NielsenIQ

NielsenIQ Strategic Analytics & Insights

Inflation proof strategies: Mastering Prices and Promotion

insight summit 2025

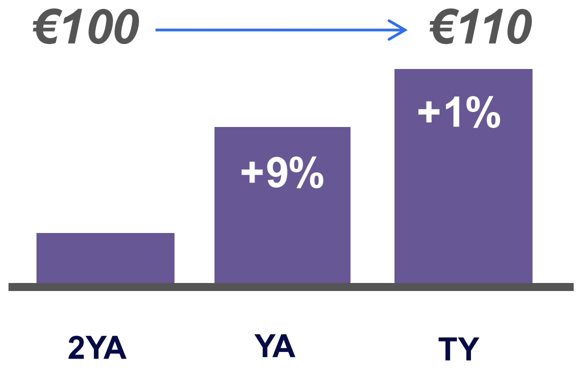
Sander Mulders
Business Partner - Strategic Analytics & Insights, NIQ.

Current Market Landscape

NIQ

Inflation continues to erode shoppers' purchasing power and causes them to feel **worse** financially, which makes **driving prices more challenging**

Total FMCG | % Price Chg. vs LY



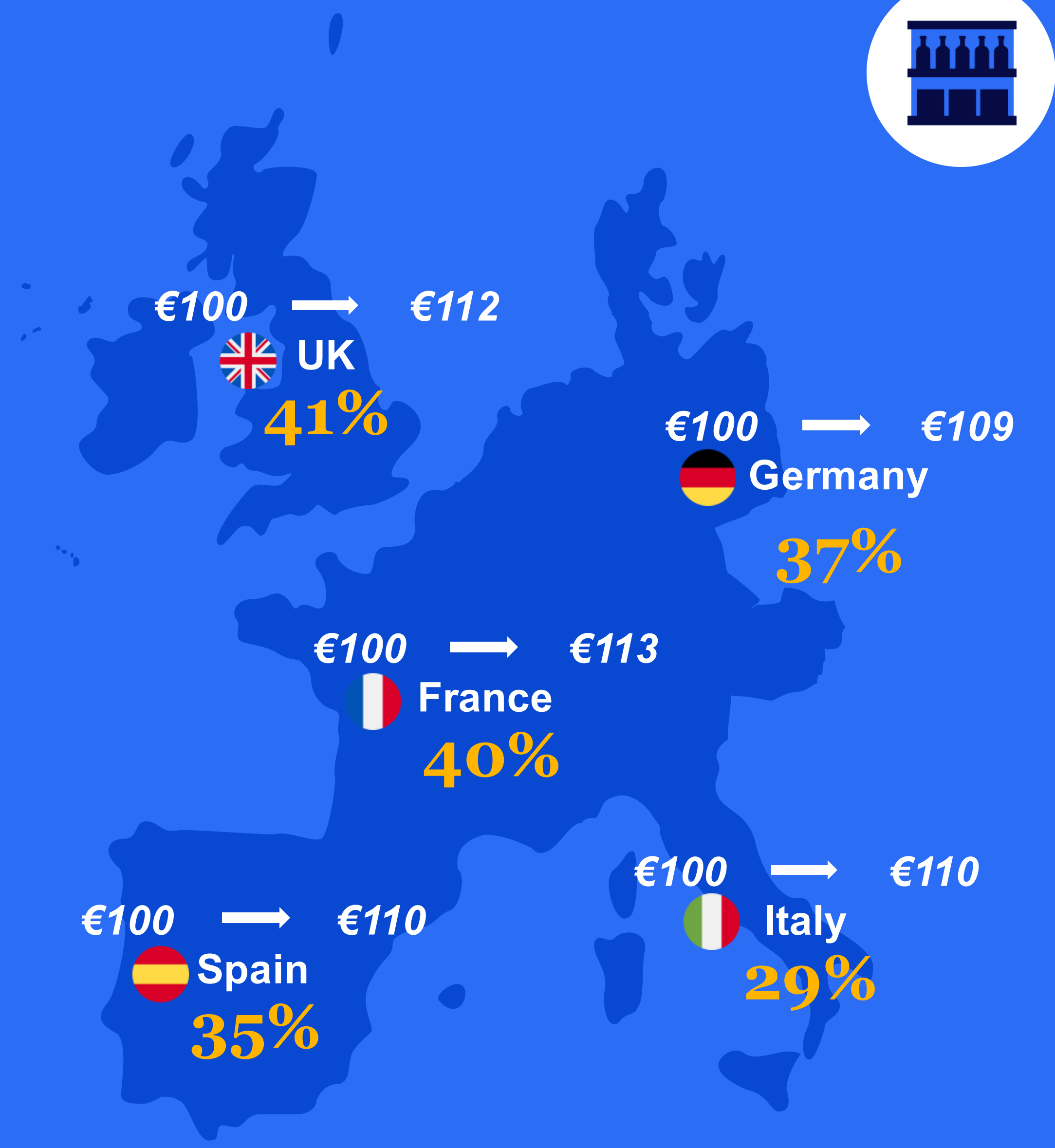
15%

of European consumers say they're in a **better financial position** compared to a year ago.

VS

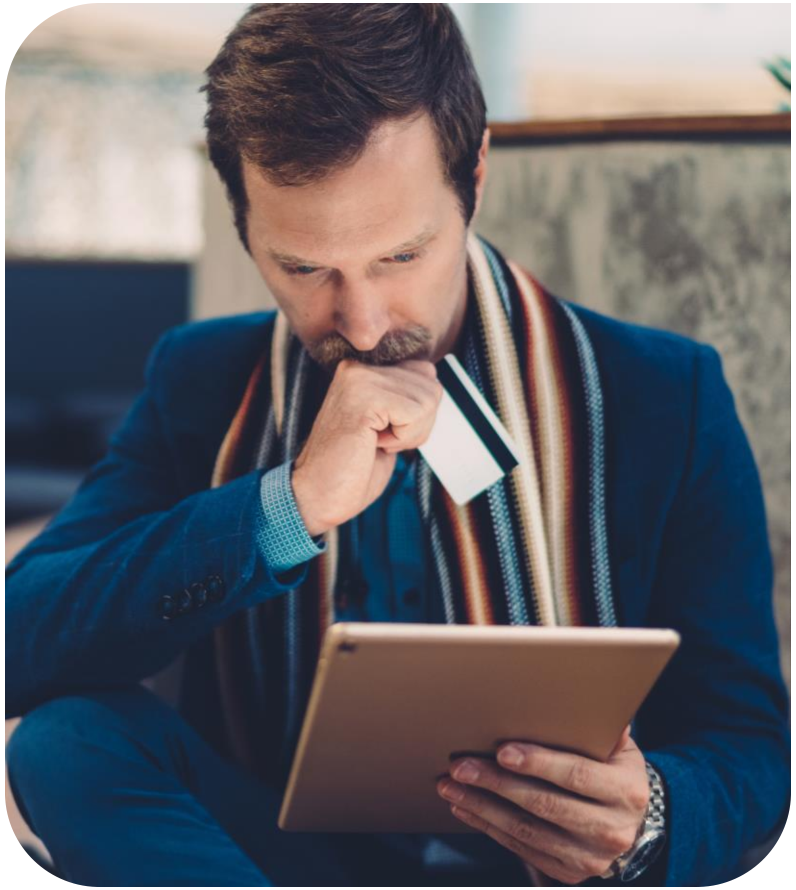
37%

say they're in a **worse financial position** compared to a year ago.



