

Half of UK consumers are willing to pay more for heatwave survival items

Blue Yonder, July 2016 - Temperatures are soaring in the UK and consumers are rushing to the shops to buy heatwave survival products. These heatwave shopping missions present an opportunity for retailers, but they need to ensure they are prepared with both the right replenishment and pricing strategies. Failing to get these two critical areas right will either leave retailers selling out of vital items and missing out on sales, or being left with too much product, leading to heavy discounting and lost margins when the mercury falls back to normal.

Last year, Blue Yonder, Europe's leading provider of predictive applications in the cloud, conducted research into the attitudes of paying more for essential items during a heatwave. It asked people from across the UK how much more they would be willing to spend per item to ensure they had it during a heatwave, reviewing attitudes to the price of ice cream, sun-cream, cold drinks, BBQ food, bikinis and deodorant among others.

The survey of 2,000 UK adults found that for all items, younger generations are willing to pay more for items during a heatwave.

- Millennials are almost three times as accepting of higher prices during a heatwave – 71 per cent vs 28 per cent.
- More than 80 per cent of Millennials are happy to pay more for ice cream and cold drinks during a heatwave. 40 per cent of over 55s are still happy to pay more for these items.

It also found that:

- The nation is most accepting of paying more for Ice cream, sun cream and cold drinks during a heatwave than any other item.
- Brits are willing to spend on average an additional 4.4% on ice cream, 5.8% on cold drinks, 4.3% on BBQ food, 5.6% on sunglasses, 6.5% on summer clothes, 7% on sun cream, 4.5% on paddling pools, 5.9% on deodorant, 5.3% on air-conditioned taxis, 5.4% on parking at the seaside to ensure they had it during a heatwave.

Matt Hopkins, Blue Yonder says: "Retailers ability to react, in real-time to market and consumer conditions is a sink or swim issue today. Shoppers want 'any place, any time convenience' and during highly seasonal events such as a heatwave, they are prepared and expect to pay marginally more. Retailers need to ensure they are making the most of this to help overall profitability, while also ensuring they have the right stock on the right shelves at the right time.

“To do this, retailers can use internal data, and monitor external factors such as the weather, to ensure they are prepared. By combining data with powerful machine learning algorithms to predict demand, retailers can ensure they deliver the best customer experience to the consumer by providing them with the product they want and at the price they want it.”

The research was conducted by Censuswide, with 2,000 respondents aged 16+ in GB between 18-23 June. The survey was conducted from a random sample of UK adults. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

Contact

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About Blue Yonder

Blue Yonder is the leading provider of cloud-based predictive applications for retail. Every day, we deliver decisions to our customers that boost revenues, increase margins and enable rapid responses to changing market dynamics. Our replenishment and pricing solutions are driven by sophisticated machine learning algorithms, developed by one of the largest teams of PhD-level data scientists in retail. Founded in 2008 in Karlsruhe, Germany, by ex-CERN scientist Professor Michael Feindt, Blue Yonder now operates in both Europe and the United States. We are backed by leading private equity firm Warburg Pincus and the Otto Group and established the Data Science Academy, in 2014, to provide businesses with relevant data science know-how for retail. Blue Yonder has been awarded, among many others, the Gartner Cool Vendor Award 2015, the Experton Big Data Leader Award 2016 and the BT Retail Week Technology Award.

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