LOYALTY HAS A PRICE TAG

Most shoppers will switch retailers for a 20% discount. 52% shoppers dislike dynamic pricing.

Survey Period: Fall 2025

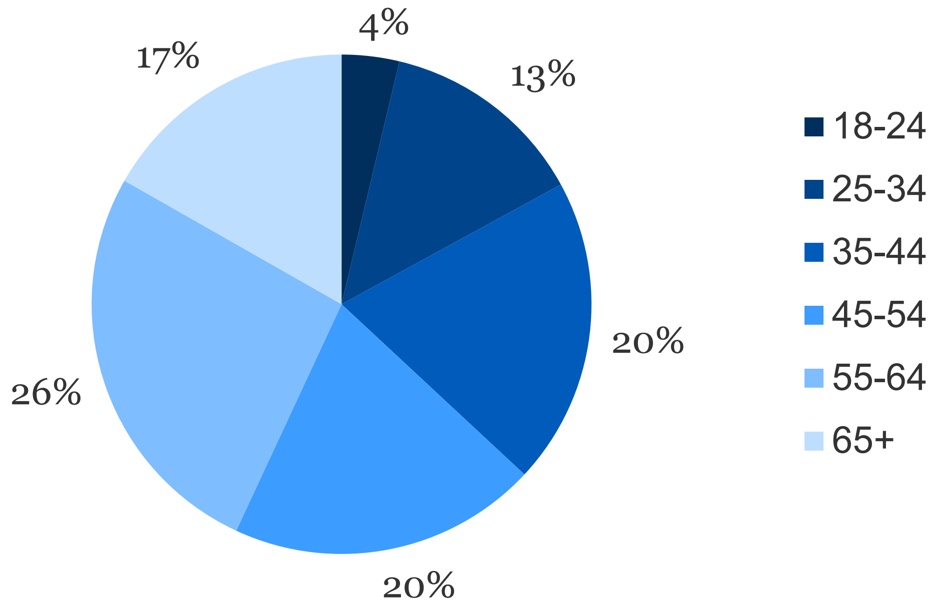
Demographics & survey design

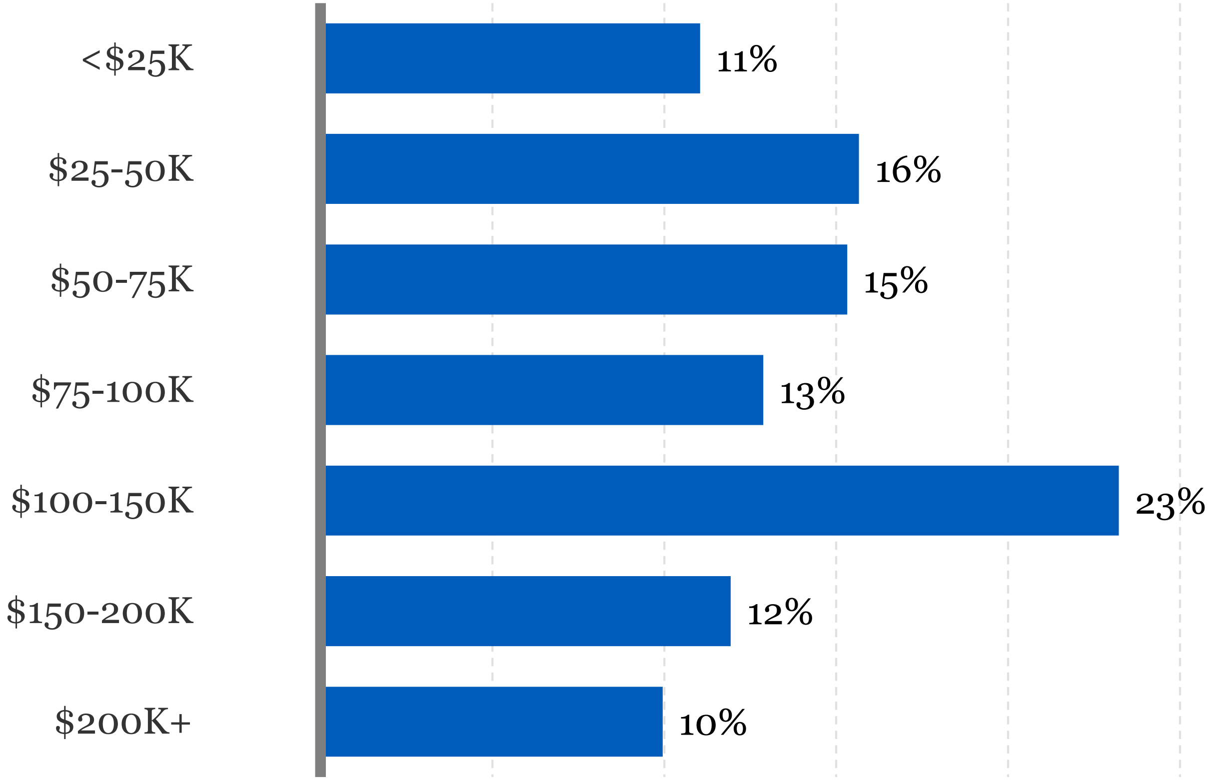
We employed a cross-sectional, quantitative, online study during Fall 2025. We recruited a random sample of respondents from the population of U.S. shoppers.

2,011
Total Sample (n)

$608
Avg Total Monthly Spend (GM + Grocery)

36%
Percent with children

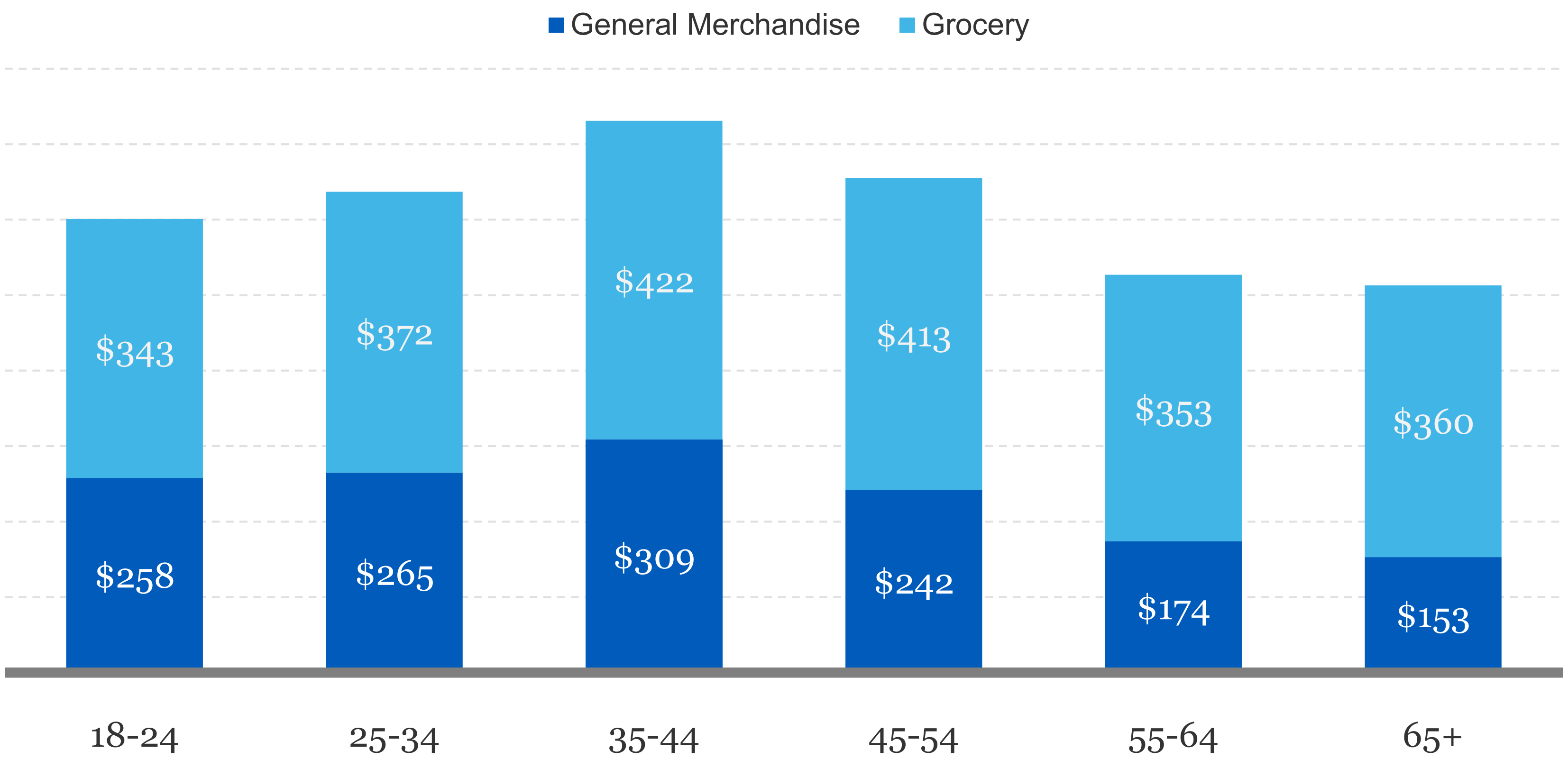




Bottom Line: The 2,011-respondent sample represents active retail shoppers spending an average of $608/month on groceries and general merchandise. The sample is representative of the U.S. population. Roughly one-third (36%) have children, a key driver of household spend.

Young households over-index on general merchandise as they "build" their lives

Below: Monthly spending on general merchandise and groceries, by age group (n = 2,011)



42%

GM share for young (18-34) shoppers

30%

GM share for seniors (65+)

Strategic Insight: Young shoppers spend more on general merchandise (GM): 18-34 allocate 42% to GM on average vs 30% for 65+.

