

# The Great Inflation

## Navigating evolving consumer behaviours through inflation

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# Setting the Stage



# Is the new normal too expensive?

With the price of everything on the rise, people are increasingly concerned about their bills creeping higher each month, and businesses are gauging where their costs are heading in the months to come.

- The annual rate of inflation in Canada hit **6.7%** in March 2022, the fastest year-over-year increase in over **31 years**, the highest rate since **1991**.
- The growing rate of inflation has alarmed economists and central bankers amid signs that Canadians are beginning to expect inflation to remain high for some time.

- In the USA, the inflation rate hit a **40-year high of 8.5%** in March this year, the largest 12-month increase since the period ending **December 1981**.
- Costs for food, gasoline, housing and other necessities are squeezing consumers while paychecks are slow to keep pace.

## Inflation has exploded during the pandemic

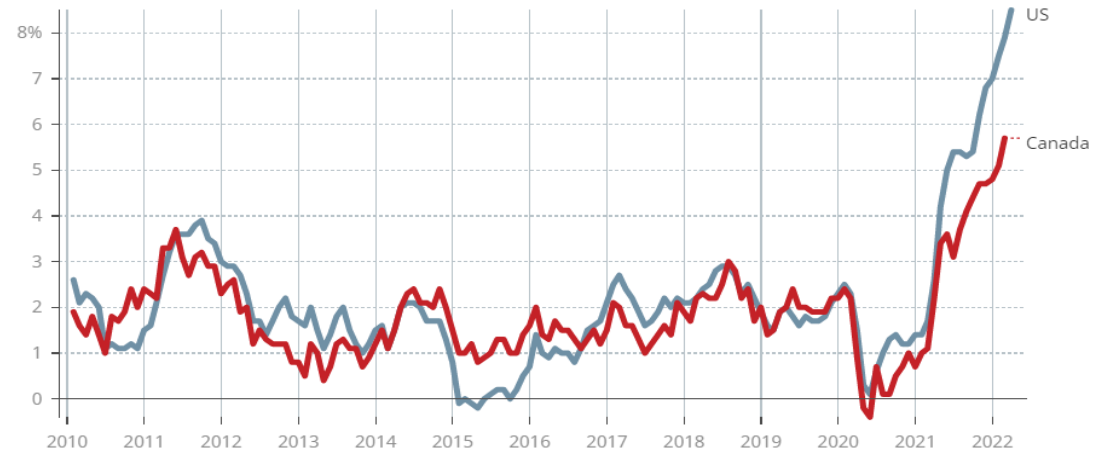


Chart: Pete Evans/CBC • Source: U.S. Department of Labour

CBC News

Inflation was largely under control for four decades but began to accelerate in the USA, Canada and around the world with economic rebound from the COVID recession, and accelerated with the impacts from the war in Ukraine.

After years of relative stability, inflation rates plunged in 2020 when COVID-19 began, before roaring back in 2021 and beyond due to supply and demand imbalances, and record-low interest rates.



# Canadian Economy

The CPI rose 1.4% in March, following a 1.0% gain in February. This was the most significant increase since January 1991, when GST was introduced. The data agency's eight categories of the economy rose, from food and energy to shelter costs and transportation.

## RISE IN GAS PRICES

- In March 2022, gasoline prices rose 11.8% month over month, following a 6.9% increase in February.
- Global oil prices rose sharply in March due to supply uncertainty following Russia's invasion of Ukraine. Year over year, consumers paid 39.8% more for gasoline in March.

## FOOD INFLATION TO REMAIN HIGH

- Food prices increased by 7.7%, while grocery store prices rose 8.7% year-over-year in March 2022- the highest annual food inflation rate since March 2009.

## NO RELIEF IN HOUSING COSTS

- Bank of Canada increased its key policy rate by 0.5%, raising the benchmark interest rate to 1%, with warnings of more rate hikes this year. The interest rate increase will lead to a decrease in housing affordability for home buyers.
- For homeowners, particularly those holding a variable-rate mortgage, can expect to see a direct impact on mortgage rates.

## HIGHER BORROWING COSTS

- In the short term, higher interest rates on car loans, charge cards and mortgage payments will increase the cost of living for borrowers.



Current Issues

### COMPANIES ARE FEELING THE PINCH FROM ALL ASPECTS OF THEIR BUSINESS

- Businesses have faced an unprecedented few years characterized by a prolonged pandemic, record-high inflation, supply chain disruptions, labour shortages, and geopolitical turmoil. In April, the Index of Business Confidence fell 3.1 points to 80.7, the lowest since Q3 2020.



Looking to the Future

### MOST BUSINESSES THINK IT WILL TAKE AT LEAST TWO YEARS TO GET INFLATION UNDER CONTROL

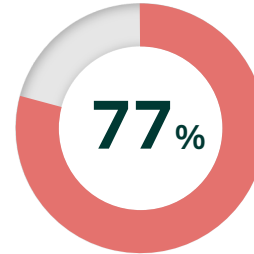
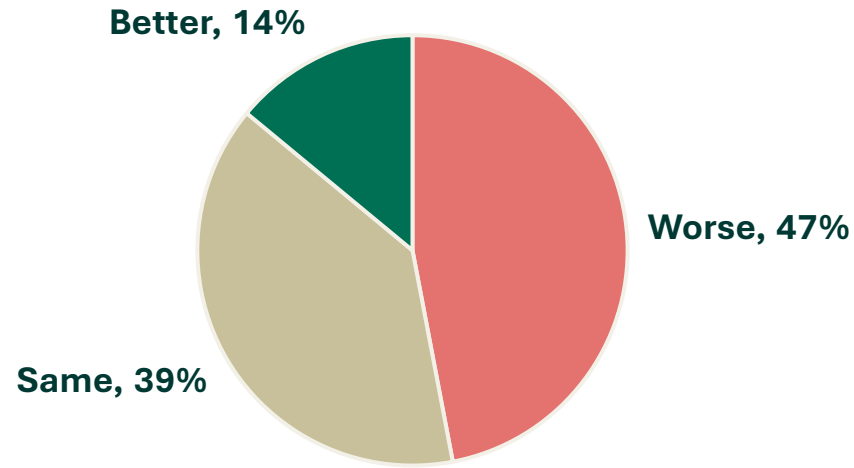
- 71% of Canadian businesses expect economic conditions to worsen in the next 6 months
- 67% expect prices in Canada to rise at an annual rate of 5% or greater over the next six months, while 64% of businesses believe their profitability will worsen or remain the same over the next six months.
- Only 18% expect supply chain disruptions to improve over the coming six months, while 40% expect supply chain disruptions to worsen, and 42% expect them to remain the same.

# Response to Inflation

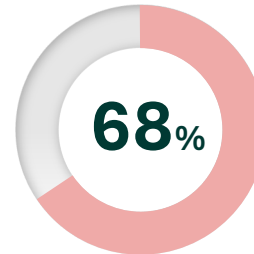


Many are struggling to keep up with inflation and feel they are worse off financially.

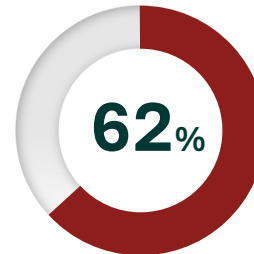
Financial Situation Versus Year Ago %



Over three-quarters of Canadians report their **household income is not keeping pace** with inflation.



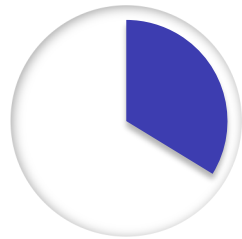
Nearly 7-in-10 Canadians have been **heavily impacted** by the increased cost of living in recent months.



Over 6-in-10 Canadians indicate they **can't keep up** with the cost of living.



Many Canadians feel inflation is unnecessary to keeping the economy healthy and the majority feel the federal government should prioritize actions to control increasing prices.



**33%**

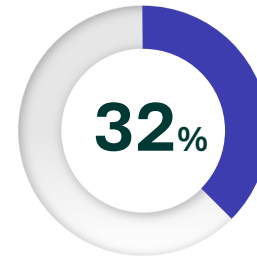
believe inflation is necessary in order to keep the economy healthy.



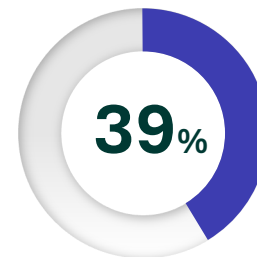
**91%**  
believe that controlling inflation should be a high priority for the federal government.

**“** It is **worrying** how high prices are and how the **government** has **no plans** on how to **control** it. **”**  
- Male

Financial instability is a very real concern for about one-third of Canadians who are experiencing a high debt load and uncertain about their job security in the current economic climate.



Nearly one-third of Canadians report they have too much debt.

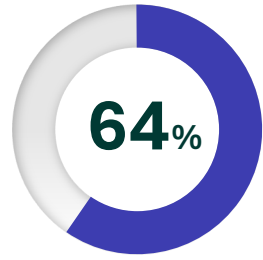


Nearly 4-in-10 Canadians are concerned they (or a household member) could lose a job because of the economy.

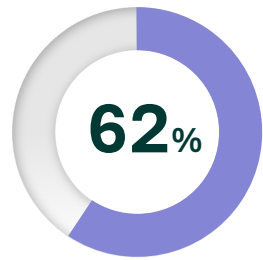




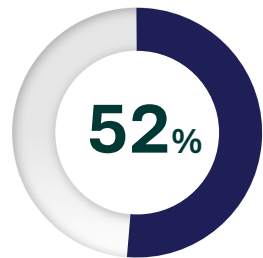
## Dealing with inflation is also causing emotional stress for many Canadians.



Nearly two-thirds of Canadians are **fearful** they will not have the finances necessary to manage their older years independently.



Nearly two-thirds of Canadians are **stressed** about money.



Over one-half of Canadians feel **overwhelmed** by financial burdens.



*I have noticed that so many of the things I buy on a regular basis have really **gone up in price**, some more than others. Looking ahead I **fear** that this is going to continue and make it **hard** on the ordinary home to **manage their budget**.*

- Male

While these behavior changes have been forced upon them, some consumers' sentiments show they have found a silver lining; others remain frustrated.

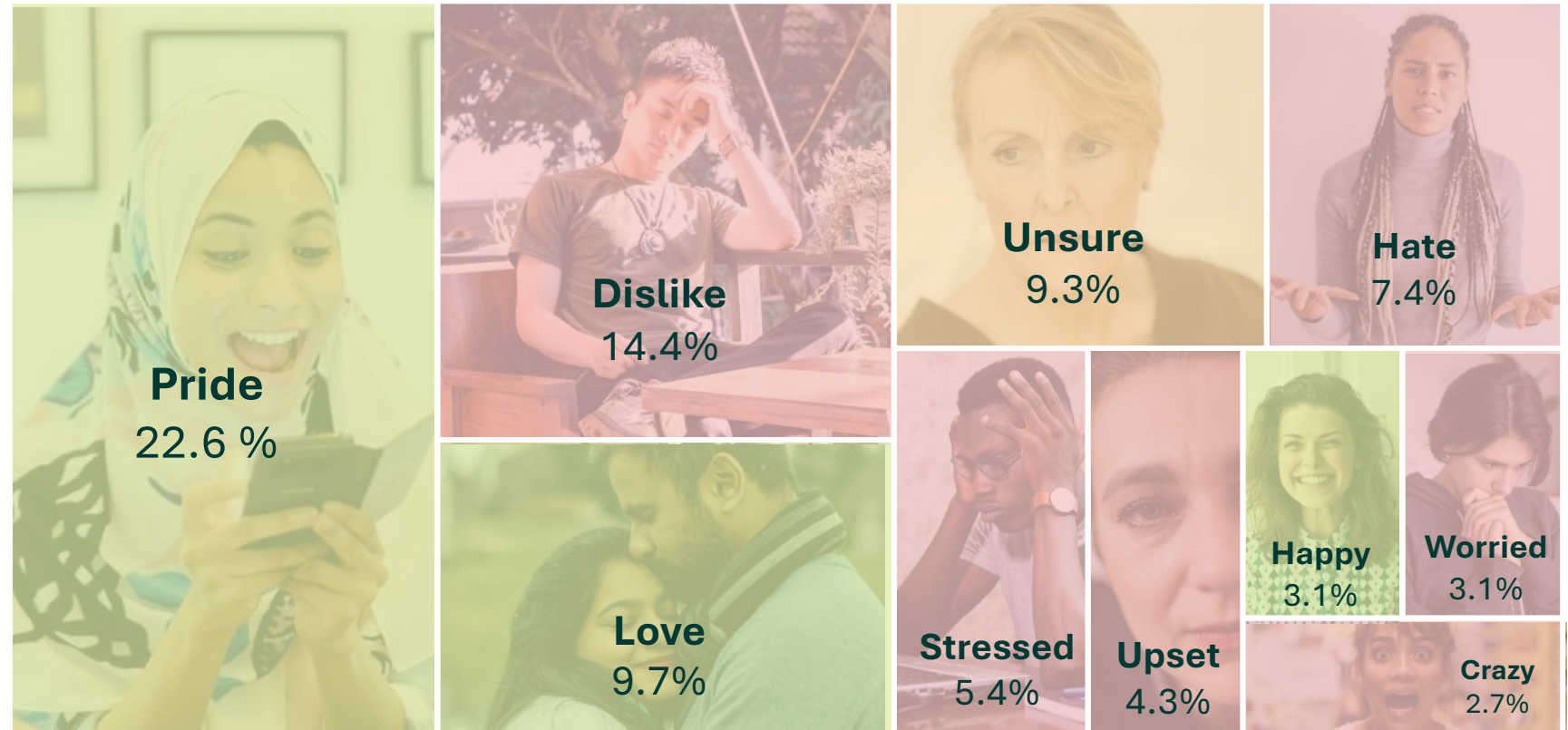
### Sentiment Analysis %

“

*I haven't been **wasting** as much food. I always check the fridge to make sure nothing is going bad in there. It's a **good feeling**.*

Female

”





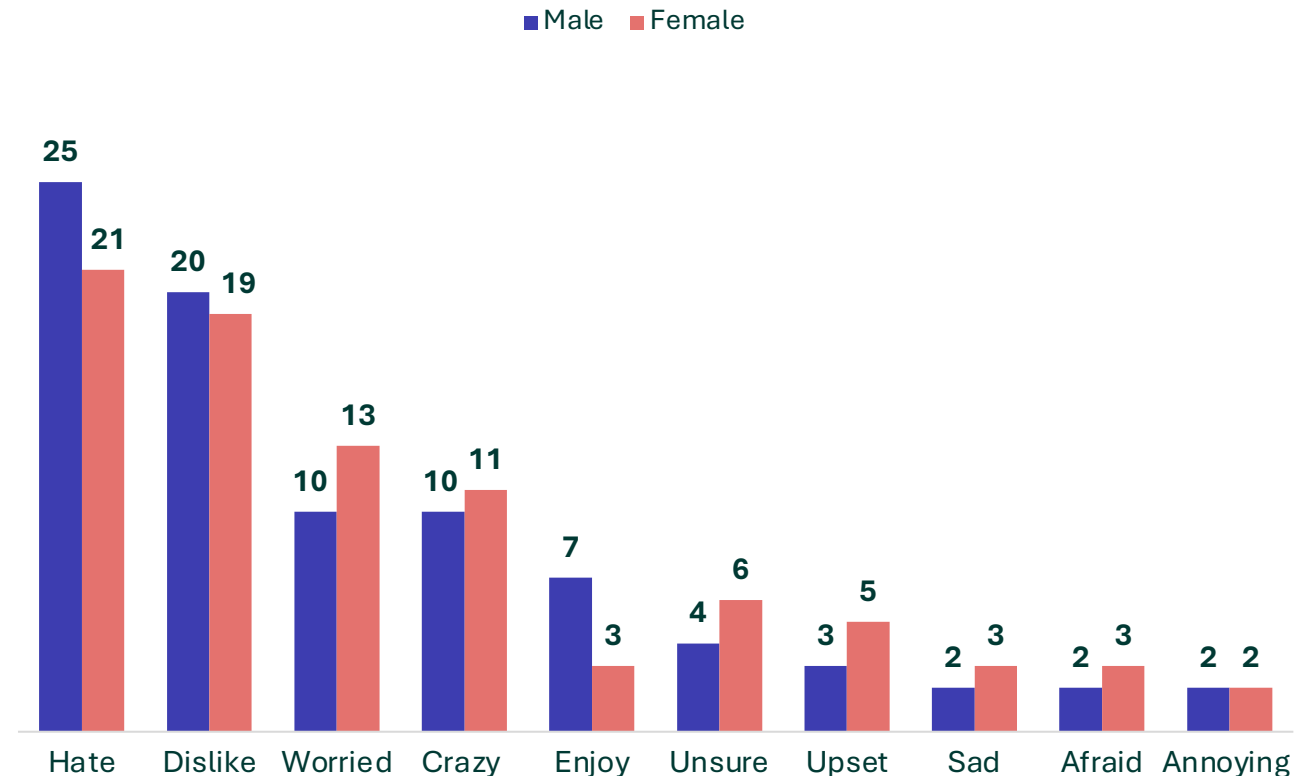
Males expressed stronger negativity towards inflation often thinking about the here and now, while females felt more worried and highlighted their concerns for the future.

In response to how behaviours have changed in response to inflation, female respondents spontaneously mentioned the topic of buying more than male respondents.

- **Females** are more likely to mention being **money-conscious** than men, indicating they are more worried and thinking more about their spending habits than males during this inflation period.

- Female respondents also mentioned **concerns around food and groceries** more often than males in their responses to how behaviours have changed during this period of inflation.

Sentiment Analysis %



# Consumers are concerned that their income isn't maintaining pace with the exponential increase in the cost of living.

- Overall, the increase in prices has left consumers feeling **worried** – both **now** and for the **future**. Many have found ways to **cut back** and **adapt** right now, but there is much **uncertainty** in what lies **ahead**.
- The **inflation rate** has consumers worried about how they are going to **keep up**; especially when their **income isn't**.
- In their current state, they have made **cutbacks** to adapt, which was **troubling** for some, and **looking forward** they are **unsure** how they will be able to manage.
- Consumers are feeling the **effects** of inflation **in-the-moment**, but the rate of inflation is also **daunting**.

“ The **inflation rate** is crazy . The **cost of living** is going up so **rapidly** it's getting **hard to make ends meet**.  
- Female



# Segmentation: Struggling, Adapting or Still Thriving?



“

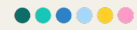
*Fortunately, my family hasn't been pushed to the brink, but I worry about our seniors and young families. I can see how problematic inflation is for so many. Some are struggling more than others.*

*Male, 45-54 years*

”

# Three unique experiences define the consumer response to inflation.

Responses to inflation vary greatly by subgroup, including socioeconomic status, life stage and consumer outlook, to name a few.



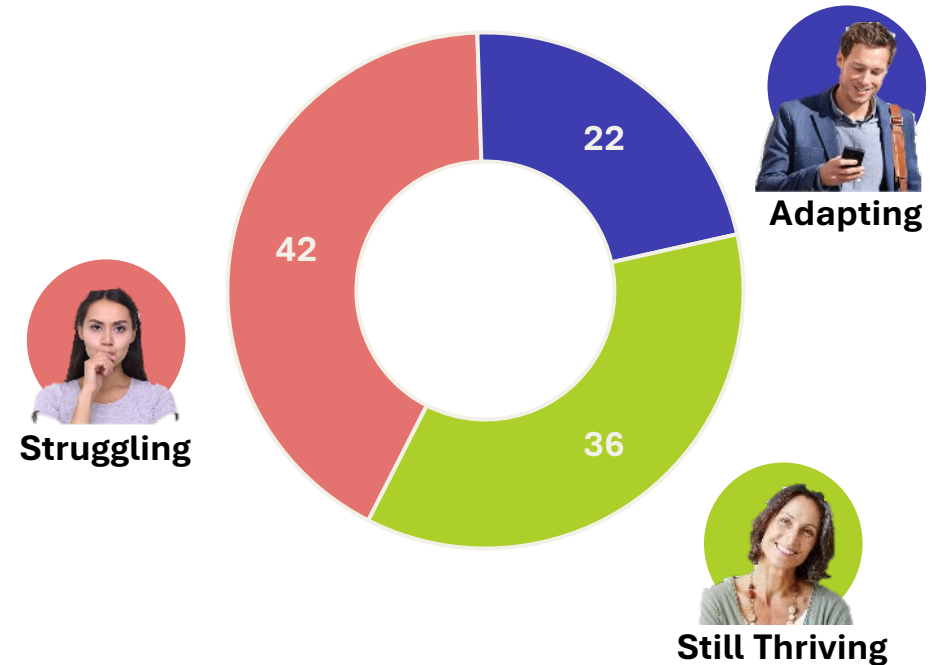
A segmentation model identifies patterns within a data set and groups individual responses based on:

- **Common traits they share with others:** *internal* homogeneity;
- **Distinction from other subgroups:** *external* heterogeneity.

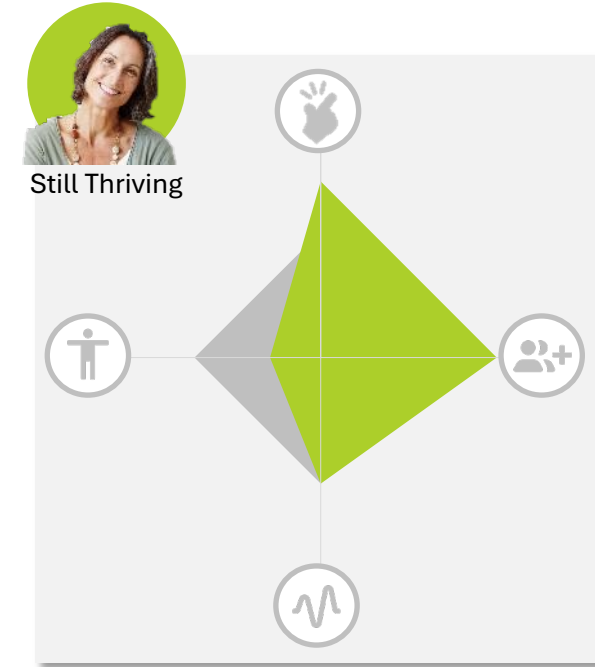
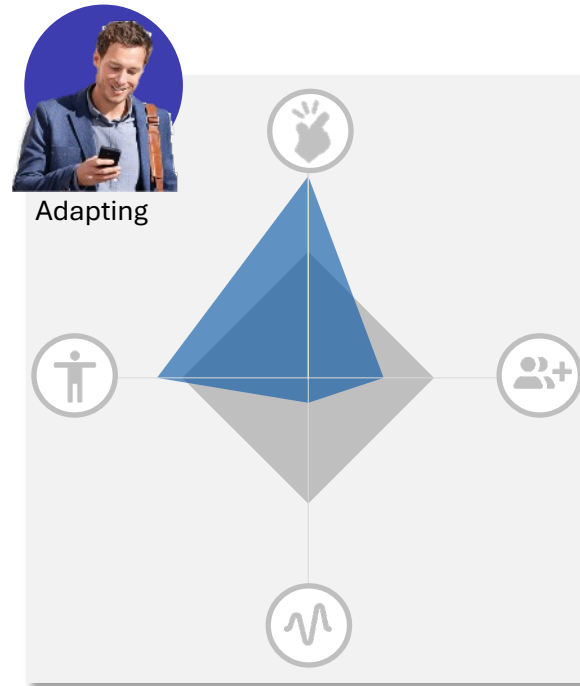
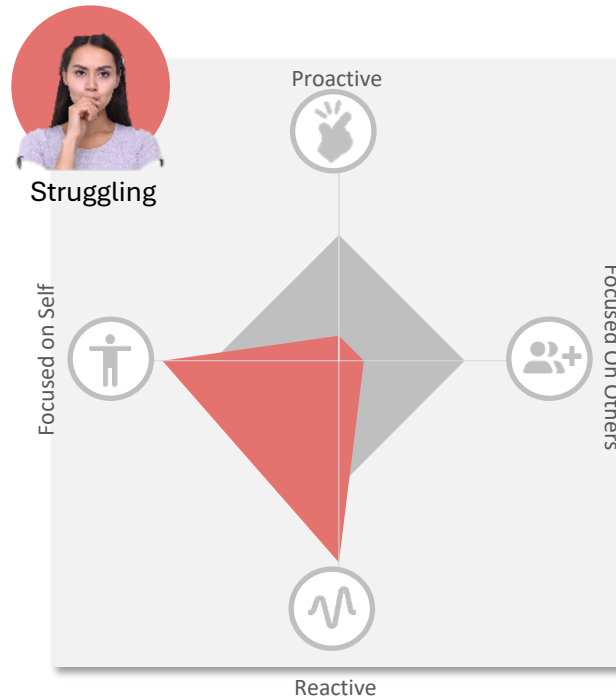
The resulting output is a grouping of all the respondents that share similarities with respect to one another, however, are differentiated from other groups.

We identified **three** unique segments through the evaluation of 14 attitudinal and 53 stated behavioural inputs.

### Consumer Segments %



*Struggling* Canadians and those *Adapting* are focused on personally reducing the impact of inflation, while those *Thriving* have capacity to be empathetic to others less fortunate.



### Defining Mindset

Settling and compromising.  
Stretching self and family to survive.

Flexing adaptability and ability to  
reprioritize in order to maintain lifestyle.

Benefiting from stability and preparedness  
while concerned about others.





# Two-in-five Canadians are **struggling** to keep pace with inflation.



42% OF CANADIANS

## STRUGGLING

These Canadians are spending carefully and making significant compromises in the face of inflation yet struggle to keep pace with the increased cost of living. Their financial security is at risk, leaving them feeling overwhelmed and stressed about their money and their future.

Struggling Canadians are most likely to cut back on all forms of spending and to have switched their primary grocery store in recent months due to inflation. They often shop around and take advantage of deals, flyers, and loyalty points to offset spending.

### Top 5 Emotions Felt

- #1 🙄 Sad
- #2 😬 Anxious
- #3 😭 Despair
- #4 😡 Annoyed
- #5 😐 Cynicism

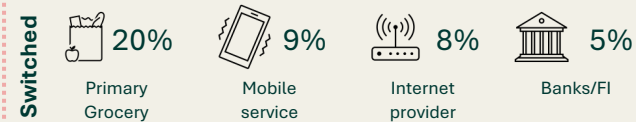
### Behavioural Impacts

#### Spending Cutbacks



**18**  
Avg. # of categories impacted by inflation

#### Struggling Canadians over-index for spending cuts across all categories due to inflation

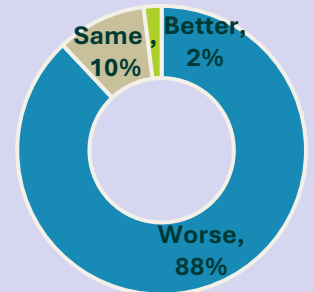


“

I lay awake at night. We've had to make dramatic changes to our lifestyle to keep up with the price of groceries and gas. Forget luxuries. We've given up on many small joys of life to stretch the budget.

”

### Financial Situation vs Year Ago

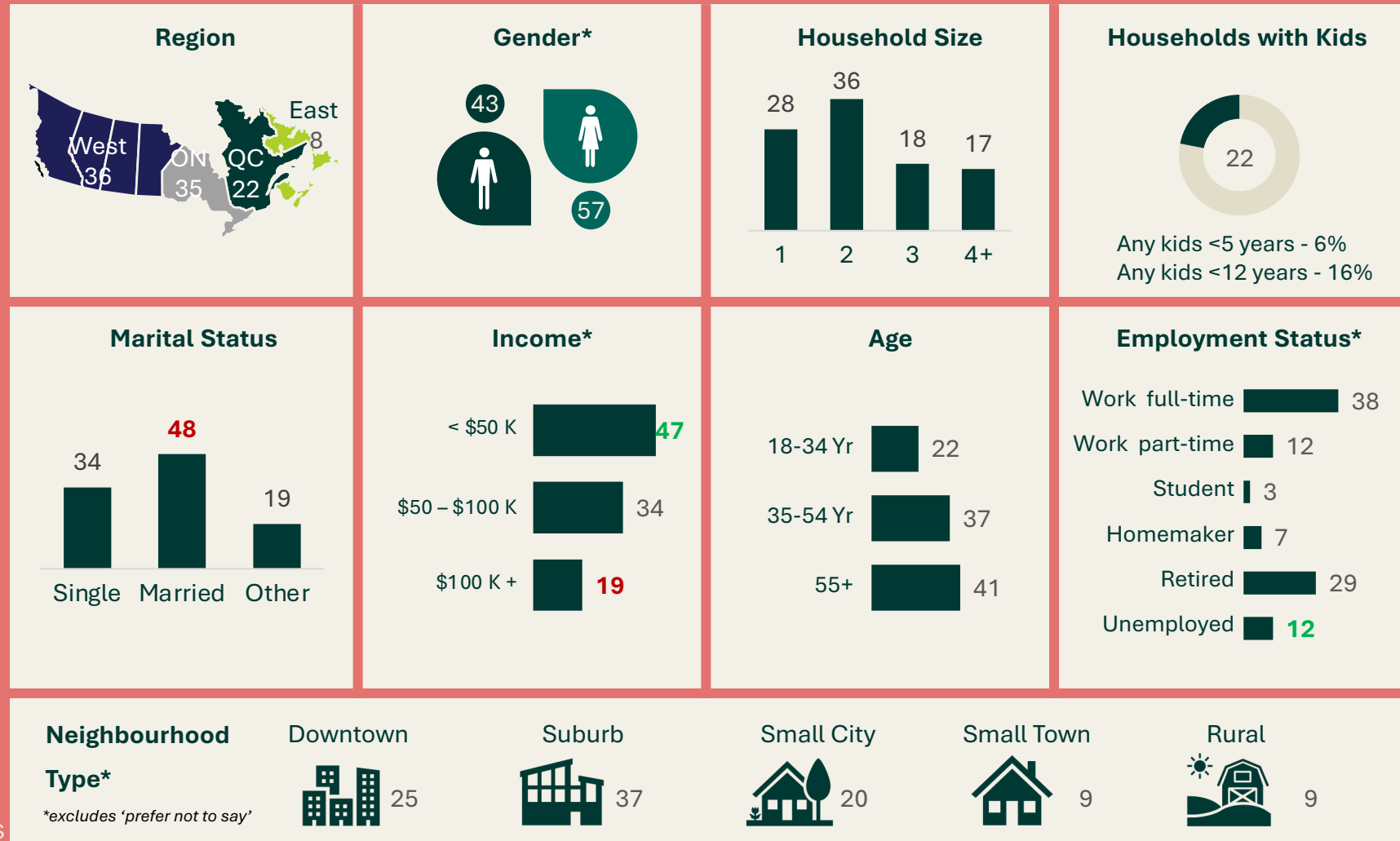


### Comparative Position

Ability to Manage Cost of Living	<b>LOWEST</b>
Amount of Debt	<b>HIGHEST</b>
Concern about future	<b>HIGHEST</b>



# Getting to Know **Struggling** Canadians





# Over 1-in-5 Canadians are **adapting** habits and priorities in response to inflation.



## ADAPTING

**Adapting Canadians are not particularly concerned about their financial security. They are the segment least likely to indicate they've been negatively impacted by inflation and take things in stride. They are confident in their financial future despite have the highest debt load and being most concerned about job loss.**

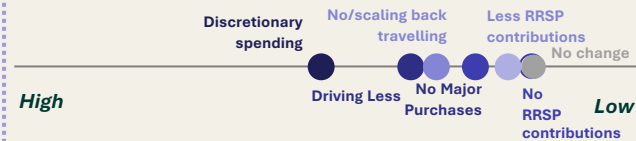
This segment has responded to inflation by switching service providers, including financial, insurance, mobile and cable/internet providers. They have also adjusted priorities, delaying education and housing purchases over the last few months.

