



WHAT MATTERS TO  
**TODAY'S**  
**CONSUMER**

2023 consumer behavior tracker for the  
consumer products and retail industries

[#GetTheFutureYouWant](#)

Capgemini   
RESEARCH INSTITUTE

# Executive Summary

In last year's [first edition](#) of our annual research series, *What matters to today's consumer*, we found that consumer sentiment had shifted dramatically over the preceding 18 months, with consumer expectations evolving in parallel. In this year's edition, we see many of these trends persisting, alongside the emergence of new ones, as the cost-of-living crisis takes hold.<sup>1</sup>

In 2021 we found that consumers:

- Had returned to in-store shopping but were continuing the online shopping trend developed during 2020;
- Had come to expect fast, easy delivery and fulfillment, whether shopping on- or offline;
- Continued to scrutinize closely the ethical status of brands and products;
- Wanted assurances around healthiness of products and sustainability of production processes;
- Expected to be able to find sustainable products for which they did not have to pay a premium;

- Were open to ordering directly from favored brands, as well as sharing data with them, especially if this resulted in a better buying experience.

This year, we find that many of these behaviors have changed amid the ongoing development and repercussions of the COVID-19 pandemic, the geopolitical crisis and subsequent tensions, and rising inflation affecting energy, food, and housing prices around the world. Yet, certain behaviors and trends have remained largely stable. In this year's research, we find that consumers are:

- Very concerned about their personal financial situations; many are worried about the cost of feeding their families and buying other essential items;
- Have changed their purchasing patterns in light of the rise in their cost of living and are seeking more affordable brands and spending more time searching for bargains and promotions;
- Expecting companies to help them through this difficult time with the likelihood that they will reward the most considerate brands with long-term loyalty;

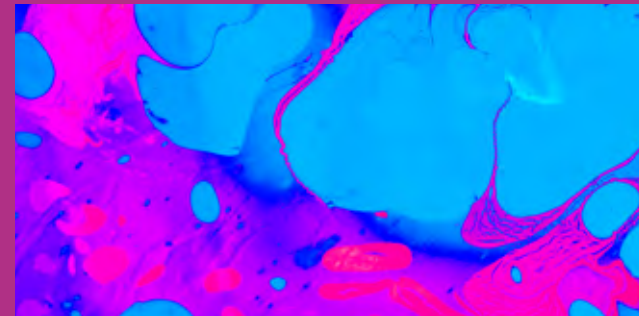
# Executive Summary

- Shopping less, both in-store and online, with many concerned about potential stockouts, especially of essential products;
- Persistently more concerned with delivery and fulfillment than in-store experiences and willingness to pay extra for fast delivery has increased.

In this year's research, we explore the theme of the rise of influencers on social media and their impact on consumers' search and decision-making processes. We found that nearly one-third of all consumers discover new products through social media including a substantial number, especially among Gen Z and Millennial consumers, who learn of them through influencers they follow.

We highlight three key actions that will help brands and retailers to capitalize on the opportunities that these evolving trends offer. First, companies must drive cost reductions by rethinking the way they operate and how the supply chain is organized to ultimately be able to pass on costs savings to consumers. This involves using technology to digitize planning and forecasting along

with automating warehouse operations and delivery and fulfillment. Second, brands and retailers must identify new revenue and channel growth opportunities. This involves tailoring experiences and content to divergent consumer needs and selecting the appropriate influencers for the appropriate audience to bring authenticity and credibility to their products. Third, companies must lead with purpose and help consumers through this difficult time to build goodwill and loyalty in the longer-term.



# Introduction

Consumers around the world are feeling the impact of rising food and energy prices. As we move from the shadow of the pandemic and the cost-of-living crisis begins to take hold, new pressures are impacting consumer decisions about where and when they shop and what they buy.

This report is the second in our annual research series that examines evolving consumer behaviors. In the [first report](#) of this series, we explored the impact of the different characteristics of products and services on consumers' buying decisions. We also explored consumer trends in relation to delivery and fulfillment and direct-to-consumer models, including buying directly from brands.

In this year's report, we examine the aforementioned trends, and also explore newly emerging, but nonetheless important themes. Critically, we explore how consumers have changed their decision-making and purchasing

behavior in light of the cost-of-living crisis. We also look at how concerned consumers are about stockouts and their ability to obtain essential and non-essential products, and how they behave when faced with unavailability of preferred products. Lastly, this year's research examines social media influencers' role in influencing purchase decisions, especially among the younger generations.

To address these questions and themes, we conducted a global survey of more than 11,000 consumers over the age of 18 across 11 countries: Australia, Canada, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, the UK, and the US. To qualify for inclusion in the survey, consumers must have purchased groceries and/or health and beauty products in the preceding six months. For more details on the survey sample, please refer to the Appendix.

# Introduction

## This report explores five broad themes:

01

Consumers have changed their purchasing patterns in light of the rise in cost of living and expect companies to help them through this difficult time

02

The cost-of-living crisis has resulted in a decline in store visits and online shopping

03

Many consumers are concerned about stockouts, especially of essential products

04

Delivery and fulfillment are still more important than in-store experiences

05

Social media influencers are on the rise and wield increasing power over consumer decision-making

We close this report by specifying the key actions for brands and retailers to ride through the ongoing shifts in consumer behavior.

# 01

Consumers expect companies to help them through the cost-of-living crisis

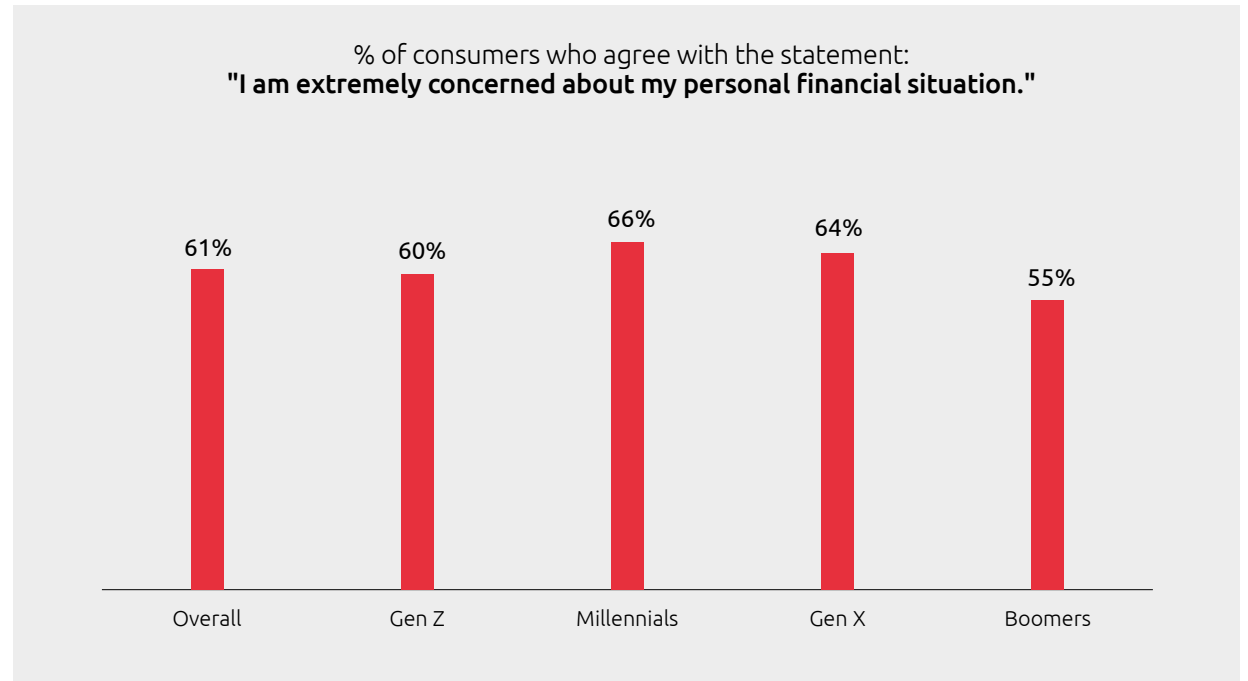
## Consumers are concerned about their personal financial situations

The majority (61%) of consumers globally say they are extremely concerned about their personal financial situations. This concern is more pronounced for Millennial (66%) and Gen X (64%) than Boomer (55%) and Gen Z (60%) consumers (see Figure 1). We also observed that consumers with children in their household (66%) are more concerned than are individuals without children (59%). By country, the greatest proportion of consumers are concerned in Canada (68%), Australia (65%), and the US (65%), while the Netherlands (50%) has the smallest proportion of consumers concerned.

**61%**  
of consumers say they are extremely concerned about their personal financial situations

**Fig.1**

Six in ten consumers are concerned about their financial situations



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers.



# 73%

of consumers are making fewer impulse purchases

Among the consumers who are extremely worried about their personal financial situations:

- Many believe the government is not doing enough to address the rise in their cost of living (79%);
- They are worried about energy use in their home due to rising energy prices (64%);
- They are worried about their ability to afford food or other basic household necessities (62%);
- Their mental health has been negatively impacted by the rise in their cost of living (60% globally, and even higher for Gen Z and Millennials, at 69%);
- They fear that their personal financial situations will worsen within the next 6–9 months (80%).

## Consumers are becoming more sophisticated in their purchasing behavior because of their cost-of-living worries

To deal with the cost-of-living crisis, 73% of consumers are making fewer impulse purchases. Sixty-nine percent of consumers are cutting back on non-essential items,



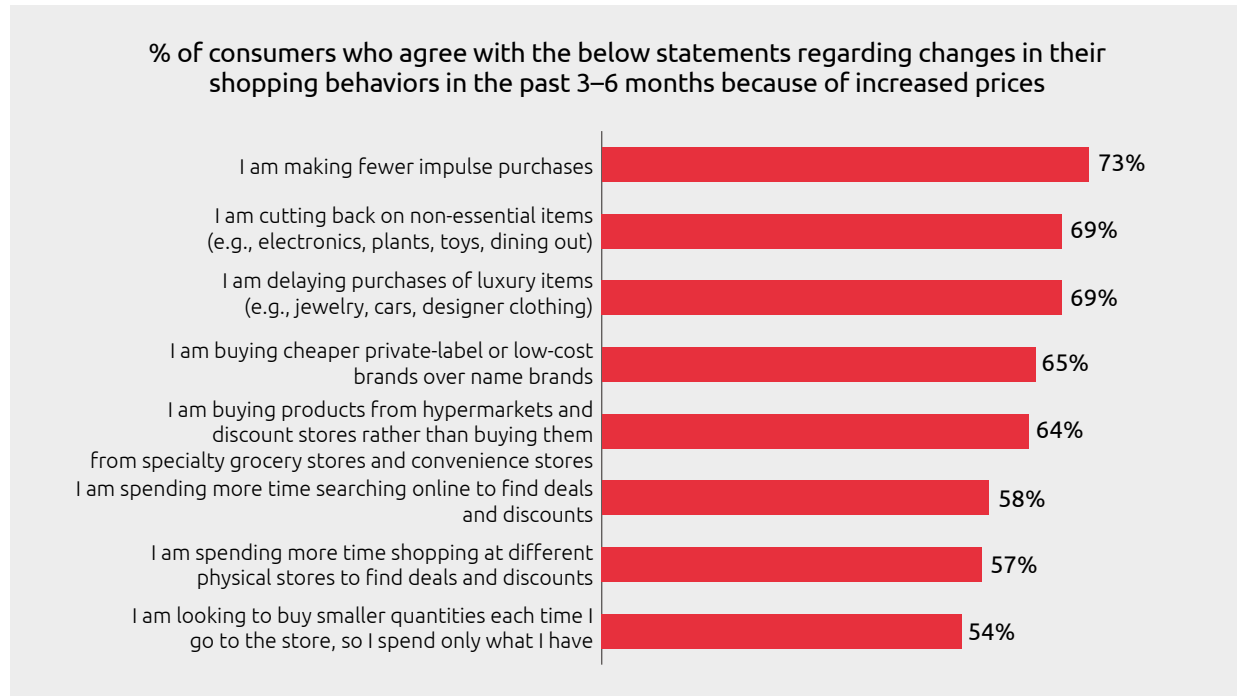
such as electronics, plants, toys, and other non-essential expenses, such as dining out, as well as delaying the purchase of luxury items. In addition, over half (65%) of consumers say they now prefer cheaper private-label products over name brands, and a similar percentage (64%) say they are buying products from hypermarkets and discount stores, rather than using, for instance, convenience stores or specialty grocery stores (see Figure 2). Over half (57%) of consumers also say they are spending more time in different physical stores to find deals and discounts. The cost-of-living crisis has led to more sophisticated purchase behavior, with consumers experimenting with different options for more affordable products. Graeme Pitkethly, CFO at Unilever,

comments: *"We are starting to see consumers down-trading and looking for [greater] value... Sales volumes are beginning to fall as some shoppers switch from branded goods to own-label products in a bid to make ends meet."*<sup>2,3</sup>

Gen Z consumers are less likely than those in other demographics to have changed their behaviors. For example, 60% of Gen Z consumers say they are making fewer impulse purchases compared to 76% of Boomers. In addition, 59% of Gen Z consumers are reducing purchases of non-essential items versus 73% of Gen X consumers.

Fig.2

Amid the cost-of-living crisis, consumers are making fewer impulse purchases, lowering their spending on non-essential items, and looking for cheaper alternatives



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers.

A woman with long, wavy hair is shown from the chest up, looking down with a thoughtful expression. The image is heavily stylized with a red and pink color palette and a wavy, liquid-like texture. The woman's face is partially obscured by the vibrant, swirling colors.

