ANALYST REPORT

The State of Food & Beverage

A look at the major factors influencing consumers’ food and beverage choices today

H2 2022
## In This Report

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Executive Summary</td>
</tr>
<tr>
<td>4</td>
<td>Key Takeaways</td>
</tr>
<tr>
<td>5</td>
<td>Grocery Inflation</td>
</tr>
<tr>
<td>16</td>
<td>Dining Out: Restaurants’ Road to Recovery</td>
</tr>
<tr>
<td>23</td>
<td>Dining In: Shifting Behaviors in Eating at Home</td>
</tr>
<tr>
<td>30</td>
<td>Adult Beverages</td>
</tr>
<tr>
<td>37</td>
<td>The Data Behind the Report</td>
</tr>
</tbody>
</table>
Executive Summary

Food & beverage should be experiencing smoother sailing as consumers’ concerns about COVID-19 hit a two-year low, but record-high inflation has dealt yet another blow to the industry. Now, brands must navigate the challenges of attracting cost-conscious consumers while adapting to ever-evolving daily routines that shape consumers’ eating and drinking habits.

Morning Consult’s semiannual State of Food & Beverage report tracks evolving consumer behaviors in the food & beverage sector and what they mean for the future of the industry.

Based on survey interviews conducted monthly since October 2021 with around 2,200 U.S. adults, plus a quarterly international survey of more than 14,000 adults across the Americas, Europe and the Asia-Pacific region, this report provides insight into how consumers are thinking about and engaging with food and beverages today.

This report explores essential changes in online grocery shopping, cooking behaviors, attitudes toward health and wellness, and adult beverage consumption, as well as reactions to grocery inflation.

Shares who said they made changes to the way they eat and drink in June due to inflation

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>All U.S. adults</td>
<td>55%</td>
</tr>
<tr>
<td>Gen Z adults</td>
<td>53%</td>
</tr>
<tr>
<td>Millennials</td>
<td>58%</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>57%</td>
</tr>
<tr>
<td>Baby boomers</td>
<td>53%</td>
</tr>
<tr>
<td>Income: &lt;$50k</td>
<td>57%</td>
</tr>
<tr>
<td>Income: $50k-$99k</td>
<td>53%</td>
</tr>
<tr>
<td>Income: $100k+</td>
<td>51%</td>
</tr>
<tr>
<td>Children at home</td>
<td>62%</td>
</tr>
<tr>
<td>No children at home</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence
Shoppers have become deal-hunters amid rising inflation

With the consumer price index for food at home up 13.1% annually in July, consumers are concerned about costs across grocery categories. More are comparing prices, buying generic and using coupons.

Economic pressures are stifling consumers’ return to restaurants

Evaluating restaurant spending is top of mind for consumers amid persistent inflation. Our high-frequency data shows that consumers still have not fully returned to on-premises dining, despite months of relatively high comfort levels.

Ease and cost guide cooking, shopping habits

Convenience and cost, not enjoyment, are driving more consumers to cook and eat at home.

Consumers are cutting back on alcohol for cost savings

After a first-quarter dip, alcohol spending recovered in the most recent quarter. Still, 1 in 3 drinkers say they are consuming less alcohol. Saving money is the top reason, but changing social lives and health and wellness are factors, too.
SECTION 1

Grocery Inflation

Grocery prices continue to climb, leading consumers to make adjustments in this category, which represents the second largest monthly expenditure behind housing.
The consumer price index for food at home was up 13.1% annually in July as prices for groceries continue to spike amid high demand and supply chain disruptions. Most consumers do not see an end to grocery inflation anytime soon. The trajectory of inflation expectations has risen in response to increases in observed inflation. Expectations dipped from March to April, when the overall CPI was only up 0.3% monthly, driven by lower gas prices, but after larger monthly increases in the overall CPI in both May (1.0%) and June (1.3%), inflation expectations have since returned to the levels observed in the first quarter of 2022.

Grocery prices have risen sharply, and consumers see no end in sight

The consumer price index for food at home was up 13.1% annually in July as prices for groceries continue to spike amid high demand and supply chain disruptions. Most consumers do not see an end to grocery inflation anytime soon. The trajectory of inflation expectations has risen in response to increases in observed inflation. Expectations dipped from March to April, when the overall CPI was only up 0.3% monthly, driven by lower gas prices, but after larger monthly increases in the overall CPI in both May (1.0%) and June (1.3%), inflation expectations have since returned to the levels observed in the first quarter of 2022.
Inflation is driving higher grocery spending for middle- and high-income consumers, while those with lower income are finding ways to save

Consumers’ reported grocery spending increased 14% year over year in the second quarter of 2022, but spending diverges across income groups. High-income consumers report spending 24% more, while those making less than $50,000 annually report nearly flat expenditures. When presented with higher prices at the grocery shelf, higher-income households may be more likely to absorb those prices rather than skipping purchases or trading down to lower-cost food and beverage items. Conversely, consumers with annual incomes of less than $50,000 are working to keep grocery expenses in check as they allocate more to other growing components of their monthly budgets, like housing and gas.

