U.S. GROCERY **SHOPPER** TRENDS

ONLINE SHOPPING, HEALTH** and **WELL-BEING,** and **TRANSPARENCY** through the Lens of **PERSONALIZATION

September 12, 2019

STEVE Markenson

Director, Research
Food Marketing Institute

DAVID Fikes

VP Communications & Consumer/Community Affairs
Food Marketing Institute

NATALIE Menza-Crowe

Director of Health & Wellness
Wakefern Food Corp.

FMI® THE VOICE OF FOOD RETAIL

hartman GROUP

FMI ANTITRUST COMPLIANCE

- It is FMI's policy to comply in all respects with the antitrust laws.
- All participants in FMI meetings and events are expected to comply with applicable antitrust and competition laws.
- Avoid discussions of sensitive topics that can create antitrust concerns.
    - Agreements to fix prices, allocate markets, engage in product boycotts and to refuse to deal with third parties are illegal.
    - Discussions of prices (including elements of prices such as allowances and credit terms), quality ratings of suppliers, and discussions that may cause a competitor to cease purchasing from a particular supplier, or selling to a particular customer, should be avoided.
    - No discussion that might be interpreted as a dividing up of territories.
- It is important to avoid even the appearance of unlawful activity.
- Questions or concerns? Please consult with FMI staff.

RESEARCH BACKGROUND

- For more than four decades, FMI has been tracking the trends of grocery shoppers in the U.S., taking note of where they shop, how they shop, and what issues are most important to them as food shoppers. For the past five years, FMI has partnered with The Hartman Group to conduct this research.

