CPG Mega-Trends

The data, trends & forces reshaping consumer packaged goods

2026 Edition

zappi | win with consumers

A note from Zappi

At Zappi, we survey thousands of consumers and analyze millions of data points every year to help the world's leading brands make better decisions about what to make, how to market it and where to play.

This report combines our proprietary consumer research with findings from Bain & Company, McKinsey, Deloitte, PwC, Infosys and others.

Our goal: Give CPG leaders one clear, comprehensive view of the forces defining 2026.

The data tells a consistent story. The era of price-led growth is over. Consumers are more selective, more fragmented and more value-conscious than at any point in the past decade. The brands that win will be the ones that prove their worth through better products, smarter innovation and faster, more connected decision-making.

The CPG Mega-Trends defining 2026

PART 1. **THE MACRO SQUEEZE** | Price-led growth is over

PART 2. **THE GREAT TRADE-DOWN** | Brand loyalty is collapsing

PART 3. **WHAT CONSUMERS WANT** | Health, function and affordability

PART 4. **DISCOVERY & INFLUENCE** | How consumers find and choose brands

PART 5. **PURPOSE MEETS PRICE** | What consumers care about vs. what they'll pay for

PART 6. **THE AI ACTION GAP** | The technology gap that will separate winners from losers

PART 7. **THE PATH FORWARD** | CPG leaders must drive AI-led business transformation

PART ONE

THE MACRO SQUEEZE

Pricing power is gone.

The consumer is under pressure.

External forces are compounding the challenge.

The CPG growth engine has stalled — price drove the gains, not volume

Growth in CPG has been driven by pricing for the past three years.

Inflation provided cover. Retailers accepted higher costs.

Consumers absorbed them.

That era is ending.

Majority of CPG executives cannot rely on price increases for growth in 2025

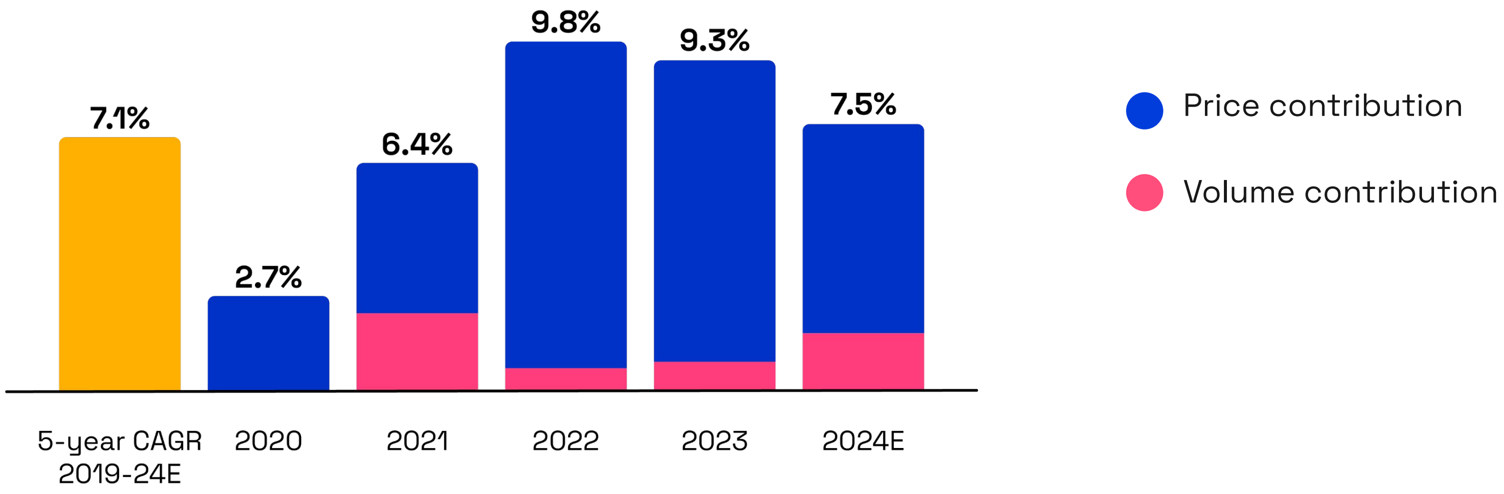
% of CPG executives worldwide who agree/strongly agree with select statements, by product category, 2024

	Household goods	Food & beverage	Personal care	Fashion & apparel	Total
Despite inflation easing, consumers still negatively compare higher prices paid now with lower prices paid in 2019 (pre-COVID-19)	67%	66%	60%	60%	64%
We cannot count on higher prices to drive revenue growth in 2025	62%	50%	47%	45%	51%
Our retailers will aggressively push back on further "price-taking" (raising product prices)	58%	42%	51%	45%	47%
Our prices can go up by more than 3% without materially decreasing consumer demand	38%	30%	24%	28%	30%

Notes: Total (n=250); household goods (n=45); food & beverage (n=120); personal care (n=45); fashion & apparel (n=40)

Sources: Deloitte, "2025 Consumer Products Industry Outlook," Jan 6, 2025

Revenue growth for the consumer products industry



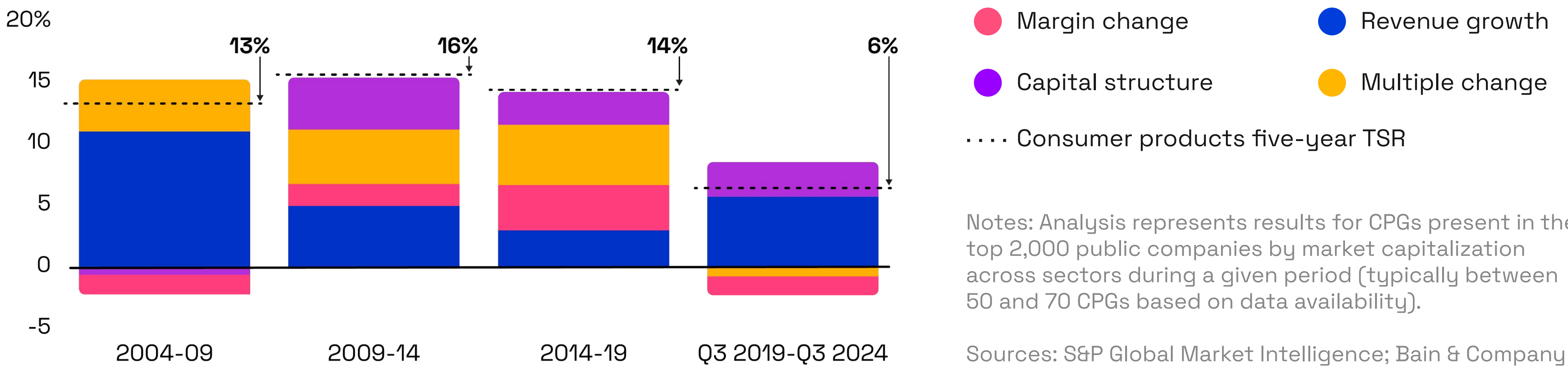
	2020	2021	2022	2023	2024E
YoY price growth	-0.3%	5.1%	10.3%	8.7%	5.9%
YoY volume growth	0.8%	2.8%	0.8%	0.9%	1.7%

Notes: Categories exclude consumer health and tobacco; alcoholic beverages and soft drinks data inclusive of both off-trade (retail) and on-trade (B2B) sales, for all other categories, data reflects off-trade sales only; revenue based on manufacturer selling price (MSP); price and volume based on retail selling price (RSP)

Sources: Euromonitor; Bain & Company

Investors in CPGs have seen their five-year return fall by more than half amid weakening margins and multiples

Annualized total shareholder return for big CPGs by source



Notes: Analysis represents results for CPGs present in the top 2,000 public companies by market capitalization across sectors during a given period (typically between 50 and 70 CPGs based on data availability).

Sources: S&P Global Market Intelligence; Bain & Company

Investors have noticed: CPG shareholder returns have been cut in half

The five-year annualized shareholder return for the largest CPGs by market cap fell by more than half versus the prior period.

This decline reflected lower margins and weaker multiples as investors discounted the sustainability of price-driven growth.

CPGs now trail tech, financial services, healthcare and retail on total shareholder return — **all sectors that embraced digital transformation faster**.

The message to the C-suite: The market no longer believes the old formula works.

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Executives know the model is broken, but many are not taking bold action

- **49%** of CPG executives say their current business structure won't hold up for another decade — seven points above the cross-industry average of 42%.
- **60%** of CPG leaders say their financial reporting doesn't align with how the business is structured — obscuring visibility, stalling innovation and delaying decisions.
- Growth has slowed to single digits year-over-year, with many categories flat or declining.

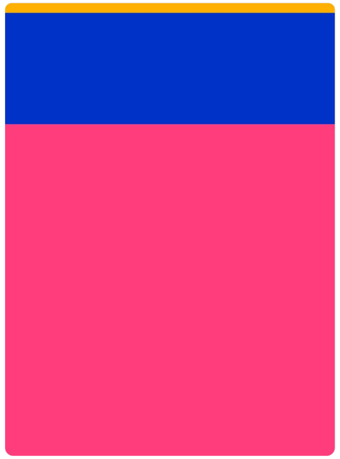
(But of those who see the threat, **29%** aren't planning to restructure a single function.)

Source: PwC, "The State of Consumer Packaged Goods: Why It's Time to Self-Disrupt," 2025 CPG Executive Survey (200+ global senior executives)

Value-seeking behavior, seen to be long-lasting, is reshaping strategies

The future of consumer value-seeking

Percentage of surveyed executives selecting each option



How consumer value-seeking intersects with strategy

Ranking or percentage of surveyed executives agreeing to each statement

- **#1** Consumer behavior/preference changes is the top-ranked challenge to unit volume growth
- **77%** Say their innovation investments will primarily focus on products that appeal to value-seeking consumers (+10 percentage points from 2024)
- **68%** Say their companies will sell significantly more through value-oriented channels
- **60%** Say even high-income consumers are now value seekers

Notes: n = 300 (for all questions). Questions: (Left chart) Which of the following do you believe is the most likely regarding the increase in consumer value-seeking behaviors (e.g, trading down, shopping in value channels, trading off convenience for savings, etc.)?*; (right chart) "Which of the following do you believe will present the greatest challenge to achieving your company's 2026 unit volume sales goals?*; Thinking about your product strategies for 2026, to what extent do you agree or disagree with the following statements?"; Thinking about your go-to-market strategies for 2026, to what extent do you agree or disagree with the following statements?"; Thinking about your pricing and volume strategies for 2026, to what extent do you agree or disagree with the following statements?* Source: 2026 Deloitte Consumer Products Industry Outlook Survey.

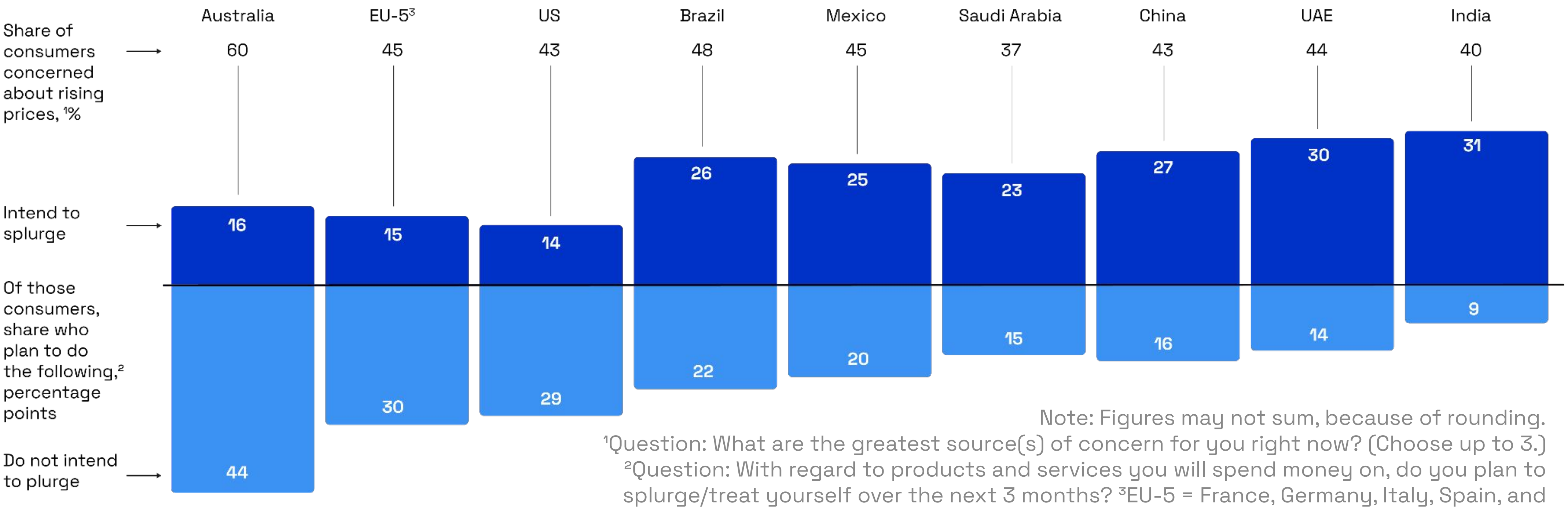
Pricing is no longer a viable growth lever, and most executives admit it

- Most CPG executives no longer anticipate significant price-taking. Many think **raising prices will not help with revenue growth** and would instead cause retailers to push back while materially decreasing consumer demand.
- **47%** of consumers globally — including 35% of high-income households — now behave as “value seekers,” regularly sacrificing convenience to keep costs down.
- Only one-third of brands currently achieve a “more-value-for-the-price” positioning. Growth will favor the brands that consistently feel “worth it” across price tiers.
- An **overreliance on pricing strategies** risks alienating consumers and may temporarily mask brand relevance issues.

Source: Deloitte, 2026 Consumer Products Industry Global Outlook + 2025 Consumer Products Industry Outlook

Consumers are worried about rising prices, but a large proportion of those same consumers plan to keep splurging.