Source: Morning Consult Economic Intelligence. In June 2022, Morning Consult released a new methodology for tracking spending data.
Concern is trending upward across categories as majority say they have noticed higher costs

As prices continue to rise, the share of consumers who say they’re concerned about the cost of groceries has increased across most categories since October but was relatively stable from May to June. Concern is highest in the categories consumers purchase frequently (produce, meat and dairy), and these categories are also the ones in which consumers are most likely to say they’ve noticed higher costs. Gen Xers and baby boomers are much more likely to say they’ve noticed categories cost a lot more, while perceptions across income levels are relative — lower-income consumers are more likely to have noticed categories cost a lot more, whereas higher-income consumers are more likely to say they’ve noticed a slight increase.

Source: Morning Consult Research Intelligence

Share of U.S. adults who are concerned about costs in the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Oct '21</th>
<th>Nov '21</th>
<th>Dec '21</th>
<th>Jan '22</th>
<th>Feb '22</th>
<th>Mar '22</th>
<th>Apr '22</th>
<th>May '22</th>
<th>Jun '22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>61%</td>
<td>61%</td>
<td>66%</td>
<td>80%</td>
<td>80%</td>
<td>81%</td>
<td>80%</td>
<td>81%</td>
<td>85%</td>
</tr>
<tr>
<td>Produce</td>
<td>68%</td>
<td>70%</td>
<td>76%</td>
<td>78%</td>
<td>76%</td>
<td>70%</td>
<td>66%</td>
<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td>Dairy products</td>
<td>76%</td>
<td>70%</td>
<td>70%</td>
<td>76%</td>
<td>78%</td>
<td>80%</td>
<td>80%</td>
<td>81%</td>
<td>85%</td>
</tr>
<tr>
<td>Pantry items</td>
<td>70%</td>
<td>70%</td>
<td>76%</td>
<td>78%</td>
<td>80%</td>
<td>80%</td>
<td>81%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>Beverages</td>
<td>65%</td>
<td>61%</td>
<td>61%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
</tr>
<tr>
<td>Ingredients, oils and spices</td>
<td>55%</td>
<td>55%</td>
<td>51%</td>
<td>42%</td>
<td>42%</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Share of U.S. adults who said they noticed higher costs in the following categories in June:

<table>
<thead>
<tr>
<th>Category</th>
<th>A lot more</th>
<th>A little more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>51%</td>
<td>28%</td>
</tr>
<tr>
<td>Dairy</td>
<td>39%</td>
<td>37%</td>
</tr>
<tr>
<td>Produce</td>
<td>34%</td>
<td>41%</td>
</tr>
<tr>
<td>Pantry items</td>
<td>28%</td>
<td>42%</td>
</tr>
<tr>
<td>Beverages</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>Ingredients, oils and spices</td>
<td>25%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Higher shares of Gen Xers (45%) and baby boomers (50%) said they’ve noticed dairy costs a lot more, compared with 28% of millennials.
Worries about ‘shrinkflation’ are high; most have noticed it in snacks

68% of U.S. adults are concerned about shrinkflation

Not only are consumers tuned in to inflation in grocery, but they’re also concerned about a specific form of inflation dubbed “shrinkflation”: when items shrink in size or quantity while prices remain the same or increase.

A majority of U.S. adults said they’ve noticed shrinkflation in the snacks category, and only 23% said they haven’t noticed shrinkflation in any food or beverage categories.

Source: Morning Consult Research Intelligence
Roughly half of adults said they intended to spend less on groceries in July

Consumers are planning to take action as cost concerns mount. In June, 48% of U.S. adults said they planned to spend less on groceries the following month, an increase of 9 percentage points since October.

The change is most pronounced among those with less than $50,000 in annual income, 53% of whom said in June that they planned to spend less, up 13 points since October. Faced with other budgetary pressures, these consumers are adjusting grocery spending to make ends meet.

