# The New Rules of Relevance

***Eight Predictions** that will redefine CPG growth in a rapidly shifting marketplace*

**Steve Zurek**

March 2026

NIQ

**2020-2021**
*Pandemic*

Restrictions, Out of stocks, Forced trial, channel shifting, and brand shifting

**2022-2023**
*Inflation*

Continued channel and brand shifting, increase of private label

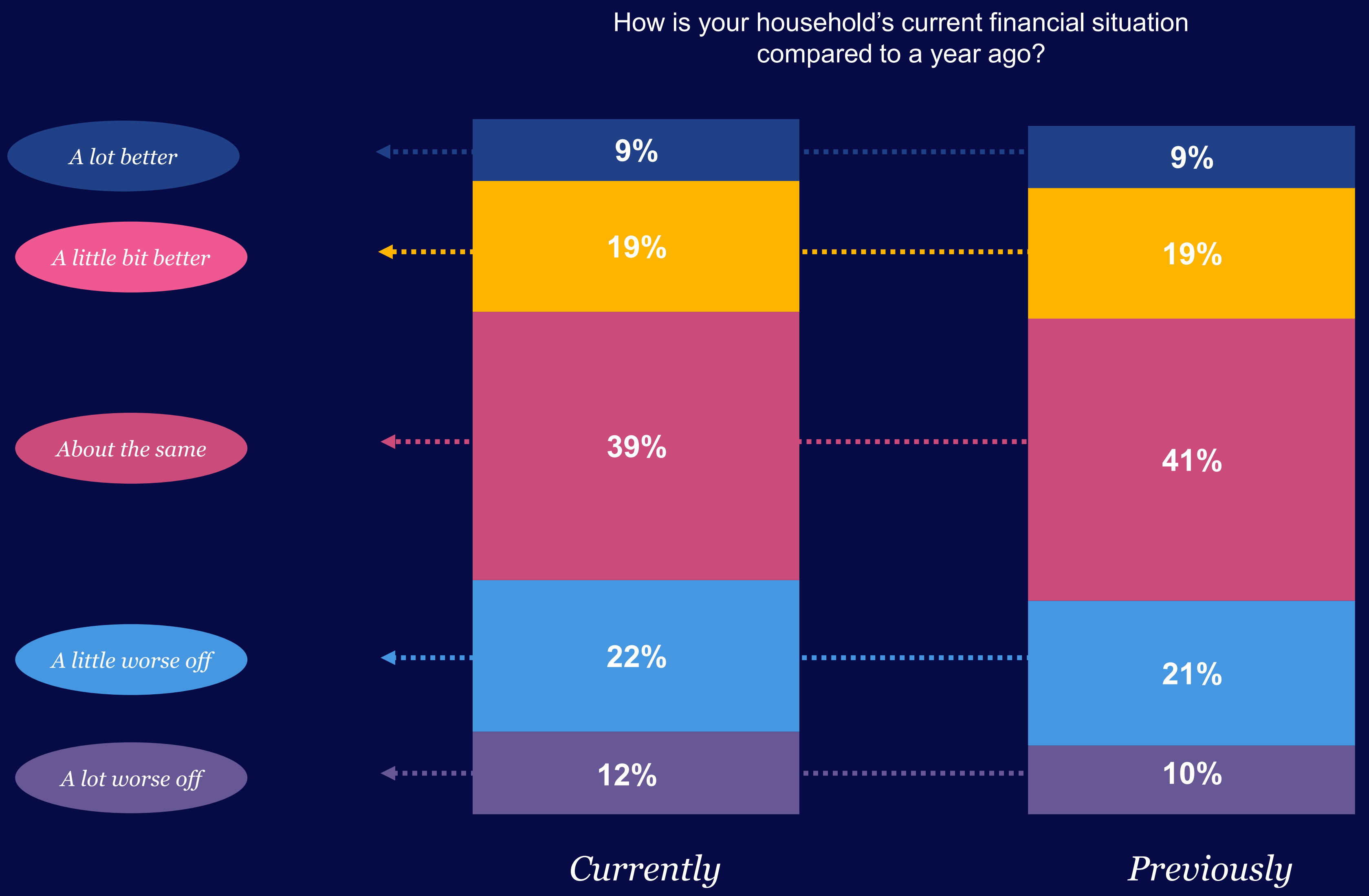
**2024-2025**
*Volatility*

Tariffs, economic downturn, geopolitical tensions, benefit cuts

