# inflation's impact on value perception

As we've continued to monitor the evolution of inputs to the shoppers' value equation, we've seen that price is one factor that varies in importance across shopper segments.

The recent rise in inflation has had a significant impact on shopper behavior. While inflation rates stand at a 40-year high[*], shoppers believe inflation among food products is twice as high as it actually is[†], which may lead to behaviors based on perception rather than reality.

perception

reality
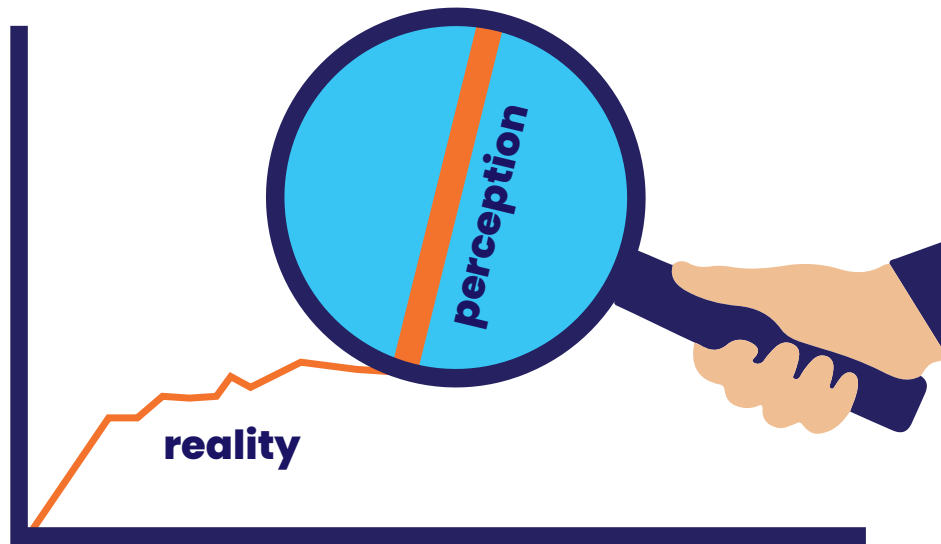
shopping decisions are being made based on inflation perceptions

understanding the variety of factors that shoppers are facing today can help retailers prepare for what's next

government stimulus

SNAP benefits

inflation

child tax credit

raw materials

trucking & shipping

global unrest

gas prices

while inflation impacts everyone, price-sensitive shoppers are impacted the most

In 2021, **88% of edible growth was fueled by low-income shoppers‡**, and inflation-related price increases have hit that group the hardest. Many of these shoppers will cut back on out-of-home discretionary spending to manage their budget.

However, **low-income shoppers spend nearly a 4x greater proportion of their income on groceries than high-income shoppers∥**, making them more sensitive to inflationary grocery pressures.

low-income shoppers' financial stress

not stressed | feeling stressed

7 in 10 feel stress from price increases¶

while specific sacrifices will vary across income groups, shoppers will make tradeoffs in what, how, and where they shop§

what

buying bulk for value

buying only essentials

how

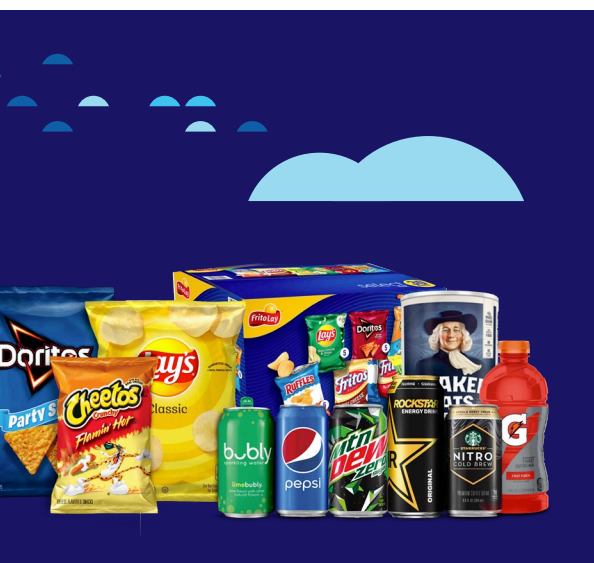shopping less frequently

using more coupons

where

going to other stores

shopping online more

pepviz can help you navigate and understand the impacts of inflation

Stay ahead of inflation-related shifts in shopper behavior with granular data and insights from pepviz. Learn how different value segments—especially price-sensitive segments like the Thrifter and Deliberate Shopper—will be impacted by rises in inflation and other inputs to the value equation.

Talk to your PepsiCo sales rep or insights partner for more details.

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*U.S. Bureau of Labor Statistics CPI-U November 10, 2021

‡Dunnhumby Consumer Pulse Survey

‡IRI Total U.S. 52 Weeks Ending December 26, 2021, All Edible

¶Gallup Poll November 3-16, 2021

∥U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2020

§Numerator/PepsiCo Inflation Survey November 11-19, 2021