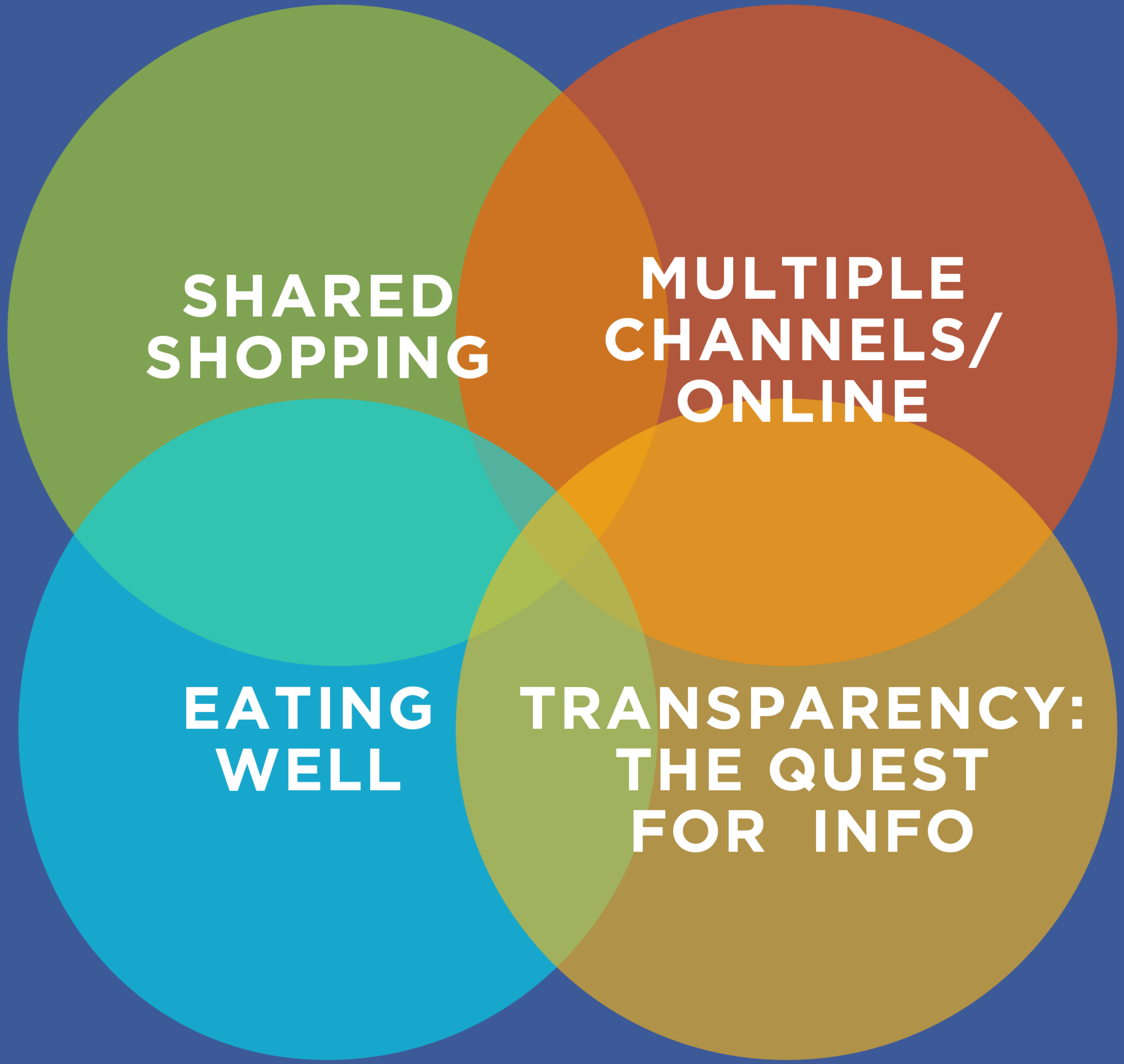
QUANTITATIVE RESEARCH

- An online survey among n=1,786 U.S. shoppers
- Fielded February 6 – 27, 2019

QUALITATIVE RESEARCH

- In-depth interviews with six households
- Six virtual interviews with shoppers across the nation
- Fielded in February 2019

ACTS OF PERSONALIZATION



ALL THE FMI *TRENDS* FOCUS AREAS OF RECENT YEARS CAN BE SEEN AS AN EXPRESSION OF PERSONALIZATION

TODAY'S SHOPPERS NEED A COMPASS TO HELP THEM EAT AND SHOP

CONSUMERS CONSIDER THE ACT OF SHOPPING ITSELF AN ACT OF PERSONALIZATION

Shoppers are looking for the retailer who makes it easier for them to shop according to their/ their families personal needs & wants regarding:

SHARED
SHOPPING

GROCERY SHOPPING REMAINS A NATIONAL PASTIME

CURRENTLY IN THE U.S.

86% of all adults say they have at least **HALF** of the responsibility for household grocery shopping

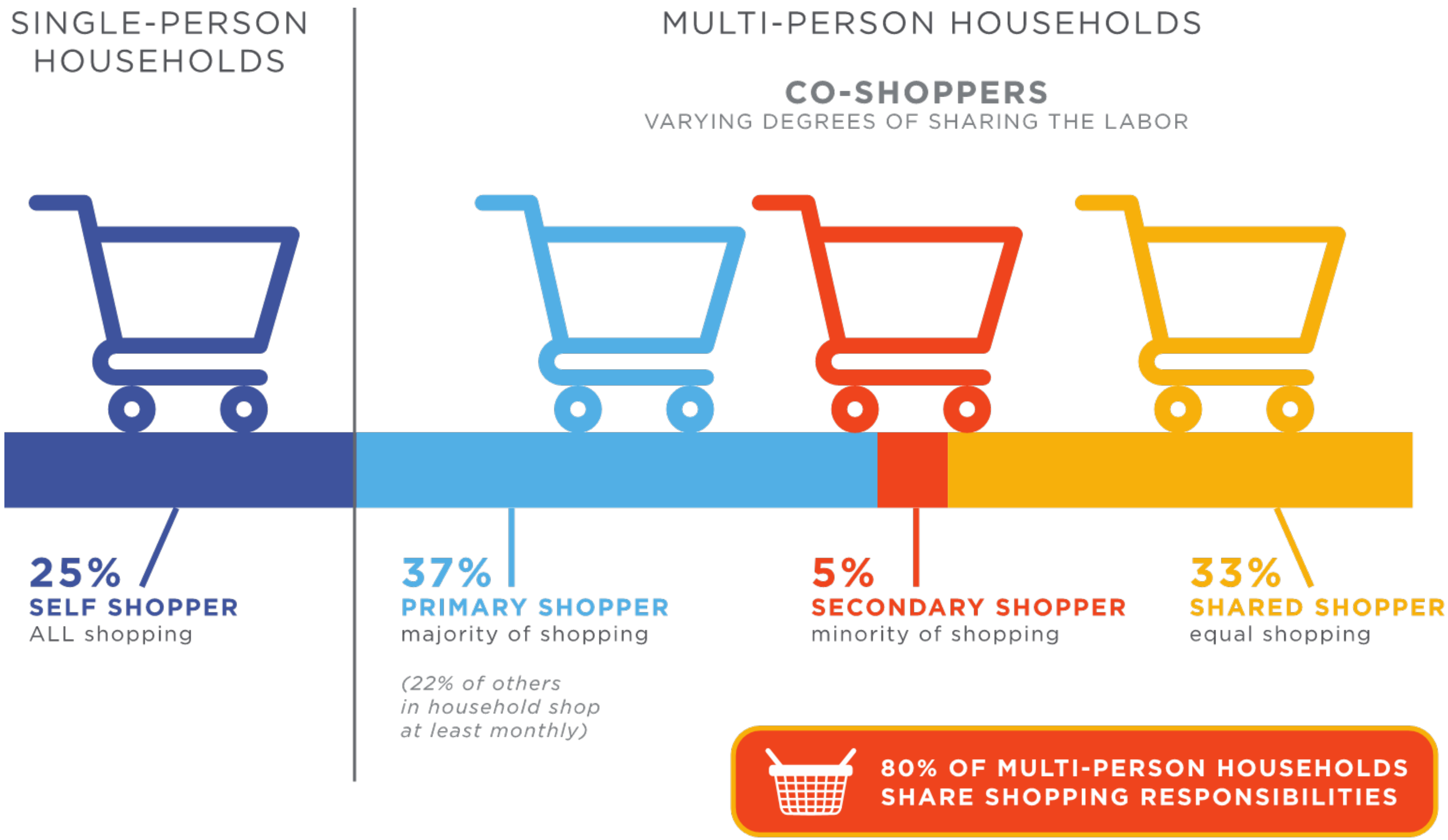
(compared to 85% in 2018)

