BRAND BEAUTIES IN THE FOOD RETAIL SECTOR

July 2020

living brands
STRATEGY AND INSIGHT

powered by Cint

OUR QUEST

It goes without saying that C-19 is the biggest force for change most of us will ever see. We set out to understand its impact on brand perceptions in sectors that were important to home life, and to find the brands that were doing well.

This report focuses on the food retail sector and is based on surveys and in-depth interviews conducted at two key points in time – early May 2020, at the height of lockdown and end of June when lockdown was easing.

We look at general shifts in attitudes and behaviours, then explore positivity towards food retailer brands over time, what drives this positivity, and finally look at non-user (or, as we're calling it, the brand halo) positivity.

Positivity is our measure of Brand Beauty

INTUITIVE

People don't have to think too hard to answer it. What's more, it's neither too emotive, like 'love', nor too rational like 'preference'.

VERSATILE

It serves as a measure of a brand's reputation amongst the general public, loyalty amongst customers and acquisition opportunity amongst non-customers.

SENSITIVE

A stable measure that is also sensitive enough to register changes over time due to significant actions (eg product change or media noise)

DIAGNOSTIC

It's a non-specific, 'fat' measure that we examine quantitatively and qualitatively to understand what shapes Brand Beauties.

FROM 'WE' TO 'ME'

C-19 IS SHAKING UP THE PUBLIC'S VIEW OF BUSINESS PRIORITIES

Our research has shown a distinct shift in overall attitudes between May and June, from communal 'war spirit', to a more inward, self-centred mood, driven largely by personal worries. 'Fair prices' is now the top priority for businesses, whilst 'looking after staff' has dropped to 4th place.

Social and environmental have stayed the least important priorities but our qualitative research showed that they are not areas brands can afford to get wrong. On the other hand, there is a more deep rooted decline in concern about privacy, as people understand the need for data sharing in exchange for convenience, information or health tracking.