Concerns about rising prices and how that impacts consumers' plans to splurge



Note: Figures may not sum, because of rounding.
[1]Question: What are the greatest source(s) of concern for you right now? (Choose up to 3.)
[2]Question: With regard to products and services you will spend money on, do you plan to splurge/treat yourself over the next 3 months? [3]EU-5 = France, Germany, Italy, Spain, and UK. Source: McKinsey ConsumerWise Sentiment Survey, 02 2025 (n = 25,998)

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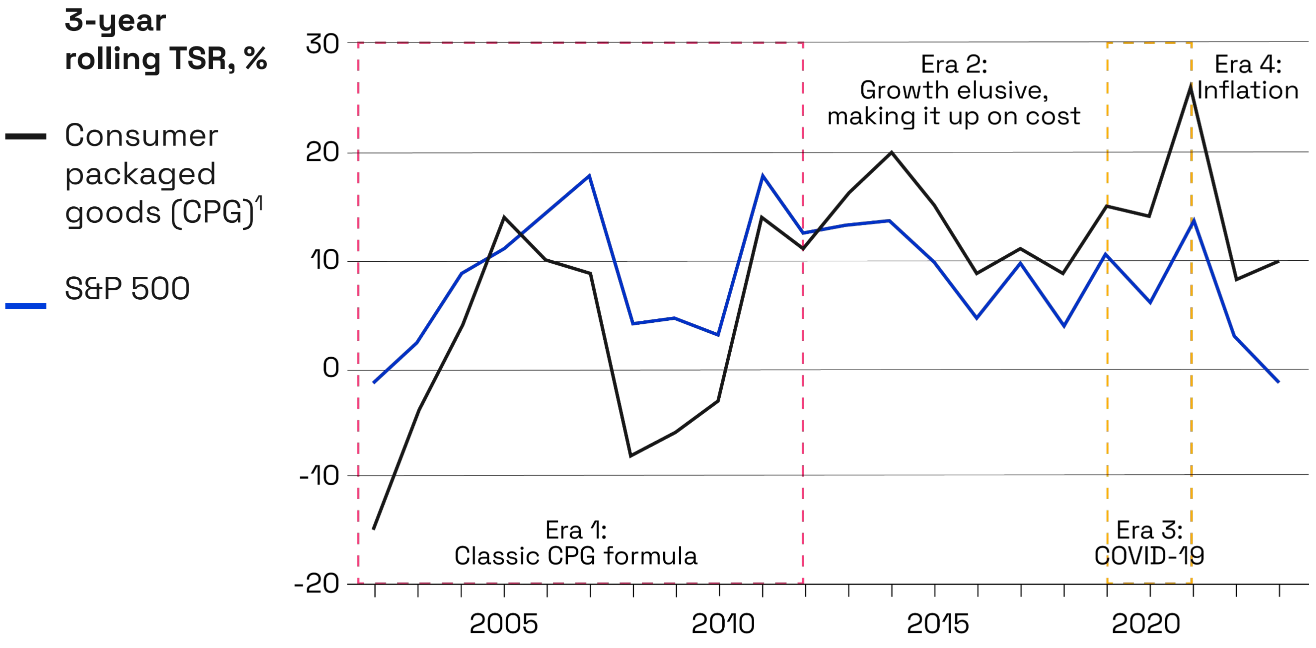
Consumer packaged goods companies used to outperform through high growth at constant margins, but that changed in the 2010s.



CPG performance by era

	Era 1: Classic CPG formula	**Era 2: Growth elusive making it up on cost**	**Era 3: COVID-19**	**Era 4: Inflation**
Revenue, CAGR, %	9	2	4	6
EBITA margin change, basis points	+37	+177	-44	-57
Average ROIC, excluding goodwill, %	22	25	27	27
EV/EBITA change, multiple	+0.4x	+4.4x	+2.2x	-3.1x

[1]Based on 269 large, publicly listed consumer-packaged-goods companies (excluding agriculture) with market cap and revenue above $1 billion. Source: S&P Capital IQ; McKinsey analysis

Commodity costs and climate risk are structural, not cyclical

- **Commodity prices** remain elevated at **20–40% above 2019 levels**.
- Of **21 major food commodities** analyzed, **85%** are expected to face moderate-to-substantial increases in drought exposure, leading to lower crop yields and more frequent crop failures.
- Americans are spending **10% more** on groceries but **buying 4% fewer** items. The squeeze is real and getting tighter.
- This isn't a blip. The cost base for CPG has structurally shifted upward, and climate risk will keep it there.

Source: McKinsey, "Rescuing the Decade: A Dual Agenda for the Consumer Goods Industry," 2024

Emerging markets are the growth engine, but the picture is uneven

- The global CPG market is predicted to **increase by nearly $1.5 trillion** between 2024 and 2029, growing at 4.9% CAGR (Infosys).
- CPG executives see the highest growth potential in **Southeast Asia (39%) and India (32%)** (Deloitte).
- Emerging markets posted **11% year-over-year sales growth** and accounted for nearly all global volume growth in 2024 (Bain).
- Emerging markets are set to account for about **three-quarters of industry growth** by 2028 (Bain).
- **But the picture is uneven:** China faces persistent deflationary pressure. India's growth was slower than expected (Deloitte).

Sources: Bain Consumer Products Report 2025, Deloitte 2026 Global Outlook survey, Infosys CPG Outlook 2025

The US CPG industry is one of the largest globally

Economic activity directly and indirectly attributes to the US CPG industry, 2022

Item	Direct National Contribution	Percent of US Economy	Total National Contribution	Percent of US Economy	Total/Direct ("Multiplier")[3]
Employment (Jobs)[1]	2,681,250	1.3%	22,273,000	10.5%	8.3
Labor Income ($Billion)[2]	$195.2	1.3%	$1,448.7	9.5%	7.4
Value Added ($Billion)	$389.6	1.5%	$2,544.7	9.9%	6.5

Source: PwC calculations based on the IMPLAN model and data from the US Bureau of Economic Analysis, US Bureau of Labor Statistics, and US Census Bureau.

1. Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.
2. Labor income is defined as wages and salaries and benefits as well as proprietors' income.
3. Economic multiplier represents the overall contribution (including direct, indirect, induced and downstream contributions) relative to the direct contribution.

(But US consumers are feeling the squeeze...)

How much is your average weekly grocery bill?						
	Total	**Child under 18**	**Multiple children under 18**	**Adult children**	**Parents / Grandparents**	**Other adults (relative or non)**
< $100	**18%**	11%	7%	18%	16%	23%
$101 - $150	**24%**	22%	14%	20%	25%	28%
$151 - $200	**20%**	22%	18%	21%	24%	19%
$201 - $250	**15%**	18%	18%	15%	11%	13%
$251 - $300	**9%**	10%	17%	11%	10%	7%
$301 - $350	**5%**	7%	9%	6%	5%	4%
$351 - $400	**4%**	6%	8%	5%	4%	4%
$401+	**4%**	5%	10%	5%	5%	3%

Source: Zappi consumer survey, December 2025

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Nearly 60% of Americans spend $150+ per week on groceries — and families with children are the most stretched

The data is clear:

- **58%** of households spend more than **$150/week**.
- **One in four** spend **$250+**.
- Households with multiple children are the most stretched: **52%** report bills above **$200/week**, and **10% spend more than $400**.

Source: Zappi consumer survey, December 2025 (n=2,000 US consumers)

Food has become a significant household expense — not a routine line item.

How much is your average weekly grocery bill? *By household size*									
How many people are you shopping for?	Total	< $100	$101 - $150	$151 - $200	$201 - $250	$251 - $300	$301 - $350	$351 - $400	$401+
1	16%	35%	18%	12%	11%	7%	6%	7%	8%
2	23%	26%	32%	25%	18%	17%	11%	8%	6%
3	16%	11%	17%	17%	19%	20%	17%	17%	13%
4	12%	6%	10%	15%	15%	17%	14%	17%	16%
5	9%	6%	7%	11%	10%	12%	9%	15%	13%
6	5%	3%	5%	4%	9%	5%	12%	6%	8%
7	4%	3%	2%	5%	3%	5%	11%	7%	7%
8	4%	1%	3%	3%	7%	7%	7%	7%	2%
9	3%	2%	3%	3%	5%	5%	4%	1%	7%
10	6%	6%	4%	5%	5%	5%	11%	14%	18%

Source: Zappi consumer survey, December 2025

Grocery spending scales steeply with household size — larger families face acute pressure

- **35%** of single-person households spend **under $100/week.**
  Only **6%** of households shopping for **4+ people do**.
- Among households shopping for **5+ people**, roughly **one in three spend $300+/week.**

Source: Zappi consumer survey, December 2025

Implication: Portfolio strategy must account for radically different budget realities across household types.

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82% of consumers say their grocery bill has increased in the last 6 months

Only 18% report no change.

More than **one in four** report increases of **$50+/week**.

Parents with multiple children under 18 are hit hardest: **20% report increases of $100+/week.**

The consumer is not imagining this.
The data confirms what they feel.

Source: Zappi consumer survey, December 2025

How much has your weekly grocery bill gone up in the last 6 months?

	Total	Child under 18	Multiple children under 18	Adult children	Parents / Grandparents	Other adults (relative or non)
About the same	**18%**	14%	12%	17%	16%	21%
$1-$25	**14%**	11%	7%	13%	16%	14%
$26-$50	**23%**	22%	24%	24%	21%	22%
$51-$75	**17%**	20%	20%	17%	16%	16%
$76-$100	**12%**	16%	12%	11%	14%	11%
$100+	**11%**	12%	20%	12%	9%	9%
I'm not sure	**6%**	4%	6%	6%	7%	6%

Consumer sentiment has deteriorated, but the old frameworks no longer apply

- Globally, consumer sentiment is still poorer on average than at the beginning of 2020. In the US, the percentage of consumers feeling optimistic fell 7 points from the same time last year, while pessimism rose 9 points — a 16-point swing in net optimism.
- Despite this, consumers keep spending. The relationship between sentiment and spending has weakened.
- **Consumers are making unexpected trade-offs:** trading down in one category while simultaneously splurging in another. It's not that they're irrational — it's that the old frameworks for predicting behavior no longer apply.

Source: McKinsey, State of the Consumer 2025 + ConsumerWise Q4 2025

Tariffs are compounding the squeeze, adding $1,000 per household

- The unpredictability surrounding US tariffs has created significant disruptions in the CPG sector. Prices of key raw materials — cocoa, coffee beans, spices — imported from tariff-impacted countries have surged. (Infosys)
- 69% of CPG executives are shortening supply chains to de-risk (Deloitte).
- Tariffs are estimated to cost the average American household $1,000 annually (Nonpartisan Tax Foundation).

Source: Infosys CPG Outlook 2025, Deloitte 2026 Outlook survey, Nonpartisan Tax Foundation,

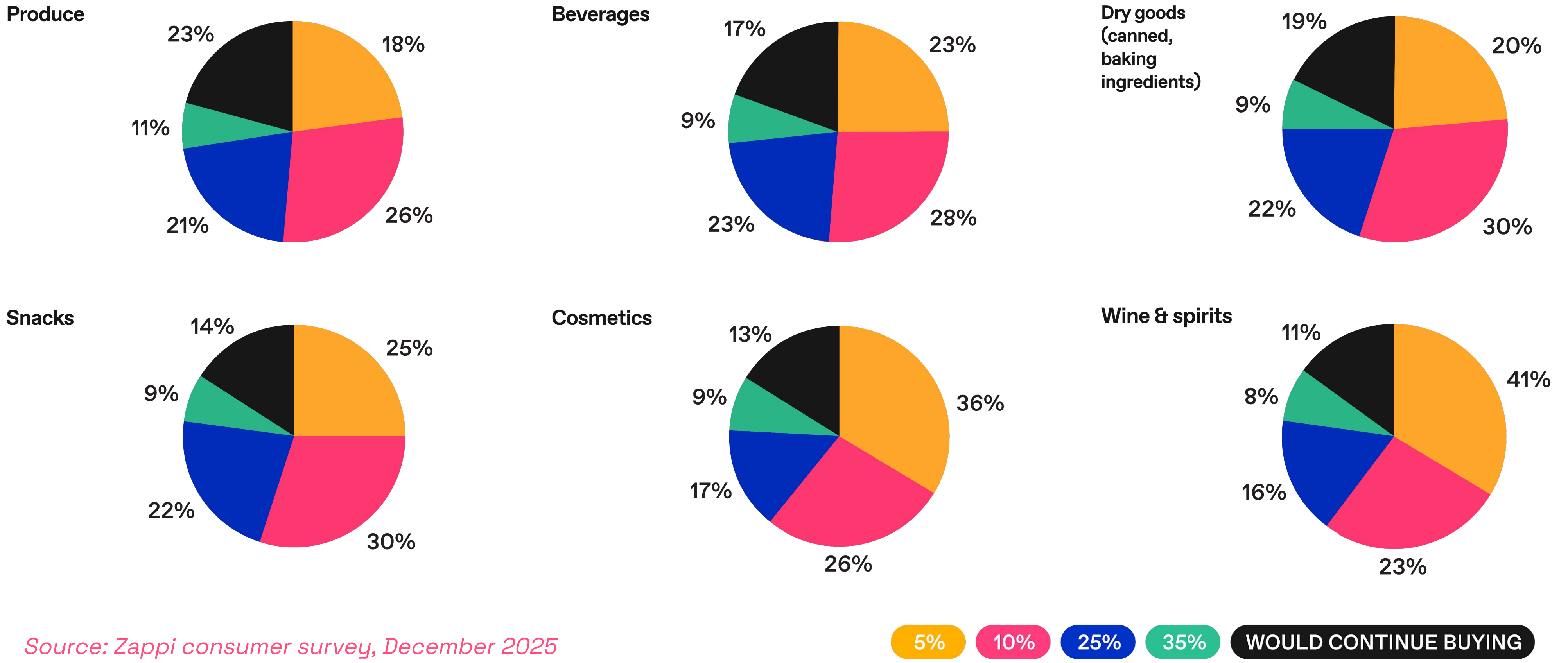
Majority of Americans harden their stance against tariffs

42% of consumers say tariffs are good for the US economy; 58% say they are not. Approval is highest among 26–45 year-olds and primary grocery purchasers.

In a December 2025 Zappi survey, consumers took a clearer stance on tariffs than a year ago, when 30% were unsure.

(Uncertainty has hardened into opinion.)

At what price increase would you stop buying items in the following categories?



Source: Zappi consumer survey, December 2025

Small price increases drive changes in buying behavior

- A **5–10% price increase** would stop purchases for the majority in categories such as snacks (55%), fast food (60%), beverages (51%) and cosmetics (62%).

- Fewer than **15%** of consumers would continue buying regardless of price in most categories.

- Compared to March 2025, tolerance for higher prices has fallen:
  - Snacks: **21% → 14%** would buy at any price
  - Beverages: **24% → 17%**

Source: Zappi consumer survey, December 2025

Growth must now be earned through value

5-year shareholder returns for top CPGs have been cut in half (Bain)

49% of CPG execs say their business model won't survive the decade (PwC)

Only 10% of consumers now buy brand-name items exclusively — down 11 points in 6 months (Zappi)

75% of US consumers are trading down or delaying purchases (McKinsey)

PART TWO

THE GREAT TRADE-DOWN

Brand loyalty is collapsing.
Private label is a permanent rewrite.
How consumers buy is shifting structurally.
Innovation is the only defense.

Private label is no longer a compromise — 60% of consumers say it's equal or better quality

- **Private-label sales grew 4.1%** year-over-year in 2025 (NielsenIQ).
- **60%** of global consumers now say private-label quality is equal to or better than national brands (McKinsey).
- Private label's **US share is still only ~19% vs. 25%+ in Europe** — suggesting significant room for further growth.
- In 2023, private label products accounted for **19.4% of global FMCG value sales.**
- Discount grocer Aldi reports that **90% of its products are store-owned**, and only 4% of its assortment has been impacted by tariffs — giving it a structural advantage.

