U.S. GROCERY **SHOPPER** TRENDS

PERSONALIZATION *in Grocery Retail*

July 16, 2019

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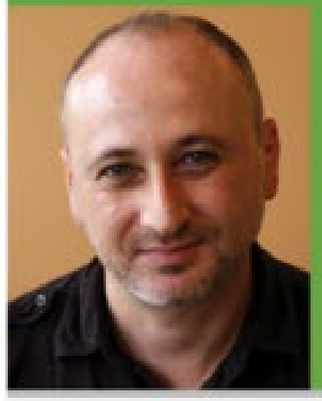

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FMI THE VOICE OF FOOD RETAIL

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

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

4 MYTHS

MYTHS & FACTS

ABOUT **PERSONALIZATION**
IN **GROCERY RETAIL**

MYTH

SHOPPERS WANT EVERYTHING PERSONALIZED

1

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

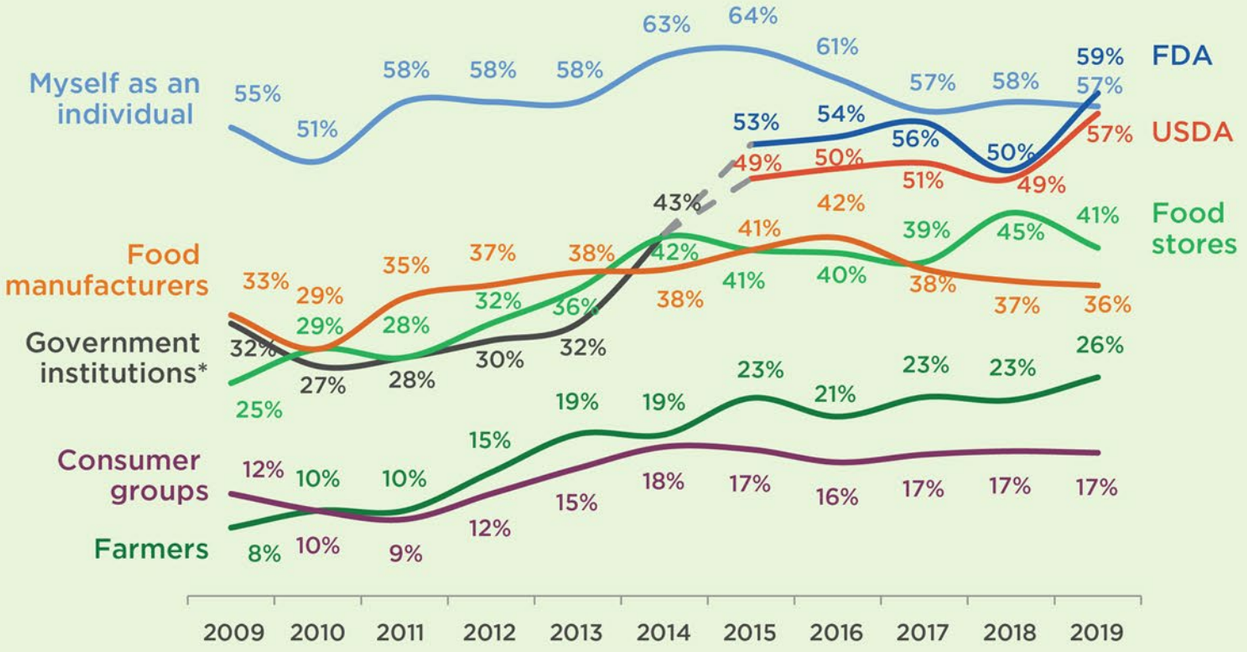
SHOPPERS HAVE COME TO COUNT ON A GROWING NUMBER OF ENTITIES TO ENSURE FOOD BOUGHT AT STORE IS SAFE

CONTINUED HIGH TRUST IN SAFETY AT THE GROCERY STORE

93% OF SHOPPERS TRUST THEIR GROCERY STORE TO ENSURE THAT THE FOOD THEY PURCHASE IS SAFE
(compared to 93% in 2018, 96% in 2017, and 94% in 2016)

