
Price Sensitivity in the Age of Inflation

April 2, 2024

Price Sensitivity in the Age of Inflation

At-A-Glance:

- Of those consumers who have switched brands due to price increases, 85% have discovered new favorite products, highlighting a significant shift in brand loyalty driven by economic pressures.
- 27% of Americans have observed declining prices, with Gen Z being notably more attuned to these changes. This variance underscores the diverse impacts of inflation across age groups and the potential for tailored marketing approaches.
- While less than half (44%) anticipate price decreases in the near term, a substantial 68% express willingness to revert to familiar brands should prices become more favorable, indicating a nuanced balance between cost-consciousness and brand preferences.



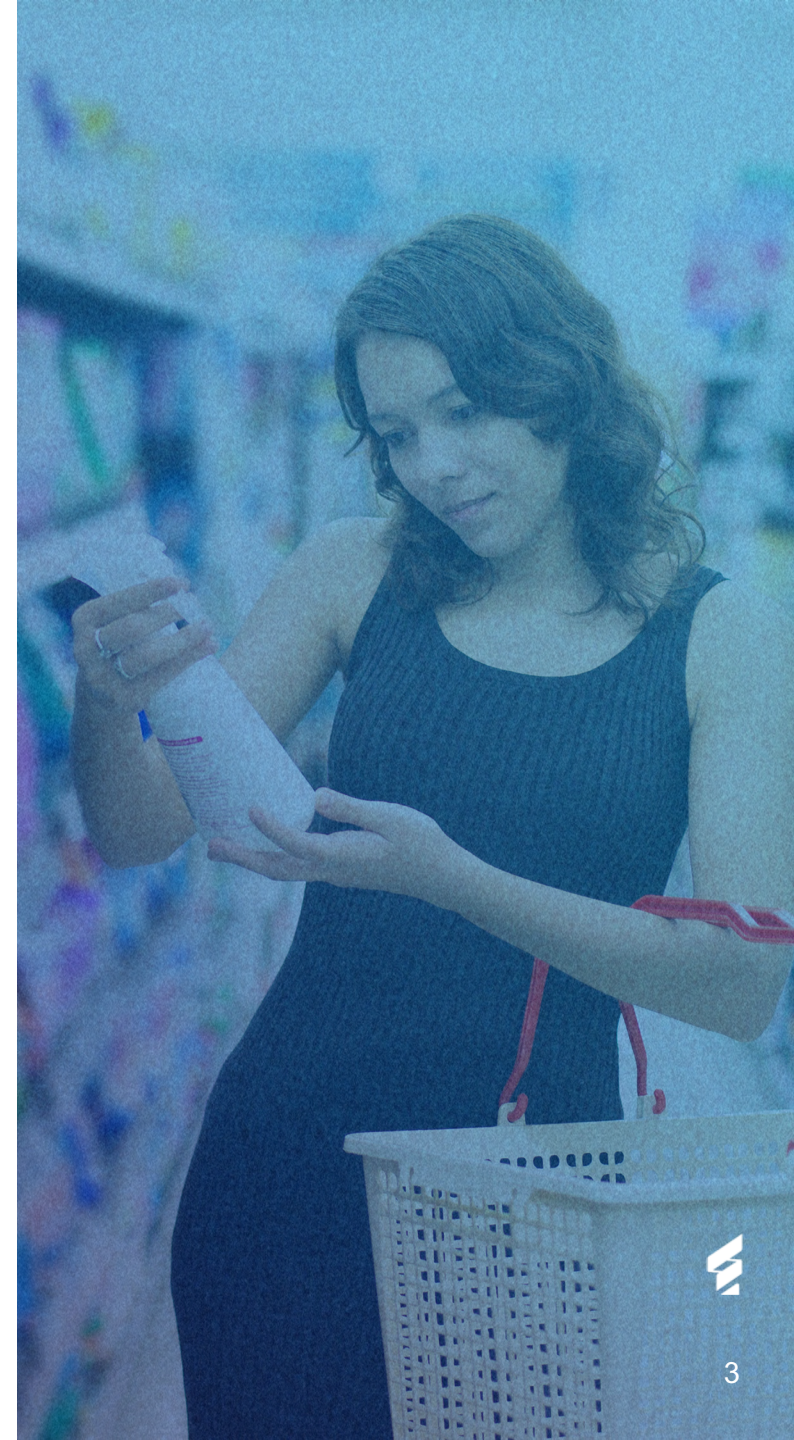
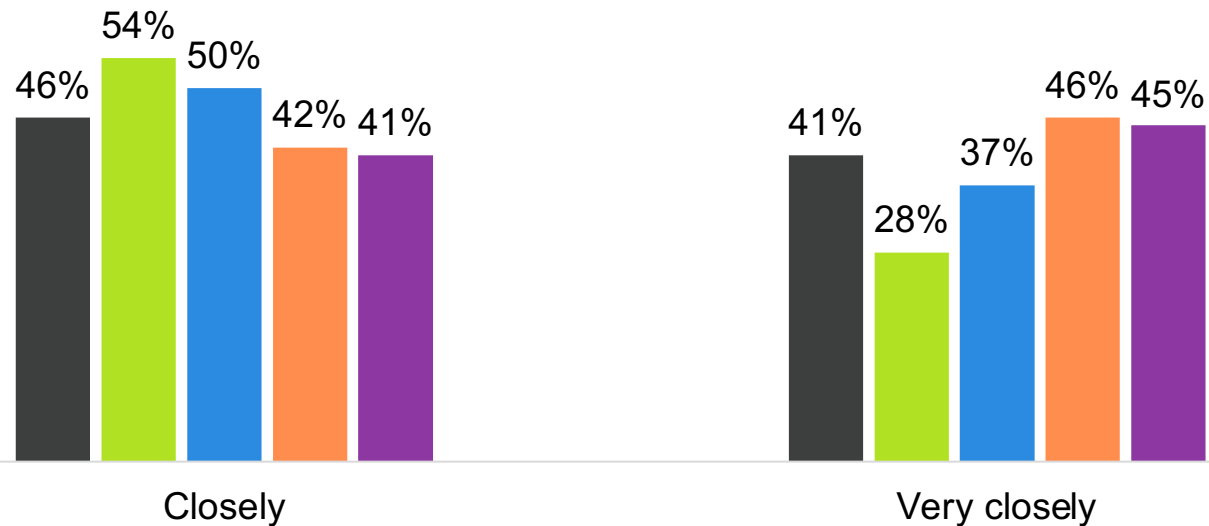
The Outlook:

