TRANSPARENCY TRENDS: OMNICHANNEL GROCERY SHOPPING FROM THE CONSUMER PERSPECTIVE

Steve Markenson  
Director, Research  
FMI

Tim Whiting  
VP, Marketing  
Label Insight

Doug Baker  
VP, Industry Relations  
FMI
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

FMI and Label Insight present this research as a follow-up to research conducted in 2018. The earlier report established the growing importance of transparency and explored factors ranging from consumer preferences to shopper confusion.

This updated research delves deeper. It again focuses on transparency, but also probes shopper behaviors and perspectives more widely. In particular, it looks at the buying preferences and habits of omnichannel shoppers, those who buy both online and in-store. The findings indicate, for example, that perspectives on transparency and likes and dislikes about buying experiences are different when shopping online versus in physical stores.

METHODOLOGY

• In-depth interviews with omnichannel shoppers
• In-depth interviews with food retailers
• Transparency Trends survey
  - Online survey of 1,000 U.S. adults 18 or older
  - Conducted March 5 - 20, 2020
  - Shop online for groceries (omnichannel shoppers)
What we plan to cover

• TRANSPARENCY MATTERS
• TRANSPARENCY RESPONSIBILITIES
• HEALTHY, WELL AND WISE
• OMNISHOPPING
• TRANSPARENCY IN AN ONLINE WORLD
TRANSPARENCY MATTERS
IMPORTANCE OF TRANSPARENCY

DEMографICS DEEP DIVE

Those who place greater importance on transparency include:

- **MILLENNIALS (85%)**
- **GEN X (84%)**
- Higher grocery spenders - $125/week (86%)
- Frequent online shoppers - order every two weeks or more frequently (84%)
- Have children in the household (87%)
- College graduates (85%)
- Higher household income - $100,000+ (88%)
# Importance of Transparency

## Determining Transparency

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides a complete list of ingredients</td>
<td>62%</td>
</tr>
<tr>
<td>Provides a plain English description of ingredients</td>
<td>53%</td>
</tr>
<tr>
<td>Provides certification (such as USDA organic)</td>
<td>48%</td>
</tr>
<tr>
<td>Provides in-depth nutritional information</td>
<td>47%</td>
</tr>
<tr>
<td>Provides information about how products are produced</td>
<td>39%</td>
</tr>
<tr>
<td>Provides information about how ingredients are sourced</td>
<td>38%</td>
</tr>
<tr>
<td>Provides value-based information such as animal welfare, fair trade or labor practices</td>
<td>35%</td>
</tr>
<tr>
<td>Provides all allergen information</td>
<td>35%</td>
</tr>
<tr>
<td>Provides an explanation of what ingredients are used for</td>
<td>32%</td>
</tr>
<tr>
<td>Provides claims (such as Heart Healthy)</td>
<td>29%</td>
</tr>
<tr>
<td>Provides sustainability practices</td>
<td>29%</td>
</tr>
</tbody>
</table>
## IMPORTANCE OF TRANSPARENCY

### CONSIDERATIONS WHEN BUYING PRODUCTS ONLINE

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Extremely Important</th>
<th>Important</th>
<th>Somewhat Important</th>
<th>Not Important</th>
<th>Not Important at All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td>53%</td>
<td>32%</td>
<td>11%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Price</td>
<td>50%</td>
<td>33%</td>
<td>14%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>The ingredients in the product</td>
<td>40%</td>
<td>34%</td>
<td>19%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>General nutrition facts (calories, sugar, fat, protein, etc.)</td>
<td>37%</td>
<td>36%</td>
<td>19%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Health benefits the product offers</td>
<td>33%</td>
<td>34%</td>
<td>23%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Brand reputation</td>
<td>28%</td>
<td>37%</td>
<td>25%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Source of ingredients</td>
<td>30%</td>
<td>31%</td>
<td>25%</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>Dietary claims (such as fat-free, sugar-free, high fiber, etc.)</td>
<td>28%</td>
<td>33%</td>
<td>23%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Product claims (such as organic, grass fed, fair trade, etc.)</td>
<td>25%</td>
<td>32%</td>
<td>24%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Presence of allergens in the product</td>
<td>27%</td>
<td>28%</td>
<td>21%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Where the product was manufactured or grown</td>
<td>25%</td>
<td>29%</td>
<td>27%</td>
<td>13%</td>
<td>6%</td>
</tr>
<tr>
<td>How the product was manufactured or grown</td>
<td>24%</td>
<td>29%</td>
<td>29%</td>
<td>13%</td>
<td>6%</td>
</tr>
<tr>
<td>Dietary or health-related programs (Keto, Paleo, etc.)</td>
<td>23%</td>
<td>22%</td>
<td>21%</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>Experience with/Nostalgia</td>
<td>18%</td>
<td>24%</td>
<td>27%</td>
<td>19%</td>
<td>12%</td>
</tr>
</tbody>
</table>