Young households are "building," purchasing furniture, clothes, and electronics, at a rate higher than older households.

Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

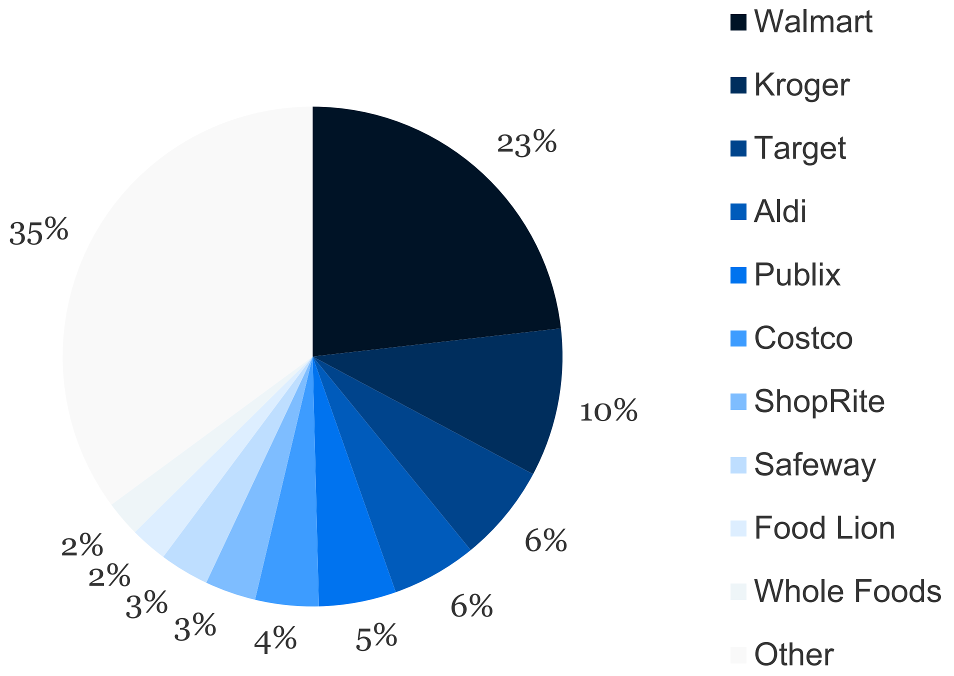
Section 1

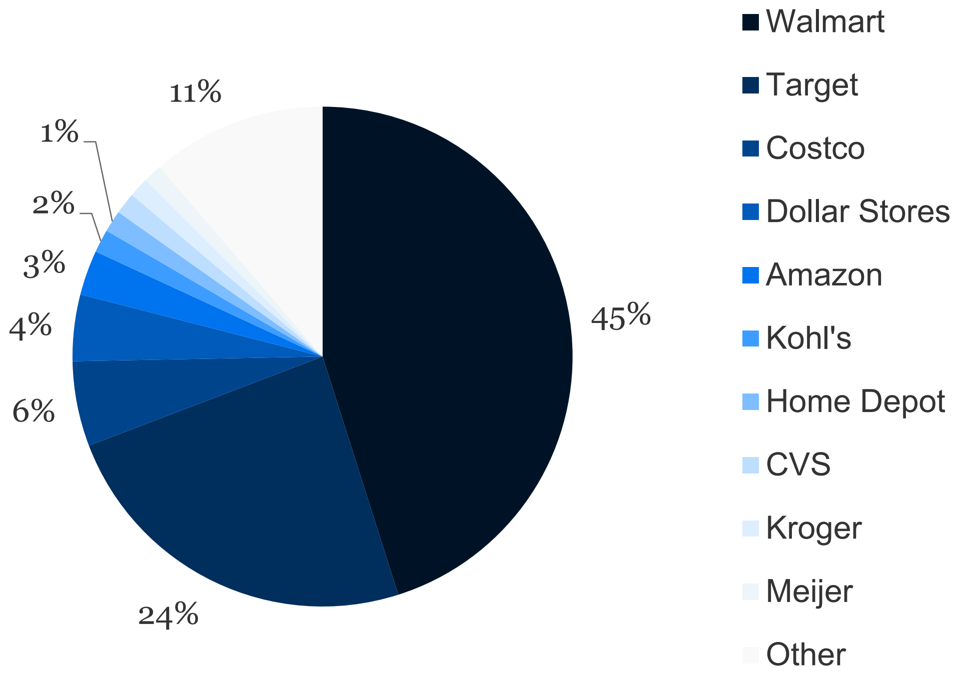
Shopping Preferences & Drivers

1. Top choices for grocery and general merchandise

Top 10 In-Store Retailers

Walmart and Target together capture 69% of in-store general merchandise shopping, while grocery remains fragmented. For physical retail, mass merchants dominate GM, but grocery shoppers stay loyal to their local chains.





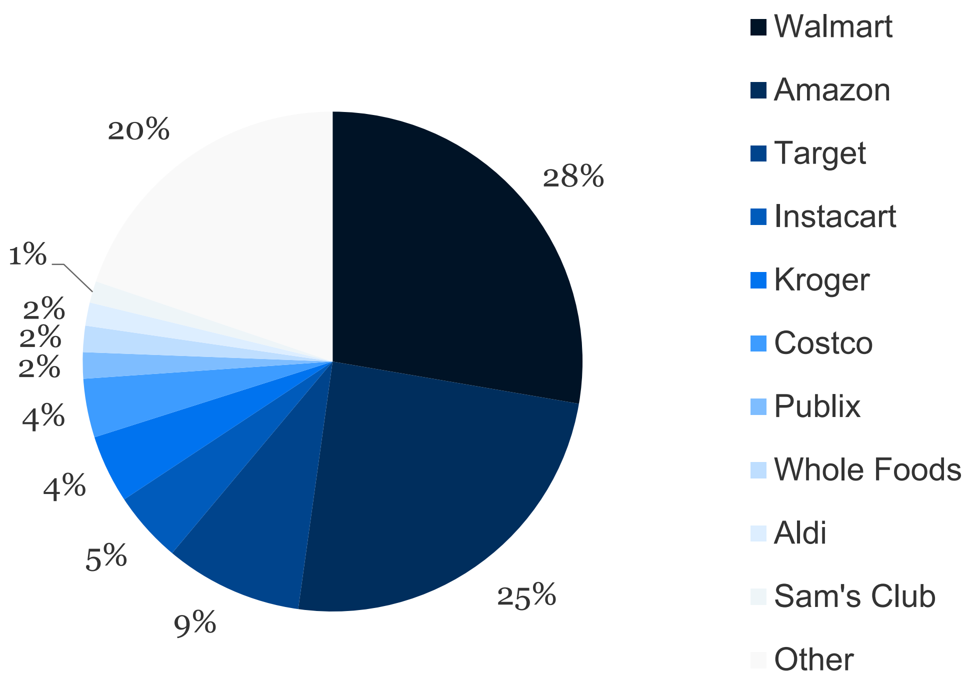
Grocery

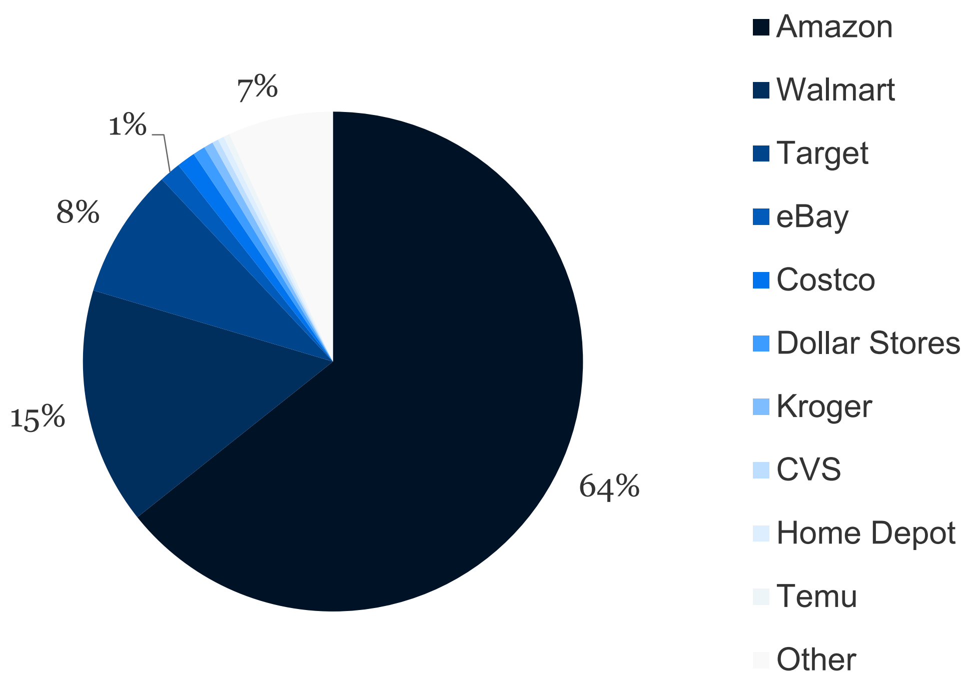
General Merchandise

1. Top choices for grocery and general merchandise (cont.)

Top 10 Online Retailers

Amazon commands 64% of online general merchandise – a 4x lead over Walmart – making e-commerce essentially a one-player market for GM. Online grocery is more competitive





Grocery

General Merchandise

1. Top choices for grocery and general merchandise (cont.)

In-Store Insights

Walmart dominates both categories, but more so in GM
45% of general merchandise shoppers vs 23% of Grocery shoppers choose Walmart as their #1 store.

GM is concentrated; Grocery is fragmented
Top 10 GM stores capture 89% of shoppers. Top 10 Grocery stores capture only 65%, with regional grocers splitting the rest.

