

ADVANTAGE 2024 SHOPPER OUTLOOK

SHOPPER BEHAVIOR AND SEGMENTATIONS



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KEY FINDINGS

SHOPPER TRENDS IMPACTED BY INFLATION, BUT ESPECIALLY FOR THESE SEGMENTS: LOW-INCOME, MILLENNIALS, HISPANIC HOUSEHOLDS



Shopper Trends

Shoppers are shifting back to basics, planning to spend more on fresh produce and cutting spending on indulgences like dining out and salon/spa services. The majority of shoppers are looking for classic products (34%) or great values (24%). 4 in 10 are looking for premium/specialty products.



Impact of Inflation

Shoppers of all income levels are feeling the impacts of inflation, but especially the most vulnerable - lower-income households. Inflation concerns are higher in some regions and influence purchase choice. Reduction in SNAP benefits limit low-income household grocery choices. 1 in 3 shoppers who are Hispanic or low-income are affected by these changes.



Millennial Strategies

Millennials heavily impacted by SNAP and student loan changes, especially those with children. They plan to cook more at home; using more produce, meat or frozen food. Millennials plan to cut back on dining out and outside services, opting to entertain more at home. Millennials are most engaged across promotional media formats.



Work Location

Work locations have settled into a new normal, with at-home workers (16% of total) eating differently than their in-office coworkers (40%). Individuals who work away from home are looking for ways to save money by bringing food from home and expecting to eat more at-home meals in the next 6 months (21%).

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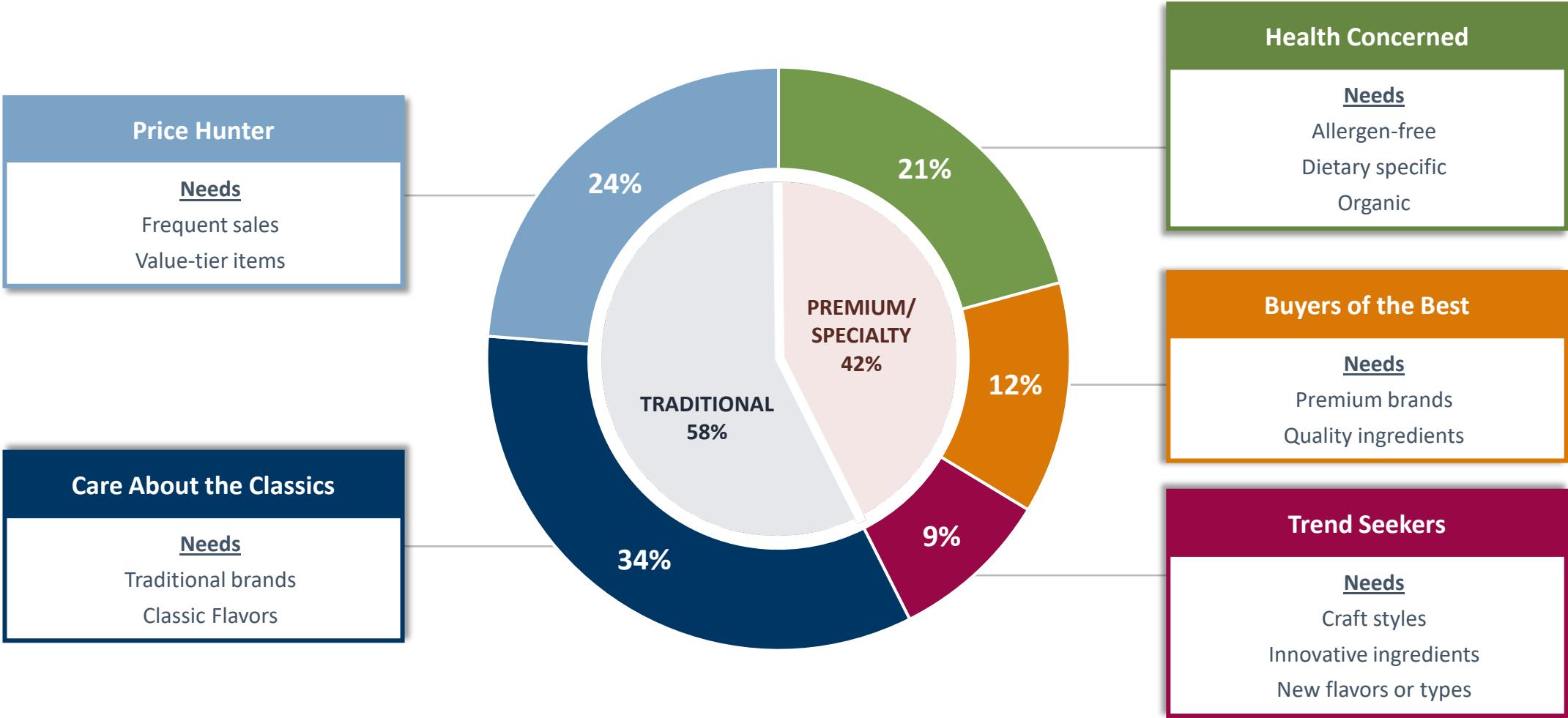


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Shopper Behavior

58% IDENTIFY WITH TRADITIONAL NEEDS WHEN GROCERY SHOPPING; THEY LOOK FOR FAMILIAR PRODUCTS AND AFFORDABLE PRICES

21% are health concerned shoppers who read labels and claims

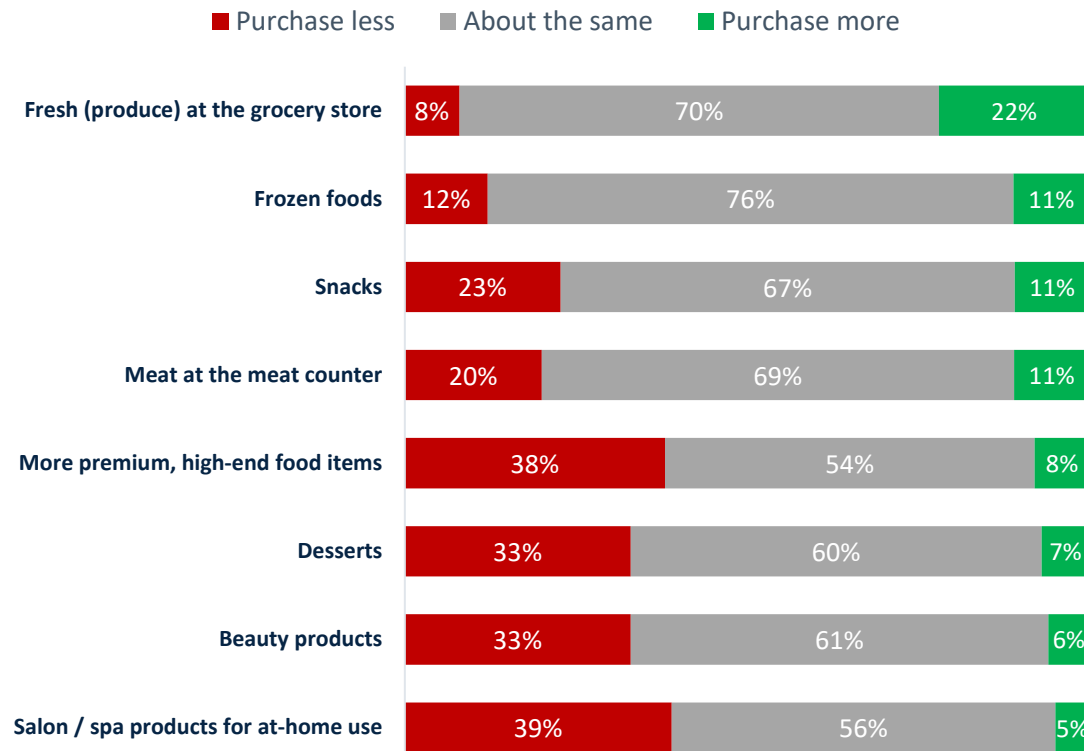


Q: Select the statement that best describes your attitude when purchasing groceries.

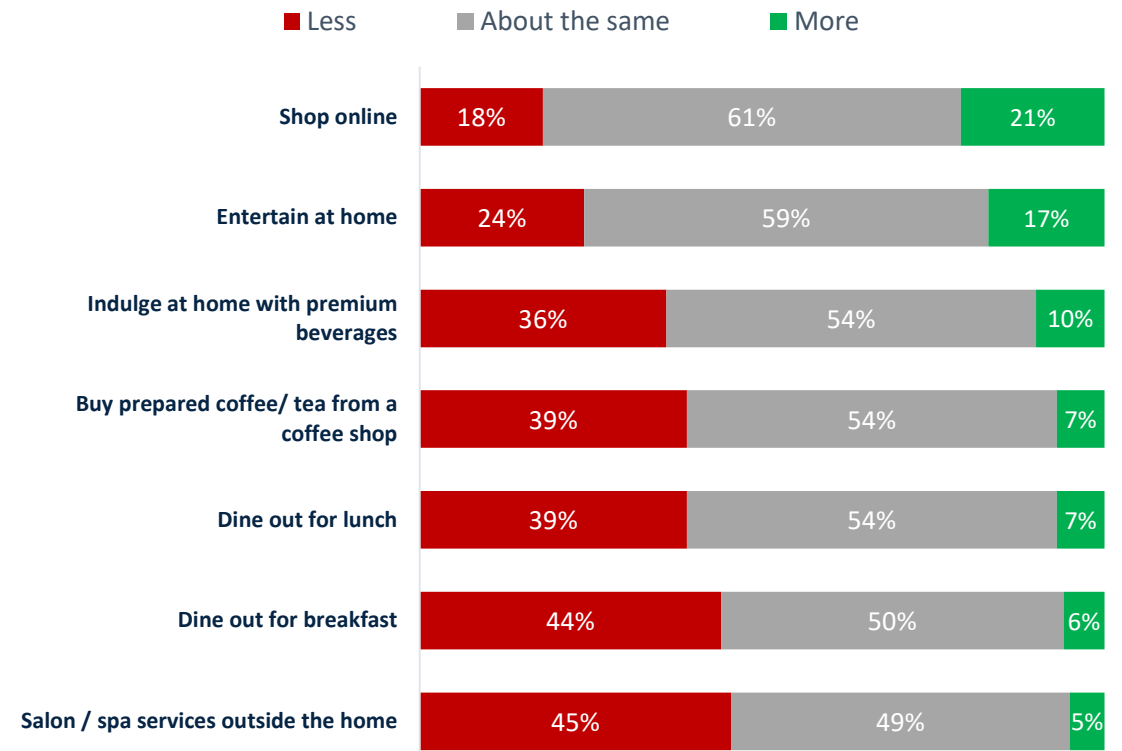
SHOPPERS PLAN TO SPEND MORE ON FRESH PRODUCE, BUT WILL LOOK FOR WAYS TO CUT SPENDING ON INDULGENCES

