



Online Engagement and FMCG Spend in the UK?

August 2012

The research combined three data sources in order to assess online behaviour and purchase activity amongst retailers

Methodology

A single source data file was created combining:



Observed online behavioural data from GfK MEP Panel to provide in-depth analysis of online activity



Demographic data from Kantar's scan panel to allow for profiling of respondents at an individual and household level



Monitored purchase data from Kantar's scan panel to establish consumer expenditure

Data was extracted for a 9 month period, April to December 2010. This information was then aggregated and categorised based on a pre-defined taxonomy for each core FMCG category: beauty & bathroom, food & drink, household cleaning products and baby care.

The following report refers to FMCG searchers and grocery retail site visitors based on the above definitions. Results were weighted up to represent the UK online population based on the BARB Establishment Survey, a continuous survey covering 52,500 interviews per year.

This report is based on 'main shoppers' defined as the main or joint decision makers for FMCG products in the household

Definitions

- **Searchers** are defined as main shoppers who have searched in at least one of the FMCG categories over the nine month period. FMCG categories are allocated by a pre-defined taxonomy, as follows:

Food & drink includes all food and drink items for the home but excludes alcoholic beverages and eating out



Beauty & Bathroom includes skincare, hair care, oral care and cosmetics but excludes medical products, over the counter drugs and supplements



Baby Care includes all maternity and baby care products such as creams, nappies and specialist food/milk excludes clothes and toys



Household Cleaning Products include products and accessories relating to air care, fabric care, surface care and dishwashing



- Those who have **visited a grocery retailer** are defined as main shoppers who have visited at least one of the UK top 5 major grocery retailers during the period April to December 2010





