Intelligence Node

2024 Consumer Buying Behavior Report

A detailed analysis of consumer trends, sentiment, and buying behavior in 2024.

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Consumer Outlook 2024

70% of shoppers find deals, competitive prices, and lower-priced variants to combat inflation

TAKEAWAY
Use dynamic pricing to offer the most attractive deals

For **60%** of shoppers, fast delivery is the most important decision making factor

TAKEAWAY
Streamline delivery and fulfillment to retain shoppers

70% of product searches begin on Google Search & Amazon.com

TAKEAWAY
Optimize listings to improve product visibility and share of search

57% shoppers claim that Inaccurate/missing product info. & images lead to page abandonment

TAKEAWAY
Leverage AI to optimize and improve product page content

Economic Factors & Digitization Shape Consumer Buying Trends

At Intelligence Node, we continually strive to stay at the forefront of retail trends and consumer behavior. Following the valuable insights gained from last year's survey, we have once again embarked on an in-depth analysis of consumer buying patterns for the year 2024. This report encapsulates the findings from a comprehensive survey of **1,000 U.S.-based online shoppers**, aiming to decode the nuances of consumer behavior in an ever-evolving retail landscape.

This survey spotlights several key themes in an era where digital transformation is revolutionizing retail. We assess the impact of inflation on US consumers, understanding how economic factors shape purchasing decisions, particularly as shoppers increasingly leverage digital tools like image search and online product research for the best prices. This understanding is critical for retailers to tailor their strategies in a changing economic landscape. Additionally, we explore consumer expectations in the digitization era of retail, noting shifts in sentiment towards luxury segments across different age groups and income brackets.

Through this report, Intelligence Node aims to provide actionable insights for retailers, enabling them to harness the power of data in crafting strategies that resonate with the modern consumer. Our expertise in retail analytics, price monitoring, and digital shelf tools positions us uniquely to interpret these findings, offering a comprehensive perspective on the future of consumer retail behavior.

“

Understanding shopper perception in the context of the broader macroeconomic environment offers valuable insight into consumption behavioral trends. At the same time, we look to 2024 with renewed energy in helping our customers understand and optimize the micro-level decisions that drive visibility on the fiercely competitive digital shelf. The digital shelf is dynamic and characterized by infinite space yet restricted by the limited attention of shoppers – the result being demand for tools that help a brand, retailer, or marketplace gain leverage over those actions that drive topshelf performance.

Lucy Nicholls

VP - Marketing & Design

Section 1

The Impact of Inflation on the US Consumer

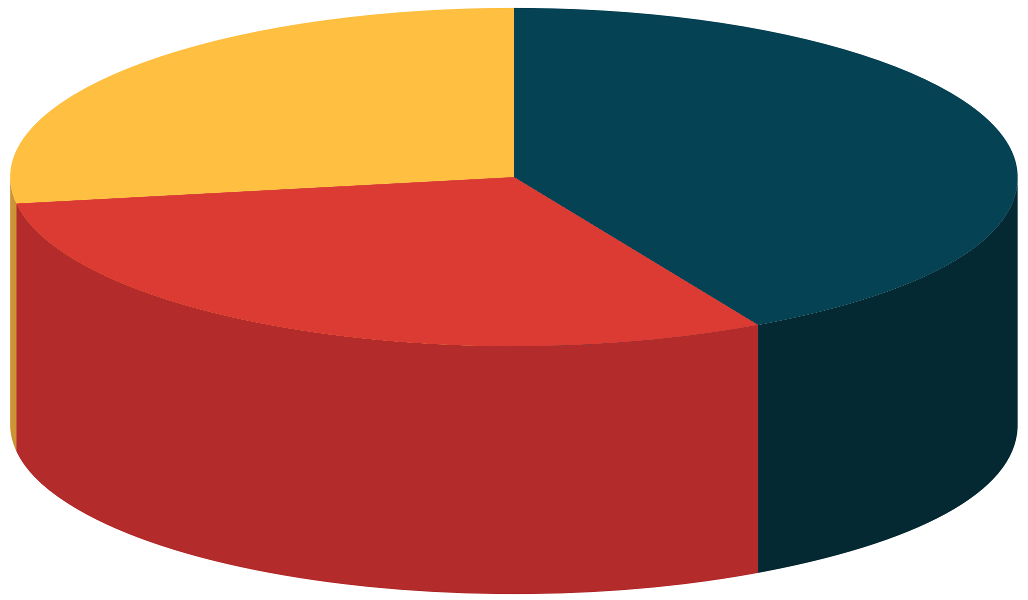
Quick Facts

- **2 out of 3 shoppers** seek out discounts and offers or look for competitive prices (by opting for private label products) amidst rising costs.

- **42%** of survey participants have indicated they will cease purchasing luxury products regardless of category due to the economic downturn.

Q1

Entering into 2024, do you plan to increase retail spending amidst inflation and cost of living?



42%
I plan to spend the same amount as 2023

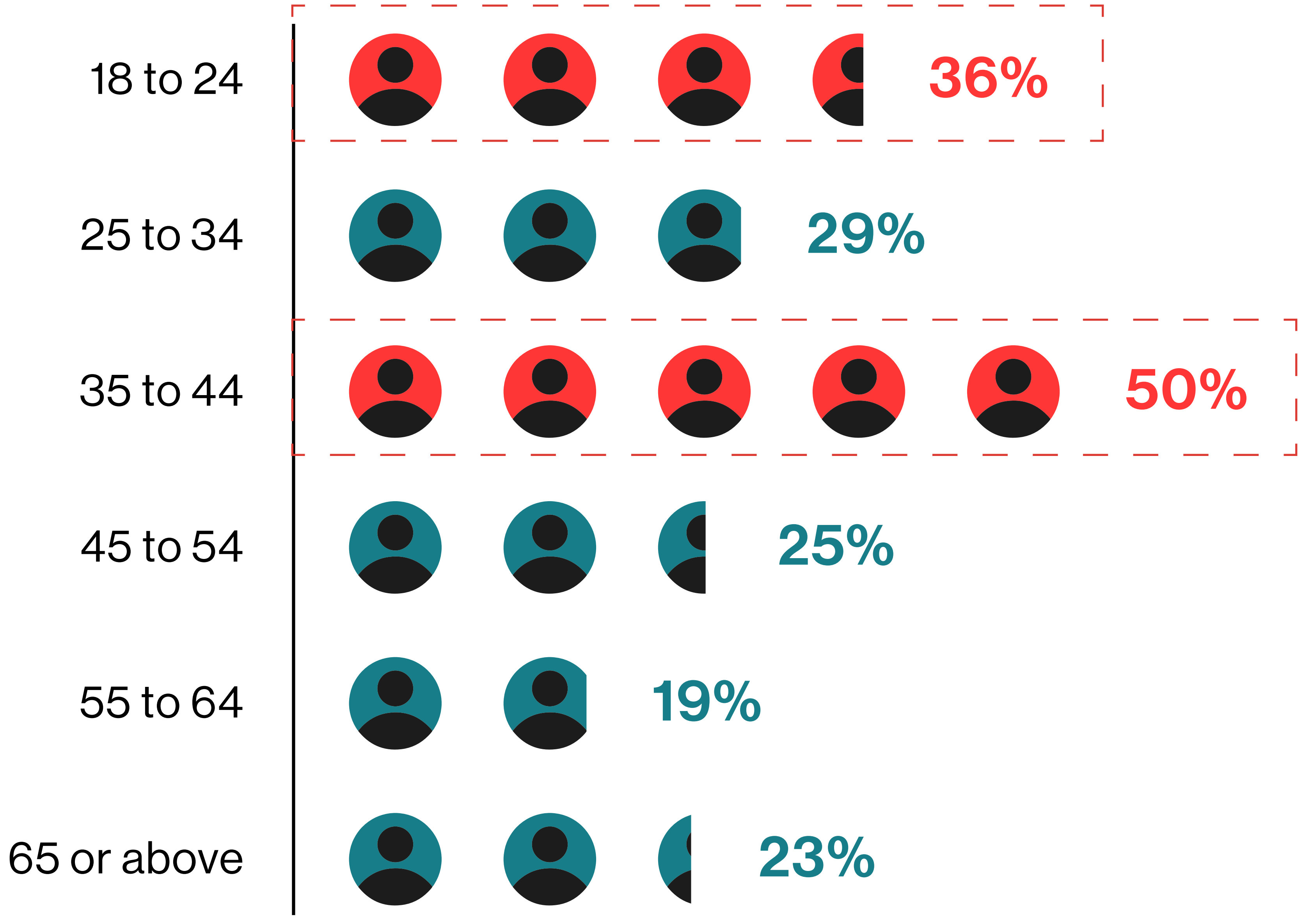
30%
Yes, I plan to increase spends in 2024 as compared to 2023

28%
No, I plan to spend less in 2024

> "2024 will see a majority of shoppers spending as much or more on retail than the year before

Findings

- While a majority of consumers **(42%)** plan to spend the same amount of money on retail as they did last year, the good news for retailers is that over **30%** plan to increase spending in 2024. **This is particularly promising as in 2023, only 14% of shoppers planned to increase spending.**
- Inflation has also led to over **1 in 4 shoppers** reducing their spending compared to 2023. This reduction in spending will lead to shoppers being more selective in their purchases and finding the best deals and discounts.



- The **age group of 35 to 44** followed by **18 to 24** shows the strongest inclination to increase spending compared to all other age groups.
- The likelihood of increased spends increases with income and vice versa.
- Male consumers are more likely to increase their spending, while most females are expected to spend the same amount as in 2023, with approximately one-third planning to reduce their expenditures.

Q2

Rate the categories that you are likely to cut costs on (1 being most likely and 7 being least likely) in light of the current economic instability.