Sources: NielsenIQ 2025, McKinsey ConsumerWise, Deloitte Q2 2025 Retail & Consumer Trends

75% of US consumers are trading down or delaying purchases

- **Three-quarters** of consumers said they **traded down** in the first quarter of 2025 — up one percentage point from end of 2024.
- **40%** of consumers in advanced markets have **switched retail channels** for better prices.
- **38%** of US and Canadian shoppers **tried new brands** within just three months of the survey period.
- For Gen Z, loyalty is even more fragile: **62%** say they would **consider alternatives** even if they have a favorite brand.
- Millennials were more likely to trade down by adjusting quantity and pack sizes.

Source: McKinsey ConsumerWise Q1 2025, McKinsey State of the Consumer 2025

New market entrants are capturing market share faster than incumbents

Disruptor share has grown across categories-in some cases, dramatically.

Category and disruptor growth by disruption level, 2020-25		**Category size, 2025,**[1] $ billions	**Category growth in past 5 years,** $ billions	**Disruptor contribution,** %	**Disruptor revenue growth,** multiples	**Disruptor share gain,** percentage points
Limited	Meat	73	18	2	4x	0.4
Nascent	Sweet snacks	42	13	12	10x	3.5
Nascent	Beverages	184	58	22	6x	6.2
Scaled	Salty snacks	101	28	20	5x	5.0
Intense	Bath and body	9	3	50	9x	14.2
Transformative	Pest and insect control	3	1	72	30x	22.8

[1]Trailing 60-month sales for year ended July 2025. Source: Numerator; McKinsey ConsumerWise

Insurgent brands captured 40% of US CPG growth — despite tiny market share

In the first half of 2024, insurgent brands captured roughly 40% of overall growth in US consumer products — a hugely outsized gain relative to their market share.

(Implication: Disruptor-led growth is reshaping nearly every CPG category.)

There are five disruption archetypes and six defining traits of disruptor brands: consumer-centric, digitally native, values-led, agile, community-driven and category-expanding (McKinsey).

(Implication: Incumbents can't cost-cut their way to relevance. They must innovate faster and prove value.)

Sources: Bain & Company, Consumer Products Report 2025, McKinsey & Company, Consumer Packaged Goods Insights

Legacy brands are acquiring what they can't build — PepsiCo, e.l.f., Mars lead the M&A wave

PepsiCo acquired Poppi for $1.95 billion — a Gen Z-favorite prebiotic soda brand. Then launched a 'gut-friendly' Pepsi variant with 3g prebiotic fiber and 5g sugar.

e.l.f. Beauty is acquiring Rhode (Hailey Bieber's skincare line) for $1 billion — a brand only three years old.

Mars's Kellanova acquisition signals massive portfolio diversification.

The pattern: incumbents are buying the insurgent growth they can't generate organically.

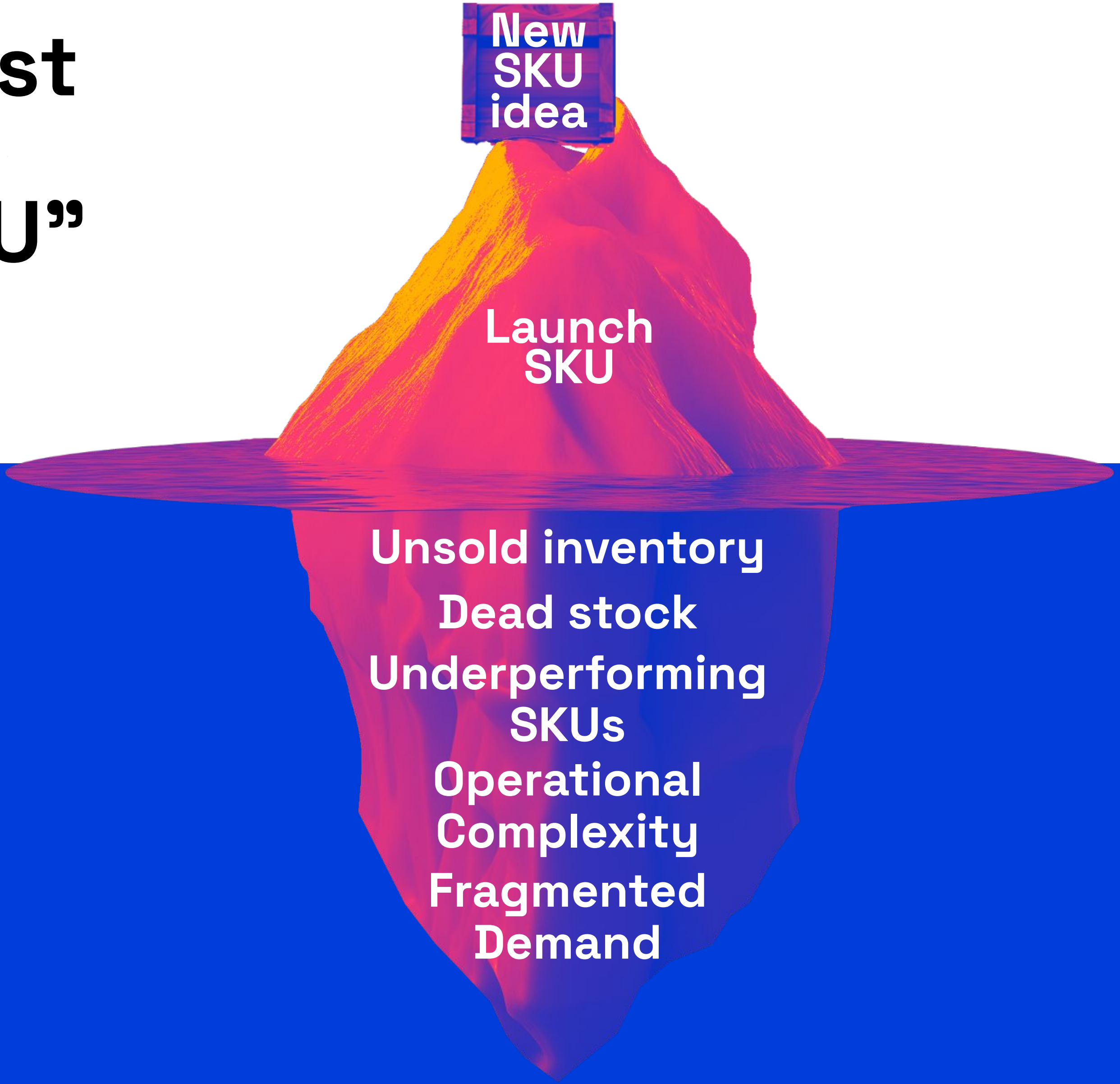
McKinsey expects 2025–26 to be an active year for CPG deals, driven by cash-rich balance sheets and lower interest rates.

But critics argue this is reactive — top-down retrofits of health and authenticity into legacy brands, not genuine reinvention.

Source: McKinsey M&A analysis 2025, Infosys CPG Outlook 2025, Chief Outsiders / Evan Eckman analysis

The FMCG + CPG M&A Era Accelerates

“Let’s just add one more SKU”



Source: visualdragon.ai

Portfolio simplification is the new growth strategy — reducing SKU complexity lifts sales 2–5 points

- **Two-thirds** of CPG executives say productivity is a top-three priority for 2025 (Bain).
- Reducing SKU complexity can **increase sales growth by 2–5 percentage points** and margins by 100–400 basis points (Bain).
- **About half of organizations** surveyed by Deloitte intend to rationalize SKUs to reduce complexity, improve efficiency and stay closer to evolving consumer needs.
- **74%** of surveyed companies are simplifying organizational structures to reduce interdependencies and enable faster, more accountable decision-making (Deloitte).
- Companies are moving from "aisle-spanning conglomerates" to focused portfolios. **Two-thirds plan to grow through partnerships.**

Source: Bain Consumer Products Report 2025, Deloitte 2026 Global CPG Outlook

"More-value-for-the-price" brands offer more value than predicted by price alone

Illustrative example of how brands were grouped based on perceived value that is at least 10% above or below the regression line

Sources: HundredX™ data (February 2025 with trailing three months, n = 932,663 consumer responses across over 290 consumer-facing brands); Deloitte analysis.

The value consumer is no longer a segment — it's the mainstream

- **Nearly seven in ten** retail executives agree that value-seeking behaviors represent a structural change within the industry — not a temporary response to inflation.
- To convert these consumers, brands need to **improve quality, attitude and trust** — helping consumers feel an experience is "worth the price."
- **This is not about discounting.** It's about redefining what "value" means at every price tier.
- Consumers who are already comfortable buying online are structurally more primed for value-switching — **friction is lower, comparison is easier.**

Source: Deloitte, 2026 Retail Industry Outlook

Brand-only buying has collapsed — down 11 points in just six months

Among primary food purchasers, **mixed purchasing** (brand + generic) jumped from **53% to 67%.**

Consumers aren't switching entirely to private label — they're blending. This is arguably worse for national brands because it means every purchase is up for negotiation.

Source: Zappi consumer survey, December 2025 vs. March 2025

When grocery shopping, do you primarily purchase:

	All	Change from March 2025	Primary food purchasers	Change from March 2025
Brand name items	10%	-11	8%	-15
Store brand or generic items	24%	-	25%	+2
A mix of both	66%	+12	67%	+14

Price now beats brand as the #1 driver of purchase decisions

32% choose the least expensive option that meets their needs, regardless of brand — the #1 response.

Well-known national brands influence only **19% of shoppers.**

Private-label brands **(18%)** are nearly as influential as national brands.

Health/wellness brands **(17%)** and small/local brands **(14%)** round out the picture.

Brand equity alone is no longer enough to win at shelf.

Source: Zappi consumer survey, December 2025

Which product labels make you most likely to purchase an item in the grocery store?

	Total	Child under 18	Multiple children under 18	Adult children	Parents / Grandparents	Other adults (relative or non)
Well-known national brands	**19%**	21%	15%	20%	20%	20%
Small, independent or local brands	**14%**	12%	15%	12%	16%	14%
Brands specifically focused on health and wellness	**17%**	19%	16%	15%	21%	16%
Store or supermarket private-label brands	**18%**	19%	17%	18%	15%	18%
I would buy the least expensive option that meets my needs, regardless of brand	**32%**	29%	37%	35%	28%	32%

How are you managing your grocery costs in the face of rising prices? *By household income*						
	Total	**< $50,000**	**$50,000-$99,999**	**$100,000-$149,999**	**>$150,000**	**Prefer not to say**
Using coupons, discounts or store promotions	**46%**	44%	52%	45%	46%	36%
Switching to store-brand or generic items	**40%**	40%	43%	43%	32%	26%
Buying only the absolute essentials	**38%**	40%	41%	32%	31%	18%
Using store loyalty programs for rewards/points	**35%**	32%	40%	39%	38%	20%
Buying fewer items / smaller quantities	**34%**	37%	33%	29%	31%	22%
Buying in bulk or value packs	**33%**	30%	38%	35%	41%	25%
Shopping more frequently for better deals	**28%**	25%	33%	32%	29%	16%
Buying less fresh and more frozen or shelf-stable foods	**23%**	24%	23%	22%	25%	17%
Visiting food banks or community assistance programs	**22%**	28%	18%	15%	10%	24%
Canceling meal kit or food delivery subscriptions	**12%**	10%	13%	18%	19%	5%
Relying more on family/friends for support	**13%**	14%	12%	14%	9%	10%
Using Buy Now, Pay Later (BNPL) options	**11%**	10%	12%	12%	18%	9%
None of the above / no changes	**7%**	6%	4%	8%	11%	29%

Source: Zappi consumer survey, December 2025

93% of consumers are actively changing how they shop for groceries

The scale of adaptation is massive:

- **46%** use coupons, discounts or store promotions
- **40%** switch to store-brand or generic items
- **38%** buy only the absolute essentials
- **35%** use loyalty programs for rewards/points
- **34%** buy fewer items or smaller quantities
- **33%** buy in bulk or value packs
- **22%** rely on food banks or community programs (28% of those earning <$50K)
- **11%** use Buy Now, Pay Later for groceries

Source: Zappi consumer survey, December 2025

BNPL for groceries. That's a stat that should stop a CPG executive in their tracks.

The consumer split: Survival vs. optimization vs. efficiency

LOWER INCOME (<$50K): Survival mode. 28% rely on food banks. 14% rely on family/friends. 40% buy only essentials. Every shopping decision is a trade-off between nutrition, variety and affordability.

MIDDLE INCOME ($50K–$99K): Surgical optimization. 52% use coupons. 43% switch to store brands. 38% buy in bulk. Actively balancing cost and convenience without fully sacrificing quality.

HIGHER INCOME ($150K+): Efficiency-driven. 41% buy in bulk. 38% use loyalty programs. Fewer cutbacks overall, but still adjusting. Price influences behavior, but financial flexibility remains.

Source: Zappi consumer survey, December 2025

Implication: A one-size-fits-all portfolio strategy fails every segment.

69% of consumers would accept fewer product options for meaningful savings

44% somewhat willing, **25%** very willing = **69% total.**

Willingness peaks among $100K–$149K earners **(77%).**

Lower-income shoppers are more polarized: higher resistance to losing variety, but also higher intensity among those who are willing.

Source: Zappi consumer survey, December 2025

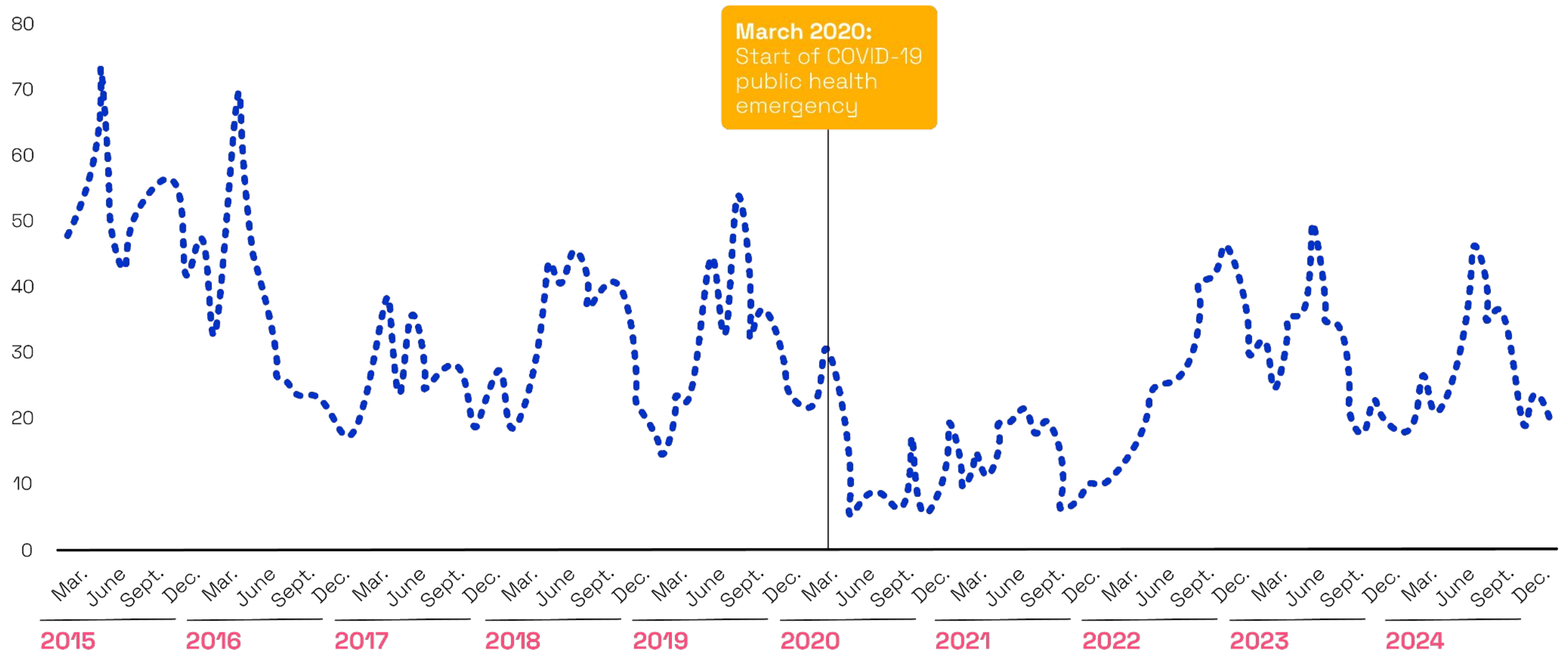
Implication: This is a mandate for portfolio simplification. The consumer is giving you permission to reduce complexity.

