

DIGITAL ECONOMY PAYMENTS

August 2022 U.S. Edition

CONSUMERS BUY INTO
FOOD BARGAINS



PYMNTS.com

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INTRODUCTION

As inflation decelerated in July, gas prices, airfares, lodging costs and rental car fees fell, and consumers responded accordingly.¹ This month's PYMNTS research found that 18% of consumers used online services to book summer travel, the greatest share we have measured to date.

PYMNTS' data also suggests that this spirit of travel led consumers to change their food shopping habits. Only 83% of consumers made grocery purchases from a retail grocery in our survey, down from 87% in the previous month. While part of this decrease may well be due to summer travel, there may be another reason — a shift toward less costly restaurants and fast-food alternatives. Our research found that in July, millennials and bridge millennials actually increased their visits to restaurants. While year-over-year grocery prices rose by 12%, full-service restaurant costs rose by just 7.7%, and costs at limited menu restaurants — a group that includes fast food restaurants — rose by only 7.2%.²

As the cost of dining out increased less than the cost of cooking meals at home — and as it may continue to do so, especially given the USDA's sharp predicted upticks in more costly proteins such as meats — millennials and bridge millennials may continue to take refuge from rising costs by purchasing fast, cheap meals.³

Digital Economy Payments: Consumers Buy Into Food Bargains examines consumer shopping behaviors in the grocery, restaurant and travel segments. We surveyed a census-balanced panel of 2,669 U.S. consumers between July 8 and July 18 to look at the ways consumers are saving and spending their dollars as the economy faces continuing uncertainty.

This is what we learned.

¹ Author unknown. Consumer Price Index Summary. The Bureau of Labor Statistics. 2022. <https://www.bls.gov/news.release/cpi.nr0.htm>. Accessed August 2022.

² Author unknown. Menu prices. The National Restaurant Association. 2022. <https://restaurant.org/research-and-media/research/economists-notebook/economic-indicators/menu-prices/>. Accessed August 2022.

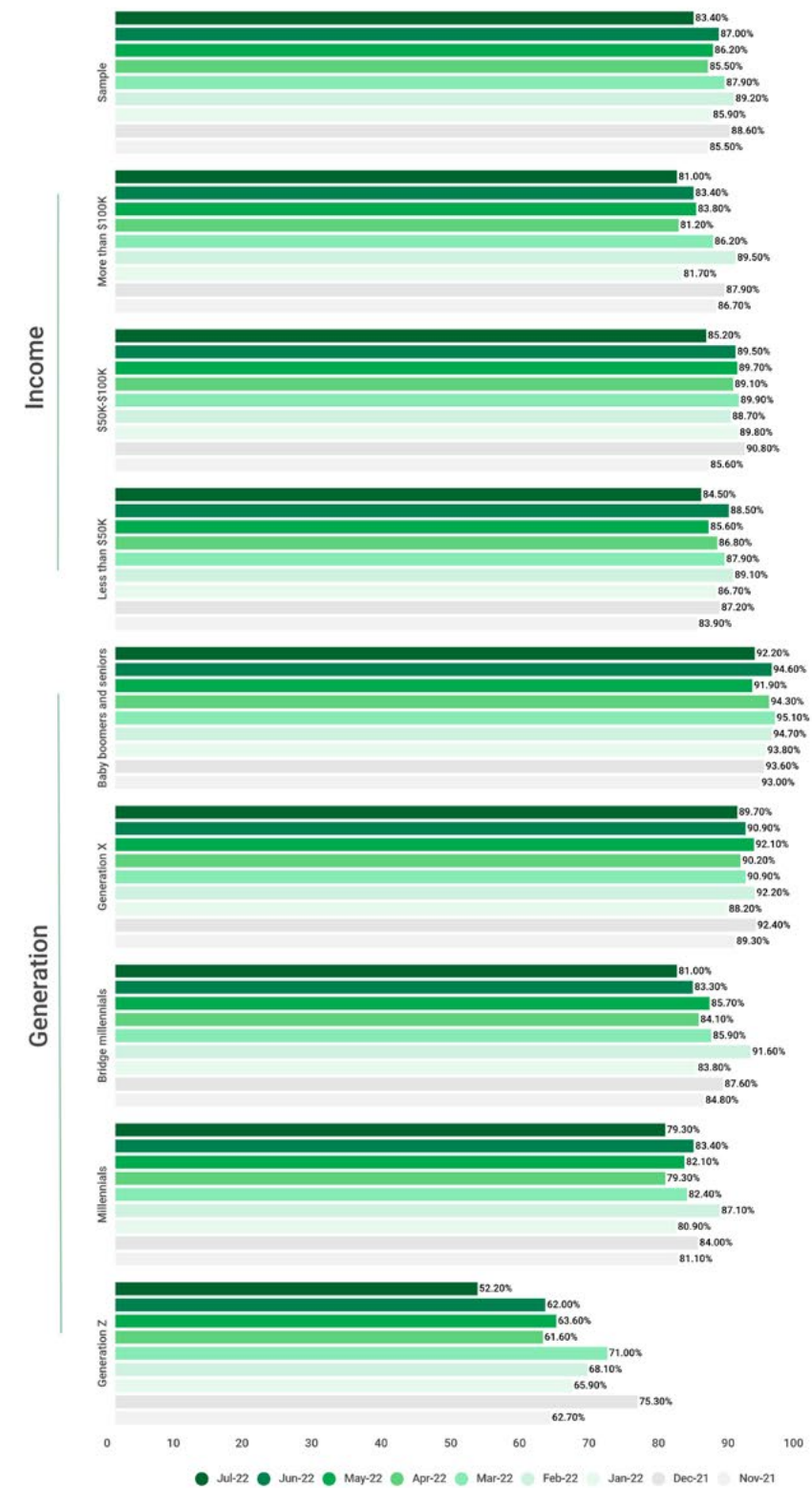
³ Author unknown. Food Price Outlook 2022. USDA. 2022. <https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/>. Accessed August 2022.

