Capgemini RESEARCH INSTITUTE

WHAT MATTERS TO TODAY'S CONSUMER

2024 consumer behavior tracker for the consumer products and retail industries

Consumer worries around cost of living are still high but have eased slightly

52% of consumers are extremely concerned about their personal finances compared with 61% last year

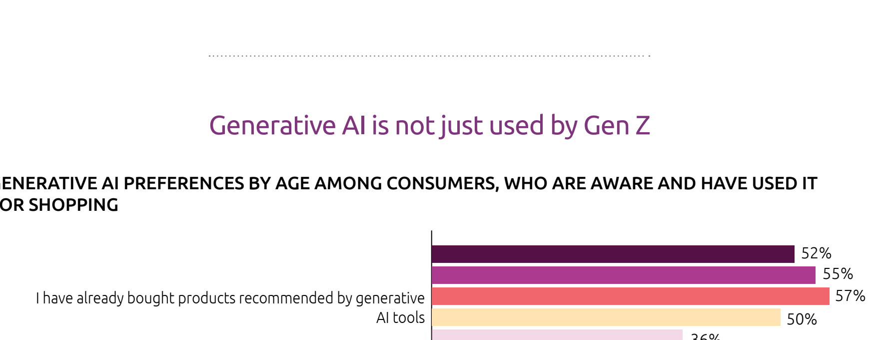
63% of consumers in our survey are buying private-label or low-cost brands over named brands this year, compared to 65% the previous year

43% of consumers fear their personal finances will worsen in the next 6–9 months, far below the 80% last year

65% expect retailers to alert consumers when brands reduce the weight of a product without reducing the price (a phenomenon known as "shrinkflation")

One in five consumers has already used generative AI in shopping

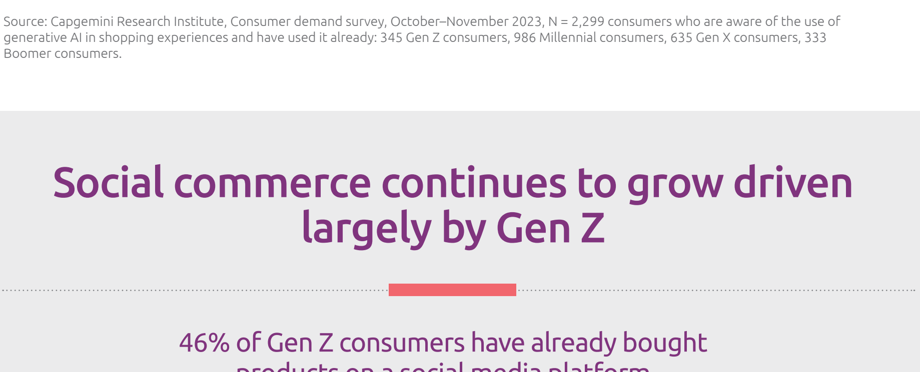
SHARE OF CONSUMERS WHO AGREE WITH THE STATEMENTS BELOW



Source: Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 11,681 consumers.

Generative AI is not just used by Gen Z

GENERATIVE AI PREFERENCES BY AGE AMONG CONSUMERS, WHO ARE AWARE AND HAVE USED IT FOR SHOPPING

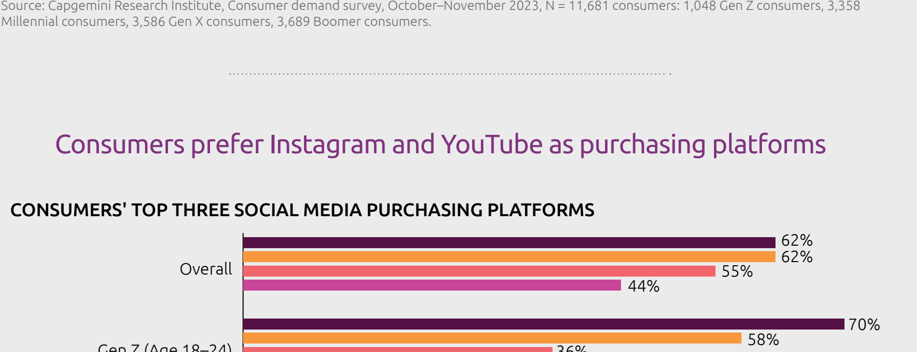


Source: Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 2,299 consumers who are aware of the use of generative AI in shopping experiences and have used it already: 345 Gen Z consumers, 986 Millennial consumers, 635 Gen X consumers, 333 Boomer consumers.

Social commerce continues to grow driven largely by Gen Z

46% of Gen Z consumers have already bought products on a social media platform

SHARE OF CONSUMERS WHO HAVE BOUGHT A NEW PRODUCT/BRAND THROUGH SOCIAL MEDIA, BY AGE GROUP



Source: Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 11,681 consumers: 1,048 Gen Z consumers, 3,358 Millennial consumers, 3,586 Gen X consumers, 3,689 Boomer consumers.

Consumers prefer Instagram and YouTube as purchasing platforms

CONSUMERS' TOP THREE SOCIAL MEDIA PURCHASING PLATFORMS

Source: Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 2,774 consumers who have purchased on social media in the past year, 481 Gen Z consumers; 1,176 Millennial consumers; 766 Gen X consumers; 351 Boomer consumers.