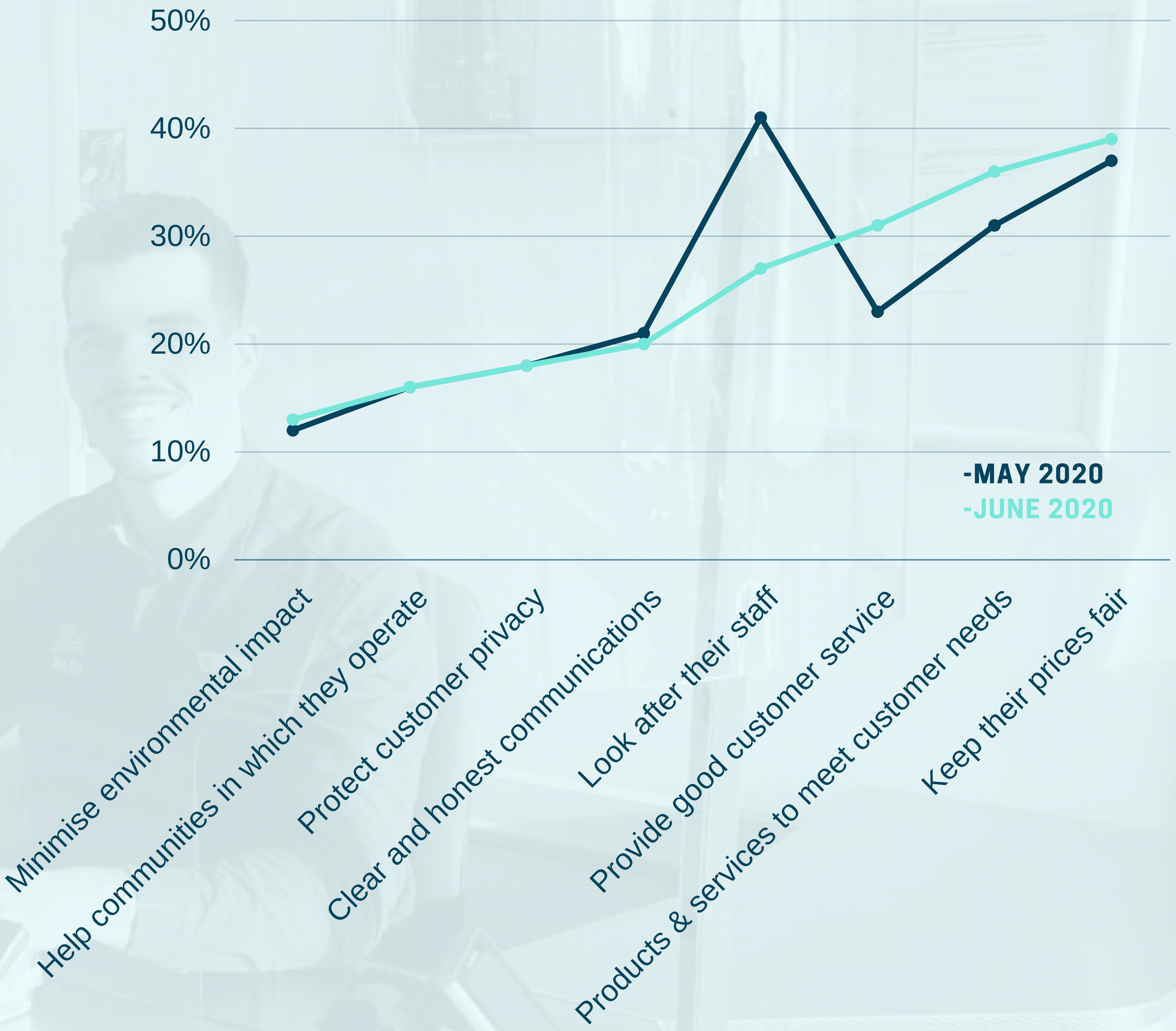


FIGURE 1: TOP TWO PRIORITIES FOR BUSINESSES
Q GENERALLY SPEAKING, WHAT IS IT MOST IMPORTANT FOR BUSINESSES TO FOCUS ON? (BASE: 510)

A TIME OF NEW BEHAVIOURS

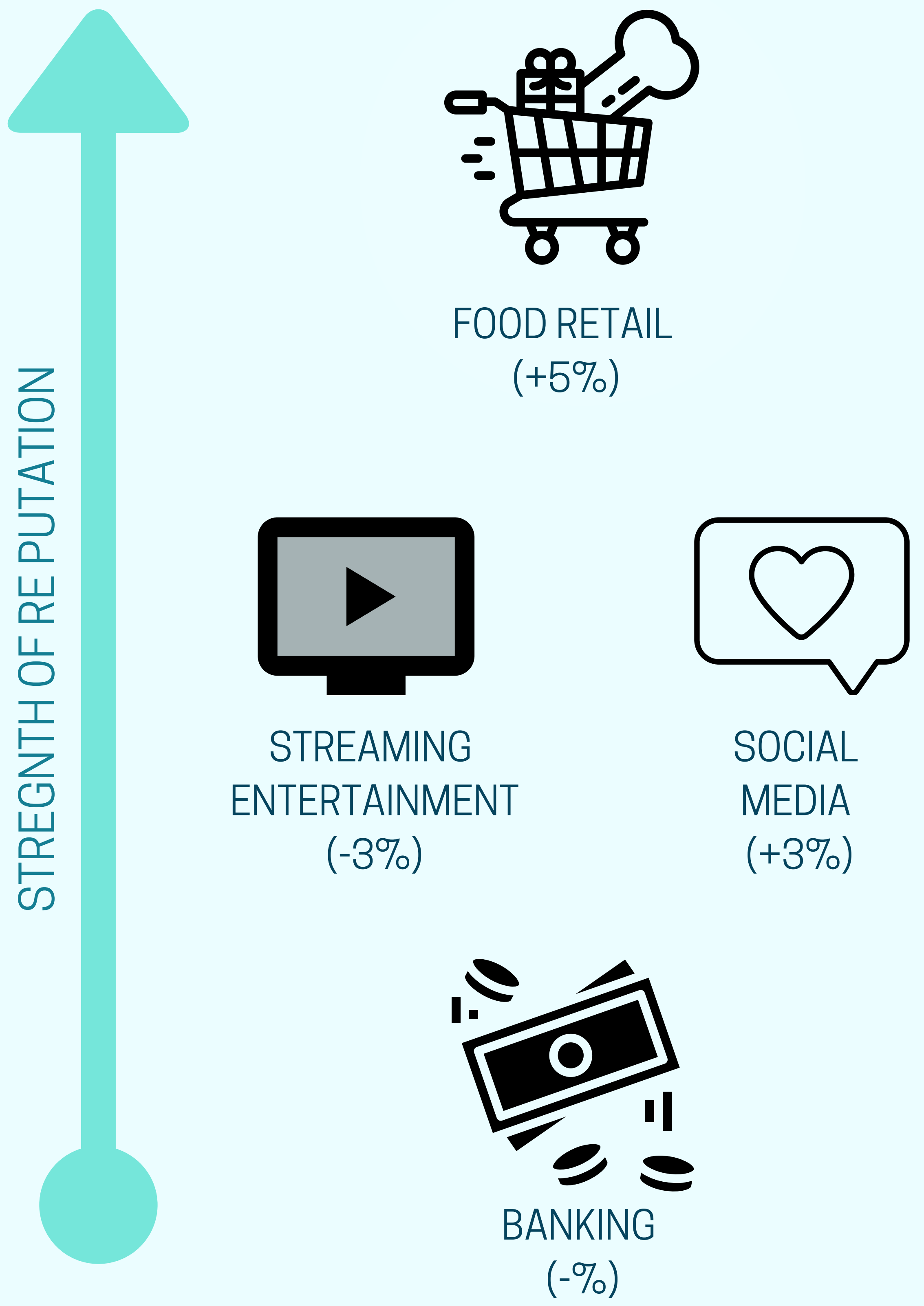
Necessity propelled many consumers to broaden their portfolio trying new food retailers both online and in-store.