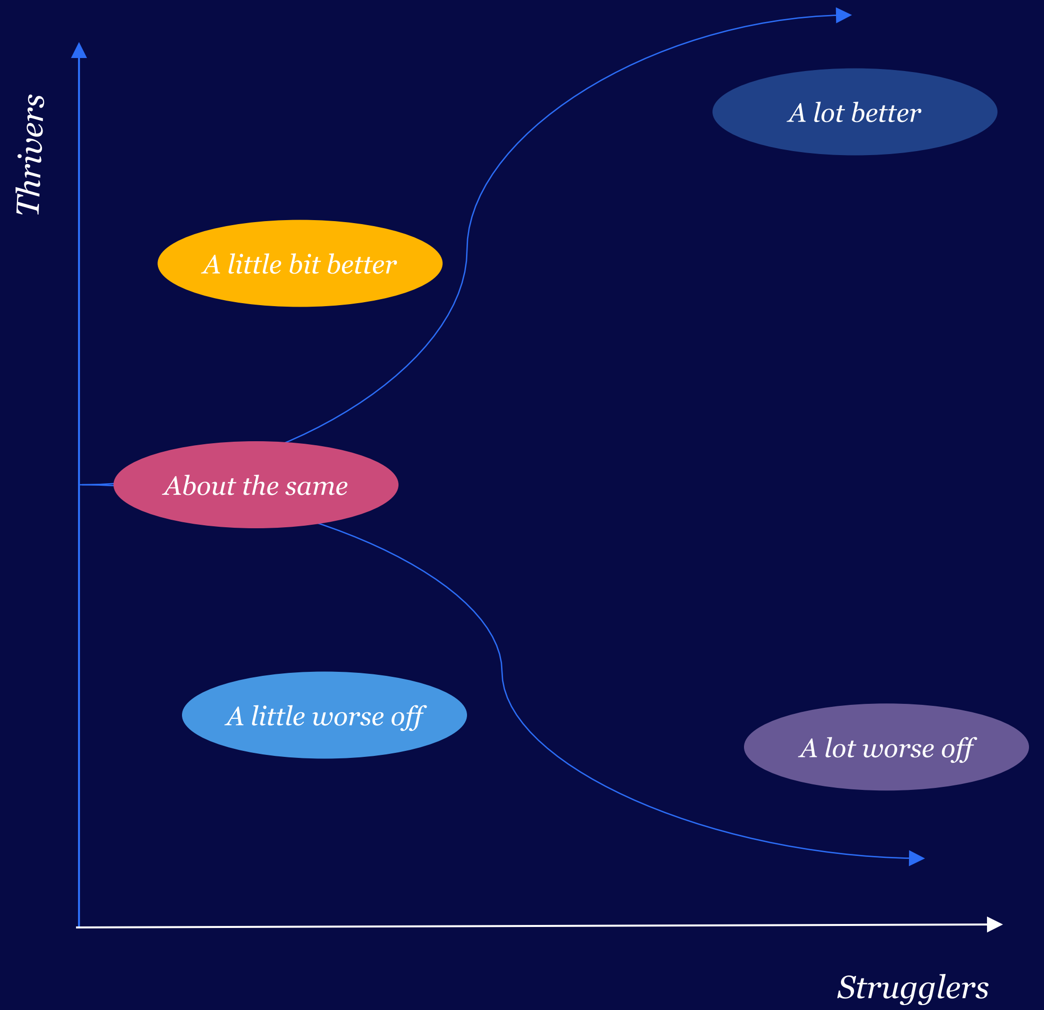
**2026+**

Expectations have changed *permanently* – NOT temporarily

# More consumers feel *worse off financially* than they did a year ago



# Value seeking and premium seeking will both accelerate in the K-shaped economy




*"Simply put, the upper part of the K refers to higher-income Americans seeing their incomes and wealth rise while the bottom part points to lower-income households struggling with weaker income gains and steep prices."*