	Most likely	2	3	4	5	6	Least likely
Food, grocery & packaged gods	14%	5%	5%	2%	4%	6%	**64%**
Beauty & cosmetics	9%	12%	14%	17%	20%	21%	7%
Consumer electronics	6%	**16%**	**20%**	21%	16%	17%	5%
Home decor and furniture	8%	**22%**	**20%**	17%	17%	13%	3%
Fashion and apparel	8%	14%	16%	19%	22%	17%	4%
Toys and gifting	10%	15%	15%	16%	16%	20%	9%
Luxury goods	**46%**	15%	10%	8%	6%	7%	8%

“ **Around one in three individuals will aim to lower their spending in the beauty and cosmetics category**

Findings

- **Food, grocery, and packaged goods** spending will be least affected overall, but around **25%** of younger people plan to cut costs in this category, with minimal impact on older individuals.
- Similarly, home décor and electronics spending may decline, particularly among female shoppers.
- There's a nearly even division **(around 40%)** between those most likely and least likely to reduce spending in the fashion and apparel category.

Q3

How have rising costs impacted the way you shop?

17% I buy more store-brand products (private label) to cut costs

20% I do product research to find the best prices for a product

15% I do product research to find the best quality product irrespective of brand

30% I look for discounts and coupons

18% I shop less or try to delay my purchases

> “50% of those surveyed emphasize the importance of competitive pricing amidst rising costs

Findings

- Over **1 in 4 shoppers** increasingly look for discounts and offers while shopping to counter rising costs.
- One in four shoppers **(34%)** engage in product research to discover attractive deals and ensure product quality.
- Opting for ‘private label’ products as a strategy to manage increasing costs is preferred by **17.5%** of participants, a trend that is most prevalent among younger demographics.

Q4

Which luxury segment would you continue spending on despite economic instability?

4%
Watches

5%
Jewellery

6%
Bags and accessories

15%
Cosmetics and perfumes

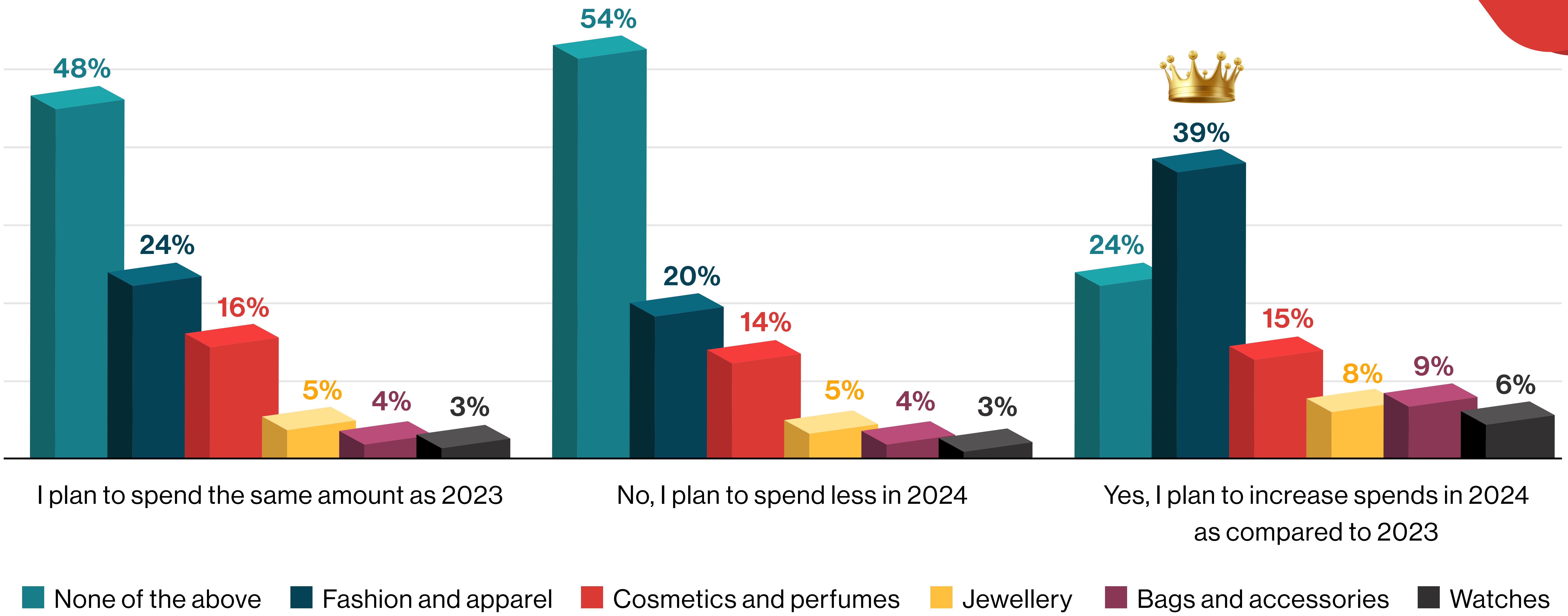
28%
Fashion and apparel

42%
None of the above

> “42% of survey participants have indicated they will cease purchasing luxury products amidst economic downturn

Findings

- Interestingly, the intent to cut costs on luxury goods increases with age and income.
- Fashion and apparel stand as the leading luxury retail sector, with **28%** of customers expressing their intent to keep spending in this area. The age group of 18 to 44 in particular will continue to spend on this segment.
- The watch, handbag & accessory, and jewelry categories are significantly affected, with **14%** of consumers showing an inclination to spend in these segments. In contrast, the Cosmetics and perfumes sector remains relatively strong, attracting **15.3%** of shoppers’ interest.



- For those planning to increase their spending in 2024, **fashion and apparel** is the luxury category expected to see continued movement.

Section 2

The New Digital Shopper: Shifts in Buyer Expectations

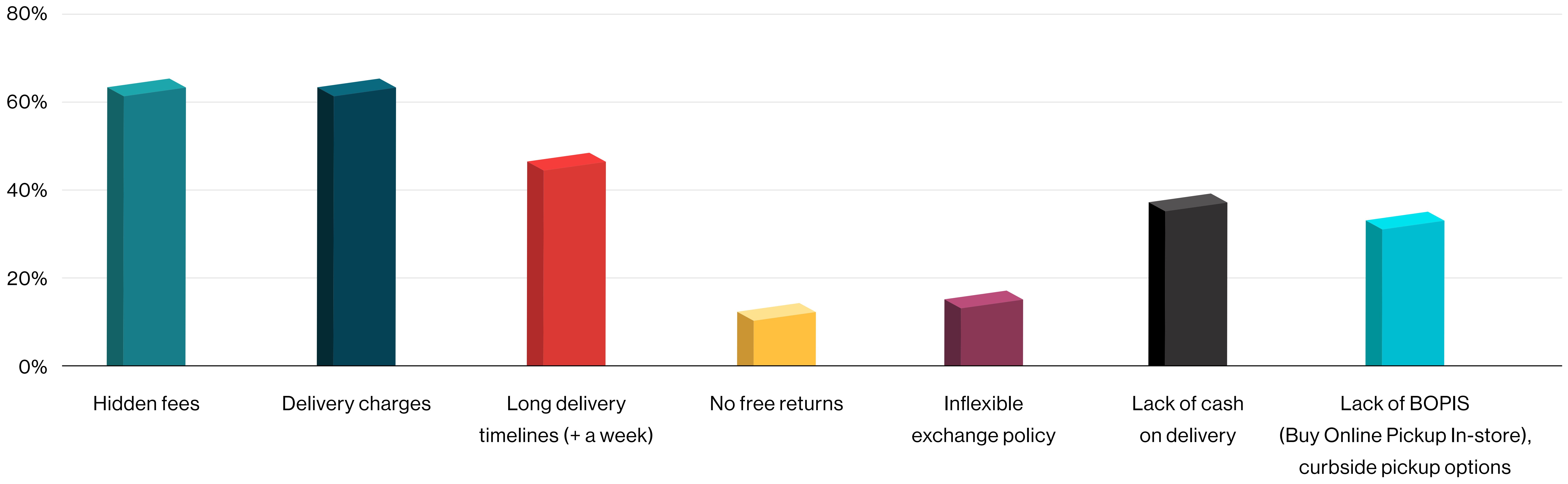
Quick Facts

- **Hidden fees** and **delivery charges** are the top factors why shoppers abandon their carts.
- Not surprisingly, free, fast delivery is the top influencing factor amongst **60%** of shoppers.
- **3 out of 4** shoppers compare products online while shopping in-store.
- **Online marketplaces** are the most preferred shopping channel among US shoppers.

Q5

Select all factors that may push you to abandon your cart

> “Hidden fees and delivery charges are the top two friction points leading to cart abandonment



Findings

- Almost **2 out of 3 shoppers** rate hidden fees and delivery charges as the top two friction points for cart abandonment.
- Older age groups are affected by more issues on average compared to younger age groups.
- Hence, no free returns and inflexible exchange policy also become major issues among older age groups while longer delivery timelines affect the younger age group.
- Higher income groups are affected by more issues on an average compared to lower income groups. Hence, no free returns and an inflexible exchange policy have also become major issues among higher income groups.

