

# What to do about blinkers- shopping in the recession?

Consumers who want to shop efficiently and invest as little time and money as possible are particularly difficult to persuade to make impulse purchases. This situation is particularly challenging for branded goods suppliers, but also offers opportunities for differentiation. An observation by Florian Klaus from K&A BrandResearch.

The consumer climate of German consumers, surveyed by GfK, has risen in September.

This year for the third time in a row. Moreover, the barometer has never been lower since measurements began. What is known in the UK as the "Cost Of Living Crisis" represents an ominous continuation of the perceived decline in prices for certain suppliers in the grocery retail sector situation around the Corona

pandemic. In particular, products and categories with a high proportion of impulse purchases have already suffered in the past two years from shopping trips behind the mask, fewer purchase files and shorter stays in stores - as well as people's online shopping behaviour, which continues to grow slowly but surely.

Consumers, who above all efficiently

want to shop, which means that the invest little time and money are particularly difficult to persuade to make impulse purchases. This mechanism is with rising energy costs,

The situation is expected to intensify in the coming months due to exploding uncertainties and limited budgets. Therefore, we urgently need to ask ourselves the question: How can shoppers be engaged with so-called "efficiency blinders" to sweets, which, according to figures from SWEETS GLOBAL NETWORK, are always-up to 73 percent are dependent on spontaneous purchasing decisions.

Online retail relies on data-driven offer logics instead of price-off watering cans

Of course, it is possible to score points with cheaper products, especially with consumers who are looking for cost advantages. The difficult and at the same time strategically exciting momentum in the current constellation, however, is precisely that these intuitively obvious advantages are not being realised.

option of hardly any brand-name will be available in a meaningful way. This is where a weakness in so-called discount management becomes apparent. Apart from

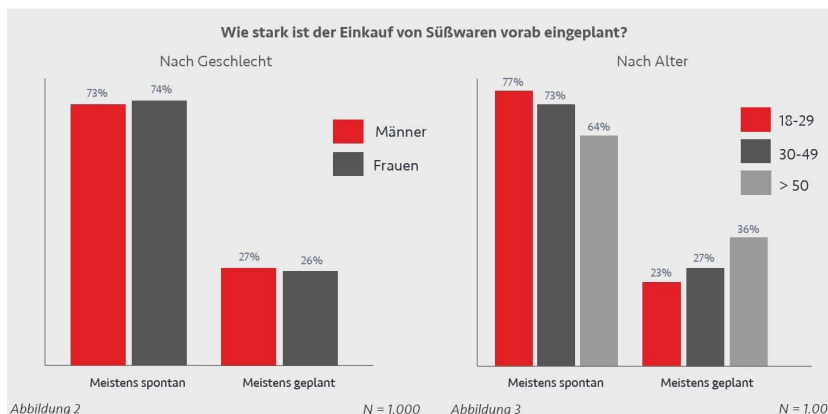
from the famous pork belly and the reverberations of 'stinginess is cool', suppliers have developed few intelligent price-off strategies. An exception is again online retail with its data-driven offer logics instead of the price-off watering can. In contrast, defensive activities continue to predominate in the classic offline food retailing sector, which is especially

ders in the form of "shrinkflation" in the communication can quickly turn out to be a veritable own goal. Those who more or less secretly reduce the performance to the price cannot hope to be appreciated as a trustworthy everyday companion in times of crisis. On the contrary, such strategies risk an accelerated strengthening of the dealers and their traditionally 'smart' own brands.

Brands need strong captains right now

Instead, credible and intelligent brand management is needed right now. In many places, retailers have already positioned themselves and are expanding their role as the "citizen's guide". In price wars with big brand-name companies, it even appears to some consumers as a kind of modern Robin Hood. People experience help from retailers partly in the form of direct support for shaken household budgets, for example with (anti-)inflation offers whose prices are frozen against the market trend. Or through a series of other unambiguous

Signals of solidarity that, from the shopper's point of view at the moment of crisis



Buying sweets is rarely planned in advance. Most of the time, chocolate, biscuits and the like are bought spontaneously in the shops. (Source: SG NETWORK)



As Director BrandPsychology and Member of the Executive Board at K&A BrandResearch, Florian Klaus is responsible for the K&A Psychodrama®, among other things.

prove "that retailers are serious" about their supply mandate. Such offers or communication are naturally easier for retailers than for branded companies, of course. But it doesn't help. If, after the Corona pandemic, brands now leave the field to food retailers as 'caretakers' for the second time, then this will strengthen their own position even after the next crisis. not be beneficial. For those who need even more arguments for active brand strategies in crises:

1. The target group of brand owners will be in good need of small mental refuges in the near future. This is an opportunity especially for brands that are associated with pleasure, self-reward or escapism - or want to be associated with them. At the latest

in times of often existential fear, such messages beat even the last Purpose fashion.

2. The widespread focus on prices among many market players leaves all the more room for positioning for brands, which have to resort to more and different manoeuvres in this environment. a. Creativity is in demand and is consequently rewarded by the market.

3. A good starting position for the competition between brands, which will certainly begin again after this crisis, is rarely as cheap as it is at the moment. Of course, this requires resources and courage. But those who have both in the competition can make particularly worthwhile investments in people's minds today.

#### The accountant in us

One lever that serves a whole series of the strategies described above in combination is still too often neglected by FMCG brands in Germany. We are talking about the phenomenon of "mental accounting". It has been widely known at least since the findings of researchers like Daniel Kahneman and the Behavioural Economists that we humans only behave rationally in everyday life in exceptional cases. However, the fact that this also applies to our handling of household budgets, and that we also act "predictably irrationally" there, is not yet part of self-evident marketing everywhere. Consumers by no means always allocate their expenditure to the objectively correct budget pots. Objectively speaking, we should, for example



Chocolates and confectionery that are worth more to their buyers are less likely to be found in price discussions, K&A's market researchers are convinced.

the completely overpriced bag of popcorn at the folk festival in relation to other

Food or at least sweet

We put our money where our mouth is and, from this point of view, immediately become the family's spoilsport. Instead, we mentally rebook and declare the monstrous costs as collateral damage of a leisure activity that we have more than earned. The same logic also applies somewhat more subtly to the shelves of the retail trade. Coffee capsules as an expression of a cosmopolitan and convenient way of life can command many times the price of coffee powder. The "longest praline in the world" is incomparable to the dull chocolate bars. fritz Grillkola is unrivalled in the barbecue context. And the Home Office Choco Box from Confeiserie Heidel makes the cramped working day more bearable and is worth far more money to us than other, more generic sweet snacks.

Conclusion: Brands that position themselves in consumption contexts that are worth more to their buyers are less likely to find themselves in price discussions than the mainstream. They start from pole position after the energy and inflation crisis. May not only the confectionery god prevent the next catastrophe.



Author Florian Klaus warns against shrinkflation, the downsizing of portion sizes, to get a grip on the costs. to get. This is all too often seen as "Cheat pack" branded. (Images: K&A BrandResearch)