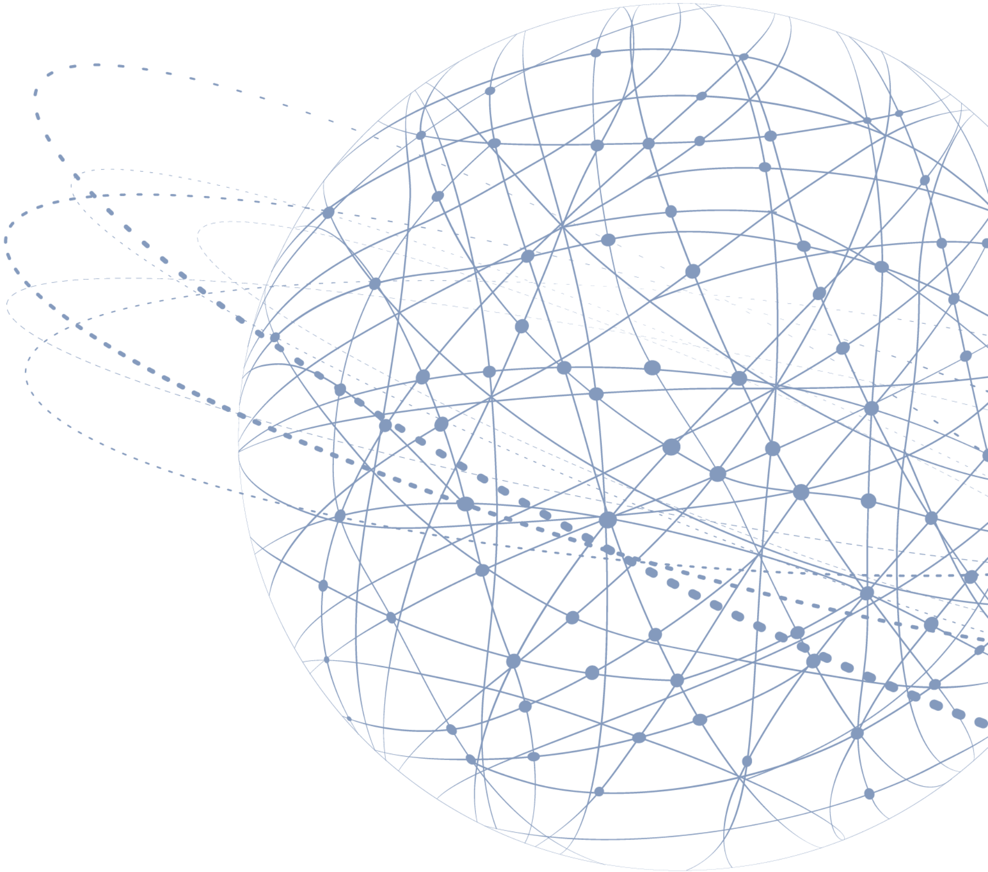
ACUPOLL®

Transcend the Status Quo™

ACUPOLL® Inflation Report

Spring 2023 versus 2022



ACUPULSE™

OBJECTIVES

- Help ACUPOLL Clients and Partners in the community to better understand the impact of rapid inflation on purchasing and shopping routines for CPG products
- Understand what consumer expectations are, going forward, for inflation and for their income
- Compare back to previous ACUPULSE surveys when doing so can add insight

FIELD DATES

- Conducted via Internet: May 1–5, 2023

SAMPLE SELECTION

- Total Sample of n=1,218 Males and Females 18+

Key Takeaways

- Worry about inflation has hit new levels, resulting in high resistance to trying new products and increased search for value
- Gen Z should receive heightened focus and value offers/messaging
  - They are more likely than older groups to have income declines, and are increasingly adjusting shopping due to inflation
  - They show the greatest increase in *Saving money* as their top priority for buying products (while their focus on causes/values takes more of a back seat under economic pressures)
- While consumers still prioritize *My health/well-being*, and *Taking good care of my family*, they have an increased desire for products that *Leave me feeling satisfied*, creating opportunities for promoting small/affordable indulgences
- It's important to remember there are winners in tough times as well, creating opportunities; a larger percentage of Boomers, Whites, and $100K+ consumers report income increases, and 1-in-4 consumers report buying 3+ categories listed *more* often
- Consumers – and Gen-Z in particular – continue to shift away from premium and convenience goods and more toward private label and value options; their greatest desire is for lower prices and coupons/discounts, but also lower-cost variety packs, refills, or products that last longer
- It's not just about lowering prices; nearly half of consumers – and significantly more than last year – want advertisers to explain steps they're taking to help keep prices from going up, and many also welcome hearing how companies are helping those who are struggling financially
- Beyond price, brands should explore reinforcing higher-level benefits, encouraging self-indulgence, and reframing their value proposition (see our post *12 Ways to Boost Perceived Value without Sacrificing Profit*)

See slide 18 to learn more about getting the cross-tab for your sector, or data on your category/brand.

- **Prior to being introduced to the study topic, consumers continue to reflect about the same mix of positive and negative emotions as last year, with 2-in-5 saying they are "happy" and one-quarter mentioning "tired."**

% Mentioning

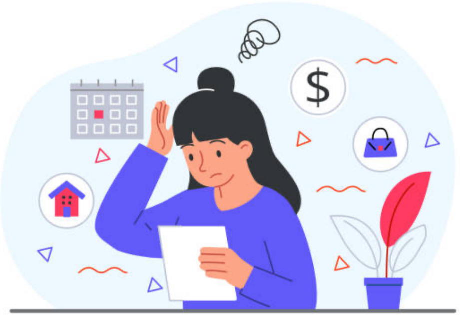
	'22	'23
Happy	37%	40%
Tired	24%	23%
Sad	14%	12%

What 3 words would you use to describe the emotions you're feeling today?

