



## New survey shows labor shortages and inflationary pressures are top concerns among the largest U.S. retailers and consumer goods manufacturers

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**Advantage Outlook reveals that consumer products companies are focusing on higher-end innovations, including health and wellness offerings and in- and at-home indulgences.**

IRVINE, Calif., Aug. 16, 2023 (GLOBE NEWSWIRE) -- [Advantage Solutions Inc.](#) (NASDAQ: ADV) today unveiled the findings from its Advantage Outlook, a quarterly survey fielded in June and July 2023 that includes responses from senior-level executives at dozens of the leading retailers and consumer products companies across the U.S.

The survey results reveal that product manufacturers are no longer attempting to innovate on lower-price-point products to compete on value. Instead, nearly all manufacturers — 98% — are investing in innovation on mainstream or premium-priced products with a heavy emphasis on health and wellness, and products that offer in- and at-home indulgences.

The Advantage Outlook details a rapidly evolving retail landscape and a challenging operating environment for consumer goods companies and retailers, as persistent inflation and labor shortages continue to affect business operations. While consumer confidence remains high, challenges with in-store labor and other factors are leading to sweeping changes in retail strategy.

"The Advantage Outlook found that facing continued labor challenges and rising costs, manufacturers and retailers are making substantial changes to ensure shoppers have an optimal in-store experience and can find and purchase the products they need," said Dave Peacock, CEO of Advanced Solutions. In response, manufacturers and retailers are investing in technology and timely promotions and evolving how they approach innovation. They have a clear focus on high-end products that offer consumers premium experiences, health benefits and at-home indulgences."

Additional findings from the Q2 Advantage Outlook include:

- **Product innovation getting a high-end makeover:** Despite persistent inflation and price-sensitive consumers, manufacturers are focusing their innovation investments on premium-priced products with a heavy focus on health and wellness and in- and at-home indulgences. Meanwhile, retailers are hungry for more innovative products to spur sales, with 72% saying they expect to accept more innovation over the next six months and 95% indicating they will accept new item cut-ins outside of traditional reset windows.
- **Most manufacturers are no longer raising prices to combat inflation:** Sensing increasing price sensitivity among consumers, manufacturers no longer are raising list prices to combat inflation. Instead, they're focusing efforts on disputing retailer fines and fees. Ninety-six percent of manufacturers say that disputing fines and fees remains their top strategy to address increased costs; less than one-third anticipate raising list prices.
- **Labor shortage leading to more self-checkout:** Manufacturers and retailers agree that in-store labor is a critical issue that requires a new and immediate approach. Retailers plan to increase self-checkout options to address labor shortages, while manufacturers say those shortages and a lack of planogram oversight are the top two factors affecting on-shelf availability.
- **Expect more reliance on promotions to drive sales:** Manufacturers and retailers will focus on increased promotions to drive unit sales, with some retailers looking to zero in on major holidays, their rewards programs, club-pack sizes and extended promotion periods.

"The results of this quarter's Advantage Outlook underscore that Advantage's services are needed now more than ever to help manufacturers and retailers work hand-in-hand to connect people with experiences and products that enrich their lives," Peacock said.

With relationships with more than 4,000 consumer goods companies and most of the largest U.S. retailers, Advantage sits at the intersection of brand and retail with extensive reach and a breadth of services that help convert shoppers into buyers.

"Manufacturers and retailers are looking to do more with less in today's operating environment while holding fast on price and ensuring product availability," said Jill Blanchard, president of enterprise client solutions at Advantage Solutions. "Manufacturers are revamping their offerings with a focus on premium products, and retailers are ready to embrace a wave of innovation to meet evolving consumer demand and convert shoppers into buyers."

### About Advantage Outlook

The Q2 Advantage Outlook is a quarterly survey of the world's largest consumer goods manufacturers and retailers published by Advantage Solutions in partnership with Nielsen IQ. The survey was conducted between June 14 and July 6, 2023, and included two surveys with 60 respondents representing consumer goods manufacturers and 43 representing retailers.

To access the complete findings and methodology, please visit <https://advantagesolutions.net/advantage-outlook/>.

### **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. For more information, visit [www.advantagesolutions.net](http://www.advantagesolutions.net).

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