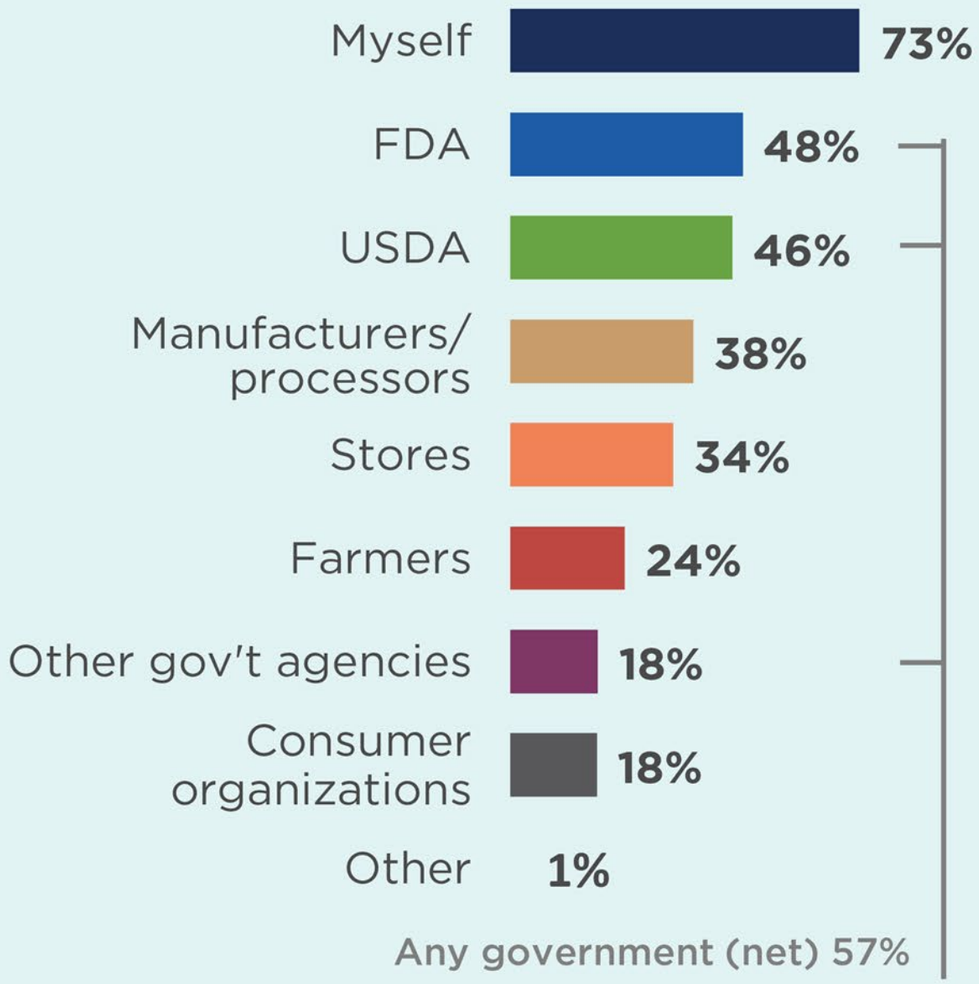
89% OF SHOPPERS ARE CONFIDENT FOOD FROM PRIMARY STORE IS SAFE
(compared to 88% in 2018, 87% in 2017, and 86% in 2016)

INSTITUTIONS CONSUMERS RELY ON TO ENSURE WHAT IS BOUGHT AT GROCERY IS SAFE



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%

MYTH

FACT

1

SHOPPERS WANT EVERYTHING PERSONALIZED

- Shoppers aren't asking for differentiated treatment, it may be a **plus.**
- They expect to **control** and do some of the work of **personalization**, that's what they think shopping is.
- They just want shopping to be **easier, with flexibility** to meet their families' **changing needs.**

