

8/28/2024

GTM – Consumer Goods

Focus: UK



Market Synopsis:

Customer Needs:

Price is a key factor in decision-making among the UK population. According to a consumer survey, more than **35% to 36%** of UK shoppers use comparison sites for the price. **Quality** is a top priority as it leads to customer satisfaction and helps build trust in a particular brand. **Brand loyalty** is another important consideration among British shoppers. It is estimated that around **65%** of UK consumers claim to be loyal shoppers which is above the global average of **61%**. Loyalty programs are also popular. Around **71% to 73%** of 18-24 year olds in Britain think they are a good way for brands to reward customers.

Customers also consider the company's ethics in production. **68%** of British consumers believe a brand's ethical environmental policy, and animal welfare.

After-sales services are also in growing demand among the population. Most buyers nowadays rely on e-commerce sites, and this is an important factor to consider. It has been observed that virtually all adults aged 16 to 44 years in the UK, that is, around **97%–99%**, were internet users in 2021.



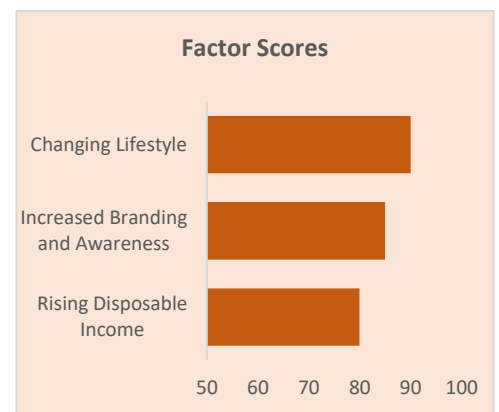
Market Dynamics:

The UK consumer goods market is growing with an increased consumption rate. According to the International Trade Administration, despite continuing to face regulatory challenges posed by the effects of the UK's exit from the European Union, high inflation driven by rising energy prices, and the lingering effects of the COVID-19 pandemic, the UK remained a critical market for American exports of goods and services. U.S. exports of goods and services to the UK reached **US\$ 157.1 billion** in 2022, up **21.5%** from 2021, ranking the UK in 5th place among export destinations for American goods and placing it in the 2nd spot for trading in services.

The market's major **driving factors** include:

- **Changing lifestyle** – The evolving lifestyle has brought a change to consumer preference, thus increasing the demand for consumer goods. New types of products are gaining popularity as well as increased demand. For example, currently, there is increased demand for organic products, as society is becoming more conscious about their health, fitness, and overall, well-being.

*Factor Scores represent preference rates



- **Increased Branding and Advertisement** – The increase in marketing as well as advertisement influences the demand for goods and products.
- **Rise in Disposable Income** – With the rise in disposable income, the population is more inclined towards purchasing discretionary products along with the essentials, and the consumer spending pattern has significantly changed. According to the Office for National Statistics, median household disposable income in the UK was **£32,300** in the financial year ending 2022.

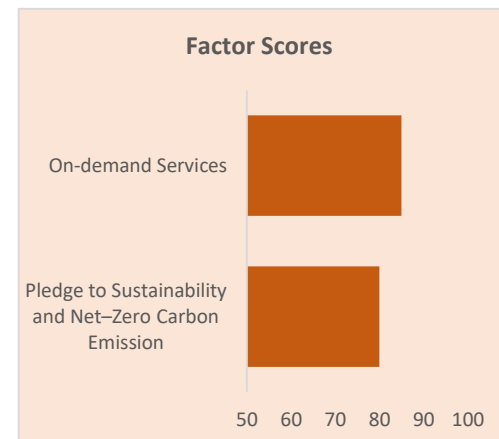
The principal **trends** in the market are:

- **Personal Care for Wellbeing** – The population currently is more inclined towards personal care products that enable healthy living.
- **Eco-friendly and Natural Products** – With the population being more conscious about chemical-free products there is a trend of increased demand for eco-friendly and natural products such as bio-based and organic products. As per a consumer survey, **45%** of consumers in the UK use at least one organic beauty product, while **64%** prefer to purchase items with recyclable packaging.
- **e-Commerce** – e-commerce has significantly transformed the purchasing behavior of consumers.



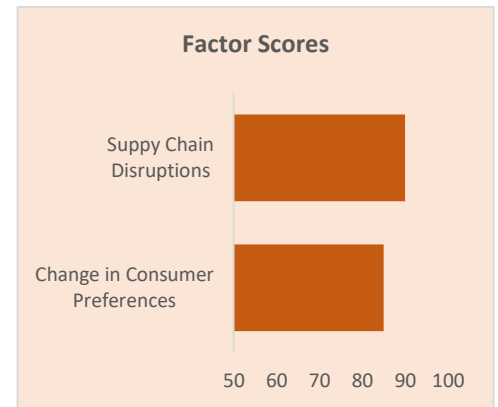
Key **opportunities** in the market comprise of:

- **On-demand Services** – The opportunities for on-demand services are increasing with a busy lifestyle. The ability to fulfill needs as they arise is highly considered among consumers.
- **Pledge to Sustainability and Net-Zero Carbon Emission** – There is a growing demand for sustainable products. With the population becoming more conscious of environmental protection, sustainability approaches are improving. For example, there is a reduction in plastic packaging. For instance, as per an update on Climate Action in August 2023, research has shown a decrease of **98%** in single-use bags since 2014 in the UK. Also, as per a consumer survey, **21%** of Britons are willing to invest more in products that favor sustainability.