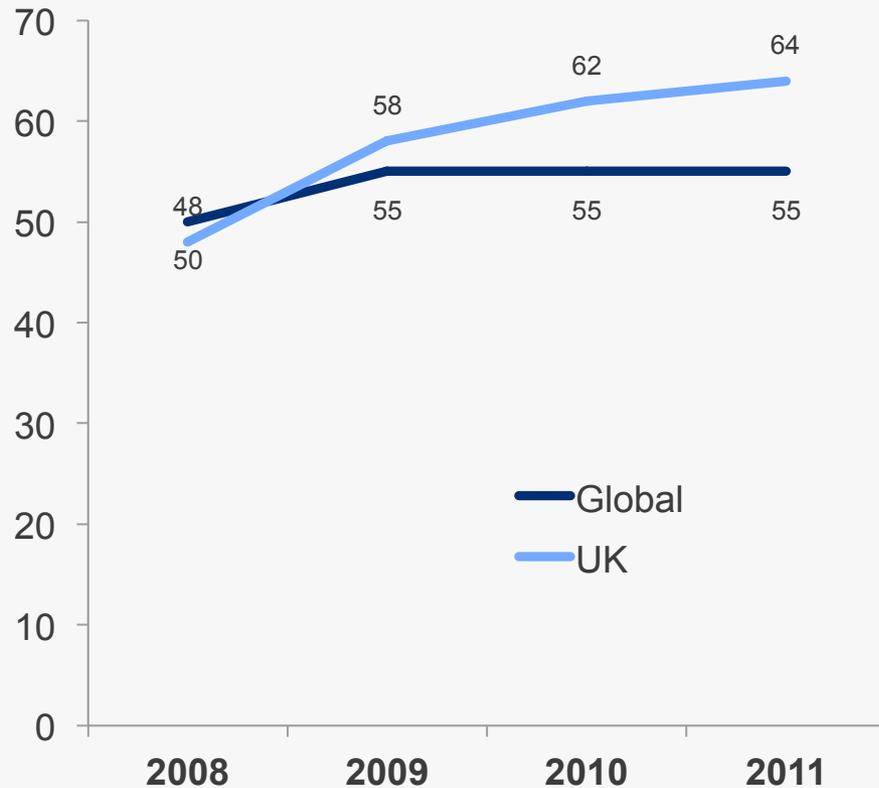
ECONOMIC PRESSURES ARE SQUEEZING UK HOUSEHOLDS

Even everyday purchase decisions are mounting increasing pressure on shoppers

Pre-purchase research has grown

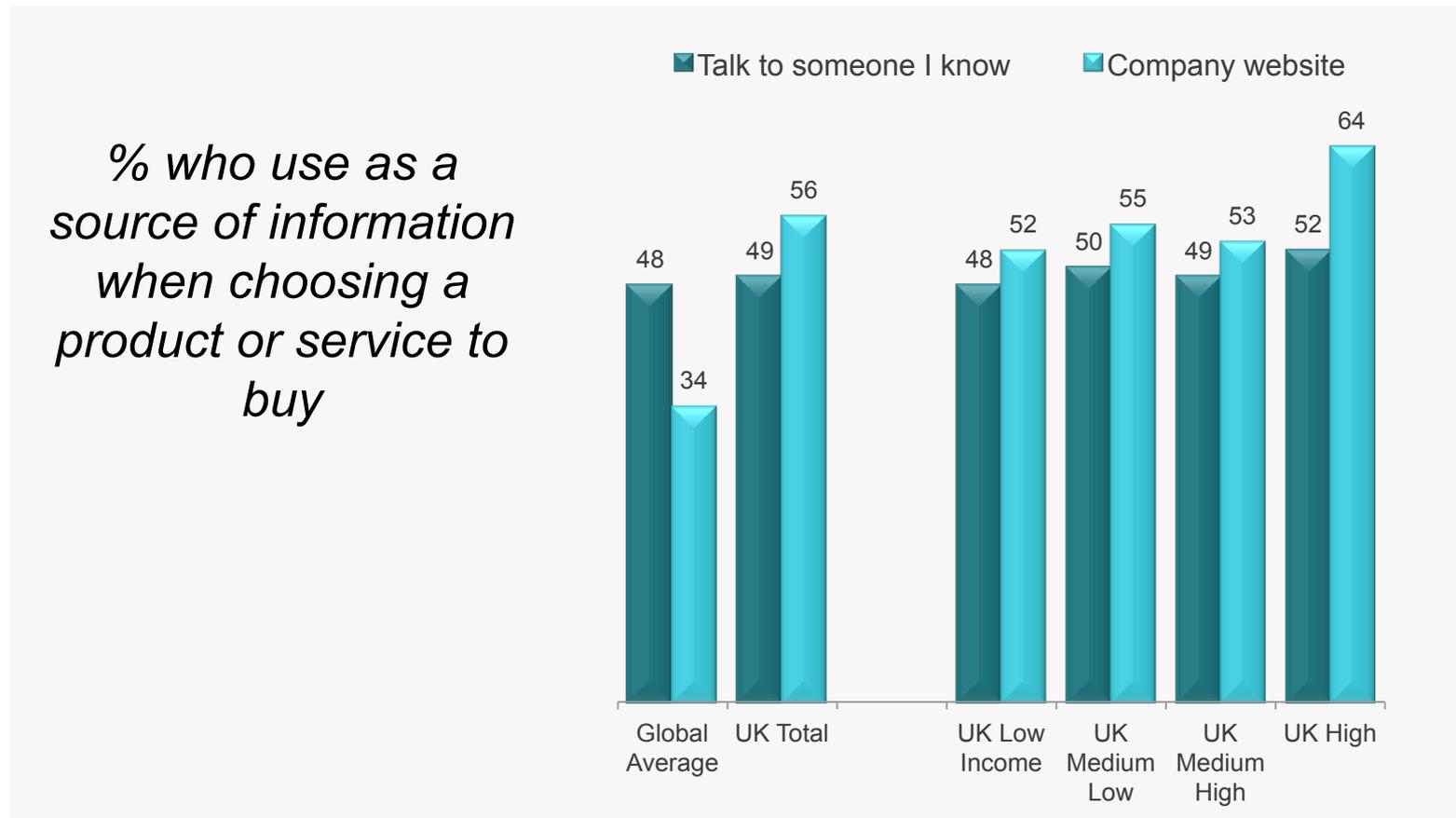
In 2011, 64% of UK internet users spent significant time researching brands before making a major purchase (vs. 50% in 2008). A large driver of this pre-purchase research will involve shopping around to get the best deal possible; a judgement based not just on initial purchase price alone

