

# From headline to household:

How conflict in the Middle East brings a new cost shock to seasoned shoppers

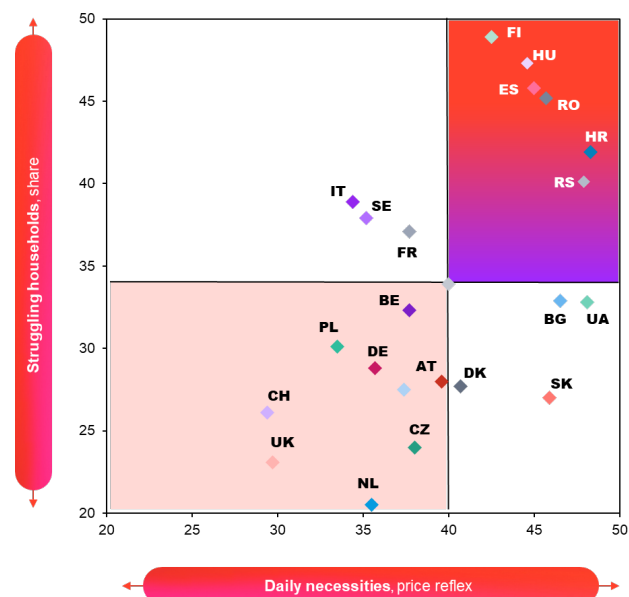


# Reality meets resilience: Inflation impact expected

The war in the Middle East is not just a geopolitical headline – it is already reshaping the economics of everyday shopping. It flows directly into European households through oil and gas, fertilizer, and logistics costs. Together, this “cost triad” is resetting shelf prices and quietly reshuffling the FMCG basket.

Unlike the cost-of-living crisis of 2022, jumpstarted by disrupted commodity flows, the current shock puts pressure on the foundations of FMCG production simultaneously. Energy inputs, agricultural yields, and transport capacity are all affected at once, driven by instability around the Strait of Hormuz – a chokepoint for oil, LNG, and a substantial share of globally traded fertilizers.

## Budget / price reflex at the onset



For shoppers, this does not translate into blanket cutbacks. Instead, it triggers selective recalibration, based on how substitutable and “fairly priced” each category feels under rising cost pressure. The question for manufacturers and retailers is not whether inflation returns, but which categories are structurally exposed to which cost drivers – and how households typically respond to each.

## Cost pressure caution

YouGov Behavior Change data shows that in early 2026 FMCG price wariness had settled around 40% since the start of the cost-of-living crisis in 2022; meaning that 4 in 10 were already planning to adapt buying behavior because of price perception. The share of “struggling” households had not returned to pre-crisis levels, indicating a permanently more cautious baseline. The situation is especially precarious in countries like Finland, Hungary, Romania, and Spain. By contrast, budget comfort peaked at the onset of Middle East conflict for a fair share of households, highlighting a two-speed market.

## Pessimistic prospects

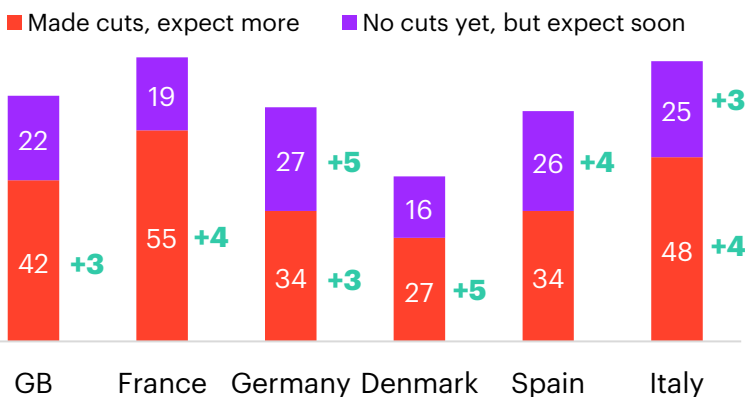
Budget expectations often drive behavior more than the status-quo, with uncertainty acting as a major brake.

A growing number of Europeans across the continent anticipate having to make cuts soon. This especially holds true for those that already had to cut back earlier.

