smart commerce

CPG eCommerce & Promotions Report

2023

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Every year we take the pulse on the state of eCommerce and promotions. Our goal is to help better understand how consumers are shopping today versus a year ago. Some of the themes are similar to last year, such as inflation and out-of-stock stress. However, small shifts are taking place within each of these areas, despite the economy and supply chain issues continuing to be volatile as the world recovers from Covid. Additionally, we continue to see signs of further social and mobile commerce comfort among consumers of all age groups.

1

CPG eCommerce Trends

Consumers report high usage of their online carts as their shopping lists for CPG purchases, with the majority cart building over time.

Additionally, almost one quarter of those surveyed reported they typically build their carts online, but shop in store.

Another CPG trend that continues to grow is the usage of subscriptions. Convenience and saving money are key reasons for consumer adoption.

Add to Cart = Add to List

More and more, online carts are being used to build a shopping list. Respondents reported gathering items in their carts over time and using a mix of fulfillment options, including both online and in-store.

Among those that **cart-build over time (70%)**, almost 20% end up visiting a physical store to buy the items they added to their online cart.

Using the cart as a list **greatly over-indexes for younger generations**, with 76% of shoppers under 35 years old cart building over time. Women also over-index versus men in using the cart as a list.

Q: Considering how you use online carts for groceries, personal care, or home care items, which of the following best describes your usual habits?

