

The logo for NIQ, consisting of the letters 'NIQ' in a bold, white, sans-serif font against a dark blue background.

# Connecting Mind & Matter

**Bridge the consumer say – do  
gap to unlock spending growth**

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*A report authored collaboratively by  
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# Consumer perception = *Value*

And value is *relative*

## Reach beyond what consumers are “asking for”

Companies that can tap into the predictability of consumer behavior hold the keys to unlocking truly incremental spending growth. Why? Because there's big business opportunity on the table for those who can bridge the gap between the “Mind” and “Matter” of purchase decisions.

When it comes to influencing consumer spending, particularly perceptions of value, there are two factors that are often overlooked:

***Purchasing decisions are often influenced by factors consumers aren't consciously aware of ... and in practice, people often “lie”.***

Think about the last purchase you made. Did you read reviews prior to buying? Consider the brand name or reputation? Whether it was on sale or combined with another offer? Much of our value perceptions have to do with the “signals”—and cultural capital—brands own. Value decisions involve a broad neural network and are intimately connected with our emotion and memory systems. Although consumers still engage in explicit cost/benefit analysis to make purchasing decisions, **it is *context* that ultimately influences consumer choice—in both implicit and explicit ways.**

To complicate things, there's a dizzying backdrop of socio-economic disruption that's put pressure on the **global state of consumers** today. Their financial solvency and spending power for everyday survival have been frequently tested, at odds with their desire to have spending leftover for future planning and life satisfaction needs. With such swirling and competing priorities, it's never been more essential for businesses to analyze and reconcile how consumers' mindsets and wallets are being managed both separately and together.

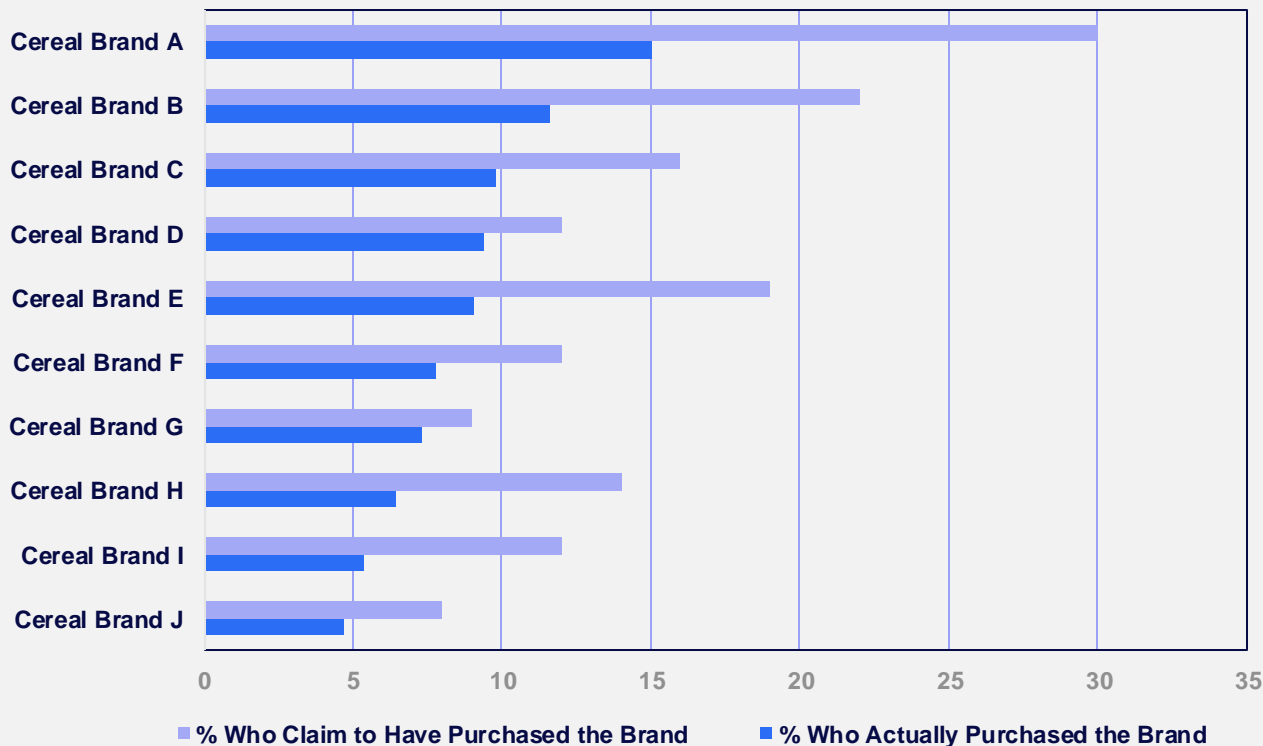


**Read along to uncover NIQ's behavioral roadmap for bridging the gap between what consumers say and what they do—utilizing heuristics, global sentiment, and the full view of data to inform your path to predicting consumer expectations & demands.**

# Consumers often mis-represent or mis-report what they DO

...By as much as 50%

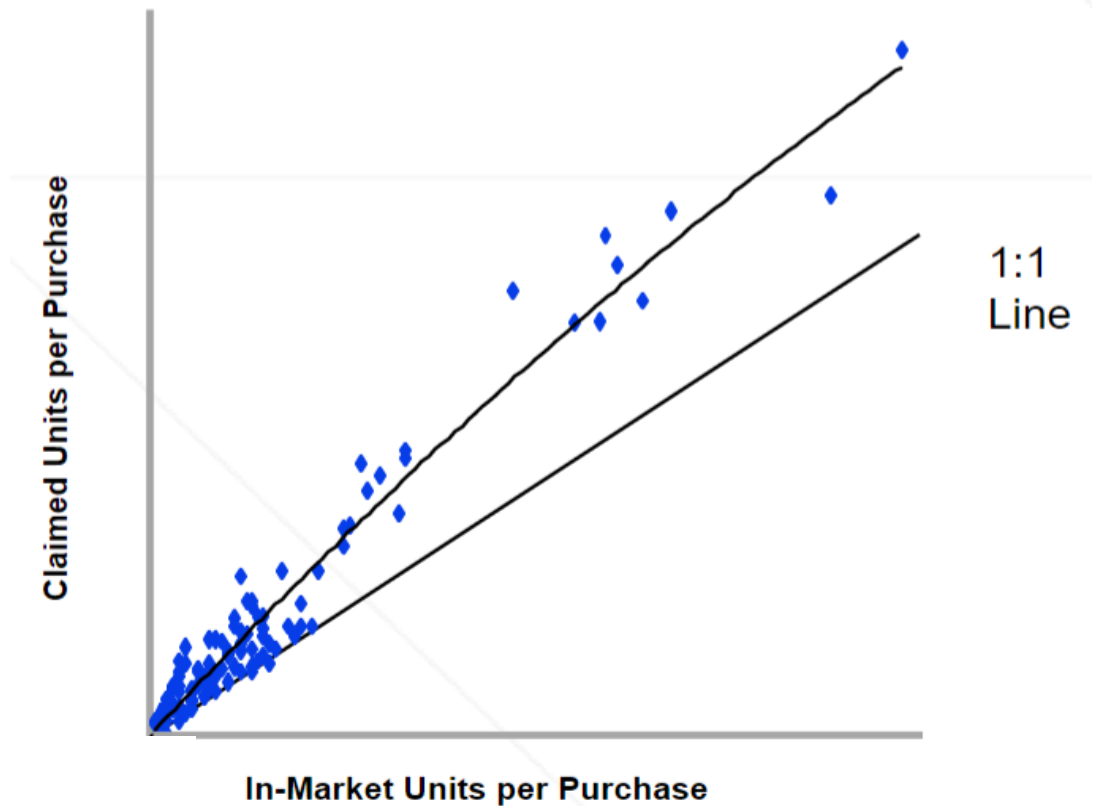
Past 6 Month Purchasing — US Ready-to-Eat Cereals