2022

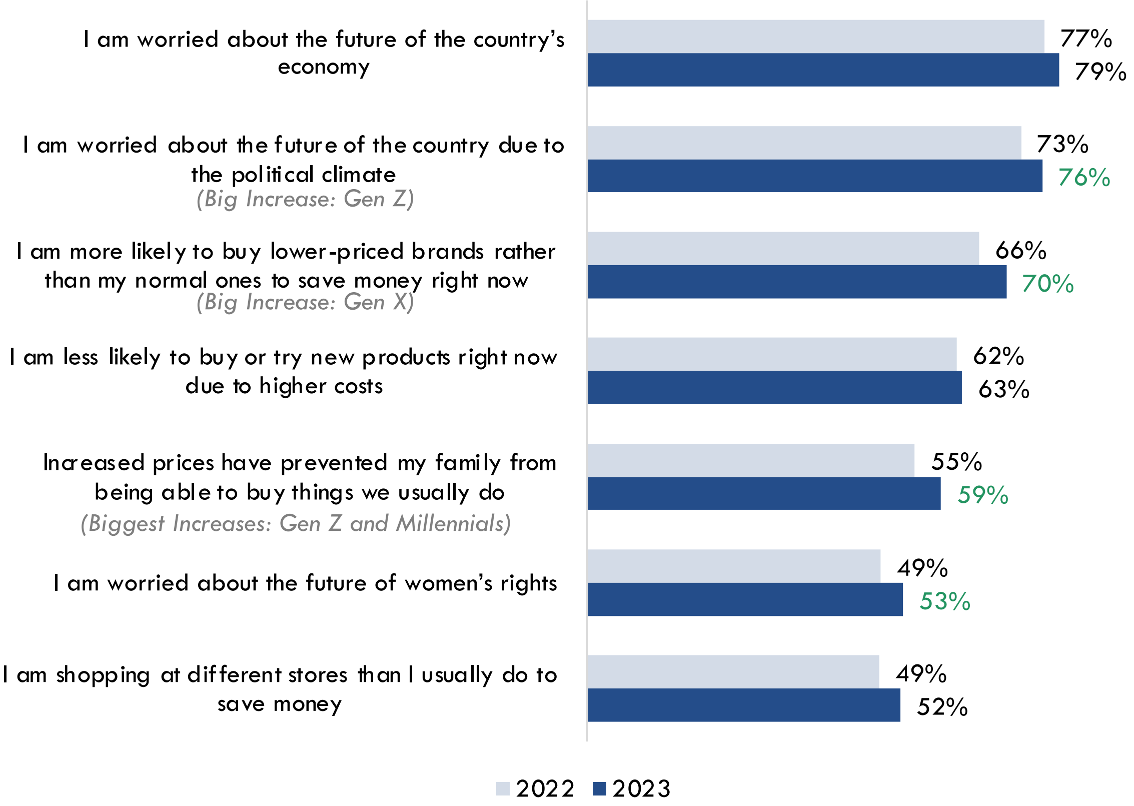
2023

- **While worry about inflation and the political climate hits new peaks, many consumers show resistance to trying new products and increased desire for lower-priced options.**
  - Over three-quarters of consumers continue to agree strongly that they are worried about the future of the country's economy in 2023.
  - A strong value proposition is needed to convince consumers that new products are worth their money during these difficult times.



How much do you DISAGREE or AGREE with each of the following statements?

% Agree Strongly (Rating 7+) Among Total Sample

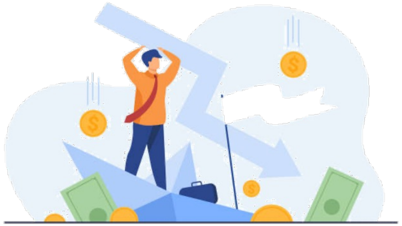


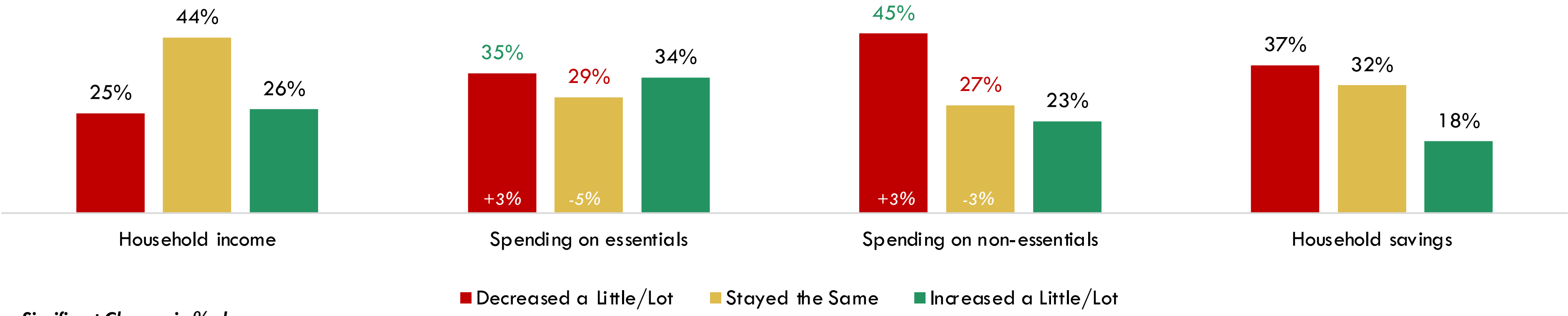
Significantly Lower/Higher than 2022

- **Spending on essential and non-essential items has decreased for significantly more consumers in the past 12 months than the previous year, even though claimed income remains fairly steady overall (albeit less so for Gen Z and Millennials).**
  - Continued inflation and savings depletion are forcing many people to tighten, particularly those earning $50K or less per year, while high-income and White consumers are more likely to have increased spending on essential items.
  - Boomers, Whites, and $100K+ consumers have significant increases in claimed income; Gen Z and Millennials are more likely than Boomers to have income declines.

How much, if at all, has each of the following CHANGED in the PAST 12 MONTHS?

