

the evolving value paradigm



It's not a surprise that over the last few years, many shoppers have experienced financial strain. This may lead brands and retailers to believe that price is the most important factor in a shopper's value equation. Yet in 2021, 49% of shoppers said they would pay more for personalized products that better fit their lifestyle needs.*

And it's not just what they buy, but where they shop. As recently as February 2022, only one-third of

shoppers said they were shopping at stores with the lowest prices as a key value-seeking strategy.[†] For today's shoppers, value means much more than just finding the lowest prices.

In a world where value is more complex, retailers and manufacturers need a way to not only better understand what value means to shoppers, but also how to deliver on it. Enter pepviz™, PepsiCo's approach to unlocking granular growth.



of people shop stores with the lowest prices as a value-seeking strategy

identifying the new inputs of the value paradigm

In the past, the concept of value was considerably more straightforward. It included quality, quantity, and price—with a nod to convenience. That old paradigm aligned with the sensibilities of economics, accounting for utility while directing attention to price and affordability for shoppers. The new paradigm has grown more nuanced and complex, as those inputs still factor in, but contextual layers like relevance, quality, and experience now play larger roles. Additionally, convenience has evolved, now going beyond getting in and out of a store quickly and into delivering solutions that reduce friction, increase ease, and provide seamless experiences in-store and online. Because this new equation exceeds the basics of price, “value” is now a filter that can be applied to choices that all shoppers make, regardless of income.

With this shift in what constitutes value, four key differentiators in Food & Beverage have risen to the top of shoppers' priorities:

- getting their favorite brands
- avoiding wasteful spending
- making healthier choices
- having a variety of options

Many of these new value dimensions are driven by trends we've seen arise in the pandemic era. For example, a desire for **quality** revolves around whether an item will meet a shopper's standard. During the pandemic, one way we saw quality manifest itself was through the rise of products relating to health and wellness, which became must-haves for many shoppers. For the value driver of **relevance**, the focus is on finding items that are both necessary and meaningful. During the pandemic, this meant that shoppers were looking for increased utility in purchases and to ensure that everything they purchased would be used. The importance of **experience** for a shopper comes into play through both the enjoyment of consuming a product and the process of buying it.



understanding the new value segments

The evolved value equation enabled us to identify five value segments across all shoppers[‡].



To demonstrate some of what drives the differences between these segments, let's compare the **Thrifter** and the **Quality Buyer**.



Thrifter

The Thrifter's primary goal is to minimize price. They seek out coupons, sales, and specials to get the best deal and save money. This shopper is more prominent in the lowest income groups as well as with Gen X and Boomers. Their shopping trips over-index at Discount Grocery and Dollar Stores, but the largest share of trips belongs to Mass channel—all three of which they perceive to offer the best value.



Quality Buyer

The Quality Buyer is willing to pay extra for products whose features they believe are important. They prioritize saving time, but they're willing to shop around and pay extra for brand and quality distinctions perceived to matter. These young, higher-income parents aren't afraid of searching for the right products that meet their unique needs. Their trips over-index in Natural and Online channels; however, it's Natural, Convenience and Club channels that these shoppers perceive as having the best value.

When looking at what makes a store a "good value," both agree that a clean store with a pleasurable experience is important. However, **Quality Buyers** over-index on wanting specific flavors and looking to try something new. Additionally, Quality Buyers are more likely to buy more than they planned, inspired largely by bigger pack sizes. So while Thrifters and Quality Buyers may have similarities, their differences—like receptivity to variety, innovation, and larger pack sizes help identify clear activation plans that will resonate within a given segment and unlock new opportunities for growth.

Identifying which value segments are most relevant to your store is crucial to understanding how to position yourself to win sales as the value paradigm shifts. With pepviz, you'll be able to gain a deeper understanding of these segments as well as the **Deliberate Shopper**, **No Frills Pragmatist**, and **Busy Go-Getter**, and you'll have a clear perspective on how to best activate value for each shopper.

leveraging data to drive impact

Using proprietary pepviz data, we can develop relevant value strategies to target specific stores' value segments.

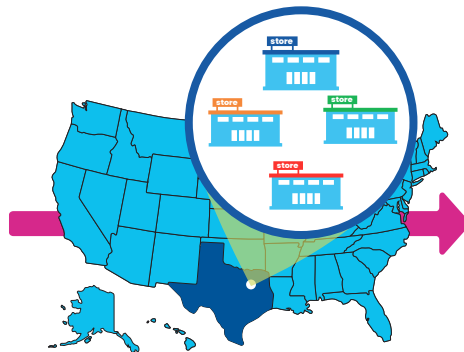
identify

value segments
across households



pinpoint

channels, retailers, and
stores these shoppers visit



activate

across stores with
similar shopper value segments



let PepsiCo help put the new value paradigm to work for you

Discover what value looks like for your shoppers. By delivering relevant value beyond just price, you'll be able to win new shoppers, drive trips and loyalty, and boost omnichannel sales. Talk to your PepsiCo sales rep or insights partner for more details.

