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Commerce

THE NEW DISCOUNT

The year 2023 has revealed a major economic trend: the significant impact of inflation on consumer habits around the world.

Far beyond European borders, nations like the United States and Brazil are also feeling the tremors of this economic upheaval. In this context, discount solutions in the broad sense have experienced a remarkable boom. Discount retailers, riding on the wave of their success, are innovating in all areas to reinvent their model and attract a wider clientele across all income categories.

They are expanding their ranges, diversifying into new product categories, investing in new distribution channels and communication formats, and broadcasting creative campaigns with 5-star casts. Discount is finding its place "in the big leagues."

Discount is no longer what it used to be. While it was previously associated mainly with low or even very low prices, a dull image, trashy promotional colors, and poor quality, we can see that things are changing rapidly.

This document is based on and exclusive Havas Commerce study, conducted in 11 countries, taking stock of the global dynamics of discount retail, providing a snapshot of what discount represents today (habits, images, products purchased, stores frequented, e-commerce sites visited, expectations, etc.) but also a projection of what discount is accomplishing in terms of innovation, digital strategy, quality, CSR, product origin, and organic products.

This study is providing a global overview of the transformation of discount retail, examining the category's place in the lives of consumers in 11 countries. It is also highlighting the dynamics that this category is creating by pushing back, day by day, the reasons or barriers to visiting discount stores or consuming discount products.

Happy reading!

Vincent Mayet
Havas Commerce Founder

1. THE DISCOUNT RETAIL INDUSTRY OVERVIEW

2. THE INFLATION EFFECT & PERCEPTION

3. FOCUS ON 11 DISCOUNT RETAIL FRONTIERS

4. YESTERDAY'S VENTURES TOMORROW'S ASSETS

1. UNVEILING DISCOUNT LANDSCAPE

Discount transcends mere categorization; it rises to the level of philosophy. At the very core of discounting lies a universal, almost primordial truth, as if discounting were the seed from which modern distribution sprang - an assertion not without foundation. Globally, discounting extends without borders. Although the key players vary from one country to another, the soul of this philosophy remains unchanged.

The power of discounting lies in its remarkable ability to offer a central promise centered on price, which goes beyond mere cost reduction. To adopt the role of a discounter anywhere in the world is to embrace a busainess philosophy committed to compressing margins in order to provide the most affordable offerings possible. This relentless pursuit of economy, aiming to pass benefits on to the consumer, is a deep conviction that has always driven the pioneers of discounting.

Contrary to appearances, discounting embodies an unexpected complexity. Every day, the temptation to increase margins - and thus prices - arises as a new business opportunity and a chance to enhance profitability. Discounters must therefore continuously fight against the urge to seize these opportunities, thus defending the consumer's affinity for their model.

Discounters have established with their clients a pact so vital that breaking it would jeopardize the very survival of their brand.

Today, discounting has embarked on a conquest of the world and market shares. Whereas in the past, discounting was characterized by stark, no-frills stores, we now observe a shift towards the pursuit of pleasure, value enhancement, and experience, impacting all levels from upstream to downstream.

The purpose of this book is to demonstrate that "modern" discounting has not forsaken its origins or its philosophy while refining its offerings. For the challenge of discounting is not merely about low prices; it also lies in the model's ability to include populations previously distant from this economy.

This is what we will demonstrate in the chapters to follow.

1.1 THE ORIGINS OF MODERN DISTRIBUTION LAY IN DISCOUNT RETAIL

Discounted retailers have come a long way since their humble beginnings. It took them almost 100 years to distinguish themselves from full-line retailers. To understand their current impact on the modern world, it is essential to understand their interesting history. Here is a brief timeline of how discounted retailers have evolved over time.

1861 / 65 — World War - I: Mark of Merchandising operations

After the Civil War, mass production and distribution systems led to mass merchandising, including department stores, chain stores, and mail-order houses. Discount retailers, or "undersellers," emerged in the early 1900s.

1913 — Karl Albrecht Spirituosen and Lebensmittel, AKA ALDI, the leader of discount retail is born

Around 1913, the store Karl Albrecht Spirituosen and Lebensmittel, translated as Karl Albrecht Spirits and Food, was started by the mother of Aldi brothers. The store was later taken over by the brothers.

1878 — The world starts seeing sparks of Discount Retail concepts

Five cents and Dime: Sells the concept of selling everything at a fixed price

Though, not the typical discount stores, The Five and Dime store started by Winfield Woolworth sparked the concept. Their strategy was simple: sell everything for either 5 cents or 10 cents, with nothing in between. The products needn't be necessarily cheaper than their competitors.

1930s — Adding fuel to the sparks

Lidl and Food 4 Less start adding fuel to the Discount Retail format.

Lidl - Introduces wholesaler model to Discounts

In 1932, Josef Schwarz became a partner in Südfrüchte Großhandlung Lidl & Co., a then fruit wholesaler, and developed the company into a general food wholesaler

Food 4 Less - Introducing no frills model

Started by Lou Falley in 1930 by introducing the name and logo, the stores operated in a combination of warehouse and no-frills format to cut down on costs.

1930s — The Need for Discounting gets strengthened

The Great Depression:

The 1930s Great Depression brought economic hardships in US and Europe setting up the stage for yet another retailing change, giving rise to the emergence of discount operations.

1945 — Discount model catches fire

World War 2: provides the need for discount retailers

Discount merchandising skyrocketed due to rising prices, wartime shortages, and returning GIs establishing homes and families, leading to an explosion in growth fueled by consumer bargain hunting.

1946 The trail discount fire begins

Grocery Outlet becomes the first official Discount Store

James Read (founder) bought the government surplus food products and sold them in previously vacant stores giving rise to official discount stores. The store concentrated on providing grocery products on everyday basis

1948

The birth of true discount retail: E.J. Corvette

A group of friends started E.J. Korvette, selling diverse products at one-third the price of competitors and stocking items from well-known brands. This was the beginning of big box retailing which was then later adopted by market leaders such as Walmart and Kmart

1955

Bringing back the old formats - Birth of Dollar Stores

Courtesy: Les Echos

First Dollar General opens in Springfield, KY following the format of a 5 cents and dime

1962 The Retail Boom

The birth of the current Discount Retail leaders

The major players; Walmart, Target and Kmart, were all started in the year 1962 amongst various other discount retailers

Courtesy: Walmart

Courtesy: inters

1983 Warehouse membership model takes off

Walmart introduces membership module - Sam's ClubStore

Walmart opens it's first membership club called Sam's Club. It was opened by Mr. Sam to help entrepreneurs like himself to gain access to all the necessary products

1984

Wholesale stores opens to common people - BJ's Wholesale Club

A group of friends started E.J. Korvette, selling diverse products at one-third the price of competitors and stocking items from well-known brands. This was the beginning of big box retailing which was then later adopted by market leaders such as Walmart and Kmart

1995 Discount goes online

Amazon took off by selling books online

In the midst of the internet boom, Amazon launched as an online bookstore offering books at significantly lower prices than traditional bookstores, revolutionizing the way people shopped for books online.

2000 Present

Discount retailers have been adapting and refining their offerings to better serve their customers' needs

This has resulted in branching out of discount retailers in various different forms based on the strategy they've chosen.

1.2 DEFINITION(S)

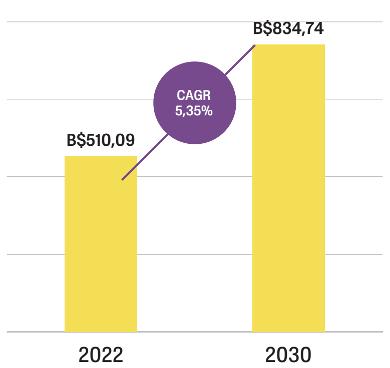
But for discount professionals...

In the end, discounting is about offering quality products at low prices through a simplified experience achieved by significant cost reduction and elimination of 'extras'.

1.3
STATE OF THE MARKET & CONTEXT

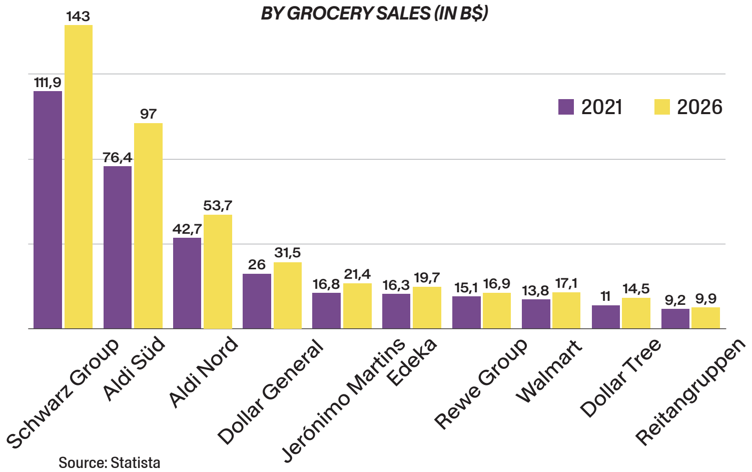
MARKET AND EVOLUTION

GLOBAL DISCOUNT STORES MARKET



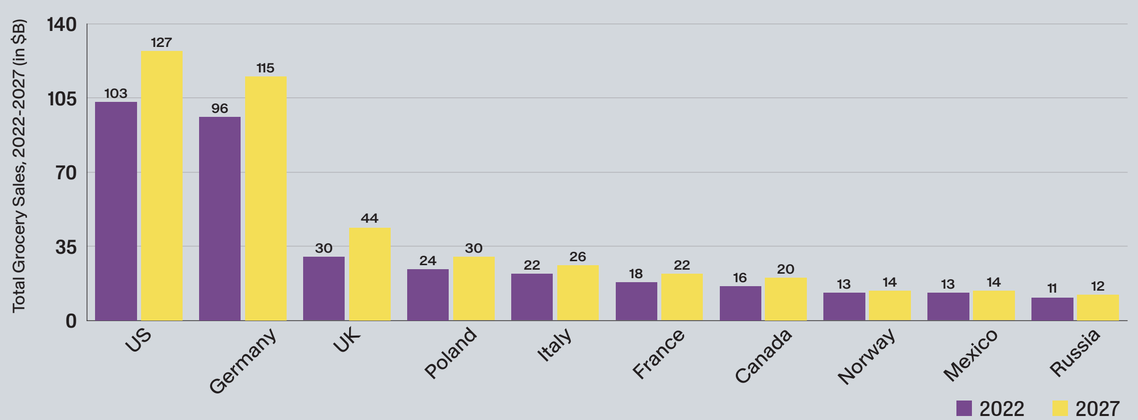
Source: Edge by Ascential

LEADING DISCOUNT RETAILERS WORLDWIDE IN 2021 WITH A FORECAST FOR 2026, BY GROCERY SALES (IN B$)



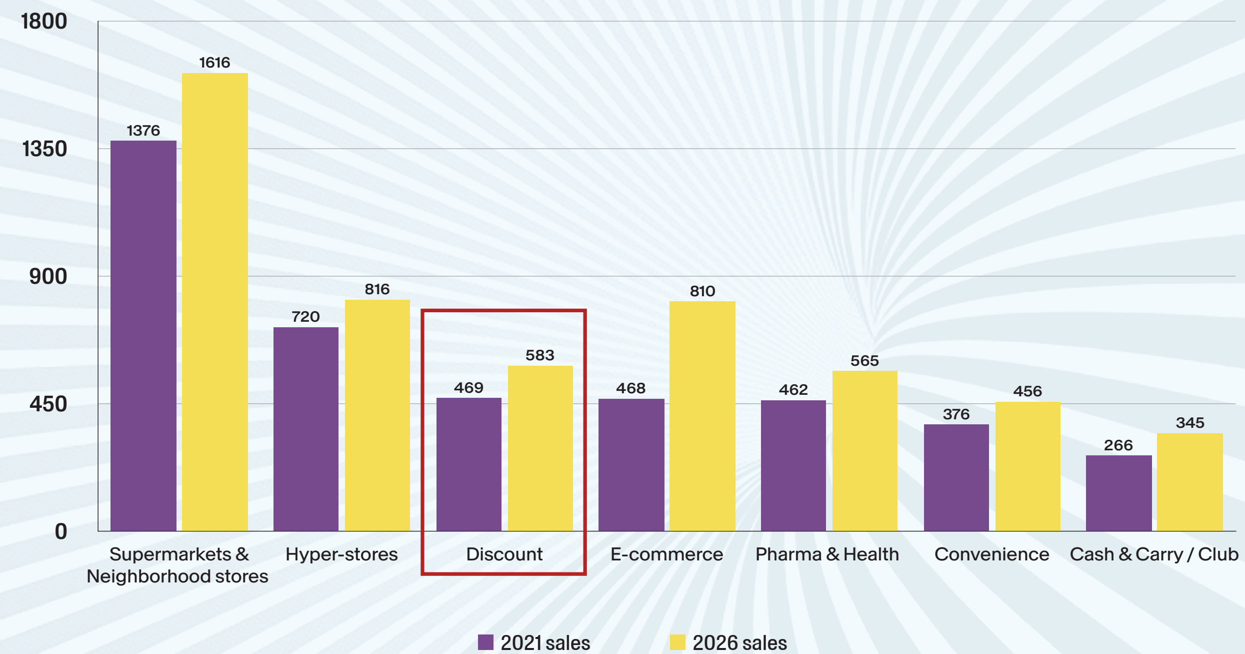
Source: Statista

DISCOUNT CHANNEL GROCERY SALES BY MARKET 2022-2027 (TOP 10 MARKETS DISPLAYED)



Source: Edge by Ascential

TOTAL GLOBAL GROCERY SALES BY CHANNEL 2021 - 2026, (USD BN)



An examination of the discount sector reveals a rise in earnings from $469 billion globally in 2021 to a projected $583 billion by 2026, indicating a compound annual growth rate (CAGR) of 4.4% over this period. Discounters rank as the third-largest grocery-related channel monitored by Edge by Ascential. To put this into context, consider the largest sector, comprising supermarkets and neighborhood stores, which is anticipated to experience slower growth compared to the discount channel, with a projected 3.3% CAGR through 2026.

Source: Marmon Retail Solution, Edge by Ascential

BIGGEST DISCOUNT ACTORS WORLDWIDE

Top discount retailers (food, non-food, online) selection by revenue

NORTH AMERICA

FOOD	NON-FOOD	ONLINE
Dollar Tree	Dollar Tree	SHEIN
ALDI	Big Lots!	GROUPON
Dollarama	Dollarama	overstock.com
Walmart	HomeGoods	wayfair
Trader Joe's	TK Maxx	zulily
Dollar General	Ross Dress for Less	
Costco Wholesale	target	

EUROPE

FOOD	NON-FOOD	ONLINE
LIDL	ACTION	Cdiscount
Biedronka	b&m	SHEIN
Netto Marken-Discount	kik	allegro
ALDI	PRIMARK	AliExpress
Reitangruppen	pepco group	bol.com
PENNY	TK Maxx	
ASDA		
MERCADONA		

ASIA & MIDDLE EAST

FOOD	NON-FOOD	ONLINE
تداول Tadawul	LuLu Where the world comes to shop	唯品会 vipshop.com
NGS	PPIH	Alibaba.com
Costco Wholesale	Dollar Plus	souq.com
LuLu Where the world comes to shop	Day to Day	Pinduoduo
Walmart	DAISO	Smartcart
LAWSON		

SOUTH AMERICA

FOOD	NON-FOOD	ONLINE
Atacadão	falabella.	HAVAN
MERCADONA	Magalu	KaBuM! www.kabum.com.br
TOTTUS Hipermercado	extra	SHEIN
Dia	Coppel	OLX
%	RIPLEY	mercado libre
ASSAÍ Atacadista		LINIO

AFRICA

FOOD	NON-FOOD	ONLINE
you always win at game	you always win at game	JUMIA DEALS
naivas	Jet	Gloo.ng
Shoprite Usave	PEP	Kilimall.com
uchumi Home Of Value	mr price	
CHOPPIES Great value for your money!	CHOPPIES Great value for your money!	

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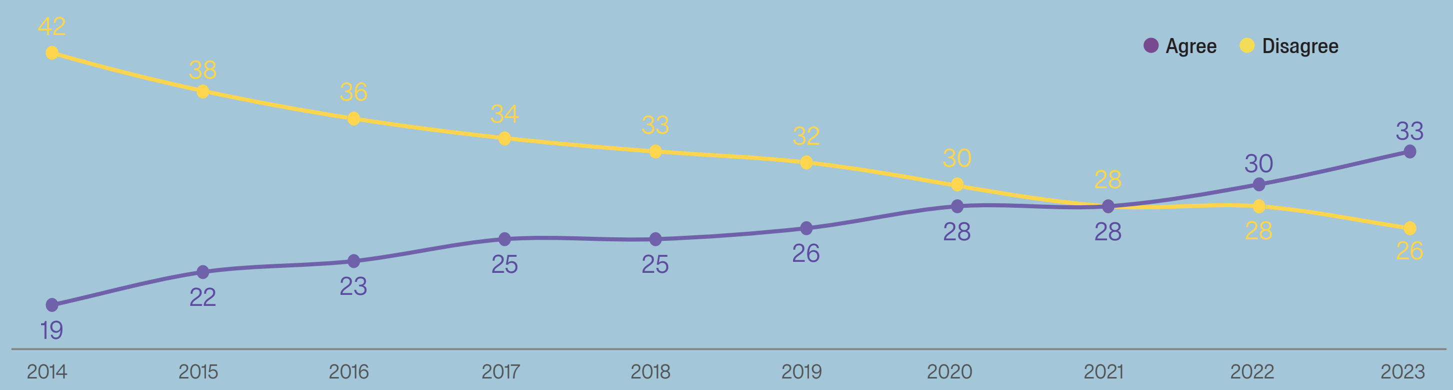
Gone are the days when discount shops carried a stigma of shame and low quality, reserved only for those scraping by.

Fueled by inflation and innovative strategies, they've shed their old image. No longer shunned, they're embraced by all. It's not just about saving money anymore; IT'S ABOUT SMART CHOICES.

DISCOUNT SHOPPING ISN'T JUST ACCEPTED IT'S THE NEW NORM.

Équivalence of quality between discount brands and traditional brands

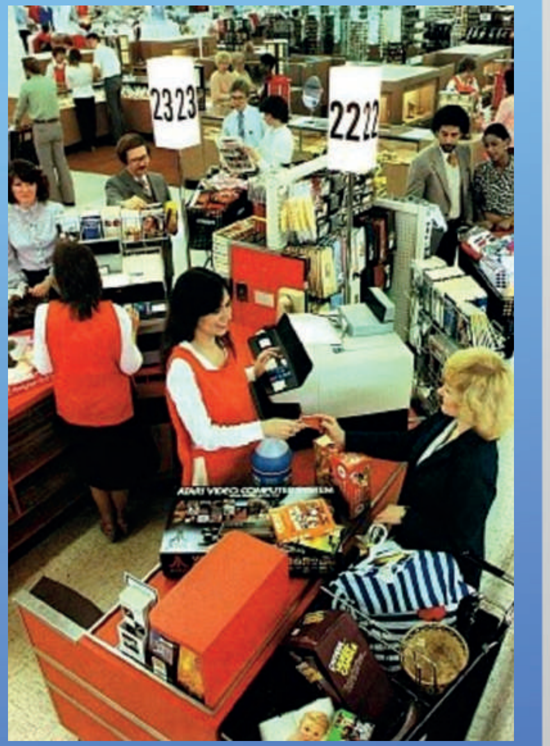
ST fully agree, rather agree + ST rather disagree, fully disagree



Sources: © Havas Commerce 2024

Base: TGI all (52 000)
Q: Hard discount brands: equal quality to traditional brands (distribution of opinion on hyper/supermarket brands, first price, and hard discount)

For example, in France, we can see that in 2021 (the beginning of the strong inflationary phase the country is experiencing), marked a turning point in consumers' perception of the quality of products from discount retailers. Before 2021, consumers found the quality to be lower. Since 2021, the majority of consumers find the quality of discount products to be equivalent.