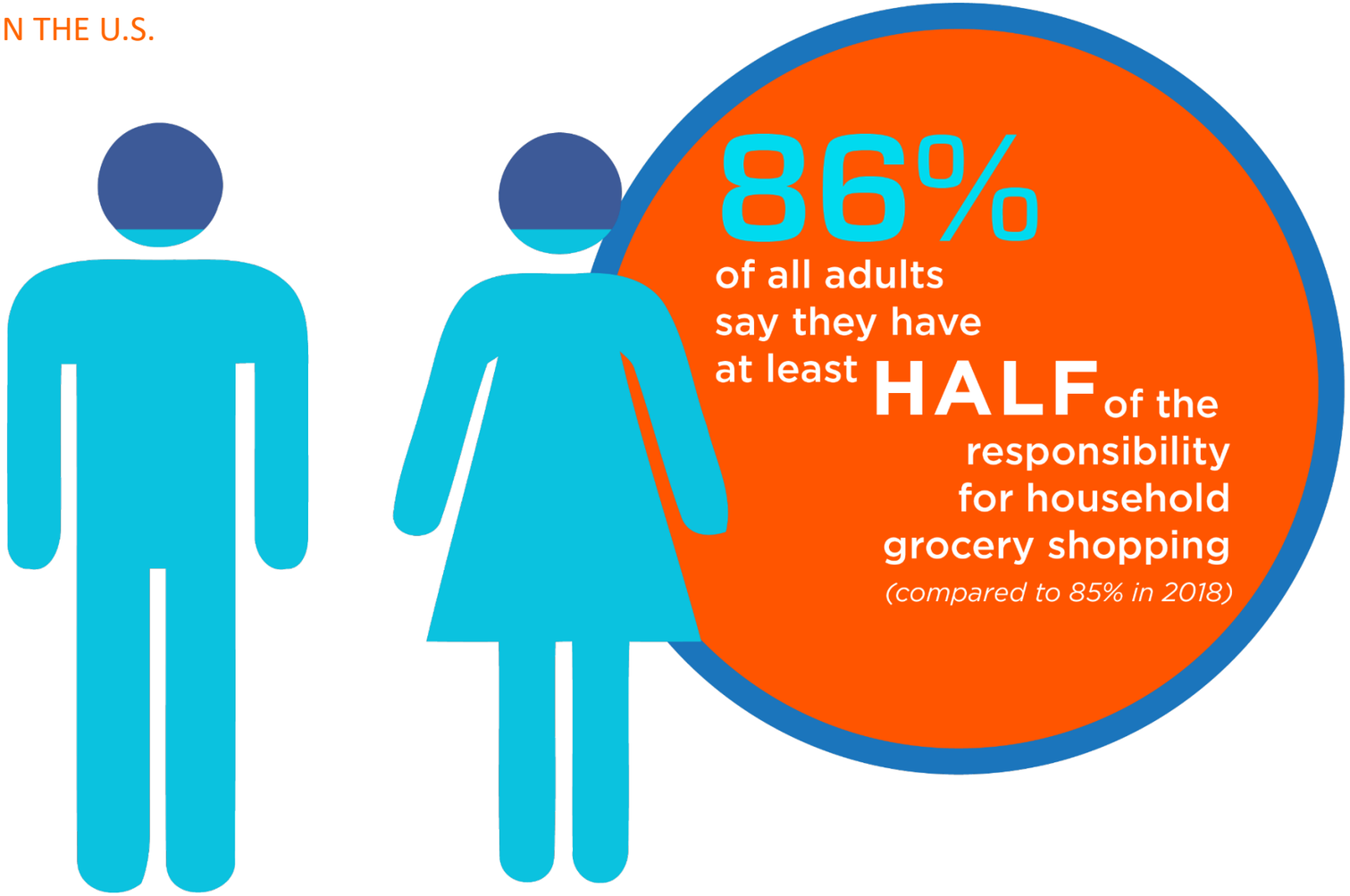
MYTH

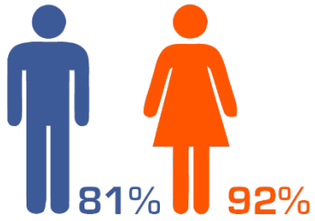
2

PERSONAL EATING REQUIREMENTS MEAN SHOPPERS BUY FOR INDIVIDUALS RATHER THAN A FAMILY.

GROCERY SHOPPING REMAINS A NATIONAL PASTIME

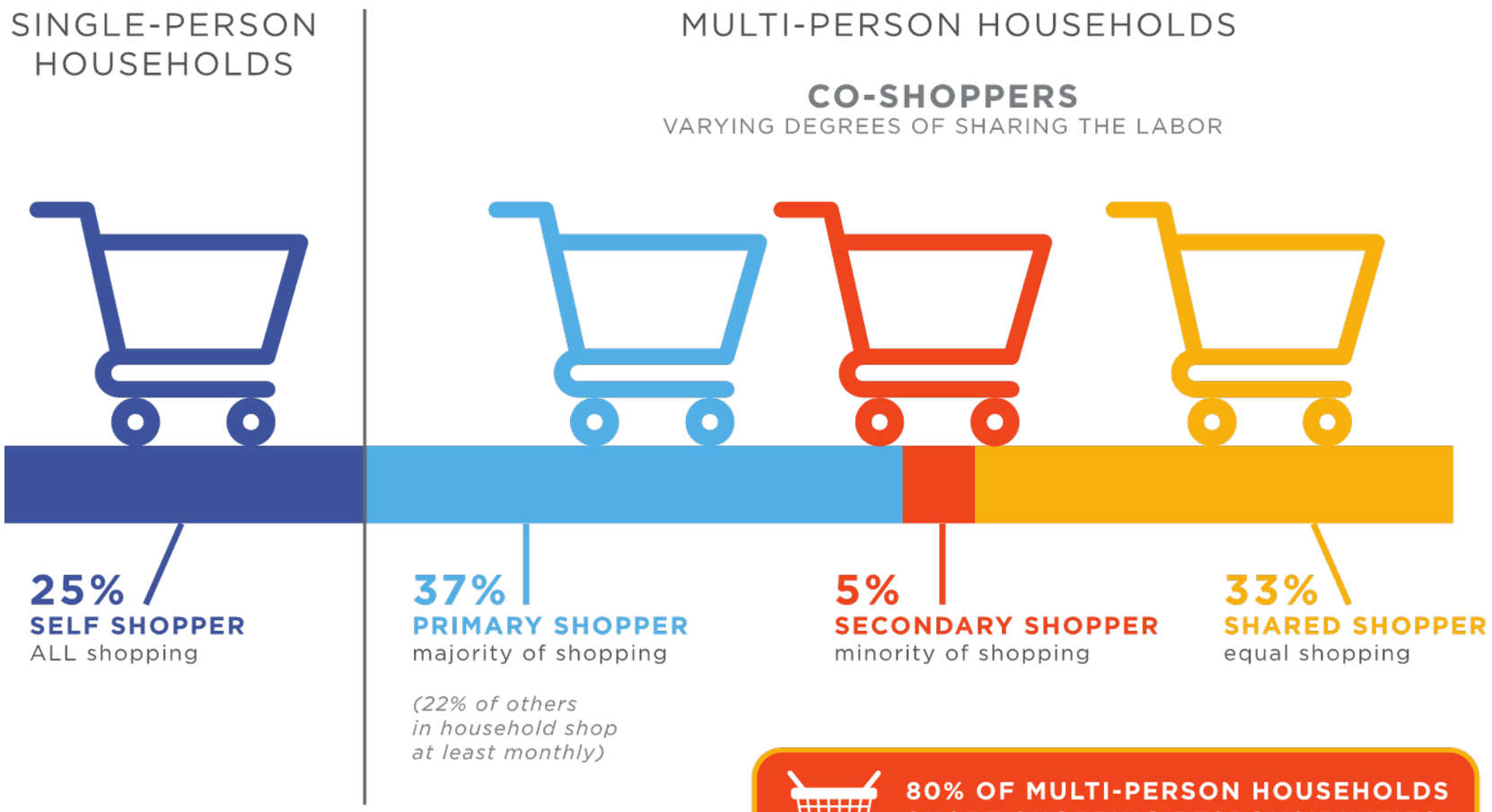
CURRENTLY IN THE U.S.





