



The Price (and Promotion) is Right: Understanding Shopper Behavior, Trends and Preferences

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Agenda

- Who we are
- What we do and how we do it
- Price & Promotion Trends
- Opportunities to optimize your category for Price & Promotions
- Q&A

Who we are...



Jason Smith
Managing Director - USA



Erika Reid
Category & Insights Director



InContext



THRESHOLD
ENTERPRISES, LTD.



BRITVIČ
ocado



At Shopper Intelligence, We Provide the “Why” to Complement the “What”

How? We help our clients:

- ❖ Ongoing syndicated shopper study that tracks over 110 categories and 50+ retailers
- ❖ Standardized questions allow for benchmarking, comparing & ranking
- ❖ Create a shopper centric approach both internally and with their retailers
- ❖ Prioritize category strategies for more effective and efficient planning
- ❖ Build alignment between retailers, manufacturers and shoppers

What are **the** **insights** we know on your category?



Category DNA

Helps to define category strategy



Wants & Needs

Understand priorities & retailer performance



Path To Purchase

Triggers to leverage on the P2P



Shopper Profile

Analyze a wide range of shopper dynamics

In 2023, we surveyed more than 153k shoppers across 117 categories & 70 different retailers

WHICH US RETAILERS ARE CURRENTLY BEING TRACKED BY SHOPPER INTELLIGENCE?

MASS MERCH



CLUB



OTHER



GROCERY



DOLLAR



PET SPECIALTY



HOME IMPROVEMENT



DRUG



BEAUTY



LIQUOR



ONLINE



CONVENIENCE



WHICH **CATEGORIES** ARE CURRENTLY BEING TRACKED BY SHOPPER INTELLIGENCE?

110+
categories
being
tracked

New
categories
added every
quarter

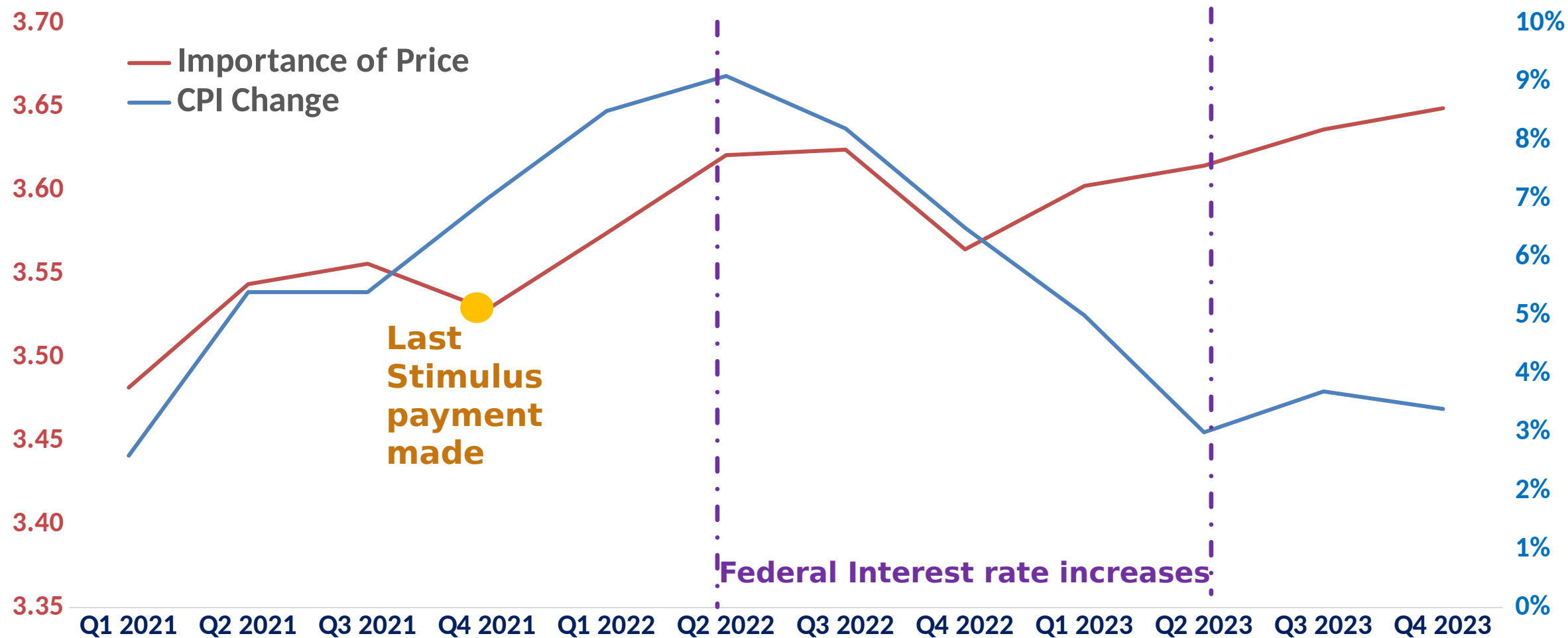
| Alcohol Dept | Frozen Dept | HABA Dept | Meat Dept |
|----------------------------------|---------------------------------|----------------------------------|--------------------------|
| Beer | Frozen Breakfast | Adult Incontinence | Bacon |
| Champagne & Sparkling Wine | Frozen Dinners & Entrées | Adult Pain Relievers | Fresh Meat |
| Hard Seltzer | Frozen Meat | Antacids & Stomach | Fresh Seafood |
| Red Wine | Frozen Pizza | Bar Soap Products | Hot Dogs |
| Spirits/Liquors | Frozen Potatoes & Onion Rings | Body Wash | Sausage |
| White & Rosé Wine | Frozen Seafood | Cosmetics - Facial Makeup | Sliced Lunch Meat |
| Baby Dept | Frozen Snacks | Cosmetics - Lips | Paper Dept |
| Baby Food | Frozen Vegetables | Cosmetics - Nails | Bathroom Tissue |
| Diapers & Training Pants | Ice Cream | Deodorant & Antiperspirant | Disposable Plates |
| Disposable Wipes | Ice Cream Novelties | Fragrances | Disposable Cups |
| Infant & Toddler Formula | Gen Merchandise Dept | Hair Coloring Products | Disposable Cutlery |
| Bakery Dept | Checkout Magazines & Newspapers | Hair Removal | Facial Tissue |
| Fresh Rolls & Baked Goods | Greeting Cards | Hair Styling Aids | Napkins |
| Hot Dog & Hamburger Buns | Office & School Supplies | Interdental Products | Paper Towels |
| Prepackaged Bread | Toys | Mouthwashes & Rinses | Pet Care Dept |
| Beverages Dept | Grocery Dept | Razors & Blades | Cat Food & Treats |
| Energy Drinks | Canned & Jarred Vegetables | Sexual Wellbeing/Family Planning | Dog Food |
| Shelf Stable Juices | Canned & Pouch Tuna | Shampoo & Conditioners | Dog Treats & Chews |
| Ready to Drink Tea | Coffee | Shave Preps | Produce Dept |
| Refrigerated Juices & Drinks | Dips & Spreads | Skin Care | Fresh Fruit |
| Soft Drinks | Dry Pasta | Soap - Liquid & Sanitizers | Fresh Vegetables |
| Sports Drinks | Fruit Spreads | Specialty Bath | Snacking Dept |
| Water | Nut Butters | Toothbrushes | Checkout Chocolate Candy |
| Dairy Dept | Pasta Sauces | Toothpaste & Whiteners | Checkout Gum & Mints |
| Butter & Margarine | Prepackaged Dried Fruit | Upper Respiratory | Cookies |
| Cottage/Cream Cheese, Sour Cream | Ready-To-Eat Cereal | Vitamins/Minerals/Supplements | Energy & Protein Bars |
| Deli Cheese | Rice | Household Products Dept | In Aisle Chocolate Candy |
| Eggs | Side Dishes | Air Care | In Aisle Gum & Mints |
| Milk | Soup | Dish Care | Salty Snacks |
| Natural or Processed Cheese | Sugar & Sweeteners | Fabric Care | Snack Crackers |
| Yogurt | Tea | Laundry Detergent | Snack Nuts |
| | Toaster Pastries | Surface Care | Sugar Candy |
| | Vegetable & Cooking Oils | | |

