

**Which?**

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## Consumer Report

November 2013

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**Cutting back and trading down:**

# the impact of rising food prices



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# Cutting back and trading down: **the impact of rising food prices**

New Which? research<sup>1</sup> has found that rising food prices continue to be an issue of major concern with people developing a range of coping strategies to try to take control of their food bills. Six in 10 say they've had to change their food shopping because of rising food prices.

Nearly 8 in 10 shoppers are worried about the increasing cost of food. Trading down and shopping around have become the norm for many people. Three quarters are shopping around more to get the best prices and half are now shopping at discount supermarkets. A quarter of shoppers say they have even had to cut back on essentials, such as heating and water, to pay for food in the last 12 months.

Shoppers are pessimistic about the future if prices continue to increase, with 6 in 10 worried about how they will manage their spending on food. Consumers are sceptical about supermarket pricing policies and want them to do more to help them deal with the on-going food price rises. Only 3 in 10 shoppers say they currently trust the supermarkets to charge a fair price for food.

Some supermarkets have started to improve the way that they display the unit price for products as a result of our campaigning, making their shelf edge labels clearer and more consistent so that consumers can compare prices more easily. But others are still failing to act.

As a result of Which? research exposing dodgy special offers, the Office of Fair Trading (OFT) also issued new guidance<sup>2</sup> on how special offers should be used. But our latest investigation has found that supermarkets are still using special offers that make it look like you're getting a bargain when you're not.

More action is therefore needed to help people manage food costs, compare prices and ensure that they can trust special offers.

Which? is calling for the following action from all supermarkets and the Government to help people manage price rises in the short-term and to address the longer-term underlying causes of rising food prices.

**Ensure prices can be compared at a glance**

Food price labels should help consumers easily assess which product is best value. Three quarters (77%) think that it is annoying when items aren't priced by the same unit so they can be compared easily. Some supermarkets are now going much further than others to improve their labels. Asda, Iceland and Marks and Spencer have failed to commit to the improvements that Which? thinks are needed. These include greater clarity, improved consistency and displaying the unit price on special offers. In contrast, Aldi, The Co-operative, Morrisons and Waitrose have committed to changes across all three areas. Complex and out of date legislation also limits the changes that can be made on a voluntary basis, so the Department for Business, Innovation and Skills (BIS) needs to revise the Price Marking Order so that food pricing is simpler.

**Ensure special offers really are special**

Despite new OFT guidance, we have still found problems with special offers across supermarkets. Our latest investigation found, for example, products that increased in price for a short time before being discounted for months. We also uncovered misleading multi-buys, where the offer didn't save you any money, or the products actually cost more on multi-buy than when they weren't on offer. The guidance leaves too much scope for interpretation and is not always followed. Only 4 in 10 people (41%) think special offers from supermarkets will always be good value for money. Supermarkets, therefore

have to become much more responsible in the way that they use special offers so that consumers can rely on them to be genuine. BIS needs to introduce tougher guidance and ensure that it is implemented and enforced.

**A healthier balance to promotions**

Seven in 10 shoppers (72%) think that special offers allow them to make the most of their food budget so it is important that they help, rather than hinder healthier choices. Over half of people in our survey (53%) think that high food prices make it difficult to eat healthily. Some positive steps have been taken to make healthier choices easier, including a commitment by the main retailers and some manufacturers to put traffic light nutrition labelling on their products so that levels of fat, sugar and salt are clear. But only two supermarkets (The Co-operative and Sainsbury's) have set targets for the balance of healthier foods in special offers and these are still limited<sup>3</sup>. The Department of Health (DH) needs to drive further action through its Public Health Responsibility Deal.

**Develop a national food strategy**

The causes of rising food prices are complex and linked to increased global demand for food combined with supply shortages caused by adverse weather. A joined up Government strategy is needed to help deal with the different challenges facing the supply chain - from rising food prices to obesity and climate change - in a co-ordinated way. This includes increasing food production while addressing issues such as food affordability, quality, safety and enabling healthier choices - and ensuring that the methods used to produce food are acceptable to consumers.

**6 in 10 are worried about how they will manage their spending on food if prices continue to increase**

# Rising food prices - the new normal

**Average spend per week on food**

**£60** for a couple with no children  
**£30** single person household  
**£80** couple with children

Nine in 10 shoppers (89%) have noticed an increase in food prices in the last 12 months and overall, two thirds (67%) say they have seen their weekly household grocery bill increase in the last year. The foods that most people have noticed increase in price over the last year and how this compares to 2011<sup>4</sup> are shown overleaf. This is broadly consistent with actual food price rises and also reflects the products people are buying most regularly.

Food prices have risen in real terms by 11.8% over the last six years. Since the initial dramatic price spike of 2007/8, the rises have been steadier, but are still hitting consumers hard. Nearly half (45%) of shoppers say they are spending a larger proportion of their available income on food compared to 12 months ago, but nearly 9 in 10 (86%) of this group are buying either the same amount of food, or less. Combined with the difficult economic situation and a drop in many people's incomes, shopping for food can be stressful for many and requires consumers to be more strategic:

- **8 in 10 shoppers (78%)** are worried about the increasing cost of food
- **6 in 10 shoppers (60%)** are worried about how they will manage future spending on food if prices continue to rise
- **4 in 10 shoppers (41%)** say that the cost of food is a source of stress to them
- **3 in 10 shoppers (29%)** say that they are finding it a struggle to feed themselves or their families because of the cost of food.

In the last year, the price of food and drinks rose by 4.3% on average. This figure, however, masks more dramatic increases for certain products. The price of fruit, for example, rose by more than 11% between September 2012 and September 2013, meat by around 5% and vegetables by almost 7%. The steady way in which the price of key foods has ratcheted up over the last few years is illustrated in the graph below.

The impact of these changes has been exacerbated by falling incomes. We found that only a fifth of shoppers (21%) said their household income has increased in the past year, while a third (35%) said they had experienced a decrease. Only four in ten (42%) said that their household income had stayed the same.

**Food price rises by category**



### The causes of rising food prices

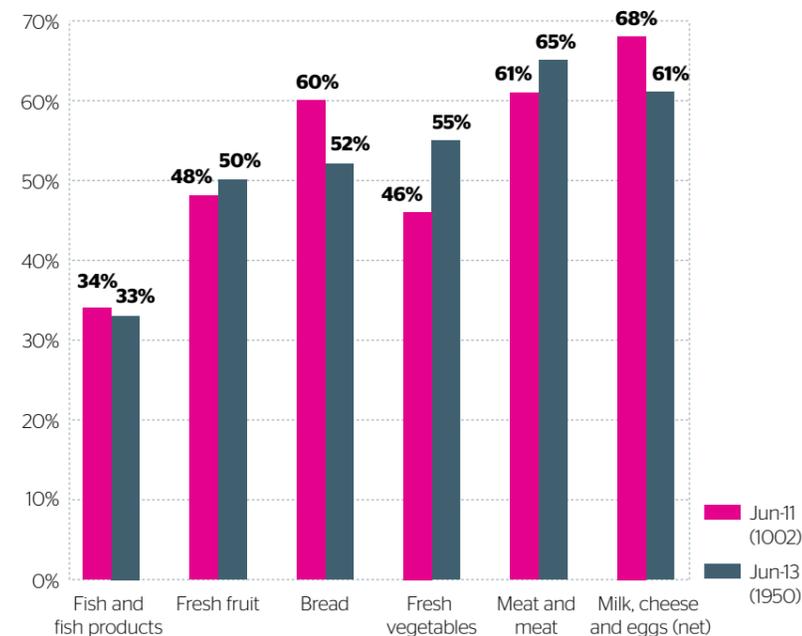
The causes of rising food prices are complex given the global nature of many food supply chains. The overriding cause for the on-going volatility is the increasing global demand for food, including in developing economies, combined with a shortage of supplies of key food commodities as a result of adverse weather conditions. Other factors, such as oil prices, export bans imposed by some countries, a decline in global stocks of foods and speculation on food commodity markets have also contributed to the problem. Disentangling specific UK supply chain issues, as well as energy prices, labour costs and currency fluctuations is difficult.

Government experts have emphasised the need to increase

food production in a way that also minimises the environmental impact<sup>5</sup>. Defra has started to look at this through a 'Green Food Project'<sup>6</sup> and, with BIS, an Agricultural Technology Strategy<sup>7</sup>, but these are limited in scope and look at food production methods without giving enough consideration to consumers' needs and expectations.