Source: NIQ, Global Strategic Planner, Eq Vol Price % Change, Latest 52 weeks ended Feb 23, 2025 vs. previous periods; Europe: UK, Germany, France, Spain, Italy; NIQ Consumer Outlook, July 2024, Compared to a year ago, would you say that overall, your household is financially?

Shoppers are choosing to save money by buying on promotion, seeking lower prices and stocking up



This Top-ranked saving Strategies		**Not That** Bottom-ranked saving Strategies	
Promotions over loyalty			
42%	Buy whatever brand is on **promotion**	9%	Stick to my regular brands, irrespective of price
Value stores over valued attributes			
33%	Switch to a **lower priced option**	15%	Shop online to get better deals / save on gas / minimize trips to store
Upsize over downsize			
29%	Buying in Bulk / **Stocking up**	8%	Buying smaller sizes of brands to save

Source: NIQ Mid-Year Consumer Outlook, Guide to 2025, Europe, ending July 24

Promo Efficiency
71.85%

Incremental Sales
2bn

Promo Sales
3bn

Promo Wastage
537.78M

Subsidised Sales
885.04M

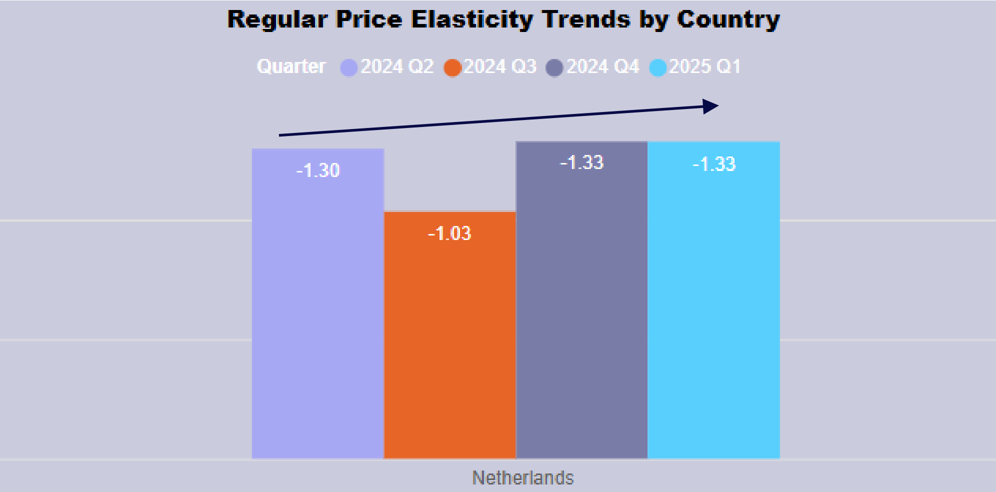
Promo efficiency in the Netherlands is at a relatively high level, indicating effective promotional strategies in the market

Source EDA benchmarks, Great Britain all channels

Rising Price Sensitivity in Netherlands: Consumers are becoming slightly more responsive to changes in price

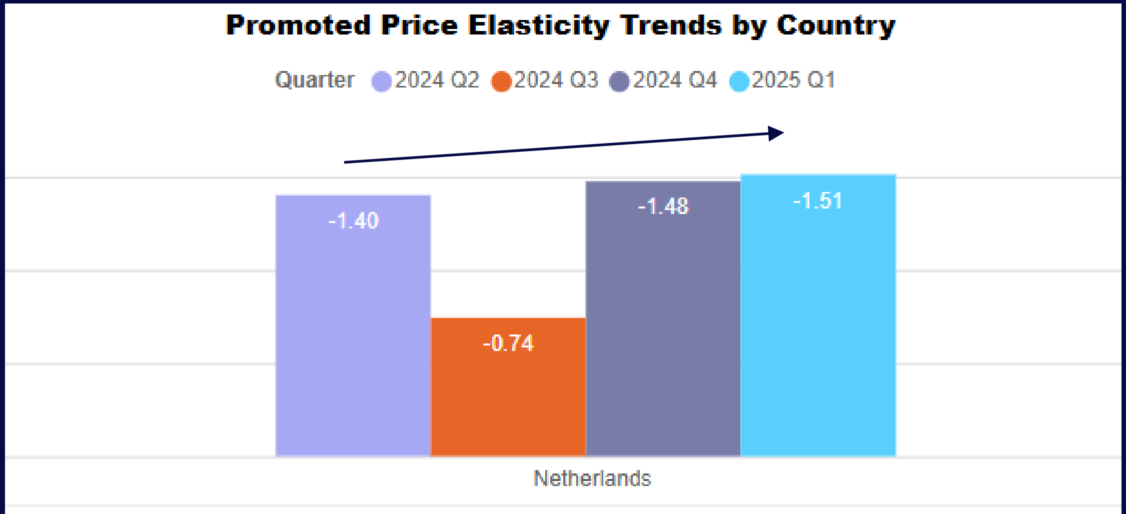
Regular Price elasticity

2025 Q2
-1.33



Promo Price elasticity

2025 Q2
-1.51



Heightened consumer sensitivity to direct price changes

Importance of optimizing own-brand pricing strategies while maintaining awareness of broader market dynamics

Regular Price elasticity

2025 Q1
-1.33

Total elasticity -1.33

	Own	Internal	External
2025 Q1	-0.73	-0.36	-0.24

Own, Internal & External

Components of regular price elasticity

Own	How important is managing **my own price** vs. rest of portfolio & competition?
Internal	Relationship to **my portfolio**; what is the impact when price gap within my portfolio changes?
External	Relationship to **my competitors** (cross-elasticity); what is the impact when price gap to competition changes?

Strategically growing price and pricing power always involves both direct and indirect price actions

Direct pricing

- Validate future price points
- Confirm promotion with new price points

+

Indirect pricing

- Optimize SKU-mix
- Optimize pack/price architecture
- Optimize promotion strategy
- Build pricing power with innovation and renovation

=

8% pts

Better revenue performance from full price/mix vs. price increase only

Source: BASES meta-analysis across ~40 projects conducted in 2022 and 2023

How can we navigate through the current market?

NIQ

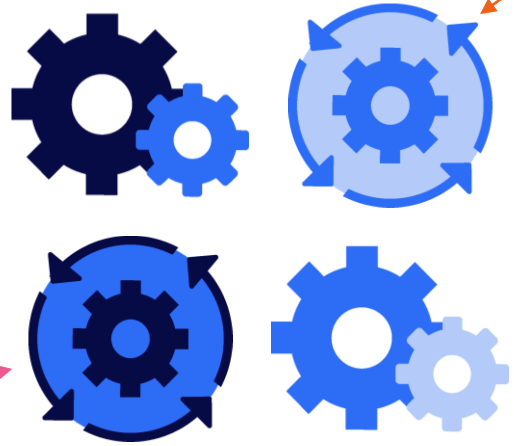
Successful strategy requires the right analytics for the right business questions

Brand portfolio pricing

Pricing products based on consumer’s willingness to pay

Promotion management

Creating brand-specific promotion strategies and maintaining ongoing assessment of promotion performance



Price pack architecture

Providing the right price point and pack size for each usage and purchase occasion in a given channel