81%

92%

CO-SHOPPING IS THE PREVAILING STRATEGY

WORLD OF SHOPPERS



SHOPPERS SHOP MULTIPLE CHANNELS/ BANNERS

Shoppers visit an average of

4.4

(up from 4.1 in 2018)

retail banners for groceries each month

Shoppers visit an average of

3.1

different channels for groceries each month

The whole 'one-size-fits-all' thing – or lack thereof – is the whole reason why I have to go to all these places. If there was a store with reasonable prices, great selection of healthy, ethically-sourced food, with friendly, low-key, down-to-earth service, I'd like that. But until then, the combination of all them together does a good job of meeting my family's needs.

— Josh, 58

MULTIPLE CHANNELS/ ONLINE

MANY SHOPPERS SHOP FOR FOOD ONLINE, BUT ONLY 1 IN 5 DO SO REGULARLY

today...

43% OF SHOPPERS HAVE ***SHOPPED FOR GROCERIES ONLINE*** IN THE PAST YEAR

21% ARE SHOPPING FOR GROCERIES ***ONLINE REGULARLY*** (ONCE A MONTH OR MORE OFTEN)

only **10%** ARE SHOPPING FOR GROCERIES ***ONLINE FREQUENTLY*** (ONCE OR MORE EVERY TWO WEEKS)

ONLINE SHOPPERS GENERALLY SHOP MORE BANNERS/ CHANNELS

CHANNEL AND BANNER USE BY ONLINE SHOPPING FREQUENCY

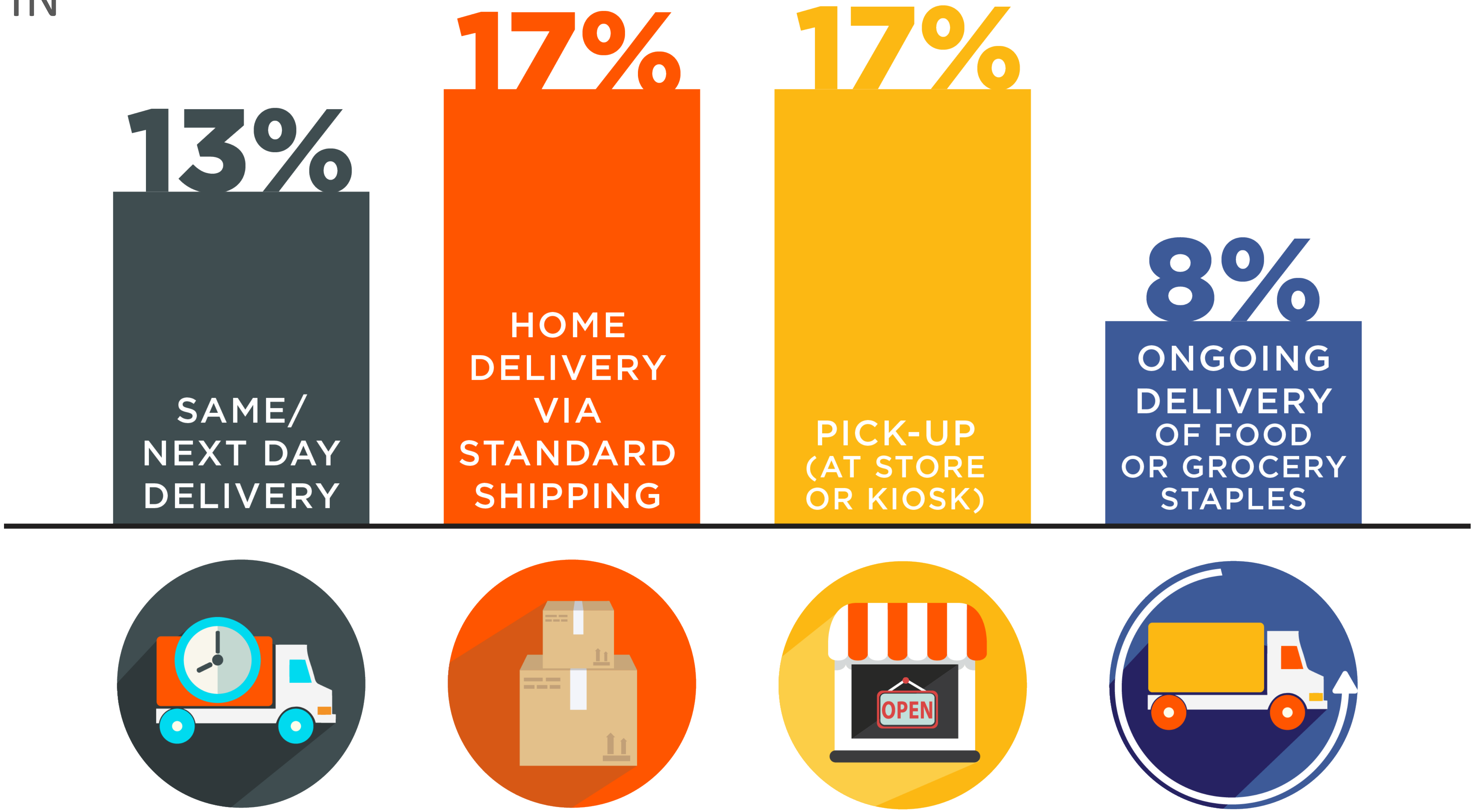
Shopping frequency	ONLINE SHOPPERS			
	Frequent	Monthly	Occasional	Not at all
Avg. Number of Channels Shopped "Almost Every Time"	2.1	1.5	1.2	1.1
Avg. Number of Banners Shopped in past 30 days	8.0	6.1	4.2	3.6
Avg. Weekly Grocery Trips	2.1	1.7	1.5	1.5
Avg. Weekly Trips to Primary Store	1.3	1.1	1.0	1.1