Q6

Rank your shopping channel preferences from 1 (most preferred) to 5 (least preferred)

	Most preferred	2	3	4	Least preferred
Online marketplaces (Amazon, eBay, Walmart)	**50%**	32%	11%	6%	2%
Brick and mortar (in-store)	**37%**	27%	17%	13%	6%
DTC (directly off of brand websites)	6%	23%	41%	23%	7%
Social commerce (Instagram, Tiktok)	4%	9%	11%	20%	**56%**
BOPIS, Curbside pick up	3%	9%	21%	39%	**29%**

> “1 in every 2 shoppers prefers shopping on online marketplaces like Amazon and Walmart over other channels

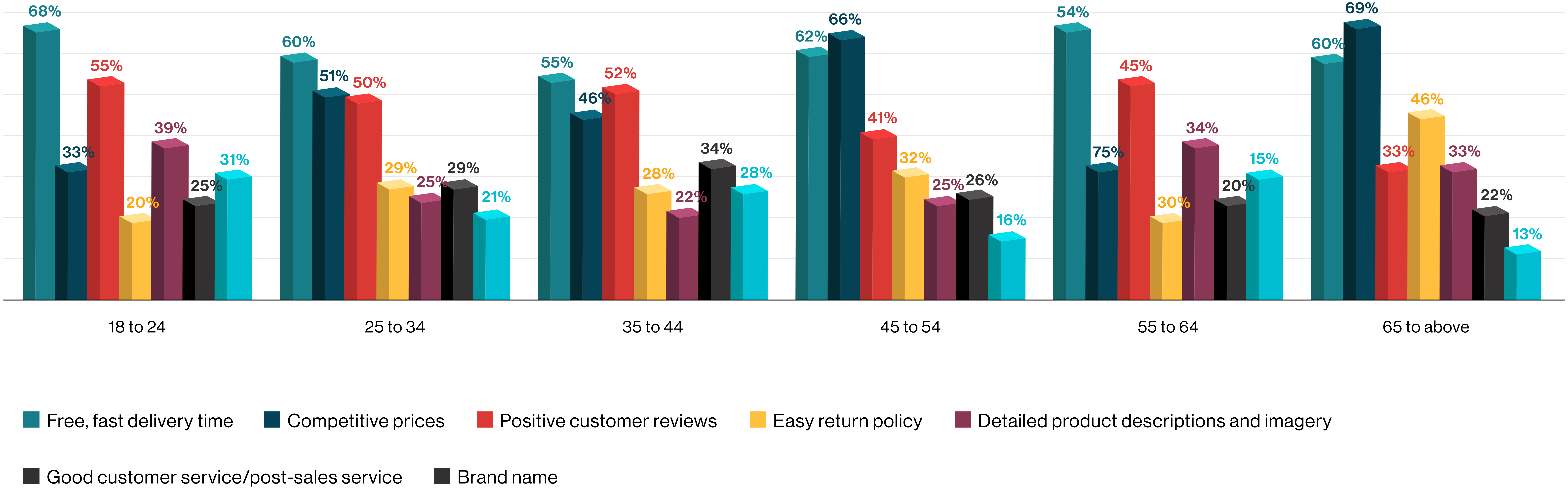
Findings

- **50%** of shoppers rated online marketplaces as the most preferred channel, followed by brick-and-mortar stores **(37%)**.
- Preference for brick-and-mortar stores is higher among older age groups, especially **55+**.
- Social media shopping is the least preferred channel across age groups and income levels with over half of the shoppers rating it last.

Q7

Which of the below factors influence you while making a purchase

> “ Free, fast delivery outweighs competitive prices when it comes to shopping online

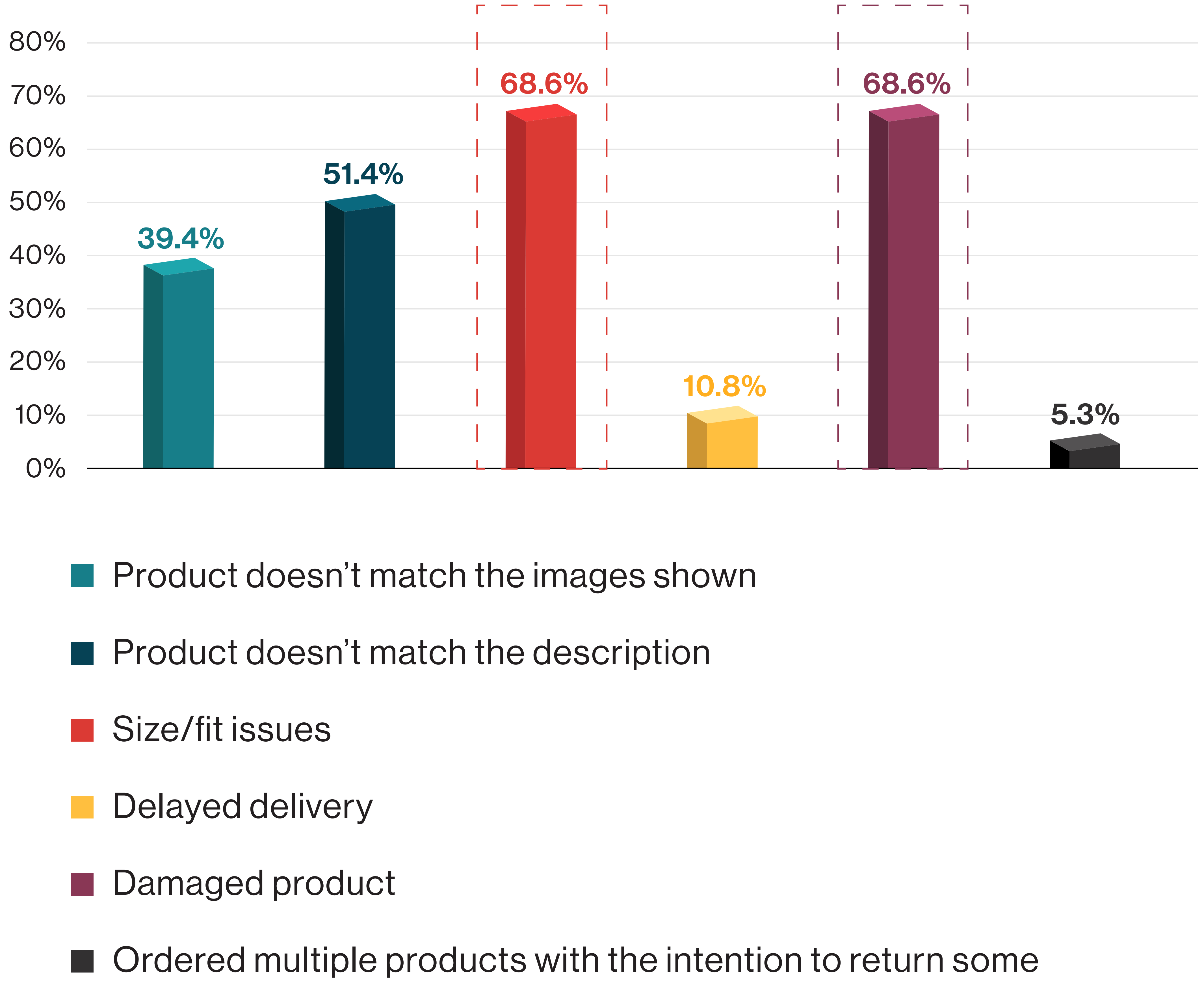


Findings

- Free, fast delivery remains the most important factor overall with **60%** of respondents voting for it. Competitive prices and positive reviews exchange second place in different income and age groups.
- Free, fast delivery time **(68%)** followed by positive customer reviews **(55%)** have the highest influence among the younger demographic while competitive prices have a higher influence **(75% and 69%)** on older age groups.
- Competitive prices are important for those planning to spend less or the same amount.
- Positive customer reviews 2nd most important among those planning to increase spending.

Q8

What are the key reason/s why you return a product?



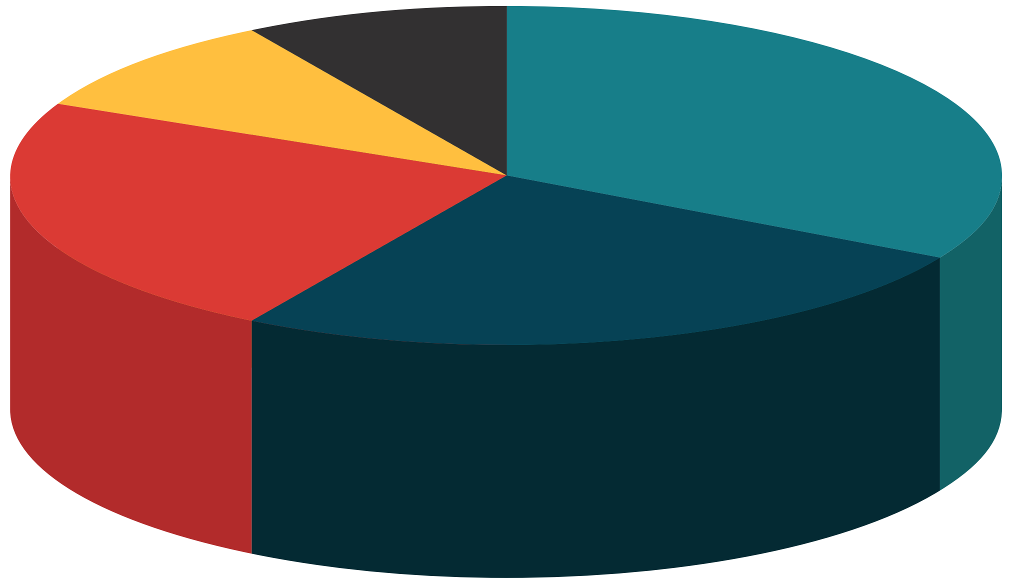
> **“Size/fit issues and damaged products are the top two reasons for returning products**

Findings

- Damaged products and size/fit issues are the top 2 reasons why **2 out of 3 shoppers** return products.
- Product not matching the images shown is a higher cause of product return among the young compared to the elderly. This trend signifies the growing importance of product page details amongst young, savvy shoppers.
- Size/fit issues are a higher concern among females, with almost **3 out of 4 females** returning the product.

Q9

When shopping in-store, do you compare similar products online?