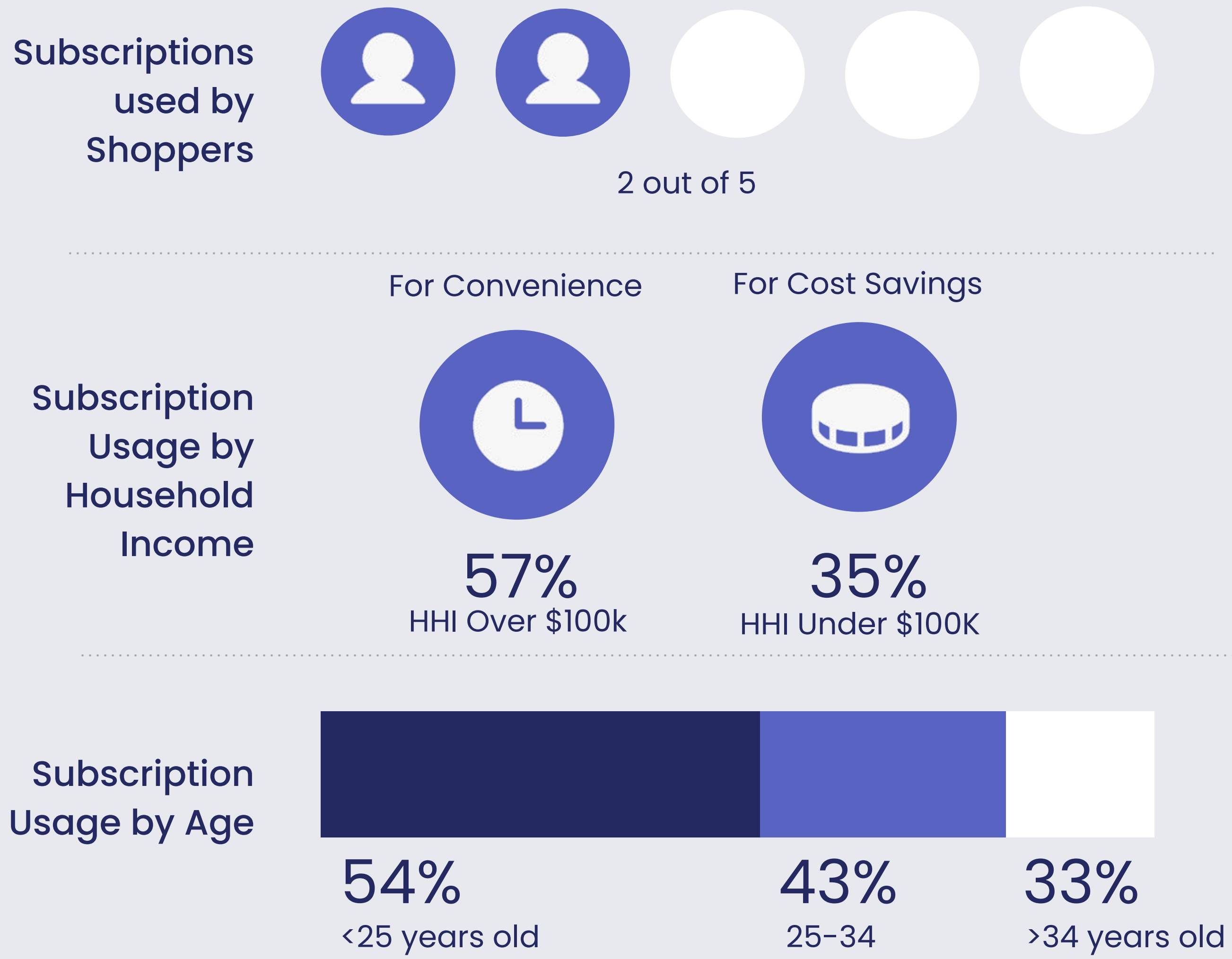
Subscriptions

Purchases translating into repeat behavior is a key driver of CPG marketing ROI. The strength and growth of product subscriptions has been a boon to stickier repeat. 2 out of 5 shoppers now have recurring product subscriptions, with over 20% of subscribers having 4 or more products on auto-delivery.

Nearly 60% of households with income > $100k use subscriptions, predominantly for their convenience. Only 35% of households with < $100k income use subscriptions, citing money savings as the key driver.

Age also plays a big role in subscription usage, with **over half of shoppers under 25 years old participating in subscriptions**, before dropping off precipitously.

Product Subscription Usage



2

Ongoing Inflation & OOS Issues

As the economy and supply chains continue to recover after Covid, consumers are turning to ways to save in greater numbers.

In-store coupons and savings apps are both being used by about a third of shoppers every time they shop.

Out of stocks continue to be an issue, with over 70% of those surveyed reporting they recently encountered out of stocks of their favorite brands. Over half of shoppers reported they then replace the out of stock item with another brand.

$ Savings

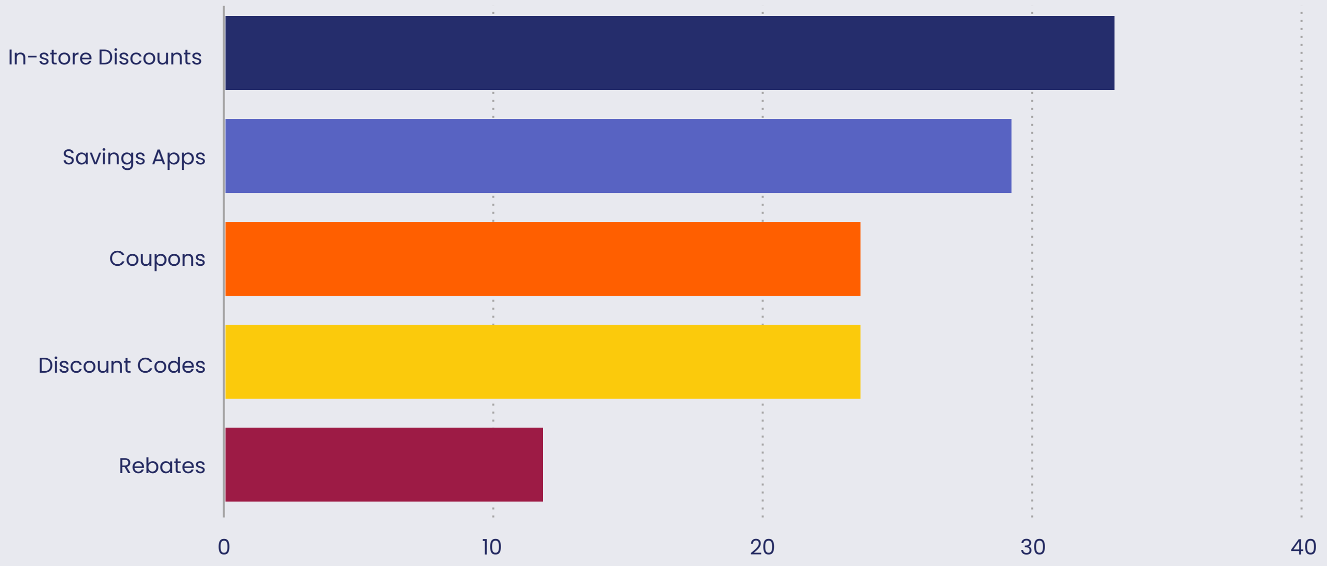
With inflationary pressures abounding, the search for savings has increased exponentially since 2022. Based on our eCommerce & Promotions Study results from last year, **savings-centric behavior has increased across the board**.

