

# inside FMCG

JAN 2024  
RRP \$18.75

PLUS:  
2024  
FMCG  
OUTLOOK  
REPORT

# Connecting with culture

Welcome to Country CEO Desmond Campbell on  
championing the rise of First Nations brands

ENDORSED BY





# Be a sustainability leader

## Empower your customers

Apply the Drop Off Only ARL to your paper cups and demonstrate your commitment to sustainability.

All types of paper cups can be recycled with Simply Cups.



[info@simplycups.com.au](mailto:info@simplycups.com.au) | (03) 9684 4600

Image: Coffee cup with Drop Off Only ARL. Intended as guide only.



# contents

January/March 2024

## REGULARS

- 04 **Welcome**
- 05 **The last quarter**
- 42 **Product news**

## COVER STORY

- 11 **Why the future is bright for First Nations brands**  
We speak to Welcome to Country CEO Desmond Campbell about the rise and rise of First Nations brands.

## FEATURES

- 16 **The hot sauces setting the world on fire**  
Hot sauce has become a pop culture phenomenon – here's how Aussie brands are cashing in.
- 20 **Unwrapped**  
A deep dive into the modern brands which are winning customers over with their product packaging.
- 36 **A chic new endeavour**  
A behind-the-scenes look at Endeavour Group's new headquarters, aimed at enticing employees back to the office.

## REPORT

- 28 **2024 FMCG outlook report**  
Expert insights and forecasts to help brands capture consumer attention and spending in the year ahead.

## ANALYSIS

- 25 **How to win trust and not alienate people**  
With distrust on the rise, we look at how brands can foster genuine connections and improve the customer experience.
- 39 **Get ahead of the pack**  
The chair of Circular Australia's Industry Taskforce on charting a new course for more sustainable packaging.





# Editor's note

**W**elcome to the January edition of *Inside FMCG Magazine*! My name is Aron Lewin, I'm the new *Inside FMCG* Editor. As we farewell a jam-packed 2023, it's time to set our sights on all the possibilities that the new year brings. I'm confident that this magazine offers top insights, forecasts and trends to set you on the right path for the year ahead.

So, what's inside? In collaboration with consumer behaviour experts Circana, we have curated the 2024 FMCG Outlook Report, highlighting the opportunities and challenges expected in the year ahead. Within, you'll see the opportunities present for brands across social media, how to navigate the risks of "funflation" and how best to deliver value for customers.

Over the last 12 months, consumer spending has been volatile and – with intense financial pressures placed on customers – FMCG spending has been a mixed bag, with confidence and trust hit hard. This report should leave readers well-placed to navigate what's likely to be another challenging year.

For our cover story, we look at the rise of First Nations brands, and why they are set to take centre stage in our retail stores and supermarket shelves. Here, we speak to Welcome to Country chief executive and proud Gurindji and Ngalakan man Desmond Campbell about how the Indigenous business sector is moving forward, and the work being done to champion First Nations brands in this space.

We also share insights about the future of FMCG packaging, and look inside Endeavour Group's chic new Melbourne headquarters. This, plus so much more. Finally, I'd like to express my sincere thanks to former *Inside FMCG* editor Dean Blake, and celebrate his immense contribution to the FMCG sector. I look forward to continuing his work!

On that note, I hope you enjoy catching up on the ever-evolving FMCG space!



**ARON LEWIN**  
Editor – *Inside FMCG Magazine*

**inside FMCG**

PART OF **octo**media

**Inside FMCG is published  
by Octo**media Pty Ltd  
ISSN 2206-5733

**Head Office**  
**Octo**media Pty Ltd  
Suite 15.02, Level 15,  
31 Market Street Sydney  
NSW 2000  
**Ph:** +61 2 9901 1800

**Editor**  
Aron Lewin  
[aron.l@insidefmcg.com.au](mailto:aron.l@insidefmcg.com.au)

**Subeditor**  
Haki Crisden

**Contributors**  
Mathilde Delatte, Simon Burrett,  
Bronwyn Voyce

**Graphic design**  
Rozelle Carlos  
[rozelle.c@insidefmcg.com.au](mailto:rozelle.c@insidefmcg.com.au)

**Advertising enquiries**  
[ads@insidefmcg.com.au](mailto:ads@insidefmcg.com.au)

**CEO - Octo**media  
Amie Larter  
[amie@insidefmcg.com.au](mailto:amie@insidefmcg.com.au)

**Limitation of liability**  
Octomedia Pty Ltd accepts no liability for any errors, omissions or consequences, including any loss or damage, arising from reliance on information in this publication. The views expressed in this publication reflect the opinions of the writers and are not necessarily endorsed by Octomedia Pty Ltd. We recommend obtaining professional advice from an accredited advisor before relying on the information in this publication.

 @InsideFMCG  
 @InsideFMCG  
 Inside FMCG  
 @InsideFMCG

In the spirit of reconciliation, *Inside FMCG* acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



# J&J settles first talc cases to go to trial after failed bankruptcies

BY BRENDAN PIERSON OF REUTERS

Johnson & Johnson (J&J) said in November last year it has settled two lawsuits claiming its talc products caused cancer, the first such cases to go to trial since a federal court rejected the company's plan to move its talc liabilities into bankruptcy court.

The settlements resolved lawsuits brought by two men, Rosalino Reyes and Marlin Eagles, who said they developed mesothelioma related to asbestos in J&J talc powder, and were part of a broader deal to settle all talc cases brought by the law firm representing them, Kazan, McClain, Satterley & Greenwood, the company stated. Reyes' family continued his lawsuit after he died in 2020.

The company faces more than 50,000

lawsuits over talc, most by women with ovarian cancer. It has said that its talc products are safe and do not contain asbestos.

J&J and the plaintiffs' lawyers did not disclose any terms of the settlement, or how many cases it covered.

"Our negotiations continue with the remaining firms who have a shared interest in achieving a fair and expedient resolution of their clients' talc claims," J&J said in a statement.

"For those firms that elect not to pursue reasoned resolutions, we will continue to aggressively litigate their claims in the tort system, where we have prevailed in the overwhelming majority of the cases tried because the claims are meritless and are based



upon junk science."

The settlement comes after J&J failed for a second time in July to move tens of thousands of claims over talc into bankruptcy court, where it hoped to resolve them through a proposed US\$8.9 billion settlement. It is appealing that ruling. ■

# Kim Kardashian-led firm to buy premium condiments brand Truff

BY KAYCEE ENERVA

Skky Partners – the private equity firm of Kim Kardashian – has acquired a significant minority stake in flavour-enhancement brand Truff for an undisclosed amount.

Known for its premium condiments line, the brand offers a range of truffle-infused products, including hot sauce,

pasta sauce, mayonnaise, oil and salt.

Since its founding in 2017 by Nick Ajluni and Nick Guillen, Truff has expanded from a digitally native, direct-to-consumer hot sauce brand to a multichannel food business, with a growing suite of online products in more than 20,000 stores, including

Whole Foods, Kroger, Publix and Target.

"Truff is exactly the kind of business that embodies what we were looking for when we founded Skky – a next-generation brand with a deep, authentic connection with consumers and the potential for ongoing growth," Kardashian remarked. "We're proud to kick off the Skky portfolio with this investment."

As part of the deal, Mark Ramadan, Sir Kensington's co-founder and former CEO, will join Truff's board as an independent director, alongside David Briske, MD of Skky Partners.

At the same time, Ajluni and Guillen will continue to lead Truff as co-CEOs and remain significant investors in the company. ■





## Chemist Warehouse set to be listed

BY KAYCEE ENERVA

Chemist Warehouse is preparing to list on the Australian Securities Exchange (ASX) as the pharmacy chain takes a majority stake in Sigma Healthcare in a reverse takeover.

Sigma requested the local bourse to halt trading its shares pending an announcement related to a “potential material transaction.”

*The Sydney Morning Herald* reported that Sigma is raising \$350 million to provide more liquidity for the larger business.

According to the report, sources said that HMC Capital boss David Di Pilla is taking part in the transaction and is expected to join the board of the upcoming merged entity, which would comprise representatives from Chemist Warehouse and Sigma.

HMC Capital is managing a fund that owns a 19 per cent stake in Sigma and the company has been assisting the Gance and Verrocchi families, owners of Chemist Warehouse, to list their



business on the ASX.

Both the Gance and Verrocchi families are investors in HMC Capital's vehicles.

Chemist Warehouse is currently valued at about \$5 billion and its listing

is expected to crystallise the wealth of its founders, who also have large property holdings that include several large Chemist Warehouse stores. ■

## Choice catches Coles raising 'locked' prices

BY CELENE IGNACIO

Supermarket chain Coles has admitted to erroneously increasing the prices of several products and has committed to refunding customers following Choice's complaint to the Australian Competition and Consumer Commission (ACCC). The consumer advocacy group complained to the ACCC that Coles increased the price of a product the supermarket said would be

price-locked for a certain period.

“A retailer as big as Coles failing to keep its pricing promises is simply unacceptable, particularly during a cost of living crisis where so many people are already worried about the price of food and groceries,” said Andrew Kelly, deputy director of campaigns at Choice.

“This kind of behaviour from Coles is exactly why we gave them a Shonky

Award earlier this year. Coles has been touting how they're supposedly helping with the cost of living crisis, all while banking huge profits and not following through on pricing promises made to their customers.”

A Coles spokesperson apologised for the mistake and said the company had processed refunds for customers who used their Flybuis card or purchased online.

Customers who purchased items in-store were advised to visit the service desk and present a receipt to process the refund.

Coles also confirmed that its CEO Leah Weckert will attend the Senate inquiry into supermarket prices this year.

“We have worked collaboratively with previous inquiries and are ready to work with the committee and engage in an informed discussion on the factors that influence supermarket pricing,” said Weckert. ■





## New York sues PepsiCo over plastics it says pollute, hurt health

BY CLARK MINDOCK AND JONATHAN STEMPEL OF REUTERS

New York state sued PepsiCo in November, accusing the beverage and snack food giant of polluting the environment and endangering public health through its single-use plastic bottles, caps and wrappers.

The lawsuit filed in state court in upstate Erie County is among the first by a US state to target a major plastics producer.

New York Attorney General Letitia James accused PepsiCo of contributing to a public nuisance by generating a significant share of plastic waste found in and near the upstate Buffalo River, including more than 17 per cent of the trash that could be readily traced to specific brands.

