



INFLATION REPORT

JUNE 2022

Consumer Demand Plummetts

Fetch Price Index up +12.5% in June vs. last year, while same period Units per Household down -3.5%.

Fetch analyzed a panel of 405,101 shoppers, tracking 226 million in-store and shopper behavior captures, in real time, the true state of inflation and its impact on consumers, brands, and retailers. Fetch Rewards is a mobile app with 15 million active shoppers.

Inflation remains high but shows signs of flattening.

In June, Fetch reported +12.5% increase in shopping prices of consumables* over the last 12 months (Fig. 1), down from +13.8% in May, possibly representing early signs of slowing inflation. What remains to be seen is whether after 18 straight months of price increases consumer inflation has been systematized. We do not know to the extent producers and retailers have built increases into its pricing strategy. Consecutive months of slowing inflation would indicate the beginning of a return to consumer price stability.¹

Fetch Price Index FIGURE 1

Average Unit Price for Consumables Captured by Fetch*



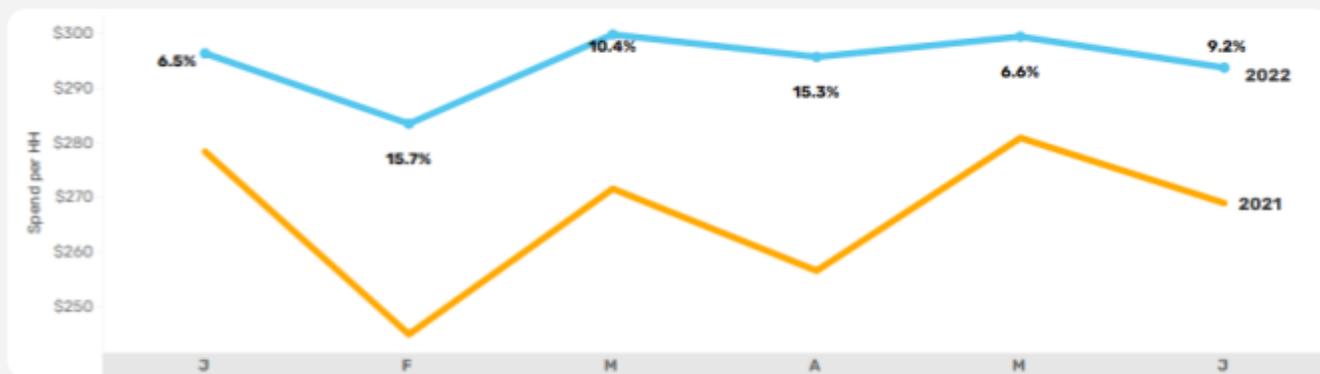
¹ **SOURCE** Fetch Rewards: State of the Consumer: Fetch Price Index, June 2022 | Jan 2020-June 2022 using a 24 Month Panel Ending June 2022, ~405K users, 226 million receipts

Consumer demand plummets in an effort to manage household spend.

Consumers are feeling the impact of inflation and are having to spend more money for less items. While average grocery spend per household (HH) remains elevated (Fig. 2), shoppers are bringing less actual goods into their household (Fig. 3) In May, where Units Per Household showed first signs of significantly lower year-over-year % change, dropping by -6.7% and further depleting in June by -3.5% (Fig. 3). This decline in consumer demand is likely to persist if prices continue to remain high.²