Fewer consumers purchased from grocers in July, likely due to shifts in grocery prices and summer travel.

Only 83% of consumers reported purchasing grocery products in the last 30 days. Though that could suggest a sizable pullback in grocery spending, the average grocery purchase was \$96, which was similar to spending levels maintained over previous months. The drop in the share of consumers making grocery purchases was especially prominent among Generation Z consumers, of whom just 52% shopped for groceries. This may indicate that the youngest consumers are vacationing with their families, living at home during school break or attending summer camps, summer school or other activities where food is provided.

Figure 1: Grocery purchasing behaviors

Share of consumers who purchased groceries in the last 30 days, by income and generation



Source: PYMNTS.com
 Digital Economy Payments: Consumers Buy Into Food Bargains, August 2022
 N = 2,933: Whole sample*, fielded July 8, 2022 – July 18, 2022

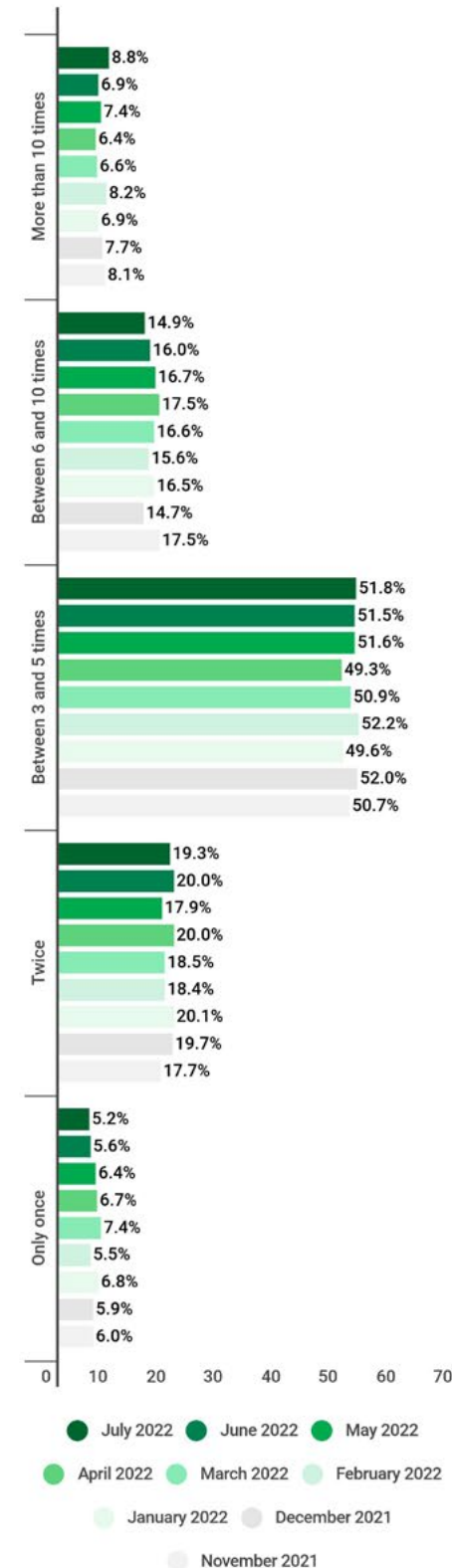
* "Whole sample" includes respondents who did not make any grocery, restaurant, travel-related or retail purchases.

Consumers are doing more bargain shopping for groceries but not increasing their overall spending.

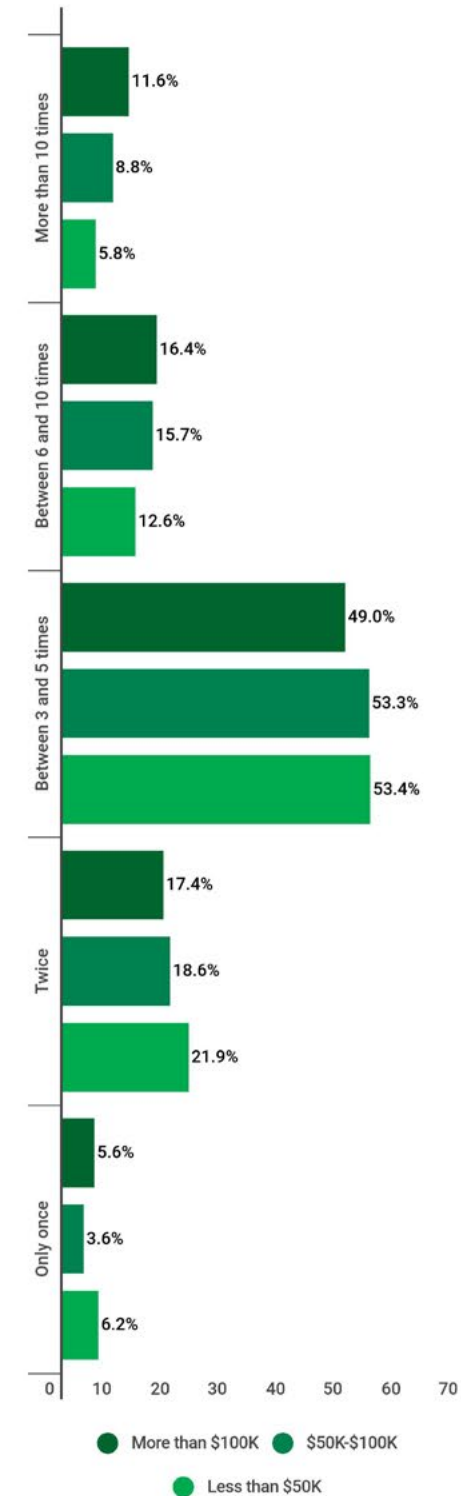
PYMNTS' data shows that value-minded consumers may be changing their grocery shopping habits to stretch their dollars. Though the average amount spent per purchase did not rise, 24% of consumers made more than six grocery purchases in July, with 12% of higher income earners visiting stores more than 10 times. This suggests that these consumers are making many small purchases, likely items that are on sale at specific locations. Consumers with lower incomes traveled to stores less frequently, perhaps limited by time and other resources, with only 5.8% of low-income consumers making more than 10 grocery purchases.