Mix management

Driving SKU assortment toward the best sources of profitable growth

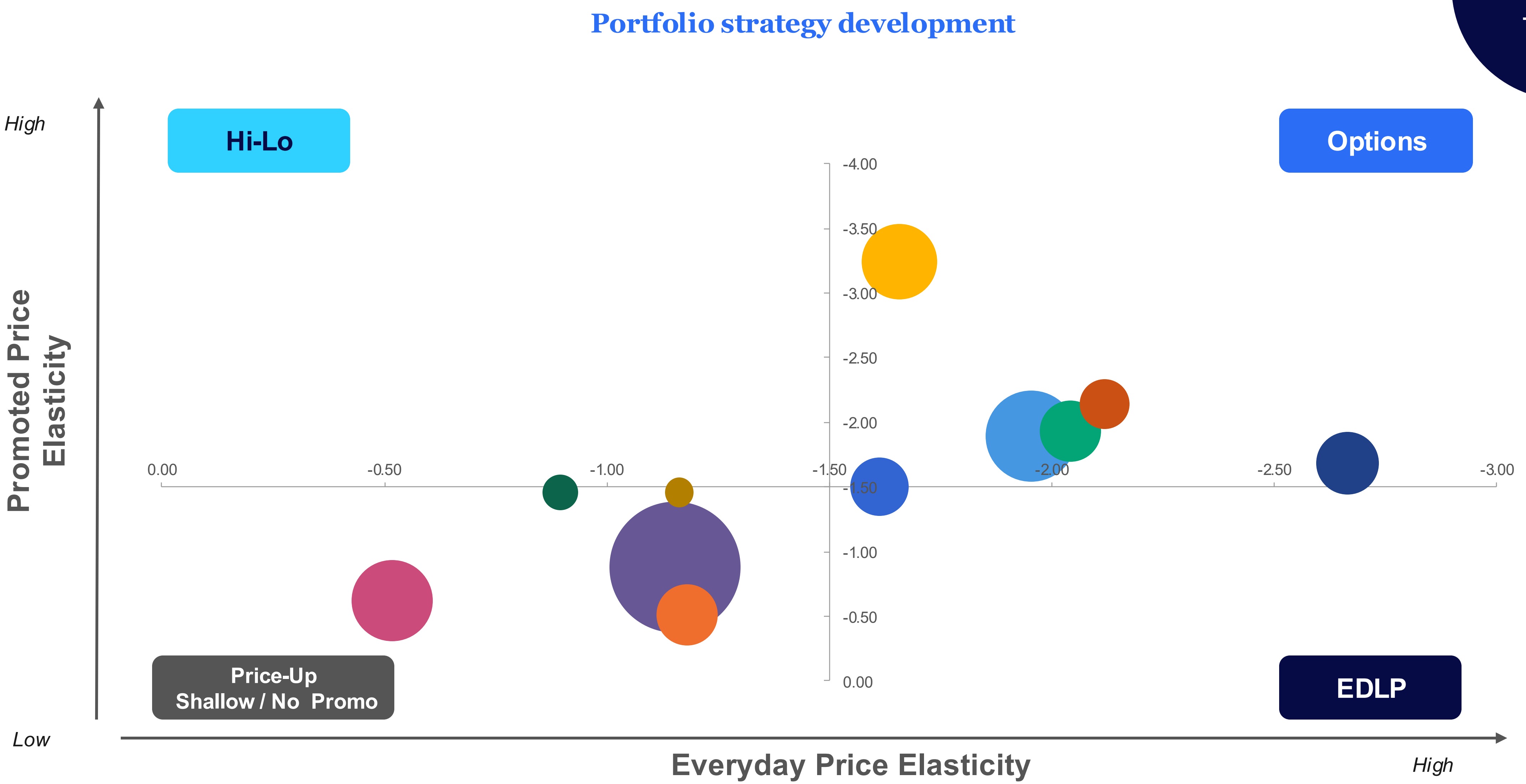
Brands win through ~~reactive~~ proactive RGM practices

Use pricing as a differentiating lever across the portfolio

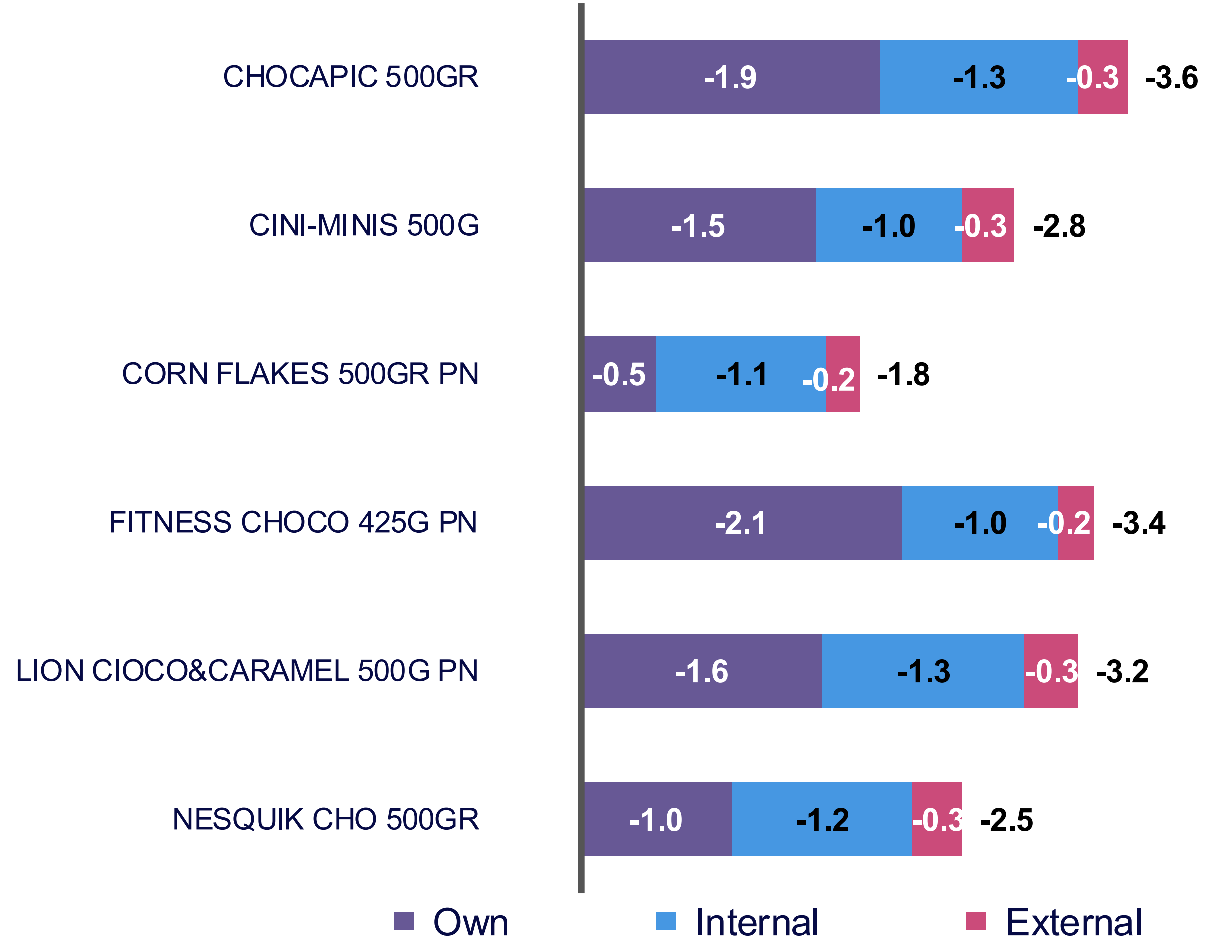
Stop leaving money on the table

+2.4% Topline

+1.2% Profit



Use **item level price elasticity with decomposition** to determine the right price for your product in relation to competition



Own, Internal & External

Components of regular price elasticity

Own — How important is managing **my own price** vs. rest of portfolio & competition?