ONLINE SHOPPERS SPEND MORE AND STILL SHOP IN-STORE

SPEND BY ONLINE SHOPPING FREQUENCY

Budgets	ONLINE SHOPPERS Frequent	Monthly	Occasional	Not at all
Weekly online grocery spend	$59	$35	$15	n/a
Weekly brick & mortar spend	$108	$99	$96	$102
Total weekly grocery spend	$167	$134	$111	$102
Online share of wallet	39%	29%	13%	n/a

ONLINE GROCERY PURCHASES ARE DELIVERED IN A VARIETY OF WAYS



ONLINE TOOLS CREATE MORE EFFICIENCY

LIST BUILDING TOOLS BASED ON PREVIOUS PURCHASES	50%
RETURN OF UNWANTED ITEMS	44%
SUBSCRIBE-AND-SAVE FOR FREQUENTLY PURCHASED ITEMS	42%
INTEGRATION WITH OTHER ONLINE SERVICES THAT INTEREST ME	29%

CONSUMER PERCEPTIONS OF BRICK-AND-MORTAR VERSUS ONLINE

ONLINE DOES AT LEAST AN **EQUAL JOB** AMONG REGULAR ONLINE SHOPPERS

CONVENIENT TO USE	81%
BROAD SELECTION OF PRODUCTS	77%
ACCESS TO DETAILED PRODUCT INFORMATION	75%
SUSTAINABLE AND ETHICAL PRACTICES	70%
OPENNESS AND HONESTY	70%
PERSONALIZED SHOPPING EXPERIENCE	70%
AFFORDABLE EVERYDAY PRICES	70%
SELECTION OF PRODUCTS SUITED TO MY NEEDS	68%
OPPORTUNITIES FOR EXPLORATION AND LEARNING	64%

AS A PRIORITY, RETAILERS SHOULD AMPLIFY TRADITIONAL CHANNEL STRENGTHS

81%

Express some willingness to share personal information to help store become more familiar with their shopping needs

