



AN ADVANTAGE SALES PULSE SURVEY

RISING PRICES: GROCERY SHOPPERS RESPOND

Inflation at the shelf is changing where we shop and what we buy



With most grocery manufacturers raising prices — and retailers increasingly passing those hikes on to consumers — America’s grocery shoppers are exploring their store options, reworking shopping lists and opting for products on promotion, according to responses from more than 1,000 U.S. grocery shoppers surveyed by Advantage Sales.

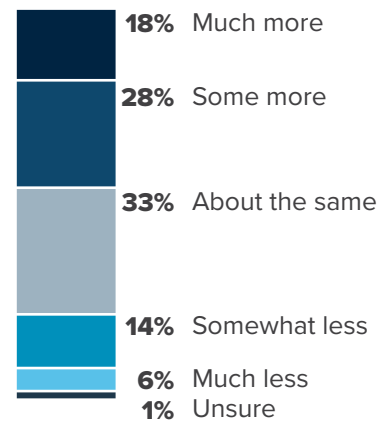
As grocery and other living expenses rise, nearly half (46%) of the 1,024 U.S. adults surveyed who identify themselves as having primary or shared responsibility for their household’s grocery shopping report they are spending more money on groceries now — nearly one-fifth say they are spending “much more.”

“For the past year, retailers held off passing the entirety of manufacturer price increases on to their shoppers,” said Kimberly Senter, executive vice president of analytics, insights and intelligence for Advantage Sales. “But they weren’t expecting manufacturers to take two, three or more increases in the last two years. Now, our research shows nine out of 10 manufacturers [plan to take price increases this year](#) and half of retailers say they’ll be passing along at least 90% of those price hikes to the shelf. Shoppers are expecting — and will see — even higher rings at checkout.

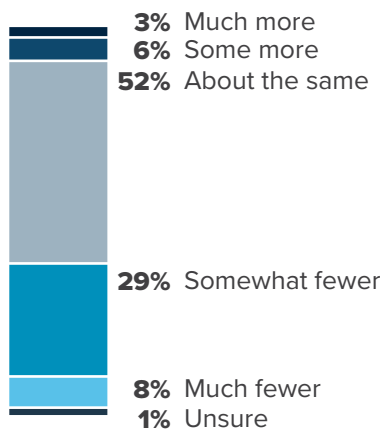
“At the same time, manufacturers have been cutting their investments in promotions. With shoppers turning to products on sale and discounted with coupons, it’s time brands — especially those positioned as premium or indulgent — reconsider.”

Many shoppers aren’t just paying more, they’re bringing home less. Nearly four in 10 (37%) of the grocery shoppers responding to the March 29, 2022 survey are putting fewer groceries in their carts — nearly one in 10 are buying “much fewer.”

Grocery Spending



Amount of Groceries Purchased



As inflation takes a toll on budgets, single-person (and, so, single income) households are more likely than those shopping for much larger households to be reducing their grocery budget/spending. Thirty percent of singles are spending less money on groceries compared to 14%-15% of shoppers in households of four or five or more.

Singles are also the least likely household size to buy greater quantities of groceries as prices rise (4% of singles vs. 10%-14% of households with four, five or more people).

Grocery Spending by Household Size

| | 1 person | 2 people | 3 people | 4 people | 5 or more people |
|----------------|----------|----------|----------|----------|------------------|
| Much More | 15% | 19% | 17% | 20% | 22% |
| Somewhat more | 22% | 26% | 30% | 30% | 27% |
| About the same | 32% | 30% | 35% | 36% | 34% |
| Somewhat less | 20% | 18% | 9% | 11% | 12% |
| Much less | 10% | 5% | 8% | 3% | 3% |
| Unsure | 1% | 1% | 1% | 0% | 2% |

Amount of Groceries Purchased by Household Size

| | 1 person | 2 people | 3 people | 4 people | 5 or more people |
|----------------|----------|----------|----------|----------|------------------|
| Much More | 3% | 1% | 3% | 5% | 3% |
| Somewhat more | 1% | 6% | 8% | 5% | 11% |
| About the same | 55% | 53% | 53% | 52% | 45% |
| Somewhat fewer | 31% | 31% | 26% | 28% | 29% |
| Much fewer | 9% | 7% | 10% | 10% | 9% |
| Unsure | 1% | 2% | 1% | 0% | 3% |

Advantage Sales survey of 1,024 U.S. adults who have primary or shared household responsibility for grocery shopping, March 29, 2022.