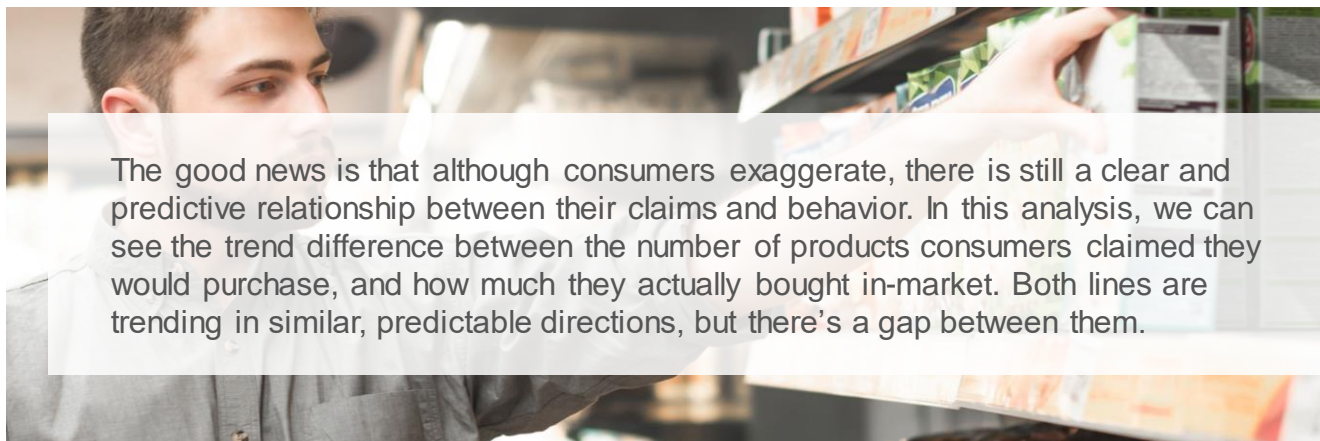
Source: Exemplified via NIQ Homescan Panel

Those who are familiar with market research and surveys understand all too well **the disconnect** between what consumers say and ultimately do. As we alluded to earlier, people often “lie”. While usually not intentional, there are many reasons why consumers tend to exaggerate or mispresent their intentions or actions. You can see this phenomenon show up in the above analysis, illustrating the gap in purchase intent versus purchasing behavior—almost 50%!—for ready-to-eat cereals. This underscores the importance of having quality data on both consumer intent AND measured purchase action to guide your business strategy.

# Although consumers "lie," there remains a high level of predictability between what they say and what they do.



Source: NIQ. The number of product units consumers claimed they would buy per transaction vs. how much they actually bought per transaction in market.



The good news is that although consumers exaggerate, there is still a clear and predictive relationship between their claims and behavior. In this analysis, we can see the trend difference between the number of products consumers claimed they would purchase, and how much they actually bought in-market. Both lines are trending in similar, predictable directions, but there's a gap between them.

# Taking a behavioral science approach

**While consumers utilize explicit cost/benefit analysis to make decisions...**



***...it is **context** that ultimately influences consumer choice—in both implicit and explicit ways.***

“ ... **Most people don't know what they want unless they see it in context** ... Everything is relative, and that's the point. Like an airplane pilot landing in the dark, we want runway lights on either side of us, guiding us to the place where we can touch down our wheels.”

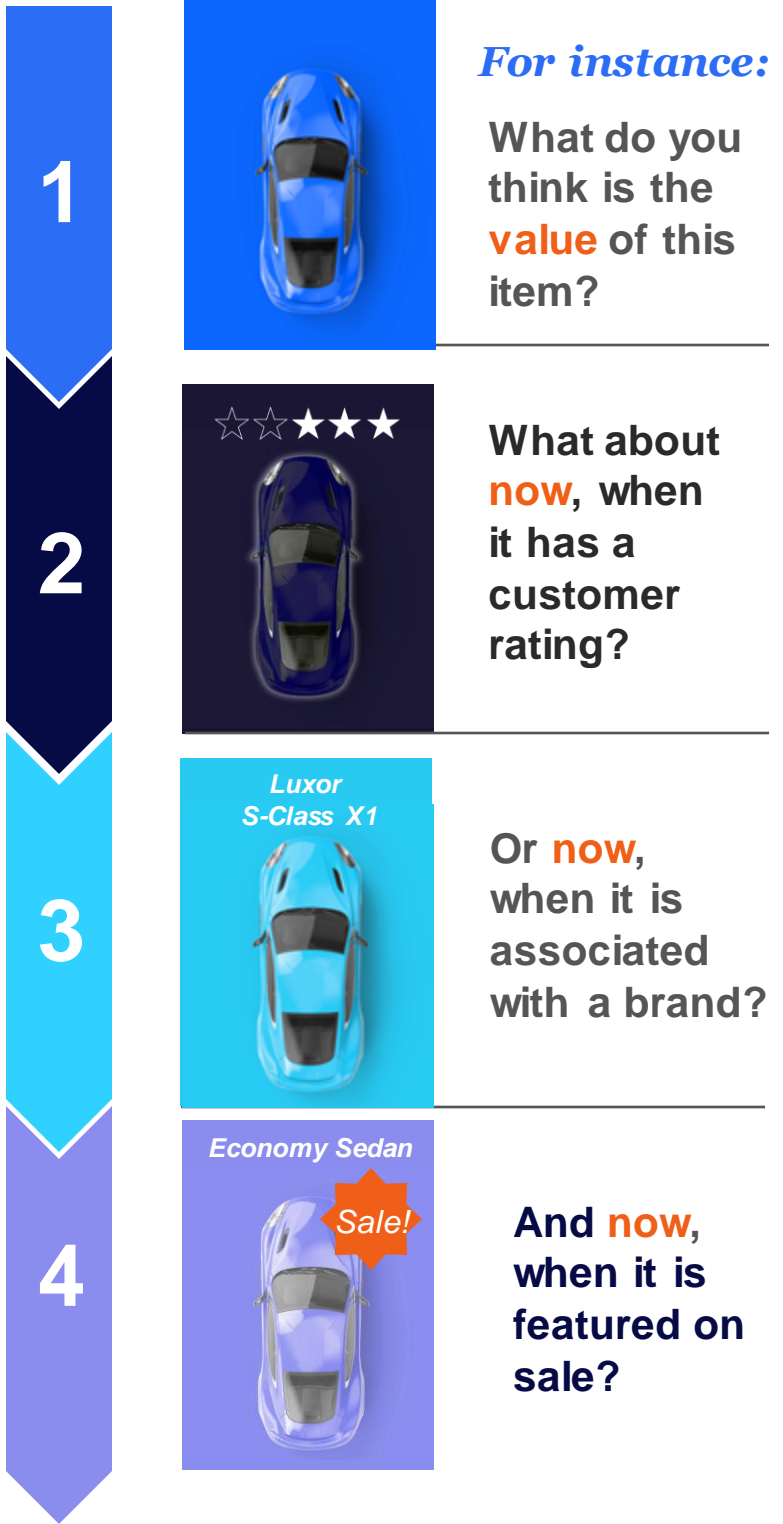
Dan Ariely, *Predictably Irrational*

When it comes to influencing purchase behavior, most industry practices assume a linear, rational approach: a price cut or trade promotion, an increase in ad spending, premiumization. While any of these tactics can be effective, when implemented in a vacuum, they can still leave the door open for competitors. **This is because value is not rational—it's relative.** Value extends far beyond any one factor alone, comprising a multitude of non-conscious signals, memories, associations, and biases. It can differ according to shopping trip (planned vs. impulse), the number of similar alternatives on the shelf, and even by timing and location.

