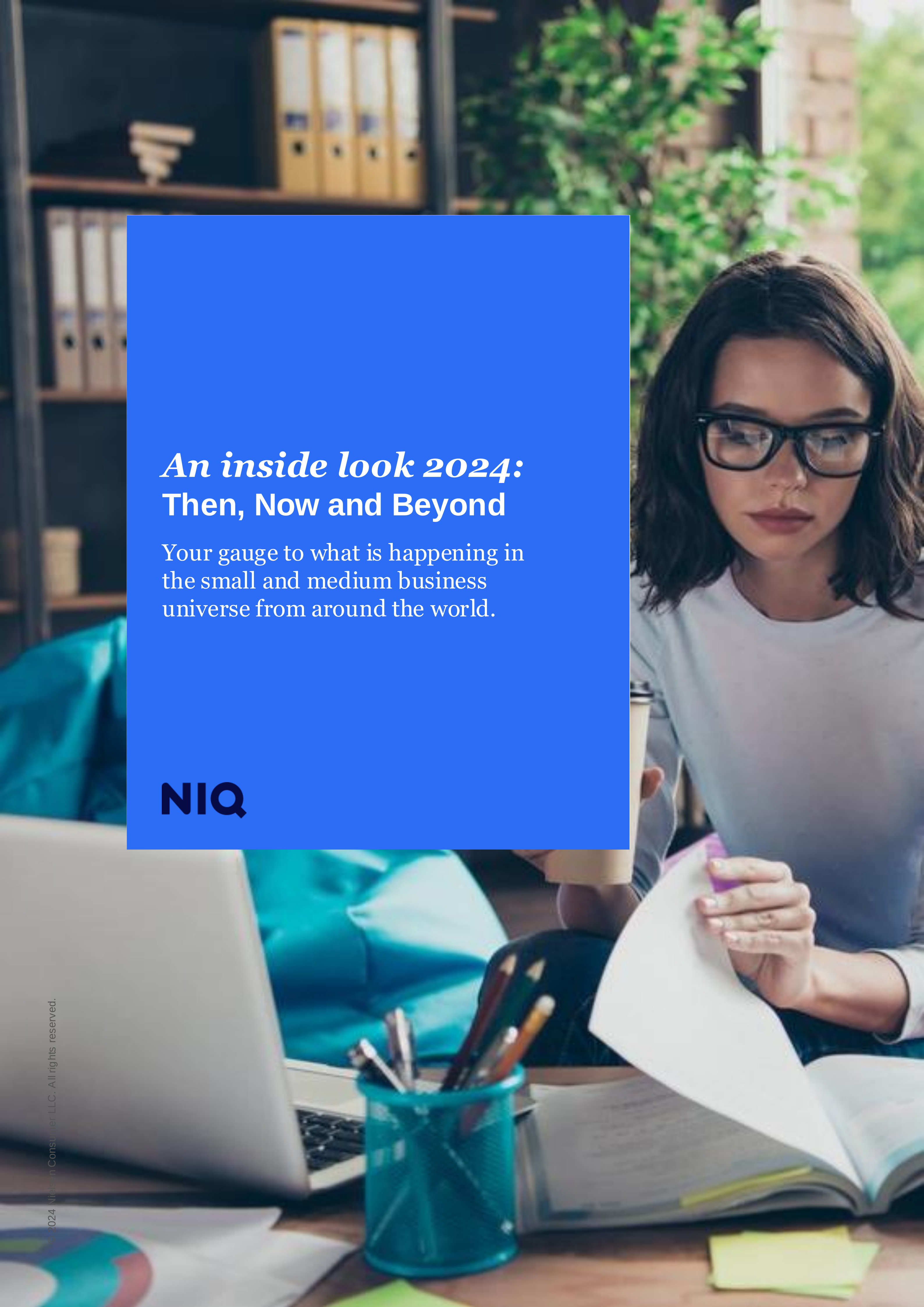

An inside look 2024: Then, Now and Beyond

Your gauge to what is happening in the small and medium business universe from around the world.

NIQ

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A Global Survey Report

NIQ’s ‘An Inside Look’ was a global survey to a digital panel comprising of business owners from 47 markets representing approximately $26 million* in FMCG sales value. It was designed to understand the realities faced by SMBs in today’s economic and retail landscape.

Fieldwork: March to May 2024.

Regions represented: Asia Pacific, Latin America, North America, Europe, Middle East & Africa and China.