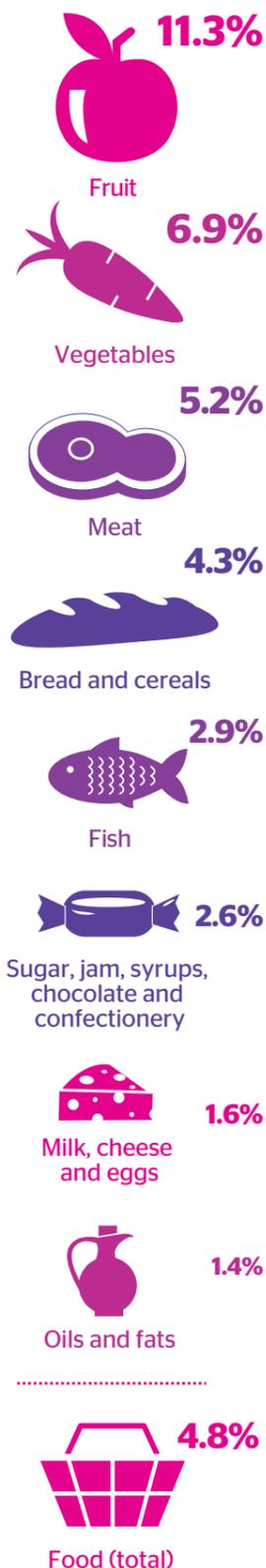
A broader consumer-focused food strategy is therefore needed that sets out the priorities for food policy going forward and ensures that there is a joined up approach across government departments including Defra, BIS, DH, and the Food Standards Agency, to tackling food affordability along with nutrition, food safety and wider social aspects of what we eat.

### Foods where shoppers have noticed a price increase over the last 12 months



Base: all grocery shoppers (1969)  
\* Source: Consumer Prices Index, Office for National Statistics.

### Food price inflation September 2012-2013



### Who is being hit the hardest?

Those in lower socio-economic groups (SEG) and households with children are more likely to express concern about the cost of food.

44% of shoppers in SEG DE say that it's a struggle to feed themselves or their family because of the cost of food; compared with 29% of shoppers in groups C1C2 and 14% in groups AB.

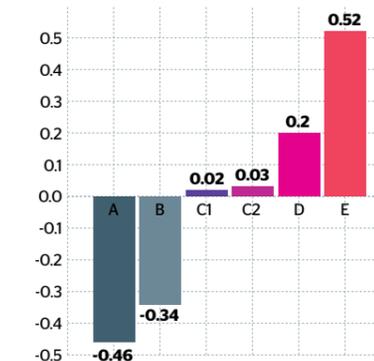
7 in 10 shoppers in SEG DE (72%) say they are worried about how they will manage their future spending on food if prices continue to rise, compared to less than half (45%) of shoppers in SEG AB.

7 in 10 (70%) shoppers in households with children say they are worried about how they will manage their future spending on food, if food prices continue to rise, compared to half (54%) of shoppers in households without children.

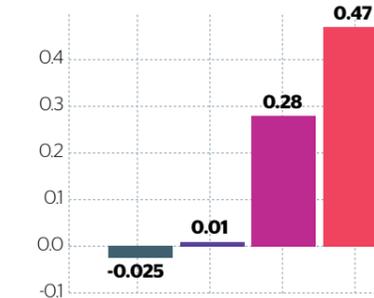
Shoppers in households with children are also more likely to say that the cost of food is a source of stress (55%) than those in households without children (35%) and 4 in 10 (41%) say that it's a struggle to feed themselves and their family because of the cost of food, compared to a quarter (23%) of shoppers in households without children.

1 Food Worry score is created from agreement/ disagreement with the following statements: "Rising food prices mean I've had to change my food shopping in some way"; "I'm concerned about the increasing cost of food"; "I am worried about how I will manage my future spending on food, if food prices continue to rise"; "I haven't noticed food prices increase as much this year as last year."; "It's a struggle to feed myself/family because of the cost of food"; "I plan my food shopping according to when I'm paid".

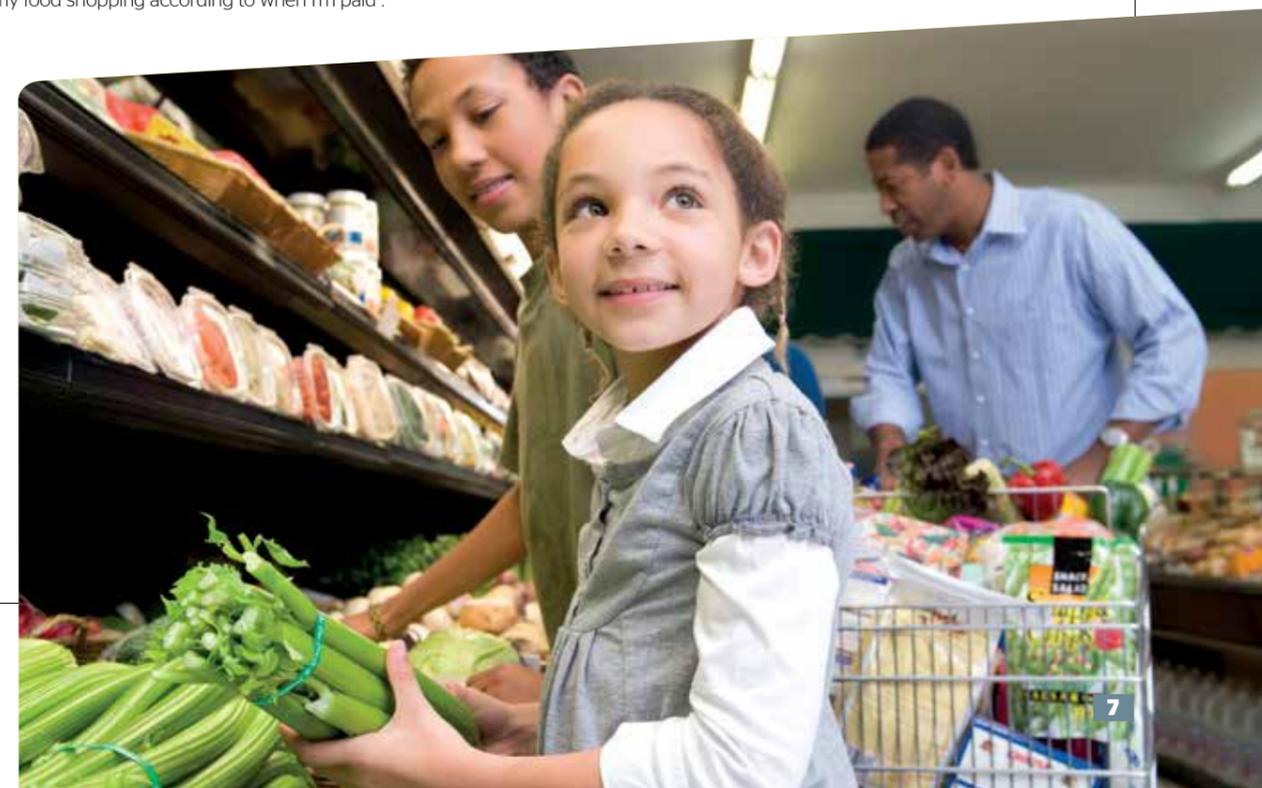
### Food worry score by socio-economic group



### Food worry score by household type



Legend:  
 Single person no children (Dark Blue)  
 Couple no children (Light Blue)  
 Couple with children (Pink)  
 Single person with children (Red)



# Trying to take control

Shoppers have developed a range of coping strategies to deal with food price rises. Cutting back, shopping around and trading down have become the norm for many people:

- **8 in 10 (82%)** shoppers say they have changed their shopping habits compared to 12 months ago because of the economic climate
- **85% of people** are shopping around to get the best prices.

Our previous research on how food prices were affecting people in 2011 highlighted some dramatic ways that people had changed their shopping and cooking habits, including swapping to discount supermarkets, buying cheaper rather than premium supermarket brands and opting to buy less food such as organic.

This year's research found that these trends have continued. People are shopping at a wider range of supermarkets, and many are being much more careful about the products they choose and where they buy them. Six in ten (60%) grocery shoppers have had to change their food shopping in some way because of increasing food prices.