### Top 5 Emotions Felt

- #1 😄 Optimistic
- #2 😊 Hope
- #3 😐 Cynicism
- #4 🙏 Trust
- #5 😞 Sad

### Behavioural Impacts

#### Spending Cuts



**17**  
Avg. # of categories impacted by inflation

**Canadians who are adapting are less likely to cut down due to inflation except for cannabis purchases and professional clubs**

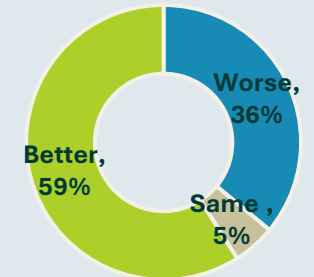


“

*Nobody enjoys inflation, but I think I'm luckier than most. I've had to get more creative about my spending and have done what I can to get better rates. Every little bit helps.*

”

### Financial Situation vs Year Ago

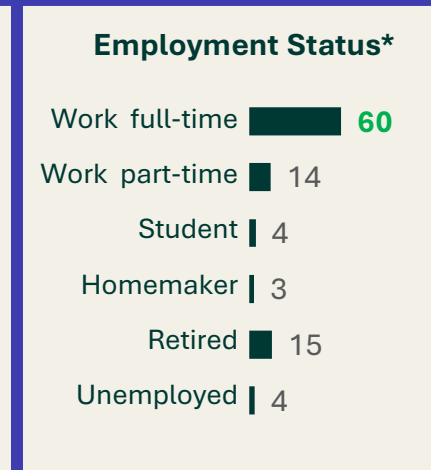
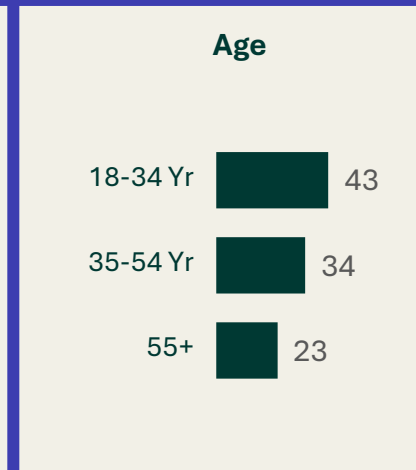
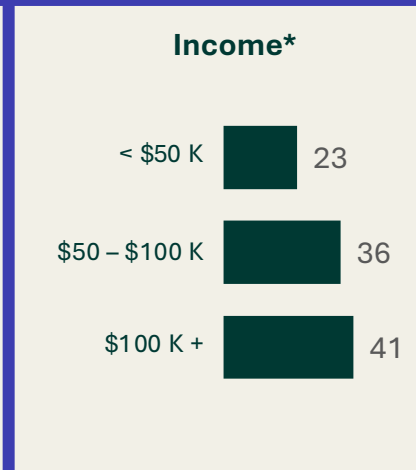
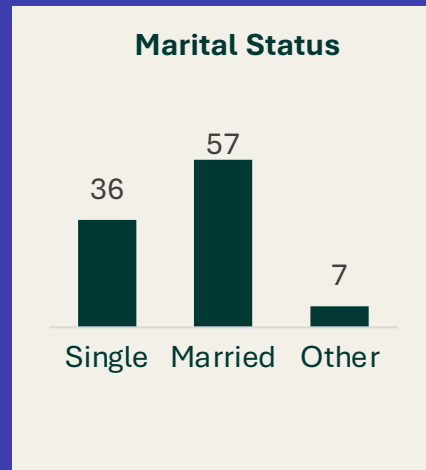
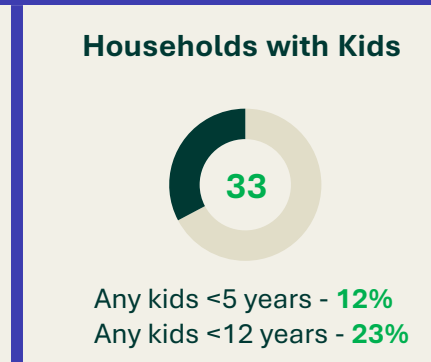
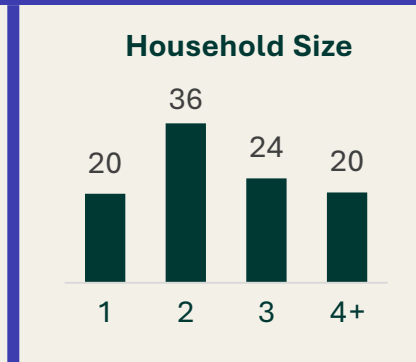
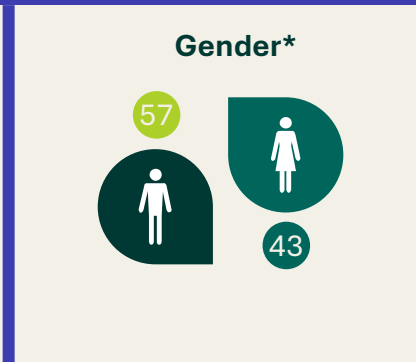
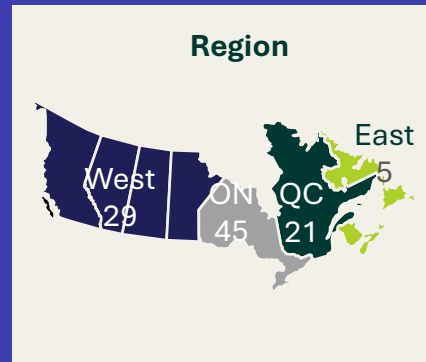


### Comparative Position

Ability to Manage Cost of Living	<b>MODERATE</b>
Amount of Debt	<b>HIGH</b>
Concern about future	<b>MODERATE</b>



# Getting to Know **Adapting** Canadians





# Just over one-third of Canadians are **still thriving** despite unprecedented inflation.



36% OF CANADIANS

## STILL THRIVING

Those thriving in the face of inflation are the least likely to be personally impacted by increasing prices and, as a result, are least likely to have changed their spending habits or shopping behaviours as a result. They are calm, prepared, and feeling optimistic about their future.

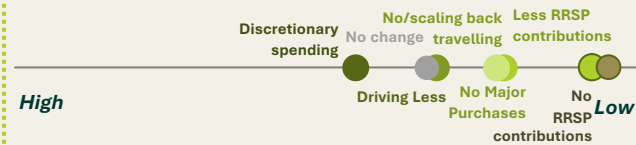
While some moderate cut-backs have been made by this group, they are more likely to focus their efforts on minimizing wastefulness and pantry-loading when deals present themselves.

### Top 5 Emotions Felt

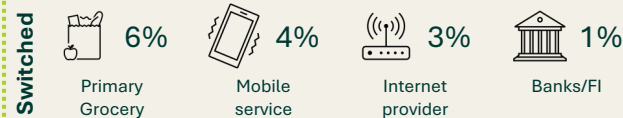
- #1 😊 Optimistic
- #2 😬 Cynicism
- #3 🙌 Trust
- #4 😊 Hope
- #5 🤔 Curious

### Behavioural Impacts

#### Spending Cuts



Canadians who are still thriving are less likely to cut down on any everyday purchases due to inflation

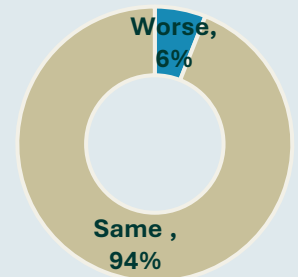


“

*I consider myself lucky to be able to afford things even at inflationary prices. At my age, we've been through this before. It can feel ridiculous but it's necessary for the economy.*

”

### Financial Situation vs Year Ago



### Comparative Position

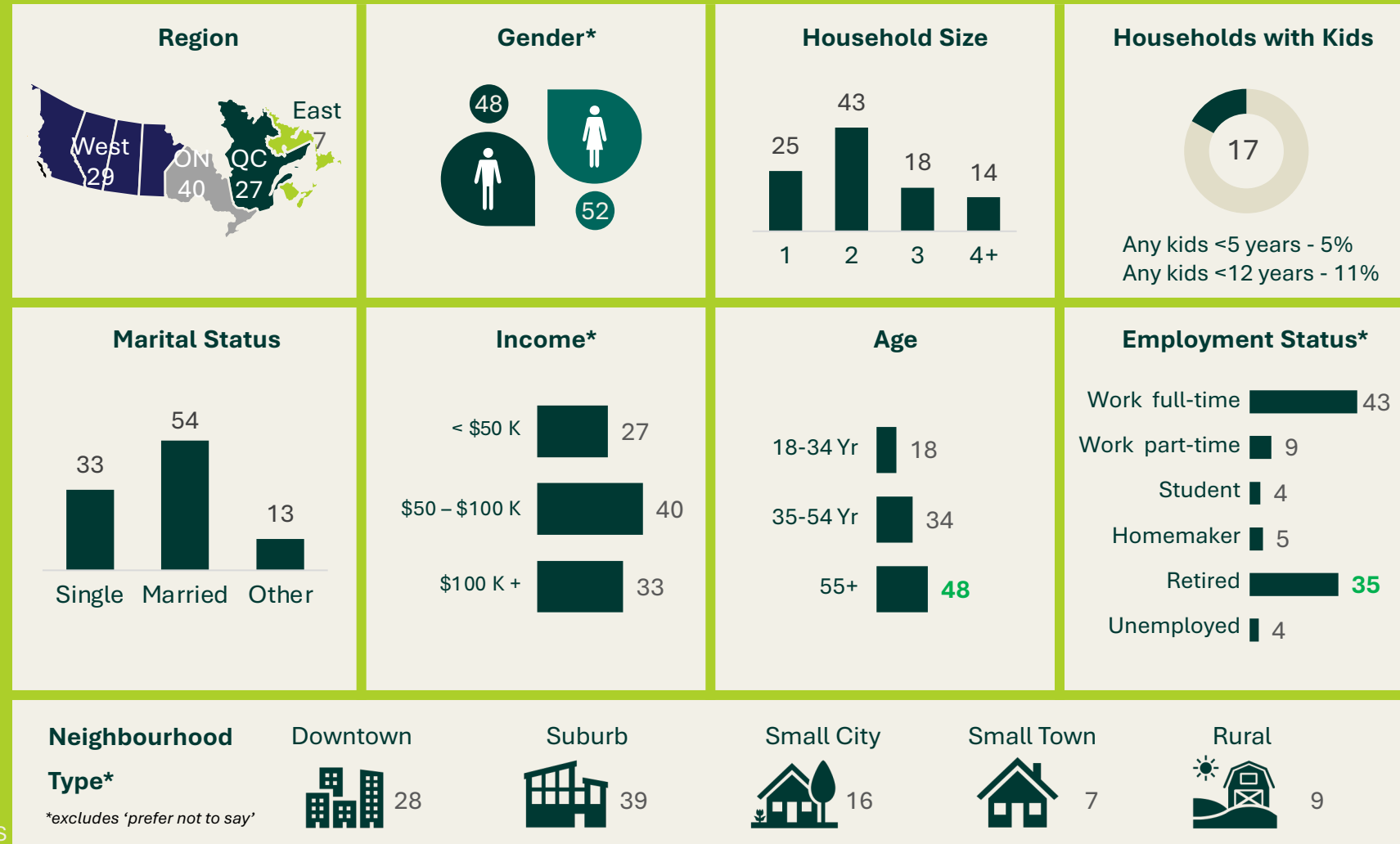
Ability to Manage Cost of Living	<b>HIGHEST</b>
Amount of Debt	<b>LOWEST</b>
Concern about future	<b>LOWEST</b>



# Getting to Know **Still Thriving** Canadians



36% OF CANADIANS



# Inflation's Impact on Where & How We Spend

“

*Saving money is very important,  
sometimes **changes** are good!*

- Female

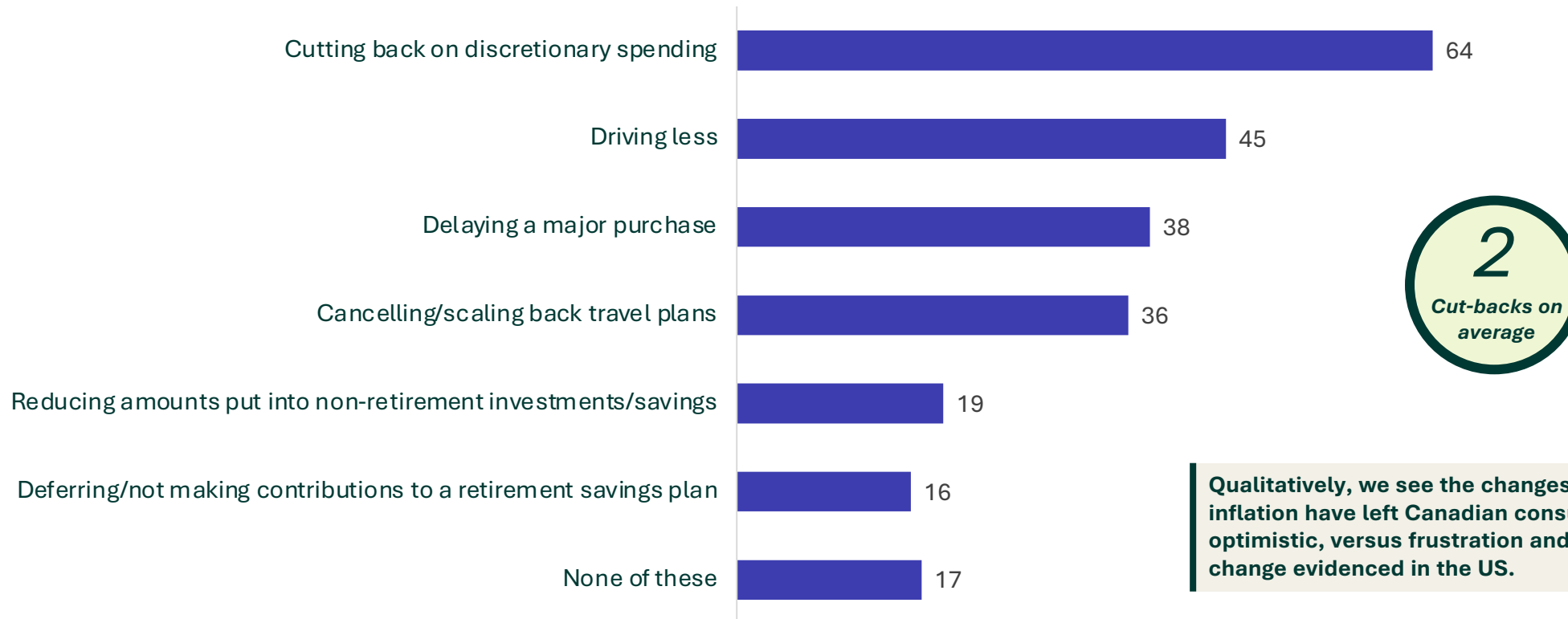
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Canadian households are most likely to cut back on discretionary spending and drive less in response to inflation. Nearly 2-in-5 have delayed major purchases and/or travel.

### Spending Cuts in Recent Months %



Qualitatively, we see the changes in response to inflation have left Canadian consumers feeling more optimistic, versus frustration and a hesitancy toward change evidenced in the US.



However, while this behaviour change has been forced on them, many of them have found a silver lining and are leaning into their newfound resilience.

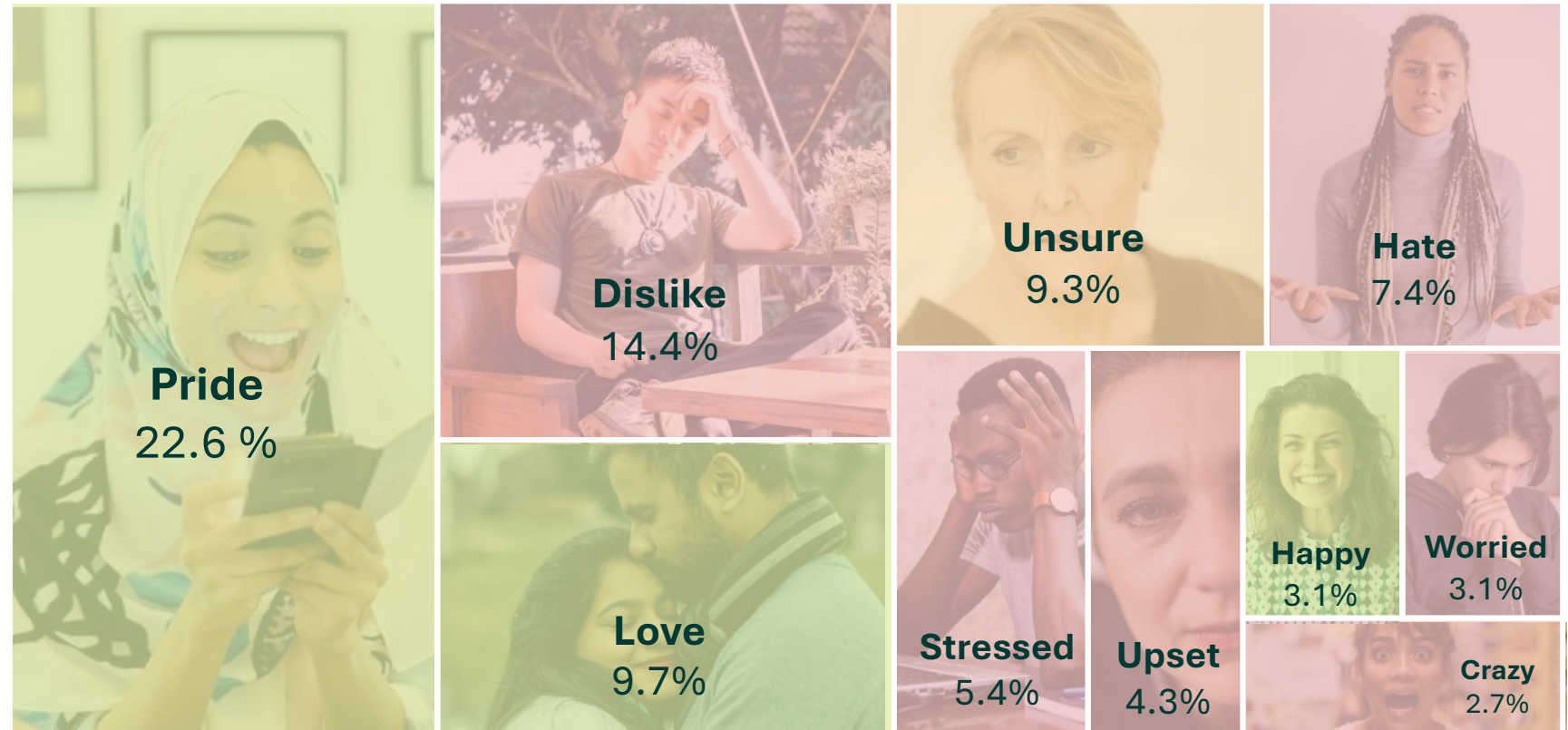
“

*I haven't been **wasting** as much food. I always check the fridge to make sure nothing is going bad in there. It's a **good feeling**.*

Female

”

**Sentiment Analysis %**



“

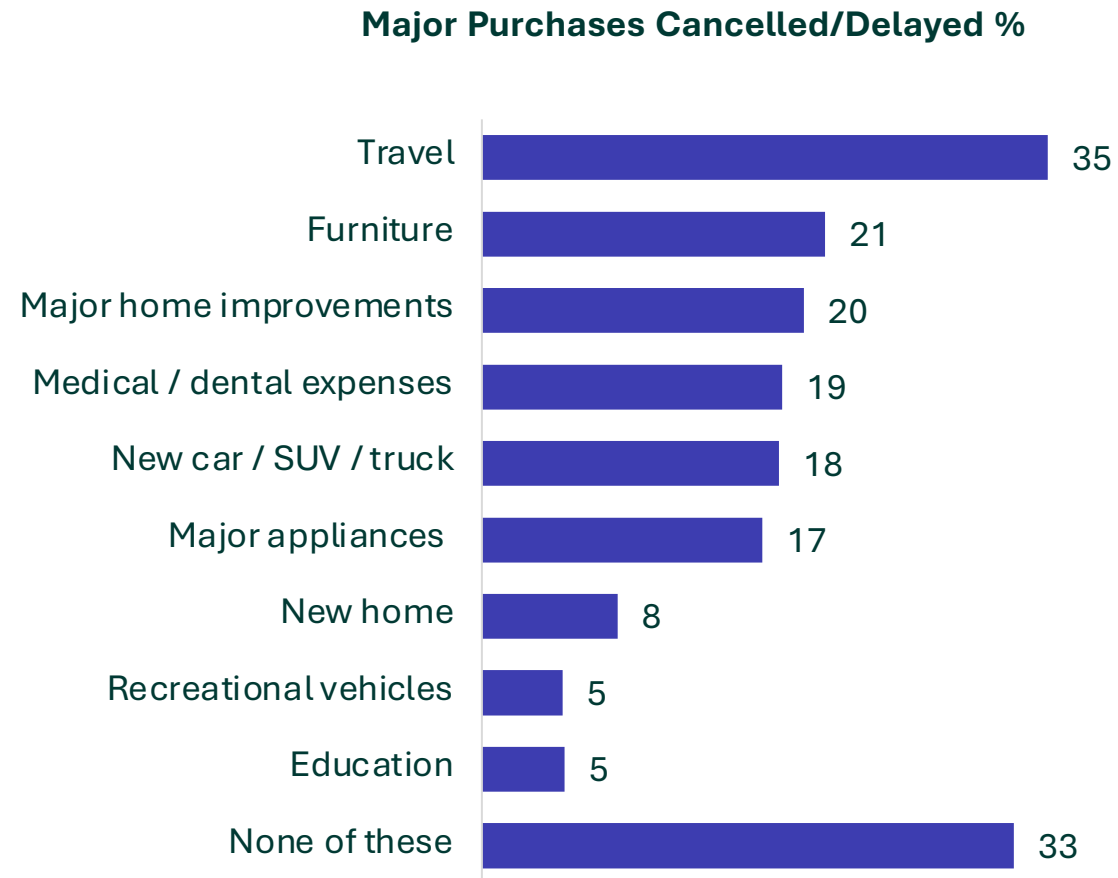
*In a way, it's teaching me how to be more **frugal in everyday living, cutting out the unnecessary things, making room for only what's **needed!*****

- Male

”



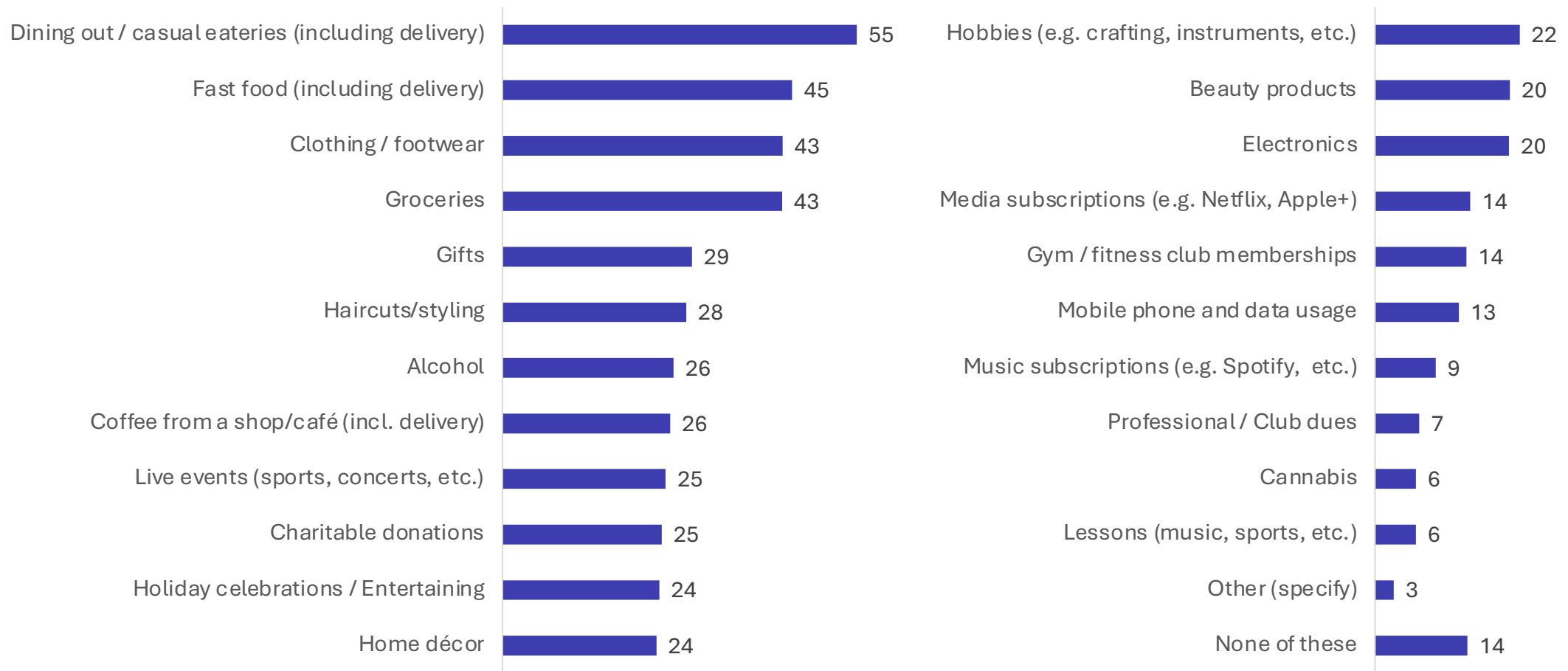
When prompted, two-thirds of Canadians indicate they have cancelled or delayed major purchases due to inflation in recent months with travel most impacted.





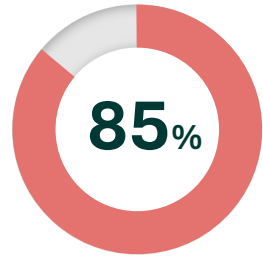
# Discretionary food and apparel purchases are most likely to be cut in the face of inflation while just over one-in-ten Canadians have cut subscriptions and memberships.

**Spending Cutbacks Due to Inflation %**

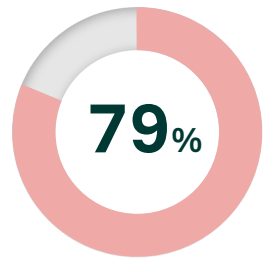




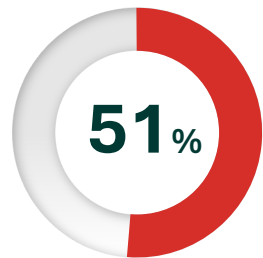
Ultimately, Canadians have been quite adaptable in the face of inflation.



Over four-in-five Canadians are **spending money more carefully** than they did a few months ago due to rising prices.



About 8-in-10 Canadians are **making compromises** to adjust for the rising cost of living.



A full one-half of Canadians are **actively looking for opportunities** to earn supplemental income beyond their regular jobs.



*An area where I have become **more resourceful** is looking for **deals, sales and coupons** where I can. It is an okay **change**, I just have to do **extra work** to pay the **same price**.*

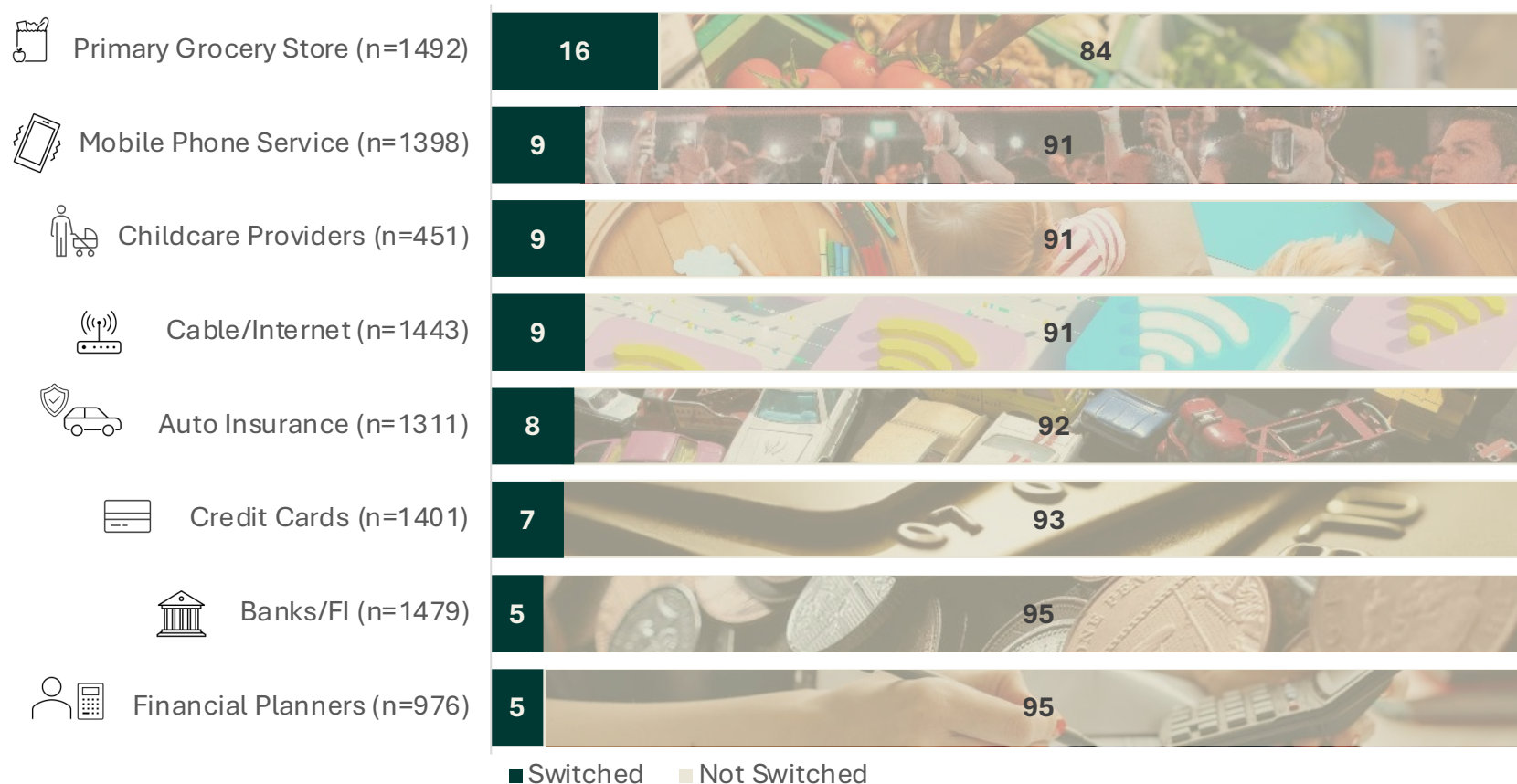
*- Female*



Canadians are most likely to switch their providers in industries with low barriers to switching: primary grocery store, Telcom and childcare providers top the list.