Some of the factors **hindering** market growth include:

- **Supply Chain Disruptions** – The consumer goods industry faces certain supply chain disruptions such as lower product quality, rising costs for raw materials, etc. As per a consumer survey, supply chain disruptions are driving **69%** of UK companies to increase their local sourcing in 2024.
- **Change in Consumer Preferences** – The choice of consumer is highly fluctuating, especially due to social media influence and technological advancements. Consumers generally do not stick to a single brand or product for long. For example, it is difficult for consumer goods companies to predict the future sales of their products.



Company Capabilities:

The company's capabilities are at a high-end with **technological advancements** as well as **growing consumer demands**. There are improved **product developments** with the increase in **research and development**. The use of **production automation, data analytics, and artificial intelligence** has been improving so far.

The improvement is also based on consumer surveys and demands. There is **strong brand marketing** including **digital marketing** such as **social media, online advertising**, and others that have improved the engagement rate. The company's capabilities are also improved in terms of **inventory management**, and **efficient procurement and supply chain**.

There is also a strong presence of **retail and distributors** as well as a presence of **online sales and e-commerce** making it easily accessible for the customers. The improvement in **product safety, meeting regulatory requirements, and ethical practices** has improved the capabilities as well. The improvement in **after-sales services and customer support** play a crucial role in the growth of the market. There is also increased focus on **sustainability and environmentally friendly practices**.

Competition:

There is robust competition in the UK consumer goods space with several leading companies providing similar product ranges. The top companies include **Unilever plc, Procter & Gamble Co., Reckitt Benckiser Group PLC, Nestlé**, and others. There is also competition among the retailers, the top ones namely **Tesco plc, Walmart Inc., Sainsbury plc, Carrefour SA**, and others. Also, e-commerce giants such as **Amazon.com Inc., Alibaba Group Holding Ltd., Very Group Limited** and others have intense competition. Below is the list of companies based on consumer goods:

Consumer Discretionary				
Consumer Durables & Apparel				
Household Durables	Leisure Products		Textiles, Apparel & Luxury Goods	
Ashley Furniture Industries, Inc.	adidas AG	Scott Sports SA	adidas AG	LVMH SE
Barratt Developments	Decathlon SA	Spin Master Corp.	Burberry Group plc	Nike Inc.
Berkeley Group Holdings plc	Gibson Brands, Inc.	Trek Bicycle Corporation	CHANEL	Rolex SA
Inter IKEA Systems B.V.	Hasbro, Inc.	Yamaha Corporation	Compagnie Financiere Richemont SA (Cartier)	Samsonite International SA
LG Electronics Inc.	LEGO Group		EssilorLuxottica SA	Zara
Panasonic Holdings Corp.	Mattel, Inc.		H&M AB	
Robert Bosch GmbH	Nike Inc.		Hermes International SCA	
Samsung Electronics Co., Ltd.	Puma SE		Kering SA	
Whirlpool Corporation	Roland Corporation		Levi Strauss & Co.	

Consumer Staples			
Food, Beverage & Tobacco			
Beverages	Food Products		Tobacco
Anheuser-Busch Inbev SA	Cargill Incorporated	Kraft Heinz Co.	BRITISH AMERICAN TOBACCO PLC
Coca-Cola Co.	Conagra Brands Inc.	Mars Incorporated	General Cigar Company
Diageo plc.	Danone S.A.	MONDELEZ INTERNATIONAL INC.	Imperial Brands PLC
Fiji Water Co LLC	Doves Farm Foods Ltd	Nestle SA	Japan Tobacco Inc.
PepsiCo Inc.	Ferrero International SA	Unilever plc.	Philip Morris International Inc.
William Grant & Sons Ltd.	Finsbury Food Group	Wilkin & Sons Ltd.	Swedish Match AB
	General Mills Inc.	Young's Seafood	
	Kerry Group PLC		

Consumer Staples		
Household and Personal Products		
Laundry Care	Personal Care and Cosmetic Products	
Essity AB	Unilever plc	Kimberly-Clark Corporation
Henkel AG	Colgate-Palmolive Company	L'Oreal SA
Kimberly-Clark Corporation	Edgewell Personal Care Co.	LVMH SE
Procter & Gamble Co.	Estee Lauder Companies Inc.	Procter & Gamble Co.
Reckitt Benckiser Group PLC	GSK plc.	Revlon, Inc.
Unilever plc	Johnson & Johnson	Shiseido Co Ltd.

