly, more consumers—just over one-third (36%)—say they are willing to pick up an online order inside the store.

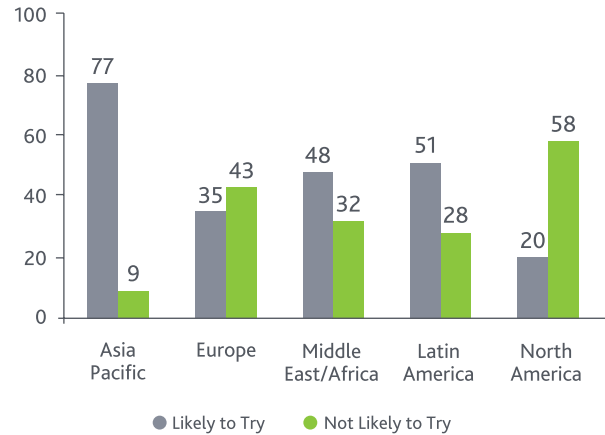
The online shopping/home delivery option is most embraced by consumers in Asia Pacific, where more than three-quarters (77%) say they are likely to take advantage of this option, which contrasts sharply with one-fifth of North Americans (20%) and one-third (35%) of Europeans. "The main resistance in developed countries in Europe and North America is primarily due to the high volume of grocery stores that are available," said Vandenneede. "In Asia Pacific, fewer physical stores and a very digital consumer base equal a fertile distribution channel for online." About half of respondents in Middle East/Africa (48%) and Latin America (51%) indicated they are likely to shop for groceries online for home delivery.

Using hand-held scanners to record purchases while shopping to avoid waiting on checkout lines was welcomed by half of global online consumers. While interest is again highest among Asia Pacific consumers (60% interested and only 14% unlikely to try it), in each region, more consumers indicated they are likely to try it than not.

“Online shopping/
home delivery
is most embraced by
consumers in Asia Pacific”

Consumers in Asia Pacific are most likely to take advantage online grocery shopping

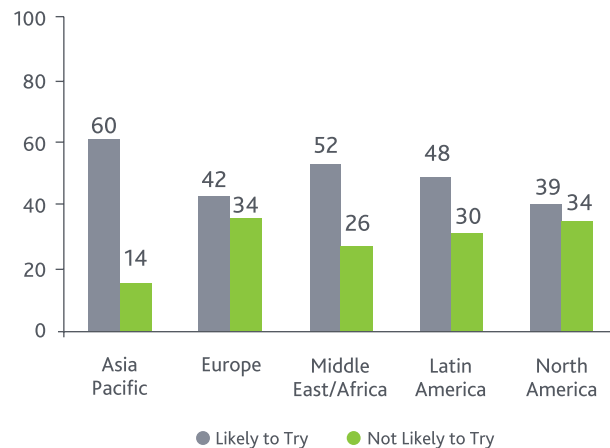
Order Online for Home Delivery



Source: Nielsen Global Online Survey, Q1 2011

More consumers say they are likely to try hand-held scanners when grocery shopping than not

Hand-Held Scanner Used In Store



Source: Nielsen Global Online Survey, Q1 2011

Countries in the Study:

Argentina	Hong Kong	Romania
Australia	Hungary	Russia
Austria	India	Saudi Arabia
Belgium	Indonesia	Singapore
Brazil	Ireland	South Africa
Canada	Israel	South Korea
China	Italy	Spain
Colombia	Latvia	Sweden
Croatia	Lithuania	Switzerland
Czech Republic	Malaysia	Taiwan
Denmark	Mexico	Thailand
Egypt	Netherlands	Turkey
Estonia	New Zealand	United Arab Emirates
Finland	Norway	United Kingdom
France	Philippines	Ukraine
Germany	Poland	United States
Greece	Portugal	Vietnam

About the Nielsen Global Online Survey

The Nielsen Global Online Survey was conducted between March 23 and April 12, 2011 and polled more than 25,000 consumers in 51 countries throughout Asia Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of $\pm 0.6\%$. This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Online Survey, which includes the Global Online Consumer Confidence Survey, was established in 2005.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.

For more information visit www.nielsen.com