Figure 2: Grocery shopping frequency

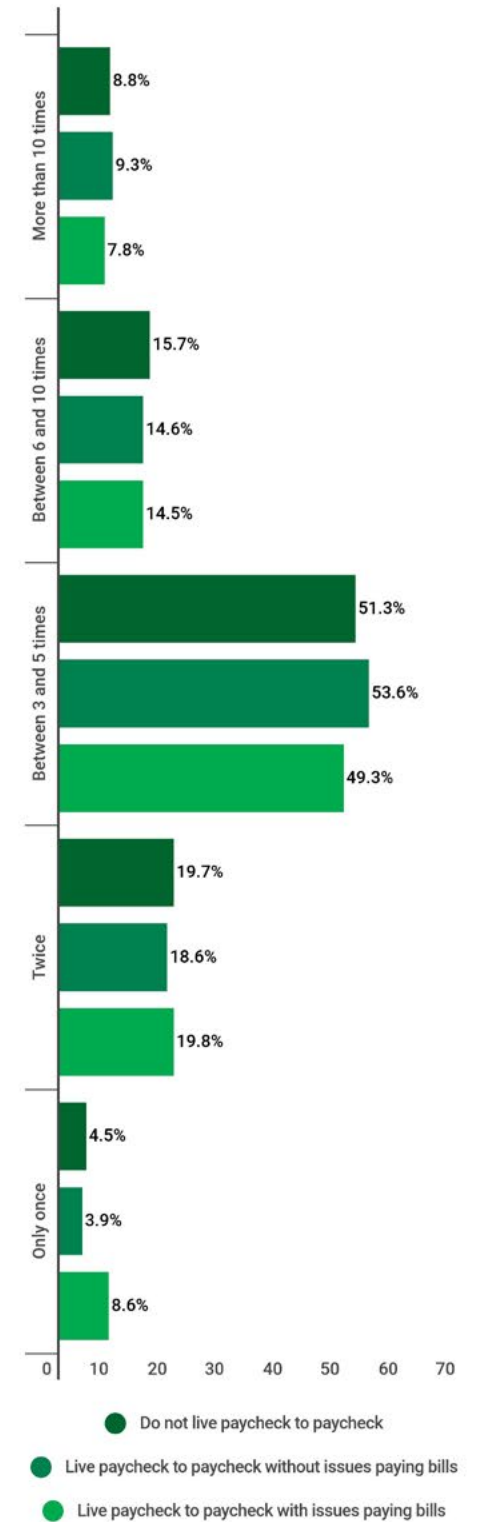
2A: Share of consumers who purchased groceries certain numbers of times in the past 30 days



2B: Share of consumers who purchased groceries certain numbers of times in the past 30 days, by income



2C: Share of consumers who purchased groceries certain numbers of times in the past 30 days, by financial lifestyle



Source: PYMNTS.com
 Digital Economy Payments: Consumers Buy Into Food Bargains, August 2022
 N = 2,479: Respondents who paid for groceries in the past 30 days, fielded July 8, 2022 – July 18, 2022

High-income shoppers may be shifting their food budgets toward creative ways to eat at home.

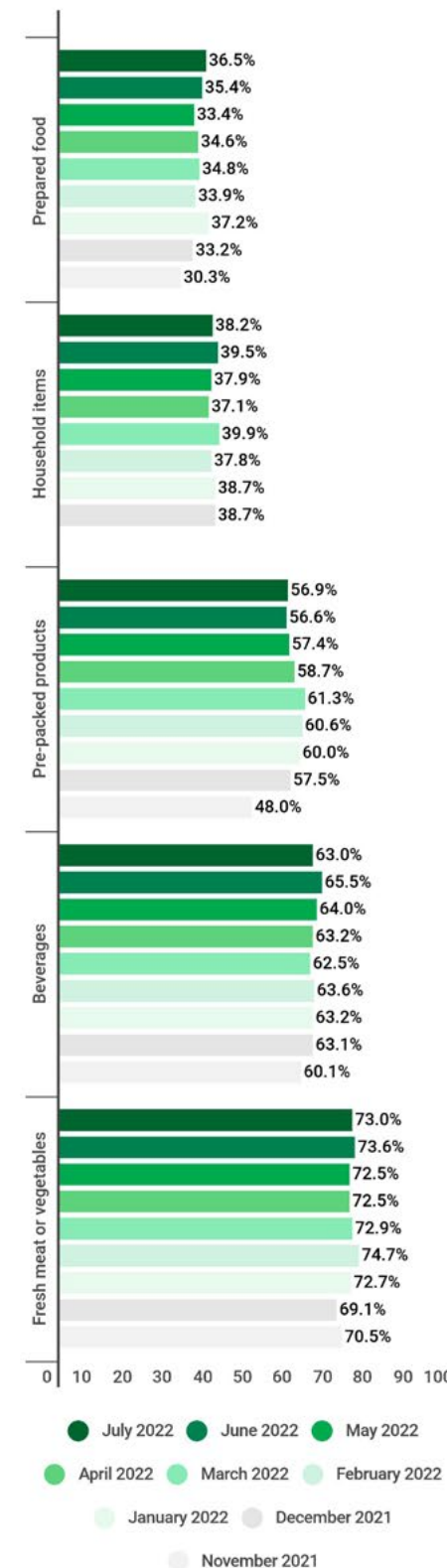
Higher-income earners now buy more prepared food and fresh meat and vegetables than other groups, according to PYMNTS' data. Forty-two percent of consumers with high incomes purchased prepared food when most recently buying groceries, and 77% of high-income consumers purchased fresh meat or vegetables. Each figure leads all income brackets. These consumers may be continuing the home cooking trend that began during the pandemic with a value-minded twist: Comparison shopping for lower-priced groceries can add up to more savings, and using prepared foods allows home cooks to add ready-made proteins and sides to recipes, sometimes at less expense.

