

Inflation and the Ever-Evolving Shopper

U.S. Consumer Survey and Insights



Is your
marketing
strategy
keeping
up?

SNIPP!

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Snipp Interactive conducted this survey to better understand **American consumers' behaviors** and shopping preferences during these inflationary times. The survey validates many recognized behaviors including shoppers' return to physical retail and reveals surprising insights about their brand loyalty, store choices and price sensitivities.

Executive Summary

With fluctuating prices at the pump, increasing interest rates and ever-escalating grocery bills, consumers are on a mission to economize. This survey reveals that they are back in-store but **seeking value with a vengeance**, switching retailers and brands at every turn to help take the sting out of rising costs across all categories.

"In the current environment, consumer loyalty is fleeting, so brands and retailers need to take appropriate actions to meet current and newly acquired shoppers in their preferred channels," said **Tom Treanor CMO of Snipp**. "This survey illuminates the necessity for **CPG brands and retailers to create value that goes beyond price** in order to stay competitive and relevant with fickle, savings-minded consumers".

The survey results show what consumers are doing to save, and how that's causing significant shifts in where they are logging in, checking out and spending their dollars. So read on to learn more!

Survey Results

On the following pages, see the full results of the survey along with analysis about the responses. Use these insights to inform your shopper engagement strategy — whether you're part of a brand or retailer organization.



1 Brick and Mortar vs. Online Shopping

SHOPPERS GET PHYSICAL

With almost three years of the pandemic in the rearview mirror, consumers are ready to return to shopping in-store: 60% reported they shop in physical stores more than they did compared to the same time last year (with a full 42% going to brick and mortar a lot more). The data also shows that only 9% of respondents shop in physical stores less than they did compared to last year.

Are you shopping in physical stores (versus online) more than the same time last year?



Insight

Retailers should be ready to serve more in-store shoppers but as you will see later in this study, they are expecting value, innovation and deals to offset prevailing supply chain and pricing issues.

2 Online vs. Offline Shopping by Category

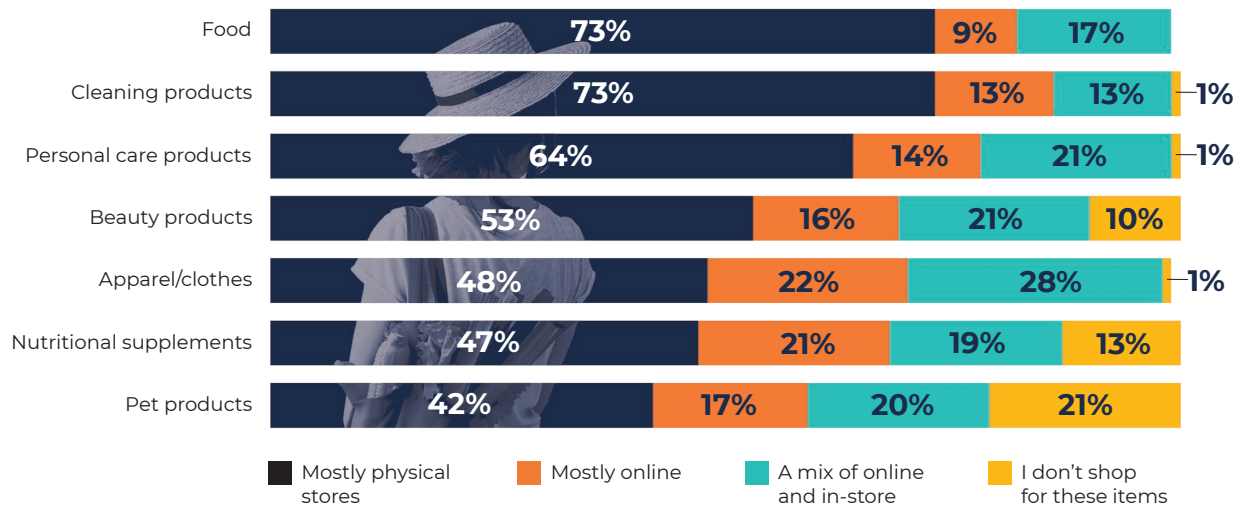
ONLINE SHOPPING HOT OR NOT?