But the research also highlighted that for many people the pressure to meet food bills or afford food has impacted their wider lifestyle. Nearly half of shoppers (46%) have had to cut back on non-essentials in the last year and a quarter (23%) say they have even had to cut back on essentials,

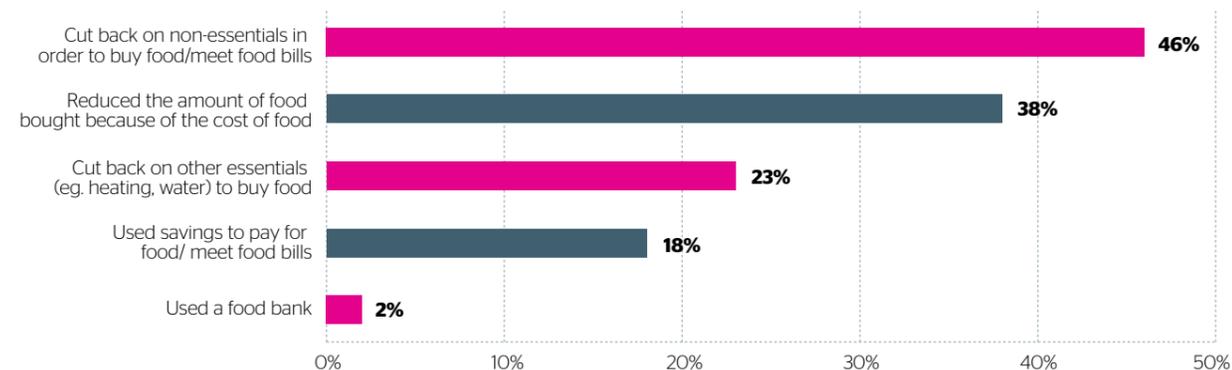
such as heating and water, in order to buy food or meet food bills. Around one in four (38%) have reduced the amount of food they buy because of the cost of food. 2% of shoppers were struggling so much they had resorted to using a food bank.

Families have been hit particularly hard. 57% of those with children in the household say they have cut back on non-essentials and 27% on other essentials in the last 12 months to meet food bills. Shoppers from households with children are twice as likely as shoppers in households with no children (18% compared to 8%) to have borrowed money for food in the last year.

Shoppers in lower socio-economic groups also report cutting back more than other groups. Over half (54%) of shoppers in SEG DE say they have cut back on non-essentials and a third (35%) say they have cut back on essentials. But this doesn't mean that shoppers in SEG AB are unaffected by rising prices: 37% say they have cut back on non-essentials and 1 in 7 (15%) on essentials in the last 12 months.

Different groups of shoppers are being affected to varying extents and reacting in different ways. Some groups of consumers are in a particularly vulnerable position having to draw on a wide range of strategies to be able to buy food; whereas others are relatively unscathed. Using statistical analysis four distinct groups emerged from the data: Scrimpers and Savers, Aware but Unaffected, Deal Hunters and the Disengaged.

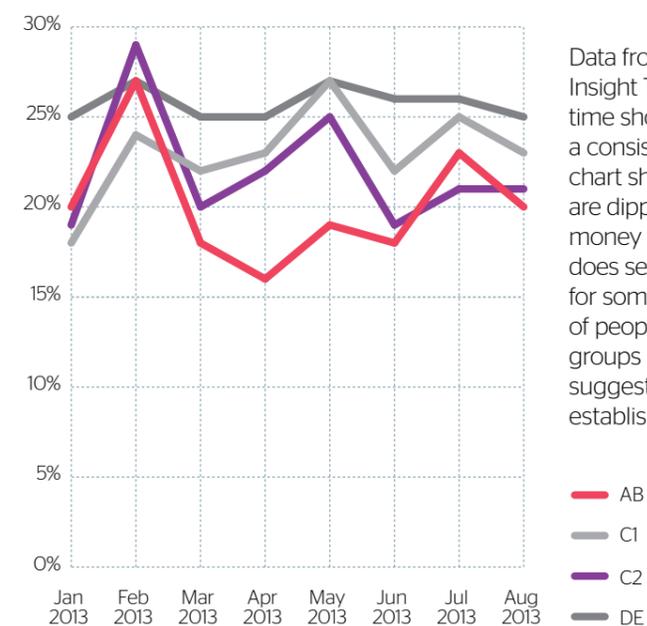
## Actions shoppers report having taken, to cover the cost of food, in the last 12 months



Base: all grocery shoppers (1969)

**85% of people are shopping around more for food to get the best prices**

## Percentage of people in each SEG, who are using savings or borrowing money in order to buy food.



Data from the Which? Consumer Insight Tracker provides data over time showing how food costs are a consistent issue for people. This chart shows that each month people are dipping into savings or borrowing money to pay for food. Whilst there does seem to be a seasonal effect for some groups, the consistency of people in lower socio-economic groups DE doing this each month suggests that this may be an established coping strategy for them.

Source: Consumer Insight tracker

# Different problems; different strategies

## 1 Scrimpers and savers - 24% of population (n = 495)

**This is the group that are taking the most action in response to the squeeze on their food spending. They are the group most worried about the cost of food and the group taking the most action using special offers and cheaper supermarkets and trading down on product ranges. They are more likely than other groups to buy based on price and convenience.**

### This group:

- Has the highest proportion of shoppers in socio-economic group DE (32%) across the groups.
- Has the most couples with children living at home of all groups (37%).
- 45% are 24-44.
- Includes a large proportion of women (57%).
- Nearly 4 in 10 (36%) say they have a poor household financial situation.
- Has an average household income of around £25,000.

### How food prices are affecting them:

- **Half (51%)** say they have noticed food prices increase "a lot" in the last 12 months.
- **Half (50%)** say they are currently struggling to feed themselves/ their family because of the cost of food.
- **8 in 10 (78%)** say they are worried about how they will manage their future spending on food, if food prices continue to rise.

### Their coping strategies:

- **82%** say they have changed their shopping as a direct result of increasing food prices.
- **Nearly 4 in 10 (37%)** have cut back on other essentials (e.g. use of heating, gas) in order to buy food/ meet food bills.
- **3 in 10 (28%)** have used savings to pay for food and a fifth (20%) have borrowed money in order to pay for food.

### Where and how they shop:

- They are more likely to shop in Asda and Iceland than other groups.
- **64%** say they have increased the amount of cheaper groceries bought from the same supermarket in the last 12 months, due to the economic climate.
- **62%** say they are buying more of their groceries from a cheaper supermarket than they were in the last 12 months/ or they have started to do this.
- More of them (**65%**) switch to cheaper brands than savers in other groups.
- **67%** say they are using special offers more often.
- They are most likely out of all segments to say (**65%**) they are using money off vouchers/ coupons more often.
- **50%** say they are buying frozen food instead of fresh more than they were 12 months ago, due to the economic climate.
- **Only 4 in 10 (38%)** in this group say they have easy access to healthy and affordable food; two thirds (64%) say that due to financial constraints they find it harder to buy healthy food.



Although our survey suggests that people across the board are concerned about the cost of food, our research highlighted that there are huge variations in the way that different groups of consumers are being affected and the coping strategies they are adopting. We have segmented the population into four groups of people based on their reported food purchasing behaviours.

## 2 Deal hunters - 29% of population (n = 622)

**This group are under slightly less pressure than Group 1, but are still trading down and shopping around. They are adopting many food saving strategies, but are less likely to be stockpiling products that are on bulk offers. They are most likely to be female and are slightly older. They take their time looking for value and are most likely out of all four groups to be comparing prices using unit pricing.**

### This group:

- Is spread across socio-economic groups, although slightly more likely to be ABC1s (55%).
- Has an average household income of £28,000.
- Has the highest proportion of women of all the groups (65%).
- Includes a lower proportion of young adults - only 17% are under 34 whereas half (48%) are over 55.
- Includes 32% who describe their financial situation as poor.

### How food prices are affecting them:

- **Nearly half (47%)** say they have noticed food prices increase "a lot" in the last 12 months.
- **Nearly half (47%)** say the cost of food is a source of stress to them.
- **8 in 10 (80%)** say that because of the economic climate price has become more important when shopping for food in the supermarket.

### Their coping strategies:

- **8 in 10 (80%)** say they use unit pricing and a similar percentage (83%) say that supermarket special offers allow them to make the most of their food budget. However they're the most likely of all segments to say they'd prefer a straight discount rather than a multi-buy (83%).

### Where and how they shop:

- People in this group are more likely than others to shop at Aldi.
- Just over half (54%) say that, compared to

- 12 months ago, they have increased the amount of cheaper groceries they buy from the same supermarket because of the economic climate.
- Just under half (46%) are buying more of their groceries from a cheaper supermarket than they were 12 months ago or have started to do this in the last year.
- **60%** say they are comparing prices when shopping in store, more often than they were 12 months ago.
- **63%** say they are using special offers more often than 12 months ago, because of the economic climate and are checking that special offers are good value for money more than they were 12 months ago (66%).
- **6 in 10 (58%)** are using money-off vouchers/ coupons than they were 12 months ago because of economic climate.
- **4 in 10 (40%)** are finding it harder to buy healthy food because of financial constraints.



