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The Pandemic Shopper

Consumer Packaged Goods & Covid-19
Research & Analysis

CPG & Covid-19: How Have Things Changed?

Research & Analysis

With the pandemic having impacted everything from supply chains to disposable income, to when and where we work, the “new normal” has fundamentally transformed many sectors of the economy, with one of the most pronounced among them being consumer packaged goods (CPG).

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How have things changed?

According to a recent McKinsey study, 76% of Americans have tried a new shopping behavior since the beginning of the pandemic — a different shopping method, digital shopping options, new websites of stores, or different brands — and 84% say the plan to continue these new behaviors once the pandemic is finally over.*

Leveraging What If Media Group's network of proprietary media and marketing channels, more than 48,000 consumers were surveyed in February 2021 to provide insights on everything from the relative importance of brand reputation to coupons when it comes to how the pandemic has affected consumer spending habits in the United States — and its lasting consequences for shopper marketing.

In the pages that follow, you'll learn what is driving purchasing decisions in this radically different environment, and become better equipped to acquire new customers in a world still mired by uncertainty... and perhaps forever changed.

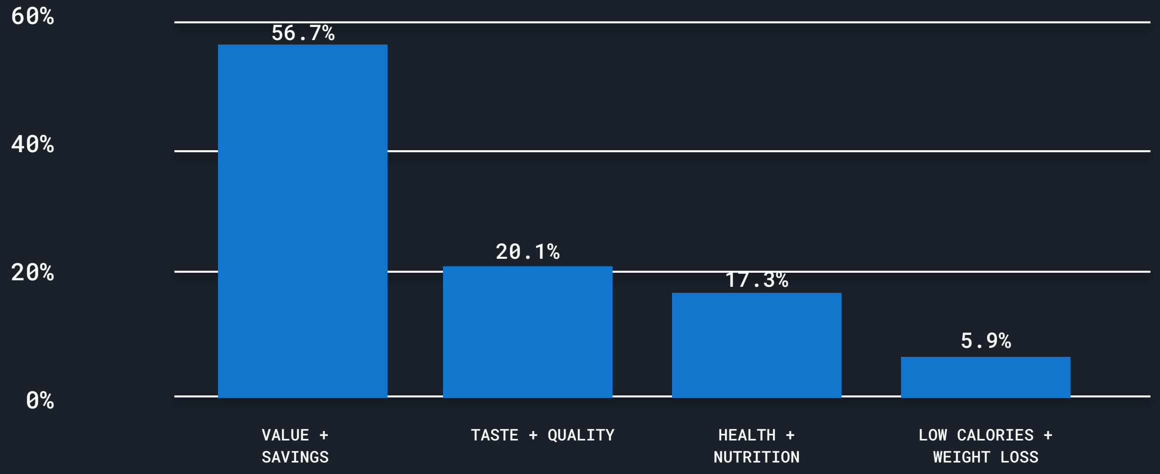
*McKinsey & Co., COVID-19 US Consumer Pulse Survey, November 2020

Value Reigns Supreme

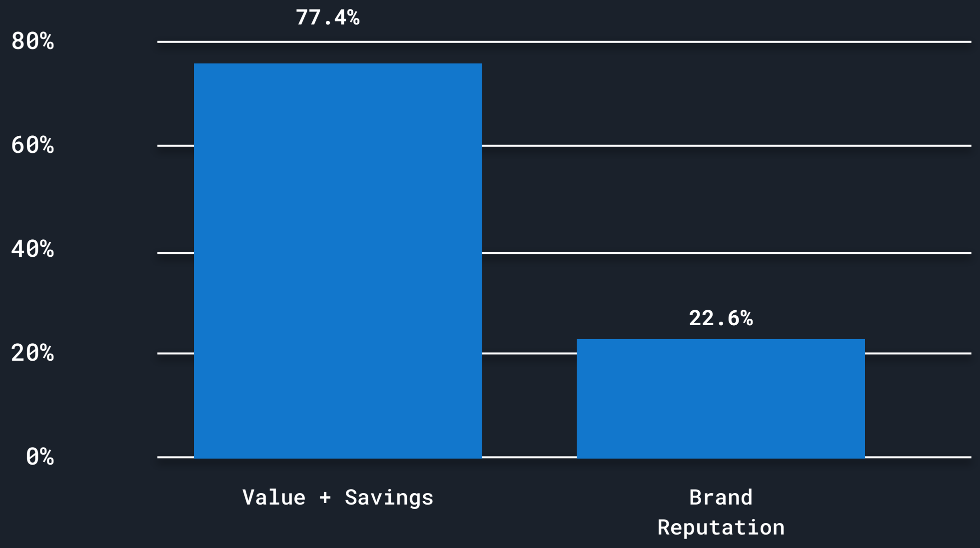
Given the impact of the pandemic on household earnings — ongoing What If Media Group research has found that two-thirds of Americans say they made less in 2020 than they did the year prior — shoppers report being highly price-conscious.

Whether it’s in grocery aisles or at the pharmacy counter, value and savings are the key decision factors for the majority of consumers, regardless of age, income or household size — and by a wide margin. Having a “name brand” is less meaningful than ever unless savings are attached to it.

When you shop for groceries, what is most important to you?



When you shop for medicines and other health and wellness products, what is most important to you?



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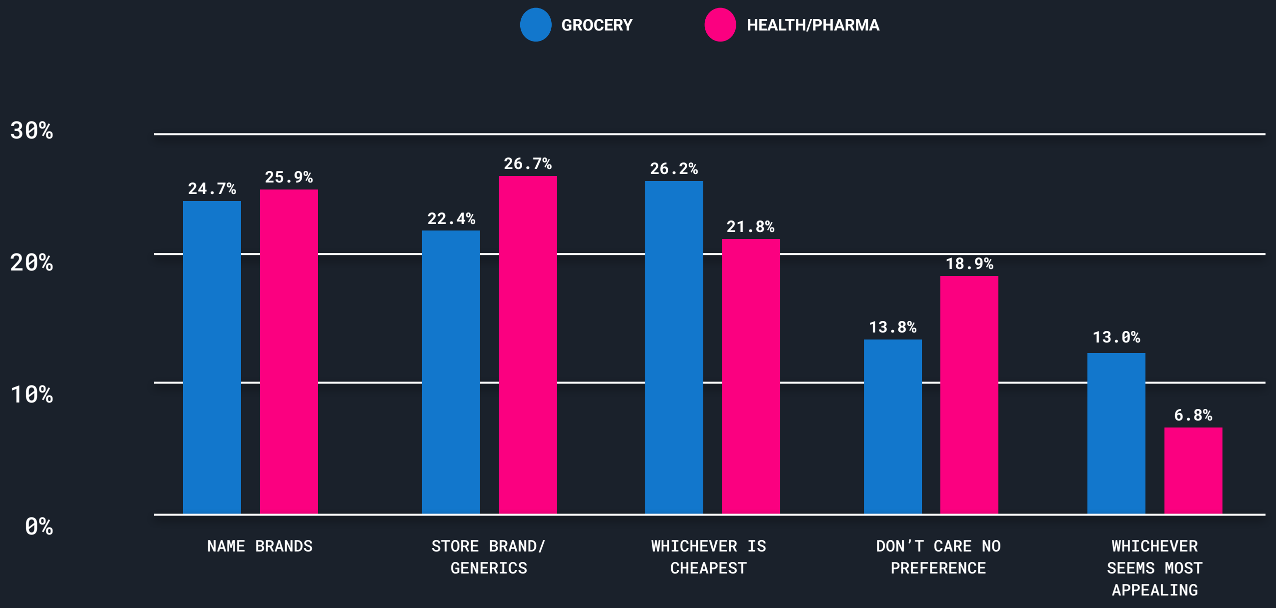
Name Brand Cachet Is Slipping

