WHAT MATTERS TO TODAY'S CONSUMER

2023 consumer behavior tracker for the consumer products and retail industries

Capgemini RESEARCH INSTITUTE

Consumers expect companies to help them through the cost-of-living crisis

Six in 10 consumers globally say they are extremely concerned about their personal financial situations

73% of consumers are making fewer impulse purchases

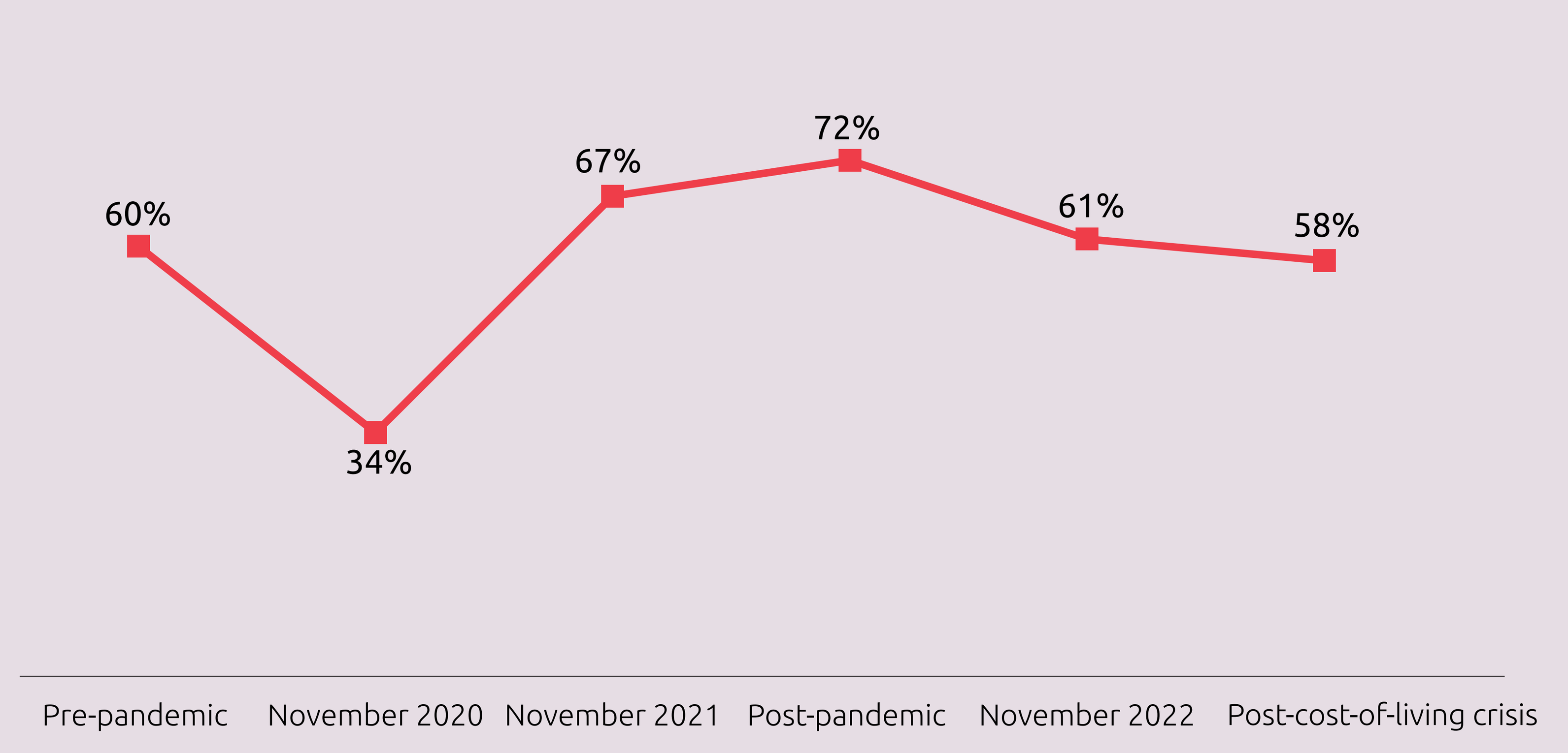
65% of consumers say they now prefer cheaper private-label products over name brands

78% of consumers say they will be more loyal to companies that help them through this difficult time

Seven in 10 consumers expect companies to provide a wider range of discounts to help them purchase essential items and to provide bigger discounts to loyal customers