# 44%

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of consumers say they are reducing their overall spending this year compared with 33% in November 2020

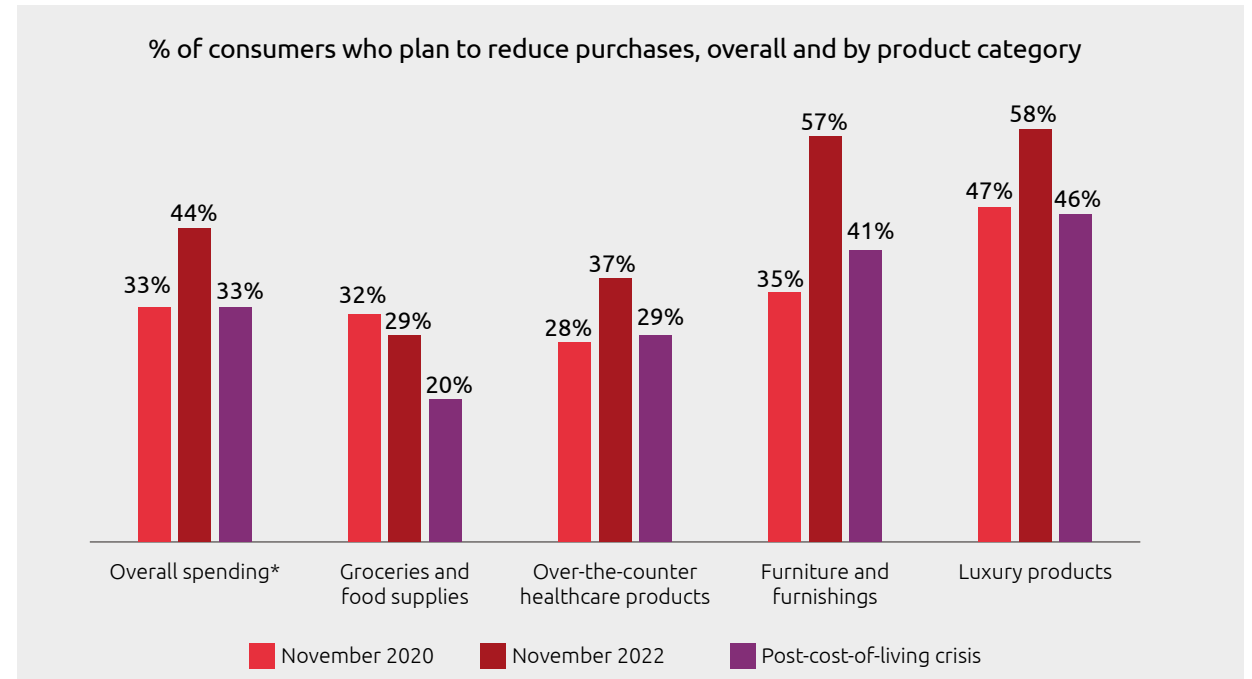
## Consumers have cut down on spending since the pandemic lockdown period

Amid the cost-of-living crisis, the percentage of consumers who say they are reducing their overall spending has risen this year, to 44% compared with 33% in November 2020 (see Figure 3). The percentage of consumers who are planning to reduce their spending on non-essential items has increased more than for essential products.

Douglas McMillon, President and CEO of Walmart, believes inflation is driving consumer price sensitivity, regardless of income level: *"Higher-income families are shopping at Walmart because they are more price-sensitive now. Families making over \$100,000 in household income have driven a lot of our growth, since around the middle of the first quarter, when we saw food inflation reach a level where behavior was starting to change."*<sup>4</sup> Recent data from the US Bureau of Economic Analysis for the third quarter of 2022 reveals that while US consumers kept spending despite rising prices through the third quarter, spending on goods, led by food and beverages, gasoline, and motor vehicles, declined for the third consecutive quarter.<sup>5</sup> In addition, according to Nielsen, while overall CPG sales are growing, fueled by rising inflation, consumption – i.e., spending volume or the amount of items consumers put into their baskets – is declining. There was a 9% increase in dollar sales in September, but unit consumption dropped by 3%.<sup>6</sup>

Fig.3

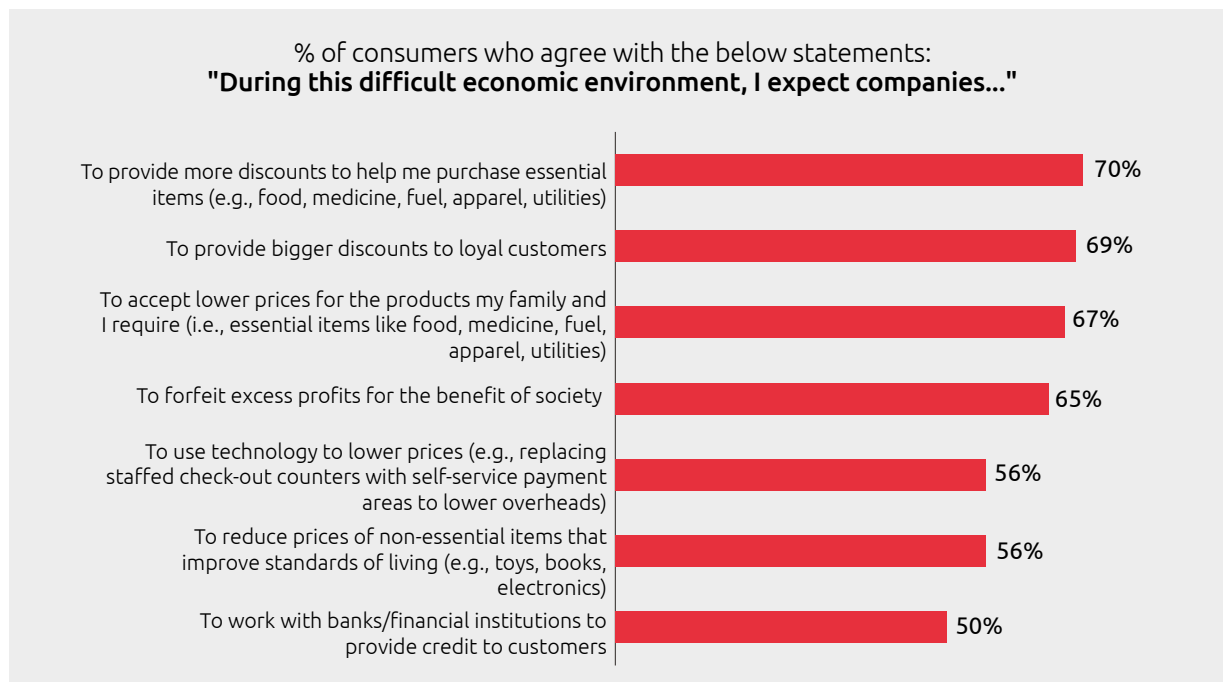
Amid the cost-of-living crisis, more consumers are planning to reduce spending



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, The great consumer reset: COVID-19 and the consumer products and retail consumer, November 2020. \*Overall spending includes groceries and food supplies, household supplies, personal care products, over-the-counter healthcare products, furniture and furnishings, consumer electronics/white goods, apparel and accessories, at-home entertainment/media, luxury products, take-away food from restaurants, casual or fine dining in restaurants, alcoholic beverages, tobacco, leisure travel, work-related travel.

Fig.4

Most consumers expect support and assistance from companies



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers.

## Consumers expect companies to help them through the cost-of-living crisis

The majority of consumers globally expect companies to help them through this difficult time. Seven in 10 consumers expect companies to provide a wider range of discounts to help them purchase essential items and to provide bigger discounts to loyal customers (see Figure 4). Organizations have responded with initiatives to help consumers; for example, Tesco is freezing the prices of more than 1,000 everyday products from October 2022 until January 2023.<sup>7</sup> In April 2022, Morrisons reduced prices on more than 500 products, including many essentials such as eggs, beans, coffee, rice, chicken, and diapers, and improved multibuy savings on 180 product lines.<sup>8</sup>



## Consumers will reward companies that help them through this difficult time with their future business and loyalty

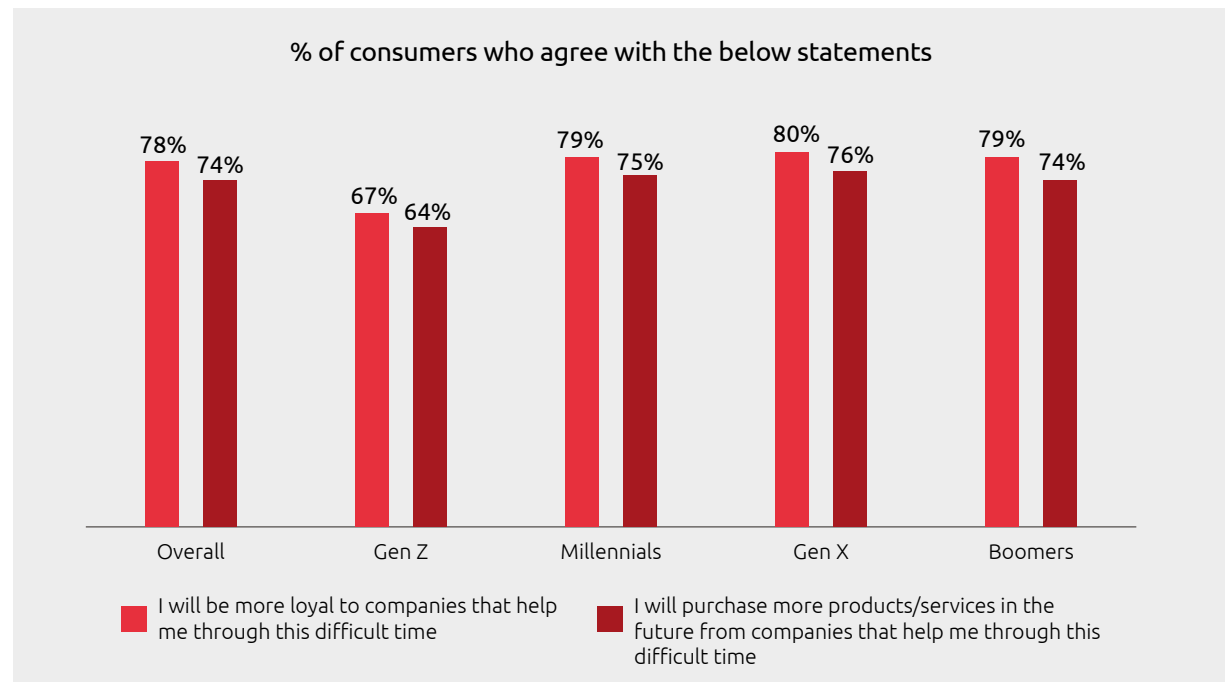
The vast majority (78%) of consumers say they will be more loyal to companies that help them through this difficult time, for example, by prioritizing purchasing products or services from that company over others. This percentage is 67% globally for Gen Z shoppers, and in Italy and Canada, it rises to 82% and 78% of Gen Z shoppers, respectively. Seventy-four percent of consumers globally plan to purchase more products or services from companies that they perceive as helping them. Gen Z consumers in Italy (77%) plan to purchase more from companies helping them compared to 64% of Gen Z shoppers globally (see Figure 5).

# 78%

of consumers say they will be more loyal to companies that help them through this difficult time

**Fig.5**

Consumers will be more loyal and buy more from companies that help them get through this difficult time



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers.

Brands and retailers are standing up to support (and, in the process, win the loyalty of) consumers struggling with the high cost of living. For example:

### Offering ideas to lower the cost of living

- During 2022, British supermarket chain Waitrose launched “Super Saver recipes.” For under £2 per portion, the recipes offer easy, low-budget meal options to customers.<sup>9</sup>
- UK supermarket chain Iceland has launched a new range of services to help customers cut bills. It has launched “Shop Smart, Cook Savvy” in partnership with energy company Utilita to help families better understand economical cooking and save up to £604 a year. The retailer also added energy-efficient cooking methods to food packaging.<sup>10</sup>

### Reducing prices of essential items

- UK supermarket Asda is reducing the price of over 100 popular items, including tea bags, rice, and cheese, for the year as part of its broader cost-of-living measures.<sup>11</sup>

### Offering discount programs

- Iceland also launched a 10% discount scheme for customers over the age of 60, with no minimum spend to qualify for the discount.<sup>12</sup>
- Technology retailer Currys introduced an exchange program called “Cash for Trash,” which allows customers to recycle old, broken, or unused technology in exchange for vouchers.<sup>13</sup>

Historically, customers do remember the brands that helped them in previous crises. Following the economic crisis of 2008, loyalty programs boomed, growing by 19% between 2007 and 2009 and driving consumers back to brands that were offering the best deals.<sup>14</sup> Loyalty programs also performed well during the pandemic and helped keep customers engaged. The US fast-food chain Taco Bell launched its new subscription service, Taco Lover’s Pass, nationwide during the pandemic, which resulted in members visiting locations three times as often as non-subscribers and 16% of enrollees signing up for another month.<sup>15</sup> Similarly, Tesco has already seen massive growth in its customer base and sales amid the cost-of-living crisis. With its loyalty scheme, Clubcard Prices, the supermarket’s UK grocery market share was at a four-year high in 2021.<sup>16</sup>

# 02

In-store and online shopping  
has declined this year

## Consumer interaction with physical stores has declined

Consumer preference for in-store shopping is declining amid the current cost-of-living crisis and the price consciousness of consumers. Consumers also expect to reduce their interactions with physical stores in the longer term. In November 2022, 61% of consumers said they had significant interactions with physical stores, a slight decline from November 2021 (67%), and 58% expect to interact with physical stores post-cost-of-living crisis (see Figure 6).

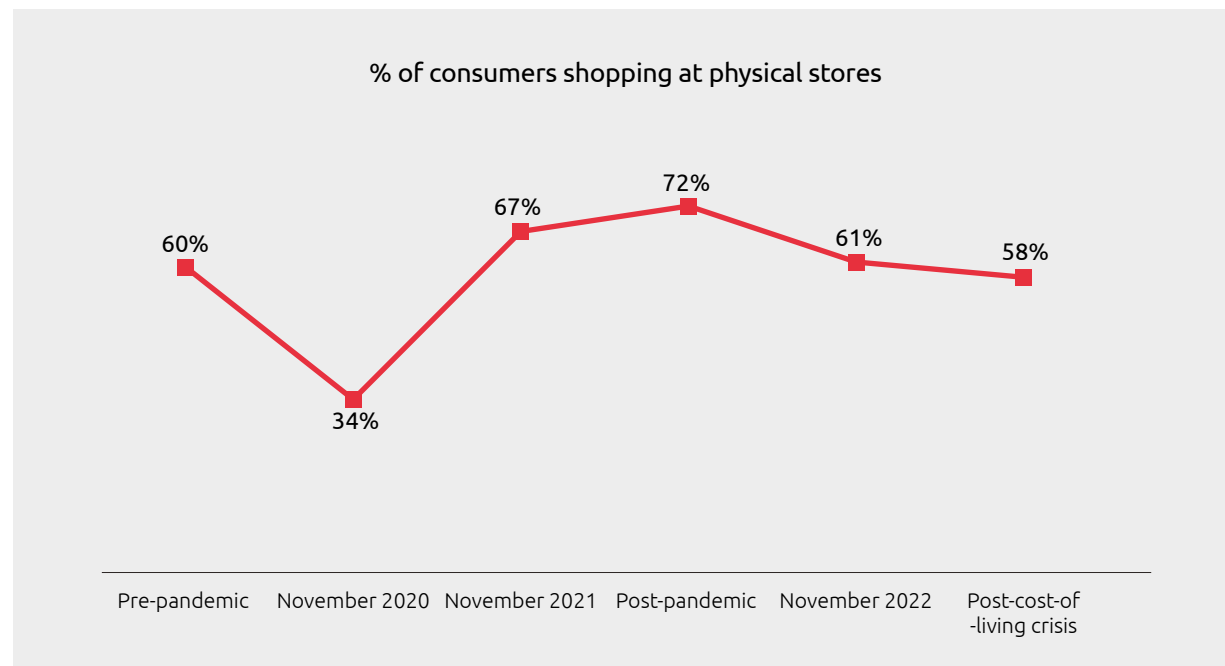
Last year, 72% of consumers were expected to interact with physical stores after the pandemic, but the current research reveals only 61% of consumers are currently interacting with them. The cumulative effect of the pandemic and geopolitical crisis is taking its toll.

