

Voice of the Consumer Survey 2024

# Five imperatives to strengthen consumer confidence in Australia





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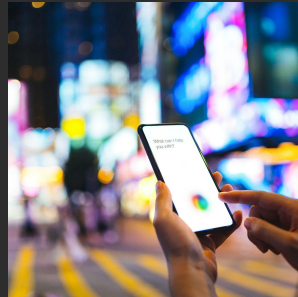


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Inflation ranks overwhelmingly as the number one risk for the year ahead according to Australian consumers. And about half (48%) are actively seeking value for money.

Consumers say they are more likely to put their faith in companies that protect consumer data.

Over

**96%** of consumers

see this as important, with 52% ranking it as extremely important.

More than

**68%**

of Australians say they are willing to pay more for a product that has a lower carbon footprint.



**60%** of Australians surveyed discovered a brand they had never heard of before through social media. While consumers spend significant time on social media, 56% of Australians are not comfortable purchasing through social media.

**42%** of Australians surveyed said they already trust AI to provide product recommendations.

PwC surveyed 20,662 consumers across **31 countries** and territories including more than **1,000** in Australia.





# Executive summary

In our 2024 Voice of the Consumer Survey, the message from consumers rang out loud and clear. At a time of rising prices and sticky inflation, Australians are searching for reassurance and value from brands, products and services. PwC's analysis pinpoints five powerful imperatives for companies to build confidence among consumers.

In times of uncertainty people instinctively reach for something we can rely on. From dependable food sources to places of safe harbour, we seek comfort and reassurance during volatility.

PwC's 2024 Voice of the Consumer Survey of 20,662 consumers across 31 countries and territories including more than 1,000 in Australia, certainly reflects this. Faced with higher inflation and technological disruption, Australians are searching for products and services they can depend on. And there is much that companies can do to answer those needs and build confidence in their brands.



## The size of the task for Australia's consumer-facing companies

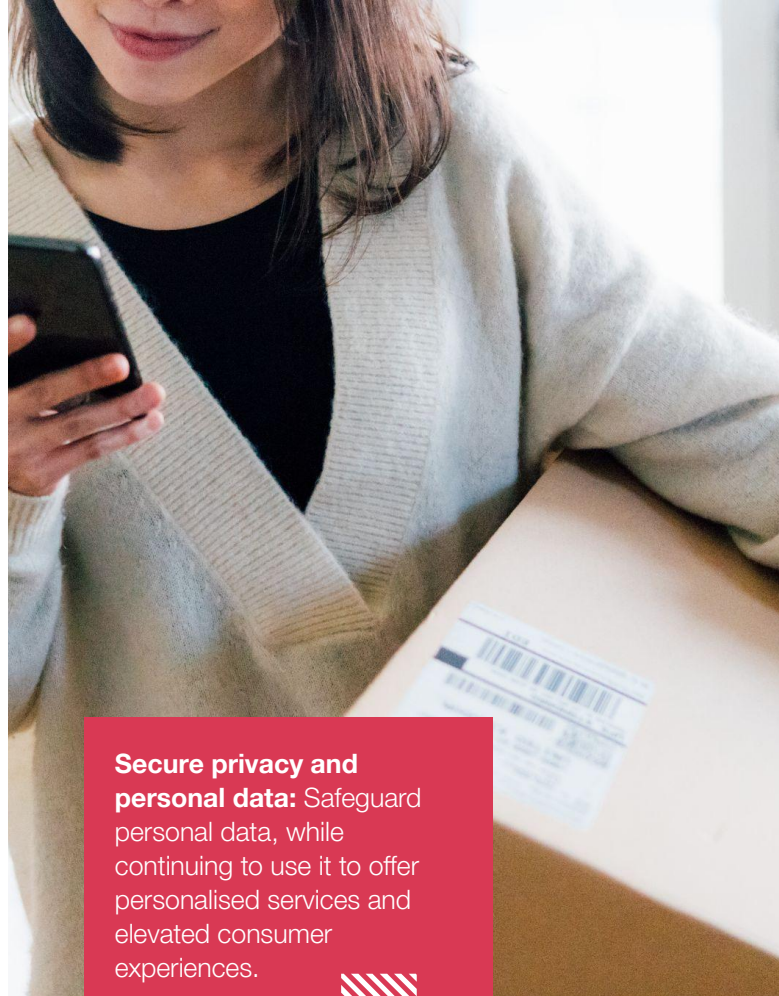
In this report, we present a comprehensive picture of consumer sentiment, behaviour and spending. Our survey pinpoints the issues that consumers care most about in 2024.