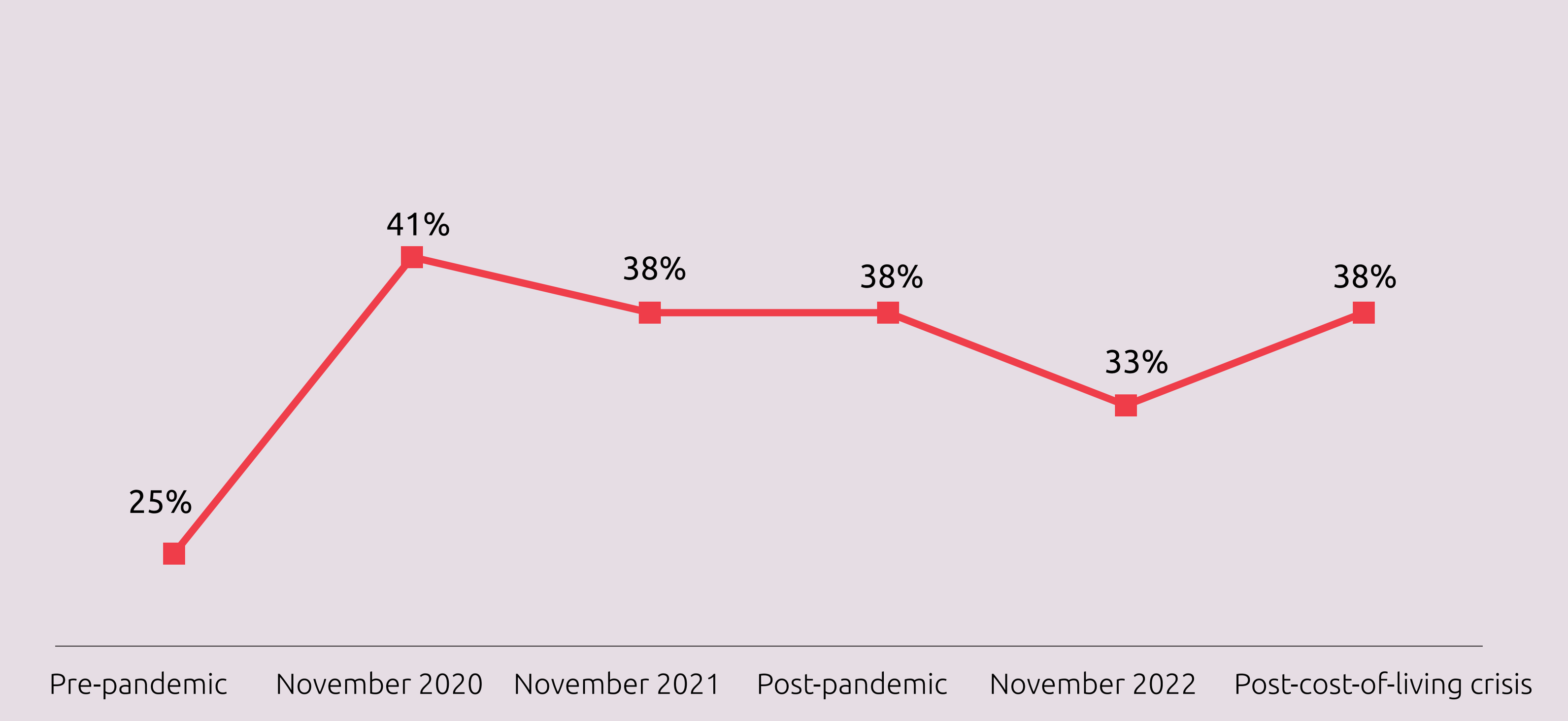
In-store and online shopping has declined this year

Consumers expect their interactions with physical stores to decrease in the long term



Source: Capgemini Research Institute, Consumer demand survey, October–November 2022, N=11,300 consumers; Capgemini Research Institute, What matters to today's consumer, January 2022; Capgemini Research Institute, The great consumer reset: COVID-19 and the consumer products and retail consumer, November 2020.
Note: Question asked was "Please indicate your frequency of using physical stores when shopping with retailers. Please rate on a scale of 1 to 7, where 1=very low interaction and 7=very high interaction." Post-pandemic refers to when consumers were asked in November 2021 of their expectations for physical store interactions during the post-pandemic period, i.e., at some point in the future when they believe the pandemic was over.

Consumer interaction with online channels has decreased but stabilized in the long term



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Stockouts are a concern for many consumers

41% of consumers globally say that they are highly concerned regarding the potential unavailability of groceries and food supplies

35% of consumers voice the same concerns in relation to prescription medication

60% of consumers say that they will not purchase a luxury product if it is not available

48% of consumers would buy a substitute for their preferred grocery item and **39%** said that they would switch stores or online sites to look for the product

Delivery and fulfillment continue to take precedence over in-store experiences

Like last year, grocery and health and beauty shoppers put a **higher value on delivery-related aspects** when compared to in-store experiences