**The Associated Press, Dec 1 2025**

*"Those at the bottom are living with the cumulative impacts of price inflation. At the same time, those at the top are benefiting from the cumulative impact of asset inflation."*

**Peter Atwater, Professor, William & Mary**

*"It is with some relief that we can see the economic outlook brightening, but with some discomfort that it is doing so in a very uneven way."*

**Laurence Boone, Chief Economist, OECD**

# Mid-tier will be squeezed; necessitating the need for a two-speed strategy

## Strugglers

*Have suffered financial insecurity and continue to do so today*

more

| | |
|---|---|
| 30% | Utilities |
| 24% | Transport costs |
| 23% | Groceries and household items |

less

| | |
|---|---|
| 51% | Clothing / Apparel |
| 48% | Out of home dining / eating |
| 46% | Out of home entertainment |

## Thrivers

*Saved money and feel more financially secure*

more

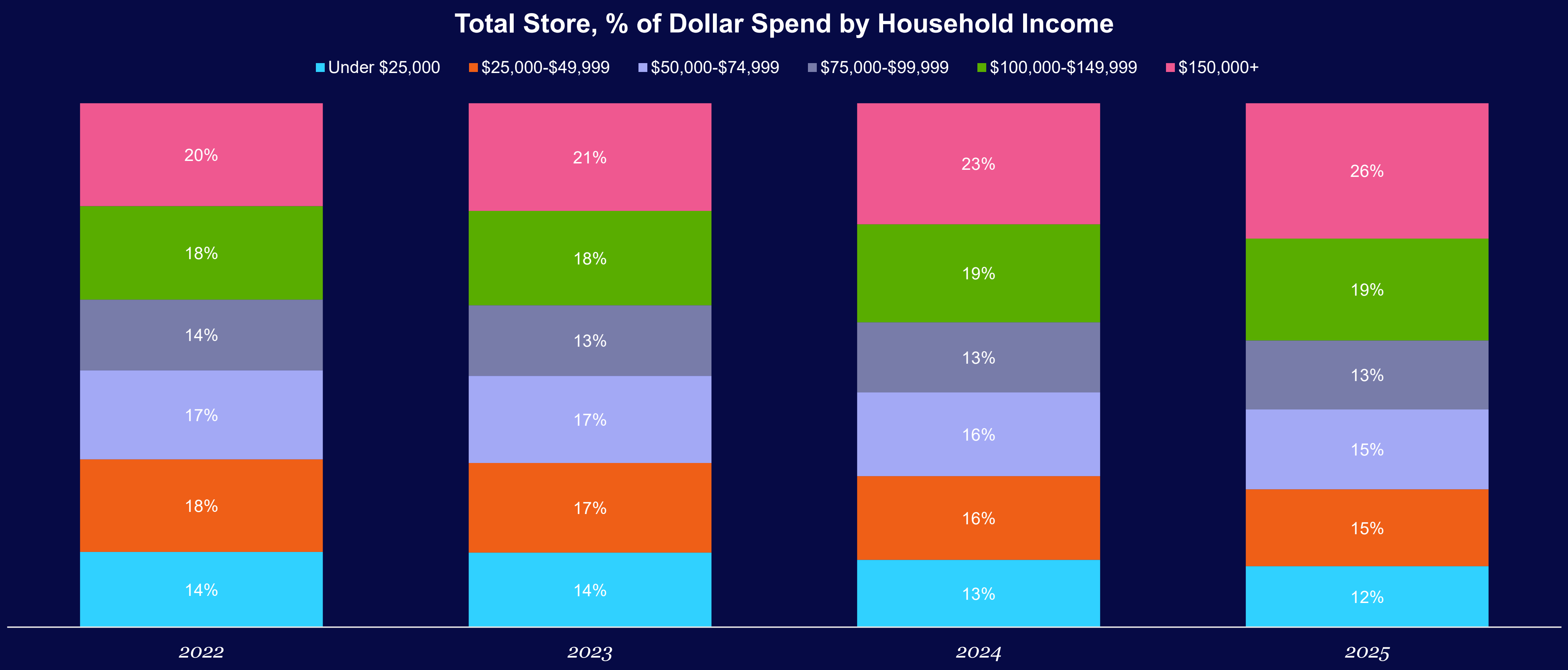
| | |
|---|---|
| 44% | Saving / Investments |
| 41% | Education for yourself or your kids / childcare |
| 40% | Groceries and household items |

less

| | |
|---|---|
| 22% | Out of home dining / eating |
| 22% | Out of home entertainment |
| 20% | Food delivery/ takeaways |