# 61%

of consumers say they are shopping at physical stores today, compared to 67% a year ago

**Fig.6**

Consumers expect their interactions with physical stores to decrease in the long term



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, What matters to today's consumer, January 2022; Capgemini Research Institute, The great consumer reset: COVID-19 and the consumer products and retail consumer, November 2020.

Note: 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." Post-pandemic refers to when consumers were asked in November 2021 of their expectations for physical store interactions during the post-pandemic period, i.e., at some point in the future when they believe the pandemic was over.



**Fig.7**

Consumers' preference for in-store shopping increases with age and online shopping decreases with age



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers

Note: Question asked was "Please indicate your frequency of using physical stores/online channels when shopping with retailers. Please rate on a scale of 1 to 7, where 1=very low interaction and 7=very high interaction."

Many economies have reported a decrease in their retail footfall because of the cost-of-living crisis. Most recently, total UK footfall decreased by 11.8% in October 2022 and 13.3% in November 2022. Helen Dickinson OBE, Chief Executive of the British Retail Consortium, comments, *"Footfall took a stumble in its slow return to pre-pandemic levels as rising prices and tightening purse strings meant many fewer consumers made trips to the shops. October marked the first full month of higher energy bills for many families after the price cap rose 26%, reducing household discretionary spending."*<sup>17</sup>

While overall interactions are down from November 2021, the preference for in-store shopping increases with age, as it did last year. For example:

- 69% of Boomers, aged 57–75 years old (73% in November 2021) say their level of in-store interactions is high today compared to only 45% of Gen Z, those aged 18–24 (53% in November 2021)
- In the longer term, post-cost-of-living crisis, 62% of Boomers expect their in-store interactions to be high (76% in November 2021) versus just 48% of Gen Z shoppers (66% in November 2021) (see Figure 7).



**33%**

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of consumers say they had significant interactions with retailers' online channels, compared to 38% a year ago

## Consumer interaction with online channels has decreased but stabilized in the long term

In our survey conducted in November 2021, 38% of consumers said they had significant interactions with retailers' online channels and expected to maintain this level of engagement post pandemic. While the share of consumers interacting with retailers' online channels had come down to 33% in November 2022, the longer term outlook increases back to 38%, suggesting a stabilization of online interactions and overall growth from pre-pandemic times (see Figure 8).

As last year, among the generation segments, Millennial shoppers (aged 25–40) show the strongest preference for online interactions (40% today and 47% post-cost-of-living crisis). Gen Z shoppers are at 32% today and 42% post-cost-of-living crisis, and Boomer shoppers have only a limited preference for online today (25%) and post-cost-of-living crisis (29%) (see Figure 7). Of shoppers with children, 41% prefer online shopping interactions compared to 29% of shoppers without children, increasing to 47% and 34%, respectively, in the longer term.

Fig.8

Consumers expect their interactions with online stores to stabilize in the long term

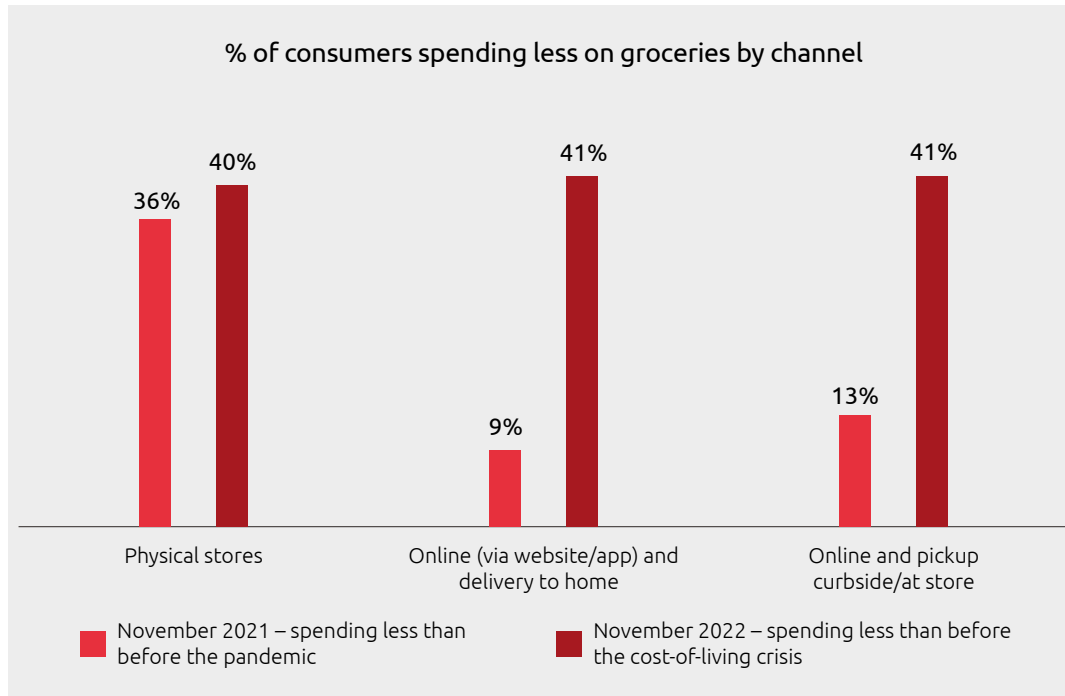


Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, What matters to today's consumer, January 2022; Capgemini Research Institute, The great consumer reset: COVID-19 and the consumer products and retail consumer, November 2020.

Note: Question asked was "Please indicate your frequency of using online channels when shopping with retailers. Please rate on a scale of 1 to 7, where 1=very low interaction and 7=very high interaction." Post-pandemic refers to when consumers were asked in November 2021 of their expectations for online interactions during the post-pandemic period, i.e., at some point in the future when they believe the pandemic was over.

Fig.9

More consumers are spending less on groceries than before the pandemic



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, What matters to today's consumer, January 2022.

# 56%

of grocery shoppers said they go to the store to purchase the bulk of their groceries, supplementing this with small online orders as required

Our research last year revealed that consumers are spreading their purchases across physical and online channels. This is also the case this year. In November 2021, 57% of grocery shoppers said they go to the store to purchase the bulk of their groceries, supplementing this with small online orders as required. In our November 2022 survey, a similar percentage of consumers (56%) say the same.

## A large share of consumers is spending less on groceries

We asked consumers how their current weekly spending on groceries compares to before the rise in the cost of living. Around 40% of consumers in our current survey say they are spending less on groceries across all three channels, with a notable increase from November 2021 for online delivery at home and curbside pickup channels (see Figure 9).

# 03

Stockouts are a concern for many consumers

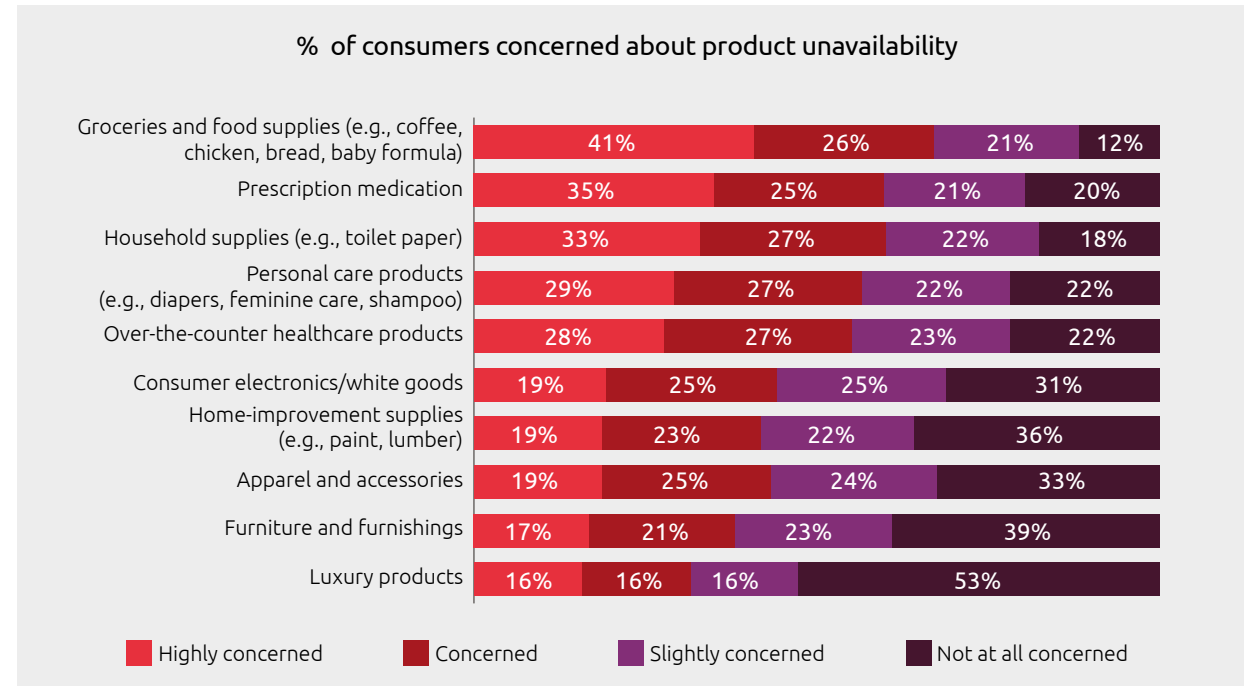
## Consumers are concerned they will not be able to obtain the products they require or want

Given the unreliability of supply chains, many consumers today are still concerned about the medium-term availability of essential products such as food and prescription and over-the-counter medication. In November 2022, 41% of consumers said that they were highly concerned regarding the potential unavailability of groceries and food supplies, and over one-third (35%) voice the same concerns in relation to prescription medication (see Figure 10).

More than one-third of consumers across all age groups are highly concerned regarding the availability of essential products such as groceries and food (44% Gen Z; 45% Millennials; 42% Gen Z; and 35% Boomers). Consumers in the US (50%) and Spain (48%) are also highly concerned regarding the availability of groceries and food supplies. Gen Z consumers, however, are more concerned regarding the availability of non-essential products than other generations. For example, 23% of Gen Z consumers are highly concerned about the availability of luxury products and 25% are concerned about furniture, compared to 9% and 10%, respectively, of Boomers.

Fig.10

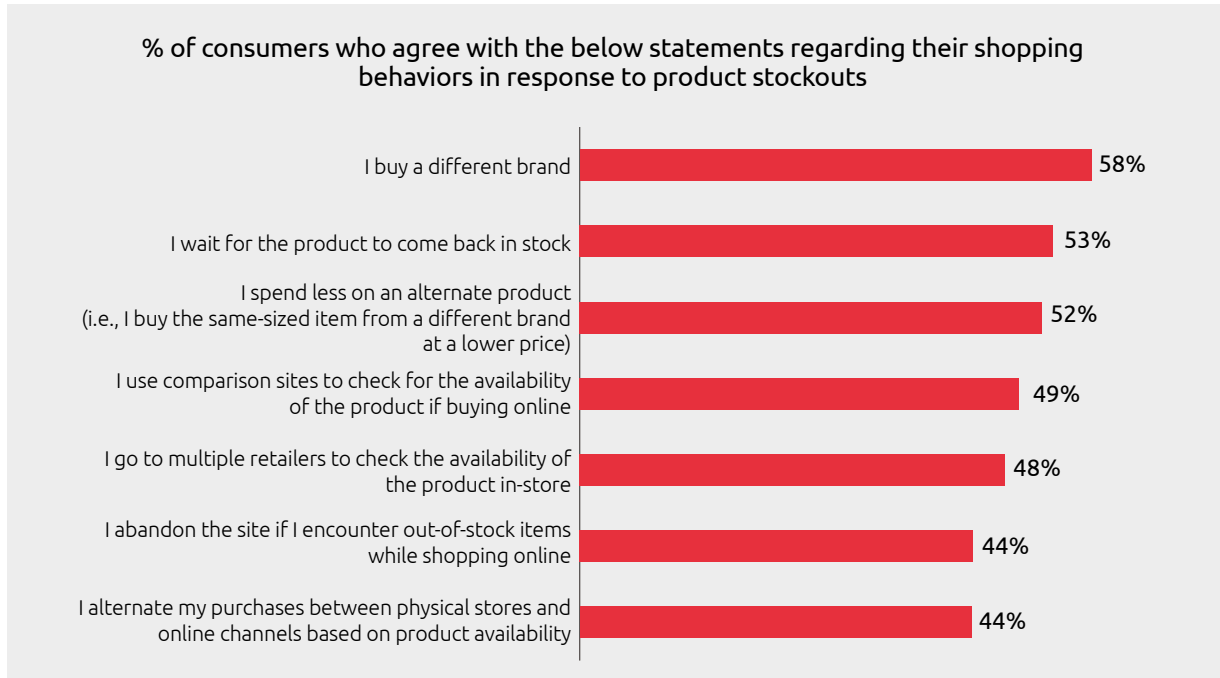
Consumers are most concerned about the unavailability of essential products



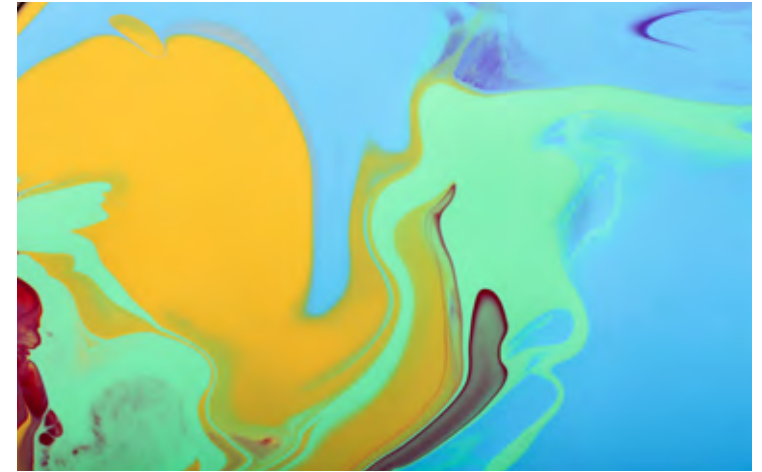
Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers.