Shoppers expect to dine out less and spend less on salon/spa products and services

"Compared to last year, do you plan to purchase more, about the same, or less of these in the next 6 months?"



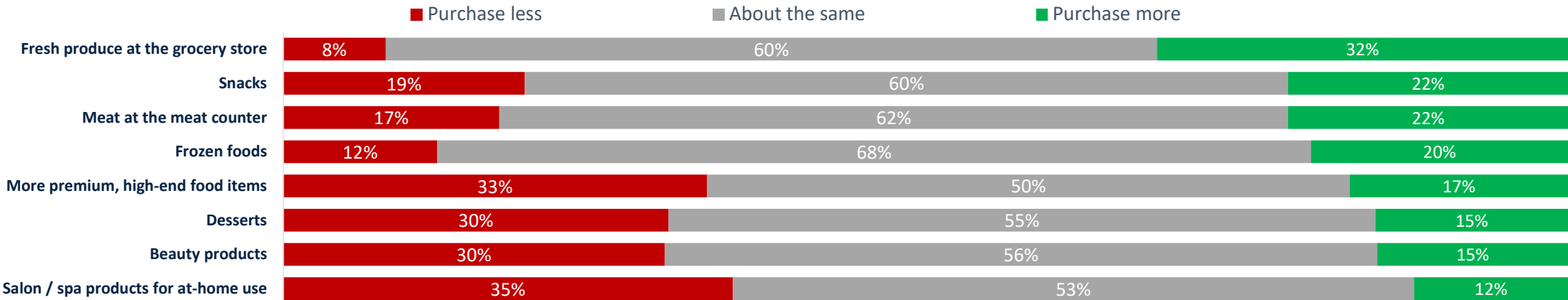
"Compared to last year, do you plan to do more, about the same, or less of these in the next 6 months?"



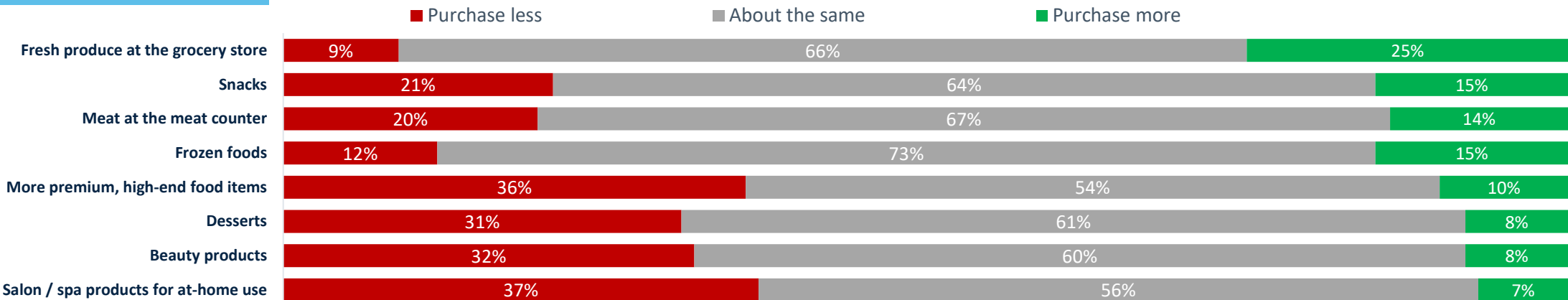
MILLENNIALS WITH KIDS MORE LIKELY TO INCREASE THEIR PURCHASE VOLUME ACROSS CATEGORIES THAT SUPPORT COOKING AT HOME

Most Millennials plan to spend about the same

Millennials With Children



Millennials Without Children



Q: Compared to last year, do you plan to purchase more, about the same, or less of these in the next 6 months?

MILLENNIALS WITH KIDS PLAN TO CUT BACK ON DINING OUT AND WILL SUPPLEMENT WITH MORE HOME ENTERTAINMENT

Many Millennials without kids plan to reduce spend on outside services

Millennials With Children

"Do you expect to eat more, about the same, or fewer meals at home in the next six months?"

More **29%** *Index 181*

About the same **64%** *Index 83*

Fewer **8%** *Index 133*

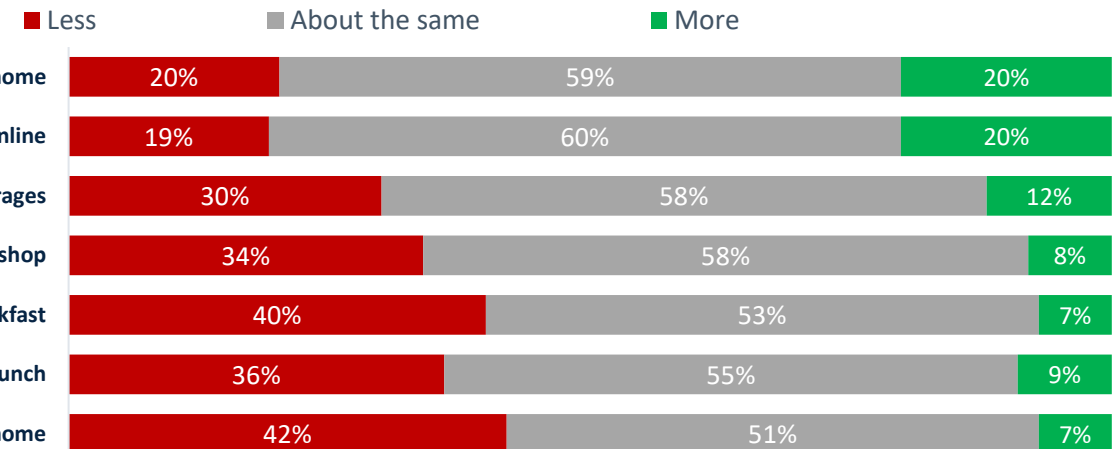
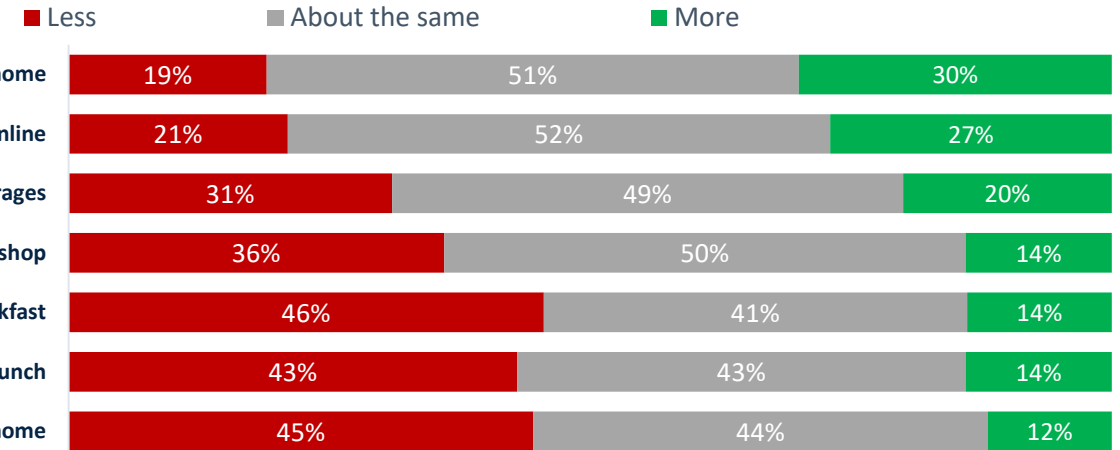
Millennials Without Children

"Do you expect to eat more, about the same, or fewer meals at home in the next six months?"