**Based on NIQ RMS segmentation for small and medium businesses*

NIQ

Andrew Criezis

President

Global SMB

NIQ owns the largest database of food industry consumer shopping behaviour in the world, processing more transactions a day than Mastercard. We have the privilege of supplying this data to over 10k brands in 81 countries, and to the retailers who list them.

But this asset is only valuable if we completely and constantly understand our customers and the trends and changes impacting their businesses.

They use our data to navigate these, and it is vital for us to understand them too.

This study talked to hundreds of Small and Medium Sized Businesses around the world.

We asked them about price and inflation, government support, generational trends, the movement of shoppers from in store to online, and more.

The insights contained in this report are designed to be practical and actionable, offering the edge your business can use to thrive in today's competitive environment.

Thank you for placing your trust in "Inside Look" and sharing in our work.

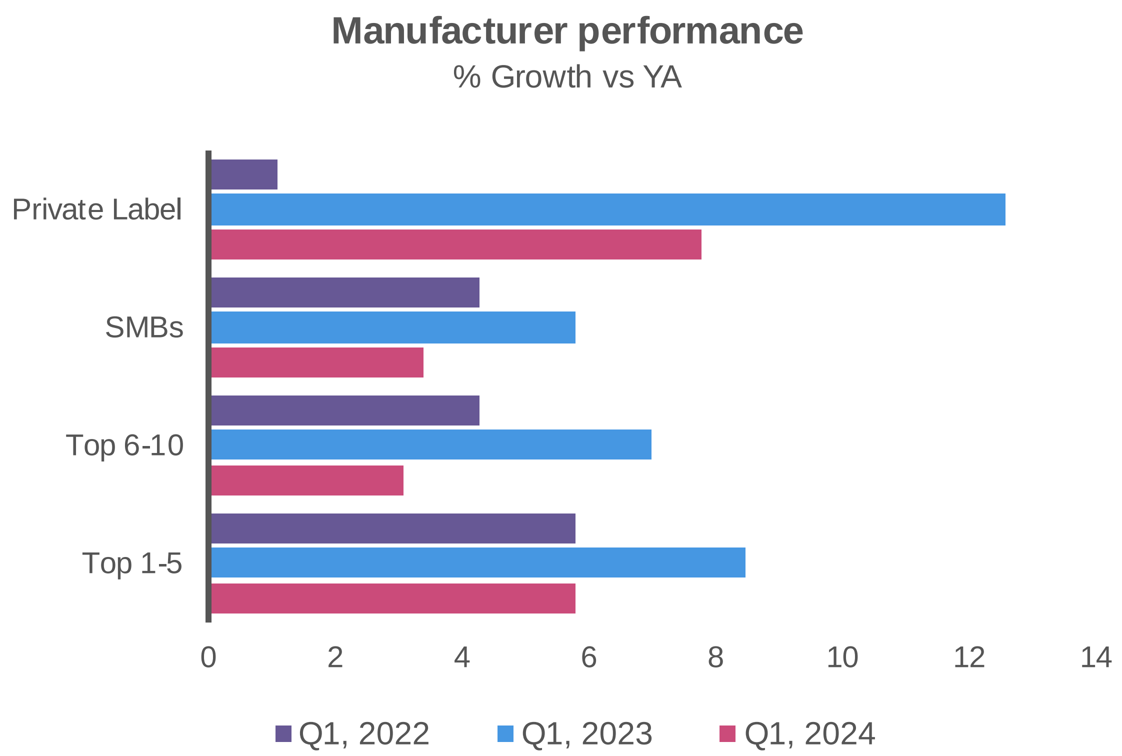
Wishing you continued success and growth,

Andrew

01
Mapping out the market

2022 was a safe time for small and medium-sized businesses (SMB) around the world. Business was booming; SMBs had as much global market share as the top 10 manufacturers. *

In the space of one year, an unexpected contender showed up on the map taking up more market share than anyone expected: private labels. Moreover, in 2024 they have both sustained their space on the consumer's shelf and growth momentum versus SMBs.



It wasn't an accident, [private labels prepared for the opportunity](). It is also noteworthy that coming head-to-head with private labels are SMBs, and by following the numbers both opportunities can be explored, and hurdles avoided.

For the second annual Inside Look report by NIQ, we provide insight into how SMBs navigated 2023 and their growth and development plans for 2024 and beyond.

