



# What matters to today's consumer

2025 consumer behavior tracker for the  
consumer product and retail industries

# Table of contents





# Executive summary

Technological innovation, shifting financial priorities, and increasing sustainability awareness drive the evolution of consumer preferences and purchasing behaviors. This report identifies key trends shaping the consumer landscape.

## **Consumer clusters: A new way to categorize buyer behaviors.**

We identified five distinct behavior clusters based on the sub-themes on which questions were asked in the consumer survey. Each cluster presents unique opportunities for targeted marketing strategies, reflecting their distinct lifestyles and priorities. The Gen Z consumers are present in three different clusters and exhibit different behaviors.

## **Paths to discovery: How the consumer finds products is changing**

### **Gen AI gains traction with the consumer**

Generative AI (Gen AI) is transforming shopping experiences, with nearly one in four consumers using generative AI to shop

and 68% of consumers prepared to act on its recommendations. The preferences of younger cohorts, particularly Gen Z and millennials, for hyper-personalization and seamless digital experiences are driving this trend.

- Nearly 60% of consumers have already replaced traditional search engines by Gen AI tools for product recommendations
- More than 50% of consumers use visual and voice for product searches and purchase.
- Increased Gen AI usage is not meeting needs as consumer satisfaction has reduced

### **Personal and planetary wellbeing: How sustainability and eating habits influence consumer choices**

Sustainability is a critical factor in purchasing decisions for 64% of consumers overall. Initiatives such as carbon labelling and food-waste reduction resonate strongly.

- The proportion of consumers who have paid a premium of 1-5% more for sustainable products this year has shifted from 30% to 38%.
- 71% of consumers are aware of the contribution of food waste to environmental issues.



# Executive summary

## Social commerce is the retailer's route to Gen Z

Platforms such as Instagram and TikTok are reshaping retail, with 53% of Gen Z purchasing new products through social media.

- The share of consumers purchasing new products or brands through social media increased from 24% in late 2023 to 32% in late 2024.
- 27% of consumers say they frequently use social media for customer service
- 68% of Gen Z consumers have discovered a new product/brand on social media.

## Retail media networks: Capturing the shopper's attention

Retailers are channeling investment operations. Advertisements on retailers' apps and websites garner the highest attention across all channels.

- 67% of consumers notice ads on retailer websites or apps when they search for a product, compared with 63% on social media.
- Online adverts, while shopping, influenced nearly one-third of online purchases.

## How are people shopping?

### Make it snappy: The growing demand for quick commerce

Quick commerce, supported by advanced logistics and AI, is set to dominate, with consumers willing to pay for speed.

- Consumer preference for quick delivery has surged significantly over the past two years. The share of consumers stating 2-hour delivery as an important service attribute when they shop for jumped from 34% in 2022 to 65% in 2024.
- Overall, consumers are willing to pay 9% of the order value for 2-hour delivery this year, up from just 6% the previous year.

# Executive summary

## Seeing the light: The beginning of the end of the cost-of-living crisis?

Although the cost-of-living crisis continues to impact consumer sentiment, things are slowly improving. However, consumers still seek discounts, both online and in-store. Private-label sales are on the rise as consumers look for more affordable options.

- 64% of shoppers visit multiple physical stores looking for deals, up from 56% last year.
- Currently, 65% of consumers buy private-label or low-cost brands, up from 63% last year.
- 73% of millennials expect retailers to provide alerts when brands reduce the weight of a product without reducing the price ('shrinkflation').

## The grass is greener: Why consumers are switching brands

- 70% of consumers globally switch to try new brands. Another major reason for switching brands, as stated by 65% of consumers, was that membership programs and shared preference data failed to result in a better experience.
- Two-thirds of consumers will switch food brands for higher nutrition scores.

To remain competitive, brands and retailers must augment Gen AI tools to become more consumer-centric, use technology to boost resilience and sustainability and lower prices, leverage social and retail media networks as a keyway to engage and influence early in the consumer journey, and bridge the gap in consumer education and trust with transparent collaboration across all partners.

# Who should read this report and why?

This report will be particularly helpful to chief executive officers, chief marketing officers, chief information officers, chief technology officers, chief sustainability officers, and chief data officers from the consumer product and retail sector, for those involved with for AI and Gen AI, innovation and analytics, consumer experience, supply chain and social commerce.

This report is the fourth in our annual research series that examines evolving consumer behaviors. It is based on:

- **Findings from a comprehensive global survey of 12,000** consumers aged 18 and over across 12 countries: Australia, Canada, France, Germany, India, Italy, Japan, the Netherlands, Spain, Sweden, the UK, and the US.
- **Cluster analysis** of the 12,000 consumers to understand the key demographic and behavior characteristics of the clusters. We used the K-means (K = number of clusters) algorithm, an unsupervised

learning technique, to group consumers and identified five distinct behavior clusters based on the sub-themes on which questions were asked in the global consumer survey.








**To learn more about the cluster analysis, please refer to the cluster analysis description.**



# 01 | Consumer clusters: A new way to categorize buyer behaviors

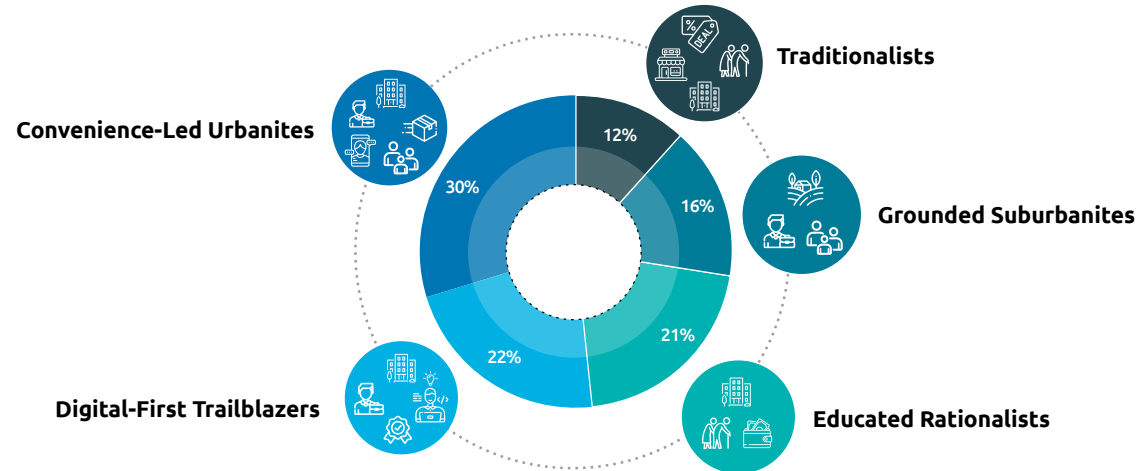


We identified five distinct behavior clusters based on the sub-themes on which questions were asked in the consumer survey:

	Usage of Gen AI
	Social media influence
	Sustainability impact
	Online advertisements
	Cost of living
	Loyalty
	(Last-mile) convenience

**Figure 1.**

Consumer trends clusters



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

The Gen Z consumers are present in three different clusters and exhibit different behaviors. (Figure 2). The purpose of clustering is to divide a set of data points into broadly homogeneous groups.

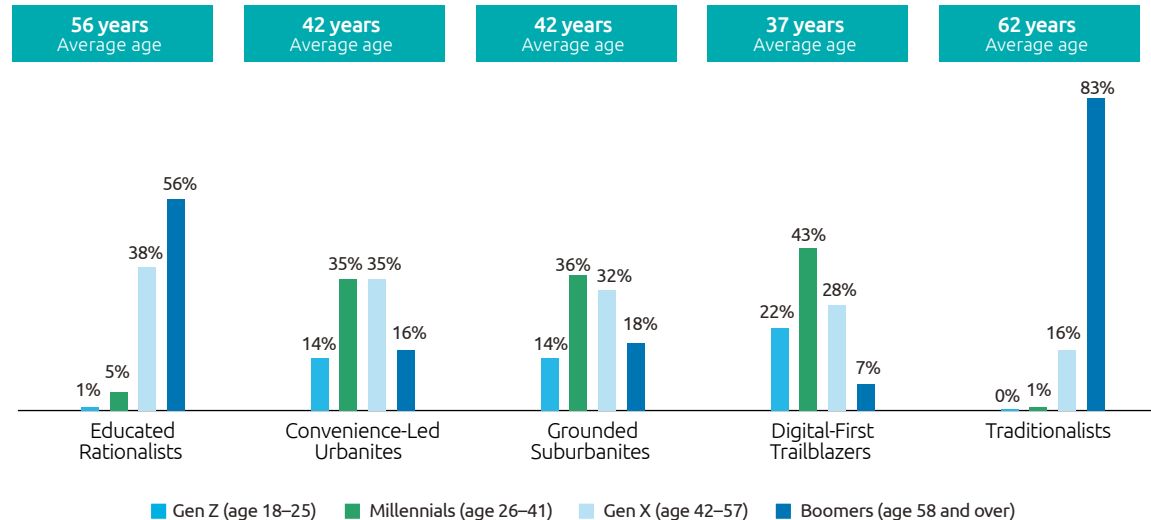
Each cluster presents unique opportunities for targeted marketing strategies, reflecting their distinct lifestyles and priorities. We created a cluster analysis and used the K-means algorithm (K = number of clusters). This is an unsupervised learning technique to group data points. The algorithm operates as follows:

- Randomly initialize K points, referred to as means or cluster 'centroids.'
- Categorize each item to its nearest mean and update the mean's coordinates, which are the averages of the items categorized in that cluster.
- Repeat the process for a specified number of iterations to obtain the finalized clusters.

**Figure 2.**

Cluster segmentation by age groups

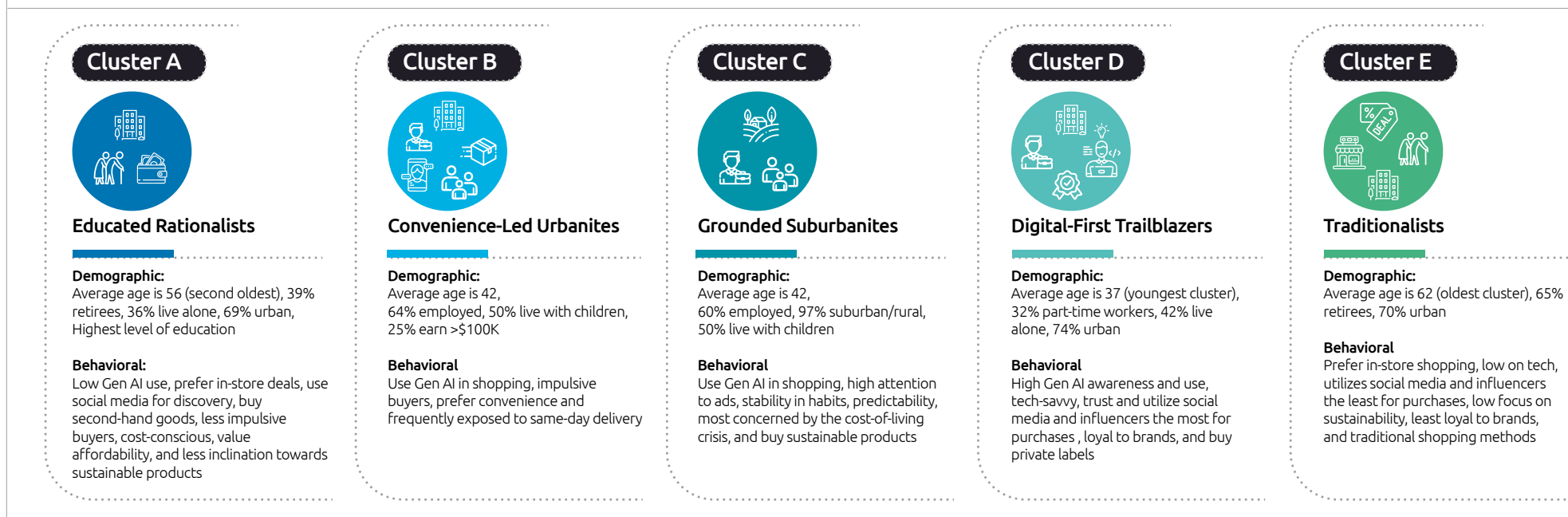
### Cluster analysis (by age)



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

**Figure 3.**

Cluster segmentation by demography and behavioral attributes



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.





02

## Paths to discovery: How the consumer finds products is changing



# Gen AI gains traction with the consumer

## One-quarter of consumers have used Gen AI in shopping

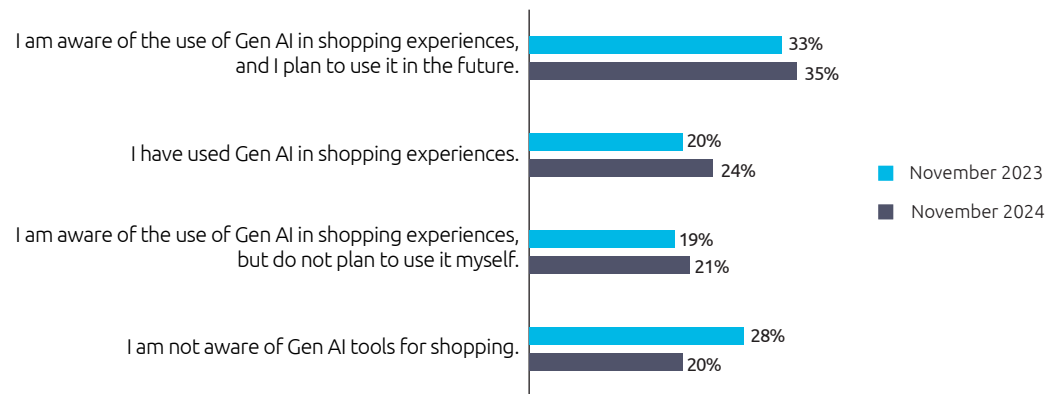
Gen AI is driving innovation in both online and in-store experiences. AI (including Gen AI) in the retail market will have a market size of around \$85 billion by 2032.<sup>1</sup> Yael Cosset, CIO and SVP, Kroger, says: *"I believe Gen AI is already impacting and will continue to impact the grocery industry broadly and in a transformational way. We continue to use AI and Gen AI across the business for improvements such as more relevant creative marketing content, better search outcomes on digital platforms, greater personalization for customers, easier solutions for our associates, and many more areas. Like all technology, we view AI as a resource for our customers and associates to improve our human connections, not replace them."*<sup>2</sup>

Around one-quarter (24%) of consumers used Gen AI in shopping experiences, compared with 20% last year. This figure is higher, at 45%, for Gen Z (age 18–25), 41% for millennials (age 26–41), and 25% for Gen X (age 42–57) and boomers (age 58 and over) combined. Younger consumers, particularly Gen Z and millennials, use Gen AI in shopping, indicating a shift toward tech-savvy retail experiences. This trend suggests that brands should adapt to meet the needs of these digital natives, while older generations may require more exposure and assistance to engage fully.

**Figure 4.**

One-quarter of consumers have used Gen AI in shopping

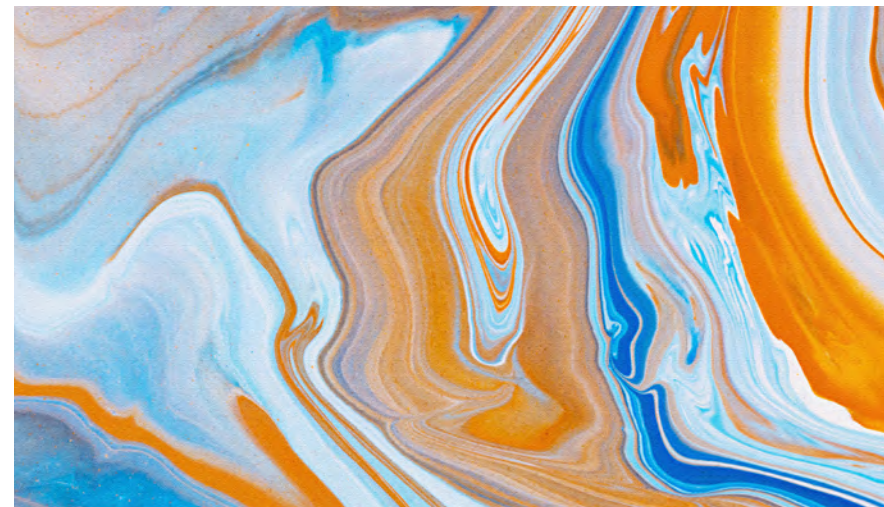
#### Share of consumers who agree with the statements below:



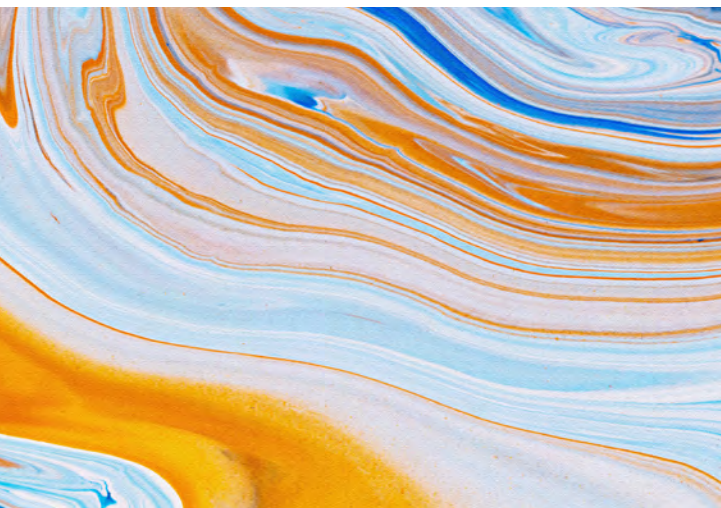
Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers, Capgemini Research Institute, *What matters to today's consumer*, January 2024.

# 51%

of Digital-First Trailblazers cluster have used Gen AI in shopping experiences



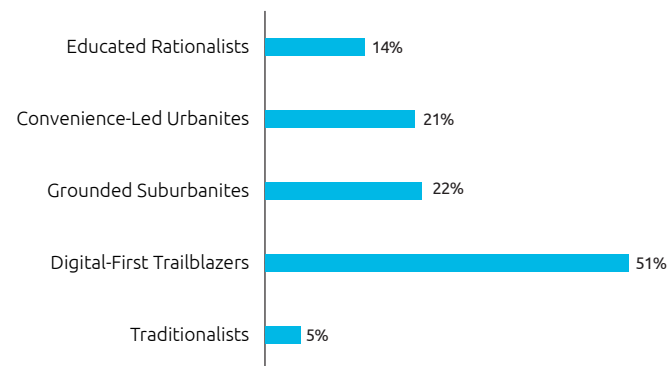
The Digital-First Trailblazers cluster is by far the most likely to use Gen AI in shopping experiences, at 51%, with other clusters ranging from 5% to 22%. We note that 74% of this cluster lives in urban areas and has the lowest average age across all clusters at 37. This cluster has reshaped its shopping behaviors in response to the cost-of-living crisis and searches extensively for discounts online and in-store (figure 5).



**Figure 5.**

Just over half of Digital-First Trailblazers have used Gen AI in online shopping

#### Consumers who have used Gen AI in shopping experiences



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000; N = 2,909 consumers who are aware of the use of Gen AI in shopping experiences and have used it already; Educated Rationalists cluster = 336 consumers; Convenience-Led Urbanites cluster = 745 consumers; Grounded Suburbanites cluster = 412 consumers; Digital-First Trailblazers cluster = 1,348 consumers; Traditionalists cluster = 68 consumers.

## Three-quarters of consumers are open to Gen AI shopping recommendations

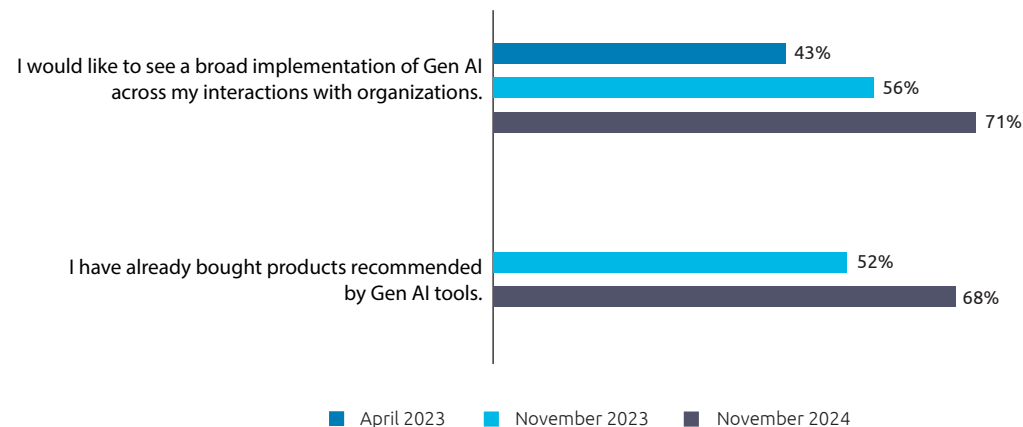
As consumer trust in Gen AI grows, they expect to see its influence on their shopping experiences. In a notable response, Walmart has opened access to a Gen AI tool that allows shoppers to search by specific use case, theme, or idea.<sup>3</sup>

Three-quarters (75%) of consumers are open to Gen AI recommendations, compared with 63% last year. An impressive 71% of consumers would like to see Gen AI integrated into their shopping interactions, compared with 56% last year. This year, we also see that 68% have bought products recommended by Gen AI recommendations, compared with 52% last year (figure 6).