### 3 Disengaged - 28% of population (n = 553)

People in this group are typically average in their food budget saving behaviour apart from when it comes to taking advantage of deals and special offers - which they do less. This group is still feeling the squeeze and over half say they have changed their food shopping habits because of food prices. They are more likely to be male and often rely on local stores. Issues such as quality and taste are less important than for the other groups.

#### This group:

- Is spread across socio-economic groups, although there is a slightly higher percentage of ABC1s, and be on an average household income of £31,000.
- Has a high proportion of men (60%).
- Has been less affected by the economic situation - 37% say the financial situation of their household is good.

- Still includes people who feel their spending on food is being severely squeezed: 14% of people within this group have used savings to pay for food, 40% have cut back on non-essentials to pay for food, and 19% have had to cut back on essentials to pay for food.

#### How they are affected by food prices:

- 55% said they noticed food prices increase "a little" in the last 12 months.
- Under half (48%) say price is very important when shopping for food in the supermarket.
- But they are also least likely to say that that quality (45%) and taste (53%) are very important.

#### Their coping strategies:

- Around half (55%) say they've changed their food shopping habits because of rising food prices.
- Four in 10 have cut back on non-essentials (e.g. holidays) in order to buy food/meet food bills.
- Over half (55%) use unit pricing.

#### Where and how they shop:

- Nearly a third (32%) do their food shopping in a small supermarket (e.g. express or local) or convenience food store.
- 54% were buying cheaper groceries from the same supermarket 12 months ago and are doing more now - or have had to start doing this in the last 12 months.
- 46% are buying more of their groceries from a cheaper supermarket than they were in the last 12 months/ or started.
- A third are using money off vouchers coupons more compared to 12 months ago because of the economic climate.
- A third (32%) compare prices when shopping in store more often, compared to 12 months ago because of the economic climate.
- 4 in 10 (39%) have switched to cheaper brands.
- Nearly half (45%) say they have easy access to healthy and affordable food.



### 4 Aware but unaffected - 19% of population (n = 350)

Although they have noticed increasing food prices, this group are taking little action in response. They are relatively protected from increasing food prices due to their financial situation. People within this segment are more likely to be male, and out of all the segments they are most likely to be retired. They are also more likely than shoppers in other segments to shop in premium supermarkets or stores. They look at prices, but don't trade down or shop around because they do not need to.

#### This group:

- Has the highest proportion of socio-economic groups ABs (39%).
- Is most likely of all the groups to include people aged over 65.
- Includes 64% who say that the financial situation of their household is good.
- Has an average household income of £37,500.
- Includes a large proportion of men (58%).
- Includes 40% who are in a couple without children.

#### How they are affected by food prices:

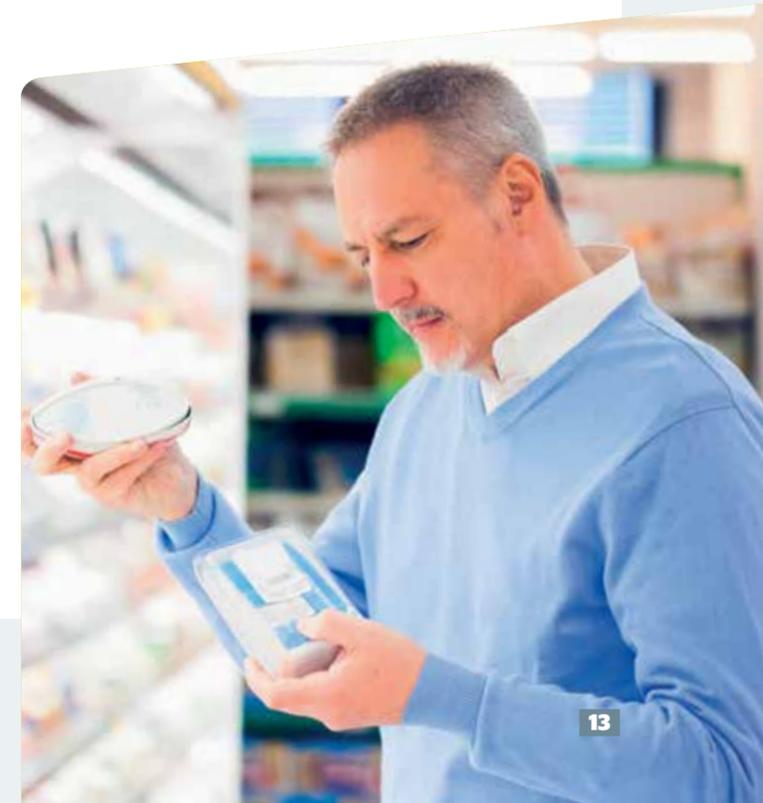
- Although most are noticing an increase in food prices (84%), but only 1 in 10 (8%) say the cost of food is a source of stress to them.
- Only 28% say that price is very important when shopping for food in the supermarket.
- The majority (58%) say that the current economic climate has made no difference to the importance of price as a factor when shopping for food.

#### Their coping strategies:

- Only 17% say they've had to change their food shopping because of rising food prices.
- 44% say they don't shop around to get the best price and have not done so in the past.
- The majority do however compare prices with 60% using unit pricing.

#### Where and how they shop:

- They are the most likely group to shop in Waitrose, Marks & Spencer or independent food shops.
- Over half (51%) haven't had to trade down by buying cheaper groceries from their usual supermarket/s (and have never done this).
- Two thirds (66%) haven't switched to a cheaper supermarket to buy more of their groceries there and haven't done this in the past.
- Two thirds (65%) say they have easy access to healthy and affordable food. Only 1 in 10 (12%) say they're finding it harder to buy healthy food because of financial constraints.



## Difficulty comparing prices

Compared to 12 months ago, 43% of shoppers say they are comparing prices more often when in the supermarket because of the economic climate. Some shoppers (13%) are using online price comparison sites more than they were a year ago, but this is still quite limited. Supermarkets remain a critical way for people to assess best value, but can still fall short of expectations. Around 7 in 10 (68%) shoppers have tried to compare the price of products using unit pricing. However only half of shoppers (50%) aware of unit prices currently think that it is easy to work out which product is better value for money using pricing information on shelf labels.

The survey found that the majority of shoppers use unit pricing - the information provided on the price for a standard unit (eg. 100g or Kg) to enable people to compare the price of products sold in different size packs. Seven in 10 shoppers (68%) have tried to compare the price of products in the supermarket using unit pricing in the last six months. Of those people, half (51%) say that they are using it more than they were 12 months ago.

The survey findings are in line with the mystery shopping Which? has conducted into the way that the unit price is provided across different supermarkets. We have found that the unit price can often be difficult to read, based on inconsistent units or be missing from the price labels for products that are part of a special offer.

- **Fewer than half (45%)** of those who are aware of unit pricing, agree that the print on shelf labels, giving unit price information, is large enough to easily read
- **Three quarters (77%)** think that it is annoying when items aren't priced by the same unit so they can be compared easily
- **6 in 10 (61%)** would like unit pricing information to be more prominent even if it meant other information (eg. the selling price) was smaller
- **8 in 10 (79%)** would like the unit price for products that are part of a promotion to be given as well as the unit price for the standard product.

Which? campaigning is starting to deliver the changes that people want. In July we secured a commitment from four of the main supermarkets (Aldi, The Co-operative, Morrisons and Waitrose) to address these issues as part of our 'Price It Right' Campaign. Further improvements are, however, still needed so that all of the supermarkets improve their unit pricing. Sainsbury's has been improving the legibility of its price labels and looking at consistency issues, including for fruit and vegetables. In contrast, Iceland, Asda and Marks and Spencer are, however, still failing to recognise that this is an area where improvements need to be made. Much can be done voluntarily although outdated pricing legislation does limit the scope for greater consistency of the units used, including for fruit and vegetables. BIS therefore also needs to take action to simplify this legislation.



**77% of people think it's annoying when items aren't priced by the same unit so they can't be compared easily**

## Relying on special offers

Due to the economic climate half of shoppers (51%) say they are using special offers more often than a year ago, with a similar percentage (50%) saying they check they are good value for money more. 50% also report looking for reduced price food more often over the last 12 months and 47% say they are using money off vouchers and coupons more.

Our research reinforces that special offers appeal to consumers, but they don't necessarily trust them:

■ **7 in 10 (72%)** of shoppers think that special offers allow them to make the most of their food budget and 7 in 10 (70%) say that special offers in general provide good value for money.