As seen in the previous question, people are switching to more in-store versus online buying, post-pandemic. As for what they're seeking, the items bought mostly in-store include food (73% in mostly physical stores), cleaning products (71%) and personal care products (64%).

According to U.S. department of commerce data, ecommerce sales do continue to grow, however at a slower pace than previous years. 2021 experienced an 18.3% year-over-year increase from 2020 which is significantly less than the 42% year-over-year increase from 2019. Could the post-pandemic return to stores we see in the survey continue to let the air out of ecom's growth?

As far as top online purchases, apparel/clothes are shopped mostly online by 22% of respondents, nutritional supplements by 21% and pet products by 17%.

Where are you primarily buying these types of products?



3 New Product Discovery in Physical Stores

THE DISCOVERY CHANNEL

The hunt is on in-store. 86% of respondents indicated that they are open to buying newly discovered items while shopping in physical retail.



Insight

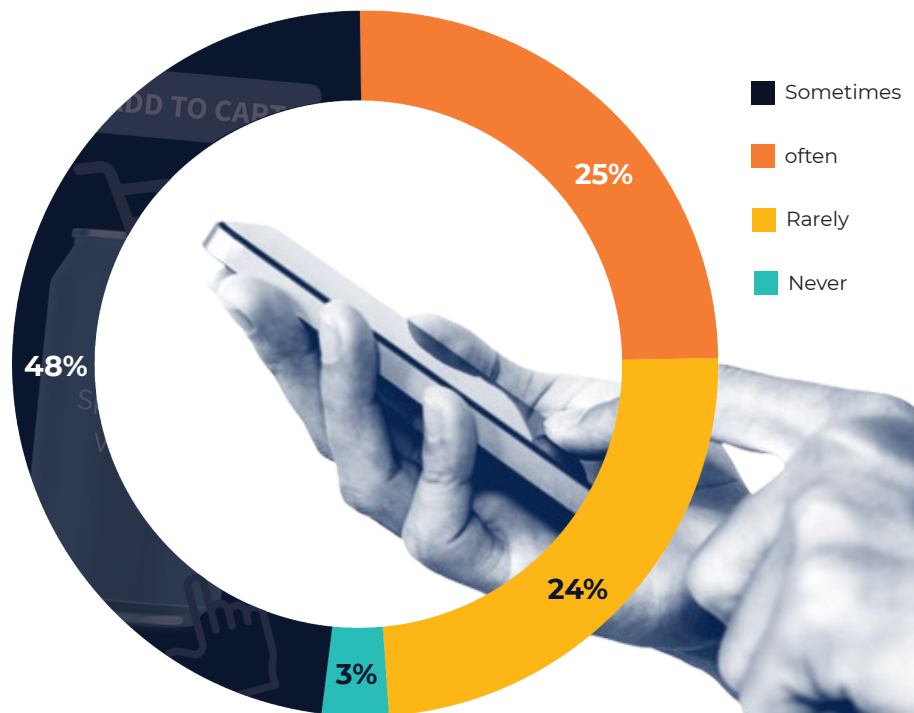
Retail creates the perfect environment for consumers to use all of their senses to experience shopping, encouraging incidental purchases. Brands and retailers who had previously limited their inventory, take notice as shoppers increasingly look to retail to select new items and make unplanned buys as they traverse the aisles.

4 New Product Discovery Shopping Online

SHOPPER MARKETING GOES DIGITAL

Shoppers are clearly looking to discover items online, less so however than when they purchase in-store. For respondents, 86% discover new items while in-store while 73% discover new items while shopping online.

While shopping online, how often are you buying newly discovered items that aren't on your list?



Insight

Innovative brands are investing in personalization strategies, promotions and spending dollars on retailer owned media to help initiate discoverable moments for quick-clicking online shoppers who may not stray from the same items they bought in last week's cart.