Australians' search for reassurance and reliability is understandable given higher interest rates and sticky inflation, not to mention high-profile data breaches and other incidents that have shaken consumer confidence. Responding to public opinion is made more challenging for companies in a time of higher consumer autonomy and instant information exchange via digital channels like social media.



## Five imperatives where companies can make an impact

Our analysis reveals five ways Australia's companies can connect with consumers and earn their confidence:



### Manage value for money expectations:

Navigate conflicting priorities in an economy with rising prices, meeting consumers' expectations of value while managing price increases effectively.

01

### Secure privacy and personal data:

Safeguard personal data, while continuing to use it to offer personalised services and elevated consumer experiences.

02

**Care for the environment:** Forge bonds with eco-conscious consumers by connecting their intentions to positive environmental impacts.

03

**Be authentic on social media:** Strike a balance on social media, recognising its significance as a platform for sales and engagement, while being mindful of consumer concerns about its credibility.

04

05

### Build trust in AI by demonstrating its value and applying it responsibly:

In your pursuit of AI transformation, focus on consumer value and experience – not just productivity. Understand and align with your social obligations and how consumers expect you to use AI. Demonstrate to consumers how your adoption of AI directly benefits them – not just your bottom line.

These are the five specific areas where Australia's consumers require reassurance now and in years to come. In this report, we explain the strategic moves and deliberate investments that Australia's consumer brands can take towards achieving this.



# Value

Meet consumer expectations while carefully managing pricing

Compared with many developed nations in our survey, Australian consumers are especially concerned about the cost of living. Inflation ranks overwhelmingly as the number one risk that Australians think could impact the nation over the next year.

Seventy-two per cent rank inflation in their top three concerns for Australia, and 40% ranked it number one, (notably higher than the US, Germany and France, for example). This is understandable given Australian home owners are feeling the pinch of higher mortgage interest rates, while younger Australians are grappling with higher rents. With financial planning behaviours differing significantly between age groups: only 4% of individuals under the age of 44 do not plan to save or invest, compared to 16% of those over the age of 45.



## The opportunity for consumer-facing companies

With price comparisons more common, this is a golden opportunity to connect with cost-conscious consumers. Transparent, competitive and consistent pricing can send a powerful signal.

Advanced, dynamic pricing approaches across multiple channels are more likely to be identified by Australian consumers who spend time searching for the best deal. Deep discounting can backfire if temporarily lower prices have a more permanent impact on consumers' price expectations and/or value perception.

Yet price is only part of the value equation for consumers. And Australian brands often struggle to communicate value beyond price. There remains a big opportunity for Australian retailers to establish credible, differentiated own-brand products that exude and communicate quality.

Furthermore, many Australian consumers still place value in face-to-face interaction. The distribution of consumers' preferred shopping locations - either in-store or via remote channels - has remained consistent beyond the pandemic. So brands and retailers must embrace flexible omnichannel strategies to meet evolving consumer expectations for a dynamic mix of online and offline experiences.

## The challenge for consumer-facing companies

While price rises in the wake of COVID-19 were generally seen as acceptable, consumers are now less tolerant of continued price increases. Faced with higher costs for essentials like groceries, transport/petrol, and insurance, about half of Australia's consumers (48%) are actively searching for better value for money.

Australian consumers are more willing to delay purchase decisions while they shop around, compare products, purchase through alternative channels, and even trade down for cheaper alternatives. Consumer brands must navigate a precarious path to deliver cost-effective products and services at a price that consumers are happy to pay.