This expectancy acts as a catalyst for budget caution – with higher price wariness as a telltale early signal.

### Cost-of-living expectations

March '26 vs. December '25



Source: YouGov Eurotrack March 11-25, n=2102, 1034, 2420, 1029, 1068, 1016

Discover YouGov Price Pulse

Make pricing decisions based on behavior, not assumptions.

The start of the Middle East conflict marks a **significant impact on cost of living**. The squeeze is widely felt in the past month. More Europeans struggle to afford especially fuel and energy bills in the past month, alongside early signals for issues regarding the cost of food in Denmark, Great Britain and Germany.

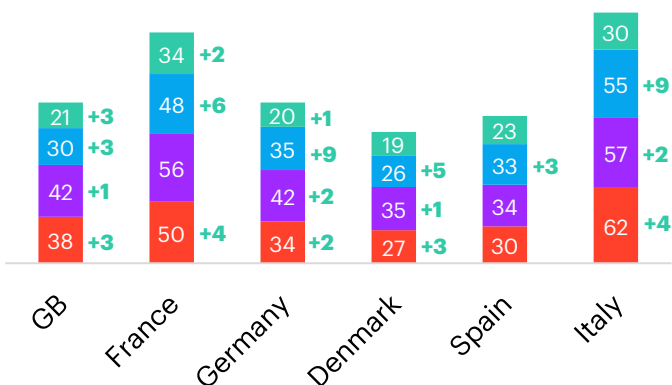
In the latter two countries, pressure is building up across all four **major household expenditures**. The number of Italians, French and Danish facing cost-of-living issues also rose dramatically, foremost related to mobility costs. The escalating burden is – up till now - mirrored least in Spain.

### Budget squeeze

March '26 vs. February '26

Struggle to afford in past 3 months:

Energy bills Food Fuel Housing



Source: YouGov Eurotrack March 11-25, n=2102, 1034, 2420, 1029, 1068, 1016



# The “triple blow” to FMCG categories

Manufacturers face a “triple blow” from both logistics and production inputs, further exacerbated by packaging constraints. How shortages, price hikes and product reformulations translate into basket effects depends on much more than absolute inflation numbers. Shoppers adapt based on their budgets, needs, and future expectations.

## How upstream shocks translate into FMCG demand risk

- High structural exposure (direct, fast, hard to offset)
- Moderate exposure (indirect or partially absorbable)
- ◆ Low exposure (buffered or delayed)

FMCG Category	Oil	Gas	Fertilizers	Logistics
Staples (pasta, rice, flour, oils)	■	■	●	■
Fresh fruit & vegetables	■	■	●	●
Meat & poultry	■	●	●	■
Dairy	■	●	●	■
Frozen food & ice cream	■	●	■	■
Alcoholic beverages	■	●	■	■
Snacking & confectionery	●	■	◆	■
Cosmetics & beauty	●	■	◆	■
Household cleaning	●	■	◆	■
Near-food / discretionary OTC	●	■	◆	■

**High energy-intensive** categories are structurally exposed when oil and gas prices rise, as costs linked to processing, refrigeration, transport and packaging move fast. This is most evident in dairy, frozen foods, chilled meals and beverages, where margin pressure is immediate. **Stress multiplies via packaging, logistics and fertilizer.** Energy-intensive packaging materials quietly erode margins in beverages and personal/home care, while **long, cold-chain supply routes** increase volatility for fresh food and meat. Fertilizer disruption amplifies costs in grains, fruit and vegetables, driving downtrading and downsizing rather than immediate category exit.