More **19%** *Index 119*

About the same **74%** *Index 96*

Fewer **7%** *Index 117*



Q: Compared to last year, do you plan to do more, about the same, or less of these in the next 6 months?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 1,272 | 924

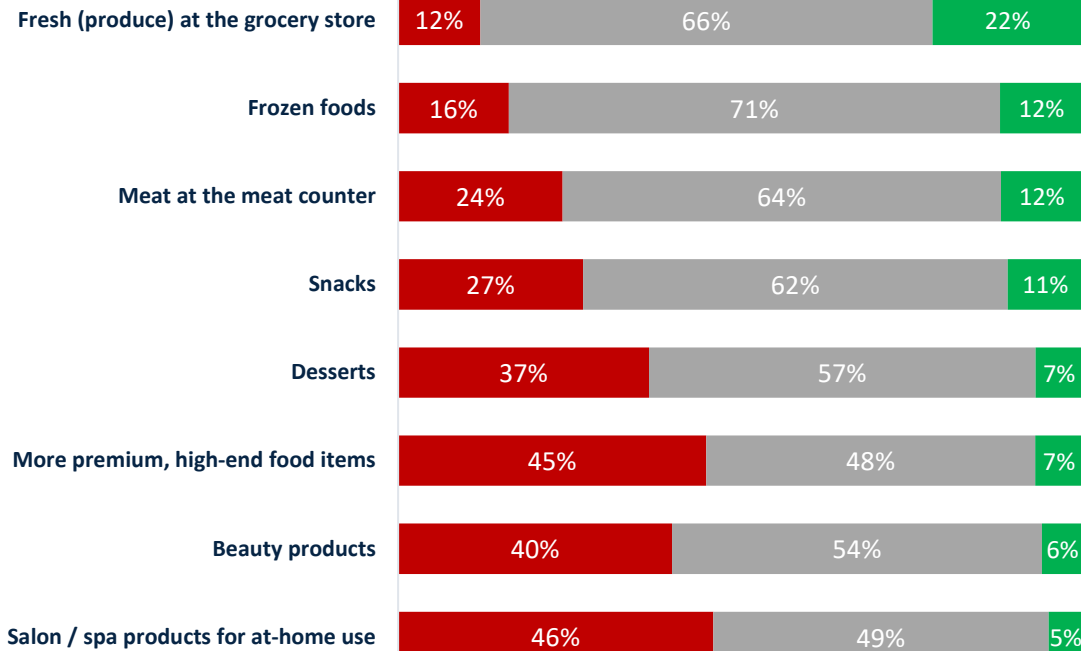
ALL INCOME LEVELS IMPACTED BY INFLATION, BUT LOW-INCOME SHOPPERS MORE LIKELY TO CUT BACK

More low-income shoppers plan to reduce spend on non-essential groceries

<\$50k

"Compared to last year, do you plan to purchase more, about the same, or less of these in the next 6 months?"

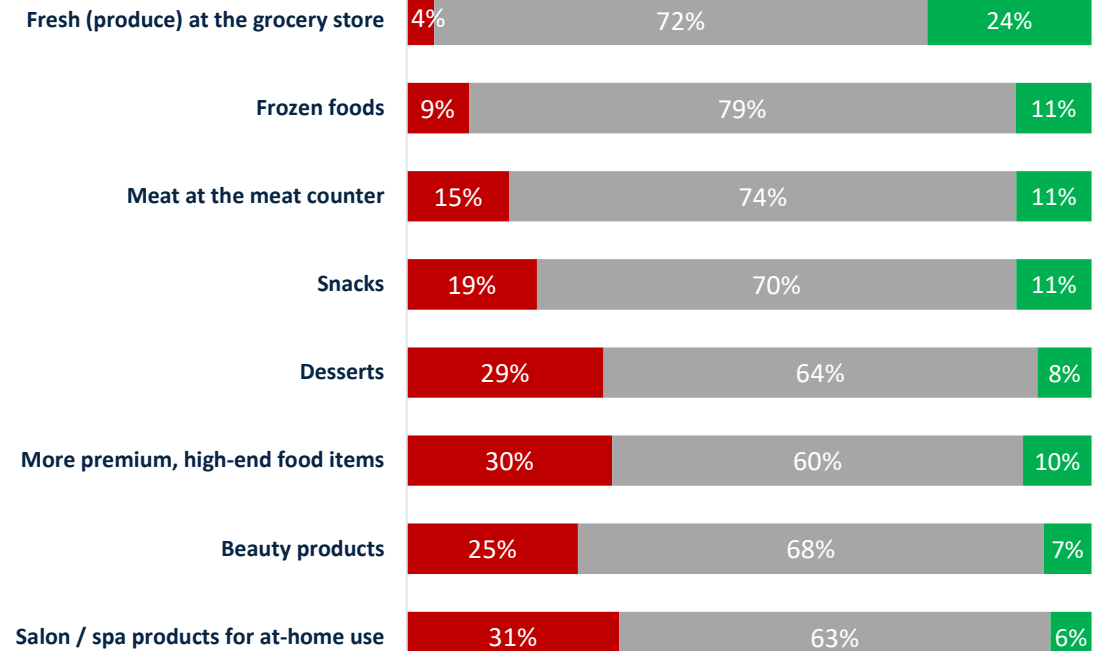
■ Purchase less ■ About the same ■ Purchase more



\$100k+

"Compared to last year, do you plan to purchase more, about the same, or less of these in the next 6 months?"

■ Purchase less ■ About the same ■ Purchase more

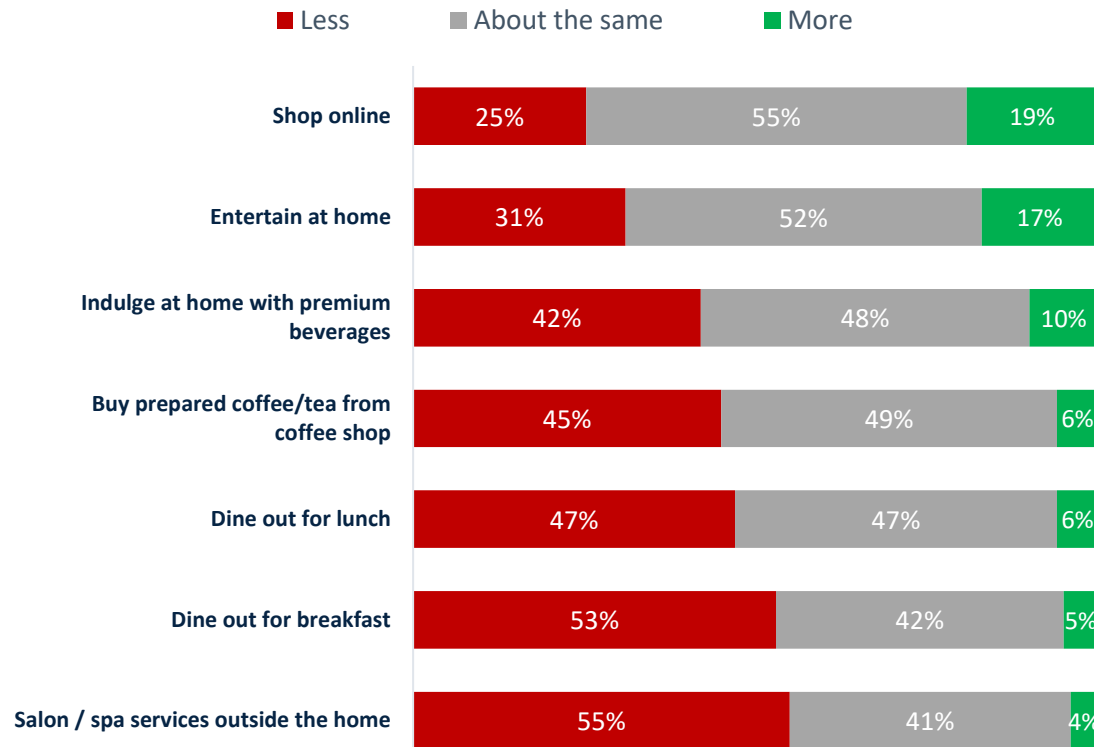


LOW-INCOME SHOPPERS MORE LIKELY TO CUT BACK ON NON-ESSENTIAL SERVICES & DINING OUT

Inflation will limit social interactions of low-income households

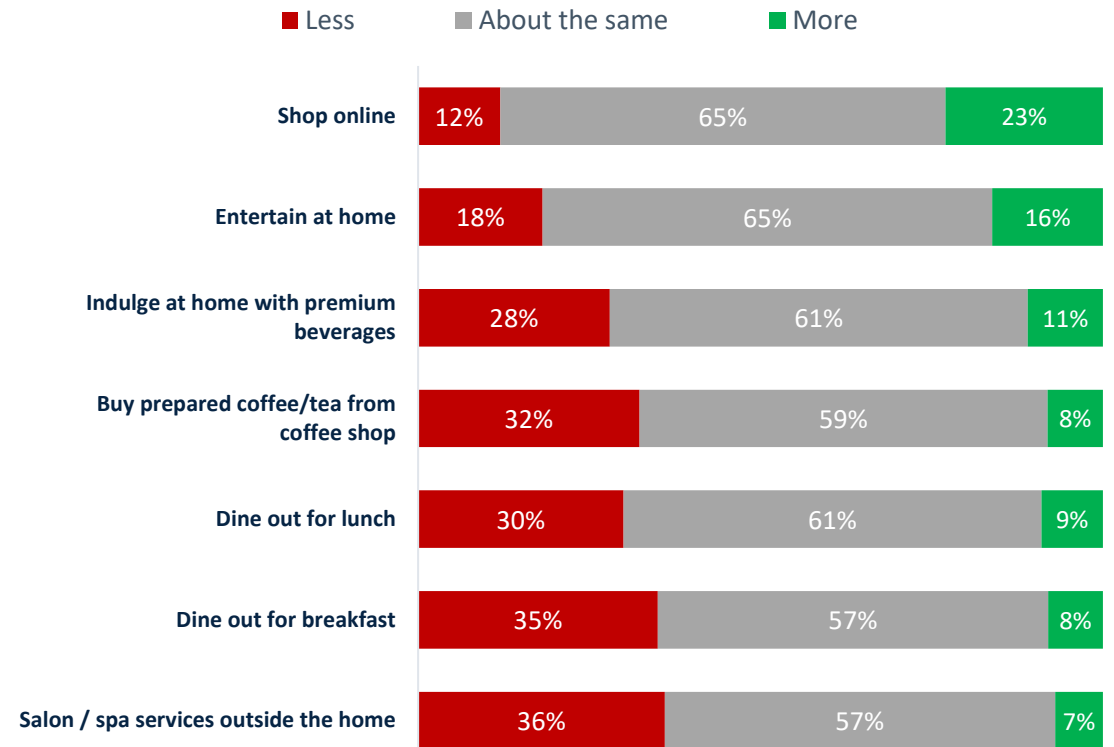
<\$50k

"Compared to last year, do you plan to do more, about the same, or less of these in the next 6 months?"



