

# *Through Stormy Seas: The Consumer Seascape*

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# ***Through Stormy Seas: A four-part series***

May 4, IDDBA Webinar: **The Forecast**

June 4, WISL, IDDBA Expo: **The Consumer Seascape**

August 24, IDDBA Webinar: **Heavy Weather Strategies**

December 7, IDDBA Webinar: **Fore & Aft**





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# Confused Seas

“Confused sea conditions occur as a result of major shifts in wind direction that occur quickly.

This causes waves coming from differing directions, resulting in waves that are irregular and unpredictable.”



Source: The Oracle of Wikipedia



# *Cue Audience Participation:*



In 2011, *The Wall Street Journal* reported on a category of product that, unexpectedly, experienced sales contraction during the Great Recession.

What was the category?



# ***Cue Uncomfortable Reaction:***



Source: *The Wall Street Journal*, October 4, 2011



# Coping

Consumers shift dollars from food-away-from-home to food-at-home

- Traded down outlets
- Reduced check size
- Purchased more on deal

Implication:

The preferred solution to shifting dollars is NOT to reduce dining out occasions, but to lower the cost of those occasions



# ***Differentiate or Die***

**The only thing in the  
middle of the road is  
a dead skunk**

## **Bifurcation**

Consumers trade out of mid-tier brands to value options, but premium brands continue to prosper

## **Implication**

Be the product, the brand, the service, or the taste that is worth the spend

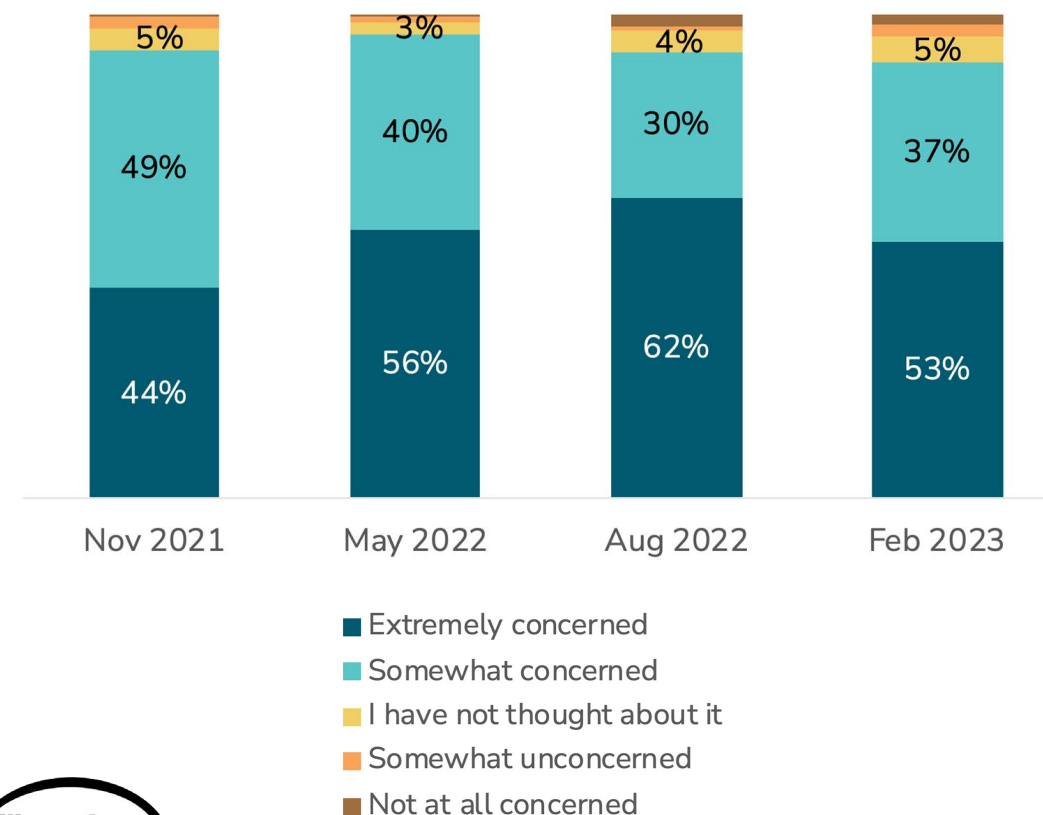




# Consumers Remain Concerned About Inflation

Overall, how concerned are you about inflation?

- The vast majority of consumers have been and still are concerned about inflation.
- The number of consumers “extremely concerned” about inflation has decreased slightly since August.