33%
Yes, to compare prices

26%
Only for certain items/purchases

24%
Yes, to read customer reviews

9%
Yes, to do product research

8%
Never

> **“ 1 in 3 shoppers compares prices of similar products online while shopping in-store**

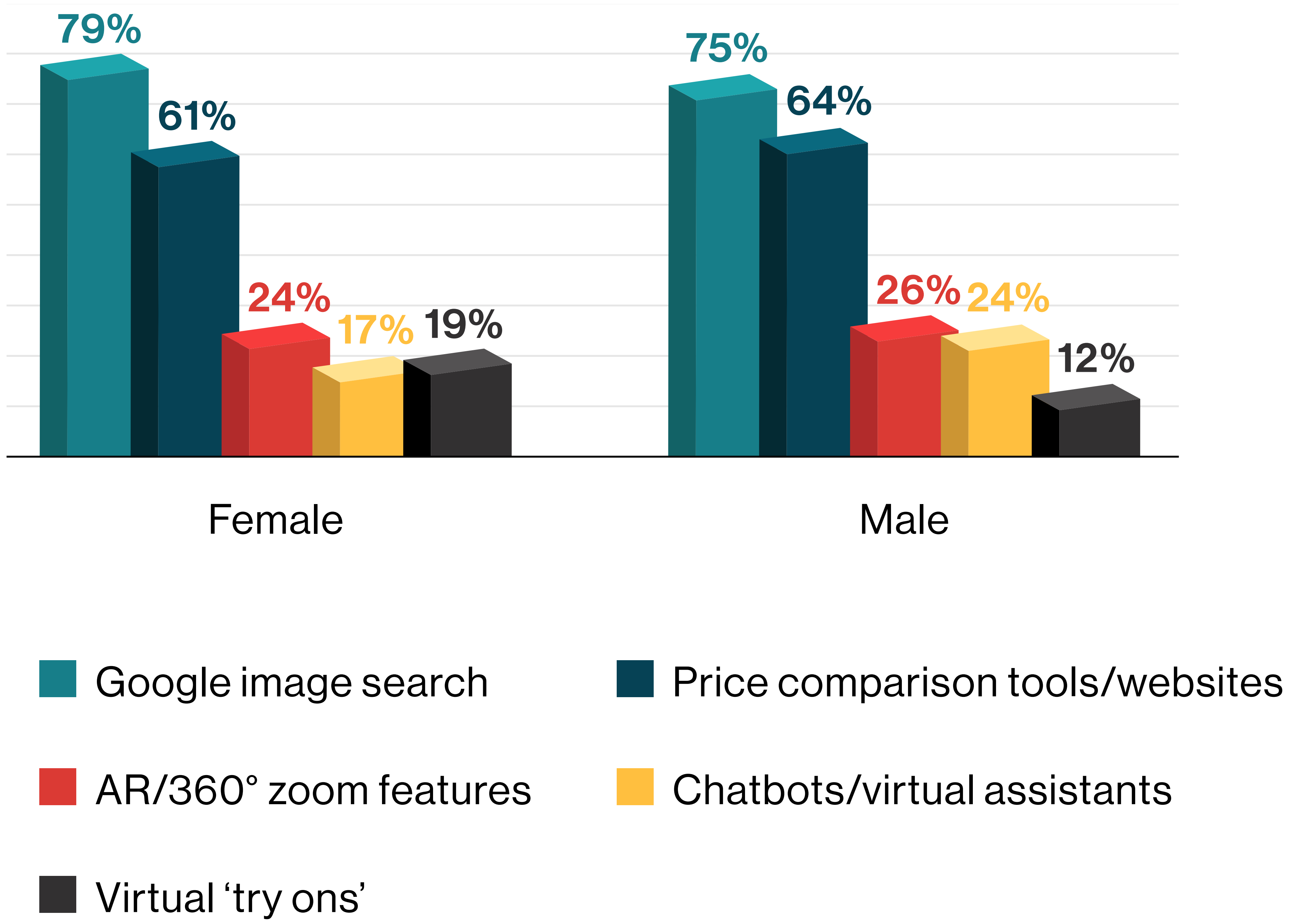
Findings

- A significant **33%** of shoppers compare prices online, in line with increasing price sensitivity and value-driven behavior.
- **1 in 4 shoppers** only use online comparisons for specific purchases and items.
- Notably, **24%** check online to read customer reviews, underlining the importance of robust reviews and ratings sections on product pages.
- Reading customer reviews online while in-store is less observed among the older age group.

- About **3 out of 4 shoppers** from the age group 18 to 44 are likely to compare similar products online while shopping in-store - mainly for price comparison and to read customer reviews.
- **72%** of men are likely to compare products online as opposed to only **60%** of women.

Q10

Which of the below emerging technologies do you use frequently while shopping online?



> “Google image search followed by price comparison tools and websites are the most used technologies for online shopping.

Findings

- Younger demographics- specifically Gen Z and female shoppers- have a higher preference for virtual try ons.
- The use of AR and 360-degree zoom features increases with age.
- Those planning to increase spending in 2024, and income groups of **$75,000+** intend to use chatbots and virtual assistants more than others

Section 3

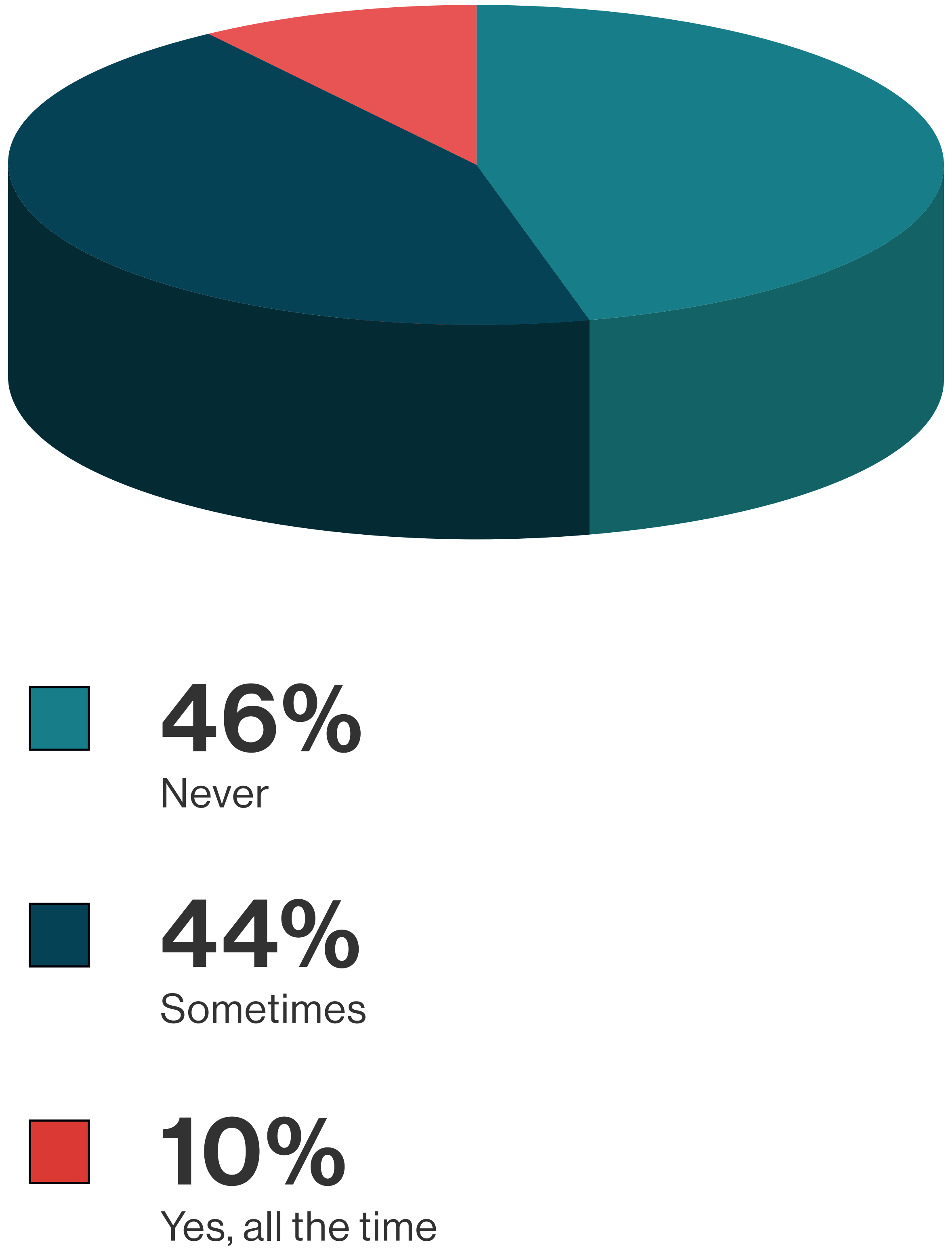
The Surge of Social Commerce & Eco-Conscious Retail

Quick Facts

- Amongst the survey respondents, men are more inclined to spend extra on sustainable brands.
- Two-thirds of those planning to up their spending in 2024 are willing to pay more for sustainable products, with **27%** prepared to pay significantly more **(10%+)**.
- **18%** of consumers planning to increase their spending in 2024 regularly make purchases through social media platforms like Instagram, TikTok, and Facebook.

Q11

Do you regularly shop on social media (Instagram/Tiktok/Facebook)?



> **Social media shopping is popular, with 44% of respondents leveraging it sometimes and another 10% using it all the time**

Findings

- Over half of the respondents intending to raise their spending in 2024 occasionally make purchases through social media.
- There is still a large set of shoppers **(46%)** who never shop using social channels.
- More than half in the **age group of 25 to 44** regularly shop on social media - this trend decreases drastically among the 44+ age groups.

Q12

When shopping on social channels, what influences your buying decision?