**Fig.11**

More than half of consumers will buy a different brand or alternate product in the case of a stockout



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers.



## If favored brands are out-of-stock, consumers will turn to alternate brands

In the event of a preferred product becoming unavailable, most consumers (58%) prefer to buy a similar product from a competing brand; additionally, 52% say that they have bought an item of the same weight/size made by a different brand, at a lower price (see Figure 11).



**58%**

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of consumers prefer to buy a similar product from a competing brand in the event of a preferred product becoming unavailable



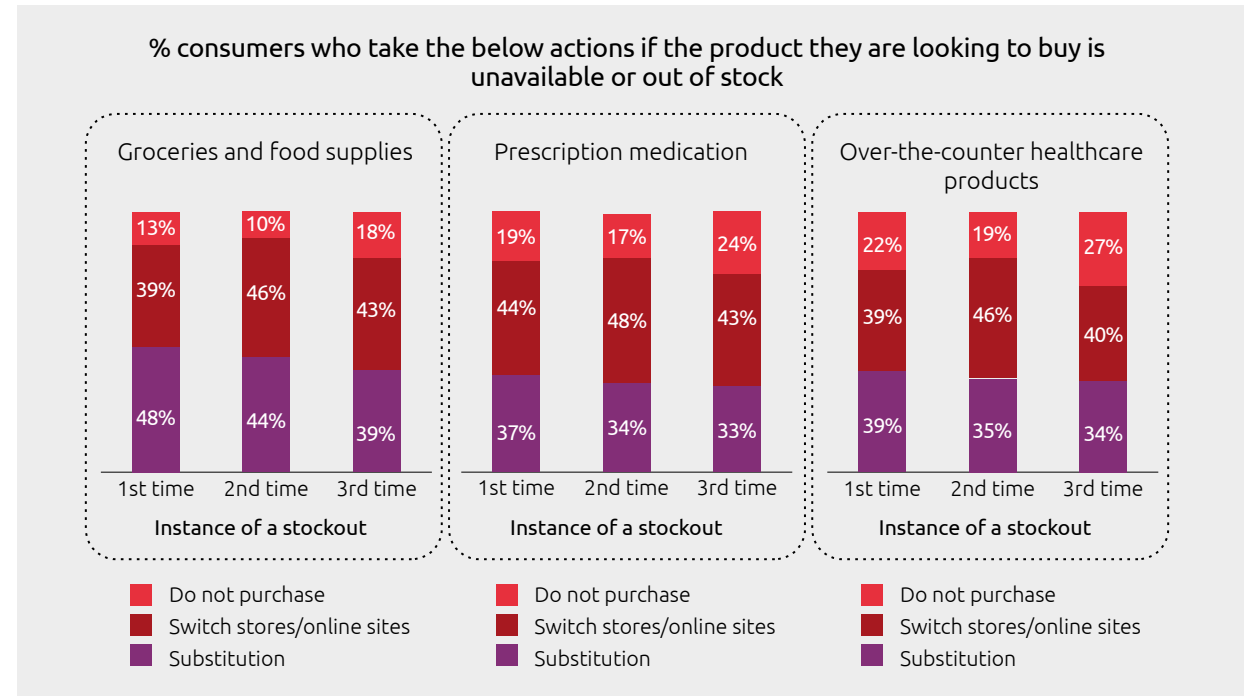
## Consumers will shift stores/brands if essential products are unavailable

In the case of a stockout of essential products, the vast majority of consumers will switch stores or find substitutes for these products (see Figure 12). For example:

- Groceries and food supplies (e.g., coffee, chicken, bread, baby formula):** In November 2022, nearly half of consumers (48%) said that they would buy a substitute for their preferred item and nearly 40% said that they are more likely to switch stores or online sites to look for products in the first instance of a stockout. This behavior remains consistent during the second and third instances of them being unable to find their preferred product.
- Prescription medication:** Consumers' behavior remains consistent in relation to prescription medication. Over one-third (37%) say that they buy a substitute for their preferred item and 44% say that they are more likely to switch stores or online sites to look for the medication during the first instance of a stockout. This trend remains constant during the second and third instances that they cannot find their prescription medication.

Fig.12

Consumers buy substitutes or switch stores/online sites to look for essential and healthcare products



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers

Note: Question asked was "How do you react if the product that you are looking to buy is out of stock three times in a row? Please select your reaction during the 1st, 2nd, and 3rd instances when a product you want to buy is unavailable or out of stock." Substitution is defined as purchasing a smaller or bigger size of the same brand, or purchasing the same product from a different brand.

Fig.13

Most consumers prefer not to purchase non-essential products if unavailable in their usual outlet



## Most consumers will abandon their efforts and decline to buy non-essential products

For non-essential and luxury items, more than 60% of consumers say that they will not purchase the desired product if it is not available during the first, second, and third instances of a stockout. Around half of consumers say the same for purchases of furniture and furnishings for all three instances of a stockout (see Figure 13). This is consistent for all other non-essential product categories in our survey, including home-improvement supplies, consumer electronics/white goods, and apparel and accessories, with at least one-third of all consumers saying they will not purchase the product.



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers.  
 Note: Question asked was "How do you react if the product that you are looking to buy is out of stock three times in a row? Please select your reaction during the 1st, 2nd, and 3rd instances when a product you want to buy is unavailable or out of stock." Substitution is defined as purchasing a smaller or bigger size of the same brand, or purchasing the same product from a different brand.

## MANY CONSUMERS WANT BOTH SUSTAINABILITY AND AFFORDABILITY

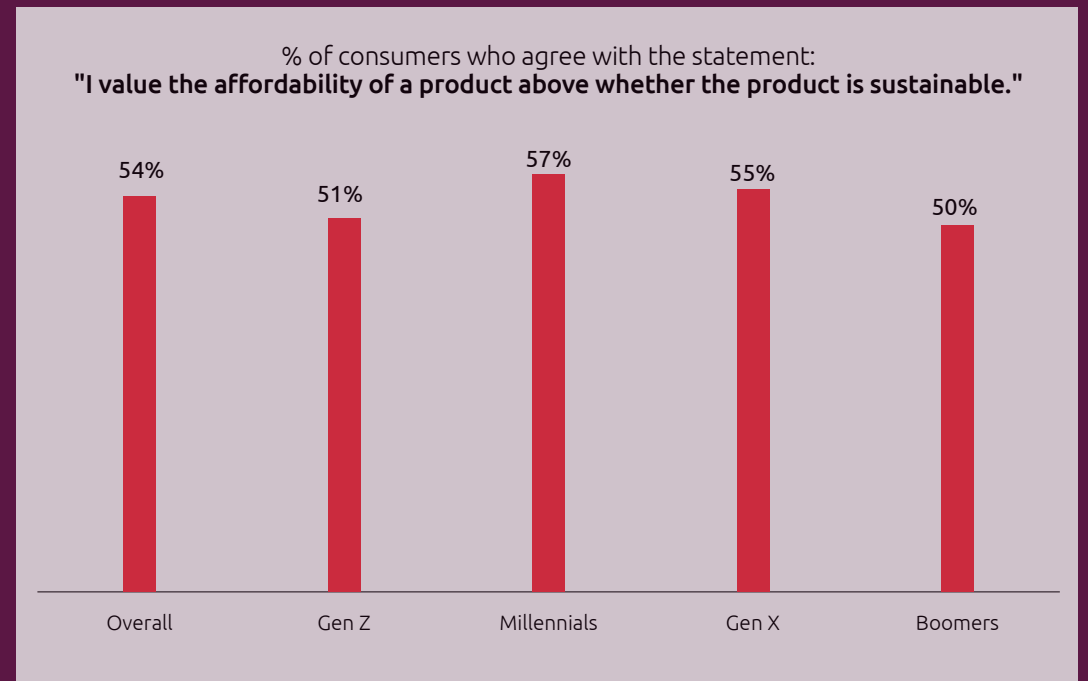
More than half (54%) of all consumers globally say that they value affordability over the sustainability of the product when making purchasing decisions. This trend remains constant across all age groups (see Figure 14). Importantly, this suggests that 46% of all consumers globally disagree with the statement or are neutral, meaning many consumers are still being influenced by sustainability, even during the cost-of-living crisis.

# 54%

of consumers say that they value affordability over the sustainability of the product when making purchasing decisions

**Fig.14**

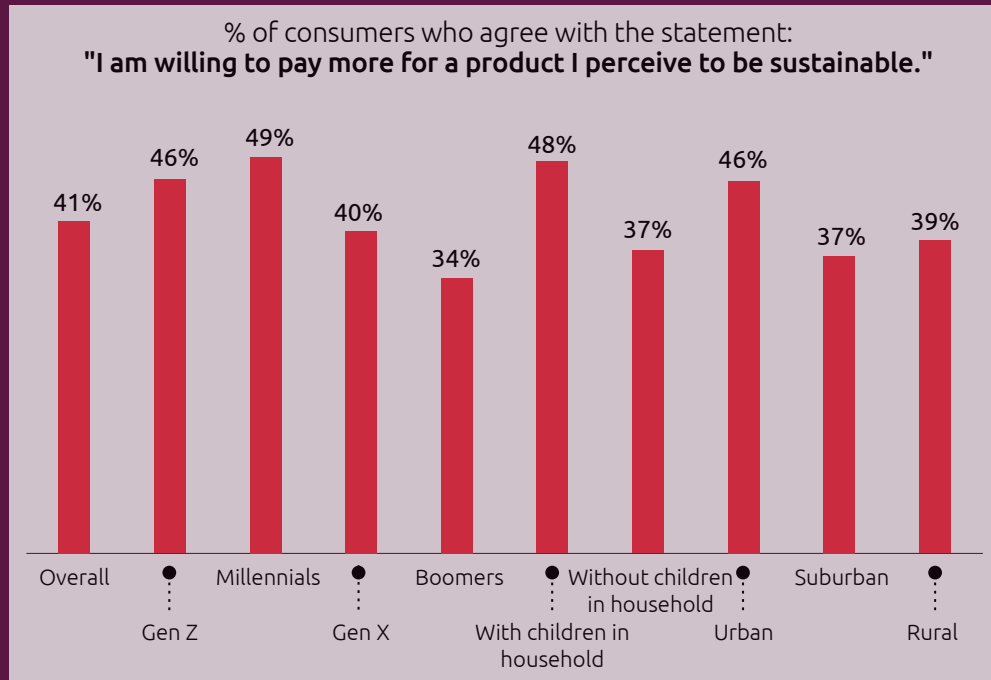
Only about half of consumers say they value affordability over sustainability



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers.

Fig.15

Less than half of all consumers say they are willing to pay more for a sustainable product today



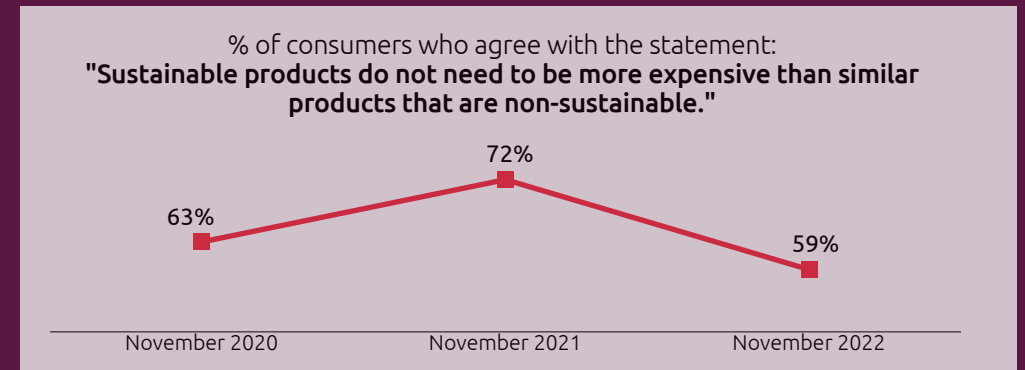
Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers; 3,719 consumers with children in their household, 7,582 consumers without children in their household; 4,891 urban consumers, 4,756 suburban consumers, 1,654 rural consumers.

Forty-one percent of consumers globally say that they are willing to pay more for a product they perceive to be sustainable. Slightly more Millennials (49%) and consumers with children in their households (48%), and only 34% of Boomers say the same (see Figure 15). In our 2020 research on sustainability in consumer products and retail, 57% of consumers said they had paid higher-than-average prices for products that they perceive as sustainable.<sup>18</sup>

In November 2022, 59% of consumers globally said that sustainable products need not be costlier than non-sustainable products, down from 72% in November 2021 (see Figure 16). In addition, over half (54%) of all consumers also mentioned they forgo purchasing organic products in favor of lower-priced non-organic products today.

Fig.16

Fewer consumers than last year believe sustainable products need not be more expensive



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, What matters to today's consumer, January 2022; Capgemini Research Institute, Consumer products and retail: How sustainability is fundamentally changing consumer preferences, July 2020.

# 04

Delivery and fulfillment continue to take precedence over in-store experiences

## Consumer preference for delivery and fulfillment over in-store experience remains stable

### Grocery shoppers

- In November 2022, 43% of shoppers said that delivery and fulfillment are the most important service attributes when shopping for groceries, compared to 42% last year.
- One-third of grocery shoppers said the same for in-store experiences in November 2022, compared to 32% last year .
- As was the case last year, consumers across age groups consistently place more importance on delivery and fulfillment, regardless of whether they have children in their households and whether they live in an urban, suburban, or rural area. The percentage of consumers placing importance on delivery and fulfillment has remained stable across demographics since November 2021, except for a 7% increase among Boomers, from 26% last year to one-third this year (33%).