She also said the company failed to warn consumers about the potential health and environmental risks of plastics in its more than 100 brands,

and misled the public about its efforts to fight plastics pollution.

James said such pollution can enter drinking water after breaking down, contributing to health problems.

“All New Yorkers have a basic right to clean water, yet PepsiCo’s irresponsible packaging and marketing endanger Buffalo’s water supply, environment and public health,” James said in a statement.

A PepsiCo spokesperson said the Purchase, New York-based company is “serious about plastic reduction and effective recycling” and committed to working with local communities.

PepsiCo has partnered with stakeholders nationwide to improve recycling infrastructure and boost consumer awareness about the importance of recycling, the spokesperson added.

The lawsuit said altered functioning



of reproductive organs and higher cancer rates have been observed in animals exposed to plastic additives and microplastics, and researchers believe humans could face the same effects. Microplastics are tiny particles produced by the breakdown of plastics.

It also said PepsiCo has deceived consumers by announcing targets to reduce how much non-recycled plastic it uses in packaging even though it has actually increased its usage. ■

## Australian wine sales up despite lowest production in 15 years

BY KAYCEE ENERVA

Australian wine sales rose by 11 per cent, despite the lowest wine production in 15 years, according to the *Wine Production, Sales and Inventory Report 2023* by Wine Australia.

In FY23, 964 million litres of wine were produced, while sales remained steady at 1.07 billion litres, with a small increase in domestic sales offsetting the decline in exports.

Peter Bailey, manager of marketing insights at Wine Australia, said this is the first time in five years that the total sales volume remained steady, year-on-year.

“Sales of Australian wine have been decreasing in our domestic market and export markets over the past five years due to declining wine consumption combined with increased cost-of-living pressures and the effects of the significant duties on Australian wine to China,” he explained.



The national wine inventory decreased by 4 per cent to an estimated 2.2 billion litres in June last year due to sales exceeding production. However, inventory levels remain high, particularly for red wine.

The report noted that the stock-to-sales ratio for red wine was still 45 per

cent above the 10-year average, despite decreasing by 7 per cent due to the decrease in inventory.

While supply and demand for white varieties appeared to be more balanced, Bailey pointed out that sales of white wine in FY23 were considerably lower than the 10-year average production. ■



## Foodstuffs plans to merge North, South Island operations

BY SEAN CAO

New Zealand's Foodstuffs North Island and South Island grocery retailer co-operatives have started the process of merging their operations into a single national entity.

Each co-operative will hold a special general meeting in June next year, where members will vote on the proposal. They are also engaging with the competition regulator, the Commerce Commission, and seeking clearance to merge.

If the merger is approved, Foodstuffs South Island chair, Russell McKenzie, will chair the new co-operative's board and Foodstuffs North Island CEO, Chris Quin, will assume the role of CEO-designate.

"If the proposed merger proceeds, we'll continue to be a proudly 100 per cent NZ-owned co-operative, with each store owned and operated by a local grocer. Their focus on delivering the best range and value for their customers will not change," McKenzie said.

The change will help reduce complexity, duplication and additional cost, he continued, adding that the



supply-chain networks serving members and customers will remain the same.

"Combining the talent, expertise, and passion of our two co-operatives into a single, efficient organisation is the next logical step. It'll ensure our co-operatives are in the best shape to keep improving for our customers and their communities," said Dean Waddell, chair of Foodstuffs North Island.

Foodstuffs has 532 owner-operated stores throughout the country, with brands including Pak'nSave, New World, Four Square, and Gilmours in the North

Island, and Pak'nSave, New World, Four Square, Raeward Fresh, On the Spot, and Trents in the South Island.

Given there is no geographic overlap in the two companies' operations, it is unlikely the Commerce Commission will object to the North and South merger, which will position the united company to compete on a more even footing with Australian-owned Woolworths Group. Woolworths New Zealand is currently converting its Countdown-bannered stores to its Australian brand identity. ■

## Asahi Beverages appoints Amanda Sellers as new group CEO

BY KAYCEE ENERVA

Asahi Group Holdings has named Amanda Sellers as the new group CEO of Asahi Beverages, the company's Oceania business.

Sellers has been the Group's interim CEO since June 2023, following the resignation of the previous CEO, Robert Iervasi.

"The board of Asahi Group Holdings has huge confidence in Amanda's ability to continue with the impressive growth trajectory of our business in Oceania while also delivering our sustainability commitments and setting us up for long-term success in Australia and New Zealand," said Atsushi Katsuki, president and CEO, Asahi Group Holdings.

Sellers has been working as the CFO for Asahi Beverages for almost five years. She has more than 20 years of



experience in the beverages industry and has held senior positions at Treasury Wines, where she served as CFO for Asia and Europe and previously as CFO for Australia and New Zealand.

With her appointment, Sellers has become the first woman to hold the CEO position of a regional headquarters within the Asahi Group. ■



# Now even more from Australia's most trusted seafood brand.\* It must be Tassal.

Introducing our new line up, including Barramundi from Cone Bay Western Australia, and Queensland Tiger Prawns, supported by a strong omni-channel media campaign.

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Digital TV									
Outdoor Billboards/Screens									
Retail Billboards									
Digital & Social Media									
Retail Activation									

Available from selected supermarkets and deli counters. To place your order:  
1800 620 685 • [csc@tassal.com.au](mailto:csc@tassal.com.au) • [tassal.com.au](http://tassal.com.au)

\*Brand Health Tracker, Kantar Dec 2022.





# CHART A WINNING COURSE FOR 2024



Now is the time to seize the opportunity for an extraordinary year.

With our comprehensive quantitative, qualitative and in-store research solutions, you can set your course for success right now. From brand tracking, concept testing, market validation to usage and attitude studies, we have a wide range of services designed to provide you with shopper and consumer insights to make informed decisions for the year to come.

Start building your path to a great year today.

Visit [focusinsights.com.au](https://focusinsights.com.au) to take the first step toward 2024 success.





# Why the future is bright for First Nations brands

Welcome to Country CEO Desmond Campbell talks advocating for First Nations brands, and what's next for the social enterprise.



BY DEAN BLAKE



**A** proud Gurindji and Ngalakan man, Desmond Campbell took over as CEO of First Nations brand marketplace Welcome to Country in September 2022. Over the past year, Campbell has helped shepherd the business through a particularly volatile environment.

Here, we talk to Campbell about Welcome to Country's work supporting Indigenous entrepreneurs, 'Black Cladding', and what's driving the huge demand for First Nations brands and products.

**Inside FMCG: To start with, can you talk me through what Welcome to Country does?**

**Desmond Campbell:** Welcome to Country was launched in 2019 as a platform to promote First Nations cultural tourism to the world, with an aspiration to support these small businesses and operators and connect them with customers.

Of course, after 2019, Covid-19 and the bushfires happened, and that meant the tourism industry crashed. That's when Welcome to Country pivoted to having the online retail marketplace as well.

So we supply a retail marketplace for First Nations brands, and advertise the tour operators as well.

Fast track to 2023. We've got a board of mostly First Nations representation, with just one non-Indigenous

person, our funder, who has provided us with very generous support since the launch – and the majority of our staff are First Nations people as well. We hold around 220 businesses on our marketplace, and a majority of those are First Nations-owned.

Being a First Nations operator, we are a not-for-profit social enterprise, and we try to put money back into these small businesses and their communities. Ultimately, we're supporting the entrepreneurial vision of these First Nations businesses.

In the 12 months that I've been here, I've seen the business morph into a beautiful advocate for First Nations businesses. We don't need to do that, that's not our role, but I find more and more, especially in my role as the CEO, we're doing it anyway.

It's really important for us to ensure that we create a culturally safe platform for our suppliers, that we handle their products with care, and that their cultural integrity is maintained.

**IFMCG: What sets First Nations brands in the FMCG space apart from the typical brands we see in the market?**

**DC:** It's the engagement with culture, through native ingredients and practices. There's a bigger thing happening where Aboriginal and Torres Strait Islander



I've seen the business morph into a beautiful advocate for First Nations businesses."







people are connecting with their culture through these products.

This is why I love working at Welcome to Country: It allows First Nations people to stay connected to their culture, and share it on their terms. That's a big reason why First Nations brands are different – they invite others to be a part of their culture.

It feels like there's a movement, not only from First Nations people but by Australians more broadly, where we recognise that Australians need to do better. It's about encouraging First Nations people to enter the commercial world while maintaining their cultural integrity, and not expecting them to go outside of that to find success.

I've seen products where Aboriginal women have done cultural harvesting to collect the ingredients to make soaps and creams, for example. It's a really popular product, but they don't make it to meet the demand. They only make what they can make based on how much they can harvest from the land without impacting the land. They're only taking what they know will not disrupt that region, and will only take it during the right season.

They're driven by wanting to share their culture through the 'product'.

**IFMCG: I'd love to talk about the social and collaborative aspect of First Nations businesses, which seem to support one another in their efforts. Can you talk me through that?**

**DC:** Yeah, we know it, and we've seen it. While Aboriginal businesses employ Aboriginal people, for whatever reason, there's still a barrier to Indigenous people being employed in non-Indigenous businesses, but the more we see First Nations businesses operate, the more employment rates are going to get better for First Nations people.

We work with a lot of businesses across Welcome to Country, and not once have I witnessed any competition between them. If anything, there's a drive to learn from and support one another, and we really want to capture and provide a space for that to happen in a way where each business feels supported through these exchanges.

We're the only nationwide First Nations-led platform in this space, so

it's important that we make space for that. Our relationships with suppliers are becoming less transactional, and more of a traditional relationship. That's important to us.

**IFMCG: In the past few years, we've seen Australians more broadly want to support smaller businesses, especially First Nations brands. Can you talk me through what that's been like?**

**DC:** On a societal level, behaviour has definitely changed, and I think the reasons for this can be connected to people wanting to do better for the climate.

People, more and more, are recognising that [supporting First Nations brands] is a way to sustainably take from the land, while also rejuvenating it and ensuring it can still produce.

People want to be able to connect with products that are ethically sourced, sustainably made, and authentic. Sure, they'll still go to other places and make a more transactional purchase, but when they enter our platform, they go through an experience of engaging with First >



Nations culture. Even if they don't buy something, a seed has been planted, and they can see that First Nations businesses are in this space and have been for a long time.