2. THE INFLATION EFFECT & PERCEPTION

The escalation of inflation worldwide is an undeniable phenomenon, affecting all countries due to now unavoidable global commercial interdependence.

Beyond immediate issues, inflation has caused a deep structural imbalance, particularly impacting the budgets of the most modest households. Indeed, the proportion of food and energy expenditures weighs more heavily on the incomes of the lower-earning households than on those of wealthier ones.

Inflation has proven to be a catalyst on several levels:

- It has intensified the search for solutions to counter inflation. Whether through discounts, promotions, second-hand purchases, or cashback programs, all strategies have been explored by consumers to, if not save, at least preserve their purchasing power as much as possible.
- It has highlighted the ethical philosophy of discounters, which is deeper than it may seem. With inflation, discounting has regained its nobility, original essence, and social role.
- If previously the genuine consumer had somewhat slumbered, inflation has challenged consumers on their ability to make wise purchases. This includes choosing products, balancing different expenditures, and assessing the quality of a product relative to its use. It also involves diversifying supply sources to ultimately achieve the best balance between actual quality and minimal cost. This revival of consumer purchasing strategy affects all social categories. Discounting is not just a necessity but a muscle that stays fit only if used.

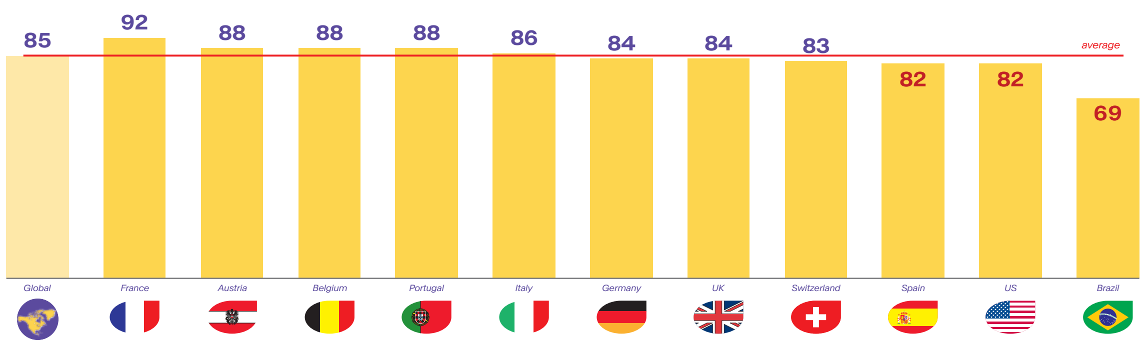
What we are currently observing, this radical transformation of hierarchies between traditional retailers and discounters, goes beyond a mere cyclical adjustment due to price increases.

It is a profound reassessment of traditional economic models, confronted with the reality of persistent inflation.

2.1 THE INFLATION ENCOURAGES CONSUMERS TO EMBRACE DISCOUNT SHOPPING

In today's global landscape, the perception of dwindling purchasing power is not merely an anecdotal observation but a stark reality faced by a significant majority of consumers. As we delve into the intricate web of economic indicators and consumer behavior, it becomes evident that this phenomenon is multifaceted, with varying degrees of impact across different regions and demographics.

DECREASE OF PURCHASING POWER
Total "yes"



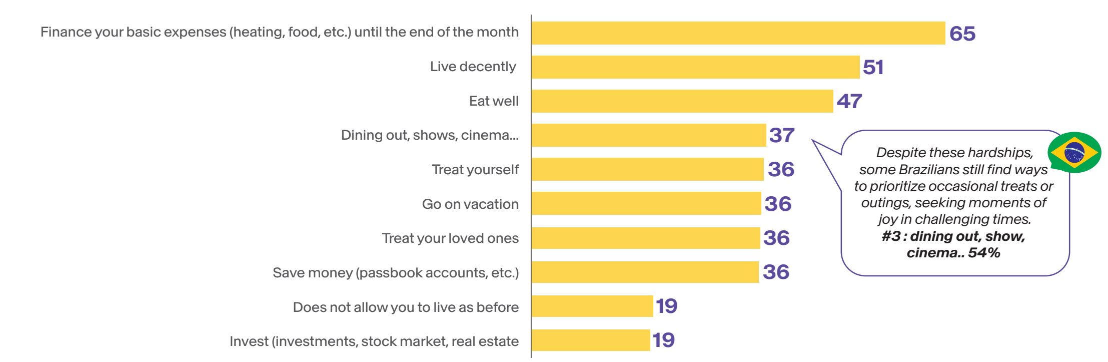
Base: Discount Consumers (7822)
Q5: Do you feel that your purchasing power has declined over the past 12 months?

Sources: © Havas Commerce 2024

The perception of a widespread decline in purchasing power is a prevailing reality. On average, 85% of consumers report experiencing a decrease in their purchasing power. In France, this percentage exceeds 90%, while Brazilian consumers appear to be the least affected, with nearly 70% reporting a decline in purchasing power...

CONSUMER BEHAVIOR AND LIFESTYLE

PURCHASING POWER THAT ALLOWS YOU TO.



Base: Discount Consumers (7822)
Q6: Today, would you say that your purchasing power allows you to...?

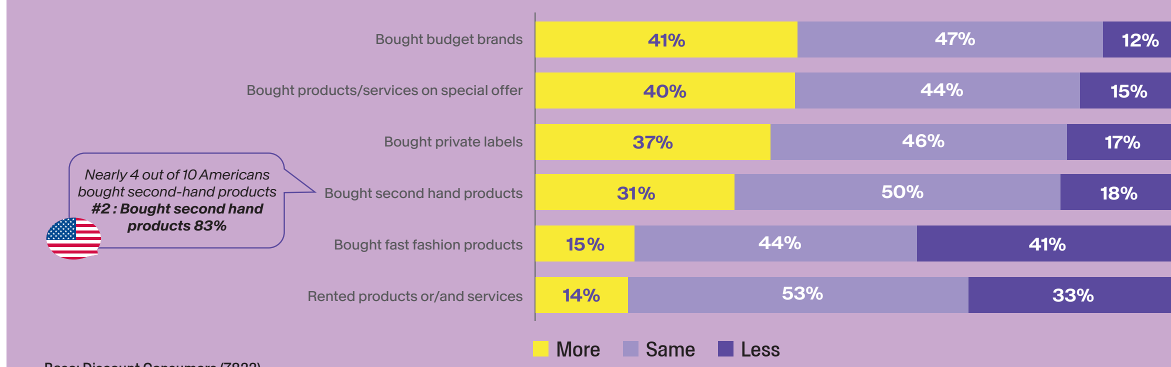
Sources: © Havas Commerce 2024

A diminished purchasing power reverberates across various facets of consumer behavior and lifestyle choices, exerting profound implications on individual well-being and societal dynamics. With less than 2 out of 10 individuals able to invest, aspirations for financial growth and stability are stifled, perpetuating a cycle of economic uncertainty. Moreover, the constrained budget constrains indulgences, with pleasures being relegated to the sidelines for a significant portion of the population. Alarmingly, more than half of consumers find themselves grappling with compromised dietary habits, highlighting the tangible impact on basic needs such as nutrition. Additionally, the ability to afford a decent standard of living is compromised for roughly half of the population, exacerbating social inequalities and disparities.

SHIFTING CONSUMPTION PATTERNS

Amidst the backdrop of dwindling purchasing power, discernible shifts in consumption patterns emerge, reflecting adaptive responses to economic constraints. Notably, budget brands and products/services offered at discounted rates witness a surge in demand, as consumers prioritize value for money amidst financial uncertainty. Conversely, the fast-fashion segment experiences a downturn, with over 40% of individuals scaling back on such purchases, signaling a reevaluation of priorities and consumption habits.

PURCHASES/RENTALS OVER THE LAST FEW MONTHS:

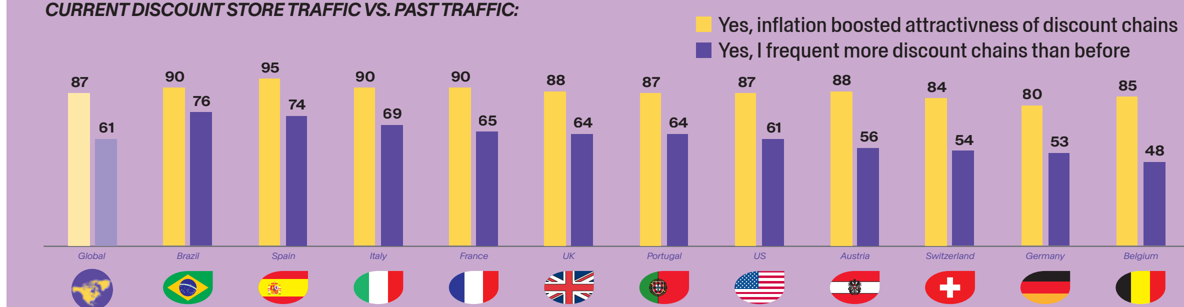


Base: Discount Consumers (7822)
Q7: In the last months, did you have more, the same or less:

Sources: © Havas Commerce 2024

The link between inflation and discount store popularity is recognized in economic circles. Yet, its impact on consumer behavior varies regionally. On average, 61% favor discount stores, but nuances exist. Most Belgians, Austrians, Swiss, and Germans exhibit a steadfast adherence to existing shopping habits, underscoring the entrenched role of traditional retail channels. This resilience suggests a pre-existing acceptance and integration of discount stores into shopping routines, hinting at deeper cultural and socio-economic influences shaping consumer preferences..

THE IMPACT OF INFLATION ON DISCOUNT CHAINS FREQUENTATION AND CURRENT DISCOUNT STORE TRAFFIC VS. PAST TRAFFIC:



Base: Discount Consumers (7822)
Q8: Has current inflation boosted the attractiveness of discount chains? /
Q12: Do you frequent discount chains more than you used to?

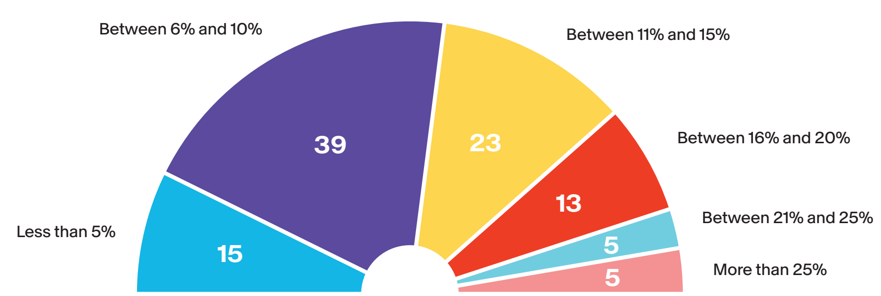
Sources: © Havas Commerce 2024

2.2 SHIFTING PERCEPTION

CONSUMER PERCEPTION ON SAVINGS AND QUALITY

Savings emerge as a primary motivation for discount store visits, with nearly 8 out of 10 individuals believing they can save up to 15%, and a substantial quarter anticipating savings ranging from 16% to over 25%. This underscores the pivotal role of price sensitivity in consumer decision-making processes.

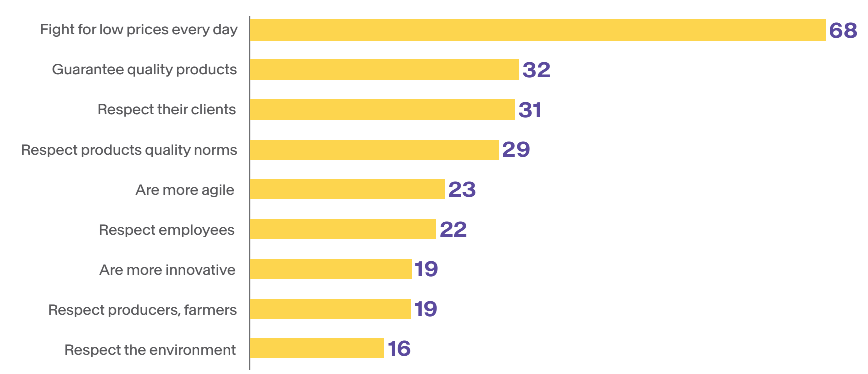
ESTIMATED SAVINGS BY BUYING FROM DISCOUNT CHAINS



Base: Discount Consumers (7822)
Q14: How much do you think you save when you buy from a discount chain?
Sources: © Havas Commerce 2024

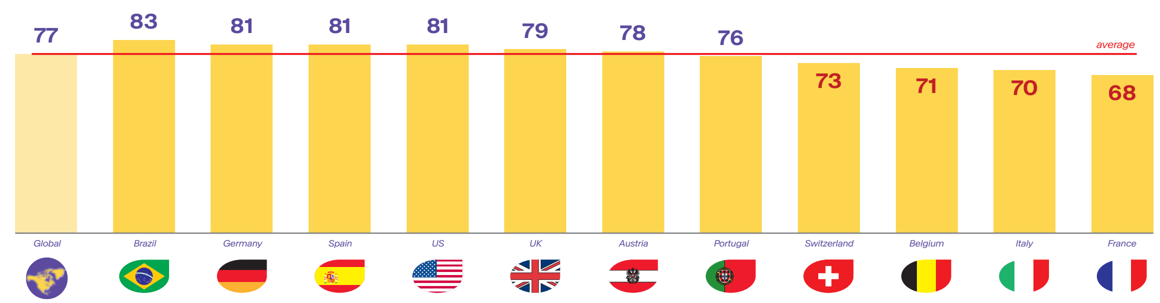
The overarching strength of discount chains lies in their competitive pricing. This sentiment resonates strongly among consumers, positioning price as a distinguishing factor that sets discount stores apart from their traditional counterparts.

DISCOUNT CHAINS VERSUS TRADITIONAL CHAINS:



Base: Discount Consumers (7822)
Q15: Do you think that discount chains, in comparison with traditional chains...?
Sources: © Havas Commerce 2024

PRODUCT QUALITY OF DISCOUNT CHAINS EQUIVALENT TO THAT OF TRADITIONAL CHAINS
Total "yes"



Base: Discount Consumers (7822)
Q16: Do you find that the quality of products from discount chains is equivalent to that of traditional ones?
Sources: © Havas Commerce 2024

Contrary to prevailing stereotypes, consumers perceive no compromise in quality when opting for discount stores. A staggering 77% assert that the quality of products in discount stores is equivalent to those found in traditional outlets, challenging misconceptions regarding lower quality standards.

CONSUMERS SENTIMENTS AND EMOTIONAL REPONSES

FEELINGS ABOUT BUYING PRODUCTS FROM DISCOUNT CHAINS

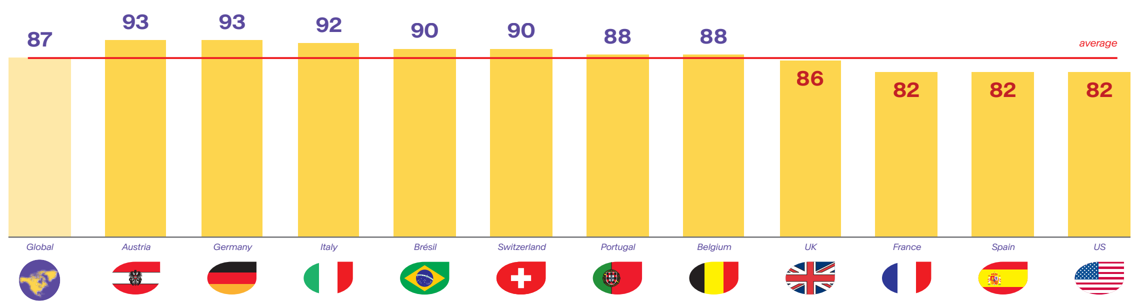
Base: Discount Consumers (7161)
Q18: How do you feel about buying products from discounters versus traditional chains?
Sources: © Havas Commerce 2024

Consumer sentiments towards discount shopping exhibit a nuanced blend of emotions, with no singular one dominating significantly beyond the 50% threshold. While satisfaction stemming from increased purchasing power prevails, a spectrum of positive and neutral emotions characterizes the consumer experience. Despite the predominantly positive or neutral sentiment, a minority (8%) of consumers express negative emotions, primarily associated with feelings of embarrassment. This highlights the need for discount retailers to address potential stigma and enhance the overall shopping experience to alleviate consumer apprehensions.

2.3 CONSUMERS TYPOLOGIES

Discount chains attract a substantial majority of consumers, with an average visitation rate of 87%. While discount chains enjoy popularity across the board, notable variations exist among regions. Austria, Germany, and Italy emerge as frontrunners, boasting the highest proportion of discount consumers. In contrast, France, Spain, and the US lag behind, reflecting comparatively lower engagement with discount retail establishments.

DISCOUNT CHAINS TRAFFIC
Total "yes"



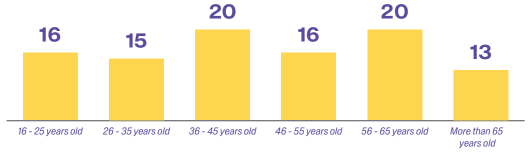
Base: All (9033)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

We observed distinct patterns that can be categorized into three typologies based on income levels and age demographics.

DISCOUNT CHAINS TRAFFIC PER AGE RANGE AND PER INCOME - USA

DISCOUNT CHAINS TRAFFIC PER AGE RANGE AND PER INCOME - USA
Total "yes"



DISCOUNT CHAINS TRAFFIC PER AGE RANGE AND PER INCOME - USA
Total "yes"

Base: Discount Consumers (1004)
Q9: Do you visit discount chains?

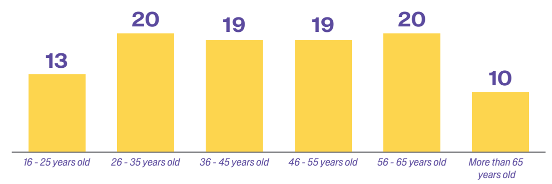
Sources: © Havas Commerce 2024

Firstly, in countries such as the United States, Germany, Austria, and the United Kingdom, a clear trend emerges: as income increases, there's a decreasing propensity to purchase discount products. This indicates that wealthier individuals are less inclined to seek out discounted items.

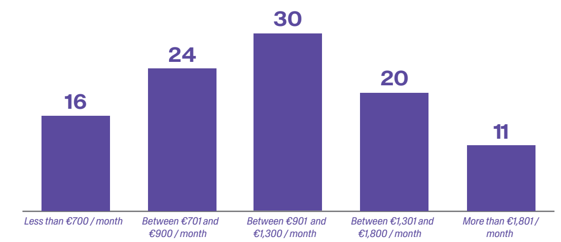
Interestingly, when examining age demographics, we find a relatively balanced distribution, with seniors exhibiting slightly higher consumption of discount products compared to younger age groups.

DISCOUNT CHAINS TRAFFIC PER AGE RANGE AND PER INCOME - PORTUGAL

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"



Base: Discount Consumers (1006)
Q9: Do you visit discount chains?

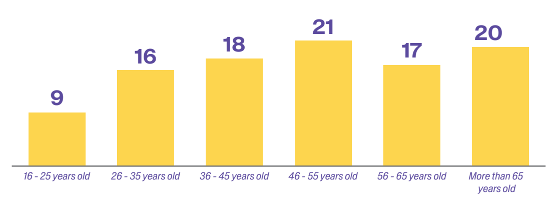
Sources: © Havas Commerce 2024

Secondly, there are countries like Portugal, Belgium, Switzerland, Spain, Brazil, and Italy, where the pattern deviates. Here, the middle class emerges as the primary consumer group for discounts, surpassing both the working class and the affluent. This results in a distinctive arch-shaped curve in the distribution by income level, suggesting a more equitable spread of discount purchases across socioeconomic strata.

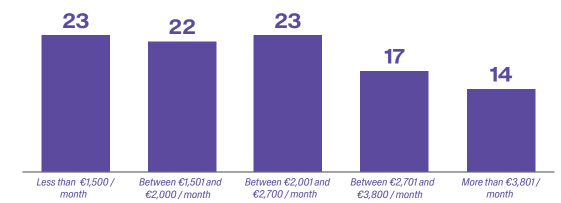
Similarly, the age distribution mirrors the overall equilibrium observed in the aforementioned countries, albeit with a notable exception in Brazil. In Brazil, the younger demographic (16-35) demonstrates a significantly higher propensity for discount consumption, while seniors exhibit minimal interest in discounted products.

