



# Inflation Insights

From prices paid to purchase planning, inflation is making its mark on consumer behavior. What are we seeing in observed shopping trips and what are consumers saying about how they expect to respond to rising prices?

NOVEMBER 2021



# Numerator's Inflation Insights tie **what we're seeing** with **what consumers are saying** about rising prices



## OBSERVED BEHAVIOR

Verified purchase data from the Numerator OmniPanel show average price per item paid by consumers across categories and channels broken out by month vs. 2020 and 2019.



## SURVEY INSIGHTS

Numerator's Premium Inflation Survey fielded late September 2021 includes responses from 14,287 shoppers who made purchases in select categories and covers their general inflation attitudes as well as how they expect rising prices to impact their category shopping behavior.



OBSERVED BEHAVIOR

# What We're Seeing

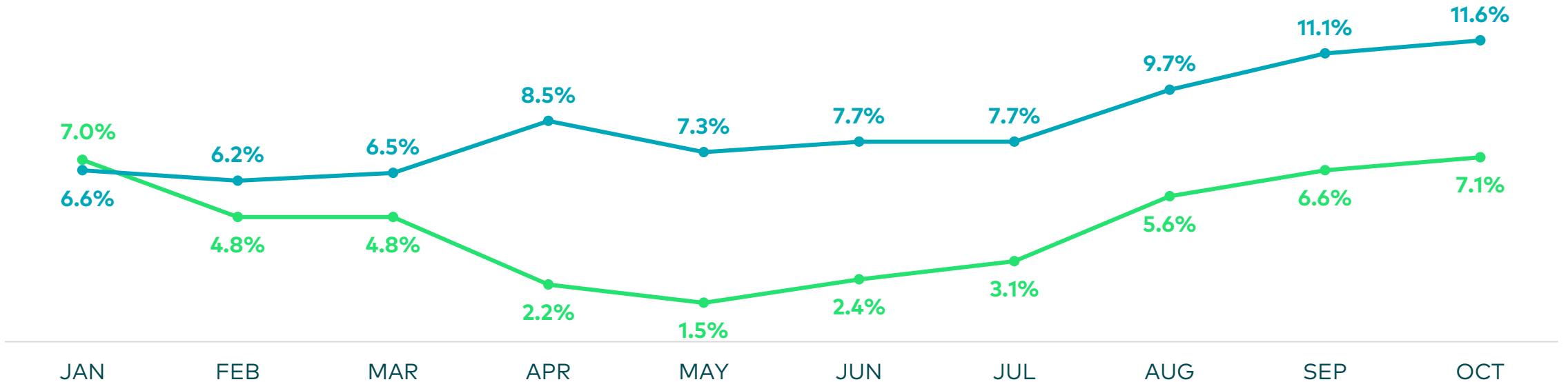
# Inflation is up, and consumers are paying the (higher) price

An omnichannel, omni-category view from Numerator Insights shows that consumers are paying more for their everyday items. The average price per grocery item was up 7.1% in October 2021 vs. year-ago and up 11.6% vs. two years ago. These numbers have risen consistently since the beginning of the year.