**Figure 6.**

68% of consumers have purchased on Gen AI recommendations

### More shoppers are using Gen AI to make purchase decisions



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000, N = 2,909 consumers who have used Gen AI in shopping experiences, Capgemini Research Institute, *What matters to today's consumer*, January 2024.



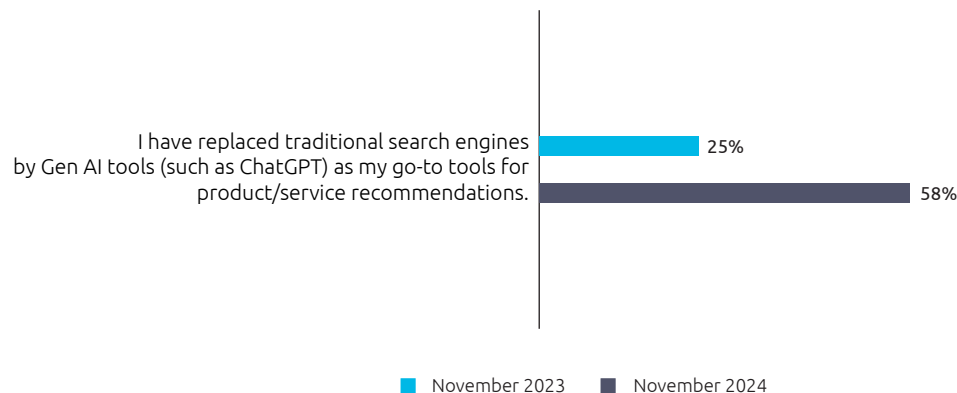
## Nearly 60% of consumers have already replaced traditional search engines by Gen AI tools for product recommendations

Nearly half (46%) of consumers say they are enthusiastic about the impact of Gen AI on their online shopping, with 58% saying they have replaced search engines by Gen AI tools for product recommendations. Moreover, 68% of consumers want Gen AI tools to aggregate search results from online search engines, social media platforms, and retailers' websites to provide a one-stop-shop for highlighted purchase options.

**Figure 7.**

58% of consumers have replaced traditional search engines with Gen AI

**Consumers who have replaced traditional search engines by Gen AI tools (such as ChatGPT) their go-to tools for product/service recommendations**

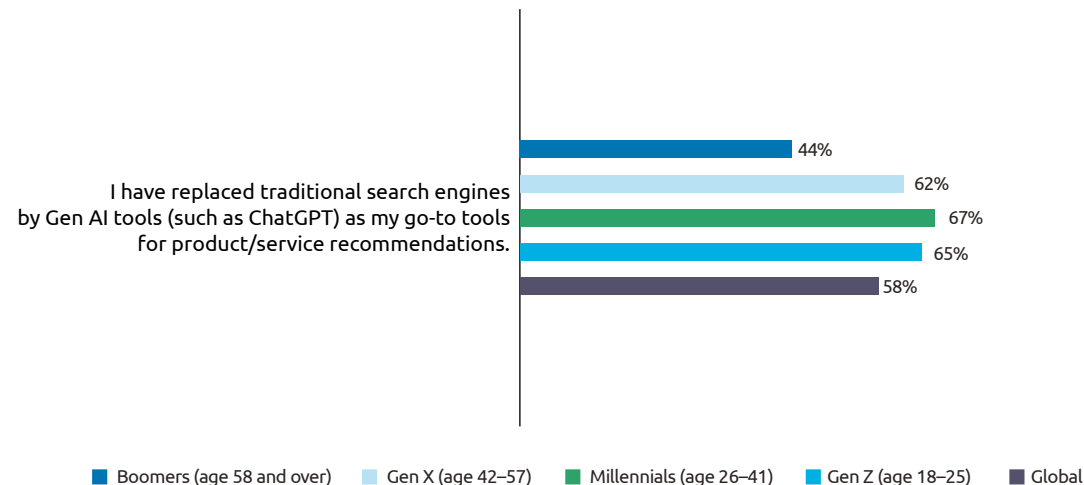


Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers, Capgemini Research Institute, *What matters to today's consumer*, January 2024.

**Figure 8.**

58% of consumers have replaced traditional search engines by Gen AI tools

### Consumers who have replaced traditional search engines by Gen AI tools (such as ChatGPT) their go-to tools for product/service recommendations



Gen Z (51%) and millennials (45%) want automated, personalized, real-time Gen AI customer support, as do 36% of consumers overall. The desire for chatbots with features such as ChatGPT is high across all age groups, with 72% of Gen Z and 70% of millennials expressing interest. Overall, 65% of consumers want rapid verbal responses from AI chatbots, highlighting the growing consumer acceptance of advanced conversational AI in customer service (figure 9).

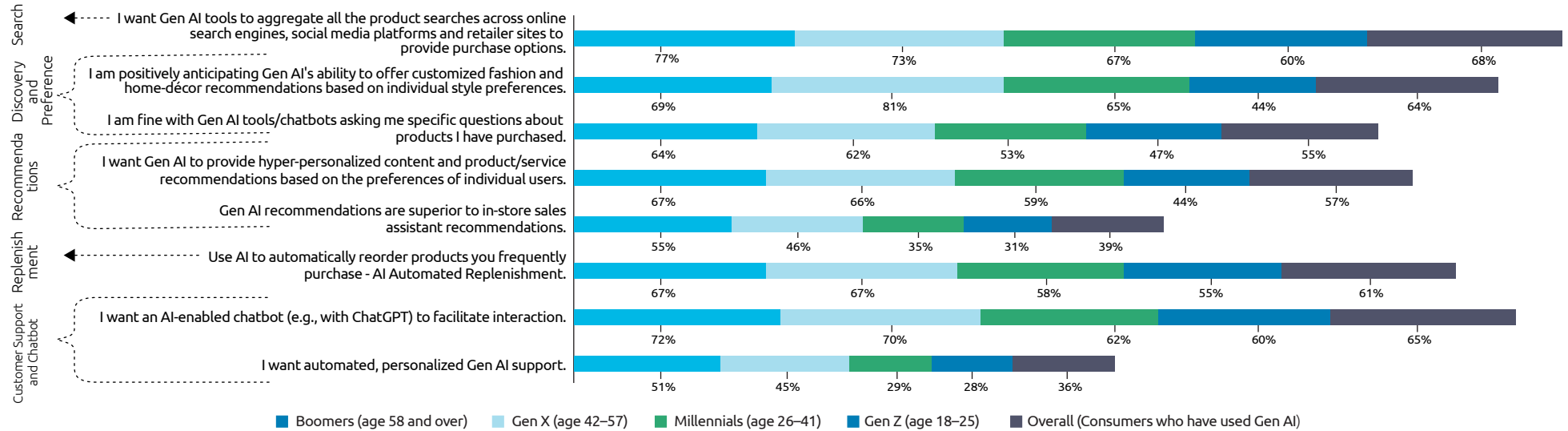
Consumers show a strong interest in AI-driven automated replenishment, with 67% of both Gen Z and millennials supporting this feature. Overall, 61% of consumers suggest that automated reordering systems could significantly boost convenience. Walmart's AI-driven "InHome Replenishment" system leverages Gen AI to analyze shopping habits, ensuring essential items are automatically restocked, enhancing customer convenience and inventory management.<sup>4</sup>

A notable 67% of Gen Z and 66% of millennials want hyper-personalized content and product recommendations. Overall, a still-strong 57% of consumers are interested in this feature, with 64% of Gen Z and 62% of millennials comfortable with Gen AI tools asking personal questions to get there, with 55% overall accepting this engagement as part of the shopping experience.

Source: Capgemini Research Institute, Consumer Demand survey, October–November 2023, N = 11,681 consumers, Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers: 1,394 Gen Z consumers; 3,219 Millennial consumers; 3,757 Gen X consumers; 3,630 Boomer consumers.

**Figure 9.**

Consumer preference for Gen AI across different stages of shopping

**Consumer preference for Gen AI, across customer journey by age groups**

Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; 1,394 Gen Z consumers; 3,219 Millennial consumer; 3,757 Gen X consumers; 3630 Boomer consumers.



## Increased Gen AI usage is not meeting needs as consumer satisfaction has reduced

Consumers are fast accepting Gen AI as an integral part of the shopping experience. The usage of chatbots for customer queries increased from 36% last year to 43%. Carrefour has launched Hopla, a Gen AI-powered chatbot based on ChatGPT, and integrated it into the Carrefour website for France to help with daily shopping, offering recommendations based on budget, dietary requirements/allergies, and menu ideas.<sup>5</sup> Interest in virtual “try-on” experiences also saw a significant jump, from 31% to 39%. Gen Z (40%) and millennials (42%) show a higher inclination toward visualizing products before purchase, while boomers lag significantly at 26%.

However, overall satisfaction with Gen AI is moderate to low and has fallen in various areas compared with last year (figure 10). For example, in tailored loyalty programs, it has dropped from 37% to 30%, with millennials (24%) particularly disillusioned). The highest satisfaction level is reported for automated support responses (40%) and post-purchase and personalized follow-ups (37%). The areas where satisfaction levels have reduced are highlighted in the chart below.

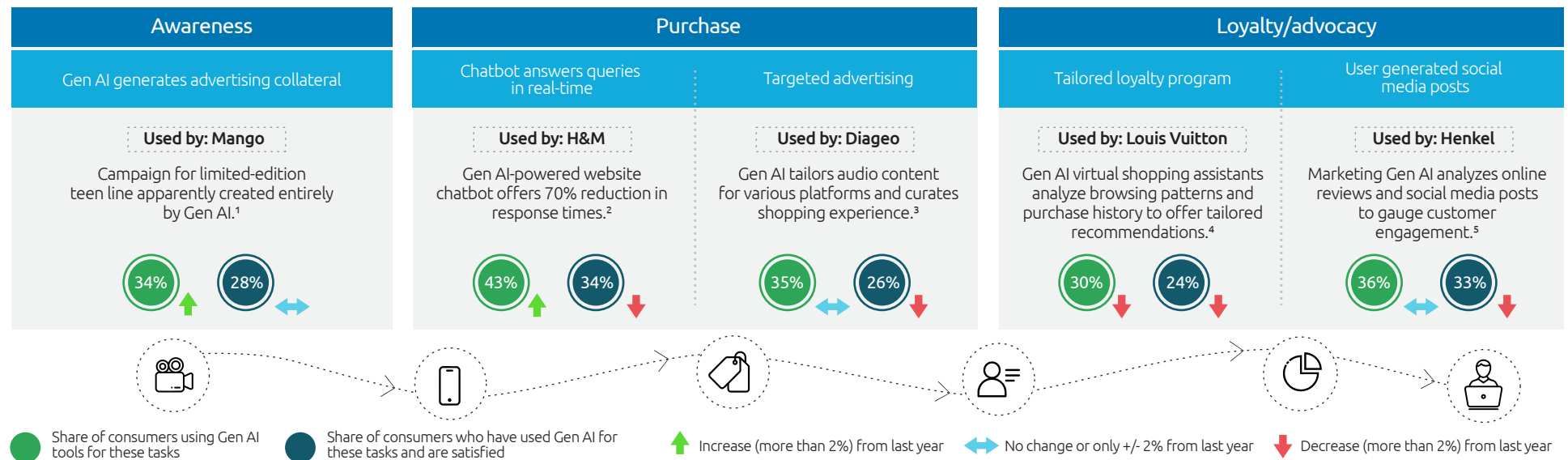
# 68%

of consumers want Gen AI tools to aggregate all the product searches across online search engines, social media platforms and retailer sites to provide purchase options

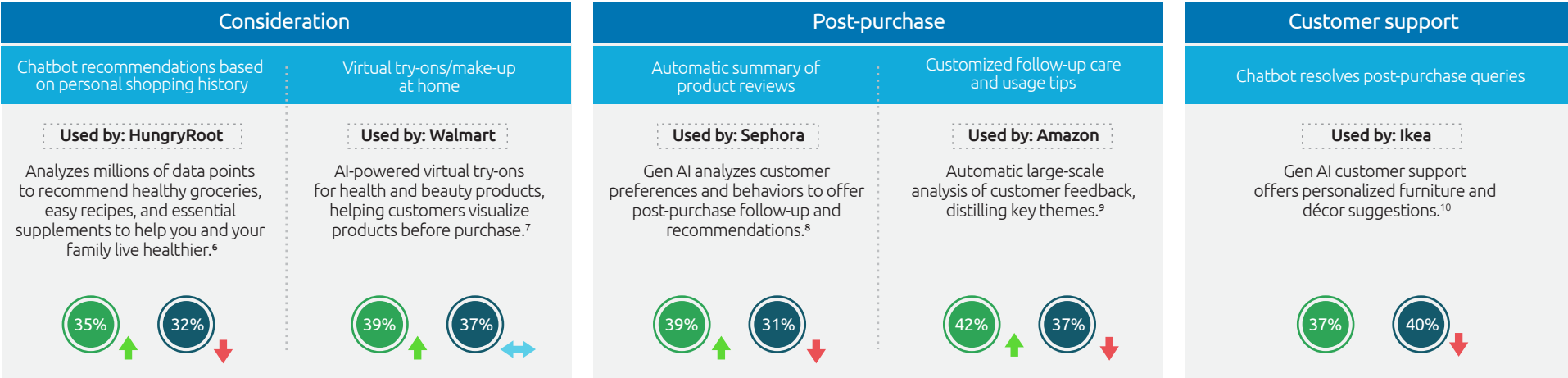


**Figure 10.**

Satisfaction with Gen AI across shopping journey is at 32% from 41% previous year



Continue on the next page...



Share of people using Gen AI tools for these tasks, who are aware and have used it already

The satisfaction level of respondents with respect to Gen AI performing these tasks, who are aware and have used it already

Increase (more than 2%) from last year

No change or only +/- 2% from last year

Decrease (more than 2%) from last year

Sources:

1. Mango Fashion Group, "Technological advance and the commitment to digital transformation are part of the Earn lever of Mango's Strategic Plan 2024-2026," July 2024.

2. PRNewswire, "Hungryroot launches SmartCart™, a new AI tool to help people live healthily," September 2024.

3. Venturebeat, "The techniques include virtual try-on of outfits, virtual showroom experiences and digital twins," July 2024.

4. Infinitive, "Reimagining customer service through Gen AI," January 2024.

5. Adweek, "How brands like Diageo, Progressive and eBay are using Gen AI to tailor ads," May 2024.

6. Renaissance, "Personalized product recommendations using AI," September 2024.
7. Amazon, "Analyzing these reviews to extract actionable insights enables data-driven decisions that can enhance customer experience and reduce churn," August 2024.

8. TechBSB, "Louis Vuitton embraces artificial intelligence," March 2024.

9. Consumer Goods, "Henkel will pilot Gen AI solutions trained on its own assets to create personalized marketing content at scale that's both brand- and commercial-safe," April 2024.

10. Forbes, "IKEA has unveiled a new Gen AI chatbot powered by ChatGPT, with the aim of giving every customer their own AI design assistant," May 2024.

Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 2,909 consumers who are aware of the use of Gen AI in shopping experiences and have used it already.

## High consumer awareness of Gen AI challenges

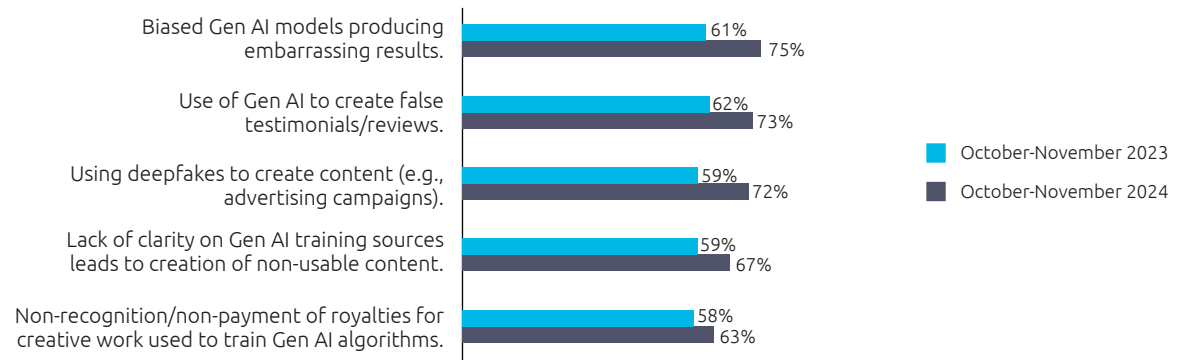
Consumer consciousness of multiple challenges around Gen AI is rising, from an average of only three out of 10 consumers in April 2023 to seven in 10 in October-November 2024. Consumers in the Digital-First Trailblazers cluster, who are the heaviest Gen AI users, are also the most concerned about the tech.

- **Bias in AI models:** Concerns about bias leading to unrepresentative results have surged to 75% from 61% previous year. This underscores the critical need for ongoing scrutiny and improvement in AI training processes.
- **Impersonation and misinformation:** Worry about the impersonation of individuals to create misleading testimonials has risen to 73% from 62%, indicating Gen AI's potential to spread misinformation and manipulate public perception.
- **Deepfake concerns persist:** Concerns about the use of deepfakes remains high, with 72% of consumers, expressing ongoing worries about privacy and consent in the digital age.

**Figure 11.**

Consumers have high technology consciousness leading to more Gen AI-related concerns

### Key Gen AI concerns for consumers



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000, N = 2,909 consumers who are aware of the use of Gen AI in shopping experiences and have used it already.

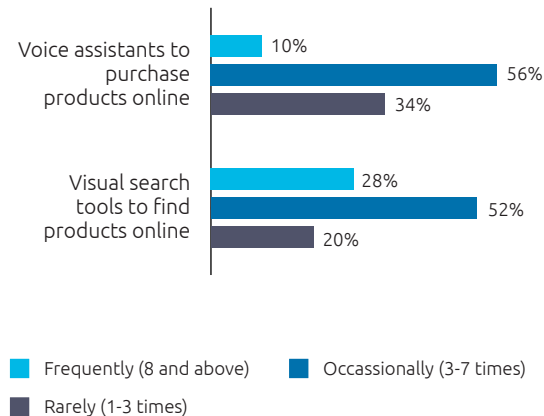
## Gen AI visual search and voice commerce is evolving

AI search startup Perplexity has rolled out a new feature in which users can research products via conversational prompts and image inputs, checkout with one-click, and even get free shipping on purchases.<sup>6</sup> Cosmetics giant Estée Lauder has released its Voice-Enabled Makeup Assistant (VMA), which harnesses AI and augmented reality (AR) to help visually impaired people use cosmetics.<sup>7</sup> After assessing uniformity and coverage, the app provides audio feedback on the application of lipstick, eyeshadow, and foundation. Future versions will offer a wider range of makeup looks and enhanced educational tools.<sup>8</sup> Additionally, the company collaborated with Microsoft on an innovation lab that will help it explore Gen AI applications across more than 20 brands.<sup>9</sup>

**Figure 12.**

More than 50% of consumers use visual and voice search.

### Consumer preference purchase products using visual and voice search




Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

By understanding visual content, Gen AI enhances product recommendations and enables visual search features. Amazon Lens can discover exact and similar matches in the Amazon Shopping app using uploaded images, photos, or barcodes.<sup>10</sup>

All age groups prefer occasional to frequent use of visual and voice search, suggesting an openness to these technologies but some way to habitual use.

- While 28% of respondents frequently use visual search, boomers are most likely to do so, at 31%.
- Most consumers across all age groups occasionally use visual search, with Gen X leading at 57%. Voice search is also widely used on an occasional basis (56% of all respondents)
- Groceries and food supplies lead in both visual search (62%) and voice search (55%), highlighting everyday convenience.
- Health and beauty products show strong engagement, with 45% of consumers using visual search and 57% using voice search.

An abstract graphic on the left side of the slide consisting of numerous thin, wavy, horizontal lines in a variety of colors including red, orange, yellow, green, blue, and purple, creating a sense of movement and depth.

