



Consumer Trends

Easy and affordable is a critical retail trend in a time and money restricted environment

MarketLine Case Study

Report Code: MLCS0003-046

Published: July 2022



1. Overview

1.1. Catalyst

Easy & Affordable is a mega-trend driven by consumers' desire to conserve their time, effort, or money. Shoppers want products and services to aid them in saving personal time and wealth. Macroeconomic fluctuations and geopolitical uncertainty have made consumers more wary about their spending. Post-pandemic lifestyle changes have boosted the trend through more on-the-go behavior and returning to work. Younger people and consumers with more children are most influenced by this trend, with regards to both time- and money-saving properties. When targeting younger consumers with these products, it is especially important to highlight the ease and convenience aspects on offer. The time-saving benefit is much more important to higher earners. They are likely to have a 'time is money' approach to life, leading them to prioritize ease and convenience.

1.2. Summary

Socioeconomic shifts: Uncertainty around the economy and personal finances has made consumers more price-conscious and more likely to seek out affordable options. New channels: Many brands shifted to online channels during the pandemic and are exploring more convenient formats due to increased accessibility. Instant gratification: Modern shoppers have a shorter attention span and often expect instant solutions and fulfillment.

'All-in-one' claims offer simplicity and time-saving attributes. Multifunctional properties are appealing to consumers in this trend. Tech enablers are changing the game in retail and foodservice when it comes to ease and convenience, such as contactless stores. On-the-go and refillable formats are important packaging innovations to provide consumers with convenient and cost-effective products.

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2. Consumers seek out convenient, cheap, and fast product experiences and services

The increase in inflation has caused significant price rises for products and services, causing consumers to actively search for the most cost-efficient options. This highlights the need for brands to compete on price, as products with lower-price positionings will gain a competitive advantage in the current environment. Food is a category that tends to adopt FMCG trends fast, and dictates their direction in other categories. The mega-trend has strong relevance in food, and consumers' definition of 'good value for money' underscores this. The demand for high quality suggests that consumers are willing to pay more in food categories if the quality is justified.

2.1. Easy & Affordable taps into shoppers' drive to save time, effort, or money

Two of the modern consumer's most precious resources are time and money, and in an attempt to maximize this shoppers will find products that offer a sense of taking control of personal time and money. Brands need to offer convenience, efficiency, and value, particularly as more than one quarter (28%) of global consumers are always influenced by how well a product or service aligns with their money and time constraints

2.2. Macroeconomics and geopolitical uncertainty are boosting the Easy & Affordable trend, as well as the aftermath of COVID-19

The increase in inflation has caused significant price rises for products and services, causing consumers to actively search for the most cost-efficient options. This highlights the need for brands to compete on price, as products with lower-price positionings will gain a competitive advantage in the current environment. Macroeconomic factors, such as unemployment rates and high income taxes, are impacting consumer demand for the Easy & Affordable trend as consumers are having to moderate and avoid products that they cannot afford or are deemed unnecessary. The demand for easy products and services is derived from convenience, as on-the-go lifestyles resume post-pandemic. Consumers are actively searching for products that allow them to save time, as they focus energy on work, studying, family life, and socialization.

2.3. Key drivers and inhibitors impacting the Easy & Affordable mega-trend

- **Demand for simplicity:** As consumers move back to basics, the demand for products that are simple, easy, and familiar is high. Consumers are actively looking for products that can facilitate an easy life and make consumption occasions simpler.
- **Financial anxiety:** Financial concerns underpin affordability trends, and, in light of geopolitical uncertainty and macroeconomic fluctuation, consumers are demanding lower prices or having to avoid categories due to price increases.

- **Switch to online:** The availability and accessibility of products and services online allows the Easy & Affordable trend to be facilitated. Consumers can use digital devices, mainly mobile phones, to purchase items from all categories and sectors conveniently.
- **Habitual behaviors:** Consumers gravitate towards products and services that are familiar to them, particularly with regards to branded products. The lack of willingness to change purchasing habits—even if cheaper or easier—can be a barrier for the trend.
- **Accessibility:** Consumers may have limited affordable or convenient choices due to a lack of accessibility or availability. The growth of the Easy & Affordable trend is dependent on the assumption that consumers have a variety of options to choose from.
- **Premiumization:** The premiumization trend stands in direct opposition to pursuit of affordability. Although added functionality straddles the line between these two concepts as it offers a cheaper alternative to buying several items that offer the same benefit, they often sit at a higher price band than other products and thus utilize premium positioning.