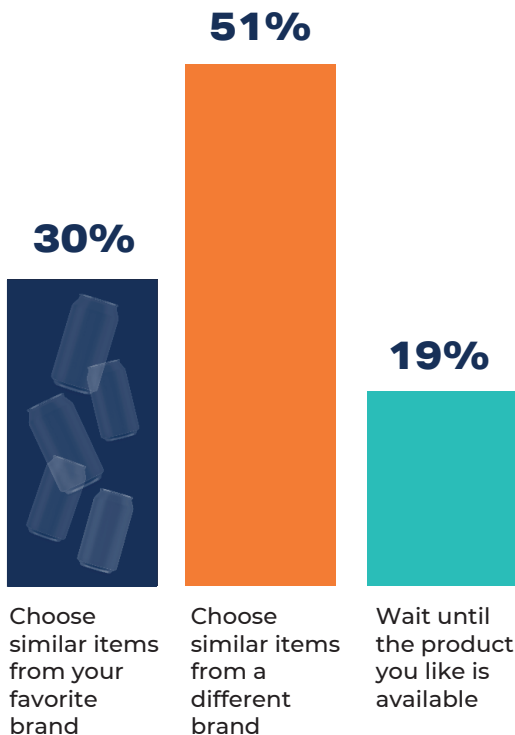
Retail media has completely changed the definition of shopper marketing and how brands and retailers work towards their collective goals. Brands have been shifting their budgets to Retail Media Platforms like Walmart Exchange and Kroger Precision Marketing for a number of years. Now, smaller retailers are following by monetizing their online audiences with the help of third-party solutions like Citrus Ads, and Criteo. Retail media helps brands reach their intended shoppers more efficiently by leveraging retailer's rich first party data, and extends their ability to stay connected with these shoppers beyond the store shelf.

5 Product Replacement When Out of Stock

LOYALTY IS A JUMP BALL

The pandemic has changed consumer buying behavior forever, while other external influences like sustainability and supply chain have also impacted the choices we all make every day. When it comes to loyalty, the results indicate that it's a jump ball. Over half (51%) of those surveyed will choose a competitor when faced with an out of stock item from their favorite brand. The flipside? The other half expressed they would either buy a similar item from the same brand or wait until the product they like is available.

When a favorite brand's item is out of stock you do...



Insight

To remain loyal, consumer expectations have elevated beyond legacy price/value equations. To earn their trust, CPG brands (and retailer private label brands) need to remain aligned with consumer's new definition of value and engage with them everywhere by delivering relevant messaging and loyalty programs that extend beyond the point of purchase.

Kellogg's uses its Kellogg's Family Rewards® loyalty program to analyze first party data from 33 million households¹ to better understand consumer demands and in turn represent those preferences in the brand creative, messaging, rewards and the products they manufacture.



6 Retailer Price Research of Buyers

AVOIDING CHECKOUT STICKER SHOCK

Consumer price index data² shows grocery prices rising on average by 12.4% compared to the same time last year. Consumers have turned to every savings tool possible including retailer circulars, third party digital apps and websites to avoid sticker shock at checkout. Our survey showed that 32% of respondents research retailer's pricing more often than in the past to stretch their paychecks. Also, 21% of those surveyed have switched from their favorite retailer, to save money (see Question 7).



Insight

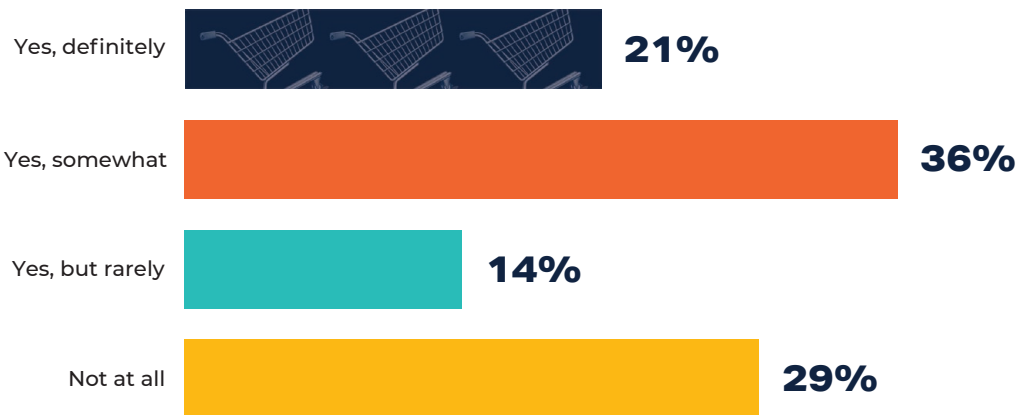
To win the price comparison rumble, retailers will benefit from migrating to all-digital versions of their weekly sale items as well as serving circular deal content on and off-platform via their retail media networks that's personalized to each shopper. Tech company Shop Liftr is integrating store-level pricing for its retailer clients to deliver targeted digital ads featuring hyper-localized trade promotions to an audience of nearby shoppers.