# **Personal and planetary wellbeing: How sustainability and eating habits influence consumer choices**



## The demand for sustainable products is steadily increasing, with Gen Z leading the way

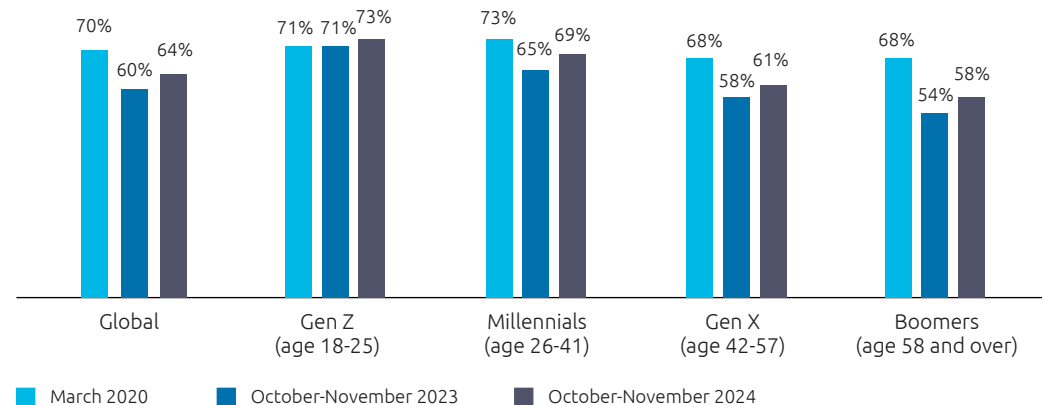
A solid 64% of consumers have purchased products from organizations perceived to be sustainable, up from 60% last year. This shift is seen across all age groups, with Gen Z leading at 73%. Organizations are responding to this growing trend with various initiatives.

- Ikea US's recently launched Buy Back & Resell program allows customers to bring back a used Ikea item and, in return, receive a voucher to use in-store. Ikea will then either resell the product or, if it can't be sold, donate or recycle it.<sup>11</sup>
- In "Earth Month" in April 2024, Sephora spotlighted its wide range of refillable beauty products and the growing impact of its Beauty (Re)Purposed take-back program.<sup>12</sup>

**Figure 13.**

Gen Z continues to lead in the purchase of sustainable products

**Share of consumers across age groups who bought products from organizations that are perceived as sustainable**



Source: Capgemini Research Institute, Sustainability in Consumer Products and Retail survey, March 2020, N = 7,520 consumers; Consumer Demand survey, October–November 2023, N = 11,681 consumers; Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers: 1,394 Gen Z consumers; 3,219 Millennial consumers; 3,757 Gen X consumers; 3,630 Boomer consumers.

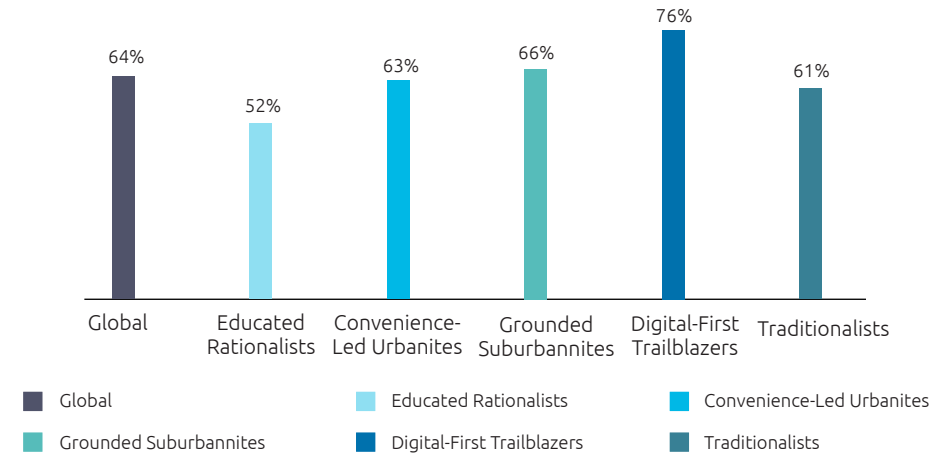
Consumers in the Digital-First Trailblazers cluster purchase the most sustainable products. The Educated Rationalists cluster, with 69% graduates and 39% urban retirees, has the lowest sustainable purchases. Digital-First Trailblazers' high digital use and awareness of sustainability issues contribute to their leading position.



**Figure 14.**

Digital-First Trailblazers purchase more sustainable products than other clusters

**Share of consumers across age groups who bought products from organizations that are perceived as sustainable (by cluster)**



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbannites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

## More consumers are paying a small premium for sustainable products

There is a shift, from 30% to 38%, this year in the proportion of consumers who have paid a premium of 1–5% more for sustainable products. Boomers (45%) lead all age groups in this cohort of consumers who have paid the 1–5% premium.

While the share of consumers willing to pay a premium of 20% or more has fallen from 3% to 2% this year, Gen Z leads, with 3.5% of this cohort doing so (figure 15).

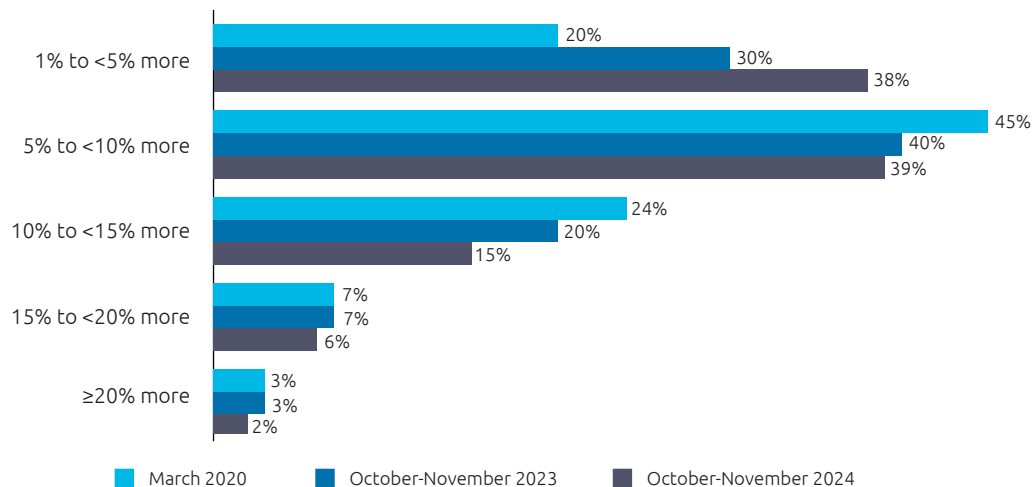
# 38%

of consumers who have paid a premium paid 1–5% more for sustainable products

**Figure 15.**

Consumers who paid more for sustainable products have shifted toward the lower premium range

### Share of all consumers who have paid more for a sustainable product



Source: Capgemini Research Institute, Sustainability in Consumer Products and Retail survey, March 2020, N = 4,779 consumers who have paid more for a sustainable product. Capgemini Research Institute, Consumer Demand survey, October–November 2023, N = 4,307 consumers who have paid more for a sustainable product, Consumer Demand survey, October–November 2024, N = 4549 consumers who have paid more for a sustainable product.

## Consumers strongly support food-waste reduction initiatives

Consumers continue to show high awareness of the contribution of food waste to environmental problems (71% both this year and last). Gen Z and millennials have reported even higher awareness, of 73% and 76%, respectively. Around three-quarters (73%) of consumers globally and 80% in the Netherlands believe retailer initiatives help reduce food waste, compared with 71% of all consumers last year.

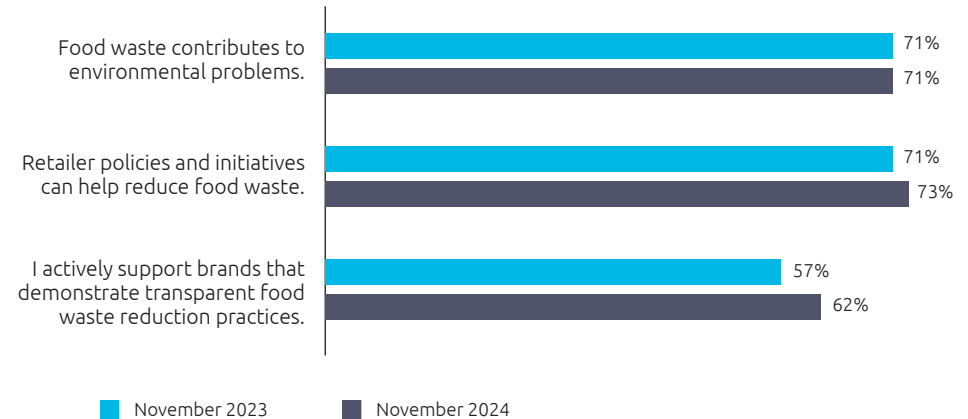
UK supermarket chain Tesco is to open a new facility that will turn surplus food into animal feed. The facility has the capacity to process 1,000 tons of surplus food each week. Tesco will require around 40% of this, leaving 60% free for waste from other manufacturers and retailers.<sup>13</sup>

Another UK supermarket chain, Asda, is reducing food waste by expanding its partnership with surplus food marketplace Too Good To Go. From September 2024, nearly 1,000 Asda locations have begun to offer “surprise bags” containing surplus food nearing its sell-by date. This follows a successful trial that saved over 2 million kg of food from going to waste.<sup>14</sup> Too Good To Go partners with some of the world's biggest names in grocery retail, such as Carrefour, Auchan, Spar, Aldi, Co-op, and many more.<sup>15</sup>

**Figure 16.**

Consumers continue to support food waste initiatives

Share of consumers who agree with the statements below:



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers, Capgemini Research Institute, *What matters to today's consumer*, January 2024.



## One-quarter of millennials have switched to buying plant-based meat, most of the time

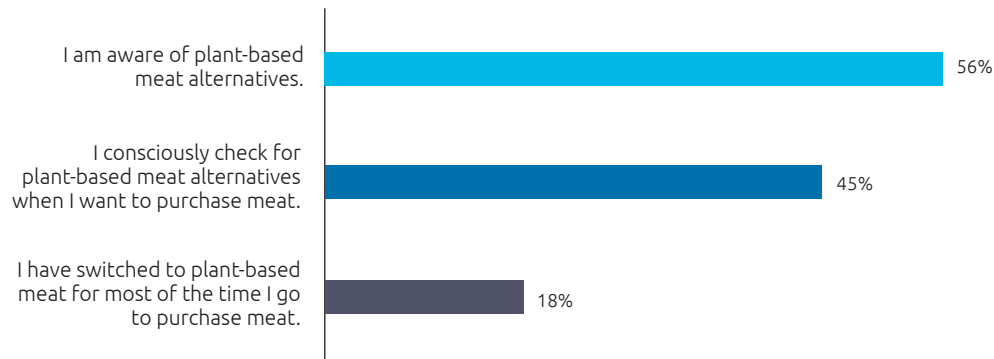
### As meat consumption falls, retailers are promoting plant-based meat alternatives

Over half of European non-vegetarians have cut back on meat. Health reasons influenced 47% of this figure, with 29% citing environmental concerns and 26% animal welfare.<sup>16</sup> Nearly half (48%) of consumers are aware of the water and greenhouse gas (GHG) impact on the environment due to meat production, and 56% demand meat products display their carbon and water impact on the environment. Half (56%) of consumers globally are aware of plant-based meat products and 45% of consumers consciously check for plant-based meat alternatives when they shop. Globally, 18% of consumers and 25% of millennials have switched to plant-based meat most of the time. This figure is higher for consumers in Italy and Spain (29%), the Netherlands (28%), and Sweden (27%) and lower for consumers in Japan at 10%.

**Figure 17.**

Nearly one in five consumers have shifted to plant-based meat alternatives, most of the time

Share of consumers who agree with the statements below:



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

Since 2020, sales of meat in Dutch supermarkets have fallen by over 16%. The Dutch government has set a goal for 2030 to cut protein from animal sources to 40% – a target several supermarket chains have pledged to support. Presently, the average is around 60%.<sup>17</sup>

- Dutch supermarket chain Jumbo is the first in the Netherlands to ban fresh meat promotions. By 2025, the supermarket chain plans for 50% of its protein products to be plant-based, with a goal of reaching 60% by 2030.<sup>18</sup>
- Aldi aims to expand its vegan range to 1,000 products by end-2024.<sup>19</sup>
- Lidl Netherlands announced a permanent price reduction for its plant-based products and launched a hybrid minced-meat product, which reduces CO2 emissions by 37.5%. Lidl aims to increase sales of plant-based proteins to 60% by 2030.<sup>20</sup>



Around 54% of consumers state a willingness to switch to plant-based or lab-grown 'meat' if they consider the taste and texture of these products to be authentic. Major brands are introducing multiple plant-based meat alternatives. For example, Nestlé has developed Maggi Rindecarne and Maggi Soya Chunks.<sup>21,22</sup>

The Kraft Heinz Not Co, a joint venture between The Kraft Heinz Company and The Not Company, is set to roll out an innovative range of plant-based 'meat' products in major retailers in the US in 2024. *"Our goal is to create mouthwatering, plant-based foods that are delicious and accessible to everyone from the devoted vegan to the plant-based curious,"* says Lucho Lopez-May, CEO of The Kraft Heinz Not Co. *"We know people are hungry for plant-based meat options from brands they know and trust."*<sup>23</sup>

# 45%

of consumers consciously check for plant-based meat alternatives when they want to purchase meat







# Social commerce is the retailer's route to Gen Z

## Social media continues to shape consumer shopping behavior

Social commerce, driven by Gen Z, is reshaping retail. Social networks' innovative shopping features have revolutionized interactive product discovery and purchasing, with interesting parallel shifts toward convenience and community. Platforms such as Instagram and TikTok are using this revamped shopping experience to reach a new generation of consumers.

The share of consumers purchasing new products or brands through social media increased from 24% in late 2023 to 32% in late 2024, underscoring its effectiveness as a marketing channel, in particular for the young.

- Gen Z leads the way, with 53% buying new products through social media in 2024, up from 46% last year.
- Millennials also show a notable increase, with 45% purchasing new brands via social media, up from 35%.
- While Gen X and boomers are also increasing their purchase rates (from 21% to 31% and 10% to 13%, respectively), their overall engagement remains significantly lower than that of younger generations.



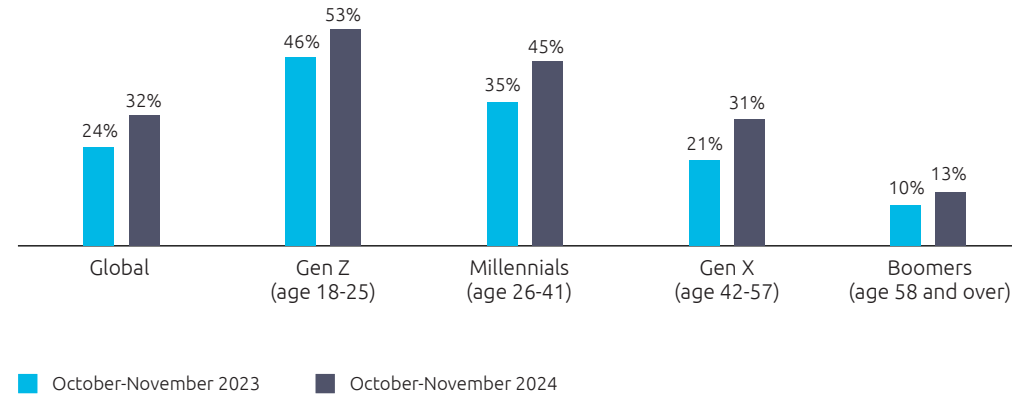
# 53%

of Gen Z buy new products through social media in 2024, up from 46% last year

**Figure 18.**

53% of Gen Z consumers have bought products via social media platforms

### Share of consumers who have bought products via social media platform, by age group



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2023, N = 11,681 consumers: 1,048 Gen Z consumers, 3,358 Millennial consumers, 3,586 Gen X consumers, 3,689 Boomer consumers; Capgemini Research Institute, Consumer Demand survey, October–November 2024, N=12,000; 1,394 Gen Z consumers, 3,219 Millennial consumers, 3,757 Gen X consumers, 3,630 Boomer consumers.

Around 60% of consumers in the Digital-First Trailblazers cluster have bought products via social media platforms, the highest share among all clusters and more than double the share of the next-highest. A key point to note is that this cluster is very tech-savvy and the youngest cluster in our sample, living mostly in urban areas.

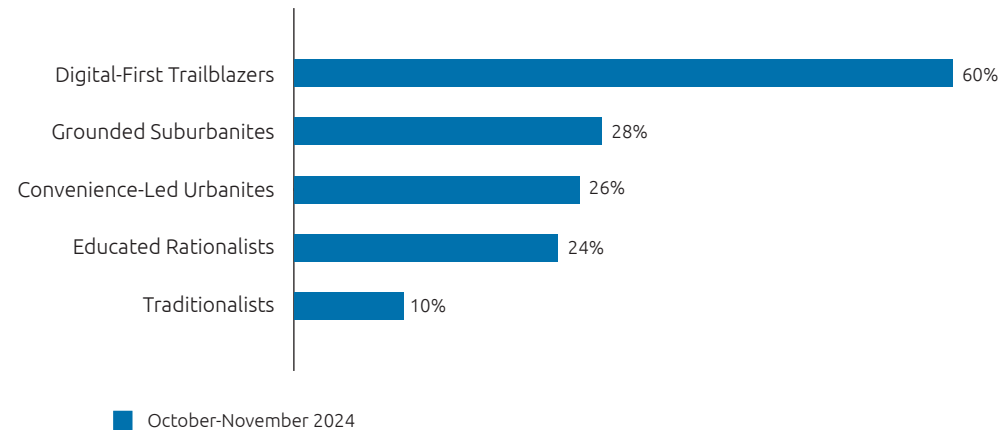
Overall, consumers prefer Instagram (50%) and YouTube (49%) as their social media platforms for buying, followed by Facebook (41%) and TikTok (32%). This trend is reflected among Gen Z, with 48% favoring Instagram and 45% YouTube. Among millennials, 53% favor Instagram and 47% YouTube. These platforms offer strong community engagement and offer a significant influencer presence.

The Educated Rationalists cluster (58%) shows a strong preference for YouTube, closely followed by the Digital-First Trailblazers cluster (55%), which indicates that, while they engage with social media for shopping, they may prefer platforms that offer more in-depth content and community interaction. These results suggest that **video is now a more effective advertising alternative than traditional mediums**, at least for some clusters.

**Figure 19.**

60% of Digital-First Trailblazers consumers have bought products via social media platform

### Share of consumers who have bought products via social media platform



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

Instagram is the leading choice for Digital-First Trailblazers (56%), followed by Grounded Suburbanites (43%) and Convenience-Led Urbanites (42%), reflecting its visual appeal and influencer-driven marketing strategies. Dove ran influencer-driven campaigns on Instagram, featuring limited-time offers accessible through clickable social media posts.<sup>24</sup>

Facebook is the third favorite social media buying platform, with 50% of Educated Rationalists favoring it. These clusters harness the principle of “social proof,” with promoted purchases and recommendations from friends and family influencing and reinforcing purchase decisions.

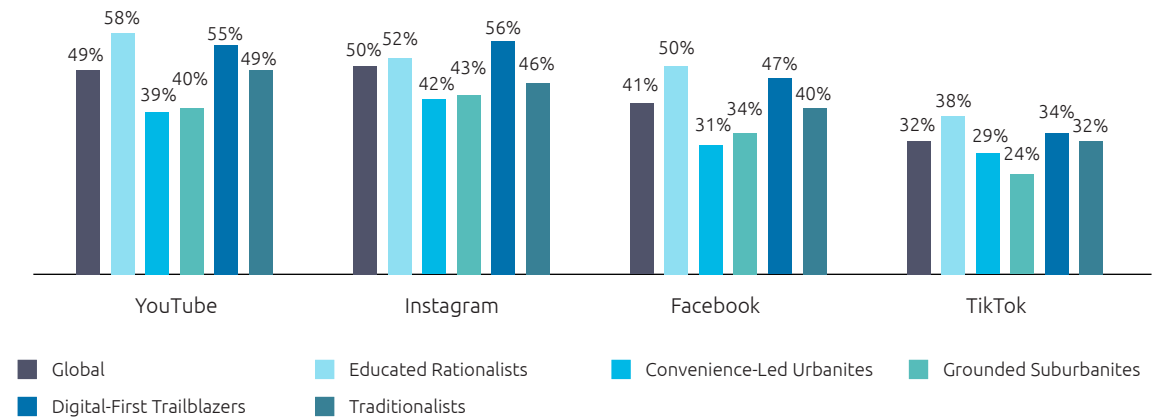
# 60%

of Digital-First Trailblazers consumers have bought products via social media platform

**Figure 20.**

Instagram and YouTube are the top social media platforms among consumers

### Social media platforms consumers prefer for buying products and services, by cluster



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.