In an era marked by inflation and financial uncertainty, understanding consumer price sensitivity and the conditional loyalty to brands becomes paramount. This environment presents a unique opportunity for brands to engage with their audience through thoughtful pricing strategies, quality assurance, and clear communication about value. Navigating these dynamics effectively can not only help in retaining a diverse customer base but also attract those exploring new options due to financial constraints.

87% of respondents say they watch the prices of everyday items like groceries and cleaning products closely or very closely. Boomers and Gen X are much more likely than their younger counterparts to say they watch prices very closely.

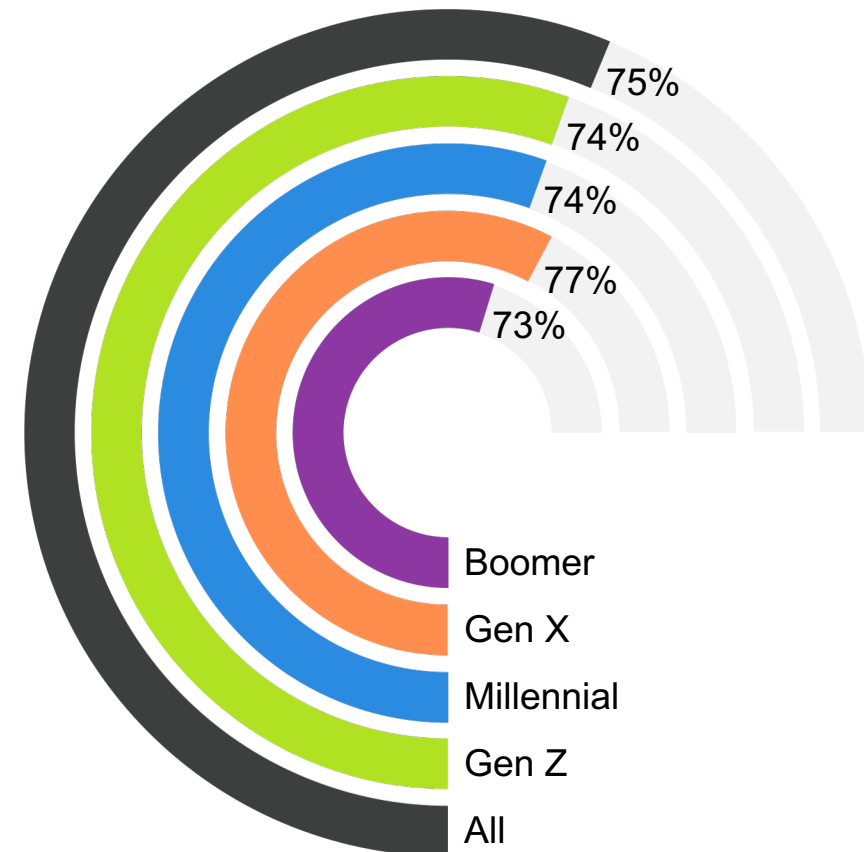
Watches prices:
Closely or very closely

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



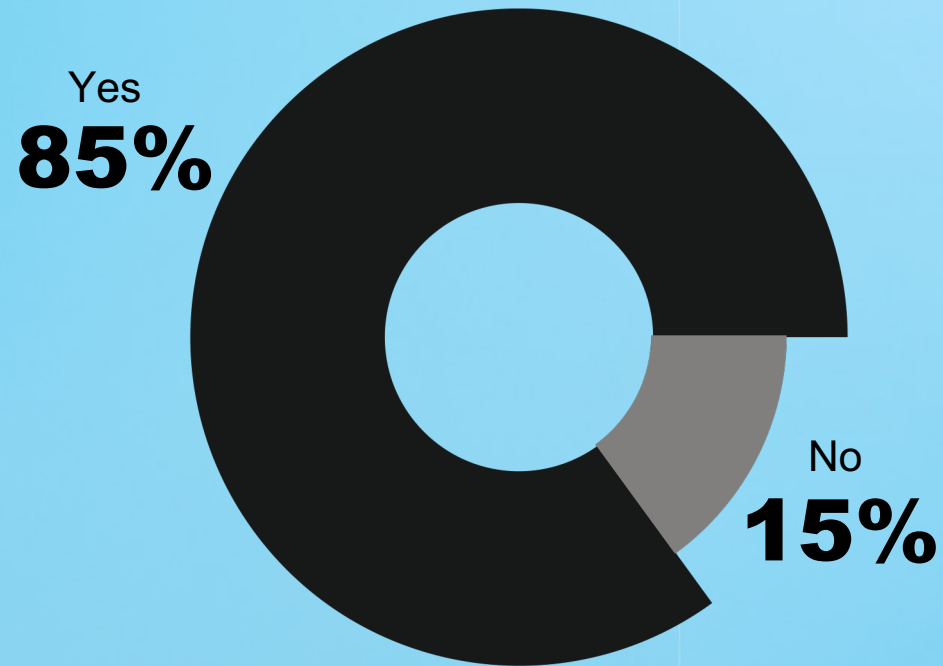
Because of rising prices, three-quarters of respondents report they have changed some of the products and brands they buy over the past three years.