### Health and beauty shoppers

- Similarly, in November 2022, 41% of all health and beauty shoppers said that delivery and fulfillment are the most important service attributes (compared to 43% in November 2021).
- Thirty-five percent of health and beauty shoppers say the same for in-store experiences, compared to 37% last year. As stockouts continue to be an area of concern for consumers, organizations must ensure superior, prompt, and in-time services for delivery and fulfillment-related services.
- As we found last year, the difference in importance between delivery and fulfillment-related services and in-store experiences for health and beauty is smaller than for groceries. While delivery and fulfillment are still more important than in-store services among health and beauty shoppers, there have been a few notable changes. Among Gen Z consumers, 46% place greater importance on delivery services and 44% on in-store services, down from 52% and 51% last year, respectively. Among Millennials, 50% place importance on delivery today, down from 57% in November 2021.

Please refer to the Appendix for a detailed listing of all service attributes within delivery and fulfillment and the in-store experience tested in our research among grocery and health and beauty shoppers.

## Consumers' willingness to pay for fast delivery has increased from last year

Overall, over one-third (36%) of consumers globally say that ordering groceries online with two-hour delivery is important to them and 32% say the same for 10-minute delivery. The importance of fast delivery decreases with age. For example, 47% of Gen Z shoppers say having a delivery option within 2 hours, and 46% within 10 minutes, is important to them, compared with only 22% and 18%, respectively, of Boomer shoppers.

# 43%

of consumers say that delivery and fulfillment are most important when shopping for groceries and 33% say the same for in-store experiences

**Fig.17**

Shopper willingness to pay for two-hour delivery is up from 2021



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=8,953 consumers; 635 Gen Z consumers, 2,358 Millennial consumers, 2,678 Gen X consumers, 3,282 Boomer consumers; 2,662 consumers with children in their household, 6,291 consumers without children in their household; 3,653 urban consumers, 3,903 suburban consumers, 1,397 rural consumers; 4,400 consumers satisfied with delivery, 2,739 consumers dissatisfied with delivery; Capgemini Research Institute, What matters to today's consumer, January 2022.

In November 2021 and November 2022, consumers were asked what percentage of their order value they would be willing to pay for certain delivery speeds and services, assuming an average order bill of \$30. Across all shoppers, 4.0% was the average that they would be willing to pay for two-hour delivery in November 2022, up from an average of 3.3% among all consumers in November 2021. This trend is consistent across the key demographic segments (see Figure 17).

*On average, consumers are willing to pay 4.0% of the order value for two-hour grocery delivery*

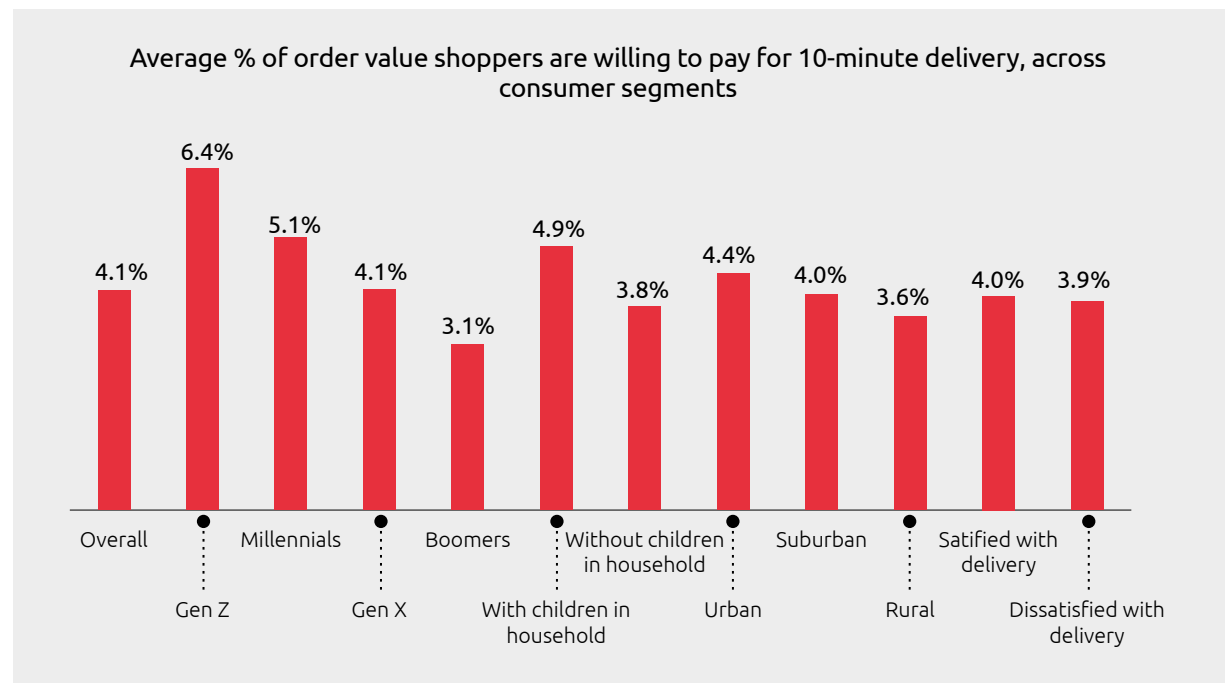
In our current research, across all consumers, 4.1% is the average they would be willing to pay for 10-minute delivery (see Figure 18). The increase in the percent of order value consumers are willing to pay for fast delivery might reflect their general acknowledgment of inflationary pressures combined with the desire to absorb these higher prices for a convenient service they highly value, even during this tough economic time.

The key trends by age, location, and delivery satisfaction largely remain the same as last year:

- Willingness to pay for fast delivery decreases with age
- Urban shoppers are more willing to pay than suburban and rural shoppers
  - Rural Gen Z shoppers are willing to pay 5.9% for 10-minute delivery; not too far off from willingness to pay for 10-minute delivery among suburban Gen Z shoppers (6.4%) and urban Gen Z shoppers (6.5%)
- Shoppers who are satisfied with existing delivery options provided for the products they buy regularly are more willing to pay than those who say they are dissatisfied with two-hour delivery. For 10-minute delivery, satisfied shoppers are slightly more willing to pay than dissatisfied shoppers (see Figure 19).

Fig.18

Gen Z shoppers are willing to pay the most for 10-minute delivery



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=8,304 consumers; 565 Gen Z consumers, 2,060 Millennial consumers, 2,513 Gen X consumers, 3,166 Boomer consumers; 2,400 consumers with children in their household, 5,904 consumers without children in their household; 3,333 urban consumers, 3,647 suburban consumers, 1,324 rural consumers; 4,030 consumers satisfied with delivery, 2,611 consumers dissatisfied with delivery.



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**On average, Gen Z consumers are willing to pay 6.4% of the order value for 10-minute delivery, compared to 4.1% overall**

## DIRECT-TO-CONSUMER RISES IN IMPORTANCE WHILE ONLINE MARKETPLACES IS STABLE

In the six months preceding November 2021, 41% of consumers ordered directly from brands, which rose to 45% in November 2022. Of these 45%, 21% say they have ordered on a recurring or subscription basis from brands (up from 12% in November 2021). Similar to last year, Gen Z shoppers (74%), followed by Millennials (62%), are the most likely to have ordered directly from brands. Boomers are the least likely to have done so (27%) (see Figure 19). Over half (56%) of consumers in the US and Spain have ordered directly from brands this year, which is the highest among all countries in our survey .

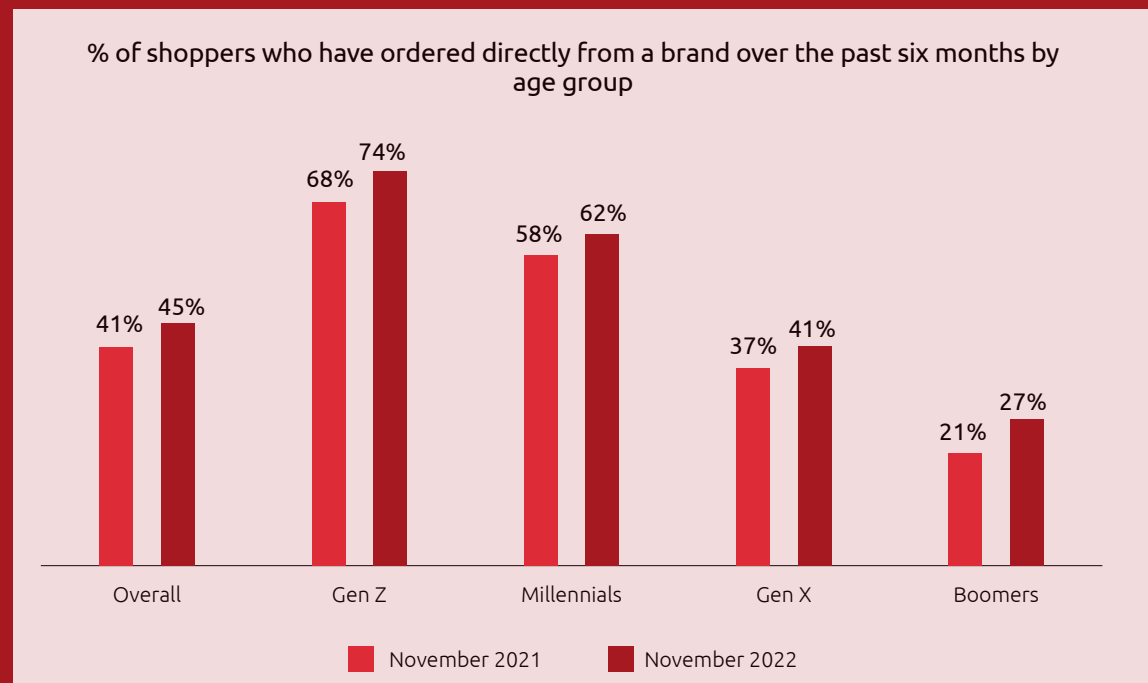
- By household, shoppers living with children are more likely to have purchased from brands (60%, up from 58% in November 2021) than those without children in their households (38%).

# 45%

of consumers have ordered directly from brands over the past six months

Fig.19

More shoppers across all age groups are ordering directly from brands than last year



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers, Capgemini Research Institute, What matters to today's consumer, January 2022.

- By location, urban shoppers are more likely to have purchased directly from brands (54%, up from 49% in November 2021) compared with suburban (40%) and rural (36%) shoppers.

The percentage of shoppers willing to share data with brands has increased slightly from last year across nearly all age groups (see Figure 20):

- Consumption data – In November 2022, nearly half (48%) of all consumers said they are willing to share data with brands on how they consume or use products via surveys, interviews, and/or online forms, up from 45% in November 2021.
- Personal data – In November 2022, 43% of all consumers said they are willing to share personal data such as demographic data or product preferences with brands, up from 39% in November 2021.

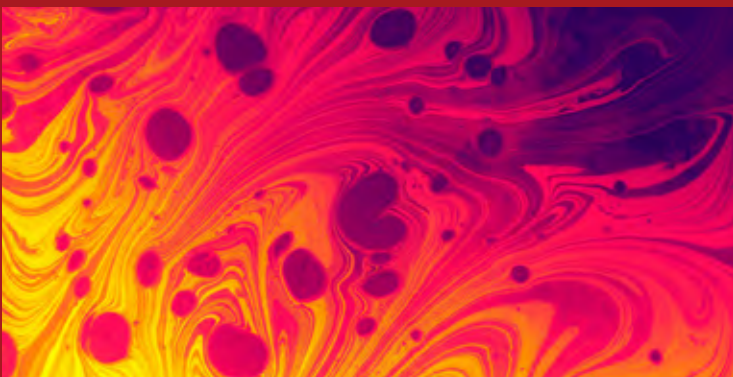
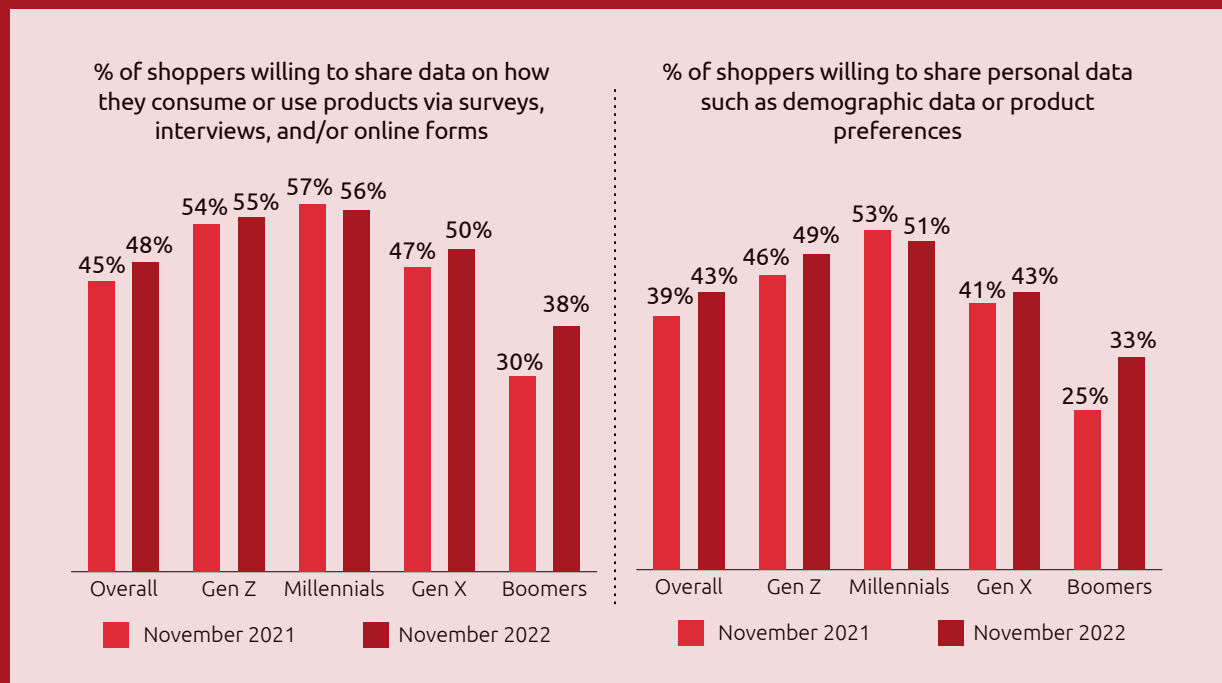


Fig.20

The percentage of shoppers willing to share data with brands has increased slightly from last year



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers, Capgemini Research Institute, What matters to today's consumer, January 2022.