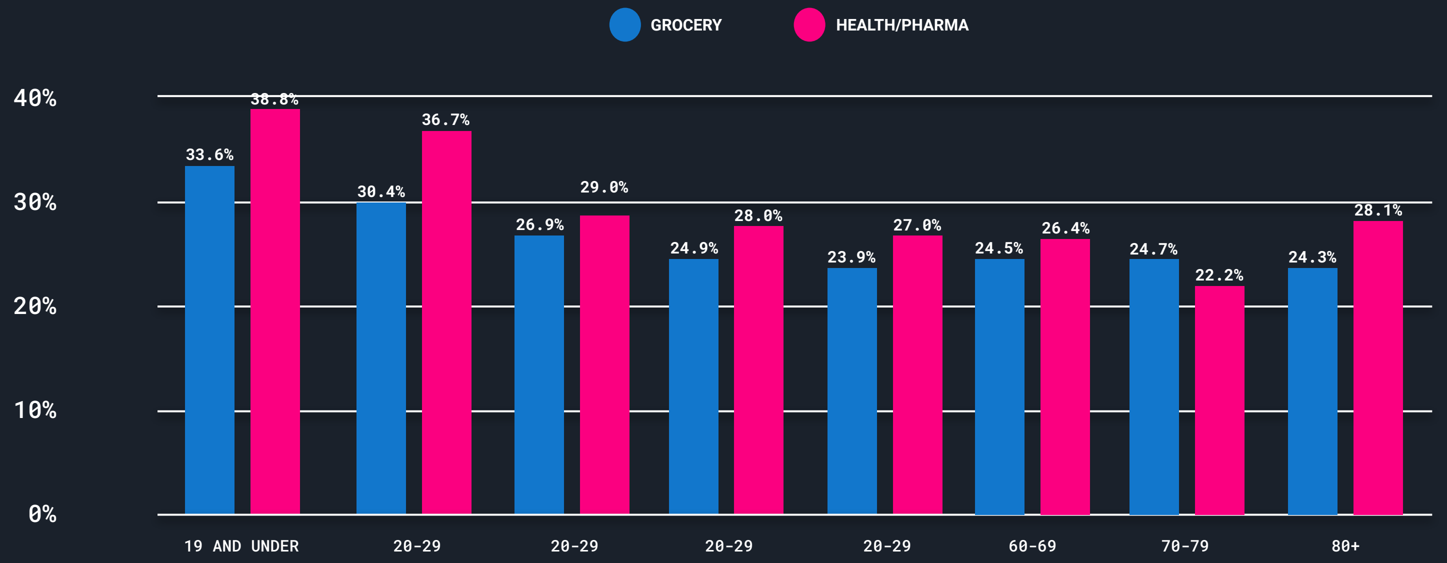
Only a quarter of consumers showed a distinct preference for brand-name grocery, pharmaceutical, and health and wellness products, with almost half indicating that they would choose store brands or the cheapest option every time.

Between the two, brand names carry more cache when it comes to health and wellness brands relative to food products, if ever so slightly. Lastly, and perhaps contrary to what one would expect, younger consumers are significantly more likely to opt for name brands over generic products.

Do you prefer to buy name brands or store brand/generics?



Brand Name Preference by Age



Coupons Drive New Product Adoption

Just 16.4% of consumers indicate that they never try new food or drug brands and products--with those least likely to change tending to be older.

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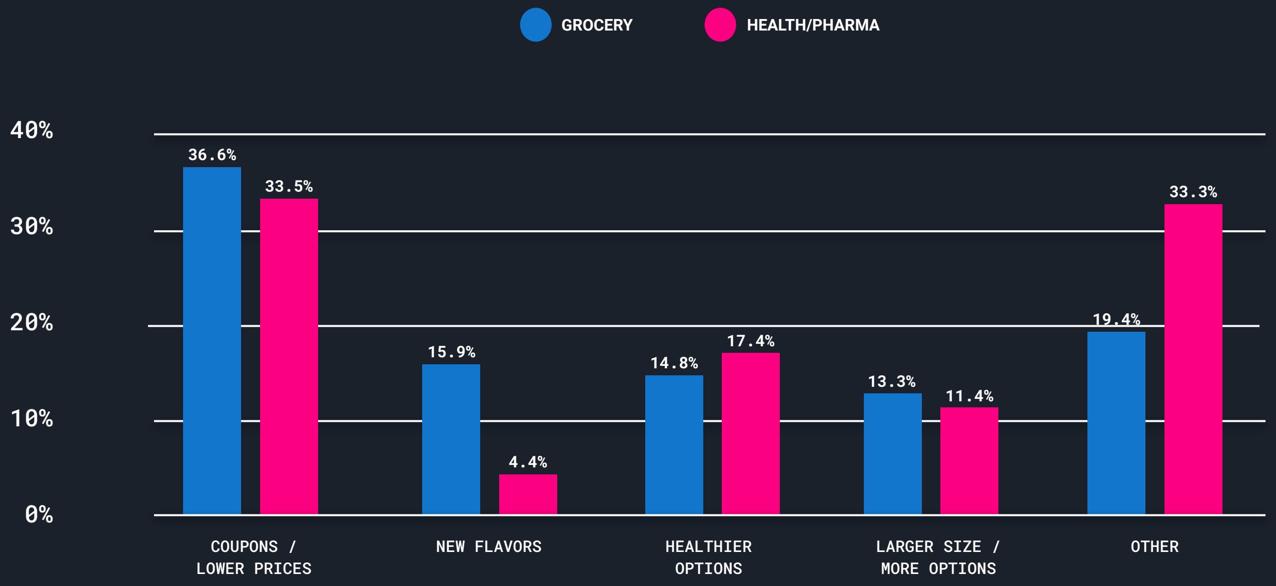
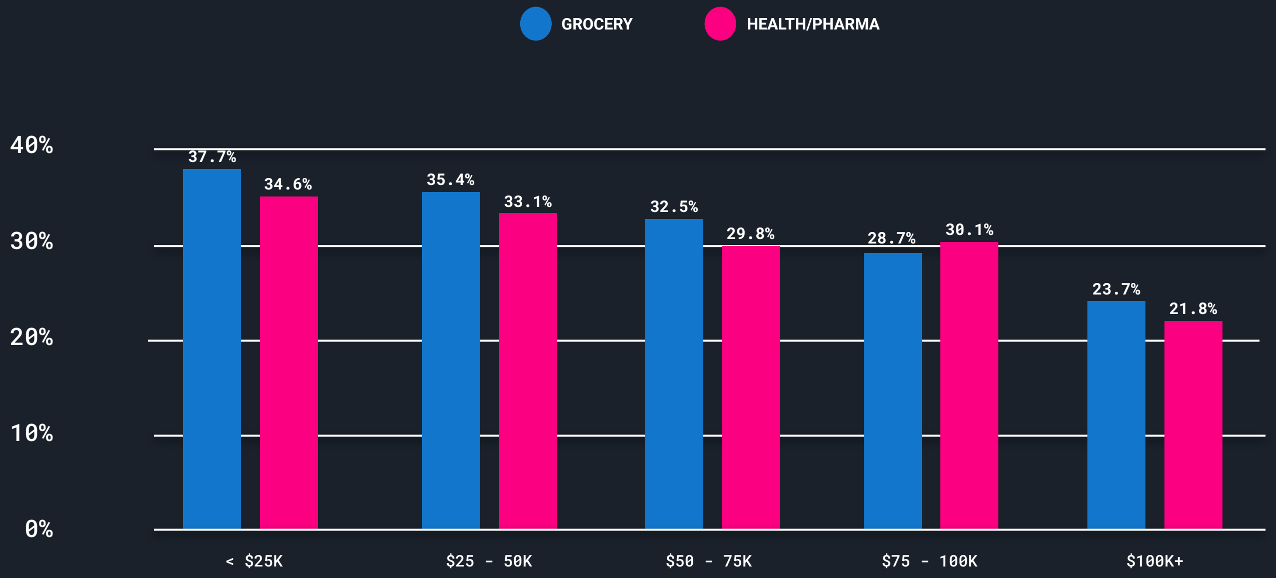
And, while the words “healthy”, “organic”, and “non GMO” were all the rage just a few short years ago —

— in this environment, by far the best way to motivate consumers to test a new product is to offer better value, either with a coupon or simply with a lower price. However, predictably, the importance of coupons begins to drop as income levels rise.

Why would you purchase a different brand of product?