Source: NIQ 2025 Consumer Outlook (Global figures)

# Higher-income households are accounting for a larger portion of total sales and are widening the gap in spending growth compared to other income groups

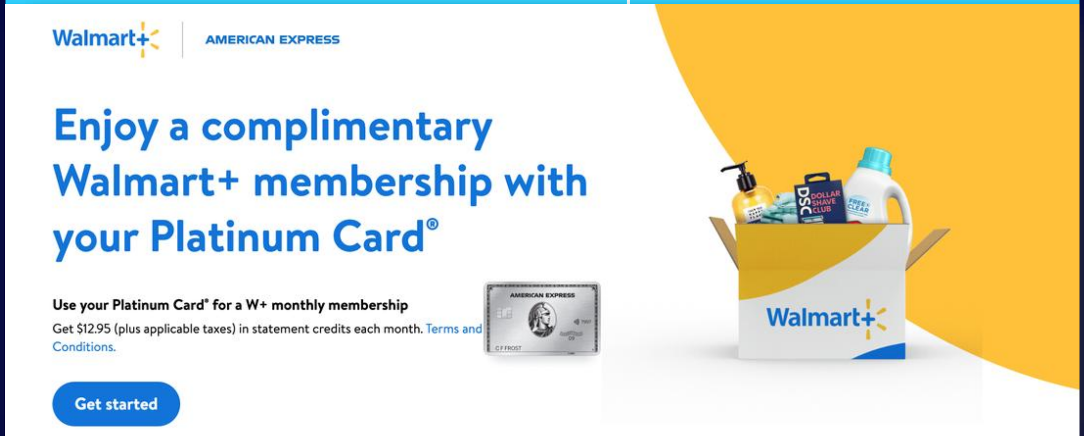




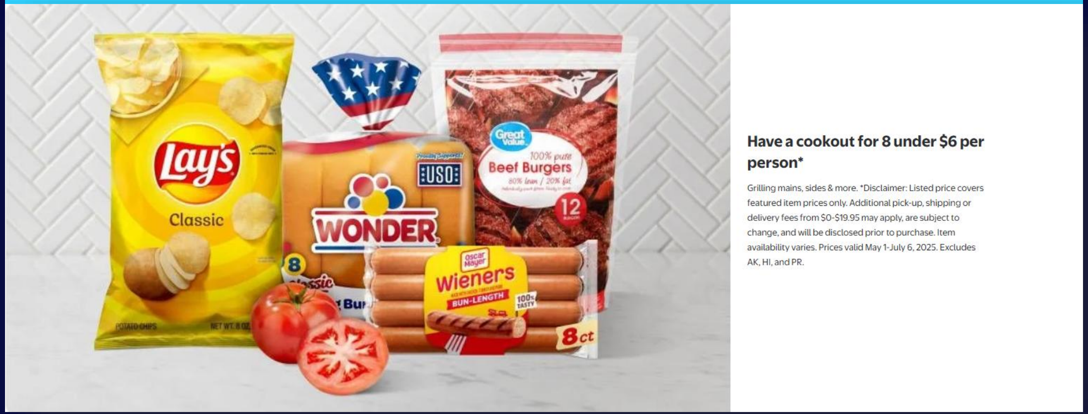

Dataset: NielsenIQ Panel On Demand Omnishopper | US Exp Osh - NDH Synd Full View - 444 5 yr | Entire Dataset