Fig.21

Most age groups report a lower proportion buying from an online marketplace in 2022



In our survey, we asked those shoppers who had purchased the majority of their grocery and/or health and beauty products online over the last six months whether they ordered products from an online marketplace, rather than from an individual retailer (for example, from a multi-brand, multi-product website such as Amazon, Alibaba, or Etsy, as opposed to shopping at a dedicated retailer or brand outlet such as Target, Walmart, or Nike).

The vast majority (72%) of these primarily online shoppers have ordered products directly from an online marketplace in the past six months, on either a one-time or subscription basis. This has remained relatively unchanged from 74% in 2021. By age group, the biggest change from 2021 is in the proportion of Gen Z shoppers that ordered from an online marketplace in the last six months; 76% in November 2022, down from of 88% in November 2021 (see Figure 21).

One potential reason for the decline seen in Gen Z might be the age group's rising interest in social marketplaces. During 2021, nearly 56% of social media users in the US between 18 and 24 years old made at least one purchase via Facebook, Instagram, Pinterest, Line, WeChat, or VK.<sup>19</sup> Social media platforms are becoming new social marketplaces, using native solutions like Instagram Shops, Pinterest Product Pins, and TikTok Shop. These marketplaces might offer a more curated, tailored experience that is more appealing to Gen Z shoppers than traditional online marketplaces.<sup>20</sup>

Capgemini Research Institute, Consumer demand survey, October–November 2022, N=516 primarily online consumers; Capgemini Research Institute, What matters to today's consumer, January 2022.

# 05

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Social media influencers are  
on the rise

## Social media influencers are impacting consumers' search and purchasing processes

Globally, social commerce is estimated to have generated \$724 billion in revenue in 2022 to date. Social commerce revenue is expected to realize a compound annual growth rate of 30.8% in the period 2022–30, reaching around \$6.2 trillion by 2030, and driven primarily by Gen Z and Millennial social media users.<sup>21</sup> The size of the global influencer marketing industry is expected to reach \$16.4 billion in 2022, and increase by about 30.3% annually through 2028, reaching nearly \$85 billion.<sup>22</sup>

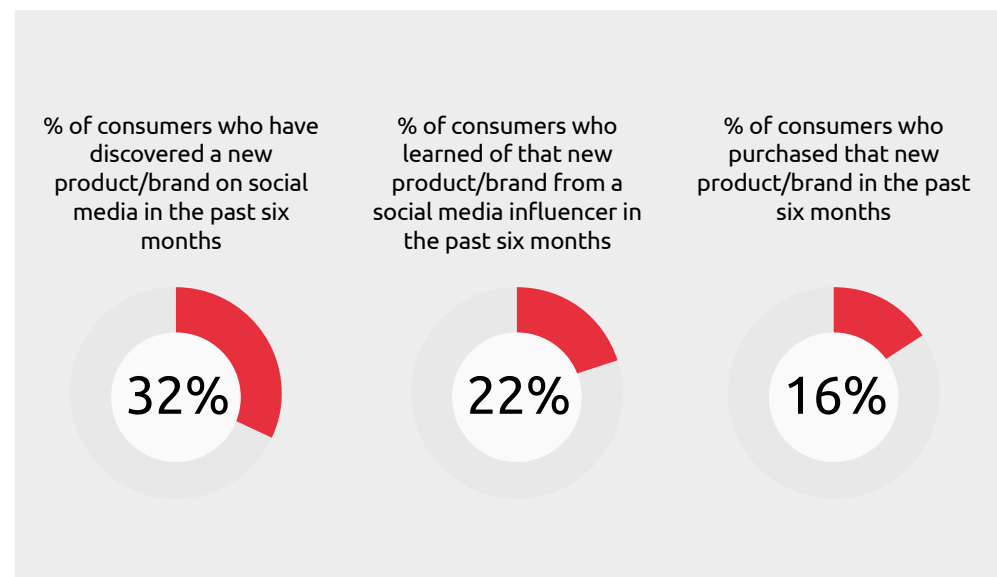
Our research reveals that one-third of consumers globally have discovered a new product or brand on social media in the past six months. This is consistent with a recent study that found 34% of all global consumers say they learned of a new brand in the last six months via social media and surpasses the percentage of consumers who say they discovered a new brand while watching TV ads (22%).<sup>23</sup>

Nearly one-quarter (22%) of all consumers learned of this product or brand through an influencer, and 16% went on to purchase the product or brand (see Figure 22). The proportion of consumers influenced by

social media is highest in the US among the countries in our survey. Forty-one percent of US consumers have discovered a new product on social media, 31% learned of the product through an influencer, and 25% went on to purchase the product.

**Fig.22**

Social media influencers play an important role in consumers' purchasing journeys



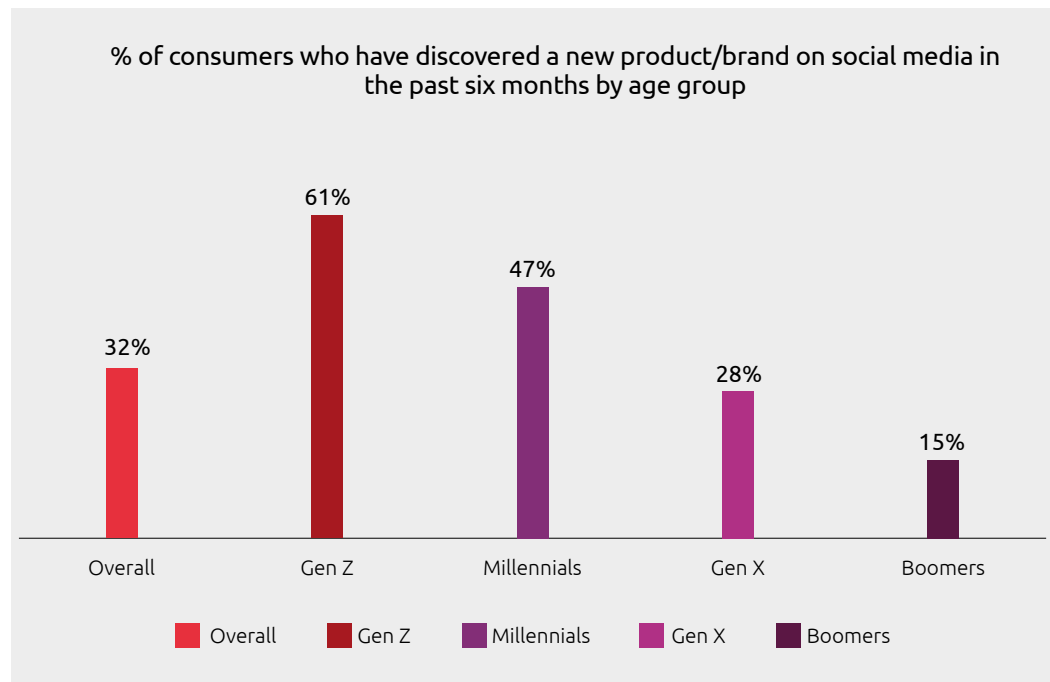
Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers.

# 32%

of consumers have discovered a new product or brand on social media in the past six months

**Fig.23**

Younger shoppers are more likely to discover new products on social media



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers.

Brands are trying to take advantage of this trend by investing in social media marketing. Drieke Leenknecht, Chief Marketing Officer, Timberland, a VF company, says: *“Brands need to create relationships with the people that are influencing customers; this kind of collaboration is now key to their survival.”*<sup>24</sup> Social media influencers are impacting consumers across grocery, apparel, and health and beauty product purchase decisions. Organizations across these sectors have woken up to this and are now working with social media influencers.

- Beauty giant Estée Lauder is spending 75% of its marketing budget on collaborations with social influencers.<sup>25</sup>
- Walmart currently works with influencers to promote its groceries and apparel, as well as its Walmart+ loyalty program; it plans to launch a platform that will employ social media influencers to assist the retailer and its 100,000 third-party

sellers in promoting their goods and services online.<sup>26</sup>

- Adidas is using micro-influencers – i.e., influencers with less than 100,000 followers on social media that have a more curated, cohesive community of followers – to extend its reach via social media;<sup>27</sup> the company runs Instagram influencer marketing campaigns to allow it to capture a younger audience.<sup>28</sup>

## Six in 10 Gen Z shoppers have discovered products via social media

By age group, younger consumers are much more likely to have discovered a new product on social media than their older counterparts. Over half (61%) of Gen Z shoppers have found a new product on social media in the past six months, compared to only 15% of Boomers (see Figure 23).

## Product discovery through social media influencers often leads to purchase

Nearly one-quarter (22%) of all consumers globally have learned of a new product or brand in the past six months from an influencer, for example by following a celebrity that endorsed a product or brand by sharing his or her experience on social media.

By age group, nearly half (48%) of Gen Z consumers and over one-third (36%) of Millennial consumers have learned about a new product or brand from an influencer

on social media over the past six months. Fewer Gen X and Boomers say the same (17% and 7%, respectively). Brands specifically target Gen Z and Millennial consumers through social media influencers. Pepsi ran an influencer campaign, #SayItWithPepsi, to increase their sales along with in-store purchases at Walgreens. Pepsi used influential creators to develop original content including blog posts, photography, and branded video content and shared them with their Millennial target audience. The campaign resulted in more than 50,000 engagements.<sup>29</sup>

Once a consumer discovers a new product through an influencer, they often purchase, especially the younger age groups. Around

# 48%

of Gen Z consumers have learned about a new product or brand from an influencer on social media in the past six months

# 32%

of Gen Z consumers have purchased a product or brand they learned about from an influencer in the past six months

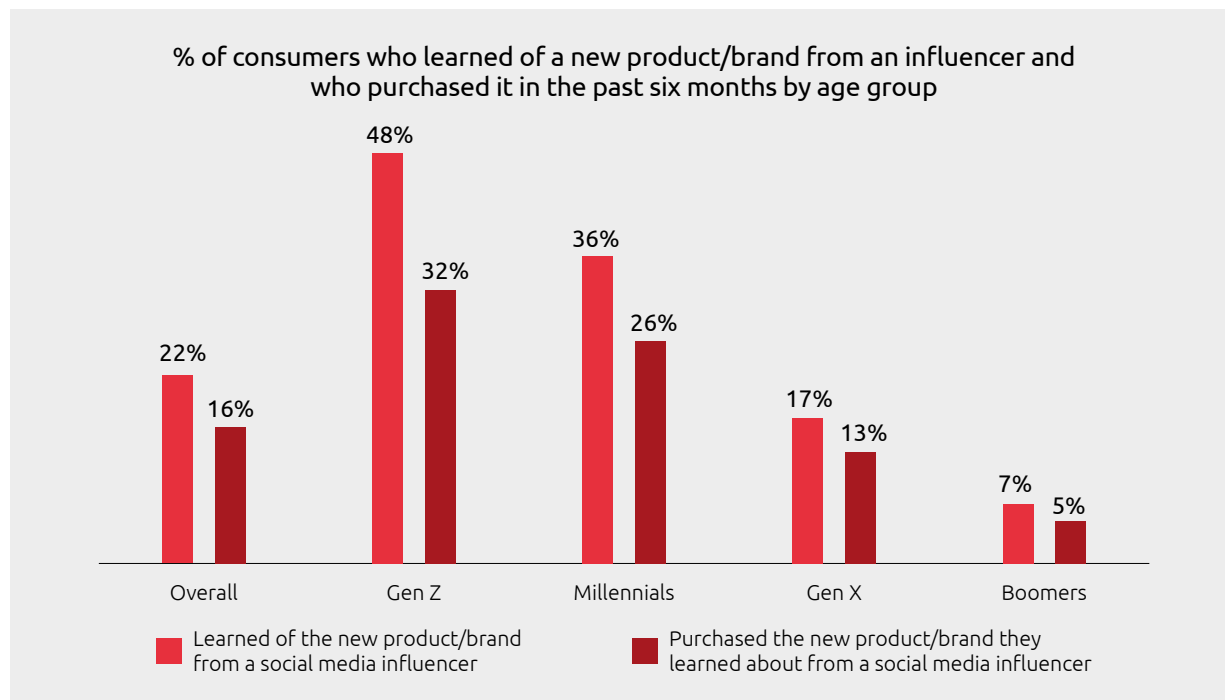


Fig.24

Gen Z and Millennials are most likely to have purchased a product they learned of from an influencer

one-third (32%) of all Gen Z consumers have purchased the products they learned about from an influencer. One-quarter (26%) of Millennials say the same. Even among older age groups, the conversion rate is high. For example, 7% of Boomers have learned of a product from an influencer, and 5% of them have gone on to purchase that product in the past six months (see Figure 24).

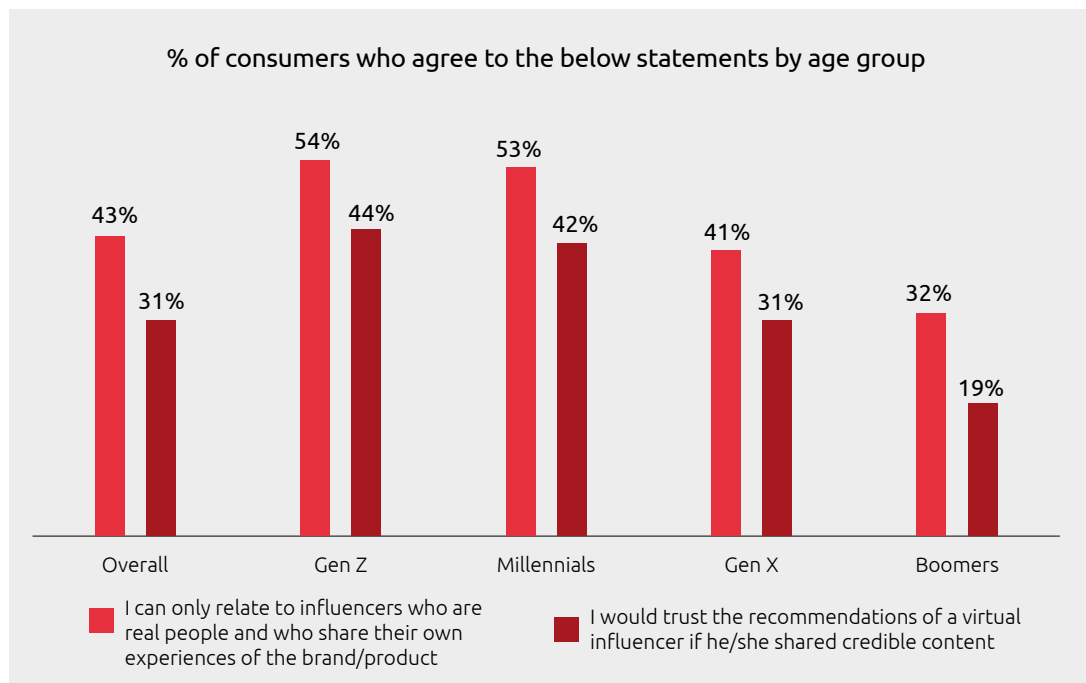
Lex Bradshaw-Zanger, CMO at L'Oréal UK and Ireland, says: *"Connecting the already enormous influencer and creator community with the ability to make sales through TikTok is a step forward in improving the consumer experience, linking content to commerce, and creating a more fluid and seamless purchasing experience for our customers."*<sup>30</sup>



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers.