Costco's membership model works for both
#3 in GM (5.5%), #6 in Grocery (4.1%). Club stores hold ground against specialists in both categories.

Value players like Dollar Stores and Aldi make top 10
Budget-conscious shoppers have clear favorites. Dollar stores beat Kohl’s and Home Depot for GM; Aldi beats Publix and Safeway for Grocery.

Online Insights

Amazon owns online general merchandise
For online general merchandise, Amazon is the default (4x Walmart’s 15%). The rest of the top 10 combined barely match Amazon's share.

Online Grocery is a two-horse race
Unlike GM, no single player dominates online grocery. Walmart's logistics edge keeps it ahead of Amazon here, but Amazon is gaining ground.

Online GM is concentrated; Online Grocery less so
Online GM is essentially a 3-player market (Amazon, Walmart, Target = 88%). Grocery has more regional fragmentation.

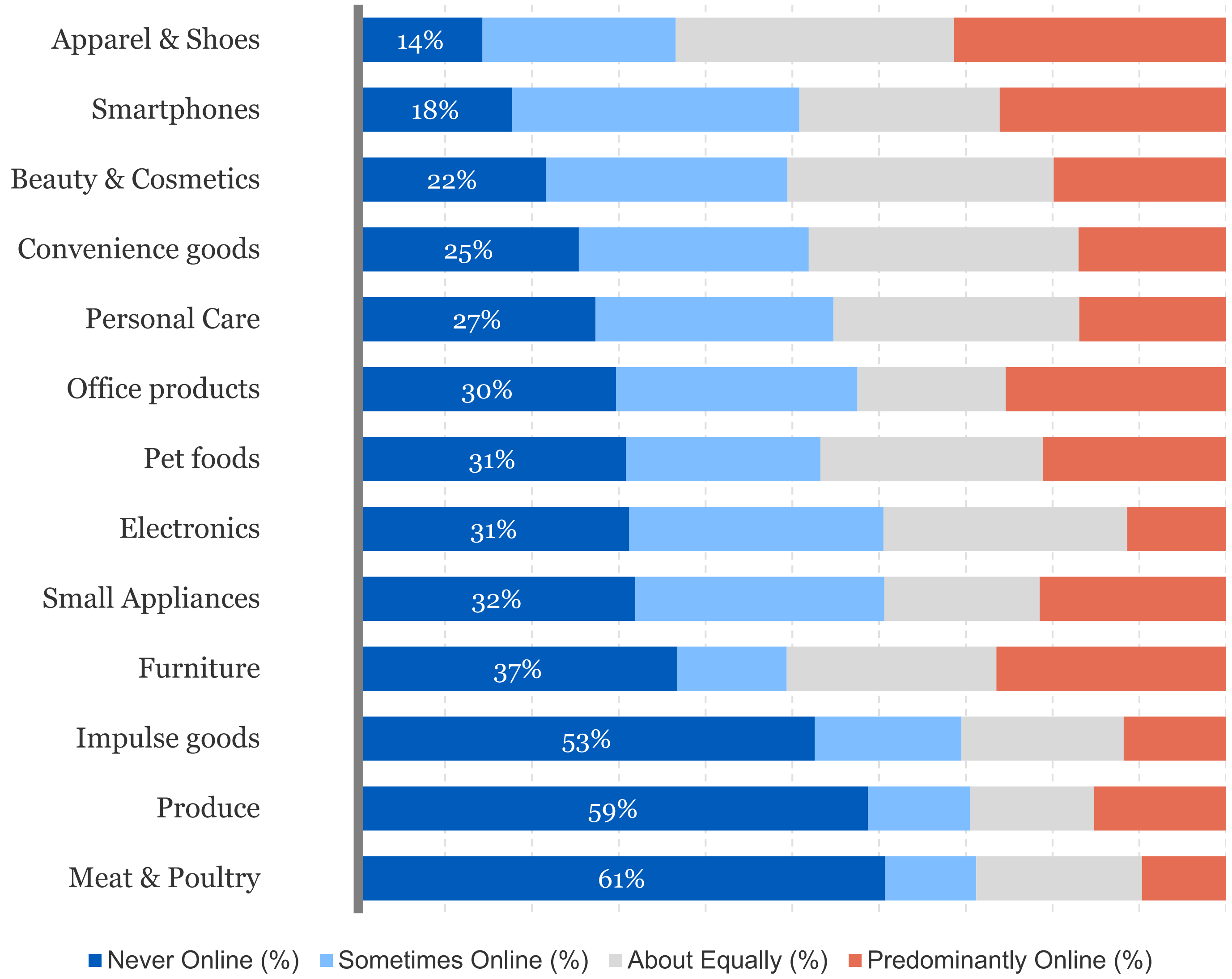
Temu cracks Top 10 for online GM
Chinese discount platforms are gaining traction online. They are worth watching for competitive implications.

Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

2. Fresh categories are digital-resistant.

Around 60% of shoppers never buy meat or produce online.

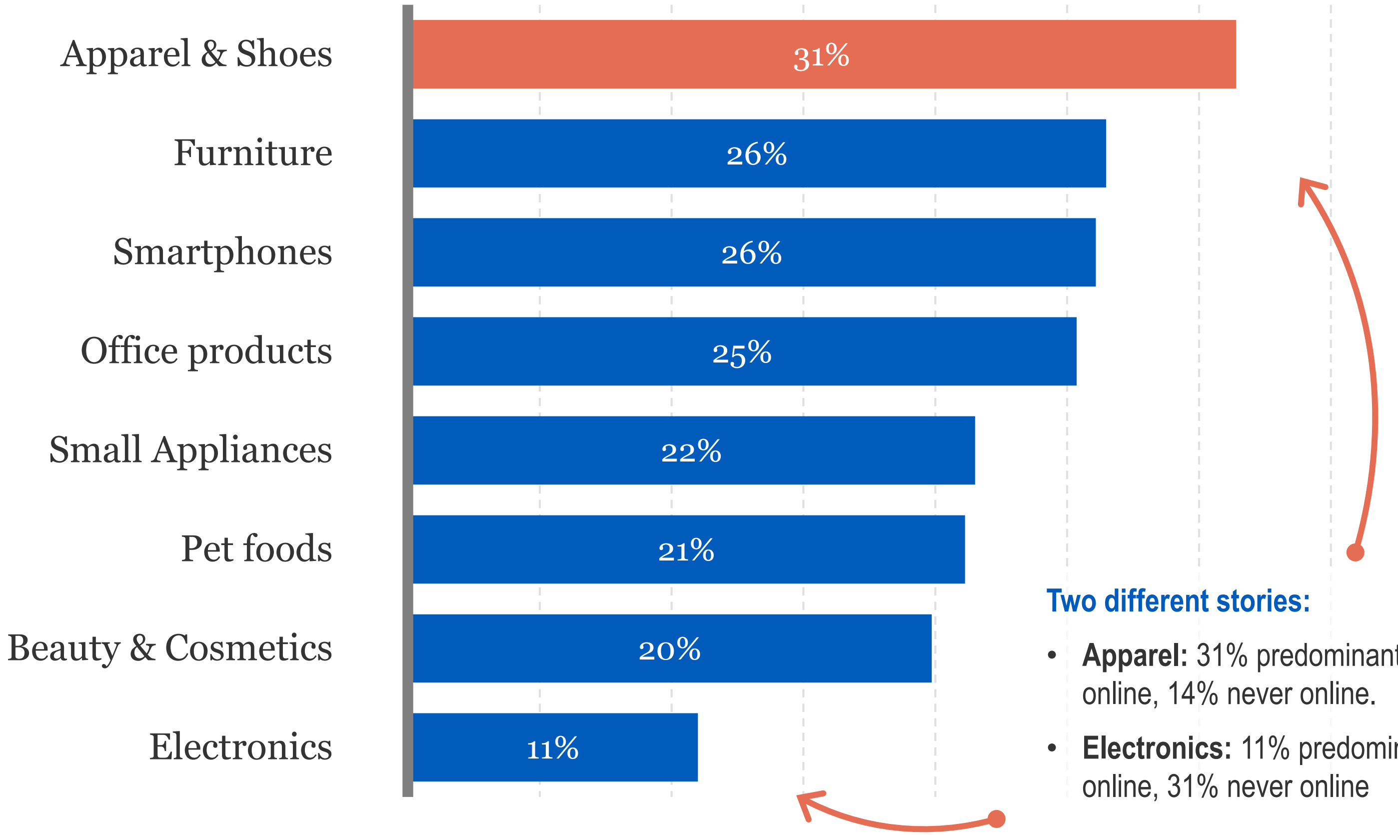
Below: From which channel do you prefer to purchase the following items?



Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

3. Shoppers shop for apparel online more than any other category.

Below: Percent of customers who prefer to purchase the category ”Predominantly Online”



Two different stories:

- **Apparel:** 31% predominantly online, 14% never online.
- **Electronics:** 11% predominantly online, 31% never online

Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

What this means:

- Apparel has shifted online faster than expected, likely due to easy returns and size guides making up for fit concerns
- Electronics still benefits from in-store demos and instant gratification
- Rethink category-level omnichannel strategy

The Rise of AI Shopping:

Fashion is increasingly digital-first. As AI shopping agents emerge, apparel brands are some of the best-positioned to capture autonomous purchasing. Semantically rich product data and API-accessible content will determine which brands AI recommends.

“We've demonstrated for years that we can provide value through everyday low prices in the items that we sell. We’re doing the same thing now with convenience."

John David Rainey, *Walmart EVP and Chief Financial Officer, on lowering the cost of delivery for customers*

“...customers in more than 1,000 cities and towns now can shop fresh groceries alongside millions of Amazon.com products with free same-day delivery. This is a game changer for customers who can now order milk alongside electronics, check out with one card, and have everything delivered to their doorstep within hours.