These habits don't seem to have reverted back yet, with many continuing to use an array of new food retailers, indicating there's an opportunity for brands to surprise and delight a host of new customers.

However, at the same time retailers, will have to work harder to retain customers as people will be comparing and contrasting different brand experiences.

> *I used to go into the Co-op regularly, as it's by my work. Now I've been using Aldi and Tesco as they're near by*

> *I had to use Morrisons as the only one with a slot and I have to say was pleasantly surprised as expected it to be lower quality. I will carry on using them sometimes*



THE FOOD RETAIL SECTOR HAS STRENGTHENED ITS GOOD REPUTATION

At the height of lockdown in May, the general public were most positive about the food retail sector as they coped admirably with the sudden surge in demand, supply issues and C-19 restrictions affecting the in-store experience.

Compared to other sectors we have tracked, food retailers' good reputation has risen in June - they continue to do a good job against a backdrop of continued national anxiety.

FIGURE 2: AVERAGE POSITIVITY FOR BRANDS IN EACH SECTOR AMONGST THE GENERAL PUBLIC (FIGURE IN BRACKETS IS CHANGE SINCE MAY 2020)
Q WHICH OF THE FOLLOWING, IF ANY, DO YOU FEEL POSITIVE ABOUT? (BASE: 510)

CUSTOMERS REMAIN VERY POSITIVE TOWARDS THEIR FOOD RETAILERS

Food retailers continue to deliver positive customer experiences, with all bar Co-op and Ocado enjoying customer positivity scores of 75% or more.

The most positive customers remain a discounter and a super-premium brand, demonstrating effective distinctive propositions.

Morrisons, Sainsbury's, Asda and Aldi have all enjoyed significant improvements since May.