% who agree they 'spend quite a lot of time researching brands before making a major purchase'



The internet is a more popular source of pre-purchase information

In the UK consumers are more likely to look on a company website for research rather than talk to someone they know, particularly amongst higher earners





THE INTERNET PROVIDES A PLATFORM FOR GROCERY RETAILERS TO REACH HIGH VALUE SHOPPERS

Main shoppers online spent £33 billion in four FMCG categories, predominantly on food and drink

There are 16.5 million main shoppers in the UK online population, in 2010 they spent £33 billion in the four major FMCG categories and bought over 25 billion items

Total FMCG Spend = £33 billion



**Food & Drink
= £27.8 billion (85%)**



**Household Cleaning
Products = £2.4
billion (7%)**



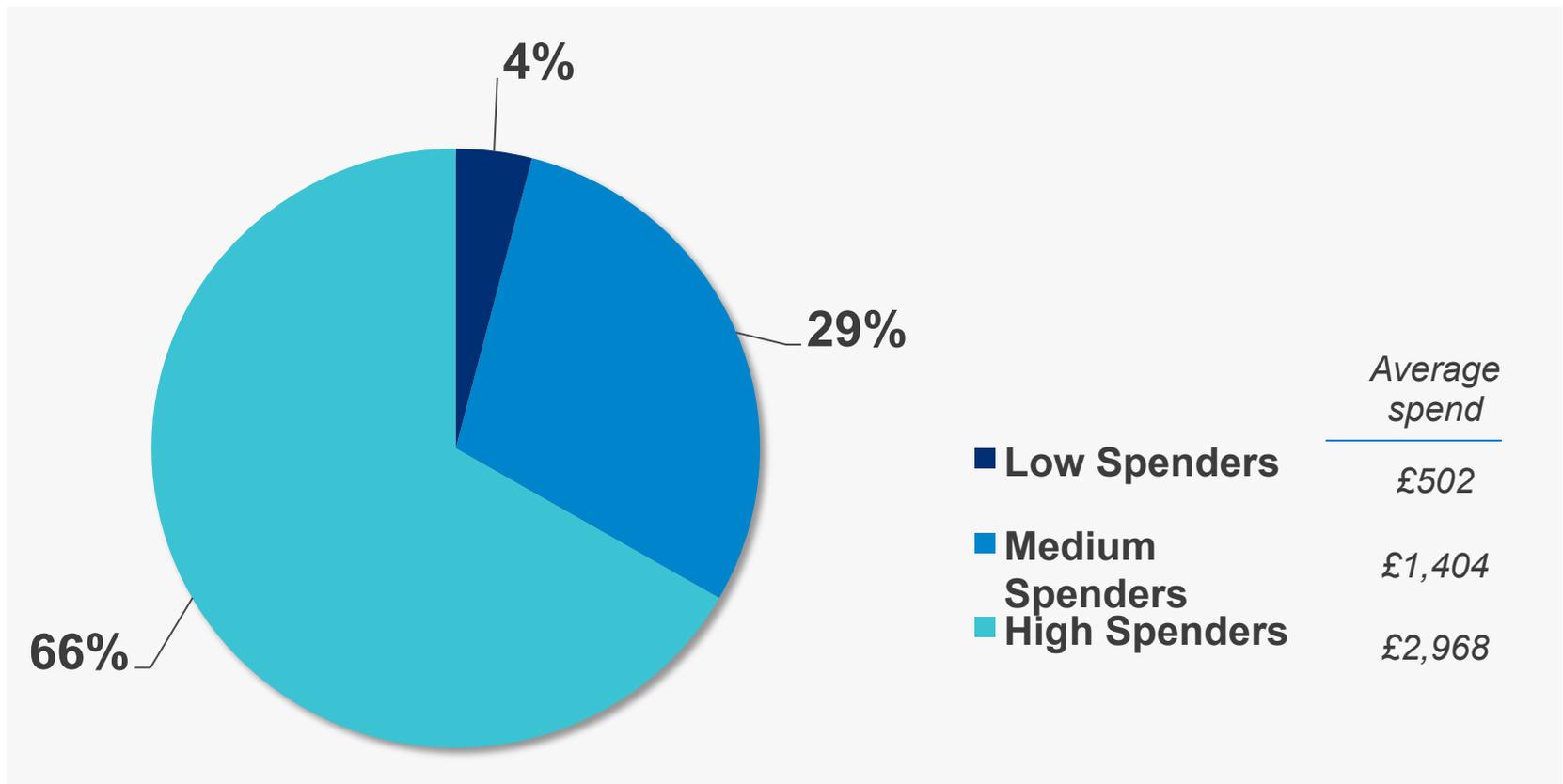
**Beauty & Bathroom
= £2.0 billion (6%)**



