



The Nielsen Company
Level 2, 129 Hurstmere Road,
Takapuna, North Shore 0622
www.nielsen.com

News Release

CONTACT(S): Geoff Smith
Phone: 09 970 3637
E-mail: geoff.smith@nielsen.com

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**“GOOD VALUE FOR MONEY” #1 INFLUENCER OF GROCERY STORE CHOICE –
MORE IMPORTANT THAN *PRODUCT RANGE, LOCATION, CONVENIENCE &
ENVIRONMENTAL FRIENDLINESS***

Price, Promotions and Perceptions the most influential in helping consumers arrive at
a value perception

January 10, 2008, Auckland -- According to a global survey conducted by The Nielsen Company, *Good Value for Money* is the most important factor for world consumers in determining where to spend their grocery dollars.

Conducted in mid 2007, Nielsen surveyed 26,486 internet users in 47 markets¹ from Europe, Asia Pacific, the Americas and the Middle East, on the factors that influenced their choice of grocery store.

Nielsen found an overwhelming 85 percent of consumers ranked *Good Value for Money* as the most important consideration when choosing a grocery store – outperforming other considerations like product range, location/convenience and environmental friendliness etc. – with Filipinos and Singaporean shoppers top global rankings for placing greatest importance on getting good value for money.

¹ **47 Markets Covered:** Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Russia, Thailand, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, UAE, United Kingdom, US and Vietnam.



“Our survey results offer a unique global snapshot of shopping habits and the motivations behind our grocery shopping behaviour today,” said Geoff Smith, Associate Director, Retailing, ACNielsen New Zealand. “What shoppers want and demand from grocery retailers vary significantly across regions and countries, and with increasing consolidation and globalization of the retail industry, it’s crucial for retailers to understand how shopper preferences differ across markets.”

The Nielsen survey also revealed that besides *Good Value for Money*, the second most important attribute for the world’s consumers was a retail outlet that offered a *Better Selection of High Quality Brands and Products* followed by *Location* and *Convenient/Easy Parking*.

“This is a perfect example of today’s schizophrenic shopper. Demanding shoppers expect the best of both worlds from retailers today. On the one hand, we’re all natural bargain hunters and demand good value for our grocery dollar, and on the other, we expect retailers to stock a wide selection of high quality brands and products to allow us to indulge in our favourite premium treats,” said Smith. “The same consumers want the ‘cheapest of the cheapest’ in some categories and the ‘best of the best’ in others”.

Better Selection of High Quality Brands and Products

Ranking highest in the world for choosing a supermarket that offers a *‘Better Selection of High Quality Brands and Products’* were consumers in the world’s booming economies of Russia (93%), India (79%) and China (78%) as well as emerging Baltic countries of Latvia (79%) and Lithuania (77%) – a clear message to retailers operating in or entering those markets.

“Foreign retailers looking to enter the emerging markets should know that local consumers do not necessarily react to promotions and price discounts as much as other countries. Instead, brand reputation, quality and buying habits are more important to shoppers.”

Location, choosing a supermarket because it’s close to where they live ranked top among South Koreans, Indonesians, and *Convenient/Easy Parking* is considered most important among Malaysian shoppers.

In deed, in fast-growing, emerging markets, there are large numbers of consumers with growing disposable incomes and newly acquired, discerning tastes. These consumers want premium international grocery products in their shopping baskets and seek out supermarkets with a better offering of high quality, branded products.

How consumers around the world define 'Good Value'?

The survey revealed *Price, Promotions and Perceptions* as most influential in helping consumers arrive at a perception of value.

Three in four consumers around the world recognized *a lot of promotions and regular price discounts* offered by grocery stores as a good value for money, and 70 percent said it was important the store had a *reputation for being cheaper than competitors* – despite whether it is really the case in reality. In third place was *prices published in the store's own leaflets and promotional material*, followed by *one's own research and prices comparison across retailers*, and then *price reductions offered through loyalty/store cards* and *stores that promised to have every day low prices*.

Again, regional and country differences prevailed. European shoppers rated stores that *run a lot of promotions and regular price discounts* and *that have a reputation for being cheaper* as the two best indicators of Good Value. Asia Pacific shoppers defined *prices published in the store's own promotional material*, the *stores' promise to have every day low prices* and *own research and prices comparison across retailers* as their most important Good Value indicators. Asians are also most likely to listen to word-of-mouth and friends who tell them where to get the best value while shoppers in EEMEA and Europe tend to believe that price reductions through store/loyalty cards are *Good Value*.

Promotions and regular price discounts appealed most to bargain-hunters especially those in Portugal, Taiwan, Malaysia, Singapore and Brazil.

A store's *reputation for being cheaper than their competitors* was the second most influential factor in what constitutes Good Value in consumers' minds. "The power of perception is very important – especially among South East Asian shoppers. 90 percent of Filipinos and over 80 percent of Singaporeans, Indonesians, Greeks, Malaysians and Taiwanese consumers are influenced by price perception" Smith added.

Adding further insight into global shopping habits, 62 percent of consumers said they were influenced by *prices published by supermarkets in their own in-store promotional material*.



Four in 10 global consumers take matters into their own hands and ensured they got good value by researching and comparing prices across retailers. This was an important task for the Turks (84%), Filipinos (79%), Brazilians and Poles (78%) and the Portuguese and Thais (77%).

Over 70 percent of shoppers in Taiwan, Hong Kong, the Philippines and Portugal and just under 50 percent in New Zealand recognize value for money through price reductions offered through store/loyalty cards.

“Nielsen research in the USA shows that the importance of good value and low prices resonates much stronger with lower income households” said Geoff Smith. “More affluent households on the other hand, regard *quality of fresh produce, meat and seafood* and *selection* above good value. That said, the success of warehouse club retailers speaks loudly to the importance that affluent consumers place on value.”

About The Nielsen Company

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