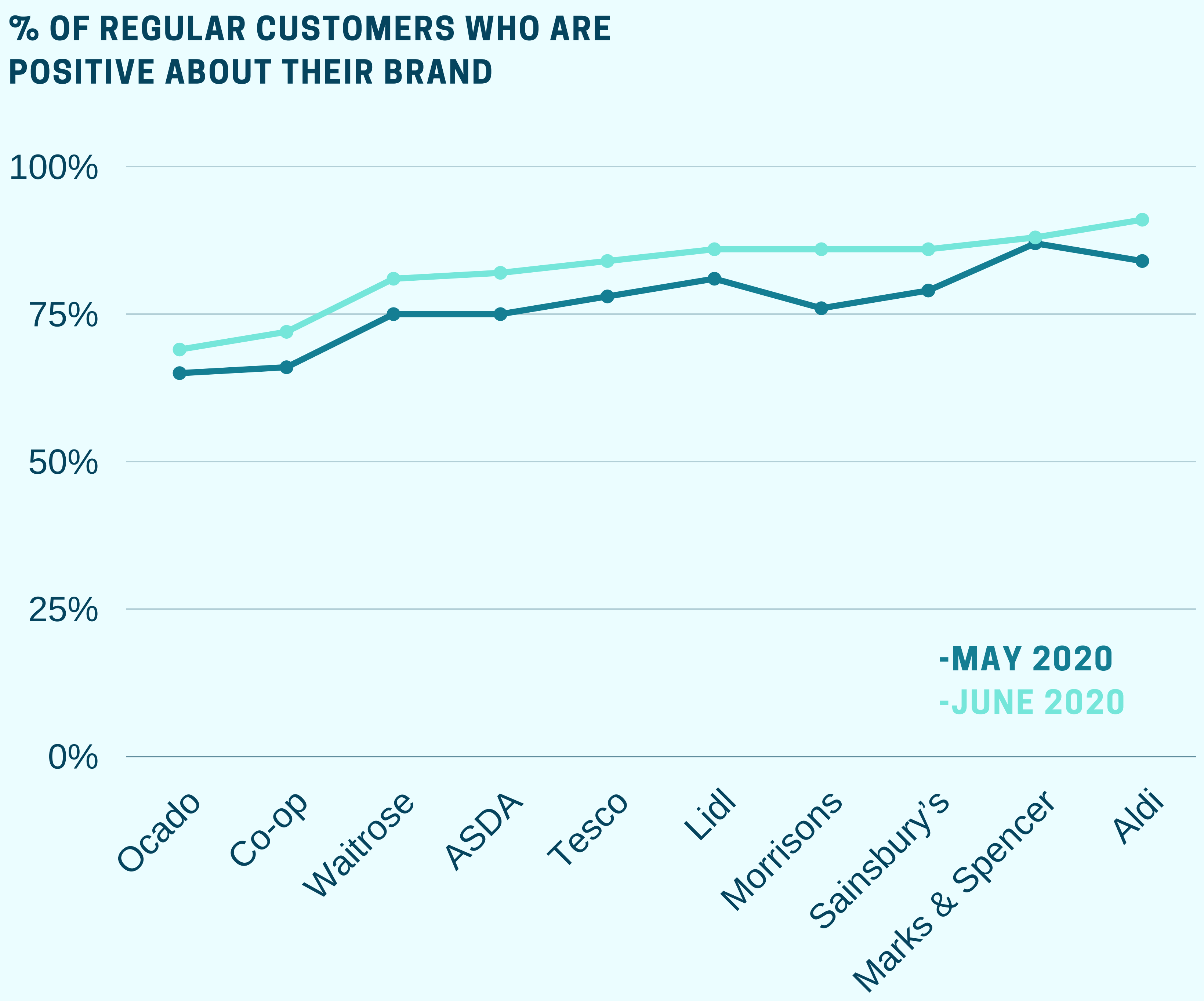


FIGURE 3: FOOD RETAILER BRAND POSITIVITY AMONGST REGULAR CUSTOMERS
Q WHICH OF THE FOLLOWING, IF ANY, DO YOU FEEL POSITIVE ABOUT? (BASE: 510)

UNDERSTANDING WHAT DRIVES POSITIVITY

When we asked shoppers directly why they felt positive towards their regular food retailers they typically cited rational reasons such as good products, price and convenience.

However, driver analysis - which derives impacts on positivity using statistical techniques - found that two of the three biggest drivers are in fact emotional (trust and image).

Although people say prices are key, it seems that good value is not as important a driver of positivity for food retailers as we'd expect. Meanwhile response to C-19 drives positivity to a stronger degree showing that effective tactical actions matter more.