**Baby Care
= £0.6 billion (2%)**

High spenders accounted for £2 in every £3 spent

One third of main shoppers categorised as high value FMCG customers account for two thirds of overall spend. Main shoppers who fell into this category were statistically more likely to visit a retailer website and more likely to search for FMCG information online



47% of main shoppers visit grocery retailer websites and 72% search for FMCG related terms

Main shoppers who search for FMCG information online and visit retailer websites are more likely to be engaged with grocery retailer products and services



Engaged users spend more

*Main shoppers who Search & Visit spend +13% more than those who do neither.
Searching and Visiting can be encouraged through advertising*

Activity	Percentage of audience	Average spend
Searched and Visited	39%	£2,105
Visited	8%	£2,102
Searched	33%	£1,913
Neither	20%	£1,849



Spend



Across all four FMCG categories, those who search spend more than those who do not

Average spend was highest in the food & drink category, uplift was highest for baby care

Average spend in 2010 (main shopper)



	<u>Searched in FMCG category</u>	<u>Did not search in FMCG category</u>	<u>Difference</u>
Total	£1,981	£1,855	+7% *
Food & Drink	£1,658	£1,595	+4% *
Beauty & Bathroom	£128	£113	+13% *
Household Cleaning Products	£142	£145	0%
Baby Care	£118	£41	+187% *



*statistically significant at 95%

thinkinsights

GfK M&P Panel Output to December 2010. Main shopper unweighted base (n=4,381)

Main shoppers who search for FMCG information online are younger, more affluent and have larger households