Social media influencers are impacting consumers' product discovery and purchasing processes

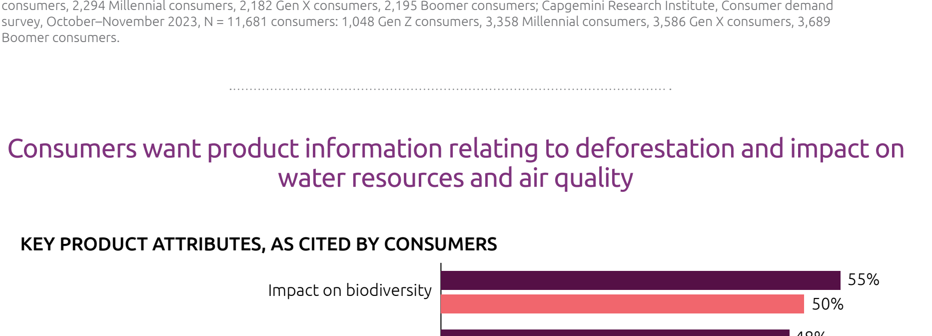
33% of consumers had discovered a new product/brand on social media in the preceding six months, up slightly from 32% last November.

20% of consumers have bought products from celebrity and influencer brands in the past year, with Gen Z (45%) showing the highest interest, followed by Millennials (32%)

Consumers are becoming more conscious of their purchasing impact

The majority of consumers still maintain a consistent demand for sustainable products especially Gen Z

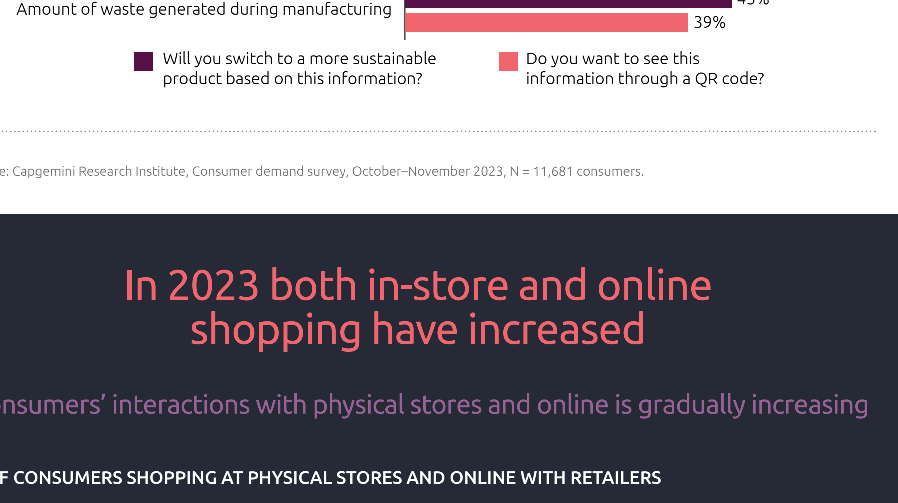
SHARE OF CONSUMERS ACROSS AGE GROUPS WHO BOUGHT PRODUCTS FROM ORGANIZATIONS THAT ARE PERCEIVED AS SUSTAINABLE



Source: Capgemini Research Institute, Sustainability in Consumer Products and Retail survey, March 2020, N = 7,520 consumers: 849 Gen Z consumers, 2,294 Millennial consumers, 2,182 Gen X consumers, 2,195 Boomer consumers; Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 11,681 consumers: 1,048 Gen Z consumers, 3,358 Millennial consumers, 3,586 Gen X consumers, 3,689 Boomer consumers.

Consumers want product information relating to deforestation and impact on water resources and air quality

KEY PRODUCT ATTRIBUTES, AS CITED BY CONSUMERS



Source: Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 11,681 consumers.

In 2023 both in-store and online shopping have increased

Consumers' interactions with physical stores and online is gradually increasing

% OF CONSUMERS SHOPPING AT PHYSICAL STORES AND ONLINE WITH RETAILERS

Source: Capgemini Research Institute, Consumer demand survey, October–November 2023, N = 11,681 consumers; Capgemini Research Institute, What matters to today's consumer, January 2023; Capgemini Research Institute, What matters to today's consumer, January 2022.
Note: The question asked was "Please indicate your frequency of using physical stores when shopping with retailers. Please rate on a scale of 1 to 7, where 1 = very low interaction and 7 = very high interaction."

How brands and retailers can manage and adapt to shifts in consumer behavior

1 Adapt to compete

Driving cost reductions by leveraging technology and rethinking the way brands and retailers operate, using generative AI for operational efficiency and become more consumer centric

- Brands and retailers use generative AI tools to become more consumer-centric
- Leverage technology to reduce cost for consumers
- Improve operational efficiency with generative AI

2 Unlock channel growth

Identifying new revenue streams and growth opportunities through new initiatives and operating models

- Leverage social as both a feeder channel and a sales channel in its own right
- Consider social commerce as a sales channel in its own right, especially for reaching Gen Z audiences
- People buy from people: Brands and retailers increasingly tap into the power of influencers with specially designed programs for story-selling

3 Lead with purpose

Managing the growing tension between the simultaneous need for affordability and sustainability

- Educate consumers on the sustainability impact of their shopping
- Reduce food waste to help combat the cost-of-living crisis

Source: Capgemini Research Institute Analysis.

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