## Consumers frequently purchase multiple product categories via social media

Nowadays, social media trends shape consumer preferences, driving the popularity of various product categories. Meta partnered with Amazon to allow shoppers to buy via Facebook and Instagram ads. Through this collaboration, Meta enables users to link their Facebook and Instagram accounts to Amazon, buying items they see through their social media feeds without having to leave Meta's platforms,<sup>25</sup> generating more dynamic, interactive shopping behaviors.

Around one-quarter (26%) of consumers frequently purchase groceries via social media, compared with 22% last year. A similar portion (24%) make frequent purchases in apparel and accessories, personal care products, and household supplies, and almost half (49%) occasionally purchase meal kits in this way (figure 21).

# 40%

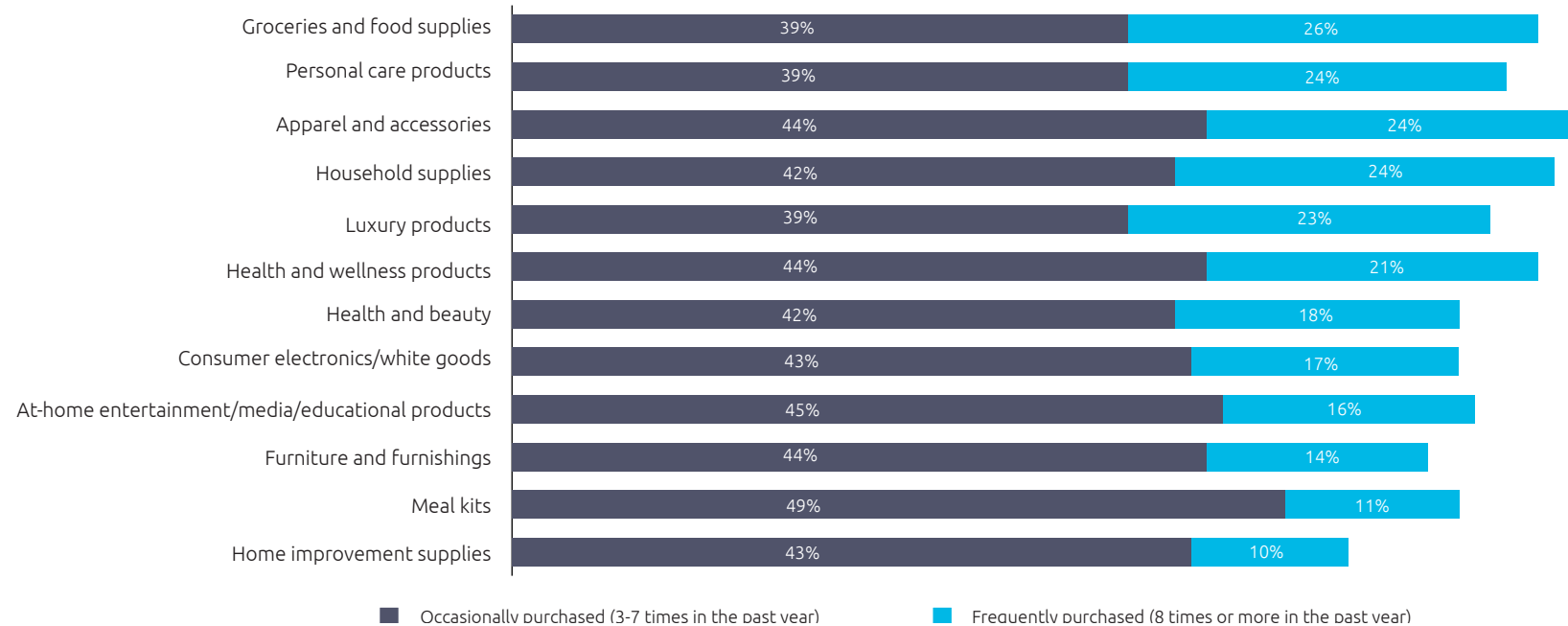
of consumers occasionally use social media for customer service interactions

### Social media: A parallel consumer universe

Although live shopping is nascent in the US, it is already big in China. Live stream shopping, a subsector of e-commerce, involves broadcasting live video streams where hosts present and sell products in real time. The livestreaming market in China is projected to be over \$300 billion by 2025.<sup>26</sup> Daniel Fisher, UK General Manager of livestream shopping platform Whatnot, says: *"Livestream shopping is incredibly engaging because it replicates the best of the personalized in-store experience, where you can directly engage with a passionate seller and see a product being held or used."*<sup>27</sup> On June 8th 2024, Canvas Beauty set a TikTok US record with a six-hour livestream that achieved \$1 million in sales.<sup>28</sup> TikTok Shop also hosted various discount days this summer in collaboration with NYX Professional Makeup and L'Oréal Paris, among others.<sup>29</sup>

**Figure 21.**

Apparel and groceries are the most popular purchase category via social media

**Consumer purchase preferences via social media**

Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 3805 consumers who have purchased on social media.

While 23% of consumers frequently engage with social media for livestreaming events, consumers are also exploring social media platforms for customer support, product reviews, and shared shopping.

- Live shopping events, blending retail with entertainment, attract 49% of consumers for occasional use (3–7 times in the past year), with 23% participating frequently.
- A significant 56% of consumers occasionally use social media to search for product information or reviews. This highlights the platform's role as a primary resource for informed purchasing decisions, even if only 12% engage frequently.
- While 40% of consumers occasionally use social media for customer service interactions, a notable 27% do so frequently. This indicates a growing reliance on social media for resolving issues and seeking support.

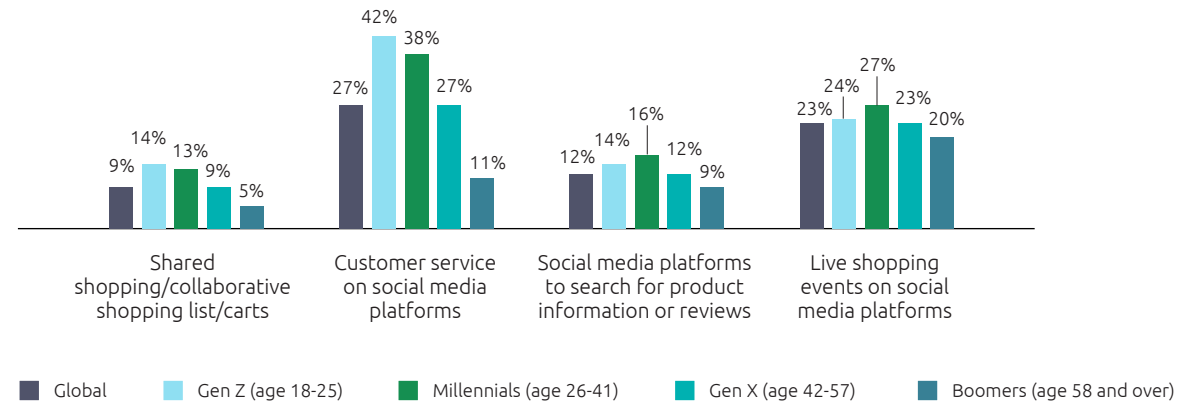
## Social media influencers are impacting Gen Z

Social media influencers have become key players in shaping how consumers discover and purchase products, leveraging their reach and authenticity to drive engagement. By curating content and sharing personal experiences, influencers significantly impact consumer decisions, transforming traditional marketing into a more relatable and interactive experience.

**Figure 22.**

27% of consumers say they frequently use social media for customer service

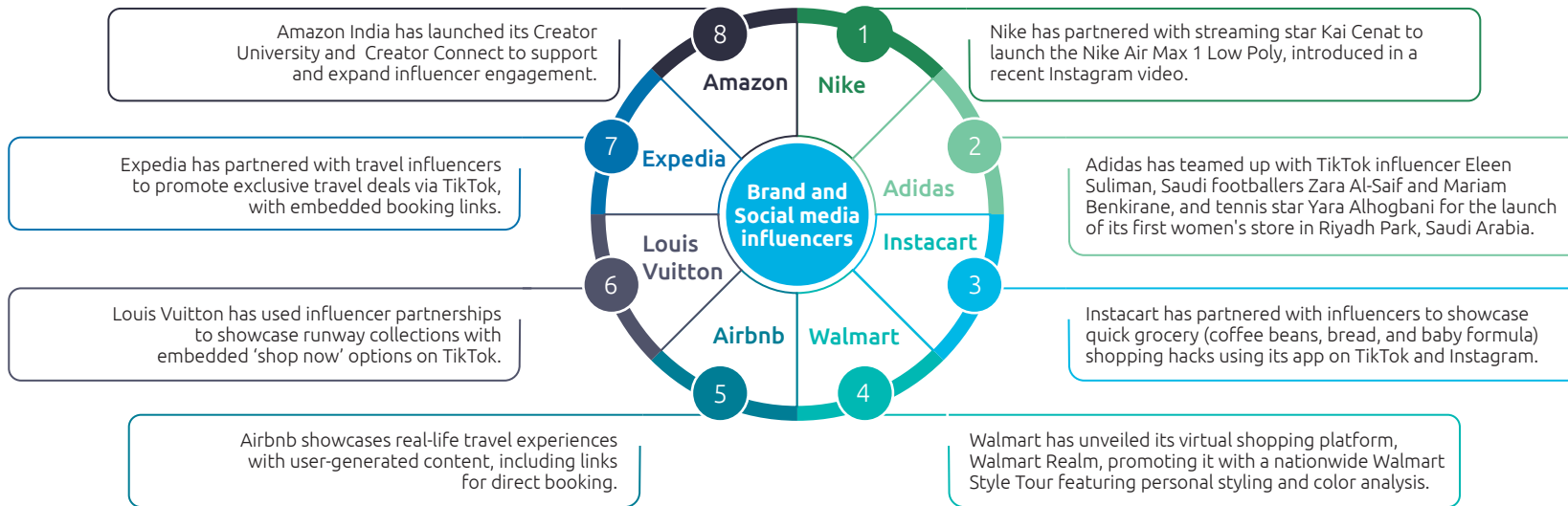
### Frequent (8+ times in past year) consumers usage of social media platforms for different purposes, by age



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N =12,000 consumer; 1,394 Gen Z consumers; 3,219 Millennial consumers; 3,757 Gen X consumers; 3,630 Boomer consumers.

**Figure 23.**

Multiple brands and retailers are collaborating with social media influencers



1. Underthelaces, "Kai Cenat teams with Nike to reveal "Low Poly" Air Max 1," September 2024.
2. Campaignme, "Adidas collabs with Saudi influencers to champion female empowerment," October 2024.
3. Digiday, "Omnicom wraps Cannes with an Instacart API deal to buy directly off influencer content," June 2024.
4. PYMNTS, "Walmart takes Amazon battle into new virtual spaces," May 2024.
5. Retaildive, "Walmart launches immersive digital shopping experience," May 2024.
6. Eventmarketer, "Walmart taps into TikTok trends and fashionistas for its 40-city style tour," October 2024.
7. PlanetMedia, "Airbnb's successful digital marketing strategy and business model explained!" May 2024.
8. Marketing91, "Marketing mix of Louis Vuitton and 4Ps," January 2024.
9. Adage, "How Expedia is teaming up with creators," September 2024.
10. Inc42, "Amazon launches 'Creator University' and 'Creator Connect' with an eye on influencer economy," June 2024.



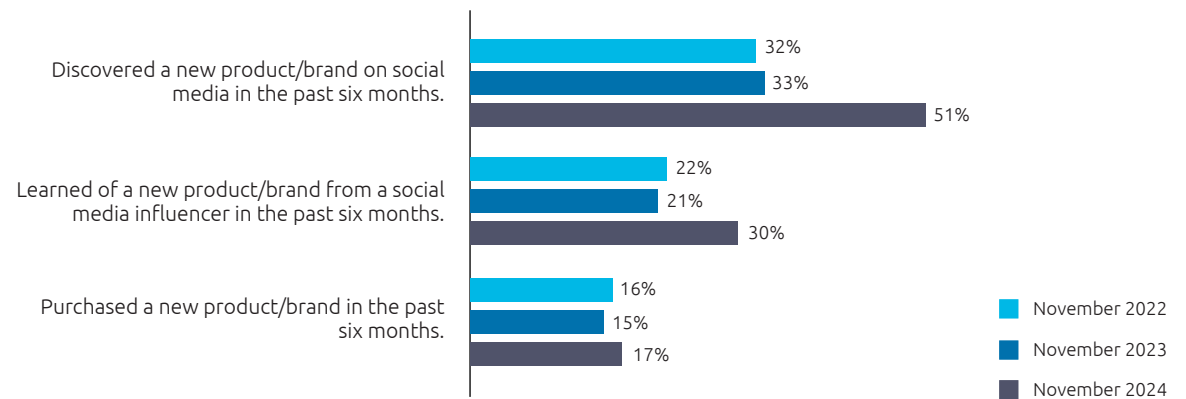
There is a growing reliance on social media as a primary channel for product discovery.

- The percentage of consumers discovering new products or brands on social media surged to 51% in November 2024, up from 32% in November 2022.
- The proportion of consumers learning about new products or brands from social media influencers has also increased significantly, reaching 30% in November 2024 from 21% last year. This trend underscores the expanding role of influencers in shaping consumer awareness and preferences.
- The percentage of consumers who purchased a new product or brand in the past six months is stable, at 17% in November 2024, from 15% in November 2023, and 16% in November 2022, indicating gradually increasing awareness and discovery.

**Figure 24**

Social media influencers are having a greater impact on consumers

### Share of consumers who rely heavily on social media and influencers for product discovery and purchases



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Capgemini Research Institute, *What matters to today's consumer*, January 2024, Capgemini Research Institute, Consumer demand survey, October–November 2023.

A key point is that the Educated Rationalists cluster and Digital-First Trailblazers cluster lead in product discovery and purchase. With average ages of Digital-First Trailblazers at 37 and Educated Rationalists at 56, respectively, this suggests that older consumers should also be a target market for social media.

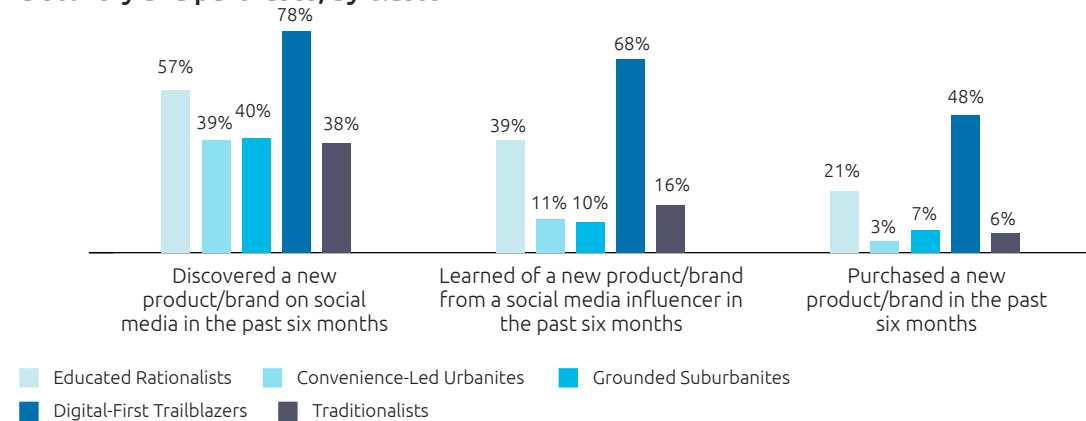
# 51%

of consumers discovered a new product/brand on social media in the past six months

**Figure 25.**

Consumers in the Educated Rationalists cluster and Digital-First Trailblazers cluster are more influenced by social media influencers

### Share of consumers who are heavily inclined towards social media and influencers for product discovery and purchases, by cluster



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

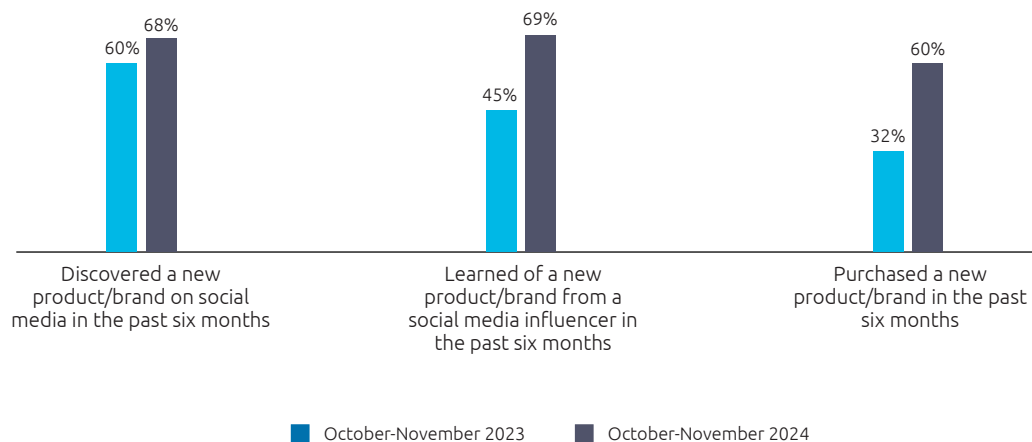
## Social media and influencers carry more weight with Gen Z

In November 2024, 68% of Gen Z showed a strong preference for discovering products through social media, up from 60% in November 2023. Social media influencers fueled this trend, with their impact rising from 45% last year to 69% in November 2024. The percentage of Gen Z who bought new products via social media nearly doubled to 60% in this period.

**Figure 26.**

69% of Gen Z consumers learned of a new product/brand from a social media influencer

### Gen Z consumers behavior via social media



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2023, N = 1,048 Gen Z consumers; October–November 2024, N = 1,394 Gen Z consumers.

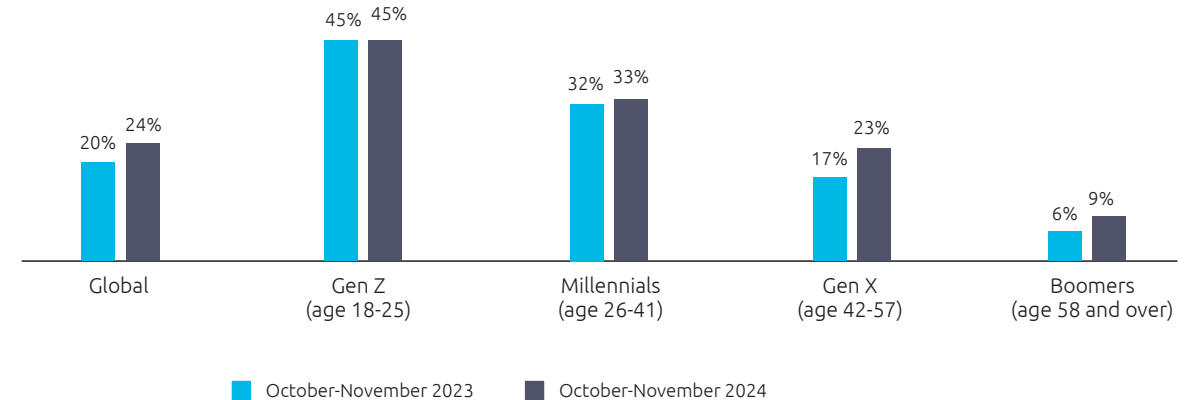
## One-quarter of consumers have bought products from influencers or celebrities

Consumers (particularly younger cohorts) are purchasing more products from influencers and celebrities globally, rising from 20% in October-November 2023 to 24% in the same period in 2024. Gen Z remains the most engaged cohort, with 45% reporting purchases influenced by celebrities or influencers in both years, underscoring their target-market status. Millennials show a slight increase, from 32% to 33%, while Gen X engagement rises from 17% to 23%. This indicates that, with a tailored approach, influencers could be effective across cohorts.

**Figure 27.**

45% of Gen Z consumers have bought a product from influencers and celebrity brands

### Share of consumers who have bought a product from influencers and celebrities



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N =12,000 consumers; 1,394 Gen Z consumers; 3,219 Millennial consumers; 3,757 Gen X consumers; 3,630 Boomer consumers. Consumer Demand survey, October–November 2023, N = 11,681 consumers; 1,048 Gen Z consumers; 3,358 Millennial consumers; 3,586 Gen X consumers; 3,689 Boomer consumers.