How willing would you be to accept fewer product options in exchange for lower prices?
by household income

	Total	Less than $50,000	$50,000-$99,999	$100,000-$149,999	Greater than $150,000	Prefer not to say
Not willing at all - variety is very important to me	**10%**	12%	8%	7%	6%	14%
Not very willing — I prefer having options, even if it costs more	**14%**	13%	15%	14%	14%	11%
Somewhat willing — I'd accept fewer options if the savings were meaningful	**44%**	40%	48%	52%	39%	33%
Very willing — lower prices matter more to me	**25%**	26%	25%	25%	32%	14%
I'm not sure	**8%**	9%	5%	3%	9%	28%

CPG downsizing has been on the rise

Number of reports (downsized items)



Source: GAO analysis of Bureau of Labor Statistics (BLS) data. | GAO-25-107451

Consumers are paying more but getting less

- **Just 2%** of CPG companies plan to raise prices this year (Deloitte).
- Instead, **62%** are shifting toward **more profitable products and pack sizes.**
- But consumers are paying **~6%** more on average in 2026 vs. 2023 (NielsenIQ).
- This is the gap: companies aren't raising prices, but the consumer still feels squeezed, and is paying more for less. The legacy of cumulative inflation is baked in.

Source: Deloitte 2026 CPG Outlook, NielsenIQ

Implication: The battle is now about perceived value, not actual price.

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BuzzFeed

WORK & MONEY

"They Think We Won't Notice": 63 Infuriating Shrinkflation Photos That Prove We're All Getting Ripped Off

"Same price, half the size."

And they are aware of the changes

Consumer shopping behavior is changing rapidly

- Insurgents captured **40% of US growth** despite tiny market share. (Bain)
- **Brand-only buying down 11 points in 6 months** — two-thirds now mix brand and private label.
- **32%** of consumers choose the **cheapest option**, period.
- **93%** of consumers are actively **changing shopping behavior**.
- **69%** would accept **fewer options for lower prices.**

Zappi data

Sources: Bain & Company, Consumer Products Report 2025: Reclaiming Relevance in the Gen AI Era,
Zappi consumer survey, December 2025 (n=2,000 US consumers)

The old brand contract is being rewritten, and CPG businesses must adapt

Brand-only buying down **11 points in 6 months** —
two-thirds now mix brand and private label.

32% of consumers choose the cheapest option, period.

93% of consumers are actively changing shopping behavior.

69% would accept fewer options for lower prices.

Zappi data

Insurgents captured **40% of US growth** despite tiny market share. (Bain)

Source: Zappi consumer survey, December 2025

Implication: Compete on value, innovate to defend, simplify your portfolio.

PART THREE

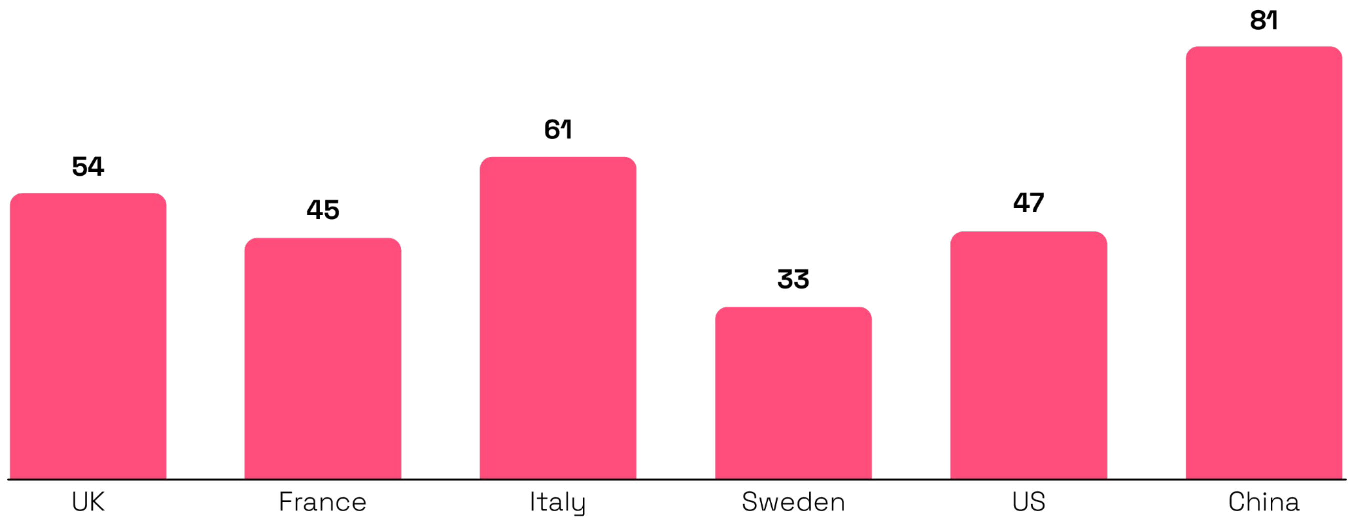
WHAT CONSUMERS WANT

Health is non-negotiable.
GLP-1 is reshaping expectations.
Function beats purity.
But cost gates everything.

European, Americans and Chinese are now more health conscious than they were before the Covid-19 pandemic

“I care much more about my health (physical and or mental) now than I did before the Covid-19 pandemic started”

Percentage of respondents who “agree” or “strongly agree”



Notes: Survey responses are self-reported and may vary from actual behavior; responses as of May 2021 (N=11,097)
Source: Bain & Company EMEA, US, and China Covid-19 Consumer/Shopper Survey Wave 4, conducted with Dynata

The $40 billion supplements market signals a “biohacking” consumer

- Healthy aging and biohacking are driving consumer behavior, with growing focus on lifestyle, diet and exercise optimization. Consumers are turning to products that claim to optimize health, sleep and metabolic function. This may offer a premiumization opportunity in a market where consumers are otherwise trading down.
- **This trend is not new** — it has been underway since the pandemic.
- The global vitamins, minerals and supplements market is expected to grow annually by **11.7%**, to become a **$365 billion** in revenue business by 2030.

Source: Bain, “Helping Consumers Make Healthier Choices” (2021)

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THE WALL STREET JOURNAL.

ECONOMY | CONSUMERS

How the MAHA Era Is Changing Grocery Aisles

It’s a multifaceted movement

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The trend continues. More than a third of consumers are more likely to buy healthy products than they were a year ago.

35% of consumers are **more likely** to purchase healthy snacks or beverages than last year (**23%** slightly, **12%** much more), indicating steady — not accelerating — momentum.

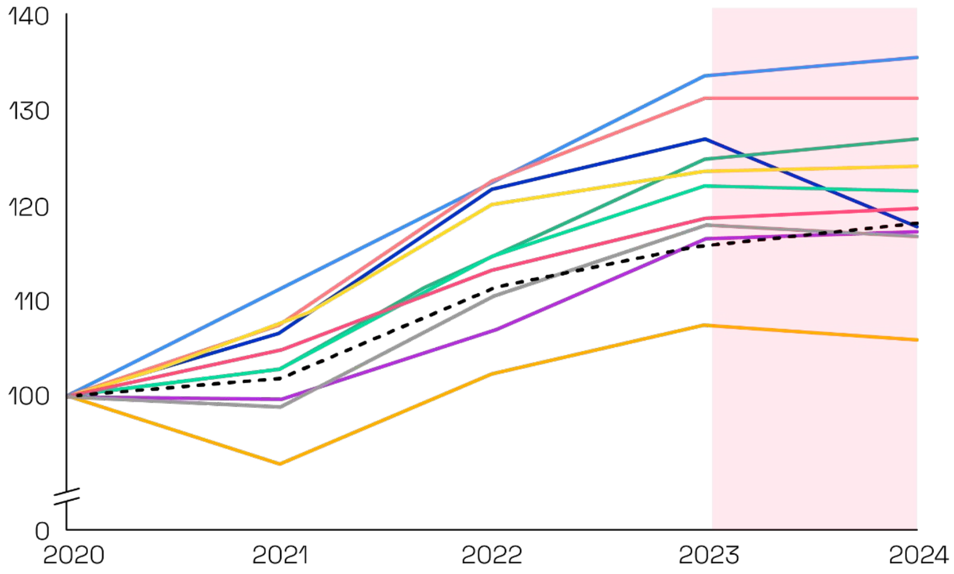
Source: Zappi consumer survey, December 2025

Compared to last year, how likely are you to purchase healthy snacks or beverages?

	Total	Has Child under 18	Has multiple children under 18	Adult children	Parents / Grandparents	Other adults (relative or non)
Much less likely	**7%**	5%	8%	8%	8%	7%
Slightly less likely	**12%**	14%	10%	11%	11%	12%
About the same	**46%**	41%	41%	47%	44%	49%
Slightly more likely	**23%**	26%	25%	21%	24%	21%
Much more likely	**12%**	15%	17%	13%	14%	11%

After years of strong growth, sales are stagnating or declining in categories associated with heavy processing

US sales growth, 2020-2024 (indexed)



	CAGR 2020-2023 (%)	CAGR 2023-2024 (%)
Candy, gum, mints	10.1	1.4
Salty snacks	9.5	-0.1
Rolls and buns	7.6	1.7
Prepared foods	7.3	0.5
Cookies and crackers	6.9	-0.5
Desserts	5.9	0.9
Cereal/granola bars	8.3	-7.0
Salad dressing	5.2	0.6
Bread	5.6	-1.0
Ready-to-eat cereals	2.4	-1.4
Total food & beverage	5.0	2.1

Above overall market rate | Below overall market rate | Declining

Sources: Nielsen data; Babak Ravandi et al., "Prevalence of processed foods in major US grocery stores," *Nature Food*, January 13, 2025; BCG analysis.

Source: "CPG Companies Need a New Recipe as Consumers Seek Healthier Choices" Boston Consulting Group (2025)

Half of consumers want to eat less ultra-processed food — and they're acting on it

- **50%** of consumers say they want to eat less processed and ultra-processed food. This is reshaping innovation pipelines across food and beverage.
- The "clean label" movement is evolving from a niche preference to a mainstream expectation — but it **has to be affordable**.
- The challenge for CPGs: delivering perceived health at **accessible price points.**

Source: Bain & Company, Consumer Products Report 2025

“High protein” drives purchase for 40% of shoppers, followed by “low sugar” (35%), reinforcing demand for satiety and sugar moderation.

Attributes like “no artificial dyes” (30%), “clean ingredients” (28%), and “no additives” (27%) trail functional nutrition claims in overall influence.

Parents are more swayed by “all natural”: 45% of shoppers with children under 18 cite “all natural” as a purchase driver, versus 36% among non-parent households — signaling heightened sensitivity to perceived ingredient quality for family consumption.

Source: Zappi consumer survey, December 2025

Which product labels make you most likely to purchase an Item in the grocery store?

	Total	Has Child under 18	Has multiple children under 18	Adult children	Parents / Grandparents	Other adults (relative or non)
“High protein”	40%	45%	41%	40%	40%	39%
“All natural”	38%	45%	38%	37%	40%	36%
“Low sugar”	35%	37%	38%	33%	39%	34%
“No artificial food dyes”	30%	29%	36%	33%	32%	31%
“Clean ingredients”	28%	33%	33%	29%	33%	25%
“No additives”	27%	27%	27%	29%	31%	27%
“Low sodium”	26%	25%	31%	25%	30%	27%
“High fiber”	27%	28%	27%	30%	26%	27%
“Low carb”	23%	23%	24%	27%	26%	22%
“Fortified with vitamins/minerals”	17%	19%	19%	16%	19%	16%

GLP-1 drugs are rewriting the rules of food, beverage and wellness

In the first 6 months, GLP-1 users spend

4% less
on groceries

5% less
on fast food

GLP-1 weight-loss medication leads to significant changes in consumer behavior that often persist even after consumers stop taking them. Morgan Stanley estimates GLP-1s could reduce US caloric intake by 1–3% over the next decade. The implications ripple across categories: smaller portion sizes, higher demand for protein and satiety, shifts in snacking occasions, reduced alcohol consumption.

Source: Bain Consumer Products Report 2025, Morgan Stanley research

(This is not a diet fad. It’s a pharmaceutical-driven reshaping of the demand curve for food.)

Awareness of GLP-1 drugs continues rising

Do you or a member of your household currently use, or have you heard of, GLP-1 drugs like Ozempic for weight loss?						
	18-24	25-35	36-45	46-55	56-75	Total
Yes, I use them	11%	16%	15%	11%	15%	**13%**
Yes, I know somebody who has used them	23%	16%	17%	14%	6%	**16%**
No, but I have heard of them	49%	52%	51%	58%	64%	**54%**
No, I have not heard of them	18%	16%	17%	18%	15%	**17%**

83% of consumers are now aware of GLP-1 weight-loss drugs, up sharply from **~60%** awareness in mid-2023, signaling rapid mainstream adoption of the category narrative.

Source: Zappi consumer survey, December 2025

Usage of GLP-1 drugs has potential to keep expanding within lower income tiers of consumers

Higher-income consumers are also more likely to have direct exposure: nearly 1 in 5 in $100K+ households know someone who has used GLP-1s, reinforcing that access — not awareness — is the real divider.

Source: Zappi consumer survey, December 2025

Do you or a member of your household currently use, or have you heard of, GLP-1 drugs like Ozempic for weight loss?

