

Inflation Surge in Home and Garden: State of the Industry

November 2022

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INTRODUCTION

Scope

This is one of three linked reports published Q4 2022 on inflation surge in home and garden

Key findings across the “inflation surge” reports in home and garden

The many layers of global inflation

Commodity impact: Inflationary cost pressure varies with exposure to different materials

Assumptions and calculations driving the home and garden inflation projection tool

STATE OF THE INDUSTRY

2021-22 was hard for managing prices; but manufacturers had strong negotiating power

Retail sales indicators show a 2022 reset, with gains being lost and power moving to retailers

Voice of the Industry Survey Q3 2022, gauging the sentiment of home and garden companies

Looking at home and garden overall, very little of the cost structure was left untouched

The boom created scarcity of commodities, recently compounded by the invasion of Ukraine

Energy costs keep spiking, especially on gas, hurting some products in extreme ways

Labour was an inflationary driver, but in 2021 to 2022 H1 it was more a capacity limiter

The shipping impact depends on length of supply chains and the bulk m 3 to retail value ratio

Just as brands gave retailers supply problems, that originated further back in parts supply too

Examples of specific material scarcity and how it affected categories across home and garden

Home and garden companies predict an incremental 8% increase in production costs in 2023

COUNTRY VARIANCES

The scarcity factor in a booming market made home and garden CPI inflation worse

In PPI data, a boom is visible in scale benefits, but European energy cost spikes start to show

Examining CPI versus commodity price data, 51% of cost rises were passed on so far

If thinking only of the last 12 months, nearly 60% of materials cost inflation was passed on

KEY FINDINGS

2022 home and garden inflation trends to 8% overall, but material cost pressure drives 14%

Deconstructing inflation drivers for home and garden

CONCLUSION AND RECOMMENDATIONS

That was the picture for home and garden...we have also drilled down to category level

Just-in-time left business models too vulnerable to shocks; now other ideas are taking root

Reactions to disruption take us back to the old joke about traffic jams...

Understanding the context for price negotiations has rarely mattered more than it does now

The scope of the home and garden inflation projection tool and ongoing intentions

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For more information on this report, further enquiries can be directed via this link www.euromonitor.com/inflation-surge-in-home-and-garden-state-of-the-industry/report.