Among Total Sample



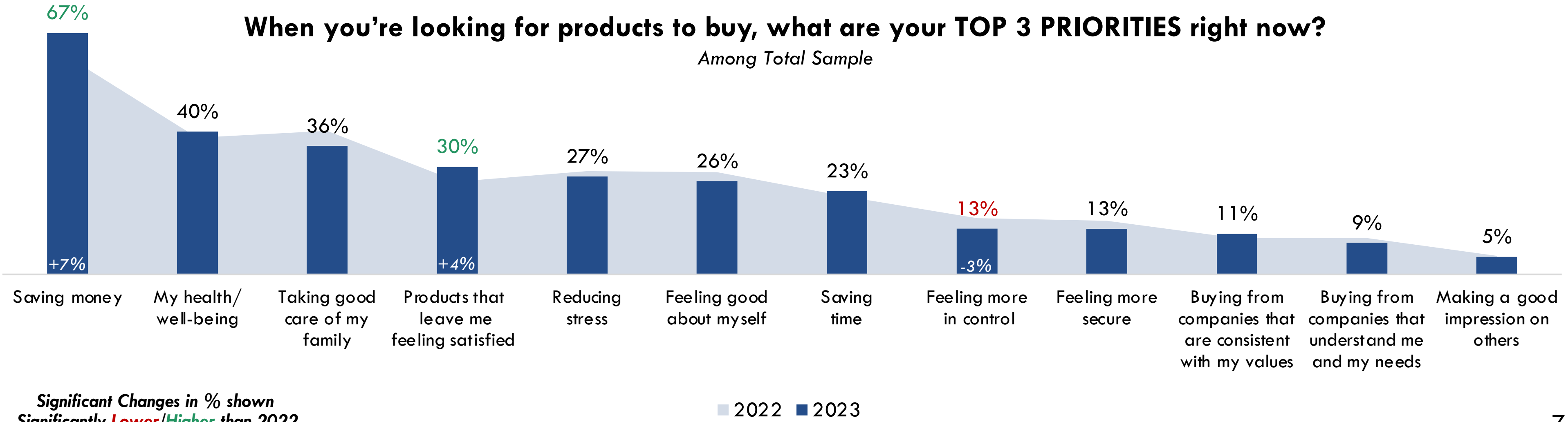


Significant Changes in % shown
Significantly Lower/Higher than 2022

- ***Saving money* remains the highest priority among consumers, and significantly more so than last year.**
  - Consumers also still prioritize taking care of themselves and their families.
  - The increased desire for products that leave them feeling satisfied may create opportunities for messages appealing to consumer desire for small or affordable indulgences to lift their moods.

Core Motivations – 2023 vs. 2022

ACUPOLL'S approach to understanding the deeper drivers for purchase decisions or underlying reactions to alternative positionings



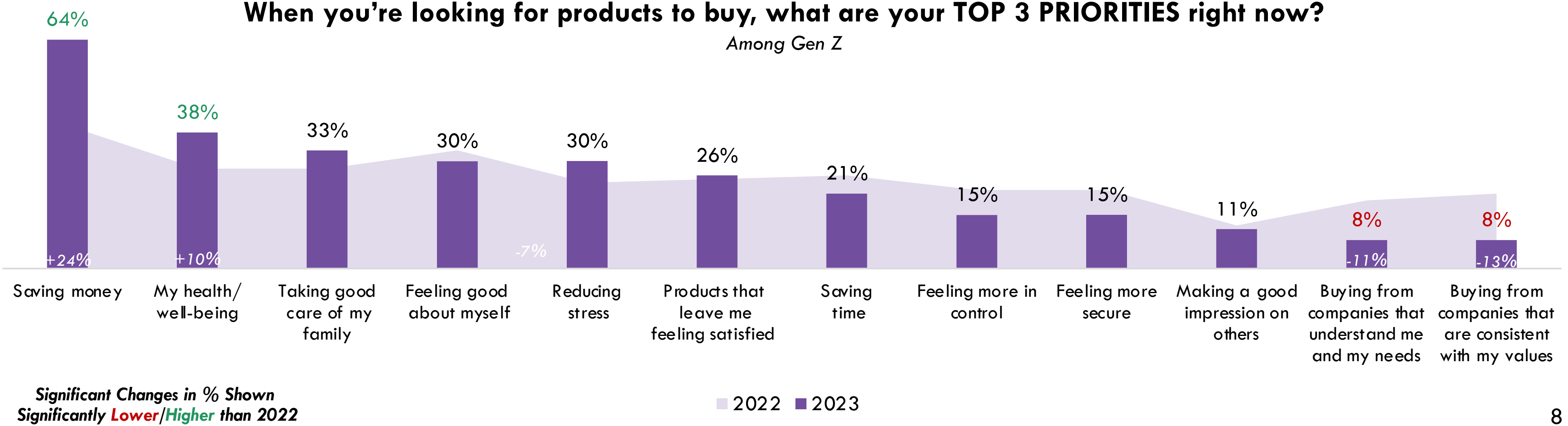
Significant Changes in % shown
Significantly Lower/Higher than 2022

- **Gen Z consumers show the greatest increase in desire to save money, as well as an increased focus on health, with increases coming at the expense of their more idealistic interest in buying consistent with their values and needs (both down about half).**
  - *Saving money* has increased +24% points for Gen Z, and only up to +7% points for other age cohorts.
  - Not surprisingly, lower-income consumers have seen bigger increases than higher-income consumers, whose priorities have hardly changed at all.

Core Motivations – Gen Z

When you're looking for products to buy, what are your TOP 3 PRIORITIES right now?