With over 30% of shoppers using them everytime they purchase, In-store Discounts still reign supreme as the most frequently used savings mechanisms, followed by Savings Apps, Coupons, Discount Codes, and Rebates.

Savings-centric Behavior

Mar ’22 → Jan ’23 usage

% of Shoppers Using Every Time They Shop



Percent Change in Usage YoY

+41%
Coupons

+46%
Discount Codes

+58%
In-Store Advertised Coupons

+117%
Rebates

+55%
Savings Apps

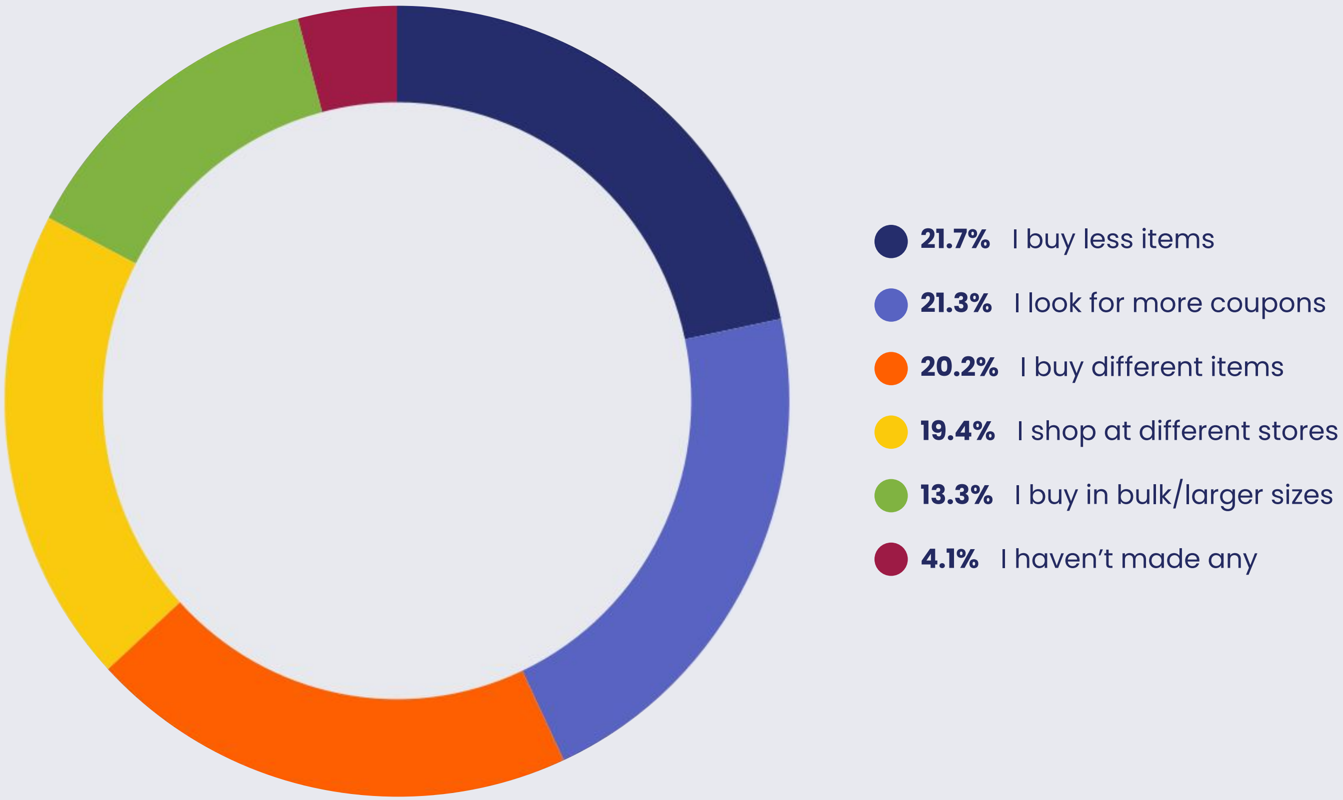
Inflation

Inflation continues to impact shoppers. Common ways consumers are offsetting price inflation include buying less (22% of responses), looking for more coupons (21%), buying different items (20%), and trying new stores (19%).