Internal — Relationship to **my portfolio**; what is the impact when price gap within my portfolio changes?

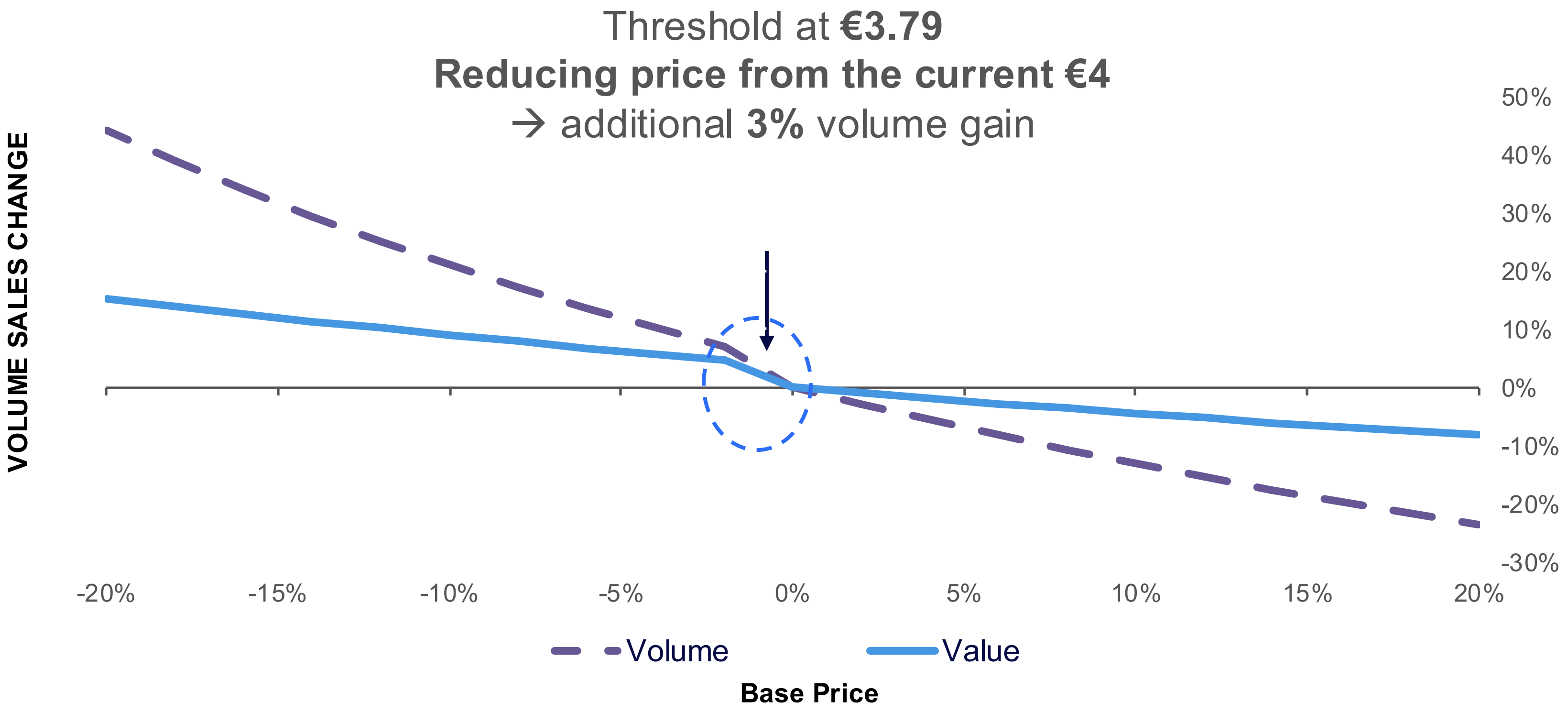
External — Relationship to **my competitors** (cross-elasticity); what is the impact when price gap to competition changes?

Understand if there are any pricing thresholds

Example: There will be a small additional benefit to sales if price was dropped below €3.79, which is a clear magic price point that should not be breached.

Volume Sales Impact of Base Price Threshold

Grocery Multiples – Brand 1 Premium 3 pack



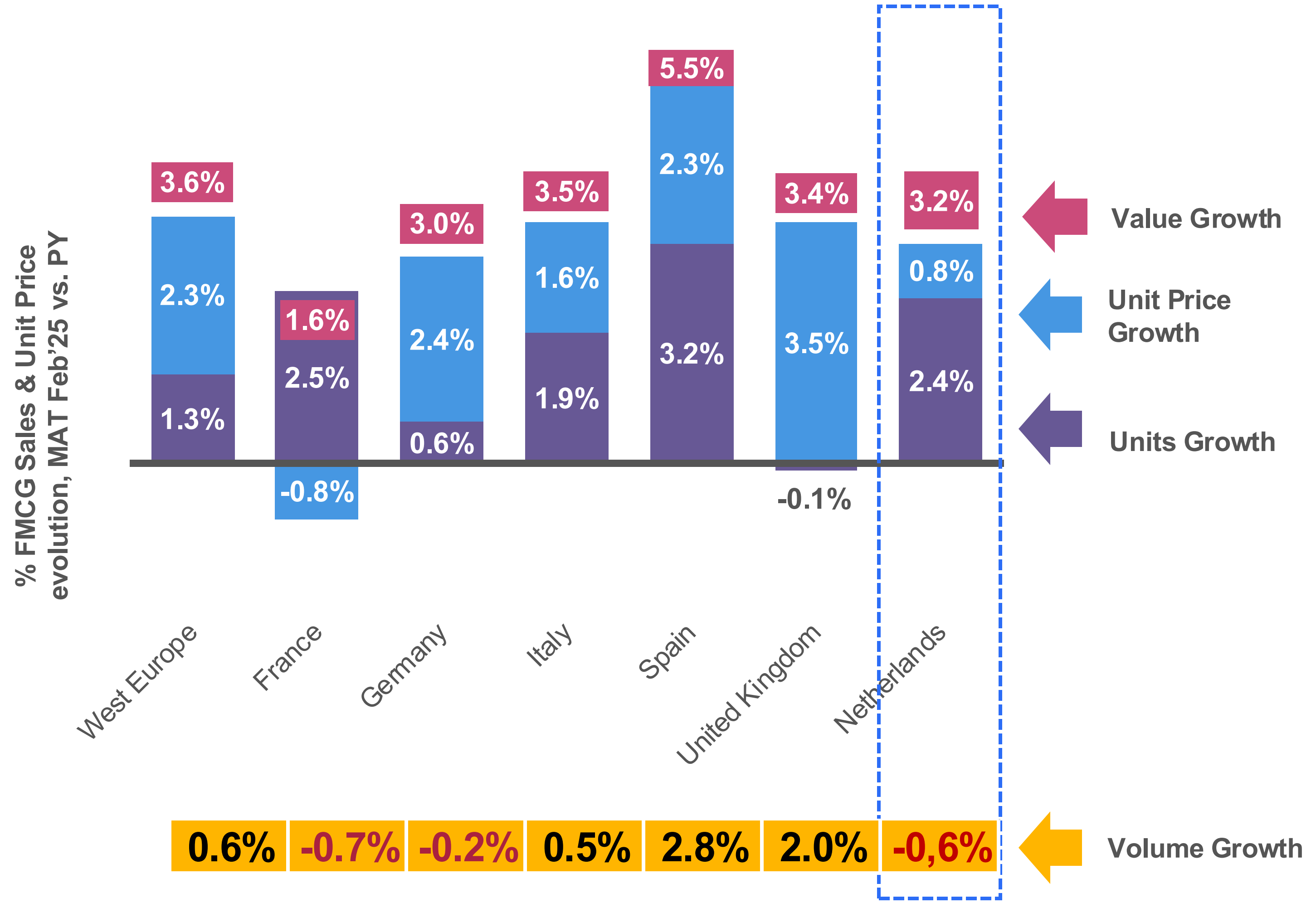
Reducing price from €4 down to €3.79 could drive:

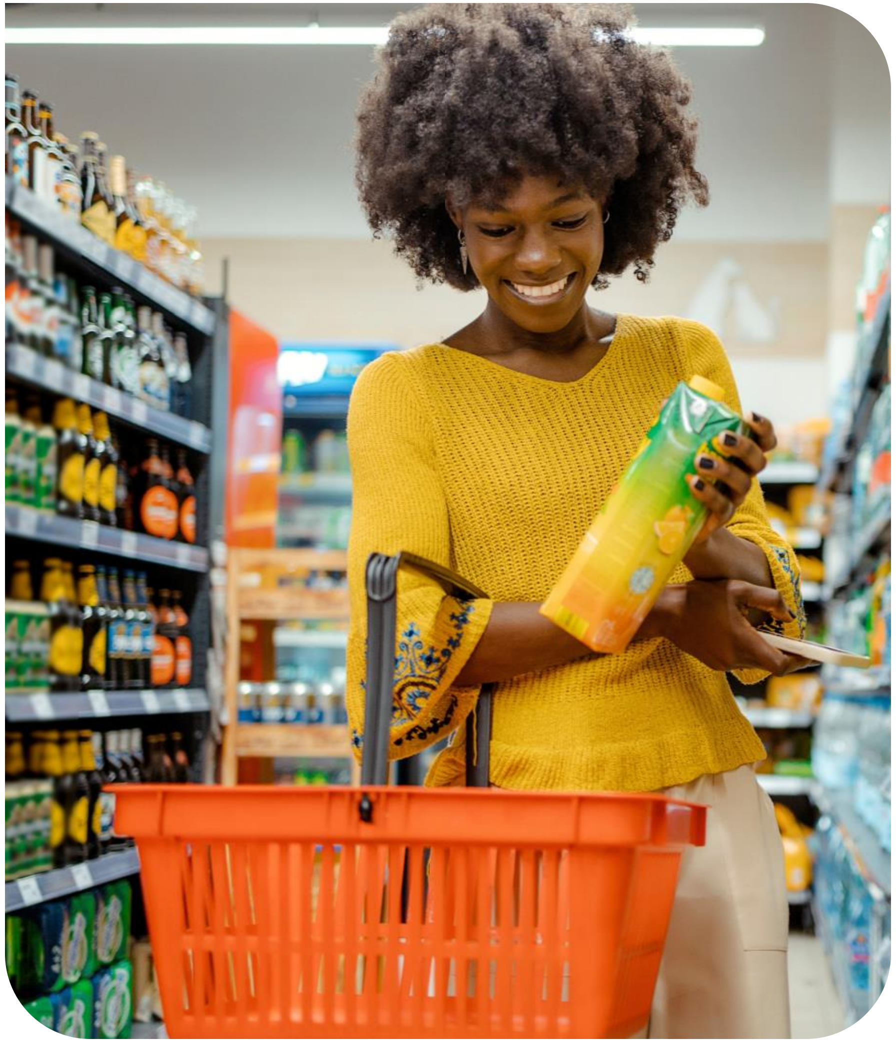
+€244k value sales

Over a 52 week period

*Source: NIQ Price and Promotions Study

the drop in volume, but unit growth, indicates on average a swift to smaller product formats in the Netherlands





Source: NIQ Strategic Planner | FMCG | West Europe (13 countries) | MAT Feb'25 vs. YA

Essentials are upsizing

"Shrinkflation" happens mostly in **Indulgence** categories

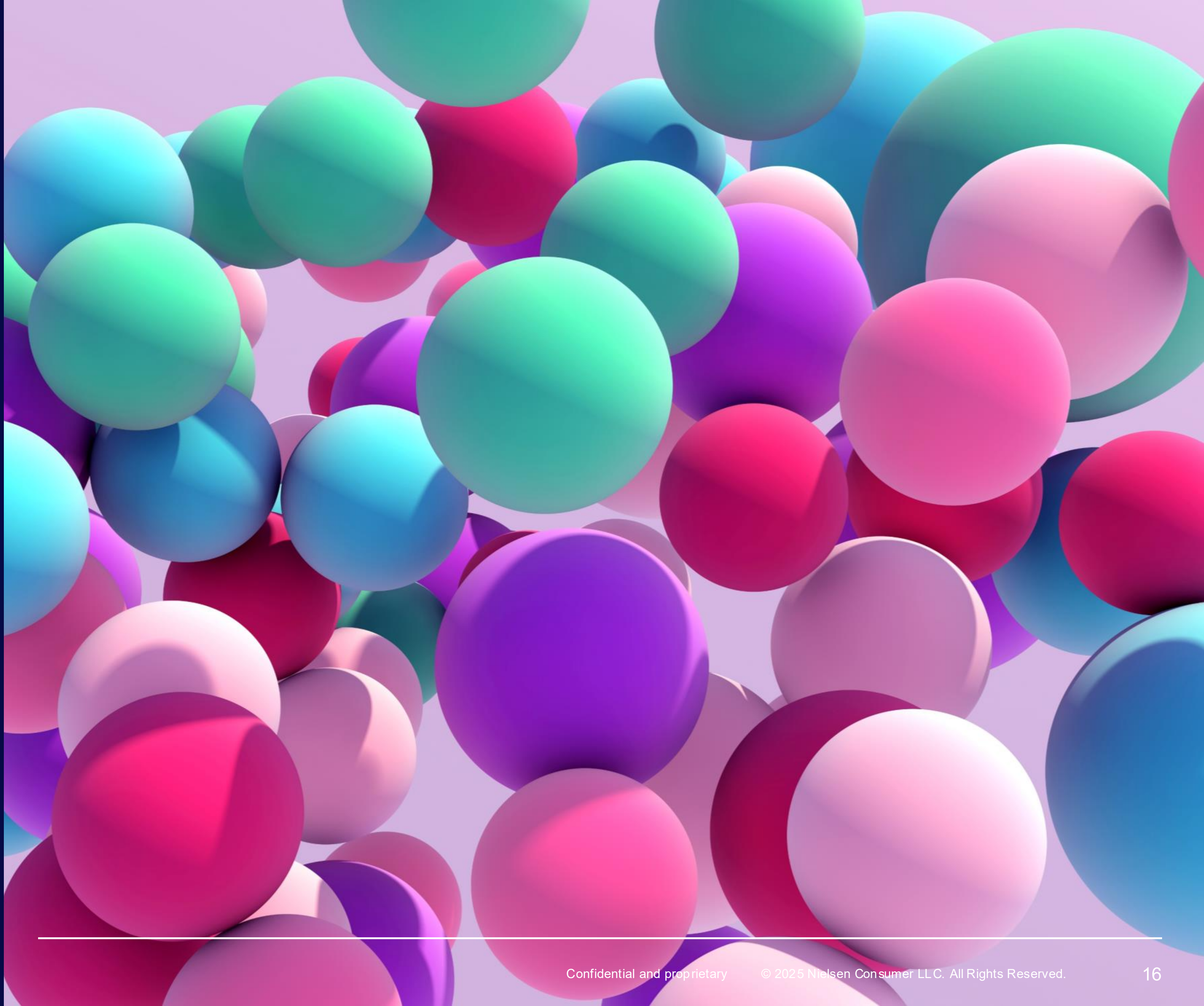
However, there are differences across categories

