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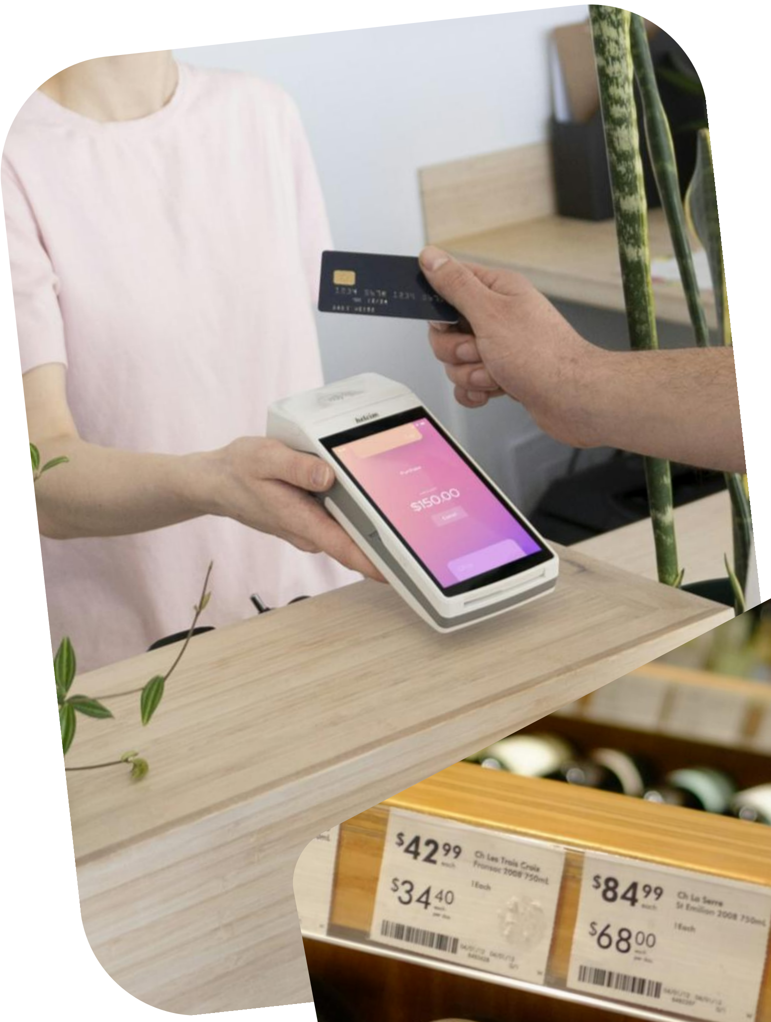

How consumers think about value

A Medallia Market Research Briefing

Contents

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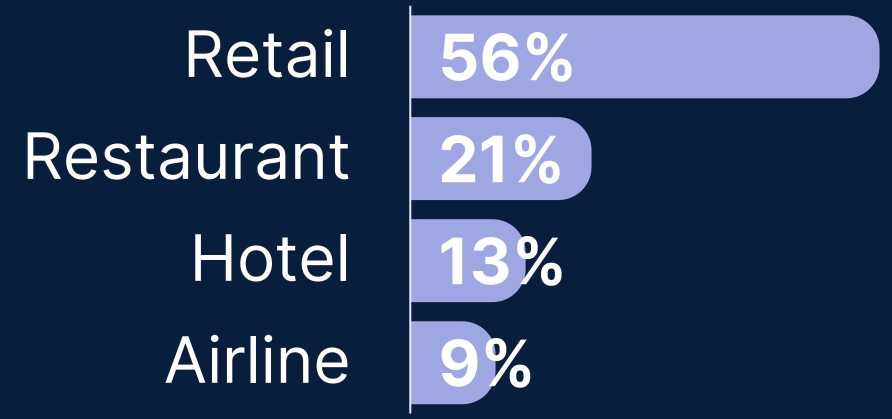
Research methodology

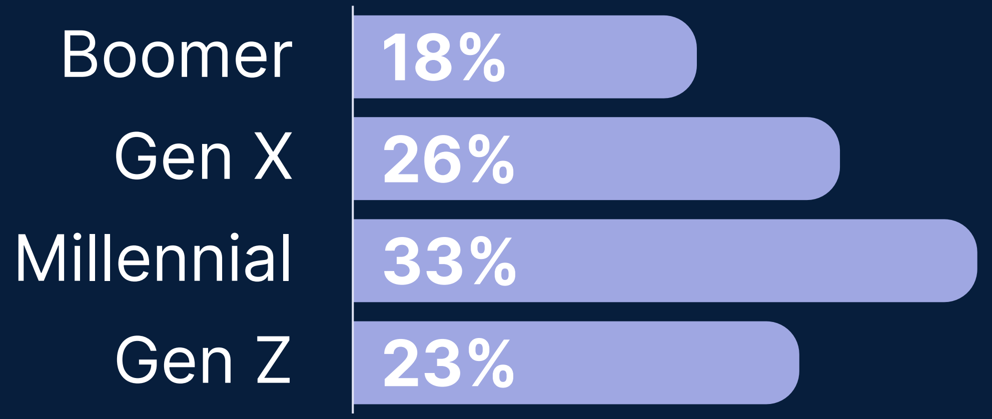
Andrew Custage
Head of Research Insights

n = 1,852 general population of US consumers. Results were collected November 12-14, 2024 using Medallia's Agile Research survey platform.

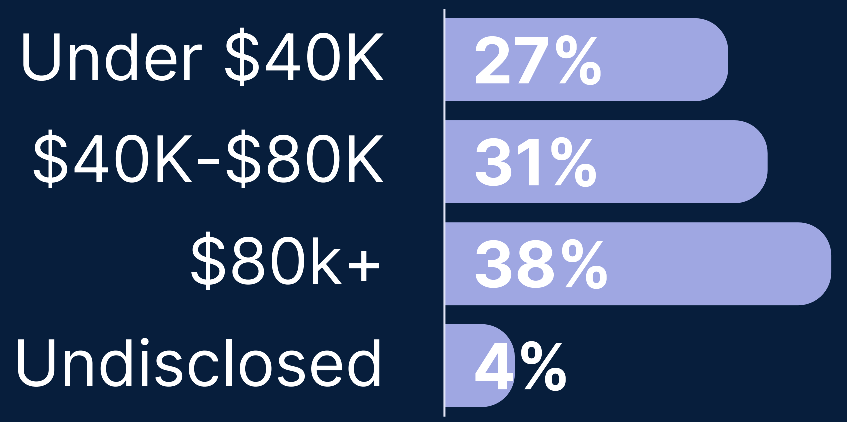
Industry of Questioning



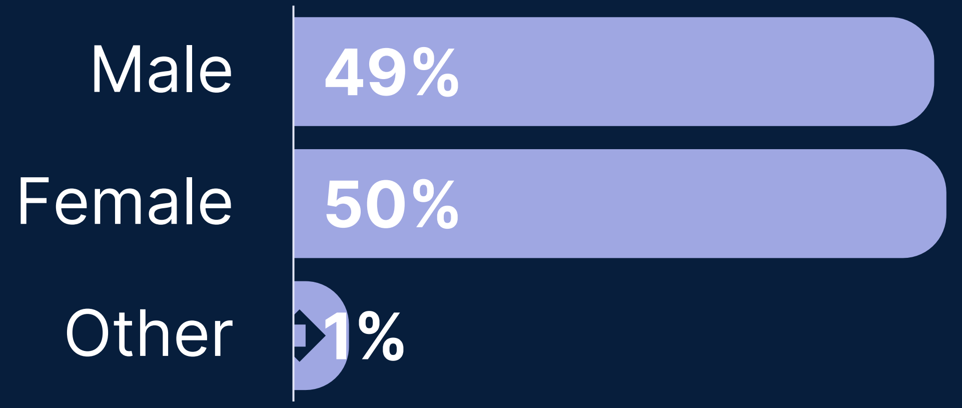
Age



Household Income



Gender Identity



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01

Value Perceptions Overview

The macroeconomic environment makes affordability perceptions critical to winning over the customer.

68%
agree

"**Inflation** over the past few years has **increased the pressure** to find the best price deal."

59%
agree

"I usually **research** options of what is **the cheapest** before making a decision to purchase."

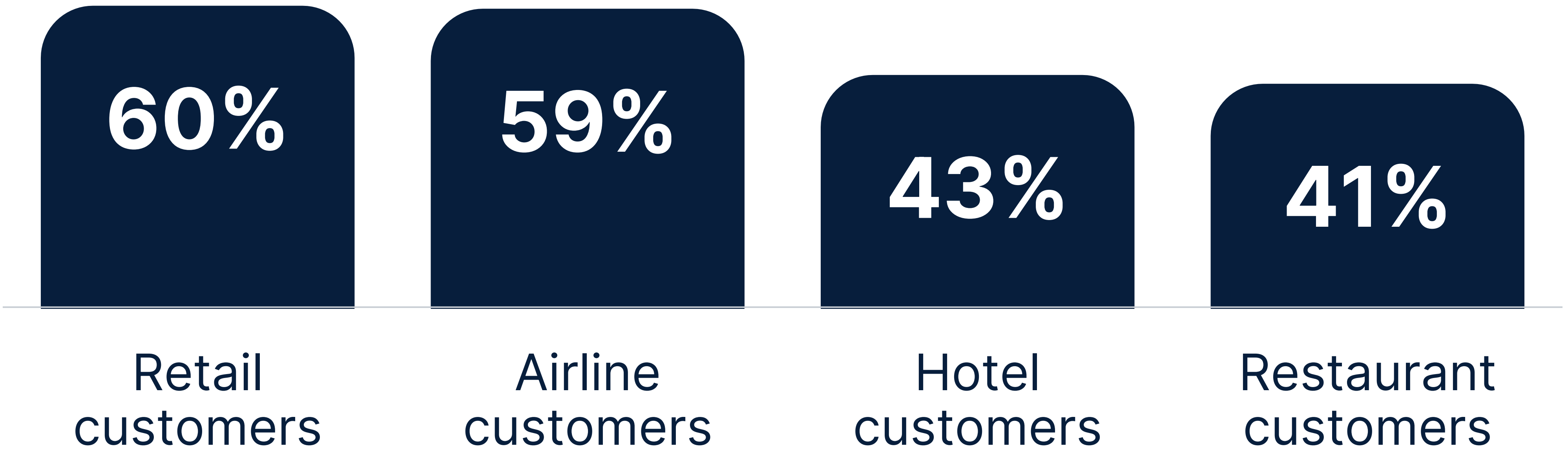
40%
agree

"I often **sacrifice my enjoyment** by picking something cheaper but worse, in order **to save money**."