	< $50,000	$50,000-$99,999	$100,000-$149,999	>$150,000	Prefer not to say	Total
Yes, I use them	12%	14%	15%	21%	7%	13%
Yes, I know somebody who has used them	14%	19%	24%	19%	8%	16%
No, but I have heard of them	53%	55%	52%	51%	51%	54%
No, I have not heard of them	21%	12%	9%	8%	36%	17%

Cost is the #1 barrier to healthy eating — outweighing every other factor

How much do the following make it harder for you to buy healthy snacks or beverages more often?			
	Disagree	**Neutral**	**Agree**
Cost	13%	26%	62%
Lack of appealing taste options	17%	31%	52%
Availability	18%	35%	47%
Lack of variety	21%	37%	43%
I don't trust health claims	21%	40%	39%

Source: Zappi consumer survey, December 2025

BBC

Five ways weight-loss jabs are changing spending habits

24 January 2026

Share Save

Esyllt Carr
Business reporter

GLP-1s are creating a new consumer category

Convenience is non-negotiable — and Gen Z will pay a premium for it

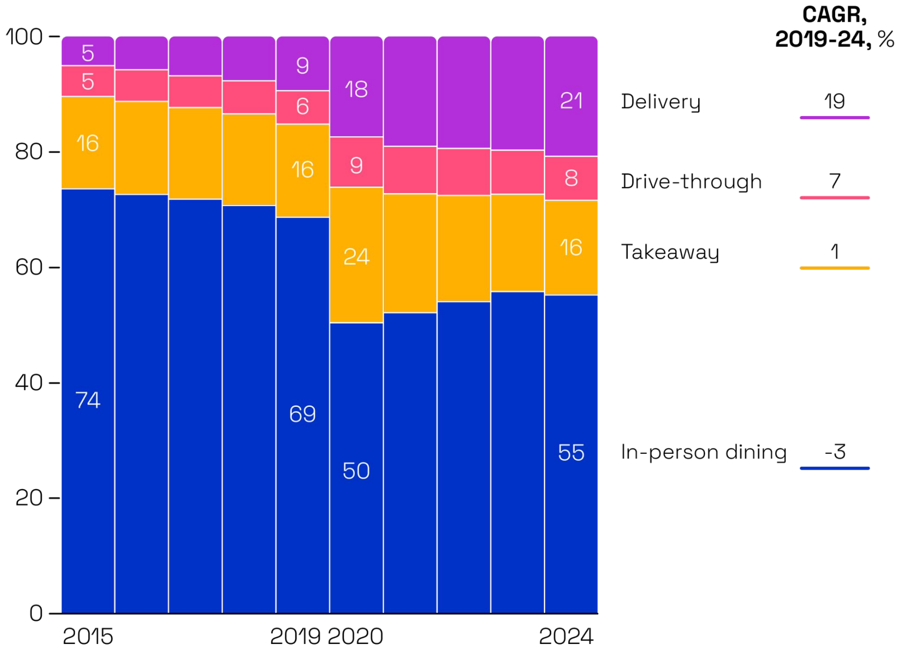
Food delivery's share of global food service spending rose from 9% in 2019 to 21% in 2024. Over 90% of Chinese and US consumers shopped at an online-only retailer in the previous month. Nearly 40% of German, UK and US consumers used grocery delivery in the previous week. A higher share of Gen Z uses grocery and food delivery services than any other generation — and they pay a premium for it.

Consumer tolerance for friction will continue to decrease. Speed is becoming table stakes.

Source: McKinsey, State of the Consumer 2025

While spending has increased across all food service categories, in-person dining has not rebounded to pre-pandemic levels.

Global spend on food service categories, % of total



Note: Figures may not sum to 100%, because of rounding.
Source: Euromonitor International

Health-related CPG demand is real but conditional — and cost gates everything

50% want less ultra-processed food (Bain)

But 62% say cost is the #1 barrier to eating healthy

Functional claims (protein, sugar) outperform clean-label signals (natural, no additives)

GLP-1 awareness is at **83%** and reshaping expectations across the grocery aisle

Zappi data

Behavioral changes persist even after stopping the drugs (Bain)

GLP-1s could reduce US caloric intake **1–3%** over the next decade (Morgan Stanley)

The supplement market is a **$40B** opportunity **growing at 9.5%** CAGR to $60B by 2035 (Infosys)

Convenience is non-negotiable: food delivery's share of food service spending rose from 9% to 21% in five years (McKinsey)

Source: Zappi consumer survey, December 2025

Implication: Health is a growth lever, but only if you solve for affordability and taste

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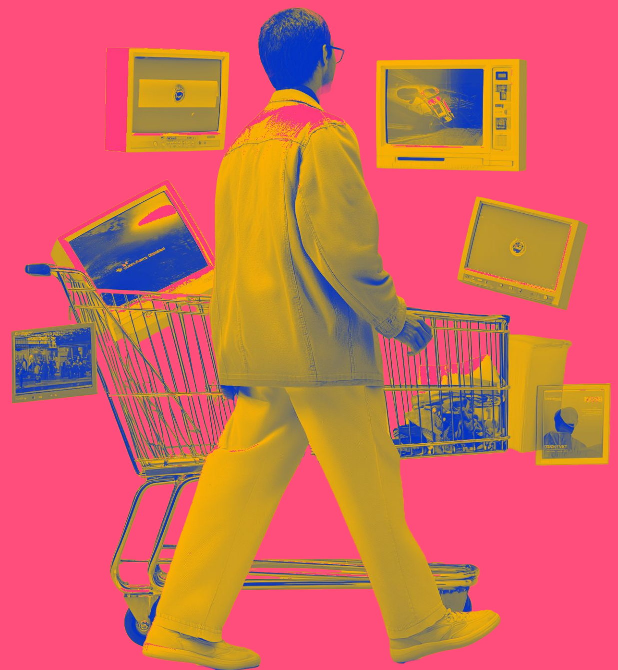
PART FOUR

DISCOVERY & INFLUENCE

How consumers find and choose brands has fundamentally changed.

Retail media is shaping the CPG-retailer power dynamic.

AI is entering the purchase journey.



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FINANCIAL TIMES

Agricultural commodities

Dubai chocolate sparks pistachio shortage as TikTokers go nuts

CNN

TikTok made cottage cheese so popular, producers are struggling to keep up

JUL 26, 2025

fc food chain magazine

TikTok emerges as a real-time R&D engine for the food industry

THE WEEK

The bougie foods causing international shortages

Pistachios join avocados and matcha on the list of social media-driven crazes that put strain on supply chains and environment

BY HARRIET MARSDEN, THE WEEK UK PUBLISHED APRIL 22, 2025

Social commerce is real, and TikTok Shop is the breakout story

- **15%** of CPG marketing budgets now go to influencer marketing. This is no longer experimental. It's a core channel.
- Brands like Pillsbury, Kraft Heinz and Ghirardelli are collaborating with TikTok influencers to create at-home desserts, weeknight recipes and three-ingredient dishes. Kraft Heinz saw a **5.7%** engagement rate from an influencer program — **103%** higher than the average engagement on their own brand channels.

Source: Infosys CPG Outlook 2025

The irony: Social media is consumers' least trusted source — but it's where their most trusted people are

- Consumers tell McKinsey that social media is their least trusted source when making buying decisions. Yet it's where they interact with family and friends — who are their most trusted sources.
- This paradox is critical: the platforms are distrusted, but the people on it are deeply trusted. Brands that understand this nuance will focus on community and advocacy, not just paid placement.

Source: McKinsey, State of the Consumer 2025

The implication: Social strategy should prioritize enabling word-of-mouth at scale, not just running ads.

Influencers reach 18% of Gen Z — but trust requires authenticity, not just reach

- **12%** of consumers overall say influencers introduced them to new brands.
- For ages 18–25, it's **18%.**
- Instagram reaches **31%** of Gen Z for brand discovery; social media ads reach **24%** fairly consistently across all ages.
- But the McKinsey trust paradox applies: the platform is mistrusted, but authentic voices on it are deeply trusted.

Source: McKinsey, State of the Consumer 2025, Zappi consumer survey, December 2025

For CPGs, the takeaway: Invest in the right influencers, not just the biggest ones. Micro-influencers often outperform mega-influencers on engagement and trust.

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How did you first hear about any of the new brands you tried this year? *By age*						
	Total	**18-25**	**26-35**	**36-45**	**46-55**	**56-75**
Friends or family	**32%**	30%	30%	34%	35%	33%
In-store discovery	**29%**	24%	24%	28%	36%	36%
TikTok	**26%**	45%	28%	25%	16%	5%
YouTube	**24%**	28%	30%	24%	21%	11%
Social media ads	**24%**	24%	28%	24%	26%	13%
TV	**23%**	21%	19%	22%	30%	24%
Instagram	**19%**	31%	20%	20%	12%	7%
Online marketplaces (e.g., Amazon)	**13%**	15%	13%	13%	12%	7%
Search results	**12%**	13%	13%	14%	10%	9%
Influencers	**12%**	18%	14%	13%	6%	4%
ChatGPT / other AI tools	**8%**	11%	11%	9%	4%	4%
Podcasts	**8%**	9%	11%	9%	5%	4%
Reddit	**6%**	9%	9%	7%	3%	2%
News articles	**6%**	8%	6%	5%	6%	6%

Source: Zappi consumer survey, December 2025

Beyond friends and family, top discovery paths differ by generation. A single-channel strategy fails with each and every cohort.

- Friends/family are still the most vital for discovery: **32%** overall (remarkably consistent across ages).
- In-store discovery: **29%,** but skews higher at **36%** for ages 46+.
- TikTok: **26%** overall, but **45%** for ages 18–25 — the single-biggest digital discovery channel for Gen Z.
- YouTube: **24%** (peaks at **30%** for ages 26–35).
- TV: **23%** (peaks at **30%** for ages 46–55).
- AI tools (ChatGPT etc.): **8%** overall, **11%** for ages 18–25 and 26–35.

Source: Zappi consumer survey, December 2025

Which types of products are you most likely to purchase after seeing them on social media? *By age*							
	Total	**18-25**	**26-35**	**36-45**	**46-55**	**56-75**	**Regular online orderers**
Clothing / fashion	**43%**	46%	44%	47%	39%	32%	49%
Food & beverages (snacks, drinks, meal kits)	**42%**	49%	45%	42%	39%	25%	51%
Household essentials (cleaning, paper products)	**36%**	42%	39%	38%	28%	26%	44%
Beauty & personal care	**35%**	38%	42%	34%	29%	31%	41%
Technology / gadgets	**35%**	28%	39%	38%	41%	29%	42%
Health & wellness products (vitamins, supplements, weight-loss products)	**33%**	35%	40%	32%	29%	27%	39%

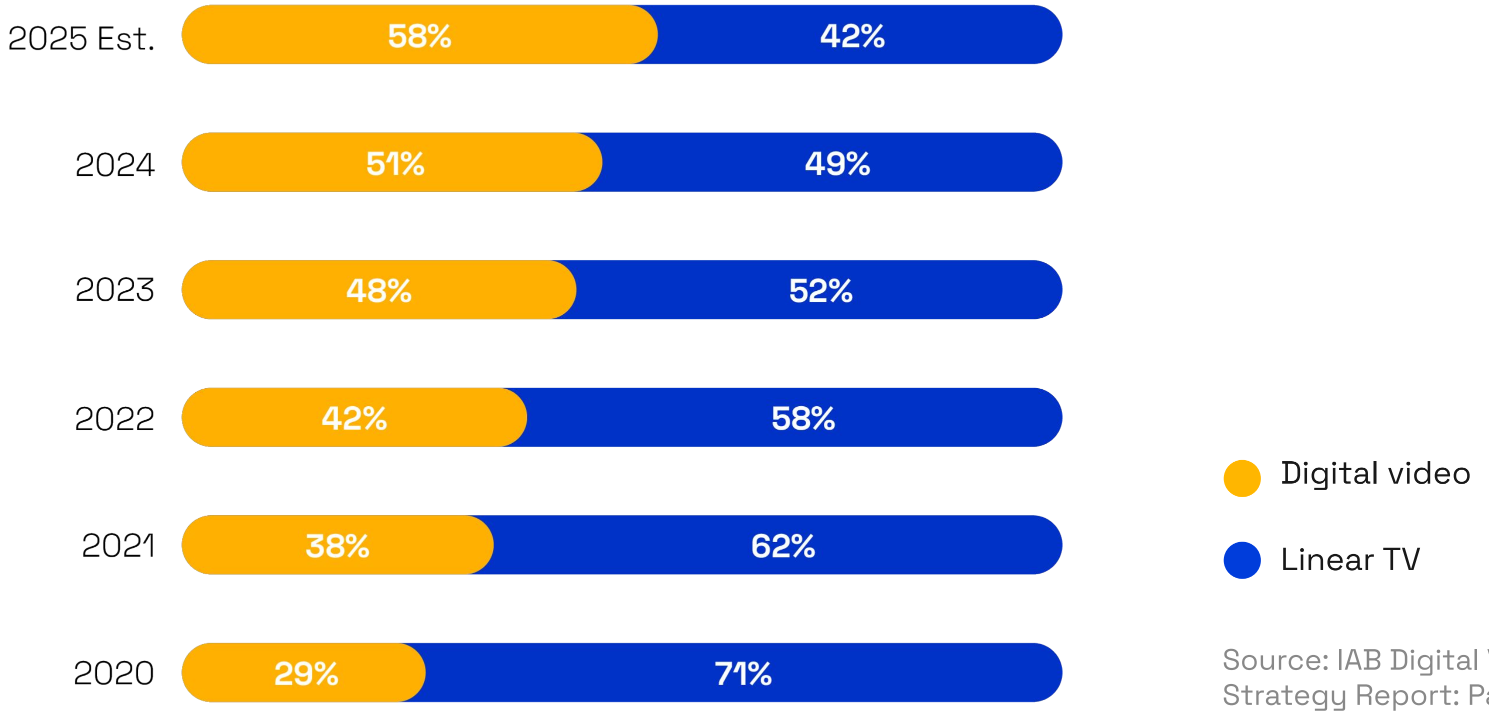
Source: Zappi consumer survey, December 2025

Food & beverages and household essentials are most likely to convert from social media

- The top performing categories people are most likely to purchase after seeing them on social are clothing / fashion **(43%)**, food & beverages **(42%)** and household essentials **(36%)**.
- Online grocery shoppers are significantly more social-commerce responsive — this group consistently over-indexes across nearly every category, indicating that consumers who are already comfortable buying online are structurally more primed for social commerce.
- Older consumers are materially less responsive overall — social still works, but conversion potential is lower and likely requires different content styles.