% who would purchase different brands due to a coupon or lower price by household income



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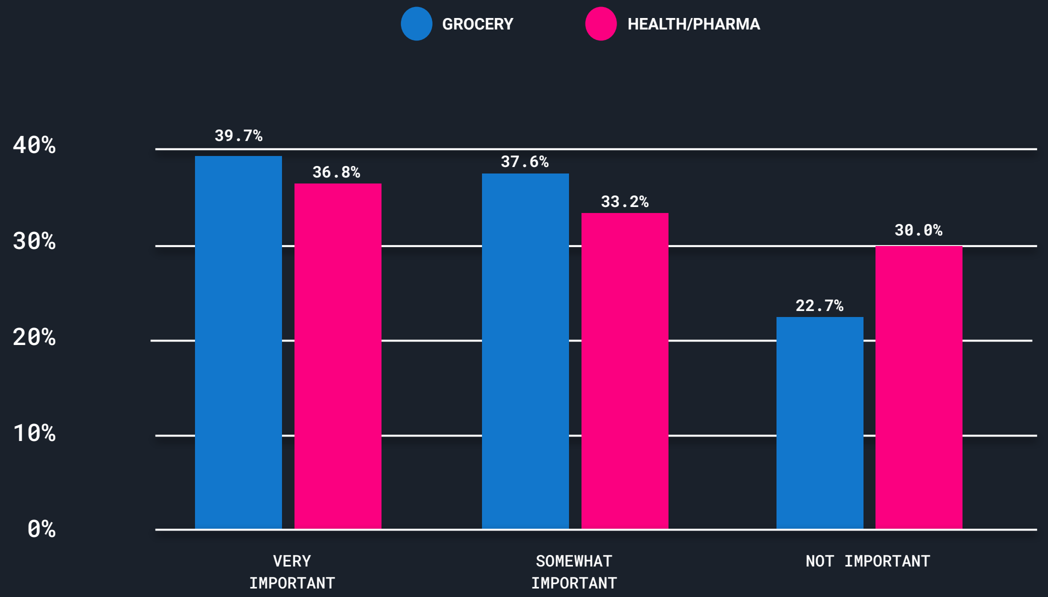
The Importance of Coupons

When it comes to deciding which products to buy, coupons are more likely to sway decisions in the grocery store than the pharmacy.

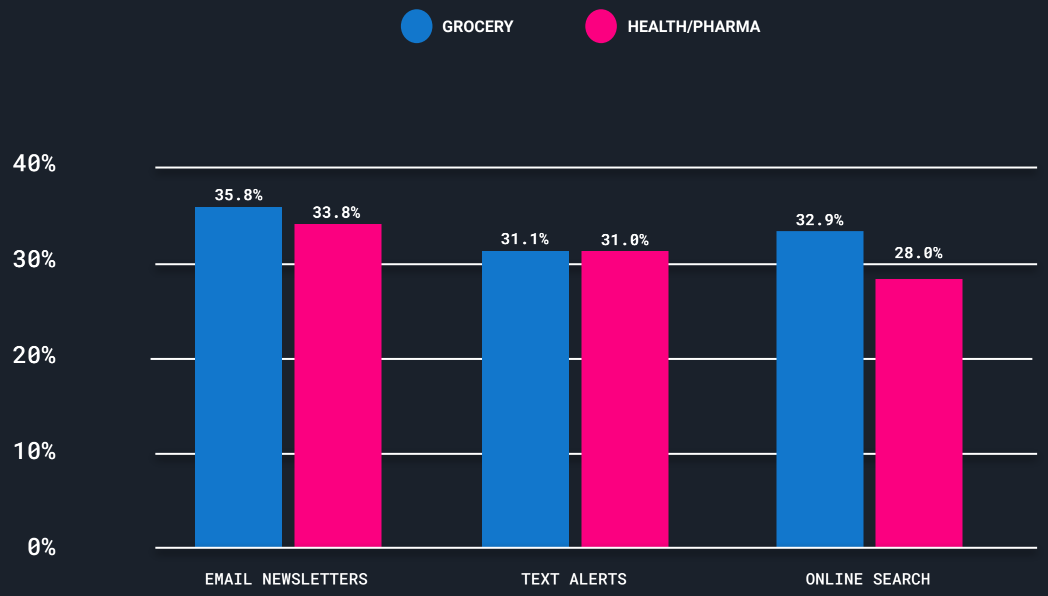
> "...email is the top digital channel for finding savings, even beating out online search"

77.3% of consumers note that coupons are somewhat or very likely to play a role in deciding a supermarket purchase, compared to 70% in pharmacies. Over a third of consumers have signed up to receive coupons and discounts from supermarkets and drugstores via email — making email the top digital channel for finding savings, even beating out online search. And while text alerts may seem invasive on their face, over 30% of Americans have now opted in to receive coupons via SMS, making it a highly viable channel for marketers that in recent years would have been considered taboo.

How important are coupons and discounts in your purchase decisions?



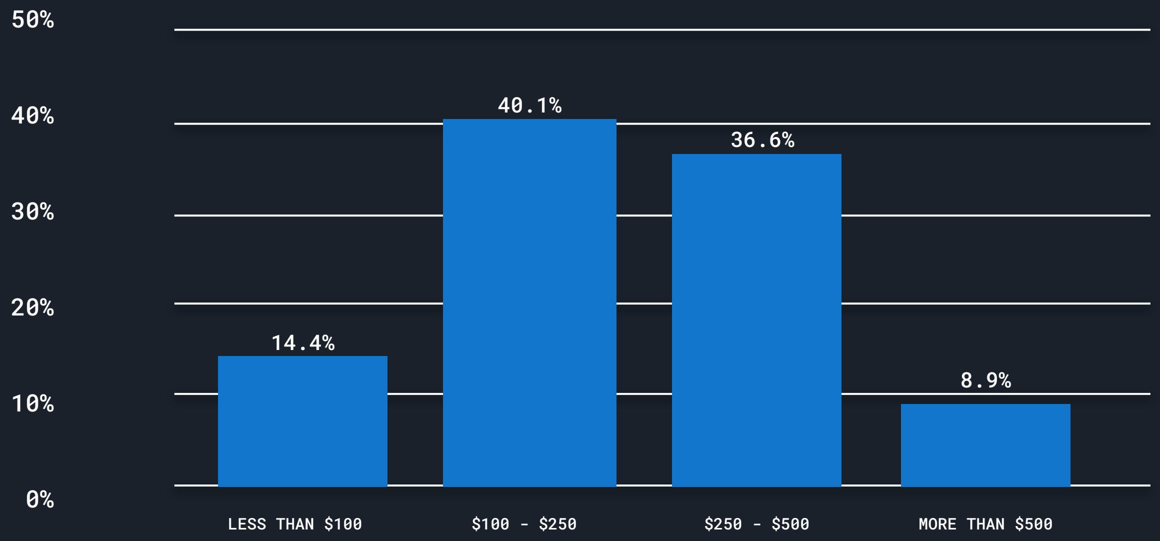
% who receive coupons via the following methods:



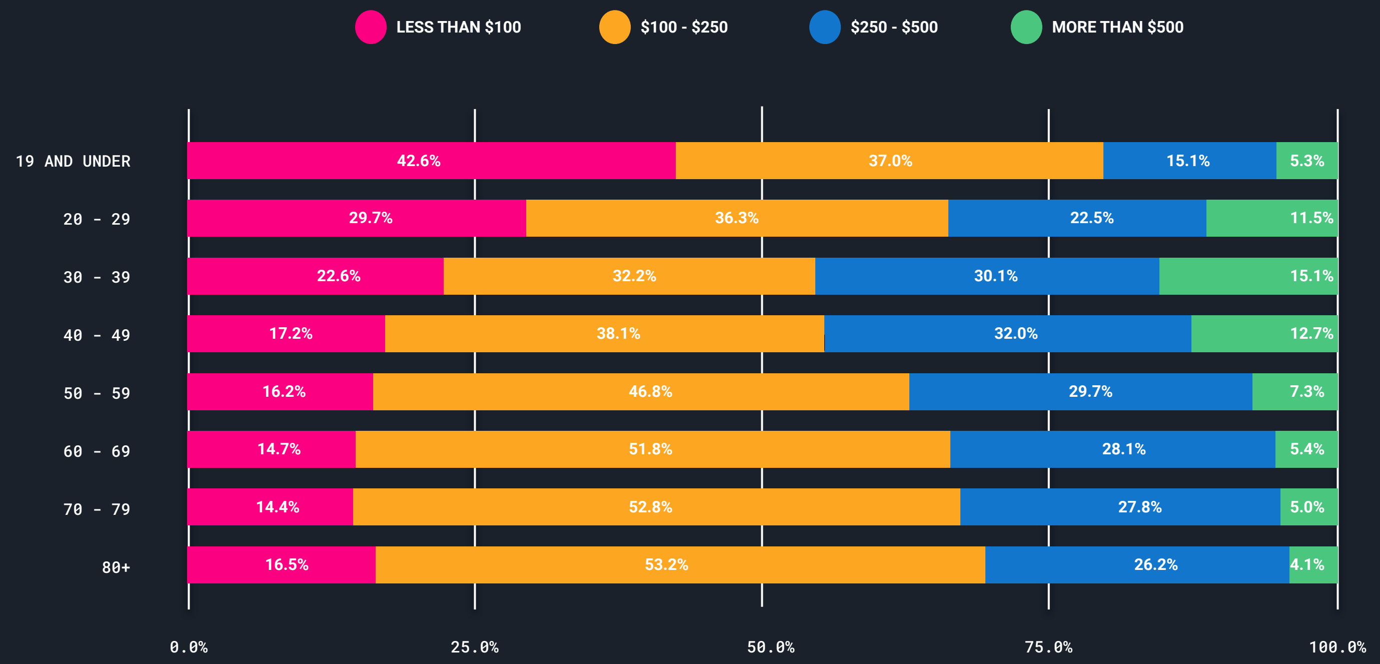
Grocery Spending

While 76.7% of consumers spend between $100 to $500 on groceries per month, both age and household makeup play a significant role in determining exact spending levels. Those in their 30s and 40s — and especially those with children in the home — are more likely to spend in excess of $500.

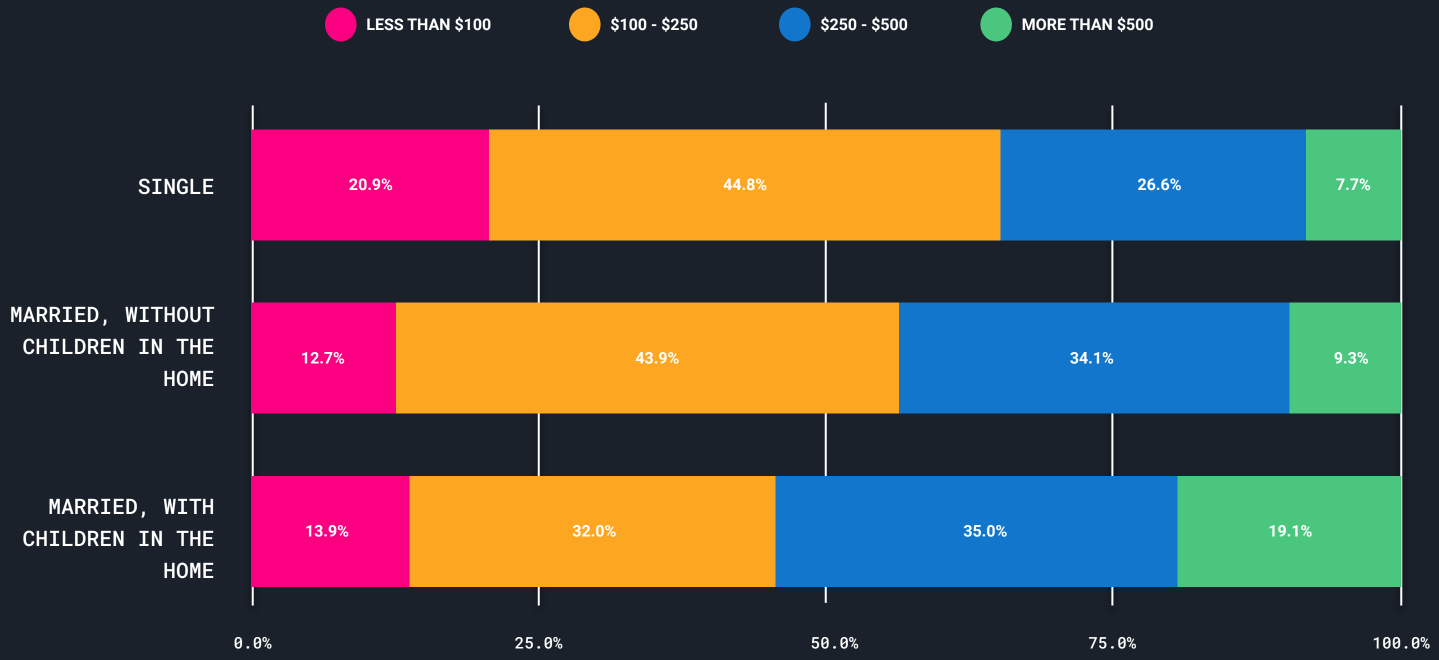
Consumer Monthly Spend on Groceries



Monthly Grocery Spend by Age



Monthly Grocery Spend by Household Type



Big Spenders Seek Bargains

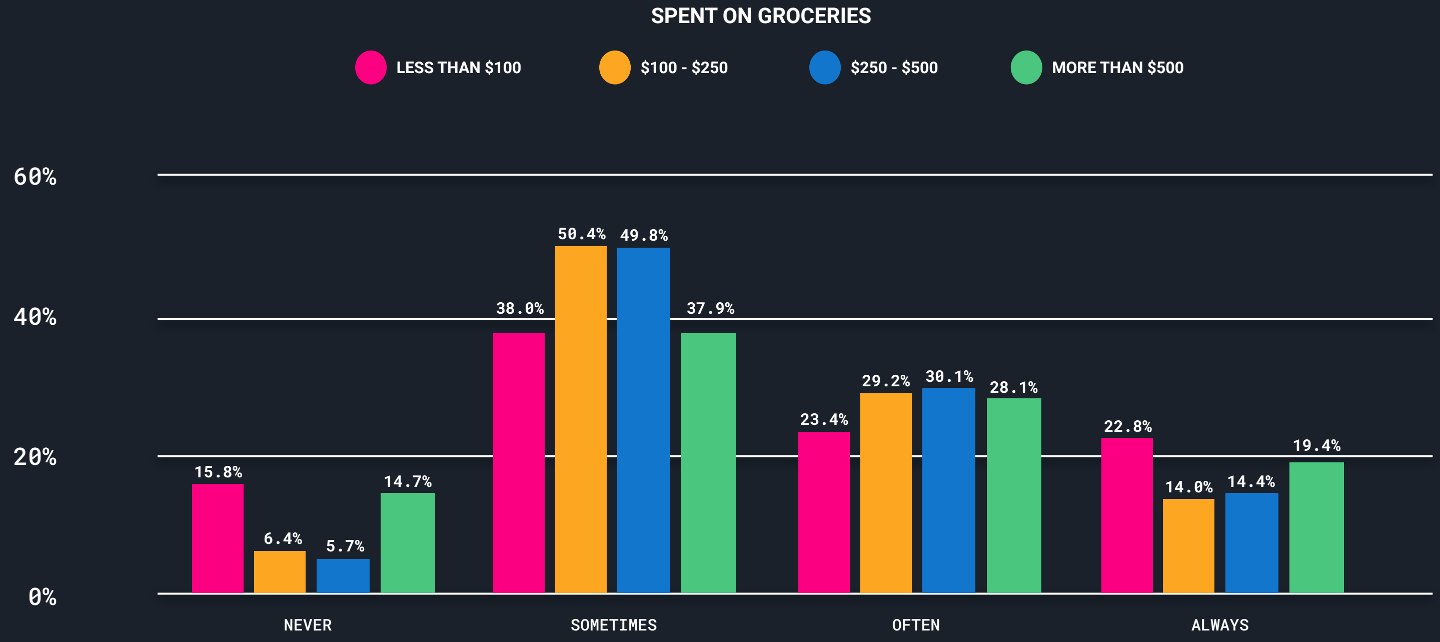
While they may be motivated by finding discounts, those who typically spend the most on groceries are also the most likely to opt in to receive marketing offers via digital channels like email and SMS.