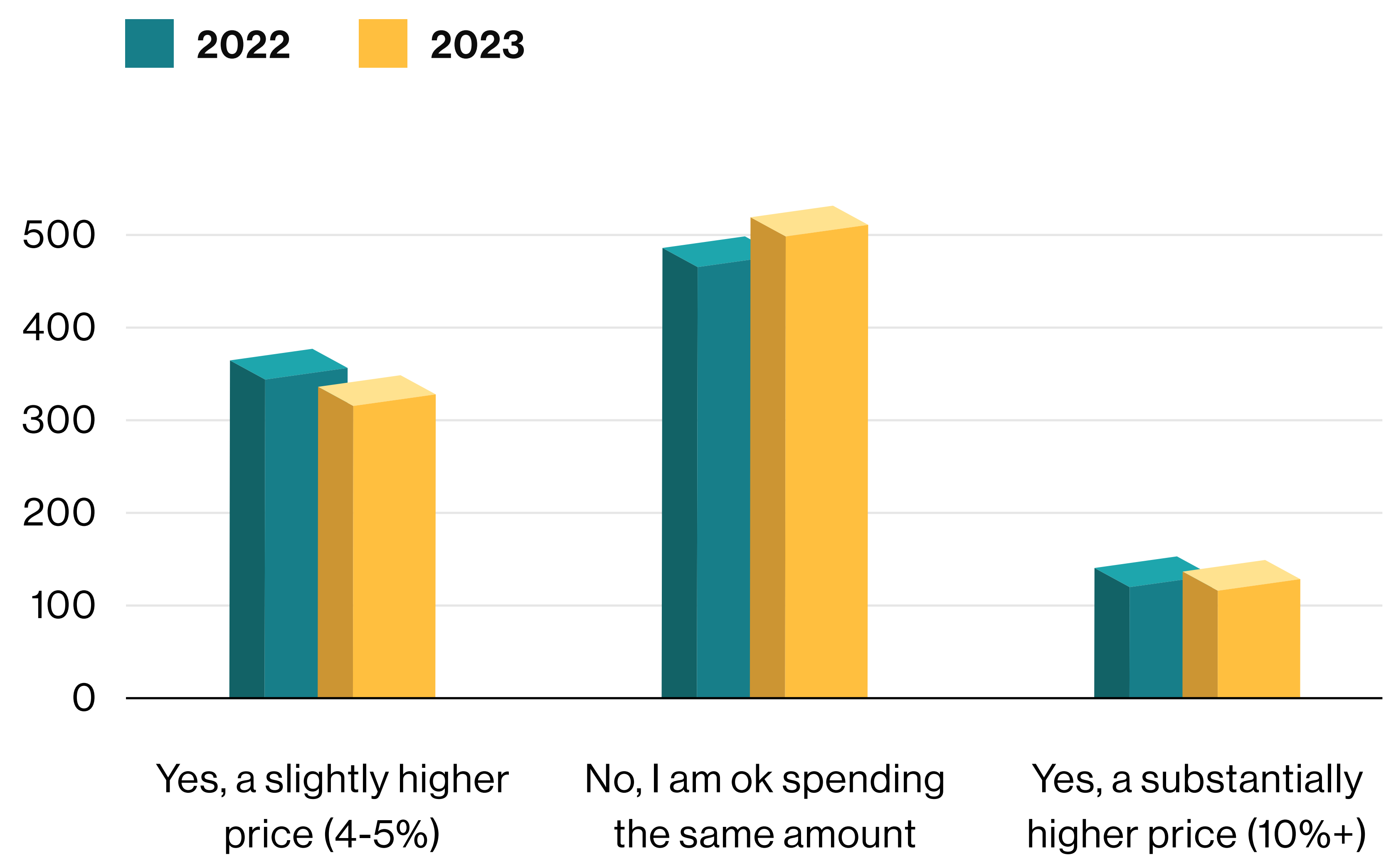
> “For shoppers intending to increase their spending in 2024, all listed factors significantly influence their buying decisions, compared to others

Findings

- **Positive ratings and reviews**, coupled with high-quality images and comprehensive product information, exerts the greatest influence on the majority of shoppers.
- The impact of a brand being promoted by an influencer, along with the availability of influencer-promoted discount codes, is notably more influential among the **under-44 age group**.

Q13

Are you willing to spend more on environmentally conscious, sustainable brands/products?



> **“ 50% of individuals aged 25-44 are willing to pay more for eco-friendly, sustainable brands**

Findings

- **53%** of shoppers are not willing to spend more on sustainable products and expect these items to be priced similarly to their generic counterparts.
- A third of respondents are open to paying a slightly higher price for sustainable products, specifically an increase of about **4-5%**.
- **30%** of shoppers in the **35-44 age** bracket are prepared to spend significantly more on sustainable brands and products.
- A smaller segment, **13%**, a slight drop from last year’s **15%**, indicates they are willing to pay a substantially higher price for environmentally conscious and sustainable products.

Section 4

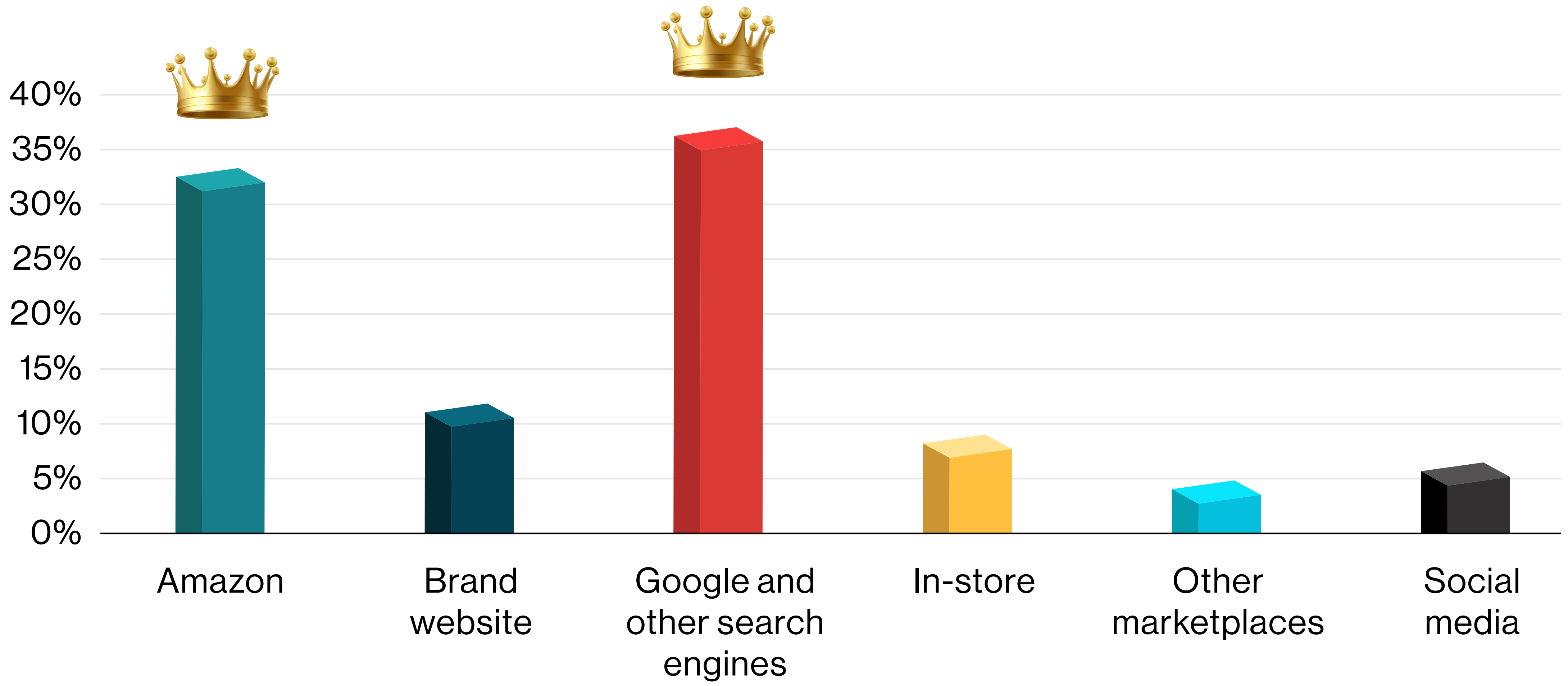
Influencing Choices: The Role of Product Content & Visibility in Retail

Quick Facts

- **Google Search** followed by **Amazon** was voted the top channel by shoppers to start a product search.
- **Almost 50%** of shoppers don't go beyond the first page of search results when buying a product.
- **1 out of every 2 shoppers** abandons a product page with incorrect information and missing images.