CHANNEL SURFING

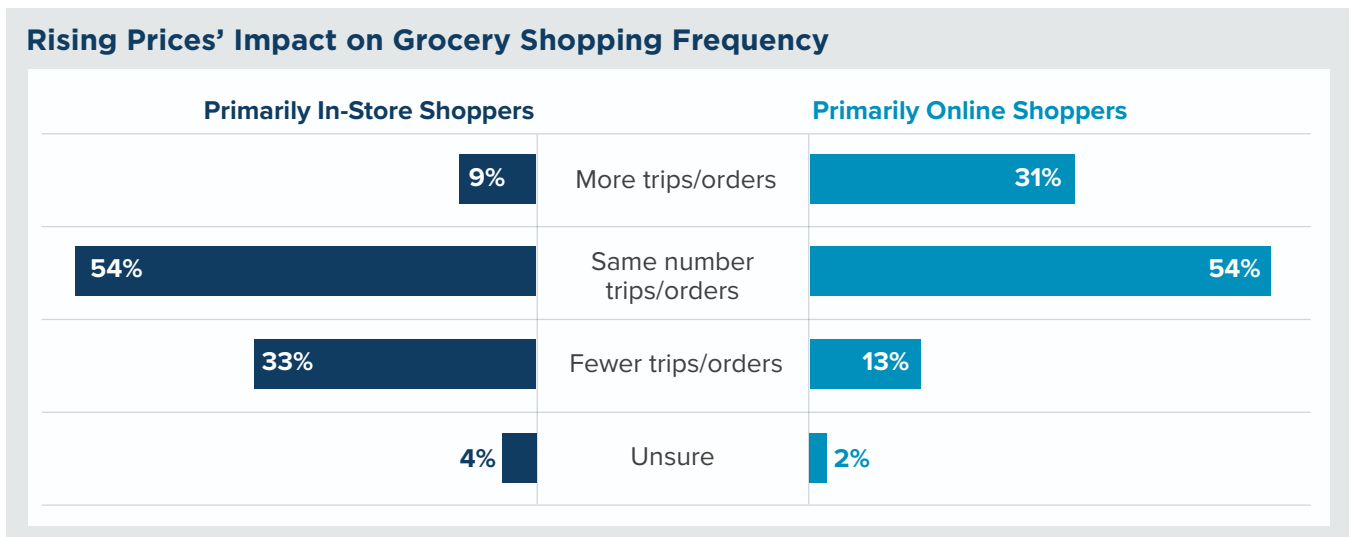
Steeper grocery prices are influencing a significant percentage of people to rethink how they shop, where they shop and how many trips they make.

Nearly 70% of respondents typically shop primarily at brick-and-mortar stores, about 20% equally at stores and online for pickup or delivery, and just over 10% primarily online. While nearly two-thirds say higher grocery prices haven't changed their preference for in-store or online shopping, one-fifth are shopping less online and more in stores. Nearly 15% are shopping for groceries more online and less in stores.



At brick-and-mortar stores, escalating prices are stifling opportunities for in-store impulse sales, as a full one-third of those who shop primarily at physical locations say rising retails have led to fewer trips to the store. Only one in 10 are making more frequent trips.