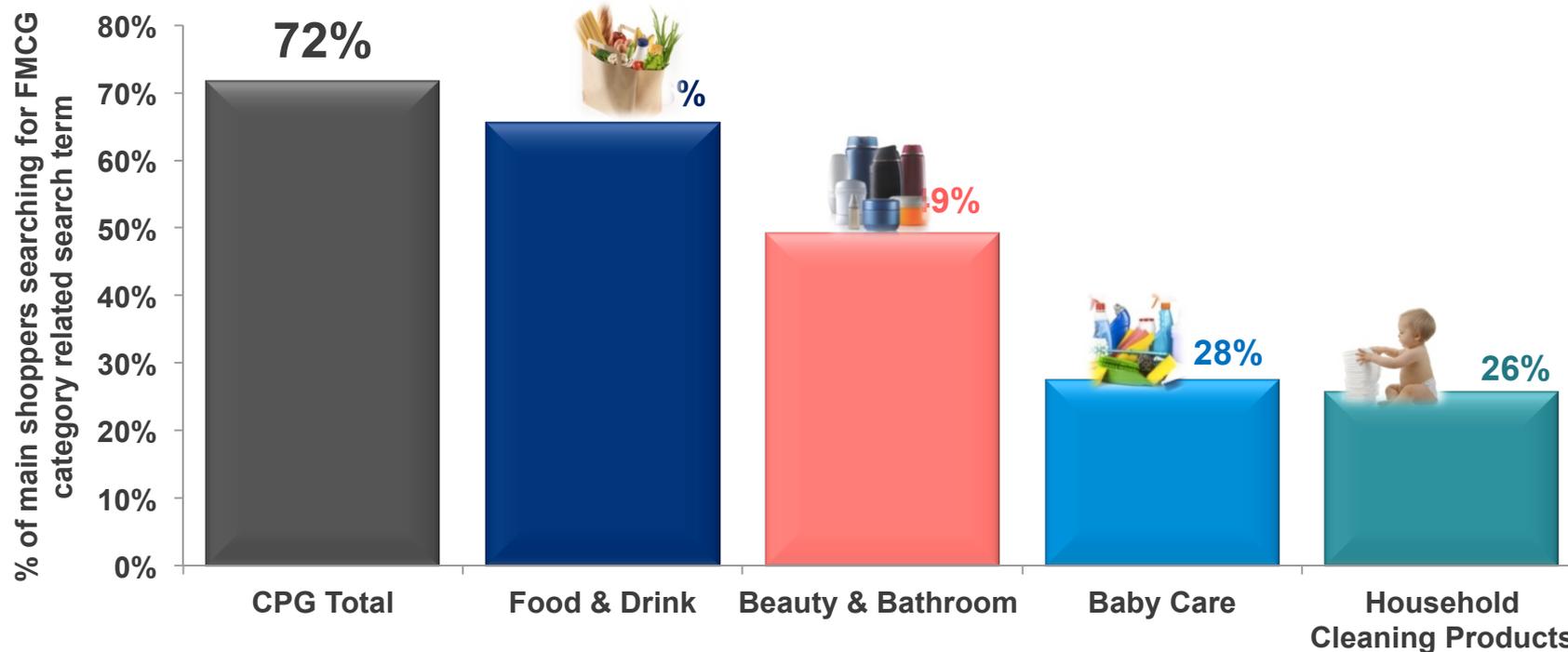
	Searched in FMCG category	Did not search in FMCG category
Age 16-24	2.3%	0.8%
Age 25-34	24.0%	13.7%
Age 35-44	25.7%	20.6%
Age 45-54	24.3%	27.8%
Age 55+	23.8%	37.0%
Female	71.5%	63.2%
Male	28.5%	36.8%
Social grade AB	23.4%	17.6%
Household income £50k+	12.9%	5.9%
Married	64.8%	63.2%
Children in Household	40.2%	29.8%