Have changed products/brands in past 3 years due to rising costs



While pursuing more affordable options, 85% of respondents have discovered products that they'll stick with even if their original brand in the category lowers its price.

Have discovered new and preferred brands/products after switching

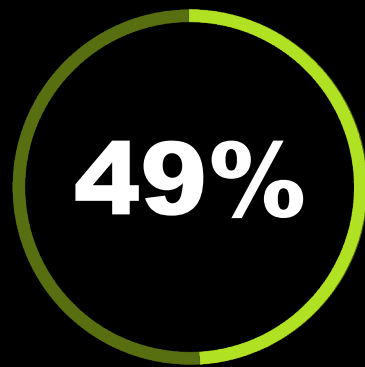


Just 27% of people report that they have noticed declining prices in any frequently purchased categories. There is a distinct generational bias as Gen Z is 4 times as likely as Boomers to have noticed declining prices.

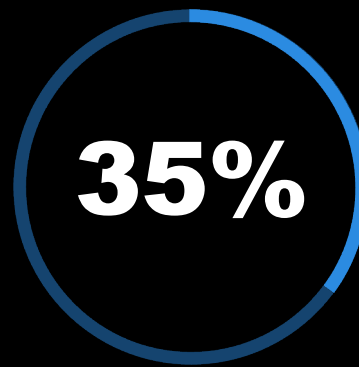
Have noticed price drops in frequently purchased categories



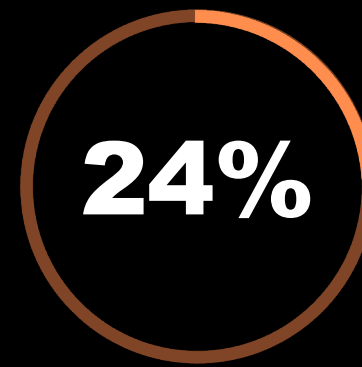
All



Gen Z



Millennial



Gen X

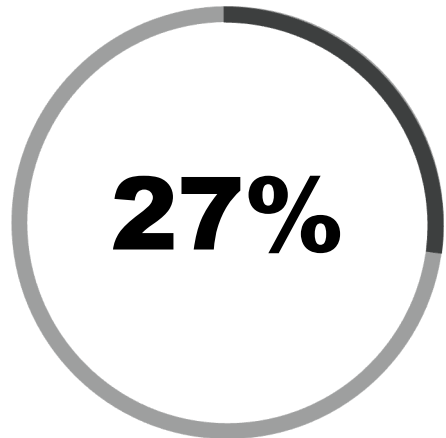


Boomer

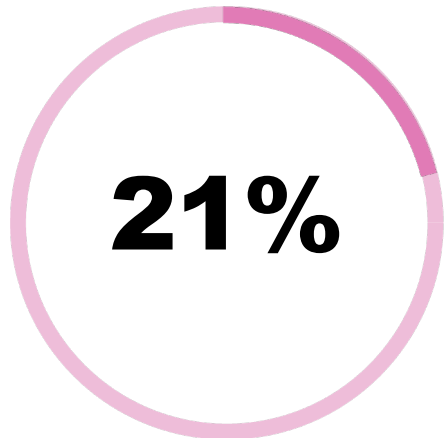


Men (32%) are also much more likely than women (21%) to have noticed declines in price.

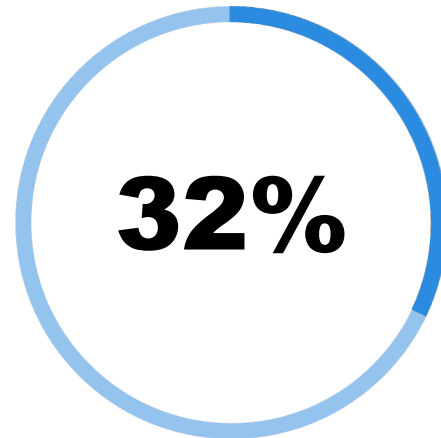
Have noticed price drops in frequently purchased categories