### NET IMPORTANT

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Extremely Important</th>
<th>Important</th>
<th>Somewhat Important</th>
<th>Not Important</th>
<th>Not Important at All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td>87%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>83%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ingredients in the product</td>
<td>74%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General nutrition facts (calories, sugar, fat, protein, etc.)</td>
<td>73%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health benefits the product offers</td>
<td>67%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand reputation</td>
<td>65%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of ingredients</td>
<td>61%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dietary claims (such as fat-free, sugar-free, high fiber, etc.)</td>
<td>58%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product claims (such as organic, grass fed, fair trade, etc.)</td>
<td>57%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presence of allergens in the product</td>
<td>55%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Where the product was manufactured or grown</td>
<td>54%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How the product was manufactured or grown</td>
<td>53%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dietary or health-related programs (Keto, Paleo, etc.)</td>
<td>45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience with/Nostalgia</td>
<td>42%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TRANSPARENCY MATTERS
TRANSPARENCY RESPONSIBILITIES
POLL QUESTION
TRANSPARENCY RESPONSIBILITIES

RESPONSIBILITY FOR AND TRUST IN PROVIDING PRODUCT INFORMATION

- Manufacturers/Brands: 66% Completely Responsible, 31% Partially Responsible, 3% Not At All Responsible
- Government institutions (FDA, USDA): 61% Completely Responsible, 35% Partially Responsible, 4% Not At All Responsible
- Farmers: 49% Completely Responsible, 44% Partially Responsible, 7% Not At All Responsible
- Online grocery retailers: 42% Completely Responsible, 48% Partially Responsible, 10% Not At All Responsible
- ‘Brick and Mortar’ grocery stores: 35% Completely Responsible, 53% Partially Responsible, 12% Not At All Responsible

19. When it comes to informing you of detailed product information such as what is in your food, where it is from and how it was produced, how responsible are each of the following?
20. How much do you trust product information from each of the following?
TRANSPARENCY RESPONSIBILITIES

SHOPPER ACTION WHEN CONFUSED ABOUT A PRODUCT’S INGREDIENTS

- Research the ingredients online: 47%
- Look at another product to see if you understand its ingredients better: 46%
- Not buy the product and switch to another product instead: 27%
- Accept that you do not understand the ingredients and buy the product: 23%

21. If you find ingredients on the label that are confusing, what do you do? (Select all that apply)
Would Seek More Information Online If Given the Opportunity

**Reasons don’t seek more product info**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>Everything I need to know about is already on the package</td>
</tr>
<tr>
<td>5%</td>
<td>I don’t really care about this kind of information</td>
</tr>
<tr>
<td>5%</td>
<td>It would take too much time</td>
</tr>
<tr>
<td>1%</td>
<td>Everything I need to know about is already in-store or on the website</td>
</tr>
</tbody>
</table>

**Interested in learning more**

- 42% Ingredient definitions
- 39% Sourcing of ingredients
- 39% In-depth nutritional info
- 36% Production of ingredients
- 34% Country of origin
- 32% Manufacturing processes
- 30% Company/Brand information
- 28% Usage instructions
- 24% Company’s practices regarding animal welfare
- 24% The diets the product complies with
- 22% Company’s sustainability practices
- 20% Add’t certifications the products qualify for
- 20% Company’s social responsibility program
- 19% Company’s labor practices
- 18% Company’s trade practices
- 17% In-depth allergen information beyond the Big 8
- 15% How producers in developing countries are paid