The demand is actually much higher than many First Nations brands' capacity to deliver on it. Many are willing to scale up, with the right support, but not all of them want to do that. Many want to stay as small businesses.

We also have a 'product development fund', which is a small bucket of money that can be used to give grants to some suppliers to allow them to diversify their product, or buy some equipment to make their products. Brands have been comfortable going through that process because we're not a bank. It's not a loan, it's a grant and they pay it back to us by selling their products. We take a percentage of their sales to pay it back, so other suppliers can also get that support moving forward.

They can use what they learn during this process to apply for other grants and loans.

We might seem like we're just a website, but we do a lot more behind the scenes.

**IFMCG: I've spoken to a few First Nations brands over the past year about non-First Nations brands using Indigenous messaging, artwork and ingredients, without permission or without giving back to the community. Is this something you've seen at Welcome to Country?**

**DC:** Straight up, if there's First Nations imagery or ingredients that are being used by non-First Nations businesses without an agreement or partnership, that is not on. We need to stamp that out.

Second to that, if there is a partnership, but it's obvious that the First Nations brand in that partnership is just there to open doors, again, that's not on. We see this all the time. It's called 'Black Cladding'.

I get approached to be a part of partnerships with brands all the time that I have no connection with, and it's because I'm Aboriginal, and you can see through those offers very quickly.

We see it all the time, and it's crazy. It's embarrassing, and it's hurtful. There are a lot of these products in souvenir shops and markets like Paddy's Markets in Sydney, and they



usually don't let you take photos of them for a reason.

When you have a society that is trying to reconnect with the oldest continuing culture on the planet, and they're taking that first step, and are uncomfortable, but they're trying, they could easily be led down the wrong path and end up supporting the wrong type of businesses.

The majority of the brands we stock at Welcome to Country are First Nations-owned, but there are some that aren't. We made the decision to keep them on the platform because we've done our due diligence to ensure that they do have partnerships in place.

We're not necessarily increasing that number. Rather, we're instead focusing on growing the number of First Nations-owned brands on the platform.

This issue is worrying, but we've got First Nations people calling it out. We've got the [Indigenous] Art Code, we've got the First Nations Chamber of Commerce, and others that are really leading the way in how to do business in the First Nations space.

And it's important. As I said, First Nations businesses are employing the First Nations people that no one else is employing, which is driving a better economy for everyone.



**IFMCG: I wanted to touch on the Voice to Parliament, and how First Nations business owners are feeling post-referendum. What have you seen, and what does the pathway forward look like at the moment?**

**DC:** We'll go back a step first. When Welcome to Country were trying to decide how we would present ourselves leading up to the referendum, we started that process by asking our staff how they felt about it, and how they felt about their workplace talking about it publicly, or not.

And there were diverse attitudes across the business. We also realised that, as a platform for First Nations businesses, we had a responsibility to ask our collaborators what they thought about it, and what they would be comfortable with us doing. Overwhelmingly, the majority of these First Nations businesses said that they were strongly supportive of us publicly backing the referendum, so we did.

We did as much as we could with the platform we have, and spoke very openly about it, and when I was challenged about it at town halls – I was approached by some guy who had printed out a list of Indigenous businesses and challenged me on how I could know what they wanted – I could point to the over 200 First Nations businesses we represented that were overwhelmingly supporting the 'Yes' vote.

Following the referendum, there still is a sense of confusion. There are a lot of different emotions, and there's sadness that turns into despair, which then turns into anger, which then turns into motivation to keep doing what we're doing.

We haven't gone out to survey our partners since the referendum, because we want to give them some time. It's still very raw, but it's heartening that so many Australians did want to see something like the referendum to happen. And when it didn't go through, they found other ways to support us.



They're driven by wanting to share their culture through the product."

We had our biggest days of sales following the referendum. The 15th of October was our biggest day, and at Welcome to Country we really didn't expect that. It gave my staff the motivation to keep going, and it gave me and our board that motivation. It also channelled money back into small businesses that are caring for Country – so that the Australians that voted 'no' can enjoy it.

We still get a lot of backlash – racism, and people questioning whether our name is an issue – and we're trying to be a bit of a buffer between that and the First Nations businesses. First Nations people have a lot of resilience, but it took a big hit [after the referendum].

But to answer your question directly, we're just getting on with what we've been doing. It's been a rollercoaster, and it still is one. In some ways it feels sad, and like society has moved on, but we're coming together.

Something else is that I feel like, for the first time, we saw what genuine allyship looked like. Seeing non-Indigenous Australians share the weight of what was put on First Nations people during that time [was amazing]. They shared the hurt.

Many people don't want to leave it at just voting yes and moving on,

they want to do more. They want to be able to show their support in their own ways, and in their workplaces, because we're all Australian.

**IFMCG: So, what does the next year look like for Welcome to Country?**

**DC:** We're trying to maintain a balance. As a social enterprise, we don't have a lot of cash to just fund growth, so it's important to make sure that the platform is healthy for our partners.

We're focusing internally to make sure we've got our house right to support First Nations brands, so they can safely learn from one another, as well as from experts.

As it stands, we don't have enough room in our warehouse because we're getting more and more suppliers and brands that want to be involved, and that's great – that's growth – but it's also scary, because we don't have a lot of money to get a big warehouse.

So moving forward, partnerships will be a big focus for me – whether it be from philanthropic funders, or corporate partnerships, we want to facilitate growth for our suppliers. We're still in a bit of a start-up phase, and we're finding our identity and growing into it. ■



# THE HOT SAUCES SETTING THE WORLD ON FIRE



Why hot sauce is blowing up – and how brands from Australia to the US are cashing in.



BY DEAN BLAKE



## In the world of condiments, few have garnered as much attention in recent years as hot sauce.

From the growth of sriracha to the popularity of the *Hot Ones* YouTube series, where celebrities are interviewed while eating some of the world's hottest sauces, hot sauce has become more than a food item – it's a pop culture phenomenon. And increasingly, it's big business.

In fact, according to research from Instacart, 74 per cent of Americans use hot sauce regularly, and 67 per cent said that they were passionate about their favourite brand of sauce.

Huy Fong's sriracha sauce is by far the most popular in the US, according to Instacart, but many smaller brands are finding success by giving customers what they want: typically, more heat and flavour.

Australian entrepreneur Renae Bunster started making her own hot sauce following a trip to Mexico in 2011, eventually launching the brand Bunsters in 2015.

"I was absolutely obsessed with it," she told *Inside Retail*. "None of the hot sauces on the market were full of flavour as well as heat, so I started making my own [and] it instantly took off among my friends."

Bunster said that her 'Shit the Bed' hot sauce was conceptualised after her customers continually asked her to "make it hotter".

"I was making what I'd call a 'normal heat' sauce, and they hassled me for about three years to make a hotter one before I finally did," Bunster explained.

The final result of this was the brand's 'Black Label' sauce, which was the 7th hottest sauce on *Hot Ones* during 2018, a fact that gave the brand instant credibility.

"We're still dining out on that exposure," she said. "It was the most stressful order we've ever got, but it was worth it."

### It's not all about heat

Data from *Fortune Business Insights* shows the US market for hot sauces is projected to grow at a compound annual growth rate of 7.42 per cent between 2022 and 2030, when it is projected to be worth \$7.7 billion.

Interest is growing in Australia, too. Despite being initially refused entry onto Australian supermarket shelves, Bunster noted that the hot sauce section at grocery stores is only growing.

She said that changing tastes and preferences, as well as dietary understandings, are driving this across generations.

"Thirty years ago, people had jam on toast for breakfast. Nowadays they're having eggs with hot sauce, because we've learned about sugar and carbs versus proteins," Bunster said.



Bunsters is planning on launching its own hot honey in the Australian market next year.

"The hot sauce market is growing worldwide, and as big players like sriracha fail to meet the global demand they've created, it's opened a space for smaller companies like us to take some shelf space."

Bunster explained that she isn't focusing solely on creating the hottest sauces she can, which are largely purchased by fanatics and collectors. Rather, in order to maintain a healthy business, she focuses on creating 'everyday sauces,' as well as entering new verticals.

For example, in 2020, the business launched a Shit the Bed vodka, which performed well, but had limited applications: "It was great in Bloody Mary's, and that's about it," Bunster said.

Now, the brand offers Shit the Bed tequila, which is made specifically to be used in Margaritas, which are the most-ordered cocktails in bars.

"We had some leftover agave spirit we had made, and just spiced it up. It's a really nice drop," she said.

Rather than the traditional worm found in bottles of Mezcal, Bunsters' tequila has a witchetty grub, an Australian term for a large moth larva, at the bottom.

And Bunsters isn't the only brand looking for new ways to expand the hot condiment aisle, and succeeding. For example, US brand Mike's Hot Honey, which sells chilli-infused honey, recently said it will bring in more than US\$60 million in revenue in the next year.

Bunsters is planning on launching its own hot honey in the Australian market next year.

### What else is coming?

For Bunsters, the next step is to further expand its reach. Beyond sauces, tequila and honey, the brand is focusing on getting into more supermarkets and more kitchens.

The brand's products are stocked in Woolworths stores across Western Australia, and have sold almost 10,000 bottles in the first month.

"We have our sights set on being ranged nationwide in Woolworths and Coles in the next 12 months," Bunster said.

"We've also just got ranged in seven different supermarket chains in the US, and we've only just started selling there. We're price competitive with a really interesting product, so the sky's the limit for us in the American market." ■



# Getting trade promotions management right

Profitable trade promotions require the right framework and the right tools. There is a 'right' way to implement trade promotions management (TPM) to streamline planning, increase interdepartmental collaboration, integrate the right systems and information in order to drive better overall business performance. Here we outline what the right approach looks like, using a three-step Prepare, Deploy, Evolve methodology.

First up is identifying your trade planning challenges and their root causes. Does it take too long to enter a promotion or create a customer plan? Is most customer planning done in Excel? Are there scenario planning capabilities? Is offline work created as a stopgap? Do senior executives trust the numbers in the TPM system? Does the process allow for continuous re-evaluation and updates? Does reporting lag and lack detail? Understanding your current challenges and their sources will help determine what processes the business needs to change, and what capabilities a new TPM system requires.

## **New TPM system implementation: prepare, deploy, evolve**

The 'Prepare' stage of TPM system implementation focuses on elements that should be reviewed, analysed or changed prior to deployment. 'Deploy' addresses elements that are core to system implementation. 'Evolve' concentrates on elements that should be part of post implementation to ensure continuous improvement.

