

MANUFACTURER AND RETAILER OUTLOOK 2023



Industry players reveal plans for competing and making a profit in the new year.

When it comes to near-future price increases (and decreases), trade spending, product assortment and fill rates, consumer packaged goods manufacturers' and retailers' strategies, plans and expectations don't always align, according to a December 2022 survey of industry players by Advantage Solutions.

Nearly Half of Manufacturers Will Take a Price Increase in First 6 Months of 2023



9 in 10 Retailers Expect Fewer Price Increases in 2023 vs. 2022



Nearly Half of Manufacturers Have Received Price Reduction Requests From Retailers

(Past 6 months)



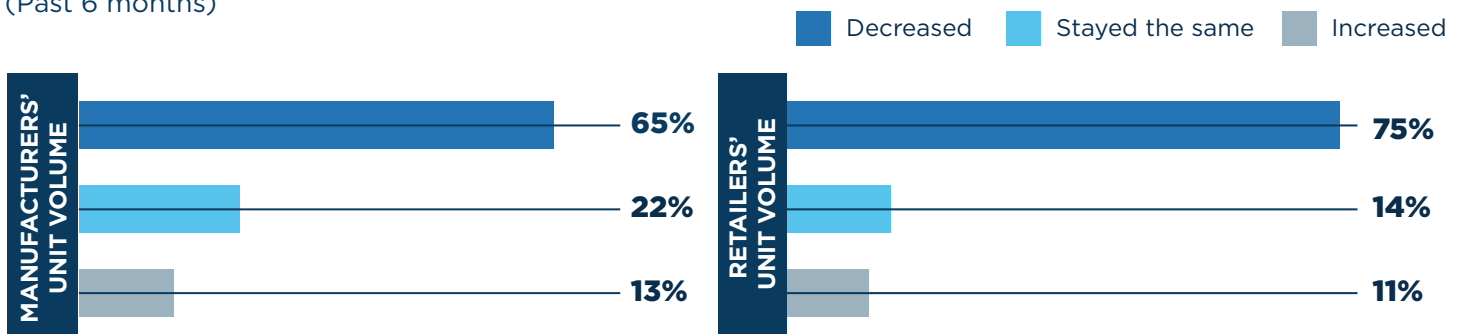
Even If Relevant Commodity Costs Fall, Most Manufacturers Will Not Reduce List Price



* Such as digital platform investments

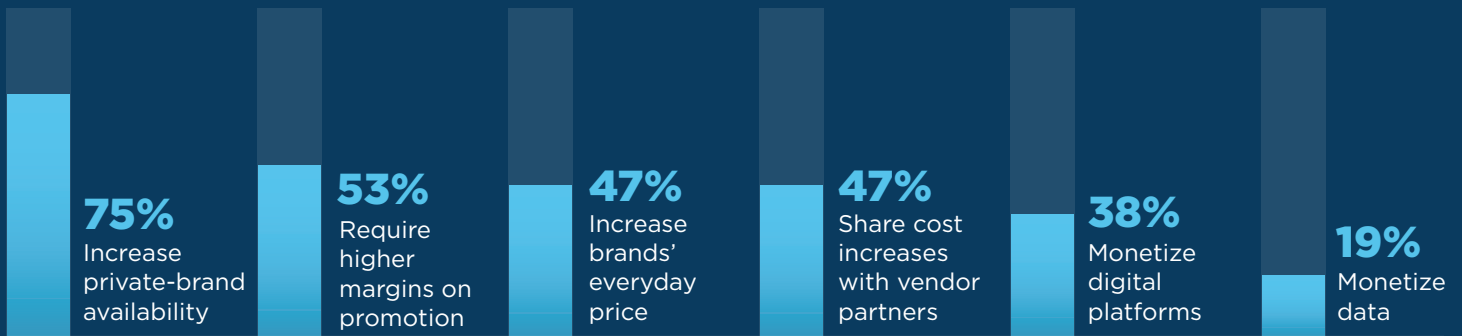
Most Manufacturers and Retailers Have Experienced Unit Volume Declines

(Past 6 months)



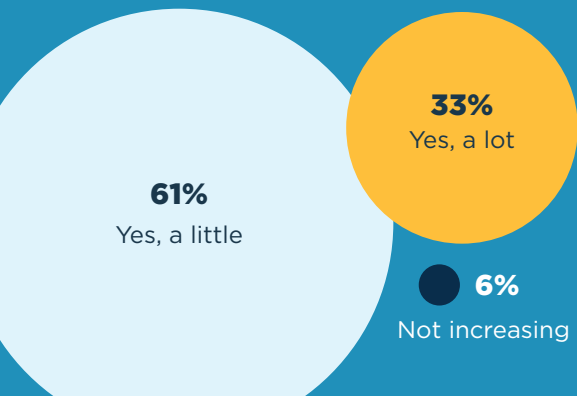
Retailers' Top Strategy for Addressing Inflation Is Leaning Into Private Brands*

(Respondents selected Top 3)

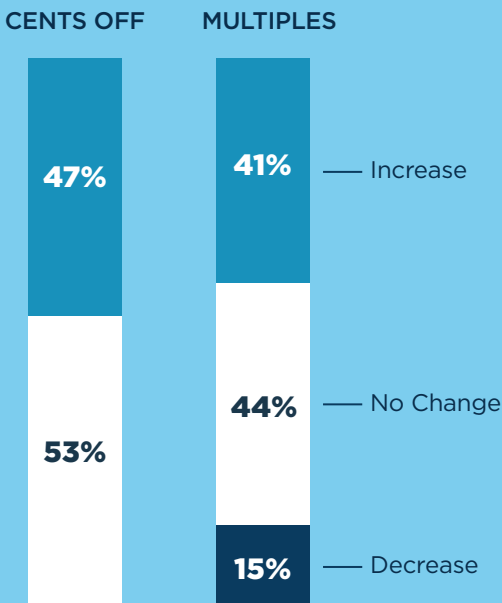


* If overall costs of doing business continue to rise over next 6 months, 6% of retailers selected require more store labor from vendor partners, delay other investments; 3% selected reduce store hours, close stores, delay store openings/remodels

Retailers Plan to Increase Private-Brand SKUs



More Than 40% of Retailers Plan to Increase Cents-Off and Multiples Promotions



Manufacturers' Trade Spending Plans Don't Align With Retailers' Expectations

(For January-June 2023 vs. pre-COVID)

	MANUFACTURERS' SPENDING	RETAILERS' EXPECTATIONS
Increase 21%-50%	6%	3%
Increase 11%-20%	9%	28%
Increase 1%-10%	10%	16%
Same amount	30%	28%
Decrease 1%-10%	23%	25%
Decrease 11%-20%	14%	0%
Decrease 21%-50%	4%	0%
Total Increase	25%	47%
Total Decrease	41%	25%

* 2% of manufacturers will decrease their trade spend by more than 50%

Manufacturers Expect Better Fill Rates Than Retailers Do

(First half of 2023)