Given the relativity of value, it is essential for businesses to focus on both the conscious and nonconscious drivers that influence purchasing decisions, enabling them to anticipate consumers' next moves and unlock incremental spending.

# Value is rational relative.

- *Memories and associations*
- *Promotions*
- *Emotional affinity*
- *Sensory cues*
- *Functional qualities*
- *Absolute price*



# The relativity of value: A case of counterintuitive behavioral impact

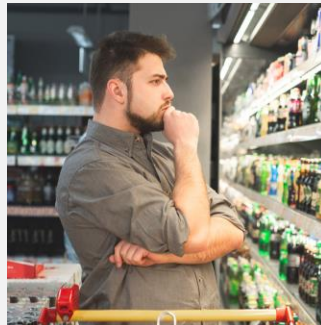
No one would dispute the impact that macro-economic conditions can have on shopping behavior—the exploding growth of private label, for example, is indicative in part of the pressured state consumers are under due to inflation. But keep in mind that because value is relative and always driven by context, purchasing behavior can sometimes run counter-intuitive to what we might expect macro-economic conditions will dictate.

Consider a recent **NIQ BASES** study that analyzed the impact of inflationary pressure on consumer behavior. In the study, we ran a shopping simulation for U.S. beer and lager—a discretionary segment that offers good price and size differentiation opportunities for constrained consumers. We evaluated the behavior of three samples:



## Current State

This sample followed a standard approach, priming the category shopper on their past purchases for the category. These results were used for comparison with our Future-State and Crisis-Primed groups.



## Future State

We adjusted this sample from the “current state” category shopper to gauge reaction to actual change, in line with econometric outlooks. We increased the size of the low-income group by 8% (thereby shrinking the middle-class group while keeping the high-income group the same) and raised product prices by 10%.

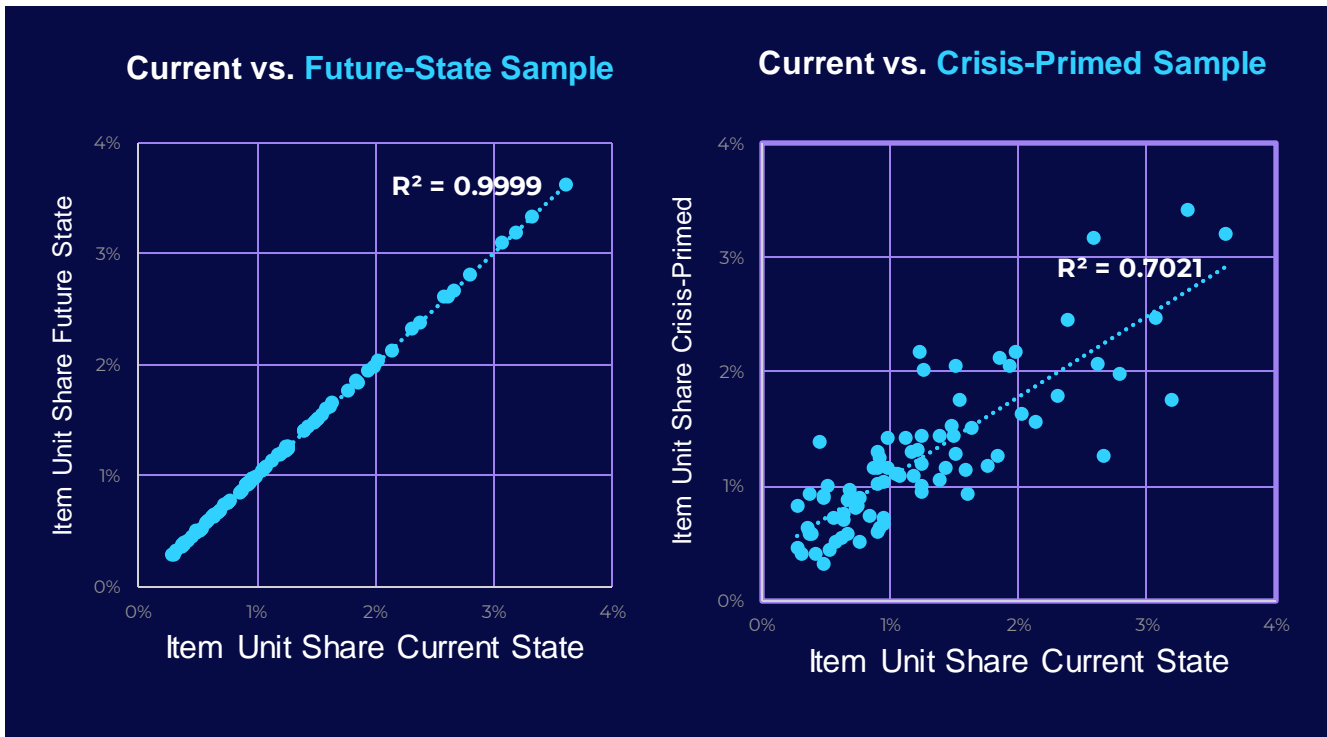


## Crisis State

Prior to their shopping trip, we exposed this sample to news articles about economic uncertainty and asked them to reflect on and answer questions about their experience with inflationary pressures. This was to gauge reaction based only on sentiment — excluding any actual change in line with econometric outlooks.

# Macro-economic conditions impact shopping behavior, but the impact is counterintuitive

## Big shifts in shopper choice for crisis-primed shoppers



Source: NIQ BASES Line and Price R&D Study on U.S. Beer shoppers, 2023

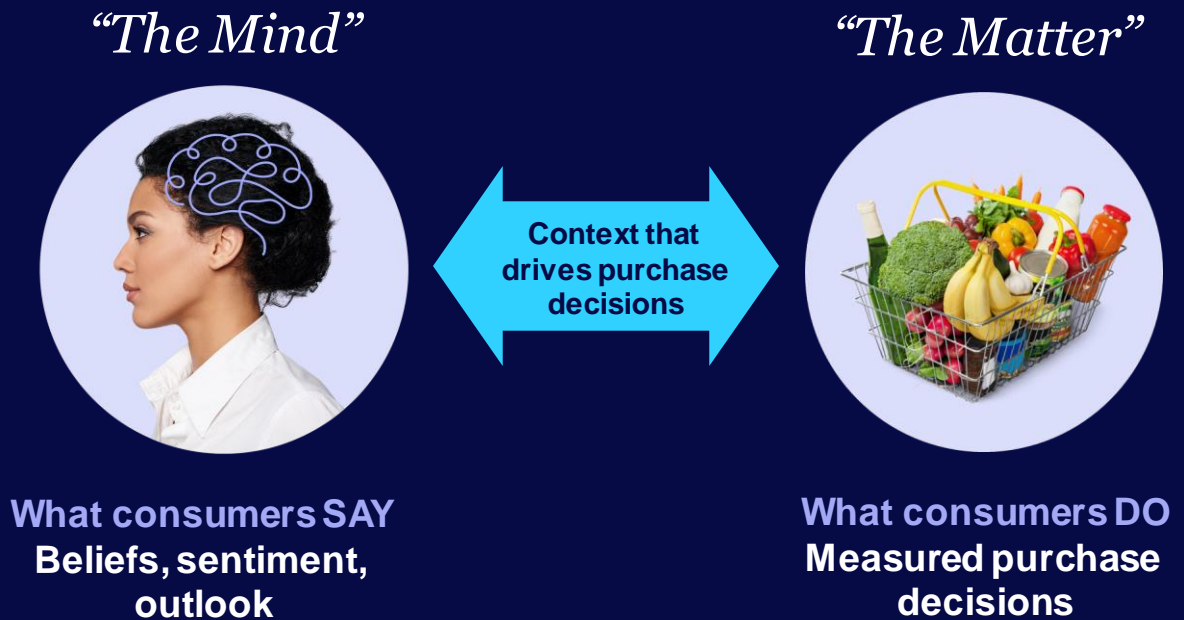


In the BASES study, when compared with the current-state sample, the future-state sample demonstrated minimal differences in price sensitivity and made only marginal changes to item preference. But there was a dramatic shift in behavior among the crisis-primed group. Across income levels, many of the shoppers sought out better value — but not necessarily the lowest price option, instead finding savings through multipacks of premium brand choices.