The higher share of affluent consumers purchasing prepared foods in July along with fresh meats and vegetables may reflect the resources of both the high-income earners and their communities. Individuals living paycheck to paycheck or with low incomes often have fewer grocery store choices, limited access to fresh meat and vegetables at their local stores and limited funds.⁴

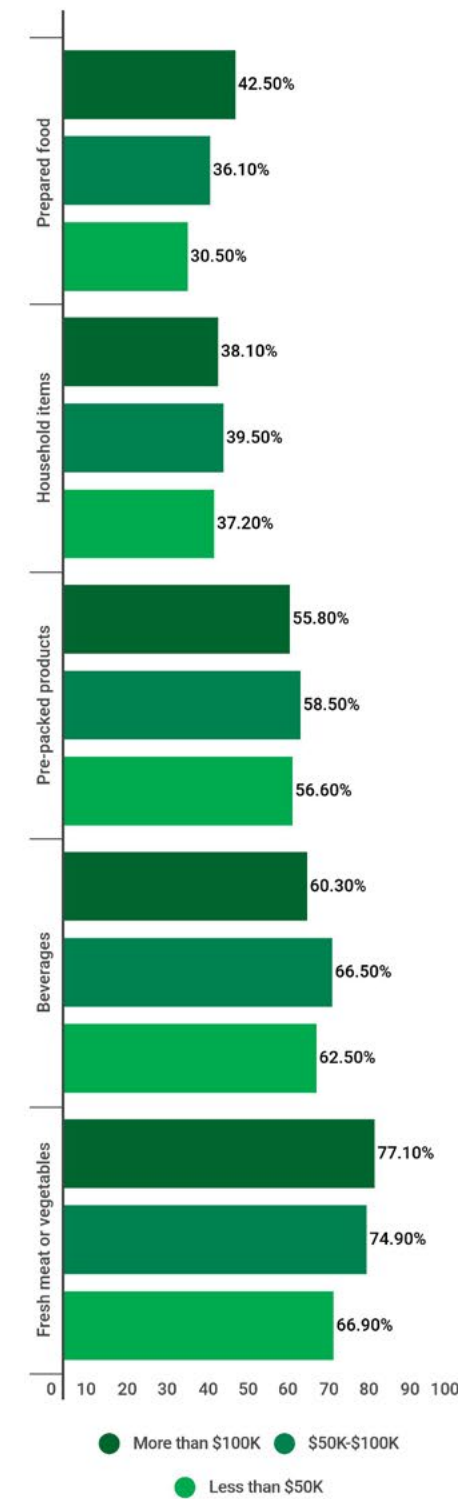
⁴ Wright, A. Interactive Tool Maps Foods Deserts, Provides Key Data. USDA. 2021. <https://www.usda.gov/media/blog/2011/05/03/interactive-web-tool-maps-food-deserts-provides-key-data>. Accessed August 2022.

Figure 3: Types of groceries being purchased

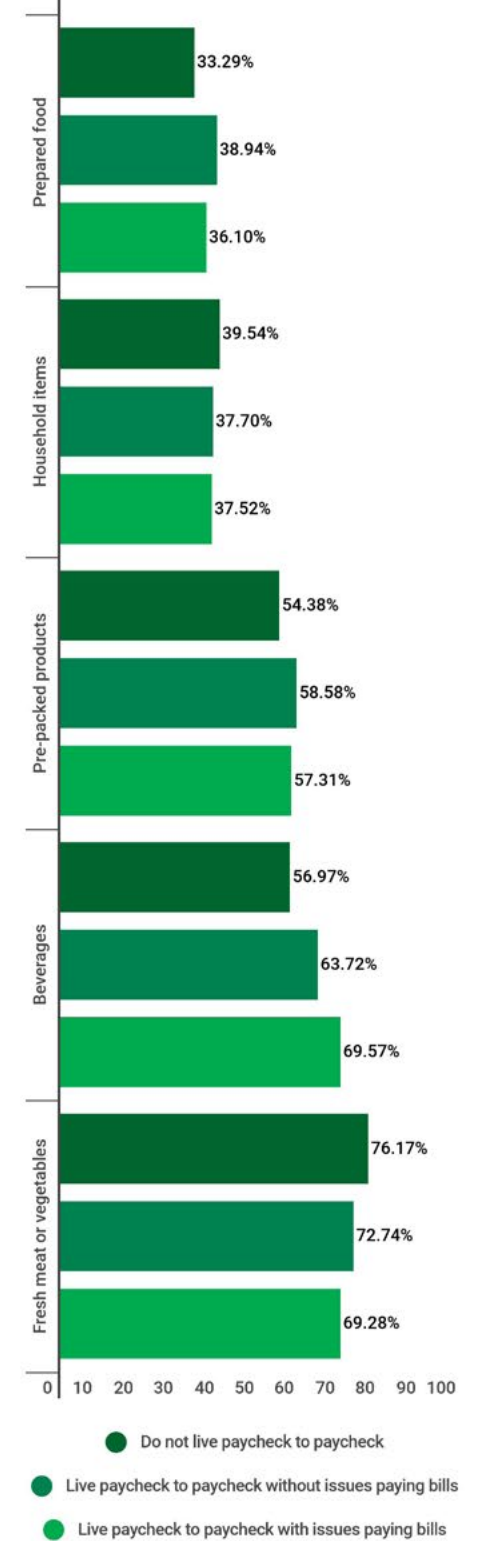
3A: Share of consumers who purchased select types of goods during most recent grocery purchase