# Retail media networks: Capturing the shopper's attention

## Retailers are making significant media investments

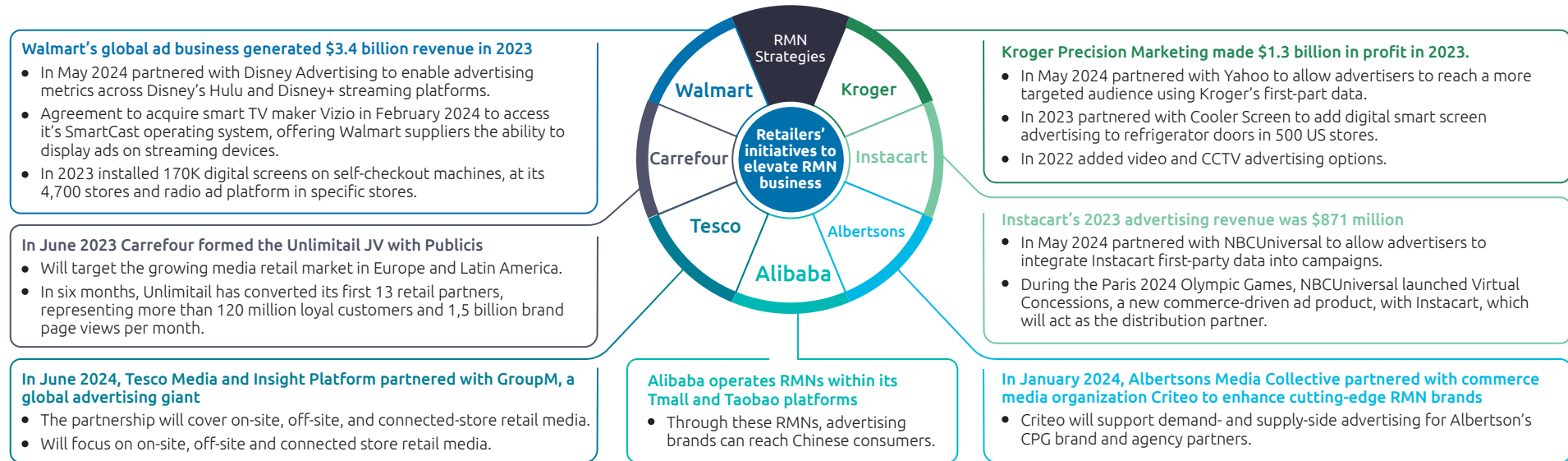
In 2024, global retail media spend will hit \$140 billion,<sup>30</sup> one-fifth of worldwide digital ad spend. US digital retail media ad spend will reach around \$41 billion.<sup>31</sup> Seventy percent<sup>32</sup> of global marketers say retail media networks (RMNs)<sup>33</sup> are more important to their 2024 media plan than to last year's. RMNs are growing strongly due to their unique business model, which benefits retailer, brands and consumers. RMNs help large retailers to monetize their

digital platforms, often with higher margins than traditional retail operations. For brands, RMNs offer a platform to harness first-party consumer data, helping them reach their audiences with targeted advertising and personalized shopping experiences. There are more than 200 RMNs,<sup>34</sup> with major players being Amazon, Walmart, Instacart, Kroger, Albertsons, Carrefour, Alibaba, and Target. The surge in online shopping and the abundance of first-party data for targeted advertising is driving the expansion of RMNs.

Kroger delivered \$1.3 billion<sup>35</sup> in operating profit in 2023 from its alternative profit businesses, including Kroger Precision Marketing. Kroger expects its RMN, Kroger Precision Marketing, to grow 20% in 2024.<sup>36</sup>

**Figure 28.**

Retailers are focusing on RMNs



Sources:

**Walmart**

1. Search Engine Land, "Walmart Connect opens up to small and non-endemic advertisers," April 2024.
2. Statista, "Walmart advertising revenue worldwide in fiscal years 2021 to 2023," April 2024.
3. Disney, "Disney Advertising and Walmart Connect to bring closed-loop attribution to streaming advertisers," May 2024.
4. Walmart, "Walmart agrees to acquire VIZIO HOLDING CORP. to facilitate accelerated growth of Walmart connect through Vizio's smartcast operating system," February 2024.
5. US Chamber, "Businesses large and small tap multibillion-dollar Retail Media Network trend for growth," March 2024.



Sources:

**Kroger**

6. Kroger, "Kroger reports fourth quarter and full-year 2023 results, announces guidance for 2024," March 2024.
7. eMarketer, "Kroger, Yahoo partnership enables marketers to reduce reliance on third-party cookies," May 2024.
8. US Chamber, "Businesses large and small."

**Instacart**

9. Statista, "Advertising revenue of Instacart worldwide from 2019 to 2023," September 2024.
10. Instacart, "NBCUniversal and Instacart expand strategic partnership to open up audience-based advertising opportunities for CPG brands," May 2024.
11. Instacart, "NBCUniversal launches virtual concessions with Instacart during the Olympic games Paris 2024," August 2024.

**Carrefour**

12. Carrefour, "Carrefour Group and Publicis Groupe launch Unlimitail with its first 13 retail partners to seize the booming retail media market in Continental Europe, Brazil and Argentina," June 2023.

**Tesco**

13. GroupM, "GroupM and Tesco Media and Insight Platform establish significant strategic media partnership," June 2024.

**Albertsons**

14. PR News, "Albertsons Media Collective selects Criteo to power its retail media ecosystem," January 2024.

**Alibaba(Tmall).**

15. Tokinomo, "Top 9 Retail Media Networks you need to keep an eye on in 2024," October 2023.

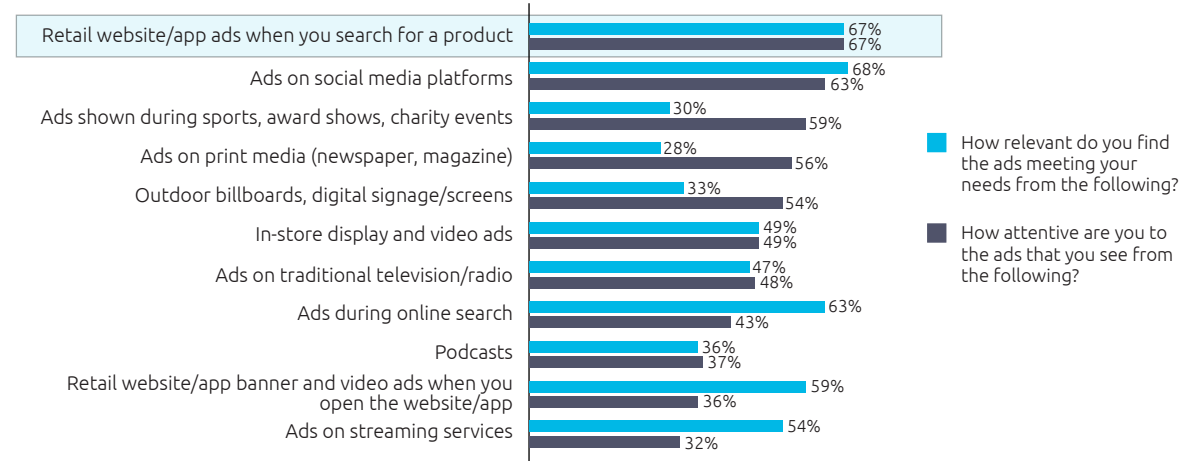
## Advertisements on retailer websites and apps attract the most attention across channels

As many as 67% of consumers notice ads on retail websites or apps, the highest across channels. For instance, 63% of consumers pay attention to social media ads, with 68% finding them relevant. Only 36% of consumers notice retail website/app banner ads, even though 59% of consumers consider them relevant. Similarly, ads during online searches and on streaming services have higher relevance but lower levels of attention. In offline channels, over half of consumers are attentive to ads during sports, award shows, charity events, print media, and outdoor billboards, but fewer than one-third find them relevant. Nearly half of consumers pay attention to TV and radio ads. Consumers slightly prefer in-store displays and video ads to TV.

**Figure 29.**

67% of consumers notice ads on retailer websites and apps compared with 63% on social media

### Attention level and relevancy of ads viewed by consumers



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.



Consumers across clusters pay attention to advertisements in retail websites and apps. However, this figure is low for the Traditionalists cluster, which has an average age of 62 and has 65% retired consumers with 70% staying in urban areas. It is important to note that, among all advertising platforms, consumers in the Traditionalists cluster pay most attention to retail websites and apps advertising.

A total of 35% of consumers found the ads on retailers' websites/apps helpful for direct ordering and 22% discovered products by watching ads. Nearly one-third of consumer shopping baskets were influenced by ads while shopping online, with the highest impact on personal care products (35%), followed by health and beauty (33%).

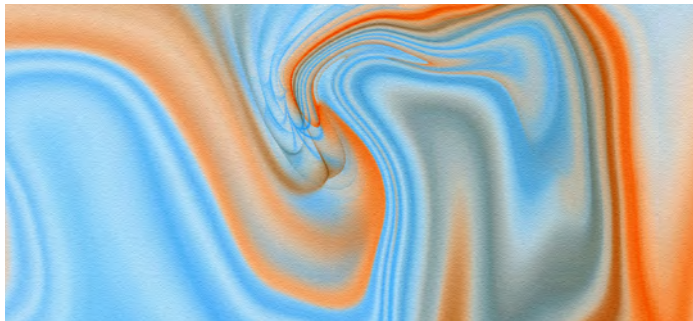
## Consumers find in-store advertisements less satisfying than online ones

In-store ads have a significant impact: 32% discover new products this way. Over half (58%) of consumers want to see ads that cater to their non-retail needs, such as insurance,

travel, and healthcare. Walmart's US advertising unit, Walmart Connect, which reaches more than 212 million<sup>37</sup> people each month in its stores.

We found 48% of consumers are satisfied with in-store ads, compared with 75% satisfaction with online ads regarding content quality and placement. There are several reasons for consumer dissatisfaction.

- 59% of consumers say the ads shown are very generic and don't serve their specific needs.
- 53% want personalized in-store ads via a display in a smart shopping cart, smart mirrors, or interactive touchscreens.



# 67%

of consumers notice ads on retail websites or apps, the highest across channels


# 53%

want personalized in-store ads via a display in a smart shopping cart, smart mirrors, or interactive touchscreens.



# 03 | How are people shopping?





# Make it snappy: The growing demand for quick commerce

Since last year, consumers' willingness to pay for fast delivery has increased

Demand for hyper-fast delivery is rising, with consumers increasingly willing to pay for speed and efficiency. Quick commerce has a projected market value of \$156 billion in Asia, \$17 billion in Europe, \$86 billion in North America, and \$266 billion worldwide by 2029.<sup>38</sup> Consumer preference for quick delivery has surged significantly

over the past two years. The share of consumers stating 10-minute delivery as an important service attribute when they shop for jumped from 31% in 2022 to 68% in 2024, and 2-hour delivery increased from 34% to 65%. Same-day home delivery has also seen a notable rise, increasing from 40% in 2022 to 57% in 2024 (figure 30). Curbside

or in-store pickup remained stable at 42% from 2023 to 2024, suggesting a shift towards more immediate delivery options. The willingness to pay more for quick delivery skyrocketed from 41% in 2023 to 70% in 2024, highlighting a strong consumer trend towards seeking quick and easy access to products. This trend highlights a growing impatience and desire for immediate gratification among consumers.

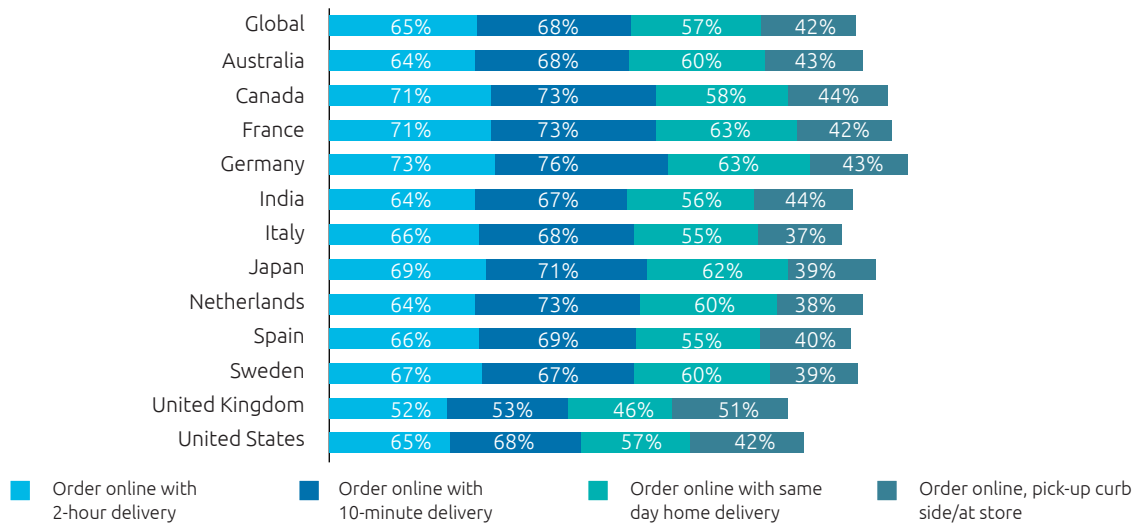
# 70%

of consumers are willing to pay more for quick delivery

**Figure 30.**

68% of consumers say 10-minute delivery preference is a key attribute when they shop

### Key attributes for consumers when they shop



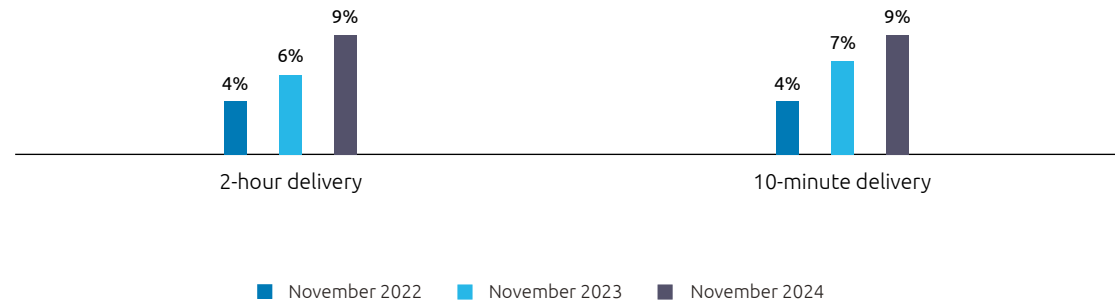
Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N =12,000 consumers.

Quick commerce, characterized by ultra-fast delivery options, is rapidly gaining traction among mainstream retailers and new startups worldwide. As consumer demand for convenience intensifies, this trend is set to dominate the market in 2025, reshaping shopping habits and logistics. Companies are increasingly investing in technology and infrastructure to meet these expectations, making quick commerce a pivotal aspect of the retail landscape. Walmart delivered 4.4 billion items with either same-day or next-day shipping speeds in the U.S. The retailer delivered about 20% of those goods in under three hours.<sup>39</sup> Amazon is preparing to launch its quick commerce offering in India, targeting the first quarter of 2025 for a potential rollout.<sup>40</sup> Consumers are now willing to pay 9% of the order value for 2-hour delivery, up 6% on last year. All age groups show an upward trend in their willingness to pay for expedited delivery.

**Figure 31.**


Shopper willingness to pay for 2-hour and 10-minute delivery has increased

**Average percentage of order value that consumers are willing to pay for 2-hour delivery and 10-minute delivery**



Sources: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Capgemini Research Institute, *What matters to today's consumer*, January 2024; Capgemini Research Institute, *What matters to today's consumer*, January 2023.



An abstract graphic on the left side of the slide featuring a vibrant, swirling pattern of colors including yellow, orange, red, green, and blue, creating a sense of motion and depth.

# Seeing the light: The beginning of the end of the cost-of-living crisis?

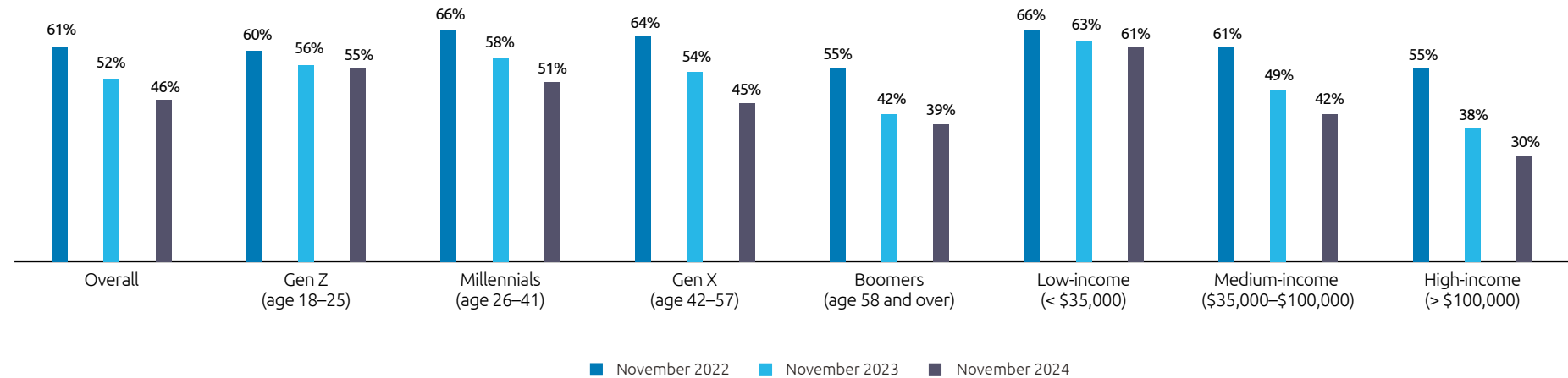
**The cost-of-living crisis continues to impact consumers, but the situation has improved**

The cost-of-living crisis has eased slightly, with 46% of consumers worried about their finances versus 52% last year. The level of concern varies by age group.

**Figure 32.**

Consumers are less concerned about their personal financial situation this year

**Share of consumers who agree with the statement:  
I am extremely concerned about my personal financial situation.**



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024; N = 12,000 consumers: 1,394 Gen Z consumers, 3,219 Millennial consumers, 3,757 Gen X consumers, 3,630 Boomer consumers; Capgemini Research Institute, Consumer Demand survey, October–November 2023; Capgemini Research Institute, *What matters to today's consumer*, January 2023.

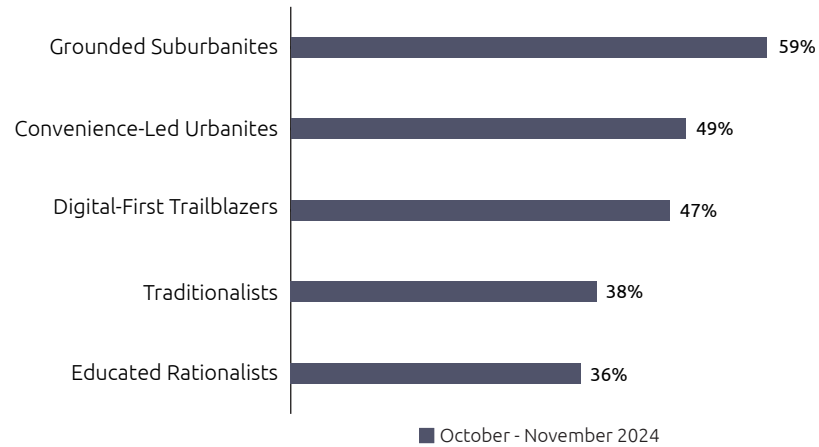
Although consumers in the Grounded Suburbanites cluster are most concerned with the cost-of-living crisis, they have made fewer changes to their purchasing habits than Digital-First Trailblazers.



**Figure 33.**

Grounded Suburbanites are most concerned about their personal financial situation this year

**Share of consumers who agree with the statement: I am extremely concerned about my personal financial situation.**



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

## Consumers still prioritize discounts and private labels

While concerns about the cost-of-living crisis have lessened, consumers still seek discounts. Currently, 64% of shoppers visit multiple physical stores for deals, up from 56% last year, while 57% spend more time searching for deals online compared with 54% previously.

**Figure 34.**

Consumers remain cautious

### Share of consumers who agree with the following statements:



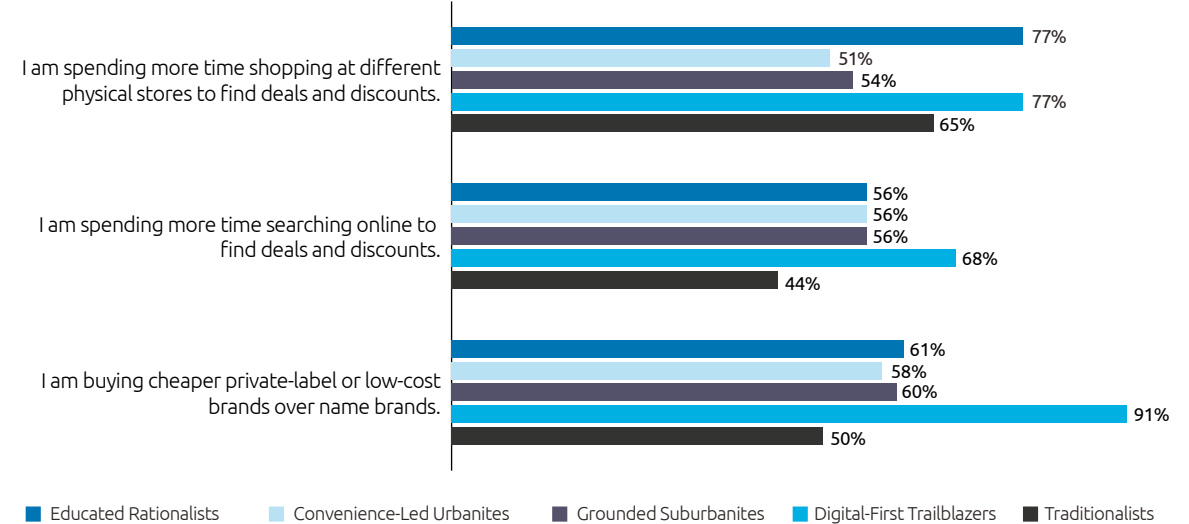
Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers, Capgemini Research Institute, *What matters to today's consumer*, January 2024.