Source: Zappi consumer survey, December 2025

US total annual TV/video spend share



Source: IAB Digital Video Ad Spend & Strategy Report: Part One, 2025

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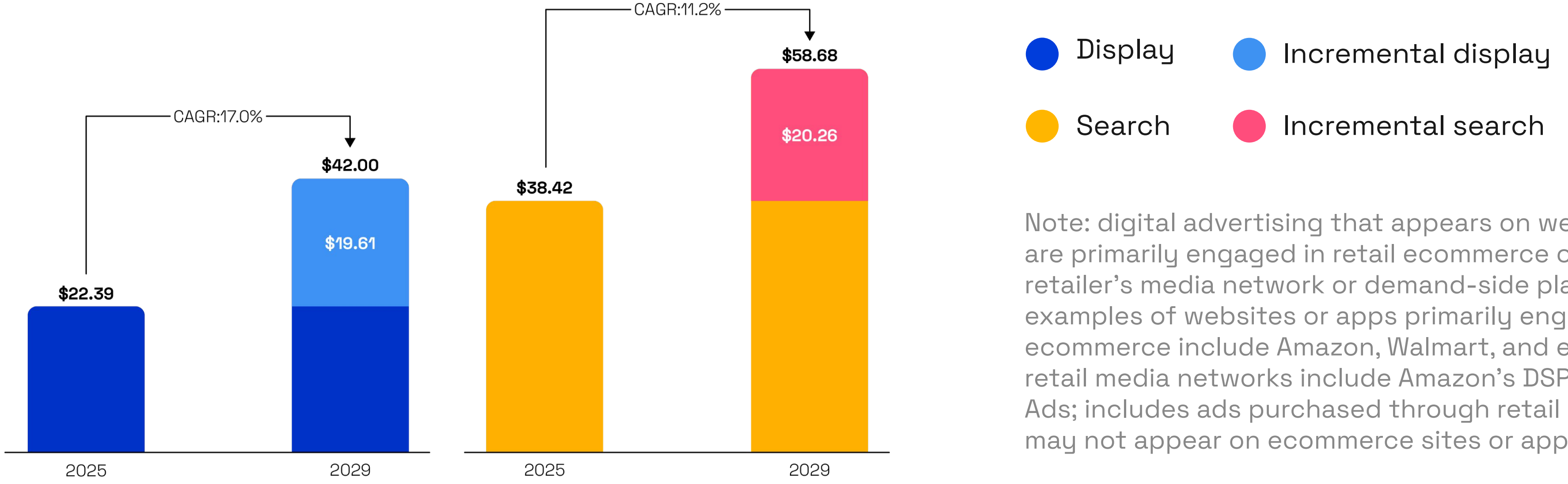
Digital video ad spend has surpassed TV, and CPGs are following the money

- For the first time, digital video ad spend surpassed traditional TV broadcast ad spend in the US in 2024. Digital video spend was **$64 billion** in 2024, set to **increase 14% to $72 billion** in 2025.
- Connected TV, social video and online video are driving this growth.
- CPG companies are expected to boost digital video ad investment by **13%** this year.
- The medium enables highly personalized, targetable ads — a fundamentally different value proposition than linear TV.

Source: Infosys Knowledge Institute, CPG Industry Outlook 2025

Retail media display and search will add a near equal amount of ad spending between 2025-2029

Billions in US retail media ad spending and CAGR, by format, 2025-2029



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps.

Source: EMARKETER Forecast, March 2025

Retail media is now a $50B+ market — and it's changing the CPG-retailer power dynamic

Retail media networks (Walmart Connect, Amazon Ads, Kroger Precision, Instacart Ads) have collectively become one of the largest advertising channels in the US.

CPGs now pay to access their own consumers on retailer platforms. The retailer is no longer just a distribution channel — it's an advertising platform.

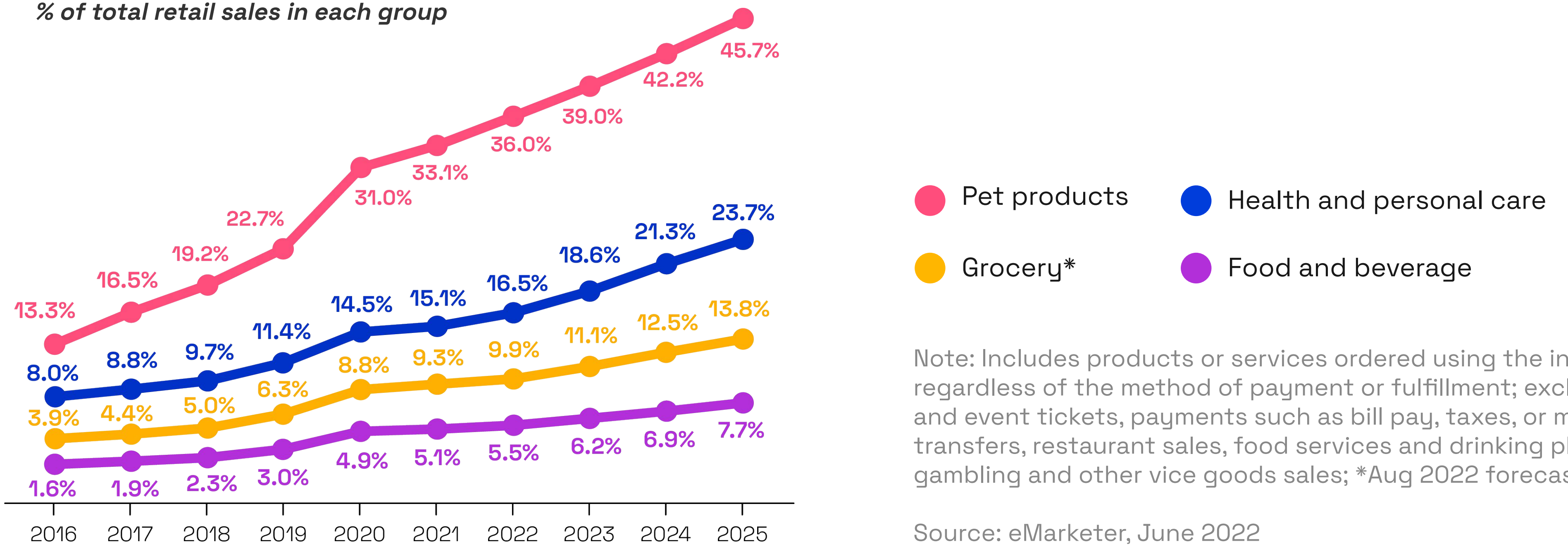
This fundamentally shifts the power balance. Retailers have the first-party data. Brands are buying access to it.

For CPG marketers, the question is no longer "TV vs. digital." It's "How much of my budget goes to the retailer?"

Online sales continue climbing for CPG products

Retail ecommerce sales penetration of grocery products, by category, 2016-2025

% of total retail sales in each group



Note: Includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales; *Aug 2022 forecast

Source: eMarketer, June 2022

Nearly all shoppers are now omni-channel

More than 90% of shoppers now purchase groceries both in-store and online

The omnichannel consumer is now the default consumer.

Pure-play strategies — online-only or brick-and-mortar-only — are leaving money on the table.

Source: Food Management Institute and Nielsen

AI enters the purchase flow, and could disintermediate brands even further

Through the adoption of tools such as ChatGPT and Google AI Overviews, generative AI is already reshaping how consumers learn about, research and engage with brands on their path to purchase.

Adoption of AI could eventually accelerate the disintermediation of CPGs that remain rooted in old-school search advertising and don't learn how to stand out in AI recommendations.

Advanced retailers are already exploring the use of AI to streamline and tilt supplier negotiations in their favor.

This is an existential risk. If AI becomes the default shopping assistant, brands that aren't optimized for AI discovery will be invisible.

Source: Bain & Company, Consumer Products Report 2025

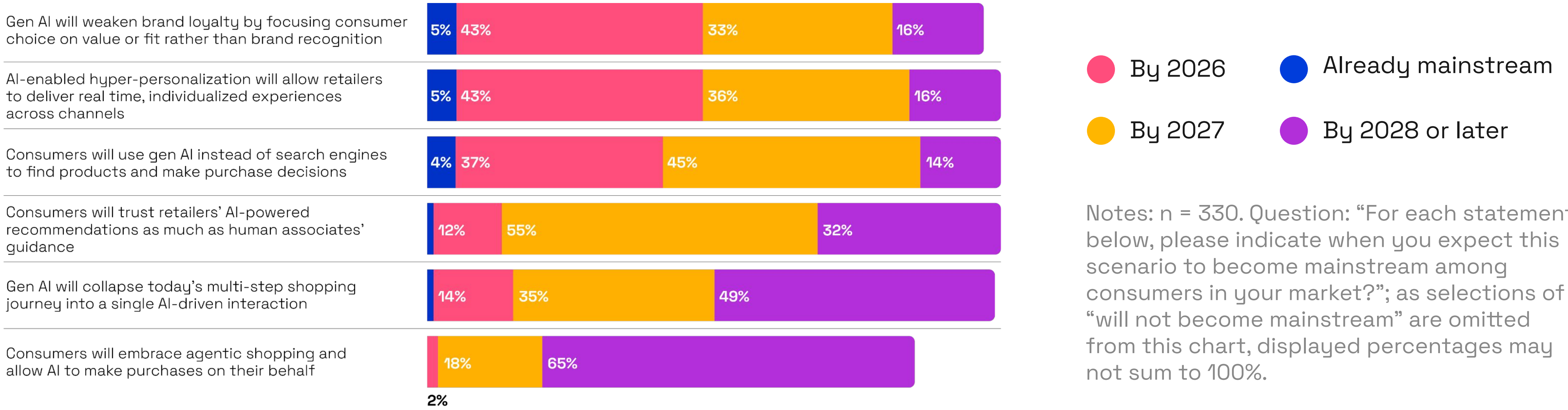
AI agents promise to transform the consumer experience

Potential agentic customer journey

1. Agent prompts customer to buy based on upcoming event or previous purchase frequency
2. Agent finds products based on current context, previous preferences, reviews, delivery times, etc.
3. Agent searches for lowest prices or discounts or negotiates prices directly with site or other agent
4. Agent triages and presents a subset of purchase options for review and approval
5. Agent auto-completes delivery, loyalty, and payment profiles and pays using preferred method
6. Agent tracks delivery and offers updates on arrival date
7. If necessary, agent engages customer support, initiates return, schedules pickup, and alerts user when refund is received

Source: "The agentic commerce opportunity: How AI agents are ushering in a new era for consumers and merchants," McKinsey (2025)

Most executives expect AI's role in the shopping journey to become mainstream before 2028



Notes: n = 330. Question: "For each statement below, please indicate when you expect this scenario to become mainstream among consumers in your market?"; as selections of "will not become mainstream" are omitted from this chart, displayed percentages may not sum to 100%.

Source: 2026 Deloitte Retail Industry Global Outlook.

Agentic AI in commerce: 68% of retail executives expect deployment within 24 months

Over two-thirds **(68%)** of retail executives said they expect to deploy agentic AI for key operational and enterprise activities within 12–24 months. Most expect AI's role in the shopping journey to become mainstream before 2028. One American fashion brand plans to allocate **5%** of its 2026 revenue to technology and AI initiatives — nearly double its 2025 allocation.

Companies are using AI-powered predictive analytics to anticipate shifts in demand, enabling smarter decisions on inventory, sourcing and pricing. For CPGs, the question is: will you be part of the AI shopping ecosystem, or excluded from it?

Source: Deloitte, 2026 Retail Industry Outlook + Q2 2025 Retail & Consumer Trends.

AI tools are a nascent but fast-growing product discovery channel

- **Only 8%** of consumers overall use AI tools like ChatGPT for product discovery today. But among 18–35-year-olds, it's already **11%.**
- Paired with Bain's warning about AI disintermediation, this is an early signal that should alarm any CPG brand relying on traditional search and advertising.
- Podcasts **(8%)**, Reddit **(6%)** and news articles **(6%)** round out the "emerging" discovery tier.

The question: what happens when that **8%** becomes **25%**?
Brands need to optimize for AI-mediated discovery now.

Source: Bain, Zappi consumer survey, December 2025

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Discovery has fragmented — and AI will fragment it further

Word of mouth and in-store still lead overall — but TikTok dominates Gen Z at **45%** (Zappi).

Digital video ad spend surpassed TV for the first time in 2024: **$64B** and growing **14% YoY** (Infosys).

Social commerce is a proven conversion channel: Kraft Heinz saw **103%** higher engagement through influencers vs. owned channels (Infosys).

Retail media is a **$50B+** market, fundamentally changing the CPG-retailer power dynamic (eMarketer/GroupM).

AI tools are used by **8%** for discovery today — **11%** among under-35s. Growing fast (Zappi).

AI could disintermediate brands that don't learn to stand out in AI recommendations (Bain).

68% of retail executives expect to deploy agentic AI within 24 months (Deloitte).

(Implication: CPG leaders need a generationally segmented discovery strategy, and need to start optimizing for AI now.)

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PART FIVE

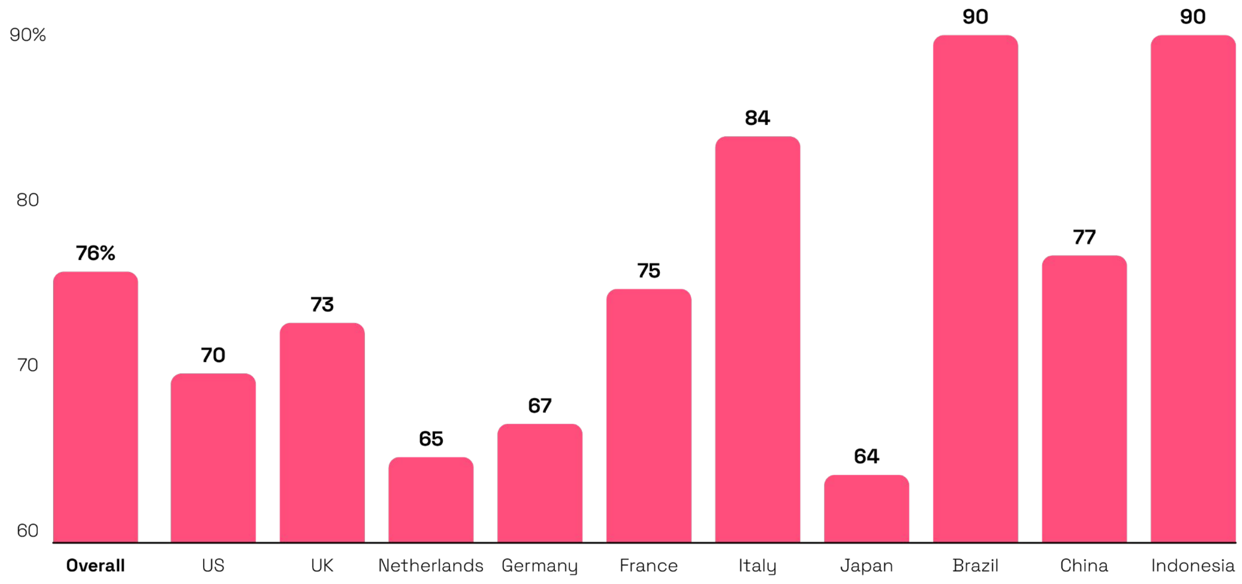
PURPOSE MEETS PRICE

Values have not disappeared.
But economic pressure takes priority.
Performative activism is cooling.
What consumers care about is not always what they'll pay for.

A majority of consumers believe that a sustainable lifestyle is important because their actions have impact

Percentage of respondents for whom practicing a sustainable lifestyle is important

Source: Bain Consumer Lab ESG Survey 2024 (n=18,991)



Sustainability is becoming a must-have in some categories and a nice-to-have in others

Consumer preference for sustainable beauty brands, pet food brands and organic foods continues to grow.