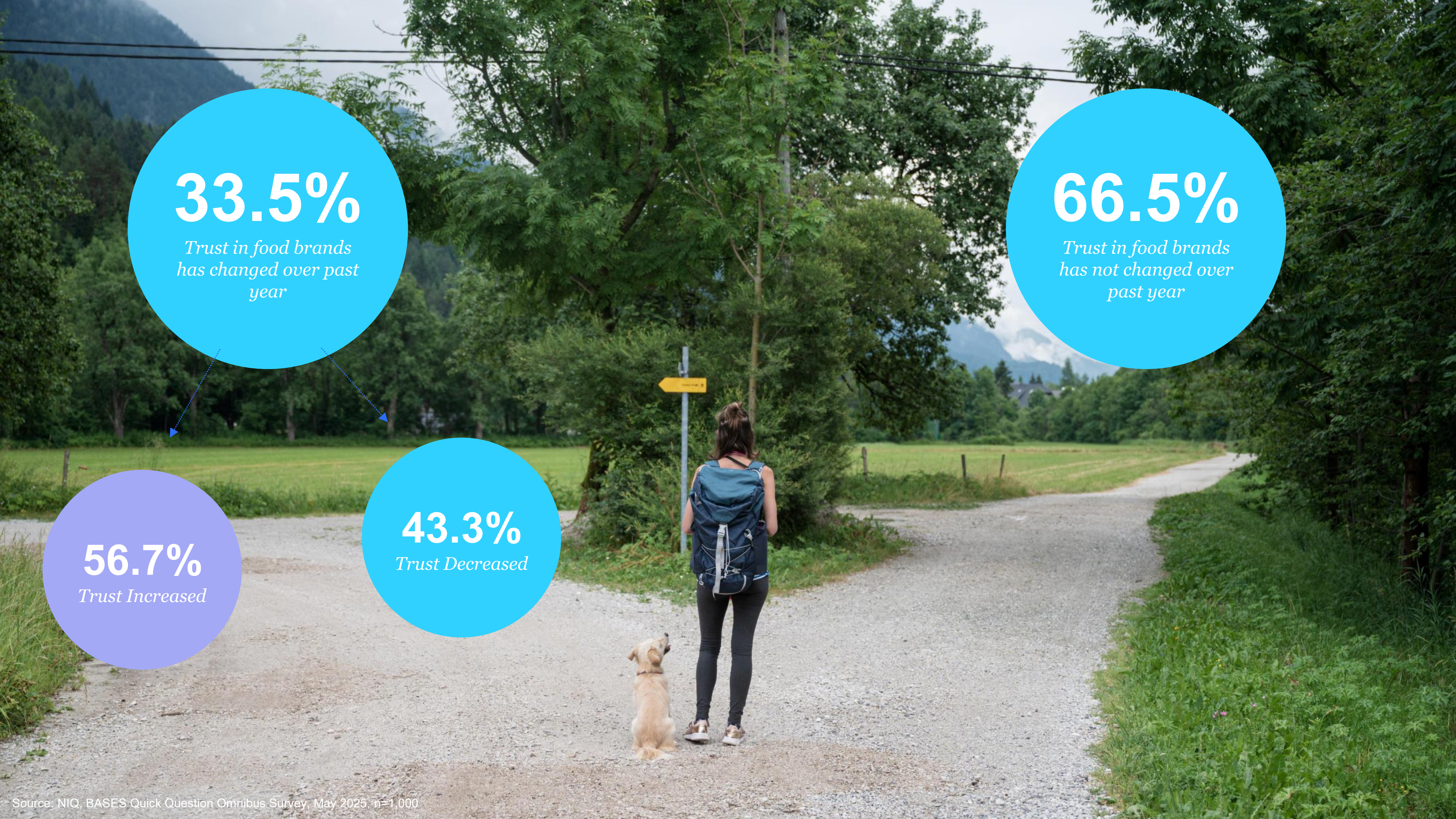
# It is possible to appeal to both parts of the “K” within the same business model

**Walmart Partners with Premium Credit Card:** Amex Platinum Cardholders ($900 per year annual fee card with typical holder earning $150K per year) On Year 4 of Receiving Free Walmart Membership