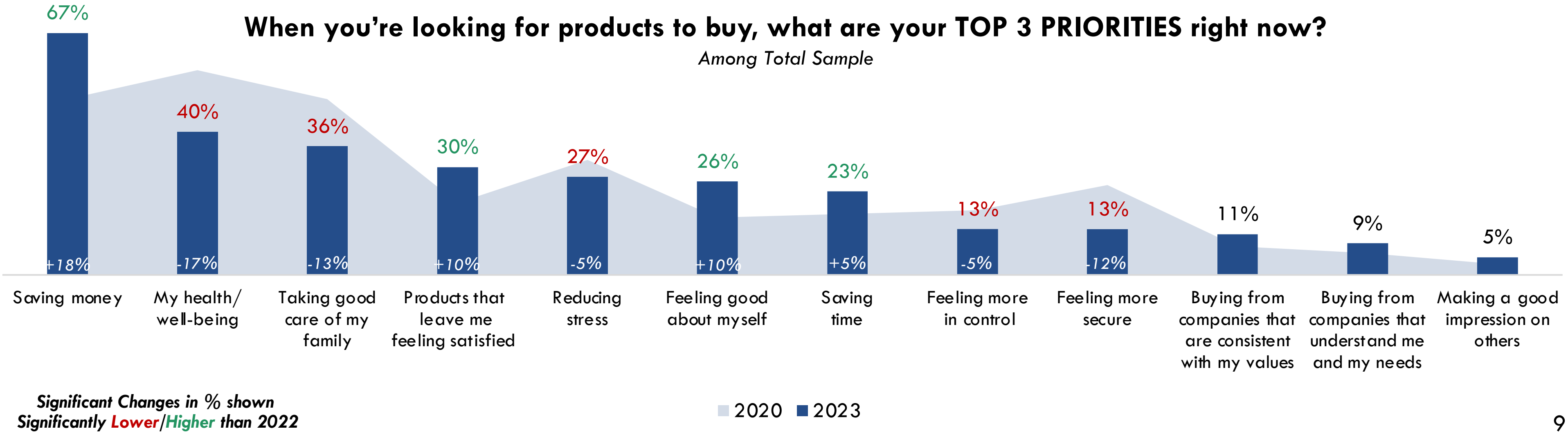
Among Gen Z



Significant Changes in % Shown
Significantly Lower/Higher than 2022

- **Priorities have shifted since March 2020, with *saving money* overriding *health/well-being* for "most important."**
  - This is likely aligning with COVID being the biggest issue in 2020 and inflation impacting Americans most today.
  - We also see significant increases in wanting products that satisfy and make consumers feel good.

Core Motivations – 2023 vs. 2020 (March)



Significant Changes in % shown
Significantly Lower/Higher than 2022

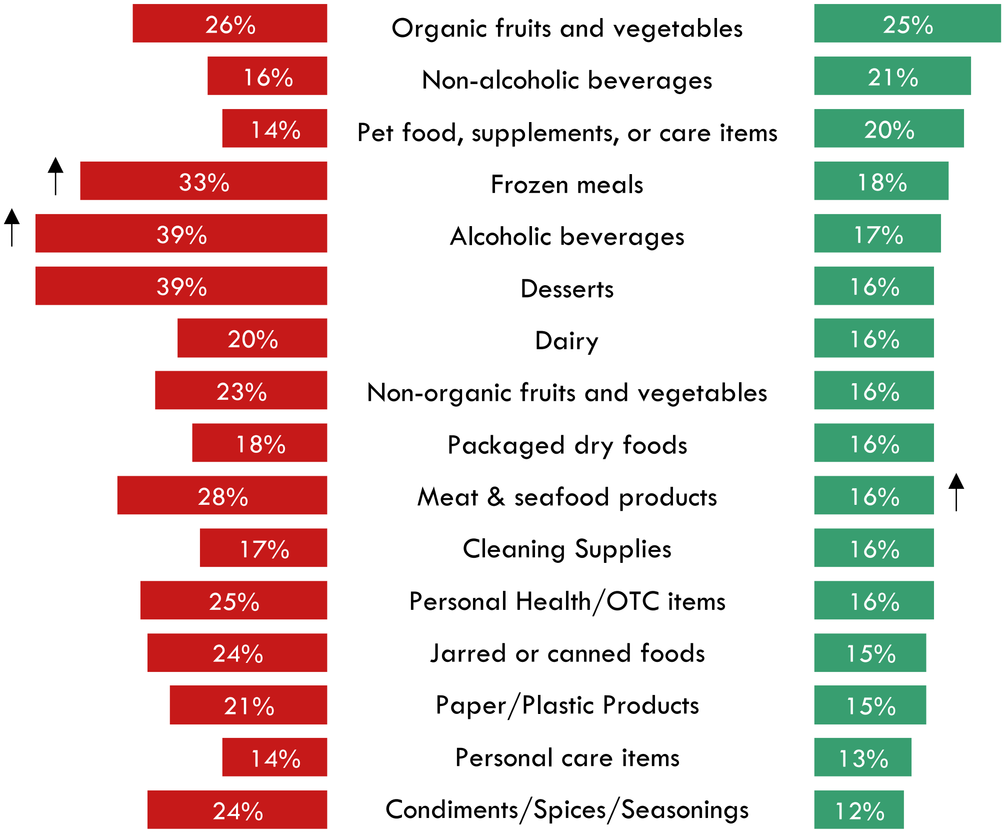
- **While consumers continue to report cutting back across categories, with significantly deeper drops in indulgences like Frozen Meals and Alcoholic beverages, there continue to be opportunities for growth.**

- Some consumers report buying more overall, not just across seasonal categories like organic fruits and vegetables:
  - 1-in-4 consumers report buying 3+ categories *more often* (versus 40% who buy 3+ categories *less often*)
  - Those who are buying 3+ categories *less often* than usual still report that they buy more in *some* categories (12% on average).

- Brands should consider reinforcing the higher-level benefits and value proposition their categories deliver.

Which of the following BEST DESCRIBES your experience with each of the following categories since the beginning of 2023?