Fig.25

Gen Z and Millennials are most likely to relate to real-life influencers, but would trust virtual influencers with credible content



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; 992 Gen Z consumers, 3,264 Millennial consumers, 3,332 Gen X consumers, 3,712 Boomer consumers.

## Consumers perceive certain influencers to be more credible than others

Across all consumers, 43% say that they can only relate to influencers who are “real people” and who share their own experiences of the brand/product, as opposed to a “virtual influencer” (i.e., a fictitious/digital character developed and controlled by brand creators). Nearly one-third (31%) of all consumers would trust the recommendations of a virtual influencer if he or she shared credible content (see Figure 25). Such trust is highest among Gen Z (44%) and Millennial (42%) consumers. US retail clothing brand PacSun collaborated with the first virtual influencer, Miquela, to strengthen

the brand’s connection with its core youth demographic, many of whom are exploring the digital space. PacSun and Miquela will collaborate on social content, amplifying the brand’s back-to-school and 2022 holiday campaigns.<sup>31</sup>

Regarding the credibility of influencers:

- 49% of all consumers (and 59% of Millennials) say that the influencers who are not sponsored or paid by the brand/product are more credible
- 47% of all consumers (and 58% of Gen Z and Millennial consumers) say that influencers who share the positive and negative sides of a brand/product are more credible.

# 44%

of Gen Z consumers would trust the recommendations of a virtual influencer if he or she shared credible content

# 06

How brands and retailers can ride through ongoing shifts in consumer behavior

Based on our research, we have identified three key actions for brands and retailers to meet the evolving needs of today's consumer who is concerned about their financial situation, price-conscious, changing the way they make purchasing decisions and where they shop, and spending less overall.

1. **Adapt to compete:** Driving cost reductions and margin improvement by rethinking the way brands and retailers operate, how the supply chain is organized, and how to engage shoppers throughout their online and offline journeys
2. **Unlock channel growth:** Identifying new revenue streams and growth opportunities through new initiatives and operating models
3. **Lead with purpose:** Managing the growing tension between the simultaneous need for affordability and sustainability

## Adapt to compete

Costs across many dimensions including product, energy, labor, and shipping have increased for brands and retailers over recent months and years. It is important for brands and retailers to adopt technologies that support improved decision-making, thereby leading to operational efficiencies and more productive use of current assets and resources. In doing this, brands and retailers can then pass on that savings to consumers. These "cost-out" activities

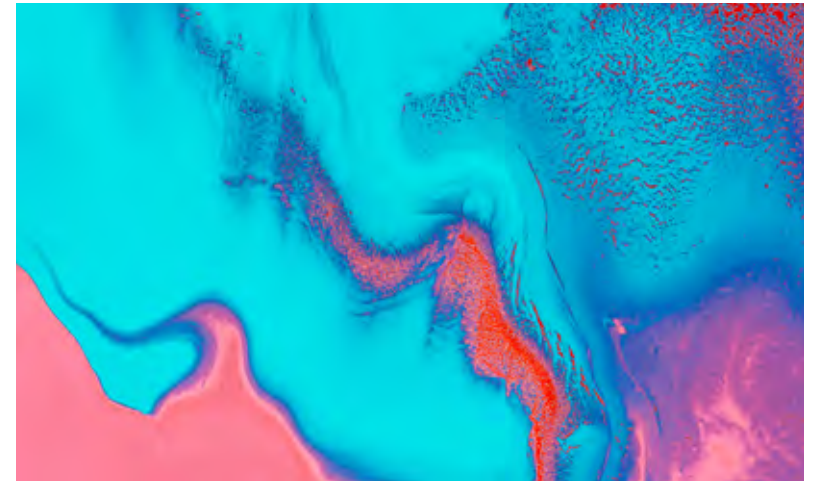
should be viewed to add value to the customer and employee experience, as opposed to just removing costs for the business.

- **Leverage technology in the assortment and planning process to ensure availability and affordability**

Brands and retailers can use technology such as data and analytics, AI, and automation in their assortment and planning processes to optimize costs. For example, analytics can be used to reduce inventory, identify underperforming areas, and recommend solutions to increase space productivity. It can also be used to localize the right assortment mix for a specific store or online channel and enable auto reconciliation and dynamic correction of forecasts based on incoming, real-time data. Tesco suppliers can now cut production costs and reduce waste by selling or donating surplus stock or products to other suppliers through Tesco Exchange, a new online marketplace that matches suppliers who have too much of a product with other Tesco suppliers that need it.<sup>32</sup> Retailers also need to provide clear communication to consumers, which includes personalized promotions within loyalty programs, information on the assortment mix, availability of products, pricing across entry-level and premium products, and the value customers receive from purchasing their product compared to a competitor's product.

- **Automate warehouse operations**

Consumers are expecting faster deliveries. Over one-third of consumers globally say that ordering groceries online with 2-hour delivery is important to them and 32% say the same for 10-minute delivery. The last mile is the costliest part of the journey for companies and accounts for 53% of overall shipping costs.<sup>33</sup> As a result, many companies are trying to digitally transform their supply chains and adopt technologies such as automation, analytics, and robotics in their warehouses and autonomous vehicles and robotics in their delivery processes.



As the volume of fast delivery increases, leveraging technology to optimize costs is critical.

Warehouse and sorting represent a significant opportunity to reduce costs through automation. For example, they can reduce fulfillment errors. When items are left out of an order by mistake, multiple packages have to be sent out to remedy the error, increasing costs and decreasing customer satisfaction. Returns can also be processed using the same automated systems. Depending on the type of automation used, our research on last-mile delivery showed that warehouse automation could potentially increase profit margins by 8% through higher throughput and lower fulfillment

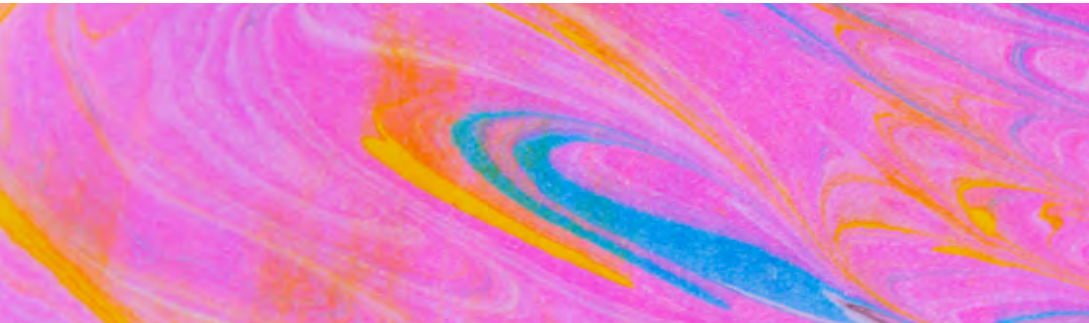
cost.<sup>34</sup> Technologies that could be used to automate warehouse operations include:

- Fully automatic, with a rail system in the warehouse where automated carts move and pick items
- Semi-automatic, where robots lift the rack with the products and take it to be selected and parceled
- Human-assisted, where the delivery carts give personnel direction to the rack where the item is stored, accompany them, and help in item identification.<sup>35</sup>

- **Enable autonomous delivery**

Delivery through autonomous vehicles is still at an early stage but has significant potential to transform the last-mile

delivery cost model. Our previous analysis showed that it could potentially increase profit margins by up to 14%.<sup>36</sup> In October 2021, the UK retail chain Ocado announced that it had invested £10m in self-driving tech startup Wayve in order to develop autonomous vehicles for grocery delivery.<sup>37</sup> In April 2021, American pizza company Domino's launched autonomous pizza delivery with an on-road robot in Houston, Texas in partnership with Nuro, a self-driving delivery company.<sup>38</sup> Walmart has also started using fully driverless trucking in its online grocery business, aiming to increase capacity and reduce inefficiencies.<sup>39</sup>





## Unlock channel growth

Brands and retailers must identify new revenue streams and growth opportunities through initiatives, such as expanding into new channels to reach customers. One way to do that is to leverage the power of social media influencers.

- **Divert marketing spend on key influencers when targeting Gen Z and Millennials**

Influencer marketing is growing into a powerful tool to reach new and existing audiences. An effective influencer strategy enables marketers to connect with customers in ways that other forms of marketing and advertising cannot accomplish. This starts with choosing the appropriate influencer for the appropriate target audience. Brands and retailers must select an influencer who is a natural and authentic fit for the campaign and for the needs and preferences of the target audience. Selecting an influencer for a Gen Z shopper will look very different than for a Boomer shopper given their different browsing and purchasing behaviors. Brands and retailers should focus on the

connection the influencer has with his or her followers and the relevance to the brand rather than solely the number of followers the influencer has. Apart from authenticity, correlating the type of business and the goals of the business with the influencer's lifestyle also remains as an important criterion when selecting the "right" influencer.

In our current research, 70% of consumers buying products on social media said they trust influencers when they use the product and share their own experiences and reviews of the product. When influencers show a credible affinity for the brands and products they recommend, it can have a positive impact on their audiences. In 2021, L'Oréal used influencers that customers could relate to within their campaigns as opposed to celebrities to build greater trust in the brand. They partnered with five of the UK's most influential YouTube beauty vloggers, who together have a combined audience of 5.5 million followers. This helped cement L'Oréal's position as a digital beauty brand.<sup>40</sup>

Viral content has three key elements: a great hook, a strong message, and an understanding of what the audience wants to see.

### Carrie Berk,

Content creator with a monthly engagement of more than 70 million

- **Diversify content strategy to the needs of different consumer segments to optimize conversion**

Understanding the demographics and psychographics of audiences is very important in influencer and creator marketing. Understanding which segment of a company's customer base interacts with which platforms is also very important. In our current research, nearly 61% of Gen Z consumers discover new products through social media and 48% through social media influencers. Thirty-two percent end up buying these products on social media. This behavior is quite in contrast with Gen X or Boomer shoppers due to their varied browsing and buying behaviors. Therefore, brands and retailers must offer experiences and content that support two divergent sets of needs within the same channel. Häagen-Dazs, an American ice cream brand, partnered with New York City influencers to create content and events targeted to Millennials, marketing their ice cream as an essential part of summer. The campaign generated 14.3 million impressions and 27,400 social engagements.<sup>41</sup> Brands and retailers need to focus on co-creating content closely with the influencer to convey the right message to the right audience about their brand and products. Social media viewers have short attention spans. Creating videos that are 15-30 seconds long or even shorter while keeping the

messages simple and clear is important. Nineteen-year-old Carrie Berk, a verified content creator across several social media channels with a monthly engagement (views, likes, and comments) of more than 70 million, says: *"Viral content has three key elements: a great hook, a strong message, and an understanding of what the audience wants to see."*<sup>42</sup>

### Lead with purpose

Brands and retailers must manage the growing tension between the simultaneous need for affordability and sustainability.

- **Reevaluate pricing strategies to provide affordable options**

With today's high inflation and soaring energy bills, consumers are struggling to meet their basic needs for food and other essential items. Around half of consumers we surveyed (45%) are worried about affording food or other basic household necessities. Consumers are expecting retailers and brands to come forward and help them through this difficult time. Sixty-seven percent of consumers say that brands and retailers should accept lower prices for the products that they need to survive (i.e., essential items like food, medicine, fuel, apparel, and utilities). Brands and retailers must empathize with consumer concerns by keeping prices fair and consider how they can reduce their operational costs to be able to pass

on cost savings to the customer via promotions, discounts, price freezes, or other means. Many businesses have already risen to the challenge and have come up with innovative ways to help their customers. Beauty retailer Boots has committed to freezing the price of over 1,500 Boots own-brand products “to ensure they remain affordable” at least until the end of the year.<sup>43</sup>

- **Offer loyalty programs with strategies that simultaneously help customers with their cost of living and ensure higher customer lifetime value**

The current situation is a unique opportunity for loyalty if the loyalty program incorporates smart mechanisms that help customers through the crises – beyond purely transactional benefits, which are table stakes for any loyalty scheme. The most effective loyalty programs will offer additional, smart ways for loyal customers to reduce their spending, such as tasty and/or healthy recipes that save money. As part of its nearly \$90 million program to support customers and staff over the next year, UK supermarket group Asda launched an “Essential Living Hub,” an online money-saving advice site to help parents struggling with the cost of living. The hub includes tips on energy saving, buying, and cooking smarter and ideas for free family days out.<sup>44</sup>

The majority (70%) of consumers highlight that they would want brands and retailers to provide more discounts to help them purchase essential items, such as food, medicine, fuel, apparel, and utilities, and they are also expecting to receive bigger discounts as a loyal customer. Brands and retailers should factor this into their loyalty program strategies to meet consumer expectations during this challenging economic time. The brands and retailers that anticipate and meet consumer expectations will likely be rewarded with customer loyalty in the post-crisis period, as we found that 74% of consumers plan to purchase more products or services in the future from companies that help them through this difficult time. Indeed, many retailers are tapping this opportunity by offering higher discounts to their loyal customers. Thrive Market, an online grocery platform that offers \$5 monthly memberships, launched a discount destination hub for cost-conscious consumers in October 2022. Members have access to the new Thrive Rewards program, which compiles deals across the site into one location. Thrive Market promises members they will make back their annual membership fee in savings or receive a credit for the difference.<sup>45</sup> Supermarket chain Asda rolled out a new loyalty program, “Asda Rewards,” through which customers can earn pounds, building up a “Cashpot” to spend in-store or online.<sup>46</sup>