**Walmart Cookout Bundle:** Launched With Cost Conscious Messaging, Walmart Promoted a July 4th Cookout Bundle that Offered Full BBQ Spread for Less than $6 per Person





**33.5%**

*Trust in food brands has changed over past year*

**56.7%**

*Trust Increased*

**43.3%**

*Trust Decreased*

**66.5%**

*Trust in food brands has not changed over past year*

Source: NIQ, BASES Quick Question Omnibus Survey, May 2025, n=1,000

| | *Food Brand Trust Increased* | *No Change to Food Brand Trust* | *Food Brand Trust Decreased* |
|---|---|---|---|
| *Upper Income* | 138 | 94 | 78 |
| *Middle Income* | 95 | 101 | 104 |
| *Lower Income* | 68 | 104 | 121 |

Source: NIQ, BASES Quick Question Omnibus Survey, May 2025, n=1,000
Note: Index value ≥120 indicates above average significance, <80 indicates below average significance

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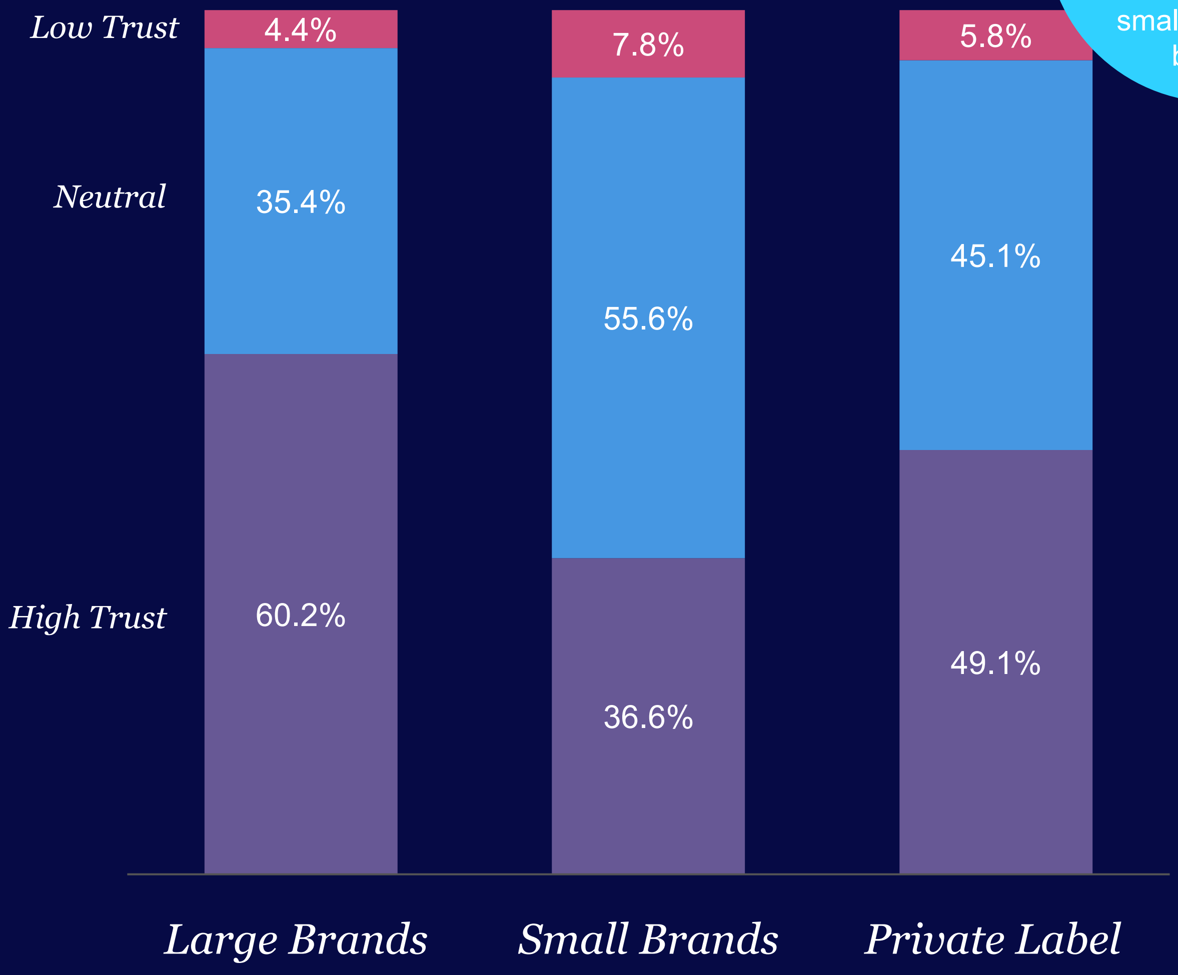