Q14

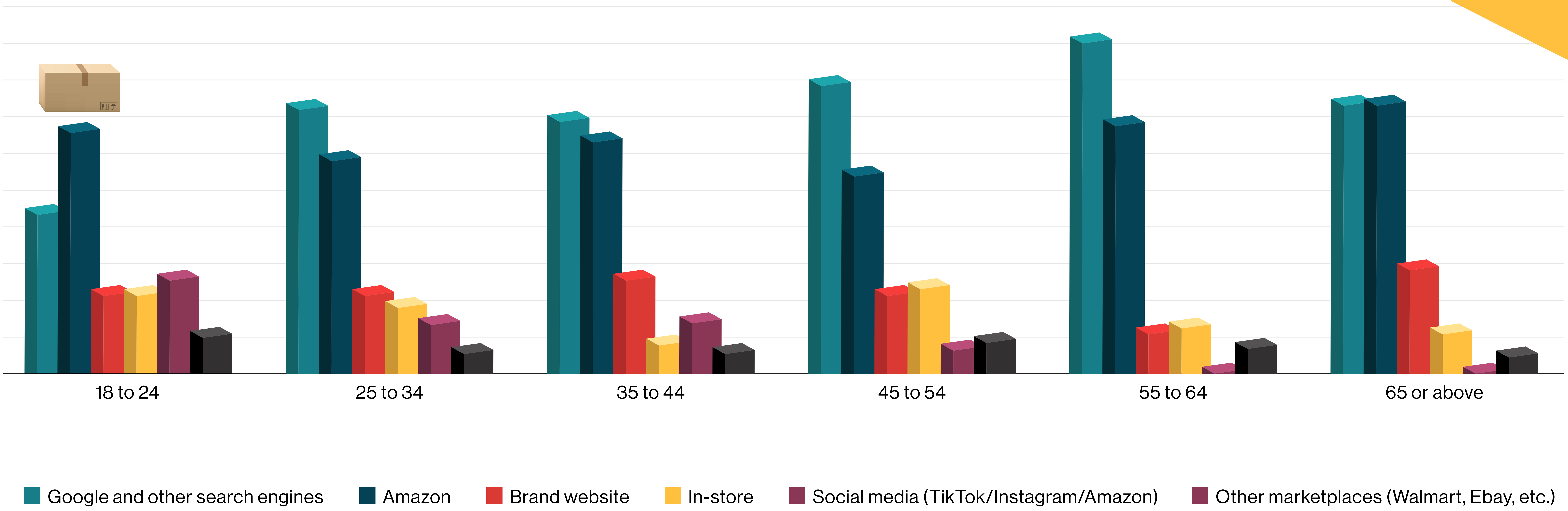
Where do you start your product search when looking to buy a new product?



> **“70% of shoppers collectively use Google Search or Amazon to start their online product journeys**

Findings

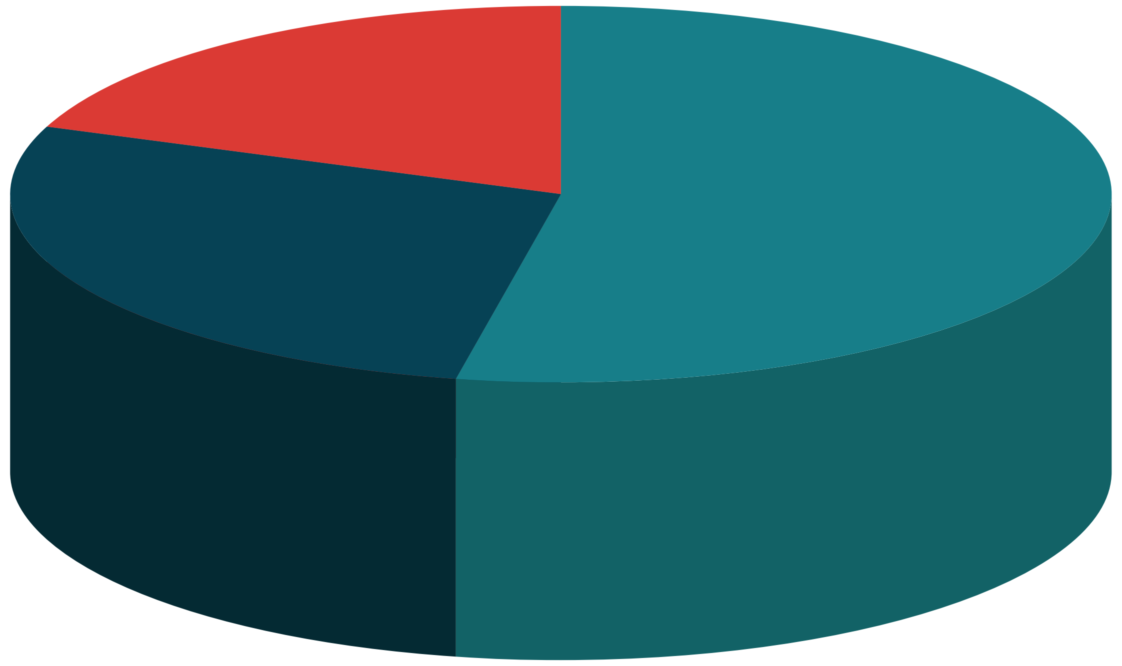
- As opposed to 2023, Google outranks Amazon when it comes to initiating product searches online.
- Nearly **37%** of consumers initiate their product search on Google and other search engines.
- A substantial **1 out of 3** shoppers kicks off their product search journey on Amazon, in stark contrast to the mere **4%** who opt for alternative marketplaces like Walmart or eBay.
- Over **11%** of shoppers show a preference for Direct-to-Consumer (DTC) experiences, starting their search directly on brand websites.



- The younger age demographic **(18-24)** initiates **product search on Amazon**. This is also the only age group where product search on social media ranks third after Amazon and Google search.

Q15

How do you sift through search results (on Amazon/Google) when buying a product?



53%
I usually browse through the first two to three pages of the search results

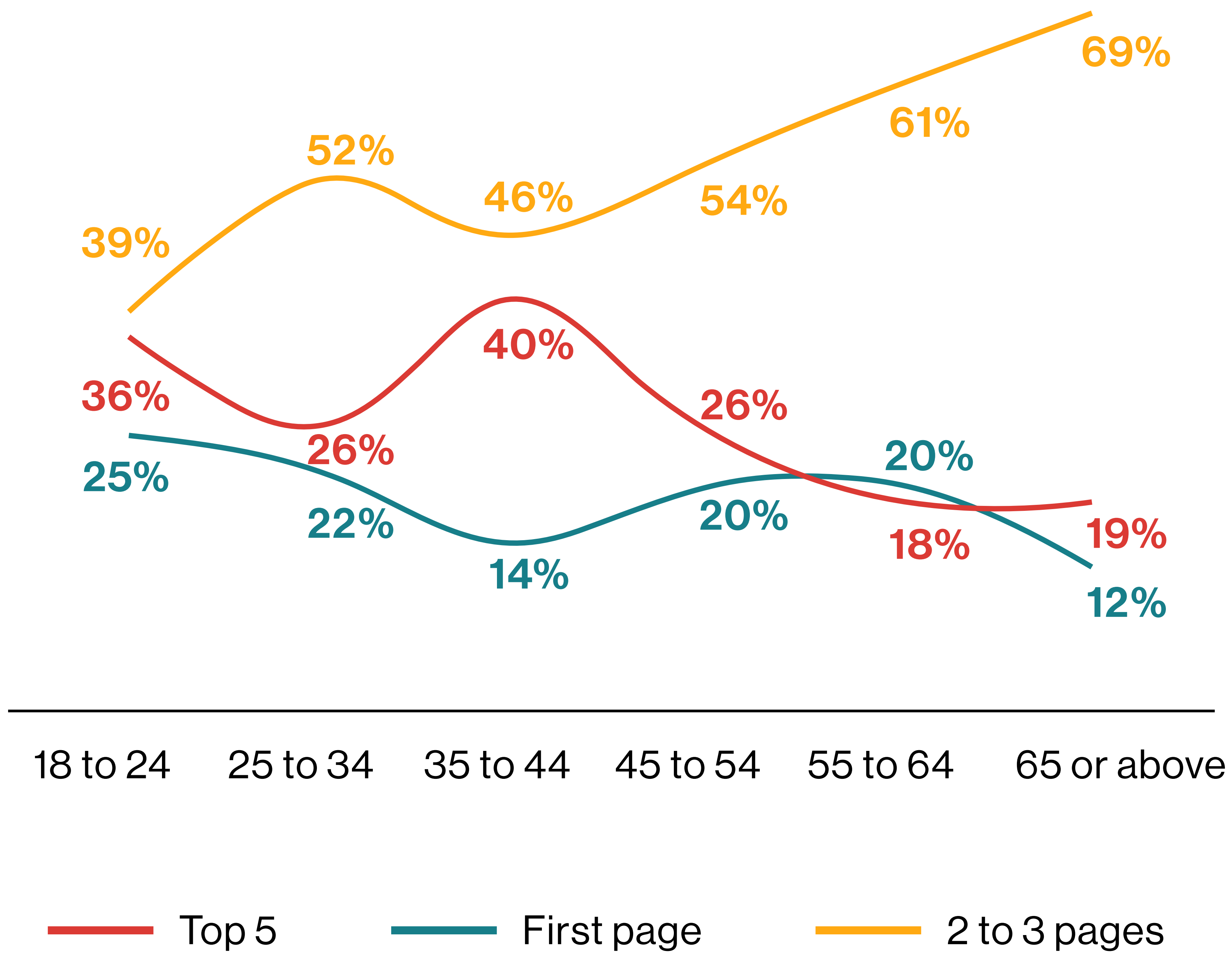
28%
I choose a product from the top 5 search results

19%
I choose a product listed on the first page of the search results

> “ **Nearly half of all online shoppers don’t go beyond the first page of search results**

Findings

- A notable **19%** of shoppers typically select a product from the top 5 search results, indicating a strong preference for immediately visible options.
- Approximately **28%** extend their consideration to products listed on the entire first page of search results, suggesting a more thorough but still limited exploration.
- At 53%, the majority demonstrate a more extensive browsing habit, delving into the first two to three pages of search results before making a decision.



- Ages **25+** usually browse through the first two to three pages of the search results.
- 1/3rd in the age group of **18 to 24** and **35 to 44** choose a product from the top 5 search results.

Q16

When shopping online, how is your decision impacted by "organic" or "paid" (sponsored) search results?