Current Categories Q2



Shopper
Intelligence
Understand. Influence. Lead.

Both inflation and interest rates have had a profound effect on the importance of price to shoppers



Source:
CPI - US Bureau of Labor Statistics, 12 month % Chg
Shopper Intelligence Survey - Importance of Price Score; All Categories, All Retailers

Food Prices are predicted to continue to be an issue



Lower Inflation? Not at the Grocery Store

A spike in inflation to over 9% last year has largely subsided. But prices of staples like butter, sugar and potatoes that rose over 20% since the start of 2022 have yet to come down.

By [Chris Gilligan](#) | June 30, 2023, at 2:14 p.m.

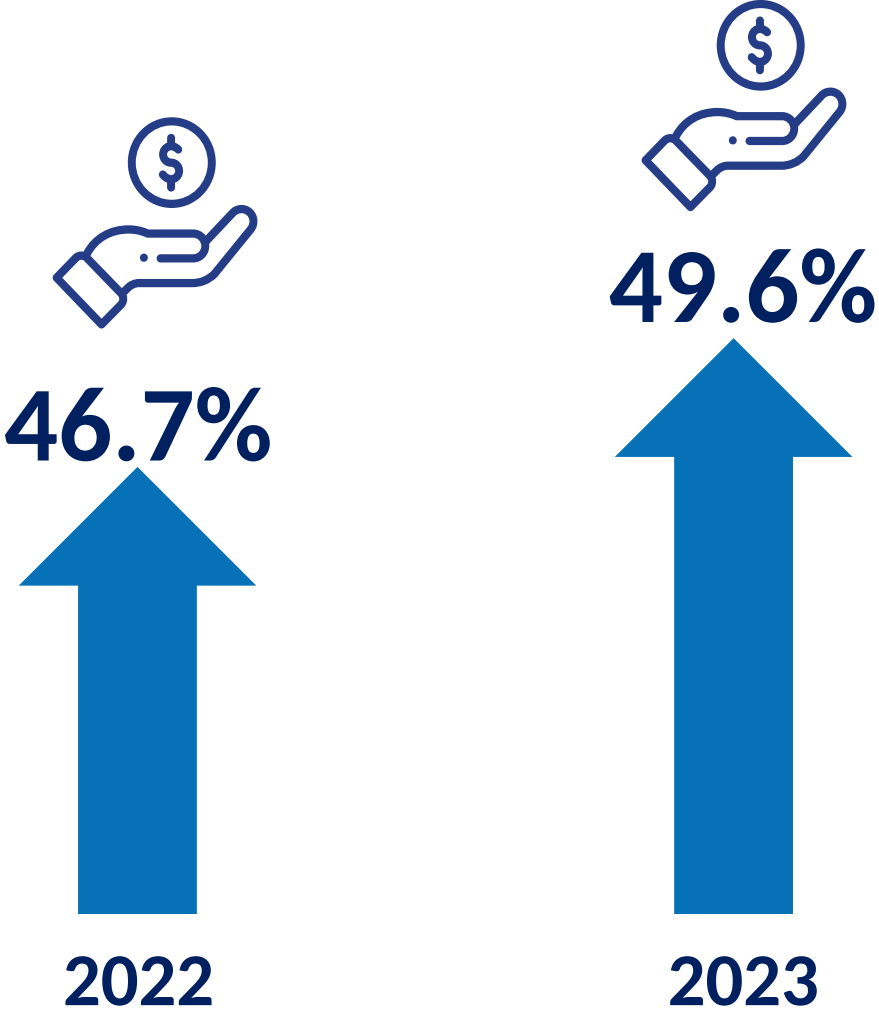


Food Prices Outpace General Inflation: Here's What You Need To Know



USDA: Grocery food prices will increase in most categories in 2024

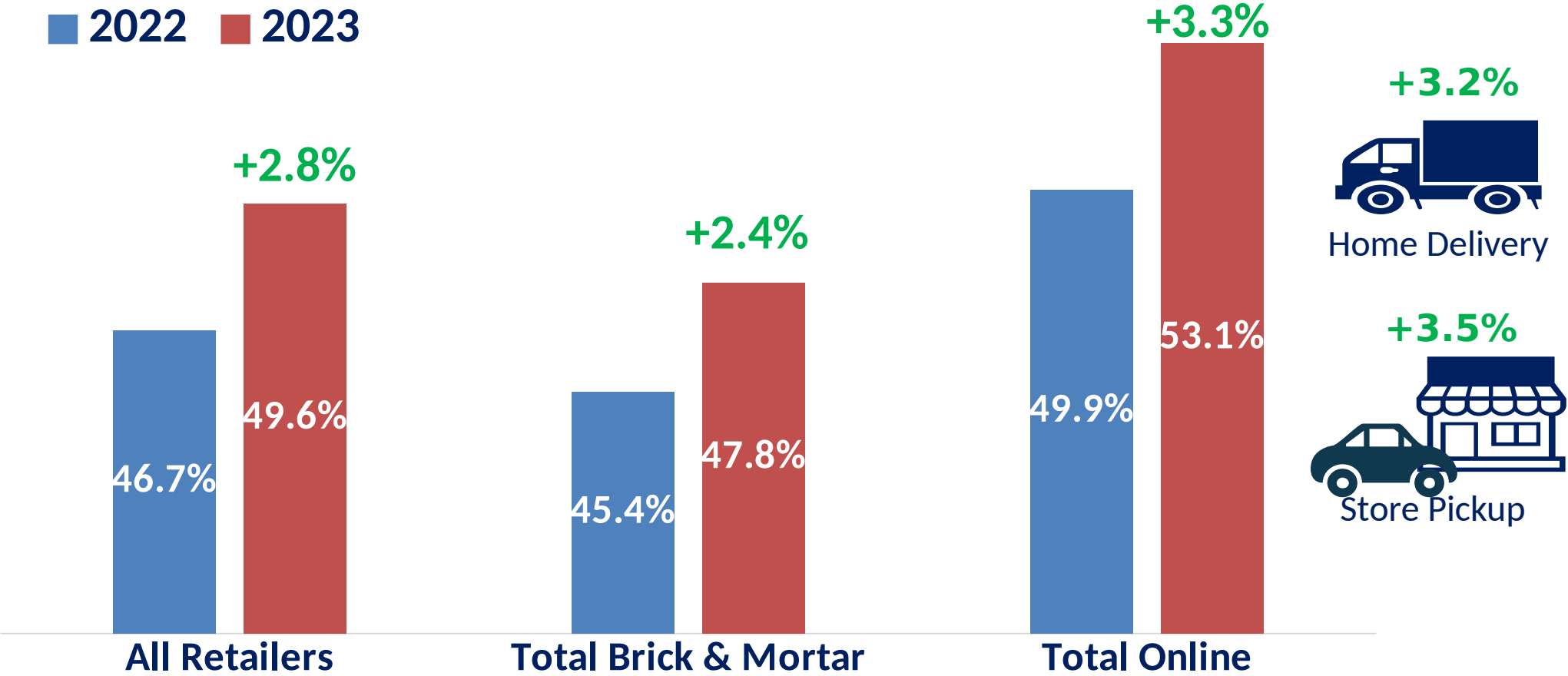
Nearly half of shoppers said that price played a strong or very strong role in their purchase decision



