

2023
CPG + GROCERY

CONSUMER REPORT

WHAT DRIVES
TODAY'S
SHOPPERS

Insights Into CPG + Grocery Consumer Behavior

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UNCOVERING WHAT DRIVES TODAY'S GROCERY + CPG CONSUMERS

- 01 NAVIGATING THE PATH TO HEALTH →
- 02 DECODING CONSUMER DINING PREFERENCES →
- 03 INFLUENCING CONSUMER PURCHASING DECISIONS →
- 04 MEETING THE MODERN CONSUMER →
- 05 OFFERING SAVINGS: OLD, NEW, AND UNEXPECTED →

In today's competitive Consumer Packed Goods (CPG) and grocery industry, standing out requires understanding and anticipating evolving consumer behaviors. Drawing from the **RRD Awareness-to-Action Study**, conducted in June 2023, our latest report presents a detailed analysis of

5 Key trends within this sector:

health-conscious choices, grocery versus restaurant decisions, guiding consumer purchase behavior, brand interaction preferences, and the power of deals and promotions.

Our report provides marketers with the insights necessary to effectively engage their target audiences, inspire innovative thinking, and highlights the continued relevance of strategic promotions.

Gain a comprehensive view of the current retail landscape and leverage these insights to drive your brand's success.

01

NAVIGATING THE PATH TO HEALTH

In the quest for health and wellness, consumers today are making more conscious choices. An influential blend of social media influencers, search trends, and accessible information is steering purchasing decisions toward fresher, less processed foods.

People prefer fresh over processed

40% of shoppers overall
and **52%** of baby boomers
are trading processed foods for fresher
alternatives, showcasing a growing trend
towards healthier living.



People want healthy pets, too

31% of pet owners are consciously shopping for healthier food options for their pets, demonstrating that health consciousness extends to our furry friends as well.



31%

OF PET OWNERS

Shop for healthier
food options for
their pets

Pawsome fact

A notable **17%** of pet owners also
favor natural, holistic products or
supplements over conventional
medications for their pets.

01

NAVIGATING THE PATH TO HEALTH

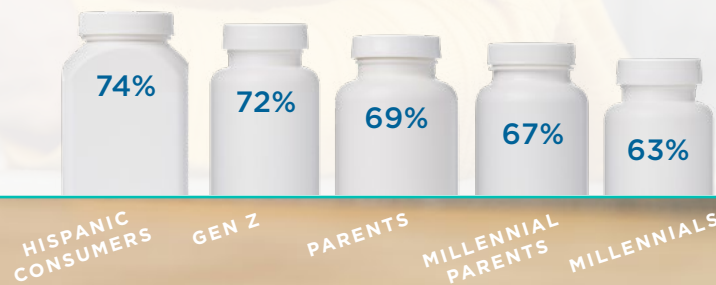
Functional foods and holistic supplements on the rise

Notably, consumers are leaning on purposeful foods and wellness supplements as an alternative to prescription or over-the-counter medications. More than half of consumers employ this strategy, with remarkably high usage among Gen Z, millennials, parents, millennial parents, and Hispanic consumers.

HOLISTIC OVER MEDICATION

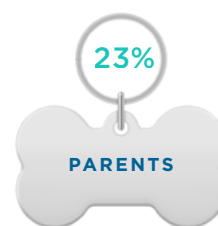
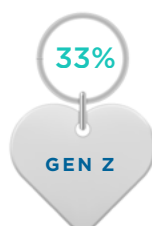
53%

OF CONSUMERS SURVEYED
Favor functional foods/
holistic supplements over
Rx or OTC meds



PET OWNERS

HOLISTIC PET CARE



01

NAVIGATING THE PATH TO HEALTH

Herbal and holistic infatuation

Interest in natural remedies and holistic health is further reflected in the popularity of herbal tea and tinctures for weight management and stress/anxiety relief, particularly among Gen Z and Hispanic consumers. Additionally, products like apple cider vinegar or gummies and supplements for weight management are finding favor among Gen Z, parents, and Hispanic consumers.



Emerging trend alert

The shift toward holistic health solutions points to an evolving consumer landscape and an opportunity for brands to cater to these wellness-focused trends.



OPTIMIZED ENGAGEMENT

In the contemporary, health-conscious marketplace, leveraging the right data is paramount for brands. RRD's Consumer Graph, enriched with billions of unique online and offline intent signals, offers a powerful tool to help you identify your target audience based on their interests and purchase behavior.