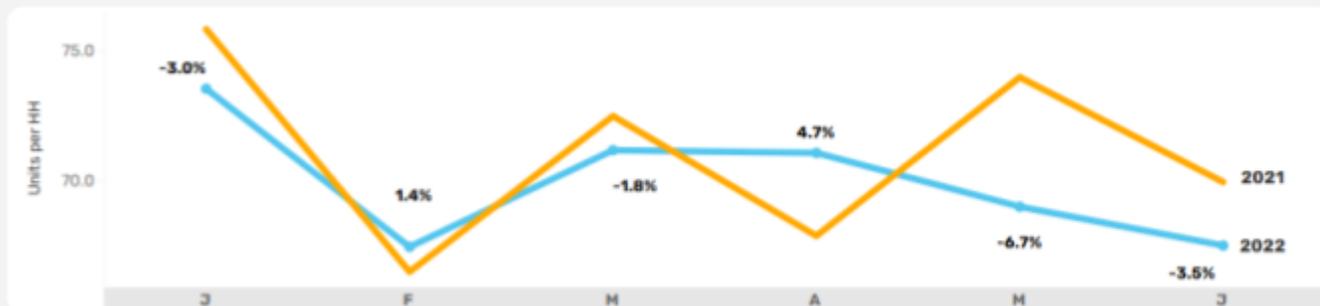
Average Spend per HH FIGURE 2

Year-Over-Year (YOY) Monthly Trend for Consumables Captured by Fetch*



Average Units per HH FIGURE 3

Year-Over-Year (YOY) Monthly Trend for Consumables Captured by Fetch*

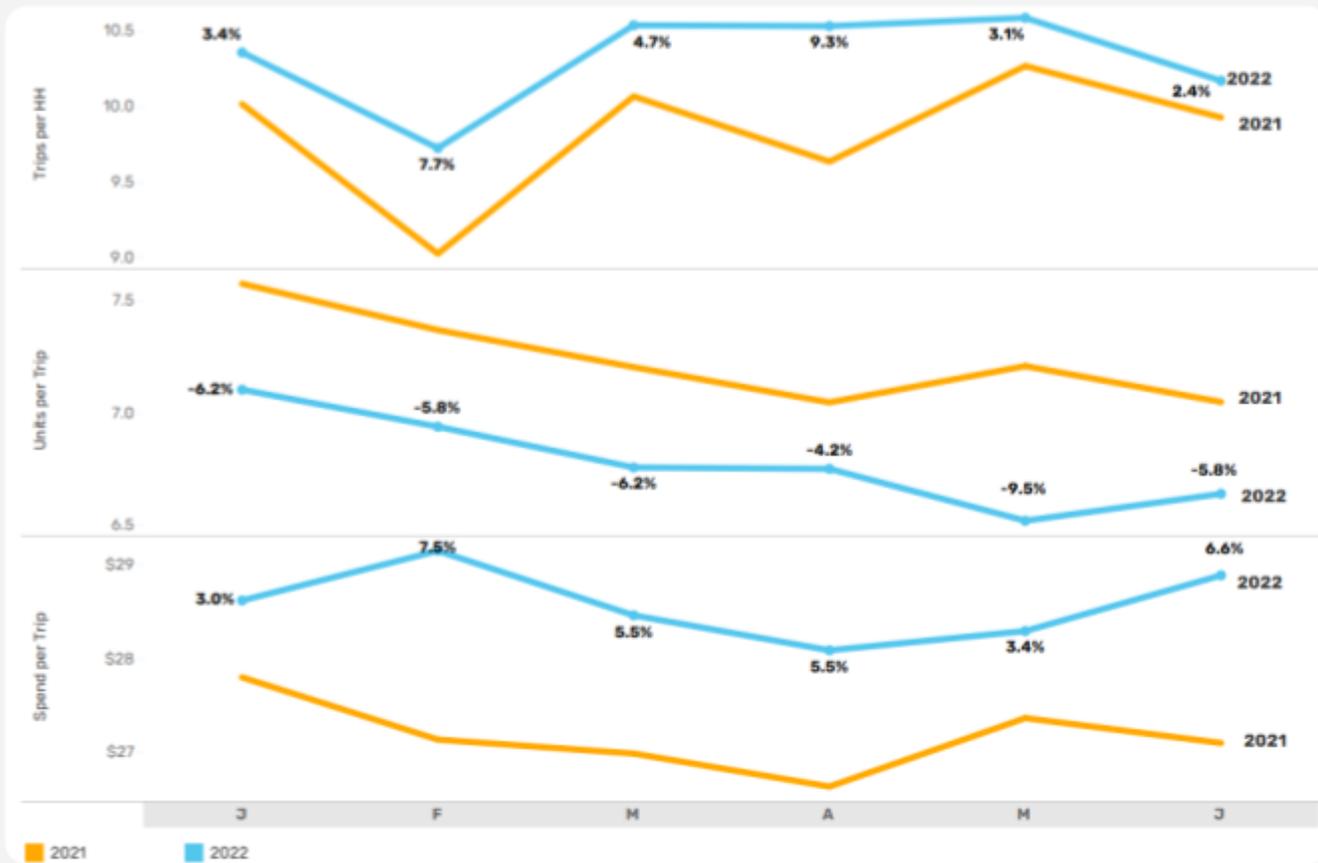


² SOURCE Fetch Rewards: State of the Consumer: Fetch Price Index, June 2022 | Jan 2020-June 2022 using a 24 Month Panel Ending June 2022, ~405K users, 226 million receipts

Trips are slowing, baskets are smaller, yet spend remains high.

Breaking it down to the trip level, we see Trips per HH remaining above 2021 levels, but gradually slowing in YOY growth (Fig. 4). Units per Trip continue to be soft YOY, down -5.8%, yet consumers still felt it in their wallets, with a +6.6% increase in Spend Per Trip.³

Trip Level Purchase Trends FIGURE 4
Year-Over-Year (YOY) Monthly Trend fro Consumables Captured by Fetch*