WILLINGNESS TO GIVE STORE PERSONAL INFORMATION FOR SPECIFIC BENEFITS

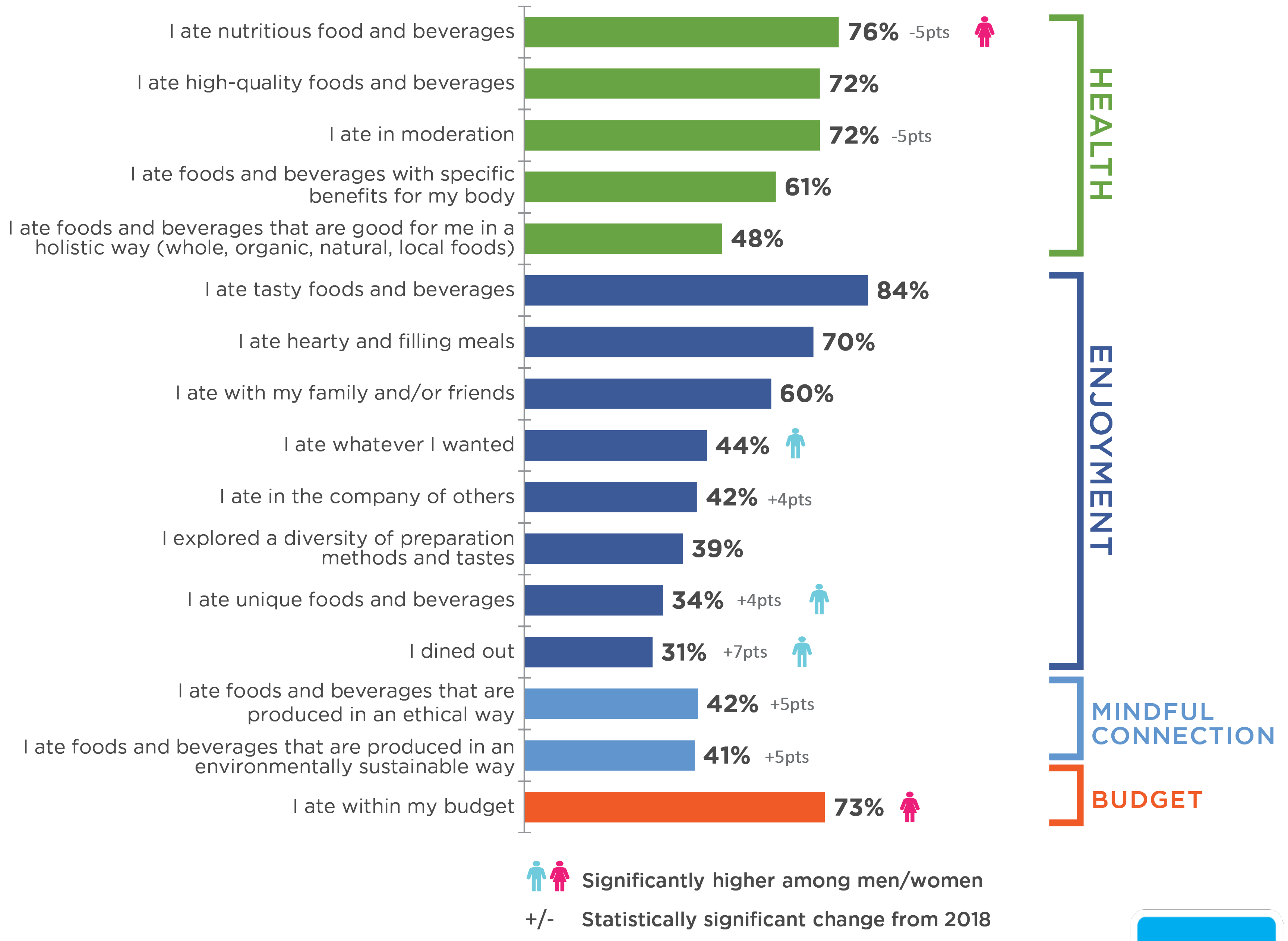
"Sure, it's important to tailor to my needs. If you want me to buy at your store, shouldn't you drive my loyalty? And you do that by being the most convenient & helpful friend.

– Ben, 49

EATING WELL

THE MEANING OF 'EATING WELL' CONTINUES TO ENCOMPASS MULTIPLE FACTORS

OVER THE COURSE OF THE WEEK, I FEEL I'VE EATEN WELL WHEN…



EATING WELL AND SHOPPING WELL ARE A CAREFUL BALANCING ACT

AMONG TOP CONSIDERATIONS FOR HAVING **"EATEN WELL"**

- **84%** ATE TASTY FOODS AND BEVERAGES
- **76%** ATE NUTRITIOUS FOODS AND BEVERAGES
- **73%** ATE WITHIN MY BUDGET

AMONG TOP **PRIMARY STORE** CHOICE DRIVERS

- **78%** HIGH-QUALITY FRUITS AND VEGETABLES
- **76%** LOW PRICES
- **46%** OPEN AND HONEST

"There are stores whose brands and others align with what we're trying to do with our eating and shopping and intentional decisions. I know conventional stores have improved. They're making an effort, but they still have their business model. They can't do the research or have the relationships that our small, local, natural store can."

-Bruce, 54

Image from consumer homework: in what specific ways do the stores you shop at help or hinder you in "eating well"?