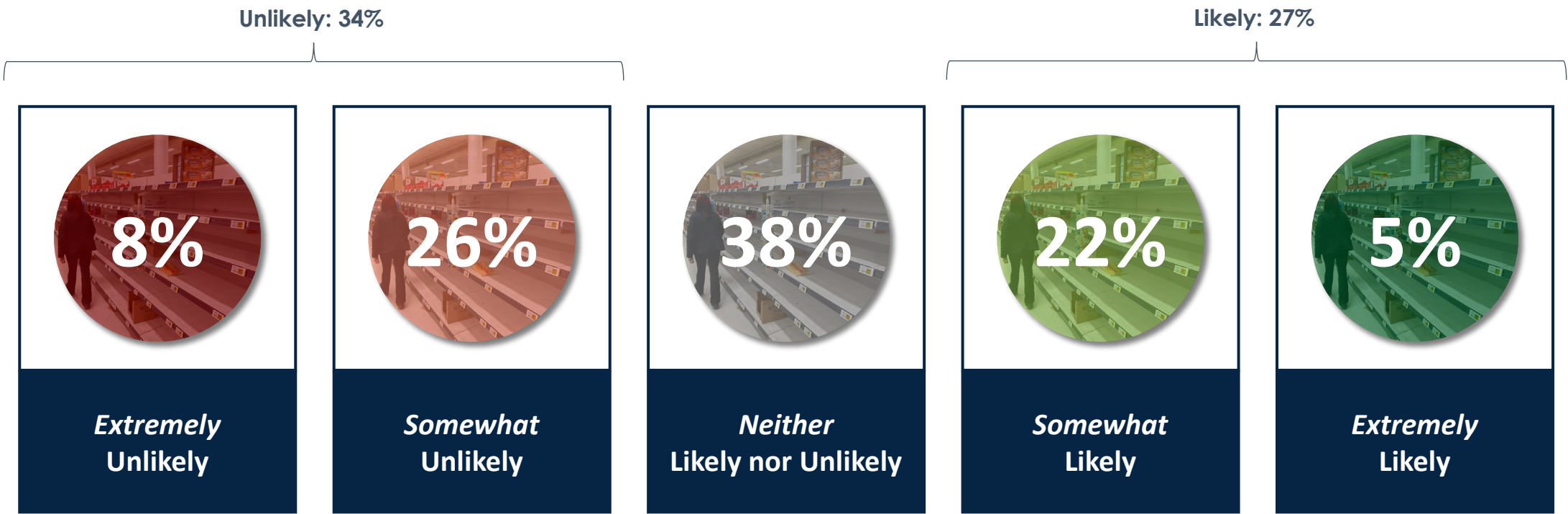
\$100k+

"Compared to last year, do you plan to do more, about the same, or less of these in the next 6 months?"



27% SAY THEY'RE LIKELY TO PERMANENTLY SWITCH BRANDS AFTER EXPERIENCING OUT-OF-STOCKS

1 in 3 shoppers unlikely to permanently switch

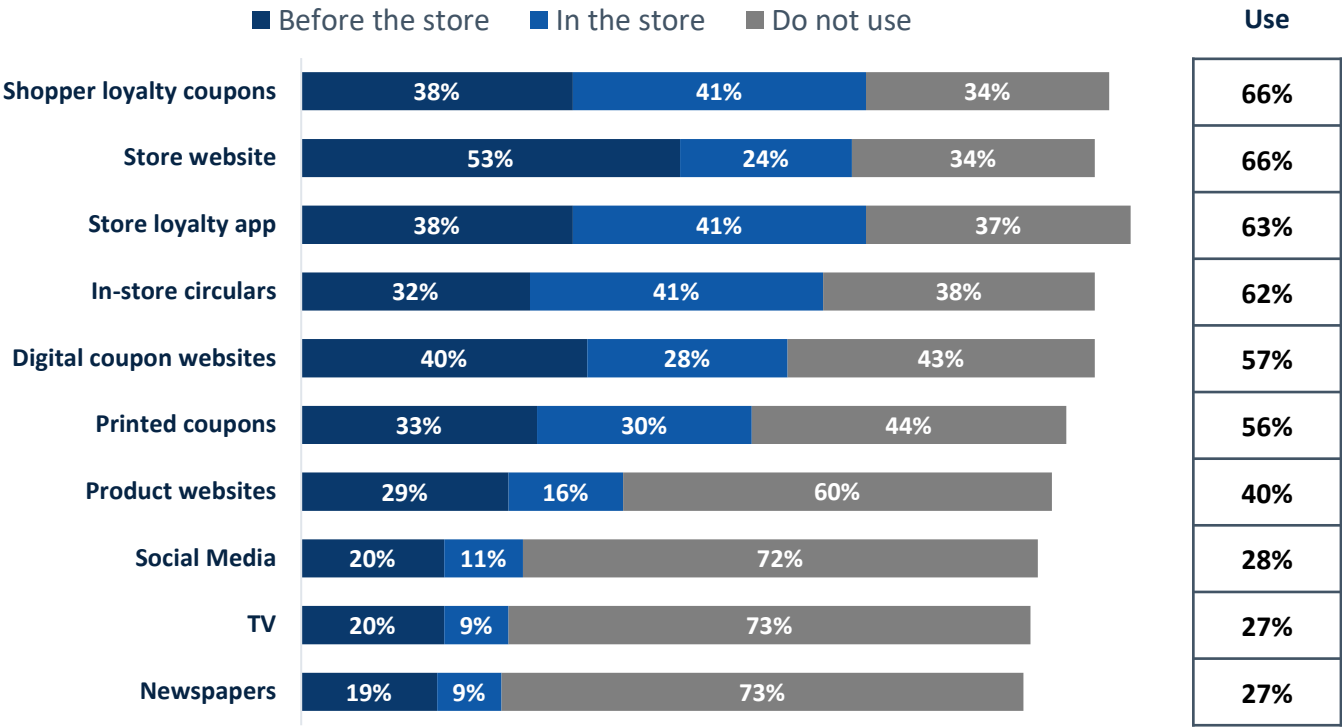


Q: We understand out-of-stocks can impact your purchase decisions. When you have had to purchase a different product due to out-of-stocks, how likely are you to switch brands permanently?

SHOPPER LOYALTY COUPONS AND STORE WEBSITES MOST USED PROMOTIONAL MEDIA PLATFORMS

53% of shoppers use store websites before shopping in-store

Promotional Media Usage



Know Your Shopper:
Promotional media use varies by generation

- **Gen Z:** more likely to use social media, TV and/or product websites; less likely to use in-store circulars, newspapers and/or printed coupons
- **Millennials:** most engaged with promotional media; more likely than average shopper to use majority of media/platform types
- **Gen X:** mirrors the average (total) shopper
- **Boomers+:** least engaged with promotional media; under-index on most media/platform types, but 70% use in-store circulars

Q: Which types of promotional media or platforms do you use before and during your grocery shopping trip? Select all that apply.

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 8,017

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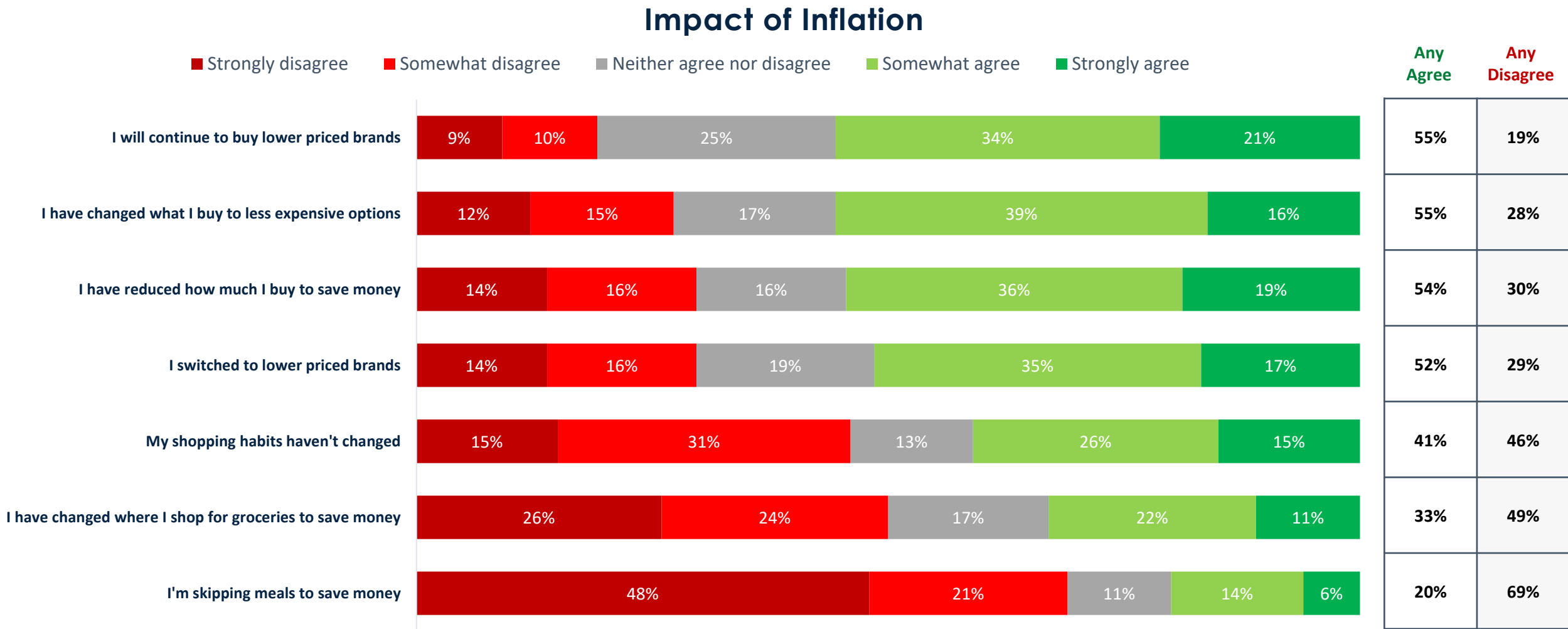