**Must-haves but pressured**

Staples, basic dairy, grains  
Substitution, margins and brands under pressure

**Optimized and rationalized**

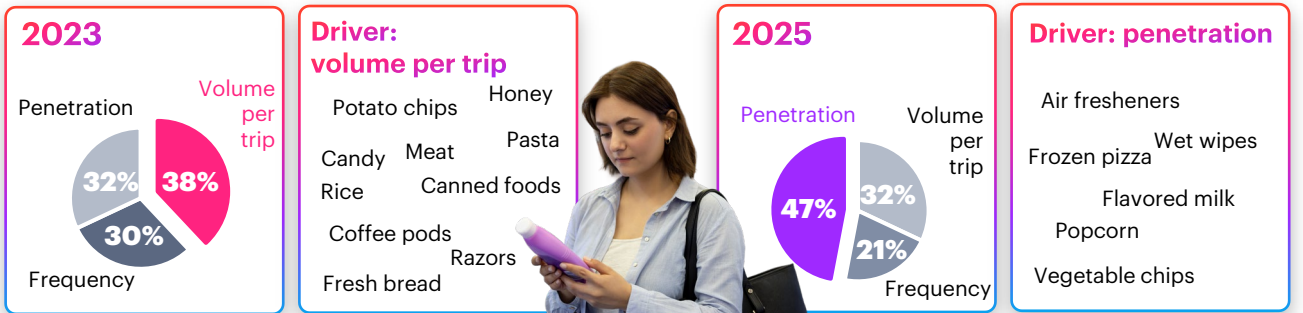
Meat, alcohol, household care  
Downtrading, lower frequency, promo sensitivity, PL shift

**Sacrificed first**

Excess indulgence, discretionary near-food, secondary personal care  
Fast volume loss, penetration drop

Romanian market data highlights how **volume pressure evolves** over time. In 2023, while a slight majority of categories saw a volume uplift, **27% of categories** faced volume loss - primarily driven by lower volume per trip. By 2025, as inflation weakened **20% faced volume loss** while declining penetration had become the **dominant driver**. Shoppers increasingly shunned discretionary categories such as napkins, tissues, popcorn, bath foam and scented candles.

**Category volume loss over time**



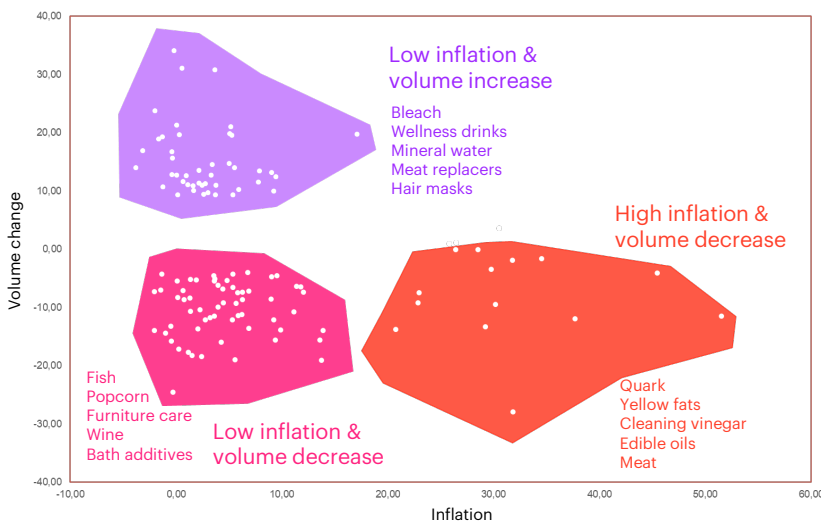
Source: Price Pulse RO | Main driver across 34 categories

**Track how shoppers adapt their purchases in the wake of inflation.**

[Discover YouGov Price Pulse](#)

YouGov Price Pulse data underlines that price inflation alone does not explain volume shifts. In Germany, some low-inflation categories such as fish, popcorn, wine and bath additives **lost significant volume** alongside high-inflation categories like edible oils and yellow fats, reflecting tighter basket management after the start of the war in Ukraine.

