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News Release

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FOR IMMEDIATE RELEASE

**AUSTRALIAN SHOPPERS FORCED TO RE-EVALUATE SHOPPING HABITS: TWO THIRDS
REDUCE PURCHASE OF NON-ESSENTIAL GROCERY ITEMS**

Latest Nielsen research reveals

SYDNEY, 23 October 2008: Australian shoppers are being forced to re-evaluate their shopping habits in the face of rising household costs, with two-thirds (66%) reducing their purchase of non-essential grocery items, 41 percent avoiding the purchase of certain items altogether, and more than one-third (38%) buying fewer items, according to a recent study undertaken by The Nielsen Company. (See Chart 1).

The Nielsen study, which surveyed 1,500 Australian consumers, found that fuel, home loans, groceries, utilities and dining out were identified as the top five services/products to have had a significant recent price change, ahead of other household expenses such as rent or entertainment.

“We are at an inflexion point in consumer spending – a time when new habits are being created in the face of the increasing cost of living,” says Gillian O’Sullivan, Executive Director, Customised, The Nielsen Company. “And while this is leading to more dollars being channelled into supermarkets and grocery stores as shoppers eat out of home less, not all supermarket categories are seeing increasing volumes as shoppers cut back on their supermarket impulse purchases, opt for cheaper housebrand/generic products and start looking for smarter ways to shop.”

Asked to indicate which changes they had made or intended to make to the way they buy certain supermarket items, more than half (56%) were checking shelf prices more carefully, 45 percent said they were waiting for specials before making their purchases and around 44 percent were reading supermarket catalogues to decide where to shop. A further 30 percent of Australian shoppers said they had changed where they shop in an attempt to reduce their household grocery bill, while more than one quarter (26%) had switched to retailers’ own brands. Only six percent of Australians surveyed said they had not made any changes to their shopping behaviour. (See Chart 2).

The impulse aisle appears to have been the hardest hit by the current economic climate, the Nielsen study reports. Nearly three-quarters of shoppers (73%) said they were cutting back on confectionery purchases, 67 percent were buying less biscuits and potato chips, and almost two-thirds (62%) had cut back on their soft drink purchases.

With the ABS reporting a shift in food expenditure away from cafes, restaurants and take-away back to supermarkets in the past six months¹, Nielsen’s data indicates this shift has seen growth in sales of ‘back to scratch’ cooking items such as dry pasta (up 5%), pasta sauces (up 4%), canned tomatoes (up 6%), packet sauces and gravies (up 5%), stock (up 6%) and rice (up 6%).

“Although we’ve had a couple of rate cuts by the RBA now, consumers are still having trouble making ends meet, and for the grocery sector, this means we could be seeing reduced sales across a number of categories which consumers view as being ‘non-essential items’,” observes O’Sullivan. “On the flip side, however, DIY cooking products are enjoying a resurgence in popularity as families opt to eat in.”

Chart 1: Australians changing the way they shop

<i>Q: What changes have you made, or do you intend to make, to the way you shop for grocery items?</i>	
Buy certain non-essential items less often	66%
Shop around to get the best price for most items	53%
Writing a shopping list to avoid buying non-essential items	47%
Stopped buying certain items altogether	41%
Changed the place where I usually shop for my fresh fruit and vegetables	41%
Buying fewer number of items	38%
Changed the place where I usually shop for my fresh meat, fish, poultry and deli	32%
Changed the place where I do my main shop	21%
Purchase grocery items from convenience stores and petrol stations less often	21%

Chart 2: Australians changing how they shop

Q: What changes have you made, or do you intend to make, to the way you purchase certain grocery items?	
Check prices on shelf carefully before selecting what to buy	56%
Wait for a price special to purchase	46%
Read supermarket catalogue to look for specials	44%
Change the place where I usually shop for this item	30%
Buy a retailer's own brand (eg Homebrand, SmartBuys)	26%
Buy larger quantities and stock up when on special	26%
Buy less often	25%
Change to a cheaper branded product	21%
Buy fewer packs at each shopping occasion	12%
Buy smaller, lower cost packs	10%
Buy larger economy / bulk packs	10%
Stop buying this item altogether	7%
None	6%

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing information (ACNielsen), media information (Nielsen Media Research), online intelligence (NetRatings and BuzzMetrics), mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands and New York, USA. For more information, please visit, www.nielsen.com

¹ ABS percentage share of food expenditure, January to June 2008