



Survey Finds Grocery Industry Changing Tactics to Navigate Inflation and Changing Shopper Behavior

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Advantage Sales' quarterly Outlook report reveals manufacturer, retailer plans for pricing, product assortment and supply chain

IRVINE, Calif., Oct. 10, 2022 (GLOBE NEWSWIRE) -- Price increases at the shelf may slow next year as a majority of consumer packaged goods manufacturers and retailers believe price points are "more important" in today's marketplace and fewer than 40% of product makers say they plan to increase their list price in the first half of 2023, according to a report by [Advantage Sales](#), a division of [Advantage Solutions](#).

"[Advantage Sales Outlook | October 2022.](#)" based on more than 100 responses to a survey of selected Advantage Sales clients and customers, found one-fourth of manufacturers plan no price increases and 37% are unsure if they'll take a first-half price hike.

When list price bump-ups occur, a majority of retailers (62%) say they are passing most of the increase to the shelf, but still compressing their margins. Very few (5%) say they're raising retails higher than the increase to enhance their margins.

"We're seeing manufacturers and retailers considering and implementing new tactics to combat the effects of inflation on their costs and on shoppers' price sensitivity and the negative impact of continued supply chain challenges," said Jill Blanchard, president, client solutions for Advantage Solutions. "In some areas, they're on the same page and working together for mutual benefit. But there are areas where their individual goals may be at odds with those of their business partners."

Blanchard pointed to other key findings in the report, among them:

- Manufacturers' most-cited strategies for navigating inflationary costs in the first half of 2023 are investing in supply-chain efficiencies and enforcing existing payment terms.
- During the past six months, six in 10 surveyed manufacturers have decreased their trade spending. Eight in 10 are planning to reduce trade marketing funds to some degree in the first half of 2023 and seven in 10 will cut other marketing spending.
- To meet the needs of price-conscious consumers, retailers are focusing primarily on price points; they report planning to expand private-brand assortments, increase promotional offerings and consider longer-term price reductions. Manufacturers' top strategy is marketing their products as trusted, high-quality brands.
- Nearly nine in 10 retailers say their assortments will include more private brands over the next 12 months. To compete, manufacturers say they'll lean into product innovation, marketing and new packaging architecture.
- If deflation occurs, most manufacturers will invest in their brands through marketing; half expect to drop savings to the bottom line to improve their P&Ls. Most retailers, though, would consider lowering their everyday price and increasing promotions.
- Despite continued investments and opportunities in digital commerce, manufacturers and retailers expect most of their growth to come from brick-and-mortar sales.

Download the full [Advantage Sales Outlook | October 2022 report](#).

About Advantage Sales

Advantage Sales, a division of Advantage Solutions, is a leading sales agency and business solutions provider in the retail and consumer goods industry. Advantage Sales offers a full range of services — including headquarter sales services; digital shelf management; analytics, insights and intelligence; retail services; and business process outsourcing — that create value for clients by helping them grow sales, reduce costs and quickly execute go-to-market strategies. Our solutions drive growth for clients by maximizing the availability of their brands across retail, foodservice and online channels and by optimizing how they are priced, positioned and promoted. Visit advantagesales.net to learn more.

About Advantage Solutions

Advantage Solutions is a leading provider of outsourced sales and marketing solutions to consumer goods companies and retailers. Our data- and technology-driven services — which include headquarter sales, retail merchandising, in-store and online sampling, digital commerce, omnichannel marketing, retail media and others — help brands and retailers of all sizes get products into the hands of consumers, wherever they shop. As a trusted partner and problem solver, we help our clients sell more while spending less. Headquartered in Irvine, California, we have offices throughout North America and strategic investments in select markets throughout Africa, Asia, Australia and Europe through which we serve the global needs of multinational, regional and local manufacturers. Learn more at advantagesolutions.net.

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