**MOST FMCG SEARCH IS
GENERIC, FOOD AND DRINK
RELATED TERMS DOMINATE
ACTIVITY**

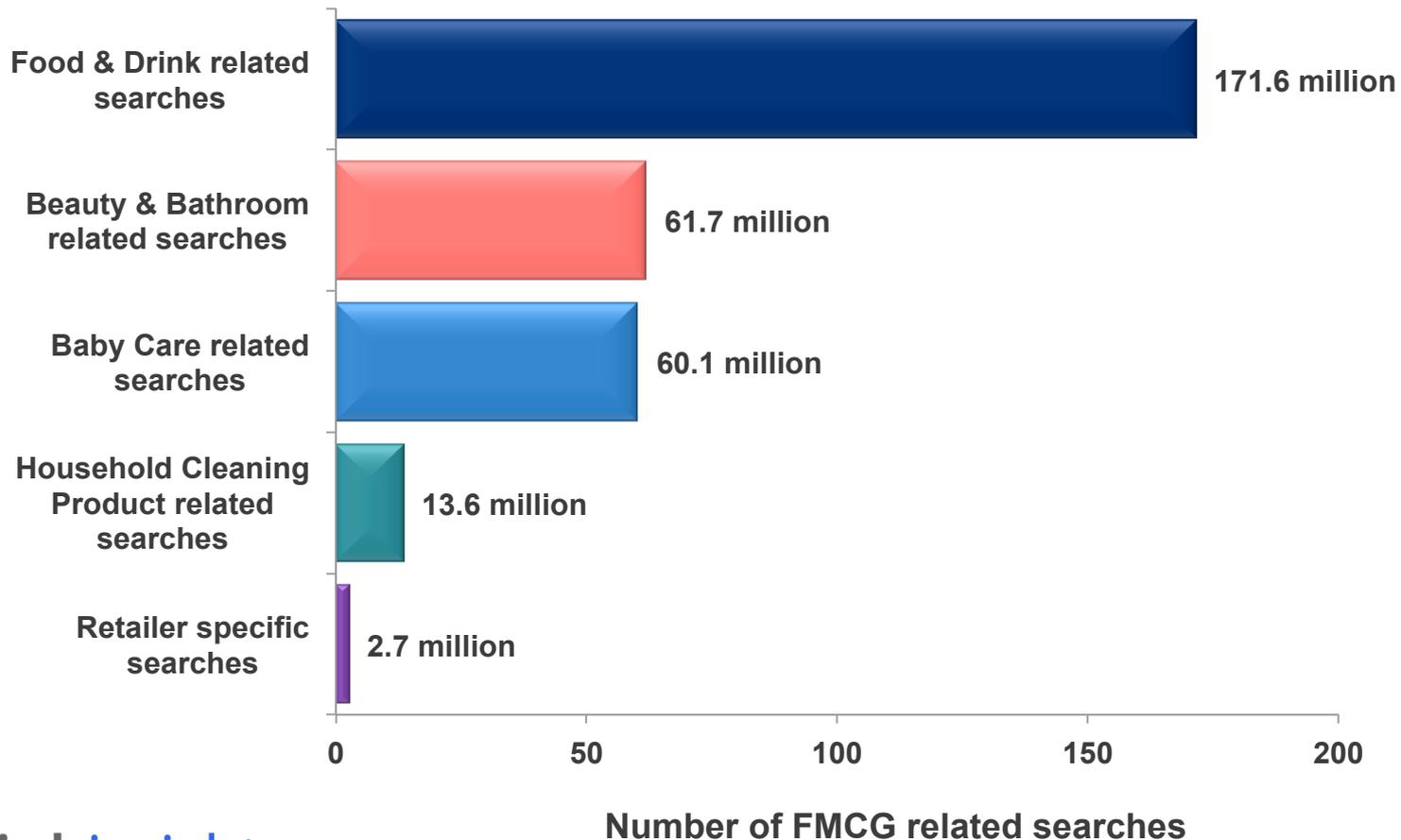
Two thirds of main shoppers search for Food & Drink related terms, half search for Beauty information

Despite FMCG being a relatively low involvement category main shoppers in the UK online population generated 307 million individual searches in the nine months to December 2010