This detailed understanding allows you to effectively align your media mix and promotional strategies, ensuring that the right offer reaches the right people. With RRD, you gain the ability to tailor your brand offerings to match consumer preferences, optimizing both engagement and conversion.

02 DECODING CONSUMER DINING PREFERENCES

The way consumers choose to satisfy their hunger, whether it's whipping up a meal at home or indulging in restaurant food, is an intricate interplay of various factors. As we delve into two key areas from our survey, we see the pivotal role that coupons and discounts play in shaping these decisions.

PEOPLE EAT AT A RESTAURANT

WHEN THE PRICE
IS RIGHT, THEY'RE
READY TO SPLURGE,
OR IT'S JUST MORE
CONVENIENT.

The motivations behind such decisions are multifaceted. It could be the lure of a coupon or discount driving restaurant dining decisions. Or taking a well-deserved break. Others see restaurant dining as a treat or something to indulge in while on vacation, a fast and convenient meal solution, a way to celebrate special occasions, or an opportunity to socialize and bond with family or friends.



RECEIPT

What whets the appetite for eating out?

Coupons or Discounts	46%
Taking a Break	42%
Treat	41%
Fast & Convenient Meal Solution	41%
Celebrating Special Occasions	38%
Opportunity to Socialize & Bond	34%
On Vacation	34%

The role of coupons or discounts in decision-making reemphasizes the power of strategic promotions in influencing shopper behavior.

02 DECODING CONSUMER DINING PREFERENCES

The expense of dining out often pushes people toward their kitchens.

Health considerations, the use of fresh meat or produce on hand, personal taste preferences, and the enjoyment or creativity found in home cooking are additional key factors.

WHY CHOOSE
HOME COOKING
OVER DINING
OUT?

GROCERY FOOD IS
LESS EXPENSIVE

44%

IT'S HEALTHIER

36%

USE FRESH MEAT &
PRODUCE AVAILABLE

34%

TASTES BETTER

30%

TRY NEW RECIPES,
ENJOY CREATIVE
COOKING

27%

16%

OF SURVEYED RESPONDENTS IDENTIFYING AS HISPANIC

Prefer home cooking to dining out for the
opportunity to savor authentic cultural meals

66%
HIGHER THAN
THE BASELINE
AVERAGE

Emerging trend alert

As consumer dining decisions pivot between cost, convenience, and health, there is significant opportunity for brands to cater to these evolving preferences. Whether it's creating deals that provide value or producing healthier options, the key is to understand and respond to these dynamics effectively.

02

DECODING CONSUMER DINING PREFERENCES

Prefer cooking up fun at home over dining out?

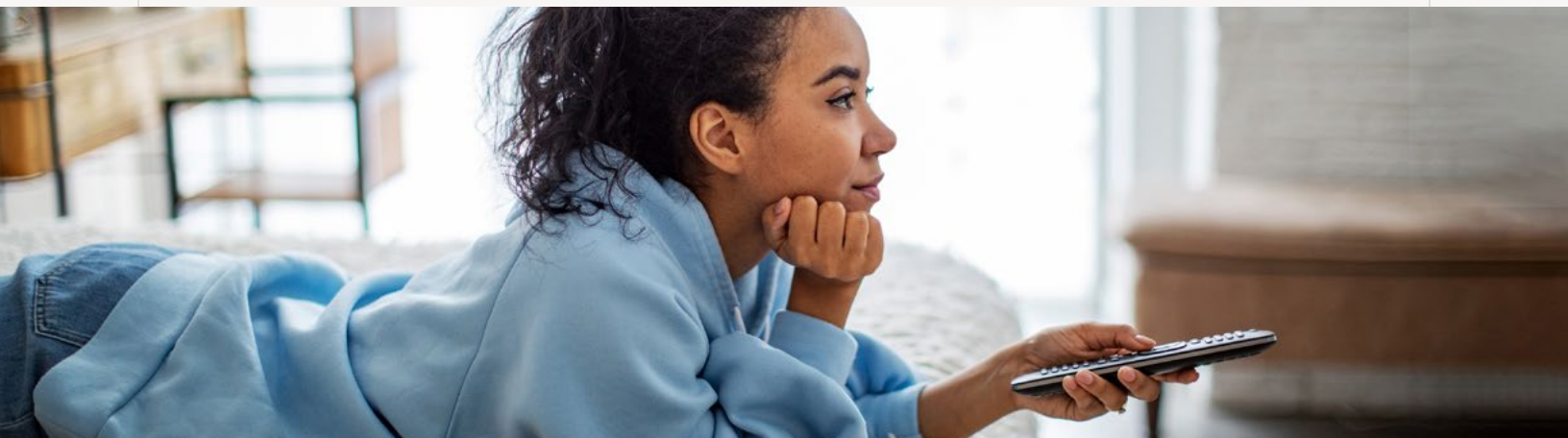
Leverage the powerful combination of RRD **Connected TV** and cross-channel retargeting. These tools are designed not just to identify, but more importantly, to influence and drive the behavior of your target audience. By understanding and directing consumer interests, your strategies can significantly boost the preference for grocery or CPG brands, inspiring a trend toward stocking up and enjoying meals at home.