*While the findings seem counterintuitive given present-day macroeconomic conditions, they clearly demonstrate that value is a spectrum—and is heavily influenced by contextual cues, in addition to price.*



# Connecting the **say** and **do** requires a deep understanding of consumer behavior



## Cognitive “rules of thumb” drive decision-making

As we saw in our case study, there is no one-size-fits-all approach to influencing value perceptions. But how can businesses untangle the myriad contextual signals that drive purchase decisions—let alone position themselves to provide them? Fortunately, there are some universal truths that make consumer behavior predictably...predictable.

**Heuristics** are the mental “shortcuts” humans take to quickly solve problems or facilitate decision making. If you’ve ever justified a purchase because it came with a free gift, bought an item trending on social media, or driven across town just to pick up an order same day, then you’ve experienced heuristics at play in your own day-to-day decisioning. Getting closer to consumers requires a deep dive into these cognitive rules of thumb but understanding them can ultimately unlock predictivity around unspoken motivators.

# Universal Truths that guide decision-making

## Ways to inspire incrementality

Keeping the below heuristics in mind, businesses can leverage them in tandem with consumers' measured actions to get a full view of what's happening in the marketplace—enabling them to jump on trends or anticipate behaviors before competitors.

### Possession

#### “It’s mine”

Consumers tend to ...

- value something more highly when they possess it.
- stay with the status quo when faced with too many choices.
- value it more when they’ve purchased it.



### Popularity

#### “FOMO”

Consumers tend to ...

- try/want something if they hear others have done/have it.

### Fear

#### “Playing it safe”

Consumers have a...

- strong aversion to risk, even when that risk is relatively minor.

### Free

#### “Nothing beats free”

Consumers tend to...

- perceive something free as having a larger benefit.

### Immediacy

#### “I want it now”

Consumers tend to ...

- make decisions that are relevant to future contexts based on their present state of mind.
- love “instant gratification”

Source: Ariely, Dan. (2010). “Predictably Irrational.” Harper Perennial.

# Bridging the gap:

## Unlock incrementality by measuring what matters

In our 2024 Global Consumer Outlook, we asked consumers what matters most to them when it comes to their purchasing habits. Unsurprisingly, price reigned supreme. However, keeping in mind that value is relative, we know price alone is not the full story. Furthermore, we know that the context shaping those value perceptions must be considered within geographical, demographic, and socio-economic boundaries as well.

### ***Quality, trusted measurement = key to connecting say vs. do gaps in consumer behavior***

To successfully weave consumer-relevant contextual elements within your product and brand stories, you must lean on trusted data that encompasses a full view of behavioral and transactional measures—from spoken and unspoken sentiment, to channel dynamics and trending product attributes. Leverage this holistic view to pinpoint key drivers along the value spectrum.



# Mapping what matters most to consumers around the world

## Ranking of Top 10 factors that consumers say matter most to them



Source: NIQ 2024 Consumer Outlook, Global sentiment ranking of Choice Drivers among consumers

## Unsurprisingly, regional differences emerge in consumer preferences

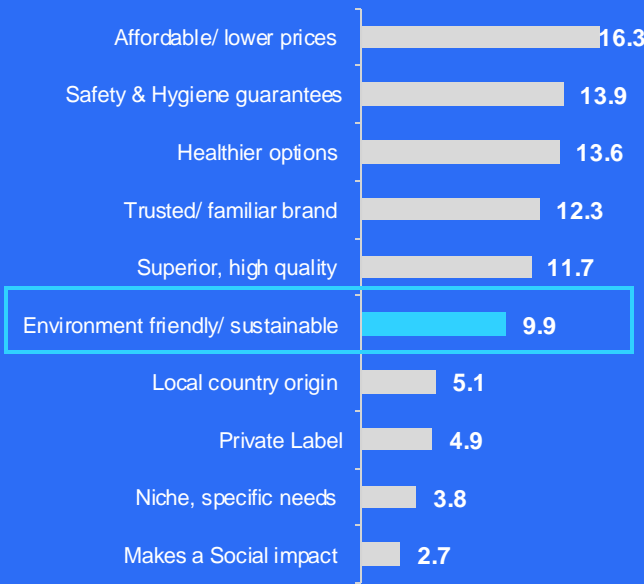


Source: NIQ 2024 Consumer Outlook, country-specific sentiment ranking of Choice Drivers among consumers

# Product attributes can help connect the say-do gap ... but specificity is key

The broad definition of “sustainability” illustrates how brands might overlook or shortchange more specific but unspoken value drivers

## Global % importance of product attributes



Source: NIQ 2024 Consumer Outlook, Global consumer sentiment

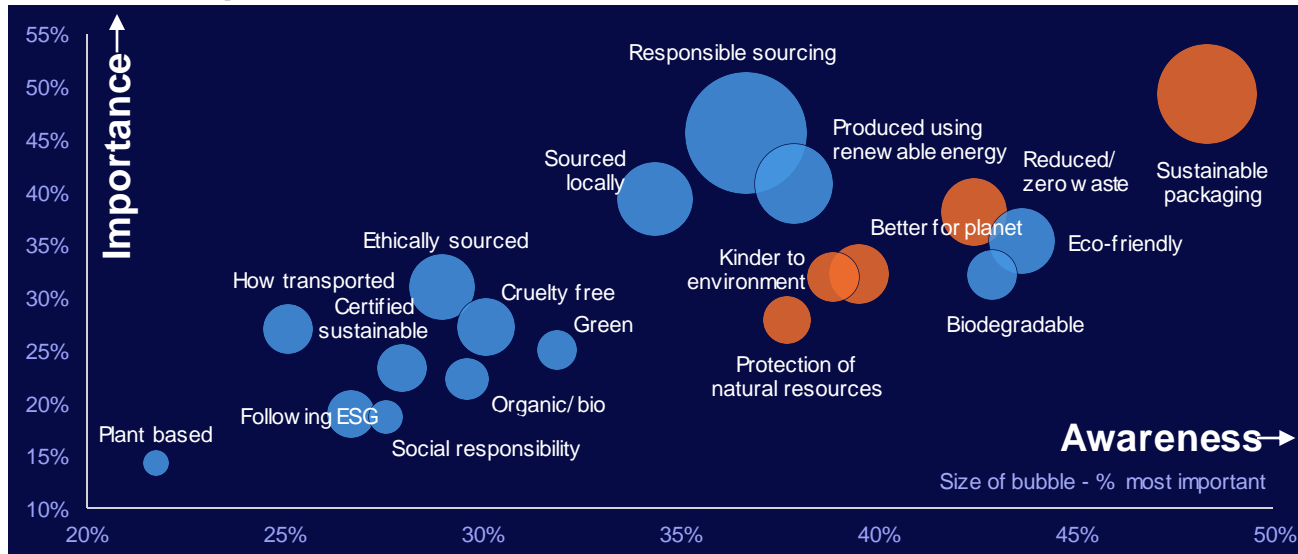
## When ranked against other attributes, sustainability falls in level of importance

In a recent survey, 78% of US consumers said that a sustainable lifestyle is important to them. Yet when asked to rank its importance, sustainability fell into sixth place behind other attributes like affordability, hygiene, and quality. This result is perhaps not unexpected, given present-day economic pressures; however, could it be that “sustainability” as a practice is becoming so broad and holistic in context that there are layers to its importance?