Source: Morning Consult Research Intelligence
Majority of U.S. adults have adjusted eating and drinking behaviors as a result of inflation

55% of U.S. adults said they made changes to the way they eat and drink in June in response to rising inflation.

Most popular changes among those who have adjusted eating and drinking behaviors in response to inflation:

- Eating out at restaurants less often: 82%
- Purchasing less meat: 73%
- Going to bars less often: 73%
- Purchasing less alcohol: 67%
- Purchasing less produce: 61%
- Not buying organic produce: 54%
- Purchasing less prepackaged or frozen food: 54%
- Purchasing more prepackaged or frozen food: 54%
- Stopping a specific diet (e.g., Weight Watchers, Mediterranean diet, keto): 25%

Baby boomers, many of whom are on a fixed retirement income, were more likely to say they are taking most of these actions — 86% of boomers are dining out less, compared with 77% of millennials.

Those with less than $50,000 in annual income are more likely to say they are purchasing less produce (66%).

Source: Morning Consult Research Intelligence
Consumers are taking a variety of measures to save money on their grocery bills. These tactics vary by subcategory within the grocery store, but at the overall level, comparing prices and opting for generic products are common behaviors, each cited by around 8 in 10 U.S. adults.

After the top two most popular behaviors, the share saying they often use coupons dips to 3 in 10; along with most of the other savings tactics on the list, consumers are more likely to say they take this action sometimes rather than often. Since October, though, responses have shifted toward “often,” a trend that’s likely to continue until cost pressures ease.

While the increase in price scrutiny and comparison shopping is an intimidating prospect for brands, it can also mean more opportunities for certain products and categories to make it into consumers’ carts — if the value equation is right.
Inflation is also impacting impulse shopping. Compared with October, consumers were less likely in June to say they left the store with items they didn’t originally intend to purchase because the mood struck them or because they felt like trying something new, and more likely to say they purchased unplanned items because they were on sale. What’s more, fewer consumers in June said they tried a new recipe or a new packaged food product. Higher prices and general economic uncertainty have consumers sticking with what they know.

**Reasons for impulse purchases among those who said they’ve made an impulse purchase**

- **Items on sale:**
  - Oct ‘21: 49%
  - Jun ‘22: 56%

- **In the mood for item while shopping:**
  - Oct ‘21: 56%
  - Jun ‘22: 49%

- **Felt like trying something new:**
  - Oct ‘21: 37%
  - Jun ‘22: 32%

**Share of U.S. adults who said they tried the following in the last month:**

- **A new recipe:**
  - Oct ‘21: 34%
  - Nov ‘21: 34%
  - Dec ‘21: 31%
  - Jan ‘22: 29%
  - Feb ‘22: 29%
  - Mar ‘22: 28%
  - Apr ‘22: 25%
  - May ‘22: 25%
  - Jun ‘22: 22%

- **A new packaged food product:**
  - Oct ‘21: 26%
  - Nov ‘21: 26%
  - Dec ‘21: 25%
  - Jan ‘22: 24%
  - Feb ‘22: 24%
  - Mar ‘22: 23%
  - Apr ‘22: 20%
  - May ‘22: 15%
  - Jun ‘22: 15%

Source: Morning Consult Research Intelligence
Food insecurity is rising alongside grocery prices

14%

of U.S. adults said they sometimes or often did not have enough food to eat in June, an increase of 4 points since January.

At the same time, nearly 4 in 10 U.S. adults said they at least sometimes worried food would run out before they got money to buy more. That share increases among households with annual income under $50,000, with children at home, and in urban and rural communities.

Shares of U.S. adults who said they worried food would run out before they got money to buy more

<table>
<thead>
<tr>
<th></th>
<th>Often true</th>
<th>Sometimes true</th>
<th>Never true</th>
<th>Prefer not to say</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All U.S. adults</strong></td>
<td>12%</td>
<td>26%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td><strong>Income: &lt;$50k</strong></td>
<td>16%</td>
<td>33%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td><strong>Income: $50k-$99k</strong></td>
<td>6%</td>
<td>21%</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td><strong>Income: $100k+</strong></td>
<td>8%</td>
<td>14%</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td><strong>Children in the household</strong></td>
<td>18%</td>
<td>36%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td><strong>No children in the household</strong></td>
<td>10%</td>
<td>23%</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td><strong>Urban</strong></td>
<td>18%</td>
<td>27%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td><strong>Suburban</strong></td>
<td>8%</td>
<td>24%</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td><strong>Rural</strong></td>
<td>12%</td>
<td>31%</td>
<td>54%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence. Figures may not add up to 100% due to rounding.
WHAT IT MEANS: Amid historic inflation, brands need to nail the value equation

Consumers are hyperaware of inflation and are making changes to their typical grocery purchases to help weather its impact.