**Category segmentation based on YouGov Price Sensor Jul/Aug '22 vs '21**



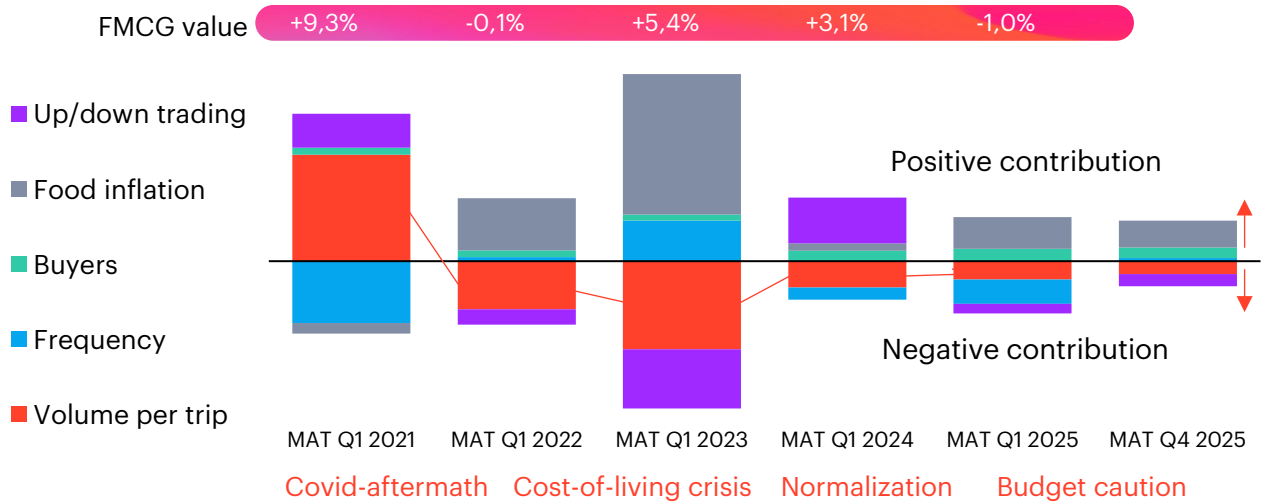
Source: Price Pulse DE Jul/Aug '22 vs. '21



# Lessons from years of inflation

A look at **the Dutch FMCG market** illustrates shoppers' responsiveness in practice. Today, shoppers pay €43 more for a typical basket that would have cost €100 in 2021. While 2020/2021 is marked by a boost in trip volume and uptrading due to homing-in during COVID, the cost-of-living crisis triggers a total reversal of this trend. Early adaptation is marked by **downtrading, smaller baskets, and higher frequency** as trips are fragmented across channels in search of the best buy. As normalization sets in, uptrading returns but volume per trip does not recover.

## Shoppers' coping strategies: volume per trip has not recovered



Source: YouGov Shopper Panel NL

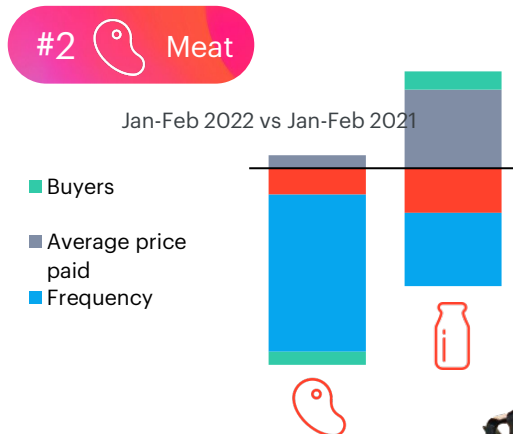
What coping looks like differs per category. Inflation shocks penalize unit-cost visibility like alcoholic beverages and meat, discretionary categories like confectionery and cosmetics, and just-in-case categories like frozen foods. These reactions are now likely to be amplified where energy intensity overlaps with low emotional necessity. Furthermore, struggling households are far more likely to mind their total basket size, leading them to abandon categories altogether.

### "Categories I will adjust"



- #1 Alcohol
- #2 Confectionery
- #3 Cosmetics
- #4 Frozen foods
- #5 Meat

### Meat rationalized sharply: less often to start with



Source: YouGov Behavior Change Report Spring 2022 EU-15

Source: YouGov Shopper Panel DK

# Shopper response: Trained not panicked

It is evident that the shock from the Middle East conflict is not a single inflation story. It is a **stack of cost drivers, each mapping onto different category vulnerabilities**. Energy, fertilizers and logistics do not hit “the basket” evenly. They redraw the internal hierarchy of FMCG demand. Moreover, European households enter the current crisis experienced, not surprised. Years of inflation and disruption have not made them indifferent but **methodical**.