Among 2023 Category Buyers



Significantly Lower / Higher than 2022

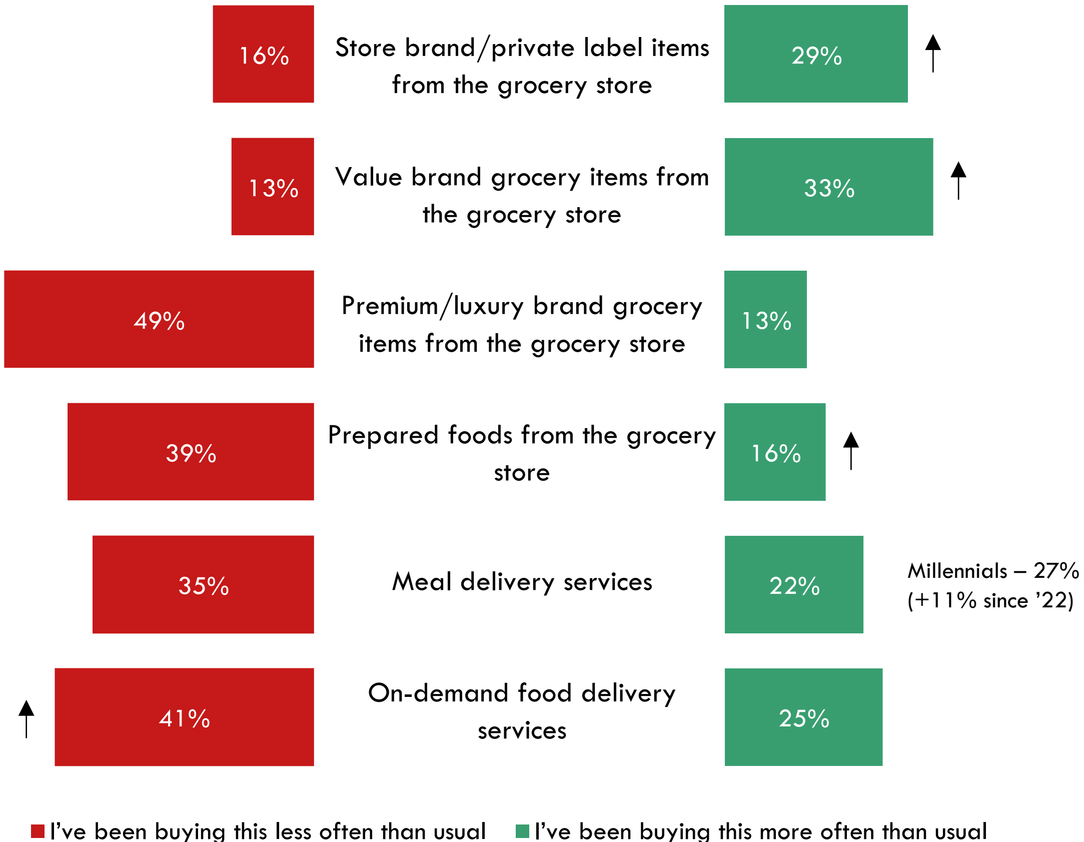
I've been buying this less often than usual

I've been buying this more often than usual

- **Consumers – Gen Z in particular – continue to shift from premium and convenience goods toward private label and value options.**
  - On-demand food delivery services like DoorDash or Uber Eats continue to see decreases post-pandemic, most likely due to the decreased COVID concerns or economic pressures making the extra cost of delivery too expensive.
  - Meanwhile, Millennials are diverging, with some buying more premium brands and meal delivery services, yet some also buying more value brands.

Which of the following BEST DESCRIBES your experience with each of the following TYPES OF BRANDS since the beginning of 2023, compared to your pre-pandemic routine?

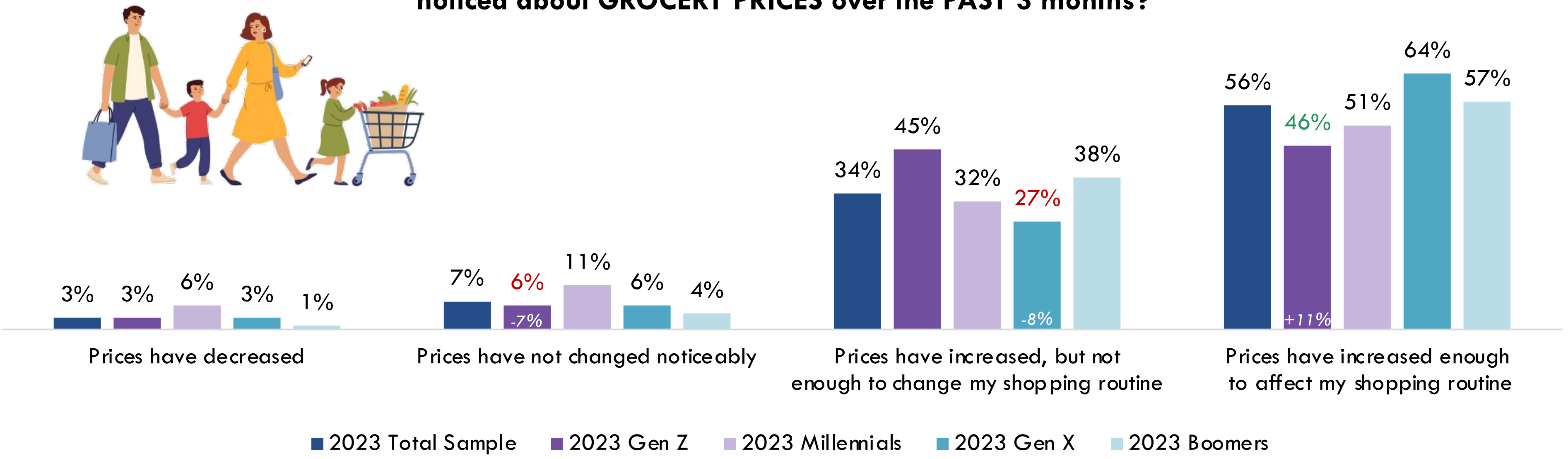
Among 2023 Category Buyers



Significantly Lower ↓ / Higher ↑ than 2022

- **The majority of consumers indicate that prices have increased enough to affect their shopping routine over the past 3 months.**
  - While Gen Z consumers are the age group least likely to report that prices have impacted their shopping routine, they are also the one age group showing an increase on this measure versus 2022, likely because inflation increases impact the generation with the lowest income and savings the most.

Which statement would you say BEST DESCRIBES what you have noticed about GROCERY PRICES over the PAST 3 months?