Interestingly, when segmented, men are more likely to search for coupons, while women are more likely to buy less items.

When segmented by age, **shoppers under 35 were more apt to look for coupons than the >35 crowd**.

Q: How has inflation impacted your shopping and purchasing decisions for these types of products?



Out of Stocks

Over half of shoppers have found their favorite brand out of stock online or in-store in the last 2 weeks! When presented with an out of stock item, **over 70% of shoppers substituted with a competing brand or private label equivalent**.

Only 1:4 consumers wait to purchase the specific brand if it's out of stock. The shopper segments that are the *least* brand loyal? Men, and shoppers under 35 years of age.

Ensuring that ecommerce ads are stock-aware and support in-brand substitution can save your brand a sale in this still volatile environment.

3

Social & Mobile Commerce

Consumers are now shopping throughout their day, often inspired by new products while browsing their favorite social channels.

In regards to product discovery, Facebook continues to dominate the space, with TikTok being preferred by Gen Z. Surprisingly, YouTube is a top 3 platform for all segments.

There has also been a dramatic and continued movement to shopping on mobile, which means consumers are shopping on the go. This year, we saw increases in the percentage of consumers creating their shopping lists on their phones, and ultimately completing their purchase on mobile as well.

Social Commerce

Multiple platforms are surfacing as strong points of inspiration for product discovery.

Facebook is a primary source of inspiration for many women, while YouTube tops the list for men.

Facebook remains a core platform for product discovery across all age groups—with the exception being Gen Z, who prefer Instagram and Tiktok. The sleeper platform that is in the top 3 for all segments? YouTube.

The key takeaway being, when it comes to social media in 2023, don't put all your eggs in one basket!

New Product Discovery

"Which platform is good at showing you new products you want?"*

	ALL	MEN	WOMEN	GEN Z	MILLENNIALS	GEN X	BOOMERS
	22%	21%	23%	13%	23%	26%	28%
	20%	23%	18%	18%	20%	21%	23%
	15%	12%	18%	20%	16%	13%	9%
	15%	16%	14%	22%	15%	11%	8%
	11%	9%	13%	11%	11%	14%	12%
	6%	9%	4%	7%	7%	6%	4%
	6%	7%	5%	6%	6%	5%	2%