Andy Jassy, *Amazon CEO, on enabling more consumers to purchase their full basket online*

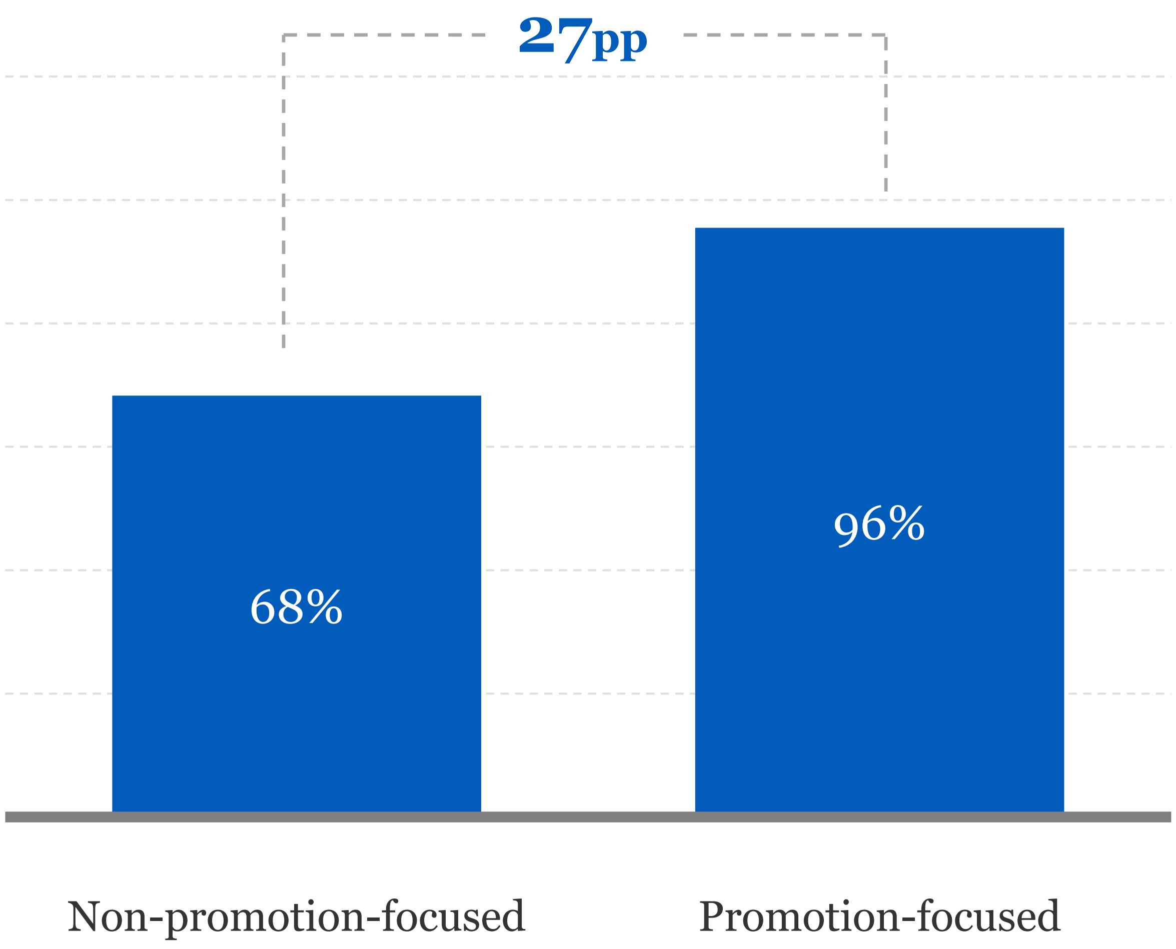
Source: Walmart Earnings Call Transcript (Q3, FY26); Amazon Earnings Call Transcript (Q3, FY25)

4. 96% of promotion seekers also demand quality.

Strategic Insight

Promotion hunters aren't cheap – they're trying to maximize value. They want the best deal on the best product. To win, don't sacrifice quality to fund promotions.

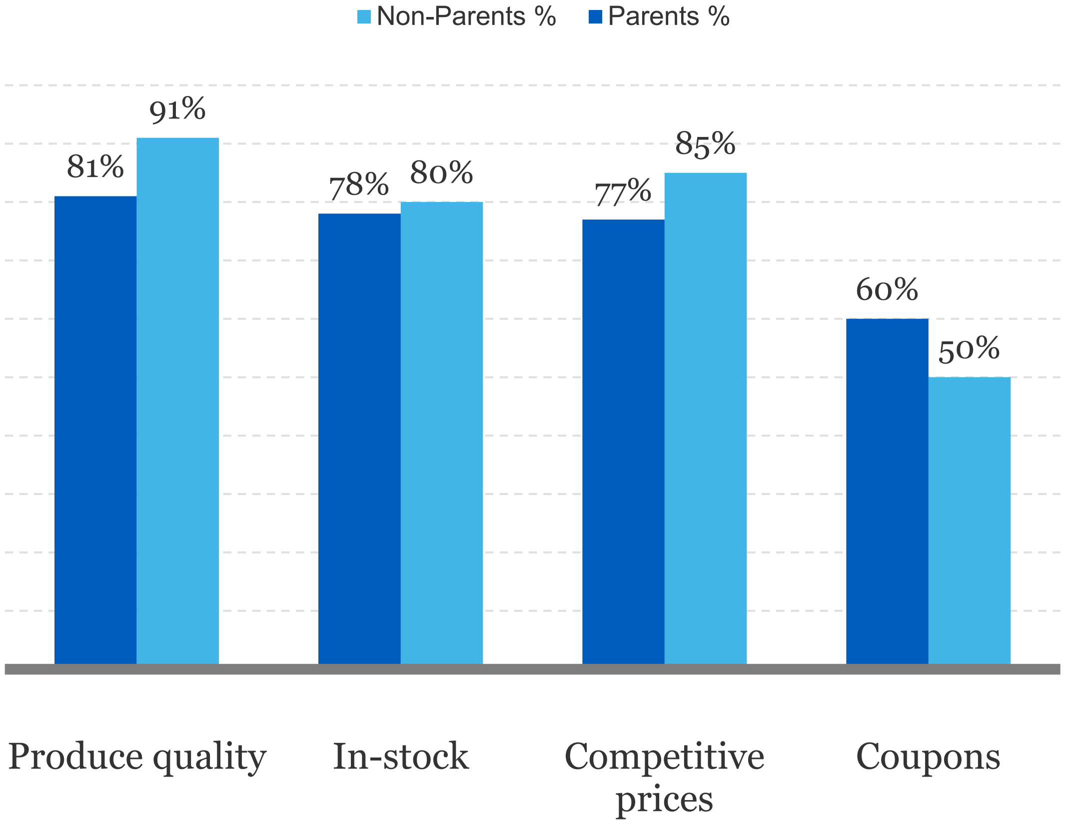
Below: Quality Importance Among Promotion-Focused vs Non-Promotion Shoppers (n = 2,011)



Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

5. Parents are 20% more likely to value coupons.

Below: Factor Importance: Parents vs Non-Parents



Paper coupons are making a comeback

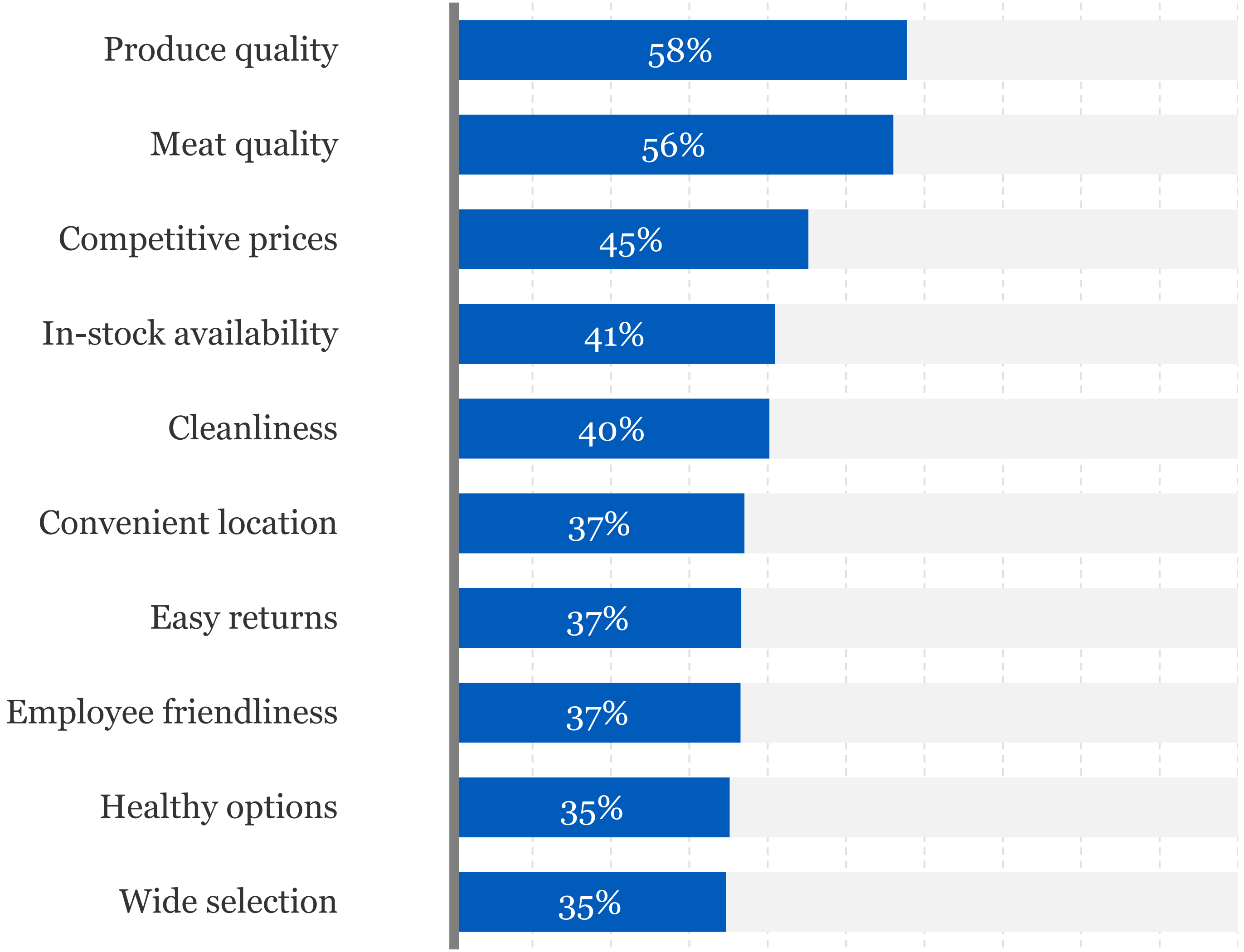
"I think the other customer group that we weren't responding to very well were people who **don't have a $600 iPhone.**"

Ron Sargent, Kroger's interim CEO, on why Kroger reintroduced paper coupons across all stores in 2025.

Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

6. Food quality (58%) outranks competitive prices (45%) as the top driver of channel choice.

Below: Top 10 Shopping Decision Factors (% 'Very Important')

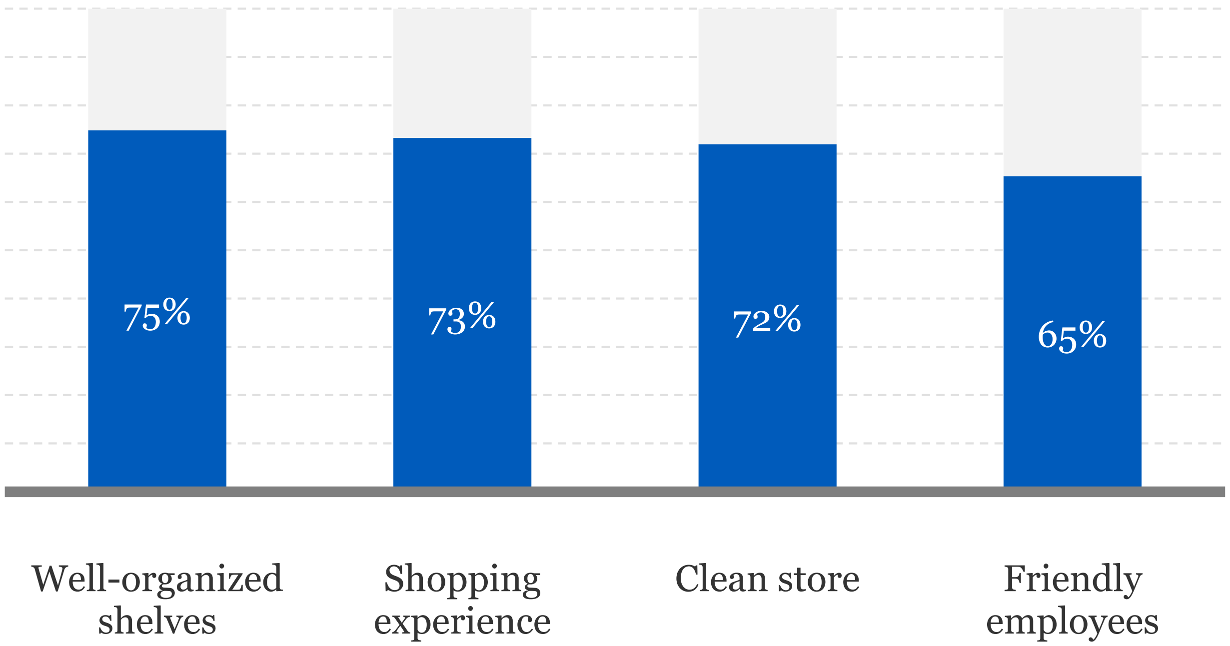


Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

7. Experiences are still important for shoppers.

The Experience Stack

The chart shows the percent of shoppers who rate each store experience factor as "Important" or "Very Important" (n = 2,011).



Shoppers are serious about cleanliness

Cleanliness drives the strongest conviction. 40% say "Very Important" vs. 32% for shelves and overall experience.

40%

Say a clean store is "Very Important"

32%

Say other experience factors are "Very Important"

Opportunity: 35-44 year olds are **2x more** experience-focused than Gen Z (56% vs 28% rated all 4 experiences Important or Very Important), and they spend **43% more**. Win this segment through flawless execution.

Strategic implications:
What drives shoppers?

Fresh keeps shoppers in stores

61% never buy meat online; 59% never buy produce online. Compare that to just 14% for apparel. For grocery stores, invest in the fresh department – it's your defense against e-commerce.

Apparel is moving online, but electronics is lagging

31% buy clothes predominantly online vs 11% for electronics. Returns solved the fit problem for fashion. Shoppers still want to see and touch a TV or iPhone before buying.

Everyone wants a deal

70% say promotions matter, and that holds whether someone spends $300 or $600+ a month or earns $25K or over $200K. Discounts are not a low-income strategy.

Promotion hunters aren't settling

96% of shoppers who care about promotions also care about produce quality, vs 57% of non-promotion seekers. They're not looking for cheap—they're looking for the best deal on the best product. Don't cut quality to fund discounts.

Execution matters as much as price

Organized shelves (75%), store experience (73%), cleanliness (72%) – get the basics right and customers stay loyal.

Section 2

What Discount Makes Shoppers Switch?

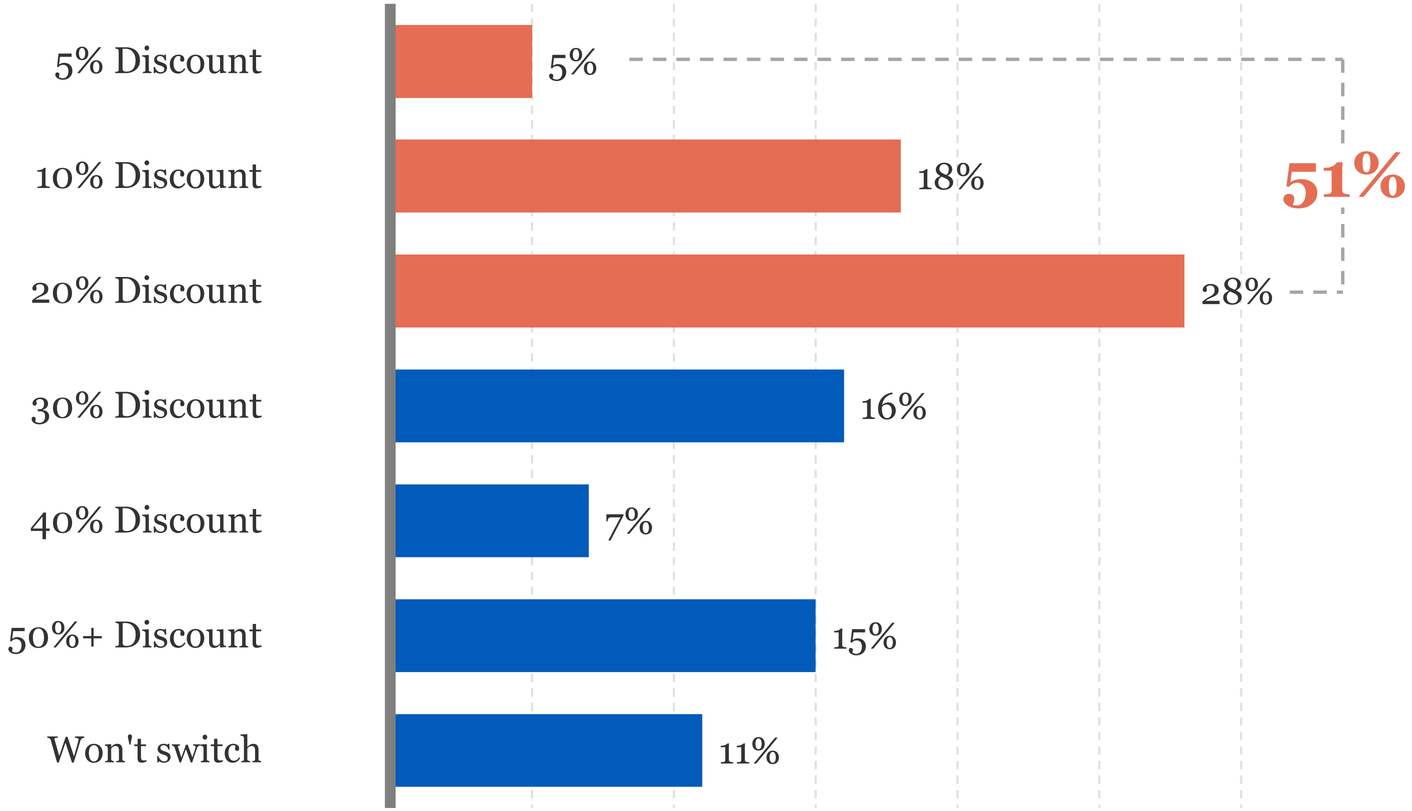
8. 20% is the magic number:

Half of all consumers will switch retailers at this threshold.

Year-over-year insights

- *Easy-to-poach shoppers (5% switchers) dropped by half, from 11% to 5%.*
- *Hard loyalists (shoppers who require 50%+ to switch or won't switch) grew 4 percentage points to 26%*
- *A discount of 20% remains the tipping point for over half of shoppers and is steady YoY.*

Below: "For what discount would you be willing to switch your primary shopping to another store?" (n = 2,011)



Bottom Line: 51% of consumers will switch retailers at a 20% discount or less. Shoppers cluster at moderate discounts (20%) and deep discounts (50%+), with relatively few in between.