41.4%
I am indifferent and click on either search results

20.7%
I only click on organic search results and avoid paid results

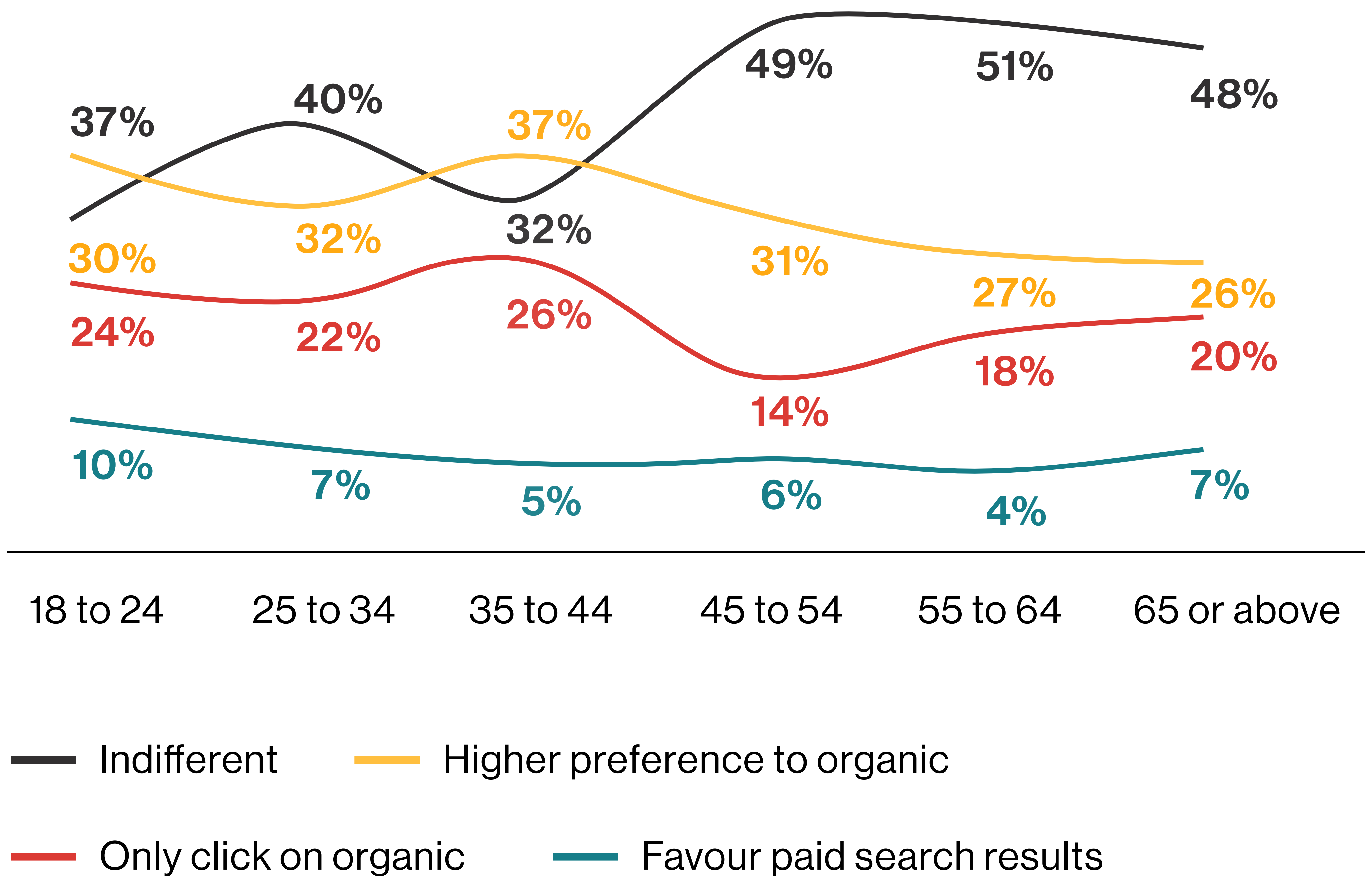
31.4%
I give a higher preference to organic search results over paid

6.5%
I tend to favor paid search results

> "Organic search far outweighs paid search when making buying decisions online

Findings

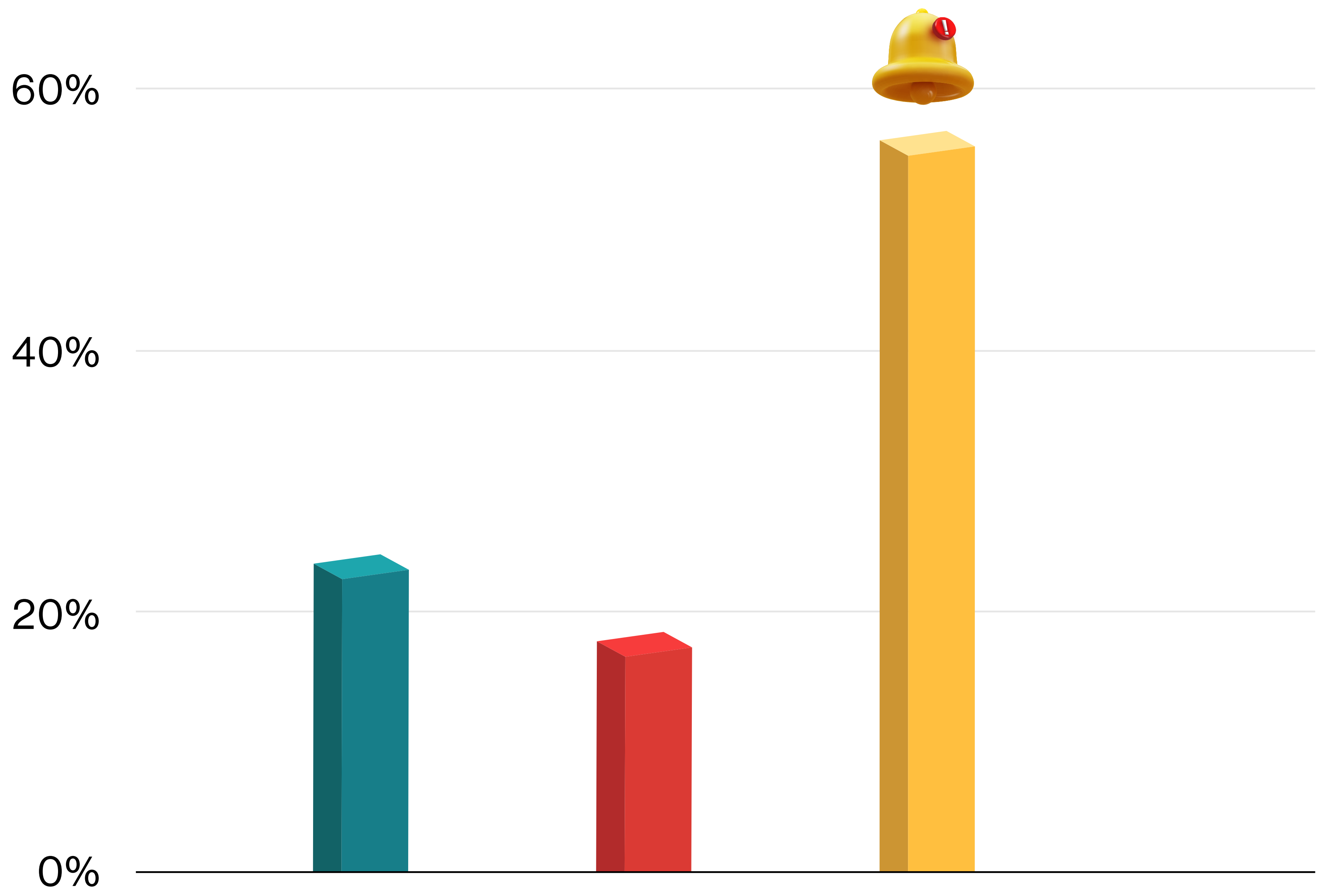
- The majority **(52%)** of shoppers clearly favor organic search results. Within this group, **31.4%** give organic results a higher preference, while a notable **20.7%** exclusively click on organic search results, actively avoiding paid results.
- A significant **41%** of shoppers are indifferent to the nature of search results, choosing to click on either organic or paid listings without preference.
- Only a small fraction, **6.5%**, express a preference for paid search results, suggesting that most shoppers tend to trust or value organic search results more.



- Age groups of **18 to 24** and **35 to 44** give a much higher preference to organic search results over paid. We could attribute this behavior to this demographic being more educated on the differences between organic and paid search.
- While shoppers aged **44+** are indifferent to organic or paid search results.

Q17

Do no/insufficient product descriptions and missing product images impact your buying decision?



- Maybe, depends on the return policy of the product
- No, it doesn't impact my buying decision if it's a known product/ brand/ marketplace
- Yes, I abandon the product page and move to a different page/ product

> “A majority of shoppers claim to abandon a product page due to inaccurate/missing product information