From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); "For each of the following, select what best represents your view"

Customers make about half of their purchases by choosing the cheapest option, but it varies by industry.

% of customers whose most recent transaction was with the cheapest brand option
by industry



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From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); "Was this the cheapest possible option you were considering on this occasion?"

The “consumer surplus”: Though consumers are savvy to find the best price, it doesn’t mean they wouldn’t have spent more if required.

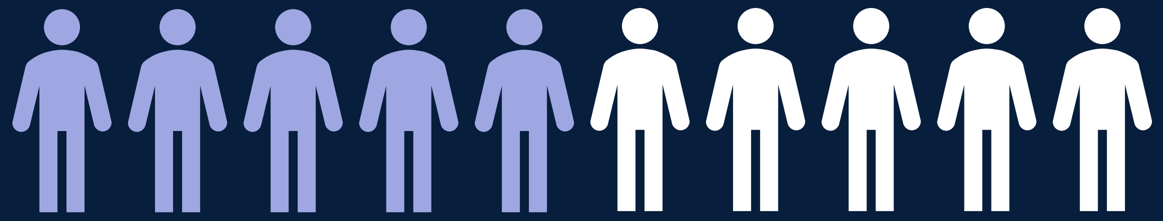
% who would have spent even more to get what they did (if necessary)

% of customers indicating willingness to spend additional was >$0, by industry

Airline customers | **Hotel customers** | **Restaurant customers** | **Retail customers**

From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); “How many more dollars would you have been willing to spend to get everything you did, with the exact same experience you had? Think of the maximum amount more you would have paid, where if the cost was any amount more, you would have made different choices instead.”

Even when budgets are tight, better experiences can **drive additional spend** for a majority of customers.



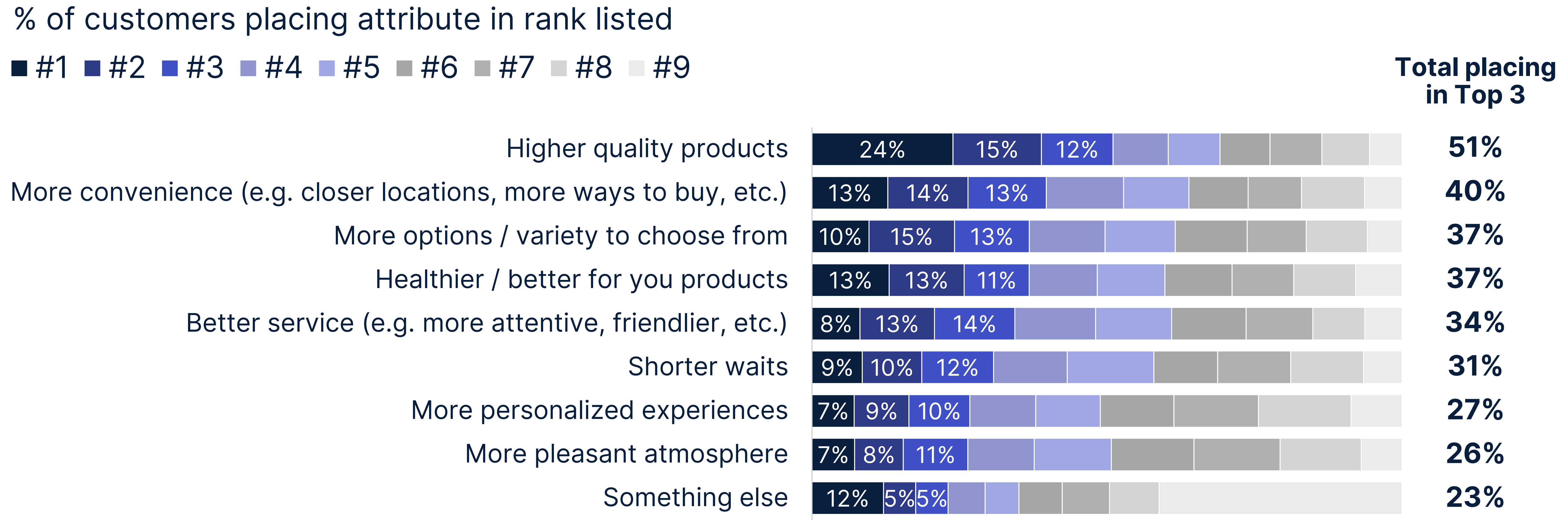
52%

of customers feel a better **experience is usually worth paying extra.**

From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); "For each of the following, select what best represents your view"

Product quality and convenience are the most common things people feel are worth spending extra.

What is worth spending more money on?

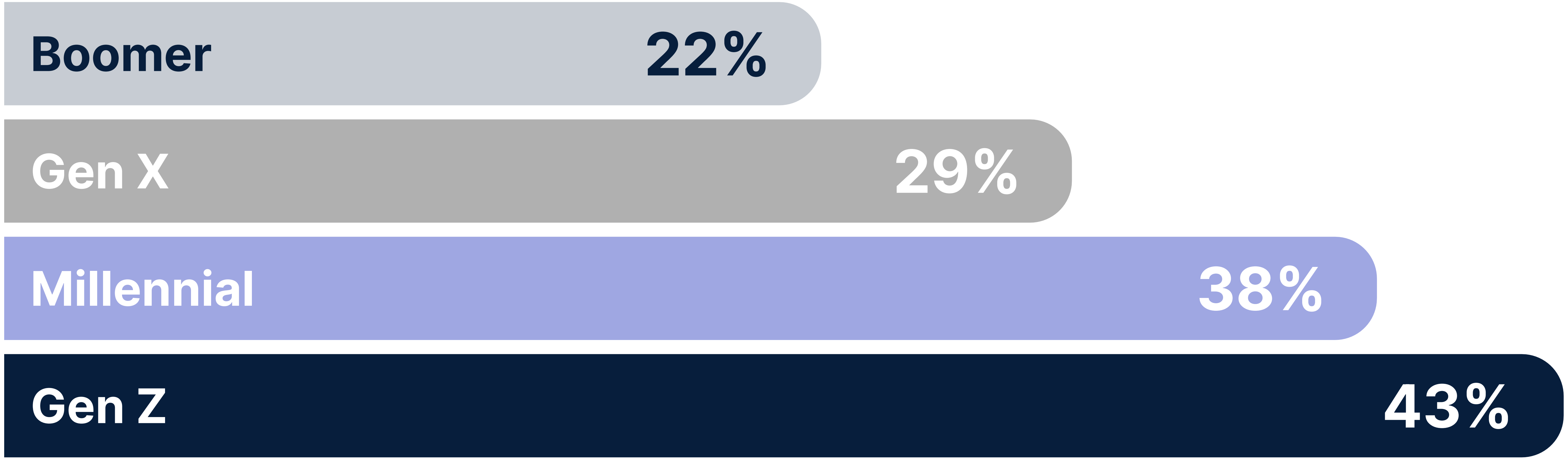


From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); "In general, what do you feel are the things that make the most sense to spend more money on, versus just going with the cheapest option? Rank the following in order from 1 to 9"

Younger generations are more likely to think that when something is more expensive, it is justified.

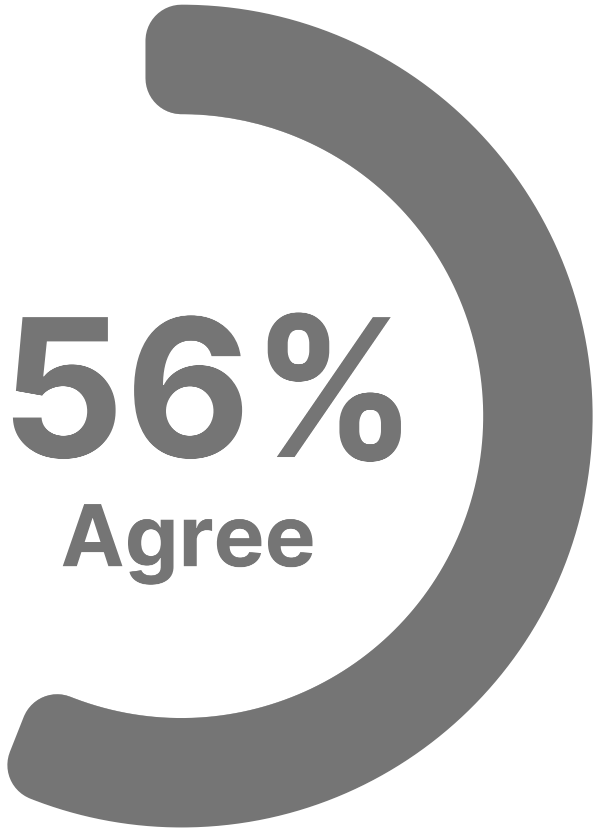
“If something is priced higher than the competition, it is usually better than the competition in some way”

% agreeing, by generation



From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); “For each of the following, select what best represents your view”

Just as premium pricing can affect perceptions of value, manipulation with deceitful pricing can ruin a customer's experience.