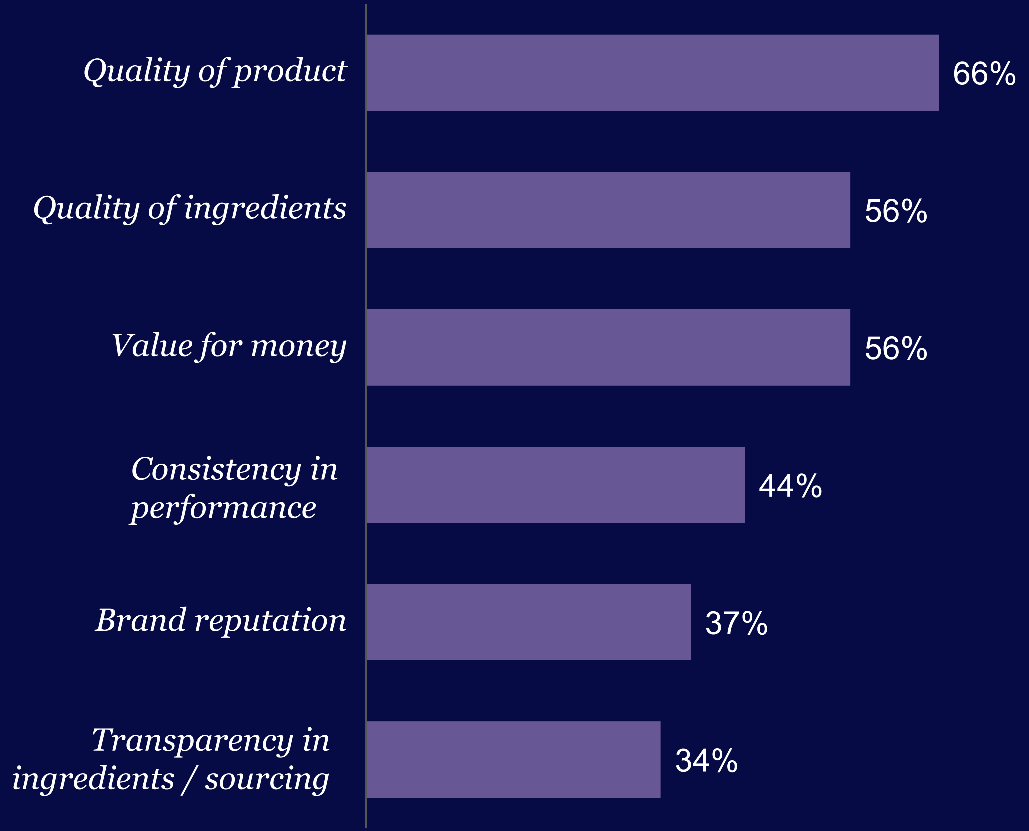
## Trust In Food Brands By Brand Type




Younger Consumers (Millennial and Gen Z) are more likely to have high trust in small/emerging brands

## Factors That Contribute The Most To Food Brand Trust




Source: NIQ, BASES Quick Question Omnibus Survey, May 2025, n=1,000

# 2026 Predictions

## Sales Volume Pressures Continue

Price increases in 2024 and early 2025 helped protect dollar sales, but price elasticity is now largely exhausted. With fewer pricing levers available, 2026 growth must come from volume gains in a declining consumption environment, raising the bar on innovation, relevance, and execution.

## Meh! on Tariffs

The whiplash of tariff announcements in 2025 that caused wild market reactions are now part of the background noise. There will be more announcements and repeals, but the effect on every day living for consumers will be muted.