In the grocery sector, for example, price-conscious consumers expect reassurance they will always get a good deal, irrespective of whether they are members of a retailers' loyalty program. Meanwhile, pricing is also on the government and regulatory agenda, notably in the Australian Competition and Consumer Commission's ongoing Supermarkets inquiry 2024-25.

For consumer brands, this underscores the importance of rigorous pricing methods and careful, clear communication with consumers on price.







## Recommendations



Manage price changes carefully to avoid alienating consumers through high prices and to avoid reducing value associations through discounts that are too deep.



Welcome consumers into stores through targeted investments in talented staff and technology, to improve the shopping experience.



Secure profitability (as prices normalise in the second half of 2024) by investing in consumer demand, restoring volume through marketing and advertising, and continuing cost-saving initiatives.



# Climate

## Answer consumers' calls to reduce climate impact

While Australia's consumers are sensitive to pricing, environmental and social concerns remain part of their value equation. A significant number of survey respondents say they are buying more sustainable products or those with a reduced climate impact (41%) and make more considered purchases, with the aim of reducing overall consumption (36%).

From a value perspective, more than 68% say they are willing to pay more for a product with a lower carbon footprint. And three quarters (76%) are willing to pay more for locally produced/sourced products.

## The challenge for consumer-facing companies

In our survey, the top three environmental factors that Australians say they are prepared to pay more for are products that are locally produced/sourced (76%), made from recycled, sustainable or eco-friendly materials (70%), and produced by a company with a reputation for ethical practices (69%). However, a mere 10% of consumers would be willing to pay a premium of 20% or above for these features.

Australians' willingness to pay more for climate-friendly products is consistent with consumers in other markets but the premium is notably lower than in other markets. It's therefore important for companies to know precisely which environmental credentials are seen as minimum expectations (aka 'hygiene factors') and which credentials consumers are actually willing to pay more for.

## The opportunity for consumer-facing companies

Alongside the environment, there is a substantial range of sustainability issues that concern Australian consumers (not to mention investors). Companies that have clarity over their complete environmental, social and governance (ESG) impact and action plan have a platform from which to speak authentically about the issues that matter to their consumers.

Understanding the hot-button issues for different consumer demographics is vital. For example, retired Australians in our survey are most concerned with renewable energy usage (35%) and significantly less focused than younger generations on products with eco-friendly packaging or products that have a positive impact on nature/water conservation. Students and self-employed Australians are more influenced by eco-friendly packaging (36-38%) and positive impacts on conservation/water conservation practices (36-33%) than waste reduction (29-28%) compared to all other employment categories which place more importance on waste reduction.



Inflation is overwhelmingly seen as the number one risk for the year ahead by Australian consumers. Approximately half of them, 48%, are actively seeking value for money. This highlights the critical need for businesses to focus on delivering cost-effective solutions and transparent pricing to maintain consumer trust and loyalty in a challenging economic environment.”

Birger Maekelburger, Partner at Strategy&



## Recommendations



Understand the importance your different consumer segments place on sustainability factors and how much they are willing to pay extra.



Embrace the opportunity for 'premiumisation' through product differentiation and messaging aligned to your specific target demographics (e.g. eco-friendly packaging for younger audiences, renewable energy usage for older audiences).



Leverage the growing consumer preference for sustainability by exploring new markets and opportunities. With roughly three-quarters of Australian shoppers willing to pay above average price for goods produced or sourced locally, this indicates a significant market potential for businesses to prioritise sustainability and ethical production.



Expand the impact of compliance and regulatory work by using non-financial information to find bottom-line benefits.



Build more resilient, more efficient and less energy-intensive supply chains through network optimisation, integrated visibility and technological innovation.



Find and leverage channels to communicate transparently with your target audience about your sustainability journey, offerings, and impacts. Engaging with your audience through these channels can build trust and highlight your commitment to sustainability.





# Personal data

Protect personal data and harness it to enhance consumer experiences

Australian consumers are unequivocal about their personal data – they say it's sacred and must be protected at all costs. In fact, they rank protecting consumer data as the most important element in building their confidence in a company (an overwhelming 96% say this is important, including 52% who say it is 'extremely' important).