'Prepare' means having the right processes, data & alignment, hierarchies and visibility. Strategic and tactical planning need to be brought together in a symbiotic way that supports integrated business planning (IBP) and revenue management. This involves analysing and mapping current annual planning and S&OP processes, and defining annual promotions planning process and inputs from disciplines including sales planning, revenue management, operations, demand planning, marketing, customer business planning, and finance management. To then enable effective IBP, data needs to be aligned, starting with standard data feeds and extending to syndicated, retailer POS, and wholesaler depletion data. And ideally incorporating retailer promotion calendars and KPIs. Baseline volumes need to be agreed, and products, customers and time periods mapped across shipping and consumer data. A planning hierarchy, mapped back to the ERP



hierarchy, can be created to equip sales teams with simplified planning by logically promoted product groups, instead of at the individual SKU level. Visibility focus – the information the end users see on the screen – then needs to be taken into account. To accomplish this, the right data must be identified at the right level of detail and then mapped to the right hierarchies by department such as marketing and sales, and by user role.

'Deploy' involves considerations of scope, timeline and integration. Because it is unrealistic to address everything at once or add too much sophistication or disparate tools that increase work and complexity, it is important to establish the right scope for phase one deployment—one that provides enough benefit to justify the investment. Whilst the days of the 18-24 month TPM implementation are long gone, it's better to reduce the scope or take a phased approach than to try to reduce the timeline. The scope and implementation methodology should dictate the project timeline. Timing of deployment can also be synchronized with the annual planning process so that the system can be used immediately. Integration of the new system requires setting priorities and timings for data visibility, data update frequencies, establishing an automated process with scheduling and alerts, and mapping planning system data back to ERP and supply chains.

Finally, the 'evolve' step entails reviewing and roadmapping. Reviews typically take place 6-12 months after the new system go-live and include: analysis of phase one scope and deliverables versus results achieved to date, business case versus benefits, identification and prioritisation of gaps and opportunities, and determination of future state business process design. The roadmap then charts the improvement journey moving forward and takes into account people, process and technology utilising a phased crawl-walk-run approach.

Optimising trade promotions management and systems is a continual process of evolution, not revolution. By beginning with a review of your current trade promotions processes and challenges, preparing by mapping needs and integrated business planning requirements, deploying in a pragmatically scoped and phased timely way, and employing reviews and roadmapping for continuous improvement, trade promotions can become not only more profitable but seamless.

To understand more about TELUS Consumer Goods trade promotion management and optimisation (TPMO) solutions or to request a demo, visit [telus.com/agcg/food-beverage-consumer-goods](https://telus.com/agcg/food-beverage-consumer-goods).





# Boost your trade promotion profitability.

Make sure you profit from every promotion. TELUS Trade Promotion Management can simplify planning and execution for every aspect of your promotional strategy across both retail and foodservice.

- ✓ One end-to-end TPx solution from planning through to execution
- ✓ Execute with accrual, settlement and post-event analysis tools
- ✓ Plan promotions with target setting, volume forecasting and trade terms
- ✓ Multi-tenant SaaS solution purpose built for CPG



Learn more. Scan the QR code or visit [telus.com/agcg/trade-promotion-management](https://telus.com/agcg/trade-promotion-management)



# Unwrapped

Product design is one of the most important aspects of an item's success on supermarket shelves. In this series, we examine some fantastic examples of modern product packaging.



BY MATHILDE DELATTE

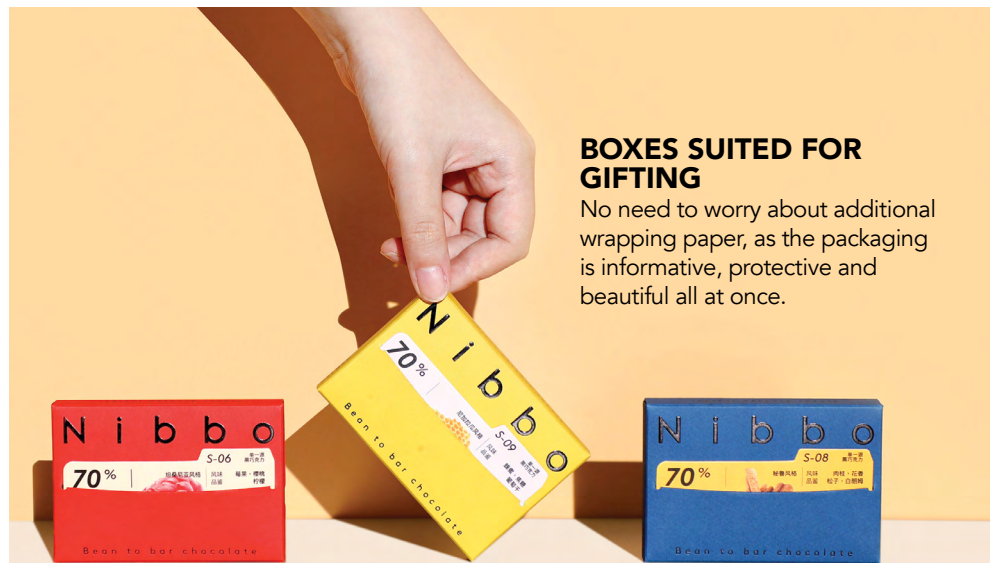
## The most giftable chocolate bar

**Brand:** NIBBO

Nibbo is a chocolate store based in Shanghai. The timeless branding was designed in 2020 by Lowkey Design, which won a number of awards for its creativity.

The brand is premium, with a focus on the quality of the beans for chocolate connoisseurs. The tagline *From bean to bar chocolate* is a great reflection of that. The offering is versatile and constantly reinvented with new inspirations and flavours. So it was important for the branding and packaging to reflect the same ethos, highlighting its meticulous approach to the chocolate-making process.

Nibbo's packaging is a work of art. Inspired by the structure of file cases and the curated nature of museum exhibits, each chocolate box is positioned as a unique item in a fine collection. This concept encourages customers to savour each flavour. To minimise clutter on the outer packaging, detailed notes on flavour and ingredients are elegantly presented on separate cards. Nibbo has succeeded in creating an immersive experience of taste and sophistication.



### BOXES SUITED FOR GIFTING

No need to worry about additional wrapping paper, as the packaging is informative, protective and beautiful all at once.

### TACTILE PACKAGING DESIGN

The packaging uses a variation of premium stocks from Fedrigoni and embossed printing.



### SPECIAL ATTENTION TO DETAIL

Nibbo guides the customer through the whole brand experience. "You deserve better chocolate" is revealed on the inside of the sleeve as you open the folder.



## A delicate balance between a modern appearance and a familiar feel

**Brand:** Seedible

Seedible is a sesame butter, blended with the highest-quality sesame and other sustainably sourced ingredients. It was founded by Daniel Aronhime who came up with the idea after a trip to Israel, where he was born. Sesame is widely used there – ladled over falafel, dripping inside pita, crumbling from halva blocks. When Daniel returned to

the US, he decided to bring this flavour from one home to another, in a form for everyone to savour.

The branding and packaging have been created by Mis Sz, and one of the challenges was to design a product that felt familiar and approachable while also disrupting the nut and seed butter aisle with something new.

As a leading design principle, the brand identity started with something core to the product itself, taking cues from how seeds disperse. From the wordmark to the typography and photography style, this principle lends the brand a personality that is unfussy and playful at heart.



### COLOUR CODE

The product range consists of a creamy and a crunchy butter that each uses the same packaging in a different colour.

### A BALANCE OF FRESH AND FAMILIAR

While appearing modern, the overall packaging is approachable and inserts itself nicely next to other more commonly used spreads.

### THE LOGO IS THE HERO

The logo takes centre stage, embodying the essence of scattered seeds while maintaining readability.



## A brand by women for women

**Brand:** Moxie

In 2006, Mia Klitsas founded Moxie in Melbourne with a mission: to curb period pain and other associated challenges. This progressive period-care brand was designed for people with periods by those who get periods. At the heart of Moxie is a commitment to planet-conscious products, practical advice, and inclusive menstruation conversations. Its product range extends to hot water bottles and self-care gift boxes.

Moxie's loyal community, the Moxettes, play a big part in advocating for the brand. Moxie actively supports the community by donating period products and championing progressive conversations around periods and intimate health.

Moxie's overall design embraces the aesthetic of a beauty product rather than a hygiene product, and it stands out incredibly well on the shelf. The bold use of colours and sans serif typography feels contemporary and it effectively catches consumers' eyes.

### A FOCUS ON SUSTAINABILITY

The emphasis is placed on "organics", rather than the product name, as Moxie knows that placing a greater emphasis on sustainability could be its competitive advantage.

### AN ELEVATED EXPERIENCE

Through a beautiful aesthetic, Moxie makes using a hygiene product more enjoyable.

### A STUNNING COLOUR PALETTE

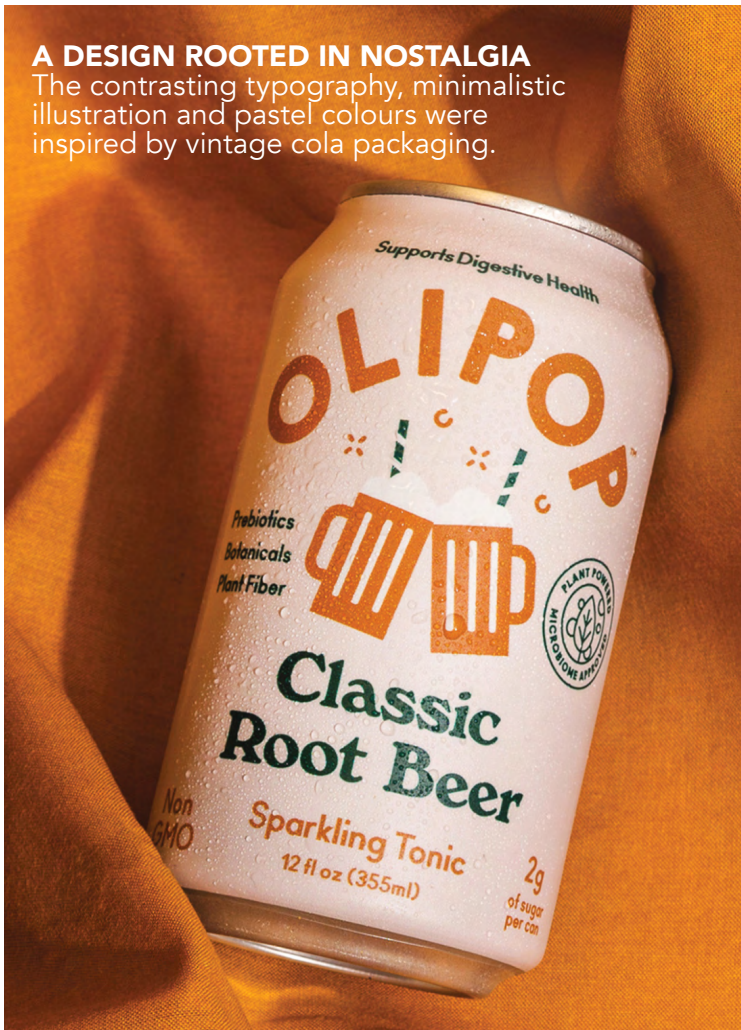
Moxie is not afraid to make a statement by using candy-like colours.