CO-SHOPPING IS THE PREVAILING STRATEGY

WORLD OF SHOPPERS



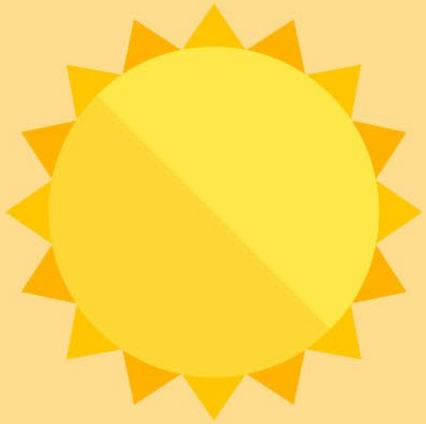
80% OF MULTI-PERSON HOUSEHOLDS SHARE SHOPPING RESPONSIBILITIES

MYTH 2

PERSONAL EATING REQUIREMENTS MEAN SHOPPERS BUY FOR INDIVIDUAL RATHER THAN FAMILY

FOCUS ON THE INDIVIDUAL WITHIN THE FAMILY

FAMILY IS COMPRISED OF INDIVIDUALS



"Family mealtime is important. It's how I was raised. It's a way to check in and see how everyone is. It's not like it's a huge chunk of time. But we always eat the same dish. We might customize something with salad dressing choices or something, but I don't make special foods for the kids."

—Kami, 34

AT-HOME MEALS WITH FAMILY CONTINUE TO BE AN ASPIRATION

97%

OF HOUSEHOLDS WITH KIDS SAY EATING MEALS AT HOME WITH FAMILY IS IMPORTANT

84%

OF HOUSEHOLDS WITH KIDS WANT TO EAT MORE MEALS AT HOME TOGETHER OR PREPARE MORE MEALS AT HOME

90%

SAY STAY-AT-HOME MEALS ARE HEALTHIER

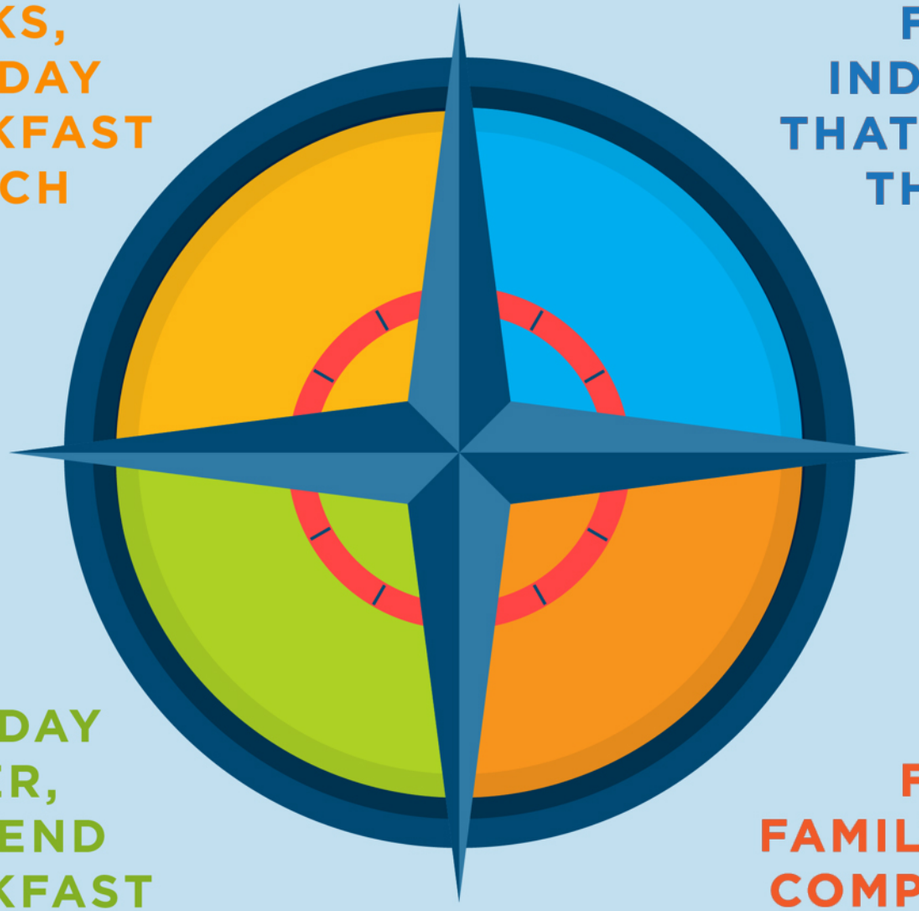
September It's NATIONAL FAMILY MEALS MONTH™ FMI Foundation

