

NEARLY HALF OF AMERICANS FEEL THEY CAN'T AFFORD THEIR FORMER LIFESTYLE; THREE-FOURTHS ARE SHIFTING GROCERY PURCHASING BEHAVIORS, FINDS NCSOLUTIONS

- 66% of consumers are more mindful of spending on groceries
- 85% of Americans are concerned or very concerned about inflation
- 58% believe the cost of living will be more expensive in the coming year
- 46% of consumers say they're buying fewer non-essentials
- 43% seek out sales and promotions to afford their favorite brands

NEW YORK, Aug. 18, 2022 /PRNewswire/ -- Nearly half of Americans (45%) feel like they can't afford their previous lifestyle and 76% of American consumers say their family has changed how they buy food with prices on the rise. In addition, two-thirds (66%) are more mindful of how they are spending their money. These findings are part of a new consumer sentiment survey on inflation commissioned by NCSolutions (NCS), the leading company for improving advertising effectiveness.

Eighty-five percent of Americans are very concerned or extremely concerned about inflation and almost unanimously (93%) they said we're in an inflationary time. On the same economic theme, over half (57%) are concerned about the country's financial situation, while 47% say they're concerned about their family's financial situation. Eight out of 10 or 83% of Americans expect the cost of living will become somewhat more or much more expensive in the coming year. Sixty-five percent of Americans agree with the statement 'my income has not increased as fast as the cost of food, beverage and personal care products.'

"For the second time in a little over two years, consumers are pivoting to new purchasing behaviors at the grocery store," commented Alan Miles, CEO, NCSolutions. "Since the start of the pandemic, they've been swapping their favorite brands for what's available. Today, though, value is the centerpiece more often than availability, consumers are selecting brands and products to stretch their budgets as far as possible. CPG brands that meet customers where they are both in this inflationary moment and as prices ease have the best shot at keeping them for the long-term."

SIX YEARS OF PRICE TRENDS

NCSolutions' proprietary purchase data, which reflects the buying trends of consumers for CPG products, shows an almost 13% price increase on average. In a six-year price trend analysis, we see that price increases in 2022 are pacing at an accelerated rate compared to other years. The survey findings bear this out with 58% of consumers believing the cost of living will be much more expensive in the coming year and 71% feeling the U.S. economy is declining.

On a consumer packaged goods category level, there are wide variations in percentage increases.

CONSUMERS REACT TO THE PINCH

Compared to one year ago, six in 10 Americans believe CPG product packaging has gotten smaller but costs the same. Consumers still feel the strain of supply chain issues as 69% say there are fewer items of the same product on the shelves. Thirty-six percent of Americans said there is less variety of brands available on the shelf today compared with one year ago.

Over half (53%) of American consumers say they find basic food staples more expensive; 40% believe a recession will occur in 2023. For almost half of consumers (46%), this means buying fewer non-essential items on the food aisle, or for 43%, it means buying only the essentials. Seventy-one percent of Americans say the increased price of groceries is straining their savings. For other American consumers, increased prices on the grocery aisle mean seeking out less expensive brands (45%). Other ways consumers are coping with the increased price of groceries are loading up the pantry (27%) or freezer (26%) or shopping closer to home (24%).

When it comes to consumers' preferred brands, they have to make tough choices. Sixty percent of consumers seek less expensive alternatives when their favorite brands reach a price beyond their budget. Forty-six percent of consumers plan to go without their favorite brands, and 43% of consumers look for sales to offset the cost. In the survey, respondents could select multiple ways they react.

"Though it may be tempting to pull back on advertising, a more effective strategy is to recognize and respond to consumer 'stress-flation.' Brands have an opportunity now to build loyalty and attract new customers with empathetic marketing," said Leslie Wood, Chief Research Officer, NCSolutions. "We're heading into a period of heavy CPG purchasing moments, such as back to school and the approaching holidays. Compelling, well-targeted advertising is a proven strategy for increasing brand

equity and sales both in the short- and long-term."

CONSUMER PRIORITIES

Respondents were asked, "When shopping for groceries, which products are most important." The majority ranked:

1. Affordable products that provide a clear value for my money
2. Finding food products that feed their families for several meals
3. Products they know their families will enjoy eating

ABOUT THE CONSUMER SURVEY: The online survey of 2,141 respondents was fielded from June 17- 20, 2022. Responses presented in this survey were weighted by location, education, income and other demographics to be representative of the overall population. To read more about the findings, you can [download the full report](#).

ABOUT NCS

[NCSolutions](#) makes advertising work better. Our unrivaled data resources powered by leading providers combine with scientific rigor and leading-edge technology to empower the CPG ecosystem to create and deliver more effective advertising. With NCS's proven approach, brands achieve continuous optimization everywhere ads appear through purchase-based audience targeting and sales measurement solutions that have impacted billions in media spend for our customers. NCS is a joint venture company with Nielsen as the majority owner.

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