Following this hunch, we probed consumers further and confirmed just how differentiated and nuanced consumer expectations have become. Among an array of popular sustainable attributes, packaging claims emerged at the top, both in terms of consumer awareness and rank of importance. According to what people say, there’s keen interest in very specific and meaningful sustainable packaging claims.

## “What consumers SAY”:

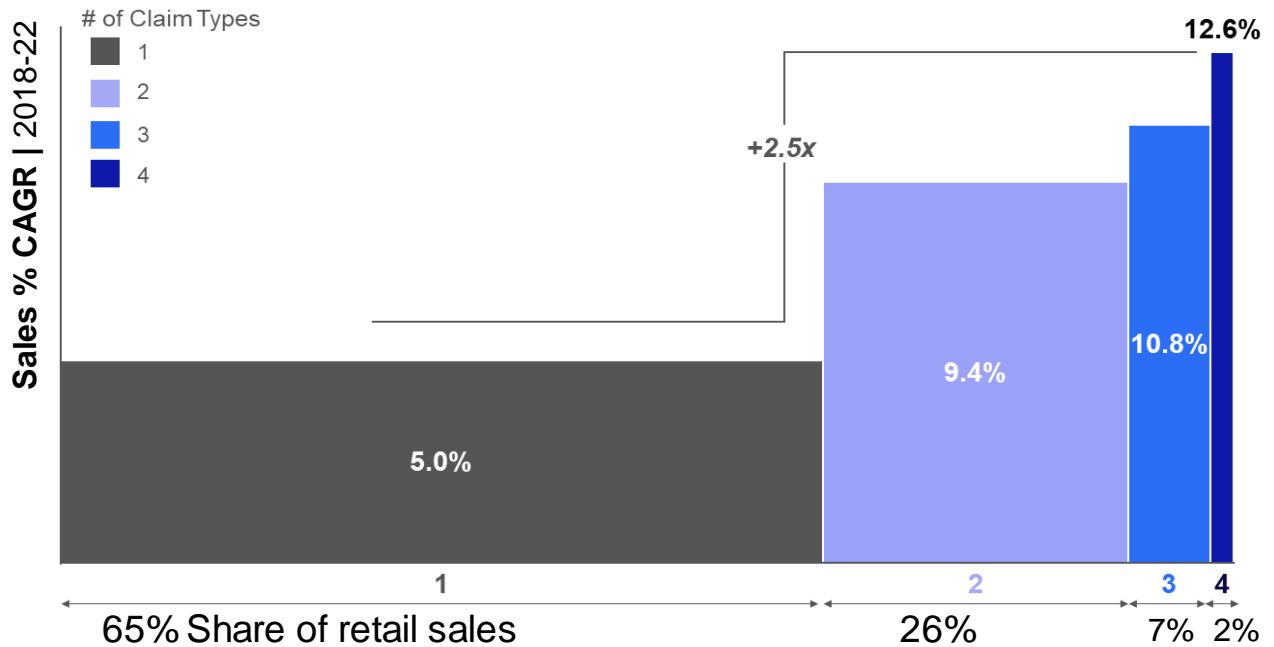
Wide & deep horizon of attributes that make a brand *sustainable*



Source: NIQ 2023 Sustainability Report - Q: Coming back to grocery brands, which of these claims do you believe make a brand “sustainable”?

# One attribute alone delivers lift, but when multiple are layered in *meaningfully*, incrementality explodes

## U.S. sales growth by number of ESG-related claims made by a product<sup>1</sup>



Source: Analysis in partnership with McKinsey, NIQ Product Insights, Total US, 2018 – 2022, CAGR = Compounded Annual Growth Rate, ESG = Environmental, Social & Governance 1. There are 6 types of claims scenarios—scenario types 5, and 6, not included due to low sample size

**Products with multiple, resonant sustainability attributes saw**

**+2.5x**  
sales growth

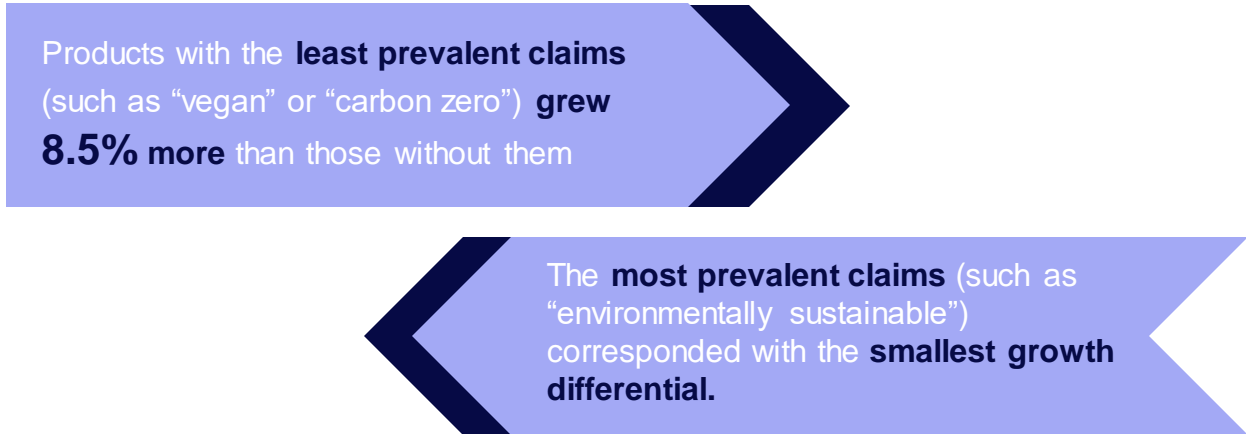
**vs. products with just 1 claim type**

Knowing that there is measured sales growth and consumer loyalty for products with sustainable packaging claims, we wondered whether there was a way to supercharge that growth. Do products with multiple sustainable attributes, that are proven to authentically support sustainable goals, see outsized growth compared with those that do not?

This appears to be the case: Brands with multiple sustainable attribute claims associated with their products saw incrementality explode, with up to 2.5 times the sales growth. But businesses beware: While multiple resonant claims can diversify and attract consumers' interest, data needs to inform the precision to which criteria are selected. Inauthentic, mass-appeals to “everything but the kitchen sink” are likely to overwhelm and not ignite consumer decisions.