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Impact of Inflation

SHOPPERS STILL FEEL IMPACT OF INFLATION; LOOK TO LOWER PRICED OPTIONS AND WILL SWITCH BRANDS/PRODUCTS TO SAVE MONEY

1 in 5 shoppers skipping meals to save money



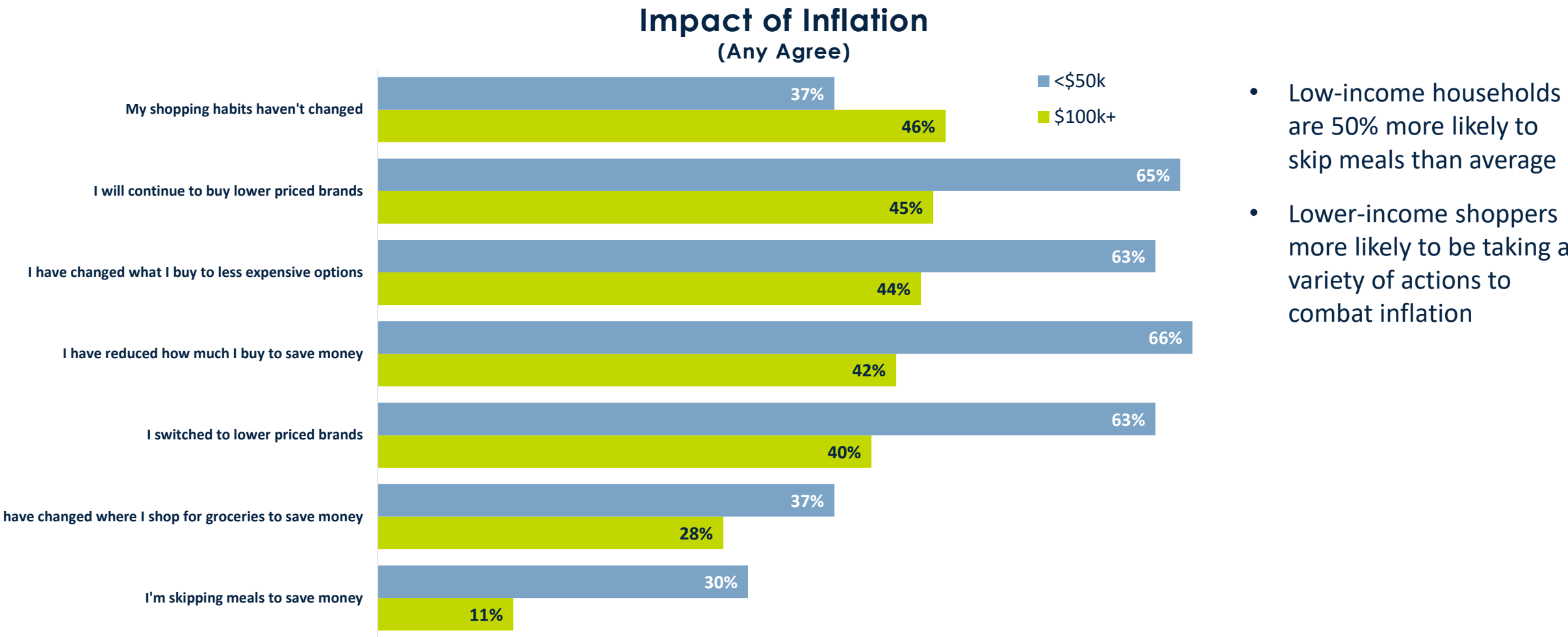
Q: Inflationary pressures have impacted people differently. How much do you disagree or agree with the following statements?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 8,017

INFLATION’S IMPACT ON LOW-INCOME HOUSEHOLD SHOWS VULNERABILITY AND NEED FOR RELIEF FROM HIGHER PRICES





Disproportionate amount of income spent on groceries, leaving little disposable income



Q: Inflationary pressures have impacted people differently. How much do you disagree or agree with the following statements?

70% OF HIGH-INCOME SHOPPERS HAVE A COUPLE OF PREFERRED STORES COMPARED TO 57% OF LOW-INCOME SHOPPERS

Difference due to availability of retailers in low-income areas, giving these vulnerable shoppers fewer options

					2023		
		2018	2021	2022	TOTAL	<\$50k	\$100k+
	I go to the same (1) store for groceries nearly all the time	28%	37%	28%	27%	34% <i>Index 126</i>	22% <i>Index 81</i>
	I have a couple of preferred stores for groceries – it just depends what's on my shopping list	65%	53%	63%	65%	57% <i>Index 88</i>	70% <i>Index 108</i>
	I shop at a number of stores for groceries – I don't have one favorite store	6%	9%	9%	7%	8% <i>Index 114</i>	7% <i>Index 100</i>
	I only shop online for groceries		2%	1%	1%	2% <i>Index 200</i>	1% <i>Index 100</i>

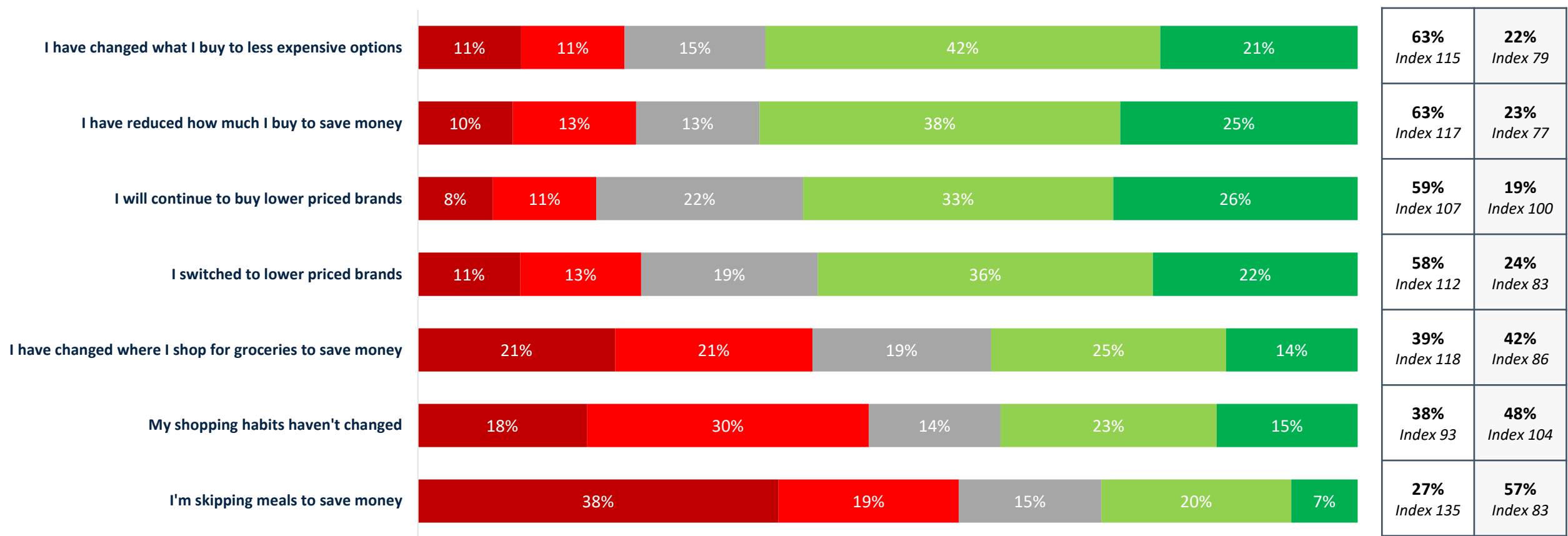
Q: When thinking about groceries, please select the statement below that best describes your shopping behavior.

HISPANIC SHOPPERS CHANGED SHOPPING BEHAVIOR DUE TO INFLATION MORE THAN AVERAGE

27% Hispanic shoppers skipping meals to save money, 7pts more than total shoppers

Impact of Inflation

Strongly disagree Somewhat disagree Neither agree nor disagree Somewhat agree Strongly agree



Q: Inflationary pressures have impacted people differently. How much do you disagree or agree with the following statements?