% of Shoppers who said Price played a Strong or Very Strong Role of Price in Purchase decision

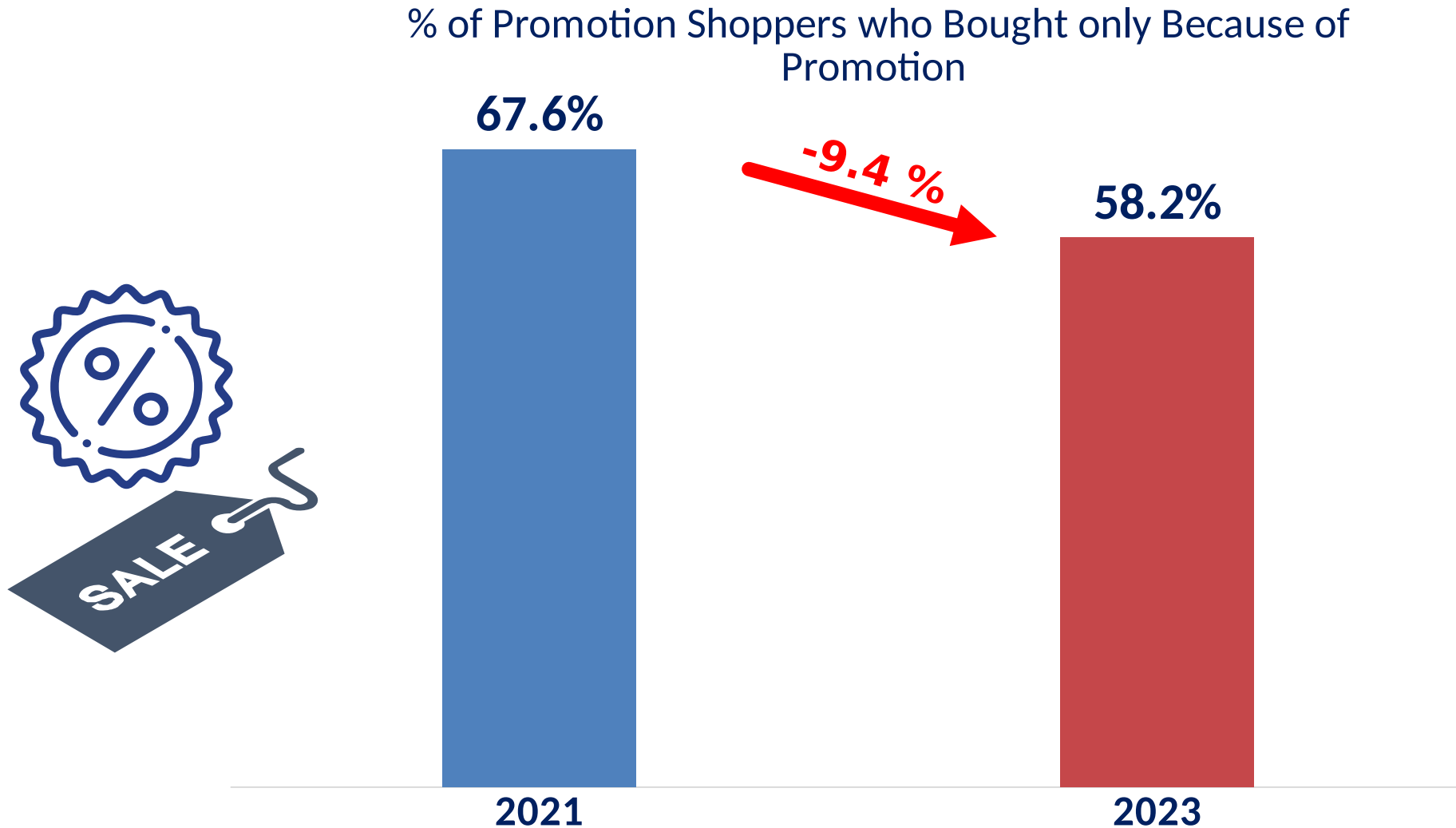
Source: Shopper Intelligence Survey 2022 (sample 45,565 shoppers) and 2023 (sample 153,590 shoppers); Q: What role did price play in your purchase decision?; New Survey Question from 2022

Online has seen an even larger increase in shoppers saying price plays a strong or very strong role



Source: Shopper Intelligence Survey 2022 (sample: 45,565 shoppers) and 2023 (sample: 153,590 shoppers); Q: What role did price play in your purchase decision?; New Survey Question from 2022

Converting shoppers via promotions is becoming more challenging



Source: Shopper Intelligence Survey 2021 (sample 57,198 shoppers) and 2023 (sample 49,413 shoppers) ; Q:Which of the following would you say best applies? Bought only because of promotion

Shoppers are reducing discretionary spend

Truly Incremental purchases

2023 v 2021


-8%

True Incremental = Hadn't intended to buy CATEGORY now or in the near future



Pet Care



HH Products



Baby



Alcohol



HABA

Departments with the biggest drop in incremental purchases

Source: Shopper Intelligence Survey 2021-2023; Q: Was the CATEGORY you bought at a reduced price or on another promotion? If so, which of the following would you say best applies? What difference (if any) did the promotion make to your purchase of CATEGORY? Bought CATEGORY only because of the promotion - which of the following best apply: True Incrementality; Brought Forward; Promo Junkie (Detail)