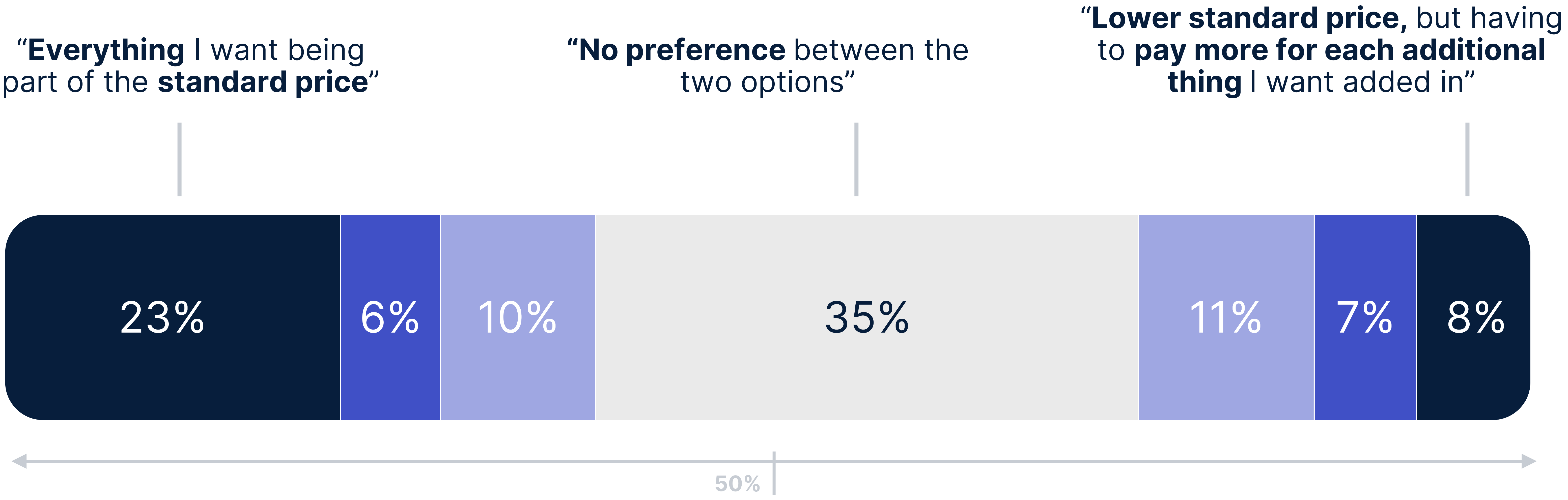
"Companies often try to **trick the customer** with confusing pricing or the **appearance of a deal.**"

From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); "For each of the following, select what best represents your view"

Preferences vary, but people lean slightly more toward bundles instead of a low starting price with costly add-ons.

Pricing structure preferences

% selecting their preferred placement on scale



From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); “What do you prefer more: having everything you want all be part of the standard price, or the standard price being lower but you need to pay more to add in all the things you wanted? Select where you fall on the scale below.”

02

Retail Deep Dive

Prices lead drivers of choice for retailers more often than product quality.

Top reasons for choosing retailer over others, % indicating

From Medallia Market Research November 2024 US General Population Retail Customer Survey (n =1,096); "During the last time you made a purchase from a retailer, why did you choose that one over others? Select up to 4 reasons."

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However, of the 40% of customers who didn’t choose the cheapest retail option, reasons are much more around product quality / selection, and location.

Why choosing retailer over cheaper options

% indicating

Better product quality	29%
More convenient location	25%
Better selection of products	23%
Loyalty rewards program	22%
Special deal or promotion	17%
Faster speed of service	16%
I wanted a specific type of product only they sell	14%
Had preferred method of purchasing (e.g. order ahead, delivery)	11%
Company supports causes I care about	11%
I didn’t think about other options	10%
I had a gift card / certificate / coupon to use	10%
More friendly / helpful staff	9%
Better atmosphere	8%

From Medallia Market Research November 2024 US General Population Retail Customer Survey (n = 231); “Why did you choose this retailer over a cheaper option? In other words, what about the option you chose made you think it was worth spending more? Select all that apply.”

42% of retail shoppers chose product(s) that weren't the cheapest options. Top reasons also involve quality.

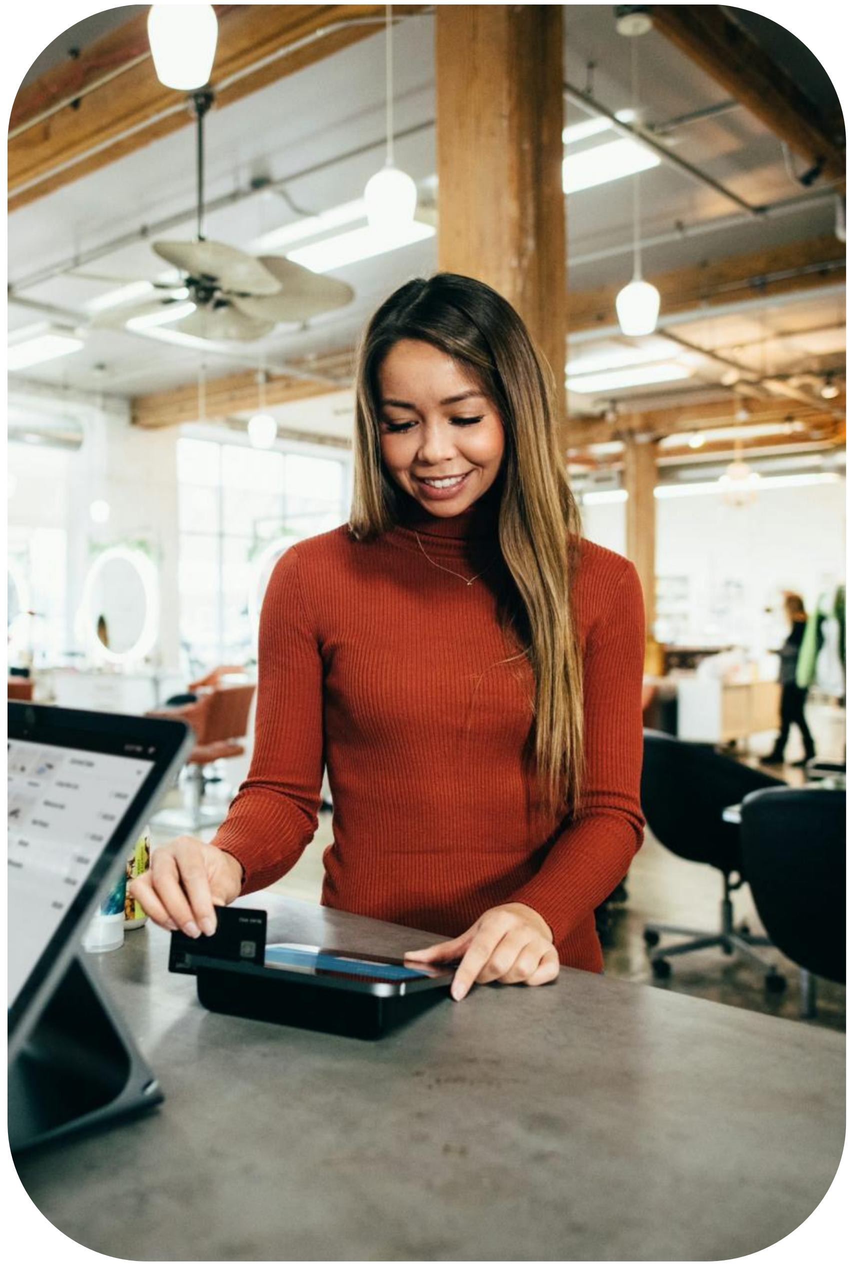
Reasons for choosing a more expensive product option, % indicating

From Medallia Market Research November 2024 US General Population Retail Customer Survey (n =248); "Why did you choose those products over cheaper options? In other words, what about the options you chose made you think they were worth spending more? Select all that apply."

What retail customers would have paid more to get, and what they didn't get because of price:

Top cited, of 13 experience components asked:

Most often received	1. Friendly and professional service 2. Clean and appealing atmosphere 3. Faster receiving of product (e.g. faster delivery)
If received, most often paid for	1. Gift wrapping 2. Extended warranty, return period, or maintenance 3. Access to content / entertainment while shopping
If received, most willing to pay / pay more to have	1. Personalization / customization of product 2. Dedicated salesperson / consultant to assist 3. Extended warranty, return period, or maintenance
If not received, most willing to pay for if cheaper	1. Extended warranty, return period, or maintenance 2. Faster receiving of product (e.g. faster delivery) 3. Personalization / customization of product



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From Medallia Market Research November 2024 US General Population Retail Customer Survey (n = 391); "During your restaurant interaction, which of the following did you receive?"

People rarely pay for additional experience components in a retail transaction, but in some cases would have if needed.