## Grocery Price Changes

Grocery sector average price vs. 2020 & 2019, all channels

■ vs. 2020 ■ vs. 2019

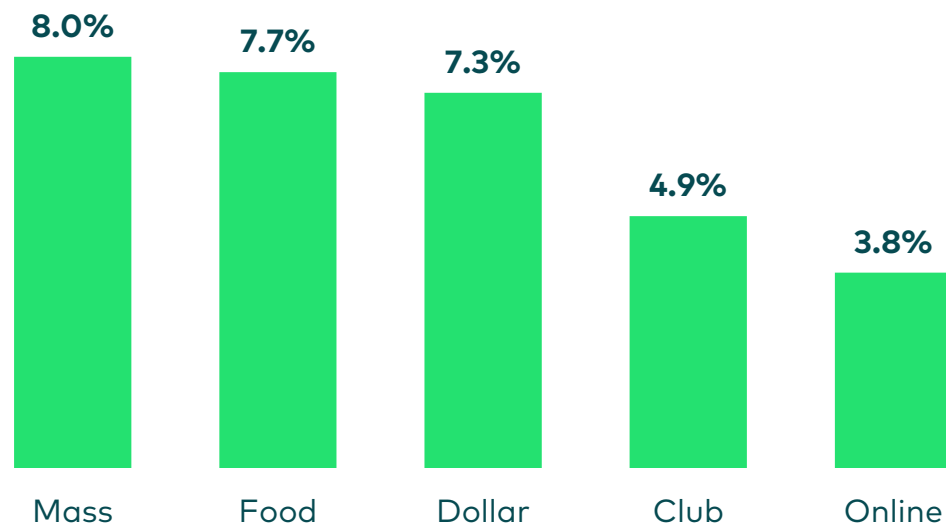


## These price changes vary across channels and across categories

When examined at a channel level, we see that prices are rising more significantly within the Mass, Food & Dollar channels, and slightly less so in Club & Online. Other core CPG sectors like Health & Beauty, Household, Baby and Pet are all showing elevated prices, as well, though slightly less significantly than Grocery products.