27. If a product you are considering purchasing (whether online or in-store) gave you the ability to access more information online about the product, how likely would you be to seek more specific product details?
28. You indicated that you were likely to seek more product information online. Which of these would you be interested in learning more about? (Select all that apply)
29. You indicated that you were not likely to seek more product information online. Why is that? (Select all that apply)
HEALTHY, WELL and WISE
HEALTHY WELL and WISE

PROPENSITY FOR DIETS

ANY 64%
NONE 36%

TOP MENTIONS

<table>
<thead>
<tr>
<th>Diet</th>
<th>Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low/No sugar</td>
<td>25%</td>
</tr>
<tr>
<td>High protein</td>
<td>21%</td>
</tr>
<tr>
<td>Low carb</td>
<td>20%</td>
</tr>
<tr>
<td>Heart-healthy</td>
<td>18%</td>
</tr>
<tr>
<td>Gluten-free</td>
<td>16%</td>
</tr>
<tr>
<td>High fiber diet</td>
<td>14%</td>
</tr>
<tr>
<td>Dairy-free</td>
<td>13%</td>
</tr>
<tr>
<td>Vegetarian</td>
<td>13%</td>
</tr>
<tr>
<td>Weight Watchers</td>
<td>11%</td>
</tr>
<tr>
<td>Vegan</td>
<td>9%</td>
</tr>
<tr>
<td>Ketogenic diet</td>
<td>9%</td>
</tr>
<tr>
<td>The Anti-Inflammatory diet</td>
<td>7%</td>
</tr>
<tr>
<td>Flexitarian diet</td>
<td>7%</td>
</tr>
<tr>
<td>Mediterranean diet</td>
<td>7%</td>
</tr>
<tr>
<td>Jenny Craig</td>
<td>6%</td>
</tr>
<tr>
<td>Atkins diet</td>
<td>6%</td>
</tr>
<tr>
<td>Whole30</td>
<td>5%</td>
</tr>
<tr>
<td>Paleo</td>
<td>4%</td>
</tr>
</tbody>
</table>
HOW OFTEN AN ONLINE SHOPPER SEARCHES A PRODUCT’S LABEL OR DESCRIPTION TO ENSURE MEETS DIET OR HEALTH GOAL

Base: Those on a diet or health-related program

24. When shopping online, how often do you search a product’s label or description to make sure the foods you buy meet your diet or health-related needs or goals?
EXPERIENCES SHOPPING FOR DIETS

Difficulty checking foods meet health goals online

- Not challenging: 18%
- Somewhat challenging: 30%
- Challenging: 33%
- Extremely challenging: 20%

Difficulty checking foods meet health goals in-store

- Not challenging: 29%
- Somewhat challenging: 28%
- Challenging: 24%
- Extremely challenging: 19%

Base: Those on a diet or health-related program

25. When shopping online, how challenging is it for you to make sure that a food product meets your diet or health-related needs or goals?

26. When shopping in-store, how challenging is it for you to make sure that a food product meets your diet or health-related needs or goals?
HEALTHY, WELL and WISE
OMNISHOPPING
WEEKLY ONLINE GROCERY AS A PORTION OF ALL GROCERY SPENDING

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>10.5%</td>
</tr>
<tr>
<td>February 2020</td>
<td>14.5%</td>
</tr>
<tr>
<td>March/April 2020</td>
<td>27.9%</td>
</tr>
</tbody>
</table>
### OMNISHOPPING

#### WHEN STARTED GROCERY SHOPPING ONLINE

- **More than 3 years ago**: 23%
- **Within past 6 months**: 23%
- **1 to 3 years ago**: 30%
- **6 months to one year**: 24%

#### WHY STARTED GROCERY SHOPPING ONLINE

- **Convenience**: 58%
- **Saving time**: 44%
- **Discounts/Coupons**: 30%
- **Recommended by friend/family**: 24%
- **Advertising/Promotion**: 18%
- **Illness/Injury**: 14%
- **Car issues**: 12%
- **New baby**: 8%

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34. When did you first start shopping for grocery type items online?

35. Thinking back to the very first time you purchased grocery type items online, what prompted you to do it?
33. Which of these devices do you use for online grocery shopping?