## The opportunity for consumer-facing companies

Now more than ever, consumers are disinclined to share their data unless they are reassured over its security. Companies therefore need to develop a social contract where consumers are comfortable sharing their personal information in exchange for valuable incentives such as promotions, exclusives and other perks.

Businesses that act to protect data (and are seen to do so) will continue to enjoy access to consumers' information. Along the way, they'll set themselves up to comply with incoming privacy regulations. All of which provides a platform for personalisation to maintain a competitive advantage in the marketplace.

## Recommendations



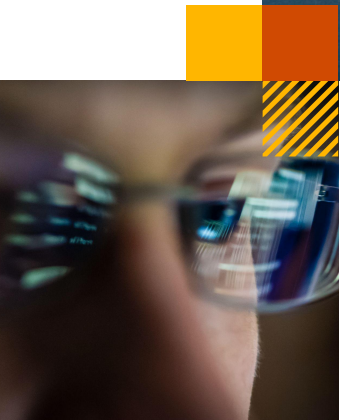
Ensure data is collected transparently on a needs-only basis to deliver genuine benefits for consumers as well as the company.



Reinforce governance to ensure data is stored securely and protected against potential breaches.



Regularly revisit your data strategy to ensure compliance within Australia's evolving privacy laws and regulations, including the Privacy Act.



## The challenge for consumer-facing companies

In the wake of several high-profile data leaks and cyber attacks in Australia, the challenge for consumer-facing businesses is clear: consumers are shaken by what they've seen and they need to feel their data is safeguarded. But by the same token, consumers increasingly expect swift, frictionless experiences.

Herein lies the great paradox.

Consumers' personal data has never been more valuable to companies because it enables targeted, tailored advertising and personalisation. But this data is also highly valuable to cybercriminals and other hostile actors. And consumers are painfully aware of this.

So too are regulators. The federal government's Privacy Act reforms will soon raise the bar for companies to implement robust data protection measures and deliver strategies that engage consumers without compromising the ethical use of data.



# Social media

Be there with consumers, but be mindful of their reservations

Australia's consumers have distinctly mixed feelings about social media. On the one hand, they're spending substantial amounts of time scrolling, posting and engaging on social media platforms. On the other hand, they're increasingly sceptical about the intentions, safety and reliability of social media platforms.

Australian consumers rank social media rock bottom of a list of industries in terms of trustworthiness. Yet consumers also say social media is the channel where digital advertising is most likely to influence their purchases (62% of Australian consumers say social media advertising sways their spending, ahead of retailer websites, email ads, and text messages).



## The challenge for consumer-facing companies

Consumers are concerned about the power that social media companies hold over how their information is shared through society. Most Australians (70%) in our survey are concerned about privacy and data sharing. Meanwhile, 56% of Australians say they are not comfortable purchasing through social media, and 39% say they have had a bad experience purchasing through social media.

Generational differences are evident as well. Older Australians (aged 45 and above) exhibit higher levels of distrust towards social media. They are more concerned about privacy and data security, with an average of 76%, and generally feel less comfortable making purchases through these platforms. Conversely, individuals under 44 have encountered more negative experiences when buying on social media—nearly double the rate (50% on average for those under 44, compared to 25% for those over 45). As a result, younger shoppers are more inclined to seek reviews to verify a company before making a purchase, with 67% of those under 44 doing so, compared to 40% of those over 45.

So, while the capability to personalise and tailor social media advertising is growing by the day, companies need to exercise caution, act with discretion and strike the right chord. For example, there's a danger that consumers could feel 'spooked' by communications that they consider intrusive, or too predatory towards certain groups (e.g. young or elderly people). And ironically, any perceived missteps can be instantly shared and amplified by consumers on social media.

## The opportunity for consumer-facing companies

Despite their misgivings, consumers are still using social media platforms in their droves. A large majority of Australians surveyed (60%) say they have discovered a brand they had never heard before through social media. And more than a third (39%) engage with brand campaigns and competitions through social media.