9. Gen Z & Millennials demand 50%+ discounts.

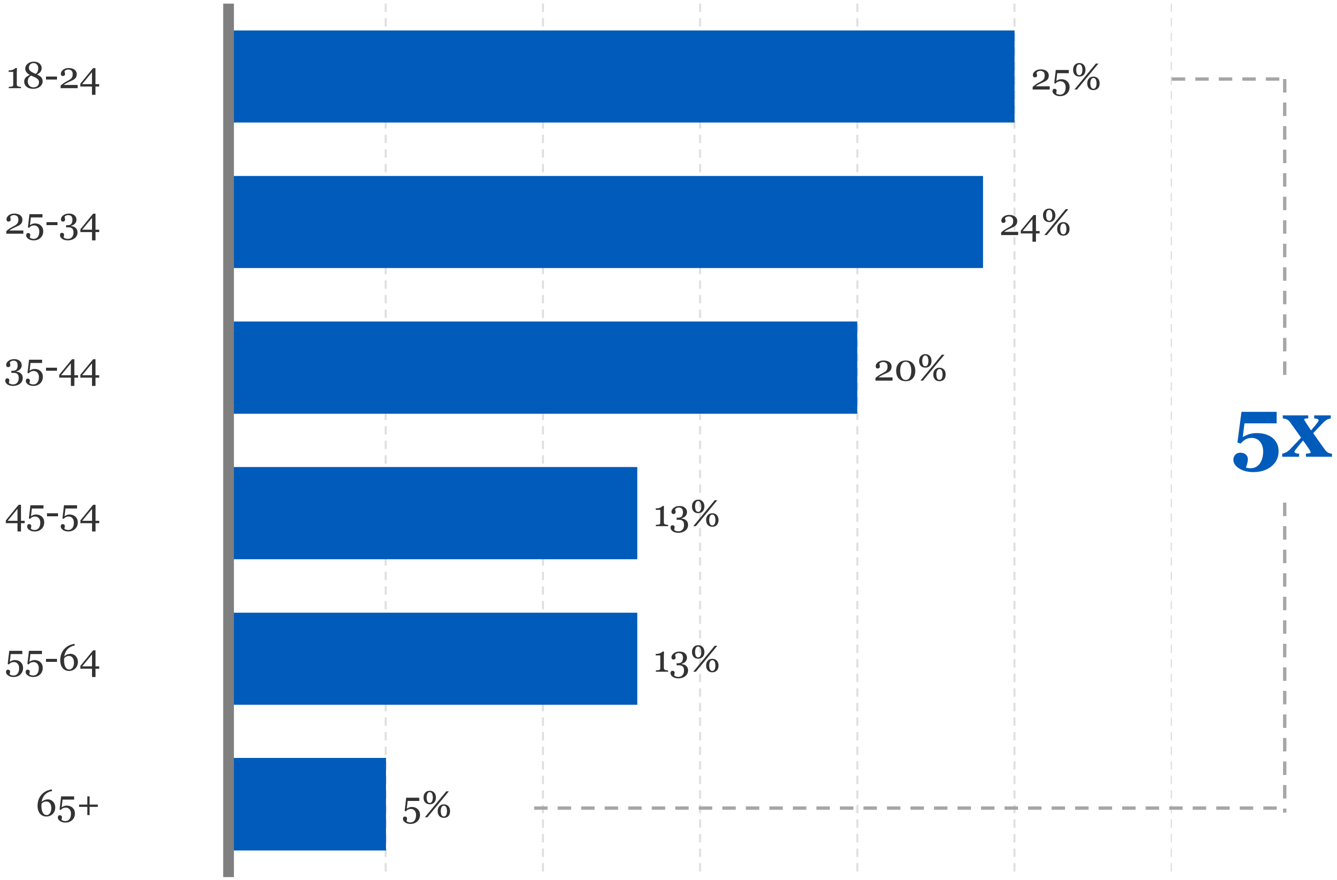
57%

Of 18-24 require 30%+ discount to switch

23%

Of 65+ require 30%+ discount to switch

Below: % requiring 50%+ discount to switch retailers, by age group (n = 2,011)



Bottom Line: Don't waste shallow discounts on under-35 segments. They've been trained to wait for flash sales.

10. Income doesn't predict price sensitivity. Affluent households hunt for deals too.

Key Insight: The myth that affluent consumers don't respond to discounts is demonstrably false. $200K+ households are actually more price-responsive than the overall population. Deal-hunting is now universal.

Below: % who would switch retailers at 20% discount or less, by household income (n = 2,011)

The under $25K exception:

Lowest income group has highest "won't switch" rate (23%); they can't afford to experiment.

$150-200K peak:

This bracket shows the highest 30%+ requirement (48%); consumers are upwardly mobile with stretched budgets.

Bottom Line:

Don't segment discount strategy by income. Everyone hunts deals.

Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

“We believe consumers will see compelling values throughout the store every time they visit us [without having] to wait for sales or promotional days like they do for many other retailers.”

Ernie Herrman, *President and CEO of TJX, parent company of TJ Maxx, HomeGoods, and Marshalls on why these retail banners attract more consumers during the holiday season.*

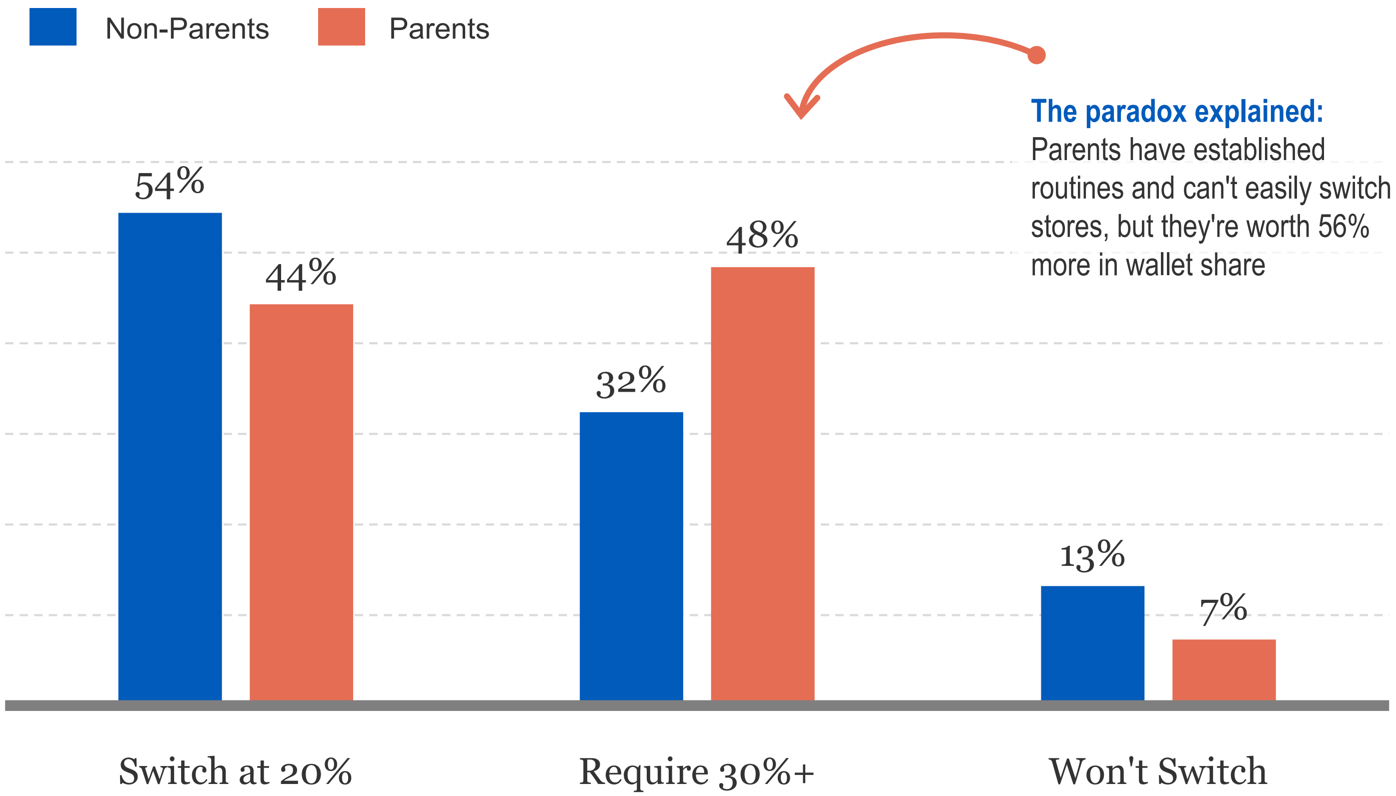
“Kohl's has traditionally offered incredible value to our customers through our coupon-led promotional strategy. After excluding a growing number of brands, our promotions became less impactful to our customers over recent years.”

Michael Bender, *CEO of the Kohl’s Corporation, on the importance of discounts and promotions – especially to low-to-middle-income consumers and younger shoppers.*

Source: TJX Companies, Inc. Earnings Call Transcript (Q3, FY26); The Kohl’s Corporation Earnings Call Transcript (Q3, FY26)

11. The Parent Paradox: They spend 56% more but require deeper discounts to switch.

Below: Discount required to switch for parents with children under 18 vs. non-parents (n = 2,011)



Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

Key Insight: Parents spend 56% more than non-parents but require deeper discounts to switch. This creates a retention opportunity: parents are high-value but hard to acquire.