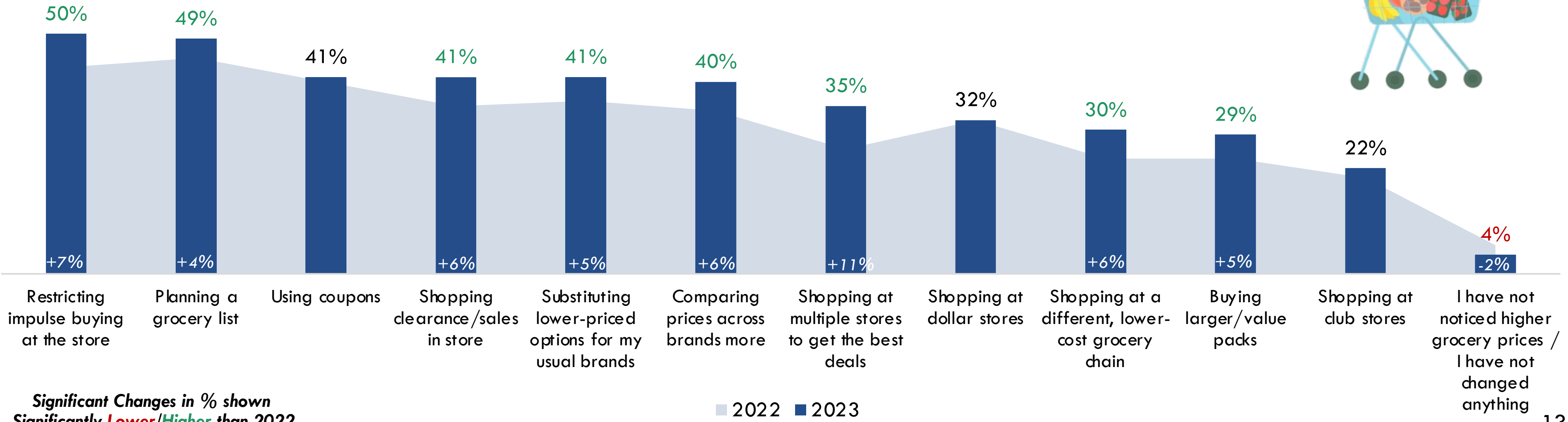


Significant Changes in % shown
Significantly Lower/Higher than 2022

- **Consumers are even more likely to have made conscious ("System 2") changes to their shopping habits in 2023 than in 2022 due to higher grocery prices.**
  - Half of consumer have cut out ("System 1") impulse buys and make grocery lists before shopping to reduce extra spending; their pocketbook is forcing some more "rational" engagement; interestingly, despite the squeeze they're feeling, Gen Z is a little less likely to restrict impulse buying or claim to price-shop.
  - Consumers are also more likely to shop store brands, sales, and clearance deals.
  - 30% have switched to different/lower-cost chains.

What, if anything, are you CURRENTLY doing in response to higher grocery prices?

Among Total Sample

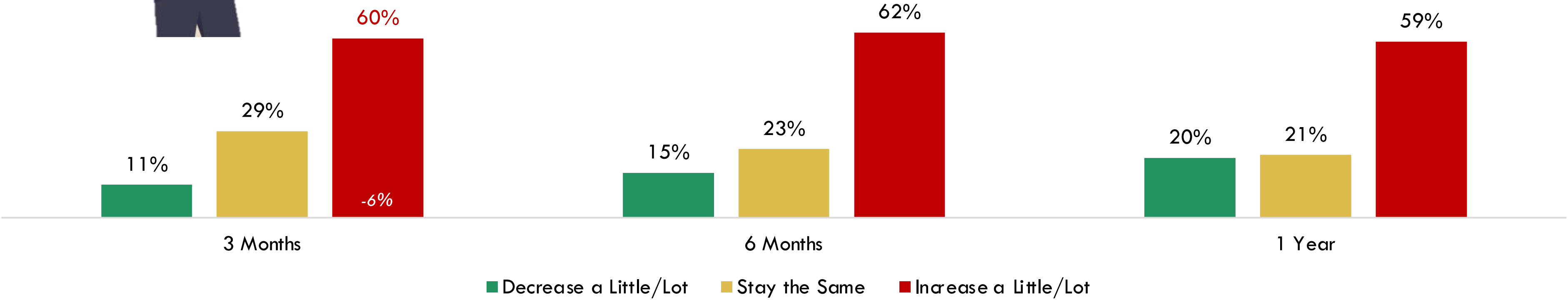


Significant Changes in % shown
Significantly Lower/Higher than 2022

- **Consistent with last year, a majority of Americans continue to think that inflation will continue to increase over the next year, which helps explain why more consumers are looking for lower-cost options for groceries.**
  - This suggests belt-tightening will continue for the foreseeable future, at least until the news media (and likely the Federal Reserve) starts touting that inflation has been tamed, and consumers see it at shelf.

How do you expect the inflation rate to change versus current levels, if at all, in the next…?

Among Total Sample

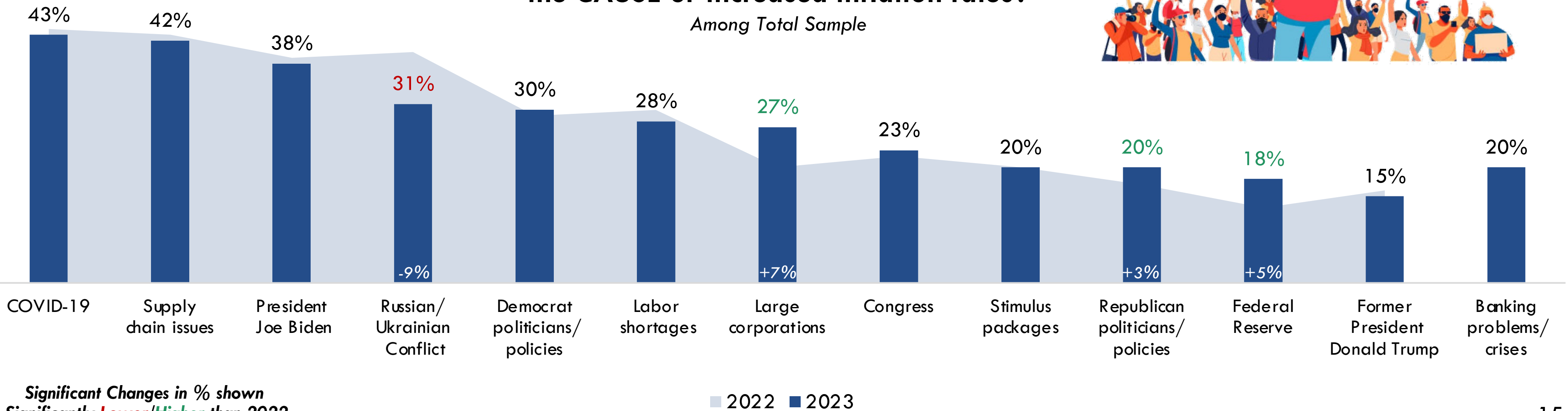


Significant Changes in % shown
Significantly Lower/Higher than 2022

- **Consumers continue to blame increased inflation primarily on COVID-19 and the resulting supply chain issues even as we move forward in a post-pandemic world.**
  - President Biden and the Democrats continue to receive more blame for inflation than Republicans and Donald Trump; at the same time, criticism of Republicans (and Large Corporations and the Federal Reserve) has increased significantly, while perceived impact of the Russian/Ukranian Conflict has decreased.