Among big spenders, email newsletters are correlated with the highest average monthly spend,

with 39.4% of those spending $500 or more signed up for them. Separately, the data also demonstrate that average monthly spend doesn't have a significant impact on brand loyalty, with between 43 and 47% of consumers in all spend categories noting that they "often" or "always" try new food products.

Discount Method by Monthly Grocery Spend

New Food Adoption by Monthly Grocery Spend



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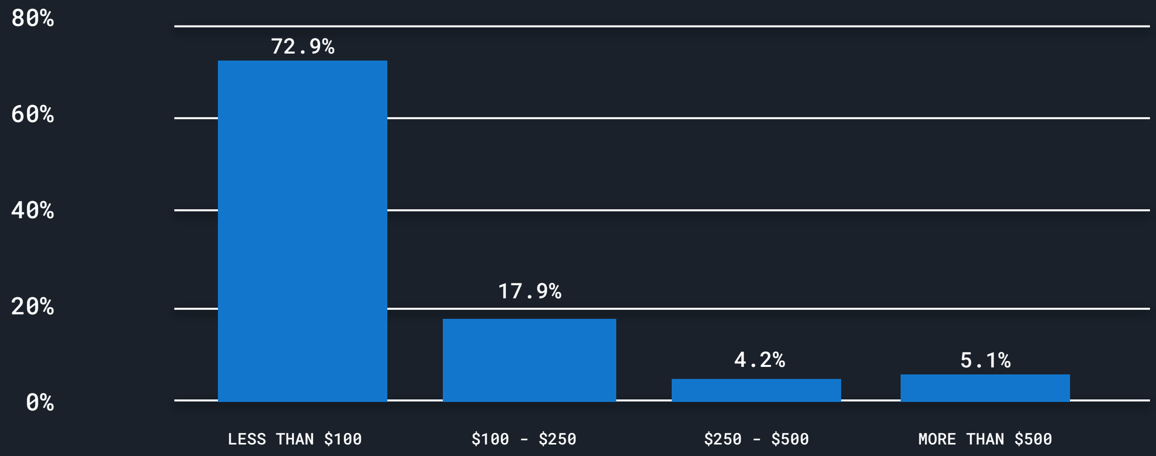
Wealth = Health?

More than 90% of consumers spend less than $250 per month on medicines and other health & wellness products — a trend that holds true across every age category.

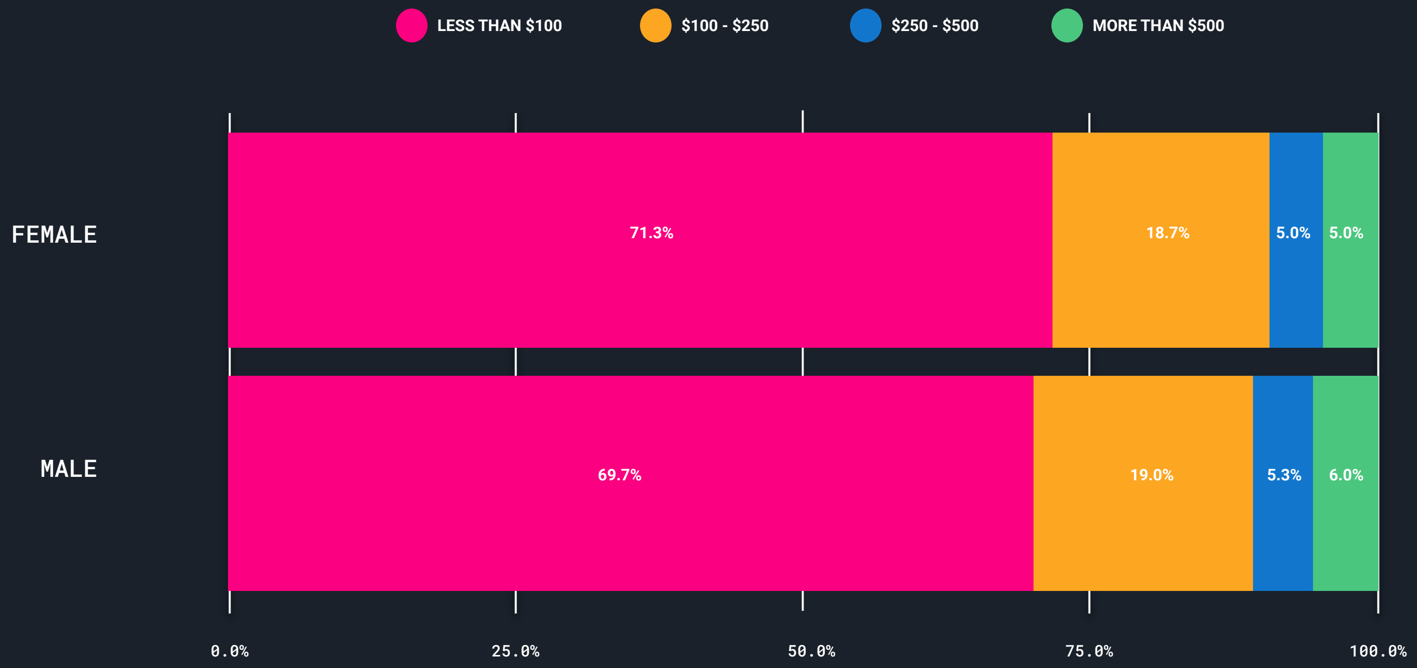
“At the upper end of the scale, men are slightly more likely to pay more than $250 per month than women.”

And, while those with children once again tend to pay more for these products, income is the best predictor of higher spending, with 25.4% of those earning above $100K spending more than $500/month in this category.

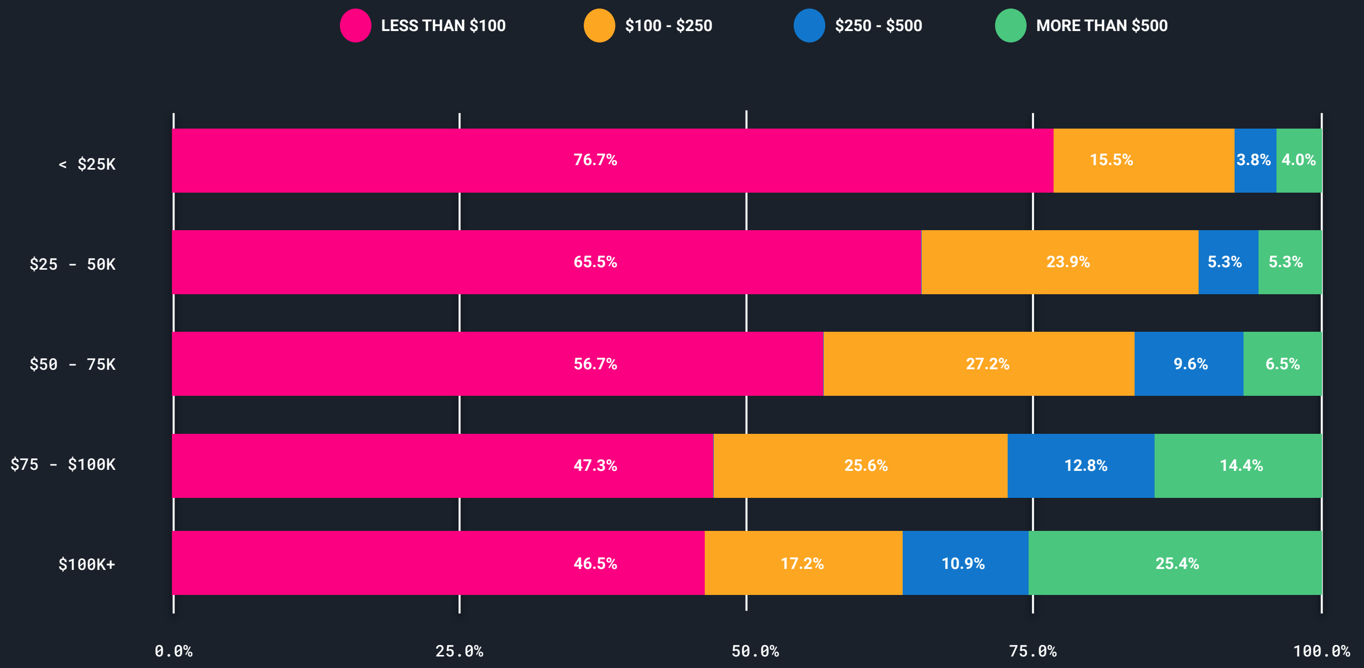
Consumer Monthly Spending on Medicines, Other Health & Wellness Products