Monthly Household Spending

Non-Parents		Parents
$506	→	$789
per month		per month
		+56% vs non-parents

Bottom Line:

Invest in retaining parents. They're sticky **and** high value.

12. Online-first shoppers need deeper discounts to switch.

PHYSICAL-PREFERRED
(Less than 50% online)

55%
Switch at 20%

33%
Need 30%+ to switch

ONLINE-PREFERRED
(Over half online)

46%
Switch at 20%

44%
Need 30%+ to switch

Key Insights

1

+11 percentage point gap

Online shoppers are 11 percentage points more likely to demand 30%+ discounts.

2

Why online shoppers are stickier

They've already optimized their shopping workflow (saved payment, addresses, subscriptions).

3

Implication

Winning online-first customers requires aggressive acquisition offers, but they're sticky once converted.

Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

Strategic implications:

How to win in the discount-driven market

Target seniors with 20% offers

59% of those 65+ will switch at this threshold. They have time to switch and respond to moderate discounts.

Reserve 40%+ deals for Gen Z acquisition

25% of those 18-24 need 50%+ to switch. Shallow discounts are wasted on this segment.

Invest in parent retention, not acquisition

Parents spend 56% more but are harder to switch. Focus on loyalty programs over one-off discounts.

Embrace deal-seekers as high-value customers

They spend 21% more than non-seekers. Discount programs attract your best customers.

Don't segment promotions by income

$200K+ households are just as price-responsive (58% switch at 20%). Deal-hunting is universal in 2025.

Aggressive online acquisition offers pay off

Online-first shoppers need 30%+ to switch but are sticky once acquired.

Section 3

Perceptions of Dynamic Pricing

13. More than half dislike dynamic pricing.

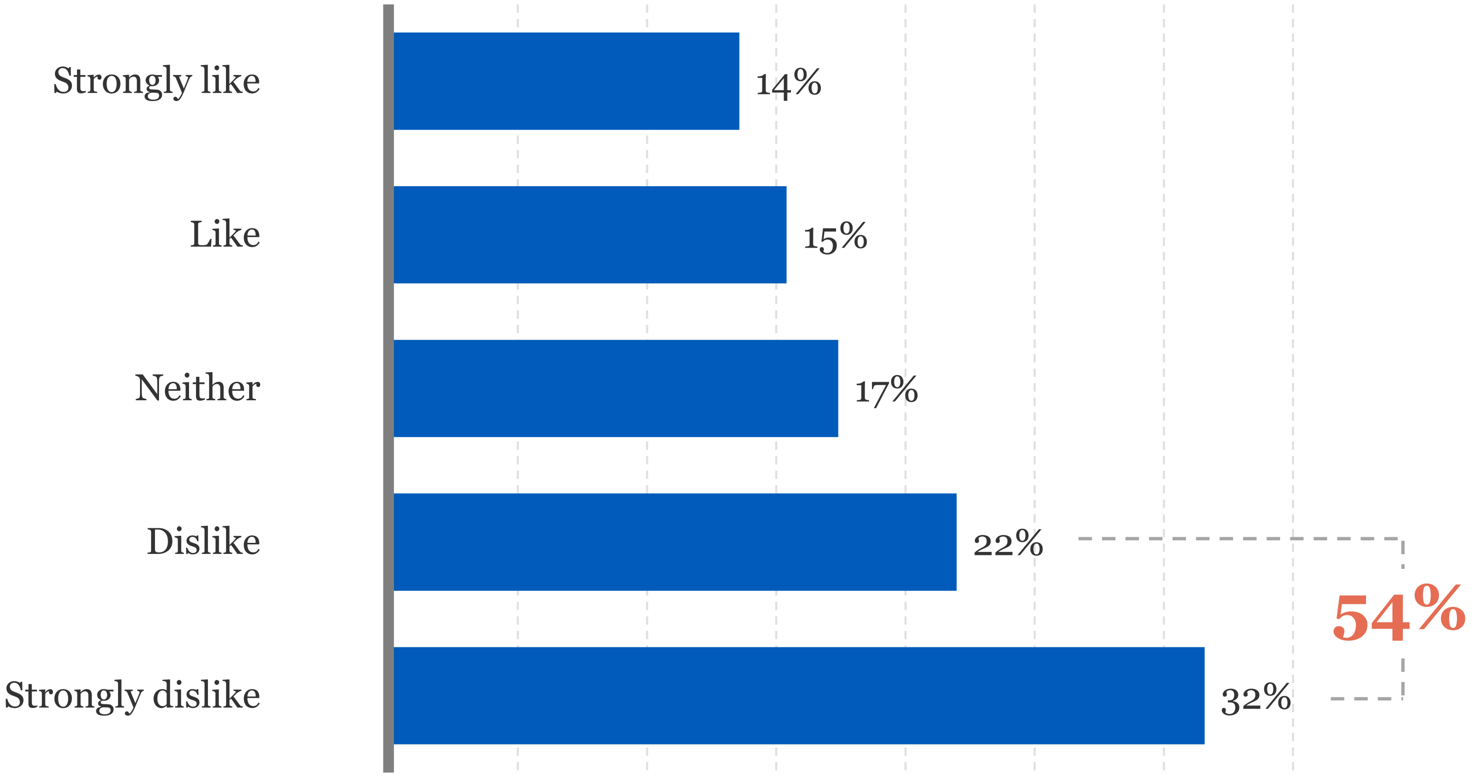
54%

% Dislike or Strongly Dislike

29%

% Like or Strongly Like

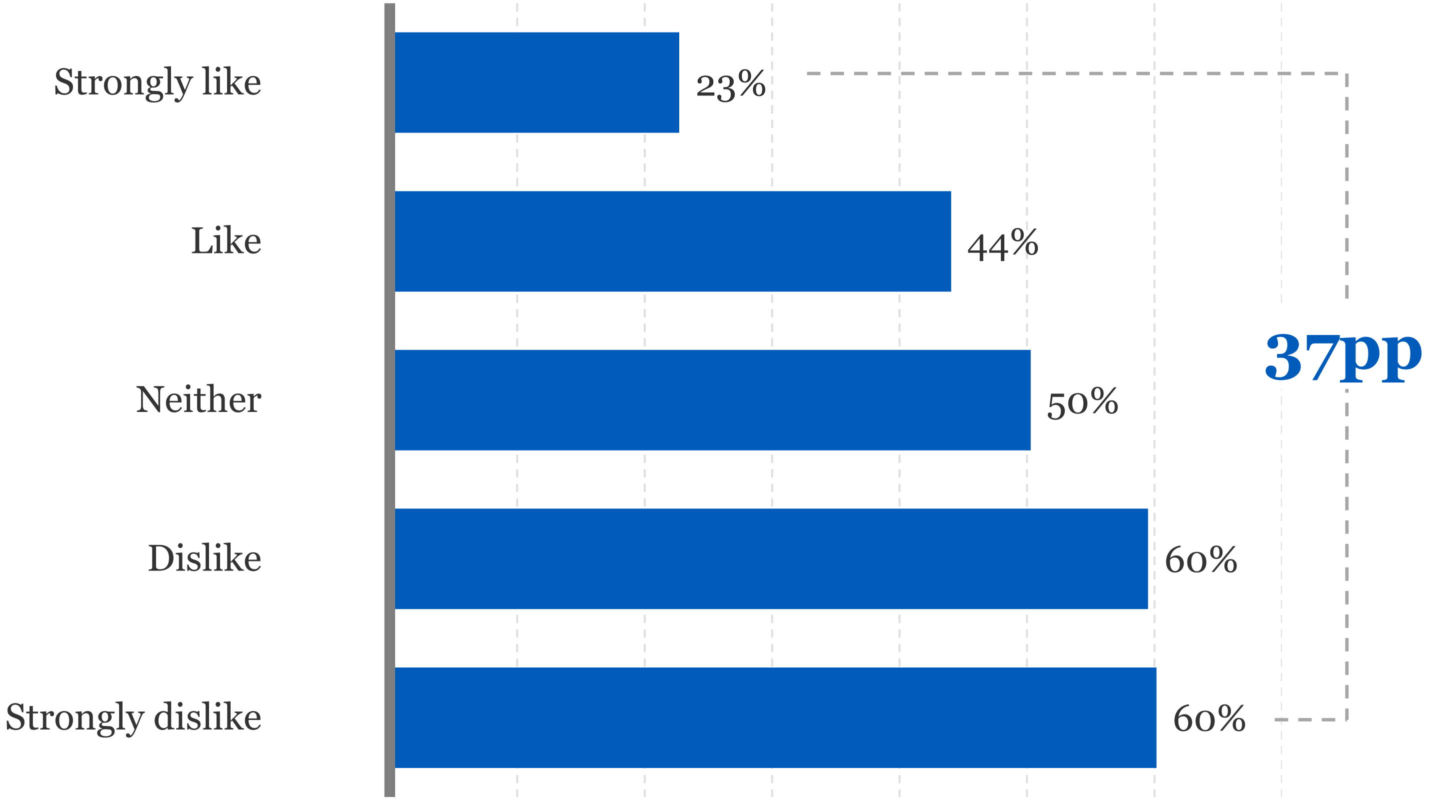
Below: Dynamic pricing opinion distribution (n = 2,011)



So what? Dynamic pricing is a brand risk, not just a pricing tactic. Consider whether short-term margin gains outweigh reputation cost.

14. Dynamic pricing haters are 26pp more likely to switch.

Below: % who would switch retailers at 20% discount or less, by dynamic pricing opinion (n = 2,011)



Source: Shopping Survey (2025) | n = 2,011 U.S. consumers

Key insight: Shoppers who view dynamic pricing unfavorably are 37 percentage points more likely than those who love dynamic pricing to switch for a discount.