fmi.org/Family-Meals

SHOPPERS FOCUS ON NEEDS & DESIRES OF THE INDIVIDUALS WHO MAKE UP THE FAMILY

SNACKS, WEEKDAY BREAKFAST & LUNCH

FOCUS ON INDIVIDUALS THAT MAKE UP THE FAMILY



WEEKDAY DINNER, WEEKEND BREAKFAST & LUNCH

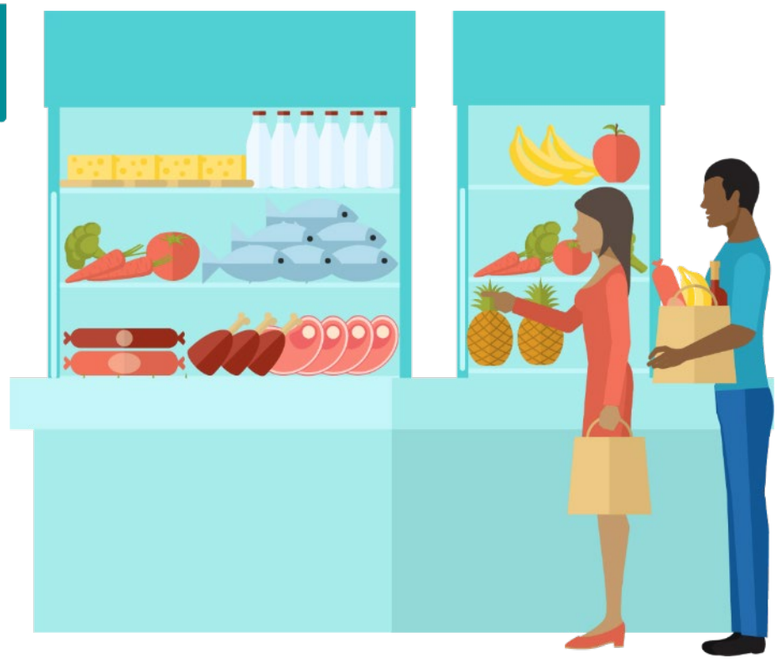
FOCUS ON FAMILY THAT IS COMPRISED OF INDIVIDUALS

MYTH

PERSONAL EATING REQUIREMENTS MEAN SHOPPERS BUY FOR INDIVIDUALS RATHER THAN A FAMILY.

FACT

- Families still want to eat together, and family meals require balancing among personal and shared needs and tastes.
- Desires for social cohesion and parental goals for cultivating healthy food habits put hard limits on extreme eating personalization.



2

MYTH

SPECIALIZED EATING HABITS ARE THE DOMAIN OF SPECIALTY RETAIL, MASS MARKET CANNOT COMPETE.