Social media companies are prolific in their ability to capture consumer data, which is of value to businesses seeking to target consumers whose interests align with their products and services. So, the potential for brands to create engaging and authentic content is enormous.

This is why social media will remain an essential part of the marketing mix for most brands. Global social media ad spending is projected to reach US\$220bn this year, up from an estimated US\$207bn in 2023. This includes a strong focus on social media influencers, both widely recognisable celebrities and aspiring individuals, who are now an established channel – our survey found they have influenced 37% of Australian consumers to make a purchase.





## Recommendations



Act in a manner that addresses consumer concerns through the safeguarding of consumer data, while limiting advertising that appears 'spooky' or overtly targeted.



Emulate the world's leading consumer packaged goods companies by establishing social ecosystems catering responsibly to specific generations (Gen Z, Millennials.) across various social media platforms (YouTube, Instagram, Snapchat, Facebook, Twitch).

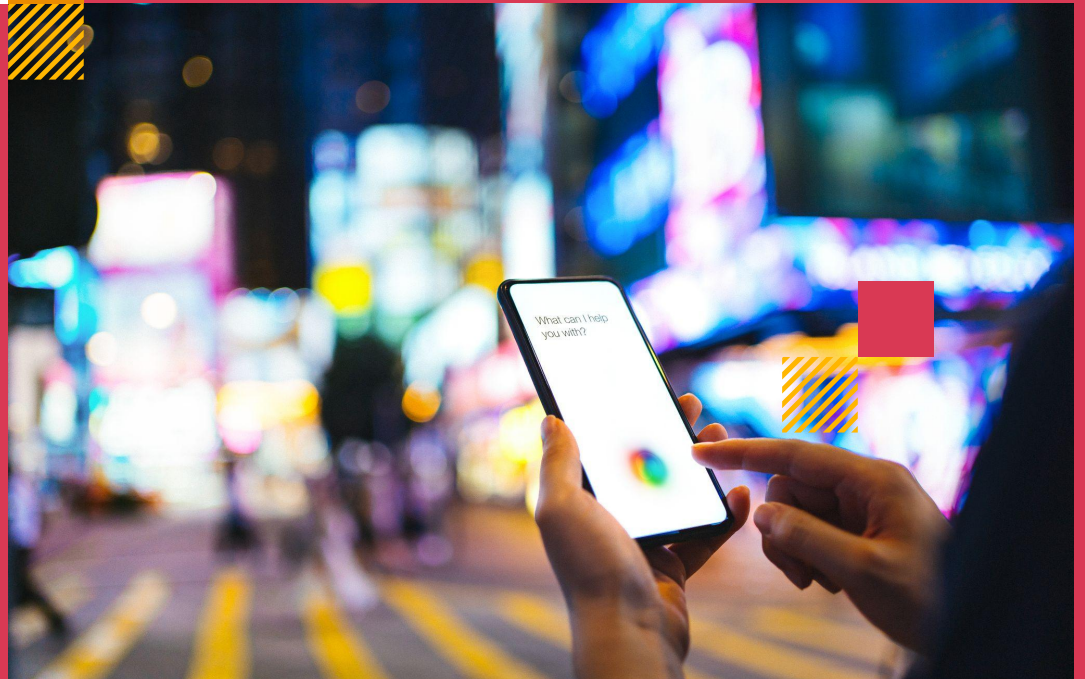


Invest in marketing and advertising to build brands instead of pursuing more transactional trade promotion spend.



Embrace a digital-first approach to investing in advertising channels such as text and email, in addition to social media.





# Artificial Intelligence

## Lifting consumer confidence in AI

Businesses should perform their due diligence (e.g. customer soundings) when integrating new technology, such as AI, into front-line operations – particularly if a focus on productivity and cost reduction comes at the expense of human touchpoints and the consumer's experience.

Our survey shows that Australia's consumers are – on average – more reserved on the use of AI by businesses compared to many overseas markets. One in five (20%) Australians who responded to the survey said they would still not trust AI to perform any activities in place of human interactions (about double the global average).