7 Retailer Switching based on Cost Savings

SWITCHING STORES TO SAVE

Of respondents, 57% have switched to a new retailer in efforts to save money answering “Yes, definitely” or “Yes, somewhat.” However, of those aged 54 and older, only 44% answered “yes” to switching stores (13% less than all respondents) and 38% did not change retailers at all (versus 29% for all respondents).

Have you recently switched from your usual retailers to save money?



Insight

Beyond price and proximity, customer experience and rewards can be the deciding factor for many fickle shoppers. Ahold Delhaize’s U.S. arm recently reported its loyalty program has brought in more than \$1.5 billion in incremental year to date sales, claiming to deliver a 50% increase in personalized offers compared to the previous quarter. Serving 8 billion targeted ads and incentives from its U.S. brands Food Lion, Giant Food and FreshDirect translated to measurable results at the register.³

Retailers that want to win their unfair share understand their shopper’s needs, personalize their messaging and merchandise their stores based on the preferences of the communities they serve. Whether that be ethnicity, demographics or seasonality, smart retailers must be in lockstep with consumer demands or risk the persistent threat of defection and share loss.

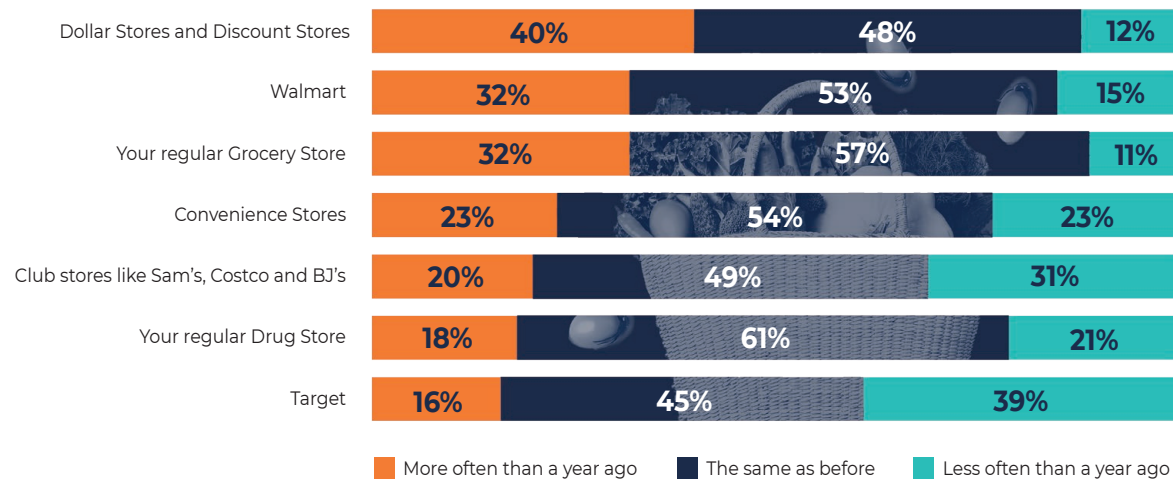
8 Shopping Behavior and Store Type



WHEN THE GOING GETS TOUGH, THE TOUGH SHOP ELSEWHERE

Major shifts are occurring. Our respondents have increased their spending significantly at Dollar Stores more than a year ago (with 40% shopping there more). In addition, shopping at Walmart and their regular Grocery stores also increased (with 32% shopping there more than before). They have also significantly tapered off their shopping at Target with 39% indicating they were shopping less at this mass merchant behemoth compared to a year ago.