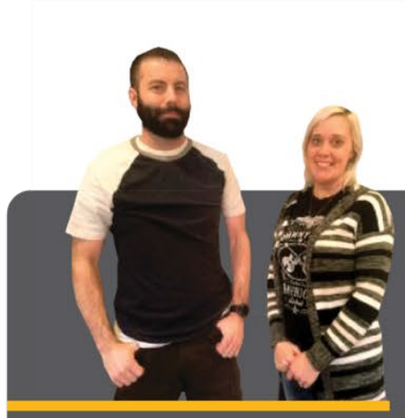
3

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

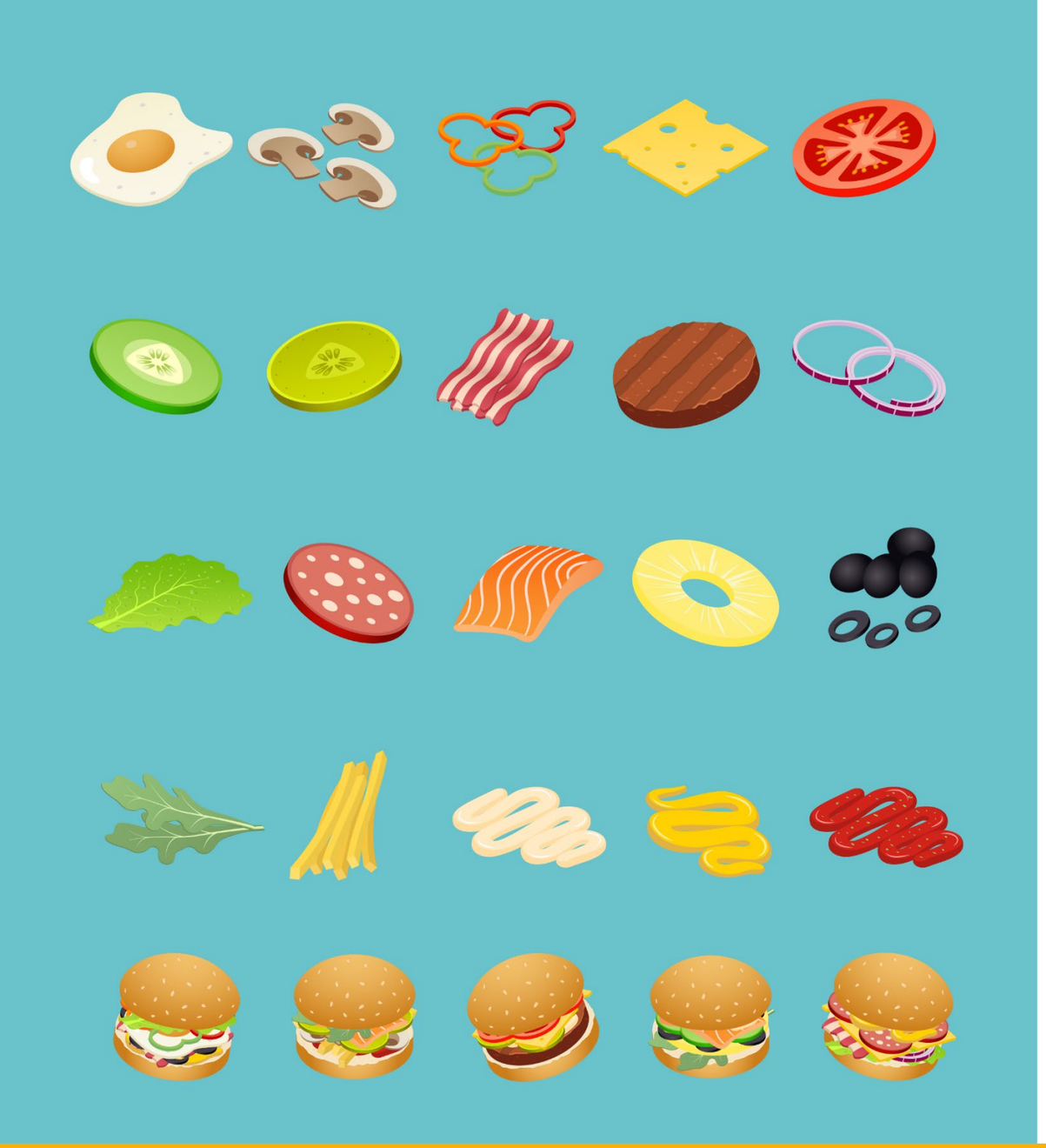
- VEGAN
- VEGETARIAN
- PESCATARIAN
- FLEXATARIAN
- KETO
- PALEO
- GLUTEN FREE
- RESTRICTIONS ON CERTAIN MEATS
- OTHER

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



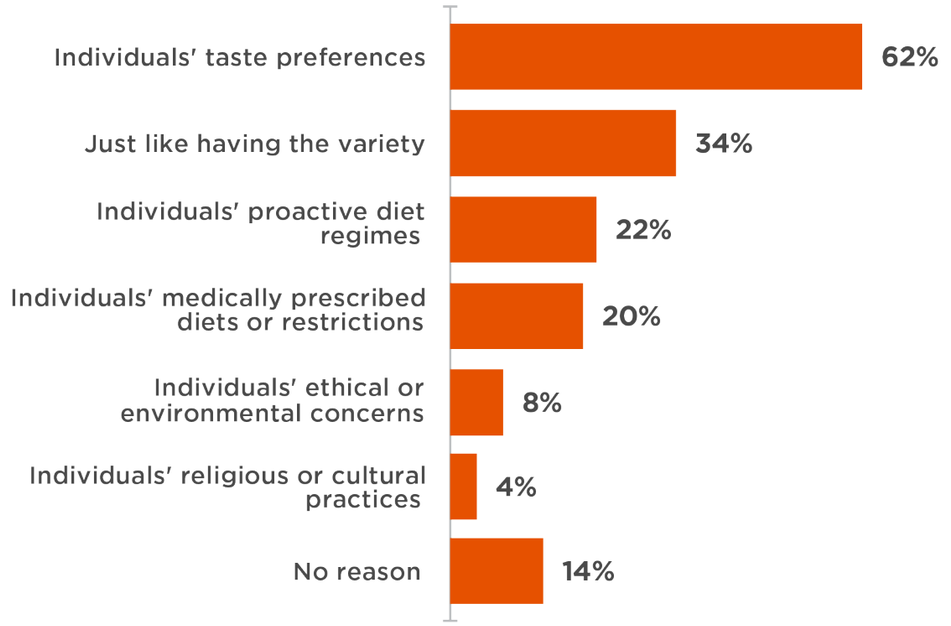
"We don't like to do 'diets.' It's hard to have a lifestyle like that. Diets don't last. I think it's more about being healthy and eating what you want. All things in moderation. That's what I learned from the vegan thing. I don't want to restrict anything, but just moderate it. I don't want to go all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