**DEVICES USED**

- Smartphone: 61%
- Computer/laptop: 53%
- Tablet/Pad: 22%

**FEATURES USED WHEN SHOPPING ONLINE**

- Search feature: 53% use whenever possible, 32% use occasionally, 9% don’t use, 6% not available
- Zoom in on package: 40% use whenever possible, 29% use occasionally, 12% don’t use, 9% not available
- Product details: 41% use whenever possible, 36% use occasionally, 15% don’t use, 8% not available
- Digital coupons/promotions: 44% use whenever possible, 31% use occasionally, 12% don’t use, 13% not available
- Product reviews: 34% use whenever possible, 39% use occasionally, 17% don’t use, 10% not available
- List-building tools: 33% use whenever possible, 36% use occasionally, 18% don’t use, 13% not available
- Product introductions/recommendations: 28% use whenever possible, 37% use occasionally, 19% don’t use, 13% not available
- Filters based on product claims: 27% use whenever possible, 35% use occasionally, 15% don’t use, 19% not available
- Return of unwanted items: 24% use whenever possible, 29% use occasionally, 27% don’t use, 20% not available
- Integration with other online services: 23% use whenever possible, 29% use occasionally, 21% don’t use, 26% not available
- Filters based on allergens: 25% use whenever possible, 26% use occasionally, 27% don’t use, 22% not available
- Filters based on diet: 22% use whenever possible, 26% use occasionally, 26% don’t use, 26% not available

33. Which of these devices do you use for online grocery shopping?
LIKES OF ONLINE SHOPPING

- Saves travel time: 56%
- Fast/Easy checkout: 53%
- Delivery: 52%
- Avoids human interaction: 36%
- Lower prices: 30%
- Wider assortment/more options: 24%

35. What do you like about grocery shopping online?

DISLIKES OF ONLINE SHOPPING

- Unable to choose own produce, meat, seafood, etc.: 38%
- High delivery fees: 34%
- Inability to evaluate products: 27%
- Difficult return process: 24%
- Inability to find products based on preferences: 23%
- No immediate customer service: 23%
- Slow delivery: 21%
- Accuracy of orders: 21%
- Unsatisfactory delivery (broken, items, poor packaging, etc.): 19%
- Poor/inaccurate search results: 19%
- Poor user experience/interface: 12%

36. What do you dislike about grocery shopping online?
OMNISHOPPING
TRANSPARENCY IN AN ONLINE WORLD
POLL QUESTION
TRANSPARENCY IN AN ONLINE WORLD

RATING THE ONLINE SHOPPING EXPERIENCE VERSUS IN-STORE

- Discover new products: 50% EASIER ONLINE, 20% HARDER ONLINE, 30% ABOUT THE SAME
- Learn more about a product’s story, including information about sourcing and manufacturing processes: 50% EASIER ONLINE, 19% HARDER ONLINE, 30% ABOUT THE SAME
- Know a product’s nutritional information: 36% EASIER ONLINE, 25% HARDER ONLINE, 39% ABOUT THE SAME
- Know what ingredients are in a product: 34% EASIER ONLINE, 28% HARDER ONLINE, 37% ABOUT THE SAME
- Shop for a specific diet or allergy: 41% EASIER ONLINE, 23% HARDER ONLINE, 37% ABOUT THE SAME
TRANSPARENCY IN AN ONLINE WORLD

COMPARE AND CONTRAST ONLINE AND IN-STORE EXPERIENCE

Being able to get information about a product is more important when shopping online than if shopping in-store

- **25%** Completely Agree
- **38%** Mostly Agree
- **23%** Mostly Disagree
- **14%** Completely Disagree

I want more information about a product when shopping online than if shopping in-store

- **26%** Completely Agree
- **43%** Mostly Agree
- **20%** Mostly Disagree
- **11%** Completely Disagree
TRANSPARENCY IN
AN ONLINE WORLD
What we covered

• TRANSPARENCY MATTERS
• TRANSPARENCY RESPONSIBILITIES
• HEALTHY, WELL AND WISE
• OMNISHOPPING
• TRANSPARENCY IN AN ONLINE WORLD
thank you!

A copy of the presentation and recording will be available in the next few days.

To download a copy of the report, please visit the FMI store on fmi.org