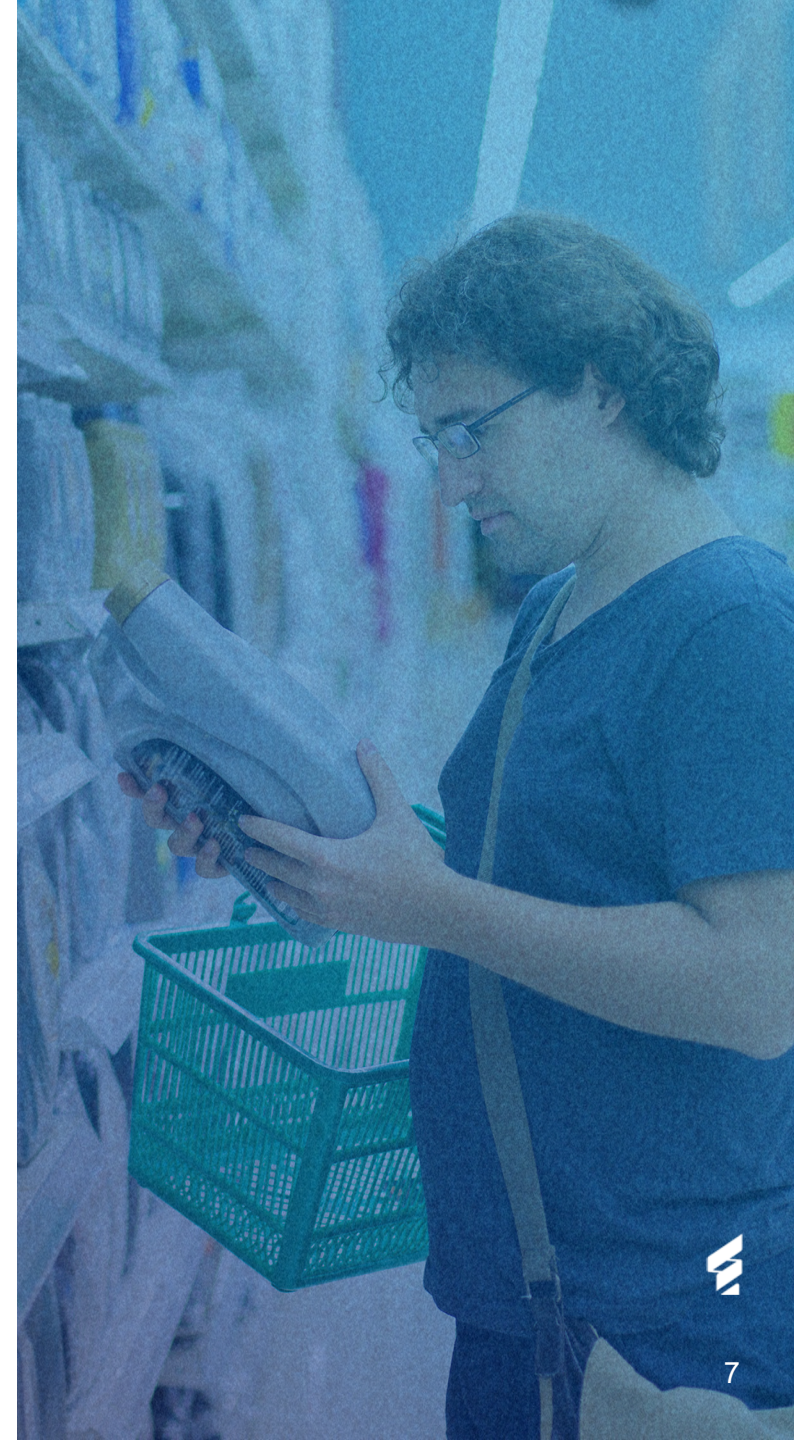
All



Women



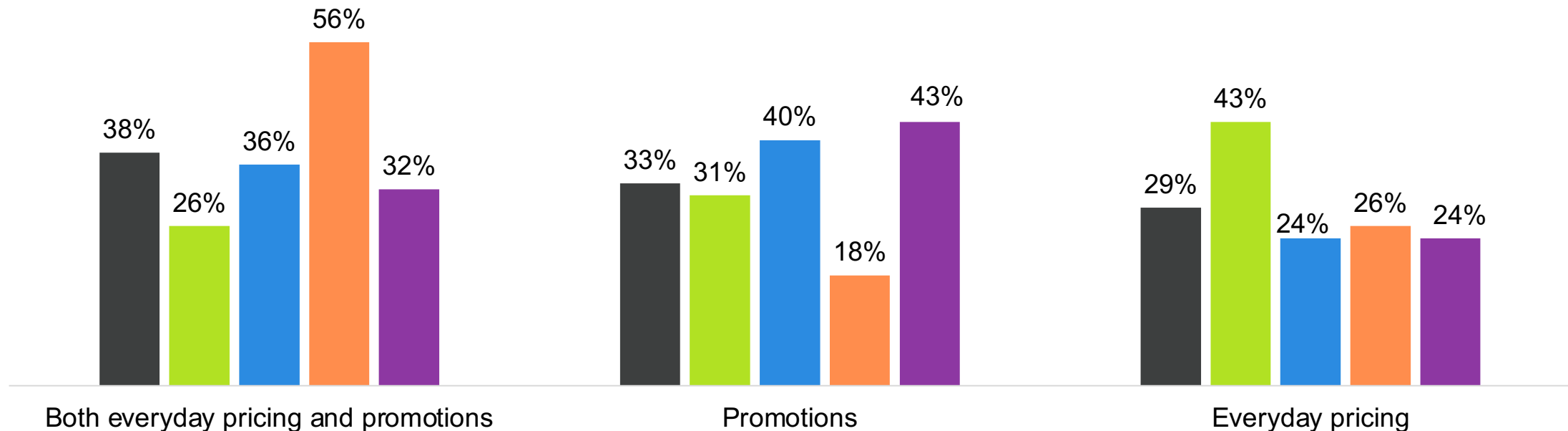
Men



Among those who noticed declines in price, 67% have seen drops in everyday pricing and 71% have experienced lower promotional pricing.