Collaborations and Partnerships:

The increase in collaborations and partnerships has also improved marketing strategies. Some of them include:

- In May 2024, University of Nottingham partnership set to transform AI-assisted consumer insights for social good.
- In October 2023, Bayer Consumer Health UK, in partnership with Zappara, has introduced a new Accessible QR code (AQR) on its Canescool Soothing Gel Cream product packaging to help those who are blind or partially sighted.
- In April 2023, Accenture, Microsoft, and Unilever completed one of the largest and most complex cloud migrations in the consumer goods industry.
- In 2023, Unilever, BASF, P&G and 12 other organizations have joined forces to scale carbon capture to help the UK reach net zero by 2050; and CCEP teams up with two more

Marketing Selection

Market Segmentation:

Consumer Discretionary			
Consumer Durables & Apparel			
Household Durables	Leisure Products	Textiles, Apparel & Luxury Goods	
Home Furnishings and Décor	Sports Equipment and Athletic Goods	Apparel	Jewelry
Homebuilding	Bicycles	Footwear	Watches
Household Appliances	Toys and Games	Textiles	Eyewear
Housewares & Specialties	Musical Instrument	Luggage, Handbags, and Wallets	Leather Goods

Consumer Staples				
Food, Beverage & Tobacco				
Beverages	Food Products			Tobacco
Brewers	Agricultural Products	Dairy Products	Coffee and Tea	Chewing Tobacco
Distillers & Vintners	Packaged Foods	Sugar and Confectionery Products	Mayonnaise, Dressing, and Other Prepared Sauce	Cigar
Non-alcoholic Beverages	Frozen Specialty Food	Fruit and Vegetable Preserving and Specialty Foods	Spice and Extract	Cigarettes
Bottled Water	Dried and Dehydrated Food	Seafood Product Preparation and Packaging	Others (Roasted Nuts and Peanut Butter, Flavoring Syrups and Concentrates, Perishable Prepared Foods, and Snack Foods)	Pipe Tobacco
	Animal Food	Bakeries and Tortilla		Other Tobacco Products

Consumer Staples			
Household and Personal Products			
Laundry Care	Personal Care and Cosmetic Products		
Laundry Care	Skincare Products	Oral Hygiene Products	Baby BPC products (Baby Haircare Products, Baby Skincare Products, Baby Bath Products, Baby Fragrances and Perfumes, Baby Wipes, and Baby Oral Hygiene Products)
Household Cleaning and Disinfectant, Insecticides and Pesticides (Room and Toilets)	Haircare Products	Bath Products	Sun Care Products
Kitchen Care	Color Cosmetics (Make-up)	Male Grooming Products	Depilatory Products
Tissue and Household Paper	Fragrances	Deodorants	Feminine Hygiene

Market Selection:

The market selection is based on several factors to optimize sales. Some of the major criteria include selection based on **demographics, geography, behavior, convenience, consumer preferences, competitive analysis, presence of e-commerce and retail channels, brand positioning, market size**, and others.

Segment Targeting:

Segment targeting is done on several aspects such as choosing segments with **growth potential, high profitability index, brand preference, and competitive scenario**. For instance, in case of the luxury segment, high-income individuals mostly going for premium products are targeted.

Product Positioning:

Product positioning involves creating a distinct position of the product among the competitors. It is important to distinguish the product from the existing ones, what would

be the unique selling point and what would encourage customers to switch or choose the current product. It could be achieved by conducting market research to understand **consumer preferences, need-gap areas, competitive positioning, and purchasing decisions.**

Marketing Mix:

The marketing mix highlights the focus areas based on customer needs and sales strategies for consumer goods.



Customer Acquisition and Retention:

Awareness and Interest:

Increasing awareness is one of the primary factors to gain customers. Awareness could be improved through several aspects such as **social media marketing, advertising, traditional print media, product promotions in events and shows, influencer programs, email campaigns, providing sample products,** and others. This would significantly create interest among the targeted population.

Evaluation:

Evaluation is important to understand the market needs as well as help in decision-making and strategic planning. The first step is to understand the customer's need, such as **budget, preferences, and challenges.** Next, it is important to evaluate whether the **product** would meet the needs of customers. This also involves comparing products with competitors. Thirdly, it is important to test the product's **functionality and usability.** Here, it would help understand the performance level of the product. Next, seeking **feedback from experts** on the field would help in validation of the product to increase more customer traction.

Commitment:

It is highly important to be committed to customers based on aspects such as **product quality, ethics**, etc. This also helps in retaining customers in the long run. There should also be support to resolve any issues or take any product complaints.

Referral/Customer Loyalty/Retention:

Providing referral bonuses and similar strategies helps in business growth. It also helps build customer trust and helps in retention. Some key ideas include **attractive offers, discounts, gift coupons, etc.** Also, it is important that the referral process should be simple and user-friendly.