Satisfaction has seen a drop since 2021 driven by declines in Price and Product

Overall
Satisfaction
-0.5%



Price

-2.8%

Price
Offers
EDLP
Best Value



Product

-0.4%

Quality
USA
Healthy Choices
Natural / Organic
Environmental



Assortment

+0.4%

Innovation
Assortment
Brands



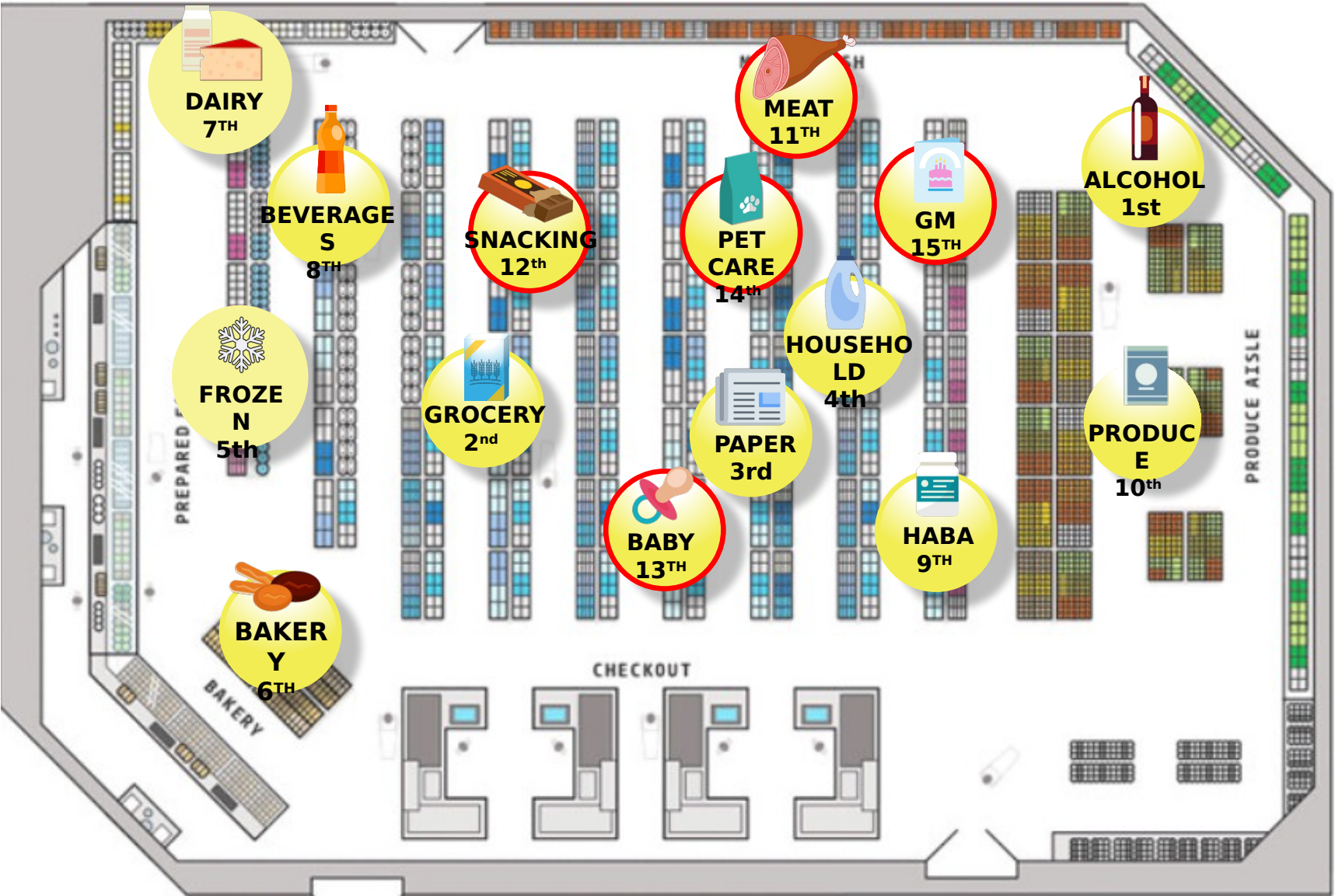
Execution

+0.9%

Shelf Layout
Location in store
Enjoy
Out of Stocks

Source: Shopper Intelligence Survey 2023 (sample 153,590 shoppers) vs 2021 (sample 134,620 shoppers); Satisfaction Net Favorable Score Change; The Overall Satisfaction Score is the average of satisfaction ratings on the various statements, weighted by their importance.

Some Departments
are performing
better than others
on Price
Satisfaction



Source: Shopper Intelligence Survey 2023 (sample:153,590 shoppers); Rank of Price Satisfaction by Department

