

Aussie consumers impacted by escalating fuel prices

Latest findings from the global ACNielsen Online Consumer Opinion Survey

With nine in 10 Australian consumers having to maintain a vehicle, recently fluctuating fuel prices have been watched with concern by Australian consumers, and 84 percent claim to have felt a hit to their hip-pockets caused by escalating petrol prices.

These are the findings from ACNielsen's latest Global Online Consumer Opinion Survey, which polled over 23,000 people in 42 countries and more than 500 Australian participants on the impact of rising fuel prices.

In response to rising petrol prices, Australian households have been compelled to adjust their driving habits with almost two-thirds (61%) opting to use their vehicle less, more than half (57%) trying harder to combine trips, and just under one-third (29%) cutting down on non-essential living expenses. Less than one in five (19%) Australian consumers have opted to use public transport more in order to cope with rising petrol prices.

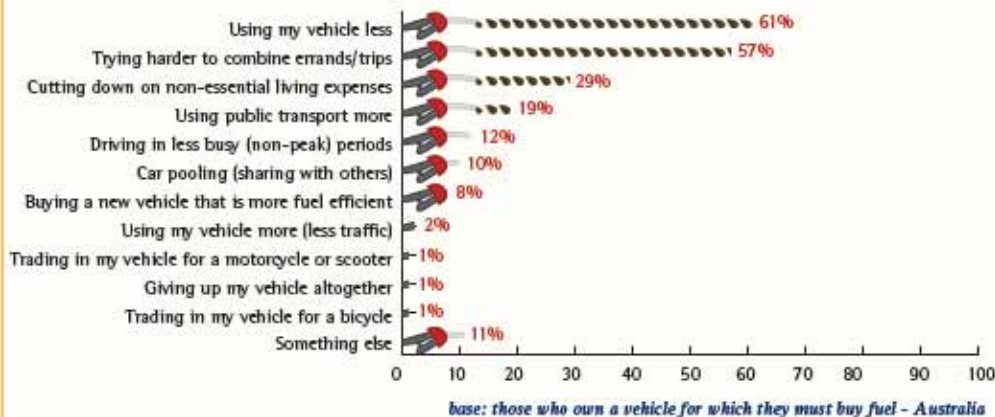
In response to rising fuel prices, Aussie households have been compelled to adjust their driving habits

ACNielsen's head of automotive research, Tina Katsinikas, says that Australia's high level of car ownership combined with its long average driving distances means that as petrol prices fluctuate, the impact is much more significant than in smaller countries where average driving distances are generally shorter.

A smaller proportion of consumers have taken more extreme measures in response to the petrol price shocks – eight percent of fuel buying consumers have purchased a more fuel efficient vehicle, two percent traded in their vehicle for a motorcycle/scooter or a bicycle, and one percent gave up their vehicle altogether.

For more detail on the results from the ACNielsen Global Consumer Opinion Survey, including Asia Pacific regional and global findings and comparisons, contact your ACNielsen Account Manager or download the findings from ACNielsen's website: www.acnielsen.com.au

What impact, if any, have higher fuel prices had on your household's driving habits?



In this issue...

A word from the Executive Director
 Homescan now the world's largest consumer panel
 Actionable shopper insights to drive category dollars
 Building strong business partnerships through understanding shopper behaviour
 Other news

A word from the Executive Director

Welcome to the autumn edition of Marketplace, ACNielsen's quarterly publication for Australian FMCG retailers and manufacturers. In an environment where the balance of power in the retail world is shifting, it is now more critical than ever for manufacturers and retailers to have a holistic view of the marketplace which is gained from as many sources as possible.

Over the coming months your ACNielsen account team will be providing you with a range of information and presentations to help you to see the bigger picture and gain a greater understanding of the broader marketplace. I would urge you to encourage your teams to attend these information sessions wherever possible, as I strongly believe they will provide invaluable insights into the ever-changing landscape in which we are operating.

In particular, some of the presentations to look out for include:

- The 2006 Retail Barometer findings
- 2006 ShopperTrends report
- First half 2006 Private Label report
- The inaugural Brand Equity Index

Specific timings for these and other surveys and reports which are coming up in 2006 can be found on your ACNielsen desktop calendar which you would have recently received from your account manager.

We look forward to continuing to provide you with information that will empower you to make the best business decisions. 📧



Ben Dixon
Executive Director
Retail

Homescan now the world's largest consumer panel

Homescan panel expansion addresses clients' increasing consumer panel services requirements

In line with clients increasing focus on in-depth consumer insights and analysis, ACNielsen's consumer panel, Homescan, has expanded to 10,000 households - making it the biggest per capita consumer panel in the world.

The enhancement enables ACNielsen's clients to undertake expanded:

- Consumer segmentation
- Trade insights
- Analytical depth

ACNielsen | Homescan® – expanded consumer insights helping you to enhance your brand's performance.

For more information on how you can tap into the expanded capabilities of ACNielsen | Homescan contact your ACNielsen Account Manager, or call Shan Xifaras on (02) 8873 7317. Alternatively, visit www.acnielsen.com.au/homescan. 📧



Actionable shopper insights to drive category dollars

By Neil Sangster, Associate Director, ACNielsen Australia



The balance of power in the retail world has shifted. In recent decades we've seen the power shift from the manufacturer to the retailer and now to the shopper. As a result both manufacturers and retailers need to better understand how people shop and what really impacts behaviour at the shelf.

In recent years there has been a decline in the amount of time the average grocery shopper spends in a category, and per shopping trip. With an increase in 'top-up' shopping, today's average shopping trip is likely to last only 20 minutes, with an average of less than 30 seconds spent in any one category. The reality is that shoppers spend little time in individual categories because they often know what they want to buy before they even enter the store.