The magnitude of grocery price growth (13.1% year over year), paired with the media attention on this sector, contributes to consumers’ high levels of cost concern.

For the foreseeable future, consumers will be tuned in to prices on grocery shelves. Many, especially lower-income consumers, are already actively making changes to bring their grocery bills down. Brands need to actively message points of difference and unique benefits to convince concerned consumers of their value.

WHAT THIS MEANS FOR FOOD & BEVERAGE BRANDS

Consumers are seeking savings.
Thus far, many consumers have absorbed rising grocery costs, but consumers across demographics are looking for savings. Brands should evaluate changing buying behaviors, like switching to generic products, in their categories.

Appetite for new products is low.
Higher price tags may be keeping consumers from purchasing unvetted products, and general economic uncertainty could encourage them to seek the familiar. Brands should lean into the comfort of predictability.

Inflation is further exacerbating food insecurity.
U.S. consumers may look to food & beverage brands for solutions to this issue, which will be front and center at the White House Conference on Hunger, Nutrition and Health in September.
Dining Out: Restaurants’ Road to Recovery

Consumers’ attitudes toward restaurants have shifted over the past two years — and it looks like there’s no going back to “normal”
Comfort with dining out hovers near all-time high in the coronavirus era

In the first quarter of 2022, as the omicron surge subsided, consumers’ level of concern about COVID-19 declined. As a result, more reported being comfortable going out to eat at restaurants. In particular, the share who said they were “very comfortable” dining out climbed from 28% in early January to 41% in mid-July.

In recent weeks, comfort levels have faltered slightly, dipping from 78% at the end of June to 74% at the end of July amid the spread of the highly contagious BA.5 strain of COVID-19, which gained increased attention when President Joe Biden tested positive for it in July.

Source: Morning Consult Research Intelligence
Around the globe, consumers are increasingly comfortable going to restaurants, but sentiment can shift quickly

As the pandemic experience has varied greatly across the globe, so too has consumers’ comfort with going out to eat. Diners in France are the most comfortable dining out, with 9 in 10 saying they are either very or somewhat comfortable. South Korea, China and Japan have seen the largest increases in the share of adults saying they are comfortable dining out since March 2022. In South Korea and Japan, where record-high case counts were recorded during the omicron surge in early 2022, the share comfortable with dining out increased by 23 and 14 points, respectively, between March and June. While overall comfort is higher, a larger share in each country is only somewhat comfortable with dining out.

This sentiment can change rapidly in different parts of the world as consumers continue to weigh risk factors such as health conditions, age and the magnitude of coronavirus cases in their location.

Source: Morning Consult Research Intelligence
Increased comfort isn’t translating to increased spending, given economic headwinds

Consumers reported similar levels of spending at restaurants in June 2022 compared with June 2021 amid signs of slowing growth in services. Discretionary spending has trended lower to make space for the rising cost of household staples in recent months. Thus far, consumers have prioritized discretionary services over discretionary goods, but with less money left over after monthly expenses, they may be running out of options for places to cut.

Average restaurant spending, April to June 2022, by income

<table>
<thead>
<tr>
<th></th>
<th>&lt;$50k</th>
<th>$50k-$99k</th>
<th>$100k+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2%</td>
<td>12%</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Morning Consult Economic Intelligence. In June 2022, Morning Consult released a new methodology for tracking spending data.
Dining-out rate has not rebounded to pre-pandemic levels

Share who dined out at a restaurant at least once a week

The change in dining-out behavior is most pronounced among baby boomers.

Higher-income consumers were 9 points more likely to say they dined out at least once a week this June than last, while lower-income respondents were 3 points less likely to say the same.

Source: Morning Consult Research Intelligence
Consumers are using restaurants for meals at home less frequently, especially in key demographics

The share of U.S. adults who ordered takeout or delivery at least once a week declined by an average of 9 points year over year in June. Key demographics that typically order from restaurants the most — millennials, high-income consumers and those with children in the household — are likely to be changing their habits to weather record inflation. The shares ordering takeout or delivery a few times a week in these demographics declined between October and June.

