



INFLATION IMPACT REPORT:

**How a 10.8% Rise in
Grocery Prices Affects
Consumer Spending**

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THE CHALLENGE

In 2022, the big topic on everyone's mind: ***inflation.***

The United States is facing its largest inflation rate in over 40 years, with a [9.1% Consumer Price Index \(CPI\) increase](#) over the past 12 months (July 2021 - July 2022). The last time inflation was this high was December of 1981.

If you're a business owner, you probably want to know: ***How has inflation affected your consumers and their spending decisions?***

To get a better idea of this larger issue, let's view the problem with a smaller lens.



THE CHALLENGE *(continued)*

When we take a look at the [food industry](#) – we see that food prices have increased 9.4%. This has led to a 7.2% price increase at restaurants, and a 10.8% price increase at grocery stores.

Our client, who sells plant-based meat products, commissioned us to facilitate a market research survey on the impact of inflationary grocery store prices on consumer spending behavior.

Specifically, they wanted to know:

- ***Have consumers noticed an increase in grocery store prices?***
- ***How has inflation affected consumers' grocery store and restaurant spending behavior?***

WHAT WE DID

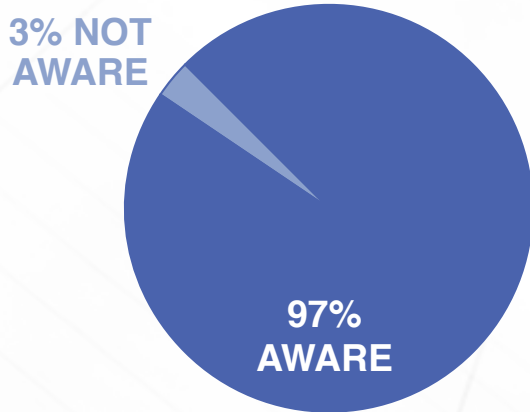
The study was conducted among metropolitan area residents in Denver, Colorado. The sample frame of respondents were recruited from ROI Rocket's double opt-in (**DOI**) consumer panel, who participated in a central location test (**CLT**). All were paid a cash incentive for their participation.

Qualified participants were between the ages of 18-64, with a minimum income of \$40,000 a year for singles and \$70,000 a year for couples.



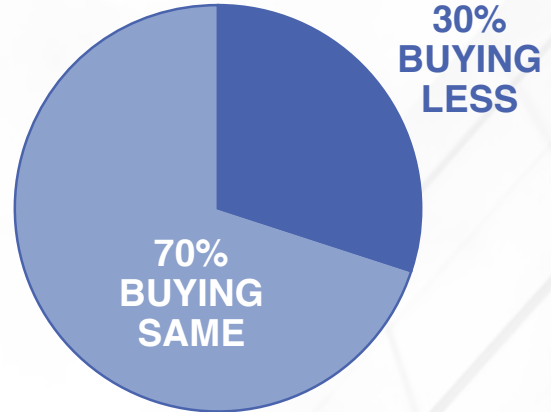
OUR RESULTS

Awareness of Grocery Price Increase



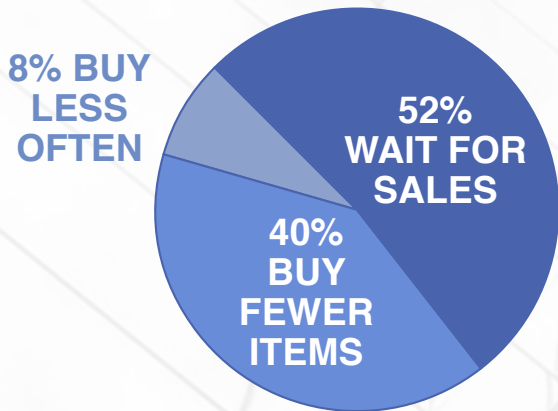
97% were aware
3% were unaware

Change In Amount of Groceries



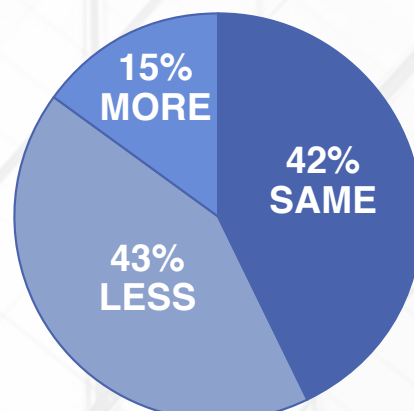
30% are buying less
70% buying the same amount

Change in Grocery Spending Behavior



52% of respondents will wait until sales or discounts to buy products
40% will buy fewer products than normal
8% will buy less frequently

Change in Dining Out Frequency



43% are dining out less frequently
42% are dining out the same amount
15% are dining out more frequently

OUR RESULTS *(continued)*

An overwhelming majority of survey respondents (**97%**) have noticed an increase in grocery store prices.

Of the **97%** of respondents who noticed the increase in grocery prices, only **30%** are purchasing fewer products. Even though they know the prices are higher, the other **70%** of these respondents are buying the same amount of groceries.

In response to the increase in grocery prices, about **52%** of the surveyed respondents say they will wait to buy products until they are on sale or discounted, **40%** will buy fewer products than normal, and a very small percentage (**8%**) will buy less frequently.

When it comes to the frequency of dining out compared to one year ago, **43%** of respondents said they are dining out less frequently, but **42%** dine out about as often as they did before, despite increased prices. A very small percentage (**15%**) are dining out *more* frequently.

WHAT WE LEARNED

This is impactful information for any company selling within the food and beverage industry. Additionally, companies in other industries can gain valuable insight into how consumer spending behavior is being shaped by inflation.

The big takeaway here for restaurants, restaurant groups, quick service restaurants (QSRs) and the investors that own them is that ***4 out of 10 of their customers are going to reduce their dine-out spending.***

All things considered, this is a big percentage that will have a measurable impact on their overall performance. An explanation for the **15%** who are dining out more is that they are opting for cheaper, quick service restaurants and cheap groceries, compared to high-end dining and expensive grocery options.

WHAT WE LEARNED *(continued)*

When it comes to groceries, nearly everyone is aware of higher costs, which is to be expected. Grocery store prices have risen a historic **10.8%** in the past year. Despite this, most people (**70%**) are buying the same amount of groceries. A reasonable explanation for this would be that groceries are an essential expense - whereas dining out, which is not an essential expense, keeps only **42%** of respondents spending the same on restaurants. To combat the higher prices, around half (**52%**) will wait for sales and discounts, while two fifths (**40%**) will buy fewer products than they usually would.

WHAT WE LEARNED *(continued)*

So, what does this mean for your industry?

Depends on what you're selling.

There is a noticeable difference between spending behavior on essential goods as compared to non-essential goods. Consumers will buy about the same amount of essentials, but you can expect them to hold back if your product is non-essential.

And more than ever, consumers will pounce on sales and discounts on your products in any industry.

Interested in a custom research project like this for your organization? [Drop us a line here to set up a free meeting.](#)

ABOUT ROI ROCKET

From research design to advanced analytics, and with a proven legacy of providing the highest quality respondents in the industry, the ROI Rocket team will put its decades of experience to work in delivering the quality results you're after.

Contact us today to set up a free consultation at a time of your choosing.

[**Get in Touch**](#)

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