But premiumization for sustainability only works in categories where consumers have financial flexibility.

The risk of ”greenwashing” backlash is rising: consumers are more skeptical of unsubstantiated claims. Successful brands will prove sustainability through transparency and supply chain evidence, not just marketing claims.

Source: Infosys CPG Outlook 2025, Bain Consumer Products Report 2025

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The Affordability of belief — values-driven spending has declined across every income bracket since 2024

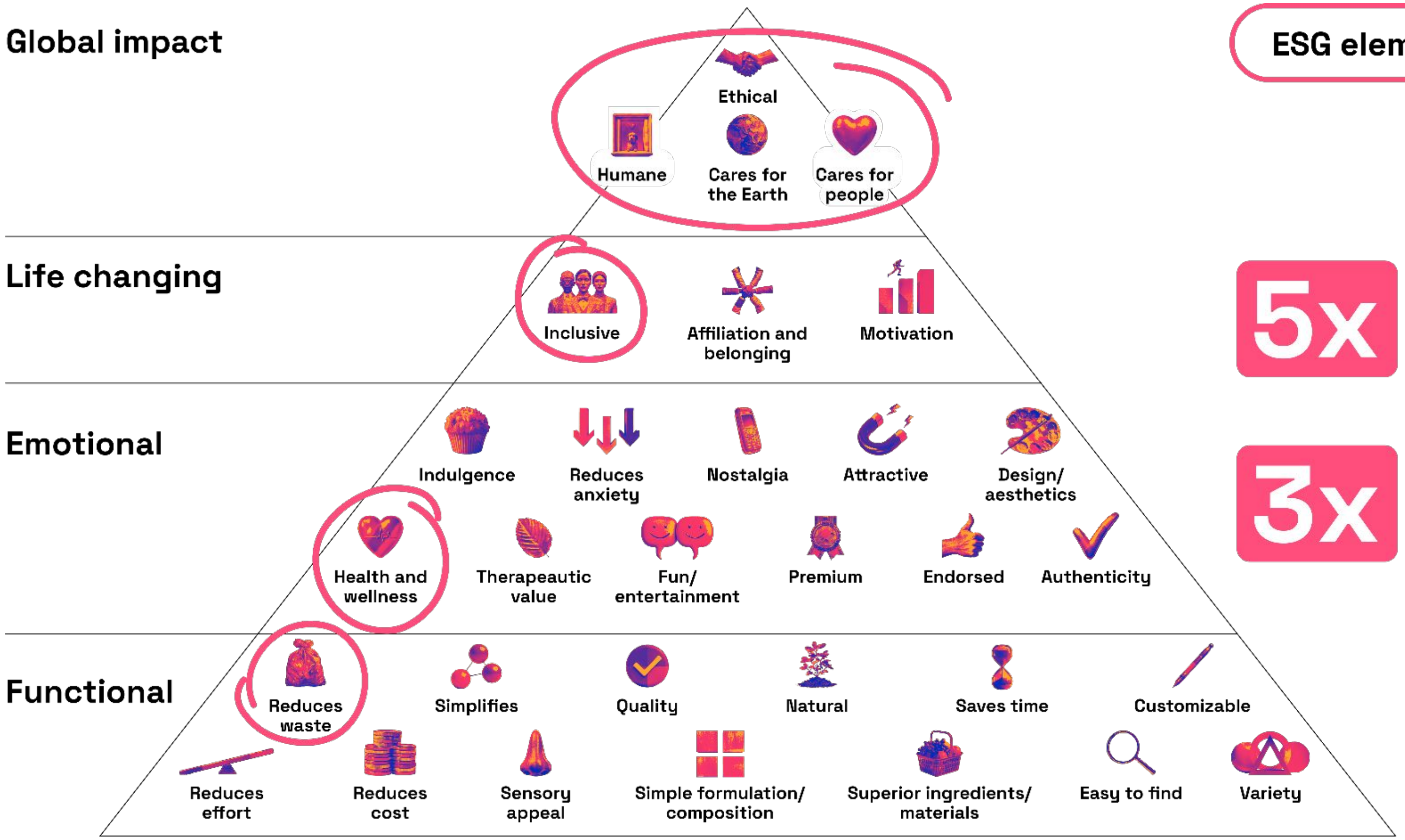
Would you be willing to pay more for products or services from companies whose social actions align with yours?						
	< $50,000	$50,000-$99,999	$100,000-$149,999	>$150,000	Prefer not to say	Total
Yes - multiple brands	20%	23%	30%	32%	13%	**22%**
Yes - one brand	16%	19%	23%	19%	14%	**17%**
No	64%	58%	48%	50%	73%	**60%**

Source: Zappi consumer survey, December 2025

Income shapes consumer ability to align purchases with values

- Higher-income consumers are still most likely to pay more for socially aligned brands: **65%** of those earning **$100K+** say they'd pay at least slightly more, compared with **49%** of consumers under **$50K.**
- Social activism-driven spending has declined since we last surveyed consumers on the topic in 2024: among **$100K+** households, willingness to pay more dropped from **83% → 65%** (18-point decline).
- Among **<$50K** households, the share not willing to pay more at all rose from **26% → 51%** (25-point increase), showing price pressures are limiting lower-income consumers' ability to prioritize social causes.

Source: Zappi consumer survey, December 2025



ESG elements

5x Revenue growth from brands scoring highest on ESG Elements of Value

3x Revenue growth from incumbent brands scoring highest on ESG Elements of Value

Notes: High-scoring brands are in the top 10 percentile of respondents rating the brand 8+ on ESG Elements of Value, compared with brands in the bottom 10 percentile; excludes brands with average annual revenue growth rates higher than 80% year-over-year; Elements of Value® is a registered trademark of Bain & Company, Inc. Sources: Bain Global Elements of Value in CP Survey, November 2022 (n=178,000); data include 174 total brands, 140 incumbents; revenue growth rates from Nielsen; Euromonitor; GlobalData.

ESG commitments are colliding with economic reality

Several major CPGs have quietly scaled back or delayed sustainability targets in the face of cost pressure.

The tension is real: investors want ESG progress; consumers want lower prices; regulators in different geographies are pulling in different directions.

Deloitte's UK Retail & Consumer Trends 2026 warns that 2026 will reveal the full impact of 2025's global trade policy shifts on sustainability commitments.

For CPG leaders: sustainability can't be an add-on cost. It has to be integrated into the business model as an efficiency driver.

Source: Deloitte UK Retail & Consumer Trends 2026

Brand boycotts are cooling — down 12 points among high earners

40% of consumers boycotted at least one brand in 2025 (**22%** multiple brands).

Higher-income consumers remain most likely to boycott a brand, and they can afford to do so: **55% of $100K**+ boycotted vs. **36% under $50K**.

But boycott participation among **$100K+** dropped from **67%** in 2024 to **55%** in 2026 (−12 points).

Social action is concentrating, not expanding: fewer "it depends" consumers, more clear yes/no behavior.

Source: Zappi consumer survey, December 2025 vs. 2024

Values under pressure:

Brands must recognize the purpose premium

Values are being pressure-tested by price, but have not disappeared.

- 53% would pay more for values-aligned brands, but intensity has declined sharply since 2024.
- Among high earners, willingness to pay dropped 18 points. Among low earners, refusal rose 25 points.
- Boycotts are cooling: participation down 12 points among $100K+ consumers.
- ESG commitments are colliding with cost pressure — several major CPGs have scaled back sustainability targets (Deloitte).
- Sustainability commands a premium in some categories (beauty, pet, organic), but not others (Infosys, Bain).

Sources: Zappi consumer survey December 2025 vs. 2024, McKinsey State of the Consumer 2025, Deloitte UK Retail & Consumer Trends 2026, Infosys CPG Outlook 2025, Bain Consumer Products Report 2025

Implication: Lead with value. Let purpose reinforce it, not tax it.

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The consumer has spoken.

They want value, health, convenience.

They want brands that reflect their identity.

But they refuse to overpay.

How can CPG brands deliver all of this,
faster, with tighter margins?

PART SIX

THE AI ACTION GAP

CPG executives are thinking about AI.

But very few are driving material change.

Execution will separate leaders from laggards.

CPG is underperforming every other consumer-facing sector on shareholder return

CPGs now trail tech, healthcare, retail and financial services — all sectors that did a better job adopting digital technologies to transform their business models.

The decline reflected lower margins AND weaker multiples: investors discounted the sustainability of price-driven growth. This is not just a growth problem. It's a valuation problem.

The market is saying: "We don't believe your formula works anymore."

Source: Bain & Company, Consumer Products Report 2025 (Figure 6: TSR by sector)

90% of CPG executives are thinking about AI. Only 6% have a plan to create value from it

- Even though **90%** of CPG executives said their organization is thinking about AI uses, only **6%** said they had a plan for using AI to create business value (Bain).
- Meanwhile, 84% of executives in other non-tech industries count generative AI among their top five priorities. Only **37%** of CPG executives do (Bain).
- BCG's 2026 survey of CPG marketing leaders confirms the same pattern from the marketing function side: **70%** expect GenAI to help them work faster and more efficiently, yet only **13%** say it's in widespread use or fully integrated into marketing workflows. (BCG)

The gap between awareness and action is not just a missed opportunity. It's an existential risk as AI reshapes commerce, marketing and supply chains simultaneously.

Source: Bain & Company, Consumer Products Report 2025; BCG, "The AI-Forward CPG Marketing Organization," February 2026

More executives are prioritizing AI — but can't connect it to clear financial goals

Bain saw a 24-percentage-point surge in the proportion of CPG executives prioritizing AI and new data capabilities from 2024 to 2025. Strengthening technology foundations has become a C-suite preoccupation.

AI pilots show strong potential. But most CPGs can't connect tech rollouts to their larger financial goals.

The leap from pilot to scaled value creation is where most companies stall.

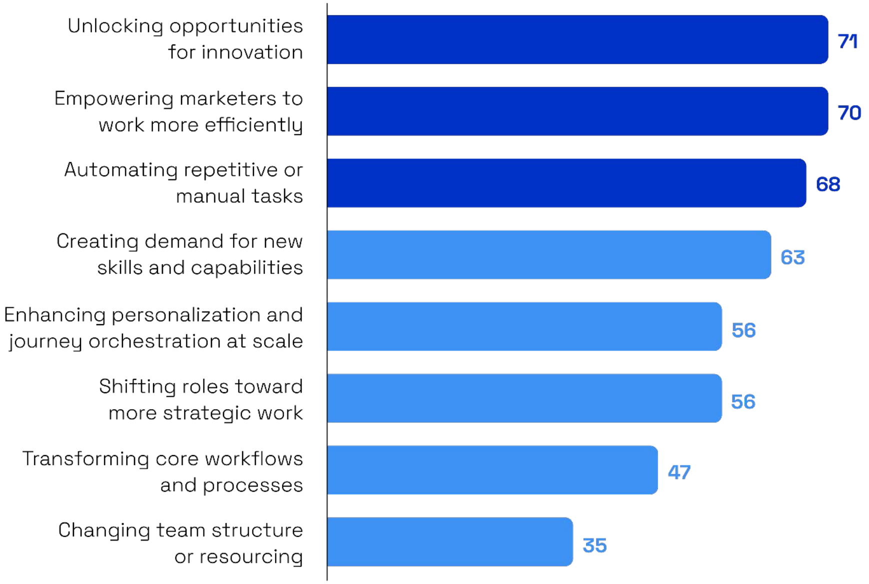
Executive teams need to build a repeatable capability to scale up successful pilots quickly.

Source: Bain & Company, Consumer Products Report 2025

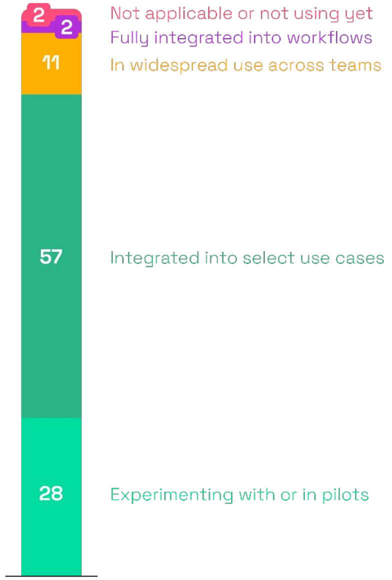
The disconnect: Prioritization up 24pp, but execution at only 6%.

CPG marketers see GenAI's potential, but company use isn't widespread

Benefits that respondents identified as among the top five most important (%)



Respondents' current GenAI use(%)



Sources: CPG Marketer Survey 2025 (n=100); BCG analysis

Integrating AI requires depth, not breadth

A 2025 McKinsey survey found that 71% of CPG industry leaders have integrated AI into at least one business function.

KEY APPLICATIONS

Product development - Analyzing consumer insights and data patterns
Supply chain - Automating forecasting, inventory planning, waste reduction
Marketing - Content creation, personalization

The challenge is depth, not breadth.

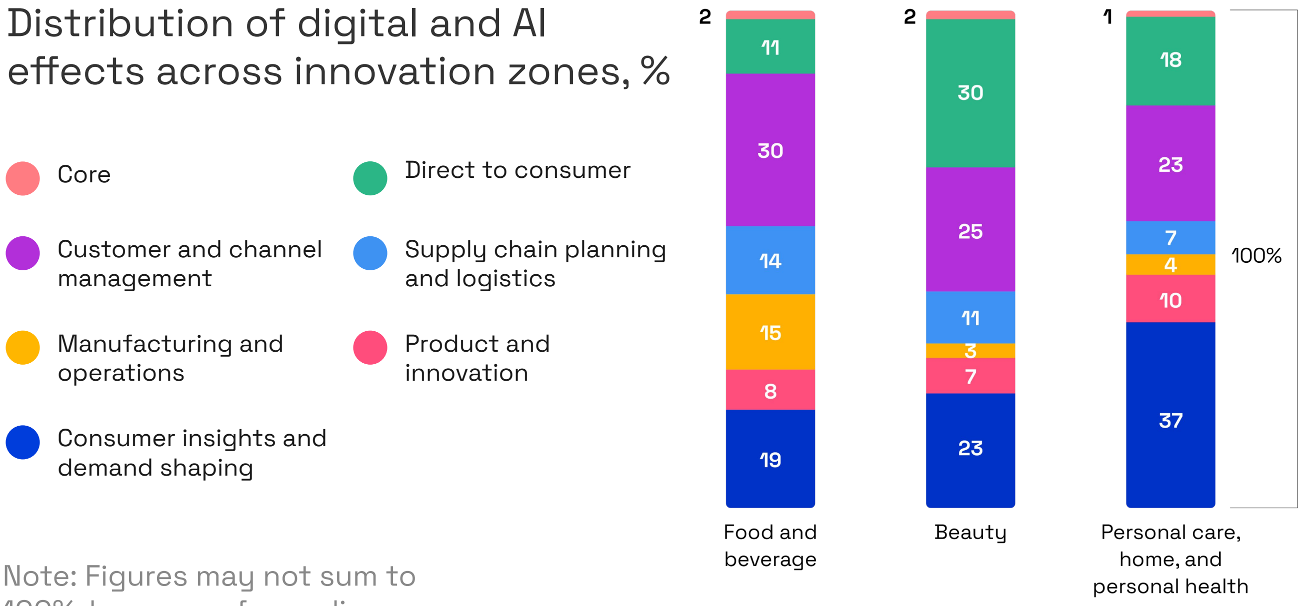
Many companies have one or two AI use cases but haven't scaled across the organization.

