

grocery doppio

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Monthly Perspective
Sep 2024

MARKET PULSE

Why the Price of Milk Will Determine Who Becomes President.

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Key Shopper Insights Influencing the Election

1

Price of key staples is still high

Commodity	Price Change Jan '21 vs Jul '24
Eggs	+110%
Ground beef	+39%
Bread	+28%
Milk	+15%

Source: FRED and BLS (See methodology)

Prices of essential staples, including eggs, beef, bread, and milk, have risen by over 30% since 2021. Shoppers had to spend significantly more just to maintain the same level of grocery consumption.

2

While inflation is cooling

Time Period	CPI Change (Food Only)
Jul '20 – Jul '21	+3.4%
Jul '21 – Jul '22	+10.9%
Jul '22 – Jul '23	+4.9%
Jul '23 – Jul '24	+2.2%

Source: BLS (See methodology)

Inflation cooling below 3% is a positive sign for the economy and shoppers. For shoppers, this translates to less pressure on budgets, as they no longer face steep price increases. Additionally, lower inflation can lead to more predictable pricing by grocers.

3

Shoppers are still worried

59%

of shoppers said that current economic conditions have negatively impacted their grocery shopping habits.

73%

of shoppers are worried that inflation could worsen after the election, making it harder to afford groceries.

Shoppers remain concerned about economic uncertainty and that prices could increase again. While shopper spending has been robust, we've seen increased credit card debt and balances, indicating ongoing financial strain. This lingering anxiety reflects a mixed feeling about the economy.

4

How they feel about prices will determine their vote

87%

shoppers said that an increase in food prices and its impact on the household budget, is a major factor in their voting decision.

Household budgets are a major factor in voter choice, as economic conditions have become a central issue for voters. This focus on affordability highlights how daily economic realities, particularly the struggle to afford necessities, are shaping political preferences and could sway the outcome in November.

1

Cautious Optimism

Rate Cuts: Grocers are optimistic about sales, cautious about investing.

Grocers expect rate cuts to increase sales



68%

of grocers said lower rates will help adjust pricing to attract more shoppers.



72%

of grocers said lower rates will lead to changes in customer spending that can impact forecasts.

Grocers believe rate cuts will boost sales as consumers gain confidence in the economy and feel more secure in their spending power. This optimism is expected to lead to increased shopping activity, with grocers adjusting pricing strategies to attract customers. However, changes in spending behavior could challenge forecasting accuracy.

but won't increase investments yet.



89%

of grocers said that the anticipated interest rate cuts hasn't influenced their business strategy for the remainder of 2024.



94%

of grocers said the anticipated rate cuts haven't made them reconsider or accelerate plans for capital investments.

Despite anticipating increased consumer spending from rate cuts, most grocers remain cautious, with the majority not altering their business strategies for 2024. They are hesitant to increase investments, or rushing into capital expenditures, reflecting a prudent approach amid economic uncertainty.

Shoppers are split about the state of the economy.

The current economic sentiment is mixed



47%

of shoppers are confident about the state of the economy in 2024.

Shoppers are divided in their assessment of the economy, creating an uncertain overall environment. In such a scenario, grocers need to be prepared to navigate fluctuating consumer behaviors and adapt their strategies to ensure continued growth in a market with mixed economic sentiment.

Economic strain has led to smaller baskets.



59%

of shoppers said that current economic conditions have negatively impacted their grocery shopping habits.



47%

of shoppers are more cautious about spending on groceries compared to last year.

The current economic climate has significantly strained shopping habits, with most shoppers feeling the pinch. Many have adjusted their spending behaviors, becoming more cautious and selective in their purchases (e.g., Private brands, etc.). In H1 2024, average basket sizes dropped by 2-4 items compared to H1 2023. This heightened financial prudence reflects broader concerns about rising costs and economic uncertainty, prompting shoppers to prioritize essential items and seek value-driven choices.

3

Inflation Fears Have not Receded

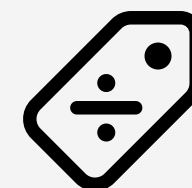


Shoppers are still worried about prices and managing budgets.



73%

of shoppers are worried that inflation could worsen after the election, making it harder to afford groceries.



38%

of shoppers said that if economic policies shift after the election, they might have to rely more heavily on discount grocery stores or local food banks.



23%

of shoppers are concerned that the election results will lead to higher grocery prices, forcing them to cut back on essential items.

Rising food prices have become a significant issue for voters, with a majority indicating that this factor heavily influences voting decisions. Many shoppers are inclined to support a presidential candidate who has a clear plan to reduce food costs, reflecting widespread concern over the impact of inflation on household budgets. This shift in voter priorities underscores the importance of economic issues, particularly those directly affecting daily expenses.

4

SNAP Fears

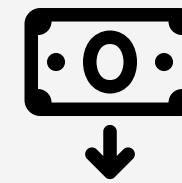
Shoppers are worried that a policy shift will impact their benefits.

Note: This data reflects only shoppers that have used SNAP benefits in the last 12 months



97%

of SNAP shoppers said that the amount of SNAP/EBT benefits is not enough to cover the rising costs.



91%

of SNAP shoppers said losing access to SNAP/EBT benefits would likely result in them facing food insecurity.



79%

of SNAP shoppers are worried that any changes in government policy will disrupt their SNAP benefits.

SNAP shoppers are increasingly concerned about the adequacy and stability of their benefits in the face of rising food costs. Nearly all report that current SNAP/EBT benefits fall short of covering their grocery needs, leading to heightened anxiety about food insecurity if these benefits were reduced or lost. Additionally, many are worried that potential changes in government policy could disrupt their access to these vital resources, exacerbating their vulnerability.

5

Price of Milk Matters

Grocery prices will impact the election.



87%

of shoppers said that an increase in food prices and its impact on the household budget, is a major factor in their voting decision.



83%

of shoppers said that they are more likely to support candidates who have a clear plan to reduce food prices.

Rising food prices have become a significant issue for voters, with a majority indicating that this factor heavily influences their voting decisions. Many shoppers are inclined to support a presidential candidate who has a clear plan to reduce food costs, reflecting widespread concern over the impact of inflation on household budgets. This shift in voter priorities underscores the importance of economic issues, particularly those directly affecting daily living expenses.



Methodology.

Shopper Survey	1201 US shoppers were surveyed in Aug 2024
Grocery Survey	109 Grocery executives were surveyed in Aug 2024
Other Data	https://fred.stlouisfed.org/ https://www.bls.gov/ These sources were used to analyze the historical prices for Bread Ground Beef, Chicken, Eggs and Milk The following series were used: APU0000702111, APU0000703112, APU0000706111, APU0000708111, APU0000709112



ABOUT GROCERY DOPPIO

Grocers have experienced a generational shift in eCommerce adoption within a condensed period of time, giving rise to both – new growth opportunities and unfamiliar threats.

Grocery Doppio is an independent source of insights and inspiration designed to help grocers jumpstart, accelerate and sustain growth in this dynamic new environment.

www.grocerydoppio.com

In partnership with



ABOUT WYNSHOP

Wynshop is an ambitious team of digital innovators helping grocers and other local store-based retailers grow wildly successful online businesses. Wynshop's easy-to-use digital commerce platform enables efficient in-house picking, reduces fulfillment costs, and uses advanced AI to help retailers personalize the entire digital shopping experience and remain profitable.

Learn more at www.wynshop.com.