3B: Share of consumers who purchased select types of goods during most recent grocery purchase, by income



3C: Share of consumers who purchased select types of goods during most recent grocery purchase, by financial lifestyle



Source: PYMNTS.com
 Digital Economy Payments: Consumers Buy Into Food Bargains, August 2022
 N = 2,479: Respondents who paid for groceries in the past 30 days, fielded July 8, 2022 – July 18, 2022

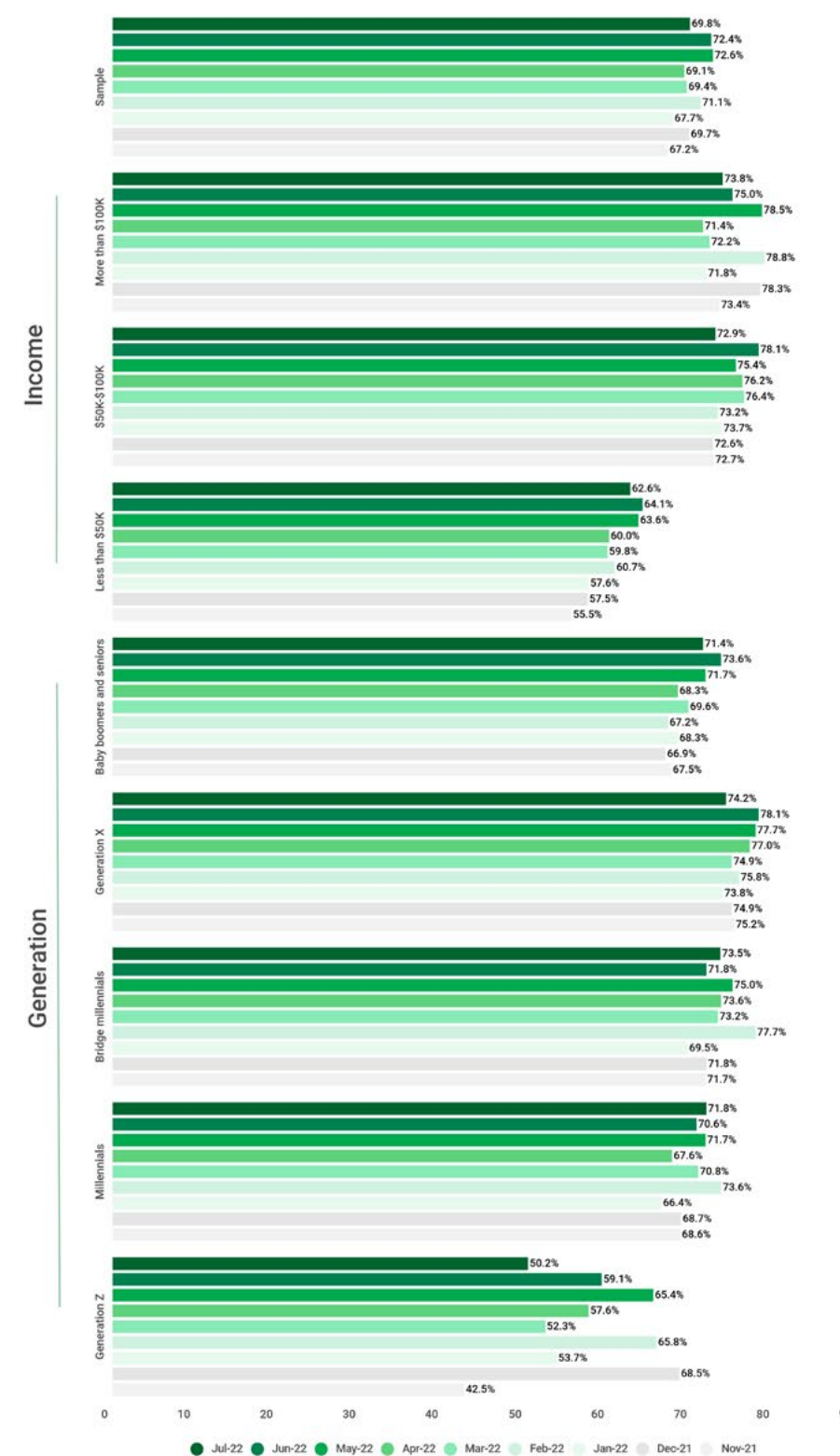
While most consumers pulled back from restaurant spending in general, millennials and bridge millennials were more likely to buy food from restaurants.