Types of lower prices observed

■ All ■ Gen Z ■ Millennial ■ Gen X ■ Boomer



Among those recognizing price declines, groceries (64%), home essentials (56%), and personal care (51%) are the most commonly cited categories. Within the categories, significant generational bias exists. For example, Boomers are less than 1/3 as likely as other generations to have noticed a drop in prices on personal care.

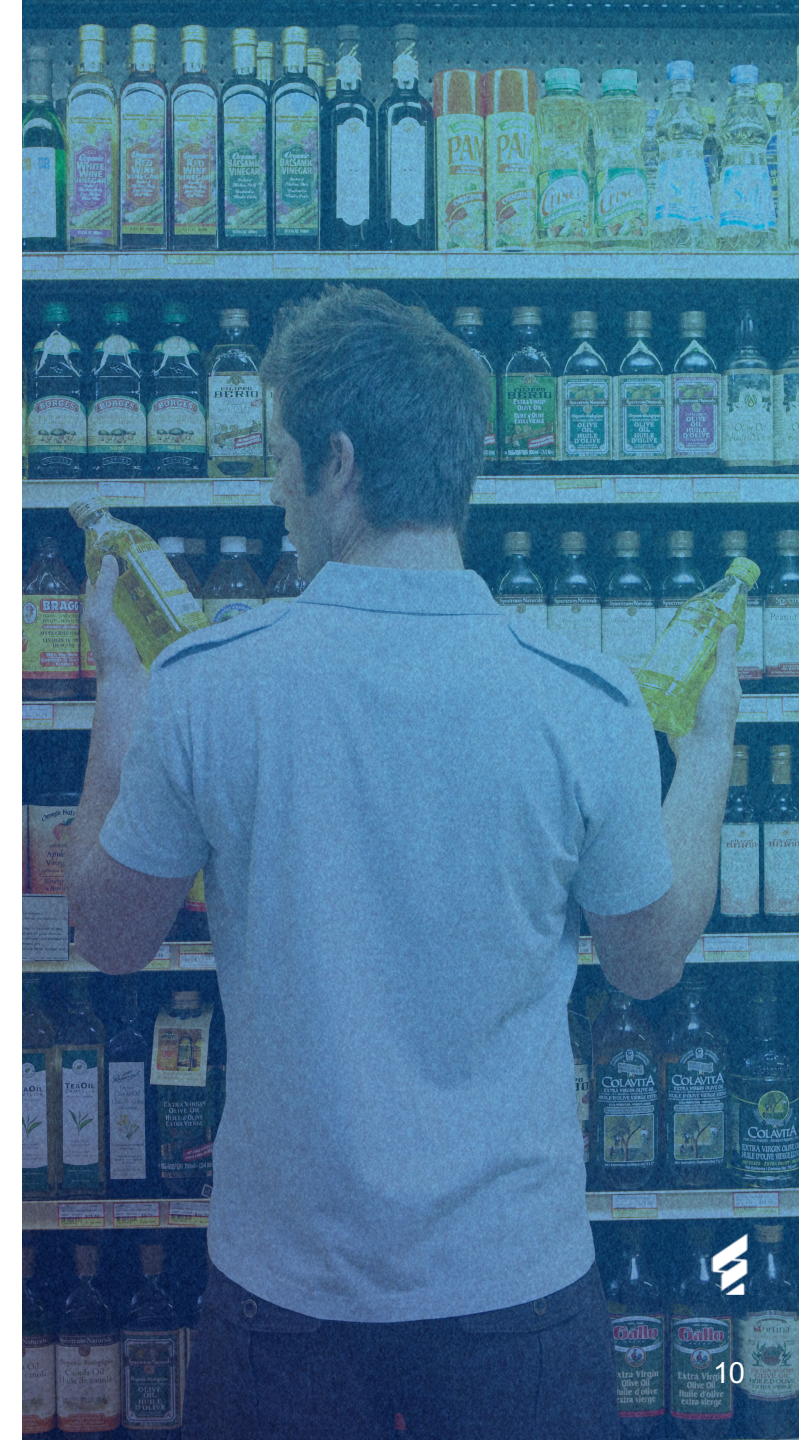
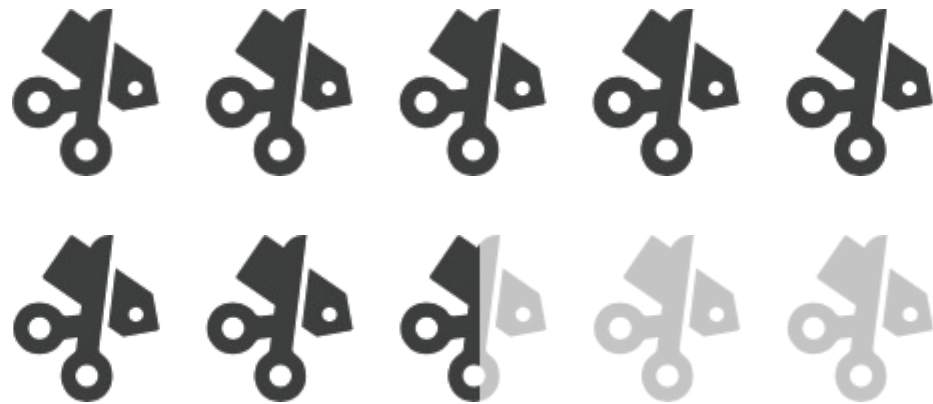
Categories noticed price decreases in	All	Gen Z	Millennial	Gen X	Boomer
Groceries	64%	67%	55%	73%	73%
Home essentials	56%	54%	65%	55%	32%
Personal care	51%	51%	58%	57%	17%
Clothing	40%	51%	42%	39%	21%



And among those recognizing price declines, more than three-quarters have switched brands or products.