NIQ Quarter by Numbers, Q1, 2024

About our survey

NIQ's 'An Inside Look' was a global survey to a digital panel comprising of business owners from 47 markets representing approximately $26 million* in FMCG sales value. It was designed to understand the realities faced by SMBs in today's economic and retail landscape.

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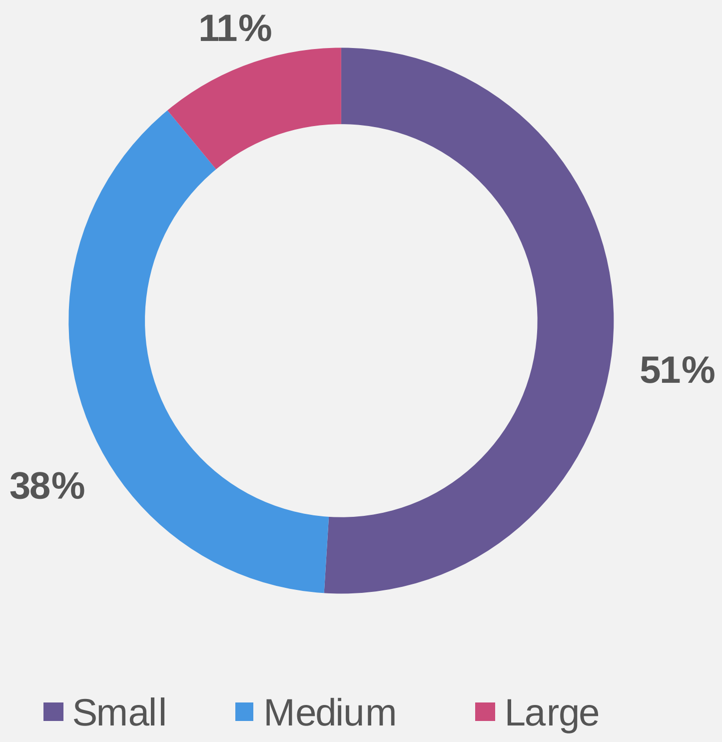
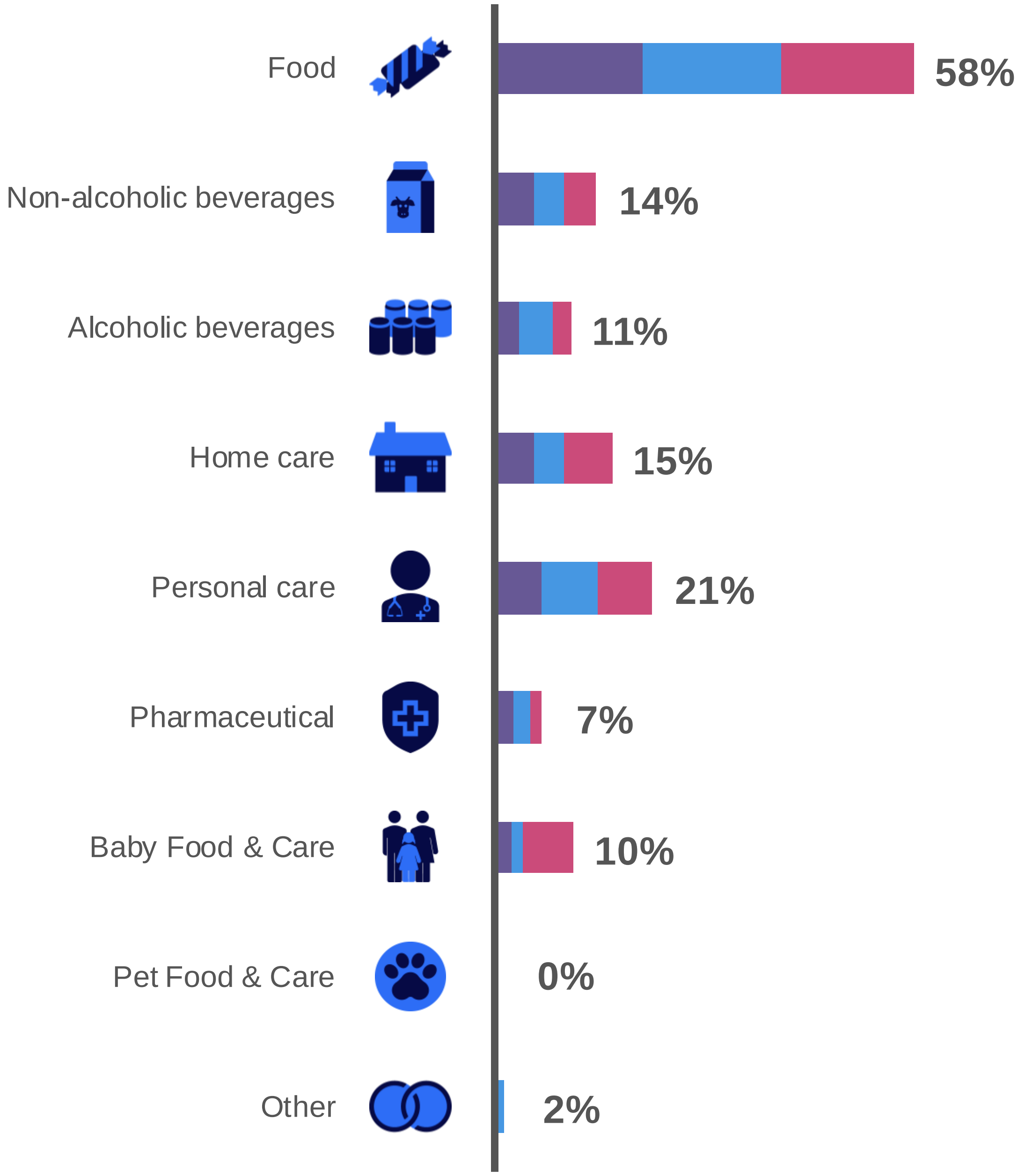
About the respondents