**Share of U.S. adults who ordered meals for takeout or delivery at least once a week**

- **Takeout**
- **Delivery**

**Frequency of takeout and delivery orders among key demographics**

- **All U.S. adults**
  - Oct '21: 17% (Once a day), 16% (A few times a week), 23% (Once a week), 16% (A few times a month), 26% (Did not do this in the past month)
  - Jun '22: 12% (Once a day), 17% (A few times a week), 21% (Once a week), 17% (A few times a month), 30% (Did not do this in the past month)

- **Millennials**
  - Oct '21: 24% (Once a day), 20% (A few times a week), 24% (Once a week), 14% (A few times a month), 14% (Did not do this in the past month)
  - Jun '22: 18% (Once a day), 21% (A few times a week), 22% (Once a week), 16% (A few times a month), 19% (Did not do this in the past month)

- **Income: $100k+**
  - Oct '21: 24% (Once a day), 19% (A few times a week), 21% (Once a week), 14% (A few times a month), 16% (Did not do this in the past month)
  - Jun '22: 15% (Once a day), 20% (A few times a week), 24% (Once a week), 17% (A few times a month), 20% (Did not do this in the past month)

- **Children in household**
  - Oct '21: 28% (Once a day), 20% (A few times a week), 23% (Once a week), 13% (A few times a month), 11% (Did not do this in the past month)
  - Jun '22: 19% (Once a day), 24% (A few times a week), 24% (Once a week), 14% (A few times a month), 16% (Did not do this in the past month)

Source: Morning Consult Research Intelligence. Figures may not add up to 100% due to rounding.
WHAT IT MEANS: COVID-19 concerns are dissipating, but economic pressures are preventing restaurant behaviors from returning to normal

Economic worries have eclipsed pandemic concerns in consumers’ restaurant decision-making.

Restaurant spending is often on the chopping block when consumers are looking to trim monthly budgets. Accordingly, dining-out frequency is softening — and this would likely be more pronounced if it weren’t being offset by higher comfort levels and related pent-up demand.

Key audiences — millennials, higher-income consumers and those with kids at home — are tamping down the frequency of their takeout and delivery orders, and consumers are willing to make further cuts here if inflation continues to rise.

WHAT THIS MEANS FOR FOOD & BEVERAGE BRANDS

New variants are not causing large declines in consumer comfort with dining out.

This could prove to be very important if a fall or winter COVID-19 surge comes to pass. Restaurants should continue to monitor consumer concerns and keep in mind that most consumers are still not in the “very comfortable” range.

Restaurants should focus on the in-house experience.

Consumers may be looking to trim weekly visits to restaurants, but their higher comfort level and pent-up demand likely mean special occasions are back on, especially for higher-income consumers.
Dining In: Shifting Behaviors in Eating at Home

Changes to daily schedules and ever-present inflation are shaping consumers' approach to online grocery shopping, cooking at home, and health and wellness
Millennials, parents most likely to use online grocery services

Shares of respondents who used the following options to get groceries in June:

<table>
<thead>
<tr>
<th>Generation</th>
<th>Millenials</th>
<th>Gen Xers</th>
<th>Baby Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Less than $50k</td>
<td>$50k-$99k</td>
<td>$100k or more</td>
</tr>
<tr>
<td>Household</td>
<td>Children in the household</td>
<td>No children in the household</td>
<td></td>
</tr>
</tbody>
</table>

A large majority of respondents across demographics still shop for their groceries in stores every month.

Source: Morning Consult Research Intelligence
As summer activities heated up, parents were more likely to turn to grocery delivery

Grocery shopping patterns are in flux due to changes to consumers’ day-to-day schedules in the first half of 2022, like returning to work in offices and adding in more out-of-home activities. When people are out and about more often, there are more opportunities to swing by the grocery store. This can shift perceptions of convenience, typically an important benefit of online shopping.

Inflation is influencing these patterns as well. Consumers may feel it’s easier to shop for deals, compare prices and opt for lower-cost alternatives in the store; plus, they can save on delivery fees.

Source: Morning Consult Research Intelligence
Cooking at home is primarily about affordability; consumers are split on enjoyment

Affordability is the top reason for cooking at home. Despite inflation, the share of all U.S. adults citing it as a reason is virtually unchanged over the last nine months; however, the share of high-income consumers who cited it as a major reason climbed 10 points, from 50% to 60%. In June, U.S. adults were slightly more likely to say they cooked at home because it’s faster, likely an indicator of the service issues facing the restaurant industry.

Millennials, higher-income consumers and those in urban areas are the most likely to say they cook because they enjoy it. They are also the groups most likely to frequent restaurants, which may take some of the pressure off preparing meals, allowing cooking to feel like less of a chore.