**A DESIGN ROOTED IN NOSTALGIA**

The contrasting typography, minimalistic illustration and pastel colours were inspired by vintage cola packaging.



**Combining health with joy**

**Brand:** Olipop

Olipop is promoted as a healthy soda from Florida. For over a decade, the two co-founders shared a vision of a thoughtful and well-crafted tonic filled with probiotics, not spoonfuls of sugar.

The brand takes a scientific approach. A global team of gut microbiome researchers dived deep into the research to help create a product that benefited the microbiome, digestive function and metabolic health, while still being delicious.

Following a rebrand in 2018 by Break Maiden, Olipop is now stocked in over 20,000 stores across the US. The brand refresh, which includes a simplified logo and vibrant illustrations showcasing its range of flavours, reflects Olipop's commitment to simplicity and transparency. ▀

---

**MATHILDE DELATTE** is the creative director of Belleville Studio ([bellevillestudio.co](http://bellevillestudio.co)), a branding and design studio based in Melbourne.

**A PERFECT VISUAL BALANCE OF HEALTH AND INDULGENCE**

Every detail of the design has been thought out to reflect the nature of the product.



**EASY-TO-IDENTIFY FLAVOURS**

The colourful illustrations make it easy to identify key ingredients.





# SCLAA

## BE PART OF THE FUTURE

The Supply Chain & Logistics Association of Australia combines decades of experience with industry-leading professional development and education programs, networking events, corporate partnerships, and support for its members and partners.

Our strategic purpose is to connect today's supply chain professionals and partners to tomorrow's growth opportunities and to support the advancement of our industry by championing collaboration, innovation, and success.



**6,500 MEMBERS  
& INDUSTRY  
CONTACTS**

Expand your horizons with thousands of professional members and industry contacts.



**SOCIAL MEDIA  
FOLLOWING  
OF 38,000+**

Building enduring industry relationships with individuals and businesses alike.



**STRATEGIC  
REACH OF  
50,000+**

Via printed and digital media across our network of practitioners and professionals.



SCAN TO JOIN

## EXPLORE OUR RANGE OF MEMBERSHIP + NATIONAL PARTNERSHIP OPTIONS

We have a range of Membership Options suited for every stage of your career, from Students just starting out, to Corporate Bundles and National Partnership opportunities for organisations wanting to partner with SCLAA and be part of the future of our growing industry.





# How to **win trust** and **not alienate** people

AI and data collection should be helping retailers get closer to the consumers, but a critical element is sometimes missing.

BY SIMON BURRETT

**W**hat's increasingly becoming clear is that 2024 will be a big year for retail customer technology.

Just five years ago, some of the biggest brands in the Australian retail landscape were effectively e-com deniers – or at least digital laggards. Lockdowns and the pandemic changed all of that, and today there's hardly a CEO, board or management team that hasn't taken the full dive into data and digital as their path to future success.

Today, the industry is buzzing with replatforming of websites, installation of customer data platforms and leveraging of customer experience data into multichannel behavioural insights. Plus, it seems everyone has an app.

And there's more to come. At the big end of town, Woolies X, with its embedded Quantum research, is driving the customer data revolution for team green, while Wesfarmers' OneDigital promises to play catch up and unleash the power of Flybys with a huge commitment in talent and marketing. Both programs put customer data firmly at the centre of the entire retail operation.

What should follow is a golden era of customer engagement. The promise, after all, has always been that connecting customer data points through sophisticated customer data platforms would help retailers get closer to truly understanding our customers' wants, needs and behaviours.

We should all be able to enhance our customer experience (CX) and better manage our customer relationships (CRM).

Because collecting all of this customer data is about getting closer to the customer, right?

Yet, signs are emerging that customers and retailers are not quite on the same page. Relationships rely on trust, and there are signs that trust is becoming an issue. In fact, as Roy Morgan's recent study highlights, 'distrust' is on the rise among customers, even for some of our most 'trusted' retail brands.

The study flags that, despite the elevation of supermarket brands to become some of the most trusted entities in Australia, there is also a growth in distrust, and that's a problem. As Roy Morgan CEO Michele Levine told the *Australian Financial Review*, "Distrust is not a lack of trust, it's much more aggressively negative than [that]."

Trust is a big deal: more visceral than can be measured on a 5-point Net Promoter Score scale or tracked through transactional data points. The wake-up call is that, beyond our focus on data, we need to be properly in touch with the negative sentiment that can short-circuit the human connection between customers and brands – especially in retail.

This is about feelings, emotions and relationships. A reminder that there is a huge difference between user experience and human experience. ➤



# “ Customers increasingly find they can't get the best deals without scanning the app.”

Qantas is the obvious and archetypal example of what happens when the pillars of trust are eroded from beneath customers' relationship with a brand. Neglecting its human connections led to a tarnished social licence for Qantas – and that happened quickly.

Of course, our best and brightest retailers are smart enough to avoid going down the same path, aren't they?

### Shonky markets

Since the Roy Morgan study was released, Coles and Woolworths – our most trusted retail brands – shared the ignominy of winning a Choice 'Shonky' award for 2023. Behind the nomination was the contention that the retail businesses have delivered massive profits while their brands claimed to be working for the customer to bring prices down.

Choice has a point. Food prices have played a big role in driving inflation and cost-of-living increases through 2023. But in more recent months, beef prices have been dropping at the farm gate by 60 per cent or more, while supermarket prices stayed high. The story took a while to gain traction, but now Choice has made it an issue.

It's easy to write off the Shonkys as a media stunt, part of Choice's own marketing effort. But the story touched a nerve, and there's a warning in the history of the awards, given that one of last year's winners was Qantas.

The Shonky shines a light on a gap in the relationship between brands and customers – even for the brands with the greatest access to data and the most impressive suites of digital tech.

The paradox for retailers is that amongst their customer data there is doubtless clear evidence that customers are positively engaged with each of these elements, and it's quite likely that the majority of customers are. The risk lies in becoming lost in that data, in having eyes down looking at the transactional data points rather than having eyes up, engaged with the human behind the numbers.





## Eyes on the prize

So who might the winners be if customer trust in big retail continues to waver? One trend worth watching is the growth in truly independent, truly local supermarkets. Operating without the backing – or the baggage – of an overarching chain or umbrella brand, these owner-operated shops are intimately entrenched in their local communities.

Goods Grocery is my local example, and it's fantastic. Having taken over a tired and depressing independent chain store in the small village of Westona, Victoria, the team at Goods has set out to provide a genuine alternative for local shoppers.

The décor is designed to fit with the tone of the local architecture and to feel just a little bit boutique-y. The range, which is tailored to suit the requests of locals, features brands and ranges that are not part of the everyday FMCG production line. The layout is designed to feel open and welcoming, and the checkouts are geared towards human interactions, not faceless transactions.

Goods recently celebrated its first anniversary, complete with free samples from artisan suppliers, face painting, a jumping castle and a free gourmet BBQ. The locals turned out in force to what was a genuine, local celebration of community, and the team was there to join in the fun.

Goods, and the similarly unique local

supermarkets that are cropping up in villages around the country, represent a counterpoint to the offer of big supermarket chains. Built upon skin-in-the-game community engagement, its success is dependent on the relationships it creates with the local people that choose to come together as its customers.

It's old-fashioned customer service, with not a mention of CX or UX or even a request to sign up to the database. Human-to-human engagement, genuine and authentic, is the key to its success.

Of course, a concept like Goods is, by definition, limited in its scope. But in doing what it does so well, this concept reminds us of what retail is, at its core, all about.

For big retail businesses, the challenge is finding the balance. As retailers, we would do well to check in on the human experience of our customers, beyond what our dashboards of NPS and CX data are telling us. Are we doing enough to remember the people behind the data and really understand their issues? Are we really earning trust – and warding off distrust? Or just checking the scores on our data dashboards? ■

---

**SIMON BURRETT** is a consulting strategist and marketer, and the former general manager of marketing at Harris Scarfe Australia.

*As Australia's biggest retailers set ambitious data and CX plans for 2024 and beyond, they must address three key areas.*

- **TECH TETCHINESS:** There is growing disquiet in the suburbs about the growth of self-check outs and the implications for human connections. It's an easy pick-up point for tabloids and talkback and it's running hot on social media. Data integrity is an obvious inclusion within this topic. The next battleground is retail media.
- **COST CLARITY:** In a cost-of-living crisis, there is scrutiny on prices and a high sensitivity around fairness. Again, social media drives this scrutiny. Where there was once an accepted wisdom that supermarkets were doing their best on price for their customers, today we see debates about whether anyone really can 'feed a family for under 10 dollars', or just get a fair go on price.
- **DATA-DEPENDENT DEALS:** As the infusion of tech and data builds its value for retailers, customers increasingly find they can't get the best deals without scanning the app or 'activating' an offer – and handing over their personal data. Will they do that for a brand they distrust?







2024 FMCG Outlook Report

# From little things, big things grow



## Editor's Note

Welcome to the 2024 FMCG Outlook report, crafted in collaboration with Circana, the leading advisor on the complexities of consumer behaviour.

In this report, you'll see forecasts for the year ahead, as well as guidance on how to effectively navigate an evolving consumer landscape. While there are sure to be twists and turns, the report provides detailed insights on the trends and opportunities that are expected to arise in 2024, in line with continued changes to consumer spending.