Consumers bought less food in restaurants when compared to the previous month, with the share of consumers spending in restaurants dropping from 72% to 70%. However, the share of bridge millennials who made restaurant purchases increased from 72% in June to 74% in July, as did the percentage of millennials who did so, rising from 71% to 72%. Many millennials and bridge millennials are also parents, and we suspect they may be spending more in restaurants to feed Gen Z or Generation Alpha children at home for summer vacation. They may also be responding to the fact that restaurant prices, especially limited menu or fast-food service prices, rose at a much slower rate than grocery prices, meaning restaurants may prove an affordable and convenient option.⁵

⁵ Author unknown. Menu prices. National Restaurant Association. 2022. <https://restaurant.org/research-and-media/research/economists-notebook/economic-indicators/menu-prices/>. Accessed August 2022.

Figure 4: Restaurant purchasing behaviors

Share of consumers who purchased from restaurants in the last 30 days, by income and generation



Source: PYMNTS.com

Digital Economy Payments: Consumers Buy Into Food Bargains, August 2022

N = 2,933: Whole sample*, fielded July 8, 2022 – July 18, 2022

*"Whole sample" includes respondents who did not make any grocery, restaurant, travel-related or retail purchases.

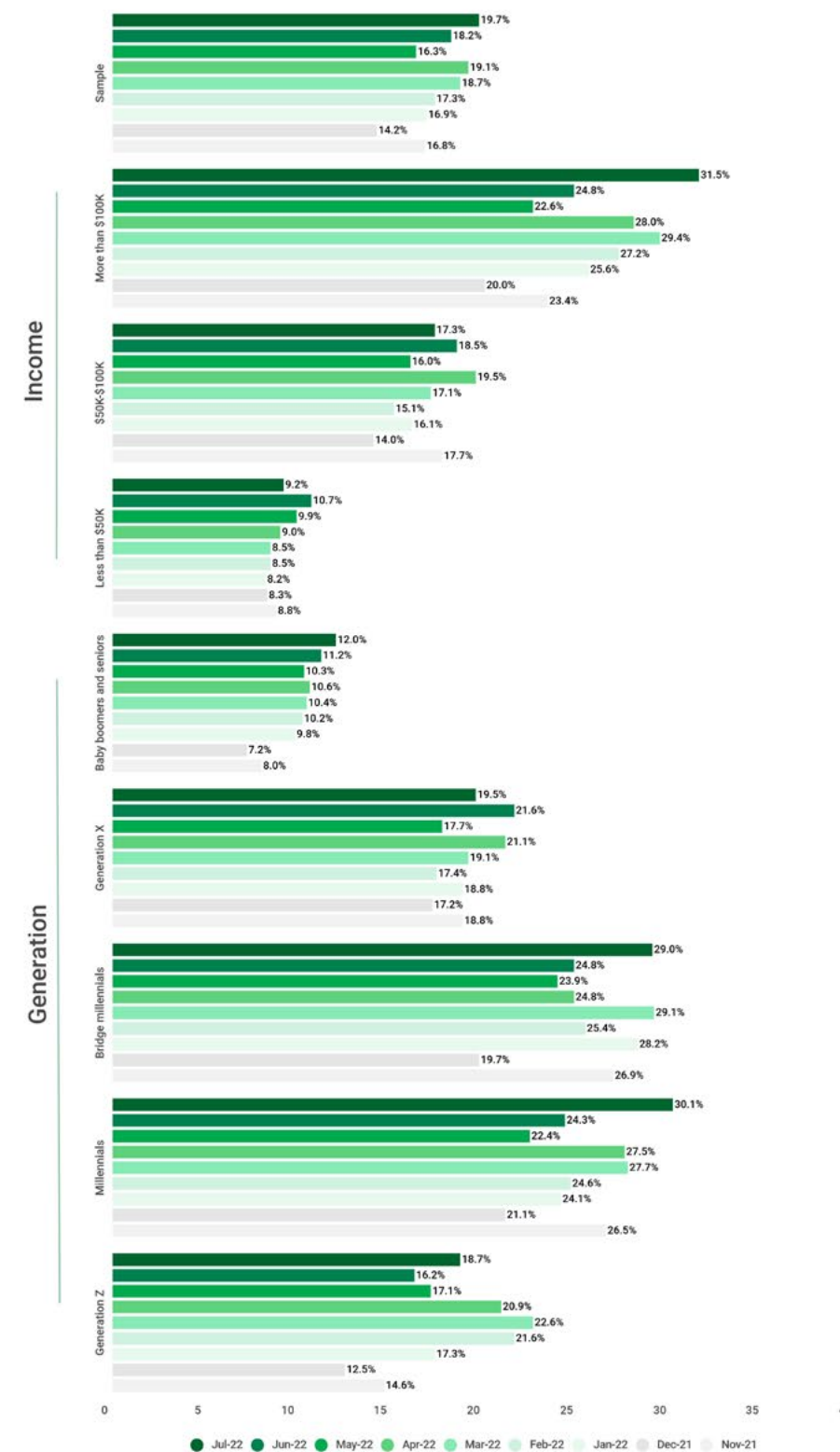
High-income earners are investing in travel experiences at historic rates.

Baby boomers and seniors, along with members of Gen Z and Generation X, are leading in online travel service engagement, and higher-income earners are traveling in record numbers. While 20% of overall consumers purchased travel services in July, 32% of high-income consumers made travel purchases, representing an all-time high. Our data also shows that consumers who live paycheck to paycheck are more likely to purchase their travel services in-store.

Online travel purchases are becoming the norm for the oldest and youngest generations: 80% of baby boomers and seniors made their travel services purchases online, as did 87% of Gen X and 89% of Gen Z consumers. Just 78% of millennials and 75% of bridge millennials purchased their travel services online. Our data shows that over time, just as with many industries in our connected economy, more travel purchases are happening online and fewer are occurring in-store.