Share who said each of the following was a major reason they cook at home:

- **60%** More affordable than takeout or going to a restaurant
- **52%** More control over ingredients and flavors
- **45%** Healthier than takeout or going to a restaurant
- **44%** Enjoy cooking
- **30%** Faster than takeout or going to a restaurant

**Shares who said the following statements best describe their opinion of cooking:**

- I cook because I enjoy it
- I cook because I have to
- I avoid cooking as much as possible

<table>
<thead>
<tr>
<th></th>
<th>All U.S. adults</th>
<th>Millennials</th>
<th>Gen Xers</th>
<th>Baby boomers</th>
<th>Income: &lt;$50k</th>
<th>Income: $50k-$99k</th>
<th>Income: $100k+</th>
</tr>
</thead>
<tbody>
<tr>
<td>I cook because I enjoy it</td>
<td>50%</td>
<td>54%</td>
<td>48%</td>
<td>48%</td>
<td>50%</td>
<td>48%</td>
<td>58%</td>
</tr>
<tr>
<td>I cook because I have to</td>
<td>39%</td>
<td>36%</td>
<td>43%</td>
<td>41%</td>
<td>38%</td>
<td>43%</td>
<td>35%</td>
</tr>
<tr>
<td>I avoid cooking as much as possible</td>
<td>11%</td>
<td>10%</td>
<td>11%</td>
<td>9%</td>
<td>12%</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence. Figures may not add up to 100% due to rounding.
Healthy eating is important to consumers, but few always stick to a healthy diet

The share of consumers who say healthy eating is important to them is more than five times larger than the share who diligently follow a healthy diet. These conflicting statistics demonstrate that many U.S. adults may value balance over consistency when it comes to healthy eating. Others may need more guidance or choice, creating a huge opportunity for food & beverage brands to step up and help consumers stay on their intended track a bit more frequently.

Source: Morning Consult Research Intelligence

Shares of U.S. adults who currently do the following:

- Reduce sugar intake: 34%
- Limit snacking: 31%
- Reduce portion sizes: 27%
- Limit sodium intake: 26%
- Limit processed foods: 25%
- Eat mindfully: 22%
- Focus more on protein: 21%
- Eat small meals: 18%
- Eat low-carb: 18%
- Limit intolerances: 14%
- Count calories: 13%
- Eat plant-based: 11%
- Intermittent fasting: 11%

Baby boomers were most likely to say they try to reduce their intake of sugar (44%) and sodium (35%).
Use of special diets is consistently low but more common among younger generations

The share of U.S. adults following most special diets tends to be small; however, Gen Z adults are 8 points more likely than baby boomers to say they are following one of these specific diets. The growth of vegan, vegetarian and pescatarian diets is likely to continue with this younger generation, which prioritizes sustainability and is looking to dietary changes to positively impact climate change.

Source: Morning Consult Research Intelligence
WHAT IT MEANS: Affordability and convenience are defining consumers’ attitudes about eating and drinking

Cost pressures brought on by inflation are trickling into many consumers’ decisions, from where to source groceries to when to cook meals at home.

Consumers are shifting their online grocery shopping habits with an eye toward optimizing grocery spending. In the first half of 2022, parents, millennials and high-income consumers blended in-store trips and online orders to meet their monthly schedules and needs. But these behaviors are fluid and could shift again if more changes to daily routines occur.

WHAT THIS MEANS FOR FOOD & BEVERAGE BRANDS

Changing schedules and cost pressures are impacting online grocery shopping.

It is imperative for retailers and brands to study the shifting path to purchase for their category.

Affordability is the top reason consumers prepare meals at home.

As inflation persists, consumers will look to home cooking for savings. Brands can help alleviate cooking fatigue by emphasizing ease over enjoyment, meeting consumers where they are.

Consumers recognize the gap between reality and their healthy diet intentions.

All food & beverage brands should understand where they fit on the health and wellness spectrum — from healthy to indulgent — so they can align marketing to consumers’ needs.
Cost savings are coinciding with a moderation mindset to drive down drinking behaviors
After a dip in the first quarter, alcohol spending is flat compared with last year

The consumer price index for alcoholic beverages has experienced slower growth than the food index and was up just 4.2% annually in July. But inflation in other categories is impacting consumers’ adult beverage purchasing decisions. Self-reported alcohol spending was relatively flat in June compared with a year ago, but as in the grocery and restaurant categories, this spending diverges across income groups. Lower-income households reported a 17% year-over-year decrease in average quarterly spending in June, while high-income households saw a 31% increase in alcohol spending. An increase in summer travel and vacations may have contributed to this large uptick for wealthier consumers.

