NIQ Perspectives

Fresh, Pantry & Naturals

May 14th, 2026

Retailer Preference:

Store choice in a diverging economy

Background:

Macroeconomic signals suggest that demand remains resilient, but consumers are becoming more bifurcated in how they plan and execute spending.

This polarization is translating into more purposeful store choices, with shoppers seeking formats that clearly support the mission of each trip.

Additional factors to consider:

- Inflation accelerated in April to +3.8% YoY, keeping daily budgets under pressure.[2]
- Energy drove April inflation, with prices up +3.8% MoM and gasoline up +5.4% MoM, extending March's surge and increasing pre-trip budget volatility.[2]
- Nominal wage growth is positive but moderating, with average hourly earnings +0.2% MoM, limiting the ability to absorb new cost spikes.[3]
- Purchasing power remains fragile, as real average hourly earnings fell -0.5% from March to April 2026.[4]
- Spending capacity is increasingly concentrated, with estimates showing the top 10% of households driving ~49% of consumer spending, amplifying differences in trip behavior across income groups.[5]

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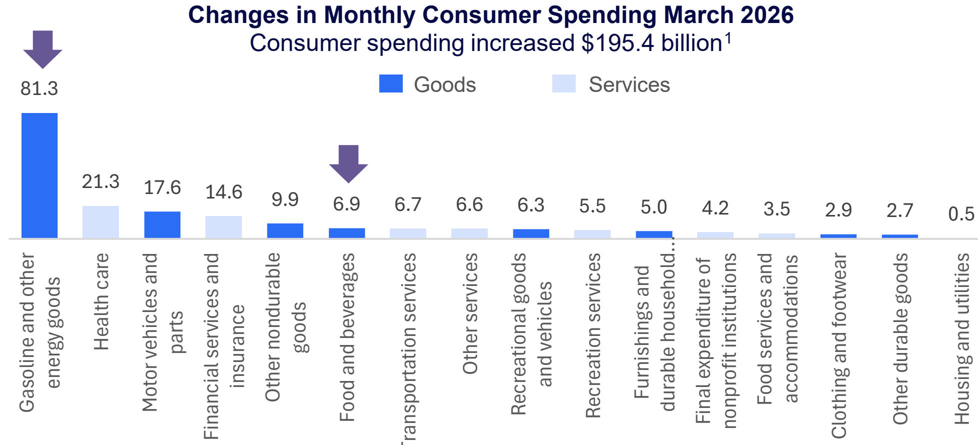
Implications for the Food & Beverage Industry

Inflation is reshaping trip decisions

Consumers across income levels continue to face sustained price pressure, as wage growth has not kept pace with rising everyday costs. In March 2026, spending on gas rose nearly 12 times faster than spending on food, making budgets tighter. These headwinds are forcing consumers to make more deliberate trade-offs in where they shop and what they put in their baskets.

Changes in Monthly Consumer Spending March 2026

Consumer spending increased $195.4 billion[1]



Billions of dollars, seasonally adjusted annual rates

Trip missions are shifting share across retailer tiers

Shoppers are increasingly gravitating toward both Premium and Value retailers, applying different cost-management strategies based on their needs. The products they prioritize are playing a larger role in determining where they shop, driving share gains for retailers that deliver either value through low prices and deals or a differentiated experience and assortment. Store choice is becoming more fluid and frequent, with 46% of shoppers changing their primary grocery store in the past 12-24 months and 68% shopping at 2-3 retailers per week.[6]

Premium Retailers[7]
(Premium price & focus on store perimeter)

Total Store $ Sales Growth Rate
+7.7% vs YAG

Share of Wallet
19.2% +0.4 pts vs YAG

Conventional Retailers
(Hi/Mid- price & large assortments)

Total Store $ Sales Growth Rate
+2.3% vs YAG

Share of Wallet
55.4% -1.7 pts vs YAG

Value Retailers
(EDLP/ low price & prioritize convenience)

Total Store $ Sales Growth Rate
+11.6% vs YAG

Share of Wallet
24.8% +1.4 pts vs YAG

Ethnic Retailers
(Mid/Low/EDLP prices & unique assortments)