Findings

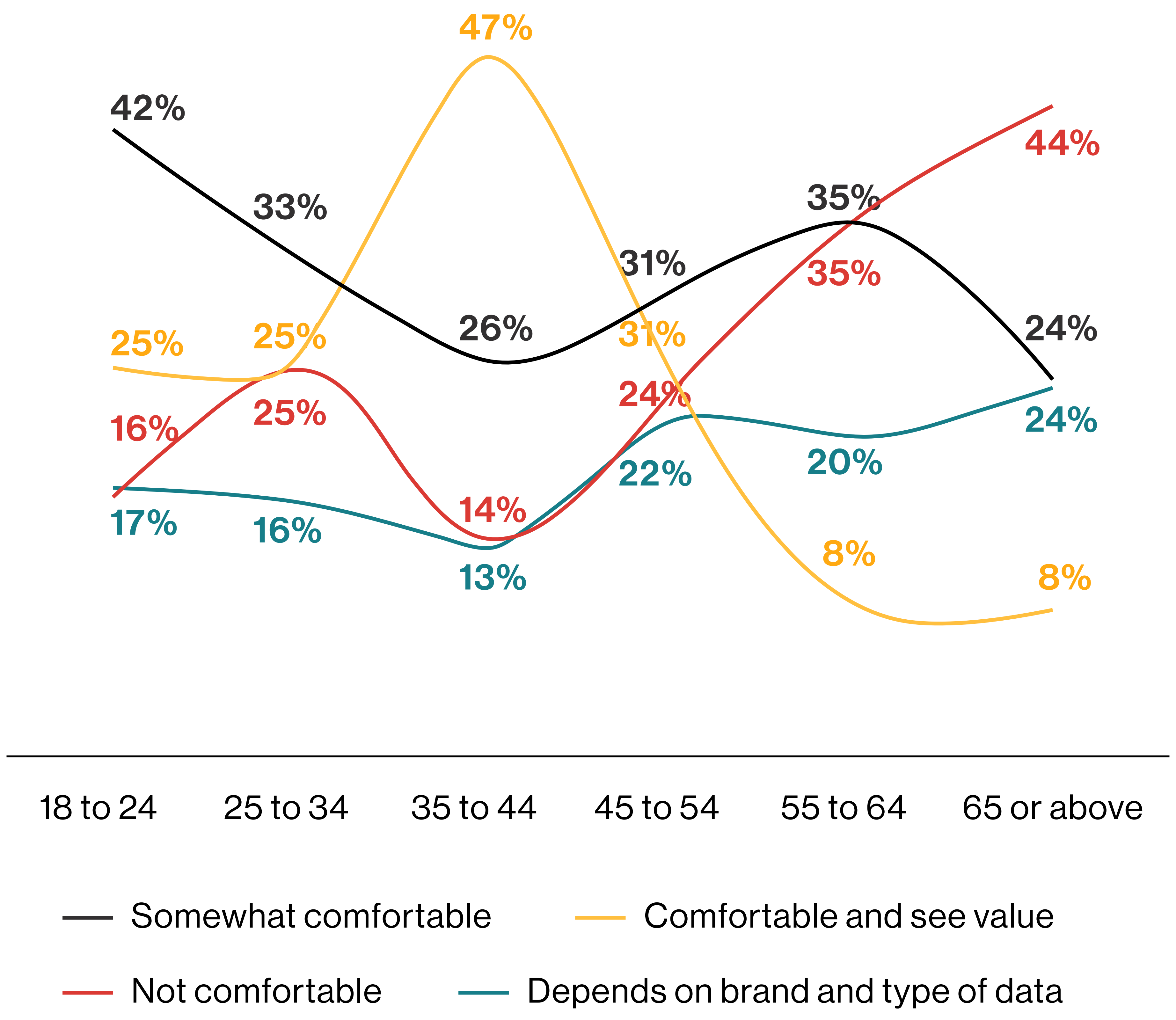
- Over **57%** of respondents indicated that inadequate product descriptions and the absence of product images significantly influence their purchasing choices, leading them to abandon the product page and search for alternatives.
- However, there is a notable exception: customers are willing to overlook these shortcomings if the product comes from a reliable or well-known brand.
- Additionally, a strong return policy can sway customers to proceed with a purchase despite the lack of sufficient product information or imagery.

Section 5

Personalization vs. Privacy: Understanding Shopper Comfort with Data Exchange

Q18

What is your comfort level with sharing personal data with brands/ retailers in exchange for personalized shopping experiences?



> **“Younger age groups are most likely to be comfortable sharing personal data in exchange for personalized shopping experiences**

Findings

- The age group of **35 to 44** is most comfortable sharing personal data and do see the value in personalized experiences.
- Shoppers’ comfort with sharing data decreases with age.
- **1 out of 3 shoppers** intending to increase spending in 2024 are comfortable sharing personal data.

Intelligence Node Recommendations

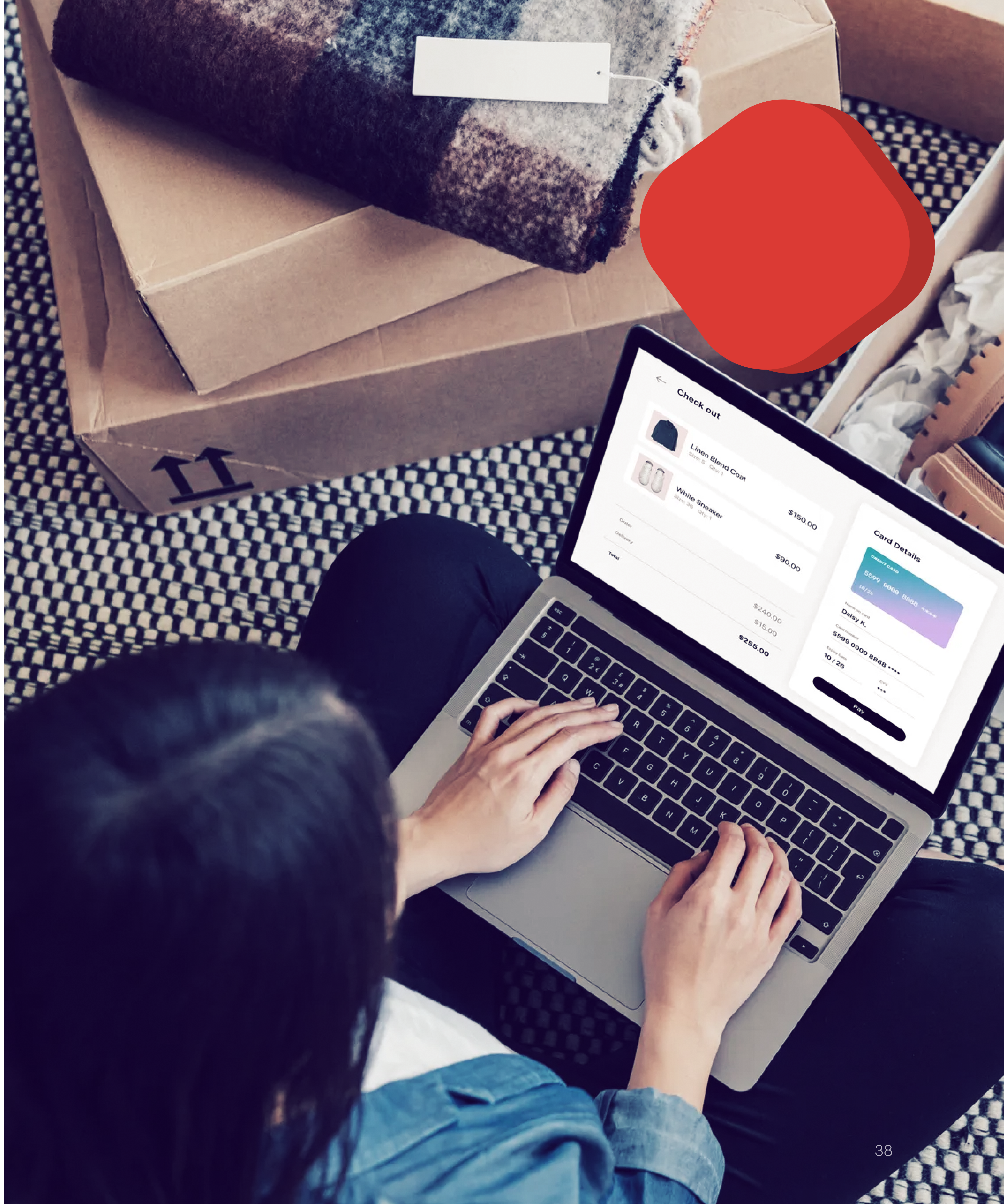
Based on the results and analysis of the consumer survey, below are Intelligence Node's recommendations for brands and retailers to thrive in 2024:

1. Brands/retailers targeting the **younger demographic** need to focus on
   - Ranking on organic search results
   - Optimizing product content and images
   - Improving positive customer reviews
2. **Product comparison** is rampant amongst shoppers, mainly to find the best prices and deals amidst inflation, making it imperative for brands to offer data-driven competitive prices.
3. Brands focusing on the millennial demographic should aim to introduce **sustainable and eco-friendly policies** to retain this audience and charge them a premium.
4. **Free, fast delivery** solutions need to be an urgent action item amongst online brands and marketplaces to retain/increase buyers.
5. With Amazon and Google leading product searches, brands need to invest in increasing **product visibility** and maximising **digital shelf** presence.
6. Tech-savvy shoppers are leveraging technology to find the best products and prices, making it essential for brands to adapt to new tech.
7. With growing social media shopping amongst the younger demographic, brands catering to this TG should ramp up their social commerce efforts.

Research Methodology

In partnership with Dynata, Intelligence Node surveyed over **1000 online US shoppers** in December 2023 to gauge consumer shopping trends and expectations for 2024. With an extensive library of detailed business and consumer profile attributes collected directly from individuals through survey data, Dynata's survey methodology is designed and actively managed to deliver a variety of advantages, including precise audience selection, reliability, and superior feasibility.

Intelligence Node weighted the data by age, gender, income, education, ethnicity, employment, and region to demographically represent the U.S. online adult population. The survey demographic represents an equal male to female ratio lying between the age group of 18 to 65+, and an annual household income ranging from below **$25000 to $200,000+**.



About Intelligence Node

Intelligence Node is a real-time retail price intelligence platform that empowers businesses to drive product level profitability and grow margins using data-driven competitive insights. Leading as a premier independent data powerhouse, it has created the world's largest pricing dataset with unmatched accuracy - feeding the growth of more than **$600 billion** in retail revenue globally.

Intelligence Node's proprietary AI-driven algorithms are packaged in an intuitive and beautiful user interface, simplifying onboarding by providing easy-to-use plug & play capability.

It is the platform of choice for hundreds of retailers and brands worldwide, including category leaders like **Nestle**, **LVMH**, **Li & Fung**, **Lenovo, Essence** and many others.

Intelligence Node

Powering Digital Commerce With the Most Accurate Data

Optimize pricing, assortment, and digital shelf positioning with patented AI.

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