Strikingly, the report notes that 90 per cent of Australians are concerned about the escalating cost of food and groceries, with many opting for cheaper alternatives to keep up with the rising cost of living. This is set to persist throughout 2024, with generational spending gaps and high inflation. Consequently, how brands position and market themselves will be key to capturing consumer spend in the coming year.

With insights provided by Circana, we hope to empower you to commence the new year on a positive note. Although 2024 is anticipated to be another dynamic and unpredictable year, there's every reason to launch with success.



**Aron Lewin**  
Editor – Inside FMCG



The way people interact with retail brands continues to evolve, and in 2023, successful brands and retailers transitioned to a new age of the customer experience. This, amid more disruptions, led by soaring inflation, interest rates and the fast-rising cost of living. The value of value is still ever present for Australians, now in the face of disinflation and against the backdrop of an economy that has kept growing, albeit at a slower pace.

This is bringing a change of pace for Australia's near-term outlook in an economy that has remained turbulent ever since we exited pandemic disruptions.

## Disinflation is driving our expectation for slowing sales growth in 2024

Inflation has come off substantially since its December 2022 peak and with a longer-term lens, we see a convergence between the inflation rates of grocery products and in the total Consumer Price Index (CPI). Food and beverage price increases finally dipped below total CPI as we entered FY24, after having exceeded it throughout 2023. Prices accelerated in September 2023, however, showing that disinflation will fluctuate – and it's likely to be another two years before CPI finally hits the upper end of its target of 2-3 per cent. Disinflation is also driving expectations of slowing sales growth in 2024.

“Consumers have developed a different way of thinking about their purchases as their spending power has deteriorated.”

Don Unser,  
President of Thought  
Leadership at Circana

# Sustained sticker shock

## Plan for changeable base price elasticities and competitive interactions amid prolonged price pain

Disinflation represents a mixed picture for Australians. It signals relief for those who have seen their purchasing power erode but also potentially makes us overlook the cumulative pricing pain that shoppers feel, particularly in the FMCG category. We expect changeable base price elasticities and competitive interactions, despite slower price growth. And while inflation may be easing, the pain and frustration that shoppers feel at the checkout persists. Australians are still paying higher prices than they were three years ago, when we were in the height of the pandemic.

Value remains a priority for Australian shoppers

45%

Compromising – 45 per cent of shoppers are giving up their favourite brands to save money (+19pp since 2021)

40%

Cautious – 40 per cent are not trying as many new products (+8pp since 2021)

73%

Considered – 73 per cent always compare brand prices before choosing (+3pp since 2021)<sup>3</sup>.

## 90 per cent of Australians are worried about food and grocery inflation

The 'sustained sticker shock' continues. The grocery category alone is witnessing a 15 per cent increase in unit prices, while the price per volume is up 23 per cent<sup>1</sup>. As shoppers continue to face more pressure on their household budgets, value is being challenged, too. For example, a product that Australians are purchasing on a half-off promotion has a price that is still 60 per cent higher than it was just a few years ago. Circana shopper panel research<sup>2</sup> reveals the very jarring impact of these types of longer-term food and grocery price increases. However, this impact is less apparent for household essentials and healthcare products – most likely because food and groceries frequently purchased essentials. The continual exposure to more moments of 'sticker shock' will remain for the foreseeable future as inflationary repercussions hover.

<sup>1</sup> Circana Shopper Panel, Data To 08/10/23

<sup>2</sup> Circana Shopper Panel Survey, June 2023; n = 5,042

<sup>3</sup> Circana Shopper Panel Surveys, June 2023; n = 5,042; January 2023; n = 5,031; and 2021, n = 5,508

<sup>4</sup> Circana analysis of Australian Bureau of Statistics Retail Trade, Data To September 2023

<sup>5</sup> Circana analysis of Australian Bureau of Statistics Retail Trade, Data To September 2023

<sup>6</sup> Circana analysis of Australian Bureau of Statistics Retail Trade, Data To September 2023



# Slowing sales and inflation fatigue

## Plan for softer sales growth in 2024

Rising prices underpinned robust topline sales growth across all retail in 2023, but disinflation will impede industry sales revenue and topline growth in 2024, as margins squeeze amid lower retail profitability. The recent trajectory for total retail sales in Australia provides a good indication of what to expect. In the 12 months to September 2022, Australian retail was growing at 10.4 per cent, year-on-year, with an extra \$38 billion spent amid a bounce back from pandemic-related restrictions. Fast forward 12 months and the challenging trading environment reveals annual growth has more than halved, with \$17 million less in absolute growth flowing through.<sup>4</sup>



## But as inflation drops, all forms of retail must improve their unit economics

Worryingly, retail volumes have fallen into decline with disinflation, and that's despite record population growth. In fact, per capita volume declines look even worse. Equally significant is the slowdown in value growth with the most recent<sup>5</sup> 1.9 per cent increase way down from the inflationary peak of 9.2 per cent in the December 2022 quarter<sup>6</sup>. Overall, this broadly reflects a rebalancing of spend and normalisation of trade.

# Variations in value

## Prioritise value, but be nuanced in signalling 'good value'

The battle for value supremacy is the pre-eminent issue for the retail industry in 2024. Winners will communicate value simply and saliently, but what does 'good value' mean to Australian shoppers? In fact, there are different ways that we perceive good value, and understanding these nuances is critical. For example, Circana shopper panellists rated the importance of good value relative to other factors in their choice of supermarket, and found that monetary factors are more important for younger demographics. This was expected, as this cohort has been significantly impacted by the cost-of-living squeeze. However, the gap in sentiment for promotions, specials and loyalty card rewards between the under 40s and over 65s was most acute, with younger Australians much more reliant on both. For older shoppers, themes like 'Australian-made' and freshness appear to be more important.

## Value means more than just low price

When adopting a value mindset, our research reveals that Australians prioritise the "quality of products that are consistently good". It's a reminder that just talking about price is a risk, particularly with shoppers trading down. This also signals a warning about moving too much to 'everyday low pricing' strategies because, for Australians right now, access to promotions and special offers is rated as more important than price consistency.

Prioritising quality is apparent across ages, yet fixation on low prices appear to be less important as we age. There is also significant over-indexing among younger buyers for promotions and loyalty rewards. In 2024, retailers and brands will likely take on a more granular view to unlock category and brand specific drivers of what represents good value, with detail readily available through Circana's Shopper Survey and Segmentation products. →

## Value is also found at the opposite end of the spectrum, in 'funflation' spending

'Funflation' is a term that US economists use to explain some surprises in consumer spending, especially amid the post-pandemic boom in expensive experiences like live entertainment and pent-up travel cravings. That explains why music stars like Taylor Swift have become symbols of funflation, as people pay up to four figures for her concert tickets alone.

However, we take a broader view of the term, and suggest caution be taken to not underestimate the extent of the pandemic hangover and its role in Australians seeking 'joyful distraction' and escapism. For example, retail enjoyed a strong September based on higher spend, with better weather and the launch of a new iPhone. In other words, Australians are still making the most of it, which raises the question, 'What is considered discretionary and what isn't?'

## 'Little treat' culture and social sensations

The key is to stay agile and be ready to tap into Australia's appetite for small, inexpensive indulgences that exist as 'joyful distractions' to make ordinary moments special.

We continue to see an unrelenting appetite for small, inexpensive indulgences, and this theme ignites two big questions for 2024 thinking and strategies:

- How can brands and stores make ordinary moments feel special?
- How can they effectively communicate that to the consumer?

The 'lipstick effect' is the theory that when facing an economic crisis, consumers will be more willing to buy less-costly luxury goods and in 2024 that is translating into the 'little treat culture' at the checkout. Indulgent FMCG products – even with high price increases – still mostly fit or are massaged into squeezed household budgets battling the soaring cost of living. Commodity brands are becoming aspirational luxuries with their desirability often fueled by invested Gen Zs and Millennials, who are celebrating and advocating everyday treats on social channels, and in response to the fact that big dreams like international travel are currently out of reach for many Aussies.



# Does your brand have a strategy to leverage social currency?

Social media is driving sales in household staples. The hashtag #lifehacking has notched up an incredible 143 million TikTok views globally. The humble mud cake features prominently, with the Woolworths version gaining 41 million views based on people using its affordably priced option as a base for culinary creations.

## Avoid being tethered to traditional innovation

To make the most of this, retailers should be agile and ready to mobilise on this little treat culture, with many high-performing brands making waves in social channels. The enormity of social views and buzz on TikTok alone cannot be underestimated. For example, generic hashtags like #drinktok are generating upwards of four billion views. There's a clear call-to-action here. Don't be tethered to traditional innovation processes. Scrape social channels for ideas and inspiration, build in some agility and flex into your retail category plans. It's imperative in 2024 to quickly source, stock and activate trends. Get this right and you'll be first in line to attract digitally native demographics eager for community, validation and the 'next big thing'.





TikTok

#highprotein

6.8B views

Protein credentials appeal to the everyday active consumer. Nutrient rich foods are no longer used exclusively by bodybuilders and elite athletes. It is now associated with vitality, activity energy, strength, weightmanagement and much more.

## Vitality and vigour

There are enduring growth opportunities for those offering easily understood benefits as well as those supporting and optimising everyday and fun pursuits.

There are ongoing growth opportunities to be realised when retailers and brands find convenient ways to deliver physical health benefits that Australians easily understand and immediately feel. It's all about high performing and enjoyable products that support self-care. For example, sports and energy drinks have been a powerhouse of beverage performance, and their share of growth over a three-year period is 4.4 times higher than the share of sales. That's on the back of a 67 per cent three-year increase in value sales and an increase in unit sales well above the industry average. Household penetration growth is also evident among the top three increases in edibles overall – a trend that our analysts have spotted from top-performing NPD in the US, too.

If we spotlight the growth of protein-forward products, it is not new – but it is enduring. In fact, in Australia, grocery items featuring 'protein' in the SKU descriptor grew 28 per cent in FY23, which is in line with the growth rate recorded in the prior financial year. Unit sales have tapered down to single digits from last year's 20 per cent lift, but that's illustrative of the pricing power of high protein claims.

## AI is amped and igniting innovation

Deployment of consumer-facing AI tools must be done with caution, because AI doesn't necessarily carry a 'halo effect'.