### Switching Behaviours

(% excluding not applicable)



■ Switched ■ Not Switched

And while there are downsides to inflation, consumers are self-reflecting and have developed habits that help them to adapt and shop wiser.

## Progress Adapting



### Better Money Management Habits

Increasing prices is leading to tighter budgets and consumers are more cognizant of their spending.



### Increased Resilience

Inflation has proven to be a challenge, but consumers are doing their best to effectively adapt.



### Finding Balance

Cutting back has them realizing what is truly important to them and how they can still enjoy life.



### Saving Time and Money

Consumers are developing habits to help them save time and money that are useful practices moving forward.

## Continued Challenges



### Working to Survive

As prices increase, but their income remains stagnant consumers are struggling to make ends meet.



### Discomfort with Change

Change isn't always easy, and consumers are still figuring out what works for them.



### Missing Out

With limiting their spend to necessities, consumers feel that they are missing out – from entertainment to food.



### Loss of Hope

Consumers are left feeling helpless as they try to provide the basics and make their bill payments on a budget.



# Consumers are leaning into more discount retailers to cope with inflation; they're more willing to visit multiple retailers for a good deal.

- Inflation has resulted in consumers shopping with **stricter budgets**, and they are moving beyond their typical **retailers** and **brands** to help find financial comfort.
- Inflation has sent consumers on the **deal hunt**; they are willing to put forth the **extra effort** to save money where they can. They are adding retailers to their **shopping repertoire** so that they can take advantage of all the **deals**.
- **Planning** their trips is how these consumers are saving money – even amidst the **rising prices**. They want to be **time, cost, and fuel efficient** so consumers are preparing accordingly by shopping **flyers** and making their **lists**.

“ I will try and shop in **more stores**, so that I can take **advantage** of the different **offers** that each store has on at that time.

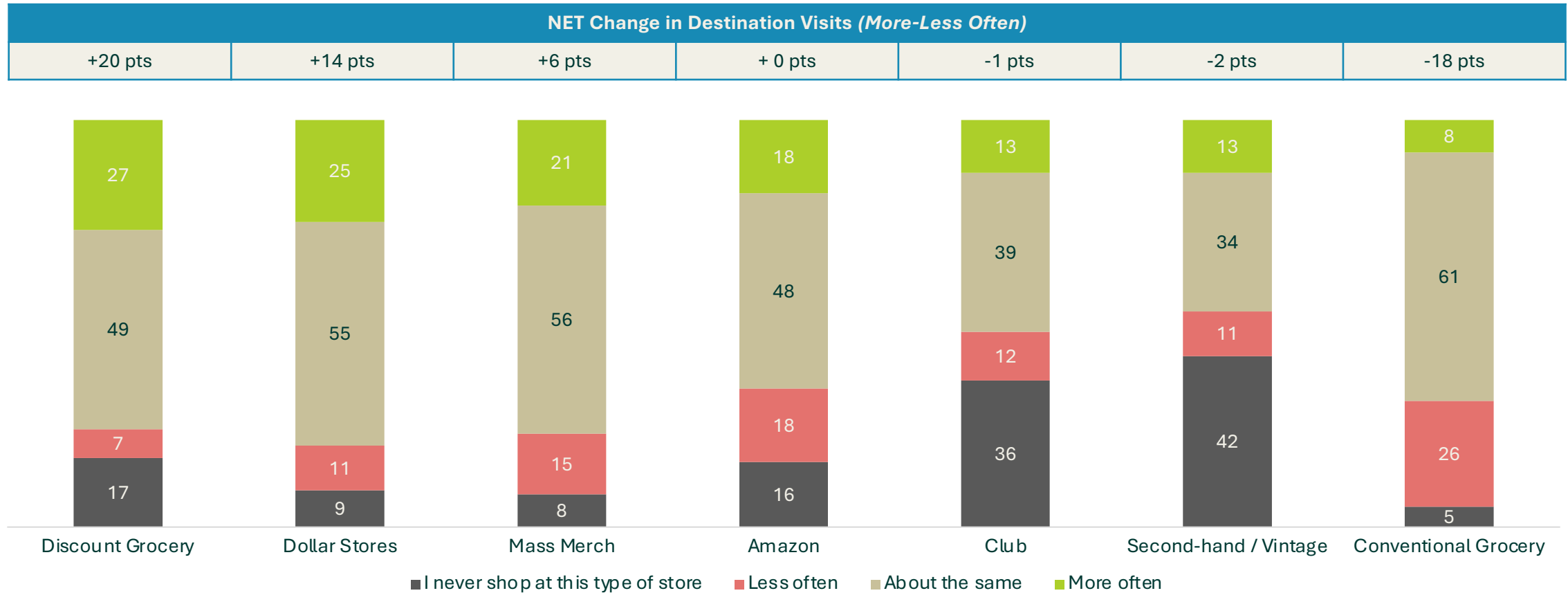
- Male





Consumers are also changing where they shop, with discount grocery and dollar stores seeing the biggest uptick while conventional grocery stores are declining.

### Channel Momentum: Trip Changes Due to Inflation %





Canadians are resourceful in the face of increasing prices with many taking advantage of shopper perks (deals, loyalty points, flyers), switching brands and negotiating service plans to manage cost.

### Behaviours Attributed to Inflation %





# Category Insights



# Upsiide Exercise: Inflation Impact by Category

Respondents were shown 44 grocery categories and indicated whether they have changed their purchasing habits of each due to inflation.

## Effect Frequency

Respondents were shown 44 product categories, one at a time, and asked to indicate if inflation has affected their buying behaviors of each.

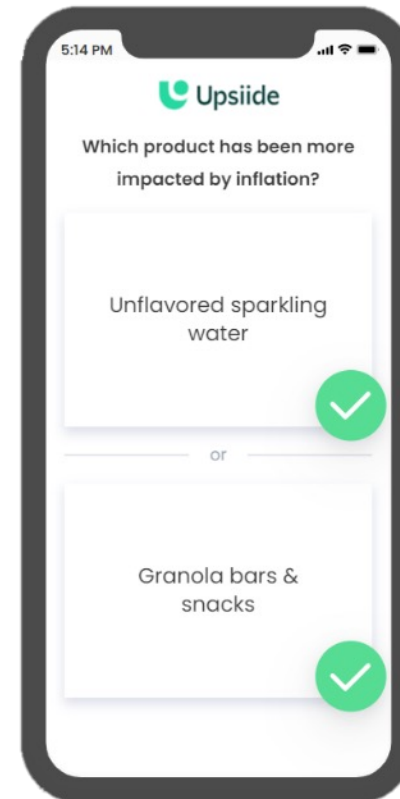


No, inflation has not affected my purchase behavior in this category.

The metric generated from this exercise tells us **incidence** of inflation impacting purchase habits within this category.

Yes, inflation has affected my purchase behavior in this category.

## Effect Strength



Once a respondent indicated that inflation has affected their purchase behavior for 2 products, the products are shown head-to-head and the respondent selects which one has been more significantly impacted by inflation. The metric generated from this exercise indicates the **strength** of inflation's influence on each product relative to the other products in the set.

The two metrics are plotted together to show the combined impact. Inflation has both a **widespread** and **strong effect** on those products farther in the upper righthand quadrant, while those in to the bottom left have been less impacted.

# Detailed Category Inputs

44 product categories were evaluated in our Upside exercise to determine which products have most impacted consumer behaviour in response to inflation.

Household & Personal Goods
Toothpaste/oral care
Paper towel
Bath & body care
Cleaning supplies
Haircare products
Pet food
Toilet paper
Over-the-counter medications*
Cannabis

Fresh Foods
Yogurt
Cheese
Eggs
Milk (dairy)
Fresh produce
Seafood
Beef, poultry and pork*
Bakery bread, rolls, & buns
Packaged bread

Beverages
Flavored sparkling water
Fruit juice
Unflavored sparkling water
Plant-based milk (soy, oat, etc.)*
Energy drinks
Sparkling soft drinks
Coffee
Wine & beer

Prepared/Packaged Foods
Soups, stews & chilis
Frozen pizza
Tofu & plant-based proteins
Cereal
Meal replacements (e.g. Boost, Ensure)*
Frozen fruits and vegetables
Bacon, hot dogs & sausages

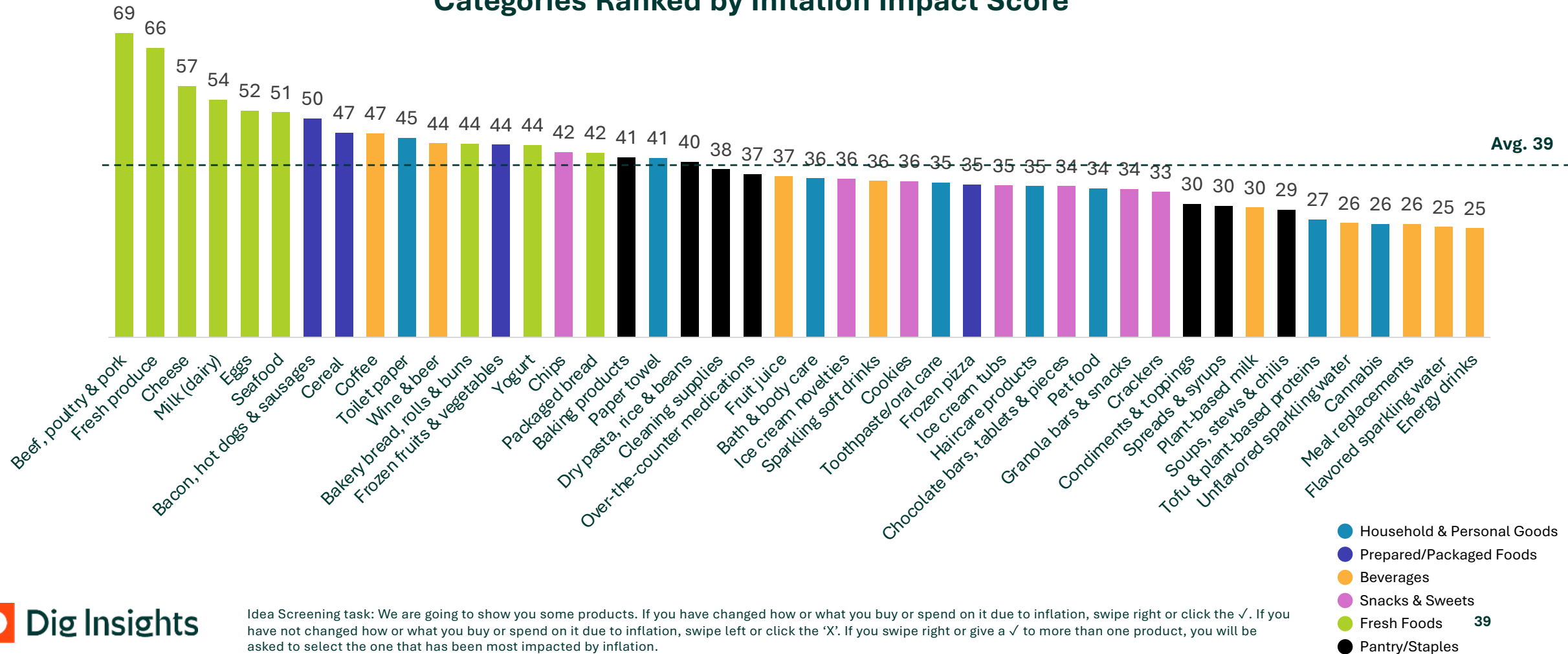
Snacks & Sweets
Crackers
Chips
Granola bars & snacks
Cookies
Ice cream tubs
Chocolate bars, tablets & pieces*
Ice cream novelties (sandwiches, cones, bars)*

Pantry/Staples
Spreads & syrups
Dry pasta, rice & beans
Baking products (flour, sugar, mixes, etc.)
Condiments & toppings



Fresh foods are most frequently and strongly affected by inflation. Canadians are least likely to be responding to packaged beverage & snack inflation versus other categories.

### Categories Ranked by Inflation Impact Score



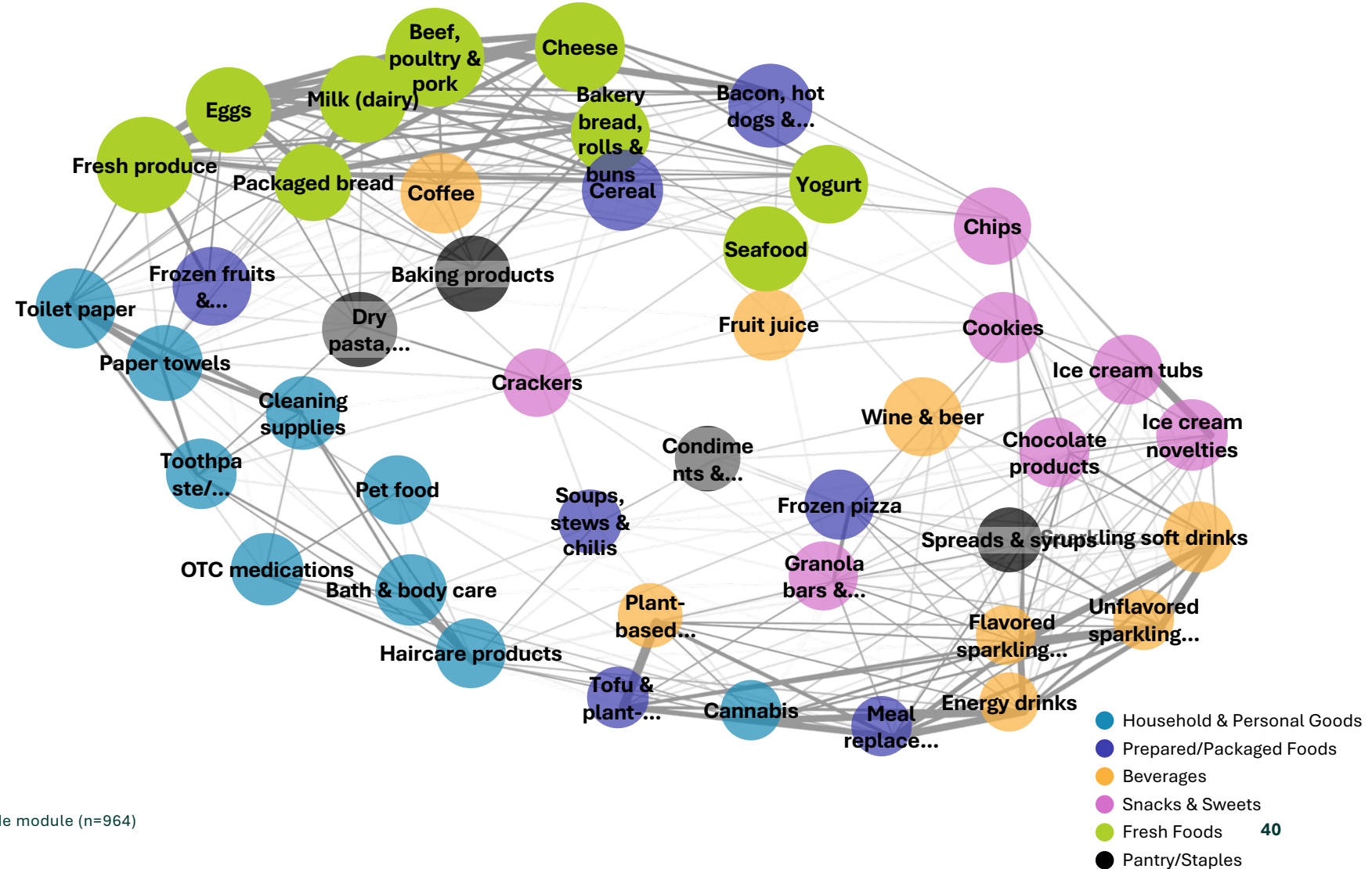


Through a network map we can see the relationships across product categories. If consumers are adapting to inflation for one item, they are likely also adjusting for adjacencies.

### How to read a Network Map

Connective lines indicate consumers impacted by inflation in one category are also making changes in how they shop adjacent categories in response to inflation. The thicker the line, the stronger the relationship.

The relationship between items within the Fresh Foods category have the strongest connections, suggesting that people who have had to change their buying habits of one fresh food item have changed their buying habits of most fresh food items.

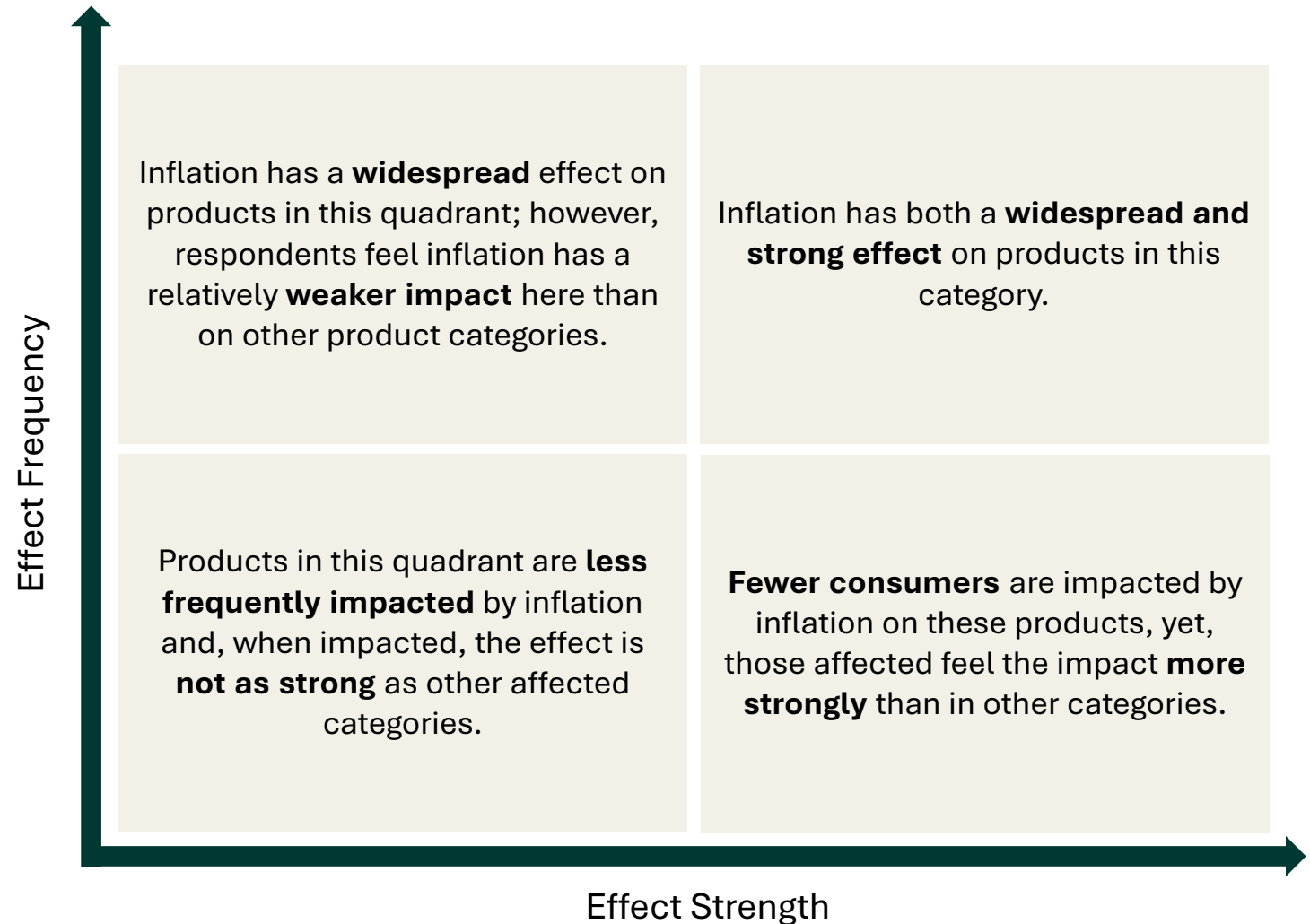




# Inflation Impact Score = Frequency + Strength

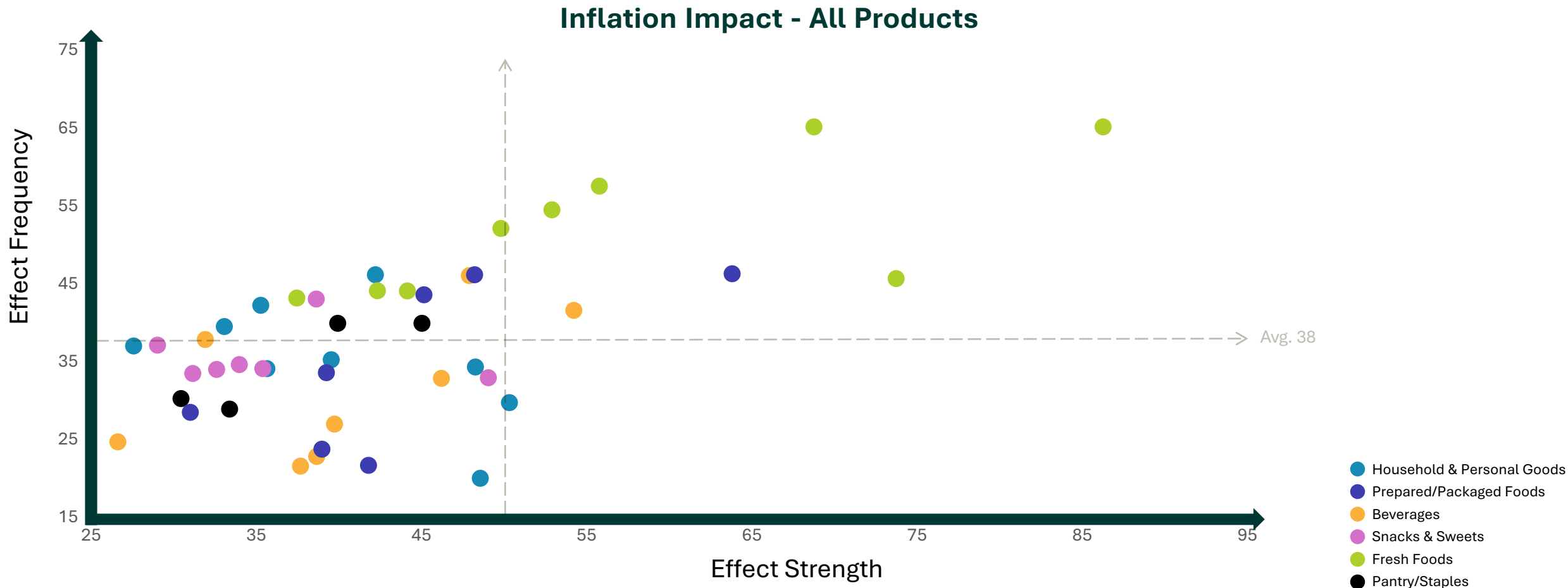
The **Inflation Impact Score** is a combination of the **2 key metrics** assessed in the Idea Screen exercise.

The **Frequency** and **Strength** of inflation's effect on each product illustrate the impact inflation has on purchase behavior in a multi-dimensional way.



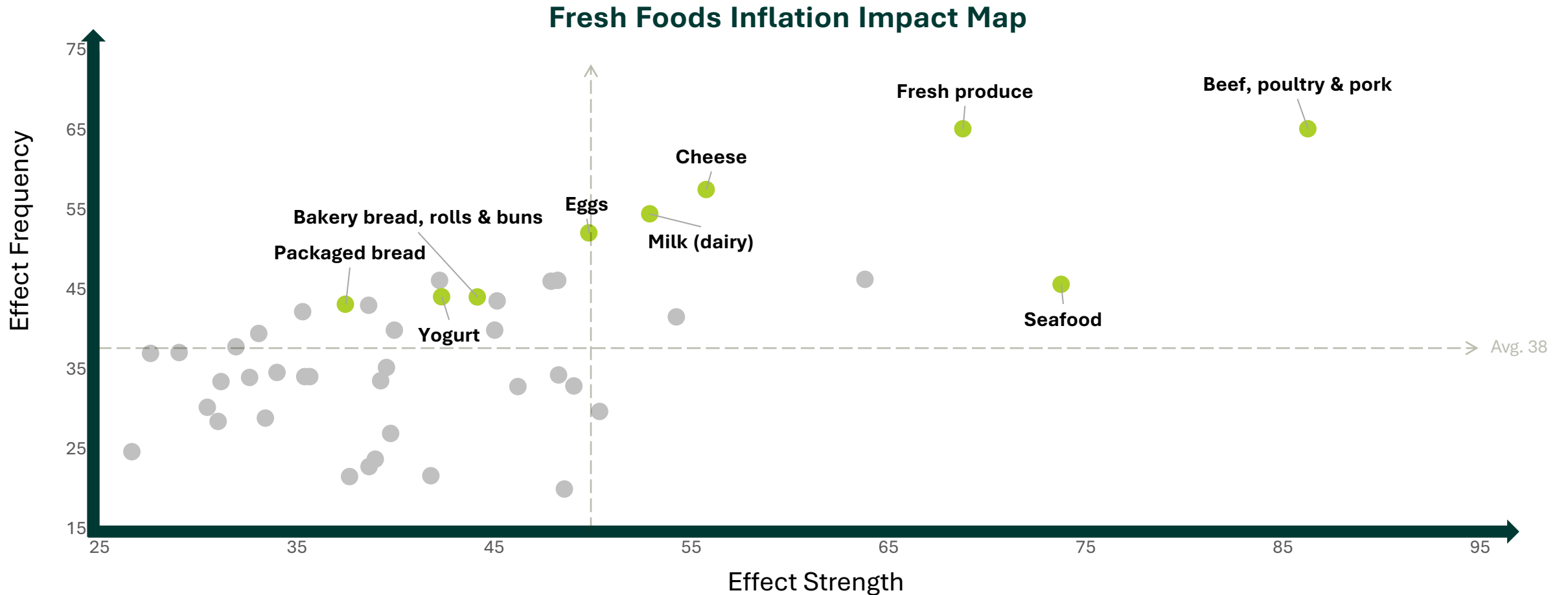


Comparatively, fresh foods have most impacted consumer purchase behaviours as a result of inflation, while snacks & sweets and beverages have been more resilient.





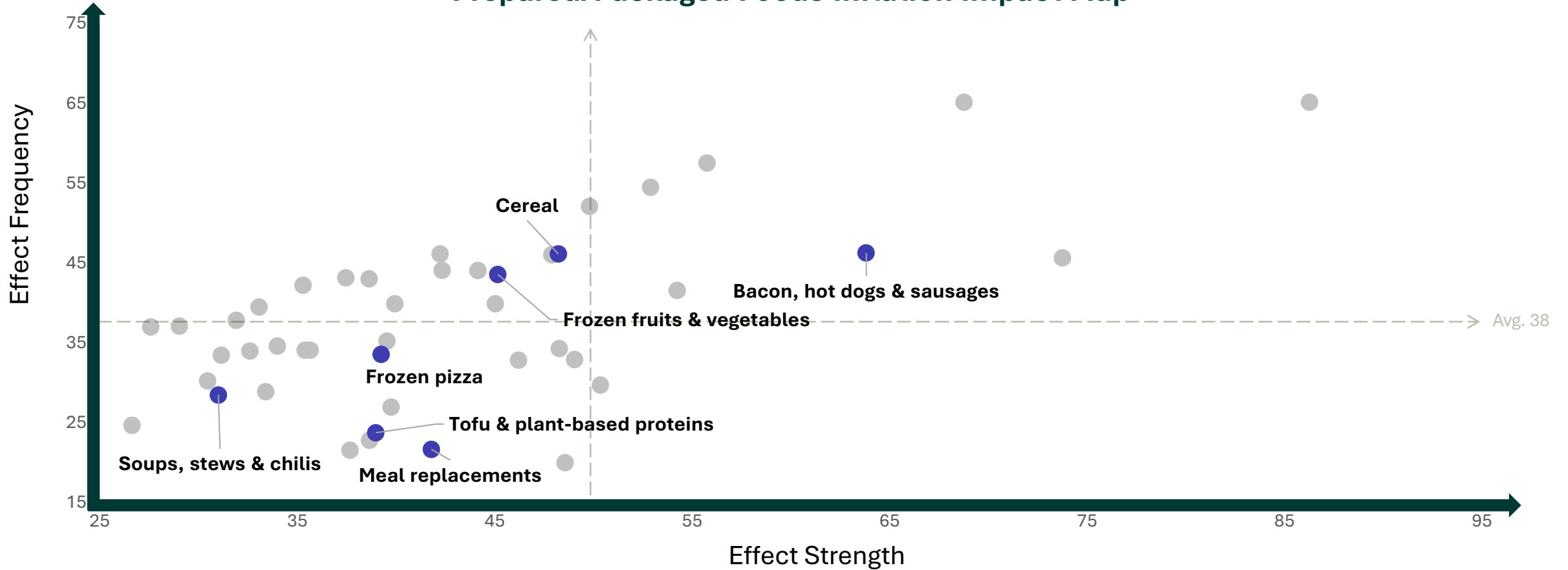
Proteins, produce and dairy have been most impacted by inflation within the fresh food sector. High frequency of purchase, wide fluctuations and supply chain considerations likely contribute.





While consumers are particularly likely to note inflation in packaged foods such as cereals and frozen produce, behaviour has been most notably impacted in processed meats.