60%	37pp	23%
Of dynamic pricing haters will switch at 20%	Percentage point gap in price sensitivity	Of dynamic pricing lovers will switch at 20%

What This Means:

- Dynamic pricing alienates your **most** price-responsive customers
- These are the exact customers competitors can poach with modest discounts
- You're pushing the people most willing to switch to competitors

“As soon as you talk about dynamic pricing, there is immediately repulsion by consumers.”

Stephan Liozu, *Chief Value Officer at Zilliant.*

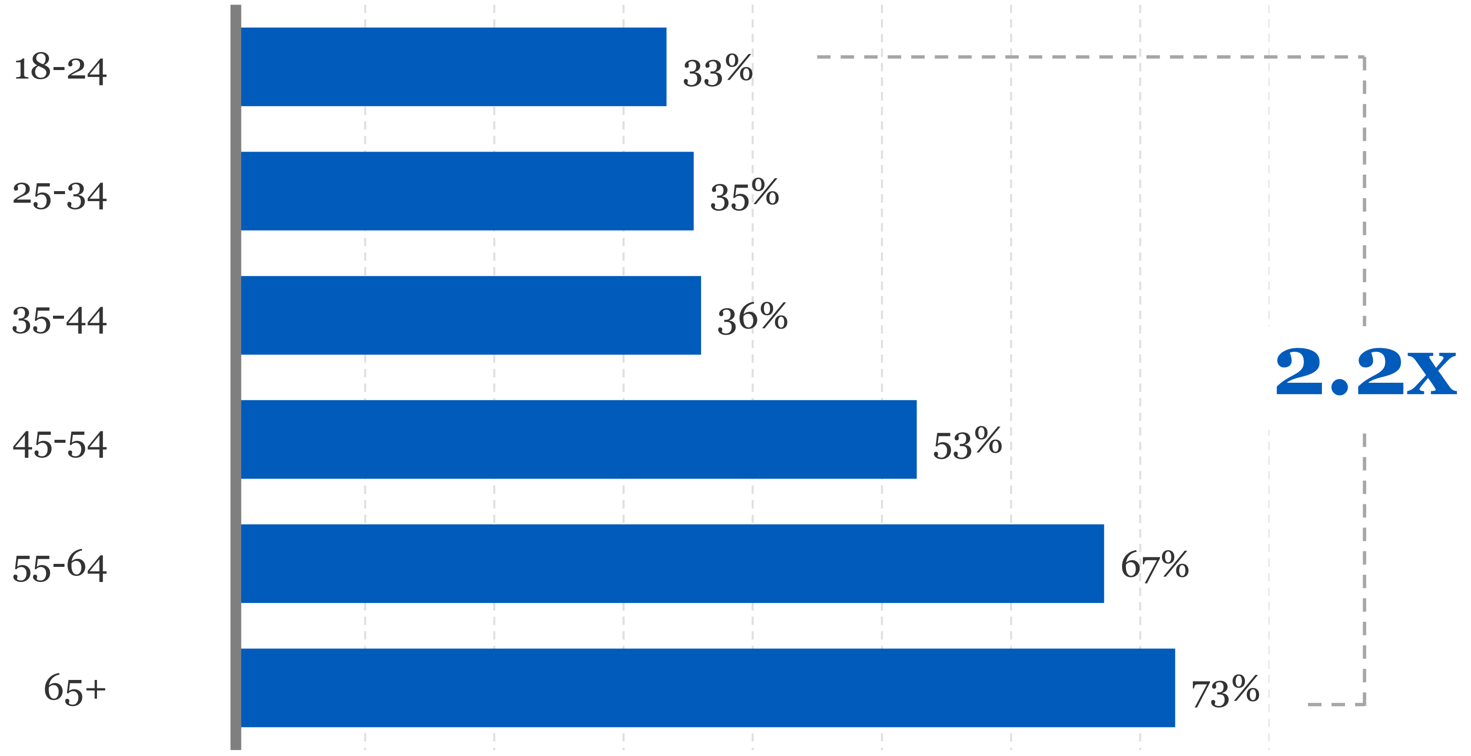
“Algorithms are created by humans, not computers, and they are an extension of what retailers have done for decades, if not centuries, to use what they know about their customers to serve them better.”

Stephanie Martz, *NRF Chief Administrative Officer & General Counsel, on New York’s new law requiring retailers to disclose when prices are set by an algorithm.*

Source: Fast Company (2025), Why we hate dynamic pricing; National Retail Federation (2025), NRF Asks Federal Court to Block New York Algorithmic Pricing Law

15. Seniors are twice as likely to dislike dynamic pricing.

Below: % Dislike or Strongly Dislike Dynamic Pricing, by Age (n = 2,011)



Gen Z is used to dynamic pricing

Gen Z may tolerate it since they grew up with surge pricing and flash sales.

Age-based pricing strategy

Consider static pricing strategies for those aged 55+, but experiment with dynamic pricing to attract younger shoppers.

Bottom Line:

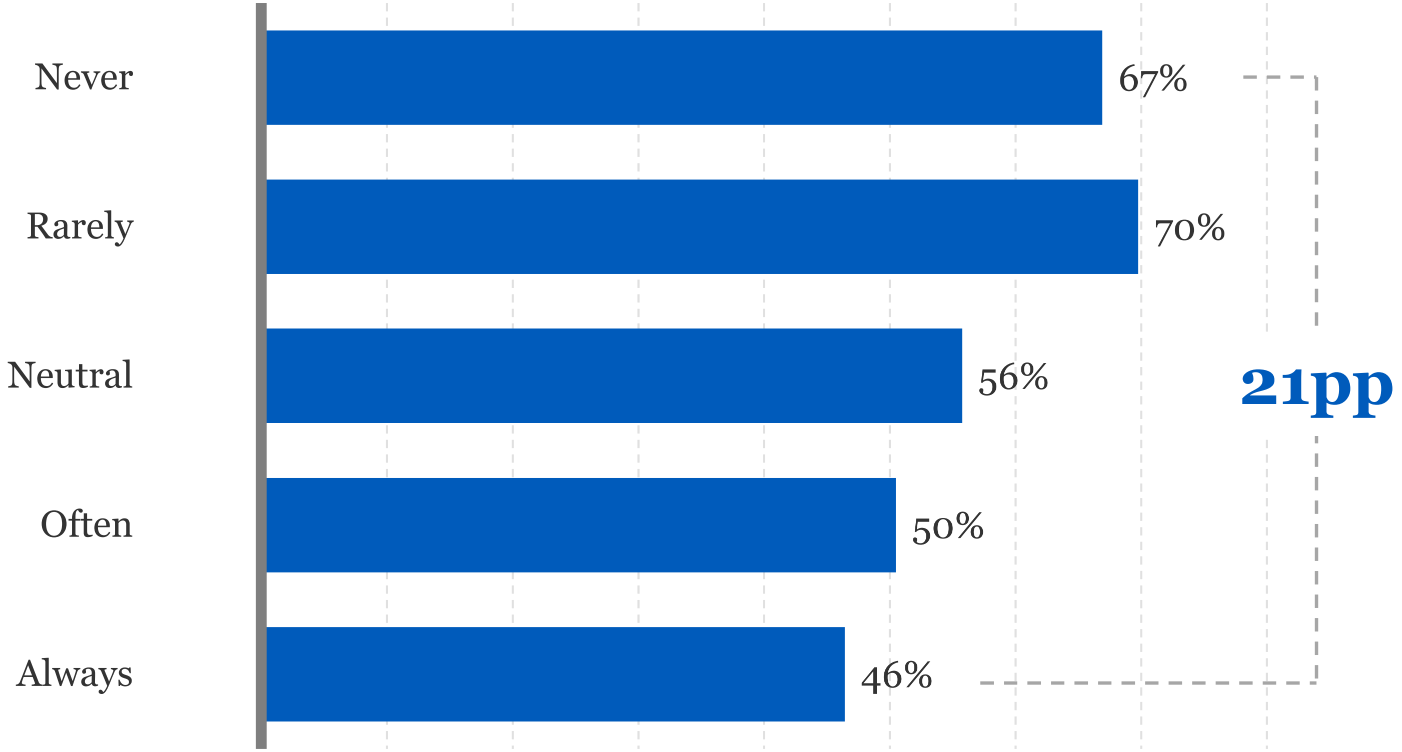
Dislike increases with age. Dynamic pricing may alienate your most price-responsive segment.

16. Active deal hunters are more tolerant of dynamic pricing.

Never — **21pp** — Always

Percentage point gap between deal seekers and non-seekers

Below: % Who Dislike Dynamic Pricing, by Deal-Seeking Frequency (n = 2,011)



Bottom line: Deal-seekers understand price fluctuation and know how to game it. However, non-deal-seekers expect stable, predictable pricing. If using dynamic pricing, pair it with deal alerts to let savvy shoppers 'win' – they'll play the game if they can win it.

Strategic implications:

When to use – and not use – dynamic pricing.

Dynamic pricing is a brand risk

54% of shoppers dislike it, with 32% strongly opposed. The almost 2:1 dislike-to-like ratio signals potential backlash.

It alienates your most switchable customers

Shoppers who hate dynamic pricing are 37pp more likely than dynamic pricing lovers to switch retailers. You're pushing prospects toward competitors.

Never use it on seniors

73% of 65+ dislike dynamic pricing – 2.2x the rate of Gen Z. The most price-responsive segment hates the tactic most.

Deal-seekers will tolerate it

Only 46% of deal-seekers dislike dynamic pricing vs 67% of non-seekers. If using it, pair with deal alerts so savvy shoppers can "win."

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About the Center for Marketing Analysis
The Center for Marketing Analysis advances the disciplinary core of marketing science through research and collaborates with companies to help develop marketing solutions. The center also designs innovative training programs to prepare students for the era of big data analytics and apply the latest AI and machine learning methods to various marketing challenges.