Figure 5: Travel purchasing behaviors

Share of consumers who purchased travel services in the last 30 days, by income and generation

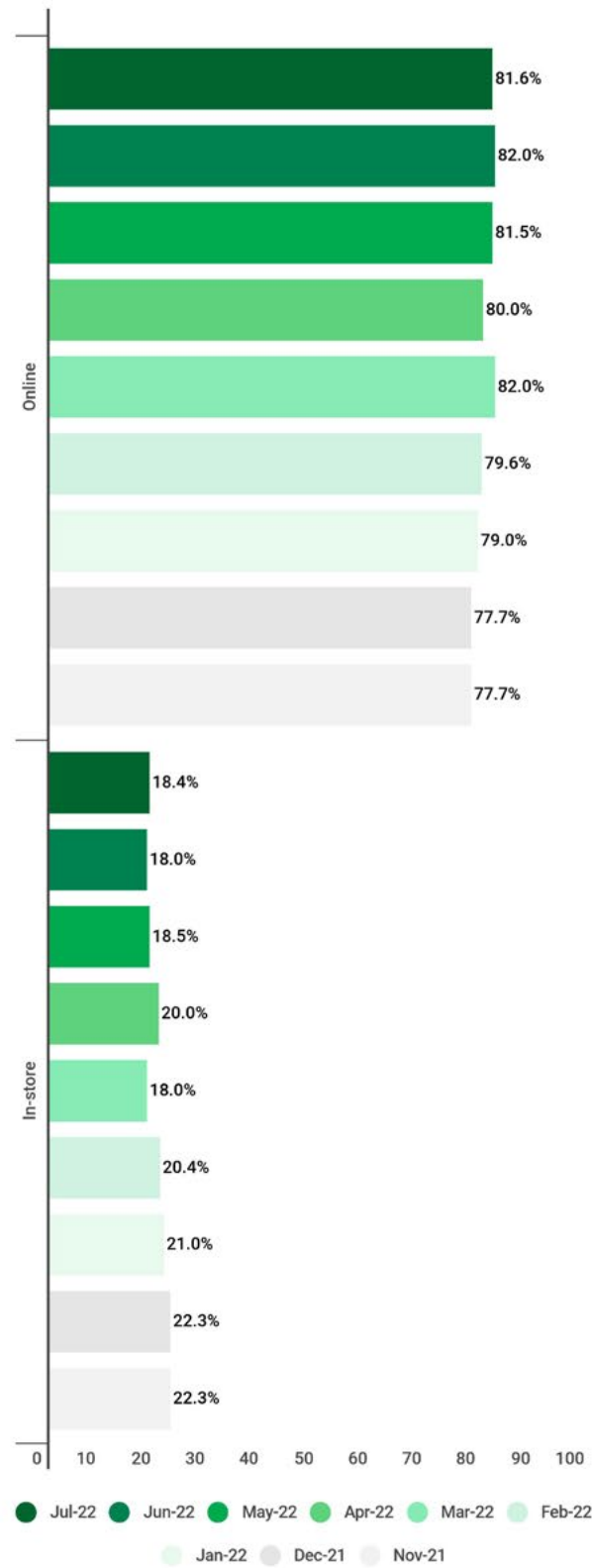


Source: PYMNTS.com
 Digital Economy Payments: Consumers Buy Into Food Bargains, August 2022
 N = 2,933: Whole sample*, fielded July 8, 2022 – July 18, 2022

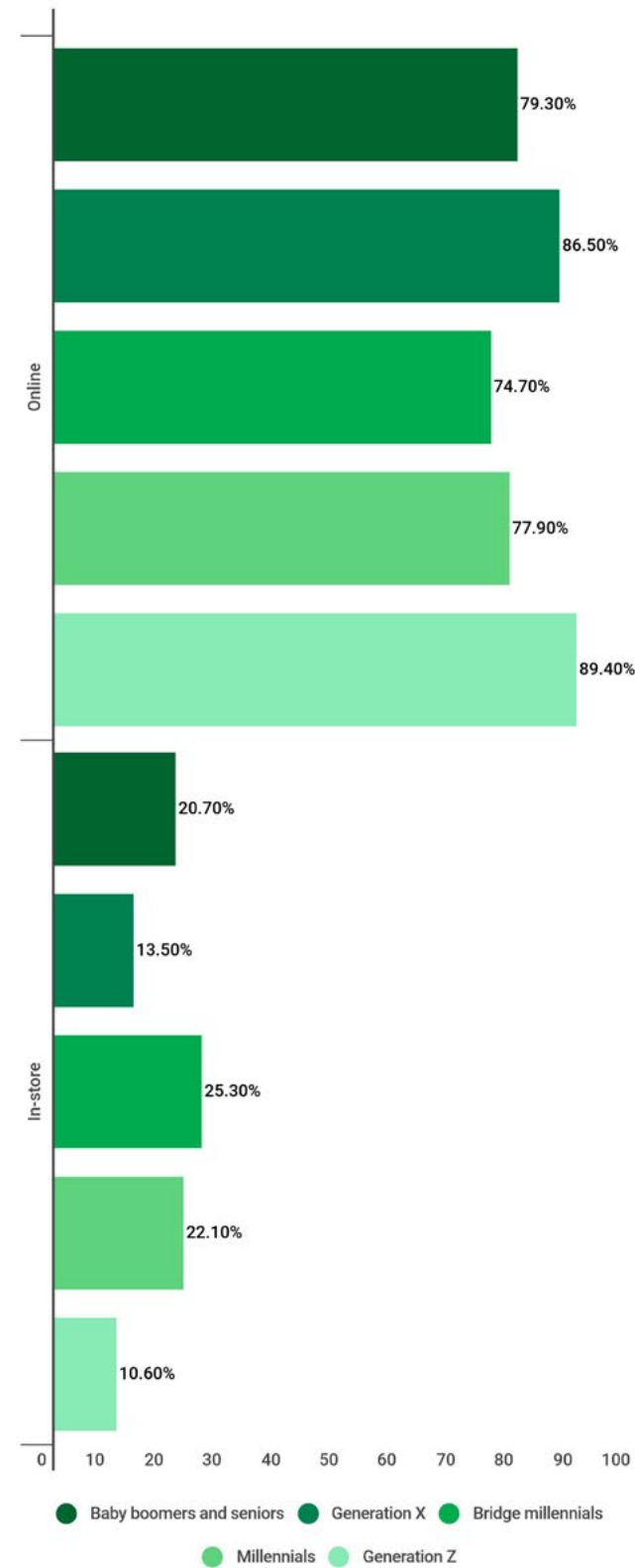
*"Whole sample" includes respondents who did not make any grocery, restaurant, travel-related or retail purchases.