Business size breakdown



Category breakdown



02
Who's tired of inflation?

Everyone. Starting with consumers; inflation centers a lot of their purchasing decisions. Global inflation forecasts indicate prices will ease beyond 2024, but it's important to note that declaration growth in not deflation. So far average wage growth forecasts for 2024 compared to consumer price inflation show 14 out of 18 markets measured to be below inflation levels.

We asked businesses of all sizes what their greatest challenges were in 2023. Medium-sized and large companies both noted inflation to be top of the list, but small companies ranked inflation lower on the list most likely because of lower overhead costs.

Come 2024, and businesses of all sizes are on the same page noting inflation as the top challenge to have to overcome.

Taking Action: Refine & Reach

Very few welcome challenges as opportunities, but the fact is without overcoming challenges very little progress is achieved. That comes through action.

In 2023 we asked, what action would you take to overcome the challenges you listed. Around 46.5% said that they would reconsider their product line and removing low-performing products.

Checking in this year, SMBs opted for a variety of actions, with the majority (25%) going for refining product line. Moreover, 93% of businesses that adopted that line of action found it to be successful.

On incrementality:

"Contrary to popular belief, sales rankings don't tell the entire story of an item's in-store performance. Looking exclusively at sales figures doesn't present the full picture of which products will succeed in-store. But having the right quantitative data can help retailers and manufacturers zero in on items that have the potential to sell even more quickly," said Andrew.

"Incremental sales are those that truly add to overall revenue, rather than simply reallocating revenue from one product to another (thus "cannibalizing" other products). A product might look strong from a ranking / sales perspective, but further analysis can show that it is taking away the revenue from another product in your line. So here brand owners must ask, where is the real value of my line coming from?"