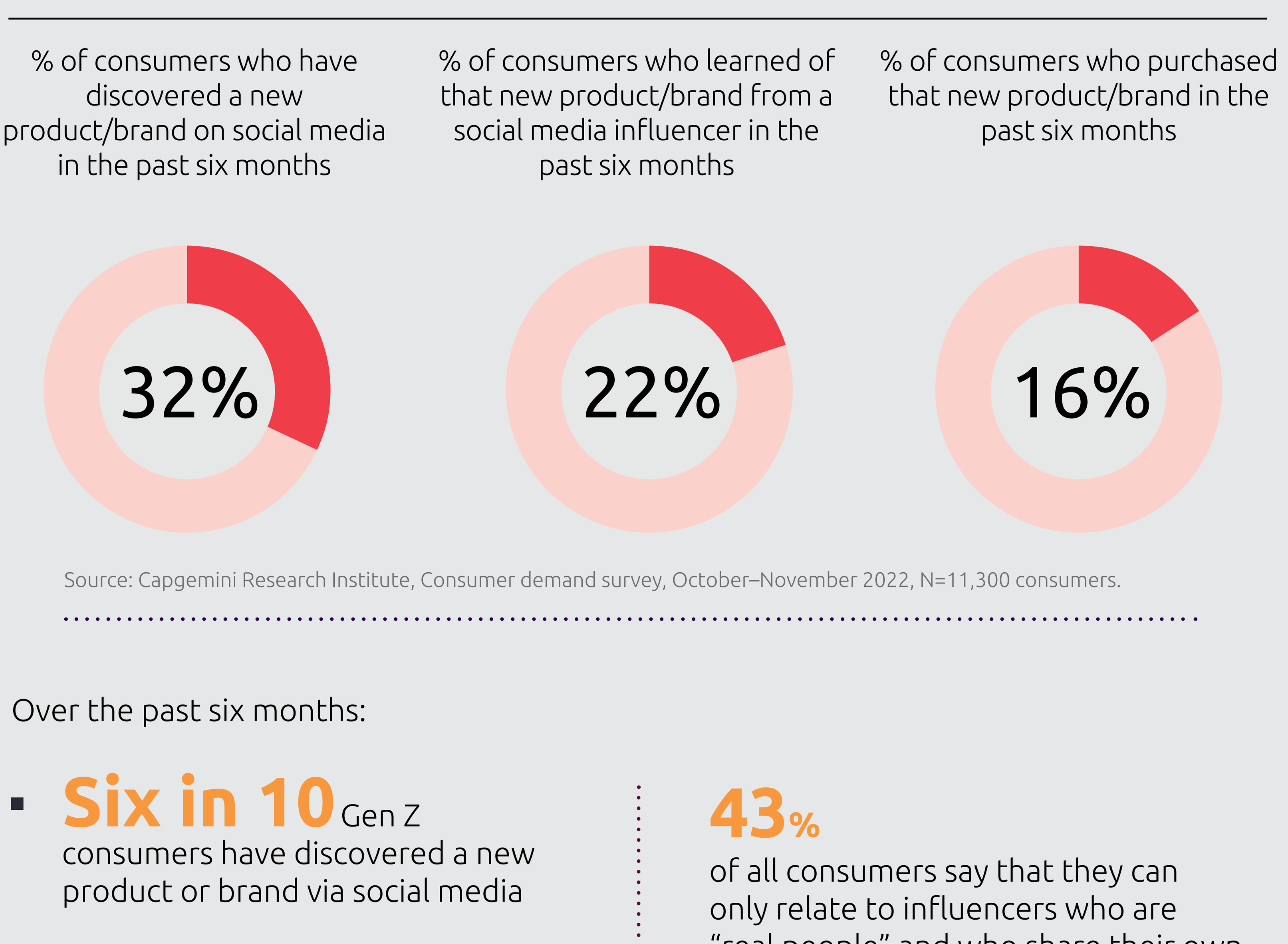
Consumers' **willingness to pay for fast delivery has increased** from last year

36% of consumers globally say that ordering groceries online with two-hour delivery is important to them

32% of consumers globally say the same for 10-minute delivery

Social media influencers are on the rise

Social media influencers are impacting consumer's search and purchasing processes



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Over the past six months:

- **Six in 10** Gen Z consumers have discovered a new product or brand via social media
- **48%** of Gen Z consumers have learned about the new product or brand from an influencer on social media
- **32%** of Gen Z consumers have purchased the product or brand they learned about from an influencer

43% of all consumers say that they can only relate to influencers who are "real people" and who share their own experiences of the brand/product

31% of all consumers would trust the recommendations of a virtual influencer if he or she shared credible content

How brands and retailers can ride through ongoing shifts in consumer behavior

Adapt to compete

- Leverage technology in the assortment and planning process to ensure availability and affordability
- Automate warehouse operations
- Enable autonomous delivery

Unlock channel growth

- Divert marketing spend on key influencers when targeting Gen Z and Millennials
- Diversify content strategy to the needs of different consumer segments to optimize conversion

Lead with purpose

- Revaluate pricing strategies to provide affordable options
- Offer loyalty programs with strategies that simultaneously help customers with their cost of living and ensure higher customer lifetime value
- Exercise social responsibility to help impacted segments of society

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