Figure 6: Online versus in-store travel purchasing

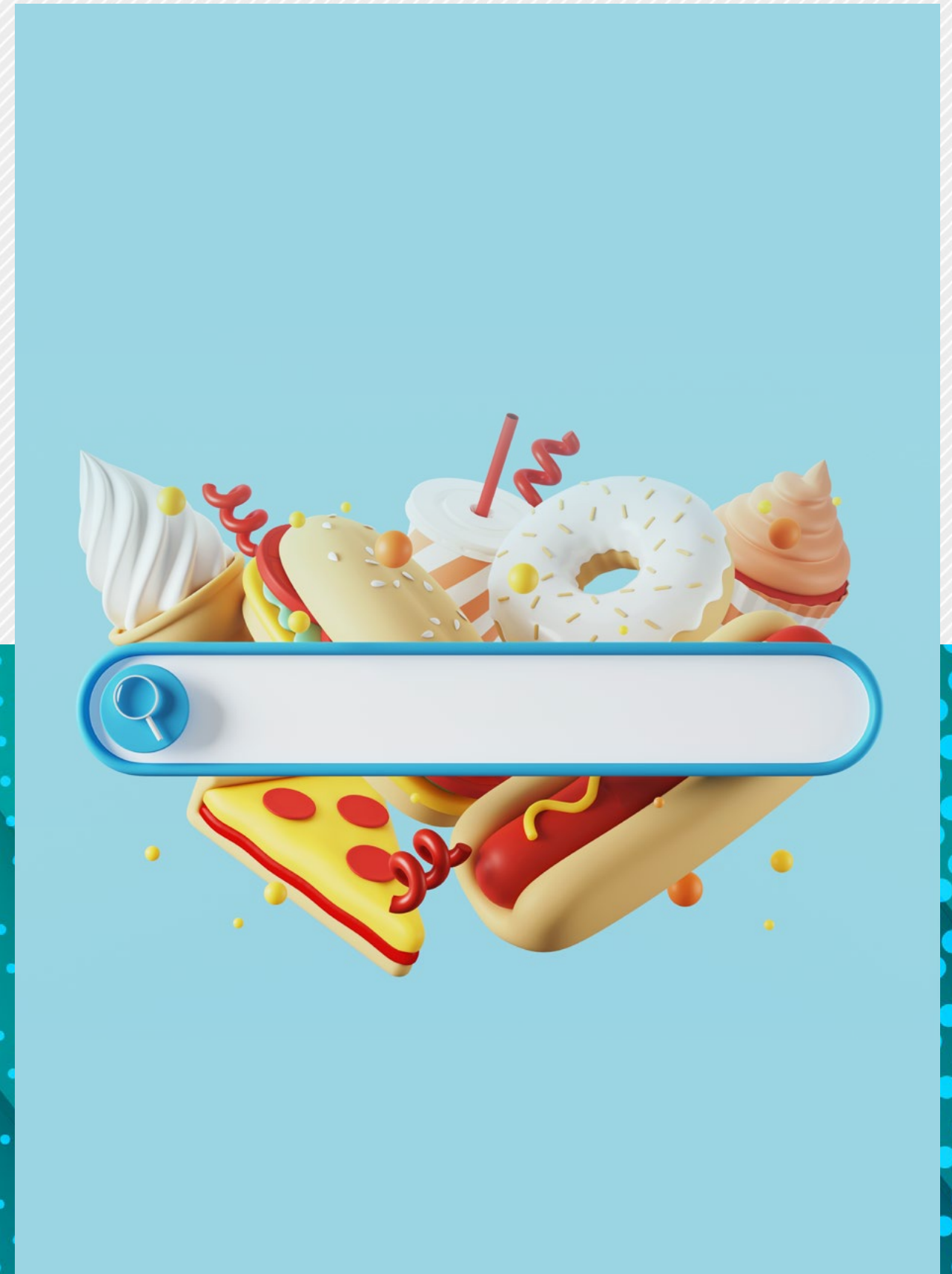
6A: Share of consumers who purchased travel online or in-store, over time



6B: Share of consumers who purchased travel online or in-store in July, by generation



Source: PYMNTS.com
 Digital Economy Payments: Consumers Buy Into Food Bargains, August 2022
 N = 533: Respondents who paid for travel services in the past 30 days, fielded July 8, 2022 – July 18, 2022



METHODOLOGY

Digital Economy Payments: Consumers Buy Into Food Bargains was conducted between July 8 and July 18. Findings were based on 2,669 responses from a census-balanced group of respondents who were asked about their spending habits and preferences during the past 12 months.

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