TODAY'S HOUSEHOLDS CONTEND WITH MULTIPLE WAYS OF EATING

33% OF HOUSEHOLDS SAY THEY HAVE AT LEAST ONE MEMBER FOLLOWING AT LEAST ONE **NON-MEDICALLY PRESCRIBED** DIETARY APPROACH

- VEGAN
- VEGETARIAN
- PESCATARIAN
- FLEXATARIAN
- KETO
- PALEO
- GLUTEN FREE
- RESTRICTIONS ON CERTAIN MEATS
- OTHER

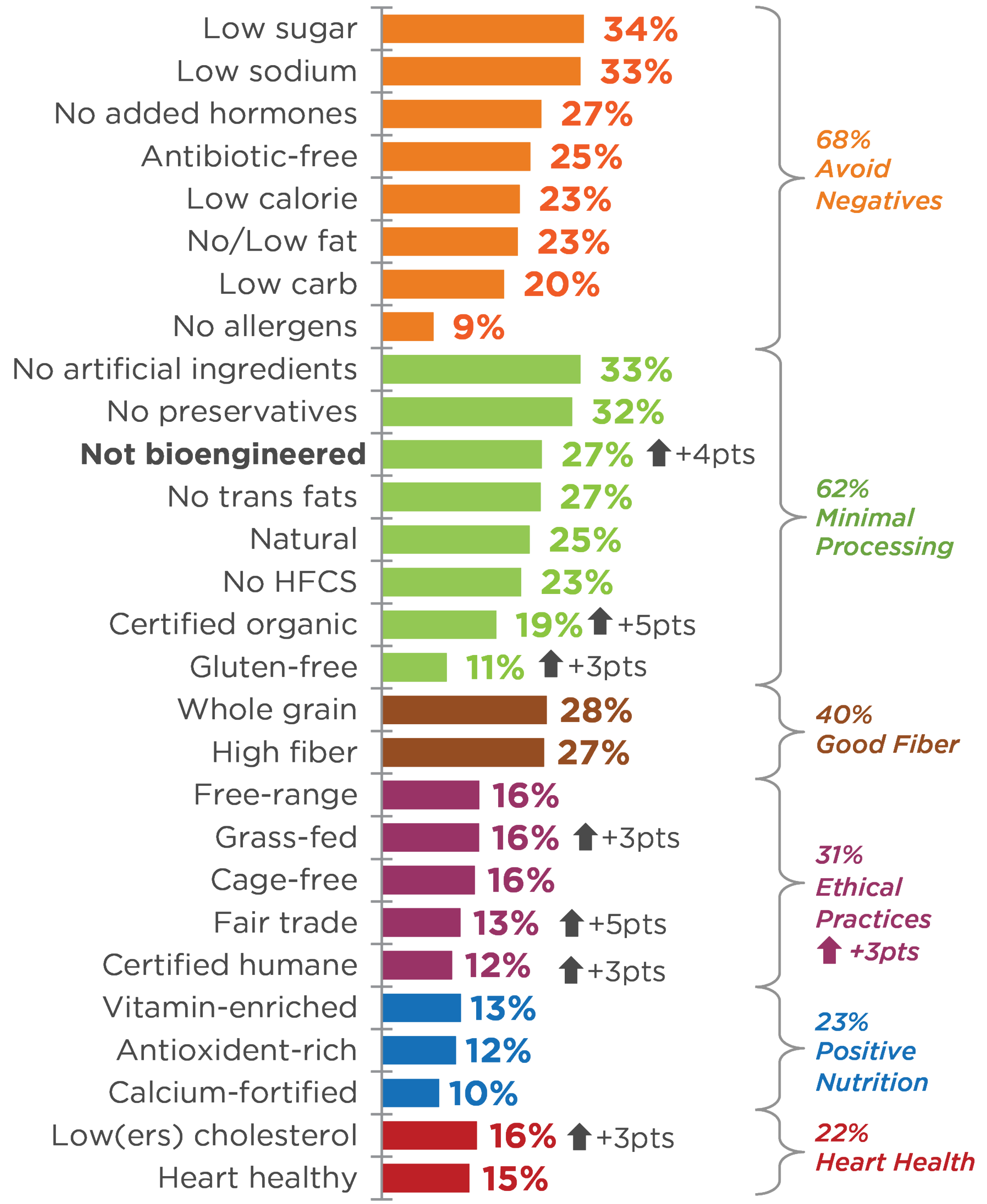
49% GEN Z
38% MILLENIALS
FOLLOW NON-MEDICAL DIET

"We don't like to do 'diets.' It's hard to have a lifestyle like that. Diets don't last. I think it's more about being healthy and eating what you want. All things in moderation. That's what I learned from the vegan thing. I don't want to restrict anything, but just moderate it. I don't want to go all crazy."