If the purchase of every grocery item involved a completely fresh assessment of all the choices available, based on purely rational criteria, the average grocery trip would take a lot longer than 20 minutes. Instead, shoppers generally develop their own set of rules, or heuristics, to make the purchase process as simple as possible. On most occasions they simply go through the same process they always do. This doesn't necessarily mean they are brand loyal – an individual's key rules for a category could consist of:

- Brand A or B are both acceptable and I will buy which ever is on special
- If neither are on special I will buy brand A
- If brand A is out of stock I will buy brand B

The challenge for retailers and manufacturers is to understand shopper behaviour in store so they can manage the category in a way that meets customers' needs and is also profitable.

How do retailers and manufacturers get their hands on actionable shopper insights? It comes down to a few points:

1. Have a clear understanding of research objectives and what you want to know about the shoppers and the motivations behind their behaviours
2. Decide on and outline the hypotheses that the research is designed to test, and determine the most suitable methodology
3. Have specific key measures that can be used to confirm or refute each hypothesis, enabling clear interpretation.

The chart below sets out some common research objectives and looks at the various methodologies available and provides examples of the respective insights that these methodologies can provide.

Capitalising on the new rules of retail

While the consumer now holds the power, there is an exciting opportunity for retailers and manufacturers alike to gain new and unique insights into shoppers' purchasing behaviour and answer some of those long-specified questions, like 'How do shoppers navigate my store?', and 'Which category layout maximises my sales?'. And those retailers and manufacturers who are actually asking these questions will be the best placed to capitalise on the changing world of retail. 📊

Objective	Determine purchase decision hierarchy	Assess impact of new planogram on category sales	Understand the factors impacting the decision process	Review impact of new category flow on shopper behaviour	Review impact of new category flow on shopper perceptions
Methodology	Market Structure analysis from Analytic Consulting team	Controlled store test from Analytic Consulting team	Qualitative research using DeltaQual	In-store observations	in-store interviews
Key Insights	<ul style="list-style-type: none"> • Flavour Y competes with Flavour X, but Flavour Z is unique • Brand is the most important factor, then pack size • The purchase tree varies by brand 	<ul style="list-style-type: none"> • Value and volume sales increased by five per cent as a result of the new planogram • Range reduction did not impact sales 	<ul style="list-style-type: none"> • Shoppers have a repertoire of brands that are acceptable • Purchase is based on available specials • They believe "something is always on special" 	<ul style="list-style-type: none"> • Higher levels of conversion from shopped category to made purchase with new flow • Easier to shop - more 'grab and go' shopping 	<ul style="list-style-type: none"> • Shoppers notice the change • they like it • it is easier to shop • Less focus on price with new flow

For more information contact your ACNielsen Account Manager, or call Neil Sangster on (02) 8873 7851.

Building strong business partnerships through understanding shopper behaviour

An extract from the 2005 ACNielsen | ShopperTrends report

With Aldi well on track to achieve the predicted 10 percent share of packaged grocery by 2010, it is now clear that the German based discounter will become a significant force in the Australian market. Findings from the 2005 ACNielsen | ShopperTrends report highlight the need for the major retailers to reconsider how they respond to the challenge posed by Aldi's entrance into the Australian market. ShopperTrends 2005 reveals that exclusive emphasis on price does not create a point of difference. Shoppers see price as a 'hygiene factor': you've got to have it but it does not in itself create a competitive advantage.

The report also outlines Woolworths' and Coles' performance in 2005, and how the retailers are performing in the key areas that shoppers really use to differentiate one store from another. This year's report illustrates that both Woolworths and Coles need to balance their focus on price and ensure their strategies are consumer-centric and not driven purely by competitive considerations.

ShopperTrends 2005 also includes a detailed analysis of Coles' and Woolworths' new Private Label strategies, including insights into consumer awareness of the new lines and their acceptance of Private Label overall.

The results will surprise you – now is certainly not the time for manufacturers to be holding back on new product development (NPD); indeed, now more than ever, they need to pursue NPD aggressively.

Now in its fourth year, ACNielsen | ShopperTrends is the most comprehensive report on the grocery retailing environment and shopper behaviour. The report brings together a unique blend of insights from ACNielsen's ScanTrack service, Homescan consumer panel and Winning Brands Store Equity Model to help retailers and manufacturers build strong business partnerships based on a shared goal of understanding shopping behaviour.

For more information contact your ACNielsen Account Manager, or call Jo Haggerty on (02) 8873 7355.



Other news

ACNielsen is committed to supporting FMCG and grocery retailing industry events, and in line with this commitment, two of its executives recently presented on convenience trends and category management.



Caroline Lloyd, Manager, ACNielsen Retailer Services (pictured), presented at the 2006 Australian Convenience Store Conference on 23 March, held at the Sydney Convention Centre. The conference is the longest running convenience trade show in Australia and is run in conjunction with Convenience Store News. Caroline's presentation, entitled The Convenience Phenomenon, was attended by approximately 300 delegates ranging from convenience store operators to leading FMCG manufacturers.



Andrew McQuillan, Associate Director, ACNielsen Analytic Consulting (pictured) presented at the Category Management Conference on 28 March. The two day conference was held at the Sydney Marriott Hotel and was hosted by the International Quality and Productivity Centre (IQPC). Around 70 delegates, mostly from within the FMCG industry, attended Andrew's presentation, entitled Implementing Consumer-centric Category Management.

Want to know what your customers are thinking?



Wondering why your customers are purchasing your competitors' products?

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To take advantage of this service or for more information, contact your ACNielsen Account Manager, or phone Jessica Marshall on (02) 8879 7829 or email jessica.marshall@acnielsen.com.au