As inflation bites and consumers become increasingly price-sensitive, supermarkets face a battle to maintain loyalty.

Lena Rittmann, Analyst
As inflation bites and consumers become increasingly price-sensitive, supermarkets face a battle to maintain loyalty.

The price increase of food exceeded overall inflation in 2022. As an essential spending category, this puts even more pressure on consumers, and led to **65% of grocery shoppers buying more at discounters** and **72% buying more own-label products** than they used to.

The disproportionate increases in private label prices resulted in consumers saving less when trading down. With **price and promotions being the main factors when deciding where to shop for groceries**, supermarkets have to work even harder to **provide extra value** for their customers. Highlighting the provenance and quality of local food can encourage people to trade up, even in tough times, since **localism is a factor of choice for 32% of sustainable shoppers**.

Supermarkets should consider partnering with technology companies to **offer customers more convenient shopping solutions** (eg cashless stores). Despite slow growth so far, there is **still potential in online grocery**, which is why supermarkets should integrate their concepts early
enough. **Omnichannel will play a key role** here, aligning customers’ online and offline shopping experiences, for example in loyalty programs. Own digital loyalty programs should also be used to create a more **personalised shopping experience**. Better **targeted offers** increase the attention of price-sensitive customers.
EXECUTIVE SUMMARY

Key issues covered in this report

- Overview
- The five-year outlook for the grocery retail market

Market context

- Food prices will continue to rise
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- An ageing population and emergence of Gen Z demands a more flexible approach
  - Graph 2: private households by household size, 1991, 2020 and household projection 2040

Mintel predicts

- Market size and forecast

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  - Graph 23: most money spent in a typical month by top-four retailer, 2019-22
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• Edeka focusses on regionality with new E-Centers
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Appendix – market size and forecast
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Supermarkets – Germany – 2023
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