■ **But only 4 in 10 (41%)** think that special offers from supermarkets will always be good value for money and two thirds (66%) feel that they have sometimes been misled by an offer which wasn't as good as it first appeared.

Which? research looking at supermarket pricing data has shown this scepticism to be justified as we have found numerous examples where supermarket special offers are not what they seem.

We called for tougher guidance to ensure that when products are promoted as an offer, they are genuine. The Office of Fair Trading strengthened the Government guidance following our campaigning, but a year since it's introduction, we are still finding problems. Our latest analysis of supermarket pricing has found examples of where prices are still breaking the 1:1 rule and on offer longer than they are not. Some products also increase in price when they go on a multi-buy offer.

People have also told us that they want more straightforward offers. Straight discounts are preferred by three quarters (74%) of shoppers over multi-buys. Over half (55%) think that multi-buys often mean that they buy more food than they need, and 40% think that as a result, they waste food.

Retailers need to ensure offers are genuine. BIS must clamp down on confusing special offers by introducing tougher guidance and ensuring it is effectively enforced so that consumers can have confidence that they can trust special offers.

# Less supermarket loyalty

The research suggests a general move away from shopping at only one supermarket. While people on average use a couple of supermarkets for their shopping, the majority (85%) say they're shopping around to get the best prices, more than they were a year ago, because of the economic climate. With three quarters of shoppers (76%) saying that they shop at discount supermarkets, these stores are no longer a niche market. Across the board, regardless of socio-economic group, people told us that they are using discount supermarkets, such as Aldi and Lidl, with 37% doing this more than they were a year ago. This also fits with analysis of grocery sales<sup>8</sup>. Aldi grew its sales by 31.7% year-on-year in the 12 weeks up to 13 October - and increased its market share from 3.0% to 3.8%. Lidl also grew its sales by 13.1% over the same period.

### Where people shop for food

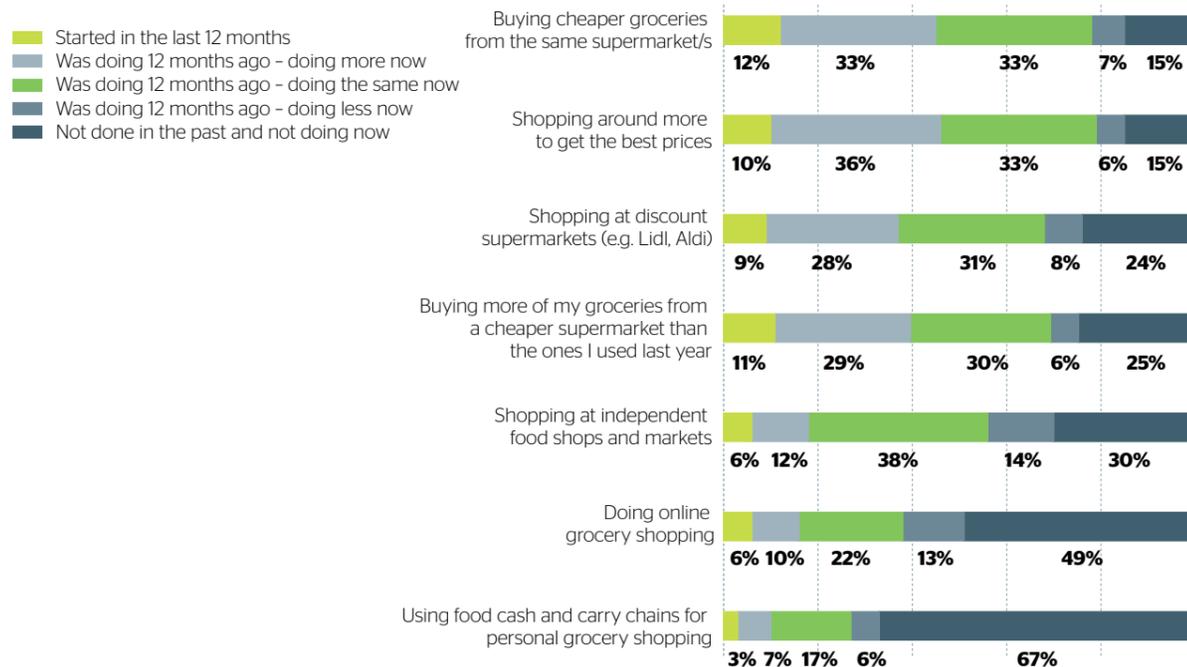
Three quarters of shoppers are also buying more of their groceries from a cheaper supermarket than they used to use and 40% had started doing this more in the last 12

months. 85% are buying cheaper groceries from the same supermarket, with 45% doing this more in the last year.

### Perceived value for money

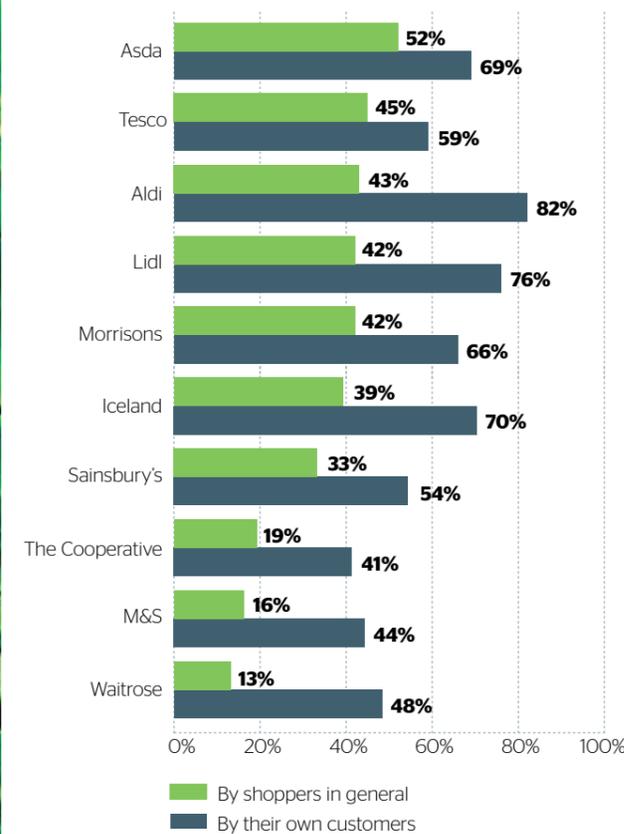
Despite the supermarkets competing so strongly on price at the moment, including through various price matches, our findings show that most shoppers don't associate them with good value for money. In terms of shopper's general perceptions regarding value for money, Asda came out best - but even then only 52% thought it was good value for money. On average just 43% thought this for the 'big four' supermarkets (Tesco, Asda, Morrisons, Sainsbury's). The results improved when we asked the people who shop in the supermarkets what they thought, but even the supermarket's actual customers were far from glowing. Within the 'big four', Asda (69%) and Morrisons (66%) had the highest proportion of their own customers associating them with good value for money, ahead of Tesco (59%) and Sainsbury's (54%). However, it was Aldi who's customers were most likely to think this (82%), along with Lidl's (76%).

### Changes to grocery shopping habits in the last 12 months



Base: all grocery shoppers (1969)

### Supermarkets associated with "good value for money"



Base: all grocery shoppers (1969)

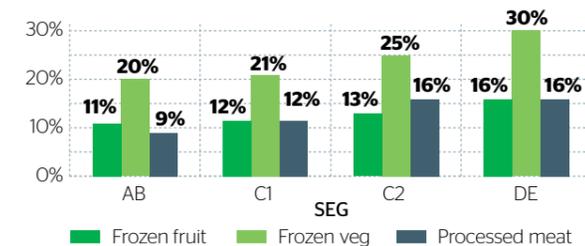
# Trading down

## Changes to likelihood of buying the following types of meat now compared to 12 months ago due to the economic climate.