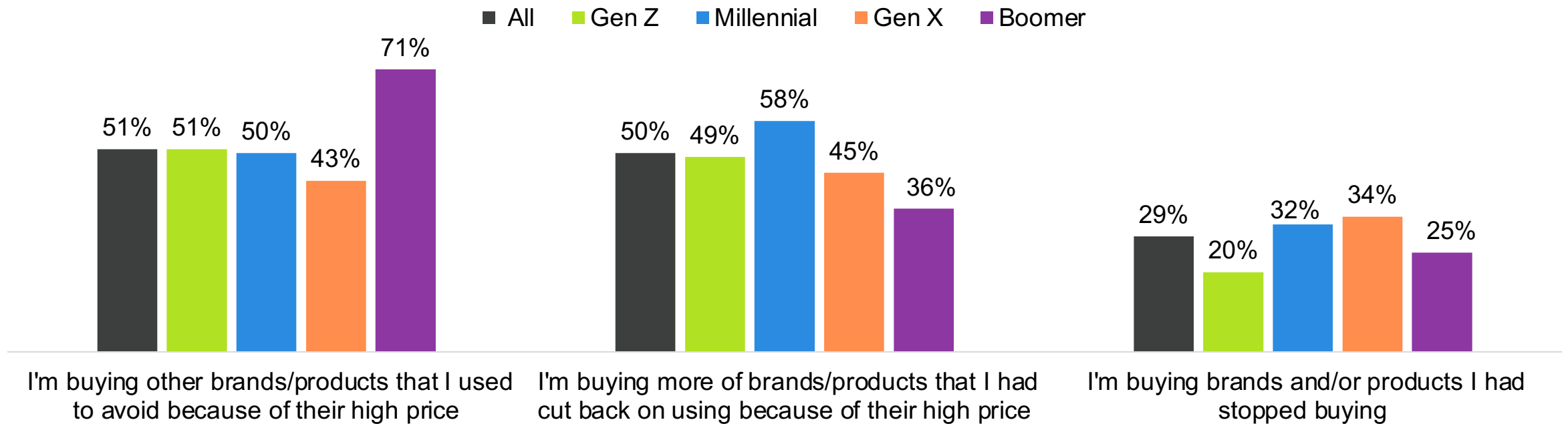
Switched brands/products due to price decreases

76%



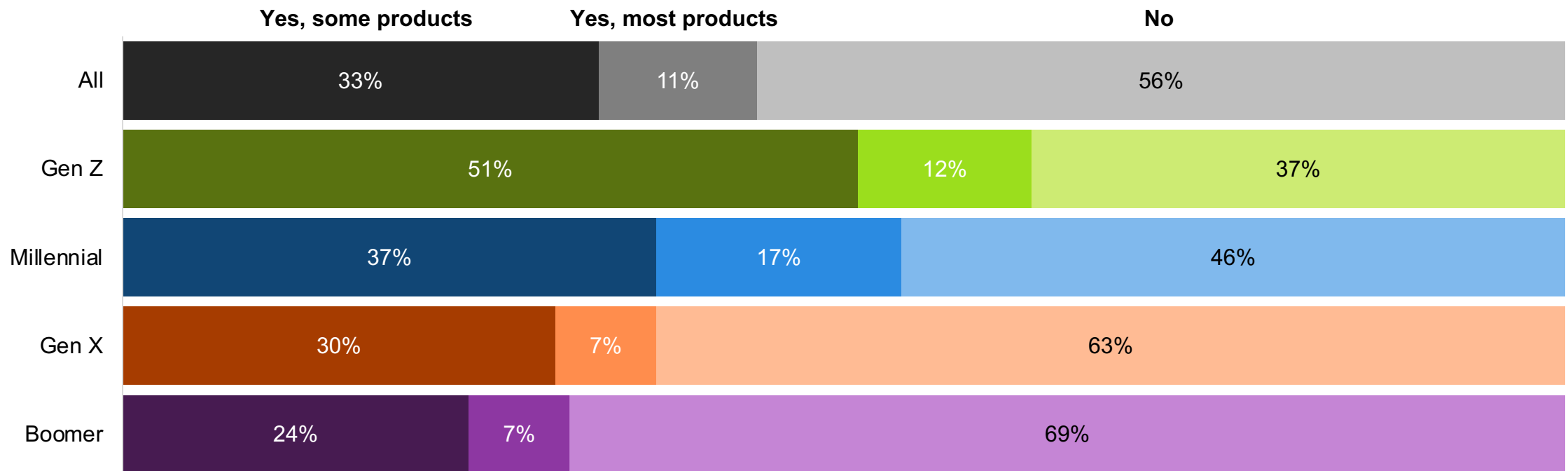
Only 29% report that their brand selections resulting from lower prices have them buying products they had completely stopped supporting in the past. More common are those who are buying more of products they had cut back on (50%) or those who are buying products they have historically avoided (51%) because of their high price.