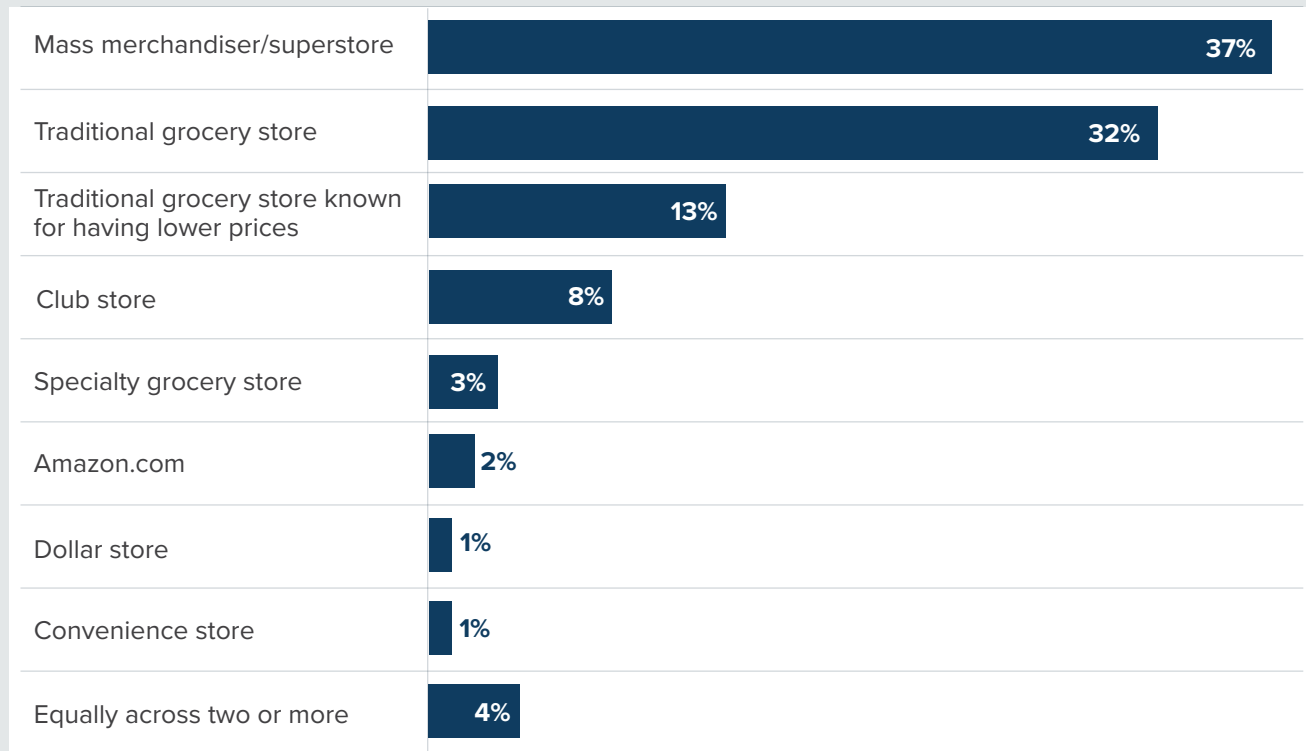
Online grocery shoppers, though, are a different breed. Nearly one-third of those who prefer click-and-collect or online shopping for delivery say they're making more online orders; only 13% are making fewer.



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Where Most of Grocery Budget Is Typically Spent

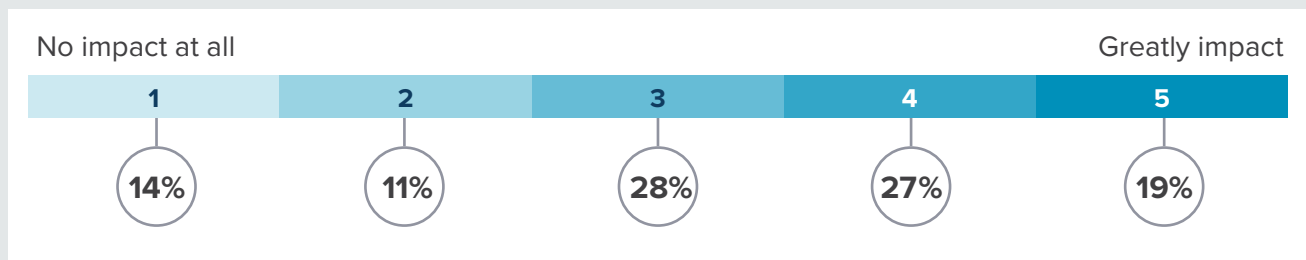
(Includes e-commerce)



While inflationary grocery prices haven't greatly influenced customers' preferences for in-store or online shopping, they have made grocery buyers reconsider the type of store they shop at. Nearly one in four (37%) of the shoppers surveyed typically spend most of their grocery budget at a mass merchandiser or superstore like Walmart or Target (or website). About one-third favor a traditional grocery store or its website (32%). About one in 10 do most of their grocery shopping at a banner known for having lower prices. Eight percent typically spend the most of their grocery budget at a warehouse club.

Asked how much rising grocery prices have impacted where they shop, only 14% said growing grocery bills have had "no impact at all." One-fifth report price hikes have "greatly impacted" where they shop.