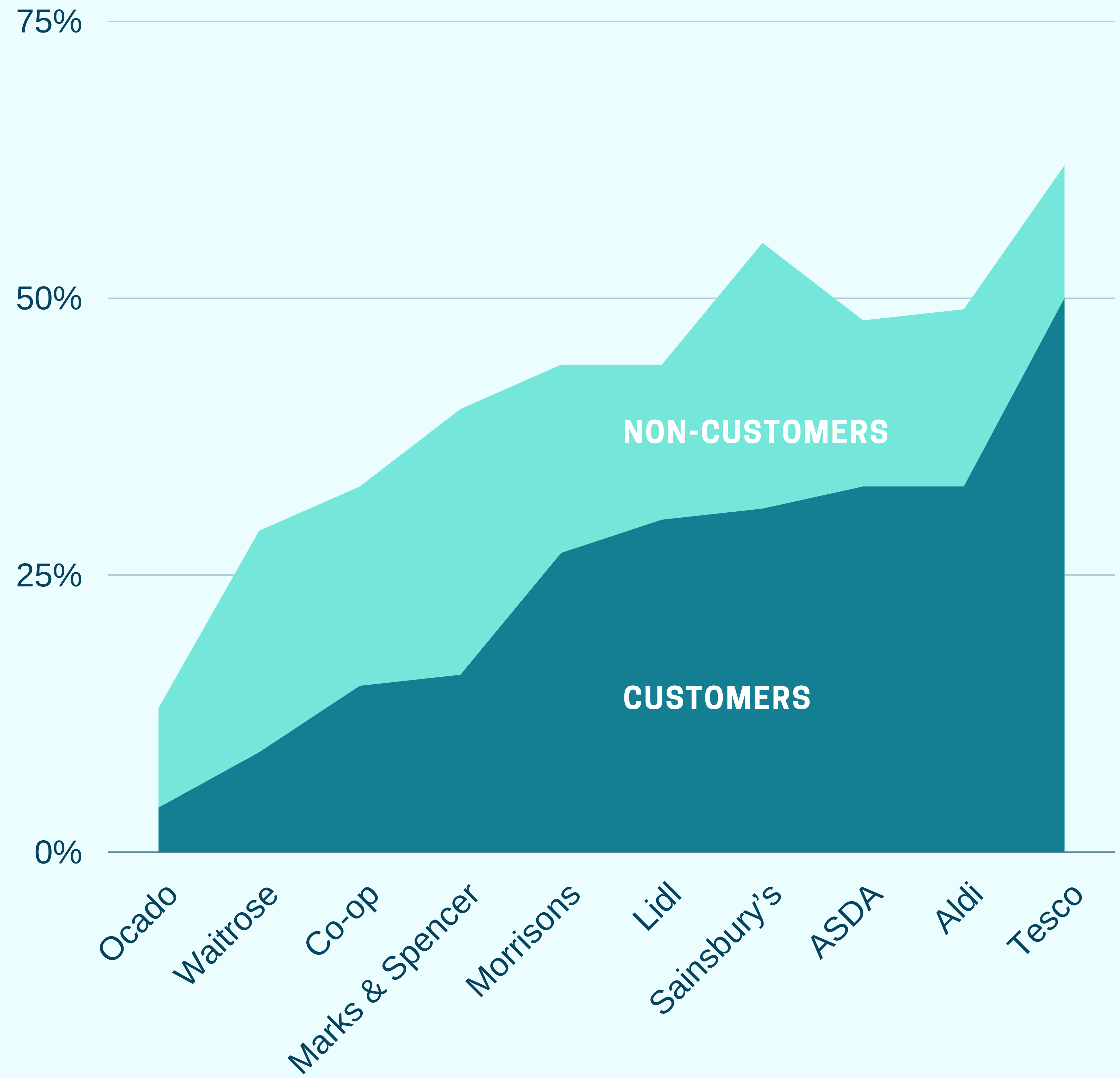
Has C-19 unconsciously suppressed price concerns, and if so how long will this last?

Winning where it matters - comparing the big 4 on the key drivers of positivity

TRUST	C-19 RESPONSE	IMAGE	GOOD PRODUCTS & SERVICES
1st Sainsbury's	1st Tesco	1st Sainsbury's	1st Aldi
2nd Tesco	2nd Sainsbury's	2nd Tesco	2nd Sainsbury's
3rd Aldi	3rd Asda	3rd Asda	3rd Tesco
4th Asda	4th Aldi	4th Aldi	4th Asda

Ratings based on responses from loyal shoppers who say they use each brand more than any other supermarket.