INFLATION IMPACT HIGHEST IN CENTRAL AND SOUTHERN STATES; HIGHER INCOMES IN PACIFIC, NEW ENGLAND AND MID-ATLANTIC REGIONS HAVE LESSENERD INFLATION AFFECT

IMPACT OF INFLATION

Compared to total respondents

Pacific: Hawaii, Alaska, Washington, Oregon, California

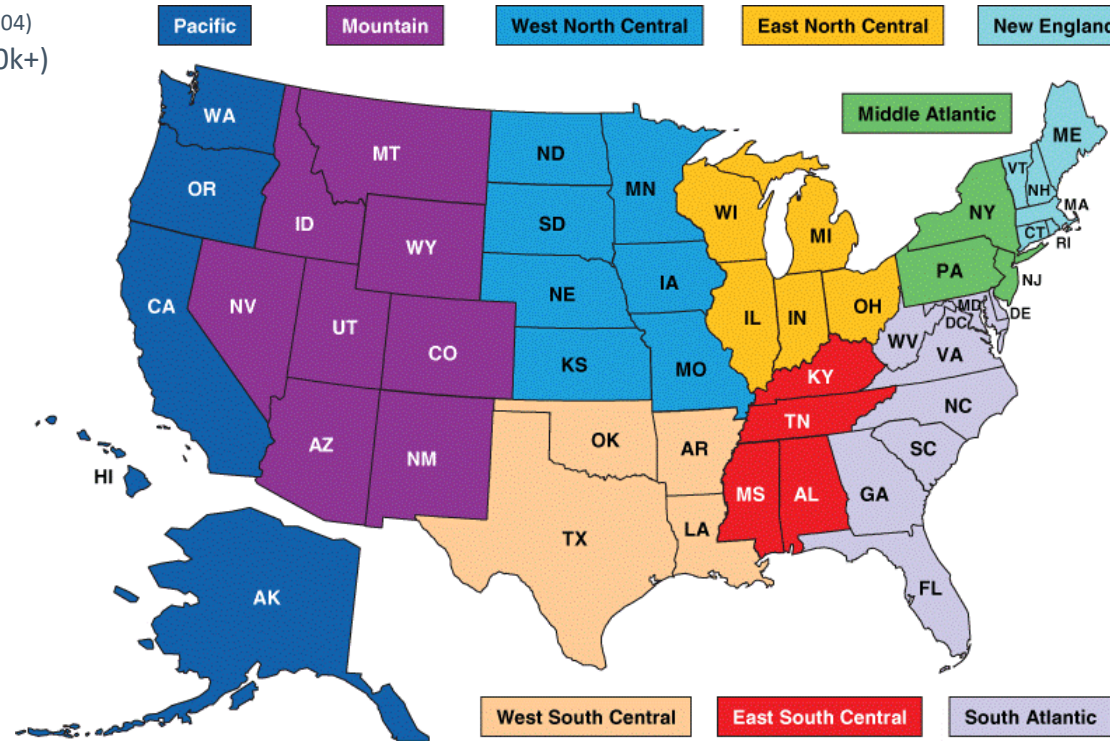
- **Least affected** by rising prices (43% /104)
- More likely to have higher HHI (\$100k+) (43%/111)

West North Central: North/South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri

- Because of inflation, they're **changing how much they buy** (38%/108)

West South Central: Arkansas, Texas, Oklahoma, Louisiana

- Have reduced **how much they buy** (62%/115)
- More likely to have lower HHI (\$50k or less) (40%/121)



New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut

- More likely to have higher HHI (\$100k+) (39%/115)

Mid-Atlantic: New York, Pennsylvania, New Jersey, Rhode Island

- Rising prices are **more manageable** (46%/112)
- More likely to have higher HHI (\$100k+) (46%/135)

East South Central: Kentucky, Tennessee, Mississippi, Alabama

- Prices are **really hurting their budget** (31%/130)
- They're **changing what they buy** (60%/109) and **how much they buy** (58% 107)
- More likely to have lower HHI (\$50k or less) (45%/136)

Q: What is your annual household income range?

Q: Inflationary pressures have impacted people differently. How much do you agree or disagree with the following statements?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Regions not shown reflect average inflation impacts

Base: 8,017

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SNAP/Student Loans

REDUCTION OF SNAP BENEFITS AND CHANGES TO STUDENT LOANS HAVE AFFECTED ABOUT 20% OF HOUSEHOLDS

Expect a decrease in non-essential purchases to accommodate changes

	Does Not Apply	No Impact	A little/ some	A lot/ A great deal
I have changed my food choices because of the loss of emergency SNAP benefits	72%	9%	10%	9%
Student loan repayments will lower how much I spend on groceries	74%	8%	10%	8%
Student loan repayments will lower how much I spend on larger purchases	74%	8%	9%	9%
Student loan repayments will lower how much I spend on non-essential purchases	73%	8%	9%	11%

Q: How much have you been, or will you be impacted by any of these changes?

MILLENNIALS MORE IMPACTED BY CHANGES IN SNAP AND STUDENT LOANS THAN TOTAL; MILLENNIAL PARENTS MOST AFFECTED

1 in 3 Millennials will reduce non-essentials; 18% will significantly reduce these purchases

	Millennials with Children		Millennials w/o Children	
	Doesn't Apply/ No Impact	<u>A lot/ A great deal</u>	Doesn't Apply/ No Impact	<u>A lot/ A great deal</u>
I have changed my food choices because of the loss of emergency SNAP benefits	63%	18% <i>Index 190</i>	77%	10% <i>Index 110</i>
Student loan repayments will lower how much I spend on groceries	67%	14% <i>Index 196</i>	72%	12% <i>Index 161</i>
Student loan repayments will lower how much I spend on larger purchases	66%	16% <i>Index 175</i>	72%	16% <i>Index 168</i>
Student loan repayments will lower how much I spend on non-essential purchases	64%	19% <i>Index 177</i>	71%	17% <i>Index 164</i>

Q: How much have you been, or will you be impacted by any of these changes?

1 IN 3 HISPANIC SHOPPERS IMPACTED BY CHANGES IN SNAP

About a quarter of Hispanic shoppers will lower spending due to student loan repayments

	Does Not Apply/ No Impact	A little/ some	<u>A lot/ A great deal</u>
I have changed my food choices because of the loss of emergency SNAP benefits	66%	17% <i>Index 164</i>	17% <i>Index 182</i>
Student loan repayments will lower how much I spend on groceries	74%	15% <i>Index 139</i>	11% <i>Index 153</i>
Student loan repayments will lower how much I spend on larger purchases	74%	13% <i>Index 140</i>	13% <i>Index 141</i>
Student loan repayments will lower how much I spend on non-essential purchases	73%	11% <i>Index 132</i>	16% <i>Index 151</i>

Q: How much have you been, or will you be impacted by any of these changes?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 1,105

1 IN 3 LOW-INCOME SHOPPERS IMPACTED BY LOSS OF SNAP BENEFITS

Student loan repayments impact shoppers similarly across income levels

	■ <\$50k	■ \$100k+	Does Not Apply	No Impact	A little/ some	A lot/ A great deal
I have changed my food choices because of the loss of emergency SNAP benefits	56%			10%	15%	18%
Student loan repayments will lower how much I spend on groceries	74%			8%	10%	8%
	75%			8%	10%	7%
Student loan repayments will lower how much I spend on larger purchases	74%			8%	8%	10%
	75%			7%	9%	9%
Student loan repayments will lower how much I spend on non-essential purchases	73%			8%	8%	11%
	75%			7%	8%	10%

Q: How much have you been, or will you be impacted by any of these changes?

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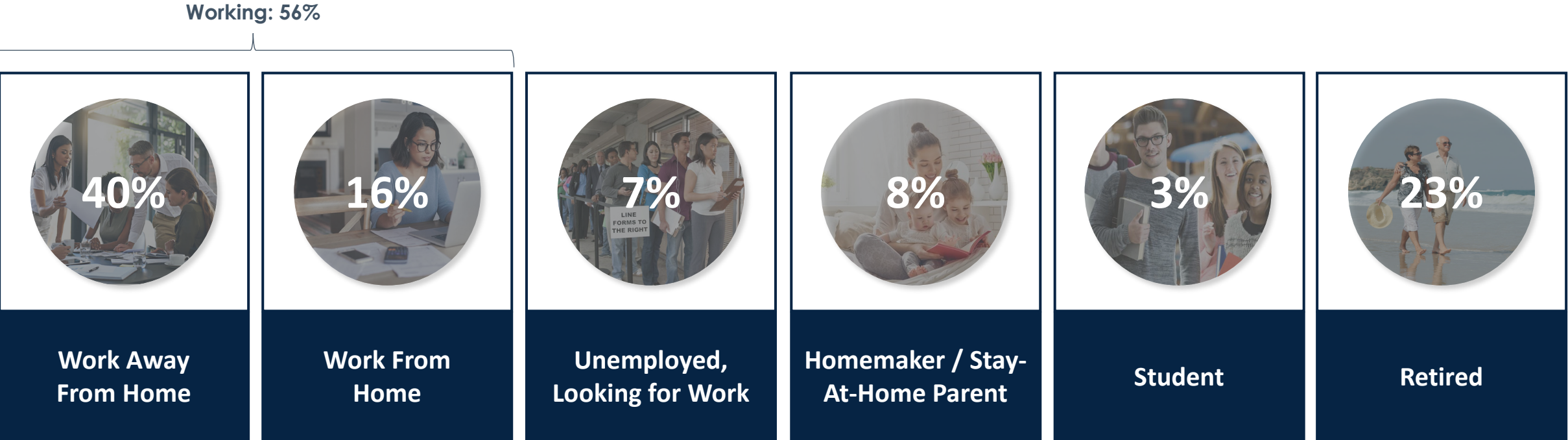
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Work Environment