Degree of Impact of Higher Grocery Prices on Where Grocers Shop



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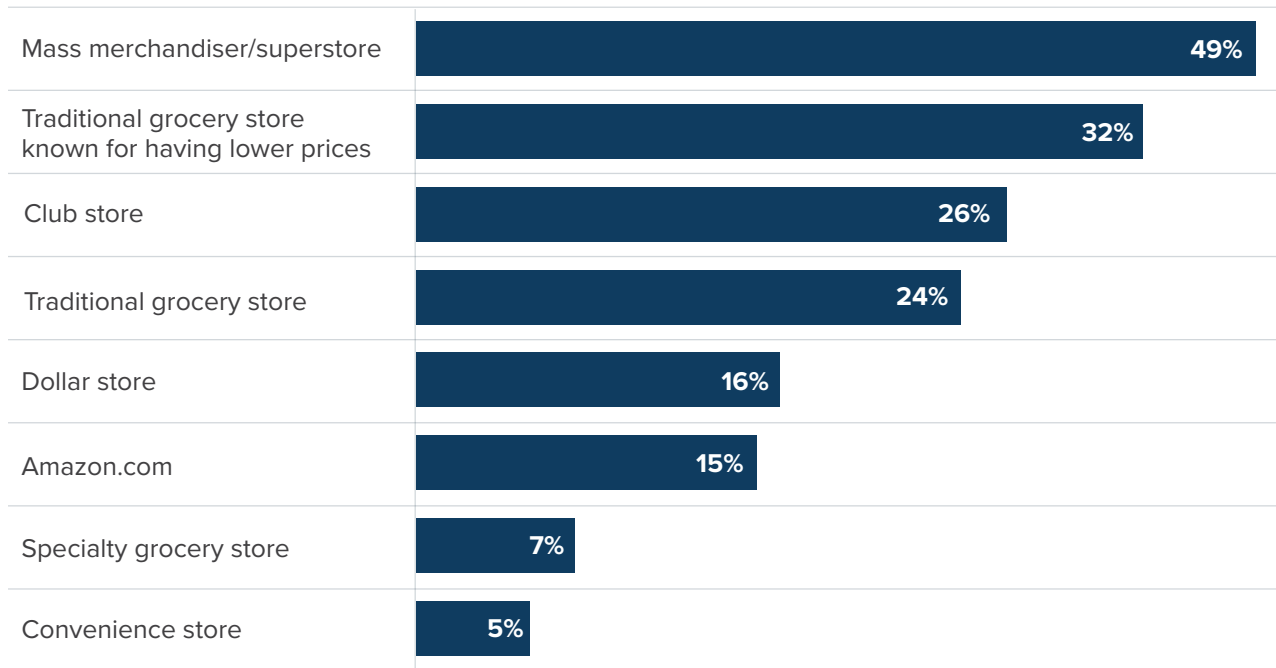
“As prices increase at the shelf, nearly half of grocery shoppers are shopping more at a mass merchandiser or superstore or its website.”

How so? As prices increase at the shelf, grocery shoppers are moving to channels with perceived lower prices. Nearly half are shopping more at a mass merchandiser or superstore (or website). One-third are shopping more at traditional grocery stores known for having lower prices (and their websites).

About one-fourth are going to club stores more often and a similar amount are moving to traditional grocery stores. About 15% are buying more at dollar stores or on Amazon.com. Just 7% are moving more of their dollars to a specialty grocery store (or website).

Impact of Higher Prices on Where People Shop for Groceries

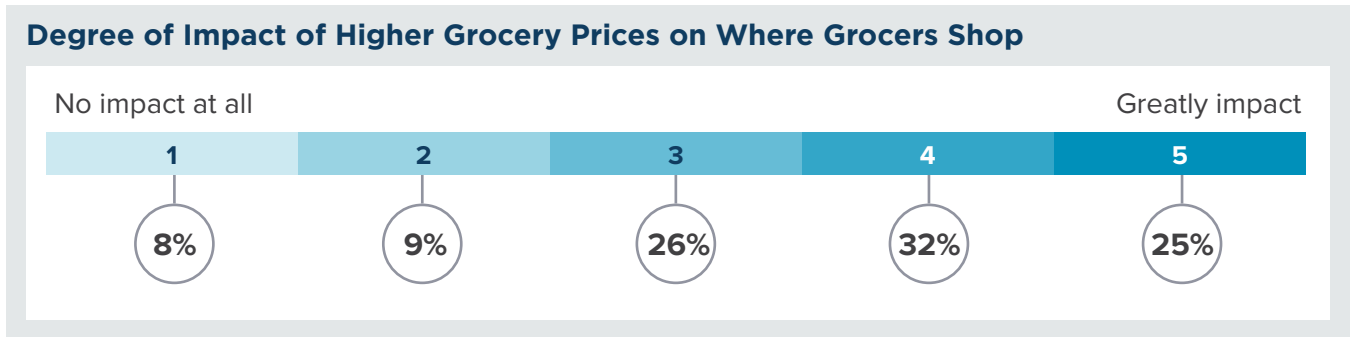
(Where respondents say they are shopping more frequently, including e-commerce)



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PRODUCT SWAPPING

While influencing where grocery buyers are shopping, high grocery prices are having an even more significant impact on what they are buying. Only 8% of shoppers said the price increases have had “no impact at all” on what they buy. For nearly 60%, escalating grocery expenses have had a considerable impact on the products they put in their physical or digital carts, with one-fourth saying the hikes have “greatly impacted” their product choices.