OVERALL POSITIVITY SPLIT BY CUSTOMERS AND NON CUSTOMERS



THE BRAND HALO

SIZING THE NON-CUSTOMER OPPORTUNITY

To understand which brands are best positioned for future growth, we looked at levels of positivity amongst non-customers relative to the size of their customer base (we call this their 'halo positivity').

Whilst Tesco remains the leader in overall positivity, this is mainly driven by its customers - it's halo is relatively small. Sainsbury's, on the other hand, enjoys a much higher level of non-customer positivity (up 8% since May) with a few of our respondents sighting the convenience of 'click and collect' as a great option during lockdown, never having used them before.

> *Sainsbury's was a very good experience - I found click and collect found recently having never used them before, you don't fight to get a slot, stick bags in the boot and there you go.*

FIGURE 5: HALO POSITIVITY, JUNE 2020
Q WHICH OF THE FOLLOWING, IF ANY, DO YOU FEEL POSITIVE ABOUT? (BASE: 510)

THE BRAND HALO
DISTINCTIVE IMAGE MATTERS

Ocado, Waitrose, M&S and Co-op are notable because they have a higher ratio of non-customer positivity to customer positivity. All these brands have a distinctive image be it for quality, innovation or social purpose.

This indicates that distinctive brands enjoy a broader appeal and relatively more low hanging fruit for acquisition.

> *If it wasn't so expensive I would shop at Waitrose, as its quieter, with wider aisles and good food*

> *Co-op stands for doing good things*

BRAND BEAUTY OF THE MONTH

Last month, Tesco was the nation's Brand Beauty, primarily due to its highly effective response to C-19.

This month its arch rival Sainsbury's wins the title as overall positivity increased the most of all brands at 13%.

In addition customer positivity rose 8%, reaching 86%, and they also enjoy a healthy brand halo (non customer positivity).

It seems that their lead on trust and image is behind much of this.

> *"The branding of Sainsbury's is really recognisable, it has good food but similar prices to Tesco"*

KEY TAKEOUTS

ATTITUDES HAVE SHIFTED FROM 'WE' TO 'ME'

Although concerns about C-19 have yet to abate, we are witnessing an attitudinal shift from collective responsibility, in particular looking after staff, to individual priorities such as fair pricing.

FOOD RETAIL HAS CONSOLIDATED ITS STRONG REPUTATION

Consumers believe C-19 is a challenge that food retailers have risen to. These perceptions continue to drive high sector and user positivity (that along with trustworthiness are currently the two biggest drivers of positivity).

BUT RETAILERS SHOULD NOT BE COMPLACENT

We remain in a period of flux with consumers using a broader portfolio of food retailers and channels. This may herald a period of even more intense competition within food retail, as customers are less loyal.

IGNORE IMAGE AT YOUR PERIL

Whilst customers don’t typically voice it, image is a key driver of positivity, so brands must continue to define and shape their image in a distinctive, motivating and credible way.

SAINSBURY’S IS THE BRAND BEAUTY OF THE MONTH

All positivity measures have improved, and it leads on trust and image.