DISCOUNT CHAINS TRAFFIC PER AGE RANGE AND PER INCOME - FRANCE

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"



Base: Discount Consumers (1013)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

Finally, in countries like France, discount purchases transcend income brackets and age demographics. Here, regardless of income level, everyone shows a propensity to purchase discounted items, although wealthier individuals tend to buy slightly less. Notably, while age distribution remains relatively balanced, there's a notable dip in discount consumption among young people, particularly in comparison to other countries.

These observations highlight the nuanced interplay between income levels, age demographics, and consumer behavior across different nations. Understanding these variations is crucial for devising targeted marketing strategies and pricing schemes to effectively cater to diverse consumer segments in each market.

3. FOCUS ON 11 DISCOUNT RETAIL FRONTIERS

While commerce is global, so too is discounting.

We conducted studies in 11 different countries across Europe and America. While each country demonstrates its uniqueness in its approach to discounting, there are numerous convergences observed among them. Consumers recognize discounting as a very clear and consistent category.

In the following chapter, you will find a focus on each country and trends that are shared by all. This provides an opportunity to take a global tour of what discounting represents for a large part of the Western world.

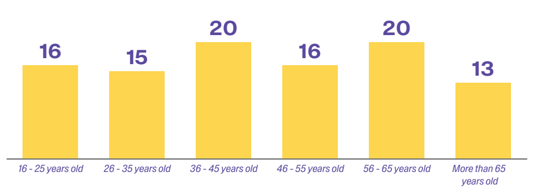
3.1 DISCOUNT IN THE US

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN $, 2022/2023)

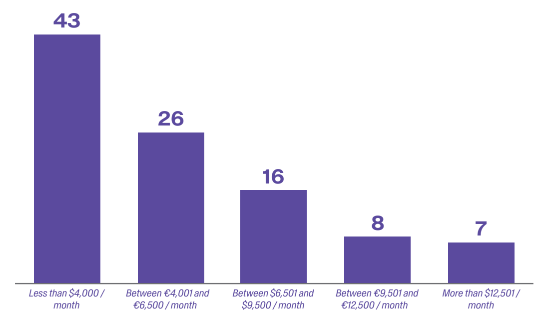
FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
Walmart	B$611	target	B$107	SHEIN	Around $32B
Costco Wholesale	B$242	T.K.maxx	B$50	wayfair	B$12
ALDI	Around 40,2B$	DOLLAR GENERAL	B$39	overstock.com	B$1,5

WHO ARE THE DISCOUNT CONSUMERS IN THE US?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"



Base: Discount Consumers (1004)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

The age distribution reveals a notable pattern: while there's a fairly consistent engagement across most age groups, with peaks at 36-45 and 56-65 years old, younger demographics (16-25 years old) and older demographics (over 65 years old) demonstrate slightly lower traffic rates. In terms of traffic per income, there is a discernible concentration among lower income brackets, particularly those earning less than $4,000 per month. As income rises, there's a gradual decline in traffic rate.

Your HAVAS CONTACT in the US
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82% DISCOUNT CHAIN ENGAGEMENT — Of Americans visit discount chains.

89% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

50% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

41% CHANGE IN TYPES OF PURCHASES — Bought more budget brands compared to last year. 33% second hand products.

87% INFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

61% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

56% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

81% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

60% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

90% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

94% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

86% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN THE UNITED STATES?

Amid economic challenges, the US discount market thrives as consumers seek value without compromising quality. With 89% perceiving a decrease in purchasing power, discounts offer a lifeline, reflected in the 82% of population visiting discount chains. This trend extends beyond necessity; 60% find satisfaction in discount purchases and only 6% associating it with a negative feeling, with 90% planning future engagement. Interestingly, Americans are driving demand for discount diversification across various product categories knowing that 94% seeing discount chains as more or as innovative than traditional chains, with highly innovative discount giants such as Walmart, Target, and Costco. However, major issues affect the discount sector, including delivery and corporate social responsibility (CSR), challenges that are found in all countries

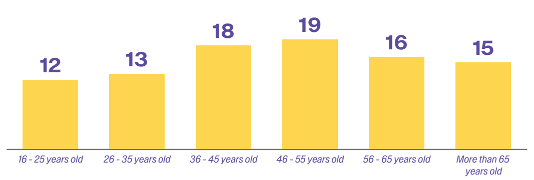
3.2 DISCOUNT IN BELGIUM

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
colruyt	B€5,5 (around 32% market share)	ACTION	B€1,1	bol.	M€890
ALDI	Undisclosed (around 17,5% market share with Lidl)	Kruidvat	M€593	cool blue	M€537
LIDL	Around 40,2B$	ZEEMAN	M€199 (2022)	SHEIN	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN BELGIUM?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"

Base: Discount Consumers (625)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

Middle-aged individuals, particularly those aged 36-55, constitute the largest portion of discount chain shoppers, suggesting a preference for cost-effective shopping options. Moreover, there's a notable correlation between moderate income levels, specifically €1501 to €2700 per month, and higher traffic at discount chains, indicating that affordability plays a significant role in consumer behavior.

Your HAVAS CONTACT in BELGIUM
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hugo.uhr@havasmedia.com

84% DISCOUNT CHAIN ENGAGEMENT — Of Belgians visit discount chains.

88% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

55% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

44% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 43% special offers.

85% IINFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

48% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

42% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

71% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

48% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

83% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

88% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

76% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN BELGIUM?

Discount shopping is entrenched in Belgium, with 84% of consumers regular patrons. Economic constraints drive this trend, with 88% feeling decreased purchasing power. While inflation boosts discount popularity for 85%, less than half increase their consumption, indicating pre-existing affinity. Discount stores offer compelling advantages, with up to 15% savings and quality products, fostering positive consumer perceptions. However, challenges persist in delivery and CSR, impacting satisfaction levels.
Looking forward, 83% of consumers plan to increase discount purchases. Interest lies in diversifying offerings, particularly in hygiene/cosmetics and clothing. Retailers must address delivery and CSR to meet evolving expectations and sustain growth in the competitive market.

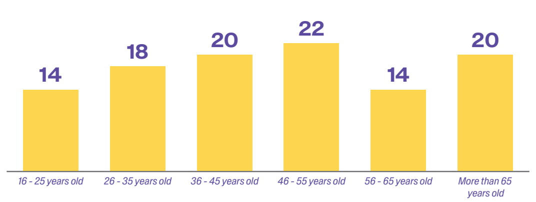
3.3 DISCOUNT IN SWITZERLAND

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN CHF, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
Coop	11,8B CHF (online and offline supermarkets)	MediaMarkt	Undisclosed (22B CHF for the Ceconomy group)	GONSER.CH	M€890
DENNER	3,9B CHF	Inter Discount	954M CHF	DEIN DEAL	M€537
ALDI SUISSE	Around 2B CHF	OTTO'S	402M CHF	TEMU	Undisclosed

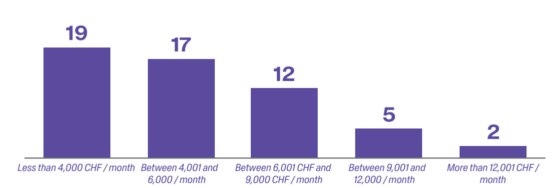
WHO ARE THE DISCOUNT CONSUMERS IN SWITZERLAND?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



Base: Discount Consumers (625)
Q9: Do you visit discount chains?

DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"



Sources: © Havas Commerce 2024

While middle-aged individuals, particularly those aged 36-55, constitute a significant portion of discount chain shoppers at 20%, there's a striking balance across age groups, with no single group dominating the traffic. This suggests a diverse consumer base with varying preferences for cost-effective shopping options.

Additionally, the data highlights a notable concentration of discount chain traffic among lower-income brackets, particularly those earning less than 4000 CHF per month, comprising 19% of total traffic.

Your HAVAS CONTACT in SWITZERLAND to know more about discount and retail: adrian.vanvelsen@havas.com

90% DISCOUNT CHAIN ENGAGEMENT — Of Swiss visit discount chains.

83% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

55% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

34% CHANGE IN TYPES OF PURCHASES — Bought more budget brands compared to last year. 31% special offers.

84% IINFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

54% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

49% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

73% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

45% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

74% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

92% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

76% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN SWITZERLAND?

Swiss consumers have overwhelmingly embraced discount shopping, with 90% frequenting discount stores. While some barriers such as limited food choices and accessibility hinder non-discount shoppers, the majority feel the pinch of decreased purchasing power, impacting their ability to save and enjoy leisure activities. Inflation has propelled discount shopping, with 84% of consumers viewing it favorably and over half increasing their visits to discount stores. Discount stores offer compelling advantages, including price appeal, quality confidence, and perceived innovation, leading to positive associations with their consumption.

Consumers exhibit a preference for local brands, but delivery and Corporate Social Responsibility (CSR) remain significant weaknesses across all store types. Despite this, 74% of consumers plan to increase discount purchases, with a majority interested in diversifying offerings, particularly in hygiene/cosmetics and clothing. Efforts to address delivery and CSR concerns could attract new consumers and solidify the position of discount shopping in Switzerland, indicating a promising future for discount retailers willing to adapt to consumer expectations.

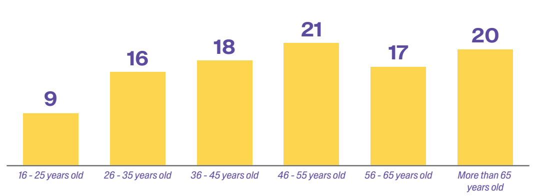
3.4 DISCOUNT IN FRANCE

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
LIDL	Around 15B€	ACTION	11,3B€	Cdiscount	1,4B€ (around 17,1% market share)
ALDI	Around 6,3B€	GiFi	1,3B€	SHEIN	Undisclosed (around 16,6% market share)
Netto	1,6B€	CENTRAKOR	1B€	TEMU	Undisclosed (around 11% market share)

WHO ARE THE DISCOUNT CONSUMERS IN FRANCE?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



Base: Discount Consumers (1013))
Q9: Do you visit discount chains?

DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"

Sources: © Havas Commerce 2024

The data on discount chain traffic distribution in France paints a nuanced picture of consumer behavior, showcasing its widespread appeal across various age and income groups. While there's a noticeable preference among middle-aged individuals, particularly those aged 36-55, who account for 21% of total traffic, what stands out is the relatively balanced representation across age brackets. This suggests that discount chains cater to a diverse demographic, with significant traction even among older age groups, where individuals aged 65 and above contribute 20% to the traffic. Similarly, the distribution of discount chain traffic per income underscores its accessibility across socioeconomic strata in France. Despite variations, with lower income brackets naturally exhibiting higher proportions, the data highlights a notable presence of discount chain shoppers across all income categories, indicating its widespread affordability and relevance in French consumer culture.

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82% DISCOUNT CHAIN ENGAGEMENT — Of French visit discount chains.

92% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

40% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

55% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 49% private labels.

90% IINFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

65% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

59% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

68% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

44% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

78% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

91% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

73% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN FRANCE?

The discount market in France is booming, driven by a fragile economy and a quest for low prices. Discount stores have become an essential alternative for French consumers, who frequent them regularly and appreciate their value for money. Inflation and declining purchasing power have further enhanced the attractiveness of discount shopping, becoming a priority for 3 out of 5 French people who struggle to make ends meet. The perception of the quality of discount products has significantly improved, with consumers now considering them equivalent to major brands.

Lidl and Action dominate their respective markets (food and non-food) thanks to their wide range of products, low prices, and geographical proximity. However, there are still areas for improvement, particularly concerning delivery and employee treatment. The development of online discount shopping shows promise, although customer satisfaction remains mixed. Cdiscount remains the leading platform, but Shein and Temu are gaining ground. The future of discount shopping in France looks positive, with 73% of consumers predicting the dominance of this model. Discount retailers will need to continue innovating and adapting to consumer expectations to sustain their growth

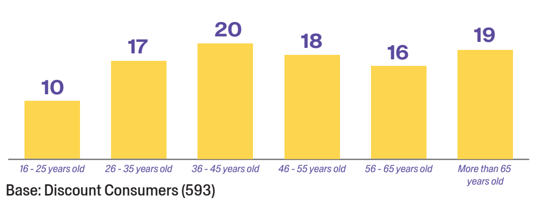
3.5 DISCOUNT IN AUSTRIA

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
REWE	Around 10B€	ACTION	Undisclosed	TEMU	Around 50M€
SPAR	9B€	TEDi	Undisclosed	SHEIN	Undisclosed
ALDI	Around 4,4B€	kik	Undisclosed	wish	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN AUSTRIA?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



Base: Discount Consumers (593)
Q9: Do you visit discount chains?

DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"

Sources: © Havas Commerce 2024

While individuals aged 36-45 constitute a significant portion of discount chain shoppers at 20%, reflecting a broad appeal across middle-aged demographics, Austria also stands out for its widespread representation across all age groups. This indicates a broad appeal of discount chains across generations within the Austrian market. However, what distinguishes Austria is the marked correlation between income levels and discount shopping behavior. Notably, individuals earning less than 2000€ per month contribute a significant 43% to the total discount chain traffic, highlighting the perception of discount chains as primarily catering to lower-income demographics within the Austrian market.

Your HAVAS CONTACT in AUSTRIA
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93% DISCOUNT CHAIN ENGAGEMENT — Of Austrians visit discount chains.

88% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

47% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

39% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 35% budget brands.

88% INFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

56% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

56% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

78% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

48% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

70% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

94% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

79% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN AUSTRIA?

In Austria, discount shopping is a norm, with 93% of consumers opting for discount stores despite limited food choices. Economic woes hit hard, with 88% experiencing a purchasing power decline and turning to promotions and private labels (75%). While inflation nudges more towards discounts, store visits lag behind other European countries. Discount stores dominate (84%) over traditional retailers (74%), driven by enticing price savings (70%). Quality perceptions are rising (78% find discount products comparable). Leading food chains include Lidl, Hofer, and Penny.

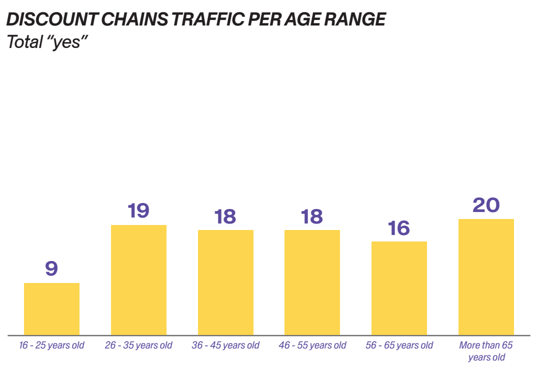
Mixed emotions accompany discount shopping, with 70% planning to increase purchases, yet only a quarter feeling pride, while 8% experience shame. Online options are embraced by 73%, but concerns about the lack of physical shopping experiences linger (27%). Despite hurdles, 79% of consumers foresee the continued dominance of discount stores. Key players like Hofer excel in value but grapple with delivery challenges. Ethical considerations pose hurdles for online discount chains.

3.6 DISCOUNT IN THE UK

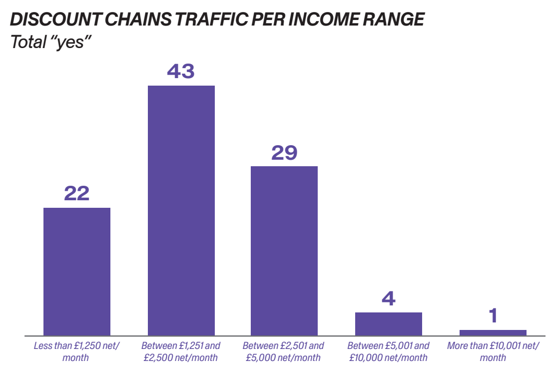
THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
ASDA	22B£	B&M	5,5B£	boohoo	1,1B£
ALDI	Around 16,3B£	pepco group	4,8B£	SHEIN	1,1B£
LIDL	9,3B£	TK Maxx	3,9B£	TEMU	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN THE UK?



Base: Discount Consumers (612)
Q9: Do you visit discount chains?



Sources: © Havas Commerce 2024

The UK exhibits a balanced representation across age groups in discount chain traffic, with no single age bracket dominating significantly. However, the pronounced correlation between income levels and discount shopping behavior is notable. Individuals earning between £1251 and £2500 per month contribute a substantial 43% to the total discount chain traffic, indicating a significant reliance on discount options among middle-income earners.

Your HAVAS CONTACT in the UK to know more about discount and retail: mark.whelan@havas.com

86% OF BRITISH VISIT DISCOUNT CHAINS. Of Belgians visit discount chains.

84% PURCHASING POWER PERCEPTION. Consider that their purchasing power has decreased compared to last year.

53% LIVING STANDARDS PERCEPTION. Consider that their purchasing power allow them to live decently.

42% CHANGE IN TYPES OF PURCHASES. Bought more private labels compared to last year. 42% budget brands.

88% IINFLATION IMPACT ON DISCOUNT. Think that inflation had an impact on discount frequentation.

64% DISCOUNT STORES FREQUENTATION VS PAST YEAR. Frequent more discount stores than they used to.

43% SAVINGS PERCEPTION. Believe they can save from 11% to over 25%.

79% QUALITY PERCEPTION. Think that the quality of discount products is equivalent to that of traditional chains.

51% FEELING ASSOCIATE WITH DISCOUNT PURCHASES. Associate buying discount products with a feeling of satisfaction of buying more.

89% FUTURE DISCOUNT SHOPPING INTENTION. Plan to buy more discount products in the future.

95% PERCEPTION OF DISCOUNT CHAINS INNOVATION. Think that discount chains are as or more innovative than traditional ones.

87% DISCOUNT, THE FUTURE NORM. Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN THE UK?

British consumers exhibit a robust inclination towards discount shopping, evident in the significant percentage of individuals visiting discount stores regularly—84%. While quality and choice present barriers for some consumers, the majority find compelling advantages in discount stores, particularly amidst economic challenges like decreased purchasing power and inflation. Despite weaknesses in delivery reliability and Corporate Social Responsibility (CSR), the enduring appeal of discounts and the intention of nearly 90% of consumers to increase their discount purchases reflect a promising future for this retail model. Moreover, the interest in diversifying discount offerings across various categories underscores evolving consumer preferences. To capitalize on this enthusiasm and sustain growth, discount retailers must prioritize investments in addressing delivery concerns and enhancing CSR initiatives. The preference for local online platforms also presents opportunities for the development of national platforms alongside dominant Chinese platforms.

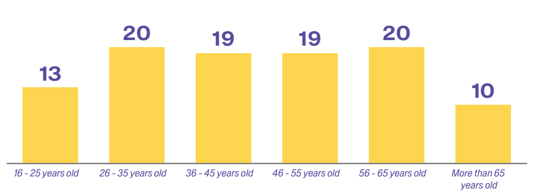
3.7 DISCOUNT IN PORTUGAL

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
LIDL	Around 1,9B€	PRIMARK	Undisclosed	AliExpress	Undisclosed
MERCADONA SUPERMERCADOS DE CONFIANZA	1,4B€	PRIMOR	Undisclosed	TEMU	Undisclosed
ALDI	Undisclosed	KIABI	Undisclosed	SHEIN	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN PORTUGAL?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"

Base: Discount Consumers (1006)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

In Portugal, discount chain traffic reflects diverse consumer behavior shaped by both age and income. Middle-aged individuals, particularly those aged 26-65, constitute a substantial portion of shoppers, with each age group contributing between 19% and 20% of the total traffic. However, there's a slight underrepresentation of individuals over 65, comprising only 10% of the traffic. Regarding income, there's a notable correlation, with the highest proportion of traffic (30%) coming from those earning between €900 and €1300 per month. Thus, all social categories in portugal consume discount, although the middle classes predominate.

Your HAVAS CONTACT in PORTUGAL
to know more about discount and retail:
joao.madeira@fuel.pt

88% DISCOUNT CHAIN ENGAGEMENT
Of Portuguese visit discount chains.