Impact of Work Location on Eating Behavior

56% OF RESPONDENTS ARE CURRENTLY EMPLOYED, 23% RETIRED

29% of employees work from home (16% of 56%) compared to 17% pre-pandemic; This new normal has impacted where workers eat their meals and what foods they buy—increasing at-home eating and snacking occasions



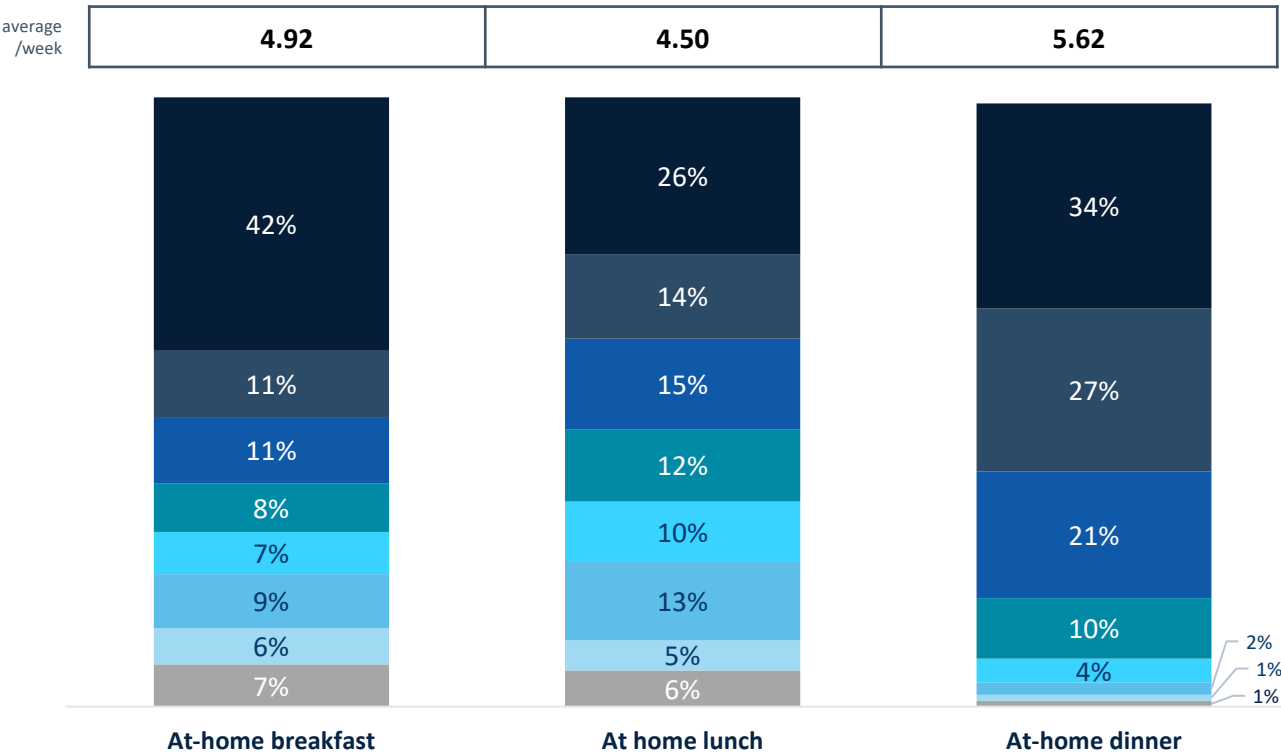
Prior to the pandemic, 53% worked away from home (vs. 40% now) and 11% worked from home (vs. 16% now). During the pandemic, only 29% worked away from home and 28% worked from home.

DINNER MOST COMMON MEAL TO EAT AT HOME IN AVERAGE WEEK

16% plan to eat at home more in next 6 months, likely a way to save money

Meals at Home Each Week

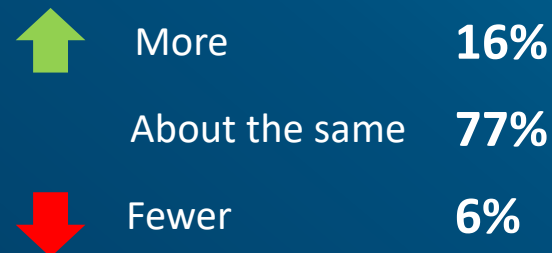
0 meals 1 2 3 4 5 6 7 meals



Q: On average, how many at-home meals do you eat each week?
Q: Do you expect to eat more, about the same, or fewer meals at home in the next six months?



Meals at Home: Next 6 Months

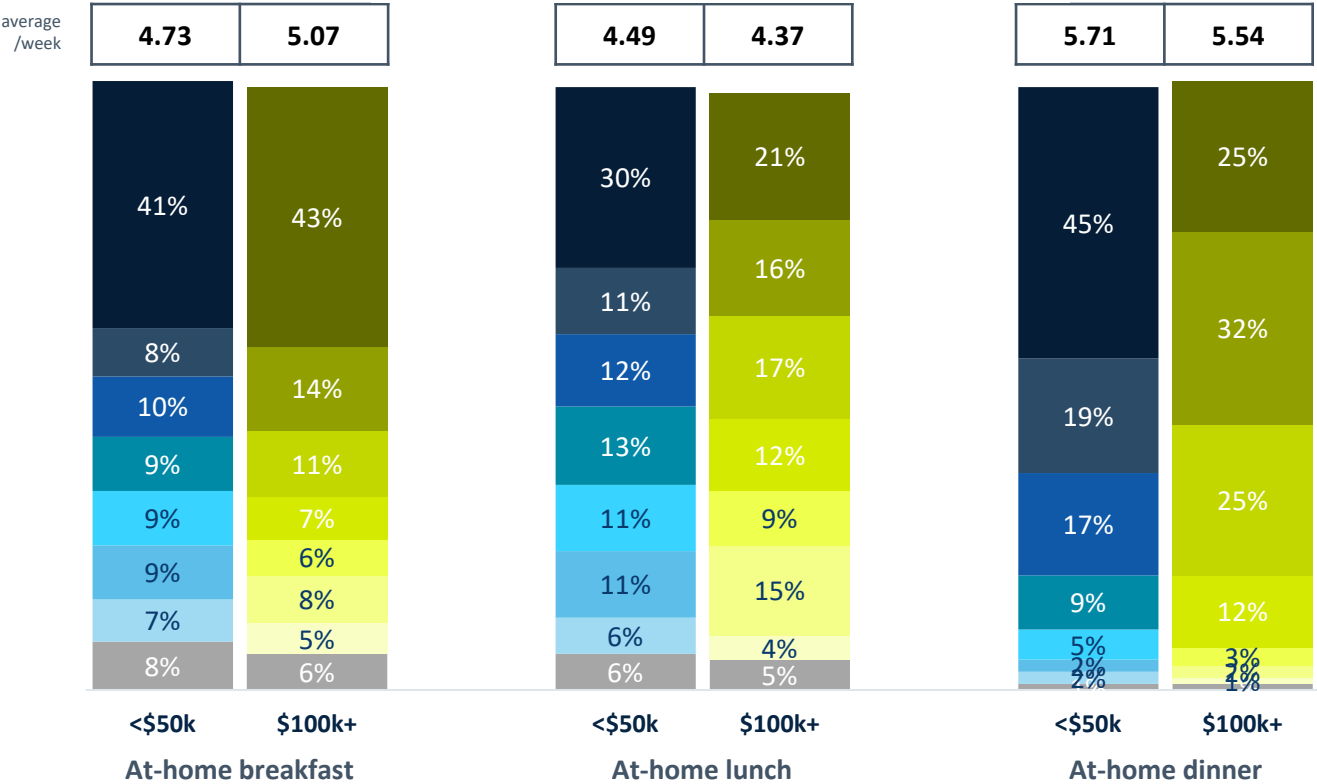


LOWER-INCOME HHS EAT LUNCH AND DINNER AT-HOME MORE OFTEN

Higher income households eat more breakfasts at home

Meals at Home Each Week

0 meals 1 2 3 4 5 6 7 meals
0 meals 1 2 3 4 5 6 7 meals

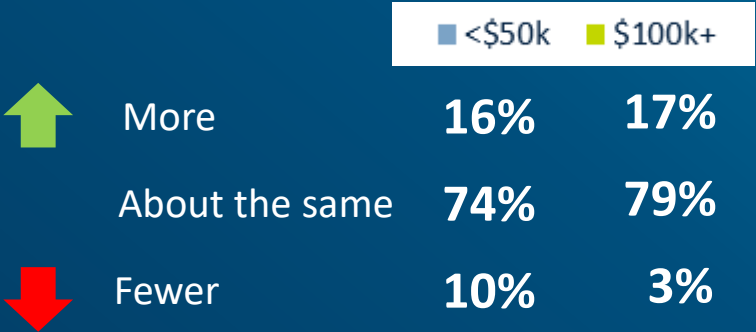


Q: On average, how many at-home meals do you eat each week?
Q: Do you expect to eat more, about the same, or fewer meals at home in the next six months?