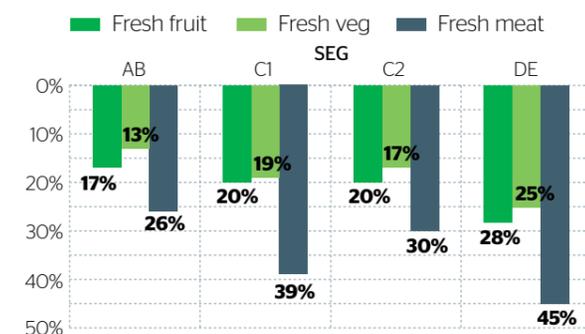
Type of meat product	More likely to buy	Less likely to buy
Organic meat or meat products	10%	32%
Free range meat or meat products	16%	26%
Tinned meat products	15%	20%
Value brand meat or meat products	27%	18%
Farm assured meat or meat products	18%	17%
Frozen meat or meat products	22%	15%
BUK produced meat or meat products	24%	10%

Base: all grocery shoppers (1969)

## Percentage who buy these products, and have bought more in the last 12 months, due to financial reasons.



## Percentage who buy these products, but have cut down in the last 12 months, due to financial reasons.



Our research shows that a general trend towards buying cheaper varieties of foods is continuing. Organic sales have been shrinking<sup>9</sup> and our research reinforced that this is one way people are cutting back. A quarter (26%) of grocery shoppers say they are buying organic food less often than they were 12 months ago. A similar percentage (24%) say that they have bought fewer premium own brand products in the last year. In contrast a third (35%) say they are buying more economy supermarket brand products and 3 in 10 (28%) report buying more economy brand products than they were 12 months ago.

The percentage saying that they were cutting back on premium or more 'ethical' products was not, however, as dramatic as it was in 2011, suggesting that these habits may now be becoming embedded in the way people shop. 34% had, for example, cut back on premium own brand in 2011; compared to 24% in 2013 and 26% said they were buying less organic compared to 31% in 2011.

### Meat products

These trends are clearly demonstrated for meat products. This year, a third (32%) say they are less likely to buy organic meat and meat products compared to 12 months ago because of the economic climate. A similar percentage (33%) said that they are less likely to buy meat from premium supermarkets. Three in ten (27%) say they are more likely to buy value because of the economic climate and a similar percentage (30%) say they are more likely to buy from discount supermarkets compared to 12 months ago. Buying British is, however still important with a quarter of people (25%) saying that they were more likely to buy British meat or meat products compared to a year ago.

The horsemeat contamination incident earlier in the year has, however, created a confusing picture. Many shoppers say they are trading down to cheaper meat products because of the economic situation. But a trend towards buying less processed meat products that we identified when we surveyed people immediately after 'horsegate', in February 2013 has largely continued, with butchers also benefiting from some shoppers turning their backs on cheaper meat ranges.

### Fruit and vegetables

People are also trading down on the types of fruit and vegetables that they are buying. Four in ten (37%) were less likely to buy organic compared to a year ago. This is not surprising given that fruit and vegetables have seen some of the greatest price increases in the past year, partly down to bad weather and currency exchange rates affecting imports. Four in 10 (41%) grocery shoppers say that because of the economic climate they are more likely to buy value range fruit and vegetables than they were 12 months ago. A similar percentage (37%) say they are more likely to buy from discount supermarkets as say they are less likely to buy from premium supermarkets (38%). A quarter (23%) report being more likely to buy frozen fruit and vegetables and a fifth (19%) to buy tinned.

Some shoppers report purchasing less fresh fruit and vegetables because of financial constraints. Those in SEG C2DE are more likely to say this than those in ABC1: a quarter (24%) of shoppers in the SEG DE say they buy less fresh fruit and one in five (20%) less fresh vegetables because of financial reasons. This compares to a fifth (19%) of shoppers in the group ABC1 saying they buy less fresh fruit and 16% less fresh vegetables.

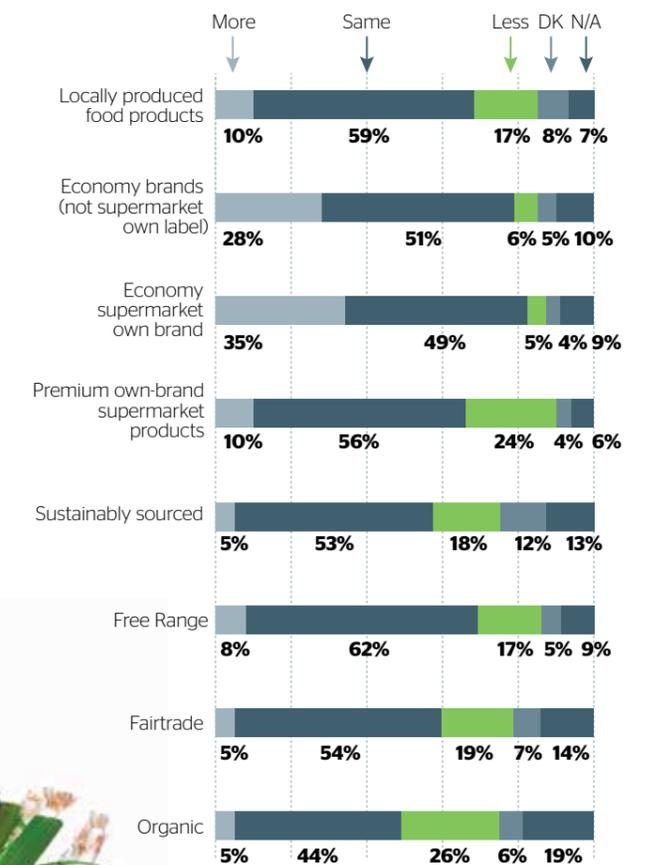
There are indications that there may be a strategy of buying more frozen vegetables to compensate for a decrease in purchasing of fresh: 25% of shoppers in the socio-economic group C2DE say they are buying more frozen vegetables, compared to 19% of shoppers in ABC1. However there seems to be no such indication for fruit, perhaps indicating that swapping to tinned or frozen alternatives is less straightforward than for vegetables. Our findings are consistent with Defra Family Food Survey data which shows that there has been a decline in consumption of fruit and vegetables and that this is most pronounced for people in the lowest income groups<sup>10</sup>.

## Changes to fruit and vegetable buying habits over the past 12 months due to the economic climate

Type of fruit/vegetable	More likely to buy	Less likely to buy
Value range	41%	7%
Frozen	23%	11%
Tinned	19%	13%
Organic	9%	37%

Base: all grocery shoppers (1969)

## Changes to product ranges purchased in the last 12 months



Base: all grocery shoppers (1969)



**In the group of shoppers we found to be most “food squeezed” - two thirds (65%) said they switched to cheaper brands compared to 12 months ago**

## Changes to shopping habits and frequency

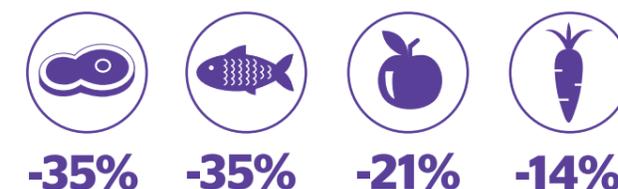
Shoppers also told us that they are changing the frequency of their food shopping compared to a year ago. A fifth (21%) are doing a large main shop rather than smaller regular shops; but a similar percentage (19%) are using the opposite strategy and doing more smaller regular shops instead of a larger one. For some (35%), when they can shop depends on when they are paid. The lower the socio-economic group shoppers are in, the more likely they are to say that they plan their food shopping around when they're paid: over half (54%) of shoppers in the socio-economic group DE report this (41% in SEG C1C2, 28% in SEG AB).

Many shoppers are also reporting buying certain foods less often to cut costs. Compared to 12 months ago one in four (38%) shoppers report buying certain products that they used to buy regularly, only when they are reduced or on special offer; 43% say they are switching to cheaper brands. But in the group of shoppers we found to be most “food squeezed” - Scrimpers and Savers - two thirds (64%) said they switched to cheaper brands compared to 12 months ago.