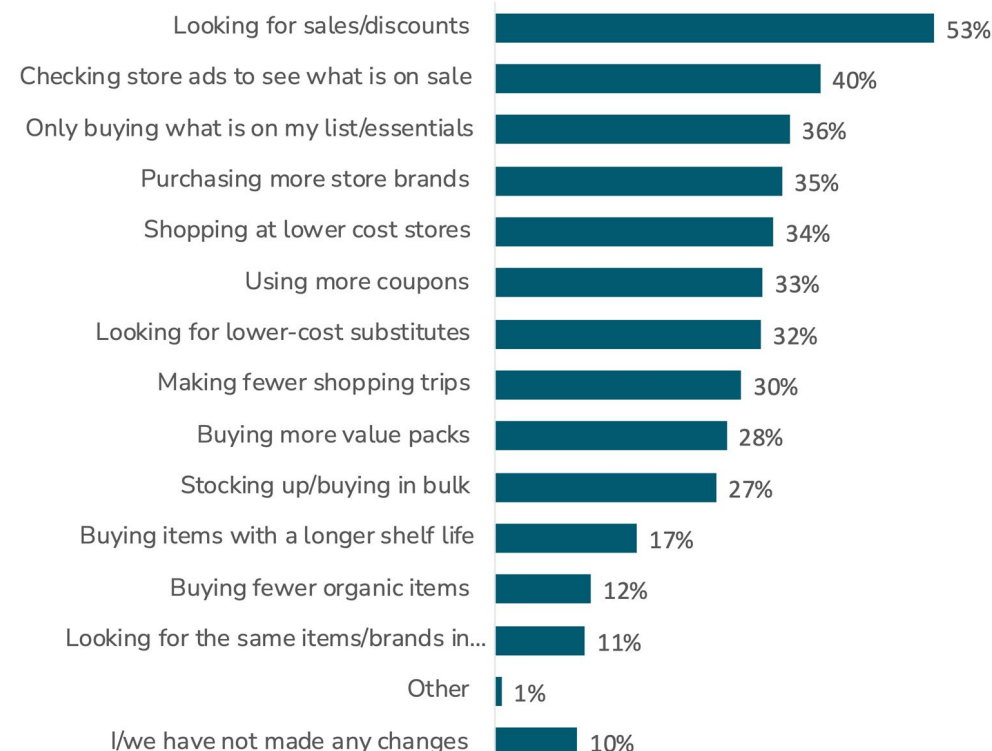
Source: Category Partners Consumer Surveys, Nov 2021,  
May 2022, Aug 2022, Feb 2023



# Reported Changes in Shopping Behavior

## Changes in Shopping Behavior

- Nine out of 10 consumers report making changes to the way they shop for groceries due to inflation.
- Consumers are making more conscious decisions about what they buy, where they buy it, and how much they will pay

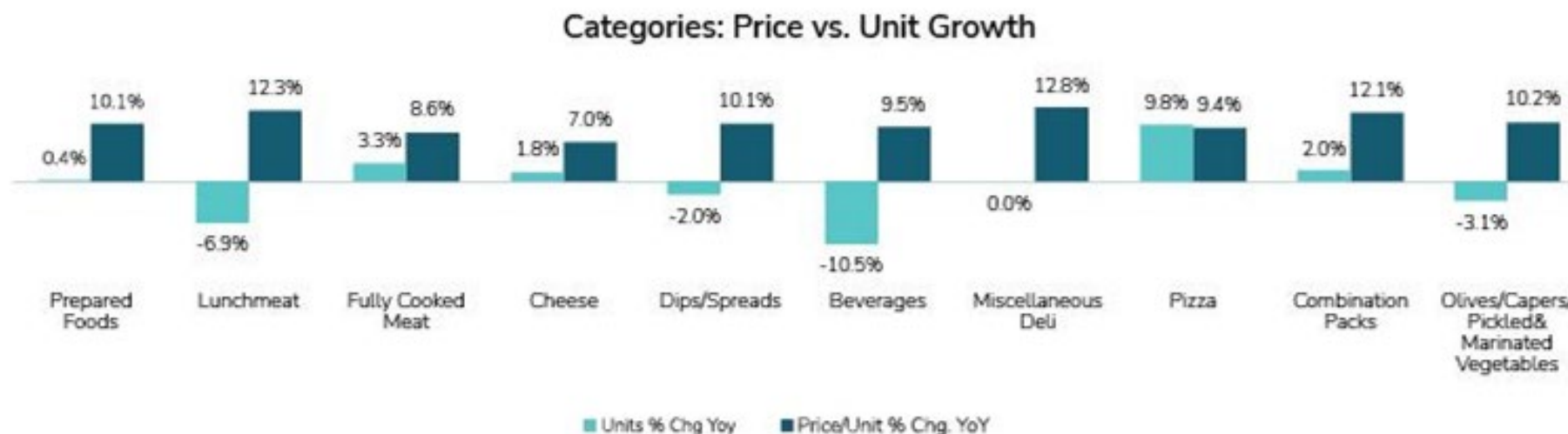


Source: Category Partners Consumer Surveys, Feb 2022



## The top 10 (dollar share) categories:

- Captured 98.1% of department dollars
- Generated \$12.5 billion in revenue, up +9.0% over last year
- Units were down -0.8%
- Prices were up +9.9% versus last year



Source: NielsenIQ – Total U.S. scan ending 1/21/23, powered by Category Partners analysis



# Food Insecurity

- Food-at-home inflation is at 8%
- SNAP Emergency allotments ended March 1, 2023
  - Some families will see a \$250 reduction in monthly benefits
  - Average reduction reduction in benefits will be \$82/mo
- 42 million Americans currently participate in the SNAP program





# ***Recession-proof?***

## **Emotional connection**

- Indulgence or Reward—I'm worth it
- Quality—it's worth it

## **Functional connection**

- Performance or purpose--I need it

## **Opportunity cost**

- Trade-offs: what do I have to give up to have it?



# *Implications*

**Your product must strive to be emotionally relevant to be recession -resistant**

- Have a point of difference and articulate it clearly
- Stay alert in confused seas
- Know your product's opportunity cost



# ***Thank you!***

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