Payment for components of the retail experience

% of customers indicating, displayed by width of bubble (● = 75% indication among the customers asked)

		If received...		If not received...
Experience Component	**Received?**	**Paid to get it?**	**Would have paid / paid more?**	**Would have paid for if cheaper?**
Friendly and professional service				
Clean and appealing atmosphere				
Faster receiving of product (e.g. faster delivery)				
Faster or priority service				
Dedicated salesperson / consultant to assist with shopping				
Personalization / customization (e.g. engraving, size, material, color)				
Extended warranty, return period, or maintenance plan				
Advance time to enter store / access certain items				
Item substitutions within a package / bundle				
Access to content / entertainment while shopping				
Gift wrapping				
Trial / sample of product before buying				
Pre-assembly of items				

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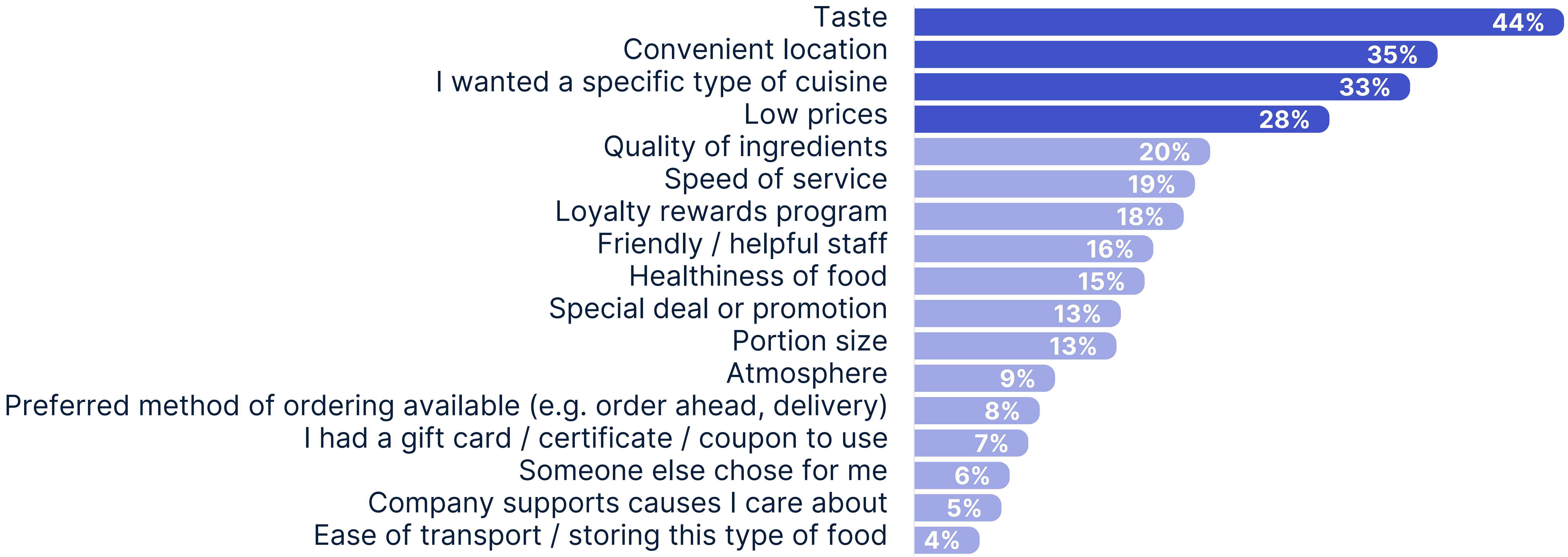
From Medallia Market Research November 2024 US General Population Retail Customer Survey (n = 391); "During your restaurant interaction, which of the following did you receive?"

03

Restaurant Deep Dive

Taste, location, and cuisine type lead restaurant drivers of choice.

Top reasons for choosing restaurant over others, % indicating



From Medallia Market Research November 2024 US General Population Restaurant Customer Survey (n = 391); "During the last time you got food from a restaurant, why did you choose that one over others? Select up to 4 reasons."

Of the 59% of customers who didn't choose the cheapest restaurant option, reasons often center on the food itself.

Why choosing restaurant over cheaper options

% indicating

	Total	Full Service Restaurant	Limited Service Restaurant
Better taste	**44%**	47%	36%
I wanted this specific type of cuisine	**34%**	35%	33%
Better quality of ingredients	**27%**	34%	16%
More convenient location	**26%**	23%	31%
Better atmosphere	**21%**	28%	11%
Better portion size	**16%**	19%	13%
More healthy food	**13%**	15%	10%
Loyalty rewards program	**12%**	10%	14%
More friendly / helpful staff	**11%**	12%	11%
Special deal or promotion	**10%**	9%	11%
Faster speed of service	**10%**	11%	8%
I had a gift card / certificate / coupon to use	**9%**	8%	12%
Someone else chose for me	**6%**	6%	6%
Company supports causes I care about	**5%**	5%	7%
Had preferred way to order (e.g. order ahead, delivery)	**3%**	3%	3%
Better base of transport / storing this type of food	**3%**	1%	6%
I didn't think about other options	**1%**	2%	0%

From Medallia Market Research November 2024 US General Population Restaurant Customer Survey (n = 180); "Why did you choose this restaurant over a cheaper option? In other words, what about the option you chose made you think it was worth spending more? Select all that apply."

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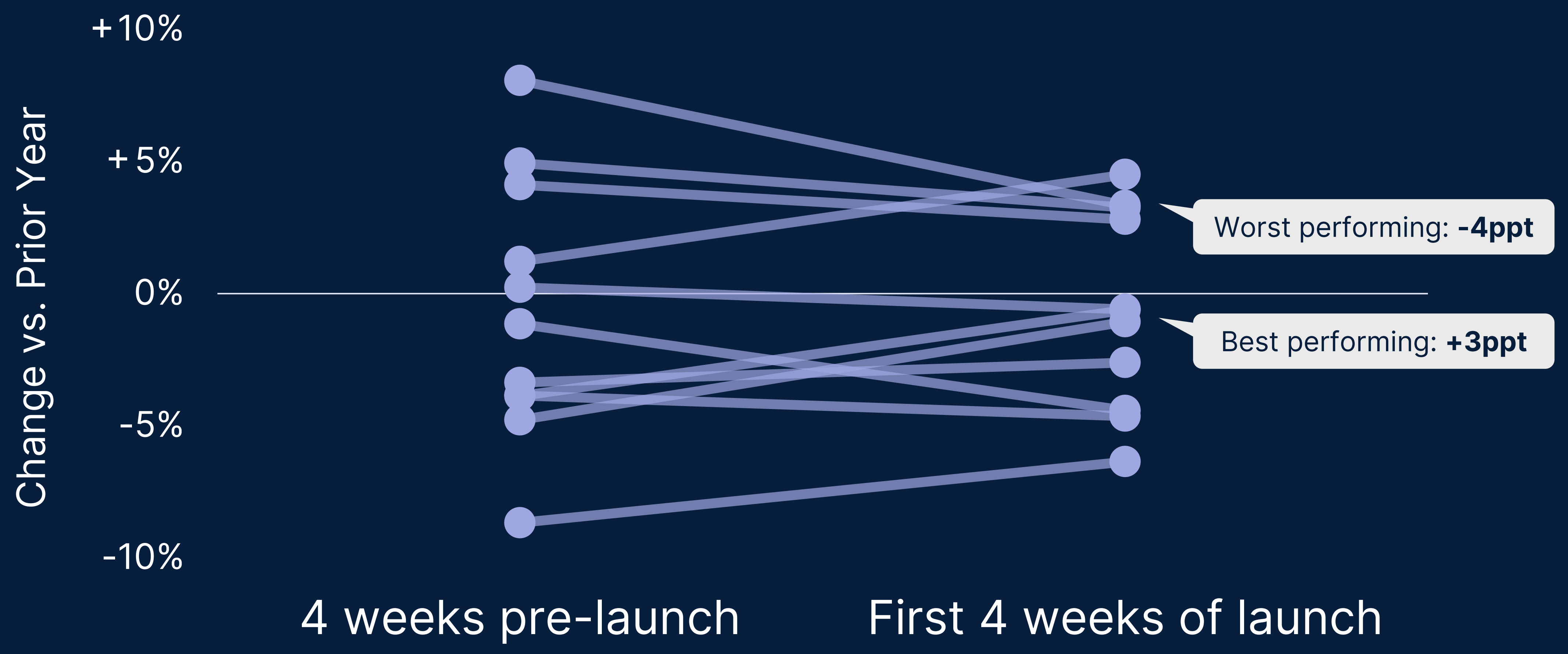
Competing on price alone may have limited results. Notable 2024 restaurant value-centric promotions have been mixed in driving incremental sales.

Wallet share shift of 11 restaurant brands: pre- vs. post-launch of promotion

Year-over-year relative change in wallet share during period listed

Each represents one brand promotion (11 in total)



Of the 11 promotions studied, brands' wallet share trends were measured in the weeks following the promotion (compared to the trend in the weeks leading up to it). **Trends only improved in 5 cases.**

Wallet share trends actually worsened in the other 6, suggesting either the promotions resonated little with customers, or were not sufficient in overcoming other brand deficiencies vs. the competition that existed in that same time period.