How often are you shopping at the following stores (or types of stores) compared to the same time last year?



Insight

In times of inflation, shoppers get creative, making lifestyle changes and shopping choices in response to external economic pressures. Meals bought at grocery, and prepared at home help families save money when compared to dining out.

DOLLAR GENERAL

Dollar stores have been an increasingly popular destination for grocery shoppers and value seekers who can purchase national brand items at deep discounts. Dollar General has begun to roll out, and plans to offer fresh produce in 3000 stores by the end of 2022 to capture additional trips and spending across this higher-margin category.⁴

Walmart ✨

Walmart's everyday low pricing strategy and messaging seem to be resonating with survey participants. An estimated 56% of Walmart's revenue comes from grocery items.⁵

TARGET

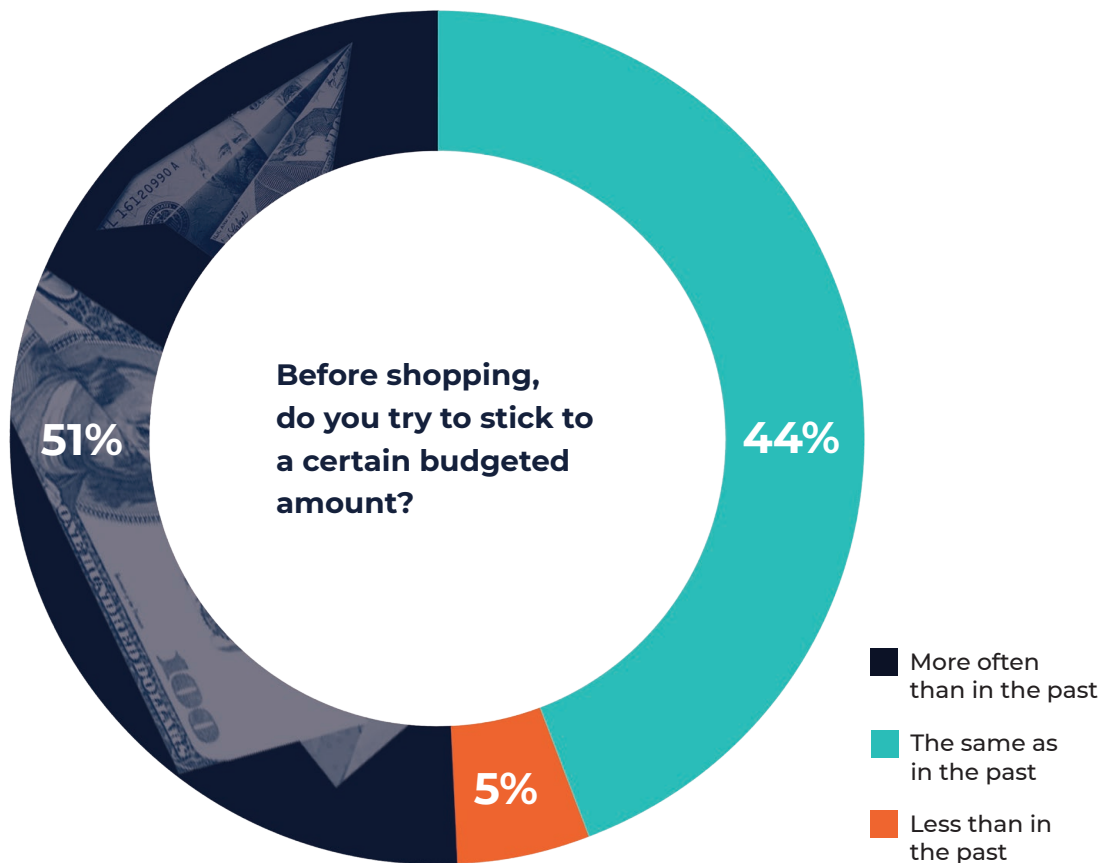
Target, which only garners approximately 20% of revenue from food and beverage⁶, is pivoting from smaller store formats, recently announcing a new, larger store design offering up more space for in-store shopping and same day fulfillment services.