Private-label sales are on the rise as consumers look for more affordable options. US private-label sales reached \$236.3 billion in 2023.<sup>41</sup> Retailers such as Walmart, Target, and Kroger are broadening their private-label offerings in areas such as food and beverage, household essentials, and apparel to capitalize on this trend. Competitive pricing can attract cost-conscious shoppers, while using economics of scale to maintain quality promotes customer loyalty. One in five units sold in 2023 was store-branded, which is a record.<sup>42</sup>

**Figure 35.**

More than 90% of Digital-First Trailblazers are buying private label brands

### Share of consumers who agree with these statements (by cluster)



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.



Currently, 65% of consumers buy private-label or low-cost brands, up from 63% last year. 91% of Digital-First Trailblazers buy private labels which is the highest across all categories. Around half (49%) of consumers prefer a white-label/private-label product to a premium brand in the same category. Gen Z (80%) and millennials (77%) lead this trend; 57% of apparel and accessories purchases and 41% of groceries are private-label.

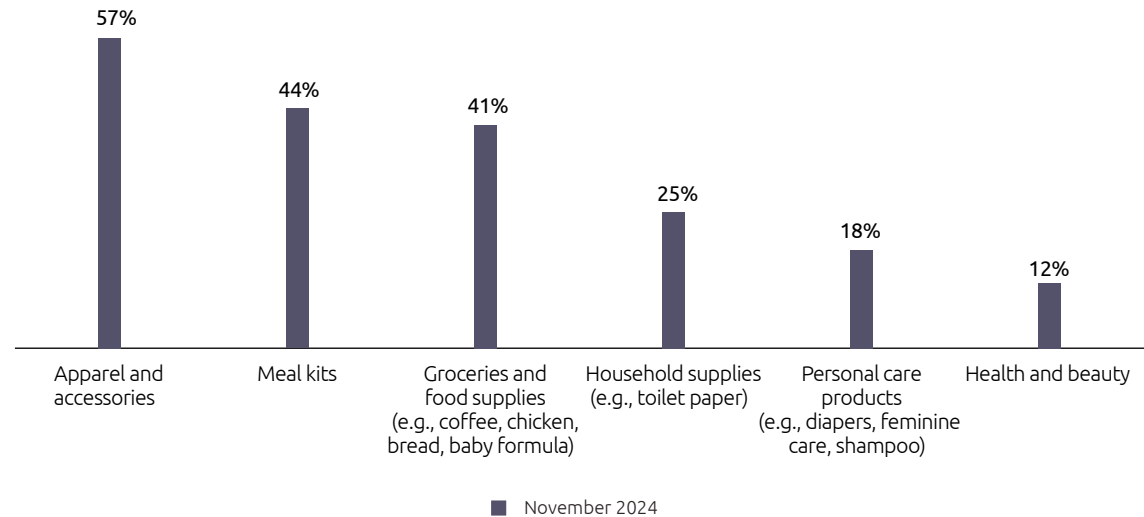
# 65%

of consumers are buying cheaper private-label or low-cost brands over name brands

**Figure 36.**

The share of private-label products is significant in multiple categories

### Share of private-label products in each category



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

## Shrinkflation leads to new legislation and is still a key consumer concern

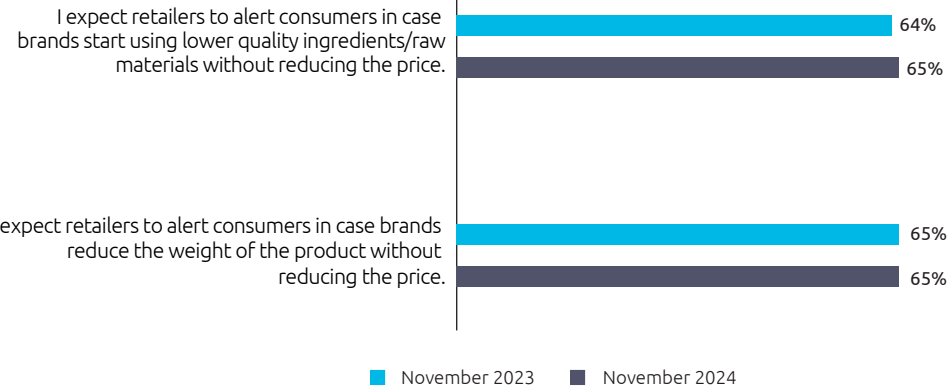
Three-quarters (73%) of millennials expect retailers to provide alerts when brands reduce the weight of a product without reducing the price (a phenomenon known as “shrinkflation”). Globally, this figure is the same as last year, at 65%. French supermarket chains Intermarché<sup>43</sup> and Carrefour<sup>44</sup> alert consumers to products impacted by shrinkflation. According to a Carrefour spokesperson: *“To combat shrinkflation without penalizing customers, the group has implemented a strategy aimed at identifying any product affected by this practice so that its prices can be corrected in advance with its suppliers and its pricing policy.”*<sup>45</sup>

To combat shrinkage, the French Ministry of Economy has issued a decree effective from 1st July 2024. It requires medium-to-large supermarkets to display per-unit prices and quantity changes next to affected products on store shelves for two months after any change. This rule applies to goods, including food and household items, in stores with footprints larger than 400 sq m.<sup>46</sup>

**Figure 37.**

Two in three consumers want shrinkflation alerts

Share of consumers who agree with the following statements:



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers, Capgemini Research Institute, *What matters to today's consumer*, January 2024.



# Online gains ground but in-store shopping retains value

In November 2024, 60% of consumers said they had interacted significantly with physical stores, down from 66% in November 2023. This compared with 46% who shopped online in November 2024, up from 36% in November 2023.

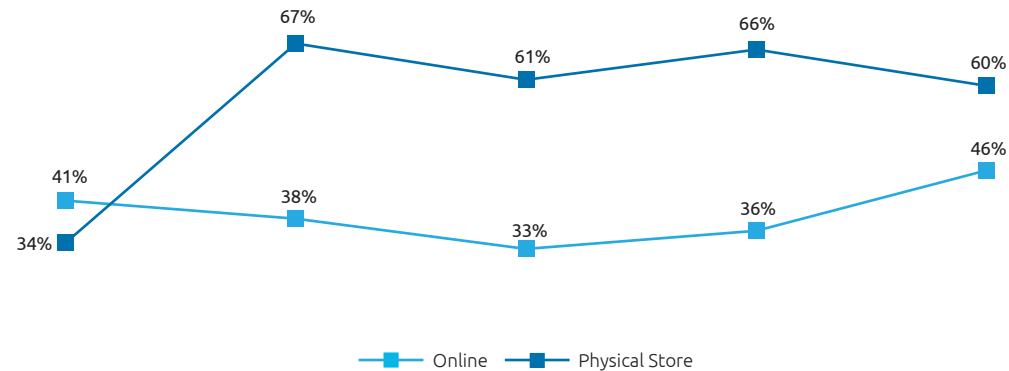
In 2024, the preference for in-store shopping increased with age:

- 63% of boomers (aged 58 and over), down from 72% in November 2023, report high levels of in-store interactions. Meanwhile, only 55% of Gen Z report the same, a percentage that has remained virtually unchanged since November 2023. A high 66% of consumers in the Traditionalists cluster have frequent interaction with physical stores.

**Figure 38.**

Consumers' are integrating more with online stores

### % of consumers shopping at physical stores and online with retailers



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; October–November 2023, N = 11,681 consumers; Capgemini Research Institute, *What matters to today's consumer*, January 2024; Capgemini Research Institute, *What matters to today's consumer*, January 2023.

Note: The question asked was “Please indicate your frequency of using physical stores when shopping with retailers. Please rate on a scale of 1 to 7, where 1 = very low interaction and 7 = very high interaction.”



# 04 | The grass is greener: Why consumers are switching brands



## Lack of personalization is a key reason to switch brands and retailers

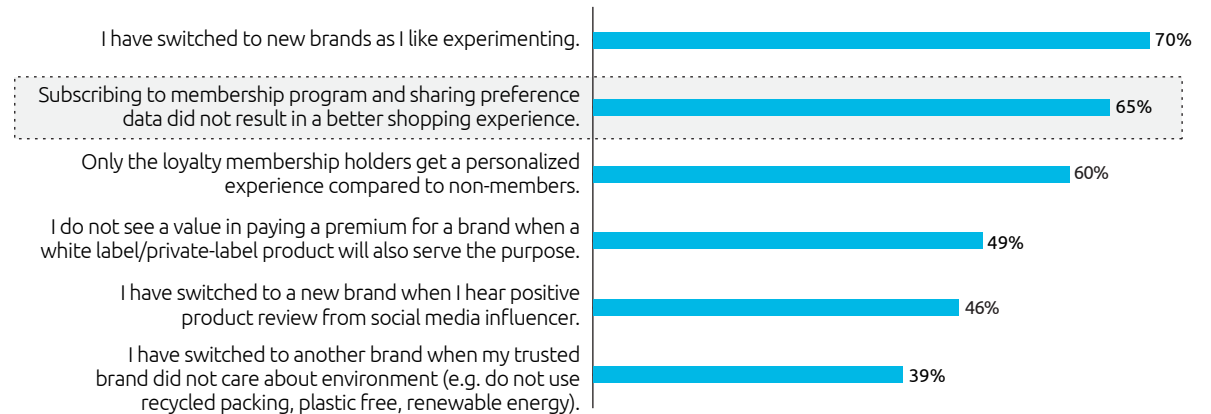
Over half (53%) of consumers switch brands/retailers regularly, despite subscribing to their loyalty programs. Over half (51%) of Gen Z<sup>47</sup> find new brands through TikTok, stressing the platform's influence among the youngest consumers. Gen Z is also the most likely (32%) to have abandoned a brand over a 12-month period.<sup>48</sup>

Gen Z consumers are more open to switching. As many as 70% of consumers globally and 75% of Gen Z consumers have switched as an experiment (figure 39). Another major reason for switching brands, as stated by 70% of Gen Z consumers, was that membership programs and shared preference data failed to result in a better experience. This highlights the key issue of lack of value exchange consumers seek when they sign up for membership program and do not get a better experience. This is also a key reason for consumers to switch retailers, as stated by 64% of consumers.

**Figure 39.**

Experimentation and lack of personalization are major reasons for switching *brands*

### Reasons cited by consumers for switching brands



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

Lack of sustainability is cited by 67% of consumers as the reason to switch retailers. In the previous year, sustainability was relegated to value among certain demographics; with the cost-of-living crisis, this year, there are some indicators that sustainability is important. For instance, when consumers sign up for membership, it is more value-based and not transactional, leading to a higher focus on sustainability (figure 40).

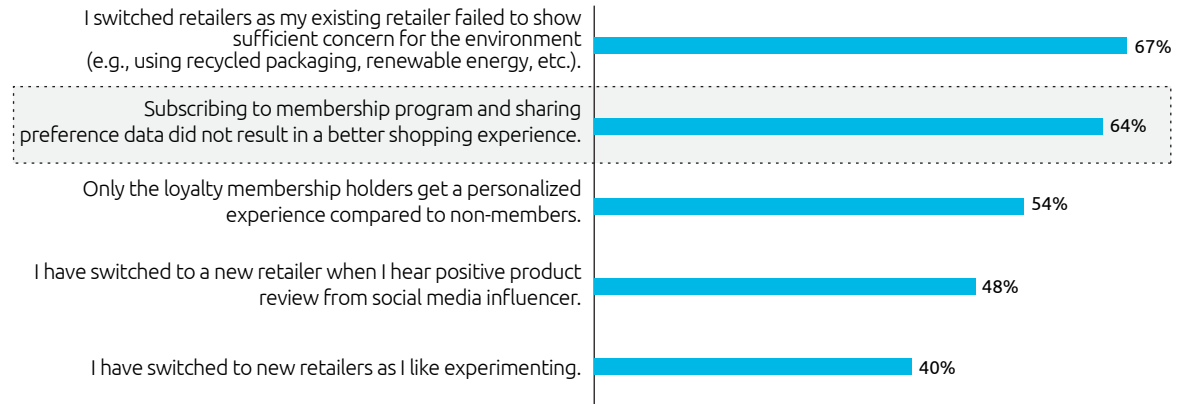
# 53%

of consumers switch brands/retailers regularly, despite subscribing to their loyalty programs

**Figure 40.**

Sustainability and lack of personalization are major reasons for switching *retailers*

### Reasons cited by consumers for switching retailers



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

## Two-thirds of consumers are willing to switch loyalty based on nutrition scores

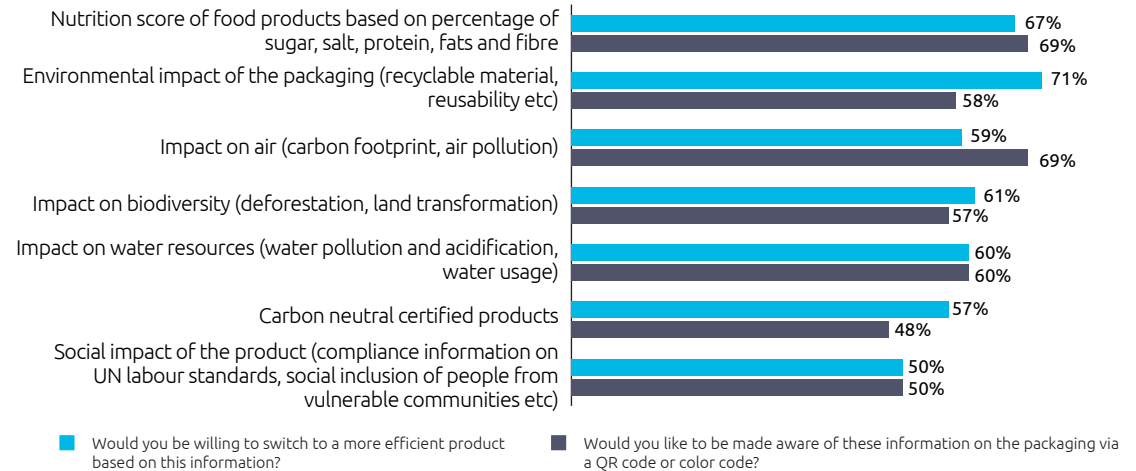
Nutrition scores of food products are a key factor in brand choice for 76% of millennials, 71% of Gen Z, and 67% of consumers globally. A significant 69% of consumers would like to receive this information via a QR or a color code.

Currently, different nutritional scoring systems are used globally. For instance, Europe uses a color-coded Nutri-Score system that classifies food and drink by nutritional value.<sup>49</sup> Based on this score, the product receives a letter with a corresponding code: from dark green/A (which means healthier choices) to dark orange/E (which means less healthy choices). Eight European countries have adopted this scheme: France, Belgium, Germany, Luxembourg, the Netherlands, Spain, Switzerland, and Portugal.<sup>50</sup> Nutri-Score is yet to gain traction in North America, which uses the Nutrition Facts Label.<sup>51</sup> The UK's front-of-pack nutrition labeling method, with its traffic-light indicators of the levels of fat, saturates, sugars, and salt, is now well established.<sup>52</sup> Such systems help consumers make informed food choices and, consequently, encourage organizations to improve the nutritional content of their products.

**Figure 41.**

Consumers demand nutrition scores

### Key product attributes, as cited by consumers



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.



Carbon impact is also a key metric that 69% of consumers would like to be made aware of. Organizations are introducing multiple initiatives:

- Hilton has introduced carbon labeling for its menus in the UK to inform guests of the environmental impact of their choices when dining at participating restaurants.<sup>53</sup>
- Wholesale food giant, UK Sysco GB, has rolled out a carbon measurement and labeling tool called FoodPrint. FoodPrint measures carbon emissions across the value chain “from farm to fork.” The organization also considers waste management and packaging choices.<sup>54</sup>

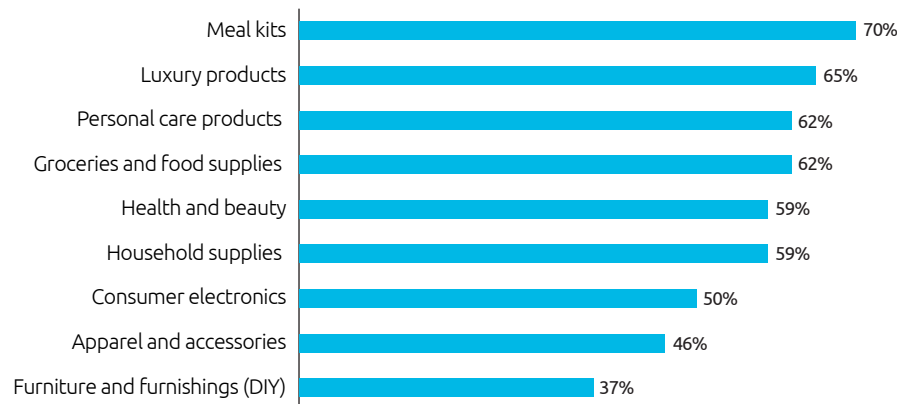
## Last-mile delivery services, e-tailers, and meal kit brands command the highest loyalty across categories

Overall, meal kit brands command the highest loyalty, as stated by 70% of consumers, followed by luxury products at 65%. Among retailers, last-mile delivery services like Instacart, came top, followed by e-tailers (68% and 65%, respectively). There's been a 14% decline in customer loyalty in the US from 2022 to 2023 and 36% of US consumers said they were not loyal to any brand.<sup>55</sup>

**Figure 42.**

Meal kits lead in consumer loyalty

### Share of consumers who are loyal to (by product categories)



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.

**Figure 43.**

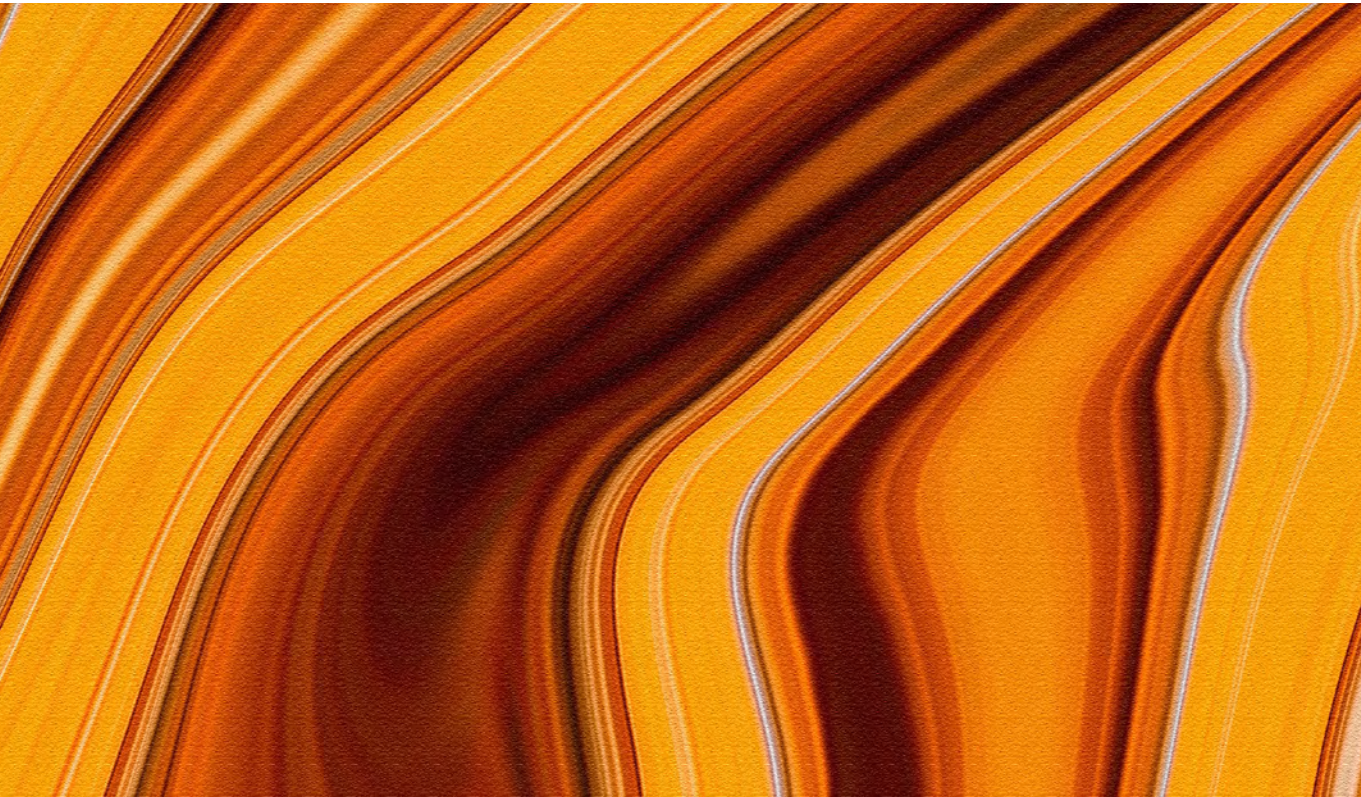
Last mile delivery services enjoy the highest loyalty among retailers

#### Share of consumers who are loyal to (by retailers)



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers.