– Crystal, 36 & Tyler, 36



PERSONALIZATION REFLECTS ASPIRATIONS FOR A MORE PERMISSIVE, LIVEABLE APPROACH TO FOOD.

TYPICAL DRIVERS FOR SERVING A CUSTOMIZABLE MEAL OR DIFFERENT MEAL OPTIONS



"I had back surgery almost a year and a half ago, and that put me on a good path to upgrade my body. I love food, but I don't want to just put anything in my body."

- Jess, 36

PERSONALIZATION & CUSTOMIZATION CAN DRIVE CUSTOMER LOYALTY

DELIGHTERS:

- UNDERSTANDS ME **PERSONALLY**
- GIVES ME A SHOPPING EXPERIENCE **CUSTOMIZED** TO MY NEEDS

TABLE STAKES:

MAKES IT EASY FOR ME TO SATISFY...

- **MY** EATING NEEDS AND PREFERENCES
- THE EATING NEEDS AND PREFERENCES OF **MY HOUSEHOLD**
- THE EATING NEEDS AND PREFERENCES OF **OTHER ADULTS**

MYTH

SPECIALIZED EATING HABITS ARE THE DOMAIN OF SPECIALTY RETAIL, MASS MARKET CANNOT COMPETE.

FACT

The stores shoppers rate most highly excel at the benefits of personalization.

- convenience
- caring
- enabling the shopper to meet their needs

Specialty stores find it easy to understand and make recommendations but they do not own these benefits.

3

MYTH

DIGITAL PLATFORMS ARE MORE EASILY CUSTOMIZABLE SO THEY SHOULD BE THE FOCUS OF PERSONALIZATION INITIATIVES

4

AS A PRIORITY, RETAILERS SHOULD AMPLIFY TRADITIONAL CHANNEL STRENGTHS

81%

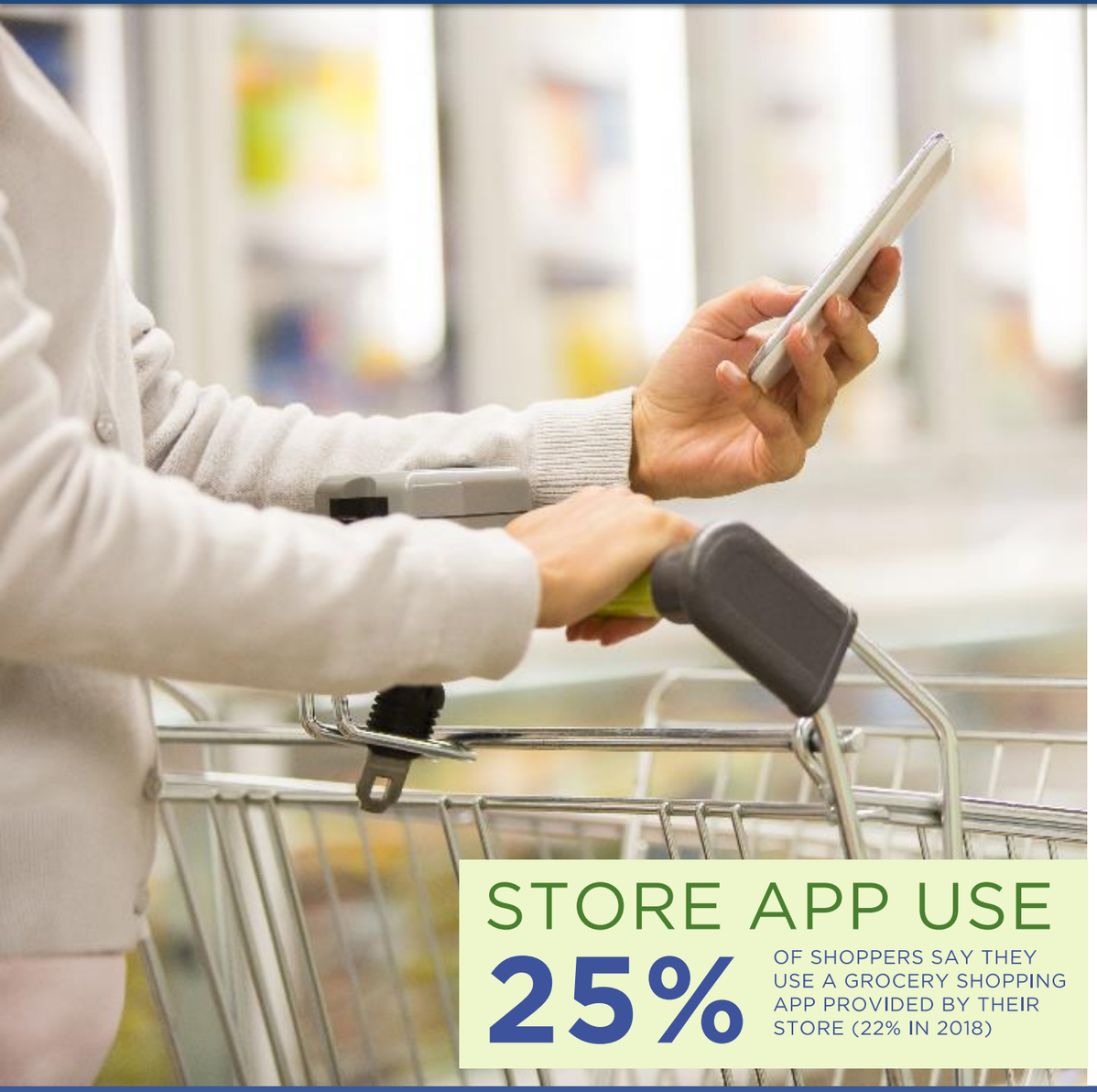
Express some willingness to share personal information to help store become more familiar with their shopping needs