88% PURCHASING POWER PERCEPTION
Consider that their purchasing power has decreased compared to last year.

51% LIVING STANDARDS PERCEPTION
Consider that their purchasing power allow them to live decently.

55% CHANGE IN TYPES OF PURCHASES
Bought more private labels compared to last year. 49% special offers.

87% IINFLATION IMPACT ON DISCOUNT
Think that inflation had an impact on discount frequentation.

64% DISCOUNT STORES FREQUENTATION VS PAST YEAR
Frequent more discount stores than they used to.

43% SAVINGS PERCEPTION
Believe they can save from 11% to over 25%.

76% QUALITY PERCEPTION
Think that the quality of discount products is equivalent to that of traditional chains.

53% FEELING ASSOCIATE WITH DISCOUNT PURCHASES
Associate buying discount products with a feeling of satisfaction of buying more.

93% FUTURE DISCOUNT SHOPPING INTENTION
Plan to buy more discount products in the future.

97% PERCEPTION OF DISCOUNT CHAINS INNOVATION
Think that discount chains are as or more innovative than traditional ones.

91% DISCOUNT, THE FUTURE NORM
Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN PORTUGAL?

The discount market in Portugal is thriving, with a significant majority of consumers (88%) frequenting discount stores. This trend is driven by a weak economy, forcing value-conscious shopping, and a general preference for budget-friendly options. Discount stores offer a wide variety of products at low prices, which is appealing to consumers who are struggling to make ends meet. While discount stores have traditionally been seen as lower quality than traditional stores, this perception is changing. Discount stores are now investing in quality and innovation, and they are increasingly seen as a viable option for all income levels.

The future of discount retail in Portugal looks bright. As the economy continues to struggle, more and more consumers are likely to turn to discount stores to save money. Discount stores are well-positioned to meet this demand, and they are likely to continue to grow in popularity in the years to come.

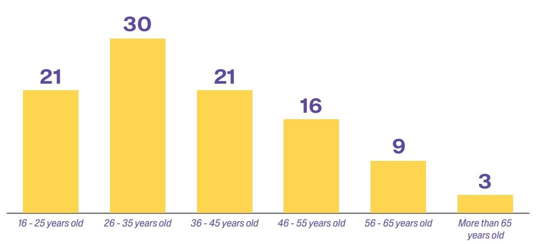
3.8 DISCOUNT IN BRAZIL

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN $, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
ATACADÃO	21,3B$	magalu	7,1B$	mercado libre	5,7B$
ASSAÍ ATACADISTA	12,6B$	CASAS BAHIA	Around 5,7B$	SHEIN	Around 2B$
LIDL	3,6B$	LOJAS AMERICANAS	3,7B$	ifood	1,4B$

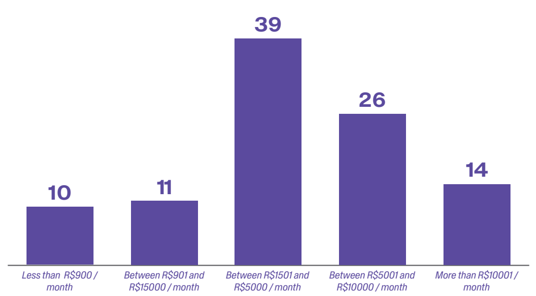
WHO ARE THE DISCOUNT CONSUMERS IN BRAZIL?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



Base: Discount Consumers (298))
Q9: Do you visit discount chains?

DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"



Sources: © Havas Commerce 2024

In Brazil, discount chain traffic mirrors distinct consumer trends shaped by age and income dynamics. Younger age groups, notably those between 16 and 35, dominate the shopping scene, with individuals aged 26-35 comprising the largest share at 30% of total traffic. However, there's a notable decrease in participation among older age brackets, with individuals over 65 contributing only 3% to the overall traffic, indicating a lesser preference for discount chains among seniors. Income distribution also plays a significant role, with the highest proportion of traffic (39%) stemming from middle-income earners, specifically those earning between R$1501 and R$5000 per month. Nonetheless, discount chains cater to a broad spectrum of income levels, with 10% of traffic originating from individuals earning less than R$900 per month and 14% from those earning over R$10000 per month.

Your HAVAS CONTACT in BRAZIL
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90% DISCOUNT CHAIN ENGAGEMENT — Of Brazilians visit discount chains.

69% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

56% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

50% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 49% special offers.

90% IINFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

76% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

57% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

83% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

48% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

96% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

98% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

87% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN BRAZIL?

Despite challenges in profiling Brazilian discount consumers due to the country's size and significant social inequalities, the results differ significantly from other countries. Despite major economic and cultural challenges, Brazilians place great importance on pleasure. Moreover, e-commerce, experiencing rapid growth, sees a strong enthusiasm within the discount category. It's worth noting, however, that these e-commerce findings cannot be generalized to the population due to unequal internet access.
Although popular, discount shopping is still associated with poverty stigmatization. Hence, results show that a majority of the population associates purchasing discount products with shame or embarrassment, unlike in other studied countries. Nevertheless, 96% of participants are willing to consume more discount products. Additionally, Brazilian consumers express a desire for diversification across all product categories, including pharmaceuticals, whereas consumers in other studied countries generally do not favor diversification in this product category. However, we note that the only countries where consumers favor diversification of discounts in medications are those where access to medications is either complex or expensive.

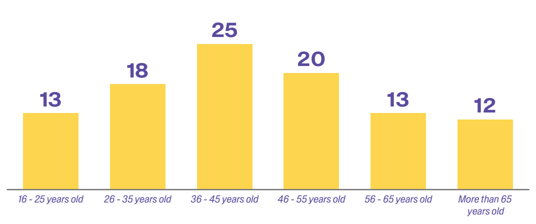
3.9 DISCOUNT IN SPAIN

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
MERCADONA SUPERMERCADOS DE CONFIANZA	35,5B€	ACTION	Undisclosed	AliExpress	Undisclosed, expected 12B€
LIDL	Around 8B€	MediaMarkt	Around 2.5B€	SHEIN	Around 1,5B€
Dia %	Around 6,7B€	PRIMARK	Around 1.6B€	TEMU	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN SPAIN?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



Base: Discount Consumers (607)
Q9: Do you visit discount chains?

DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"

Sources: © Havas Commerce 2024

The age distribution shows a varied pattern, with individuals aged 36-45 representing the largest share of shoppers at 25%. While other age groups also contribute to the traffic, there's a relatively balanced representation across the board, demonstrating a widespread appeal across different generations. Moreover, regarding income distribution, discount shopping proves accessible across various income brackets.

Middle-income earners, particularly those with monthly earnings between €900 and €1900, play a significant role, contributing 52% of total traffic. However, discount chains cater to a diverse range of income levels, with lower and higher-income segments also visiting discount stores.

Your HAVAS CONTACT in SPAIN
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82% DISCOUNT CHAIN ENGAGEMENT — Of Spanish visit discount chains.

82% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

62% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

52% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 51% private labels.

95% INFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

74% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

42% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

81% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

44% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

95% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

98% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

87% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN SPAIN?

In Spain, discount shopping is widespread, with 82% of Spaniards regularly visiting discount chains. This surge is fueled by a perceived decrease in purchasing power, reported by 82% of respondents compared to the previous year. Despite financial challenges, 62% feel their current purchasing power still allows for a decent standard of living. Reflecting this shift, 52% have increased purchases of budget brands, while 51% opt for private label products. With 95% acknowledging the impact of inflation, 74% now frequent discount stores more often to maximize savings.

Beyond financial benefits, 44% associate buying discount products with feelings of pride and reward, while 81% perceive their quality as comparable to traditional chains. Looking ahead, 95% plan to buy more discount products, and 98% view discount chains as equally or more innovative than traditional ones. These trends signal a changing retail landscape, with 87% believing the discount model will become increasingly prevalent in the future.

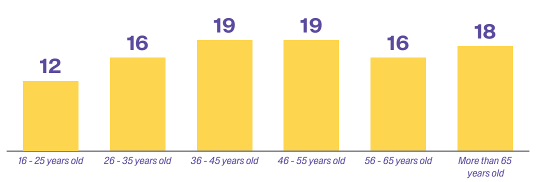
3.10 DISCOUNT IN GERMANY

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
ALDI	32,1B€ (Aldi Nord + Aldi Süd)	Tchibo	3,35B€	TEMU	Undisclosed - estimated 1B€
LIDL	27B€	TEDi	2,34B€	AliExpress	Undisclosed
Netto Marken-Discount	14,7B€	POCO EINRICHTUNGSMÄRKTE	1,3B€	SHEIN	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN GERMANY?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"

Base: Discount Consumers (1157)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

While no specific age group dominates, there's a noticeable presence across different demographics. Individuals aged 36-45 and those over 65 contribute significantly, each representing 19% and 18% of the traffic, respectively. Lower to middle-income earners, particularly those with monthly incomes below €3000, constitute a significant portion of the traffic, making up 65% of the total. However, discount chains also attract some higher-income individuals, with 17% of traffic coming from those earning over €4000 per month, reflecting the widespread appeal of discount options regardless of income level.

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93% DISCOUNT CHAIN ENGAGEMENT — Of Germans visit discount chains.

84% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

53% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

35% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 29% budget brands.

80% IINFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

53% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

47% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

81% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

48% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

80% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

92% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

79% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN GERMANY?

In conclusion, Germany boasts one of the highest rates of discount store customers among surveyed countries, with 93% opting for discount items. Quality and staff friendliness emerge as unique barriers for German consumers. Discount shoppers in Germany feel a significant impact from decreased purchasing power, with 84% reporting the strain on their economic activities. However, inflation has fueled increased patronage, with 80% acknowledging the attractiveness of discount stores.

Key advantages of discount shopping include price appeal, quality confidence, and innovation, shaping a positive consumer sentiment. While both digital and physical channels are utilized, delivery and CSR remain weak points across all store types. Despite resistance to diversification, Germans express interest in expanding discount options, particularly in hygiene/cosmetics and clothing. Retailers must prioritize efforts in delivery and CSR to attract new consumers and sustain growth in Germany's evolving discount market.

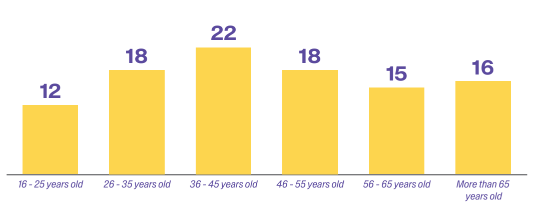
3.11 DISCOUNT IN ITALY

THE TOP 3 DISCOUNT FOOD, NON-FOOD AND ONLINE RETAILERS PER REVENUE (IN €, 2022/2023)

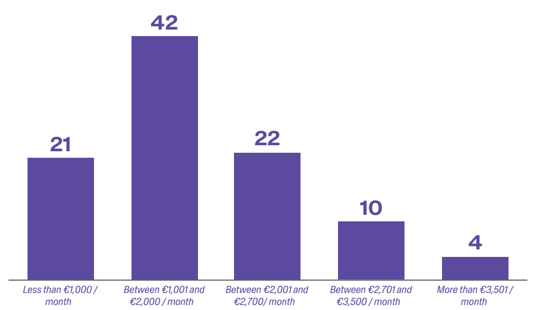
FOOD		NON-FOOD		ONLINE	
BRAND	REVENUE	BRAND	REVENUE	BRAND	REVENUE
Euro Spin	Around 9B€	ACQUA & SAPONE	Around 1B€	SHEIN	Around 1,2B€
LIDL	Around 7B€	TIGOTA	Undisclosed	TEMU	Undisclosed
MD	3,4B€	ACTION	Undisclosed	AliExpress	Undisclosed

WHO ARE THE DISCOUNT CONSUMERS IN ITALY?

DISCOUNT CHAINS TRAFFIC PER AGE RANGE
Total "yes"



DISCOUNT CHAINS TRAFFIC PER INCOME RANGE
Total "yes"



Base: Discount Consumers (308)
Q9: Do you visit discount chains?

Sources: © Havas Commerce 2024

While no single age group dominates significantly, individuals aged 36-45 contribute the largest share at 22%. Additionally, there's a balanced representation across other age brackets, highlighting the widespread appeal of discount chains across different generations. Lower to middle-income earners, particularly those with monthly incomes between €1001 and €2000, constitute the majority of traffic at 42%. However, discount chains also attract some higher-income individuals, with 14% of traffic coming from those earning over €2701 per month, suggesting a diverse consumer base.

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92% DISCOUNT CHAIN ENGAGEMENT — Of Italians visit discount chains.

86% PURCHASING POWER PERCEPTION — Consider that their purchasing power has decreased compared to last year.

51% LIVING STANDARDS PERCEPTION — Consider that their purchasing power allow them to live decently.

50% CHANGE IN TYPES OF PURCHASES — Bought more private labels compared to last year. 38% budget brands.

90% IINFLATION IMPACT ON DISCOUNT — Think that inflation had an impact on discount frequentation.

69% DISCOUNT STORES FREQUENTATION VS PAST YEAR — Frequent more discount stores than they used to.

45% SAVINGS PERCEPTION — Believe they can save from 11% to over 25%.

70% QUALITY PERCEPTION — Think that the quality of discount products is equivalent to that of traditional chains.

50% FEELING ASSOCIATE WITH DISCOUNT PURCHASES — Associate buying discount products with a feeling of satisfaction of buying more.

98% FUTURE DISCOUNT SHOPPING INTENTION — Plan to buy more discount products in the future.

90% PERCEPTION OF DISCOUNT CHAINS INNOVATION — Think that discount chains are as or more innovative than traditional ones.

88% DISCOUNT, THE FUTURE NORM — Believe that the discount model will become the norm in the future.

IN A FEW WORDS, WHAT CAN WE LEARN FROM DISCOUNT IN ITALY?

In Italy, discount shopping is prevalent, with 92% of consumers frequenting discount stores (one of the highest rate) despite challenges like limited selection and quality perceptions. Economic struggles have intensified reliance on discounts, with 86% experiencing decreased purchasing power and 90% thinking discount increasing success is linked to inflation. Despite initial hesitations, perceptions of quality are improving, with 70% considering discount products on par with traditional ones. Leading chains like Lidl and Eurospin dominate brand awareness. Online discount retail is gaining traction, but concerns linger over the lack of physical shopping experiences. Despite challenges, 88% of consumers foresee continued dominance for discount stores.

In my view, this chapter is one of the most important in this comprehensive analysis of discount retailing.

It will surprise no one that discounting offers economic solutions to an increasing number of households squeezed by food, energy, and transportation inflations.

The evolution of discount retailing as an innovative and communicative player is undoubtedly the most spectacular.

While the quality of discount products now rivals that of major brands and traditional retailers, we once thought these sectors were insulated from discount competition in innovation areas. However, this notion has been disproved, and it is clear that discounters are as innovative as traditional retailers. Indeed, the low-price strategy is seen as a creative and innovative approach. Discounters are now confidently positioning themselves in the future of retail without any reservations or legitimacy concerns.

Discreet yet faithful to the original philosophy of discounting, which involves eliminating superfluous margins and valuing even the smallest savings, provided they offer additional leverage to end consumers.

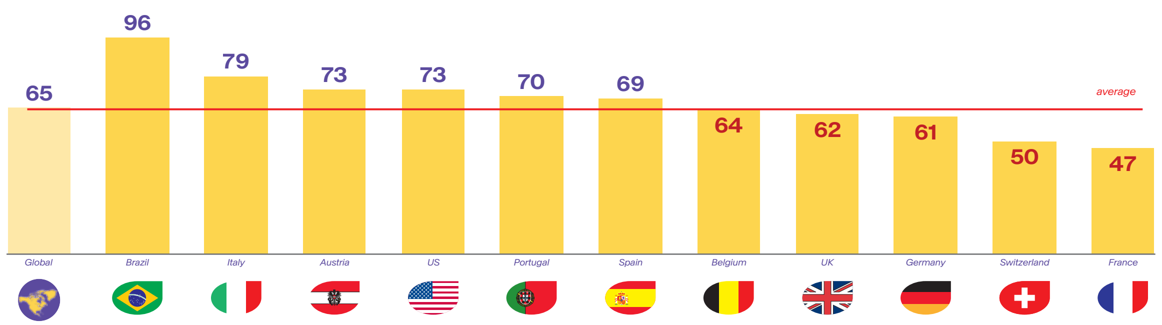
With private label products aimed at a global market, an ambitious corporate social responsibility policy, the introduction of delivery services, the promotion and local sourcing of products, marketplaces with extensive choices, highly creative social campaigns, enhanced quality and in-store customer experience, and loyalty and cashback apps, discounters demonstrate that they utilize all resources to extend beyond merely being a low-price option.

In this chapter, you will discover numerous initiatives that prove, if further proof were needed, that discount retailing is an indispensable innovative player, ready to advance the category into the future.

4. YESTERDAY'S VENTURES TOMORROW'S ASSETS

4.1 FROM BOUTIQUES TO BYTES THE DYNAMIC DUO OF DISCOUNT IN PHYSICAL AND ONLINE RETAIL

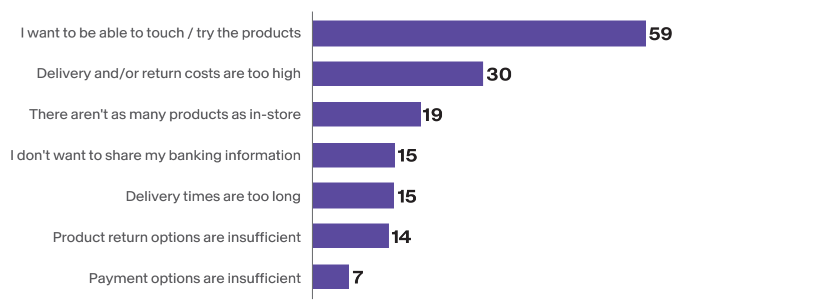
BUYING DISCOUNT PRODUCTS ONLINE
Total "yes"



Base: Discount Consumers (7822)
Q21: Do you buy discount products online?
Sources: © Havas Commerce 2024

Discount consumers are increasingly embracing online shopping, with an average rate of 65%. However, regional nuances underscore the diverse adoption patterns. Notably, the French stand out as the primary group abstaining from online discount shopping, while only half of the Swiss share this sentiment. In stark contrast, nearly all discount consumers in Brazil actively participate in online discount shopping, showcasing varying degrees of digital adoption across regions.

REASONS FOR NOT BUYING DISCOUNT PRODUCTS ONLINE

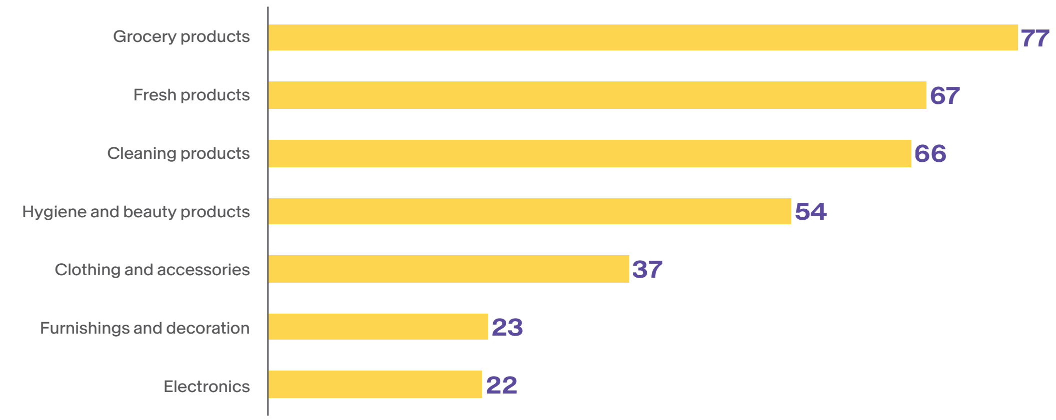


Base: Discount Consumers (7822)
Q6: Today, would you say that your purchasing power allows you to?
Sources: © Havas Commerce 2024

Despite the growing trend towards online discount shopping, significant barriers hinder broader adoption. The absence of a physical "touch and try" experience ranks as the primary deterrent, eroding consumer confidence in online purchases. Additionally, delivery costs and associated expenses represent formidable obstacles. Addressing these challenges presents an opportunity to unlock the potential of online discount shopping and boost consumer participation.