The four stages of incrementality

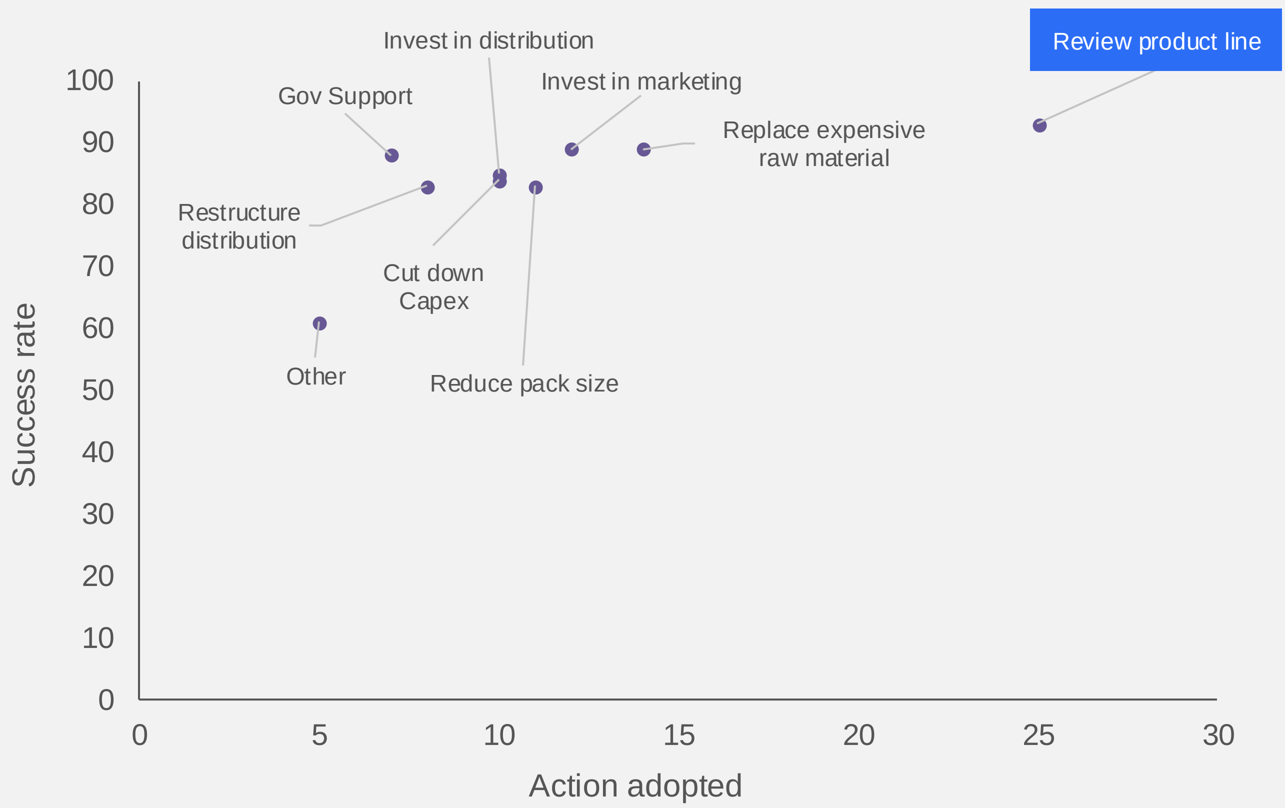
Rationalize: By recognizing saturated and restricted category growth and high rates of sale—as well as understanding negative incrementality and only putting the best items in distribution—small business owners will be able to ensure that only the best items remain in distribution.

Develop: A key driver of a category's high rate of sale is positive incrementality, which can increase the number of products on-shelf. The items that fall in this bubble have a high rate of sales and are highly incremental. You'll want to find more items in the market that you're not carrying to fall into this segment that you can add to your shelf.

Squeeze: Products with low incrementality and low velocity are unproductive and detrimental to a category's sales performance.

Nurture: A key pillar in helping to maximize category sales, niche products and emerging innovations, slow-moving items should be nurtured by using positive incrementality, which can make up for a low rate of sale. By reviewing slow-moving products, retailers will be able to make room for new items on-shelf.

Actions taken by small and medium sized businesses in 2023 to overcome challenges:

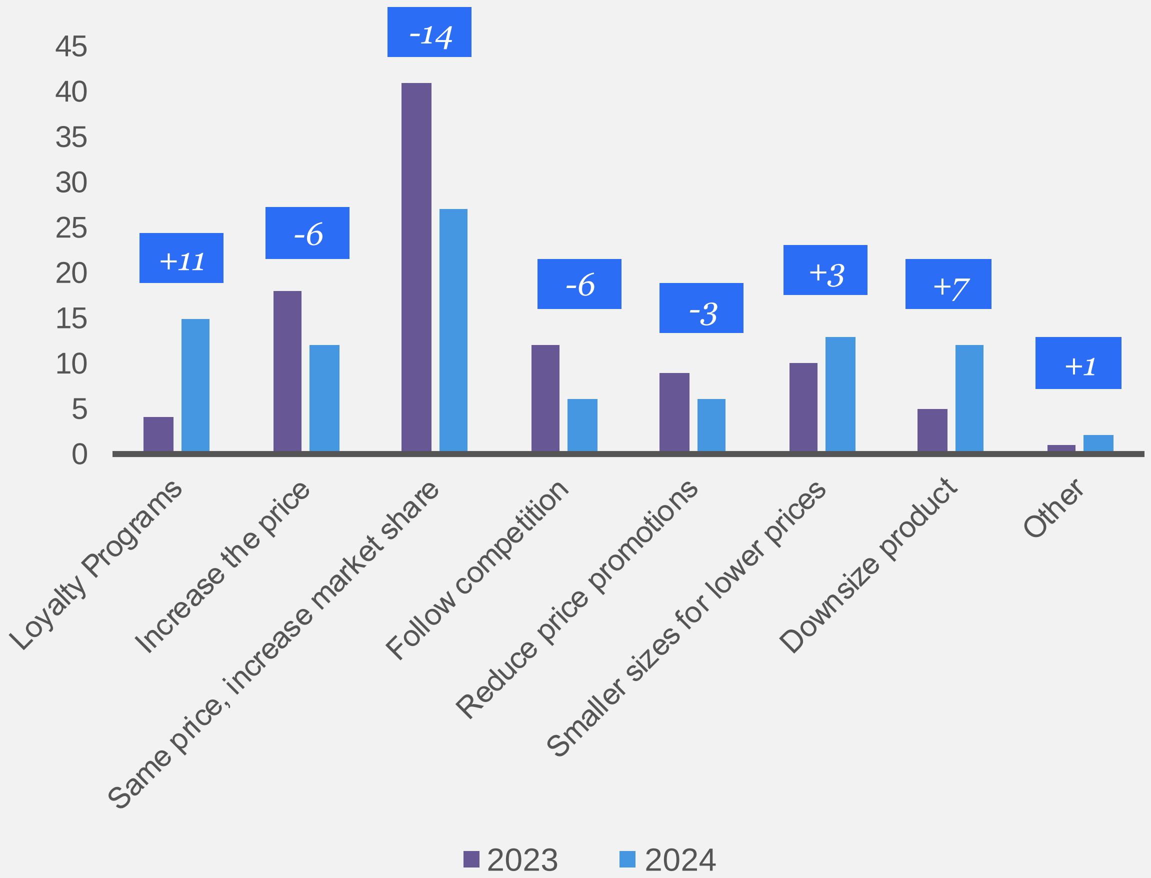


How are SMBs moving forward from 2024 to 2025? We asked that question again, and the majority will be splitting their focus on both ‘refine’ and ‘reach’.

While product line revision is still in the top three actions for overcoming challenges in 2024, the majority will be focusing on their target audience – more specifically 55% percent of small sized businesses will be investing more in marketing, and 68% of medium-sized businesses will do the same. The difference could be attributed to greater budget availability.

03
Good price, good life.

Even in the absence of inflation, the right pricing strategy requires ongoing activation and calibration to work with continuous market changes and consumer expectations. Historical data is essential in determining category and product level elasticity, an essential component of successful pricing. As such the data shows a significant change in SMBs approach from 2023 to 2024.



Like last year, maintaining price and focusing on growing market share is still the #1 pricing strategy, which works in line with the refine and reach approach to overcoming business challenges. That, however, has gone down by 14 percentage points. Simultaneously we find the popularity of loyalty programs going up.

"Data over the years have shown 'brand loyalty' as we know it to be going down, as the consumer continues to prioritize fulfilling their needs from the products presented on shelf, versus maintaining a sense of loyalty towards one brand versus another,' noted Andrew.

"As such expectations of consumer loyalty, seen in the form of repeat purchase, can only be expected at product-level, versus brand value, ensuring that the product delivers every single time with every single consumer."

8 questions to a profitable loyalty program:

#1 Who is the most effective target audience for the program; existing customers, or new customers?

#2 What is the reward structure that is most befitting with your product / brand with customer appeal?

#3 How can the process of enrollment and use be simplified?

#4 Is there an opportunity to personalize the offer?

#5 Which technological platform can help with executing the program?

#6 How will you communicate the program benefits to your target audience?

#7 Have you applied a mode for program participants to provide feedback?

#8 Final check: is your program bringing true value to your consumer?