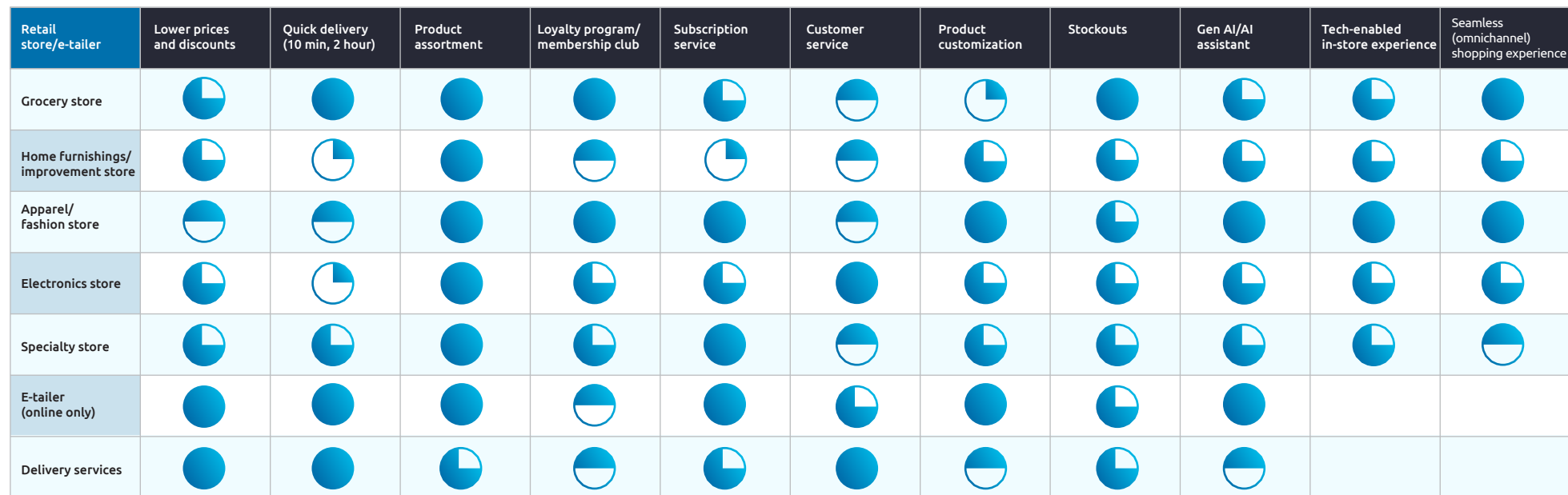


## What are the key factors driving loyalty?

In the current retail landscape, consumer loyalty is heavily influenced by a blend of factors. Quick delivery is a significant factor for customer loyalty in retail stores and delivery services, while product assortment and customization are primary loyalty factors for home furnishing and apparel retailers. For electronics and specialty stores, consumers also consider AI assistance and in-store technology important loyalty factors. Among e-tailers, AI assistance is the top loyalty factor. In April 2024, Target launched Target Circle 360, a paid membership program that builds on its Target Circle loyalty program by offering unlimited free same-day delivery for orders \$35 and up, along with free two-day shipping, rivaling offerings from Walmart and Amazon.<sup>56</sup>

**Figure 44.**

Top loyalty factors for retailers



**Note:** 61%-72% 49%-60% 37%-48% <36%

Source: Capgemini Research Institute Analysis, Consumer Demand survey, October–November 2024, N = 12,000 consumers.



Consumers demonstrate a strong preference for brands that provide personalized experiences. AI assistance is the top factor for loyalty across

multiple brand categories. Stockout is a key factor mentioned by consumers for grocery and food brands (figure 45).

**Figure 45.**

Top loyalty factors for brands

Brands	Lower prices and discounts	Product assortment	Loyalty program/ membership club	Subscription service	Customer service	Product customization	Stockouts	Gen AI/ AI assistant
Groceries and food supplies								
Meal kits								
Household supplies								
Personal care products								
Health and beauty								
Furniture and furnishings								
Apparel and accessories								
Consumer electronics								
Luxury products								

**Note:** 60%-72% 46%-59% 33%-45% <32%

Source: Capgemini Research Institute Analysis, Consumer Demand survey, October–November 2024, N = 12,000 consumers.





05

# Recommendation: Adapt with the consumer



## Adapt to compete

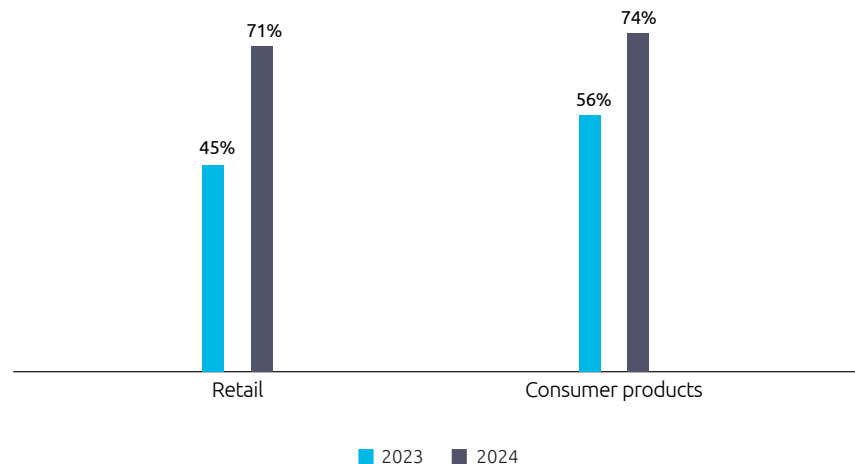
### Augment Gen AI tools to become more consumer-centric

As many as 71% of retail organizations and 74% of consumer products organizations now view Gen AI as a transformative technology, up from 45% and 56%, respectively, last year.

**Figure 46.**

7 in 10 consumer product and retail firms view Gen AI as a transformative technology

#### Generative AI as a transformative technology for driving revenue and innovation



Source: Capgemini Research Institute, *Harnessing the value of generative AI 2nd edition: Top use cases across sectors*, July 2024

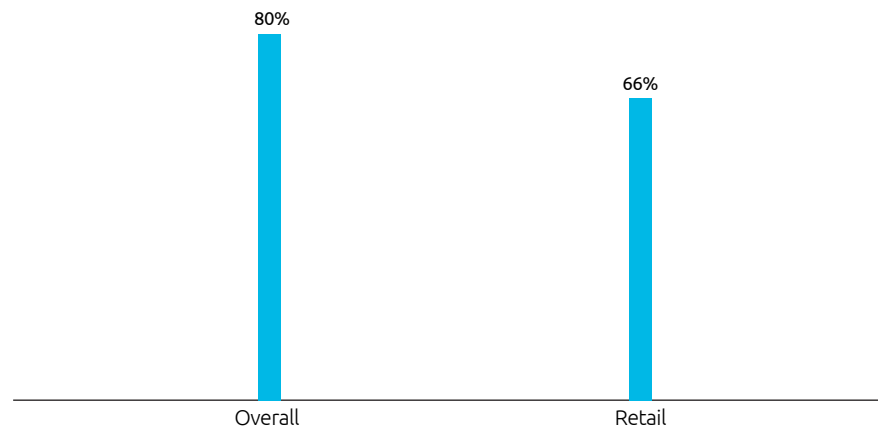
Although 80% of organizations across sectors have boosted their investments from last year, retail has the lowest proportion that has done so, at 66%.<sup>57</sup> However, some retail and consumer product firms are investing in multiple Gen AI use cases to boost customer-centricity.

- Sweden's Zara uses AI algorithms to identify patterns and predict popular styles, informing product development, inventory strategy, and marketing campaigns.<sup>58</sup>
- Walmart has created a Gen AI-powered Content Decision Platform to tailor a unique homepage for each individual customer. The updated website is expected to launch in the US by end-2025.<sup>59</sup>
- Nike is developing a Gen AI model to design products using its extensive athlete performance data. The organization showcased Athlete Imagined Revolution (AIR), a project that saw the design team create prototype shoes for 13 of Nike's top athletes. Nike's innovative use of AI and athlete data marks a significant step forward in personalized sportswear design.<sup>60</sup>
- Coca-Cola has launched three AI-generated ads for the 2025 holiday season. The highlight is a remake of its 1995 "The Holidays are Coming" ad, featuring Coca-Cola trucks lighting up a snowy forest and town with Christmas lights. This holiday spot was created entirely with generative AI, supported by three AI studios and several large language models.<sup>61</sup>

**Figure 47.**

While the investment in Gen AI is on the rise, the retail sector is still trailing behind

#### Percentage of organizations who increased their Gen AI investments from 2023



Source: Capgemini Research Institute, *Harnessing the value of generative AI 2nd edition: Top use cases across sectors*, July 2024



Consumer products and retail firms are implementing multiple Gen AI use cases this year ranging from hyper-personalized, multi-sensory consumer experience to building creative marketing campaigns. (Figure 49)

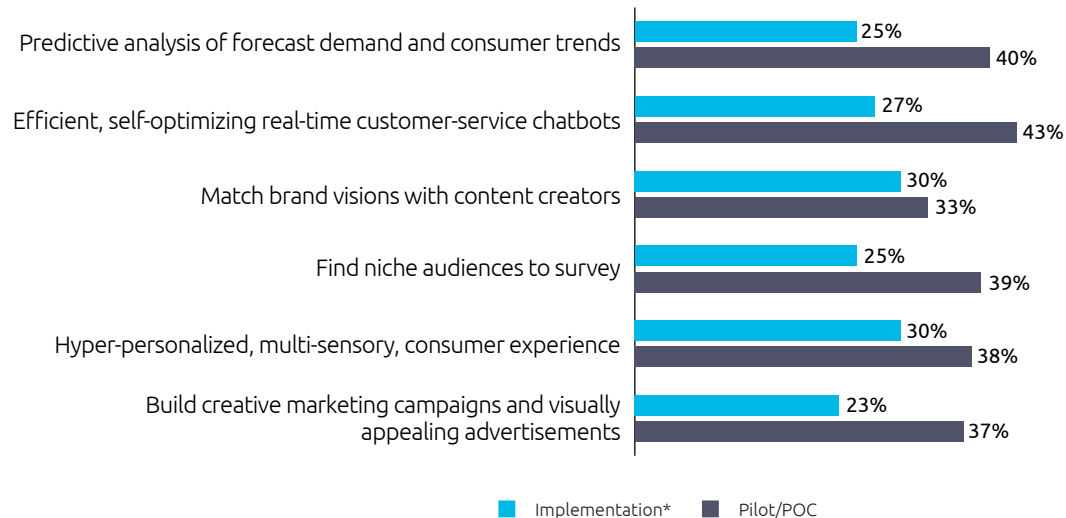
# 71%

of retail organizations now view Gen AI as a transformative technology

**Figure 48.**

Gen AI use case implementation for consumer products and retail sector

### Gen AI use cases



Source: Capgemini Research Institute, Gen AI executive survey, May–June 2024, N = 1,031 organizations that are at least exploring Gen AI capabilities; N varies per sector use case ranging from 50 to 189.

\*"Implementation" means organizations that have partially scaled the functional use case in question

The following steps can help kickstart and augment the Gen AI implementation process:

- Form dedicated marketing teams to integrate Gen AI. Establish a clear governance framework and identify specific areas where AI can deliver significant results.
- Facilitate interdisciplinary collaboration, including your sales and IT teams, to develop tailored solutions aligned with marketing objectives.
- Invest in educating consumers on how to use Gen AI and create awareness of how consumers benefit from using Gen AI tools.
- Incorporate robust built-in safeguards and guidelines that uphold ethical AI use, ensure regulatory compliance, and mitigate biases, thereby bolstering trust and reliability in AI-driven solutions.
- Collaborating with external Gen AI experts while investing in employee training internally can be an effective strategy. Our research finds that nearly half (46%) of organizations plan to work on Gen AI with external agencies or consultancies. There is currently a Gen AI marketing talent gap, with 63% of surveyed organizations anticipating that new job roles in marketing will emerge in the next few years.<sup>62</sup>
- Three in five organizations acknowledge the need to improve data foundations to support Gen AI in achieving its full potential. Only 51% of data executives say that

their organization has clear processes to manage siloed data and data integration across functions. Fewer than half (46%) have documented policies around sourcing, usage, access, processing, and security of data specifically for Gen AI.<sup>63</sup>

As we look to the future, we're on the brink of a fascinating evolution where personal AI agents become integral to our interactions. Imagine a world where your AI agent seamlessly communicates with brand AI agents, creating a hyper-contextualized experience tailored just for you (e.g., gluten-free options). This shift moves us beyond the realm of social media into a new era where AI-driven interactions take center stage. To truly harness this potential, it's vital to deliver transformative, consumer-centric retail experiences with:

- **Evolving AI models:** Gen AI in retail often struggles with mediocrity due to limited training data and synthetic personas, leading to low customer satisfaction, which isn't surprising from our survey results. Leverage simulation design and synthetic data to tailor personas by brand & geography to offer more personalized and geographically nuanced experiences, enhancing consumer satisfaction.
- **Anthropological insights:** Avoid conformity traps and spark human-centered creativity and innovation. Incorporate anthropological insights into AI development to create richer, culturally attuned AI personas.

- **Hyper-contextualization:** Adapt conversations dynamically based on real time context, offering personalized, relevant interactions. For example, Perplexity launched an AI-powered shopping assistant capable of researching products, providing recommendations, and completing purchases, streamlining online shopping by integrating Gen AI for personalized consumer experiences.
- **Multimodal AI:** Integrating diverse data types to enable richer, immersive shopping experiences.<sup>64</sup>
- **AI agents:** AI agents will offer personalized recommendations (e.g., gluten-free options) and collaborate with other agents and brands to enhance service quality.

In this exciting new landscape, the transition from SEO to GEO (Generative Engine Optimization) becomes crucial. Optimizing content for AI-driven search platforms will enhance visibility and engagement by focusing on personalization and conversational queries. Multimodal AI will enrich these experiences by integrating diverse data types, offering immersive shopping journeys. As consumer agents guide decision-making across all aspects of life, collaborating with retail agents will elevate service quality to unprecedented levels. Welcome to the future of consumer engagement—where what matters most is just a conversation away.

## Use technology to boost resilience and sustainability and lower prices

**Automation:** Brands and retailers are saving time and money by automating non-core activities, cutting non-essential products, and optimizing their product portfolios. For example:

- In August 2024, Walmart partnered with organic materials recycler Denali to implement the Zero Depack program in more than 1,400 locations and clubs. This initiative utilizes advanced de-packaging technology to efficiently separate

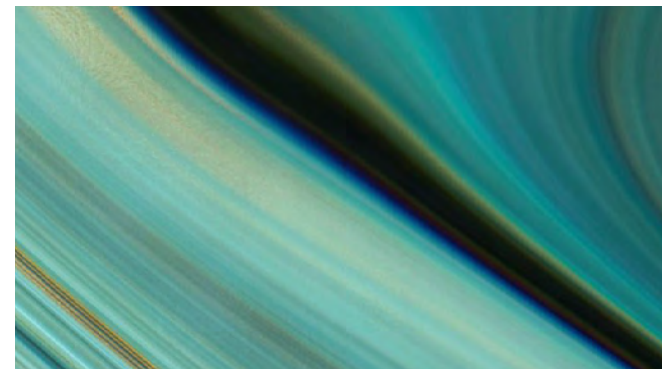
expired and unsellable food from its packaging for recycling.<sup>65</sup>

- Carrefour Belgium has partnered with Swedish food waste organization Deligate to launch an AI tool to manage best-before dates at scale. The technology will allow it to track inventory in real time, anticipate changes in demand and make informed decisions to mitigate the risks involved with overstocking products (currently over 40,000 items daily).<sup>66</sup>

Retailers are shifting to automation-driven operations, requiring staff to adapt to advanced technologies, from AI to robotics, to remain competitive and efficient in the evolving market. As digital retail grows, brands need to invest in upskilling their workforce, focusing on data

analysis, e-commerce platforms, and customer engagement tools to meet the changing demands of consumers.

**Sustainability:** Sustainability efforts lower costs by reducing/reusing/recycling waste, conserving energy and water, using QR codes to reduce the need for paper and adopting circular-economy models. Brands and retailers are also increasingly focusing on food waste. To enhance food security and reduce waste, major UK supermarkets and charities have formed a surplus food distribution body called Alliance Food Sourcing, which includes Tesco, Sainsbury's, M&S and other 15 organizations. Alliance Food Sourcing sits within the Institute of Grocery Distribution, a food industry research charity, and will oversee new ways of redistributing the 4.5 million tons of surplus food found in the UK supply chain every year.<sup>67</sup>



**Supply chain:** Retailers and brands are increasingly focusing on supply chain resilience by diversifying sourcing strategies, leveraging advanced technologies like AI for real-time tracking, and enhancing collaboration with suppliers to mitigate disruptions and ensure continuity.

Brands and retailers can achieve cost-efficiency and resilience by using data and analytics to enhance planning and fulfillment. Walmart opened its new high-tech perishable distribution center in Lancaster, Pennsylvania, which uses advanced robotics to process more than twice the volume of a traditional perishable facility.<sup>68</sup> Data and analytics can help design efficient distribution and supplier networks, identify optimal fulfillment solutions, and meet supply chain goals cost-effectively by:

- Creating a distribution network for both e-commerce and physical commerce
- Recommending profitable product mixes for different channels, locations, and consumer personas
- Optimizing routes and logistics to reduce costs and emissions and ensure timely delivery
- Planning safety stock to manage costs and customer demand. For instance, US home improvement retailer The Home Depot, opened four new distribution centers to cater to both traditional DIY customers and professionals tackling larger jobs <sup>69</sup>
- Supporting production decisions and resource allocation to meet customer expectations and control costs.







## Unlock channel growth

### Surprisingly, Gen AI influencers are challenging human influencers in terms of achieving high levels of consumer engagement

A recent example highlighting the influence of AI in consumer purchasing decisions is the increasing use of AI platforms such as ChatGPT for holiday shopping. Between July and September 2024, Gen AI traffic to online retailers increased tenfold,<sup>70</sup> indicating a significant shift in consumer behavior. Shoppers are turning to AI for tailored product recommendations and deal-finding, which poses a challenge to traditional search engines.

This trend underscores growing consumer trust in AI-driven recommendations. With Gen AI driven content brands can create AI influencers to close the gap between content

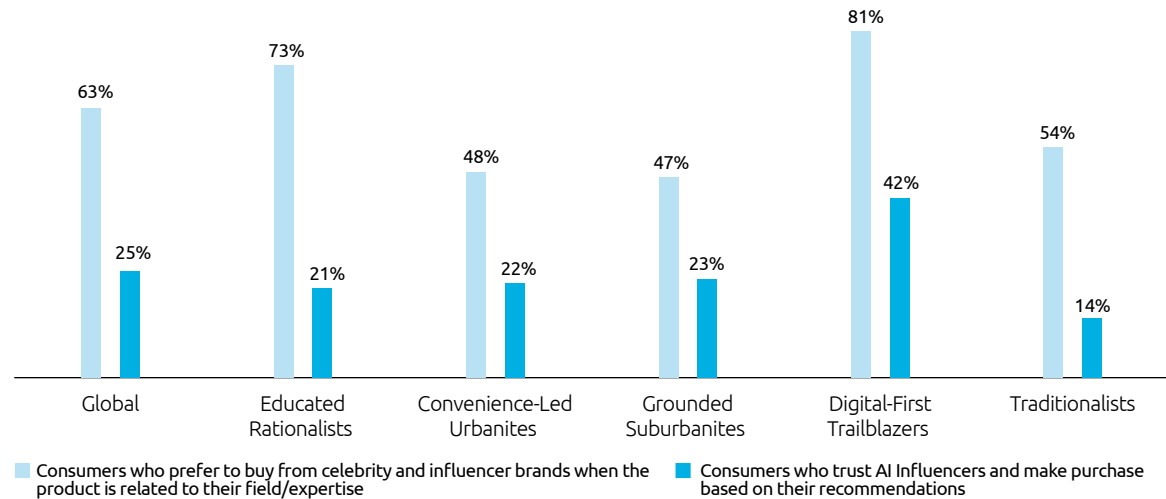
consumption and commerce. The highly personalized nature of AI influencers' advice resonates with consumers. A solid 42% of the Digital-First Trailblazers cluster make purchases based on AI influencers' recommendations. Lu do Magalu is the most-followed AI influencer on Instagram, with 7.1 million followers. Designed by Brazilian retail organization Magazine Luiza, Lu do Magalu has worked with Burger King, Red Bull, Adidas, Samsung, McDonald's, and many other high-profile brands. Another popular Brazilian-US AI influencer, Lil Miquela (2.6 million Instagram followers) has also worked with luxury brands including Prada and Chanel, and currently brings in an estimated \$11 million annually.<sup>71</sup>

A significant 63% of consumers globally, 81% of consumers in the Digital-First Trailblazers cluster, and 73% of consumers in the Educated Rationalists cluster prefer to buy from celebrity and influencer brands. It is important to note the average age for Digital-First Trailblazers clusters is 37 and Educated Rationalists, 56, respectively. However, the influence of celebrity brands is high for both these age groups. Carefully tailoring the approach to different age groups is key to unlocking the power of influencers. In North America, for example, Adidas has seen a 60%<sup>72</sup> year-on-year increase in visits to its Lionel Messi microsite and over a 40% rise in visits to the kids' soccer section.