Falling prices impact on behavior



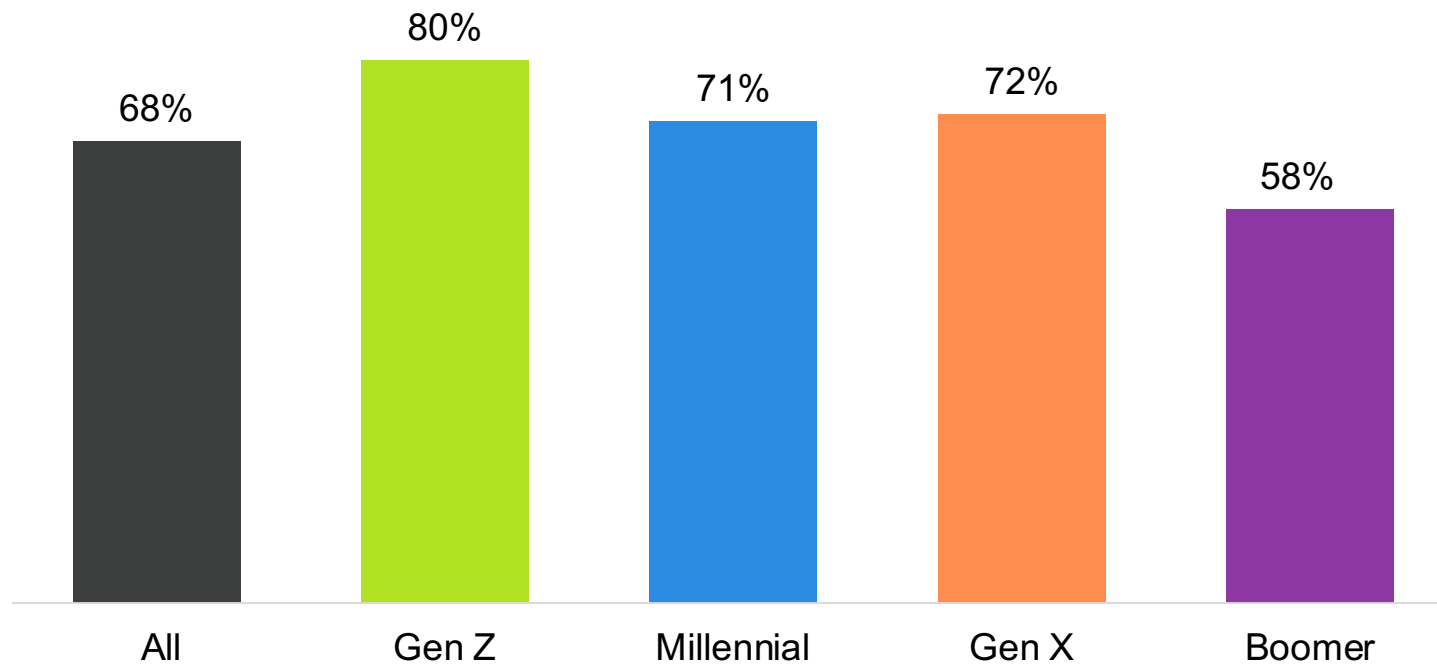
44% expect prices to drop in the next six months. Among those, 33% expect a price decline on some products while an optimistic 11% think prices will drop on most products.

Expect prices to come down in the next 6 months



More than two-thirds of the sample say there are brands they will go back to buying if their prices decline. Gen Z (80%) is much more likely to do so than Boomers at 58%.

Will go back to old brands if prices decline



28% say they have recently made a purchase of \$200 or more because of a price reduction. That number is nearly half (49%) for Gen Z and a paltry 14% for Boomers.