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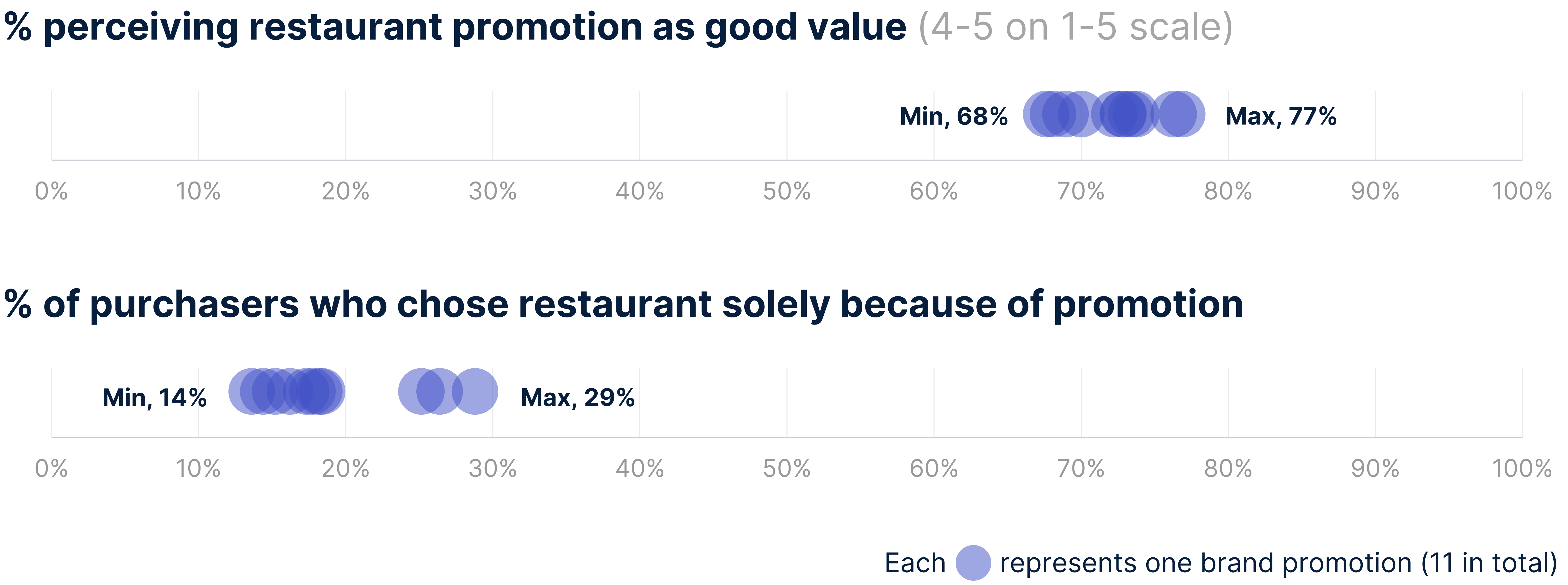
From Sense360 by Medallia US credit / debit transaction panel.
Wallet share: proportion of all limited + full service chain restaurant market dollars going to brand listed.

The 11 restaurant promotions studied: most were considered good value, but also did not drive an incremental visit for most who purchased it.



From Medallia Market Research November 2024 US General Population Consumer Survey (n = 1,852); "For those in which you were aware and/or purchased, please select your perceptions of their value (i.e. how good of a deal they were)" / "For those in which you made a purchase, please select what you would have done if that promotion / limited time offer wasn't available on that occasion" Questions among those aware / having purchased promo.

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What restaurant customers would have paid more to get, and what they didn't get because of price:

Top cited, of 13 experience components asked:

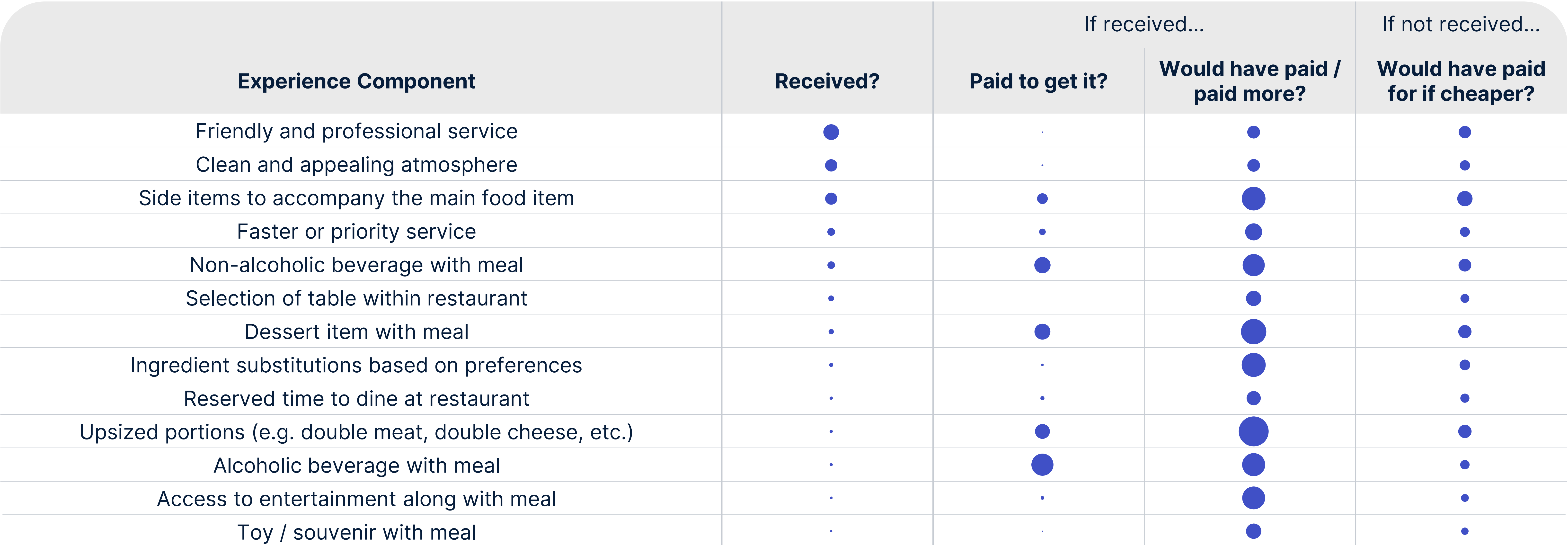
Most often received	1. Friendly and professional service 2. Clean and appealing atmosphere 3. Side items to accompany the main food item
If received, most often paid for	1. Alcoholic beverage with meal 2. Non-alcoholic beverage with meal 3. Dessert item with meal
If received, most willing to pay / pay more to have	1. Upsized portions (e.g. double meat, cheese, etc.) 2. Dessert item with meal 3. Ingredient substitutions based on preferences
If not received, most willing to pay for if cheaper	1. Side items to accompany the main food item 2. Upsized portions (e.g. double meat, cheese, etc.) 3. Dessert item with meal

From Medallia Market Research November 2024 US General Population Restaurant Customer Survey (n = 391); "During your restaurant interaction, which of the following did you receive?"

For many components people received (often without paying), 50%+ would have paid or paid more to have it.

Payment for components of the restaurant experience

% of customers indicating, displayed by width of bubble (= 75% indication among the customers asked)



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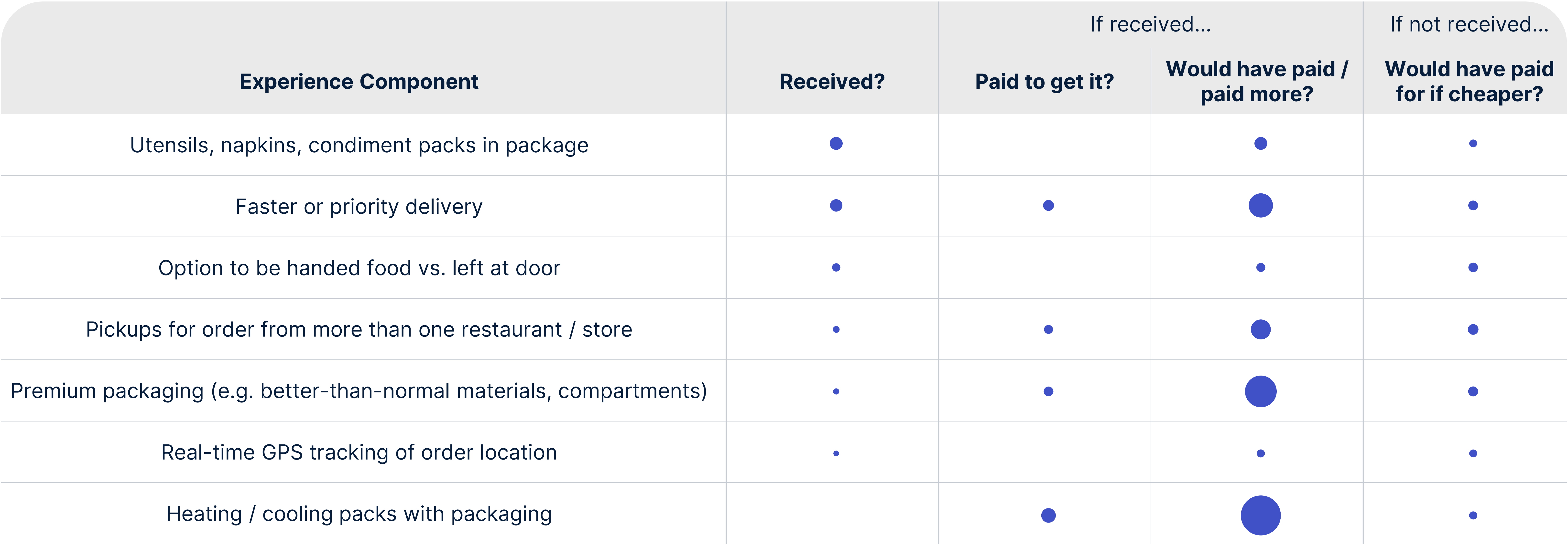
From Medallia Market Research November 2024 US General Population Restaurant Customer Survey (n = 391);
“During your restaurant interaction, which of the following did you receive?”

For restaurant delivery specifically, premium packaging and heating / cooling packs top the list for willingness to pay.

