U.S. GROCERY SHOPPER TRENDS

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

September 12, 2019
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

- Shared Shopping
- Multiple Channels/Online
- Eating Well
- Transparency: The Quest For Info

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:

- Health & Nutrition
- Taste
- Safety
- Economics
- Convenience
- Personal Values
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).
CO-SHOPPING IS THE PREVAILING STRATEGY

WORLD OF SHOPPERS

SINGLE-PERSON HOUSEHOLDS

MULTI-PERSON HOUSEHOLDS

CO-SHOPPERS
VARYING DEGREES OF SHARING THE LABOR

25% SELF SHOPPER
ALL shopping

37% PRIMARY SHOPPER
majority of shopping

(22% of others in household shop at least monthly)

5% SECONDARY SHOPPER
minority of shopping

33% SHARED SHOPPER
equal shopping

80% OF MULTI-PERSON HOUSEHOLDS SHARE SHOPPING RESPONSIBILITIES
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

<table>
<thead>
<tr>
<th>Shopping frequency</th>
<th>Frequent</th>
<th>Monthly</th>
<th>Occasional</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Number of Channels Shopped “Almost Every Time”</td>
<td>2.1</td>
<td>1.5</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Avg. Number of Banners Shopped in past 30 days</td>
<td>8.0</td>
<td>6.1</td>
<td>4.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Avg. Weekly Grocery Trips</td>
<td>2.1</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Avg. Weekly Trips to Primary Store</td>
<td>1.3</td>
<td>1.1</td>
<td>1.0</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Online shoppers spend more and still shop in-store.

### SPEND BY ONLINE SHOPPING FREQUENCY

<table>
<thead>
<tr>
<th>Budgets</th>
<th>Frequent</th>
<th>Monthly</th>
<th>Occasional</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly online grocery spend</td>
<td>$59</td>
<td>$35</td>
<td>$15</td>
<td>n/a</td>
</tr>
<tr>
<td>Weekly brick &amp; mortar spend</td>
<td>$108</td>
<td>$99</td>
<td>$96</td>
<td>$102</td>
</tr>
<tr>
<td>Total weekly grocery spend</td>
<td>$167</td>
<td>$134</td>
<td>$111</td>
<td>$102</td>
</tr>
<tr>
<td>Online share of wallet</td>
<td>39%</td>
<td>29%</td>
<td>13%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Online grocery purchases are delivered in a variety of ways.

- **13%** Same/next day delivery
- **17%** Home delivery via standard shipping
- **17%** Pick-up (at store or kiosk)
- **8%** Ongoing delivery of food or grocery staples
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**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient to use</td>
<td>81%</td>
</tr>
<tr>
<td>Broad selection of products</td>
<td>77%</td>
</tr>
<tr>
<td>Access to detailed product information</td>
<td>75%</td>
</tr>
<tr>
<td>Sustainable and ethical practices</td>
<td>70%</td>
</tr>
<tr>
<td>Openness and honesty</td>
<td>70%</td>
</tr>
<tr>
<td>Personalized shopping experience</td>
<td>70%</td>
</tr>
<tr>
<td>Affordable everyday prices</td>
<td>70%</td>
</tr>
<tr>
<td>Selection of products suited to my needs</td>
<td>68%</td>
</tr>
<tr>
<td>Opportunities for exploration and learning</td>
<td>64%</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>WILLINGNESS TO GIVE STORE PERSONAL INFORMATION FOR SPECIFIC BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give me <em>discounts</em> unavailable to other shoppers</td>
</tr>
<tr>
<td>Make my shopping trip <em>faster</em></td>
</tr>
<tr>
<td>Make sure the <em>selection</em> of products in the store <em>reflects my needs</em></td>
</tr>
<tr>
<td>Give me <em>info about products</em> based on my interests</td>
</tr>
<tr>
<td>Make it <em>easier for me to plan</em> for grocery shopping</td>
</tr>
<tr>
<td>Make <em>relevant recommendations</em> for new products I'd be interested in</td>
</tr>
<tr>
<td>Give me ideas on meeting my family’s <em>health &amp; well-being needs</em></td>
</tr>
<tr>
<td>Give me ideas for meeting my family’s needs (<em>customized recipe/meal plans</em>)</td>
</tr>
<tr>
<td>Give me <em>info about the store</em> and its values based on my interests</td>
</tr>
<tr>
<td><em>Customize</em> food/beverages to meet my needs</td>
</tr>
<tr>
<td>Give me a <em>personalized service experience</em> (e.g. help me shop)</td>
</tr>
</tbody>
</table>

“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...