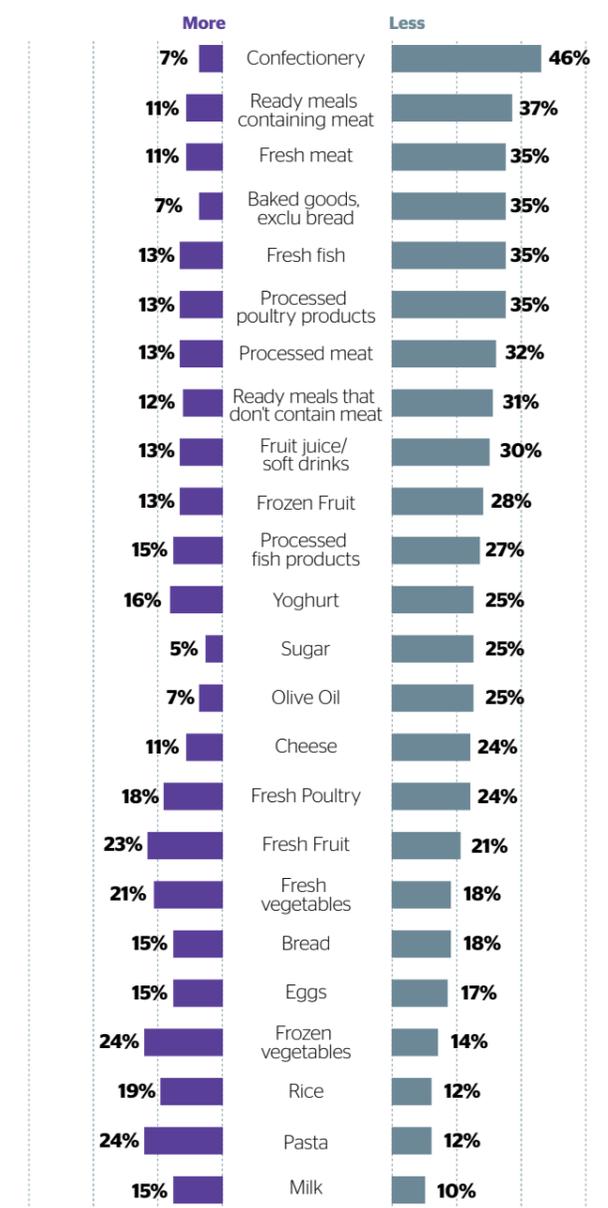
Products that shoppers buy but say that they are buying less often for financial reasons tend to be those which are higher priced, for example fresh meat (35%) and fresh fish (35%), or those which aren't essential items, for example confectionery (46%), ready meals containing meat (37%), and baked goods, other than bread (35%).

### Changes to purchases of specific food products

Three in ten (30%) say they are budgeting more for food and 36% are sticking to a shopping list more often than they were a year ago. 30% report buying ingredients to cook with from scratch more often than they were a year ago. More people are also turning to frozen food. A third of shoppers (33%) who buy frozen food instead of fresh say they have increased the amount they do this due to the economic climate. Of those who purchase bigger 'value packs' 33% say they are buying more, and of those who buy tinned food around a quarter (23%) report buying more.



**Percentage of shoppers who report purchasing more or less of the following over the past year, due to financial reasons**



Base: all shoppers who say that they buy these products

# Back to basics

Many people are going back to cooking from scratch again and are eating out less often. Four in 10 (42%) people say they are making their lunch at home more, a similar percentage say they're increasing their efforts to waste less food (43%), and planning meals more (40%).

### Compared to a year ago:

- **37%** say they are cooking from scratch more
- **36%** say they are cooking smaller portions more
- **35%** say they are cooking with leftovers more
- **29%** say they are doing more bulk cooking to freeze
- **21%** say they are growing their own vegetables more than 12 months ago.

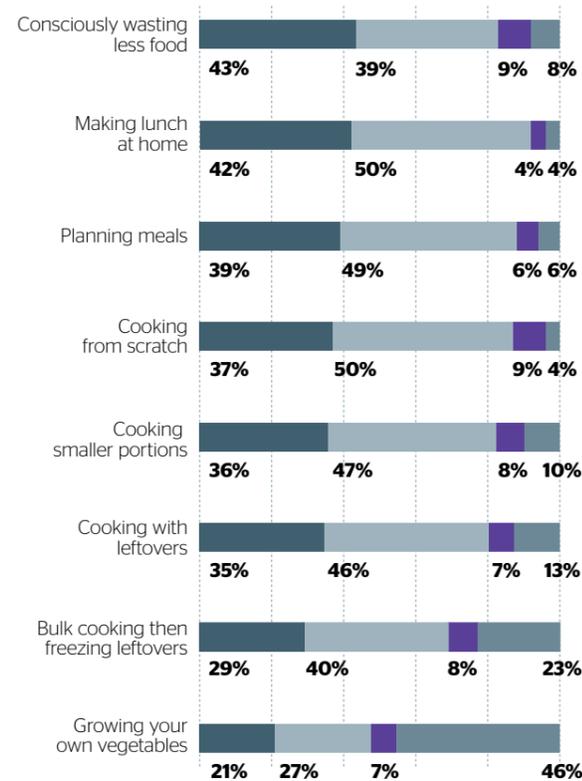
The ways that people are trying to reduce the amount of food they waste are shown on the opposite page.

### Eating out less

Our research also found that half of people (51%) are eating out at restaurants less often due to the economic climate. 42% are having take-aways less often than a year ago and 40% are going to sandwich shops and cafes less. The main reason given for this was having less disposable income to spend on food (around 7 in 10 for each place). Around 3 in 10 said that increases in food prices meant that they were trying to be more economical.



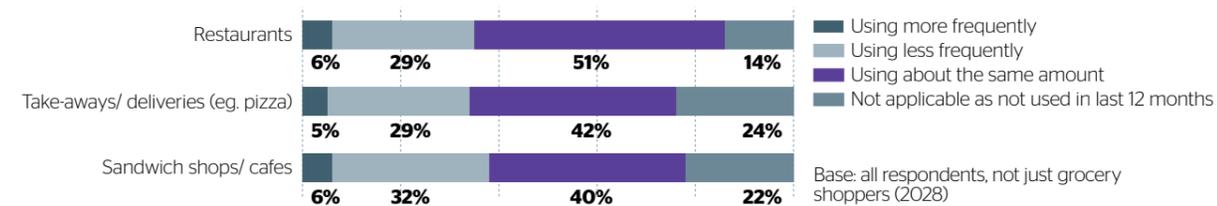
### Changes made in the last 12 months



Base: all respondents, not just grocery shoppers (2028)

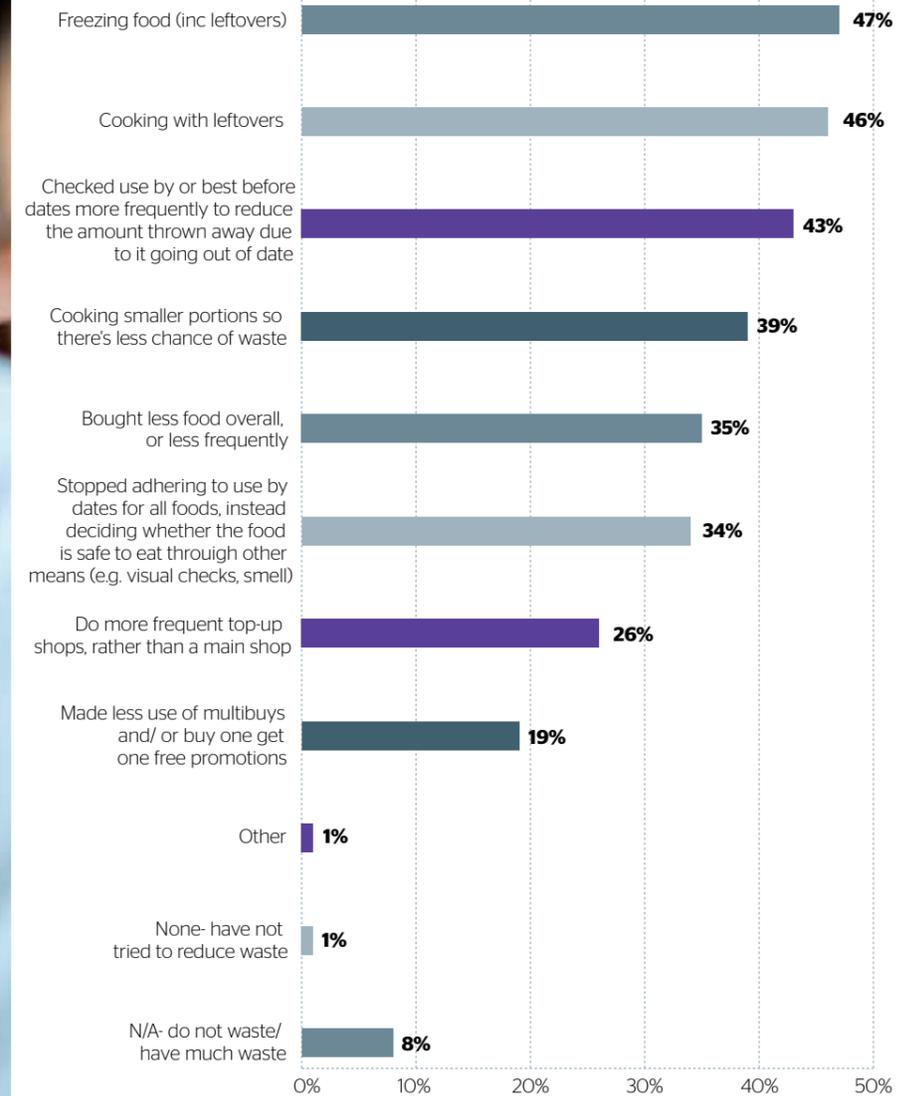
■ More  
■ Same  
■ Less  
■ N/A - never done & not started