## Store Brands Grab Share

Store brands will up their tactics to grab share from national brands. 80% of shoppers indicate store brands are at parity or better than national alternatives. Shoppers are more invested in their decisions during stressful economic periods and will look for alternatives more aggressively.

## K Shape Economy

Demand will split further as higher income thrivers fuel premium, experiential, and wellness growth while lower income strugglers stay price driven after years of inflation. Brands must serve both: strong value tiers and price pack architecture on one side, faster premium innovation and storytelling on the other. Winning requires true portfolio bifurcation.

## Think Smaller Households

Nearly 133 million people fall into the Gen X and Boomer cohorts. These households are getting smaller and are buying for reduced consumption rather than stockpiling. 58% of Gen Z is 18 or older, which represents ~ 41 million people. They are delaying getting married, buying houses and kids. What this means is 52% of the people in the United States live in small households and need packs that fit consumption.

## Embrace The Shift

Gen X and Boomer trends are forcing smaller pack sizes as they buy for items they know they can completely consume, reducing waste. Promoting large sizes, multiple unit price points and "pantry loading" will fall flat with these shoppers. Understanding shopper mix, basket size and item mix trends and promotion efficiency could uncover opportunities to reach these shoppers.

## Less Shoppers in Stores

Click-and-collect ignited a low-friction shopping revolution. Shoppers want time back, and digital promos now outperform in-store offers because they're easier to find and use. Rising online redemption rates demand close tracking, while retail media networks are becoming the new impulse aisle shaping last-second buying decisions.

## AI Talking to AI

Shoppers are already using Artificial Intelligence, and it's allowing them to shop "across" the market. Finding the best deal, finding inspiration, shopping for gifts by age group and gender are only the beginning. Be ready for AI to take over the trip, buying routine items with modeled use up rates based on past purchases. Think of entire grocery lists on subscription.

NIQ Sources: NIQ Quick Question Survey, NIQ Omnishopper Panel, Pew Research Center

# Paths for Growth

## Big Brand Path

1. **Let Small Brands Inform Your Innovation Playbook** - Watch how they launch, iterate, and refine. There's real value in a thoughtful second-mover strategy, building on what's resonating instead of starting from scratch. You can scale faster and smarter when you improve on proven ideas.
2. **Treat M&A as a Growth Engine, Not a Brand Slowdown** - For many small brands, you are the natural exit strategy. Acquiring one can bring in new consumers and fresh relevance, but only if you preserve what made the brand successful. Too often, acquisitions get absorbed into the corporate machine and lose their spark.
3. **Buy the brand But Protect Its Identity** - Use your marketing and distribution muscle to help it grow, while keeping its voice, pace, and authenticity intact. Shoppers increasingly expect transparency, originality, and a story that feels genuine.

## Small and Medium Sized Brand Path

1. **Make Incrementality Your Superpower** - Nearly 40% of category incrementality is coming from brands under 2% share. That's your pitch. Retailers don't want reshuffling, they want growth. Walk into every meeting showing how you expand the category, not cannibalize it. That narrative is your ticket to more doors and more shelf space.
2. **Win on Quality Without Punishing the Shopper** - Inflation fatigue is real. Shoppers are looking for brands that over-deliver better ingredients, better experience, better value without sneaking in a price spike. Be the brand that surprises them in a good way.
3. **Innovate Boldly or Store Brands Will Catch You** - If you're playing it safe, you're making it easy for private label to follow. Differentiate with intentional packaging, unique formats, elevated usability, and bolder flavors. Make it hard to copy you and easy for shoppers to remember you.
4. **Start Where the Competition Isn't** - Alternate channels can build brand heat without the heavy distribution costs. Specialty pretzels in home centers? Odd on paper. Brilliant in practice. These unexpected placements create curiosity, conversation, and organic pull-through.
5. **Let Social Proof Do the Heavy Lifting** - Your goal isn't just to be on social it's to be unavoidable. The smartest money you can spend early on is hiring an agency that knows how to create viral moments. Build a brand so culturally loud that retailers come to you asking to carry it. Influence drives velocity before a single case hits the shelf.