**The cost-of-living crisis of 2022 started off with panic buying and a quick cut in “life’s little luxuries” – the expected cost creep in 2026 is likely to have a slower but stronger ripple effect.**

The strategic challenge is therefore not about forecasting prices, but:

- Understanding cost narratives
- Anticipating optimization
- Expecting emotional efficiency



Understanding which cost narrative shoppers attach to each category



Anticipating whether households will optimize within or exit altogether



Expecting shoppers to seek emotional efficiency, not just cost-saving

## Cost narrative

One of the clearest learnings from the cost-of-living crisis is that shoppers respond differently depending on whether price increases feel **legitimate**. Energy, fertilizers, and logistics are widely understood inputs. Basket choice pivots around **competence**: shoppers are set on the right more than the cheap choice.

## Optimization

Households first optimize within categories, by e.g., **switching brands, retailers, and adjusting pack sizing**. This does influence the bandwidth: shoppers come prepared, rely more on their **shopping list** and count on promotions. Households know where **flexibility** exists before core routines are cut.

## Emotional efficiency

Shoppers increasingly ask: does this **feel worth it**? Products that deliver clear function, routine or strong emotional reward are defended longer. As the perma-crisis extends, so does the need for **small escapes**. [As evidenced by the cocoa-crisis](#), shoppers stick to their preferred choice when backed by ritual.

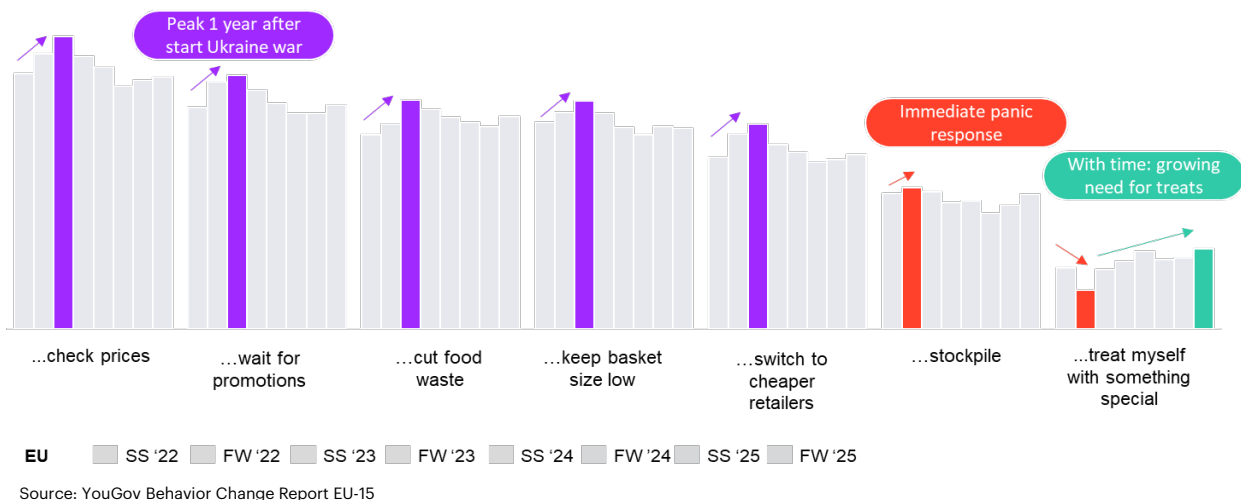
# Reconciling rigor and selective escapes

In the most immediate phase of the **cost-of-living crisis**, shoppers resorted to rigorous coping strategies: fervent price checking, more home cooking, retail switching, and reducing basket size – resulting in private label gains and hard discounter gravity. At the starting point of the war in the Middle East, the market was defined by **duality**: a peak in budget comfort for some while budget struggles persisted for many. While **price and promotion** checking is resurfacing, budget comfort and crisis fatigue have also been leading to a rising interest in **treats and stockpiling**. Small but sure signals toward **shopping with selective precision**. New waves of inflation will hit this two-speed market differently. Shoppers turn to budget rigor as either a balanced choice or a pure survival mechanism.