Total Store $ Sales Growth Rate
+3.9% vs YAG

Share of Wallet
0.7% -0.01 pts vs YAG

Sources: 1: U.S. Bureau of Economic Analysis (BEA); Personal Income and Outlays March 2026, 2: U.S Bureau of Labor Statistics (BLS) Consumer Price Index April 2026 Results, 3: U.S Bureau of Labor Statistics (BLS) Current Employment Statiscits (CES) April 2026, 4: U.S Bureau of Labor Statistics (BLS) Real Earnings Report April 2026, 5: US Federal Reserve Bank of Minneapolis, "Have U.S. consumers gone K-shaped?" March 2026, 6: NIQ, BASES Quick Question Omnibus Survey, n=2,007, May 2026; 7: NielsenIQ Panel On Demand Homescan | US HS - NDH Syndicated UPC+TSV Full View - 444 3yr | Entire Dataset | Latest 52 Wks - w/e 03/21/26 Dollar $ change vs YA and Dollar Share by Retail Segments

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The market is shifting fast. Your decisions should move faster.

NIQ can help.

Right message: Identify the trip missions that are growing by retailer segment, then activate the claims that pull shoppers into the store.

Right assortment: Rebalance shelves for polarized demand, with clear roles for brands and private label, stronger opening price points, clear premium offerings, and fewer "middle" duplicates.

Right price: Build clean price ladders and pack architectures that protect key items while preserving credible trade-up paths.

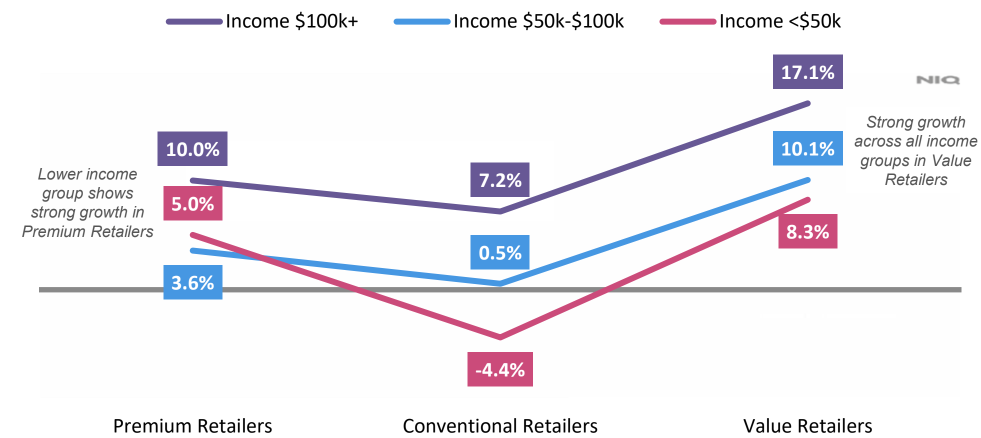
Right innovation: Focus innovation where shoppers still pay for relevance, such as differentiated health benefits, then tailor launches by format so winning ideas scale.

Right projections: Forecast mix shifts across Value, Conventional, and Premium segments to reduce availability risk and allocate investment to the highest-return opportunities.

Income does not predict store choice

Across all income groups, there are both thrivers and strugglers. Some lower-income shoppers are selectively trading up to Premium retailers for priority items, while higher-income shoppers are trading down to Value retailers for lower-priority goods. This rise in cross-shopping reflects a more intentional approach to spending, as consumers seek the best combination of quality and price. As a result, Conventional retailers are facing growing pressure, as the traditional "one-stop shop" model loses appeal.