Source: SMART Market Research – Advantage 2024 Shopper Outlook



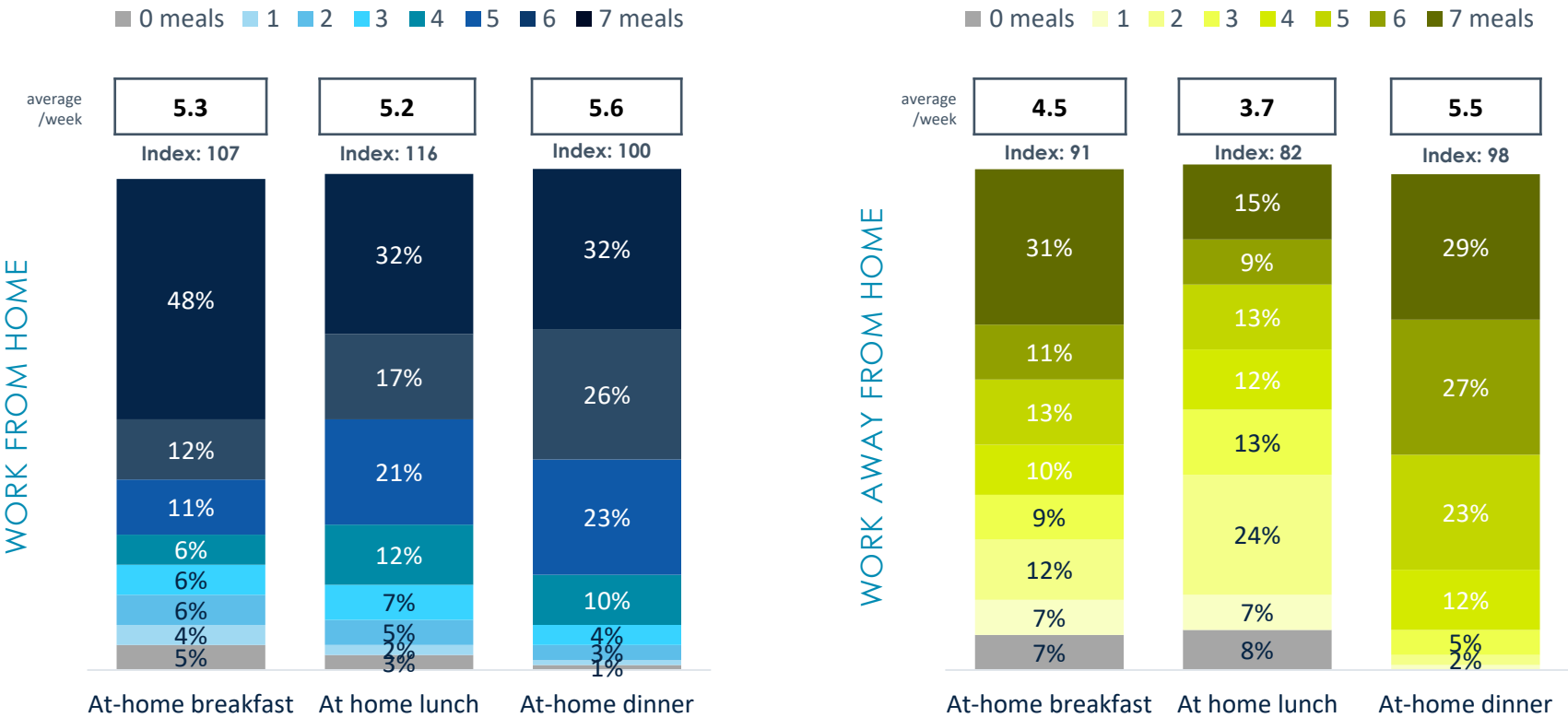
Meals at Home: Next 6 Months



Base: 2,649 | 2,776

THOSE WHO WORK FROM HOME EAT MORE MEALS AT HOME, ESPECIALLY BREAKFAST AND LUNCH

Working away from home reduces weekly at-home lunches 30%



Q: On average, how many at-home meals do you eat each week?
Q: Do you expect to eat more, about the same, or fewer meals at home in the next six months?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Meals at Home:
Next 6 Months



More
About the same
Fewer

WORK FROM HOME	WORK AWAY FROM HOME
17%	21%
78%	73%
6%	6%

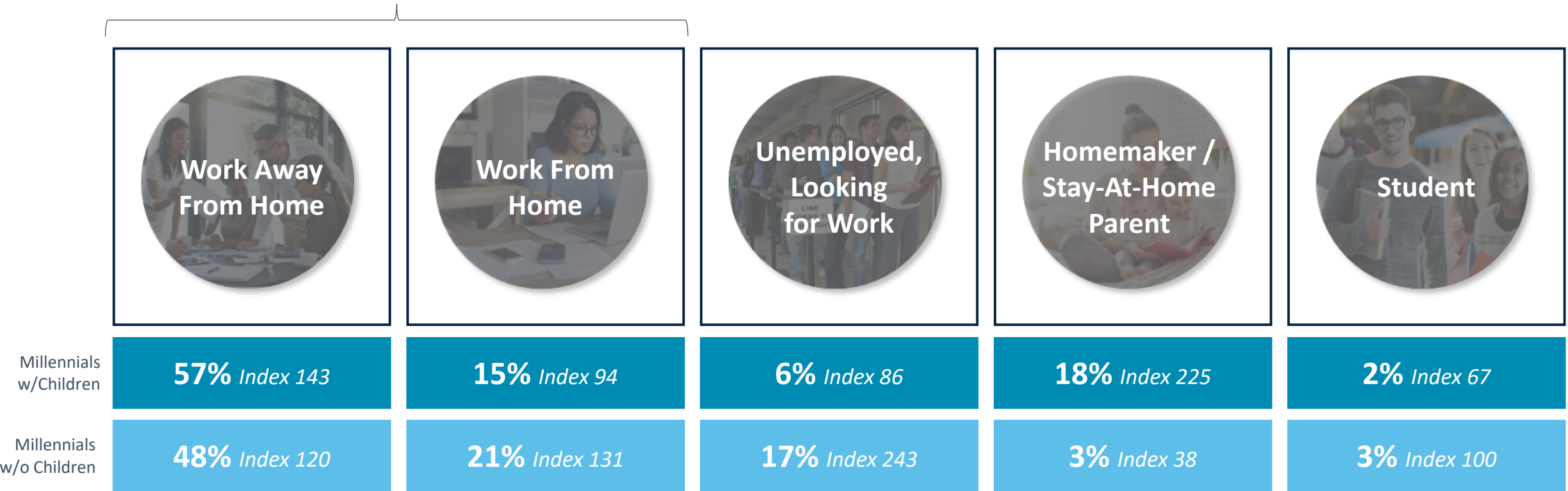
WHILE MILLENNIALS MORE LIKELY TO PARTICIPATE IN WORK FORCE, PARENTHOOD IMPACTS EMPLOYMENT STATUS AND LOCATION

Millennials more likely to work away from home; Millennials without children more likely than average to work from home or be unemployed/looking for work

Working:

Millennials w/Children: 72% (Index 129)

Millennials w/o Children: 69% (Index 123)



Q: Which statement best describes your primary work situation/location.

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 1,272 | 924

IMPLICATIONS



Prioritize Value

- 1 in 5 shoppers are skipping meals to save money.
- 55% changed to lower priced options due to inflation.
- 1 in 3 Millennials will reduce non-essential purchases due to SNAP/Student loan changes.
- **Highlight value options with in-store signage and promote discounts that will help shoppers in need.**



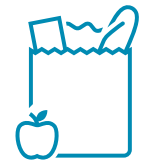
Don't Forget Premium

- Despite budget constraints, 4 in 10 shoppers say they look for premium/specialty items while shopping.
- **For households that can afford premium items, be sure to focus on their preferred product attributes and assortment of what matters most. Develop your connection now to build long-term loyalty.**



A Millennial Focus

- Millennials with kids are more likely to increase purchase volume across categories supporting at-home cooking.
- Millennials are most engaged with promotional media across formats.
- **Use digital promotions and social media interactions to reach these tech-savvy shoppers.**



At-Home Convenience

- 16% of total respondents and 21% of respondents who work away from home say they expect to eat more at-home meals in the next 6 months.
- **Shoppers want convenient meal solutions. Offer easy-to-create recipes, bundle ingredients, and expand quick meal options to help them achieve their goal.**

ADVANTAGE 2024 SHOPPER OUTLOOK METHODOLOGY

RESPONDENT AND SURVEY DETAILS

8,017 valid responses were collected and retained after 9,675 total responses were recorded. The sample was collected to reflect nationally representative primary shopper demographics of age, gender, household income and regional location.

30 minutes The survey was completed in an average of 30 minutes after removing outliers. The median length was 25 minutes.

METHODOLOGY

Between October 31 and December 5, 2023, SMARTeam™ CPG Consulting, a division of Advantage Solutions, conducted an online survey to understand shopper sentiment about retailers, category importance and satisfaction.

In this study, a meaningful or “significant” difference is +/- 5% with a 95% confidence level for total respondents. Most subsets of the total group have a confidence level of 90 to 95%.

Various descriptive statistics were calculated for all data. “Don’t Know/No Response” responses were most often removed and not included in statistical testing or sample sizes. Responses to open-ended, free response questions were coded and categorized.

Limitations and caveats: Online surveys use non-probability convenience sampling. Results are excellent for exploratory research for generating insights and testing hypotheses.

THANK YOU

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To learn more about customized data from the Advantage 2024 Shopper Outlook report contact:

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