## The balancing act shows in coping mechanisms



In the next 6 months I will...more / much more than before



## Brand choice

**Private label share** has surged over the past few years in Europe, on average three percentage points across categories in the continent. Being a typical response in periods of downturn, **this long-term shift** is set to deepen when the cost triad catalyzed by the war in the Middle East will become visible in consumer prices.

### Private label gains



In the average category (2021-2024)

- +3% value share
- +2.7% volume share
- +2.2% assortment share

Although the average price increase for private labels (PL) outpaced national brands (NB), more category shoppers exclusively relied on PL.

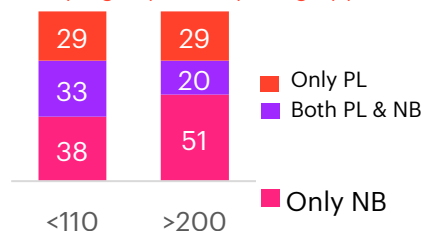
Exclusive private label buyers



### Brand premia



Buyer group sizes by category price index



NB – PL price index

Exclusive brand buyers are more common in categories where brand premia are highest.

# Finding comfort in control



64% of financially **struggling households** prefer private label

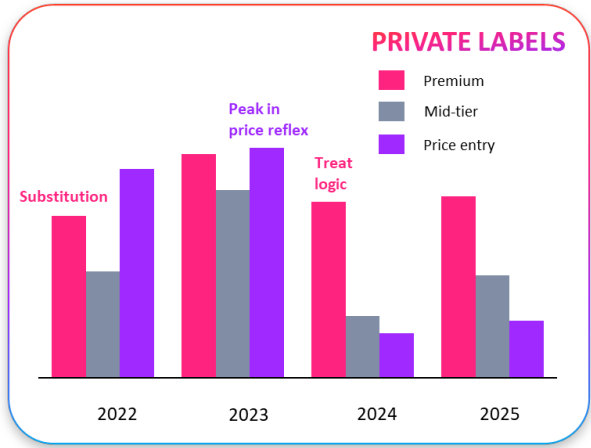
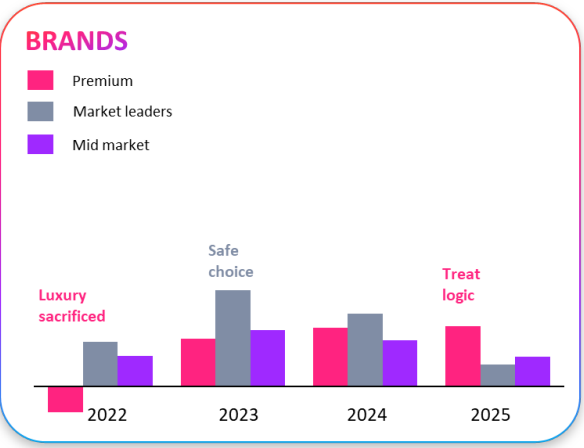


44% of financially **comfortable households** prefer private label

Source: Behavior Change Report FW 25/26 EU-22 n=16.494.

Private label is commonly linked to budget management, and this is evident among struggling households. In Germany for instance, private label accounts for **34%** of FMCG spend among **well-off households**, rising to **39%** among **those under pressure**. This pattern also holds in Italy, Austria, and Belgium, but reverses in Poland and Hungary, where private label skews more strongly towards better-off households. Private label evolves from cheap to smart.

## Choice, recalibrated: brand and private label tiers



Source: YouGov Shopper Panel DE



Examining brand and private label behavior across price tiers reveals a layered coping response. Early in the cost-of-living crisis, premium brands were dropped as a rapid budgeting move, while premium private label overperformed – evidence of substitution rather than reduced need fulfilment. Entry-price private label also gained quickly. As the crisis persisted into 2023, shoppers leaned back into market-leading brands as a safe choice. With budgets stabilizing and higher prices becoming the norm, treat logic re-emerged, driving renewed growth in both premium brands and premium private label.

# Trade-offs vs. cut-offs: Duration determines depth

Under financial pressure, shopper behavior evolves rather than collapses. Initial responses center on managing trade-offs to stay in control. As the tension endures, those trade-offs harden into cut-offs – but the longer the squeeze lasts, the stronger the counter-need for treats and moments of escape becomes. Duration ultimately determines the outcome with varying speeds, depending on budget realities and lifestyle tendencies.