# The power of multi-layered attribution

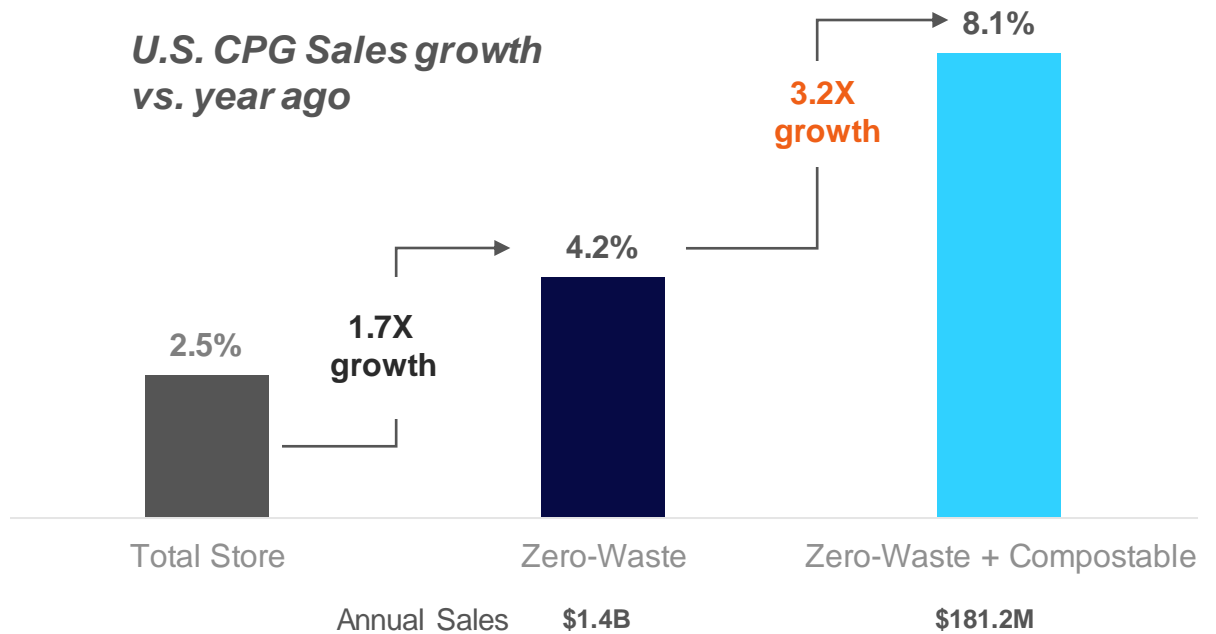
## Less-common claims often seeing larger growth impact:



Source: NIQ, Retail Measurement Services, NIQ Product Insights, powered by Label Insight, Total US xAOC; 52 weeks ending December 30, 2023

### Brands seeing outsized growth when combining “zero waste” and “compostable” attribute claims

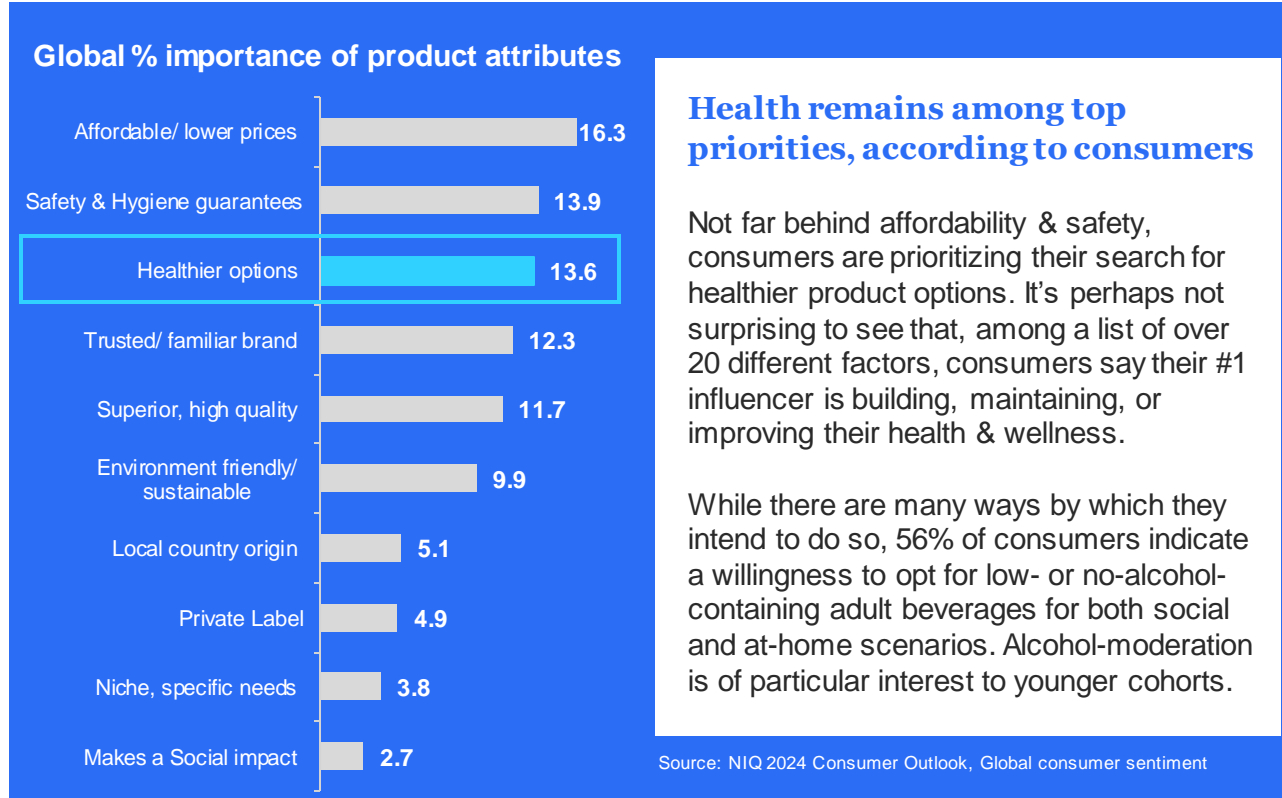
To test our theory once again, we looked at additional sustainability claims that consumers deem important, like “zero waste” and “compostable,” finding that sales growth soared three times as high for brands that made *multiple* attribute claims versus just one.



Source: NIQ Retail Measurement Services, NIQ Product Insights, powered by Label Insight, Total US xAOC; 52 weeks ended Feb. 24, 2024 vs. year-ago

# Bridging the say-do gap can result in new buying behaviors worth more to your business

**Consumers say healthier living is a top priority, but the alcohol category reveals there's more to the story**



## “What consumers SAY”:

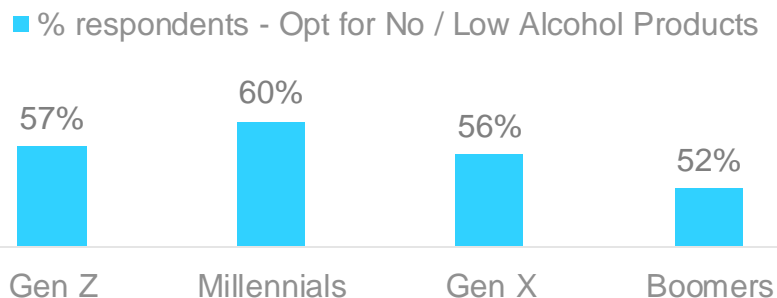
**Alcohol moderation is one of many ways consumers are trying to be healthier:**

### #1 influencer on consumers - Global



# 56%

of global consumers say they're likely to **opt for low- or no-alcohol options** at social events and at home



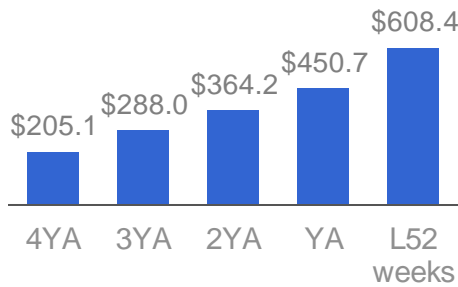
Source: NIQ 2024 Consumer Outlook, Global consumer sentiment