COMPLEMENTARY CHANNELS

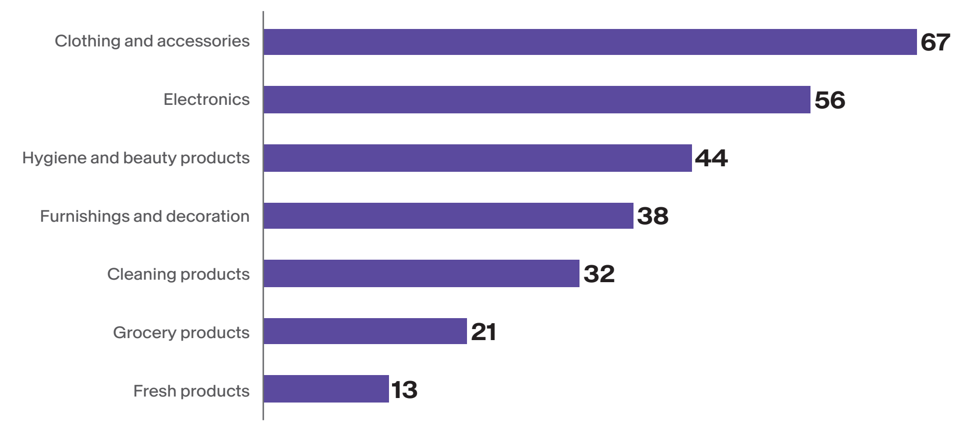
TYPES OF PRODUCTS BOUGHT IN PHYSICAL DISCOUNT CHAINS



Base: Discount Consumers (7822)
Q25: What types of products are you most likely to buy in physical discount stores?
Sources: © Havas Commerce 2024

An examination of preferred products purchased across physical and online discount channels reveals a complementary relationship. Physical stores remain favored for everyday essentials such as groceries, fresh items, and cleaning products, owing to convenience and immediacy. Conversely, online discount platforms attract purchases of less frequent and higher-value items such as clothing and electronics, leveraging the convenience of browsing and comparative pricing. Understanding and leveraging this symbiotic relationship can enhance the overall consumer experience across both channels, promoting a seamless shopping journey.

TYPES OF PRODUCTS BOUGHT IN PHYSICAL DISCOUNT CHAINS



Base: Discount Consumers (7822)
Q25: What types of products are you most likely to buy in physical discount stores?
Sources: © Havas Commerce 2024

4.2 CRACKING THE CODE: LESSONS FROM TEMU AND SHEIN FOR FORWARD-THINKING RETAILERS

NOTE: THE FOLLOWING TEXTS ARE BASED ON GERMANY RESULTS BUT CAN BE APPLIED TO THE MAJORITY OF COUNTRIES SURVEYED

This chapter was written by Sandra Onofri, Chief Strategy Officer of Havas Germany, and Stephan Lachmann, Managing Director of Havas Social Germany.

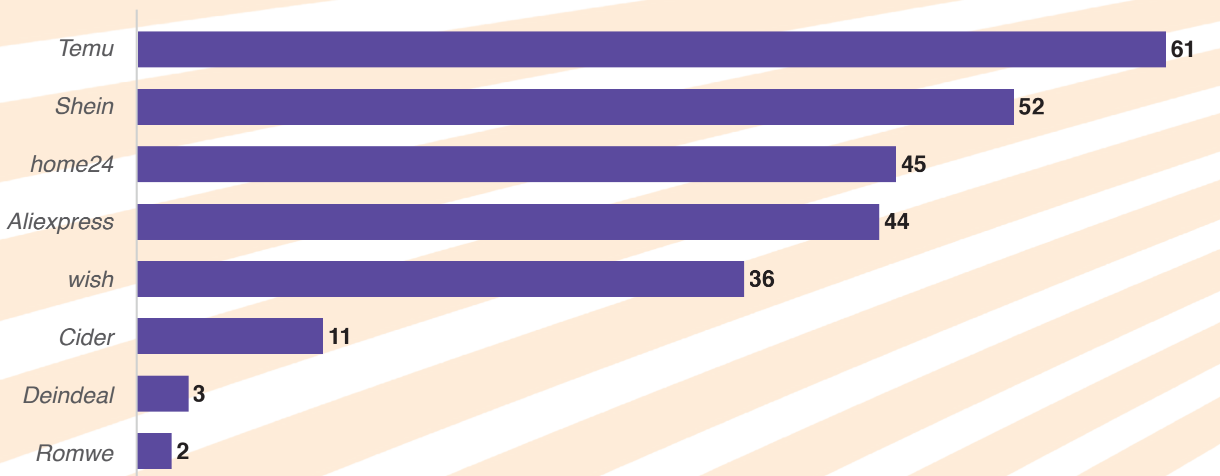
In just a few months, the Chinese online shopping platforms SHEIN and TEMU experienced meteoric rises, characterized by a remarkable increase in marketing investments compared to the previous year. This surge was accompanied by impressive penetration and precision in their adaptation strategies tailored to the needs of their customers. Their clear focus was on performance marketing, although they did not take specific actions to build their brands.

In a time when the effects of inflation are felt by everyone and the desire for consumption is rising, consumers are challenged to resist the low-threshold impulse to buy and promote collective, conscious consumption.

The German results of the study show that most consumers have at least considered the new options: TEMU and SHEIN are unmistakably the most recognized brands in the online sector. Particularly notable is the performance of newcomer TEMU, which achieved impressive success in terms of presence within just one year.

The three best-known online chains are the two Chinese platforms, Temu and Shein. It's worth noting theexcellent performance of newcomer Temu, which has achieved remarkable success within just one year of itsavailability in Germany. Also among the top three is home24, the sole local brand "recognized" in the market.

AWARENESS OF ONLINE DISCOUNT CHAINS (IN %)



Base: Discount consumers (1157)
Q36: Do you know these brands?

Sources: © Havas Commerce 2024

The primary strength of online discount chains is by far product choices followed by delivery options and value for money. Nonetheless, environmental and/or social commitment is a very serious obstacle.

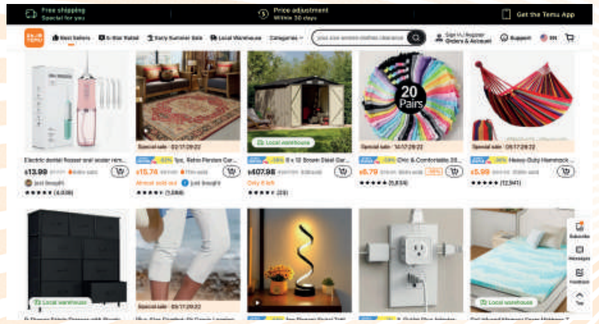
POPULARITY OF ONLINE DISCOUNT STORES (IN %)

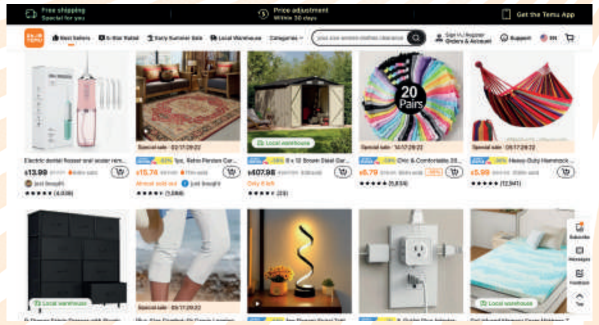
	CIDER Base: 120	TEMU Base: 643	SHEIN Base: 544	wish Base: 374	AliExpress Base: 461	home24 Base: 475	DEIN DEAL Base: 34	ROMWE Base: 20
Value for money	44	49	48	38	43	40	The base is too low	
Product choices	52	67	62	59	59	48		
Delivery options	53	52	50	43	46	42		
Commitment to producers, farmers and suppliers	37	24	25	23	25	25		
Respect for their employees	41	23	25	20	25	25		
Compliance with product quality standards	43	26	29	22	27	38		
Their environmental and/or social commitment	33	20	24	20	23	24		

Base: familiar discount chains
Q38: Why do you love these brands?

Sources: © Havas Commerce 2024

THE SECRET OF TEMU'S SUCCESS STORY





TEMU, as an emerging company in the e-commerce sector, has built its success on several key strategies that deserve a closer look. Starting with influencer marketing, TEMU heavily relies on the appeal of social commerce and influencers, particularly to target the Gen Z customer base. By collaborating with over 1.5k influencers on Instagram per year and placing a special focus on micro-influencers, the company aims to build trust and brand awareness. In addition, an influencer program has been introduced, offering free products and credits for content through TEMU, coupled with an attractive affiliate program. Moreover, the company successfully launched try-on hauls on TikTok and collaborated with US influencers to quickly boost brand awareness.

In parallel, TEMU pursues an extremely aggressive digital marketing strategy, with over 500 million US dollars spent on advertising per quarter in 2023, as indicated by MediaRadar data. The absolute focus here is on performance media to maximize reach and impact.

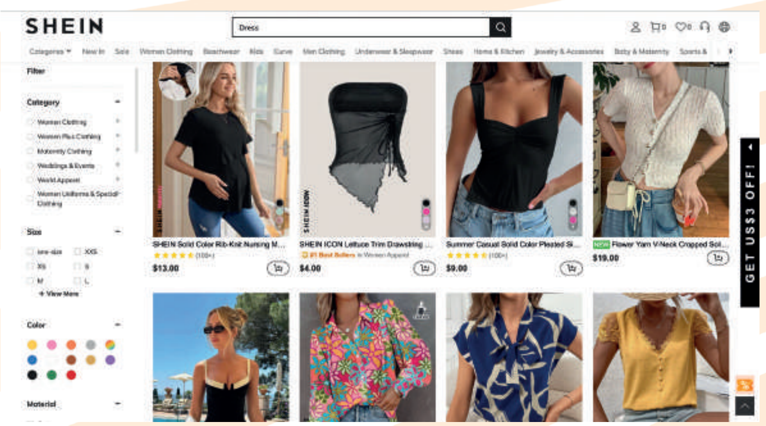
TEMU's brand awareness is shaped not only through activities with influencers and content creators but also through remarkable appearances like at the mega-event of the Super Bowl with the prominent headline "Shop like a Billionaire." Although these measures contribute to increasing brand awareness, they are relatively modest compared to spending on performance media.

The TEMU app serves as a leverage factor, with the company focusing not primarily on direct ROI but on binding app users. The retention of these users is supported by a combination of gamification and data-driven, AI-supported communication, ultimately through email or app pushes.

Finally, TEMU demonstrates a clear customer-centric approach, particularly through outstanding customer service. AI optimization for returns enables quick processing, while damaged items can even be fully returned. This level of service often exceeds customer expectations and establishes TEMU as a trustworthy and customer-oriented brand.

Despite TEMU's impressive success, there are aspects that need to be critically examined. Particularly, questions regarding corporate social responsibility (CSR), environmental awareness, and working conditions in manufacturing arise. In a market increasingly valuing sustainability and social responsibility, companies like TEMU must ensure that their business practices meet these requirements.

SPOT ON: SHEIN



In contrast to TEMU, SHEIN pursues an All-In Social Commerce strategy, which relies on digital advertising across all channels, from banner ads to in-app advertising to paid ads. However, influencer marketing is also a central focus of SHEIN, utilizing a wide range of influencers: from notable celebrities like Katy Perry to high-reaching TikTokers and even micro-influencers. Similar to TEMU, SHEIN also follows a Free-Against-Content strategy, supported by the unboxing of "hauls" on social media. In this process, creators and influencers subsequently model with the new acquisitions to generate hype around the brand and its products, particularly among the younger GenZ audience. SHEIN collaborates with over 13,000 influencers per year, thus achieving an even larger reach than the rising star TEMU. However, SHEIN's focus is clearly on social commerce and less on a broad approach like TEMU, which spans across various channels.

WHAT CAN DISCOUNT RETAILERS LEARN FROM TEMU AND SHEIN?

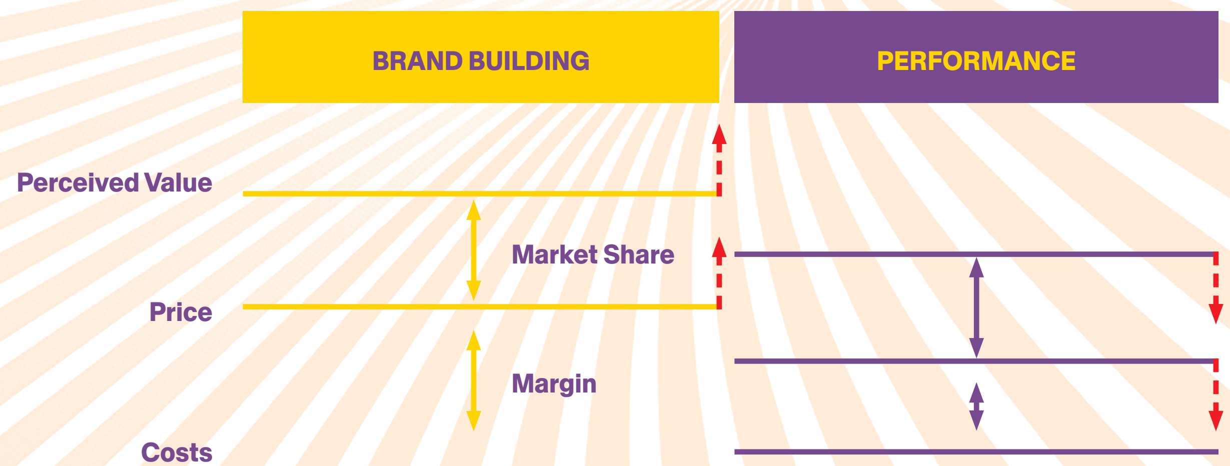
The strategies of TEMU and SHEIN provide valuable insights that discount retailers can learn from. Both companies demonstrate an innovative Discovery Based Shopping experience that is hyper-personalized and quickly leads to a "No-Scroll-Stop" effect, similar to the behavior of an Instagram addict. This effect is achieved through precise algorithms that present relevant products after just a few clicks or the first purchase. Additionally, SHEIN showcases best practices in target audience fit by perfectly aligning every element of their marketing strategy with the needs of their target audience. Particularly, the company sets new standards with its creator marketing on TikTok.

However, discount retailers should also recognize the importance of Corporate Social Responsibility (CSR). The ongoing rise of both platforms cannot continue indefinitely, and CSR offers brands the opportunity to differentiate themselves. Consumer attention to production conditions and environmental awareness will lead to differentiation that discount retailers should consider for their advantage.

Regarding customer-centricity, TEMU and SHEIN set groundbreaking standards through their fast return processes and delivery times, which are often weak points for local retailers. AI-driven, incredibly fast customer service further contributes to customer satisfaction. Additionally, both companies invest in creating a comprehensive customer experience that goes beyond a CX-optimized website and fast shipping. Namely, a deep understanding of consumer needs that is rewarded with customer loyalty.

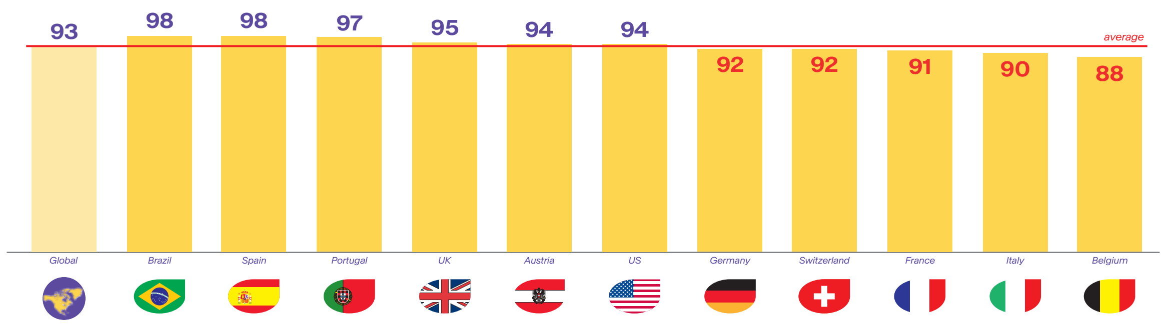
Finally, TEMU and SHEIN highlight the important difference between brand building and performance marketing. A persistent performance approach can be more costly in the medium term than building a strong brand, which in turn supports performance marketing.

BRAND BUILDING & PERFORMANCE



4.3
DISCOUNTER: INNOVATORS AT HEART

POPULARITY OF ONLINE DISCOUNT STORES (IN %)



Base: Online Discount Consumers (1157)
Q26: What types of products are you most likely to buy in online discount stores?

Sources: © Havas Commerce 2024

Contrary to conventional perceptions, discount retailers command respect in the realm of innovation, with an average of 93% of discount consumers considering them more or equally innovative compared to traditional retailers. While Belgians exhibit a slightly more critical stance, with 12% perceiving discount retailers as less innovative, the overwhelming majority acknowledges the innovative prowess of discount establishments. This recognition underscores the adaptability and forward-thinking approach embraced by discount retailers in meeting evolving consumer demands.

INNOVATION THROUGH THE DEVELOPMENT OF TECHNOLOGIES, SERVICES AND OFFERS

DISCOUNT REINVENTS THE PHYSICAL EXPERIENCE

LOCAL NYC FAMILIES DELIGHT IN THE 2023 HOLIDAY SPIRIT AT TARGET'S WONDERLAND EVENT

This event is featuring festive decor, interactive displays, and themed activities for shoppers of all ages. From meet-and-greets with Santa Claus to DIY ornament workshops, these experiential pop-ups offered a unique and memorable shopping experience that went beyond simply browsing aisles.

ALDI TOASTS TO NATIONAL ROSÉ DAY WITH A FREE WINE DISPENSING BILLBOARD

Aldi celebrates National Rosé Day by erecting a unique billboard in Manchester's city center. The billboard dispenses free glasses of Provence Rosé to passersby when the temperature reaches the ideal 19.2°C.

The activation is part of Aldi's successful spring/summer sales strategy, which saw a 134% increase in sales year on year. Two-thirds of survey respondents consider rosé the perfect summer drink.

FAST FASHION RETAILER SHEIN IS INTENSIFYING ITS POP-UP STRATEGY TO BOOST BRAND EXPOSURE AND EXPAND ITS CUSTOMER BASE.

Shein's first temporary store debuted in 2018, and in 2022, it hosted over 40 pop-up locations globally, with a quarter of them in the United States.

The brand's 2023 pop-up campaign began in Las Vegas and will continue in cities like Seattle, Indianapolis, Brooklyn, and Austin.

WALMART TESTS TINY STORE FORMATS TO MEET CHANGING CONSUMER PREFERENCES

Walmart is exploring a new concept with tiny stores called General Markets in popular vacation destinations. These stores are significantly smaller, around 1,500 square feet, and offer a limited selection of products, including snacks, drinks, souvenirs, and beach gear.

TECHNOLOGY INTEGRATION TO ENHANCE SHOPPING EXPERIENCE

WALMART INTRODUCES AUGMENTED REALITY GLASSES FOR VIRTUAL EYEWEAR TRY-ON

By enabling customers to digitally try on glasses before making a purchase, Walmart is using augmented reality technology to improve the eyeglasses buying experience.

With the help of Walmart's augmented reality (AR) glasses, consumers can virtually test on eyewear before making a purchase. The AR glasses were created in partnership with Lucyd and use augmented reality (AR) technology to superimpose virtual images of glasses over the user's actual environment, creating a realistic and engaging try-on experience.

ALDI DEBUTS GRABANGO CHECKOUT TECH AT CHICAGO-AREA STORE.

Aldi has introduced Grabango's checkout technology at a store near Chicago, marking its first fully automated checkout system in the U.S. "Aldi Go" allows shoppers to exit without scanning items. To use the service, customers must install Grabango's mobile app, select a payment method and can choose from major credit cards or mobile payment options.