AI will become a much more prevalent tool for content marketing and creative effectiveness in 2024. Firstly, it will likely play a role in levelling the playing field, and the content quality will 'average up' as smaller players generate AI-based engagement.

### AI is igniting innovation opportunities for small and large brands alike

Shopify recognises that many smaller sellers underwhelm in digital shelf competencies, so they've deployed Shopify Magic, which allows online sellers to create product descriptions in seconds. During Halloween 2023, Gen Z beauty brand Lottie London used generative AI for a themed campaign, and in doing so, the already viral brand recorded triple-digit increases in social marketing KPIs.<sup>7</sup>

Larger brands can win, too, by putting distinctive assets at the centre of AI campaigns. This is well demonstrated through iconic packaging. In 2022, Heinz asked AI to 'draw ketchup' and the outcome emphasised that ketchup is synonymous with the Heinz brand. More recently, Coca-Cola immersed its audience in the creative process with an AI-powered platform called Create Real Magic, which allowed for the creation of original artwork. The added incentive was being featured in official Coca-Cola advertising campaigns. Large CPGs are also accelerating the creation and refinement of new product formulations with AI. For example, Unilever's Hourglass Confession Red 0 lipstick used proprietary AI to allow the R&D teams to analyse colour combinations and possibilities that would have taken millions of physical experiments to replicate.

### Experiment with AI tools and evaluate how they can streamline and enhance product development

AI provides new ways to solve consumer problems, which is often the foundation of successful innovation. For example, YSL developed a 'scent-sation' headset featuring brain activity monitoring that blends neurotech and AI. This is 'curated intelligence' because of the personalised fragrance advice that it provides. Ultimately, machine learning is the foundation of the 'retail consultation experience'. →

<sup>7</sup> Circana analysis; shopify.com; coca-colacompany.com; LinkedIn



## Advancing analytics through AI

With expanding intelligence capabilities reacting quickly to trends and industry issues, use AI to inform and influence your decision making process.

AI's evolution is moving us along the analytics curve, which is mostly related to decisions that solve ongoing business challenges. We believe that the future will automate more marketing, sales and supply-chain decisions by machines. Dashboards will remain a bedrock of performance analytics and how we serve clients but will gradually shift towards continually adjusted automated decisions.

Circana's vision of the future shapes the enhancements of our proprietary technology. We are teaching Liquid Data to read, write, listen, learn, think, explain and learn. And the endgame is to quickly and accurately use Liquid Data findings to solve problems. As it stands, we have just scratched the surface of what's possible with AI, and globally, our real-life applications of AI are helping us partner with clients to enable four key optimisations:

- Activate personalised data-led targeting
- Create more efficiency in supply chains
- Set prices to maximise margin outcomes
- Manage media campaigns.

## With AI-driven demand forecasting, retailers can prevent stockouts and overstock situations

In 2023 Circana launched the ProScores media solution in Australia, enabling personalised data-driven targeting and digital campaign management. Which leverages the themes of personalised data-led targeting and media campaign management. It allows you to:

- target and reach consumers with a higher propensity to buy your products and shop at a specific retailer
- refine marketing strategies derived from a deeper understanding of the audience.

Proven to help reduce wasted ad spend, ProScores is a highly relevant solution to consider for 2024, with global benchmarks indicating a sales lift three to four times that of other audience-targeting tactics.

# Remember, from little things, big things grow – so what's your strategy?

Disruption will continue in 2024, and in Australia's increasingly value-based economy, it is critical to be nimble, agile and ready to connect with and support shoppers. Trial AI and other new tech, be social with little luxuries that could influence new innovations, and always place loyalty and consumer needs at the heart of everything you do. Australians continue to be in the driver's seat, and you need to meet them where they are, and in the moment, with what matters to them – no matter how small. Because from little things, big things grow. ▶





# What's your outlook?

**The way consumers and shoppers are interacting with retail brands is evolving at break neck speed.**

The Circana Outlook Report series explores the ways in which brands and retailers are adopting new methods to attract and retarget consumers and shoppers in a highly converged world. These free reports will help inform your strategies for the year ahead.



Download the **FREE** report series







# A chic new Endeavour

Why the parent company of Dan Murphy's and BWS is revamping its offices.



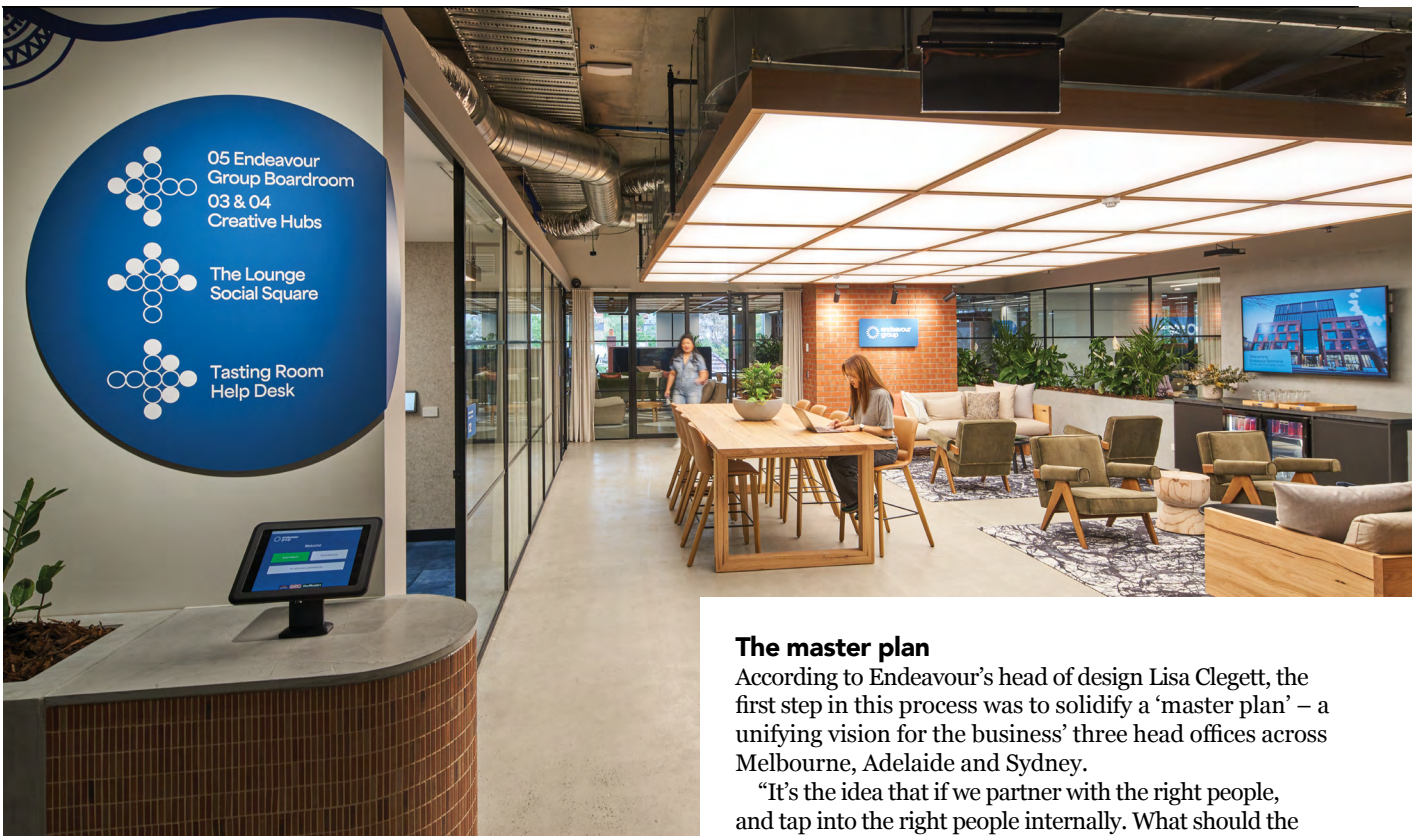
BY DEAN BLAKE

**T**he world of office work has changed dramatically in the past five years, as have the needs of employees around the world.

With the rise of remote work throughout the pandemic, along with subsequent mandates, many businesses are struggling to find the office culture that creates a positive environment.

Endeavour Group has taken a bold step in its quest to bring employees back: redesigning and revamping its office to create a place that workers aren't forced to be, but rather want to be.





**The master plan**

According to Endeavour’s head of design Lisa Cleggett, the first step in this process was to solidify a ‘master plan’ – a unifying vision for the business’ three head offices across Melbourne, Adelaide and Sydney.

“It’s the idea that if we partner with the right people, and tap into the right people internally. What should the Endeavour office be?” Cleggett said.

“Then, how do you set that up and apply it across the different sites, different teams, different psychologies, different states, which all operate quite differently?”

To achieve this, Endeavour Group partnered with State of Work’s program director Megan Liston, creative agency The General Store, and the architects at Amicus.



**Powered by persona**

To ensure the new office catered to all its staff, Endeavour’s design team interviewed and surveyed its workforce to create a set of personas that they could work to satisfy.

Privacy seekers, for example, may want to find somewhere quiet to work. The collaborator, meanwhile, will want to work together with other people in their team to get their job done efficiently.

“We really did our best to understand what our team

wants, and what we want as a business,” Endeavour’s innovation and format development manager at Endeavour Group, Devorah Carrasco, told *Inside FMCG*.

“We know socialisation is a compelling component of working in an office, because you really can’t do it at home, and collaboration goes hand in hand with that.”

The end result was distinct areas in the building that cater to different needs, and which allow Endeavour employees to work where, and how, they need to. ➤



## FEATURE



### Early days

Endeavour's office in Adelaide was completed in October 2023, while its Melbourne site launched in November 2023, and Sydney's Surry Hills site will be worked on throughout 2024.

Despite having only been operational for a short period of time, both revamped sites are already having a positive impact on Endeavour's staff. Liston said staff at the Melbourne office have settled into their new hybrid office well, and have started

experimenting with new ways of working.

"It was really important to get the design right to get that engagement," she explained. "We've gone from having meeting rooms, a kitchenette and a desk, to having a huge new area to play with. So, people are learning how to navigate that.

"But it's already clear that it's changing the way people are working, and there's a lot of cross-pollination [between teams]." ▀







# PACKING FOR THE FUTURE

An ambitious new course for sustainable packaging in Australia is also a great opportunity to reap the benefits of collaborative innovation.