		Volume % growth vs Units% growth
	FMCG	**-0.6%**
UPSIZE	Laundry Detergent	1.1%
	Fresh Milk	0.7%
	Coffee	0.7%
	Fresh Meals	0.5%
	Charcuterie	0.4%
	Fresh Meat	0.2%
	Chocolate Tablets & Countlines	0.2%
	Energy Drinks	0.2%
	Cake/Desserts	0.2%
DOWNSIZE	Pet Food	(0.1)%
	Mineral Water	(0.2)%
	Cheese	(0.2)%
	Sweet Biscuits	(0.3)%
	Beer	(0.4)%
	Alcoholic Beverages	(0.6)%
	Ambient Bread	(0.7)%
	Crisps & Chips	(0.7)%
	Carbonated Soft Drinks	(0.7)%
	Paper Products	(1.0)%
	Ice Cream	(2.0)%

Source: NIQ Strategic Planner | FMCG | West Europe (13 countries) | MAT Feb'25 vs. YA

NIQ

Case studies

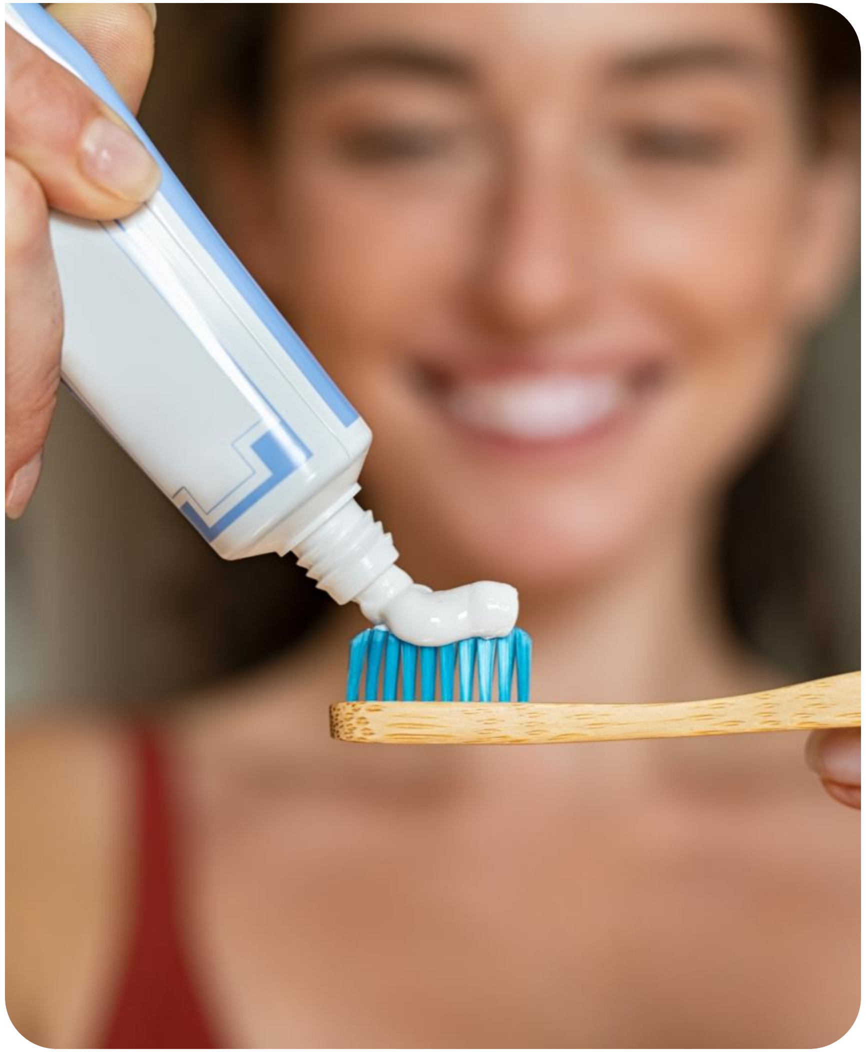


NIQ

How can I deliver share growth?

Oral Care Manufacturer

Company goal to expand its market share within the category. The hypothesis is that both everyday price moves and optimizing promotions can help drive some of the growth.