### Changes to how often people ate out over the last 12 months



Base: all respondents, not just grocery shoppers (2028)

### Actions taken to reduce food waste in the last 12 months



Base: all respondents, not just grocery shoppers (2028)

# Price is key but taste and quality still matter

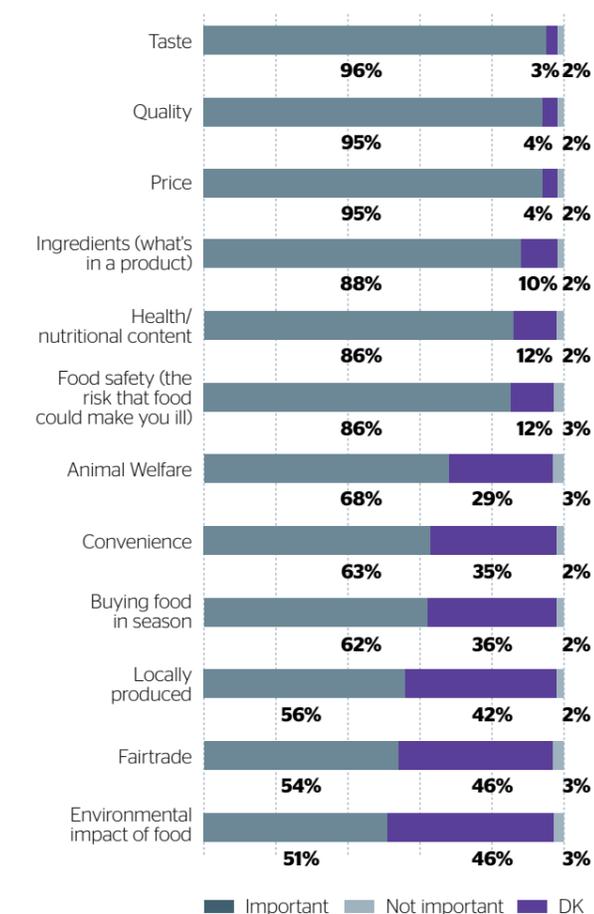
Price is dominating the way that most people now shop for food, but other issues matter too. While our research showed that people in lower socio-economic groups are more likely to say that price is 'very important' there is no significant difference in importance of taste, quality and nutritional content.

The chart below shows how important different factors are to shoppers when shopping for food. Taste, quality and price are the factors that come top when people rate importance when choosing which food products to buy. The ingredients in foods as well as the nutritional content

are still important for a large proportion of people, along with food safety. Around 7 in 10 (68%) say that animal welfare is important. Issues such as the environmental impact, fairtrade and whether the food is locally produced matter to just over half of people.

This reinforces the need for a joined up approach to food policy that ensures the many different aspects of what we eat are taken into account and addressed in a coherent way. The Government needs to develop a food strategy that ensures consumer interests are effectively taken into account.

## Important factors when shopping for food



Base: all grocery shoppers (1969).

## The negative impact of rising prices on healthy choices

The cost of food has been found to be one of the main barriers to healthier choices in Which? research on access to a healthy diet<sup>3</sup>. Over half of people (53%) think that high food prices make it difficult to eat healthily and 4 in 10 (41%) say that they are finding it harder to buy healthy food because of financial constraints. Half of people said that supermarket promotions are mostly on unhealthy foods (52%) and only around a third (36%) think that it is easy to eat healthily using supermarket special offers.

Our new research reinforces this as some shoppers report food prices are affecting their ability to make healthier choices. The price of fruit and vegetables increased the most over the last year and as highlighted earlier some shoppers are cutting back on how much fresh fruit and vegetables they buy.

Shoppers in lower socio-economic groups are more likely to say that it is harder to buy healthy food because of financial constraints. 51% of shoppers in SEG DE say this, compared to 42% of those in C1C2 and 30% in socio-economic groups AB. Shoppers in SEG ABC1 are more likely to say they have easy access to healthy affordable, food, although still only 56%, compared to 43% of those in C2DE. The lower the SEG the more likely shoppers are to agree that "high food prices make it difficult to eat healthily" (61% for DEs; 54% for C1C2 and 45% for AB).

Worryingly half (50%) of shoppers who live in households with children say that they're finding it harder to buy healthy food because of financial constraints; 63% say that high food

prices make it difficult to eat healthily. And, although 7 in 10 (71%) say that in general they think that special offers provide good value for money, nearly 6 in 10 (57%) perceive supermarket promotions to be mostly on unhealthy foods.

This reinforces the need for more action to make it easier to eat healthily. The main mechanism for doing this is the Department of Health's Public Health Responsibility Deal. Some progress has been made cutting salt, calorie and saturated fat levels in foods. The supermarkets and some manufacturers have also committed to putting traffic light nutrition labelling on their products so that fat, sugar and salt levels are clear. This needs to apply across the board.

More industry action is also needed to cut fat, sugar and salt levels in foods and ensure responsible promotions. Supermarkets also need to look at how they are incentivising healthy versus less healthy choices, and should ensure they include a balance of healthier products in their promotions. Only The Co-operative and Sainsbury's currently have targets for a proportion of healthier foods to be included in special offers, but these are still limited (for 30% and a third of products to be healthier, respectively).

The Government is looking at the role of promotions through the Responsibility Deal to help tackle obesity and poor diet and the Scottish Government has also called for action. It is important that these initiatives ensure that targets are set for the proportion of healthier options supermarkets include in special offers.

Half of shoppers said that supermarket promotions are mostly on unhealthy foods

# Action needed from supermarkets and the Government

Overall our research presents a picture of people having to come to terms with the relentless rise in food prices by developing a range of coping strategies. The price of food means that food shopping is a source of stress for many people. People are shopping around, comparing prices and trading down - both in terms of where they shop and what they buy.

Some significant steps have been taken by some supermarkets to make price labels clearer. But all supermarkets need to act. The following action is now needed to build upon this, helping people manage price rises in the short term as well as to address the longer-term underlying causes of rising food prices.

## ■ Ensure prices can be compared at a glance

Supermarkets such as Aldi, The Co-operative, Morrisons and Waitrose have committed to improve their price labels so that the unit price is clearer, more consistent and shown for special offers, but others, such as Asda, Iceland and Marks and Spencer need to do more. BIS also needs to simplify pricing legislation to make this easier.

## ■ Ensure special offers really are special

Our research shows there are still far too many confusing special offers. BIS guidance urgently needs to be strengthened and effectively enforced - and supermarkets have to behave more responsibly.

## ■ A healthier balance to promotions

Only two supermarkets (The Co-operative and Sainsbury's) have set targets for the balance of healthier foods in special offers and these are still limited. Supermarkets need to do more to promote healthier options. The DH needs to help drive this through its Public Health Responsibility Deal.

## ■ Develop longer-term strategy for food

A joined up Government strategy is needed to help deal with the different challenges facing the supply chain across Government departments, from rising food prices to obesity and climate change, in a co-ordinated way. This includes increasing food production while addressing issues such as food affordability, quality, safety and enabling healthier choices - and ensuring that the methods used to produce food are acceptable to consumers.

## References

<sup>1</sup> Populus, on behalf of Which?, surveyed 2028 GB adults, of which 1969 were grocery shoppers, online between 28th and 30th June 2013. Data were weighted to be representative of the GB population.

<sup>2</sup> [www.offt.gov.uk/news-and-updates/press/2012/116-12](http://www.offt.gov.uk/news-and-updates/press/2012/116-12)

<sup>3</sup> A Taste for Change?, Which?, December 2012.

<sup>4</sup> An online survey of 1009 members of the GB public, between 14th- 15th June 2011. Weighted to be representative of the GB population.

<sup>5</sup> The Future of Food and Farming: challenges and choices for global sustainability. Final Project Report, Foresight, Government Office for Science, January 2011. Grocery Market Share UK - Increasing Pressure, Kantar World panel 25.9.13

<sup>6</sup> Green Food Project Conclusions, Defra, July 2012.

<sup>7</sup> A UK Strategy for Agricultural Technologies, HM Government, July 2013.

<sup>8</sup> Kantar Worldpanel 22.10.13.

<sup>9</sup> Organic Food and Drink, Mintel, September 2012.

<sup>10</sup> Family Food 2011, Defra, 2012.





**Key contacts**

For more information, please contact the Which? External Affairs team on 020 7770 7000 or email [externalaffairs@which.co.uk](mailto:externalaffairs@which.co.uk)