Source: Morning Consult Economic Intelligence. In June 2022, Morning Consult released a new methodology for tracking spending data.
Alcohol consumption rebounded slightly in the second quarter, but remains lower than in October 2021

The share of U.S. adults who said they drink alcohol declined from 63% to 58% between October and June.

As consumers fold more of their typical activities — from travel to in-office work — back into their routines, they may find themselves re-evaluating their pandemic-era alcohol consumption habits.

Other factors, from cost savings to health and wellness, are also contributing to this downward trend.

Source: Morning Consult Research Intelligence
Cost savings are the biggest driver of consumer cutbacks in drinking

Most respondents said they haven’t changed their drinking habits (especially true among baby boomers), but nearly 1 in 3 adults said they drank less in the past month. Among those drinking less, saving money is the top reason. As a largely social activity, drinking is also closely linked to changes in consumers’ social calendars. Those making fewer social plans could be attempting to save money as well. And some consumers are budgeting calories instead of dollars — 23% said they drank less to manage their weight. While inflationary pressures will eventually ease, the focus on health benefits is here to stay.

**Shares of alcohol drinkers (ages 21+) who said they drank more, the same amount or less in the past month**

<table>
<thead>
<tr>
<th></th>
<th>MORE</th>
<th>SAME</th>
<th>LESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>All alcohol drinkers</td>
<td>15%</td>
<td>55%</td>
<td>29%</td>
</tr>
<tr>
<td>Millennials</td>
<td>20%</td>
<td>43%</td>
<td>36%</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>15%</td>
<td>58%</td>
<td>27%</td>
</tr>
<tr>
<td>Baby boomers</td>
<td>7%</td>
<td>69%</td>
<td>23%</td>
</tr>
<tr>
<td>Income: &lt;$50k</td>
<td>12%</td>
<td>51%</td>
<td>37%</td>
</tr>
<tr>
<td>Income: $50k-$99k</td>
<td>17%</td>
<td>57%</td>
<td>25%</td>
</tr>
<tr>
<td>Income: $100k+</td>
<td>20%</td>
<td>62%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Alcohol drinkers’ reasons for drinking less last month**

- Save money: 36%
- Fewer social plans: 23%
- Manage weight: 23%
- Improve my mood: 15%
- More energy: 13%
- Heart health: 11%
- Sleep better: 9%
- Immune health: 9%
- Skin health: 7%

Source: Morning Consult Research Intelligence. Figures may not add up to 100% due to rounding.
Compared with grocery categories, fewer respondents have noticed price increases across adult beverage types, which tracks with the differences in the CPI numbers between food and adult beverage. Those who say they are purchasing less alcohol due to inflation are more likely to perceive increases. Similar to grocery, the share of consumers who say they’ve tried new products in this category declined from October to June. Consumers in search of cost savings are reluctant to take a chance on new, untested items. Brands should expect these behaviors to reverse when cost pressures ease.

**Shares of U.S. adults (ages 21+) who said they’ve noticed the following categories cost more:**

<table>
<thead>
<tr>
<th>Category</th>
<th>A lot more</th>
<th>A little more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>13%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>37%</td>
</tr>
<tr>
<td>Purchasing less alcohol</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquor</td>
<td>13%</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>33%</td>
</tr>
<tr>
<td>Purchasing less alcohol</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wine</td>
<td>11%</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>36%</td>
</tr>
<tr>
<td>Purchasing less alcohol</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Shares of U.S. adults (ages 21+) who have tried a new alcoholic beverage in the past month**

<table>
<thead>
<tr>
<th>Time Period</th>
<th>All U.S. adults</th>
<th>Millennials</th>
<th>Gen Xers</th>
<th>Baby boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct '21</td>
<td>25%</td>
<td>18%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>Nov '21</td>
<td>15%</td>
<td>13%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Dec '21</td>
<td>7%</td>
<td>8%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Jan '22</td>
<td>13%</td>
<td>10%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Feb '22</td>
<td>13%</td>
<td>10%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Mar '22</td>
<td>10%</td>
<td>8%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Apr '22</td>
<td>7%</td>
<td>8%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>May '22</td>
<td>4%</td>
<td>6%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Jun '22</td>
<td>4%</td>
<td>6%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence
Beyond cost savings, the moderation movement and changing social norms are shifting consumers’ drinking behaviors as well.

From **Dry January** to Sober October, the aim is the same — to take a month off from drinking alcohol. In July, 30% of drinkers (and 36% of millennial drinkers) said they’ve intentionally taken breaks of a month or more from drinking alcohol. Health is the primary goal: 91% of Dry January participants said they committed because they were trying to be healthier.