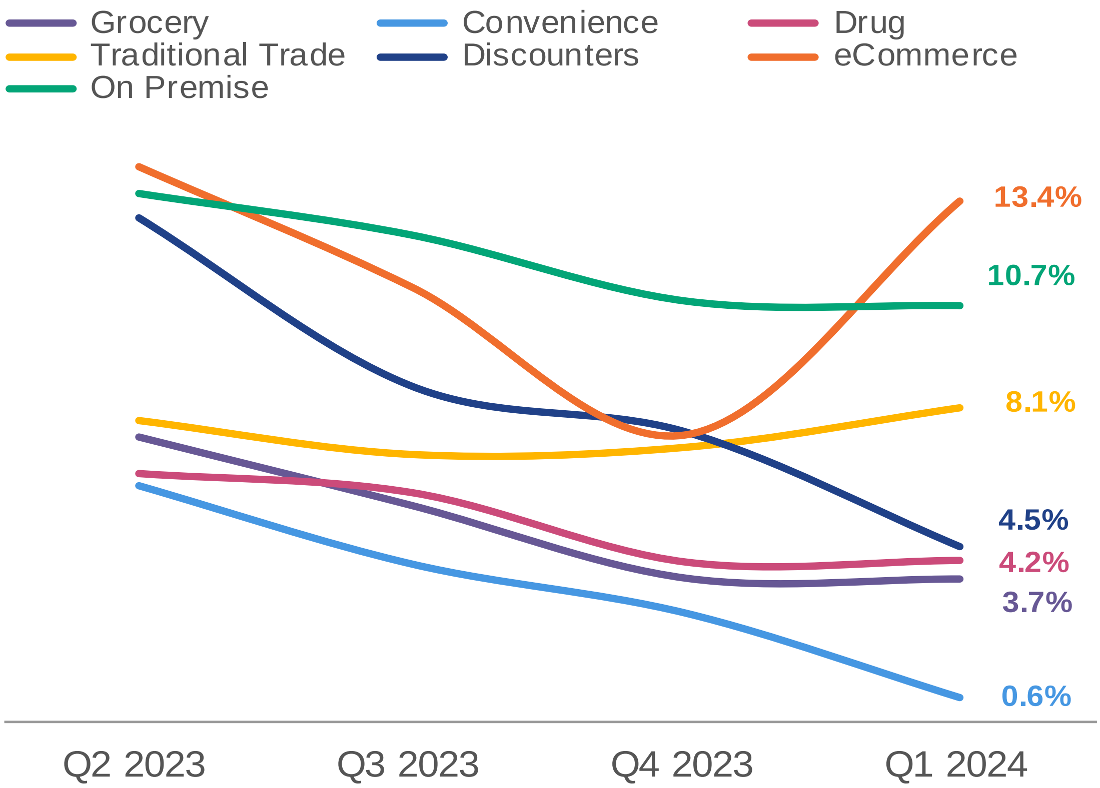
04
All the Omni ways you can go…

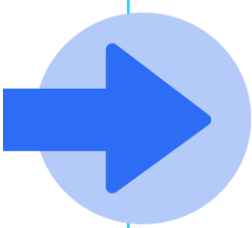
The glory of e-commerce is far from over; however, it doesn't hold the same pedestal as the days of the pandemic. While technically more low-cost for small sized businesses, there is a great shift towards more offline channels, showcasing the importance of integrating the latter into an effective distribution strategy. A similar shift is also witnessed for medium sized brands.

Essentially, omnichannel strategy wins the lottery, with 42% of small businesses and 67% of medium sized businesses employing it.

	2023	2024
Offline Only	33%	38%
Online Only	20%	8%
Omnichannel	47%	54%

Another constant in terms of distribution from an SMB perspective are the aspirations. Almost a third of SMBs are trying to enter the traditional trade space, seen as a contributor of consistent value. As displayed by the chart below*most channels have varying growth rates across the quarters, while traditional trade maintains a relatively consistent presence.





Navigating Traditional Trade

The advantages to getting listed at a retailer include greater visibility of your product by your target audience, higher credibility, and making your product available for the consumer segment that is wary of online shopping.

The principles of negotiating with a retailer are like negotiating with almost any stakeholder. The ideal result is a win-win situation, but what does that mean when it involves a retailer?

Read more about the retailer's perspective for product listing.

05
Growing forward

Business risks, versus challenges, present external factors over which businesses have lesser control and can cause real losses. With unexpected political and economic disruptions around the world, inflation, and disruption of the supply chain rank amongst the top three risks for businesses of all sizes.

One area that was expectedly counted as a high risk for small (38%), medium (45%) and large (44%) sized companies was a change in consumer behavior.