WALMART'S TRENDGETTER MAKES IT SIMPLE TO IDENTIFY CHRISTMAS MUST-HAVES AND SHOP FOR THEM AT A LOW PRICE AT WALMART.

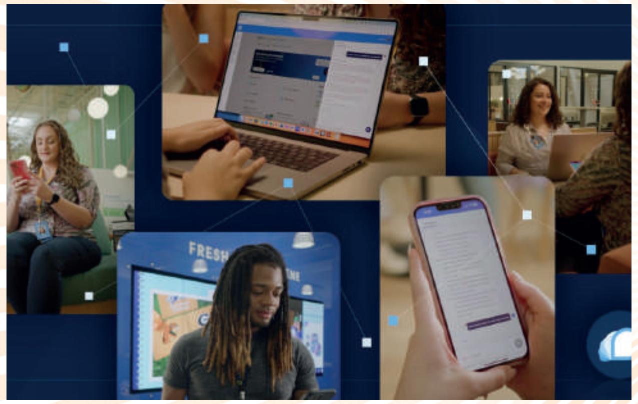
TrendGetter uses image recognition technology to help Walmart consumers locate amazing offers on specific items while staying within their Christmas budgets.drinks, souvenirs, and beach gear.

THE RETAIL AI REVOLUTION

ALDI CENTRALIZES GLOBAL SHIPPING CONTROL WITH AI INTEGRATION

By using artificial intelligence to centralize control, Aldi is transforming its international shipping operations. The massive retail chain is implementing cutting-edge AI technologies to enhance and streamline its supply chain operations, increasing productivity and cutting expenses. With the transition, Aldi can now manage shipments globally centrally and provide real-time information and data.

Aldi hopes to improve the overall agility and responsiveness of its worldwide shipping network by utilizing AI to make data-driven decisions.



WALMART ELEVATES SHOPPING EXPERIENCE WITH ADVANCED AI-POWERED SEARCH

Walmart has embraced generative AI to improve the quality of its online shopping. The retail giant hopes to give customers more precise and customized search results by deploying sophisticated search capabilities enabled by artificial intelligence, making it simpler for customers to find the products they want.

BEST BUY UTILIZES GENERATIVE AI FOR ENHANCED VIRTUAL ASSISTANT CUSTOMER SUPPORT

Best Buy has strengthened its virtual assistant for customer service by integrating generative AI technology. The Chloe system seeks to offer clients effective, individualized support. Chloe improves the user experience by comprehending natural language inquiries and producing responses that seem human. Chloe uses machine learning to ensure accuracy and relevancy in its responses by continuously improving them depending on user interactions.

HAVAS Commerce

REVOLUTIONIZING COMMUNICATION: BREAKING THE MOLD AGAINST TRADITIONAL GIANTS

Discount stores have moved from the sidelines to the center stage of consumer shopping habits. In today's world, with rising costs and a growing emphasis on value, these brands are experiencing a surge in popularity. This newfound relevance is reflected not just in their product offerings but also in their increasingly sophisticated marketing strategies.

Discount retailers are moving beyond basic price messaging and embracing creative storytelling, celebrity endorsements, and humor to connect with audiences on a deeper level. The following commercials showcase how these brands are not only in touch with current trends but also adept at using them to enhance their image and connect with a broader customer base.

ALDI (FRANCE) ONCE UPON A TIME, TODAY'S DISCOUNT

In a bold move that shattered expectations, Aldi launched its "Once Upon a Time, Today's Discount" campaign, reimagining the classic Cinderella tale for the modern age while showcasing resourcefulness and practicality through a relatable quest for a lost shoe. Through stunning visuals and a captivating storyline, Aldi celebrates its 35-year legacy of offering quality products at affordable prices in France, positioning them as the go-to solution for budget-conscious shoppers seeking everyday essentials.

In a nightclub, a man falls under the spell of a young woman. When she loses her sneaker, he decides to search for it using modern tools, in the manner of the Cinderella story, in the 21st century. As he progresses in his quest, another woman who helps him seems to ultimately be his "true" Cinderella. Finally, he cuts the tip of the shoe and puts it on her foot. The campaign aims to reaffirm ALDI's commitment to simplicity and pragmatism, while highlighting its modernity.

The ad concludes, "Welcome to today's life, welcome to the new consumers."

LIDL (FINLAND) THOSE WHO SUPPORT US

Lidl offers us a moving storytelling featuring one of its supermarket employees. By placing the spotlight on its employees, Lidl emphasizes the human element of their brand and the importance of the people who make it all possible. This innovative approach fosters a sense of connection and appreciation for the unseen efforts that contribute to customer satisfaction.

ALDI (FRANCE) L'OGRE

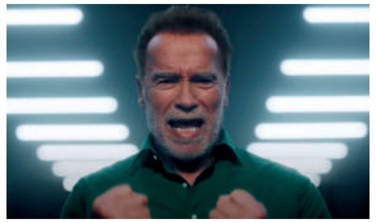
Aldi launches a fresh approach, adding a touch of whimsy to their brand identity while staying true to their discount roots. This 360° campaign reminds us to what extent the brand is attached to the idea of offering its customers high-quality products at the best price. The campaign tagline, "Once upon a time... all year round," captures the essence of Aldi's brand promise: consistent quality and affordability throughout the year.

As part of a larger campaign that playfully reimagines classic fairy tales, Aldi takes a surprising detour from the expected with their "L'Ogre" film. The heartwarming film taps into a child's wonder at their country home. As the young boy explores his surroundings, his imagination takes flight, envisioning his robust uncle as an ogre.

LIDL (GERMANY/INTERNATIONAL) YOU GOT THIS

In its slightly nostalgic campaign, Lidl has chosen Arnold Schwarzenegger as its new muse and king of "self-taught DIY". the commercial uses humor to promote Parkside tools by highlighting the accessibility and empowerment of DIY, regardless of the project scale. Lidl's strategic use of a major Hollywood star subverts the stereotype of discount retailers catering solely to budget-conscious shoppers. By associating themselves with a big name like Schwarzenegger, Lidl successfully elevates its brand image.

Arnold Schwarzenegger opens the commercial with a dramatic pep talk. He emphasizes the importance of having the right tools (Parkside, of course) for success, referencing his own accomplishments built on "having the power in his hands". The humor comes from the disconnect between Arnold's self-important delivery and the reality of the situation. We see him using Parkside tools for everyday tasks in a suburban setting, surrounded by people casually using similar tools for their own projects. These bystanders seem oblivious to Arnold's grand pronouncements, creating a funny contrast. The commercial ends with Arnold's signature catchphrase "You got this," but delivered with a humorous touch.



ASDA (UK) MAKE THIS CHRISTMAS INCREDIBUBLÉ

Asda's Christmas campaign, "Make this Christmas Incredibublé," combines festive cheer with a focus on quality products. The star of the show is singer Michael Bublé, who takes on the role of Asda's Chief Quality Officer. By associating themselves with a star who rarely appears in commercials, Asda stands out from the crowd and reinforces their commitment to delivering a memorable and high-quality Christmas shopping experience for their customers.

The light-hearted commercial, imagined by Havas London, features Bublé playfully inspecting Asda's Christmas offerings, from turkeys to sequined dresses. This humorous approach emphasizes the brand's commitment to quality at affordable prices, a key message during a cost-of-living crisis. The campaign also highlights Asda's award-winning products and their focus on taste-matching more expensive brands.

These commercials showcase the multifaceted approach discount retailers are taking to connect with consumers. These brands are now utilizing humor, heartwarming narratives, and even celebrity power to build a strong brand identity and foster customer loyalty.

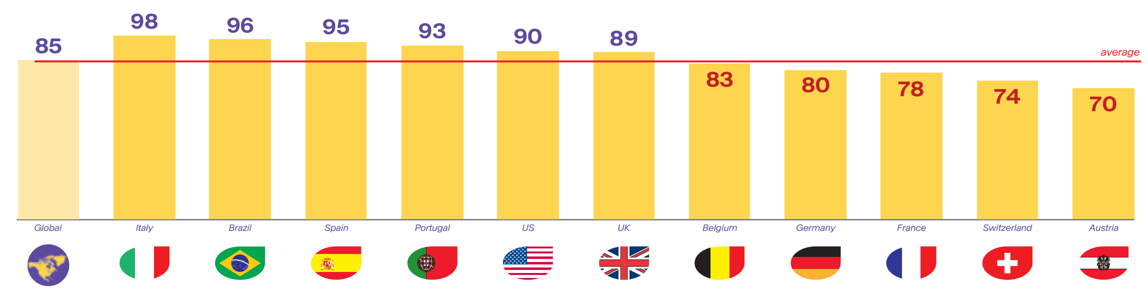
By employing popular marketing tactics and weaving them into relatable stories, discount retailers are proving they can be just as innovative and effective as their more premium counterparts. From Aldi's clever reimagining of a classic fairytale to Lidl's heartwarming portrayal of family support, these campaigns demonstrate a deep understanding of their audience's emotional triggers. Furthermore, Asda's strategic use of a celebrity spokesperson and Lidl's humorous take on DIY projects highlight their ability to tap into popular culture trends.

Importantly, these powerful narratives don't overshadow the core message: exceptional value for quality products. With a focus on audience engagement, discount retailers are proving they can effectively compete in the modern marketplace. They're not just about saving money anymore; they're about creating a positive brand experience that resonates with today's consumers, where quality and affordability go hand-in-hand.

4.4 DISCOUNT ON THE RISE: CONSUMER DEMAND SURGES BEYOND INFLATION

A BRIGHT FUTURE FOR DISCOUNT

PLAN TO BUY MORE DISCOUNT PRODUCTS IN THE FUTURE
Total "yes"

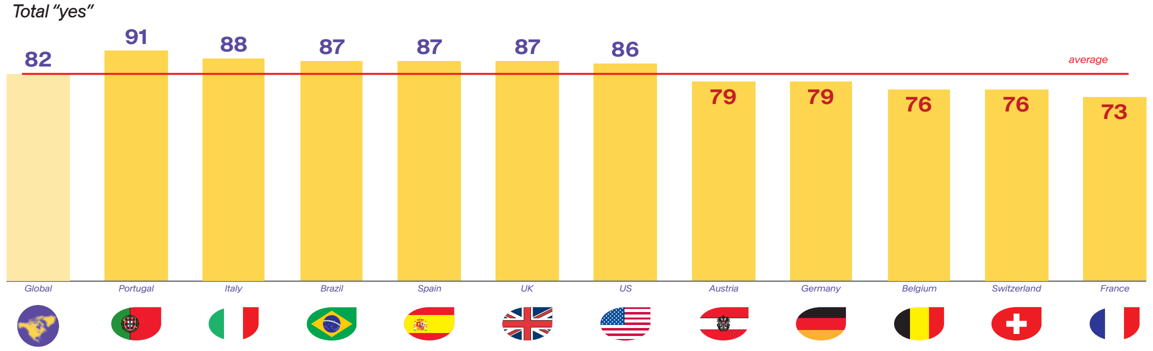


Base: Discount Consumers (7822)
Q19: Do you plan to buy more discount products in the future?

Sources: © Havas Commerce 2024

Discount retail garners robust optimism for future growth, with 85% of discount consumers expressing intentions to increase their discount purchases. This sentiment resonates particularly strongly in Italy, where an impressive 95% of discount consumers aspire to elevate their discount shopping endeavors. Even in Austria, where the intention rate is lowest, 7 out of 10 discount consumers plan to augment their discount purchases, underscoring a widespread commitment to discount retail across regions.

THE DISCOUNT MODEL - THE NORM
Total "yes"



Base: Discount Consumers (7822)
Q40: In the future, do you think the discount model (food, non-food products and services) could become the norm?

Sources: © Havas Commerce 2024

Discount retail is not just a passing trend; it's on track to become the new norm in consumer shopping habits. More than 9 out of 10 Portuguese discount consumers and over 7 out of 10 French discount consumers perceive discount retail as a prevailing force in the market and foresee it becoming the standard way of shopping. This widespread acceptance underscores the enduring appeal and relevance of discount retail, influencing consumer behaviors and shaping expectations

DISCOUNT EVERYWHERE, FOR EVERYTHING?

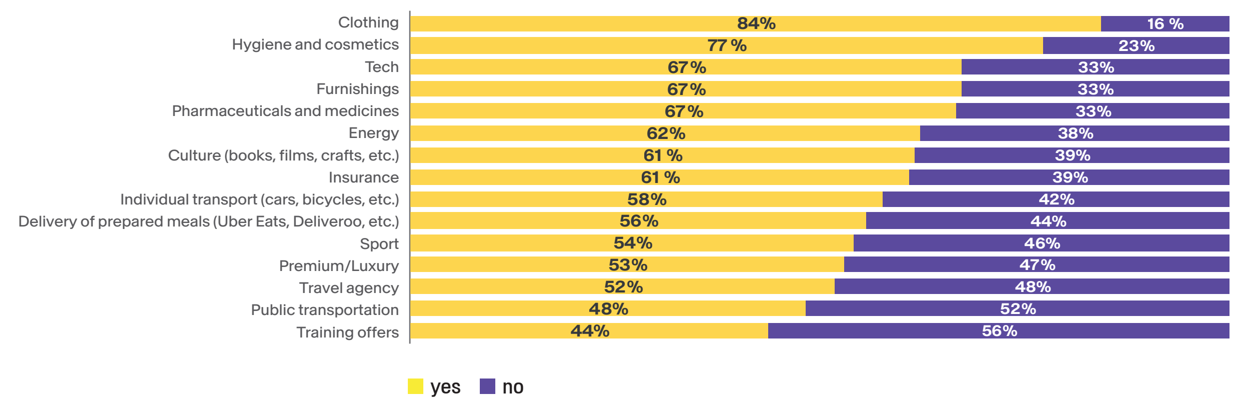
DIVERSIFICATION OF THE DISCOUNT SECTOR PERCEIVED BY CONSUMERS

Base: Discount Consumers (7822)
Q27: If discount were to diversify into one or more categories, would you want it to diversify into:

Sources: © Havas Commerce 2024

Discount consumers overwhelmingly favor diversification, particularly in sectors such as clothing, hygiene, cosmetics, and cultural products. However, the desire for diversification wanes in sectors perceived as more 'serious', gradually transitioning into a minority preference. In sectors such as education and premium products, where consumers prioritize quality and reliability, diversification takes a back seat.

DIVERSIFICATION OF THE DISCOUNT SECTOR PERCEIVED BY CONSUMERS



Base: Discount consumers (1004)
Q27: If discount were to diversify into one or more categories, would you want it to diversify into:

Sources: © Havas Commerce 2024

The United States (excluding Brazil) is the country where consumers are most favorable to diversification. The majority of discount consumers express a desire for diversification in discount categories that typically enjoy unanimity in other countries, such as Clothing, hygiene and cosmetics, tech, or furnishing. What is particularly interesting is their desire for diversification in medical and pharmaceutical products. In other countries, this is often not the case. This can be explained by the difficulty in accessing these products due to their high costs. Similarly, Americans are the only ones wishing for diversification of discount in premium and luxury products.

HOW DISCOUNTERS ALREADY STARTED TO DIVERSIFY THEIR PRODUCTS AND OFFERS

WALMART LAUNCHED A NEW ONLINE SECTION: CLEAN BEAUTY

Walmart has opened a clean beauty shop. It includes over 900 products, with nearly 80% of them priced under $10, and the retailer intends to expand its offering over time.

The platform, renamed "Clean Beauty at Walmart," offers products free of more than 1,200 ingredients. The composition does not permit acetone, aluminum and aluminum salts, lead, talc, vitamins A and D3, phthalates, parabens, and other components.

Creighton Kiper, Walmart's vice president of beauty, stated in the post that the retailer consulted state and federal regulations, suppliers, the Environmental Defense Fund, and others to determine which ingredients to exclude from the clean beauty offering.

WALMART HAS LAUNCHED A MEMBERSHIP PROGRAM FOR SMALL COMPANIES AND NONPROFITS.

Organizations who buy a Walmart Business+ membership get free shipping with no minimum order, free pickup and delivery with a $35 minimum order, 2% rewards on orders of $250 or more, and 5% off on eligible items set to recurring order subscriptions. Walmart Business offers 100,000 selected goods such as food and beverage, office supplies and furnishings, sanitary supplies, electronics, and more.

"Walmart Business simplifies restocking by grouping various items together in a way that makes sense to organizations," the retailer said.

According to Walmart, memberships allow up to five individuals to be added to an account, and consumers may share payment information, purchase history, and purchasing authority between teams. In addition, qualified organizations can participate in the Walmart Tax-Exemption Program to have appropriate taxes deducted automatically during checkout.

WALMART PILOTS IN-STORE BREAST CANCER SCREENING CENTER

In a major step toward providing easily accessible healthcare services, Walmart is starting a pilot program to offer in-store breast cancer screening clinics. Walmart wants to make mammography scans more accessible and reasonably priced for customers by providing convenient screenings within a few of its stores.

The retailer trend of extending their services to include basic healthcare offers is reflected in the pilot program. Walmart aims to make preventative healthcare more accessible and convenient for its consumers by incorporating breast cancer screening clinics inside its stores.

SHEIN ADDS APPLIANCES, SMART HOME PRODUCTS AND SKECHERS TO ITS PORTFOLIO OF PRODUCTS

Shein is expanding its product offerings beyond apparel and accessories by introducing new categories on its marketplace. The company now sells appliances, smart home products, and even Sketchers as part of its efforts to meet growing consumer demand and improve order fulfillment.

TESCO AND THE ENTERTAINER EXPAND TOY SELECTION TO 850 STORE

Retail powerhouses Tesco and The Entertainer are expanding their partnership to bring a vast array of toys from brands like Barbie, Nerf and LOL to 850 Tesco stores across the UK and Ireland.

This expansion follows a successful year-long trial of The Entertainer's products in 35 Tesco superstores. Customers will be able to earn Clubcard points on in-store purchases from The Entertainer and benefit from Clubcard Prices promotions on toys.

In addition to this in-store expansion, Tesco is also partnering with The Entertainer to supply its Central European stores with toys, marking a new market for the toy retailer.

ALDI IS LAUNCHING A PIZZA DELIVERY SERVICE IN CARDIFF, MANCHESTER, AND EDINBURGH

Customers can choose from three pizza flavors for delivery: "The Meaty One," "The Banger" (a spicy hotdog pizza), and "The Texas Style BBQ Chicken & Bacon." Each pizza costs £3.99, including delivery.

The service will coincide with Fresher's Week, targeting student-heavy neighborhoods. The pizzas will be available in Aldi stores and via Click and Collect from October 9.

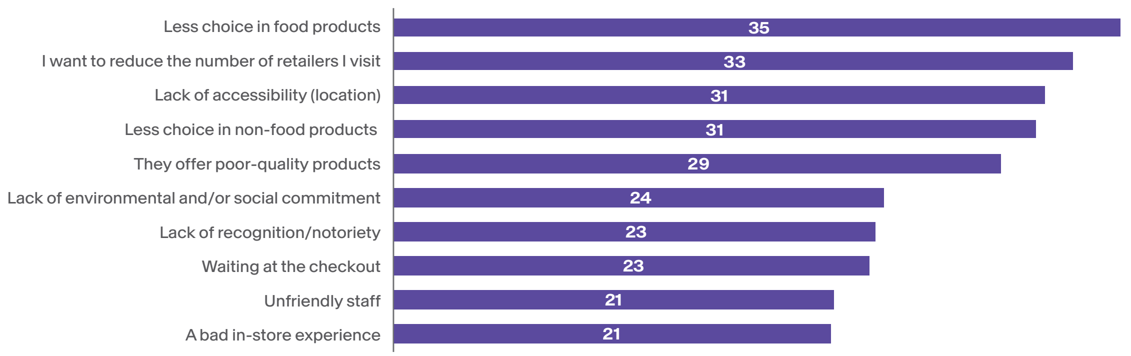
Aldi aims to provide an affordable alternative to traditional takeaway options, offering quality ingredients at a lower price.

Customers can pre-order for delivery slots between 5 pm and 8 pm, with the official launch scheduled for October 3.