The concept of taking a break from drinking is a part of an overarching mindfulness trend in which consumers focus on moving through life with intentionality. This trend manifests in habits from mindful eating to meditation.

### Shares of alcohol drinkers (ages 21+) who have intentionally taken periodic breaks from drinking alcohol

<table>
<thead>
<tr>
<th></th>
<th>Days</th>
<th>Weeks</th>
<th>One month or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>All alcohol drinkers</td>
<td>20%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>Income: &lt;$50k</td>
<td>20%</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Income: $50k-$99k</td>
<td>19%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Income: $100k+</td>
<td>22%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Men</td>
<td>25%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Women</td>
<td>15%</td>
<td>18%</td>
<td>34%</td>
</tr>
<tr>
<td>Millennials</td>
<td>21%</td>
<td>26%</td>
<td>36%</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>19%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Baby boomers</td>
<td>21%</td>
<td>17%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Morning Consult Research Intelligence
WHAT IT MEANS: Cost savings are driving consumer cutbacks on alcohol, but longer-term wellness trends are still simmering

Economic uncertainty and evolving social calendars are largely shaping consumer drinking behaviors, but the moderation movement is still part of the equation.

Cost pressures in other parts of consumers’ budgets, from gas to groceries, are impacting their purchasing behaviors in alcohol, despite the fact that price growth has been flatter in this category.

Changes to alcohol spending and drinking behaviors are most pronounced among lower-income consumers, but general stock market volatility and prolonged inflation have the potential to impact consumers across the income spectrum.

Longer term, consumers’ focus on physical and mental health will continue to shape their relationship with adult beverages, including when, what and how much they are consuming.

WHAT THIS MEANS FOR FOOD & BEVERAGE BRANDS

Brands should examine their customers’ savings behaviors through the lens of income.

Lower-income consumers have made the most adaptations, but even higher-income consumers have experienced declining financial well-being, so while premium product purchases may not have slipped yet, prolonged pressure may cause this group to make adjustments.

While cost-cutting due to inflation is likely temporary, health and wellness goals will remain.

Longer-term trends of moderation and periodic breaks from alcohol consumption will continue to shape consumers’ drinking behaviors. Brands should stay the course with relevant innovations around low/no alcohol and health and wellness.
The Data Behind the Report

Methodology and about the author
This report cites monthly surveys of roughly 2,200 U.S. adults, as well as two additional July 2022 surveys of 2,200 U.S. adults each. It also draws from a June 2022 survey among 14,046 total adults across Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Mexico, Russia, South Korea, Spain, Thailand and the United Kingdom. In addition, it references Morning Consult’s Return to Normal trend data, which leverages weekly surveys of 2,200 U.S. adults, and Morning Consult’s daily survey of roughly 2,200 U.S. adults.

The interviews were conducted online, and the data was weighted to approximate respective populations of adults based on gender, educational attainment, race and region. Topline results from all the surveys have a margin of error of up to +/-3 percentage points.
Methodology

Morning Consult Brand Intelligence

Morning Consult helps you understand your brand, competitors and market in a way traditional research firms can’t. We survey tens of thousands of people across the globe on more than 4,000 brands and products every day. Get actionable insights into what consumers think, see and say about your brand and products.

Morning Consult Economic Intelligence

Morning Consult’s U.S. Consumer Spending and Personal Finances Survey is intended to gauge consumer spending patterns and the health of household balance sheets. The survey is conducted monthly among a representative sample of 2,200 U.S. adults. It was first run in September 2020, with additional questions added for subsequent versions. Data is collected during the first week of each month, with questions pertaining to the previous month.

- **Country**: Canada
- **Total Brand Awareness**: 68.5% (up 4.7% last 3 months)

**Date range**: Last 3 months

**Overlays**
- Compare other data
- Index of Consumer Sentiment (ICS)
- Economic Intelligence Data
- Economic indicator
Emily Moquin is the food & beverage analyst at global intelligence company Morning Consult, where she leads efforts to deliver real-time insights for leaders in the sector.

Emily analyzes consumer behavior, from dining out to grocery shopping to alcohol consumption. Her research helps food & beverage businesses make faster, better decisions.

Prior to joining Morning Consult, she worked at Gartner as a director analyst, covering consumers and food & beverage, as well as at H.J. Heinz, where she managed consumer and customer insights across multiple brands, including Heinz Ketchup, Weight Watchers Smart Ones and Bagel Bites.