- **Exercise social responsibility to help impacted segments of society**

Consumers would value a brand or retailer going beyond their current capabilities to help society come out of this crisis. In our survey, 68% of consumers say that companies need to do more than they are currently doing to help society. Various brands and retailers are extending themselves to help their communities. In June, Asda launched the “kids eat for £1” offer in Asda cafes and has since served more than 330,000 children’s meals.<sup>47</sup> Retailers such as Coop, Aldi, and Asda have increased pay for all their store-based employees. In an effort to reach underserved populations, Aldi donated 700,000 meals to charities, food banks, and community groups during the school summer holidays through a partnership with Neighbourly.<sup>48</sup> Boots donated 50,000 products including soap, deodorant, toothbrushes, and feminine care products to the Hygiene Bank, a UK charity providing essential products to low-income households and people living in poverty.<sup>49</sup>



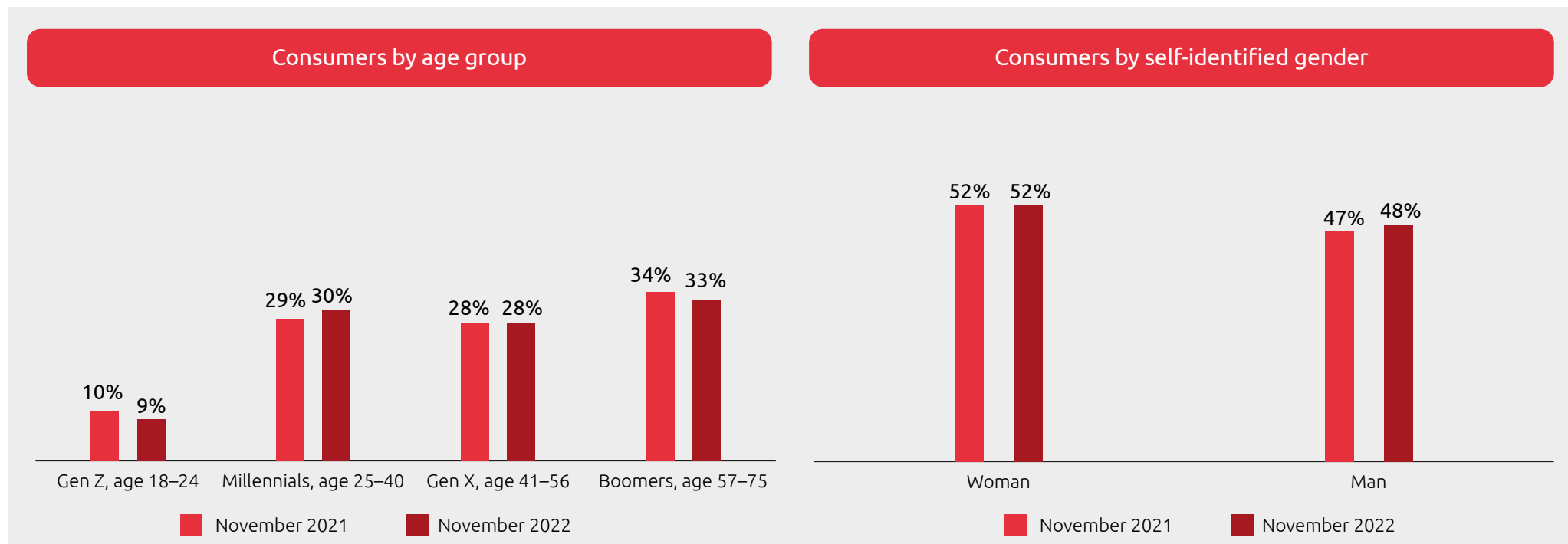
## CONCLUSION

As we found last year, retail continues to undergo an incredible shift, driven by changing consumer behaviors and expectations. Brands and retailers have to respond to ever-changing patterns of customer demand, shifting geopolitical situations, global supply-chain pressures, the COVID-19 pandemic, and now the cost-of-living crisis. Today's consumer is still shopping in multiple channels, but their price consciousness has risen in light of inflation and increasing concerns over affordability. They are interacting with stores and online channels less than last year, but still want the conveniences of delivery and

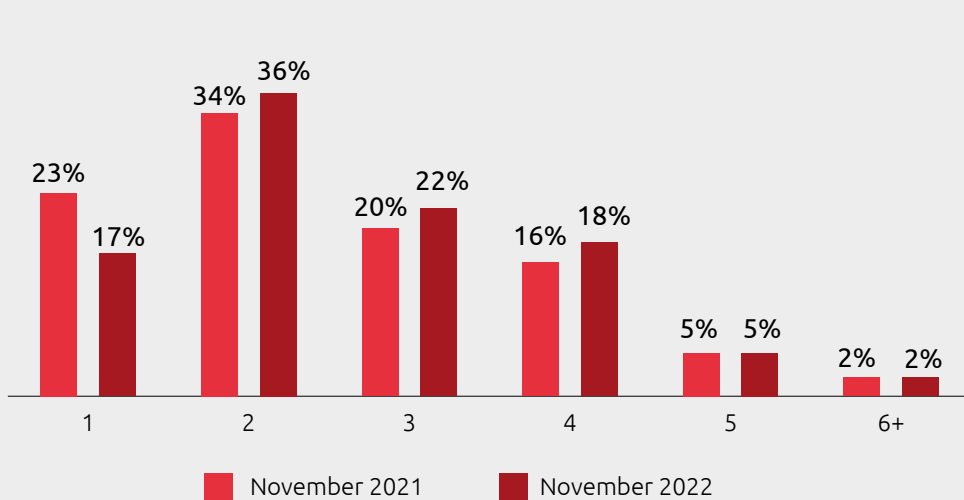
fulfillment that they previously demanded. Consumers today want sustainable products at an affordable price point and they expect companies to help them through this difficult time. Brands and retailers must make it easier on the consumer by reducing their costs and offering new and creative ways to provide both affordability and sustainability. From our survey of over 11,000 consumers around the world, it is also clear that shoppers are becoming more influenced by social media, and many are making purchases based on influencers they follow, especially younger generations.

# + RESEARCH METHODOLOGY

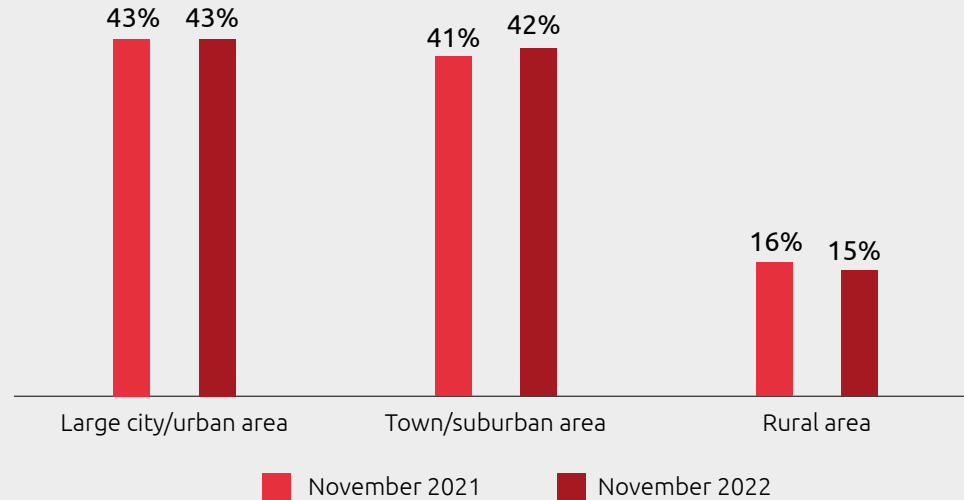
We surveyed 11,300 consumers over the age of 18 in 11 countries across North America, Europe, and Asia Pacific. The global survey took place in October and November 2022. The demographic details of consumers are below.



### Consumers by number of people in household

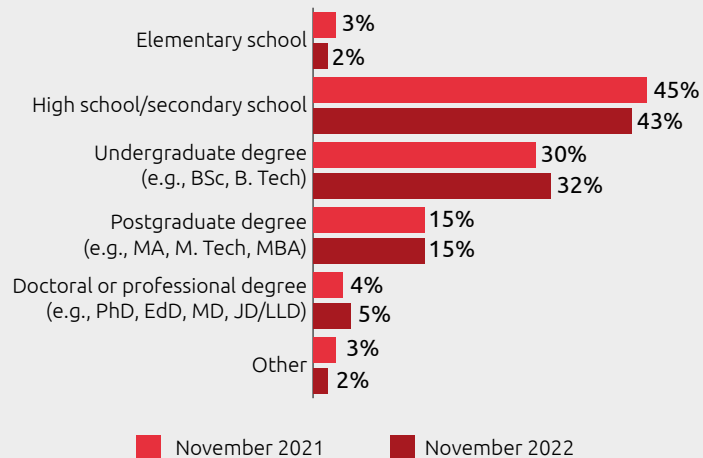


### Consumers by self-identified residential area

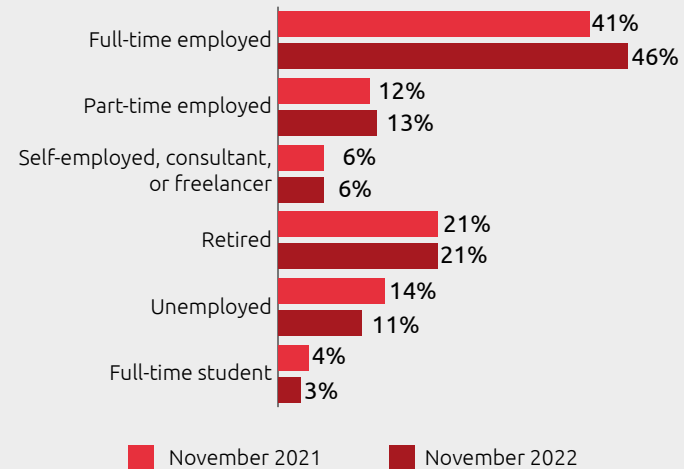


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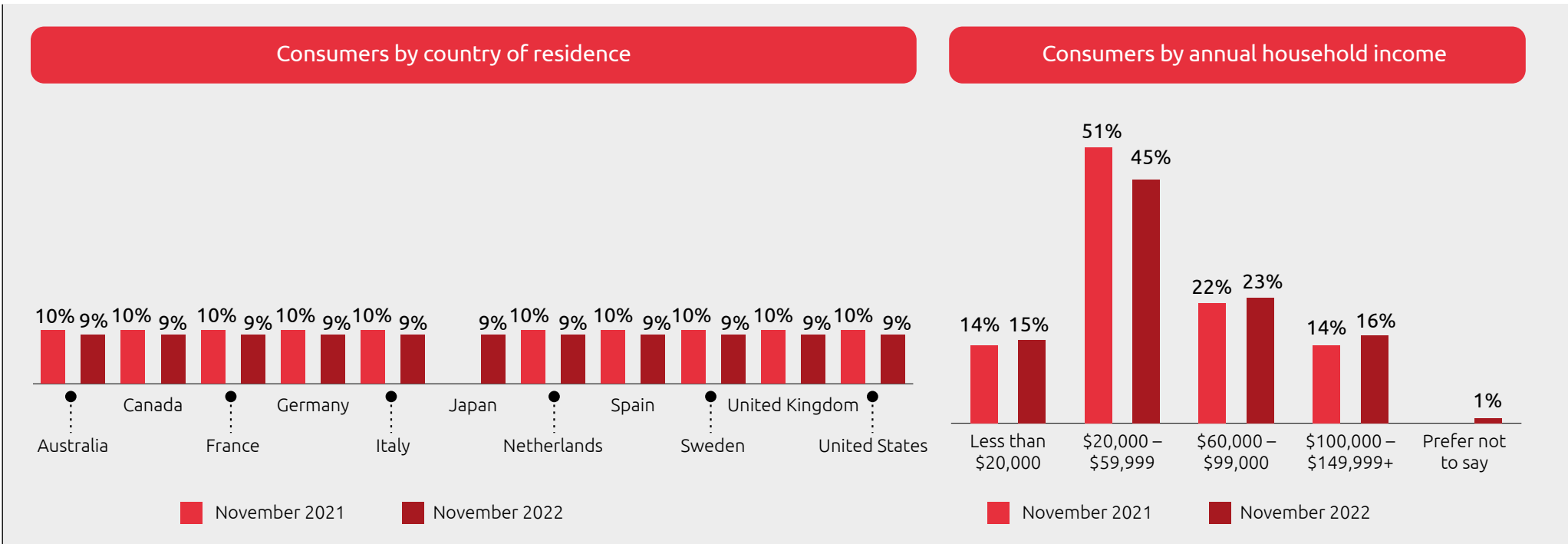
### Consumers by education



### Consumers by employment



### Research methodology



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, What matters to today's consumer, January 2022, N=10,179 consumers.

\*The study findings reflect the views of the respondents to our online questionnaire for this research and are aimed at providing directional guidance. Please contact one of the Capgemini experts listed at the end of the report to discuss specific implications.

**Research methodology**

# + APPENDIX

Service attributes tested among grocery and health and beauty shoppers:

## Delivery and fulfillment-related services – Grocery and health and beauty

- Easy and clear return policies
- Ability to specify delivery time slot
- In-home delivery (e.g., front entryway, garage)
- Order online with same day home delivery
- One-click addition to online shopping cart (based on past purchases)
- Order in store with same day home delivery
- Order online, pick up curbside/at store
- Order online as a subscription/on a recurring basis

## In-store experiences – Grocery

- Contactless checkout (i.e., self-checkout, no contact with store employee required)
- In-store curated recipes and other content (e.g., meal planning tips, ingredient suggestions)
- Ability to dine in at the grocery store
- In-store culinary lessons on how to cook healthy meals for less money

## In-store experiences – Health and beauty

- Contactless checkout (i.e., self-checkout, no contact with store employee required)
- In-store makeup lessons/workshops
- Ability to personalize the product
- Technology to help with your decision (e.g., virtual try-on, skincare analysis)

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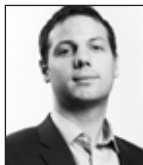
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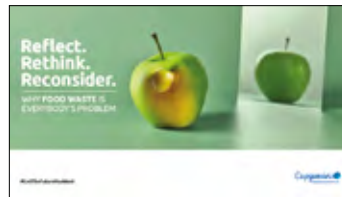
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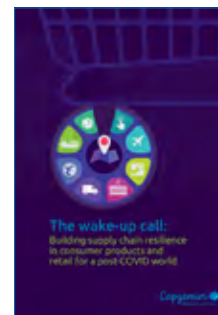
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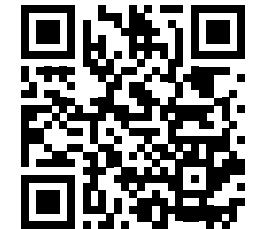
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