# The incremental value of moderation behavior

## Non-Alcoholic options are high-growth sellers in their own right:

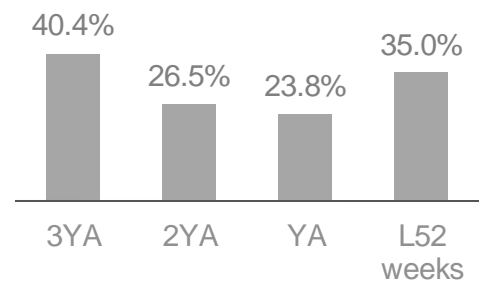
**U.S. Dollar Sales (in millions)**  
NIQ U.S. Off Premise Channels



**\$608.4M**

Off-premise  
**Non Alc sales**  
Up **\$157.7 million**  
**+35%**  
0.7% sales share  
of total alcohol

**U.S. Dollar Growth (% Change)**  
NIQ U.S. Off Premise Channels



Source: NIQ Retail Measurement Services, Discover Integrated Database; Scan Off Premise Channels; Latest 52 weeks ended Mar 23 2024 vs. year ago

**Non-alcoholic buyers are actually worth more than those who exclusively buy Alcohol alone\***

The data behind buying intentions shows that there's counterintuitive incrementality behind the shopping behavior of those trying to moderate their alcohol consumption. In fact, U.S. adults who opt for **non-alcoholic beverages** are spending **50% more within the overall alcohol market** than those who exclusively purchase alcohol-containing beverages!

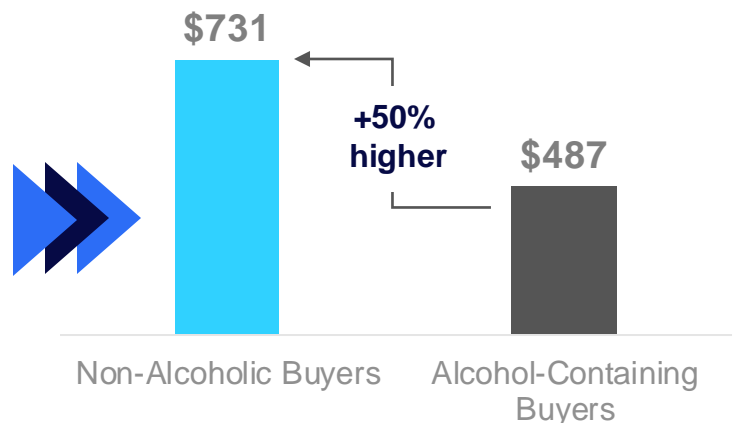
\*refers to Non Alc buying households over age of 21, compared to legal-drinking-aged households that exclusively buy Alcohol-containing Beer, Wine, or Spirits

**93%**



*of U.S. Non-Alc buyers are also purchasing Alcohol-containing Beer, Wine, or Spirits*

**\$ spend per U.S. Buyer on Total Alcohol**



Source: NIQ Omnishopper, Total U.S., Latest 52 weeks ended Feb. 24, 2024 vs year-ago, Note: Dollars spent per household reflects spending of 21+ Non Alc buying households per year on total alcohol, which is \$244 more (+50% higher) than spending of Legal-drinking-aged households who exclusively purchase Alcohol-containing Beer, Wine or Spirits

# Could consumer moderation behaviors be worth *even more* to your brand?

## Catalysts to the “Zero-Proof”, “Sober Curious”, Non-Alcoholic Beverage Movement



### Dry January — From a moment to a movement:

Over a decade in, consumers worldwide have embraced abstaining from alcohol consumption in January, and for some, taking that momentum into longer stretches of the year.



### Social inclusivity — Bridge to a shared drinking experience

Expansive options for non-alcoholic beverages have opened doors to mindful, moderated, responsible drinking habits in social settings. And some shoppers splurge to buy broader alcoholic *and* non-alcoholic options for guests, even beyond what they consume themselves.



### New cravings — Taste & flavor innovations:

Attractive flavor profiles and innovative formulation has made many non-alcoholic options crave-worthy to consumers—minimizing the sense of compromise.



### Immediacy unlocked — Omnichannel barriers broken:

Unlike alcohol-containing products, there are fewer barriers to online delivery and in-store sales regulations with non-alcoholic products—opening doors to immediacy for consumers.

## NIQ Strategic Recommendations:

When it comes to alcohol and many other discretionary categories, there are no hard and fast rules for what “limiting consumption” means. There’s a predictable gap between what people say they will moderate, and what they actually do, in practice. In reality, cross-purchasing across options is the most likely scenario. Therefore, consider these actions to avoid underestimating the value of non-alcoholic beverage buyers.

1. Reallocate trade spend to target these valuable buyers.
2. Diversify SKUs to capture new demand.
3. Invest in innovation to further develop and entice the “appetite” for new flavors & formulations.

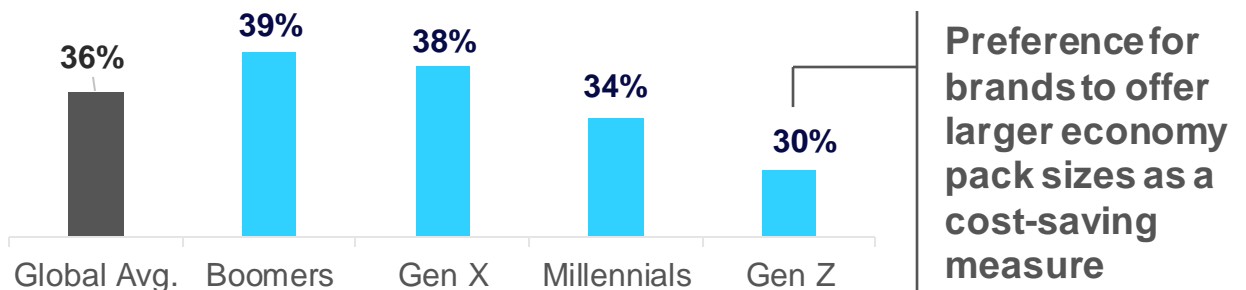
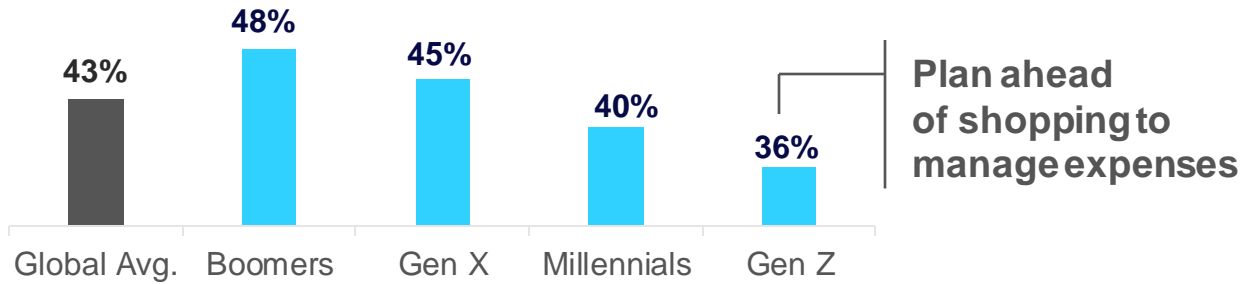
# Gen Z digital natives driving the future of seamless omni-retail habits

**Do Gen Z consumers shop online as much as they 'say' they do?**



## According to what Gen Z consumers SAY:

**There's a gap between their behaviors and the nature of online shopping: Lack of pre-planning, low preference to brands' offering large pack sizes**