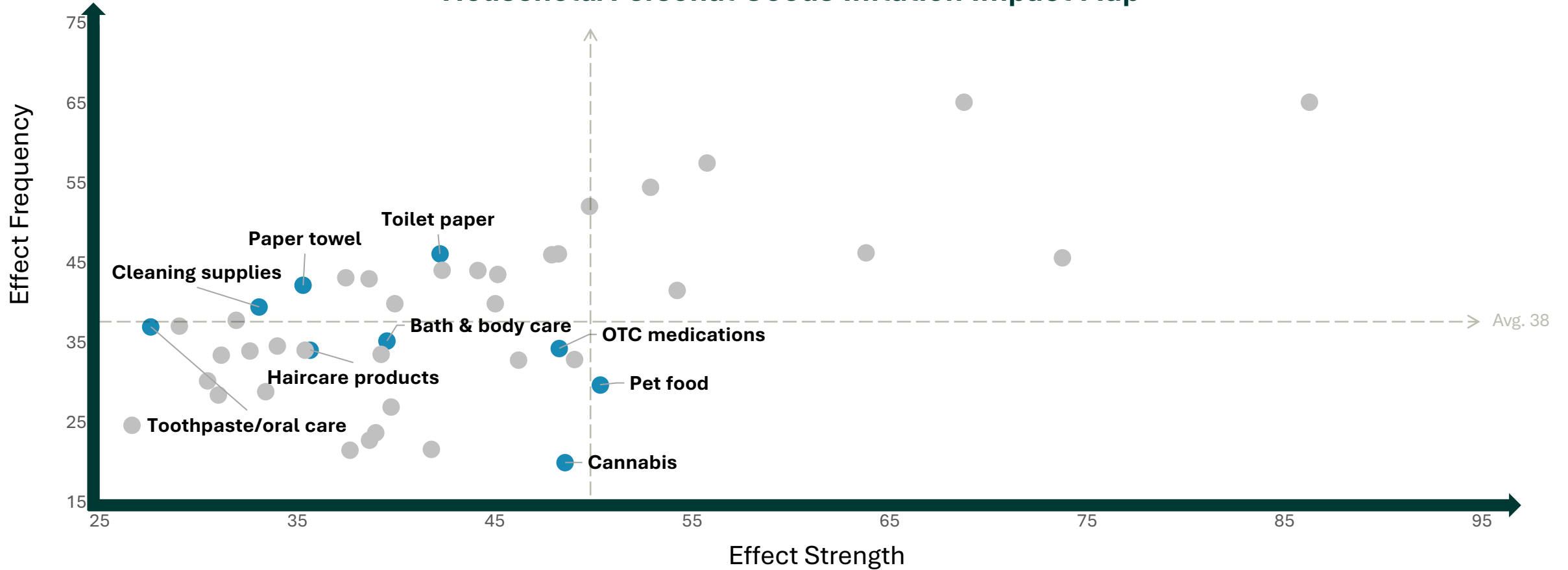
### Prepared/Packaged Foods Inflation Impact Map





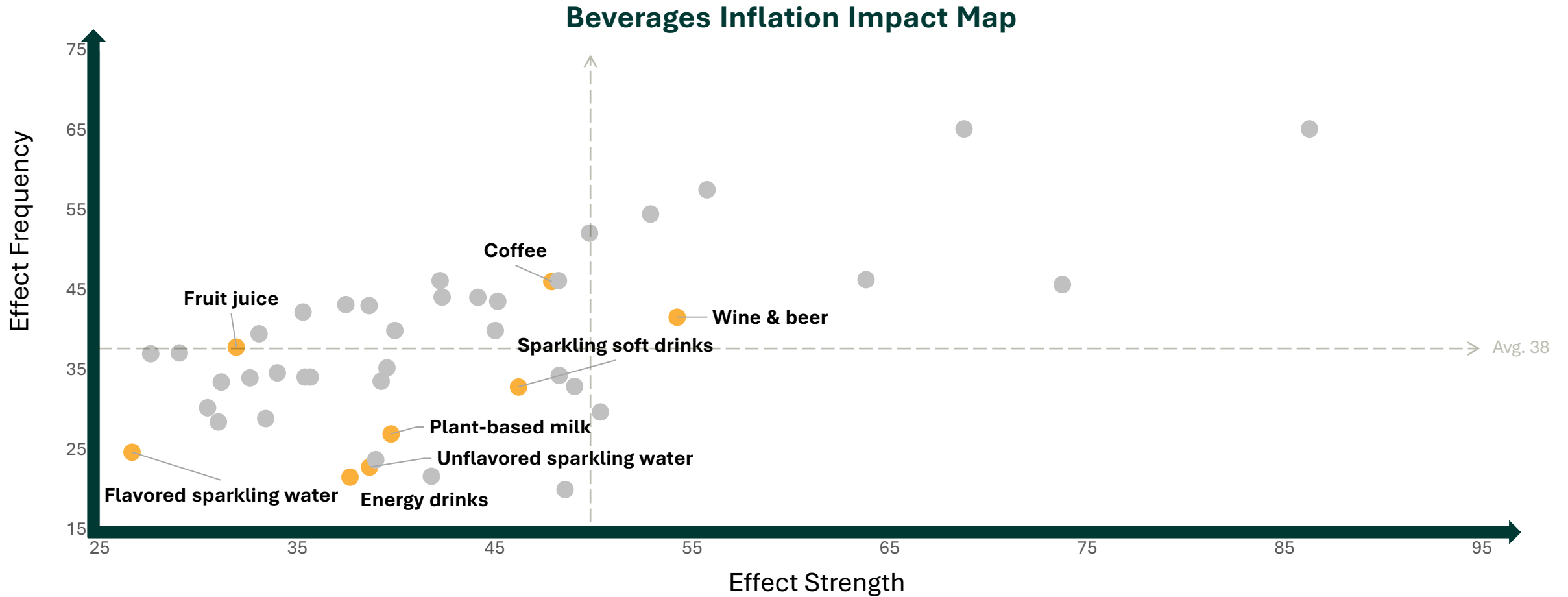
Fewer Canadians have been impacted by inflation when it comes to OTC medication, pet food and cannabis, yet the effect of inflation is felt very strongly among these consumers.

### Household/Personal Goods Inflation Impact Map



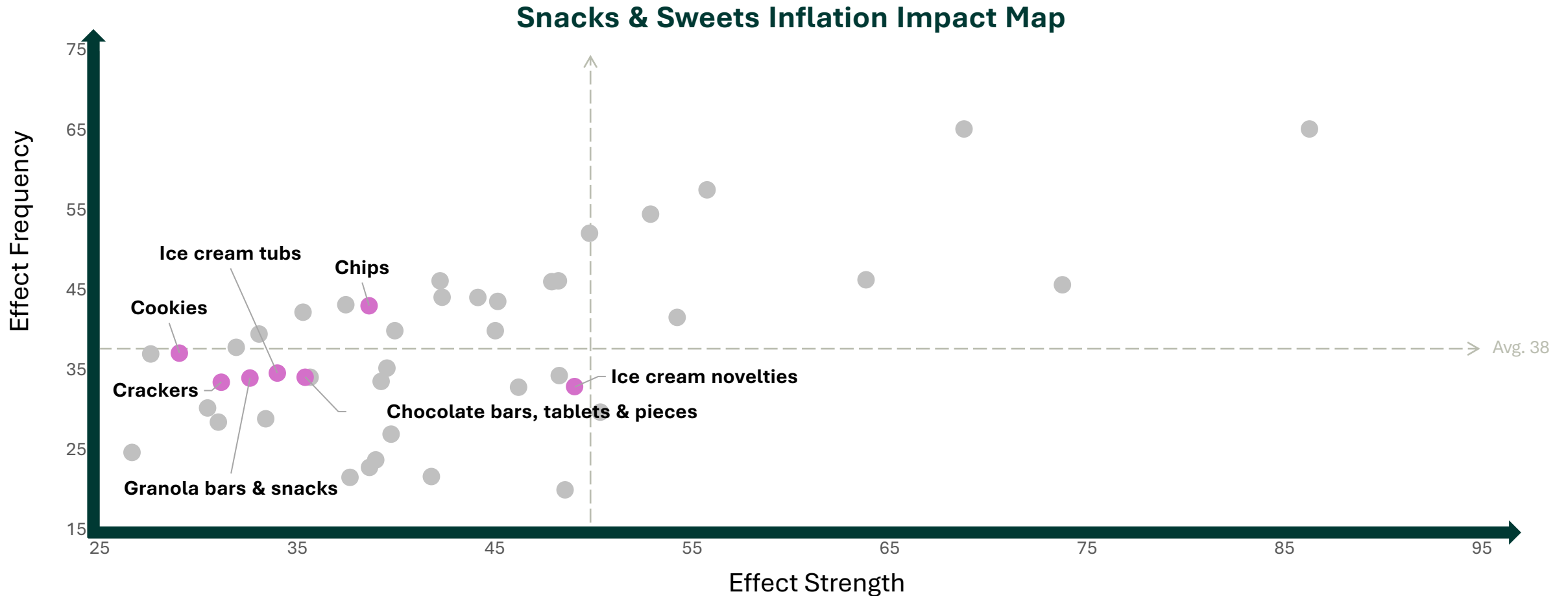


Inflation has most impacted coffee and wine and beer within the beverage category. These purchases may be viewed as more discretionary among Canadians.



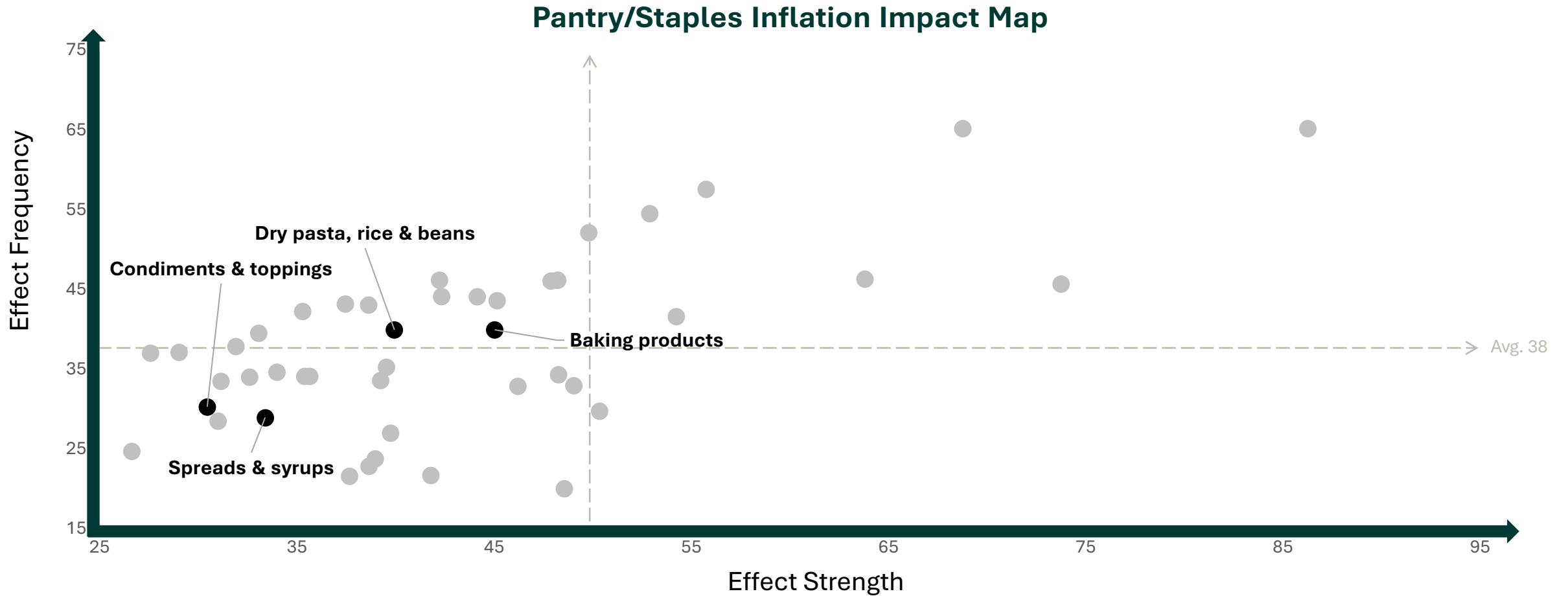


Snacks & sweets are quite resilient in the face of inflation, perhaps because they are purchased less frequently than other categories, or that consumers are willing to splurge on ‘treats’ when making accommodations in other areas.





The purchase of Pantry and Staple items has not changed much due to inflation. Those impacted are not making dramatic changes to their purchase habits in comparison to other categories.







# Detailed Category Snapshots - Canada



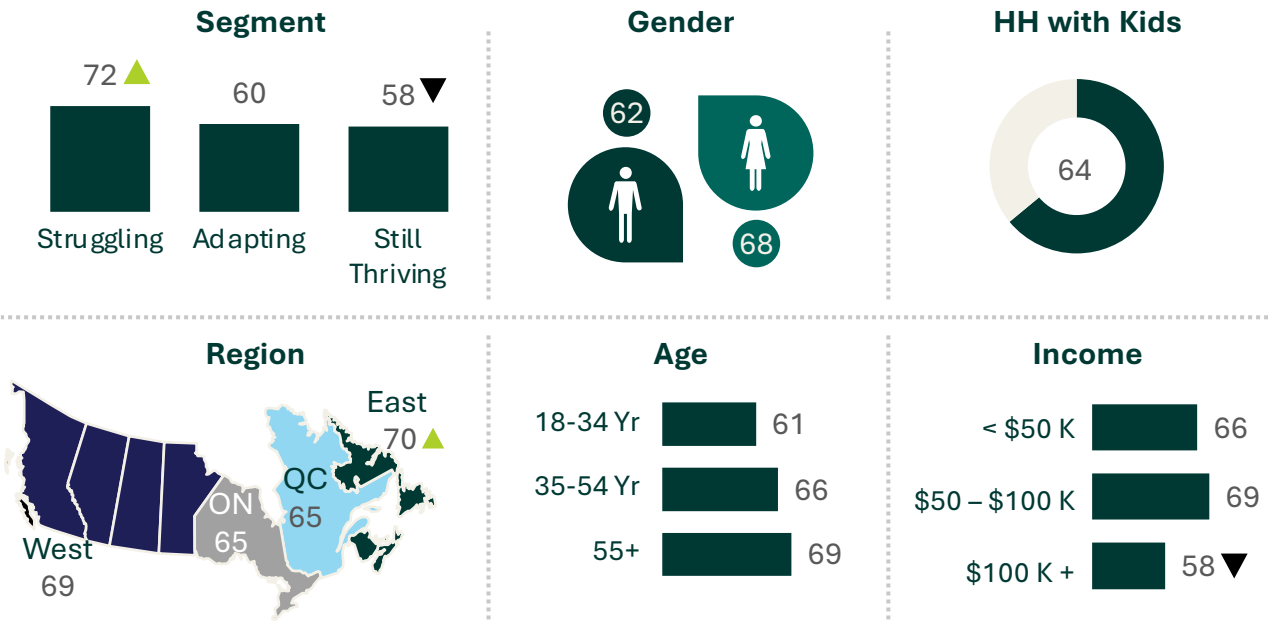


# Fresh Produce - Response to Inflation

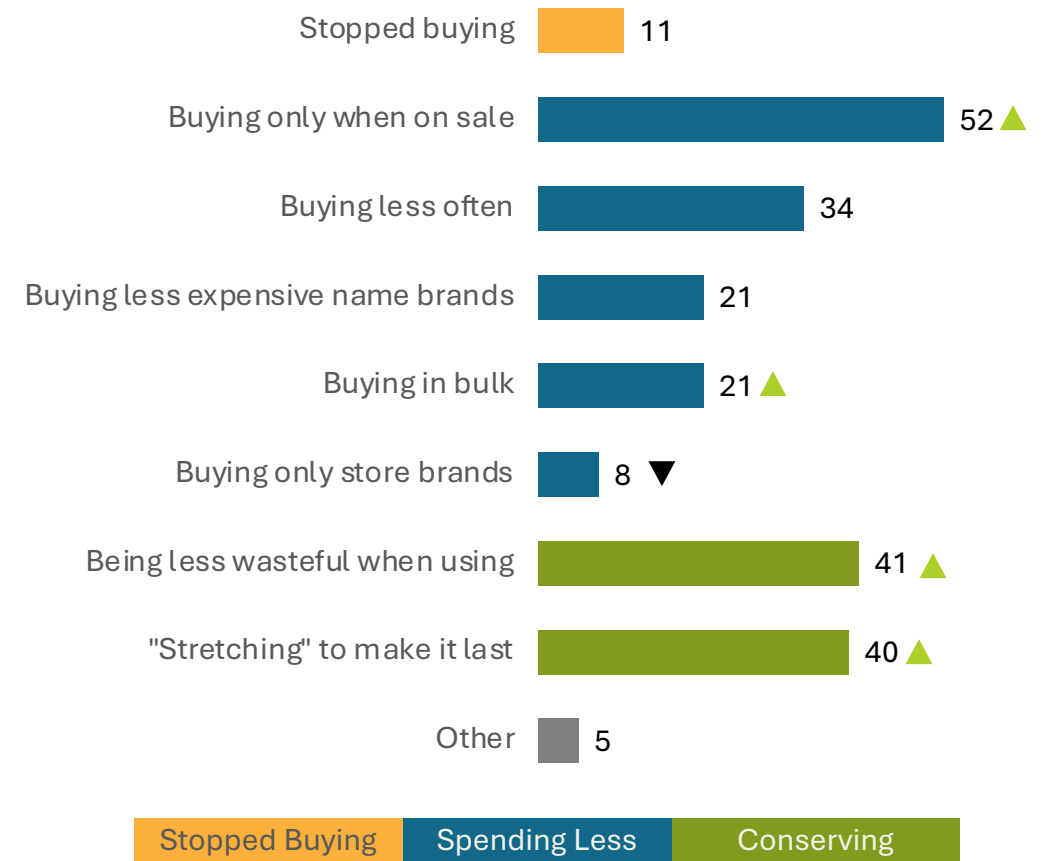
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

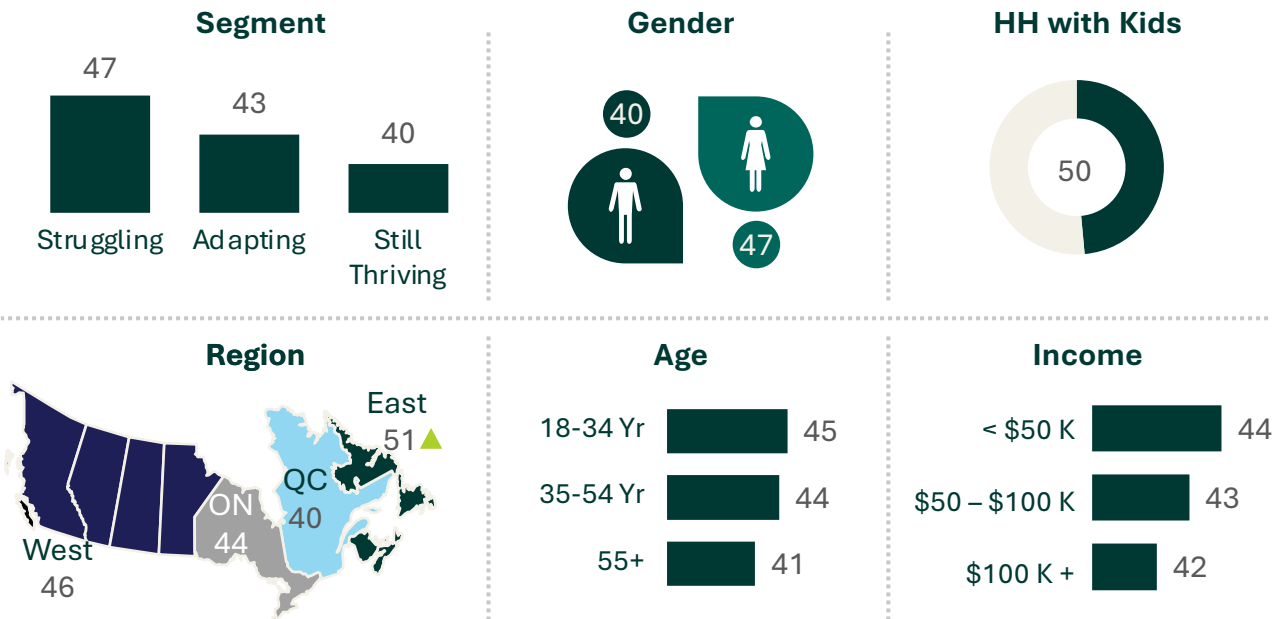


# Frozen Fruits & Vegetables - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

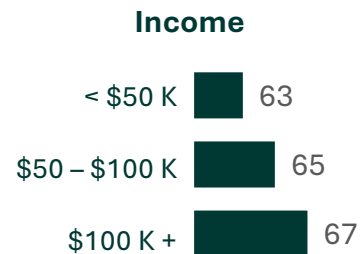
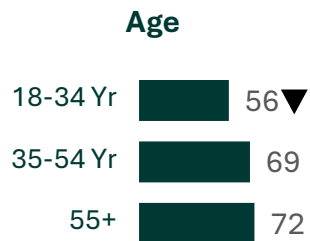
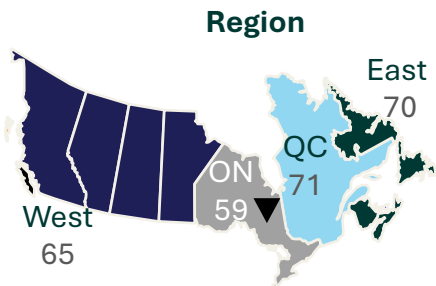
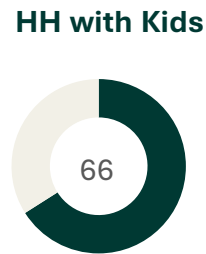
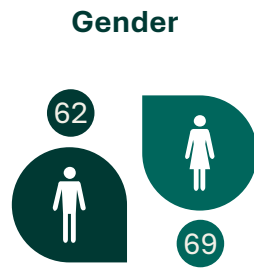
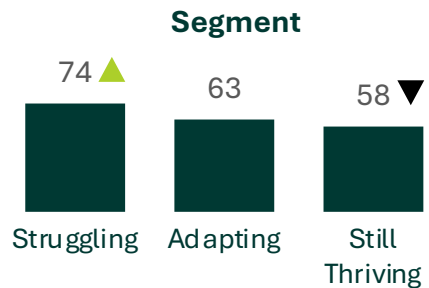


# Beef, Poultry & Pork - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



Stopped Buying | Spending Less | Conserving

▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

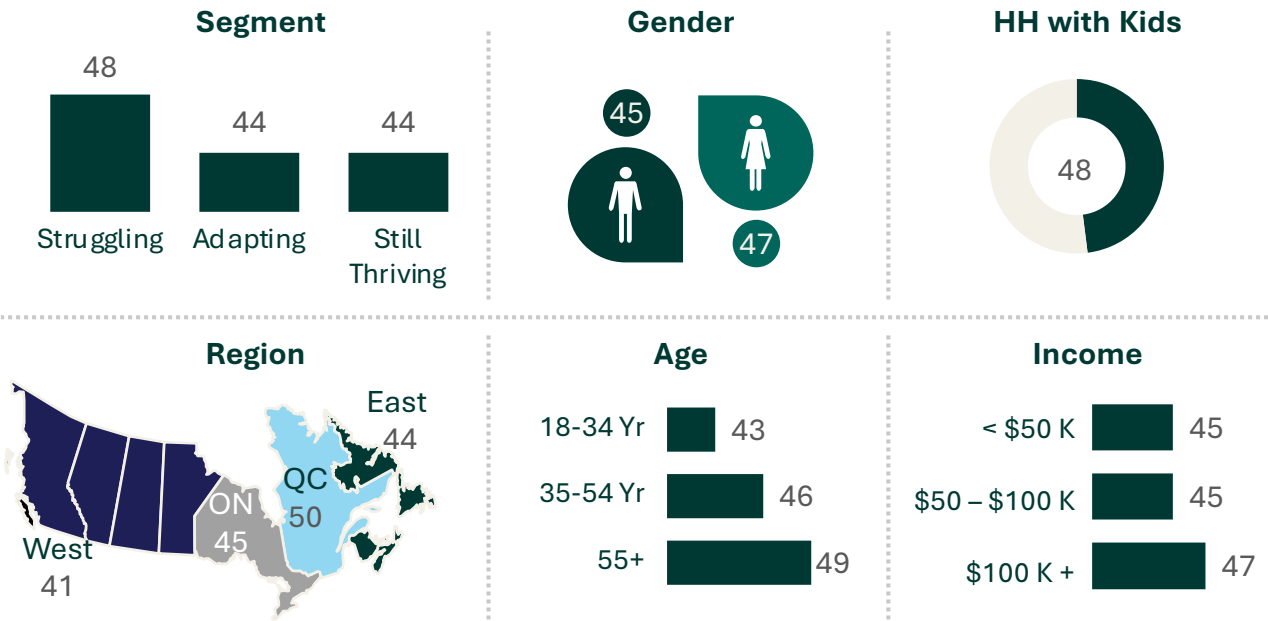


# Seafood - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

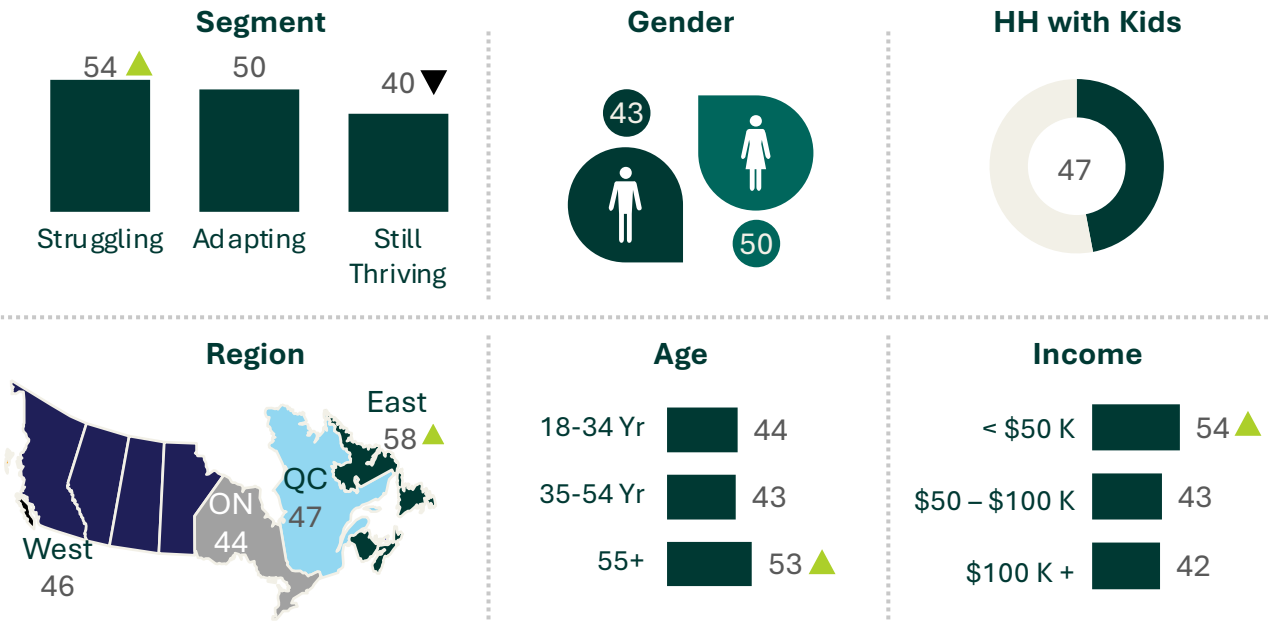


# Bacon, Hot Dogs & Sausages - Response to Inflation

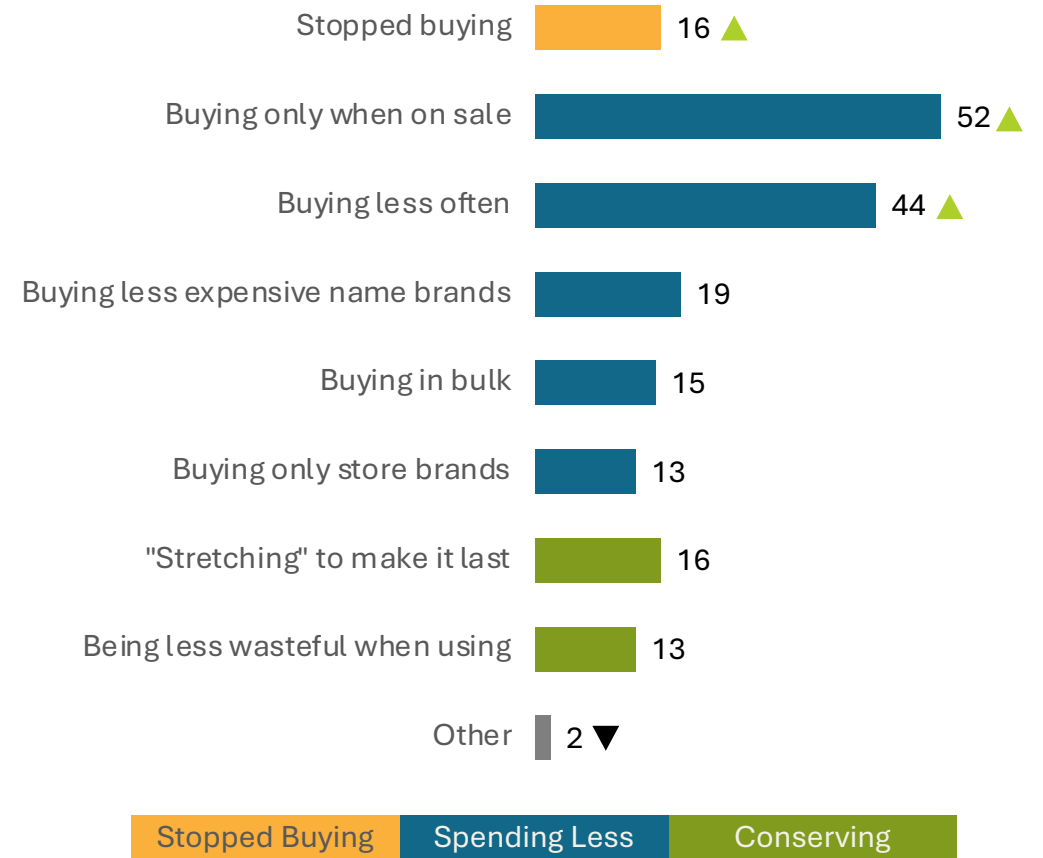
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