BY BRONWYN VOYCE

As the year draws to a close, I find myself reflecting on the year that was and considering the progress the industry has made in transitioning to a circular economy and towards achieving Net Zero by 2050.

From where I'm sitting, I believe the dialogue has evolved and matured over the past year, both in government and the private sector; and I applaud the sustainability leaders who have been spearheading the charge. There is now a much greater understanding among consumers, businesses and governments that we can't continue on a linear journey and we certainly can't just recycle our way out of this mess.

We need a much greater understanding of the systems change necessary to evolve from a linear

state if we're serious about keeping resources in circulation at their highest value and decarbonising our supply chains.

With mandatory non-financial reporting requirements imminent and a deeper understanding of the urgent shifts needed for a sustainable pivot, the conversation has evolved. It has moved from household waste and consumer responsibilities to emphasising the role of major transformations in commercial and industrial supply chains to deliver sustainability outcomes. This marks a shift in the approach to environmental stewardship.

As chair of Circular Australia's Industry Taskforce and founder of Circularity for Climate, and Great Plastic Rescue by Civic Futures Lab, I find this shift is encouraging. ➤





### But proceed with caution

One of the big shifts to watch for in 2024 is the ambitious new course of action the federal government has promised for transforming sustainable packaging in Australia. Consider yourself (politely) cautioned.

Each year, Australian companies introduce 6.74 million tonnes of packaging material into the market and about half of it ends up in landfill, despite most packaging having good recyclability. To address the packaging waste crisis, in 2018 Australia established the 2025 National Packaging Targets and charged the Australian Packaging Covenant Organisation (APCO) with the responsibility for delivering on them. This vital initiative aimed to revolutionise the packaging industry by ensuring all packaging is reusable, recyclable or compostable, boosting the recycling or composting rate of plastic packaging to 70 per cent, and increasing the average recycled content in packaging to 50 per cent. The targets also seek to eliminate harmful chemicals and unnecessary single-use plastics. However, a recent APCO review revealed Australia is not on track to meet its national targets.

It is important to note that sustainable packaging regulations have typically been administered at the state level or through non-binding government and industry targets.

In 2023, however, environmental ministers agreed that the federal government would take responsibility for packaging standards and become the regulator. This signals a positive end to inconsistent, state-by-state approaches to packaging standards, and the end of voluntary targets.

In the new year, the government is expected to introduce mandatory packaging design standards, which will include a set of minimum recycled content requirements, and prohibit harmful chemicals being used. The benefit to industry is regulatory certainty and consistency, which is more conducive to long-term investment. It will also diminish the incidence of free-riders, evening up the playing field for companies committed to investing in responsible packaging design and practices.

### The Review of the 2025 National Packaging Targets found:

- While the 2025 National Packaging Targets are driving a transformation in packaging in Australia, they are not on track to be met by 2025, with the Target of recycling or composting 70 per cent of plastic packaging presenting the biggest challenge.
- It is necessary to establish consensus on post-2025 goals to enable long-term investment and innovation.
- Collaboration and co-operation between industry and government, across the entire packaging system, are needed to overcome barriers to progress.
- Urgent and synchronised policy and programmatic action are needed to address the crucial deficiencies in the circularity of essential packaging materials and formats.



## Here's my guide to getting ahead of the 'pack' in 2024:

### Design out and reduce unnecessary packaging:

While packaging is an important part of our modern economy and society. I strongly urge businesses to first assess the opportunity to decrease the total volume of packaging they place on the market. This should include conversing with suppliers to remove and reduce unnecessary packaging through design.

### Redesign necessary packaging:

To reduce your overall environmental impact, don't wait for mandates to be introduced, you can start the redesign process for necessary packaging now. A thoughtful redesign process should aim to minimise material use while maintaining functionality and safety. By prioritising circular design principles, your organisations can substantially get ahead of the game of mandatory sustainable packaging standards.

### Take responsibility for what's out there already:

Your transition should extend beyond design and material choices; encompassing the entire lifecycle of packaging. Taking responsibility for your Packaging on Market (POM) is essential, ensuring that every stage, from design to disposal, aligns with the principles of the circular economy.

### Lead from the front:

Every day, there is growing evidence of the damage our current, linear economic system causes – including pollution, climate change and biodiversity loss. In 2024, Australian brands will find themselves at a critical juncture.

To achieve the 2025 National Packaging Targets, advance the circular economy and address the forthcoming changes to packaging standards. Value-chain collaboration is critical. This collaborative approach involves new ways of working by all stakeholders in the packaging lifecycle – from designers to manufacturers and brands, recyclers and policymakers.

However, it will be important not to misplace circular economy principles in pursuit of mandating sustainable packaging outcomes.

### Get ahead

So, how can businesses of any scale start to prepare and take responsibility for the 6.7 million tonnes of packaging they placed on the Australian market each year? And why should they start thinking about it now through the lenses of circular design?

In addition to the environmental advantages offered by the mandatory design standards, gearing up your supply chain offers a range of new value creation opportunities and competitive advantages, including first-mover advantage.

The benefits of tackling the complexities of packaging transformation in collaboration with your value chain and industry include:

- **Shared responsibility and expertise:** Allowing resources and expertise to be pooled.
- **Scaling sustainable solutions:** Collaborative efforts can help overcome barriers to scaling sustainable packaging. By working together, stakeholders (even competitor alliances) can create demand for sustainable packaging.

- **Addressing systemic challenges:** Many challenges in achieving sustainable packaging are systemic and cannot be solved by individual entities alone. Collaboration across the value chain can address these broader issues, such as infrastructure for recycling or industry standards for sustainable packaging.
- **Enhancing transparency and traceability:** Collaboration enhances transparency in the supply chain, enabling better traceability of materials and ensuring that sustainability claims are verifiable.
- **Driving policy and regulatory changes:** A united voice from the entire packaging value chain can be influential in shaping policy and regulatory changes.
- **Economic and competitive advantages:** Collaborative innovation can lead to cost savings, such as through shared logistics or efficient use of materials. It also opens up opportunities for businesses to differentiate themselves in the market.

The damage from our current linear economic system is increasingly evident, underscoring the urgency for Australia to shift towards a more circular economy. As we embark on this ambitious

new course of action for sustainable packaging – a single measure to address linear supply chains – we join other nations like the Netherlands, pioneers under the EU's regulations on packaging waste. Sustainable packaging is more than an environmental imperative; it's a crucial step toward reshaping our economic activities in alignment with circular design.

I urge you to view this next chapter not merely as compliance and meeting targets but as a crucial response to mitigating climate risk and exposure. As we shift towards a low-carbon economy, this transition opens a realm of new opportunities; it's about embracing the potential for innovation and new value creation, leading a transformative movement across industries and borders. ■

---

**BRONWYN VOYCE** is chair of Circular Australia's Industry Taskforce and founder of *Circularity for Climate*, and *Great Plastic Rescue by Civic Futures Lab*.



### The Chilli Factory introduces two new oils

BY KAYCEE ENERVA

The Chilli Factory has unveiled two new chilli oils: **Red Belly Venom** and the **Daintree Drizzle**.

The chilli oils come in two heat levels – hot and medium.

Red Belly Venom is infused with one of the world's hottest chillies, the Carolina Reaper, while the Daintree Drizzle is a milder option, infused with a combination of mild chillies to add a slight kick and a fruity flavour.

All products are locally sourced and made, and are free from artificial colours, flavours, preservatives and MSG.



### MrBeast's Feastables chocolate bars head to Australia

BY KAREN PHAM

Cult US chocolate confectionery brand **MrBeast's Feastables** has been launched in Australia through Ampol Foodary stores – and online through Woolworths.

Founded by the well-known YouTube creator MrBeast, the company was listed in the US's top 10 chocolate brands during its first year of business, and its products have since sold out in the UK and New Zealand.

Jenny O'Regan, chief brand officer of Ampol, revealed that "countless Australians" have been eagerly awaiting the brand's arrival Down Under.

"Serving 3 million customers across our national network, we're thrilled to be one of Feastables' select retailers here in Australia. We can't wait to help satiate the desires of those eagerly awaiting the arrival of this treat, which has proven a hit around the world."

A gamified consumer campaign is in the wings that will offer customers the opportunity to join a MrBeast-style experience.



### Sundae Body unveils ice cream-inspired whipped moisturisers

BY KAYCEE ENERVA

Skincare brand Sundae Body has launched a line of **Body Whip Moisturisers**, inspired by ice cream and formulated to repair and hydrate the skin.

The Body Whip Moisturisers have four variants: Perky Plum, Watermelon Whirl, Just Peachy, and Very Berry. They're enriched with rice milk, shea butter, and native botanicals that claim to offer a dense, rich and fast-absorbing solution for dry skin. The products are also vegan, and cruelty-free.



### Pastry chef collaborates with cookie brand to unveil edible cookie dough

BY KAYCEE ENERVA

Award-winning chef Anna Polyviou has teamed up with cookie brand Charlie's Fine Food Co to launch Australia's first packaged, edible and bakeable cookie dough.

Made with heat-treated flour and without eggs, customers can eat the raw cookie dough straight out of the tub or bake it.

The new product comes in two flavours – **Raspberry Donut** (jam-filled centre, white chocolate chips and raspberry jelly pieces) and **Choc Brownie** (milk and dark chocolate mix topped with white chocolate chips).

Jacky Magid, co-owner of Charlie's Fine Food Co, said that partnering with Polyviou has been a "breath of fresh air".

Throughout a two-decade career in cooking, Polyviou has worked with five-star establishments including the Claridges Hotel in London and Pierre Herme in Paris, in addition to several international brands that have recognised her skill and originality.







SAY HELLO TO  
FUTURE-PROOF  
END-TO-END  
PACK SOLUTIONS.

PACKAGING MADE ' LOCAL ' PRECISE ' EASY

 [WWW.PACKSERV.COM.AU](http://WWW.PACKSERV.COM.AU)

 1300 377 512

 AUSTRALIA WIDE COVERAGE

Visit us at stand

**E100 - PACKAGING MACHINERY**

**appex.**

Incorporating  
**AUSPACK**  
PACKAGING + PROCESSING

12-15 MARCH 2024 **MELBOURNE CONVENTION AND EXHIBITION CENTRE**

**24**





**Integrate  
with your  
POS for faster  
payments.**

**🔗 CommBank Smart Integrated**