Payment for components of the restaurant delivery experience

Low sample

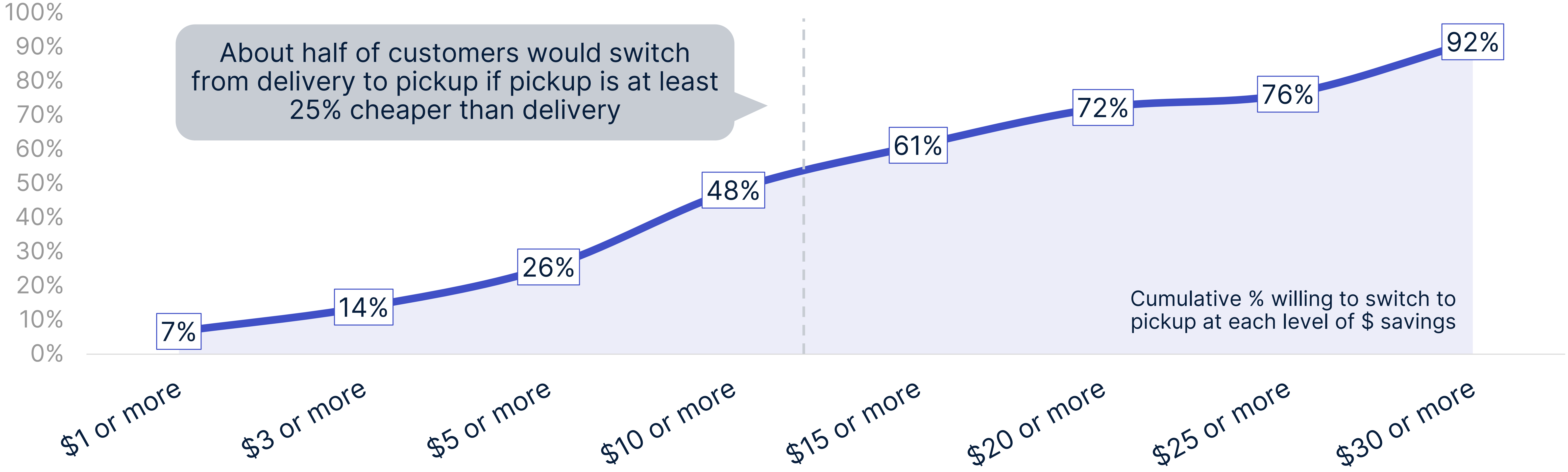
% of customers indicating, displayed by width of bubble (● = 75% indication among the customers asked)



From Medallia Market Research November 2024 US General Population Restaurant Customer Survey (n = 391);
“During your restaurant interaction, which of the following did you receive?” Subset: n = 67 delivery customers

People have a breaking point on the value of delivery over pickup vs. the incremental cost.

Switching to pickup over delivery on a $50 order: How much would savings need to be?



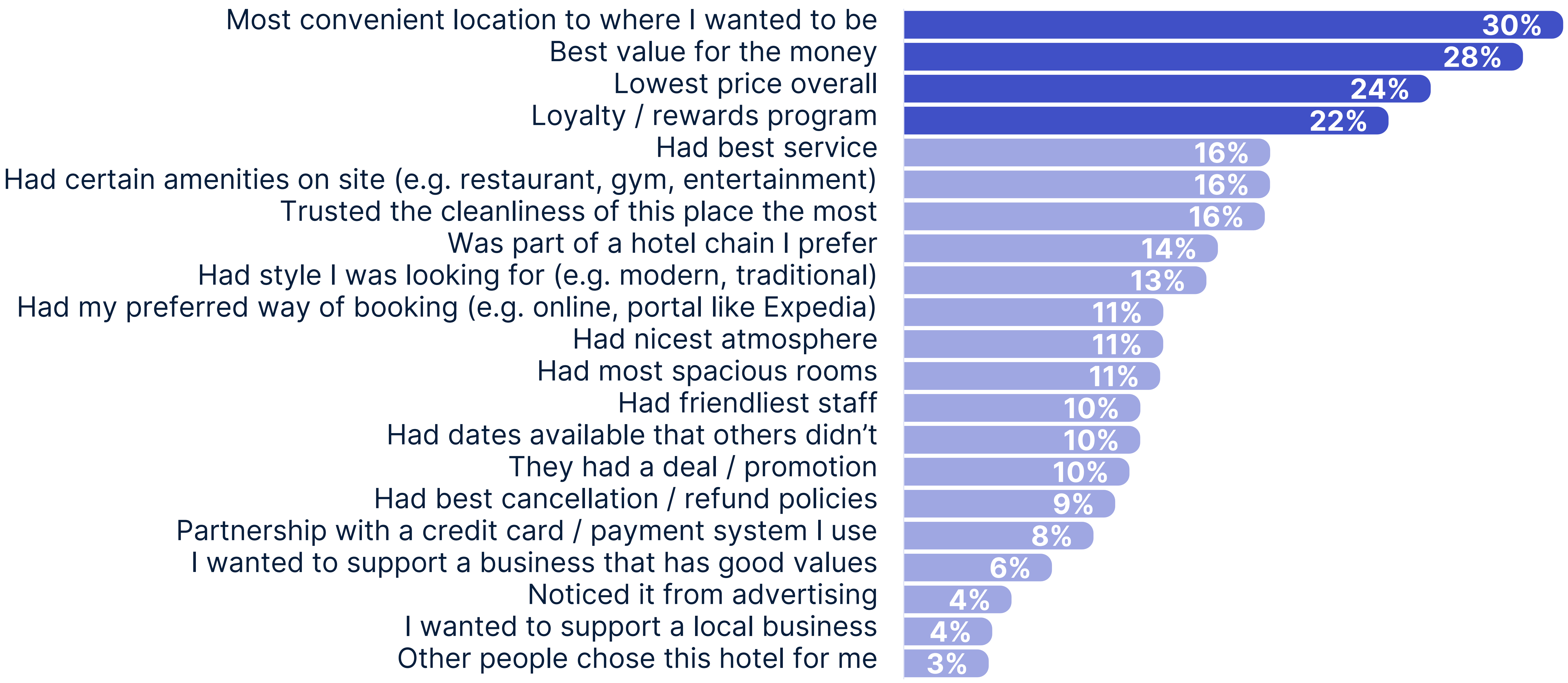
From Medallia Market Research November 2024 US General Population Restaurant Customer Survey (n = 391); "Imagine a situation where your plan is to order delivery from a restaurant. When getting ready to order, you see the total cost would be lower if you were to go to the restaurant to pick up the food in-person (instead of getting it delivered). If getting the food delivered would be $50 total cost, how much cheaper would it need to be for you to do pick-up instead and be willing to travel 20 minutes each way?."

04

Hotel Deep Dive

Top drivers of choice for hotels are location and several value attributes – including loyalty / rewards.

Top reasons for choosing hotel over others, % indicating



From Medallia Market Research November 2024 US General Population Hotel Customer Survey (n =244); "During the last time you made a hotel room reservation, why did you choose that one over others? Select up to 4 reasons."

Of the 57% of hotel customers who didn't choose the cheapest option, the top driver is quality of the room itself. Reputation ranks high too.

Why choosing hotel over cheaper options

% indicating

Better room quality (e.g. size, furniture, cleanliness)	43%
More convenient location	38%
Brand had a better reputation	32%
Better property amenities (e.g. gym, pool, restaurant)	28%
Loyalty rewards program	20%
More friendly / helpful staff	14%
Better dates available	13%
Special deal or promotion	13%
Wider selection of rooms to choose from	9%
Someone else chose for me	9%
They had the method of booking I wanted (e.g. travel site, app)	7%
I had a gift card / certificate / coupon to use	6%
Company supports causes I care about	2%
I didn't think about other options	2%

From Medallia Market Research November 2024 US General Population Hotel Customer Survey (n = 110); "Why did you choose this hotel over a cheaper option? In other words, what about the option you chose made you think it was worth spending more? Select all that apply."

What hotel customers would have paid more to get, and what they didn't get because of price:

Top cited, of 18 experience components asked:

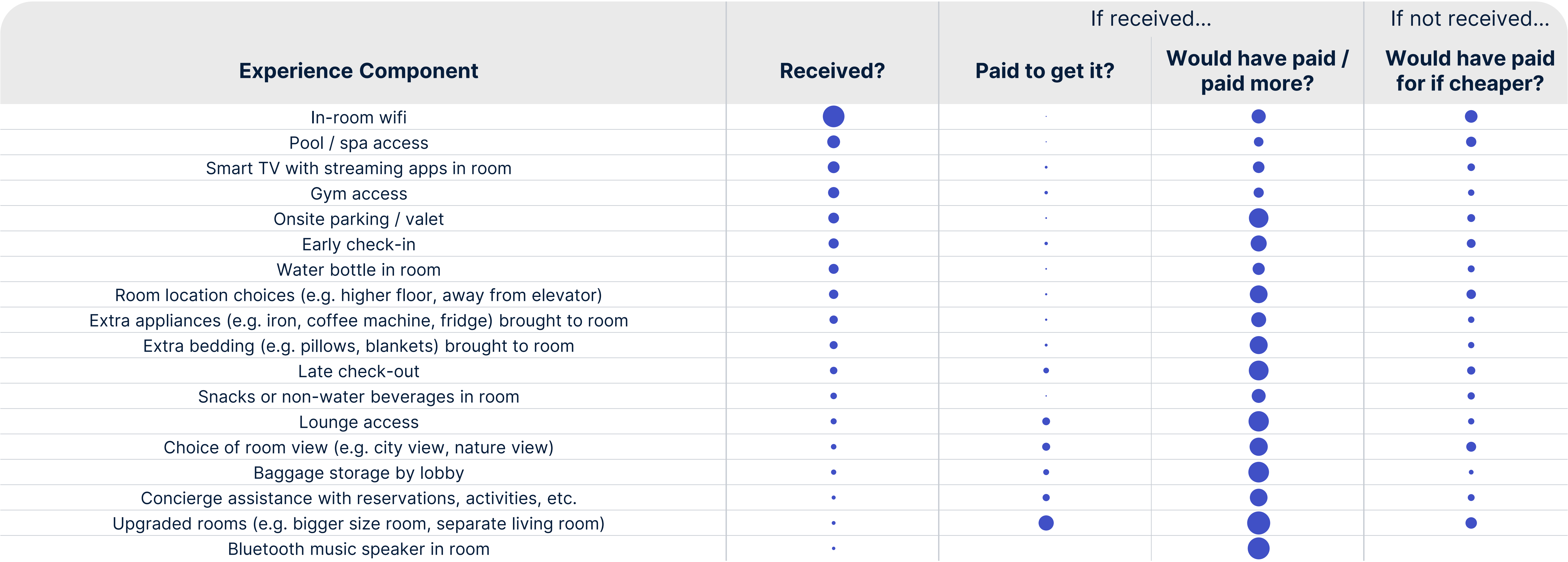
Most often received	1. In-room wifi 2. Pool / spa access 3. Smart TV with streaming apps in room
If received, most often paid for	1. Upgraded rooms 2. Choice of room view 3. Lounge access
If received, most willing to pay / pay more to have	1. Upgraded rooms 2. Baggage storage by lobby 3. Lounge access
If not received, most willing to pay for if cheaper	1. In-room wifi 2. Upgraded rooms 3. Pool / spa access

From Medallia Market Research November 2024 US General Population Hotel Customer Survey (n = 244); "During your hotel interaction, which of the following did you receive?"