Which of the following, if any, do you believe to be the CAUSE of increased inflation rates?

Among Total Sample

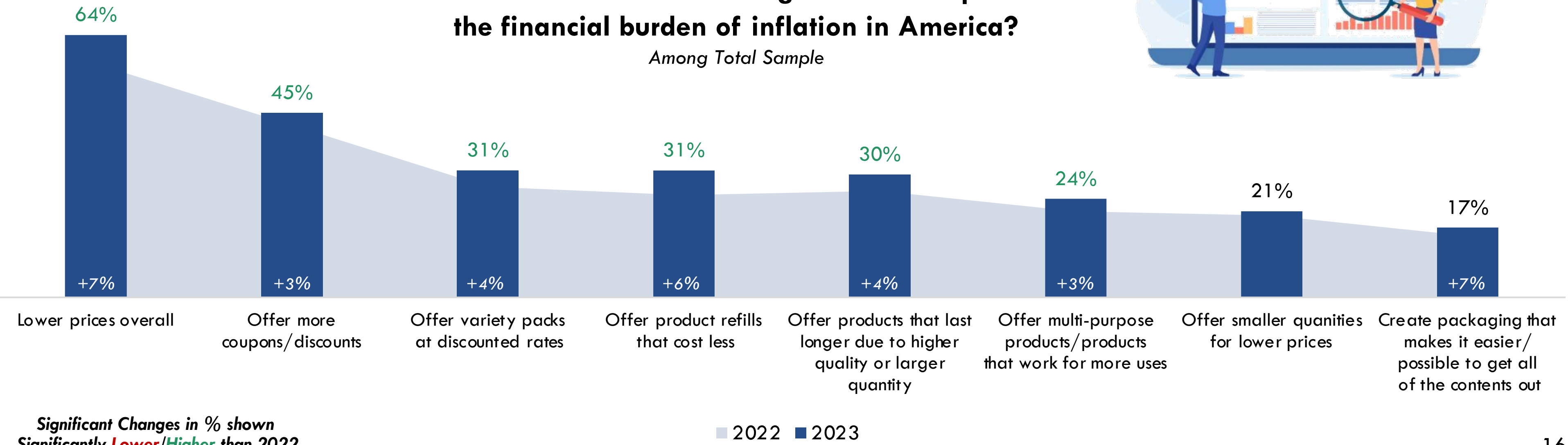


Significant Changes in % shown
Significantly Lower/Higher than 2022

- **In this inflationary environment, it's not surprising that consumers want lower prices and more discounts, but they also show interest in new products with strong value propositions: lower-cost refills, products that last longer, and multi-purpose products.**
  - Younger consumers are least likely to expect lower prices, and Gen Z shows the greatest year-to-year increase in interest in coupons and product refills.

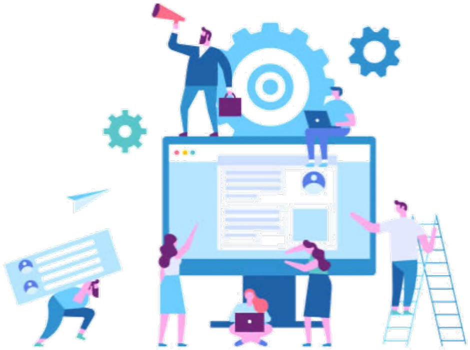
What can COMPANIES do right now to help ease the financial burden of inflation in America?

Among Total Sample



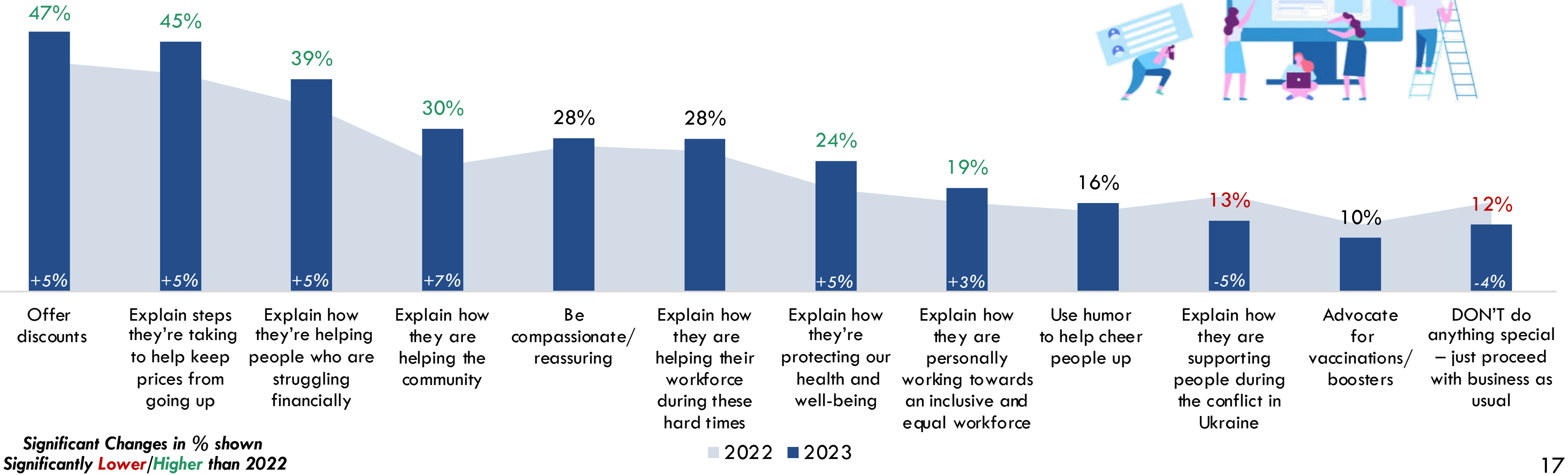
Significant Changes in % shown
Significantly Lower/Higher than 2022

- **Even if companies can't lower prices or offers discounts, consumers want advertisers to explain how they're keeping prices from going up, helping people who are struggling, and helping the community, significantly more than in 2022.**
  - Gen Z consumers are driving much of the increases versus last year.