– Crystal, 36 & Tyler, 36

MOST SHOPPERS TRY TO AVOID NEGATIVES AND HIGHLY PROCESSED PRODUCTS

PRODUCT CLAIMS SHOPPERS SEEK WHEN PURCHASING A FOOD PRODUCT



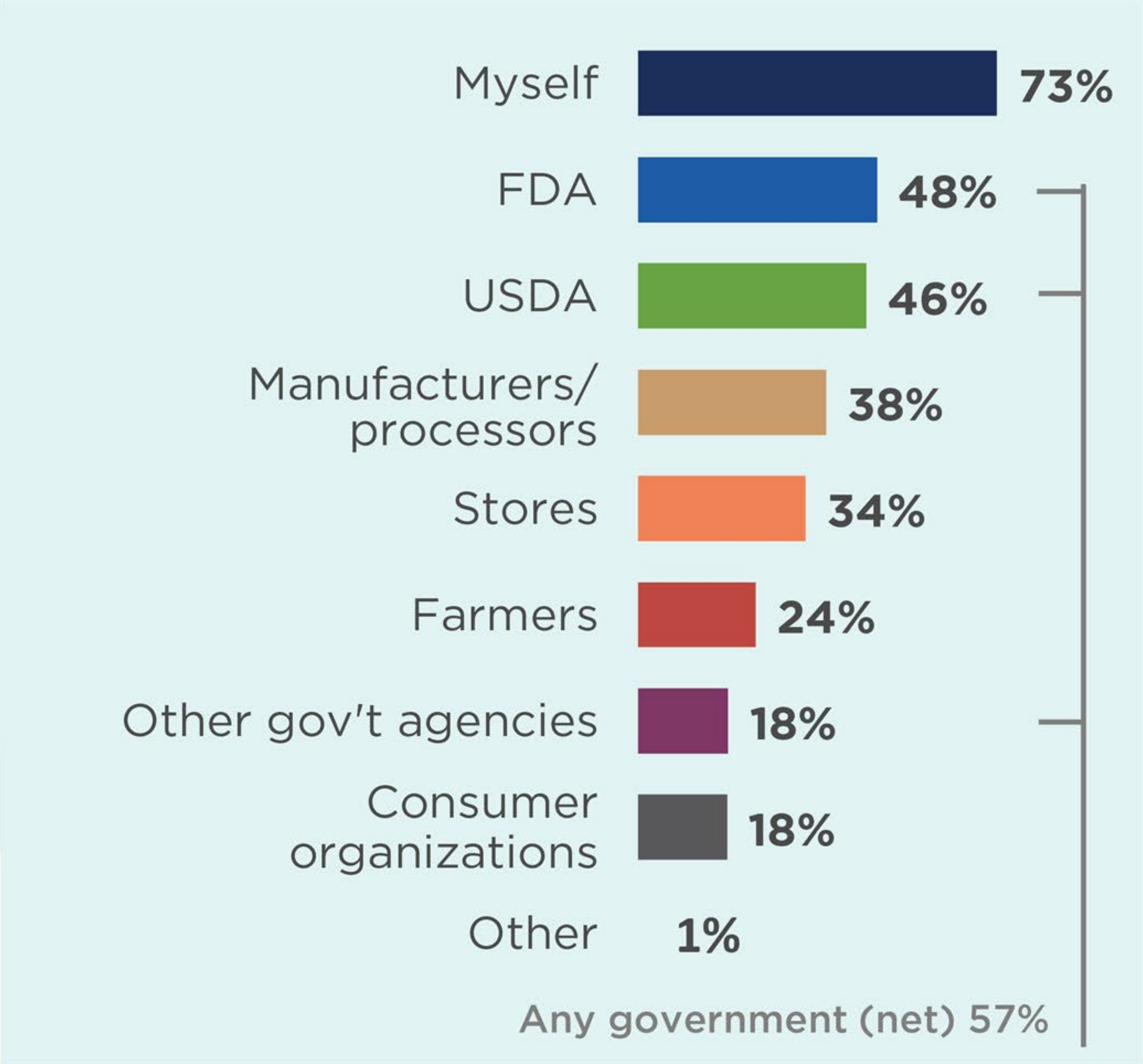
82%

OF SHOPPERS SAY THEY ACTIVELY LOOK FOR AT LEAST ONE FRONT-OF-PACKAGE CLAIM

Significant change from 2018

SHOPPERS MAKE NUTRITION THEIR RESPONSIBILITY BUT RECOGNIZE A NUMBER OF PARTNERS

WHO IS RESPONSIBLE FOR NUTRITION?



I, MYSELF, AM RESPONSIBLE FOR NUTRITION (BY GENERATION)

Gen Z	Millennials	Gen X	Boomers	Silent
60%	65%	73%	79%	87%

SHOPPERS SEE THEIR PRIMARY FOOD STORES AS ALLIES

WHEN IT COMES TO HELPING ME STAY HEALTHY, THESE PEOPLE AND INSTITUTIONS ARE…

WORKING AGAINST ME		ON MY SIDE	
5%	My family	70%	
5%	Doctors	69%	
5%	My friends	61%	
3%	Farmers	55%	-8pts
6%	Fitness/health clubs	52%	-5pts
4%	My "primary" food store	49%	-6pts
7%	Food stores in general	37%	
17%	Health insurance companies	36%	
10%	Local, independent restaurants	33%	
11%	Drug stores	30%	
6%	Online-mostly grocery providers	28%	
21%	Government inst./ agencies	23%	
13%	Celebrity chefs	18%	
29%	Manufacturers / processors	18%	
25%	The news media	17%	
49%	Fast food restaurants	13%	
32%	The entertainment industry	10%	