HOMEBOUND IMPACT

Our unique approach involves reaching your customers through messages embedded in premium TV content and then maintaining their engagement across multiple platforms. By leveraging our ability to follow up with tailored food-related messages on mobile, mailbox, display, and more, we can ensure your brand connects with the audience at the right time and place.

Incorporating these strategies with RRD's **Display Advertising** solution creates a powerful combination that brings together browsing and buying behavior, delivering results that consistently outperform industry standards.



03 INFLUENCING CONSUMER PURCHASING DECISIONS

Understanding what influences a shopper's decision on what to buy can be a complex task, affected by a host of factors, from private labels and retail networks to income levels and product discovery methods. As consumers become more aware and informed, the challenge for marketers is to effectively use various media channels to steer these decisions.

Emerging trend alert

We're witnessing a substantial shift in consumer behavior, with more shoppers favoring store-brand products, indicative of a transformative change in brand loyalty trends. It's important to highlight that consumers prioritize quality and convenience in their shopping experiences. Modern private label brands cater to these expectations by providing high-quality products at a discount compared to national brands, thereby effectively delivering both value and convenience.

PRIVATE LABELS VS. NATIONAL NAME BRANDS

56%

OF SURVEYED CONSUMERS

Now buy more **store brand** products

Only 17% report that they primarily opt for national name-brand products



03 INFLUENCING CONSUMER PURCHASING DECISIONS

The spike in online grocery adoption during the pandemic era has now settled into an ingrained behavior for some. However, **51%** have been frequenting physical stores more often, while making fewer online grocery orders for delivery or pickup. This trend might be driven by a motivation to manage budgets amid rising grocery prices, as this approach avoids additional delivery fees.

Planning for grocery shopping still has a place for print media. Despite the digital wave, **42%** of consumers rely on printed grocery circulars to plan their shopping.

Influential advertising: What type of advertising grabs the attention of consumers when they are considering a new brand?

TOP ADVERTISING MEDIUMS

COUPONS IN
THE MAIL OR
NEWSPAPER

32%

PRINTED STORE
CIRCULARS THAT
ARRIVE IN THE MAIL
OR NEWSPAPER

27%

CABLE OR
TRADITIONAL
TV ADS

26%

ONLINE COUPONS
OR PROMO CODES

24%

ONLINE STORE
CIRCULARS

21%

SOCIAL MEDIA
(OVERALL)

21% →

HISPANIC
RESPONDENTS

27%
HIGHEST
PERCENTAGE

This suggests that while digital media is gaining traction, traditional print media and TV ads still hold significant influence in creating brand awareness. However, it's essential to note that this varies by consumer segment.

SHAPING CONSUMER DECISIONS WITH INNOVATIVE MARKETING SOLUTIONS

Shared Mail is a key feature of RRD's **Print Marketing Solutions**, facilitating direct delivery of offers into consumers' mailboxes.

Here are two vital points:

01 Driving brand choice in a competitive market

As shoppers, on average, visit 5.2 different store banners monthly for grocery needs.* Shared Mail equips brands with a cost-effective tool to promote deals, capture first-time buyers, and establish a strong stand against private labels.

02 Capitalizing on an untapped space

During the saturation of traditional advertising channels, Shared Mail harnesses the potential of the less crowded consumer mailbox. This unique avenue becomes even more critical in high-advertisement seasons, such as the impending 2024 election year.

For a deeper dive into the transformation of the retail world, tune into episode 16 of RRD's *Business to Human* podcast series, titled **"The Evolution of the Retail Environment."** This episode explores the concept of retail as a medium, offering insights into the future of grocery stores, the emergence of "headless retail," and provides a broader perspective on U.S. privacy regulation.

* 2023 U.S. Grocery Shopping Trends, "Sorting through the Value Matrix," The Food Industry Association

04 MEETING THE MODERN CONSUMER: SHOPPERS SEEKING 'GOOD' COMPANIES

SHOPPERS NOW SEEK BRANDS THAT UPHOLD ETHICAL PRACTICES, CORPORATE SOCIAL RESPONSIBILITY, AND PROMOTE DIVERSITY, EQUITY, AND INCLUSION.