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Almost half (46%) of shoppers are buying more items on sale or with a coupon and nearly as many are saying “Not this time” to treats and indulgences.

Four in 10 are choosing more store brands and the same amount are buying the same types of products they usually do, but opting for cheaper brands.

Three in 10 are changing up their menus more significantly, buying cheaper kinds of products, such as hot dogs instead of steak. Waste is on the minds of more than one-fourth of shoppers, who are switching out the fresh items they’d usually buy for canned and packaged goods or choosing products with longer use-by periods.

Others are going bigger — or smaller — to save money. With an eye on saving per serving, about one-fifth are buying larger packages of products they’d normally buy. The same percentage say higher prices have them buying smaller packages or quantities of their usual purchases.

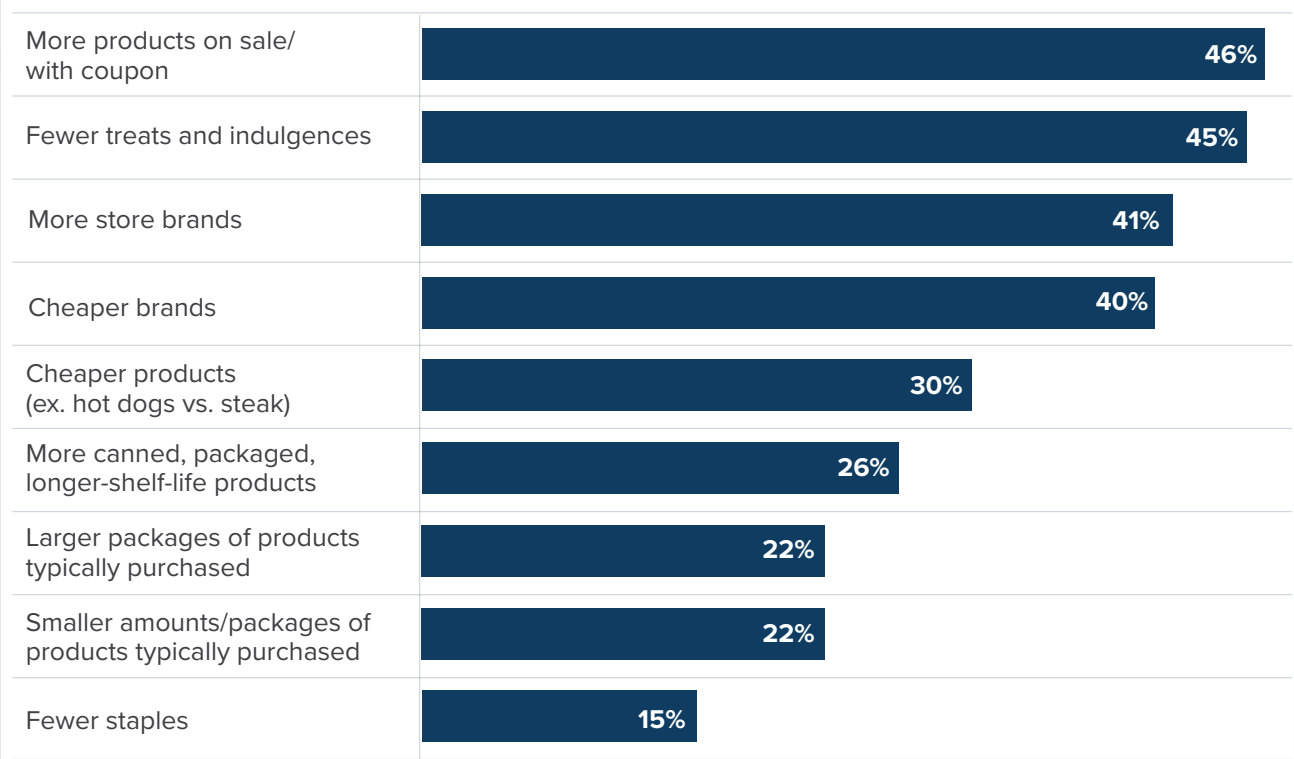
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Impact of Higher Prices on Where People Shop for Groceries

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With rising grocery prices and concerns about personal finances nudging COVID from its top place on Americans' list of worries, brands and retailers are facing new challenges — and new opportunities — arising from shoppers' changing behavior. ●



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