Opportunities to prioritize investment

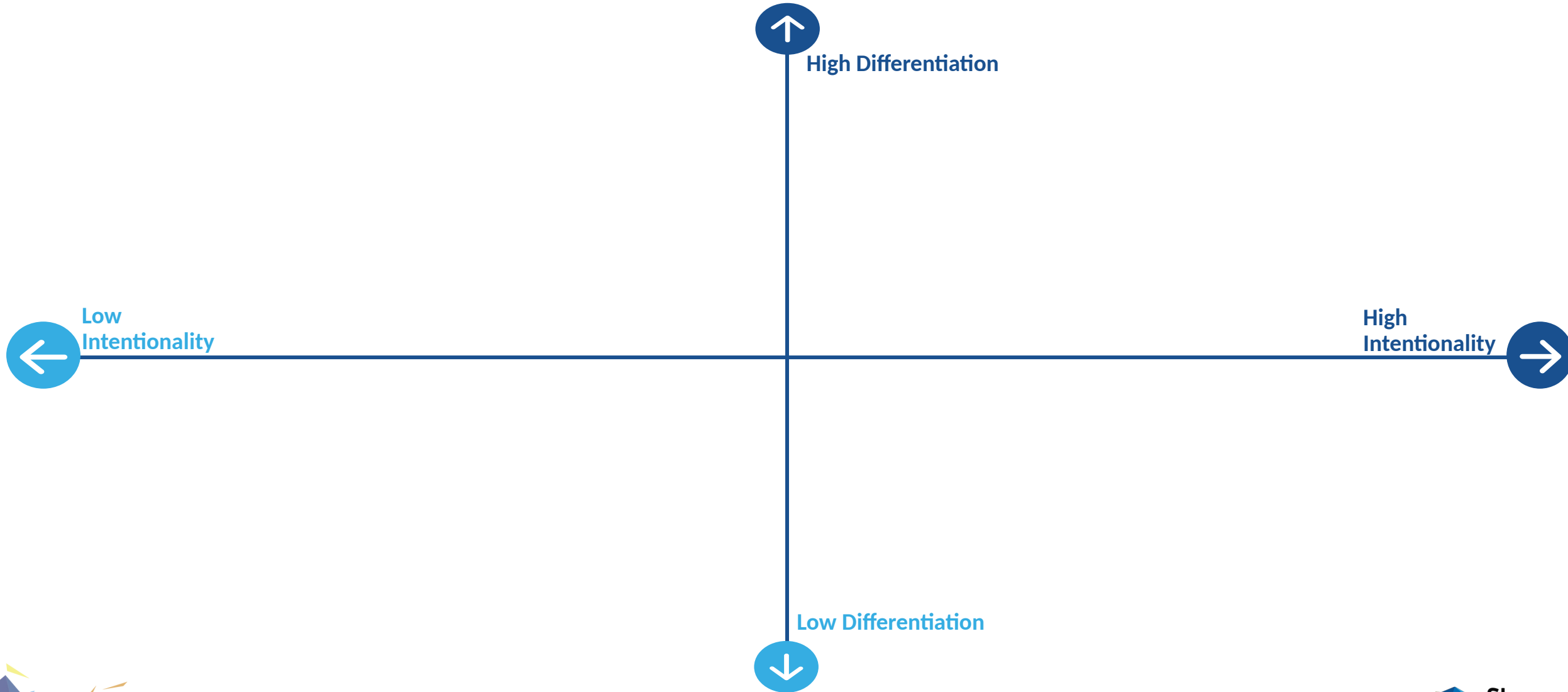


**Shopper
Intelligence**
Understand. Influence. Lead.

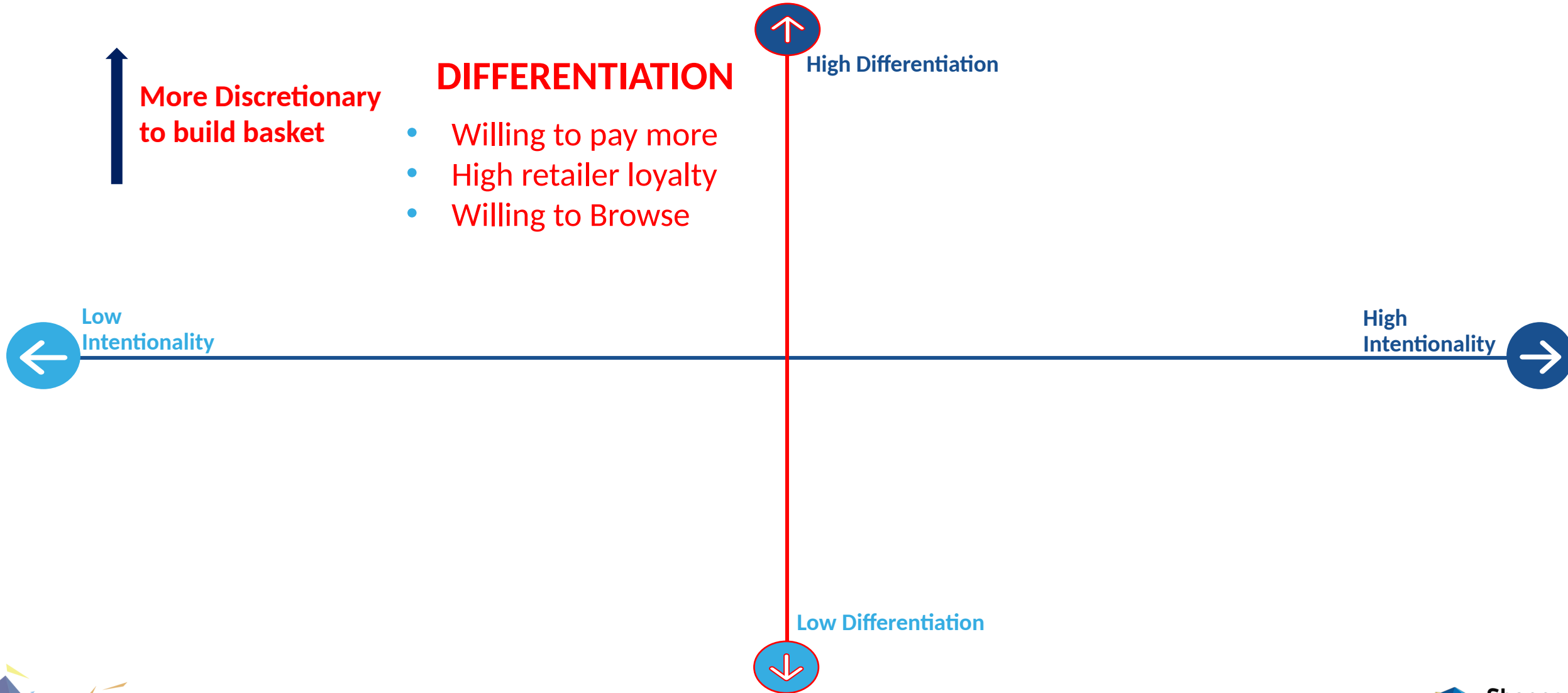
3 Key Opportunities to prioritize investment

1. Understand the role of the category
2. Look at Private Label risk
3. Know what's important to your category shopper and what is underperforming

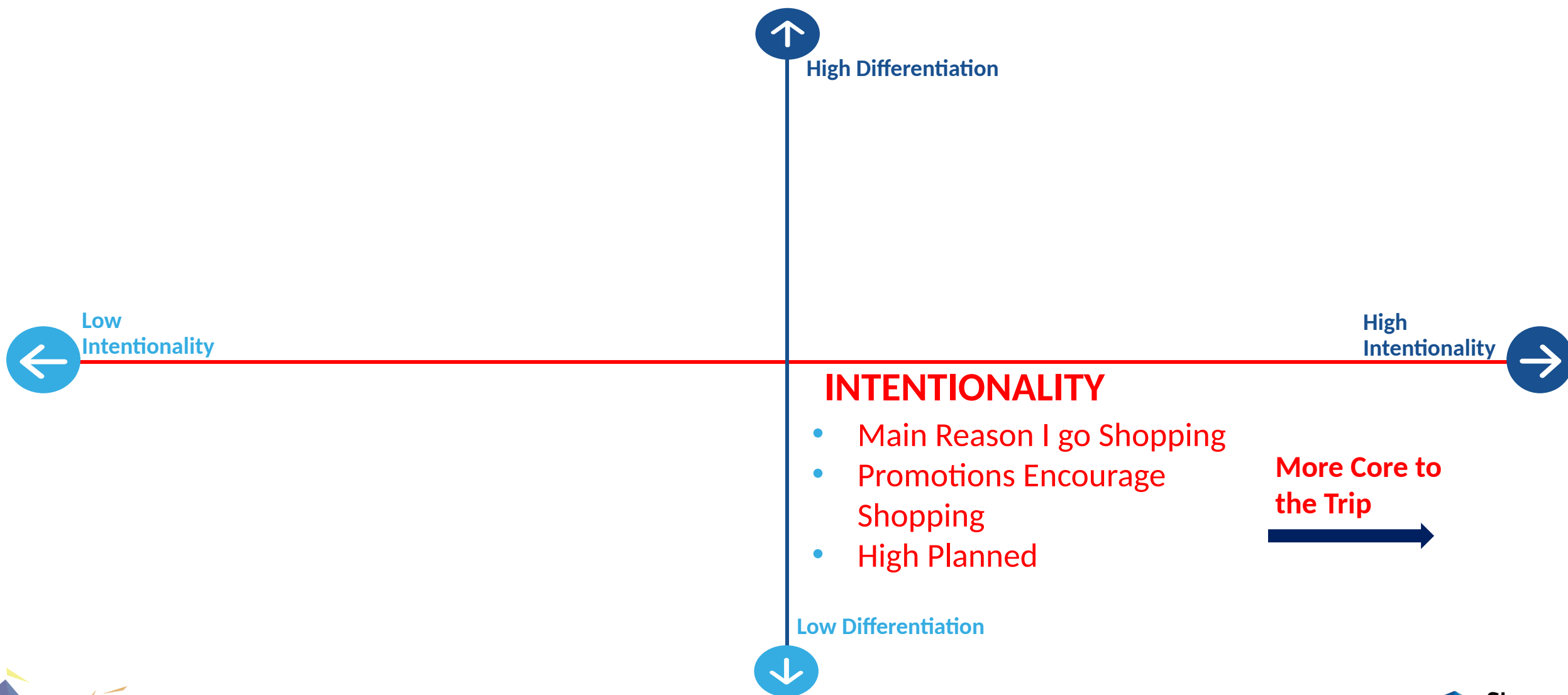
1st - Understand category role and identify discretionary categories vs more core