- I ate nutritious food and beverages: 76% (76) pts
- I ate high-quality foods and beverages: 72% (72)
- I ate in moderation: 72% (72) pts
- I ate foods and beverages with specific benefits for my body: 61% (61)
- I ate foods and beverages that are good for me in a holistic way (whole, organic, natural, local foods): 48% (48) pts
- I ate tasty foods and beverages: 84% (84)
- I ate hearty and filling meals: 70% (70)
- I ate with my family and/or friends: 60% (60)
- I ate whatever I wanted: 44% (44) pts
- I ate in the company of others: 42% (42) pts
- I explored a diversity of preparation methods and tastes: 39% (39)
- I ate unique foods and beverages: 34% (34) pts
- I dined out: 31% (31) pts
- I ate foods and beverages that are produced in an ethical way: 42% (42) pts
- I ate foods and beverages that are produced in an environmentally sustainable way: 41% (41) pts
- I ate within my budget: 73% (73)

*Significantly higher among men/women
+/− Statistically significant change from 2018
EATING WELL AND SHOPPING WELL ARE A CAREFUL BALANCING ACT

“...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

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

Image from consumer homework: in what specific ways do the stores you shop at help or hinder you in “eating well”? 
33% of households say they have at least one member following at least one non-medically prescribed dietary approach.

Today’s households contend with multiple ways of eating.

49% of Gen Z follow non-medical diets.

49% of Gen Z follow non-medical diets.

38% of millennials follow non-medical diets.

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

- **Low sugar** 34%
- **Low sodium** 33%
- **No added hormones** 27%
- **Antibiotic-free** 25%
- **Low calorie** 23%
- **No/Low fat** 23%
- **Low carb** 20%
- **No allergens** 9%
- **No artificial ingredients** 33%
- **No preservatives** 32%
- **Not bioengineered** 27% (+4pts)
- **No trans fats** 27%
- **Natural** 25%
- **No HFCS** 23%
- **Certified organic** 19% (+5pts)
- **Gluten-free** 11% (+3pts)
- **Whole grain** 28%
- **High fiber** 27%
- **Free-range** 16%
- **Grass-fed** 16% (+3pts)
- **Fair trade** 16%
- **Certified humane** 13% (+5pts)
- **Vitamin-enriched** 13%
- **Antioxidant-rich** 12%
- **Calcium-fortified** 10%
- **Low(ers) cholesterol** 16% (+3pts)
- **Heart healthy** 15%
SHOPPERS MAKE NUTRITION THEIR RESPONSIBILITY BUT RECOGNIZE A NUMBER OF PARTNERS

## WHO IS RESPONSIBLE FOR NUTRITION?

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myself</td>
<td>73%</td>
</tr>
<tr>
<td>FDA</td>
<td>48%</td>
</tr>
<tr>
<td>USDA</td>
<td>46%</td>
</tr>
<tr>
<td>Manufacturers/processors</td>
<td>38%</td>
</tr>
<tr>
<td>Stores</td>
<td>34%</td>
</tr>
<tr>
<td>Farmers</td>
<td>24%</td>
</tr>
<tr>
<td>Other gov’t agencies</td>
<td>18%</td>
</tr>
<tr>
<td>Consumer organizations</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
<tr>
<td>Any government (net)</td>
<td>57%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Generation</th>
<th>Responsible for Nutrition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>60%</td>
</tr>
<tr>
<td>Millennials</td>
<td>65%</td>
</tr>
<tr>
<td>Gen X</td>
<td>73%</td>
</tr>
<tr>
<td>Boomers</td>
<td>79%</td>
</tr>
<tr>
<td>Silent</td>
<td>87%</td>
</tr>
</tbody>
</table>
Shoppers see their primary food stores as allies

When it comes to helping me stay healthy, these people and institutions are...

<table>
<thead>
<tr>
<th>Working Against Me</th>
<th>On My Side</th>
</tr>
</thead>
<tbody>
<tr>
<td>My family</td>
<td>70%</td>
</tr>
<tr>
<td>Doctors</td>
<td>69%</td>
</tr>
<tr>
<td>My friends</td>
<td>61%</td>
</tr>
<tr>
<td>Farmers</td>
<td>55% (−8pts)</td>
</tr>
<tr>
<td>Fitness/health clubs</td>
<td>52% (−5pts)</td>
</tr>
<tr>
<td>My “primary” food store</td>
<td>49% (−6pts)</td>
</tr>
<tr>
<td>Food stores in general</td>
<td>37%</td>
</tr>
<tr>
<td>Health insurance companies</td>
<td>36%</td>
</tr>
<tr>
<td>Local, independent restaurants</td>
<td>33%</td>
</tr>
<tr>
<td>Drug stores</td>
<td>30%</td>
</tr>
<tr>
<td>Online-mostly grocery providers</td>
<td>28%</td>
</tr>
<tr>
<td>Government inst./ agencies</td>
<td>23%</td>
</tr>
<tr>
<td>Celebrity chefs</td>
<td>18%</td>
</tr>
<tr>
<td>Manufacturers / processors</td>
<td>18%</td>
</tr>
<tr>
<td>The news media</td>
<td>17%</td>
</tr>
<tr>
<td>Fast food restaurants</td>
<td>13%</td>
</tr>
<tr>
<td>The entertainment industry</td>
<td>10%</td>
</tr>
</tbody>
</table>

+/− 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

- Shared Shopping
- Multiple Channels/Online
- Eating Well
- Transparency: The Quest for Info

All the FMI Trends focus areas of recent years can be seen as an expression of personalization.
STATE OF THE MARKETPLACE

FIRST IN THE WEBINAR SERIES

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