4.5
ADDRESSING THE BIGGEST WEAKNESSES

CHOICE

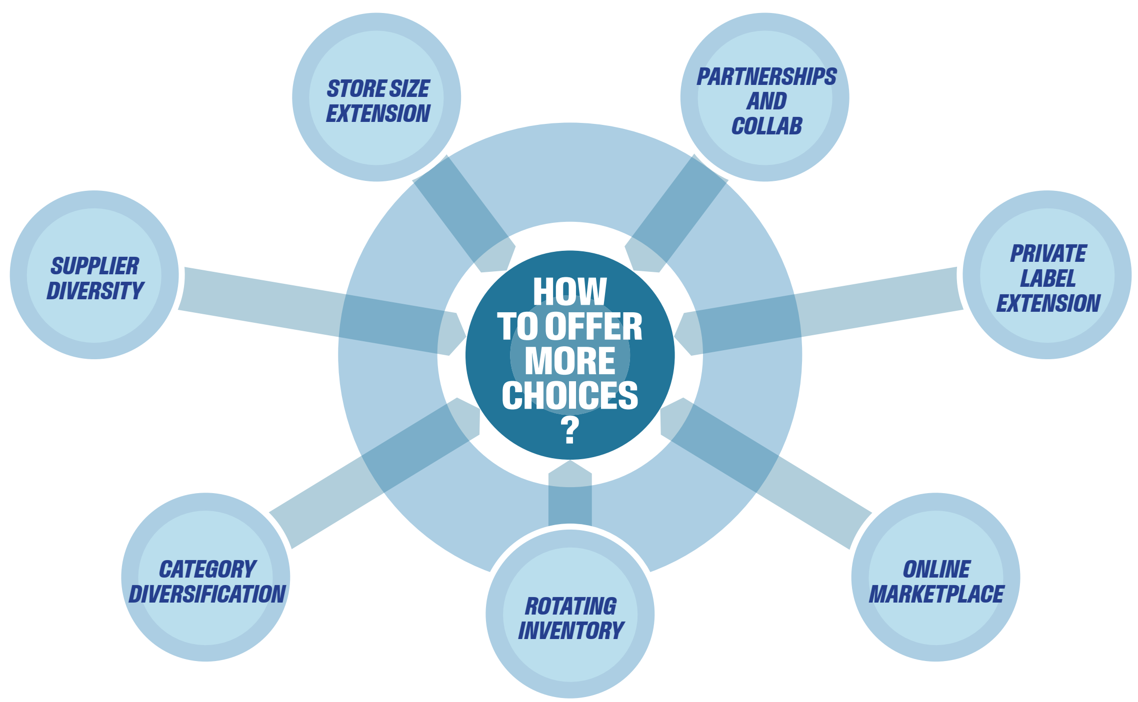
REASONS WHY CONSUMERS DO NOT FREQUENT DISCOUNT CHAINS



Base: Non-discount consumers (1211)
Q10: If no, for which reasons?

Sources: © Havas Commerce 2024

The lack of choice is the primary reason cited when consumers are asked why they do not frequent discount stores, especially the lack of choice of food products compared to traditional stores.



DELIVERY

Delivery is one of the aspects on which discount consumers are least satisfied. Regardless of the country surveyed, delivery is either the biggest or the second biggest weakness for discounters, both for food and non-food retailers. For example, in Germany, no food retailer achieves more than 33% satisfaction on delivery

LEVEL OF SATISFACTION BY DISCOUNT CHAIN STORE (IN %)
Total "yes"

	LIDL Base: 945	ALDI SÜD Base: 768	ALDI Base: 703	PENNY. Base: 860	Netto Marken-Discount Base: 871	Netto Marken-Discount Base: 344	NORMA Base: 623
Value for money	71	65	61	51	58	39	37
Product choices	77	63	58	50	56	41	33
Geographical proximity	73	58	50	50	62	36	37
Delivery options	33	23	23	18	22	19	14
Commitment to producers, farmers and suppliers	38	33	31	26	30	28	20
Respect for their employees	45	41	39	32	32	29	26

Base: familiar discount chains
Q32: Why do you love these brands?

Sources: © Havas Commerce 2024

Similarly, non-food brands in the UK exhibit a notably poor overall satisfaction rate on this aspect. This observation holds true across all countries

LEVEL OF SATISFACTION BY DISCOUNT CHAIN STORE
ST satisfied + ST quite satisfied

	b&m Base: 521	home bargains Base: 476	Poundland Base: 528	savers Base: 344	PRIMARK Base: 541	R Base: 443	TK maxx Base: 504	flying tiger copenhagen Base: 170	MATALAN Base: 417	bargain buys Base: 123	£ pound stretcher Base: 382
Value for money	74	78	70	70	69	64	58	49	53	57	59
Product choices	73	74	60	64	74	70	61	52	54	63	51
Geographical proximity	63	60	61	57	50	44	51	34	45	48	41
Delivery options	22	21	19	18	22	27	27	24	25	39	15
Commitment to producers, farmers and suppliers	31	29	25	28	28	28	28	30	22	43	23
Respect for their employees	37	36	36	38	39	35	37	39	32	46	30
Compliance with product quality standards	54	54	46	53	52	54	55	48	47	50	38
Their environmental and/or social commitment	34	34	30	31	34	30	34	34	27	49	28

Q35: Why do you love these brands?

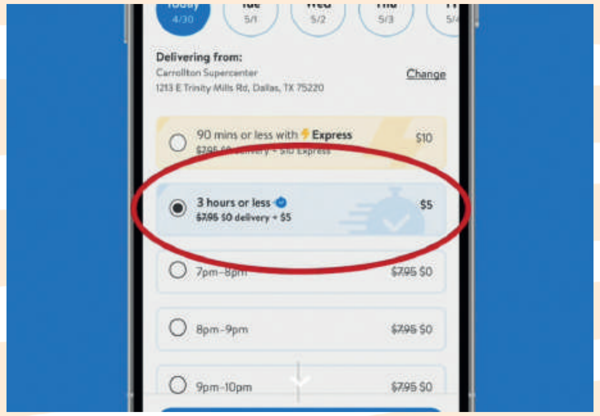
Sources: © Havas Commerce 2024

EXAMPLES OF DELIVERY INNOVATIONS THIS PAST YEAR

WALMART INITIATES DRONE DELIVERY IN FLORIDA, TEXAS, AND ARIZONA.

Walmart's drone service officially launched for select customers in Tampa and Orlando, Florida, Phoenix, and the Dallas area just ahead of the holidays. According to Walmart, the drones will deliver products "to the safest location of the customer's home" powered by qualified pilots operating under FAA standards. This covers the customer's front, backyard, and driveway.

Walmart stated in May 2022 that it was extending its DroneUp delivery network to serve 4 million U.S. households across six states by the end of the year, including Arizona, Arkansas, Florida, Texas, Utah, and Virginia.



WALMART EXTENDS ITS DELIVERY SERVICE

Walmart is extending its online pickup and delivery services to include late-night delivery.

This initiative is intended to meet the needs of customers who require last-minute items or have unexpected cravings beyond regular store hours.

Walmart places a strong emphasis on convenience and offers these services through its extensive network of over

The expansion of delivery choices reflects the changing preferences of today's shoppers, who seek flexible and convenient shopping experiences.

WALMART INTRODUCES AUTOMATED DELIVERY

Walmart is launching a mobile subscription service accessible through its app, enabling users to subscribe to everyday essentials like diapers, pet food, and more.

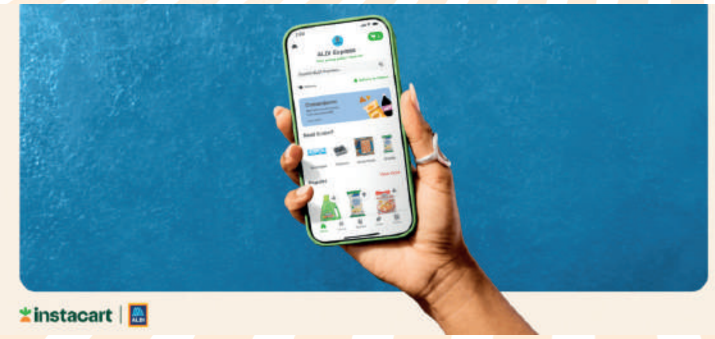
This service, with no added fees, ensures automatic scheduled deliveries tailored to customers' preferred intervals, such as every two weeks or months.

Walmart intends to offer enhanced convenience and savings through these app features, transforming it into a comprehensive shopping tool.

ROBOTS SPEED UP DELIVERIES AT WALMART CANADA

A pilot program at the Calgary facility utilizes robots to automate the unloading process. Autonomous mobile robots (AMRs) act as tireless assistants, ferrying pallets of products from trucks to designated stations. Once there, robotic arms take over, efficiently unloading the pallets and placing them on conveyor belts.

This innovative approach aims for a whopping 90% speed increase compared to manual unloading, boosting overall productivity and potentially leading to faster deliveries for Canadian customers.



ALDI TEAMS UP WITH INSTACART FOR SPEEDY HOME DELIVERY IN THE UNITED STATES

Discount grocer ALDI is partnering with Instacart to offer home delivery services in the United States. This collaboration will allow customers to order groceries online from ALDI for prompt delivery directly to their doorsteps in 30mn. The move comes as ALDI strives to compete more effectively in the online grocery market.

HAVAS Commerce

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Discount consumers are also very dissatisfied with discounters regarding environmental and social issues. Discount is indeed often associated with a lack of commitment, and retailers still have a long way to go to reassure their consumers on this point by innovating massively. In Switzerland, for example, none of the associated points exceed a 40% satisfaction rate, with generally even lower rates.

LEVEL OF SATISFACTION BY DISCOUNT CHAIN STORE
ST satisfied + ST quite satisfied

	Inter Discount (Base: 480)	IKEA (Base: 541)	Otto's (Base: 462)	Fust (Base: 462)	MediaMarkt (Base: 480)	Maxi Bazar (Base: 203)	Aldi Süd (Base: 124)	Conforama (Base: 458)	Stokomani (Base: 26)	OA Outlet Aubonne (Base: 133)	Lipo (Base: 394)	Mömax (Base: 213)	Factory Outlet Fashion Fish (Base: 69)	Fox Town (Base: 126)
Value for money	62	74	67	55	59	57	56	54		49	47	43	39	40
Product choices	73	83	60	68	80	65	50	67		51	53	54	45	49
Geographical proximity	69	35	60	68	45	51	44	38		17	34	28	23	19
Delivery options	47	52	33	51	43	17	34	42		18	32	35	17	16
Commitment to producers, farmers and suppliers	20	27	23	25	21	19	35	19	Low base	20	18	21	29	21
Respect for their employees	42	44	32	44	37	26	40	30		32	32	32	30	25
Compliance with product quality standards	68	63	48	70	65	38	46	43		48	40	45	45	40
Their environmental and/or social commitment	27	40	26	31	25	20	35	22		22	21	25	22	25

Q35: Why do you love these brands?

Sources: © Havas Commerce 2024

The same observation applies to Belgium, although overall, consumers are more satisfied than the Swiss. Only Kruidvat enjoys a satisfaction rate on one of the points exceeding 50%. It's also worth noting that these satisfaction rates are even lower for online discount platforms across all the countries studied

LEVEL OF SATISFACTION BY DISCOUNT CHAIN STORE
ST satisfied + ST quite satisfied

	Action (Base: 554)	Kruidvat (Base: 552)	Zeeman (Base: 523)	HEMA (Base: 457)	Casa (Base: 419)	Primark (Base: 435)
Value for money	71	75	56	51	40	42
Product choices	70	72	46	53	46	49
Geographical proximity	66	63	57	42	30	23
Delivery options	21	37	19	23	17	16
Commitment to producers, farmers and suppliers	21	23	18	20	17	18
Respect for their employees	31	34	29	31	30	26
Compliance with product quality standards	45	56	43	48	47	32
Their environmental and/or social commitment	24	29	23	25	24	21

Q32: Why do you love these brands?

Sources: © Havas Commerce 2024

EXAMPLES OF SOCIAL AND ENVIRONMENTAL MEASURES AND INNOVATIONS THIS PAST YEAR

WALMART TEAMS UP WITH TECH STARTUP TO REVOLUTIONIZE APPAREL MANUFACTURING

Walmart and Unspun will tackle apparel manufacturing waste through a pilot project, utilizing 3D fabric weaving technology

This technology eliminates several traditional steps in clothing production, weaving yarn directly into garments and reducing fabric waste, discarded inventory and transportation emissions.

The pilot will focus on creating men's chinos and aims to not only reduce environmental impact but also bring more apparel manufacturing jobs back to the United States.

This partnership follows another pilot project Walmart undertook last year with Rubi Laboratories, which investigated using a carbon capture technology to convert emissions into thread for clothing.

LIDL INTRODUCES CHRISTMAS JUMPER RENTAL SERVICE FOR SUSTAINABLE FESTIVE FASHION

Lidl has created a Christmas Jumper Rental service in an effort to encourage sustainable and inexpensive holiday apparel. Customers can rent festive sweaters for the holidays, decreasing the environmental effect of single-use clothes.

Lidl, noted for its unique approach, intends to address fast fashion's growing issues by providing an alternative to purchasing seasonal clothes that is often worn only once. The rental service offers customers a cost-effective and environmentally beneficial way to enjoy the celebrations without adding to garment trash. As a leader, Lidl is part of the massive paradigm shift in discounting, embracing global trends and making itself profoundly more desirable.

LIDL IRELAND DEPLOYS HUNDREDS OF RE-TURN MACHINES IN STORES AND CONSTRUCTS DEPOSIT RETURN ROOMS

Lidl Ireland has made significant strides in enhancing its sustainability initiatives by installing in-store solutions for customers to return cans and bottles.

Within less than a year, the company has deployed 358 Re-turn machines in 179 stores, constructed 88 Deposit Return Rooms, and invested tens of millions of euros in this initiative.

With a customer-centric approach, each store now has two Re-turn machines, eliminating queues for can and bottle returns. This effort aligns with Ireland's goal to recycle 90% of cans and plastic bottles by 2029. The initiative, part of the Single Use Plastics Directive, involves a multimillion-euro investment.

ALDI DIMS LIGHTS ACROSS STORES IN A BID TO SAVE ENERGY

Discount supermarket chain Aldi is implementing cost-saving measures by turning off lights in all its supermarkets.

The move comes as retailers seek ways to remain competitive and offer lower prices to customers.

The initiative aims to cut energy bills and contribute to the company's net-zero efforts. Aldi assures customers that the reduction in lights will not affect their shopping experience.

Additionally, the supermarket is implementing other eco-friendly measures, such as installing heat pumps in all new stores, which will help lower prices for shoppers.

WALMART INTENSIFIES OMNICHANNEL SUSTAINABILITY BY DOUBLING DOWN ON WASTE REDUCTION

The retailers plans to shift from plastic mailer to recyclable paper bag mailer for nearly all orders shipped from its fulfilment centres, stores and marketplace items. This move is expected to eliminate 65M plastic bag mailers.

Furthermore, Walmart will allow customers to opt out of single-use plastic bags for online pickup orders.

And to minimise cardboard waste, Walmart is implementing right-sized packaging technology to half of its fulfilment network.

Walmart has laso stated that it will leverage AI to fulfil online orders from nearby stores instead of fulfilment centres, reducing miles driven and boxes used.

WALMART SURPASSES CARBON EMISSION GOALS SIX YEARS AHEAD OF SCHEDULE

Walmart has achieved a significant milestone in its sustainability efforts, exceeding its goal of reducing one gigaton of greenhouse gas emissions from its supply chain by six years. Launched in 2017, Project Gigaton has engaged over 5,900 suppliers globally in various initiatives to improve energy efficiency, reduce packaging waste, minimize food waste, and optimize truckloads.

The company's efforts include partnerships with Rubi for creating textiles from carbon emissions, collaboration with Local Bounti Corp. for environmentally friendly indoor agriculture at Sam's Club, and the introduction of tools like the Circular Connector to facilitate sustainable packaging solutions.

WALMART TAKES SENSORY-FRIENDLY APPROACH TO WELCOME DIFFERENTLY ABLED

Walmart is introducing "sensory-friendly" hours for customers with sensory disabilities during the back-to-school shopping season. Every Saturday from 8 a.m. to 10 a.m., throughout July and August, most Walmart stores will create a quieter shopping environment by dimming lights, turning off music, and switching screens to stationary images.

This initiative creates a comfortable experience for children with autism and sensory disabilities.
Sensory-friendly hours reduce overload and stress, enabling them to enjoy shopping.

4.6 PROFESSIONAL'S PERSPECTIVE

EXCLUSIVE INTERVIEW WITH FILIPA APPLETON, CONTINENTE HEAD OF BRAND AND MARKETING IN PORTUGAL

What changes do you see in consumer attitudes to discounting in general, and to your brand in particular?

In recent years, managing family budgets has become increasingly challenging due to economic factors like inflation and rising interest rates. This has made promotions crucial for families seeking savings. Continente, acknowledging its impact on people, society, and the planet, emphasizes trustworthiness during these times. They offer a wide range of products at competitive prices, unbeatable promotions, high-quality own-brand items, and Portugal's largest discount card. Continente adapts to individual customer needs and strives to mitigate inflation's impact by sourcing from alternative markets. They promote cost-saving solutions such as bulk packs and discounts through their loyalty program. Despite economic uncertainties, Continente remains committed to customer-centric strategies while addressing social impacts of its operations.

Could you describe in few words today's discount consumers?

According to a report by Opinion Box, 72% of consumers expect companies to recognize them as unique individuals, capable of identifying their specific interests. Continente stands out by offering a personalized experience to consumers, and the new communication platform reflects this commitment. Our goal is to empower customers and remind them that at Continente, each individual can be who they want to be, tailored to their specific needs in terms of prices, products, services, and formats.

Continente is the place where every consumer can find answers, promoting the idea that no one needs to adapt to what is available because the brand already adapts to each consumer, offering evident customization. Today's consumer is attentive and informed. Considering the challenging economic context we live in, they compare and analyze market offerings based on factors such as price and quality, ultimately determining the best value proposition. Our new communication strategy reaffirms Continente's position as an inclusive leader, capable of catering to all budgets, preferences, and realities. We ensure that the diversity of offerings and pricing solutions at Continente are accessible and competitive.

EXCLUSIVE INTERVIEW

Will this type of consumer change over the next few years?

In response to inflation, consumers are seeking greater value for money. A study by ManpowerGroup highlights increasing consumer expectations towards brands, focusing on corporate social responsibility, sustainability, convenience, and transparency. Green businesses are gaining momentum as eco-friendly alternatives, with startups attracting substantial funding and pushing established brands to enhance sustainability efforts. Consumers now prioritize brands that align with their environmental values. There's also a growing demand for digital, personalized shopping experiences, alongside innovative retail formats. Brands that communicate clearly and adapt effectively to consumer needs are positioned for success in a competitive market.

What are your customer recruitment challenges over the next few months or years?

We need to acknowledge that past success doesn't necessarily predict future success. The market evolves rapidly, as does the world around us. In early 2022, sudden price increases prompted retailers to react swiftly. Now, two years later, with ongoing price fluctuations affecting the industry, it's vital to redefine strategies. More retailers are investing in systems to understand customer behaviors and preferences, crucial for pricing, product development, and communications. As purchasing power fluctuates, consumers regularly adjust their buying habits, requiring dynamic monitoring.

Shoppers value store differentiation. Retailers increasingly use own-brand products to stand out, offering exclusive items at competitive prices. Own brands often expand into higher-value segments. At Continente, we prioritize understanding customer trends to offer the best value and personalized shopping experiences. Our new communication strategy underscores our commitment to inclusivity, offering diverse products and competitive pricing aligned with themes like Price, Value & Variety, Quality, Responsibility, and Innovation.

We believe every customer deserves personalized attention, ensuring continuous engagement and presence in their lives. Post-acquisition, we focus on building brand loyalty. For instance, our digital transformation of the Continente Card enhances our ability to anticipate and meet customer needs through advanced data analysis and technology.

What are you doing to attract young people?