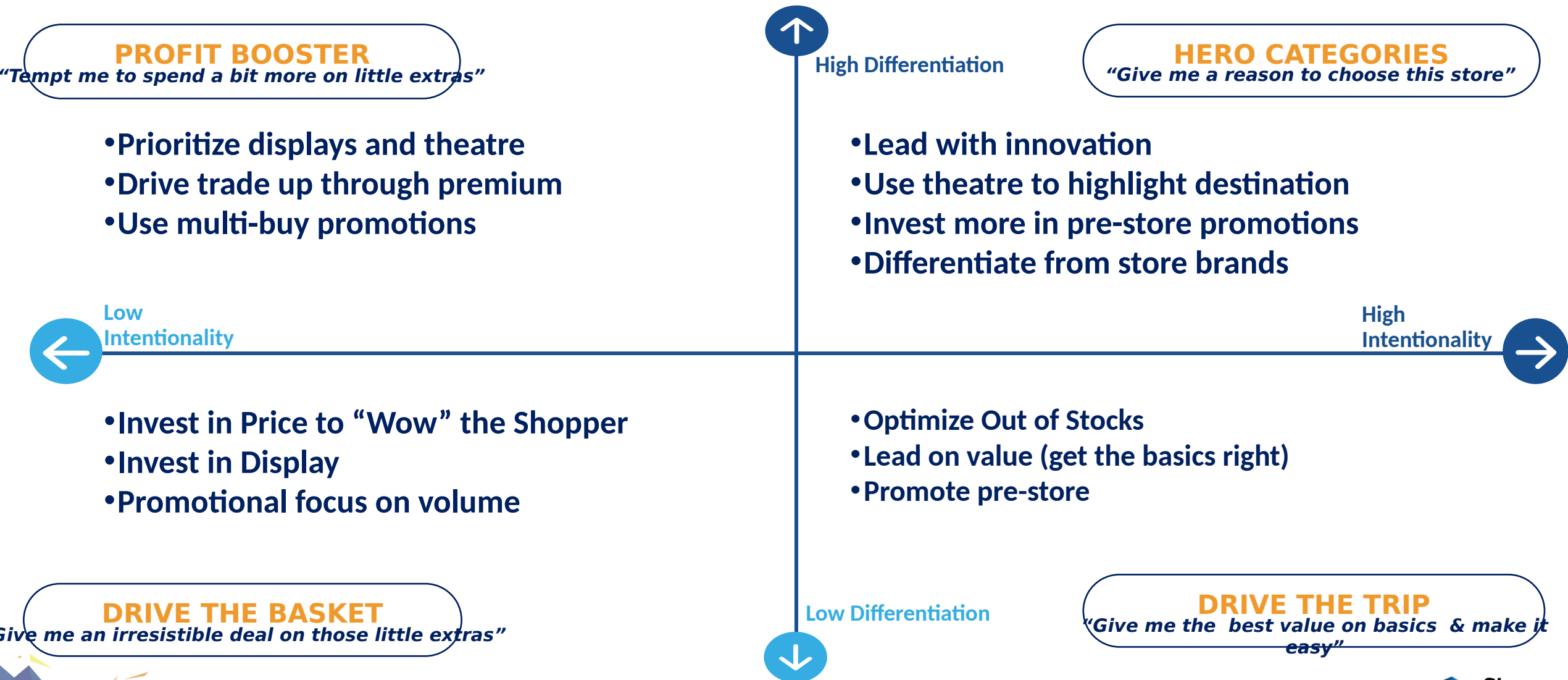
DIFFERENTIATION



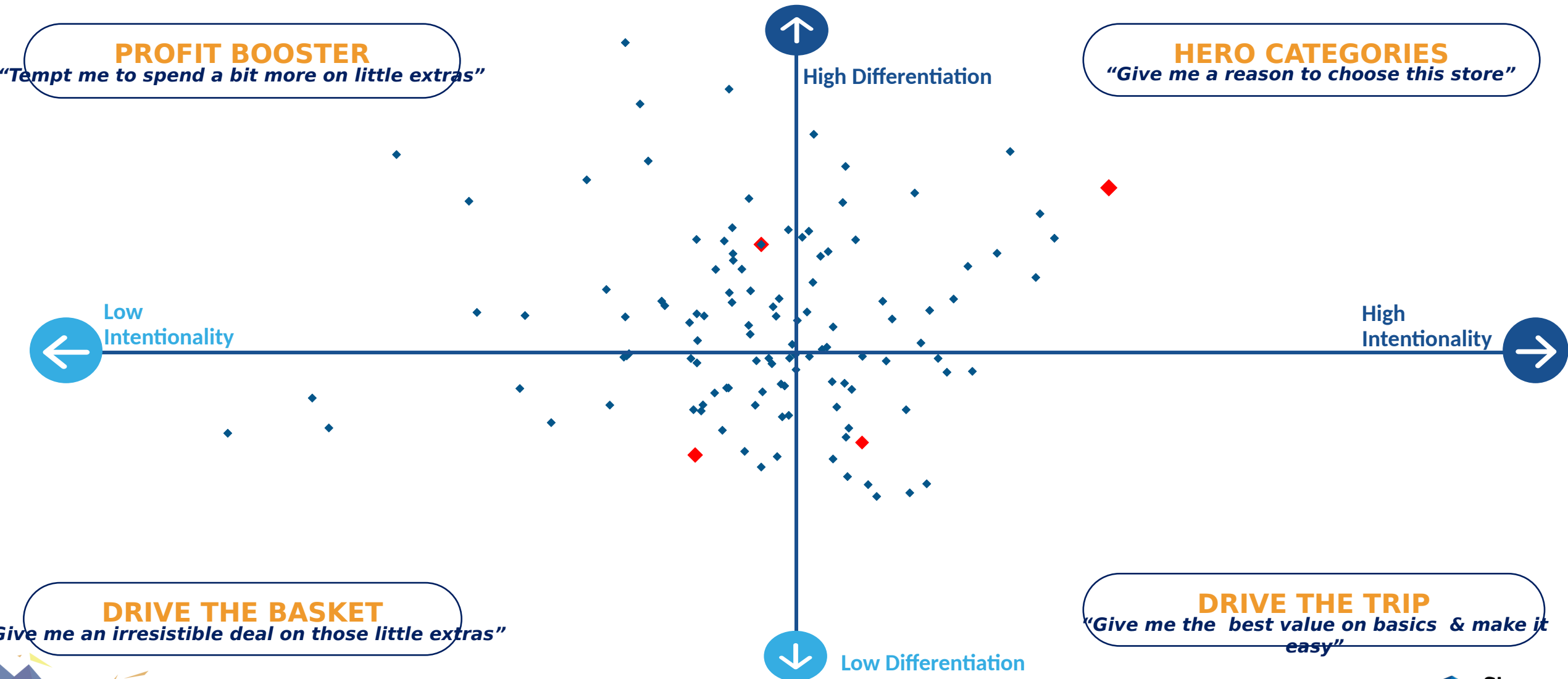
INTENTIONALITY



KEY IMPLICATIONS BY QUADRANT



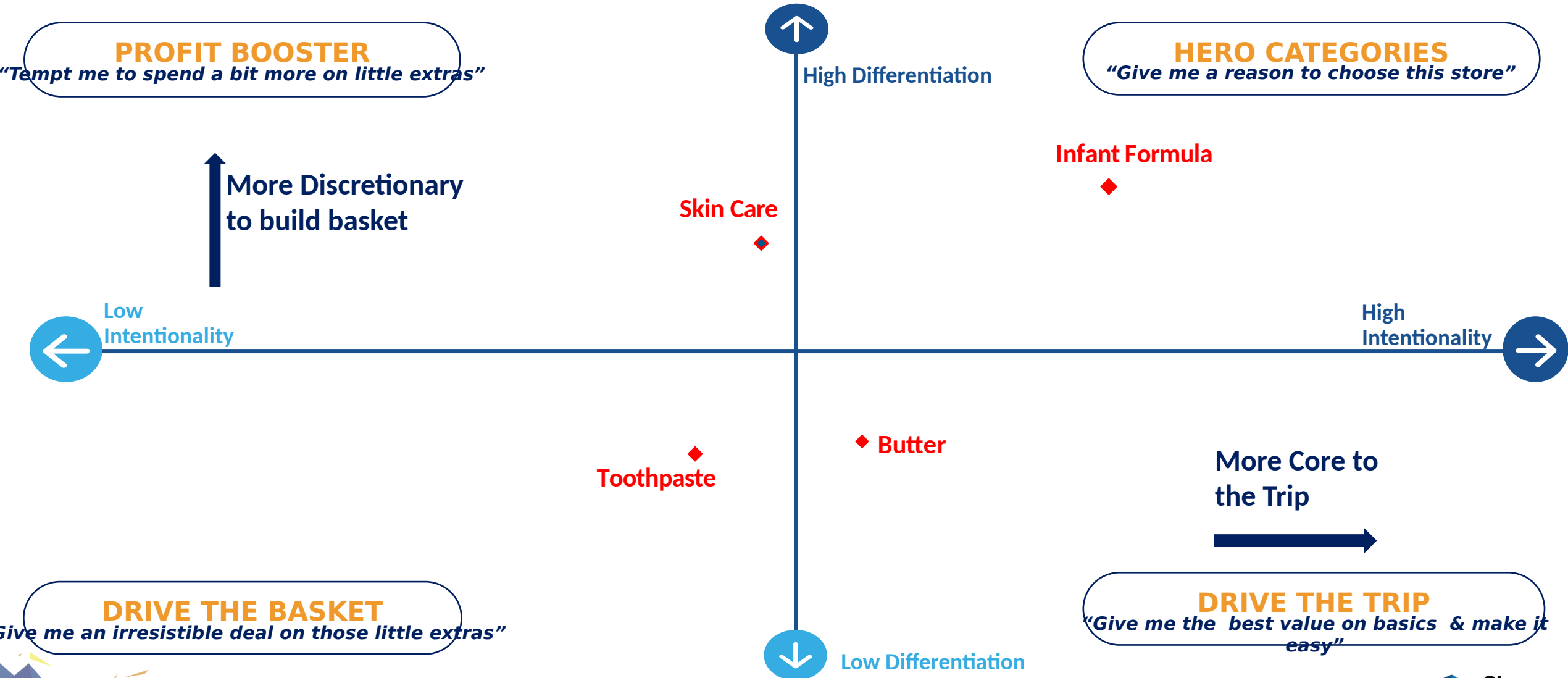
1st - Understand category role and identify discretionary categories vs more core: Plot your category



Source: Shopper Intelligence Survey 2023 (Sample: 153,590 Shoppers); How is the CATEGORY in the RETAILER performing against what is most important to shoppers?