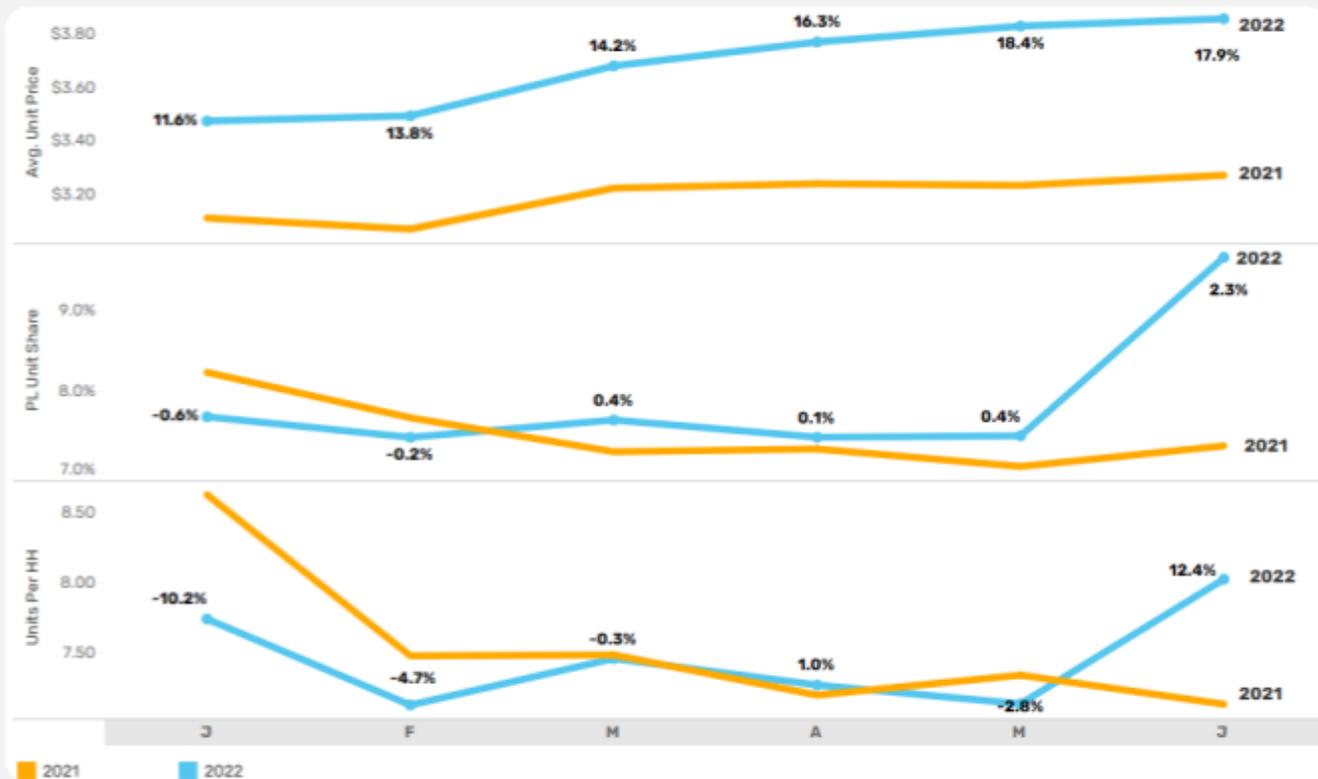


³ SOURCE Fetch Rewards: State of the Consumer: Fetch Price Index, June 2022 | Jan 2020-June 2022 using a 24 Month Panel Ending June 2022, ~405K users, 226 million receipts

While overall demand dips, private labels grow by 12.4% in units per household.

Unlike total demand depletion of -3.5% YOY (Fig. 3), Units per HH for Private Label brands increased significantly for the first time in June, +12.4% over last year (Fig. 5). As consumers continue to grapple with rising prices, not only are they bringing less into the house, but the purchase mix is also changing as consumers trade down to lower price points. The long term effects of brand loyalty remain to be seen. However a long term flight to economy may turn into permanent purchasing patterns. Consumers may not return to branded products when purchasing power returns.⁴

Private Labels (PL)^ Unit Share & Demand FIGURE 5
Year-Over-Year (YOY) % Change in PL for YTD (Jan-Jun)



^100+ Private Label brands across key retailers

⁴ SOURCE Fetch Rewards: State of the Consumer: Fetch Price Index, June 2022 | Jan 2020-June 2022 using a 24 Month Panel Ending June 2022, ~405K users, 226 million receipts

Contracting monetary policy should continue to dampen demand.

With soaring prices, unless incomes increase, we expect consumers to continue the flight to economy, finding ways to make their dollar stretch. Shopper habits will continue to evolve as consumers are forced to rethink their shopping habits. Most at risk are major brands in the middle of the market. Private label and economy brands that capture the perception of value have the most to gain.

METHODOLOGY