“The seeming unpredictability of consumer behavior is a valid concern, especially when you can only follow your own product’s sales figures,” noted Andrew

“What makes consumer behavior and even greater challenge is that, at first glance on the data measuring what they said they would do, and what they purchased, can show a disconnect. In fact, our study, Mind over Matter, showed that consumers often mis-represent what they do by as much as 50%.”

A linear, rational approach to influencing purchase behavior is the assumed industry practice: a price cut or trade promotion, an increase in ad spending, premiumization. These tactics can be effective, but they must be executed in consideration of the consumer’s perception of value, which in turn is relative.

Value extends far beyond any one factor. It can differ according to shopping trip (planned vs. impulse), the number of similar alternatives on the shelf, and even by timing and location.

This might give truth to how SMBs perceive consumer behavior, as a risk, but our data has uncovered a few cognitive ‘rules of thumb’ that drives decision-making.

#1
Posession
“It’s mine”

#2
Immediacy
“I want it now”

#3
Popularity
“I want what they have / FOMO

#4
Fear
“Playing it safe”

#5
Free = larger Benefit
“Nothing beats FREE”

The Golden Generation

You’ve likely heard Gen Z’s members described as obsessed with their phones, broke, and never leaving home, to name just a few common preconceived notions. The data tells a far more complex story, however – one that will dispel some myths and affirm some truths about this trending generation.

They’re quickly making their way into the consumer class, and all signs show that they will play a critical role in the products manufacturers and retailers sell; they are marked to spend at twice the speed of previous generations.

If you’re still not sold on why you should get to know Gen Z and maximize on their spending potential, here’s a few more facts:

- It’s the largest generation to date and will likely be the largest ever.
- It will be the wealthiest generation ever.
- It will have the fastest growth in spending power.
- It will overtake Boomer spend in 2029.

Excited to dive deeper into the generation that can boost your business forward? Check out our latest release, the [SpendZ report].

06

Discover how to uncover opportunities

55% of SMBs noted that data influences their decisions, with 99% of those contributing their business success to the insights uncovered.

Many smaller sized business still operate on instinct and hard-earned experience, which can be reliable, but it can only go so far. Blending experience with reliable market data can transform the decision-making process for your challenger brand. It can upgrade the system in place by reducing unnecessary risks of the unknown, replacing possibilities with certainties.

Data analysis can be daunting without the right guiding map and misguiding with the wrong dataset. That's why we put together this guide as a starting point, and if you're ahead in the game, as a guardrail to double check that your brand is on the right track to growth and success.

The power of data lies in its ability to provide tailored solutions. For instance, in pricing, the right information enables you to develop competitive pricing strategies, identify cost-saving opportunities, and create value-added differentiators to justify your prices.

When engaging with retailers, using accurate category information and highlighting winning angles can help small and medium-sized businesses build strong partnerships, negotiate favorable terms, diversify distribution channels, and secure shelf space.

Additionally, understanding and adapting to consumer changes is vital. SMBs should actively engage with their target audience, use technology for personalized marketing, embrace e-commerce, and continually innovate to meet evolving consumer preferences.

By tackling these challenges directly, SMBs can navigate the dynamic business landscape and position themselves for long-term success. With resilience, adaptability, and a customer-centric approach, SMBs have the potential to not only survive but thrive amidst pricing challenges, retailer negotiations, and shifting consumer trends.

Unleash the power of data to reveal new pathways to growth

Contact our dedicated small and medium business team today for more insights to fuel your business success.

[Talk to our team.]

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NielsenIQ data designed for entrepreneurs helps you keep track of market shares, stay on top of market trends, and build strategic plans.

Understanding your customers, competitors, and the market you operate in is key to your growth.

Build the map to grow your business; the answers come in the data.

NielsenIQ offers you and your business:

1

An agile and flexible solution

Designed for entrepreneurs, small and medium businesses – designed to give you the power and freedom with data via our single access point.

2

With affordable pricing

Start with a small investment to unlock new growth potential with accurate data to achieve fast ROI.

3

Easy to use

Deliverables via our always-on platform, with a simple & easy to use interface, providing actionable insights to grow your business.

About NIQ
NIQ is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. In 2023, NIQ combined with GfK, bringing together the two industry leaders with unparalleled global reach. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View™.

NIQ, is an Advent International portfolio company with operations in 100+ markets, covering more than 90% of the world's population. For more information, visit NIQ.com