

# FIRST GLANCE

*Thoughts and insight on fresh produce*

## High inflation changes consumer spending habits

BY GREG JOHNSON



It's impossible to analyze consumer behavior heading into fall without seeing the effects of high inflation and the start of a potential recession.

Produce marketers and retailers have all the reasons they need to appeal to this sentiment when they can. In July, 62 percent of consumers said they believe the United States is currently in a recession, with a further 17 percent unsure, according to a First Insight Report.

The report said rising food prices are the biggest recessionary concern for 68 percent of consumers, with nearly half (48 percent) also concerned about food shortages.

This month-after-month inflationary pressure is causing consumers to change their buying patterns, and when it comes to food, this means more stops at dollar stores and seeking often-cheaper private labels.

A July survey from InMarket shows shopping shifts to minimize costs, with nearly half of respondents (47 percent) saying their shopping habits have changed due to rising inflation.

A majority of respondents, 65 percent, said rising inflation is causing them to spend more money than they used to. To counter higher prices, 58 percent said they're cutting back on discretionary purchases.

When asked what they spend now compared to what they normally spend on everyday needs (including groceries), 55 percent said they're spending more, 20 percent said about the same, and 25 percent said less.

On dining out, 33 percent said more, 21 percent said the same, and 46 percent said less.

"To help offset the rising costs of goods, 55 percent of shoppers are buying more items on sale/clearance, and 46 percent of shoppers are buying more generic brand products," the report said.

Price has become the dominant motivator for purchases, as a strong majority of consumers—76 percent—are choosing to purchase items based on price, followed by product value (56 percent).

Coupons and discounts are also strong motivators, with 47 percent of shoppers purchasing based on these ways to save.

InMarket says, "35 percent of surveyed consumers said they are shopping significantly more at dollar stores in this era of high inflation. In addition, 39 percent of consumers said they're shopping less at warehouse clubs—club inventory is typically larger quantities, leading to larger costs (despite being more efficient)."

Further, InMarket notes the behavior changes may not be temporary.

"Marketers looking to attract new customers, retain existing customers, and strengthen loyalty must continue to work tremendously hard as consumer priorities shift in favor of value, savings, and quality.

"Over the next few weeks and months—and perhaps into the next year—marketers should prioritize strategies that enable them to engage consumers efficiently and effectively, especially at key moments throughout their purchase process."

For fresh produce, a simple way to appeal to this shifting demand is to heavily promote seasonal items, which are at highest quality and quantity during their time of year. **BP**



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