What changes, if any, do you think ADVERTISERS should make to their commercials given everything going on in the world?

Among Total Sample



Significant Changes in % shown
Significantly Lower/Higher than 2022

Special Offers

1. Ask your ACUPOLL contact for a meeting to review a FREE cross-tab customized for your sector (list below)
2. We can also re-rerun key questions in the study for your specific category and brand users in less than a week ($3,500 for full report, $3,000 for XLS comparison only)

Sectors

Organic fruits and vegetables

Non-alcoholic beverages

Pet food, supplements, or care items

Frozen meals

Alcoholic beverages

Desserts

Dairy

Non-organic fruits and vegetables

Packaged dry foods

Meat & seafood products

Cleaning Supplies

Personal Health/OTC items

Jarred or canned foods

Paper/Plastic Products

Personal care items

Condiments/Spices/Seasonings

Sample Excel

		Alcoholic Beverage Category							
		2022 Total Sample	2022 Alcoholic Beverage Buyers	2023 Total Sample	2023 Alcohol Beverage Buyers	2023 Decreased Alcoholic Beverage Buyers	2023 Increased Alcoholic Beverage Buyers	2023 Buy More than 3 Categories Less Than Usual	2023 Buy More Than 3 Categories More Than Usual
		A	B	C	D	E	F	G	H
Count	n=	1000	693	1218	847	331	141	517	308
When you're looking for products to buy, what are your TOP 3 PRIORITIES right now?	Saving money	61%	59%	67% AD	65% B	67% F	51%	70% H	57%
	Products that leave me feeling satisfied	26%	26%	30% A	29%	31%	30%	29%	26%
	My health/well-being	38%	39%	40%	39%	43%	39%	42%	39%
	Saving time	22%	20%	23%	23%	18%	29% E	20%	26% G
	Feeling good about myself	29%	30%	26%	27%	26%	33%	26%	25%
	Buying from companies that understand me and my needs	10%	10%	9%	10% C	10%	11%	8%	12% G
	Taking good care of my family	40% C	40%	36%	36%	38% F	25%	35%	35%
	Feeling more in control	16% C	16% D	13%	13%	10%	18% E	12%	15%
	Reducing stress	29%	27%	27%	28%	28%	30%	27%	30%
	Feeling more secure	15%	15%	13%	14%	15%	13%	14%	15%
	Buying from companies that are consistent with my values	10%	11%	11%	11%	11%	13%	14%	12%
	Making a good impression on others	5%	6%	5%	5%	4%	8%	4%	9% G

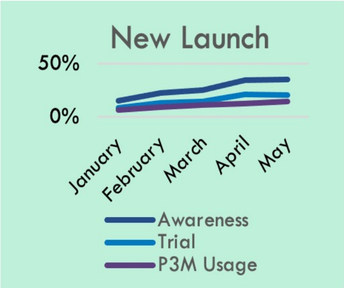
** Comparisons are A/B, A/C, C/D, E/F, and G/H*

Insights Like These are Available in ACUPULSE™ – Fast Facts for Simple Questions/Decisions

Learning from a 5-minute Gen Pop survey is available in 3-4 days

(n=1000/$4000, n=500/$3150, including Executive Summary slide and data tables; level of analysis, visualization, etc., can add cost)

New ACUPULSE Users – $1,000 off your company's first use



TOPLINE TRACKING

Track progress on a few core metrics for a new product or ad campaign – whether for your brand or a competitor's.

TREND CHECK

Stay in front of trends with quick checks to see how broad they are, and if they're building or declining.

8% experience
A & B

INCIDENCE

Discover the incidence of a behavior, problem, or attitude, or even awareness of a late-breaking PR issue.

More people
say they …

INSIGHTS

Gather and validate insights and reactions to an issue – or follow-up a study – with a mix of closed- and open-ended questions.

Get fast, cost-efficient input from a large national sample for a wide variety of research needs

- **Fuel Decision-Making**
- **Strengthen Sales Presentations**
- **Provide ammunition for P.R. or Social Media**

ACUPULSE™ Fast Facts for Simple Questions and Fast Decisions – 2023 Pricing

Broad Sample	•n=500–1,000 Adults, Females, or Males 18+ **Nationally Representative age/region/gender*
Questions	•Up to **5 minutes** survey length – not counting demos (~8–12 questions) •Single-Select, Multi-Select (limit 15 options), Grids (max. 10 rows), Ranks •Open-Ends (verbatims only; coding not included)
Stimuli	•Text, images, video •Up to 10 images / 20 used across questions (JPG, PNG individual files) •No complex programming / assignments
Simple Data Outputs	•PowerPoint with Total Sample and 5 segments (defined in advance) •Executive Summary slide(s) and data tables – extra analysis/visualization (like in this report) adds cost* •Price includes initial tabulation and corrections; repeated data tabbing extra •Optional cross-tab individual questions by demo segment in Excel ($300)
Timing	•Questionnaire finalized by 10AM on Day 1 •Results by close of business on Day 3–4 (basic programming, n=1,000)

Standard Demos: Region • Gender • Age • Income • Race • Hispanic Origin • Employment • Education • Marital Status • Kids in Household

***Standard ACUPULSE™ Final Reports include tables shown with 5 segments for each question and short summary of data**

Cost** **n=500 for $3,150 / n=1,000 for $4,000 / n=2,000 for $6,500**

**Adjustments: Detailed demographic cross-tab/every question +$300, stimuli rotations +$500, other add-ons TBD

New Users – $1,000 off your company's first use

THANK YOU

Merci

Gracias

Obrigado

Спасибо

תודה רבה

شكرا جزيل

谢谢

どうもありがとう

ACUPOLL®

www.ACUPOLL.com