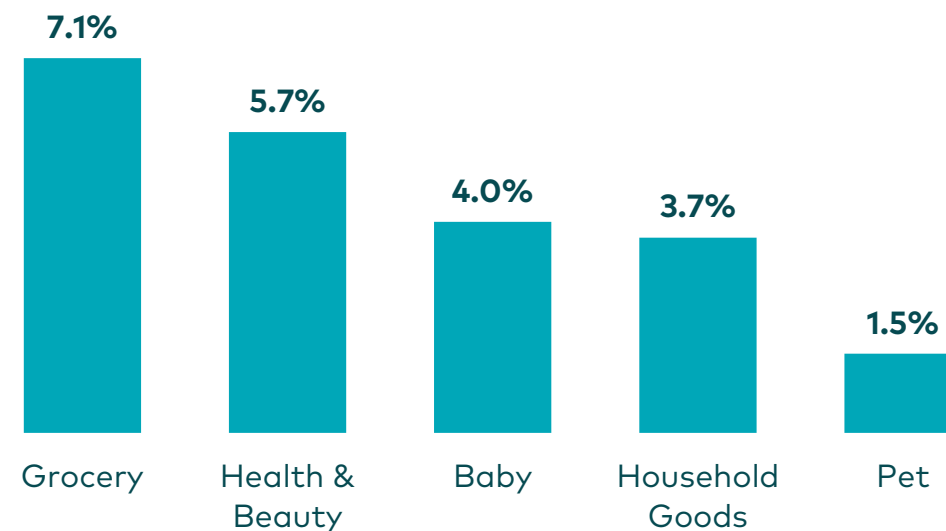
### Grocery Price Change by Channel

Grocery sector average price October 2021 vs. YA



### Omnichannel Price Changes by Sector

Average price October 2021 vs. YA, all channels





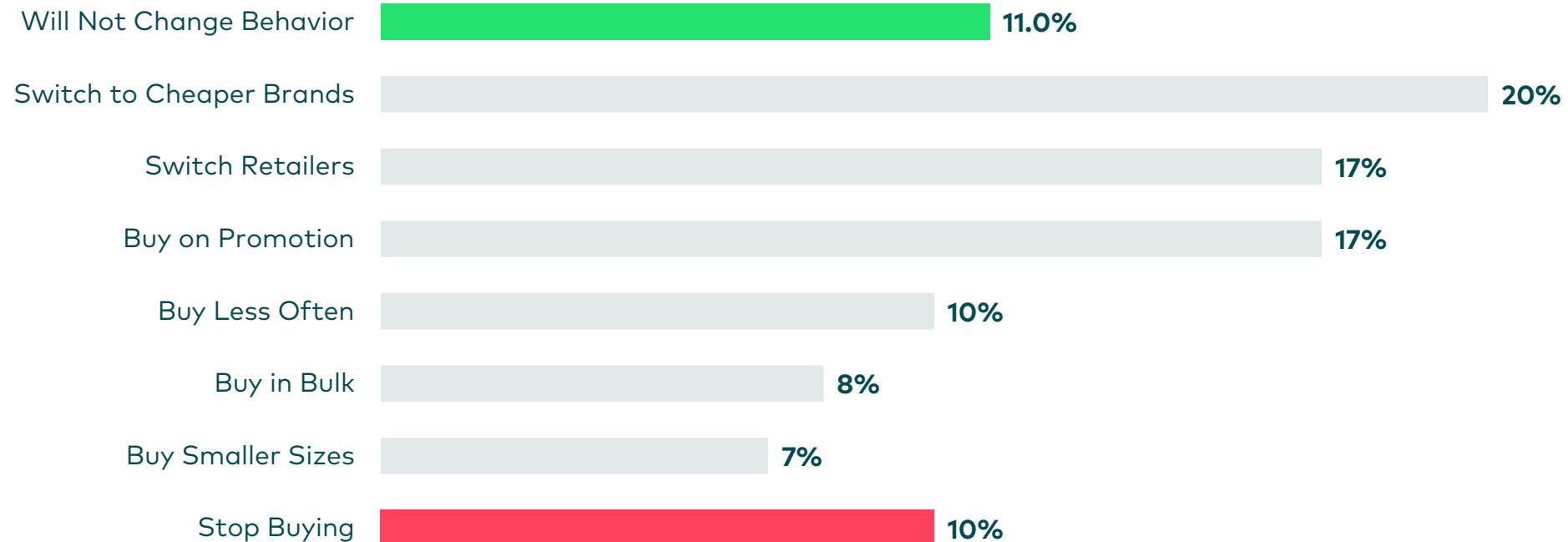
Survey Insights

# What They're Saying

# As prices go up, consumers are down to change their habits

Faced with rising prices, 20% of shoppers say they're likely to switch to cheaper brands, while 17% would switch retailers and another 17% would wait to buy on promotion or with coupons. 11% do not expect to change their purchase behaviors even if prices rise, while 10% are willing to stop buying certain products or categories altogether.

## Consumer Reaction to Rising Prices



# Reactions to rising prices vary by category

Comparing consumers who wouldn't change their category buying behavior if faced with rising prices to those who would exit the category, four distinct category groups emerged. Consumers are **least likely to change their behaviors for Care Commodities**, while they're **most likely to make cuts to Gifts & Durable Goods** if prices on those items rise.



## Care Commodities

Health & Beauty, Pet Food, Baby

LEAST  
VULNERABLE



### Most Likely Impacts:

Brand Trade-Down  
Retailer Switching  
Bulk Buying



## Household Staples

Frozen Foods, Condiments, Household

MINIMALLY  
VULNERABLE



### Most Likely Impacts:

Brand Trade-Down  
Buying on Promotion  
Retailer Switching



## Everyday Indulgences

Beverages, Snacks & Candy, Alcohol

MODERATELY  
VULNERABLE



### Most Likely Impacts:

Less Frequent Buying  
Buying on Promotion  
Retailer Switching



## Gifts & Durable Goods

Apparel, Electronics, Toys, Home & Garden

MOST  
VULNERABLE



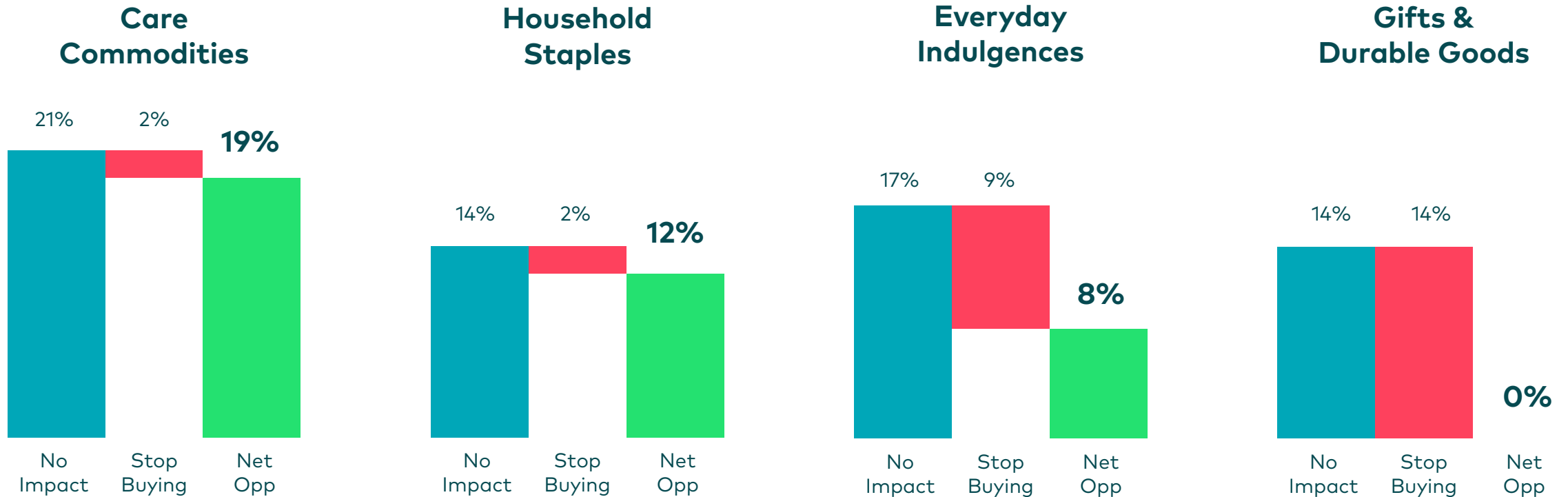
### Most Likely Impacts:

Retailer Switching  
Brand Trade-Down  
Buying on Promotion



# These category groups have varying risk & opportunity levels

While there is plenty of middle ground between consumers expecting “no change” or to “stop buying,” the two extremes offer insight into a category’s general necessity. The highest opportunity categories have more consumers willing to pay an elevated price, and few considering pulling their purchases.

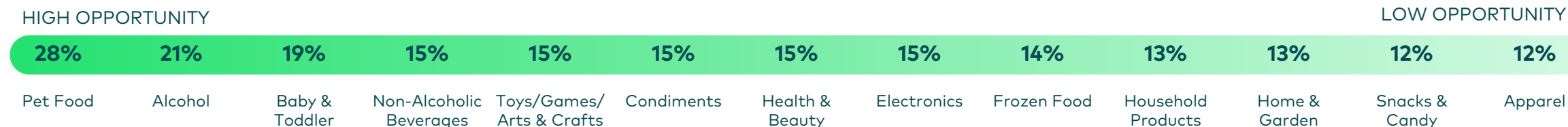


Source: Numerator Inflation Survey, 9/25/2021 n=14,287

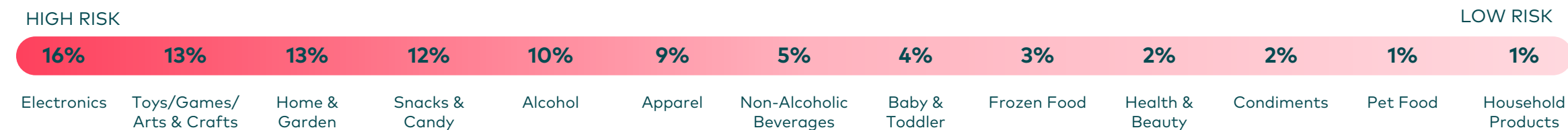
# Scales of Impact by Category

Numerator's Inflationary Response Scales drill down to a category level to show the full spread of consumer intentions as they relate to rising prices.

**OPPORTUNITY SCALE:** % who wouldn't change buying behavior if prices increase.



**RISK SCALE:** % who would stop buying category if prices increase.



**OPPORTUNITY - RISK SCALE:** % who wouldn't change behavior minus those who would stop buying.



Source: Numerator Inflation Survey, 9/25/2021 n=14,287



# There's More to Know.

Reach out for custom insights.  
[hello@numerator.com](mailto:hello@numerator.com)

## Learn more about the impact of inflation on your business



### Custom Price Analysis

Leverage Numerator OmniPanel data to calculate how paid prices are changing within your own categories, across channels.



### Custom Inflation Survey

Connect with verified buyers of your own brand or category to uncover more about their habits, and ask additional questions about how their behavior would shift in response to rising prices.



### Inflation People Groups

Profile out consumers with different expected behavioral shifts— and track how they actually shop— by gaining access to **Numerator's Inflation People Groups**.



<https://www.numerator.com/inflation-insights>