9 Budgets and Planning for Shopping

THE BELTS GET TIGHTER

Over half of consumers in our survey (51%) have indicated that they adhere to a shopping budget more than in the past.



Insight

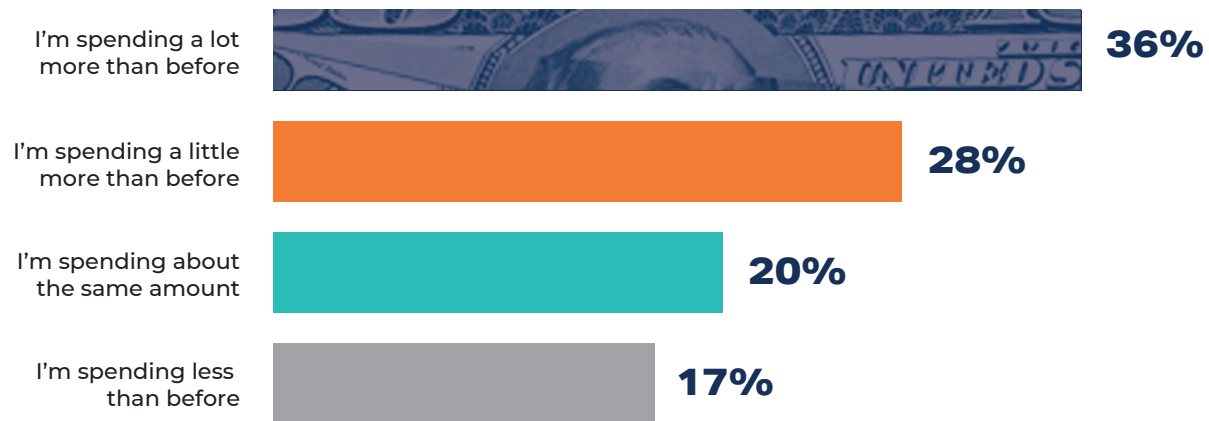
Inflation, prices at the pump, and rising interest rates could all be contributing factors to this behavioral change. In response, CPG brands are leveraging the latest advancements in marketing technologies to connect with consumers inside and outside of the physical retail environment. Brand bets on retail media, digital out of home and advanced TV have all helped elevate shopper marketing beyond shelf tags and end caps.

10 Food and Consumables Spend Trends

FEELING INFLATION'S PINCH

64% of respondents indicated they have increased their spending on food and consumables due to rising prices.

Have rising prices impacted how much you spend on food and other consumable items?



Insight

Both retailers and brands are vulnerable to rising costs and have applied various strategies to either keep prices down or create the impression of value. For Thanksgiving 2022, discount retailer Aldi US kicked off a “Price Rewind” campaign⁷ offering affordable pre-pandemic prices with discounts up to 30%. Stepping up consumer promotions, reducing package sizes, remarketing higher priced items as “affordable indulgences” or extending temporary price reductions are all tactics designed to soften the blow of rising prices.



11 Deal Seeking Behavior

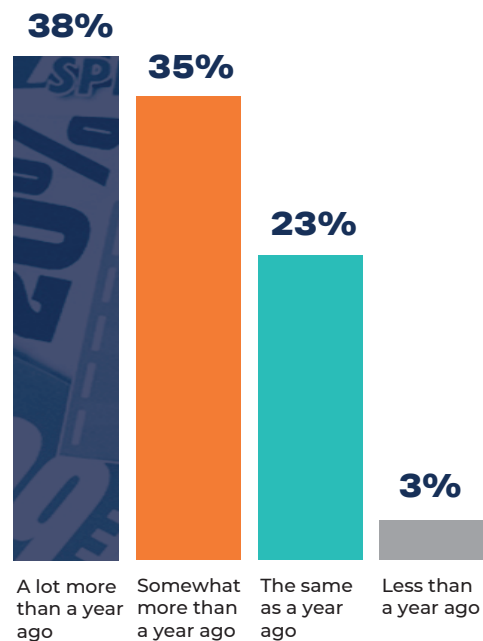
DEAL ME IN

In response to rising prices, 73% of respondents are buying more products based on deals.