2.4. Globally, high quality is considered the biggest indicator of value for money

Food is a category that tends to adopt FMCG trends fast, and dictates their direction in other categories. The mega-trend has strong relevance in food, and consumers' definition of 'good value for money' underscores this. The demand for high quality suggests that consumers are willing to pay more in food categories if the quality is justified. Affordability is especially important in dairy, which registers among the highest percentages with value for money indicators for 'high-quality ingredients', 'multibenefit', 'low price', and 'long-lasting'. Launches in dairy should ensure that they leverage these preferences. Meanwhile, in more indulgent categories such as chocolate, confectionery, and desserts, consumers are more inclined to associate value with promotional benefits. Prepared meals see much higher appeal in the time-saving and multibenefit aspects.

Consumers are actively looking for comparable FMCG products at lower prices that offer them their desired solution. The greatest indicators for value for money in packaged food are low prices, high quality and multifunctional properties. Across the board—dairy products, savory snacks, confectionery, prepared meals, and baked goods—high-quality product/ingredients strongly influence perceptions of superior value. Good value in dairy products is especially linked with quality, with 46% of consumers associating high-quality products with good value for money. Value for money does not always equate to low prices; the perception of what benefits consumers get from their spend is justified through value.

2.5. 'Discount' and 'multifunctional' claims are the key ways to draw in consumers in drinks categories

Similar to food, high-quality products and ingredients rank as the top strategy to communicate value to the consumer in hot and soft drinks. Low prices are important to consumers in these categories, as consumers look for the cheapest options to align with financial constraints. In some regions, consumers are aware of sugar taxes being imposed, and so careful spending in this category is to be expected. With imposed restrictions causing promotions and discounts to be limited, consumers are likely to generate lower prices through multipacks and 'deals'.

Value for money is also generated through multibenefit properties, such as functional ingredients. As an example in the hot drinks category, a cappuccino offers consumers energy from caffeine, indulgence from milk and comfort from heat. Ingredient innovation is developing this aspect in the drinks market, such as incorporating turmeric, CBD, and Matcha.

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Added functionality is a significant factor in decision-making. Hot and soft drinks launches have tapped into this trend with added vitamins, proteins, and nutrients in more unusual formats to compete effectively in the market and meet the enhanced needs of consumers, particularly regarding health concerns post-pandemic. The incorporation of functional ingredients with beneficial claims is appealing to consumers in hot and soft drink products as consumers can spend one price and get multiple gains, making products with added functionality easy and affordable.

2.6. Consumers are driven by low prices in the alcoholic drinks category, often encouraged by promotions and money-saving-based marketing strategies

Globally, alcohol consumption is high, with 60% of people drinking alcohol occasionally or regularly. Low prices are seen as an indicator of value for money in the alcoholic drinks category, which often features high price points due to expensive manufacturing processes and taxes. As such, private label options are important in this category, with shoppers looking for budget-friendly alternatives. Alcoholic beverage marketing promotions are sometimes limited regionally; however, in-store product placement and seasonal marketing strategies are significant in this category to boost consumer satisfaction. Interestingly, the lack of demand for long-lasting products and large product sizes highlights the curiosity around single-serve alcoholic beverages. This could be due to moderation in the alcoholic drinks category, or the demand for on-the-go convenience.

Pre-mixed alcoholic drinks that are ready to drink in easy-to-carry formats continue to expand in variety, giving shoppers more convenient ways to sip on their favorite alcoholic drinks. As consumer socialization begins to increase post-pandemic, the demand for alcoholic beverages that can be consumed while traveling is high, especially alcoholic drinks that are pre-portioned and provide consumers with a convenient solution.