As consumers navigate an increasingly personalized shopping experience, their interactions with brands are not just transactional but based on an evolving set of expectations. Beyond the delivery of quality products and exceptional service, shoppers are showing a strong desire to align with “good” companies. Marketers are now faced with the task of meeting these multifaceted demands while maintaining the integrity of responsibly sourced data.

Price vs. privacy

In the modern retail landscape, while traditional factors such as price, quality, and discounts remain important considerations for consumers, there's an undeniable shift toward greater digital consciousness. Consumers are increasingly prioritizing the protection of their private information during their purchasing decisions.



PRIVACY-POWERED

In response to these evolving needs, RRD's **NXTDRIVE™** platform is specifically designed to address this concern. Rooted in our privacy-forward principles, NXTDRIVE utilizes responsibly sourced first-party consumer data not only to ensure personal information safety but also to enhance the shopping experience. By leveraging this data, you can better tailor experiences to consumer preferences, simplifying their decision-making processes and purchase journey, thereby forging stronger connections between consumers and brands.

MEETING THE MODERN CONSUMER: SHOPPERS SEEKING 'GOOD' COMPANIES

Cultural connection

As Gen Z may constitute a minority among consumer groups, their preferences, nonetheless, shed light on emergent trends. This generation places high importance on authenticity, cultural representation in brand messaging, and transparency from brands in addressing issues or negative feedback, all in their preferred language.



AUTHENTIC REACH

Given Gen Z's inclination toward authenticity, RRD's Social Media Marketing solution comes into play as an optimal strategy. As this generation spends most of their time on mobile and social media platforms, providing authentic advertising in their natural digital habitat presents a compelling opportunity. We help brands strategize to build meaningful connections by leveraging authenticity, thus fostering valuable interactions with high-intent consumers.

GEN Z SPEAKS UP

Although Gen Z may not constitute the majority of the consumer market, their preferences are shaping the future of brand interactions.

16%

**PREFER BRANDS
THAT PUBLICLY
ADDRESS ISSUES OR
NEGATIVE FEEDBACK**

12%

**FAVOR BRANDS
THAT COMMUNICATE
IN THEIR PREFERRED
LANGUAGE**

15%

**VALUE BRAND
MESSAGING THAT ALIGNS
WITH THEIR OWN CUSTOMS,
VALUES, AND CULTURE**

9%

**SWAYED BY
CELEBRITY OR
INFLUENCER
ENDORSEMENTS**

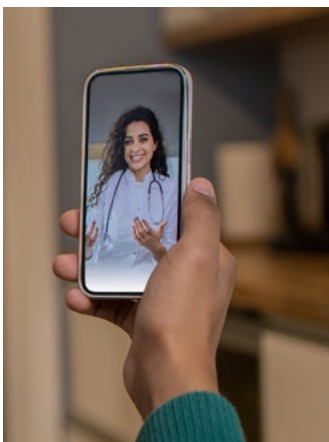
Their preferences underline the need for brands to deliver authentic, personalized, and responsive communications. It's time to listen up!

04

MEETING THE MODERN CONSUMER: SHOPPERS SEEKING 'GOOD' COMPANIES

Influence matters

Of the Hispanic consumers surveyed, **17%** indicated a higher likelihood to purchase products endorsed by experts or doctors. This translates to an impressive index of 168, representing a **68%** increase above the average, which underscores the pivotal role of trust and credibility in their purchasing decisions.



Cultural diversity matters

According to the 2020 census data, no single racial or ethnic group dominates the under-18 demographic. This significant demographic shift further emphasizes the importance of brands appealing to a multicultural audience.*

* Schneider, Mike, "Census data: US is diversifying, white population shrinking," AP, August 13, 2021



OPTIMIZED ENGAGEMENT

In light of this observation, RRD's Influencer Marketing solution becomes particularly relevant. We amplify your brand message by creating inspiring visual content that reaches and engages your audience, including the Hispanic consumer base, on their preferred social media platforms. Our approach transcends organic reach by blending authentic influencer content with strategic programmatic paid social ads.

The challenge for brands is to successfully balance these differing consumer expectations while staying true to their brand identity. As we explore this balancing act, we ask: How can brands use these insights to connect with consumers on a more meaningful level?

OFFERING SAVINGS: OLD, NEW, AND UNEXPECTED

When it comes to deals, today's shoppers are not limited by the medium. They move seamlessly between traditional and digital methods, leveraging both to their advantage.

