



Trendspotting

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Trendspotting: Inflation has consumers changing eating habits

By

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There can be no denying inflation. The level of inflation, however, that is up for debate — especially when it comes to food.

Many Americans believe that food-at-home inflation has hit 22.8 percent, 9.7 points higher than the 13.1 percent annual rate reported by the U.S. Bureau of Labor Statistics. This according to the latest dunnhumby Consumer Trends Tracker. The perceived rate of food inflation is 5.1 percent higher than the dunnhumby Consumer Pulse report from February 2022, just after Ukraine was invaded. The dunnhumby study also found that the impact of food inflation varies widely by geography and demographics. The CTT is part of The dunnhumby Quarterly, a strategic market analysis of key retail themes, with the second edition being focused on inflation.

“Seven months ago we first reported on the mismatch between consumer sentiment and reality regarding food inflation. We now see it’s at the highest point to date, and we are also seeing that consumers are responding by changing their shopping behavior, and perhaps most troublingly, nearly a third are cutting back or completely eliminating some meals,” said Grant Steadman, president for North America at dunnhumby. “While there are signs in parts of the economy that inflation may be dampening, that has not occurred yet for food. Retailers and manufacturers need to ensure that they are putting their customers first when they are making decisions about how to respond to persistent inflationary cost pressures.”

Key findings from the study:

- An overwhelming majority of consumers are struggling financially. Sixty-four percent of U.S. consumers report they would have difficulty covering an unexpected expense of \$400 or more compared to 60 percent in April-May 2022.
- Food insecurity is on the rise across the country. Fifty-five percent of consumers surveyed report they are not getting enough of the food they want to eat, and 18 percent are not getting enough to eat. In addition, 31 percent of households have skipped or reduced the size of their meals in the last 12 month because there wasn’t enough food, a 5 percent increase since the last CTT survey May-June 2022.
- Seventy-five percent of consumers want retailers to provide consistent prices. Low base prices are also important across all incomes, even among affluent shoppers. Seventy-three percent of households with incomes above \$100,000 reported that low base prices are important, an increase of 7 percent. Shopping at stores with low base prices is the most common shopper behavior with 59 percent of those surveyed reporting they do this most of the time.
- Checking prices online before and while shopping is the second most popular customer behavior

with 37 percent of consumers reporting they do this. This behavior is up 6 percent since the first CTT. Rounding out the top three most common customer behaviors are buying in bulk (35 percent) tied with shopping at different stores to find the best value. Since April-May 2022, there has been an 11 percent increase in customers aged 35-44 buying in bulk. This age group is also the most likely to choose private brands over name brand alternatives.

- Consumers are shifting a significant share of their spending to dollar stores, at the expense of specialty and premium stores. Since April-May 2022, dollar stores' share of wallet has increased 2.1 percent (17.8 to 19.9 percent) while specialty and premium stores have decreased 1.1 percent (18.7 to 17.6 percent). eCommerce channel penetration has also decreased since peak COVID-19 and appears to be linked to customers' increasing sensitivity to cost. Between October 2021 and July 2022, there's been approximately a 20 percent increase in people citing additional fees (e.g. delivery and picking fees) as a barrier to buying groceries online.

- Consumers are also trading down in categories. Eighty-three percent of respondents are looking for cheaper alternatives to the products they usually buy in at least one category. The top three categories consumers are trading down in are packaged food (53 percent), common household products (52 percent) and frozen food (42 percent).

[Craig Levitt](#)

About Craig Levitt |

When his dreams of becoming a professional hockey player came crashing down due to lack of talent, Craig Levitt turned to journalism. He graduated from Hofstra University in 1992 and has covered various areas of the retail food trade since 1996. Craig joined The Produce News in 2017 and is now managing editor. In his spare time, Craig still plays men's league hockey (poorly) and enjoys walking the aisles of his favorite supermarket with his wife and two daughters.

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