Depending on the guest, room upgrades rank high in willingness to pay more, but also avoidance because of too high a cost.

Payment for components of the hotel experience

% of customers indicating, displayed by width of bubble (● = 50% indication among the customers asked)



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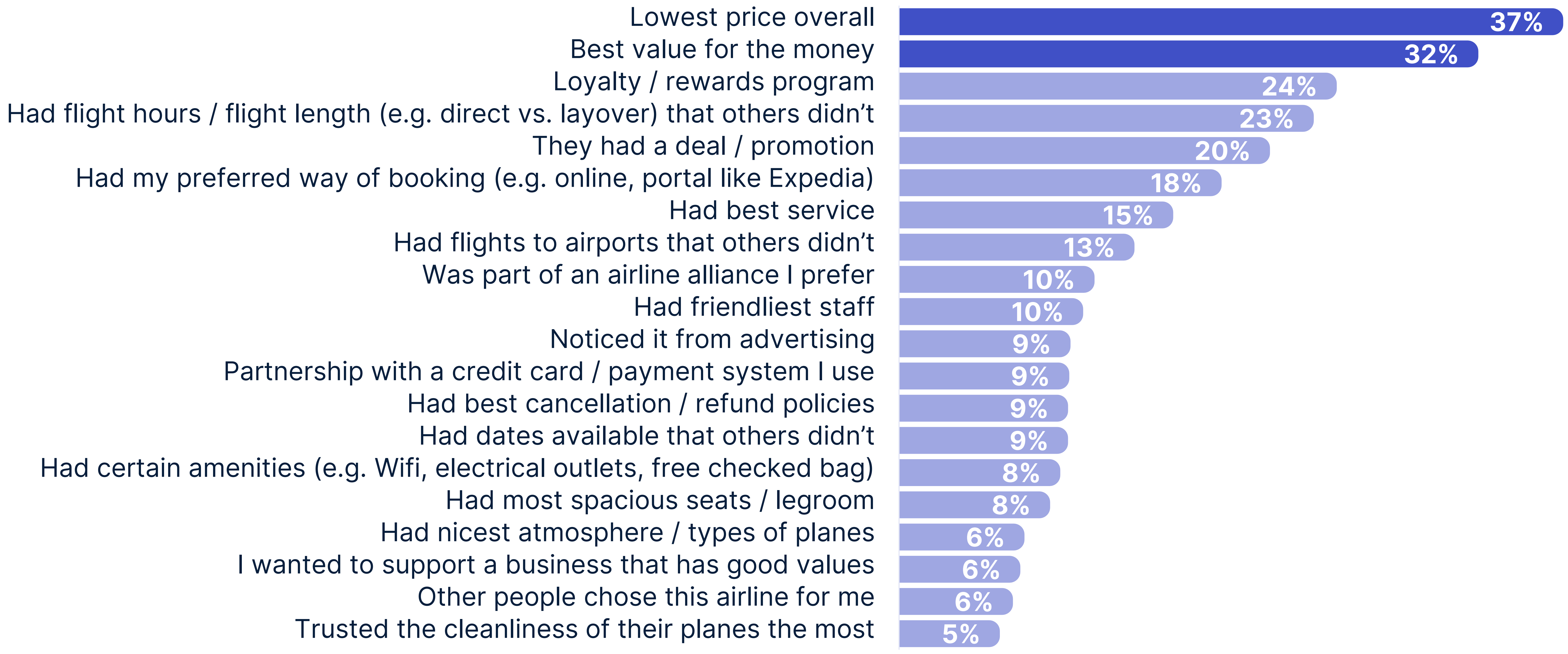
From Medallia Market Research November 2024 US General Population Hotel Customer Survey (n = 244); “During your hotel interaction, which of the following did you receive?”

05

Airline Deep Dive

Top drivers of choice for airlines are price-driven.

Top reasons for choosing airline over others, % indicating



From Medallia Market Research November 2024 US General Population Airline Customer Survey (n =174); "During the last time you made an airline ticket purchase, why did you choose that one over others? Select up to 4 reasons."

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Of the 41% of airline customers who didn't choose the cheapest option, airport preference and direct flight availability were the biggest drivers.

Why choosing airline over cheaper options

% indicating

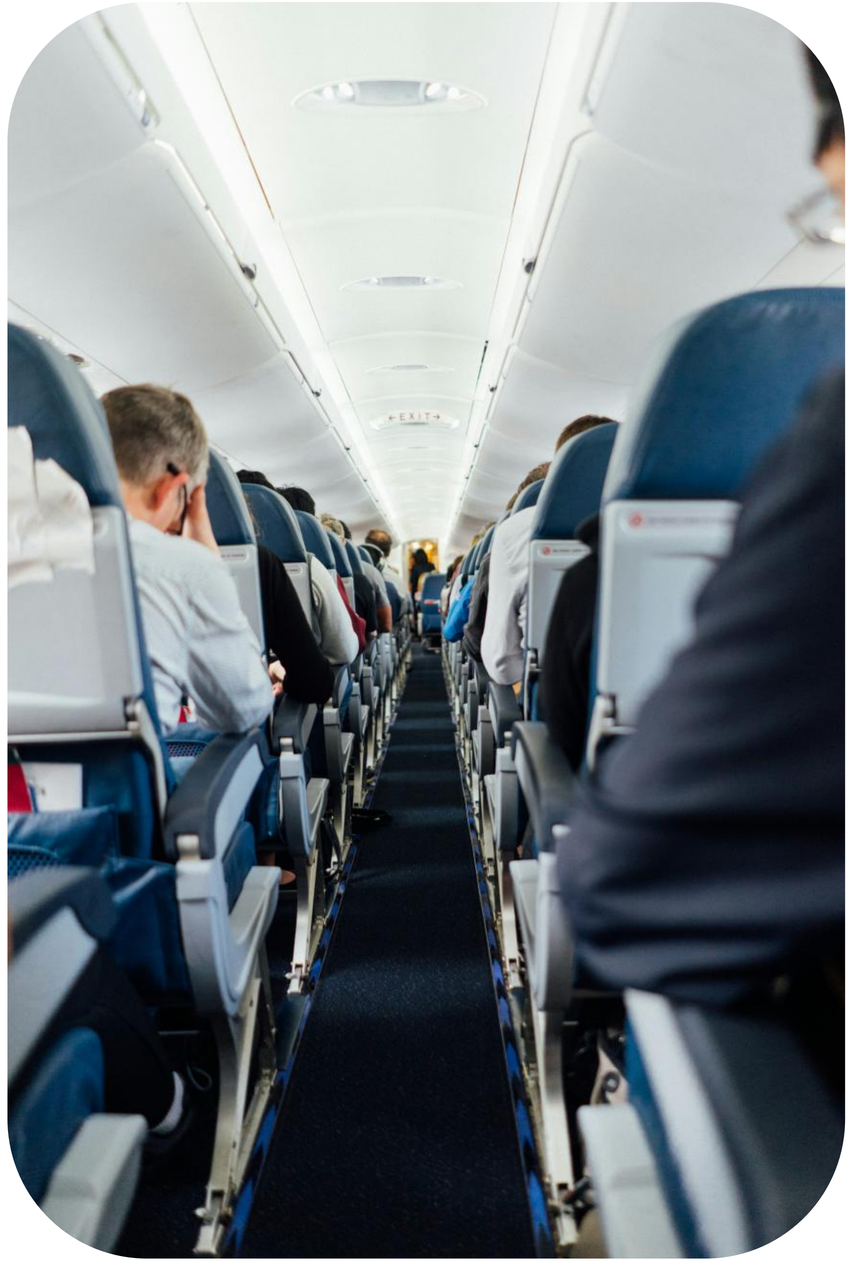
Flight to preferred airport (if multiple)	29%
Had flight hours / flight length (e.g. direct vs. layover) over others	23%
Had certain amenities (e.g. Wifi, electrical outlets, free checked bag)	20%
Had most spacious seats / legroom	19%
Better service	16%
Better reputation of airline	16%
Had dates available that others didn't	14%
Had a gift card / coupon to use	14%
Had better cancellation / refund policies	13%
Loyalty / rewards program	12%
Friendlier staff	12%
Partnership with a credit card / payment system I use	11%
Had my preferred way of booking (e.g. online, portal like Expedia)	11%
They had a deal / promotion	9%
Was part of an airline alliance I prefer	8%
Nicer atmosphere / cleanliness / types of planes	8%
Airline supports causes I care about	3%
Other people chose this airline for me	3%

From Medallia Market Research November 2024 US General Population Airline Customer Survey (n = 60); "Why did you choose this flight over a cheaper option? In other words, what about the option you chose made you think it was worth spending more? Select all that apply."

