

Voluntary Report – Voluntary - Public Distribution

Date: July 05, 2023

Report Number: AU2023-0001

Report Name: Austrian Consumers Spend More Money for Less Food

Country: Austria

Post: Vienna

Report Category: Agricultural Situation, Agriculture in the Economy, Special Certification - Organic/Kosher/Halal, Agriculture in the News

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Report Highlights:

According to a recent survey by Agrarmarkt Austria, food purchasing volumes of Austrian households declined by five percent in the first quarter of 2023 compared to the first quarter of the previous year. Despite declining volumes, expenditures on select grocery items rose by 11 percent during the same period. High inflation and lower disposable income puts Austrian households under pressure. As a result, Austrian consumers are currently tending to purchase less and lower priced food products.

High Inflation, Even Higher Food Prices

In Austria, inflation has been well above the European average for months. At the beginning of 2023, the Austrian inflation rate reached its current maximum of 11.2 percent ([Statistik Austria](#)) and was still at 8.8 percent in May of 2023. According to Statistik Austria food prices increased even more (an increase of 14.1 percent in January, plus 12 percent in April 2023 compared to the same months of the previous year). Lower disposable income and dramatically increased prices, particularly for energy, puts many – not only low income - Austrian households under pressure. As a result, Austrian consumers are currently tending to purchase less and lower priced food products.

Food Summit of Austrian Government to Combat High Food Prices

In the beginning of May 2023, the Austrian Government invited stakeholders of the food industry to discuss possible solutions to combat the current high food prices. Results of this food summit were rather vague as the various stakeholder groups like producers, retailers, and consumers naturally have completely different interests. Austrian food retailers were accused of increasing their prices more than necessary and making massive profits. Food retail representatives countered this accusation with the argument that the increased prices can only be explained by their own increased costs. At the same time, they said that they would be open to discussing solutions against the high Austrian inflation and also offered to make their price calculations more transparent. The Austrian government announced that a food transparency database and a food price calculator would be developed for more transparency of food prices. It is still unclear how and when these databases will be implemented and if and how these measures could support lower food prices.

Higher Food Expenditures for Less Food Volumes

According to a recent RollAMA¹ survey, in the first quarter of 2023 food purchasing volumes of Austrian households declined by five percent compared to the previous year - and by two percent compared to 2019. Until 2021, Austrian food volumes had been increasing for many years. Despite declining volumes, expenditures on select grocery items rose by 11 percent compared to the same period last year, since the average price of the analyzed "RollAMA food shopping basket" was almost 17 percent higher.

Discounters Increase Market Share

High inflation and lower disposable income are causing consumers turn to cheaper and lower quality products. Discounters are the winners in this situation. The market share of discounters increased from the first quarter of 2019 to 2023 by 2.4 percentage points. Almost one third of all food expenses are generated at discounters.

Increased Purchases of Discounted and Promotional Items

Given the general rise in prices, the fact that discounts and promotions are particularly popular among Austrian consumers is not a big surprise. In particular, yellow fats, such as butter, as well as meat and poultry, are bought when on sale. Almost half of all meat purchases now end up in the shopping basket at a discount. Additionally, sausages and ham are preferably bought when on sale.

¹ The RollAMA (rolling agricultural market analysis) is carried out by Agrarmarkt Austria ([AMA](#)) in cooperation with GfK and KeyQUEST market research. It is a household panel in which 2,800 Austrian households keep records of their food purchases. Meat and poultry, sausage, milk and dairy products, cheese, fruit, vegetables, eggs, potatoes, frozen products, ready meals are recorded, but not bread and pastries.

Butter and Cheese Continue to be Popular

The prices for dairy products have been rising particularly sharply, which is negatively affecting sales of fruit yoghurt and similar products (-7.1 percent). Although cheese prices have also risen, cheese purchases have been falling less (-3.4 percent). Butter prices fell slightly in the first quarter from a high level. However, the popularity of butter remains unbroken.

Vegetable Supply and Consumption is Declining

High energy prices kept many greenhouses cold during the winter months, causing production to fall significantly and with it the supply of fruit and vegetables in the supermarkets. For this reason, 17 percent fewer tomatoes, peppers, etc. were bought in the first quarter compared to the previous year. Since this type of vegetable is the most popular in Austria, this also had an impact on the total volume of vegetable purchases, which fell by 8.5 percent.

Organic Sales More Stable

The dynamic growth of organic food products has weakened, but the shares remain largely stable. Especially when it comes to fruit and vegetables, the course is clearly going in the direction of organic. Dairy products from organic production are stagnating at a high level. Organic meat is also being consumed more often than two years ago. Additionally, the price differences between organic and conventional goods have become smaller, which has also impacted sales shares.

Austrian Food Prices Increase More than in Germany

According to a price monitor by the Chamber of Labor ([AK](#)), comparable branded grocery items are on average 18 percent more expensive in Austria than in Germany. In comparison with Germany, the prices in Austria are rising much more. This is also reflected in food prices. In May, the AK compared the prices of 71 branded items in Austrian (Billa, Interspar) and German (Rewe, Edeka, Kaufland) online shops. Of the 71, the gross prices of 57 items were higher than in Germany, 13 products were cheaper, and one product was the same cost.

Attachments:

No Attachments.