Year over year change in average price and shopper metrics is calculated using Fetch Rewards' proprietary 24 months user panel ending June 2022. The panel comprised 405,101 users who scanned any receipt for 24 consecutive months (July 2020-June 2022). A continuous shopper panel allows for year over year comparison and adjusts for Fetch Rewards' user growth, reflecting true change in shopper behavior.

Panel users contributed 226 million receipts across the reporting time range, January 2020-June 2022 across food, beverages, household and personal care categories captured by Fetch. Fetch Rewards is retail agnostic and accepts receipts from 1,000+ national and regional retailers across brick & mortar, click & collect as well as digital/e-commerce.

Data may slightly shift as Fetch's panel reaches their 14 day scan limit. Any shifts will be minimal, and updated in future reports.

ABOUT FETCH REWARDS

Founded in Madison, Wis., Fetch Rewards captures over \$120B in annualized retail sales by rewarding 15 million active shoppers every time they submit any receipt through the app. Launched in 2017, Fetch provides shoppers an easy and fun way to save money, and brands a meaningful way to understand the retail world and connect with those shoppers. The resulting data was used to create this report. To learn more, download the free app and visit www.fetchrewards.com.

ABOUT THE AUTHOR

Dhwani Worah Upadhyay is a Marketing Analytics & Science lead at Fetch Rewards. She has an MBA in Marketing from Gujarat University, India, and resides in New York, where she has worked for over 10 years leading syndicated marketing analytics and commercial strategy for fortune 500 global retail and consumer packaged goods companies.