## Budgets under pressure

### Short shock, managed budgets

#### Mindset: tactical tightening

Careful, not fearful; price-checking without panic; trade-up on deal; justifiable treats

#### Basket & retail implications

Promotions regain outsized impact; value tiers and price ladders matter; shoppers still browse; maintain premium presence for aspiration

### Short shock, fragile budgets

#### Mindset: early sacrifice mode

Need to (re)gain control fast; quick return of anxiety and budget rigor

#### Basket & retail implications

Hard discounter gravity; entry price points to protect traffic; competence over cutting; discretionary FMCG; simple, visibly smart choices

### Long escalation, vigilant budgets

#### Mindset: disciplined optimization

Fatigue sets in; high fairness sensitivity; can afford but has luxury to choose not to

#### Basket & retail implications

Basket fragmentation; exit from low relevance categories; out-of-home substitution; push “good enough”; trust and consistency are critical

### Long escalation, structural pressure

#### Mindset: permanent reprioritization

This is the new normal; basics-first logic; sharp budget discipline; value logic

#### Basket & retail implications

Volume loss in non-substitutable, low necessity categories; narrow repertoires; invest in relevance not range; rationalize in favor of high-return lines



## Managing pressure, not just prices

Enduring through the squeeze requires four moves – grounded in needs, control, emotional relief, and time. These responses recognize relevance over range, control through competence, relief without excess, and long-term readiness.

### Defend need fulfilment

- ⊕ Communication that cues “worth it”, “still delivers”
- ⊕ Legitimate cost narrative (ingredients, energy) for fairness perception
- ⊕ Protect core SKUs and hero formats in visibility
- ⊕ Support good-better-best architecture to allow controlled downtrading with the brand

### Design for substitution

- ⊕ Position mid-tier and premium-light propositions as smart substitutions
- ⊕ Highlight rituals, routines, and small treats that shoppers are reluctant to abandon
- ⊕ Push secondary SKUs and alternative pack sizes as retention tools when premium is under pressure
- ⊕ Clearly signpost these SKUs at shelf to prevent category exit

### Segment strategies by budget reality, not averages

- ⊕ Differentiate messaging: subsistence / optimization / selective indulgence and avoid one-size-fits-all narratives
- ⊕ Acknowledge emotional fatigue, maintain curated discovery zones, and legitimize small treats
- ⊕ Align price ladders and promo mechanisms to local budget realities

### Plan for duration

- ⊕ Positioning as a competence partner, building trust, and consistency
- ⊕ Optimize ranges early before cut-offs become permanent
- ⊕ Time promotional waves and second placements to moments of easing (pay cycles, seasonal resets)
- ⊕ Invest in resilience, protect launch capability to enable rebound

Smart choices  
+  
Money well spent  
+  
Emotional efficiency

Reliable basics  
+  
Smart upgrade  
+  
Justifiable treat



# YouGov Price Pulse

Identify when inflation hits, when shoppers switch, and where value is leaking

**Explore now**



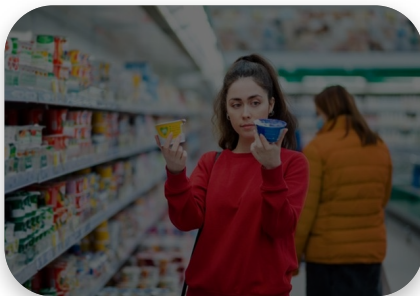
## Food for thought



ARTICLE

**The mood economy:  
What happiness means for  
everyday consumption**

[Read now](#)



REPORT

**Shopper Perspectives:  
How FMCG retailers can  
balance value, convenience  
and joy**

[Read now](#)



REPORT

**Cocoa crisis: How inflation  
and consumer resilience are  
redefining the chocolate  
economy**

[Read now](#)

# Thank you



**Lenneke Schils**

Global Insights Director



**Anna Rademacher**

Senior Insights Consultant

[/Research Reality](#)

[Get in touch](#)