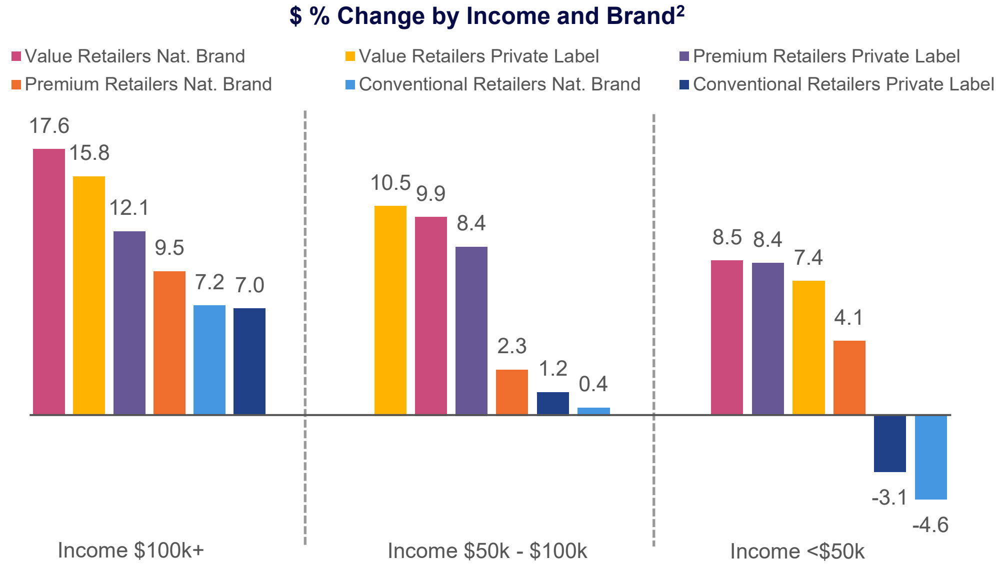
$ % Change by Income and Retailer[1]



Shoppers trade down to Value Retailers

Households across income levels are increasingly turning to Value retailers to stretch their budgets, driving broader and more universal appeal for these formats in a challenging environment. At the same time, lower-income shoppers are allocating more spend toward private label offerings at Premium retailers to balance quality and affordability. This behavior underscores a more strategic approach to shopping, with consumers using both store choice and private label to manage trade-offs. Conventional retailers continue to feel pressure as they are squeezed between Premium and Value competitors.

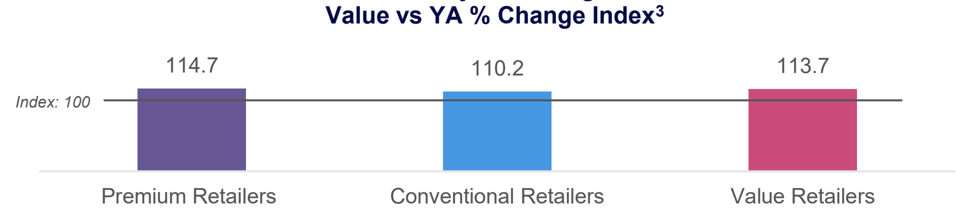
$ % Change by Income and Brand[2]



"Better For" remains a chosen premium

Shoppers are becoming more selective about what earns a premium, and "Better For" continues to justify incremental spend because the benefits feel credible and worth the premium. Growth in these items across Value, Conventional, and Premium segments signals an opportunity to drive loyalty by making benefit-led assortments consistently available, easier to shop, and a clear point of differentiation for retailers.

Better For by Retail Segments
Value vs YA % Change Index[3]



Looking for more?

Macro conditions are reshaping store preference by changing what shoppers prioritize on each trip and how they manage trade-offs in the basket. As budgets tighten and spending power concentrates in higher income groups, Value and Premium formats are winning more intentional trips, increasing pressure on Conventional formats to remain relevant. Income is no longer a reliable predictor of behavior, as shoppers across segments trade down in some categories while paying a premium for benefits that matter, including "Better For" products. Competition now extends beyond the aisle, with price ladders, private label quality, and trip clarity across nearby retailers determining where shoppers land. Leaders who adapt fastest will win by aligning messaging, assortment, and price architecture to the evolving missions driving cross-shopping.

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Source: 1: NielsenIQ Panel On Demand Homescan | US HS - NDH Syndicated UPC+TSV Full View - 444 3yr | Entire Dataset | Latest 52 Wks - w/e 03/21/26, Retail Segments Dollar % change by Income groups, 2: NielsenIQ Panel On Demand Homescan | US HS - NDH Syndicated UPC+TSV Full View - 444 3yr | Entire Dataset | Latest 52 Wks - w/e 03/21/26 Private Label and National Brands by Dollar % Change by Income groups, 3: NielsenIQ Panel On Demand Homescan | US HS - NDH Syndicated UPC+TSV Full View - 444 3yr | Entire Dataset | Latest 52 Wks - w/e 03/21/26 "Better For" NPI Characteristic Dollar Change Index By Retail Segments. Better For You defined using NIQ's 'Better For' Product Segmentation, including better for you, better for the environment, and better for society

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