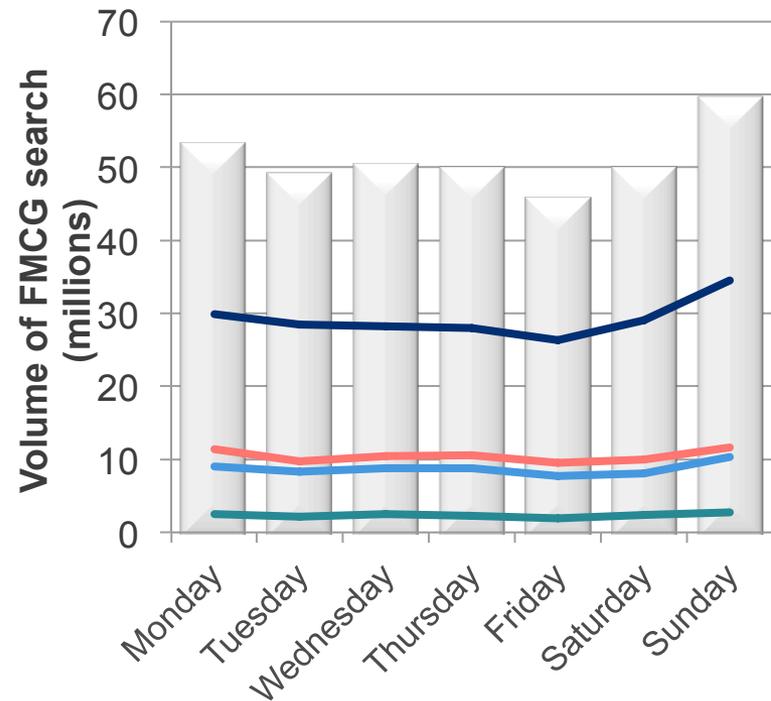
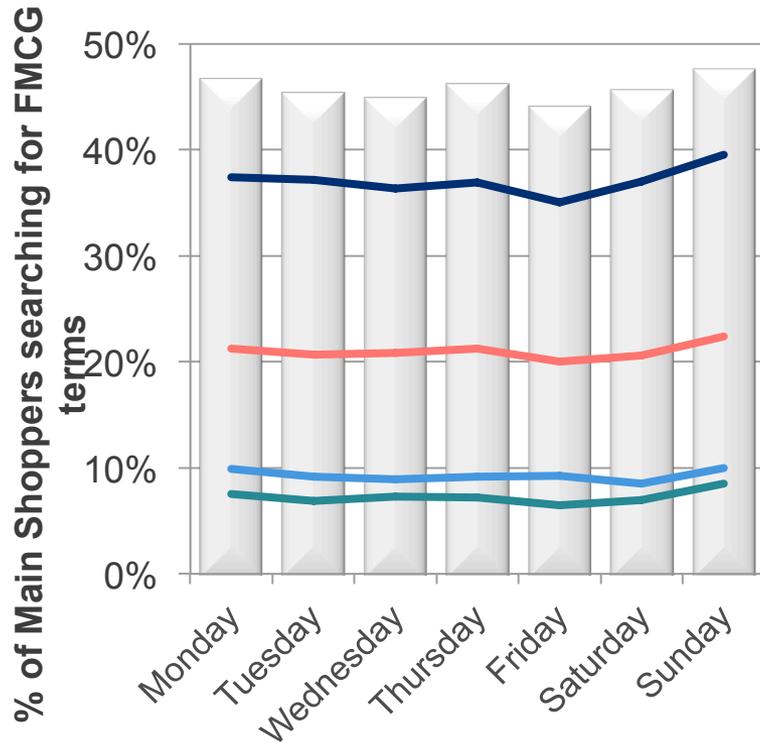
Specific search for grocery retailers is low compared to general FMCG search

In terms of actual searches only 1.2 million (8%) main shoppers searched for a specific grocery retailer term



Search volume peaks on Sundays, food & drink searches drive the increase

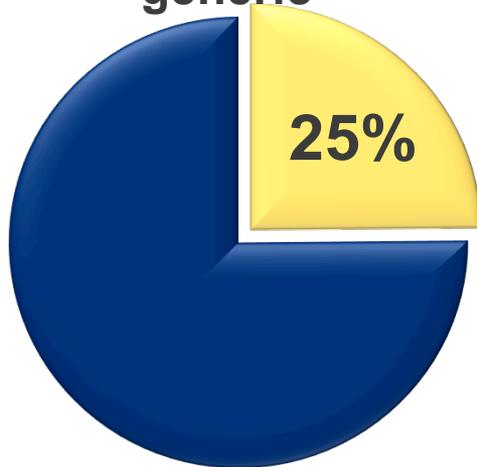
The number of main shoppers searching for FMCG related search terms is fairly consistent throughout the week but search volumes peak on Sundays



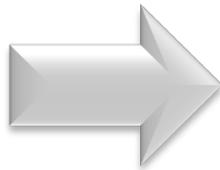
Baby Care and Beauty & Bathroom categories generate the most brand searches

1 in 4 FMCG related searches were brand terms, this varies significantly by category

% of searches brand/
generic



- Brand searches
- Generic searches



Engaging users online increases spend in FMCG

Summary

The internet plays a powerful role across FMCG categories

- *Main shoppers who are active online spend more on FMCG products – by targeting these people through grocery retailer websites and general related search advertisers can reach 80% of main shoppers in the UK online population.*

The top third of FMCG spenders are a key audience

- *High value shoppers account for £2 in every £3 spent and are more likely to search online for FMCG related terms and visit grocery retailer websites. Profiling and targeting this group through online advertising is key for grocery retailers.*