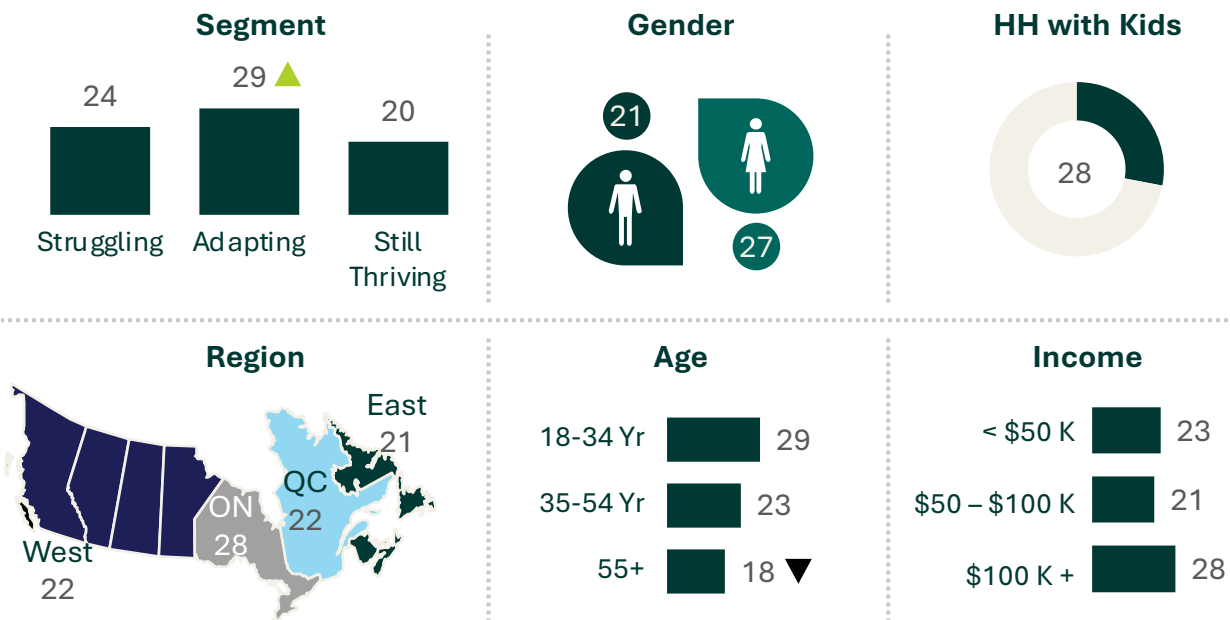


# Tofu & Plant-based Proteins - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

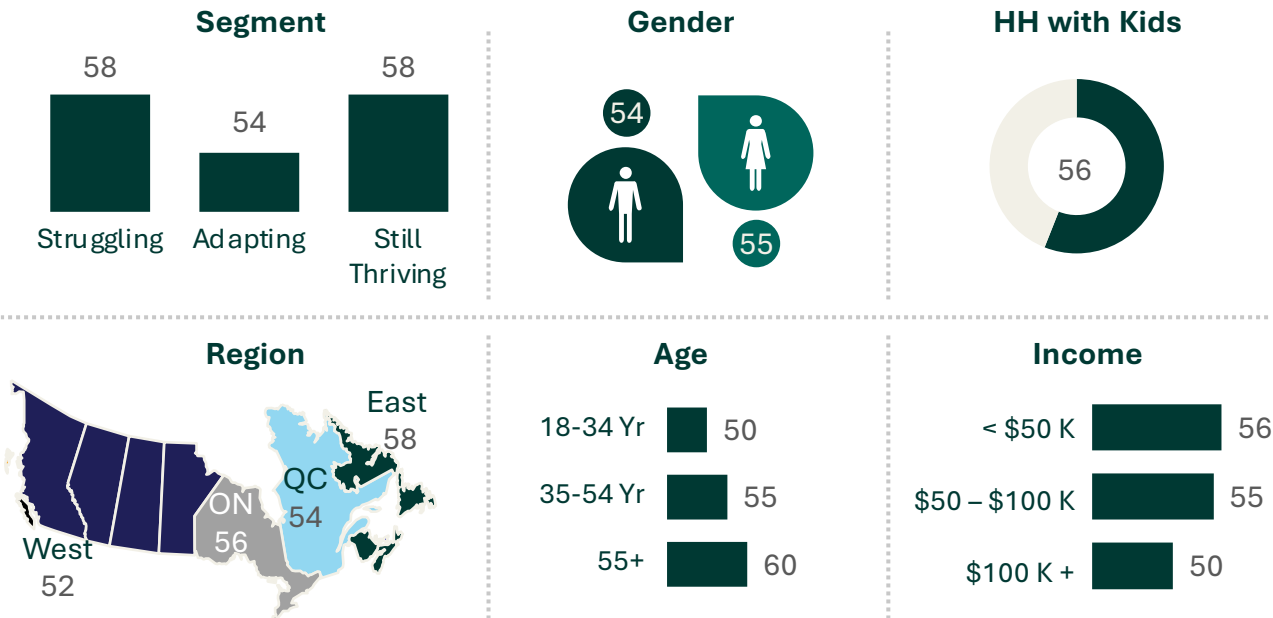


# Milk (Dairy) - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories



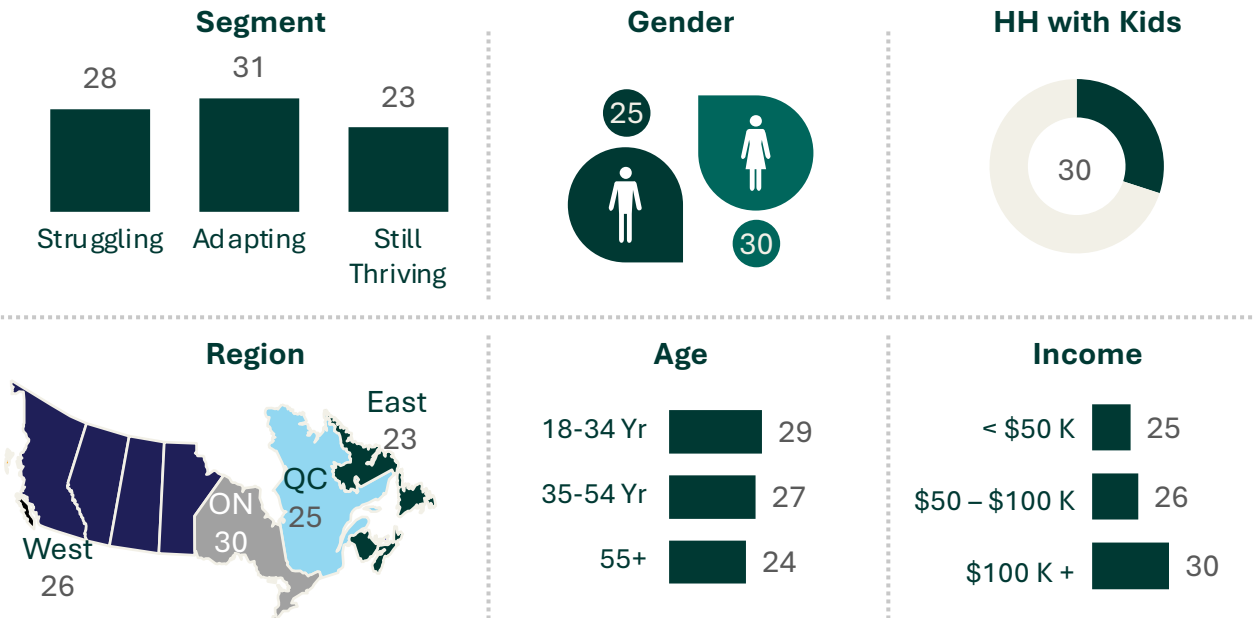


# Plant-based Milk - Response to Inflation

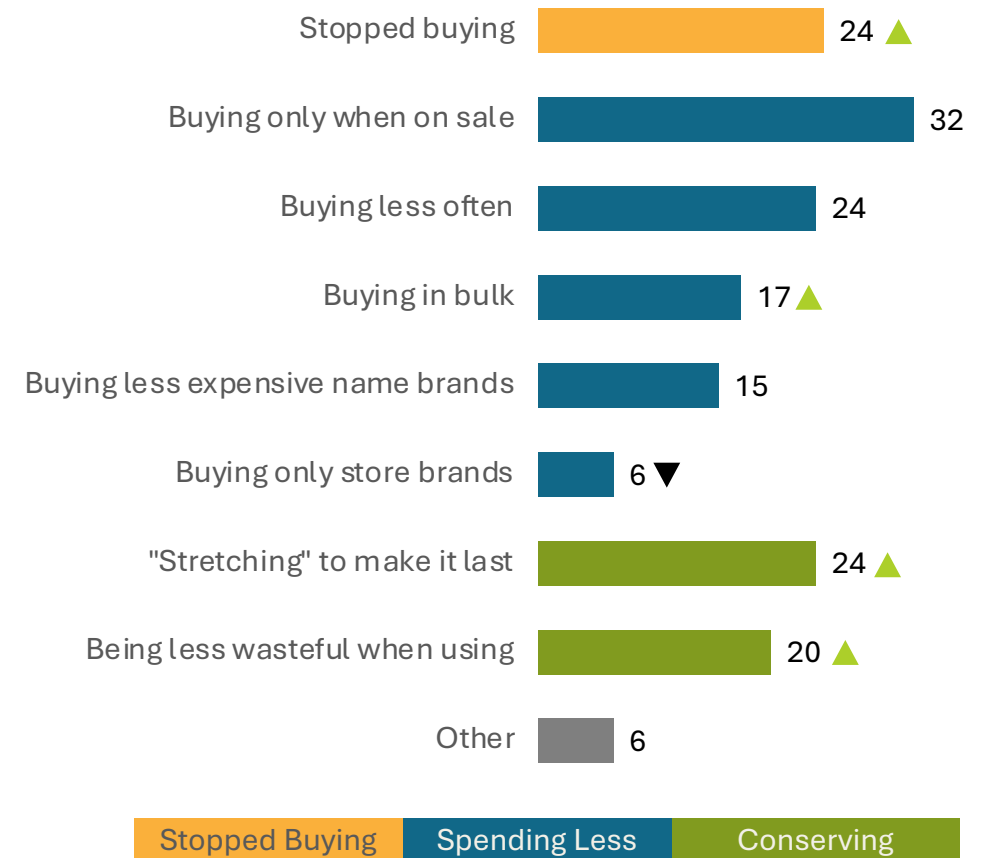
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

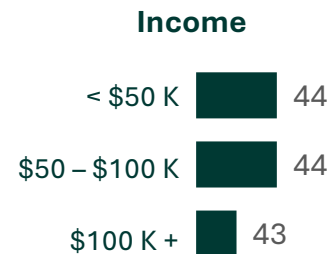
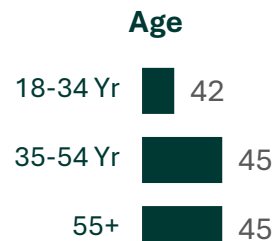
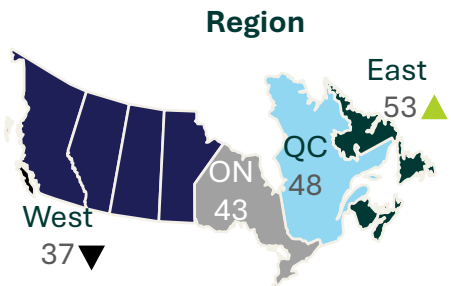
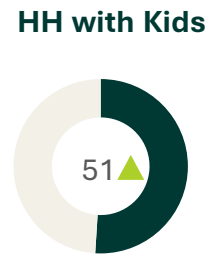
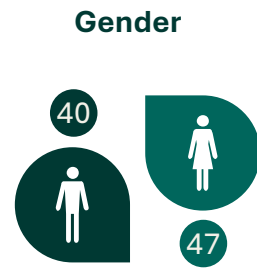
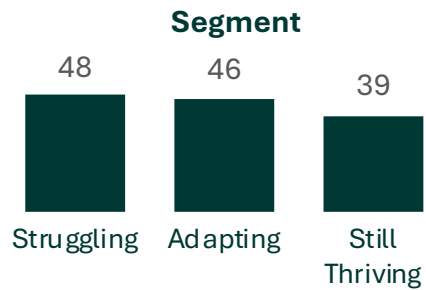


# Yogurt - Response to Inflation

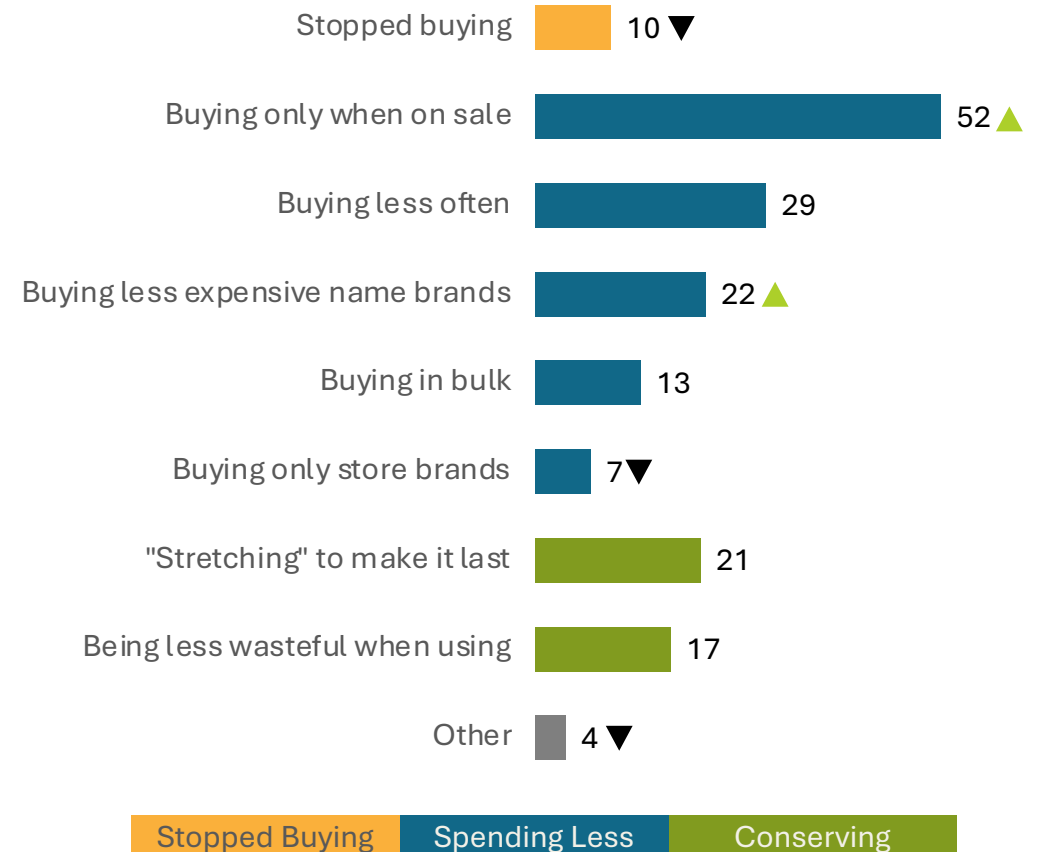
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

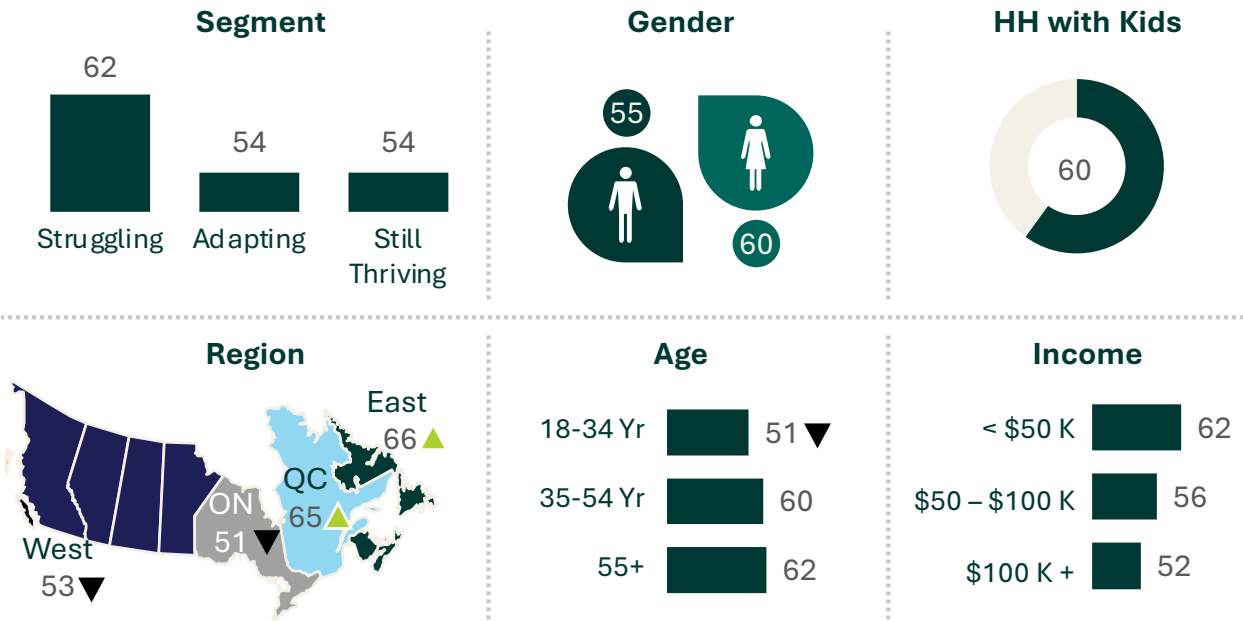


# Cheese - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

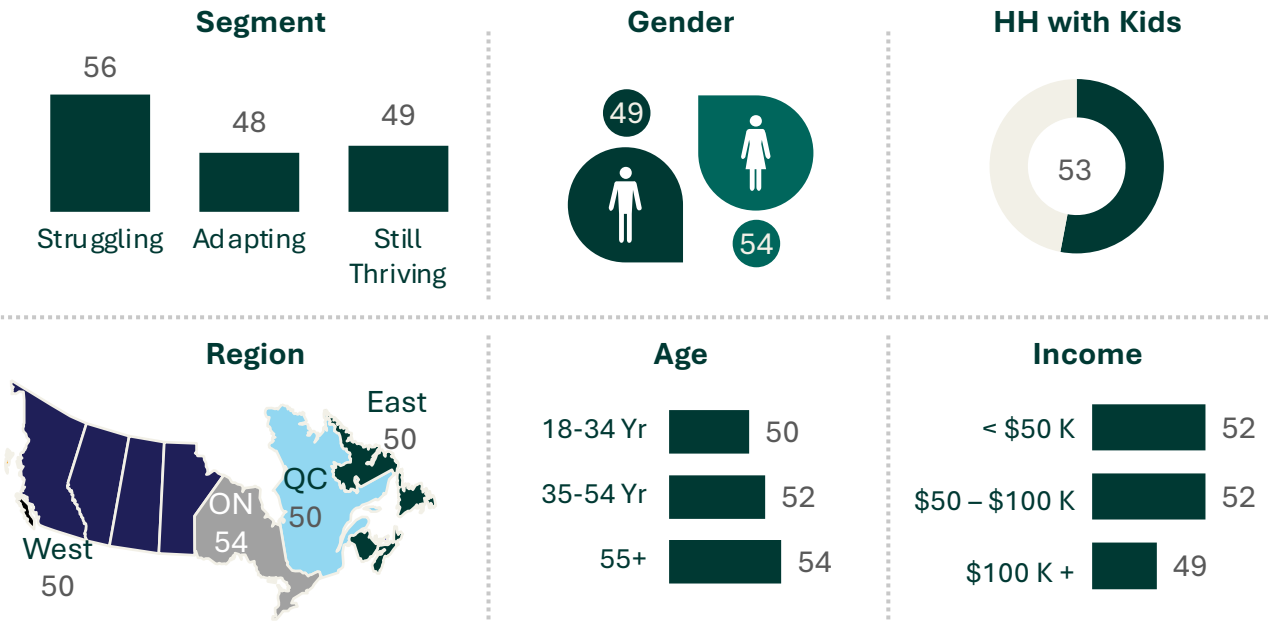


# Eggs - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

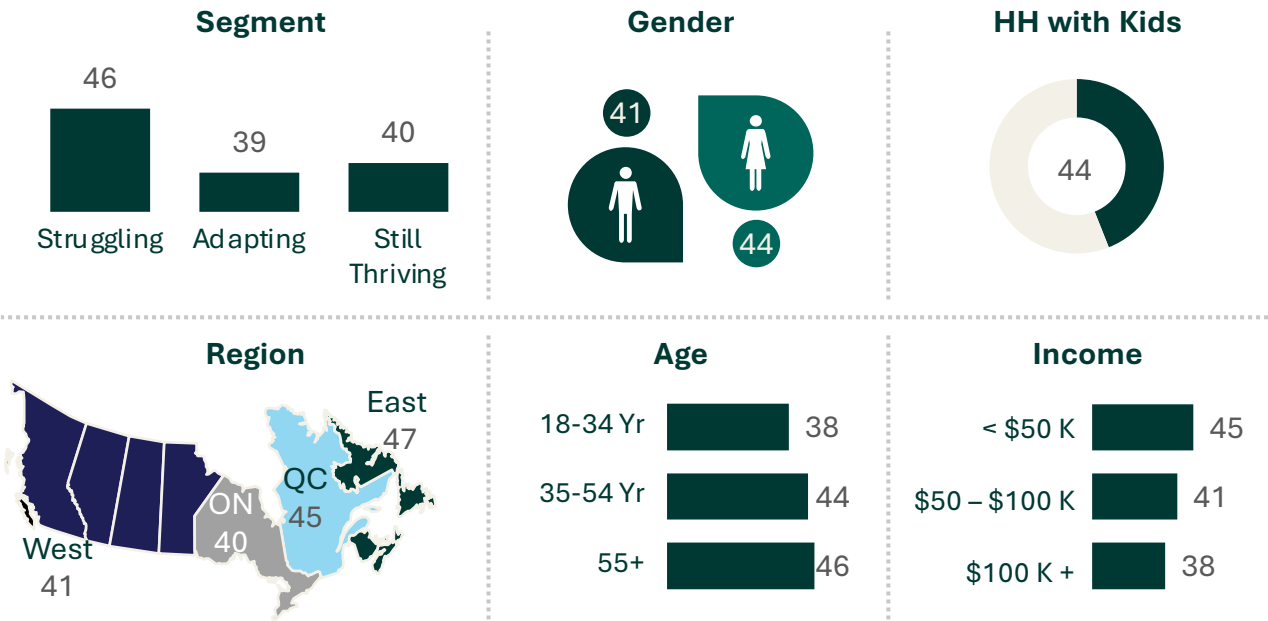


# Packaged Bread - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

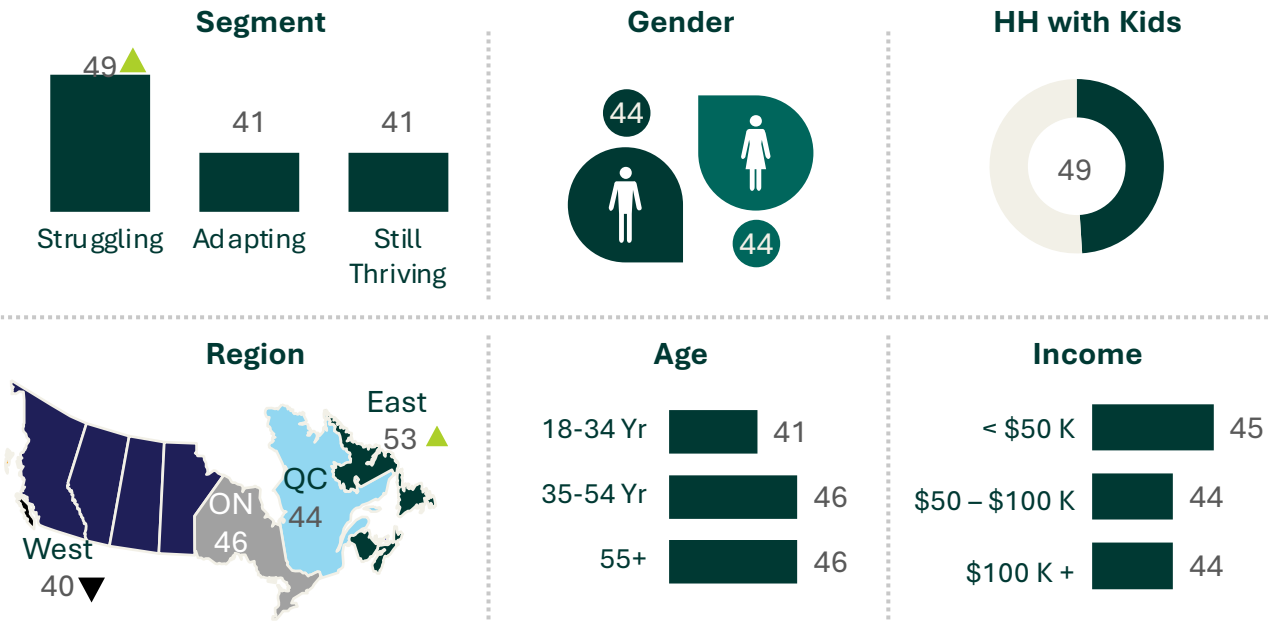


# Bakery Bread, Rolls & Buns - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

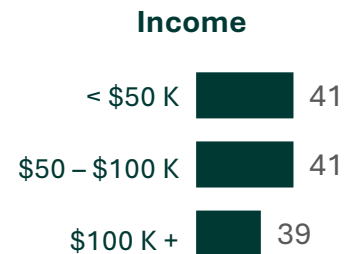
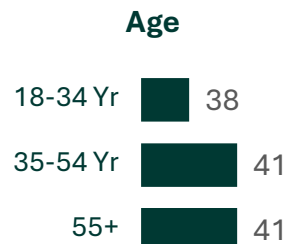
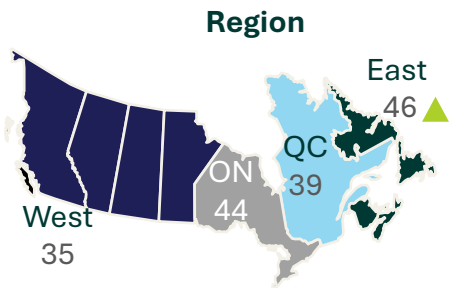
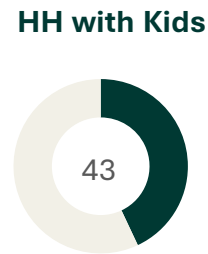
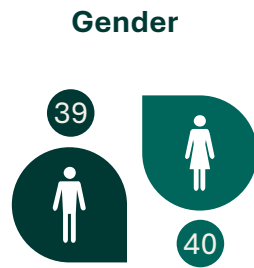
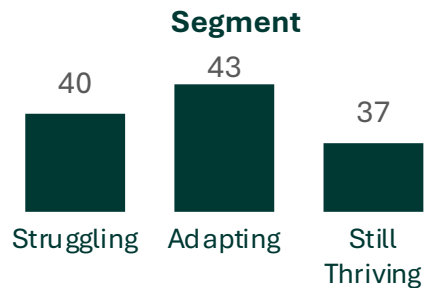


# Dry Pasta, Rice & Beans - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

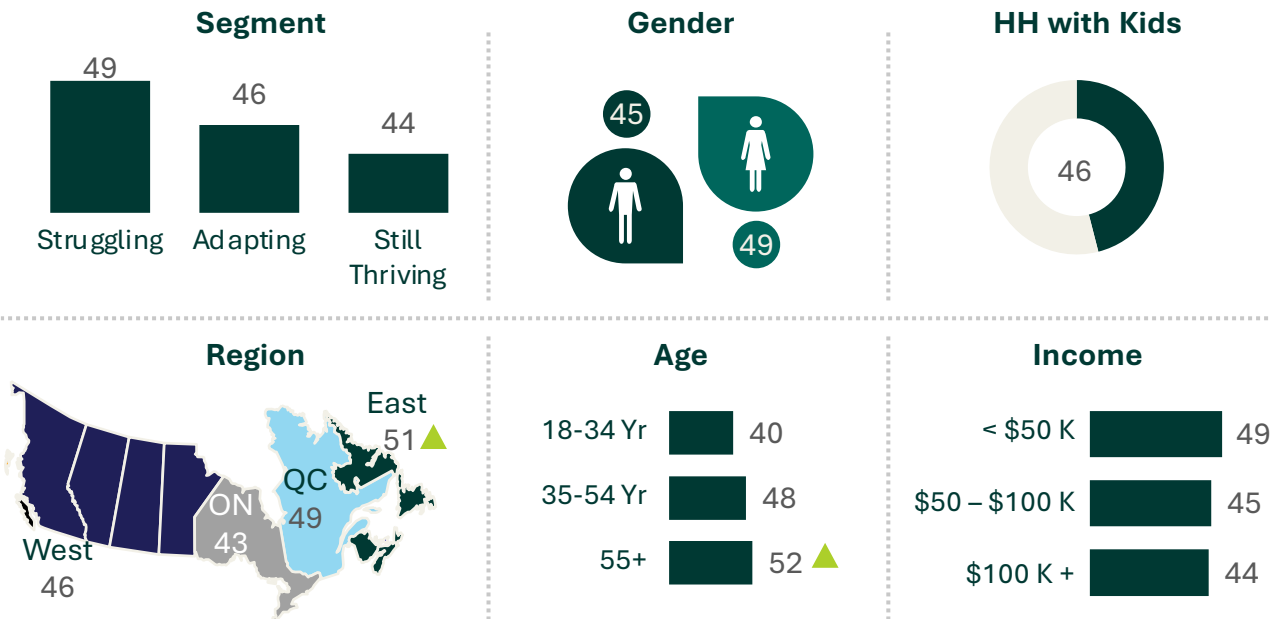


# Coffee - Response to Inflation

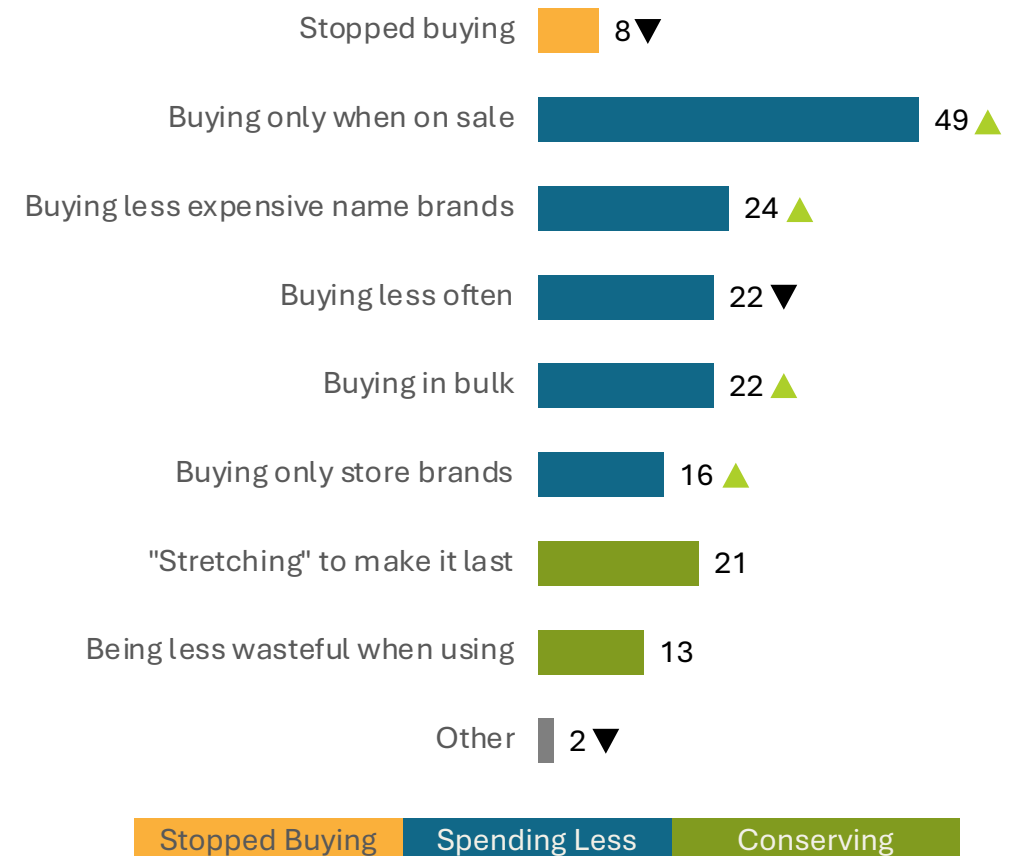
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories



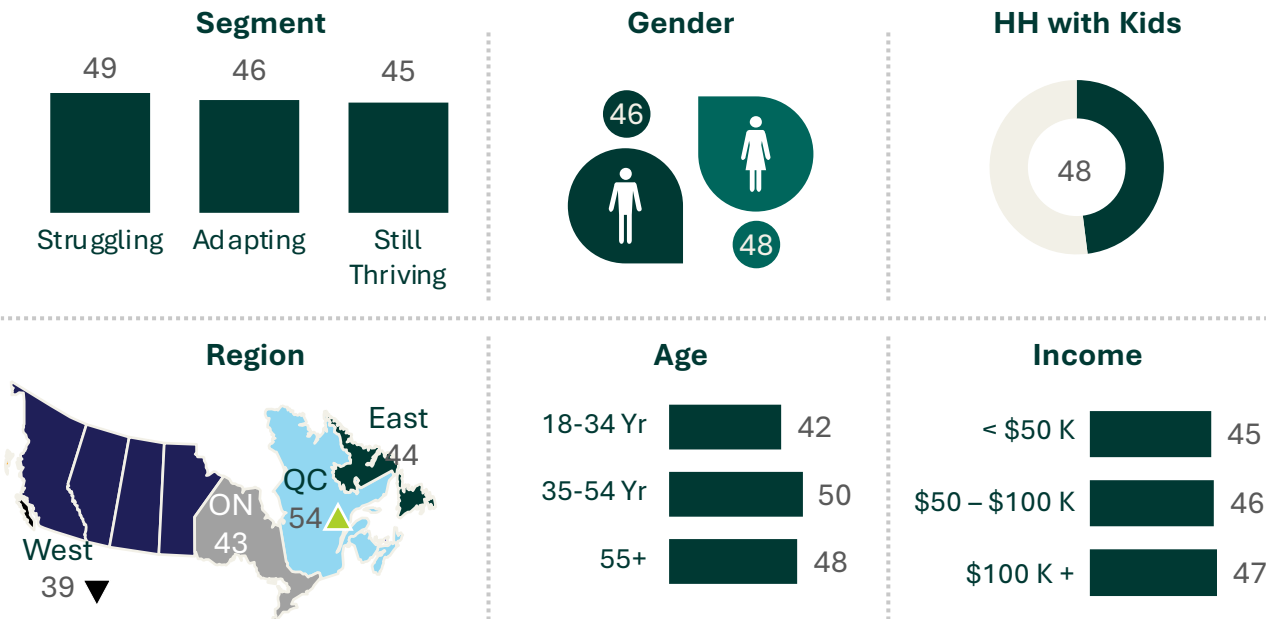


# Cereal - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

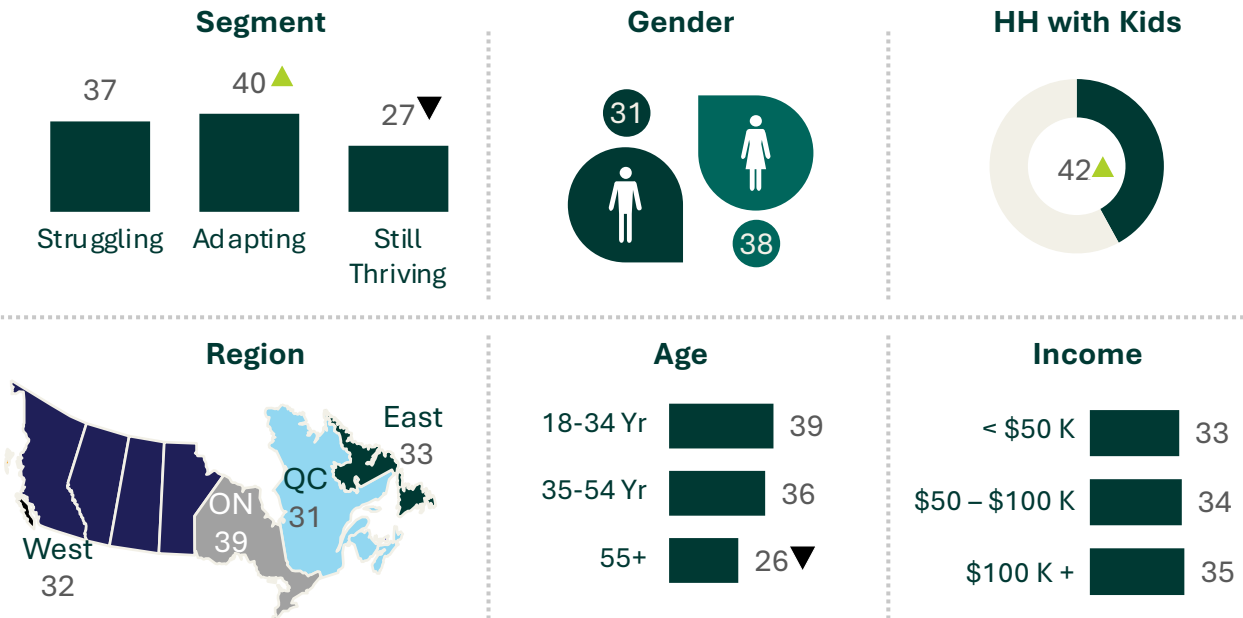


# Granola Bars & Snacks - Response to Inflation

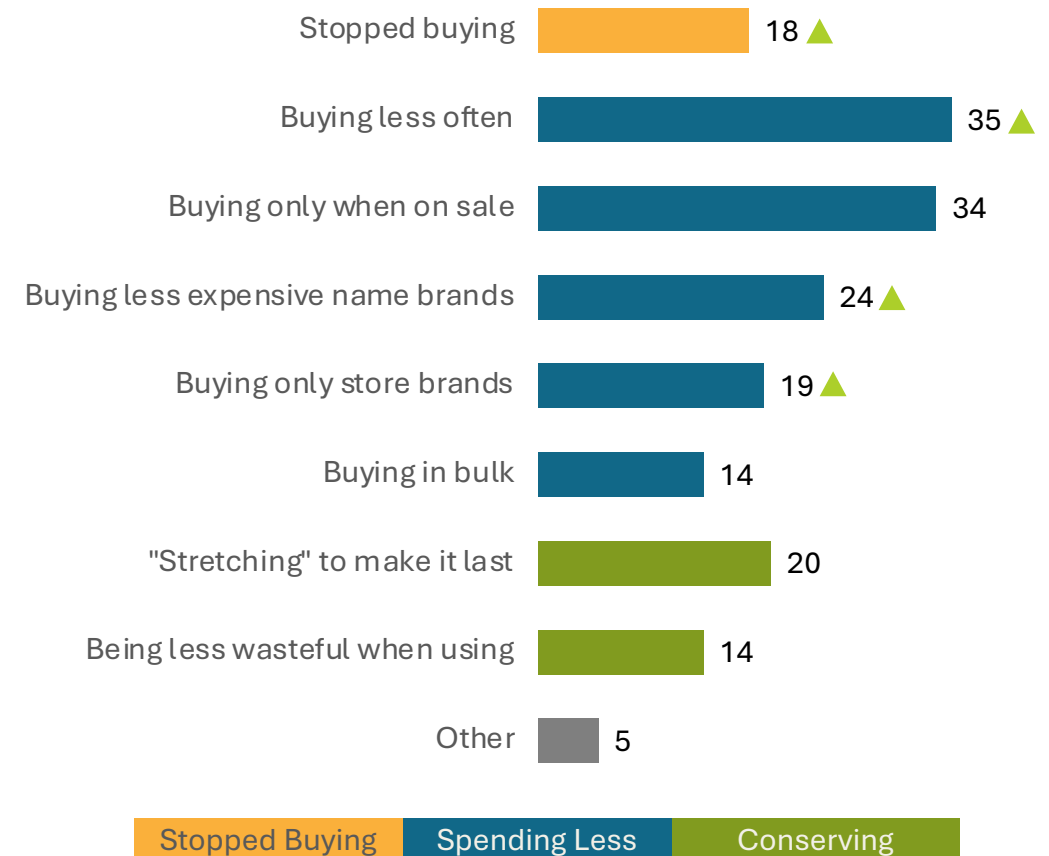
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

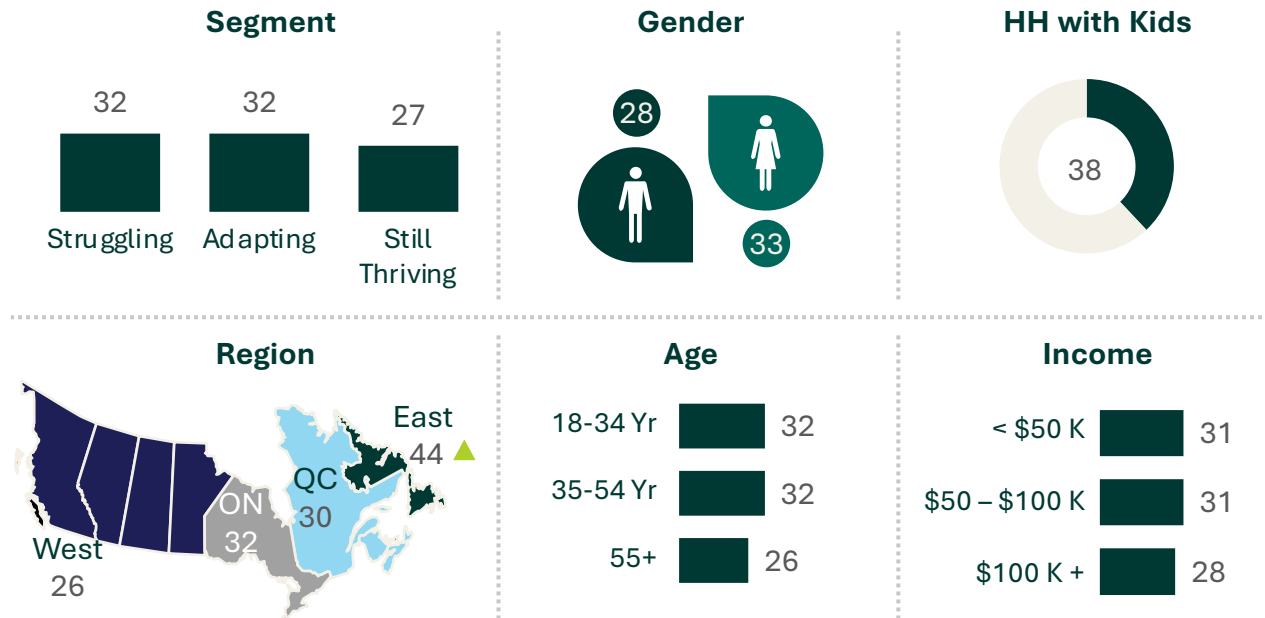


# Condiments & Toppings - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

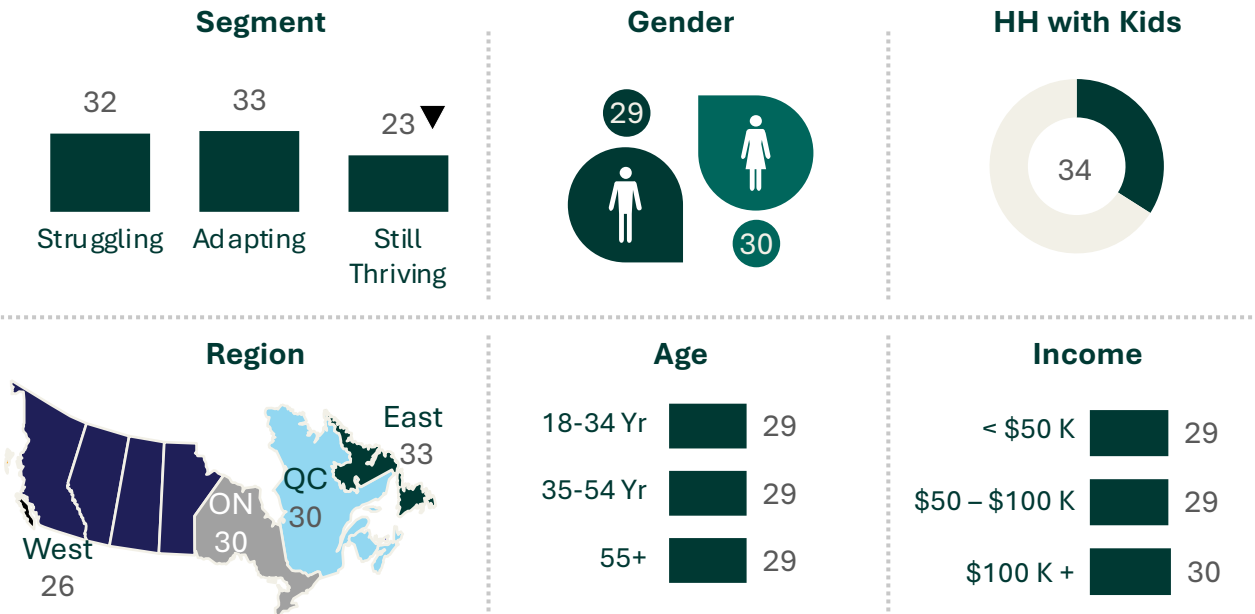


# Spreads & Syrups - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

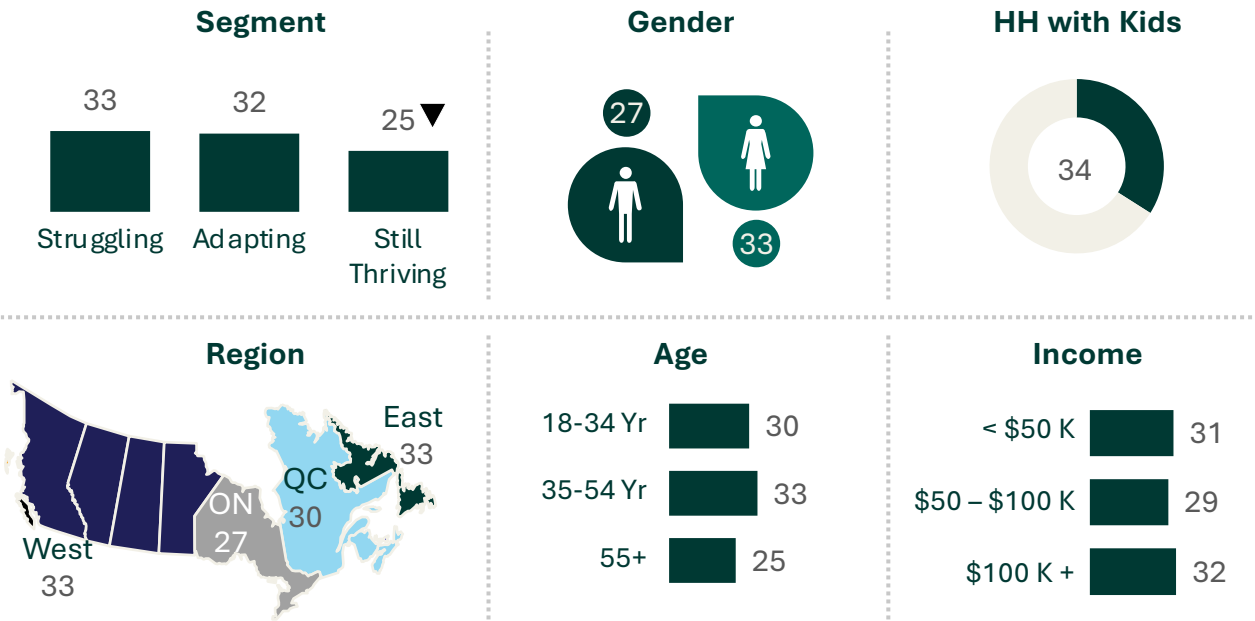


# Pet Food - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

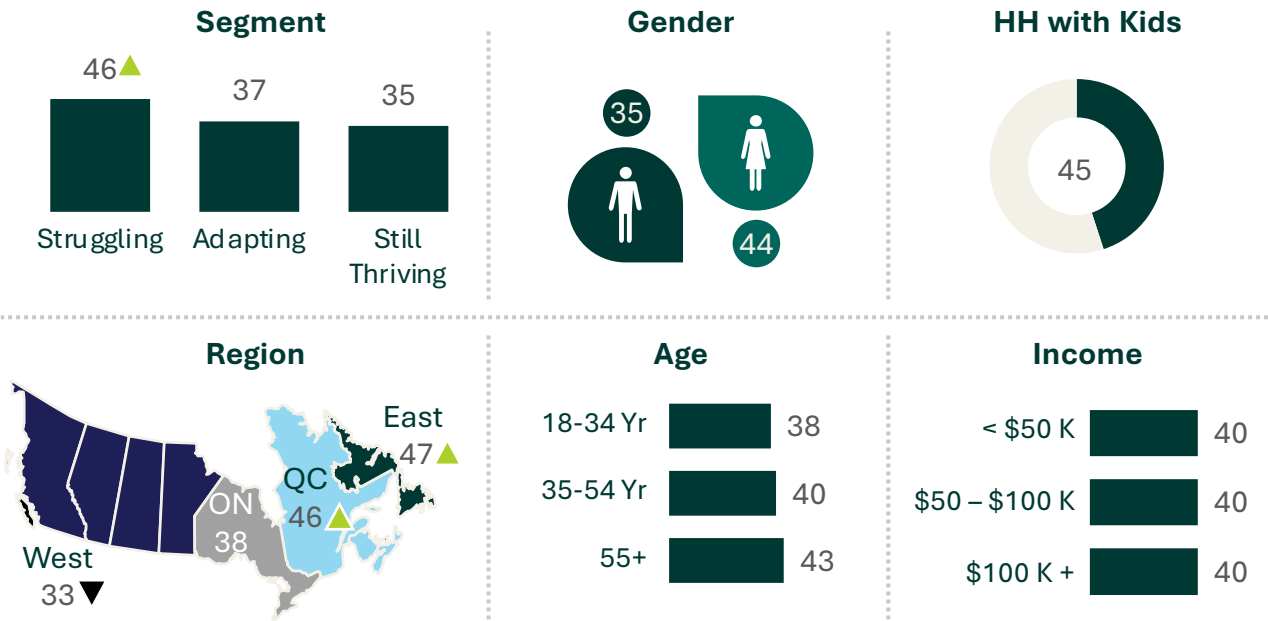


# Baking Products - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

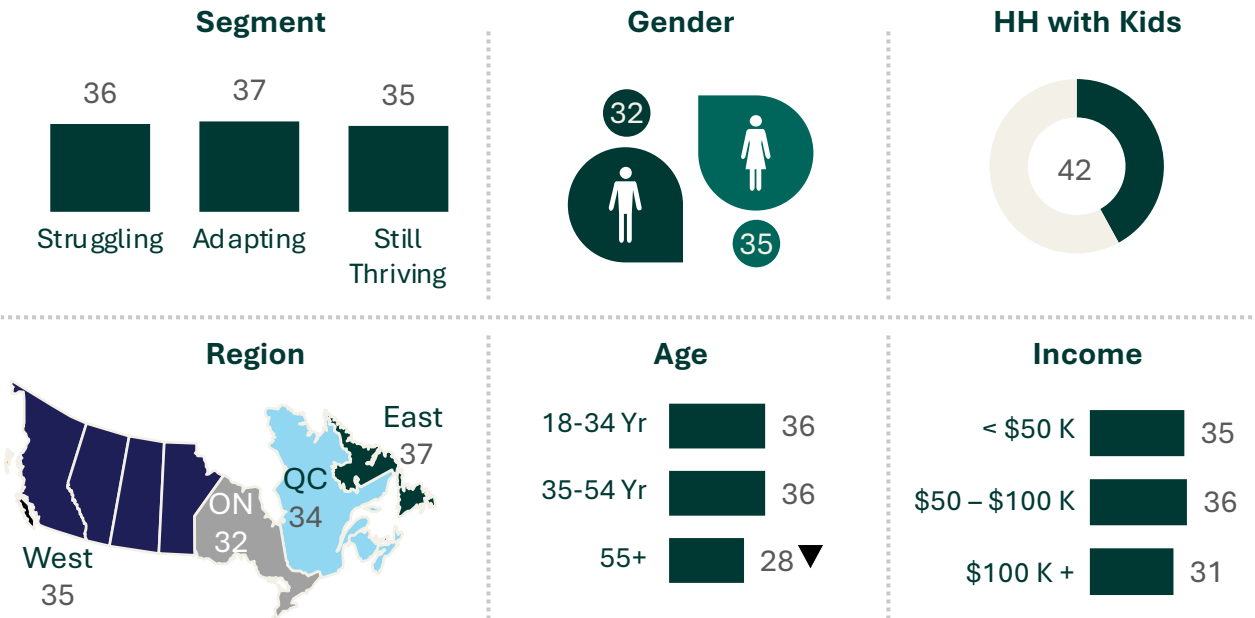


# Frozen Pizza - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

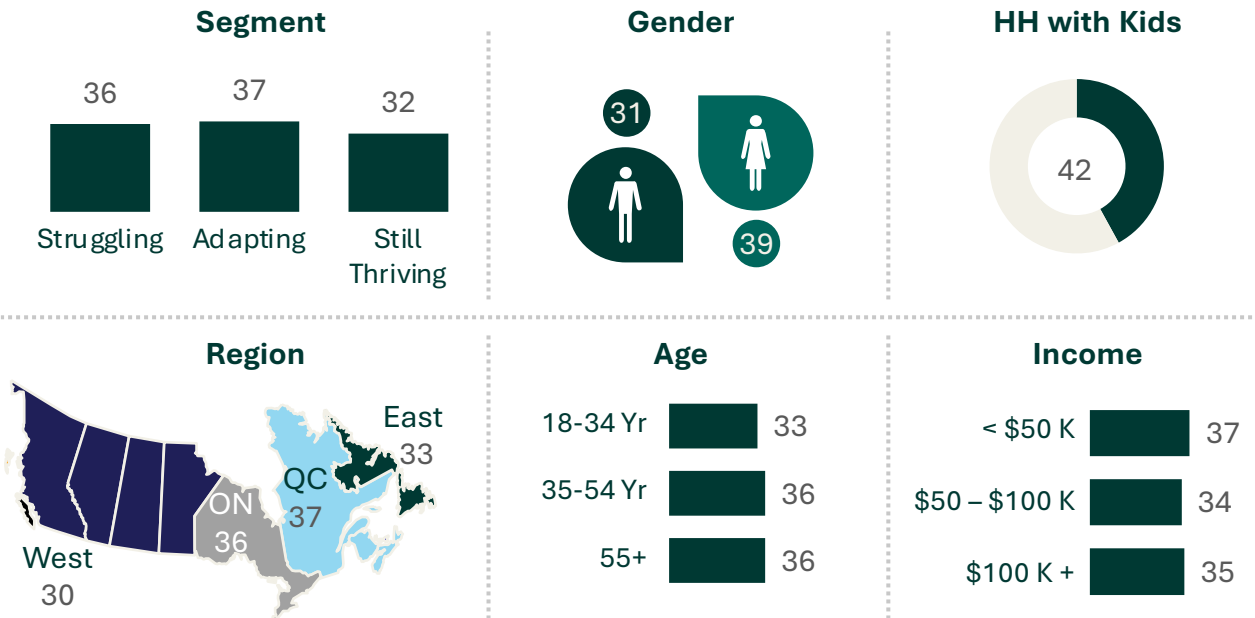


# Ice Cream Tubs - Response to Inflation

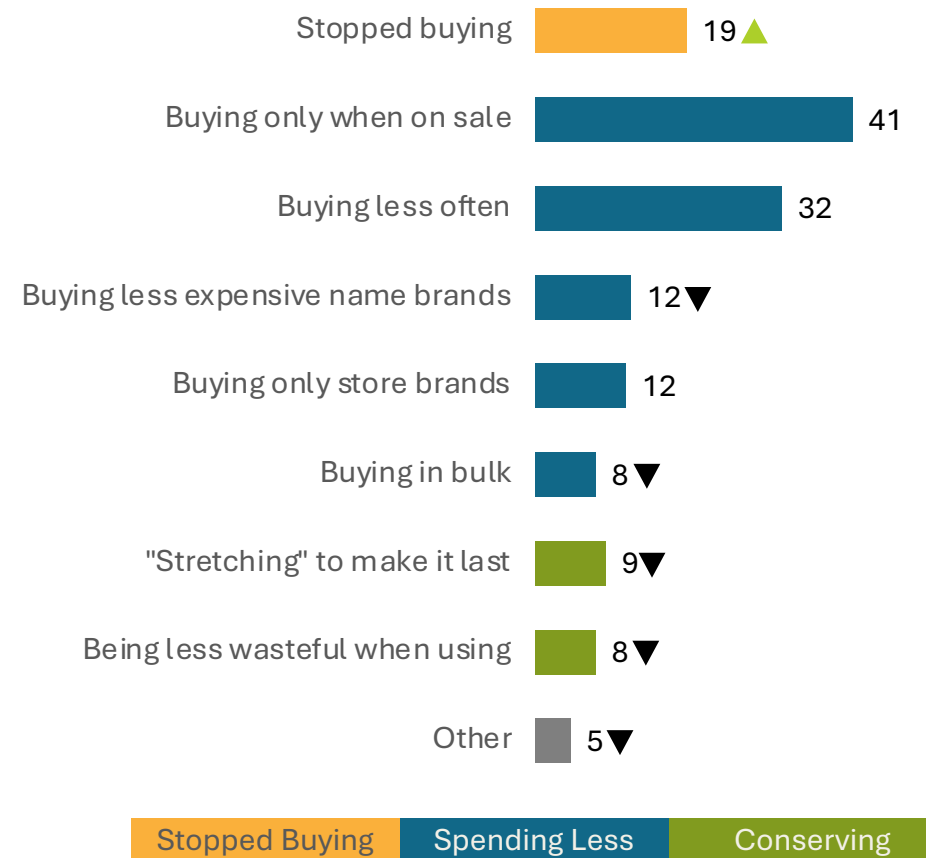
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories



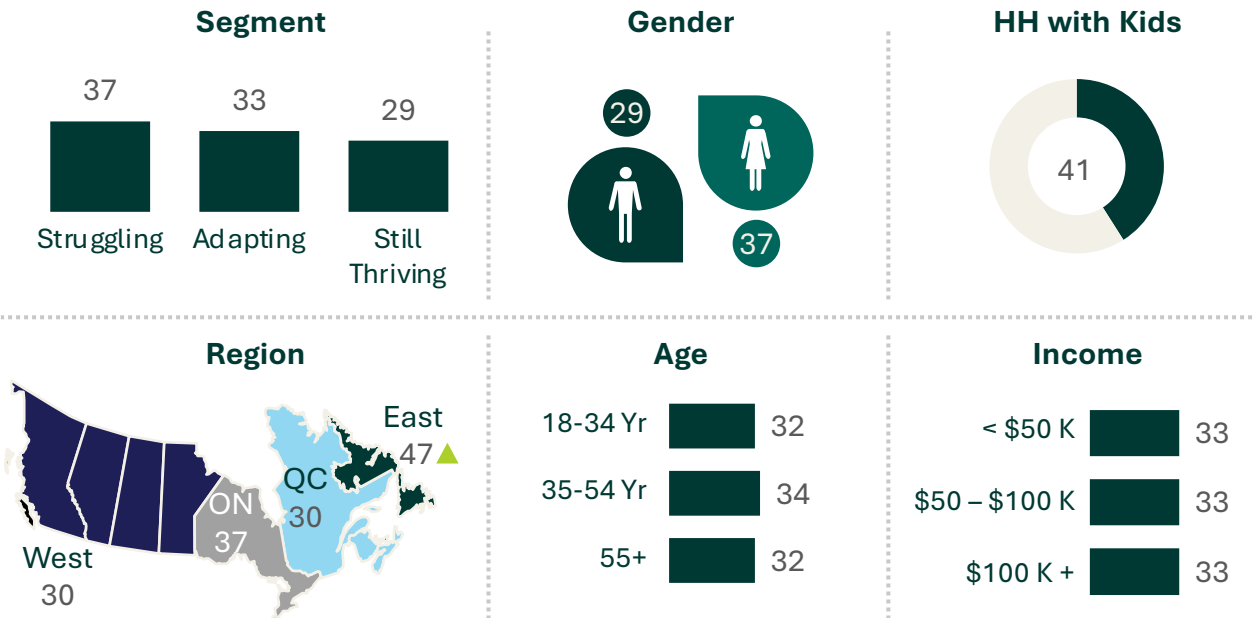


# Ice Cream Novelties - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)

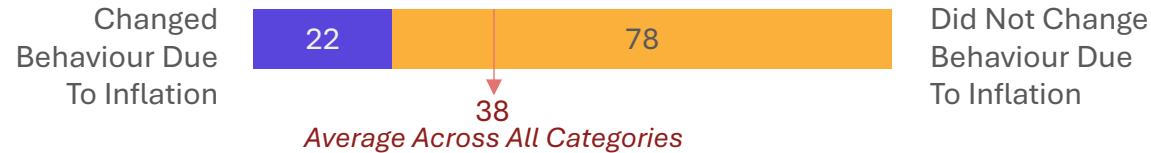


▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

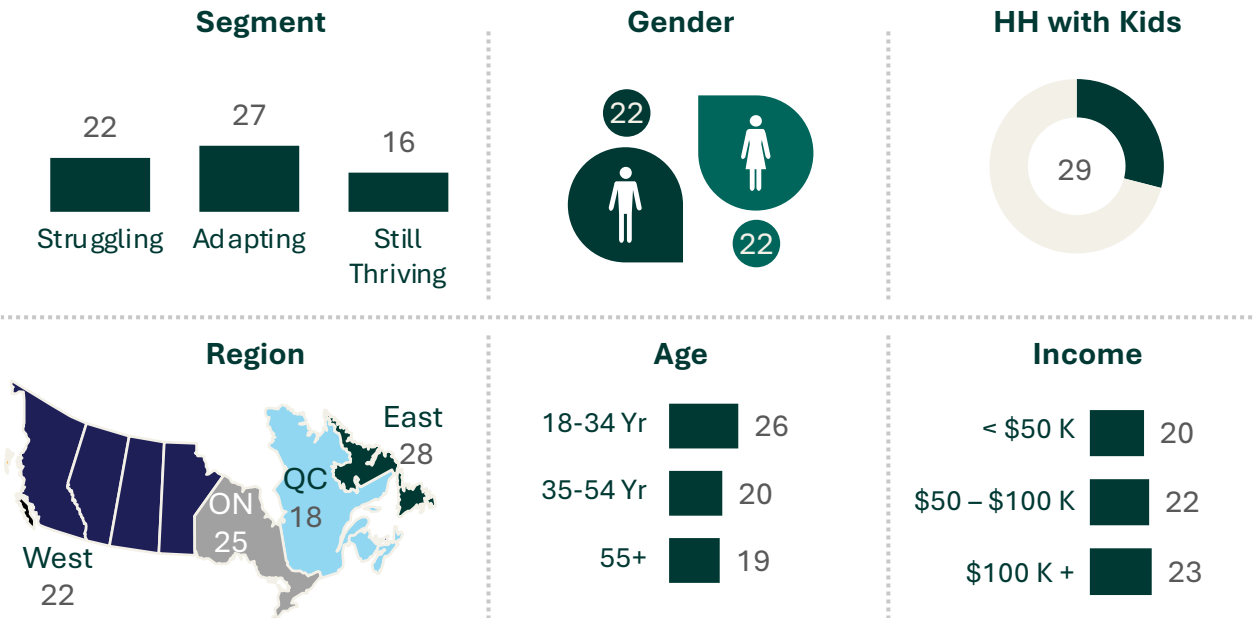


# Meal Replacements - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

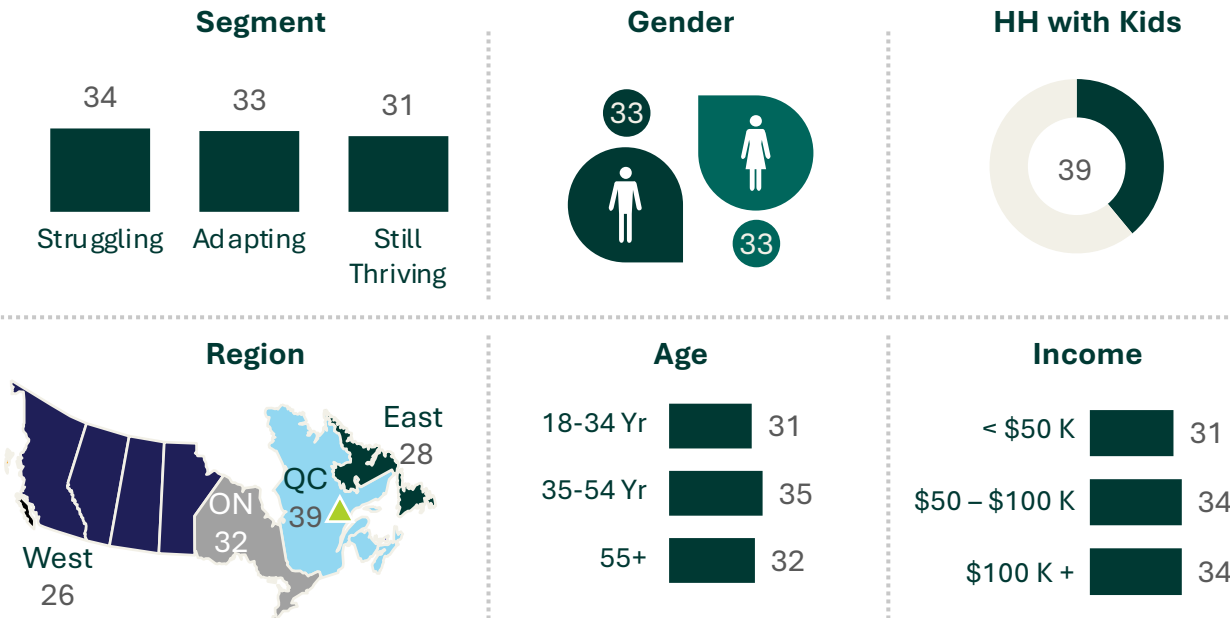


# Sparkling Soft Drinks - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

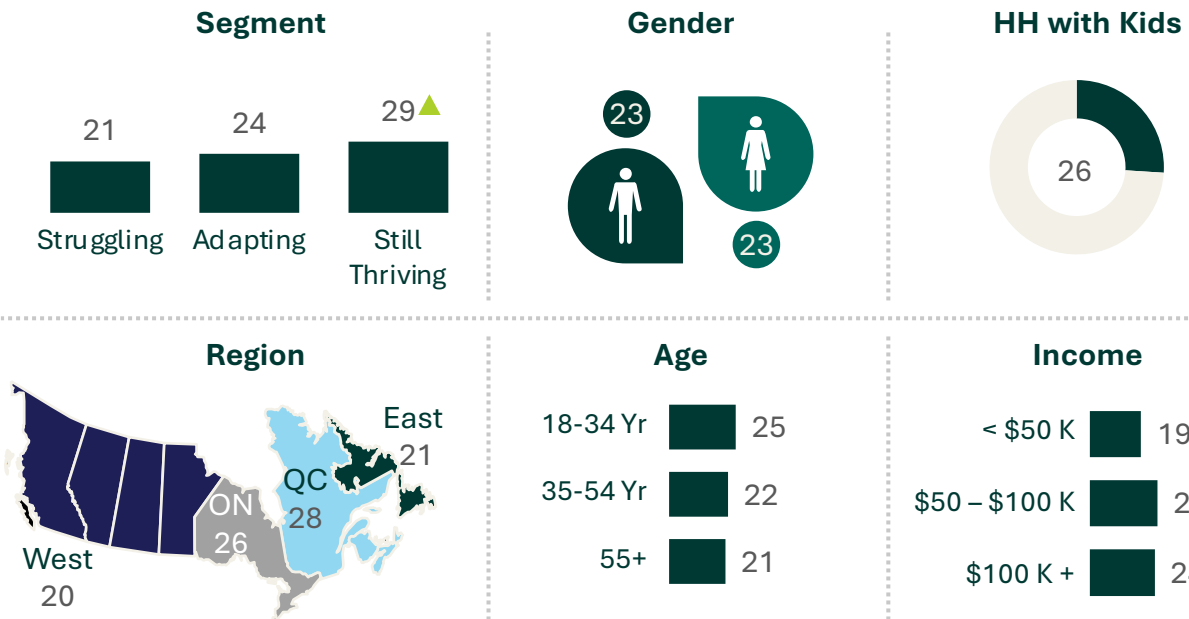


# Unflavored Sparkling Water - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

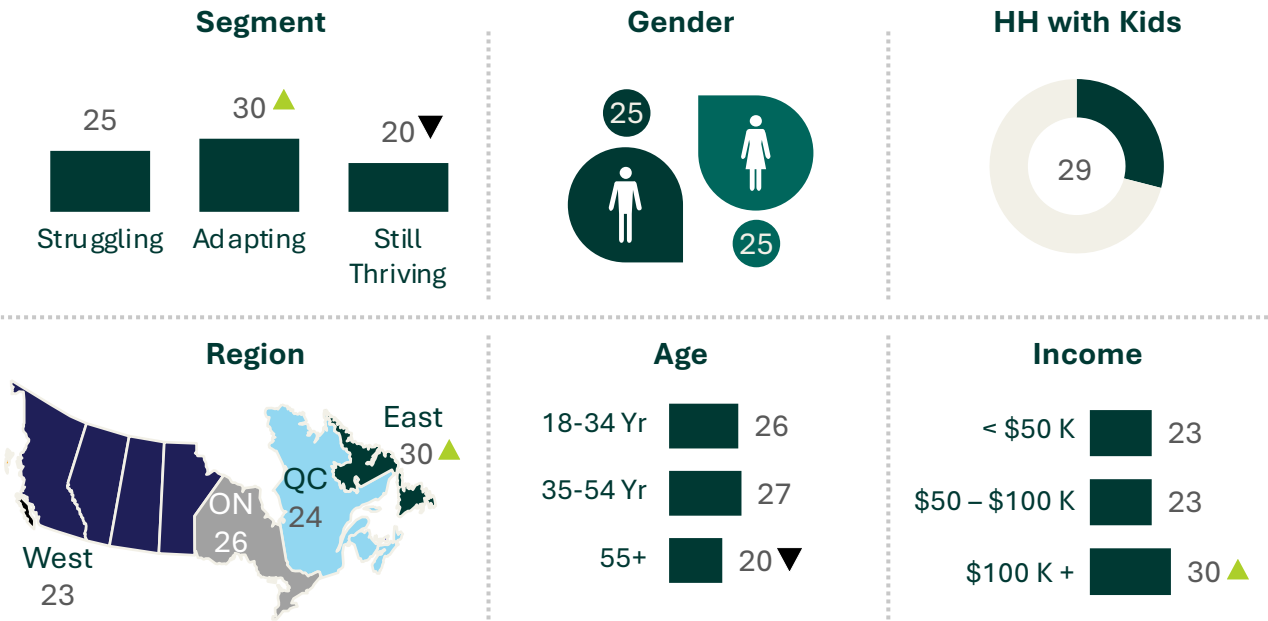


# Flavored Sparkling Water - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

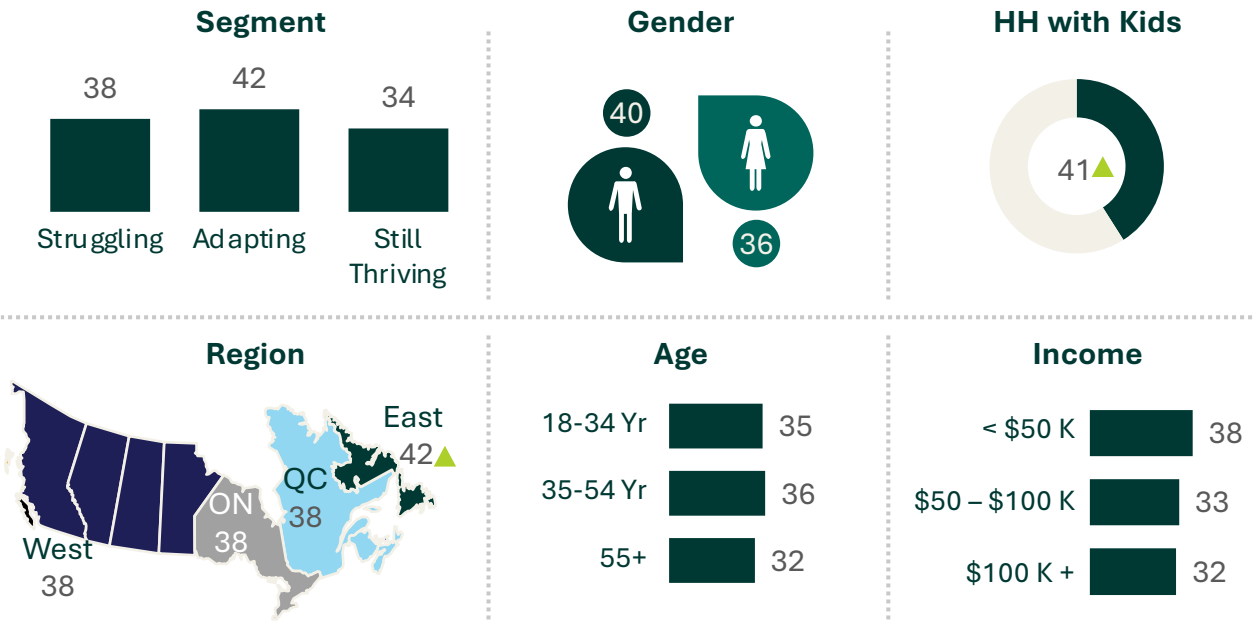


# Fruit Juice - Response to Inflation

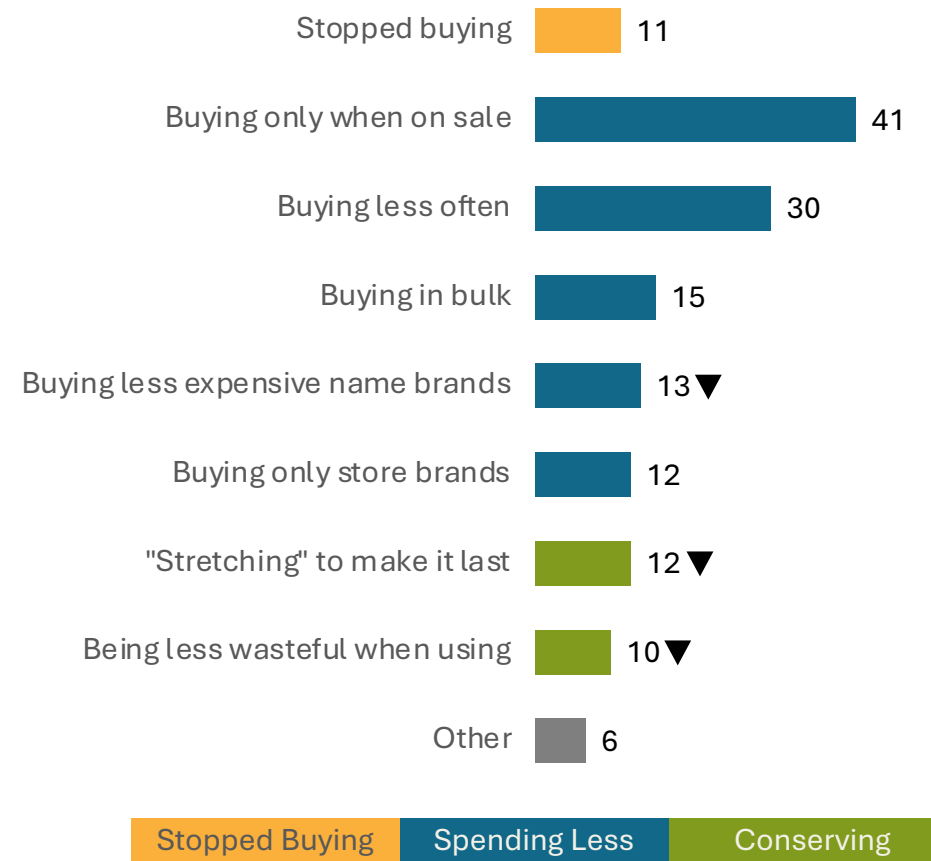
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



Stopped Buying | Spending Less | Conserving

▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

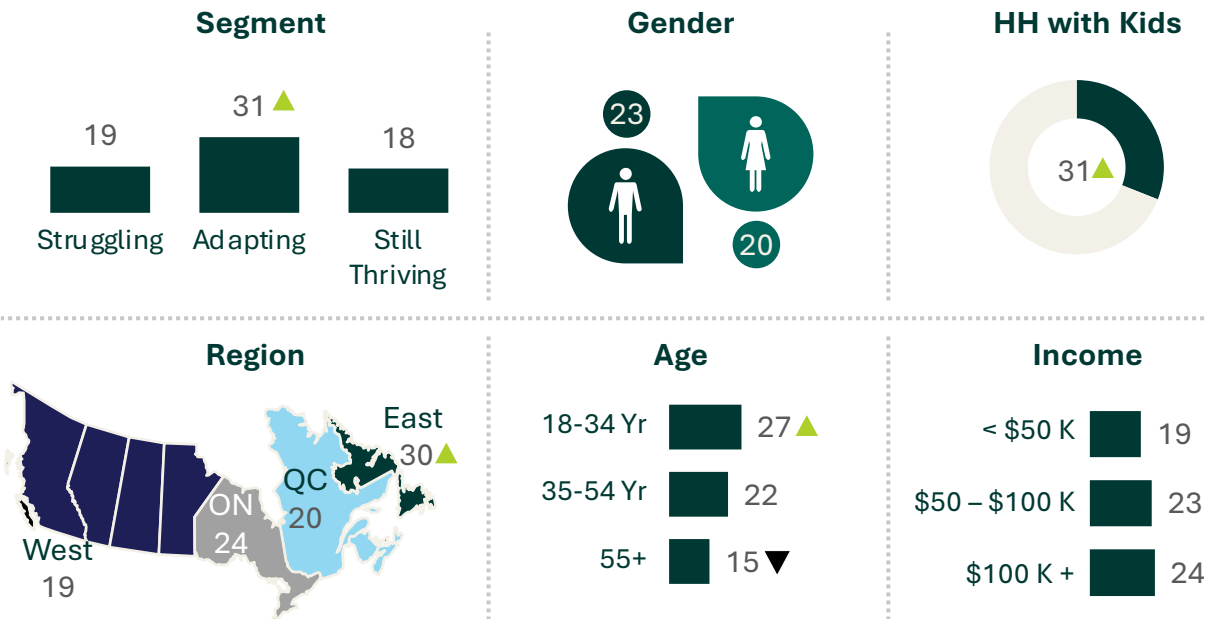


# Energy Drinks - Response to Inflation

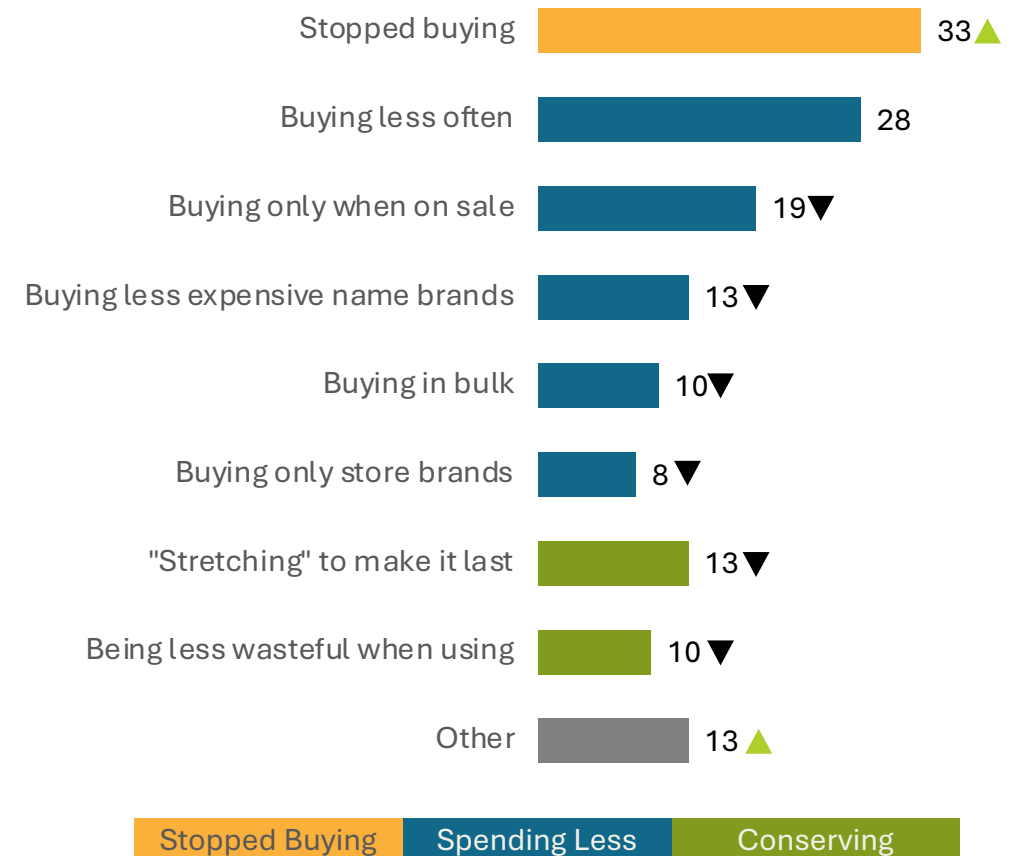
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

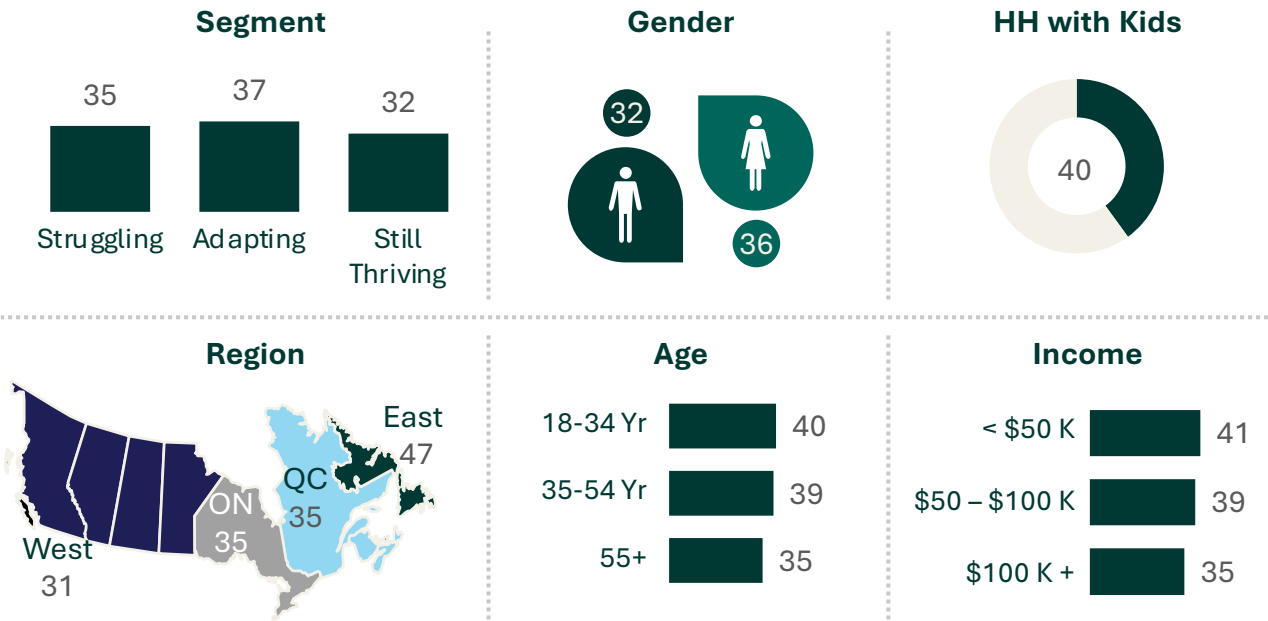


# Chocolate Bars, Tablets & Pieces - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories



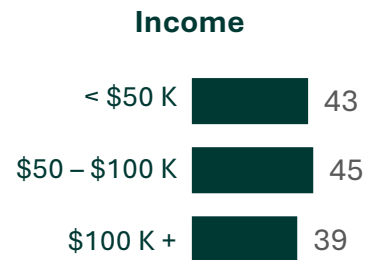
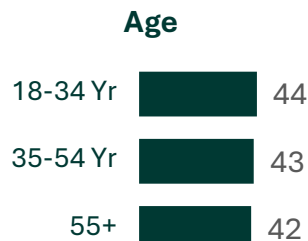
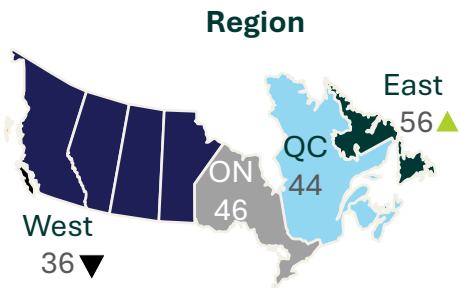
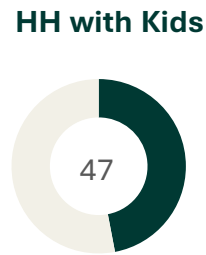
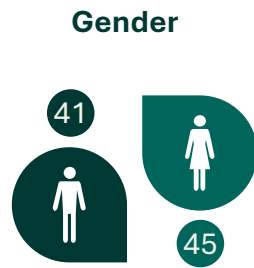
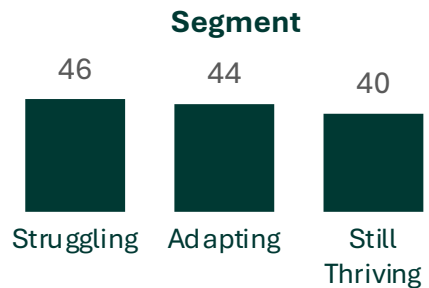


# Chips - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

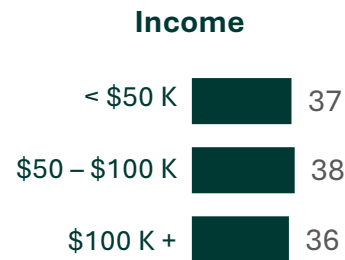
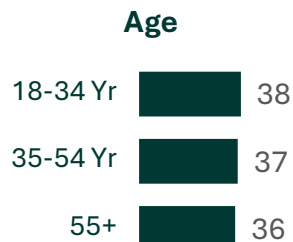
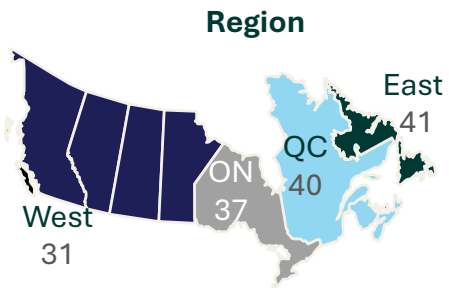
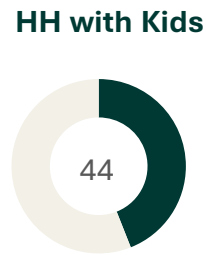
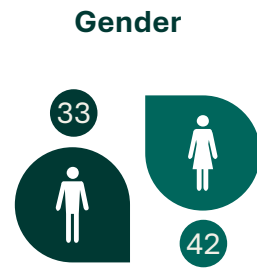
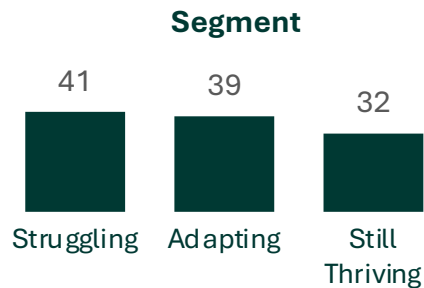


# Cookies - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

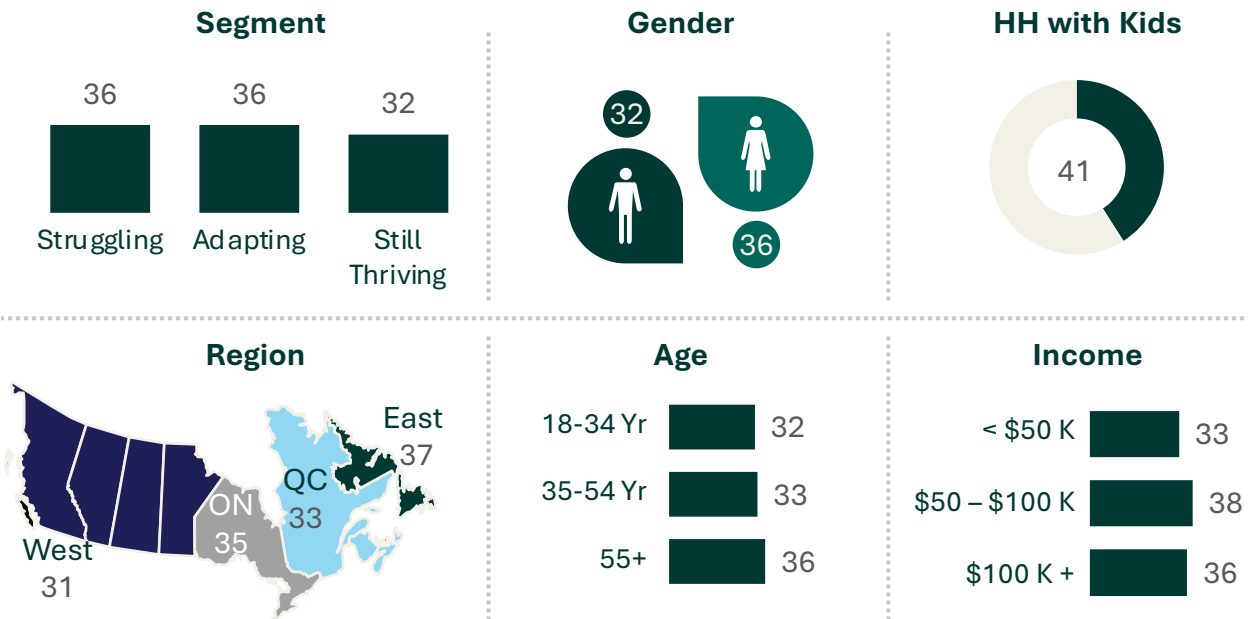


# Crackers - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

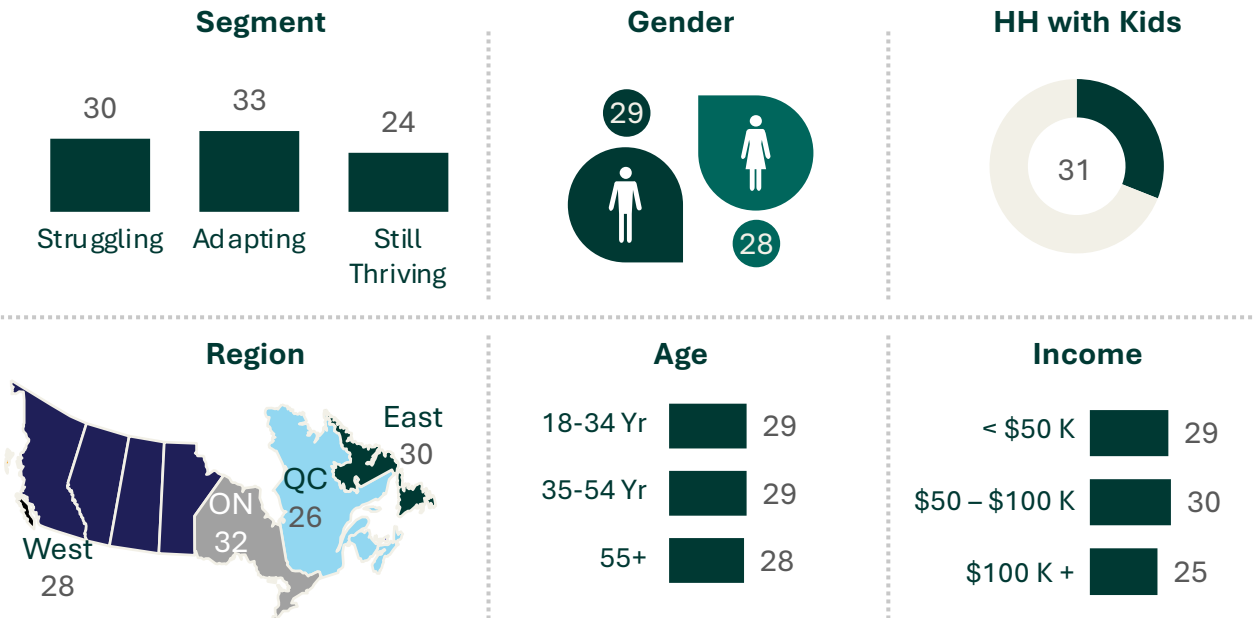


# Soups, Stews & Chilis - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

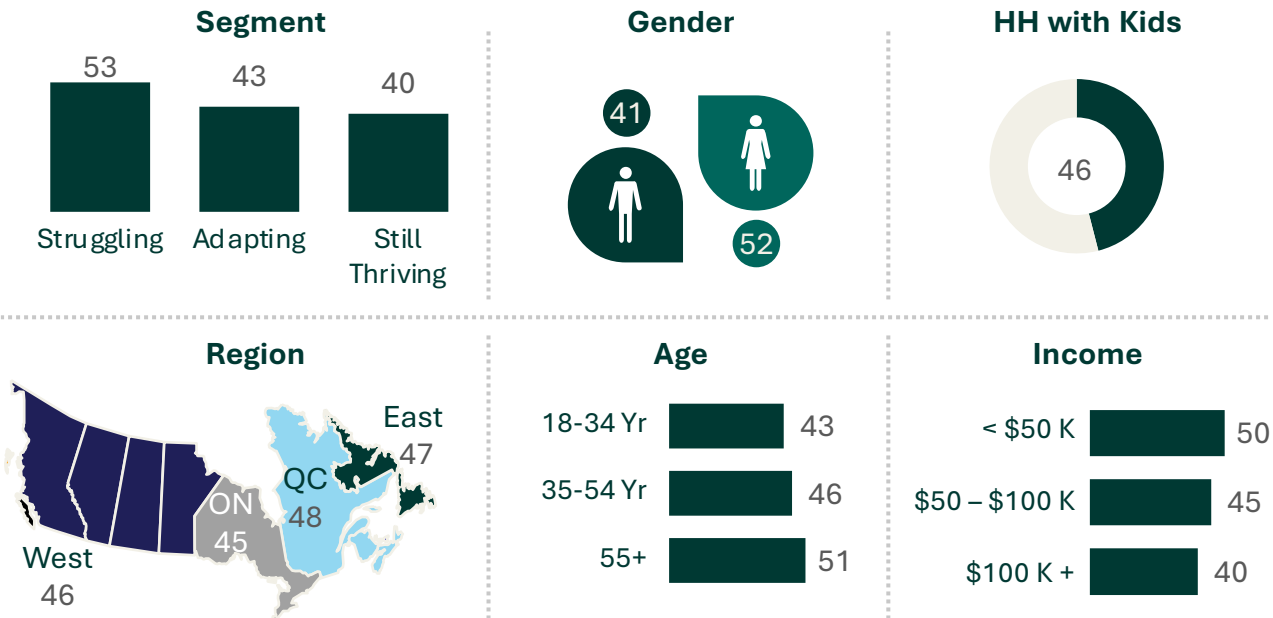


# Toilet Paper - Response to Inflation

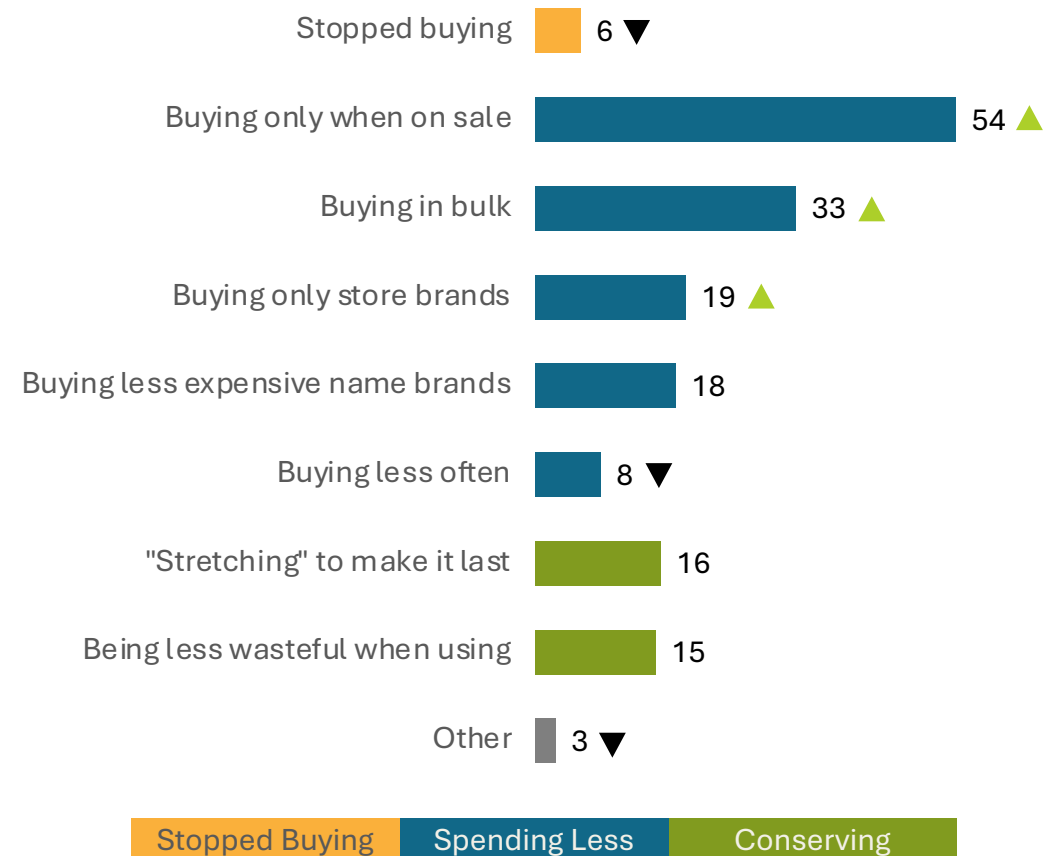
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