Insight

One of the earliest documented uses of couponing was for a free glass of Coke. This was in 1887 when the refreshment was first introduced to thirsty consumers, sold from a soda fountain in an Atlanta pharmacy. Eight years later, Coca-Cola was consumed in every US state⁹. Consumer promotions have been a reliable tactic for brands who want to drive product trials, sell more items, or increase loyalty. The days of waiting for coupons in the newspaper and mailbox may be behind us, but retailers' digital deals, brand funded receipt scanned rebates, bank's credit card linked offers and consumer apps like ibotta help brands create pathways for savings to eager consumers right now — when they matter the most.

Are you buying products based on deals?



12 Top Companies for Brand Loyalty

LOYALTY DRIVEN BY BOTH QUALITY AND PRICE

Which Brands are You Loyal to and Why?

When asked without prompting which brands they're loyal to, their top picks were **Walmart** (6% of the respondents), **Great Value** (brand by Walmart) (5.2%), **Nike** (4.2%), **Kroger Brands** (2.2%), **Target** (2.2%), **Amazon** (1.6%), **Apple** (1.4%), **Coke** (1.2%), **Clorox** (1%) and the following with multiple mentions, but less than 1% of the survey population: **Hershey**, **Pepsi**, **Jiffy**, **HEB**, **Walgreens**, **Dawn**, **Costco**, **Jimmy Dean**, **Kirkland** and **Kraft**.

A selection of comments supporting their choices of brand shows a focus on value — including aspects of both product quality and price:

"**Walmart** is my go to store, they have the **lowest prices** on almost everything"

"**Great Value** because it has the same **quality** I've come to expect from most of the brands I used to buy but at **half the price**"

"**Apple** because they always make the most **innovative** and **reliable** products"

"**Nike** because the quality is always **authentic**"

"**Clorox** because I get more **coupons and deals**"

"**Kroger** brands because they are most of the time **better than name brands** at way **cheaper** prices"

"**Walgreens** has a good **rewards** system"

"**Coke** because they provide **consistency**"

"**Pepsi** the **prices** have somewhat stayed reasonable for a long time... **it's a brand I don't substitute for** and can't go without"

"**Dawn** dish soap works great"

"**Jimmy Dean**, because I **love** the breakfast bowls, the sandwiches, and pretty much everything the company produces"

"**Great Value** brand at Walmart. I was unfamiliar with it in the past due to being very skeptical about the products, however due to **inflation** and the amount of increases my brands have risen over the past few months. I tried Great Value brands and **I have been loyal** to Great Value more than my leading other brands"

"I trust **Hershey's** because it has good **customer service** and I've had overall **good experiences** with the brand"

"**Walmart** because they have **just about everything** that you're looking for"

"**Jiffy** peanut butter as it **tastes the best**"

"**Kroger** because of savings"

"**Nike** because it's the **best** and is **trustworthy**"

"**Kirkland** is an **affordable** brand and it's a **quality** product"

Survey Methodology

This survey was run in November 2022. The respondents consisted of five hundred U.S. adults (ages 18+) who regularly shop for themselves or their families. They were questioned via an online survey.

GENDER

Male	215 43.00%
Female	285 57.00%

AGE

18 - 24	93 18.60%
25 - 34	114 22.80%
35 - 44	146 29.20%
45 - 54	76 15.20%
> 54	71 14.20%



Sources:

- 1) Kellogg's Family Rewards <https://www.fooddive.com/news/how-kellogg-uses-data-to-drive-growth/603429/>
- 2) Consumer Price Index: <https://www.bls.gov/news.release/cpi.nr0.htm>
- 3) Ahold Delhaize <https://www.aholddelhaize.com/investors/quarterly-results/q3-2022/>
- 4) Dollar General <https://progressivegrocer.com/dollar-general-adding-produce-10000-stores>
- 5) Walmart 2022 10K <https://sec.report/Document/0000104169-22-000012/>
- 6) Target 2022 10K <https://investors.target.com/static-files/105534b6-2fe3-4ab2-840d-c0ae9ef84a91>
- 7) Aldi <https://www.prnewswire.com/news-releases/blast-from-the-past-aldi-rewinds-pricing-on-thanksgiving-favorites-301663833.html>
- 8) Coke History <https://www.wnyc.org/story/141353-first-coupon/>
- 9) https://commons.wikimedia.org/wiki/File:19th_century_Coca-Cola_coupon.jpg

About **SNIPP!**

Snipp Interactive is the producer of the Inflation and the Ever-Evolving Shopper report.

Snipp offers the following solutions

Promotions & Sweepstakes

Create instant win games, sweepstakes, Gift-with-purchase (GWP), gamification and social media promotions to let consumers win while having fun. Our promotions are designed to meet your marketing objectives whether they are driving sales, engagement, awareness, sampling or anything else. Our modular solution that can include promotion setup, purchase and non-purchase validation, collection of first and zero-party data, campaign insights, and rewards fulfillment.

Digital Rebate Management

This leading mobile-first solution to the cumbersome “traditional” rebate promotion or cash-back promotion model. Anchored by the Snipp Digital Rebate Center, it allows brands to set up and manage single-instance or cross-portfolio rebate marketing programs at the click of a button, and provides consumers a fully branded, digitized rebate experience.

Physical & Digital Receipt Processing

Deliver multi-channel, sophisticated, purchase or non-purchase-based promotions across retailers and devices. You decide the qualification rules. Snipp’s receipt validation technology is the market leader in purchase/non-purchase validation for customer engagement marketing. We power receipt reward programs that help brands scale activations and reward consumers based on any purchase (dollar value spend, number of products purchased or even a sum of purchases over time) or non-purchase (surveys, social interactions etc.) transactions.

Rewards Platform

Influence, incentivize and reward your customers with SnippRewards – our flexible and turnkey rewards platform. With over 2800 rewards to choose from, we can find you that right reward to entice your consumers to try new products, make more purchases, and extend their relationship with your brand. Power your brand incentive programs with digital and physical rewards like cash-back, experiences and more to enhance consumer engagement and retention. Integrate your reward options using an API.

Consumer Insights & Analytics

SnippCheck enables brands to tap into unprecedented consumer purchase and behavioral data captured in POS devices and tied to in-store promotions – contests, promotions, sweepstakes, rebates and loyalty programs. Capture first and zero-party data in real time and build proprietary data sets to drive personalization and customer engagement. Make sense of complex consumer behavior and purchase patterns. Turn this invaluable information into actionable insights to improve personalization and engagement.

Customer Loyalty Platform

Our innovative, cloud-based customer loyalty program is not just about consumer loyalty, but about creating customer acquisition and engagement hubs for your brand. It’s tailor-made for brands and retailers to engage with and build deeper relationships with their consumers. Available in modules based on your business needs, it is structured around core features that no loyalty program today should be without – receipt processing, real-time transaction processing, social media & other technology integrations, online rewards, data collection & analytics and more.

CONTACT US

1.888.99.SNIPP (1.888.99.76477)



Snipp provides promotions and loyalty programs designed to engage customers across the entire path to purchase — in-store, at home and online. Clients can run one-off promotions to evergreen loyalty programs that meet objectives at a brand, shopper, category, and portfolio level and are customizable by region, language, channel, retailer and more.

SnippCARE our modular Customer Acquisition, Retention & Engagement platform, powered by your market-leading receipt processing platform for purchase and non-purchase validation, enables implementation of ROI-driven, omni-channel programs, globally. We capture zero-party data in real time and build proprietary data sets, driving engagement, personalization and brand loyalty and enabling intelligent decision-making. It's tailor-made for brands to build deeper relationships with their customers.

For over a decade we have worked with the world's leading organizations in both B2C and B2B spaces, across industry verticals including CPG, retail, pharma, utility, home and outdoor, alcohol, tobacco, lifestyle and more.

Visit us at snipp.com for more details and program examples.