2.7. Long-lasting products are sought out in health and beauty, with innovation surrounding multifunctionality being important

Consumers' concept of value for money seems to be similar across beauty/grooming and healthcare products, as they register very similar statistics. Perishability is an issue for consumers in health and beauty products (particularly beauty and grooming products), as consumers may get frustrated by wasting 'out of date' items. The demand for large products is higher in healthcare, hygiene, and toiletries as opposed to beauty and grooming, which reinforces the detriment of use-by dates on value for money perceptions. Brands should formulate long-lasting beauty products and size up healthcare, hygiene, and toiletry products in order to tap into this trend. This could be done through 'reusable' innovation and concentrated formulas.

Health and beauty products with multiple benefits and multifunctional formulations are increasing in popularity within the category. Consumers are looking for products that provide them with various benefits, while only having to purchase the one product. They deem this to be cost-effective and to provide good value for money.

2.8. Household care launches should focus on providing consumers with more practical packaging and formulation solutions

High-quality, low-priced, large packs of household care products are the ideal when it comes to value for money. Some pandemic-derived habits have become permanent aspects of consumer behavior, such as making the home a 'hub'. Therefore, demand for functional and effective household care is important. The "large pack sizes" response was notably popular in household care compared to other categories. This could be due to consumers finding that they are getting through household care products such as soap much quicker due to COVID-19 heightening hygiene concerns.

Innovation for larger pack size demand is being developed by brands in this category through the refill and concentrated formulation trends. Consumers can buy one item/pack that is going to give them more product in the long run, while also being more sustainable and using less packaging. Consumers are looking for household products that align with their time

constraints, especially post-pandemic as busier lifestyles return. Multifunctional formulas, such as 'all-purpose' surface cleaners, aim to provide consumers with a one-stop option for household care needs.

2.9. Consumers are looking for high-quality, functional products to obtain value for money when purchasing products for babies and children

Prices of most fast-moving consumer goods have increased in Q1 2022 due to inflation rising at the fastest rate since 1980¹. This puts consumers in a burdensome situation when making purchasing decisions, although products for babies and children are deemed as essential and necessary purchases that consumers must make. The choice is then put down to which brand or product will provide the solution they require at a price that can align with financial constraints. Consumers are looking for high quality and increased functionality as opposed to lower prices to deliver value for money in products for babies and children. When it comes to what consumers consider good value for money, 'low-price/cheap' under-indexes compared to other categories, with only 15% of shoppers choosing this answer. Brands can justify higher price points in this category if the quality and benefits are justified for consumers.

Consumers are delving into the back-to-basics trend in products for babies and children, with a rise in 'natural' ingredients and simple product concepts that are done effectively and not over-complicated. As the needs of a child are varied, brands must understand the value of providing consumers with safe, simple, and familiar choices to reach the needs of parents/guardians.

2.10. Pet owners are looking to buy larger portion sizes of pet products, mostly food, due to the high frequency of consumption and long shelf life

Consumers want the best for their pets and the best way to tap into the Easy & Affordable mega-trend in pet products is by including high-quality ingredients and sizing up the portions. Having large portion sizes available relieves pet owners from keeping up with the logistics of rebuying often. Brands that offer larger product sizes will gain a competitive advantage in the market and attract consumers looking for cost-effectiveness. Value for money is also generated by multifunctionality and added benefits in pet products: nearly half (45%) of global consumers are paying high levels of attention to the ingredients used in this category. This highlights the demand for premium, natural, and beneficial ingredients, as well as high-quality formulations.

Added functionality aimed at saving consumers time and effort is the basis for innovation in pet products. Brands are adapting their products to make jobs, such as giving pets medication, easier. Consumers are able to justify affordability in this category through the added benefits they receive, making purchases worthwhile.

2.11. Tobacco is not commonly expected to be affordable, and so ease and convenience are the primary ways this trend will present itself in this category

Ease and affordability are relatively weak drivers in tobacco purchasing choices; however, innovation in tobacco alternatives drives the demand for on-the-go convenience. For these products, establishing value for money is tricky as consumers are aware of and expect higher price points due to regulatory measures. This is illustrated by 'low price' as a definition of good value for money being selected by only 14% of consumers, which is the lowest percentage compared to other categories. With changing regulations, prices of this category can fluctuate, and shoppers need to be assured that the price is justified by the desired quality. High-quality ingredients are important in this category, with innovation surrounding premiumization being popular. However, due to the nature and frequency of purchase, consumers are likely to align tobacco product price with their financial constraints to a certain extent, for example through purchasing value size packs.