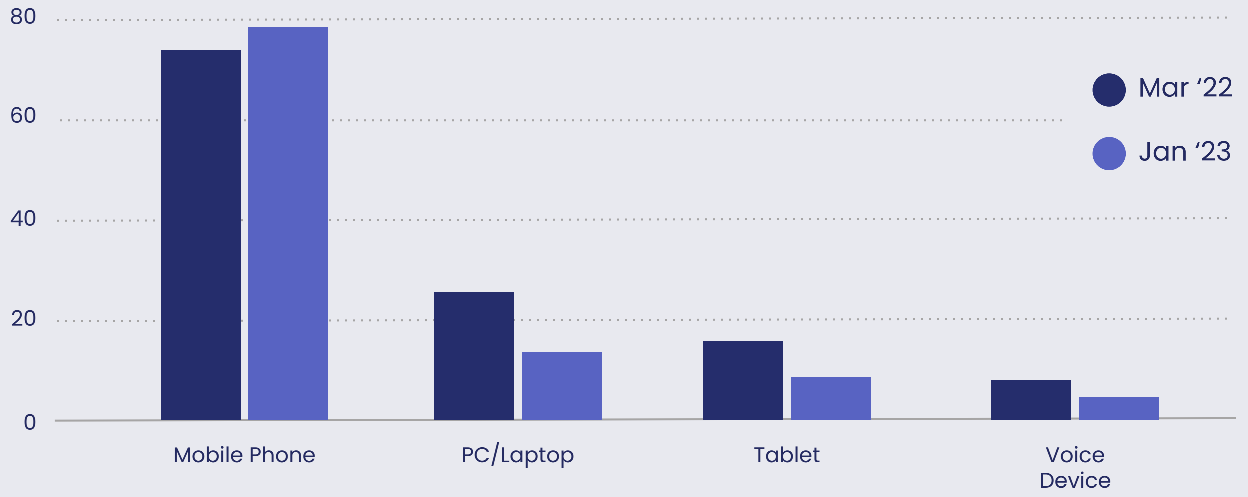
Mobile is King

The level of comfort in using Smartphones to ***create a shopping list or order*** continues to rise. 80% of shoppers now use their phones over other devices to create an order– a 5% increase over last year.

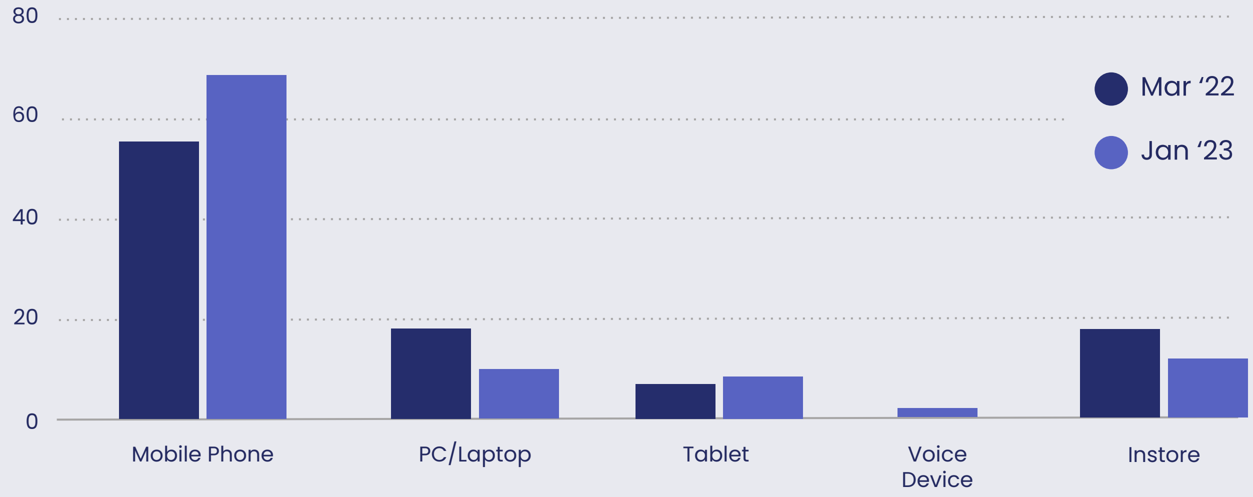
69% of shoppers now also use their phones to complete the purchase– *a 20% increase* versus last year!

Sustained growth in mobile listing AND mobile purchases, paired with the cart-as-a-list behavior data highlighted earlier, signal a solidification of mobile commerce maturity.

Q: What device did you use to create/build your last online order?



Q: Where did you complete buying the last items you put in your cart to consider to buy?



Summary

Increases in mobile listing behavior along with mobile purchase growth signal growing mobile commerce maturity, requiring fast and flexible paths to cart across a multitude of commerce touchpoints. Continued out of stocks and inflationary switching behavior require savvy defenses to automatically avoid brand substitution. Amongst all this, it is abundantly clear that social commerce platforms will also continue to evolve at a heavy pace, as witnessed by new product discovery behavior differences across generations & platforms. Understanding segmentation and performance of your commerce marketing campaigns will be an important tactic as these aggregate changes play out.

Burgeoning mobile commerce comfort

High OOS → switching risk

Evolving social commerce platforms

eCommerce & Promotions Survey Methodology:

Sample size: 600, United States

Age: 18+

Female: 57.00%

Male: 43.00%

Survey period: January 23, 2023

Note: Responses were collected through a polling software that works within a network of apps to offer appropriate non-cash incentives in exchange for response to the survey. The panel may be more likely to engage with online tactics since the survey was completed through an app network.

Want to know more? Want to add questions to the next survey?

Get in touch with us:
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