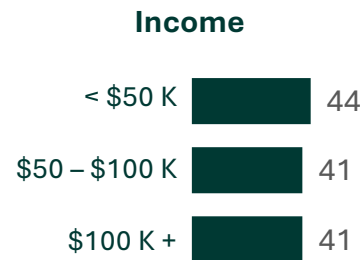
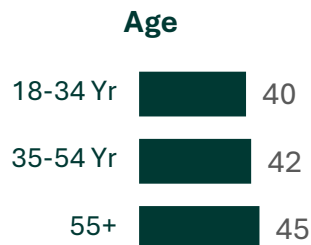
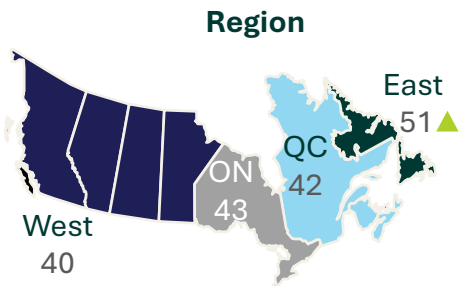
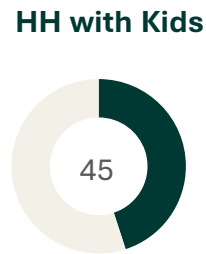
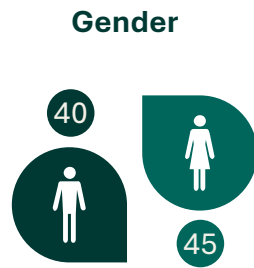
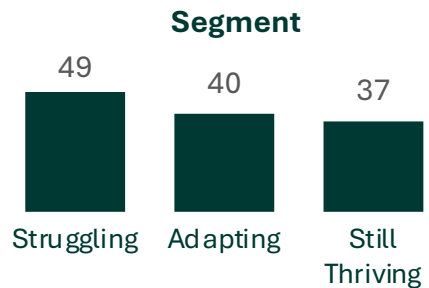


# Paper Towel - Response to Inflation

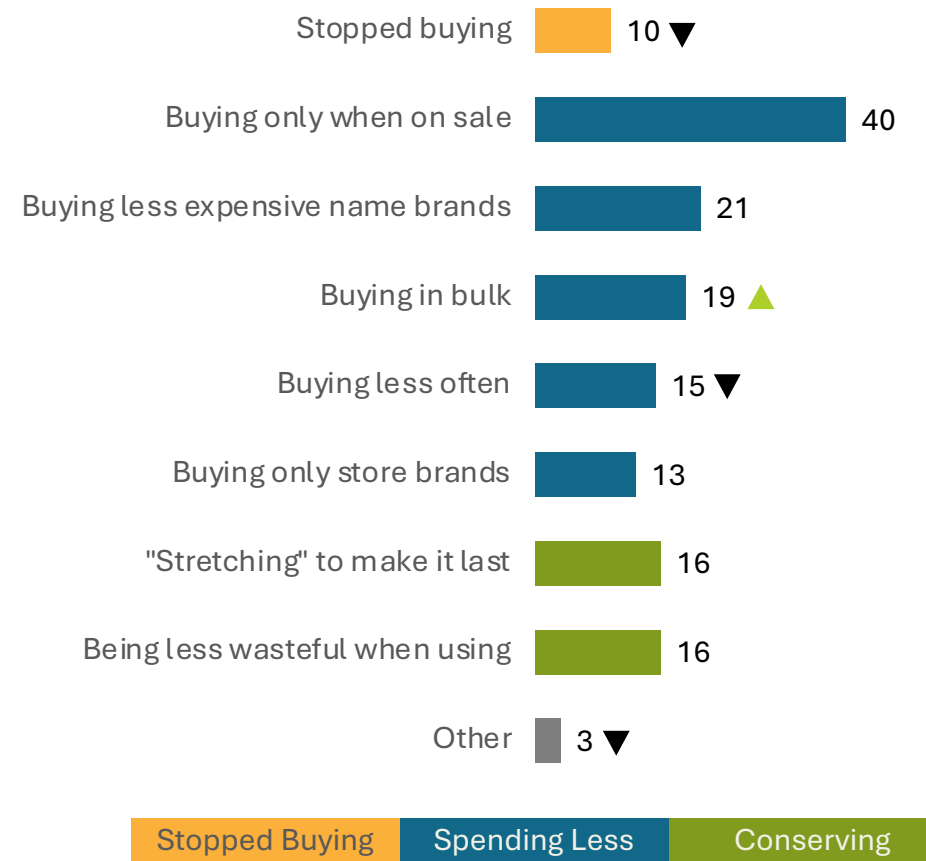
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



Stopped Buying | Spending Less | Conserving

▲▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

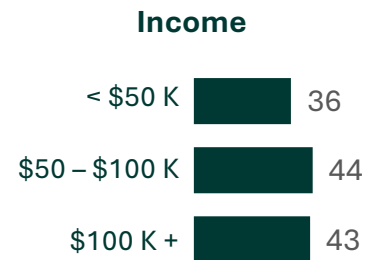
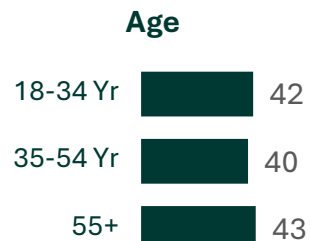
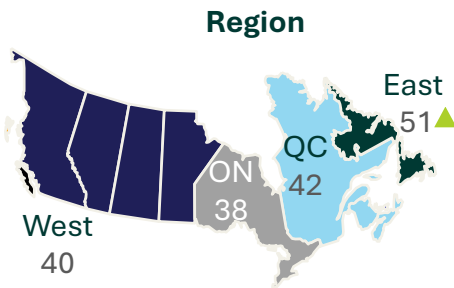
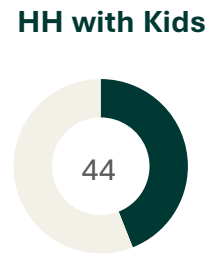
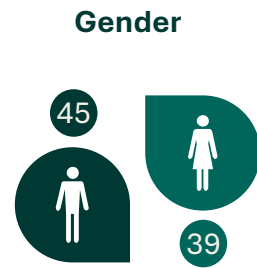
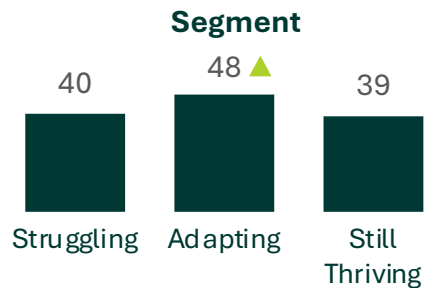


# Wine & Beer - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

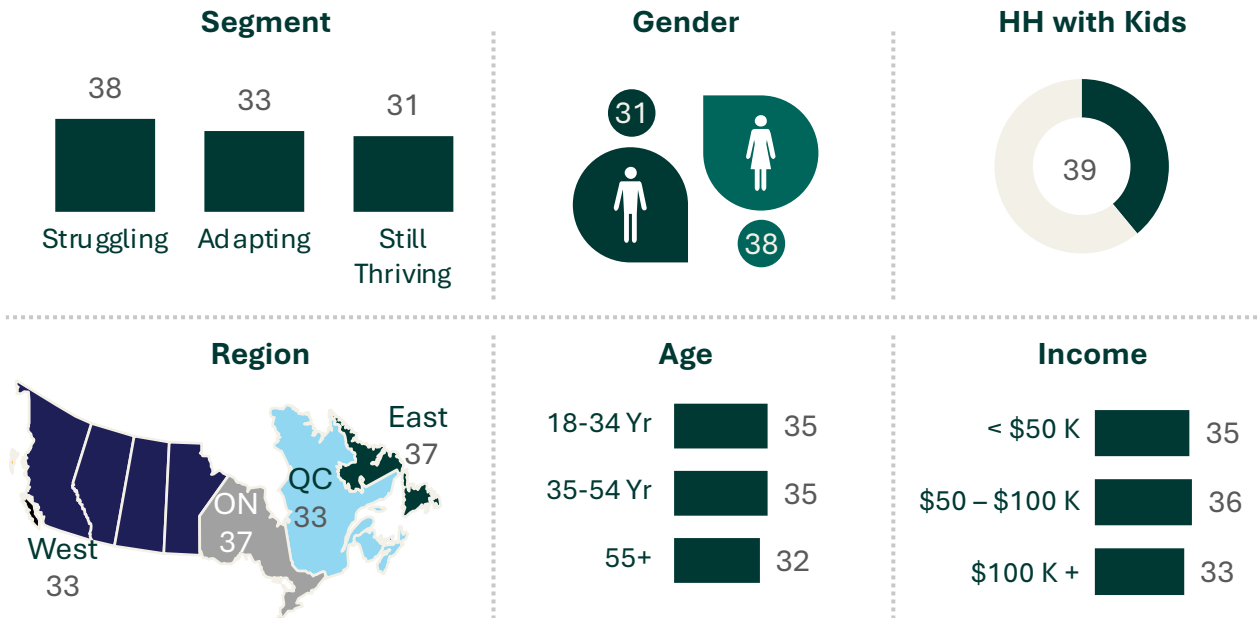


# Over-the-counter Medications - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories



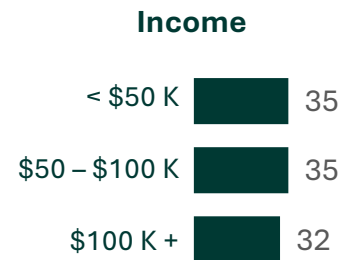
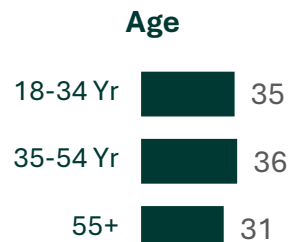
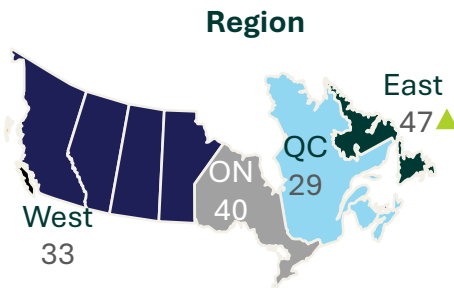
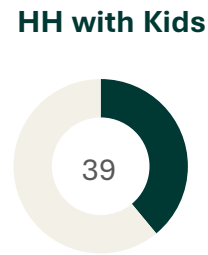
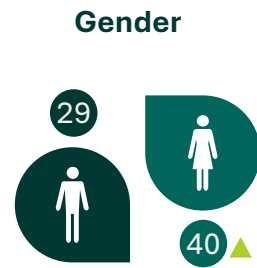
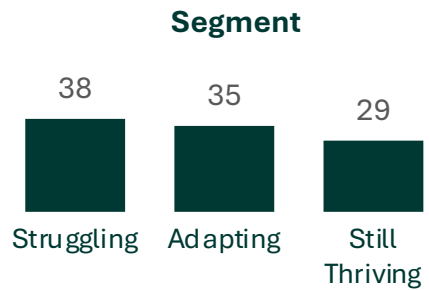


# Haircare Products - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

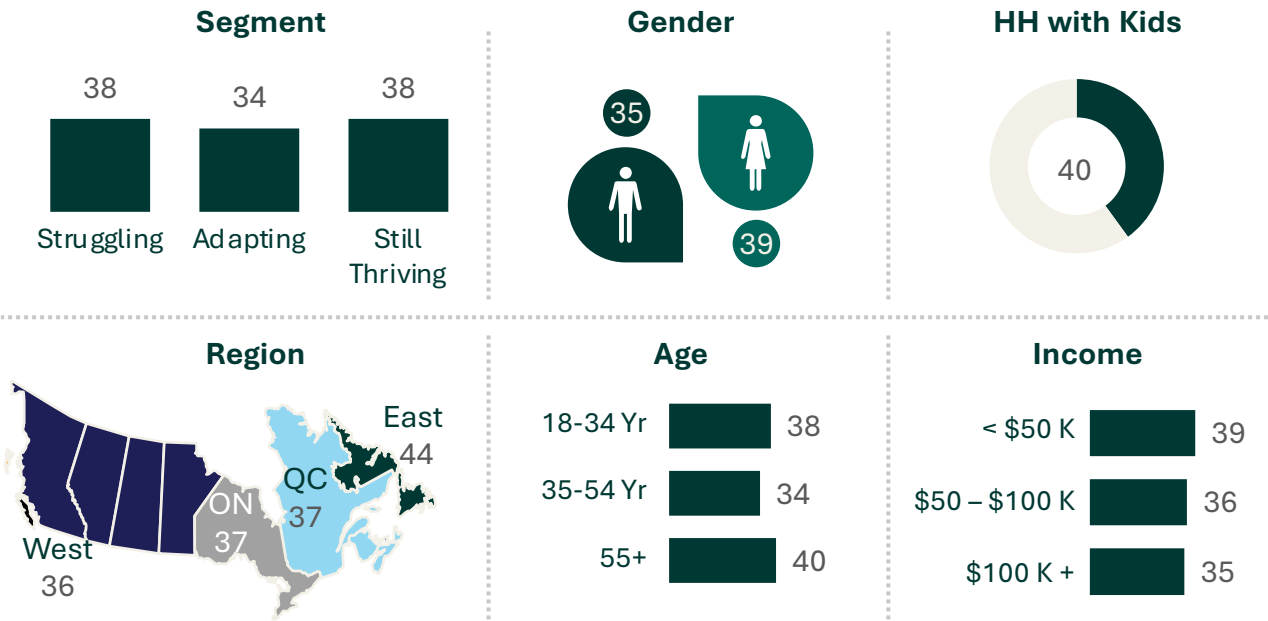


# Toothpaste/ Oral Care - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

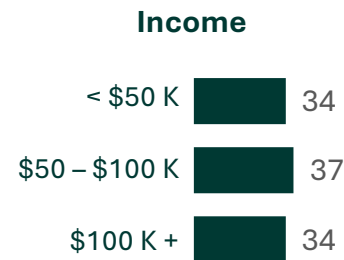
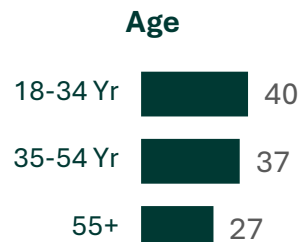
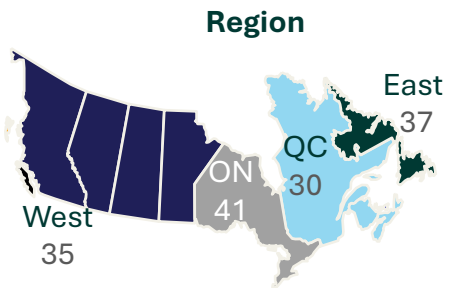
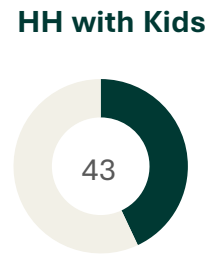
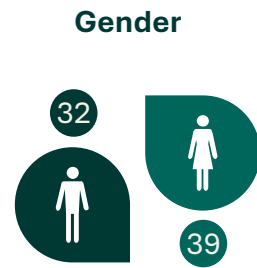
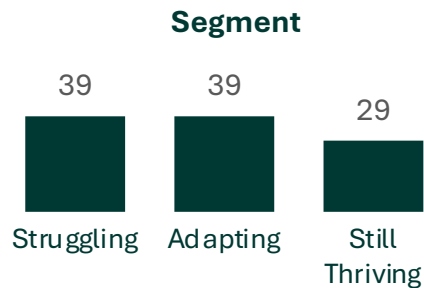


# Bath & Body Care - Response to Inflation

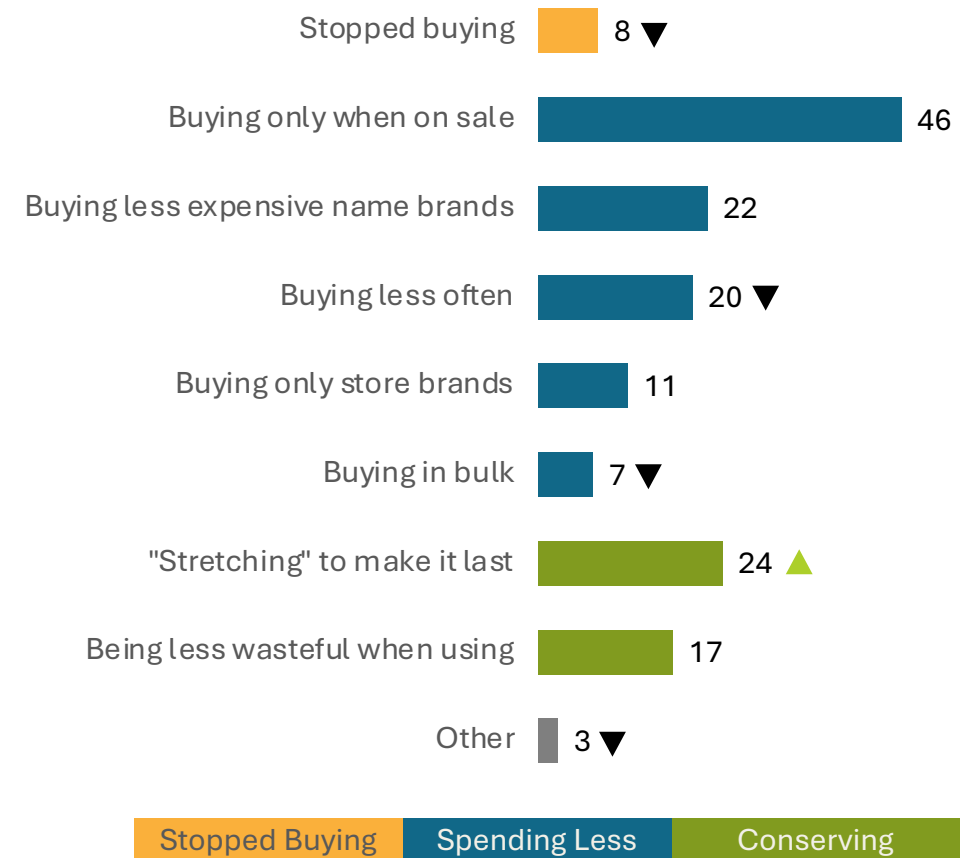
## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

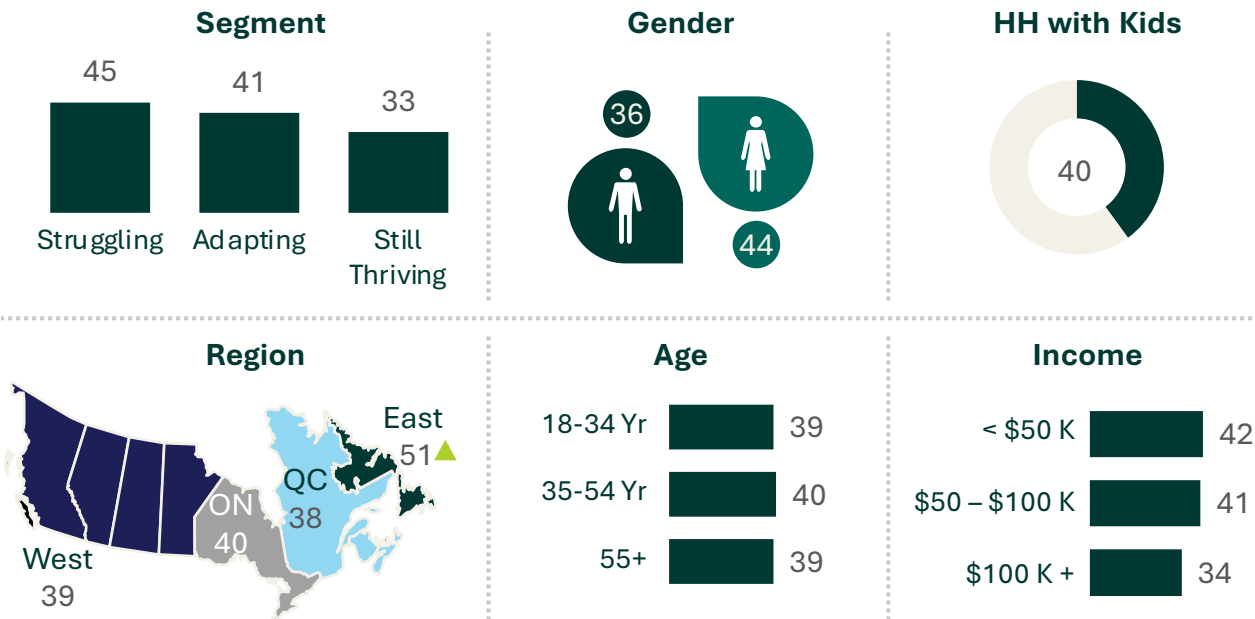


# Cleaning Supplies - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)

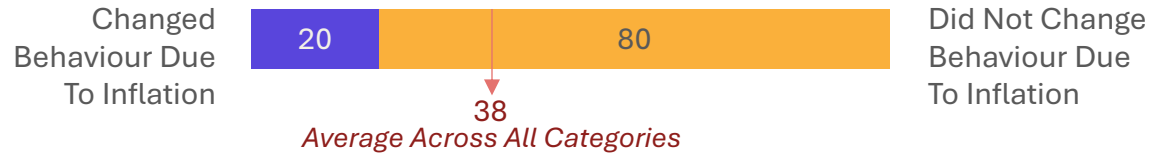


▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

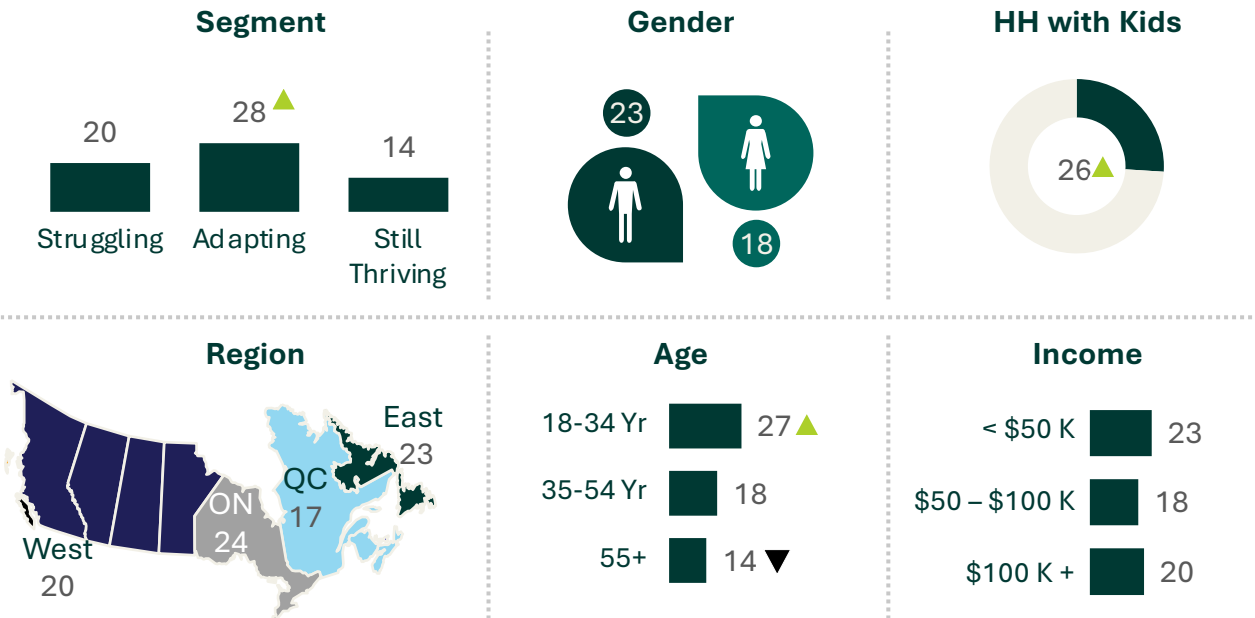


# Cannabis - Response to Inflation

## Impact on Behaviour Due To Inflation (% Selected)



## Impacted by Inflation - by Subgroup %



## Change In Behaviour Due To Inflation\*\* (% Selected)



▲ ▼ \*Indicates what's over/under indexing vs total sample/ \*\*Average across all categories

# Implications for Brands

# Implications for Consumer Brands

Many Americans have been hard hit by inflation, not just financially but emotionally as well. The stress and feeling of being overwhelmed are very real, but Americans are also proving resilient and resourceful. The challenge of helping consumers cope with inflation provides a renewed imperative for brands to better connect with their existing customers and an opportunity to win over new ones. The keys to doing so effectively, however, could differ considerably across product categories and consumer segments.

- **Clarity of focus is essential.** Make sure you have a clear understanding of who your target consumers are and how they are being impacted by inflationary challenges.
- **Align marketing & promotions with evolving consumer priorities.** Having deep insight into how your consumers' shopping & buying behaviors have changed and the trade-offs they are most willing to make is more important now than ever.
- **Have genuine empathy for your consumers' struggles.** Make sure you understand how your product(s) fit into their lives and the functional & emotional “jobs” they use your products to accomplish. Be authentic in your efforts to help them make the best of the challenging situation.
- **Stand out as a solution to your consumers' challenges.** Look for ways to position your brand so that it stands as the answer to helping consumers better meet their goals in adapting to rising prices. But don't overlook the opportunity to also connect your brand with the feelings of pride and accomplishment that consumers experience when they are able to do so successfully.

# Project Partners



Dynata is the world's largest first-party data platform for insights, activation, and measurement. With a reach that encompasses over 67 million consumers and business professionals globally, and an extensive library of individual profile attributes collected through surveys, Dynata is the cornerstone for precise, trustworthy quality data. The company has built innovative data services and solutions around its robust first-party data offering to bring the voice of the customer to the entire marketing continuum – from insights to activation, measurement, and optimization. Dynata serves more than 6,000 market research, media and advertising agencies, publishers, consulting and investment firms and corporate customers in North America, South America, Europe, and Asia-Pacific. Learn more at [www.dynata.com](http://www.dynata.com).



Canvs AI is an insights platform that transforms open-ended text from surveys, social media, transcripts, product reviews, and more into conversational intelligence about how people feel and why. Learn more at [canvs.ai](http://canvs.ai)



Drop is the most effective end-to-end platform that enables brands and merchants to influence and understand Millennial and Gen Z behavior. We are also the largest mobile rewards network powered by over \$40 billion of payment volume that are ethically-sourced credit and debit card transaction dataset. We've driven over \$400 million in sales to North America's largest brands and merchants, and our Members have provided valuable insights by answering over 100 million survey questions. Learn more at [www.joindrop.com](http://www.joindrop.com).



Dig Insights and Upside thank our partners for their support in tapping into the hearts and minds of consumers in this project.





**Thanks!**