Benchmark:
All Retailers (All Categories)

1st - Understand category role and identify discretionary categories vs more core: Plot your category



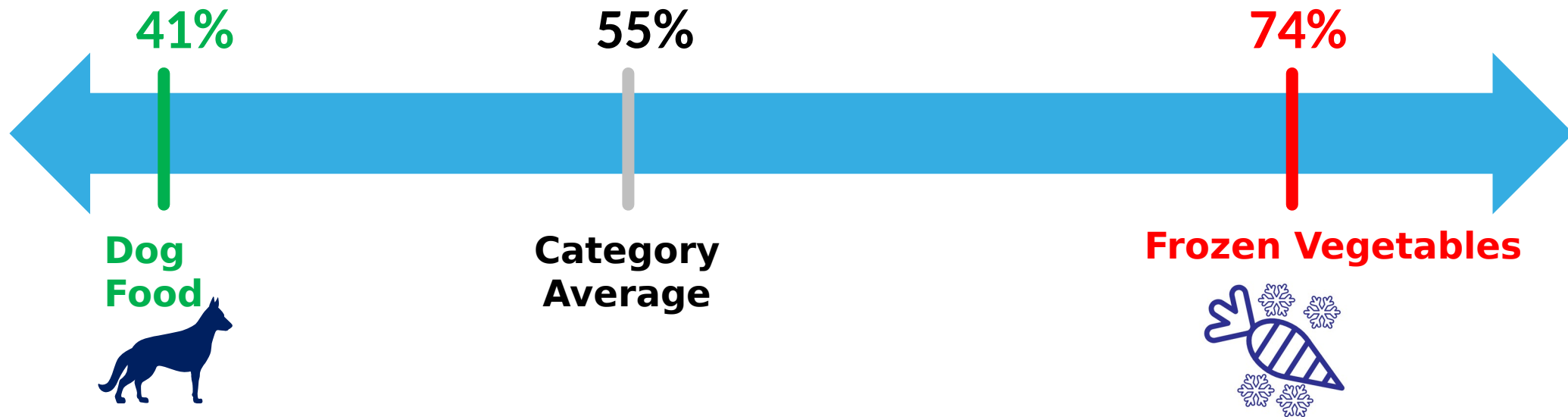
Source: Shopper Intelligence Survey 2023 (Sample: 153,590 Shoppers); How is the CATEGORY in the RETAILER performing against what is most important to shoppers?