Source: NIQ 2024 Consumer Outlook, Global consumer sentiment by generation

# The next era of omni: Don't discount the in-store influence of Gen Z spending

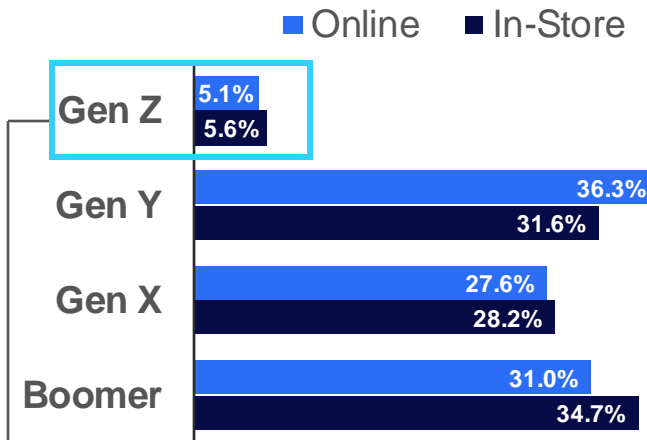
Surprisingly, the data shows that Gen Z lean toward *in-store* purchasing more than online

**Seize in-store incrementality with Gen Z ... while it lasts**

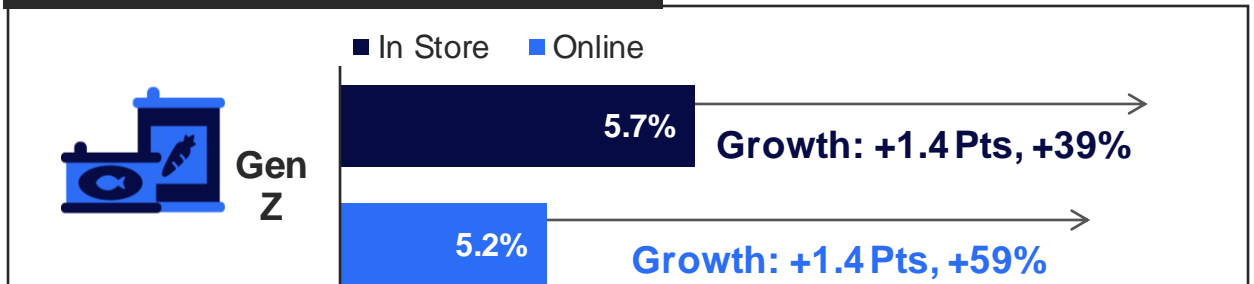
Taking a full view of omni-shopper measurement, we can see that despite their digital acumen and preferences for online shopping, Gen Z consumers still gravitate toward in-store channels.

Strong online growth may make this a fleeting in-store stronghold, but for the time being, Food and Beauty Care are particular areas where, in the U.S., Gen Z consumers are shopping more in stores. Influenced by immediacy, the tactile experience with these products, and a search for pack sizes that suit their individual needs, brands can't ignore the in-store opportunities Gen Z bring to the table.

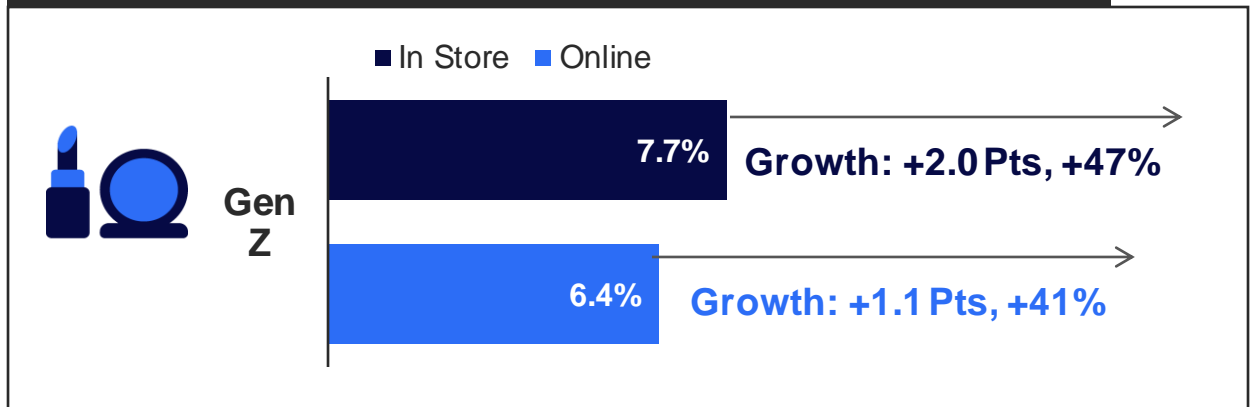
## Total CPG – U.S. Share of Sales



## Total Food – U.S. Share of Sales



## Total Beauty / Personal Care – U.S. Share of Sales



Source: NIQ Omnishopper, Latest 52 weeks ended Dec. 30 2023 vs. year ago

# Unlock growth

## Strategies to bridge what consumers say vs. do

Incrementality isn't impossible to find in today's marketplace. In fact, the examples in our present report demonstrate that growth opportunities can be found in unexpected places—for those who lean into essential data sets to seize them.

Ground your business strategies in the relativity of value and the predictably predictable nuances of today's consumers. Your brand story, product attributes and experience, competitive positioning, pack design, and even online and in-store placement go a long way in providing consumers the contextual cues they need to make decisions. Is your product bridging the gap between **say** and **do**, and can consumers find you—even when they don't know what they are looking for?

## Your pathway ahead:

### 1 | Mind the say-do gap to give consumers what they're seeking

Track, diagnose and analyze how predictably predictable **consumer attitudes** are **against purchase behavior**.

### 2 | Don't isolate consumer value drivers to one variable alone

Align your product to **multiple, meaningful attribute claims** to maximize growth potential.

### 3 | Embrace the irrational to unlock unexpected growth potential

Anticipate and monetize **opportunities where consumers are spending more than they say**—it could be worth your while.

### 4 | Measure the impact across all channels

Leverage a **full view of omni-retail measurement** to assess whether you've moved the needle in sales and share growth.

**Data is the key to bridging the gap with consumers.**

For more on how to connect what consumers say, think, and feel, to what they actually purchase and consume...

**Contact us to connect with an NIQ expert**

# Bridging the say–do gap

Providing what consumers are subconsciously seeking, but not asking for

Unlock exponential results in incrementality by leveraging quality data to help inform and identify consumer priorities and future trends.

## • Diversification of SKUs

• *NIQ Assortment & Merchandising*

## • Adjacent health preferences across categories

• *NIQ Product Insights*

## • Market simulation to evaluate pricing scenarios

• *NIQ BASES Line & Price Optimizer*

## • Optimize brand, packaging & product experiences

• *NIQ BASES Neuro*

## • Track omni shopper shifts

• *NIQ Omnishopper*



## Remember...



### People think things they cannot say:

***Non-conscious influence:*** Things we are simply not “aware of” and are unable to articulate



### People often “lie”



***Conscious bias:*** Whether intentional or not, there are many sources of systematic bias that may make us over- or under-state our conscious intentions



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**About NIQ**

NIQ, the world's leading consumer intelligence company, reveals new pathways to growth for retailers and consumer goods manufacturers. With operations in more than 100 countries, NIQ delivers the most complete and clear understanding of consumer buying behavior through an advanced business intelligence platform with integrated predictive analytics. NIQ delivers the Full View.

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit [NIQ.com](https://www.niq.com)