**Figure 49.**

Consumer preferences for celebrity and (AI) influencers

Share of consumers who prefer to buy from celebrity and influencer brands and trust AI Influencers



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

## Leverage social and retail media networks as a keyway to engage and influence early in the consumer journey

Gen AI, social media, and RMNs may not all benefit from the same approach. Our analysis shows that the Digital-First Trailblazers cluster uses Gen AI most frequently. However, most clusters pay attention to ads shown on retailer websites or apps. The Educated Rationalists and Digital-First Trailblazers clusters are social media savvy. Identifying key consumer segments as per their interactions and comfort levels with Gen AI tools, social media, and RMN is key to unlocking channel growth and utility.

The decline in satisfaction with generative AI underscores the need for retailers and brands to enhance their customer experience (CX) strategies. To adapt to new-age use cases, focus on personalized interactions, seamless omnichannel support, and engaging content. These elements will help meet the evolving expectations of customers who increasingly

rely on social media for product discovery, customer support, and shopping experiences.

E-commerce is surging, with social media emerging as a key channel for product discovery and purchases, transforming consumer shopping habits, which is reshaping how consumers shop and engage with brands. Retailers and brands should leverage social media by optimizing content, using targeted ads, and integrating social commerce features, they can engage consumers where they spend the most time, driving visibility and sales.

Below are the new revenue streams for retailers and brands.,

- **Retail Media Networks:** Sell ad space on your website, app, and stores to brands. Eg., CMX (CVS Media Exchange®) is a data-led, technology-driven retail media network that enables partners to reach CVS Pharmacy® customers and loyal ExtraCare® customers through a variety of digital platforms, including social channels, programmatic display and on CVS.com®.<sup>73</sup>
- **Data Insights:** Sell anonymized customer data insights to other businesses. This could start happening out retail media networks.

## Target the decision makers

Gen Alpha is currently responsible for over \$28 billion in direct spending, and drives billions more in indirect spending. Even the youngest members of Gen Alpha influence purchase decisions.<sup>74</sup>

Currently more than one third (35%) of the consumers who are the primary decision makers in their households who make decisions about what products to purchase are Gen Z and Millennials. Moreover, Gen alpha has more influence on the drivers of most shoppers. Focus on digital engagement and personalized experiences to attract Gen Z and Millennials is essential. Leveraging social media and influencer marketing to capture Gen Alpha's influence on purchasing decisions will be helpful.

## Enhance the in-store experience

In-store shopping is still the key shopping format for majority of consumers and needs to meet consumer expectations in terms of technology interfaces and customer experience as in the online formats. This can be achieved through:

- **AI-Driven personalization:** Use AI to analyse customer preferences, offering tailored recommendations and personalized shopping experiences
- **Geolocation tools:** Employ geolocation technologies to attract and engage local customers by providing real-time promotions and tailored services
- **Smart space utilization:** Leverage digital solutions like interactive displays and mobile apps to optimize small retail spaces for improved navigation and product discovery
- **Experiential marketing:** Host events, workshops, pop-up shops, and VR experiences.
- **Seamless Integration:** Balance digital and physical offerings to create immersive, tangible experiences while retaining convenience
- **Repair Services:** Offer extended warranties, repairs, and maintenance for recurring revenue. British multinational retailer Marks & Spencer (M&S) has partnered with clothing repair and alterations organisation SOJO on a new initiative for customers.<sup>75</sup>

## Lead with purpose

### There is still a gap in education and trust

Consumers are increasingly turning to vegan food and want to understand the nutritional impact. Educating consumers on health and sustainability metrics and, more importantly, gaining consumer trust by transparently providing this information is essential. A globally standardized scoring system would be a significant step forward. Beyond Meat, a US-based producer of plant-based meat substitutes has launched its newest product, Beyond Sun Sausage, marking a significant shift from its current meat replacements. This new product focuses on wholesome fruits, vegetables, and legumes, reflecting the organization's response to growing consumer demand for clean-label ingredients.<sup>76</sup> Foods claiming to have a "clean label" should be free of unsafe additives and ingredients and from vague or misleading terminology that hides health risks or implies non-existent health benefits.<sup>77</sup>

Global alliances and regulations also help educate consumers on food sustainability. In February 2024,

Amsterdam became the first EU capital to endorse the Plant Based Treaty, which aims to:

- Put food systems at the forefront of combating the climate crisis
- Halt the widespread degradation of critical ecosystems caused by animal agriculture
- Promote a shift toward healthier, sustainable plant-based diets.<sup>78</sup>

The EU Commission has granted the Dutch government €700 million to help animal farmers in ecologically sensitive areas voluntarily close by October 2029 if they exceed nitrogen emission thresholds. The Netherlands leads in shifting away from animal agriculture. In 2024, Amsterdam became the first EU capital to endorse the Plant Based Treaty, and in 2022, Haarlem became the first city globally to ban meat adverts in public spaces.<sup>79</sup>

### Transparent collaboration across partners is a keyway forward to reducing food waste

An impressive 62% of consumers across the world support brands that demonstrate transparent food-waste reduction practices, and 73% believe retailer policies and initiatives should help reduce food waste. Retailers have multiple areas to focus on to reduce food waste by:

- Enhancing transparency and efficiency in the supply chain to reduce waste and improve product freshness, using real-time data sharing and logistics optimization.
- Developing and implementing strategies for repurposing unsold food and engage with the entire supply chain to identify and mitigate potential waste.
- Implementing strategies to encourage consumers to make more responsible and efficient purchasing and consumption choices through dynamic pricing, targeted promotions, and rewards.

Carrefour in France has extended its collaboration with Wasteless in Argentina, rolling out Wasteless AI across all 640 of its stores. This collaboration aims to drastically reduce food waste, lower markdown costs by 54%, and offer consumers fresh products at low prices. Wasteless AI's advanced AI-driven smart markdown technology supports dynamic discounting of perishable products, ensuring that they are sold at the optimal moment in their lifecycles.<sup>80</sup>



# Conclusion

While the concerns swirling around the cost-of-living crisis have lessened, consumers continue to look for discounts. The shift toward Gen AI, social commerce, and RMN-assisted shopping is significant. The importance of rapid delivery services cannot be overstated, with customers valuing quick and efficient fulfillment. Consumers are also demanding more product information that they can trust as they shift to sustainable products and alter food habits. Increasingly, all these factors are shaping customer

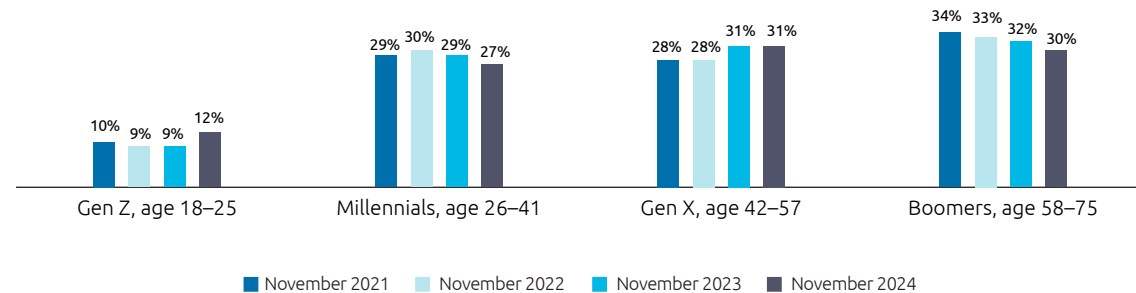
loyalty strategies. Retailers must adapt to these dynamics by focusing on establishing authentic connections with customers, maintaining high standards in customer service, and continually engaging with customers post-purchase through personalized communications. This holistic approach to understanding and implementing diverse loyalty drivers will be crucial for retailers aiming to sustain and grow their customer base in a competitive market and a still unpredictable business environment.



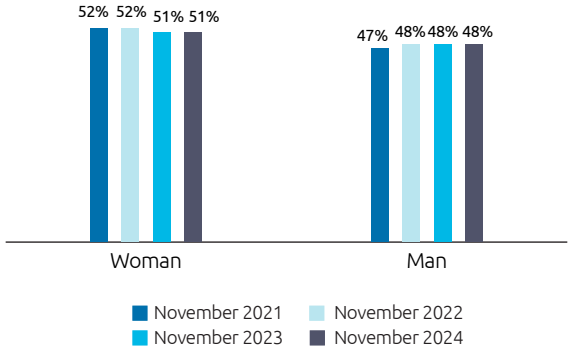
# Research methodology

We surveyed 12,000 consumers over the age of 18 in 12 countries across North America, Europe, and Asia-Pacific in October and November 2024. The demographic details of the consumers are below.

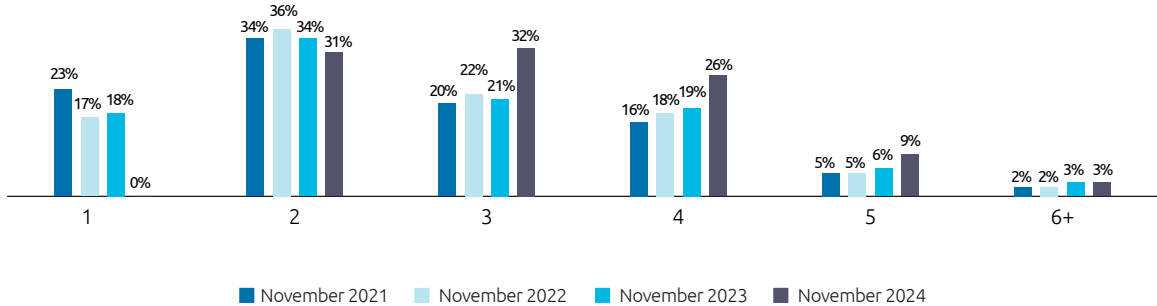
**Consumers by age group**



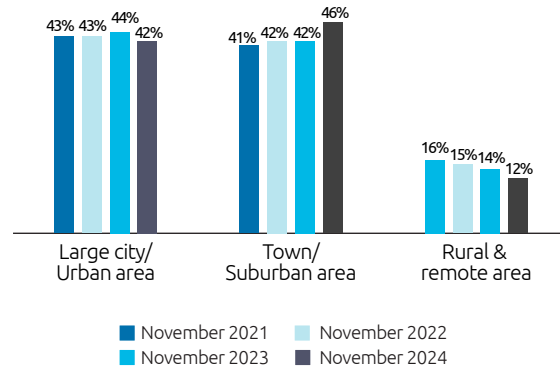
Consumers by gender identity



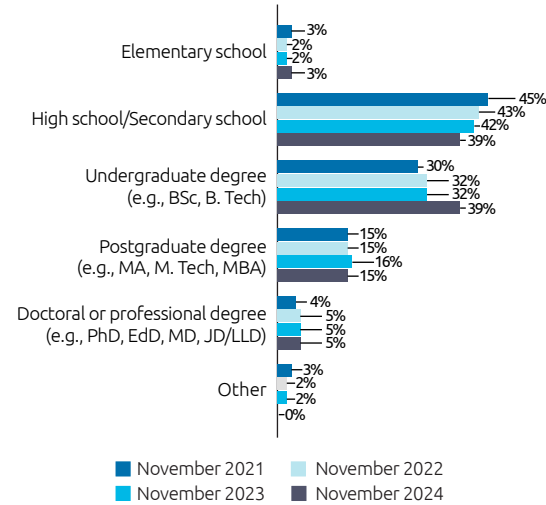
Consumers by number of people in household



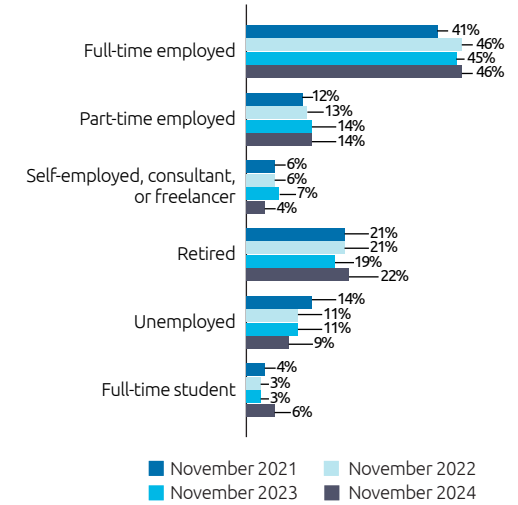
### Consumers by self-identified residential area



### Consumers by highest educational level

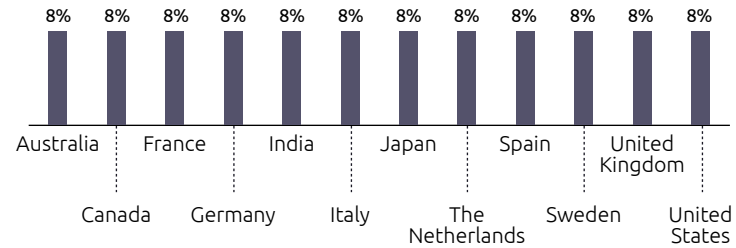


### Consumers by employment

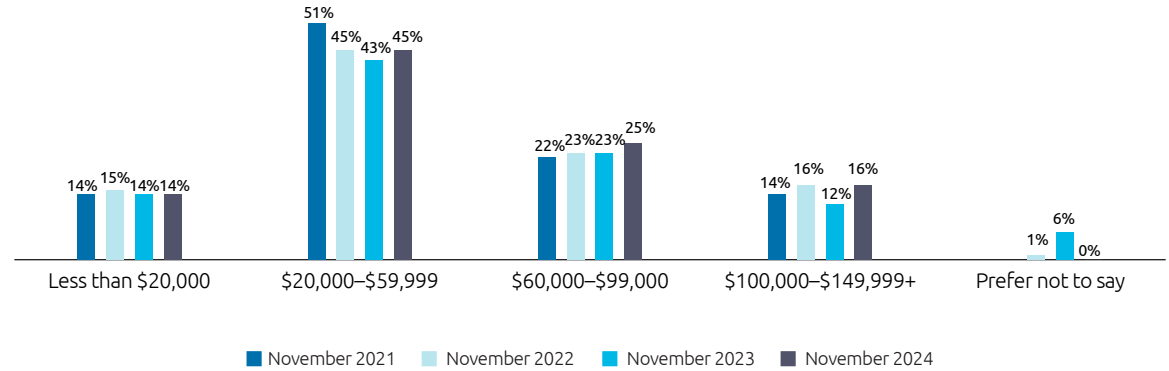




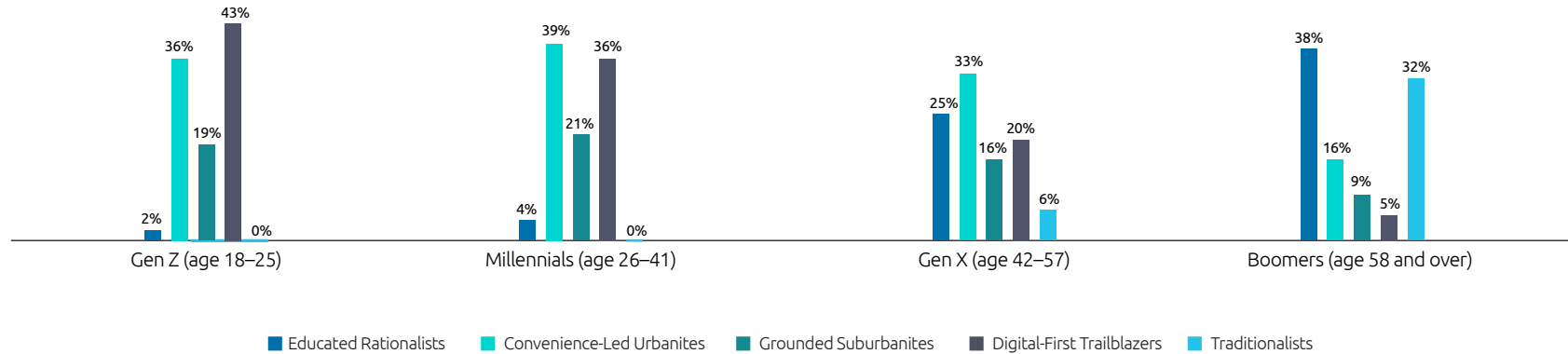
### Consumers by country of residence



### Consumers by annual household income



## Cluster segmentation by age



Source: Capgemini Research Institute, Consumer Demand survey, October–November 2024, N = 12,000 consumers; Educated Rationalists cluster = 2,462 consumers; Convenience-Led Urbanites cluster = 3,556 consumers; Grounded Suburbanites cluster = 1,912 consumers; Digital-First Trailblazers cluster = 2,660 consumers; Traditionalists cluster = 1,410 consumers.

\*The study findings reflect the views of the respondents to our online questionnaire for this research and are intended to provide directional guidance.

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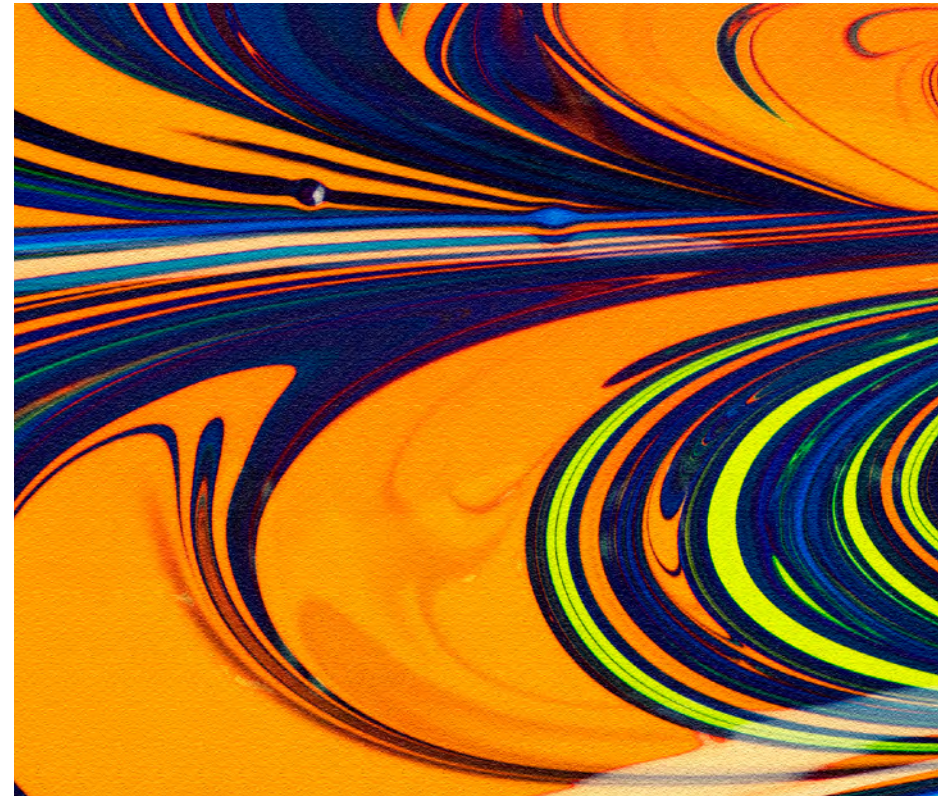
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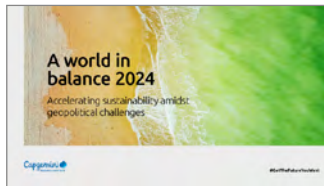
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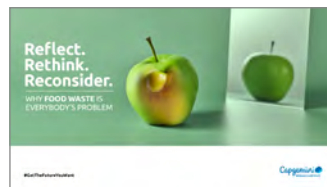
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