Over the past decade, Continente's loyalty strategy has evolved significantly to adapt to changing consumer behavior and market trends. Previously, loyalty was mainly based on product quality and price, but now includes factors like customer experience, convenience, personalization, and transparency in brand relationships, particularly valued by younger consumers. Key changes include building transparent, close relationships with customers, moving away from one-way brand communication to engage actively with consumers in the digital era. Enhancing overall customer experience has become paramount, with investments in both online and offline interactions to ensure positive engagements at every touchpoint.

The Continente Food Festival exemplifies our commitment to engaging customers through unique, music and gastronomy experiences, especially appealing to younger demographics and enhancing brand loyalty. Additionally, our Own Brand strategy, including Continente, Continente Seleção, Continente Equilíbrio, Continente Bio, and exclusive brands like MyLabel, offers diverse, high-quality products across our stores. This strategy not only focuses on competitive pricing but also emphasizes quality, diversity, and innovation, earning the trust and loyalty of families.

EXCLUSIVE INTERVIEW

What are the rules, the daily mantra of a discounter?

Alongside quality, value & variety, and responsibility, price is fundamental to our business and a common thread in the retail sector. Continente's promotional activities, both in physical stores and online, adhere to a planned promotional calendar, adjusting their messaging to comply with current regulations. Customers shopping on Continente Online regularly benefit from exclusive opportunities and promotions designed specifically for the digital platform. E-commerce is a strategic priority for our brand, with Continente Online consistently aiming to offer its customers the best value deals available.

How are you developing your vision of discount?

Continente's approach to discount aligns with direct-to-consumer strategies, marking a transformative shift in the grocery retail sector. This allows us to deepen customer engagement across multiple touchpoints. By leveraging data analysis, we gain valuable insights to create personalized experiences for customers. This customization extends beyond product recommendations to include targeted promotions, personalized communication, and loyalty program incentives, fostering stronger and more trusted connections over time.

What do you think are the maj or developments in discounting in the future?

By using technology for personalized experiences, integrating channels seamlessly, and driving innovation, we provide exceptional value to customers and sustain business growth. It's crucial to align communication channels with specific objectives and timing, using digital tools for personalized interactions. Meanwhile, beyond digital, innovations are enhancing shopping experiences and introducing new retail formats to meet the demand for unique consumer experiences. Formats focusing on proximity and convenience have grown, especially during the pandemic, strengthening our market presence and enhancing perceptions of our product quality and store convenience.

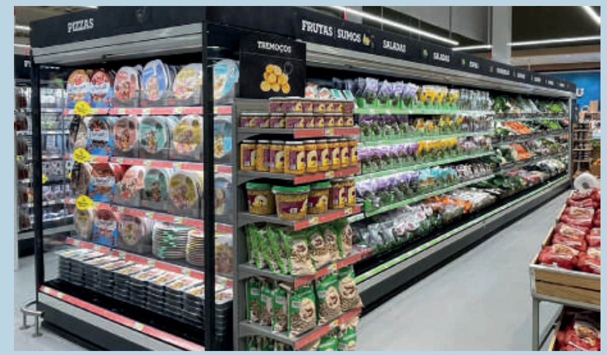
This requires a strategy focused on personalized engagement, ensuring agility and responsiveness to market trends.

What is your ecological policy?

Sustainability has been integral to management for years, deeply embedded in our company's DNA. As a leading retailer across Portugal, our presence impacts communities and families nationwide. We are committed to minimizing our environmental impact and promoting sustainable practices throughout our value chain. As a pivotal player in the retail sector, we aim to catalyze transformation by aligning supply chains with best practices, promoting transparency, and encouraging sustainable consumer behaviors.

Sustainability guides our actions across people development, environmental stewardship, and community engagement. Our strategic focus includes climate action, circular economy initiatives, sustainable production, and responsible offerings.In 2024, we are dedicated to achieving our sustainability targets:

- Decarbonizing operations by 2040, with a 51% emissions reduction by 2032.
- Ensuring all packaging is recyclable or reusable by 2025.
- Cutting supply chain emissions by 31% by 2032, combating deforestation by 2030, and ensuring a socially just supply chain.

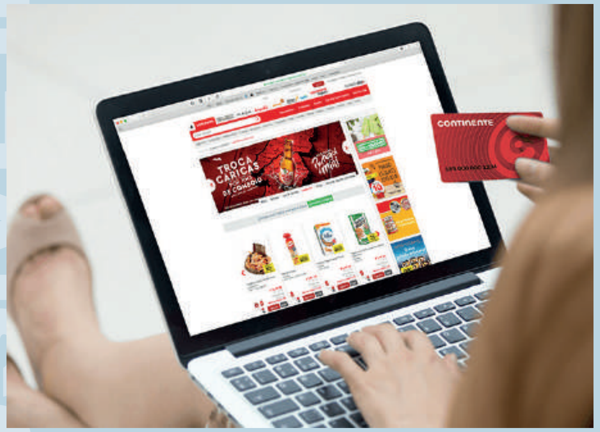


EXCLUSIVE INTERVIEW

Will discount products still be predominantly sold in stores in the near future?

There's a projected rise in e-commerce, potentially reaching 18% to 30% of food sales by 2030 according to McKinsey. Technologies like IoT, AI, and machine learning enhance consumer-brand engagement both in-store and online. Consumers' digital behaviors drive demand for convenience, and at Continente, we use digital tools strategically to simplify their shopping experience. We focus on five key areas: digital communication, e-commerce, click & go, Cartão Continente app, and Siga.

While human interaction remains crucial, some customers prefer self-service options where they control the process without needing assistance. Meeting these needs through technology strengthens our brand-consumer relationships, ensuring efficient and secure home delivery.



DO you believe that discounters will increasingly become the producer / selector of their own products?

At Continente, we collaborate closely with suppliers to develop distinctive products of high-quality ingredients that delight our customers. Our private label products undergo rigorous quality tests and customer panel evaluations, ensuring they align with consumer preferences. Newly introduced products often begin as limited editions, becoming permanent based on sales performance.

What are the qualities of an innovative discount product?

Food innovation introduces health benefits and novel experiences previously unseen in Portugal, bolstering retailer brand value. Continente expands its range with diverse, competitively priced organic options to meet growing consumer demand. Renowned for quality, diversity, and innovation, Continente continuously develops unique products through its sourcing and quality teams. Initiatives like 'Co-Lab' underscore our commitment to delivering innovative services that delight customers.

The Food Lab project introduces cutting-edge products and global food trends under the "Continente Food Lab" label, driven by customer feedback to ensure relevance and appeal in stores.

Is the discount model compatible with more expensive products (such as electric bikes, cars, electronics, etc.)?

Yes, we believe this model is scalable to other areas, as the private label business is growing in Portugal, offering daily innovations across different sectors and products. This opens opportunities for major retailers to invest and expand their scope.

A recent example is Yämmi, which introduced a new range of products. In addition to the Yämmi 3 kitchen robot, which connects to the Continente Online site, we launched a lineup of kitchen appliances under the Yämmi brand: air fryer, toaster, electric kettle, hand blender, blender, and a multi-system coffee machine.

4.7 CONCLUSION

This study and book undoubtedly represents one of the most ambitious projects undertaken by Havas Commerce and its teams since its inception. It involved the collaboration of eleven countries to analyze the dynamics of discounting on both a global and local scale.

We extend our gratitude to the eleven Havas Villages in the United States, the United Kingdom, Switzerland, Germany, Italy, and beyond for their trust. Their unwavering support has greatly contributed to the realization of this study and the book you now hold in your hands. You have the opportunity to access the full study, presented by an expert from one of the aforementioned Havas Villages.

The development of discounting is undeniably linked to the global macro and microeconomic context, but it also reveals a significant shift in the now-public ambitions of discounters, both globally and locally.

Walmart serves as an emblematic example of transformation, having reinvented itself while respecting its DNA. It is perceived by American consumers as the leading discounter, whereas Amazon does not hold this status.

Lidl impresses with the internationalization of its concept, which proves relevant in every country where it operates. Brands such as Parkside or Silvercrist rank among the global leaders, their worldwide campaigns and the quality of their products being widely acclaimed by consumers across all categories.

Discounting reminds us of the importance of never losing sight of the central promise of its category. Price remains, and will continue for many years to be, the primary argument for attracting consumers.

The gentrification of some retailers could be compared to Apollo Creed in Rocky II, who lost his fighting spirit due to comfort and easy living. The success of discounting serves as a reminder of the fundamental principles of the retail trade.

I could not conclude this book without mentioning one of the greatest campaigns led by Jacques Seguela, then head of RSCG. Jacques, the creative spirit behind Havas, is the mentor to many French and international advertisers.

At the age of 90, he agreed to share with us the genesis of the "les produits Libres" campaign from Carrefour, dating back to 1976.

This campaign, still relevant today, could be displayed tomorrow in any major global metropolis, such is its universal and timeless message about the commitment to discounting. This campaign reminds us that in the fields of marketing and communication, the right positioning is eternal, as long as it is championed by business leaders and advertisers who aim to express what is fundamental, universal, timeless, and profoundly human in the genesis of products.

A heartfelt thank you to all the individuals who made this study and book possible: Elisa, Nana, Mikaela, and Matthieu, our comrade from the Cortex.

4.8
EXCLUSIVE INTERVIEW

BACK TO "LES PRODUITS LIBRES* DE CARREFOUR" BY JACQUES SÉGUÉLA A MARKETING COUP THAT SHOOK THE FRENCH GROCERY INDUSTRY

BIOGRAPHY

Jacques Séguéla, co-founder of the communication agency RSCG (future Havas) in 1970, is considered as one of the greatest French "ad son". Hailing from Amélie-les-Bains, he pursued pharmacy studies before venturing into advertising in 1970. His book "Don't Tell My Mother I'm in Advertising... She Thinks I'm a Piano Player in a Whorehouse," published in 1979 brought him into the public eye. He founded RSCG in 1970 with Bernard Roux, Alain Cayzac, and Jean-Michel Goudard, which merged with Eurocom in 1991 to become Havas-Advertising in 1996. His love story with Sophie Vinson, an intern in his agency in 1977, led to marriage and five children, including twins. Engaged in political communication both in France and abroad, he led campaigns for figures such as François Mitterrand and Lionel Jospin, with iconic slogans like "The Quiet Strength" (La force tranquille) and "Generation Mitterrand." He also worked for various heads of state and political figures internationally, participating in presidential and advertising campaigns. In 2006, he claimed to have contributed to 1,500 advertising campaigns and twenty presidential campaigns. On the occasion of his 90s birthday in 2024, the agency launched a new agencies healthcare network bearing his name. Continuing to serve as a consultant within Havas, this advertising passionate has announced that he does not intend to retire before reaching 100 years old.

INTRODUCTION

IT IS IMPOSSIBLE TO DISCUSS DISCOUNT RETAILING IN FRANCE WITHOUT MENTIONING THE GROUNDBREAKING INNOVATION THAT MARKED THE RISE OF PRIVATE LABELS: CARREFOUR'S "PRODUITS LIBRES," OR FREE PRODUCTS, WHICH WERE STAMPED WITH NO COLORS AND PURE DESIGN AND OFFERED AT REDUCED PRICES; IT WAS THE PRODUCT FOR THE PRODUCT AND ONLY THE PRODUCT. IN THIS EXCLUSIVE INTERVIEW, WE REVISIT THIS INGENIOUS AND CONTROVERSIAL MARKETING MOVE WITH JACQUES SÉGUÉLA, THE ADVERTISING EXECUTIVE BEHIND THE CAMPAIGN, WHO SHEDS LIGHT ON THE "FED-UP-NESS WITH BRANDS" THAT PREVAILED AT THE TIME (1976).

Hi Jacques, thank you for this interview. To start off, could you tell us about the genesis of Carrefour's Produits Libres?

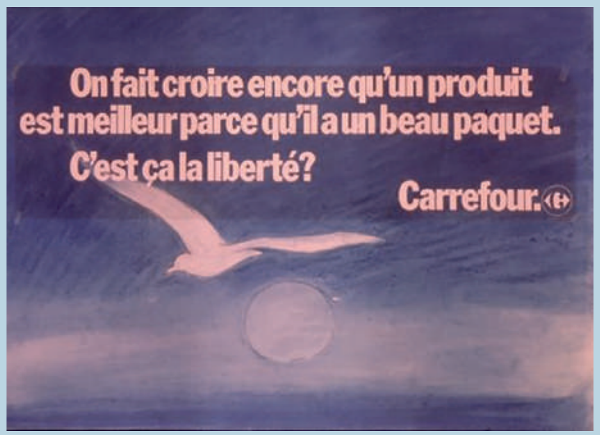
"It was Carrefour who reached out to us directly. They said, "We want to revolutionize stores and distribution, and we're looking for an agency to help us come up with an idea to do it! We don't want to open it up to competition, we want you." What they wanted was to lower the prices of their categories without affecting their brand image. Before Les Produits Libres, there was a frenzy around distributors, including Carrefour. But this excitement was starting to fade... They couldn't offer attractive prices, so we needed a campaign on product pricing without explicitly stating it to preserve their image.

Right after that, I had a meeting with Bernard Brochant, who was heading Eurocom, and we created a sort of mini secret agency where Brochant would handle marketing and I would handle creation: the initial Produits Libres team was born! This secret collaboration was crucial to ensure the confidentiality of the project; in fact, our work meetings were held at my place!"

Why did this collaboration need to remain confidential, and why organize meetings discreetly at your place?

"This collaboration had to remain secret mainly due to the sensitivity of the subject. We were challenging the very foundations of the distribution and brand model, which could have triggered strong reactions from competitors and the industry as a whole. Moreover, we needed an environment conducive to the free expression of ideas without fear of judgment or influence from third parties. Holding meetings at my place provided the necessary confidentiality to work on this ambitious project without compromising its security or creativity. As an anecdote, the idea of the seagull in the campaign came to me as I watched a bird fly across the blue sky from my balcony!"

So, what was the concept behind the Produits Libres and how did you develop it with Carrefour?



"Firstly, we decided that we didn't need a slogan but rather an intent statement: "Do we believe a product is better simply because it has a pretty package? Is that freedom?" We needed to show the product for what it truly was, to strip away its excess, the things that added nothing to it, and give it back its freedom, its freedom as a product but also the freedom of consumers. The idea behind "Produits Libres" was to challenge the very concept of branding. We wanted to convey to consumers that the quality of a product doesn't depend on its packaging or label but on its essence. And there you have the idea of Produits Libres. We launched an anti-branding campaign, emphasizing consumer choice: coffee is coffee, and it's good for what it is, laundry detergent is laundry detergent, rice is rice... This initiative was bold, but it was met with skepticism, even hostility, from some industry players".

EXCLUSIVE INTERVIEW

What were the reactions and challenges encountered during the implementation of this campaign, and how did you handle them?

"We faced fierce opposition from some agencies and companies who saw our initiative as a threat to their established brands. In fact, Brochant (head of Eurocom, merges with RSCG) left the project, and Alain Cayzac (RSCG co-founder) and Bernard Roux (RSCG co-founder) didn't want to be part of it; it was far too risky in their eyes. As an anecdote, once the campaign was launched, we received a call from L'Oreal telling us it was a disgrace and that they would never give us a budget because it was "criminal"... Imagine the general panic in response to this campaign! But giving up was out of the question, especially not the day when, visiting a Carrefour, I saw the walls of the store covered in blue and seagulls, my heart skipped a beat!

But we needed a follow-up... a commercial! And Denis Defforey (co-founder of Carrefour) agreed, and who better than Jean-Michel Folon to create this film? The commercial, done in animation, was like nothing seen before in form and content: it was a critique of consumer society, a first for the time; we had somewhat transitioned from old style to socially engaged advertising, it was our version of '68 in advertising. When Marcel Fournier, then president of Carrefour, saw it, he had a momentary change of heart due to its audacity and banned its release, declaring, "As long as I'm alive, this film will not air!"

Can you tell us more about the media and public reaction to this campaign?

The "Produits Libres" campaign sparked a veritable media frenzy, and Defforey even appeared alone on a show facing journalists. Other retailers had warned the media: if you talk about this campaign, we'll pull our ads, because an anti-brand campaign would have been damaging! As for consumers, it was madness. The unnamed laundry detergent was out of stock within the first week of sales. Within fifteen days, eight out of ten customers had tried the Produits Libres, and seven out of ten were repeat buyers. But, above all, for the first time, France was passionate about an advertising campaign. The advertising frenzy of the eighties began on that day.

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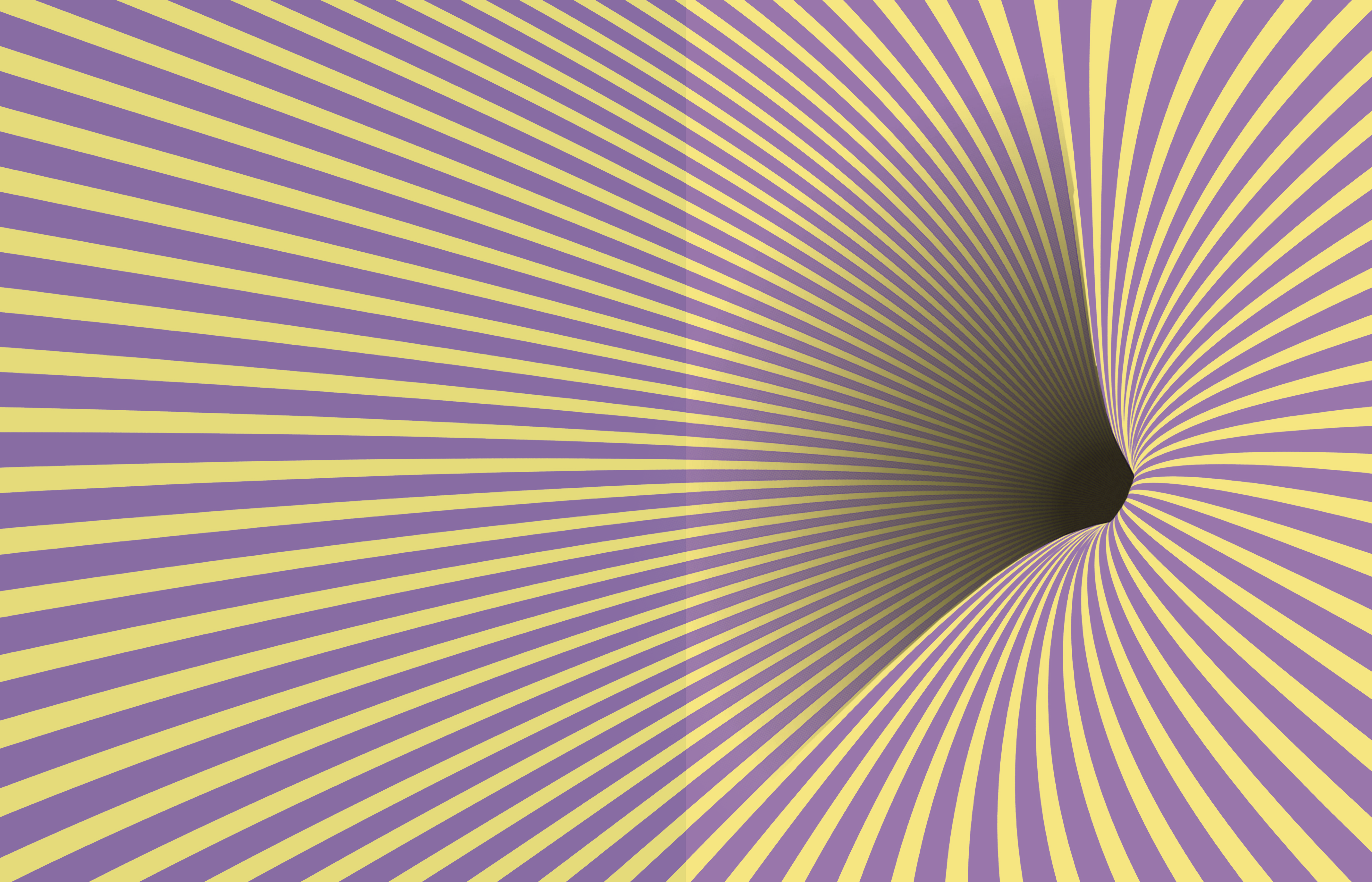

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