Health & Wellness Product Spend by Gender



Health & Wellness Product Spending by Income

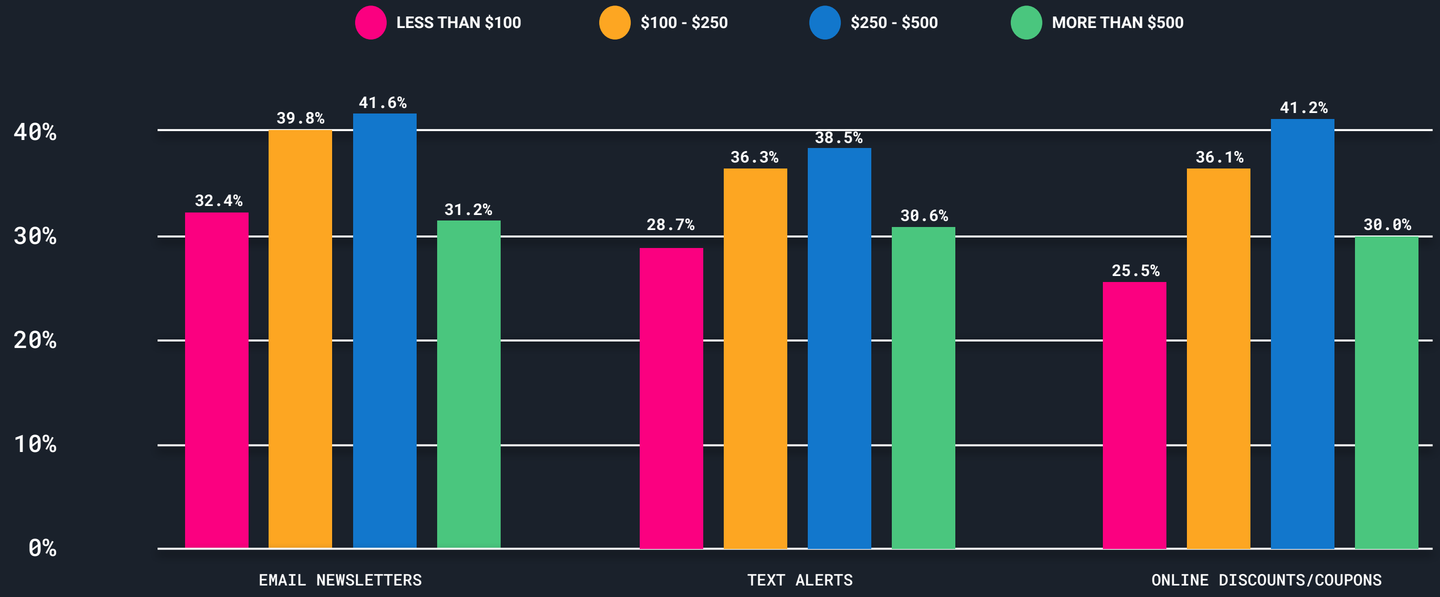


Big Spenders Either Stick to What They Know or Always Are on the Hunt for New Products

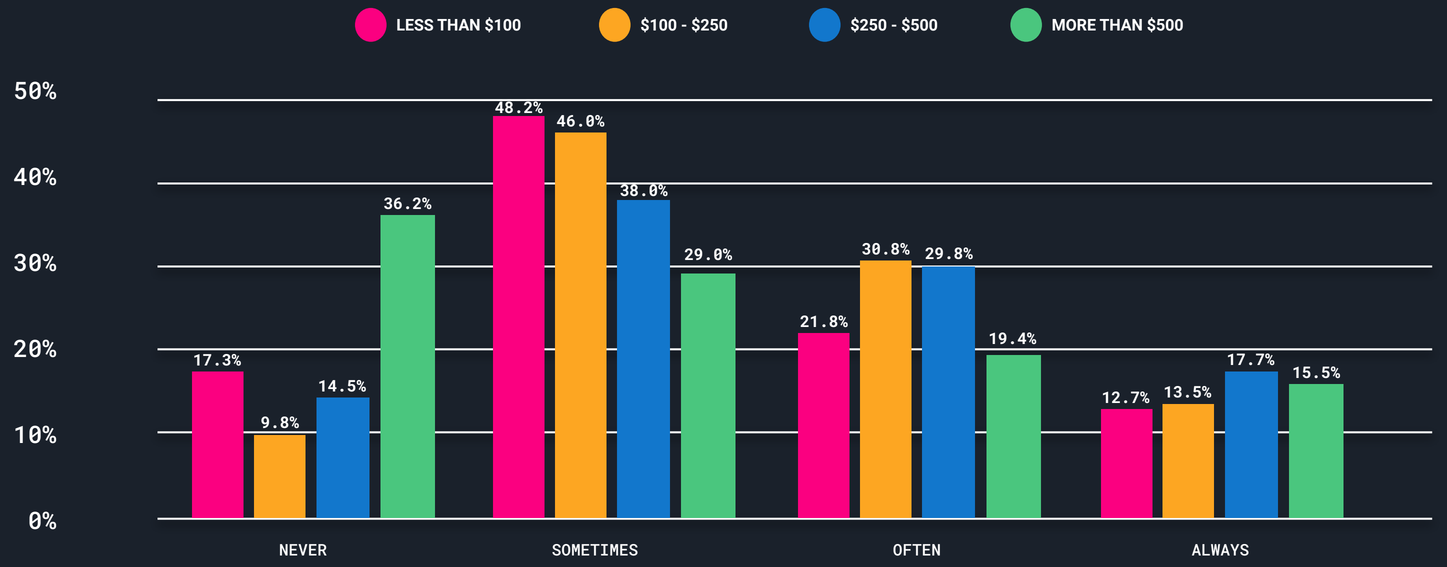
Consumers who spend more than $500 a month at drugstores are the second most likely to say they “always” try new products —

— and are also by far the most likely to say they never do, making “big spenders” a complex segment for targeting, and demonstrating the importance of understanding each consumer at the individual level.

Discount Method by Monthly Health & Wellness Expenditures



New Product Adoption by Monthly Health & Wellness Expenditures



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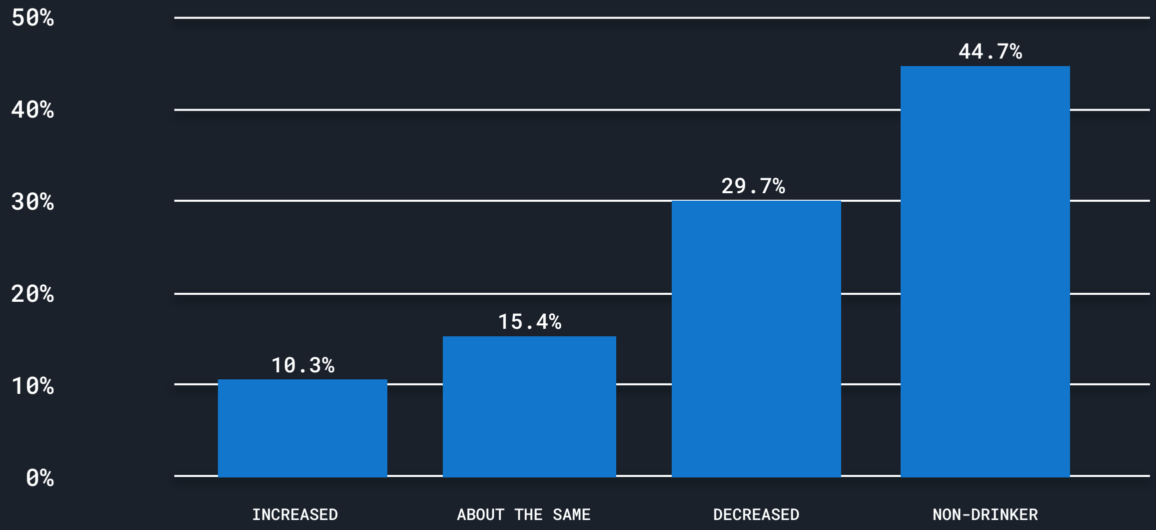
In life under lockdown, most consumers opt for healthier options

One of the most surprising findings is the degree to which consumers indicate they have actually curtailed alcohol consumption over the past year—especially as Nielsen data indicate that alcohol sales outside of bars and restaurants grew by 24% throughout the pandemic.