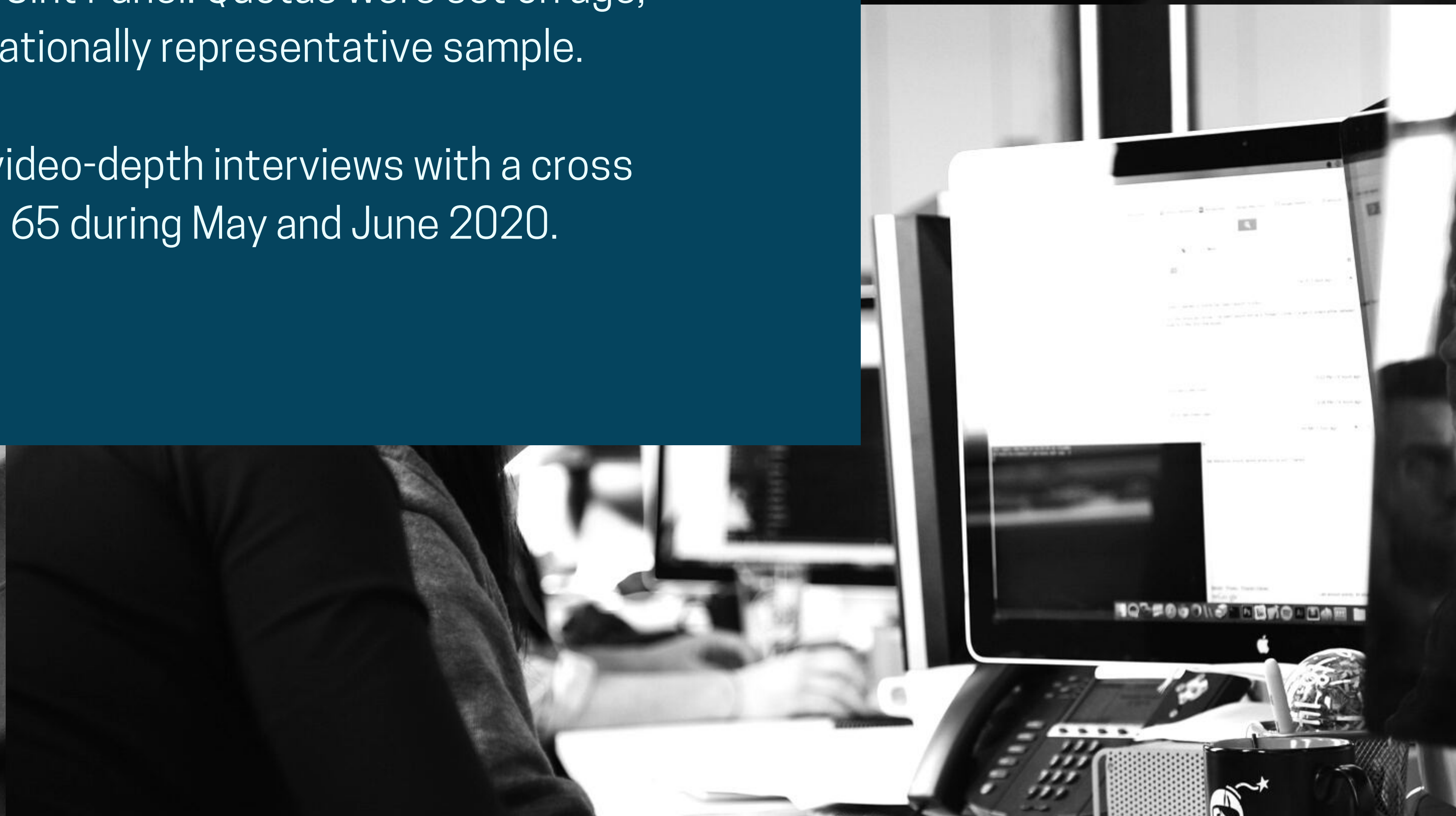
WANT TO KNOW MORE?

Food retailers: dive into food retailer brands (drivers of positivity on a brand level, demographic analysis)

Financial services, social media or streaming entertainment: sector reports

All marketeers: drivers of positivity report, social and environmental insights, or commission a deep dive on your sector

PLEASE GET IN TOUCH



ABOUT THE RESEARCH

We conducted two online surveys, each of 500 UK adults over the period 7 – 8 May 2020 and 25 June using the Cint Panel. Quotas were set on age, gender and region to ensure a nationally representative sample.

In addition, we completed twelve video-depth interviews with a cross section of UK adults aged 20 - 65 during May and June 2020.

ABOUT US

LIVING BRANDS

Living Brands is a leading brand and research consultancy that prides itself on helping brands grow. We listen hard, unravel the complex and uncover piercing insights to solve an array of challenges including understanding customers, launching products, repositioning brands and engaging employees. We are highly skilled qualitative and quantitative practitioners, but approach each project methodologically neutral utilising the tools that fit best. Living Brands has been run by Karen Cooper, previously a management consultant at Monitor and Board planner at AMV BBDO, since 2007, and was joined by Julian Misell, previously head of customer research at Ipsos MORI three years ago.

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CINT

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