Ease and convenience is gaining importance in this category. Improved product sizes, product attributes, packaging, and portability are important for brands to consider in their innovation strategies, particularly with tobacco alternatives. More effective products that are smaller are easier to use for consumers, with reduced odor technology allowing the category to be more suitably aligned to daily lifestyles.

2.12. The pandemic-induced behavior of purchasing products online has become habitual for many consumers due to the convenience benefits

Post-COVID-19, consumers are still shopping online, which highlights the demand for ease and convenience in retail. Due to the initial surge in demand in 2020, brands have adapted their organizations to reach consumers through digitalization. This digital retail wave, allowing for more convenient, fast, and safe ordering is especially strong in non-grocery products, as products become more accessible to consumers and they become able to purchase products they may not be in close proximity to, such high-end clothing brands. Online ordering also allows consumers to easily filter lower prices. Affordability in retail is important as consumers are looking for products that align with financial constraints, particularly with rising inflation in 2022. Almost half (47%) of consumers with stricter budgets purchased apparel from low-price or value brands in Q1 2022, which reinforces the position of the Easy & Affordable mega-trend.

Innovation in this sector has developed massively, through delivery drones for example, making the benefits of an online retail experience outweigh in-store shopping for many consumers. The future of retail is dependent on brands meeting the needs of consumers through offering accessible, easy, and affordable solutions.

2.13. Consumer spend on food delivery service is the highest, as demand for ease and convenience in foodservice increases

In foodservice, the Easy & Affordable mega-trend is achieved mainly through food delivery services and quick-service restaurants. Since COVID-19, the development of food delivery outlets has allowed brands to reach more consumers and provide a more efficient output; for example, the rise of dark kitchens in busy areas to solely provide delivery services. Due to innovation in this area making it so easy, consumers are utilizing food delivery options more. Medium-to-high consumer spending in supermarket cafés and QSRs highlights the demand for convenience in foodservice, as consumers are choosing options that are timely and accessible. As consumers' financial concerns grow in 2022, it is probable that spend in restaurants and pubs will reduce. However, the value of spending money on experiences can justify this trend for some consumers.

Brands are capitalizing on the increasing demand for consuming off-premise, as more consumers chose to do this than eat on-premise in Q1 2022. The future of foodservice relies on accessible and affordable ways to buy varied cuisines, especially outside of urban areas, which partnerships with leading regional delivery platforms such as Uber Eats can deliver.

2.14. Affordability has become a major concern for consumers due to the cost-of-living crisis that consumers are experiencing in 2022

Globally, 87% of consumers are concerned to some extent about their financial situation, with almost one third (30%) extremely concerned. This highlights the impact of the COVID-19 pandemic and other major geopolitical uncertainties on macroeconomics, such as employment and inflation. As consumers have less disposable income due to employment shifts, they are actively searching for more cost-effective products to purchase. Brands must acknowledge this and effectively market products to justify the purchase to value-seeking consumers. Due to financial concerns, private label brands and discount stores will see a rise in demand with lower-income consumers. Consumers will also moderate and avoid consumption in certain categories. The increasing inflation has a detrimental impact on consumer purchasing decisions, as the rising costs of staple goods and raw ingredients, such as sunflower oil, mean that less important categories, such as alcohol or premium desserts, will not align with consumer budgets.

3. Appendix

3.1. Further reading

Consumer Behaviour: Examining how consumers are responding to environmental responsibility, localism and ethical consumption (2021) MarketLine Theme Report

Consumer Sharing Economy: Redefining ownership in consumer goods (2021) MarketLine Case Study

4. Ask the analyst

We hope that the data and analysis in this case study will help you make informed and imaginative business decisions. If you have any questions or further requirements, MarketLine's research team may be able to help you. The MarketLine Research team can be contacted at ReachUs@MarketLine.com.

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