What airline customers would have paid more to get, and what they didn’t get because of price:

Top cited, of 16 experience components asked:

Most often received	1. In-flight snack 2. Carry-on baggage allowance 3. In-flight Wifi
If received, most often paid for	1. Premium class / section seats (e.g. first class) 2. Refundable / insured ticket purchase 3. In-flight alcoholic beverage
If received, most willing to pay / pay more to have	1. Seat selection in advance 2. Transportation services pre- or post-flight 3. Premium class / section seats (e.g. first class)
If not received, most willing to pay for if cheaper	1. Refundable / insured ticket purchase 2. In-flight non-alcoholic beverage 3. Premium class / section seats (e.g. first class)

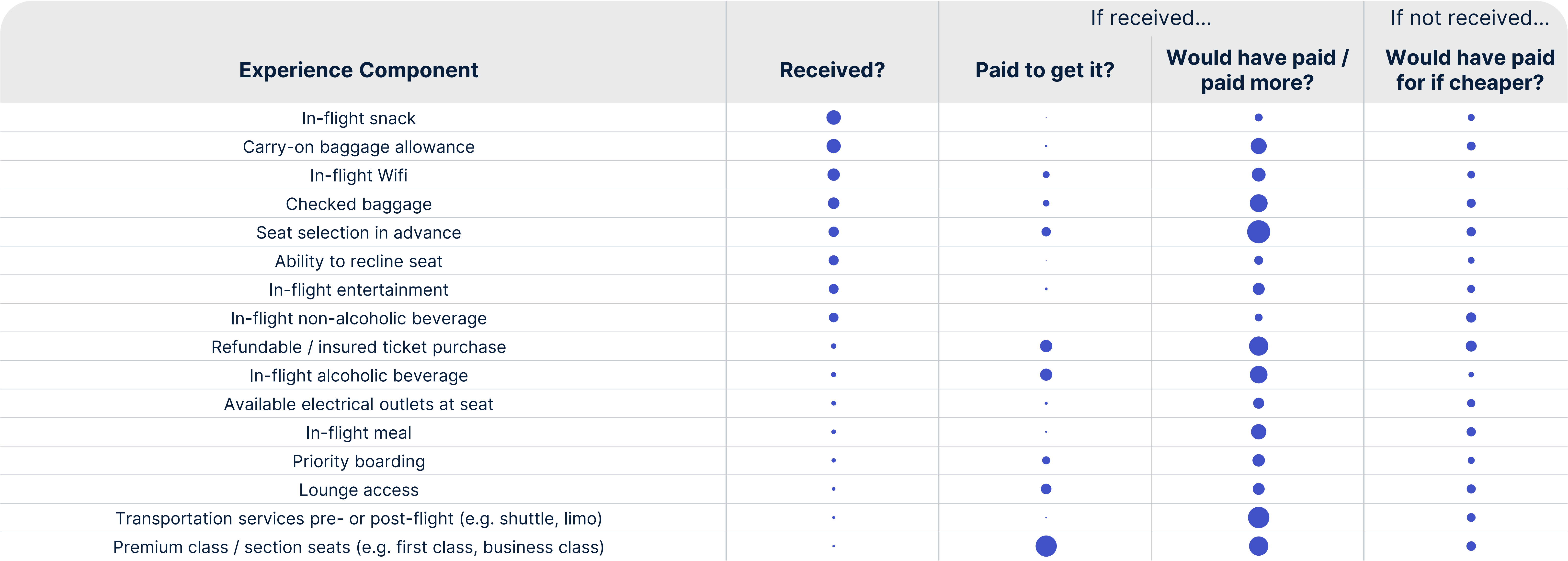


From Medallia Market Research November 2024 US General Population Airline Customer Survey (n = 174); “During your airline experience, which of the following did you receive?”

Those paying for seat selection or premium classes considerate it a non-negotiable – they'd pay in even more if needed.

Payment for components of the airline experience

% of customers indicating, displayed by width of bubble (● = 50% indication among the customers asked)



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From Medallia Market Research November 2024 US General Population Airline Customer Survey (n = 174); "During your airline experience, which of the following did you receive?"

 |

Recap

- The current macroeconomic environment makes affordability perceptions especially critical to winning over the consumer. Many consumers pick the cheapest store / brand when making a purchase, though this varies by industry.

- Although consumers are diligent to avoid overpaying (in the context of what other options existed), many still would have been willing to pay more if needed. This, plus sentiments that better experiences are worth paying extra and the belief by some (especially younger generations) that higher prices typically mean better quality, allows some brands to compete well as a more expensive option. However, consumers are also perceptive of when brands aim to manipulate with confusing pricing or “deals” that aren’t truly discounts.

- If given the choice, consumers lean more toward wanting everything they’d need in a purchase being built into the standard price, vs. a lower teaser price but required added spend on numerous add-ons.

- For industry deep dives, some notable patterns include the relatively higher importance of price for retail and airline customers compared to restaurant and hotel customers, the inconsistent results restaurants see when running with value-based promotions, and the polarizing price perceptions (customers split on seeing a good deal vs. too high a price) for things like hotel room upgrades and refundable airline tickets.

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Thank you

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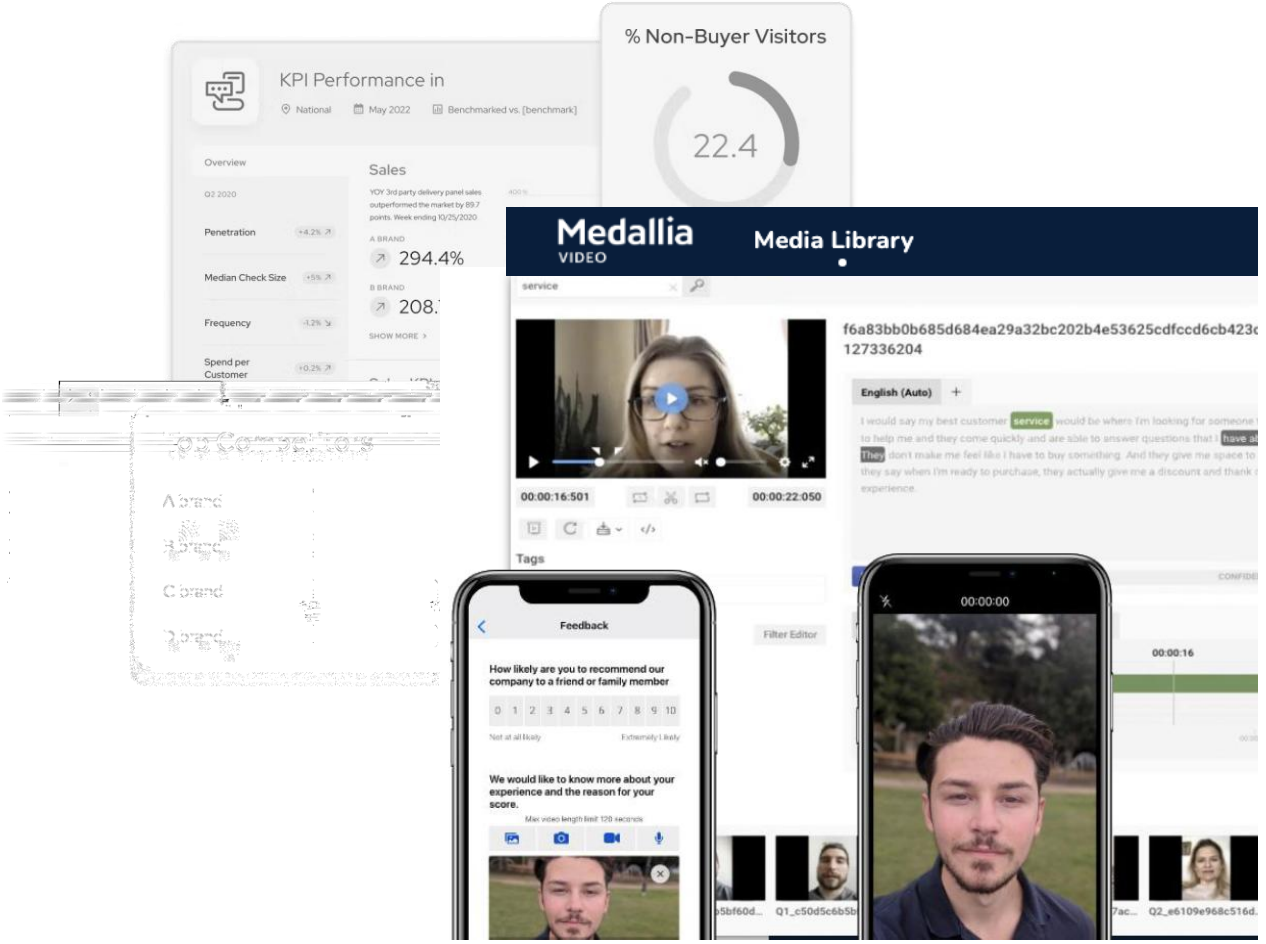
Questions? Contact
briefings@medallia.com

Medallia Market Research Suite



Medallia AGILE RESEARCH

- Quickly gather insights with a user-friendly DIY survey tool, built to support over 50 languages and complex methodologies (Max Diff or Conjoint).

Medallia VIDEO

- Capture and analyze rich video feedback from surveys, focus groups, or online journaling exercises. Bring these insights to life through video showreels and storytelling.

Medallia IDEAS

- A real-time ideation platform that inspires innovation development.