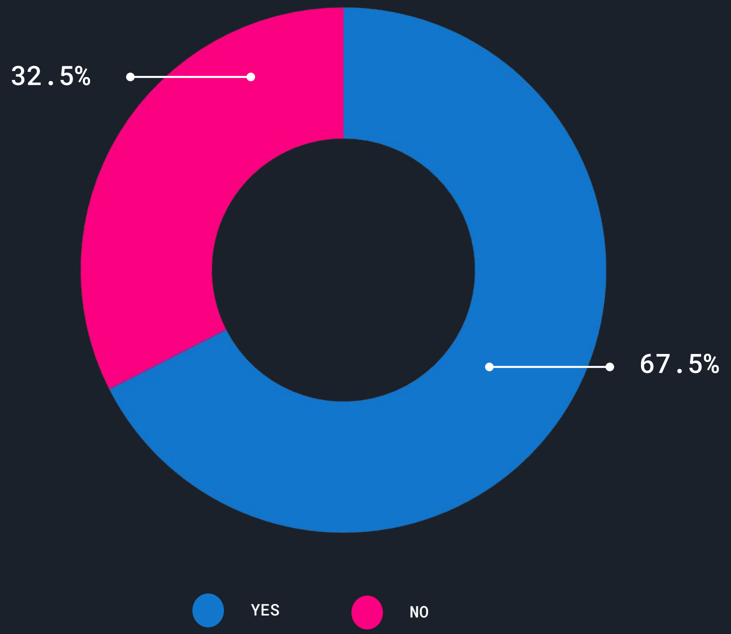
While it is possible that lockdowns and other quarantine restrictions have reduced consumption for the majority of consumers by closing venues where people typically drink, it is also possible, given the Nielsen data, that people who are heavy drinkers have increased their consumption at home while under lockdown.

In addition, consumers believe they are making healthier choices at the grocery store, even as they are prioritizing scaling down their expenses. Eating healthy doesn't necessarily need to mean spending more, as consumers gained more time to cook meals from scratch vs. firing up TV dinners.

Over the past year, have you increased or decreased the amount of alcoholic beverages you consume?



Over the past year, have you been making healthier choices when it comes to the groceries you purchase?



A Pandemic Grocery Bump

With consumers spending significantly more time at home, they are also spending more time shopping for groceries as they seek to replace school and office lunches, restaurant visits, and more.

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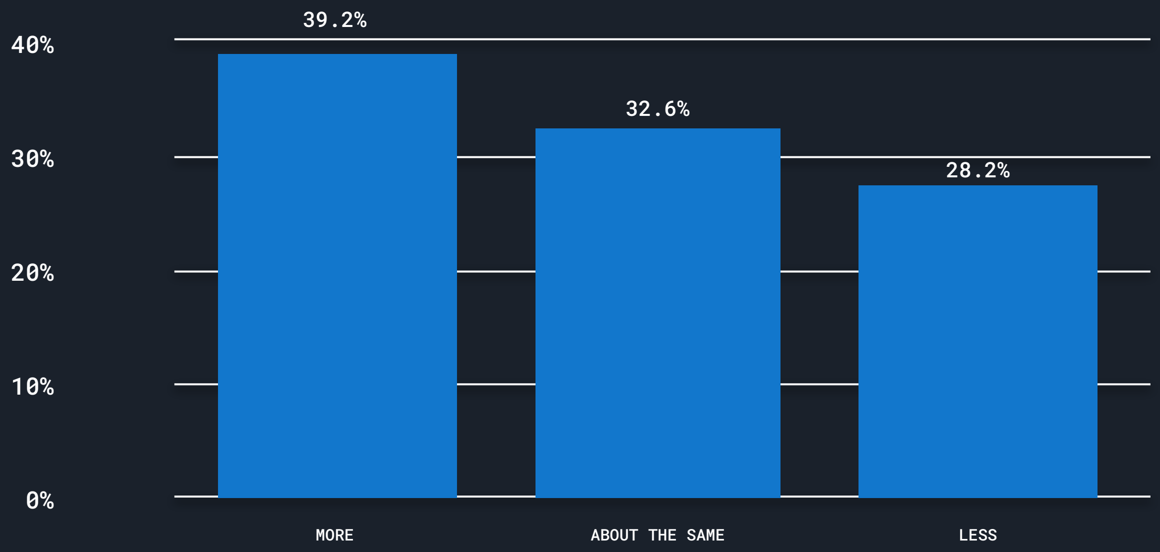
Accordingly, those of professional age—and particularly with children at home—have seen the biggest increases, with singles close behind taking up cooking as a habit, hobby or distraction from the pandemic. Meanwhile married couples without children are the least likely to have increased their grocery shopping and perhaps are the most likely to risk dining out together.

Over the past year, have you been shopping for groceries more or less?



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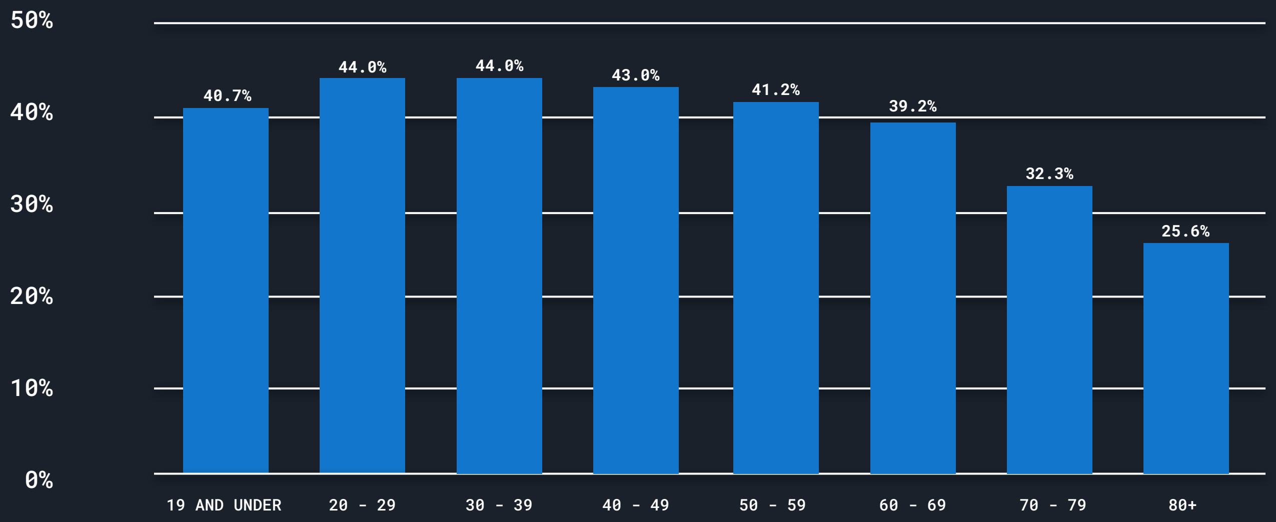
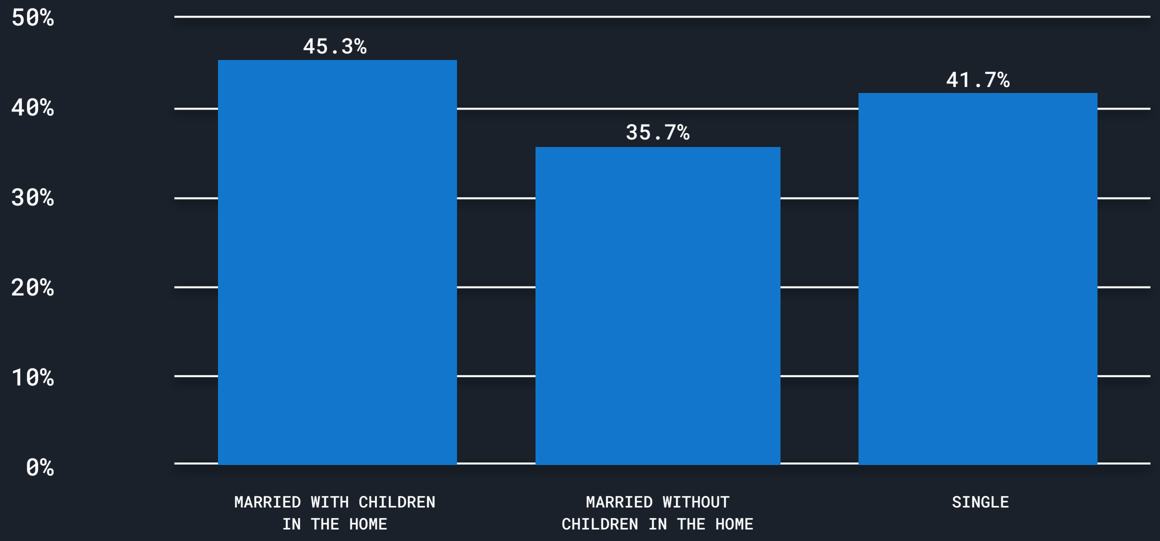
More Groceries by Age Group