Have made a major (>\$200) purchase due to decreased prices

28%

All



49%

Gen Z



40%

Millennial



23%

Gen X



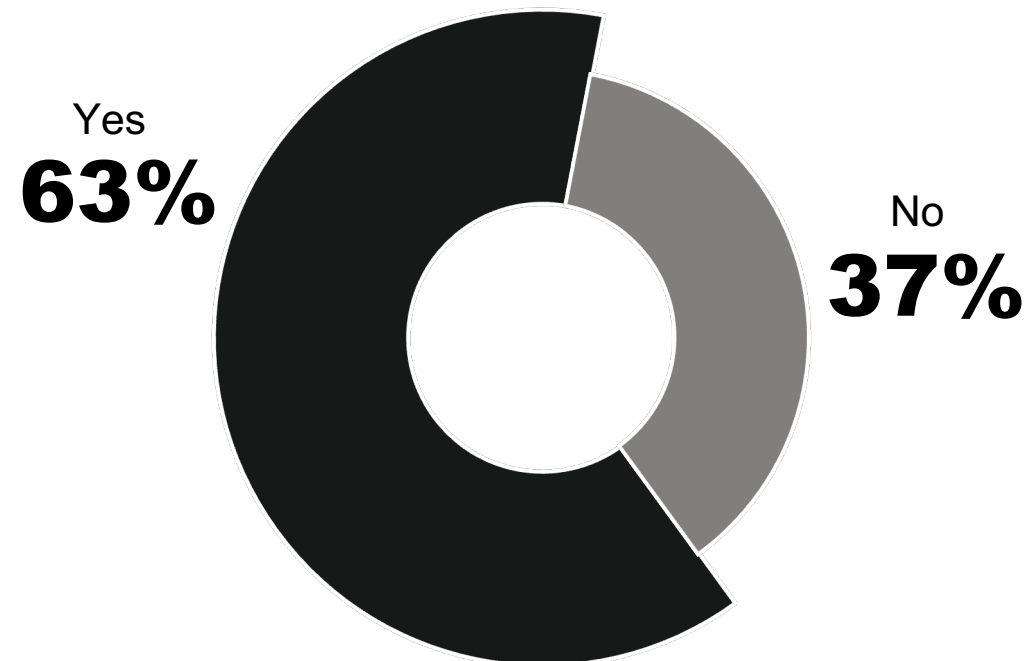
14%

Boomer



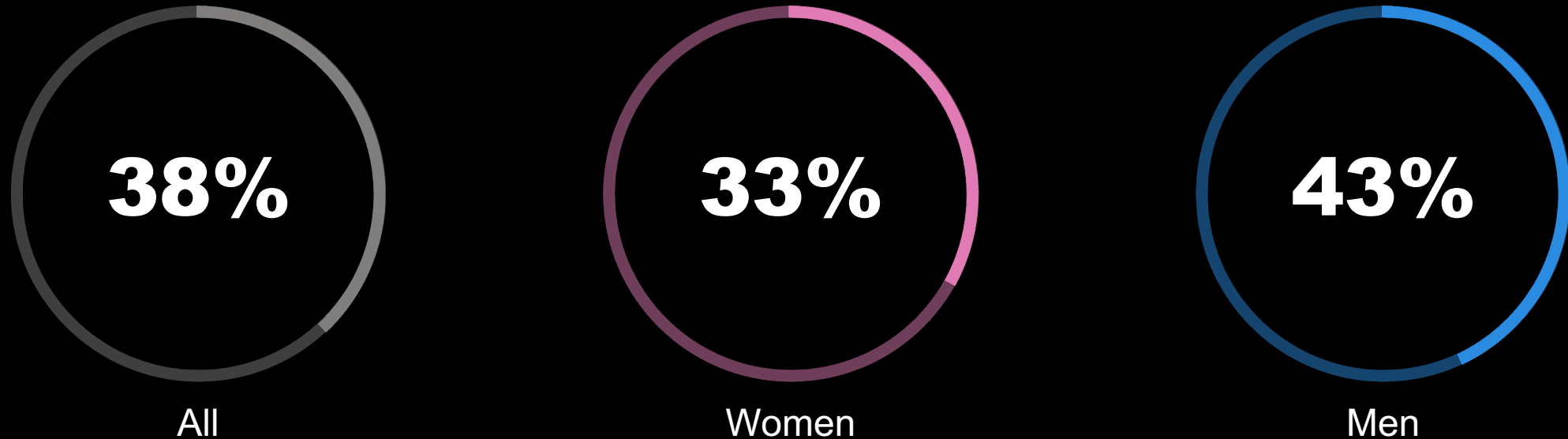
More than 6 in 10 people (63%) have a major purchase in mind (over \$200) that they are delaying until prices drop.

Would like to make a major (>\$200)
purchase but is waiting for price declines



Among those delaying higher ticket purchases, 38% expect the price reduction they're waiting for will occur in the next 6 months. Men (43%) are more optimistic than women (33%) that prices will drop sooner rather than later.

Expect prices on products waiting to buy to come down in next 6 months



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N = 835
MOE ± 3.4%
Panel: General Population
Collected: 3/13/24-3/14/24



Gen Z
11%



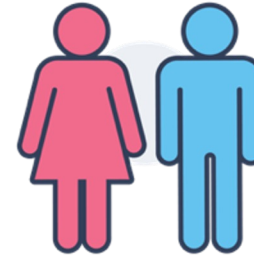
Millennial
32%



Gen X
27%



Baby Boomer
30%



Female
51%

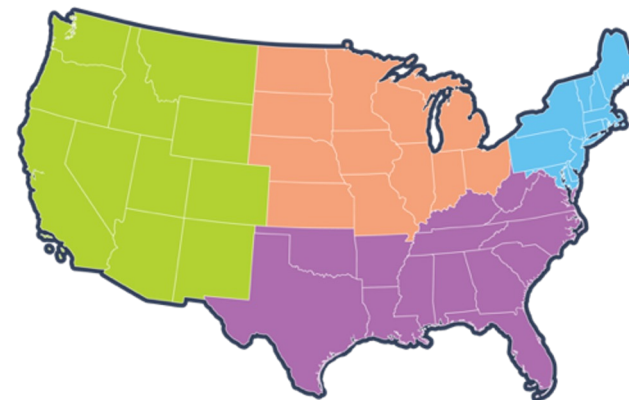
Male
49%



Urban
30%

Suburban
49%

Rural
20%



Northeast
17%

Midwest
21%

South
38%

West
24%



Do you want to take the Pulse of *your* consumers?

Our insights team will partner with you to design a study that will help you better understand your customers and their problems, and how your brand can win at retail.

To learn more about what our Four-Part Process and custom research studies can do for you, contact:

Jenni Becker SVP, Business Development
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The logo for Sales Factory Consumer Pulse is centered on the right side of the slide. It features the words "SALES FACTORY" in a small, white, sans-serif font above the word "Consumer" in a larger, white, sans-serif font. To the right of "Consumer" is the word "Pulse" in a bold, white, sans-serif font, with a stylized blue lightning bolt symbol integrated into the letter 'e'. The background of the slide is a blue-toned collage of data visualizations, including line graphs, bar charts, and scatter plots, with various numbers and symbols scattered throughout.

SALES FACTORY
Consumer **Pulse**