This data paints a similar picture to other global comparisons: our [27th Annual Global CEO Survey- Australian Insights](#) found that Australia's CEOs were also less optimistic about the benefits of AI than their global counterparts (51% vs 70%) and PwC's [2024 AI Jobs Barometer](#) revealed that Australia had 27% slower AI jobs growth compared to its global counterparts.

There is a need to lift both consumer and business confidence in AI for Australia to keep pace with the rest of the world. A cautious approach to the adoption of AI for use cases that have a higher risk of harm (i.e. serious or long-term impacts to individuals), but there is significant opportunity to unlock for businesses and consumers using AI for lower risk use cases such as informing purchasing decisions (supported by 43% of consumers) and generating more personalised product recommendations (supported by 42% of consumers). For confidence in AI to rise, consumers need to see tangible examples of how they can benefit from the use of AI, and businesses need to demonstrate that they are applying it transparently and responsibly.

Face-to-face and personal interaction remain important to a substantial segment of consumers.

The impact of advertising and influencing on product recommendations remains uncertain. It is yet to be determined whether these recommendations can be manipulated like SEO or paid for like social media. Retailers may need to act swiftly as customers increasingly turn to these channels for recommendations. Notably, 42% of Australians trust AI to provide them with product recommendations.

## The opportunity for consumer-facing companies

The adoption of machine learning varies among Australia's consumer-facing businesses. Some have already begun using these tools for internal improvements such as supply chain optimisation, company information management and pricing strategies.

There is significant opportunity to experiment with consumer engagement and marketing personalisation. For example, expanding on automated checkout technology to experiment with perpetual inventory and perpetual stocktake to ensure stock integrity and to trigger rapid re-ordering.



Our survey shows that 42% of Australians trust AI to provide product recommendations. This indicates a cautious yet growing acceptance of AI among consumers. For businesses, this presents a significant opportunity to leverage AI responsibly to enhance personalisation and improve customer experiences, while also addressing consumer concerns about transparency and ethical use.”

Brian Man, Consumer Markets Industry Leader at PwC Australia





## Recommendations



In alignment with your business strategy and priorities, identify key areas of focus for AI prototyping and solutioning. Create safe environments (e.g. AI playgrounds) for secure experimentation and testing. Think about the value proposition for each use case in the context of different stakeholders, including how your adoption of AI benefits your customers.



Understand and align with how consumers expect you to use AI, such as the level of targeting and personalisation that's considered acceptable (as opposed to invasive). Legal and regulatory obligations for new and emerging technologies often lag consumer expectations, and customer soundings, focus groups and other methods of customer engagement are essential.



Develop an approach to responsible AI that covers both the social and ethical expectations of your customers as well as your legal and regulatory obligations.



## About this survey

The old adage 'retail is detail' applies across Australia's retail and consumer markets in 2024. If you look past the news headlines, digital hype and seasonal fluctuations, there's a lot more happening than first meets the eye.

PwC's Voice of the Consumer research presents a comprehensive, nuanced picture of consumer sentiment, behaviour and spending. The survey identified the issues of most concern to Australian consumers in January and February 2024 and considered the strategic and tactical responses that executives can make to best serve their consumers and companies.

PwC surveyed 1,002 consumers in Australia as well as 19,660 more across 30 other countries and territories: Brazil; Canada; China; Czechia (Czech Republic); Egypt; France; Germany; Hong Kong, SAR; Hungary; India; Indonesia; Ireland; Malaysia; Mexico; the Netherlands; the Philippines; Poland; Qatar; Romania; Saudi Arabia; Singapore; Slovakia; South Africa; South Korea; Spain; Thailand; United Arab Emirates; Ukraine; the United States; and Vietnam. The respondents were at least 18 years old and were asked about a range of topics relating to consumer trends, including shopping behaviours, emerging technology and social media.

The survey was supplemented by interviews with retail and consumer industry executives in March and April 2024. [PwC Research](#), our global centre of excellence for market research and insight, conducted this survey.



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