Winners will treat AI not as a departmental tool but as vital infrastructure, or a new business operating system.

Source: McKinsey (2025 CPG survey)

In consumer packaged goods, digital and AI could have the greatest impact on consumer insights and customer and channel management innovation

Distribution of digital and AI effects across innovation zones, %



Note: Figures may not sum to 100%, because of rounding.

"Consumer businesses that make long-term, transformative investments in rewiring for growth could unlock up to a **15-percentage-point improvement in EBITDA margins.**"

Source: "Fortune or fiction? The real value of a digital and AI transformation in CPG," McKinsey

Only 35% of CPG companies are actively implementing generative AI

Infosys' generative AI survey found that **35%** of CPG respondents have implemented or are currently implementing generative AI solutions.

More than half of deployed AI use cases in CPG generate tangible business value, on par with the industry average.

Marketing and product development were identified as the highest-viability use case categories for CPG companies.

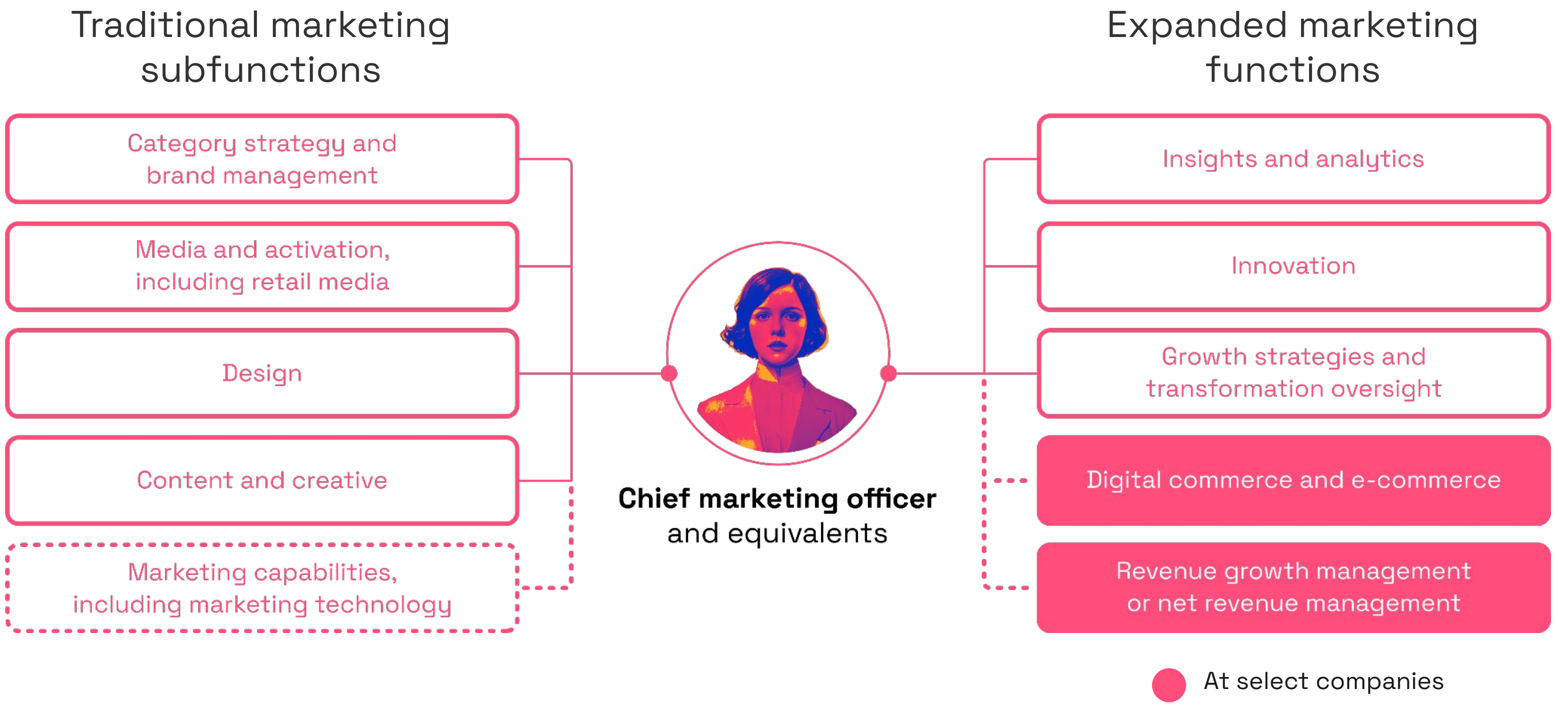
But the majority of companies are still in pilot, planning or have no plans at all.

Source: Infosys Knowledge Institute, CPG Industry Outlook 2025 / AI Business Value research

A global sportswear brand and another prestige beauty brand used **AI-powered insights for product innovations to reduce concept to market time by 30%.**

Source: Infosys

The scope of CPG marketing is evolving to focus on growth



Sources: CPG Marketer Survey 2025 (n = 100); CPG marketing organization benchmark; BCG analysis.

CPG CMOs are consolidating consumer insights under one roof — and betting on AI to connect them

BCG's 2026 benchmark of major CPG companies found that **CPG marketers rank "insights and analytics" as the most important internal capability they expect to build over the next three years** — ahead of content creation and retail media.

CPG marketing leaders are assuming responsibility for **end-to-end consumer and commercial insights** — unifying previously siloed capabilities (market analysis, category analysis, business performance, consumer, shopper and innovation insights) under a single integrated function.

One CPG company's global insights team created what BCG describes as a **"holistic, 360-degree view across key growth drivers"** by consolidating all analysis into one function.

Source: BCG, "The AI-Forward CPG Marketing Organization," February 2026 (survey of 100 C-level marketing leaders, VPs, and directors at US and European CPG companies with $1B+ revenue)

CPG companies are bringing insights and analytics in house — AI makes it possible

Nearly 60% of CPG companies in BCG's benchmark are centralizing marketing functions to achieve cost efficiencies or drive scale. At the same time, nearly 50% are becoming more localized to suit specific market dynamics.

The result: companies are reducing the regional marketing layer and enabling global teams to set guardrails, methodologies and AI capabilities while local teams execute closer to the consumer.

They ranked GenAI-based insights and analytics as the most important internal capability they expect to build over the next three years.

Some CPG marketing leaders are creating global in-house agencies, providing in-market teams with creative output they can tailor locally.

As AI adoption grows, CPG marketing is moving work in house that external agencies or partners performed in the past.

But they need a technology partner to achieve this transformation.

Tomorrow's winners will use AI to get closer to consumers

Tomorrow's winners will embrace a digital and AI-led business model that brings them closer to consumers and creates industry-leading efficiencies.

A deeper connection to consumers is crucial to head off the disintermediation threat posed by AI in purchase decisions. That intimacy can be achieved by: hyper-personalizing marketing, using consumer data more holistically and staking out territory in new ecosystems.

Executive teams need a clear, integrated and flexible digital roadmap. They should test and learn through near-term uses while building toward larger transformations. Crucially, they'll draw on existing scale advantages — scale is still a competitive asset, but only if combined with speed.

Source: Bain & Company, Consumer Products Report 2025

Take action now or agentic AI will evolve to exclude your brand

The rise of agentic AI threatens to reshape how brands are included — or excluded — from shopping

- **AI is being used in purchase decisions** by shoppers, potentially shutting out brands (Bain).
- **68%** of retail executives expect to deploy agentic AI within 24 months (Deloitte).
- Retailers are using **AI to tilt supplier negotiations** (Bain).
- **8%** of consumers already discover products through AI tools, growing fast (Zappi).

If your brand isn't optimized for AI recommendation, you risk **becoming invisible** in the next generation of commerce.

(The time to act is now. Not next year. Not after the next reorg. Now.)

Source: Bain Consumer Products Report 2025, Deloitte 2026 Retail Outlook, Zappi consumer survey December 2025

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Speed and connected consumer data matter more than ever before

The data throughout this report points to a consistent conclusion: the CPG companies that will win in 2026 are the ones that can connect consumer signals to business decisions — faster than their competitors.

That means connecting innovation data, advertising data, brand tracking data and consumer insights in a single system. Not in quarterly reports. In real time.

BCG found that leading CPG companies are already doing this — consolidating all consumer and commercial insights under one function to create a "holistic, 360-degree view across key growth drivers."

The opportunity isn't just about AI. It's about connecting the data that AI runs on. Growth uplift and margin improvements will come from more granular, data-driven marketing and sales execution — which requires connected insight systems.

The companies still operating with siloed research, disconnected testing and month-long insight cycles are bringing an outdated spreadsheet, deck or a PDF to an AI fight.

The biggest roadblock to AI action: data fragmentation

44% of companies hired for AI or data integration roles in the past year. Investment is real. But it's not translating.

41% cite data fragmentation as the #1 barrier to using insights effectively — ahead of converting insights to action (33%), budget constraints (33%), expertise gaps (29%) and time (26%). Without solving fragmentation, AI investments become expensive projects that fail to deliver.

Only 38% say their organization has connected, centralized insights. Half describe their insights as fragmented. 12% say disconnected.

Connected insights deliver a 24-point satisfaction gap. 75% satisfaction at connected organizations vs. 51% at fragmented and 48% at disconnected. Marketing-insights relationship satisfaction: 80% vs. 48% vs. 39%.

Connected organizations are also more likely to see AI as important (42% strongly agree vs. 30% fragmented and 24% disconnected).

1 in 3 companies restructured their insights function in the past year. But only 23% have a dedicated insights department. The rest spread insights across teams, individuals, or outsource it entirely.

Source: Zappi, Connected Insights Imperative 2025 (n=200+ marketing and insights professionals)

The AI action gap will determine which CPG brands win with consumers

- CPG shareholder returns have been cut in half — investors are punishing digital laggards (Bain).
- 90% of execs think about AI, but only 6% have a value-creation plan (Bain).
- From the marketing side: 70% expect AI to help, only 13% have it in widespread use (BCG).
- Only 35% have implemented gen AI (Infosys).
- 71% report talent scarcity, with consumer insights among the hardest skills to find (Infosys).
- Nearly 70% of CPG companies are consolidating insights under a Chief Growth Officer — unifying siloed functions into a 360-degree view (BCG).
- Companies that adopt AI in marketing see 25–40% faster workflows, 2x speed to market and up to 50% ROI improvement (BCG).
- The opportunity: 15pp EBITDA margin improvement (McKinsey) and 3–5pp sales growth (Bain) for those who invest in data-driven transformation.
- The risk: AI-mediated shopping could shut out brands that don't adapt (Bain).
- 68% of retail execs expect agentic AI deployment within 24 months (Deloitte).

The requirement: connected, real-time consumer insights powering faster, better decisions.

The implication: The companies that move now will define the next decade. The ones that wait will spend it trying to catch up.

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PART SEVEN

THE PATH FORWARD

CPG leaders must transform their businesses. Six big bets will unblock execution.

Six big bets for CPG leaders in 2026

PROVE VALUE, DON'T RAISE PRICES.

The era of price-led growth is over. 47% of consumers are value seekers (Deloitte). Growth must be earned through better products, smarter formats and clearer value communication.

INNOVATE TO DEFEND AGAINST TRADE-DOWN.

Private label isn't a recession behavior — it's structural. Insurgents captured 40% of US growth (Bain). Your defense is innovation and assortment, not cost-cutting.

SIMPLIFY YOUR PORTFOLIO.

69% of consumers would accept fewer options for savings (Zappi). Reducing SKU complexity lifts sales 2–5pp (Bain). Complexity is the enemy of speed.

MEET CONSUMERS WHERE THEY DISCOVER — BY GENERATION.

TikTok owns Gen Z at 45% (Zappi). TV owns Boomers. AI is emerging for everyone. A single-channel strategy fails every cohort.

BUILD AI AND DATA CAPABILITY — NOW.

90% think about it. 6% have a plan (Bain). The 15pp EBITDA opportunity is real (McKinsey) but requires connected data, skilled talent and organizational commitment.

CONNECT YOUR INSIGHTS TO ACT FASTER.

41% say data fragmentation is the #1 barrier to using insights effectively (Zappi). Only 38% have connected insights. Siloed research cycles are too slow for the speed the market demands.

Sources: Bain, McKinsey, Deloitte, PwC, Infosys, BCG, Zappi

Methodology

In December 2025, Zappi conducted a nationally representative survey of 2,000 US consumers leveraging the Zappi platform to assess consumer response to key market forces including pricing, brand preferences, health and wellness behaviors, social values, product discovery and tariff sentiment.

This Zappi-sourced primary data was combined with findings from publicly available reports by Bain & Company, McKinsey & Company, Deloitte, PwC, Infosys, NielsenIQ, BCG and other credible industry sources to provide comprehensive industry context.

The Connected Insights Imperative 2025 findings are based on a separate Zappi survey of 200+ marketing and insights professionals.

Demographics

Respondents of the Zappi consumer survey (December 2025) are 50% male and 50% female

Household income:

- <50,000/yr: **50%**
- $50,000 - $99,999/ yr: **31%**
- $100,000 - $149,999/yr: **10%**
- $150,000+/yr: **5%**

Age Groups:

- 18-25: **24%**
- 26-35: **21%**
- 36-45: **23%**
- 46-55: **21%**
- 56-75: **11%**

85% are the primary food purchaser in their household.

67% are shopping for 4+ people on a weekly basis

Midwest: **21%**

Northeast: **18%**

South: **45%**

West: **16%**

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About zappi

Connected insights for faster, better decisions

Zappi connects innovation testing, advertising testing and consumer insights in a single platform — giving CPG teams the speed and signal clarity they need to compete and win with consumers.

- Test ideas and ads with real consumers in **days, not months.**
- **Connect results across the portfolio** to see patterns, not just isolated data points.
- Use **AI-powered analysis to surface insights** faster and reduce manual research cycles.
- **Benchmark** against the **largest consumer insights database** in the industry.

The data in this report was generated using Zappi's platform — **surveying 2,000 US consumers** in December 2025 with results delivered in days. This is what connected insights look like in practice.

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What our clients are achieving

FORRESTER®

243% return on investment (ROI)

<6 months payback

Increase revenue from new products up to **7%**

$10.5m benefits PV

Based on a global B2C composite organization with $5 billion in annual revenue and 7,000 employees

Forrester Consulting
Total economic Impact (TEI)
study commissioned by Zappi

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For more data on connected insights, download The Connected Insights Imperative

GET THE REPORT

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Learn how Zappi can help your brand win with consumers

TALK TO US