More Groceries by Household Status

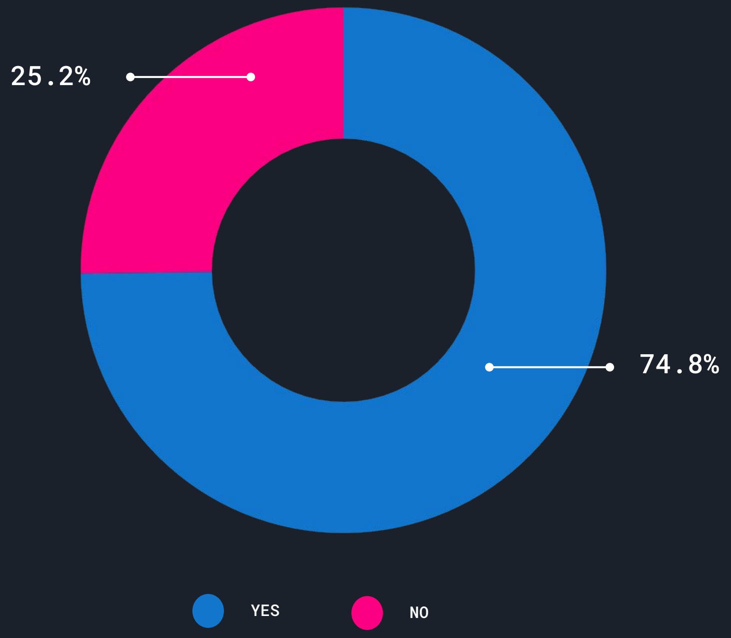


Delivery Service Stagnation

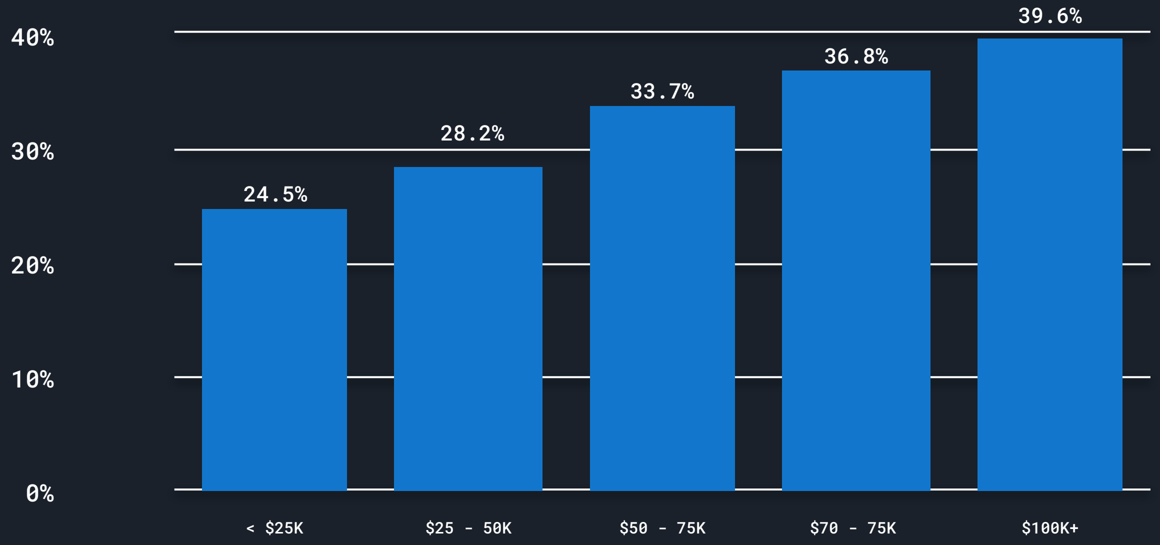
Despite the pandemic, consumers have largely continued to shop in-store for groceries rather than turning to delivery services or apps. They may be more concerned about strangers touching and bringing items into their home versus purchasing them themselves.

Given the value-focused nature of most of the consumers we surveyed, it seems likely that additional delivery costs are also a factor in determining willingness to adopt these apps. Lastly, population density is a key economic success factor for delivery service providers. As such, states with lower populations, and lower population density, tend to have the lowest adoption rates for these services.

Over the past year, have you tried or used an online or mobile delivery service to purchase your groceries?



Delivery Service Adoption by Income



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Delivery Service Adoption by State

Highest	
NY	31.9%
NV	30.7%
MD	30.6%
MA	30.4%
CA	30.1%
IL	29.9%
CT	29.5%
GA	28.6%
FL	28.5%
PA	28.5%

Lowest	
ME	16.8%
RI	17.7%
NE	17.8%
HI	19.1%
DE	19.6%
MS	20.4%
AK	20.4%
MT	20.9%
LA	21.5%
TN	22.5%

Recommendations

The difficult economic situation over the past year is likely to continue shaping consumer decisions around CPG spending for some time to come--with potential ramifications for brands, whose cachet is dwindling as consumers seek value wherever it can be found.

To combat this, brands can:

1. Take advantage of coupons to find new consumers, and temporarily compete on price with existing customers.
2. Work to increase adoption of coupon notifications among consumers - particularly through email and text alerts. For example, combining signups with brand loyalty discounts may be an effective tactic for attracting younger consumers.
3. Use coupons in conjunction with health benefit related messaging to drive consumers to try new products.
4. Differentiate approaches by income level - while the majority of consumers are highly price-sensitive, those earning over $75,000 are more likely to make decisions based on appeals to emotion, health, lifestyle factors, and other factors.

About the Survey

This research report is based on two surveys conducted online within the United States by What If Media Group in February 2021. A survey related to grocery retail spending was conducted from 2/11 to 2/19, 2021, among 38,096 adults, and a survey on drugstore and health and wellness product spending was conducted from 2/24 to 2/25, 2021, among 10,076 adults.

Respondents were randomly selected and the findings are at a 99% confidence level with margin of error +/- 2.5%. What If Media Group's proprietary ad-serving technology includes a real-time survey module that was used to facilitate the data collection for this study. Data was weighted to the 2010 US Census.

Founded in 2012, **What If Media Group** is an award-winning performance marketing company that enables the world's leading brands to acquire valuable new customers at scale.

By leveraging data-driven engagement and re-engagement strategies across multiple proprietary marketing channels and sophisticated targeting technology, and utilizing insights based on millions of consumer ad interactions each day, What If Media Group delivers the most cost-effective and highest performing marketing campaigns for its clients.

Contact us to learn about how we can help you identify and acquire your best next new customers today.
Email us at contact@whatifmediagroup.com or call 800-946-4540.

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