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

SHOPPERS ARE USING TECHNOLOGY TO PERSONALIZE THEIR SHOPPING

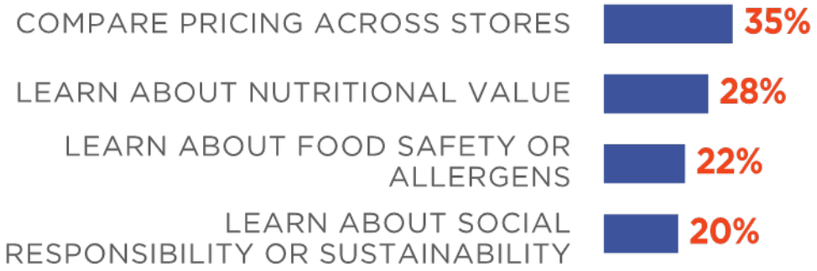


STORE APP USE

25% OF SHOPPERS SAY THEY USE A GROCERY SHOPPING APP PROVIDED BY THEIR STORE (22% IN 2018)

SMARTPHONE USES IN THE STORE

QR CODE SCANNING TO...



Driven by Gen Z, Millennials, and Households with Children

MYTH 4

DIGITAL PLATFORMS ARE MORE EASILY CUSTOMIZABLE SO THEY SHOULD BE THE FOCUS OF PERSONALIZATION INITIATIVES

KS

Always Superior. Perfect Bridal Shower Brunch Favor

May 2, 2018

Size: 1oz | **Verified Purchase**

Bonne Maman always had delicious preseves. I had the pleasure of first trying their products on a trip to Scotland and feel in love. These are delicious and very well packaged for shipping. I bought them as favors for a bridal shower brunch and made little labels with the bride and groom's name that said "Spread the Love". Everyone seemed to appreciate them and was filling their pockets with Bonne Maman.

Helpful | Comment | Report abuse

BIP

Versatile and delicious!

June 16, 2017

Size: Case of 12 | **Verified Purchase**

Bonne Mamman is one of my favorite jams but when I buy a large jar, sometimes some it goes to waste because I can't finish the jar soon enough. These beautiful little glass jars contain just enough delicious jam for one person to have several pieces of toast or pb sandwich. The package is well wrapped for shipping and the little jars would make great favors for party events.

One person found this helpful

Helpful | Comment | Report abuse

MYTH

DIGITAL PLATFORMS ARE MORE EASILY CUSTOMIZABLE SO THEY SHOULD BE THE FOCUS OF PERSONALIZATION INITIATIVES

FACT

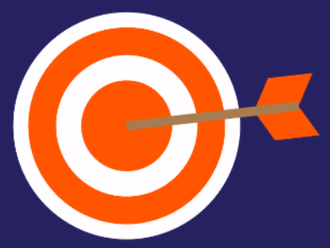
Digital should amplify rather than replace non-digital efforts

Sharing personal data and supporting personal eating requires permission and a foundation of existing trust.

4

INTEGRATE ONLINE & OFFLINE/IN-STORE PERSONALIZATION EFFORTS TO BUILD TRUST

4



SHOW OPTIMAL USE

ESTABLISH VALUE

VERIFY PRIVACY & SECURITY

EMPOWER USER CONTROL

RECOMMENDATIONS

WHEN FOOD RETAILERS AND FOOD MANUFACTURERS COLLABORATE, EVERYONE WINS!

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:

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

Q&A

FIRST IN THE WEBINAR SERIES

1

STATE OF THE MARKETPLACE

2

PERSONALIZATION IN GROCERY RETAIL

COVERED TODAY

COMING SOON

3

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