PAPER COUPONS: STILL RELEVANT

ALL CONSUMERS

67%

STILL USE PAPER
COUPONS

PARENTS

71%

CONTINUE TO
RELY ON THEM

GEN Z

67%

ALSO REPORT
USING COUPONS

DIGITAL COUPONS: THE NEW AGE

Consumers embracing
digital coupons 69%

Gen Z and Millennial Parents 80%

Millennials 76%

Hispanic Consumers 75%

Couponing across generations: who prefers what?

Different generations exhibit varying preferences for digital coupons, print coupons delivered in the mail or with print newspapers, and FSIs:

- **47%** of consumers are displaying a growing preference for digital deals on smartphones.
- This trend is even more prevalent among millennials and millennial parents, with **53%** and **54%** respectively preferring to download digital coupons/discounts onto their store loyalty cards.
- On the other hand, **45%** of consumers still prefer coupons found in newspapers or mail.
- Specifically, **50%** of parents hold on to the tradition of paper coupons.
- Gen Z shows less enthusiasm for this method, with only **39%** displaying a preference for paper coupons.

05 OFFERING SAVINGS: OLD, NEW, AND UNEXPECTED

This one's on us: the untapped potential of alcohol coupons

While coupons continue to hold their relevance, consumers are signaling a need for deals in traditionally less coupon-supported areas:

74%

OF SURVEYED CONSUMERS

Express dissatisfaction
with the lack of coupons
for alcoholic beverages



Sobering insight

This signifies a key opportunity for marketers. However, tapping into this potential requires not only understanding and complying with state and county alcohol-related laws but also creatively employing strategies like rebates, coupons, and gamification to respond to shoppers' desires effectively.



PAPER OR DIGITAL?

The choice is a toss-up. Discover how to wield these twin superpowers effectively with RRD's **Print** and Universal Digital Coupon solutions.

05 OFFERING SAVINGS: OLD, NEW, AND UNEXPECTED

THE FIRST
SEMI-ANNUAL
INCREASE
IN COUPON
REDEMPTION
SINCE 2014

The first half of 2023 saw an intriguing shift in shopper behavior. Despite a 34% decline in coupon distribution, shoppers redeemed over 5% more coupons than the same period last year. This period marks the first semi-annual increase in coupon redemption since 2014, and the last full-year redemption increase was recorded in 2011.*

For years, consumers have voiced a continued interest in coupons. However, the appeal of these discounts diminished as face values failed to keep pace with inflation and features such as expiration periods and purchase requirements became less attractive.

However, with the persistent rise in inflation — particularly for grocery products — and improving coupon features, we're now witnessing an uptick in coupon redemption. This suggests a renewed value perception and usability of coupons among consumers.

* Projections Based Upon RRD Measurements and Proprietary Modeling of Market Activity.



A REVIVAL
IN COUPON
REDEMPTION

HARNESSING SHIFTS IN THE CPG AND GROCERY SECTOR

In conclusion, the landscape of the CPG and grocery industry is shifting toward a more health-conscious, digitally inclined, and diversified consumer base.

The rising preference for healthier, fresher foods, the increasing appeal of restaurant meals, and a renewed interest in private labels showcase a consumer more open to change and exploration than ever before. As more customers prioritize privacy and corporate social responsibility, brands need to align their values and actions with these evolving expectations to stay relevant.

The continued relevance of traditional media, coupled with the rising popularity of digital avenues, highlights the need for a balanced media strategy to effectively engage target audiences. By following consumer trends and preferences, brands can create more effective strategies and inspire innovative thinking to succeed in this dynamic, ever-changing industry.

ABOUT CPG + GROCERY CONSUMER REPORT

The annual report explores emerging trends in consumer behavior that significantly impact the CPG and grocery sectors. This report offers invaluable insights, uncovers opportunities, and suggests innovative strategies to pilot through the intricate retail landscape.

The RRD Awareness-to-Action Study, conducted in June 2023, involved 1,818 respondents. The participants, all at least 18 years of age and residing in the contiguous United States, were carefully selected through an online consumer research panel.

ABOUT US

Elevate your brand with data-driven precision

At RRD, we apply extensive industry expertise to deliver end-to-end solutions, effectively targeting and transforming customer touchpoints into moments of impact. Our global network of resources, creative execution, proprietary technologies, and measurable media influence engagement across the entire customer journey. Our clients trust us to deliver innovation and operational excellence that elevates performance. [Visit **rrd.com**.](https://www.rrd.com)