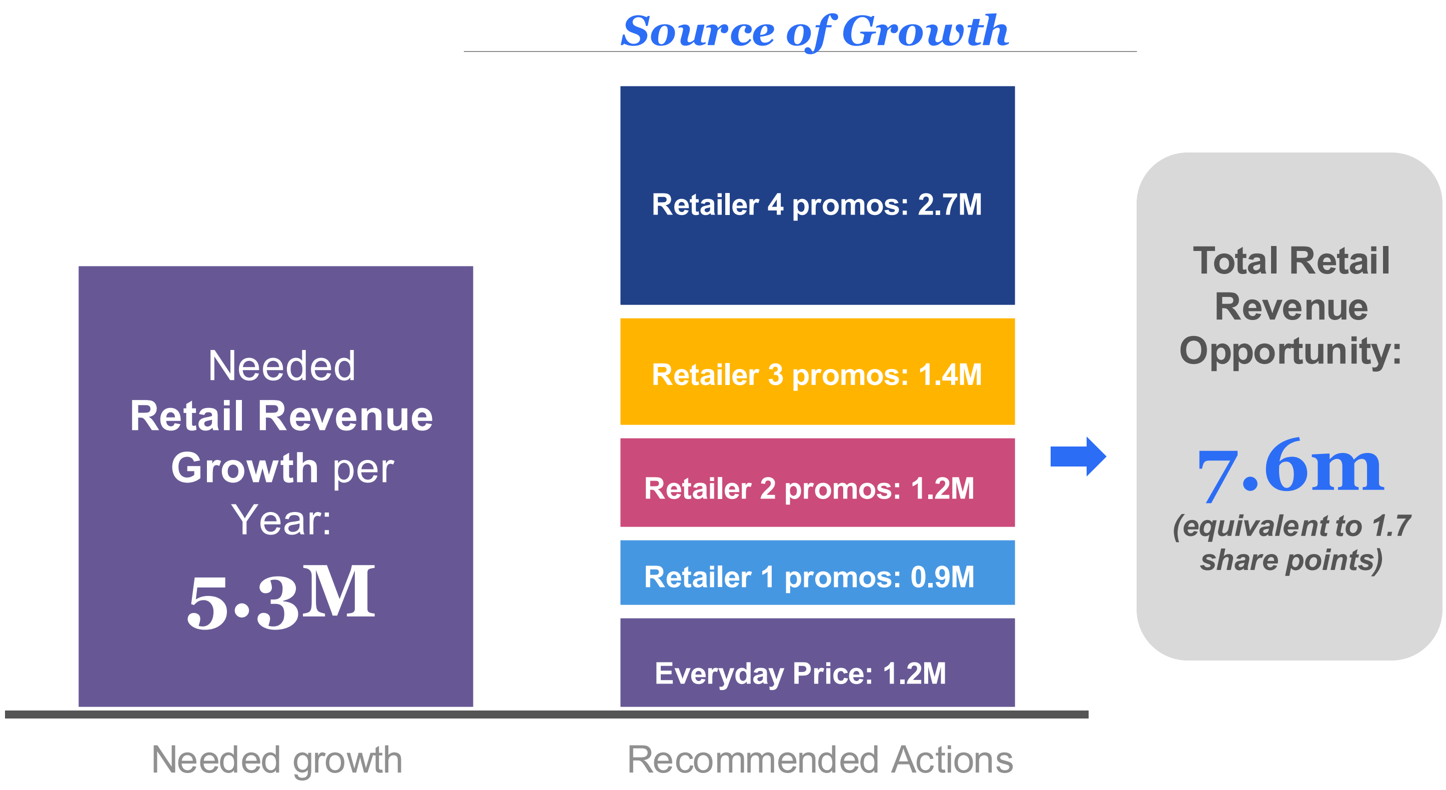


Key business questions:

- How can I achieve my Market Share goals?
- How much can an adjustment of pricing and promotions can contribute to this growth?

Recommendations

- Increase price 6% on Mid-Tier products only
- Execute limited discounts following price increase on Mid-Tier
- Transition to promote more in Premium, less in Mid-Tier
- Execute 2-for multi-buys (vs. price discounts)
- Prioritize higher price tiers for off-shelf display
- Tailor optimal strategy by retailer



Activate at retail: optimize promotions at a Discounter

Case Study
Activate @ Retail

Staple Grocery Product Manufacturer

Discount retailers are very important in the market. Promotions for a must-have product with large Private Label presence require "special care"

Key business questions:

- How can we optimize promotions in Discount Banner X?
- Is there an opportunity to consolidate price points?
- Are we promoting at the right time?

Recommendations

- Consolidate $2.50-$3.00 flyers on 3 major product to be promoted together at the $2.88 price point
- Combined $2.88 optimal sales velocity and profitability
- Move flyers from out-of-season to in-season and add 3 extra promo weeks (+10%) on 2 seasonal products

Impact

+3% in Manufacturer Profit ($870K)

+2.5% in Retail $ Sales

+0.9% in Retailer Profit

Case Study
Optimise Pack-Price Architecture

Driving revenue gains though PPA improvement

Global Chocolate Company

A global chocolate manufacturer decided to overhaul the price-pack architecture of their chocolate bar portfolio

?

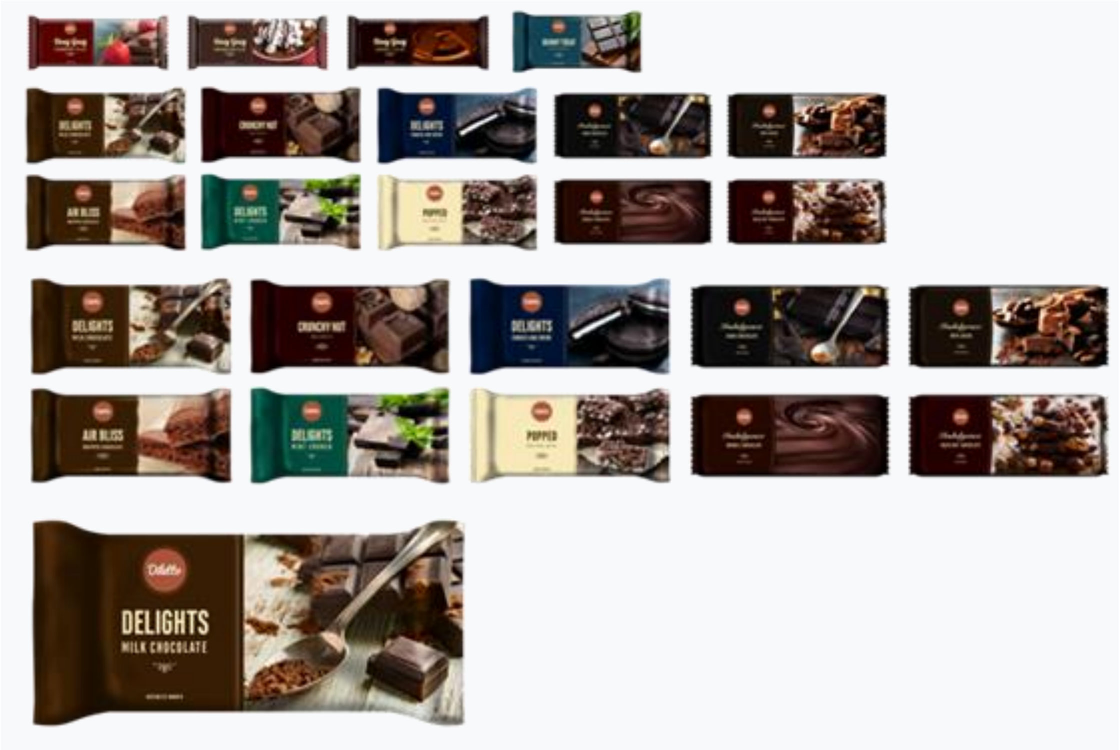
The goal was to simplify their price/size matrix to drive increased profits via:

- Improved consumer shopping experience
- Reduced manufacturing costs
- Increased distribution of the full line

NIQ Line and Price Optimizer identified a simplified price/size structure

- The team explored a wide range of different price/pack offerings
- Through simulation of potential scenarios, the team identified an optimal lineup
- The revised portfolio was simplified significantly, moving from **7 price points and 7 pack sizes, to 3 price points and 4 pack sizes**