Benchmark:
All Retailers (All Categories)

2nd - Understand where private label plays a more important role and build brand equity



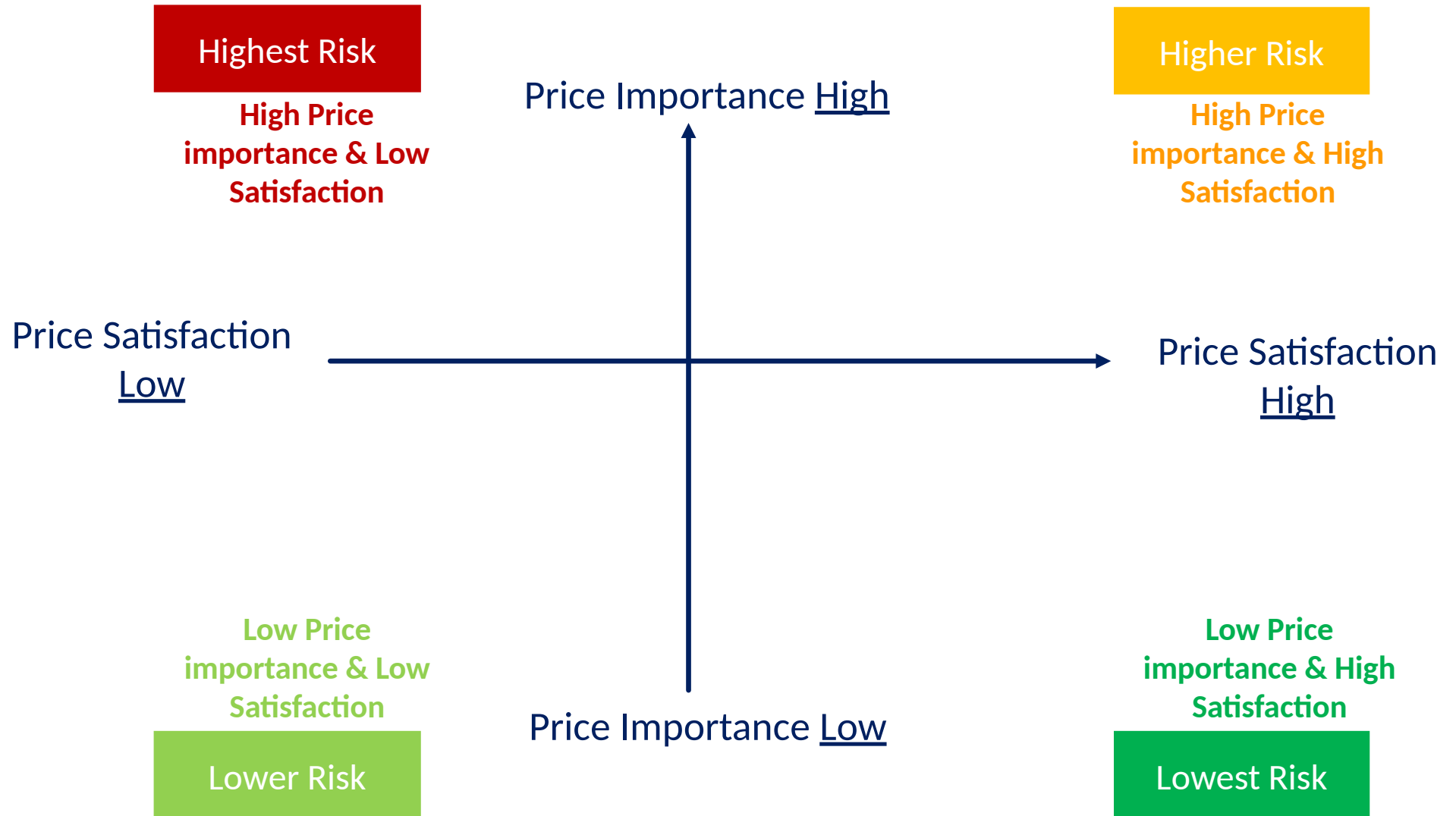
I'm usually willing to consider Own Label Products



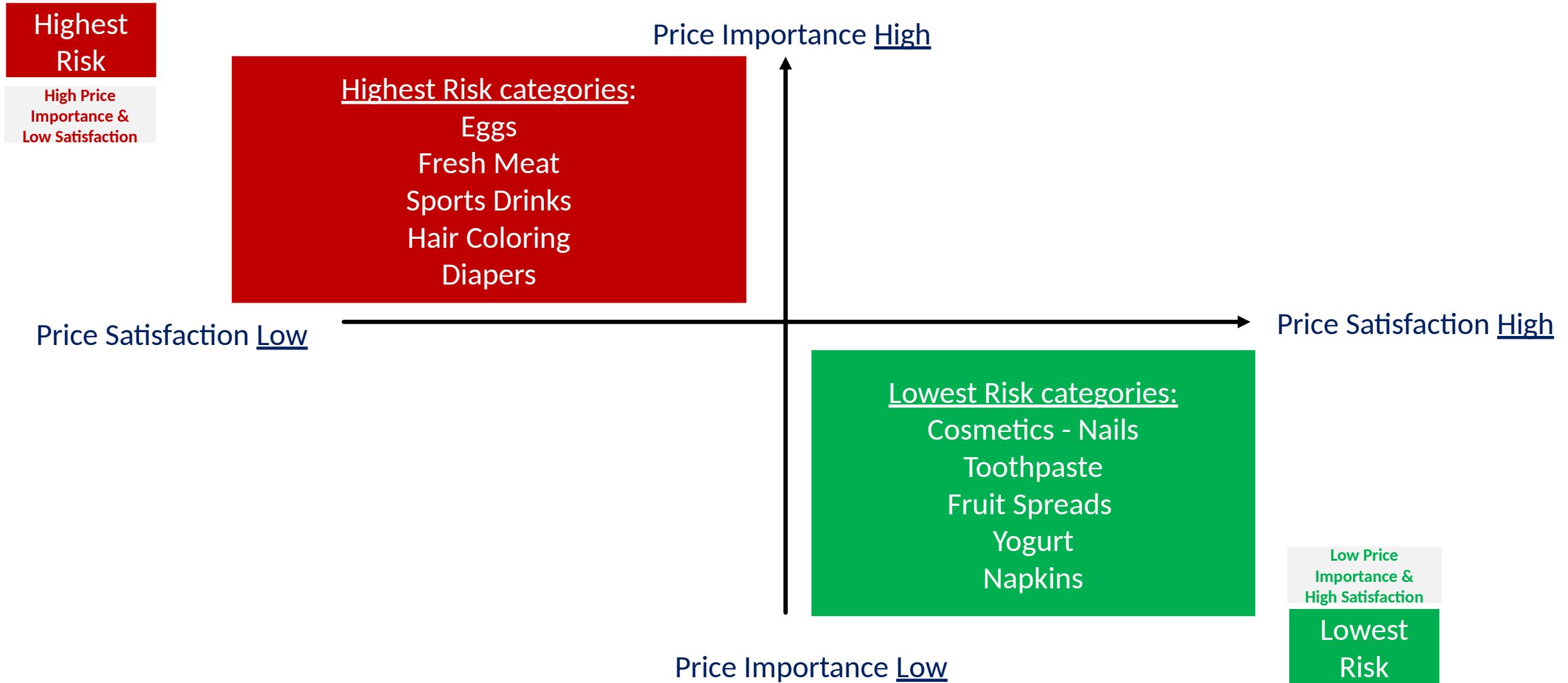
3rd - Determine where price investment is most important

1. How important is price in my category

2. How satisfied are shoppers with price in my category



High & Low Risk Categories



Source: Shopper Intelligence Survey 2023 (All Categories Sample 153,590 Shoppers); How is the CATEGORY in the RETAILER performing against what is most important to shoppers? Importance vs Satisfaction by Category compared to All Retailer/All Category Average



Summary

1. The importance of price is still rising and unlikely to fall if grocery inflation continues as predicted
2. Price satisfaction will continue to be an issue for categories with less discretionary spend
3. Understand your shopper before you decide on the level of investment you need to make on price and promotion



Want to Learn More?



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