+/- significant change from 2018

TRANSPARENCY:
THE QUEST FOR INFO

SHOPPERS WANT OPENNESS & HONESTY

VERY IMPORTANT IN CHOOSING PRIMARY STORE

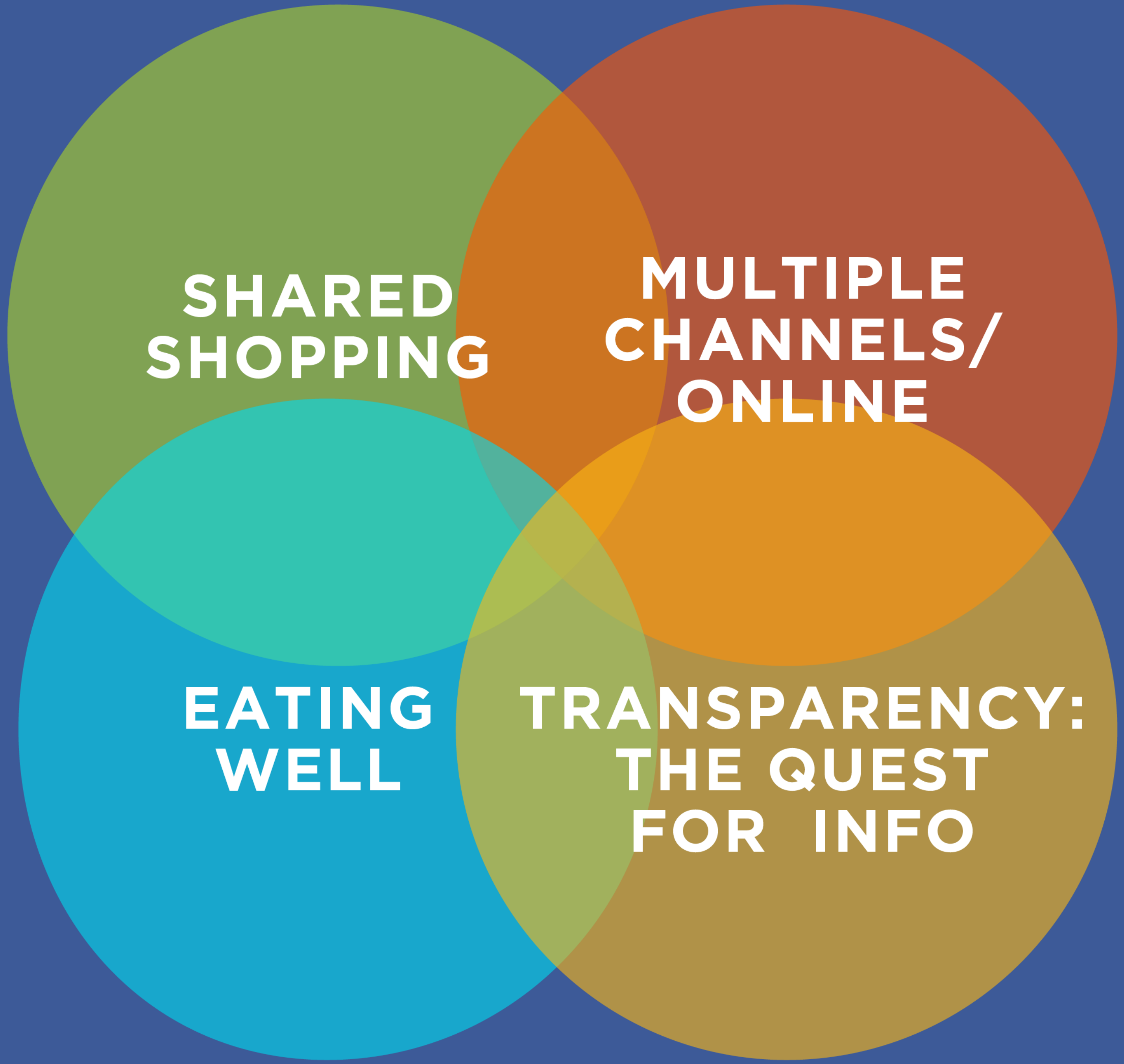
46% OPENNESS & HONESTY

70% ACCURATE INFORMATION DISPLAYED

35% NUTRITION & HEALTH INFORMATION DISPLAYED

28% PROVIDES INFORMATION BEYOND WHAT IS ON THE PACKAGE

ACTS OF PERSONALIZATION



ALL THE FMI *TRENDS* FOCUS AREAS OF RECENT YEARS CAN BE SEEN AS AN EXPRESSION OF PERSONALIZATION

Q&A

FIRST IN THE WEBINAR SERIES

STATE OF THE MARKETPLACE

PERSONALIZATION IN GROCERY RETAIL

SECOND IN THE WEBINAR SERIES

COVERED TODAY

ONLINE SHOPPING, HEALTH & WELL-BEING AND TRANSPARENCY THROUGH THE LENS OF PERSONALIZATION

SEPTEMBER 12, 2019

thank you!

LEARN MORE ABOUT GROCERY SHOPPING TRENDS AND DOWNLOAD THE FULL REPORT AT:

FMI.org/grocerytrends