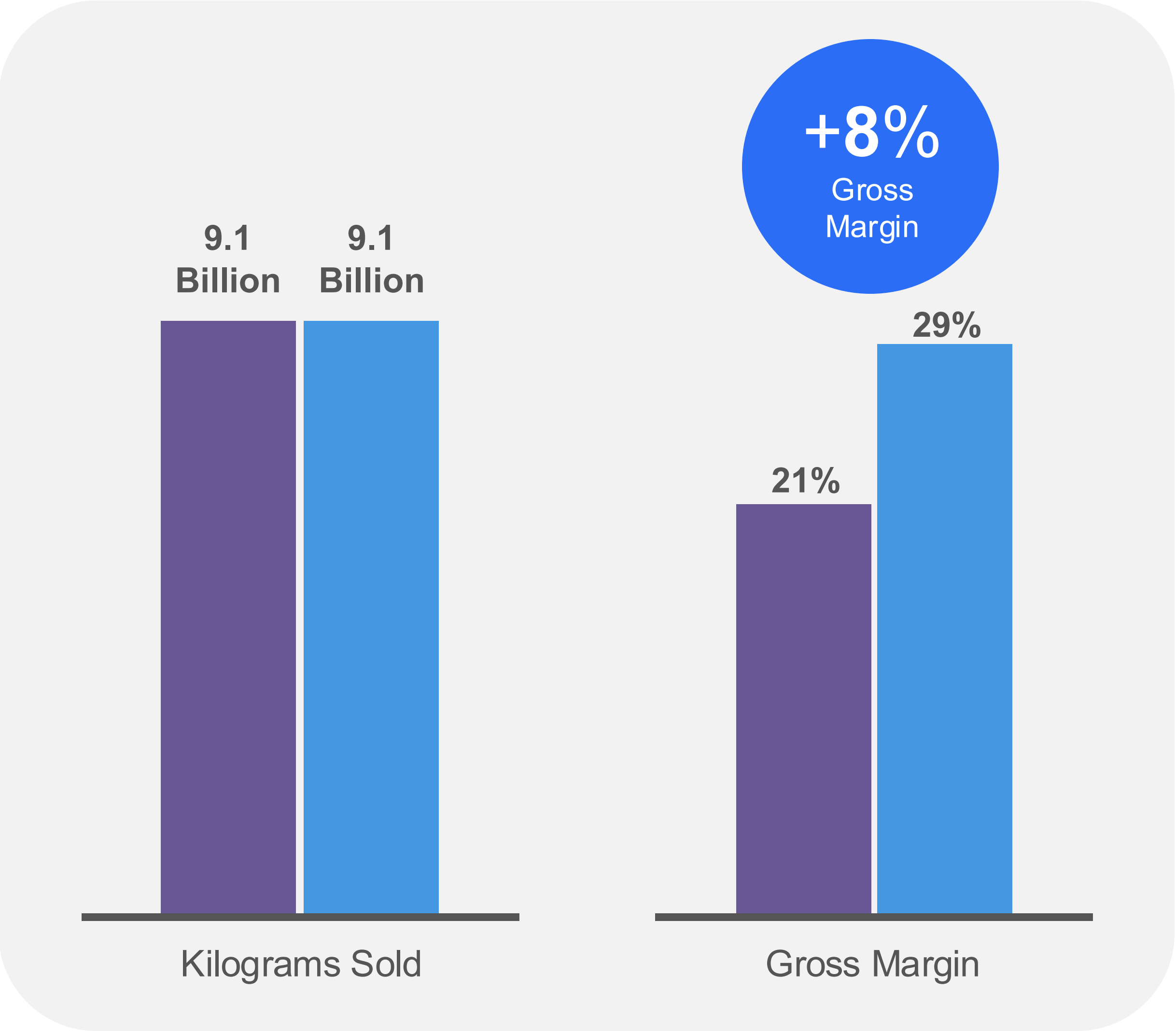
30g	€1.00
45g	€1.00
125g	€1.75
275g	€2.50



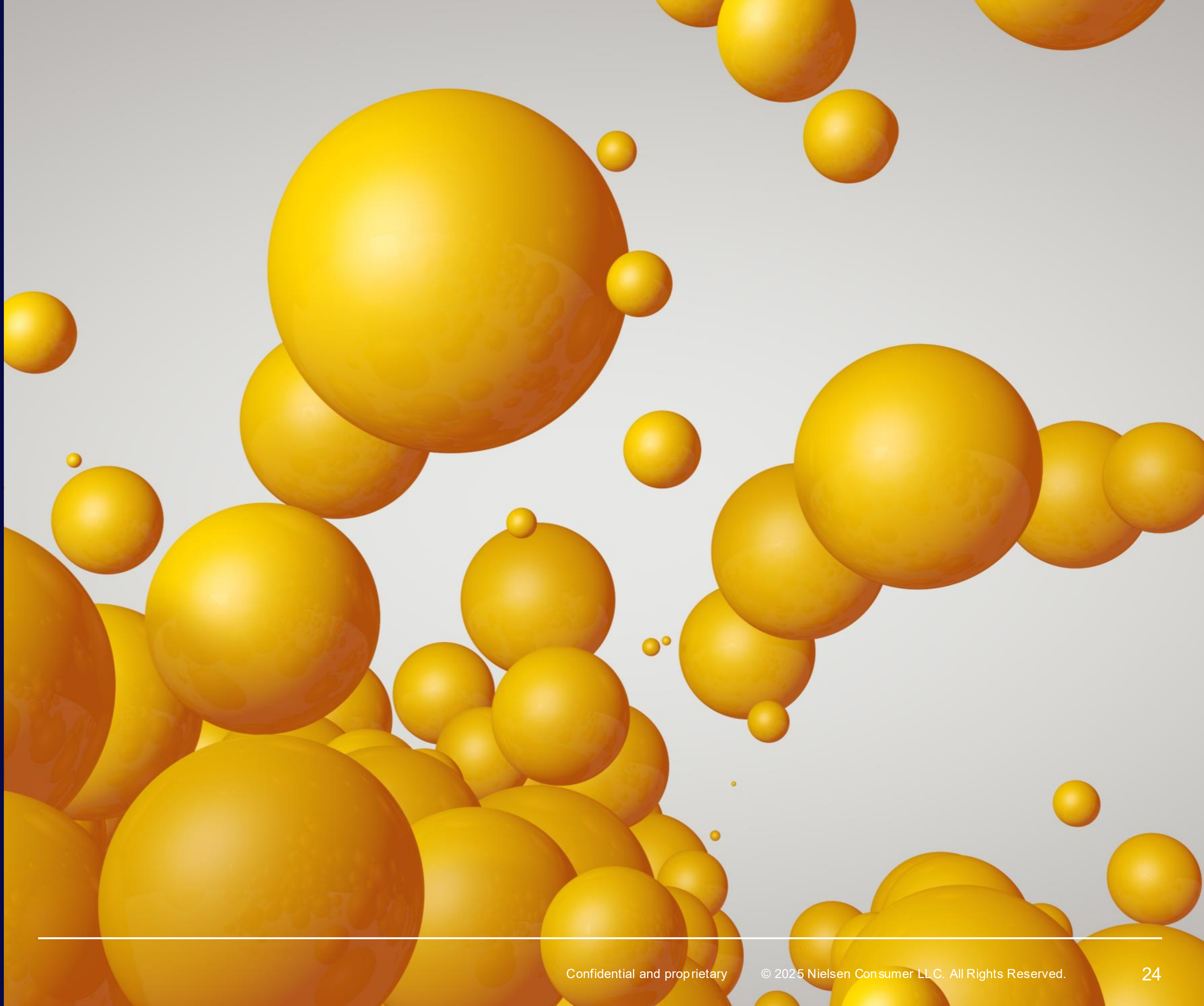
Our client achieved their goals, driving greater profits for the brand

Case Study
Optimise Pack-Price Architecture

- The new portfolio and pricing strategy allowed our client to sell the same kg weight but improve gross margin by 8%
- Retailers were appreciative of the simplified line-up resulting in increased distribution for more variants
- The optimized portfolio also led to simplified displays, resulting in decreased marketing costs and faster sell through of display items



Key Takeouts



Your PPA strategies should...

...have a clear ***Business Objectives***

...know ***Shoppers and Trends***

...understand shoppers' ***Price Sensitivity***

...identify ***Competitors***

...be ***Communicated*** to shoppers

...gave ***Shopper Vision*** as the central axis of the strategy

Thank you!

Please do not hesitate to contact us with any comments or questions.

Sander Mulders
Business Partner | NIQ Strategic Analytics & Insights
Sander.Mulders@nielsenIQ.com